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PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, SECOND SESSION

SENATE—*Friday, June 18, 1976*

The Senate met at 9 a.m. and was called to order by Hon. DICK CLARK, a Senator from the State of Iowa.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Eternal Father, in this hallowed moment at the beginning of the day, give us the upward look and the open heart that we may hear Thy voice and be guided by Thy spirit.

Make us mindful of our duty to our country, to love her, to support her Constitution, to obey her laws, to respect her flag, to defend her against all enemies. Make us mindful also of our duty to our families, to love them, to give time to them, to be faithful in every relationship.

As we work to shape a better future—

"Set our feet on lofty places;
Gird our lives that they may be
Armored with all Christ-like graces
In the fight to set men free.
Grant us wisdom, grant us courage,
That we fail not man nor Thee!

"Save us from weak resignation
To the evils we deplore;
Let the gift of Thy salvation
Be our glory evermore.
Grant us wisdom, grant us courage,
Serving Thee whom we adore." Amen.
—Harry Emerson Fosdick, 1930.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The second assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., June 18, 1976.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. DICK CLARK, a Senator from the State of Iowa, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. CLARK thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Thursday, June 17, 1976, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees be authorized to meet during the session of the Senate today until 1 p.m.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations on the calendar beginning with the Department of Justice.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

DEPARTMENT OF JUSTICE

The second assistant legislative clerk proceeded to read sundry nominations in the Department of Justice.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

FEDERAL POWER COMMISSION

The second assistant legislative clerk read the nomination of John Holliday Holloman III, of Mississippi, to be a member of the Federal Power Commission.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President of the United States be immediately notified of the confirmation of these nominations.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. MANSFIELD. I ask unanimous consent that the Senate resume the consideration of legislative business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SENATE RESOLUTION 466—AUTHORIZING THE PRINTING OF ADDITIONAL COPIES OF THE PROGRAM IN THE CAPITOL ROTUNDA RELATING TO THE PRESENTATION OF THE MAGNA CARTA

Mr. MANSFIELD. Mr. President, this has been cleared all around.

I ask unanimous consent that the Committee on Rules and Administration be discharged from the consideration of Senate Resolution 466, and that the Senate proceed to its immediate consideration.

The ACTING PRESIDENT pro tempore. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 466) authorizing the printing of additional copies of the program in the Capitol Rotunda relating to the presentation of the Magna Carta.

The ACTING PRESIDENT pro tempore. Without objection, the committee will be discharged and the Senate will proceed to its consideration.

The resolution was considered and agreed to, as follows:

Resolved, That there be printed for the use of the Senate one thousand three hundred additional copies of the program in the Rotunda of the United States Capitol on the occasion of the presentation of the Magna Carta to the American people.

ROUTINE MORNING BUSINESS

Mr. MANSFIELD. Mr. President, has the Senate granted unanimous consent to hold a period for the transaction of routine morning business?

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business not to extend beyond the hour of 9:30 a.m., with statements therein limited to 5 minutes each.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session for the purpose of calling up the following: The supplementary extradition treaty with Spain, executive B, 94th Congress, 2d session; the extradition treaty with the United Kingdom of Great Britain and Northern Ireland, executive A, 94th Congress, 2d session; and the Convention on Registration of Objects Launched Into Outer Space, executive G, 94th Congress, 2d session.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

THE SUPPLEMENTARY EXTRADITION TREATY WITH SPAIN, EX. B, 94TH CONG., 2D SESS.; THE EXTRADITION TREATY WITH THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, EX. A, 94TH CONG., 2D SESS.; AND THE CONVENTION ON REGISTRATION OF OBJECTS LAUNCHED INTO OUTER SPACE, EX. G, 94TH CONG., 2D SESS.

The Senate, as in Committee of the Whole, proceeded to consider the following treaties and conventions, which were read the second time:

SUPPLEMENTARY TREATY ON EXTRADITION BETWEEN THE UNITED STATES OF AMERICA AND SPAIN

The President of the United States of America and the Chief of the State of Spain, desiring to make more effective the cooperation of the two countries in the repression of crime through the rendering of maximum assistance in matters of extradition,

Have decided to conclude a Supplementary Treaty on Extradition to amend the Treaty of Extradition signed at Madrid on May 29, 1970, hereinafter referred to as the 1970 Treaty, and to this end have named as their representatives:

The President of the United States of America:

Samuel D. Eaton, Esquire, Chargé d'Affaires ad interim,

The Chief of State of Spain:

His Excellency Señor D. Pedro Cortina Mauri, Minister of Foreign Affairs,

who, after having exchanged their full powers, found to be in good and due form, have agreed as follows:

ARTICLE I

Paragraph D of Article XI of the 1970 Treaty is revised as follows: "A person arrested upon such an application shall be set at liberty upon the expiration of 45 days from the date when the Embassy of the country seeking extradition is informed through diplomatic channels of the fact of his arrest if a request for his extradition accompanied by the documents specified in Article X shall not have been received. However, this stipulation shall not prevent the institution of proceedings with a view to extraditing the person sought if the request is subsequently received."

ARTICLE II

This Supplementary Treaty is subject to ratification and the instruments of ratification shall be exchanged in Washington as soon as possible.

This Supplementary Treaty shall enter into force upon the exchange of instruments of ratification and shall cease to be effective on the date of the termination of the 1970 Treaty.

IN WITNESS WHEREOF the Plenipotentiaries have signed this Supplementary Treaty and have hereunto affixed their seals.

Done in duplicate, in the English and Spanish languages, both equally authentic, at Madrid this twenty-fifth day of January, one thousand nine hundred seventy-five.

FOR THE UNITED STATES OF AMERICA:
SAMUEL D. EATON.

FOR SPAIN: D. PEDRO CORTINA MAURI.

EXTRADITION TREATY BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

The Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland;

Desiring to make provision for the reciprocal extradition of offenders;

Have agreed as follows:

ARTICLE I

Each Contracting Party undertakes to extradite to the other, in the circumstances and subject to the conditions specified in this Treaty, any person found in its territory who has been accused or convicted of any offense within Article III, committed within the jurisdiction of the other Party.

ARTICLE II

(1) This Treaty shall apply:

(*a*) in relation to the United Kingdom: to Great Britain and Northern Ireland, the Channel Islands, the Isle of Man, and any territory for the international relations of which the United Kingdom is responsible and to which the Treaty shall have been extended by agreement between the Contracting Parties embodied in an Exchange of Notes; and

(*b*) to the United States of America;

and references to the territory of a Contracting Party shall be construed accordingly.

(2) The application of this Treaty to any territory in respect of which extension has been made in accordance with paragraph (1) of this Article may be terminated by either Contracting Party giving six months' written notice to the other through the diplomatic channel.

ARTICLE III

(1) Extradition shall be granted for an act or omission the facts of which disclose an offense within any of the descriptions listed in the Schedule annexed to this Treaty, which is an integral part of the Treaty, or any other offense, if:

(*a*) the offense is punishable under the laws of both Parties by imprisonment or other form of detention for more than one year or by the death penalty;

(*b*) the offense is extraditable under the relevant law, being the law of the United Kingdom or other territory to which this Treaty applies by virtue of sub-paragraph (1) (*a*) of Article II; and

(*c*) the offense constitutes a felony under the law of the United States of America.

(2) Extradition shall also be granted for any attempt or conspiracy to commit an offense within paragraph (1) of this Article if such attempt or conspiracy is one for which extradition may be granted under the laws of both Parties and is punishable under the laws of both Parties by imprisonment or other form of detention for more than one year or by the death penalty.

(3) Extradition shall also be granted for the offense of impeding the arrest or prosecution of a person who has committed an offense for which extradition may be granted under this Article and which is punishable under the laws of both Parties by imprisonment or other form of detention for a period of five years or more.

(4) A person convicted of and sentenced for an offense shall not be extradited therefor unless he was sentenced to imprisonment or other form of detention for a period of four months or more or, subject to the provisions of Article IV, to the death penalty.

ARTICLE IV

If the offense for which extradition is requested is punishable by death under the relevant law of the requesting Party, but the relevant law of the requested, Party does not provide for the death penalty in a similar case, extradition may be refused unless the requesting Party gives assurances satisfactory to the requested Party that the death penalty will not be carried out.

ARTICLE V

(1) Extradition shall not be granted if:

(*a*) the person sought would, if proceeded against in the territory of the requested Party for the offense for which his extradition is requested, be entitled to be discharged on the grounds of a previous acquittal or conviction in the territory of the requesting or requested Party or of a third State; or

(*b*) the prosecution for the offense for which extradition is requested has become barred by lapse of time according to the law of the requesting or requested Party; or

(c) (i) the offense for which extradition is requested is regarded by the requested Party as one of a political character; or

(ii) the person sought proves that the request for his extradition has in fact been made with a view to try or punish him for an offense of a political character.

(2) Extradition may be refused on any other ground which is specified by the law of the requested Party.

ARTICLE VI

If the person sought should be under examination or under punishment in the territory of the requested Party for any other offense, his extradition shall be deferred until the conclusion of the trial and the full execution of any punishment awarded to him.

ARTICLE VII

(1) The request for extradition shall be made through the diplomatic channel, except as otherwise provided in Article XV.

(2) The request shall be accompanied by:

(*a*) a description of the person sought, his nationality, if known, and any other information which would help to establish his identity;

(*b*) a statement of the facts of the offense for which extradition is requested;

(*c*) the text, if any, of the law:

(i) defining that offense;

(ii) prescribing the maximum punishment for that offense; and

(iii) imposing any time limit on the institution of proceedings for that offense; and

(*d*) (i) where the requesting Party is the United Kingdom, a statement of the legal provisions which establish the extraditable character of the offense for which extradition is requested under the relevant law, being the law of the United Kingdom or other territory to which this Treaty applies by virtue of sub-paragraph (1) (*a*) of Article II;

(ii) where the requesting Party is the United States of America, a statement that the offense for which extradition is requested, constitutes a felony under the law of the United States of America.

(3) If the request relates to an accused person, it must also be accompanied by a warrant of arrest issued by a judge, magistrate or other component authority in the

territory of the requesting Party and by such evidence as, according to the law of the requested Party, would justify his committal for trial if the offense had been committed in the territory of the requested Party, including evidence that the person requested is the person to whom the warrant of arrest refers.

(4) If the request relates to a convicted person, it must be accompanied by a certificate or the judgment of conviction imposed in the territory of the requesting Party and by evidence that the person requested is the person to whom the conviction refers and, if the person was sentenced, by evidence of the sentence imposed and a statement showing to what extent the sentence has not been carried out.

(5) The warrant of arrest, or the judicial document establishing the existence of the conviction, and any deposition or statement or other evidence given on oath or affirmed, or any certified copy thereof shall be received in evidence in any proceedings for extradition;

(*a*) if it is authenticated in the case of a warrant by being signed, or in the case of any other original document by being certified, by a judge, magistrate or other competent authority of the requesting Party, or in the case of a copy by being so certified to be a true copy of the original; and

(*b*) where the requesting Party is the United Kingdom, by being sealed with the official seal of the appropriate Minister and certified by the principal diplomatic or consular officer of the United States of America in the United Kingdom; and where the requesting Party is the United States of America, by being sealed with the official seal of the Department of State for the Secretary of State; or

(*c*) if it is authenticated in such other manner as may be permitted by the law of the requested Party.

Article VIII

(1) In urgent cases the person sought may, in accordance with the law of the requested Party, be provisionally arrested on application through the diplomatic channel by the competent authorities of the requesting Party. The application shall contain an indication of intention to request the extradition of the person sought and a statement of the existence of a warrant of arrest or a conviction against that person, and, if available, a description of the person sought, and such further information, if any, as would be necessary to justify the issue of a warrant of arrest had the offense been committed, or the person sought been convicted, in the territory of the requested Party.

(2) A person arrested upon such an application shall be set at liberty upon the expiration of forty-five days from the date of his arrest if a request for his extradition shall not have been received. This provision shall not prevent the institution of further proceedings for the extradition of the person sought if a request is subsequently received.

Article IX

(1) Extradition shall be granted only if the evidence be found sufficient according to the law of the requested Party either to justify the committal for trial of the person sought if the offense of which he is accused had been committed in the territory of the requested Party or to prove that he is the identical person convicted by the courts of the requesting Party.

(2) If the requested Party requires additional evidence or information to enable a decision to be taken on the request for extradition, such evidence or information shall be submitted within such time as that Party shall require.

Article X

If the extradition of a person is requested concurrently by one of the Contracting Parties and by another State or States, either for the same offense or for different offenses, the requested Party shall make its decision in so far as its law allows, having regard to all the circumstances including the provisions in this regard in any Agreements in force between the requested Party and the requesting States, the relative seriousness and place of commission of the offenses, the respective dates of the requests, the nationality of the person sought and the possibility of subsequent extradition to another State.

Article XI

(1) The requested Party shall promptly communicate to the requesting Party through the diplomatic channel the decision on the request for extradition.

(2) If a warrant or order for the extradition of a person sought has been issued by the competent authority and he is not removed from the territory of the requested Party within such time as may be required under the law of that Party, he may be set at liberty and the requested Party may subsequently refuse to extradite him for the same offense.

Article XII

(1) A person extradited shall not be detained or proceeded against in the territory of the requesting Party for any offense other than an extraditable offense established by the facts in respect of which his extradition has been granted, or on account of any other matters, nor be extradited by that Party to a third State—

(*a*) until after he has returned to the territory of the requested Party; or

(*b*) until the expiration of thirty days after he has been free to return to the territory of the requested Party.

(2) The provisions of paragraph (1) of this Article shall not apply to offenses committed, or matters arising, after the extradition.

Article XIII

When a request for extradition is granted, the requested Party shall, so far as its law allows and subject to such conditions as it may impose having regard to the rights of other claimants, furnish the requesting Party with all sums of money and other articles—

(*a*) which may serve as proof of the offense to which the request relates or

(*b*) which may have been acquired by the person sought as a result of the offense and are in his possession.

Article XIV

(1) The requested Party shall make all necessary arrangements for and meet the cost of the representation of the requesting Party in any proceedings arising out of a request for extradition.

(2) Expenses relating to the transportation of a person sought shall be paid by the requesting Party. No pecuniary claim arising out of the arrest, detention, examination and surrender of a person sought under the provisions of this Treaty shall be made by the requested Party against the requesting Party.

Article XV

A request on the part of the Government of the United States of America for the extradition of an offender who is found in any of the territories to which this Treaty has been extended in accordance with paragraph (1) of Article II may be made to the Governor or other competent authority of that territory, who may take the decision himself or refer the matter to the Government of the United Kingdom for their decision.

Article XVI

(1) This Treaty shall be ratified, and the instruments of ratification shall be exchanged at Washington as soon as possible. It shall come into force three months after the date of exchange of instruments of ratification.

(2) This Treaty shall apply to any offense listed in the annexed Schedule committed before or after this Treaty enters into force, provided that extradition shall not be granted for an offense committed before this Treaty enters into force which was not an offense under the laws of both Contracting Parties at the time of its commission.

(3) On the entry into force of this Treaty the provisions of the Extradition Treaty of December 22, 1931 shall cease to have effect as between the United Kingdom and the United States of America.

(4) Either of the Contracting Parties many terminate this Treaty at any time by giving notice to the other through the diplomatic channel. In that event the Treaty shall cease to have effect six months after the receipt of the notice.

In witness whereof the undersigned, being duly authorized thereto by their respective Governments, have signed this Treaty.

Done in duplicate at London in the English language this 8th day of June, 1972.

For the Government of the United States of America: W. H. Annenberg.

For the Government of the United Kingdom of Great Britain and Northern Ireland: Anthony Kershaw.

Schedule

LIST OF OFFENSES REFERRED TO IN ARTICLE III

1. Murder; attempt to murder, including assault with intent to murder.

2. Manslaughter.

3. Maliciously wounding or inflicting grievous bodily harm.

4. Unlawful throwing or application of any corrosive or injurious substance upon the person of another.

5. Rape; unlawful sexual intercourse with a female; indecent assault.

6. Gross indecency or unlawful sexual acts with a child under the age of fourteen years.

7. Procuring a woman or young person for immoral purposes; living on the earnings of prostitution.

8. Unlawfully administering drugs or using instruments with intent to procure the miscarriage of a woman.

9. Bigamy.

10. Kidnapping, abduction, false imprisonment.

11. Neglecting, ill-treating, abandoning, exposing or stealing a child.

12. An offense against the law relating to narcotic drugs, cannabis sativa L, hallucinogenic drugs, cocaine and its derivatives, and other dangerous drugs.

13. Theft; larceny; embezzlement.

14. Robbery; assault with intent to rob.

5. Burglary or housebreaking or shopbreaking.

16. Receiving or otherwise handling any goods, money, valuable securities or other property, knowing the same to have been stolen or unlawfully obtained.

17. Obtaining property, money or valuable securities by false pretenses or other form of deception.

18. Blackmail or extortion.

19. False accounting.

20. Fraud or false statements by company directors and other officers.

21. An offense against the bankruptcy laws.

22. An offense relating to counterfeiting or forgery.

23. Bribery, including soliciting, offering or accepting bribes.

24. Perjury; subornation of perjury.

25. Arson.

26. Malicious damage to property.

27. Any malicious act done with intent to endanger the safety of persons travelling or being upon a railway.

28. Piracy, involving ships or aircraft, according to international law.

29. Unlawful seizure of an aircraft.

Protocol of Signature

At the time of signing this day the Extradition Treaty between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the Treaty"), the undersigned have agreed as follows:

(1) Article III of the Treaty shall permit the Government of the United States of America to obtain the extradition of a person for an offense to which the Treaty relates when United States Federal jurisdiction is based upon interstate transport or transportation or the use of the mails or of interstate facilities, these aspects being jurisdictional only.

(2) This Protocol of Signature shall form an integral part of the Treaty.

In witness whereof the undersigned, being duly authorized thereto by their respective Governments, have signed this Protocol.

Done in duplicate at London in the English language this 8th day of June, 1972.

For the Government of the United States of America: Walter Annenberg.

For the Government of the United Kingdom of Great Britain and Northern Ireland: Anthony Kershaw.

Convention on Registration of Objects Launched Into Outer Space

The States Parties to this Convention,

Recognizing the common interest of all mankind in furthering the exploration and use of outer space for peaceful purposes,

Recalling that the Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, including the Moon and Other Celestial Bodies of 27 January 1967 affirms that States shall bear international responsibility for their national activities in outer space and refers to the State on whose registry an object launched into outer space is carried,

Recalling also that the Agreement on the Rescue of Astronauts, the Return of Astronauts and the Return of Objects Launched into Outer Space of 22 April 1968 provides that a launching authority shall, upon request, furnish identifying data prior to the return of an object it has launched into outer space found beyond the territorial limits of the launching authority,

Recalling further that the Convention on International Liability for Damage Caused by Space Objects of 29 March 1972 establishes international rules and procedures concerning the liability of launching States for damage caused by their space objects,

Desiring, in the light of the Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, including the Moon and Other Celestial Bodies, to make provision for the national registration by launching States of space objects launched into outer space,

Desiring further that a central register of objects launched into outer space be established and maintained, on a mandatory basis, by the Secretary-General of the United Nations,

Desiring also to provide for States Parties additional means and procedures to assist in the identification of space objects,

Believing that a mandatory system of registering objects launched into outer space would, in particular, assist in their identification and would contribute to the application and development of international law governing the exploration and use of outer space,

Have agreed on the following:

Article I

For the purposes of this Convention:

(*a*) The term "launching State" means:

(i) A State which launches or procures the launching of a space object;

(ii) A State from whose territory or facility a space object is launched;

(*b*) The term "space object" includes component parts of a space object as well as its launch vehicle and parts thereof;

(*c*) The term "State of registry" means a launching State on whose registry a space object is carried in accordance with article II.

Article II

1. When a space object is launched into orbit or beyond, the launching State shall register the space object by means of an entry in an appropriate registry which it shall maintain. Each launching State shall inform the Secretary-General of the United Nations of the establishment of such a registry.

2. Where there are two or more launching States in respect of any such space object, they shall jointly determine which one of them shall register the object in accordance with paragraph 1 of this article, bearing in mind the provisions of article VIII of the Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, including the Moon and Other Celestial Bodies, and without prejudice to appropriate agreements concluded or to be concluded among the launching States on jurisdiction and control over the space object and over any personnel thereof.

3. The contents of each registry and the conditions under which it is maintained shall be determined by the State of registry concerned.

Article III

1. The Secretary-General of the United Nations shall maintain a Register in which the information furnished in accordance with article IV shall be recorded.

2. There shall be full and open access to the information in this Register.

Article IV

1. Each State of registry shall furnish to the Secretary-General of the United Nations, as soon as practicable, the following information concerning each space object carried on its registry:

(*a*) Name of launching State or States;

(*b*) An appropriate designator of the space object or its registration number;

(*c*) Date and territory or location of launch;

(*d*) Basic orbital parameters, including:

(*i*) Nodal period,

(*ii*) Inclination,

(*iii*) Apogee,

(*iv*) Perigee;

(*e*) General function of the space object.

2. Each State of registry may, from time to time, provide the Secretary-General of the United Nations with additional information concerning a space object carried on its registry.

3. Each State of registry shall notify the Secretary-General of the United Nations, to the greatest extent feasible and as soon as practicable, of space objects concerning which it has previously transmitted information, and which have been but no longer are in earth orbit.

Article V

Whenever a space object launched into earth orbit or beyond is marked with the designator or registration number referred to in article IV, paragraph 1(*b*), or both, the State of registry shall notify the Secretary-General of this fact when submitting the information regarding the space object in accordance with article IV. In such case, the Secretary-General of the United Nations shall record this notification in the Register.

Article VI

Where the application of the provisions of this Convention has not enabled a State Party to identify a space object which has caused damage to it or to any of its natural or juridical persons, or which may be of a hazardous or deleterious nature, other States Parties, including in particular States possessing space monitoring and tracking facilities, shall respond to the greatest extent feasible to a request by that State Party, or transmitted through the Secretary-General on its behalf, for assistance under equitable and reasonable conditions in the identification of the object. A State Party making such a request shall, to the greatest extent feasible, submit information as to the time, nature and circumstances of the events giving rise to the request. Arrangements under which such assistance shall be rendered shall be the subject of agreement between the parties concerned.

Article VII

1. In this Convention, with the exception of articles VIII to XII inclusive, references to States shall be deemed to apply to any international intergovernmental organization which conducts space activities if the organization declares its acceptance of the rights and obligations provided for in this Convention and if a majority of the States members of the organization are States Parties to this Convention and to the Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, including the Moon and Other Celestial Bodies.

2. States members of any such organization which are States Parties to this Convention shall take all appropriate steps to ensure that the organization makes a declaration in accordance with paragraph 1 of this article.

Article VIII

1. This Convention shall be open for signature by all States at United Nations Headquarters in New York. Any State which does not sign this Convention before its entry into force in accordance with paragraph 3 of this article may accede to it at any time.

2. This Convention shall be subject to ratification by signatory States. Instruments of ratification and instruments of accession shall be deposited with the Secretary-General of the United Nations.

3. This Convention shall enter into force among the States which have deposited instruments of ratification on the deposit of the fifth such instrument with the Secretary-General of the United Nations.

4. For States whose instruments of ratification or accession are deposited subsequent to the entry into force of the Convention, it shall enter into force on the date of the deposit of their instruments of ratification or accession.

5. The Secretary-General shall promptly inform all signatory and acceding States of the date of each signature, the date of deposit of each instrument of ratification of and accession to this Convention, the date of its entry into force and other notices.

Article IX

Any State Party to this Convention may propose amendments to the Convention. Amendments shall enter into force for each State Party to the Convention accepting the amendments upon their acceptance by a majority of the States Parties to the Convention and thereafter for each remaining State Party to the Convention on the date of acceptance by it.

Article X

Ten years after the entry into force of this Convention, the question of the review of the Convention shall be included in the provisional agenda of the United Nations General Assembly in order to consider, in the light of past application of the Convention, whether it requires revision. However, at any time after the Convention has been in force for five years, at the request of one third of the States Parties to the Convention and with the concurrence of the majority of the

States Parties, a conference of the States Parties shall be convened to review this Convention. Such review shall take into account in particular any relevant technological developments, including those relating to the identification of space objects.

ARTICLE XI

Any State Party to this Convention may give notice of its withdrawal from the Convention one year after its entry into force by written notification to the Secretary-General of the United Nations. Such withdrawal shall take effect one year from the date of receipt of this notification.

ARTICLE XII

The original of this Convention, of which the Arabic, Chinese, English, French, Russian and Spanish texts are equally authentic, shall be deposited with the Secretary-General of the United Nations, who shall send certified copies thereof to all signatory and acceding States.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by their respective Governments, have signed this Convention, opened for signature at New York on * * *.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD appropriate excerpts from the committee reports (Executive No. 94–26, Executive No. 94–27, and Executive No. 94–28) explaining the purposes of these treaties and conventions.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

PROVISIONS OF THE SUPPLEMENTARY THREAT

According to the State Department's letter of submittal, the primary purpose of the supplementary treaty with Spain is to provide 45 days, instead of 30, for the time in which a person can be incarcerated when he has been provisionally arrested pending the formal presentation through diplomatic channels of documents in support of a request for extradition. Experience under the 1970 Treaty has demonstrated that more than 30 days is often required to prepare and submit the requisite documents, particularly when the translation of documents is involved. The Supplementary Treaty, if ratified, would substitute 45 days for the 30 and would thus minimize the possibility of a provisionally arrested person being set free because of a lack of properly prepared documents. Such an amendment would bring this aspect of the Spanish Extradition Treaty into conformity with contemporary extradition treaties with other nations. In most other respects the 1970 Treaty with Spain follows the form and content of extradition agreements recently concluded by the United States.

DATE OF ENTRY INTO FORCE

The pending Supplementary Treaty will enter into force upon the exchange of instruments of ratification and will cease to the effective on the date of the termination of the 1970 Treaty with Spain.

COMMITTEE ACTION

The Committee on Foreign Relations held a public hearing on the Supplementary Extradition Treaty with Spain on June 15, 1976, at which time testimony in support of the convention was received from Mr. K. E. Malmborg, Assistant Legal Adviser for Management of the Department of State. His prepared statement is attached. In it he states that 45 days are required to prepare the documents necessary for extradition because of our own decentralized legal system and the need to translate them into Spanish. The Supplementary Treaty will only revise Paragraph D of Article XI of the original 1970 Treaty so as to read:

"A person arrested upon such an application shall be set at liberty upon the expiration of 45 days from the date when the Embassy of the country seeking extradition is informed through diplomatic channels of the fact of his arrest if a request for his extradition accompanied the documents specified in Article X shall not have been received. However, this stipulation shall not prevent the institution of proceedings with a view to extraditing the person sought if the request is subsequently received."

PURPOSE

This Treaty, together with a Protocol of Signature and an Exchange of Notes, was signed on June 8, 1972 and sent to the Senate on February 3, 1976. In President Ford's letter of transmittal he stated that it "will make a significant contribution to the international effort to control narcotics traffic and aircraft hijacking."

MAJOR PROVISIONS

According to the Department of State, this Treaty follows generally the form and content of extradition treaties recently concluded by the United States. It provides for the extradition of fugutives who have been charged with, or convicted of, any of the twenty-nine offenses specified in the Schedule of the Treaty. The most significant offenses added are those relating to narcotics, including psychotropic and other dangerous drugs, and the offense of aircraft hijacking. Also significant is the inclusion of a provision in Article III which authorizes extradition under certain conditions for conspiracy to commit any of the listed offenses.

The Protocol of Signatures permits the Government of the United States to obtain extradition of a person for an offense to which the Treaty relates when United States federal jurisdiction is based upon interstate transport or transportation or the use of the mails or of interstate facilities. The Exchange of Notes gives a restrictive application to Article XVI(2) of the Treaty which relates to retroactivity.

SECTION-BY-SECTION ANALYSIS

In *Article I*, it is agreed that any person, regardless of citizenship, found in the Territory of the other party and accused or convicted by the requesting party of any of the offenses listed in the Schedule may be extradited.

In *Article II*, the Territories included under the sovereignty of the United Kingdom are stipulated together with a proviso that the application of the Treaty to any British Territory may be terminated upon six months' written notice.

Article III, in addition to the offenses listed in the schedule, broadens the list by including any offense for which the laws of both parties provide for over one year of detention or which constitutes a felony. Impeding arrest or obstructing justice can also be an extraditable offense under certain conditions.

Article IV contains a death penalty waiver, now quite standard in recently negotiated treaties of this nature. If the crime for which one is being extradited is punishable by death under the laws of the requesting country, but not under the other's, the requested party may refuse extradition until it has been assured that the death penalty will not be carried out.

Article V lists various other reasons for refusing extradition, such as (a) prior imprisonment for the same offense, (b) the offense has been barred by the lapse of time, (c) is of a political nature, or (d) is specified by law as being non-extraditable.

Article VI defers extradition of a fugitive until a trial or sentence already underway in the requested nation has been terminated.

Article VII outlines the standard procedure for requesting extradition, including documentation, warrants, legal texts of the law defining the offense, etc.

Article VIII provides for provisional arrest until all the documentation required in Article VII has been submitted, but stipulates that if that material has not been presented within 45 days the prisoner will be released.

Article IX allows the requested party to refuse extradition if it finds the evidence insufficient, unless the requesting party supplies additional evidence within a stipulated time.

Article X describes how the requested party can determine which country has first claim in case two or more nations concurrently request the extradition of the same individual.

Article XI stipulates that the requested Party shall promptly communicate to the requesting Party through diplomatic channels its decision on the request for extradition, and adds that if an order for the extradition has been issued, but that the fugitive is not extradited promptly, he may be set at liberty and the requested Party may subsequently refuse to extradite him for the same offense.

Article XII provides that a person extradited shall not be detained or proceeded against in the territory of the requesting Party for any offense other than an extraditable offense established by the facts.

Article XIII asks the requested Party to turn over to the requesting Party all sums of money and other articles which may serve as proof of the offense to which the request relates or which may have been acquired by the person sought as a result of the offense and are in his possession.

Article XIV provides that the requested Party shall meet the cost of the representation of the requesting Party in any proceedings arising out of a request for extradition, but that the expenses relating to the transportation of a person sought shall be paid by the requesting Party.

Article XV allows a request for extradition from a British Territory to be made direct to the Governor or other competent authority of that Territory who may himself decide to accede or refer the matter to the United Kingdom.

The Schedule referred to in Article I and III which lists the 29 extraditable offenses is found following Article XVI.

DATE OF ENTRY INTO FORCE

Article XVI stipulates that the Treaty will enter into force three months after the exchange of instruments of ratification. On the entry into force of this Treaty, the provisions of the Extradition Treaty of December 22, 1951 will be terminated.

PURPOSE

The purpose of the Convention is to provide the international community with a central, public, and current registry of objects launched into outer space. In order to help ensure completeness and uniformity of data submitted, the registration process is made mandatory and the particular kinds of information to be supplied are specified.

Pursuant to this Convention launching States would be required to submit certain information to the U.N. Secretary-General regarding objects which they launch into earth orbit or beyond. The Convention builds on the foundation of a voluntary system of notification to the Secretary-General of the United Nations by U.S. Member States of objects they have launched. That voluntary system has now been in operation since 1962.

BACKGROUND

The voluntary registration system, in whose establishment the United States played a leading role, has received a variety of data on launchings from Australia, Canada, France (acting also for the European Space Agency), the Federal Republic of Germany, Italy, Japan, the United Kingdom, the United States, and the U.S.S.R. The People's Republic of China, which has only recently become involved in outer space launchings, has not reported on them, but may do so.

Since the establishment of the voluntary registration system the United States has adopted the practice of reporting on its launchings at approximately two- or three-month intervals, a practice which is consistent with the Convention's requirements. In order to help keep the registry as current as possible the United States has also reported when space objects have deorbited or when they have fragmented.

The Convention was negotiated in the United Nations Committee on the Peaceful Uses of Outer Space, now a thirty-seven member body, which earlier had developed the 1967 Outer Space Treaty, the 1968 Astronaut Rescue Agreement, and the 1972 Liabilities Convention. The Senate has given its advice and unanimous consent to each of these treaties and the United States has ratified them. In 1968 France introduced draft treaty proposal measures to strengthen and codify the 1962 voluntary system and to ensure the better functioning of the international registry. In March 1973, the United States introduced its own treaty proposal on this subject. On December 18, 1973, the Twenty-Eighth Session of the U.N. General Assembly requested the Outer Space Committee to consider as a matter of high priority the completion of the text of the draft Registration Convention, and on November 12, 1974, the General Assembly unanimously commended the text of the Convention and requested the Secretary-General to open it for signature and ratification (A/Res. 3235 (XXIX)).

SECTION-BY-SECTION ANALYSIS

The Convention's Preamble recalls relevant provisions of the 1967 Outer Space Treaty, the 1968 Astronaut Rescue Agreement, and the 1972 Liability Convention, and expresses the Parties' desire to provide for national registration of objects launched into outer space, to establish a mandatory central Register to be maintained by the U.N. Secretary-General, and to provide States Parties assistance in the identification of space objects.

Article I defines "launching State," "space object," and "State of registry."

Article II provides for the establishment and maintenance of national registries, and leaves to the discretion of each State of registry determination of the contents and conditions of its national registry. After considerable discussion the negotiators did not include a requirement for registration of an object before it was launched, but rather left the timing as well as the other details of the national registry to the State maintaining it, or in cases of cooperative international space activities to the agreement between or among the launching States.

Article III provides for the maintenance of the central Register by the Secretary-General of the United Nations. It provides, as suggested by the United States, that there be full and open access to the information of the Register. This provision would allow use of the Register by the scientific community and other interested individuals, as well as by States Parties to the Convention.

Article IV specifies the types of information which a State of registry shall transmit to the Secretary-General for inclusion in the Register. Consistent with the voluntary reporting practice which the United States has followed for over twelve years, it requires the registration of information about objects launched into earth orbit or into sustained space transit, such as lunar or deep space probes. Additional information, such as that concerning launch failures, may be voluntarily registered. Article IV does not, however, either require or anticipate the reporting of information about objects which may briefly transit outer space, such as sounding rockets or ballistic missile test vehicles. No State has ever submitted such information under the voluntary registration system. In addition, Article IV calls for notification "to the greatest extent feasible and as soon as practicable" of the deorbit of objects earlier reported. The goal of this provision is to encourage the idea that the Register should serve as a net tabulation of objects launched into earth orbit or beyond, a tabulation that to the extent feasible should reflect the current state of such space activities as well as serving as a historical record of past undertakings.

Article V deals with the controversial issue of marking space vehicles. A number of delegations participating in the negotiations held the view that a launching State should be required to mark each satellite and launching vehicle in some manner which could be relied on to survive reentry into the atmosphere. These delegates were concerned that their States would otherwise not on their own be able to identify the launching State of an object which landed within their respective jurisdictions. The United States took the position that a marking system designed to survive reentry would not be worth the extraordinarily difficult technical task and additional expense which would be involved, particularly since there is publicly available existing methods for identifying the national origin of a space object such as through tracking data and scientific tests of various kinds.

Extensive negotiations resulted in a compromise formula which requires that if a space object is marked with a designator or national registration number, the State of registry should notify the Secretary-General of this fact as part of the information reported to the central Register. The Convention, however, does not in any way require such marking; it requires notification only if marking is voluntarily undertaken.

Article VI contains a formula developed from a United States proposal to deal with the space object identification problem in a manner other than marking. Article VI obligates States Parties to respond to the greatest extent feasible to requests from other States Parties for assistance in identifying a space object in the unlikely event it has caused damage to the requesting State or to any of its natural or juridicial persons, or which may be of a hazardous or deleterious nature. States possessing space tracking facilities would have a particular responsibility to give such assistance when requested. This Article provides as well that a requesting State shall to the greatest extent feasible submit information as to the time, nature, and circumstances of the events giving rise to the request in order to assist in the identification process.

Article VII provides for the application of Articles I through VII to international intergovernmental organizations which conduct space activities, such as the European Space Agency.

Article VIII provides that the U.N. Secretary-General will be the depositary for the Treaty, and for the signature, ratification, and accession to the Convention by States.

Article IX provides a procedure for amending the Convention.

Article X provides the possibility of a review conference after a period of years to examine whether the Convention needs revision.

Article XI provides withdrawal procedures.

Article XII specifies the six authentic languages of the original of the Convention, and that it shall be deposited with the Secretary-General.

The Convention has been signed by Argentina. Austria, Belgium, Bulgaria, Burundi, Byelorussia, Canada, Czechoslovakia, Denmark, France, German Democratic Republic, German Federal Republic, Hungary, Iran, Mexico, Mongolia, Nicaragua, Pakistan, Poland, Switzerland, Ukrania, U.S.S.R., the United Kingdom, and the United States, France and Bulgaria have also ratified it.

DATE OF ENTRY INTO FORCE

This Convention will enter into force among the States which have deposited instruments of ratification on the deposit of the fifth such instrument with the Secretary-General of the United Nations.

For States whose instruments of ratification or accession are deposited subsequent to the entry into force of the Convention, it will enter into force on the date of the deposit of their instruments of ratification or accession.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these treaties be considered as having passed through their various parliamentary stages up to and including the presentation of the resolution.

The **ACTING PRESIDENT** pro tempore. Without objection, it is so ordered.

The resolutions of ratification of executive B, 94th Congress, 2d session, executive A, 94th Congress, 2d session, and executive G, 94th Congress, 2d session will be read.

The second assistant legislative clerk read as follows:

Resolved, (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Supplementary Extradition Treaty with Spain, signed at Madrid on January 25, 1975 (Executive B, 94th Congress, second session).

Resolved, (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the treaty on extradition between the United States of America and the United Kingdom of Great Britain and Northern Ireland, signed at Washington on June 8, 1972 (Ex. A. 94–2).

Resolved, (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Convention on Registration of Objects Launched into Outer Space, which was signed by the United States at New York, on January 24, 1975 (Ex. G, 94th Congress, 2nd Sess.)

ORDER FOR VOTE TO OCCUR AT 1 P.M., MONDAY, JUNE 21, 1976

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the vote on these treaties occur at the hour of 1 p.m. on Monday next.

The **ACTING PRESIDENT** pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the vote on these treaties occur only once but that three votes be recorded at that time.

The **ACTING PRESIDENT** pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

The **ACTING PRESIDENT** pro tempore. Without objection, it is so ordered.

AUTHORIZATION FOR CONSIDERATION OF S. 3557—WAIVER OF SECTION 402(a) OF CONGRESSIONAL BUDGET ACT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 901, Senate Resolution 464.

The ACTING PRESIDENT pro tempore. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 464) waiver under section 402(a) of the Congressional Budget Act with respect to the consideration of S. 3557.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the resolution.

The resolution (S. Res. 464) was agreed to, as follows:

Resolved, That (a) pursuant to section 402(c)(1)(A) of the Congressional Budget Act of 1974 (Public Law 93-344; 88 Stat. 297), subsection (a) of such section shall not apply with respect to the consideration in the Senate of the bill (S. 3557) to authorize the appropriation of funds necessary to implement the provisions of the Treaty of Friendship and Cooperation between the United States and Spain (Executive E, Ninety-fourth Congress, First Session), signed at Madrid on January 24, 1976, and for other purposes.

(b) Such waiver is necessary for the following reasons:

(1) The consideration of such bill would not, under such section 402(a), be in order in the Senate in that such bill, authorizes the enactment of new budget authority for a fiscal year and was not reported on or before May 15 of the previous fiscal year; and

(2) The Committee on Foreign Relations did not desire to consider the authorizations until after it had disposed of the broader questions involved in the treaty with Spain which were not resolved until the committee ordered the treaty reported on May 18, 1976.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SENATOR JENNINGS RANDOLPH: CONSISTENT, EFFECTIVE, HUMANITARIAN

Mr. MANSFIELD. Mr. President, on a recurring basis the Members of Congress deal in issues involving billions of dollars and affecting the lives of millions of individuals. These are programs so vast and far-reaching that it is almost impossible to assess their true worth or effectiveness. Yet, each of us is aware that there are lesser acts of official concern which do contribute greatly to betterment of mankind.

Sunday, June 20, marks the 40th anniversary of the signing of the Vending Stand Act for the Blind of 1936. It is regarded as one of the pioneering acts on behalf of the handicapped which opened the doors of industry and the minds of the general public to the abilities and aspirations of our Nation's blind population.

Today, the distinguished senior Senator from West Virginia (Mr. RANDOLPH) serves as chairman of the Senate Subcommittee on the Handicapped, carrying forward a commitment which began more than four decades ago to help the blind to help themselves. The legislation he coauthorized in 1936 with the late Senator Morris Sheppard of Texas is now officially known as the Randolph-Sheppard Act. Amendments to the act (20 U.S.C. sec. 107) were incorporated as a part of the Rehabilitation Amendments of 1974.

In establishing the blind vending stand program, Senator RANDOLPH responded to a humane attempt to rescue good people from a lifetime of dependency and welfare and make them self-supporting, taxpaying entrepreneurs. As a result of this creative effort, many thousands of blind men and women have become independent despite their severe handicaps and demonstrated their ability to become capable and productive workers. All this has been accomplished at very little cost to the taxpayers; the nominal funds expended to train blind workers and establish vending stands have been repaid may times over in taxes paid by the individual operators.

Senator RANDOLPH, who was a second-term Member of the House of Representatives in 1936, recalls that the concept of federally sponsored jobs for blind vendors originated legislatively with a blind U.S. Senator, Thomas Schall, of Minnesota, who served in the Senate from 1925 until his death in 1935. Senator Schall introduced a bill in 1929 which authorized news, candy, and refreshment stands to be operated by blind persons in Federal buildings. That bill received little support.

A subsequent legislative effort was undertaken by a blind Representative in Congress, Matthew Dunn, of Pennsylvania. Although a hearing was held on that measure again very small support emerged, and it was not passed.

In January of 1935, at the beginning of the 74th Congress, then Representative RANDOLPH introduced a new blind vendor bill. He was persuaded to make another attempt by a persistent advocate for the blind, Leonard A. Robinson, a blind attorney of Cleveland, Ohio. Mr. Robinson later served as chief of rehabilitation services for the blind of the District of Columbia. He recently authored a book detailing the development of the Randolph-Sheppard Act entitled, "Light at Tunnel End."

Support for the legislation introduced by JENNINGS RANDOLPH, and a companion measure introduced in the Senate by Morris Sheppard, came from organized labor, from Lions International, from the media, and from the American Foundation for the Blind. There was residual opposition from a number of sources, but eventually that was overcome. President Roosevelt signed the Randolph-Sheppard Act into law on June 20, 1936. Appropriately, June 20 is the anniversary date of the State of West Virginia, which Senator RANDOLPH has served so well in his more than 32 years of public service in the Congress.

In 40 years, the blind vendor program has grown in Federal, State, and private establishments. The District of Columbia's, the first blind vendor, Earl Richardson, set up shop in January of 1938.

In fiscal year 1952, when national statistics on the program became available, there were 1,513 operators, averaging about $2,000 in net annual earnings. Total gross sales were $18.7 million. In the most recent fiscal year, 1975, there were 3,810 operators, averaging $8,800 per year, with total gross sales of $149.2 million.

The pioneering efforts of Senator RANDOLPH and others have achieved much much, more than the relief of human suffering and despair. Their actions and considerations for human welfare have provided the catalyst for many subsequent programs for rehabilitation, education and health for this Nation's estimated 22 million handicapped persons.

In helping the handicapped to help themselves, Senator RANDOLPH ackonwledges the premiere role of the millions of disabled Americans who perform splendidly when given an opportunity to demonstrate their ability to contribute to society.

In a recent speech, Senator RANDOLPH commented:

> It is the public recognition of their abilities that has provided the breakthrough for severely handicapped citizens to achieve a wide variety of job opportunities. It also laid the groundwork for a large body of humane legislation that protects and encourages the handicapped individual to make the most of his or her capabilities.

Mr. President, in this Bicentennial Year we reflect on the past and the events that have contributed to our present. Today I express tribute to a little-known act of human consideration which occurred 40 years ago and has provided bright promise for the future for our handicapped citizens.

(Routine morning business transacted today is printed later in today's RECORD of Senate proceedings.)

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

TAX REFORM ACT OF 1976

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of the unfinished business, H.R. 10612, which the clerk will state.

The second assistant legislative clerk read as follows:

A bill (H.R. 10612) to reform the tax laws of the United States.

The Senate resumed the consideration of the bill.

ORDER FOR RECESS UNTIL 10 A.M. MONDAY, JUNE 21, 1976

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business this evening late it stand in recess until the hour of 10 a.m. Monday morning next.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF CERTAIN TREATIES ON MONDAY, JUNE 21, 1976

Mr. MANSFIELD. Mr. President, as in executive session, I ask unanimous consent that, the Senate convening at 10 o'clock Monday morning next, beginning at the hour of approximately 10:30, the Senate at that time turn to consideration of Executive E (94th Cong., 2d sess.) Treaty of Friendship and Cooperation with Spain; that there be a time limitation of not to exceed 2 hours; that at the conclusion of the debate, there be a vote on the declaration, followed by a vote on the resolution of ratification; and that immediately following that vote, there be a combined vote, as already agreed to, on the other treaties and conventions which have already been discussed.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The text of the unanimous-consent agreement is as follows:

Ordered, That at 10:30 a.m. on Monday, June 21, 1976, the Senate go into executive session to consider the Treaty of Friendship and Cooperation with Spain (Cal. No. 2), and that debate thereon be limited to two hours, to be followed by (1) a vote on the declaration to the resolution of ratification and (2) a vote on the resolution of ratification, with declaration, to the treaty; and

Ordered, further, That immediately following the votes on the treaty with Spain, the Senate proceed to vote en bloc on the resolutions of ratification to four treaties (Cal. Nos. 3, 4, 5 and 6)—extradition treaties with Spain and the United Kingdom, the space objects registration treaty and the treaty with the Swiss Confederation on mutual assistance in criminal matters—with the vote to be counted as four votes.

Mr. MANSFIELD. This agreement is subject to the distinguished Senator from Nevada (Mr. LAXALT) being on the floor at that time, because he has expressed a wish that that be the case.

Mr. MANSFIELD. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

IMPLEMENTATION OF TREATY OF FRIENDSHIP WITH SPAIN

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be laid aside temporarily and that the Senate turn to consideration of Calendar No. 893, S. 3557.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill S. 3557 to authorize the appropriation of funds necessary during the fiscal year 1977 to implement the provisions of the Treaty of Friendship and Cooperation between the United States and Spain, signed at Madrid on January 24, 1976, and for other purposes.

The Senate proceeded to consider the bill.

Mr. HUMPHREY. Mr. President, S. 3557 authorizes the appropriation of $36 million for fiscal year 1977 for grant military assistance, security supporting assistance, military training, and guaranties of foreign military sales credits to implement provisions of the Treaty of Friendship and Cooperation between the United States and Spain. In addition the bill specifies that the financing of an aircraft control and warning network shall be made available from Department of Defense appropriations and provides for the transfer and financing of certain naval vessels and aircraft for Spain. These authorizations, however, would not be effective until the treaty enters into force.

The Committee on Foreign Relations, in its deliberations on the Spanish treaty, devoted considerable attention to the question of related authorization procedures. The committee's conclusion that funding should be made available through normal processes was reflected in paragraph five of the declaration which is part of the resolution of advice and consent to ratification. This paragraph reads:

> (5) the sums referred to in the Supplementary Agreement on Cooperation Regarding Material for the Armed Forces and Notes of January 24, 1976, appended to the Treaty, shall be made available for obligation through the normal procedures of the Congress, including the process of prior authorization and annual appropriations, and shall be provided to Spain in accordance with the provisions of foreign assistance and related legislation. . . .

The committee intends that funds to implement the treaty be authorized and appropriated annually in foreign assistance legislation.

Specific authorizations in this bill for fiscal year 1977 are:

Grant military assistance, $15 million;

Military education and training, $2 million;

Security supporting assistance, $7 million; and

Foreign military sales credits, $12 million.

The $7 million in security supporting assistance will be used to support scientific and technical programs and expanded educational and cultural cooperation programs.

The $12 million in foreign military sales credits will be used to guarantee a $120 million loan for military purchases.

The bill also specifies that assistance programs be carried out in accordance with applicable legislation—the Foreign Assistance Act, the Foreign Military Sales Act, and the Congressional Budget Act of 1974.

In conclusion, Mr. President, this bill preserves the integrity of the annual authorization and appropriations processes of the Congress. It does not prejudge the Senate's action on advice and consent to ratification of the treaty because all authorizations are contingent upon ratification of the treaty.

I therefore recommend passage of this bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there are authorized to be appropriated for the fiscal year 1977, in addition to amounts otherwise available for such purposes, to carry out the programs and activities provided for in the Treaty of Friendship and Cooperation between the United States of America and Spain, signed at Madrid on January 24, 1976, including its supplementary agreements and the exchanges of notes related to those supplementary agreements (hereinafter "the treaty") the following amounts:

(1) for military assistance under chapter 2 of part II of the Foreign Assistance Act of 1961, $15,000,000;

(2) for security supporting assistance under chapter 4 of part II of such Act, $7,000,000;

(3) for international military education and training under chapter 5 of part II of such Act, $2,000,000; and

(4) for guaranties under section 24 of the Foreign Military Sales Act, $12,000,000.

SEC. 2. (a) Foreign assistance and military sales activities carried out pursuant to the treaty shall be conducted in accordance with provisions of law applicable to foreign assistance and military sales programs of the United States, except that section 620(m) of the Foreign Assistance Act of 1961 shall not apply with respect to such programs and activities.

(b) In carrying out the provisions of article VI of supplementary agreement numbered 7 (relating to modernizing, semiautomating, and maintaining the aircraft control and warning network in Spain), the United States contribution of not to exceed $50,000,000 shall be financed from Department of Defense appropriations.

(c) This Act satisfies the requirements of section 7307 of title 10, United States Code, with respect to the transfer of naval vessels pursuant to supplementary agreement numbered 7.

SEC. 3. In carrying out the provisions of article X of supplementary agreement numbered 7 (relating to lease and purchase of aircraft), the President is authorized to apply the proceeds from the lease of aircraft to Spain under that article to the purchase of aircraft for the purposes of that article without regard to the provisions of section 2667 of title 10, United States Code, or any comparable provisions of law.

SEC. 4. The sums authorized to be appropriated by the first section of this Act shall be available for obligation within the limitations of appropriations made pursuant to this Act in accordance with the Foreign Assistance Act of 1961, the Foreign Military Sales Act, the Congressional Budget Act of 1974, and other applicable legislation.

SEC. 5. The authorities contained in this Act shall become effective only upon such date as the treaty enters into force and shall continue in effect only so long as the treaty remains in force.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

DEATH OF AMBASSADOR FRANCIS E. MELOY, JR.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that a commentary by James Wieghart, carried in the New York Daily News of today, entitled "A True Soldier of the Diplomatic Corps" and referring to the untimely passing of an old, long-time, trusted friend, the late Ambassador Francis E. Meloy, Jr., be printed at this point in the Record.

The commentary speaks for itself and I think it shows the greatness of this man.

There being no objection, the commentary was ordered to be printed in the Record, as follows:

[From the Daily News, June 18, 1976]

A True Soldier of the Diplomatic Corps

(By James Wieghart)

Washington.—Francis E. Meloy Jr. was a courageous and dedicated man, of that there can be no doubt. A 59-year-old veteran of 30 years in the United States Foreign Service, he knew when he accepted the post as Ambassador to Lebanon two months ago that he faced the danger of death at the hands of terrorists from any one of several factions engaged in the bitter fighting for control of the small, but strategically located nation.

But Meloy accepted the assignment to Beirut unhesitatingly when asked to go there by President Ford two months ago, just as he had accepted an ambassadorial appointment in 1973 to Guatemala, where Ambassador J. Gordon Mein had been murdered by revolutionaries only five years before.

Details of Meloy's murder in Beirut and the execution-style slaying of his economic counselor, Robert O. Waring, and their Lebanese driver are still sketchy. But on the basis of Meloy's record, we can be sure he met his death as bravely as he faced life.

Testifying about the tragedy on Capitol Hill yesterday, Secretary of State Kissinger said that Meloy went to Lebanon "knowing the danger he would face." He agreed to take on the dangerous assignment, Kissinger said, "because he thought he was serving his country and contributing to peace."

Meloy attracted Kissinger's notice and probably won his fatal assignment to Beirut by his resourceful and effective direction of U.S. emergency aid for victims of the Guatemalan earthquake early this year. When Kissinger visited the earthquake scene in February, he suggested that primary rebuilding efforts be focused on repair and reconstruction of homes and buildings. But Meloy disagreed, arguing that if first priority were given to road and bridge repair, then home reconstruction and other humanitarian relief would actually proceed more swiftly.

Meloy won the argument and when Kissinger returned to the United States, he told reporters: "I like that man. He disagreed with me, and he turned out to be right."

Normally, it would be gross exaggeration to call disagreeing with a superior an act of courage. But if that superior happens to be Kissinger, who is not noted for welcoming contrary views from subordinates, it probably is not much of an overstatement.

His willingness to take on dangerous assignments and his dedication and fearlessness in carrying them out earned Meloy a reputation as a thorough professional among his colleagues.

But before Meloy is buried and the memory of his life and work dims for all except his family, friends and colleagues, it should be noted that he displayed another form of courage in the course of his career by refusing to accept an assignment to another hazardous job, this time to a high-ranking post in Saigon. The incident, which occurred in 1965 but went unreported at the time, was recalled by former Undersecretary of State George Ball, now an international lawyer and foreign policy expert.

Meloy, who was then deputy chief of mission in Rome and would likely have been in line to be the next U.S. ambassador to South Vietnam had he accepted the assignment, told Ball he could not do so "as a matter of conscience" because he opposed American policy in Vietnam.

It was obviously a difficult decision for Meloy who, with the exception of military service during World War II, had been a career Foreign Service officer for his entire adult life and was aware of the tradition that the alternative to accepting whatever assignment given was resignation. But Meloy had served in the U.S. embassy's political section in Saigon from 1953 to 1955 during the last throes of French colonial rule and was convinced that American involvement was a tragic mistake.

"He said he couldn't go to Saigon as a matter of conscience," Ball recalled. "He said that if it meant giving up his career, then so be it. He just felt that he could not represent the views of the United States in carrying out a policy which he strongly opposed."

Ball, who was himself opposed to the administration's Vietnam policy and argued against the deepening American involvement until he retired in 1966, said that Meloy's refusal precipitated a great deal of controversy in the State Department's upper echelons. "There was a strong feeling in some quarters that he should be forced to resign," Ball said. "I did what I could to help him, and he was subsequently returned to Rome. I was greatly impressed by his sincerity and his willingness to lay his career on the line."

It was Meloy's willingness to lay his career and his life on the line for his country that brought him to Beirut and a hero's death 11 years later.

QUORUM CALL

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the five following measures which have been cleared on both sides of the aisle: Calendar Orders No. 906 through 910.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

BEATRICE SERRANO TOLEDO

The Senate proceeded to consider the bill (S. 1477) for the relief of Beatrice Serrano Toledo, which had been reported from the Committee on the Judiciary with an amendment to strike all after the enacting clause and insert:

That, in the administration of the Immigration and Nationality Act, Beatrice Serrano-Toledo, the widow of a citizen of the United States, shall be held and considered to be within the purview of section 201(b) of that Act and the provisions of section 204 and section 245(c) of such Act shall not be applicable in this case.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Beatrice Serrano-Toledo."

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 94–955), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE OF THE BILL

The purpose of the bill, as amended, is to grant the status of an immediate relative to Beatrice Serrano-Toledo, to which status she would have been entitled were it not for the death of her husband, a citizen of the United States. The bill has been amended in accordance with established precedents and to correct the spelling of the beneficiary's name.

STATEMENT OF FACTS

The beneficiary of the bill is a 29-year-old native and citizen of Mexico who currently resides in Nampa, Idaho with her 2-year-old U.S. citizen daughter. The beneficiary married a U.S. citizen in Mexico on June 3, 1973. Her husband was murdered in that country on September 6, 1973.

A letter, with attached memorandum, dated July 29, 1975 to the Chairman of the Senate Committee on the Judiciary from the Commissioner of Immigration and Naturalization with reference to the bill reads as follows:

U.S. Department of Justice,
Immigration and
Naturalization Service,
Washington, D.C., July 29, 1975.

A20663886

Hon. James O. Eastland,
Chairman, Committee on the Judiciary,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: In response to your request for a report relative to the bill (S. 1477) for the relief of Beatrice Serrano-Toledo, there is attached a memorandum of information concerning the beneficiary.

The bill would grant the beneficiary permanent residence in the United States as of the date of its enactment, upon payment of the required visa fee. It would also direct that a visa number deduction be made.

The beneficiary, a native of Mexico, is chargeable to the numerical limitation for immigrants from the Western Hemisphere. She is statutorily ineligible to adjust her status while in the United States and will be required to apply for visa outside of this country.

Sincerely,
L. F. Chapman, Jr., *Commissioner.*

Enclosure.

MEMORANDUM OF INFORMATION FROM IMMIGRATION AND NATURALIZATION SERVICES FILE, RE S. 1477

Information concerning this case was obtained from both the beneficiary and Mrs. Frank Denke, the interested party in this case.

The beneficiary, Beatrice Serrano-Toledo, a native and citizen of Mexico, was born April 1, 1947. She is widowed and is presently residing with the interested party in Nampa, Idaho. She has no assets and is supported by Mr. and Mrs. Frank Denke. The beneficiary completed four years of elementary school in her native country. She was married June 3, 1973, in Mexico, to a native and citizen of the United States. Her spouse was murdered in Mexico on September 6, 1973.

The beneficiary has one child from this marriage, a daughter she alleges was born April 19, 1974, in Marsing, Idaho. The child's birth has not been recorded and efforts to verify her claim have been unsuccessful. The beneficiary has a mother, father, four brothers, and a sister residing in Mexico.

The beneficiary's only entry into the United States occurred on April 3, 1974, when she was admitted at Nogales, Arizona, as a nonimmigrant visitor for pleasure until May 3, 1974. Deportation proceedings have not been instituted.

Senator James A. McClure, the author of the bill, submitted the following supporting information:

U.S. SENATE,
COMMITTEE ON INTERIOR AND
INSULAR AFFAIRS,
Washington, D.C., September 4, 1975.

Hon. JAMES O. EASTLAND,
Chairman, Senate Subcommittee on Immigration and Naturalization, Dirksen Building, Washington, D.C.

DEAR SENATOR EASTLAND: Pursuant to your letter requesting written information in support of my bill, S. 1477, for the relief of Beatrice Serrano-Toledo, I am enclosing a copy of a House Joint Memorial passed earlier this year by the State of Idaho.

Although I am fully aware that this state resolution has no bearing upon the legislative proceedings as they pertain to private relief legislation, the contents of this material certainly describes the unfortunate circumstances of Mrs. Serrano-Toledo. As the resolution states, had Juan Toledo survived to bring his wife and child to the United States, the rights and privileges of citizenship would have been available to them. Due to the tragic death of Mr. Toledo this remedy was foreclosed to Mrs. Serrano-Toledo and her child, a very sad circumstance. It is my understanding that Mr. Toledo was in fact making preparations to take the appropriate steps to bring his family to the United States just prior to his death.

I can only re-emphasize that I too believe that "the laws of the United States are intended to be tempered with compassion, justice and humanity" and upon this basis I respectfully request that the committee permit favorable consideration of my bill for the relief of Mrs. Serrano-Toledo.

Sincerely,
JAMES M. MCCLURE,
U.S. Senator.

Enclosure.

HOUSE OF REPRESENTATIVES,
State of Idaho, March 25, 1975.

Hon. JAMES A. MCCLURE,
U.S. Senate, Dirksen Building, Washington, D.C.

DEAR SENATOR MCCLURE: I am directed by the Legislature of the State of Idaho to transmit to you House Joint Memorial No. 3, by State Affairs, urging Congress to consider the unfortunate circumstances of Beatrice Serrano-Toledo, to consider the intention of her husband, a citizen of the United States, and to take the steps necessary to extend to her the rights, duties and privileges of citizens in the United States.

This Memorial has been passed by the Senate and the House of Representatives of the First Regular Session of the Forty-third Idaho Legislature. A printed copy of HJM 3 is enclosed.

Respectfully,
CRAIG S. HARVEY,
Chief Clerk.

Enclosure.

The material referred to in the above correspondence is contained in the files of the Senate Committee on the Judiciary.

Senator James A. McClure has also submitted the following supplemental information:

U.S. SENATE,
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C., February 25, 1976.

Hon. JAMES O. EASTLAND,
Chairman, Senate Subcommittee on Immigration and Naturalization, Washington, D.C.

DEAR CHAIRMAN EASTLAND: I regret that it has taken so long for me to get back to your letter of September 23, 1975 concerning my private immigration bill, S. 1477 for the relief of Beatrice Serrano-Toledo. I have only recently received word from the beneficiary concerning her attempts to verify that her child is in fact a United States citizen.

The beneficiary forwarded to me a copy of a baptismal certificate for her child stating that this was the only "proof" she had available that her child was a U.S. citizen. On February 18th, I wrote to Mrs. Serrano-Toledo explaining that this was not sufficient proof. She had indicated that a midwife had assisted her with the birth of her child but she was unable to remember the woman's name and she had subsequently returned to Mexico. Mrs. Serrano-Toledo has some difficulties with our language but from all indications it appears that she did not register the birth of her child. As stated, I have written to Mrs. Serrano-Toledo requesting that she verify if this is in fact the case and if so, that she make every possible attempt to locate the Mexican midwife who assisted in the birth of her child.

I have not as yet had word from the beneficiary, but I will notify you immediately when I do receive word.

I appreciate your patience in this matter.

Sincerely,
JAMES A. MCCLURE, *U.S. Senator.*

U.S. SENATE,
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C. April 6, 1976.

Re S. 1477 for the relief of Beatrice Serrano-Toledo.

Hon. JAMES O. EASTLAND,
Chairman, Senate Subcommittee on Immigration and Naturalization, Washington, D.C.

DEAR CHAIRMAN EASTLAND: I am enclosing a copy of an affidavit executed by one Lupe DeLeon who served in the capacity as midwife in the birth of the above named beneficiary's child.

As you will recall, the committee requested that Mrs. Toledo submit substantiating evidence to prove that her child was in fact born within the United States in light of the fact that the birth was not registered.

The original copy of the affidavit is being held in my files should the committee wish to further examine it. It is hoped that the enclosed will provide the committee with the necessary proof to favorably act on this measure.

Sincerely,
JAMES A. MCCLURE,
U.S. Senator.

Enclosure.

KIBLER, HAMILTON & CLARK,
Nampa, Idaho, March 31, 1976.

Re Verification of Mrs. Toledo's child's birth.

Senator JAMES A. MCCLURE,
U.S. Senate, Committee on Public Works, Washington, D.C.

Senator MCCLURE: Please find enclosed, an affidavit executed by Lupe DeLeon, verifying the birth of Mrs. Toledo's child, Maria Juanita Toledo.

We hope this is all that is needed to clear up this matter, and if it is not, please write to Lupe DeLeon at Route 6, Caldwell, Idaho. We would also appreciate it very much if you would send us a carbon copy of any further information.

Thank you for your assistance in this matter and if we can be of any help on obtaining information further required by your office, please feel free to contact us at any time.

Very truly yours,
MARK L. CLARK.

AFFIDAVIT

Lupe DeLeon, after being first duly sworn, deposes and says:

That she was present, and assisted Mrs. Toledo in the birth of her child Maria Juanita Toledo, on April 19, 1974, at Sunny Slope, Idaho which is located about one mile Northeast of Marsing, Idaho. The above stated child was born at approximately 1:00 a.m. in my own home which is situated at the above address.

Affiant further deposes and says, that she is a United States citizen and is a resident of the State of Idaho and has been such for the past twenty (20) years and has lived at the above described address for the past five (5) years.

LUPE DELEON.

Subscribed and sworn to before me this 31st day of March, 1976.

[SEAL] DOLORES J. JONES,
Notary Public for Idaho,
Residence, Nampa, Idaho.

LEE MEE SUN

The Senate proceeded to consider the bill (S. 2322) for the relief of Lee Mee Sun, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause and insert:

That, in the administration of the Immigration and Nationality Act, Lee Mee Sun may be classified as a child within the meaning of section 101(b)(1)(F) of the Act, upon approval of a petition filed in her behalf by Mr. and Mrs. Kenneth Simantel, citizens of the United States, pursuant to section 204 of the Act: *Provided*, That the natural parents or brothers or sisters of the beneficiary shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act. Section 204(c) of the Immigration and Nationality Act shall be inapplicable in this case.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 94–956), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL

The purpose of the bill, as amended, is to facilitate the entry into the United States as an immediate relative the alien child to be adopted by citizens of the United States, notwithstanding the fact that the prospective adoptive parents have previously had the maximum number of petitions approved. The bill has been amended in accordance with established precedents.

STATEMENT OF FACTS

The beneficiary of the bill is a 13-year-old native and citizen of Korea who presently resides in an orphanage in Seoul. The prospective adoptive parents who have three children in addition to adopted twin orphans plan to adopt the beneficiary after her arrival in the United States. Information is to the effect that they are financially able to care for the beneficiary.

A letter, with attached memorandum, dated January 2, 1976 to the chairman of the Senate Committee on the Judiciary from the Commissioner of Immigration and Naturalization with reference to the bill reads as follows:

U.S. DEPARTMENT OF JUSTICE, IMMIGRATION AND NATURALIZATION SERVICE,
Washington, D.C., January 2, 1976.

Hon. JAMES O. EASTLAND,
Chairman, Committee on the Judiciary,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In response to your request for a report relative to the bill (S. 2322) for the relief of Lee Mee Sun, there is attached a memorandum of information concerning the beneficiary.

The bill provides that the provision of the Immigration and Nationality Act which limits the number of petitions that may be approved for adopted children shall not be applicable in this case. The bill further provides that the natural brothers and sisters of the beneficiary shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.

Absent enactment of this bill, the beneficiary, a native of Korea, would be chargeable to the nonpreference portion of the numerical limitations for immigration and conditional entrants from countries in the Eastern Hemisphere.

Sincerely,

L. F. CHAPMAN, Jr.,
Commissioner.

Enclosure.

MEMORANDUM OF INFORMATION FROM IMMIGRATION AND NATURALIZATION SERVICE FILES RE S. 2322

Information concerning this case was obtained from Mr. and Mrs. Kennth H. Simantel, the prospective adoptive parents of the beneficiary.

The beneficiary, Lee Mee Sun, a native and citizen of Korea, was born on June 15, 1962. She is living in an orphanage in Seoul, Korea. Mr. and Mrs. Simantel plan to adopt the beneficiary after her arrival in the United States. No information concerning the beneficiary's parents or other members of her family is available, as she was abandoned on April 20, 1965.

Mr. and Mrs. Simantel, who are natives and citizens of the United States, were born on November 23, 1938 and January 13, 1939, respectively. They were married April 5, 1958 and have three minor children born of this marriage. They reside in Cornelius, Oregon.

Mr. and Mrs. Simantel previously adopted twin orphans on January 19, 1970. These children are now 7 years of age. They became naturalized United States citizens on March 16, 1972 and are presently residing with Mr. and Mrs. Simantel.

A petition for immediate relative status as an eligible orphan may not be approved in behalf of the beneficiary because the maximum number of such petitions permitted under the Immigration and Nationality Act have already been approved for Mr. and Mrs. Simantel. The beneficiary does not come within the statutory exception designed to prevent that separation of brothers and sisters.

Mr. Simantel is self-employed as a building contractor and carpenter. Mrs. Simantel is a housewife. Their income is approximately $18,000 a year. The assets of Mr. and Mrs. Simantel consist of savings in the amount of $3,666, an unencumbered home and 4 acres of land valued at $75,000, two lots valued at $6,000 each, household furnishings worth $9,650, 3 motor vehicles, a travel trailer valued at $13,000, and insurance policies worth $46,570.

A letter, with attached memorandum, dated April 7, 1976 to the chairman of the Senate Committee on the Judiciary from the Assistant Secretary for Congressional Relations, U.S. Department of State, with reference to the bill reads as follows:

DEPARTMENT OF STATE,
Washington, D.C., April 7, 1976.

Hon. JAMES O. EASTLAND,
Chairman, Committee on the Judiciary,
U.S. Senate.

DEAR MR. CHAIRMAN: In reference to your request for a report concerning the case of Lee Mee Sun, beneficiary of S. 2322, 94th Congress, there is enclosed a memorandum of information concerning the beneficiary. This memorandum has been submitted by the American Embassy at Seoul, Korea where the beneficiary resides.

This bill makes the requirement of section 204(c) of the Immigration and Nationality Act limiting the number of petitions which may be approved for children inapplicable to a petition filed by Mr. and Mrs. Kenneth Simantel, Americans citizens, to classify the beneficiary as a child within the meaning of section 101(b)(1)(F) of the Act. The bill also provides that the brothers and sisters of the beneficiary shall not, by virtue of such relationship, be accorded any right, privilege or status under the Immigration and Nationality Act.

Since the beneficiary will be over the age of 14 years on June 15, 1976, the Committee may wish to amend the bill to waive the age limitation in the event a petition to accord Lee Mee Sun classification as an immediate relative has not been filed in her behalf.

Sincerely yours,

ROBERT J. MCCLOSKEY,
Assistant Secretary for Congressional Relations.

Enclosure: Memorandum of information.

SUBMITTED BY THE AMERICAN EMBASSY AT SEOUL, KOREA

MEMORANDUM OF INFORMATION CONCERNING S. 2322 FOR THE RELIEF OF LEE MEE SUN

The beneficiary was born in Korea on June 15, 1962. She is an orphan and presently resides at the Yeo-Kwang-Won Orphanage, Yeo-Ju Eup, Kyunggi-do, Korea, where she is a sixth grade student at the Yeo-Ju Elementary school; no information is available concerning her natural parents.

The beneficiary is registered as an intending immigrant chargeable to the nonpreference category of the numerical limitation for Korea, with a registration priority date of March 15, 1976.

A check of the Embassy's visa files failed to reveal a record of derogatory information pertaining to the beneficiary.

The beneficiary underwent a medical examination on October 29, 1975 and was found to be in good health.

Senator Bob Packwood, co-author of the bill with Senator Mark O. Hatfield, has submitted the following information in support of the bill:

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS,
Washington, D.C., September 19, 1975.

Hon. JAMES O. EASTLAND,
Dirksen Office Building

DEAR JIM: On Wednesday, September 10, 1975 I introduced with Senator Hatfield S. 2322, a private bill for the relief of Lee Mee Sun. Lee Mee Sun is a 13 year old Korean female who has lived the majority of her life in an orphanage in Korea.

The Simantels, United States citizens and residents of Oregon, have adopted twin Korean girls. They were in the process of adopting a third, Lee Mee Sun, having been told by Immigration that the adoption of twins counted only as one visa for immigration purposes under Section 204(c) of the Immigration and Nationality Act.

After initiating adoption proceedings for Lee Mee Sun, the Simantels were advised that the information furnished by Immigration was erroneous and that the adoption of the twins counted not as one child but two children for visa purposes precluding them from adopting a third child and obtaining a visa for that child. It therefore appears that the only relief for Lee Mee Sun is through private legislation.

I have attached copies of correspondence from the Simantels' which provides additional background and facts in this matter.

Cordially,

BOB PACKWOOD.

Enclosures.

HOLT ADOPTION PROGRAM, INC.,
Eugene, Oreg., September 4, 1975.

Re: Simantel, Mr. and Mrs. Kenneth (Joyce), Route No. 1, Box 81-B, Cornelius, Oreg.
Ch: Lee Mee Sun, No. K-3495, Birthdate: 6-15-62.

Senator ROBERT PACKWOOD,
Dirksen Senate Building,
Washington, D.C.

DEAR SENATOR PACKWOOD: We thank you for your efforts on behalf of the Kenneth Simantel family. To create a special bill for the immigration of Lee Mee Sun appears to be the only alternative for the Simantels towards this adoption.

Kenneth and Joyce Simantel were erroneously informed by U.S. Immigration and Naturalization Service in Portland, that they had one remaining orphan visa available to them. Further investigation revealed that the Simantels had used their allotted orphan visas when they petitioned for their adopted Korean twin daughters.

Lee Mee Sun is a 13-year-old Korean female who has lived the majority of her life in an orphanage in Korea. Mee Sun's eligibility for U.S. immigration orphan status will expire in nine months. The Simantels are moved by her plight, and the very grim projected future for her if she remains in Korea. They also believe that they will be enriching their own lives by adding to their family through the adoption of this child. This family has shown unusual abilities. Each member of this family is looking forward to the arrival of Lee Mee Sun with anticipation.

Holt International Children's Services approves of the Simantels request for the adoption of this Korean orphan. Legal guardianship is held by Holt International Children's Services. The Simantels show strong family patterns in love, concern, communication, stability, excellent physical and emotional care, as well as spiritual undergirding in coping with daily affairs. They have an adequate, stable financial record. The community expresses the highest regard for the Simantels, and support the Orphan Adoption Program through the school system. The enrichment of life one receives from extending themselves toward these children, is felt by many in this community.

I wish to add my own personal appreciation in your efforts towards this matter.

Sincerely,

ELINOR CAVES, MSW,
Social Worker.

ADOPTION STUDY—AUGUST 29, 1975

Re Simantel, Kenneth/Joyce, Route No. 1, Box 81–B, Cornelius, Oreg. 97113, Telephone: 331–2957

SITUATIONAL DIFFICULTY

Mr. and Mrs. Kenneth Simantel adopted twin, female, Korean orphans on November 13, 1969. They, at this time, used both visas available to them for the immigration of their twins. In July of 1975, the Simantels were erroneously informed by Portland Immigration and Naturalization Service that they had one visa still available to them for the adoption of another Korean child. It was stated that since the first children were siblings, that only one visa had been used. It is now substantiated that they had used both visas in bringing their adoptive twins to the United States. The child the Simantels are asking to adopt is LEE, Mee Sun, birth date: June 15, 1962, a Korean female still in Korea.

FAMILY CONSTELLATION

Father, Kenneth Homer Simantel, birth date: November 22, 1938; mother, Joyce Winfield Simantel, birth date: January 13, 1939; children; Michael, male, birth date: September 8, 1959; Randall, male, birth date: August 5, 1961; Tracy, Korean female twin, birth date: November 10, 1967; Trina, the other Korean female twin, birth date: November 10, 1967 and Kimberley, female, birth date: June 26, 1970.

CONTACTS WITH FAMILY

Five visits were made with this family. In addition, individual interviews were held with the children. The Simantels also attended a group meeting in reference to placement of older children. Subsequently, we contacted the references given by the Simantels (their pastor, family physician and personal friends) regarding the family background. All references give the Simantels the very highest of recommendations. Each reference has observed the Simantels' involvement with their Korean children as well as the excellent parenting they have done with their natural children. The Simantels are seen as a family who makes a great contribution to the community.

MOTIVATION

Kenneth and Joyce Simantel renewed their interest in adoption when they were asked to temporarily care for two Vietnamese orphans. It was during this time of caring for the Vietnamese children that the family's life was enriched, and they all experienced a self-enlargement. Mr. and Mrs. Simantel inquired of this agency about other children who may have urgent need of placement. The Simantels followed through with initial inquiry and selected LEE, Mee Sun, birth date: June 15, 1962, a Korean female.

Kenneth Simantel and Joyce Winfield were married in Portland, Oregon on April 5, 1958. This marriage has been verified. The Simantels met through family acquaintances. Their courtship was over a period of several months during which time they began to know each other well and felt sure of their commitment to each other. It appears that they have a stable and happy marriage. They compliment each other for their happy and gratifying experiences. Both Mr. and Mrs. Simantel are understanding of others and are supportive of one another. The Simantels have observed traditional husband and wife roles in their married life. Kenneth is seen as head of the household. His greatest purpose is to see his family happy. Joyce is respected and loved by her children and reverenced by her husband. She in turn gives him the praise, love and respect that cements a marriage. Decision making is usually a mutual sharing of those decisions. There seems to be a demarcation of responsibilities in terms of Joyce making decision for the internal household affairs whereas Kenneth's decisions are more involved with the external financial affairs of the family.

CULTURAL AND FAMILY BACKGROUND

Adoptive father

Kenneth Simantel was born in Wolsey, South Dakota on November 22, 1938. He is of tall, moderate build, a Caucasian male having blond hair and blue eyes. Kenneth Simantel is a quiet, somewhat reserved, reflective man. He handles himself with confidence and therefore elicits confidence in others. He spent his early childhood on a farm. He views his early life as one marked by great satisfaction in family life. He feels he had a Christian-based upbringing. He is one of four siblings. The family remains in close ties and continues family contacts. His mother died of a brain tumor in 1952. His father has since remarried. He has brought into his adult life a sense of reward for a job well done. He is versatile in his ability to handle work involving farming, machinery and carpentry. He appears to have a sense of business management and leadership.

Adoptive mother

Joyce Winfield Simantel was born January 13, 1939, in Delight, Arkansas, Joyce is attractive, 5'4" tall, of slight build, with brown hair, brown eyes, and is a Caucasian female. She has a background of Indian-French extraction. Mrs. Simantel is the oldest of six siblings. She considered her background one in which there was a feeling of closeness to family members: yet there was not the excitement nor investment in each child's life they attempt now to provide for their own children. Mrs. Simantel is a compassionate, gracious lady who manages the affairs of her household with orderliness and control. She has gained from her own mother a sense of enjoyment of motherhood. Joyce Simantel is a good mother who is very understanding and supportive of her family in all their undertakings.

Children

Michael is an outgoing, 10-year old male. He is involved in sports at school, is a good student, and is in excellent health. Others see him as a leader.

Randal is a 14-year old, sensitive, affectionate, contended child. He is a good student at school and enjoys being part of the total school program. Tracy is a 7-year old twin and adoptive Korean daughter of the Simantels. She also is a very good student at school, is an ardent reader, and enjoys having a few close friends. Trina is the other half of the pair of 7-year twins; she is opposite to her sister in that she is more interested in the extra-curricular activities of school as opposed to scholarship although she is average in her grade attainment. Kimberley, the 5-year-old natural daughter, is a lovely, little blonde girl who is a lively, outgoing, and the delight of the whole family. The Simantels have seen their children grow into happy, secure youngsters. They appear to know their limits. They appear to be well adjusted and present little behavior problems.

Church affiliation

The Simantels are members of the Zion Lutheran Church of Cornelius, Oregon. They are seen as outstanding Christian members of that church. Mr. Simantel is on the Board of Elders. They also feel very strongly about their Christian commitment and endeavor to present christian truths to their children both by example and by teaching.

Social and family life

This is a very active family who enjoys the Oregon coast and mountain areas. They enjoy many camping and fishing opportunities as a family. They feel that this is an activity in which the family can grow even closer together.

Housing and community

The Simantels live on the outskirts of Cornelius, a small farming community. They have built a new home and it is spacious and attractively furnished. They have neighbors within walking distance and their home is one in which the children feel welcome. The Oriental children in this family, as well as others in community, have been readily accepted. They anticipate no problems concerning the child's adjustment in school. The particular school district has provided, within their school program, the special services that are needed for the adjustment of the Oriental child.

Finances

Kenneth Simantel's adjusted gross income is $12,000. He is self employed as a contractor/carpenter. They have real estate valued at $75,000 including their home. They are free of mortgages and encumbrances concerning this property. They have savings in excess of $5,000, and have other assets valued at $25,000. Kenneth Simantel has insurance valued in excess of $35,000. They are fully covered by medical insurance. The Simantels live well within their income. Money management does not appear to be a problem in any area.

Evaluation and recommendation

The Simantels have shown unusual qualities in parenting. They are emotionally stable individuals. They appear to have a sincere desire to involve themselves with others in need. Their marriage is seen by others, as well as themselves, as being a happy and stable one. The community in which they find themselves has extended acceptance to the Oriental children. It is a very child-conscious community where programs are set up to meet the needs of their children. The Simantels enjoy open communication with their children, and at the same time set reasonable limits. They show a very solid financial picture and are well able to care for another child.

This family is looking forward with great anticipation to adopting a Korean 14-year-old girl. They see this adoption as a means of giving love to the child as well as receiving family satisfaction back from her involvement with them. I highly recommend that Kenneth and Joyce Simantel be allowed to adopt the Korean female known as LEE, Mee Sun.

ELINOR CAVES, MSW, *Social Worker.*

CORNELIUS, OREG.,
August 1, 1975.

DEAR SENATOR PACKWOOD: We are writing to you, our Senator, for advice. We are faced with a heartbreaking situation and we do not know where to turn. We have hopes that you may be able to help us.

We live in a farming community eight miles from Hillsboro, Oregon. In 1968 we adopted a pair of twin Korean girls through the Holt Adoption Program. They have been a blessing to our family and we praise God for bringing them to us.

In May of this year we became aware of a critical need in Korea involving eighteen girls ranging in age from 11 to 13 years old. We write to you concerning one of these beautiful children, 13-year-old Lee Mee Sun.

Mee Sun is in the Holt Orphanage in Seoul, Korea. When we saw her picture we fell in love with her and felt that we have the room in our hearts and in our home to become the parents that she has waited so long for.

We were aware that U.S.A. families are allowed only 2 visas for adoption abroad, so before we ever started proceedings we called the Immigration Department in Portland to check on our status. We were instructed to call Mr. Luken of that Department. He told us that since we had adopted twins, we would be eligible for another visa. Believing that his information was correct we did proceed with the adoption process. Our case has received top priority attention from Holt's as Mee Sun must be out of Korea before her fourteenth birthday or she will never be able to be adopted as that is the cut-off age.

Two days ago, as our case neared completion, we were informed that Mr. Luken was in error. It seems our twins will be counted as two separate visa petitions and we will be unable to file for a petition for Mee Sun.

We know that the Lord has led us into this adoption and that there has to be a way for us to bring our child home.

We talked to Mr. Luken yesterday and he said we might file a nonpreference visa but these usually take over a year and by that time Mee Sun will be over-age.

Mr. Packwood, we pray that you can help us. Mee Sun's need, and ours, is urgent as her time is running out. We love her deeply and will appreciate any advice you can give us.

We thank you and pray that the Lord will continue to bless you as you work for your State and your country.

Sincerely,

Mr. and Mrs. KEN SIMANTEL.

CORNELIUS, OREG.,
August 25, 1975.

Senator ROBERT PACKWOOD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PACKWOOD: We wanted to take this time to thank you for the interest which you have taken in our precious Mee Sun. Although we realize that, except for a miracle, there may still be many months of waiting for us and for her. But we now feel that at last a door has been opened and we thank you for that.

We have now completed all of the adoption procedures with Holt's. All of the necessary notarized papers which you requested were also completed and returned to Holt's on August 19 and we trust that you now have them.

We thought that both you and your staff might like to see a picture of our Toni, so we are enclosing the first picture we received of her and also one that arrived last week. We believe these pictures tell her story much better than could ever be expressed in words.

The first picture was taken in November, 1974. She knew this picture was to be sent to America and it transmits the joy and hope that someone might love and want her. The other picture was taken last month and reflects the loneliness and rejection which she must be feeling now as she knows that her time is running out. If she only knew how much we love her and how hard we are praying for her to come to us. But, of course, she cannot be told any of this until we receive our approval from our U.S. Government. We look forward to that day when we can tell her of all the people who helped to bring her home.

Again we thank you, Senator, and our prayers will continue to be with you.

God Bless You,

Mr. and Mrs. KEN SIMANTEL.

CHEA HYO SUK

The Senate proceeded to consider the bill (S. 2618) for the relief of Chea Hyo Suk, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause and insert:

That, in the administration of the Immigration and Nationality Act, Chea Hyo Suk may be classified as a child within the meaning of section 101(b)(1)(F) of the Act, upon approval of a petition filed in her behalf by Mr. and Mrs. Theodore Thatcher, citizens of the United States pursuant to section 204 of the Act: *Provided*, That the natural parents or brothers or sisters of the beneficiary shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act. Section 204(c) of the Immigration and Nationality Act shall be inapplicable in this case.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 94-957), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL

The purpose of the bill, as amended, is to facilitate the entry into the United States as an immediate relative the alien child to be adopted by citizens of the United States, notwithstanding the fact that the prospective adoptive parents have previously had the maximum number of petitions approved. The bill has been amended in accordance with established precedents.

STATEMENT OF FACT

The beneficiary of the bill is a 15-year-old native and citizen of Korea who currently resides in that country as a ward of the state. The prospective adoptive parents, citizens of the United States, have six natural children and two adopted children. They reside in Farmington, Utah.

A letter, with attached memorandum, dated April 5, 1976 to the Chairman of the Senate Committee on the Judiciary from the Commissioner of Immigration and Naturalization with reference to the bill reads as follows:

U.S. DEPARTMENT OF JUSTICE, IMMIGRATION AND NATURALIZATION SERVICE,
Washington, D.C., April 5, 1976.

A21340398

Hon. JAMES O. EASTLAND,
Chairman, Committee on the Judiciary,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In response to your request for a report relative to the bill (S. 2618) for the relief of Chea Hyo Suk, there is attached a memorandum of information concerning the beneficiary.

The bill, as drawn, would waive the provision of the Immigration and Nationality Act which limits the number of petitions that may be approved for adopted children. However, the beneficiary does not qualify for immediate relative status as a child under Section 101(b)(1)(F) of the Act because the beneficiary has attained the age of fourteen years. The bill does not waive the requirement that the beneficiary would be under fourteen years of age.

The beneficiary, a native of Korea, is chargeable to the nonpreference portion of the numerical limitation for immigrants and conditional entrants from countries in the Eastern Hemisphere.

Sincerely,

L. F. CHAPMAN, Jr.,
Commissioner.

Enclosure.

MEMORANDUM OF INFORMATION FROM IMMIGRATION AND NATURALIZATION SERVICE FILES RE S. 2618

Information concerning this case was obtained from Theodore Reed Thatcher and his wife, Huntley Goldsmith Thatcher, the prospective adoptive parents of the beneficiary.

The beneficiary, Chea Hyo Suk, a native and citizen of Korea, was born on January 10, 1961 and is presently a ward of the state at the Sung Sae Rehabilitation Center in Tae Jon, Korea. The beneficiary has no near relatives and is one of a group of fourteen orphans all of whom, except the beneficiary, are in the process of being adopted.

Mr. and Mrs. Thatcher were married in 1959 and have six natural children and two adopted children from Korea. The Korean children were adopted in 1974 and 1975 and were beneficiaries of approved visa petitions submitted by the Thatchers to accord the children immediate relative status in the issuance of immigrant visas. The second child adopted by the couple was also one of the group of fourteen of which the beneficiary is a part. It is the desire of the Thatchers to reunite these two orphans.

Mr. Thatcher is a plant manager for Utah Emulsions, Inc. earning $18,000 per year plus an equal amount in bonuses per year. Mrs. Thatcher is not employed. They own a home valued at $60,000 and have savings in the amount of $10,000 and bonds in the amount of $3,000.

Senator Frank E. Moss, the author of the bill, has submitted the following supporting information:

FARMINGTON, UTAH,
November 11, 1975.

FRANK E. MOSS,
U.S. Senator,
Washington, D.C.

DEAR SENATOR MOSS: Thank you for your prompt reply to our request. I am deeply grateful that you will help us.

All of my information on Hyo Suk's present circumstances comes from Miss Young and my daughter Sarah, but I will relate what I know. Firstly, I am sure you realize that being an orphan in Korea is in no way comparable to that of an orphan in American. In Korea, family is everything and without the family ties, you are considered a non-person, possibly comparable to that of a slave before the Civil War. Also, handicaps are very much discriminated against in Korea; therefore Hyo Suk has two negatives in her life to begin with. Song Sae School, where she is residing, is a rehabilitation center and the majority of the children there are not orphans and the older orphans feel the discrimination greatly. The man that runs the school is Dr. Nam, a medical doctor. He did not attend school to gain his degree, but rather "purchased" it many years ago when it was possible to do so. I am hesitant to go into character assassination when I have not personally met the man, but I have heard from Miss Young, who worked with him, and Sarah, that he is dishonest and cruel to the children.

Miss Young told me that Dr. Nam taught her the meaning of the word hate. Those who can walk do the work and it is hard and tiring. My Sarah worries about who has to pick up the load that she left when she came to America! It is difficult, nearly impossible, for us to make Hyo Suk's wait more comfortable as it is common practice to take things away from the orphans almost immediately after they have received it. I have tried to send a package and I know that it arrived, but the girls who wrote Sarah to thank her only thanked her for the gum and candy, never mentioning the socks, shampoo, hand lotion etc. that was sent. Did they get it? I don't know! I was also told by Helen Miller, Director of Social Services at Holt that Dr. Nam has requested that Holt withdraw its financial help to the orphans there and that Holt has had to comply with Dr. Nam's request. Jack Theis, field director in Korea for Holt has had to deal with Dr. Nam and finds him most difficult and unpleasant.

I previously asked Helen Miller at Holt if Holt could move some of the girls to Holt's facility at Il San, but they felt unable to do that even if Ted and I provided the money for their total support. The school that Hyo Suk attends has no heat which of course makes it difficult to study and write especially in the winter months. The orphans are also hit often in school, according to Sarah. Apparently they have no gloves and socks or they are few and far between because Sarah especially asked me to send over hand lotion to rub on their hands and feet as they get sore, swollen and chap. I certainly understand that things like this take time, but I am also glad you would like to get Hyo Suk out of Korea and here as soon as possible. For a girl almost fifteen time is a very important thing. She has been denied love, support, proper nutrition and good environment for so long that it will take years to help her feel secure and good about herself. I know that as a child of God she has great potential and we sincerely feel that our family can help her develop this potential.

There is one possibility that has occurred to me and I have acted on it as far as I can, to see what would happen. I first suggested this to Bob James and he gave me the "go-ahead". I have very little knowledge of legal or immigration affairs so I will suggest this idea for what it is worth. I inquired at the immigration department about a student visa. They told me I would have to fill out an affidavit of support and get an I20 form from the school district and have it signed by the proper authority there. These two things have been done with absolutely no problems at all, much to my surprise. I then contacted the immigration department again and they said that the next and only step would be to send these two forms to Chea Hyo Suk and have her present them to the American Consulate in Seoul. When they were signed there and a visa issued she could come here immediately. I do not know if there would be any problems getting it signed in Seoul or who actually has to sign it.

Possibly your support could help there! Also, at one time we mentioned our desire to bring Hyo Suk over here to Helen Miller at Holt and she told my husband that if we could get the visa that they would send her over and make the plane arrangements. Possibly they could also take the papers to the American Consulate for us. My only negative feeling on a student visa is that it would be good for only six years and would have to be renewed every year and emotionally I feel it would be difficult for Hyo Suk to be a part of our family on a temporary basis. But, if your bill was being acted upon at this time I would feel more secure that she would be able to stay here, as our daughter. Is this a good idea—or is there a better way?

I realize that my descriptions on Hyo Suk's circumstances are vague, but it is all that I know. I have written Miss Young and her brother Ben and asked them to fill you in more specifically. May I again take this opportunity to thank you for responding to our family's need. I have never had a need to call on a Senator before and it strengthens my faith in our government to know that you really are working for us and listening! God bless you!

Sincerely,

HUNTLEY THATCHER.

HONOLULU, HAWAII,
November 13, 1975.

Senator FRANK MOSS,
U.S. Senator,
Washington, D.C.

DEAR SENATOR MOSS: I am writing to you in reference to Bill S. 2618. This is the Bill in which Huntley Thatcher of Utah is seeking a visa for Chea Hyo Suk, a fourteen year old handicapped orphan from Korea.

I was a Peace Corps volunteer in Korea and lived with the children of Sung Sae Rehabilitation center where Chea Hyo Suk lives and studies. I would like to tell you a little bit about the Rehabilitation center and Hyo Suk's particular circumstances.

The rehabilitation center is privately operated by a man who has been exploiting the children for his own profit. There are more than one hundred children who live at Sung Sae. All of them are physically handicapped. There are approximately 25 orphans who have spent most of their lives at Sung Sae.

Handicapped persons are considered "non-persons" in Korea. In public they are stared at and shunned. Koreans feel a strong sense of pity for persons with handicaps but they are not willing to hire them because having persons with disabilities around them makes them feel uncomfortable.

Family and heritage are important in the Orient. Handicapped orphans have no identity. They can't marry or find jobs and live with little hope for a decent future. Suicide among this group is not uncommon.

The orphans at Sung Sae are mistreated, mistrusted and abused. Hyo Suk is given more than her share of chores, she is beaten without just cause and her basic needs are hardly met. They eat a diet of rice, soup and kimchee every day. They sleep in one room with just enough heat from the floor to keep them warm. Classrooms are not heated in the winter and the orphans must wait four to five months to go to the public bath. The director of the school will spare no expense for their comfort.

I have seen that it is possible to live under the conditions described without physical comforts. Truly the most difficult thing for them is living in the total absence of love. They do develop a strong kinship together as orphans but they have no adult figure to care for them, to guide them and to respect them as persons of worth.

The orphans who have been released for adoption live with the small hope that some day their need to love and be loved will be fulfilled. When Hyo Suk turned fourteen, her dream was shattered. Hyo Suk is a bright child, who in spite of her suffering has a zest for life. When she completes junior high she will be turned out into the streets or put to work like a slave for the director.

The Thatcher family has opened their hearts and their home to her. They want to give her a new life. She will surely have a tragic future in Korea. I urge you to help Hyo Suk join this very special loving family.

I will be happy to furnish any information about Hyo Suk and her situation. Thank you for your help and concern in this matter.

Sincerely,

JAN YOUNG.

NOVEMBER 14, 1975.

DEAR SENATOR MOSS: My name is Ben Kim. I used to live in Korea at Sung Sae Rehabilitation Center. I was adopted two years ago and now I live in Hawaii. I'm writing to you about my friend and sister Chea Hyo Suk.

I heard from Mr. and Mrs. Thatcher of Utah that you are trying to help Hyo Suk by passing a bill (S. 2618) so that she can get a visa to come to America and have a family. I just want to tell you that what you are doing is very, very important. It is like giving new life to a child. When I was at Sung Sae I felt like I was in prison. Do you know what it is like to have such an unhappy miserable life? We helped each other but there was never much joy in our life. Now, I feel free and happy and I'm glad to be alive. I love life. I like to do everything. I'm strong and healthy now. I want my sister Hyo Suk to be strong and healthy and happy too. I think the people in the Senate might be too busy to think about one person but I hope you will make them think about giving her a chance. I have learned in America that every individual is important; that life is dear. Hyo Suk's life is dear too.

Thank you very much.

Sincerely,

BEN KIM.

ARTURO MORENA HERNANDEZ

The Senate proceeded to consider the bill (S. 2668) for the relief of Arturo Morena Hernandez, which had been reported from the Committee on the Judiciary with amendments, as follows:

On page 1, in line 4, strike out "Morena" and insert "Moreno".

On page 1, in line 7, strike out "Morena" and insert "Moreno", so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Arturo Moreno Hernandez may be classified as a child within the meaning of section 101(b)(1)(F) of such Act, upon approval of a petition filed in his behalf by Mr. and Mrs. Jose Jesus Palacios Moreno, citizens of the United States, pursuant to section 204 of the Act: *Provided,* That the natural parents or brothers or sisters of the beneficiary shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Arturo Moreno Hernandez".

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 94–958), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL

The purpose of the bill, as amended, is to facilitate the entry into the United States as an immediate relative of the adopted child of U.S. citizens. The amendments correct typographical errors.

STATEMENT OF FACTS

The beneficiary of the bill is an eleven-year-old native and citizen of Mexico who currently resides in that country with his natural parents. He was adopted in Mexico on August 14, 1975 by Mr. and Mrs. Jose Jesus Palacios, citizens of the United States.

A letter, with attached memorandum, dated March 9, 1976 to the Chairman of the Senate Committee on the Judiciary from the then Acting Commissioner of Immigration and Naturalization reads as follows.

U.S. Department of Justice, Immigration and Naturalization Service,
Washington, D.C., March 9, 1976.

A21340355

Hon. James O. Eastland,
Chairman, Committee on the Judiciary,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: In response to your request for a report relative to the bill (S. 2668) for the relief of Arturo Moreno Hernandez, there is attached a memorandum of information concerning the beneficiary.

The bill provides that the eleven-year-old beneficiary, who was adopted by United States citizens, may be classified as a child and be granted immediate relative status. The bill further provides that the natural parents or brothers or sisters of the beneficiary shall not, by virtue of such relationships, be accorded any right, privileges, or status under the Immigration and Nationality Act.

Absent enactment of the bill, the beneficiary, a native of Mexico, is chargeable to the numerical limitations for immigrants from the Western Hemisphere.

Sincerely,

James F. Greene,
Acting Commissioner.

Enclosure.

MEMORANDUM OF INFORMATION FROM IMMIGRATION AND NATURALIZATION SERVICE FILES RE S. 2668

Information concerning the case was obtained from Jose Jesus Palacios and his wife, Maria Isaura Palacios, the beneficiary's adoptive parents and the interested parties.

The beneficiary, whose name is spelled Arturo Moreno Hernandez, is a native and citizen of Mexico born on May 25, 1964. He resides in Chihuahua, Mexico, with his natural parents, Jose Guadalupe Moreno and Ofelia Hernandez. He was adopted by the interested parties in Mexico on August 14, 1975 in the Second Civil Court of Law of the District of Morelos, Chihuahua, Mexico. The adoptive parents were present at the time of the adoption and a copy of the adoption decree is attached. The beneficiary has completed five years of school in his native country. He has one sister and eight brothers who are citizens and residents of Mexico. The beneficiary's natural father is the first cousin of his adoptive father.

Mr. and Mrs. Palacios, who were married on September 28, 1942, reside in East Carbon City, Utah. They are the parents of six children who are citizens and residents of the United States. Jose Jesus Palacios was born in Mexico in 1922, has resided in the United States since 1923, and became a naturalized citizen in 1945 while serving in the United States Army. He is presently employed as a mine foreman and earns $25,250 a year. Maria Isaura Palacios was born in the United States in 1920. She is not employed. Their assets consist of personal property valued at $3,000, life insurance policies presently valued at $88,189, stocks and bonds worth $5,029, and cash savings of $600.

The adoption decree referred to above is contained in the files of the Senate Committee on the Judiciary.

Senator Frank E. Moss, the author of the bill, submitted the following supporting information:

U.S. Senate,
Washington, D.C., April 14, 1976.

Hon. James O. Eastland,
Chairman, Committee on the Judiciary, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: Thank you for your recent letter concerning S. 2668, the private immigration bill introduced for the relief of Arturo Moreno Hernandez. I am pleased to write in support of this measure.

Early last December, I was contacted by Miss Victoria Palacios, the daughter of Mr. and Mrs. Joe Palacios of East Carbon, Utah. She explained that in June her parents went to Chihuahua, Mexico, in order to adopt and bring back with them an 11-year old boy, Arturo Moreno Hernandez, the beneficiary of S. 2668. Arturo's natural parents are Guadalupe Moreno Navarro and Ofelia Hernandez de Moreno, both now living. They have given their consent to the adoption, having relinquished all of their parental rights because they are unable to provide support for the child. Mr. Palacios is a first cousin of one of the boy's parents.

A Mexican attorney advised the Palacios what documents would be required in order to complete the adoption. They later attended a proceeding which was preliminary to the adoption. When they returned to the United States later on, however, they were informed by U.S. border officials that they could not bring the boy into the country without a visa. The Palacios family is eager to have Arturo become a part of their family and I have introduced S. 2668 to help.

Miss Palacios has written to me more recently detailing the situation, Mr. Chairman, and I will include a portion of her comments. She points out that the lad is one of seven children, that his nine-member family live in an adobe house with no indoor plumbing, that . . . "Arturo's natural father is an unskilled laborer who works primarily in construction. He is only able to find work at irregular intervals. The net result is that the family's diet suffers critically. My parents were sad to observe that Arturo's physical appearance indicates that he experiences severe nutrition problems. The child's overall health is poor; he is extremely underweight and badly requires dental care. Needless to say his clothing is also far from adequate. . . ."

The family situation in Utah is certainly sufficient to care for Arturo and I urge that favorable consideration be given to this measure so they can bring him to the United States as soon as possible.

Sincerely,

Frank E. Moss,
U.S. Senator.

University of Wisconsin-Madison,
Madison, Wis., December 4, 1975.

Hon. Frank E. Moss,
U.S. Senate
Washington, D.C.

Please excuse the delay in getting this information to you. In this letter I will attempt to provide as fully as possible details of the circumstances surounding my parents' adoption of Arturo.

Mom and Dad have known Arturo since 1967 when he was just three years old. They met him when they visited Arturo's natural parents (one of whom is my father's first cousin) on their first summer vacation to Mexico eight years ago. Since my father had that year worked his way to the supervisory level at Kaiser Steel and since only three of my parents' six natural children were still living at home, my parents' finances thereafter permitted them to make annual trips to Mexico. On each of these trips they visited with Arturo and his natural family. They became increasingly fond of the child and several years ago began discussing with the natural parents the prospect of taking Arturo to live with them and be adopted into our family. The decision was not spurious, but rather one which was arrived at mutually by all concerned. Although one's first reaction is to judge harshly the decision by natural parents to relinquish their child, perhaps the following facts will make that decision more understandable to outsiders.

Arturo is one of seven children. His nine-member family lives in an adobe house with no indoor plumbing. These poor facilities inevitably cause sanitation problems. For example, chickens which the family raises for food cannot be prevented from wandering into the area where the sewage is dumped.

Arturo's natural father is an unskilled laborer who works primarily in construction. He is only able to find work at irregular intervals. The net result is that the family's diet suffers critcially. My parents were sad to observe that Arturo's physical appearance indicates that he experiences severe nutrition problems. The child's overall health is poor; he is extremely underweight and badly requires dental care. Needless to add his clothing is far from adequate.

During the eight year period in which my parents made their visits to Arturo they have been impressed with his intellectual acuity. It is significant to note that neither of my parents graduated from high school. This was at a time when public schools were completely insensitive to the needs of bilingual children. Nevertheless, the inspiration and training of this unusual couple prompted all six of their children to higher education; two of us have gone to graduate school; three are currently full-time students in undergradaute school; and one, a part-time student in undergraduate school. I must say that these are impressive results for any family, especially for a bilingual, bicultural set of parents in this society. My parents' interest in Arturo includes particularly a desire to provide similar guidance to Arturo who shows so much promise. His enthusiasm for doing well and learning persists dispite the fact that the family's financial situation forces him to miss much school.

Finally, with respect to the mutual decision concerning the adoption, I must make a brief point about the nature of the Mexican and Mexican-American family. Sociological evidence shows that our family concept includes the extended family and that family bonds are unusually strong. Add to this data which shows that we generally occupy positions of low economic standing and you arrive at this result: It is not unusual, nor is one considered a "bad parent" if he agrees to let another member of the family rear his child where he is unable to do so himself. This does not mean that Mexicans and Mexican-Americans find it "easier" to part with their children; it means only that often this is the only alternative to watching their children suffer the effects of poverty. I wish to emphasize that, as I stated in my first letter, the only distinction between the deprivation suffered by Lance Bush and that suffered by Arturo is that Lance's parents are spared watching their son's afflictions. Pragmatically speaking, parenting consists of more than loving a child. As far as meeting Arturo's physical needs is concerned, he is virtually parentless.

Over the course of my parents' visits to Arturo in Mexico, they have formed a familial attachment which is greater than that in many natural families. They have provided some assistance to the natural family generally, and of late they have given substantial support to Arturo. They made an earlier attempt to bring him into the country but were bewildered and discouraged.

In speaking with my father he recounted some incidents which are significant. On several occasions, in his quest for custody of his adopted son, he has been approached by persons who have offered illegal shortcuts into the country. Persons ranging from lawyers and agencies to sleazy characters at the border have at least strongly hinted that he would probably "get away with it." Regardless of whether there is any reliability behind such suggestions, my father has and continues to have absolutely nothing to do with such propositions. He insists (calling me by my childhood nickname); "Batcha, I want to do this legal."

Finally, I wish to compliment and thank you and the Senator for your speedy action in setting in motion the private bill. My folks were extremely pleased to report that they met with Fern Alexander of the Salt Lake City INS Office on Dec. 1 in conjunction with the bill. Many thanks.

Respectfully yours,

VICTORIA PALACIOS,
Counselor at Law.

ANTHONY AUGUSTUS DALEY AND BEVERLY EVELYN DALEY

The Senate proceeded to consider the bill (S. 2770) for the relief of Anthony Augustus Daley and Beverly Evelyn Daley, which had been reported from the Committee on the Judiciary with an amendment on page 1, in line 10, strike out "The brothers and sisters" and insert "The natural mother, brothers, and sisters," so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Anthony Augustus Daley and Beverly Evelyn Daley, his sister, may be classified as children within the meaning of section 101(b)(1)(F) of such Act upon approval of a petition filed in their behalf by Mr. and Mrs. Samuel U. Daley, a lawfully resident alien and a citizen of the United States, respectively, pursuant to section 204 of such Act. The natural mother, brothers, and sisters of the said Anthony Augustus Daley and Beverly Evelyn Daley shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 94–959), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL

The purpose of the bill, as amended, is to facilitate the entry into the United States as immediate relatives the adopted children of a lawfully resident alien and a citizen of the United States, respectively. The bill has been amended in accordance with established precedents.

STATEMENT OF FACTS

The beneficiaries of the bill are brother and sister, aged 12 and 14, who are natives and citizens of Jamaica. They were adopted in Florida on August 4, 1975 by their natural father, a lawful permanent resident of the United States and his U.S. citizen wife. The children are presently residing with their paternal grandparents in Jamaica.

A letter, with attached memorandum, dated March 17, 1976, to the chairman of the Senate Committee on the Judiciary from the Commissioner of Immigration and Naturalization with reference to the bill, reads as follows:

U.S. DEPARTMENT OF JUSTICE, IMMIGRATION AND NATURALIZATION SERVICE,
Washington, D.C., March 17, 1976.
A20217382

Hon. JAMES O. EASTLAND,
Chairman, Committee on the Judiciary, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In response to your request for a report relative to the bill (S. 2770) for the relief of Anthony Augustus Daley and Beverly Evelyn Daley, there is attached a memorandum of information concerning the beneficiaries.

The bill provides that the beneficiaries, a twelve-year-old adopted son and a fourteen-year-old adopted daughter of Mr. and Mrs. Samuel U. Daley, may be classified as children within the meaning of Section 101(b)(1)(F) of the Immigration and Nationality Act and be granted immediate relative status. The bill further provides that the natural brothers or sisters of the beneficiaries shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Act.

Absent enactment of the bill, the beneficiaries, natives of Jamaica, would be chargeable to the numerical limitation for immigrants from countries in the Western Hemisphere.

Sincerely,

L. F. CHAPMAN, Jr.,
Commissioner.

Enclosure.

MEMORANDUM OF INFORMATION FROM IMMIGRATION AND NATURALIZATION SERVICE FILES RE: S. 2770

Information concerning this case was obtained from Mr. and Mrs. Samuel U. Daley, the beneficiaries' adoptive parents.

The beneficiaries, Anthony Augustus Daley and Beverly Evelyn Daley, are brother and sister who are both natives and citizens of Jamaica, born on June 28, 1963 and December 4, 1961, respectively. The children were born of a commonlaw relationship which existed from 1960 to 1962 in Jamaica between Samuel U. Daley and Verel Dodd, a native, citizen, and present resident of Jamaica. The beneficiaries were adopted by Mr. Daley and his wife, Bertha Lee, on August 4, 1975 in the Circuit Court of the Ninth Judicial Circuit, Orange County, Florida. Copies of the final adoption decrees are attached. The children are residing with their paternal grandparents in Jamaica.

Samuel U. Daley, born Uel Samuel Daley on June 2, 1937, is a native and citizen of Jamaica. He received an elementary school education in his homeland. He was admitted to the United States on November 14, 1969 as a contract agricultural laborer under the name of Vincent Daley, and he absconded from his employment on December 26, 1969. On January 17, 1972 he married Bertha Lee Brown, a United States citizen, who filed a visa petition in Mr. Daley's behalf. He returned to Jamaica and obtained an immigrant visa and he was admitted to the United States as a lawful permanent resident on October 2, 1974.

Bertha Lee Daley was born March 23, 1925 in Florida. She has an elementary school education. She has three children by a previous marriage, which was terminated by divorce on January 17, 1966. The children are all self-supporting. Mrs. Daley has never seen the beneficiaries but has stated that she is willing to raise them as her own children.

Mr. Daley is employed by William S. Browning, Orlando, Florida as a deliveryman at a salary of $90 per week. Mrs. Daley is employed as a maid at a salary of $120 per week. They own a home valued at $18,000 with a $8,000 mortgage and have personal property worth approximately $17,000.

912735 Recorded. August 5, 1975.

IN THE CIRCUIT COURT OF THE NINTH JUDICIAL CIRCUIT, IN AND FOR ORANGE COUNTY, FLORIDA

CIVIL ACTION
CASE NO. 75–CI–5683

In Re Adoption of ANTHONY AUGUSTUS DALEY, A Minor
By SAMUEL U. DALEY, His Natural Father, and BERTHA LEE DALEY, His Stepmother

FINAL JUDGMENT OF ADOPTION

This cause came on to be heard before me this day on petition for adoption, and on Motion for Entry of Final Judgment of Adoption, and the Court, now being advised in the premises, finds:

1. That the petitioner Samuel U. Daley is the natural father of the minor sought to be adopted, Anthony Augustus Daley, and the Petitioner Bertha Lee Daley, is the wife of said natural father, and is the stepmother of the said minor, and that the best interests of the said child will be promoted by such adoption.
2. That the said child is suitable for adoption by the said petitioners.
3. That the only person required to be given notice, by law, is Verel Dodd, natural mother of said minor, and that constructive service was effected by publication as directed by law; that further, actual service was made on said Verel Dodd by registered mail.
4. That the consents of said Verel Dodd and of the minor child sought to be adopted have been executed, obtained, and filed with this Court.

It is therefore, upon consideration:

Ordered, Adjudged, and Decreed:

(a) That the permanent custody of the child known as Anthony Augustus Daley in these proceedings be and the same is hereby given to Samuel U. Daley and his wife, Bertha Lee Daley.

(b) That the said child now known as Anthony Augustus Daley is given the lawful name of and shall henceforth be known as Anthony Augustus Daley.

(c) That the said child is hereby declared to be the legal child and lawful heir of Samuel U. Daley and Bertha Lee Daley, his wife, and the said child shall be subject to all of the obligations and entitled to all of the rights and privileges of children born to the adopting parents in lawful wedlock, all of which is

Done and Ordered in Chambers, at Orlando, Orange County, Florida, on this, the 4th day of August, 1975.

RICHARD B. KEATING,
Judge of the Circuit Court.

Recorded and record verified, County Comptroller, Orange County, Fla.

Senator Lawton Chiles, the author of the bill, has submitted the following information:

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, D.C., December 12, 1975.

Hon. JAMES O. EASTLAND,
Chairman, Committee on the Judiciary, U.S. Senate, Washington, D.C.

DEAR SENATOR EASTLAND: On December 10 I introduced S. 2770, a bill for the relief of Anthony Augustus Daley and Beverly Evelyn Daley, and this measure has been referred to your Committee for study and consideration.

I am enclosing some fact sheets on this case which I feel will be helpful to the Committee. If you need additional information or if I can be helpful in any other way, I hope you will let me know.

Most sincerely,

LAWTON CHILES.

Date: August 11, 1975.
From: Attorney Joseph Agar, 1114 New York Avenue, St. Cloud, Fla.
To: U.S. Senator Lawton M. Chiles, Jr., Federal Building, Lakeland, Fla.
Subject: Private Relief Bills, Immigration.
Constituents: Samuel U. Daley & Bertha L. Daley, his wife, 2103 Mantilla Street, Orlando, Fla.
Persons For Whom Relief is Sought: Anthony Augustus Daley, Age 12, and his sister, Beverly Evelyn Daley, Age 13, both presently resident in Jamaica, West Indies.

Relationship to Constituents, with other salient facts, etc.

Samuel Uel Daley is a native of Jamaica. About five years ago he came to the United States (Florida) as a temporary farm worker.

Subsequent to his arrival in the United States, he married Bertha Lee Brown (Date of Marriage, Jan. 17, 1972.) The spouse was an American citizen, born in the United States. As a result of this bona fide marriage, Mr. Daley was duly given status of legal resident, on petition to the U.S. Immigration Service for proper classification, and upon approval of the U.S. Consul at Jamaica, to which he returned, in accordance with law, to obtain his visa.

Prior to his coming to this country, Samuel U. Daley had never been married. However, he did father two children, who were the subjects of this petition. The mother of the two said children was one Verel Dodd, unmarried. However, in a manner that seems to be in accord with practices in the country of Jamaica, the children were given the names at birth of "Daley", although there is no annotation on the birth certificates as to the name of the putative father.

Proof is available of the fact that shortly after the birth of the younger child, that they were given up to Mr. Daley by the mother, and that he took them to his home, where he reared them, with the assistance of his mother, so that he has in fact had continuing care and custody of the children since their births.

When Mr. Daley came to the United States, the children remained with his mother.

On August 6, 1975, a Judgment of Adoption was entered by the Circuit Court for Orange County, Florida, whereby Samuel Daley, as Natural Father of the children, and his wife, Bertha Lee Daley, were decreed to be the legal adoptive parents of said children, upon the Court being satisfied that the Natural Mother, Verel Dodd, has caused to be filed with the court her consents, and that Mr. Daley was and had continually been in loco parentis to the children.

Mr. Daley now wishes to have the children accorded legal resident status in the United States, and to have them come to live permanently with him and his wife.

However, the children, being natives of the Western Hemisphere, are not eligible for the procurement of a visa, since they "have not lived with the adoptive parent for a period of two years after the date of the adoption".

We now have here a case where the blood father of the children, whose status as their parent has been legalized, is barred from petitioning for the admission of his own children into the United States.

Only one other avenue exists, other than the filing of private bills. The children might be admitted to the United States for the purpose of attending school here—after they were here two years, then a petition could be filed to accord them permanent resident status, but we do not feel (a) that it would look well in the eyes of the Immigration Service two years hence were a petition to be then filed on that basis, nor (b) that there is any assurance that the United States Department through its Jamaica Consular Office would necessarily approve the handling of this matter in this manner.

SUMMARY

It would seem therefore that these cases are a meritorious subject for consideration as to the granting of private relief, since it represents nothing more than the desire of the natural parent of the children to have them come to live with him permanently.

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROTH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

UP AMENDMENT NO. 61

Mr. ROTH. Mr. President, I send an amendment to the desk and ask that it be stated.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. ROTH. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The amendment is as follows:

At the end of Amendment number 1887, add the following new section:

(g) Congress commits itself, under the Congressional Budget process, that, subject to such adjustments as may be required to reflect changed economic needs or other unforeseen circumstances, any continuation of the credits, allowed under Section 42 beyond June 30, 1977 will be accompanied by dollar for dollar reductions in Federal spending during the fiscal year ending September 30, 1977.

Mr. ROTH. Mr. President, I would like to vote for the pending amendment to extend a portion of the tax cuts for an additional 3 months. This amendment would result in an extension of the anti-recession tax cuts for an additional 15 months instead of the 12-month tax cut extension voted by the Senate Finance Committee.

The Budget Committee argues that a full 15-month extension is mandated by the first budget resolution agreed to by Congress in May of this year. But I must point out that the additional 3-month extension will also have the effect of violating the budget targets by $1.8 billion.

It seems to me that the choice before the Senate is now very clear. The Senate can either raise other taxes by $1.8 billion or the Senate can reduce Federal spending by $1.8 billion.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ROTH. Yes, I am happy to yield to the Senator.

Mr. LONG. Mr. President, I believe the Senator is making a significant statement, and I regret that there are only a few Senators in the Chamber at this time. It seems to me that if one is to offer an amendment that has very substantial merit, as does the amendment of the Senator, he is really entitled to be heard by his colleagues, who are entitled to know his argument.

I am getting somewhat weary of this thing, of seeing someone suggest the absence of a quorum, when anyone can look around and see a quorum is not present, and then, having so suggested, proceed to withdraw the quorum. I do not know whether I am going to vote for the Senator's amendment or not, but I do think the Senator is entitled to be heard by his colleagues. I would like to suggest the absence of a quorum, unless the Senator prefers not to have a quorum present. What are the wishes of the Senator?

Mr. ROTH. I would be very happy to have you suggest the absence of a quorum. I believe this is a very important amendment to the Muskie amendment. For that reason, I appreciate the suggestion of the Senator.

Mr. LONG. The Senator from Maine has a Dear Colleague letter addressed to all Senators, and it is on our desk. If the Senators would come to the Chamber, they could read the letter. It is succinct and could be quickly read. I fear the Senator would not have equal consideration. He does not have a letter which has been written and is on everybody's desk. I think the Senator is entitled to equal treatment.

QUORUM CALL

Mr. LONG. Mr. President, I suggest the absence of a quorum, if the Senator will yield for that purpose.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. LONG. And, Mr. President, this will be a live quorum.

The second assistant legislative clerk proceeded to call the roll, and the following Senators entered the Chamber and answered to their names:

[Quorum No. 22 Leg.]

Byrd,
Harry F., Jr.
Byrd, Robert C.
Clark
Curtis
Fannin
Hansen
Hollings
Jackson
Johnston
Long
Mansfield
McGee
McIntyre
Muskie
Nelson
Packwood
Ribicoff
Roth
Scott, Hugh
Taft

The PRESIDING OFFICER. A quorum is not present.

Mr. ROBERT C. BYRD. Mr. President, I move that the Sergeant at Arms be instructed to request the attendance of absent Senators.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from West Virginia.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

Pending the execution of the order, the following Senators entered the Chamber and answered to their names:

Magnuson
Pell
Stafford
Stevens

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Texas (Mr. BENTSEN), the Senator from Idaho (Mr. CHURCH), the Senator from Kentucky (Mr. FORD), the Senator from Indiana (Mr. HARTKE), and the Senator from Utah (Mr. MOSS) are necessarily absent.

I also announce that the Senator from Indiana (Mr. BAYH), the Senator from Missouri (Mr. SYMINGTON) are absent because of illness.

Mr. HUGH SCOTT. I announce that the Senator from Oklahoma (Mr. BARTLETT), the Senator from Oklahoma (Mr. BELLMON), the Senator from New York (Mr. BUCKLEY), the Senator from New Jersey (Mr. CASE), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), and the Senator from Nebraska (Mr. HRUSKA) are necessarily absent.

The PRESIDING OFFICER. A quorum is not present.

Mr. ROBERT C. BYRD. Mr. President, I move that the Sergeant at Arms be directed to compel the attendance of absent Senators.

Mr. MANSFIELD. I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. Johnston). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from West Virginia (Mr. ROBERT C. BYRD) to direct the Sergeant at Arms to compel the attendance of absent Senators. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Texas (Mr. BENTSEN), the Senator from Idaho (Mr. CHURCH), the Senator from Kentucky (Mr. FORD), the Senator from Indiana (Mr. HARTKE), and the Senator from Utah (Mr. MOSS) are necessarily absent.

I also announce that the Senator from Indiana (Mr. BAYH) and the Senator from Missouri (Mr. SYMINGTON) are absent because of illness.

Mr. HUGH SCOTT. I announce that the Senator from Oklahoma (Mr. BARTLETT), the Senator from Oklahoma (Mr. BELLMON), the Senator from New York (Mr. BUCKLEY), the Senator from New New Jersey (Mr. CASE), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), and the Senator from Nebraska (Mr. HRUSKA) are necessarily absent.

The result was announced—yeas 82, nays 3, as follows:

[Rollcall Vote No. 300 Leg.]

YEAS—82

Allen
Baker
Beall
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Eastland
Fannin
Fong
Garn
Glenn
Gravel
Hansen
Hart, Gary
Hart, Philip A.
Haskell
Hatfield
Hathaway
Helms
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Mondale
Montoya
Morgan
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Taft
Talmadge
Thurmond
Tower
Tunney
Williams
Young

NAYS—3

Biden
Metcalf
Weicker

NOT VOTING—15

Abourezk
Bartlett
Bayh
Bellmon
Bentsen
Buckley
Case
Church
Ford
Goldwater
Griffin
Hartke
Hruska
Moss
Symington

So the motion was agreed to.

The PRESIDING OFFICER A quorum is present.

KLONDIKE GOLD RUSH NATIONAL HISTORICAL PARK

Mr. JACKSON. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 98.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 98) to establish the Klondike Gold Rush National Historical Park, and for other purposes.

(The amendment of the House is printed in the RECORD of June 8, 1976, beginning at page H5421.)

Mr. JACKSON. Mr. President, for several years, the National Park Service and Parks Canada have been assembling the necessary data to establish a Klondike Gold Rush Historical Park in our respective countries. These parks are proposed to protect and preserve those historic structures, lands, artifacts, and records associated with the Klondike gold rush of 1897–98. To many who have studied this event, it represents one of the most adventuresome undertakings of American and Canadian citizens and others throughout the world. Tens of thousands of people left their homes for unknown and hostile surroundings, risked their life savings, endured immense hardship, and in those remaining historical assets, left a legacy of achievement which awe all who study or retrace this event.

The proposal for the Klondike Gold Rush National Historical Park in the United States consists of four detached units which capture the essence of those remaining historic features for the American public's study and enjoyment. The Klondike gold rush was one of the most photographed events after the invention of the camera and these historic photographic records along with existing structures, lands, and artifacts present an unparalleled potential for interpretation of this event to the public. National recognition of gold rushes in America's heritage is not represented within the national park system.

The Seattle Unit consists of leased space in the Pioneer Square district for administrative and interpretive purposes. A program interpreting Seattle's role in the Klondike gold rush will be provided for the public.

During the gold rush, structures such as the Pioneer Building which can still be seen today, were the prestigious addresses of many shipping, mining, and outfitting companies that served those going north. The Puget Sound Bank opposite Pioneer Square housed tons of the miners nuggets and dust. Within the Pioneer Square area for blocks, street trees fell to make room for the supplies heading north and Pioneer Square was the hub of many of the partnerships and dealings associated with the Klondike.

These additional units of this park will be located in Alaska. In Skagway, Alaska, a central unit of 55 buildings still exists from the days when it became the second step of the Klondikers long journey north from Seattle. The Chilhoot and White Pass units will preserve the trails used by the miners during the gold rush.

Mr. President, this legislation was reported from the Senate Interior Committee in June of last year after full hearings and extensive consideration. I believe that enactment of this measure during this our Bicentennial Year is altogether fitting and appropriate.

Mr. President, the House has made several amendments to S. 98 which do not affect the substance or the purpose of this measure which was carefully considered by the Senate Interior Committee and which passed the Senate on June 2, 1975.

The major changes incorporated by the House are provisions providing rights-of-way for a railroad, a pipeline, and a possible highway. Each of these provisions are strictly regulated, and permission to use these rights-of-way depend upon a finding by the Secretary that their use will not adversely affect the park.

Therefore, Mr. President, I move that the Senate concur in the amendments of the House to S. 98.

Mr. STEVENS. Mr. President, will the Senator yield?

Mr. JACKSON. I yield.

Mr. STEVENS. Mr. President, I am delighted that the chairman of the Committee on Interior and Insular Affairs has accepted these amendments, so that we may commemorate the trail of 1898.

Mr. STEVENS. Mr. President, on June 8 the House passed H.R. 1194 which would establish the Klondike Gold Rush National Historic Park in Washington and Alaska. The Senate passed the companion measure, S. 98, on June 4 of last year.

This bill is of major interest to Alaska and I am pleased that Alaska's Congressman, DON YOUNG, succeeded in obtaining in the House several amendments which improve the legislation. One amendment contained in the House bill would permit the Secretary of the Interior to grant additional rights-of-way and related benefits through the White Pass Unit for pipeline and railroad purposes. This will allow expansion of a vital transportation link connecting Alaska and Canada if significant adverse impacts to the park do not occur.

The other major provision which Congressman YOUNG worked for authorizes the Secretary to grant the State a road right-of-way across the Chilkoot Trail Unit to link the towns of Skagway and Haines. Again, this road may be needed in the future to provide transportation between these two important communities but the grant of the right-of-way must be conditioned to minimize harm to the park values.

The House amendments strengthen this important bill which, as the Senate knows, embodies a unique two-State, multiple-unit park designed to preserve the important heritage of the Klondike gold rush. I urged the Senate to approve the House changes in this bill so that this part of Washington and Alaska's history can be properly honored.

Mr. GRAVEL. Mr. President, final congressional approval of the Klondike Gold Rush National Historical Park insures the creation of an important and fitting monument to a major event in American history, the Klondike Gold Rush of 1898.

When my family and I hiked the Chilkoot Trail, over which many Klondikers traveled to get to the rich gold deposits, we were continually impressed with the area's scenic beauty. Even more impressive were the numerous relics which remain along the trail after having been discarded by the frantic 1898 stampeders.

While hiking the trail, it occurred to me that Congress should take whatever steps are necessary to protect this priceless national resorurce. Through the establishment of this park, with its Chilkoot, White Pass, Skagway, and Seattle units, a solid foundation will be created for the proper management and interpretation of the Klondike story. Passage of this legislation insures the continued availability of this area for the enlightenment and enjoyment of this and future generations.

It is with a great deal of pride that the citizens of Alaska, as well as myself, witness the approval of the Klondike Park bill.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Washington.

The motion was agreed to.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

The PRESIDING OFFICER. The question is on the motion of the Senator from Delaware.

Mr. PACKWOOD. Mr. President, will the Senator yield?

Mr. ROTH. I yield.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the following members of Mr. BARTLETT's staff be allowed the privilege of the floor during the debate on this bill: Mark Isaac, Tom Biery, and Ed King.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. Mr. President, I have offered an amendment that I think can provide a way out of the dilemma that the Senate now faces. The amendment is very simple. It permits the extension of the tax cuts.

Mr. RIBICOFF. Mr. President, I make a point of order. The Senate is not in order. This is a very important amendment, and I would like to hear the discussion.

The PRESIDING OFFICER. The Senator's point is well taken. The Senate will be in order. Senators who wish to converse will retire to the cloakrooms.

Mr. ROTH. Mr. President, this is a very important amendment, because I think it offers us a way out of our dilemma, a way of providing for the extension of the tax cuts for an additional 3 months, and a means of being fiscally responsible in doing so.

Mr. President, as I said earlier, I would like to vote for the amendment offered by the Senator from Maine to extend a portion of the tax cuts for an additional 3 months. This amendment will result in an extension of the antirecession tax cuts for an additional 15 months, instead of the 12-month tax cut extension voted by the Senate Finance Committee.

The Budget Committee argues that a full 15-month extension is mandated by the first budget resolution agreed to by Congress in May of this year. But I must point out that the additional 3-month extension will also have the effect of violating the budget targets by $1.8 billion.

The choice before the Senate is now very clear. The Senate can either raise other taxes by $1.8 billion, or the Senate can reduce Federal spending by $1.8 billion.

I remind the Senate, that, last December, Congress made a firm commitment to reduce Federal spending dollar-for-dollar for any additional tax cuts. In my opinion, there is now only one way for the Senate to offset this additional $1.8 billion in tax cuts and that is by enacting a matching $1.8 billion reduction in Federal spending. The Senate should not, and must not, offset this additional tax cut by increasing other people's taxes or by repealing some of the tax cuts in the Finance Committee's bill.

I believe that the only real way to regain control of the Federal budget and to reduce Federal spending programs is to reduce the amount of taxes the Government can collect from taxpayers. As long as Congress is allowed to collect huge amounts of Federal tax dollars from the people, Congress will be able to continue spending this revenue on more and more Government programs.

I have found in my travels in Delaware that what the people want is not more government but better government. They are interested in reducing the total amount of Federal spending. So I think that what I am offering here as an amendment accomplishes two purposes.

First, it accomplishes the purpose of providing the tax cuts endorsed by the Budget Committee. It also provides a step forward in our efforts to bring the Federal budget under control.

Specifically, my amendment provides this:

It would add a paragraph (g) at the end of amendment No. 1887 saying that "Congress commits itself, under the congressional budget process, that, subject to such adjustments as may be required to reflect changed economic needs or other unforeseen circumstances, any continuation of the credits allowed under section 42 beyond June 30, 1977, will be accomplished by dollar-for-dollar reductions in Federal spending during the fiscal year ending September 30, 1977."

So this provides an alternative, an alternative to tax increases, by requesting the Budget Committee to find ways and means of holding down Federal spending during the remainder of fiscal year 1977.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ROTH. I am happy to yield to the Senator from Louisiana.

Mr. LONG. Mr. President, it seems to me that the ideal thing would be to permit the Senate to proceed in an orderly fashion on this bill, let the Senate vote for the tax increases it wants to vote for, then vote for the tax reduction it wants. Then, when get through the bill, we can see whether we are above the budget or below the budget.

At that time, it might very well be that we will say that we will either reduce spending or put the tax cuts in the bill to come within that, or even consider a motion to commit and report back, where the bill had been tailored down where we had had a squeezing out process, or even a substitute that would suggest that we put some on these items and take some from other items.

What I find difficult to deal with is the matter of proceeding out of order, where we get on title I, and before we can even vote for the committee amendment to strike the House language, we are confronted with an amendment that should be in title IV, which would greatly increase the tax cuts.

If we are going to proceed in that fashion, we are going to be confronted with the situation in which everybody tries to get some advantage and charges down to offer an amendment and tries to get the Chair to recognize him before the other fellow.

We became involved in that kind of fiasco when we were on the tax cut bill. That is the kind of thing I thought I had agreed with various Senators that we were not going to do. I cannot fault the Senator from Delaware for a second, when he sees a big budget-busting amendment coming in here, to move to try to uphold fiscal responsibility.

I wonder whether the Senator will agree with me that it would be a better procedure if we could proceed in an orderly fashion, to see whether the Senate really wants to vote these tax increases that the committee has recommended, or at least some of them, whether it has the courage to vote for some tax increases, such as the ones that the committee thinks would be good ones—before we proceeded to vote these vast additional tax cuts.

I wonder what the Senator thought about the hope of orderly procedure, in sequence?

Mr. ROTH. If I understand the distinguished chairman, I very much agree with him that it would be preferable to deal with these amendments in the order they appear in our legislation.

If I further understand the Senator correctly, what he is saying is that today we really do not know exactly what the impact on the budget will be because we do not know what the Senate is going to do with respect to some of these amendments. It is possible, I think the Senator is saying, that additional revenue might be raised by some amendments, by increases in taxes. It is possible that other changes may decrease it, so we do not really know what the net effect is going to be. Is that correct?

Mr. LONG. Yes. Furthermore, I am advised that the Muskie budget-buster would have been subject to a point of order had the Muskie budget-buster been offered after the second budget resolution. But the Muskie budget-buster comes in here before the second budget resolution. So the Senator from Maine is trying to break away from the idea of the whole purpose of the budget law and get a budget-buster and assign us a chore of trying to find some way to save the country.

If we proceed in an orderly fashion, we can see first whether the Senate is willing to measure up to as much responsibility as the Committee on Finance has recommended: that in the process of finding these joyous tax cuts for people, we will raise an additional $2 billion in taxes. Will the Senator agree with me that we should see if the Senate is willing to uphold the Senate Finance Committee in some of these tax increases before we try to see if the Senate is willing to spread more joy, throw more money off the top of the Washington Monument—that kind of thing?

Mr. ROTH. As I indicated, I do agree with the chairman. The question I have at this time, of course, is that the pending business is Senator MUSKIE's amendment. For that reason, I have offered an amendment in the second degree to provide a way out.

I would personally welcome the opportunity to proceed along the line the Senator was proposing, so we can let the Senate work its will.

Mr. LONG. I thank the distinguished Senator. It seems to me that the chairman of the Committee on the Budget gave us enough of a chore when he asked us to raise $2 billion. We worked hard at it and did him one better: We raised $2.5 billion. Now he wants to give us a chore of raising another $1.5 billion. It seems to me before we vote for more and more tax cuts, spread more joy, give away more money, cut down on the Government revenues, we ought first to try to see if the people in the Senate are willing to proceed in an orderly fashion, first to raise some money in responsible ways that we think make good sense. Then, having voted on those matters, get over to title IV, where, having voted to raise money in title II and title III, we raise about $1.5 billion, then proceed; say, "All right, now we have raised a billion and a half dollars. Now let us dispense some of these good tidings to the American people by cutting some taxes."

Does the Senator agree with me that to start right out, cutting more taxes before we have had a chance to consider the other proposals in the bill and to proceed out of order, breaks completely away from the whole theory that orderly procedure would mean to vote on each section, in ways that the Senate can understand what it is voting on in context?

Mr. ROTH. I think, Mr. President, that tax reform is extraordinarily complicated. So, in the best interests of the country, and I might say in the best interests of economy, it is important that we proceed in a responsible manner and that we give Congress the opportunity to work its will. My only concern, and the point I am trying to make in my amendment, is that if we are going to offer additional tax cuts beyond what was agreed on the budget earlier this year, I feel very strongly that we must also reduce Federal spending, and that we should justify those additional tax cuts through cuts in Federal spending and not through increases in taxes.

Mr. LONG. In other words, if the Senator would like to dispense with this, the only way you can cut taxes is by raising taxes on somebody else; he would like to make it clear that the ideal way to cut taxes is by cutting down on Federal spending.

Mr. ROTH. That is exactly right. I think we should try to proceed in a responsible way.

My concern here is the same as the chairman's: I think it is important that we go through the bill, section by section, with everybody having the opportunity to raise any amendments that they care to make, and see what the will of the Senate is.

Then, at the end, we are in a logical position to decide what needs to be done responsibly to carry out the will of the Senate. At that time, again, it would be my intention to try to insist that we should offset any further tax cuts through cuts in Federal spending.

Mr. LONG. Mr. President, the Senator has repeatedly stood here and championed fiscal responsibility. I am pleased to see that he has not lost his interest in that subject. I was a little bit concerned for fear we had lost the Senator as a leader in that cause when he offered his amendment in the committee that would cost a great deal of money in future years. It would provide a tax credit for families to send their children to college. I was fearful that we had lost the Senator as a great leader for fiscal responsibility when he proposed this amendment, which, although it would not affect us in the budget this year, would, in future years, cause problems because we would have to find some way to fit that within our overall budget. I am pleased to see that he fully intends to do that kind of thing when he shows the responsibility to offer an amendment to say that whatever we do here should be a balanced bill; it ought to be within the overall targets set by the budget and by the Senate itself. No matter what the Budget Committee chairman might have thought when that chairman made his suggestion to the Senate respecting his right to bust the budget just as everybody else has a right to offer a budget-buster, the Senate ought to have a return of conscience now and then in the fiscal area and then should, from time to time, proceed to overcome the mischief of its ways by balancing the bill out in such a way that we could have the good things, at the same time being willing to pay for them either by tax cuts or by reductions in spending.

Mr. ROTH. That is correct.

Mr. HOLLINGS. Will the Senator from Delaware yield for a question?

Mr. ROTH. I am happy to yield.

Mr. HOLLINGS. Does the distinguished Senator from Delaware feel that the Senate was busting the budget back on April 12 when by a vote of 62 to 22 we voted the continuation of the tax cut for a full year?

Mr. ROTH. I am happy to tell the distinguished Senator that I voted against the budget resolution. I was not happy with the budget deficit it projected.

Mr. HOLLINGS. I know, but 62 Senators voted for it. We are talking tbout first things first. The Senate acted budgetarily, in accordance with the rules and the law, on April 12. They voted, 62 to 22, for the extension which included this $1.7 billion. Does the Senator from Delaware consider that throwing money off the top of the Washington Monument?

Mr. ROTH. If we are talking about the budgetary procedure that we finally adopted, the first budget resolutions merely set targets and it does not prevent the Senate from trying to modify it at later times to reduce the deficit. All I am proposing here is a different approach to finance the tax cuts that have been proposed by the chairman of the Committee on the Budget. I think it is a perfectly responsible way of proceeding at this stage.

Mr. HOLLINGS. Does the Senator from Delaware think it is irresponsible budget-busting for the chairman of the Senate Committee on the Budget to resubmit that and for the Senate to act upon it favorably by a 3-to-1 vote less than 2 months ago? Does the Senator from Delaware really go along with these characterizations of busting the budget and throwing money off the Washington Monument?

Mr. ROTH. I think each Senator has the right to propose whatever he thinks is proper under the circumstances, and I do not quarrel with the right of the Senator from Maine to make his proposal.

Mr. HOLLINGS. Particularly a proposal that has been passed.

Mr. ROTH. I have not yet completed my statement.

What I am saying as the Senator from Delaware, and speaking only for the Senator from Delaware, is if we are going to extend the tax cuts which, as I have indicated in my statement, I would be happy to do so, I want to be fiscally responsible by proposing that we offset this through cuts in Federal spending, and that is the issue I am trying to raise at this time.

Mr. HOLLINGS. Does the Senator realizes at the present time what is before the Senate now is being proposed for a second reading? Talking about responsibility and first things first, what has occurred is that the extension of the tax cut has received three readings in the Senate, three readings in the House, and reconfirmed on May 14; is that not correct?

Mr. ROTH. There is nothing to prevent at this time the Senate from taking steps to modify what was done earlier.

Mr. HOLLINGS. That is true, but it would be a modification. It would not be an innovative or new budget-busting, throwing money off the Washington Monument.

Mr. ROTH. I have to agree fundamentally that the only controlling target in the original resolution is the $15.3 billion target. The Senator from Louisiana.

Mr. LONG. Did the Senator feel, when he voted to confine the amount by which aggregate level of Federal revenues shall be decreased to $15.3 billion, that he was voting for a precise mix of tax cuts and tax increases or did he feel he was voting to live with a figure of $15.3 billion?

Mr. ROTH. No, as one who was involved in the formation of the Budget Committee, frankly, I had urged that we go further than we did in restricting Federal spending. But it was my understanding, and is still my understanding, that the only controlling target is the $15.3 billion figure. The mix is the responsibility of the Finance Committee.

Mr. LONG. That is what I thought I was doing.

Mr. ROTH. We make our recommendations. If the Senate does not like it then it has the opportunity of amending it on the floor, and that is what I think the chairman is contending.

Mr. LONG. That is what this Senator thought, that is what I thought I was voting for. I voted for it. I did not have a chance to read all the fine print in the Budget Committee's report or to pick the mind of Mr. Muskie, nor to pick the mind of Mr. Hollings, nor to know what somebody else had in his mind, but I can read the language of what I was voting on, and that to me meant just what the legislative history of that budget law said. It said that you assign us a total and we expect to live within it.

Frankly, may I say to the Senator, so far as I am concerned, I wish the Senator could make a point of order; I wish he could uphold these budget processes. I would sure make that point of order and knock that Muskie amendment out right here and now. Mr. Muskie could not bust the budget with my help. I would make him do his duty under the law. He is asking us now to vote to go beyond the $15.3 billion, and he will not do it with my vote.

Now, may I say to the Senator from Delaware, his amendment, while I have got some doubts that this is the ideal way to proceed, the Senator's amendment, if it was agreed to, will save the budget process.

It will uphold fiscal responsibility; it will make Mr. Muskie do what Mr. Muskie is supposed to be doing, protect the budget, protect the fiscal integrity of this Government. If we cannot do it that way, we will find some other way, but if the Budget Committee and its chairman will not protect the fiscal solvency of this Government then the old Finance Committee, which has done it year in and year out, before we ever heard of the Budget Committee, will save the country. [Laughter.]

Several Senators addressed the Chair.

The PRESIDING OFFICER. There will be order in the Senate.

Mr. MUSKIE. Mr. President, I appreciate the respect with which the Senator from Louisiana refers to "Mr. Muskie," so I will refer to him as Mr. Long. But I ask the Senator to yield for a purpose. Has the Senator submitted his amendment? Has it been called up?

Mr. ROTH. Yes.

Mr. MUSKIE. Is it pending?

Mr. ROTH. It is pending, that is correct.

Mr. MUSKIE. In due course I will raise a point of order with respect to it, and I will be glad to explain it before I raise it. I simply did not want to catch the Senator by surprise. I was not sure that it had been submitted and that it was the pending business. If the Senator would like me to raise a point of order now in order to save time, by letting the point of order be resolved, I would be glad to raise it now. But if the Senator would prefer to continue with an explanation of it, I would be happy to let him continue and then at some point convenient to him raise the point of order.

Mr. ROTH. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ROTH. Is a point of order debatable?

The PRESIDING OFFICER. A point of order is not debatable.

Mr. MUSKIE. Would the Senator like to know my reasons and then he can address himself to the reasons before I raise the point of order?

The PRESIDING OFFICER. Has the Senator raised the point of order?

Mr. MUSKIE. No; I have not yet. I have simply, on the Senator's time, alerted him to the fact that I believe that his amendment is subject to a point of order and that I will raise the point of order. I will not spring it by surprise. I will explain my reasons first, at a time convenient to him, before I raise the point of order. He has got a right to hear why I raise it, but, at the same time, if I am right in the point of order, maybe we ought to get it settled and get on to other matters. But out of courtesy to the Senator from Delaware, if he would prefer to proceed before we get into the matter of the point of order, I will raise it and discuss it at his convenience.

Mr. ROTH. Parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ROTH. Mr. President, I intend to when the point of order is made, to move that pursuant to section 904(b) of the Budget Act I will move to waive section 306. I ask whether that is debatable.

The PRESIDING OFFICER. That is a debatable motion.

Mr. ROTH. I am ready for the Senator to make his point of order.

Mr. MUSKIE. Mr. President, let me, before I make the point, discuss it.

Mr. KENNEDY. Mr. President, may we have order.

The PRESIDING OFFICER. Let there be order in the Senate. It is difficult to hear. Will everyone in the well please be seated.

Mr. MUSKIE. I would hope, Mr. President, that the Senators would attend. Other Senators may not regard this debate on this issue as serious in connection with the budget process and its integrity as I do. But I regard this amendment of the Senator from Delaware as direct an assault upon it as anything that has occurred.

It pleases the Senator from Louisiana to refer to my amendment as a budget-buster. That is the way he debates. I have listened to him for 18 years, and it pleases him always to put his opponent's propositions in the worst possible light in order to ridicule them and to attack them. Well, that is his privilege and I think we all understand how he operates.

But I am going to try to present this in a straightforward and direct way because, if the Roth initiative prevails, and if the Muskie-Bellmon amendment loses, the budget process, in my judgment, would have been enormously weakened. No one else may share that concern but, as chairman of the Budget Committee, I have it, and if I feel it I have got to express it. That is the reason why I am going to raise the point of order with respect to the amendment of the Senator from Delaware.

In order to attract as many Senators as possible, I suggest the absence of a quorum, and I would like the first one to go rapidly so that we can get to the live quorum and get Senators in attendance. I also ask unanimous consent that I not lose my right to the floor.

The PRESIDING OFFICER. Is there objection?

Mr. PACKWOOD. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. MUSKIE. I would be glad to talk at length. Mr. President, I withdraw my request. I ask my colleagues to honor my request. I undertook to accommodate the convenience of the Senator on the other side who had the floor. I have accommodated his convenience. This is a serious matter, whether the Senator from Oregon agrees with me or not, and I would like an opportunity to discuss it and to present the issue to the Senate with as many Senators as possible. The Senator from Oregon used a similar device last night to get maximum attendance. I ask the same courtesy. So I ask unanimous consent, Mr. President, that I might ask for a quorum call without losing my right to the floor; I ask it once more.

The PRESIDING OFFICER. Is there objection?

Mr. PACKWOOD. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. MUSKIE. Then I will yield the floor until the Senate is ready to get to the question.

Mr. MANSFIELD. Will the Senator retain the floor?

There is a goodly number in attendance; we will get others here, and I think he ought to pursue his point.

Mr. MUSKIE. There seems to be an indisposition to listen on the floor of the Senate.

Mr. LONG. Will the Senator yield for a question?

Mr. MUSKIE. For a question.

Mr. LONG. Mr. President, the Senator noted, did he not, that I do not object to having a quorum? As far as I am concerned, that is perfectly all right with me.

He does have, I think, more Senators than we ordinarily speak to when we explain an amendment. It is not usually my good fortune to have this many here. But if he wants a quorum with more Senators here, I would like to accommodate him.

QUORUM CALL

Mr. LONG. Mr. President, I ask unanimous consent that there might be a quorum call and, at the conclusion, the Senator from Maine be recognized.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The clerk will call the roll.

The second assistant legislative clerk called the roll, and the following Senators entered the Chamber and answered to their names:

[Quorum No. 23 Leg.]

Allen
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Chiles
Cranston
Culver
Curtis
Domenici
Durkin
Fannin
Garn
Hansen
Hart, Gary
Hart, Philip A.
Haskell
Hathaway
Helms
Hollings
Johnston
Kennedy
Long
Magnuson
Mansfield
McClure
Mondale
Muskie
Nelson
Packwood
Pastore
Ribicoff
Roth
Talmadge

The PRESIDING OFFICER. A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be directed to request the presence of absent Senators, and on that I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. METCALF (when his name was called). Present.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota, (Mr. ABOUREZK), the Senator from Texas (Mr. BENTSEN), the Senator from Idaho (Mr. CHURCH), the Senator from Kentucky (Mr. FORD), the Senator from Indiana (Mr. HARTKE), and the Senator from Utah (Mr. MOSS) are necessarily absent.

I also announce that the Senator from Indiana (Mr. BAYH) and the Senator from Missouri (Mr. SYMINGTON) are absent because of illness.

Mr. HUGH SCOTT. I announce that the Senator from Oklahoma (Mr. BARTLETT), the Senator from Oklahoma (Mr. BELLMON), the Senator from New York (Mr. BUCKLEY), the Senator from New Jersey (Mr. CASE), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), and the Senator from Nebraska (Mr. HRUSKA) are necessarily absent.

The result was announced—yeas 83, nays 1, as follows:

[Rollcall Vote No. 301 Leg.]

YEAS—83

Allen
Baker
Beall
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Eastland
Fannin
Fong
Garn
Glenn
Gravel
Hansen
Hart, Gary
Hart, Philip A.
Haskell
Hatfield
Hathaway
Helms
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Mondale
Montoya
Morgan
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Taft
Talmadge
Thurmond
Tower
Tunney
Williams
Young

NAYS—1

Weicker

ANSWERED "PRESENT"—1

Metcalf

NOT VOTING—15

Abourezk
Bartlett
Bayh
Bellmon
Bentsen
Buckley
Case
Church
Ford
Goldwater
Griffin
Hartke
Hruska
Moss
Symington

So the motion was agreed to.

The PRESIDING OFFICER (Mr. MORGAN). A quorum is present. Under the previous order, the Senator from Maine is recognized. The Senate will be in order.

Mr. MUSKIE. Mr. President, I yield to the Senator from Ohio for a unanimous consent request.

Mr. GLENN. Mr. President, I ask unanimous consent that a member of my staff, Lyle Morris, be accorded floor privileges during consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, before proceeding with my argument on the Roth amendment, I would like at this time to modify my amendment—No. 1887—to make it a substitute for the language proposed to be stricken by committee amendment No. 2.

Mr. LONG. Mr. President, reserving the right to object, I do not know that I will object, but I would like to see what the language is before I decide.

Mr. MUSKIE. I understand I have the right to modify.

The PRESIDING OFFICER. The amendment will be so modified.

The modification is as follows:

AMENDMENT NO. 1887, AS MODIFIED BY UP AMENDMENT NO. 62

TITLE I—TAX REFORM

SEC. 101. INDIVIDUAL INCOME TAX REDUCTIONS.

(a) TAXABLE INCOME CREDIT.—

(1) IN GENERAL.—Subsection (a) of section 42 (relating to taxable income credit) is amended to read as follows:

"(a) GENERAL RULE.—

"(1) In the case of an individual, there is allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the greater of—

"(A) 2 percent of so much of the taxpayer's taxable income for the taxable year as does not exceed $9,000, or

"(B) $35 multiplied by each exemption for which the taxpayer is entitled to a deduction for the taxable year under subsection (b) or (e) of section 151.".

(2) NINE-MONTH RULE FOR 1977.—Paragraph (2) of section 42(a) (relating to application of six-month rule) is amended to read as follows:

"(2) NINE-MONTH RULE.—Notwithstanding the provisions of paragraph (1), in the case of taxable years ending after December 31, 1976, and before January 1, 1978, the percentage '1.5 percent' shall be substituted for '2 percent' in subparagraph (A) of such paragraph and the amount '$26.25' shall be substituted for the amount '$35' in subparagraph (B) of such paragraph.".

(3) TECHNICAL AMENDMENTS.—

(A) Section 56(a)(2) (relating to imposition of minimum tax), as in effect on the day before the date of the enactment of the Tax Reduction Act of 1975, is amended by striking out "and" at the end of clause (iv), by striking out "; and" at the end of clause (v) and inserting in lieu thereof ", and", and by inserting after clause (v) the following new clause:

"(vi) section 42 (relating to taxable income credit); and".

(B) Section 56(c)(1) (relating to tax carryovers), as in effect on the day before the date of enactment of the Tax Reduction Act of 1975, is amended by striking out "and" at the end of subparagraph (D), by striking out "exceed" at the end of subparagraph (E) and inserting in lieu thereof "and", and by inserting after subparagraph (E) the following new subparagraph:

"(F) section 42 (relating to taxable income credit), exceed".

(C) Section 6096(b) (relating to designation of income tax payments to Presidential Election Campaign Fund), as in effect on the day before the date of enactment of the Tax Reduction Act of 1975, is amended by striking out "and 41" and inserting in lieu thereof "41, and 42".

(4) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1, as in effect on the day before the date of enactment of the Tax Reduction Act of 1975, is amended by striking out the item relating to section 42 and inserting in lieu thereof the following:

"Sec. 42. Taxable income credit.".

(b) STANDARD DEDUCTION.—

(1) LOW INCOME ALLOWANCE.—Subsection (c) of section 141 (relating to low income allowance) is amended to read as follows:

"(c) LOW INCOME ALLOWANCE.—The low income allowance is—

"(1) $2,100 in the case of—

"(A) a joint return under section 6013, or

"(B) a surviving spouse (as defined in section 2(a)),

"(2) $1,700 in the case of an individual who is not married and who is not a surviving spouse (as so defined), or

"(3) $1,050 in the case of a married individual filing a separate return.".

(2) PERCENTAGE STANDARD DEDUCTION.—Subsection (b) of section 141 (relating to percentage standard deduction) is amended to read as follows:

"(b) PERCENTAGE STANDARD DEDUCTION.—The percentage standard deduction is an amount equal to 16 percent of adjusted gross income, but not more than—

"(1) $2,800 in the case of—

"(A) a joint return under section 6013, or

"(B) a surviving spouse (as defined in section 2(a)),

"(2) $2,400 in the case of an individual who is not married and who is not a surviving spouse (as so defined), or

"(3) $1,400 in the case of a married individual filing a separate return.".

(3) TECHNICAL AMENDMENTS.—

(A) Subsection (a) of section 3402 (relating to income tax collected at source) is amended to read as follows:

"(a) REQUIREMENT OF WITHHOLDING.—Except as otherwise provided in this section, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables prescribed by the Secretary. For purposes of applying such tables, the term 'the amount of wages' means the amount by which the wages exceed the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b)(1).".

(B) Paragraph (6) of section 3402(c) (relating to wage bracket withholding), as such paragraph existed on the day before the date of enactment of the Tax Reduction Act of 1975, is amended by striking out "table 7 contained in subsection (a)" and inserting in lieu thereof "the table for an annual payroll period prescribed pursuant to subsection (a)".

(C) Subparagraph (B) of section 3402(m)(1) (relating to withholding allowance based on itemized deductions) is amended to read as follows:

"(B) an amount equal to the lesser of (i) 16 percent of his estimated wages, or (ii) $2,800 ($2,400 in the case of an individual who is not married (within the meaning of section 143) and who is not a surviving spouse (as defined in section 2(a)))."

(D) So much of paragraph (1) of section 6012(a) (relating to persons required to make returns of income) as precedes subparagraph (C) thereof is amended to read as follows:

"(1)(A) Every individual having for the taxable year a gross income of $750 or more, except that a return shall not be required of an individual (other than an individual referred to in section 142(b))—

"(i) who is not married (determined by applying section 143), is not a surviving spouse (as defined in section 2(a)), and for the taxable year has a gross income of less than $2,450,

"(ii) who is a surviving spouse (as so defined) and for the taxable year has a gross income of less than $2,850, or

"(iii) who is entitled to make a joint return under section 6013 and whose gross income, when combined with the gross income of his spouse, is for the taxable year, less than $3,600 but only if such individual and his spouse, at the close of the taxable year, had the same household as their home. Clause (iii) shall not apply if for the taxable year such spouse makes a separate return or any other taxpayer is entitled to an exemption for such spouse under section 151(e).

"(B) The amount specified in clause (i) or (ii) of subparagraph (A) shall be increased by $750 in the case of an individual entitled to an additional personal exemption under section 151(c)(1), and the amount specified in clause (iii) of subparagraph (A) shall be increased by $750 for each additional personal exemption to which the individual or his spouse is entitled under section 151(c);".

(c) Earned Income Credit.—Section 209 (b) of the Tax Reduction Act of 1975 (as in effect on November 30, 1975) is amended by striking out "and before January 1, 1976".

(d) Effective Dates.—The amendments made by subsection (a) apply to taxable years ending after December 31, 1975. The amendments made by subsection (b) apply to taxable years ending after December 31, 1975. The amendment made by subsection (c) takes effect on the date of enactment of this Act.

(e) Section 3(b) of the Revenue Adjustment Act of 1975 is amended by striking out "December 31, 1976" and inserting in lieu thereof "December 31, 1977".

(f) Disregard of Earned Income Credit for Certain Purposes.—Any refund of Federal income taxes made to any individual by reason of section 43 of the Internal Revenue Code of 1954 (relating to earned income credit) shall not be taken into account as income or receipts for purposes of determining the eligibility of such individual or any other individual for benefits or assistance, or the amount or extent of benefits or assistance, under any Federal program or under any State or local program financed in whole or in part with Federal funds.

Mr. MUSKIE. Mr. President, I guess I have relearned the lesson I have learned many times before, that a live quorum does not necessarily improve the attendance; but anyway, I appreciate the courtesy of the Senator from Louisiana in affording me the opportunity, and I appreciate the presence of those who are here.

The Senator from Delaware had submitted an amendment at the desk, and it was the pending business. After examining it and discussing it with the Parliamentarian, I reached the conclusion that it was subject to a point of order under section 306 of the Budget Act. Rather than make the point of order arbitrarily without notice, I told the Senator from Delaware that I would not make the point of order until I had explained my reasons. I will try to do so now very briefly, if I may first read the language of the Roth amendment:

> Congress commits itself, under the Congressional Budget process, that, subject to such adjustments as may be required to reflect changed economic needs or other unforeseen circumstances, any continuation of the credits allowed under Section 42 beyond June 30, 1977, will be accompanied by dollar for dollar reductions in Federal spending during the fiscal year ending September 30, 1977.

This, I take it, is intended to offset any tax cuts that would be implemented if the Muskie-Bellmon amendment were adopted by accompanying cuts in spending. Am I correct, may I ask the Senator?

Mr. ROTH. That is correct.

Mr. MUSKIE. After reading I recall that it was the intent of the Budget Act that any changes in budget resolutions shall be accomplished only by subsequent budget resolutions so that those changes are subject to the same kind of review, examination, and scrutiny as all of the proposals that are included in the first concurrent budget resolution.

Section 306 was written with that in mind. Let me read section 306:

> No bill or resolution and no amendment to any bill or resolution dealing with any matter which is within the jurisdiction of the Committee on the Budget of either House shall be considered in that House unless it is a bill or resolution which has been reported by the Committee on the Budget of that House or from consideration of which such committee has been discharged or unless it is an amendment to such a bill or resolution.

The whole purpose of that should be eminently clear.

Without this kind of constraint any Senator who wants to report a bill that would breach the budget targets could include in that bill a proposal to amend the budget resolution so that we would be confronted on a daily or weekly basis with proposals to amend the budget resolution by amendments from particular committees or by particular Senators.

If that kind of habit were to develop the budget process would become a farce. Every budget-busting bill that came down the pike, once that lesson were learned, once that practice were adopted, would be accompanied by language similar to this which has been proposed by the Senator from Delaware.

If it is the wish of the Senate, if the Muskie-Bellmon amendment were adopted, to request the Budget Committee to consider spending cuts to offset the revenue losses, that of course can be done, and this amendment could be reframed in the form of a resolution and referred to the Committee on the Budget, and the Committee on the Budget would then consider it.

As a matter of fact, last year the distinguished Senator from Delaware (Mr. Roth) introduced a bill to implement the President's proposal that revenue cuts be accompanied by spending cuts. Appropriately, under section 306, it was referred to the Committee on the Budget. Again, Senator Stone introduced a bill last October affecting spending in Congress, and again it was referred to the Committee on the Budget. That is the process.

So clearly, and I understand the Parliamentarian agrees with me, this amendment is subject to the point of order that it has not been referred to the Committee on the Budget, it has not been considered by the Committee on the Budget, and it has not been reported out by the Committee on the Budget as a bill or resolution pursuant to the Budget Act.

I understand from my earlier colloquy that the Senator from Delaware, if I raise the point of order and if the Parliamentarian sustains me, will move to waive section 306. I hope the Senate does not do that. If the Senate were to do that, in the context of this debate over what the budget resolution means, it will have the same precedent-setting effect that I raised concern about in these brief remarks. It would have the effect of denigrating the budget process to the point where the temptation would grow for every Senator, who wanted to come up with a new spending proposal, to take that route and to use whatever emotion he could generate relative to his spending proposal, to breach the budget on an ad hoc basis. We would have established a new habit comparable to the budgetary anarchy that we knew before the budget process was adopted in the first instance.

Mr. BROCK. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield, without losing my right to the floor because I would like to make the point of order, but a limited amount of debate is certainly appropriate.

Mr. BROCK. I shall ask a couple questions. I think I agree with the Senator from Maine, and he knows my own interest in the budget process and the work I put into that bill. But it does beset me with this particular difficulty: The Senator's own amendment would raise expenditures by $1.6 billion without an offset in revenue. So that is a budget-busting amendment by its very nature unless there is some further action taken by the Senate.

What the Senator from Delaware has proposed is that in consequence of that action we commit ourselves to a second-stage action which is to reduce spending. I understand the Senator's concern and, as I say, I think I may support him. But what troubles me is how then do we create an enforcing mechanism for ourselves to take that second step if the Roth amendment is not in order and if the point of order is not waived? How can we commit ourselves to take that action if this is the proper course we would like to follow?

Mr. MUSKIE. Let me say, first of all, that the Muskie-Bellmon amendment simply implements the first budget resolution.

Mr. BROCK. But it does so in a fashion which breaks the budget.

Mr. MUSKIE. Mr. President, I shall answer the question.

Mr. BROCK. All right.

Mr. MUSKIE. To re-pass the first concurrent budget resolution today is not a practical approach. We adopted it once. All we have to do to conform it is to implement all of its policy implications. If the Senate wants to change its policy implications, if it wants to write another game plan, then under the Budget Act a Senator can introduce a new concurrent resolution that would reflect the game plan of the Finance Committee. It would be referred to the Committee on the Budget. But there is no limit to the number of concurrent resolutions, as the Senator knows, that Congress can consider in any session. But what section 306 is designed to do is prevent the ad hoc amendment of a resolution already adopted. If the Senate as a whole does not like the idea of extending the tax cuts through fiscal year 1977, as was clearly the underlying policy of the first concurrent budget resolution, then amend the budget resolution by the means and procedures outlined in the Budget Act.

That is clearly open.

The other option is this: If the Senator agrees with me that this is the underlying policy of the first concurrent resolution, and I find it difficult to understand how any Senators could believe otherwise, after listening to the debate or who reading in the committee report which explains what the budget resolution underlying policies are, then what I am doing with my amendment is to implement that part of the resolution that covers the extension of the tax cuts. The budget resolution was designed to offset those tax cuts, in part, by tax expenditures of $2 billion. There are options available pending at the desk which would enable the Senate to implement that part of the budget resolution. If after considering all these proposals we are in disagreement as a body with the budget resolution, then we can appropriately take whatever action the Senate wishes to take. The Budget Act does not in any way limit the sovereign prerogatives of the Senate. I am not suggesting that. But what I am saying is that we adopt a policy in the spring; if we want to change it, unless we change it in accordance with the procedures that we have written into the Budget Act, we are undermining that act.

Mr. BROCK. I accept that, but I would like to ask one further question, because I am a little troubled by the prospect.

The Senator has a very attractive amendment, for which everybody would like to vote. It cuts taxes another $1.8 billion, and we want to be able to explain why we are for or against that sort of thing.

If the Senators amendment is agreed to and the Senate decides, as the Finance Committee has decided, that we do not want to increase taxes in some other area by $2 billion, what then? Would the Senator move to recommit, to make the Finance Committee bill conform with the budget resolution, as it does now, but as it would not if his amendment is agreed to? Or what would be his suggested course of action for the Senate?

If the Roth amendment is not going to be allowed to be offered, where do we go? We will bust the budget.

Mr. MUSKIE. The question implies that I would act from my own personal inclinations. That is not the case. I make these observations not an an individual Senator but as chairman of the Budget Committee, with those responsibilities.

Second, if we adopt my amendment, we will be in exactly the same position we were in when we adopted the budget resolution. We committed ourselves in that resolution to tax cuts through fiscal 1977. We committed ourselves to $2 billion in tax expenditures without knowing at that time what their composition would be. So that if we were to adopt my amendment today, we would reaffirm the tax extension policy of the budget resolution. We would be back in the same position with respect to tax expenditures in not yet knowing what their composition would be.

For the benefit of those who do not know what all the proposals for raising revenues by reducing tax expenditures are, we have this document, which was produced with the help of the Congressional Budget Office and the Congressional Research Service, which I think gives us some inkling as to what tax expenditures are, for those who find it a complete mystery.

In any case, at that point, if I were to take the initiative, I would take it in the light of what I believe to be—given my best sensitivity to what the mood of the Senate is—the desire of the Senate. We might have to go back to the Budget Committee and ask for a new resolution, taking into account the change in the revenue picture. That certainly is open to us under the Budget Act. Or we might want to take some legislative initiative on the floor. Or it might be the feeling of the Senate that perhaps the Finance Committee could best address itself to the problem at that point. I would not prejudge that. There are at least three major options procedurally that would be available to us at that point.

With respect to the Senator from Louisiana's concern that we proceed in an orderly fashion, I make this point: It is the Senator from Louisiana who established this order the other day, when he asked that we not move to the consideration of any serious amendment until—I think I have his words. He said, "Once that matter has been resolved"—that is, the question of whether or not this bill is in conformity with the budget resolution. He said, "Once that matter has been resolved, then I think we ought to vote on these amendments on their merits."

So a time was set—3 o'clock the next day—for me to come back and get involved. I rushed back in order to avoid delaying the Senate's consideration of these amendments, because the Senator from Louisiana had raised this as the first question that should be decided. That is why I offered the amendment—because it is the clearest way for me at this point to get the attention of the Senate and to let the Senate decide.

I am not saying that I have any rule in my possession, as chairman of the Budget Committee, to force the Senate to do one thing or another about this amendment. I do not have a point of order available. All I have is whatever powers I have to explain what I think Congress has done budgetwise up to this point, so that the Senate can take it into account when it makes decisions on this bill. That is the only power I have, and it is pretty limited, compared to the persuasiveness of the Senator from Louisiana.

Procedurally—getting back to the Senator's question—he can go back to the Committee on the Budget and say, "The Senate clearly does not want $2 billion in tax expenditure reduction, and that changes the budget. The Senate clearly does not want to extend the tax cuts—if that is the decision. Now will you take your budget to the drawing board and make whatever changes need to be made in the budget to conform to those two changes in budget policy?"

That is the procedure I would recommend.

Mr. BROCK. I say to the Senator that if he wants to make a point, he has done it well, by presenting us with the easiest of the alternatives which is supportive of his case, and that is to cut taxes without worrying about where we are going to get the money.

Mr. MUSKIE. I have presented Congress case. This budget was adopted by the majority of the 535 Members of Congress. I am presenting their case.

Mr. RIBICOFF. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield to the Senator from Minnesota, who has been seeking recognition.

Mr. RIBICOFF. To continue what the Senator from Tennessee brought out, the Senator from Delaware, the Senator from Tennessee, the Senator from Connecticut, and the Senator from Maine all were on the Government Operations Committee that first wrote the Budget Act.

Mr. BROCK. That is correct.

Mr. RIBICOFF. As I listened to the distinguished Senator from Maine, I think he still labors under the illusion that the budget operation allows him to state a philosophy which has the nature of actual law.

Mr. MUSKIE. I do not believe I said that.

Mr. RIBICOFF. He talked about the policy in the Budget Act. When the Government Operations Committee first reported its bill, there was a provision in section 301(a)(4) which gave them the right to set out tax expenditures. But when we were required to send this measure to the Committee on Rules and Administration, that committee deleted from the bill which finally became law the authority and the power of the Budget Committee to list tax expenditures. We did adopt a resolution, and the only thing the resolution provided was that the amount by which the aggregate level of Federal revenues should be decreased is $15.3 billion.

The policy or the philosophy of the Budget Committee has no bearing and no binding effect upon this body or any other body. The Finance Committee has just as much right to state its philosophy, so long as it stays within the $15.3 billion. Then it is up to this body to decide which philosophy it will accept—and it is deciding it by vote after vote on amendments being presented.

When the distinguished Senator from Maine comes in and adds another $1.7 billion, he really is going beyond the resolution that this entire body adopted.

Therefore, the point that is made by the distinguished Senator from Tennessee is absolutely correct, and the Senator from Delaware is absolutely correct. If the Senator from Maine feels he is right, the thing for him to do is to move to recommit the entire bill and make the decision of what he wants to do. But I do not see how the Senator from Maine can make the argument that he is correct and that it is within his power to offer an amendment to raise expenditures of $1.7 billion but that the Senator from Delaware is wrong in trying to assure that we will have tax cuts, correlatively, of $1.7 billion. The Senator from Maine cannot be right and the Senator from Delaware cannot be wrong. They are either both right or both wrong.

Mr. MUSKIE. I say to the Senator from Connecticut—assuming I still have the floor—that all of his many arguments we believe to be correct. But as I understand the Senator's reading of legislative history, he is saying that because in the process of writing the bill changes were made, the final form of the bill is meaningless.

Mr. RIBICOFF. Oh, no, I say the final form——

Mr. MUSKIE. I think I have the floor. If I may continue.

I think that addresses itself to my amendment. I think at this moment, we ought to address ourselves to the amendment of the Senator from Delaware because I want to make the point of order. I agreed to let the Senator from Delaware speak on it, and I will, as soon as I yield briefly to the Senator from Minnesota.

Mr. MONDALE. As I understand the Budget Act, all resolutions and amendments that are budget resolutions must first be referred to the Committee on the Budget. That is the basis of the Senator's point of order.

Mr. MUSKIE. The Senator is correct.

Mr. MONDALE. I am trying to understand the basis of the amendment being offered by the Senator from Maine to extend the temporary individual tax cuts. As I understand the argument of the Senator from Maine, we have before us a budget resolution, a concurrent resolution that has been adopted by Congress, that provides a revenue target which Congress is supposed to reach in the process of reaching an overall budget result that is desirable. That is the $15.3 billion net cut figure that is set forth on that blackboard.

The argument of the Senator from Maine is that the bill of the Senate Committee on Finance, by terminating the individual tax cuts that are now the law on a temporary basis on July 1 of this next fiscal year, has pursued a strategy which is bound to fail, in the sense that almost certainly those temporary cuts are going to be extended, because to do otherwise would cause great injury to Americans of modest income, greater income, and the rest.

Therefore, in order to deal realistically with this pending tax reform bill—to determine whether we are going to meet the revenue targets set forth in the resolution—the Senator recommends that the Senate now determine whether or not we are going to extend those cuts; because if we do, the option is either to increase the deficit beyond that of the concurrent resolution or, while we are acting on this bill, to pick up enough revenue through tax reform to end up at the $15.3 billion target figure set forth in the congressionally adopted concurrent budget resolution. Am I correct in that?

Mr. MUSKIE. The Senator is eminently correct. He has stated it very well.

Mr. MONDALE. Let me ask further. It is not the argument of the Senator from Maine that his colleagues in the Senate are compelled to vote for his amendment under some power that rests in the Budget Committee or flowing from that concurrent resolution that forces them to vote that. Therefore, is not the argument or the controversy putting words in the Senator's mouth that he has not uttered?

Mr. MUSKIE. Exactly.

Mr. MONDALE. One final point: The target figure set forth in the first concurrent resolution is not even binding.

Mr. MUSKIE. That is right.

Mr. MONDALE. The idea behind the first concurrent resolution is that Congress established targets for revenues, for total spending broken down by functions, which we use as sort of informal guidelines and targets to gage how well we are doing as the process moves along in reaching this congressionally agreed objective. So if the Senator's amendment is adopted and we extend these temporary cuts, which I hope we will and which we are going to do anyway—we might as well deal with reality—then what we all know is that it would then make sense also to deal more seriously with revenue pickups in order to come out with that $15.3 billion figure. But we do not have to.

In other words, the Senate, when it finishes, can do it any way it wishes and a point of order does not lie against the final product of this finance formula, except that we should be aware of its significance in relation to the concurrent resolution that we have adopted. Is that correct?

Mr. MUSKIE. The Senator is correct. I just add one note: that I think we should regard those targets as serious, because they do make a whole—that is, they are interrelated and dependent on each other. We ought to regard them as sufficiently serious that we ought to stay with them short of a deliberate, rational discussion and decision; we should not fool ourselves that we are not changing the targets, we should not fool ourselves that the consequences are not going to flow.

Mr. MONDALE. Once again, the argument of the Senator from Maine is based on what, in his judgment, is wise policy that he urges upon his colleagues, and not on some inherent authority in the Budget Committee to force us to do something differently than what we would otherwise do.

I think, with that understanding, that no one is in disagreement around here that I can see.

Mr. BROCK. Will the Senator yield?

Mr. MUSKIE. I promised to yield to the Senator from Delaware.

I yield to the Senator from Tennessee.

Mr. BROCK. I think the Senator from Minnesota has raised a new issue. That is the fact that I thought we were debating the budget resolution. I thought that was the whole argument that the Senator from Maine is making.

Mr. MUSKIE. I am.

Mr. BROCK. If we are not, let us get clear what we are talking about. Are we talking about a tax cut or talking about the budget resolution and the authority of the Committee on the Budget to tell the Committee on Finance what it wants to do? The Senator from Minnesota says it was not the latter.

Mr. MUSKIE. I suppose we all listen to that which we want to hear. Let me state it my way. As far as I am concerned, we are not debating the authority of the Committee on the Budget. The Budget Committee has no authority with respect to this debate except——

Mr. BROCK. Are we debating it at all?

Mr. MUSKIE. May I finish?

Mr. BROCK. Yes.

Mr. MUSKIE. The Budget Committee has no authority to force anybody on this floor to do one thing or another with respect to my amendment or this bill. But the Budget Committee does have a responsibility. It has a responsibility to remind the Senate of what the Senate and Congress have already done in the budget resolution and the consequences for that resolution if something different is done today. That is our responsibility. I refuse to throw that responsibility away.

Mr. BROCK. I am not asking the Senator to do that.

Mr. MUSKIE. So it is a debate over the budget policy, but it is not a debate over budget authority, because we have no authority.

Mr. BROCK. I shall use the Senator's words, then, "budget responsibility." I just want to walk through a little bit of history with the Senator for 1 minute, because he and I worked diligently on this one bill together.

Mr. MUSKIE. I sometimes wish the Senator were chairman instead of I.

Mr. BROCK. So do I.

Mr. MUSKIE. It is so easy when you are not chairman.

Mr. BROCK. One of these days, the Lord willing, that may happen, but not for a while.

The Senator from Delaware made the point in the Committee on Government Operations that the first concurrent resolution should be firm. The Senator from Maine and I disagreed with him. We said they should be targets, because they will not work if they are firm. If we do line item, functional categories, firmly, without being able to change them, the Congress would break down, the budget process would break down and it would fail.

The Senator remembers the argument as well as I do. We fought that battle.

Now, it seems that we have reversed sides. The Senator from Delaware is saying, let us keep this thing on a target basis. The Senator from Maine, at least by implication if not directly—but I sure get the implication—is saying, even though the budget resolution said $15.3 billion, we have to go to the component parts of tha $15.3 billion and adhere to every jot and tittle. That is not what the law said when it was written and the Senator knows that as well as I do.

Mr. MUSKIE. The Senator is stating a position I have not stated. I am sure the Senator would not tell me now that at that distant point, he believed the first target should be meaningless.

Mr. BROCK. I do not. I think it is very firm.

Mr. MUSKIE. That is all I am saying, that the targets are not meaningless, that if it is unpleasant for me to spell out the consequences for those targets, if that is too much firmness, if that converts me to an inconsistent position, then I apologize. I do not think it does. All I am saying is that those targets are firm enough so that when we are breaching them, we ought to know that we are breaching them. When we are departing from the underlying policy, we ought to know that we are doing it, and we ought to take that decision consciously. If we enact the tax cuts of the Muskie-Bellmon amendment which are assumed by the first budget resolution—if we enact them and do nothing more, then, of course, we all ought to understand that we increase the deficit by $1.8 billion.

On the other hand, if we adopt the Finance Committee package as a whole, without change, many of us believe—and, I suspect, the majority, believe—that down the road we will extend those tax cuts to fiscal year 1977. Then we ought to understand that the strong implication, at least in my judgment—and every Senator can disagree—of the Finance Committee's package is that we will increase the deficit by $1 billion at some point next year. If that happens, we will have lost the opportunity of offsetting that loss in revenues in the 1977 fiscal year by amendments to the Revenue Code. We will then have to either raise the deficit or cut some kind of spending program.

Now, those are the consequences of these alternative courses of action. As long as the Senate understands that, and decides to vote against the Muskie-Bellmon amendment, it is my job as Budget Committee chairman to accept that decision and to try to live with it. But it is my job to spell out what I understand to be the consequences in advance of that decision.

There are those around here who say I ought not to be saying such things because we never said them before. But we did say them before. We said them in the first concurrent budget resolutions.

Mr. BROCK. One of the reasons I am delighted the Senator was named chairman of the committee was because I knew he would fight for that committee, and I believe in him and I am appreciative of his efforts.

I do think in this particular case he must give us credit for believing that we are in compliance with the budget resolution. We think we are, we honestly believe we are and, as far as I am concerned, the debate is over whether or not, in prospect, we might break the budget later on. I do not think that is possible under the law because I think we will be bound by the second concurrent resolution. I think it would be very tough to break it in June of next year or whether we break it now. I would rather stay with the Finance Committee, and I would rather for us to maintain our position that we are in compliance with the figure we were given in the budget resolution, which was $15.3 billion. It is there in the bill, and we have it and are in compliance with it.

Mr. MUSKIE. I am sure the mistakes of my colleagues are always honest mistakes.

Mr. MONDALE. Mr. President, will the Senator yield?

Mr. MUSKIE. Yes.

Mr. MONDALE. To respond to the Senator, Senator Brock, I understand the Senator from Maine is not arguing that the Senate Finance bill is not in compliance with the resolution.

Mr. MUSKIE. With the revenue number.

Mr. MONDALE. What the Senator is arguing is that it is inevitable that we will extend those temporary tax cuts, and if you assume that is correct—and I think everyone does—and you crank that into the figure, although there is technical compliance, it is almost certain that we will either have to increase revenues or increase the deficit as the result of that event. That is what I understand the argument from the Senator from Maine to be.

Mr. MUSKIE. Well, there is another addition to that, and that is that the first concurrent resolution assumed an economic policy which said——

Mr. MONDALE. Mr. President, may we have order?

The PRESIDING OFFICER (Mr. Leahy). May we have order so that the Senator from Maine can be heard?

Mr. MUSKIE. The first concurrent resolution assumed an economic policy which said that the economy needs that extension.

Mr. MONDALE. The second argument is that it would be a very unwise and cruel economic policy not to extend those temporary cuts, because this would take between $180 and more out of the pockets of most families in America next July, and it would fuel inflation for those families in terms of increased taxes, which add to the cost of living.

It would increase unemployment. And I cannot believe for a moment that this Senate is going to let those temporary cuts expire, nor do I believe does the Senate Finance Committee believe they are going to expire because in their report they say in effect "We will review this at the right time."

So does it not make sense to decide whether we intend to extend those temporary cuts, and then having made that decision—and I hope it will be favorable—proceed to markup the rest of the bill to see if we cannot reach the revenue targets nevertheless? Is that not the way to proceed?

Mr. MUSKIE. That is right. Then we will see where we are.

Mr. HANSEN. Mr. President, will the distinguished Senator yield for just one question?

Mr. MONDALE. Can I just finish?

My friend from Tennessee said why pass new tax cuts. That is not a new tax cut. It is in the law now. It is significant that in the Senate Finance bill the only thing that was terminated that was in the temporary set of laws were those tax cuts extended to individuals. We did not terminate the investment tax credit; we did not terminate the corporate rate cut; we did not terminate, to my knowledge, any of the taxes that affect business.

The only thing we terminated under this law was tax relief for average Americans. And I think that is bad social policy; I think it is bad tax policy. I think it is bad economic policy. And I do not think it is going to happen.

So there is no argument here about the Senate Finance Committee violating the Budget Act. The argument is that how we did it was inadvisable and we should change it here, and that is what the Senate is for.

Mr. MUSKIE. I yield to the Senator from Wyoming for one question, and then I yield to the Senator from Arkansas and the Senator from New Mexico in that order.

Mr. HANSEN. I just ask one question. I was intrigued by what I think the Senator from Minnesota said. He said that if we did not extend the tax cut, those persons who would have benefited from it would be subject to higher inflation. I ask the Senator if this is the substance of his statement.

Mr. MONDALE. That is exactly what I said because the cost of living would go up by the increased taxes.

Mr. HANSEN. Without trying to engage in semantics, I would like to ask the distinguished chairman of the Budget Committee if one of these major methods of attacking inflation is to assure that the amount of taxes that this Government collects come nearer in balance with what the Government spends.

Mr. MUSKIE. That is one of the reasons we advocated $2 billion in tax expenditures.

Mr. HANSEN. Then my second question is, does he agree with the Senator from Minnesota that we will come a little closer to achieving that budget balance, if we adopt the amendment offered by the Senator from Delaware reducing Federal spending in an amount equal to the cost of the additional 3-month tax cut extension proposal offered by the Senator from Maine. Will reduction in Federal spending not tend to dampen inflation?

Mr. MUSKIE. I think it is your choice. If you think $2 billion spent by the average taxpayer is more inflationary that $2 billion by those who enjoy these tax preferences, that is a judgment you make. I think that the people the Senator from Minnesota is talking about are the people who are having difficulty in meeting the cost of the day-to-day necessities of life.

I do not believe giving people enough to eat ought to be regarded as inflationary, or enabling them to pay for their bare necessities in energy is inflationary. As a matter of fact, people in the higher income brackets are more likely to spend money in ways that are inflationary.

But the third point that you want to consider is whether or not in the current state of the economy it is Federal budgetary policy that is exerting inflationary pressures. In the first quarter of this year the inflation rate, that President Ford takes great satisfaction out of, was 3.5 percent, notwithstanding the fact that last year we were told that congressional budget policy was going to produce dangerous inflationary pressures. Well, that did not materialize because the economy was not working at full steam.

Now, as the economy rises and as it approaches full employment, then excessive government spending indeed could be inflationary. The economy could require the use of tax policy as a dampener. So the Senator is right in the right kind of circumstances. But at the moment the choice is not really, you know, tax cuts or no tax cuts, as I understand the differences between the two sides in this debate. The difference is tax cuts for whom?

I prefer from the point of view of the economy, as well as of equity, that the tax cuts should go to the consumer and to those of the lower income groups. Others think that the tax cuts ought to go and continue to go to those who are enjoying tax privileges at the present time.

Mr. HANSEN. I say to my good friend from Maine, I do appreciate his response to the question. In responding, it seems to me he tried to argue his case, which he does very well.

Mr. MUSKIE. A typical Senate habit.

Mr. HANSEN. Let us not get into that argument because I think it has been pretty well explained to the satisfaction of people who are objective.

But I would just say, he does answer my question when he says, as I understood him to say, that I was right about the inflationary matter.

I do not think it is fair to say that if we are talking solely about a balanced budget that we can say that if we put money into certain individuals hands it is not inflationary, but to place the same amount of money into the hands of other individuals it is inflationary.

This is a complicated bill with 1,536 pages.

I do not suspect my good friend from Maine would contend that he is intimately familiar with every part of it.

Mr. MUSKIE. I am not sure that anybody in this Chamber would, with one possible exception.

Mr. HANSEN. It seems now we are trying to open up on the floor rewriting of the bill.

I thank my friend from Maine.

Mr. MUSKIE. May I say, incidentally, that to the individual taxpayer who is struggling to get along, an addition of $180 to his tax burden next year, I think would be regarded by him as inflationary.

Mr. LONG. Will the Senator yield?

Mr. MUSKIE. The Senator from Arkansas asked me to yield, and then I will yield to the Senator from Washington.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. I wish to make two or three observations. I think most of the people in the Chambers are the faces I have seen here since this bill was laid before the Senate Wednesday afternoon. They have heard all the arguments pro and con.

I think the Senator from Minnesota yesterday afternoon and again this morning has very clearly stated what the issues are.

I do not believe there is a soul on this floor that does not know precisely what we are talking about.

I have listened with great interest to the vignettes of the distinguished chairman of the Finance Committee. I have added a lot of stories from my special reference file that I can use on the banquet circuit and I might add one for the Senator's benefit.

At one time, Maury Maverick, who was a maverick Congressman from Texas, came up to the southwestern part of my State. We are the Arkansas razorbacks. The razorback hog is a pretty ugly critter except to the people who are fanciers of it.

But in any event, Maury stopped at a farmer's house. He had a pen full of razorback hogs. He asked the farmer, "What are those creatures?" The old famer said, "Those are razorback hogs." Maury said, "How long does it take to get them up to that size?" The old farmer said, "About 3 years." Maury said, "That's an awful long time, isn't it?" And the old farmer said, "I don't know. What's time to a hog?"

We have spent since Wednesday afternoon here in a confrontation between the Budget Committee and the Finance Committee. We are now in the position, apparently, of making a point of order, which I think is a legitimate point of order, against the Senator from Delaware's amendment.

We ought to confront, then, the Senator from Maine's amendment, which simply states that we can face up to raising $1.8 billion now or we can do it next year.

I do not think there are 10 people in this Chamber who are prepared to say right now that they are not going to vote to extend those tax cuts to the people who, I feel, as does the Senator from Minnesota, need it the most.

I am not sure I am going to support the Senator from Maine's amendment, but I can assure that whether I do today or not, I intend to support it when the time comes next July 1.

The question is, do we want to face up to it now or next year? Would we rather wait until next year to figure out where we are going to get the extra $2 billion or face up to it now?

The point I am trying to make is, we will be here until Christmas at the rate we are going.

The issue is very clearly established. I do not think anybody here does not know what the issue is.

I regret that when the Senator from Maine called for the quorum call this morning, more Senators did not stay. Some maybe do not really understand what has been said here in the last 2 or 3 days, but I think most of us do and that we ought to get on with it.

I thank the Senator for yielding.

Mr. MAGNUSON. Will the Senator yield?

Mr. MUSKIE. If I might yield to my ranking Member from Washington, and then to Senator ROTH.

Mr. MAGNUSON. I want the RECORD to be clear. I hope the Senator from Maine will help me.

The Senator mentioned that we might have to do something about cutting spending.

The PRESIDING OFFICER. Will the Senator from Washington use his microphone.

Mr. MUSKIE. What I said, may I say to the Senator, that in my judgment if the Finance Committee bill is passed as it is, that it is inevitable that the tax cuts which were terminated as of July 1, at some point will be extended for another 3 months.

If that happens, we would then be $1 billion short of the revenues we based the budget on, and there are only three ways to meet that problem at that point.

One, enact tax expenditure reforms; two, raise the deficit; or three, to cut spending elsewhere.

I mentioned that extended social programs are one.

Of all the areas, I do not put it as a target.

Mr. MAGNUSON. I hope not.

Mr. MUSKIE. That is not my target.

All I was saying, may I say to the Senator, is that one of the consequences of reducing revenue may be that we have to cut spending. That was my only point and is a very simple one.

I yield to the Senator from Delaware.

Mr. ROTH. Mr. President, I would like to point out what I am trying to accomplish here and emphasize that what I am doing is no different from what this Senate did last Christmas when we extended the tax cut.

I want to go along with the proposal of the Senator from Maine to extend the tax cut, but I am proposing an alternative way of justifying that financially. That is through reduced spending. As I said, there is precedent for this, because we had almost the identical amendment up last Christmas, which was adopted by the Congress, and no point of order was raised at that time.

Just as background, I would like to point one thing out to the Senators. When I initially raised this amendment with the Parliamentarian, I was told that it was in order and not subject to a parliamentary point of order.

Subsequently, they reversed themselves. That is the reason we find ourselves in the present position. Again, I want to state that it is absolutely no different from what we did just before Christmas, and no one from the Budget Committee or anywhere else made a parliamentary point of order.

I believe the important thing is to look at the letter that the distinguished chairman from the Budget Committee sent around this morning. He said in his letter:

> It is easy to cut taxes, and I want to make it clear that if this amendment is adopted we will have to find additional revenues elsewhere if we are to meet our revenue target.

All I am suggesting is that there is another alternative than increasing Federal tax revenue, and that is to reduce Federal spending.

The Senator from Tennessee pointed out earlier that during the drafting of the legislation that established the Budget Committee, I wanted to take a much stronger position with the first Senate concurrent resolution on the budget. I proposed at that time that if Senators wanted to increase spending in some area or wanted to cut taxes, they would have to offer an offsetting proposal. In other words, if one wanted to extend a tax cut, as the Senator from Maine is doing here, he would have to justify that either by proposing a tax increase somewhere else or, in the alternative, a cut in Federal spending.

Mr. President, I find it most regrettable that the Senate should be in a position that it could not support a tax cut and be able to raise a question about Federal spending. Yet that is what is being argued here. I believe it has to be admitted that the amendment of the Senator from Maine is an amendment in violation of the budget targets, and that I should have the right to offer an amendment to offset the tax cuts with spending cuts. That is all that my amendment does. It is basically the same amendment we passed 6 months ago. It seems to me that we are seriously hamstringing this Senate and the Congress if we have to buy the proposal of the Senator from Maine that in order to give an additional tax cut we cannot make that fiscally sound by proposing a spending cut.

Mr. LONG. Will the Senator yield?

Mr. MUSKIE. I said I would yield to the Senator from New Mexico.

Mr. DOMENICI. I thank the Senator, but I will get the floor on my own shortly.

Mr. MUSKIE. I yield to the Senator from Louisiana.

Mr. LONG. The Senator stated that the Finance Committee bill would cause a decrease of $180 to the average family. That is not the way the technicians on the joint committee staff compute it. The way they compute it is that the Senator's amendment would result in a reduction of $36 in taxes that the average family would pay. Is the Senator aware of that?

Mr. MUSKIE. I am sorry, I cannot hear the Senator.

Mr. LONG. My understanding is that the amendment the Senator is proposing compared to the committee bill would result in a tax reduction of $36 to the average family rather than $180, as the Senator said in his Dear Colleague letter. Is the Senator aware of that?

Mr. MUSKIE. $180 is on an annual basis.

Mr. LONG. The Senator's amendment only continues the $35 per person tax credit for 3 more months. That is all it does. That is the only difference between the Senator's amendment and the committee's amendment. It is that the $35 per head tax credit would extend for 3 more months. Is the Senator aware of that?

Mr. MUSKIE. Yes. That is what is called for.

Mr. LONG. If that is all the Senator is going to do, compared to what the committee amendment would do, which extends it for 12 months, it is only a difference of $36 per family. Is the Senator aware of that? That is, rather than $180 as stated in the "Dear Colleague" letter.

Mr. MUSKIE. The Senator is correct. But the $180 is an annual rate.

Mr. LONG. The point is the Senator is not extending it, except for 3 months, beyond what the Senate committee bill would do anyway. The Senator cannot count the annual tax cut if all he is doing is extending it for 3 months. On a 3-month basis it is not a $180 saving. It is a saving of $36. Is the Senator aware of that?

Mr. MUSKIE. There are two points, really. It is difficult to refer to both of them with precision in a statement of this kind. One, the withholding rate continues for the 3 months at the $180 annual withholding rate. The withholding rate is geared to the annual impact of the tax. The letter says $180 per year. So 3 months is not a year. I would hope the Members would have made that arithmetic. Whether or not the tax cut is extended beyond fiscal year 1977, of course, is a decision that is yet to be made. It is not the intent of the letter to mislead.

Mr. LONG. Here is the calculation of the Joint Committee: Assuming that the amendment of the Senator, insofar as it differs with the committee amendment, were to apply for a full year, the difference would not be $180; it would be $144.

Further——

Mr. MUSKIE. What is 2 percent of $9,000?

Mr. LONG. Two percent of $9,000 is $180, but that is not the average.

Mr. MUSKIE. They can take the higher one; can they not?

Mr. LONG. Not everybody has $9,000 of taxable income, so the taxable income is below $9,000. There are people who have taxable income below $9,000. So $9,000 is not the average.

Mr. MUSKIE. I understand that. I gather that below $9,000 it depends upon the number of children.

Mr. LONG. Yes, of course. If you average the whole thing out——

Mr. MUSKIE. It varies across the line.

Mr. LONG. Exactly. Therefore, the overall average works out to $144, not $180. That is the first error. Now, the second error——

Mr. MUSKIE. Well, may I say to the Senator, the importance of the $180 is that it reflects a percentage of income. If you are going to use an average of $144 as the tax credit, what is the average percent of income that that represents? I am looking at that 2 percent figure as a benefit, as well as the actual dollars. Obviously $144 could be more than 2 percent.

Mr. LONG. Small taxpayers would get more than 2 percent. They might get more. They might get $35 instead of the 2 percent.

But if you look at the average, you come up with $144. That is your first error.

Your second is that you are not extending this thing for 1 year; you are only extending it for 3 months, and at that point, even your amendment terminates it.

In other words, in October of next year the Senator's amendment would terminate the $35 a head tax credit. So if you recognize the second error, which is that the amendment deals with only one quarter instead of dealing with four quarters, that, then, gets you down to $36.

I think the record should reflect that, and I would hope that the Senator's "Dear Colleague" letter would be amended to indicate that he is talking about not $180 a family, but $36 a family.

It might also be well to reflect that what we do here is also subject to an amendment to say that the low-income allowance would be increased; and by doing that, this amendment by the committee would prevent anyone from being any worse off if he was in the low-income brackets.

So the calculations the Senator has made are partly in error, when he seeks to point up the difference between the two bills. It seems to me that that should be made clear.

Mr. MUSKIE. May I make another point?

Mr. LONG. Yes.

Mr. MUSKIE. Incidentally, I have the floor.

Mr. LONG. Yes, you do. Of course you do.

Mr. MUSKIE. I do this not to cut the Senator off, because I will be glad to have him come back, but I have two colleagues on the other side who wanted to speak, and I think they are upset because I have concentrated on yielding on this side. They are members of the committee. Could we return to this colloquy after I yield to them?

Mr. LONG. Surely. Would the Senator like to respond to what I have just said, or do that later?

Mr. MUSKIE. First a point about this letter. The Senator talks about the tax increase for most families. That does not include the impact of it on single individuals. I could not, in a single-page letter, cover all the varieties of situations that taxpayers find themselves in.

This was intended to be an estimate for families, that this is what it would mean on an annual basis, that is all.

Even as to those, I would grant there would be some variations. I do not have a computer brain and I cannot cover them all. But all that was intended here was to suggest the magnitude of the increase for poor families.

Mr. LONG. Well, the point is that the magnitude should be $36, not $180.

Mr. MUSKIE. All right; the colloquy has made that clear. I would assume most Senators could divide a year by four, but that might not be the case.

Mr. LONG. And also reduce $180 to $144; that would help, too.

Mr. MUSKIE. I suspect the $144 includes single individuals.

Mr. LONG. That is correct.

Mr. MUSKIE. Which the Senator refers to as families. I do not think I would accept $144 as an average for families.

Mr. President, I yield in turn to the Senator from New Mexico and the Senator from Idaho, and I apologize to them both for not getting to them earlier. I am truly sorry.

Mr. McCLURE. I thank the Senator for yielding. I do not know exactly how to approach the question of responding to the various points made during the course of the last hour and a half, because I think there are some important budget issues involved in this colloquy, and I hope the Senate does not lose sight of the budget issues as we try to resolve questions of substance within the budget.

I understood the Senator from Minnesota to say no one argues that the Finance Committee has come within the targets.

Well, I think there is an argument. That is one place where I perhaps differ with my distinguished chairman, the Senator from Maine. I do not believe that the first concurrent resolution mandates that we extend the tax cut for an entire year. I think that was an assumption. I think the conference report, when filed, as well as the committee report, when it was filed, indicated that that was one of the assumptions the Budget Committee was making. But whether or not it is extended is not mandated, any more than any of the other assumptions on the appropriations side. It can be argued that it should be, and it should be argued if that is the position of individual Senators. I will not take that position personally, because I think if the recovery comes along by July 1 of next year, we may find that the best antirecession tool to meet the problems of recession and at the same time not exacerbate the problems of inflation may well be behind the package the Finance Committee has come out with—the ending of the personal income tax reduction on July 1, and shifting instead to those forms of tax policies which stimulate capital formation. I submit we may be to that point where we ought to be doing it now. So I cannot argue against doing it next July 1.

But I do believe there is a distinction that ought to be kept in mind between the kind of amendment offered by the Senator from Maine and the kind of amendment offered by the Senator from Delaware, and that is the very heart of why section 306 may apply to the amendment of the Senator from Delaware, as distinguished from the one offered by the Senator from Maine.

I think the Senator from Tennessee raised a question as to whether there was a distinction that could be made. I think clearly there is. The amendment of the Senator from Maine deals with what kind of tax measure we will have; will we have a tax revenue measure that deals with this mass of tax exemptions, tax rates, and tax expenditures that is within the jurisdiction of the Finance Committee, that is dealt with by the Budget Committee report in a single section?

That should be changed. The Senator from Maine wants to change that mix. He wants to substitute one kind of tax package for another kind of tax package.

I would say to my friend the Senator from Arkansas that today is the day to face the question of whether or not we are going to extend for a full year. We should not wait until next July to make that decision, because we are involved in making a fiscal policy for the entire fiscal year of 1977, not just for part of it.

But I also want to say that this section 306 provision that makes it possible to raise a point of order is a limited restriction under the Budget Act. It does not apply to every action that might vary some of the numbers from the budget resolution, but only to those that will force the Budget Committee to make a change in the numbers. The Senate at any time can entertain and can pass, if it desires, an appropriation measure that increases an appropriation beyond that which was contemplated by the budget resolution. The Senate has the power to do that.

Between the first concurrent resolution and the second concurrent resolution that is not a budgetary policy. After the second concurrent resolution it is a budgetary policy, and is subject to a point of order because it is. The Senator from Delaware, in his amendment, seeks to have us vary the mix between spending and taxes, which crosses functional lines and forces the Budget Committee to make a different allocation of resources in a different way, and this is subject to the point of order in a much different way than the amendment of the Senator from Maine.

Mr. ROTH. The Senate did do that last Christmas. There is precedence for it.

Mr. McCLURE. We can do anything we desire if, as a matter of fact, we do not raise a point of order. Just because a point of order was not raised does not mean that it cannot be raised.

Mr. MUSKIE. I wish to make this point.

Mr. McCLURE. Surely.

Mr. MUSKIE. The reason I did not raise the point of order last Christmas is because we were trying to work out a compromise arrangement with Senators on the other side of the aisle, that could accommodate both sides here in the Chamber. It was near the end of the session. That was the reason.

Mr. ROTH. I say what the Senator from Delaware is trying to do now is also work out a compromise.

Mr. MUSKIE. Now we have the scheme and procedure set up in the budget and ought to use those.

Mr. DOMENICI. If the Senator from Idaho will yield for a further response, I call this to the Senator's attention.

When we fixed the resolution last year and a dollar-for-dollar cut, we did not have the first concurrent resolution adopted. We have a concurrent resolution adopted by the Senate now that is at issue. The Senator brought that up affecting next year and before this resolution was adopted. That is the proper time to bring it up, and we would have considered it in due course as part of the first concurrent resolution. If that does not apply now after we have adopted it, then every time we have anything we want to mandate on the Budget Committee because we find that we want something done, then between one and two resolutions we will have the Budget Committee having to adjust the figures that they are mandated to make as targets. That is the real issue here today.

We can breach those targets any time we want here in the Chamber. Our job is to come and argue that we should not. But when we mandate the Budget Committee to make an expenditure change, then we throw the whole budget process out of focus. What does Appropriations do? They sit around and wait anxiously to see if some Senator is going to mandate a change in the target so they will have a different ball game when they come to the Chamber. That is the real issue. The target should be argued if we are breaching them. That is the prerogative of the Senator and the committee. But when we dictate that, we change the budget resolution between budget resolution 1 and 2. That is what section 306 was for. And this is dictating that we change the expenditure figure in concurrent budget resolution No. 1. That is the whole issue, not the validity of the Muskie tax or the validity of Senator LONG's joy in the bill.

The point of order is do we want a budget process. The good Senator from Connecticut would argue that, because the targets are changeable, Senator MUSKIE's substantive change in the law should be treated exactly as tne mandate that we cut the expenditure level. They are clearly distinguishable.

I direct this to good Senator RIBICOFF. If an appropriations bill comes to this Chamber that breaches a target, there is no point of order that lies because one can argue that we have breached the target but it is only a target. But if a Senator comes to the Chamber with an appropriations bill that breaches the target by a billion dollars, he says:

> What I am going to do at the same time is order that the Budget Committee and the Finance Committee raise the revenue to take care of that extra billion.

That is what section 306 is for. It says the Senator cannot bring that up then. The Senator cannot force a change by amendment here of the fixed items in the first concurrent resolution. The Senator can change them in the second one when we are all through.

> So pass the appropriations bill that breaches the target, but do not dictate that we must change the figures that were targets so that when the second concurrent resolution comes about there is no reconciliation necessary.

I think there is a glaring difference. Senator ROTH's amendment mandates a change in the first concurrent resolution. Senator MUSKIE's amendment does not mandate any change in it. It says if we pass it and do not do any other changing in the Chamber, when we come to the second concurrent resolution we are probably going to be $1 billion more in deficit. I submit that is going to occur right along. The targets were targets.

But this point of order is a serious one because, any time we want the Budget Committee to change the mandated figures in the course of a year, all we have to do is come in the Chamber with this kind of amendment and say:

> Change it right now because we are about to change our modus operandi here.

That is what the Senator when he so admirably led the charge to adopt this new budget reform did not want to happen. Let the evolution change it when we come to the second concurrent resolution but do not say:

> Hey, we are changing our mind as to taxes here. So, Budget Committee, you go change the figures in that first budget resolution. We are ordering you, directing you to change it in some way.

I think that is the issue, and it is much bigger than the Muskie buster or the Long joy that is here in the Chamber.

They are irrelevant to the point of order and the attempt to change the first concurrent resolution. It just happens that it comes along now.

I thank the Senator.

Mr. ROTH. I shall make a brief comment because I wish to make certain that the Senate understands my amendment. It does not mandate that the targets be changed. It says that Congress, under the budget process, will take these factors into consideration in the second resolution. It is giving instructions toward the second.

Mr. DOMENICI. Yes, and I think that is exactly what 306 says. It says:

> You are perfectly within your rights to introduce it, but that if a point of order is raised the best that can occur with your proposal is that it be referred to the Budget Committee for consideration.

I think that is what section 306 says.

Mr. TAFT. Mr. President, I hope that we shall be allowed to vote on measures which seek to call our attention to the function of the Budget Committee in setting targets for spending and receipts. We have established a target deficit for this year, and we hope to avoid actions which will increase to.

The Roth amendment simply requires us either to avoid deeper tax cuts than the bill provides, or to cut spending, or to raise revenues somewhere else in the bill.

We have all been hearing a great deal about the harmful effects of Federal deficits on the national economy. In discussing these deficits, we must keep in mind the state of the economy at the time of the deficit.

Both liberal and conservative economists agree that, in times of recession, a deficit is necessary to stimulate the economy. But they also agree that in times of boom a surplus should be run to keep the economy from overheating and developing an inflation.

What is the problem of running a deficit during a business expansion? The problem is simply that deficits must be financed. When the Government issues bonds to acquire funds, one of two things can happen. First, the Federal Reserve Board, which is in charge of the creation of money and credit in the country, may choose to purchase some of these bonds, or may decide to let the public do all the buying. If the public is to do all the buying, then a portion of the public's savings will go into the purchase of Federal bonds. This means that those savings are not available for the purchase of private bonds, or for the banking system to use to lend to private borrowers. Thus, investment is reduced, and the economy's growth rate slows. It is only through the use of savings for the construction of new mines, farms, factories, roads, and so forth, that the economy can grow, and produce more and better paying jobs for an expanding population. Thus, permanent deficits are a tremendous drag on the economy and severely retard the growth of our standard of living.

Allternatively, the Federal Reserve can seek to increase the amount of credit in the system, by purchasing some of the Government bonds. This, too, has its drawbacks. Extra money is created, and private consumption and investment are not automatically reduced. Total spending in the economy is increased, while the total supply of goods and services has not been changed. This necessitates a price rise. This is the root of an inflation.

The only way to avoid this is to match tax cuts with spending cuts.

I am not particularly sanguine about the prospects for such a reasonable approach. In the long set of hearings on S. 50, the Humphrey-Hawkins bill, conducted by the Joint Economic Committee, the majority seemed committed to spending programs at the expense of, or even in addition to, tax cuts, regardless of deficits. S. 50 has been predicted to create an additional $25 billion to $50 billion per year, depending on how many of its obvious flaws are corrected. Yet there was no mention of how this would be financed. All we heard were muted warnings from Professor Galbraith that we would need wage and price controls if the bill were adopted.

It is time we backed off from this spending approach to all problems.

I believe in a continuation of moderate monetary and fiscal policy to promote low interest rates and a return to a stable expansion of housing, industrial capacity, and employment.

I believe that we need deeper tax cuts to provide renewed incentive for work, for savings, and for investment. The heavy hand of government is destroying incentive and crippling our economic growth.

However, I do not want to substitute one economic crippler for another. We must reduce spending too, to avoid a deeper deficit and more inflation.

The Senator from Delaware is quite right to raise the point that if we support the Budget Committee's version of the tax cut extension, we should be concerned enough about inflation and the first concurrent resolution on the budget to promise either to raise revenues elsewhere in the bill, or, ideally, to restrict spending in some manner.

Mr. MUSKIE. Mr. President, I think we have had enough debate on this. I make my point of order.

Mr. McCLURE. Mr. President, will the Senator yield a few minutes more?

Mr. MUSKIE. I yield.

Mr. McCLURE. I do not wish to prolong the debate. The Senator from New Mexico indicated he wanted to respond to the Senator from Delaware, and I interrupted my remarks so he might do that.

The anomaly is that I like what Senator ROTH is after, and yet I am going to support the point of order because I like the budget process more. I think it is more important. I think in order to protect the budget process itself we must support the point of order and oppose the motion that will be made by the Senator from Delaware, as much as I like the results of what we would do. That is the budget-reconciling process, both in the first concurrent resolution and in the second concurrent resolution, but not in this matter in between.

Similarly, although I support the Senator from Maine on the point of order, I cannot support him on the amendment because, for much the same reason that I have articulated before, I think the Finance Committee has the right to do what they did in the package, and it was not prohibited by the first concurrent resolution. They acted within the latitude, in my judgment, that was given to them under the Budget Act and the first concurrent resolution. The Senator from Maine is right within his rights and is not subject to a point of order in offering the amendment he has made, although I disagree with the amendment and will oppose the amendment.

I thank the Senator for yielding.

Mr. MUSKIE. I thank both colleagues.

Mr. MONDALE. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield to the Senator from Minnesota.

Mr. MONDALE. Mr. President, I ask unanimous consent that Mr. Brad Furguson be accorded the privilege of the floor during the consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, I do raise the point of order under section 306 of the Budget Act with respect to the amendment of the Senator from Delaware.

Mr. ROTH. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ROTH. Mr. President, is it in order for me to make a motion to recommit the bill to the Committee on the Budget after the ruling?

The PRESIDING OFFICER. After the ruling on the point of order?

Mr. ROTH. Yes.

The PRESIDING OFFICER. It would be in order. The motion to refer is in order any time up to the passage of the bill.

Mr. MUSKIE. Mr. President, I make the point of order.

The PRESIDING OFFICER. The point of order has been made by the Senator from Maine.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware is recognized.

Mr. ROTH. Mr. President, I move that H.R. 10612 be referred to the Committee on the Budget with instructions that such committee report the bill back forthwith with an amendment providing that any extension of the general tax credit provided in section 42 of the Internal Revenue Code of 1954 beyond June 30, 1977, be accompanied by a specific reduction in spending limits provided in the first concurrent budget resolution for the fiscal year 1977 equal to any loss in revenue resulting from such extension.

I ask for the yeas and nays.

The PRESIDING OFFICER. In response to the Senator's parliamentary inquiry a moment ago, the Chair advised that the motion to refer would be in order after the point of order has been acted upon. It is not in order at this point, until or subsequent to action on the point of order, under the precedents of the Senate.

Mr. ROTH. I will withhold that.

The PRESIDING OFFICER. The question now is on the point of order, which the Chair sustains under section 306 of the Budget and Impoundment Control Act, Public Law 93-344.

Mr. ROTH. Mr. President, I now move that H.R.10612 be referred.

The PRESIDING OFFICER. The Senator is in order to make that motion now.

Mr. ROTH. I ask for the yeas and nays.

Mr. MUSKIE. Mr. President, may we hear the motion? I have not heard it.

Mr. ROTH. I will be happy to read it again.

The PRESIDING OFFICER. If the Senator will send the motion to the desk, it will be reported from the desk.

Mr. ROTH. Yes.

The PRESIDING OFFICER. The motion will be stated.

The legislative clerk read as follows:

> I move that the bill H.R. 10612 be referred to the Committee on the Budget with instructions that such Committee report the bill back forthwith with an amendment providing that any extension of the general tax credit provided in section 42 of the Internal Revenue Code of 1954 beyond June 30, 1977, be accompanied by a specific reduction in dollar spending limits provided in the First Concurrent Budget Resolution for the fiscal year 1977 equal to any loss in revenue resulting from such extension.

Mr. ROTH. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MAGNUSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MAGNUSON. This is as to the motion. The Senator from Delaware has moved to refer this matter to the Budget Committee. Does the Chair rule that the Budget Committee is a legislative committee?

The PRESIDING OFFICER. Yes. It is covered under rule XXV of the Senate.

Mr. MAGNUSON. And that, therefore, they can determine legislation on top of what the Finance Committee determines. Is that correct?

The PRESIDING OFFICER. If the Senate chooses to refer it for that purpose.

Mr. LONG. They would report the bill only with the amendment suggested by the Senator from Delaware. Because of the point of order, he is moving to refer to the Budget Committee, with instructions to report forthwith, with the amendment.

The PRESIDING OFFICER. The Senator from Louisiana is correct.

Mr. LONG. He is asking that it be reported back with his amendment and nothing else.

Mr. McCLURE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLURE. In a motion to recommit, with instructions to report forthwith, that ordinarily, as I understand it, would imply that it is a ministerial act only of the committee to bring it back immediately.

The PRESIDING OFFICER. If the bill is referred, with these instructions, it would be back before the Senate immediately, with the amendment.

Mr. McCLURE. Mr. President, does not the motion of the Senator from Delaware require the Budget Committee to make certain spending cuts, and does not that require the Budget Committee to hold meetings and to determine where those budget cuts would occur throughout all the functions of the budget? Therefore, is it not true that a motion to recommit and to report back forthwith must be precise on its face and must not require the interposition of the judgment of the committee as to how it is to be carried out?

The PRESIDING OFFICER. Without going into the specific issue raised by the Senator, the Chair reiterates that if the motion to refer is agreed to by the Senate with the instructions attached, the bill would be back before the Senate immediately, with the amendment attached.

Mr. McCLURE. Mr. President, I make the point of order that the motion is out of order. On its face, it requires the Budget Committee to exercise discretion and take actions that are beyond simply reporting it back. The Senate can instruct the committee to take action, but it cannot require the committee to report back forthwith, when it has no opportunity to meet, to hold hearings, to take whatever discretionary action is required. The Senator's motion requires the Budget Committee to spread these cuts throughout the budget. We could not possibly report back forthwith.

Mr. DOMENICI. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. It would not be within the province of the Chair to determine what the committee should do, based on the instructions.

Mr. McCLURE. Can the Chair instruct the Senator as to where those budget cuts would occur, under the Senator's motion?

The PRESIDING OFFICER. No.

Mr. McCLURE. How can the committee comply with the order of the motion?

The PRESIDING OFFICER. If the Senate, in its wisdom, wants to vote favorably on the motion, then it has the prerogative to do that, and the committee would be so instructed.

Mr. McCLURE. But the committee could not possibly follow the mandate if it were ordered. It is an absolute impossibility.

The PRESIDING OFFICER. I suspect that that is one of the considerations that Senators would have to take into consideration in voting on the motion.

Mr. LONG. As I understand it, the amendment would do for the Budget Committee what the chairman of the Budget Committee would like to do to the Finance Committee, to tell them what to do and to make them do it. That is the clean way to do it.

Mr. DOMENICI. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER The Senator will state it.

Mr. DOMENICI. The nature of the budget resolution is a concurrent resolution adopted by both Houses. My inquiry is whether the Senate can mandate this amendment in the manner suggested by the motion.

The PRESIDING OFFICER. The Senate can instruct its Budget Committee by this motion, by majority vote.

Mr. MUSKIE. Mr. President, this is the same as the Senator from Delaware's original amendment. It is a fraud on the budget process. He is trying to do by indirection what he could not do directly because it was subject to a point of order. The objective is the same. It could not possibly work.

There is no way for the Budget Committee to exercise any discretion. After it was reported back and included in the bill, since it had already gone to the Budget Committee theoretically under the motion of the Senator, then it would be a useless piece of legislative language in the bill, because the Budget Committee already, by action of the Senator's motion, would have performed the function by its intent to perform under the language of the bill, if it is included in the bill. It is the strangest merry-go-round of an amendment I ever heard of.

I move to lay the Senator's motion on the table.

Mr. DOLE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Maine. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. Abourezk), the Senator from Texas (Mr. Bentsen), the Senator from Idaho (Mr. Church), the Senator from Kentucky (Mr. Ford), the Senator from Alaska (Mr. Gravel), the Senator from Colorado (Mr. Gary Hart), the Senator from Indiana (Mr. Hartke), the Senator from Mississippi (Mr. Stennis), and the Senator from Utah (Mr. Moss) are necessarily absent.

I also announce that the Senator from Indiana (Mr. Bayh) and the Senator from Missouri (Mr. Symington) are absent because of illness.

Mr. HUGH SCOTT. I announce that the Senator from Oklahoma (Mr. Bartlett), the Senator from Maryland (Mr. Beall), the Senator from Oklahoma (Mr. Bellmon), the Senator from New York (Mr. Buckley), the Senator from New Jersey (Mr. Case), the Senator from Arizona (Mr. Goldwater), the Senator from Michigan (Mr. Griffin), the Senator from Nebraska (Mr. Hruska), and the Senator from Texas (Mr. Tower) are necessarily absent.

The result was announced—yeas 46, nays 34, as follows:

[Rollcall Vote No. 302 Leg.]

YEAS—46

Biden
Brooke
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Clark
Cranston
Culver
Domenici
Durkin
Eagleton
Glenn
Hart, Philip A.
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Jackson
Javits
Kennedy
Leahy
Mansfield
Mathias
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Muskie
Nelson
Nunn
Pastore
Pearson
Pell
Percy
Randolph
Schweiker
Stevens
Stevenson
Tunney
Williams

NAYS—34

Allen
Baker
Brock
Byrd, Harry F., Jr.
Curtis
Dole
Eastland
Fannin
Fong
Garn
Hansen
Hatfield
Helms
Inouye
Johnston
Laxalt
Long
Magnuson
McClellan
Morgan
Packwood
Proxmire
Ribicoff
Roth
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stone
Taft
Talmadge
Thurmond
Weicker
Young

NOT VOTING—20

Abourezk
Bartlett
Bayh
Beall
Bellmon
Bentsen
Buckley
Case
Church
Ford
Goldwater
Gravel
Griffin
Hart, Gary
Hartke
Hruska
Moss
Stennis
Symington
Tower

So Mr. Muskie's motion to lay on the table was agreed to.

Mr. KENNEDY. Mr. President, I am very hopeful that we can move to an early vote on the measure which is before us, the Muskie-Bellmon amendment, here this afternoon.

I think the distinguished Senator from Maine has outlined, with very compelling reasons the justifications for the amendment from a budget point of view.

I was rather interested during the course of the debate last evening when the chairman of the Budget Committee was called a budget-buster. There is about as much chance of the Senator from Maine being a budget-buster as there is of the chairman of the Finance Committee taking away an oil and gas loophole.

(At this point, Mr. BUMPERS assumed the Chair.)

It just did not seem to me to make a great deal of sense.

But, Mr. President, I would like, for just a few moments, to speak to what I consider to be the real issue before the Senate this afternoon.

I think all of us are very much aware of what is going on here. With the recommendations of the Budget Committee, we are talking about raising the taxes of middle income people by some $1.8 billion.

Every Member of this Senate understands full well what is taking place back in our offices. The phones are ringing off the hook. The phones are ringing off the hook and the special interest groups are crowding the offices of every Member of the U.S. Senate.

Everyone in this body has been visited time and time again during the past week or two. We are being visited today. I am sure we will continue to be visited during the rest of the time we are debating this tax measure.

There is no one who is more concerned about the future of the country than a special interest group that is about to lose its loophole. This is really what we are talking about during the underlying debate and the discussion of the budget process and this amendment.

Very few have been speaking for the average taxpayer, who will pay a good deal more taxes unless the amendment of the distinguished Senator from Maine and the distinguished Senator from Oklahoma is accepted.

I was interested in the amendment of the Senator from Delaware (Mr. Roth), which provided that if we adopt the amendment of the Senator from Maine, we should also adopt a reduction in Federal spending for next year.

It is rather interesting. They talk about cutting Federal spending, but they never talk about cutting tax spending. Each of us is very much aware of what a reduction in Federal spending means.

It means less in terms of health care, child and maternal care, immunization programs, as we have seen over the past year, less in terms of education, less in programs for our elderly people, less for housing, less for the farmers, less for the small business persons, less for those in the inner cities or in rural poverty.

When we talk about reducing Federal spending, we know the areas where the greatest cuts come from.

I would have been interested to hear the Senator from Delaware talk about reduction in tax spending. But no, he talks about reduction of direct spending. What about tax spending, and the increases in tax loopholes and tax preferences?

I think that an argument based on equity should be made. Who bears the burden of these tax loopholes? It is the low- and middle-income taxpayers whose taxes are too high because others pay too little.

Mr. President, during the period of the past day and a half, we have heard a great deal of talk about how we are to determine whether something is a tax loophole or not a tax loophole.

Some have said that what is a tax loophole for one is a tax lifeline for another.

I hope that in the next few days, as we are trying to evaluate the proposal that has been put forward by Senator Nelson and Senator Hollings, we will apply some rather basic and fundamental tests on these tax expenditures. The first test is whether there really is a justification for a Federal subsidy.

(At this point, Mr. STONE assumed the Chair.)

We can say that there are certain public policy needs in this country which justify the allocation of taxpayers' money in the public policy interest.

Now, if we can meet that particular test, then I think we go onto the second test, whether it is better to implement the subsection through a direct appropriation or through a tax expenditure.

Obviously, there are areas where tax expenditures are desirable and worthwhile, such as cases where we do not want to create a whole new bureaucracy of the Federal Government, and where a tax expenditure is proper and desirable.

Once we justify the need for a tax expenditure, then I think we have a third test, a responsibility to guarantee that the tax expenditure is designed in the fairest and most effective and efficient way.

We may make a decision that we want to put more money into the development of oil and gas well. But doing it through tax shelters, is that the best way, when we are losing about 30 or 40 percent of the revenue going to the middleman in the shelters and to doctors and dentists in Massachusetts, to drill a well in Texas or Oklahoma?

If we make the decision that a tax incentive is needed, can we not find a more efficient way of doing it, such as under an investment credit program, or some other means?

Mr. President, if we consider this budget from a public policy point of view, that we are going to have some expenditures, we can make decisions on tax expenditures and direct expenditures. Then we ask, if we use tax expenditures, what are the best means to do it?

Mr. President, I hope those tests could be applied to the provisions which have been included in the Nelson-Hollings amendment. When those tests are applied, I think we can win a majority of the Members of this particular body.

Mr. President, we have seen what the Finance Committee has done under the question of the tax reform, from the tax equity point of view.

In some of these areas, my phone is ringing off the hook, but it is not from the special interests, it is not from those groups that are talking about tax shelters.

It is from schoolteachers and college professors and other citizens who are going to be heavily impacted by one particular proposal.

In the areas that are considered tax reform by the Senate Finance Committee, there is the item of $200 million raised by eliminating the deduction for offices in homes. Many schoolteachers have benefited from this provision. That is why so many of them have been in touch with my office over the the past few days.

They understood the full implications. Schoolteachers take examinations home and grade them on their dining room table. So they have been allowed these few dollars in terms of a tax deduction. It adds up to something more than $200 million. So they are losing their loopholes.

Then, there is $300 milion from eliminating the deduction for gasoline taxes.

Who uses that loophole, I ask again? It is the average worker, the average housewife. They are the ones who take advantage of this particular program. They are average citizens who itemize this deduction on their tax forms. So they are losing their loophole.

So, that is $200 million from the office-in-the-home deduction and $300 million from the gasoline deduction. On the other hand, the commitee is picking up only $165 million from tax shelter loopholes, and $84 million on the $1.5 billion lost in the DISC loophole for large exporting corporations. So we see the priorities of the Finance Committee. We see who loses this loophole first, the average taxpayers of the Nation, not the wealthy special interests.

So, Mr. President, it seems to me that if we can try and reach some objective test of all of these measures in the Nelson-Hollings amendment, I believe we can conform with the mandate of both the budget resolution and a sensible and responsible tax equity and tax reform policy.

I would hope, Mr. President, that we can vote on the Muskie-Bellmon amendment at the earliest possible time. I feel it is justified. I feel it is warranted from the economic point of view, and is ultimately sound and fair from a tax equity point of view.

I think all of our Members can vote for the Nelson-Hollings approach, and meet the budget recommendations as well. Or they can vote for a number of other tax reform amendments that will also come up, and meet the tax reform target in other ways. The point is, we ought to meet the target, if our budget process is to retain its meaning and vitality.

The PRESIDING OFFICER. The question is on——

Mr. CURTIS. Mr. President, it is my opinion that in addition to the conflict between the two committees, the Committee on the Budget and the Committee on Finance, as to who recommends to the Senate the tax bill, there is something very fundamental involved.

The basis of the controversy today revolves around this question of whether the overall figures, the targets, set forth in the budget resolution, are binding guidelines on the Committee on Finance?

Let us assume for the sake of argument that the Budget Committee is superior in experience, in wisdom, in staff. There is still something else wrong with that notion.

In this country of ours it is the people who have to pay the taxes. They are the ones from which this Senate derives its power.

I do not believe important items of legislation such as a tax bill should be written without regard to the fact that the people are entitled to an orderly procedure and a hearing. There was no hearing in the sense that taxpayers were on notice that their industry or their livelihood would be affected by a tax proposal of the Budget Committee. The Budget Committee, pursuant to the law, furnished the Senate with their calculations as to how they arrived at a limit on expenditures and a level of taxation. Those overall limits are binding upon all the committees of the Senate. But when we accept the premise that the assumptions made by the Budget Committee are binding on the Senate and on the Finance Committee, we are denying due process to the taxpayers of the country.

Mr. President, the assumptions of the Budget Committee, in a real sense, were very brief.

Here in my hand is a tax bill that is the result of 4 long weeks of hearings. Many people asked to come in and they could not be heard. We ran long days. Many people submitted written statements. Other individuals and groups which had a common interest pooled and let one person speak for them.

Mr. President, they were entitled to that.

I, for one, am not going to speak with scorn and contempt toward the taxpayers of the country.

Look at the provisions of this bill. If any segment of industry or any individual wants to know what it provides, or wants to protest what is being done, here is one member of the Senate Finance Committee who will, to the limit of the time available, listen to their story. To label spokespeople as special interests and treat them with scorn is a most unkind thing to do. I think it is a repudiation of all our sacred principles of the right of people to be self-governing.

Are we going to delegate the budget-making process to this huge topheavy bureaucracy of the Congressional Budget Office and after a short consideration they decide what taxes shall be imposed and what shall be reduced? And then are we going to deny to the regular legislative committee the right to hold hearings, or will they hold hearings and say, in essence, to the public, to the taxpayers, "This is a sham. This is window dressing. You can express yourself for or against this tax. Yes, you can make some suggestions as to how to make it more workable. But it doesn't count. This has already been decided. It is in the assumptions of the Budget Committee."

Mr. President, that is not good government.

Mr. President, that is not treating the taxpayers of this country with fairness.

It is so easy to glibly talk about tax expenditures. What is a tax expenditure? Well, here is one thing that it is not: All of a citizen's earnings belong to him and he should be called upon to pay his just share of running the Government. The tax expenditure philosophy is based upon the false notion that all of an individual's income or all of a company's income belongs to the Government, and then the Government should decide how much he gets back or the company gets back.

In arriving at taxable income we have to have certain definitions. What is income? Income is what is taken in less the expenses of earning that income. Some people have to borrow money and pay interest to produce income, or an honest effort to produce income. Yet we spent time yesterday on an amendment that says, "That interest is a tax expenditure. That is giving to a taxpayer something that belongs to us, to us Socialists to scatter around and redistribute, the wealth."

Mr. President, where are we going?

It was apparent when the amendment last evening was tabled that a majority of this Senate was not taking the jurisdiction of the Finance Committee away and giving it to the Committee on the Budget.

Today we are confronted with a clever but oblique attempt to deal with that same question by bringing it in as a tax reduction.

Of course, it is hard for many people to vote against a tax reduction. A third of the Senate will be out campaigning, and it is quite a difficult thing for one of us to be at a meeting and have other people say, "You had a chance to lower my taxes, and you voted against it." So, consequently, the pending amendment to extend this tax cut for 3 more months will gather some votes that have no relation to the fundamental issue involved here.

That is why I say it is an oblique and, yes, an unfair way of raising this issue.

Mr. President, I do not think the Committee on Finance has any super-knowledge. I do not think that we possess any powers or gifts, that we can do a better job than the Budget Committee. But I do submit this: if the Budget Committee intended to bind not only the Senate, but the United States by their assumption as to what taxes should be added and what should be reduced, they should have announced that and held hearings—public hearings—and gone into in detail. They should have asked the people who have to pay. They should have asked knowledgeable accountants and knowledgeable tax lawyers about it.

I do not challenge their competence, but why would they not use their competence to write a tax bill in an orderly fashion, in fairness to the taxpayers of our country? Instead of that, after some discussion, they gather estimates in order to set target figures of overall spending and overall tax revenues.

The Finance Committee does not object to that. We want to live within those estimates; and I believe that is all that Congress intended. I believe that if any frank statement had been made at the time the budget law was being enacted that we were going to make a basic change in how tax legislation is handled here, it is doubtful if such a law would ever have been passed.

Mr. President, this method of trying to gain power for the Budget Committee by holding out an attractive tax cut is not something anyone can be proud of.

I am sure this is an innocent error in this letter, but what does the letter tell Senators? It says there is $180 involved for the average family.

Well, we are only talking about a fourth of a year. One-fourth of $180——

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. CURTIS. I yield.

Mr. TALMADGE. I think it is $108 annually. $108 annually divided by four would be $36.

Mr. CURTIS. That is right. I said $180. But there is only $36 involved.

Well, their margin of error is only 4 to 1. That is all. Only 4 to 1.

Now, it is assumed by some that everyone who has an interest in this tax bill is a wicked special interest. Well, we have got a lot of special interests in Nebraska. Every one of those fine people out there is a special interest to me. I want them to live under just laws. I want them to pay their share of taxes, and no more. They are very, a very special interest to me. If someone is an employee, that is a special interest. I want him to have job opportunities. I want him to live in a society where everything is not destroyed by inflation. Every employee, every farmer, every employer in the State of Nebraska is a very special interest to me, and if someone is employing 10 people or 100 people or 500 people, that is a special interest to me, and I am proud to proclaim it.

If they want to come before a committee of Congress and explain to us how they see a particular tax proposal, how it will benefit or injure their industry, and it has something to do with the level of employment—that is a special interest; a wonderful, fine special interest, and I resent the inferences and the insinuations that every taxpayer in the country is an evil sort of person, that everyone who provides a job or a thousand jobs is some sinister force, and that if a Representative or a Senator talks to them, he is corrupt.

Mr. President, where have we come in this country? Do the people have any rights at all? Can they petition their Government? Can they talk to their Representatives? Do their Senators and Congressmen have an obligation to hold public hearings, disclose what they are going to enact, and hear comments, suggestions, and criticisms from the people?

That is what is at stake here. If we are bound by the assumptions of the Budget Committee on the content of the tax bill, if that is binding on the Senate, if it is binding on the Finance Committee, it is also binding on the people of the country, and they have never had a hearing on the details of the tax before the Budget Committee.

Oh, how I hope we will have a resurgence of true liberalism in this country—a liberalism that believes in people, their rights as citizens, their rights to be heard, their ability and their confidence to do things for themselves, without being directed and regulated all the time by Government.

Here are the reactionary forces of the Senate; and it is shocking what those reactionary forces are trying to do. They are trying to say that they and their experts on the budget, without any budget hearings, devised what was good and best for the country, and that is binding, and the usual process of holding hearings and listening to the people that have to pay is no longer necessary, because the decision was already made.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CURTIS. I am happy to yield to my distinguished friend.

Mr. LONG. Is it not true that the bill, as reported by the Finance Committee, contains provisions to help the working poor and low-income people, with amendments added by the committee to further help the working mothers of little children, that on the whole the bill does more to help low-income people than the bill sent to us by the House which was more or less the basis of the Budget Committee resolution?

Mr. CURTIS. One of the things in the law that is very helpful to those of real low income was never devised by the Budget Committee, but it came from the Finance Committee. Our distinguished chairman was the author of it. I refer to the earned income credit. There are people who make such a small amount of money, yet they earn their own living, and they are called upon to pay payroll taxes, if not income taxes, and the distinguished chairman of this committee devised the earned income credit so they get 10 percent of their earned income up to $400 returned to them.

It practically relieves them of the social security tax. Yet the reactionary forces of this Senate—reactionary forces point their finger at the Finance Committee and at the chairman of this committee and imply that he writes tax bills discriminating against the low income and the poor and somehow it is a bundle of favors for someone who is corrupt, because they are in industry.

This bill contains many sections for the benefit of the poor and the low income. In fact, I would put them in two broad categories, some directly dealing with them as the earned income credit, and the low-income allowance. In addition to that, the committee has striven to try to create more jobs in this country. Someone who wants to ridicule it can say it is a trickle down theory and all this and that. The fact remains it takes a lot of money to get the equipment to put one person to work, a lot of money, and yet every effort along that line is branded as something wrong.

Mr. LONG. Mr. President, will the Senator yield further?

Mr. CURTIS. I yield.

Mr. LONG. Is this not true that economic studies show that on a dollar-for-dollar basis the provisions that we adopted to help business to modernize, build new plants, and expand their operations have actually provided more jobs and helped the workingman more in that respect than these across-the-board tax cuts where we give $35 to everyone or a flat amount of money to everyone on the theory that they will spend it if we put the money in their hands?

Mr. CURTIS. That is correct. The amendment now pending is not $35 for each poor person. It is $35 for everyone.

Mr. LONG. That is right.

Mr. CURTIS. It is $35 for the mover of the amendment, and it is $35 for all the financial giants of the country. What the distinguished chairman has done in his efforts for an earned income credit, for raising the standard deduction, and minimum standard deduction has been geared to that very thing. The Muskie amendment is bait for everyone. But when we apply it to everyone, the fat cats and everyone else, it adds up to $1.7 billion. But do not let anyone be fooled. It is not $1.7 billion for the poor. It is $1.7 billion to get some votes in this Senate.

Mr. LONG. Mr. President, will the Senator yield further?

Mr. CURTIS. I yield.

Mr. LONG. Does it not work out that the whole $1.7 billion in the Muskie amendment goes to people making more than $12,000 a year, with not a penny in there for a poor man?

Mr. CURTIS. That is correct.

Mr. LONG. There is not a penny in there for the low-income family?

Mr. CURTIS. That is correct.

Mr. LONG. There is not a penny there for a workingman whose family has less than average income. All of it is for the middle- and the upper-income people. So, is it not true that the Muskie amendment totally ignores the needs of the poor?

Mr. CURTIS. Yes. We are battling the forces of reaction in the Senate, brought on by those people who would so stifle our economy that no one could get a job.

Mr. LONG. The Muskie amendment is a rich-gets-richer amendment.

Mr. CURTIS. Yes.

Mr. LONG. The poor are left out.

Mr. CURTIS. The one amendment yesterday that the distinguished chairman tabled and this Senate sustained provided that if a person were in business and one of the boys in a certain business he could go ahead and write off losses but if he were on the outside trying to get in he could not. It was based upon that age-old premise that he who has, gets.

I agree with my distinguished chairman.

There is nothing in this $1.7 billion that is specifically designed for the poor or the low-income people. It is an offer for power. It is a bait thrown out here to frighten Senators, to make them think they will be in trouble in not voting for an income tax cut that we cannot afford.

The budget-buster who offered this not only is increasing the national debt and busting the budget, but he is also claiming to do it for the benefit of the poor and needy, and he is not. He is doing it for the upper bracket income people.

He claims there is $108 for the average family. It is $36. Mr. President, black is still black and white is still white.

Mr. LONG. When the Senator speaks of that average keep this in mind: That is an average arrived at by averaging in the number of poor; and the poor do not get anything out of it.

Mr. CURTIS. That is correct.

Mr. LONG. Yes.

Mr. CURTIS. It will take care of everyone in this Chamber, but when we think of the hundred most poor people back home, it will not touch a one of them.

Mr. President, we have an obligation to finish this long and complicated tax bill, go to conference, finish the conference, and lay it on the President's desk by the first of July.

But the forces of reaction have raided this Chamber and consumed 2 or 3 days trying to force down on the country their notion of a tax bill on which they never had a public hearing, and they never had one taxpayer come in and say:

> Mr. Senator, I would like to tell you how this proposed tax bill affects me, people of my income group, my business, or my job.

They just push that off. That is a special interest. If one listens to them he is corrupt, he is evil.

Mr. President, I hope that the Senate will reject this effort on the part of the chairman of the Committee on the Budget to bind the Senate to a procedure whereby, by a few hours or a few minutes' consideration in some social planner's scheme they can write something in a report and make it binding. That is the amount of taxes, and the kind of taxes we will have, instead of following the usual practice of a legislative hearing.

Mr. President, there is another reason why this amendment should be voted down: It exceeds the budget. It adds $1.7 billion to the deficit—$1.7 billion to the national debt.

They can have all the fine theories that the human mind can devise, but the fact remains that this whole budget process was advocated across the country and Congress was urged to adopt it in order to bring the budget under control, to keep expenditures below receipts. Instead of that, we have the chairman of the Budget Committee wanting further tax reduction, wanting to increase the deficit further.

Mr. President, I hope this amendment will be defeated overwhelmingly. We cannot serve the people of this country by adding to the fires of inflation. We cannot serve the people of this country by telling them that amendment is for the poor, but if they make less than $12,000, they cannot get a nickel of it. We cannot serve the people of this country by adding to the national debt. That is what the distinguished Senator from Maine is asking us to do.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CURTIS. I yield.

Mr. LONG. I say to the distinguished Senator that it is an old and somewhat familiar experience to the Senator from Louisiana to stand here, as one of those on the Finance Committee, pleading with the Senate to be fiscally responsible. We have been doing that down through the years. Long before anybody ever heard of the Budget Committee, we would have Senators offer amendments that had great appeal because they were going to benefit a large number of individuals, sometimes by an across-the-board tax cut or sometimes by some other goodies that we really could not afford; and we would have to try to persuade the Senate that that should not be done, that the country could not afford it, and that it would bankrupt the Nation. We had to do it on tax bills, on social security bills, on unemployment insurance bills.

The only thing that seems to have changed in the 28 years I have been in the Senate is that now when we stand on the floor and plead that the Senate be responsible and not to bust the budget, the man who is offering the amendment is the chairman of the Budget Committee. The chairman of the Budget Committee leads the charge to bankrupt the country.

Mr. CURTIS. That is correct.

Mr. President, I think we should take note of the fact that the people back home are smarter than we think. It is the individuals who have stood for fiscal responsibility who stay here a long time.

I recall the incident of someone—and I raise no point about the man's character, integrity, or intelligence—who was facing a tough fight, and he made a big issue of raising the personal exemption. It would have added to the deficit; it would have added to the debt. Yet that appeal—"Here, I'm going to do this for you"—was carried to his State. But he is not here anymore.

I say that with no reflection on the individual. I say it to illustrate the point that the people back home are smarter than we think. If someone tries to stop inflation and tries to act responsibly in matters of taxes and expenditures and takes his story to the people, they will support him. But if the tax policy, the cuts, and so forth, were determined before there ever was a legislative hearing, the people will be smart enough to find that out, too.

Mr. President, I yield the floor.

Mr. FANNIN. Mr. President, I ask unanimous consent that the pending measure be set aside temporarily, so that I may call up a concurrent resolution that has been cleared on both sides of the aisle.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

SENATE CONCURRENT RESOLUTION 123—EXTENSION OF CONTRACT FOR FORT MOHAVE, NEV.

Mr. FANNIN. Mr. President, I send to the desk a concurrent resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the concurrent resolution.

The legislative clerk read as follows:

> S. CON. RES. 123
>
> *Resolved by the Senate (the House of Representatives concurring)*, that the execution of a contract of sale between the Department of the Interior and the State of Nevada for the Fort Mohave transfer area, submitted to the Senate on May 7, 1976 pursuant to Public Law 86–433, is hereby approved.

Mr. FANNIN. Mr. President, this concurrent resolution would allow an amendment to a contract of sale between the Department of the Interior and the State of Nevada for the Fort Mohave transfer area. In effect, it grants an extension until June 1, 1977, to consummate the terms of the contract. Public Law 86–433 requires the contract to be presented to Congress for its approval.

Because of the exigencies of time, the committee has not taken formal action on this contract, but the majority and minority staffs have considered this contract. The amendment which we are approving simply extends from 4 to 6 years, a period during which the State must complete the purchase of the lands involved. I am informed that the chairman of the House Committee on Interior and Insular Affairs has written the Secretary, indicating they have no objections to this extension.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution was agreed to.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. LONG. Mr. President, will the Senator yield?

Mr. PACKWOOD. I yield.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator yield for that purpose?

Mr. PACKWOOD. Not immediately, no.

Yes, I yield for that purpose.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. McCLURE). Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, I have been listening with interest to this debate on the subject of the budget resolution, the budget report, and what the report means as opposed to what the budget resolution says. I am, admittedly, not an expert on the subject of the creation of the Committee on the Budget or what was intended in the statute as it was passed. I debated at length yesterday on the subject of the limitation on accounting losses but did not, to any great extent, enter into the debate on the budget versus finance verus the Senate argument. I have, since yesterday, done some research.

I wonder if the chairman of the Committee on Finance would respond to a few questions? This also involves the Senator from Maine and the colloquy that took place last April, when we were talking about this resolution.

As I recall—and if I am wrong, the chairman will correct me—at the time this budget resolution came on, the Senator from Louisiana was under the very definite impression that it was not likely that the Senate would be willing to sustain what he regarded as substantial budget cuts, as I recall, in medicaid and medicare and possibly social security. Is that correct?

Mr. LONG. I believe so.

Mr. PACKWOOD. The Senator offered at that time an amendment—and he was very frank about it. He said:

> Gee, let us be serious; the Senate is not going to make cuts of this money that is going to the poor, the helpless, the blind, and the disabled.

He offered in exchange a $2 billion package which would have instead had the cuts in revenue sharing and, as I recall, in unemployment compensation. Is that correct?

Mr. LONG. I believe so. Of course, the record will speak for itself.

Mr. PACKWOOD. I think that was it.

I am going to be quoting the Senator from Maine a bit on this. At that time, the Senator from Maine, the chairman of the Committee on the Budget, argued against the chairman of the Committee on Finance. The chairman of the Committee on Finance, Mr. Long, indicated that there was no way that the Senate was going to agree to the cuts that the Budget Committee was suggesting. On the other hand, the Senator from Maine was saying:

> There is no way we can prejudge what the Senate will do.

I will quote what he said twice:

> Mr. Muskie. There is another thing in what the Senator said, and the Senator from Louisiana also said: he said, "I do not think the Senate will do it."

There he was referring to the cuts that the Senator from Louisiana did not think would be made:

> If we make a prejudgment on that assumption again we are never going to get anywhere.
>
> Before the vote this morning, what would have been the judgment of most Members of the Senate as to what the vote in the Senate would be on a program involving veterans' benefits?

I will add in parentheses here that we had just voted down this increase in veterans benefits.

I responded:

> Mr. Packwood. Normally, it would pass.
>
> Mr. Muskie. It would normally pass.
>
> Now, this morning, they did not. I hope that action is properly interpreted by everybody concerned, including veterans.
>
> But the fact is that as we begin to look at these decisions in the context of the overall past patterns of voting, it is not inevitable as to what the new pattern will be.

Note the use of the word "inevitable." It is not inevitable. He also said the same day in another column:

> Mr. Muskie. How can any Senator take upon himself to presume that he can guarantee one way or another what is going to happen legislatively in this Congress during this legislative session?
>
> The Senator—

Referring to Senator Long—

> The Senator may have that kind of crystal ball, but I do not.

Now, today we are discussing whether or not this amendment is going to extend this tax cut. At 12:15 this afternoon the Senator from Maine said, and again I am quoting:

> Mr. Muskie. What I said, may I say to the Senator, that in my judgment if the Finance Committee bill is passed as it is, that it is inevitable—

There is the word "inevitable"—

> That the tax cuts which were terminated as of July 1, at some point will be extended for another 3 months.

Now, Mr. President, 2 months ago the Senator from Maine was saying it is not inevitable that we are going to increase spending, it is not inevitable we are going to follow the patterns of the past. Today he is saying that it is inevitable we are going to follow the patterns of the past. I am more inclined to agree with him on the former statement.

From what I have seen in 7 years in the Senate now, we have frequently and sometimes wisely—unfortunately in my estimation sometimes unwisely—crisscrossed ourselves, reversed positions, and we will do it again in the future.

Now, I want to come to the part where the Senator from Maine and I had the colloquy about what the Budget Committee meant and what the Finance Committee could do, and it has been quoted over and over, and I want to say to the Senator from Maine I have changed the grammar in two or three places so that it reads correctly. It was my grammar that was changed, and I took out one question and answer that was irrelevant. But here is the dialog, and it only occupies about a column and a half:

> Mr. Packwood. I want to congratulate the Senator from Maine and the Senator from Oklahoma in making this budget process work. If it is going to work, we are going to have to exercise some judgment and some discretion, and that is a little bit of what is causing the frustration of the other committees. They have a feeling of (Budget Committee) usurpation, that somehow the Budget Committee is mandating, telling them what to do.
>
> Is what you are saying to Chairman Long (is) that we do not necessarily have to make these $2 billion savings in the particular areas that he has indicated? If we take $2 billion out of social security . . . that is fine?
>
> Mr. Muskie. That is fine.
>
> Mr. Packwood. . . . do I take that to mean it is not necessarily a mandate that we close $2 billion worth of loopholes, but that we could just as well raise the (individual) income tax or the corporate income tax $2 billion? You are just talking about $2 billion additional revenue, and the reference to tax expenditures does not necessarily mean so-called loopholes.
>
> Mr. Muskie. That is right. The only mandatory number with respect to revenues is the revenue total that we have included.
>
> We have, however, indicated in the report, as we are required, our view as to whether any revenue should be generated by tax reform. We have done that, so our view is in the report, but it is not mandated.
>
> Mr. Packwood. If (in) the Finance Committee's judgment, at the end of . . . hearings and markups, they found it impossible to close $2 billion of loopholes, and they chose to fit within the mandate of the Budget Commitee by simply reducing the tax reductions from $17 billion to $15 billion and pick up $2 billion that way, (that would be all right?)
>
> Mr. Muskie. That is right.
>
> What we ask is a recommended level of Federal revenues of $362.4 billion in revenues, and we arrived at that number by assuming $2 billion possible additional revenues on tax expenditures. By the time the committee acts, the revenue picture changes. We may come up with $362.4 billion in some other fashion.
>
> Mr. Packwood. This process is new. I think it is working well so far. However, I want to lay the groundwork so we all understand as we get to September and pass the final resolution what it is we are committing ourselves to. Are you saying that so long as the Finance Committee is left with the total discretion of where to pick up this money, even if by reducing the tax reduction by $2 billion, or whatever is necessary to get the $362.4 total, the process is working the way it should work?
>
> Mr. Muskie. That is right.
>
> Mr. Packwood. We are not necessarily committing ourselves to a $2 billion closing of tax loopholes.
>
> Mr. Muskie. That is right.
>
> Mr. Packwood. What we are initially committing ourselves to are revenues of $362.4 billion and maybe next September that figure will be $360 billion, maybe $365 billion. Who knows?
>
> Then we are saying to the Finance Committee, "the collective judgment of the Senate is $362 billion. It is up to you, gentlemen, to determine how we go to that figure."
>
> Mr. Muskie. Yes, we, of course, would like to have the Finance Committe look at the Budget Committee report to get whatever insight it chooses to take from the Budget Committee's recommendations and the basis for the Budget Committee's judgment.
>
> But in the last analysis, it is the Finance Committee's judgment, and I think the Senators and the Senate subsequently.

Now, that was all that was said at that time. There was no discussion on the floor about what was the spirit of the Budget Committee resolution, and I used the word "resolution." There was no discussion about whether or not the Finance Committee was morally or ethically bound by the economic presumptions of the report. Nothing was said. I think we all at the time thought that that colloquy between the Senator from Maine and myself nailed down the lid on the coffin of what were the rights of the Budget Committee and the rights of the Finance Committee.

Mr. CURTIS. Mr. President, will the Senator yield right there?

Mr. PACKWOOD. Yes.

Mr. CURTIS. I believe that that did nail it down. I think the distinguished Senator from Oregon rendered a very definite service to the Senate, to both committees, by that colloquy. There could be no other interpretation of it, and I commend him for it.

As has been said here before in the debate, if we are bound by all those assumptions that, in effect, are determining the content of the tax bill, then we write a tax bill without public hearings on it.

Mr. PACKWOOD. I appreciate the comment of my distinguished colleague from Nebraska.

I want to emphasize again the good faith. I know the Senator from Maine was in good faith in those answers. I know I thought I was in good faith in asking the questions. But, more importantly, as the Finance Committee then sat down to consider this tax bill, all the way along we were having debates within the Finance Committee about the merits and demerits of some of these tax provisions we were writing and, quite frankly, a number of members on the Finance Committee, including some who were on the Budget Committee, said, "We disagree with some of the conclusions the Finance Committee is making of where there should be tax cuts and where there should be additional tax breaks."

Not once—and I checked this just 15 minutes ago—not once during the consideration of this bill in the Finance Committee was the issue ever raised as to whether or not the Finance Committee was bound morally, ethically, or otherwise by the economic presumptions of the Budget Committee report. It was never raised from the outside by anybody on the Budget Committee, never raised inside the Finance Committee by anybody on the Budget Committee. Admitted disagreements with conclusions we were reaching on the susbtance of the conclusions, but no suggestion by anybody until we got almost to the floor of the Senate, that we were not in keeping with not only the law but the spirit of the Budget Committee.

Then, about 10 days ago, maybe 2 weeks ago, the so-called reform package was presented.

And there was a news conference and one of the sponsors of the package referred to it, at least the newspaper says, referred to it as "a real fraud."

Although that person is not a member of the Budget Committee, another member of the Budget Committee was convinced, and I am quoting here, "I can't find any compliance even with the letter of the budget."

My fellow Senators, I think the Finance Committee took umbrage at those comments. Perhaps that has caused some stumbling today because nobody had suggested what we were doing was fraud in the budget process.

We realized there was division over the substance of what we were doing, but not that we were out of compliance with the budget process, not that we were imposing one fraud on the budget process.

What happens now when we get to about 2 or 3 days before the start on this bill?

Here, I am going to move from quoting the RECORD to conjecture.

Those who are advocating the so-called reform package have said time and time again on the floor of the Senate, we have in the past presented these amendments at one time or another. They have always been voted down.

One of the Senators, who is a cosponsor of the reform package, referred to this as a moderate reform package. They were not going way out and suggest the inevitable defeat they always had suggested before.

Though they wanted this reform package—and I put that in quote and unquote because the Finance Committee bill is a reform package—I sense what the so-called reformers needed was a hook. They had to have something else to tie this package onto to garner a few more votes in the hope of getting some of their package passed.

They made some inevitable compromises.

In their LAL compromise yesterday, they left that immense loophope of residential real property, and the junior Senator from Maine (Mr. HATHAWAY) freely admitted it was left in there in the hope of gaining votes, not that it had any merit, but in the hope of gaining votes.

I think other compromises were made in the hopes of getting enough votes to pass a compromise reform package. But I think the reformers were still worried that they could not as yet reach the totals that would give them a majority of critical votes.

So they thought to themselves, "How do we hook this onto the budget process so that we might pick up a few votes of those who would like our package, but would feel they are voting against the new fiscally sound, fiscally responsible budget process?"

They hit upon the idea of trying to initially give the impression—and this is not the Senator from Maine, I want to emphasize—trying to give the impression that the Finance Committee and the Senate were not bound by the first resolution.

I think we have had enough discussion now to realize that we are not bound legally, morally, or ethically.

What happened, and here is where the distinction comes, is that the Finance Committee made slightly different economic presumptions.

First, the budget report was adopted last April. The economic presumptions that went into it were gaining in power in February, probably at the latest by March, and as we remember, the report presumed a higher rate of inflation, a higher rate of unemployment, than is now projected.

So the economic presumptions that went into the report are no longer the presumptions that most people today consider accurate.

We now come to the tax bill on the floor. I hope we are done with the allegations of fraud, hypocrisy, and whatnot.

I think the key question is now, can this Senate, long before the second concurrent resolution is due next September, say it is 2 or 3 months later than when the initial economic presumptions went into the policy report of the Budget Committee and were adopted, can this Senate change its mind?

Can this Senate now say, we think we are moving out of this recession slightly faster than we thought we were moving out, and unemployment is coming down slightly faster than we thought it was going to come down?

Can we now say that in our collective judgment—and I mean the Senate, not the Finance Committee—we would be wiser to terminate that tax cut at the end of June 1977, rather than the end of September 1977?

I think we can say that. I frankly think we should wisely say that.

There may be those who will quarrel, not with should there be an end to the tax cut, there might be those who would want to rearrange figures, in good conscience, and keep this $35 credit, but let some other tax cuts expire.

I can understand that honest difference of opinion because we are forever in a battle in this body, in the Finance Committee, over the economics of consumption as opposed to the economics of investment.

I think for too long we have shorted the investment side, the capital formation side.

We have reached a situation today in the United States, in comparison to every single country in free Western Europe, including all of the common market countries, including Sweden, Norway, Denmark, where every one of those countries taxes a higher percentage of the total gross national product than does the United States. Every one of them.

With the exception of Great Britain, however, every single one of those countries taxes a lower proportion of the part of the gross national product that is capital formation than does the United States.

So, at least in my opinion, we have been gradually a bit further behind in motivation, a bit further behind the international competition, than other businesses from other countries because we have too long leaned on the theory of consumption and not long enough on the theory of capital formation.

But that is an argument that in my mind has nothing to do with the budget figures.

All I am saying in conclusion—and I shall yield the floor—does this Senate, not the Finance Committee, have the right to say that it is now 3 months later than when the economic presumptions behind the report of the Budget Committee were made? Does the Senate have the right to say that we think those economic presumptions have now slightly changed? Does the Senate have the right to say that we think things are getting better more quickly than we thought they would and, consequently, we do not want to have the same exact policy recommendations that were adopted by the Budget Committee and subsequently by the Senate?

We have that right legally, we certainly have that right ethically, and if the Senate chooses to do so, it is not in violation of the law or the spirit of the Budget Committee legislation, or any other legislation that is now on the books in this country.

I yield the floor.

The PRESIDING OFFICER. The Senator from Maine.

Mr. MUSKIE. Mr. President, I think the Senator from Oregon put the right question: Can the Senate change its mind?

My answer is the same as his, yes.

But that is a different proposition than has been argued by so many on his side on this issue, that what the Finance Committee proposes is consistent with what the Senate said earlier. That is not consistent.

So if he understands that what we are doing is proposing that the Senate change its mind, of course the Senate can change its mind, and I have said that as vehemently as anybody on the floor, including the Senator from Oregon.

So if the Senate chooses to change its mind and to change the underlying assumptions of the budget resolution, which is a congressional resolution, that is the Senate's prerogative, of course.

But I just do not like to see the Senate do it under the pretense that it is not changing its mind, that this policy represented by this bill is the same policy as in the first concurrent resolution, because our job is, as the Budget Committee, to point out to the Senate what we think the Senate has done in the budget resolution, and when what is proposed would change that resolution, or prevent its targets, or change its underlying economic assumptions.

That is our responsibility. That is not a law; it is a policy.

If the Senate chooses to say it will obey laws but ignore its own policy, it can do that, too. I have no way, the Budget Committee has no way, of enforcing the policy of the first concurrent resolution, absolutely none. That ought to be clear. I have never once said, may I say to the Senator from Oregon, that supporting the Finance Committee bill represents a violation of law. I have not said that. I have not said it once. I have not implied it.

Let me say something about the economic assumptions in the first concurrent resolution. Some have referred to that as something 3 months old. Let me assure the Senate that it is our function to stay on top of the economic trends and economic developments on a day-by-day basis. We do not take a fix in February and then not look at the economy again until the Finance Committee tax bill is on the floor. We check and recheck the state of the economy against every time we have had to make a decision on the budget.

In April, when we submit it to the Senate, at the time of the conference between the House and Senate conferees, the conference report comes to the Senate. We undertake, as we do with the Senate budget scorekeeping report—a weekly report not required by law—to stay on top of every relevant piece of information bearing upon the budget or on the economy on a continuing basis.

We have a responsibility of advising the Senate of changes.

In the remarks I made yesterday in which I referred to the state of the economy, those were made on the basis of our up-to-date evaluation of the requirements of the economy.

So, of course, I say to the Senator the Senate can change its mind. If the Senate wants to end the tax cuts as of July 1 next year, of course that is the prerogative of the Senate. Clearly, and I emphasize that and underline that, doing so is not violating the law; it is making law. But I will also say that that is a different policy than the one we adopted in the first concurrent resolution. That policy underlies all of the numbers in the first concurrent resolution, not just the revenue number but also the spending number, the deficit number, and the debt number. They are all related, including a lot of the functional spending numbers.

The state of the economy and the extent to which it is stimulated or not stimulated by our revenue policies affects unemployment and, hence, the costs of all the programs to which the unemployed turn for relief, comfort, and support. So the whole thing is interrelated.

I hear those who disagree with me argue that this one number, $362 billion, is all there is to revenue policy in the first concurrent budget resolution. That is simply not to understand the interrelationship of every number in the budget resolution and all of the detailed numbers which will be filled in by those who are following the policy of the first concurrent resolution.

How do we estimate the income security function? It is an entitlement law. The formula spells out what we spend, but the economy may have more to do with the amount of the spending than the formula in the law. So the economic policy that the Congress adopts in the first concurrent resolution has a great deal to do with whether or not our estimates about what unemployment compensation will cost, or our estimates of what food stamps will cost, or our estimates of what veterans benefits will cost depend upon whether or not we implement the economic policy that is described in the report of the Budget Committee.

If we are to conclude out of all of this debate that all there is to budget process is the numbers in the budget resolution, then we reduce the budget process to nothing more than a mathematical exercise that can be handled by computers better than it can be by the Senator from Maine. The numbers in the budget process have to have an underlying economic policy.

I never hear the President of the United States submit his budget without also submitting an economic report which is the basis of his budget. Indeed, his budget message refers to the assumption of his economic report. The two are interrelated.

Yet, it is said on the floor of the Senate, "That ain't so" with respect to the congressional budget process, that the report is just so much rhetoric, that it is meaningless.

I say to the Senator that although we may not be as expert as we ought to be or hope to be in evaluating the economy and its needs, the budget report is our best articulation of the best economic policy that we can recommend to the Senate. It is on the basis of that policy that we produce the specific numbers that the Budget Act requires to be put into the budget resolution.

One cannot responsibly look at those numbers, accept them, support them and defend them, without accepting the underlying economic policy behind them. I do not use the term "responsibly" in denigration.

If one wants to change the numbers, he should change the policy. If he changes policy, then he has to be prepared to accept the consequences in terms of the other numbers. That is all I am trying to say.

I am not trying to impose my will or my interpretation of all this on the Senate. It is evident from the disagreements which have arisen that I have not very clearly articulated what it is that I am trying to say about this budget process. The budget process is the Congress as a whole. It is not the Budget Committee of either the House or the Senate. The only disciplinary force in this process is the Congress as a whole.

The Budget Committee is not a disciplinary body. It is not a law enforcement body. All it is is a tool, an instrument, for keeping constantly before the Senate and the Congress as a whole what we have done so that what we do next, or what the Senate does next, is done in the context of what we have done in the past, with a full appreciation of the consequences of any changes that take place.

That is what it is.

I am fully aware that my amendment is going to cost some tax revenues. I accept that, not because I am willing to accept that decision standing by itself, but because I would offset that loss, as the Congress agreed to offset it in May, by supporting tax reform, or whatever other word if one does not like the word "reform," proposals.

But if the Senate as a whole chooses not to use that method of offsetting, but chooses instead to allow the deficit to increase, or chooses instead to cut some of the direct spending, the direct appropriations, the Senate can certainly change its mind about those things.

When we change our minds, there are two things that we ought constantly to bear in mind. First, let us know what we are doing when we do it. That is primarily our responsibility, because we are supposed to stay on top. But second, use the processes and the procedures of the Budget Act to accomplish the change.

Certainly it is envisioned in the budget process that between the first resolution and the second one, the sovereign bodies of Congress can enact legislation that would change the targets of the first resolution. That is envisioned. That is what the reconcilation process is all about. But I do not think we ought to lean on that reconciliation process to the point where we make the first targets meaningless, because if we develop some sloppy habits with respect to the first targets, those sloppy habits have a way of persisting through the rest of the process. We have seen that. I have seen it in 18 years. We have a way—or had a way that I hope never recurs—of individually voting for big, glamorous spending proposals, because we had rationalized in our minds that somewhere down the line we were going to vote for some cuts or some tax increases, and so we eased our consciences; and yet those things never happened.

Now, we are supposed to bring all those probable or possible consequences to the attention of the Senate.

With respect to my amendment, I know there is a conspiratorial view around here of what those on the other side of any issue are doing, or what they have in mind. I know I have entertained such views myself, and I expect others entertain them about me.

But with respect to the amendment, Senators ask, "Cannot the Senate change its mind?"

I say, "Yes, of course it can."

Back in May we said we were going to extend the tax cuts through fiscal 1977.

Can the Senate change its mind about that? I say, "Yes, of course it can." So I have offered an amendment that makes it possible for the Senate to change its mind. So it seems to me that the Senator from Oregon and I are arguing the same point.

If you want the Senate to change its mind on that point, it is a rather critical point, because it bears upon all the other numbers in the budget resolution—the 17 functional totals and the overall spending total, as well as the revenue total.

Mr. CURTIS. Mr. President, will the Senator yield for a question?

Mr. MUSKIE. In just a second. It is a rather key matter, and since it has been made a key matter, it seems to me it ought to be up front, easy to be decided.

The amendment is very clear and straightforward. The matter is before us; it seems to me we ought to act on it.

If the Senate decides that our policy in the first concurrent resolution was wrong, I will accept that. But my job will be to tell the Senate how that change of mind impacts on the rest of the budget, and I am willing to perform that duty if it falls to me. But if, on the other hand, we reaffirm that policy of the first concurrent resolution, we will have to proceed in the other direction. That is as near as I can state my position.

Several Senators addressed the Chair.

Mr. MUSKIE. The Senator from Nebraska had asked me to yield. I yield to him.

Mr. CURTIS. In the opinion of the distinguished Senator from Maine, what did we adopt when the budget resolution was last before us?

Mr. MUSKIE. We adopted a resolution with a certain number of numbers in it, accompanied by a report, which is specified in the Budget Act.

In that report, we undertook to describe the underlying economic policies and the specific assumptions which the law tells us we must spell out.

That, to me, is as much a part of the budget policy as flesh is a part of the body.

Mr. CURTIS. Was there at any point anything in the debate which showed a congressional intent that the adoption of the resolution was an approval of how we arrived at these figures or, more significantly, at any point was there anything in the debate which informed Senators that a vote for that resolution was a vote for the details in arriving at the overall receipts and expenditures set forth in the resolution?

Mr. HOLLINGS. Does the Senator want me to take that?

Mr. MUSKIE. Just a moment. I want to get some figures out of the committee report to respond to the Senator.

Let me introduce those figures by referring the Senator again to this provision of the Budget Reform Act:

> The report accompanying such concurrent resolution shall include but not be limited to . . . (4) an allocation of the level of Federal revenues recommended in the concurrent resolution among the major sources of such revenues.

In that committee report, at the top of page 7, that allocation is listed:

> Individual income tax, $160.9 billion.
> Corporation income tax, $57.8 billion.
> Social insurance taxes, $106.6 billion.
> Excise taxes, $17.8 billion.
> Estate and gift taxes, $6 billion.
> Customs duties, $4.3 billion.
> Miscellaneous revenues, $7 billion.
> Net increase from tax expenditure legislation, $2 billion.
> Total, $362.4 billion.

So anybody looking at the $362.4 billion, which is all that was on the face of the resolution, if he is at all interested in knowing where it comes from——

Mr. CURTIS. No, no——

Mr. MUSKIE. He has to look at the report, and the report is required by the law.

Mr. CURTIS. It is true the law requires the committee to accompany their resolution with a report which informs the Senate where they got their figures. But my question is this: Was there a clear discussion in the debate that the Finance Committee, in their deliberations, were bound by the figures in the report? I doubt very much if there was. I think if that had been a major issue at that time, there would have been considerable debate on it, and they would have understood each other.

Mr. MUSKIE. Is the Senator saying to me that no provision of law which was not actually debated on the floor of the Senate is binding or effective?

Mr. CURTIS. No, what I am saying——

Mr. MUSKIE. We came to the floor of the Senate with the resolution and the report. Are we mandated to see to it that every word in each document is brought consciously to the attention of every Senator?

Mr. CURTIS. No. What I am saying is that if you were contending then for a major change in senatorial procedure, which is what is involved here, whereby the decisions as to the details of the tax bill, the contents of the tax bill—if the Senators were notified in the debate that they were approving those details.

Mr. MUSKIE. I do not know what the Senator means by a detail. Here we have in the committee report I think less than one page devoted to explaining how the Budget Committee got its revenue totals, and the Senator is telling me that the details in this tax bill were dictated by the Budget Committee or that we are trying to dictate the details of that bill.

Mr. CURTIS. Yes.

Mr. MUSKIE. We are not. Was there anything in what I read to the Senator that was anything more than an allocation of revenues among the major sources? There was not a word of detail, unless the Senator thinks that the total revenue is a mere detail and not a policy.

Mr. CURTIS. No. But the whole subject of debate yesterday was to the effect that the Finance Committee when they stayed within our overall figures of the resolution were in violation. My question is this: Was there anything to show that intent when the resolution was adopted?

Mr. MUSKIE. Yes. The documents reported out by the Budget Committee.

Mr. CURTIS. No. What I am getting at: Did the Senator say to the Senate at large or for the benefit of the chairman of the Finance Committee that the adoption of this resolution means that we gather revenue according to our assumptions set forth in the report?

Mr. MUSKIE. Did I say it myself?

Mr. CURTIS. Did anyone say it in the RECORD?

Mr. MUSKIE. It is said in the report which itself is a part of the RECORD.

Mr. CURTIS. No, it does not say that.

Mr. MUSKIE. It certainly does.

Mr. CURTIS. The report does not say that.

Mr. MUSKIE. Let us get it. Has the Senator read the report?

Mr. CURTIS. Yes, but the report does not say the adoption of this resolution.

Mr. MUSKIE. Then these words will be familiar.

Mr. CURTIS. The report does not say that the adoption of the resolution means that the sources of revenue to reach the overall figure of revenue in the report is binding upon the Senate or the Finance Committee.

Mr. MUSKIE. I just got through saying in a colloquy with our colleague, Senator PACKWOOD, that nothing we do is binding on the Senate.

Mr. CURTIS. Then why did the Senator spend all day yesterday contending that the Finance Committee bill was not in conformity with his resolution when it was?

Mr. MUSKIE. Because it is not.

Mr. CURTIS. Why is it not?

Mr. MUSKIE. There are two different questions.

Mr. CURTIS. Why is it not?

Mr. MUSKIE. I have explained it over and over again to my utter futility.

Mr. CURTIS. I agree with that.

Mr. MUSKIE. Because the Senator does not listen.

Mr. CURTIS. I agree with that. Will the Senator answer it?

Mr. MUSKIE. Because the Senator does not want to believe what I say.

Mr. CURTIS. I love to believe the Senator.

Mr. MUSKIE. He disagrees with what I say. He does not like what I say, because apparently it is a little uncomfortable. I mean we have established a budget process and somehow I see some squirming at the idea. What I am saying may label him as a violator of the budget's virginity.

Mr. CURTIS. No.

Mr. MUSKIE. I am not saying any such thing.

Mr. CURTIS. Anything the Senator says would not make me squirm. He does not vote in Nebraska.

Mr. MUSKIE. I do not know why the Senator keeps pressing me to repeat what I know he has heard me say because the Senator has been in the Chamber. I am not interested in killing time for him. I know that the managers of this bill do not want a vote on this amendment today.

Mr. CURTIS. Oh, if it had not been for the demand of the Committee on the Budget to assert jurisdiction we would have had this bill on its way yesterday.

Mr. MUSKIE. Who has the floor? I am not going to be a part of the Senator's filibuster. I offered an amendment and I am not going to repeat ad infinitum the rationale for my position which I think is clear in the RECORD. If the Senator has not read yesterday's RECORD, it is there. If he wants to know the rest of it, it is in the report the Budget Committee submitted. I am not going to prolong this discussion simply to help the Senator kill time. I am ready for a vote.

Mr. CURTIS. No.

Mr. MUSKIE. I am ready for a vote on this amendment, and I have an appointment out of the Chamber. If another Senator wishes to pick up this discussion at this point, fine. If I really thought that the Senator were putting questions to which he did not know my answer I would answer him.

Mr. CURTIS. I do not want to kill time. I thought I would get some good answers.

Mr. MUSKIE. The Senator's purpose is one purpose only, that is to get me to help him kill time, and I am not about to do that.

(Mr. HATFIELD assumed the Chair.)

Mr. PACKWOOD. Mr. President, I am curious. Did the Senator from Maine leave the Chamber?

Mr. CURTIS. Yes.

Mr. PACKWOOD. He made the statement that the Budget Committee is on top daily of the economic assumptions upon which the report 3 months ago was made. I see one or two members of the Budget Committee present now. Correct me if I make a misstatement. But I think I am correct that the projections for unemployment are now lower than were the assumed projections for unemployment when we adopted the Budget Committee resolution. I think the projections for the real growth in the gross national product are now higher than when we adopted the Budget Committee resolution. I think the projections for inflation are now lower than when we adopted the Budget Committee resolution.

Therefore, I do not think it is written in stone that we are inevitably going to pass and extend this tax cut beyond next June 30 if those trends continue. I would hate to have this Senate vote today for the Muskie amendment on the irrevocable assumption that if we do not vote for it now we are going to be faced with having to vote for some kind of tax increase or expenditure cut next June, a year from now.

Mr. LONG. Mr. President, will the Senator yield?

Mr. PACKWOOD. I yield.

Mr. LONG. I believe the Senator knows how difficult it is to defeat a budget-busting amendment which would propose that everyone get something. I have stood in the Chamber and sometime felt very lonely and abandoned trying to defend the fiscal responsibility of the Senate.

Mr. CURTIS. Everyone wanted something.

Mr. LONG. I was trying to defend fiscal integrity of the country against an amendment where 100 million people would get something.

I recall when Mr. Prouty offered his amendment on the social security bill. I called it the Prouty shoot-the-moon amendment because he was going to give a pension to everyone who was not getting a pension. He had overlooked the fact that his language was sufficiently broad that it failed to limit itself to only American citizens.

So, Charles de Gaulle would have gotten a pension, Mao Tse-tung would have gotten a pension, and everyone in Africa, Asia, Greenland, anywhere in the world and in outer space would have been entitled to draw a pension if there was any way the Treasury could deliver the check to them.

I described that as a Prouty shoot-the-moon amendment. Even though the Senator agreed that the cost would be fantastic after the Senator modified it down so that only American citizens would get the pension, we succeeded in passing that. Everyone who did not get a pension, even though he had no claim to it whatever, would get a pension. That is one of the reasons the budget is out of balance today.

To try to maintain fiscal integrity, we need the support of everyone and particularly we need the support of the Budget Committee to try to hold off budget-busting amendments. It is a sad situation and it puts us in a very difficult position fighting to save this country from bankruptcy when the chairman of the Budget Committee himself offers the biggest budget buster that has been offered here yet. We need, Mr. President, to try to educate the Senate about this and persuade Senators that they should not proceed in this irresponsible fashion.

Again, we do have this problem, and I would like to meet it. Does the Senate Finance Committee have the right to recommend a responsible tax bill inside the budget resolution? Do we have the right morally? Do we have the right legally? Do we have that right? There is no doubt whatever about our legal right. However, I point out that it would not have been subject to a point of order had the Finance Committee recommended a bill that went beyond the $15.3 billion. That would not have exceeded our authority. We could have so recommended, and it would not have been subject to a point of order. I would have hoped, had we done that, that Mr. MUSKIE would have been out here to oppose it, even though a point of order would not lie.

We stayed within the spirit as well as the letter. In good faith, we undertook to protect the fiscal integrity of the Government of the United States, and we recommended a bill and stayed within the $15.3 billion.

So we come to the floor; and apparently the chairman of the Budget Committee, Mr. MUSKIE, does not agree with the way we stayed within the $15.3 billion. How does he want to protect the fiscal integrity of the country? He wants to offer an amendment that busts the budget by $1.5 billion. I submit that that is no way to stay within the $15.3 billion. That is exactly the opposite.

Furthermore, I would welcome a test, an honest straightforward test: Did the Senate Finance Committee, either morally, legally, or otherwise, exceed its authority or fail to do its duty when it recommended the tax bill we have before us, tailored to meet that $15.3 billion budget limitation? I hope we are going to settle it. I thought we had.

We discussed this matter on the floor; and Senator after Senator, including several who serve on the Budget Committee, said yes, they thought the Finance Committee did what it should do, as its conscience gave it the light to see it. I thought it was settled. So we proceeded to go on to the next thing.

I had been asking Senators to hold off on that amendment, to offer a substitute for title I until this matter could be settled. Unfortunately, Mr. President, it was not the prerogative of the Senator from Louisiana. It would not be appropriate for him to offer an amendment to recommit the bill with instructions, because I like it the way it is, the way it came out of committee. To move to recommit something I favor would not be appropriate. People might feel that they should vote for it because the Senator from Louisiana, the chairman of the committee, made the motion. So I was very reluctant to make a motion for which I could not vote, and therefore I did not make the motion. The Senator from Maine did not see fit to do that, either.

Apparently, the Senator has chosen to throw his support behind the most popular budget-busting amendments—or any other popular amendments—he can cast his lot with; and he contends, in view of the fact that he voted on the side of a budget-busting amendment and other amendments that might not bust the budget, that his committee has been sustained; that the Senate will have held that the Budget Committee has a right to dictate every last detail to the other committees with regard to what they should do because the Senate voted for an amendment that is very difficult for anybody to vote against.

It is difficult for a man to run for office and tell his constituents that he voted against cutting their taxes.

So the Senator offers an amendment that is not a fair test at all. It is an amendment of a budget-busting nature. If he were offering an amendment to say that the Finance Committee had not done its duty, that would be different. I do not have any doubt that some of the things we did might be in error, and I cheerfully respect and urge every Senator to do his duty as he sees fit. If Senators think we made a mistake, by all means vote to correct it.

All that the Senator's amendment would do, if agreed to, would be to fuzz up the issue.

I think that if the Senator wants to contend that he has been sustained because he voted on the prevailing side, all he need do is let the clerk call the roll and answer to his name last, after the vote has been tabulated; so he can say, "I voted with the prevailing side, so the Budget Committee was sustained." That way, he can do it consistently and announce that he has been sustained on every point because he voted with the side that cast the largest number of votes.

However, I do not see that it sustains the Budget Committee to say that we will bust the budget because a member of the Budget Committee makes that kind of motion, no more than I see that it sustains the cause of piety for one of us to say that he is supporting his church and his preacher because he is engaged in sin.

Mr. President, the appropriateness of what the Senate committee did was discussed. I shall add to the RECORD again the discussion between Mr. Packwood and Mr. Muskie:

> . . . do I take that to mean it is not necessarily a mandate that we close $2 billion worth of loopholes, but that we could just as well raise the income tax or the corporate income tax $2 billion? You are just talking about $2 billion additional revenue, and the reference to tax expenditures does not necessarily mean so-called loopholes.
>
> Mr. Muskie. That is right. The only mandatory number with respect to revenues is the revenue total that we have included.
>
> We have, however, indicated in the report, as we are required, our view as to whether any revenue should be generated by tax reform. We have done that, so our view is in the report, but it is not mandated.
>
> Mr. Packwood. If the Finance Committee's judgment at the end of 2 weeks of hearings and markups, they found it impossible to close $2 billion of loopholes, and they chose to fit within the mandate of the Budget Committee by simply reducing the tax reductions from $17 billion to $15 billion and pick up $2 million that way?
>
> Mr. Muskie. That is right.

I read further on:

> Mr. PACKWOOD. We are not necessarily committing ourselves to a $2 billion closing of tax loopholes—necessarily.
>
> Mr. MUSKIE. That is right.
>
> * * * * *
>
> Mr. PACKWOOD. Then we are saying to the Finance Committee, "The collective judgment of the Senate is $362 billion. It is up to you, gentlemen, to determine how we go to that figure."
>
> Mr. MUSKIE. Yes. We, of course, would like to have the Finance Committee look at the Budget Committee report to get whatever insight it chooses to take from the Budget Committee's recommendations and the basis for the Budget Committee's judgment.
>
> But in the last analysis, it is the Finance Committee's judgment, and I think the Senators and the Senate subsequently.

Mr. President, I think the legislative committee record is as clear as one could hope to make it that the Senator was making clear that the language which he chooses now to regard as a law, this language that appears in a committee report merely explaining how the Budget Committee reached a figure, was purely for the purpose of indicating how the Budget Committee arrived at a figure; and it was never intended for a moment to be a mandate on the Finance Committee.

As a matter of fact, the logic by which they arrived at that particular $17 billion the Senator is thinking about was really about the same logic that was recommended to them by the Finance Committee—just that you would take a particular figure, because that is what it would cost to extend the present tax cut, with the understanding that we could look at the energy bill to see where suggestions had been made that would help conserve energy, and look at other suggestions that would help improve the tax code, and look at suggestions that would do more good for people who need it more, and look at things that would help raise capital; that within that $17 billion tax cut we could shape up the kind of recommendations we wanted; that the Senate would consider that bill, looking at the recommendations of the committee and considering them on their merits.

I understand how a Senator can feel that he does not agree with a committee exercising its jurisdiction as it does. I know that I look at some of the things recommended by the Appropriations Committee; that if I do not see how we will ever find the money to finance all that, I may offer an amendment or support an amendment to try to reduce it.

But I do not call the Committee on Finance together and ask that we conduct a hearing, call in all the witnesses, or even hold an executive session to pass judgment on the discretion of the Committee on Appropriations, the Committee on Foreign Relations, the Committee on Public Works, the Committee on Armed Services, or some other committee, and attempt to tell them that they are violating the laws or the budget or anything else when they exercise their discretion within that which is assigned to them.

Mr. HOLLINGS. Will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. HOLLINGS. Will the distinguished Senator yield to permit a vote on this amendment this afternoon?

Mr. LONG. In due time, I am willing to vote on the amendment. I am not willing to say at what time——

Mr. HOLLINGS. Will the Senator yield for a unanimous-consent request to vote not later than 4 o'clock?

Mr. LONG. I will not yield for that purpose.

Mr. HOLLINGS. How about 5 o'clock?

Mr. LONG. I appreciate the freedom that is accorded a Senator to express his opinion. The last thing on earth I would do is deny it to someone else. I respect the right of Senators to explain their views.

Mr. HOLLINGS. What about 6 o'clock?

Mr. LONG. I appreciate the right of Senators to explain their views and, as much as I may differ with what someone has to say, I will fight to the bitter end to defend his right to say it. While I defend my own rights and defend that which I believe to be right, I must also defend the rights of others as well, because that is the only way democracy can function.

Mr. HOLLINGS. Will the Senator defend our right to vote?

Mr. LONG. Of course I will defend the Senators' right to vote. Do not worry, I say to the Senator, the time will come. There will be a time, there is not the slightest doubt about it.

I am not going to urge the Senator to hold his breath until that happens, but I assure him that there will be a time. I urge all the Senators to feel confident that they are going to have an opportunity to vote on this matter.

Does the Senator from Alaska desire that I yield to him?

Mr. GRAVEL. No; I would like to have the floor on my own time.

Mr. LONG. I believe we should have some people here today. I did what I could to help muster a crowd for the Senator from Maine (Mr. Muskie), and I think others should have the privilege of speaking to more than a sparsely inhabited Chamber. Therefore, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION TO PRINT FEDERAL ENERGY ADMINISTRATION ACT

Mr. JAVITS. Mr. President, on behalf of Senator Ribicoff, I ask unanimous consent that the Federal Energy Administration Extension Act, passed by the Senate on June 16, 1976, be printed, as there are no copies available for the conference markup.

The PRESIDING OFFICER. Without objection, it is so ordered.

QUORUM CALL

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll and the following Senators entered the Chamber and answered to their names:

[Quorum No. 24 Leg.]

Allen
Byrd,
Harry F., Jr.
Curtis
Fannin
Haskell
Hatfield
Hollings
Javits
Long
Mansfield
McClure
McGee
McGovern
Muskie
Packwood
Pell

The PRESIDING OFFICER. (Mr. Hatfield) A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

Mr. LONG. What motion?

Mr. MANSFIELD. I ask for the yeas and nays. Directing the Sergeant at Arms.

Mr. LONG. The names of the absentees have not been called.

Mr. MANSFIELD. Not all of them. The motion is in order.

The PRESIDING OFFICER. The motion is in order. The motion is not debatable.

Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. Abourezk), the Senator from Texas (Mr. Bentsen), the Senator from Idaho (Mr. Church), the Senator from Kentucky (Mr. Ford), the Senator from Indiana (Mr. Hartke), the Senator from Louisiana (Mr. Johnston), the Senator from Washington (Mr. Magnuson), the Senator from New Mexico (Mr. Montoya), the Senator from Utah (Mr.

Moss), and the Senator from Mississippi (Mr. Stennis) are necessarily absent.

I also announce that the Senator from Missouri (Mr. Symington) is absent because of illness.

Mr. HUGH SCOTT. I announce that the Senator from Tennessee (Mr. Baker), the Senator from Oklahoma (Mr. Bartlett), the Senator from Maryland (Mr. Beall), the Senator from Oklahoma (Mr. Bellmon), the Senator from New York (Mr. Buckley), the Senator from New Jersey (Mr. Case), the Senator from Kansas (Mr. Dole), the Senator from Arizona (Mr. Goldwater), the Senator from Michigan (Mr. Griffin), the Senator from Nebraska (Mr. (Hruska), the Senator from Vermont (Mr. Stafford), the Senator from South Carolina (Mr. Thurmond), the Senator from Texas (Mr. Tower), the Senator from Connecticut (Mr. Weicker), and the Senator from North Dakota (Mr. Young) are necessarily absent.

I further announce that, if present and voting, the Senator from South Carolina (Mr. Thurmond) would vote "yea."

The result was announced—yeas 73, nays 1, as follows:

[Rollcall Vote No. 303 Leg.]

YEAS—73

Allen
Bayh
Brock
Brooke
Bumpers
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Clark
Cranston
Culver
Curtis
Domenici
Durkin
Eagleton
Eastland
Fannin
Fong
Garn
Glenn
Gravel
Hansen
Hart, Gary
Hart, Philip A.
Haskell
Hatfield
Hathaway
Helms
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Kennedy
Laxalt
Leahy
Long
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Morgan
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott,
  William L.
Sparkman
Stevens
Stevenson
Stone
Taft
Talmadge
Tunney
Williams

NAYS—1

Biden

NOT VOTING—26

Abourezk
Baker
Bartlett
Beall
Bellmon
Bentsen
Buckley
Case
Church
Dole
Ford
Goldwater
Griffin
Hartke
Hruska
Johnston
Magnuson
Montoya
Moss
Stafford
Stennis
Symington
Thurmond
Tower
Weicker
Young

So the motion was agreed to.

The PRESIDING OFFICER. A quorum is present.

The question is on the amendment of the Senator from Maine.

Mr. LONG. Mr. President, now that we have a few Senators here I would like to announce to the Senate how I propose to proceed with this bill.

It was my plan, Mr. President, that we proceed with this bill in an orderly fashion. It is 1,536 pages long. It is a very complicated bill. It is my feeling that we should proceed with this bill in a sequential order. That is how the Senate has usually legislated on these big revenue bills. We would take it section by section and Senators would offer their amendments at the appropriate location in the bill. They would offer the amendments in the sections which deal with the amendments.

This pending amendment deals with a subject matter in title IV, which has to do with the major tax cuts and the extension of the existing temporary tax cut. That is where it ought to be.

If we are going to have these tax cut amendments offered in title I, which is the limitation on artificial losses, and then these miscellaneous amendments offered, we are going to start this foolishness that I have seen happen before, where somebody wants to amend the table of contents as a substitute for the bill, and everybody is trying to get recognition to jump ahead of the other fellow. We will never pass this tax bill. This thing can go on forever and ever and ever. No one will know half the time what we are talking about, because most of these amendments are very complicated. They are very intricate. They require a good deal of study. When one brings up an amendment which has nothing to do whatever with the subject matter we are considering, it is almost impossible to know where you are or what you are doing.

This is not an amendment to state that the Finance Committee has jurisdiction or does not have jurisdiction. This is not an amendment which has to do with whether the Finance Committee should have reported as it did or the Budget Committee should have reported as it did. This is a big tax cut amendment, the like of which I have found almost impossible to defeat. It is no matter whether it was a committee chairman or the most junior Senator of the Senate, no matter where the Senator hails from, whether he be Democrat or Republican, when one offers a big tax cut amendment which almost 70 million taxpayers would participate in, it is almost impossible to defeat the amendment. It does not matter what the relative merits or demerits are, especially in an election year when Senators find it necessary to go out and seek votes among their constituents.

Mr. President, in due course I will move to table the amendment. If the motion to table fails, I am still going to try to prevail upon the Senate to make the sponsor offer it at the point where it appears in the bill.

We have this subject matter covered in the bill in title IV, except that it does not extend the $35 per head tax cut to everybody for the last 3 months of the budget year from July 1977, next year, until October of that year.

I do not think anybody can tell us whether that temporary emergency tax cut feature of that particular amendment will be needed in July of next year. If it is needed in July of next year, that is something the appropriate committees can consider and something upon which we can vote.

I would hope, Mr. President, that the Senator would be willing to conform with the agreement that I thought I had with those who agree with him in the main, with Messrs. Kennedy and the others who sponsor this series of amendments, which includes this one; that we will take these amendments up in sequence; that we will deal first with title I, then we will deal with title II, then we will deal with title III. Then we will seek a unanimous-consent agreement which will let those who want to offer their alternative package have the opportunity to bring their matters to a vote more in line with how they would like to see those votes fall in sequence.

I thought we had an agreement, but apparently not.

Mr. PASTORE. Will the Senator yield for a question?

Mr. LONG. Those who I thought had agreed with me seem to feel that this was not agreed to, and that Mr. Muskie was not bound by it.

Mr. President, I said in advance that I was going to try to have the Senate proceed in an orderly fashion, if I can. I will try hard, because it will save a lot of time if we can do business in that way.

I yield to the Senator.

Mr. PASTORE. As I understand the controversy, the linch pin is whether we go for a tax cut for 12 months or whether we go for 15 months. Is that the serious question?

Mr. LONG. On one item.

Mr. PASTORE. Therefore, it strikes me that would be about the first question we would have to determine. If the majority of this body decides or wishes that it go for 15 months instead of 12 months, it makes a big difference what we do with the rest of the bill. It makes a big difference on how much money we have to raise. It makes a big difference how much money we have to cut.

I think reasonable people ought to get together. We have been haggling with this thing now for 2 days. All we have done is vote to have us brought to the Chamber. That is about all we have accomplished. There has not been one single vote on substance.

I am telling the Senators that we are becoming the laughing stock of this Nation. If reasonable men in this body cannot seem to get together, how in the world are we ever going to get together with the Russians? It is impossible. Impossible.

Here we are, all Americans, all with one objective, and yet we cannot seem to reach a consensus.

I say this: I think Mr. Muskie is a reasonable man. I know Russell Long is a reasonable man. I know Senator Curtis is a reasonable man. I know everybody here is reasonable when he wants to be.

[Laughter.]

So I say why do we not stop this nonsense? Here it is, 4 o'clock on Friday afternoon. We have been up the hill and down the hill and I am saying all we have done is fallen on our posteriors. That is about all.

I say, if the Senator will permit—I have not reached my crescendo yet [laughter]—I beg you, I beg you, I beg you, get together and let us work this out.

It is a complicated bill. It is as big as the Bible.

[Laughter.]

I say if we cannot get together here, what do we say to our people back home?

The day after tomorrow is Father's Day. Many of us want to get home to our families, too. I think it is a wonderful thing to keep a family together in America. I hope this does not become an institution to break up marriages. As a matter of fact, if you pick up the papers, we are having enough trouble as it is.

So I say to Mr. Long, I say to Mr. Muskie, I say to Mr. Curtis, I say to everyone, put your heads together, visit with one another, and let us get down to business.

Mr. LONG. Mr. President, I thought we had gotten to work. I thought we had an agreement that we would vote first on the Nelson amendment, which was a substitute for the committee amendment to strike out title I, and then I thought that we would vote on title I. and that after we voted on titles I and II, there were committee amendments, about 10 of them, but there would be substitutes offered, and we would vote on those, and then we would vote on the substitute for title III, or two or three substitutes, then vote on title III, and then we were going to try to get a unanimous-consent agreement to expedite further consideration of those who have this package they wanted to offer.

We were going along fine, I thought, letting the chips fall where they may, and then suddenly the Senator from Maine comes up with this amendment that belongs back in title IV.

The Senator from Rhode Island has handled these big appropriation bills, and he knows that when you get to an item that deals with a certain subject, and someone has an amendment dealing with something later on in the bill, you say, "That belongs later on in the bill; please wait until we get to that section of the bill."

I thought we had an agreement. But those who support Mr. Muskie apparently did not include Mr. Muskie himself. I hope we can get an agreement including what the Senator has in mind when we get to that point.

Several Senators addressed the Chair.

Mr. LONG. I yield first to the Senator from Connecticut.

Mr. RIBICOFF. Mr. President, yesterday I said somewhat the same thing as the distinguished Senator from Rhode Island has said, though not quite as colorfully.

I think what has happened here, I was under the same impression as the chairman, but what became obvious yesterday and today is that there seems to be a clash of wills as to whether the Budget Committee will take its philosophy and force it upon the Finance Committee and the Senate.

I think that is wrong, because I think the Senate should determine that philosophy item by item, and not by the Budget Committee forcing its will on the entire Senate.

I will state, Mr. President, that I would vote for the Muskie amendment if it were submitted at title IV, but I will vote against the amendment as it is now submitted at title I, because we should have an orderly procedure here. I do not know how the vote will go, but there were other Members of this body who would have supported the Muskie proposal if it were submitted at title IV, who will vote against it at this juncture. So I would hope that the Senator from Maine could see his way along the lines suggested by the Senator from Rhode Island, and see fit to withdraw his amendment.

This is the same amendment submitted by the Senator from Minnesota in the Finance Committee, and it was my understanding that the Senator from Minnesota would submit this particular amendment as an amendment to title IV.

Mr. LONG. Mr. President, I was surely expecting the Senator from Minnesota to submit the amendment when we got to title IV. As a matter of fact, this particular subject, that $35 tax cut, was a brainchild of the Senator from Minnesota (Mr. Mondale) to begin with. I was fully expecting him to submit this amendment when we got to title IV; and I would welcome it in that order.

Frankly, I had serious doubts that it was within my capacity to defeat that amendment. Nevertheless, I thought that would be the general order in which we were going to proceed, and I wish we could.

Several Senators addressed the Chair.

Mr. LONG. I yield to the Senator from California.

Mr. CRANSTON. I have just one simple question. What did the Senator mean when he said he would make a tabling motion in a timely fashion? Timewise, what did he mean?

Mr. LONG. Well, when the spirit moves me.

I yield to the Senator from Maine.

Mr. MUSKIE. You know, Mr. President, I hear all this talk about the big bludgeon that I carry. But here, at the very same time, I am told that I am bound by an agreement to which I was no party, about which I was never consulted by the Senator from Louisiana or the Senator from Connecticut. Does either of them recall ever talking to me about this agreement on the order of taking up amendments? And I am the bludgeon-bearing Senator?

I very carefully did not cosponsor this package of amendments, because I knew that this kind of accusation would be addressed to me. I separated myself from the sponsors of any amendments. I did not cosponsor any of them, because I wanted to preserve my role as chairman of the Budget Committee quite distinctly.

I left for Maine at 5 o'clock the day before yesterday. I was not on the floor. I was not a party to any amendment. When I was in the very northernmost reaches of Maine, I was told that the Senator from Louisiana had said this. He said:

> I just do not think we ought to be voting on these major amendments with the issue all fuzzed up about whether or not the committee, in proposing an amendment, is in violation of the budget law, and I think we ought to get that clear one way or the other. Once that matter has been resolved, then I think we ought to vote on these amendments on their merits.

I had nothing to do with that statement. I did not dictate it. This is the statement of the Senator from Louisiana. I had left assuming that these amendments would be brought up, because I understand the way in which the Senate operates, one by one. Therefore I would have to expect to miss the first few votes because of a commitment in Maine.

Then I get a hurry-up call: "Senator, you have stopped the Senate in midpassage; they cannot get to a vote or do anything until you come back and have a debate with Senator Long over this budget issue."

So I came back, and the debate started at 3 o'clock yesterday afternoon. I thought it was a debate that gave each side an opportunity, not to convince the others, but to state its position and to state it clearly; and I offered this amendment, which was the key policy question, as an opportunity, the first opportunity for the Senate to change its mind about the policy of the first budget resolution, and resolve this question.

And I am ready to vote. It is here, unencumbered by any extraneous considerations. It is here. This is the heart of the issue between us, the issue which the Senator from Louisiana said on Wednesday had to be resolved before we went on to vote on any other amendment.

Now, he tells me that I am bound by an agreement, or should be bound by an agreement that he reached with the sponsors of the amendments after I left for Maine. I am not bound by any such agreement, and I will not be bludgeoned into being bound by it.

Several Senators addressed the Chair.

Mr. LONG. Mr. President, let me say this: The amendment the Senator is offering does not face that issue at all. If the Senator wishes to move to recommit this bill with instructions to report the bill from the Senate Finance Committee according to instructions on page 6 of that Budget Committee report, and the Senate wants to vote for that, I will be willing to have a vote on it in 10 minutes, with 5 minutes for debate on each side.

But when you offer a very popular amendment, and say that we would resolve the entire issue by voting for that amendment, which I doubt anyone could defeat, giving tax cuts to that many people in an election year—that is the kind of thing you have the Budget Committee for, to join forces with Senators to try to maintain the budget. When you offer an amendment of that sort, where Senators in an election year can hardly go back home and explain why they did not vote to cut taxes, that, Mr. President, is not on the issue at all.

When we had our discussion I said I could not move to recommite the bill; as far as I was concerned, I was happy with the bill we had before us. The Senator could have moved to recommit the bill, but instead, he chose to take this course, that he will insist on a vote on a very popular amendment for tax reductions for a lot of people, and he will vote for something to tax various people that he regards as rich.

He will vote for that type of pattern. Having done that, he will then say his committee has been upheld and the Finance Committee has been repudiated, and his committee is, therefore, under orders to instruct and mandate the committee just exactly contrary to what he said in the Chamber when he had the budget resolution before him. If the Senator wants to proceed in that fashion to offer and support an amendment he thinks has overwhelming popularity because it costs the Treasury tremendous amounts of money, then he can proceed in that fashion, but he ought to take his turn in line with other Senators.

The Senator has managed bills in the Chamber. He has managed many of them.

Mr. MUSKIE. Will the Senator explain that statement? The Senator says to me I ought to be content to take my turn. Will the Senator tell me what my turn is under the rules of the Senate?

Mr. LONG. There is no rule.

Mr. MUSKIE. What is my turn there?

Mr. LONG. There is no rule that makes him do it. I stated that when I talked to those offering amendments.

Mr. MUSKIE. I already told him they were not speaking for me.

Mr. LONG. Please understand. I am saying what I said. I am not saying what the Senator said. Please let me say what I said. I told Senators who agree with me and disagree with me that I am going to try to the extent that I can to move this bill in an orderly fashion and to move these amendments in sequence because to do otherwise leads us to the chaotic situation that I have seen happen in this Senate on revenue bills and others where no Senator knows what he is talking about and every Senator is trying to grab some sort of advantage in being the first to be recognized or first to have an amendment in, engaging in all sorts of parliamentary tactics, and the Senate would save a great deal of time in the long run to simply proceed orderly, section by section, and offer the amendments to the sections as we go through. If any Senator is not happy by the time we are through offering the amendment at the end of the bill or, if he wishes, he can offer a substitute for the entire bill.

Mr. HASKELL. Mr. President, will the Senator yield.

Mr. LONG. I will yield to the Senator from Colorado. I will afterwards return to the Senator from Maine.

Mr. HASKELL. I mentioned to the distinguished floor manager of the bill my recollection of the meeting that the Senator refers to with the Nelson, et al, amendment. The only decision that I recollect was that the various parts of the Nelson amendment would be taken up as the sections affected appeared in the bill. I am sure that a great many of us have amendments, and I personally would not want to be bound to take things up section by section on other amendments. But my recollection was that it related to the Nelson, et al, amendment, and I mention that to the distinguished floor manager of the bill.

Mr. MUSKIE. I can understand the frustration. As chairman of the committee he brings a bill to the floor. He gets impatient with the rest of the Senate who does not follow his idea and the order in which business ought to proceed. I felt the same frustration as the chairman of the Budget Committee. I have felt it in the last 2 days. I have had my ideas of what the budget resolution states. There are procedures that ought to be followed to change it if we wish to change it.

When I say that, I am accused of trying to bludgeon the rest of the Senate into doing things my way.

The Senator is telling us, his view of the way we ought to do this is to begin with the first title and go through it section by section. That makes sense to an orderly mind. But, unfortunately, the Senate is not an orderly institution.

What we are trying to do, he as well as I, is to press a point of view in which we believe deeply.

I do not think the record of the last 18 years suggests that I am a Senator who engages in frivolous parliamentary games. Indeed, I feel somewhat at a loss because I am not that familiar with the rules or that adept at using them. So I do not think the record shows that I played frivolously in the Chamber or that I like to kill time or that I like disorder.

I have raised this issue for only one reason, whether the Senator believes it or not. If he believes what he has just said, I know he will not believe what I say. I did not offer this amendment as a new tax cut. In my judgment, this policy was adopted by the Senate in May. It is not new. I know the Senator disagrees with me on that point. The Senator has to believe this. I say that not frivolously because I believe it. In believing it, I believe it to be central to the resolution of this tax bill.

I have a memo from the CBO that tells me the economic assumptions behind the revenue figures of the first concurrent resolutions are still valid. There is a policy represented by them. I requested the memorandum because of the colloquy I had earlier with Mr. Packwood.

As I said in that colloquy, when there were fewer Senators in the Chamber, this is not simply one number in the resolution. What we do about revenue affects every other number in the resolution. It affects what we spend for welfare programs, unemployment compensation, and all of the programs on which the poor rely when they are out of work. It affects the pace at which the economy moves. It generates private income, private investment, and so on.

So the revenue issue is a very central one, and central to all the revenue issues in this bill is the question of what we do about the policy that was adopted by the whole Congress last May. That is why I do not expect with another speech, meaning what I said before, to persuade the Senator from Louisiana. With the Senator having said what he has said, I have to make clear in the record that my purpose is straightforward. It is not dilatory. It is not frivolous. And it is not intended simply to frustrate him. It is to put before the Senate in the only way I know what I regard to be the key issue in a timely fashion because I think once we resolve that issue—the Senator may have the votes—as chairman of the Budget Committee, I will accept the decision, because that is my duty. But I think it needs to be resolved. Once we do it we can then proceed in an orderly and more expeditious fashion with the rest of the bill. I think all Senators who were not party to that agreement are not necessarily going to be bound by the agenda that has been laid down, but I think they would try to respect it as best they can, and I will, also.

But if the Senator had not raised this issue on Wednesday evening, I would not be here doing this now. I would have waited in accordance with whatever scheme had been arranged in my absence on the assumption that since I was absent I forfeited some part of my right to control the order of things. But since in my absence I was challenged to meet what the chairman of the Finance Committee said was the key issue to be decided before the other amendments were to be acted upon, then I came back to do my duty, and I have tried to do it.

Several Senators. Vote!

Mr. PACKWOOD. Mr. President, when there were fewer Senators in the Chamber, Senator Muskie and I did have a colloquy, and I stated some conclusions which I think were not rebutted, about the policy implications behind the budget report—that is the report, not the resolution—because I think we are now very close to agreement. The question is, shall the Senate change, if that is what we are doing, in accordance with the economic facts which have changed since we adopted the budget resolution, or are we going to willy-nilly chip those assumptions in concrete, and say, "No matter what circumstances may have changed, we are not going to change."?

When the budget resolution was presented to this Senate, the facts of the economic projections in the report were one thing.

Today, they change. The projections on unemployment are that unemployment will be lower than when the budget resolution was before the Senate. The projections are that the real gross national product will be higher than when we considered the budget resolution. The projections are that inflation will be lower than when we considered the budget resolution. In other words, every economic consideration that went into that report—and again I emphasize "report"—is now better.

Mr. KENNEDY. Mr. President, will the Senator yield on that point?

Mr. PACKWOOD. I yield.

Mr. KENNEDY. I heard the Senator make this argument earlier, and I am listening to it again. I am not really sure that it is responsive to the points that the Senator from Maine has made. I do not want to delay the opportunity for an early vote. But as I understand it, at the time of the budget resolution, unemployment was projected at 7 percent by the end of 1976, and the projection is about 6.8 percent at the present time. So not much has changed there.

GNP was estimated at $1,685 billion. Now it is estimated at $1,692 billion. So not much has changed there.

In terms of real GNP, the figure shifts from $1,262 billion to $1,270. The Senator cannot make a great deal out of this change.

However, I listened to the Senator from Oregon talking about how the economic situation is so dramatically different from what the budget resolution was actually based on. I do not believe the case has been made.

What is being proposed by the Senator and the committee, on the other hand, is a $10 billion tax increase for the economy next June. That is what the Finance Committee has recommended, with all the implications that has in terms of shifting from stimulants to restraint in fiscal policy. That could be a cold bath for the economy, which is not what the economy needs.

I, for one, was unconvinced by the earlier explanation. And in reviewing the facts and statistics more closely, I remain unconvinced at the present time as to any possible justification for such a dramatic tax increase as is being suggested by the Finance Committee—$10 billion.

Mr. MONDALE. Mr. President, will the Senator yield?

Mr. PACKWOOD. I want to respond, first.

It was not $10 billion. The Budget Committee's projection is that this tax cut terminates October 31. The Finance Committee projects the termination as of June 30. So we are talking about one-quarter and that is $1.8 billion.

Mr. KENNEDY. Could I ask——

Mr. PACKWOOD. No.

The Senator from Massachusetts confirms what I said about the economic projections. I did not use the word "dramatically." I said they are better.

Mr. KENNEDY. I just have a very brief point. They are getting better, because the budget resolution was based on the projections that they would be getting better. The numbers are coming in right on the nose. Nothing is different.

Mr. PACKWOOD. Mr. President——

The PRESIDING OFFICER (Mr. Brock). The Senator from Oregon has the floor.

Mr. PACKWOOD. I did not say "dramatically." I said they are improved over the assumptions that we were operating under at the time the budget resolution was adopted. They may improve again. They may improve much better than our present projections. They may not. Who knows? But all we are talking about is not a $10 billion difference. We are talking about the difference of the Budget Committee's termination of this tax credit on October 31, as opposed to June 30 by the Finance Committee.

By the way, I hope we have laid to rest the argument that has been made several times, that it is inevitable that we are going to extend this tax credit—inevitable. The Senator from Maine made that comment. Yet, 2 months ago he was saying there is nothing inevitable.

Mr. MUSKIE. Mr. President, will the Senator yield on that point?

Mr. PACKWOOD. I yield.

Mr. MUSKIE. The Senator is quoting me as using the word "inevitable" in a colloquy with me last spring on the budget resolution. Now he has transferred it to something I am alleged to have said here. I did not say "inevitable." I said "highly likely," and I still think it is highly likely.

On the question of the state of the economy, I ask unanimous consent to have printed in the Record the testimony by Arthur Okun yesterday before the Joint Economic Committee constituting a midyear review of the economic situation. This is what he has to say about the budget program we adopted:

> If that budget program is implemented, if the strength of private demand lies in the middle of the likely range, and if the Federal Reserve finances a healthy recovery at reasonably stable interest rates (even if that should require more rapid growth of money), I would expect a growth rate of about 6 percent continuing in 1977. That outcome would not be ideal; but neither would it be unacceptable, particularly allowing for the possibility of further adjustment to this fiscal program late this year or early in 1977.

That 6-percent growth rate, I think, is the same growth rate that we projected in the budget resolution of last spring.

I understand that there are other economists who may disagree with Arthur Okun, although I find that economists, even though they vary widely in the medicine they prescribe at any given moment, are pretty much in agreement about the current state of the economy over the past year and a half. So I would be surprised if they differed markedly from that.

In the preceding paragraph Mr. Okun says:

> In my judgment, that criterion of prudence is met by the First Concurrent Resolution for FY 1977, which calls for $413 billion in federal outlays, the extension of the current tax cuts, and additional revenues of $2 billion through tax reform.

So he endorses a continuation of the policy that is asumed in the first concurrent resolution.

I ask unanimous consent to have Mr. Okun's statement printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Statement by Arthur M. Okun

This is one year in which most economic forecasters do not have to scrap their January forecasts in June. Indeed, for those of us who were on the bullish end of the range at the start of the year, updating the outlook involves relatively minor alterations rather than the production of a brand new model. Those minor alterations move in a favorable direction—a fractional upward revision in the rate of real growth and a fractional downward revision in the inflation rate.

As always, the economy has presented some interesting puzzles; (1) The inventory turnaround proceeded with unusual rapidity, providing a bonus in the growth of real GNP during the first quarter. But that is a one-time bonus rather than a source of sustained growth. (2) The consumer has continued to display a curious pattern of shop, stop, and shop again. In the past year, there have been two shopping sprees which occurred last spring and this winter, and two pauses, taking place last fall and again this spring. I expect the present pause to be followed by another shop-again interval. (3) Plant and equipment spending and homebuilding have been rather disappointing, offsetting some of the stronger performance of consumer buying and the inventory turnaround. (4) Unemployment has fallen somewhat more sharply than seemed likely. The analysis of this puzzle is complicated by the recent inconsistency of our two sets of data on employment. Reports from households (on which unemployment statistics are based) show much larger job gains than the typically more reliable reports from employers. (5) Interest rates have been remarkably stable and moderate, largely because private demands for money and credit have been unusually weak. (6) Wages have behaved with exceptional moderation, providing the main basis for the slightly improved inflation outlook.

These are the kinds of subtle issues that make life interesting for economists. In the broad perspective that is relevant to policymaking, the main verdict is that the expansion has remained on track and that the range of uncertainty about its vigor has narrowed. On the one hand, it is now much safer to discount the possibility of a jack-in-the-box rebound, such as have followed some very deep recessions in the past. In particular, one can now dismiss as demonstrably wrong the criticisms of 1975 that the Congress was excessively stimulating the economy. On the other side, the recovery has refuted the pessimistic views expressed by some observers that the recession had permanently damaged the vitality of the American economy.

All in all, we are experiencing a very normal and typical recovery out of a business-cycle recession. The key distinguishing feature is that this standard-size recovery follows a double-size recession. Consequently, the level of operation of this economy (as reflected in the unemployment rate, industrial operating rates, and the shortfall of output and real income below prosperity levels) is now similar to that at the troughs of previous post-war recessions rather than at comparable points after one year of recovery. The state of the economy is improving but, having begun at such an abysmal position, we have a long, long way to go to regain prosperity.

FUTURE PROSPECTS

From the first quarter of 1975 to the first quarter of 1976, real GNP advanced 7.1 percent. I expect the growth rate to remain fairly brisk during the remainder of 1976—probably in the 5 to 7 percent range—but not to match the vigor of the first year of recovery. The main reason for anticipating some slowdown is that the shift from massive inventory liquidation to more normal inventory accumulation is largely behind us. The inventory turnaround was a key factor that contributed 2½ percentage points to the 7-plus growth rate over the past year. I do not welcome any slowdown at this point. A maintenance of the pace of the past year would be a desirable, indeed a conservative goal, in my judgment. Yet, to make such an encore a likelihood would require an additional stimulative fiscal and monetary program at the present time.

Taking account of the risks on all sides, I do not recommend such an initiative. For one thing, I can see the possibility—although not the probability—that a sudden revival of plant and equipment spending and multi-family homebuilding late this year could produce excessive growth if it were accompanied by additional fiscal and monetary stimulation. Furthermore, I would agree with the judgment that Chairman Greenspan expressed to you last week: "Our capacity to brake federal outlays or to raise taxes is exceptionally limited." There is an asymmetry in the adjustments that can be realistically implemented during the course of the fiscal year; a shift toward stimulus, if it should become desirable, is more readily accomplished than one toward additional restraint. Hence, it seems prudent to base our current policy planning on a very optimistic assessment of the forthcoming vigor of private demand, counting on our ability to reduce fiscal restraint subsequently if private demand proves to be less buoyant.

In my judgment, that criterion of prudence is met by the First Concurrent Resolution for FY 1977, which calls for $413 billion in federal outlays, the extension of the current tax cuts, and additional revenues of $2 billion through tax reform. As I calculate the fiscal impact of this program, it involves some $11.6 billion less of restraint than the Administration's January program. Hence, it is more restrictive than the proposal I offered in testimony to the House Committee on the Budget on January 27, when I recommended adding $16 billion to $18 billion of stimulus to the Administration's program. My initial preference still stands, but I can accept the First Concurrent Resolution as a major improvement over the Administration program. It avoids an abrupt fiscal tightening; although it shifts somewhat toward restraint, it can be reasonablly characterized as a "steady-as-you-go" budget in sharp contrast to the Administration proposal. In particular, it heeds Senator Humphrey's wise warnings against "unwise or premature government policies [that would] sap . . . vitality and prevent full recovery."

If that budget program is implemented, if the strength of private demand lies in the middle of the likely range, and if the Federal Reserve finances a health recovery at reasonably stable interest rates (even if that should require more rapid growth of money), I would expect a growth rate of about 6 percent continuing in 1977. That outcome would not be ideal; but neither would it be unacceptable, particularly allowing for the possibility of further adjustment to this fiscal program late this year or early in 1977.

THE INFLATION PROBLEM

Obviously, the reason for moderation in our targets for recovery lies in our serious concern about inflation. An objective professional economist must report that there is a tradeoff. Beyond a doubt, a speedy return to full employment would be followed by an acceleration of inflation. And the political backlash to intensified inflation would produce another fiscal-monetary bloodletting that, in turn, would bring on a new recession.

There are, to be sure, a great many uncertainties about the quantification of the tradeoff. In my judgment, the basic inflation rate today is somewhere between 5 and 6 percent for prices and close to 8 percent for wages. Such inflation rates are uncomfortably high; after so severe a recession, it is disappointing that prices are still rising at a more rapid rate than was experienced in any year between 1952 and 1969.

On the present outlook, I am projecting a continued inflation rate of 5 to 6 percent through 1977. But that reflects my feeling that it is as likely to decelerate as to accelerate rather than any conviction that it will stabilize. Most important, I do not believe that the inflation outlook can be significantly improved by slowing down the recovery. Indeed, whether the growth of real GNP between now and the end of 1977 is as low as 4 percent or as high as 7 percent would have negligible effects on the outlook for inflation.

A careful reading of the data on labor markets and on manufacturing capacity today confirms emphatically that this economy has plenty of room for brisk expansion through the 1977 fiscal year. This country is miles away from excess demand. If wages should accelerate sharply, if industrial prices should be marked up at an accelerating rate, the source must be found in the nature of our wage- and price-making institutions rather than an overheated economy.

Indeed, if those institutions have such a strong inflationary bias that they intensify inflation even with the pervasive slack in today's economy, we ought to determine that fact, face up to it, and deal with it fundamentally. It is hard to say how much the bumpy economic ride of the seventies should be blamed on erratic fiscal-monetary driving and how much on potholes in the road caused by inflationary bias in wages and prices. If potholes are the problem, then going slow is no solution. In that event, we will simply have to repair the road. Meanwhile I would urge you to maintain a steady speed and a steady course and to test the viability of the road.

Mr. PACKWOOD. I am curious whether the Senator from Maine has altered the transcript of the reporter's notes about his comments at 12:15.

Mr. MUSKIE. I did not hear the Senator.

Mr. PACKWOOD. Has the Senator from Maine altered the transcript of the reporter's notes as to his comments about inevitability?

Mr. MUSKIE. I say to the Senator that I have not been in that office in years. My staff may have been in there, because they sometimes go back to clarify some of my bumblings on the floor.

Did I use the word "inevitable"?

Mr. PACKWOOD. Yes.

Mr. MUSKIE. Then, I apologize to the Senator, but I still think he made too much of it.

Mr. MONDALE. Mr. President, will the Senator yield?

Mr. PACKWOOD. I yield to the Senator, because he has been on his feet a long time, seeking recognition.

Mr. MONDALE. One of the things that bothers me about the Finance Committee bill is that there are a whole host of tax reductions, some of them new to the tax law, that are found in this bill and made permanent.

There is, for example, the provision making permanent the investment tax credit at 10 percent, a very liberal level, rising to 12 percent if a corporation adopts an employee stock ownership plan. That costs, I believe, more than $9 billion.

If we look through the index, there are proposals designed to provide a tax credit for recycling material at a cost of several hundred million dollars, and these proposals are made permanent.

We have in here, for the first time, a rebatable investment tax credit. In other words, even though corporations may be making a lot of money, they may not owe taxes due to tax preferences, deductions, and the rest. If so, we will send them a check in the amount of the excess tax credit; because they have had so many loopholes they do not owe anything, and it is only fair to send them some money out of the Treasury. That is permanent.

As a matter of fact, if we look at the total of these tax cuts, by 1981 there is mandated permanently in this bill about $1.3 billion a year in lower taxes for corporations, and more than $10 billion in increased taxes for ordinary people.

For example, we have here, on a permanent basis, a new wrinkle, which puts a cap of 50 percent on the tax rate for unearned income. In other words, no matter how much money you take in that is unearned, your tax rate, under this complicated formula, will rarely exceed 50 percent.

That is permanent. Now, the argument by the Senator from Oregon seems to say that in managing this economy, there is only one thing we can use to slow it down, and that is reducing this modest amount of personal income tax reductions found temporarily in the law. All the things we have done for the wealthy, all the things we have done for the corporations have to be locked up permanently, and it is only the individual tax cut, that amount to $180 for each family, that is subject to being held hostage in this bill. I want to know why we picked on the average income taxpayer.

Mr. PACKWOOD. I yielded for a question, Mr. President.

Mr. MONDALE. That is my question.

The PRESIDING OFFICER. The Senator from Oregon has the floor.

Mr. PACKWOOD. The Senator from Minnesota will look in vain in this RECORD to find any statement I have ever made, on this floor or in the Finance Committee, that any tax is locked in permanently. I do not like "permanent" taxes. My voting pattern is to try to put termination dates on all taxes so they have to be reviewed. The distinguished majority leader, the Senator from Montana (Mr. MANSFIELD) had an excellent idea several years ago, when he proposed that all taxes have to terminate after a 3-year period and we have to review them. I thought it was an excellent idea, and I supported it. Just because we have made some taxes "permanent" by taking off the termination date does not mean those taxes are not going to end. Anybody who has served in this body knows that. We have changed taxes, started taxes, altered taxes, finished taxes that allegedly were "permanent."

Mr. MONDALE. Will the Senator yield?

Mr. PACKWOOD. No, I shall not yield.

Mr. MONDALE. I want to know how we singled this particular tax out.

Mr. PACKWOOD. Mr. President, I said I will not yield.

The PRESIDING OFFICER. The Senator from Oregon has the floor.

Mr. PACKWOOD. All I hear the opponents say over and over, is that we have made the statement that it is inevitable that it is going to be extended. It is not inevitable. It may not be extended. We may end one of the "permanent" taxes that we have made permanent instead and extend this. There is no guarantee as to what we might do. There is no guarantee as to what the next Congress might do. It may greatly depend upon whether President Ford is elected or Jimmy Carter is elected—pardon me, I make a bow to Governor Reagan. For us to sit here and seriously, seriously think to ourselves that we know what we are going to do next April, May, or June is not only foolish, if I were to make any single bet, I would be willing to bet that what we say today we will do next June, we will not do.

Mr. MONDALE. Will the Senator yield?

Mr. PACKWOOD. For what purpose?

Mr. MONDALE. For a question.

Mr. PACKWOOD. Yes.

Mr. MONDALE. There is one thing we do know: If we pass this Finance Committee bill and we do nothing else, there is a whole host of tax preferences and loopholes for big corporations and the rich in the amount of billions of dollars that go on forever. But the preferences now in the law—nothing new—the tax credits and deductions for the average family, amounting to $9 billion, are the only things that expire by law next July.

Why? Why have we singled out, out of a whole tax law, the individual and family taxpayers of this country? I will tell you why I think: Because in order to finance the loopholes, we had to take it away from the others.

Mr. PACKWOOD. I yielded for a question, Mr. President.

Mr. MONDALE. That is my question.

The PRESIDING OFFICER. The Senator from Oregon has the floor.

Mr. LONG. Will the Senator yield?

Mr. PACKWOOD. Yes, I yield.

Mr. LONG. Is this not true: The bill that we bring to the Senate does more for the poor and the low-income taxpayers than the bill that some of our liberal friends applauded which came from the House of Representatives? We added the earned income credit. Some poor people are not making enough to pay an income tax, so they get something from the Treasury instead.

We have made a low-income allowance by increasing the minimum standard deduction. And even with regard to this benefit to the family that the Senator would like to talk about, it is not $180. I discussed that with Mr. MUSKIE. That just shows how the Budget Committee technicians will have to work many, many years, and probably go back to college and take added courses, before they will ever begin to acquire anything like the expertise of those who advise us on the Senate Committee on Finance. It is not $180 when they get through with their arithmetic. It is $36. Even the $36 is not enjoyed by the really low-income families.

That is far from what we are led to believe we are talking about. We have all sorts of provisions in here to help mothers have day care for their children and to help people insulate their homes and matters of that sort. We improve on the retirement income credit—there are all sorts of things in here to help individuals.

When the Senator talks about $9 billion on the investment tax credit, he is talking about the entire cost of the investment tax credit, all 10 points of it, not just the cost of extending the 3 points that were added in recent law to try to get the economy going.

I ask the Senator, who was it who started the investment tax credit? Who recommended and sent us the investment tax credit?

Mr. PACKWOOD. President Kennedy.

Mr. LONG. It was President Kennedy's administration that did that. I helped put that into law.

Whose administration was it when it became fully effective? Was it not Lyndon Johnson, a Democratic President? Why did he recommend that? Because he thought it would provide a lot of jobs.

Does the Senator know of anything that has been more effective in getting the economy moving or providing jobs for people than the investment tax credit?

Mr. PACKWOOD. I know when we were in the Finance Committee, we had those charts and we had those two bar graphs. Year after year, when the investment credit went up, the jobs went up. When the investment credit went down, jobs went down. I am not an economist, but there seemed to be a direct correlation between investment and jobs.

Mr. LONG. And when the investment tax credit went on, far from the corporations paying less taxes, they paid more and when the investment tax credit went off, far from the corporations paying more taxes, they paid less. So what would appear to be a tax cut for corporations brought more money to the Government and what would appear to be a tax increase for the corporations brought less money to the Government, because it was very effective in stimulating more economic activity, more jobs, and putting more people to work in this country.

Is it not true that every time we put the investment tax credit on, the economy picked up?

Mr. PACKWOOD. It is.

Mr. LONG. And every time we took the investment tax credit off, the economy went down?

Mr. PACKWOOD. That is true.

Mr. BUMPERS. Will the Senator yield?

Mr. ALLEN. Will the Senator yield for a parliamentary inquiry?

Mr. PACKWOOD. I yield to the Senator from Alabama, yes. He has been on his feet for some time.

Mr. ALLEN. Do not the Senate rules provide that no Senator can speak more than twice during a legislative day on a particular subject before the Senate?

The PRESIDING OFFICER. The Senator is correct.

Mr. ALLEN. I think if the Senators would abide by that rule, we would get this issue to a vote.

SEVERAL SENATORS. Vote!

Mr. BUMPERS. My question is that the floor manager, the distinguished chairman of the Senate Committee on Finance, said he was going to move to table the amendment of the Senator from Maine. I would like to know whether or not he can tell us when he is going to do that.

Mr. PACKWOOD. I would like to ask if the Senator from Louisiana wants me to yield. I think he is asking the Senator rather than me.

Mr. LONG. I am not going to do it right this minute. If I were, I would make the motion right this minute.

Mr. BUMPERS. Will the Senator make the motion in the next hour?

Mr. LONG. I have just not decided. I shall make up my mind when the time comes.

Mr. NELSON. Will the Senator yield for a question of the Parliamentarian?

Mr. PACKWOOD. Yes.

Mr. NELSON. The Senator from Alabama called attention to the Senate rule that no Member is entitled to speak more than twice on the same subject on the same day. I raise the point of order that just about everybody but me has already done that. The Senator from Oregon has, the Senator from Louisiana has, the Senator from Maine has. So if that is correct, I intend to object to any further remarks by any of them.

Mr. PACKWOOD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

AMENDMENT 1899

Mr. LONG. I send to the desk an amendment and ask that the clerk read it.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Louisiana (Mr. LONG) proposes an amendment.

Mr. LONG. Mr. President, the clerk has not read the amendment.

The legislative clerk resumed reading the amendment.

Mr. HUMPHREY. Mr. President, a point of order. Is there not an amendment pending?

Mr. LONG. Regular order, Mr. President.

The PRESIDING OFFICER. This is an amendment to the amendment.

Mr. HUMPHREY. Have we acted on the committee amendments?

The PRESIDING OFFICER. This is an amendment to the amendment.

Mr. HUMPHREY. I asked, have we acted on the amendment?

The PRESIDING OFFICER. No, but this is an amendment to the amendment to the language proposed to be struck; therefore, the amendment is in order.

The legislative clerk resumed the reading of the amendment.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

Mr. LONG. I object.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. I object, Mr. President.

The PRESIDING OFFICER. Objection is heard. The clerk will continue to read.

The legislative clerk continued to read the amendment.

Mr. LONG.. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

AMENDMENT No. 1899

On page , line , insert the following:

SUBTITLE A—AMENDMENTS OF INTERNAL REVENUE CODE GENERALLY

SEC. 1300. AMENDMENT OF 1954 CODE.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

Sec. 1301. Amendments of Subtitle A; Income Taxes.

(a) In General.—

(1) Amendment of section 2.—Subsection (c) of section 2 (relating to certain married individuals living apart) is amended to read as follows:

"(c) Certain Married Individuals Living Apart.—For purposes of this part, an individual shall be treated as not married at the close of the taxable year if such individual is so treated under the provisions of section 143(b)."

(2) Amendment of section 11.—Subsection (c) of section 11 (relating to the surtax imposed in corporations) is amended to read as follows:

"(c) Surtax.—The surtax is equal to 26 percent of the amount by which the taxable income exceeds the surtax exemption for the taxable year."

(3) Repeal of section 35.—Section 35 (relating to partially tax-exempt interest received by individuals) is repealed.

(4) Amendment of section 37.—Section 73(a) (relating to credit for retirement income) is amended by striking out "17 percent, in the case of a taxable year beginning in 1964, or 15 percent, in the case of a taxable year beginning after December 31, 1964," and inserting in lieu thereof "15 percent".

(5) Amendment of section 39.—Section 39 (relating to certain uses of gasoline, special fuels, and lubrication oil) is amended by striking out subsections (b) and (c) and inserting after subsection (a) the following new subsection:

"(b) Exception.—Credit shall not be allowed under subsection (a) for any amount payable under section 6421, 6424, or 6427, if a claim for such amount is timely filed and, under section 6421(i), 6424(f), or 6427(f), is payable under such section."

(6) Amendments of section 46.—

(A) The second sentence of section 46(a)(3) is amended by striking out "section 408(e)" and inserting in lieu thereof "section 408(f)".

(B) The first sentence of section 46(b)(1) (relating to carryback and carryover of unused investment credit) is amended by striking out ", except that such excess may be a carryback only to a taxable year ending after December 31, 1961".

(C)(i) Section 46(b) (relating to the investment credit) is amended by striking out paragraph (4) (relating to carrybacks of an unused credit to certain taxable years beginning before 1962), and by redesignating paragraphs (5) and (6) as paragraphs (4) and (5); respectively.

(ii) Section 46(b)(5)(B), as redesignated by clause (i), is amended by striking out "paragraph (5)" and inserting in lieu thereof "paragraph (4)", and by striking out "paragraphs (1), (2), and (5)" and inserting in lieu thereof "paragraphs (1), (2), and (4)".

(D) Clause (iii) of section 46(c)(3)(B) (relating to public utility property is amended by striking out "47 U.S.C., sec. 222(a)(5)" and inserting in lieu thereof "47 U.S.C. 222(a)(5)".

(7) Amendments of section 48.—

(A) Section 48(a)(2)(B)(vi) (relating to section 38 property used outside the United States) is amended by striking out"; 43 U.S.C., sec. 1331)" and inserting in lieu thereof" (43 U.S.C. 1331))".

(B) Section 48(a)(2)(B)(viii) is amended by striking out "47 U.S.C., sec. 702" and inserting in lieu thereof "47 U.S.C. 702"

(8) Amendment of section 50A.—The second sentence of section 50A(a)(3) (relating to liability for tax) is amended by striking out "section 408(e)" and inserting in lieu thereof "section 408(f)".

(9) Repeal of section 51.—Subchapter A of chapter 1 is amended by striking out part V (relating to tax surcharge).

(10) Amendment of section 56.—Section 56(c) (relating to tax carryover) is amended by striking out "to which excess may be carried" and inserting in lieu thereof "to which such excess may be carried".

(11) Amendments of section 57.—

(A) Section 57(a) (relating to items of tax preference) is amended by striking out paragraph (1) (relating to excess investment interest for taxable years before 1972).

(B) Section 57(a) is amended by striking out the last two sentences and inserting in lieu thereof the following: "Paragraph (3) shall not apply to a corporation other than an electing small business corporation (as defined in section 1371(b)) and a personal holding company (as defined in section 542)."

(C) Section 57 is amended by striking out subsection (b) (relating to rules regarding excess investment interest) and redesignating subsection (c) as subsection (b).

(12) Amendments of section 62.—

(A) Section 62 (relating to definition of adjusted gross income) is amended by redesignating paragraph (11), as added by the Act of October 26, 1974 (Public Law 93–483), as paragraph (12).

(B) Section 62(12), as redesignated by subparagraph (A) of this paragraph, is amended by striking out "trade or business to the extent" and inserting in lieu thereof "trade or business, to the extent".

(13) Definition of ordinary income and ordinary loss.—Part I of subchapter B of chapter 1 (relating to definitions of gross income, adjusted gross income, and taxable income) is amended by adding at the end thereof the following new sections:

"SEC. 64. ORDINARY INCOME DEFINED.

"For purposes of this subtitle, the term 'ordinary income' includes any gain from the sale or exchange of property which is neither a capital asset nor property described in section 1231(b) and any other gain which, under other provisions of this subtitle, is to be treated as gain from the sale or exchange of property which is not a capital asset nor property described in section 1231(b).

"SEC. 65. ORDINARY LOSS DEFINED.

"For purposes of this subtitle, the term 'ordinary loss' includes any loss from the sale or exchange of property which is not a capital asset and any other loss which, under other provisions of this subtitle, is treated as loss from the sale or exchange of property which is not a capital asset."

(14) Amendments of section 72.—

(A) Section 72(d)(1) (relating to employees' annuities) is amended by striking out "(whether or not before January 1, 1954)" and by striking out "(under this paragraph and prior income tax laws)".

(B) Section 72(m)(4)(A) (relating to assignments or pledges) is amended by striking out "an individual retirement amount" and inserting in lieu thereof "an individual retirement account".

(15) Repeal of section 76.—Section 76 (relating to mortgages made or obligations issued by joint stock land banks) is repealed.

(16) Amendment of section 83.—Section 83(b)(2) (relating to election to include the value of restricted property in gross income) is amended by striking out "(or, if later, 30 days after the date of the enactment of the Tax Reform Act of 1969)".

(17) Amendment of section 101.—Section 101 is amended by striking out subsection (f) (relating to effective date of section).

(18) Amendments of section 103.—

(A) Section 103(a) (relating to tax-exempt interest) is amended to read as follows:

"(a) General Rule.—Gross income does not include interest on the obligations of a State or a possession of the United States, or any political subdivision of any of the foregoing, or of the District of Columbia."

(B) Section 103 is amended by striking out subsection (b) (relating to certain exceptions) and by redesignating subsections (c), (d), and (e) as subsections (b), (c), and (d), respectively.

(C) Section 103(b)(1) (relating to industrial development bonds), as redesignated by subparagraph (B) of this paragraph, is amended to read as follows:

"(1) Subsection (a) not to apply.—Except as otherwise provided in this subsection, any industrial development bond shall be treated as an obligation not described in subsection (a)."

(D) Section 103(b)(6)(G) (relatiing to limitation on loss of tax exemption), as redesignated by subparagraph (B) of this paragraph, is amended by striking out "subsection (a)(1)" and inserting in lieu thereof "subsection (a)".

(E) Section 103(c)(1) (relating to arbitrage bonds), as redesignated by subparagraph (B) of this paragraph, is amended to read as follows:

"(1) Subsection (a) not to apply.—Except as provided in this subsection, any arbitrage bond shall be treated as an obligation not described in subsection (a)."

(F) Section 103(c)(2)(A) (relating to definition of arbitrage bonds), as redesignated by subparagraph (B) of this paragraph, is amended by striking out "subsection (a)(1)" and inserting in lieu thereof "subsection (a)".

(G) Section 103(d) (relating to certain cross references), as redesignated by subparagraph (B) of this paragraph, is amended to read as follows:

"(d) Cross References.—

"For provisions relating to the taxable status of—

"(1) Puerto Rican bonds, see section 3 of the Act of March 2, 1917, as amended (48 U.S.C. 745).

"(2) Virgin Islands insular and municipal bonds, see section 1 of the Act of October 27, 1949 (48 U.S.C. 1403).

"(3) Certain obligations issued under title I of the Housing Act of 1949, see section 102(g) of title I of such Act (42 U.S.C. 1452(g))."

(19) Amendments of section 104.—

(A) Section 104(a)(4) (relating to exclusion of compensation for injuries or sickness) is amended by striking out "; 60 Stat. 1021".

(B) Section 104(b)(2) is amended to read as follows:

"(2) For exclusion of part of disability retirement pay from the application of subsection (a)(4) of this section, see section 1403 of title 10, United States Code (relating to career compensation laws)."

(20) Amendment of section 115.—Section 115 (relating to income of States, municipalities, etc.) is amended to read as follows:

"Sec. 115. Income of States, Municipalities, Etc.

"Gross income does not include—

"(1) income derived from any public utility or the exercise of any essential governmental function and accruing to a State or any political subdivision thereof, or the District of Columbia; or

"(2) income accruing to the government of any possession of the United States, or any political subdivision thereof."

(21) AMENDMENT OF SECTION 116.—Subsection (a) of section 116 (relating to partial exclusion of dividends received by individuals) is amended by striking out "Effective with respect to any taxable year ending after July 31, 1954, gross income" and inserting in lieu thereof "Gross income".

(22) AMENDMENT OF SECTION 124.—Section 124 (relating to cross references to other Acts) is amended to read as follows:

"SEC. 124. CROSS REFERENCES TO OTHER ACTS.

"(a) For exemption of—

"(1) Adjustments of indebtedness under wage earners' plans, see section 679 of the Bankruptcy Act (11 U.S.C. 1079).

"(2) Allowances and expenditures to meet losses sustained by persons serving the United States abroad, due to appreciation of foreign currencies, see section 5943 of title 5, United States Code.

"(3) Amounts credited to the Maritime Administration under section 9(b)(6) of the Merchant Ship Sales Act of 1946, see section 9(c)(1) of that Act (50 U.S.C. App. 1742).

"(4) Benefits under laws administered by the Veterans' Administration, see section 3101 of title 38, United States Code.

"(5) Earnings of ship contractors deposited in special reserve funds, see section 607(d) of the Merchant Marine Act, 1936 (46 U.S.C. 1177).

"(6) Income derived from Federal Reserve banks, including capital stock and surplus, see section 7 of the Federal Reserve Act (12 U.S.C. 531).

"(7) Railroad retirement annuities and pensions, see section 12 of the Railroad Retirement Act of 1935 (45 U.S.C. 2281).

"(8) Railroad unemployment benefits, see section 2(e) of the Railroad Unemployment Insurance Act (45 U.S.C. 352).

"(9) Special pensions of persons on Army and Navy medal of honor roll, see 38 U.S.C. 562(a)–(c).

"(b) For extension of military income-tax-exemption benefits to commissioned officers of Public Health Service in certain circumstances, see section 212 of the Public Health Service Act (42 U.S.C. 213)."

(23) AMENDMENT OF SECTION 143.—Section 143 (relating to determination of marital status) is amended by striking out "this part" each place it appears and inserting in lieu thereof "this part and part V".

(24) AMENDMENT OF SECTION 151.—Section 151(e)(4) (relating to definitions of student and educational institution) is amended to read as follows:

"(4) STUDENT DEFINED.—For purposes of paragraph (1)(B)(ii), the term 'student' means an individual who during each of 5 calendar months during the calendar year in which the taxable year of the taxpayer begins—

"(A) is a full-time student at an educational organization described in section 170 (b)(1)(A)(ii); or

"(B) is pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of an educational organization described in section 170(b)(1)(A)(ii) or of a State or political subdivision of a State."

(25) AMENDMENTS OF SECTION 152.—

(A) Section 152(a) (relating to definition of dependent) is amended—

(i) by inserting "or" at the end of paragraph (8),

(ii) by striking out ", or" at the end of paragraph (9) and inserting in lieu thereof a period, and

(iii) by striking out paragraph (10).

(B) Section 152(b)(3) (relating to rules concerning the definition of dependent) is amended to read as follows:

"(3) The term 'dependent' does not include any individual who is not a citizen or national of the United States unless such individual is a resident of the United States or of a country contiguous to the United States. The preceding sentence shall not exclude from the definition of 'dependent' any child of the taxpayer legally adopted by him, if, for the taxable year of the taxpayer the child has as his principal place of abode the home of the taxpayer and is a member of the taxpayer's household, and if the taxpayer is a citizen or national of the United States."

(26) AMENDMENTS OF SECTION 164.—Section 164(d)(2) (relating to apportionment of taxes on real property between the seller and purchaser) is amended by striking out subparagraphs (B) and (C), and by redesignating subparagraph (D) as subparagraph (B).

(27) AMENDMENTS OF SECTION 165.—Section 165 (relating to deduction of losses) is amended by striking out subsection (i) (relating to property confiscated by Cuba), and by redesignating subsection (j) as subsection (i).

(28) AMENDMENTS OF SECTION 167.—

(A) Section 167(d) (relating to agreement as to useful life for depreciation) is amended by striking out "after the date of enactment of this title" and inserting in lieu thereof "after August 16, 1954".

(B) Section 167(e) (relating to change in method of depreciation) is amended to read as follows:

"(e) CHANGE FROM DECLINING BALANCE METHOD.—In the absence of an agreement under subsection (d) containing a provision to the contrary, a taxpayer may at any time elect in accordance with regulations prescribed by the Secretary to change from the method of depreciation described in subsection (b)(2) to the method described in subsection (b)(1)."

(C) Section 167(f)(2) (relating to definition of personal property) is amended by striking out "the date of the enactment of the Revenue Act of 1962" and inserting in lieu thereof "October 16, 1962".

(D) Section 167(1)(4)(A) (relating to election as to increased-capacity property) is amended by striking out "within 180 days after the date of the enactment of this subparagraph" and inserting in lieu thereof "before June 29, 1970,".

(29) AMENDMENTS OF SECTION 170.—

(A)(i) Section 170 (relating to charitable deductions) is amended by striking out subsections (f)(6) and (g) (relating to unlimited charitable deductions allowed for taxable years beginning before January 1, 1975), and by redesignating subsections (h), (i), and (j) as subsections (g), (h), and (i), respectively.

(ii) Section 170(b)(1) (relating to percentage limitations on deductions for individuals) is amended by striking out subparagraph (C) (relating to unlimited deductions), and by redesignating subparagraphs (D), (E), and (F) as subparagraphs (C), (D), and (E), respectively.

(iii) Section 170(b)(1)(A)(vii) is amended by striking out "subparagraph (E)" and inserting in lieu thereof "subparagraph (D)".

(iv) Section 170(b)(1)(B)(ii) is amended by striking out "subparagraph (D)" and inserting in lieu thereof "subparagraph (C)".

(v) Section 170(c) (relating to definition of charitable contribution) is amended by striking out in the last sentence "subsection (h) and inserting in lieu thereof "subsection (g)".

(vi) Section 170(e)(1)(B)(ii) (relating to certain contributions of ordinary income and capital gain property) is amended by striking out "subsection (b)(1)(E)" and inserting in lieu thereof "subsection (b)(1)(D)".

(B) Section 170(d)(1)(A) (relating to carryover of excess charitable contributions) is amended by striking out "(30 percent, in the case of a contribution year beginning before January 1, 1970)".

(C) Section 170(h) (relating to disallowance of deductions in certain cases), as redesignated by subparagraph (A)(i) of this paragraph, is amended by striking out "64 Stat. 966;".

(D) Section 170(i) (relating to cross references), as redesignated by subparagraph (A)(i) of this paragraph, is amended to read as follows:

"(i) OTHER CROSS REFERENCES.—

"(1) For charitable contributions of estates and trusts, see section 642(c).

"(2) For nondeductibility of contributions by common trust funds, see section 584.

"(3) For charitable contributions of partners, see section 702.

"(4) For charitable contributions of nonresident aliens, see section 873.

"(5) For treatment of gifts for benefits of or use in connection with the Naval Academy as gifts to or for the use of the United States, see section 6973 of title 10, United States Code.

"(6) For treatment of gifts accepted by the Secretary of State under the Foreign Service Act of 1946 as gifts to or for the use of the United States, see section 1021(e) of that Act (22 U.S.C. 809(e)).

"(7) For treatment of gifts of money accepted by the Attorney General for credit to the 'Commissary Funds, Federal Prisons' as gifts to or for the use of the United States, see section 2 of the Act of May 15, 1952, as amended by the Act of July 9, 1952 (31 U.S.C. 725s–4)."

(30) AMENDMENTS OF SECTION 172.—

(A)(i) Section 172(b)(1) (relating to years to which loss may be carried) is amended by striking out subparagraph (E) and by redesignating subparagraphs (F) and (G) as subpararaphs (E) and (F), respectively.

(ii) Clause (i) of section 172(b)(1)(A) is amended by striking out "(F), and (G)" and inserting in lieu thereof "and (F)".

(iii) Subparagraph (B) of section 172(b)(1) is amended by striking out ", (D), and (E)" and inserting in lieu thereof "and (D)".

(iv) Section 172(b)(3) is amended by striking out subparagraphs (E) and (F).

(B) Section 172(c) (relating to definition of net operating loss) is amended by striking out "(for any taxable year ending after December 31, 1953)".

(C)(i) Section 172 (relating to net operating loss deduction) is amended by striking out subsections (f), (g), and (i), and by redesignating subsections (h), (j), (k), and (l) as subsections (f), (g), (h), and (i), respectively.

(ii) Section 172(b)(1)(C) (relating to regulated transportation corporations) is amended by striking out "subsection (j)(1)" and "subsection (j)", and inserting in lieu thereof "subsection (g)(1)" and "subsection (g)", respectively.

(ii) Paragraphs (1)(D) and (3)(C)(i) of section 172(b) (relating to net operating loss carryovers and carrybacks) are each amended by striking out "subsection (k)" and inserting in lieu thereof "subsection (h)".

(iv) Section 172(b)(2) (relating to amount of carrybacks and carryovers) is amended by striking out "subsections (i) and (j)" and inserting in lieu thereof "subsections (g)".

(D) Section 172(e) (relating to law applicable to computations) is amended by striking out the last sentence.

(E) Section 172(g)(2) (relating to certain regulated transportation corporations), as redesignated by subparagraph (C) of this paragraph, is amended by striking out paragraph (4).

(31) AMENDMENTS OF SECTIONS 174 AND 175.—Section 174(a)(2)(A)(i) relating to

research and development expenditures) and section 175(d)(1)(A) (relating to soil and water conservation expenditures) are each amended by striking out "the date on which this title is enacted," and inserting in lieu thereof "August 16, 1954,".

(32) Amendment of section 219.—Section 219 (b)(2)(A)(iv) (disqualifying governmental plan participants from contributing to individual retirement accounts, etc.) is amended by striking out "division" and inserting in lieu thereof "subdivision".

(33) Repeal of section 242.—Section 242 (relating to partially tax-exempt interest received by corporations) is repealed.

(34) Amendments of section 243.—

(A) Section 243(a)(2) (relating to the dividend received deduction) is amended by inserting after "Small Business Investment Act of 1958" the following: "(15 U.S.C. 661 and following)".

(B) Section 243(b)(2)(A) (relating to dividends received by a member of an affiliated group) is amended by striking out "(except that in the case of a taxable year of a member beginning in 1963 and ending in 1964, if the election is effective for the taxable year of the common parent corporation which includes the last day of such taxable year of such member, such election shall be effective for such taxable year of such member, if such member consents to such election with respect to such taxable year)".

(35) Amendment of section 247.—Section 247(b)(2) (relating to preferred stock) is amended to read as follows:

"(2) Preferred stock.—

"(A) In general.—The term 'preferred stock' means stock issued before October 1, 1942, which during the whole of the taxable year (or the part of the taxable year after its issue) was stock the dividends in respect of which was cumulative, limited to the same amount, and payable in preference to the payment of dividends on other stock.

"(B) Certain stock issued on or after October 1, 1942.—Stock issued on or after October 1, 1942, shall be deemed for purposes of this paragraph to have been issued before October 1, 1942, if it was issued to refund or replace bonds or debentures issued before October 1, 1942 or to refund or replace other preferred stock (including stock which is preferred stock by reason of this subparagraph or subparagraph (D), but only to the extent that the par or stated value of the new stock does not exceed the par, stated, or face value of the bonds or debentures issued before October 1, 1942, or the other preferred stock, which such new stock is issued to refund or replace.

"(C) Determination under regulations.—The determination of whether stock was issued to refund or replace bonds or debentures issued before October 1, 1942, or to refund or replace other preferred stock, shall be made under regulations prescribed by the Secretary.

"(D) Issuance of stock.—For purposes of subparagraph (B), issuance of stock includes issuance either by the same or another corporation in a transaction which is a reorganization (as defined in section 368(a)), a transaction to which section 371 (relating to insolvency reorganizations) applies, or a transaction subject to part VI of subchapter O (relating to exchanges in SEC obedience orders), or the respectively corresponding provisions of the Internal Revenue Code of 1939."

(36) Amendment of section 248.—Section 248(c) (relating to organizational expenditures) is amended by striking out "the date of enactment of this title" and inserting in lieu thereof "August 16, 1954".

(37) Amendment of section 265.—Section 265 (2) (relating to tax-exempt interest) is amended by striking out "(other than obligations of the United States issued after September 24, 1917, and originally subscribed for by the taxpayer)".

(38) Amendment of section 269.—Section 269 (relating to acquisitions made to evade or avoid income tax) is amended by striking out subsection (c) (relating to presumption in the case of disproportionate purchase price).

(39) Amendment of section 275.—Section 275(a)(1)(C) (relating to nondeductible taxes) is amended by striking out ", and corresponding provisions of prior revenue laws".

(40) Amendment of section 278.—Section 278(b) (relating to exceptions to capital expenditures incurred in planting and developing citrus and almond groves) is amended to read as follows:

"(b) Exception.—Subsection (a) shall not apply to amounts allowable as deductions (without regard to this section), and attributable to a citrus or almond grove (or part thereof) which was replanted after having been lost or damaged (while in the hands of the taxpayer), by reason of freeze, disease, drought, pests or casualty."

(41) Amendments of section 281.—

(A) Section 281(d)(1)(A) (relating to definition of terminal railroad corporation) is amended by inserting after "Interstate Commerce Act" the following: "(49 U.S.C. 1 and following)".

(B) Section 281 (relating to terminal railroad corporations and their shareholders) is amended by striking out subsection (e) (relating to taxable years ending before October 23, 1962) and by redesignating subsection (f) as subsection (e).

(42) Amendment of section 301.—Section 301 (relating to distributions of property) is amended by striking out subsection (e) (relating to certain distributions by personal service corporations).

(43) Amendments of section 311.—

(A) Section 311(d)(1) (relating to appreciated property used to redeem stock) is amended by striking out "then again shall be recognized" and inserting in lieu thereof "then a gain shall be recognized".

(B)(i) Section 311(d)(2) (relating to exceptions and limitations) is amended by striking out subparagraph (C) (relating to certain distributions before December 1, 1974) and by redesignating subparagraphs (D), (E), (F), and (G) as subparagraphs (C), (D), (E), and (F), respectively.

(ii) The amendments made by clause (i) shall apply with respect to distributions after November 30, 1974.

(C) Section 311(d)(2)(C), as redesignated by subparagraph(B) of this paragraph, is amended by striking out "26 Stat. 209;" and "38 Stat. 730;".

(44) Amendments of section 312.—

(A) Section 312(d)(1) (relating to certain distributions of stock and securities) is amended by striking out "this Code" each place it appears and inserting in lieu thereof "this title".

(B) Section 312 (relating to earnings and profits) is amended by striking out subsection (h) (relating to personal service corporations) and by redesignating subsections (i) and (j) as subsections (h) and (i), respectively.

(C) Subsection (i) of section 312 (relating to distribution of proceeds of certain loans), as redesignated by subparagraph (B) of this paragraph, is amended to read as follows:

"(i) Distribution of Proceeds of Loan Insured by the United States.—If a corporation distributes property with respect to its stock and if, at the time of distribtuion—

"(1) there is outstanding a loan to such corporation which was made, guaranteed, or insured by the United States (or by any agency or instrumentality thereof), and

"(2) the amount of such loan so outstanding exceeds the adjusted basis of the property constituting security for such loan.

then the earnings and profits of the corporation shall be increased by the amount of such excess, and (immediately after the distribution) shall be decreased by the amount of such excess. For purposes of paragraph (2), the adjusted basis of the property at the time of distribution shall be determined without regard to any adjustment under section 1016(a)(2) (relating to adjustment for depreciation, etc.). For purposes of this subsection, a commitment to make, guarantee, or insure a loan shall be treated as the making, guaranteeing, or insuring of a loan."

(D) Section 312(j)(3) (relating to foreign investment companies), as redesignated by subsection (b)(31)(B), is amended to read as follows:

"(3) Partial liquidations and redemptions.—If a foreign investment company (as defined in section 1246) distributes amounts in partial liquidation or in a redemption to which section 302(a) or 303 applies, the part of such distribution which is properly chargeable to earnings and profits shall be an amount which is not in excess of the ratable share of the earnings and profits of the company accumulated after February 28, 1913, attributable to the stock so redeemed."

(45) Amendment of section 333.—Section 333(a) (relating to election as to recognition of gain in certain liquidations) is amended to read as follows:

"(a) General Rule.—In the case of property distributed in complete liquidation of a domestic corporation (other than a collapsible corporation to which section 341(a) applies), if—

"(1) the liquidation is made in pursuance of a plan of liquidation, and

"(2) the distribution is in complete cancellation or redemption of all the stock, and the transfer of all the property under the liquidation occurs within some one calendar month,

then in the case of each qualified electing shareholder (as defined in subsection (c)) gain on the shares owned by him at the time of the adoption of the plan of liquidation shall be recognized only to the extent provided in subsections (e) and (f)."

(46) Amendment of section 334.—Section 334(b)(2)(A) (relating to liquidation of subsidiary) is amended to read as follows:

"(A) the distribution is pursuant to a plan of liquidation adopted not more than 2 years after the date of the transaction described in subparagraph (B) (or, in the case of a series of transactions, the date of the last such transaction); and".

(47) Amendments of section 337.—

(A) Section 336(a) (relating to nonrecognition of gain or loss on certain liquidations) is amended to read as follows:

"(a) General Rule.—If, within the 12-month period beginning on the date on which a corporation adopts a plan of complete liquidation, all of the assets of the corporation are distributed in complete liquidation, less assets retained to meet claims, then no gain or loss shall be recognized to such corporation from the sale or exchange by it of property within such 12-month period."

(B) The first sentence of section 337(d) (relating to certain minority stockholders) is amended by striking out "on or after January 1, 1958".

(48) Repeal of section 342.—Section 342 (relating to the liquidation of certain foreign personal holding companies) is repealed.

(49) Amendments of section 351.—

(A) Section 351(a) (relating to transfer to corporation controlled by transferor) is amended by striking out "(including, in the case of transfers made on or before June 30, 1967, an investment company)".

(B) Section 351(d) (relating to application of June 30, 1967, date) is amended to read as follows:

"(d) Exception.—This section shall not apply to a transfer of property to an investment company."

(C) The amendments made by this paragraph shall take effect with respect to transfers of property occurring after the date of the enactment of this Act.

(50) Repeal of section 363.—Section 363 (a cross reference to other sections) as repealed.

(51) Amendments of section 371.—Section 371(a) (1) (relating to certain reorganization exchanges by corporations) is amended—

(A) by striking out "49 Stat. 922;" and

(B) by striking out "(52 Stat. 883–905; 11 U.S.C., chapter 10) or the corresponding provisions of prior law" and inserting in lieu thereof "(11 U.S.C. 501 and following)".

(52) Amendment of section 372.—Section 372(a) (relating to basis in connection with bankruptcy proceedings) is amended by striking out "54 Stat. 709;".

(53) Repeal of section 373.—Section 373 (relating to nonrecognition of loss in certain railroad reorganizations) is repealed.

(54) Amendment of section 374.—Section 374(a) (1) (relating to nonrecognition of gain or loss in certain railroad reorganizations) is amended by striking out "49 Stat. 922:".

(55) Amendment of section 381.—Section 381(c) (relating to items carried over in certain corporate acquisitions) is amended by striking out paragraph (20).

(56) Repeal of sections 391 through 395.—Subchapter C of chapter 1 (relating to corporate distributions and adjustments) is amended by striking out part VII (relating to effective dates of subchapter C).

(57) Amendments of section 401.—

(A) Paragraphs (12) and (13) of section 401(a) (relating to requirements for qualification) are each amended by striking out "the date of the enactment of the Employee Retirement Income Security Act of 1974" and inserting in lieu thereof "September 2, 1974".

(B) Paragraph (15) of section 401(a) is amended by striking out "the date of the enactment of the Employee Retirement Income Security Act of 1974" and inserting in lieu thereof "September 2, 1974,".

(C) Paragraph (19) of section 401(a) is amended by striking out "enactment of the Employee Retirement Income Security Act of 1974" and inserting in lieu thereof "September 2, 1974".

(D) The last sentence of section 401(a) is amended to read as follows: "Paragraphs (11), (12), (13), (14), (15), (19), and (20) shall apply only in the case of a plan to which section 411 (relating to minimum vesting standards) applies without regard to subsection (e) (2) of such section."

(58) Amendments of section 402.—

(A) Section 402(a) (4) (relating to distributions made to non-resident alien individuals) is amended by striking out "basic salary" each place it appears therein and inserting in lieu thereof "basic pay", and by amending the last sentence in such paragraph to read as follows: "In the case of distributions under the civil service retirement laws, the term 'basic pay' shall have the meaning provided in section 8331(3) of title 5, United States Code."

(B) Section 402 (relating to taxability of beneficiary of employees' trusts) is amended by striking out subsection (d) (relating to certain trust agreements made before October 21, 1942).

(C) (i) So much of the third sentence of section 402(e) (4) (A) (relating to definition of lump sum distributions) as precedes "a distribution of an annuity contract" is amended to read as follows: "Except for purposes of subsection (a) (2) and section 403(a) (2),".

(ii) The amendment made by clause (i) shall apply with respect to distributions or payments made after December 31, 1973, in taxable years beginning after such date.

(59) Amendment of section 403.—The last two sentences of section 403(a) (4) (relating to taxation of employee annuities) are amended to read as follows: "For purposes of this title, a transfer described in subparagraph (B) (i) shall be treated as a rollover contribution described in section 408(d) (3). Subparagraph (B) (ii) does not apply in the case of a transfer to an employees' trust, or annuity plan if any part of a payment described in subparagraph (A) is attributable to an annuity plan under which the employee was an employee within the meaning of section 401(c) (1) at the time contributions were made on his behalf under the plan.".

(60) Amendment of section 404.—Section 404 (relating to deduction for contributions to pension plans, etc.) is amended by striking out subsection (d) (relating to carryover of pre-1954 unused deductions).

(61) Repeal of section 406.—Section 406 (relating to certain employees of foreign subsidiaries) is repealed.

(62) Amendment of section 409.—Section 409(b) (3) (C) (relating to tax-free rollovers of individual retirement bonds) is amended by striking out "section 403(d) (3)." and inserting in lieu thereof "section 408(d) (3)."

(C) Paragraph (2) of section 410(c) is amended by striking out "the day before the date of the enactment of this section" and inserting in lieu thereof "September 1, 1974".

(64) Amendments of section 411.—

(A) Subsection (a) of section 411 (relating to minimum vesting standards) is amended by striking out "subsection (a) (8)" and inserting in lieu thereof "paragraph (8)".

(B) Subsection (a) (3) (D) (iii) of section 411 is amended—

(i) by striking out "the date of the enactment of the Employee Retirement Income Security Act of 1974" and "the date of the enactment of such Act" and inserting in lieu thereof in both such places "September 2, 1974", and

(ii) by striking out "the date of the enactment of the Act" and inserting in lieu thereof "September 2, 1974,".

(C) The heading for subparagraph (C) of section 411(a) (7) is amended to read as follows:

"(C) Repayment of subparagraph (B) distributions."

(D) Subsections (b) (1) (D) (i) and (e) (1) (C) of section 411 are each amended by striking out "the date of the enactment of the Employee Retirement Income Security Act of 1974" and inserting in lieu thereof "September 2, 1974".

(E) Subsection (e) (2) of section 411 is amended by striking out "the date before the date of the enactment of the Employee Retirement Income Security Act of 1974" and inserting in lieu thereof "September 1, 1974".

(65) Amendments of section 412.—

(A) Subsection (h) of section 412 (relating to minimum funding standards) is amended by striking out "the day before the date of the enactment of the Employee Retirement Income Security Act of 1974" and inserting in lieu thereof "September 1, 1974".

(B) Subsection (h) (5) of section 412 is amended by striking out "the date of the enactment of the Employee Retirement Income Security Act of 1974" and inserting in lieu thereof "September 2, 1974".

(66) Amendments of section 414.—

(A) Section 414(f) (relating to multiemployer plans) is amended by striking out "Mulitiemployer " and inserting "Multiemployer" in the caption thereof.

(B) Section 414(l) (relating to mergers and consolidations of plans or transfers of plan assets) is amended by striking out "the date of the enactment of the Employee Retirement Income Security Act of 1974" and inserting in lieu thereof "September 2, 1974".

(67) Amendments of section 415.—

(A) Section 415(b) (2) (A) (relating to adjustments for certain forms of benefits) is amended by striking out "and 409(b) (3) (C)" and inserting in lieu thereof "and 409 (b) (2) (C)".

(B) Section 415(b) (2) (B) is amended by striking out "(as defined in section 401(a) (11) (H) (iii))" and inserting in lieu thereof "(as defined in section 401(a) (11) (G) (iii))".

(68) Amendments of section 453.—

(A) Section 453(c) (3) (relating to adjustment in tax for amounts previously taxed) is amended by striking out "corresponding provisions of the Internal Revenue Code of 1939" and inserting in lieu thereof "corresponding provisions of the Internal Revenue Code of 1954".

(B) Section 453(d) (4) (B) (relating to liquidations to which section 337 applies) is amended by striking out "or section 617(d) (1)" and inserting in lieu thereof ", 617 (d) (1)".

(69) Amendment of section 455.—Section 455(c) (3) (B) (relating to prepaid subscription income) is amended by striking out "for his first taxable year (i) which begins after December 31, 1957, and (ii) in which he receives prepaid subscription income in the trade or business" and inserting in lieu thereof "for his first taxable year in which he receives prepaid subscription income in the trade or business".

(70) Amendment of section 456.—Section 456(c) (3) (B) (relating to election without consent with respect to treatment of prepaid dues) is amended by striking out "for its first taxable year (i) which begins after December 31, 1960, and (ii)" in inserting in lieu thereof "for its first taxable year".

(71) Amendments of section 461.—

(A) Section 461(c) (relating to accrual of real property taxes) is amended by striking out paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(B) Section 461(c) (2) (relating to elections without consent), as redesignated by subparagraph (A), is amended by striking out "his first taxable year which begins after December 31, 1953, and ends after the date of enactment of this title in which the taxpayer" and inserting in lieu thereof "his first taxable year in which he".

(72) Amendments of section 481.—

(A) Section 481(b) (relating to limitation on tax where substantial adjustments are required by a change in accounting method) is amended by striking out paragraphs (4), (5), and (6) (relating to pre-1954 adjustments).

(B) Section 481(b) (1) and (2) are each amended by striking out ", other than the amount of such adjustments to which paragraph (4) or (5) applies," each place it appears.

(73) Amendments of section 508.—

(A) Subsections (a) and (b) of section 508 (relating to special rules relating to 501(c) (3) organizations) are each amended by striking out the last sentence therein.

(B) Section 508(e) (2) (relating to special rules for existing private foundations) is amended by striking out subparagraph (A) (relating to taxable years beginning before 1972), by redesignating subparagraphs (B) and (C) as subparagraph (A) and (B), respectively, and by striking out "(B)" in subparagraph (B) (as so redesignated) and inserting in lieu thereof "(A)".

(C) Section 508(d) (2) (A) (relating to disallowance of deductions for certain charitable gifts or bequests) is amended by striking out "(e) (2) (B) and (C)" and inserting in lieu thereof "(e) (2)".

(74) Amendments of section 514.—

(A) Section 514(c) (1) (relating to definition of acquisition indebtedness) is amended by striking out the comma at the end of subparagraph (C) and all that follows, nad inserting in lieu thereof a period.

(B) Section 514 (relating to unrelated debt-financed income) is amended by striking out subsection (f) (relating to definition of business lease), by striking out subsection (g) (relating to definition of business lease indebtedness), and by redesignating subsection (h) as subsection (f).

(C) Section 514(b)(3)(C)(iii) (relating to definition of debt-financed property) is amended to read as follows:

"(iii) shall not apply to property subject to a lease which is a business lease (as defined in this section immediately before the enactment of the Tax Reform Act of 1975)."

(D) Section 514(f) (relating to personal property leased with real property), as redesignated by subparagraph (B) of this paragraph, is amended by striking out "and the term 'premises' include" and inserting in lieu thereof "includes".

(75) Amendments of section 534.—

(A) Section 534(b) (relating to mailing notices of deficiency) is amended by striking out the last sentence.

(B) Subsection (e) of section 534 (relating to effective date of section) is repealed.

(76) Amendment of section 535.—Section 535(b)(1) (relating to adjustments in computing accumulated taxable income) is amended by striking out "(other than the excess profits tax imposed by subchapter E of chapter 2 of the Internal Revenue Code of 1939 for taxable years beginning after December 31, 1940)".

(77) Amendments of section 537.—

(A) Section 537(b)(2) (relating to definition of excess business holdings redemption needs) is amended by striking out ", with respect to taxable years of the corporation ending after May 26, 1969,".

(B) Section 537(b)(4) (relating to inferences as to prior years) is amended by striking out "or (2)".

(78) Amendments of section 542.—

(A) Section 542(a)(2) (relating to definition of personal holding company) is amended by striking out the last sentence.

(B) Section 542(b)(2) (relating to ineligible affiliated group) is amended by striking out ", other than an affiliated group of railroad corporations the common parent of which would be eligible to file a consolidated return under section 141 of the Internal Revenue Code of 1939 prior to its amendment by the Revenue Act of 1942,".

(C) Section 542(c)(2) (relating to financial institutions) is amended by striking out "without regard to subparagraphs (D) and (E) thereof".

(D) Section 542(c)(8) (relating to small business investment companies) is amended by inserting after "Small Business Investment Act of 1958" the following: "(15 U.S.C. 661 and following)".

(79) Amendments of section 545.—

(A) Section 545(b)(1) (relating to deductions of taxes in computing undistributed personal holding company income) is amended—

(i) in the first sentence, by striking out "(other than the excess profits tax imposed by subchapter E of chapter 2 of the Internal Revenue Code of 1939 for taxable years beginning after December 31, 1940)"; and

(ii) by striking out the last two sentences (relating to deduction of taxes).

(B) Section 545(b) (relating to adjustments in computing undistributed personal holding company income) is amended by striking out paragraph (7) (relating to payment of indebtedness incurred before 1934).

(C) Section 545(c)(2)(A) (relating to corporations to which special adjustment applies) is amended by striking out "the date of enactment of this subsection" and inserting in lieu thereof "February 26, 1964".

(80) Amendment of section 547.—Section 547 (relating to the deduction of deficiency dividends) is amended by striking out subsection (h) (relating to the effective date).

(81) Amendment of section 551.—Section 551(c) (relating to foreign personal holding company income tax returns) as redesignated by subsection (b)(2)(G) of this section, is amended by striking out "taxable income, foreign personal holding company," and inserting in lieu thereof "taxable income, foreign personal holding company income,".

(82) Amendment of section 556.—The first sentence of section 556(b)(1) (relating to deduction of taxes in computing undistributed foreign personal holding company income) is amended by striking out "(other than the excess profits tax imposed by subchapter E of chapter 2 of the Internal Revenue Code of 1939 for taxable years beginning after December 1, 1940)".

(83) Amendment of section 564.—Section 564 (relating to dividend carryovers) is amended by striking out subsection (c) (relating to carryovers from pre-1964 years).

(84) Repeal of section 583.—Section 583 (relating to deduction of dividends paid on certain preferred stock by banks or trust companies) is repealed.

(85) Repeal of section 592.—Section 592 (relating to the deduction by mutual savings banks for repayment of certain loans) is repealed.

(86) Amendments of section 593.—

(A) Section 593(b)(2) (relating to additions to bad debt reserves for mutual savings banks, etc.) is amended by striking out, in the table in subparagraph (A), the following:

"1969	60 percent.
1970	57 percent.
1971	54 percent.
1972	51 percent.
1973	49 percent.
1974	47 percent.
1975	45 percent."

(B) Section 593(c) (relating to reserves for mutual savings banks) is amended by striking out paragraphs (2), (3), (4), and (5), by redesignating paragraph (6) as paragraph (3), and by inserting immediately after paragraph (1) the following:

"(2) Certain pre-1963 reserves.—notwithstanding the second sentence of paragraph (1), any amount allocated pursuant to paragraph (5) (as in effect immediately before the enactment of the Tax Reform Act of 1975) during a taxable year beginning before January 1, 1976, to the reserve for losses on qualifying real property loans out of the surplus, undivided profits, and bad debt reserves (determined as of December 31, 1962) attributable to the period before the first taxable year beginning after December 31, 1951, shall not be treated as a reserve for bad debts for any purpose other than determining the amount referred to in subsection (b)(1)(B), and for such purpose such amount shall be treated as remaining in such reserve."

(C) Section 593 is amended by striking out subsection (d) (relating to taxable years beginning in 1962 and ending in 1963), and by redesignating subsections (e) and (f) as subsections (d) and (e), respectively.

(D) Section 593(b)(2)(E)(i) is amended by striking out "subsection (f)" and inserting in lieu thereof "subsection (e)".

(87) Repeal of section 601.—Subchapter H of chapter 1 (relating to banking institutions) is amended by striking out part III (relating to special deduction for bank affiliates).

(88) Amendments of section 613A.—

(A) Section 613A(b)(1)(C) (relating to exemption for certain domestic gas wells) is amended by striking out "within the meaning of section 613(b)(1)(A)".

(B) Section 613A(c)(6)(i) (relating to limitations on percentage depletion is case of oil and gas wells) is amended by striking out "determined with" and inserting in lieu thereof "determined without".

(89) Amendments of section 614.—

(A)(i) Section 614(c) (relating to aggregation of mineral interests in mines) is amended by striking out paragraph (4) (relating to special rule as to exploration deductions prior to aggregation).

(ii) The amendment made by clause (i) shall apply with respect to elections to form aggregations of operating mineral interests made under section 614(c)(1) of the Internal Revenue Code of 1954 for taxable years beginning after December 31, 1975.

(B) The third sentence of section 614(c)(2) (relating to election to treat a single interest as more than one property) is amended to read as follows: "A separate property so formed may, under regulations prescribed by the Secretary, be included as a part of an aggregation in accordance with paragraphs (1) and (3)."

(C) Section 614(c)(3) (relating to manner and scope of election) is amended to read as follows:

"(3) Manner and scope of election.—The elections provided by paragraphs (1) and (2) shall be made, in accordance with regulations prescribed by the Secretary, not later than the time prescribed for filing the return (including extensions thereof) for the first taxable year—

"(A) in which, in the case of an election under paragraph (1), any expenditure for development or operation in respect of the separate operating mineral interest is made by the taxpayer after the acquisition of such interest, or

"(B) in which, in the case of an election under paragraph (2), expenditures for development or operation of more than one mine in respect of a property are made by the taxpayer after the acquisition of the property. An election made under paragraph (1) or (2) for a taxable year shall be binding upon the taxpayer for such year and all subsequent taxable years, except that the Secretary may consent to a different treatment of any interest with respect to which an election has been made."

(90) Repeal of section 615.—Section 617(a)(2)(B) (relating to time and scope of election to deduct certain mining exploration expenditures) is amended by striking out "may not be revoked after the last day of the third month following the month in which the final regulations issued under the authority of this subsection or published in the Federal Register, unless" and inserting in lieu thereof "may not be revoked unless".

(92) Repeal of section 632.—Section 632 (relating to tax in case of sale of oil or gas properties) is repealed.

(93) Repeal of section 683.—Section 683 (relating to application in 1954 of part I of subchapter J to estates and trust) is repealed.

(94) Amendment of section 691.—Section 691(c)(1)(B) (relating to deduction for estate tax) is amended by striking out the last sentence.

(95) Amendment of section 692.—The heading of section 692 (relating to income taxes of members of Armed Forces who die in a combat zone) is amended by striking out "ON" the first time it appears in the section heading and inserting in lieu thereof "OF".

(96) Amendment of section 751.—Section 751(c) (relating to unrealized receivables) is amended by striking out "1245(a), or 1250(a)," and inserting in lieu thereof "1245(a), 1250(a),".

(97) Repeal of section 771.—Part IV of subchapter K of chapter 1 (relating to effective date in 1954 of subchapter K) is repealed.

(98) Amendments of section 802.—

(A) Section 802(a)(1) (relating to tax imposed on life insurance companies) is amended by striking out "beginning after December 31, 1957,".

(B) Section 802(a)(2) (relating to alternative tax in case of capital gains) is amended by striking out "beginning after December 31, 1961,".

(C) Section 802(a) is amended by striking out paragraph (3) (relating to special rules for 1959 and 1960).

(99) AMENDMENTS OF SECTION 804.—

(A) Section 804(a) is amended by striking out paragraph (6) (relating to certain exceptions).

(B) Section 804(b)(2) (relating to short-term capital gains) is amended by striking out "In the case of a taxable year beginning after December 31, 1958, the" and inserting in lieu thereof "The".

(100) AMENDMENTS OF SECTION 805.—

(A) Section 805(b)(3)(B) (relating to average earnings rate) is amended to read as follows:

"(B) SPECIAL RULE.—For purposes of subparagraph (A), the current earnings rate for any taxable year of any company which, for such year, is an insurance company (but not a life insurance company) shall be determined as if this part applied to such company for such year."

(B) Section 805(b)(4)(B) (relating to basis of assets) is amended by striking out "(determined without regard to fair market value on December 31, 1958".

(C) Section 805(d) (relating to pension plan reserves) is amended to read as follows:

"(d) Pension Plan Reserves.—For purposes of this part, the term 'pension plan reserves' means that portion of the life insurance reserves which is allocable to contracts—

"(1) purchased under contracts entered into with trusts which (as of the time the contracts were entered into) were deemed to be (A) trusts described in section 401(a) and exempt from tax under section 501(a), or (B) trusts exempt from tax under section 165 of the Internal Revenue Code of 1939 or the corresponding provisions of prior revenue laws;

"(2) purchased under contracts entered into under plans which (as of the time the contracts were entered into) were deemed to be plans described in section 403(a), or plans meeting the requirements of section 165(a) (3), (4), (5), and (6) of the Internal Revenue Code of 1939;

"(3) provided for employees of the life insurance company under a plan which, for the taxable year, meets the requirements of sections 401(a) (3), (4), (5), (6), (7), (8), (11), (12), (13), (14), (15), (16), (19), and (20);

"(4) purchased to provide retirement annuities for its employees by an organization which (as of the time the contracts were purchased) was an organization described in section 501(c)(3) which was exempt from tax under section 501(a) or was an organization exempt from tax under section 101(6) of the Internal Revenue Code of 1939 or the corresponding provisions of prior revenue laws, or purchased to provide retirement annuities for employees described in section 403(b)(1)(A)(ii) by an employer which is a State, a political subdivision of a State, or an agency or instrumentality of any one or more of the foregoing; or

"(5) purchased under contracts entered into with trusts which (at the time the contracts were entered into) were individual retirement accounts described in section 408 (a) or under contracts entered into with individual retirement annuities described in section 408(b)."

(101) AMENDMENTS OF SECTION 809.—

(A) Section 809(b) (relating to definition of gain and loss from operations) is amended by striking out paragraph (4).

(B)(i) Section 809(d) (relating to life insurance company deductions) is amended by striking out paragraph (11) (relating to mutualization distributions before 1963), and by redesignating paragraph (12) as paragraph (11).

(ii) Section 809(e) is amended by striking out "subsection (d)(12)" and inserting in lieu thereof "subsection (d)(11)".

(C) Section 809 (relating to computation of gain and loss from operations) is amended by striking out subsection (g) (relating to deduction for certain mutualization distributions before 1963).

(102) AMENDMENT OF SECTION 812.—Section 812(b)(1) (relating to years to which operating losses of an insurance company may be carried) is amended to read as follows:

"(1) YEARS TO WHICH LOSS MAY BE CARRIED.—The loss from operations for any taxable year (hereinafter in this section referred to as the 'loss year') shall be—

"(A) an operations loss carryback to each of the 3 taxable years preceding the loss year,

"(B) an operations loss carryover to each of the 5 taxable years following the loss year, and

"(C) subject to subsection (e), if the life insurance company is a new company for the loss year, an operations loss carryover to each of the 3 taxable years following the 5 taxable years described in subparagraph (B)."

(103) AMENDMENTS OF SECTION 817.—Section 817 (relating to rules applicable to certain gains and losses) is amended by striking out subsection (c) (relating to treatment of pre-1959 capital losses) and subsection (e) (relating to certain 1958 reinsurance transactions).

(104) AMENDMENT OF SECTION 818.—Section 818 (relating to life insurance accounting provisions) is amended by striking out subsection (e) (relating to certain rules applicable to taxable years 1957, 1958, and 1959), and by redesignating subsections (f) and (g) as subsections (e) and (f), respectively.

(105) AMENDMENTS OF SECTION 819.—

(A) The first sentence of section 819(a) (2) (A) (relating to definition of minimum figure for foreign life insurance companies) is amended to read as follows: "The minimum figure is the amount determined by multiplying the taxpayer's total insurance liabilities on United States business by a percentage for the taxable year to be determined and proclaimed by the Secretary."

(B) The second sentence of section 819(a) (2)(A) is amended by striking out "under clause (ii)" and inserting in lieu thereof "under the preceding sentence".

(C) Clause (i) of section 819(b)(2)(B) (relating to distributions pursuant to certain mutualizations) is amended to read as follows:

"(i) the minimum figure for 1958 determined under subsection (a)(2)(A) computed by using a percentage of 9 percent in lieu of the percentage determined and proclaimed by the Secretary, or".

(106) AMENDMENTS OF SECTION 820.—

(A) Section 820(c) (relating to optional treatment of certain reinsured policies) is amended by striking out paragraph (6) (relating to reimbursement for 1957 income taxes), and by redesignating paragraph (7) as paragrph (6).

(B) The last sentence of section 820(c) is amended by striking out "(5), and (6) and the rules prescribed under paragraph (7)" and inserting in lieu thereof "and (5) and the rules prescribed under paragaph (6)".

(107) AMENDMENTS OF SECTION 821.—

(A) Section 821(a) (elating to imposition of tax on certain mutual insurance companies) is amended by striking out "beginning after December 31, 1963.".

(B) Section 821(c)(1) (relating to alternative tax for certain small insurance companies) is amended by striking out "In the case of taxable years beginning after December 31, 1963, there is" and inserting in lieu thereof "There is".

(C) Section 821 (relating to tax on certain mutual insurance companies) is amended by striking out subsection (e) (relating to 1962 transitional rules) and by redesignating subsection (f) as subsection (e).

(108) AMENDMENTS OF SECTION 822.—

(A) Section 822(c)(5) (relating to deduction of interest) is amended by striking out "(other than obligations of the United States issued after September 24, 1917, and originally subscribed for by the taxpayer)".

(B) The last sentence of section 822(d)(2) (relating to amortization of premium and accrual of discount) is amended by striking out "For taxable years beginning after December 31, 1962, no accrual" and inserting in lieu thereof "No accrual".

(109) AMENDMENTS OF SECTION 825.—Section 825(g) (relating to unused loss deduction of certain insurance companies) is amended by striking out paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(110) AMENDMENT OF SECTION 831.—Sec. tion 831(a) (relating to tax on certain insurance companies) is amended by striking out "or the taxable income" and inserting in lieu thereof "on the taxable income."

(111) AMENDMENTS OF SECTION 832.—Paragraphs (1) and (6) of section 832(b) (relating to definitions of insurance company taxable income) are each amended by striking out "Convention" and inserting in lieu thereof "Association".

(112) AMENDMENTS OF SECTION 851.—

(A) Section 851(a)(1) (relating to definition of regulated investment company) is amended by striking out "54 Stat. 789;".

(B) Section 851(b)(1) (relating to regulated investment companies) is amended by striking out "which began after December 31, 1941".

(113) AMENDMENTS OF SECTION 852.—

(A) Subparagraph (C) o fsection 852(b) (3) (relating to method of taxation of regulated investment companies and their shareholders) is amended by striking out the third sentence.

(B)(i) Section 852(b)(3)(D)(iii) is amended by striking out by 75 percent of so much of such amounts as equals the amount subject to tax in accordance with section 1201(a)(1)(A) and by 70 percent (72 percent in the case of a taxable year beginning after December 31, 1969, and before January 1, 1971) of so much of such amounts as equals the amount subject to tax in accordance with section 1201(a) (1)(B) or (2)" and inserting in lieu thereof "by 70 percent of so much of such amounts as equals the amount subject to tax in accordance with section 1201(a)".

(ii) The amendment made by clause (i) shall not be considered to affect the amount of any increase in the basis of stock under the provisions of section 852(b)(3)(D)(iii) of the Internal Revenue Code of 1954 which is based upon amounts subject to tax under section 1201 of such Code in taxable years beginning before January 1, 1975.

(C) Section 852(d) is amended by inserting after "Investment Company Act of 1940" the following: "(15 U.S.C. 80a–1 and following)".

(114) AMENDMENTS OF SECTION 856.—

(A) Section 856(c)(1) (relating to real estate investment trusts) is amendd by striking out "which began after December 31, 1960".

(B) Section 856(c)(6)(D) (relating to definition of other terms) is amended by inserting atfer "Investment Company Act of 1940, as amended" the following: "15 U.S.C. 80a–1 and following)".

(115) AMENDMENT OF SECTION 857.—Section 857(b)(3)(C) (relating to the taxation of capital gains in the case of real estate investmnt trusts) is amended by striking out the last sentence.

(116) AMENDMENTS OF SECTION 864.—

(A) Section 864(a) (relating to definitions) is amended to read as follows:

"(a) Produced.—For purposes of this part, the term 'produced' includes created, fabricated, manufactured, extracted, processed, cured, or aged."

(B) Clauses (i) and (iii) of section 864(c)(4)(B) and subparagraph (C) of section 864(c)(5) (relating to effectively connected income) are each amended by striking out "sale" each place it appears and inserting in lieu thereof "sale or exchange".

(C) Section 864(c)(4)(B)(iii) (relating to effectively connected income) is amended by striking out "sold" and inserting in lieu thereof "sold or exchanged".

(117) Amendments of section 904.—

(A) Section 904(b)(1) (relating to the limitation on foreign tax credit) is amended to read as follows:

"(1) In general.—A taxpayer may elect the limitation provided by subsection (a)(2) for any taxable year. An election under this paragraph for any taxable year shall remain in effect for all subsequent years, except that it may be revoked with the consent of the Secretary with respect to any taxable year."

(B) Section 904(b)(2) (relating to election after revocation) is amended by striking out "Except in a case to which paragraph (1)(B) applies, if" and inserting in lieu thereof "If".

(C) Section 904(d) (relating to carryback and carryover of excess foreign taxes) is amended by striking out "beginning after December 31, 1957,", and by striking out the last sentence (relating to taxable years before 1958).

(D) Section 904(f) (relating to limitation on foreign tax credit) is amended by striking out paragraph (4) (relating to certain 1962 transitional rules) and by redesignating paragraph (5) as paragraph (4).

(118) Amendment of section 905.—Section 905(b) (relating to proof of foreign tax credits) is amended by striking out the last sentence (relating to the treatment of certain royalty payments).

(119) Amendment of section 911.—Section 911(c) (relating to earned income from sources without the United States) is amended by striking out paragraph (7) (relating to taxable years ending in 1963, 1964, or 1965).

(120) Amendment of section 921.—Section 921 (relating to definition of Western Hemisphere Trade Corporation) is amended by striking out the last sentence (relating to taxable years before 1954).

(121) Amendments of section 931.—Section 931 (relating to income from sources within possession) is amended by striking out subsection (h) (relating to certain persons taken as prisoners of war while working in a possession), and by redesignating subsection (i) as subsection (h).

(122) Amendment of section 934.—Section 934(b) (relating to gross income received by a corporation from the Virgin Islands) is amended by striking out the last sentence.

(123) Amendment of section 951.—Section 951(a)(1) (relating to treatment of subpart F income) is amended by striking out "beginning after December 31, 1962".

(124) Repeal of section 972.—Section 972 (relating to consolidation of export trade corporations is repealed.

(125) Amendments of section 981.—

(A) Section 981(a) (relating to election with respect to income subject to foreign community property laws) is amended by striking out "beginning after December 31, 1966".

(B) Section 981 is amended by striking out subsection (c) (relating to election for pre-1967 years) and by redesignating subsections (d) and (e) as subsections (c) and (d), respectively.

(C) Section 981(c) (relating to time for making election), as redesignated by subparagraph (B) of this paragraph, is amended by striking out, "or (c)" each place it appears in paragraphs (1) and (2), and by striking out paragraphs (3) and redesignating paragraph (4) as paragraph (3).

(D) Section 981(d)(2) relating to open years), as redesignated by subparagraph (B) of this paragraph, is amended by striking out "or (c), as the case may be".

(E) Section 981(d)(4) (relating to special rules), as redesignated by subparagraph (B) of this paragraph, is amended by striking out "and in determining under subsection (c)(2) which spouse has the greater income for a taxable year,".

(126) Amendment of section 1001.—Section 1001(c) (relating to recognition of gain or loss) is amended to read as follows:

"(c) Recognition of Gain or Loss.—Except as otherwise provided in this subtitle, the entire amount of the gain or loss, determined under this section, on the sale or exchange of property shall be recognized."

(127) Amendments of section 1015.—

(A) Subparagraph (A) of section 1015(d)(1) (relating to increased basis for gift tax paid) is amended by striking out "the date of the enactment of the Technical Amendments Act of 1958" and inserting in lieu thereof "September 2, 1958".

(B) Subparagraph (B) of section 1015(d)(1) is amended by striking out "the date of the enactment of the Technical Amendments Act of 1958" and inserting in lieu thereof "September 2, 1958,".

(128) Amendment of section 1016.—Section 1016(a) (relating to adjustments to basis) is amended by striking out paragraph (19).

(129) Amendment of section 1018.—Section 1018 (relating to adjustment of capital structure before September 22, 1938) is amended by striking out "54 Stat. 709;".

(130) Repeal of section 1020.—Section 1020 (relating to election in respect of depreciation allowed before 1952) is repealed.

(131) Repeal of section 1022.—

(A) Section 1022 (relating to the basis of certain foreign personal holding company stock) is repealed.

(B) The repeal made by subparagraph (A) shall apply with respect to stock or securities acquired from a decedent dying after the date of the enactment of this Act.

(132) Amendment of section 1023.—Section 1023 (containing cross references) is amended by striking out paragraph (4).

(133) Amendments of section 1033.—

(A) Section 1033(a) (relating to involuntary conversions) is amended by striking out paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(B) Section 1033(a)(2) (relating to conversion into money), as redesignated by subparagraph (A) of this paragraph, is amended—

(i) by striking out "WHERE DISPOSITION OCCURRED AFTER 1950" in the paragraph heading,

(ii) by striking out "and the disposition of the converted property (as defined in paragraph (2)) occurred after December 31, 1950," in the text; and

(iii) by adding at the end thereof the following new subparagraph:

"(E) Definitions.—For purposes of this paragraph—

"(i) Control.—The term 'control' means the ownership of stock possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote and at least 80 percent of the total number of shares of all other classes of stock of the corporation.

"(ii) Disposition of the converted property.—The term 'disposition of the converted property' means the destruction, theft, seizure, requisition, or condemnation of the converted property, or the sale or exchange of such property under threat or imminence of requisition or condemnation."

(C) Section 1033 (relating to involuntary conversions) is amended by striking out subsection (b) (relating to certain conversions occurring before 1954) and by redesignating subsections (c), (d), (e), (f), (g), and (h), as subsections (b), (c), (d), (e), (f), and (g), respectively.

(D) The first sentence of section 1033(b) (relating to basis of a property acquired through involuntary conversions), as redesignated by subparagraph (C) of this paragraph, is amended by striking out "or (2)" and inserting in lieu thereof "or section 112(f)(2) of the Internal Revenue Code of 1939".

(E) Section 1033(f)(2) (relating to condemnation of real property), as redesignated by subparagraph (C) of this paragraph, is amended to read as follows:

"(2) Limitation.—Paragraph (1) shall not apply to the purchase of stock in the acquisition of control of a corporation described in subsection (a)(2)(A)."

(134) Amendments of section 1034.—

(A) Section 1034(a) (relating to gain on sale of residence) is amended by striking out "after December 31, 1953,".

(B) Section 1034(b) (relating to definition of adjusted sales price) is amended by striking out paragraph (3) (relating to effective date of subsection (b)).

(C) Section 1034(d) (relating to certain limitations) is amended by striking out "or section 112(n) of the Internal Revenue Code of 1939".

(D) Section 1034(i) (relating to involuntary conversions) is amended to read as follows:

"(i) Special Rule for Condemnation.—In the case of the seizure, requisition, or condemnation of a residence, or the sale or exchange of a residence under threat or imminence thereof, the provisions of this section, in lieu of section 1033 (relating to involuntary conversions), shall be applicable if the taxpayer so elects. If such election is made, such seizure, requisition, or condemnation shall be treated as the sale of the residence. Such election shall be made at such time and in such manner as the Secretary shall prescribe by regulations."

(E) Section 1034(j) (relating to statute of limitations) is amended by striking out "after December 31, 1950,".

(135) Amendment of section 1037.—Section 1037(b)(1) (relating to certain exchanges of United States obligations) is amended by striking out "section 1232(a)(2)(A)" and inserting in lieu thereof "section 1232(a)(2)(B)".

(136) Amendment of section 1051.—Section 1051 (relating to property acquired before 1929 during affiliation) is amended by striking out the last two sentences.

(137) Amendments of section 1081.—

(A) Subsection (c) of section 1081 (relating to distributions required by the SEC) is amended to read as follows:

"(c) Distribution of Stock or Securities Only.—If there is distributed, in obedience to an order of the Securities and Exchange Commission, to a shareholder in a corporation which is a registered holding company or a majority-owned subsidiary company, stock or securities (other than stock or securities which are nonexempt property), without the surrender by such shareholder of stock or securities in such corporation, no gain to the distributee from the receipt of the stock or securities so distributed shall be recognized."

(B) Section 1081(f) (relating to conditions for application of section) is amended by striking out "Except in the case of a distribution described in subsection (c)(2), the provisions" and inserting in lieu thereof "The provisions", and by striking out "49 Stat. 820;".

(C) Section 1081(g) (relating to applicability of other provisions) is amended by striking out "if a distribution described in subsection (c)(2), or an" and inserting in lieu thereof "if an", and by striking out the comma after "Commission".

(138) Amendments of section 1083.—

(A) Section 1083(a) is amended by striking out "49 Stat. 820;".

(B) Section 1083(b) is amended by striking out "49 Stat. 804;".

(C) Section 1083(e)(4) is amended by striking out "49 Stat. 820;".

(139) Repeal of section 1111.—Part IX of subchapter O of chapter 1 (relating to distributions pursuant to orders enforcing the antitrust laws) is repealed.

(140) Amendments of section 1201.—

(A) Section 1201(a) (relating to the alternative tax on capital gain) is amended to read as follows:

"(a) Corporations.—If for any taxable year a corporation has a net capital gain, then, in lieu of the tax imposed by sections 11, 511, 821(a) or (c), and 831(a), there is hereby imposed a tax (if such tax is less than the tax imposed by such sections) which shall consist of the sum of—

"(1) a tax computed on the taxable income reduced by the amount of the net capital gain, at the rates and in the manner as if this subsection had not been enacted, plus

"(2) a tax of 30 percent of the net capital gain."

(B) Section 1201(c) (relating to computation of alternative tax) is amended to read as follows:

(c) Computation of Tax Where Capital Gain Exceeds $50,000.—The tax computed for purposes of subsection (b)(3) shall be the amount by which a tax determined under setcion 1 or 511 on an amount equal to the taxable income (but not less than 50 percent of the net capital gain) for the taxable year exceeds a tax determined under section 1 or 511 on an amount equal to the sum of (A) the amount subject to tax under subsection (b)(1) plus (B) an amount equal to 50 percent of the sum referred to in subsection (b)(2)(A)."

(C)(i) Section 1201 is amended by striking out subsection (d) (relating to the definition of subsection (d) gain) and by redesignating subsection (e) as subsection (d).

(ii) Section 1201(b)(2)(A) (relating to alternative tax on noncorporate taxpayers) is amended by striking out "the amount of the subsection (d) gain" and inserting in lieu thereof "the sum of the long-term capital gains for the taxable year, but not to exceed $50,000 ($25,000 in the case of a married individual filing a separate return)".

(iii) Section 1201(b)(3) is amended by striking out "the amount of the subsection (d) gain" and inserting in lieu thereof "the sum refered to in subparagraph (A)".

(141) Amendments of section 1222.—

(A) Paragraph (9) of section 1222 (relating to definition of terms applicable to capital gains and losses) is amended to read as follows:

"(9) Capital gain net income.—The term 'capital gain net income' means the excess of the gains from sales or exchanges of capital assets over the losses from such sales or exchanges."

(B) Paragraph (11) of section 1222 (relating to definition of terms applicable to capital gains and losses) is amended to read as follows:

"(11) Net capital gain.—The term 'net capital gain' means the excess of the net long-term capital gain for the taxable year over the net short-term capital loss for such year."

(142) Amendment of section 1233.—Section 1233(c) (relating to certain options to sell) is amended by striking out "the date of enactment of this title" and inserting in lieu thereof "August 16, 1954".

(143) Amendment of section 1237.—Section 1237 (relating to real property subdivided for sale) is amended by striking out subsection (d) (relating to effective date).

(144) Amendment of section 1239.—Section 1239 is amended by striking out subsection (c) (relating to effective date).

(145) Repeal of section 1240.—Section 1240 (relating to taxability to employee of certain termination payments) is repealed.

(146) Amendment of section 1245.—Section 1245(b)(7)(B) (relating to transfer to tax-exempt organization where property will be used in unrelated business) is amended by striking out "such organization acquiring such property,".

(147) Amendment of section 1246.—Section 1246(f) (relating to gain on foreign investment company stock) is amended by striking out "beginning after December 31, 1962".

(148) Amendment of section 1311.—Paragraphs (2)(A), (2)(B), and (3) of section 1311(b) (relating to mitigation of effect of limitations) are each amended by striking out "Tax Court of the United States" and inserting in lieu thereof "Tax Court".

(149) Repeal of section 1315.—Section 1315 (relating to effective date of part II of subchapter Q of chapter 1) is repealed.

(150) Repeal of section 1321.—Part III of subchapter Q of chapter 1 (relating to involuntary liquidation of LIFO inventories) is repealed.

(151) Repeal of sections 1331 through 1317.—

(A) Part IV of subchapter Q of chapter 1 (relating to war loss recoveries) is repealed.

(B) The repeal by subparagraph (A) shall apply with respect to war loss recoveries in taxable years beginning after December 31, 1976.

(152) Amendment of section 1341.—Section 1341(b)(2) (relating to claim of right) is amended by striking out the last sentence.

(153) Repeal of section 1342.—Section 1342 (relating to computation of tax on certain amounts recovered as a result of a patent infringement suit) is repealed.

(154) Repeal of section 1346.—Section 1346 (relating to recovery of unconstitutional Federal taxes) is repealed.

(155) Amendments of section 1348.—

(A) Paragraphs (1) and (2) of section 1348 (a) (relating to 50-percent maximum rate on earned income) are amended to read as follows:

"(1) the tax imposed by section 1 on the highest amount of taxable income on which the rate of tax is not more than 50 percent,

"(2) 50 percent of the amount by which his earned taxable income exceeds the amount of taxable income specified in paragraph (1) of this subsection, and".

(B) Section 1348(a) is further amended by striking out the last sentence thereof.

(156) Amendments of section 1372.—

(A) Section 1372(b)(1) (relating to effect of election under subchapter S) is amended by striking out "(other than the tax imposed by section 1378)" and inserting in lieu thereof "(other than as provided by section 58(d)(2) and by section 1378)".

(B) Section 1372(c) (relating to subchapter S elections by small business corporations) is amended to read as follows:

"(c) Where and How Made.—An election under subsection (a) may be made by a small business corporation for any taxable year at any time during the first month of such taxable year, or at any time during the month preceding such first month. Such election shall be made in such manner as the Secretary shall prescribe by regulations."

(C) Section 1372 is amended by striking out subsection (g) (relating to certain elections for years beginning before 1961).

(157) Amendments of section 1374.—

(A) Section 1374(b) (relating to net operating losses of subchapter S corporations) is amended by adding at the end thereof the following new sentence: "The deduction allowed by this subsection shall, for purposes of this chapter, be considered as a deduction attributable to a trade or business carried on by the shareholder."

(B) Subsection (d) of section 1374 (relating to treatment of net operating losses of subchapter S corporations) is repealed.

(158) Amendments of section 1375.—

(A) The heading of subsection (b) of section 1375 is amended by striking out "Received Credit Not Allowed" and inserting in lieu thereof "Not Treated as Such for Certain Purposes".

(B) Section 1375(f) (relating to elections as to certain distributions) is amended by striking out paragraph (3).

(159) Amendment of section 1378.—Section 1378(b) (relating to the taxation of capital gain in the case of electing small business corporations) is amended by striking out the last sentence.

(160) Amendments of section 1338.—

(A) Section 1388(c)(2)(B)(i) (relating to patronage dividends) is amended by striking out "the date of the enactment of the Revenue Act of 1962" and inserting in lieu thereof "October 16, 1962".

(B) Section 1388(h)(2)(B)(i) (relating to per-unit retain certificates) is amended by striking out "the date of the enactment of this subsection" and inserting in lieu thereof "November 13, 1966".

(16) Amendments of section 1401.—

(A) Section 1401 (a) (relating to rate of tax on self-employment income) is amended to read as follows:

"(a) Old-Age, Survivors, and Disability Insurance.—In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax equal to 7.0 percent of the amount of the self-employment income for such taxable year."

(B) Section 1401(b) (relating to rate of tax on self-employment income for hospital insurance) is amended by striking out paragraphs (1) and (2) and by redesignating paragraphs (3), (4), (5), and (6), as paragraphs (1), (2), (3), and (4), respectively.

(162) Amendments of section 1402.—

(A) Paragraph (1) of section 1402(b) (relating to definition of self-employment income) is amended to read as follows:

"(1) that part of the net earnings from self-employment which is in excess of (i) an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for the calendar year in which such taxable year begins, minus (ii) the amount of the wages paid to such individual during such taxable year; or".

(B) Section 1402 is amended by striking out subsection (g) (relating to treatment of self-employment income for years prior to 1962), and by redesignating subsections (h) and (i) as subsections (g) and (h), respectively.

(C) Section 1402(g)(2) (relating to self-employment income of members of certain religious faiths), as redesignated by subparagraph (B) of this paragraph, is amended to read as follows:

"(2) Time for filing application.—For purposes of this subsection, an application must be filed on or before the time prescribed for filing the return (including any extension thereof) for the first taxable year for which the individual has self-employment income (determined without regard to this subsection or subsection (c)(6)), except that an application filed after such date but on or before the last day of the third calendar month following the calendar month in which the taxpayer is first notified in writing by the Secretary that a timely application for an exemption from the tax imposed by this chapter has not been filed by him shall be deemed to be filed timely."

(163) Repeal of section 1465.—Section 1465 relating to defiinition of withholding agent is repealed.

(164) Amendments of section 1481.—

(A) Section 1481(a)(1)(A) (relating to mitigation of effect of renegotiation of Government contracts) is amended by striking out "within the meaning of the Federal renegotiation act applicable to such transaction" and inserting in lieu thereof "within the meaning of the Renegotiation Act of 1951, as amended (50 U.S.C. App. 1211 and following)."

(B) Section 1481(a)(1) (relating to renegotiation) is amended by striking out subparagraph (D).

(C) Subparagraphs (B) and (C) of section 1481(a)(1) are each amended by striking out "applicable Federal renegotiation act" and inserting in lieu thereof "Renegotiation Act of 1951, as amended".

(165) AMENDMENT OF SECTION 1551.—Section 1551(a) (relating to disallowance of surtax exemption) is amended by striking out "determined under subsection (d)" and inserting in lieu thereof "determined under subsection (c)".

(166) AMENDMENT OF SECTION 1552.—The first sentence of section 1552(a) (relating to earnings and profits of an affiliated group) is amended by striking out "beginning after December 31, 1953, and ending after the date of the enactment of this title,".

(b) CONFORMING AND CLERICAL AMENDMENTS.—

(1) AMENDMENTS CONFORMING TO REPEAL OF SECTIONS 35 AND 242.—

(A) Secstion 36 is amended by striking out "32, 33, and 35" and inserting is lieu thereof "32 and 33".

(B) Section 37(a) is amended by striking out ", section 33 (relating to foreign tax credit), and section 35 (relating to partially tax-exempt interest)" and inserting in lieu thereof "and section 33 (relating to foreign tax credit)".

(C) Section 41(b)(2) is amended by striking out "section 35 (relating to partially tax-exempt interest),".

(D) Section 46(a)(3) is amended by striking out subparagraph (B), by inserting "and" at the end of subparagraph (A), and by redesignating subparagraph (C) as subparagraph (B).

(E) Section 50A(a)(3) is amended by striking out subparagraph (B) and redesignating subparagraphs (C), (D), and (E), as subparagraphs (B), (C), and (D), respectively.

(F)(i) The heading of paragraph (1) of section 171(a) is amended to read "(1) TAXABLE BONDS.—".

(ii) The heading of paragraph (2) of section 171(a) is amended to read "(2) TAX-EXEMPT BONDS.—".

(iii) Section 171(a) is amended by striking out paragraph (3) and by redesignating paragraph (4) as paragraph (3).

(iv) Section 171(b)(1)(B)(ii) is amended by striking out "subsection (c)(1)(B)" and inserting in lieu thereof "subsection (a)(1)".

(v) So much of section 171(c) as precedes paragraph (2) is amended to read as follows:

"(c) ELECTION AS TO TAXABLE BONDS.—

"(1) ELIGIBILITY TO ELECT; BONDS WITH RESPECT TO WHICH ELECTION PERMITTED.—In the case of bonds the interest on which is not excludable from gross income, this section shall apply only if the taxpayer has so elected."

(G) Section 172(d)(5) is amended by striking out "under section 242 (relating to partially tax-exempt interest) or".

(H)(i) Section 551 is amended by striking out subsection (c), and by redesignating subsetctions (d), (e), (f), and (g), as subsections (c), (d), (e), and (f), respectively.

(ii) Sections 1016(a)(13) is amended by striking out "section 551(f)" and inserting in lieu thereof "section 551(e)".

(I) Section 584(c)(2) is amended to read as follows:

"(2) DIVIDENDS RECEIVED.—The proportionate share of each participant in the amount of dividends received by the common trust fund and to which section 116 applies shall be considered for purposes of such section as having been received by such participant."

(J)(i) Section 642(a) is amended by striking out paragraph (1), and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(ii) Section 41(d) is amended by striking out "section 462(a)(3)" and inserting in lieu thereof "section 642(a)(2)".

(iii) Section 901(g)(3) is amended by striking out "section 642(a)(2)" and inserting in lieu thereof "section 642(a)(1)".

(K)(i) Section 702(a) is amended by striking out paragraph (7) and by redesignating paragraphs (8) and (9) as paragraphs (7) and (8), respectively.

(ii) Section 702(b) is amended by striking out "paragraphs (1) through (8)" and inserting in lieu thereof "paragraphs (1) through (7)".

(iii) Section 704(b) is amended by striking out "section 702(a)(9)" and inserting in lieu thereof "section 702(a)(8)".

(iv) Section 1402(a) is amended by striking out "702(a)(9)" each place it appears and inserting in lieu thereof "702(a)(8)".

(L)(i) Section 804(a) is amended by striking out paragraph (3), and by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

(ii) Section 243(b)(3)(C)(iii), as redesignated by paragraph (19)(A) of this subsection, is amended by striking out "sections 804(a)(4)" and inserting in lieu thereof "sections 804(a)(3)".

(iii) Section 804(a)(2) is amended by striking out "paragraph (5)" and inserting in lieu thereof "paragraph (4)", and by striking out "paragraph (4)" and inserting in lieu thereof "paragraph (3)".

(iv) Section 809(d)(10) is amended by striking out "section 804(a)(4)" and writing in lieu thereof "section 804(a)(3)".

(v) Section 1561(a)(3) is amended by striking out "sections 804(a)(4)" and inserting in lieu thereof "sections 804(a)(3)".

(vi) Section 1564(a)(1)(C) is amended by striking out "sections 804(a)(4)" and inserting in lieu thereof "section 804(a)(3)".

(M) Section 804(a)(2)(A) is amended by striking out clause (ii), by inserting "and" at the end of clause (i), and by redesignating clause (iii) as clause (ii).

(N)(i) Section 809(d)(8)(A) is amended by striking out clause (ii), by inserting "and" at the end of clause (i), and by redesignating clause (iii) as clause (ii).

(ii) Section 809(d)(8)(B) is amended by striking out "subparagraph (A)(iii)" and inserting in lieu thereof "subparagraph (A)(ii)".

(O) Sections 804(a)(1), 804(a)(2), 809(a)(1), 809(b)(1)(A), and 809(b)(2)(A) are each amended by striking out ", partially tax-exempt interest,".

(P) Section 809(e) is amended by striking out paragraph (6), and by redesignating paragraph (7) as paragraph (6).

(Q) Section 815(b)(2)(A)(iii) is amended by striking out "the deduction for partially tax-exempt interest provided by section 242 (as modified by section 804(a)(3))," and by striking out the comma after "809(d)(8)(B))".

(R) Section 822(c)(2) is amended by striking out "partially tax-exempt interest and".

(S) Section 822(c)(6)(A) is amended by striking out "or to the deduction provided in section 242 for partially tax-exempt interest".

(T) Section 822(c)(7) is amended by striking out "partially tax-exempt interest and to".

(U) Section 822(d)(2) is amended by striking out ", the deduction provided in subsection (c)(1), and the deduction allowed by section 242 (relating to partially tax-exempt interest)" and inserting in lieu thereof "and the deduction provided in subsection (c)(1)".

(V) Section 832(c)(5)(A) is amended by striking out "or to the deductions provided in section 242 for partially tax-exempt interest".

(W) Section 832(c)(12) is amended by striking out "partially tax-exempt interest and to".

(X) Sections 852(b)(1) and 857(b)(1) are each amended by striking out the last sentence.

(Y) Section 1244(c)(1)(E) is amended by striking out "sections 172, 242, 243" and inserting in lieu thereof "sections 172, 243".

(Z) Section 1402(a)(2) is amended by striking out "(other than interest described in section 35)".

(AA) Section 1503(b)(3) is amended by striking out subparagraph (C).

(BB) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by striking out the item relating to section 35.

(CC) The table of sections for part VIII of subchapter B of chapter 1 is amended by striking out the item relating to section 242.

(2) AMENDMENT CONFORMING TO REPEAL OF SECTION 51.—The table of parts for subchapter A of chapter 1 is amended by striking out the item relating to part V.

(3) AMENDMENTS CONFORMING TO AMENDMENTS OF SECTION 57.—

(A) Section 48(d)(4)(D) is amended by striking out "section 57(c)(2)" and inserting in lieu thereof "section 57(b)(2)".

(B) Section 703(b) is amended by striking out "section 57(c)" and inserting in lieu thereof "section 57(b)".

(4) AMENDMENTS CONFORMING TO ADDITIONS OF SECTIONS 64 AND 65.—

(A) Paragraphs (1)(C), (5)(A), (6)(D), and (12) of section 341(e) are each amended by striking out "gain from the sale or exchange of property which is neither a capital asset nor property described in section 1231(b)" each place it appears and inserting in lieu thereof "ordinary income".

(B) Section 483(f)(3) is amended by striking out "no part of any gain on such" and inserting in lieu thereof "all of the gain, if any, on such" and by striking out "gain from the sale or exchange of a capital asset or property described in section 1231" and inserting in lieu thereof "ordinary income".

(C) Section 707(b)(2) is amended by striking out "as gain from the sale or exchange of property other than a capital asset" and inserting in lieu thereof "as ordinary income".

(D) Paragraphs (1) and (2) of section 735(a) are each amended by striking out "gain or loss from the sale or exchange of property other than a capital asset" and inserting in lieu thereof "as ordinary income or as ordinary loss, as the case may be".

(E) Section 1234(d)(2) is amended by striking out "other than gain from the sale or exchange of a capital asset" and inserting in lieu thereof "ordinary income".

(F) Section 1236(b) is amended by striking out "loss from the sale or exchange of property which is not a capital asset" and inserting in lieu thereof "ordinary loss".

(G) Sections 1242 and 1243 are each amended by striking out "a loss from the sale or exchange of property which is not a capital asset" each place it appears and inserting in lieu thereof "an ordinary loss".

(H) Section 1244 is amended by striking out "a loss from the sale or exchange of an asset which is not a capital asset" each place it appears and inserting in lieu thereof "an ordinary loss".

(I) Section 1248 (f)(3)(B) is amended by striking out "gain from the sale of an asset which is not a capital asset" and inserting "ordinary income".

(J) The following provisions are each amended by striking out "gain from the sale or exchange or property which is not a capital asset" each place it appears and inserting in lieu thereof "ordinary income": sections 341(a), 871(a)(1)(C) (i) and (ii), 881(a)(3) (A) and (B), 996(d) (1) and (2), 1037(b)(1)

(A), 1232(a)(2)(A) and (B), 1232(c), 1246(a), and 1385(c)(2)(C).

(K) The following provisions are each amended by striking out "gain from the sale of property which is not a capital asset" and inserting in lieu thereof "ordinary income": sections 306(a)(1)(A), 306(a)(1)(B), and 306(f).

(L) The following provisions are each amended by striking out "gain from the sale or exchange of property which is neither a capital asset nor property described in section 1231" each place it appears and inserting in lieu thereof "ordinary income": sections 80(c)(1), 163(d)(3) and (5), 613(a), 617(d)(1), 995(b)(1)(C), 1238, 1239(a), 1245(a)(1), 1249(a), 1250(a), (f), and (g), 1251(b)(3)(B), (c)(1), and (c)(2), and 1252(a)(1).

(M) The table of sections for part I of subchapter B of chapter 1 is amended by adding at the end thereof the following new items:

"Sec. 64. Ordinary income defined.

"Sec. 65. Ordinary loss defined."

(5) AMENDMENT CONFORMING TO REPEAL OF SECTION 76.—The table of sections for part II of subchapter B of chapter 1 is amended by striking out the item relating to section 76.

(6) AMENDMENT CONFORMING TO AMENDMENT OF SECTION 103.—Section 6049(b)(2)(A) is amended by striking out "section 103(a)(1) or (3)" and inserting in lieu thereof "section 103(a)".

(7) AMENDMENTS CONFORMING TO AMENDMENT OF SECTION 143.—

(A)(i) Part V of subchapter B of chapter 1 is amended by striking out section 153 (relating to determination of marital status) and by redesignating section 154 as section 153.

(ii) The table of sections for part V of subchapter B of chapter 1 is amended by striking out the items relating to sections 153 and 154 and inserting in lieu thereof the following:

"Sec. 153. Cross references."

(B) Section 152(a)(9) is amended by striking out "section 153" and inserting in lieu thereof "section 143".

(C) Section 153, as redesignated by subparagraph (A) of this paragraph, is amended by adding at the end thereof the following new paragraph:

"(5) For determination of marital status, see section 143."

(8) AMENDMENTS CONFORMING TO AMENDMENT OF SECTION 151.—

(A) The following provisions are each amended by striking out "educational institution (as defined in section 151(e)(4))" each place it appears and inserting in lieu thereof "educational organization described in section 170(b)(1)(A)(ii)": sections 117(a)(1)(A) and (b)(1), 152(d), 170(g)(1)(B) (as redesignated by subsection (a)(29)(A)(i) of this section), and 403(b)(1)(A)(ii).

(B) Section 103(c)(3)(A), as redesignated by subsection (a)(18) of this section, is amended by striking out "educational institution (within the meaning of section 151(e)(4))" and inserting in lieu thereof "educational organization described in section 170(b)(1)(A)(iii)".

(C) Section 163(b)1 is amended by striking out "educational institution as defined in section 151(e)(4)) and which is provided for a student of such institution" and inserting in lieu thereof "educational organization described in section 170(b)(1)(A)(ii)) and which is provided for a student of such organization".

(D)(i) Subparagraphs (A), (B), and (C) of section 415(c)(4) are each amended by striking out "educational institution" each place it appears and inserting in lieu thereof "educational organization".

(ii) Subparagraph (D)(ii) of section 415(c)(4) is amended to read as follows:

"(ii) For purposes of this paragraph the term 'educational organization' means an educational organization described in section 170(b)(1)(A)(ii)."

(iii) Section 415(c)(4) is amended by striking out "EDUCATIONAL INSTITUTIONS" from the paragraph heading and inserting in lieu thereof "EDUCATIONAL ORGANZATIONS".

(E) Section 508(c)(2)(A) is amended to read as follows:

"(A) educational organizations described in section 170(b)(1)(A)(ii), and".

(F) Section 512(b)(15)(B), as redesignated by section 1351(b)(8)(A) of this Act, is amended by striking out "educational institution (as defined in section 151(e)(4))" and inserting in lieu thereof "educational organization described in section 170(b)(1)(A)(ii)".

(G) Section 1303(d) is amended by striking out "educational institution (as defined in section 151(e)(4))" each place it appears and inserting in lieu thereof "educational organization described in section 170(b)(1)(A)(ii)".

(H) Sections 4941(d)(2)(G)(ii) and 4945(g)(1) each are amended by striking out "educational institution described in section 151(e)(4)" and inserting in lieu thereof "educational organization described in section 170(b)(1)(A)(ii)".

(9) Amendments conforming to the amendments of section 152.—Section 2(b)(3)(B) is amended by striking out clause (ii), by adding "or" at the end of clause (i), and by redesignating clause (iii) as clause (ii).

(10) Amendments conforming to the repeal of section 342.—

(A) Section 551(f), as redesignated by paragraph (1)(H) of this subsection, is amended by striking out paragraph (3).

(B) The table of subparts for part II of subchapter C of chapter 1 is amended by striking out the item relating to subpart C and inserting in lieu thereof:

"Subpart C. Collapsible corporations."

(C) The table of sections for subpart C of part II of subchapter C of chapter I is amended by striking out the item relating to section 342.

(D) The heading of subpart C of part II of subchapter C of chapter 1 is amended to read as follows:

"Subpart C—Collapsible Corporations"

(11) Amendment conforming to the repeal of section 363.—The table of sections for subpart C of part III of subchapter C of chapter 1 is amended by striking out the item relating to section 363.

(12) Amendments conforming to the repeal of section 373.—

(A) Section 372(b)(1) is amended by striking out "373(b) or".

(B) Section 374(b) is amended to read as follows:

"(b) Basis.—

"(1) Railroad corporations.—If the property of a railroad corporation, as defined in section 77(m) of the Bankruptcy Act (11 U.S.C. 205(m), was acquired after December 31, 1938, in pursuance of an order of the court having jurisdiction of such corporation—

"(A) in a receivership proceeding, or

"(B) in a proceeding under section 77 of the Bankruptcy Act,

and the acquiring corporation is a railroad corporation (as defined in section 77(m) of the Bankruptcy Act) organized or made use of to effectuate a plan of reorganization approved by the court in such proceeding, the basis shall be the same as it would be in the hands of the railroad corporation whose property was so acquired, increased in the amount of gain recognized under subsection (a)(2) to the transfer on such transfer.

"(2) PROPERTY ACQUIRED BY STREET, SUBURBAN, OR INTERURBAN ELECTRIC RAILWAY CORPORATION.—If the property of any street, suburban, or interurban electric railway corporation engaged as a common carrier in the transportation of persons or property in interstate commerce was acquired after December 31, 1934, in pursuance of an order of the court having jurisdiction of such corporation in a proceeding under section 77 of the Bankruptcy Act (11 U.S.C. 501 and following), and the acquiring corporation is a street, suburban, or interurban electric railway engaged as a common carrier in the transportation of persons or property in interstate commerce, organized or made use of to effectuate a plan of reorganization approved by the court in such proceeding, then, notwithstanding the provisions of section 270 of the Bankruptcy Act (11 U.S.C. 670), the basis shall be the same as it would be in the hands of the corporation whose property was so acquired."

(C) Section 1232(b)(2) is amended by striking out "section 371, 373, or 374" and inserting in lieu thereof "section 371 or 374".

(D) The table of sections for part IV of subchapter C of chapter 1 is amended by striking out the item relating to section 373.

(13) AMENDMENT CONFORMING TO REPEAL OF SECTIONS 391 THROUGH 395.—The table of parts for subchapter C of chapter 1 is amended by striking out the item relating to part VII.

(14) AMENDMENT CONFORMING TO REPEAL OF SECTION 406.—The table of sections for part I of subchapter D of chapter 1 is amended by striking out the item relating to section 406.

(15) AMENDMENT CONFORMING TO THE AMENDMENTS OF SECTION 481.—Section 381(c) is amended by striking out paragraph (21).

(16) AMENDMENT CONFORMING TO THE AMENDMENTS OF SECTION 545.—Section 381(c)(15) is amended by striking out "subsections (b)(7) and (c)" and inserting in lieu thereof "subsection (c)".

(17) AMENDMENT CONFORMING TO THE REPEAL OF SECTION 583.—The table of sections for part I of subchapter H of chapter 1 is amended by striking out the item relating to section 583.

(18) AMENDMENT CONFORMING TO THE REPEAL OF SECTION 592.—The table of sections for part II of subchapter H of chapter 1 is amended by striking out the item relating to section 592.

(19) AMENDMENTS CONFORMING TO THE REPEAL OF SECTION 601.—

(A) Section 535(b) is amended by striking out paragraph (8).

(B)(i) Section 545(b) is amended by striking out paragraph (6), and by redesignating paragraph (8) as paragraph (6).

(ii) Section 545(b)(2) is amended by striking out "paragraph (8)" and inserting in lieu thereof "paragraph (6)".

(iii) Section 545(c)(5) is amended by striking out "subsection (b)(8)" and inserting in lieu thereof "subsection (b)(6)".

(C) The table of parts for subchapter H of chapter 1 is amended by striking out the item relating to part III.

(20) AMENDMENTS CONFORMING TO THE REPEAL OF SECTION 615.—

(A)(i) Section 243(b)(3)(C) is amended—

(I) by striking out clauses (ii) and (iii) and inserting in lieu thereof the following:

"(ii) $400,000 limitation for certain expenditures under section 617(h)(1),", and

(II) by redesignating clauses (iv) and (v) as clauses (iii) and (iv), respectively.

(ii) Section 1564(b)(2)(C) is amended by striking out "section 243(b)(3)(C)(v)" and inserting in lieu thereof "243(b)(3)(C)(iv)".

(B) Section 81(c)(10) is amended to read as follows:

"(10) TREATMENT OF CERTAIN MINING DEVELOPMENT AND EXPLORATION EXPENSES OF DISTRIBUTOR OR TRANSFEROR CORPORATION.—The acquiring corporation shall be entitled to deduct, as if it were the distributor or transferor corporation, expenses deferred under section 616 (relating to certain development expenditures) if the distributor or transferor corporation has so elected. For the purpose of applying the limitation provided in section 617(h), if, for any taxable year, the distributor or transferor corporation was allowed a deduction under section 617(a), the acquiring corporation shall be deemed to have been allowed such deduction."

(C) Section 617(h)(1) is amended by striking out "and section 615(a) and the amounts which are or have been treated as deferred expenses under section 615(b)" and inserting in lieu thereof "and subsection (a) of section 615 (as in effect before the enactment of the Tax Reform Act of 1975)".

(D) Section 617(h)(3) is amended to read as follows:

"(3) APPLICATION OF PARAGRAPH (2)(B).—Paragraph (2)(B) shall apply with respect to all amounts deducted before the latest such transfer from the individual or corporation to the taxpayer. Paragraph (2)(B) shall apply only if—

"(A) the taxpayer acquired any mineral property from the individual or corporation under circumstances which make paragraph (7), (8), (11), (15), (17), (20), or (22) of section 113(a) of the Internal Revenue Code of 1939 apply to such transfer; or

"(B) the taxpayer acquired any mineral property from the individual or corporation under circumstances which make section 334 (b), 362 (a) and (b), 372(a), 374(b)(1), 1051, or 1082 apply to such transfer."

(E) Section 617 is amended by adding at the end thereof the following new subsection:

"(i) CERTAIN PRE-1970 EXPLORATION EXPENDITURES.—If—

"(1) the taxpayer receives mineral property in a transaction as a result of which the basis of such property in the hands of the transferee is determined by reference to the basis in the hands of the transferor.

"(2) an election made by the transferor under subsection (e) of section 615(e) (as in effect before the enactment of the Tax Reform Act of 1975) applied with respect to expenditures which were made by him and which were properly chargeable to such property, and

"(3) the taxpayer has made or makes an election under subsection (a),

then in the application of this section with respect to the transferee, the amounts allowed as deductions under such section 615 to the transferor, which (but for the transferor's election) would be reflected in the adjusted basis of such property in the hands of the transferee, shall be treated as expenditures allowed as deductions under subsection (a) to the transferor."

(F) Section 703(b) is amended by striking out "under section 615 (relating to pre-1970 exploration expenditures),".

(G) Section 1016(a) is amended by striking out paragraph (10).

(H) The table of sections for part I of subchapter I of chapter 1 is amended by striking out the item relating to section 615.

(21) AMENDMENTS CONFORMING TO THE REPEAL OF SECTION 632.—

(A) The table of sections for part III of subchapter I of chapter 1 is amended by striking out the item relating to section 632.

(B) Section 5(b) is amended by striking out paragraph (1).

(22) AMENDMENT CONFORMING TO REPEAL OF SECTION 683.—The table of sections for subpart F of part I of subchapter J of chapter 1 is amended by striking out the item relating to section 683.

(23) AMENDMENT CONFORMING TO THE REPEAL OF SECTION 771.—The table of parts for subchapter K of chapter 1 is amended by striking out the item relating to part IV.

(24) AMENDMENT CONFORMING TO THE AMENDMENT OF SECTION 802.—Section 815(c)(3)(B) is amended by striking out "(determined without regard to section 802(a)(3))".

(25) AMENDMENT CONFORMING TO THE AMENDMENT OF SECTION 812.—Section 844(b)(2) is amended by striking out "section 812 (b)(1)(A)(iii)" and inserting in lieu thereof "section 812(b)(1)(C)".

(26) AMENDMENT CONFORMING TO THE AMENDMENTS OF SECTION 864.—

(A) Paragraphs (5) and (6) of section 861 (a) (relating to items treated as income from within United States) are each amended by striking out in the heading "SALE" and inserting in lieu thereof "SALE OR EXCHANGE", and by striking out "sale" in the text and inserting in lieu thereof "sale or exchange".

(B) Section 861(e)(1) (relating to income from certain aircraft and vessels) is amended by striking out "sale or other disposition" and inserting in lieu thereof "sale, exchange, or other disposition".

(C) Paragraphs (5) and (6) of section 862 (a) (relating to items treated as income from without the United States) and paragraphs (2) and (3) of section 863(b) (relating to sources of income) are each amended by striking out "sale" and inserting in lieu thereof "sale or exchange".

(D) Paragraph (2) of section 863(b) (relating to sources of income) is amended by striking out "sold" each place it appears and inserting in lieu thereof "sold or exchanged".

(27) AMENDMENTS CONFORMING TO THE REPEAL OF SECTION 972.—

(A) Section 970(b)(1) (relating to inclusion of certain previously excluded amounts of subpart F income) is amended by striking out "application of section 972" and inserting in lieu thereof "treatment (under section 972 as in effect before the date of the enactment of the Tax Reform Act of 1975 of two or more controlled foreign corporations which are export trade corporations as a single controlled foreign corporation".

(B) The table of sections for subpart G of part III of subchapter N of chapter 1 is amended by striking out the item relating to section 972.

(28) AMENDMENTS CONFORMING TO THE AMENDMENT OF SECTION 1001.—

(A) Subsection (c) of section 331 is amended to read as follows:

"(c) CROSS REFERENCE.—

"For general rule for determination of the amount of gain or loss recognized, see section 1001."

(B)(i) Section 1002 (relating to recognition of gain or loss) is repealed.

(ii) The table of sections for part I of subchapter O of chapter 1 is amended by striking out the item relating to section 1002.

(29) AMENDMENTS CONFORMING TO THE REPEAL OF SECTION 1020.—

(A) The third sentence of subsection (a) of section 1016 is amended by striking out "under section 1020" and inserting in lieu thereof "under section 1020 (as in effect before the date of the enactment of the Tax Reform Act of 1975)".

(B) The table of sections for part II of subchapter O of chapter 1 is amended by striking out the item relating to section 1020.

(30) AMENDMENTS CONFORMING TO THE REPEAL OF SECTION 1022.—

(A) Section 1016(a) is amended—

(i) by striking out paragraph (21), and

(ii) by redesignating paragraphs (20) and (22), as paragraphs (19) and (20), respectively.

(B) The amendment made by subparagraph (A)(i) shall apply with respect to stock or securities acquired from a decedent dying after the date of the enactment of this Act.

(C) The table of sections for part II of subchapter O of chapter 1 is amended by striking out the item relating to section 1022.

(31) AMENDMENTS CONFORMING TO AMENDMENTS OF SECTION 1033.—

(A) Section 1250(d)(4)(B) is amended by striking out "1033(a)(3)(A)" and inserting in lieu thereof "1033(a)(2)(A)".

(B) Section 1250(d)(4) (C) and (D) are each amended by striking "1033(a)(3)" and inserting in lieu thereof "1033(a)(2)".

(C) Section 6212(c)(2)(B) is amended by striking out "1033(a)(3) (C) and (D)" and inserting in lieu thereof "1033(a)(2) (C) and (D)".

(D) Section 6504(4) is amended by striking out "1033(a)(3) (C) and (D)" and inserting in lieu thereof "1033(a)(2) (C) and (D)".

(E) Sections 1071(b) and 1250(d)(4)(D) are each amended by striking out "1033(c)" and inserting in lieu thereof "1033(b)".

(32) AMENDMENTS CONFORMING TO THE REPEAL OF SECTION 1111.—

(A) Section 301 is amended by striking out subsection (f), and by redesignating subsection (g) as subsection (e).

(B)(i) Section 312 is amended by striking out subsection (k), and by redesignating subsections (l) and (m) as subsection (j) and (k), respectively.

(ii) Section 1246(g) is amended by striking out "312(l)" and inserting in lieu thereof "312(j)".

(iii) Sections 964(a) and 1248(c)(1) are each amended by striking out "312(m)(3)" and inserting in lieu thereof "312(k)(3)".

(C) Section 535(b) is amended by striking out paragraphs (9) and (10).

(D) Section 543(a)(1) is amended by inserting "and" at the end of subparagraph (A), and by striking out subparagraphs (B) and (C) and inserting in lieu thereof the following:

"(B) interest on amounts set aside in a reserve fund under section 511 or 607 of the Merchant Marine Act, 1936 (46 U.S.C. 1161 or 1177)."

(E) Sections 545(b) is amended by striking out paragraphs (10) and (11).

(F) Section 553(a)(1) is amended to read as follows:

"(1) DIVIDENDS, ETC.—Dividends, interest, royalties, and annuities."

(G) Section 556(b) is amended by striking out paragraphs (7) and (8).

(H) Section 561(b) is amended to read as follows:

"(b) SPECIAL RULES APPLICABLE.—In determining the deduction for dividends paid, the rules provided in section 562 (relating to rules applicable in determining dividends eligible for dividends paid deduction) and section 563 (relating to dividends paid after the close of the taxable year) shall be applicable."

(I) The table of parts for subchapter O of chapter 1 is amended by striking out the item relating to part IX.

(33) AMENDMENTS CONFORMING TO AMENDMENT OF SECTION 1222.—

(A) Section 57(a)(9)(A) is amended by striking out "the amount by which the net long-term capital gain exceeds the net short-term capital loss" and inserting in lieu thereof "the net capital gain".

(B) So much of the first sentence of section 75(a)(9)(B) as precedes "by a fraction" is amended to read as follows: "In the case of a corporation having a net capital gain for the taxable year, an amount equal to the product obtained by multiplying the net capital gain".

(C) Section 163(d)(1)(C) is amended by striking out "the amount by which the net long-term capital gain exceeds the net short-term capital loss" and inserting in lieu thereof "the net capital gain".

(D) Section 527(b)(2) is amended by striking out "net section 1201 gain" and inserting in lieu thereof "net capital gain".

(E) Sections 535(b)(6) and 545(b)(5) are each amended—

(i) by striking out from the paragraph heading "LONG-TERM" and inserting in lieu thereof "NET".

(2) by striking out from the text "the excess of the net long-term capital gain for the taxable year over the net short-term capital loss for such year" each place it appears and inserting in lieu thereof "the net capital gain for the taxable year", and

(3) by striking out from the text "such excess" each place it appears and inserting in lieu thereof "such net capital gain".

(F) Section 802(a)(2) is amended—

(i) by striking out "the net long-term capital gain of any life insurance company exceeds the net short-term capital loss" and inserting in lieu thereof "any life insurance company has a net capital gain", and

(ii) by striking out "such excess" each place it appears and inserting in lieu thereof "such net capital gain".

(G) Section 804(a)(2) is amended by striking out "by which the net long-term capital gain exceeds the net short-term capital loss" and inserting in lieu thereof "of the net capital gain".

(H) Sections 809(b)(1)(B) and 809(b)(2)(B) are each amended by striking out "by which the net long-term capital gain exceeds the net short-term capital loss" and inserting in lieu thereof "of the net capital gain".

(I) Section 815(b)(2)(A)(ii) is amended by striking out "by which the net long-term capital gain exceeds the net short-term capital loss" and inserting in lieu thereof "of the net capital gain".

(J)(i) Section 852(b)(2)(A) is amended by striking out "the excess, if any, of the net long-term capital gain over the net short-term capital loss" and inserting in lieu thereof "the amount of the net capital gain, if any".

(ii) Section 852(b)(3)(A) is amended to read as follows:

"(A) Imposition of tax.—There is hereby imposed for each taxable year in the case of every regulated investment company a tax, determined as provided in section 1201(a), on the excess, if any, of the net capital gain over the deduction for dividends paid (as defined in section 561) determined with reference to capital gain dividends only."

(iii) The second sentence of section 852(b)(3)(C) is amended by striking out "excess of the net long-term capital gain over the net short-term capital loss" each place it appears and inserting in lieu thereof "net capital gain".

(K)(i) Section 857(b)(2)(A) is amended by striking out "the excess, if any, of the net long-term capital gain over the net short-term capital loss" and inserting in lieu thereof "the amount of the net capital gain, if any".

(ii) Section 857(b)(3)(A) is amended to read as follows:

"(A) Imposition of tax.—There is hereby imposed for each taxable year in the case of every real estate investment trust a tax, determined as provided in section 1201(a), on the excess, if any, of the net capital gain over the deduction for dividends paid (as defined in section 561) determined with refeernce to capital gain dividends only."

(ii) The second sentence of section 857(b)(3)(C) is amended by striking out "excess of the net long-term capital gain over the net short-term capital loss" each place it appears and inserting in lieu thereof "net capital gain".

(L) Section 1201(b) is amended by striking out "net section 1201 gain" each place it appears and inserting in lieu thereof "net capital gain".

(M) The first sentence of section 1202 is amended to read as follows: "If for any taxable year, a taxpayer other than a corporation has a net capital gain, 50 percent of the amount of the net capital gain shall be a deduction from gross income."

(N) Sections 381(c)(3)(B), 381(c)(3)(C), 852(d), 4940(c)(1), and 4940(c)(4) are each amended by striking out "net capital gain" and inserting in lieu thereof "capital gain net income".

(O) Section 1212(a)(1) is amended by striking out "net capital gain" each place it appears and inserting in lieu thereof "capital gain net income", and by striking out "net capital gains" and inserting in lieu thereof "capital gain net income".

(P) Section 1247(a)(1)(B) is amended by striking out "the excess (determined as if such corporation were a domestic corporation) of the net long-term capital gain over the net short-term capital loss" and inserting in lieu thereof "the amount (determined as if such corporation were a domestic corporation) of the net capital gain".

(Q)(i) Section 1375(a)(1) is amended by striking out "the excess of the corporation's net long-term capital gain over its short-term capital loss" and inserting in lieu thereof "the corporation's net capital gain".

(ii) The second sentence of section 1375(a)(1) is amended by striking out "such excess" and inserting in lieu thereof "such net capital gain".

(iii) Section 1375(a)(3) is amended by striking out "the excess of an electing small business corporation's net long-term capital gain over its net short-term capital loss" and inserting in lieu thereof "an electing small business corporation's net capital gain".

(R) The following provisions are each amended by striking out "the excess of the net long-term capital gain over the net short-term capital loss" and inserting in lieu thereof "the net capital gain": Section 1247(a)(2)(A)(i), 1247(a)(2)(C), 1247(d) (1) and (2), 1378(a)(1), 1378(b)(1), and 1378 (c)(3).

(34) Amendments conforming to the repeal of section 1240.—The table of sections of part IV of subchapter P of chapter 1 is amended by striking out the item relating to section 1240.

(35) American conforming to repeal of section 1315.—The table of sections for part II of subchapter Q of chapter 1 is amended by striking out the item relating to section 1315.

(36) Amendments conforming to repeal of section 1321.—

(A) Section 472 is amended by striking out subsection (f).

(B) Section 6422 is amended by striking out paragraph (2), and by redesignating paragraphs (3) through (13) as paragraphs (2) through (12), respectively.

(C) Section 6504 is amended by striking out paragraph (1).

(D) Section 6515 is amended by striking out paragraph (1).

(E) The table of parts for subchapter Q of chapter 1 is amended by striking out the item relating to part III.

(37) Amendments conforming to the repeal of sections 1331 through 1337.—

(A) The third sentence of section 901(a) is amended by striking out "under section 1333 (relating to war loss recoveries) or".

(B) Section 6212(c)(2) is amended by striking out subparagraph (D).

(C) Section 6504 is amended by striking out paragraph (6).

(D) Section 6515 is amended by striking out paragraph (2), and by redesignating paragraphs (3), (4), (5), (6), and (7) as paragraphs (1), (2), (3), (4), and (5), respectively.

(E) The table of parts for subchapter Q of chapter 1 is amended by striking out the item relating to Part IV.

(38) Amendment conforming to the repeal of section 1342.—The table of sections for part V of subchapter Q of chapter 1 is amended by striking out the item relating to section 1342.

(39) Amendments conforming to the repeal of section 1346.—

(A) The table of sections for part VI of subchapter Q of chapter 1 is amended by striking out the item relating to section 1346.

(B) Section 6504 is amended by striking out paragraph (7).

(40) Amendment conforming to amendment of section 1372.—Section 58(d)(2) is amended by striking out ", notwithstanding the provisions of section 1371(b)(1),".

(41) Amendment conforming to the repeal of section 7465.—The table of sections for subchapter C of chapter 3 is amended by striking out the item relating to section 1465.

(c) Amendments to Provisions Referring to Territories.—

(1) Section 37(f) is amended by striking out "a Territory,".

(2) Sections 105(e)(2), 273, and 454(b)(2) are each amended by striking out ", a Territory,".

(3) Section 117(b)(2)(A)(iv) is amended by striking out "a territory,".

(4) Section 162(a) is amended by striking out "Territory,".

(5) Section 273 is amended by striking out "Territory,".

(6) Section 581 is amended by striking out ", of any State, or of any Territory" and inserting in lieu thereof "or of any State", and by striking out ", Territorial,".

(7) Section 801(b)(3) is amended by striking out "or Territorial".

(8) Section 861(a)(1) is amended by striking out ", any Territory, any political subdivision of a Territory,".

(9) Paragraphs (6) and (7) of section 1014(b) are each amended by striking out "Territory,".

(10) Section 1221(5) is amended by striking out "or Territory,".

(d) Effective Date.—Except as otherwise expressly provided in this section, the amendments made by this section shall apply with respect to taxable years beginning after December 31, 1976.

Sec. 1302. Amendments of Subtitle B; Estate and Gift Taxes.

(a) In General.—

(1) Amendment of section 2001.—Section 2001 (relating to the rate of the estate tax) is amended by striking out "dying after the date of enactment of this title".

(2) Amendments of section 2012.—

(A) Section 2012(b) (relating to credit for gift tax) is amended—

(i) by striking out "(b) In applying," and inserting in lieu thereof "(b) Valuation Reductions.—In applying,", and

(ii) by striking out in paragraphs (2) and (3) "deduction)—then" and inserting in lieu thereof "deduction), then".

(B) Section 2012(c) (relating to gift by spouse to third party) is amended by striking out "(c) Where the decedent" and inserting in lieu thereof "(c) Where Gift Considered Made One-Half by Spouse.—Where the decedent".

(C) Section 2012(d)(1) (relating to computation of amount of gift tax) is amended by striking out "(d)(1) For purposes of" and inserting in lieu thereof the following:

"(d) Computation of Amount of Gift Tax Paid.—

"(1) Amount of tax.—For purposes of".

(D) Section 2012(d)(2) (relating to credit for gift tax) is amended by striking out "(2) For purposes" and inserting in lieu thereof: "(2) Amount of gift.—For purposes".

(3) Amendments of section 2013.—

(A) Section 2013(b) (relating to computation of credit for tax on prior transfers) is amended by striking out ", or the corresponding provisions of prior laws," and by striking out ", or corresponding provisions of prior laws,".

(B) Section 2013(d)(3) is amended by striking out ", or the corresponding provision of prior law,".

(4) Amendment of section 2038.—Section 2038 (relating to revocable transfers) is amended by striking out subsection (c) (relating to effect of disability in certain cases).

(5) Amendments of section 2055.—

(A) Section 2055(b) (relating to powers of appointment) is amended to read as follows:

"(b) Powers of Appointment.—Property includibile in the decedent's gross estate under section 2041 (relating to powers of appointment) received by a donee described in this section shall, for purposes of this section, be considered a bequest of such decedent."

(B) Section 2055(f) (relating to cross references) is amended to read as follows:

"(f) Cross References.—

"(1) For option as to time for valuation for purpose of deduction under this section, see section 2032.

(2) For exemption of gifts and bequests to or for the benefit of Library of Congress, see section 5 of the Act of March 3, 1925, as amended (2 U.S.C. 161).

"(3) For treatment of gifts and bequests for the benefit of the Office of Naval Records and History as gifts or bequests to or for the use of the United States, see section 7222 of title 10, United States Code.

"(4) For treatment of gifts and bequests to and for the benefit of National Park Foundation as gifts or bequests to or for the use of the United States, see section 8 of the Act of December 18, 1967 (16 U.S.C. 191).

"(5) For treatment of gifts, devices, or bequests accepted by the Secretary of State under the Foreign Service Act of 1946 as gifts, devises, or bequests to or for the use of the United States, see section 1021(e) of that Act (22 U.S.C. 809(e)).

"(6) For treatment of gifts or bequests of money accepted by the Attorney General for credit to 'Commissiary Funds, Federal Prisons' as gifts or bequests to or for the use of the United States, see section 2 of the Act of May 15, 1952, as amended by the Act of July 9, 1952 (31 U.S.C. 725s-4).

"(7) For payment of tax on gifts and bequests of United States obligations to the United States, see section 24 of the Second Liberty Bond Act (31 U.S.C. 757e).

"(8) For treatment of gifts and bequests for benefit of the Naval Academy as gifts or bequests to or for the use of the United States, see section 6973 of title 10, United States Code.

"(9) For treatment of gifts and bequests for benefit of the Naval Academy Museum as gifts or bequests to or for the use of the United States, see section 6974 of title 10, United States Code.

"(10) For exemption of gifts and bequests received by National Archives Trust Fund Board, see section 2308 of title 44, United States Code."

(6) Amendment of section 2101.—Section 2101(b) (relating to property held by alien property custodian) is amended by striking out "60 Stat. 926;".

(7) Amendments of section 2106—

(A) Section 2106(a)(2)(F) (relating to cross references concerning the charitable deduction for estate tax purposes) is amended to read as follows:

"(F) Cross References.—

"(1) For option as to time for valuation for purposes of deduction under this section, see section 2032.

"(2) For exemption of certain bequests for the benefit of the United States and for rules of construction for certain bequests, see section 2055(f)."

(B) Section 2106 (relating to taxable estate of nonresidents) is amended by striking out subsection (c) (relating to treatment of United States bonds).

(8) Amendments of sections 2107 and 2108.—Section 2107(a) (relating to estate tax on expatriates) and section 2108(a) (relating to application of pre-1967 estate tax provisions) are each amended by striking out "the date of enactment of this section" and inserting in lieu thereof "November 13, 1966."

(9) Amendment relating to section 2201.—

(A) Section 6(b)(1) of the Act of January 2, 1975 (Public Law 93-597; 88 Stat. 1950) is amended by striking out "Section 2210" and inserting in lieu thereof "Section 2201".

(B) The amendment made by subsection (A) is effective July 1, 1973.

(10) Repeal of section 2202.—Section 2202 (relating to missionaries in foreign service) is repealed.

(11) Amendment of section 2204.—The last sentence of section 2204(b) (relating to the discharge from personal liability of a fiduciary other than the executor) is amended by striking out "has not been" and inserting in lieu thereof "has been".

(12) Amendment of section 2501.—Section 2501(a)(1) (relating to imposition of gift tax) is amended to read as follows:

"(1) General rule.—A tax, computed as provided in section 2502, is hereby imposed for each calendar quarter on the transfer of property by gift during such calendar quarter by any individual, resident or nonresident."

(13) Amendment of section 2522.—Subsection (d) of section 2522 (relating to cross references) is amended to read as follows:

"(d) Cross Reference.—

"For exemption of certain gifts to or for the benefit of the United States and for rules of construction with respect to certain gifts, see section 2055(f)."

(14) Amendments to sections referring to territories.—

(A) The following provisions are each amended by striking out "Territory,": sections 2055(a)(1), 2056(c)(2)(B), and 2106(a)(2)(A)(i).

(B) The following provisions are each amended by striking out "or Territory": sections 2011(a), 2011(e), and 2053(d).

(C) Section 2016 is amended by striking out "Territory or".

(D) Sections 2522(a)(1) and 2522(b)(1) are each amended by striking out "Territory,".

(E) Section 2523(f)(1) is amended by striking out "Territory, or".

(b) Conforming and Clerical Amendments.—

(1) Amendment conforming to repeal of section 2202.—The table of sections for subchapter C of chapter 11 is amended by striking out the item relating to section 2202.

(2) Amendments conforming to amendment of section 2055.—

(A) Section 6503 is amended by striking out subsection (e), and by redesignating subsections (f) (g), (h), and (i) as subsections (e), (f), (g), and (h), respectively.

(B) Section 6167(h)(2) is amended by striking out "section 6503(f)" and inserting in lieu thereof "section 6503(e)".

(c) Effective Dates.

(1) Estate tax amendments.—The amendments made by paragraphs (1) through (10), and paragraphs (14) (A), (B), and (C), of subsection (a), and by subsection (b) shall apply in the case of estates of decedents dying after the date of the enactment of this Act, and the amendment made by paragraph (11) of subsection (a) shall apply in the case of estates of decedents dying after December 31, 1975.

(2) Gift tax amendments.—The amendments made by paragraphs (12), (13), and (14) (D) and (E) of subsection (a) shall apply with respect to gifts made after December 31, 1976.

Sec. 1303. Amendments of Subtitle C; Employment Taxes

(a) In General.—

(1) Amendments of section 3101 and 3111.—

(A) Section 3101(a) (relating to rate of tax on employees for old-age, survivors, and disability insurance) and section 3111(a) (relating to rate of tax on employers for such insurance) are each amended by striking out paragraphs (1), (2), (3), and (4), and by redesignating paragraphs (5) and (6) as paragraphs (1) and (2), respectively.

(B) Section 3101(b) (relating to rate of tax on employees for hospital insurance) and section 3111(b) (relating to rate of tax on employers for such insurance) are each amended by striking out paragraphs (1) and (2), and by redesignating paragraphs (3), (4), (5), and (6) as paragraphs (1), (2), (3), and (4), respectively.

(2) Repeal of section 3113.—Section 3113 (relating to application of social security tax on District of Columbia credit unions) is repealed.

(3) Amendments of section 3121.—

(A) Section 3121(b), relating to employment, is amended—

(i) by striking out "performed after 1936 and prior to 1955 which was employment for purposes of subchapter A of chapter 9 of the Internal Revenue Code of 1939 under the law applicable to the period in which such service was performed, and any service, of whatever nature, performed after 1954" and inserting in lieu thereof ", of whatever nature, performed", and

(ii) by striking out ", in the case of service performed after 1954,".

(B) Section 3121(b)(1) is amended by striking out "65 Stat. 119;".

(C) Section 3121(b)(6)(B)(v) is amended by striking out "Secretary of the Treasury" and inserting in lieu thereof "Secretary of Transportation".

(D) Section 3121(g)(3) (relating to agricultural labor) is amended by striking out "46 Stat. 1550, § 3;".

(E) Section 3121(k)(1) (relating to exemption of certain organizations) is amended by striking out subparagraphs (F) and (H) and by redesignating subparagraph (G) as subparagraph (F).

(F) Section 3121(1)(2) (relating to employees of foreign subsidiaries) is amended by striking out ", but in no case prior to January 1, 1955".

(G) Section 321(m)(1) (relating to service in the uniformed services) is amended by striking out "after December 1956".

(4) Amendments of section 3122.—The last sentence of section 3122 (relating to Federal service) is amended by striking out "Secretary" each place it appears and inserting in lieu thereof "Secretary of Transportation".

(5) Amendment of section 3125.—Section 3125(c) (relating to returns in the case of Governmental employees in the District of Columbia) is amended by striking out "Commissioners of the District of Columbia or such agents as they may designate" and by inserting in lieu thereof "Mayor of the District of Columbia or such agents as he may designate".

(6) Amendment of section 3201.—Section 3201 (relating to rate of tax on railroad employees) is amended—

(A) by striking out "of the Internal Revenue Code of 1954" each place it appears;

(B) by striking out "of such Code";

(C) by striking out "after September 30, 1973, as is" and inserting in lieu thereof "as is"; and

(D) by striking out "any month after September 30, 1973" and inserting in lieu therof "any month".

(7) Amendments of section 3202.—

(A) The second sentence of section 3202(a) (relating to reduction of tax by railroad employer) is amended—

(i) by striking out "after September 30, 1973," each place it appears;

(ii) by striking out "after September 30, 1973 and the aggregate" and inserting in lieu thereof "and the aggregate";

(iii) by striking out "of the Internal Revenue Code of 1954" each place it appears; and

(iv) by inserting a comma immediately after "for any month" each place it appears.

(B) Section 3202(b) (relating to indemnification of employer) is amended by striking out "made".

(8) Amendments of section 3211.—Section 3211(a) (relating to rate of tax on railroad employee representatives) is amended—

(A) by striking out "3111(a), 3111(b)" and inserting in lieu thereof "3111(a), and 3111(b)";

(B) by striking out "of the Internal Revenue Code of 1954" each place it appears;

(C) by striking out "rendered by him after September 30, 1973," and inserting in lieu thereof "rendered by him"; and

(D) by striking out "after September 30, 1973".

(9) Amendments of section 3221.—

(A) The first sentence of section 3221(a) (relating to rate of tax on railroad employers) is amended—

(i) by striking out "after September 30, 1973," each place it appears;

(ii) by striking out "after September 30, 1973; except that" and inserting in lieu thereof ", except that";

(iii) by striking out "after September 30, 1973 of the aggregate" and inserting in lieu thereof "of the aggregate";

(iv) by striking out "of the Internal Revenue Code of 1954" each place it appears; and

(v) by inserting a comma immediately before "the tax imposed".

(B) Section 3221(b) (relating to rate of tax on railroad employers) is amended to read as follows:

"(b) The rate of tax imposed by subsection (a) shall be increased by the rate of tax imposed with respect to wages by section 3111(a) plus the rate imposed by section 3111(b)."

(C) Section 3221(c) (relating to additional railroad retirement tax) is amended—

(i) by striking out "(1) at the rate of 2 cents for the period beginning November 1, 1966, and ending March 31, 1970, and (2) commencing April 1, 1970," and

(ii) by striking out "commencing with the quarter beginning April 1, 1970".

(10) Amendments of section 3231.—

(A) Section 3231(a) (relating to definition of employer) is amended by striking out "44 Stat. 577;".

(B) Section 3231(b) (relating to definition of employee) is amended by striking out "50 Stat. 312;".

(C) Section 3231(c) (relating to definition of employee representative) is amended by striking out "44 Stat. 577;".

(D) Section 3231(d)(7) (relating to definition of services) is amended by striking out "50 Stat. 308;".

(11) Amendments of section 3301.—Section 3301 (relating to Federal unemployment tax rate) is amended—

(A) by striking out "the calendar year 1970 and each calendar year thereafter" and inserting in lieu thereof "each calendar year", and

(B) by striking out the last sentence.

(12) Amendments of section 3302.—

(A) Section 3302(a) (relating to credits against tax) is amended by striking out "(10-month period in the case of October 31, 1972)".

(B) Section 3302(b) (relating to additional credit) is amended—

(i) by striking out "(10-month period in the case of October 31, 1972)", and

(ii) by striking out "12 or 10-month period, as the case may be," and inserting in lieu thereof "12-month period".

(C)(i) Section 3302(c) (relating to limitation on credits against unemployment tax) is amended by striking out paragraph (2) and the unnumbered paragraph immediately following such paragraph (2) (relating to advances made to a State unemployment account before September 13, 1960), and by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(ii) Section 3302(c)(2) (relating to advances made to a State unemployment account after September 12, 1960), as redesignated by clause (i) of this subparagraph, is amended by striking out "on or after the date of the enactment of the Employment Security Act of 1960", and by striking out "paragraphs (1) and (2)" and inserting in lieu thereof "paragraph (1)".

(iii) Section 3302(c)(3) (relating to reductions with respect to certain agreements under the Trade Act of 1974), as redesignated by clause (i) of this subparagraph, is amended by striking out "paragraphs (1), (2), and (3)" and inserting in lieu thereof "paragraphs (1) and (2)".

(iv) Section 3302(d)(3) (relating to effect of repayment of advances) is amended by striking out "or (3)".

(v) Section 3302(d) (4), (5), and (6), (relating to special rules) are each amended by striking out "subsection (c)(3)" each place it appears and inserting in lieu thereof "subsection (c)(2)".

(vi) Section 3302(d)(7) (relating to determination and certification of percentages) is amended by striking out "subsection (c)(3) (B) or (C)" and inserting in lieu thereof "subsection (c)(2) (B) or (C)".

(D) Section 3302(d) (relating to special rules for credits against the unemployment tax) is amended by striking out paragraph (8) (a cross reference).

(13) Amendments to section 3303.—Section 3303(b) (relating to certification with respect to additional credit allowance) is amended—

(A) by striking out "(10-month period in the case of October 31, 1972)" each place it appears.

(B) by striking out "12 or 10-month period, as the case may be," each place it appears in paragraphs (1) and (2), and inserting in lieu thereof "12-month period", and

(C) by striking out "12 or 10-month period, as the case may be," in paragraph (3) and inserting in lieu thereof "12-month period.".

(14) Amendments to section 3304.—

(A) Section 3304(a)(3) (relating to requirements) is amended by striking out "49 Stat. 640; 52 Stat. 1104, 1105;".

(B) Section 3304(c) (relating to certification) is amended by striking out "10-month period in the case of October 31, 1972)".

(15) Amendments to section 3305.—

(A) Section 3305(g) (relating to vessels operated by general agents of the United States) is amended by striking out "on or after July 1, 1953,".

(B) Section 3305(h) (relating to certain contributions to States) is amended by striking out "on or after July 1, 1953, and".

(C) Section 3305(j) (relating to denial of credits in certain cases) is amended by striking out "after December 31, 1971,".

(16) Amendments of section 3306.—

(A) Section 3306(c)(9) (relating to the exclusion of service performed by certain employees and employee representatives from the definition of employment) is amended by striking out "52 Stat. 1094, 1095;".

(B) Section 306(c)(18) (relating to the exclusion of certain service performed by nonresident aliens from the definition of employment) is amended by inserting after the "Immigration and Nationality Act, as amended" the following: "(8 U.S.C. 1101(a)(15)(F) or (J)".

(C) Section 3306(f) (relating to the definition of an unemployment fund) is amended by striking out "49 Stat. 640, 52 Stat. 1104, 1105;".

(D) Section 3306(n) (relating to vessels operated by general agents of the United States) is amended by striking out "on or after July 1, 1953,".

(17) Amendment of section 3402.—Section 3402(1)(3)(B) (relating to marital status) is amended by striking out "section 2(b)" and inserting in lieu thereof "section 2(a)".

(b) Amendment Conforming to the Repeal of Section 3113.—The table of sections for subchapter B of chapter 21 is amended by striking out the item relating to section 3113.

(c) Amendments to Provisions Referring to Territories.—Sections 3401(c) and 3404 are each amended by striking out "Territory," each place it appears.

(d) Effective Date.—The amendments made by this section shall apply with respect to wages paid after December 31, 1976, except that the amendments made to chapter 22 of the Internal Revenue Code of 1954 shall apply with respect to compensation paid for services rendered after December 31, 1976.

Sec. 1304. Amendments of Subtitle D; Miscellaneous Excise Taxes.

(a) In General.—

(1) Amendments of chapter 31.—

(A) So much of chapter 31 (relating to retailers excise taxes) as precedes section 4041 is amended to read as follows:

CHAPTER 31—SPECIAL FUELS

"Sec. 4041. Imposition of tax."

(B) Section 4041(g) (relating to exemptions from fuel taxes) is amended to read as follows:

"(g) Other Exemptions.—Under regulations prescribed by the Secretary, no tax shall be imposed after this section—

"(1) on any liquid sold for use or used as supplies for vessels or aircraft (within the meaning of section 4221(d)(3));

"(2) with respect to the sale of any liquid for the exclusive use of any State, any political subdivision of a State, or the District of Columbia, or with respect to the use by any of the foregoing of any liquid as a fuel;

"(3) upon the sale of any liquid for export, or for shipment to a possession of the United States, and in due course so exported or shipped; and

"(4) with respect to the sale of any liquid to a nonprofit educational organization for its exclusive use, or with respect to the use by a nonprofit educational organization of any liquid as a fuel.

For purposes of paragraph (4), the term 'nonprofit educational organization' means an educational organization described in section 170(b)(1)(A)(ii) which is exempt from income tax under section 501(a). The term also includes a school operated as an activity of an organization described in section 501(c)(3) which is exempt from income tax under section 501(a), if such school normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on."

(C) Section 4041 (relating to tax on fuels) is amended by adding at the end thereof the following new subsection:

"(1) Sales by United States, Etc.—The taxes imposed by this section shall apply with respect to liquids sold at retail by the United States, or by any agency or instrumentality of the United States, unless sales by such agency or instrumentality are by statute specifically exempted from such taxes."

(D) Chapter 31 is amended by striking out section 4042 (a cross reference) and subchapter F (special provisions applicable to retailers taxes).

(2) Amendments of section 4216.—

(A) Section 4216 (relating to definition of price) is amended by redesignating subsections (e), (f), and (g) as subsections (d), (e), and (f), respectively.

(B) Paragraphs (3), (4), and (5) of section 4216(b) (relating to constructive sales price) are each amended by striking out "subsections (a) and (f)" each place it appears and inserting in lieu thereof "subsections (a) and (e)".

(3) AMENDMENT OF SECTION 4217.—Section 4217(d) (relating to lease treated as sale) is amended by striking out paragraph (4) (relating to certain 1958 transitional rules).

(4) REPEAL OF SECTION 4226.—Section 4226 (relating to floor-stock taxes imposed before 1967) is repealed.

(5) AMENDMENT OF SECTION 4227.—Section 4227 (relating to cross references) is amended to read as follows:

"SEC. 4227. CROSS REFERENCE.

"For credit for taxes on tires and inner tubes, see section 6416(c)."

(6) AMENDMENT OF SECTION 4253.—Section 4253 (relating to exemptions from the tax on communications services) is amended by adding at the end thereof the following new subsections:

"(i) STATE AND LOCAL GOVERNMENTAL EXEMPTION.—Under regulations prescribed by the Secretary, no tax shall be imposed under section 4251 upon any payment received for services or facilities furnished to the government of any State, or any political subdivision thereof, or the District of Columbia.

"(j) EXEMPTION FOR NONPROFIT EDUCATIONAL ORGANIZATIONS.—Under regulations prescribed by the Secretary, no tax shall be imposed under section 4251 on any amount paid by a nonprofit educational organization for services or facilities furnished to such organization. For purposes of this subsection, the term 'nonprofit educational organization' means an educational organization described in section 170(b)(1)(A)(ii) which is exempt from income tax under section 501(a). The term also includes a school operated as an activity of an organization described in section 501(c)(3) which is exempt from income tax under section 501(a), if such school normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on."

(7) AMENDMENT OF SECTION 4261.—

(A) Subsections (a) and (b) of section 4261 (relating to tax on transportation of persons by air) are each amended by striking out "which begins after June 30, 1970,".

(B) Section 4261(c) is amended by striking out "and begins after June 30, 1970".

(8) AMENDMENT OF SECTION 4217—Section 4271(a) (relating to tax on transportation of property by air) is amended by striking out "which begins after June 30, 1970,".

(9) REPEAL OF SECTION 4292.—Section 4292 (relating to State and local governmental exemption from the tax on communications services is repealed.

(10) REPEAL OF SECTION 4294.—Section 4294 (relating to exemption of nonprofit educational organizations from the tax on communications services) is repealed.

(11) REPEAL OF SECTION 4295.—Section 4295 (a cross reference) is repealed.

(12) AMENDMENT OF CHAPTER 24.—Chapter 34 (relating to documentary stamp taxes) is amended to read as follows:

"CHAPTER 34—POLICIES ISSUED BY FOREIGN INSURERS

"Sec. 4371. Imposition of tax.
"Sec. 4372. Definitions.
"Sec. 4373. Exemptions.
"Sec. 4374. Liability for tax.

"SEC. 4371. IMPOSITION OF TAX.

"There is hereby imposed, on each policy of insurance, indemnity bond, annuity contract, or policy of reinsurance issued by any foreign insurer or reinsurer, a tax at the following rates:

"(1) CASUALTY INSURANCE AND INDEMNITY BONDS.—4 cents on each dollar, or fractional part thereof, of the premium paid on the policy of casualty insurance or the indemnity bond, if issued to or for, or in the name of, an insured as defined in section 4372(d);

"(2) LIFE INSURANCE, SICKNESS AND ACCIDENT POLICIES, AND ANNUITY CONTRACTS.—1 cent on each dollar, or fractional part thereof, of the premium paid on the policy of life, sickness, or accident insurance, or annuity contract, unless the insurer is subject to tax under section 819; and

"(3) REINSURANCE.—1 cent on each dollar, or fractional part thereof, of the premium paid on the policy of reinsurance covering any of the contracts taxable under paragraph (1) or (2).

"SEC. 4372. DEFINITIONS.

"(a) FOREIGN INSURER OR REINSURER.—For purposes of section 4371, the term 'foreign insurer or reinsurer' means an insurer or reinsurer who is a nonresident alien individual, or a foreign partnership, or a foreign corporation. The term includes a nonresident alien individual, foreign partnership, or foreign corporation which shall become bound by an obligation of the nature of an indemnity bond. The term does not include a foreign government, or municipal or other corporation exercising the taxing power.

"(b) POLICY OF CASUALTY INSURANCE.—For purposes of section 4371(1), the term 'policy of casualty insurance' means any policy (other than life) or other instrument by whatever name called whereby a contract of insurance is made, continued, or renewed.

"(c) INDEMNITY BOND.—For purposes of this chapter, the term 'indemnity bond' means any instrument by whatever name called whereby an obligation of the nature of an indemnity, fidelity, or surety bond is made, continued, or renewed. The term includes any bond for indemnifying any person who shall have become bound or engaged as surety, and any bond for the due execution or performance of any contract, obligation, or requirement, or the duties of any office or position, and to account for money received by virtue thereof, where a premium is charged for the execution of such bond.

"(d) INSURED.—For purposes of section 4371(1), the term 'insured' means—

"(1) a domestic corporation or partnership, or an individual resident of the United States, against, or with respect to, hazards, risks, losses, or liabilities wholly or partly within the United States, or

"(2) a foreign corporation, foreign partnership, or nonresident individual, engaged in a trade or business within the United States, against, or with respect to, hazards, risks, losses, or liabilities within the United States.

"(e) POLICY OF LIFE, SICKNESS, OR ACCIDENT INSURANCE, OR ANNUITY CONTRACT.—For purposes of section 4371(2), the term 'policy of life, sickness, or accident insurance, or annuity contract' means any policy or other instrument by whatever name called whereby a contract of insurance or an annuity contract is made, continued, or renewed with respect to the life or hazards to the person of a citizen or resident of the United States.

"(f) POLICY OF REINSURANCE.—For purposes of section 4371(3), the term 'policy of reinsurance' means any policy or other instrument by whatever name called whereby a contract of reinsurance is made, continued, or renewed against, or with respect to, any of the hazards, risks, losses, or liabilities covered by contracts taxable under paragraph (1) or (2) of section 4371.

"SEC. 4373. EXEMPTIONS.

"The tax imposed by section 4371 shall not apply to—

"(1) DOMESTIC AGENT.—Any policy, indemnity bond, or annuity contract signed or countersigned by an officer or agent of the insurer in a State, or in the District of Columbia, within which such insurer is authorized to do business; or

"(2) INDEMNITY BOND.—Any indemnity bond required to be filed by any person to secure payment of any pension, allowance, allotment, relief, or insurance by the United States, or to secure a duplicate for, or the payment of, any bond, note, certificate of indebtedness, war-saving certificate, warrant, or check, issued by the United States.

"SEC. 4374. LIABILITY FOR TAX.

"The tax imposed by this chapter shall be paid, on the basis of a return, by any person who makes, signs, issues, or sells any of the documents and instruments subject to the tax, or for whose use or benefit the same are made, signed, issued, or sold. The United States or any agency or instrumentality thereof shall not be liable for the tax."

(13) AMENDMENTS OF SECTION 4493.—

(A) Section 4493(b)(1) (relating to certain persons engaged in foreign air commerce) is amended by striking out "beginning on or after July 1, 1970".

(B) Section 4493(b)(2) is amended by striking out the last sentence.

(14) AMENDMENT OF CHAPTER 37.—So much of chapter 37 as precedes section 4501 (relating to tax on sugar) is amended to read as follows:

"CHAPTER 37—SUGAR

"Sec. 4501. Imposition of tax.
"Sec. 4502. Definitions.
"Sec. 4503. Exemptions for sugar manufactured for home consumption."

(15) REPEAL OF SECTIONS 4591 THROUGH 4597.—Chapter 38 (relating to import taxes on oleomargarine) is repealed.

(16) REPEAL OF SECTIONS 4801 THROUGH 4806.—Subchapter B of chapter 39 (relating to tax on white phosphorus matches) is repealed.

(17) REPEAL OF SECTIONS 4811 THROUGH 4826.—Subchapter C of chapter 39 (relating to tax on adulterated butter) is repealed.

(18) REPEAL OF SECTIONS 4881 THROUGH 4886.—Subchapter E of chapter 39 (relating to tax on circulation other than of national banks) is repealed.

(19) AMENDMENT OF SECTION 4901.—Section 4901 (relating to payment of occupational taxes) is amended by striking out subsection (c).

(20) AMENDMENT OF SECTION 4905.—Section 4905(a) (relating to liability for occupational taxes in case of death or change of location) is amended by striking out "wife" and inserting in lieu thereof "spouse".

(21) REPEAL OF SECTIONS 4911 THROUGH 4931.—

(A) Chapter 41 (relating to interest equalization tax) is repealed.

(B) The repeal made by subparagraph (A) shall apply with respect to acquisitions of stock and debt obligations made after June 30, 1974.

(22) AMENDMENTS OF SECTION 4942.—Section 4942(e)(3) (relating to minimum investment return with respect to private foundations) is amended—

(A) by striking out the first sentence, and

(B) by striking out in the second sentence "The applicable percentage for any taxable year beginning after 1970" and inserting in lieu thereof "For purposes of paragraph (1)(B), the applicable percentage for any taxable year".

(23) AMENDMENTS OF SECTION 4973.—

(A) So much of section 4973(a) (relating to tax on excess contributions) as follows "of any individual," in paragraph (3) thereof is amended to read as follows:

"there is imposed for each taxable year a tax in an amount equal to 6 percent of the amount of the excess contributions to such individual's accounts, annuities, or bonds (determined as of the close of the taxable year). The amount of such tax for any taxable year shall not exceed 6 percent of the value of the account, annuity, or bond (determined as of the close of the taxable year). In the case of an endowment contract described in section 408(b), the tax imposed by this section does not apply to any amount allocable to life, health, accident, or other insurance under such contract. The tax imposed by this subsection shall be paid by such individual."

(B) Section 4973(c) is amended by striking out "subsection (a) (3)" and inserting in lieu thereof "subsection (a) (2)".

(b) CONFORMING AND CLERICAL AMENDMENTS.—

(1) AMENDMENTS CONFORMING TO AMENDMENT OF CHAPTER 31.—

(A) Section 6416(a) (1) is amended by striking out ("retailers taxes)" and inserting in lieu thereof "(special fuels)".

(B) Section 6416(e) is amended by striking out "subchapter E of".

(2) AMENDMENT CONFORMING TO AMENDMENT OF SECTION 4216.—Section 6416(b) (1) is amended by striking out "section 4216(f) (2) and (3)" and inserting in lieu thereof "section 4216(e) (2) and (3)".

(3) AMENDMENT CONFORMING TO THE REPEAL OF SECTION 4226.—The table of sections for subchapter G of chapter 32 is amended by striking out the item relating to section 4226.

(4) AMENDMENT CONFORMING TO THE REPEAL OF SECTIONS 4292, 4294, AND 4295.—The table of sections for subchapter E of chapter 33 is amended by striking out the items relating to sections 4292, 4294, and 4295.

(5) AMENDMENTS CONFORMING TO THE AMENDMENT OF CHAPTER 34.—

(A) Section 7270 is amended by striking out "the affixing of stamps on insurance policies, etc." and inserting in lieu thereof "liability for tax on policies issued by foreign insurers".

(B) Section 6808 is amended by striking out paragraph (4).

(6) AMENDMENTS CONFORMING TO THE AMENDMENT OF CHAPTER 37.—

(A) Section 7240 is amended by striking out "subchapter A of".

(B) Section 7655(a) is amended—

(i) by striking out "Subchapter A of chapter 37" in paragraph (5) and inserting in lieu thereof "Chapter 37", and

(ii) by redesignating paragraph (5) as paragraph (3).

(7) AMENDMENTS CONFORMING TO REPEAL OF SECTIONS 4591 THROUGH 4597.—

(A) Section 6808 is amended by striking out paragraph (7).

(B) (i) Section 7234 (relating to violations of laws concerning oleomargarine or adulterated butter operations) is repealed.

(ii) The table of sections for part II of subchapter A of chapter 75 is amended by striking out the item relating to section 7234.

(C) (i) Section 7265 (relating to other offenses concerning oleomargarine or adulterated butter operations) is repealed.

(ii) The table of sections for subchapter B of chapter 75 is amended by striking out the item relating to section 7265.

(D) Section 7609(a) is amended by striking out paragraph (1).

(E) The table of chapters for subtitle D is amended by striking out the item relating to chapter 38.

(8) AMENDMENTS CONFORMING TO REPEAL OF SECTIONS 4801 THROUGH 4806.—

(A) Section 4905(b) is amended to read as follows:

"(b) REGISTRATION.—

"For registration in case of wagering, see section 4412."

(B) Section 6808 is amended by striking out paragraph (12).

(C) Section 7012 is amended by striking out subsection (e).

(D) (i) Section 7239 (relating to violations of laws concerning white phosphorus matches) is repealed.

(ii) The table of sections for part II of subchapter A of chapter 75 is amended by striking out the item relating to section 7239.

(E) (i) Sections 7267 and 7274 (relating to offenses and penalties concerning white phosphorus matches) are each repealed.

(ii) The table of sections for subchapter B of chapter 75 is amended by striking out the items relating to sections 7267 and 7274.

(F) Section 7272(b) is amended by striking out "4804(d),".

(G) Section 7303 is amended by striking out paragraph (6).

(H) (i) Part II of subchapter C of chapter 75 (relating to provisions common to forfeitures) is amended by striking out section 7328 (relating to confiscation of white phosphorus matches), and by redesignating section 7329 (relating to cross references) as section 7328.

(ii) The table of sections for part II of subchapter C of chapter 75 is amended by striking out the last two items and inserting in lieu thereof the following:

"Sec. 7328. Cross references."

(9) AMENDMENTS CONFORMING TO REPEAL OF SECTIONS 4811 THROUGH 4826.—

(A) Section 6808 (relating to cross references) is amended by striking out paragraph (10).

(B) (i) Section 7235 (relating to violations of laws concerning adulterated butter and process or renovated butter) is repealed.

(ii) The table of sections for part II of subchapter A of chapter 75 is amended by striking out the item relating to section 7235.

(C) (i) Section 7264 (relating to offenses concerning renovated or adulterated butter) is repealed.

(ii) The table of sections for subchapter B of chapter 75 is amended by striking out the item relating to section 7264.

(D) Section 7303 is amended by striking out paragraphs (3), (4), and (5), and by redesignating paragraphs (7) and (8) and paragraphs (2) and (3), respectively.

(E) Section 7609(a) is amended by striking out paragraph (2), and by redesignating paragraphs (5) and (6) as paragraphs (1) and (2), respectively.

(10) AMENDMENTS CONFORMING TO THE REPEAL OF SECTIONS 4911 THROUGH 4931.—

(A) (i) (I) Section 263 is amended by striking out subsections (a) (3) and (d) (relating to the allowance of deductions for payment of interest equalization tax), and by redesignating subsections (e) and (f) as subsections (d) and (e) respectively.

(II) Section 263(d), as redesignated by clause (i) (I) of this subparagraph, is amended by striking out "subsection (f)" and inserting in lieu thereof "subsection (e)".

(ii) Section 6011 (relating to requirement of return, statement, or list) is amended by striking out subsection (d) (relating to interest equalization tax returns, etc.), and by redesignating subsections (e) and (f) as subsections (c) and (d), respectively.

(iii) (I) Section 6076 (relating to time for filing interest equalization tax returns) is repealed.

(II) The table of sections for part V of subchapter A of chapter 61 is amended by striking out the item relating to section 6076.

(iv) Section 6611 (relating to interest on overpayments) is amended by striking out subsection (h) (relating to overpayments of interest equalization tax) and by redesignating subsection (i) as subsection (h).

(v) Section 6651 (relating to failure to file tax return or to pay tax) is amended by striking out subsection (e) (relating to certain interest equalization tax returns).

(vi) (I) Section 6680 (relating to failure to file interest equalization tax returns) is repealed.

(II) The table of sections for subchapter B of chapter 68 is amended by striking out the item relating to section 6680.

(vii) The amendments made by this subparagraph shall apply with respect to acquisitions of stock or debt obligations made after June 30, 1974, except that the repeal of paragraph (2) of section 6011(d) under clause (ii) shall apply with respect to loans and commitments made after such date.

(B) Section 861(a) (1) (G) (relating to income from sources within the United States) is amended—

(i) by striking out "4912(c)" and inserting in lieu thereof "subsection (c) of section 4912 (as in effect before July 1, 1974)"; and

(ii) by striking out "4912(c) (2)" and inserting in lieu thereof "subsection (c) (2) of such section".

(C) The second sentence of section 1232 (b) (2) (relating to the definition of the issue price of bonds and other evidences of indebtedness) is amended by striking out "section 4911" and inserting in lieu thereof "section 4911, as in effect before July 1, 1974,".

(D) Section 6103(a) (2) (relating to publicity of returns) is amended by striking out "chapter 41" and inserting in lieu thereof "chapter 41 (as in effect before July 1, 1974)".

(E) (i) Section 6681 (relating to false equalization tax certificates) is repealed.

(ii) The table of sections for subchapter B of chapter 68 is amended by striking out the item relating to section 6681.

(iii) The amendments made by this subparagraph shall apply with respect to actions occurring after June 30, 1974.

(F) (i) Section 6689 (relating to failure by certain foreign issuers and obligors to comply with United States investment equalization tax requirements) is repealed.

(ii) The table of sections for subchapter B of chapter 68 is amended by striking out the item relating to section 6689.

(iii) The amendments made by this subparagraph shall apply with respect to stock or debt obligations issued after June 30, 1974.

(G) (i) Section 7241 (relating to penalty for fraudulent equalization tax certificates) is repealed.

(ii) The table of sections for part II of subchapter A of chapter 75 is amended by striking out the item relating to section 7241.

(iii) The amendments made by this subparagraph shall apply with respect to statements and certfiicates executed after June 30, 1974.

(H) The table of chapters for subtitle D is amended by striking out the item relating to chapter 41.

(c) AMENDMENTS TO PROVISIONS REFERRING TO TERRITORIES.—

(1) Section 4102 is amended by striking out "or Territory".

(2) Section 4482(c) (1) is amended by striking out ", a Territory of the United States,".

(d) EFFECTIVE DATE.—Except as otherwise provided, the amendments made by this section shall take effect on the first day of the first month which begins more than 90 days after the date of the enactment of this Act.

SEC. 1305. AMENDMENTS OF SUBTITLE E; ALCOHOL, TOBACCO, AND CERTAIN OTHER EXCISE TAXES.

(a) IN GENERAL.—

(1) AMENDMENT OF SECTION 5005.—Section 5005(c) (2) (relating to transfers in bond of distilled spirits) is amended by striking out the last two sentences and inserting in lieu thereof the following: "Such relief from liability shall be effective from the time of removal from the transferor's bonded premises, or from the time of divestment of interest, whichever is later."

(2) AMENDMENTS OF SECTION 5008.—

(A) Section 5008(b) (1) (relating to abatement, remission, refund, and allowance for loss of destruction of distilled spirits) is amended by inserting immediately after "the tax imposed by this chapter" the following: "or by section 7652".

(B) Section 5008(b) (2) is amended by striking out "the taxes imposed under section 5001(a) (1)" and all that follows and inserting in lieu thereof the following: "the taxes imposed under section 5001(a) (1), under subpart B of this part, or under section 7652 on the spirits so destroyed, to the proprietor of the distilled spirits plant who withdrew the distilled spirits on payment or determination of tax."

(C) Subsections (c)(1) and (d)(1) of section 5008 are each amended by inserting immediately after "under section 5001(a)(1)" the following: "or under section 7652".

(D) Section 5008(d)(1) is amended by striking out ", on or after July 1, 1959,".

(3) Amendment of section 5009.—Section 5009(b)(3) amended by striking out "46 Stat. 694;".

(4) Amendment of section 5025.—Section 5025(j) (relating to stabilization of distilled spirits) is amended by striking out "the bottling of distilled spirits," and inserting in lieu thereof "the bottling of distilled spirits, or preparatory to exportation.".

(5) Amendment of section 5054.—Section 5054 (relating to determination and collection of tax on beer) is amended by striking out subsection (c) (relating to stamps or other devices as evidence of payment of tax) and by redesignating subsection (d) as subsection (c).

(6) Amendments of section 5061.—

(A) Section 5061(a) (relating to collections of alcohol taxes) is amended by striking out the last sentence.

(B) Section 5061(b) (relating to methods of collection) is amended to read as follows:

"(b) Exceptions.—Notwithstanding the provisions of subsection (a), any taxes imposed on, or amounts to be paid or collected in respect of, distilled spirits, wines, rectified distilled spirits and wines, and beer under—

"(1) section 5001(a) (5), (6), or (7),
"(2) section 5006(c) or (d),
"(3) section 5026(a)(2),
"(4) section 5041(d),
"(5) section 5043(a)(3),
"(6) section 5054(a)(3) or (4), or
"(7) section 5505(a),

shall be immediately due and payable at the time provided by such provisions (or if no specific time for payment is provided, at the time the event referred to in such provision occurs). Such taxes and amounts shall be assessed and collected by the Secretary on the basis of the information available to him in the same manner as taxes payable by return but with respect to which no return has been filed."

(C) Section 5061(c) (relating to applicability of other provisions of law) is amended to read as follows:

"(c) Import Duties.—The internal revenue taxes imposed by this part shall be in addition to any import duties unless such duties are specifically designated as being in lieu of internal revenue tax."

(7) Amendment of section 5113.—Section 5113(f)(1) (relating to retail dealers in liquors) is amended by striking out "wines or beer" and inserting in lieu thereof "distilled spirits, wines, or beer".

(8) Amendments of section 5117.—Section 5117 (relating to prohibited purchases by dealers) is amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b) Limited Retail Dealers.—A limited retail dealer may lawfully purchase distilled spirits for resale from a retail dealer in liquors."

(9) Amendment of section 5121.—Section 5121(c) (relating to limited retail dealers) is amended to read as follows:

"(c) Limited Retail Dealers.—Every limited retail dealer shall pay a special tax of $4.50 for each calendar month in which sales are made as such dealer; except that the special tax shall be $2.20 for each calendar month in which only sales of beer or wine are made."

(10) Amendment of section 5122.—Section 5122(c) (relating to definition of limited retail dealer) is amended by striking out "beer or wine" each place it appears and inserting in lieu thereof "distilled spirits, wine, or beer".

(11) Amendment of section 5131.—Section 5131(a) (relating to eligibility for drawback) is amended by striking out "produced in a domestic registerd distillery or industrial alcohol plant and withdrawn from bond, or using distilled spirits withdrawn from the bonded premises of a distilled spirits plant,".

(12) Amendment of section 5142.—Section 5142(c) (relating to payment of occupational taxes) is amended to read as follows:

"(c) How Paid.—

"(1) Payment by return.—The special taxes imposed by this part shall be paid on the basis of a return under such regulations as the Secretary shall prescribe.

(2) Stamp denoting payment of tax.—After receiving a properly executed return and remittance of any special tax imposed by this subpart, the Secretary shall issue to the taxpayer an appropriate stamp as a receipt denoting payment of the tax. This paragraph shall not apply in the case of a return covering liability for a past period."

(13) Amendment of section 5171.—Section 5171(b) (relating to permits for operation of businesses as distillers, etc.) is amended—

(A) in paragraph (1), by striking out "49 Stat. 978;", and

(B) by striking out paragraph (3) (relating to continuance of business after June 30, 1959, pending aplication for permit).

(14) Amendments of section 5174.—Section 5174(a)(2)(A) (relating to withdrawal bonds for distilled spirits) is amended by striking out "such spirits" and inserting in lieu thereof "distilled spirits from bond".

(15) Amendment of section 5232.—Section 5232(a) (relating to transfer of imported distilled spirits) is amended by striking out "and the importer" and inserting in lieu thereof "and the importer, or the person bringing such distilled spirits into the United States,".

(16) Amendment of section 5233.—Section 5233(b)(4) (relating to bottling requirements) is amended by striking out "49 Stat. 977;".

(17) Amendment of section 5234.—The first sentence of section 5234(a)(2) (relating to the mingling of distilled spirits) is amended by striking out "8 years" and inserting in lieu thereof "20 years".

(18) Amendment of section 5314.—Section 5314(a)(2) (relating to application of certain provisions to Puerto Rico) is amended by striking out "section 5001(a)(4)" and inserting in lieu thereof "section 5001(a)(10)".

(19) Repeal of section 5315.—Section 5315 (relating to the status of certain distilled spirits on July 1, 1959) is repealed.

(20) Amendments of section 5368.—

(A) The heading of section 5368 is amended to read as follows:

"Sec. 5368. Gauging and Marking."

(B) Section 5368(b) (relating to removal of wines) is amended to read as follows:

"(b) Marking.—Wines shall be removed in such containers (including vessels, vehicles, and pipelines) bearing such marks and labels, evidencing compliance with this chapter, as the Secretary may by regulations prescribe."

(21) Amendment of section 5392.—Section 5392(f) (defining own production) is amended by striking out "49 Stat. 990;".

(22) Amendment of section 5601.—Section 5601(b) (relating to presumptions in the case of criminal penalties) is amended to read as follows:

"(b) Presumption.—Whenever on trial for violation of subsection (a)(4) the defendant is shown to have been at the site or place where, and at the time, the business of a distiller or rectifier was so engaged in or carried on, such presence of the defendant shall be deemed sufficient evidence to authorize conviction, unless the defendant explains such presence to the satisfaction of the jury or of the court when tried without jury)."

(23) Amendments of section 5685.—

(A) Section 5685(a) (relating to penalty for possession of devices for emitting gas, smoke, etc.) is amended by striking out "section 5848" and inserting in lieu thereof "section 5845".

B) Section 5685(c) (relating to forfeiture of firearms, devices, etc.) is amended by striking out "section 5862" and inserting in lieu thereof "section 5872".

(C) Section 5685(d) (relating to the definition of machine gun) is amended to read as follows:

"(d) Definition of Machine Gun.—As used in this section, the term 'machine gun' means a machinegun as defined in section 5845b)."

(24) Amendment of section 5701.— Section 5701(e) (relating to imported tobacco products, etc.) is amended by striking out "such articles" and inserting in lieu thereof "such articles, unless such import duties are imposed in lieu of internal revenue tax".

(25) Amendments of section 5703.—

(A) Section 5703(a)(2) (relating to transfer of liability for tobacco taxes) is amended by adding at the end thereof the following new sentence: "All provisions of this chapter applicable to tobacco products and cigarette papers and tubes in bond shall be applicable to such articles returned to bond upon withdrawal from the market or returned to bond after pervious removal for a tax-exempt purpose."

(B) The second sentence of section 5703(b) (relating to method of payment of tobacco taxes) is amended by striking out ", except that the taxes shall continue to be paid by stamp until the Secretary or his delegate provides, by regulations, for the payment of the taxes on the basis of a return".

(C) Section 5703 is amended by striking out subsection (c) (relating to stamps to evidence tobacco taxes) and by redesignating subsections (d) and (e) as subsections (c) and (d), respectively.

(26) Amendments of section 5704.—Subsections (c) and (d) of section 5704 (relating to exemptions from tobacco taxes) are each amended by inserting immediately after "to a manufacturer of tobacco products or cigarette papers and tubes" the following: "or to the proprietor of an export warehouse".

(27) Amendment of section 5712.—Section 5712 (relating to application for permit) is amended by striking out the last sentence.

(28) Amendments of section 5723.—

(A) The heading of section 5723 is amended by striking out "NOTICES, AND STAMPS" and inserting in lieu thereof "AND NOTICES".

(B) Section 5723(b) (relating to marks, and so forth, on packages) is amended to read as follows:

"(b) Marks, Labels, and Notices.—Every package of tobacco products or cigarette papers or tubes shall, before removal, bear the marks, labels, and notices, if any, that the Secretary by regulation prescribes."

(b) Conforming and Clerical Amendments—

(1) Amendments conforming to amendment of section 5054.—

(A) Section 5676 (relating to beer stamp penalties) is repealed.

(B) The table of sections for part III of subchapter J of chapter 51 is amended by striking out the item rlating to section 5676.

(2) Amendments conforming to the amendments of section 5061.—

(A) Section 5007(b)(1) is amended by striking out the second sentence.

(B) Section 5026(b) is amended by striking out "Except as provided in subsection (a)(2), the taxes" and inserting in lieu thereof "The taxes".

(C) Section 5043(b) is amended by striking out "Except as provided in subsection (a)(3), the taxes" and inserting in lieu thereof "The taxes".

(D) Section 5662 is amended by striking out "stamp," and each place it appears.

(E)(i) Section 5689 (relating to penalty and forfeiture for tampering with a stamp machine) is repealed.

(ii) The table of sections for part IV of subchapter J of chapter 51 is amended by striking out the item relating to section 5689.

(iii) Section 5061 is amended by striking out subsection (d).

(3) AMENDMENTS CONFORMING TO AMENDMENT OF SECTION 5142.—

(A)(i) Section 5104 (relating to method of payment of tax on stills) is repealed.

(ii) The table of sections for subpart C of part II of subchapter A of chapter 51 is amended by striking out the item relating to section 5104.

(B) Section 5111(a) is amended by striking out the second sentence.

(C) Section 5121(a) is amended by striking out the second sentence.

(D)(i) Section 5144 (relating to supply of stamps) is repealed.

(ii) The table of sections for subpart G of part II of subchapter A of chapter 51 is amended by striking out the item relating to section 5144.

(E) Section 5148(3) is amended by striking out "penalties" and inserting in lieu thereof "penalties, authority for assessments,".

(4) AMENDMENT CONFORMING TO THE REPEAL OF SECTION 5315. The table of sections for part III of subchapter E of chapter 51 is amended by striking out the item relating to section 5315.

(5) AMENDMENT CONFORMING TO THE AMENDMENT OF SECTION 5368.—The item relating to section 5368 in the table of sections for part II of subchapter F of chapter 51 is amended to read as follows:

"Sec. 5368. Gauging and marking."

(6) AMENDMENTS CONFORMING TO THE AMENDMENT OF SECTION 5601.—

(A) Section 5105(b)(2) is amended by striking out ", 5601(b)(1),".

(B) Section 5177(b)(2) is amended by striking out "5601(b)(2)," and inserting in lieu thereof "5601(b),".

(C) Section 5179(b)(1) is amended by striking out ", 5601(b)(1),".

(D) Section 5222(d) is amended by striking out "5601(b)(3), 5601(b)(4),".

(E) Section 5505(i) is amended by striking out "5601(b)(1),".

(7) AMENDMENTS CONFORMING TO THE AMENDMENT OF SECTION 5723.—

(A) Paragraphs (2) and (3) of section 5751(a) are each amended by striking out "notices, and stamps" and inserting in lieu thereof "and notices".

(B)(i) Section 5752 is amended to read as follows:

"SEC. 5752. RESTRICTIONS RELATING TO MARKS, LABELS, NOTICES, AND PACKAGES.

"No person shall, with intent to defraud the United States, destroy, obliterate, or detach any mark, label, or notice prescribed or authorized, by this chapter or regulations thereunder, to appear on, or be affixed to, any package of tobacco products or cigarette papers or tubes, before such package is emptied."

(ii) Section 5762(a) is amended by striking out paragraphs (6), (7), (8), (9), (10), and (11) and inserting in lieu thereof the following:

"(6) DESTROYING, OBLITERATING, OF DETACHING MARKS, LABELS, OR NOTICES BEFORE PACKAGES ARE EMPTIED.—Violates any provision of section 5752;".

(iii) The item relating to section 5752 in the table of sections for subchapter E of chapter 57 is amended to read as follows:

"Sec. 5752. Restrictions relating to marks, labels, notices, and packages."

(C)(i) Section 5763(a)(2) is amended by striking out "notices, and stamps" and inserting in lieu thereof "and notices".

(ii) Section 5763(b) is amended by striking out "internal revenue stamps,".

(D) The item relating to section 5723 in the table of sections for subchapter C of chapter 52 is amended to read as follows:

"Sec. 5723. Packages, marks, labels, and notices."

(c) AMENDMENTS TO PROVISIONS REFERRING TO TERRITORIES.—

(1) Section 5114(b) is amended by striking out "or Territory" each place it appears and by striking out "Territories,".

(2) Section 5214(a)(2) is amended by striking out "or Territory" each place it appears..

(3) Section 5272(b) is amended by striking out "and Territories".

(4) Section 5362(c)(9) is amended by striking out "and Territories".

(5) Section 5551(b)(2) is amended by striking out "Territory, or".

(6) Section 5685(a) is amended by striking out "Territory or".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the first day of the first month which begins more than 90 days after the date of the enactment of this Act.

SEC. 1306. AMENDMENTS OF SUBTITLE F; PROCEDURE AND ADMINISTRATION.

(a) IN GENERAL.—

(1) AMENDMENTS OF SECTION 6013.—

(A) Section 6013(b)(2)(C) (relating to petition to the Tax Court) is amended by striking out "of the United States".

(B) The heading of section 6013(d) is amended to read as follows:

"(d) SPECIAL RULES.—".

(C) Section 6013(d)(1) (relating to joint return after death of one spouse) is amended by striking out "and" at the end of subparagraph (A) and inserting in lieu thereof "or", and by striking out "and" at the end of the subparagraph (B).

(2) AMENDMENT OF SECTION 6015.—Section 6015 (relating to declaration of estimated tax by individuals) is amended by striking out subsection (j) (relating to an effective date provision).

(3) AMENDMENT OF SECTION 6037.—Section 6037 (relating to returns of subchapter S corporations) is amended by striking out "section 1371(a)(2)" and inserting in lieu thereof "section 1371(b)".

(4) AMENDMENT OF SECTION 6046.—Section 6046(e) (relating to information as to organization of foreign corporation) is amended to read as follows:

"(e) LIMITATION.—No information shall be required to be furnished under this section with respect to any foreign corporation unless such information was required to be furnished under regulations which have been in effect for at least 90 days before the date on which the United States citizen, resident, or person becomes liable to file a return required under subsection (a)."

(5) AMENDMENT OF SECTION 6051.—Section 6051(a) (relating to information required to be furnished to employees) is amended by striking out "and" where it appears at the end of paragraph (6).

(6) AMENDMENT OF SECTION 6065.—Section 6065 (relating to verification of returns) is amended by striking out subsection (b) (relating to verification by oath), and by striking out in subsection (a) the following: "(a) PENALTIES OF PERJURY.—".

(7) AMENDMENTS OF SECTION 6403.—

(A) Section 6103(a)(2) (relating to publicity of tax returns) is amended by striking out ", subchapter B of chapter 37".

(B) The amendment made by subparagraph (A) shall take effect on the first day of the first month which begins more than 90 days after the date of the enactment of this Act, except that it shall not apply to returns made with respect to taxes imposed by subchapter B of chapter 37 to the Internal Revenue Code of 1954 before the first day of such month.

(8) REPEAL OF SECTION 6105.—Section 6105 (relating to compilation of data for certain excess profits tax cases) is repealed.

(9) AMENDMENT OF SECTION 6110.—Section 6110 (relating to cross references) is amended to read as follows:

"SEC. 6110. CROSS REFERENCE.

"For inspection of records, returns, etc., concerning gasoline or lubricating oils, see section 4102."

(10) AMENDMENT OF SECTION 6152.—Section 6152(a)(1) (relating to installment payments by corporations) is amended to read as follows:

"(1) CORPORATIONS.—A corporation subject to the taxes imposed by chapter 1 may elect to pay the unpaid amount of such taxes in two equal installments."

(11) AMENDMENTS OF SECTION 6154.—

(A) Section 6154(c)(1)(B) (relating to definition of estimated tax) is amended—

(i) by adding "and" after the comma at the end of clause (i), and

(ii) by striking out clauses (ii) and (iii) and inserting in lieu thereof the following:

"(ii) in the case of a taxable year beginning before January 1, 1977, the amount of the corporation's temporary estimated tax exemption for such year."

(B) 6154(c)(2)(A)(ii) (relating to temporary estimated tax payments) is amended by striking out "clauses (ii) and (iii)" and inserting in lieu thereof "clause (ii)".

(C) Section 6154(c)(2)(B) (relating to estimated tax) is amended by striking out the following:

"1968, 1969, 1970, 1971, and 1972	100 percent
1973	80 percent
1974	60 percent".

(D) Section 6154(c) (relating to estimated tax) is amended by striking out paragraph (3) (relating to transitional exemption for taxable years beginning before 1972).

(12) AMENDMENTS OF SECTION 6157.—

(A) Section 6157 (relating to payment of Federal unemployment tax) is amended by striking out subsection (c) (relating to special rules for 1970 and 1971), and by redesignating subsection (d) as subsection (c).

(B) Section 6157(a) is amended by striking out "subsections (c) and (d)" and inserting in lieu thereof "subsection (c)".

(13) REPEAL OF SECTION 6162.—Section 6162 (relating to payment of tax on gain on liquidation of certain personal holding companies) is repealed.

(14) AMENDMENTS OF SECTION 6166.—

(A) So much of section 6166(i) (relating to extension of time for payment of estate tax) as precedes paragraph (2) is amended to read as follows:

"(i) TREATMENT OF DEFICIENCY.—

"(1) IN GENERAL.—If a deficiency in the tax imposed by section 2001 is assessed, and the estate qualifies under paragraph (1) or (2) of subsection (a), the executor may elect to pay the deficiency in installments. This subsection shall not apply if the deficiency is due to negligence, to intentional disregard of rules and regulations, or to fraud with intent to evade tax."

(B) Section 6166(i) is amended by striking out paragraph (4) (relating to a taxable year ending before 1960).

(15) Amendment of section 6205.—Section 6205(a)(4) (relating to District of Columbia as employer) is amended by striking out "Commissioners of the District of Columbia and each agent designed by them" and inserting in lieu thereof "Mayor of the District of Columbia and each agent designated by him".

(16) Amendment of section 6207.—Section 6207 (relating to cross references) is amended by striking out paragraph (7).

(17) Amendment to section 6213.—Section 6213(a) (relating to time for filing petition with the Tax Court) is amended by striking out "States of the Union and the District of Columbia" and inserting in lieu thereof "United States".

(18) Amendment of section 6215.—Section 6215(b)(5) (a cross reference) is amended by striking out "60 Stat. 48;".

(19) Amendment of section 6302.—Section 6302(b) (relating to collection of certain excise taxes) is amended by striking out "sections 4501(a) or 4511 of chapter 37, or sections 4701 or 4721 of chapter 39" and inserting in lieu thereof "section 4501(a) of chapter 37".

(20) Repeal of section 6304.—Section 6304 (relating to a cross reference) is repealed.

(21) Amendment of section 6313.—Section 6313 (relating to fractional parts of a cent) is amended by striking out "not payable by stamp".

(22) Amendments of section 6326.—

(A) Paragraph (2) of section 6326 (cross references) is amended by striking out "52 Stat. 851;".

(B) Paragraph (3) of section 6326 is amended by striking out "52 Stat. 867;".

(C) Paragraph (4) of section 6326 is amended by striking out "52 Stat. 867–877;".

(D) Paragraph (5) of section 6326 is amended by striking out "52 Stat. 938;".

(23) Amendment of section 6365.—Section 6365(b) (relating to definition of governor) is amended by striking out "Commissioner of the District of Columbia" and inserting in lieu thereof "Mayor of the District of Columbia".

(24) Amendment of section 6412.—Section 6412(a) (relating to floor stock refunds) is amended by redesignating paragraphs (2) and (4) as paragraphs (1) and (2), respectively.

(25) Amendments of section 6413.—

(A) Section 6413(a)(4) (relating to District of Columbia as employer) is amended by striking out "Commissioners of the District of Columbia and each agent designated by them" and inserting in lieu thereof "Mayor of the District of Columbia and each agent designated by him".

(B)(i) Section 6413(c)(1) (relating to refunds of certain employment taxes) is amended to read as follows:

"(1) In general.—If by reason of an employee receiving wages from more than one employer during a calendar year the wages received by him during such year exceeded the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year, the employee shall be entitled (subject to the provisions of section 31(b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 3101 or section 3201, or by both such sections, and deducted from the employee's wages (whether or not paid to the Secretary), which exceeds the tax with resepct to the amount of such wages received in such year which is equal to such contribution and benefit base. The term 'wages' as used in this paragraph shall, for purposes of this paragraph, include 'compensation' as defined in section 3231(e)."

(ii) So much of section 6413(c)(2)(A) (relating to Federal employees) as follows "and the term 'wages' includes" is amended to read as follows: "for purposes of this subsection the amount, not to exceed an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) for any calendar year with respect to which such contribution and benefit base is effective, determined by each such head or agent as constituting wages paid to an employee."

(iii) The amendments made by clauses (i) and (ii) shall apply with respect to remuneration paid after December 31, 1976.

(C) Section 6413(c)(2)(F) (relating to government employees in the District of Columbia) is amended by striking out "Commissioners of the District of Columbia and each agent designated by them" and inserting in lieu thereof "Mayor of the District of Columbia and each agent designated by him".

(D) Section 6413(c)(3) (relating to special refunds) is amended by striking out "after 1967".

(26) Amendments of section 6416.—

(A) Section 6416(a)(3) (relating to special rules for refund of overpayment of tax) is amended by redesignating subparagraphs (C) and (D) as subparagraphs (A) and (B), respectively.

(B)(i) Section 6416(b)(2) (relating to overpayments of certain excise taxes) is amended by striking out subparagraphs (G), (H), (I), and (J), and by redesignating subparagraphs (F), (K), (L), (M), (R), and (S) as subparagraphs (E), (F), (G), (H), (I), and (J), respectively.

(ii) The repeals made by clause (i) shall apply with respect to the use or resale for use of liquids after December 31, 1976.

(27) Repeal of section 6417.—Section 6417 (relating to coconut and palm oil) is repealed.

(28) Amendments of section 6420.—

(A) Section 6420(b) (relating to time for filing refund claims on gasoline) is amended to read as follows:

"(b) Time for Filing Claims; Period Covered.—Not more than one claim may be filed under this section by any person with respect to gasoline used during his taxable year, and no claim shall be allowed under this section with respect to gasoline used during any taxable year unless filed by such person not later than the time prescribed by law for filing a claim for credit or refund of overpayment of income tax for such taxable year. For purposes of this subsection, a person's taxable year shall be his taxable year for purposes of subtitle A."

(B) Section 6420(e)(1) (relating to applications of other laws) is amended by striking out "apply in in respect" and inserting in lieu thereof "apply in respect".

(C)(i) Section 6420 is amended by striking out subsection (g) (relating to effective date and by redesignating subsections (h) and (i) as subsections (g) and (h), respectively.

(ii) Section 6420(a) is amended by striking out "subsection (h)" and inserting in lieu thereof "subsection (g)".

(D) Section 6420(g) (relating to income tax credit in lieu of gas tax refund), as redesignated by subparagraph (C)(i) of this paragraph, is amended by striking out "with respect to gasoline used after June 30, 1965." and "for gasoline used after June 30, 1965".

(29) Amendments of section 6421.—

(A)(i) Subsections (a) and (e)(3) of section 6421 (relating to nonhighway use of gasoline) are each amended by striking out "after June 30, 1970,".

(ii) The amendments made by clause (i) shall only apply with respect to gasoline used as a fuel after June 30, 1970.

(B) Section 6421(c) (relating to nonhighway use of gasoline) is amended to read as follows:

"(c) Time for Filing Claims; Period Covered.—

"(1) In general.—Except as provided in paragraph (2), not more than one claim may be filed under subsection (a), and not more than one claim may be filed under subsection (b), by any person with respect to gasoline used during his taxable year; and no claim shall be allowed under this paragraph with respect to gasoline used during any taxable year unless filed by such person not later than the time prescribed by law for filing a claim for credit or refund of overpayment of income tax for such taxable year. For purposes of this subsection, a person's taxable year shall be his taxable year for purposes of subtitle A.

"(2) Exception.—If $1,000 or more is payable under this section to any person with respect to gasoline used during any of the first three quarters of his taxable year, a claim may be filed under this section by such person with respect to gasoline used during such quarter. No claim filed under this paragraph shall be allowed unless filed on or before the last day of the first quarter following the quarter for which the claim is filed."

(C) Section 6421(h) (relating to effective dates) is amended by striking out "after June 30, 1956, and".

(D) Section 6421(i) (relating to income tax credit in lieu of refund) is amended—

(i) by striking out, in paragraph (1), "with respect to gasoline used after June 30, 1965,",

(ii) by striking out, in paragraph (2), "subsection (c)(3)(B)" and inserting in lieu thereof "subsection (c)(2)", and

(iii) by striking out, in paragraph (3), "for gasoline used after June 30, 1965".

(30) Amendments of section 6422.—

(A) Paragraph (9) of section 6422 (cross references), as redesignated by section 1301 (b)(35)(B), is amended by striking out "60 Stat. 48;".

(B) Paragraph (11) of section 6422, as so redesignated, is amended by striking out "47 Stat. 1516;".

(31) Amendments of section 6423.—

(A) Section 6423(b) (relating to filing of refund claim in case of alcohol and tobacco taxes) is amended to read as follows:

"(b) Filing of Claims.—No credit or refund of any amount to which subsection (a) applies shall be allowed or made unless a claim therefor has been filed by the person who paid the amount claimed, and unless such claim is filed within the time prescribed by law and in accordance with regulations prescribed by the Secretary. All evidence relied upon in support of such claim shall be clearly set forth and submitted with the claim."

(B) Section 6423 is amended by striking out subsection (c) (relating to suits barred from allowance on April 30, 1958) and by redesignating subsections (d) and (e) as subsections (c) and (d), respectively.

(C) Section 6423(c) (relating to application of section), as redesignated by subparagraph (B) of this paragraph, is amended by adding "and" at the end of paragraph (1), by striking out ", and" at the end of paragraph (2) and inserting in lieu thereof a period, and by striking out paragraph (3).

(32) Amendments of section 6424.—

(A) The last sentence of section 6423(b) (1) (relating to refund claims with respect to lubricating oil) is amended by striking out ", except that a person's first taxable year beginning after December 31, 1965, shall include the period after December 31, 1965, and before the beginning of such first taxable year".

(B) Section 6424 (relating to lubricating oil not used in highway motor vehicles) is amended by striking out subsection (f) (relating to effective date of section), and by redesignating subsections (g) and (h) as subsections (f) and (g), respectively.

(33) Amendments of section 6427.—

(A) Subsections (a), (b), and (c) of section 6427 (relating to fuels not used for taxable purposes) are each amended by striking out ", after June 30, 1970,".

(B) The amendments made by subparagraph (A) shall apply only with respect to fuel used or resold after June 30, 1970.

(34) Amendments of section 6504.—

(A) Section 6504 (relating to cross references) is amended by striking out paragraphs (13) and (14) and inserting in lieu thereof:

"(13) Assessments to recover excessive amounts paid under section 6420 (relating to gasoline used on farms), 6421 (relating to gasoline used for certain nonhighway purposes or by local transit systems), 6424 (relating to lubricating oil not used in highway motor vehicles), or 6427 (relating to fuels not used for taxable purposes) and assessments of civil penalties under section 6675 for excessive claims under section 6420, 6421, 6424, or 6427, see section 6206."

(B) Section 6504, as amended by this Act, is further amended by redesignating paragraphs (2), (3), (4), (5), (9), (10), (11), (12), (13), and (15) as paragraphs (1), (2), (3), (4), (5), (6), (7), (8), (9), and (10), respectively.

(35) Amendments of section 6511.—

(A) Section 6511(d)(2)(A)(ii) (relating to net operating loss carryback) is amended by striking out "September 1, 1959, or" and by striking out ", whichever is the later".

(B) Section 6511(d)(5) is amended by striking out "the later of the following dates: (A)", and by striking out ", or (B) December 31, 1965".

(36) Amendment of section 6601.—Section 6601(h) (relating to interest on estimated tax payments) is amended by striking out "(or section 59 of the Internal Revenue Code of 1939)".

(37) Amendment of section 6654.—Section 6654 (relating to payment of estimated income tax) is amended by striking out subsection (h) (relating to applicability of section).

(38) Amendment of section 6802.—Section 6802(2) (relating to supply and distribution of stamps) is amended by striking out the semicolon at the end and inserting in lieu thereof a period.

(39) Amendment of section 6803.—Sec. tion 6803 (relating to accounting and safeguarding) is amended to read as follows:

"Sec. 6803. Accounting and Safeguarding.

"(a) Bond.—In cases coming within the provisions of paragraph (2) of section 6802, the Secretary may require a bond, with sufficient sureties, in a sum to be fixed by the Secretary, conditioned for the faithful return, whenever so required, of all quantities or amounts undisposed of and for the payment monthly for all quantities or amounts sold or not remaining on hand.

"(b) Regulations.—The Secretary may from time to time make such regulations as he may find necessary to insure the safekeeping or prevent the illegal use of all adhesive stamps referred to in paragraph (2) of section 6802."

(40) Amendment of section 6863.—Section 6863(b)(3) (relating to stay of sale of seized property pending Tax Court decision) is amended by striking out subparagraph (C) (relating to effective date).

(41) Amendment of section 7012.—Section 7012 (relating to cross references), as amended by section 1304(b)(8)(C) of this Act, is amended to read as follows:

"Sec. 7012. Cross References.

"(1) For provisions relating to registration in connection with firearms, see sections 5802, 5841, and 5861.

"(2) For special rules with respect to registration by persons engaged in receiving wagers, see section 4412.

"(3) For provisions relating to registration in relation to the production or importation of gasoline, see section 4101.

"(4) For provisions relating to registration in relation to the manufacture or production of lubricating oils, see section 4101.

"(5) For penalty for failure to register, see section 7272.

"(6) For other penalties for failure to register with respect to wagering, see section 7262."

(42) Amendment of section 7103.—Section 7103 (relating to cross references regarding bonds) is amended by striking out subsection (d).

(43) Amendments of section 7271.—Section 7271 (relating to penalties for offenses concerning stamps) is amended by striking out paragraph (2), and by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(44) Amendment of section 7272.—Section 7272(b) (relating to cross references) is amended by striking out "4722, 4753,".

(45) Amendments of section 7326.—Section 7326 (relating to disposal of forfeited property) is amended—

(A) by striking out "section 5862(b)" and inserting in lieu thereof "section 5872(b)", and

(B) by redesignating subsection (c) as subsection (b).

(46) Amendments of section 7422.—Section 7422(c) (relating to suits against collection officers) is amended by striking out "instituted after June 15, 1942,", and by striking out "where the petition to the Tax Court was filed after such date".

(47) Amendments of section 7427.—

(A) Paragraph (1) of section 7427 (cross references) is amended by striking out "52 Stat. 851;".

(B) Paragraph (2) of section 7427 is amended by striking out "52 Stat. 867;".

(C) Paragraph (3) of section 7427 is amended by striking out "52 Stat. 876–877;".

(D) Paragraph (4) of section 7427 is amended by striking out "52 Stat. 938;".

(48) Amendment of section 7488.—

(A) Subsection (a)(6) of section 7488 (relating to annuities to widows and dependent children of tax court judges) is amended—

(i) by striking out "The term 'widow' means a surviving wife of" and inserting in lieu thereof "The term 'surviving spouse' means a surviving spouse of"; and

(ii) by striking out "the mother of issue" and inserting in lieu thereof "a parent of issue".

(B) Section 7448(h) is amended—

(i) by striking out "surviving widow or widower" and inserting in lieu thereof "surviving spouse";

(ii) by striking out "such widow" each place it appears and inserting in lieu thereof "such surviving spouse";

(iii) by striking out "a widow" each place it appears and inserting in lieu thereof "a surviving spouse";

(iv) by striking out "widow's" each place it appears and inserting in lieu thereof "surviving spouse's"; and

(v) by striking out "surviving her" and inserting in lieu thereof "surviving such spouse".

(C) Sections 7448 (h) and (o) are each amended by striking out "she" and inserting in lieu thereof "such spouse".

(D) Section 7448(o) is amended by striking out "her" and inserting in lieu thereof "such spouse's".

(E) Sections 7448 (d), (j), (m), (n), (o), and (q) are each amended by striking out "widow" each place it appears and inserting in lieu thereof "surviving spouse".

(F) The section heading for section 7448 is amended by striking out "WIDOWS" and inserting in lieu thereof "SURVIVING SPOUSES".

(49) Amendments of section 7471.—

(A) Subsection (a) of section 7471 (relating to Tax Court employees) is amended by striking out "is authorized in accordance with the civil service laws to appoint, and in accordance with the Classification Act of 1949 (63 Stat. 954; 5 U.S.C. chapter 21), as amended, to fix the compensation of," and inserting in lieu thereof "is authorized to appoint, in accordance with the provisions of title 5, United States Code, governing appointment in the competitive service, and to fix the basic pay of, in accordance with chapter 51 and subchapter III of chapter 53 of such title.".

(B) Subsection (b) of section 7471 is amended by striking out "as provided in the Travel Expense Act of 1949 (63 Stat. 166; 5 U.S.C. chapter 16)." and inserting in lieu thereof "as provided in chapter 57 of title 5, United States Code."

(50) Amendment of section 7476.—Section 7476(a) (relating to declaratory judgments) is amended by striking out so much thereof as follows paragraph (2)(B) and inserting in lieu thereof the following:

"upon the filing of an appropriate pleading, the Tax Court may make a declaration with respect to such initial qualification or continuing qualification. Any such declaration shall have the force and effect of a decision of the Tax Court and shall be reviewable as such."

(51) Amendment of section 7502.—Section 7502(b) (relating to timely mailing treated as timely filing and paying) is amended by striking out "United States Post Office" and inserting in lieu thereof "United States Postal Service".

(52) Amendments of section 7507.—Paragraphs (2) and (3) of section 7507(c) (relating to insolvent banks) are each amended by striking out "after May 28, 1938,".

(53) Amendments of section 7508.—

(A) The heading of section 7508 (relating to time for performing certain acts) is amended by striking out "BY REASON OF WAR" and inserting in lieu thereof "BY REASON OF SERVICE IN COMBAT ZONE".

(B) Section 7508(a) (relating to time to be disregarded) is amended by striking out "States of the Union and the District of Columbia" each place it appears and inserting in lieu thereof "United States".

(54) Amendments of section 7509.—Section 7509 (relating to expenditures incurred by the Post Office Department) is amended—

(A) in the section heading, by striking out "Post Office Department" and inserting in lieu thereof "United States Postal Service";

(B) by striking out "Post Office Department" each place it appears and inserting in lieu thereof "United States Postal Service";

(C) by striking out "such Department" and inserting in lieu thereof "such Service"; and

(D) by striking out ", together with the receipts required to be deposited under section 6803(a),".

(55) Amendment of section 7621.—Section 7621(b) (relating to boundaries of internal revenue districts) is amended to read as follows:

"(b) Boundaries.—For the purpose mentioned in subsection (a), the President may subdivide any State or the District of Columbia, or may unite into one district two or more States."

(56) Repeal of section 7641.—Subchapter C of chapter 78 (relating to supervision of operations of certain manufacturers) is repealed.

(57) Amendments of section 7652.—Section 7652(b)(3) (relating to disposition of internal revenue collections) is amended—

(A) by striking out subparagraph (B) and by redesignating subparagraph (C) as subparagraph (B).

(B) by striking out "approved emergency relief purposes and essential public projects as provided in subparagraph (B)" and inserting in lieu thereof "emergency relief purposes and essential public projects, with the prior approval of the President or his designated representative", and

(C) by striking out ", including payments under subparagraph (B),".

(58) Amendment of section 7653.—Section 7653(d) (a cross reference) is amended by striking out "c. 512, 64 Stat. 392, section 30;".

(59) AMENDMENTS OF SECTION 7701.—

(A) Section 7701(a)(11) (relating to definition of Secretary) is amended to read as follows:

"(11) SECRETARY OF THE TREASURY AND SECRETARY.—

"(A) SECRETARY OF THE TREASURY.—The term 'Secretary of the Treasury' means the Secretary of the Treasury, personally, and shall not include any delegate of his.

"(B) SECRETARY.—The term 'Secretary' means the Secretary of the Treasury or his delegate."

(B) Section 7701(a)(12)(A) (relating to definition of Secretary or his delegate) is amended to read as follows:

"(A) IN GENERAL.—The term 'or his delegate'—

"(i) when used with reference to the Secretary of the Treasury, means any officer, employee, or agency of the Treasury Department duly authorized by the Secretary of the Treasury directly, or indirectly by one or more redelegations of authority, to perform the function mentioned or described in the context; and

"(ii) when used with reference to any other official of the United States, shall be similarly construed."

(60) AMENDMENT OF SECTION 7803.—Section 7803 (relating to other personnel) is amended by redesignating subsection (d) as subsection (c).

(61) AMENDMENT OF SECTION 7809.—Section 7809(a) (relating to deposit of collections) is amended by striking out "4735, 4762,".

(b) CONFORMING AND CLERICAL AMENDMENTS.—

(1) AMENDMENT CONFORMING TO THE REPEAL OF SECTION 6105.—The table of sections for subchapter B of chapter 61 is amended by striking out the item relating to section 6105.

(2) AMENDMENT CONFORMING TO AMENDMENT OF SECTION 6110.—The item relating to section 6110 in the table of sections for subchapter B of chapter 61 is amended to read as follows:

"Sec. 6110. Cross reference."

(3) AMENDMENTS CONFORMING TO AMENDMENTS OF SECTION 6154.—

(A) Paragraph (1)(B) of section 6655(e) is amended:

(i) by adding "and" at the end of clause (i), and

(ii) by striking out clauses (ii) and (iii) and inserting in lieu thereof the following:

"(ii) in the case of a taxable year beginning before January 1, 1977, the amount of the corporation's temporary estimated tax exemption for such year."

(B) Paragraph (2)(B) of section 6655(e) is amended by striking out "clauses (ii) and (iii)" and inserting in lieu thereof "clause (ii)".

(C) (i) Section 6655(e) is amended by striking out paragraph (3) and by redesignating paragraph (4) as paragraph (3).

(ii) Section 243(b)(3)(C)(iv), as redesignated by section 1301(a)(19)(A) of this Act, is amended by striking out "sections 6154(c)(2) and (3)" and inserting in lieu thereof "section 6154(c)(2)", and by striking out "sections 6655(e) (2) and (3)" and inserting in lieu thereof "section 6655(e)(2)".

(4) AMENDMENT CONFORMING TO THE REPEAL OF SECTION 6162.—The table of sections for subchapter B of chapter 62 is amended by striking out the item relating to section 6162.

(5) AMENDMENT CONFORMING TO THE REPEAL OF SECTION 6304.—The table of sections for subchapter A of chapter 64 is amended by striking out the item relating to section 6304.

(6) AMENDMENTS CONFORMING TO THE AMENDMENT OF SECTION 6416.—

(A) Subparagraph (A) of section 6420(c)(3) is amended to read as follows:

"(A) by the owner, tenant, or operator of a farm, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife, on a farm of which he is the owner, tenant, or operator; except that if such use is by any person other than the owner, tenant, or operator such farm, then for purposes of this subparagraph, in applying subsection (a) to this subparagraph, the owner, tenant, or operator of the farm on which gasoline or a liquid taxable under section 4041 is used shall be treated as the user and the ultimate purchaser of such gasoline or liquid;".

(B) The amendments made by subparagraph (A) shall apply with respect to the use of liquids after December 31, 1976.

(7) AMENDMENT CONFORMING TO THE REPEAL OF SECTION 6417.—The table of sections for subchapter B of chapter 65 is amended by striking out the item relating to section 6417.

(8) AMENDMENT CONFORMING TO AMENDMENT OF SECTION 6420.—Section 39(a)(1) is amended by striking out "section 6420(h)" and inserting in lieu thereof "section 6420(g)".

(9) AMENDMENT CONFORMING TO AMENDMENT OF SECTION 6424.—Section 39(a)(3) is amended by striking out "section 6424(g)" and inserting in lieu thereof "section 6424(f)".

(10) AMENDMENT CONFORMING TO AMENDMENT OF SECTION 7448.—The item relating to section 7448 in the table of sections for part I of subchapter C of chapter 76 is amended to read as follows:

"Sec. 7448. Annuities of surviving spouses and dependent children."

(11) AMENDMENT CONFORMING TO AMENDMENT OF SEDTION 7509.—The item relating to section 7509 in the table of sections for chapter 77 is amended to read as follows:

"Sec. 7508. Time for performing certain acts postponed by reason of service in combat zone."

(12) AMENDMENT CONFORMING TO AMENDMENT OF SECTION 7509.—The item relating to seciton 7509 in the table of sections for chapter 77 is amended to read as follows:

"Sec. 7509. Expenditures incurred by the United States Postal Service."

(13) AMENDMENT CONFORMING TO REPEAL OF SECTION 7641.—The table of subchapters for chapter 78 is amended by striking out the item relating to subchapter C.

(14) AMENDMENTS CONFORMING TO AMENDMENTS OF SECTION 7701.—

(A) The Internal Revenue Code of 1954, as amended by this Act, is amended by striking out "Secretary or his delegate" each place it appears and inserting in lieu thereof "Secretary".

(B) The following provisions are each amended by striking out "Secretary" each place it appears and inserting in lieu thereof "Secretary of the Treasury": sections 405(b), 1037(a), 4293, 4483(b), 4975(e)(2), 5551, 6057(f)(1), 6103(d), 6802(1)(B), 7801(b), 7802(a), 9006(a), 9006(b), 9006(c), and 9007(d).

(C) The following provisions are each amended by striking out "to the Secretary" each place it appears and inserting in lieu thereof "to the Secretary of the Treasury": sections 3121(b)(12)(B), 3303(b), 3304(a)(3), 3304(c), 3305(j), 3306(c)(12)(B), 9905(a), 9007(b), 9010(b), and 9012(e)(3).

(D) Section 31(b)(1) is amended by striking out "(or his delegate)".

(E) The last sentence of section 3304(c) is amended by striking out "the Secretary shall" and inserting in lieu thereof "the Secretary of Labor shall".

(F) Section 3310(d)(2) is amended by striking out "the Secretary's action" each place it appears and inserting in lieu thereof "the Secretary of Labor's action".

(G) Section 3221(a) and 3221(c) are each amended by striking out "of the Treasury" each place it appears.

(H) Section 3310(e) is amended by striking out "of the Secretary" and inserting in lieu thereof "of the Secretary of Labor".

(I) Section 4412(c) is amended by striking out "he or his delegate" and inserting in lieu thereof "the Secretary".

(J) Section 5845(f) is amended by striking out "of the Treasury or his delegate".

(K) Section 6047(c)(2) is amended by striking out "to the Secretary (or to such person as the Secretary" and inserting in lieu thereof "to the Secretary of the Treasury (or to such person as the Secretary of the Treasury".

(L) Section 6402(b) is amended by striking out "(or his delegate)".

(M) Section 7458 is amended by striking out "nor his delegate".

(N) Section 7514 is amended by striking out "functions of the Secretary" and inserting in lieu thereof "functions of the Secretary of the Treasury".

(c) AMENDMENTS TO SECTIONS REFERRING TO TERRITORIES.—

(1) Section 6871(a) is amended by striking out "or Territory".

(2) Section 7622(b) is amended by striking out ", Territory,".

(3) Section 7701(a)(4) is amended by striking out "or Territory".

(d) EFFECTIVE DATE.—

(1) GENERAL RULE.—Except as otherwise expressly provided in this section, the amendments made by this section shall take effect on the first day of the first month which begins more than 90 days after the date of the enactment of this Act.

(2) AMENDMENTS RELATING TO INCOME TAX.—The amendments made by this section, when relating to a tax imposed by chapter 1 or chapter 2 of the Internal Revenue Code of 1954, shall take effect with respect to taxable years beginning after December 31, 1976.

SEC. 1307. AMENDMENTS OF SUBTITLE G; THE JOINT COMMITTEE ON INTERNAL REVENUE TAXATION.

(a) IN GENERAL.—

(1) AMENDMENT OF SECTION 8001.—Section 8001 (relating to creation of the Joint Committee) is amended by striking out "Joint Committee on Internal Revenue Taxation" and inserting in lieu thereof "Joint Committee on Taxation".

(2) AMENDMENT OF SECTION 8004.—Section 8004 (relating to compensation of staff) is amended by striking out "compensation of a clerk" and inserting in lieu thereof "compensation of the Chief of Staff of the Joint Committee".

(3) AMENDMENT OF SECTION 8021.—Section 8021(d) (relating to authority to make expenditures) is amended to read as follows:

"(d) TO MAKE EXPENDITURES.—The Joint Committee, or any subcommittee thereof, is authorized to make such expenditures as it deems advisable."

(4) AMENDMENT OF SECTION 8023.—Section 8023(c) (relating to reorganization plans) is amended to read as follows:

"(c) APPLICATIONS OF SUBSECTIONS (a) AND (b).—Subsections (a) and (b) shall be applied in accordance with their provisions without regard to any reorganization plan becoming effective on, before, or after the date of the enactment of this subsection."

(5) All references in any other statute, or in any rule, regulation, or order, to the Joint Committee on Internal Revenue Taxation shall be considered to be made to the Joint Committee on Taxation.

(b) AMENDMENTS CONFORMING TO THE AMENDMENT OF SECTION 8001.—

(1) So much of section 6103(d)(2) (relating to inspection of returns) as precedes "and to inspect returns" is amended to read as follows:

"(2) JOINT COMMITTEE ON TAXATION.—The

Joint Committee on Taxation shall have the same right to obtain data".

(2) Section 6405(a) is amended by striking out "Internal Revenue".

(3) The heading of subtitle G is amended by striking out "Internal Revenue".

(4) The table of subtitles for the Internal Revenue Code of 1954 is amended by striking out the item relating to subtitle G and inserting in lieu thereof the following:

"*Subtitle G. The Joint Committee on Taxation.*"

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the first day of the first month which begins more than 90 days after the date of the enactment of this Act.

SUBTITLE B—AMENDMENTS OF CODE PROVISIONS WITH LIMITED CURRENT APPLICATION: REPEALS AND SAVINGS PROVISIONS

SEC. 1351. PROVISIONS OF SUBTITLE A.

(a) REFERENCES TO INTERNAL REVENUE CODE.—Except as otherwise expressly provided, whenever in this section a reference is made to a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

(b) AMENDMENT.—

(1) AMENDMENT OF SECTION 72.—

(A) REPEAL.—Section 72 (relating to annuities) is amended by striking out subsection (i) (relating to joint and survivor annuities where first annuitant died in 1951, 1952, or 1953).

(B) SAVINGS PROVISION.—Notwithstanding subparagraph (A), if the provisions of section 72(i) applied to amounts received in taxable years beginning before January 1, 1977, under an annuity contract, then amounts received under such contract on or after such date shall be treated as if such provisions were not repealed.

(2) AMENDMENTS OF SECTION 108.—

(A) REPEAL.—Section 108 (relating to income from discharge of indebtedness), is amended by striking out subsection (b) (relating to certain railroad corporations) and by striking out of subsection (a) the following: "(a) SPECIAL RULE EXCLUSION.—".

(B) SAVINGS PROVISION.—If any discharge, cancellation, or modification of indebtedness of a railroad corporation occurs in a taxable year beginning after December 31, 1976, pursuant to an order of a court in a proceeding referred to in section 108(b) (A) or (B) which commenced before January 1, 1960, then, notwithstanding the amendments made by subparagraph (A), the provisions of subsection (b) of section 108 shall be considered as not repealed with respect to such discharge, cancellation, or modification of indebtedness.

(3) AMENDMENTS OF SECTION 164.—

(A) REPEAL.—Section 164 (relating to taxes) is amended by striking out subsection (f) (relating to payments for municipal services in atomic energy communities) and by redesignating subsection (g) as subsection (f).

(B) SAVINGS PROVISION.—Notwithstanding subparagraph (A), any amount paid or accrued in a taxable year beginning after December 31, 1976, to the Atomic Energy Commission or its successors for municipal-type services shall be allowed as a deduction under section 164 if such amount would have been deductible by reason of section 164(f) (as in effect for a taxable year ending on December 31, 1976) and if the amount is paid or accrued with respect to real property in a community (within the meaning of section 21 b. of the Atomic Energy Community Act of 1955 (42 U.S.C. 2304(b))) in which the Commission on December 31, 1976, was rendering municipal-type services for which it received compensation from the owners of property within such community.

(4) REPEAL OF SECTION 168.—

(A) REPEAL.—Section 168 (relating to amortization of emergency facilities) is repealed.

(B) SAVINGS PROVISION.—Notwithstanding the repeal made by subparagraph (A), if a certificate was issued before January 1, 1960, with respect to an emergency facility which is or has been placed in service before the date of the enactment of this Act, the provisions of section 168 shall not, with respect to such facility, be considered repealed. The benefit of deductions by reason of the preceding sentence shall be allowed to estates and trusts in the same manner as in the case of an individual. The allowable deduction shall be apportioned between the income beneficiaries and the fiduciary in accordance with regulations prescribed under section 642(f).

(5) AMENDMENT OF SECTION 171.—

(A) REPEAL.—

(i) Section 171(b)(1)(B) (relating to amount of bond premium) is amended by striking out clause (iii) (relating to certain bonds acquired before 1958).

(ii) Section 171(b)(1)(B)(i) is amended by striking out "clause (ii) or (iii) applies," and inserting in lieu thereof "clause (ii) applies, or", and by inserting "and" at the end thereof.

(iii) Section 171(b)(1)(B)(ii) is amended by striking out ", or" and inserting ", and" in lieu thereof.

(iv) The second sentence in section 171(b)(2) is amended by striking out "or (iii)".

(B) SAVINGS PROVISION.—Notwithstanding the amendments made by subparagraph (A), in the case of a bond the interest on which is not excludable from gross income—

(i) which was issued after January 22, 1951, with a call date not more than 3 years after the date of such issue, and

(ii) which was acquired by the taxpayer after January 22, 1954, and before January 1, 1958,

the bond premium for a taxable year beginning after December 31, 1975, shall not be determined under section 171(b)(1)(B)(i) but shall be determined with reference to the amount payable on maturity, and if the bond is called before its maturity, the bond premium for the year in which the bond is called shall be determined in accordance with the provisions of section 171(b)(2).

(6) AMENDMENT OF SECTION 333.—

(A) REPEAL.—Section 333 (relating to election as to recognition of gain in certain liquidations) is amended by striking out subsection (g) (relating to the liquidation of certain personal holding companies).

(B) SAVINGS PROVISION.—Notwithstanding subparagraph (A), if any corporation meets all the requirements of section 333(g)(2)(B), as in effect before its repeal by this Act, the liquidation of such corporation shall be treated as if paragraphs (2), (3), and (4) of section 333(g) had not been repealed.

(7) AMENDMENT OF SECTION 453.—

(A) REPEAL.—Section 453(b)(2) (relating to limitation on use of installment sales method) is amended to read as follows:

"(2) LIMITATION.—Paragraph (1) shall apply only if in the taxable year of the sale or other disposition—

"(A) there are no payments, or

"(B) the payments (exclusive of evidences of indebtedness of the purchaser) do not exceed 30 percent of the selling price."

(B) SAVINGS PROVISION.—Notwithstanding subparagraph (A), in the case of installment payments received during taxable years beginning after December 31, 1976, on account of a sale or other disposition made during a taxable year beginning before January 1, 1954, subsection (b)(1) of section 453 (relating to sales of realty and casual sales of personality) shall apply only if the income was (by reason of section 44(b) of the Internal Revenue Code of 1939) returnable on the basis and in the manner prescribed in section 44(a) of such Code.

(8) AMENDMENTS OF SECTION 512.—

(A) REPEAL.—Section 512(b) (relating to unrelated business taxable income) is amended by striking out paragraphs (13) and (14) and by redesignating paragraphs (15), (16), and (17) as paragraphs (13), (14), and (15), respectively.

(B) SAVINGS PROVISION.—Notwithstanding subparagraph (A) income received in a taxable year beginning after December 31, 1975, shall be excluded from gross income in determining unrelated business taxable income, if such income would have been excluded by paragraph (13) or (14) of section 512(b) if received in a taxable year beginning before such date. Any deductions directly connected with income excluded under the preceding sentence in determining unrelated business taxable income shall also be excluded for such purpose.

(9) AMENDMENT OF SECTION 545.—

(A) REPEAL.—Section 545(b) (relating to adjustments in computing undistributed personal holding company income) is amended by striking out paragraph (9) (relating to deductions on account of certain liens in favor of the United States).

(B) SAVINGS PROVISIONS.—Notwithstanding subparagraph (A), if any amount was deducted under paragraph (9) of section 545(b) in a taxable year beginning before January 1, 1978, on account of a lien which is satisfied or released in a taxable year beginning on or after such date, the amount so deducted shall be included in income, for purposes of section 545, as provided in the second sentence of such paragraph. Shareholders of any corporation which has amounts included in its income by reason of the preceding sentence may elect to compute the income tax on dividends attributable to amounts so included as provided in the third sentence of such paragraph.

(10) AMENDMENTS OF SECTION 691.—

(A) REPEAL.—Section 691 (relating to income in respect to decedents) is amended by striking out subsection (e) (relating to certain installment obligations transmitted at death) and by redesignating subsection (f) as subsection (e).

(B) SAVINGS PROVISION.—Notwithstanding subparagraph (A), any election made under section 691(e) to have subsection (a)(4) of such section apply in the case of an installment obligation shall continue to be effective with respect to taxable years beginning after December 31, 1976. Section 691(c) shall not apply in respect of any amount included in gross income by reason of the preceding sentence. The liability under bond filed under section 44(d) of the Internal Revenue Code of 1939 (or corresponding provisions of prior law) in respect of which such an election applies is hereby released with respect to taxable years to which such election applies.

(11) AMENDMENTS OF SECTION 817.—

(A) REPEAL.—Section 817 is amended by striking out subsection (d) (relating to certain gains occurring before 1959).

(B) SAVINGS PROVISION.—Notwithstanding subparagraph (A), if any gain in a taxable year beginning after December 31, 1976, from any sale or other disposition of property prior to January 1, 1959, would be excluded or not taken into account for purposes of part 1 of subchapter L of chapter 1 if subsection (d) of section 817 of such Code were still in effect for such taxable year, such gain shall be excluded for purposes of such part.

(12) REPEAL OF SECTION 1347.—

(A) REPEAL.—Section 1347 (relating to certain claims filed against the United States before January 1, 1958) is repealed.

(B) SAVINGS PROVISION.—Notwithstanding subparagraph (A), if amounts received in a taxable year beginning after December 31, 1976, would have been subject to the provisions of section 1347 if received in a taxable year beginning before such date, the tax imposed by section 1 attributable to such receipt shall be computed as if section 1347 had not been repealed.

(13) REPEAL OF SECTION 1347.—

(A) REPEAL.—Subchapter A of chapter 4 (relating to recovery of excessive profits on certain Government contracts) is repealed.

(B) SAVINGS PROVISION.—If the amount of profit required to be paid into the Treasury under section 2382 or 7300 of title 10, United States Code, is not voluntarily paid, the Secretary of the Treasury or his delegate shall collect the same under the methods employed to collect taxes under subtitle A. All provisions of law (including penalties) applicable with respect to such taxes and not inconsistent with section 2382 or 7300 of title 10 of such Code, shall apply with respect to the assessment, collection, or payment of excess profits to the Treasury as provided in the preceding sentence, and to refunds by the Treasury of overpayments of excess profits into the Treasury.

(14) AMENDMENT OF SECTION 1481.—

(A) REPEAL.—Section 1481 (relating to mitigation of effect of renegotiation of government contracts) is amended by striking out subsection (d) (relating to renegotiation for years prior to 1954).

(B) SAVINGS PROVISION.—If, during a taxable year beginning after December 31, 1976, a recovery of excessive profits through renegotiation which relates to profits of a taxable year subject to the Internal Revenue Code of 1939, the adjustments in respect to such renegotiation shall be made under section 3806 of such Code.

(c) CONFORMING AND CLERICAL AMENDMENTS.—

(1) AMENDMENT CONFORMING TO THE AMENDMENT OF SECTION 108.—Section 1017 is amended by striking out "section 108(a)" each time it appears therein and inserting in lieu thereof "section 108".

(2) AMENDMENTS CONFORMING TO REPEAL OF SECTION 168.—

(A) Section 1238 is amended by striking out "(relating to amortization deduction of emergency facilities)" and inserting in lieu thereof "(as in effect before its repeal by this Act)".

(B) Sections 642(f) and 1082(a)(2)(B) are each amended by striking out "168,".

(C) Sections 1245(a)(2) and 1250(b)(3) are each amended by striking out "168," each place it appears and inserting in lieu thereof "168 (as in effect before its repeal by this Act),".

(D) The table of sections for part VI of subchapter B of chapter 1 is amended by striking out the item relating to section 168.

(3) AMENDMENTS CONFORMING TO THE REPEAL OF SECTION 1347.—

(A) Section 5(b) is amended by striking out paragraph (5) and by redesignating paragraphs (2), (3), and (4), as paragraphs (1), (2), and (3), respectively.

(B) The table of sections for part VI of subchapter Q of chapter 1 is amended by striking out the item relating to section 1347.

(C) The heading of part VI of subchapter Q of chapter 1 is amended to read as follows: "PART VI—MAXIMUM RATE ON EARNED INCOME."

(D) The table of parts for subchapter Q of chapter 1 is amended by striking out the item relating to part VI and inserting in lieu thereof the following:

"Part VI. Maximum rate on earned income."

(4) AMENDMENT CONFORMING TO THE REPEAL OF SECTION 1471.—The table of subchapters for chapter 4 is amended by striking out the item relating to subchapter A.

(d) EFFECTIVE DATE.—Except as otherwise expressly provided, the amendments made by this section shall apply with respect to taxable years beginning after December 31, 1976.

SEC. 1352. PROVISIONS OF SUBCHAPTER D OF CHAPTER 39; COTTON FUTURES.

(a) SHORT TITLE.—This section may be cited as the "United States Cotton Futures Act".

(b) REPEAL OF TAX ON COTTON FUTURES.—Subchapter D of chapter 39 (relating to tax on cotton futures) is repealed.

(c) DEFINITIONS.—For purposes of this section—

(1) COTTON FUTURES CONTRACT.—The term "cotton futures contract" means any contract of sale of cotton for future delivery made at, on, or in any exchange, board of trade, or similar institution or place of business which has been designated a "contact market" by the Secretary pursuant to the Commodity Exchange Act and the term "contract of sale" as so used shall be held to include sales, agreements of sale, and agreements to sell.

(2) FUTURE DELIVERY.—The term "future delivery" shall not include any cash sale of cotton for deferred shipment or delivery.

(3) PERSON.—The term "person" includes an individual, trust, estate, partnership, association, company, or corporation.

(4) SECRETARY.—The term "Secretary" means the Secretary of Agriculture of the United States.

(5) STANDARDS.—The term "standards" means the official cotton standards of the United States established by the Secretary pursuant to the United States Cotton Standards Act, as amended.

(d) BONA FIDE SPOT MARKETS AND COMMERCIAL DIFFERENCES.—

(1) DEFINITION.—For purposes of this section, the only markets which shall be considered bona fide spot markets shall be those which the Secretary shall, from time to time, after investigation, determine and designate to be such, and of which he shall give public notice.

(2) DETERMINATION.—In determining, pursuant to the provisions of this section, what markets are bona fide spot markets, the Secretary is directed to consider only markets in which spot cotton is sold in such a volume and under such conditions as customarily to reflect accurately the value of middling cotton and the differences between the prices or values of middling cotton and of other grades of cotton for which standards shall have been established by the Secretary; except that if there are not sufficient places, in the markets of which are made bona fide sales of spot cotton of grades for which standards are established by the Secretary, to enable him to designate at least five spot markets in accordance with subsection (f)(3), he shall, from data as to spot sales collected by him, make rules and regulations for determining the actual commercial differences in the value of spot cotton of the grades established by him as reflected by bona fide sales of spot cotton, of the same or different grades, in the market selected and designated by him, from time to time, for that purpose, and in that event differences in value of cotton of various grades involved in contracts made pursuant to subsection (f) (1) and (2) shall be determined in compliance with such rules and regulations. It shall be the duty of any person engaged in the business of dealing in cotton, when requested by the Secretary or any agent acting under his instructions, to answer correctly to the best of his knowledge, under oath or otherwise, all questions touching his knowledge of the number of bales, the classification, the price or bona fide price offered, and other terms of purchase or sale, of any cotton involved in any transaction participated in by him, or to produce all books, letters, papers, or documents in his possession or under his control relating to such matter.

(3) WITHHOLDING INFORMATION.—Any person engaged in the business of dealing in cotton who shall, within a reasonable time prescribed by the Secretary or any agent acting under his instructions, willfully fail or refuse to answer questions or to produce books, letters, papers, or documents, as required under paragraph (2) of this subsection, or who shall willfully give any answer that is false or misleading, shall, upon conviction thereof, be fined not more than $500.

(e) FORM AND VALIDITY OF COTTON FUTURES CONTRACTS.—Each cotton futures contract shall be a basis grade contract, or a tendered grade contract, or a specific grade contract as specified in subsections (f), (g), or (h) and shall be in writing plainly stating, or evidenced by written memorandum showing, the terms of such contract, including the quantity of the cotton involved and the names and addresses of the seller and buyer in such contract, and shall be signed by the party to be charged, or by his agent in his behalf. No cotton futures contract which does not conform to such requirements shall be enforceable by, or on behalf of, any party to such contract or his privies.

(f) BASIS GRADE CONTRACTS.—

(1) CONDITIONS.—Each basis grade cotton futures contract shall comply with each of the following conditions:

(A) CONFORMITY WITH REGULATIONS.—Conform to the regulations made pursuant to this section.

(B) SPECIFICATION OF GRADE, PRICE, AND DATES OF SALE AND SETTLEMENT.—Specify the basis grade for the cotton involved in the contract, which shall be one of the grades for which standards are established by the Secretary, except grades prohibited from being delivered on a contract made under this subsection by subparagraph (E), the price per pound at which the cotton of such basis grade is contracted to be bought or sold, the date when the purchase or sale was made, and the month or months in which the contract is to be fulfilled or settled; except that middling shall be deemed the basis grade incorporated into the contract if no other basis grade be specified either in the contract or in the memorandum evidencing the same.

(C) PROVISION FOR DELIVERY OF STANDARD GRADES ONLY.—Provide that the cotton dealt with therein or delivered thereunder shall be of or within the grades for which standards are established by the Secretary except grades prohibited from being delivered on a contract made under this subsection by subparagraph (E) and no other grade or grades.

(D) PROVISION FOR SETTLEMENT ON BASIS OF ACTUAL COMMERCIAL DIFFERENCES.—Provide that in case cotton of grade other than the basis grade be tendered or delivered in settlement of such contract, the differences above or below the contract price which the receiver shall pay for such grades other than the basis grade shall be the actual commercial differences, determined as hereinafter provided:

(E) PROHIBITION OF DELIVERY OF INFERIOR COTTON.—Provide that cotton that, because of the presence of extraneous matter of any character, or irregularities or defects, is reduced in value below that of low middling, or cotton that is below the grade of low middling, or, if tinged, cotton that is below the grade of strict middling, or, if yellow stained, cotton that is below the grade of good middling, the grades mentioned being of the official cotton standards of the United States, or cotton that is less than seven-eights of an inch in length of staple, or cotton of perished staple or of immature staple, or cotton that is "gin cut" or reginned, or cotton that is "repacked" or "false packed" or "mixed packed" or "water packed", shall not be delivered on, under, or in settlement of such contract.

(F) PROVISIONS FOR TENDER IN FULL, NOTICE OF DELIVERY DATE, AND CERTIFICATE OF GRADE.—Provide that all tenders of cotton under such contract shall be the full number of bales involved therein, except that such variations of the number of bales may be permitted as is necessary to bring the total weight of the cotton tendered within the provisions of the contract as to weight; that, on the fifth business day prior to delivery, the person making the tender shall give to the person receiving the same written notice of the date of delivery, and that, on or prior to the date so fixed for delivery, and in advance of final settlement of the contract, the person making the tender shall furnish to the person receiving the same a written notice or certificate stating the grade of each individual bale to be delivered and, by means of marks or numbers, identifying each bale with its grade.

(G) Provision for tender and settlement in accordance with government classification.—Provide that all tenders of cotton and settlements therefor under such contract shall be in accordance with the classification thereof made under the regulations of the Secretary by such officer or officers of the Government as shall be designated for the purpose, and the costs of such classification shall be fixed, assessed, collected, and paid as provided in such regulations. The Secretary is authorized to prescribe regulations for carrying out the purposes of this subparagraph and the certificates of the officers of the Government as to the classification of any cotton for the purposes of this subparagraph shall be accepted in the courts of the United States in all suits between the parties to such contract, or their privies, as prima facie evidence of the true classification of the cotton involved.

(2) Incorporation of conditions in contracts.—The provisions of paragraph (1) (C), (D), (E), (F), and (G) shall be deemed fully incorporated into any such contract if there be written or printed thereon, or on the memorandums evidencing the same, at or prior to the time the same is signed, the phrase "Subject to United States Cotton Futures Act, subsection (f)."

(3) Delivery allowances.—For the purpose of this subsection, the differences above or below the contract price which the receiver shall pay for cotton of grades above or below the basic grade in the settlement of a contract of sale for the future delivery of cotton shall be determined by the actual commercial differences in value thereof upon the sixth business day prior to the day fixed, in accordance with paragraph (1) (F), for the delivery of cotton on the contract, established by the sale of spot cotton in the spot markets of not less than five places designated for the purpose from time to time by the Secretary, as such values were established by the sales of spot cotton, in such designated five or more markets. For purposes of this paragraph, such values in the such spot markets shall be based upon the standards for grades of cotton established by the Secretary. Whenever the value of one grade is to be determined from the sale or sales of spot cotton of another grade or grades, such value shall be fixed in accordance with rules and regulations which shall be prescribed for the purpose by the Secretary.

(g) Tendered Grade Contracts.—

(1) Conditions.—Each tendered grade cotton future contract shall comply with each of the following conditions:

(A) Compliance with subsection (f).—Comply with all the terms and conditions of subsection (f) not inconsistent with this subsection; and

(B) Provisions for contingent specific performance.—Provide that, in case cotton of grade or grades other than the basis grade specified in the contract shall be tendered in performance of the contract, the parties to such contract may agree, at the time of the tender, as to the price of the grade or grades so tendered, and that if they shall not then agree as to such price, then, and in that event, the buyer of said contract shall have the right to demand the specific fulfillment of such contract by the actual delivery of cotton of the basis grade named therein and at the price specified for such basis grade in said contract.

(2) Incorporation of conditions in contract.—Contracts made in compliance with this subsection shall be known as "subsection (g) Contracts". The provisions of this subsection shall be deemed fully incorporated into any such contract if there be written or printed thereon, or on the memorandum evidencing the same, at or prior to the time the same is signed, the phrase "Subject to United States Cotton Futures Act, subsection (g)".

(3) Application of subsection.—Nothing in this subsection shall be so construed as to authorize any contract in which, or in the settlement of or in respect to which, any device or arrangement whatever is resorted to, or any agreement is made, for the determination or adjustment of the price of the grade or grades tendered other than the basis grade specified in the contract by any "fixed difference" system, or by arbitration, or by any other method not provided for by this section.

(h) Specific Grade Contracts.—

(1) Conditions.—Each specific grade cotton futures contract shall comply with each of the following conditions:

(A) Conformity with rules and regulations.—Conform to the rules and regulations made pursuant to this section.

(B) Specification of grade, price, dates of sale and delivery.—Specify the grade, type, sample, or description of the cotton involved in the contract, the price per pound at which such cotton is contracted to be bought or sold, the date of the purchase or sale, and the time when shipment or delivery of such cotton is to be made.

(C) Prohibition of delivery of other than specified grade.—Provide that cotton of or within the grade or of the type, or according to the sample or description, specified in the contract shall be delivered thereunder, and that no cotton which does not conform to the type, sample, or description, or which is not of or within the grade specified in the contract shall be tendered or delivered thereunder.

(D) Provision for specific performance.—Provide that the delivery of cotton under the contract shall not be effected by means of "set-off" or "ring" settlement, but only by the actual transfer of the specified cotton mentioned in the contract.

(2) Incorporation of conditions in contract.—The provisions of paragraph (1) (A), (C), and (D) shall be deemed fully incorporated into any such contract if there be written or printed thereon, or on the document or memorandum evidencing the same, at or prior to the time the same is entered into, the words "subject to United States Cotton Futures Act, subsection (h)".

(3) Application of subsection.—This subsection shall not be construed to apply to any contract of sale made in compliance with subsection (f) or (g).

(i) Liability of Principle for Acts of Agent.—When construing and enforcing the provisions of this section, the act, omission, or failure of any official, agent, or other person acting for or employed by any association, partnership, or corporation within the scope of his employment or office shall, in every case, also be deemed the act, omission, or failure of such association, partnership, or corporation, as well as that of the person.

(j) Regulations.—The Secretary is authorized to make such regulations with the force and effect of law as he determines may be necessary to carry out the provisions of this section and the powers vested in him by this section.

(k) Violations.—Any person who knowingly violates any regulation made in pursuance of this section, shall, upon conviction thereof, be fined not less than $100 nor more than $500, for each violation thereof, in the discretion of the court, and, in case of natural persons, may, in addition be punished by imprisonment for not less than 30 days nor more than 90 days, for each violation, in the discretion of the court, except that this subsection shall not apply to violations subject to subsection (d) (3).

(l) Applicability to Contracts Prior to Effective Date.—The provisions of this section shall not apply to any cotton futures contract entered into prior to the effective date of this section or to any act or failure to act by any person prior to such effective date and all such prior contracts, acts or failure to act shall continue to be governed by the applicable provisions of the Internal Revenue Code of 1954 as in effect prior to the enactment of this section, All designations of bona fide spot markets and all rules and regulations issued by the Secretary pursuant to the applicable provisions of the Internal Revenue Code of 1954 which were in effect on the effective date of this section, shall remain fully effective as designations and regulations under this section until superseded, amended, or terminated by the Secretary.

(m) Authorization.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

(n) Conforming and Clerical Amendments.—

(1) Section 6808 (relating to cross references) is amended by striking out paragraph (2), and by redesignating paragraphs (3), (6), and (11) as paragraphs (1), (2), and (3), respectively.

(2) (A) Section 7233 (relating to failure to pay tax on cotton futures) is repealed.

(B) The table of sections for part II of subchapter A of chapter 75 is amended by striking out the item relating to section 7233.

(3) (A) Section 7263 (relating to penalties concerning cotton futures) is repealed.

(B) The table of sections for subchapter B of chapter 75 is amended by striking out the item relating to section 7263.

(4) (A) Subchapter E of chapter 76 (relating to miscellaneous provisions regarding cotton futures contracts) is repealed.

(B) The table of subchapters for chapter 76 is amended by striking out the items relating to subchapter E.

(5) Chapter 39 (relating to regulatory taxes) is amended by striking out the chapter heading and the table of subchapters.

(6) The table of chapters for subtitle D is amended by striking out the item relating to chapter 39.

(o) Effective Date.—The provisions of this section shall take effect on the 90th day after the date of the enactment of this Act.

Mr. LONG. Mr. President, let me explain that I want Senators to know what is in this amendment because, to me, this is an amendment that has been needed for a very long time.

This is an amendment to repeal seldom used, obsolete provisions in the code.

I felt that we would be subject to being accused of making these many changes in the code with scant consideration and, for that reason, I asked that the clerk read it.

But in view of the fact that, apparently, we are not going to vote on it today Senators can study this in the Record over the weekend and I hope we will vote on it in due course.

Sometimes we make oversights in doing these things, but this is a great deal of surplus language. Some of it is surplus and some needs modifying to make it more effectively what it should be. A lot of it is used very seldom and we believe not needed in the Code.

I think one of the constructive changes we can make in this so-called tax reform bill is to repeal a very large number of amendments in the law that are very seldom used.

I hope Senators will read them, look at them, and study the committee report over the weekend so that we can vote on this amendment, because I believe every Senator ought to vote for it. I do not, for the life of me, see why anyone should vote against it.

But if we make an error, then, shortly, someone will ask, "Well, why did they repeal some sections," which he might have wanted to use.

If we do make a mistake, and I do not believe we will, they might call us to task. I hope Senators will study these sections and see if they find out anything about them that should be retained.

Mr. HANSEN. If the distinguished chairman of the Finance Committee will yield, I have a few questions I would like to ask him. I will try not to take too long. Does the chairman have the floor?

Mr. LONG. Yes. I yield.

Mr. HANSEN. First, when this tax bill was laid down, in one of the initial challenges some persons who came forward with the amendment which in substance stated that the Finance Committee were guilty of violating the spirit and the principle of the law in the Budget Act. There was a lot of discussion on this amendment, as the Senator knows.

As I have reviewed the actual statements that were made in the Chamber, I find an inclination, at least that is the way I view it, by some of those advocates of this amendment to retreat from their earlier position. They now seem to be saying it is really not a violation of the Budget Act so much as it is a facing of a very real and important issue.

Of course, the distinguished chairman has never argued against the importance of this issue. I would ask the chairman of the Finance Committee, as I recall the distinguished Senator from Minnesota criticized the actions of the Finance Committee by saying that the only provisions in the committee bill which were permitted to expire were those provisions which helped poor people.

I will ask the chairman, under the committee bill, is it not true the individual tax cuts will expire July 1, whereas, under the amendment that has been proposed, the tax cut would expire October 1?

Mr. LONG. Yes, that is correct.

Mr. HANSEN. I would ask the chairman, is it not a fact that a tax cut can be sold pretty easily? Everybody likes a tax cut.

Mr. LONG. Mr. President, my experience has been that when the House votes a big tax cut measure the committee usually wants to add something to it. Everybody likes to vote for tax cuts. This Senator has found it difficult, as the chairman, to try to resist the natural inclination of people to do something the public would like to have, or his constituents would like to have, to vote them a tax cut.

So the tendency has been for the Finance Committee to add further tax reductions in the committee to the point that this Senator feels very concerned about it. Then when we reach the floor we have seen billions of dollars of additional tax cuts added as a result of the suggestions of individual Senators. Many times we have gone to conference with bills that were absolute monstrosities, having reduced revenue so much that we were almost ashamed to meet with the House in conference in view of the fact that the House had tried to be somewhat responsible in containing their zeal to reduce taxes.

The Senator is very much familiar with that problem, because he has struggled year after year to try to resist it.

We have a situation here where the Finance Committee has constrained its desire for tax cuts to stay within the budget resolution. We have been hoping that others would do the same thing.

Mr. HANSEN. I will ask my friend if it is not a fact that we have indeed stayed within the broad lines that were laid down and agreed upon by the Senate? I would say to my good friend from Louisiana if we are really trying to do something, if we are trying to face up to our responsibilities as responsible individuals representing the people of this country, it seems to me that title II is the section that first should be addressed by those who want to make a tax cut.

Mr. President, I would say that title II covers the broad area of amendments related to tax shelters, recapture of depreciation on real property, limitations on deductions for expenses, and so forth. There are many of these.

All I can gather from what has been proposed by the several persons who offer this amendment is to say in a very general way, "We are going to tax the rich people. We are going to take away from those who have a lot of it so we can help you poor people out by extending a tax cut from July 1 to October 1."

That is about what they are saying. They do not say one word, as I read it, where they propose to make any specific changes in this law. Is this the way that my chairman understands that issue?

Mr. LONG. That is the way I understand it, and I agree with the Senator.

Mr. HANSEN. I would hope that people might understand. I think there is a small degree, and I am being charitable, a small degree of demagoguery in this amendment which is before the Senate. I do not use that term lightly. I do not pick it up just on the spur of the moment, but that is precisely what I think it is.

It is a great thing to get up in the Chamber of the Senate and say, "We are going to help everybody by reducing taxes." Yet most people know, most people in this country at long last are beginning to understand. Jerry Brown, the Governor of California, has indicated, and the distinguished Governor of Massachusetts has stated:

> We have been making a lot of promises for the last 30 or 40 years and our delivery has not started to equal what those promises have been.

People are getting fed up with this kind of rhetoric, this kind of promise-making, this kind of pie-in-the-sky deal that we engage in so frequently by saying, "We are going to help you, we are going to reduce your taxes," when people at long last are coming to understand that inflation is the most serious problem in this country.

The distinguished Senator from Minnesota earlier today spoke of inflation. He said that if we do not extend the tax cut, an additional 3 months the poor will be bitten even more severely by inflation. Those were not his exact words, but I challenged him because it seemed to me that what he was saying flew in the face of the facts The facts are that this Government does not add to the fires of inflation by adding more taxes on or by cutting back on spending. It is precisely the opposite.

Mr. LONG. The Senator is right.

Mr. President, I believe some of us have learned, and I know I have learned by experience, that there are oftentimes good arguments on both sides. Those who make the flaming, rafter ringing speeches which appeal in labor halls and appeal to low-income people oftentimes are in error.

When the Senator from Louisiana came to this Senate, he had been here a while when President Eisenhower became President. President Eisenhower sent up a bill to get the country moving, and it provided for accelerated depreciation for businesses to give them more latitude in the way they claimed their depreciation deductions.

The Senator at the time was not all impressed by that. He felt with the country's economy in the doldrums, it would be more effective if we would just spread money among the rank and file of consumers by an across-the-board tax cut or so much per capita, something of that sort.

Now, we found that the President's bill would stimulate the economy, that it had a far more stimulative effect, dollar for dollar, than anybody had dreamed it would have.

Then later, when President Nixon was President, we urged the President to repeal the investment tax credit, because we thought that benefited the well-to-do, and that the economy was overheating anyway.

That was a part of the so-called tax reform bill. And this is interesting: In that bill, we reduced taxes $9 billion by raising the personal exemptions, and that tended to spread money in the hands of taxpayers generally, at all levels, and that bill was pitched so that the lower the person's relative income level, the more of the benefit he got.

Then we proceeded to raise taxes on business. We repealed the investment tax credit. We tightened up on depreciation, and by the time we got through with it, we had raised about $7 billion by taxing business and about $9 billion was spread among the rank and file by these individual tax cuts.

Now, here is the amazing thing about that: On balance, that was a $2 billion tax cut. It should have stimulated the economy, and made us more prosperous; but instead, by August the economy had gone into such an awful downward tailspin that President Nixon was compelled to go on nationwide television and explain that the Nation was in distress, that hundreds of thousands of additional workers had lost their jobs, and that we would simply have to reinstate the investment tax credit if we wanted to get the country moving, because businessmen had changed their plans, they had quit placing new orders, those companies manufacturing the new machines had shut down, and those workers were laid off; so that as far as any fiscal thing that could be done to move the economy was concerned, the $2 billion net tax cut did not accomplish anything to offset the enormously depressing effect it had on business to repeal the investment tax credit.

We put the investment tax credit back on, and the country pulled right on up of the slump it was in. That, plus the more reasonable guidelines, which again are paralled to accelerated depreciation, the so-called ADR——

Mr. HANSEN. Yes.

Mr. LONG. Or the guidelines on depreciation.

Mr. HANSEN. Accelerated depreciation rates; ADR.

Mr. LONG. Yes; it is referred to as ADR. The so-called ADR, together with the investment tax credit being restored, as well as the Federal Reserve making money more freely available for lending, simply brought the economy right back up again, and the country got back on its way back into prosperity.

We have seen what can be done to provide jobs for people. Now, there is a difference between taxing a corporation and taxing the rich. The Senator knows as well as I do that about two-thirds of those taxes you put on corporations are passed on through to the consumer in the price of the product, anyway; so while it looks like you are taxing the shareholders of the corporation, in the last analysis you are taxing the people who consume the product, when you put the taxes on the corporations. Furthermore, if you do not let the corporations make enough money so that they can afford to expand and put people to work and produce more, we have found that hurts the working man, because he loses his job.

Mr. HANSEN. Mr. President, on that point right there, I think it is a fact that today one out of every six wage earners works for government, either for the Federal Government, for the State government, or for a municipal or local government of one kind or another.

What I understand the Finance Committee did, after holding hearings, listening to witnesses, and having testimony from competent experts in practically every field we could think about, was get the distillation of the very best views of the most knowledgeable counsel concerning the way we could change the tax laws of this country so as to encourage jobs in private industry.

People know today that you do not increase either goods or services when you have a make-work job by government. That is not the way you fight inflation. You fight inflation when you create jobs that increase productivity. When a workingman is performing productive services he pays taxes.

The production of goods and services is what we need in this country, in order better to fight inflation.

We are talking about the price of everything going up and up and up, and if we keep on the course that seems to me to be indicated by the amendment that has been the focal point of this jurisdictional argument here: First, the Budget Committee comes up with a budget-busting proposal to add a $1.7 billion outlay by extending the tax cut; second, not one word is said about how to raise the revenue necessary to offset this revenue loss.

I would ask my chairman whether this bill and all of its provisions, including title IV, which deals, in due time, with the extension of individual income tax reductions, is not structured so as to give the impetus and the encouragement to those kinds of activities which will enhance real jobs, so that Americans will know that they are doing something which is worthwhile, which is productive, which will make more Americans taxpayers rather than tax consumers. Am I right about that?

Mr. LONG. Yes, the Senator is right.

Mr. HANSEN. Mr. President, I do not mean to infringe upon the chairman's time, as I have been doing, but it does seem to me that so far, in the last 2 days, we have heard more than enough about how great it would be to extend tax cuts for some people. I must say, the proponents of this approach seem to want to focus attention on only the nice, glittering, shining part of the problem, and never look at all at the tough part of the problem. The Finance Committee gave serious consideration for the last several months to the entire proposition, including the hard part of increase in jobs.

The committee labored day after day in a responsible fashion, so as to come up with a tax bill that, first, conforms with requirements of the budget guidelines and, second, provides true tax reform and assures more jobs for Americans. And now we are faced with what began as a parliamentary maneuver to see if a red herring could not be dragged across in front of the Members of this body by saying, "Well, let us first decide whether we are going to extend that tax cut from July 1 to October 1, and then we will talk about how we are going to pay for it later."

I would be inclined to give much more sympathetic consideration to that proposal if there were one iota of evidence that they had given any thought at all to how they were going to raise the money. All they have said is, "We are going to tax the wealthy."

Well, that is a very interesting cliche, but it is lacking in specific proposals. I submit, Mr. President, that after some several decades of promising more than we have been able to deliver, there is no doubt at all why the American public is pretty well fed up with the doubletalk that too often is heard from Washington. The generalities of rhetoric is much easier to support than specific proposals. What the American people demand and deserve is specifics, nor rhetoric. The proponents of the amendment before the Senate is severely lacking in specifics. Accordingly, it should be rejected.

Mr. GRAVEL. Mr. President, will the Senator yield on that point,

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield.

Mr. LONG. I yield to the Senator from Alaska.

Mr. GRAVEL. I am happy to obtain the floor and happy to yield to our colleague.

Mr. LONG. I will yield to the Senator from Virginia.

Mr. GRAVEL. Would the Senator rather have the floor in his own right?

Mr. HARRY F. BYRD, JR. I will be very brief.

Mr. GRAVEL. I am happy to yield to our colleague.

Mr. HARRY F. BYRD, JR. I thank the Senator.

I planned to discuss the amendment offered by the Senator from Maine, but it is a bit late at this point. So I will withhold that until next week.

Before the Senate adjourns this evening, I wish to commend the able chairman of the Finance Committee and express approval of the procedure which he is taking in trying to handle this very difficult piece of tax legislation.

The chairman of the committee feels that the tax bill should be gone through item by item, discussed, amended if the Senate desires to amend, and voted on as each section occurs in the bill.

It seems to me that is the logical and appropriate way if the Senate is going to be able to handle this very complicated and huge change in the tax structure.

The only other thing I shall comment on tonight is this: There has been a great deal of discussion as to the investment tax credit. I speak as one who was opposed to the enactment of that legislation when it was enacted some years ago. Yet as the evidence came before the Senate indicating its success in creating additional job opportunities, I have had a change of viewpoint.

I shall go back to October 1966, when President Johnson proposed that the investment tax credit be repealed. Bearing in mind now I had been opposed to its enactment, I had some hesitancy in voting its repeal as the President recommended. At that time we did not have 15-minute rollcalls. The rollcalls would stretch out 30 or 40 minutes, sometimes longer, and I delayed until throughout the rollcall before making a decision. I remember so well walking down the center aisle, after the rollcall had been going on for some 30 or 40 minutes, with the distinguished late Senator from New York, Senator Robert Kennedy, and I said as we were walking down the aisle to go up to the desk to vote:

> Bob, I can't decide how to vote on this thing. I have always been opposed to it. But I am about to come around to the view that we ought to leave it on.

He said:

> Well, I can't decide how to vote on it either. I have always favored it, but I am a little inclined to vote to take it off.

So both of us went down to the desk, neither of us decided on the matter until we actually got to the desk to cast the vote. I voted against repealing; he incidentally voted to repeal.

Incidentally, after Congress acted in October 1966, to repeal it, President

Johnson in January or February of the next year asked that it be restored and Congress did restore it.

Then the Finance Committee at the request of the next administration repealed the investment credit in 1969. I voted against its repeal because I thought once the investment tax credit is in the law we should not easily change it.

Over the years, Congress has done both. It has been sort of a yo-yo proposition. But the facts seem to substantiate that the investment tax credit has been helpful in our economic growth, and in developing additional job opportunities.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. HARRY F. BYRD, JR. I yield.

Mr. LONG. The Senator knows that economics, even with the benefit of these new computers, is an inexact science. A lot of it is opinion, and a lot of it is such that one cannot really tell why something happens the way it does. We are learning more how to put the pieces together, but still a lot of it is subject to difference of opinion, and sometimes even the ablest people cannot tell why certain things happen.

The record shows that every time we have put the investment tax credit on the corporate tax collections went up sharply and every time we took it off they went down sharply, in short order.

They should have reacted the other way because to put the investment tax credit into effect is a tax cut for corporations, and it should have caused the corporations to pay less income tax rather than more. Likewise, when we repeal the investment tax credit we have given them a big tax increase and that should have caused the corporate tax collections to go up rather than down. So, with a repeated experience of putting it on and taking it off, invariably when the investment tax credit went on instead of losing money in corporate tax collections alone we have made a lot of money and then when the investment tax credit was repealed, every time, instead of gaining money we lose money in corporate income tax collections.

If that happened in corporate income tax collections, it is fairly clear that the same thing would have been reflecting itself in amount of additional tax individuals were paying because they were working at these jobs for these corporations.

So, while the economists cannot find how to crank into a computer, I can only conclude that that is similar to so many things in medical science, human behavior, and other things about which the scientists cannot tell us the answer. Only the good Lord knows.

But the evidence is there to lead one to think that perhaps the investment tax credit is not costing us anything, not $3 billion, not $9 billion, not one red copper cent, but making us money because the evidence is there to see what happens when we repeal it. That is comparable to when someone discovered back in the days before we had all these scientific instruments that medical science has now that natives in a certain area would eat quinine and that would keep them from having malaria. That is the old-fashioned way of finding the cure for a disease. Sailors at sea would learn to drink citrus juice and they would not have scurvy. We could not tell why it worked out that way, but it just did. Vitamin deficiencies perhaps could be cured in areas that did not have enough sunlight by the people eating codfish oil. People did not know why, but it just happened that way. They could not analyze what vitamins were and what enzymes were and how all these things worked. All they knew was if they did this it seems to work out that way. That is as nowadays where we have people say if we smoke too much we are very subject to having lung cancer.

I submit that we have a record to look at which indicates that the investment tax credit may not be costing you a penny but, quite the contrary, it may be that it is making money for you.

The Senator, I am sure, can understand that if you put the tax too high—for example, if you put a 100-percent tax on, you might not collect anything, because people would be so discouraged that they would not make the investment. If you put the tax at a much more reasonable level, you might make more money, because people would invest their money in commercial activities. The same might be the case with reference to the investment tax credit, and the record seems to indicate that.

Mr. HARRY F. BYRD, JR. The record seems to indicate that, and it seems to indicate that the Senator from Virginia was wrong in his original view in opposition to it.

I was opposed to it in the original instance because I thought it was an unjustified bonus or benefit to one segment of the economy—namely, business. I am not antibusiness; most people consider me probusiness. But I thought it was an unjustified bonus or benefit to business. However, we have had enough experience now, by taking the thing off three times and putting it back every time we took it off, because the evidence indicates it has been helpful to the economy and helpful to the creation of business.

It was not put on originally at the request of a liberal Democratic President for the purpose of helping any business. It was not put back, after being repealed, at the request of another Democratic President, President Johnson, for the purpose of helping big business. It was not put back after it was taken off, at President Nixon's request, for the purpose of helping big business. It was done because the evidence sems to indicate that it has been helpful to the economy as a whole and has been helpful to create job opportunities. As I see it, that is the reason why the Finance Committee has gone along with this proposal in this bill—I cannot say unanimously, but I think by a rather overwhelming position within the committee,

Mr. LONG. Mr. President, we have had a conversation to suggest that this 10 percent investment tax credit is a handout to the rich. I wonder if a Senator making that speech is really sincere about that, really means that, because the experience has been that it has helped everybody. It has helped to make the country prosperous. It has provided jobs. It has made us more efficient as a nation. It has helped us to hold onto our export market for products by being more competitive. It has helped to bring about lower prices, because as you make your factories more efficient, you can produce at a cheaper cost.

When something benefits everybody, we really should not complain too much that it would appear to be directed to the benefit of the corporations. I believe the Senator agrees, as I do, that, in the last analysis, corporations do not pay taxes, anyway. Either their shareholders wind up paying it or the consumer of the product winds up paying it. A corporation is a fictitious being, standing between the shareholders and the public.

Mr. HARRY F. BYRD, JR. Another thing is that many of the shareholders are people of modest economic means who are investing their small savings in a particular company, with the opportunity to get back some reasonable return on their investment. A corporation is not just a cold giant of a few individuals but the shareholders in this country. In many of these companies the shareholders far exceed the number of employees. I do not know in how many companies that is true, but I know there are a great many companies in which the shareholders exceed the number of employees.

Mr. LONG. Yes, they invest their money, and they are entitled to expect a return. They are entitled to insist that the company is run well; and if it is run well, they are entitled to make a fair return. If they could not make a fair profit compared to what other investments would make for them, there is no reason why they should invest their money in those corporations, and that would mean that a lot of people would be out of work.

Mr. HARRY F. BYRD, JR. I served 4 years as chairman of Virginia's Advisory Board on Industrial Development. My interest in that was to create additional job opportunities for the people of Virginia. I want to keep the young people in Virginia, but you cannot do that unless there are jobs for them. I spent a great deal of time encouraging industry to come into Virginia, so that we would have adequate jobs for all people. This particular proposal tends in that direction.

Mr. GRAVEL. Mr. President, I wish to add my views concerning the colloquy that took place earlier between the Senator from Maine (Mr. MUSKIE) and the Senator from Oregon (Mr. PACKWOOD).

Both of them were using language with which I disagree in depicting the situation which exists in the Senate and in the entire Congress.

I think that the budget approach we have put into law, the committee we brought into being, and the whole process are working. I disagree with the statement that when the Senate votes now, it votes to change its mind.

I also disagree with the statement that when the Senate votes now to implement the policy that it chooses to implement, it is being sloppy in the work it is doing. We have to take an overview of the process that is involved.

As I recall the way it all started, the Budget Committee solicited from the various committees ball park estimates of their annual expectation with reference to revenues, expenditures, and the like. We in the Finance Committee did that. We submitted that in a proper, timely fashion in general terms, because we did not know at the beginning of the year what we know at the middle of the year or will know at the end of the year. We submitted that in a timely fashion to the Budget Committee.

The Budget Committee, similarly, took these very generalized approaches, expectations, estimates—call them what you will—and they concocted this very general potion. They were able to establish outside figures for revenues and outside figures for expectations, and they backed up these outside figures with a very schematic outline of policy laid down in their report. It was their judgment, gleaned from all the views that came in from all the committees. That is the first step in this process.

The second step in this process is that, as the legislative year unfolds various items of legislation go to the various substantive committees. So what takes place is a perfecting process.

Now we move to the particular; and the particular responsibility of the Finance Committee was to handle a tax reform package that we brought forward.

So the committee held 18 days of hearings, in which we acquired information and wisdom which we in the Finance Committee did not previously have. The Budget Committee did not have this information, obviously, and will not have, because it is not their job to deal in the particulars; whereas, it is the job of the Finance Committee to deal with this matter.

So now we come to the floor, after a great deal of effort, a great deal of examination of the work the House committee has done. We come with what information we picked up ourselves in hearings, and this is the product we have before us. Obviously, the Senate, itself, now can work its will based upon the recommendations of the committee.

I hope that the Budget Committee and the leadership in the committee would not feel threatened, would not feel assaulted. They are going to get another crack at what legislative work has been accomplished at a point in time.

We are going to come up with another resolution in the fall of the year which will be the product of this perfecting process that started at the beginning of the legislative year and will end at the end of the legislative year. This will have provided some process of discipline.

The primary discipline involved is not so much the specific recommendations of the Committee on the Budget. The primary disciplines are the outside parameters that are given to Congress. The Committee on Finance has lived within the parameters given to it. But we have seen fit, in the process of hearings, to alter some of the approaches in arriving at what those figures will be.

Now, those individuals who feel that the Committee on Finance will not perform or make the provisions they would have liked to have made are now going to have their chance in an amendment before the Senate to put forth their views. I might say that I disagree with a good many of those views, because I do not think that they come at the problem with the same degree of knowledge that we in the committee have come at the problem. I can give some examples.

Placed on our desk is the Tax Reform Act of 1976, which is a compendium of papers on Federal tax reform. But the signers of this, the people who present this to us, the group of Senators who are going to be offering amendments that are represented in this compendium of papers, feel that this is the type of reform they want to have. And they are entitled to have that view. I might say that if they had the benefit of the hearings and the amount of testimony and the discussions that our committee has had, they might not feel that these papers, in their glib fashion, address themselves to the real problem facing this country.

Before I go into a few examples, I would like to really pinpoint for the record what this document is before us. It is not a document that attempts equity. What we have before us is a political document. It is a political document because it represents the best judgment of all the political animals who serve in this body as to what they think should occur with respect to the process of revenue that we use in this country.

Understand very well that if we want equity—and I hope that some day we can arrive at equity in the method that we raise revenue in this country—I have in this document a study of a single tax. The only way we can guarantee that we have equity in the method that we collect revenue is to make sure that we have no deductions and no exclusions and that we collect the tax equally on everybody. That, in my mind, would be equity.

But in the absence of that, let us recognize that we use our system of revenue, one, to effect social policy and to effect economic policy. We may disagree as to how we do that, but I think that is the basis of the dialog that will take place here, in the ensuing week.

I shall leave my examples for Monday, when I think it will be more timely to go into detail as to where, I think, this kind of hurried document, which may sound glib in its theory, in its application could be very deleterious to the economy and to the interest of American citizens.

In that light, Mr. President, I yield the floor.

CONTINUATION OF TAX CUT ESSENTIAL TO SUSTAINED ECONOMIC RECOVERY

Mr. HUMPHREY. Mr. President, as chairman of the Joint Economic Committee I wish to offer a few observations.

Mr. President, it amazes me that the public in general and Members of this body in particular can have such very short memories. We read one or two stories in the press informing us that we have had a few months of fairly vigorous economic recovery, and we forget that we are still in the process of emerging from the deepest recession in 40 years. We forget that the unemployment rate is still 7.3 percent—higher than the peak rate reached in three of the past four recessions. We forget that the strong growth of the first quarter of this year is not expected to continue. That growth came from sharp accumulation of inventories—inevitably a temporary factor.

If we could just keep these basic facts about the economic situation in mind, there would be no doubt in anyone's mind about the necessity for extending present tax rates throughout the entire 1977 fiscal year. All the evidence and all the testimony the Joint Economic Committee has received points to a slowdown in the rate of recovery from this point on. These estimates assume the tax cut is continued indefinitely. Were we actually to be faced with the expiration of that tax cut and a reversion to higher tax rates, the economy would grow weaker still. That is not a risk we can afford to take. This Senate presents a sorry image to the citizens of this country when we sit here in Washington and play games with the economy and take risks with the recovery. I recommend that we cut out the fun and games and make it clear to the American people that current tax rates will be extended and that Congress is capable of pursuing a rational and coordinated budget policy.

I do not ask you to take the word of HUBERT HUMPHREY on the economic situation and outlook. I am no expert. But I have facts and figures and expert opinion which I wish to bring to your attention at this time.

First let me remind you of how far we still have to go to achieve full economic recovery. At the end of 1 year of recovery from the 1954 recession the unemployment rate had been reduced to 4.1 percent; after the 1958 recession to 5.1 percent; after the 1960–61 recession to 5.5 percent; and after the 1971 recession to 5.7 percent. What is the unemployment rate today, after 1 full year of recovery from the 1974–75 recession? As you know it is 7.3 percent—far above past experience. At the end of next year it is still expected to be above 6 percent. That is to say, 2½ years after the recovery began the unemployment rate will still be higher then it was after only 1 year of recovery from any of the past four recessions.

Furthermore, these estimates assume the tax cut is extended.

Let me cite four recent estimates of economic growth and the unemployment rate for next year. The growth rates are computed from the fourth quarter of this year to the fourth quarter of next year. University of Michigan forecast: real GNP growth rate: 2.8 percent; unemployment rate in the fourth quarter of next year: 7 percent. Wharton Econometrics forecast: growth rate: 4.9 percent; unemployment rate 6.1 percent; Data Resources forecast: growth rate 5.1 percent; unemployment rate 6 percent; U.S. Trust forecast: growth rate 4.9 percent, unemployment rate 6.5 percent.

None of these forecasts predict that the recovery will come to a halt. It will continue. But it will not continue as strongly as is necessary to bring unemployment down to a reasonably normal level. Surely we are sophisticated enough to distinguish between a strong recovery and one which is likely to become progressively weaker. Surely we will do what is necessary to achieve a strong rather than a weak recovery.

I do not wish you to think that my sources are biased. Let me cite testimony by Alan Greenspan, Chairman of the Council of Economic Advisers before the Joint Economic Committee just last week. Naturally Mr. Greenspan takes some satisfaction in the strong growth of the economy so far this year. He told us that it had somewhat exceeded his expectations. However, this is what he says about the future:

> We should not expect the rise in output over the next several quarters to match the pace of the past nine months . . . we anticipate continued strength in consumer outlays, but obviously not at the first quarter pace . . . the recovery in residential construction has been just slightly slower than anticipated.

We are looking at an economy which will continue to need support throughout the new budget year; a society which will still be suffering from greatly excessive unemployment and substantial idle plant capacity. Congress has attracted much favorable attention for its success to date in making the new budget process work. Let us live up to those favorable expectations and continue to provide for a responsible fiscal policy. Extension of the tax cut for a full year is certainly part of that responsible policy.

DISC PROVIDES JOBS IN NEW YORK STATE AS IN MANY OTHER STATES

Mr. JAVITS. Mr. President, I have been a strong supporter of the Domestic International Sales Corporation tax deferral provisions since their enactment in 1971. This provision of the tax law has been an important element in the promotion of domestic manufacturing jobs that are export oriented. I have long felt that this was a more promising strategy for increasing domestic employment than erecting tariff and other protectionist barriers, or trying to limit the ability of U.S. corporations to operate in foreign markets. DISC increases American exports by placing American exporters on a competitive footing with foreign corporations through tax incentives, and does not constrict world trade as do higher tariffs, quotas, or other barriers to trade.

However, I have been concerned for some time by the size of the tax revenues lost as a result of DISC deferral. The President's budget message for 1977 estimated that the tax expenditures attributable to DISC were $1,130 million for 1975, $1,360 million for 1976, and $1,560 million for 1977. Such large tax expenditures are difficult to justify at a time of great strain on the Federal budget, and the enormous needs of the American people in a time of high unemployment and great social needs. The question to be asked with regard to DISC is what amount of incentive is necessary to influence corporate decisions to produce for foreign markets from the United States rather than overseas, and yet not give away tax dollars for exports that would have been made in any case. Clearly it is important to limit the tax expenditures in order to maximize the benefit the country receives in new jobs created.

Therefore, I have been pleased that the Senate Finance Committee moved in the right direction by rewriting the DISC provision so as to reduce the tax loss while continuing to provide sufficient incentive to U.S. companies to export. The Finance Committee provision would permit U.S. corporations with export related earning in excess of $100,000 to be allowed DISC benefits only on earnings in excess of 60 percent of base period receipts in the best 3 out of 4 years from 1973 to 1976. This base period would move forward one year for each year beginning in 1979. This provision would reduce the revenue loss attributable to DISC by close to $500 million per year, a significant reduction. I am closely studying tax reform proposals to further DISC benefits and reduce the revenue loss.

New York State companies have seen that it is in their enlightened self-interest to recognize that the magnitude of the tax expenditure for DISC has caused it to become a popular target for tax reform, and that it is better to put DISC on a firm foundation for a number of years by treating seriously the issue of tax loss than to fight for DISC in its present form. I think that is a wise view of the matter.

The Associated Industries of New York, a trade association representing over 2,800 individual companies in New York, has provided me with some interesting examples of how DISC has created jobs in New York. I also note that the Associated Industries finds the Senate version of the DISC proposals a satisfactory method of retaining the incentive for job creation. Mr. President, I ask unanimous consent that the statement on DISC by the Associated Industries be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

ASSOCIATED INDUSTRIES OF NEW YORK FINDS DISC AN IMPORTANT STIMULUS FOR JOBS

Since its first year of effective operation in 1972, the federal Domestic International Sales Corporation (DISC) tax deferral provisions have stimulated increases in U.S. exports far beyond the expectations of those who had advocated enactment in 1971.

Forty-one percent ($21.9 billion) of all U.S. exports in fiscal year 1973 (the most recent year for U.S. Treasury Department actual figures) were DISC related. Based on experience, the Treasury believes that about $5.2 billion in additional exports were attributable to DISC in 1975, adding to the U.S. gross national product (GNP) an amount in the range of $10 to $15 billion.

The 1974 annual report on DISC by the U.S. Treasury states that DISC exports in 1974 resulted in an estimated 230,000 jobs. Treasury Secretary William Simon estimates that in 1976 additional DISC exports will rise to $9 billion, which would produce 300,000 more jobs.

Currently the Tax Reform Act of 1975 under consideration in Congress proposes modification to the DISC legislation to reduce the direct revenue loss to the Treasury. There is strong and growing support among many major job-producing industries for the Senate Finance Committee version of DISC legislation, which, like the House version, gives incentives for incremental increases in exports over a base period. The Senate version is estimated to reduce the apparent revenue loss to the Treasury by $470 million.

To better understand the favorable impact of DISC on the New York State economy, a survey by Arthur Andersen & Co. was conducted in October, 1975, of major multinational firms operating in New York State. Forty manufacturing firms and thirteen non-manufacturing firms responded. Party-four of the fifty-three respondents are headquartered in New York State and all have substantial operating units here. Collectively, the forty manufacturing firms employ over 300,000 persons in New York State, representing 18% of their U.S. employment.

For these multinational corporations sales outside the U.S. accounted for 44 percent of their 1974 global revenues and 53 percent of earnings came from foreign sources. Total sales from their New York based operating units were $9.6 billion. In 1974 their total exports of goods and services amounted to $11 billion, equivalent to 11 percent of all shipments abroad by U.S. companies.

Exports by these companies from New York based facilities were 1.4 billion, or 14 percent of their total company shipments. The respondents estimated that—taking into account both export related jobs and the research, technical, marketing and administrative jobs required to support international operations—approximately 48,000 New York jobs (15 percent of their New York employment) were dependent on international activities.

In addition, official Labor Department statistics indicate that for every 100 persons engaged in producing goods and services for export, there are an additional 87 indirect jobs generated in the economy. In summary, an estimated 90,000 jobs are dependent upon the international activities of the New York headquarters and operating units of companies participating in the survey.

The data from the survey covers but a few of the many firms headquartered in or doing business in New York State. The figures, nevertheless, clearly illustrate the economic interest of New York in the international business of those firms surveyed.

As the above figure indicate, DISC has been beneficial to the economy of New York State. New York firms engaged in export production have been able to maintain a relatively high level of employment. The Rochester Industrial Management Council stated in November, 1975, that export production has been one of the major factors in keeping Rochester manufacturing employment generally on the upswing. Although the over-the-year factory employment was down, the situation would be much worse wihout export-related jobs and the particular push DISC provides.

Carrier Corporation states that out of a total employment of about 7,000 at its Syracuse facilities, more than 1400 employees—one out of five—hold their job because of Carrier's exports.

Eastman Kodak Company of Rochester has 50,000 employees in New York of which 11,000 are jobs related to the manufacture of exports products. Kodak stated that in two recent situations, DICS was a significant and, in one case, the key factor in their decision to build up manufacturing of specific products in the Rochester area rather than outside the U.S. Those two instances involved about 2,000 New York jobs at Kodak alone. In addition, outside suppliers of needed parts, etc., provided jobs which further benefited the U.S. and local economy. The U.S. balance of payments was favorably affected, and the net effect of these two decisions actually will increase Kodak's tax payments for a five-year period to the U.S. Treasury by about $70 million. Obviously, New York State will benefit substantially as well.

General Electric has approximately 50,000 employees in New York State, 8,000 of whom are in export-related jobs. General Electric points out a further benefit of DISC—suddenly critical to New York State and the nation in a period of recession—is its value a source of capital funds. Overseas customers are rather slow about paying their bills, and so receivables on General Electric's international business are now running at a rate 2.5 times as long as its domestic receivables. This means G.E. requires some $220 million more working capital for every billion dollars of exports than it needs for equivalent domestic sales. This is a great drain on working capital. If it were not for the funds generated by DISC tax deferral, General Electric would have to cut back its export business.

The Hoffman Division of Clarkson Industries, Inc., which is located in Syracuse, reports than in 1974, of total sales of approximately $15 million, DISC sales accounted for $1.7 million. It is anticipated that this amount will increase by 30% in the next three years.

Hoffman comments: "It is our feeling that DISC, for the first time, permits us to compete equitably with our foreign competition and that abandoning this would be a very real disservice to the nation's export program. The machinery that we manufacture is readily obtainable from a number of sources abroad and the pricing is very competitive. The tax benefits of DISC make export more advantageous than foreign manufacture."

The Stauffer Chemical and Associated Company, which has one of its plants in Skaneateles Falls just outside of Syracuse, reports its pre-DISC export volume in 1971 was $49.1 million. In 1974 it was $159 million. Before DISC, it had 837 export-related jobs. In 1974, it had 1,557.

Small business is just as important as large business. The Eraser Company, Inc., of Syracuse, provides a classic example of a small company carrying out the spirit and intent of the DISC legislation. The company's DISC sales amount to about $300,000 to $400,000 a year. DISC has been instrumental in creating six new jobs. It has given the company an opportunity to advertise and promote sales abroad to an extent not possible before. For example, the company is currently spending $30,000 to have its catalog printed in six foreign languages and to participate in foreign exhibitions. The company says it would be at a competitive disadvantage with overseas companies without the DISC program.

There also have been many other instances where the effect of DISC proved crucial or was so well understood by corporate managements that questions of U.S. versus non-U.S. manufacture were not even studied since it was clear that DISC was an overriding factor. Also, in an expanding business which requires considerable initial capital investment, maintaining present jobs in the U.S. today means increasing American jobs in future years. Consequently, the effects of DISC are longer range than might at first be evident.

DISC was not proposed in 1971 as a short-term remedy for a temporary problem. It was intended instead as a long-term incentive to assist American business in coping with the many direct and indirect subsidies that were deeply imbedded in the laws of foreign countries for the purpose of encouraging their domestic production for export markets.

Critics of DISC allege that it simply rewards those who would be exporting anyway. More appropriately, it can be argued that companies would expand their markets abroad, with or without DISC, but DISC is the factor which encourages supplying those markets from U.S. sources rather than foreign sources.

This fact is clearly recognized by foreign countries. A complaint against DISC by foreign countries is now pending before the General Agreement on Tariffs and Trade (GATT), and hearings were held in March 1976. Congressman Joseph E. Karth of Minnesota attented the GATT hearings in Geneva and testified before the U.S. Senate Finance Committee that the European Economic Community (EEC) representatives argued that the DISC tax incentive has encouraged U.S. businesses to manufacture products in U.S. plants for export to EEC countries instead of building the plants there and thus creating jobs in the EEC countries.

In short, DISC has a well-proven track record as an inexpensive way to encourage companies to supply markets abroad from U.S. plants rather than from foreign sources.

LIMITING ARTIFICIAL ACCOUNTING LOSSES—AN URGENTLY NEEDED MOVE TOWARD TAX EQUITY

Mr. HUMPHREY. Mr. President, it is tax time again, and the words "equity" and "reform" are on everybody's lips. This year, with the new budget process, Congress has a special responsibility and the tools to seek tax solutions consistent with broader economic goals.

While the efforts of the House Ways and Means Committee and the Senate Finance Committee are in the spirit of reform, there are differences between the two tax bills reported respectively from those bodies for our consideration. Minor disagreements are to be expected as a natural result of legislative democracy.

Never one to demur from taking sides, I have an opinion. And frankly I was disappointed that the Senate Finance Committee eliminated some needed changes in our tax structure. As it stands, the bill attains only half the budgetary objectives of closing $2 billion of loopholes.

A major reason for that shortfall was the Finance Committee decision to reject the House-passed provision of the Tax Reform bill which added a new section on Limitation of Artificial Accounting Losses (LAL). These new tax accounting rules, supported by the administration since 1973, would raise $423 million this tax year, $271 million next year, and $313 million in 1978. In contrast, the tax shelter provisions which remain in the Finance Committee bill would add only $75 million of revenue. The direction is right but the degree of commitment needed is lacking.

What is at stake is a very real form of justice: The prevention of special investment breaks to those wealthy individuals most able to invest in the first place. Any free market economist, from Adam Smith on down through history, will tell you private money will seek out its own best use without government intrusions in the investment mechanism.

LAL is an overdue concept. It does not end accelerated depreciation for certain capital expenditures, but it does stop people from carrying forward losses and applying them, in future years, against income from any sources. LAL would still permit applying the losses against related income, which is the only way the bneefit is not an out-and-out tax gift to those most fortunate amongst us.

In deleting LAL provisions in real estate, farm operations, oil and gas, movies, equipment leasing, and sports franchising, the Finance Committee report contends it would add to the complexity of our tax laws. Apparently rich taxpayers are perfectly willing to move the pencil the extra foot under today's laws to take advantage of artificial accounting losses. If LAL were adopted and those same individuals wanted tax benefits, they would not find them so readily available. If it takes a bit of added complexity for the wealthy in order to add a significant measure of equity to our tax system, then I will opt, in this case, for the complexity.

ROUTINE MORNING BUSINESS

(The following routine morning business was transacted today.)

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Roddy, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

ACTION ANNUAL REPORT—MESSAGE FROM THE PRESIDENT—JOINT REFERRAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that a message from the President of the United States received by the Senate yesterday, transmitting the annual report of the ACTION Agency for fiscal year 1975, which was referred to the Committee on Labor and Public Welfare, also be referred to the Committee on Foreign Relations.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

ENROLLED BILL AND JOINT RESOLUTION SIGNED

At 10:32 a.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled bill and joint resolution:

H.R. 10268. An act to amend title 38 of the United States Code in order to clarify the purposes for which the Administrator of Veterans' Affairs may release the names and/or addresses of present and former members of the Armed Forces and their dependents.

H.J. Res. 726. Joint resolution to authorize and request the President to establish a "National Bicentennial Highway Safety Year".

The enrolled bill and joint resolution were subsequently signed by the President pro tempore.

At 1:45 p.m., a message from the House of Representatives delivered by Mr. Hackney, one of its reading clerks, announced that the House has passed without amendment the bill (S. 3475) relating to the display of certain historical documents within the U.S. Capitol Building during the calendar year 1976.

The message also announced that the House agrees to the amendment of the Senate to the bill (H.R. 13380) to amend the Central, Western, and South Pacific Fisheries Development Act to extend the appropriation authorization through fiscal year 1979, and for other purposes.

The message further announced that the House disagrees to the amendments of the Senate to the bill (H.R. 13965) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes; agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Natcher, Mr. Giaimo, Mr. Stokes, Mr. McKay, Mr. Burlison of Missouri, Mr. Alexander, Mrs. Burke of California, Mr. Charles Wilson of Texas, Mr. Mahon, Mr. Young of Florida, Mr. Kemp, Mr. Burgener, and Mr. Cederberg were appointed managers of the conference on the part of the House.

The message also announced that the House disagrees to the amendment of the Senate to the bill (H.R. 9019) to amend title XIII of the Public Health Service Act to revise and extend the program for the establishment and expansion of health maintenance organizations; asks a conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Staggers, Mr. Rogers, Mr. Satterfield, Mr. Preyer, Mr. Symington, Mr. Carter, and Mr. Broyhill were appointed managers of the conference on the part of the House.

The message further announced that the House has agreed to the following concurrent resolutions in which it requests the concurrence of the Senate:

H. Con. Res. 623. A concurrent resolution providing for the printing of a booklet entitled "Duties of the Speaker"; and

H. Con. Res. 624. A concurrent resolution providing for the printing of a walking tour map of the area surrounding the United States Capitol.

At 4:30 p.m., a message from the House of Representatives delivered by Mr. Hackney, one of its reading clerks, announced that the House has passed the bill (H.R. 14262) making appropriations for the Department of Defense for the fiscal year ending September 30, 1977, and for other purposes, in which it requests the concurrence of the Senate.

ENROLLED BILL SIGNED

The message also announced that the Speaker has signed the following enrolled bill:

S. 2529. An act to amend chapter 37 of title 38, United States Code, to increase the maximum Veterans' Administration's guaranty for mobile home loans from 30 to 50 percent, to make permanent the direct loan revolving fund, to extend entitlement under chapter 37 to those veterans who served exclusively between World War II and the Korean conflict, and for other purposes.

The enrolled bill was subsequently signed by the President pro tempore.

At 5:33 p.m., a message from the House of Representatives delivered by Mr. Hackney announced that the House disagrees to the amendments of the Senate to the bill (H.R. 12169) to amend the Federal Energy Administration Act of 1974 to provide for authorizations of appropriations to the Federal Energy Administration, to extend the duration of authorities under such act, and for other purposes; agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; that Mr. Staggers, Mr. Dingell, Mr. Wirth, Mr. Sharp, Mr. Brodhead, Mr. Eckhardt, Mr. Ottinger, Mr. Krueger, Mr. Moffett, Mr. Maguire, Mr. Devine, Mr. Brown of Ohio, Mr. Moorhead of California, Mr. Broyhill, and Mr. Heinz were appointed managers of the conference on the part of the House for titles I, II, IV, and V of the Senate amendments; and that Mr. Reuss, Mr. Ashley, Mr. Moorhead of Pennsylvania, and Mr. Brown of Michigan were appointed managers of the conference on the part of the House for titles III and IV of the Senate amendments.

The message also announced that the House disagrees to the amendment of the Senate to the bill (H.R. 12838) to amend and extend the National Foundation on the Arts and Humanities Act of 1965, to provide for the improvement of museum services, to establish a challenge grant program, and for other purposes; asks a conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Perkins, Mr. Brademas, Mrs. Mink, Mr. Meeds, Mrs. Chisholm, Mr. Lehman, Mr. Cornell, Mr. Beard of Rhode Island, Mr. Zeferetti, Mr. Miller of California, Mr. Hall, Mr. Quie, Mr. Bell, Mr. Peyser, Mr. Jeffords, and Mr. Pressler were appointed managers of the conference on the part of the House.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The PRESIDING OFFICER laid before the Senate the following letters, which were referred as indicated:

Report of the Comptroller General

A letter from the Comptroller General transmitting a secret report entitled "Progress and Outlook for U.S. Security Assistance to the Republic of Korea" (with an accompanying report); to the Committee on Government Operations.

Report of the Federal Energy Administration

A letter from the Administrator of Federal Energy transmitting, pursuant to law, a report concerning imports of crude oil and other petroleum products for the period January through March 1976 (with an accompanying report); to the Committee on Interior and Insular Affairs.

Report of the Comptroller General

A letter from the Comptroller General transmitting, pursuant to law, a report entitled "Problems in Developing the Advanced Logistics System" (with an accompanying report); to the Committee on Government Operations.

Transfer of Funds by the Department of Defense

A letter from the Assistant Secretary of Defense advising, pursuant to law, of transfers of amounts appropriated to the Department of Defense; to the Committee on Appropriations.

Report of the Secretary of Commerce

A letter from the Secretary of Commerce transmitting, pursuant to law, a report on foreign direct investment in the United States (with an accompanying report); to the Committee on Commerce.

Published Regulations of the Department of Health, Education, and Welfare

Two letters from the Director, Office of Regulatory Review, of the Department of Health, Education, and Welfare transmitting, pursuant to law, copies of published regulations relating to educational programs (with accompanying papers); to the Committee on Labor and Public Welfare.

Proposed Amendments to Budget Requests for Foreign Assistance—(S. Doc. No. 94–220)

A letter from the President of the United States transmitting proposed amendments to the requests for appropriations for fiscal year 1977 in the amount of $190 million for foreign assistance (with accompanying papers); to the Committee on Appropriations, and ordered to be printed.

Proposed Legislation by the Secretary of Commerce

A letter from the Secretary of Commerce transmitting a draft of proposed legislation to amend the Act of August 10, 1956 (with accompanying papers); to the Committee on Commerce, the Committee on Armed Services, and the Committee on Post Office and Civil Service, jointly, by unanimous consent.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that a communication from the Secretary of Commerce, relative to amending the act of August 10, 1956, as amended; section 716 of title 10, United States Code; section 1006 of title 37, United States Code; and sections 8501(1)(B) and 8521(a)(1) of title 5, United States Code, be referred jointly to the Committee on Commerce, the Committee on Armed Services, and the Committee on Post Office and Civil Service.

The PRESIDING OFFICER. Without objection, it is so ordered.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. RANDOLPH (for Mr. Buckley), from the Committee on Public Works, without amendment, and with a preamble:

S.J. Res. 201. A joint resolution to authorize and direct the Secretary of the Army, acting through the Chief of Engineers, to undertake dredging operations for Operation Sail (Rept. No. 94–962).

By Mr. RANDOLPH (for Mr. Buckley), from the Committee on Public Works:

S. Res. 473. An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S.J. Res. 201. Referred to the Committee on the Budget.

HOUSE CONCURRENT RESOLUTIONS REFERRED

The following House Concurrent resolutions were referred to the Committee on Rules and Administration:

H. Con. Res. 623. A concurrent resolution providing for the printing of a booklet entitled "Duties of the Speaker"; and

H. Con. Res. 624. A concurrent resolution providing for the printing of a walking tour map of the area surrounding the U.S. Capitol.

HOUSE BILL REFERRED

The bill (H.R. 14262) making appropriations for the Department of Defense for the fiscal year ending September 30, 1977, and for other purposes, was read twice by title and referred to the Committee on Appropriations.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. McINTYRE (for himself and Mr. DURKIN):

S. 3589. A bill to designate the Federal office building located in Manchester, N.H., as the "Norris Cotton Building." Referred to the Committee on Public Works.

By Mr. PHILIP A. HART:

S. 3590. A bill for the relief of Dae Ho Park and Maria Park. Referred to the Committee on the Judiciary.

By Mr. ALLEN:

S. 3591. A bill to supplement retirement benefits for State and local law enforcement officers and firefighters. Referred to the Committee on Post Office and Civil Service.

By Mr. JAVITS (for himself, Mr. CRANSTON, and Mr. BROOKE):

S. 3592. A bill to provide for comprehensive maternal and child health care practices. Referred to the Committee on Labor and Public Welfare.

S. 3593. A bill to establish a national health insurance system of maternal and child health care. Referred to the Committee on Finance.

By Mr. SPARKMAN (by request):

S.J. Res. 204. A joint resolution to authorize the President to implement an agreement with the Government of the Republic of Turkey relative to defense cooperation pursuant to article III of the North Atlantic treaty in order to resist armed attack in the North Atlantic treaty area. Referred to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. McINTYRE (for himself and Mr. DURKIN):

S. 3589. A bill to designate the Federal office building located in Manchester, N.H., as the "Norris Cotton Building." Referred to the Committee on Public Works.

Mr. McINTYRE. Mr. President, I send to the desk for appropriate reference a bill to name the new Federal office building in Manchester, the "Norris Cotton Building."

I need not detail my good friend and former colleague's considerable accomplishments. Though he retired from this Chamber 2 years ago, most of us are still aware of his sterling performance in a variety of responsibilities. As the ranking minority member of the Commerce Committee, he played a crucial role in legislation dealing with aviation, transportation, consumer protection, and space age communications. As the ranking Republican on the powerful Appropriations Committee, he concentrated his efforts in the areas of labor, health, education, and welfare and considered those efforts the most gratifying of his long career.

The deep humanitarian concern behind those particular efforts has been recognized in a lasting monument. A few miles from his hometown of Lebanon stands the Norris Cotton Cancer Research Center, one of the most important institutes of its kind in the world and one that will attest to Norris Cotton's leadership in the battle against disease long after all of us are gone from this Chamber .

But the center, like the Robert Frost Contemporary American Award presented to him last year, recognize only individual characteristics of the whole public man—the first his humanity, the second his ethics and his patriotism. But placing Norris Cotton's name on the new Federal building in Manchester, N.H., will salute and memorialize all that he gave to this country in 28 years of service, and this, in my judgment, would be the most appropriate tribute of all.

By Mr. ALLEN:

S. 3591. A bill to supplement retirement benefits for State and local law enforcement officers and firefighters. Referred to the Committee on Post Office and Civil Service.

POLICE AND FIREFIGHTER PENSION SUPPLEMENT

Mr. ALLEN. Mr. President, I am introducing today a bill which would supplement State and local pension benefits received by law enforcement officers and firefighters.

As Senators know, State and local policemen and firefighters are frequently called upon by the nature of their jobs to risk their lives for the public good. Often these officers place their lives in danger to enforce Federal law. Almost invariably, State and local police and fire officials give their full cooperation to Federal officials in helping enforce Federal law and in helping to resolve problems which are, strictly speaking, the sole responsibility of the Federal Government.

Mr. President, my bill would recognize the large contribution of time, dedication, and service rendered to the Federal Government by these State and local officers who now receive no compensation whatsoever from the Federal Government and who are in many instances undercompensated by the State and local governments which they serve. Moreover, in many more instances, State and local pension plans for retired firemen and police officers are clearly inadequate and fall far short of a retirement program reflecting the actual risks taken and services rendered by officers and firemen. In view of the Federal component of their service, I believe that Congress ought to enact legislation which would permit the Federal Government to accept its responsibility toward these officers by supplementing their retirement benefits.

Mr. President, my bill calls for a supplement of 25 percent of the amount being received by a retired officer under a State or local pension plan. I believe that contribution is modest when considered against the substantial services received by the Federal Government from these State and local employees. Accordingly, I urge that this bill be given prompt consideration in committee and be reported to the Senate in the very near future so that action may be taken by the Senate during this Congress.

This legislation is long overdue, and I urge Senators to give their support to me in my efforts in securing Senate action without delay.

By Mr. JAVITS (for himself, Mr. CRANSTON, and Mr. BROOKE):

S. 3592. A bill to provide for comprehensive maternal and child health care practices. Referred to the Committee on Labor and Public Welfare.

S. 3593. A bill to establish a national health insurance system of maternal and child health care. Referred to the Committee on Finance.

NATIONAL HEALTH INSURANCE FOR MOTHERS AND CHILDREN ACT AND COMPREHENSIVE MATERNAL AND CHILD HEALTH PRACTICE ACT

Mr. JAVITS. Mr. President, with Senators CRANSTON and BROOKE as cosponsors, I introduce two bills, the National Health Insurance for Mothers and Children Act, which I send to the desk for appropriate reference, and the Comprehensive Maternal and Child Health Practice Act, which I send to the desk for appropriate reference, and I ask unanimous consent that the full text of both bills be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I am very pleased that my distinguished colleagues Senators CRANSTON and BROOKE are joining me in cosponsoring this important legislation.

Senator CRANSTON has long been a dedicated leader in seeking better health care for all Americans, both as a key member of the Health Subcommittee of the Committee on Labor and Public Welfare, where we have productively collaborated on health legislation for many years, and as chairman of the Health and Hospitals Subcommittee of the Veterans' Affairs Committee. Senator BROOKE, as the ranking minority member of the Senate Appropriations Labor-HEW Subcommittee, has long been aware of and worked to meet the need to assure a strong financial and organizational base for cost-effective, high-quality health care.

Mr. President, I believe that the time has come to take another step toward a major national goal: a comprehensive health program for all our citizens. Medicare and medicaid have provided health care coverage for our elderly citizens and for many poor citizens. Now is the time to provide for children and mothers.

Accordingly, I introduce two bills. The first would establish a system of national health insurance for mothers and children, and the other would at the same time foster and develop the organizational framework for delivering comprehensive maternal and child health care.

I believe that such legislation represents the next logical step along the road to national health coverage.

Mr. President, while I continue to support the enactment into law of the Health Security Health Act (S. 3), it makes enormously good sense both in human terms and as national policy to begin on the road to universal national health insurance with comprehensive health care for mothers and children.

It is imperative to safeguard their health by providing accessible, comprehensive health services. At the same time, both the financial and organizational provisions of this legislation allow us to set into motion and to evaluate health systems with cost controls and a rational delivery system in which continuous, high quality health care may be provided.

While we provide the means of increasing access of mothers and children to health care that emphasizes the prevention of disease and the promotion of health, we shall have the opportunity to prove out my conviction that universal national health insurance is not only feasible but desirable and will foster important improvements in the quality and cost-effectiveness of the total health care system. The two bills work in tandem to do so.

The two measures I introduce today build upon, modify, strengthen, and integrate bills to the same effect introduced separately by Representatives JAMES H. SCHEUER and ANDREW MAGUIRE.

Healthy mothers and healthy children represent the fruits of truly preventive health services that are rendered at a crucial time during the human life cycle. Therefore, the children and mothers of our Nation cannot wait for the promise of national health insurance—a promise which has been on the legislative agenda for a long period of time. I believe the time is now for the Congress to be the effective advocate for the health and well being of the mothers and children. It is time to invest together in our Nation's health future. The major provisions of the National Health Insurance for Mothers and Children Act include:

Comprehensive ambulatory—including home health, rehabilitative, social and mental health services—and hospital care for children from birth up to the age of 18 with incentives for preventive children's health services included in the benefit package.

All appropriate prenatal and post-partum health care for women, up to 12 weeks after childbirth.

Support services—transportation, outreach, dependent care—for special populations or those persons determined to have a high risk of infant and maternal morbidity.

Only such limited cost sharing and special reimbursement incentives that would stimulate the development and acceptance by both provider and patient of maternal and child health group practices.

Payments for health professionals on the basis of specified and negotiated fee schedules, periodically adjusted according to such economic index or indices determined to be appropriate.

Payment for institutions according to budgets agreed to in advance—prospective budgeting.

Specific standards for health institutions and health professionals qualified for reimbursement under the maternal and child health programs.

Second consultation for certain surgical procedures.

Financing through payroll taxes and general revenues.

The major provisions of the Comprehensive Maternal and Child Health Practice Act include:

First. A program designed to foster the development of group practices for the delivery of maternal and child health care.

Second. Grants, contracts and loan guarantees—$93,500,000 authorized—for the initial planning and operational costs of group practices consisting of pediatricians, family practitioners, obstetricians/gynecologists and other health professionals—such as nurse practitioners and nurse midwives—who deliver maternal and child health services.

Third. Medical malpractice reinsurance for claims brought against a comprehensive maternal and child health practice.

Fourth. The sum of $30 million authorized for health professions educational programs related to providing health care through comprehensive maternal and child health group practice.

Fifth. Special consideration for assignment of national Health Service Corps personnel to those practicing in comprehensive maternal and child health practices.

S. 3592

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Comprehensive Maternal and Child Health Practice Act".

PART A—ASSISTANCE FOR COMPREHENSIVE MATERIAL AND CHILD HEALTH PRACTICE

FINDINGS AND DECLARATION OF PURPOSE

Sec. 1. (a) The Congress hereby finds and declares that improving the provision and the delivery of health care to mothers and children is of critical importance and of the highest national priority and that present programs of health services do not provide for such continuing, efficient, and comprehensive health care, and lead to an unnecessary duplication of facilities, equipment, and personnel.

(b) It is the purpose of this title to provide financial and technical assistance through loans, grants, supplementary financing and otherwise to health service institutions and organizations which will stimulate and enable such institutions and organizations to plan, develop, and implement comprehensive material and child health practice.

Sec. 2. (a) For purposes of this title, the term "comprehensive maternal and child health practice" means a legal entity which is organized and operated in the following manner:

(1) Except for an entity which will provide medical services for special populations—

(A) the entity shall provide medical services by at least five health professionals licensed to practice medicine or osteopathy;

(B) of the health professionals providing services for the entity, at least one-half or three, whichever is greater, shall be health professionals engaged in family practice or general pediatrics practice;

(C) the principal source of professional practice income for a majority of the health professionals shall be required to be derived from covered professional services provided through their relationship to the entity; and

(D) the entity providing medical services to a special population shall provide medical services through at least three health professionals who are licensed to practice medicine or osteopathy and two of whom are engaged in family practice or general pediatric practice.

(2) The entity shall offer a comprehensive range of pediatric obstetrical services reasonably expected to meet the majority of the medical needs of the women and children which it serves. These services shall include covered professional services (including consultant and referral services by a physician), medically necessary emergency health services, diagnostic laboratory services, and preventive health and health education services.

(3) The entity shall offer each of its patients a readily identifiable individual who shall either be a physician or other licensed or certified health professional and who shall be primarily responsible for continuity in the care provided the patient by the entity.

(4) The members of the entity shall share equipment, facilities, and professional, technical, and administrative personnel.

(5) The entity shall—

(A) maintain a unitary record system,

(B) provide for a system of assurance of the quality of medical care delivery through the entity,

(C) meet applicable standards of accreditation of the American Group Practice Association or the Council on Ambulatory Care of the Joint Commission on the Accreditation of Hospitals, and

(D) operate under a unitary administrative structure which includes billing services and opportunities for patients to register and resolve grievances regarding billing or the quality of medical care through the entity.

(6) The entity shall maintain an information program for the residents of its medical service area which fully discloses—

(A) the covered professional services offered through the entity, and

(B) the method by which patients of the entity may resolve grievances respecting billing for covered professional services or the quality of the covered professional services.

(7) The entity shall to the extent feasible use such additional professional personnel (including "physician extenders"), allied health professions personnel and other health personnel (as specified in regulations of the Secretary) as are available and appropriate for the effective and efficient delivery of the services to patients.

PRIORITIES FOR GRANTS AND CONTRACTS

Sec. 3. In providing any assistance under this title the Secretary shall give a priority to grants and contracts which will establish an entity that will provide "covered professional services" through a prepaid payment schedule.

GRANTS AND CONTRACTS FOR FEASIBILITY SURVEYS

Sec. 4. (a) The Secretary may make grants to public and nonprofit private entities and enter into contracts with public and private entities for projects for surveys for other activities to determine the feasibility of—

(1) developing and operating comprehensive material and child health practices, or

(2) expanding significantly the operation of existing comprehensive maternal and child health practices.

(b) An application for a grant or contract under subsection (a) shall contain assurances satisfactory to the Secretary that, in conducting surveys or other activities with the assistance of a grant or contract under such subsection the applicant will cooperate with the health systems agency (defined under section 1512 of the Public Health Service Act) whose health service area (defined in section 1511 of the Public Health Service Act) covers (in whole or in part) the area for which the survey or other activity will be conducted.

(c) Of the sums appropriated for any fiscal year under section 9 for grants and contracts under this section, not less than 20 percent shall be set aside and obligated each fiscal year for projects to determine the feasibility of developing and operating or expanding the operation of comprehensive maternal and child health practices which the Secretary determines may reasonably be expected to have after their development or expansion not less than two-thirds of their patients drawn from residents of special populations.

GRANTS, CONTRACTS, AND LOAN GUARANTEES FOR PLANNING AND FOR INITIAL DEVELOPMENT COSTS

SEC. 5. (a) The Secretary may—

(1) make grants to public and nonprofit private entities and enter into contracts with public and private entities for planning projects for—

(A) the establishment of comprehensive maternal and child health practices, or

(B) the significant expansion of comprehensive maternal and child health practices; and

(2) guarantee to non-Federal lenders payment of the principal of and the interest on loans made to private entities for planning projects for the establishment of comprehensive maternal and child health practices or for the significant expansion of comprehensive maternal and child health practices.

(b) The Secretary may—

(1) make grants to public and nonprofit private entities and enter into contracts with public and private entities for projects for the initial development of comprehensive maternal and child health; and

(2) guarantee to non-Federal lenders payment of the principal of and the interest on loans made to any private entity for projects for the initial development of comprehensive maternal and child health practices.

(c) In considering applications for grants, contracts, or loan guarantees under subsection (a) or (b)—

(1) the Secretary may not approve such an application unless it contains or is supported by assurances satisfactory to the Secretary that, at the time the comprehensive maternal and child health practice for which such application is submitted first becomes operational after its development or expansion, it will cooperate in the conduct of the studies authorized by part D; and

(2) the Secretary shall in addition to the priority established under section 3 give priority to an application which contains or is supported by assurances satisfactory to the Secretary that, at the time the comprehensive maternal and child health practice for which such application is submitted first becomes operational after its development or expansion, it will serve a special population.

(d) (1) The cumulative total of the principal of the loans outstanding at any time with respect to which guarantees have been issued under subsection (a) or (b) may not exceed such limitations as may be specified in appropriation Acts.

(2) Loan guarantees under subsection (a) or (b) may be made through the fiscal year ending September 30, 1980.

(3) The aggregate amount of principal of loans guaranteed under subsection (a) or (b) for any project may not exceed $1,000,000.

LOANS AND LOAN GUARANTEES FOR INITIAL OPERATIONS COSTS

SEC. 6. (a) The Secretary may—

(1) make loans to comprehensive maternal and child health practices to assist them in meeting the amount by which their operating costs in the period of the first 36 months of their operation exceed their revenues in that period;

(2) make loans to comprehensive maternal and child health practices to assist them in meeting the amount by which their operating costs, which the Secretary determines are attributable to significant expansion in patients served and which are incurred in the period of the first 36 months of their operation after such expansion, exceed their revenues in that period which the Secretary determines are attributable to such expansion; and

(3) guarantee to non-Federal lenders payment to the principal of and the interest on loans made to any private comprehensive medical practice for the amounts referred to in paragraph (1) or (2).

(b) In considering applications for loans or loan guarantees under subsection (a), the Secretary shall give priority to an application which contains or is supported by assurances satisfactory to the Secretary that the comprehensive maternal and child health practice for which the application is submitted will serve a special population.

(c) (1) The cumulative total of the principal of the loans outstanding at any time which have been directly made or with respect to which guarantees have been issued under subsection (a) may not exceed such limitations as may be specified in appropriation Acts.

(2) Loans under subsection (a) shall be made from the fund established under section 8.

(3) The cumulative total of the principal of the loans outstanding at any time with respect to which guarantees have been issued under subsection (a) may not exceed such limitations as may be specified in appropriation Acts.

(4) Loans and loan guarantees under subsection (a) may be made through the fiscal year ending September 30, 1980.

ADMINISTRAITON OF PART A

SEC. 7. (a) No grant, contract, loan, or loan guarantee may be made under this part unless an application therefor has been submitted to and approval by the Secretary.

(b) Payments under grants and contracts under this section may be made in advance or by way of reimbursement and at such intervals and on such conditions as the secretary finds necessary.

GENERAL PROVISIONS RELATING TO LOAN GUARANTEES AND LOANS

SEC. 8. (a) (1) The Secretary may not approve an application for a loan guarantee under this part unless he determines that (A) the terms, conditions, security (if any), and schedule and amount of repayments with respect to the loan are sufficient to protect the financial interests of the United States and are otherwise reasonable, including a determination that the rate of interest does not exceed such per centum per annum on the principal obligation outstanding as the Secretary determines to be reasonable, taking into account the range of interest rates prevailing in the private market for similar loans and the risks assumed by the United States, and (B) the loan would not be available on reasonable terms and conditions without the guarantee under this part.

(2) (A) The United States shall be entitled to recover from the applicant for a loan guarantee under this part the amount of any payment made pursuant to such guarantee, unless the Secretary for good cause waives such right of recovery; and, upon making any such payment, the United States shall be subrogated to all of the rights of the recipient of the payments with respect to which the guarantee was made.

(B) To the extent permitted by subparagraph (C), any terms and conditions applicable to a loan guarantee under this part (including terms and conditions imposed under subparagraph (D)) may be modified by the Secretary to the extent he determines it to be consistent with the financial interest of the United States.

(C) Any loan guarantee made by the Secretary under this part shall be incontestable (i) in the hands of an applicant on whose behalf such guarantee is made unless the applicant engaged in fraud or misrepresentation in securing such guarantee, (ii) as to any person (or his successor in interest) who makes or contracts to make a loan to such applicant in reliance thereon unless such person (or his successor in interest) engaged in fraud or misrepresentation in making or contracting to make such loan.

(D) Guarantees of loans under this part shall be subject to such further terms and conditions as the Secretary determines to be necessary to assure that the purposes of this part will be achieved.

(b) (1) The Secretary may not approve an application for a loan under this part unless—

(A) the Secretary is reasonably satisfied that the applicant therefor will be able to make payments of principal and interest thereon when due, and

(B) the applicant provides the Secretary with reasonable assurances that there will be available to it such additional funds as may be necessary to complete the project or undertaking with respect to which such loan is requested.

(2) Any loan made under this part shall—

(A) have such security,

(B) have such maturity date,

(C) be repayable in such installments,

(D) bear interest at a rate comparable to the current rate of interest prevailing, on the date the loan is made, with respect to loans guaranteed under this part, and

(E) be subject to such other terms and conditions (including provisions for recovery in case of default), as the Secretary determines to be necessary to carry out the purposes of this part while adequately protecting the financial interests of the United States.

(3) The Secretary may, for good cause but with due regard to the financial interests of the United States, waive any right of recovery which he has by reason of the failure of a borrower to make payments of principal of and interest on a loan made under this part, except that if such loan is sold and guaranteed, any such waiver shall have no effect upon the Secretary's guarantee of timely payment of principal and interest.

(c) (1) The Secretary may from time to time, but with due regard to the financial interests of the United States, sell loans made by him under this part.

(2) The Secretary may agree, prior to his sale of any such loan, to guarantee to the purchaser (and any successor in interest of the purchaser) compliance by the borrower with the terms and conditions of such loan. Any such agreement shall contain such terms and conditions as the Secretary considers necessary to protect the financial interests of the United States or as otherwise appropriate. Any such agreement may (A) provide that the Secretary shall act as agent of any such purchaser for the purpose of collecting from the borrower to which such loan was made and paying over to such purchaser, any payments of principal and interest payable by such organization under such loan; and (B) provide for the repurchase by the Secretary of any such loan on terms and conditions as may be specified in the agreement. The full faith and credit of the United States is pledged to the payment of all amounts which may be required to

be paid under any guarantee under this paragraph.

(3) After any loan under this part to a public comprehensive maternal and child health practice has been sold and guaranteed under this subsection, interest paid on such loan which is received by the purchaser thereof (or his successor in interest) shall be included in the gross income of the purchaser of the loan (or his successor in interest) for the purpose of chapter 1 of the Internal Revenue Code of 1954.

(4) Amounts received by the Secretary as proceeds from the sale of loans under this subsection shall be deposited in the loan fund established under subsection (e).

(d) There is established in the Treasury a loan guarantee fund (hereinafter in this subsection referred to as the "fund") which shall be available to the Secretary without fiscal year limitation, in such amounts as may be specified from time to time in appropriation Acts, to enable him to discharge his responsibilities under loan guarantees issued by him under this part. There are authorized to be appropriated from time to time such amounts as may be necessary to provide the sums required for the fund. To the extent authorized in appropriation Acts, there shall also be deposited in the fund amounts received by the Secretary in connection with loan guarantees under this part and other property or assets derived by him from his operations respecting such loan guarantees, including any money derived from the sale of assets.

(e) There is established in the Treasury a loan fund (hereinafter in this subsection referred to as the "fund") which shall be available to the Secretary without fiscal year limitation, in such amounts as may be specified from time to time in appropriation Acts, to enable him to make loans under this part. There shall also be deposited in the fund amounts received by the Secretary as interest payments and repayment of principal on loans made under this part and other property or assets derived by him from his operations respecting such loans, from the sale of loans under subsection (c) of this section, or from the sale of assets.

AUTHORIZATION OF APPROPRIATIONS

SEC. 9. (a) For payments under grants and contracts under sections 4(a)(1), 5(a)(1)(A), and 5(b) there are authorized to be appropriated $5,500,000 for the fiscal year ending September 30, 1978, $6,000,000 for the fiscal year ending September 30, 1979, and $7,000,000 for the fiscal year ending September 30, 1980.

(b) For payments under grants and contracts under sections 4(a)(2) and 5(a)(1)(B) there are authorized to be appropriated $20,000,000 for the fiscal year ending September 30, 1978, $25,000,000 for the fiscal year ending September 30, 1979, and $30,000,000 for the fiscal year ending September 30, 1980.

PART B—MEDICAL MALPRACTICE REINSURANCE PROGRAM FOR COMPREHENSIVE MATERNAL AND CHILD HEALTH EXPENSES

GENERAL AUTHORITY

SEC. 10. (a) The Secretary may, through an identifiable administrative unit within the Department of Health, Education, and Welfare, take such action as may be necessary to make available, in accordance with this part and subject to such regulations as the Secretary may prescribe, to insurance companies and other insurers and pools of insurance companies and other insurers reinsurance against the part of claims brought by any of their insureds which are comprehensive maternal and child health practices and arising out of medical malpractice which exceed $100,000.

(b) Reinsurance under subsection (a) shall be made available pursuant to contract, agreement, or any other arrangement, in consideration of such payment of a premium fee, or other charge as the Secretary finds necessary to cover anticipated claims and other costs of providing such reinsurance.

PAYMENT OF CLAIMS

SEC. 11. The Secretary shall establish the general method or methods by which proved and approved claims which are covered by reinsurance made available under this part may be adjusted and paid for.

USE OF EXISTING FACILITIES AND SERVICES

SEC. 12. In carrying out his responsibilities under this part, the Secretary may use—

(1) insurance companies and other insurers, insurance agents and brokers, and insurance adjustment organizations, as fiscal agents of the United States; and

(2) officers and employees of any executive agency (as defined in section 105 of title 5, United States Code) as the Secretary and the head of such agency may from time to time agree upon, on a reimbursement or other basis.

RECOVERY OF PREMIUMS

SEC. 13. (a) The Secretary, in a suit brought in the appropriate United States district court, shall be entitled to recover from any insurer the amount of any unpaid premiums lawfully payable by such insurer to the Secretary.

(b) No action or proceeding shall be brought for the recovery of any premium due to the Secretary for reinsurance, or for the recovery of any premium paid to the Secretary in excess of the amount due to him, unless such action or proceeding shall have been brought within five years after the right accrued for which the claim is made, except that, where the insurer has made or filed with the Secretary a false or fraudulent annual statement, or other document with the intent to evade, in whole or in part, the payment of premiums, the claim shall not be deemed to have accrued until its discovery by the Secretary.

REPORTS AND AUDITS

SEC. 14. (a) As a condition to the receipt of reinsurance under this part, each insurer and pool of insurers which is reinsured under this part shall file with the Secretary—

(1) a copy of each annual statement (and any amendments to it) filed with the insurance authority of the State in which reinsurance under this part is effective; and

(2) information respecting—

(A) actual claims asserted by patients (or their legal representatives) against comprehensive maternal and child health practices which are insureds of the insurers,

(2) reports of adverse medical incidents filed by such insureds, and

(B) reports of adverse medical incidents filed by such insureds, and

(C) any other matter pertaining to medical malpractice insurance as the Board may determine is necessary for the effective administration of the reinsurance in this part.

(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purposes of investigation, audit, and examination to any books, documents, papers, and records of any insurer or pool reinsured under this part that are pertinent to reinsurance provided under this part. Such audit shall be conducted to the maximum extent feasible in coperation with State insurance authorities.

PART C—EDUCATION AND TRAINING

AUTHORITY FOR GRANTS AND CONTRACTS

SEC. 20. (a) The Secretary may, upon application and upon such conditions as the Secretary may prescribe, make grants to and enter into contracts with public and nonprofit private entities for the following projects:

(1) Projects to promote the teaching of students in health professional schools respecting alternative methods of delivering medical care.

(2) Projects to promote the training within comprehensive maternal and child health practices of students of health professional schools and individuals in residency training programs in family medicine and general pediatrics. Priorities shall be given to projects involving comprehensive maternal and child health practices serving medically underserved populations.

(3) Projects to promote and establish programs under which comprehensive maternal and child health practices serving special populations are provided support services by health professional schools, including telephone and other telecommunication consultations and visits by the faculties of such schools.

(4) Projects to promote programs for the training of individuals (including physicians) in the management of comprehensive maternal and child health practices and to provide consultation and technical assistance to comprehensive maternal and child health practices to assist them in the management of their practices.

(b) For payments under grants and contracts under this section, there are authorized to be appropriated $7,500,000 for the fiscal year ending September 30, 1978, $10,000,000 for the fiscal year ending September 30, 1979, and $12,500,000 for the fiscal year ending September 30, 1980.

NATIONAL HEALTH SERVICE CORPS

SEC. 21. (a) In the administration of the National Health Service Corps program (under section 329 of the Public Health Service Act) the Secretary shall give special consideration to applications for assignment of National Health Service Corps personnel to practice in comprehensive maternal and child health practices (as defined in section 2 of this Act).

(b) In the case of any individual—

(1) who has received a degree of doctor of medicine or doctor of osteopathy;

(2) who obtained (A) one or more loans from a loan fund established under part C of title VII of the Public Health Service Act, or (B) any other educational loan for his costs at a school of medicine or osteopathy; and

(3) who enters into an agreement with the Secretary to practice his profession (as a member of the National Heath Service Corps or otherwise) for a period of at least two years in a comprehensive maternal and child health practice (as defined in section 2, providing covered professional services through a fee payment schedule to a special population, the Secretary shall make payments in accordance with subsection (b), for and on behalf of that individual, on the principal of and interest on any loan of his described in paragraph (2) of this subsection which is outstanding on the date he begins the practice specified in the agreement described in paragraph (3) of this subsection.

(c) The payments described in subsection (a) shall be made by the Secretary as follows: Upon completion by the individual for whom the payments are to be made of each year of the practice specified in the agreement he entered into with the Secretary under subsection (a), the Secretary shall pay 12.5 percent of the principal of, and the interest on, each loan of such individual described in subsection (a) which is outstanding on the date he began such practice, except that if such practice was in a comprehensive maternal and child health practice serving special populations the payment shall be 25 percent of such principal and interest.

(d) Notwithstanding the requirement of completion of practice specified in subsection (b), the Secretary shall, on or before the due date thereof, pay any loan or loan installment which may fall due within the period of practice for which the borrower may receive payments under this section, upon the declaration of such borrower, at such times and in such manner as the Secretary may prescribe (and supported by such other evidence as the Secretary may reasonably require), that the borrower is then engaged as described by subsection (a), and that he will continue to be so engaged for the period required (in the absence of this subsection) to entitle him to have made the payments provided by this section for such period; except that not more than 85 percent of the principal of any such loan shall be paid pursuant to this subsection.

(e) A borrower who fails to fulfill an agreement with the Secretary entered into under subsection (a) shall be liable to reimburse the Secretary for any payments made pursuant to subsection (b) or (c) in consideration of such agreement.

SPECIAL POPULATION

SEC. 22. (a) For the purposes of this Act the term "special population" means individuals—

(1) who reside in a health manpower shortage area, as determined by the Secretary, or

(2) who, because of poverty, discrimination, or cultural barriers, are determined by the Secretary to suffer a higher risk of infant and maternal morbidity and mortality than other individuals.

(b) For the purposes of subsection (a), the term "health manpower shortage area" means—

(1) an area in an urban or rural area (which need not conform to the geographic boundaries of a political subdivision and which is a rational area for the delivery of health care) which the Secretary determines has a health manpower shortage, or

(2) a population group which the Secretary determines has such a shortage.

S. 3593

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act with the table of contents may be cited as the "National Health Insurance for Mothers and Children Act.".

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FINDINGS AND DECLARATION OF PURPOSE

SEC. 2. (a) The Congress finds and declares that—

(1) the mothers and children of this Nation are the foundation of its future strength, productivity, and prosperity;

(2) adequate health care for mothers and children is essential to safeguard this precious resource; and

(3) adequate medical care for pregnant women and children has the greatest potential for improving the health status of the general population.

(b) The purpose of this Act is—

(1) to establish a system of national health insurance and health care benefits for children and pregnant women residing in the United States;

(2) to increase the access of such individuals to health care, to enhance its quality, and to emphasize the prevention of disease as well as the treatment of illness; and

(3) to improve the efficiency and the use of resources and to restrain the increasing costs of maternal and child health care, while providing fair and reasonable compensation to those who furnish it.

FREE CHOICE BY PATIENT AND PRACTITIONER

SEC. 3. The administration of this Act shall not interfere with the freedom of any physician to choose to whom health care will be provided by the physician or any patient to choose the physician from whom they will receive health care.

OBSERVANCE OF RELIGIOUS BELIEFS

SEC. 4. Nothing in this Act shall be construed to authorize the Secretary or the Board (or any of their agents of employees) to compel any person to undergo any medical screening, examination, diagnosis, or treatment, or to accept any other health care services provided under this Act for any purpose; and the participation by any individual in health care provided under this Act shall be wholly voluntary.

TITLE I—GENERAL PROVISIONS AND ADMINISTRATION

PART A—GENERAL PROVISIONS

DEFINITIONS

SEC. 101. For the purposes of this Act, the term—

(1) "Secretary" means the Secretary of Health, Education, and Welfare;

(2) "Board" means the Maternal and Child Health Board established by section 111;

(3) "child" means an individual from the time of birth to the age of eighteen years;

(4) "woman" means a female during pregnancy and during the twelve weeks immediately following her pregnancy;

(5) "Council" means the National Maternal and Child Health Council established by section 121;

(6) "covered service" means a health care service or item described in title II for which payment may be made in accordance with title III of this Act; and

(7) "alien lawfully admitted for permanent residence" includes an alien permanently residing in the United States under color of law and an alien who is lawfully present in the United States as a result of the application of section 203(a)(7) or section 212(d)(5) of the Immigration and Nationality Act; and

(8) "State" includes the District of Columbia, the Commonwealth of Puerto Rico, and the territory of the Virgin Islands, Guam, and American Samoa.

ELIGIBILITY FOR BENEFITS

SEC. 102. (a) Every individual—

(1) who is a citizen of the United States or an alien lawfully admitted for permanent residence, and

(2) who is a child or who is pregnant,

shall be eligible to have payment made for health care services received by such individual in accordance wtih the provisions of this Act.

(b) Any female individual who is described in subsection (a) (1) shall be eligible to have payment for health care services received by such individual in order to determine whether or not such individual is pregnant, in accordance with the provisions of this Act.

PART B—ADMINISTRATION

ESTABLISHMENT OF THE MATERNAL AND CHILD HEALTH BOARD

SEC. 111. (a) There is hereby established in the Department a Maternal and Child Health Board to be composed of five members to be appointed by the President, by and with the consent of the Senate. During his term of membership on the Board, no member shall engage in any other business, vocation, or employment. Not more than two members of the Board shall be members of the same political party.

(b) Each member of the Board shall hold office for a term of five years except that—

(1) a member appointed to fill a vacancy occurring during the term for which his predecessor was appointed shall be appointed for the remainder of that term, and

(2) the terms of office of the members first appointed shall expire, as designated by the President at the time of their appointment, at the end of one, three, and five years, respectively, after the date of enactment of this Act.

A member who has served for two consecutive five-year terms shall not be eligible for reappointment until two years after he has ceased to serve.

(c) The President shall designate one of the members of the Board as Chairman of the Board.

DUTIES OF THE BOARD

SEC. 112. (a) In addition to the specific duties given the Board under this Act, the Board shall—

(1) except as specifically provided under this Act, have the duty of administering titles II and III of this Act (relating to nature and scope of benefits and administration and method of payment of benefits under this Act), and

(2) have the general duty of continuously studying the operation of this Act and of the most effective methods of providing comprehensive personal health services to mothers and children in the United States, and of making recommendations on legislation and matters of administrative policy with respect thereto.

(b) The Board shall make an annual report to the Congress on the administration of the functions with which it is charged. The report shall include, for periods prior to the effective date of health benefits, an evaluation by the Board of the progress in preparing for the initiation of benefits under this Act, and for periods thereafter, an evaluation of the operation of the Act, of the adequacy and quality of services furnished under it, of the adequacy of compensation to the providers of services, of the costs of the services and the effectiveness of measures to control such costs, of its coordination with the National Council on Health Planning and Development established under the Public Health Service Act and of detailed comments respecting disapproval of any Maternal and Child Health Council recommendations.

(c) The Secretary shall make available to the Board all information available to him from sources within the Department or from other sources, pertaining to the functions and duties of the Board.

EXECUTIVE DIRECTOR, EMPLOYMENT OF STAFF, AND DELEGATION OF AUTHORITY

SEC. 113. (a) There is hereby established the position of Executive Director of the Maternal and Child Health Board. The Executive Director shall be appointed by the Board with the approval of the Secretary and shall perform such duties in the administration of this Act as the Board assigns.

(b) (1) The Board is authorized to employ such individuals, in accordance with the provisions of title 5, United States Code, as may be necessary to carry out its functions under this Act.

(2) To the extent it deems it consistent with the purposes of this Act and its duties under this Act, the Board may employ such hearing examiners as it determines to be necessary to promote the resolution of disputes over—

(1) an individual's eligibility for covered benefits under section 102;

(2) the qualifications of institutions, under section 202;

(3) the appropriateness of a fee payment schedule, prospective rate schedule, wholesale cost schedule, of dispensing fee schedule established under title III;

(4) the reasonableness of payments for special population benefits, under section 333; or

(5) violation of an agreement required under section 307 or the requirements of title III under section 307.

(c) The Board is authorized to delegate to the Executive Director, to any other officer or employee of the Board, or, with the approval of the Secretary, to any other officer or employee of the Department, any of its functions or duties under this Act, other than the issuance of regulations.

REGULATIONS OF AND SUBPOENAS BY THE BOARD

SEC. 114. (a) The Board shall prescribe such regulations as may be necessary to carry out its duties under this Act.

(b) (1) For the purpose of any hearing, investigation, or other proceeding authorized under this Act, the Board may issue subpoenas requiring persons any place in the United States to attend and testify as witnesses at the designated place of such hearing, investigation, or other proceeding, and to produce any evidence that relates to any matter under investigation or in question before the Board. Subpoenas of the Board shall be served by anyone authorized by it by delivering a copy thereof to the person named therein, or by mailing a copy by registered mail or by certified mail addressed to such individual at his last dwelling place or principal place of business. A certified return by the individual so serving the subpoena setting forth the manner of service, or, in the case of service by registered mail or by certified mail, the return post office receipt therefor signed by the person so served, shall be proof of service. Witnesses so subpoenaed shall be paid the same fees and mileage as are paid witnesses in the district courts of the United States.

(2) In case of contumacy by, or refusal to obey a subpoena duly served upon, any person, any district court of the United States for the judicial district in which such person charged with contumacy or refusal to obey is found or resides or transacts business, upon application by the Board, shall have jurisdiction to issue an order requiring such person to appear and give testimony, or to appear and produce evidence, or both; any failure to obey such order of the court may be punished by such court as contempt thereof.

FUNDS FOR THE EVALUATION OF THE MATERNAL AND CHILD HEALTH CARE PROGRAM

SEC. 115. (a) The Secretary shall allocate to the Office of Research and Statistics of the Social Security Administration an amount equal to one-tenth of 1 per centum of the total amount of payments made under this Act for the purpose of evaluating the operation of this Act and the impact of such operation on existing private health insurance programs.

(b) Not less often than annually, such Office shall report to the Secretary, to the Board, and to the Congress on the operation of this Act and shall include in such report any recommendations for changes in the operation of this Act.

PART C—ADVISORY COUNCIL

ESTABLISHMENT OF NATIONAL MATERNAL AND CHILD HEALTH COUNCIL

SEC. 121. (a) There is hereby established a National Maternal and Child Health Council, which shall consist of the Chairman of the Board, who shall serve as Chairman of the Council, and ten members, not otherwise in the employ of the United States, appointed by the Secretary, on recommendation of the Board, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, as follows:

(1) not less than six individuals who—

(A) are not engaged in and have no financial interest in the furnishing of any health services,

(B) as a result of their training, experience or attainments are exceptionally well qualified, as representatives of consumers of maternal and child health care services,

(C) as a result of their training, experience or attainments are exceptionally well qualified and familiar with the health care needs of mothers and children, and

(D) as a result of their training, experience or attainments are exceptionally well qualified and experienced in dealing with problems associated with the obtaining of maternal and child health care services; and

(2) not more than four individuals who—

(A) as a result of their training, experience or attainments are exceptionally well qualified in fields related to medical, hospital, or other health activities, or

(B) as a result of their training, experience or attainments are exceptionally well qualified and representative of organizations or associations of professional health personnel.

(b) Each member of the Council shall serve for a term of five years, except that—

(1) any member appointed to fill a vacancy occurring during the term for which his predecessor was appointed shall be appointed for the remainder of that term; and

(2) the terms of members first appointed shall expire, as designated by the Secretary at the time of their appointment, two at the end of the first year, two at the end of the second year, two at the end of third year, two at the end of the fourth year, and two at the end of the fifth year after the date of enactment of this Act.

DUTIES OF COUNCIL

SEC. 122. (a) The Council shall—

(1) advise the Board on matters of general policy in the administration of this Act, in the formulations of regulations, and in the performance of the Board's functions and duties,

(2) study the operation of this Act and the use of maternal and child health care services under it, and

(3) recommend to the Board such changes in the administration of the provisions of the Act as it deems desirable.

(b) The Council shall make an annual report to the Board on the performance of its functions, including any recommendations it may have with respect thereto, and shall promptly transmit such report to Congress.

(c) The Council shall meet as frequently as the Board deems necessary, but not less than four times each year. Upon request of six or more members, it is the duty of the Chairman to call a meeting of the Council.

APPOINTMENT OF STAFF AND COMPENSATION

SEC. 123. (a) The Council is authorized to appoint such professional or technical consultants as may be necessary to carry out its duties.

(b) The Board shall provide such secretarial, clerical, and other assistance as the

Council may require to carry out its duties under this Act.

(c) Members of the Council and technical or professional consultants, while serving or traveling on business of the Council, shall receive compensation at rates fixed by the Board, but not in excess of the equivalent of the daily rate paid under GS-18 of the general schedule under section 5332 of title 5, United States Code; and while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703(b) of title 5, United States Code, for persons in Government service employed intermittently.

TITLE II—NATURE AND SCOPE OF BENEFITS

PART A—DEFINITIONS AND QUALIFICATIONS OF INSTITUTIONS

DEFINITION, GENERAL TERMS AND SERVICES

SEC. 201. For the purpose of this title and title III, the term—

(1) "physician" means a doctor of medicine, osteopathy, dentistry, optometry, or podiatry who is legally authorized to practice his or her profession in the State in which he or she performs such functions;

(2) "physician extender" means a physician assistant, dental auxiliary, nurse practitioner, or nurse midwife under the supervision of a physician whether or not performed in the office of such physician or at a place at which he or she is present if the individual may legally perform the services in the State in which the services are performed;

(3) "professional services" means medical services provided by a physician or physician extender and includes materials and supplies commonly furnished, without separate charge, by a physician or physician extender as an incident to the provision of such services;

(4) "preventive children's health services" means professional services the frequency and content of which are determined by the Board, after consultation with the Council, to be ordinarily necessary to maintain the health of a child and to prevent common illnesses, and may include medical and dental evaluations, immunizations, screening for vision and hearing defects, and appropriate health education;

(5) "inpatient services" means—

(A) bed and board;

(B) such nursing, medical, rehabilitative, and other services as are ordinarily furnished by a qualified hospital for the care and treatment of inpatients;

(C) such mental health services, including psychiatric and psychological services, only as are authorized pursuant to regulations established by the Board for the health of the child;

(D) drugs, biologicals, blood and blood products, supplies, appliances, and equipment for use in a hospital for the care and treatment of inpatients; and

(E) such other diagnostic and therapeutic items and services ordinarily furnished by a qualified hospital, or by others by arrangement with such hospital, to inpatients.

(6) "home health services" means nursing services and homemaking services, as defined by the Board;

(7) "diagnostic services" means tests for the purpose of providing information for the diagnosis, prevention, or treatment of any injury, disability, or disease or for the assessment of the health of an individual;

(8) "emergency medical care" means medical care for patients with a severe, life-threatening, or potentially disabling condition which requires medical intervention within minutes or hours after the onset of such condition; and

(9) "support services" means services described in section 233.

STANDARDS FOR QUALIFIED INSTITUTIONS

SEC. 202. For the purposes of this title and title III, the term—

(1) "qualified hospital" means a hospital which, as determined in accordance with section 203—

(A) provides diagnostic and therapeutic services to patients for a variety of medical conditions;

(B) maintains clinical records on all its patients;

(C) has published bylaws in effect with respect to the qualifications, rights, and responsibilities of its staff of physicians;

(D) shall not discriminate on any arbitrary ground unrelated to professional qualification in the granting or maintaining of medical staff privileges;

(E) requires that every patient must be under the direct and personal care of a single physician;

(F) provides twenty-four-hour nursing service rendered or supervised by a registered professional nurse, and has a licensed practical nurse or registered professional nurse on duty at all times;

(G) has a pharmaceutical and drug therapeutics committee which establishes policies for the selection, acquisition, and use of drugs;

(H) has in effect a hospital utilization review plan which meets the requirements of title XVIII of the Social Security Act;

(I) meets all applicable requirements of the laws of the State and of the locality in which it is situated; and

(J) meets such other requirements as the Board finds necessary in the interest of the health and safety of the individuals who are furnished services in such institution.

(2) "qualified pediatric unit" means a unit in a qualified hospital which, as determined in accordance with section 203—

(A) is a separate unit in the hospital for the exclusive use of children;

(B) contains at least twelve beds;

(C) has an annual occupancy rate of at least 70 per centum;

(D) has no restrictions on visiting hours for parents and guardians except as medically required; and

(E) has a reasonable and adequate arrangement for overnight accommodation of the parent, guardian, or adult friend of a patient under the age of seven years.

(3) "qualified obstetrical unit" means a unit in a qualified hospital which, as determined in accordance within section 203—

(A) is a separate unit in the hospital for the exclusive use of obstetrical patients;

(B) has an average of at least—

(i) 500 deliveries annually if located in a rural area (as defined by the Board), or

(ii) 1,500 deliveries annually if not located in a rural area.

The Board may waive the required number of deliveries specified in subparagraph (B) (i) if it finds it in the best interest of the medical care of pregnant women in the area.

(4) "qualified nursing home" means an institution which, as determined in accordance with section 203—

(A) provides skilled nursing and related services to inpatients who are not being treated primarily for mental illness;

(B) has written policies, established and periodically reviewed by a group including at least one physician and at least one registered nurse, governing its furnishing of health services, including the dispensing and administering of drugs;

(C) has a full-time physician or full-time registered nurse supervising its furnishing of medical services;

(D) requires that every patient must be under the direct and personal care of a single physician;

(E) has a physician available to furnish emergency medical care;

(F) maintains clinical records on all its patients;

(G) has in effect a utilization review plan which meets the requirements of title XVIII of the Social Security Act;

(H) meets all applicable requirements of the laws of the State and of the locality in which it is situated;

(I) provides for examination of a patient by a physician within twenty-four hours of the time of his admission to it;

(J) provides for admission of a patient only after a certification by a physician that the patient requires care in such a facility;

(K) has a separate unit in the nursing home for the exclusive use of children; and

(L) meets such other requirements as the Board finds necessary in the interest of the health and safety of the individuals who are furnished services in such institution.

(5) "qualified home health agency" means an institution which, as determined in accordance with section 203—

(A) is a public or nonprofit organization, or subdivision thereof;

(B) provides skilled nursing, homemaker, home health, and other medical and social services to assure patients' health and welfare in their homes;

(C) has written policies, established and periodically reviewed by a group including at least one physician and at least one registered nurse, governing its furnishing of services;

(D) has a full-time physician or full-time registered nurse supervising its furnishing of home health services;

(E) maintains clinical records on all its patients;

(F) meets all applicable requirements of the laws of the States and of the localities in which it furnishes services; and

(G) meets such other requirements as the Board finds necessary in the interest of the health and safety of the individuals who are furnished services in such institution.

(6) "qualified pathology laboratory" means a facility for the biological, microbiological, serological, chemical, immuno-hematological, hematological, biophysical, cytological, pathological, or other examination of materials derived from the human body, which meets all applicable requirements of the laws of the State and of the locality in which it is situated.

DETERMINATION OF QUALIFIED INSTITUTIONS

SEC. 203. (a) In determining the qualifications of an institution under section 202, the Board shall consult, pursuant to this section, with appropriate State agencies, recognized national listing or accrediting bodies, and health systems agencies (established pursuant to title XV of the Public Health Service Act).

(b)(1) The Board shall delegate, to the extent that the Board finds it appropriate, to a State health agency or other appropriate State agency (hereinafter in this subsection referred to as the "State health agency"), the function of determining whether or not an institution meets any or all of the qualifications of section 202.

(2) If the Board finds that accreditation of an institution by the Joint Commission on Accreditation of Hospitals, the American Osteopathic Association, or any other national accrediting body provides reasonable assurance that any or all of the qualifications of section 202 are met, it may, to the extent it deems it appropriate, treat such institution or agency as meeting the qualification or qualifications with respect to which the Board made such finding.

(3) The Board may agree with the State health agency for such agency to survey—

(A) on a selective sample basis, or

(B) when the Board finds that a survey is appropriate because of substantial allegations of the existence of a significant deficiency or deficiencies, which, if found to be present, would adversely affect the health, welfare, or safety of patients,

any institution whose qualifications under section 202 are reviewed under subsection (b)(2) or section 303(a)(2)(A), and which has made an agreement with the Board pursuant to section 321(b)(3).

(4) No later than sixty days after the completion, pursuant to paragraph (1) or (3), of a survey by a State health agency of the qualifications of an institution under this Act, the Board shall publish the findings of each such survey in a readily available manner.

(c) The Board shall pay the State health agency for the reasonable cost of performing functions authorized under subsection (b).

Part B—Children's Benefits

COVERED PROFESSIONAL SERVICES

Sec. 211. (a) Except as provided in subsection (b), covered professional services shall include—

(1) preventive children's health services, and

(2) professional services for the diagnosis, treatment, or rehabilitation of a child following injury, disability, or disease.

(b) For the purposes of this section, covered professional services do not include—

(1) orthodontic services for children except for handicapping malocclusion;

(2) professional dental services for children under the age of four years;

(3) major surgery on a child not performed by a surgeon eligible or certified by a surgical specialty board;

(4) a tonsillectomy or adenoidectomy performed on a child without a second consultation by an independent physician as to the necessity for such surgery;

(5) any diagnostic or therapeutic procedure performed on a child without a second consultation by an independent physician as to the necessity for such diagnostic or therapeutic procedure, where the Board determines a second consultation respecting such procedure is appropriate or necessary for the health and welfare of the child; and

(6) psychiatric services except as provided under section 216 or except such inpatient psychiatric services as authorized pursuant to regulations established by the Board for the health and welfare of the child.

COVERED INPATIENT HOSPITAL SERVICES

Sec. 212. (a) Except as provided in subsections (b) and (c), covered inpatient hospital services shall include—

(1) inpatient services for a child of any age in any qualified hospital where a physician certifies, in accordance with regulations established by the Board, that the child requires emergency medical care;

(2) inpatient services for a child under the age of twelve years in a qualified pediatric unit; and

(3) inpatient services for a child of twelve years or older in a qualified hospital.

(b) For the purposes of this section, covered services do not include the services of a private duty nurse or attendant.

COVERED NURSING HOME SERVICES

Sec. 213. (a) Except as provided in subsection (b), covered nursing home services shall include inpatient services for a child in any qualified nursing home.

(b) Covered nursing home services under this section are limited to 120 days of inpatient services annually, but not more than 60 consecutive days in any one quarter.

COVERED HOME HEALTH SERVICES

Sec. 214. (a) Except as provided in subsection (b), covered home health care services shall include home health care services furnished by a qualified home health agency, where a physician certifies, in accordance with regulations established by the Board, that such services are necessary for the health and welfare of a child.

(b) Covered home health care services under this section are limited to 120 days of home health care services annually, except it may be waived when the limitation will result in the physician certifying that such limitation will require institutionalization of the child in accordance with regulations established by the Board.

COVERED DIAGNOSTIC SERVICES

Sec. 215. Covered diagnostic services shall include diagnostic services performed by a qualified pathology laboratory for a child who is not an inpatient in a hospital or in a nursing home.

COVERED REHABILITATIVE, SOCIAL, AND MENTAL HEALTH SERVICES

Sec. 216. (a) Except as provided in subsection (b), covered rehabilitative, social and mental health services shall include—

(1) rehabilitative services, including physical therapy and speech therapy,

(2) social services, and

(3) mental health services, including psychiatric and psychological services,

furnished to a child who is not an inpatient in a hospital or nursing home, if furnished in a facility described in subsection (c), where a physician certifies, in accordance with regulations established by the Board, that such services are necessary for the health and welfare of a child.

(b) Covered rehabilitative, social, and mental health services under this section are limited as follows:

(1) rehabilitative services are limited to 60 visits, as defined by the Board, annually, and

(2) social and mental health services are limited to 60 visits, as defined by the Board, annually.

(c) A service described in subsection (a) is a covered service when furnished in a facility which—

(1) is run by a nonprofit or public organization, or subdivision thereof, and

(2) meets the applicable requirements of laws of the State and of the locality in which it is located.

COVERED DRUGS AND BIOLOGICALS

Sec. 217. (a) Covered drugs and biologicals shall include any drug or biological dispensed for use by a child who is not an inpatient in a hospital or nursing home, if—

(1) such drug or biological is required, by section 503(b) of the Federal Food, Drug, and Cosmetic Act, to be dispensed only upon prescription of a physician; and

(2) such drug or biological is prescribed to be taken by such child for a period of longer than ten therapeutic days.

(b) Covered drugs and biologicals shall also include insulin dispensed for use by a child who is not an inpatient in a hospital or nursing home.

COVERED DEVICES, APPLIANCES, AND EQUIPMENT

Sec. 218. (a) Except as provided in subsection (b), covered devices, appliances, and equipment shall include—

(1) the dispensing of such devices for the correction of the vision or hearing of a child, and

(2) the dispensing such other medical devices, appliances, and equipment for the treatment or rehabilitation of a child following injury, disability, or disease,

as a physician certifies, in accordance with regulations established by the Board, to be necessary for the health and welfare for such child.

(b) The Board may, by regulation, exclude from covered devices, appliances, and equipment under subsection (a) the dispensing of such devices, appliances, and equipment as the Board determines to be ineffective, unreliable, unvalidated or not cost-justified in the prevention, treatment or rehabilitation of child injury, disability, or disease.

Part C—Maternity Benefits

COVERED PROFESSIONAL SERVICES

Sec. 221. Covered professional services shall include professional services—

(1) for the diagnosis and treatment of pregnancy, and

(2) for the diagnosis and treatment of any injury, disability, or disease during pregnancy, and

(3) for the diagnosis and treatment of any injury, disability, or disease related to pregnancy during the period of twelve weeks immediately following the pregnancy.

COVERED INPATIENT HOSPITAL SERVICES

Sec. 222. (a) Except as provided in subsection (b), covered inpatient hospital services shall include—

(1) inpatient services for a woman during pregnancy in any qualified hospital where a physician certifies, in accordance with regulations established by the Board, that the woman requires emergency medical care;

(2) inpatient services in a qualified hospital for a woman during the period of twelve weeks immediately following her pregnancy where a physician certifies, in accordance with regulations established by the Board, that the woman requires emergency medical care for the diagnosis or treatment of any injury, disability, or disease related to pregnancy; and

(3) inpatient services for a woman during pregnancy in any qualified obstetrical unit.

(b) For the purposes of this section, covered inpatient hospital services do not include the services of a private duty nurse or attendant.

COVERED DIAGNOSTIC SERVICES

Sec. 223. (a) Covered diagnostic services shall include diagnostic services performed by a qualified pathology laboratory—

(1) for a woman during pregnancy, and

(2) for a woman during the period of twelve weeks immediately following the pregnancy,

if such a woman is not an inpatient in a hospital or in a nursing home.

(b) Covered diagnostic services shall include diagnostic services performed by a qualified pathology laboratory to determine whether or not a woman is pregnant.

COVERED DRUGS AND BIOLOGICALS

Sec. 224. Covered drugs and biologicals shall include any drug or biological dispensed for use by a woman during pregnancy or during the period of twelve weeks immediately following her pregnancy, if such woman is not an inpatient in a hospital or nursing home, and if—

(1) such drug or biological is required, by section 503(b) of the Federal Food, Drug, and Cosmetic Act, to be dispensed only upon prescription of a physician, and such drug or biological is prescribed to be taken by such woman for a period of longer than ten therapeutic days, or

(2) such drug is insulin.

COVERED DEVICES, APPLIANCES, AND EQUIPMENT

Sec. 225. (a) Except as provided in subsection (b), covered devices, appliances, and equipment shall include the dispensing of such devices, appliances, and equipment as a physician may certify, in accordance with regulations established by the Board, as required for the treatment of a woman for any condition related to pregnancy during pregnancy or during the period of twelve weeks immediately following her pregnancy.

(b) The Board may, by regulation, exclude from covered devices, appliances, and equipment under subsection (a) the dispensing of such devices, appliances, and equipment as the Board determines to be ineffective, unreliable, unvalidated, or not cost-justified in the treatment of a condition related to pregnancy.

PART D—SPECIAL POPULATION BENEFITS

PURPOSE

SEC. 231. The purpose of this part is to furnish additional covered support services to individuals residing in inaccessible areas or who are otherwise unlikely to use the other services covered under this Act in order to promote the appropriate use of services under this Act by all individuals, regardless of race, income, health status, or location of residency.

SPECIAL POPULATION

SEC. 232. (a) The Board to the maximum extent feasible shall arrange for the furnishing of the covered support services, described in section 233, to individuals—

(1) who reside in a health manpower shortage area, as determined by the Board, or

(2) who, because of poverty, discrimination, or cultural barriers, are determined by the Board to suffer a higher risk of infant and maternal morbidity and mortality than other individuals.

(b) For the purposes of subsection (a), the term "health manpower shortage area" means—

(1) an area in an urban or rural area (which need not conform to the geographic boundaries of a political subdivision and which is a rational area for the delivery of health care) which the Board determines has a health manpower shortage, or

(2) a population group which the Board determines has such a shortage.

COVERED SUPPORT SERVICES

SEC. 233. (a) Covered support services shall include, with respect to an individual described in section 232(a)—

(1) transportation of such individual (and, if such individual is a child, the parent or guardian of such child) to and from a person furnishing covered services to such individual under this Act;

(2) care of a dependent while such individual is being furnished covered services under this Act;

(3) social outreach assistance to inform such individual about and to assist such individuals in receiving covered services furnished under this Act; and

(4) such similar services provided on behalf of such individual as the Board determines as necessary and appropriate to the purposes of this part,

if such services are provided by a person described in subsection (b).

(b) A support service described in subsection (a) is a covered service when furnished—

(1) under the supervision of a qualified institution, or

(2) by or under the supervision of a public or private nonprofit organization determined by the Board to have the organizational and financial capability to furnish such service on a dependable and fiscally responsible basis.

TITLE III—ADMINISTRATION AND METHOD OF PAYMENT OF BENEFITS

PART A—ADMINISTRATION AND GENERAL PROVISIONS

DEFINITIONS

SEC. 301. For the purposes of this title, the term—

(1) "carrier" means a voluntary association, corporation, partnership, or other nongovernmental organization which is lawfully engaged in providing, paying for, or reimbursing the cost of, health services under group insurance policies or contracts, medical or hospital service agreements, membership or subscription contracts, or similar group arrangements, in consideration of premiums or other periodic charges payable to the carrier, including a health benefit plan duly sponsored or underwritten by an employee organization;

(2) "fee payment area" means an area designated by the Secretary, pursuant to section 1152(a) of the Social Security Act (42 U.S.C. 1320c-1), as appropriate with respect to the establishment of Professional Standards Review Organizations;

(3) "fee payment schedule" means a schedule, approved in accordance with section 312, of the amount of payments for the provision under this Act of various covered professional services;

(4) "covered institutional services" means—

(A) covered inpatient hospital services,

(B) covered nursing home services,

(C) covered home health care services,

(D) covered rehabilitative, social, and mental health services, and

(E) covered diagnostic services;

(5) "qualified institution" means—

(A) a qualified hospital,

(B) a qualified nursing home,

(C) a qualified home health agency,

(D) a facility described in section 216(a)(3), and

(E) a qualified pathology laboratory;

(6) "prospective rate schedule" means a schedule, approved in accordance with section 322, of the amount of payments for the provisions under this Act of various covered institutional services; and

(7) "person" includes a qualified institution.

DELEGATION OF SECRETARY'S AUTHORITY

SEC. 302. To the extent he deems it consistent with the purposes of this Act, the Secretary may delegate his authority for the administration of the system of payments or eligibility for benefits provided for in this title to the Administrator of the Social Security Administration.

USE OF CARRIERS FOR ADMINISTRATION OF BENEFITS

SEC. 303. (a) In order to provide for the administration of the benefits under this Act with maximum efficiency and convenience for individuals eligible for benefits under this Act and for persons furnishing services to such individuals, the Secretary is authorized, after consultation with the Board, to enter into contracts with carriers as defined in section 301(1) to perform some or all of the following functions (or, to the extent provided in such contracts, will secure performance thereof by other organizations)—

(1)(A) determine the amounts of payments required to be made under this Act;

(B) receive, disburse, and account for funds in making such payments;

(C) assist persons furnishing services under this Act in establishing and maintaining fiscal records necessary for purposes of this Act; and

(D) make such audits of the records of persons furnishing services as may be necessary to assure that proper payments are made under this Act;

(2)(A) determine compliance with the qualifications of section 202, and

(B) assist persons who furnish services for which payment may be made under this Act, in the development of procedures relating to utilization practices, make studies of the effectiveness of such procedures and methods for their improvement, assist in the application of safeguards against unnecessary utilization of services furnished by persons to individuals eligible for benefits under this Act, and provide procedures for and assist in arranging where necessary, the establishment of groups outside hospitals (meeting the requirements of section 1861(k)(2) of the Social Security Act) to make reviews of utilization;

(3) serve as a channel of communication of information relating to the administration of this Act; and

(4) otherwise assist, in such manner as the contract may provide, in discharging administrative duties necessary to carry out the purposes of this Act.

(b)(1) Contracts with carriers under subsection (a) may be entered into without regard to section 3709 of the Revised Statutes or any other provision of law requiring competitive bidding.

(2) No such contract shall be entered into with any carrier unless the Secretary finds that during the year 1976 at least 3 percent of the total dollar value of health insurance outstanding in the United States was written or underwritten by such carrier.

(3) No such contract shall be entered into with any carrier unless the Secretary finds that such carrier will perform its obligations under the contract efficiently and effectively and will meet such requirements as to financial responsibility, legal authority, and other matters as he finds pertinent.

(c) Each such contract shall provide that—

(1) where the carrier has agreed to make payments under this Act—

(A) the carrier shall establish and maintain procedures by which a person furnishing services covered under this Act will be granted an opportunity for a fair hearing by the carrier, in any case where the amount in controversy is $100 or more—

(i) when requests for payment for such services under this Act are denied or are not acted upon with reasonable promptness, or

(ii) when the amount of such payments is in controversy;

(B) the carrier shall use such standard forms and procedures for requests for payment as the Board may prescribe to minimize administrative work of physicians and others furnishing services covered under this Act;

(C) the Secretary shall advance funds to the carrier for the making of payments under this Act; and

(2) the carrier shall furnish to the Secretary such timely information and reports as he may find necessary in performing his functions under this Act; and

(3) the carrier shall maintain such records and afford such access thereto as the Secretary finds necessary to assure the correctness and verification of the information and reports under paragraph (2) and otherwise to carry out the purposes of this Act; and shall contain such other terms and conditions not inconsistent with this section as the Secretary may find necessary or appropriate.

(c)(1) Except as provided in paragraph (2), each contract shall be for a term of at least two years and may be made automatically renewable from term to term in the absence of notice by either party of its intention not to renew the contract at the end of the current term.

(2) Each contract may be terminated—

(A) by the carrier at such time and upon such notice to the Secretary, to the Board, to the public, and to persons furnishing services under this Act, as the Secretary establishes by regulation, and

(B) by the Secretary at any time, after such reasonable notice to the carrier, the Board, the public, and to persons furnishing services under this Act and after such opportunity for a hearing to the carrier as the Secretary establishes by regulation, if the Secretary finds that—

(i) the carrier has failed substantially to carry out the contract, or

(ii) the carrier is carrying out all or some of the duties provided for in the contract in a manner inconsistent with the effective and efficient administration of this Act.

(d)(1) Any contract with a carrier under this section may require such carrier or any of its officers or employees certifying payments or disbursing funds pursuant to the contract, or otherwise participating in carrying out the contract, to give surety bond to the United States in such amount as the Secretary may deem appropriate.

(2) No individual designated pursuant to a contract under this section as a certifying officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payments certified by him under this section.

(3) No individual designated pursuant to a contract under this section as a disbursing officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payment by him under this section if it was based upon a voucher signed by an individual designated pursuant to a contract under this section as a certifying officer.

(4) No such carrier shall be liable to the United States for any payments referred to in paragraph (2) or (3).

LIMITATION ON PAYMENTS

SEC. 304. (a) Payment for a covered service furnished under this Act may be made only—

(1) to the person furnishing such service,

(2) to the employer of such person, if such person has an agreement to turn over such payments to his employer, or

(3) to the facility in which such service was provided, if there is an agreement between such person and facility under which the facility receives payments for such person's services.

(b) No payment may be made for covered institutional services furnished by a person prior to the Board's determination that such person is a qualified institution.

COPAYMENT FOR CERTAIN COVERED SERVICES

SEC. 305. (a) The Secretary shall pay 100 per centum of the full payment amount if—

(1) such covered service is other than one of the following:

(A) a home health service:

(B) a covered device, equipment, or appliance, described in section 218 or 225, or

(C) a covered professional service, other than preventive children's health services, furnished to a child; or

(2) such covered service is furnished under a fee schedule described in section 312 (a)(2) (relating to capitation methods); or

(3) the individual to whom such covered service is furnished (or, if the individual is a child, the parent or guardian of such child)—

(A) has an income below the poverty level, as determined by the Board, or

(B) is eligible in the State in which he resides for any benefits under title XIX of the Social Security Act (relating to medicaid).

(b) Except as provided in subsection (a), the Secretary shall pay 90 per centum of the full payment amount.

(c) For the purposes of this section, the term "full payment amount" means the amount specified in a schedule established pursuant to this title as representing full payment for the furnishing of any covered service.

SIMPLIFIED REQUEST FOR PAYMENT PROCEDURES

SEC. 306. The Secretary and the Board shall provide, to the extent consistent with the efficient administration of this Act, for the consolidation and standardization of simple forms and procedures which a physician, physician extender, or qualified institution must complete in order to request and receive payment for furnishing covered professional and institutional services under this Act.

PROHIBITION OF AND CONDITIONS FOR PAYMENTS

SEC. 307. (a) If the Board determines, after a hearing held in accordance with subchapter II of chapter 5 of title 5, United States Code (Administrative Procedure Act), that a person furnishing covered services under this Act has—

(1) substantially or consistently violated the terms of an agreement required under the provisions of this title, or

(2) has substantially or consistently violated requirements for such person under this title,

the Board may prohibit, for such period, not to exceed one year, as it may deem appropriate, the making of any payments under this Act with respect to the furnishing of covered services by such person after the determination by the Board.

(b) If the Board determines, after a hearing held in accordance with subchapter II of chapter 5, title 5, United States Code (Administrative Procedure Act), that a person furnishing covered services under this Act has violated an agreement containing the provisions of section 311(c)(2), 311(d)(1)(A), 311(d)(2), 321(b)(2), 321(c)(2), 332(c)(2), or 332(d)(1), the Board may require, as a condition for such person having payments made under this Act for services furnished after the date of such determination, that such person provide an appropriate arrangement for the refunding of those fees and charges which were collected in violation of the applicable provisions of such sections.

PART B—PAYMENT FOR COVERED PROFESSIONAL SERVICES

GENERAL PROVISIONS

SEC. 311. (a) Payments shall be made by the Secretary for the furnishing of covered professional services in accordance with part A and this part.

(b)(1) In accordance with procedures established by the Secretary, after consultation with the Board, any person intending to request payment for its furnishing of covered professional services under this Act shall notify the Secretary of such intention at least thirty days prior to submittal of the first request for payment for such person.

(2) The Board shall make available, in such manner and form and at such times as the Board may consider appropriate, to the public the name, address, and telephone number of each person who has filed, pursuant to paragraph (1), notice of his intent to request payment for the furnishing of covered professional services under this Act.

(c) Any person furnishing covered professional services who intends to request payment under this Act for furnishing such services shall—

(1) display, in a manner prescribed by the Board, public notice of its participation in the program under this Act; and

(2) inform each patient (of if the patient is a child, the parent or guardian of such patient), prior to the furnishing of such services, the amount of any copayment the patient (or parent or guardian of such patient) must make for such services.

(d)(1) No payment shall be made pursuant to this Act to a person furnishing a covered professional service unless that person agrees—

(A) except as provided in section 313, to accept the amount specified in the appropriate fee payment schedule, established in accordance with section 312, as full payment for such services, and

(B) to provide such information, as the Secretary may require by regulation, to verify the service or services furnished.

(2) No payment shall be made pursuant to a fee payment schedule described in section 312(a)(2) (relating to capitation payments) unless the person receiving payment pursuant to such schedule furnishes in an appropriate manner, determined by the Board, all services covered under such schedule, or has arranged, in an appropriate manner, determined by the Board, for the furnishing of all such services as it is not qualified to furnish.

(e)(1) Timely payment under this Act based on a fee payment schedule described in section 312(a)(1) (relating to fee for service) shall be made in accordance with this Act after the furnishing of the service covered in such schedule.

(2) Timely payment under this Act based on a fee payment schedule described in section 312(a)(2) (relating to capitation fees) shall be made in such a manner, to be determined by the Board, as to reflect the timing of normal furnishing of services to individuals receiving the care described in such section under this Act.

APPROVAL OF FEE PAYMENT SCHEDULES

SEC. 312. (a) In accordance with this section, the Board shall approve for each fee payment area a schedule of the amount of payments to be made under this Act for the furnishing of various covered professional services, and shall include—

(1) a fee payment schedule for the furnishing of individual services, and

(2) a fee payment schedule for the payment—

(A) of a single amount for the furnishing of prepaid pediatric care (as defined in subsection (f)(1)) for a period of not less than one year, as specified by the Board, and

(B) of a single amount for the furnishing of prepaid maternity care (as defined in subsection (f)(2)).

(b) For the purposes of this section, the Board shall designate for each fee payment board (hereinafter in this section referred to as the "fee payment board") which shall be—

(1) a nonprofit organization (or component thereof),

(2) composed of individuals furnishing covered professional services in such area, and

(3) open for membership to all individuals furnishing such professional services in such area.

(c) Each fee payment board shall submit to the Board a proposed fee payment schedule no later than 18 months after the date of enactment of this Act. Each such board may submit to the Board a proposed revision of such schedule once every year and at such other times as the Board, after consultation with the Secretary, may deem appropriate to the administration of this Act.

(d)(1) The Board shall approve a proposed fee payment schedule or a proposed revision thereof if it finds that such schedule or revision, except as provided in paragraph (2), reflects the prevailing fee for service or services in the fee payment area as of December 31, 1974, as adjusted according to such economic index or indices as the Board determines to be appropriate.

(2) A fee schedule described in subsection (a)(2) (relating to capitation payments) may provide for the payment of an amount, not to exceed by more than 10 per centum the amount otherwise payable under this subsection, in addition to the amount otherwise payable under this subsection.

(3) Where a fee payment schedule has not been proposed for a fee payment area, or where the Board does not approve a proposed schedule, the Board shall approve as a fee payment schedule for such area—

(A) a schedule which reflects an approved schedule for an area similar in economic characteristics to the area involved, or

(B) where the Board determines that an area of similar economic characteristics does not exist, a schedule which, except as provided in paragraph (2) of this subsection, reflects the prevailing fee for service or services in the fee payment area as of December 31, 1974, as adjusted according to such economic index or indices as the Board determines to be appropriate.

(4) No later than one month before approval of a proposed schedule, and within one month after approval of a schedule, the Board shall publish notice of such schedule in the fee payment area covered by such schedule.

(e) Persons adversely affected by the Board's approval or disapproval of a fee payment schedule under this section may seek review of such approval or disapproval under the procedures provided in subchapter II of chapter 5 of title 5, United States Code (Administrative Procedure Act).

(f) As used in this section, the term—

(1) "prepaid pediatric care" means covered professional services under section 211 including—

(A) preventive children's health services, and

(B) such other health services as may be determined by the Board as appropriate for the diagnosis and treatment of common pediatric conditions; and

(C) evidence of arrangements for the referral for diagnosis or treatment of other than common pediatric conditions, pursuant to regulations established by the Board.

(2) "prepaid maternity care" means covered professional services under section 221 including—

(A) such professional services as the Board determines are ordinary and appropriate in a normal maternity case, and

(B) evidence of arrangements for the referral for diagnosis or treatment of other than normal maternity care, pursuant to regulations established by the Board.

DEMONSTRATION METHODS OF PAYMENT

SEC. 313. (a) In lieu of payment pursuant to section 312, a fee payment board may propose and the Board may approve, on an experimental or demonstration basis for a period not to exceed two years, a method of payment for covered professional services furnished under this Act, if the Board determines that the total amount of payments under such method will not exceed the total amount of payments which would otherwise be made under this applicable fee payment schedule.

(b) The Board shall report to Congress on the results of any experiments or demonstrations under subsection (a), and include in such report such recommendations for changes in the methods of payment under this Act as the Board determines are appropriate.

PART C—PAYMENT FOR COVERED INSTITUTIONAL SERVICES

GENERAL PROVISIONS

SEC. 321. (a) Payments shall be made on a timely basis and in accordance with part A and this part by the Secretary for covered institutional services.

(b) No payment shall be made under this Act to a qualified institution furnishing covered institutional services unless such institution—

(1) has submitted and has had approved by the Board a prospective rate schedule, in accordance with section 322;

(2) agrees to accept the amount specified in such schedule as full payment for such services; and

(3) agrees to provide such information, as the Secretary may require by regulation, to verify its qualifications as a qualified institution and to verify the services furnished under this Act.

(c) Any qualified institution which has had a prospective rate schedule, for its furnishing of covered institutional services, approved pursuant to section 322, and which intends to request payment under this Act for furnishing such services shall—

(1) display, in a manner prescribed by the Board, public notice of its particpation in the program under this Act, and

(2) inform each patient (or if a patient is a child, the parent or guardian of such patient), prior to the furnishing of such services, the amount of any copayment the patient (or parent or guardian of such patient) must make for such services.

APPROVAL OF PROSPECTIVE RATE SCHEDULES

SEC. 322. (a) (1) The Board, after consultation with the Secretary, qualifies institutions, carriers, and other interested parties and organizations, shall establish one or more methods (hereinafter in this section referred to as "methods"), which satisfy the criteria of subsection (b), for the establishment of a prospective rate schedule for the payment of qualified institutions furnishing covered institutional services under this Act.

(2) The Board may modify or eliminate a method or methods established under paragraph (1) where it determines, after consultation with qualified institutions which have submitted to the Board a proposed prospective rate schedule based on such method, and with the Secretary, carriers, and other interested parties and organizations, that—

(A) such method or methods are inconsistent with the provisions of subsection (b), or

(B) are inconsistent with the efficient administration or purposes of this Act.

(3) Any modification or elimination of a method or methods pursuant to paragraph (2) shall take effect, with respect to a qualified institution which has submitted to the Board a proposed prospective rate schedule based on such method, no earlier than six months after the Board has notified such institution of such modification or elimination of such method or methods.

(b) Any method established by the Board pursuant to subsection (a) for payment of qualified institutions for furnishing covered institutional services shall provide—

(1) for the establishment of rates of payments for such services in advance of the time when such services are furnished and without regard to costs actually incurred in furnishing such services;

(2) for the revision of such rates no more frequently than once every year, unless the Board determines that more frequent adjustments are appropriate due to significant unforseeable events, including—

(A) natural disasters and catastrophes,

(B) epidemics,

(C) major economic dislocations not under the control of the institution furnishing such services, and

(D) significant changes in patient mix not under the control of the institution furnishing such services;

(3) financial incentives for improved efficiency in the furnishing of such services by sharing savings with qualified institutions that perform at lower than anticipated costs;

(4) incentives for retrospectively validated improved quality in the furnishing of covered services;

(5) for a reasonable return on investment based on a rate of return on investment of comparable risk and computed at the time such prospective rate schedule is established; and

(6) for payment of such portion of the operation and administration (including the financing of capital improvements), of such qualified institution's program as is necessary for the furnishing of such services, and, if subject to review by a health systems agency under section 1513(a)(1)(A) of the Public Health Services Act, as has been approved by such agency.

(c) Each person who intends to request payment for the furnishing of covered institutional services pursuant to this Act—

(1) shall submit to the Board a proposed prospective rate schedule for the furnishing of such services based on a method established by the Board pursuant to this section, and

(2) may submit to the Board, after such schedule has become effective, a proposed revision of such schedule—

(A) once every year,

(B) when the Board modifies or eliminates a method, pursuant to subsection (a) (2), upon which such schedule has been based, and

(C) at such other times as the Board, after consultation with the Secretary, determines is consistent with subsection (b)(2) and is appropriate for the administration of this Act.

(d)(1) Unless the Board, no later than sixty days after the date of the submittal of a proposed prospective rate schedule or a proposed revision thereof, finds that such schedule or revision is inconsistent with a method established by the Board, such schedule or revision thereof shall become effective sixty days after the date of such submittal.

(2) No later than ten days after the date a proposed rate schedule or a revision thereof is submitted to the Board, the person submitting the proposal shall publish such proposed schedule or revision in such region affected by the proposal and in such a manner as the Board may determine is appropriate to carry out the purposes of this Act.

(e) Persons adversely affected by the Board's approval or disapproval of a prospective rate schedule or revision thereof under this section may seek review of such approval or disapproval under the procedures provided in subchapter II of chapter 5 of title 5, United States Code (Administrative Procedure Act).

PART D—PAYMENT FOR DRUGS, DEVICES, AND SPECIAL POPULATION BENEFITS

DEFINITIONS

SEC. 331. As used in this part, the term—

(1) "dispenser" means any person who has notified the Secretary, pursuant to section 332(b)(1), of his intention to request payment under this Act for the dispensing of covered drugs and devices; and

(2) "covered drugs and devices" means covered drugs and biologicals, and covered devices, appliances, and equipment.

PAYMENT FOR COVERED DRUGS AND DEVICES

SEC. 332. (a) Payments shall be made by the Secretary for the dispensing of covered drugs and devices in accordance with part A and this part,

(b)(1) In accordance with procedures established by the Secretary, after consultation with the Board, any person intending to request payment for its dispensing of covered drugs and devices under this Act shall notify the Secretary of such intention at least thirty days prior to submittal of the first request for payment for such person.

(2) The Board shall make available, in such manner and at such times as the Board

may consider appropriate, to the public the name, address, and telephone number of each dispenser.

(c) Each dispenser shall—

(1) display, in a manner prescribed by the Board, public notice of its participation in the program under this Act; and

(2) inform each patient (or if the patient is a child, the parent or guardian of such patient), prior to the dispensing of such drugs or devices, the amount of any copayment the patient (or the parent or guardian of such patient) must make for such drugs or devices.

(d) No payment shall be made pursuant to this Act to a dispenser unless that person agrees—

(1) to accept the amount specified in accordance with subsection (e), as full payment for the dispensing of such drug or device, and

(2) to provide such information, as the Secretary may require by regulation, to verify the drug or device dispensed.

(e) The amount of payment made under this Act for the dispensing of a covered drug or device shall be the sum of—

(1) the wholesale cost of such drug or device, as determined under the schedule adopted pursuant to subsection (f), and

(2) a fee for the dispensing of such drug or device (hereinafter in this section referred to as a "dispensing fee"), as determined under the schedule adopted pursuant to subsection (g).

(f) (1) The Board shall determine and publish, no less often than annually, a schedule of the wholesale cost of covered drugs and devices commonly dispensed under this Act, and shall establish by regulation procedures for determination of the wholesale cost of covered drugs and devices not commonly dispensed under this Act.

(2) The Board may provide in such schedule for variations in the wholesale cost to reflect differences in costs to a dispenser as a result of differences in size of the dispenser and differences in the regional location of the dispenser.

(g) (1) A dispenser requesting payment under this part shall submit to the Board, in a form prescribed by the Board, a proposed schedule of dispensing fees.

(2) Such schedule may be revised once every year and at such other times as the Board, after consultation with the Secretary, determines is consistent with the administration of this Act.

(3) The Board shall approve such proposed schedule or proposed revision thereof unless, no later than sixty days after the submittal of such proposed schedule or of a proposed revision thereof, it finds that the dispensing fees in such schedule or revision are not in excess of a percentage of the schedule of wholesale costs (determined pursuant to subsection (f) sufficient to compensate the dispenser for the reasonable costs of dispensing such drug or device.

(4) No dispensing fee shall be approved under this section if the dispenser is a physician, unless the Board determines that there is no dispenser (other than a physician) in the community in which such physician requests to dispense covered drugs or devices.

PAYMENT FOR SPECIAL POPULATION BENEFITS

SEC. 333. (a) Payments shall be made by the Secretary for the furnishing of covered support services in accordance with part A and this section.

(b) The Board shall establish mechanisms to reimburse to persons described in section 233(b) for the furnishing of covered support services in such reasonable amounts as the Board determines are necessary and appropriate for the efficient furnishing of such services.

TITLE IV—COMPREHENSIVE MATERIAL AND CHILD HEALTH PRACTICE

PART A—ASSISTANCE FOR COMPREHENSIVE MATERNAL AND CHILD HEALTH PRACTICE

FINDINGS AND DECLARATION OF PURPOSE

SEC. 401. (a) The Congress hereby finds and declares that improving the provision and the delivery of health care to mothers and children is of critical importance and of the highest national priority and that present programs of health services do not provide for such continuing, efficient, and comprehensive health care, and lead to an unnecessary duplication of facilities, equipment, and personnel.

(b) It is the purpose of this title to provide financial and technical assistance through loans, grants, supplementary financing and otherwise to health service institutions and organizations which will stimulate and enable such institutions and organizations to plan, develop, and implement comprehensive maternal and child health practice.

SEC. 402. (a) For purposes of this title, the term "comprehensive maternal and child health practice" means a legal entity which is organized and operated in the following manner:

(1) Except for an entity which will provide medical services for special populations (as defined in section 232)—

(A) the entity shall provide medical services by at least five health professionals licensed to practice medicine or osteopathy.

(B) of the health professionals providing services for the entity, at least one-half or three, whichever is greater, shall be health professionals engaged in family practice or general pediatrics practice;

(C) the principal source of professional practice income for a majority of the health professionals shall be required to be derived from covered professional services provided through their relationship to the entity; and

(D) the entity providing medical services to a special population shall provide medical services through at least three health professionals who are licensed to practice medicine or osteopathy and two of whom are engaged in family practice or general pediatric practice.

(2) The entity shall offer a comprehensive range of pediatric obstetrical services reasonably expected to meet the majority of the medical needs of the women and children which it serves. These services shall include covered professional services (including consultant and referral services by a physician), medically necessary emergency health services, diagnostic laboratory services, and preventive health and health education services.

(3) The entity shall offer each of its patients a readily identifiable individual who shall either be a physician or other licensed or certified health professional and who shall be primarily responsible for continuity in the care provided the patient by the entity.

(4) The members of the entity shall share equipment, facilities, and professional, technical, and administrative personnel.

(5) The entity shall—

(A) maintain a unitary record system,

(B) provide for a system of assurance of the quality of medical care delivery through the entity,

(C) meet applicable standards of accreditation of the American Group Practice Association or the Council on Ambulatory Care of the Joint Commission on the Accreditation of Hospitals, and

(D) operate under a unitary administrative structure which includes billing services and opportunities for patients to register and resolve grievances regarding billing or the quality of medical care through the entity.

(6) The entity shall maintain an information program for the residents of its medical service area which fully discloses—

(A) the covered professional services offered through the entity, and

(B) the method by which patients of the entity may resolve grievances respecting billing for covered professional services or the quality of the covered professional services.

(7) The entity shall to the extent feasible use such additional professional personnel (including physician extenders'), allied health professions personnel and other health personnel (as specified in regulations of the Secretary) as are available and appropriate for the effective and efficient delivery of the services to patients.

PRIORITIES FOR GRANTS AND CONTRACTS

SEC. 403. In providing any assistance under this title the Secretary shall give a priority to grants and contracts which will establish an entity that will provide 'covered professional services' through a fee payment schedule defined under section 312(a)(2).

GRANTS AND CONTRACTS FOR FEASIBILITY SURVEYS

SEC. 404. (a) The Secretary may make grants to public and nonprofit private entities and enter into contracts with public and private entities for projects for surveys or other activities to determine the feasibility of—

(1) developing and operating comprehensive maternal and child health practices, or

(2) expanding significantly the operation of existing comprehensive maternal and child health practices.

(b) An application for a grant or contract under subsection (a) shall contain assurances satisfactory to the Board that, in conducting surveys or other activities with the assistance of a grant or contract under such subsection the applicant will cooperate with the health systems agency (defined under section 1512 of the Public Health Service Act) whose health service area (defined in section 1511 of the Public Health Service Act) covers (in whole or in part) the area for which the survey or other activity will be conducted.

(c) Of the sums appropriated for any fiscal year under section 409 for grants and contracts under this section, not less than 20 percent shall be set aside and obligated each fiscal year for projects to determine the feasibility of developing and operating or expanding the operation of comprehensive maternal and child health practices which the Board determines may reasonably be expected to have their development or expansion not less than two-thirds of their patients drawn from residents of special populations, defined in section 232.

GRANTS, CONTRACTS, AND LOAN GUARANTEES FOR PLANNING AND FOR INITIAL DEVELOPMENT COSTS

(1) make grants to public and nonprofit private entities and enter into contracts with public and private entities for planning projects for—

(A) the establishment of comprehensive maternal and child health practices, or

(B) the significant expansion of comprehensive maternal and child health practices; and

(2) guarantee to non-Federal lenders payment of the principal of and the interest on loans made to private entities for planning projects for the establishment of comprehensive maternal and child health practices or for the significant expansion of comprehensive maternal and child health practices.

(b) The Secretary may—

(1) make grants to public and nonprofit private entities and enter into contracts with public and private entities for projects for the initial development of comprehensive maternal and child health practices; and

(2) guarantee to non-Federal lenders payment of the principal of and the interest on loans made to any private entity for projects for the initial development of comprehensive maternal and child health practices.

(c) In considering applications for grants, contracts, or loan guarantees under subsection (a) or (b)—

(1) the Secretary may not approve such an application unless it contains or is supported by assurances satisfactory to the Secretary that, at the time the comprehensive material and child health practice for which such application is submitted first becomes operational after its development or expansion, it will cooperate in the conduct of the studies authorized by part D; and

(2) the Secretary shall in addition to the priority established under section 403 give priority to an application which contains or is supported by assurances satisfactory to the Secretary that, at the time the comprehensive maternal and child health practice for which such application is submitted first becomes operational after its development or expansion, it will serve a special population.

(d) (1) The cumulative total of the principal of the loans outstanding at any time with respect to which guarantees have been issued under subsection (a) or (b) may not exceed such limitations as may be specified in appropriation Acts.

(2) Loan guarantees under subsection (a) or (b) may be made through the fiscal year ending September 30, 1980.

(3) The aggregate amount of principal of loans guaranteed under subsection (a) or (b) for any project may not exceed $1,000,000.

LOANS AND LOAN GUARANTEES FOR INITIAL OPERATIONS COSTS

SEC. 406. (a) The Secretary may—

(1) make loans to comprehensive maternal and child health practices to assist them in meeting the amount by which their operating costs in the period of the first thirty-six months of their operation exceed their revenues in that period;

(2) make loans to comprehensive maternal and child health practices to assist them in meeting the amount by which their operating costs, which the Secretary determines are attributable to significant expansion in patients served and which are incurred in the period of the first thirty-six months of their operation after such expansion, exceed their revenues in that period which the Secretary determines are attributable to such expansion; and

(3) guarantee to non-Federal lenders payment to the principal of and the interest on loans made to any private comprehensive medical practice for the amounts referred to in paragraph (1) or (2).

(b) In considering applications for loans or loan guarantees under subsection (a), the Secretary shall give special consideration to an application which contains or is supported by assurances satisfactory to the Secretary that the comprehensive maternal and child health practice for which the application is submitted will serve a special population.

(c) (1) The cumulative total of the principal of the loans outstanding at any time which have been directly made or with respect to which guarantees have been issued under subsection (a) may not exceed such limitations as may be specified in appropriation Acts.

(2) Loans under subsection (a) shall be made from the fund established under section 408.

(3) The cumulative total of the principal of the loans outstanding at any time with respect to which guarantees have been issued under subsection (a) may not exceed such limitations as may be specified in appropriation Acts.

(4) Loans and loan guarantees under subsection (a) may be made through the fiscal year ending September 30, 1980.

ADMINISTRATION OF PART A

SEC. 407. (a) No grant, contract, loan, or loan guarantee may be made under this part unless an application therefor has been submitted to and approval by the Secretary.

(b) Payments under grants and contacts under this section may be made in advance or by way of reimbursement and at such intervals and on such conditions as the Secretary finds necessary.

GENERAL PROVISIONS RELATING TO LOAN GUARANTEES AND LOANS

SEC. 408. (a) (1) The Secretary may not approve an application for a loan guarantee under this part unless he determines that (A) the terms, conditions, security (if any), and schedule and amount of repayments with respect to the loan are sufficient to protect the financial interests of the United States and are otherwise reasonable, including a determination that the rate of interest does not exceed such per centum per annum on the principal obligation outstanding as the Secretary determines to be reasonable, taking into account the range of interest rates prevailing in the private market for similar loans and the risks assumed by the United States, and (B) the loan would not be available on reasonable terms and conditions without the guarantee under this part.

(2) (A) The United States shall be entitled to recover from the applicant for a loan guarantee under this part the amount of any payment made pursuant to such guarantee, unless the Secretary for good cause waives such right of recovery; and, upon making any such payment, the United States shall be subrogated to all of the rights of the recipient of the payments with respect to which the guarantee was made.

(B) To the extent permitted by subparagraph (C), any terms and conditions applicable to a loan guarantee under this part (including terms and conditions imposed under subparagraph (D)) may be modified by the Secretary to the extent he determines it to be consistent with the financial interest of the United States.

(C) Any loan guarantee made by the Secretary under this part shall be incontestable (i) in the hands of an applicant on whose behalf such guarantee is made unless the applicant engaged in fraud or misrepresentation in securing such guarantee, (ii) as to any person (or his successor in interest) who makes or contracts to make a loan to such applicant in reliance thereon unless such person (or his successor in interest) engaged in fraud or misrepresentation in making or contracting to make such loan.

(D) Guarantees of loans under this part shall be subject to such further terms and conditions as the Secretary determines to be necessary to assure that the purposes of this part will be achieved.

(b) (1) The Secretary may not approve an application for a loan under this part unless—

(A) the Secretary is reasonably satisfied that the applicant therefor will be able to make payments of principal and interest thereon when due, and

(B) the applicant provides the Secretary with reasonable assurances that there will be available to it such additional funds as may be necessary to complete the project or undertaking with respect to which such loan is requested.

(2) Any loan made under this part shall—

(A) have such security,

(B) have such maturity date,

(C) be repayable in such installments,

(D) bear interest at a rate comparable to the current rate of interest prevailing on the date the loan is made, with respect to loans guaranteed under this part, and

(E) be subject to such other terms and conditions (including provisions for recovery in case of default), as the Secretary determines to be necessary to carry out the purposes of this part while adequately protecting the financial interests of the United States.

(3) The Secretary may, for good cause but with due regard to the financial interests of the United States, waive any right of recovery which he has by reason of the failure of a borrower to make payments of principal of and interest on a loan made under this part, except that if such loan is sold and guaranteed, any such waiver shall have no effect upon the Secretary's guarantee of timely payment of principal and interest.

(c) (1) The Secretary may from time to time, but with due regard to the financial interests of the United States, sell loans made by him under this part.

(2) The Secretary may agree, prior to his sale of any such loan, to guarantee to the purchaser (and any successor in interest of the purchaser) compliance by the borrower with the terms and conditions of such loan. Any such agreement shall contain such terms and conditions as the Secretary considers necessary to protect the financial interests of the United States or as otherwise appropriate. Any such agreement may (A) provide that the Secretary shall act as agent of any such purchaser for the purpose of collecting from the borrower to which such loan was made and paying over to such purchaser, any payments of principal and interest payable by such organization under such loan; and (B) provide for the repurchase by the Secretary of any such loan on such terms and conditions as may be specified in the agreement. The full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guarantee under this paragraph.

(3) After any loan under this part to a public comprehensive maternal and child health practice has been sold and guaranteed under this subsection, interest paid on such loan which is received by the purchaser thereof (or his successor in interest) shall be included in the gross income of the purchaser of the loan (or his successor in interest) for the purpose of chapter 1 of the Internal Revenue Code of 1954.

(4) Amounts received by the Secretary as proceeds from the sale of loans under this subsection shall be deposited in the loan fund established under subsection (e).

(d) There is established in the Treasury a loan guarantee fund (hereinafter in this subsection referred to as the "fund") which shall be available to the Secretary without fiscal year limitation, in such amounts as may be specified from time to time in appropriation Acts, to enable him to discharge his responsibilities under loan guarantees issued by him under this part. There are authorized to be necessary to provide the sums required for the fund. To the extent authorized in appropriation Acts, there shall also be deposited in the fund amounts received by the Secretary in connection with loan guarantees under this part and other property or assets derived by him from his operations respecting such loan guarantees, including any money derived from the sale of assets.

(e) There is established in the Treasury a loan fund (hereinafter in this subsection referred to as the "fund") which shall be available to the Secretary without fiscal year limitation, in such amounts as may be specified from time to time in appropriation Acts, to enable him to make loans under this part. There shall also be deposited in the fund amounts received by the Secretary as interest payments and repayment of principal on loans made under this part and other property or assets derived by him from his operations respecting such loans, from the sale of loans under subsection (c) of this section, or from the sale of assets.

AUTHORIZATION OF APPROPRIATIONS

SEC. 409. (a) For payments under grants and contracts under sections 404(a)(1), 405(a)(1)(A), and 405(b) there are authorized to be appropriated $5,500,000 for the fiscal year ending September 30, 1978, $6,000,000 for the fiscal year ending September 30, 1979, and $7,000,000 for the fiscal year ending September 30, 1980.

(b) For payments under grants and contracts under sections 404(a)(2) and 405(a)(1)(B) there are authorized to be appropriated $20,000,000 for the fiscal year ending September 30, 1978, $25,000,000 for the fiscal year ending September 30, 1979, and $30,000,000 for the fiscal year ending September 30, 1980.

PART B—MEDICAL MALPRACTICE REINSURANCE PROGRAM FOR COMPREHENSIVE MATERNAL AND CHILD HEALTH EXPENSES

GENERAL AUTHORITY

SEC. 410. (a) The Secretary may, through an identifiable administrative unit within the Department of Health, Education, and Welfare, take such action as may be necessary to make available, in accordance with this part and subject to such regulations as the Secretary may prescribe, to insurance companies and other insurers and pools of insurance companies and other insurers reinsurance against the part of claims brought by any of their insureds which are comprehensive maternal and child health practices and arising out of medical malpractice which exceed $100,000.

(b) Reinsurance under subsection (a) shall be made available pursuant to contract, agreement, or any other arrangement, in consideration of such payment of a premium fee, or other charge as the Secretary finds necessary to cover anticipated claims and other costs of providing such reinsurance.

PAYMENT OF CLAIMS

SEC. 411. The Secretary shall establish the general method or methods by which proved and approved claims which are covered by reinsurance made available under this part may be adjusted and paid for.

USE OF EXISTING FACILITIES AND SERVICES

SEC. 412. In carrying out his responsibilities under this part, the Secretary may use—

(1) insurance companies and other insurers, insurance agents and brokers, and insurance adjustment organizations, as fiscal agents of the United States; and

(2) officers and employees of any executive agency (as defined in section 105 of title 5, United States Code) as the Secretary and the head of any such agency may from time to time agree upon, on a reimbursement or other basis.

RECOVERY OF PREMIUMS

SEC. 413. (a) The Secretary, in a suit brought in the appropriate United States district court, shall be entitled to recover from any insurer the amount of any unpaid premiums lawfully payable by such insurer to the Secretary.

(b) No action or proceeding shall be brought for the recovery of any premium due to the Secretary for reinsurance, or for the recovery of any premium paid to the Secretary in excess of the amount due to him, unless such action or proceeding shall have been brought within five years after the right accrued for which the claim is made, except that, where the insurer has made or filed with the Secretary a false or fraudulent annual statement, or other document with the intent to evade, in whole or in part, the payment of premiums, the claim shall not be deemed to have accrued until its discovery by the Secretary.

REPORTS AND AUDITS

SEC. 414. (a) As a condition to the receipt of reinsurance under this part, each insurer and pool of insurers which is reinsured under this part shall file with the Secretary—

(1) a copy of each annual statement (and any amendments to it) filed with the insurance authority of the State in which reinsurance under this part is effective; and

(2) information respecting—

(A) actual claims asserted by patients (or their legal representatives) against comprehensive maternal and child health practices which are insureds of the insurers,

(B) reports of adverse medical incidents filed by such insureds, and

(C) any other matter pertaining to medical malpractice insurance as the Board may determine is necessary for the effective administration of the reinsurance authorized in this part.

(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purposes of investigation, audit, and examination to any books, documents, papers, and records of any insurer or pool reinsured under this part that are pertinent to reinsurance provided under this part. Such audit shall be conducted to the maximum extent feasible in cooperation with State insurance authorities.

PART C—EDUCATION AND TRAINING

AUTHORITY FOR GRANTS AND CONTRACTS

SEC. 420. (a) The Secretary may, upon application and upon such conditions as the Secretary may prescribe, make grants to and enter into contracts with public and nonprofit private entities for the following projects:

(1) Projects to promote the teaching of students in health professional schools respecting alternative methods of delivering medical care.

(2) Projects to promote the training within comprehensive maternal and child health practices of students of health professional schools and individuals in residency training programs in family medicine and general pediatrics. Priorities shall be given to projects involving comprehensive maternal and child health practices serving medically underserved populations.

(3) Projects to promote and establish programs under which comprehensive maternal and child health practices serving special populations are provided support services by health professional schools, including telephone and other telecommunication consultations and visits by the faculties of such schools.

(4) Projects to promote programs for the training of individuals (including physicians) in the management of comprehensive maternal and child health practices and to provide consultation and technical assistance to comprehensive maternal and child health practices to assist them in the management of their practices.

(b) For payments under grants and contracts under this section, there are authorized to be appropriated $7,500,000 for the fiscal year ending September 30, 1978, $10,000,000 for the fiscal year ending September 30, 1979, and $12,500,000 for the fiscal year September 30, 1980.

NATIONAL HEALTH SERVICE CORPS

SEC. 421. (a) In the administration of the National Health Service Corps program (under section 329 of the Public Health Service Act) the Secretary shall give special consideration to applications for assignment of National Health Service Corps personnel to practice in comprehensive maternal and child health practices (as defined in section 402 of this title).

(b) In the case of any individual—

(1) who has received a degree of doctor of medicine or doctor of osteopathy;

(2) who obtained (A) one or more loans from a loan fund established under part C of title VII of the Public Health Service Act, or (B) any other educational loan for his costs at a school of medicine or osteopathy; and

(3) who enters into an agreement with the Secretary to practice his profession (as a member of the National Health Service Corps or otherwise) for a period of at least two years in a comprehensive maternal and child health pratcice (as defined in section 402, providing covered professional services through a fee payment schedule defined under section 312(a)(2) to a special population, the Secretary shall make payments in accordance with subsection (b), for and on behalf of that individual, on the principal of and interest on any loan of his described in paragraph (2) of this subsection which is outstanding on the date he begins the practice specified in the agreement described in paragraph (3) of this subsection.

(c) The payments described in subsection (a) shall be made by the Secretary as follows: Upon completion by the individual for whom the payments are to be made of each year of the practice specified in the agreement he entered into with the Secretary under subsection (a), the Secretary shall pay 12.5 per centum of the principal of, and the interest on, each loan of such individual described in subsection (a) which is outstanding on the date he began such practice, except that if such practice was in a comprehensive maternal and child health practice serving special populations the payment shall be 25 per centum of such principal and interest.

(d) Notwithstanding the requirement of completion of practice specified in subsection (b), the Secretary shall, on or before the due date thereof, pay any loan or loan installment which may fall due within the period of practice for which the borrower may receive payment under this section, upon the declaration of such borrower, at such times and in such manner as the Secretary may prescribe (and supported by such other evidence as the Secretary may reasonably require), that the borrower is then engaged as described by subsection (a), and that he will continue to be so engaged for the period required (in the absence of this subsection) to entitle him to have made the payments provided by this section for such period; except that not more than 85 per centum of the principal of any such loan shall be paid pursuant to this subsection.

(e) A borrower who fails to fulfill an agreement with the Secretary entered into under subsection (a) shall be liable to reimburse the Secretary for any payments made pursuant to subsection (b) or (c) in consideration of such agreement.

TITLE V—FINANCING THE NATIONAL HEALTH INSURANCE FOR MOTHERS AND CHILDREN PROGRAM

PART A—FUNDS FOR SUPPORT OF THE NATIONAL HEALTH FOR MOTHERS AND CHILDREN PROGRAM

AUTHORIZATION OF APPROPRIATIONS

SEC. 501. (a) In order to assure prompt payment for the administrative and other expenses incurred during the early months of the program established by this Act, and in order to provide a contingency reserve, there is authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, to remain available through a period of three years beginning with the date of enactment of this Act such sums as may be necessary for repayable advances (without interest) to the Trust Fund created by section 411.

(b) There are hereby authorized to be appropriated to the Trust Fund created by section 411 in each fiscal year such funds, in addition to funds deposited in such fund pursuant to section 412, as may be required by the Secretary to carry out the purposes of this Act.

PAYROLL AND SELF-EMPLOYMENT TAXES

SEC. 502. (a) Section 3101 of the Internal Revenue Code of 1954 (relating to social security and medicare taxes on employees) is amended by adding at the end thereof the following new subsection:

"(c) NATIONAL HEALTH INSURANCE FOR MOTHERS AND CHILDREN.—In addition to the taxes imposed by the preceding subsections, there is hereby imposed on the income of every individual a tax equal to 0.10 percent of the wages (as defined in section 3121(a) except that the limitation on the amount of wages subject the tax shall not apply) received by him with respect to employment (as defined in section 3121(r)).".

(b) Section 3111 of such Code (relating to social security and medicare taxes on employers) is amended by adding at the end thereof the following new subsection:

"(c) MATERNAL AND CHILD HEALTH CARE.—In addition to the taxes imposed by the preceding subsections, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to 0.10 percent of the wages (as defined in section 3121(a) except that the limitation on the amount of wages subject the tax shall not apply) paid by him with respect to employment (as defined in section 3121(r)).".

(c) Section 3121 of such Code (containing definitions applicable to social security payroll taxes) is amended by adding at the end thereof the following new subsection:

"(r) EMPLOYMENT FOR PURPOSES OF MATERNAL AND CHILD HEALTH CARE TAX.—For the purposes of sections 3101(c) and 3111(c), the term 'employment' has the meaning set forth in subsection (b) of this section except that—

"(1) the exclusions contained in the following paragraphs of subsection (b) shall not be applied—

"(A) paragraph (1) (relating to foreign agricultural workers);

"(B) paragraphs (5) and (6) (relating to employment by the United States or its instrumentalities) other than paragraph (6)(C)(iii) through (v) (relating to certain minor employments);

"(C) paragraph (7) (relating to employment by States and their political subdivisions and instrumentalities) other than paragraph (7)(C)(i) through (iv) (relating to certain minor employments by the District of Columbia);

"(D) paragraph (8) (relating to employment by charitable and similar organizations);

"(E) paragraph (9) (relating to employment covered by the railroad retirement system); and

"(F) paragraph (17) (relating to employment by subversive organizations); and

"(2) subsection (m) of this section (including services by members of the uniformed services in the term 'employment') shall not be applied.".

(d) Section 1401 of such Code (imposing social security addition to the taxes imposed by the preceding subsections, and medicare taxes on self-employed individuals) is amened by adding at the end thereof the following new subsection:

"(c) MATERNAL AND CHILD HEALTH CARE.—In there shall be imposed for each taxable year, on the self-employment income of every individual, a tax equal to 0.10 percent of the amount of the self-employment income for such taxable year.".

TECHNICAL AND CONFORMING AMENDMENTS

SEC. 503. Section 218 of the Social Security Act (42 U.S.C. 418) (relating to agreements for the coverage of services performed in the employ of States and their political subdivisions and instrumentalities) is amended—

(1) by inserting in subsection (e)(1)(A) "subsections (a) and (b) of" immediately before "sections 3101 and 3111";

(2) by inserting in subsection (e)(2)(B) "subsections (a) and (b) of" immediately before "section 3111"; and

(3) by adding at the end of subsection (e) the following new paragraph:

"(3) Notwithstanding the provisions of any agreement entered into under this section, no State shall be under any obligation to pay to the Secretary of the Treasury, with respect to service covered under the agreement and performed on or after the effective date of section 402(d) of the Maternal and Child Health Care Act, amounts equivalent to the taxes which would be imposed by sections 3101(c) and 3111(c) of the Internal Revenue Code of 1954 if such service constituted employment as defined in section 3121(b) or section 3121(r) of such Code.".

PART B—MATERNAL AND CHILD HEALTH TRUST FUND

CREATION OF THE TRUST FUND

SEC. 511. (a) There is hereby created on the books of the Treasury of the United States a trust fund to be known as the Maternal and Child Health Trust Fund (hereinafter in this part referred to as the "Trust Fund").

(b) The Trust Fund shall consist of such gifts and bequests as may be made as provided in section 412(c), and such amounts as may be appropriated to or deposited in such fund as provided in this part.

FUNDING OF TRUST FUND

SEC. 512. (a) There are hereby appropriated to the Trust Fund for the fiscal year ending September 30, 1976, and for each fiscal year threafter, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 per centum of—

(1) the taxes imposed by section 3101(c) and 3111(c) of the Internal Revenue Code of 1954 with respect to wages reported to the Secretary of the Treasury or his delegate pursuant to subtitle F of such Code on and after the effective date of section 402(a) of the Maternal and Child Health Care Act, as determined by the Secretary of the Treasury by applying the applicable rates of tax under such sections to such wages, which wages shall be certified by the Secretary of Health, Education, and Welfare in accordance with such reports; and

(2) the taxes imposed by section 1401(c) of the Internal Revenue Code of 1954 with respect to self-employment income reported to the Secretary of the Treasury or his delegate on tax returns under subtitle F of such Code on and after the effective date of section 402(d) of the Maternal and Child Health Care Act, as determined by the Secretary of the Treasury by applying the applicable rate of tax under such section to such self-employment income, which self-employment income shall be certified by the Secretary of Health, Education, and Welfare on the basis of records of self-employment established and maintained by the Secretary of Health, Education, and Welfare in accordance with such returns.

(b) The amounts appropriated by subsection (a) shall be transferred from time to time from the general fund in the Treasury to the Trust Fund, such amounts to be determined on the basis of estimates by the Secretary of the Treasury of the taxes, specified in subsection (a), paid to or deposited into the Treasury; and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or were less than the taxes specified in such subsection.

(c) The Managing Trustee of the Trust Fund is authorized to accept on behalf of the United States, and deposit into the Trust Fund, money, gifts, and bequests made unconditionally to the Trust Fund or to the Department of Health, Education, and Welfare, or any part or officer thereof, for the benefit of such Fund or any activity financed through such Fund.

MANAGEMENT OF TRUST FUND

SEC. 513. (a) With respect to the Trust Fund, there is hereby created a body to be known as the Board of Trustees of the Trust Fund (hereinafter in this part referred to as the "Board of Trustees") composed of the Secretary of the Treasury, the Secretary of Labor, and the Secretary of Health, Education, and Welfare, all ex officio.

(b) The Secretary of the Treasury shall be the Managing Trustee of the Board of Trustees (in this part being referred to as the "Managing Trustee"). The Commissioner of the Social Security shall serve as the Secretary of the Board of Trustees.

(c) The Board of Trustees shall meet not less frequently than once each calendar year.

(d) It shall be the duty of the Board of Trustees to—

(1) hold the Trust Fund;

(2) submit to the Congress not later than the first day of April of each year a report, to be printed as a House document of the session of the Congress to which the report is made, on the operation and status of the Trust Fund during the preceding fiscal year and on its expected operation and status during the current fiscal year and the next two fiscal years, which report shall include—

(A) a statement of the assets of, and the disbursements made from, the Trust Fund during the preceding fiscal year;

(B) an estimate of the expected income to, and disbursements to be made from, the Trust Fund during the current fiscal year and each of the next two fiscal years; and

(C) a statement of the actuarial status of the Trust Fund; and

(3) report immediately to the Congress whenever the Board of Trustees is of the opinion that the amount of the Trust Fund is unduly small; and

(4) review the general policies followed in managing the Trust Fund, and recommend changes in such policies, including necessary changes in the provisions of law which govern the way in which the Trust Fund is to be managed.

INVESTMENT OF FUNDS FOR THE TRUST FUND

SEC. 514. (a) It shall be the duty of the Managing Trustee to invest such portion of the Trust Fund as is not, in his judgment, required to meet current withdrawals.

(b)(1) Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States.

(2) For such purpose such obligations may be acquired on original issue at the issue price, or by purchase of outstanding obligations at the market price.

(c)(1) The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act are hereby extended to authorize the issuance at par of public-debt obligations for purchase by the Trust Fund.

(2) Such obligations issued for purchase by the Trust Fund shall have maturities fixed with due regard for the needs of the Trust Fund and shall bear interest at a rate equal to the average market yield (computed by the Managing Trustee on the basis of market quotations as of the end of the calendar month next preceding the date of such issue) on all marketable interest-bearing obligations of the United States then forming a part of the public debt which are not due or callable until after the expiration of four years from the end of such calendar month; except that where such average market yield is not a multiple of one-eighth of 1 per centum, the rate of interest on such obligations shall be the multiple of one-eighth of 1 per centum nearest such market yield.

(d) The Managing Trustee may purchase other interest-bearing obligations of the United States or obligations guaranteed as to both principal and interest by the United States, on original issue or at the market price, only where he determines that the purchase of such other obligations is in the public interest.

(e) Any obligations acquired by the Trust Fund (except public-debt obligations issued exclusively to the Trust Fund) may be sold by the Managing Trustee at the market price, and such public-debt obligations may be redeemed at par plus accrued interest.

(f) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Trust Fund shall be credited to and form a part of the Trust Fund.

ADJUSTMENT OF TRUST FUND FOR OVERPAYMENTS AND UNDERPAYMENTS

SEC. 515. (a)(1) The Managing Trustee shall pay from time to time from the Trust Fund into the Treasury the amount estimated by him as taxes imposed under section 3101(c) of the Internal Revenue Code of 1954 which are subject to refund under section 6413(c) of such Code with respect to wages paid on or after January 1 of the year following the date of enactment of this Act.

(2) Such taxes shall be determined on the basis of the records of wages established and maintained by the Secretary in accordance with the wages reported to the Secretary of the Treasury or his delegate pursuant to subtitle F of the Internal Revenue Code of 1954, and the Secretary shall furnish the Managing Trustee such information as may be required by the Managing Trustee for such purpose.

DATES, AND TECHNICAL AMENDMENTS

(3) The payments by the Managing Trustee shall be covered into the Treasury as repayments to the account for refunding internal revenue collections.

(b) Repayments made under subsection (a) shall not be available for expenditures but shall be carried to the surplus fund of the Treasury. If it subsequently appears that the estimates under such paragraph in any particular period were too high or too low, appropriate adjustments shall be made by the Managing Trustee in future payments.

PAYMENT OF SERVICES AND ADMINISTRATIVE EXPENSES

SEC. 516. The Managing Trustee shall pay from time to time from the Trust Fund such amounts as the Secretary certifies are necessary to make the payments provided for by title III of this Act and to make payments for administrative and research expenses incurred under this Act.

TITLE VI—PENALTIES, EFFECTIVE DATES, AND TECHNICAL AMENDMENTS

PENALTIES

SEC. 601. (a) Whoever—

(1) knowingly and willfully makes or causes to be made any false statement or representation of a material fact—

(A) in any request for payment under this Act,

(B) for use in determining eligibility for any benefit under this Act,

(C) for use in determining the qualifications of an institution, under section 202, to have payments made under this Act for such institution's furnishing of services, or

(2) knowingly and with fraudulent intent conceals or fails to disclose a material fact—

(A) in any request for payment under this Act,

(B) for use in determining eligibility for any benefit under this Act,

(C) for use in determining the qualifications of an institution, under section 202, in order to have payments made under this Act for such institution's furnishing of services; or

(3) having made application to, and received, any such benefit or payment for the use and benefit of another, knowingly and willfully converts such benefit or payment or any part thereof to a use other than for the use and benefit of such other person,

shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

(b) Whoever furnishes or dispenses a covered service to an individual for which payment may be made under this Act and who solicits, offers, or receives any—

(1) kickback or bribe in connection with the furnishing or dispensing of such service or the making or receipt of such payment, or

(2) rebate of any fee or charge for referring any such individual to another person for the furnishing or dispensing of such service,

shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

EFFECTIVE DATES

SEC. 602. (a) Except as provided in subsections (b), (c), (d), and (e), the provisions of this Act shall take effect on the date of enactment of this Act.

(b) Sections 402(a), 402(b), 402(d), and 412(a) (relating to collection of maternal and child health care taxes) shall take effect on January 1 of the year following the date of enactment of this Act.

(c) Part B of title II (relating to children's benefits) shall take effect on the following dates for children of the following ages on those dates—

(1) two years after the date of enactment of this Act for children below the age of seven years;

(2) three years after the date of enactment of this Act for children below the age of thirteen years; and

(3) four years after the date of enactment of this Act for all children eligible under this Act.

(d) Part C of title II (relating to maternity benefits) shall take effect two years after the date of enactment of this Act.

(e) Part D of title II (relating to special population benefits) shall take effect on the effective date, specified in subsection (c) or (d) of this section, for the furnishing of covered services to which covered support services under such part are related.

CONFORMING AMENDMENTS

SEC. 603. (a) Title V of the Social Security Act is amended by adding at the end thereof the following new section:

"PAYMENTS FOR SERVICES UNDER NATIONAL HEALTH INSURANCE FOR MOTHERS AND CHILDREN ACT

"SEC. 517. No payment may be made under this title for the furnishing of services which would be eligible for payment as a covered service under the Maternal and Child Health Care Act.".

(b) Section 1862 of the Social Security Act (42 U.S.C. 1392y) is amended by adding immediately after subsection (d) the following new subsection:

"(e) No payment may be made under this title for the furnishing of services which would be eligible for payment as a covered service under the Maternal and Child Health Care Act.".

(c) Title XIX of the Social Security Act is amended by adding at the end thereof the following new section:

"PAYMENTS FOR SERVICES UNDER THE NATIONAL HEALTH INSURANCE FOR MOTHERS AND CHILDREN ACT

"SEC. 1911. No payment may be made under this title for the furnishing of services which would be eligible for payment as a covered service under the Maternal and Child Health Care Act.".

Mr. CRANSTON. Mr. President, I am delighted to join with my colleagues, the distinguished Senator from New York (Mr. JAVITS) in cosponsoring two important legislative initiatives. These are the National Health Insurance for Mothers and Children Act, and the comprehensive Maternal and Child Health Practice Act.

I am delighted that the distinguished Senator from Massachusetts (Mr. BROOKE) is also a cosponsor.

Senator JAVITS has a distinguished record as a leader in the field of health. As ranking minority member of the Committee on Labor and Public Welfare, his judgment and experience have been a tremendous resource to the committee. I do not believe there has been any legislation introduced which has not benefited from his attention. His sponsorship of the legislation we are introducing today is an indication of its importance and potential for improving the quality of health care for all Americans.

NATIONAL HEALTH INSURANCE FOR MOTHERS AND CHILDREN ACT

This legislation, Mr. President, would provide for:

Comprehensive ambulatory—including home health, rehabilitative, social and mental health services—and hospital care for children from birth up to the age of 18 with incentives for preventive children's health services included in the benefit package.

These services would be phased in over a period 5 years after enactment of the legislation. Maternity benefits and benefits for children up to the age of 7 years would begin 2 months after enactment; benefits for children aged between 7 and 13 years would begin 40 months after enactment, and benefits for children aged 12 through 18 years would begin 5 years after enactment.

In addition, the bill would provide all appropriate prenatal and postpartum health care for women, up to 12 weeks after childbirth.

Benefits would cover support services such as transportation, outreach, and dependent care for special populations or those individuals who have a high risk of infant or mental morbidity.

The bill would include appropriate cost sharing and reimbursement incentives which would stimulate the development and acceptance by the medical community and patients of maternal and child health group practices. This provision is specifically complementary to the provisions of the proposed "Comprehensive Maternal and Child Health Practice Act," also being introduced today.

In addition the bill would provide for:

Payments for health professionals on the basis of specified and negotiated fee schedules, periodically adjusted according to economic index or indices determined to be appropriate.

Payment for institutions according to budgets agreed to in advance—prospective budgeting.

Specific standards for health institutions and health professionals qualified for reimbursements under the maternal and child care programs.

Second consultation for certain surgical procedures.

The program would be financed through payroll taxes and general revenues.

The major provisions of the Comprehensive Maternal and Child Health Practice Act include:

First. A program designed to foster the development of group practices for the delivery of maternal and child health care.

Second. Grants, contracts and loan guarantees for the initial planning and operational costs of group practices consisting of pediatricians, family practitioners, obstetricians/gynecologists and other health professionals—such as nurse practitioners and nurse midwives—who deliver maternal and child health services.

Third. Medical malpractice reinsurance for claims brought against a comprehensive maternal and child health practice.

Fourth. Support for health professions educational programs related to providing health care through comprehensive maternal and child health group practices.

Fifth. Special consideration for assignment of National Health Service personnel to those practicing in comprehensive maternal and child health practices.

The legislation we are introducing today, Mr. President, is a step toward achieving the objectives of all of the health legislation I have sponsored since I have been in the Senate: To make comprehensive cost-effective, compassionate, and accessible health care available to all those Americans who need it.

By focusing on the health needs of children, we are taking an important step in achieving that kind of health care for all Americans. We know that young, poor mothers do not get adequate prenatal care. Their children all too often begin life handicapped with numerous personal and financial costs. America has an unforgiveably high perinatal mortality rate and that rate is even higher among medically underserved population groups. If Americans begin their lives with good health care, there is strong evidence to support the belief that their adult years will be relatively free of serious illnesses.

These two bills we are introducing today one by assuring the accessibility of health care for young Americans, the other by building up our capacity to provide these services, are complementary to each other. Today, they are designed to assure that our young people will be assured of preventive comprehensive health services in a cost effective manner. They can truly be viewed as an investment in the future of America.

I want to make it clear, Mr. President, that in joining in these measures with Senator JAVITS—and I know he feels this way too—I am not in any way abandoning my support for the achievement of comprehensive national health insurance for all our citizens as represented by my being an original cosponsor of S. 3 ever since it was first introduced in the 92d Congress.

We must not abandon, and we must achieve, national health insurance for all those among us who so desperately need it. I see no way that an approach such as the one Senator JAVITS and I are offering, which will cover only very young Americans, can impede the ongoing effort to provide insurance for those who are older. This measure unlike proposals for catastrophic insurance—does not represent even a half-step toward insurance for anyone who is now beyond the age of 13. For them it constitutes no step at all. Thus enactment of the Javits-Cranston bill would not reduce the pressure one bit for an insurance program for Americans who are already more than 13 years old.

Many individuals believe that comprehensive national health insurance will be extremely difficult to obtain in a single stroke. That certainly seems to be the case for the immediate future, in any event. Without doubt it is true for this session of Congress. While we continue to set our goal, Mr. President, on comprehensive health insurance for all our citizens, I believe we have to take decisive action now to begin the journey down the road toward universal coverage. We would serve no-one's interest by failing to take this major step proposed by Senator JAVITS and by me toward making a major improvement in the health of Americans.

It is important to note that the House Subcommittee on Health and the Environment of the Interstate and Foreign Commerce Committee held hearings earlier this week on a similar measure sponsored by Congressman SCHEUER, and many others including my colleague from California, YVONNE BRATHWAITE BURKE.

I recognize fully that as we move ahead with consideration of this legislation, we must at the same time try to deal with the health care needs of the near poor—those individuals who are too young to qualify for medicare and whose incomes or other financial resources place them above the medicaid eligibility line. For these individuals, the costs of health care present insurmountable barriers to seeking it.

I am fully committed to improving the accessibility and availability of health care for these individuals and believe that many programs now in place have made a positive step in that direction. Among these programs have been my efforts to expand the scope of health care available to eligible veterans through the Veterans' Administration medical system; the development of legislation encouraging the establishment of health maintenance organizations with an emphasis on serving underserved population groups; the development of legislation to encourage the establishment of neighborhood health centers, migrant health centers, whose services are provided to those population groups which historically have found health care inaccessible either because of financial or geographic barriers.

I have also cosponsored legislation recently reported from the Committee on Labor and Public Welfare extending and improving the authorities for the support of health professional training which has as one of its major objectives improving the accessibility and availability of care in underserved areas, as well as expanding the Nation's ability to provide primary health care and preventive health care.

I recognize that while these legislative steps have helped a considerable segment of the population whose access to comprehensive health care is limited, an important segment still remains who face obstacles in obtaining quality health care. I have attempted to overcome these obstacles for one element of this group—those individuals between the ages of 60 and 65 who are retired or who are dependents of spouses who are receiving social security payments or are medicare beneficiaries, by my sponsorship in three succeeding Congresses of legislation permitting them to buy in to medicare. I am hopeful that this legislation will become law when the next major amendments are made to title XVIII—medicare—of the Social Security Act.

I see all this legislation, including the legislation introduced today, as part of the Federal responsibility to make this country No. 1 in health care in the world and to guarantee that all levels of necessary health care are available for all members of our society.

By Mr. SPARKMAN (by request):

Senate Joint Resolution 204. A joint resolution to authorize the President to implement an agreement with the Government of the Republic of Turkey relative to defense cooperation pursuant to article III of the North Atlantic Treaty in order to resist armed attack in the North Atlantic Treaty area. Referred to the Committee on Foreign Relations.

Mr. SPARKMAN. Mr. President, by request I introduce for appropriate reference a joint resolution to authorize the President to implement an agreement with the Government of the Republic of Turkey relative to defense cooperation pursuant to article III of the North Atlantic Treaty in Order to Resist Armed Attack in the North Atlantic Treaty Area.

The joint resolution was requested by the President's message of June 16, which was printed in the CONGRESSIONAL RECORD on page S9589, and I am introducing it in order that there may be specific legislation to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this joint resolution, as well as any suggested amendments to it, when it is considered by the Committee on Foreign Relations.

I ask unanimous consent that the joint resolution and a section-by-section analysis be printed in the RECORD at this point, together with the text of the agreement with Turkey.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S.J. RES. 204

Whereas on March 26, 1976, there was signed an Agreement Between the Governments of the United States of America and of the Republic of Turkey Relative to Defense Cooperation Pursuant to Article 3 of the North Atlantic Treaty (which agreement, together with a related exchange of notes dated April 7 and 13, 1976, are hereinafter referred to collectively as "the agreement"); and

Whereas the agreement provides that its entry into force is conditioned upon a further exchange of notes indicating the approval of both parties in accordance with their respective legal procedures; and

Whereas the said agreement provides for certain undertakings by the United States as part of its obligations under the said agreement; and

Whereas the entry into force of the agreement will restore to the United States the use of facilities which are important to the security of the United States and the defense of the North Atlantic Treaty Area; and

Whereas the President has requested the Congress to approve the agreement and to authorize the appropriation of funds necessary to its execution so that the agreement may enter into force: Now, therefore, be it

Resolved, by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress approves the agreement and the President is authorized to implement the provisions thereof.

SEC. 2. (a) There are authorized to be appropriated the amounts required by the said agreement for the purpose of carrying out the programs and activities as are provided for therein.

(b) Foreign assistance and military sales programs and activities carried out with funds made available pursuant to subsection (a) of this section shall be conducted in accordance with provisions of law generally applicable to foreign assistance and military sales programs of the United States: *Provided,* That section 620(x) of the Foreign Assistance Act of 1961 shall not apply with respect to such programs and activities: *And provided further,* That the President is authorized, notwithstanding that section, to furnish to the Government of Turkey those defense articles and defense services with respect to which funds were obligated or reserved under chapter 2 of part II of the Foreign Assistance Act of 1961 on or before February 5, 1975.

(c) This resolution satisfies the requirement of section 36(b) of the Foreign Military Sales Act and section 7307 of title 10 of the United States Code with respect to the transfer pursuant to the agreement of naval vessels and other defense articles and defense services which are referred to in the United States note dated April 7, 1976.

(d) The costs of Department of Defense programs and activities to be carried out with Department of Defense funds made available pursuant to subsection (a) of this subsection include: operational, maintenance and other costs in connection with the use of installations in Turkey by the United States pursuant to article XIII of the agreement; training (on-the-job and locally) of Turkish personnel assigned or to be assigned to the installations pursuant to article VI of the agreement; costs of implementation of communications joint use plans pursuant to article XVI of the agreement; and costs of providing access by Turkey to the United States Defense Communications Satellite System pursuant to numbered paragraph 3 of the United States note dated April 7, 1976.

SEC. 3. The authorities contained in this resolution shall become effective only upon the entry into force of the agreement and shall continue in effect only for so long as that agreement remains in force.

SECTION-BY-SECTION ANALYSIS OF THE JOINT RESOLUTION TO AUTHORIZE THE PRESIDENT TO ENTER INTO AND CARRY OUT A DEFENSE COOPERATION AGREEMENT WITH TURKEY

I. INTRODUCTION

The proposed joint resolution implements the Defense Cooperation Agreement signed on behalf of the United States and Turkish Governments on March 26, 1976 and a related exchange of notes dated April 7 and 13, 1976, by authorizing the appropriation of funds necessary to carry out obligations undertaken by the United States therein and by providing that certain provisions of law will not operate to prohibit or impede the carrying out of those obligations.

The new Defense Cooperation Agreement with Turkey supersedes a 1969 Agreement, the operation of which was suspended by Turkey in July 1975. The 1969 Agreement had provided generally for support of the Turkish defense effort, subject to Congressional action, and entered into force on the day it was signed, without prior review by Congress. The Agreement was implemented by the inclusion of funds for Turkey in annual security assistance programs. By contrast, the present Agreement specifies the level of security assistance to be provided over the next four years, and has been negotiated with the understanding that it will not enter into force until it is approved by Congress through enactment of the proposed joint resolution.

II. PROVISIONS OF THE RESOLUTION

Preamble

The preamble describes the background for the resolution by reciting the signature of the Agreement, its provision for entry into force, the existence of the United States undertakings therein, the importance of the United States military activities and facilities in Turkey, and the President's request for Congressional approval of the Agreement.

Section 1. Approval.

Section 1 expresses approval of the Agreement by Congress and authorizes the President to implement its provisions. This section provides the legal basis for the United States to enter into the exchange of notes necessary to bring the Agreement into force and constitutes authority for carrying out the undertakings of the United States under the Agreement.

Section 2(a). Authorization.

Section 2 authorizes the appropriation of funds necessary to carry out the programs and activities provided for in the Agreement. This Agreement provides for defense support to Turkey over a four year period of not less than $200 million for grant military assistance and military training, including $75 million for fiscal year 1977; sufficient funds for credits or guarantees of loans totaling not less than $800 million to finance Turkish procurement of defense articles and defense services; and necessary amounts for other programs and activities, which include training of local personnel, cooperation in the implementation of communications plans and providing Turkish access to the United States Defense Satellite Communications System. The appropriations under this authorization will be requested on an annual basis. Any successive program of defense support developed in accordance with Article XIX(3) of the Agreement will require enactment of additional authorizing legislation.

Section 2(b). Application of Other Laws.

Section 2(b) provides that provisions of United States law generally applicable to security assistance shall apply to foreign assistance and military sales programs and activities carried out in implementation of the Agreement. This provision ensures that section 1 of the resolution will not be construed as authority to waive the legal requirements for foreign military sales, training and grant assistance. Thus, the conditions of eligibility, purposes for which articles and services can be used, transfer restrictions, Congressional review procedures, statutory definitions, and other terms governing United States security assistance programs shall apply, and assistance and sales to Turkey will be carried out within the framework of the Foreign Assistance Act of 1961 and the Foreign Military Sales Act. This provision is consistent with the terms of the Agreement.

The first proviso in section 2(b) states that section 620(x) of the Foreign Assistance Act of 1961 shall not apply to security assistance programs in implementation of the Agreement. Section 620(x) prohibits U.S. military assistance and sales to Turkey until "the President determines and certifies to the Congress that the Government of Turkey is in compliance with the Foreign Assistance Act of 1961, the Foreign Military Sales Act, and any agreement entered into under such Acts, and that substantial progress toward agreement has been made regarding military forces in Cyprus. . . ." Such a condition aimed specifically at Turkey would not be consistent with the provisions of the Agreement and the proposed resolution.

In the same spirit, it was understood in connection with the negotiation of the new Agreement that authorization would be sought to complete, after its entry into force, deliveries of grant defense articles and services valued at approximately $85 million which were suspended as a result of the enactment of section 620(x). The second proviso accordingly authorizes such deliveries with respect to articles and services for which funds were obligated or reserved prior to February 5, 1975. The resumption of such deliveries is consistent with and would complement the new Agreement in renewing defense cooperation with Turkey, which is essential to United States security interests, and thereby enhancing the ability of the United States to play a constructive role in encouraging a Cyprus settlement.

Section 2(c). Notice to Congress.

Section 2(c) specifies that the Congressional review procedures under section 36(b) of the Foreign Military Sales Act and the Congressional review and approval requirements of 10 U.S.C. 7307 shall not apply to the defense articles and defense services referred to in the exchange of notes dated April 7 and 13, 1976 which is a part of the Agreement. The exchange of notes identifies certain defense articles, including naval vessels, which the United States is prepared to sell to Turkey in accordance with the standards and procedures set out in the Foreign Military Sales Act. If Congress, in connection with this resolution, approves that list of defense articles there would appear to be no need for a second review when the sales are made.

Section 2(d). Department of Defense Costs.

Section 2(d) makes clear that the authorized activities and programs of the Department of Defense, to be financed from the appropriations of the Department of Defense, include operation and maintenance of installations, training of Turkish personnel at the facilities, implementation of communications joint use plans, and providing access to the U.S. Defense Communications Satellite System. These Department of Defense functions will be carried out within the general framework of laws applicable to the activities of the Department of Defense and are not to be regarded as subject to the provisions of the foreign assistance and military sales legislation.

Sec. 3. Effective Date.

Section 3 provides that the authorities in the resolution shall be effective concurrently with the period that the Agreement is in force and will lapse upon termination of the Agreement.

[No. 76/7381-1—United States of America]

DEPARTMENT OF STATE

To all to whom these presents shall come, Greeting:

Certify That the attached is a true copy of the United States original in English of the agreement between the Governments of the United States of America and the Republic of Turkey relative to defense cooperation pursuant to Article 111 of the North Atlantic Treaty in order to resist armed attack in the North Atlantic Area, was signed at Washington on March 26, 1976, with related notes, and is deposited in the Archives of the Government of the United States of America.

In testimony whereof, I, Henry A. Kissinger, Secretary of State, has hereto caused the seal of the Department of State to be affixed and my name subscribed by the Authentication Officer of the said Department, at the city of Washington, in the District of Columbia, this eighteenth day of May, 1976.

HENRY A. KISSINGER,
Secretary of State.

By FRANCIS J. FILLIUS, *Authentication Officer, Department of State.*

AGREEMENT BETWEEN THE GOVERNMENTS OF THE UNITED STATES OF AMERICA AND OF THE REPUBLIC OF TURKEY RELATIVE TO DEFENSE COOPERATION PURSUANT TO ARTICLE III OF THE NORTH ATLANTIC TREATY IN ORDER TO RESIST ARMED ATTACK IN THE NORTH ATLANTIC TREATY AREA

PREMABLE

The Government of the United States of America and the Government of the Republic of Turkey,

In conformity with the aims and principles of the United Nations Charter, and

Reaffirming their determination in exercising their inherent rights of individual and collective self-defense, as envisaged in Article 51 thereof.

Recognizing that cooperation in the field of defense is based on full respect for the sovereignty of the parties,

Expressing their desire to maintain the security and independence of their respective countries, as well as world peace,

Expressing their willingness to continue their bilateral defense cooperation so long as both parties are bound by the North Atlantic Treaty,

Acting on the basis of their continuing friendship, and in recognition of their obligations with regard to the security and defense of the North Atlantic Treaty area, and pursuant to Article III of the North Atlantic Treaty,

Have entered into the following Agreement:

ARTICLE I

The defense cooperation between the parties as set forth in this Agreement is based on the recognition of and full respect for the sovereignty of each.

ARTICLE II

1. The extent of the defense cooperation envisaged in this Agreement shall be limited to obligations arising out of the North Atlantic Treaty.

2. The installations shall not be used for, nor shall the activities serve, purposes other than those authorized by the Government of the Republic of Turkey.

ARTICLE III

1. Pursuant to Article III of the North Atlantic Treaty and in accordance with the provisions of this Agreement, the Government of the Republic of Turkey authorizes the Government of the United States of America to participate in the defense measures to be carried out on the following installations:

Intelligence gathering installations.

Mutually agreed sites of communication systems and networks.

Kargaburun Station.

Incirlik Installation.

2. The United States organizations and facilities outside these installations, approved by the Government of the Republic of Turkey, providing command and control, administrative, logistics and general support shall be subject to the provisions of the Agreement.

ARTICLE IV

1. The installations referred to in Article III, paragraph 1 of this Agreement shall be Turkish Armed Forces installations.

The installation commander shall be Turkish. The Turkish flag shall be flown at the installations.

2. The activities and technical operations of the installations shall be conducted in accordance with mutually worked-out programs consistent with the purposes of the installations as approved by the Government of the Republic of Turkey.

3. Family housing units and the related support and social welfare activities on the installations shall be separated to the extent possible from the areas where technical operations of the installations are being carried out.

ARTICLE V

1. The installation commander shall be responsible for:

Supervision in order to ensure that the technical operations and activities of the installations shall be carried out in accordance with the principles mentioned in Article IV, paragraph 2 of this Agreement.

Security and administration of the installations.

Maintaining order at the installations.

Full command and support requirements of the Turkish personnel at the installations, with the exception of those Turkish civilian personnel in the employ of the United States Government.

Relations with local Turkish authorities.

2. In the exercise of this authority, the installation commander may issue appropriate directives applicable to the installation as a whole.

3. The Government of the United States of America will assign at each installation a United States detachment commander as the "United States Senior Officer" to function as the single point of contact with the installation commander. The United States flag may by flown at the headquarters of the United States Senior Officer.

4. The United States Senior Officer shall be responsible for the direction and control of the United States national element, its equipment and its support, health and social welfare facilities; and for management of the premises exclusively utilized by the United States national element at the installation. In the exercise of his responsibilities regarding United States equipment, the United States senior officer shall respect the joint use arrangements envisaged in Article III of this Agreement.

5. The working relationship and procedures for consultation between the installation commander and the United States Senior Officer shall be mutually agreed by the Parties, taking into account the particularities of each installation.

ARTICLE VI

1. Agreed technical operations and related maintenance services and activities of the authorized installations shall be carried out jointly by Turkish and United States personnel. For this purpose, Turkish personnel shall be assigned by the Turkish authorities up to a level of fifty percent of the total strength required for such operations, services and activities.

2. The manning tables of the installations shall be consistent with the purpose and mission of the installations which have been approved by the Government of the Republic of Turkey. The distribution of manpower spaces for assignment by each party shall be determined jointly, by taking into account to the extent possible standard documents specifying current technical specialty and skill requirements. Turkish personnel above fifty percent of such manning requirements may

be assigned to specific installations by mutual agreement between the parties.

3. In the event that the Government of the Republic of Turkey elects not to man fully at the fifty percent level mentioned in paragraph 1 of this Article, United States personnel may be assigned by the appropriate United States authorities in order to fill any vacancies thus created, without prejudice to the Turkish basic right of participation. Any contemplated subsequent change in manning by Turkish personnel shall be communicated to the appropriate United States authorities one year in advance.

4. In furtherance of the Turkish participation objective referred to in this Article, needed training related to the technical activities of the installations, including training in the United States, shall be provided by the Government of the United States of America, to Turkish personnel assigned or to be assigned to the installations, in accordance with mutually agreed programs. Consistent with Article XIX of this Agreement, the training costs shall be borne by the Government of the United States of America.

ARTICLE VII

1. The purpose, mission, location, installation plan and the joint use arrangements of each installation authorized by the Government of the Republic of Turkey shall be further detailed by mutual agreement. These agreements shall also include authorized quantities of arms and ammunition, the authorized numbers of major items of equipment and the authorized strengths of the U.S. force and civilian component. Any increase in such authorized quantities, numbers and strengths shall be subject to prior approval by the appropriate Turkish authorities.

2. The appropriate authorities of the Government of the United States of America shall provide to the appropriate authorities of the Government of the Republic of Turkey quarterly reports on the changes occurring within the limits of the authorizations mentioned in paragraph 1 of this article, including the Turkish civilian personnel employed by the United States at the installations.

3. Construction of new buildings and other property incorporated in the soil at the installations and facilities, and demolition, removal, alteration or modernization which change the basic structure of such property, shall be subject to prior approval by the appropriate Turkish authorities.

4. Replacement of major items of equipment identified pursuant to paragraph 1 which upgrades or increases through modernization operational capability, and the introduction of new major items of equipment, shall be subject to prior approval by the appropriate Turkish authorities.

5. Any other kind of construction, alteration, modernization, maintenance and repair, except those routinely accomplished within local in-country maintenance capability, shall be subject to prior notification to the appropriate Turkish authorities.

ARTICLE VIII

1. Equipment for the United States force, and reasonable quantities of provisions, supplies and other goods for the exclusive use of the United States force, its members, civilian component and dependents, may be imported into and exported from Turkey in accordance with the provisions of the "Agreement Between the Parties of the North Atlantic Treaty Regarding the Status of Their Forces" dated June 19, 1951, and the provisions of the subsequent paragraphs of this Article.

2. The importation into and transfer within Turkey of arms and ammunition shall be subject to prior approval by the appropriate Turkish authorities, and shall be accomplished with safeguards and protections as mutually agreed. Special procedures shall be established for the customs control of arms and ammunition. As for procedures regarding customs control of equipment and material of classified nature, they shall be established through appropriate consultations between the parties.

3. The importation into Turkey of major items of equipment shall be subject to prior notification to the appropriate Turkish authorities.

4. So long as operations at an installation continue under this Agreement, arms and ammunition, and major items of equipment needed for the operation of the installation will not be removed from Turkey without prior consultation between the appropriate authorities of the parties, and no removal will be effected which would prejudice the mission of the North Atlantic Treaty Organization.

5. The appropriate Turkish authorities shall be notified by manifest of the importation, exportation and in-country movement of equipment, provisions, supplies and other goods.

ARTICLE IX

The procedures regarding admittance to the installations shall be mutually agreed by the appropriate authorities of the parties.

ARTICLE X

All intelligence information including raw data produced by the installations shall be shared fully by the two Governments in accordance with mutually agreed procedures. Appropriate United States and Turkish authorities will develop a mutual intelligence requirements program which shall form the basis of the functional assignment of intelligence technical operations and responsibilities.

ARTICLE XI

The activities of the installations authorized by this Agreement should be coordinated in such a manner as to avoid interference between such activities and the activities of other local military and civilian installations, and to avoid damage to life and property. Should any interference arise between the installations and other local military and civilian installations, the United States and Turkish authorities shall cooperate in order to take practicable measures to eliminate such interference.

ARTICLE XII

1. State-owned land areas, including all improvements, utilities, easements and rights of way already allocated by the Government of the Republic of Turkey to the United States of America on the effective date of this Agreement shall continue to be available for the purposes of this Agreement without costs to or claims against the United States of America, without prejudice to the ownership of the Government of the Republic of Turkey of such land areas, improvements, utilities, easements and rights of way.

2. The provisions of paragraph 1 of this Article shall not relieve the Government of the United States of America from any obligation it might have with regard to the settlement of claims of private landowners for any expropriated property rights, and are without prejudice to the terms of existing non-intergovernmental lease contracts under which certain facilities are provided to the United States of America for the purposes of this Agreement.

3. All non-removable property, including property incorporated in the soil, constructed or installed by or on behalf of the United States on the land areas allocated by the Government of the Republic of Turkey for the purposes of this Agreement shall from the date of its construction or installation, become the property of the Government of the Republic of Turkey. The provisions of this paragraph are without prejudice to the right of the United States and its personnel to use such property, according to the joint use arrangements to be mutually agreed pursuant to Article VII, paragraph 1.

4. In case of termination of this Agreement, or when the activity of any installation is terminated, the property mentioned in paragraph 3 of this Article shall be transferred to the Government of the Republic of Turkey. Buildings so transferred shall include basic utility systems and other fixtures permanently installed in or affixed to the building. The appropriate authorities of the parties shall mutually determine whether there exists any residual value of such property. If so, the United States will be compensated for the residual value in an amount to be determined by mutual agreement between the appropriate authorities of the Government of the United States of America and the authorities of the Government of the Republic of Turkey taking into account past practices between the two Governments regarding residual value.

5. The Government of the Republic of Turkey shall have the right of priority to acquire, in accordance with arrangements to be agreed upon, any equipment, materials and supplies imported into or acquired in Turkey by or on behalf of the United States for the purposes of this Agreement, in the event such equipment, materials and supplies are to be disposed of by the Government of the United States of America.

ARTICLE XIII

1. Except as provided in paragraphs 2 and 3 of this Article, the costs of operation and maintenance and the costs of mutually agreed construction, modernization, alteration and repairs at the installations shall be met by the United States to further the purposes set forth in paragraph 1 of Article XIX of this Agreement.

2. Each party shall pay its own personnel costs.

3. The maintenance and repair costs of the premises exclusively utilized by Turkish personnel, such as living quarters, dining halls and social welfare premises, shall be met by the Government of the Republic of Turkey. The costs of any required additional construction, alteration, change and subsequent improvements to be made at those premises shall be met by the Government of the Republic of Turkey.

4. The costs of mutually agreed extension of local utilities provided by the Government of the Republic of Turkey to the perimeter of the installation areas shall be met by the Government of the United States of America.

ARTICLE XIV

Materials, equipment, supplies, services and civilian labor required by the Government of the United States of America for the purpose of this Agreement shall be procured in Turkey to the maximum practicable extent. In the implementation of this principle the parties shall consult each other.

ARTICLE XV

The force and civilian component of the United States of America and their dependents assigned or stationed in the territory of the Republic of Turkey for the purposes of this Agreement shall be subject to the

"Agreement Between the Parties to the North Atlantic Treaty Regarding the Status of Their Forces" dated June 19, 1951.

ARTICLE XVI

A joint use plan for the communications system in Turkey (Troposcatter and Line-of-Sight) shall be agreed upon by the Parties.

ARTICLE XVII

The deployment into or from Turkey and operations of rotational squadrons and related support units authorized to be stationed on the territory of the Republic of Turkey in accordance with given NATO defense plans, and their activities on Turkish territory shall be carried out in accordance with mutually agreed arrangements.

ARTICLE XVIII

The provisions of the Montreux Convention are reserved.

ARTICLE XIX

1. In the interest of further developing Turkish defense preparedness and enhancing the mutual security cooperation of both Governments under Article III of the North Atlantic Treaty, the Government of the United States of America shall supply, or finance the procurement by the Government of the Republic of Trukey of, defense articles, services and military technical training in accordance with mutually agreed programs as provided in the subsequent paragraphs of this Article. The defense support to be provided to the Republic of Turkey shall be effectuated in accordance with contractual obligations and with the general practices applicable to all other recipient countries.

2. The Government of the United States of America shall furnish defense support consisting of grants, credits and loan guaranties of $1,000,000,000 during the first four years this Agreement shall remain in effect. This amount shall be distributed evenly over this period in accordance with annual plans to be developed by the appropriate authorities of the two Governments. Unless otherwise mutually agreed, it is understood that the amount made available in each of these first four years may vary by up to 25 percent of the equal annual tranches of $250,000,000 provided that the total aggregate amount herein provided for shall be made available prior to the end of such four year period. For the first year the grant portion will be $75,000,000, and the total amount of the grant portion for the four year period will be not less than $200,000,000. Credits and guaranteed loans herein provided for shall be at interest rates comparable to the rates offered to other NATO countries for similar FMS credits and guaranteed loans. In furtherance of the objectives set forth in paragraph 1 of this Article, the Government of the United States is also prepared to make cash sales under its Foreign Military Sales Program of defense articles and services including spare parts, components and technical data for the operation and maintenance of defense articles furnished to the Government of Turkey by the United States Government, of types, quantities, and on terms to be mutually agreed, during the period for which this Agreement shall remain in force.

3. At least one year prior to the completion of the term of this Agreement and of the defense support program envisaged in paragraph 2 of this Article, or of any other programs which are subsequently agreed upon consistent with Article XXI, paragraph, 1, and pursuant to this paragraph, the parties shall consult to develop defense support programs as required for subsequent periods in accordance with their respective legal procedures. In the event such consultations fail to produce agreement on any such subsequent program or such program does not enter into force, upon completion of the term of the then-current program, the Government of the Republic of Turkey may elect not to extend the validity of this Agreement, in which case the provisions of paragraph 6 of Article XXI shall apply for the purposes of withdrawal and liquidation.

ARTICLE XX

1. In order to assure that the implementation of defense cooperation under this Agreement shall be consistent with the letter and spirit of this Agreement the appropriate authorities of the two Governments shall consult promptly to mutually resolve any differences which may arise concerning interpretation and implementation of this Agreement.

2. Any differences not so resolved within 30 days shall be referred for settlement to the Governments of the parties.

3. In the event that any difference referred for settlement to the governments of the parties is not resolved within a period of two months, either party may serve notice of 30 days to suspend the specific activity in dispute, pending resolution of the difference thereon. In such instances the parties shall, to the extent practicable, assure that this suspension does not affect activities which are not in dispute.

ARTICLE XXI

1. This Agreement shall come into effect on the date of an exchange of notes indicating the approval by both parties of the Agreement in accordance with their respective legal procedures. The Agreement shall remain in force for four years from its entry into force, and shall be extended for subsequent four-year periods, unless either party elects not to extend the validity of the Agreement pursuant to Article XIX, paragraph 3 thereof.

2. The parties shall consult at any time during the term of this Agreement, on the initiative of either, to consider its possible amendment.

3. Either party may terminate this Agreement upon notice in writing of one year.

4. In the event either party, during the four years this Agreement shall remain in force and during such subsequent periods as the parties may develop defense support programs pursuant to Article XIX, paragraph 3, concludes that the other party is not complying with or is unable to comply with the provisions of this Agreement, that party may issue a call for consultations between the two Governments. In the event agreement is not reached within a period of three months, either party may terminate this Agreement upon notice in writing of thirty days.

5. In the event of termination of non-extension of this Agreement, the provision of defense support under Article XIX shall be terminated on the effective date of termination or non-extension. In such event deliveries of defense services and articles with respect to which sales contracts have been entered into, or for which funds have been obligated, prior to that date shall not be interrupted.

6. In the event of termination or non-extension of this Agreement, the Government of the United States of America shall complete the process of its withdrawal and liquidation within one year after the effective date of termination or non-extension during which period this Agreement shall be considered to remain in force for the purposes of an orderly withdrawal and liquidation.

ARTICLE XXII

Done at Washington, in duplicate, in the English and Turkish languages, each of which shall be of equal authenticity, this 26th day of March, 1976.

For the Government of the United States of America: Henry A. Kissinger.

For the Government of the Republic of Turkey: ——— ———.

DEPARTMENT OF STATE,
Washington, D.C., April 7, 1976.

His Excellency IHSAN SABRI CAGLAYANGIL,
Minister of Foreign Affairs,
Republic of Turkey.

EXCELLENCY: I have the honor to refer to the Defense Cooperation Agreement, signed March 26, 1976, by the Government of the Republic of Turkey and the Government of the United States of America, and to confirm that during the first four years the aforesaid Agreement is in force, the United States Government is prepared to do the following:

1. The United States Government will offer for sale to the Government of the Republic of Turkey, at the lowest prices consistent with applicable United States law, the following materiel from available stocks of the United States Department of Defense: 12 F-100F aircraft; 20 T-37 aircraft; 36 UH-1B and 36 UH-1H helicopters; 3 Gearing class destroyers; 2 Guppy III submarines; and a submarine rescue ship. Delivery of the above-described defense articles will be effected as expeditiously as practicable. The United States Government will also, on an expeditious basis, explore the possibility of providing a modern naval vessel to the Republic of Turkey, by sale from the available stocks of the Department of Defense at the lowest price consistent with applicable United States law.

2. The United States Government will also offer for sale to the Government of Turkey, at the lowest prices consistent with applicable United States law, 14 F-4E aircraft from available stocks of the Department of Defense. Four of these F-4E aircraft shall be delivered during each of three successive four month periods immediately following the entry into force of the aforesaid agreement, and the remaining two aircraft shall be delivered during the following three months. During this fifteen month period, the United States Government will offer for sale to the Government of Turkey, at a favorable price consistent with applicable United States law, F-4 aircraft from new procurement, with deliveries scheduled to be at a rate of four each month, beginning at the end of the 18-month period immediately following the entry into force of the aforesaid agreement.

3. The United States Government will provide, without cost to the Government of the Republic of Turkey, access to the United States Defense Satellite Communications System commencing in 1978, for communications between Turkey and Western Europe, including required ground terminal and related equipment. The number of circuits and items of equipment to be provided, and technical implementing arrangements shall be the subject of further agreement between the Governments.

4. The two Governments shall consult regarding mutual cooperation in the improvement and modernization of the Turkish defense communications system in furtherance of the purposes of the aforesaid Agreement and the North Atlantic Treaty.

It is understood that the above-mentioned undertakings of my Government are to be carried out consistent with the purposes set forth in the first paragraph of Article XIX of the aforesaid Defense Cooperation Agreement, are not exclusive of additional arrangements which may be made by the parties pursuant to that Article, and are to be carried out in accordance with, and subject to, the provisions of that Agreement and with contractual obligations and the general practices applicable to all other recipient countries.

If the foregoing is acceptable to the Government of the Republic of Turkey, I have the honor to propose that this note, together with your Excellency's note in reply indicating such agreement, shall constitute an agreement between our two Governments and shall enter into and remain in force concurrently with the aforesaid Defense Cooperation Agreement.

HENRY A. KISSINGER.

Department of State, Washington, April 7, 1976.

Hon. HENRY A. KISSINGER,
Secretary of State,
Washington, D.C.

MY DEAR SECRETARY: I have the honor to refer to your note, dated April 7, 1976, regarding the Defense Cooperation Agreement, signed on March 26, 1976 by the Government of the Republic of Turkey and the Government of the United States of America, which note provides as follows:

"Excellency:

"I have the honor to refer to the Defense Cooperation Agreement, signed March 26, 1976 by the Government of the Republic of Turkey and the Government of the United States of America, and to confirm that during the first four years the aforesaid Agreement is in force, the United States Government is prepared to do the following:

"1. The United States Government will offer for sale to the Government of the Republic of Turkey, at the lowest prices consistent with applicable United States law, the following materiel from available stocks of the United States Department of Defense: 12 F–100F aircraft; 20 T–37 aircraft; 36 UH–1B and 36 UH–1H helicopters; 3 Gearing class destroyers; 2 Guppy III submarines; and a submarine rescue ship. Delivery of the above-described defense articles will be effected as expeditiously as practicable. The United States Government will also, on an expeditious basis, explore the possibility of providing a modern naval vessel to the Republic of Turkey, by sale from the available stocks of the Department of Defense at the lowest price consistent with applicable United States.

"2. The United States Government will also offer for sale to the Government of Turkey, at the lowest prices consistent with applicable United States law, 14 F–4E aircraft from available stocks of the Department of Defense. Four of these F–4E aircraft shall be delivered during each of three successive four month periods immediately following the entry into force of the aforesaid agreement, and the remaining two aircraft shall be delivered during the following three months. During this fifteen month period the United States Government will offer for sale to the Government of Turkey at a favorable price consistent with applicable United States law F–4 aircraft from new procurement, with deliveries scheduled to be at a rate of four each month, beginning at the end of the 18-month period immediately following the entry into force of the aforesaid agreement.

"3. The United States Government will provide, without cost to the Government of the Republic of Turkey, access to the United States Defense Satellite Communications System commencing in 1978, for communications between Turkey and Western Europe including required ground terminal and related equipment. The number of circuits and items of equipment to be provided, and technical implementing arrangements shall be the subject of further agreement between the Governments.

"4. The two Governments shall consult regarding mutual cooperation in the improvement and modernization of the Turkish defense communications system in furtherance of the purposes of the aforesaid Agreement and the North Atlantic Treaty.

"It is understood that the above-mentioned undertakings of my Government are to be carried out consistent with the purposes set forth in the first paragraph of Article XIX of the aforesaid Defense Cooperation Agreement, are not exclusive of additional arrangements which may be made by the parties pursuant to that Article, and are to be carried out in accordance with, and subject to, the provisions of that Agreement and with contractual obligations and the general practices applicable to all other recipient countries.

"If the foregoing is acceptable to the Government of the Republic of Turkey, I have the honor to propose that this note, together with your Excellency's note in reply indicating such agreement, shall constitute an agreement between our two Governments and shall enter into and remain in force concurrently with the aforesaid Defense Cooperation Agreement."

I have the honor to confirm that the foregoing note is acceptable to the Government of the Republic of Turkey and, therefore, that note and this reply shall constitute an agreement between our two Governments which shall enter into and remain in force concurrently with the aforesaid Defense Cooperation Agreement.

—— ——.

Ankara, April 13, 1976.

ADDITIONAL COSPONSORS

S. 3074

At the request of Mr. EASTLAND, the Senator from Florida (Mr. STONE) was added as a cosponsor of S. 3074, to amend the Immigration and Nationality Act.

S. 3182

At the request of Mr. TAFT, the Senator from Oregon (Mr. HATFIELD) and the Senator from Utah (Mr. Garn) were added as cosponsors of S. 3182, a bill to amend the Occupational Safety and Health Act of 1970.

AMENDMENT NO. 1829

At the request of Mr. INOUYE, the Senator from Tennessee (Mr. BAKER) was added as a cosponsor of Amendment No. 1829, intended to be proposed to H.R. 10216, a bill to reform the tax laws of the United States.

SENATE RESOLUTION 472—SUBMISSION OF A CONCURRENT RESOLUTION AUTHORIZING THE PRINTING OF "PROGRESS IN THE PREVENTION AND CONTROL OF AIR POLLUTION IN 1975"

(Referred to the Committee on Rules and Administration.)

Mr. RANDOLPH submitted the following resolution:

S. RES. 472

Resolved, That the annual report of the Administrator of the Environmental Protection Agency to the Congress of the United States (in accordance with section 313 of Public Law 91–604, the Clean Air Act, as amended) entitled, "Progress in the Prevention and Control of Air Pollution in 1975," be printed, with illustration, as a Senate document.

SEC. 2. There shall be printed five hundred additional copies of such document for the use of the Committee on Public Works.

SENATE RESOLUTION 473—ORIGINAL RESOLUTION REPORTED RELATING TO THE CONSIDERATION OF SENATE JOINT RESOLUTION 201

(Referred to the Committee on the Budget.)

Mr. RANDOLPH (for Mr. BUCKLEY), from the Committee on Public Works, reported the following original resolution:

S. RES. 473

Resolved, That pursuant to section 402(c) of the Congressional Budget and Impoundment Control Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S.J. Res. 201. Such waiver is necessary because S.J. Res. 201, "Operation Sail", was reported to the Senate on June 18, 1976. The reporting of this measure was necessary because of an emergency that developed in New York Harbor after the May 15 deadline for reporting authorizing legislation.

AMENDMENTS SUBMITTED FOR PRINTING

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION AUTHORIZATIONS—S. 3105

AMENDMENT NO. 1888

(Ordered to be printed and to lie on the table.)

Mr. McINTYRE. Mr. President, today I am submitting an amendment to the bill, S. 3105, to authorize appropriations to the Energy Research and Development Administration, that would provide a 20-percent set-aside for small business and individual inventors of ERDA's research and development money for solar energy.

Senators NELSON, HATHAWAY, MANSFIELD, KENNEDY, BROOKE, PELL, HUMPHREY, DURKIN, CASE, LEAHY, ABOUREZK, LAXALT, SCHWEIKER, McGOVERN, JAVITS, CRANSTON, STAFFORD, BAYH, PACKWOOD, RIBICOFF, BAKER, BEALL, MORGAN, GARY HART, PASTORE, TUNNEY, CULVER, and MUSKIE are joining with me as cosponsors of this legislation.

On January 19, 1976, I introduced the Energy Research and Development Free Enterprise Act, S. 2845, which has been cosponsored by Senators HATHAWAY, NELSON, ABOUREZK, JAVITS, BROOKE, PELL, BUMPERS, HATFIELD, KENNEDY, HUMPHREY, GARY HART, HASKELL, MOSS, BAKER, CRANSTON, PHILIP A. HART, McGOVERN, SPARKMAN, LEAHY, STAFFORD, NUNN, SCHWEIKER, and my colleague from New Hampshire, JOHN DURKIN. An identical measure in the House of Representatives has over 25 cosponsors.

Section 203 of S. 2845, provides that the Energy Research and Development Administration shall provide a 50-percent set-aside for small business in its solar programs and a 20-percent set-aside in its total energy research and development budget.

When I introduced that legislation in January, I noted that "since World War II, the Federal Government has awarded over $270 billion in R. & D. money."

According to the National Science Foundation, big business received about 90 percent of Federal R. & D. funds between 1957 and 1972. Have we ever stopped to think of the political, economic and social consequences of doling out hundreds of billions of dollars to giant corporations? Have we ever considered the effects of these policies on our free enterprise system and our small business community?

Mr. President, I have said many times that we need to reduce concentration and increase competition in the energy industries. In 1972, I introduced the first bill in over 30 years to force divestiture of the big oil barons. We have seen support for measures like this continue to grow. In early 1974, I suggested before an audience of oil jobbers and marketers that we consider setting up a domestic development bank for energy and natural resources to help small businesses participate in the Nation's energy R. & D. effort.

Today, I am proposing a positive program designed to reverse the historical pattern of cartelization and monopolization, merely by unleashing the enormous productive power of our free enterprise system.

In the emerging solar energy industry over 70 percent of Federal R. & D. funds to profitmaking corporations was awarded during the last 2 years to companies ranking among the 200 largest in the Nation. Less than 6 percent went to small firms. Yet, small business is primarily responsible for most of the technological developments in the industry.

The Energy Research and Development Free Enterprise Act of 1976 would assure that small business participate in the Nation's R. & D. effort.

Small businesses and individual inventors would receive a minimum of 20 percent of ERDA funding dollars—50 percent in the solar energy program. With this set-aside, ERDA would retain the flexibility to determine the best level of small business participation in each of its programs and prevent big business from getting more than its fair share. Let it be emphasized that 20 percent is a minimum figure.

I also noted when I introduced that legislation that the solar energy program is well suited to small business participation because of its potential for diverse and decentralized applications. Guaranteeing a certain amount of funds for small business, I said, would do three things. First, it would generate the entry of new firms; and second, increase competition; and third, stimulate the development of mass production techniques.

This past weekend, when I attended the annual convention of the Solar Energy Industries Association here in Washington, I saw that the solar energy industry has just about reached a takeoff point in development. Many of the companies which are working for the development of solar energy are small companies, badly in need of Government help, be it in the form of tax credits, low interest loans, or research and development money.

There is no doubt that there is a huge market for solar energy in this country. A recent statement by the President of the Solar Energy Industries Association, which I ask unanimous consent be inserted in the Record at the end of my remarks, shows that we have a potential to save over 1 million barrels of oil per day in the next 15 years if we embark on a rapid solar energy development course.

But to reach this goal we will need to produce, install, and mantain solar water heaters on 65 percent of the new residential construction of the next 15 years, 30 percent of existing residential construction, and 11.3 percent of the nonresidential buildings in the country. It will mean that 42 percent of the new residential construction in the country will need solar heating in 15 years, and 3.5 percent of existing residences will have to be so equipped. Office space will need solar heating. Air conditioning will take off much more slowly, but 210,000 solar home air conditioners are a possibility by the beginning of the 1990's.

Clearly, small business will have a role to play in this development and it will need money to increase solar efficiencies at the same time it works on solar electricity and other new forms of energy.

Today, I am not proposing that we require that ERDA spend 50 percent of its budget on solar energy, though some figures show that ERDA may have gone above the level already.

Instead, I am submitting an amendment that will provide a floor for ERDA. We should insure that a certain amount of money goes to small business and individual inventors through a set-aside rather than leaving it up to the Energy Research and Development Administration to decide how to spend the money we authorize.

When the Interior Subcommittee on Energy Research and Water Resource began its work on this bill, S. 3105, last March, I submitted a statement urging that the committee implement several of the provisions of S. 2845, cosponsored by four members of the Interior Committee.

My statement before the Interior Subcommittee was drawn on my experience cochairing hearings through the Select Committee on Small Business with Senators Nelson and Hathaway on energy research and development and small business, concentrating on solar energy development.

I outlined the major findings of the committee. The committee, for instance, found that ERDA should structure its policies and award research, development and demonstration contracts in a manner and to companies that will best serve the goal of increasing and maintaining a free competitive climate and avoiding excessive concentration in any of the emerging solar energy industries. Secondarily, we found that ERDA and other agencies should work to make sure that retrofitting of buildings, especially residences, with solar equipment should be undertaken with all due speed in all practical cases.

In my statement, I further outlined the budget cuts made by the Energy Research and Development Administration in its solar energy division budget proposal, and the still larger cuts made by the Office of Management and Budget before the budget was submitted to Congress. I am pleased to note that the Interior Committee and the House of Representatives have not accepted these budget cuts and have increased the budgets for solar energy and other research programs.

However, I would like to stress that the Senate can add strength to these budgets by mandating that at least 20 percent of the increased funds we are authorizing should be spent on small business contracts.

Some will say this is not necessary. For instance, when debate began in the House on bill H.R. 13350, on May 19, several Congressmen introduced an amendment to the bill that would provide a 20-percent set-aside for small business in solar energy research.

But, instead of voting on that amendment, the House voted on a substitute amendment that dramatically raised the solar energy research budget, but left out the small business set-aside.

While I think that increased research moneys are necessary, I do believe that we should make sure that a set percentage of that money goes to small business. Spending 50 percent of a small budget with small business is fine, but what happens when the budget gets large? Does small business get the same dollar amount and see its percentage shrink? If we authorize over $300 million for solar energy should not the dollar amount going to small business increase drastically over this year's dollar amount? A 20-percent set-aside is the only way that I know of to make sure that ERDA spends the proper dollar amount with small business. We cannot see all the money go to big businesses.

I was pleased to note that the Interior Committee in its report accompanying the bill stated that congressional committees should have information to oversee the contracts that ERDA makes, including its grants to small business. But I believe that small business setasides are the only way to make sure that small business receives a continuing share of the ERDA funds that are available for research.

This year, for instance, the committee reports ERDA's findings that it made a total of $196,058,000 in prime contracts to small business firms, and that in the solar energy division this amount was substantially higher. In the figures provided to Representative GEORGE BROWN that substantially higher figure was 80 percent. But as I noted above, what happens next year? Will small business get 80 percent of over $300 million? I do not think so, unless we tell ERDA to make sure it will.

I ask unanimous consent that the text of my amendment be printed in the RECORD at this point, together with the paper presented by Sheldon H. Butt, president of the Solar Energy Industries Association.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 1888

On page 20, line 23, insert the following:

SEC. 206. (a) Notwithstanding any other provision of law, at least 20 per centum of the total amount of funds made available pursuant to this title for energy programs in the area of solar energy technology shall be available exclusively to small business concerns and individual inventors.

(b) For purposes of this subsection (a)—

(1) the term "small business concern" has the meaning given it by the Administrator of the Small Business Administration under—

(A) section 3 of the Small Business Act (Public Law 85-536; 72 Stat. 384); or

(B) section 103(5) of the Small Business Investment Act of 1958 (Public Law 85-699; 72 Stat. 690); and

(2) the term "individual inventor" means any individual who is under no obligation to transfer to any other person or any government or governmental agency any interest in any invention, discovery, or other property with respect to which such individual seeks any contract or other assistance in any energy program in the area of solar energy technology.

SOLAR HEATING AND COOLING, A DEVELOPING MARKET, PRESENTED TO THE SOLAR ENERGY INDUSTRIES ASSOCIATION

Second Annual Meeting, Washington, D.C., June 12, 1976. Presented by S. H. Butt, President, S.E.I.A.

Solar heating of building space and domestic hot water are available technologies now economically viable for many applications. Commercially produced hardware is being sold in the commercial market by an increasing number of manufacturers, both small and large. Solar air-conditioning is technically feasible and equipment is commercially available. However, solar air-conditioning is not economically viable in other than a very few and somewhat specialized applications. The engineering development work needed to reduce cost is underway and we may reasonably predict significant cost improvement in a very few years. Coupled with the inevitability of continuing increases in the market prices for conventional energy, the economic feasibility of solar air-conditioning is only a matter of time—a few years.

It is the purpose of this paper to project market development and market growth for these solar applications over the next fifteen years.

The applications involved—space heating, heating domestic hot water and air-conditioning for residential, commercial and industrial applications—presently account for somewhat over 20% of the total energy consumption in the United States. It is expected that solar energy can capture a substantial share of these markets in the next ten or fifteen years and thereby make an important contribution to resolving our Nation's energy problems. This is particularly true since oil and natural gas, the two particularly scarce energy resources, are the principal fuels used in these applications. Much of the electrical energy which is also used in these applications is presently generated by burning oil or natural gas. It is anticipated that, within fifteen years, solar energy can replace 1,000,000 barrels of crude oil per day (or its equivalent). This will represent 15% to 20% of our continuing energy imports (primarily foreign oil) otherwise required, even after credit is taken for planned accelerated development of other "new" and existing conventional energy resources and for the probable effect of accelerated conservation efforts.

BASIS FOR PROJECTIONS

Our projections are based upon our belief that Congress, the Federal Government and State and local Governments will undertake comprehensive and aggressive programs designed to support accelerated utilization of the solar resource. These programs and their justification have been discussed in other papers at this meeting. At present, current Congressional action leads us to expect that the initial key elements of an aggressive and comprehensive Federal program will be enacted in the near future. If they are not, and should we be disappointed, industry development will proceed substantially more slowly. Ultimately, solar heating applications will reach and exceed the 1,000,000 barrels per day of crude oil equivalent but at a much later date.

One of the important characteristics of solar systems is that, once purchased, they "fix" the cost of the energy they produce at a level equal to the carrying cost of the capital investment required. Thus, they represent a form of "inflation insurance." Therefore, it is important to note that these projections are based upon the expectation that general inflation will average 5 percent per year and further, that escalation in electric energy prices will be 2½ percent per year higher than the general rate of inflation and that escalation in heating oil and natural gas prices will be 5 percent per year greater than the general inflation rate.

Most economists anticipate that inflation will average 5 percent to 6 percent per year. Inflation in this range appears to be "institutionalized" within our economic structure. There is little, if any, honest expectation that inflation rates will be lower. There is significant danger that they might be higher in the event of future worldwide food crises or in the event that the O.P.E.C. nations elect to become less restrained and more predatory in their crude oil pricing policies.

The 2½ percent higher escalation rate projected for electric energy costs is based upon the expectation that primary fuel costs, after allowing for inflation, will continue to increase and upon the reality that new generating capacity costs a great deal more than existing capacity. As new capacity is added to the mix, the average cost of all existing capacity included in the utility rate base increases and rates correspondingly increase.

Projected escalation in fuel oil prices is based on the expectation that, first of all, the O.P.E.C. nations will raise prices to keep up with worldwide inflation (which is higher elsewhere than in the United States) and that the prices of domestically produced crude oil will continue to increase, eventually reaching the "world price" level. This will increase the average price paid by U.S. refineries for crude oil.

RESIDENTIAL SOLAR WATER HEATERS

Solar water heaters will become a major market factor most rapidly. There are several reasons. Hot water requirements are year-round and thus, the user's investment in a solar water heater achieves maximum utilization. Solar water heater installations are small as compared to space heating installations. The task of finding a suitable place to install the collector in a retrofit water heater installation is relatively simple. Furthermore, a normal solar hot water heater installation consists of the collector system and its associated controls and other hardware, and a solar hot water storage tank placed in series with a conventional hot water heater. To make a retrofit installation, it is only necessary to make a modest change in the plumbing so that the solar hot water storage tank is placed in the line ahead of the existng conventional water heater. A solar hot water heater, which can be conveniently added to existing structures as a retrofit installation, commands a large market potential. During the earlier years of solar market development, while the total number of solar installations is still modest and long term operating experience is lacking, the fact that the user's investment in a solar water heater is small as compared to a solar space heating investment, will lead many users to limit their risk by investing only in a water heater.

The currently proposed Federal incentive legislation offers a larger tax credit for water heaters than for space heating since it provides a 40% tax credit for the first $1,000 invested by the homeowner and 25% for the next $6,400. The tax credit for a water heater costing $1,200 is $450 or 37.5% of the total cost, while the tax credit on a $6,000 residential space heating system is $1,650 or 27.5% of the total cost.

The table which follows details our projection of residential solar water heater sales in new construction and for retrofit:

RESIDENTIAL SOLAR WATER HEATERS

Year	New construction: Market penetration (percent)	New construction: Solar water heaters, (thousands of units)[1]	Retrofit: Market penetration (percent): Year	Retrofit: Market penetration (percent): Cumulative	Retrofit: Solar water heaters, (thousands of units)[1]	Total (thousands of units)
1	0.5	9	0.03	0.03	21	30
2	2.0	36	.10	.13	72	98
3	3.5	64	.25	.38	183	247
4	5.5	102	.60	.98	444	546
5	8.0	152	1.00	1.98	750	902
6	11.0	211	1.32	3.3	1,003	1,214
7	15.0	291	1.70	5.0	1,309	1,600
8	20.0	392	2.0	7.0	1,560	1,952
9	25.0	495	2.3	9.3	1,817	2,312
10	30.0	600	2.7	12.0	2,160	2,760
11	36.0	727	3.1	15.1	2,511	3,238
12	44.0	898	3.4	18.5	2,788	3,686
13	52.0	1,071	3.65	22.15	3,030	4,101
14	59.0	1,227	3.85	26.0	3,234	4,461
15	65.0	1,365	4.00	30.0	3,400	4,765

[1] 1 unit equals the water heater for one dwelling unit. An installation to provide hot water for 10 units in a multiple family apartment is counted as 10 units.

As in the case of subsequent tables, "Year 1" is the first full year after the Government programs which have been called for by S.E.I.A. have been enacted and implemented. If this is accomplished in 1976, "Year 1" is 1977.

The next table converts unit sales of residential solar water heaters into dollar sales, expressed in 1976 dollars (without further inflation), and also shows the barrels of crude oil or its equivalent which will be saved through their use. Since fuel savings depend upon the cumulative number of units installed, the cumulative total installed is given:

RESIDENTIAL SOLAR WATER HEATERS

Year	Solar water heaters installed (thousands of units)		Dollar value (1976 dollars) of units installed in the year (millions)	Barrels of crude oil (or equivalent) saved	
	Year	Cumulative		Per year	Per day
5	902	1,833	$795	6,844,000	18,750
10	2,760	11,671	2,165	44,530,000	122,000
15	4,765	31,922	3,500	121,180,000	332,000

NONRESIDENTIAL SOLAR WATER HEATERS

Although residential applications are the major potential markets for solar water heaters, substantial market potential exists in nonresidential applications, including:

Schools

Hospitals

Office Buildings

Laundries

Car Washes

Other businesses using hot water

Initial significant penetration of this market is expected to be somewhat slower than in the case of residential water heaters. One reason is the very diverse nature of the market and the fact that many of the individual applications are highly specialized. In the long run, market penetration is expected to be substantial since in the present regulatory climate, many areas of energy consumption by "business" are more subject to curtailment and reduced allocation of scarce fuels during periods of shortage than are residential users. For example, regulatory bodies may well consider that energy required for heating domestic hot water for use in office buildings or energy required for heating hot water used in car washes is relatively nonessential. Our market projection for solar water heating for nonresidential applications follows:

NONRESIDENTIAL SOLAR WATER HEATERS

Year	Energy consumption, 10^{15} Btu/year	Market penetration (percent)		Square feet of standard solar collectors installed (thousands)
		Year	Cumulative	
1	0.61	0.0005	0.0005	7.6
2	.63	.001	.0015	16.0
3	.65	.003	.0045	48.8
4	.67	.01	.0145	167.5
5	.69	.03	.0445	517.5
6	.71	.08	.12	1,420
7	.73	.16	.28	2,920
8	.75	.32	.59	6,000
9	.77	.6	1.18	11,550
10	.80	1.0	2.13	20,000
11	.82	1.4	3.48	28,700
12	.84	1.7	5.10	35,700
13	.87	2.0	6.92	43,500
14	.90	2.3	9.00	51,700
15	.92	2.5	11.3	57,500

In turn, we have converted unit sales (expressed as the square feet of "standard" solar collectors used in the system) into dollar sales for complete systems, and we have also tabulated the crude oil or its equivalent replaced by solar energy. This tabulation follows:

NONRESIDENTIAL SOLAR WATER HEATERS

Year	Square feet of standard solar collectors installed (thousands)		Dollar value (1976 dollars) of units installed in the year (millions)	Barrels of crude oil (or equivalent saved	
	Year	Cumulative		Per year	Per day
5	517.5	757.4	$8	58,400	160
10	20,000	42,600	250	3,285,000	9,000
15	57,500	259,800	635	20,075,000	55,000

RESIDENTIAL SOLAR SPACE HEATING

We expect that the solar space heating market will develop more slowly than the solar water heater market. However, as time goes on and as conventional energy costs rise and as the public becomes more familiar with solar applications, space heating will begin to catch up with water heating. Because of the larger size of solar space heating installations, market prospects for retrofit solar space heating in residences will never be as good as prospects for retrofit solar water heaters. The integration of residential solar space heating with existing heating facilities in retrofit more often presents technical difficulties than do retrofit solar water heaters.

In most cases, solar space heating will be combined with solar domestic hot water heating—there will be few solar systems which are intended for heating only and do not also generate hot water. To simplify presentation of our projections, the dollar figures and crude oil saving figures presented represent only the additional sales value attributable to solar space heating itself and the additional crude oil savings resulting from solar space heating. The information presented is additive to the solar water heater projections. For example, we project 30,000 residential solar space heating installations in the fifth year in new construction and 152,000 solar water heaters in new residential construction. This means that there will be 30,000 installations made which perform the functions of both space heating and water heating and 122,000 which are water heaters only. Our projections follow:

RESIDENTIAL SOLAR SPACE HEATING

Year	New construction		Retrofit			Total (thousands of units)
	Market penetration (percent)	Solar space heaters (thousands of units)[1]	Market penetration (percent)		Solar space heaters (thousands of units)[1]	
			Year	Cumulative		
1	0.1	2	0.0006	0.0006	0.4	2.4
2	.2	4	.0012	.002	.9	4.9
3	.4	7	.0024	.004	1.8	8.8
4	.8	15	.005	.009	3.7	18.7
5	1.6	30	.01	.019	7.5	37.5
6	3.2	61	.02	.039	15.2	76.2
7	6.0	116	.04	.078	30.8	147.4
8	11.0	216	.09	.17	70.2	286.2
9	18.0	356	.2	.37	158.0	514.0
10	24.0	480	.4	.76	320.0	800.0
11	30.0	606	.7	1.45	567.0	1,173.0
12	35.0	714	1.2	2.63	984.0	1,698.0
13	38.0	783	2.0	4.60	1,660.0	2,443.0
14	40.0	832	2.8	7.35	2,352.0	3,184.0
15	42.0	882	3.5	10.76	2,975.0	3,857.0

[1] 1 unit equals the water heater for 1 dwelling unit. An installation to provide hot water for 10 units in a multiple family apartment is counted as 10 units.

The following table converts unit sales into dollar sales and into barrels of crude oil or its equivalent saved:

RESIDENTIAL SOLAR SPACE HEATING

Year	Solar space heaters installed (thousands of units)		Dollar value (1976 dollars) of units installed in the year (millions)	Barrels of crude oil (or equivalent) saved	
	Year	Cumulative		Per year	Per day
5	7.5	14.3	120	912,500	2,500
10	320	608.5	2,300	25,550,000	70,000
15	2,975	9,147	10,800	173,375,000	475,000

NONRESIDENT SOLAR SPACE HEATING

As in the case of nonresidential water heating, nonresidential solar space heating will lag behind residential space heating. In part, this is the result of the complexity of the market. In many cases, the air-conditioning load in nonresidential structures is larger and more important than the heating load. In many such instances, space heating will come along with air-conditioning. In the longer term, good penetration of this market is expected and again, particularly because of the greater vulnerability of many segments of this market to curtailment and allocation of conventional energy resources. Our projection for nonresidential space heating follows:

NONRESIDENTIAL SOLAR SPACE HEATING

Year	Energy consumption, 10^{15} Btu/Year	Market penetration (percent)		Square feet of standard solar collectors installed (thousands)
		Year	Cumulative	
1	4.28	0.0002	0.0002	29
3	4.37	.0004	.0006	60
3	4.45	.0008	.0014	123
4	4.54	.002	.0034	311
5	4.63	.005	.0083	793
6	4.73	.015	.023	2,430
7	4.82	.035	.058	5,778
8	4.92	.07	.13	11,796
9	5.01	.12	.24	20,591
10	5.11	.20	.44	35,004

NONRESIDENTIAL SOLAR SPACE HEATING—Continued

Year	Energy consumption, 10^{15} Btu/Year	Market penetration (percent)		Square feet of standard solar collectors installed (thousands)
		Year	Cumulative	
11	5.22	.35	.78	62,575
12	5.32	.6	1.37	109,326
13	5.43	.9	2.24	167,380
14	5.54	1.3	3.49	246,669
15	5.65	1.7	5.13	328,971

Note: The following table converts square footage of "standard" collector into dollar volume of the complete solar systems in 1976 dollars (excluding inflation) and to barrels of crude oil or equivalent saved per day:

Year	Solar space heating installed (thousands of square feet of standard collectors)		Dollar volume (1976 dollars) of units installed in the year (millions)	Barrels of crude oil (or equivalent) saved	
	Year	Cumulative		Per year	Per day
5	800	1,300	16	73,000	200
10	35,000	77,000	600	4,380,000	12,000
15	330,000	992,000	5,000	54,750,000	150,000

SOLAR AIR-CONDITIONING

Air-conditioning, for both residential and nonresidential application, will be the slowest developing solar application. Although technically suitable solar air-conditioning equipment is now available, it is cost-effective only in a very limited range of applications. Additional engineering development is required to reduce cost and increase efficiency so as to broaden potential market base. Of course, the rising cost of conventional energy sources will also contribute to eventually making solar air-conditioning broadly cost-effective.

Residential air-conditioning applications will grow more slowly than nonresidential. This presents a contrast to the water heating and space heating market in which residential applications are expected to grow the most rapidly. The "cooling season" for commercial buildings, such as stores and office buildings, is longer than the residential cooling season. Thus, in these important markets, the solar equipment will be better utilized than in residential applications. In the southern part of the country, air-conditioning of stores and office buildings is very nearly a year-round load. The majority of nonresidential air-conditioning systems are chilled water systems in which the "product" of the air-conditioning machinery is chilled water. These systems lend themselves to retrofit with a solar unit in which the collectors and solar heat driven chiller supplement the existing conventional equipment. In some cases, only the solar collection system must be added since a substantial number of heat actuated chillers are now in use. Finally, the typical solar driven, heat actuated chiller requires the use of a cooling tower. Cooling towers are now widely used for heat rejection in commercial air-conditioning installations but are not generally used in residential installatons. The operating complexity imposed by the cooling tower is not a material deterrent to the use of solar air-conditioning in nonresidential applications. It is a meaningful deterrent in the case of the residential applications, particularly so in single-family residences.

Our projection for residential solar air-conditioning installations follow. As in the case of residential space heating and residential water heating, the figures are additive to those for space heating and water heating. For example, in the tenth year in which we project 30,000 residential solar air-conditioning installations, 800,000 solar space heaters and 2,760,000 residential solar water heaters, this means 30,000 residential systems with solar air-conditioning, space heating and water heating; 770,000 with space heating and water heating and 1,960,000 water heaters alone. Our projections follow:

RESIDENTIAL SOLAR AIR-CONDITIONING

Year	Solar air-conditioner installed (thousands) [1]	Market penetration (percent)
1	0.01	0.0006
2	0.02	0.0011
3	0.04	0.0022
4	0.08	0.0043
5	0.20	0.011
6	0.77	0.04
7	2.9	0.15
8	7.8	0.4
9	15.8	0.8
10	30.0	1.5
11	50.5	2.5
12	81.6	4.0
13	124.0	6.0
14	166.0	8.0
15	210.0	10.0

[1] One unit equals the water heater for one dwelling unit. An installation to provide hot water for 10 units in a multiple family apartment is counted as 10 units.

The next table converts installed units to dollar sales in constant 1976 dollars (without inflation) and savings in barrels of crude oil or its equivalent per year and per day:

RESIDENTIAL SOLAR AIR-CONDITIONING

Year	Solar air conditioners installed (thousands)		Dollar volume (1976 dollars) of units installed in the year (millions)	Barrels of crude oil (or equivalent) saved	
	Year	Cumulative		Per year	Per day
5	0.2	0.35	0.9	767	2.1
10	300.0	57.6	60.0	94,900	260.0
15	210.0	690	675.0	1,423,500	3,900.0

As discussed previously, nonresidential solar air-conditioning will grow much more rapidly than residential. In this one particular case, the totals are generally not additive to the totals for space heating and water heating. Our projection follows:

NONRESIDENTIAL SOLAR AIR-CONDITIONING

Year	Energy consumption, 10^{15} Btu/Year	Market penetration (percent)		Square feet of standard" solar collectors installed (thousands)
		Year	Cumulative	
1	1.63	0.00003	0.00003	5
2	1.68	.00006	.00009	10
3	1.73	.00011	.00019	20
4	1.78	.00021	.00040	40
5	1.83	.0005	.00089	100
6	1.89	.0015	.0024	300
7	2.02	.005	.0072	1,060
8	2.08	.012	.019	2,600
9	2.15	.03	.048	6,800
10	2.21	.06	.11	14,000
11	2.28	.11	.21	26,000
12	2.34	.20	.41	49,000
13	2.41	.35	.75	88,500
14	2.49	.6	1.32	157,000
15	2.56	.9	2.19	240,000

The following table converts these projections into dollar volume in 1976 dollars (without inflation) and to barrels of crude oil or its equivalent saved per year and per day:

NONRESIDENTIAL SOLAR AIR-CONDITIONING

Year	Square feet of "Standard" solar collectors installed (thousands)		Dollar value (1976 dollars) of units installed in the year (millions)	Barrels of crude oil (or equivalent) saved	
	Year	Cumulative		Per year	Per day
5	100	175	2.1	3,650	10
10	14,000	25,000	260	438,000	1,200
15	240,000	585,000	3,900	10,950,000	30,000

SUMMARY OF PROJECTIONS

Our next table summarizes dollar volume of solar units in all heating and cooling applications:

Summary—Solar heating and cooling, millions of 1976 dollars (without inflation)

	5 years	10 years	15 years
Water heaters:			
New residential	120	435	950
Retrofit residential	675	1,730	2,550
Nonresidential	8	250	635
Space heating:			
New residential	90	1,200	1,900
Retrofit residential	30	1,100	8,900
Nonresidential	16	600	5,000
Air-conditioning:			
Residential	.9	60	675
Nonresidential	2.1	260	3,900
Total	942	5,635	24,510

Similarly, the final table summarizes crude oil savings in barrels per day:

Summary—Solar heating and cooling, barrels of crude (or equivalent), saved per day

	5 years	10 years	15 years
Water heaters:			
New residential	3,750	25,000	80,000
Retrofit residential	15,000	97,000	252,000
Nonresidential	160	9,000	55,000
Space heating:			
New residential	2,000	50,000	175,000
Retrofit residential	500	20,000	300,000
Nonresidential	200	12,000	150,000
Air-conditioning:			
Residential	15	2,500	30,000
Nonresidential	10	1,200	30,000
Total	21,635	216,700	1,072,000

It should be noted that these projections are predicated upon the development and implementation of a comprehensive and aggressive Government program designed to stimulate the growth rate of solar applications. Without the Government programs which the Solar Energy Industries Association has recommended, growth rate would be slower, although ultimately the same level of market penetration, sales and crude oil savings would be reached.

It should also be noted that the projections do not include other applications in which solar thermal energy can be used directly. One substantial additional potential market is industrial process steam. Another significant but smaller potential market for direct use of solar thermal energy is in agricultural crop drying.

Finally, it should be noted that the projections do not include any projection for the dollar volume of solar-photovoltaic or solar-thermal electric markets or the oil (or equivalent) which can be saved. They do not include potential oil (or equivalent) savings to be derived from the use of "biomass" as a fuel to fire conventional fuel-fired equipment used for the generation of electric energy or for other purposes. They do not include fuel savings which may be derived from the use of wind energy to generate electric energy or the direct use of wind energy for other applications, such as pumping irrigation water.

Many of these other applications appear to have substantial potential, particularly so during the latter part of the fifteen year span covered by these projections. At the present time, solar-photovoltaics, wind energy conversion and biomass conversion appear to offer the greatest potential within the fifteen year period.

TAX REFORM ACT OF 1976—H.R. 10612

AMENDMENT NO. 1889

(Ordered to be printed and to lie on the table.)

Mr. PEARSON. Mr. President, I rise to submit an amendment which provides for the application of the limitation on artificial accounting losses—LAL—to oil and gas activities, but only upon the complete deregulation from Federal control of the price structure of oil and gas.

The House bill provides for the immediate application of LAL to oil and gas wells which are not exploratory in nature. The Committee amendment rejects the LAL approach and applies the "at risk" limitation to oil and gas activities. This amendment follows the House approach by applying LAL to oil and gas activities. My amendment would apply LAL to all wells, exploratory as well as developmental, effective at such time as the prices for oil and gas are completely free from Federal restrictions.

Mr. President, I strongly oppose the immediate application of LAL to oil and gas activities. The administration has changed its position since its 1973 proposal applying LAL to oil and gas. The oil and gas situation has changed markedly since that time. The United States has witnessed a sharp decline in domestic sources of oil and gas. We have also experienced painful dislocations caused by our dependence on foreign sources for oil. At the same time, energy exploration and development activities have been severely hampered by the repeal of percentage depletion, the limitations on the foreign tax credit and the continuation of price controls. This is not the time to create more uncertainty or eliminate those incentives which influence potential investors in oil and gas ventures. Potential investors in a business which is inherently very risky can certainly be expected to turn to other investments if we continue to make oil investment less attractive.

However, I believe that LAL should apply to oil and gas activities upon the decontrol of oil and gas prices.

Regulation of crude oil prices is scheduled to be completely removed over a 40-month period in accordance with the provisions of the Energy Policy and Conservation Act which the President signed into law last December. However, Congress has taken no steps to remove the controls on the price of natural gas. It is only at the time of such complete decontrol that oil and gas prices will be free to fluctuate according to supply and demand and the industry will be able to compete efficiently with other capital-intensive industries for their fair share of investment funds. Thus, LAL should not apply to oil and gas activities until such time to assure that such activities are not placed at a competitive disadvantage with other industries.

AMENDMENT NO. 1890

(Ordered to be printed and to lie on the table.)

Mr. MONTOYA. Mr. President, I am today submitting an amendment which is aimed at equalizing the tax treatment for Civil Service and other Federal retirement plans with the tax treatment presently given to those receiving social security and railroad retirement benefits. Originally introduced as S. 2870, this amendment contains technical changes designed to reduce the cost while still excluding from taxation the amount received from Federal retirement plans up to the amount of the maximum social security retirement benefit applicable for that year.

Benefits received by retired workers from social security are free of taxation. The same is true of benefits now received by retired railroad workers and their widows. This provision protects the small incomes of most retired workers in this Nation and is an important part of our largest retirement program.

However, benefits received by retired civil servants are taxed, following the final payment of dollars which have been previously contributed by the worker and taxed at the time of earning. Obviously, providing workers in different retirement groups with different tax treatment is a gross and unfair inequity in our present system.

Probably no group in our Nation has been hit harder by inflation than retired men and women who are dependent on pensions for the bulk of their retirement income. Most pensions are still set at levels which do not reflect the inflationary impact of the last few years. Even though both social security recipients and civil service and military retirees have received increases in pension levels, there is little doubt that many elderly Americans are still living below the poverty level. For most retired civil servants the plans which they had made for retirement income have been severely altered by the economic disasters of the last few years.

All older citizens on fixed incomes are having trouble. The items for which the aged normally spend the largest part of their income—food, housing, fuel, and medical care—have been the items which have the highest rates of inflation. In this situation the true cost-of-living index for senior citizens is not realistically represented in the cost-of-living index used for urban working families. For that reason elderly retired workers are falling behind in the race with inflation. Many Americans have been able to adjust incomes in order to account for inflation. Those who are living on fixed retirement incomes are not able to make this kind of adjustment.

When we compound this problem with an inequitable tax treatment for one segment of our retired population, we create bitterness and resentment. In too many cases that is happening to men and women who have spent a lifetime working as servants of the public.

The amendment which I propose to add to the tax reform bill will relieve retired Federal employees of the cause for that resentment. It would allow to these Federal retirees an exemption from taxation on that portion of their income which is equal to the exclusion from taxation given to social security beneficiaries.

Approximately half of all Federal retirees would be unaffected by this legislation because their total income is so low that they are not required to pay any tax now. However, for those who are now required to pay taxes, this legislation will mean a small but vitally important tax saving.

An example will illustrate the inequity which this bill addresses:

A husband and wife each receive social security benefits of $300 per month (annual)	$7,200
They receive additional income from other sources	3,500
Total annual income is	10,700
Federal tax owed is	0
However:	
A husband and wife receive retirement benefits from civil service totaling (annual)	7,200
Their additional income from other sources is the same	3,500
Total annual income is the same	10,700
But Federal tax owed would be about	1,104

Congress recognized the obvious problem which the above examples illustrate. The retirement income credit was introduced to correct the situation. However, we have not acted to adjust the amount of income credit allowed so that it would continue to be in line with social security and railroad retirement benefits. The last time these figures were readjusted was in 1962. During the ensuing 14 years inflation has cut deeply into the value of that retirement income credit, making it much less valuable. At the same time, social security benefits have more than doubled. It is time we came up with a sensible and more permanent solution.

My proposed amendment would avoid the necessity of having to readjust ceilings every few years. It applies only to those 65 years or older and allows Federal retirees receiving partial social security to take the difference between that and the maximum as their exclusion. This would maintain a fair and evenhanded tax approach to all retired workers.

The Library of Congress Economics Division is doing an analysis of this amendment. Their estimate of the cost of providing this tax exclusion to all retired Federal workers would be around $500 million. However, the 65 years old age provision would substantially lower this figure. Their analysis points out that most econometric models would produce a recoupment of 25 to 50 percent after feedback effects are taken into consideration.

Based on data for 1974, total payments to Federal retirees is about $11.9 billion annually. The average benefit was $5,080. For civil service retirees this constitutes 70 percent of the total income for annuitants, and 49 percent for survivors.

Mr. President, I urge my colleagues to take this opportunity to provide this very minor but important tax reform in this year's bill. I believe strongly that we should take action to correct what has become a very painful inequity in our tax system.

I ask unanimous consent that the amendment be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT No. 1890

At the appropriate place, insert the following new section:

SEC. —. PARTIAL EXCLUSION OF UNITED STATES RETIREMENT BENEFITS FROM GROSS INCOME.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by redesignating section 124 as section 125 and by adding after section 123 the following new section:

"SEC. 124. PARTIAL EXCLUSION OF UNITED STATES RETIREMENT BENEFITS.

"(a) GENERAL RULE.—Gross income does not include amounts received by an individual for the taxable year as a pension, annuity, or other benefit under a retirement system maintained by the United States or any agency thereof which would be included in gross income but for this section, to the extent that such amounts do not exceed the maximum social security benefit for that year, as determined under subsection (c).

"(b) LIMITATIONS.—

"(1) Reduction for old-age insurance benefits.—The amount which an individual is allowed to exclude from gross income under subsection (a) shall be reduced by the amount of any old-age insurance benefit received or entitled to be received by such individual under title II of the Social Security Act for such taxable year.

"(2) 65 OR OLDER.—No individual shall be allowed to exclude any amount from gross income under subsection (a) unless such individual has attained the age of 65, on or prior to the last day of such taxable year.

"(c) MAXIMUM SOCIAL SECURITY BENEFIT.—For purposes of this section, the maximum Social Security benefit for a calendar year is the sum of—

"(1) the maximum amount of the old-age insurance benefit which could be paid for the calendar year under title II of the Social Security Act to any individual who attained age 65 in, and first became entitled to benefits for, the first month of such calendar year, and

"(2) the maximum amount of the earnings (as defined by section 203 (f) (5) of the Social Security Act) which could be received in such calendar year by an individual who is entitled to old-age insurance benefits under title II of such Act, and who has not attained age 72, without a reduction in such benefits for any month of such calendar year.

In the case of a taxpayer whose taxable year is other than the calendar year, the amount determined under this subsection shall be determined in accordance with regulations prescribed by the Secretary."

(b) TECHNICAL AND CONFORMING AMENDMENTS.—The table of sections for part III of subchapter B of chapter 1 is amended by striking out the last item and inserting in lieu thereof the following:

"SEC. 124. PARTIAL EXCLUSION OF UNITED STATES RETIREMENT BENEFITS.

"SEC. 125. CROSS REFERENCES TO OTHER ACTS."

(c) EFFECTIVE DATE.—The amendments made by this section apply to taxable years beginning after December 31, 1975.

AMENDMENT NO. 1891

(Ordered to be printed and to lie on the table.)

Mr. SPARKMAN. Mr. President, the amendment which I have sent to the desk would restore to the committee's bill some of the present incentives in our tax laws which encourage the construction of multifamily housing. I should like to emphasize the word some, because this amendment does not touch upon several of the changes recommended by the committee which would have the effect of cutting back on the tax incentives for housing. I believe as do all Members that there is a need to seek a reasonable degree of equity in the administration and application of our tax laws. However, I do not believe that this so-called equity should be achieved at the expense of meeting our Nation's housing needs.

The amendments I have submitted seek to assure that we retain adequate incentives for the construction of needed rental housing, while at the same time going along with other proposed changes by the committee which attempt to assure that no one, with a substantial real income, escapes some reasonable degree of taxation on that income.

Thus, my amendments do not seek to reverse the proposed increase in the minimum tax from 10 to 15 percent, nor do they oppose the proposed substantial reduction in the amount of tax preference items that can be excluded from application of the minimum tax.

Furthermore, I propose no change in the committee's recommendation tightening up the amount of income that is eligible for the 50-percent maximum tax on earned income, through eliminating the $30,000 exclusion in the amount of tax preferences deducted from total earned income. I believe that these three provisions will help assure that a much greater percentage of those, who make use of tax incentives for residential housing construction, pay some reasonable degree of their real income in taxes, especially the very high income.

On the other hand, my amendments would eliminate, or moderate, those proposals of the committee which threaten the basic structure of the present tax incentives for housing. Furthermore, they would maintain a clear distinction between investment in residential real estate, for which the Nation has set a high priority, and investment in nonresidential real estate. This distinction, I believe, is crucial if we, as a nation, are going to continue to seek to meet the national goal of a decent home for every American family.

Probably the biggest weakness of the real estate-related proposals of the committee is its treatment of all real estate as the same, thereby ignoring the much higher priority the Congress has always placed on residential construction. This distinction was recognized by the Senate in December of 1969 when, at the urging of the senior Senator from Texas and me, it voted to continue greater tax incentives for residential investment than for nonresidential. It has been recognized time and time again, when we have passed housing legislation aimed at encouraging the construction of new homes and apartments for all our citizens. Mr. President, I believe that we should continue this distinction and maintain a significantly higher level of tax incentives for investment in residential property than in nonresidential.

The first part of my amendment would maintain the present provisions of law with respect to the recapture, at time of sale, of excess accelerated depreciation for taxation at ordinary income tax rates. As the Senate knows, present law provides for full recapture insofar as nonresidential property is concerned, while allowing for a phase-out of recapture over a 16 year 8 month period for regular apartment projects and over a 10-year period for certain low- and moderate-income projects. We established these present provisions in 1969, and I see no reason to eliminate them today as the committee's bill would.

The second part of my amendment would eliminate as a tax preference item, subject to the minimum tax, construction interest paid with respect to the construction of housing. While I find it hard to understand, how someone's out-of-pocket expenses for interest paid on a construction loan can be looked upon as a tax preference under any circumstance, I firmly believe that it should not be so treated in so far as the construction of housing is concerned. The committee bill would not only tax the construction interest paid in connection with multifamily housing, but also that paid in connection with the construction of single-family homes for sale. This is totally uncalled for.

Housing construction loans are hard enough to get in any case and carry interest rates frequently beyond the capacity of the ordinary builder, to add the additional burden of a 15-percent tax on top of interest rates that have sometimes gone as high as 18 or 19 percent recently. Mr. President, we need to encourage housing construction, not deter it by taxing money paid as interest.

The third part of my amendment would exempt low- and moderate-income housing, on which construction commenced prior to January 1, 1982, from the committee's proposal to treat as a tax preference, subject to the minimum tax, a limited partner's share of the mortgage interest paid by the partnership in connection with the ownership of an apartment project. For all other rental housing and those low and moderate income projects on which construction started after 1981, a limited partner would have 50 percent or $25,000, whichever is greater, of his share of the mortgage interest expenses exempted from treatment as a tax preference item.

The ability to treat mortgage interest payments as a deduction, is often an important factor in determining the yield of a limited partner's investment in a rental housing project. To arbitrarily treat that deduction as a tax preference, subject to a 15 percent tax, could deter many potential investors from investing in new rental projects. This is especially true for low- and moderate-income projects, which frequently have a very low and controlled rate of return for their owners and carry high risks, because of the income level which they serve.

Recognizing the greater risk inherent in low- and moderate-income projects, I propose, as does the Department of Housing and Urban Development, to completely exempt, from treatment as a tax preference, the limited partner's share of mortgage interest paid in connection with projects started over the next 5 years. That time period should provide adequate time, to get moving once again, the almost completely halted federally assisted low- and moderate-income housing programs. We can then reexamine at the end of that period, whether it is necesary to maintain this differential for low- and moderate-income projects.

With respect to all other rental projects, my proposed partial exemption of a limited partner's share of the mortgage interest payment should maintain a reasonable extra incentive for continued investment in housing, while at the same time protecting against undue use of mortgage interest payments to escape taxation on other income, especially for those in the high-income brackets. I believe that it is essential that some distinction be continued to be maintained between investment in residential property and investment in noresidential property.

As you know, I have been chairman of the Housing Subcommittee since its inception, except for 2 years in which the other party was in the majority. During that almost 30-year period, my subcommittee, the Senate and the Congress as a whole have repeatedly acted favorably upon legislation to make a reality out of the national goal, contained in the 1949 Housing Act, of a decent home and a suitable living environment for every American family. That goal established adequate housing as one of the highest priorities of our Nation and its Government. The Senate recognized the high priority placed on housing, when, in conjunction with the 1969 Tax Reform Act, it voted by an almost three-to-one margin to retain a higher level of incentives in the tax laws for housing than for other types of real property.

At the time that the 1969 Tax Reform Act was passed, multifamily housing constituted approximately 42 to 45 percent of the housing units started each month. Because of the incentives retained in the tax laws, this ratio continued through the early part of 1974. However, in May 1974, the Treasury announced its proposal to impose LAL on investors in real estate, including rental housing. Subsequent to this announcement, multifamily housing starts began to fall drastically, both in total numbers and as a percentage of total housing units started. While there were certainly other problems that caused a sharp decline in housing construction activity in 1974, I feel that the threat that LAL posed to potential investors in multifamily housing had a significant part to play in this drop, which saw multifamily units decline to approximately 21 or 22 percent, on a monthly basis, of total housing units started—exhibit A.

At the same time that multifamily housing starts have been declining from an average monthly level of approximately a million units a year, on a seasonally adjusted annual basis, in 1972 and early 1973 to an average of 300,000 units so far this year—exhibit B—the Nation's need for new housing units, especially for rental units, has been at the highest level in history.

Annual household formations for the rest of this decade will average approximately 1.4 million a year. Housing units lost from our stock have been averaging around 700,000 units a year since 1970. Yet last year, we only produced 1.17 million units, and this year we will be lucky to produce much more than 1.5 million units.

Many of those seeking housing today are those born during the post-World War II baby boom. They would like to be able to establish a home of their own and yet are being confronted with an increasing shortage of rental units that they can afford. Multifamily vacancy rates have dropped sharply in the past 6 months to 5.5 percent nationwide. The situation is even tighter in areas like Washington, D.C., where it is almost impossible to find an apartment unit. All indications are that the situation will get worse before it gets better, and it may not get much better if the Congress removes the present much-needed incentives in the tax laws for investment in multifamily housing.

These incentives are very important to a reasonable level of rental housing construction. Housing has always been a capital-short area, and rental housing builders have always had to rely to a significant extent on attracting outside equity capital in order to produce rental housing at levels needed to serve the American people. Because there are many other more attractive and less risky investment areas, rental housing must at least be competitive with the rates of return that these other areas can provide. For better or for worse, the tax incentives of the present law have been looked to for providing a major part of the return needed to stay competitive. If these incentives were to be cut back as sharply as proposed in the committee bill, it would be necessary to increase potential rents substantially. This is just not possible today, with still outrageously high mortgage interest rates and other high cost levels because of the inflation of recent years.

I understand that one of the arguments against maintaining essentially the same level of tax incentives for rental housing is that there is a need to increase revenues and that the cutbacks in these incentives, contained in the bill, provide a substantial portion of the projected revenue increase from the bill. I, too, am for increasing revenues, but I believe that doing so at the expense of multifamily housing construction is not the best way in which to do it.

Aside from all the arguments about the need for housing, there are some pretty sound economic arguments in favor of encouraging a reasonably high level of multifamily construction. The Nation has not yet recovered from the severe economic recession of the preceding 2 years and the slowest part of that recovery has been in multifamily housing construction. Construction in this area is still only about one-half of what it was in early 1974 and only 30 percent of what it was in 1972 and the first half of 1973.

Even if these proposed changes did not result in any significant decrease in pressent production levels, I believe that I can safely say that they will, on the other hand, result in no substantial increases in present construction levels. That would not only be disastrous to the housing aspirations and needs of the American people, but also to the hundreds of thousands of construction workers still unemployed, with an unemployment rate of about 15 percent. It would also be very harmful to the economy in general, which could still greatly benefit from the shot in the arm that a substantial increase in multifamily construction would bring.

For every rental unit constructed in this country, approximately one job is created and for every dollar spent on construction of an apartment unit, approximately $2.50 of other economic activity is generated. If we could just double the average starts-level of 300,000 units achieved so far this year, we could put another 300,000 people back to work, with all the resultant benefits to the economy through increased tax revenues and decreased Government expenditures for unemployment compensation and other welfare-type benefits.

Three hundred thousand additional rental units would produce $2.4 billion of increased Federal tax revenues and $250 million in additional State and local taxes. And yet, all this would be achieved at a production level of 600,000 multifamily units which would still be approximately 40 percent below the level of 3 years ago. I believe there would be a much greater revenue gain from the increased regular tax revenues which would flow from this increased production, than any punitive gain that might be achieved by failing to adopt my amendments.

The report of the Finance Committee on page 17 states as follows:

> We need to increase investment in the U.S. economy to improve our standard of living and to achieve energy, environmental

> and other goals; and under these circumstances, the committee believes a permanent extension of 10-percent investment credit is appropriate.

I do not object to continuing the investment tax credit and even increasing it permanently to 10 percent. It has generally proven to be a beneficial use of the tax laws to encourage investment in new plant and equipment and thereby provide a healthier economy than might otherwise have been possible. But do you realize that while we are encouraging major segments of our business community with the investment tax credit, giving them a substantial tax benefit, we are providing little or no benefit for the housing industry. It is an industry which does not rely very much on the type of plant and equipment for which the investment tax credit was designed, and, yet, it is about the single largest industry in the Nation, representing about 3½ percent of GNP.

I agree with the language I have quoted from the Finance Committee Report that we need to increase investment in the U.S. economy. But I also believe that that effort should be an equitable one and should be structured to provide tax incentives, other than the investment tax credit, for those productive areas of the economy which cannot make any major use of the investment tax credit. The present incentives in the tax laws are the investment tax credit for the housing industry. They are as needed for the health of our economy, as that credit is for most other industries.

I have also heard the argument made that the present system of tax incentives for rental housing construction is not the most efficient; that it encourages investment by those who do not have much concern about properly maintaining the projects in which they invest, resulting in poor upkeep, early foreclosures and premature deterioration of good housing. I agree that there are some who invest in rental housing and some who produce it who do not do a good job. Is that not true for many other areas, in both our economy and our society?

Figures have been cited to indicate a distressingly high foreclosure rate in the FHA 236 Program for the lower income and much of the blame for this has been laid at the door of the present system of tax incentives which encourage syndication of the equity in these projects. As chairman of the Housing Subcommittee, I, too, have been deeply disturbed about the difficulties experienced in many 236 projects, but we must realize that these projects have gone through troublesome times in recent years on account of sharply escalating utility, tax and other costs.

As many of you remember, the 1974 Housing and Community Development Act contained a Senate provision to provide extra assistance to these projects to deal with increased utility and tax costs. HUD has still to implement that program voluntarily, having been forced by a long series of court decisions which have gone against it, to implement it on a piecemeal basis. I believe that inflation and the failure to use all means available are as much or more responsible for the troubles experienced under 236, as are the tax laws.

In fact, a review of those 236 projects, which HUD has had to take back, indicates that nonprofit sponsors have had a default rate three times as high as have limited dividend sponsors. As of the end of March 1976, 216 of 868 nonprofit sponsors' projects have been returned to HUD for a rate of 24.8 percent. On the other hand, for limited dividend sponsors the rate has been 8.3 percent with 255 out of 3,054 projects returned to HUD. This latter percentage, of course, is nothing to brag about, but when compared to the experience of nonprofit sponsors, it would seem to indicate that the tax laws are not the principal problem.

Mr. President, I urge the adoption of my amendment as a reaffirmation of this body's, and the Nation's, commitment to meeting our people's housing needs. I believe that these amendments strike an equitable balance between assuring that no one escapes a reasonable degree of taxation and continuing to encourage necessary rental housing construction. I further believe that the adoption of my amendments will provide a much greater increase in tax revenues from increased construction activity, than could possibly be lost from failing to cut back on housing investment as sharply as proposed in the committee bill. Finally, the adoption of these amendments will recognize the higher priority that housing has over other areas of investment and especially over other areas of real estate investment.

I ask unanimous consent that the exhibits to which I have referred be printed at this point in the Record.

There being no objection, the exhibits were ordered to be printed in the Record, as follows:

EXHIBIT A

TOTAL PRIVATE HOUSING STARTS AT SEASONALLY ADJUSTED ANNUAL RATES, BY TYPE OF UNIT MONTHLY, 1970–74

Year and month	Number of units (thousands)			Percent distribution		
	Total	Single family	Multi-family	Total	Single family	Multi-family
1970:						
January	1,109	612	497	100	55.2	44.8
February	1,322	739	583	100	55.9	44.1
March	1,364	726	638	100	54.9	45.1
April	1,230	712	518	100	57.9	42.1
May	1,280	742	538	100	58.0	42.0
June	1,396	816	580	100	58.5	41.5
July	1,506	813	693	100	54.0	46.0
August	1,401	828	573	100	59.1	40.9
September	1,531	872	659	100	57.0	43.0
October	1,589	883	706	100	55.6	44.4
November	1,621	904	717	100	55.8	44.2
December	1,943	1,155	788	100	59.4	40.6
1971 (e):						
January	1,828	1,004	824	100	54.9	45.1
February	1,741	1,009	732	100	58.0	42.0
March	1,910	1,078	832	100	56.4	43.6
April	1,986	1,134	852	100	57.1	42.9
May	2,049	1,151	898	100	56.2	43.8
June	2,026	1,159	867	100	57.2	42.8
July	2,083	1,148	935	100	55.1	44.9
August	2,158	1,174	984	100	54.4	45.6
September	2,041	1,155	886	100	56.6	43.4
October	2,128	1,212	916	100	57.0	43.4
November	2,182	1,225	957	100	56.1	43.9
December	1,295	1,302	993	100	56.7	43.3
1972:						
January	2,494	1,409	1,085	100	56.5	43.5
February	2,390	1,249	1,141	100	64.8	47.7
March	2,334	1,320	1,014	100	56.6	43.4
April	2,249	1,239	1,010	100	55.1	44.9
May	2,221	1,275	946	100	57.4	42.6
June	2,254	1,273	981	100	56.5	43.5
July	2,252	1,290	962	100	57.3	42.7
August	2,382	1,345	1,037	100	56.5	43.5
September	2,481	1,399	1,082	100	56.4	43.6
October	2,485	1,341	1,144	100	54.0	46.0
November	2,421	1,332	1,089	100	55.0	45.0
December	2,366	1,259	1,107	100	53.2	46.8
1973:						
January	2,481	1,431	1,050	100	57.7	42.3
February	2,289	1,341	948	100	58.6	41.4
March	2,365	1,237	1,128	100	52.3	47.7
April	2,084	1,216	868	100	58.4	41.7
May	2,266	1,220	1,046	100	53.8	46.2
June	2,067	1,106	961	100	53.5	46.5
July	2,123	1,178	945	100	55.5	44.5
August	2,051	1,106	945	100	53.9	46.1
September	1,874	1,019	855	100	54.4	45.6
October	1,677	970	707	100	57.8	42.2
November	1,724	960	764	100	55.7	44.3
December	1,526	824	702	100	54.0	46.0
1974:						
January	1,453	811	642	100	55.8	44.2
February	1,784	1,032	752	100	57.9	42.2
March	1,553	967	586	100	62.3	37.7
April	1,571	983	588	100	62.6	37.4
May	1,415	900	515	100	63.6	36.4
June	1,526	984	542	100	64.5	35.5
July	1,290	903	387	100	70.0	30.0
August	1,145	813	332	100	71.0	29.0
September	1,180	872	308	100	73.9	26.1
October	1,100	793	307	100	72.1	27.9
November	1,028	812	216	100	79.0	21.0
December	940	719	221	100	76.5	23.5
1975:						
January	1,005	748	257	100	74.4	25.6
February	953	722	231	100	75.8	24.2
March	986	763	223	100	77.4	22.6
April	982	774	208	100	78.8	21.2
May	1,085	853	232	400	78.6	21.4
June	1,080	874	206	100	80.9	19.1
July	1,207	916	291	100	75.9	24.1
August	1,264	979	285	100	77.5	22.6
September	1,304	966	338	100	74.1	25.9
October	1,431	1,093	335	100	76.4	23.4
November	1,381	1,048	333	100	75.9	24.1
December	1,283	962	321	100	75.0	25.0
1976:						
January	1,236	957	279	100	77.4	22.6
February	1,547	1,295	252	100	83.7	16.3
March	1,417	1,110	307	100	78.3	21.7
April	1,381	1,063	318	100	77.0	23.0
May	1,415	1,057	358	100	74.7	25.3

Source: Bureau of the Census, U.S. Department of Commerce, (a) "Construction Reports, Housing Starts 1959 to 1971," series C20 supplement, pp. 21–22, table 3, (b–e) "Construction Reports, Housing Starts," series C20, the following issues: January 1968, C20–68–1, p. 7, table 5, February 1968, C20–68–2, p. 7, table 5, January 1972, C20–72–1, p. 7, table 5; January 1974, C20–74–1, p. 7, table 5; data compilation and analysis by NAHB Economics Department.

EXHIBIT B

PRESENT LAW

Under present law any gain realized on the sale of real property is taxed at capital gains rates, except to the extent that the gain is attributable to the prior taking of accelerated depreciation in excess of straight-line. This excess depreciation is recaptured for taxation at ordinary income tax rates, depending upon the type of property, as follows:

1. For low and moderate income residential rental projects, the recapture is phased-out at the rate of 1% a month after the property has been held for 20 months, so that there is no recapture after 10 years.

2. For all other residential rental projects, the recapture is phased-out at the rate of 1% a month after the property has been held for 100 months, so that there is no recapture after 16 years and 8 months.

3. For all other real estate there is full recapture, regardless of the length of time the property is held.

There is a 10% minimum tax applied to certain items of tax preference to the extent that the total of these items for the taxable year exceeds the sum of $30,000 and the amount of income taxes that the taxpayer is otherwise required to pay. One of the items of tax preference is the excess of accelerated depreciation over straight-line depreciation taking during that taxable year.

Mortgage interest and real estate taxes, with respect to all real estate whether paid during or after the construction period, are fully deductible for income tax purposes, regardless of whether the property is held for sale in the normal course of a trade or business or for rental. This deduction is available to an individual with respect to property owned in his own name or with respect to his share in the ownership of property owned by a limited partnership.

There is a maximum tax of 50% on earned income. However, the amount of earned income eligible for the 50% rate is reduced by the amount by which the total of that individual's preferences for the year exceeds $30,000.

HOUSE-PASSED TAX BILL

Would apply LAL to all real estate holdings. Under LAL, losses, incurred from the excess of accelerated depreciation over straightline and the payment of interest and taxes during the construction period, would only be allowed for tax purposes to offset real estate related income. Losses and income from all real estate related activities would be aggregated. Any amount not permitted to be used to offset income in the year incurred would be carried over to future years for use when sufficient real estate related income was available.

LAL would apply to nonresidential projects started after December 31, 1975; to residential rental projects started after December 31, 1977, if before January 1, 1977, the building site has been acquired or optioned and a firm commitment for permanent mortgage financing obtained, otherwise to projects started after December 31, 1976; to low and moderate income residential rental projects started after December 31, 1980, but projects started before that date must have had a binding commitment for subsidy entered into before January 1, 1979, to be exempt from LAL.

Mimimum tax would be increased to 14% and would apply to the total of tax preference items in excess of $20,000, with the $20,000 exemption phasing-out dollar for dollar over $20,000 so that after $40,000 there would be no exemption.

Added as a tax preference item subject to the minimum tax would be interest and taxes paid during the construction period to the extent under LAL they have been allowed to offset income for tax purposes.

The present phase-out over 16 years and 8 months of the recapture provisions applicable to nonsubsidized residential projects would be eliminated and the phase-out for subsidized projects would be lengthened from 10 years to 16 years and 8 months.

SENATE FINANCE COMMITTEE BILL

No LAL.

Full recapture would apply to residential rental real estate, except for low and moderate income projects disposed of before 1982 to which the present 16 year 8 month phase-out rule for nonsubsidized projects would apply for depreciation taken after December 31, 1975.

Minimum tax would be increased to 15%, with the first $5,000 of preference income or an amount equal to taxes paid for a year, whichever is higher, exempt from the minimum tax.

Construction period interest and a limited partner's share of the excess investment interest attributable to real estate project as a result of mortgage interest payments would be added as tax preference items for minimum tax purposes; but for low and moderate income projects there would be an exemption for construction period interest paid prior to January 1, 1982, and for one-half of a limited partner's share of mortgage interest paid prior to that date.

Income eligible for the 50% maximum tax would be reduced by an amount equal to the total of all tax preference items, without the present $30,000 exemption.

NAHB PROPOSAL

Exempt low and moderate income residential rental projects on which construction commences prior to January 1, 1982 from application under minimum tax of new preference items for (1) construction period interest and (2) a limited partner's share of the excess investment interest attributable to the project as a result of mortgage interest payments.

For all other residential rental projects and low and moderate income on which construction starts after December 31, 1981, exclude from application under minimum tax of tax preference items for (1) construction period interest and (2) 50% or $25,000, whichever is higher of limited partner's share of the mortgage interest paid by the partnership with respect to the project.

Exclude from inclusion as construction period interest, and therefore as a tax preference item subject to the minimum tax, interest paid with respect to real property held primarily for sale to customers in the ordinary course of trade or business, as defined in Section 1221(1) of the IRC.

Maintain present recapture rules for residential property.

Leave intact other changes to minimum and maximum tax proposed by Finance Committee.

AMENDMENT NO. 1893

(Ordered to be printed and to lie on the table.)

Mr. NELSON (for himself, Mr. HOLLINGS, Mr. MATHIAS, Mr. BROOKE, Mr. CLARK, Mr. GARY HART, Mr. PHILIP A. HART, Mr. HARTKE, Mr. HASKELL, Mr. HATHAWAY, Mr. HUDDLESTON, Mr. HUMPHREY, Mr. KENNEDY, Mr. MONDALE, and Mr. PROXMIRE submitted an amendment intended to be proposed by them jointly to the bill (H.R. 10612) to reform the tax laws of the United States.

AMENDMENT NO. 1900

(Ordered to be printed and to lie on the table.)

Mr. JAVITS submitted an amendment intended to be proposed by him to the bill (H.R. 10612), supra.

AMENDMENT NO. 1901

(Ordered to be printed and to lie on the table.)

Mr. JAVITS (for himself and Mr. RIBICOFF) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 10612), supra.

AMENDMENT NO. 1902

(Ordered to be printed and to lie on the table.)

Mr. TAFT. Mr. President, I am today submitting for printing an amendment to the Tax Reform Act, H.R. 10612.

The goal of this amendment is to prevent inflation from pushing people into higher tax brackets, even when they experience no increase in real income.

The amendment provides for an annual adjustment for inflation to the personal exemption, the standard deduction, and the tax brackets which are the income levels at which taxpayers move up from one rate of tax to another. "Adjustment years" running from July 1 to June 30 would be the basis of calculating year-to-year changes in the Consumer Price Index. By August of any year, the IRS would have available the data on the average CPI for the 2 prior adjustment years. The percent increase in the index would be calculated, and used to adjust the tax and withholding tables in ample time for the beginning of the next calendar year, when the adjustment would take hold.

The first adjustment year would run from July 1, 1975 to June 30, 1976, and the second from July 1, 1976 to June 30, 1977. During the summer of 1977, the IRS would receive data on the CPI for 1976–77, compare it to the CPI for 1975–76, and alter the tax and withholding tables in time for use in calendar year 1978. Therefore, this amendment would have no impact whatsoever on the budget for fiscal year 1977.

It is imperative that this amendment be adopted now, well in advance of next year's first concurrent resolution on the budget. If estimates of tax revenues generated by inflation's impact on the tax brackets are included in the first resolution next year, it will be too late to consider an amendment of this type. We owe it to the Budget Committee, the Congressional Budget Office, and the Treasury, to provide a reasonable amount of time to alter their budget estimates, which will be in the planning stages by the end of this year.

The amounts involved in the inflation penalty are not large, and may be offset by deliberate taxing policy. On the other hand, the injustices created by the stealth and randomness of this penalty are large. Since we can easily avoid them by means of this simple procedure, we should do so.

Taxes as a percent of income have risen fairly steadily since 1950 for a typical worker. From a 1950 level of roughly 4 or 5 percent, the share of income going to Washington has risen to 9 or 10 percent. There was a temporary bulge during the Vietnam surcharge, and there has been a drop during major tax cuts. But after each tax cut, the ratio resumes its upward trend.

This happens automatically because of the higher tax bracket people reach because of either higher real income or inflation. In the 1950's and 1960's there was growth in the ratio for both reasons, roughly equally. Lately, this has been due primarily to inflation, except in years of actual tax cuts.

It is shocking to see the increase in real taxes paid from year to year by millions of typical workers even in years of stagnant or declining real income. I have seen this destabilizing trait of the Tax Code mentioned in the press, but I did not realize the extent of the problem until I saw these figures lined up in the accompanying charts.

We must not permit this destabilizing behavior of the tax system to continue. It was one of the causes—of many—of the recent recession, and is a gross injustice to working people on fixed or slowly rising incomes. There is simply no reason whatsoever why a worker who barely receives a cost-of-living increase should see his after-tax real income fall because of an inflation penalty in the tax system.

The inflation penalty I am talking about is not the inflation of old real taxes. For example, if a tax payment goes from $100 to $106 in a year of 6 percent inflation, no real tax increase occurs. The inflation penalty I refer to drives taxes, say, from $100 to $110 in a year of 6 percent inflation. This extra increase, the extra 4 percent, is the increase that this amendment would attack. It is an increase amounting at present to about $5 billion per year, and nearly $50 per average blue collar tax return, in unscheduled, unplanned, unlegislated taxes.

This inflation penalty does not just strike at wage earners. But such workers and low income groups are hit the hardest. In addition, it is surely one of the basic causes for inflationary wage demands, since a worker must receive a wage increase in excess of the cost-of-living increase simply to maintain the real value of his take-home pay.

The rich have a marginal tax rate above which they cannot go. This reduces their inflation penalty, at least in percentage terms. The rich may—and do—make more frequent use of tax shelters as their average and marginal tax rates rise. Such escape valves are too expensive and risky for the middle class. The rich also find their percentage penalty reduced because of the lower importance—as a percent of income—of the reduced real value of the personal exemption in their case, as opposed to a lower income worker. The rich also itemize deductions, which rise with inflation and help to offset the penalty.

The middle class has few tax shelters of any kind, and has always a higher tax bracket to be pushed into.

The low-income wage earner is hardest hit in percentage terms because of the rapid escalation of tax rates—as a percent of the rate—in the lower brackets, because of the narrowness of the brackets, and because of the high percent of his real income represented by the eroded real value of the personal exemption.

It should be the duty of the Congress to set the tax rates where they belong for the given level and distribution of real income of the society. By permitting them to strike in a random fashion for years between tax cuts, we are abrogating our responsibility, or admitting that the rates were not really set according to any meaningful—or very important—plan in the first place.

These rates, which we are about to confirm in this bill, are, supposedly, where they ought to be with respect to the real income of the taxpayer. All this amendment does is to announce that Congress, not inflation, determines these rates, and that inflation shall not be permitted to drag these rates away from the real income levels to which we have attached them.

I am particularly disturbed by the prospect of hidden, unlegislated tax increases in the neighborhood of $5 billion a year which this inflation is producing. Are we so sure of this economic recovery that we wish to rely on positive congressional action each year to prevent a tax increase?

I believe the income tax should be made inflation neutral. I believe the Congress should handle all real tax changes in a deliberate fashion after research and debate. The current Tax Code, coupled with inflation, changes taxes by stealth, and without our attention. This amendment goes most of the way toward stabilizing the income tax burden. It would permit the Congress to conduct its discussions of fiscal and budget policy under the new budget process, and with the condition of the economy in mind, with no perverse and unexpected behavior on the part of tax receipts undoing the decisions.

This amendment should be adopted for the sake of fairness, openness in Government, economic stability, and rational policymaking.

Mr. President, I ask that the accompanying tables and the amendment be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 1902

At the appropriate place, insert the following:

SEC. . ADJUSTMENT OF CERTAIN FEATURES OF THE INDIVIDUAL INCOME TAX TO MAKE IT INFLATION NEUTRAL.

(a) RATES OF TAX.—Section 1 (relating to tax imposed) is amended by adding at the end thereof the following new subsection:

"(e) INFLATION ADJUSTMENT.—

"(1) CHANGES IN AMOUNT.—Before the beginning of each calendar year, as soon as the necessary data become available from the Bureau of Labor Statistics of the Department of Labor, the Secretary of Labor shall report to the Secretary or his delegate the ratio which the price index for the most recently ended adjustment year bears to the price index for the adjustment year preceding the most recently ended adjustment year. Each dollar amount listed in the tables under subsections (a), (b), (c), and (d) of this section shall be multiplied by such ratio and, as multiplied, shall be the amount in effect for taxable years beginning during the calendar year following the adjustment year for which such report is made.

"(2) DEFINITIONS.—For purposes of paragraph (1)—

"(A) PRICE INDEX.—The term 'price index' means the average over a calendar year of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics.

"(B) ADJUSTMENT YEAR.—The term 'adjustment year' means the twelve month period beginning on the first day of July of 1975 and of each subsequent calendar year.

(b) STANDARD DEDUCTION.—Section 141 (relating to standard deduction) is amended by adding at the end thereof the following new subsection:

"(f) INFLATION ADJUSTMENT.—

"(1) CHANGES IN AMOUNT.—Before the beginning of each calendar year, as soon as the necessary data become available from the Bureau of Labor Statistics of the Department of Labor, the Secretary of Labor shall report to the Secretary or his delegate the ratio which the price index for the most recently ended adjustment year bears to the price index for the adjustment year preceding the most recently ended adjustment year. Each dollar amount listed in the tables under subsections (b) and (c) of this section shall be multiplied by such ratio and, as multiplied, shall be the amount in effect for taxable years beginning during the calendar year following the adjustment year for which such report is made.

"(2) DEFINITIONS.—For purposes of paragraph (1), the terms 'price index' and 'adjustment years' have the same meaning as in section 1 (e).".

(c) PERSONAL EXEMPTIONS.—Section 151 (relating to allowance of deductions for personal exemptions) is amended by adding at the end thereof the following new subsection:

"(f) INFLATION ADJUSTMENT.—

"(1) CHANGES IN AMOUNT.—Before the beginning of each calendar year, as soon as the necessary data becomes available from the Bureau of Labor Statistics of the Department of Labor, the Secretary of Labor shall report to the Secretary or his delegate the ratio which the price index for the most recently ended adjustment year bears to the price index for the adjustment year preceding the most recently ended adjustment year. Each dollar amount in subsections (b), (c), (d), and (e) of this section shall be multiplied by such ratio and, as multiplied, shall be the amount in effect for taxable year beginning during the calendar year following the adjustment year for which such report is made.

"(2) DEFINITIONS.—For purposes of paragraph (1), the terms 'price index' and 'adjustment year' have the same meaning as in section 1 (e).".

(d) ADJUSTMENT OF WITHHOLDING AND FILING REQUIREMENTS.—Before the beginning of each calendar year for which amounts are adjusted under sections 1 (e), 141 (f), and 151 (f) of the Internal Revenue Code of 1954 (relating to inflation adjustment), the Secretary of the Treasury shall—

(1) prescribe a new table under section 3402 (b) of the Internal Revenue Code of 1954 (relating to percentage method of withholding) to reflect the appropriate amounts to be taken into account with respect to each withholding exemption for such taxable years, and

(2) adjust the dollar amounts set forth in section 6012 (a) of the Internal Revenue Code of 1954 (relating to persons required to make returns of income generally) necessary to reflect the adjustments made under sections 1 (e), 141 (f), and 151 (f) and in effect for such taxable years. The table so prescribed, and the amounts so adjusted, shall apply for taxable years beginning during such calendar year in lieu of the table set forth in section 302 (b) of such Code (a) of such Code.

(e) EFFECTIVE DATE.—The amendments and the amounts set forth in section 6012 made by this section apply to taxable years beginning after December 31, 1977.

Year	Income[1] (nearest dollar)	Tax[2] Without surcharge or credit	Tax[2] With surcharge or credit	Tax/income Without surcharge or credit	Tax/income With surcharge or credit
CONSTRUCTION WORKERS					
1950	$3,623	$150		4.14	
1951	4,158	277		6.66	
1952	4,309	331		7.68	
1953	4,493	361		8.03	
1954[3]	4,623	353		7.64	
1955	4,727	371		7.85	
1956	5,012	422		8.42	
1957	5,214	459		8.80	
1958	5,397	491		9.10	
1959	5,637	535		9.49	
1960	5,878	578		9.83	
1961	6,140	625		10.18	
1962	6,365	666		10.46	
1963	6,614	711		10.75	
1964[4]	6,867	838		9,29	
1965	7,196	634		8.81	
1966	7,606	705		9.27	
1967	8,057	782		9.70	
1968[5]	8,553	867	$954	10.14	11.15
1969[6]	9,440	1,018	1,120	10.78	11.85
1970	10,163	1,126		11.08	
1971	11,007	1,109		10.08	
1972	11,571	1,159		10.02	
1973	12,256	1,288		10.51	
1974	12,952	1,382		10.67	
1975[7]	13,798	1,506	1,386	10.91	10.04
STEEL WORKERS					
1950	3,533	134		3.79	
1951	4,041	249		6.16	
1952	4,160	301		7.24	
1953	4,591	381		8.30	
1954[3]	4,364	308		7.06	
1955	5,034	426		8.46	
1956	5,349	483		9.03	
1957	5,490	508		9.25	
1958	5,616	531		9.46	
1959	6,381	669		10.48	
1960	6,039	607		10.05	
1961	6,392	671		10.50	
1962	6,625	712		10.75	
1963	6,919	765		11.06	
1964[4]	7,198	696		9.67	
1965	7,327	657		8.97	
1966	7,526	691		9.18	
1967	7,463	680		9.11	
1968[5]	8,016	775	852	9.67	10.63
1969[6]	8,634	880	968	10.19	11.21
1970	8,653	868		10.03	
1971	9,316	888		9.53	
1972	10,767	1,029		9.56	
1973	11,818	1,199		10.15	
1974	13,455	1,480		11.00	
1975[7]	14,203	1,589	1,469	11.19	10.34
ELECTRICAL EQUIPMENT AND SUPPLIES WORKERS					
1950	3,086	64		2.07	
1951	3,342	121		3.62	
1952	3,535	171		4.84	
1953	3,691	201		5.45	
1954[3]	3,704	191		5.16	
1955	3,894	221		5.68	
1956	4,137	265		6.41	
1957	4,254	286		6.72	
1958	4,365	306		7.01	
1959	4,633	354		7.64	
1960	4,718	371		7.86	
1961	4,912	407		8.29	
1962	5,067	432		8.53	
1963	5,155	448		8.69	
1964[4]	5,286	375		7.09	
1965	5,501	378		6.87	
1966	5,677	403		7.10	
1967	5,790	420		7.25	
1968[5]	6,140	471	471	7.67	7.67
1969[6]	6,492	525	525	8.09	8.09
1970	6,788	552		8.13	
1971	7,220	531		7.35	
1972	7,750	531		6.90	
1973	8,172	599		7.33	
1974	8,630	682		7.90	
1975[7]	9,407	720	600	7.65	6.38
AUTO WORKERS					
1950	3,892	189		4.86	
1951	4,012	249		6.21	
1952	4,413	351		7.95	
1953	4,674	401		8.58	
1954[3]	4,748	371		7.81	
1955	5,192	455		8.76	
1956	5,035	426		8.46	
1957	5,232	462		8.83	
1958	5,264	468		8.89	
1959	5,792	563		9.72	
1960	5,991	598		9.98	
1961	5,964	594		9.96	
1962	6,639	715		10.77	
1963	6,899	761		11.03	
1964[4]	7,178	692		9.64	
1965	7,677	717		9.34	
1966	7,656	713		9.31	
1967	7,532	692		9.19	
1968[5]	8,741	899	989	10.29	11.32
1969[6]	8,869	920	1,012	10.37	11.41
1970	8,844	894		10.11	
1971	10,112	961		9.50	
1972	11,448	1,139		9.95	
1973	12,351	1,324		10.72	
1974	12,456	1,302		10.45	
1975[7]	13,659	1,487	1,367	10.89	10.00

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[1] Average annual income.

[2] Married, filing jointly, 2 children.

[3] Tax revision of 1954. Tax rates changed. Exemption unchanged at $600. Standard deduction at 10 percent.

[4] Tax rate of 1963 lowered tax rates in 2 following years. Lowest rate fell from 20 percent to 15 percent, then to 14 percent.

[5] Vietnam war surcharge, 10 percent of tax where tax was greater than $735.

[6] 1970 exemption rose to $625; 1971 exemption rose to $675; standard deduction to 13 percent; 1972 exemption rose to $750; standard deduction to 15 percent.

[7] Tax cut of 1975. Standard deduction to 16 percent. 30 percent credit for exemption.

Year	Percent changes in— CPI	Income	Tax	Real income	Real tax	Marginal tax rate (percent)	Year
CONSTRUCTION WORKERS							
						19	1970
1970-71	4.3	8.2	−1.5	3.8	−5.6	19	1971
1971-72	3.3	5.1	4.5	1.8	1.2	19	1972
1972-73	6.2	5.9	11.1	−.3	4.6	19	1973
1973-74	11.0	5.7	7.3	−4.8	−3.3	22	1974
1974-75[1]	9.1	6.5	9.0	−2.4	−.1	22	1975
1974-75[2]	9.1	6.5	.3	−2.4	−8.0	22	1975
1950-75[2]	123.6	280.8	824	70.4	313.2		
STEEL WORKERS							
						19	1970
1970-71	4.3	7.7	2.3	3.2	−1.9	19	1971
1971-72	3.3	15.6	15.9	11.9	12.2	19	1972
1972-73	6.2	9.8	16.5	3.3	9.7	19	1973
1973-74	11.0	13.8	23.4	2.6	11.2	22	1974
1974-75[1]	9.1	5.6	7.4	−3.3	−1.7	22	1975
1974-75[2]	9.1	5.6	−.7	−3.3	−9.0	22	1975
1950-75[2]	123.6	302.0	996.3	79.8	390.0		
ELECTRICAL EQUIPMENT AND SUPPLIES WORKERS							
						17	1970
1970-71	4.3	6.4	−3.8	2.0	−7.8	17	1971
1971-72	3.3	7.3	0	3.9	−3.2	17	1972
1972-73	6.2	5.4	12.8	−.7	6.2	17	1973
1973-74	11.0	5.6	13.9	−4.8	2.6	19	1974
1974-75[1]	9.1	9.0	5.6	−.1	−3.3	19	1975
1974-75[2]	9.1	9.0	−12.0	−.1	−19.0	19	1975
1950-75[2]	123.6	204.8	837.5	36.4	319.3		
AUTO WORKERS							
						19	1970
1970-71	4.3	14.3	7.9	9.6	3.5	19	1971
1971-72	3.3	13.2	18.5	9.6	14.7	19	1972
1972-73	6.2	7.9	16.2	1.6	9.4	19	1973
1973-74	11.0	.8	−1.7	−9.1	−11.4	19	1974
1974-75[1]	9.1	9.7	14.2	.5	4.6	22	1975
1974-75[2]	9.1	9.7	5.0	.5	−3.8	22	1975
1950-75[2]	123.6	251.0	623.3	57.0	223.5		

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[1] Excluding $30 credit.

[2] Including $30 credit. Except for the $30 credit per exemption, taxes would have risen faster (or fallen less) than income, 1974–75. If the credit is not renewed, and at a higher level, the effect of inflation on the tax structure will undo last year's drop in taxes as a percent of income and cause the ratio to rebound sharply, as taxes rise far more rapidly than income.

ACTUAL VERSUS INFLATION NEUTRAL TAX (ASSUMING INFLATION ADJUSTMENTS HAD BEEN IN EFFECT BEGINNING WITH 1973)

	Actual tax A	Inflation neutral tax B	C	Savings from adjustment A–B	A–C	Cumulative inflation penalty under current code	
CONSTRUCTION WORKER							
1972	$1,159	$1,159		0			
1973	1,288	1,225		$63		$63	
1974	1,382	1,255		127		190	
1975[1]	1,506	[2] 1,315	[3] $1,288	191	$218	[2] 381	[3] $408
STEEL WORKER							
1972	$1,029	$1,029		0			
1973	1,199	1,154		$45		$45	
1974	1,480	1,336		144		189	
1975[1]	1,589	[2] 1,380	[3] $1,353	209	$236	[2] 398	[3] $433
ELECTRICAL EQUIPMENT AND SUPPLIES WORKER							
1972	$531	$531		0			
1973	599	575		$24		$24	
1974	682	518		164		188	
1975[1]	720	[2] 626	[3] $610	94	$110	[2] 282	[3] $298
AUTO WORKER							
1972	$1,139	$1,139		0			
1973	1,324	1,241		$83		$83	
1974	1,302	1,174		128		211	
1975[1]	1,487	[2] 1,292	[3] $1,266	195	$221	[2] 406	[3] $432

[1] Excluding $30 credit, which has no impact on differences between actual and inflation-neutral taxes.

[2] Assumes 15 percent standard deduction consistent with earlier years.

[3] Assumes actual 16 percent standard deduction.

TREASURY-POSTAL SERVICE-EXECUTIVE OFFICE OF THE PRESIDENT, AND CERTAIN INDEPENDENT AGENCIES APPROPRIATIONS, 1977—H.R. 14261

AMENDMENT NO. 1892

(Ordered to be printed and to lie on the table.)

Mr. GLENN submitted an amendment intended to be proposed by him to the bill (H.R. 14261) making appropriations for the Treasury Department, U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1977, and for other purposes.

POSTAL REORGANIZATION ACT AMENDMENTS OF 1976—H.R. 8603

AMENDMENTS NOS. 1894 THROUGH 1898

(Ordered to be printed and to lie on the table.)

Mr. HOLLINGS. Mr. President, the Senate Post Office and Civil Service Committee has ordered reported H.R. 8603. When this measure comes to the Senate for consideration I intend to offer an amendment in the nature of a substitute. Therefore I ask unanimous consent that my dissenting views and my amendments be printed in the RECORD.

There being no objection, the amendments and views were ordered to be printed in the RECORD, as follows:

AMENDMENT No. 1894

Strike out all after the enacting clause and insert in lieu thereof the following: That this Act may be cited as the "Postal Reorganization Act Amendments of 1976".

FINANCIAL MATTERS

SEC. 2. Section 2401 of title 39, United States Code, is amended by adding at the end thereof the following new subsections:

"(d)(1) There is authorized to be appropriated to the Postal Service for the fiscal year ending September 30, 1977, the amount of $1,000,000,000.

"(2) The Postal Service, in requesting amounts to be appropriated under this subsection, shall present to the appropriate committees of the Congress a statement containing a description of the operations of the Postal Service together with any other information which any such committee considers necessary to determine the amount of funds to be appropriated for the operation of the Postal Service.

"(e) During the fiscal year ending September 30, 1977, or, if funds are not appropriated pursuant to the authorization provided in subsection (d)(1) of this section before the beginning of such fiscal year, during the portion of such fiscal year beginning with the day on which any funds are so appropriated, the Postal Service shall not—

"(1) have in effect any permanent or temporary rate of postage or fee for postal services exceeding the rates and fees in effect on the date of enactment of the Postal Reorganization Act Amendments of 1976, unless that excess is provided for under section 3626 of this title;

"(2) close any post office where 35 or more families regularly receive their mail and which was providing service on July 1, 1976; or

"(3) close any post office where fewer than 35 families receive their mail and which was providing service on July 1, 1976, unless the Postal Service receives the written consent of at least 60 percent of the regular patrons of such office who are at least 18 years of age.

"(f) During the fiscal year ending on September 30, 1977, or if funds are not appropriated pursuant to the authorization provided in subsection (d)(1) of this section before the beginning of such fiscal year, during the portion of such fiscal year beginning with the day on which any funds are so appropriated, the Postal Service shall provide door delivery or curbline delivery to all permanent residential addresses (other than apartment building addresses) to which service is begun on or after the date of enactment of the Postal Reorganization Act Amendments of 1976.

"(g) The rates and fees established under chapter 36 of this title for zone-rated mail matter formerly entered under former chapter 67 of this title shall not be more than 10 percent less than the rates and fees for such mail matter would be if the funds authorized under this section were not appropriated.".

SEC. 3. (a)(1) Section 2401(a) of title 39, United States Code, is amended to read as follows:

"(a) All revenues and fees collected by the Postal Service shall be deposited in the general fund of the Treasury of the United States.".

(2) Section 2003(b)(1) of such title is amended to read as follows:

"(1) amounts appropriated pursuant to the authorization made by section 2401(b) of this title;".

(3) Section 2003(b)(3) of such title is amended by inserting immediately after "Postal Service" the following: "inaddition to amounts appropriated pursuant to the authorization made by section 2401(b) of this title".

(4) Section 4 (b) of the Postal Reorganization Act (Public Law 91–375; 84 Stat. 774) is amended by striking out "Postal Service" and inserting in lieu thereof "United States, and shall be deposited in the general fund of the Treasury of the United States in accordance with section 2401(a) of title 39, United States Code, as added by the Postal Reorganization Act Amendments of 1976.".

(b)(1) Section 2401(b) of title 39, United States Code, is amended to read as follows:

"(b) There are authorized to be appropriated to the Postal Service such sums as may be necessary as reimbursement to the Postal Service for public service costs incurred by it in providing a maximum degree of effective and regular postal service nationwide, in communities where post offices may not be deemed self-sustaining, as elsewhere.".

(c)(1) Section 3621 of title 39, United States Code, is amended by striking out "income" and inserting in lieu thereof "revenue".

(2) Section 3625(d) of such title is amended by striking out "income" and inserting in lieu thereof "revenue".

(d) The amendments made by this subsection shall take effect on October 1, 1977.

SEC. 4. (a) The last sentence of section 2005(a) of title 5, United States Code, is amended to read as follows: "The net increase in the amount of obligations outstanding for the purpose of capital improvements shall not exceed $1,500,000,000 in any one year and the aggregate amount of obligations outstanding issued for the purpose of paying the operating expenses of the Postal Service shall not exceed $500,000,000 at any one time.".

(b) The amendment made by subsection (a) applies to obligations issued after October 1, 1977. If the amount of obligations issued prior to such date exceeds any limitation imposed by such amendment on or after such date, the Postal Service shall not incur any new obligations until such time as the amount owing on such prior obligations is less than such limitation.

ORGANIZATIONAL MATTERS

SEC. 5. (a) Section 102 of title 39, United States Code, is amended to read as follows:

"§ 102. Definitions

"As used in this title 'Postal Service' means the United States Postal Service established by section 201 of this title.".

(b) Section 201 of such title is amended by striking out ", as an independent establishment of" and inserting in lieu thereof "within".

(c) Section 202 of such title is repealed and the item relating to such section in the table of sections for chapter 2 of such title is amended to read as follows:

"202. Repealed.".

(d)(1) Sections 203 through 205 of such title are amended to read as follows:

"§ 203. Postmaster General

"The head of the Postal Service is the Postmaster General. The Postmaster General shall be appointed by the President by and with the advice and consent of the Senate. The Postmaster General shall receive compensation at the rate provided for level I of the Executive Schedule under section 5312 of title 5.

"§ 204. Deputy Postmaster General

"The Deputy Postmaster General of the Postal Service shall be appointed by the President by and with the advice and consent of the Senate. The Deputy Postmaster General shall perform such duties as the Postmaster General may require. The Deputy Postmaster General shall receive compensation at the rate provided for level II of the Executive Schedule under section 5313 of title 5.

"§ 205. Senior Assistant Postmasters General; Assistant Postmasters General; General Counsel; Judicial Officer

"There shall be within the Postal Service 3 Senior Assistant Postmasters General, 8 Assistant Postmasters General, a General Counsel, and Judicial Officer. The Senior Assistant Postmasters General, the Assistant Postmasters General, the General Counsel, and the Judicial Officer shall be appointed by and shall serve at the pleasure of, the Postmaster General. The Judicial Officer shall perform such quasi-judicial duties, not inconsistent with chapter 36 of this title, as the Postmaster General may designate. The Judicial Officer shall be the agency for the purposes of the requirements of chapter 5 of title 5, to the extent that functions are delegated to him by the Postmaster General. The Senior Assistant Postmasters General shall receive compensation at the rate provided for level III of the Executive Schedule under section 5314 of title 5. The Assistant Postmasters General, the General Counsel, and the Judicial Officer shall receive compensation at the rate provided for level IV of the Executive Schedule under section 5315 of title 5.".

(2) The items relating to sections 203 through 205 of such title are amended to read as follows:

"203. Postmaster General.
"204. Deputy Postmaster General.
"205. Senior Assistant Postmasters General; Assistant Postmasters General; Counsel; Judicial Officer.".

(c) Section 402 of such title is amended to read as follows:

"§ 402. Delegation of authority

"The Postmaster General may delegate to any officer or employee of the Postal Service the responsibility for the performance of such functions as may be vested by law in him or in any other officer or employee of the Postal Service.".

(f) Section 2402 of such title is amended to read as follows:

"§ 2402. Annual report

"The Postmaster General shall transmit an annual report to the President and the Congress concerning the operation of the Postal Service under this title.".

SEC. 6. (a) (1) Section 3603 of such title is amended to read as follows:

"§ 3603. Duties and powers

"(a) The Commission shall have the duty to make final decisions for changes in postal rates and fees and in mail classification matters and to render advisory opinions on postal services and complaints in accordance with the policies and procedures of this title.

"(b) The Postal Rate Commission shall promulgate rules and regulations and establish procedures, subject to chapters 5 and 7 of title 5, and take any other action they deem necessary and proper to carry out their functions and obligations to the Government of the United States and the people as prescribed under this chapter. Such rules, regulations, procedures, and actions shall not be subject to any change or supervision by the Postal Service ".

(2) The item relating to such section in the table of sections for chapter 36 of such title is amended to read as follows:

"3603. Duties and powers.".

(b) (1) The first sentence of section 3621 of such title is amended by striking out "Governors" and inserting in lieu thereof "the Postal Rate Commission".

(2) Section 3622(a) of such title is amended—

(A) by striking out "to submit a recommended decision on changes" and inserting in lieu thereof "to decide on changes"; and

(B) by striking out "may submit such suggestions for rate adjustments as it deems suitable" and inserting in lieu thereof "may make such rate adjustments as it deems suitable".

(3) Section 3622(b) of such title is amended by striking out "the Commission shall make a recommended decision" and inserting in lieu thereof "the Commission shall make a decision".

(4) Section 3623(b) of such title is amended by striking out "recommended".

(5) Section 3623(c) is amended by striking out "recommended".

(6) (A) Section 3601 of title 39, United States Code, is amended to read as follows:

"§3601. Establishment

"(a) The Postal Rate Commission is an independent establishment of the executive branch of the Government of the United States. The Commission is composed of 5 Commissioners, appointed by the President, by and with the advice and consent of the Senate. The Commissioners shall be chosen on the basis of their professional qualifications and may be removed by the President only for cause. Not more than 3 of the Commissioners may be adherents of the same political party.

"(b) A Commissioner may continue to serve after the expiration of his term until his successor has qualified, except that a Commissioner may not so continue to serve for more than 1 year after the date upon which his term otherwise would expire under section 3602 of this title.

"(c) One of the Commissioners shall be designated as Chairman by, and shall serve in the position of Chairman at the pleasure of, the President.

"(d) The Commissioners shall by majority vote designate a Vice Chairman of the Commission. The Vice Chairman shall act as Chairman of the Commission in the absence of the Chairman.".

(B) The provisions of section 3601(e) of title 39, United States Code, as amended by paragraph (a) of this section, shall not apply with respect to any Commissioner of the Postal Rate Commission holding office on the date of the enactment of this Act, except that such provisions shall apply to any appointment of such a Commissioner occurring after the date of the enactment of this Act.

(7) Section 3625 of such title is repealed and the item relating to such section in the table of sections for chapter 36 of such title is amended to read as follows:

"3625. Repealed.".

(8) Section 3628 of such title is amended—

(A) by striking out "decision of the Governors to approve, allow under protest, or modify the recommended";

(B) by striking out "and the Governors"; and

(C) by striking out "or Governors".

(9) The caption of section 3624 of such title and the item relating to such section in the analysis of chapter 36 of such title are each amended by striking out "recommended decisions" and inserting in lieu thereof "Decisions".

(c) The third sentence of section 3662 of such title is amended by striking out "recommended".

SEC. 7. (a) (1) Section 1001(b) of title 39, United States Code, is amended by striking out "202, 204," and inserting in lieu thereof "203, 204, 205,".

(2) Section 1001(d) of such title is amended by striking out "of the Board of".

(b) Section 1002 (a) is amended by striking out "a Governor or" and inserting in lieu thereof "a".

(c) (1) Section 1005 (a) (3) of such title is amended by striking out "202, 204," and inserting in lieu thereof "203, 204, 205,".

(2) Section 1005 (d) of such title is amended by striking out "(other than the Governors)".

SEC. 8. (a) Section 5312 of title 5, United States Code, is amended by inserting immediately after paragraph (13), the following new paragraph:

"(14) Postmaster General.".

(b) Section 5313 of such title is amended by inserting immediately after paragraph (22) the following new paragraph:

"(23) Deputy Postmaster General.".

(c) Section 5314 of such title is amended by inserting immediately after paragraph (63) the following new paragraph:

"(64) Senior Assistant Postmasters General (3).".

(d) Section 5315 of such title is amended by inserting immediately after paragraph (107) the following new paragraphs:

"(108) Assistant Postmasters General (8).

"(109) General Counsel of the United States Postal Service.

"(110) Judicial Officer of the United States Postal Service.".

RATE MATTERS

SEC. 9. (a) Section 3624 of title 39, United States Code, is amended by redesignating subsection (c) as subsection (d) and by inserting immediately after subsection (b) the following new subsection:

"(c) (1) Except as provided by paragraph (2) of this subsection, in any case in which the Postal Service makes a request under section 3622 of this title for a decision by the Commission on changes in a rate or rates of postage or in a fee or fees for postal services the Commission shall transmit its decision to the Postal Service under subsection (d) of this section no later than 10 months after receiving any such request from the Postal Service.

"(2) In any case in which the Commission determines that the Postal Service has unreasonably delayed consideration of a request made by the Postal Service under section 3622 by failing to respond within a reasonable time to any lawful order of the Commission, the Commission may extend the 10-month period described in paragraph (1) of this subsection by one day for each day of such delay.".

(b) The amendment made by subsection (a) shall not apply to any action or proceeding with respect to the decision of the Postal Rate Commission relating to proposed changes in rates of postage, and in fees for postal services, requested on September 18, 1975, by the United States Postal Service in a request which bears or which at any time has been included under Postal Rate Commission Docket Number R76–1.

SEC. 10. (a) Section 3641 of title 39, United States Code, is amended to read as follows:

"§ 3641. Temporary changes in rates and classes.

"(a) In any case in which the Postal Rate Commission fails to transmit a decision on a change in rates of postage or in fees for postal services to the Postal Service in accordance with section 3624(c) of this title, the Postal Service may establish temporary changes in rates of postage and in fees for postal services. Such temporary changes may take effect upon such date as the Postal Service may determine, except that such temporary changes may take effect only after 10 days' notice in the Federal Register.

"(b) Any temporary rate or fee established by the Postal Service under subsection (a) of this section shall be in accordance with the policies of this title and shall not exceed such amount as may be necessary for sufficient revenues to assure that the total estimated revenue including appropriations, of the Postal Service shall, to the extent practicable, be equal to the total estimated costs of the Postal Service.

"(c) The Postal Service may not establish any temporary rate for a class of mail or any temporary fee for a postal service which is more than the permanent rate or fee requested for such class or postal service by the Postal Service under section 3622 of this title.

"(d) Any temporary change in rates of postage or in fees for postal service made by the Postal Service under this section shall remain in effect no longer than 150 days after the date upon which the Commission transmits its decision to the Postal Service under section 3624(d) of this title, unless such temporary change is terminated by the Postal Service before the expiration of such period.

"(e) If the Postal Rate Commission does not transmit to the Postal Service within 90 days after the Postal Service has submitted, or within 30 days after the Postal Service has resubmitted, to the Commission a request for a decision on a change in the mail classification schedule (after such schedule is established under section 3623 of this title), the Postal Service, upon 10 days' notice in the Federal Register, may place into effect temporary changes in the mail classification schedule in accordance with proposed changes under consideration by the Commission. Any temporary change shall be effective for a period ending not later than 30 days after the Commission has transmitted its decision to the Postal Service.

"(f) If, under section 3628 of this title, a court orders a matter returned to the Commission for further consideration, the Postal Service, with the consent of the Commission, may place into effect temporary changes in rates of postage, and fees for postal services, or in the mail classification schedule.".

(b)(1) The amendment made by subsection (a) of this section shall not apply to any action or proceeding with respect to the decision of the Postal Rate Commission relating to proposed changes in rates of postage and in fees for postal services requested on September 18, 1975, by the United States Postal Service in a request which bears or which at any time has been included under Postal Rate Commission Docket Number R76–1.

(2) The provisions of section 3641 of title 39, United States Code, as such provisions were in effect on the day before the date of the enactment of this Act, shall apply to any temporary rate or fee established by the Postal Service pursuant to its request to the Postal Rate Commission, dated September 18, 1975, for a decision, bearing Docket Number R76–1.

AMENDMENT No. 1895

On page 33, line 16, strike out "Postal Service" and insert in lieu thereof "Congress".

On page 33, beginning with line 18, strike out all through page 34, line 2, and insert in lieu thereof the following: "facilities, supplies, compensation, and employee benefits".

On page 34, line 15, strike out "recommended".

On page 34, line 18, strike out "recommended".

On page 34, line 18, strike out "Governors" and insert in lieu thereof "Postal Service".

On page 35, line 3, insert after "subsection (a)" the following: "with respect to the 10 month requirement to transmit a decision".

On page 35, line 15, strike out "recommended".

On page 35, line 16, strike out "Governors" and insert in lieu thereof "Postal Service".

On page 36, lines 16 and 17, strike out "recommended".

On page 36, line 17, strike out "Governors" and insert in lieu thereof "Postal Service".

On page 36, line 19, strike out "Governors" and insert in lieu thereof "Postal Service".

On page 36, line 21, strike out "Governors" and insert in lieu thereof "Postal Service".

On page 36, line 23, strike out "recommended".

On page 37, lines 6 and 7, strike out "recomended".

On page 37, line 7, strike out "Governors" and insert in lieu thereof "Postal Service".

On page 37, beginning with line 14, strike out all through page 38, line 3.

At the appropriate place, insert the following new sections:

SEC. . (a) Section 102 of title 39, United States Code, is amended to read as follows:

"§ 102. Definitions

"As used in this title 'Postal Service' means the United States Postal Service established by section 201 of this title.".

(b) Section 201 of such title is amended by striking out ", as an independent establishment of" and inserting in lieu thereof "within".

(c) Section 202 of such title is repealed and the item relating to such section in the table of sections for chapter 2 of such title is amended to read as follows:

"202. Repealed.".

(d)(1) Sections 203 through 205 of such title are amended to read as follows:

"§ 203. Postmaster General

"The head of the Postal Service is the Postmaster General. The Postmaster General shall be appointed by the President by and with the advice and consent of the Senate. The Postmaster General shall receive compensation at the rate provided for level I of the Executive Schedule under section 5312 of title 5.

"§ 204. Deputy Postmaster General

"The Deputy Postmaster General of the Postal Service shall be appointed by the President by and with the advice and consent of the Senate. The Deputy Postmaster General shall perform such duties as the Postmaster General may require. The Deputy Postmaster General shall receive compensation at the rate provided for level II of the Executive Schedule under section 5313 of title 5.

"§ 205. Senior Assistant Postmasters General; Assistant Postmasters General; General Counsel; Judicial Officer

"There shall be within the Postal Service 3 Senior Assistant Postmaster General, 8 Assistant Postmasters General, a General Counsel, and a Judicial Officer. The Senior Assistant Postmasters General, the Assistant Postmasters General, the General Counsel, and the Judicial Office shall be appointed by, and shall serve at the pleasure of, the Postmaster General. The Judicial Officer shall perform such quasi-judicial duties, not inconsistent with chapter 36 of this title, as the Postmaster General may designate. The Judicial Officer shall be the agency for the purposes of the requirements of chapter 5 of title 5, to the extent that functions are delegated to him by the Postmaster General. The Senior Assistant Postmasters General shall receive compensation at the rate provided for level III of the Executive Schedule under section 5314 of title 5. The Assistant Postmasters General, the General Counsel, and the Judicial Officer shall receive compensation at the rate provided for level IV of the Executive Schedule under section 5315 of title 5.".

(2) The items relating to sections 203 through 205 of such title are amended to read as follows:

"203. Postmaster General.
"204. Deputy Postmaster General.
"205. Senior Assistant Postmasters General; Assistant Postmasters General; General Counsel; Judicial Officer.".

(e) Section 402 of such title is amended to read as follows:

"§ 402. Delegation of authority

"The Postmaster General may delegate to any officer or employee of the Postal Service the responsibility for the performance of such functions as may be vested by law in him or in any other officer or employee of the Postal Service.".

(f) Section 2402 of such title is amended to read as follows:

"§ 2402. Annual report.

"The Postmaster General shall transmit an annual report to the President and the Congress concerning the operation of the Postal Service under this title.".

SEC. (a)(1) Section 3603 of such title is amended to read as follows:

"§ 3603. Duties and powers.

"(a) The Commission shall have the duty to make final decisions for changes in postal rates and fees and in mail classification matters and to render advisory opinions on postal services and complaints in accordance with the policies and procedures of this title.

"(b) The Postal Rate Commission shall promulgate rules and regulations and establish procedures, subject to chapters 5 and 7 of title 5, and take any other action they deem necessary and proper to carry out their functions and obligations to the Government of the United States and the people as prescribed under this chapter. Such rules, regulations, procedures, and actions shall not be subject to any change or supervision by the Postal Service.".

(2) The item relating to such section in the table of sections for chapter 36 of such title is amended to read as follows:

"§ 3603. Duties and powers.".

(b)(1) The first sentence of section 3621 of such title is amended by striking out "Governors" and inserting in lieu thereof "the Postal Rate Commission".

(2) Section 3622(a) of such title is amended—

(A) by striking out "to submit a recommended decision on changes" and inserting in lieu thereof "to decide on changes"; and

(B) by striking out "may submit such suggestions for rate adjustments as it deems suitable" and inserting in lieu thereof "may make such rate adjustments as it deems suitable".

(3) Section 3622(b) of such title is amended by striking out "the Commission shall make a recommended decision" and inserting in lieu thereof "the Commission shall make a decision".

(4) Section 3623(b) of such title is amended by striking out "recommended".

(5) Section 3623(c) is amended by striking out "recommended".

(6) Section 3624 of such title is amended by striking out "Governors" and inserting in lieu thereof "Postal Service" in subsection (d), as redesignated by section 5(a) of this Act, and by striking out "recommended" in both places where it appears in subsection (d), as redesignated by section 5(a) of this Act.

(7) Section 3625 of such title is repealed and the item relating to such section in the

table of sections for chapter 36 of such title is amended to read as follows:

"3625. Repealed.

(8) Section 3628 of such title is amended—

(A) by striking out "decision of the Governors to approve, allow under protest, or modify their recommended";

(B) by striking out "and the Governors", and

(C) by striking out "or Governors".

(9) The caption of section 3624 of such title and the item relating to such section in the analysis of chapter 36 of such title are each amended by striking out "Recommended decisions" and inserting in lieu thereof "Decisions".

(c) The third sentence of section 3662 of such title is amended by striking out "recommended".

Sec. . (a) (1) Section 1001(b) of title 39, United States Code, is amended by striking out "202, 204," and inserting in lieu thereof "203, 204, 205,".

(2) Section 1001(d) of such title is amended by striking out "of the Board or".

(b) Section 1002(a) is amended by striking out "a Governor or" and inserting in lieu thereof "a".

(c) (1) Section 1005(a) (3) of such title is amended by striking out "202, 204", and inserting in lieu thereof "203, 204, 205".

(2) Section 1005(d) of such title is amended by striking out "(other than the Governors)".

Sec. . (a) Section 5312 of title 5, United States Code, is amended by inserting immediately after paragraph (13), the following new paragraph:

"(14) Postmaster General.".

(b) Section 5313 of such title is amended by inserting immediately after paragraph (22) the following new paragraph:

"(23) Deputy Postmaster General.".

(c) Section 5314 of such title is amended by inserting immediately after paragraph (63) the following new paragraph:

"(64) Senior Assistant Postmasters General (3).".

(d) Section 5315 of such title is amended by inserting immediately after paragraph (107) the following new paragraphs:

"(108) Assistant Postmasters General (8).

"(109) General Counsel of the United States Postal Service.

"(110) Judicial Officer of the United States Postal Service.".

Amendment No. 1896

At the appropriate place, insert the following new sections:

Sec. . (a) Section 202 of title 39, United States Code, is amended—

(1) by striking out the first two sentences of subsection (a) thereof and inserting in lieu thereof the following: "There is established a Board of Governors composed of 9 Governors who shall be appointed by the President, by and with the advice and consent of the Senate, not more than 5 of whom may be adherents of the same political party."; and

(2) by striking out subsections (c) and (d) thereof.

(b) (1) Sections 203 through 205 of such title are amended to read as follows:

"§ 203. Postmaster General

"The head of the Postal Service is the Postmaster General. The Postmaster General shall be appointed by the President by and with the advice and consent of the Senate. The Postmaster General shall receive compensation at the rate provided for level I of the Executive Schedule under section 5312 of title 5.

"§ 204. Deputy Postmaster General

"The Deputy Postmaster General of the Postal Service shall be appointed by the President by and with the advice and consent of the Senate. The Deputy Postmaster General shall perform such duties as the Postmaster General may require. The Deputy Postmaster General shall receive compensation at the rate provided for level II of the Executive Schedule under section 5313 of title 5.

"§ 204A. Senior Assistant Postmasters General; Assistant Postmasters General; General Counsel; Judicial Officer

"There shall be within the Postal Service 3 Senior Assistant Postmasters General, 8 Assistant Postmasters General, a General Counsel, and a Judicial Officer. The Senior Assistant Postmasters General, the Assistant Postmasters General, the General Counsel, and the Judicial Officer shall be appointed by, and shall serve at the pleasure of, the Postmaster General. The Judicial Officer shall perform such quasi-judicial duties, not inconsistent with chapter 36 of this title, as the Postmaster General may designate. The Judicial Officer shall be the agency for the purposes of the requirements of chapter 5 of title 5, to the extent that functions are delegated to him by the Postmaster General. The Senior Assistant Postmasters General shall receive compensation at the rate provided for level III of the Executive Schedule under section 5314 of title 5. The Assistant Postmasters General, the General Counsel, and the Judicial Officer shall receive compensation at the rate provided for level IV of the Executive Schedule under section 5315 of title 5.".

(2) The items relating to sections 203 through 205 of such title are amended to read as follows:

"203. Postmaster General.

"204. Deputy Postmaster General.

"204A. Senior Assistant Postmasters General; Assistant Postmasters General; General Counsel; Judicial Officer.".

(c) Section 205(c) of such title is amended to read as follows:

"(c) The Board shall act upon majority vote of those who are present and any 6 members shall constitute a quorum for the transaction of business by the Board, except as otherwise provided in this title.".

(d) (1) Section 1001(b) of such title is amended by striking out "202, 204," and inserting in lieu thereof "203, 204, 205,".

(2) Section 1005(a) (3) of such title is amended by striking out "202, 204," and inserting in lieu thereof "203, 204, 205,".

Sec. .(a) Section 5312 of title 5, United States Code, is amended by inserting immediately after paragraph (13), the following new paragraph:

"(14) Postmaster General.".

(b) Section 5313 of such title is amended by inserting immediately after paragraph (22) the following new paragraph:

"(23) Deputy Postmaster General.".

(c) Section 5314 of such title is amended by inserting immediately after paragraph (63) the following new paragraph:

"(64 Senior Assistant Postmasters General (3).".

(d) Section 5315 of such title is amended by inserting immediately after paragraph (107) the following new paragraphs:

"(108) Assistant Postmasters General (8).

"(109) General Counsel of the United States Postal Service.

"(110) Judicial Officer of the United States Postal Service.".

Amendment No. 1897

On page 27, beginning with line 8, strike out all through page 31, line 8 and insert in lieu thereof the following:

Sec. 2. Section 2401 of title 39, United States Code, is amended by adding at the end thereof the following new subsections:

"(d) (1) There is authorized to be appropriated to the Postal Service for the fiscal year ending September 30, 1977, the amount of $1,000,000,000.

"(2) The Postal Service, in requesting amounts to be appropriated under this subsection, shall present to the appropriate committees of the Congress a statement containing a description of the operations of the Postal Service together with any other information which any such committee considers necessary to determine the amount of funds to be appropriated for the operation of the Postal Service.

"(e) During the fiscal year ending September 30, 1977, or, if funds are not appropriated pursuant to the authorization provided in subsection (d) (1) of this section before the beginning of such fiscal year, during the portion of such fiscal year beginning with the day on which any funds are so appropriated, the Postal Service shall not—

"(1) have in effect any permanent or temporary rate of postage or fee for postal services exceeding the rates and fees in effect on the date of enactment of the Postal Reorganization Act Amendments of 1976, unless that excess is provided for under section 3626 of this title;

"(2) close any post office where 35 or more families regularly receive their mail and which was providing service on July 1, 1976; or

"(3) close any post office where fewer than 35 families receive their mail and which was providing service on July 1, 1976, unless the Postal Service receives the written consent of at least 60 percent of the regular patrons of such office who are at least 18 years of age.

"(f) During the fiscal year ending September 30, 1977, or, if funds are not appropriated pursuant to the authorization provided in subsection (d) (1) of this section before the beginning of such fiscal year, during the portion of such fiscal year beginning with the day on which any funds are so appropriated, the Postal Service shall provide door delivery or curbline delivery to all permanent residential addresses (other than apartment building addresses) to which service is begun on or after the date of enactment of the Postal Reorganization Act Amendments of 1976.

"(g) The rates and fees established under chapter 36 of this title for zone-rated mail formerly entered under former chapter 67 of this title shall not be more than 10 percent less than the rates and fees for such mail matter would be if the funds authorized under this section were not appropriated."

Sec. 3. (a) (1) Section 2401(a) of title 39, United States Code, is amended to read as follows:

"(a) All revenues and fees collected by the Postal Service shall be deposited in the general fund of the Treasury of the United States.".

(2) Section 2003(b) (1) of such title is amended to read as follows:

"(1) amounts appropriated pursuant to the authorization made by section 2401(b) of this title;".

(3) Section 2003(b) (3) of such title is amended by inserting immediately after "Postal Service" the following: "in addition to amounts appropriated pursuant to the authorization made by section 2401(b) of this title".

(4) Section 4(b) of the Postal Reorganization Act (Public Law 91–375; 84 Stat. 774) is amended by striking out "Postal Service" and inserting in lieu thereof "United States, and shall be deposited in the general fund of the Treasury of the United States in accordance with section 2401(a) of title 39, United States Code, as added by the Postal Reorganization Act Amendments of 1976.".

(b) (1) Section 2401(b) of title 39, United States Code, is amended to read as follows:

"(b) There are authorized to be appropriated to the Postal Service such sums as may be necessary as reimbursement to the Postal Service for public service costs incurred by it in providing a maximum degree of effective and regular postal service nationwide, in communities where post offices may not be deemed self-sustaining, as elsewhere.".

(c)(1) Section 3621 of title 39, United States Code, is amended by striking out "income" and inserting in lieu thereof "revenue".

(2) Section 3625(d) of such title is amended by striking out "income" and inserting in lieu thereof "revenue".

(d) The amendments made by this subsection shall take effect on October 1, 1977.

On page 31, line 9, strike out "Sec. 3." and insert in lieu thereof "Sec. 4.".

On page 32, line 15, strike out "Sec. 4." and insert in lieu thereof "Sec. 5.".

On page 35, line 11, strike out "Sec. 6." and insert in lieu thereof "Sec. 7.".

On page 38, beginning with line 4, strike out all through page 41, line 25.

AMENDMENT No. 1898

At the appropriate place, insert the following new section:

SEC. . (a) The last sentence of section 2005 (a) of title 5, United States Code, is amended to read as follows: "The net increase in the amount of obligations outstanding for the purpose of capital improvements shall not exceed $1,500,000,000 in any one year and the aggregate amount of obligations outstanding issued for the purpose of paying the operating expenses of the Postal Service shall not exceed $500,000,000 at any one time.".

(b) The amendment made by subsection (a) applies to obligations issued after October 1, 1977. If the amount of obligations issued prior to such date exceed any limitation imposed by such amendment on or after such date, the Postal Service shall not incur any new obligations until such time as the amount owing on such prior obligations is less than such limitation.

The basic difference that I have with the leadership over H.R. 8603 is the leadership's disowning of our oversight responsibility by passing it to a Blue Ribbon Commission. We agree on the $1 billion that is needed to keep the Postal Service solvent. We agree that the Rate Commission procedures should be accelerated; we agree that there should be a moratorium on raising rates and/or a cut in service during the period of oversight. But we disagree as to who should do the oversight. I feel the Senate Post Office and Civil Service Committee has avoided and evaded this responsibility too long. Assigning the task to a so-called Blue Ribbon Commission to report by February 15 of next year is nothing more than a political cop-out. Rather than solving problems, this creates an additional problem of struggling with yet another study report of the Postal Service. The General Accounting Office has rendered no less than 138 studies of the Postal Service—only two requested by the Senate Post Office Committee. It was a Blue Ribbon Commission (Kappel Commission) that gave us this mess. It is a Blue Ribbon Commission (Board of Governors) that has nurtured it into bankruptcy; and I cannot in conscience commence the task with yet another Blue Ribbon Commission.

In August of 1970, the Congress in abolishing the Post Office Department made clear its intent that the Postal Service be removed from politics and that it operate as a private corporation. The public appointment of a Board of Governors and the $1 milion public service subsidy prevent the concept from being totally private. But if there were any doubt that a private concept was intended, Congress removed this by making it a crime to recommend the appointment of a postmaster. Pursuing this intent, the Postal Service for a long period forbade any contact by their employees with Members of Congress. And the general feeling on the Senate Post Office and Civil Service Committee was that contact should be kept to a minimum, that the new institution should be given a chance without Congressional interference.

This has resulted in the Postal Service operating with little or no Congressional oversight for 6 years. In 1971, there was no oversight hearings with the Postmaster General. None in '72. But as complaints mounted, the Committee commenced oversight hearings in March of 1973. After two mornings, these hearings were adjourned to luncheon sessions with the Postmaster General. These proved fruitless and before long were abandoned. There was a postal oversight hearing in Ogden, Utah one day in 1974 but none that year with the Postmaster General. There was an oversight hearing in Casper, Wyoming on June 25, 1975 but none that year with the Postmaster General.

Postmaster General Bailar testified on S. 2844 (which is now H.R. 8603) on January 27 and January 28 of 1976 but when it became known that the Senate Post Office Committee was finally to have hearings, the Committee was so deluged with postal problems waiting in line to be heard that the only way to finalize the work on this bill was to hold hearings during the April recess when everyone was out of town. So lack of oversight while well-intended initially has now after 6 years become critical. Letters of complaint stream in. Extravagance in top offices is reported. Reports of mismanagement mount. Undelivered and broken packages pile high and the cost of service goes up, up while service itself goes down, down.

As the Postal Service appears to be going out of business, United Parcel Service, its private competitor, seems to thrive. Taking a cue from this, many now recommend that the express statute be repealed so that first class mail can be delivered by private enterprise. The Administration, while resisting profligate financing for New York City, encourages the borrowing of more and more millions each year for operating expenses. As a result, the Postal Service valued at $3 billion when it started in 1970 is now near bankruptcy. We all agree that an infusion of $1 billion is necessary now. But because of our policy of benign neglect, no proposal can pass the Senate without a recognition of the need for oversight. This is the issue at hand.

The Post Office and Civil Service Committee Chairman and the ranking minority member recommended that this oversight responsibility be palmed off on a Blue Ribbon Commission. But after 6 years, we should have learned by now that the public's demand for service can no longer be ignored by the Congress. Only the Congress as the people's representatives can determine the amount of public service subsidy. Only a constant oversight by Congress can make the Service sound and responsive. My hope was that by now we would be giving out awards for success rather than billions for failure. But the only way to study these failures, the only way to prevent them in the future, the only way for a constant input by the public is to bring the Postmaster General back in communication with the Congress and the President and for us to resume budgetary authorizations. We can't continue to do as we have been doing—giving out a billion a year—without oversight and the economies proposed from time to time by the Postal Service can only receive the support of the people when sanctioned by the Congress.

This is not to say that the advances made in the past 6 years should be junked or politics resumed. The Postmaster General should be appointed by the President and confirmed by the Senate. But the Service should be maintained as presently constituted rather than a new Department. Collective bargaining would remain, the Rate Commission procedures would be expedited, and Congress would stay out of the business of appointing Postmasters. While the House bill seeks the annual authorization of the postal budget commencing October 1, 1976, realistically this cannot be done until October 1, 1977. During the intervening period, a moratorium should be declared on rate increases and cuts in services unless Congress determines otherwise. The Board of Governors would be abolished and the decisions of the Postmaster General would be under Congressional review. Many of the present difficulties could have been avoided by a Congress and Postmaster General working together.

Many say the Postmaster General is doing an outstanding job, that he inherited a mess, that faulty decisions of his predecessor, plus inflation, plus the slowness of the Rate Commission are the reasons for failure. Others say that as part of the previous postal administration, he must take the responsibility for his inheritance. We don't know. But this involves a key finding and, of course, it is obvious that an impartial objective review cannot be made with the Postmaster General as one of the investigators. Nothing more emphasizes the predisposition of the Committee leadership for a partial review than their insistence that the Postmaster General and the head of the Rate Commission be a part of the reviewing team.

It is clear that the President has failed to grasp the problem. The President did not provide any money in his budget for the Postal Service. He has adamantly maintained that the Postal Service can borrow to take care of its needs and really doesn't think this bill is necessary. Trying to discuss the financial needs, the Postmaster General called the White House and then testified in exasperation on March 29, 1976 that he had called 6 times leaving word but his calls were not returned.

Finally, the President and the Postmaster General made contact. Now we are told that the cement that glued together the agreement by the President to go along with H.R. 8603 was the appointment of a Blue Ribbon Commission. To me, this indicates a lack of appreciation for the many problems. If we stabilize the Postal Service with $1 billion plus a moratorium on rates and services, the President cannot object.

If we start immediately to work on oversight, working with the Postmaster General, making the necessary adjustments and giving the necessary approvals between now and October 1, 1977, the President cannot object. To insist that the job be done by a Blue Ribbon Commission reporting in February of next year is to insist that the chaos continue unattended and that all we are interested in really is getting past the November General Election. The House has sent us a bill calling for the appointment of the Postmaster General and the resumption of the authorization process. They did this after a year and a half of hearings and a very thorough debate. Now, we are informed that if no bill passes, the only alternative is to raise rates within 90 days and terminate Saturday deliveries. I cannot see the President by an act of veto raising rates and terminating Saturday deliveries just before November. And I cannot see the Congress given a clear mandate from the people to go to work on the Postal Service finessing this until February with a Blue Ribbon Commission.

Accordingly, I will propose my substitute again on the floor which was defeated in Committee by a vote of 6–2 with one Member favoring the amendment but could not stay for the vote. The 7 points of my proposal include:

1. Annual Authorization—Beginning in FY '78 the Postal Service would be required to come before the Congress each year for authorization and appropriation of its total budget.

2. Transitional Subsidy—There would be a $1 billion authorization for fiscal year '77 to prevent a disruption of postal operations while Congress resumes oversight and reviews the needs of the Postal Service.

3. Moratorium on Increased Rates and Decreased Service—A moratorium would be imposed on increasing rates and on the closing of Post Offices which serve 35 or more families as well as guaranteeing door-to-door or curb line delivery. This moratorium would be in effect until FY '78 when the Congress begins the annual authorization process for the Postal Service.

4. Presidential Appointment of Postmaster General—The Postmaster General would be appointed by the President and confirmed by the Senate. The Postal Service requires positive attention and guidance from as well as accountability to the Executive Branch.

5. Abolish Board of Governors—The Board of Governors simply has not done the job. Also it should be the responsibility of the Congress, publicly accountable representatives, to guide and direct the Postal Service.

6. Expedite Rate-Making—There would be a requirement that all rate decisions from the Postal Rate Commission shall be determined within ten months. The delays of the Commission have been of major significance in contributing to postal losses.

7. Limit Borrowing Authority—The ability of the Postal Service to borrow funds to offset operating expenses would be limited to $500 million at any one time. This provision will provide the Postal Service with a buffer should a cash flow problem arise during the annual authorization and appropriations process.

NOTICE CONCERNING NOMINATION BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. EASTLAND. Mr. President, the following nomination has been referred to and is now pending before the Committee on the Judiciary:

John J. Smith, of Delaware, to be U.S. marshal for the district of Delaware for the term of 4 years, vice Edward J. Michaels, resigned.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Friday, June 25, 1976, any representations or objections they may wish to present concerning the above nomination with a further statement whether it is their intention to appear at any hearing which may be scheduled.

NOTICE OF HEARINGS ON GRAIN EXPORT POLICY MANAGEMENT

Mr. HUMPHREY. Mr. President, many Americans have been disturbed by the executive branch's management, or lack of management, of grain export policies over the past 4 years.

Since the historic sale of grain to the Soviet Union in 1972, the Comptroller General has had a team of investigators reviewing policy developments and executive actions with respect to U.S. agricultural exports, and has reported to the Congress on a number of occasions.

I wish to announce that the General Accounting Office will report again on a newer phase of its review—specifically, the manner in which the executive branch dealt with last year's sales to the U.S.S.R.

The GAO investigators will outline preliminary findings, in advance of a final report which they expect to complete by this fall, to the Subcommittee on Foreign Agricultural Policy, which I chair, and the Subcommittee on Agricultural Production, Marketing and Stabilization of Prices, which is chaired by the Senator from Kentucky (Mr. Huddleston).

The hearing will be at 10 a.m. Thursday, June 24, in room 322, Russell Senate Office Building, hearing room of the Senate Committee on Agriculture and Forestry.

GAO has directed its latest study at USDA's role in gathering export sales information, with emphasis on last year's 14-million-ton sale to the U.S.S.R., and related export policy issues.

It is possible that the hearing may produce recommendations from GAO on proposed legislation which may be useful in the committee's consideration of a 1977 farm bill.

The GAO investigators have interviewed a wide range of USDA officials, grain export company executives and others. They are expected to discuss last year's 5-year grain sales agreement between the United States and Russia, the capability of the United States to forecast grain supply and demand around the world, executive branch authority under the Export Administration Act, differing approaches used by other nations to deal with export policy, and suggested alternative policies for coping with shortage or surplus situations in farm export commodities.

ADDITIONAL STATEMENTS

HUMAN RIGHTS IN CHILE

Mr. TUNNEY. Mr. President, reports flowing out of Chile during the recent conference of ministers of the Organization of American States indicated a widespread concern among OAS members over the abuse of human rights in Chile. A recently released report by the Human Rights Commission of the OAS only fueled the fires of this concern by its lengthy and detailed accounts of what appears to be a systematic program by the Pinochet regime of denial of fundamental rights.

Personally, I have been shocked by recent revelations in the press that picture the repression as extensive, ongoing, and almost barbaric in form. The very fact that a Member of Congress, Representative Tom Harkin of Iowa, and a staff person accompanying him on a factfinding mission to Chile should be flagrantly lied to by the highest authorities in the Chilean Government about the existence of a certain "torture center" which they then discovered on their own and from which they were subsequently removed by Chilean guards with force is abhorrent to me. The picture of a Chilean ship, which has been used to extract forced confessions from demoralized political prisoners, taking part in this country's upcoming Bicentennial "sail in" in New York, is alien to everything I think this country should represent. And the report that at least one of two Americans killed in the Chilean coup may have been cold-bloodedly murdered on the orders of the commander of the Chilean security police because he "knew too much" while a representative of our own intelligence services stood by and listened to his order is an outrage.

This is not to say that Chile is the only government violating human rights in the world—or even the Western Hemisphere. Nor is it only right-wing governments that violate human rights. I have been and will continue to be one of the strongest supporters of the human rights provisions of the Helsinki Accords and one of the harshest critics of the failure of the Eastern bloc to implement those agreements. But I believe that we in this country must feel a particularly responsibility for and concern over what is happening today in Chile, both because Chile is a close neighbor in this hemisphere and because, virtually alone among Latin American states, Chile for many decades shared our own standards of democratic government.

I applaud the actions of the American delegation to the OAS conference in support of the report of the OAS Human rights Commission. But expressions once a year at OAS ministerial meetings are not enough. I hope and pray that our Government will continue to utilize every opportunity and apply all reasonable pressures in the coming months to encourage a drastic change in the repugnant, repressive policies of the Chilean Government.

Mr. President, I ask unanimous consent that an editorial in the Los Angeles Times of Wednesday, June 9, 1976, on this subject be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

No Tolerance for Torture

Secretary of State Kissinger, who in the past has shown a regrettable insensitivity to human-rights issues in totalitarian countries, warned Chile's military rulers Tuesday that relations with the United States will be impaired until the regime halts its wholesale violations of basic human rights.

The warning, delivered both privately and in a speech to a meeting of the Organization of American States, appeared to signal a welcome, long-overdue change in Washington's previously tolerant posture toward a regime that has used political torture and murder as instruments of state policy.

Whether the message delivered by Kissinger produces the reforms that Chilean President Augusto Pinochet reportedly promised in private conversation with the visiting American official depends on whether the Administration is prepared to exert the necessary political and economic leverage.

The enunciation of the new U.S. policy stance coincided with a devastating report by the Human Rights Commission of the OAS on its investigation into scores of torture and murder of political prisoners in Chile.

In his speech to the OAS, the secretary of state correctly observed that other nations in the Americas, including Cuba, are also guilty of injustice. He proposed a strengthening generally of the OAS machinery for dealing with violations of human rights in the hemisphere.

But the focus of this OAS session was on Chile. And Kissinger is said to have warned that failure to curb human-rights violations would result in Chile's international isolation—and the end of any prospect for increased U.S. economic assistance to help lift the country out of its current depression.

Given the Administration's past record of indifference to the excesses of the right-wing regime, there is bound to be skepticism as to whether Washington is really prepared to exert meaningful leverage on the generals. We hope such skepticism proves groundless.

There is no question that U.S. economic pressures can have a positive effect. Just a little arm-twisting by Treasury Secretary William Simon during a visit last month produced the release of several hundred political prisoners. Now, in response to Kissinger's blunt warning, Pinochet reportedly has promised that Chile's constitution will be amended soon to expand human rights.

Washington must leave the military regime in no doubt that unless genuine reforms are forthcoming, the United States will do nothing to facilitate Chilean access to the foreign credits and investments it so badly needs.

LEAVE YOUR TEARS IN MOSCOW

Mr. WEICKER. Mr. President, 36 years ago this week the Soviet Union, in violation of international law and agreement, attacked the small nation of Lithuania, thus paving the way for the beginning, a year later, of one of the most persistent efforts at persecution, terror, and mass relocation known to history. The now famous Gulag labor camps of Siberia became the burying grounds for hundred of thousands of Lithuanian citizens, who, like their neighbors from Latvia and Estonia, had committed the grievous sin of living in peace near the warm-water ports of the Baltic Sea.

Mr. President, I ask unanimous consent that this brief passage from "Leave Your Tears in Moscow," by Barbara Armonas, a long-time hostage in Soviet labor camps, now living in America, be printed in the Record.

There being no objection, the passage was ordered to be printed in the Record, as follows:

> About four o'clock in the morning . . . I heard a knock on my door . . . I opened the door and froze with fear . . . There was a whole detachment of soldiers, about thirty altogether, all with heavy weapons. In the yard, a machine gun had been set up. The officer pushed me aside, went into the house, and demanded my passport . . . He took a letter from his pocket and read in a monotonous voice that the state had decided to deport me from Lithuania to other Soviet states . . . I had only a half hour to prepare myself for the deportation journey. Awakened by the noice, my son started to cry . . . I was told that I could take no suitcases, but must pack everything into a potato sack . . .
>
> When the half hour was up, my son, myself, and our belongings were put into a buggy and escorted under heavy guard to the neighboring village . . . Some twenty-five families had been collected . . . Each family sat on their sacks in a group. No one talked.
>
> Some two hundred families had been collected and put into trucks, each guarded by four Russian soldiers with guns. These trucks were nearly all American Lend-Lease equipment . . . At first, I thought all Lithuanians were being deported . . . The village of Aukstuoliai was left completely empty . . .
>
> At the railroad station, we were put into cattle cars, about forty to sixty people to a car. The train stood in the station at Panevezys for two full days. We were given no food . . . Our transport consisted of sixty cars, so it can be estimated that it contained about 2,400 persons . . . The feelings of human beings herded into cattle cars are impossible to describe. No one knew where we were going or what could be expected . . . In one car, a woman with two small children whose husband was in prison, went mad, jumped from the moving train, and was killed . . . The biggest problem in our car was an 83 year-old paralyzed lady . . .
>
> After about fifteen days, we stopped in a station about 160 miles from Irkutsk, the largest city in Siberia . . . We were ordered to get out . . . We stood there for about four hours in a cold rain mixed with snow. The children cried all the time . . . It was clear to everyone that we had been sent here to die.

A TRIBUTE BY THE CHILDREN OF AUSTRIA

Mr. HUMPHREY. Mr. President, many gifts have been presented to this country on the occasion of our Bicentennial. I would like to bring to the attention of the Senate an unusual tribute to the United States from the children of Austria: an exhibit of 76 paintings on the theme "How Do I See the USA?"

Recently I had the honor of hosting, along with Dr. Arno Halusa, the Ambassador of Austria to the United States of America, a reception marking the presentation of this exhibit to the American Revolution Bicentennial Administration. After exhibition in the Washington area in May, the paintings have gone on national tour.

The background of this exhibit is most interesting. It is the result of a suggestion by Dr. Rudolph Kirschshlager of Austria that some way be found to express Austria's gratitude to the United States on its Bicentennial, for its help in the years following World War II.

A leading child welfare organization, SOS-Kinderdorf International, Vienna, responded by sponsoring a painting contest for Austrian youth, inviting them to give their impression of the United States. Over 5,000 entries were received and the 76 best were selected by the noted artist Friedensreich Hundertwasser for the official exhibit.

Commenting on the exhibit, Kurt Waldheim, Secretary-General of the United Nations, has said:

> The United Nations has always attached high priority to the health and welfare of children throughout the world. In 1946 the United Nations Children's Fund (UNICEF) was established to assist in this purpose. However, the work of private organizations such as SOS-Kinderdorf International is vital if we are to succeed in this endeavor. For only through global action and with the support of everybody can we hope to improve the conditions under which the children of our planet live. In using the occasion of the American Bicentennial to create a greater awareness of the need to assist so many children all over the world, SOS-Kinderdorf International is making its own significant contribution. I also wish to congratulate the children whose talent has created the remarkable paintings and drawings displayed at this exhibition.

I personally add my congratulations to SOS-Kinderdorf International for arranging this fine exhibit. Moreover, I offer special tribute to Hermann Gmeiner, the founder and president of the organization which provides a warm, homelike environment for 10,000 children in 55 countries. Truly, Mr. Gmeiner has placed his life "at the service of the child" and he has taken the occasion of our Bicentennial to remind us all of the beauty and candor of children, as expressed through their paintings.

JOY OF PUBLIC SERVICE?

Mr. McGEE. Mr. President, as we know to be the rule rather than the exception, the wheel that squeaks the loudest gets the grease. This applies very aptly—although it is more than a squeak—to what have become the voices of "anti-Washington."

Fueled by several recent episodes in this Capital City, most editorialists seem bent on convincing the still doubtful that, in fact, the Nation is fed up with its Government, that problems and mistakes are the rule rather than the exception.

Although one of the purposes of my statement today is to note an editorial exception to what has been the rule of press commentary on what we might call: "Washington—Good or Bad?", it is the men in Government who should be defending our system, albeit there are warts within. We should be more than a squeaky voice.

Phil McAuley, once nominated for a Pulitizer Prize, is the editor of the Casper Star-Tribune in Casper, Wyo. In an exceptional editorial of late, he has found that guilt by association is "not very funny." I have yet to read an editorial that so well puts certain recent problems in perspective, and preceding a few more of my own remarks on the subject, I ask unanimous consent that his editorial: "Joy of Public Service?" be printed in the Record at this point.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Joy of Public Service?

> Comedians, professional and amateur variety, are having a grand time with the spate of revelations involving the alleged sexual capers of those elected to high national offices. One comedian reportedly said that women are doing to the Congressmen what Congress has been doing to the people of the United States for years.
>
> It's not very funny.
>
> The revelations, and it is too early to pass judgment in several instances, could have a disastrous effect on incumbents of both parties who are planning to seek re-election and to those now in office. Good, decent public servants, men and women, are being daubed by the same tar brush and the jibes are not too funny to them. Some have expressed deep concern to this newspaper, and understandably weary to the demands made upon them in public service, that is really not that rewarding to begin with, are having serious doubts about seeking re-election or even election.
>
> The revelations are not limited to those seeking or now in national office but extends to state level posts and even into the courthouses in Wyoming.
>
> When the electorate gets disgusted or confused, they act in a predictable fashion. They turn the rascals out. But all elected, incumbents who were planning to seek re-election,

and those planning to seek public office for the first time, may be turned away by it all and simply shrug that it is not worth it.

A case in point is Rep. Edness Kimball Wilkins (D-Natrona).

Asked by the Casper Star-Tribune if she planned to seek re-election, she said she is still undecided "because of all these developments." She was, of course, referring to the payroll sex scandals in which Rep. Wayne Hays (D-Ohio) and Rep. John Young (D-Texas), and the latest Rep. Allan T. Howe, Utah Democrat who is not charged for "payroll sex" but for being arrested for soliciting sex acts from streetwalking prostitutes.

Such developments disturb Rep. Wilkins, a veteran of four years in the State Senate and 16 years in the Wyoming House.

She added that the disclosures tarnish her feelings of the "joy of public service." Rep. Wilkins emphasized that in all her years of public service in the legislature, there has never been the merest suggestion of ever being offered a bribe. She added that she never even heard any rumor of any scandal in the Wyoming legislature, and that included the merest suggestion of anything involving sexual misconduct Rep. Wilkins qualified her remarks by noting that perhaps her lack of any knowledge of such goings-on in Wyoming could result from women being an "unknown quantity," in the Equality State, and are not approached on such matters. But, she emphasized, it may also really be that certain people one does not approach on such matters since they display integrity.

She believes, as do many of the office holders, that the revelations will definitely affect all public officials.

And it's just the beginning, she fears.

One disclosure brings out another, she explained.

Rep. Wilkins believes that the "people's faith in their public officials is being shaken.

There are few that will disagree with Rep. Wilkins and other office holders who expressed similar views. It remains that there are still many public officials good and true. They should be judged on their own merits, and we fervently hope that in Wyoming, a sparsely populated state and still manageable and in control of its own affairs and destiny, and where those seeking or in public office are known and scrutinized by the voters, fair play and judgment will continue to prevail.

Mr. McGEE. Mr. President, I do not remember Congress ever leading in the polls of public opinion or popularity. I hasten to add, however, it was not founded nor designed to do so.

Charges against the overall system of things, ridiculous or not, should be answered. And those in Government, the Congress or whatever you want to include, or those seeking entry, ought to defend their actions or words which tend to fuel the fire of this anti-Government movement.

Congress was never intended to produce saints and heroes, although great leadership has come from within our ranks.

How then do we rationally explain this mood of negativism? We—elected officials—should do it by pointing out that it comes from levels of personal discouragement and impatience due to an imperfect system.

Our problems are complex with no easy solutions and problems exist naturally in trying to serve a diverse society in which every citizen has a right to be recognized.

There is that segment which becomes hypocritical—wanting on the one hand to disassociate with the present system, on the other, asking the Government for help. The Government is caught in the middle: it does too much, it does too little; it acts too slowly, it acts too quickly.

I do not believe there is a one of us here who opposes change, improvement, reform. But history has shown that change comes about from strong, constructive and popular movements—not divisiveness.

We have and always will have an imperfect system, but the "joy of public service" is seeing how it does succeed. The fright is considering the alternative.

THE NEED FOR A NATIONAL MEALS-ON-WHEELS PROGRAM

Mr. HUMPHREY. Mr. President, yesterday Senator George McGovern, chairman of the Senate Select Committee on Nutrition and Human Needs, held hearings on the nutritional problems of the elderly. These hearings focused on the need to assist our homebound and often malnourished older citizens. I am pleased to join Senator McGovern in sponsoring legislation—the national meals-on-wheels program—which would assist these needy Americans.

The quality of the lives of our elderly citizens—who must survive on a fixed income and often suffer from ill-health, mental depression, and loneliness—should be of the utmost concern to all Americans. The current administration has done little to help these people. It has adopted policies leading to excessive inflation, higher food prices, and more expensive health care.

The proposed national meals-on-wheels program would launch a major effort to significantly better the lives of the homebound elderly, both nutritionally and emotionally.

While three other Federal programs aim to supplementing the diet of the needy, none were designed to specifically assist the homebound. These are elderly citizens who are restricted to bed and/or home or who require someone, or special aid, to get around. It is estimated that there are at least 3 million elderly in this category.

The food stamp program and title XX of the Social Security Act were designed to meet general nutritional needs. Because of the various circumstances unique to the circumstances of the elderly, their needs cannot be met with such broad-based efforts.

The title VII program of the Older Americans Act provides the elderly a hot meal, supplying one third of the daily requirements, and various supportive services each weekday in a congregate setting. While this program has been successful, only 13 percent of these meals were delivered to the homebound.

A survey conducted by the Senate Select Committee on Nutrition and Human Needs showed that only 1 percent of those eligible were receiving title VII meals at home. The survey additionally indicated that the average project area has a very large homebound population whose needs cannot be met by the current title VII program.

Without a program for these citizens, our society is encouraging the elderly to seek refuge in institutions such as nursing homes. Recent studies indicate that anywhere from 10 to 40 percent of the institutionalized elderly do not really require this type of care. Programs such as title VII and the proposed Meals-On-Wheels project would provide a more effective and cheaper remedy. Committee staff indicated that if this legislation were enacted, Federal expenditures for nursing homes could be reduced by approximately $300 million during the first year.

The lack of a nutritious diet for our elderly citizens is often the major obstacle preventing them from living full and productive lives. Passage of this legislation would not only remove this obstacle but also make the most efficient use of our Federal assistance dollars.

Mr. President, I ask unanimous consent that my statement submitted to the Select Committee on Nutrition and Human Needs be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Statement of Senator Hubert H. Humphrey

I am pleased that hearings are being held on the nutritional problems of the elderly and that Senator McGovern has proposed legislation providing for a national Meals-On-Wheels Program. I welcome the opportunity to comment on this.

Throughout my legislative career, I have been concerned with the quality of the lives of our elderly citizens and supported many legislative efforts responding to their needs. Every citizen requires a nutritious and balanced diet as a prerequisite for a healthy and productive life, but the elderly are especially vulnerable when denied such a diet. Additionally, many of our older citizens must literally survive by stretching out a fixed income, by overcoming health problems, and by coping with mental depression and loneliness.

The current Administration has done little to help Americans overcome these problems. Instead, it has adopted policies leading to excessive inflation, higher food prices, and more expensive health care.

We must make every effort to assure that our federal health and food assistance programs are as beneficial as possible in bettering the lives of all our citizens, including the elderly.

One such effort is the Title VII Program of the Older Americans Act, which provides the elderly a hot meal—supplying one third of the daily requirements—and various supportive services each weekday in a congregate setting. The implementation of Title VII has successfully provided many Americans with not only better food, but the opportunity for friendship. Because of this, the health and emotional status of many of our citizens has been significantly bettered.

The Title VII Program served about 240,000 meals per weekday in 1975. The Senate Select Committee on Nutrition and Human Needs recently conducted a survey of Title VII project directors, which revealed that only 13 percent of such meals were being delivered to the homebound elderly. More than 15 percent of the projects had no program for the homebound at all. Nationwide, there are at least three million homebound who could benefit from such a program. This estimate includes those people over 60 who are not institutionalized but who have chronic mobility limitations such that they are confined to the bed and/or house, or require another person, or special aid, to get around.

Currently, 14.3 percent of Title VII project budgets are being spent on local Meals-On-Wheels programs. The committee survey indicated that the average project area has a very large homebound population whose needs cannot be met by the current Title VII program. Where Meals-On-Wheels programs do exist, they are begun at the initiative of the community and staffed mostly by volunteers. While these have been successful, adequate need has been demonstrated for a separately funded national program, which would also require that national standards regarding nutritional levels and elegibility would be met.

In addition to assisting the poorest and least able of the elderly, such a program would serve as a means of coordinating this and other community social services and informing each recipient of other available services.

There are, currently, two federal programs which offer some potential for meeting these needs: Food Stamps and Title XX of the Social Security Act. Neither, however, has been successful.

The Food Stamp program is designed to meet the general nutritional needs of America's needy. But the needs of the homebound elderly, because of various characteristics unique to their circumstances, cannot be met by such a broad-based effort.

Title XX provides a large amount of money for general social services. It was originally hoped that Meals-On-Wheels programs could benefit from this support. Unfortunately, home-delivered meals have consistently been denied priority in the allocation of Title XX funds and the ill-advised means test has discouraged many of those who might have been reached.

Obviously, these programs were not designed to specifically brighten the lives of the needy but homebound elderly. Only 1 percent of those eligible—30,000—are benefiting from the Title VIII Program. Without a program for these citizens, our society is encouraging the elderly to seek refuge in institutions such as nursing homes. In this way, we are often forcing people to give up their homes, their involvement in the community, and pay high prices for an institution to sustain their lives.

Recent studies have indicated that anywhere from 10 to 40 percent of the institutionalized elderly do not really require this type of care. Instead, various types of community social services, such as the Title VIII and proposed Meals-On-Wheels Program, would provide a more effective and cheaper remedy.

In the past year alone, government costs for nursing homes have increased by one third, totaling $5.2 billion. The committee staff has estimated that a Meals-On-Wheels Program could provide the necessary services at one tenth the cost. Additionally, if the proposed legislation were enacted and the $80 million appropriated and spent to serve 125,000–175,000 Meals-On-Wheels per day, nursing home expenditures would be reduced by approximately $300 million during the first year.

The proposed Meals-On-Wheels Program, which I am pleased to join in sponsoring, would specifically provide separate authority for home-delivered meals to the homebound elderly. Program participants would be required to provide at least one-third of the Recommended Dietary Allowance (RDA) for five or more days per week. Weekend meals could be supplied by providing a supplemental snack, cold meal, or special adult formula. These meals would be required to provide at least 25 percent of the RDAs.

The program would additionally establish an information and referral system for the homebound to ensure that they receive adequate services from appropriate agencies or available services. Where possible, volunteers or already existing Meals-On-Wheels projects would be utilized under this program.

An additional section of this bill calls for a demonstration program to study the feasibility of the NASA Meals System for the Elderly. This meal system delivers or mails to the homebound packages of complete, shelf-stable meals on a weekly basis. All that is required to prepare these meals is a hot plate for boiling water. This pilot project is primarily intended to reach those elderly who are outside of the currently available delivery system. Authorizations requested for the national Meals-On-Wheels Program are $80 million for fiscal year 1977 and $100 million for fiscal year 1978.

I sincerely hope that Congress acts quickly to establish a national Meals-On-Wheels Program, which would not only better the lives of our homebound elderly but also make the most efficient use of our federal assistance dollars.

TRAGEDY IN LEBANON

Mr. KENNEDY. Mr. President, the tragic events in Lebanon on Wednesday remind us of the senseless nature of political violence and terrorism. It feeds on itself and inevitably spreads to consume the innocent and all within its reach.

It reminds us as well of the courage of our foreign service officers, who, as in the case of Ambassador Francis Meloy, Jr., and his economic attaché, Robert Waring, serve the Nation so well.

Ambassador Meloy went to Lebanon only a few months ago after serving as ambassador at the time of the earthquake in Guatemala. His determined efforts and long hours of work helped to insure the rapid and coordinated relief to the victims of that disaster.

Then he was asked to accept the post in Lebanon and, despite full knowledge of the personal risks involved, he went, he served, and now he has been killed. He joins the list of Americans who have died in the service of their country.

I rise to express my own sorrow at his death and the deaths of Mr. Waring and of Zohair Moghrabi, the Ambassador's driver.

STUDY ON VICE PRESIDENTIAL SELECTION

Mr. BROCK. Mr. President, this past week the Institute of Politics, Kennedy School of Government at Harvard University issued a document entitled "Report of the Study Group on Vice Presidential Selection." The report made some very useful recommendations for improving the "paradoxical" situation we now have of exposing Presidential candidates to more and more scrutiny while, on the other hand, leaving the Vice Presidential selection to its normal haphazard process.

While I am pleased that one of the recommendations included background checks for potential Vice Presidential candidates—a proposal I first introduced 3 years ago and recently introduced again—there are also many, many more recommendations that I would like to draw to the attention of my colleagues in the Senate. Therefore, I ask unanimous consent that the study be printed in the Record. I also ask unanimous consent that the appendix to the study, which gives a more detailed description and analysis of the background investigation proposal, be printed in the Record also.

There being no objection, the material was ordered to be printed in the Rerord, as follows:

Report of the Study Group on Vice Presidental Selection

I. INTRODUCTION

As the 1976 election approaches, a paradoxical feature of American Presidential politics deserves our attention. On the one hand, we select our Presidential nominees by a process of exposure and deliberation that grows ever more tortuous and grueling. On the other hand, we continue to leave the designation of the Vice-Presidential contender largely to the personal judgment of the nominee, a judgment often exercised rapidly and in confusion in the small hours of the morning after the endorsement of the party convention.

Although this "system" of Vice-Presidential selection has not served the nation badly, it has been too prone to error. Two facts stand out:

First, the Vice-Presidency today is a major avenue to the Presidency itself. Of the 38 American Presidents, 13 (more than a third) were Vice Presidents first. Of the 13 Presidents in this century, six were first Vice President, and they have been President for 34 of 76 years (45 per cent). The odds are now about one to two that the Vice President will one day become President.

Second, recent events in both parties—specifically the resignation of Senator Eagleton from the Democratic ticket in 1972 and the resignation of Vice President Agnew from office in 1973—suggest that present selection practices contain an inherent and unacceptable degree of risk.

The present method of handpicking running mates after nomination has not always been the norm in the United States. The original system gave the office to the candidate who ran second in the Presidential contest. Each Presidential elector cast two ballots; the runner-up became Vice-President. This system brought some excellent men to the Vice-Presidency—Adams, Jefferson, and Burr. However, the top two contenders tended to be political rivals before—and after—the election. In 1804, the 12th Amendment changed the system by providing for separate balloting for President and Vice President. As political parties gained strength (especially after 1831, when nomination by party conventions replaced selection by Congressional caucuses), Vice Presidents became genuine running mates. Although this system has tended to produce Vice-Presidential nominees who are personally and ideologically compatible with the head of the ticket, it has also caused an emphasis on balancing and short-run electoral calculations, rather than on the Presidential qualities of the Vice President.

Between 1972 and 1974 an intense and thorough exploration of alternative methods of Vice-Presidential selection took place. At this time, members of the press, television, academia, and the parties discussed in detail the merits and limitations of such proposals as separate primaries (or even separate elections) for Vice-Presidential candidates; announcement of possible Vice-Presidential choices by Presidential contenders early in their campaign for nomination; selection of Vice-Presidential nominees by the party conventions themselves; selection by the conventions (or by "miniconventions" established by them) from lists submitted by Presidential contenders or by the nominee; rearrangement of the convention's order of business to allow more time for deliberation about the Vice-Presidential choice; abolition of the Vice-Presidency itself; and more.

For a time, alternative approaches to Vice-

Presidential selection received sustained and careful consideration. Hearings and discussions were conducted by the Democratic Party's Commission on Vice-Presidential Selection, chaired by Senator Humphrey, and by Subcommittee 2 of the Rule 29 Committee of the Republican National Committee. Unfortunately, interest in the question has gradually subsided, and the momentum for change appears to have been lost.

Democratic National Chairman Robert Strauss recently explained to reporters that:

"We have a very poor system for choosing our Vice-Presidents. I regret we didn't do something about it. We're not going to do a damn thing to avoid it (another Eagleton affair) except a wing and a prayer."

Similarly, Kent B. McGough, Chairman of the Rules Committee of the Republican National Committee, said:

"We've received a large number of letters indicating concern that changes in the selection process be made. And we intend to discuss it fully. But it's going to be very difficult to make any changes for this year. Maybe 1980."

We do not believe that this state of affairs is inevitable. We take the view that rational discussion and exploration of alternatives should be continued, and that increased public attention to methods of Vice-Presidential selection is itself a necessary first step toward improvement. This report does not attempt a thorough evaluation of the pros and cons of the wide range of proposals that have been endorsed in one quarter or another. Instead, having considered these proposals in some detail and having interviewed many experts and key actors, we set forth and defend those proposals that we think most worthy of adoption, in hopes of influencing the way the Vice-Presidential nominees are selected in 1976 and of improving the process further before 1980. We explicitly avoid, at this stage, suggestions involving constitutional amendment, change in the electoral system, or a redefinition of the responsibilities of a Vice President.

Our general objective is to suggest a set of procedures more likely than the present ones to assure selection of Vice Presidents competent to assume the Presidency itself. Our point of departure is not that the present approach has worked poorly on the whole, but rather that it is inherently risky. We grant that no Presidential nominee would knowingly choose a running mate unfit to hold the highest office. However, we are skeptical that the present system is adequately self-correcting or that we can simply trust future Presidential nominees to exercise "exquisite care" in choosing running mates in the absence of procedural reform.

The key fact, we think, is that under present arrangements, information about prospective running mates has been, and is likely to continue to be, far too limited. By "information" we mean both factual details about the background, activities, and pronouncements of contenders, and political evaluations from the perspective of major elements of party and public. The premise of our recommendations is that the volume of factual and political information about potential Vice Presidents, and the opportunities available to public, media, candidates, and parties to deliberate upon this information, should be increased. Attaining this goal calls for procedural and institutional change which goes beyond the Presidential nominees' own exquisite care. In short, we believe that the selection of Vice Presidents should receive a higher priority and should be more open and responsive to the public. Such change will tend to counter the waning public confidence in the political process and to affirm the belief of the American people in their governmental leadership.

The recommendations advanced in this report are complementary and mutually reinforcing, dependent upon various sets of participants in the process fulfilling key roles on a largely voluntary basis by assuming responsibilities which we believe are both sensible and feasible. We have attempted to define the process as an integrated whole. No single mechanism can be designed or imposed to rationalize the process of Vice-Presidential selection by itself. No single organization or set of actors can complete the task. We do not believe that radical changes are desirable or workable; our analysis has led us to the conclusion that many proposals which look attractive in the abstract upon close perusal add significant liabilities to the process. We feel strongly, for instance, that the predominant role of the Presidential candidate in the selection of a running mate should be protected.

We address, therefore, the practical roles which the parties, the candidates themselves, and the media can usefully and quickly play. Our recommendations recognize the inherently pluralistic and democratic character of the process, and we believe their nondramatic nature makes them more rather than less compelling.

II. STANDARDS FOR SELECTION

President Ford said in May that ". . . It is traditional in America that the two parties try to balance a ticket for President and Vice President as to geography, as to philosophy, as to personality," and he also stated the need for "some personal compatibility, a comfortable relationship" in his running mate. In March, Jimmy Carter included compatibility and balancing in listing criteria for selecting his Vice-Presidential nominee, and claimed the first and most important requirement "is who would be the best person to lead this country if something should happen to me."

We suspect that most Americans would agree to both of two simple propositions: 1) that the primary standard in selecting a Vice President should be competence to be President; and 2) that the standard more often employed in selection is some form of political balancing—geographical, religious, ideological, etc. Some would argue that because the first duty of a politician is to get elected, competence in a Vice-Presidential nominee is bound to be considered only within constraints imposed by shortterm electoral reality; and that the running mate is above all a political instrument selected with the purpose of countering or avoiding potential deficiencies in the ticket.

We believe that neither of these propositions is as straightforward as it appears at first glance; nor do we find competence and electoral utility as incompatable as as sometimes suggested. We recognize that strong short-term political needs—for regional balance, to heal party divisions, to prevent the Presidential nominee from being upstaged, and the like—may detract from competence as the main criterion. However, the selection of a running mate with the purpose of maximizing the popular vote, securing key blocs in the electoral college and creating a sense of representation and legitimacy among various population elements—therefore enabling an administration to govern effectively, is a valuable aspect of the political process. We doubt, moreover, that close inspection of recent cases of Vice-Presidential selection would support the contention that "balancing" was determinative of the choice, and that considerations of competence were set aside.

Recommendation

1. Competence in Vice-Presidential selection should be the primary standard and balancing can be a secondary factor—the two are neither naturally exclusive nor naturally contradictory.

The universe of prominent American politicians is, like the American population it represents, large and heterogeneous. It is implausible that the dictates of short-term political balance are so compelling, and the available set of high-quality political figures so limited, that a Presidential nominee need be forced to sacrifice competency to campaign victory in a possible successor. Moreover, the way in which a Presidential nominee responds in naming a running mate will depend in large part on how the question is posed by the public, the media, and the parties. If these participants insist on a concentration on competence, on extensive information, and on careful deliberation by themselves and by the candidate—and if they take procedural steps to secure this approach—the political utility of a concern with the Presidential qualifications of Vice-Presidential nominees is bound to increase.

III. PARTIES

The political parties are capable of an essential role they are not now filling in the reform of Vice-Presidential selection procedures. A set of simple and practical changes in the nominating process could be made by the parties which would strengthen the chances of informed and responsible choice. By undertaking modest but useful reforms, the national parties can not only improve Vice-Presidential selection, but also strengthen their own relevance and influence in a period unhappily marked by party decline.

As it is now, both parties treat Vice-Presidential selection as a low-priority matter, an afterthought unworthy of serious preparation. Both parties have considered ways to improve selection methods since the 1972 conventions, but neither has actually changed its procedures. Their attitude now seems to be either that time has run out for 1976, or that the need for change has subsided—even though, as Senator Humphrey said in 1973, ". . . the interests of the people of the United States require reform in this field by both parties before the 1976 conventions."

Two options for party change that we considered carefully but rejected are proposals for an open convention, where the convention chooses the nominee by itself, and a "partially open" convention, with the decision made by the convention from a short list of preferred choices provided by the nominee. Both of these proposals mean an increased role for the convention delegates and a decreased role for the Presidential candidate. Neither assures reduced risks of faulty selection. A selection by open convention does not mean that more care is spent in selection. Yet there is a better chance that his method would choose a Vice President incompatible with the Presidential nominee, and would increase party factionalism rather than serve as a means of party unity. A "partially open" convention avoids incompatibility, but limits the flexibility of the nominee, invites party factionalism, and denies the convention full freedom of choice. This is clearly the worst of both worlds.

Another device for selecting the Vice-Presidential nominee that has received attention is for a "mini-convention", constituted by the National Committee membership, to be held perhaps two weeks after the national convention adjourns. The Democrats used this method in 1972 to designate Sargent Shriver after the resignation of Senator Eagleton from the ticket, and there are advantages to it. Delaying the choice provides plenty of time for consultation, background checks, and priority deliberation. On balance, however, we are more persuaded by the disadvantages of a mini-convention approach. The choice has less legitimacy if it is ratified by a smaller representative group; the function of the Vice-Presidential nomination at the convention as a conciliatory and rallying point for the various factions is diluted; and the ticket's chances might be hurt by a delayed beginning and a decreased media impact for the campaign itself.

The recommendations we are making require action by both parties at the 1976 conventions. They involve 1) changes that can be made in time to affect this year's choices, and 2) changes to be mandated this year to take effect in 1980.* In the first category, we propose procedural changes to take effect at the 1976 conventions in the form of amendments to the temporary rules of the convention: adoption of general resolutions stating the importance of Vice-Presidential selection and the necessity of change; amendments to the convention rules rearranging the convention schedule to provide more time for selection; and formation of an advisory group to contribute formally to the consultative process. In the second category, we propose changes which would be mandated for 1980 by resolutions adopted at the 1976 conventions: the rearrangement of the convention schedule and the establishment of a formal advisory committee, again, and, in addition, the adoption of a resolution urging specific action for Presidential candidates before the next convention.

Recommendations

2. The conventions of both the Democratic and Republican Parties should adopt resolutions which state the importance of Vice-Presidential selection, encourage the candidates and parties to give the process the time and care needed for responsible selection, and affirm an intention to improve the selection process.

3. The parties should rearrange the convention schedule, placing Credentials and Rules Committees' reports in the first session, Presidential nomination in the second, consideration of the Platform in the third, and Vice-Presidential nomination in the final session.

The purpose of this change is to increase the time between the nomination of the Presidential nominee and the selection of a Vice-Presidential choice. More time would allow the nominees and their staffs to put more care and deliberation into the final choice, with opportunity for more thorough and extensive consultation.

Arguments against rearrangement of the convention schedule focus on movement of the platform debates to the day following the Presidential nomination. Some assert that the conciliatory function of the platform decisions may be impaired if they occur after the Presidential nomination, and that the platform might reflect the nominee more than the broad-based party, conceivably making it more difficult for some factions to support. On the other hand, equally plausible is the argument that the first instinct of a successful candidate upon receiving the nomination is to move toward unifying the party. By this logic the platform would become an instrument of conciliation rather than of division, an effect which frequently occurs when platform issues become a pre-nomination test of strength. Furthermore, it might well be advantageous for the platform to be approved after the nomination because it would better reflect the nominee's position and thus be taken more seriously. The public tends to be skeptical of all platforms; rearrangement might give the platform greater credibility.

It is also argued that this schedule change would be anti-climatic, increasing the difficulty of retaining an interested television audience. We do not feel that this argument is strong enough to outweigh the advantages of a shift in schedule. Indeed, since the major thrust of our recommendations is to place more emphasis upon Vice-Presidential selection, one concomitant of rearranging the convention schedule could be the building of suspense by the national media around the Vice-Presidential nomination.

4. The parties should each establish a formal party consultative mechanism, an advisory committee, to assist the party and the Presidential candidate in the selection of the Vice-Presidential candidate.

The purposes of an advisory mechanism are to insure that there is preparation and deliberation on the subject of Vice-Presidential choice before the convention, to widen the process of consultation that the nominee employs, and to provide information and advice on potential Vice-Presidential candidates to the nominee. A consultative process conducted by a party advisory committee can strengthen the party role while retaining the Presidential nominee's dominance in selection. Such a committee would be formed and begin meeting with appropriate staff and resources before the convention. It would compile a list of possible Vice-Presidential candidates, and conduct research into backgrounds and issue positions. After nomination of the Presidential candidate, the group would be available immediately to meet with the nominee and to share the results of its work. Its advice would in no way be binding, but the participation of a formal consultative group would increase discussion of Vice-Presidential possibilities among representatives of major party elements.

5. The party advisory committees should request a list of preferred Vice-Presidential running mates from serious contenders for the Presidential nomination.

By combining the lists from several prospective nominees, the advisory committee would generate an extensive group of potential Vice-Presidential candidates, drawn from all segments of the party. The breadth of preconvention consideration undertaken by the advisory committee might pay special dividends should the advance planning of the eventual nominee prove to be inadequate or mooted by events at the convention itself. This recommendation also encourages the Presidential candidates to begin serious staff work on Vice-Presidential selection before the conventions. To make it effective, the parties should encourage their candidates to produce a meaningful list and to make their final choice from it.

IV. PRESIDENTIAL CANDIDATES

Traditionally, the Presidential nominees make the actual designation of a Vice-Presidential nominee. The nominees are the crucial factor in the selection process; their choices may be brilliant or potentially disastrous, not only for the political chances of the ticket, but for the country. The Presidential candidates should therefore take the initiative for procedural change, especially if effective action is to take place in the short time before the 1976 conventions. The candidates are in the best position to give the process the priority and care that it deserves, and should be held accountable for the choice of a Vice-Presidental candidate.

In urging special responsibilities in Vice-Presidential selection on the Presidential candidate, along with recommendations affecting other participants in the process, we seek to strengthen and protect their role rather than to diminish it. If their responsibility is to remain a commanding one, however, it should be carried out with a greater commitment of time and effort than has generally characterized past behavior, beginning well before nomination rather than immediately following it.

Recommendations

6. The Presidential candidates should have their staffs begin work on Vice-Presidential selection as early as possible in their campaigns and no later than the final round of primaries: developing lists of potential candidates, conducting background research, and consulting broadly for suggestions.

7. The candidates should discuss publicly the criteria to be used in the selection of a running mate, and are urged to emphasize competence to be President as the primary factor.

8. The candidates should make public a list of serious preferences for the Vice-Presidency before the convention, in order to facilitate media and public examination; and they are encouraged to initiate direct contact and staff liaison with potential running mates.

The greatest weakness in the present system is the fact that whereas the Presidential candidates go through months of exposure and arduous campaign work before coming to the convention, the Vice-Presidential candidate is often unknown, both to the public and to the nominee. When the Vice-Presidential candidate happens to be chosen from the ranks of candidates actively contesting the primaries, there is much less of a problem, but this cannot be guaranteed. This recommendation is an attempt to correct this weakness in the system without challenging the nominee's prerogative to make the choice.

There are disadvantages to making up preferential lists prior to the convention. Such a list is likely to involve tactical inconveniences for the candidate, and to promote political balancing of an opportunistic sort as names are included from various constituencies simply in order to garner electoral support, not because they are likely to be chosen. Listmaking before the convention can also limit flexibility by committing the candidate to certain choices before the events of the convention unfold. But we feel these difficulties do not compete with the benefits of opening up the process to the public and the media.

9. The candidates should help develop party reform of Vice-Presidential selection, be ready to support a party consultative process, and recommend a change in the convention schedule.

V. BACKGROUND CHECKS

The question of background checks on prospective Vice-Presidential candidates is characterized by uncertainty and controversy. Many believe that they would not be worth the risks involved, including possible violation of privacy, abuse of confidential information, lack of credibility, and misrepresentation.

The study group believes that a thorough examination of a Vice-Presidential candidate's personal and political background, now lacking, is a desirable component of the overall process. Informal research and exposure by the press, advance investigation by the Presidential candidate's staff, and the considerations of a party advisory committee prior to the convention are all essential functions. But by themselves they do not insure adequate efficiency and objectivity. The media may do a spotty job, or may be unable to commit enough resources to insure thorough coverage of the candidate eventually selected. As a practical matter the Presidential candidate's staff may not have adequate time or freedom to penetrate deeply enough in its investigation. A party consultative committee is likely at some point to encounter doubts about how much potentially unflattering material it wants to gather on leaders from within its own ranks. These difficulties lead us to conclude that something more is needed.

The F.B.I. undertakes background investigations on a continuing basis to provide information regarding Presidential appointments, and prior to the granting of clearances to permit access by public officials to classified information. The F.B.I. conducted background investigations for the two Congressional Committees responsible under the XXV Amendment for recommending to the House and Senate the nominations of Gerald Ford and Nelson Rockefeller to the Vice-Presidency. In these cases, controls were set up to assure the confidentiality of the information gathered, which proved effective. It may be that under the existing statutory authority a system could be established for an F.B.I. background investigation of potential Vice-Presidential candidates, similar to those completed for hundreds of appointed public officials. Such information checks would not involve screening, ranking or judgments of the candidates on the part of the F.B.I. The results of the investigations could be made available under careful controls to the Presidential nominee only. There are various ways to design a workable system, assuming adequate lead-time, the willingness of the prospective Presidential candidates to provide lists of preferred running mates, the permission of the prospective Vice-Presidential candidates themselves to be investigated, and the cooperation of the President and/or the Attorney General. Thus, immediately after nomination, the Presidential nominee could be provided with useful material to help in selection.

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*Under party rules the process for change—for 1976 and for 1980—begins in the Rules Committees of their National Committees, which meet before the conventions and make recommendations on the rules. In the Democratic Party, these recommendations are made directly to the Convention. In the Republican Party, they are made to the National Committee, then to the Convention Rules Committee, which then presents recommendations to the Convention.

Yet there are a number of legitimate questions about such an arrangement: Isn't this too much of a "political" burden to be placed on the F.B.I.? Should the F.B.I. be invited into the electoral process? Is there a danger that too much might be expected of the F.B.I. check in terms of "clearing" a potential candidate? Why shouldn't Presidential candidates likewise be checked out? What real guarantees are there against abuse of confidential information? These questions are valid, and any process of background checks must be accomplished with a maximum of understanding, support, and credibility. Otherwise the cost will be greater than the benefit, and we would be better off without it. It is this belief that leads us to the conclusion that a systematic check for Vice-Presidential candidates should not be undertaken by administrative action and loose agreement among the interested parties, but only by way of the legislative process. This would assure adequate deliberation—solicitation of views through public hearings, careful analysis by Committee staff, open debate in both houses of Congress, and the chance for Presidential approval of a new statute.

Recommendation

10. The House and Senate bipartisan leadership should set as a high priority consideration of legislation authorizing appropriate background investigations to be conducted by the F.B.I. on prospective Vice-Presidential candidates, under timely and fair arrangements and with effective controls against violations of privacy and misuse of sensitive information.*

VI. MEDIA

If the Vice-Presidential selection process is awkward, fragile, and perilous, to what extent can the media, in its various roles as reporter, investigator, and opinion leader, improve this unsatisfactory situation?

In reporting and analyzing the words and actions of Vice-Presidential candidates, the press in recent years has done a creditable job. Often it has been a story in search of a reader, overshadowed by the excitement of the Presidential race. There also has been a remarkable amount of attention paid to Vice-Presidential selection reform. Understandably, much of this coverage has surfaced in the aftermath of crisis. A number of stories and at least one television documentary analyzing the hazards of the current selection procedures appeared in the days following the resignation of Senator Thomas Eagleton as Democratic Vice-Presidential candidate in 1972 and the resignation of Vice President Agnew in 1973, but such coverage tends to be after the fact and to die out.

In 1976, coverage of national candidates has been the most comprehensive ever. With a mindboggling 30 Presidential primaries and more than 20 candidates with a potential national constituency, more reporters have been assigned, more television specials aired, and more money spent by news organizations in following the races than ever before. That professional and financial commitment will continue through the fall. But coverage of the campaign itself—the politics and personalities—is not enough. The press should earmark a substantial slice of its resources toward calling attention to the inequities and foibles of the present selection system and toward covering prospective Vice-Presidential candidates. The candidates and the political parties have the major responsibility and power to effect the desired changes. But columnists and editorial writers should recommend reforms, and call on the candidates themselves to support the improvements.

As a practical matter, many of the needed reforms will take time to carry out. The urgency of the ongoing campaigns and the uncertainty of the outcome leaves the unfortunate possibility that, once again, the selection of running mates will be a last-minute decision. In that event, it will be more crucial than ever for reporters to dig deeply into the backgrounds and public records of the candidates, acting as a supplement to a highly imperfect selection procedure. To the extent that potential contenders for the second slot can be identified and examined in advance, the process will be improved.

Recommendations

11. The press should remind the public of the past failings of the Vice-Presidential selection process and encourage candidates and parties to make changes.

12. The media should persistently question candidates about their plans and preparation for selecting running mates, encouraging sufficient advance work and discussion of the standards on which their choice of a running mate will be based.

13. On the assumption that the Vice-Presidential candidates may again result from a helter-skelter eleventh hour selection process, the press should commit reporters, time, and funds to extensive coverage and investigation of potential running mates before the convention, including interviews plus in-depth reporting on issues and backgrounds.

14. The networks ought to prepare now for a "special" or series of programs on "The Vice-Presidential Candidates, 1976".

15. The media should plan comprehensive coverage of the Vice-Presidential nominees after the conventions.

Background Checks of Possible Vice Presidential Nominees

This paper preliminarily reviews the major considerations in conducting a background investigation of possible Vice-Presidential candidates and outlines proposals for consideration by the study group.

PRO-CON

Virtually everyone admits that the Presidential candidates should have more information about the potential running mates then has been available in the past. The choice of Thomas Eagleton in 1972 and of Spiro Agnew in 1968 are illustrations of the need for more information.

However, there are strong arguments that background checks by the FBI are an invasion of privacy. Furthermore, any screening process or information gathering effort by a political party will be criticized as an attempt at "backroom" influence of the selection process.

MAJOR CONSIDERATIONS

Who should conduct the background checks and political screening?

The FBI is the only organization equipped to do an extensive personal background investigation. Outside the government, investigative journalists, such as Jack Anderson, will conduct inquiries without much encouragement.

Political screening of a Vice-Presidential prospect's public record could be done by the Presidential candidates or by the party organizations. The press and various interest groups will also have a major role in publicizing the record of leading Vice-Presidential contenders.

What should be checked?

An FBI check, if authorized, would probably be in the nature of a "full field investigation," not as massively detailed as the checks of Gerald Ford and Nelson Rockefeller when they were Vice-Presidential nominees.

Aside from an FBI check of personal information, there should be a review of the public record of the potential Vice-Presidents. Positions taken throughout his political career should be documented. Material on Congressional service is relatively easy to collect, compared with information about a person's record at the state or local level.

When should the checks be made?

The information should be collected prior to the nominating conventions. Sanford Ungar's recent book, *The FBI*, indicates that it normally takes fifteen days to investigate a Presidential appointment. The background check on Nelson Rockefeller used 350 agents and took a total of 1,400 interviews. A pre-nomination investigation of several possible candidates would not be as extensive, but it would require a week or two at least.

A comprehensive review of the political record of possible nominees would take longer, whether done by the staff of a Presidential candidate or by a political party committee.

ACTION BY THE STUDY GROUP

I submit two proposals for consideration by the study group: 1) an FBI check mechanism and 2) a research process by the party organizations.

(1) *FBI Check.* Any study group recommendation for FBI background checks depends upon further study by us of existing practices and authorities. If statutory authorization is *not* required for an investigation, the President could ask the FBI to conduct a "top secret" security clearance for potential Vice-Presidential choices in the following manner:

Presidential candidates with a reasonable chance of getting the nomination would be allowed to submit to the FBI up to 10 possibilities for Vice-President.

The Presidential candidates should inform their choices of the pending background check and give them a chance to decline being investigated.

The results of the FBI check would be available only to the winner of the nomination. Unused data would be destroyed.

(This concept is similar to the bill introduced in 1973 by Senator William Brock. The bill has not been introduced in the current Congress, nor has any bill pertaining to FBI checks of Vice-Presidential candidates.)

(2) *Research on Candidates by the Party Organizations.* One would hope that Presidential candidates would direct campaign staffers to scrutinize the public records of possible Vice-Presidential nominees, but it is unlikely that the candidates have the money or the time to accomplish this project adequately, particularly when the pre-convention campaigns are closely contested.

Instead of just relying upon Presidential candidates to do research about their choices for running-mate, the party organizations should help do the job of screening in a formal role.

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* One version of legislation seeking to accomplish these goals is S. 2741, originally introduced in the 93rd Congress, on November 26, 1973, by Senator William Brock (R-Tenn.).

In 1973 the Humphrey Commission proposed that the Democratic National Committee establish an Advisory Committee on the Vice-Presidential nomination. The Advisory Committee of 7–10 members could be selected after consultation with all Presidential candidates in the party. The Committee would collect information from public records about all potential Vice-Presidential nominees. Its work would not in any way be binding, the Committee should make no recommendations whatsoever, and it should submit its information to the nominee at the convention.

These two proposals, the FBI checks and the candidate research by the party, are examples of specific actions that the study group must produce, if we are to have any impact on reforming the Vice-Presidential selection process.

CALL FOR ACTION ON THE GENOCIDE CONVENTION—A BICENTENNIAL REAFFIRMATION

Mr. PROXMIRE. Mr. President, on July 2, 1976, a monumental piece of human rights legislation will be 200 years young. The Declaration of Independence proclaims the right to life for all human beings.

Throughout history, some have brutally ignored its hopeful message. The most ugly cases of man's inhumanity to man have been witnessed in recent decades, with systematic attempts at mass extermination of whole peoples, races, ethnic, and religious groups.

The Genocide Convention, signed by over 80 nations, displays outrage over these morally reprehensible acts.

The Senate continues to delay in consideration and ratification of this critical piece of human rights legislation. Moral decency demands our acceptance of the principles of this treaty. Do Auschwitz and Dachau seem that unconsciously far behind us, never to be repeated again? I ask you to recall the post-civil war slaughter in Biafra. Where is our national conscience? Would we have the world believe we have stooped to the rank of a second rate power in the moral sense?

It is out of a genuine sense of our moral duty that I will upon my colleagues in the Senate to make a Bicentennial reaffirmation to the most fundamental of all human rights, the right to life, by speedy ratification of the Genocide Convention.

Such action will be a strong sign to the world of the moral dynamism of this Nation, two centuries after its birth. Let it signal a general spiritual and moral renewal in our hearts and minds during this important year.

RESPONSIVE GOVERNMENT AND THE PUBLIC MOOD

Mr. HUMPHREY. Mr. President, much has been made in political speeches of the issue of so-called big government.

But although the phrase "big government" comes readily to our lips, few of us know specifically what is meant by it. And when that happens, the possibility of productive debate or informed discussion becomes remote.

Recently I had the privilege to address the annual convention of the Associated Press Broadcasters in Minneapolis on this subject, and my remarks may be of some use to those who are similarly troubled by vague language in this critical campaign year.

Mr. President, I ask unanimous consent that the text of my remarks to the Associated Press Broadcasters be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS OF SENATOR HUBERT H. HUMPHREY

Today I want to talk to you about a highly important but very poorly defined issue. And I want to focus on the role of the media in reporting this issue.

The issue is "Big Government." It has been continually reported that this issue is a matter of widespread public concern. But the real problem is that the words have no precise meaning, no actual definition in the public mind.

In fact, "Big Government" is one of those expressions which conveys a feeling more than a meaning. And to the extent that it does so, it confuses the public understanding of the issues.

The press has a special responsibility toward the English language. It has to keep it precise.

And there is a good reason for that: when our language is unclear, our thoughts become unclear, and barriers are erected across the path of responsible action addressed to the real issues.

Let me give you an example. In the 1950's, there was a feeling that the Soviets posed some sort of nameless but genuine threat to our way of life. Because of that feeling, there arose words and phrases like "subversive" and "un-American."

Those expressions gained great popularity and developed a force of their own in the public mind. But the trouble was that no one had a clear idea what the words were intended to mean. And the more they were used, the more that sensible communication was abused, the more confused the public became.

That condition persisted until an intelligent and courageous man named Edward R. Murrow stood up and said that things had gone far enough—that our words had lost their sense, that there were not "communists" and "subversives" under every window sill.

Nor was that the last time that America suffered from meaningless language. Anyone who listened to the news during the past decade remembers the so-called "protective reaction" strikes in the Vietnam war, or the social polarization with opposing groups calling each other "hippies" or "fascists." No one can forget how we agonized over the "permissiveness" of our society—whatever that meant—or how Ron Ziegler became the butt of many a newsroom joke by saying that one of Mr. Nixon's statements had been "rendered inoperative."

This year is no different. There is another feeling abroad in the land which troubles the American people. It is the feeling that after Vietnam, after Watergate, and particularly after the terrible mismanagement of the economy and the drastic decline in family income, there is something fundamentally wrong with our government.

Although none of those things has any necessary relation to the size of government, the expression which has arisen to convey that feeling is "Big Government."

But what do we really mean when we use the expression? Do we actually know what we're talking about? Does the term "Big Government" mean the same thing to any two reporters—or any two candidates, or any two citizens?

I don't think so. And our confusion becomes evident when we try to define the expression.

If we use it to mean that the actual number of Federal employees has grown beyond acceptable bounds, then we simply are wrong.

The number of persons employed by the Federal government is scarcely larger than it was in the 1950's. And our population has grown a good deal since then.

Apparently that is not what we mean when we talk about "Big Government."

Maybe what we mean is that the Federal government is taking more of our wealth than ever before.

But that simply isn't so. The numbers are larger, to be sure—but so is our economy. In fact, the Federal budget is almost exactly the same percentage of our Gross National Product as it was when Mr. Eisenhower was President.

Admittedly, public welfare spending has increased over the past ten years. But it has risen at a total cost of only six percent of our Gross National Product over the decade—a very modest price tag for the remarkable social gains we made in that period. Moreover, the increase in budgeting for social programs began to drop sometime ago.

Or maybe what we mean when we talk about "Big Government" is that there are unwanted and wasteful Federal programs which ought to be eliminated. Well, here we may be on solid ground.

Yes, Congress is taking serious action to provide for in-depth evaluations of all Federal programs—reforming or terminating programs where necessary. But poll after poll has shown that, although the American people are unhappy about "Big Government," very often when specific programs are mentioned, the public is wholeheartedly in support of them.

Last November, the Joint Economic Committee held hearings to find out how the American people felt about their government and their economy.

A number of professional pollsters testified, and their evidence was unanimous: Americans overwhelmingly favor a Federal job program, a system of national care and health insurance, and increased aid to the elderly, additional aid to the handicapped and to education.

And although some Presidential candidates may tell you that the public is disenchanted with big government and its social welfare programs, the people say otherwise. The pollsters told us that, of those people who favor cuts in government spending, the vast majority want the cuts in defense spending, foreign military aid and the space program—none of which is associated in the public mind with "Big Government."

So here we have a surprising and puzzling contradiction in the minds of the American people: They are overwhelmingly in favor of those government programs which directly touch their lives and those of the people around them—and yet they are unhappy with "Big Government."

In other words, they disapprove of the *whole*, but they approve of the sum of its parts.

How did we get in this situation? How did this contradiction arise?

I think it came about for three reasons. First, the public *is* disappointed and disillusioned—and for good reason.

There is the disillusionment caused by the tragic war in Vietnam. This was compounded by the shameful and frightening abuse of political power and the corruption of the political system known as Watergate.

Then the exposé of scandal and conflict of interest in Congress—all further exacerbated and intensified by corporate pay-offs and crime. These things alone could have destroyed government and public confidence in it.

But add to this the inflation and recession of the last 3 years.

American workers have taken a 5½ percent cut in the real value of their take-home pay, forcing their purchasing power back to 1965 levels and wiping out any progress which they had hoped to make. At the same time, they were watching their friends and family being pushed into unemployment.

As a result, and with no one else to blame, they have justifiably accused the government—and government has proven unwilling or unable to act. When that happens, resentment builds.

Second, people don't perceive a difference among the various levels and kinds of government.

When they are unhappy with their property tax, or angry because they have to wait in a long line for license plates, or mad at their school system for one reason or another, they blame "Big Government."

The fact that the federal government may have little or nothing to do with their legitimate complaints does not keep them from criticizing it—because it all seems to be part of the same machinery, the same conglomerate of telephones, typewriters and paperwork.

All too readily, we overlook the fact that the only real growth in the size of government has taken place at the state and local level.

Third and finally, this is an election year. And some politicians, knowing that Watergate is still on our minds, have sensed resentment in our people, and would like to exploit it. So they have launched a campaign to condemn the workings and impugn the motives of so-called "Big Government."

The press picked up that indictment of the system—and in doing so they made "Big Government" a big issue. There is nothing wrong with that. That is what the free press is supposed to do—to get the story to the public and promote their understanding of the issues.

But I want to suggest that in covering that story, the press has not been careful to restrict the use of this catch-all term "Big Government," or to find out what it might mean in context.

And I find that rather strange. Because if a candidate had made a specific allegation that, say, the Department of Agriculture wasn't doing its job, the press would never have carried that allegation by itself.

It would have asked precisely *how,* and if possible who and where, and why they were not doing the job. The press would have sought out the facts behind the allegation and decided whether or not the charge was justified. It would have assembled figures, conducted interviews, and made objective decisions based on hard evidence. And the results would have become part of the story.

Yet, when candidates charge that *all* of government is at fault—that "Big Government" has become a monster and made life intolerable—too many members of the press have made virtually *no* effort to verify the charge or to get the facts straight.

Of course, much of that is understandable. The press has limited research facilities, and most print and electronic journalists work under severe deadline pressures.

In those conditions, it is not surprising that a story of limited length simply cannot afford the space for a detailed discussion of the effectiveness of the federal government.

But that need not mean that we neglect the issue.

So, I think the news men and women—who are, after all, members of America's most influential educational institutions, the press—should force the candidates to tell them what they *mean* when they talk about "Big Government," and what they intend to do about it.

When they say they will do away with "Big Government," they should be asked how they intend to get us a *little* government which conceivably can serve the needs of 215 million people in the most complex society on earth?

And when they say that we have a bloated bureaucracy, then we should ask them where it is located, how it is bloated, exactly who should be removed from office, and how they expect to get the job done with less than current payrolls? And what plans do they have for government employees who suddenly would find themselves without jobs?

And when they say that "Big Government" must be replaced by state and local government, then they should be asked how the State of Nebraska is supposed to map out and implement a national plan to restore health to our economy? Or how the City of Cincinnati is supposed to set national standards for clean air and water? Or how Westchester County, New York, is supposed to regulate our giant corporations and ensure the safety of our consumers? Or how Greater Los Angeles is supposed to develop the taxing power to reach vast concentrations of wealth which extend over state—and even national—borders?

And when we are through asking those questions, we should ask them how state and local government is supposed to do all these things without becoming the dreadful "Big Government" which we were trying to avoid in the first place?

Or how State and local government—which already are stretched to the limits—are supposed to take on those responsibilities without massive increases in the tax rate?

When the press asks those questions—and the public has the chance to see what the "Big Government" argument is all about—then at least we will know what we mean by the words we use.

And we may find that there really is something terribly wrong with "Big Government," and that serious, drastic changes ought to be made.

Certainly, we need not defend blindly everything that government has done in the past 40 years.

I don't know anyone who denies that mistakes have been made or that expectations have exceeded government's ability to deliver results.

Furthermore, in the last 15 years, government by the expressed will of the elected representatives has taken comprehensive action in a number of critically important areas:

consumer protection, in drugs, fabrics, automobiles and toys;

medical research and health care;

space sciences and engineering;

nutrition;

occupational safety;

environmental protection.

All of these actions by government are a response to public demand and a new sense of awareness by the citizen electorate.

And there is a special obligation on those of us who believe in strong, positive government to understand and correct the shortcomings as they become evident.

I have no doubt whatsoever that those needed improvements can be made. And some very basic changes have been made. For example:

The War Powers Act, placing limitations on the exercise of Presidential powers to commit American armed forces to combat without the approval of Congress.

The creation of an oversight committee by the Senate to supervise, monitor and maintain effective legislative controls over the activities of intelligence agencies—foreign and domestic.

The development of a new relationship between Congress and the Executive in the area of foreign policy, including a sharing of responsibility in the formulation of foreign policy objectives and giving Congress greater oversight on the execution of policy.

The Budget Control Act, in which Congress carefully assesses all of its programs, estimating costs and outlays and disciplining itself to adherence to budget priorities and targets.

The "Open Meeting" Act, the so-called "sunshine law," which requires all committee meetings to be open to the public unless by roll call vote the members place themselves on record for a closed session.

Legislation is now on the Senate calendar requiring all Federal programs to be re-examined from a zero point if they are to be continued—a complete and exhaustive review that will necessitate re-enactment of authorization and appropriation if the programs are to continue.

And finally, the creation of a modern, computerized legislative information system.

But the American people want a government which is substantial and active enough to provide them the services they pay for, and strong enough to assure their rights as citizens and protect their needs as consumers.

It would be a very grave error to assume that Americans have permanently washed their hands of a strong and active national government. What they are seeking is a government that demonstrates a new competence, a new sense of fairness and a new concern for individuals.

When Americans again encounter that kind of responsiveness, I predict that the people's trust and confidence in government will again become a dominant fact of our political life.

Most critics of government have overlooked the continuing faith that Americans place in our constitutional system. Despite the failures and disappointments of recent years, there has been no popular outcry for wholesale constitutional reform or for junking our political system or institutional structures.

The underpinnings of American democracy are sound. The people have not abandoned hope. And they understand clearly that our society could never survive without an active and strong central government.

Such a government is not beyond our reach or capability. But it will require a much closer and effective relationship between all levels of government, and a new concept of the Presidency.

Our political system is a federal system, with a delineation of powers and responsibilities between the government in Washington and the State governments. There must be communication—a working partnership—particularly at the Executive level where Budget policy recommendations, administration and program implementation are centered.

Therefore, I propose:

A system of Regional Councils, consisting of representatives of State government and Federal agencies under the chairmanship of a Presidential appointee, designed to coordinate and evaluate on a continuing basis all Federal-State cooperative programs.

A Federal Council—a super cabinet—which would consist of the President and the Governors, meeting several times each year to consult on the adequacy and efficiency of government programs. Such a council would bring the Governors into the Federal budget process, and actively seek their advice and their priorities.

What the people are demanding today, and what it is the duty of elected leaders to provide, is a government that works, one that is competent, one that is fair, and one that cares about the problems of individual citizens.

This will require imagination and perseverance. But, above all, it will require the leadership of a President who believes that government can again be a vital force for justice and opportunity in America—a true steward and guardian of the public interest.

Working with Congress and with our state and local governments, such a President—if he really cares—can gradually turn our national government around, away from petty efforts at political empire-building, and toward government's only legitimate function: Serving the people.

THE 10TH ANNUAL OREGON MUZZLE-LOADING CHAMPIONSHIPS

Mr. HATFIELD. Mr. President, Tex Shively, a constituent of mine whom I have known for several years, has been active in Oregon in promoting muzzle-loading rifle competition. In fact, as Governor of Oregon I was pleased to fire the first shot at the first Oregon State Muzzle-Loading Championships and Festival of Black Powder Sports in 1966. This year's event, which took place near Salem, Oreg. earlier this month, marks the 10th renewal of this competition.

I take this opportunity to acknowledge Tex's long association with rifle sports in the State of Oregon and emphasize that gun control legislation should not be enacted that would infringe upon the rights of sportsmen like Tex Shively to engage in recreational activities such as flintlock rifle competition. It is my understanding that legislation recently reported out of the House Judiciary Committee seeks only to control small concealable handguns, and specifically states that in no way is this legislation designed to affect the use of antique firearms, curios, or relics.

Mr. President, I ask unanimous consent that an article that appeared in the Oregon Statesman on June 11, 1976, concerning the 10th Annual Oregon Muzzle-Loading Championships, be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Oregon Championships—Muzzle-Loaders Gather for 10th Bicentennial Event Draws Crowds to Four Corners Area

(By John Furey)

Staff Sports Writer

Tex Shivey, 65, stands his .54-caliber flintlock rifle on end. He begins a ritual he's known since the age of 10, back in Pensacola, Fla., while hunting with his granddad.

He cleans away the black fowler, using a wet patch, then inserts a metal ball. He pushes the silver metal gently down the Mississippi Rifle Barrel with a short starter. The powder is next. That goes in the touch hole. Taking careful aim, Shively squeezes the double-set trigger with a 1½-pound pull. Crack!

"Nine o'clock in the white," calls his nearest companion.

Shively disagrees, assessing it at 10 o'clock. But that's all part of the action at the 1976 Oregon State Muzzle Loading Championships and Festival of Blackpowder Sports, currently taking place a few miles outside of Salem.

"We expect between 100–125 shooters here during the next three days," said Shively, a Salem farrier (horseshoer).

The official bicentennial event, a four-day affair, today goes into its second day of competition at the Four Corners Rod and Gun Club.

Shively is a promoter and active participant of this event, which began in 1966, when Senator Mark Hatfield fired the first shot.

Thursday's opening honors went to State Treasurer Jim Redden, Deputy Attorney General Jim Durham and Marion County Sheriff James Heenan.

The club can be reached by turning south of State Street onto 74th Avenue SE, about 4 miles east of Interstate 5.

Competition begins at 8 a.m. each day, lasting until the final match at 4 p.m., and will finish with the last relay at 2 p.m. Sunday.

The competitors are allowed to shoot any time with flintlocks, muskets and light rifles. There are also contests in knife and tomahawk throwing, using cross-stick paper targets and strings cutting.

For non-shooters there is competition for best costumes worn by men, women, boys and girls. There are plenty of individuals battling for this prize, donning Confederate and Yankee outfits and various displays of buckskin.

Thursday's opening-day ceremonies included a flag raising by the Boy Scouts and gun salute by a blackpowder firing squad.

Individuals are competing for various prizes, such as the all-around trophy, presented by G.I. Stores; and the Zales Buffalo trophy. There also is a pistol kit for the person competing in the most matches and getting the least points.

"It's getting back to the original type of weapons that were used by our forefathers to win this country," said Art Dean, chief range officer.

PROBLEMS OF ALCOHOLISM AND DRUG ABUSE AMONG OLDER AMERICANS

Mr. HATHAWAY. Mr. President, the Subcommittee on Alcoholism and Narcotics and the Subcommittee on Aging of the Committee on Labor and Public Welfare jointly held hearings last week on the problems of alcoholism and drug abuse among older Americans. It appeared from the testimony of witnesses that the elderly are prone to an array of abuses of prescription and nonprescription drugs, which can result in misery, disability and unnecessary deaths among our senior citizens.

The aged suffer more from disabling conditions that limit their access to medical and pharmaceutical services and result all too often in accidents, overdoses, and other inappropriate use of prescription and over the counter drugs. Another contributing factor is the financial deprivation suffered by our elderly, many of whom live in demeaning circumstances and are the major victims of inflation, particularly with regard to rising health care costs.

Drugs consume a rising proportion of the limited incomes of the elderly. Even while the elderly use more than twice the prescription drugs used by the average American, the costs of outpatient drugs are not covered under medicare, and consequently many elderly people inadvertantly misuse drugs in efforts at self-medication.

I would like to share with my colleagues a report that was made by Donald E. Adamson, a pharmacist from Norway, Maine. The pharmacist is in a good position to comment on the dispensing and patterns of use of drugs, because he relates to the consumer daily and develops an understanding of his needs. This report, I believe, demonstrates the knowledge and insight that can be brought to bear by the drug retailers themselves on this problem.

Mr. President, I ask unanimous consent that Mr. Adamson's report be printed in the Record.

There being no objection, the report was ordered to be printed in the Record, as follows:

Report by Donald E. Adamson

The senior citizens of Maine are probably no different physiologically or pathologically than senior citizens from other parts of the United States. The elderly in Maine are at a disadvantage though because of the sparsely populated areas, requiring in many cases a great distance to travel for medical services. Not unlike many elderly people in the United States, Maine's elderly lack the financial ability to obtain proper medical care. The elderly in Maine have a great sense of pride and are reluctant to ask for help and go on welfare (Medicaid). This creates the problem which I observe quite frequently in my community pharmacy, the self-diagnosis and self-prescribing of over the counter medication by the patient.

Greatly influenced by the advertising media, friends, and by money-saving ideas the elderly are in many instances wasting money and abusing their bodies in an effort to eliminate a visit to their physician. There are probably many problems created by the elderly self-medicating with over the counter drugs, but I would like to bring to your atention the four main problems as I observe them every day.

I. PRESCRIPTION DRUGS AND OVER THE COUNTER DRUGS INTERRACTIONS

Many elderly patients are taking medications on orders of their physicians, but fail to inform the physicians of over the counter medications they are taking. Some problems this creates:

A. Patients taking medication for high blood pressure which achieves its action by dilating the blood vessels—self medicate with cold and cough preparations which cause vaso-constriction—thus we have an antagonistic effect.

B. Many drugs are absorbed in the acid media of the stomach or the alkaline media of the intestine, but there are over the counter drugs which can alter the pH at these absorption sites, thereby altering the amount of drug absorbed and eventually affecting the action of the prescription medication.

C. Many tranquilizers and sedatives prescribed by the physician can be enhanced by the antihistamines found in most cold and allergy preparations available over the counter.

D. For some reason most elderly people are overly concerned about their bowel movements. Consequently they consume much more laxatives than the younger person. This causes the potential of a medication passing through the specific area of absorption too rapidly to be absorbed sufficiently or to an extent great enough to accomplish the desired action.

II. PATHOLOGICAL CONDITIONS AND OVER THE COUNTER DRUG INTERRACTION

Many senior citizens are suffering from one or more pathological condition which can greatly affect the action of a given medication. Also, a medication can affect a pathological condition even when that drug is not intended for that condition. Examples of problems in this area are:

A. People with Glaucoma treating themselves with over the counter cold medications, which can increase the ophthalmic pressure.

B. Diabetics using corn and callous removers or treating themselves for various infections, since any infection can be extremely dangerous to a diabetic.

C. Patients with high blood pressure and on low sodium diets taking efferescent antacids which have a high sodium content.

D. Patients on anticoagulant medication for certain heart and circulatory problems self medicating with lots of aspirin. Asprin can greatly influence the pro thrombin time, thus giving a false reading.

III. PHYSIOLOGICAL STATES AND OVER THE COUNTER MEDICATION

Since many of the physiological functions of the body decrease in efficacy with an increase in age, many of the over the counter medications should be taken in a smaller dose.

A. People with impaired circulation will be more sensitive to over the counter drugs used for sleep and mild tranquillizing effect.

B. Elderly patients with impaired vision have trouble reading the labels and directions or have difficulty recognizing the right pill they should be taking.

C. Many drugs are excreted by the kidneys and can build up to toxic levels in the body of patients with decreased kidney function.

D. Elderly patients with stomach problems can find these problems aggravated by iron containing vitamins which are so commonly advertised and purchased. Iron containing vitamins can also cause constipation in some patients.

E. Many over the counter medications can affect the readings of certain diabetic test. This has the potential of being dangerous to a brittle or borderline diabetic.

IV. OVER THE COUNTER MEDICATION INTERACTION WITH OVER THE COUNTER MEDICATION

Many patients are taking more than one over the counter medication and these drugs have the ability to potentiate or antagonize the affect of each other.

A. Cough and cold preparations, allergy medication, and mild tranquilizers and sedatives have the potential of an additive affect with each other.

B. Some of the common antacids contain aspirin or aspirin like compounds which the patient is unaware of. These combined with aspirin taken for pain could cause an additive or toxic affect.

C. I've seen patients taking medication for diarrhea and constipation at the same time.

The local pharmacist by keeping patient profiles on patients' conditions and medications can help prevent many of these problems. The local pharmacist has the knowledge to catch these potential problems and the knowledge to inform the patient on the proper treatment or alternatives. The problem is that people don't usually buy all their medication from the same pharmacy, and many non drug stores such as grocery stores, gas stations, and department stores sell over the counter drugs. A lot of people in Maine send away for their medication to pharmacies away from their homes. There are many people in Maine that send to AARP in Washington for their medications, which prevents the local pharmacist from knowing what medication the patient is taking. Many people also go to more than one physician and more than one pharmacy; so, we have multi-physician, multi-pharmacy, and multi-medication, and multi interaction. Any method of curtailing this and letting the local pharmacist use his knowledge would be a great help and benefit for the elderly.

The senior citizens of Maine with their old yankee tradition and pride, those qualities which help make our country great, by not going on welfare or medicaid are denying themselves good medical care.

I have been at many patient care committee meetings at nursing homes when the physician would like to run some test on a patient and lab work or X-rays, but decided not to because it would put a burden on the patient or his family financially. But if it were a medicaid patient, the tests would be done. I feel it is a sin of this country when the welfare or medicaid patient gets better health care than the man or woman who worked all their lives and saved a little have to forgo the necessities because the cost is too steep.

Rich or Poor but don't be in between.

THE SPECIAL DRUG PROBLEMS OF THE ELDERLYS COSTS, CONFUSION AND PHYSIOLOGIC CHANGE

There is a growing awareness of the special drug problems of the elderly. These problems involve the pharmacokinetics of drugs, how they influence and are influenced by the physiology of aging and the multiplicity of drugs needed to treat the increasing illnesses and disorders common to the aging process. Other problems include a generally reduced income coupled with the increased expense of medicines for chronic conditions, the desire to stretch the income by self-medication and confusion or misunderstanding about the proper use of the drugs being taken.

PHARMACOKINETICS

All the pharmacokinetic parameters are altered in the elderly. Gastrointestinal absorption, both active and passive, is significantly decreased. Related to this is a lengthened gastric emptying time, decreased intestinal motility and fewer absorbing cells.

Distribution patterns change. Cardiac output slowly decreases, a smaller amount of the blood circulates to the liver and kidneys (the organs most involved with metabolism and excretion), and plasma albumin levels decrease, possibly altering drug binding. The proportion of body fat increases, which may result in decreased intensity or increased duration of effect of highly lipid soluble drugs stored in fat, then slowly released back into the circulation.

Metabolism generally slows. Liver microsomal enzymes decrease, so drugs metabolized here may have a prolonged effect, depending on whether they are metabolized to an active or inactive metabolite in their conversion to a readily excretable form.

Excretion slows. The glomerular tubular mass, glomerular filtration rate, renal plasma flow and tubular excretory capacity all decreased with age. Indeed, the 90-year-old kidney filters about 60 percent of the volume of the 20-year-old one.

Two other broad categories of change involve receptor sites and homeostasis. The response of aging organs and tissues to a drug may alter because of a different pattern of responding cells or fewer such cells. Changes in tissue structure, whether by cross linking, presence of fibrous tissue or atherosclerotic plaques can reduce the effects of drugs acting on adjacent or underlying tissue. Homeostatic mechanisms which tend to limit drug effects in younger persons may be lost, causing an exaggerated response.

CARDIOVASCULAR DRUGS

Antihypertensives: The greater incidence of coronary insufficiency, arteriosclerosis and renal impairment require extra precautions in the use of antihypertensives in older patients. Arteriosclerosis-included hypertension may not respond adequately even to large doses. However, underlying homeostatic mechanisms stabilizing the blood pressure may be upset, resulting in hypotension, reduced cardiac output and cerebral and coronary insufficiency. Reduced glomerular filtration may lead to uremia and azotemia.

Rauwolfia products cause twice the rate of aggravation or precipitation of mental depression in the old as in the young, and a Parkinsonian syndrome may be induced. Atrial slowing caused by vagal stimulation in the person taking both rauwolfia and digitalis may deceive the physician into reducing the digitalis dosage, leading to loss of digitalization. *Hydralazine*, by increasing cardiac rate and output, may cause coronary insufficiency. Its long term use does not prevent cardiovascular deterioration.

Digitalis: Elderly patients are more susceptible to digitalis intoxication. Excretion is considerably prolonged, the vagus is particularly sensitive to the drug, and digitalization may induce bracycardia and then partial or complete heart block. Diuretic therapy or laxative abuse may cause hypokalemia, increasing the heart's susceptibility to digitalis. Digitoxicity may be less apparent, manifesting itself as anorexia, muddy or hazy vision with halos about bright objects and cardiac arrhythmias.

PSYCHOACTIVE DRUGS

From 25 to 60 percent of those over 65 suffer from mild to severe psychiatric illness, primarily depression. The overuse of drugs by symptom-oriented physicians has been blamed as one of the major causes of depression.

The central nervous system (CNS) is the system most sensitive to alterations in drug activity with age. It may be marginally operational, subject to unusual or paradoxic drug reactions and endangered by cerebral hypoxia from hypotension, vascular disease and reduced cerebral vascular flow. There is a greater variability in the patient's kinetics and there is more likelihood of drug interaction. But the primary reason is the loss of neurons, the rate of loss varying in the different areas of the brain. This unequal loss results in an imbalance among the various cerebral centers and hence different patterns of drug action. For example, amphetamines have a lessened stimulant and an increased anorectic effect. Barbiturates may exhibit CNS-stimulant effects.

Phenothiazines present particular problems. Cholinergic blockade may aggravate constipation and cause xerostomia, possibly leading to parotid infections. Extrapyramidal symptoms occur in half the patients over 60 years, usually within the first ten weeks of therapy, and may persist long after the drug is stopped. Orthostatic hypotension often occurs in hypertensive patients, in turn leading to dizziness, falls and hip fractures. Overdosage leads to immobility and stasis phenomena such as peripheral venous thrombi.

Tricyclic antidepressants may cause greater susceptibility to disorientation, delirium, psychosis, E.E.G. and E.K.G. abnormalities, hypotension and parasympathetic reactions such as xerostomia, blurred vision and difficulties with urination.

Hypnotics are metabolized and excreted more slowly, which may lead to their accumulation and all the problems of overdosage, as well as a reversal of normal day-night rhythms. Cerebral anoxia can result from impaired respiration, cardiac failure and lowered blood pressure. Even moderate doses of barbiturates may intensify Parkinsonian rigidity.

ANALGESICS

Phenylbutazone and indomethacin are usually of little value in the aged arthritic. What relief there is, is usually of short duration and side effects and toxicity are common. Peptic ulcers are often induced or reactivated.

Narcotics are only slowly metabolized and poorly tolerated. The more potent ones readily induce confusion, sphincter relaxation and dehydration, and all may cause constipation, urinary retention and a depressed cough reflex that can lead to plugged bronchi and atalectasis.

Salicylates are taken in increasing quantities as one ages. They are a common cause of acute gastroduodenal ulceration and bleeding. Of persons taking moderate daily doses of aspirin, 70 percent lose about 5 ml. of blood daily. This leads to iron deficiency among a population generally unable to afford an iron-rich diet. Different salts and dosage forms have differing and lesser incidences of bleeding. Intoxication can cause a shock-like state resembling impending myocardial infarction, acute alcohol intoxication, gastric carcinoma or diabetic ketoacidosis

Phenacetin has been implicated as a cause of renal damage from chronic use. A great many people in this age group constantly employ analgesics containing phenacetin.

ANTIBIOTICS

Most problems with antibiotics in the elderly can be traced to altered kinetics. Broad spectrum antibiotics are often inadequately absorbed, altering intestinal bacterial flora and causing severe gastrointestinal upset. Once in the circulation, high and prolonged serum levels can be expected. Overdosage may be relatively harmless with penicillin, but not with the aminoglycosides. The more precise formulas and nomograms for calculating proper dosage of antibiotics, such as kanamycin and gentamicin, include age as a factor.

DIABETES

Diabetes mellitus is frequently found in the elderly. Glucose tolerance deteriorates with age, and there is some indication of an accelerated decline after 80 years. Normally the aged pancreas can meet normal requirements of carbohydrate metabolism, but it suffers a functional deficit in strong and rapid stress. Several explanations have been advanced:

The pancreas becomes less responsive to insulin;

Potency of newly secreted insulin may be reduced since secretion of newly synthesized insulin is progressively delayed during aging, and

An anti-insulin factor is present in older people. This may explain the lessened metabolic efficacy of insulin in senile diabetics and the qualitatively different response of old and young diabetics to insulin administration.

There are only very minor age-related alterations in the response to oral hypoglycemics in maturity-onset diabetes.

One study of elderly chronically ill outpatients found that 60 percent made drug errors, averaging 2.6 errors per patient, and that five percent of the patients accounted for 25 percent of the errors. These mistakes involved missed or inaccurate doses or wrong administration times. The errors were attributed to forgetfulness, fatigue, illness, inability to pay for the medicine and ignorance about the proper use of the medicine—coupled with inadequate counseling and labeling. The aged are also prone to take medicine only when they think they need it, leading to both over- and underutilization.

Autotherapy, spurred by advertising and motivated by the desire to economize on physicians and prescription drugs, can interfere with prescribed therapy or delay needed therapy.

Because of these problems, drug therapy should be kept as simple as possible and should require minimal adjustment in the patient's life-style. Pharmacist and physician should collaborate to keep drug costs minimal and carefully explain to the patient the use of a drug and the need to adhere to directions for its use.

Pharmacists should maintain and monitor drug profiles and refill records for proper long-term utilization. The should serve as active advisors on the safe use and non-use of O.T.C. drugs rather than be simply links in a distribution system.

For those interested in more detail, these general references may be checked for the original work:

1. Donald A. Holloway, "Drug Problems in the Geriatric Patient," *Drug Intelligence and Clinical Pharmacy* (8:632–642 November 1974).
2. *Drugs and the Elderly,* Ethel Percy Andrus Gerontology Center, University of Southern California, 1973.
3. A. Douglas Bender, "Pharmacodynamic Principles of Drug Therapy in the Aged," *Journal of the American Gerontological Society* (22:296–303, July 1974).
4. Wulf Grubin, "Progressive Deterioration of Glucose Tolerance in the Aged," *Journal of the American Gerontological Society* (22:31–37, January 1975).

MINNESOTA INDUSTRY A LEADER IN ENERGY CONSERVATION

Mr. HUMPHREY. Mr. President I take great pride in the fact that the State of Minnesota has been a front-runner and established itself a leader in energy conservation. Not only were we the first State to ban decorative gas lamps and establish standards for solar devices, but we also included structural insulation standards in our building code well over a year ago.

In this regard, Mr. President, I mention a Minneapolis-based division of Litton Industries, Litton Microwave Cooking Products. This company has shown itself a leader in the private sector business communty in its energy conservation policies. This firm has implemented energy saving product labeling, and has adopted an energy conservation program in line with requirements of the National Energy Policy and Conservation Act.

In 1970, when the company began to produce microwave ovens, the whole industry sold only 40,000 units. By 1976, however, projected annual industry sales will exceed 1 million ovens. Minneapolis, by the way, is now the world's largest producer of microwave ovens.

Certainly, the company is in this business because they could earn a reasonable profit. But, simultaneously, it provides a useful, convenient, and safe product which conserves energy—it consumes as little as one-fourth to one-half the energy of conventional ranges. Litton Microwave Cooking Products has also provided gainful employment for an increasing number of Minnesotans, growing from 250 employees in 1970 to 1,800 employees in 1976.

Mr. William George, the 33-year-old president of the firm, estimates that half the homes in the United States will have microwave ovens or ranges installed by 1985. That will mean a yearly nationwide savings of $1.1 billion in lower energy costs and a saving of 32.3 billion kilowatt-hours of electricity.

The company's labeling program includes labeling of all the microwave ovens it manufactures with annual electricity consumption rates and costs, including comparative figures on the cost of conventional electric ranges. The company has also committed itself to further reduction in the energy consumption of its ovens and ranges of 20 percent by 1980—the first cooking appliance company to do so. And Mr. George has stated that his company can do this without passing on any additional costs to the consumer.

Still having an interest in a small family business, as many of my colleagues know, I am delighted to learn of a company that promotes energy conservation measures and offers quality and service to its customers. I hope that other firms, small and large alike, will follow the example of this company and help to make our goal of energy independence a reality instead of a pipedream.

PART XVI: DESEGREGATION IN THE CITIES—TRENDS IN SCHOOL SEGREGATION IN THE 1970's

Mr. BROOKE. Mr. President, until last month, no Federal statistics had been released showing trends in racial segregation since 1972. In response to requests from Senator JAVITS and me, the Department of Health, Education, and Welfare prepared tabulations on segregation trends between 1970 and 1974. For the first time the tabulations provide detailed statistics not only on the segregation of blacks but also on the segregation of Latinos.

This new study does not include all schools in the country, but is limited to those districts which have provided HEW with enrollment statistics each year from 1970 to the 1974–75 school year. These districts contain more than nine-tenths of the Nation's black students and about three-fourths of those with Spanish surnames. The districts studied for calculations of current segregation contained 31,800 schools in 1974 and enrolled 6.1 million black children and 1.9 million Latino students. The trends reported for segregation may tend to overestimate segregation levels for the total minority group population since the data excludes a number of small districts which may have lower levels of racial separation. Since the data does include the same districts throughout the period, however the basic trends for most children are evident. The statistics are particularly useful in understanding trends in large systems.

The statistics show that the gap between the South and the North continues to widen. The South which was the most segregated region of the country through the 1960's is now the most integrated, by a large margin. More than 44 percent of Southern blacks were in predominantly white English-speaking schools by 1974. In the most segregated regions, the Midwest and the Northeast, the figure was only 19 percent. The Northeast is the only region of the country where segregation became more extreme during the 1970's but there was no significant positive change except in the Southern and border States.

The regional differences are even more dramatic when one examines cases of extreme segregation. In the Midwest 45 percent of all black children are in 99 to 100 percent minority schools. Such schools contain about a third of black students in the Northeast and a fourth in the West. In the South, however, where virtually all black students were in such schools in the late 1950's, only one in seven remained in 1974. Similarly, proportionate concentration of black students in schools with more than 90-percent minority enrollment is more than twice as high in the Northeast and Midwest than in the South.

The statistics show clearly that the desegregation enforcement effort in the South has had a major and lasting impact, making the region that was far the most segregated into the pioneer of educational integration. Much of the change in the Southern and border States during the 1970's is the direct result of busing plans.

The data from the North and West, however, show that there has been very little impact so far from desegregation enforcement. In spite of the intense controversy only a very small fraction of children outside the South have been affected by desegregation plans. During the 1970–74 period the average level of segregation across the North and West remained unchanged. Very modest declines in the West and Midwest were offset by larger increases in segregation in the Northeast. Although trends in segregation of black children have often received careful attention in the past, much less notice has been taken of segregation the Nation's second minority, the Latinos. The new HEW data show that Latino children are highly segregated. While segregation of blacks declined a few percent from 1970 to 1974 as a result of desegregation efforts in the South, segregation of Latino children increased. By 1974, Spanish-surname children in the HEW sample were more likely to be in predominantly minority schools than blacks. The proportion of Latino children in minority dominated schools was stable or rising in every region of the country.

Half of the Latino children were enrolled in schools where 70 percent or more of the children came from minority groups. Hispanic children were still less likely than blacks to be in schools with 90 to 100 percent minority students, but this trend was developing in some regions. Most striking was the rapid increase from 12 to 21 percent of Latino children in intensely segregated schools in the Midwest during this 4-year period.

The trends in Latino segregation and the very rapid growth of the Nation's Latino population pose difficult new issues of school policy. The Supreme Court's 1973 decision, Keyes against School District No. 1, Denver, Colo., ordered the desegregation of Denver's Hispano community and the issue will be raised in many Western communities where Mexican Americans are the largest minority group. The statistics suggest that American educators may not face merely the specter of division into two societies, but the crystallization of a rigid and deepening three-way division. We need much closer examination of the implications of this development for Latino children and for American society.

Mr. President, I ask unanimous consent that the tabulations I have referred to be printed in the RECORD.

There being no objection, the tabulations were ordered to be printed in the RECORD, as follows:

TABLE 1.—*Proportion of black children in predominantly minority public schools, 1970–74*

(Percent)

	1970	1972	1974
National	70.6	67.6	66.8
South	62.1	56.2	55.5
Border and D.C	78.5	75.1	71.9
Northeast	78.7	79.6	81.0
Midwest	83.2	81.5	80.6
West	74.3	73.6	73.4

SOURCE.—HEW Office for Civil Rights, May 1976.

NOTE.—The statistics in this table are based on enrollment reports from districts estimated to contain approximately 92 percent of the nation's black students in 1972–73.

TABLE 2.—*Proportion of black children in intensely segregated schools (90 to 100 percent minority enrollment)*

(Percent)

	1970	1972	1974
South	34.2	25.7	23.4
Border and D.C	63.9	61.8	58.4
West	50.5	46.9	45.1
Northeast	52.5	54.6	57.8
Midwest	64.4	62.9	62.2
National	46.4	42.0	40.5

SOURCE.—HEW Office for Civil Rights, May 1976.

NOTE.—The statistics in this table are based on enrollment reports from districts which contained an estimated 92 percent of the nation's black enrollment according to universe projections based on 1972–73 enrollment reports.

TABLE 3.—*Percentage of Latino children in predominantly minority schools, 1970–74*

[*Percent*]

	1970	1972	1974
National	64.2	65.2	67.4
Northeast	84.2	83.1	84.2
South	72.6	72.3	72.8
Midwest	52.6	53.4	57.1
West	48.5	51.4	56.3

SOURCE.—HEW Office for Civil Rights, May 1976.

NOTE.—The statistics in this and the following tables are based on enrollment figures from districts estimated to contain 74 percent of the nation's Latino students at the time of HEW's last universe projections, covering the 1972–73 school year. The data covers an estimated 87 percent of Latino enrollment in the Northeast, 82 percent in the South, 66 percent in the West, and 62 percent in the Midwest.

TABLE 4.—*Proportion of Latino children in intensely segregated schools (90 to 100 percent minority enrollment)*

[*Percent*]

	1970	1972	1974
National	29.0	29.2	30.0
Northeast	50.0	50.5	53.8
Midwest	11.7	15.0	20.9
West	14.6	14.2	15.7
South	36.1	35.5	34.1

TABLE 5.—*1974 enrollment of Latino children in schools with 70 percent or more minority children*

[*Percent*]

	1974
National	50.0
Northeast	71.7
South	56.8
Midwest	40.8
West	34.9

SOURCE.—HEW Office for Civil Rights, May 1976.

LOOKING AHEAD IN RURAL DEVELOPMENT

Mr. HUMPHREY. Mr. President, I wish to share with this body my remarks at a conference on rural development at the Southwest State University in Marshall, Minn. These sessions, entitled "Conversations in the Countryside" have been devoted over a number of years to dealing with various aspects of life in rural America.

At these sessions, the program organizers deal with all aspects of rural development and rural life. In my remarks, I attempted to point out some of the important trends which have been taking place in rural America. Will population growth continue in the rural areas and in particular in the southern and western "sun belt"?

I emphasized that we need to look for ways of improving the rural development program and the 1972 legislation. Our academicians need to be encouraged to suggest new approaches and innovations.

Above all, we need to better coordinate and manage the programs which we already have in existence.

I spoke also concerning the need to develop a full employment approach which includes our rural communities. There are many areas such as reforestation, road construction, railroad building, drainage, and conservation programs which would provide employment for millions of Americans. A shelf list of public service jobs should be developed to provide employment in rural America. These jobs would represent investment in our future and in the lives of our people.

I commended the organization for not only being concerned with transportation and employment in the rural areas but also bringing to southwest Minnesota a finer appreciation and understanding of the arts. We need to make certain that our rural citizens also have an opportunity to be exposed to music and theater and improved educational opportunities.

These are some of the main ingredients of a balanced rural development program which is not being fostered by our Federal Government today. Mr. President, I ask unanimous consent that the test of my remarks be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS OF SENATOR HUBERT H. HUMPHREY

I wish to commend the organizers of these sessions for focusing attention on economic development in rural America. Your earlier sessions have examined some problems of major significance.

These meetings offer the opportunity to develop new approaches and above all encourage a new commitment to a sound rural development effort.

Recently, people have started to note the resurgence of our rural areas. And our newspapers have reported the population movement from urban to rural areas.

There has been a great deal of interest in the rapid population growth of the "Sunbelt"—the southern and southwest areas of the country. But again, we need to know more about the basic causes.

We need to know whether these trends are likely to continue. And we also need to develop goals and targets for rural development—drawing on the experience of the 1972 Rural Development Act.

Will this new growth bring greater opportunity and a better life for our rural citizens? Are we likely to have a balanced rural development, or will many areas of our country remain depressed and without hope for the future?

It does appear that in many cases, those migrating from the cities are trying to escape the smog, congestion and pressure in favor of a more healthy rural environment.

The earlier tidal wave of rural people migrating to the cities after World War II was mostly family farmers forced off the land. These people were responding to the opportunity of employment in factories and mills. But this migration caused problems for our cities and helped create social disruption.

Today it appears that the tide has turned. Between 1970 and 1973, the non-metropolitan population grew by 4.3 percent, while metropolitan areas increased by only 2.8 percent.

The young men and women who were forced to leave their rural homes because of the lack of job opportunities are now coming back. So are the retired people, who have learned that their fixed incomes will stretch much farther in the rural setting.

In Minnesota, the metropolitan areas lost 80,000 people in the last few years, while the rural areas gained 92,000 people. This is a major turnabout, considering that 86 percent of the state's population growth from 1950 to 1970 was in the urban areas.

However, to have a balanced policy encouraging growth and vitality in our rural areas we need a firm commitment to increasing employment opportunities.

At present we have a national unemployment level of well over 7 percent. And if you include those people who have given up looking for work and the part-time employees, you are looking at a 10 or 11 percentage level.

We do not have very good statistics on unemployed people in rural areas. This results from both a lack of coverage, and faulty definitions of unemployment.

Many of our small farmers or family members supplement their earning with non-farm employment.

I am presently pressing the case for S. 50, the Humphrey-Hawkins Full Employment and Balanced Growth Act, to reduce the waste represented by welfare, unemployment, food stamps and taxes never paid.

We are told by the Administration medicine men that this bill would lead to raging inflation. But we should recall that the level of unemployment was only around three and one half percent and inflation just over 4 percent when the Democrats left office in 1969—in contrast to both high unemployment and high inflation over the last seven years.

The facts of history are that when we are fully using our industrial and agricultural capacity, then jobs and incomes increase, production goes up, and inflation is moderated.

Our people want hope, not a handout. But the Administration continues to operate with no economic policy and no sense of urgency and compassion for millions of unemployed Americans. The White House and its Wall Street economic brain trust are content to let nature take its course, and nuts to the hindmost.

But when we talk about reversing the present course by establishing a comprehensive full employment and balanced growth policy, we must remember that there is a special need to stimulate employment opportunities in the rural areas. There we need to develop a shelf list of public service jobs whereby we can begin to put our people back to work. There still are roads to be built and improved, railroad beds to be rebuilt, shelterbelts to be replanted, canals and rivers to be dredged and forests to be replanted.

These programs not only mean jobs for people and hope for the future. They mean investments in conserving our resources which will have a payoff in the future.

It's a very "in" thing these days to say that the WPA, PWA and CCC programs of the depression were boondoggles—failures.

But those programs put people to work, and the fruits of their labors continue to dot the landscape of America with public buildings, schools and roads, parks and recreation areas.

I have always maintained that you can judge society by how it treats its resources and people—particularly those most vulnerable, the very young and the elderly. This is an important part of the job ahead of us in rural development, along with providing greatly expanded job opportunities.

Obviously, in pursuing a full employment policy for our rural and urban areas, we will have to rely on the private sector to provide most of the jobs. This means encouraging industry and keeping agriculture prosperous.

But to do this we need to give our farmers a fair chance at a profit, not a roller-coaster which constantly squeezes small producers out of business.

Commissioner Wefald recently projected that each $100 million in farm exports can lead to as many as 5,000 additional jobs. There is a critical need for imaginative and comprehensive food and agriculture policies which can have a major impact on employment levels.

It is interesting to note that, while incomes of rural families have historically been lower than that of urban dwellers, the trend seems to be changing.

The median income for urban families in 1969 was $10,196, representing a 5.2 percent annual growth rate over the last decade.

For farm families, the annual rate of increase over the decade amounted to 8.2 percent—with the average income reaching $7,082 in 1969. Rural non-farm incomes increased by 5.1 percent on an annual basis, and reached $8,231 by the end of the decade.

If this trend continues, our rural areas should continue to grow since some living costs there are significantly lower.

But, we also need to be concerned with the quality of life in our rural communities. People want good housing, a decent education for their children, and sound, reasonably priced health care which is accessible.

Health care is one area in which our rural areas are particularly deficient. As the Congress tries to find a formula for national health insurance, we should make a special effort to extend the coverage of medical facilities in rural America.

With our rural population scattered over about 98 percent of the land and with a density of only about 19 persons per square mile, the delivery of effective medical services at a reasonable cost poses a major challenge to innovative health planning.

As of December 1972, the ratio of active physicians per 100,000 people was more than twice as high in urban as in rural areas. Rural residents also have considerably less access to specialist care and to doctors with a hospital-based practice.

What this means is that 86 percent of the doctors serve 74 percent of the population, and rural Americans take what is left.

Education is another matter of key concern to our rural population.

We know that, in general, the level of income that a man or woman earns, and the employment opportunities that are available to them, are directly related to the level and the quality and scope of their education.

When the 1970 census was taken, the median years of school completed by all persons aged 25 and over was 12.1 years, but for residents of predominately rural counties, it was 10.5 years.

The quality of life also involves music, theater, and the dance, and other opportunities for cultural enhancement. Our rural citizens need these opportunities as much as urban people.

I am happy to hear that the Countryside Council has provided a grant to the Southwest Minnesota Arts and Humanities Council to serve the needs of 19 counties.

We need to make every effort to improve the quality of life, whether it be in terms of improved housing, better health care, further educational opportunities or expanded offerings in the arts.

However, as we look at the needs of rural America, it is not enough to state goals of government policy. We must go on to examine the capabilities and commitment of federal agencies to carry out these goals, to make good on promises, to actually deliver services that rural citizens have a right to expect.

One case in point is the Farmers Home Administration of the Department of Agriculture. The FmHA has been the major arm of the federal government in carrying out rural development activities.

This agency has been given responsibility for a wide variety of programs such as housing, water, waste disposals, conservation, rural fire protection, industrial and business development and community facilities.

Its personnel have been hard pressed to meet the growing demands placed uopn it. Last year, Congress provided funds to hire an additional eleven hundred people, but the Administration moved to add only four hundred full time and three hundred part-time staff.

I have received complaints from some constituents regarding delays on the part of the Farmers Home Administration in responding to legitimate requests for assistance.

In some instances, the Farmers Home representative discouraged the constituent—mainly on housing—because he personally opposed the program.

I do not intend to have bureaucrats holding up programs and services because they object to the purposes of the authorizing legislation. Congress enacts the laws, and the sole function of appointed federal officials is to carry out those laws!

I am aware that the Farmers Home Administration is in the process of trying to streamline its paper requirements to help speed up service. This is an extremely important program, and I hope that the delivery of services can be improved.

We hear much discussion these days over "big government" and how it interferes with our lives. I believe that there are certain services which only the government can provide.

The complaint which I receive from my constituents is not that government is too big but that it is sometimes unresponsive.

I was very active in 1972 in developing the Rural Development Act. While there were some additional areas which should have been included in it, my main concern is over the lack of enthusiasm with which this Administration has proceeded on implementation.

I know of no area which has been beset by so many attempts at recission, impoundment or veto. Each year we have to go to bat to save activities such as rural fire protection and the Agricultural Conservation Program.

I am reminded of F.D.R. saying:

"The test of our progress is not whether we add to the abundance of those who have much, it is whether we provide enough for those who have too little."

One shortcoming of the 1972 Rural Development Act was the failure to establish a separate rural credit institution. Such a financial institution is essential to provide the muscle for the economic revival of rural America. Often, rural communities are prevented from taking steps to spur economic development because they lack sufficient capital to attract investors.

The 1971 Presidential Task Force on Rural Development recognized this need and recommended "a new credit institution to provide rural areas with greater access to private capital."

I have introduced legislation designed to carry through this recommendation, and I am hopeful that action will be taken on it.

Another key area where a major effort is needed in support of rural America is in developing a rural transportation policy.

I can take you to places in rural Minnesota where it takes a full day to go 50 miles because the rail bed is so bad. You can barely find the ties! It's understandable that there are frequent derailments.

Since 1960, track abandonments have averaged about 1,000 miles annually. Yet the railroads insist that they are losing $130 million a year on branch lines alone.

We seem unable to develop a concerted program which recognizes the central importance of the transportation system—including roads, railroads, and waterways—as it relates to rural development.

I am hopeful that groups such as this can come up with new suggestions to encourage a balanced rural economic development program.

Our academic experts need to be encouraged to be creative and not discouraged by today's lack of interest on the part of this Administration.

We also need to develop better mechanisms for establishing rural development priorities. This means looking at the resources available and allocating them according to a plan.

I know that this Administration cries out against planning ahead. But it is done—and very successfully—in the Defense Department where they have a whole host of long range plans.

Now I see no reason why planning, evaluation and coordination between agencies and departments shouldn't be followed in rural development. It's called good management.

A business which did not look ahead and plan for the future would be repudiated by its board of directors. And yet, some people fight the notion of having government plan ahead.

But good management requires sound leadership. And you have to give these programs priority attention.

I share the view of the immortal Dante who stated:

"Better the occasional faults of a government living in the spirit of charity than the consistent omissions of a government frozen in the ice of its own indifference."

We cannot do all that we would like to accomplish. But, we can do a great deal more than offer excuses and curse the darkness.

This is an important task which calls for the best talents and dedication of all of us. I pledge my best in this effort.

CONCORDE AN ECONOMIC DISASTER

Mr. PROXMIRE. Mr. President, in the June 16, 1976, Washington Star, Eliot Janeway, a respected economic commentator and columnist, discussed the miscalculation on the Concorde and its significance as a symbol of "the inertia and inflexibility at the root of the all-pervasive weakening of the Western European economy." The Anglo-French governments, though confronted with the Concorde's "hopeless inefficiency" and though totally unable "to peddle the Concorde even as a gift," plowed ahead in their commitment.

Now, with the decision to limit production to 16 planes compared to the minimum 120 planes required to break even, the Concorde's death knell has been sounded. According to Mr. Janeway:

> The biggest open secret in London and Paris is that the Concorde has been abandoned as a lost cause.

Mr. President, I ask unanimous consent that Eliot Janeway's article "Concorde Project Disaster Symbol," be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Concorde Project Disaster Symbol

(By Eliot Janeway)

The collapse of the once-proud British pound has not been a fluke. A good deal of creative thought, hard work and political face-saving have gone into the operation responsible for the fiasco.

Nor does the failure of the pound dramatize an isolated case of British inefficiency.

The related miscalculation on the Concorde is even more revealing of the inertia and inflexibility at the root of the all-pervasive weakening of the Western European economy.

The Concorde itself is more than just a British project. The French are their partners in this pathetic casualty of the transatlantic air race that needs three times as much fuel as a Boeing 747 to cross the Atlantic, and carries only one-third the payload. If France is not as busted as Britain, it's not for lack of trying.

Britain's more acute distress goes back to the nature of her previous prosperity as a financial power.

Much of her affluence depended upon the willingness of foreign money to trust sterling with its bank accounts. The loss of this confidence has sent sterling plummeting.

While the French franc was never exposed to this jeopardy, France and Britain share a common catastrophe-prone characteristic. The government is far and away the biggest factor in the economy of each country; and in neither country is an official mistake possible.

The formative case history of the Concorde shows what happens to a government that is not free to admit being on a wrong course. It cannot avoid engineering a disaster.

The present disaster is a 20-year hand-me-down from one generation of civil servants to the next. Both governments still pay lip service to the fiction that the elected representatives who make it to the cabinet play a part in the decisionmaking process; but cabinet ministers are no more than face cards played by the civil servants supposedly subject to their direction.

No cabinet officer in either London or Paris dared to veto the commitment made by the respective bureaucracies in going for broke on the Concorde.

Mrs. Mary Goldring, a respected economic writer in London, published a pragmatic post-mortem on the death of the Concorde a few months ago. She noted that the British and French governments felt no pressure to satisfy independent customers that the Concorde was a good buy. They shared two captive customers: British Airways and Air France.

But captive or not, Goldring reports, neither airline was a willing buyer. Even more shocking was the fact that the Anglo-French governments were unable to peddle the Concorde even as a gift.

Pan American World Airways refused to take the planes on an indefinite loan, and as far back as 1973 canceled its option to buy them. Coming from Pan Am, of all transoceanic carriers, this refusal was an early warning signal that the plane would prove unsalable.

Pan Am's special problems would argue for its receptivity to such gifts. The airline is vulnerable to blackmail from government-subsidized competitors; and it has no domestic business.

It had the most to gain from getting the use of an economic plane for nothing; it also had the most to lose if its competitors proved able to use the Concorde to cut into its business.

It is the measure of the Concorde's hopeless inefficiency that Pan Am refused to touch it with its competitor's money.

It is the measure of institutionalized lunacy in London and Paris that the marketplace sent a clear message, and the nabobs in charge refused to receive it.

Now, the biggest open secret in London and Paris is that the Concorde has been abandoned as a lost cause. To break even on the project, a minimum of 120 planes had to be sold—before reckoning on any cost inflation in manufacturing or in operations since the fuel gouge.

The announcement limiting the production schedule to 16 planes is a death sentence. The on-going charade of the Concorde's serviceability is for foreign consumption only.

The Concorde disaster has left the American manufacturers the winners of the air race by default; and Goldring's version of a coroner's verdict explains how: "The Americans put the cart in front of the horse and set out to find out what the airlines did want."

It is unfortunate that the makers of the Concorde did not do the same.

THE MURDER OF A REPORTER

Mr. McGEE. Mr. President, there should be a sadness, a grief within us all at the death of Don Bolles of the Arizona Republic. Pursuing truth for a large constituency, Mr. Bolles made the supreme sacrifice, giving his life for a free press. No such dedication or result should ever go unnoticed lest we tend to forget the first amendment and the blood shed to defend it. We should never forget Don Bolles and what he stood for, and I join with his newspaper in a promise he will not be forgotten.

Mr. President, I ask that an editorial: "The Murder of a Reporter" which appeared in Thursday's Washington Post be printed in the Record by unanimous consent.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

The Murder of a Reporter

It has been a long time since a reporter was murdered in this country as a direct consequence of the information his reporting turned up. But that is what happened to reporter Don Bolles of the Arizona Republic of Phoenix who was fatally injured by a remote control bomb placed under his car. Mr. Bolles was reporting on the connections of organized crime to the land sale business when he apparently got close to some sensitive truth. He paid for his resolute devotion to his job with his life, and today we would like to salute him as a colleague, to deplore the brutal act by which he died, and to say a few words about the line of work that led to his killing.

Don Bolles was an investigative reporter—by all accounts, an extremely good one—and this is the highest form of journalism in the sense that, when it is well done, it is capable of producing the greatest public good. And that is why it is also the riskiest.

toughest form of journalism; because it usually addresses itself to wrong-doing of one kind or another, the subject matter is almost always controversial, and the objects of such inquiries are inclined to be somewhat more than usually sensitive.

Assassination, of course, is not the usual resort of those under investigation by the press. And we would not wish even to suggest that this criminal act might mark the beginning of some sort of pattern of violent reprisal. But the fact remains that there has developed in recent years an ugly intolerance of the concept, so basic to the First Amendment, of a free-functioning, adversary press. So that while nobody, of course, is actually advocating violence, we do not believe it is too far-fetched to relate the murder of Mr. Bolles in a very particular way to the general atmosphere of hostility now confronting the news media. To those who are concerned about the difficulties already standing in the way of investigative journalism, and the danger of more being imposed, this tragic act, coming at a time when it is fashionable to inveigh against the press and to call, unthinkingly, for new restrictions on its freedom, serves as a grim reminder that the investigative press, for all of its supposed great power and unfettered freedom, already is operating in an area of high risk, and against heavy odds.

We are not talking now about the Spiro Agnews of the world, although the former Vice President did his reckless bit to create an atmosphere in which others have been encouraged to bring forth a variety of measures to curb the media. There has, for example, been a rash of gag orders against publication of information that developed in public trials. Reporters have been exposed increasingly to the threat of jail for refusing to reveal their sources. The press has lost court cases that limited its access to prisons and it has had to fight back attempts by government in such legislation as S. 1 to keep the reporters away from certain kinds of secrets, many of them very much the people's business.

We are well aware, when we express our opposition to such measures, that we have a vested interest in this matter—a vested interest, you might say, in the inviolability of the press freedoms that we think the First Amendment quite properly guarantees. Nevertheless, the case of Mr. Bolles strikes us as a perfect example of why these First Amendment protections should not be tampered with. He was one of many reporters working on various aspects of a very serious social and legal problem in the United States. That problem is that organized crime, once a separate segment of our society, has crept into so-called legitimate activities, using its enormous excess capital and well-known muscle to buy into businesses which then become fronts for crime of all sorts. Arizona, a place where excess capital is more abundant than in many other parts of the country, was particularly vulnerable to organized crime. Mr. Bolles had proved that point in his reporting before his latest inquiry began.

His newspaper has declared its intention to finish the work its slain staffer began. Other newspapers around the country have sent reporters into Arizona to work on the story. In the end, that is exactly the right response of a free press to a brutal attempt at intimidation. And the best response of a free people, in turn, is to give reporters like Don Bolles and those who will come after him their encouragement and support. To impose new burdens on the investigative reporter is simply to play into the hands of those who felt sufficiently threatened by Mr. Bolles' investigations to take his life.

THE ILLINOIS HOUSE ENDORSES THE FULL EMPLOYMENT AND BALANCED GROWTH ACT

Mr. HUMPHREY. Mr. President, legislators of one of the Nation's most populous States have adopted a resolution strongly endorsing the Full Employment and Balanced Growth Act of 1976 and calling on all members of their congressional delegation to support it.

Led by Representative Corneal Davis the Illinois House of Representatives adopted the resolution by a vote of 81 to 53.

During debate on the measure, Davis declared:

> Every able-bodied man deserves assistance in finding employment and enjoying its benefits. Equal opportunity should not be construed to mean that a person must be poor and unemployed, but to share in the nation's wealth.
>
> Welfare rolls are robbing able-bodied men of their dignity. The answer to increasing welfare rolls is full employment. Black communities, black workers and the great masses of black Americans within urban areas are those who need jobs. Unemployment in black communities is out of control.

In presenting the Full Employment and Balanced Growth Act as the answer to critical unemployment among minority groups, Davis said that joblessness in urban black communities has reached a level of between 25 and 30 percent.

Mr. President, I am deeply grateful for the support provided S. 50 and H.R. 50, the Full Employment and Balanced Growth Act, which I have introduced in the Senate and which Representative AUGUSTUS HAWKINS has introduced in the House.

The resolution adopted by the Illinois House concisely outlines the major provisions of the bill. Mr. President, I ask unanimous consent that the resolution be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

HOUSE RESOLUTION 803

Whereas, There is legislation currently pending in the Congress of the United States which would establish the right and opportunity to obtain useful paid employment at fair rates of compensation for all adult Americans able, willing and seeking to work; and

Whereas, The Full Employment and Balanced Growth Act of 1976 (H.R. 50 and S. 50) would create a permanent institutional framework whereby the President, the Congress and the Federal Reserve Board would develop and establish economic policies and programs to provide for full employment, with a clearly established goal of an unemployment rate of less than three per cent within four years; and

Whereas, If this bill becomes law, government policy would encourage the private sector to hire the unemployed, and the President would be required to articulate anti-inflation policies and make recommendations for increasing productivity in the private sector; and

Whereas, The bill also establishes countercyclical programs, with the government as the employer of last resort, to combat the invidious effect of recession upon unemployment such as the people of Illinois have been experiencing recently, including programs such as public service employment, standby public works, anti-recession grants for State and local governments, skill training in both the public and private sectors, and special youth employment programs; and

Whereas, These countercyclical programs created by the Full Employment and Balanced Growth Act of 1976 would be implemented automatically only during a time of rising unemployment and would be phased out automatically during periods of economic recovery as unemployment is reduced, and which programs, along with the provisions in the bill for systematic review of federal regulations and programs to determine their efficiency and continued value, will assure that only such governmental assistance is provided as is genuinely necessary to combat the personal hardships and tragedies for the people of this State and Nation caused by rising unemployment and recession; therefore, be it

Resolved, By the House of Representatives of the Seventy-ninth General Assembly of the State of Illinois, that we respectfully petition the Congress of the United States to enact the Full Employment and Balanced Growth Act of 1976, and that we encourage all of the members of the Illinois Congressional delegation to support the enactment of this legislation, H.R. 50 or S. 50, without amendment which would weaken it; and, be it further

Resolved, That copies of this preamble and resolution be forwarded by the Illinois Secretary of State to the President pro tempore of the United States Senate and the Speaker of the House of Representatives, to the Honorable Yvonne B. Burke, Chairperson of the Congressional Black Caucus, and to each of the members of the Illinois Congressional delegation.

Adopted by the House, June 2, 1976.

AL BRADY RETIRES

Mr. HOLLINGS. Mr. President, I have just learned that Mr. Bernard A. Brady, Assistant Director of the General Accounting Office, plans to retire after 30 years of public service, the last 17 of which were spent here at the Capitol. During these years we have come to look upon Al Brady as Mr. GAO-on-the-Hill. In addition to efficiently carrying out GAO's responsibilities for examining records of the many activities of the legislative branch, Al has been a wise counselor and a strong right arm to the Members, committees, and officers of the Congress in dealing with their accounting and administrative problems.

Mr. Brady joined GAO in 1947, and is a supervisory auditor in the General Government Division. He is a certified public accountant—District of Columbia and Virginia—and a member of the Federal Government Accountants Association, the National Association of Accountants, the American Institute of CPA's, and the District of Columbia Institute of CPA's. He received the GAO Meritorious Service Award in 1962 and 1971.

In the spring 1974 issue of the GAO Review, Al wrote an article entitled "In the Backyard of Congress." This is an interesting and informative account of the work of the GAO team on Capitol Hill. In this limited space I can give but a few highlights of Al's many valuable contributions, but he has designed new accounting systems for the Senate and House restaurants; assisted in devising and implementing a new pay system for certain House employees, made valuable suggestions for improving the management of the House and Senate restaurants, and assisted in the reorganization of the House beauty shop.

It is also impossible to even summarize here the 17 years of cheerful day-to-day help he has given Members, officers, and staff on a thousand and one matters.

Let me just say that we remember and we appreciate.

We will sorely miss Al's presence at the Capitol and hope that he enjoys his well-earned retirement years. We hope, too, that somehow we may from time to time continue to have the benefit of his counsel.

HEALTH MAINTENANCE ORGANIZATION AMENDMENTS—S. 1926

Mr. KENNEDY. Mr. President, I ask unanimous consent that a statement by Senator CHURCH pertaining to the Church/Kennedy amendment to S. 1926, which was inadvertently left out of the RECORD during floor consideration of S. 1926, be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR FRANK CHURCH

I support the enactment of the Church-Kennedy Amendment to S. 1926, the Health Maintenance Organization Amendments.

First, however, I wish to thank Senator Kennedy for offering this amendment on my behalf. In addition, I wish to commend him for his effective leadership in making home health services more readily available to aged and aging Americans.

In recent years institutional costs have increased substantially. A stay in the hospital, for example, may now cost $150 to $200 a day—depending upon the region of the country a patient is hospitalized.

The overwhelming proportion of Medicare costs is for hospitalization. In fact, about 96 percent of all reimbursement under the Part A Hospital Insurance program is for hospitalization.

Home health care, on the other hand, accounts for less than 1 percent of Medicare reimbursement.

Last November I introduced S. 2713 to improve home health services under Medicare by:

Removing the requirement that only "skilled" nursing care or physical or speech therapy would qualify as reimbursable home health services under Medicare.

Increasing the number of reimbursable visits from 100 to 200 under both the Hospital Insurance and Supplementary Medical Insurance programs.

The Church-Kennedy Amendment is designed to build upon S. 2713 by making home health services more readily available.

First, it would extend the authority under the Health Revenue Sharing Act—Public Law 94–63—to finance the initial costs of establishing and operating home health agencies and to expand services of existing agencies. The Amendment would authorize $2 million for the transitional quarter and $8 million for fiscal 1977 for this purpose.

Second, it would continue the authority to train professional and paraprofessional personnel for home health agencies. An authorization of $1 million for the transitional quarter and $4 million for fiscal 1977 is provided for this purpose.

Hearings conducted by the Senate Committee on Aging—of which I am Chairman—have made it abundantly clear that many health conditions can be treated more effectively and economically at home. This is particularly true when highly specialized services are not required.

Most older Americans would prefer to remain at home in familiar surroundings if at all possible. And they can if effective alternatives to institutionalization are available.

But if this is to become a reality, home health services and facilities must be increased. In addition, it is vitally important that there be trained personnel to deliver services to elderly persons.

Approximately one-half of all the counties in the United States do not have home health services.

The need for home care is especially acute in rural areas where institutional facilities may be limited or nonexistent.

Many rural areas, though, have no home health agencies. And those that do usually have agencies equipped to provide only limited service. About one-half of the agencies certified under Medicare offer nursing plus one other service—typically physical therapy. Yet, a sizeable proportion of older Americans reside on farms or in small communities. And their need for home health services is great.

The Church-Kennedy Amendment would help make it possible for home health agencies to expand their services. Moreover, this measure can help target these services to areas where the need is the greatest.

One final point: Home health care can be substantially cheaper—and in many cases more appropriate—than institutionalization.

Today many elderly persons are unnecessarily or prematurely institutionalized at a much higher public cost simply because alternative forms of care are not available.

This takes on added importance now because our Nation can conceivably save $600 million if the Medicare national hospital average would be reduced by just one day.

For these reasons, I reaffirm my support for the Church-Kennedy Amendment.

LOCKS AND DAM 26 AT ALTON, ILL.

Mr. PERCY. Mr. President, on June 17 members of the Illinois delegation were invited to attend a breakfast meeting concerning the proposed U.S. Army Corps of Engineers project at locks and dam 26 at Alton, Ill. The breakfast was arranged by the Illinois Agricultural Association and included many guests who use the waterway system to transport their commodities. Particularly helpful views were presented by Mr. David Rotterick, president of United States Steel; Mr. Harold Steele, president of the Illinois Agricultural Association; and Mr. John Harvey, director of corporate transportation for the Archer Daniels Midland Co. I believe that their statements will also be helpful to my colleagues, and therefore ask that their statements be printed in the RECORD.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

REMARKS OF D. M. RODERICK

United States Steel Corporation has a substantial and continuing interest in the maintenance of this Nation's inland waterway system. Many of our mills throughout the country, and particularly those located in the Chicago area, are dependent on this system for the efficient and economical movement of raw materials inbound and the delivery of finished products to our customers.

Lock 26 at Alton, Illinois, is a vital part of the river system to the extent that almost all waterborne traffic originating or terminating in the State of Illinois must necessarily traverse this facility. For example, all waterway traffic between Illinois on the one hand and, on the other, points on the Missouri, Lower Mississippi, Ohio, Monongahela, Cumberland, Tennessee and Arkansas Rivers, as well as all ports on the Gulf Coast, is funneled through Lock 26 at Alton, Illinois. Failure to maintain and expand the capacity of this lock will result in the restriction of Illinois industries' ability to operate economically and to compete effectively in domestic and foreign markets.

United States Steel Corporation employs several thousand workers in the Chicago area whose livelihood depends, in significant part, on access to reliable and economic water transportation. To illustrate, in 1974, our Chicago area plants received in excess of one quarter of a million tons of raw materials, such as fluorspar, ferroalloys and scrap, via the inland waterway system. In that same year, we delivered close to 1,000,000 tons of finished and semi-finished steel to our customers by barge. Much of this tonnage was delivered to customers locted on the Gulf Coast who have immediate access to steel products produced in other countries. Many of these foreign nations directly subsidize their own steel industries and provide financial incentives to permit such producers to offer attractive terms on tonnage exported to the United States.

As a consequence, any action, governmental or otherwise, which impairs our ability to reach southwestern markets via the energy efficient and economical method of barge transportation must necessarily and adversely impact on our ability to compete with overseas producers in the Gulf Coast area.

It should also be noted that, in 1974, almost 20% of our barge shipments originating in the Chicago area were destined for export. The ability to economically reach our ports of export for overseas forwarding significantly enhances our ability to compete in these foreign markets. Should we fail to maintain or increase the capacity of the Alton Locks, this point in the river system will become an even greater bottleneck, forcing us to turn to higher cost methods of transporting our products to both domestic and overseas destinations. This higher transportation cost will inevitably have to be reflected in higher product prices which will, in the long run, render us less competitive. Being less competitive will, in turn, adversely affect our ability to sustain employment in the greater Chicago area, and will of necessity influence our thinking and planning relative to the maintenance or expansion of Chicago area operations.

I don't mean to oversimplify the issues involved in the debate surrounding the question of whether to maintain and expand Lock 26. We fully recognize that there are environmental questions to be resolved and a fundamental dispute between two major modes of transportation relating to the necessity for and the financing of this facility. However, we feel that parties representing all sides of these issues have very able spokesmen who can effectively articulate the arguments they consider to be pertinent. My purpose today is to emphasize the economic aspects of the situation. It should be clearly understood that failure to act affirmatively on the Lock 26 reconstruction will have a substantial and adverse effect on the steel industry in the Chicago area. This adverse effect will be shared by both industry and its employees, the former by reducing, or at least not expanding, production facilities in this area and the latter by the loss of employment opportunities.

It may ultimately be decided that regardless of the adverse economic effect on the State of Illinois, other considerations dictate that Lock 26 should not be reconstructed and improved. It is my purpose to emphasize to all present today that there are economic consequences attached to this decision and these consequences are serious. You, in effect, must decide if these other considerations are so important that they justify a serious impairment of the ability of Illinois' industry to effectively compete in domestic and international markets. As has been said before, we cannot offer you simplistic answers, only intelligent alternatives. In this case, one alternative, that is, failure to maintain and expand this river facility, will economically hurt your constituency. I can only ask that you give this full and thoughtful consideration when the decision is made.

AGRICULTURAL FACT SHEET

(Presented by Harold Steele)

EXPORTS—1975

Exports of U.S. grain from the New Orleans Port in calendar year 1975 were 1,165,000,000 bushels.

An estimated eighty percent of the grain exported from New Orleans in 1975 arrived at the port by barge—a total of 932,000,000 bushels.

A total of 927,451,010 bushels of grain moved down the Mississippi and Illinois Rivers through Locks and Dam 26 either to the New Orleans Port or to other ports or domestic markets to the south and east.

A total of 480,337,000 bushels of grain were loaded and inspected on the Illinois River and an estimated 118,819,400 bushels were loaded and inspected out of Illinois-based grain facilities on the Mississippi River above Locks and Dam 26. Thus, nearly 600 million bushels of grain were loaded, inspected and moved through Locks and Dam 26 from Illinois-based handling facilities. Nearly all of this was produced by Illinois farmers.

Thus, dependable river transportation is critical to farmers in moving their products to market; to the U.S. balance of payments; and to the hungry people of the world.

Farmers also depend upon railroads and trucks to move large quantities of grain to both local domestic markets and to ports for export. However, experience in recent years such as limited availability of railroad cars, glutted elevators and large piles of grain stored on the ground would indicate that truck and railroad facilities are being taxed to their full limit to move that portion of the crop now committed to rail or truck transportation. If Illinois grain production and markets continue to grow in the years immediately ahead as in the recent past, there will be more than enough grain to challenge all modes of transportation.

Illinois farmers' regional grain marketing cooperative—Illinois Grain Corporation—shipped some 125 million bushels of grain down the river system and through Locks and Dam 26 during its 1975–76 fiscal year. Additional grain from that same cooperative was also shipped on the river from points south of Locks and Dam 26, during the same fiscal year.

Roughly one-half of all Illinois Grain Corporation's shipments were made on water and half by rail or truck.

PRODUCTION SUPPLIES

Illinois farmers are also heavily dependend upon river transportation for critical production supplies.

In 1975, 5,956,830 tons (about 1.8 billion gallons) of petroleum products moved up the Mississippi River through Locks and Dam 26. An estimated 74% or 4,408,054 tons (about 1.35 billion gallons) of which were destined for Illinois.

In the case of Illinois farmers' own supply cooperative—FS Services, Inc.—a major supplier of petroleum products to Illinois farmers, about 50 percent of its total petroleum supplies arrived in Illinois by barge, passing through Locks and Dam 26.

In 1975, 1,866,654 tons of agricultural chemicals, primarily plant food, moved up the Mississippi River through Locks and Dam 26. An estimated 47.5% of these products were destined for Illinois.

Of the total agricultural plan food distributed to Illinois farmers by FS Services, Inc., about 30 percent were received by the FS System by barge through Locks and Dam 26.

COMPETITION

Users of transportation services, including farmers, benefit from competition between modes of transportation. Competition spurs innovation and efficiency. In the past decade, the Big John Covered Hopper and the Unit Train have appeared to improve the ability of railroads to move bulk commodities.

RATES

Water transportation remains the most economical means of moving bulk commodities long distances. A spot check of freight rates during the first full week of June, 1976 revealed the following:

Peoria to New Orleans—barge—15.8¢ per bushel.

Champaign to New Orleans—rail—100 car unit—25¢ per bushel.

Ivesdale to Norfolk, Virginia—rail—100 car unit—25¢ per bushel.

Freight rates will vary over a period of time by specific location and the number of cars shipped at a time. Even if the difference in the cost of transportation between water and rail averages only 5¢ per bushel for the entire year, the savings would amount to $30 million per year on grain alone. Since the net price received by farmers for their grain is heavily influenced by the cost of the transportation to the buyer, most of the $30 million would accrue to the benefit of the farmers. Likewise, the farmer will benefit from the efficiencies of transportation in moving fuel and fertilizer to Illinois since the price for these products includes the cost of transportation.

Sources of Information—USDA Farmers Cooperative Service Report; U.S. Army Corps of Engineers; Grain Market News—USDA, Independence, Missouri, April 16, 1976; FS Services, Inc.; and Illinois Grain Corporation.

SUBMITTED BY JOHN HARVEY, ARCHER DANIELS MIDLAND COMPANY

Archer Daniels Midland Company, with corporate offices at Decatur, Illinois, is a multi-plant agri-business engaged in the handling and processing of grains and oilseeds for U.S. and world market distribution. The prime businesses are grain merchandising, flour milling, corn milling and soybean processing. ADM is a leader in the production of foods and protein sources for human consumption, in addition to ingredients and feeds for the animal and poultry business. There is attached a prospectus of the many and varied businesses in which ADM engages.

ADM processes, into direct products, approximately one million bushels of grain and oilseeds daily. In addition, large volumes of grain and soybeans are merchandised.

In 1975, ADM's transportation bill exceeded $100 Million. Approximately 85 percent was for rail, the balance for truck and barge. All modes of transportation are required, rail, truck and barge, as no single mode could handle all the commodity movement. Over the past 10–12 years, the transportation demand has increased annually, and is projected to continue to increase. Because the carrier industry was unable to supply sufficient equipment to meet this demand, ADM was required to acquire, through lease and purchase, freight hauling equipment, and at this time controls a fleet of about 3,000 railroad cars, 300 over-the-road trucks and over 300 barges.

With major processing and grain handling facilities located in Illinois and states west, ADM relies heavily on the western railroads and the Illinois and Upper Mississippi Rivers to distribute its commodities.

At Decatur, Illinois alone, where ADM has two large soybean processing plants, a food oils packaging plant has been constructed and is scheduled to start production in July. Initially, the production will be about 600,000 pounds per day and will eventually reach close to a million pounds per day. A new wet corn milling plant is under construction and is expected to commence production in the spring of 1977. At that time, the corn and soybean demand to maintain production will exceed 200,000 bushels per day, 7 days a week, and within four years, will exceed a 300,000 bushel daily demand.

ADM now loads over 75 rail cars each day at Decatur, which will exceed 110 cars per day in the next 7-8 months. Over the past 7 years, the procurement of soybeans for Decatur has reverted from 10% to over 90% truck, and during harvest as many as 700 large trucks are unloaded daily. It is estimated that ADM at Decatur handles about 70,000 trucks a year. Over 50% of the total Decatur production is railed to Alton, Illinois for barge loading. All the barges so loaded must clear Locks and Dam 26, and all this tonnage is for export.

This indicates the need for good efficient economical transportation.

It is not the purpose of ADM to denigrate any carrier, but we become incensed at the attitude and position of the railroads as to Locks and Dam 26. Since 1967, our rail rates have been increased over 90% due to escalation in material and labor prices. Service has not improved. In June of 1974, the ICC authorized the railroads a gratuitous 7% increase to permit them a catch-up in deferred maintenance and capital expenditures. That increase remains in effect. During the first 15 months of the increase, or as of October, 1975, the railroads had collected $559 million, but deferred maintenance had been reduced by only $13.7 million. The 21 western railroads opposed to Locks and Dam 26, as of October 1975, had netted $306 million from this 7% increase, and as of June 1976, that figure exceeds $500 million, or much more than the cost of Locks and Dam 26 replacement. It is estimated that if Locks and Dam 26 construction takes 7 years, these 21 railroads will have assessed and collected over $2 billion from this one non-cost justified increase.

No single carrier mode can possibly handle all of ADM's transportation demand, let alone that of the State of Illinois. It is essential that we have inter-modal carriers, and even more essential that the facilities existing today be greatly improved to meet the future demand. Locks and Dam 26 is an essential and critical element in this demand.

Operations and plants, products, and markets:

Fleischmann Malting Company, Inc: Plants—San Francisco, California; Chicago, Illinois; Detroit, Michigan; Minneapolis and Red Wing, Minnesota; malt products, brewing, distilling, food, animal and poultry feeds.

Gooch Feed Mill Corporation: Formula feed plants—Decatur, Illinois; Baxter and Storm Lake, Iowa; Salina, Kansas; Lincoln, Nebraska; formula feeds, pet food, animal and poultry feeds.

Gooch Foods, Inc.: Food plant—Lincoln, Nebraska; spaghetti, noodles, macaroni, soy macaroni, mixes, corn meal products, pet foods, family flour, package prepared dinners, food, pet food.

Supreme Sugar Company, Inc.: Sugar Cane Grinding Mill, Supreme, Louisiana; Sugar Refinery, Supreme, Louisiana—Granulated refined sugar, liquid refined sugar, brown sugar, molasses, food, beverage, animal feeds.

Archer Daniels Midland International S.A.; Archer Daniels Midland Nederland, B.V.; ADM Brussels S.A.; Archer Daniels Midland S.A.; Ardanco, Inc.; ADM Handels A.G.; Ardanco S.A.: Soybean meal, soybeans, wheat, corn, linseed meal, corn gluten feed, wheat millfeeds, grains, brewer's grains, TVP®, soy flours, soy protein concentrates; worldwide export.

ADM do Brasil Produtos Agricolas Ltda, Extraction Plant—Araraquara, Brazil, Vegetable Oil Refinery—Araraquara, Brazil, Soybean oil, soybean meal; canned salad oils, lecithin, soap, Animal and poultry feeds, Margarine oil, salad and cooking oil, bakery, processed foods, consumer.

Oliefabriek De Ploeg, B.V., Extraction Plant—Maassluis, The Netherlands, Soybean oil, soybean meal, Vegetable oil refineries, animal and poultry feeds; Vegetable Oil Refinery—Maassluis, The Netherlands, Hydrogenated vegetable oils, mayonnaise, salad dressings, lecithin, Margarine oil, salad and cooking oil, bakery, processed foods, food service, consumer, pharmaceutical.

The British Arkady Company Ltd. Soy Flour Plant—Manchester, England, Soy flours, protein supplements, Bakery, processed meat products, convenience foods, pet food, industrial products; Textured Vegetable Protein Plant—Manchester, England, TVP Brand textured vegetable protein, Processed meat products, convenience foods, pet food; Tweedy (Holdings) Ltd., Machinery Manufacturing Plant—Burnley, England, Equipment for bakery and food industries and institutions, Worldwide.

National City Bancorporation, National City Bank of Minneapolis.

Corporate Offices and Research Laboratory, Decatur, Illinois.

ADM Soybean Processing Division, Extraction Plants—Decatur, Galesburg and Granite City, Illinois; Fredonia, Kansas; Mankato, Minnesota; Fremont and Lincoln, Nebraska; Kershaw, South Carolina; Soybean oil, soybean meal, Vegetable oil refineries, animal and poultry feeds; Vegetable Oil Refineries—Decatur, Illinois; Lincoln, Nebraska, Soybean oil, corn oil, hydrogenated vegetable oils, packaged vegetable shortenings, margarine, lecithin, Margarine oil, salad and cooking oils, bakery, processed foods, food service, consumer, pharmaceutical, protective coatings. Rail-Barge Terminal—Alton, Illinois.

ADM Protein Specialty Division, Soy Flour Plants—Decatur, Illinois (2); Fredonia, Kansas; Soy flours, protein supplements, Bakery processed meat products, convenience foods, pet food, industrial products; Textured Vegetable Protein Plants—Decatur, Illinois; Fredonia, Kansas, TVP brand textured vegetable protein, Processed meat products, convenience foods, pet food; Soy Protein Concentrate Plant—Decatur, Illinois, Soy protein concentrates, Procesed meat products, processed foods.

ADM Industrial Oils Corporation, Oil Refinery—Elizabeth, New Jersey, Fish oils, marine oils, linseed oil, sunflower oil, Protective coatings, cosmetics, lubricants, printing inks, caulks, resins, highway maintenance. Oilseed Plant—Red Wing, Winnesota.

ADM Milling Company, Flour Mills—Mount Vernon, Indiana; Des Moines, Iowa; Salina, Kansas; Destrehan, Louisiana; Minneapolis and Red Wing, Minnesota; North Kansas City, Missouri; Lincoln, Nebraska; Charlotte, North Carolina; Wheat flour, durum flour, wheat soy blend, corn soy milk, soy fortified wheat flour, durum flour soy blend, millfeeds, Bakery, biscuit, cracker and cake baking, macaroni and spaghetti, animal and poultry feeds, government and voluntary agency food donation programs. River Terminals—Carabelle, Florida; Wolcott, Kansas; Frederick, Maryland; Vicksburg, Mississippi; St. Louis, Missouri; Cincinnati, Ohio; Cheswick, Pennsylvania, Bulgur Plant—Abilene, Kansas; Bulgur, Food. Dry Corn Mills—North Kansas City, Missouri; Lincoln, Nebraska; Corn meal, corn kibbles, corn flour, brewer's grits, Food, beverage, pet food. Elevators—Smoot Grain Company; grain terminal and line elevator operations in Colorado, Kansas, Nebraska, Oklahoma, Texas and Wyoming. Wheat, barley, corn, grain sorghum, Milling, animal and poultry feeds, export.

ADM Grain Company, Elevators—Burlington, Iowa; Granite City, Joliet, Morris, Ottawa and Spring Valley, Illinois; Destrehan, Louisiana; Minneapolis and St. Paul, Minnesota; Indianola and Vicksburg, Mississippi; Memphis, Tennessee; Superior, Wisconsin, Wheat, barley, corn, grain sorghum, oats, rye, flaxseed, soybeans, Milling, malting, distilling, oilseed processing, animal and poultry feeds, export; Pelleting Plant—Decatur, Illinois, Corn gluten feed, corn germ meal, wheat millfeeds, Export, animal and poultry feeds.

American River Transportation Company, nesota; Indianola and Vicksburg, Mississippi; Missouri and Arkansas Rivers, Carrier of dry-bulk and liquid commodities, Inland waterway transportation. Offices—New Orleans, Louisiana; St. Louis, Missouri.

Corn Sweeteners, Wet Corn Mill—Cedar Rapids, Iowa, Corn syrup, high fructose syrups, corn starch, gluten feed, gluten meal, corn oil, caramel color, Food, beverage, confectionery, pharmaceutical, adhesives, paper, chemicals, textiles, animal and poultry feeds.

Caramel Color Plant—Granite City, Illinois.

Wet Corn Mill—Decatur, Illinois.

CONGRESSIONAL BUDGET OFFICE ESTIMATES NET COST OF PUBLIC SERVICE JOBS PROGRAM

Mr. WILLIAMS. Mr. President, the Committee on Labor and Public Welfare has favorably reported H.R. 12987, the Emergency Jobs Programs Extension Act of 1976, with an amendment in the nature of a substitute. This bill would authorize appropriations for public service employment programs under title VI of the Comprehensive Employment and Training Act.

As you know, Mr. President, title VI of the act was enacted in December 1974 in response to the clear evidence that the Nation had entered a serious recession. At the time of this enactment, the national unemployment rate, upon which our concern was based, was 6.5 percent. The seasonally adjusted number of unemployed was 6 million.

Last month, the national unemployment rate was 7.3 percent, and the seasonally adjusted number of unemployed was 6,860,000—over 14 percent more than the number that provoked our concern and prompted the enactment of the emergency public service jobs program. Clearly, the need is greater now to continue the program for another year.

Throughout the long and intensive consideration of this legislation, there has been increasing interest in determining the actual budgetary impact of public service jobs. It was our belief that many who criticize public service employment as an expensive remedy for joblessness would be surprised by the magnitude of the additional tax collections and the budgetary savings that result from public service jobs.

The Congressional Budget Office, in its report on the gross cost of implementing H.R. 12987 as provided in the committee amendment, included the following statement:

> The employment projects section of this bill have considerable offsets in the form of reduced AFDC payments, U.C. benefits, and increased tax receipts, which will substantially reduce the net costs of this section of the legislation.

The committee felt that similar offsets of significant proportions would also be realized from the existing program.

At our request, the Congressional Budget Office conducted an analysis of these offsets—both for the existing program and for the new employment projects proposed in the committee amendment—so as to derive an estimate of the net cost of this legislation.

Mr. President, my colleagues in the Senate will be interested to know the results.

Assuming total public service employment under title VI of 463,683 jobs, CBO estimated a gross cost of $3.507 billion for fiscal 1977.

However, direct and indirect budget savings resulting from the program are estimated by CBO to be $1.964 billion.

The net cost of the program in fiscal 1977, therefore, is estimated to be $1.543 billion—about 44 percent of the gross cost upon which some opposition to this legislation has been based.

Mr. President, so that the Senate may have the opportunity to study the new report from the Congressional Budget Office in detail, I ask unanimous consent that it be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., June 10, 1976.

Hon. HARRISON A. WILLIAMS, Jr.,
Chairman, Committee on Labor and Public Welfare, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: On May 14, 1976 the Congressional Budget Office provided a regular cost estimate report for the Emergency Jobs Program Extension Act of 1976 under Section 403 of the Congressional Budget Act of 1974.

At that time, we noted that the estimates provided were the gross direct costs of the bill and that, if the bill were to be enacted and funds appropriated to finance the direct costs of the program, there would be substantial offsetting factors that would reduce the net budget impact of the bill. The offsetting factors include increased revenues through payroll and personal income taxes, as well as lower levels of benefits in income assistance programs.

As a result of a strong expression of interest on the part of the staff of your Committee, we have prepared for the Committee's use the attached staff analysis showing the net budget impact of the bill under certain assumptions which are specified in the analysis.

Should the Committee so desire, we would be pleased to provide further details on the attached staff analysis.

Sincerely,

(For Alice M. Rivlin,
Director)

CONGRESSIONAL BUDGET OFFICE STAFF ANALYSIS OF NET PROFIT IMPACT

1. Bill Number: H.R. 12987 (proposed Senate substitute)

2. Bill Title: Emergency Jobs Program Extension Act of 1976

3. Net Cost Estimate:

On May 14, 1976, the Congressional Budget Office submitted an estimate of the gross costs associated with H.R. 12987. As stated in that estimate, the employment funded will have substantial budget offsets. These offsets result from direct and indirect savings incurred during the year in which this bill authorizes public employment programs. Direct savings occur through increases in tax revenue and decreases in income security payments to individuals. Indirect savings are realized through the expansionary effects on the economy caused by the estimated net increase in federal spending authorized for this bill.

Table I summarizes the net budget estimate for this bill. The gross cost was $3,507 million, but an estimated budget savings of $1,964 million yields a net budget estimate of $1,543 million.

TABLE I.—*Net cost of Senate subsitute for H.R. 12987 in FY 1977**

(Dollars in millions)

Gross costs:	
Continuation of title VI	$1,711
Public employment projects	1,789
Unemployment compensation for CETA employees	6
National commission	1
Total	3,507
Federal budget savings:	
Direct	1,502
Indirect	462
Total	1,964
Net budget cost	1,543

*There are no costs for this bill in fiscal year 1976 or the transition quarter. In addition to the costs in fiscal year 1977, the commission will cost about $1 million in fiscal year 1978, but the budget savings from this expenditure is negligible.

4. Basis for Estimate:

CONTINUATION OF TITLE VI

The extent of fiscal substitution during the possible phase-out of Title VI and the percent of the employment funded that would lead to the payment of unemployment compensation to unemployed workers are the main sources of uncertainty in this estimate.

During the phase-in of a public employment program, it has been generally assumed that fiscal substitution would be about 50 percent in the first year. However, in the first year of a phase-out, fiscal substitution may not be as rapid. A slower rate may occur for the following reasons: (1) Taxpayers are more likely to resist a local tax increase than a decrease; (2) Legal and administrative time lags are likely to delay local tax increases more than tax decreases, because tax increases usually are not retroactive. Because of these factors, it has been assumed that fiscal substitution will range between zero and 25 percent.

The percent of the employment previously funded that would lead to the payment of unemployment compensation is uncertain. It was assumed that for each laid-off worker year of Title VI, 70 percent of this year would be compensated with unemployment insurance. It should be noted that the average worker stays on a PSE job less than a year, and hence a worker year usually consists of more than one worker. The 70 percent adjustment allows for benefit exhaustion in some states and the ineligibility of some individuals subsequently unemployed as a result of the Title VI phase-out.

Appendices A and B present the line-by-line net budget cost calculations for the continuation of Title VI. The net budget cost is estimated to be $723 million. Fiscal substitution is assumed to be zero and 25 percent for Appendix A and B, respectively. Point estimates were derived by taking the mid-point of the relevant ranges calculated in these two appendices.

PUBLIC EMPLOYMENT PROJECTS

Fiscal substitution and the percent of enrollees who previously received various categories of income security payments are the main sources of uncertainty in this estimate.

Fiscal substitution is likely to be less in this program than the existing program for the following reasons: (1) The enrollees are less likely to have the skill characteristics of those who would normally be hired; (2) Local projects are not likely to produce goods and services normally produced by state and local governments. On the other hand, because the funds are not targeted specificially to areas of substantial unemployment, there is likely to be some fiscal substitution. Thus, it was assumed that the range is zero to 25 percent.

The income security off-sets are very difficult to calculate for the following reasons: (1) Lack of adequate data and the need to substitute assumptions; (2) Uncertainty about the enrollment proportions of the eligible population. Both problems were solved with a variety of techniques, which are explained in Appendix C.

The line-by-line net budget cost calculations are contained in Appendices D and E. Fiscal substitution was assumed to range from zero to 25 percent, respectively. The net budget cost is estimated to be $814 million. Point estimates were derived by taking the midpoint of the relevant ranges in these two appendices.

5. Estimate Comparison: Not Applicable.

6. Previous CBO Estimate: May 14, 1976.

7. Estimate Prepared by: Richard A. Hobbie (225–9690); Marc P. Freiman (225–1262); Stephen H. Brooks (225–1477); Robert F. Black (225–4972).

8. Estimate Approved by:

JAMES L. BLUM,
Assistant Director for Budget Analysis.

APPENDIX A

Continuation of title VI net budget cost

(Zero fiscal substitution)

Gross Cost=$1,711 million; at assumed $8,138 average cost per job, this yields 210,248 jobs.

Calculation of Income and Payroll Taxes Collected Per Job:

Cost per job	$8,138
Administrative and other costs (assumed to be 10 percent of total	−814
Gross wage	7,324
Tab deductions and exemptions	−4,900
Exemptions for family of four	3,000
Low income allowance	+1,900
	4,900
Taxable income	2,424
Personal income tax at 12 percent on taxable income	291
Social security tax at 11.7 percent on gross wage	857
Total taxes collected per job	1,148

Net Budget Cost and Savings:

	Millions
Total increase in tax revenues (210,248 × $1,148)	$241
Food stamp savings (210,248 × .25 × $1,248) (assumed participation rate of 25 percent and average annual bonus value of $1,248)	66
UC savings (210,248 × .7 × $3,900) (assumed average weekly benefit amount of $75 × 52 weeks; also, see page 2)	574
Total Direct Savings [1]	881
Total Gross Cost	$1,711
Total Direct Savings	−811
Net Direct Cost	830
Second round increase in income (.7 multiplier × 830)	581
Second round savings (.33 saving factor × 581)	192
Net budget costs (total gross costs minus direct and second round savings)	638

[1] By examining data on PSE enrollees, it is assumed that the number of AFDC recipients taking jobs would be negligible.

APPENDIX B

Continuation of title VI net budget cost [2]

(25 percent fiscal substitution)

Gross Cost=$1,711 million; at assumed $8,138 average cost per job, this yields 210,248 jobs.

Calculation of Income and Payroll Taxes Collected Per Job:

Cost per job	$8,138
Administrative and other costs (assumed to be 10 percent of total	−814
Gross wage	7,324
Tax deductions and exemptions	−4,900
Exemptions for family of four	3,000
Low income allowance	+1,900
	4,900
Taxable income	$2,424
Personal income tax at 12 percent on taxable income	291
Social security tax at 11.7 percent on gross wage	857
Total taxes collected per job	$1,148

Net Budget Costs and Savings:

	Millions
Total increase in tax revenue (1,148 × 210,248 × .75) [2]	$181
Food stamp savings (.25 × 1,248 × 210,248 × .75) [2]	50
UC savings (210,248 × .75 × 3,900) × .7 [2]	430
Total Direct Savings	661
Total Gross Cost	$1,711
Total Direct Savings	−661
Net Direct Cost	$1,050
Second round increase in income (.7 multiplier × 1,050)	735
Second round savings (.33 saving factor × 735)	243
Net budget costs (total gross costs minus direct and second round savings)	807

[2] For more detailed explanation, see Appendix A.

APPENDIX C

PUBLIC EMPLOYMENT PROJECTS ESTIMATE OF TARGET GROUP ENROLLMENT (FISCAL YEAR 1977)

(1) AFDC–UF recipients equals 155,000 DHEW estimate in Daily Labor Report, May 20, 1976, page a–7.

(2) Recipients of UC for 15 weeks or more equals 625,000:

IUR equals minus 1.071 plus 0.862_{μ}: μ equals 6.8 percent; where IUR equals insured unemployment rate; μ equals unemployment rate.

IUR equals 4.79 times 0.85 participation rate of insured.

IUR′ equals 4.07 times 62.3 million covered employment equals 2.5 million; 0.25 percent Uc $\geqslant$ 15 weeks on November

12, 1974, UI statistics, December 1974, p. 16; 0.625 million times 1.15 adjustment for FSB and SUA recipients (not included in IUR) equals 0.720.

(3) Not reeciving UC or AFDC and unemployed 15 weeks or more equals 536,000.

1,200,000 $\mu \geqslant 15$ weeks November 12, 1974 (Monthly Labor Review), minus 720,000 from (2) and minus 39,000 from (1), assuming 25 percent of AFDC–UF recipients receive benefits $\geqslant 15$ weeks, 441,000.

(4) Adjustments based on work-leisure choices and lower living standard family income constraint:

AFDC–UF: Eligible adjustment of 155,000 times 0.2 equals 31,000 willing to work (4 percent).

UC $\geqslant 15$: Eligible adjustment of 720,000 times 0.5 equals 360,000 willing to work (51 percent).

$\sim$ UC $\geqslant 15$: Eligible adjustment of 441,000 times 0.7 equals 309,000 willing to work (45 percent).

Total (100 percent): Eligible adjustment, 1,316,000 and willing to work, 700,000.

Adjustments were based on judgments about work-leisure choices of the individuals in the three basic groups and their income distributions in relation to 70 percent of the lower living standard budget (.7×9,588=6,712 for an urban family of four). The following analysis provides information on which to make some adjustments to the eligible population:

(a) AFDC–UF average disposable income:

AFDC–UF benefit	$4,108
Food stamps	1,248
Medicaid	1,194
	$6,550

When compared to the disposable income of the average job funded of $5,436, few AFDC–UF recipients are likely to take the job. It is assumed that at most 20 percent would have benefit levels sufficiently below $5,436 to make accepting a public job attractive enough to choose work, rather than leisure. By examining data on PSE entrants, it was decided that the number of AFDC (regular program) recipients taking jobs would be negligible.

(b) UC Recipient $\geqq 15$ weeks—according to a DOL-sponsored exhaustee study, very few of the exhaustees received food stamps or medicaid during the receipt of UC. It is assumed that this group received no medicaid and only 10 percent received food stamps. This means that 90 percent have an average benefit level of $3,900 per year and 10 percent have $5,148. It is also assumed that those with both UC and food stamps would not take a job at an average disposable income of $5,436. Also, it is assumed that one-third of the 80 percent would choose leisure and homework instead of market work, which leaves 60 percent of the total recipients of UC for more than 15 weeks willing to work. Finally, we allowed an additional reduction of 10 percent for the possible violation of the household income constraint. Thus, we ultimately assumed that 50 percent would be eligible and willing to work.

(c) Not UC and not AFDC–UF and unemployed$\geqq 15$ weeks—this group contains exhaustees of UC and all those ineligible for UC (many new entrants and reentrants to the labor force). We assume that 70 percent would be willing and eligible to take a public job at $5,436 disposable income. Some may still consume leisure or do homework, because they are secondary workers being supported by others or because their reservation wages are still higher than the PSE wage rate. Also, since very few of the UC exhaustees get food stamps, we have assumed a participation rate of only 20 percent.

APPENDIX D

Public employment projects net budget cost Calculation (zero fiscal substitution)

Gross Cost=$1,789 million: At assumed average cost per job of $7,059, this yields 253,435 jobs.

Calculation of Income and Payroll Taxes Collected per job:

Cost per job	$7,059
Administrative and other costs (assumed to be 10 percent of total)	−706
Gross wage	6,353
Low income allowance and four personal exemptions (see appendix A)	−4,900
Taxable income	1,453
Personal income tax at 12 percent on taxable income	174
Social security tax at 11.7 percent on gross wage	+743
Total taxes collected per job	917

Net Budget Costs and Savings: $232 million—total increase in tax revenues (253,435×$917).

From (4) in Appendix C we get the following number of jobs filled from each category:

AFDC equals .04 times 253,435 equals 10,137.

UC equals .51 times 253,435 equals 129,252.

Other unemployed equals .45 times 253,435 equals 114,046.

The assumed food stamp participation for these groups are 100%, 10%, and 20%. Using an average bonus value of $1,248 we get:

	Million
Food stamp savings (10,137×1×$1,248+129,252×.1×1,248+114,046×.2×1,248)	57
UC savings (129,252×$3,900)	504
AFDS–UF savings (10,137×$4,108)	42
Total Direct Savings	$835
Total Gross Cost	$1,789
Total Direct Savings	−835
Net Direct Cost	$935
Second round increase in income (.7 multiplier×954)	668
Second round savings (.33 saving factor×668)	220
Net budget costs (total gross costs minus direct and second round savings)	$734

APPENDIX E

Public employment projects net budget cost calculation (25 percent fiscal substitution)

Gross Cost=$1,789 million: At assumed average cost per job of $7,059, this yields 253,435 jobs.

CALCULATION OF INCOME AND PAYROLL TAXES COLLECTED PER JOB

Cost per job	$7,059
Administrative and other costs (assumed to be 10 percent of total)	−706
Gross wage	6,353
Low income allowance and four personal exemptions (see app. A)	−4,900
Taxable income	1,453
Personal income tax at 12 percent on taxable income	174
Social security tax at 11.7 percent on gross wage	+743
Total taxes collected per job	917

NET BUDGET COSTS AND SAVINGS:

	Millions
Total increase in tax revenue (917 x 253,435 x 0.75)	$174
Food stamp saving (57 x 0.75). See app. D	43
AFDC–UC savings (42 x 0.75). See app. D	31
UC savings (504 x 0.75) See app. D	378
Total direct savings	626
Total gross cost	1,789
Total direct savings	−626
Net direct cost	1,163
2d round increase in income (7 x 1,163)	814
2d round savings (0.33 x 814)	269
Net budget costs (total gross costs minus direct and 2d round savings)	894

SECRETARY RICHARDSON'S APOLOGY TO CHAIRMAN HILLS

Mr. PERCY. Mr. President, yesterday I inserted into the RECORD a Washington Post article describing the controversy between Secretary of Commerce Elliot Richardson and Chairman Roderick Hills of the Securities and Exchange Commission. At that time I called the Senate's attention to the outstanding role that the SEC has played in publicly exposing instances of questionable payments abroad by U.S. corporations.

I was pleased to see published reports today that Secretary Richardson has issued a public apology to Chairman Hills for his criticisms of the SEC. I would like to commend the distinguished Secretary of Commerce for the sincerity and candor of his apology.

I have been in touch with Secretary Richardson's office. He is forwarding to me the full text of his letter to Chairman Hills and I will insert it in the RECORD for the benefit of my colleagues as soon as I receive it.

For now, I ask unanimous consent to print in the RECORD the article appearing in today's Washington Post which contains excerpts from the Secretary's letter.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, June 18, 1976]

RICHARDSON OFFERS APOLOGY

(By John F. Berry)

In a "Dear Rod" letter to Securities and Exchange Commission Chairman Roderick M. Hills, Commerce Secretary Elliot L. Richardson offered his apologies yesterday for criticizing the SEC.

The letter followed by one day a stinging letter from Hills to Richardson, which was addressed "Dear Mr. Secretary."

That letter, in turn, had been precipitated by still an earlier letter on Monday from Richardson to Sen. William Proxmire (D-Wis.).

Richardson, to bolster the case for the administration's proposed legislation to stem foreign payoffs by U.S. corporations, made some unflattering remarks about the SEC.

He said new legislation was needed because "the commission's enforcement policy in this area, however laudable, may be based on tenuous legal grounds."

Richardson added, "there may be virtue in a legislative scheme which does not depend for its viability on the continued zeal or militancy of its administrators."

This was taken as an insult by the young lawyers in the SEC's enforcement division, who have sued 17 companies for failure to disclose domestic and foreign payments. More than 100 other companies have voluntarily admitted making such payments.

Hills, in his Wednesday letter, called Richardson's remarks "unfounded, inappropriate and ill-timed." He concluded, "If you believe we are incorrect, we would appreciate a more useful articulation of the problems you perceive."

In his apology yesterday Richardson said, "I sincerely regret that certain language in my letter has been construed as potentially undercutting the legitimate ongoing enforcement activities of the SEC."

He praised the SEC for "taking a forceful position at the vanguard of those seeking to assure that the business standards of all American corporations comport with our national ethic."

Richardson concluded, "I would not want any misunderstanding my letter may have caused to interfere with our continued cooperation in the pursuit of adequate measures to restore and maintain confidence in American business conduct."

And he ended the letter to Hills, "With warm regard, Sincerely, Elliot."

At the SEC, an aide close to Hills said: "We're not going to press this thing any further. I think Rod [Hills] was satisfied with Richardson's answer."

Richardson had written the original letter in his position as chairman of the Cabinet Task Force on Questionable Corporate Payments Abroad. Members included the Secretaries of State, Treasury and Defense, as well as the Attorney General and the director of the Office of Management and Budget.

Among the task force staff members who had worked hard to convince administration officials of the need for legislation, there was dismay over the uproar caused by the Richardson letter.

However, a senior official in the SEC's enforcement division argued that the letter read more like a legal brief. And the "brief," he said, leaned on the often repeated complaint in the business community that the SEC had no business investigating bribes, kickbacks, and payoffs by corporate executives. These crimes, the argument holds, are not of "material" interest to stockholders, whose interests the SEC must watch over.

Richardson, in his letter yesterday, said: "I personally did not and do not wish to take a particular side."

WHATEVER HAPPENED TO THE BALANCED BUDGET

Mr. FANNIN. Mr. President, there is hardly a periodical or daily newspaper today which does not express concern over the rate of inflation. In a State like my own where there are so many retired citizens, every increase in the rate of inflation substantially affects their standard of living. The performance of the economy of this Nation over the last 2 years has been a serious concern not only to this Congress but to the Nation as a whole. The combination of a prolonged decline in real gross national product, unemployment in excess of 8 percent, and a continued inflation gives us reason for concern and points to the immediate necessity for us to take steps to combat these problems.

A brief look at the history of our Federal budget is in order especially in light of the fact that we have experienced only one balanced budget since 1960 and that was in fiscal 1969. The deficit was quite small until it jumped to $25 billion in both fiscal 1971 and 1972, in good part as a consequence of the recession at that time. Then after declining with recovery to a recent low of only $3.5 billion in fiscal 1974, the deficit soared to the current horrendous level of $50.8 billion in fiscal 1977.[1] There can be little doubt the continuation of such deficits must certainly feed a fiercely burning inflation. Not only the elderly and the retired will be ruined by such reckless spending, but every citizen will suffer.

If we look at the relationship of the deficit to inflation we find that the inflationary impact of a budget deficit depends in large part on how it is financed. If private investors buy the new Treasury debt, there is no more spending power in the economy than there was before and the deficit is not inflationary. But, if the Federal Reserve System directly or indirectly finances the deficit, it adds to the Nation's money supply and thus sets the stage for inflation. Inflation diminished in 1975 since the Treasury was able to raise a record amount of slightly over $80 billion by selling new securities. It is possible that Treasury may be able to meet its demands in 1976 out of total national savings and a somewhat enlarged supply of bank credit, but we cannot be certain at this time that such borrowing will not be at the expense of productive private borrowing, chiefly by business.[2] Some analysts indicate that a large Federal deficit this year will be harder to finance without a crowding out effect on business as normal business short-term borrowing resumes.

Of further concern is the impact of a budget deficit on capital formation. Over the past year studies have shown that the United States faces a huge shortage of capital in the years ahead and that the need for capital could be met provided the Government began to run a budget surplus once reasonable full employment is restored.[3] However, it appears that the continuing high rate of unemployment and large budget deficit projected for 1976 are inflationary and should be avoided.

While U.S. economic growth may be more modest than that of our European trading partners, it should be pointed out that in addition to the slowing down most have more recently experienced, their continued expansions have been at the expense of price stability. Our inflation rate has been considerably below those of other major industrial countries. The United States has had to devote a far greater share of its real resources to national defense since World War II than those of other nations.

Inflation rates[1] *in selected countries (percent increase)*

	1960–72 Average	1970	1971	1972	1973	1974
United States	2.9	5.5	4.5	3.3	5.6	10.2
Canada	3.4	4.8	3.1	4.8	7.6	13.0
Japan	4.8	6.7	4.6	5.0	12.1	24.0
United Kingdom	4.9	7.3	8.9	7.8	7.4	11.0
France	4.5	5.6	5.4	5.7	7.6	10.0
West Germany	4.0	7.0	7.9	6.0	5.8	6.5
Italy	4.8	6.7	6.7	6.0	10.3	15.2

[1] Entries refer to GNP deflators.

Source: International Economic Report of the President, 1975, table 4.

In light of this trend and its adverse effects upon our economy, it is imperative that we require a balanced budget or set a spending ceiling before any further tax cuts such as the extensions of individual income tax reductions provided for in sections 401 and 402 of title IV of H.R. 10612, the Tax Reform Act of 1975 are considered.

I voice the same opposition to these tax cuts as I did to the extensive tax cuts passed by Congress in Public Law 94–164, the Revenue Adjustment Act of 1975. Those resulted in a $7.4 billion reduction for individuals and a $1 billion reduction for corporations for the 6-month period January 1 through June 30, without being tied to a spending ceiling. The additional extension of those reductions as provided in H.R. 10612 once again is not tied to a spending ceiling and, as a result, will merely increase the rate of inflation.

During the years that I have been a Member of the U.S. Senate I have observed with increasing alarm the spending figures of our National Government which go higher and higher while the deficit has grown bigger and bigger. I wonder how far this spending and these deficits can go before the American taxpayers rise up in anger and the economy of the richest nation on earth collapses. Those who did not live through the thirties may find it hard to imagine that the events of a decade could work such profound and lasting change in social attitudes developed over centuries. Having experienced those years I have no trouble doing so. What I recall most vividly is the sense of shock and despair that colored social thought. The hardship of the moment was bad enough, but even worse was fear of what the uncertain future would bring.

Confidence was hardly inspired by looking elsewhere. Bad times were spread throughout the world, and societies most akin to ours were coping badly.

In a word, things were a mess, and we sought a way out by creating a welfare state at record speed. Let the size of government, in the sense of its power to command the nation's resources, be

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Footnotes at end of article.

measured by the fraction of national income accounted for by government spending of all types at all levels. That fraction doubled in 10 years, rising from 12 percent in 1929 to 24 percent in 1939, when the real national product had roughly recovered to its 1929 level. During the next decade, the size of government moved up and down with the demands of war, demobilization and subsequent threats to national security. At its peak in 1944, Government spending had risen to 56 percent of national income. Between 1929 and 1949, the fraction of national income attributable to total government spending rose, but that net rise encompassed a decline for domestic spending. In other words, the growth of government was more than accounted for by expansion of the defense effort.

GOVERNMENT SPENDING AS PERCENTAGE OF NATIONAL INCOME

	Total spending[1]	Defense spending[2]	Domestic spending[3]
1929	11.9	0.8	11.1
1933	26.6	1.5	25.1
1939	24.2	1.6	22.6
1944	56.4	47.9	8.5
1949	27.2	6.1	21.1
1953	33.2	16.0	17.2
1959	32.8	11.5	21.2
1960	32.8	10.8	22.0
1961	34.9	11.2	23.7
1962	34.9	11.3	23.7
1963	34.6	10.5	24.1
1964	33.9	9.7	24.2
1965	33.1	8.9	24.2
1966	34.2	9.8	24.4
1967	37.2	11.1	26.1
1968	38.0	11.0	27.0
1969	37.6	10.2	27.3
1970	37.8	9.3	28.5
1971	37.5	8.3	29.1
1972	39.1	7.9	31.2
1973	38.6	7.0	31.6

[1] Expenditures of Federal, State, and local government as defined in national income accounts.

[2] Purchases of goods and services for national defense as defined in national income accounts.

[3] Total spending minus defense spending.

Source: Economic Report of the President, 1974, pp. 249, 265, and 328.

Until 1958, domestic spending by Government represented a smaller share of national income than in 1949. But not for long. Beginning with the early sixties, a fundamentally new, almost revolutionary, trend had established itself. Regardless of what happened to the defense effort, domestic spending by Government steadily rose faster than national income. Only in 2 years—1962 and 1965—had that relatively upward movement faltered. And the pace accelerated. 1963 through 1968, the percentage of national income represented by domestic spending of Government rose from 24 to 27, or by 12 percent, from 1968 through 1973, it rose from 27 to 32, or by 17 percent. Despite the Vietnam war, introduction of the all-volunteer Armed Forces, and mounting problems of national security the fraction of national income spent for defense has been lower in every year since 1959 than it was then. Today, the fraction is lower than in any year since 1950. Correspondingly, the proportion of national income devoted to the welfare state has assumed revolutionary proportions. Larger and ever larger proportions of the income of each citizen are being removed from the area of his personal decision. A Government elite is increasingly making the decision as to how the income of the citizen shall be spent. The present tax bill offers little hope for any reversal, or even slowing down of what I regard as a disastrous trend.

As you well know, I am a fiscal conservative. I offer no apology for this title. It is an allegation in which I take pride. After all, conservation is a good word in the Arizona lexicon, and in the national vocabulary as well, I should hope.

I am also an economic realist. I realize full well that in a period of recession, particularly when unemployment is high, the Government has an obligation to do what it can, reasonably and within certain fixed limits, to stimulate and expand the national economy. Such a result can be best accomplished by overhauling our tax system and focusing on the encouragement of capital formation. There are a variety of tax policies available to alter the profitability of business investment and potentially to increase aggregate savings and investment in the economy. The creation of real jobs can and ought to be the result. Several major approaches including: First, liberalization of the investment credit; second, liberalization of depreciation allowances; third, integration of the corporate and individual income taxes; fourth, a cut in corporate income tax; fifth, more favorable treatment of net operating losses; sixth, more favorable treatment of personal savings; and seventh, consideration of an investment reserve fund could be used to improve business return on investment by reducing business taxes.

President Ford urged this Congress to stimulate the private sector so that we can create productive and lasting jobs instead of following a welfare state philosophy of deadend, nonproductive, and inflationary Government-manufactured jobs. At a time when we are faced with the continued increase in the rate of inflation, it is astounding that some people believe that the cure is to provide even more Government spending. There are those among us who would urge this Congress to reduce the high unemployment rate by having the Government provide more sterile jobs. There are some individuals who scoff at the attempt to provide for a balanced budget. As I have before, I urge again that we consider providing the incentives for business so that our free enterprise system can be given a breath of fresh air. I say that by encouraging capital formation we will provide jobs for the unemployed and we may yet stem the effects of excessive Federal spending.

Federal spending encourages exorbitant wage increases in key industries. When contractors dealing with the Government can pass increased costs on to the Government, they have little incentive to resist unrealistic wage increases. Increases in wages should be related to increases in productivity—not Government subsidy. Inflationary wage increases cause American industries to flee abroad. Domestic producers find their goods being undersold by foreign competition in the U.S. marketplace. We have seen it happen with textiles, shoes, so many American products that used to be sold in a world market. We are right now watching it happen with automobiles.

Let me say, furthermore, Federal spending robs capital from the private sector. When the Government borrows heavily, interest rates soar. This has been a disaster for the retired citizen and low income families who once had a hope of owning their own homes. The more the Federal Government spends, the less likely we are to meet our Nation's housing needs. Increases in Government building programs mean a cutback in private construction.

Government spending certainly distorts our economy, and it brings some painful readjustments when national priorities are changed. Some people think that the Government should absorb these unemployed persons by creating new Federal programs.

I believe the only sound answer to current unemployment and to fiscal soundness is to get people back into productive jobs in the private sector. There is no need to use the Government as an employer of last resort if we will only provide the atmosphere for private industry to operate at the maximum.

Many of our industries are faced today with the necessity to acquire new plants and equipment or will have to expand their current facilities in order to keep up with the economy, but are faced with the problem of being unable to utilize an investment credit since it must be offset against profits. For those companies that are necessary to our national welfare I would recommend that any additional increases in the rate of investment credit also provide for the liberalizing of the method of calculating the credit so that industries such as those faced with losses rather than profits at this time can benefit and will be able to purchase new plant and equipment and thus stimulate the economy and provide more employment.

Section 801 of title VIII of H.R. 10612 fails to provide adequately for such problems and merely extends for 4 years the 10-percent investment credit and $100,000 limitation on such property. We have several industries necessary for our national security such as the electric utilities, the railroads and the airlines which have been and are still experiencing substantial losses. Each of those industries must purchase new plant and equipment and continue to expand in order to best support our national effort. In addition to providing them with investment credit relief, we should consider the deferral of tax on dividends paid by such companies to shareholders who elect to take additional stock in lieu of a cash dividend. By recent estimates over 200 dividend-paying corporations—utilities and non-utilities—have taxable dividend reinvestment plans now in operation.[4] A tax-

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Footnotes at end of article.

free dividend reinvestment plan would allow those companies to retain a significant portion of their annual earnings needed for plant and equipment expansion and modernization which otherwise would have to be paid in dividends. This would still allow those who need cash dividends to receive them. Dividend reinvestment programs will make the stock of those companies more appealing to other investors who normally invest in growth stocks.

With the modernization of current plant and equipment and the purchase of new facilities the Government will benefit not only by increasing employment and building stronger industrial complexes but will also substantially make inroads in solving our energy crisis. Utilities will be able to expand and modernize, utilizing improved technologies and alternate resources which will conserve our water consumption, reduce pollution and conserve fuel. It is imperative that we move along with our program for energy conservation. In the 93d Congress we enacted a geothermal loan guarantee program and the Energy Research and Development Administration completed regulations to implement that program last year. To further enhance geothermal development, I have proposed tax incentives which are awaiting your consideration when we take up H.R. 6860, the Energy Conservation and Conversion Act of 1975.

I join with President Ford in urging this Congress to provide changes in the Federal estate tax laws to make it easier for small farmers and small businessmen to bequeath their assets to future generations. We must assure that family businesses and family farms can be handed down from generation to generation without having to be sold to pay taxes. Such a proposal would permit the heirs of small estates to defer their initial estate-tax payment for 5 years beyond the date it would otherwise be due. After that 5-year period, the tax could be paid over the next 20 years at 7 percent annual interest. At present taxes on smaller estates may only be spread over 10 years; a 9-percent interest charge, which will drop to 7 percent on February 1 is assessed on the deferred payments. This proposal would apply in full only to the first $300,000 in value of the family farm or business. Between $300,000 and $600,000 there would be a dollar for dollar reduction in the value of the farm or business, qualifying for the payment moratorium and the extended payment provisions. The portion that does not qualify would continue to be subject to 10-year installment payments with the 7-percent interest rate. The conservation of the small family farm and small family business is essential to the spiritual as well as the economic wealth of our country.

I find that the provisions of H.R. 10612 providing for limitations on artificial losses and recapture of depreciation on real property will substantially affect the real estate industry and I am deeply concerned over the impact of those provisions as they affect an industry which contributes, and has contributed, so substantially to the growth of Arizona. I will work to assure that this entire industry is not jeopardized.

It is important at this time that we take no steps that would jeopardize our recovery from the recession of the past few years. Viewed in the context of the need to encourage our troubled real estate industry and to encourage building and construction, we must carefully scrutinize any tax legislation that will affect that industry. Likewise, I plan a careful examination of each of the other tax shelter proposals to determine whether the harms to the industry involved outweigh the revenue gain.

At the annual meeting of the International Monetary Fund and the World Bank in Washington, the fund's managing director, Johannes Witteveen took the unusual step of calling explicitly on the United States, Germany, and Japan to press harder to get their domestic production up to normal levels. With demand slack in the world's markets, prices have been down for the commodities that the poorer countries sell. Economic development requires stable commodity markets without which all else fails. The United States, for its part, is now more heavily dependent upon foreign markets and foreign demands than ever before in its modern history. Most Americans are unaware of the speed with which our foreign trade has grown in recent years. American exports have grown from $20 billion in 1960[4] to over $100 billion in 1975.[5] The tremendous surge of foreign sales meant more jobs and profits in this country and certainly helped our economy during a period when we were experiencing a steady and destructive increase in the rate of inflation. The growth in foreign exports has given this country an opportunity to reinflate its economy unilaterally and to carry through a world recovery by stimulating growth.

When we consider legislation with regard to the treatment of foreign income we must carefully analyze the effect such legislation will have on American companies doing business abroad since we do not want to place them in the position of being unable to compete with foreign businesses. I would wish to carefully analyze the competitive business relationship between American companies and foreign companies in areas of economic concern to this country before eliminating the per country limitation in the foreign tax credit. I urge that if we are to provide any assistance in this area that we first consider our possessions and assist them in stimulating their economy and giving them incentives to attract new businesses. We might well provide that the income received from these possessions not be subject to the foreign tax credit limitation but be accounted for under a new and separate foreign tax credit. In this way companies which are in an excess foreign tax credit position will consider establishing new businesses and investing in these areas which will have the overall effect of assisting our possessions in meeting their budget commitments without having to come to this Congress for handouts. This will also strengthen business since it will have incentive to build in those areas rather than going abroad to foreign countries.

We are still faced with what I consider the double taxation feature of our present tax system in that currently income is subject to taxation when first earned by corporations and also after being received by stockholders in dividends. Once again in order to stimulate our economy I would propose to give companies a tax deduction for a portion of dividends paid out and also give stockholders a tax credit for this income. Clearly, some action is necessary in the tax field to encourage a greater rate of savings and investment in the Nation's future. The Treasury Department has presented a tax program to achieve those goals involving gradual elimination of the double tax on corporate profits. When we consider the treatment of long-term capital gains and losses, we should realize that a decade of inflation has turned the capital gain tax into a concealed capital levy. A substantial portion of the so-called gain reflects simply the rise in the general price level over the holding period. The payment of taxes on such fictitious appreciation can only result in a reduction of the real capital of the taxpayer.[6]

Much is made of the deprivations imposed by inflation on the poor consumer. Almost totally ignored is the crushing effect of inflation on the poor consumer's savings. Consider the individual who may put $1,000 into a passbook savings account at 5¼ percent a year ago with more than a 10-percent increase in the price level over the past year at the end of the year his real savings are worth less than $956. It is as if he had invested his money at a negative yield at 4.325 percent.

For many households, thanks in part to Government regulations, there are few realistic opportunities to shift their savings to higher yield securities. Their own efforts to provide financial shelter for temporary emergencies, reserve for retirement, for investment in children's education, and so forth, are viciously sapped by inflation. It would be desirable both as a short range measure and as an initial step toward long range tax reform to provide a tax credit for increases in the amount of saving. Such a credit could be designed so that it would treat all bracket taxpayers equally. It would have a major advantage over many other tax relief proposals in that it would offset any revenue losses involved by increases in personal savings.

Inflation is the most potentially destructive, the most dangerous, problem we face. Intelligent tax policy can do much to alleviate and to decrease this danger.

We owe those on fixed incomes, the elderly, the retired, that they not face a ruinous future. We owe the coming generation that they receive from our hands a country of promise and expanded possibilities, not a land in which all solid values have melted away in the fires of inflation.

It is not merely whether prices have gone up or down during the past few

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Footnotes at end of article.

months that should engage our attention, it is the overall upward trend of inflation. Our tax policy, well considered, can be a major, perhaps a critical factor, in reversing the direction of this trend.

FOOTNOTES

[1] "Whatever Happened to The Balanced Budget?" The New York Times, 18 January 1976, p. F1.

[2] *Ibid.*

[3] Barry Bosworth, James S. Quesenberry, and Andrew S. Carron, "Capital Needs in The Seventies", Washington, D.C. The Brookings Institution, 1975, pp. 76–78; see also Lindley H. Clark, Jr., "Speaking of Business—Assault on Capital" Wall Street Journal, 26 January 1976, p. 8.

[4] Staff of the Joint Committee on Internal Revenue Taxation, "Capital Formation—Prepared For the Use of the Committee on Ways and Means, U.S. Government Printing Office, 7 October 1975, p. 26.

[5] "Recession Abroad" Washington Post, 7 September 1975.

[6] George Terborgh, Inflation and The Taxation of Business Income, Machinery and Allied Products Institute and Council For Technological Advancement, January 1976.

THE COMMUNIST PARTY IN THE ITALIAN ELECTIONS

Mr. HELMS. Mr. President, the parliamentary elections in Italy on June 20–21 may bring a profound change in the political configuration of Western Europe.

The Italian Communist Party—PCI—made tremendous progress in projecting itself as a legitimate "democratic" force in Italian politics with a record for clean, uncorrupted administration in the cities controlled by the party.

Unfortunately, the Communists of Italy are neither democratic nor uncorrupted. The PCI is operated under the principles of party structure of "proletarian" dictatorship similar to the Soviet Union or any other Communist-controlled country. The internal party discipline and obedience to party bosses within the party's rank and file does not permit any real democracy or political freedom.

It is obvious that once in power, the Communists will extend the same strict discipline and party-line policies to the administration of national agencies under their supervision.

At present, the Italian Communists, headed by dedicated organizer Enrico Berlinguer, claim their independence from Moscow and speak about the continuation of Italian membership in NATO even if they win a clear victory at the polls on June 20–21 and, as a result, should have controlling position in the Italian Government. But the Italian membership in NATO will become of very questionable value under the circumstances of Communist control or even of substantial influence. It is really unthinkable to expect that the Communists of Western Europe would genuinely and honestly participate in an alliance against the Communist bloc of nations when throughout their entire operational history they blamed the Western alliance for instability and lack of peace and enjoyed the economic, political, and organizational support of the Communist bloc.

On the road to its present strength the PCI went through every possible procedure to undermine the Italian Government and to destroy the economy of Italy in order to make any reasonable policies impossible and ineffective.

The political strikes of the 1950's and 1960's, instigated and organized by the Communist-controlled trade unions, constantly expanding new demands placed before the industry by the unions, combined with poor management, brought the economy of Italy to a catastrophic condition from which it will be very difficult to extricate the country.

But Communist control of the economy and government is by far not the answer to the Italian troubles. The inefficiencies of the Communist bloc economies go beyond the Italian example. The agriculture and industry of the Soviet Union and other Communist countries are not models for anyone to be inspired by. The Soviets cannot rejuvenate Italian industry when it takes Fiat to build the largest automobile plant in the Soviet Union. The Communist economic methods of operation need constant support from the West and, in particular, in management organization of production lines and innovative technology.

The Communist control over the Italian economy will only deepen the existing economic crisis and contribute to the further downfall of the Italian monetary system. No matter how inefficient and corrupt the Italian economic and government administration has been under the Christian Democrats and other democratic parties. The Communists could bring only further disaster and deeper economic and political weakness.

The hope for the June 20–21 elections in Italy is that the Italian electorate will not be swayed by Communist rhetoric and promises and will support the existing democratic structure, no matter how weak and inefficient. It is obviously better than anything that the totalitarian discipline can offer.

MAN-MADE EVOLUTION

Mr. MATHIAS. Mr. President, I would like to bring to the attention of my colleagues an article that appeared in today's Washington Post. Written by Nicholas Wade, a well respected writer for Science Magazine, the article deals with recent work on DNA and the increasing capacity of bioscientists to intervene directly in the most fundamental processes of cellular growth and development.

While this seemingly esoteric matter may appear to be of interest to only a small band of scientists, the importance of the article, in my view, lies in the clarity with which it illuminates the public policy implications of this research. Clearly the Federal Government, through sponsorship of research—primarily supported by the National Institutes of Health—is directly involved. Beyond this, however, I am firmly convinced that the political institutions of our society must become involved in the decisionmaking for something as profound as the ability of humans to intervene in, and alter, the evolutionary process—a domain previously governed exclusively by the laws of nature. In a column that appeared last New Year a step forward in this branch of science was called the most important event of 1975 by the distinguished and thoughtful writer, George Wills. Mr. Wade confirms Mr. Wills conclusion. I urge all of my colleagues to read, and ponder, the implications of Mr. Wade's article.

Mr. President, I ask unanimous consent that the article referred to be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MAN-MADE EVOLUTION

(By Nicholas Wade)

In the next few weeks a new and adventuresome technology will be unleashed on the world by way of guidelines issued at the command of the head of a minor federal agency.

The technology is based on a method for creating new forms of life, a prerogative hitherto reserved for evolution. Whereas new organisms arise in nature through the slow and haphazard reshuffling of genes, the method now available enables the scientist to manipulate the genetic material directly by a technique of cutting and splicing. This technique presents benefits and risks on a scale probably comparable with those of harnessing the atom. Just as at the dawn of the nuclear age, the benefits, which are easily visible and near at hand, appear at present to outweigh the more nebulous and seemingly distant hazards.

It would be untrue to say that the scientific community is divided on the merits of pushing ahead with the development of the technology. Most scientists believe that the dangers are negligible or can be contained. In fact, the present plans to proceed, in the form of guidelines to be issued this month by the director of the National Institutes of Health, have only two serious critics.

Yet the critics happen to be two of the most distinguished of all the scientists involved in the decision-making process. Also, unlike many of their colleagues, they have no personal interest in using the new techniques in their own research.

Robert Sinsheimer, a member of the National Academy of Sciences and chairman of the biology division at Cal-Tech, commented recently of the proposed NIH guidelines: "Obviously neither I nor anyone else can say that if the present committee guidelines are adopted, disaster will ensue. I will say though, that in my judgment, if the guidelines are adopted and nothing untoward happens, we will owe this success far more to good fortune than to human wisdom."

And Erwin Chargaff of Columbia University, who holds the National Medal of Science, points out that new forms of life, once created, cannot be recalled from nature. "Have we the right to counteract, irreversibly, the evolutionary wisdom of millions of years, in order to satisfy the ambition and curiosity of a few scientists?" he asks in a letter in Science. To do so, he believes, is a folly and a crime, an attack on the biosphere "so unthinkable to previous generations, that I could only wish that mine had not been guilty of it."

What has made the new technology possible is not so much man's cleverness as the accidental discovery of something in nature, a class of bacterial enzymes endowed with quite unexpected properties. The enzymes constitute a molecular-level scissors-and-paste kit for cutting and splicing the genetic material with undreamed of precision.

The technique of assembling new genetic

messages—known as "recombinant DNA" molecules—is a powerful research tool that will doubtless bring its earliest users a crop of Nobel prizes and the like. It also offers a cornucopia of practical applications in the form of custom designing organisms for use in industry, agriculture and medicine.

Instead of rushing ahead to exploit the technique, however, the scientific community has shown a notable degree of responsibility. Scientists first drew attention to the hazards two years ago when a group of American researchers called for a voluntary moratorium until appropriate safety conditions could be established. Scientists throughout the world have observed the moratorium, and will probably follow closely the NIH guidelines that will bring it to an end.

And yet, despite the two years of self-restraint and conscience-wringing, the guidelines about to be issued will allow almost all but the most wildly dangerous experiments to proceed under strict but not grossly inconvenient safety conditions. The public has had little effective opportunity to share in the decision-making process, and the fundamental objections of inside critics such as Sinsheimer and Chargaff have been ignored without being specifically rebutted.

What are the dangers of the new technique and the technology that will sprout up from it? First, the new forms of life can be expected to escape quite regularly, particularly from the less meticulous laboratories. Even the most careful scientists become exposed to the organisms they work with, and the best available containment methods used in the Army's biological warfare laboratories at Fort Dietrich, for example, did not prevent 423 cases of infection and 3 deaths over a period of 25 years.

Escape is made more certain by the circumstances that the bacterium to be used as host for many of the new life forms is Escherichia coli, a common inhabitant of the human gut and nose. If a human pandemic or some other "worst case" accident occurs, future historians will never be able to understand why of all the bacterial species at our disposal, we made the most reckless possible choice. They will not credit the reason, that the human gut bacterium was simply the most convenient organism available at the time.

Most of the new life forms will perish outside the laboratory, unless deliberately designed to survive. But some may find suitable niches, in our crop plants, in our domestic animals, or in human populations. At worst, the consequences could range from mass infection to the virtual eradication of a species.

People worry about the proliferation of nuclear technology to more than a handful of countries. The "recombinant DNA" technique puts what will one day become an almost equally awesome technology into the hands of every biological researcher with access to a modern laboratory. Sooner or later, one of these researchers may try to put the technology to evil use. But more to be feared is the do-gooder who attempts to take some unilateral action for what he conceives to be the benefit of mankind.

Many of the projected experiments involve the insertion of genes from higher cells into bacteria. Bacteria and the higher forms of life interact intensely with each other as organisms. But they ceased to interact on the genetic level hundreds of millions of years ago. To transgress the genetic apartheid that nature appears to have set up is to risk endowing bacteria with the genetic control signals of higher cells—a kind of molecular-level betrayal of state secrets that could equip bacteria with a whole new weaponry for attacking plants and animals. "There is no need to spin out horror stories," says Sinsheimer in describing the possible consequences of breaking the genetic barrier. "The point is that we will be perturbing, in a major way, an extremely intricate ecological interaction which we understand only dimly."

The technique and its immediate uses now being discussed are only the prelude to a more fundamental intervention in the process of evolution. Do we really want to assume responsibility for life on this planet? Hitherto evolution has always seemed as inexorable and irrevocable a process as time or entropy. Now man has a handle on the force that shaped him. "Shall we take into our hands our own future evolution?" Sinsheimer has asked. The response has been that it is a sick society that fears to venture into the unknown.

After the explosion of the first atomic weapons Robert Oppenheimer remarked, perhaps sententiously, that physicists had "known sin." With the advent of the recombinant DNA technique, molecular biology has reached the end of an age of innocence. The vast storehouse of pure knowledge that biologists have accumulated over the last 20 years will now be turned into a manipulative art, a tool for changing the world as well as for understanding it.

ON CONTROLLING THE RISING COSTS OF HEALTH CARE

Mr. McINTYRE. Mr. President, not long ago Morton Miller, representing the Health Insurance Association of America, presented a statement to the Subcommittee on Health of the Senate Committee on Labor and Public Welfare on controlling the rising cost of health care.

Mr. Miller suggested a number of approaches to meeting the problems of health cost inflation, and though I do not necessarily agree with every point made in his presentation, I do believe what he had to say deserves our serious consideration.

So that my colleagues can give it that consideration, I ask that Mr. Miller's statement be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF THE HEALTH INSURANCE ASSOCIATION OF AMERICA ON HEALTH CARE COSTS

My name is Morton D. Miller. I am Vice Chairman of the Board of Directors of the Equitable Life Assurance Society of the United States. With me are Mr. Daniel W. Pettengill, Vice President of the Aetna Life & Casualty and Mr. Brooks Chandler, Executive Vice President of the Provident Life & Accident Insurance Company. We appear today on behalf of the Health Insurance Association of America. The member companies of the Association are responsible for some 85% of the private health insurance written by insurance companies in the United States.

As an industry responsible for the private health insurance protection of almost 100 million Americans, we have been vitally concerned with the incessant erosion of the value of the American public's health care dollar.

Our concern is not of recent origin. As we have testified previously, both in the Senate and in the House we share the committee's concern for the increasing proportion of our Gross National Product consumed by medical care expenditures. We feel, of course, that adoption of the principles embodied in the National Health Care Act of 1975, S. 1438 introduced by Senator McIntyre would provide universal access to medical care coverage for all Americans and deal with the problem of increasing medical care costs.

There has been a welcomed increase in concern about medical care costs over the last several months. Concern with medical care costs seems to have risen in almost everyone's consciousness—labor, management, government, providers, insurers and consumers alike. The time seems ripe for all of us, acting in concert to tackle this most difficult problem.

For the first time, there seems to be the common realization that more and more expensive medical care does not necessarily produce better health or better health status. Additionally, many now recognize that as a nation, we do not have unlimited resources to expend on medical care. Insurers recognize that they cannot solve this problem alone and offer their expertise to this committee in forging a practical, reasonable and effective program of medical care cost containment

I believe that there are several principal explanations for the rapid rise in medical care costs. For example:

A. In this country, as in others which have adopted governmental national health insurance programs, the patient usually does not pay for his medical care services at the time they are received. A significant portion of the patient's health care bill is paid by a third party—either a private health insurer or the government. Neither the provider nor the patient experiences the immediate crunch of having to economize on the use of expensive resources.

B. The hospital system which has evolved in this country is based upon the principle of paying hospitals whatever they spend. Such a reimbursement arrangement, when combined with the extensive private and governmental payment system, has led to reduced cost consciousness.

C. Physicians and patients alike expect to have all the resources they feel to be necessary, whenever they feel they need them, and without regard to the cost. For many years, this belief has been stated in national policy and has found expression in such legislation as the Hill-Burton program. The Hill-Burton program, for example, has been allowed to continue well beyond the point of diminishing returns and has contributed to the current overbedding problem. Unfortunately, it has been almost impossible to terminate these types of programs.

D. There has been a growth of medical malpractice suits with awards at increasing levels. We estimate that as much as $1.5 billion of malpractice premiums is paid by providers annually. Additionally, DHEW has estimated that somewhere between $3 and $6 billion annually in health care expenditures is the result of "defensive medicine" practices to avoid the possibility of medical malpractice suits. Both the premiums and "defensive medicine" add-ons are passed through to patients and third party payors by the providers.

E. There is a discernable lack of competition among providers both as to services and charges. Without the force of the market place to restrain cost escalation and assure quality, providers are able to create a major proportion of the demand for their own services without having to justify the necessity of such services to the public.

The opposite is true of health insurance. In fact, the full forces of the market place have spurred private health insurers to achieve real cost savings in the conduct of their business. That part of private health insurance premiums which is not paid-out in benefits has been an ever shrinking percentage of total premiums, e.g., benefits for group coverages have risen from 70% to 90% of premium in the period of 1950 to 1975.

There are a number of things insurers have done, with varying degrees of effectiveness, in an honest effort to offset these basic problems.

A. Policy Design—

Insurers have designed benefit plans, particularly major medical, so that payment is made for care whether rendered in or out of a hospital. This encourages our insureds to utilize less costly ambulatory services instead of more costly inpatient institutional services. Our success has been somewhat limited by the fact that much of the public wants to retain its first-dollar hospital insurance, and is unwilling to accept a deductible on hospital charges. Through the use of modest cost sharing, we have however, sought to have the patient retain a financial stake in his treatment so as to deter the demand for unnecessary services without hampering access to necessary care.

Additional cost containment features included in health insurance policies are:

1. Payment for tests performed prior to admission to the hospital. Such pre-admission testing programs result in the saving of one or more days of room and board charges. To help make this program more successful, physicians should be encouraged to avail themselves more frequently of pre-admission testing for their patients.

2. Use of coordination of benefits provisions, so that patients with multiple coverage do not "profit" from medical treatment, by receiving claim payments that are greater than the total of their medical expenses. In this regard, the COB provision could be further enhanced if the provision could be applied to individual health insurance policies.

3. Experimentation with reimbursement of second and third opinions for elective surgery, which, with appropriate education of providers and the public, offers promise for savings on both hospital and surgical expenditures.

4. Reimbursement for care rendered under an organized home care program and for skilled nursing home facilities—both of which provide less costly alternatives to hospital care. Here too, physicians must be educated as to the availability of such alternatives. It should be noted that at present, nursing homes are only rarely used by patients under age 65.

B. We have developed claim control programs which isolate cases of questionable treatment or high fees. Many companies have developed profiles of physicians' fees, and in addition we have developed a mechanism for sharing on an industry-wide basis aggregate surgical and dental charge data. Our usual procedure is to refer high fee cases to peer review committees. To illustrate, cases which we have referred to the New York County Review Committee have resulted in decisions in which physicians agreed to reduce the amounts of their initial billings by $1 million annually.

In this connection, we hope that the current activity of the Federal Trade Commission against the Massachusetts Medical Society will be resolved in a manner that will permit peer review activity, which we believe is desirable and in the public interest, to continue.

Along with submitting cases for review, we have worked with and supported the efforts of the providers to establish quality and utilization review committees.

C. We have actively supported the enactment of legislation designed to restrain health care costs and improve the quality of such care. Included are the National Health Planning and Resources Development Act of 1975 (P.L. 93-641) and the Health Maintenance Organization Act of 1973 (P.L. 93-222).

We have supported state legislation designed to provide for prospective rate review of institutional charges which require hospitals to budget costs in advance and submit charges for review and approval by a rate setting commission in each state.

Over 50 insurance companies are directly involved in HMOs, and have provided financial support through grants and loans, totalling approximately $60 million. In addition, companies have provided $20 million in purely financial assistance to HMOs.

But, these mechanisms in themselves, although helpful, have proven inadequate to stem the tide of rising medical costs. The ability of insurance carriers by themselves to effectively influence aggregate medical expenditures is limited. I would call attention of the subcommittee to the fact that private insurers, unlike Blue Cross and Blue Shield plans which are limited to one state, are unable to collectively contract with providers because of legal restrictions. Even if we were able to, the self-pay patient, who has little bargaining power, would be left defenseless.

PROGRAM TO CONTROL THE COST AND THE QUALITY OF HEALTH CARE IN THE U.S.

The cost and quality of care delivered in the United States are controlled essentially by the practices of the health care providers. The elements involved are the unit cost, the volume, and the intensity of services provided. The public is entitled to the assurance that reimbursement systems do not encourage increased costs which are not directly tied to improvements in the quality of care or valid increases in the operating costs of providers.

In a pluralistic system of financing health care, it is essential that the regulatory process embrace the care rendered to all patients. This principle underlies the insurance industry support of the following federal and state legislative initiatives.

I. Health Care Resources Allocation

Planning for the development, allocation and modification of the limited resources and services of our health care system has evolved over the last 15 years from a voluntary program to a federal-state-private sector partnership first expressed in P.L. 89-749 in 1967. These earlier efforts, which depended upon voluntary actions to achieve the necessary cooperation and support of providers, were not highly successful. However, the enactment of the National Health Planning and Resources Development Act of 1974 (P.L. 93-641) has the potential for correcting many of the shortcomings in the earlier legislation. It affords a new blueprint for the maintenance of community involvement and the local determination of how existing and further resources shall be expended.

The insurance industry has consistently supported federal initiatives in this area. We have committed experienced insurance company representatives to the planning process at the federal, state and community levels. Implementation of P.L. 93-641 is now in its first phase with initial designation and funding of the health systems agencies. In order to assure the fulfillment of P.L. 93-641's great promise, we would offer for your consideration the following observations and actions.

1. Funding—

The new health systems agencies have been funded initially at a level far below that necessary for them to effectively carry out their charge. It is essential, therefore, that they be funded adequately and priorities be established for the HSA's which can be realistically achieved in the time remaining before the present statute expires. In this regard, Mr. Chairman, I am sure we share an appreciation of the Appropriation Committees' recent responsiveness to these funding needs.

High among these HSA priorities should be the development of health services plans based upon reliable and accurate data. Such plans are necessary for the HSA's to fulfill their resource allocation functions, particularly, the certificate-of-need component.

2. Consumer Advocacy—

Public Law 93-641 requires representatives of pre-payment plans or insurance companies to be in the provider category. We believe that both types of organization more appropriately identify with the interest of the consumer. Thus, amendment to the existing provision of the Act defining "health insurer" is necessary in order to assure the participation by representatives of both pre-payment plans and insurance companies of each HSA Board.

3. Manpower Allocation—

HSA's should be encouraged to develop mechanisms for increasing the availability and accessibility of primary care physician services and for decreasing the number in medical specialties where supply already exceeds demand. Similarly, new incentives, through the planning process, must be developed to encourage primary care physicians to meet the demands for services in rural and inner city areas. Both of these activities should be enhanced greatly by the manpower bill now before the Senate and already passed by the House.

Finally, planning agencies should give consideration to using the regulatory process to apportion scarce facilities and services. One method which would facilitate equitably distributing such resources might be requiring open physician staff privileges.

II. Control of hospital costs

Expenditures for hospital care now exceed $50 billion per year and are increasing at a rate of about $7.5 billion per annum. Government, both at the federal and state level, concerned with the rate of escalation of hospital expenditures and the continunig drain which it represents on tax revenues has arbitrarily and unilaterally limited its payment to institutions, primarily hospitals. In most instances, hospitals have reacted to these unilateral reductions in payments by inflating charges correspondingly to the private sector patient. This has compounded the forced subsidy currently estimated to be in excess of $2 billion per year on the private sector patient. Additionally, it has failed to address the basic question of how to reduce the rate of escalation of hospital cost for everyone. We are strongly opposed to the Administration's current proposal for further reduction in the payment of hospital services under the Medicare program which will result in adding more than $1 billion of unreimbursable costs on the private sector.

We have monitored closely since their enactment, the Prospective Rate Review Systems established by the States of Connecticut, Maryland, Washington, and Massachusetts. We have been particularly interested in determining how their experience might be applied to a new reimbursement system for hospital care requiring the participation of all hospitals and including all patients. While the experience to date is limited, the following conclusions should serve as the basis for federal participation in and support of experimentation in this area.

1. The state agency, whether it be a full or part-time commission must have the authority and the capacity to review on an annual basis the total income of the institution and to approve both price and volume changes as they relate to increased cost.

2. In evaluating increases in cost due to capital expenditures for new or improved facilities and services, the commission should be guided by the recommendations of the appropriate planning agency.

3. Each hospital should be required to justify its budget increases once for all sources of patient income. This would assume that the hospital would follow one set of administrative requirements and would be subject to a single audit.

4. The rates submitted by the hospital must be based upon the institution's full financial requirements.

5. The rate review process should provide

a realistic management incentive for efficiency. Thus, any surplus income should be retained by the institution and disbursed on the basis of management's prerogative.

The hospital rate review commissions now operating in Connecticut and Maryland have the statutory authority to review and approve increases in total income for all institutions. They have reduced the rate of escalation in the cost of hospital care for all patients below the nation-wide average. In Connecticut in the last two years for which data are available, the rate of increase has been reduced by more than 30%, and in Maryland by 33% in its first year. Had these two programs been operating on a nation-wide basis, a savings of more than $2 billion would have resulted.

The Commonwealth of Massachusetts has a similar program in operation limited to Medicaid and Blue Cross. It has reduced the escalation of hospital charges by about $10 million. A more comprehensive program is now under consideration by the legislature and has the strong support of the Governor and the insurance industry.

The Department of Health, Education, and Welfare in carrying out its obligations under P.L. 92–603 to experiment with prospective rate review has funded more than 26 experiments. These experiments have failed to impact on the general rate of inflation for hospital care because they either involved too few hospitals or were not applied to the rates paid by all patients. We are encouraging HEW to limit further experimentation in this area to those states which have the authority to include all hospitals and the rates paid by all patients. It seems clear that the impact of the Connecticut and Maryland programs on the general rate of escalation has favorably influenced the experience of Medicare and Medicaid, although neither has voluntarily participated in these programs.

Consideration should be given by the Committee to modifying Section 1526 of P.L. 93–641 to provide funding for experimentation in an additional 12 states and to establish guidelines as the basis for federal participation in such experiments.

The guidelines should include at least the following:

1. A definition of reimbursable cost;
2. The identification of the cost allocating system used by institutions;
3. A requirement that the rates adopted apply uniformly to all patients;
4. A definition of "reasonableness" which will be applied uniformly in evaluating rate increases and allowable costs;
5. A requirement that major capital expenditures and new services be tied to the recommendations of the appropriate health systems agencies;
6. A requirement that increases in cost due to a voluntary change in the utilization and the intensity of services be supported by a quality assurance plan which monitors the appropriateness of the confinement and its duration and the quality of care rendered for all patients; and
7. Changes in the institution's total budget or price and intentional changes in volume should be subject to approval.

Until such a new reimbursement system is in place, legislation which arbitrarily limits the amounts which government programs will pay to providers should be avoided. Such legislation merely shifts the costs of such providers to the private sector.

III. Physicians charges

Physicians are paid for their services under a variety of arrangements including capitation, salary, and fee-for-service. The first two are common ingredients of health maintenance organizations and, as previously stated, our member companies are involved in such experimentation. Although these arrangements offer much promise for cost containment and quality care, the total volume of services presently rendered under such arrangement is still relatively small. Thus, most of our activities have concentrated on the fee-for-service method of payment.

There are a number of alternatives now being employed by government and insurance plans to answer the questions of whether, under fee-for-service arrangements, (1) a given physician's charge is in line with prevailing charges in the community and (2) the rate of escalation is reasonable.

Medicare, for example, requires that for physicians accepting an assignment, the amount paid by Medicare be the full charge, with the patient responsible only for the co-insurance and deductible, if any. While this approach was initially effective, it has not kept pace with inflation because the Medicare prevailing fee guideline is based on charge data developed in the preceding year. The result has been more and more physicians refusing to accept assignment. Under such circumstances, the Medicare payment is used as a partial payment and the patient picks up the difference.

The option of making payment based on the physician's "usual and customary" fee was developed by our industry in 1951 in connection with major medical expense insurance coverage. Currently some 90 million of our insureds have such coverage. We believe that under a fee-for-service system in which a patient is free to choose his own physician, the "usual and customary" method of reimbursement is effective. We recognize, however, that this approach requires the support and cooperation of the medical profession in developing community-wide prevailing fee guidelines. Such guides may be used by insurance carriers in the administrative determinations of when to pay a claim routinely and when the claim requires further investigations. Such guidelines, when properly monitored by the medical profession, also offer a realistic basis for measuring the general rate of escalation in physician fees in the community. Finally, the cooperation of the medical profession is essential for the effective operation of peer review committees which serve as an objective forum in disputed cases concerning the reasonableness of the charge and whether a lower payment is justified.

Experience with the "usual and customary" method of reimbursement indicates that charges have been justified in approximately 98% of claims. In the approximately 2% of claims that require investigation, we exercise several options. There may be direct discussion with the physician to obtain an adjustment to a lower charge or, where the profession has established an effective peer review system, the disputed case could be referred to a peer review panel for evaluation. Overall, we experience reduced payments through this process of anywhere from 50% to 75% of the claims referred to a review committee.

The major weakness in the foregoing approach is that the doctor does not always reduce his fee to the patient. To correct this problem, we have been working with Medical or Health Care Foundations (physician sponsored organizations) to obtain an acceptance by individual physicians of the judgment of their peers when a recommendation for a reduced payment is made.

Two foundation approaches which have been successful in reducing physicians' charge escalation exist in the Twin Cities area of Minnesota (Minneapolis-St. Paul) and in the State of Iowa. In the former area, physicians' charges have increased by 20% over a four year period in comparison with a 25% increase for the nation as a whole. In Iowa, where the program has been in existence only one year, charges have escalated at one-half the national average.

The method of paying for physician services on a fixed or negotiated fee schedule approach is a concept which originated many years ago in a number of Blue Shield plans. The participating physicians agreed to accept the scheduled amount as full payment for services from low income subscribers. The negotiated or fixed fee schedule approach is under renewed discussion by the Congress and state governments, as a means of stabilizing the cost of physician services at a reasonable level.

There are, however, problems with the fixed or negotiated fee schedule approach. History indicates that if the schedule is set too low, most physicians will opt out of the arrangement as has happened with Medicaid, thus creating a barrier to needed care. If the schedule is set too high, it tends to be too costly as more physicians will be below the top limit than above it and once the schedule is established those below the top level will tend to move up to it. A third deficiency in the fixed fee schedule approach is that it necessitates continued negotiation between third party payors and the medical profession. This creates administrative problems as changes are made at periodic intervals. Furthermore, since the process of negotiating future rates of escalation with the medical profession is one on which there is limited experience, it is not clear how effective in controlling costs this approach might be in the long run.

IV. Necessity and quality of care

The total cost of physicians' services is the product of the unit cost of the services and the volume of the services rendered. In calculating the latter, as with hospitals, the question of whether the services rendered were medically necessary is raised. We believe that the delivery of quality health care is the responsibility of the medical profession working in cooperation with the hospital administration and other health professionals as appropriate. Therefore, the insurance industry supports the establishment of community-wide monitoring and evaluation systems operated under the direction of qualified, representative medical organizations.

The objectives of the program should be:

A. To assure each patient that his care is consistent with professional standards of quality;

B. To identify and correct practices which result in care that does not meet professional standards of quality;

C. To identify and eliminate wasteful and unreasonable practices, and to correct deficiencies in the system which unnecessarily inflate costs;

D. To inform the public of the objectives of the program and to seek their cooperation and support in interpreting its effect on the quality of health care.

The need for establishing this type program was recognized in the passage of P.L. 92–603 establishing Professional Standards Review Organizations for the beneficiaries of governmental programs. We believe it is important that there be one community-wide system for the evaluation of quality of institutional care and, thus, applaud the recent invitation of the Department of Health, Education, and Welfare to extend the PSRO Program, as it becomes operative, to the private sector. The decision to do so, of course, rests with each medical organization and hospital, and we are seeking to obtain their cooperation and support in fulfillment of this goal.

The extension of this program to the private sector may produce short-range dollar savings but the real value will lie in its long-range impact on (a) placing increased emphasis on the delivery of quality care; (b) correcting practices which now result in inferior quality care, through continuing education, and (c) generating support for the introduction of new services which improve the availability, access and delivery of quality care.

Where the program produces permanent reductions in hospital utilization rates, it will save the capital and operating costs of unnecessary new hospital beds.

Other possibilities which might be considered for assuring the quality of health care are: (a) periodic relicensure of physicians, as has been suggested by this Committee, at the state level; (b) extension of PSRO authority to develop listings, by condition, of specific tests and procedures which should be performed; and (c) implementation of the recommendations of the Institute of Medicine's recent Social Security Reimbursement Study, particularly that portion dealing with the supply and geographic distribution of medical specialists.

V. The need for reliable patient care data to support regulatory processes

Critical to the needs of adequate community health planning, PSRO's and hospital cost control is uniform data. Our industry is working with provider organizations and the American Association for Comprehensive Health Planning (AACHP) to develop a program for the establishment of statewide data consortia, balancing the input of the public and the private sectors. Such consortia would involve both the providers and users of data. These consortia would, hopefully, prevent a proliferation of multiple systems that would result in additional cost to the public and restrict our ability to coordinate and relate information.

In implementing this program, we are actively seeking the cooperation and involvement of the National Center for Health Statistics in coordinating the activities of federal and state governments with those of the private sector.

Such a consortium has gotten off to a good start in New York and, should it prove to be successful, might become a model for other states.

VI. Support for and involvement in alternative delivery systems

It is imperative for this country to move forward, with all deliberate speed, in the development of alternative delivery systems. In our opinion, it is essential to the future vitality of the health care system that its still largely "cottage" character be reduced and greater efficiency and heightened productivity be achieved among all segments of the industry. While Dr. Paul Ellwood and others have rightly emphasized the need to promote HMOs, a variety of other mechanisms must also be encouraged if we are to achieve these objectives.

We should foster competition among various modes of delivering health care since it is not yet clear which mode or mix of modes will ultimately be found to best achieve the objective. It follows that we should encourage not only closed panel, prepaid group practices, but also individual practice associations and multi-specialty group practices. The multi-specialty groups seem to have achieved a high degree of efficiency, increased productivity, and reductions in hospital utilization on a fee-for-service basis.

Given the present state of the art of managing health care delivery, we are of the firm opinion that the best way for us to achieve a result which reflects a reasonable balance of all objectives is to build a system with a high degree of pluralism. We should strive to produce an environment which maximizes competition and provides ample opportunities for experimentation with different modes.

VII. The need for health education

There is an emerging consensus that in order to improve the health status of Americans, what is needed is more focus, indeed a change in the way we live, rather than just more after-the-fact medicine. In our judgment, an area which seems to hold great promise in this connection is the potential of health education of the public. We must become more aware of our responsibility as individuals for the state of our health; style of life and personal habits have much to do with health status. Our business is particularly encouraged by the recent development of the National Center for Health Education, having contributed toward the financing of its start-up costs. There is much to be learned. Hopefully, the new National Center will be able to help show the way.

As Fuchs has said:

"A great deal of what has been written recently about 'the right to health' is very misleading. It suggests that society has a supply of 'health' stored away which it can give to individuals and that it is only the niggardliness of the Administration or the ineptness of Congress or the selfishness of physicians that prevents this from happening. Such a view ignores the truth of Douglas Colman's observation that 'positive health is not something that one human can hand to or require of another. Positive health can be achieved only through intelligent effort on the part of each individual. Absent that effort, health professionals can only insulate the individual from the more catastrophic results of his ignorance, self-indulgence, or lack of motivation.' The notion that we can spend our way to better health is a vast oversimplification. At present there is very little that medical care can do for a lung that has been over-inflated by smoking, or for a liver that has been scarred by too much alcohol, or for a skull that has been crushed in a motor accident."

In closing, Mr. Chairman, let me commend your Subcommittee for the constructive way in which you have approached this very complex problem. The HIAA shares your concern about the rising cost of health care and has welcomed this opportunity to join in the discussion of possible solutions. We certainly don't claim to have all the answers. Far from it, but we offer you and your staff the continued cooperation of our industry and the expertise we possess in thinking through a solution to these problems.

TREATY WITH THE SWISS CONFEDERATION ON MUTUAL ASSISTANCE IN CRIMINAL MATTERS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, as in executive session, that Executive F (94th Cong., 2d sess.) Calendar Order No. 6 on the Executive Calendar, be considered as having passed through the various parliamentary stages up to and including the presentation of the resolution of ratification.

The PRESIDING OFFICER. Without objection, it is so ordered.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider Executive F, 94th Congress, second session, the Treaty with the Swiss Confederation on Mutual Assistance in Criminal Matters, which was read the second time as follows:

TREATY BETWEEN THE UNITED STATES OF AMERICA AND THE SWISS CONFEDERATION ON MUTUAL ASSISTANCE IN CRIMINAL MATTERS

The President of the United States of America
and
The Swiss Federal Council

Desiring to conclude a treaty on mutual assistance in criminal matters,

Having appointed for that purpose as their Plenipotentiaries:

The President of the United States of America:

Walter J. Stoessel, Jr., Assistant Secretary of State for European Affairs.

Shelby Cullom Davis, Ambassador Extraordinary and Plenipotentiary of the United States of America to Switzerland.

The Swiss Federal Council:

Dr. Albert Weitnauer, Swiss Ambassador to Great Britain. who, having exchanged their respective full powers, which were found in good and due form, have agreed as follows:

CHAPTER I

APPLICABILITY

ARTICLE 1

Obligation to Furnish Assistance

1. The Contracting Parties undertake to afford each other, in accordance with provisions of this Treaty, mutual assistance in:

(*a*) investigations or court proceedings in respect to offenses the punishment of which falls or would fall within the jurisdiction of the judicial authorities of the requesting State or a state or canton thereof;

(*b*) effecting the return to the requesting State, or a state or canton thereof, of any objects, articles or other property or assets belonging to it and obtained through such offenses;

(*c*) proceedings concerning compensation for damages suffered by a person through unjustified detention as a result of action taken pursuant to this Treaty.

2. For the purposes of this Treaty, an offense in the requesting State is deemed to have been committed if there exists in that State a reasonable suspicion that acts have been committed which constitute the elements of that offense.

3. The competent authorities of the Contracting Parties may agree that assistance as provided by this Treaty will also be granted in certain ancillary administrative proceedings in respect of measures which may be taken against the perpetrator of an offense falling within the purview of this Treaty. Agreements to this effect shall be concluded by exchange of diplomatic notes.

4. Assistance shall include, but not be limited to:

(*a*) ascertaining the whereabouts and addresses of persons;

(*b*) taking the testimony or statements of persons;

(*c*) effecting the production or preservation of judicial and other documents, records, or articles of evidence;

(*d*) service of judicial and administrative documents; and

(*e*) authentication of documents.

ARTICLE 2

Non-Applicability

1. This Treaty shall not apply to:

(*a*) extradition or arrests of persons accused or convicted of having committed an offense;

(*b*) execution of judgments in criminal matters;

(*c*) investigations or proceedings:

(1) concerning an offense which the requested State considers a political offense or an offense connected with a political offense,

(2) concerning offenses in violation of the laws relating to military obligations;

(3) concerning acts by a person subject to military law in the requesting State which constitute an offense under military law in that State but which would not constitute an offense in the requested State if committed by a person not subject to military law in the requested State;

(4) for the purpose of enforcing cartel or antitrust laws; or

(5) concerning violations with respect to taxes, customs duties, governmental monopoly charges or exchange control regulations other than the offenses listed in items 26 and 30 of the Schedule to this Treaty (Schedule)

and the related offenses in items 34 and 35 of the Schedule.

2. Nevertheless, assistance shall be granted if a request concerns an investigation or proceeding referred to in subparagraph c. (1), (4) and (5) of paragraph 1, if made for the purpose of investigating or prosecuting a person described in paragraph 2 of Article 6 and

(*a*) in the case of subparagraphs c. (1) and (4), the request relates to an offense committed in furtherance of the purposes of an organized criminal group described in paragraph 3 of Article 6, or

(*b*) in the case of subparagraph c. (5), any applicable conditions of Article 7 are satisfied.

3. Contributions to social security and governmental health plans, even if levied as taxes, shall not be considered as taxes for the purpose of this Treaty.

4. If the acts described in the request contain all the elements of an offense for the investigation or prosecution of which assistance is required to be or may be granted as well as all the elements of an offense for which such assistance cannot be granted, assistance shall not be granted if under the law of the requested State punishment could be imposed only for the latter offense unless it is listed in the Schedule.

ARTICLE 3

Discretionary Assistance

1. Assistance may be refused to the extent that:

(*a*) the requested State considers that the execution of the request is likely to prejudice its sovereignty, security or similar essential interests;

(*b*) the request is made for the purpose of prosecuing a person, other than a person described in paragraph 2 of Article 6, for acts on the basis of which he has been acquitted or convicted by a final judgment of a court in the requested State for a substantially similar offense and any sentence has been or is being carried out.

2. Before refusing any request pursuant to paragraph 1, the requested State shall determine whether assistance can be given subject to such conditions as it deems necessary. If it so determines, any conditions, so imposed shall be observed in the requesting State.

ARTICLE 4

Compulsory Measures

1. In executing a request, there shall be employed in the requested State only such compulsory measures as are provided in that State for investigations or proceedings in respect of offenses committed within its jurisdiction.

2. Such measures shall be employed, even if this is not explicitly mentioned in the request, but only if the acts described in the request contain the elements, other than intent or negligence, of an offense:

(*a*) which would be punishable under the law in the requested State if committed within its jurisdiction and is listed in the Schedule; or

(*b*) which is described in item 26 of the Schedule.

3. In the case of such an offense not listed in the Schedule, the Central Authority of the requested State shall determine whether the importance of the offense justifies the use of compulsory measures.

4. A decision as to whether the conditions of paragraph 2 have been met shall be made by the requested State only on the basis of its own law. Differences in technical designation and constituent elements added to establish jurisdiction shall be ignored. The Central Authority of the requested State may ignore other differences in constituent elements which do not affect the general character of the offense of that State.

5. In those cases where the conditions of paragraph 2 or 3 have not been met, assistance shall be granted to the extent that it can be furnished without the use of compulsory measures.

ARTICLE 5

Limitations on Use of Information

1. Any testimony or statements, documents, records or articles of evidence or other items, or any information contained therein, which were obtained by the requesting State from the requested State pursuant to the Treaty shall not be used for investigative purposes nor be introduced into evidence in the requesting State in any proceeding relating to an offense other than the offense for which assistance has been granted.

2. Nevertheless, the materials described in paragraph 1 may, after the requested State has been so advised and given an opportunity to make its views known as to the applicability of subparagraphs a, b, and c of this paragraph, be used in the requesting State for the investigation or prosecution of persons who:

(*a*) are or were suspects in an investigation or defendants in a proceeding for which assistance was granted and who are suspected or accused of having committed another offense for which assistance is required to be granted;

(*b*) are suspected or accused of being participants in, or accessories, before or after the fact to, an offense for which assistance was granted; or

(*c*) are described in paragraph 2 of Article 6.

3. Nothing in this Treaty shall be deemed to prohibit governmental authorities in the requesting State from:

(*a*) using the materials referred to in paragraph 1 in any investigation or proceeding concerning the civil damages connected with an investigation or proceeding for which assistance has been granted; or

(*b*) using information or knowledge educed from the materials referred to in paragraph 1 in continuing any criminal investigation or proceeding, provided that:

(1) for such investigation or proceeding assistance may be given;

(2) prior to the date of the request for assistance referred to in paragraph 1 inquiries have already been carried out for the purpose of establishing an offense; and

(3) the materials referred to in paragraph 1 are not introduced into evidence.

CHAPTER II

SPECIAL PROVISIONS CONCERNING ORGANIZED CRIME

ARTICLE 6

General Requirements

1. The Contracting Parties agree to assist each other in the fight against organized crime as provided in this Chapter and with all means otherwise available under this Treaty and other provisions of law.

2. This Chapter shall apply only to investigations and proceedings involving a person who, according to the request, is or is reasonably suspected to be:

(*a*) knowingly involved in the illegal activities of an organized criminal group, described in paragraph 3, and who is:

(1) a member of such a group; or

(2) an affiliate of such a group performing supervisory or managerial functions or regularly supporting it or its members by performing other important services; or

(3) a participant in any important activity of such a group; or

(*b*) a public official who has violated his official responsibilities in order to knowingly accommodate the desires of such a group or its members.

3. For the purposes of this Chapter the term "organized criminal group" refers to an association or group of persons combined together for a substantial or indefinite period for the purposes of obtaining monetary or commercial gains or profits for itself or for others, wholly or in part by illegal means, and of protecting its illegal activities against criminal prosecution and which, in carrying out its purposes, in a methodical and systematic manner:

(*a*) at least in part of its activities, commits or threatens to commit acts of violence or other acts which are likely to intimidate and are punishable in both States; and

(*b*) either:

(1) strives to obtain influence in politics or commerce, especially in political bodies or organizations, public administrations, the judiciary, in commercial enterprises, employers' associations or trade unions or other employees' associations; or

(2) associates itself formally or informally with one or more similar associations or groups, at least one of which engages in the activities described under subparagraph b(1).

ARTICLE 7

Extent of Assistance

1. Compulsory measures referred to in Article 4 shall also be employed in the requested State even if the investigation or proceeding in the requesting State concerns acts which would not be punishable under the law in the requested State, or which are not listed in the Schedule, or neither. This paragraph is subject to the limitations of paragraph 2.

2. Assistance under this Chapter shall be rendered in investigations or proceedings involving violations of provisions on taxes on income referred to in Article I of the Convention of May 24, 1951, for the Avoidance of Double Taxation with Respect to Taxes on Income only if, according to the information furnished by the requesting State:

(*a*) the person involved in the investigation or proceeding is reasonably suspected by it of belonging to an upper echelon of an organized criminal group or of participating significantly, as a member, affiliate or otherwise, in any important activity of such a group;

(*b*) the available evidence is in its opinion insufficient, for the purpose of a prosecution which has a reasonable prospect of success, to link such person with the crimes committed by the organized criminal group with which he is connected in the sense of paragraph 2 of Article 6; and

(*c*) it has been reasonably concluded by it that the requested assistance will substantially facilitate the successful prosecution of such person and should result in his imprisonment for a sufficient period of time so as to have a significant adverse effect on the organized criminal group.

3. Paragraphs 1 and 2 apply only if the requesting State reasonably concludes that the securing of the information or evidence is not possible without the cooperation of the authorities in the requested State, or that it would place unreasonable burdens on the requesting State or a state or canton thereof.

ARTICLE 8

Applicable Procedure

1. In all cases where this Chapter requires a reasonable suspicion or a reasonable conclusion, or the opinion of the requesting State, that State shall furnish to the requested State information in its possession on the basis of which suspicion, conclusion, or opinion has been arrived at. However, this shall not oblige the requesting State to identify the persons who have provided such information. Upon application of the requesting State, the Central Authority of the requested State shall treat any information furnished in the request as confidential.

2. The Central Authority of the requested State shall have the right to review the determination of the requesting State as to the applicability of this Chapter. It need

not accept such determination where the suspicion, conclusion or opinion underlying such determination has not been made credible.

3. In rendering assistance pursuant to paragraph 2 of Article 7, all courts and authorities in the requested State shall apply such investigative measures as are provided for in its rules of criminal procedure.

4. Provisions in municipal law which impose restrictions on tax authorities concerning the disclosure of information shall not apply to disclosure to all authorities engaged in the execution of a request under paragraph 2 of Article 7. This paragraph shall not limit the applicability of provisions for disclosure otherwise provided by municipal laws in the Contracting States.

CHAPTER III

OBLIGATIONS OF REQUESTED STATE IN EXECUTING REQUESTS

ARTICLE 9

General Provisions for Executing Requests

1. Except as otherwise provided in this Treaty, a request shall be executed in accordance with the usual procedure under the laws applicable for investigations or proceedings in the requested State with respect to offenses committed within its jurisdiction.

2. The requested State may, upon application by the requesting State, consent to apply the procedures applicable in that State for:

(*a*) investigations or proceedings; and

(*b*) certification and transmission of documents, records or articles of evidence;

to the extent that such procedures are not incompatible with the laws in the requested State. A search or seizure may only be made in accordance with the law of the place where the request is executed.

3. The appropriate judicial officer and other officials in each of the two States shall, by all legal means within their power, assist in the execution of requests from the other State.

ARTICLE 10

Duty to Testify in Requested State

1. A person whose testimony or statement is requested under this Treaty shall be compelled to appear, testify and produce documents, records and articles of evidence in the same manner and to the same extent as in criminal investigations or proceedings in the requested State. Such person may not be so compelled if under the law in either State he has a right to refuse. If any person claims that such a right is applicable in the requesting State, the requested State shall, with respect thereto, rely on a certificate of the Central Authority of the requesting State.

2. The Swiss Central Authority shall, to the extent that a right to refuse to give testimony or produce evidence is not established, provide evidence or information which would disclose facts which a bank is required to keep secret or are manufacturing or business secrets, and which affect a person who, according to the request, appears not to be connected in any way with the offense which is the basis of the request, only under the following conditions;

(*a*) the request concerns the investigation or prosecution of a serious offense;

(*b*) the disclosure is of importance for obtaining or proving facts which are of substantial significance for the investigation or proceedng; and

(*c*) reasonable but unsuccessful efforts have been made in the United States to obtain the evidence or information in other ways.

3. Whenever the Swiss Central Authority determines that facts of the nature referred to in paragraph 2 would have to be disclosed in order to comply with the request, it shall request from the United States information indicating why it believes that paragraph 2 does not prevent such disclosure. Where, in the opinion of the Swiss Central Authority, such belief has not been made credible, it need not accept the determination of the United States.

4. Any acts of a witness or other person, in connection with the execution of a request, which would be punishable if committed against the administration of justice in the requested State shall be prosecuted in that State in accordance with the laws and enforcement policies therein, regardless of the procedure applied in executing the request.

ARTICLE 11

Locating Persons

If in the opinion of the requesting State information as to the location of persons who are believed to be within the territory of the requested State is of importance in an investigation or proceeding pending in the requesting State, the requested State shall make every effort to asecertain the whereabouts and addresses of such persons in its territory.

ARTICLE 12

Special Procedural Provisions

1. Upon express application of the requesting State that the testimony or statement of a person be under oath or affirmation, the requested State shall comply with such request even in the event no provisions therefor exist in its procedural laws. In that event, the time and form of the oath or affirmation shall be governed by the procedural provisions applicable in the requesting State. Where an oath is incompatible with law, an affirmation may be substituted, even though an oath has been requested, and testimony or a statement so obtained shall be admitted in the requesting State as though given under oath.

2. The presence of the suspect or defendant, his counsel or both, at the execution of a request will be permitted whenever the requesting State so requests.

3. (*a*) Where the presence of representatives of an authority in the requesting State at the execution of a request is required by its law in order to obtain admissible evidence, the requested State shall permit such presence.

(*b*) Where the requested State agrees that the complexity of the matter involved or other special factors described in the request for assistance indicate that such presence is likely to substantially facilitate a successful prosecution, it shall also permit such presence.

(*c*) In other cases the requested State may also permit such presence upon application by the requesting State.

(*d*) Nevertheless, if such presence would result in providing to the United States facts which in Switzerland a bank is required to keep secret, or facts which are manufacturing or business secrets therein, Switzerland shall permit such presence only where the requirements for disclosure in paragraph 2 of Article 10 have been met.

(*e*) Switzerland may, furthermore, at any time in the course of the execution of a request, exclude such representatives until it has been determined whether such requirements for disclosure are met.

4. Any person whose presence is permitted under paragraph 2 or 3 shall have, in accordance with the procedures in the requested State, the right to ask questions which are not improper under the laws of either State.

5. If in the requested State testimony or statements are sought in accordance with the procedures in the requesting State, persons giving such testimony or statements shall be entitled to retain counsel who may assist them during the proceeding. Such persons shall be expressly advised at the beginning of the proceeding of their right to counsel. After consent has been given by the Central Authority of the requesting State, counsel may be appointed, if necessary.

6. If the requesting State expressly requests that a verbatim transcript be taken, the executing authority shall make every effort to comply.

CHAPTER IV

OBLIGATIONS OF REQUESTING STATE

ARTICLE 13

Restrictions on Use of Testimony

Any testimony obtained pursuant to this Treaty from a citizen of the requested State, interrogated as a witness and not advised of his right to refuse testimony under paragraph 1 of Article 10, may not be introduced as evidence against such witness in a criminal proceeding in the requesting State unless the prosecution is for an offense against the administration of justice.

ARTICLE 14

Exclusion of Sanctions

No citizen of the requested State who has refused to give non-compulsory testimony or information or against whom compulsory measures had to be applied in the requested State pursuant to this Treaty shall be subjected to any legal sanction in the requesting State solely because he has exercised such rights as permitted under this Treaty.

ARTICLE 15

Protection of Secrecy

Evidence or information disclosed by the requested State pursuant to paragraph 2 of Article 10 shall, if in the opinion of that State its importance so requires and an application to that effect is made, be kept from public disclosure to the fullest extent compatible with constitutional requirements in the requesting State.

CHAPTER V

DOCUMENTS, RECORDS AND ARTICLES OF EVIDENCE

ARTICLE 16

Court and Investigative Documents

1. Upon request, the requested State shall make available to the requesting State on the same conditions and to the same extent as they would be available to authorities performing comparable functions in the requested State the following documents and articles:

(*a*) judgments and decisions of courts; and

(*b*) documents, records, and articles of evidence, including transcripts and official summaries of testimony, contained in the files of a court or an investigative authority, whether or not obtained by grand juries.

2. Items specified in subparagraph *b* of paragraph 1 shall be furnished only if they relate solely to a closed case, or to the extent determined by the Central Authority of the requested State in its discretion.

ARTICLE 17

Completeness of Documents

All documents and records to be furnished, whether originals or copies thereof or extracts therefrom, shall be complete and in unedited form except to the extent paragraph 1 of Article 3 applies or the documents or records would disclose facts described in paragraph 2 of Article 10 and the requirements of subparagraphs a, b and c thereof are not met. Upon application of the requesting State, the requested State shall make every effort to furnish original documents and records.

ARTICLE 18

Business Records

1. If the production of a document, including a book, paper, statement, record, account or writing, or extract therefrom, other than an official document provided for in Article 19, of whatever character and in whatever form is requested, the offical executing the request shall, upon specific

request of the requesting State, require, the production of such document pursuant to a procedural document. The official shall interrogate under oath or affirmation the person producing such document and examine it in order to determine if it is genuine and if it was made as a memorandum or record of an act, transaction, occurrence, or event, if it was made in the regular course of business and if it was the regular course of such business to make such document at the time of the act, transaction, occurrence or event recorded therein or within a reasonable time thereafter.

2. The official shall cause a record of the testimony taken to be prepared and shall annex it to the document.

3. If the official is satisfied as to the matters set forth in paragraph 1, he shall certify as to the procedure followed and his determinations and shall authenticate by his attestation shall be signed by the official and state his official position. The seal of the authority executing the request shall be affixed.

4. Any person subsequently transmitting the authenticated document shall certify as to the genuineness of the signature and the official position of the attesting person or, if there are any prior certifications, of the last certifying person. The final certification may be made by:

(*a*) an official of the Central Authority of the requested State;

(*b*) a diplomatic or consular official of the requesting State stationed in the requested State; or

(*c*) a diplomatic or consular official of the requested State stationed in the requesting State.

5. Where a request under this Article pertains to a pending court proceeding, the defendant, upon his application, may be present or represented by counsel or both, and may examine the person producing the document as to its genuineness and admissibility. In the event the defendant elects to be present or represented, a representative of the requesting State or a state or canton thereof may also be present and put such questions to the witness.

6. Any document, copy thereof, entry therein of extract therefrom authenticated in accordance with this Article, and not otherwise inadmissible, shall be admissible as evidence of the act, transaction, occurrence or event in any court in the requesting State without any additional foundation or authentication.

7. In the event that the genuineness of any document authenticated in accordance with this Article is denied by any party to a proceeding, he shall have the burden of establishing to the satisfaction of the court before which the proceeding is pending that such document to be excluded from evidence on such ground.

ARTICLE 19

Official Records

1. Upon request, the requested State shall obtain a copy of an official record, or an entry therein, and shall have it authenticated by the attestation of an authorized person. Such attestation shall be signed by, and state the official position of, the attesting person. The seal of the authority executing the request shall be affixed thereto. The procedures for certification set forth in paragraph 4 of Article 18 shall be followed.

2. In addition to any provision therefor in the municipal law of the requesting State, a copy of any official record in the requested State, or entry therein, shall be admissible in evidence without any additional foundation or authentication if authenticated and certified as provided in paragraph 1 and otherwise admissible.

ARTICLE 20

Testimony to Authenticate Documents

1. The Central Authority of the requested State shall have the authority to summon persons to appear in that State before representatives of the requesting State or a state or canton thereof in order to produce documents, records or articles of evidence supplied or to be supplied by the requested State and give testimony with respect thereto, whenever, under the applicable law in the requesting State, that is necessary for their admissibility in evidence in a criminal proceeding and such State makes a request to that effect.

2. The Central Authority of the requested State shall have the right to designate a representative to be present at the proceeding under paragraph 1. He shall be enitled to object to questions which either:

(*a*) are incompatible with the law and practices in the requested State; or

(*b*) go beyond the scope of paragraph 1.

ARTICLE 21

Rights in Articles of Evidence

If the requested State, a state or canton thereof, or a third party claims title or other rights in documents, records or articles of evidence, the production of which was requested or effected, such rights shall be governed by the law of the place where they have been acquired. An obligation for production or surrender under this Treaty shall take precedence over the rights referred to in the preceding sentence. These rights, however, remain otherwise unaffected.

CHAPTER VI

SERVICE FOR REQUESTING STATE AND RELATED PROVISIONS

ARTICLE 22

Service of Documents

1. The competent authority in the requested State shall effect service of any procedural document, including a court judgment, decision or similar document, which is transmitted to it for this purpose by the requesting State. Unless service in a particular form is requested, it may be effected by registered mail. The requested State shall, upon application, effect personal service or, if consistent with the law in the requested State, service in any other form.

2. The requested State may refuse to effect service of legal process on a person, other than a national of the requesting State, calling for his appearance as a witness in that State if the person to be served is a defendant in the criminal proceeding to which the request relates.

3. A request must be received by the Central Authority of the requested State not later than 30 days before the date set for any appearance. This time must be taken into consideration when setting the date for the appearance and forwarding the request. This period may be shortened by the Central Authority of the requested State in very urgent cases.

4. Proof of service shall be made by a receipt dated and signed by the person served or by a declaration specifying the form and date of service and signed by the person effecting it.

ARTICLE 23

PERSONAL APPEARANCE

1. When the personal appearance of a person, other than a defendant in the criminal proceeding to which the request relates, is considered especially necessary in the requesting State, such State shall so indicate in its request for service and shall state the subject matter of the interrogation. It will also indicate the kind and amount of allowances and expenses payable.

2. The executing authority shall invite the person served to appear before the appropriate authority in the requesting State and ask whether he agrees to the appearance. The requested State shall promptly notify the requesting State of the answer.

3. If requested by the requesting State, the requested State may grant an advance payment to the person agreeing to appear. This shall be recorded on the document calling for his appearance and taken into consideration by the requesting State when making payment.

ARTICLE 24

EFFECT OF SERVICE

1. A person, other than a national of the requesting State, who has been served with legal process calling for his appearance in the requesting State, pursuant to Article 22, shall not be subjected to any civil or criminal forfeiture, other legal sanction or measure of restraint because of his failure to comply therewith, even if the document contains a notice of penalty.

2. The effect in the proceeding to which any procedural document served pursuant to Article 22 relates, araising from a refusal to accept it or comply therewith, shall be governed by the law in the requesting State.

3. Service of a procedural document pursuant to Article 22 on a person, other than a national of the requesting State, does not confer jurisdiction in the requesting State.

ARTICLE 25

COMPELLING TESTIMONEY IN REQUESTING STATE

1. A person appearing before an authority in the requesting State pursuant to a legal process served under this Treaty may not be compelled to give testimony, make a statement or produce a document, record or article of evidence if under the law in either State he has a right to refuse, or if paragraph 2 below is applicable. Such a right shall be deemed to exist in the requested State to the extent that it could be invoked there if the acts which are the subject of the investigation or proceeding had been committed within its jurisdiction.

2. Such a person appearing before an authority in the United States may only be compelled to give testimony, make a statement or produce a document, record or article of evidence which would disclose facts described in paragraph 2 of Article 10 to the extent that the requirements of subparagraphs *a*, *b* and *c* thereof are met.

3. If any person claims that a right to refuse, pursuant to paragraph 1, exists in the requested State, or invokes the restrictions of paragraph 2, the requesting State shall in that regard rely on a certificate of the Central Authority of the requesting State except that, after due consideration of the certificate, the requesting State may make its own determination as to the applicability of subparagraphs *a*, *b* and *c* of paragraph 2 of Article 10.

ARTICLE 26

Transfer of Arrested Persons

1. A request pursuant to Article 22 may also be made if a person held in custody by an authority in the requested State is needed as a witness or for purposes of confrontation before an authority in the requesting State.

2. The person in custody shall be made available to the requesting State if:

(*a*) he consents;

(*b*) no substantial extension of his custody is anticipated; and

(*c*) the Central Authority of the requested State determines that there are no other important reasons against the transfer.

3. Execution of the request may be postponed for as long as the presence of the person is necessary for a criminal investigation or proceeding in the requested State.

4. The requesting State shall have authority, and be obligated, to keep the person in custody unless the requested State authorizes his release. The requesting State shall return the person to the custody of the requested State as soon as circumstances permit or as otherwise agreed. That person, however, shall have the right to use such remedies and recourses as are provided by the law in the requesting State to assure that his custody or return is consistent with this Article and the Constitution of that State.

5. The requesting State shall not decline to return a person transferred solely because such person is a national of that State.

ARTICLE 27

Safe Conduct

1. A person appearing before an authority in the requesting State pursuant to legal process served under this Treaty shall not be prosecuted or, except as provided in paragraph 4 of Article 26, be detained or subjected to any other restriction of his personal liberty in that State with respect to any act or conviction which preceded his departure from the requested State.

2. The restrictions of paragraph 1 shall not apply as to a person of whatever nationality appearing for the purpose of answering a criminal charge with respect to any act or conviction which is mentioned in the document calling for his appearance, or a lesser included offense.

3. The safe conduct provided in this Article shall cease if ten days after the person appearing has been officially notified that his appearance is no longer required he has not used the opportunity to leave the requesting State or, after having left it has returned.

CHAPTER VII

GENERAL PROCEDURES

ARTICLE 28

Central Authority

1. Requests for assistance shall be handled by a Central Authority. For the United States, the Central Authority shall be the Attorney General or his designee. For Switzerland, the Central Authority shall be the Division of Police of the Federal Department of Justice and Police in Bern.

2. Such requests which are approved by the Central Authority of the requesting State shall be made by that Authority on behalf of federal, state or cantonal courts or authorities which by law have been authorized to investigate or prosecute offenses.

3. The Central Authorities of the two States may communicate with each other directly for the purpose of carrying out the provisions of this Treaty.

ARTICLE 29

CONTENT OF REQUESTS

1. A request for assistance shall indicate the name of the authority conducting the investigation or proceeding to which the request relates and insofar as possible shall also indicate:

(*a*) the subject matter and nature of the investigation or proceeding and, except in cases of requests for service, a description of the essential acts alleged or sought to be ascertained;

(*b*) the principal need for the evidence or information sought; and

(*c*) the full name, place and date of birth, address and any other information which may aid in the identification of the person or persons who are at the time of the request the subject of the investigation or proceeding.

2. Such requests, to the extent necessary and insofar as possible, shall include:

(*a*) information described under subparagraph c of paragraph 1 concerning any witness or other person who is affected by the request;

(*b*) a description of the particular procedure to be followed;

(*c*) a statement as to whether sworn or affirmed testimony or statements are required;

(*d*) a description of the information, statement or testimony sought;

(*e*) a description of the documents, records or articles of evidence to be produced or preserved as well as a description of the appropriate person to be asked to produce them and the form in which they should be reproduced and authenticated; and

(*f*) information as to the allowances and expenses to which a person appearing in the requesting State will be entitled.

ARTICLE 30

Language

1. Requests for assistance and all accompanying documents shall be accompanied by a translation into French in the case of a request to Switzerland, and into English in the case of a request to the United States. The Swiss Central Authority may, whenever necessary, request a translation into German or Italian instead of French.

2. The translation of all transcripts, statements, or documents made, or documents or records obtained, in executing the request shall be incumbent upon the requesting State.

ARTICLE 31

Execution of Requests

1. If, in the opinion of the Central Authority of the requested State, a request does not comply with the provisions of this Treaty, it shall immediately so advise the Central Authority of the requesting State, giving the reasons therefor. The Central Authority of the requested State may take such preliminary action as it may deem advisable.

2. If the request complies with the Treaty, the Central Authority of the requested State shall transmit the request for execution to the federal, state or cantonal court or authority having jurisdiction or selected by the Central Authority as appropriate. The court or authority to which a request is transmitted shall have all of the jurisdiction, authority and power in executing the request which it has in investigations or proceedings with respect to an offense committed within its jurisdiction. In the case of a request by Switzerland, this paragraph shall authorize the use of grand juries to compel the attendance and testimony of witnesses and the production of documents, records and articles of evidence.

3. The court or authority to which a request is transmitted pursuant to paragraph 2 shall, when necessary, issue a procedural document in accordance with its own procedural law to require the attendance and statement or testimony of persons, or the production or preservation of documents, records or articles of evidence.

4. With the consent of the Central Authority of the requesting State, execution of a request may be entrusted to an appropriate private party, if circumstances so require.

5. A request shall be executed as promptly as circumstances permit.

ARTICLE 32

Return of Completed Requests

1. Upon completion of a request, the executing authority shall return the original request together with all information and evidence obtained, indicating place and time of execution, to the Central Authority of the requested State. The latter shall forward it to the Central Authority of the requesting State.

2. The delivery of documents, records or articles of evidence may be postponed if they are needed in an official action pending in the requested State and, in case of documents or records, copies have been offered to the requesting State.

ARTICLE 33

Inability to Comply

The requested State shall promptly inform the requesting State with a brief statement of the reasons when a request cannot be fully complied with because:

(*a*) of the limitations of this Treaty;

(*b*) after diligent search, the person whose testimony or statement is sought or who is to be served cannot be located or is believed to be dead;

(*c*) after diligent search, the evidence cannot be located; or

(*d*) of other physical impediments.

ARTICLE 34

Costs of Assistance

1. The following expenses incurred by an authority in the requested State in carrying out a request shall, upon application, be paid or reimbursed by the requesting State: travel expenses; fees of experts; costs of stenographic reporting by other than salaried government employees; costs of interpreters; costs of translation; and fees of private counsel appointed with the approval of the requesting State for a person giving testimony or for a defendant.

2. No reimbursement shall be claimed for any other expenses.

3. All expenses incurred in relation to a request pursuant to Article 26 shall be borne by the requesting State.

4. No bond, guarantee, or other security for the expected costs shall be required.

ARTICLE 35

Return of Articles of Evidence

Any original documents, records or articles of evidence, delivered in execution of a request, shall be returned by the requesting State as soon as possible, unless the requested State declares that return will not be required. However, an authority in the requesting State shall be entitled to retain articles for disposition in accordance with its law if such articles belong to persons in that State and if no title or other rights are claimed in such articles by a person in the requested States, or if any claims with respect to such rights have been secured.

CHAPTER VIII

NOTICE AND REVIEW OF DETERMINATIONS

ARTICLE 36

Notice

Upon receipt of a request for assistance, the requested State shall notify:

(*a*) any person from whom a statement or testimony or documents, records, or articles of evidence are sought;

(*b*) any suspect or defendant in a criminal investigation or proceeding in the requesting State who resides in the requested State if the municipal law in the requesting State generally or for admissibility of evidence so requires, and that State so requests; and

(*c*) any defendant in a criminal proceeding in the requesting State, where the law in the requested State requires such notice.

ARTICLE 37

Review of Determinations

1. The existence of restrictions in this Treaty shall not give rise to a right on the part of any person to take any action in the United States to suppress or exclude any evidence or to obtain other judicial relief in connection with requests under this Treaty, except with respect to paragraph 2 of Article 9; paragraph 1 of Article 10; Article 13; paragraph 7 of Article 18; paragraph 1 of Article 25; and Articles 26 and 27.

2. The right to and procedures for appeal in Switzerland against decisions of Swiss authorities in connection with requests under this Treaty shall be regulated in accordance with this Treaty by domestic legislation.

3. In the case of any claim that a State either as the requesting State or the requested State, has failed to comply with obligations imposed by this Treaty and as to such claim a remedy is not provided by paragraph 1 or 2, the claimant may inform the Central Authority of the other State. Where such claim is deemed by that other State to require explanation, an inquiry shall be put to the first-mentioned State; if necessary, the matter shall be resolved under Article 39.

CHAPTER IX

Final Provisions

ARTICLE 38

Effect on Other Treaties and Municipal Laws

1. Whenever the procedures provided by this Treaty would facilitate assistance in criminal matters between the Contracting Parties provided under any other convention or under the law in the requested State, the procedure provided by this Treaty shall be used to furnish such assistance. Assistance and procedures provided by this Treaty shall be without prejudice to, and shall not prevent or restrict, any available under any other international convention or arrangement or under the municipal laws in the Contracting States.

2. This Treaty shall not prevent the Contracting Parties from conducting investigations and proceedings in criminal matters in accordance with their respective municipal laws.

3. The provisions of this Treaty shall take precedence over any inconsistent provisions of the municipal laws in the Contracting States.

4. The furnishing of information for use in cases concerning taxes which come under the Convention of May 24, 1951, for the Avoidance of Double Taxation with Respect to Taxes on Income, shall be governed exclusively by the provisions thereof, except for investigations or proceedings described in Chapter II of this Treaty to the extent that the conditions in paragraph 2 of Article 7 are satisfied.

ARTICLE 39

Consultation and Arbitration

1. When it appears advisable, representatives of the Central Authorities may exchange views in writing or meet together for an oral exchange of opinions on the interpretation, application or operation of this Treaty generally or as to a specific case.

2. The Central Authorities shall endeavor to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of this Treaty. Any dispute between the Contracting Parties as to the interpretation or application of the present Treaty, not satisfactorily resolved by the Central Authorities or through diplomatic negotiation between the Contracting Parties, shall, unless they agree to settlement by some other means, be submitted, upon request of either Contracting Party, to an arbitral tribunal of three members. Each Contracting Party shall appoint one arbitrator who shall be a national of that State and these two arbitrators shall nominate a chairman who shall be a national and resident of a third State.

3. If either Contracting Party fails to appoint its arbitrator within three months from the date of the request for the submission of the dispute to arbitration, he shall be appointed, at the request of either Party, by the President of the International Court of Justice.

4. If both arbitrators cannot agree upon the choice of a chairman within two months following their appointment, he shall be appointed at the request of either Contracting Party, by the President of the International Court of Justice.

5. If, in the cases specified under paragraphs 3 and 4, the President of the International Court of Justice is prevented from acting or is a national of one of the Parties, the appointments shall be made by the Vice-President. If the Vice-President is prevented from acting or is a national of one of the Parties, the appointments shall be made by the next senior Judge of the Court who is not a national of either party.

6. Unless the Contracting Parties decide otherwise, the tribunal shall determine its own procedure.

7. The decisions of the tribunal shall be binding on the Contracting Parties.

ARTICLE 40

Definition of Terms

1. In this Treaty:

(*a*) the terms "requesting State" and "requested State" shall be deemed to mean the United States of America or the Swiss Confederation, as the context requires;

(*b*) the term "state" or "states" shall be deemed to mean any one or more of the states of the United States of America, its territories and possessions, the District of Columbia and the Commonwealth of Puerto Rico, as the context requires:

(*c*) The term "canton" or "cantons" shall be deemed to mean any one or more of the cantons of the Swiss Confederation;

(*d*) in any place where the word "in" precedes "requesting State" or 'requested State", the phrase is used to refer to all of the territory under jurisdiction of the United States including its states as defined in subparagraph b, and subdivisions thereof, or to the territory of Switzerland, including its cantons, as, and to the extent, the context requires; and

(*e*) references to law or procedure in the requesting State or law or procedure to be used in executing requests, are, respectively, intended to refer to the law or procedure which is applicable to the investigation or proceeding being conducted or which would ordinarily be used in comparable investigations or proceedings by the authority executing the request.

2. Where a provision of this Treaty requires the use of a seal by an authority, other than the Central Authority, that authority may employ a hand stamp in lieu thereof, if that authority customarily uses such a stamp in connection with its own matters of like importance. The imprint of such stamp shall be treated as a seal for the purposes of this Treaty and the admissibility of evidence.

3. The expression "articles of evidence" shall not be construed to exclude items which may not be admissible in evidence.

4. Provisions in this Treaty as to admissibility of evidence shall not affect the principle of free consideration of evidence insofar as the courts of Switzerland are concerned.

5. References to assistance required to be, or which may be, furnished pursuant to this Treaty shall be deemed to include assistance of a compulsory as well as noncompulsory nature.

6. References to a "request" or "request for assistance" shall be deemed to include any attachments and supplements thereto.

7. References to "acts" in connection with offenses shall be deemed to include omissions.

8. The term "defendant" shall, unless the context otherwise indicates, be deemed to include a suspect who is a subject of an investigation.

9. The term "counsel" shall be deemed to mean counsel admitted in either State.

10. The term "antitrust laws", as applied to laws in the United States, refers to those provisions compiled in Chapter 1, Title 15, United States Code, and Chapter 2 of the same Title up to but not including Section 77a, et seq.

ARTICLE 41

Entry into Force and Termination

1. This Treaty shall be ratified and the instruments of ratification shall be exchanged at Washington as soon as possible.

2. This Treaty shall enter into force 180 days after the date of the exchange of the instruments of ratification and apply with respect to acts committed before or after entry into force of this Treaty.

3. This Treaty may be terminated by either Contracting Party at any time after five years from entry into force, provided that at least six months prior notice of termination has been given in writing.

In witness whereof the Plenipotentiaries have signed this Treaty.

Done at Bern, in duplicate, in the English and German languages, the two texts being equally authoritative, this 25th of May, 1973.

For the President of the United States of America:

Shelby Cullom Davis.

For the Swiss Federal Council:

A. Weitnauer.

SCHEDULE

Offenses for Which Compulsory Measures Are Available

1. Murder.

2. Voluntary manslaughter.

3. Involuntary manslaughter.

4. Malicious wounding; inflicting grievous bodily harm intentionally or through gross negligence.

5. Threat to commit murder; threat to inflict grievous bodily harm.

6. Unlawful throwing or application of any corrosive or injurious substances upon the person of another.

7. Kidnaping; false imprisonment or other unlawful deprivation of the freedom of an individual.

8. Willful nonsupport or willful abandonment of a minor or other dependent person when the life of that minor or other dependent person is or is likely to be injured or endangered.

9. Rape; indecent assault.

10. Unlawful sexual acts with or upon children under the age of sixteen years.

11. Illegal abortion.

12. Traffic in women and children.

13. Bigamy.

14. Robbery.

15. Larceny; burglary; house-breaking or shop-breaking.

16. Embezzlement; misapplication or misuse of funds.

17. Extortion; blackmail.

18. Receiving or transporting money, securities or other property, knowing the same to have been embezzled, stolen or fraudulently obtained.

19. Fraud, including:

(*a*) obtaining property, services, money or securities by false pretenses or by defrauding by means of deceit, falsehood or any fraudulent means;

(*b*) fraud against the requesting State, its states or cantons or municipalities thereof;

(*c*) fraud or breach of trust committed by any person;

(*d*) use of the mails or other means of communication with intent to defraud or deceive, as punishable under the laws of the requesting State.

20. Fraudulent bankruptcy.

21. False business declarations regarding companies and cooperative associations, inducing speculation, unfaithful management, suppression of documents.

22. Bribery, including soliciting, offering and accepting.

23. Forgery and counterfeiting, including:

(*a*) the counterfeiting or forgery of public or private securities, obligations, instructions to make payment, invoices, instruments of credit or other instruments;

(*b*) the counterfeiting or alteration of coin or money;

(*c*) the counterfeiting or forgery of public seals, stamps or marks;

(*d*) the fraudulent use of the foregoing counterfeited or forged articles;

(*e*) knowingly and without lawful authority, making or having in possession any instrument, instrumentality, tool or machine adapted or intended for the counterfeiting of money, whether coin or paper.

24. Knowingly and willfully making, directly or through another, a false, fictitious or fraudulent statement or representation in a matter within the jurisdiction of any department or agency in the requesting State, and relating to an offense mentioned in this

Schedule or otherwise falling under this Treaty.

25. Perjury, subornation of perjury and other false statements under oath.

26. Offenses against the laws relating to bookmaking, lotteries and gambling when conducted as a business.

27. Arson.

28. Willful and unlawful destruction or obstruction of a railroad, aircraft, vessel or other means of transportation or any malicious act done with intent to endanger the safety of any person travelling upon a railroad, or in any aircraft, vessel or other means of transportation.

29. Piracy; mutiny or revolt on board an aircraft or vessel against the authority of the captain or commander of such aircraft or vessel; any seizure or exercise of control, by force or violence or threat of force or violence, of an aircraft or vessel.

30. Offenses against laws (whether in the form of tax laws or other laws) prohibiting, restricting or controlling the traffic in, importation or exportation, possession, concealment, manufacture, production or use of:

(*a*) narcotic drugs, cannabis sativa-L, psychotropic drugs, cocaine and its derivatives;

(*b*) poisonous chemicals and substances injurious to health;

(*c*) firearms, other weapons, explosive and incendiary devices;

when violation of such laws causes the violator to be liable to criminal prosecution and imprisonment.

31. Unlawful obstruction of court proceedings or proceedings before governmental bodies or interference with an investigation of a violation of a criminal statute by the influencing, bribing, impeding, threatening, or injurying of any officer of the court, juror, witness, or duly authorized criminal investigator.

32. Unlawful abuse of official authority which results in deprivation of the life, liberty or property of any person.

33. Unlawful injury, intimidation or interference with voting or candidacy for public office, jury service, government employment, or the receipt or enjoyment of benefits provided by government agencies.

34. Attempts to commit, conspiracy to commit, or participation in, any of the offenses enumerated in the preceding paragraphs of this Schedule; accessory after the fact to the commission of any of the offenses enumerated in this Schedule.

35. Any offense of which one of the above listed offenses is a substantial element, even if, for purposes of jurisdiction of the United States Government, elements such as transporting, transportation, the use of the mails or interstate facilities are also included.

The PRESIDING OFFICER. Without objection, the treaty will be considered as having passed through its various parliamentary stages up to and including the presentation of the resolution of ratification, which the clerk will state.

The assistant legislative clerk read as follows:

Resolved, (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Treaty with the Swiss Confederation on Mutual Assistance in Criminal Matters, signed at Bern on May 25, 1973, six exchanges of interpretative letters of the same date, and an exchange of interpretative letters dated December 23, 1975, (Ex. F, 94th Congress, 2nd Sess.)

ORDER FOR ROLLCALL VOTE ON MONDAY ON FOUR TREATIES

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the one rollcall vote on Monday for which the distinguished majority leader previously entered an order, encompassing three treaties and conventions—Executive B, Executive A, Executive G—also include the vote on Executive F (94th Cong., 2d sess.), so that the one rollcall vote on Monday will count for four rollcall votes in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, have the yeas and nays been ordered on the declaration and the adoption of the resolution of ratification on the Treaty of Friendship and Cooperation with Spain and the other four treaties and conventions?

The PRESIDING OFFICER. They have not been so ordered.

Mr. ROBERT C. BYRD. Mr. President, as in executive session. I ask unanimous consent that it be in order to order, with one show of seconds, the yeas and nays on the declaration and the resolution of ratification on the Treaty of Friendship and Cooperation with Spain and Executive B, Executive A, Executive G, and Executive F.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I ask unanimous consent that it be in order at any time to order the yeas and nays thereon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. As in executive session, I ask for the yeas and nays on the various treaties.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

REMOVAL OF INJUNCTION OF SECRECY—EXECUTIVE I, 94TH CONGRESS, SECOND SESSION

Mr. ROBERT C. BYRD. Mr. President, as in executive session, I ask unanimous consent that the injunction of secrecy be removed from the Protocols for the Third Extension of the Wheat Trade Convention and Food Aid Convention constituting the International Wheat Agreement, 1971, open for signature in Washington from March 17 through April 7, 1976 (Executive I, 94th Congress, second session), transmitted to the Senate today by the President of the United States, and that the protocols with accompanying papers be referred to the Committee on Foreign Relations and ordered to be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The message from the President is as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Protocols for the Third Extension of the Wheat Trade Convention and the Food Aid Convention constituting the International Wheat Agreement, 1971, open for signature in Washington from March 17 through April 7, 1976. The Protocols were formulated by a Conference which met in London on February 20, 1976.

I transmit also, for the information of the Senate, the report of the Department of State with respect to the Protocols.

The Protocol for the Third Extension of the Wheat Trade Convention, 1971, extends the Convention until June 30, 1978, and maintains the framework for international cooperation in wheat trade matters. It also continues the existence of the International Wheat Council.

The Protocol for the Third Extension of the Food Aid Convention, 1971, also extends until June 30, 1978, commitments of parties to provide minimum annual quantities of food aid to developing countries. The United States intends not to deposit ratification of this Protocol unless the other major donors become a party to the Protocol and formally record this intention by a written declaration to that effect made at the time of signing.

Both Protocols provide that instruments of ratification shall be deposited no later than June 18, 1976. The Wheat Council and Food Aid Committee may, however, grant an extension of time to any signatory government that has not deposited an instrument of ratification by that date.

It is my hope that the Senate will give early and favorable consideration to the two Protocols so that ratification by the United States can be effected and instruments of ratification can be deposited without undue delay.

GERALD R. FORD.

THE WHITE HOUSE, *June 18 1976*.

ORDER FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS ON MONDAY, JUNE 21, 1976, AND FOR EXECUTIVE SESSION THEREAFTER

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Monday, after the two leaders or their designees have been recognized under the standing order, there be a brief period for the transaction of routine morning business not to extend beyond the hour of 10:30 a.m.; that at the conclusion of the period for the transaction of routine morning business, the Senate go into executive session to proceed with the debate on the various treaties and conventions.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RESUMPTION OF LEGISLATIVE SESSION ON MONDAY AND CONSIDERATION OF UNFINISHED BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the disposition of the various treaties and conventions on Monday, the Senate resume legislative session and resume consideration of the unfinished business.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at 10 a.m. on Monday. At least six rollcall votes can come early, beginning as early as 12 o'clock noon. I ask unanimous consent that the first vote not occur prior to the hour of 12 noon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. So, Mr. President, there will be six rollcall votes. Actually, there will be three rollcall votes, but the third rollcall vote will count for four rollcall votes, so that, in totality, there will be three callings of the roll, with six rollcall votes appearing in the RECORD.

I ask unanimous consent that on the second and third backup votes the rollcall be limited to 10 minutes on each rollcall. Mr. President, there will be a vote on the declaration and a separate vote on the adoption of the resolution of ratification, will there not?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. So the first vote will be on the declaration and that will be followed by a vote on the adoption of the resolution of ratification, that will be followed by another rollcall vote which will include four treaties and conventions.

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. I thank the Chair.

Now, Mr. President, let me begin again. The Senate will convene at 10 a.m. on Monday. There will be six rollcall votes, the first to occur no earlier than the hour of 12 o'clock noon, but no later than the hour of 12:30 p.m. There will be three calls of the roll back-to-back, the second and third of which will be 10-minute rollcalls. The third rollcall vote will count for four rollcall votes.

The votes will occur first, on the declaration and, second on the adoption of the resolution of ratification, with declaration, of Executive E, 94th Congress, second session, Treaty of Friendship and Cooperation with Spain.

The four rollcall votes, which will be included in one call of the roll are as follows:

Ex. B (94th Cong., 2d sess.), Supplementary Extradition Treaty with Spain.

Ex. A (94th Cong., 2d sess.), Extradition Treaty with the United Kingdom of Great Britain and Northern Ireland.

Ex. G (94th Cong., 2d sess.), Convention on Registration of Objects Launched into Outer Space.

Ex. F (94th Cong., 2d sess.), Treaty with the Swiss Confederation of Mutual Assistance in Criminal Matters.

Following the series of votes, the Senate will resume consideration of the unfinished business, and rollcall votes will occur throughout the afternoon on the tax bill and, possibly, on other matters.

Now, Mr. President, the Senate will still be on the tax bill next week, as I have indicated. But at least four appropriation bills are going to be ready for action in the near future, and other measures will be ready from time to time if it seems advisable and appropriate to sandwich them in.

By necessity, the Senate will be in session early and late daily, including Saturdays, from here on out until the convention, with rollcall votes occurring early and late. It may even be necessary to have a Saturday session not only next week but also in the final week before the convention. Senators will want to prepare their daily schedules accordingly.

RECESS TO 10 A.M. MONDAY, JUNE 21, 1976

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until the hour of 10 a.m. on Monday.

The motion was agreed to; and at 5:53 p.m., the Senate recessed until Monday, June 21, 1976, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate June 18, 1976:

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Thomas L. Lias, of Iowa, to be an Assistant Secretary of Health, Education, and Welfare, vice Stephen Kurzman, resigned.

IN THE JUDICIARY

J. Blaine Anderson, of Idaho, to be U.S. circuit judge for the ninth circuit vice M. Oliver Koelsch, retired.

IN THE JUDICIARY

J. Waldo Ackerman, of Illinois, to be U.S. district judge for the southern district of Illinois vice Harlington Wood, Jr., elevated.

IN THE JUDICIARY

Cecil F. Poole, of California, to be U.S. district judge for the northern district of California vice Oliver J. Carter, retired.

IN THE NAVY

Vice Adm. Thomas B. Hayward, U.S. Navy, having been designated for commands and other duties determined by the President to be within the contemplation of title 10, United States Code, section 5231, for appointment to the grade of admiral while so serving.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 18, 1976:

DEPARTMENT OF JUSTICE

Nickolas P. Geeker, of Florida, to be U.S. attorney for the northern district of Florida for the term of 4 years.

Philip M. Van Dam, of Michigan, to be U.S. attorney for the eastern district of Michigan for the term of 4 years.

Walter M. Garrison, Jr., of West Virginia, to be U.S. marshal for the northern district of West Virginia for the term of 4 years.

George O. Houser, Jr., of Wyoming, to be U.S. marshal for the district of Wyoming for the term of 4 years.

FEDERAL POWER COMMISSION

John Holliday Holloman III, of Mississippi, to be a member of the Federal Power Commission for the term expiring June 22, 1981.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

HOUSE OF REPRESENTATIVES—*Friday, June 18, 1976*

The House met at 10 o'clock a.m.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Fear not, for I am with you; be not dismayed, for I am your God; I will strengthen you; yea, I will help you.—Isaiah 41: 10.

Eternal Father, make us ready for the adventure of living this day. By Your grace may we make the most of it. We do not pray for smaller tasks but for strength for greater tasks; not for fewer facts to face but for faith to face all the facts; not only for repentance over mistakes made but for a renewal of spirit that we do not make the same mistakes again; not that we may do our duty but that we may go beyond the call of duty and walk the second mile.

Amid the pressures and problems of daily life give us self-control that we may not be the slaves of circumstances but masters of ourselves in the midst of all circumstances.

Give us wisdom to make right decisions, courage to walk right ways and faith to keep the sense of right alive within us. Thus may no barrier in our hearts prevent the fulfillment of Your purpose for us and for our country.

In the spirit of Him who is with us all the way, we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of the clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 12169. An act to amend the Federal Energy Administration Act of 1974 to provide for authorizations of appropriations to the Federal Energy Administration, to extend the duration of authorities under such act, and for other purposes;

H.R. 13965. An act making appropriations for the government of the District of Columbia and other activities chargeable in

whole or in part against the revenues of said District for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 12169) entitled "An act to amend the Federal Energy Administration Act of 1974 to provide for authorizations of appropriations to the Federal Energy Administration, to extend the duration of authorities under such act, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Ribicoff, Mr. Jackson, Mr. Metcalf, Mr. Glenn, Mr. Percy, Mr. Javits, Mr. Brock on titles III, IV, and V only; Mr. Proxmire, Mr. Cranston, Mr. Magnuson, Mr. Hollings, Mr. Church, Mr. Haskell, Mr. Tower, Mr. Pearson, and Mr. Hansen to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 13965) entitled "An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Chiles, Mr. Johnston, Mr. Huddleston, Mr. McClellan, Mr. Eagleton, Mr. Mathias, Mr. Schweiker, and Mr. Young to be the conferees on the part of the Senate.

APPOINTMENT OF CONFEREES ON H.R. 13965, DISTRICT OF COLUMBIA APPROPRIATIONS, 1976

Mr. NATCHER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 13965) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky? The Chair hears none, and appoints the following conferees: Messrs. Natcher, Giaimo, Stokes, McKay, Burlison of Missouri, Alexander, Mrs. Burke of California, and Messrs. Charles Wilson of Texas, Mahon, Young of Florida, Kemp, Burgener, and Cederberg.

A TRIBUTE TO CONGRESSIONAL PAGES

(Mr. SISK asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. SISK. Mr. Speaker, I would like to pay tribute today to a group of individuals we often forget to thank—our pages. The young men and women who serve as congressional pages work long hours, staying on duty so long as the House is in session which can be until 8 or 9 or even longer in the evening. Regardless of the hour, however, they perform their duties with courtesy and dispatch.

In addition to their official duties as pages, these young people also must continue their academic studies and maintain an adequate performance in these studies. Many set outstanding academic records.

Recently, the Capitol Page School held commencement exercises. Of the 38 graduates, 14 were members of the National Honor Society and 9 received scholarships to college.

At the close of my remarks, I would like to insert the commencement program in the Record and to extend my congratulations to each of the graduates. I also would like to say thank you to each of these young men and women for a job well done as pages during the last year.

The commencement program is as follows:

Commencement Exercises of Capitol Page School, Caucus Room, Cannon House Office Building, Monday, Evening, June Seventh, Nineteen Hundred Seventy-Six, Eight O'Clock, Washington, D.C.

PROGRAM

Prelude, U.S. Marine Band.
Processional—"Pomp and Circumstance," Elgar.
Invocation (audience standing), Rev. Edward L. R. Elson, S.T.D., Chaplain, United States Senate.
Salute to the Flag (audience standing), Audience.
Star Spangled Banner (audience standing), Audience.
Welcome, Mr. John C. Hoffman, Principal, Capitol Page School.
Salutatorian, Jonathan M. Sewall.
Selection, U.S. Marine Band.
Greetings, Mrs. Elizabeth C. Yancey, Vice Superintendent, D.C. Public Schools.
Address, Honorable Hubert H. Humphrey, United States Senate.
Valedictorian, Valerie B. Stroh.
Announcement of Honors, Mr. Hoffman.
Presentation of Diplomas, Mrs. Yancey.
Presentation of Class Gift, James Manges, President, Senior Class.
Selection, U.S. Marine Band.
Benediction, Reverend Elson.
Recessional, U.S. Marine Band.

GRADUATES

Carol Susan Bakal*
Martin D. Baumgart
Paul Cullen Beatley*
B. Eric Brauner*
David Brinston
Richard A. Burka
Kevin Brian Campbell
Paul Athanassius Caryotakis*
Kenneth David Clawson II
Michael John Coster
Pamela Lynn Farmer*
Michael Wayne Fields
Charles Samuel Fillingane
Patricia Sue Friedman*
Elizabeth Ann Garrison
Brenda Renee Harwell
Robert Campion King
Douglas Mark Lapin
Herbert Friedrich Lingl*
James Leonard Manges, Jr.
Bradley Ross Marshall
Ronald Anthony Mis*
Renee Frances Morris
Karl Henry Oakley
Eldridge W. Patteson
Willa B. Perlmutter
Thomas Richard Petty*
Daniel Ross Popkey
Kell Attebury Purcell
William W. Roche
Gregory M. Satterfield
Jonathan Sewall (Co-Salutatorian)*
John E. Shelk (Co-Salutatorian)*
Stuart Jay Sisisky
Valerie Brooke Stroh*
Karin Marie Tills (Co-Salutatorian)*
Mark Christopher Tomb*
Leo E. Wetzel

CLASS OFFICERS

James Manges, President.
Michael Fields, Vice President.
Pamela Farmer, Secretary-Treasurer.
Paul Caryotakis, Sergeant at Arms.

SCHOLARSHIPS

University of North Carolina, Chapel Hill, Pamela Farmer.
Catholic University, Leo Wetzel.
Claremont Men's College, Ronald Mis.
Dartmouth College, Jonathan Sewall.
Bradley University, John Shelk.
Stanford University, National Honor Society, Valerie Stroh.
Madison State of Wisconsin, Karin Tills.
Naval Academy, Mark Tomb.
Merchant Marine Academy, Michael Fields.

USHERS

Elizabeth Baldwin, Chief Usher, Maura Connelly, Jeffrey Dickerson, Cynthia McNair, Maile McIntyre.

Music by the United States Marine Band.
Decorations, U.S. Botanical Gardens.

*Members of National Honor Society

LONG-TERM REVISION OF SOCIAL SECURITY

(Mr. LEVITAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVITAS. On yesterday the President sent from the White House to the Congress a message on social security. The problems of our social security system are some of the most serious facing this Nation. The need is vital. Our commitment to it is unshakable. The President's proposal to the Congress is a shabby response to the problem. He is proposing an increase in the already high regressive payroll tax, and further, when we analyze the real meaning, we see he would be also reducing the already very minimal future benefits upon which those who are the most needful are having to depend.

What we need is an imaginative, comprehensive approach to the solution of social security problems. Social security is a system which is vital, but to survive it very badly needs long-term revision. The elderly are concerned. The young are cynical. It needs more than a bandaid and mecurochrome, shabby response.

Legislation has been pending since last year in the Subcommittee on Social Security for a comprehensive national commission which will review the entire program. That is House Joint Resolution 291. I call upon the leadership of this House to get that national commission on legislation moving so we can have a comprehensive revision of the social security system.

The people of this country are looking to us for constructive action—not just words.

We must do our job.

DISPLAY OF CERTAIN HISTORICAL DOCUMENTS WITHIN THE U.S. CAPITOL BUILDING DURING 1976

Mr. NEDZI. Mr. Speaker, I ask unanimous consent that the Committee on House Administration be discharged from further consideration of the Senate bill (S. 3475) relating to the display of certain documents within the U.S. Capitol Building during the calendar year 1976, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, I wonder if the gentleman from Michigan could explain this bill to us.

Mr. NEDZI. Yes. Mr. Speaker, if the gentleman will yield, the reason for the legislation arises from the fact that under existing law it is unlawful to have works of art which do not belong to the U.S. Government displayed in the Capitol. The particular historical drawings which are referred to in this legislation belong to the State of Maryland, and the purpose of the bill is to authorize the Architect of the Capitol to display these items in the Capitol during 1976.

Mr. BAUMAN. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 3475

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That nothing contained in the provisions of section 1815 of the Revised Statutes of the United States (40 U.S.C. 189), or any other law, shall be construed as prohibiting the Architect of the Capitol, during the Bicentennial year, from displaying, in such manner and within such area of the United States Capitol Building, as the Architect of the Capitol, with the approval of the Joint Committee on the Library, shall determine, the historical drawings which resulted from the architectural competition held in 1793 for the design of the United States Capitol Building.

SEC. 2. For the purpose of displaying such historical drawings in the United States Capitol Building, the Architect of the Capitol, under the direction of the Joint Committee on the Library, is authorized to enter into such arrangements or agreements as may be necessary in order to assure the protection of the aforementioned drawings while such drawings are under his supervision.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CALL OF THE HOUSE

Mr. KETCHUM. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 402]

Andrews, N.C.
Badillo
Baldus
Bell
Bevill
Bowen
Brooks
Brown, Calif.
Burke, Fla.
Byron
Chappell
Chisholm
Clausen, Don H.
Clay
Conable
Conte
Conyers
Daniels, N.J.
Dodd
Esch
Eshleman
Flowers
Ford, Mich.
Giaimo
Green
Hagedorn
Harsha
Hawkins
Hayes, Ind.
Hays, Ohio
Hébert
Helstoski
Hicks
Hinshaw
Holt
Howe
Hubbard
Ichord
Jenrette
Jones, Ala.
Karth
Kelly
Kreuger
LaFalce
Landrum
Litton
Lujan
Lundine
McDade
McDonald
McKinney
Matsunaga
Meeds
Metcalfe
Milford
Mink
Mitchell, N.Y.
O'Hara
Paul
Peyser
Quie
Rees
Richmond
Riegle
Rinaldo
Risenhoover
Roberts
Rogers
Rose
Runnels
Scheuer
Schneebeli
Seiberling
Shriver
Sikes
Spellman
Stanton, James V.
Steelman
Steiger, Ariz.
Stephens
Stokes
Stuckey
Studds
Symington
Talcott
Teague
Udall
Ullman
Vander Jagt
Vanik
Waxman
Wiggins
Wilson, Bob
Winn
Wirth
Young, Alaska
Young, Ga.
Young, Tex.

The SPEAKER. On this rollcall 333 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

APPOINTMENT OF CONFEREES ON H.R. 9019, HEALTH MAINTENANCE ORGANIZATION AMENDMENTS OF 1976

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 9019) to amend title XIII of the Public Health Service Act to revise and extend the program for the establishment and expansion of health maintenance organizations, with a Senate amendment thereto, disagree to the Senate amendment, and request a conference with the Senate thereon.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia? The Chair hears none, and appoints the following conferees: Messrs. STAGGERS, ROGERS, SATTERFIELD, PREYER, SYMINGTON, CARTER, and BROYHILL.

STATE DEPARTMENT AUTHORIZATION ACT, FISCAL YEAR 1977

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 13179) to authorize appropriations for the Department of State, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Pennsylvania (Mr. MORGAN).

The motion was agreed to.

The SPEAKER. The Chair requests the gentleman from Indiana (Mr. BRADEMAS) to assume the chair temporarily.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 13179, with Mr. BRADEMAS, chairman pro tempore, in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on Wednesday, June 9, 1976, the Clerk had read through line 5 on page 1.

There being no amendments to section 1, the Clerk will read.

The Clerk read as follows:

AUTHORIZATION OF APPROPRIATIONS

SEC. 2. (a) There are authorized to be appropriated for the Department of State for fiscal year 1977, to carry out the authorities, functions, duties, and responsibilities in the conduct of the foreign affairs of the United States, including trade negotiations, and other purposes authorized by law, the following amounts:

(1) For the "Administration of Foreign Affairs", $552,455,000.

(2) For "International Organizations and Conferences", $338,875,000.

(3) For "International Commissions", $17,069,000.

(4) For "Educational Exchange", $68,500,000.

(5) For "Migration and Refugee Assistance", $10,000,000.

(6) For increases in salary, pay, retirement, and other employee benefits authorized by law, and for other nondiscretionary costs, such amounts as may be necessary.

(b) Amounts appropriated under this section are authorized to remain available until expended.

Mr. MORGAN. Mr. Chairman, I move to strike the requisite number of words. As you know, Mr. Chairman, the bill we are now considering is the annual authorization for the State Department for fiscal year 1977.

General debate on this bill was held last week on June 9. No problems were raised about the bill at that time. It was strongly supported by the ranking minority member of the subcommittee which drafted it.

I am hopeful, therefore, that we can proceed rapidly to bring this measure to a vote.

At the same time, I believe it would be useful to review briefly for the Members the provisions of the bill—H.R. 13179.

The bill authorizes $1,017,857,000 for the State Department for the next fiscal year.

That figure is $33.5 million higher than requested by the executive branch—but is within the budget allocations set down under the congressional budget procedures.

Two items account for most of the increase over the Executive request:

It provides $20 million for assistance to Israel for resettlement of Soviet and Eastern European Jewish refugees. This is a humanitarian program which was begun here in Congress and is now a basic part of our human rights effort on behalf of oppressed Jews in the Soviet Union.

The bill also provides $12 million to permit the United States to provide financial assistance to the Commonwealth of Puerto Rico for the eighth pan-American games, which will be held there in 1979.

The bulk of the funds authorized in this bill go to keep the State Department operating.

It pays for the salaries, expenses, and allowances of officers and employees of the Department, both at home and overseas.

It pays for the costs of running our embassies and consulates abroad, as well as for the Department facilities here in Washington.

This bill also provides funds for other purposes essential to the conduct of our Nation's foreign affairs:

It defrays the assessments of the United States in international organizations and activities;

It pays the costs of U.S. work in international conferences and meetings; and

It pays for our educational and cultural exchange programs.

Mr. Chairman, there is one provision of the bill which has caused some concern. It is section 13. That section would repeal the 1 percent additional for retired foreign service people when cost-of-living adjustments are made.

There has been opposition to this provision on the grounds that it singles out one group of retired persons while others would still enjoy the 1 percent benefit.

For that reason, the Committee will entertain an amendment at the proper time which will substitute language making it clear that the 1 percent repeal would be effective only when other Federal persons also lost this benefit.

Mr. Chairman, I urge the speedy consideration of this bill and a favorable vote on its passage.

Mrs. MEYNER. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentlewoman from New Jersey.

Mrs. MEYNER. Mr. Chairman, is it not correct that section 11 of this bill seeks to permit a Federal employee to accept a grant or other form of assistance provided by a foreign government to facilitate that employee's participation in a type of cultural exchange program defined in the Mutual Educational and Cultural Exchange Act of 1961, the so-called Hays-Fulbright Act?

Mr. MORGAN. The answer is "Yes," of course; but in response to the gentlewoman, the answer is that the committee intended that employees of the legislative and judicial branches, as well as the executive branch, are included within the scope of the amendment.

Mrs. MEYNER. If the gentleman will yield further, was it not the intention of the International Relations Committee that Congressional employees were to be included in the definition of "Federal employee" used in this section?

Mr. MORGAN. The answer is again "Yes."

Mrs. MEYNER. Mr. Chairman, if the gentleman will yield further, is there any way, in the gentleman's opinion, that this section could be construed so as to exclude congressional employees from the provisions of this section?

Mr. MORGAN. The answer is "No."

Mrs. MEYNER. Mr. Chairman, I thank the gentleman.

Mr. BUCHANAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, as the chairman of the committee has pointed out, we reported out what we believe is a good authorization bill for the State Department, slightly over $1 billion. We think it is a defensible authorization and we hope it can be speedily adopted by this House.

There will be some amendments offered. I will do all I can to see that they are handled with dispatch. In certain cases, particularly on the Panama Canal question, I have substitutes prepared for the amendments which may be offered and which substitutes I hope will be supported.

It is our hope, although there may be 10 to a dozen or more amendments offered, that they can be handled with great dispatch. Toward that end, Mr. Chairman, I yield back the balance of my time.

Mr. HANSEN. Mr. Chairman, the issues are many and complex but the really essential points are fewer and can be considered with clarity:

First. The United States purchased the canal in one payment. We do not pay rent on it. The annual sum paid to Panama is an annuity for the loss of revenue to the Panama Railroad which occurred as business shifted to the canal. This is clearly the purpose for the payment as documented by Donald M. Dozer, professor of Latin American history and inter-American relations at the University of California at Santa Barbara. As has been previously pointed out, the Canal Zone has been purchased several times over:

First. The French Canal Co. sold the United States all its rights and property for $40 million.

We paid Panama $10 million plus the annuity for the railroad and picked up various other tabs such as the $13 million Panama Highway Bridge.

We bought the property of every individual property owner in the zone. This came to $166 million.

Because Panama had seceded from Colombia we paid Colombia another $25 million just to make sure that no one's feelings were hurt.

Second. There has been a legal transfer of all rights of sovereignty from Panama to the United States. Despite the arguments of semanticists there can be no doubt that Panama forfeited all rights of sovereignty in perpetuity.

In the Wilson vs. Shaw case, argued before the U.S. Supreme Court on October 19, 1906, it was held that the U.S. title to the Canal Zone is legal and the Canal Zone constitutes U.S. Territory.

Having clearly established the unquestionable legality of U.S. rights of sovereignty, we may concede that total U.S. control may not always be necessary or even desirable, but it is impossible to foresee a proper date of transfer. Hence the treaty stipulated "in perpetuity" and this concept should be adhered to.

A report of a study mission to Panama printed for the Committee on International Relations in February 1976 contains the following:

> Not enough is known about future patterns and trends in canal use and what changes in canal capacity might prove advantageous. The Canal treaty should leave open options for needed alterations in the Canal.

Yet this same report advocates a new treaty with a termination date years in advance. The contradiction is evident.

Although some ships, military and commercial, are restricted from use because of size, this is the exception rather than the generality and in no way excuses the transfer of the canal. This is especially true because any proposed new canal route would likely not be able to provide for the degree of sovereignty and irrevocable rights of usage which the United States now enjoys. The fact that the U.S. Navy has fewer ships than at any time since before Pearl Harbor makes it imperative that the United States not commit itself to any possible restrictions in its access and use of the canal. This is a necessity considering our requirements for a two-ocean navy and is reinforced by many high-ranking naval authorities. Our unique two-ocean commercial requirements must also preclude any possibility of foreign power interruption such as could be exercised by the country of Panama.

It is the moral and constitutional duty of this body to protect the interests of the citizens of the United States and their property and to provide for the defense and general welfare of this country. Lacking the powers of a clairvoyant to see years into the future, we can best fill this entrusted responsibility by adhering to the basic treaty already in effect and which is wholly legal in every way.

Mr. BENITEZ. Mr. Chairman, the eighth pan-American games to be held in Puerto Rico 3 years from now will bring together in San Juan more than 6,000 athletes from 33 countries in the Western Hemisphere to participate in friendly competition and to engage in the unending task of learning from each other. These games are the Western Hemisphere's regional expression of the Olympic games, and are inspired in the same objectives. Instituted as a commitment of the Americas 25 years ago, they have been held periodically every 4 years since 1951 with increasing enthusiasm and participation. The first meeting was in Argentina, then in Mexico, then in Chicago, then in Brazil, then in Canada, after that in Colombia, and for the second time in 1975, in Mexico. The games in Puerto Rico, to be held in 1979, will help to enhance the traditions of the seven previous meetings and will mark the second time when these competitions are held under the American flag.

Puerto Rico's selection was made unanimously in 1973 by the Pan American Sport Association. It was the first instance of site unanimity. I believe that unanimity provides an index of Puerto Rico's recognition in and contribution to these pan-American athletic and cultural engagements.

The total cost anticipated reaches over $30 million. Commitments have been made already by the Government of Puerto Rico, the city of San Juan, and private ctizens to cover the difference beyond the $12 million authorization provided in this bill.

I trust that the cooperation and contribution toward these games, unanimously approved by the Committee on International Relations of the House, will be endorsed by both sides and will merit also the support of the other body. I ask for your approval of section 10 of this bill, because I trust that these activities will serve to provide something more than a site for athletic competition, or a meeting place for men and women from all over the Western Hemisphere. The games will certainly result in that. But, more importantly, they will afford an opportunity for thousands upon thousands of persons from Latin America to come to Puerto Rico and to become acquainted with our community as it really is, a society of men and women of good will, of creativity, and of effort; a people engaged in deep and constructive struggle to oversome adversity and to live by the basic values of life, liberty, and the pursuit of happiness.

Mr. ADAMS. Mr. Chairman, I rise to support H.R. 13179 which provides the authorization for State Department appropriations for fiscal year 1977. Mr. Chairman, this bill is essentially within the targets assumed in the first budget resolution. Since the resolution assumed the administration request for this area it would be accurate to say that it is in fact $34 million higher than the $1 billion assumed in the resolution. However, as this is not a spending bill and since the entire amount is subject to appropriations action, I do not intend to object to this bill, because of this increase. The reason I rise to support this bill is because it incorporates part of the pay reform package that the House adopted in passing the first budget resolution earlier this year. Specifically, this bill would eliminate the so-called 1-percent kicker which has been used in calculating Foreign Service retirement pensions since 1969. Mr. Chairman, this 1-percent kicker formula applies to other civilian Government annuities and to military retirement, as well. Therefore, in addition to this legislation it will be necessary to pass legislation which will eliminate the 1-percent kicker for retired military and civilian personnel.

The Senate authorization bill for military procurements (H.R. 12438) eliminates the 1-percent kicker for retired military personnel. I would hope that the House conferees would support the Senate position. It then will be necessary to pass legislation to eliminate the 1-percent kicker for civilian retired personnel. As you know, that area falls within the jurisdiction of the Post Office and Civil Service Committee and I would hope that we could have that legislation this year and, therefore, treat all Federal retirees equally—Foreign Service, military, and civilian retirees.

Mr. GUDE. Mr. Chairman, I oppose section 13 of this State Department authorization. This section would delete the 1-percent add-on to cost-of-living increases for Foreign Service officers and undoubtedly set precedents for Federal civilian annuities which also include the 1-percent add-on in cost-of-living adjustments.

It is clear to me that we are putting the cart before the horse by enacting significant changes in Foreign Service annuities ahead of civil service and military annuities. Civil service annuitants numbering 1,370,000 are by far and away the larger annuitant group as compared with the 4,600 Foreign Service annuitants.

Traditionally, civil service annuity formulas have set the pace for all Federal annuities. This spring, for instance, the Senate Armed Services Appropriations Committee made certain annuity changes for military retirees contingent upon similar action by those committees which oversee civil service annuities.

This increase was originally intended to compensate for the 5 months it takes from the time the Consumer Price Index triggers a cost-of-living adjustment to the time the money is actually put into the annuitants' paychecks.

Make no mistake about it, the issue here today is not whether the 1-percent add-on should be eliminated. The question, rather, is whether we are going to accept a provision in this bill which the committee has not considered in its hearings. In fact, the provision in this bill to delete the 1-percent add-on preempts ongoing deliberations of this same subject by the Post Office and Civil Service Subcommittee on Retirement. That subcommittee has held preliminary hearings on the 1-percent issue, but to my understanding has not yet concluded its talks on the subject.

The effects of several compensatory alternatives on the annuitants' purchasing power and the civil service retirement trust fund should be discussed at length in subcommittee hearings.

I strongly urge my fellow colleagues to support amendments which would allow this issue to be aired fully in the Post Office and Civil Service Committee where it belongs.

Mr. DAN DANIEL. Mr. Chairman, with all the problems this Nation faces, at home and abroad, it would be all too easy to dismiss the Panama Canal as small potatoes, indeed, not worthy of concern in the context of all our other woes. Nothing could be further from the truth. There is ample reason to retain the canal, and virtually no reason to surrender it.

For years, efforts were made to construct a canal across the Isthmus of Panama and thereby shorten the long and dangerous sea voyage around Cape Horn. It remained for American talent—and American funds—to complete what is still acknowledged to be one of the world's engineering marvels.

Did we seize this land? Did we conquer a people or a nation? Have we exploited or subjected the Panamanians? The answer in each instance is, of course, "no." The Republic of Panama has been paid what is essentially rent for the land, the people have been provided jobs, and world commerce and trade have advanced because the canal was built.

Now we will give it away, in order to appease Panama's leftist dictator.

The canal has been closed to no nation in peacetime. It has provided easier and less expensive access for ships traveling between the Atlantic and Pacific Oceans.

What will be gained by surrendering this vital link between our own eastern and western borders? Nothing—but a great deal will be lost, if control passes into the hands of those whose loyalties more closely resemble Cuba's than our own.

In the conduct of affairs between our own and other nations, the Senate bears the constitutional responsibility to ratify treaties. The House of Representatives is not entirely out of the picture, however, in this instance. For it has the responsibility and I quote from the Constitution:

> To dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States.

I cannot believe that two-thirds of the U.S. Senate would agree to giving up the canal. In the unlikely event that I am wrong, they will at least know that many of us in the House intend to oppose it.

Mr. ALEXANDER. Mr. Chairman, at this point in the debate on the State Department authorization, I would like to share remarks from a good friend who has spent a great deal of time in Africa and who believes that the American people have not been told the truth about Africa.

He says:

> Bill, there is no such thing as majority rule in southern or black Africa. Rule is purely tribal and if you are not a member of the ruling tribe, you had better keep your mouth shut. For the U.S. government to support leaders such as we are in Mozambique and other dictators who make Hitler look like a school boy is a sign of our total ignorance and pure hyprocrisy. I don't believe that Henry Kissinger knows or is any better informed about Africa than he is about the state of Arkansas.

While I strongly support the concept of majority rule, I feel compelled to share my friend's comments with my colleagues.

Additionally he forwarded an editorial which I submit for your consideration:

RHODESIA: THE SUICIDE OF THE WEST

> Of the 49 countries in Africa, 15 are under direct military rule and 29 have one-party civilian governments. Only five have multi-party-political systems.
>
> I have just returned from visiting two of these five—the Republic of South Africa and Rhodesia (the other three are Botswana, Gambia and Mauritius). If this way of putting it produces a double take, that is its purpose.
>
> The actual situation in both South Africa and Rhodesia is very different from and very much more complex than the Black-White

stereotypes presented by both the Government and the Press—and the situation in Rhodesia is very different from that in South Africa.

Neither country is an ideal democracy—just as America is not. Both have serious racial problems—just as America has. Both can be justly criticised for not moving faster to eliminate discrimination—just as America can; but both provide a larger measure of freedom and affluence for all their residents—Black and White—than most other countries of Africa.

GREAT PRIZES

Both would be great prizes for the Russians—and US official policy appears well designed to assure that the Russians succeed in following up their victory in Angola through the use of Cuban troops by similar takeovers in Rhodesia and South Africa.

Rhodesia was opened up to the rest of the world less than a century ago by British pioneers. Since then Rhodesia has developed rapidly, primarily through its mineral production—gold, copper, chrome and other ores—and through highly productive agriculture.

Both Whites and Africans have benefited from their co-operation. Modern cities, especially Salisbury, an extensive network of roads and communications, productive farm lands, mines and industrial works—all this would have been impossible for a population of Whites that even today totals fewer than 300,000.

On the other hand, without the knowledge, skill and capital provided by the Whites, Rhodesian Blacks would today be many fewer and far poorer.

To judge from the crude evidence that is available, the Rhodesian Blacks in the modern sector enjoy an average income that is considerably more than twice as high as that of all the residents of the rest of Africa, excluding only South Africa.

The relation of the Whites to Blacks is complex: a large dose of paternalism, social separation, discrimination in land ownership and little or no official discrimination in other respects.

GALLING

In particular, there is no evidence of that petty apartheid—separate post office entrances, toilets and the like—that was America's shame in the South and that I find so galling in South Africa.

The education of the Blacks has been proceeding by leaps and bounds. Today, half or more of the students at the University of Rhodesia are Black.

Guerrilla warfare from outside and inside the country has produced a reaction by the Government that can properly be described as repressive—but the provocation has clearly been great, and it is important to maintain a sense of proportion.

BLACK SEA

More than half the defence forces patrolling the borders are Black. I was told that more Blacks volunteer for the defence forces than can be accepted.

The streets of Salisbury give a visual impression of a Black sea with occasional White faces that brings to life and gives new meaning to the 20-to-1 numerical population ratio.

It is very difficult to reconcile that visual impression with any widespread oppression of feelings of oppression by the Blacks. If that existed, Rhodesia could not easily maintain such internal harmony or so prosperous an economy.

During the past ten years of sanctions, Rhodesia has grown in real terms more rapidly than in the prior ten years—and more rapidly than the rest of Africa.

The external pressures against Rhodesia arise from its unwillingness to grant "majority rule" within a definite and brief timetable.

Whatever the merits or demerits of "majority rule" as an abstract principle, the imposition of sanctions against Rhodesia on this ground is a striking example of a double standard.

The other former African countries of Britain that were granted independence without sanctions do not have anything approximating what Americans regard as majority rule.

They have minority rule by a Black elite that controls the only party permitted to exist. If the elite minority in Rhodesia had happened to be Black instead of White, Britain would have rushed to grant them independence and provide "development assistance".

SUICIDE

"Majority rule" for Rhodesia today is a euphemism for a Black minority government, which would almost surely mean both the eviction or exodus of most of the Whites and also a drastically lower level of living and of opportunity for the masses of Black Rhodesians.

That, at any event, has been the typical experience in Africa—most recently in Mozambique.

Rhodesia has a freer Press, more democratic form of government, a greater sympathy with Western ideals than most if not all the states of Black Africa. Yet we play straight into the hands of our communist enemies by imposing sanctions on it!

The Minister of Justice of Rhodesia cannot get a visa to visit the US—yet we welcome the Minister of the Gulag Archipelago with open arms.

James Burnham had the right phrase for it: suicide of the West.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

TRANSFER AUTHORITY

SEC. 3. Funds authorized to be appropriated for fiscal year 1977 by any paragraph of section 2(a) (other than paragraph (6)) may be appropriated for such fiscal year for a purpose for which appropriations are authorized by any other paragraph of such section (other than paragraph (6)), except that the total amount appropriated for a purpose described in any paragraph of section 2(a) (other than paragraph (6)) may not exceed the amount specifically authorized for such purpose by section 2(a) by more than 10 per centum.

INTERNATIONAL JOINT COMMISSION

SEC. 4. The Act entitled "An Act to provide certain basic authority for the Department of State", approved August 1, 1956 (Public Law 84–885; 70 Stat. 890), is amended by adding at the end thereof the following new section:

"SEC. 19. Each fiscal year (beginning with fiscal year 1977), the Secretary of State may use not to exceed $1,500 of the funds appropriated for the American Sections, International Joint Commission, United States and Canada, for representation expenses and official entertainment within the United States for such American Sections.".

RUSSIAN REFUGEE ASSISTANCE

SEC. 5. In addition to amounts otherwise available, there are authorized to be appropriated to the Secretary of State for fiscal year 1977 not to exceed $20,000,000 to carry out the provisions of section 101(b) of the Foreign Relations Authorizations Act of 1972 (relating to Russian refugee assistance) and to furnish similar assistance to refugees from Communist countries in Eastern Europe. None of the funds appropriated under this section may be used to resettle refugees in any country other than Israel. Amounts appropriated under this section are authorized to remain available until expended.

UNITED STATES PASSPORT OFFICE

SEC. 6. In addition to amounts otherwise available for such purposes, there is authorized to be appropriated for fiscal year 1977, $1,000,000, to be used for miniaturization of the files of the United States Passport Office. Amounts appropriated under this section are authorized to remain available until expended.

NORTH ATLANTIC ASSEMBLY

SEC. 7. The joint resolution entitled "Joint resolution to authorize participation by the United States in parliamentary conferences of the North Atlantic Treaty Organization", approved July 11, 1956, is amended by adding at the end thereof the following new section:

"SEC. 5. In addition to the amounts authorized by section 2, there is authorized to be appropriated $50,000 for fiscal year 1977 to meet the expenses incurred by the United States group in hosting the twenty-second annual meeting of the North Atlantic Assembly. Amounts appropriated under this section are authorized to remain available until expended.".

PAYMENT TO LADY CATHERINE HELEN SHAW

SEC. 8. Of the amount appropriated under paragraph (1) of section 2(a) of this Act for salaries and expenses, $10,000 shall be available for payment ex gratia to Lady Catherine Helen Shaw, wife of the former Australian Ambassador to the United States, as an expression of the concern of the United States Government for the injuries which she sustained as a result of an attack on her in the District of Columbia.

FOREIGN SERVICE BUILDINGS AUTHORIZATION

SEC. 9. Section 4 of the Foreign Service Buildings Act, 1926, is amended—

(1) in paragraph (2) of subsection (h) by striking out "$71,600,000" and inserting in lieu thereof "$73,058,000"; and

(2) by adding the following new subsection at the end of the section:

"(j) For the purpose of carrying into effect the provisions of this Act in the Union of Soviet Socialist Republics, there is authorized to be appropriated, in addition to amounts authorized prior to the enactment of this subsection, $30,000,000, which amount is authorized to remain available until expended.".

PAN AMERICAN GAMES

SEC. 10. (a) The Congress finds that—

(1) the Eighth Pan American Games to be held in San Juan, Puerto Rico, in 1979 will provide an opportunity for more than six thousand young men and women, representing thirty-three countries in the Western Hemisphere, to participate in friendly athletic competition;

(2) international sporting events such as the Eighth Pan American Games make a unique contribution in promoting common understanding and mutual respect among people of different cultural backgrounds; and

(3) the President has the authority under the Mutual Educational and Cultural Exchange Act of 1961 to provide financing, when he considers that it would strengthen international cooperative relations, for (A) tours abroad by American athletes, (B) United States representation in international sports competitions, and (C) participation by groups and individuals from other countries in tours and in sports competitions in the United States.

(b) In order to strengthen international cooperative relations and promote the purposes of the Mutual Educational and Cultural Exchange Act of 1961, the Secretary of State shall use funds appropriated to carry out this section to provide financial assistance for the Eighth Pan American Games to be held in Puerto Rico in 1979. Such funds shall be transferred by the Secretary to the Recreational Development Company of Puerto Rico (a government corporation of the Commonwealth of Puerto Rico) for expenses directly related to the Eighth Pan American Games, including expenses for—

(1) promoting, organizing, and conducting such games;

(2) constructing new and repairing existing athletic and recreational facilities;

(3) providing lodging, food, and transportation for participants in such games and for related personnel; and

(4) acquiring necessary material and equipment for such games.

Such expenditures shall be subject to such controls and audits as the Comptroller General may prescribe.

(c) To carry out this section, there is authorized to be appropriated to the Secretary of State $12,000,000.

PARTICIPATION BY FEDERAL EMPLOYEES IN CULTURAL EXCHANGE PROGRAMS

SEC. 11. The Mutual Educational and Cultural Exchange Act of 1961 is amended by adding immediately after section 108 the following new section:

"SEC. 108A. (a) (1) Congress consents to the acceptance by a Federal employee of grants and other forms of assistance provided by a foreign government to facilitate the participation of such Federal employee in a cultural exchange—

"(A) which is of the type described in section 102(a) (2) (1) of this Act,

"(B) which is conducted for a purpose comparable to the purpose stated in section 101 of this Act, and

"(C) which is specifically approved by the Secretary of State for purposes of this section;

but the Congress does not consent to the acceptance by any Federal employee of any portion of any such grant or other form of assistance which provides assistance with respect to any expenses incurred by or for any member of the family or household of such Federal employee.

"(2) For purposes of this section, the term 'Federal employee' means any employee as defined in subparagraphs (A) through (E) of section 7342(a) (1) of title 5 of the United States Code, but does not include a person described in subparagraph (F) of such section.

"(b) The grants and other forms of assistance with respect to which the consent of Congress is given in subsection (a) of this section shall not constitute gifts for purposes of section 7342 of title 5 of the United States Code.

"(c) The Secretary of State is authorized to promulgate regulations for purposes of this section.".

ANNUITY INCREASES FOR ALIEN EMPLOYEES

SEC. 12. Section 444(a) of the Foreign Service Act of 1946 is amended—

(1) by inserting "(1)" immediately after "(a)"; and

(2) by inserting the following new paragraph at the end thereof:

"(2) The Secretary may, under such regulations as he may prescribe, make supplemental payments, out of funds appropriated after the date of enactment of this subparagraph for salaries and expenses, to any civil service annuitant who is a former alien employee of the Service (or is a survivor of a former alien employee of the Service) in order to offset exchange rate losses, if the annuity being paid such annuitant is based on (A) a salary that was fixed in a foreign currency that has appreciated in value in terms of the United States dollar, and (B) service in a country in which (as determined by the Secretary) the average retirement benefits being received by those who have retired from competitive local organizations are superior to the local currency value of civil service annuities plus any other retirement benefits payable to alien employees who have retired during similar time periods and after comparable careers with the United States Government.".

COST-OF-LIVING ADJUSTMENTS OF FOREIGN SERVICE RETIREMENT ANNUITIES

SEC. 13. (a) Section 882(b) of the Foreign Service Act of 1946 is amended by striking out "1 per centum plus".

(b) The amendment made by subsection (a) shall apply with respect to annuity increases which become effective after the end of the forty-five-day period beginning on the date of enactment of this Act.

AMENDMENT OFFERED BY MR. DERWINSKI

Mr. DERWINSKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DERWINSKI: Page 10, strike out lines 3 through 9 and insert in lieu thereof the following:

SEC. 13. (a) Section 882(b) of the Foreign Service Act of 1946 (22 U.S.C. 1121(b)) is amended to read as follows:

"(b) Effective the first day of the second month which begins after the price index change equals a rise of at least 3 percent for a month over the price index for the month last used to establish an increase, each annuity payable from the Fund having a commencing date not later than that effective date shall be increased by such percentage rise in the price index, adjusted to the nearest 1/10th of 1 percent."

(b) (1) Except as provided in paragraph (2) of this subsection, the amendment made by subsection (a) of this section shall take effect—

(1) at the end of the 45-day period beginning on the date of the enactment of this Act; or

(2) October 1, 1976;

whichever is later.

(2) In the event the price index change, as determined by the Secretary of State for the month in which the effective date prescribed under paragraph (1) of this subsection occurs, equals a rise of at least 3 percent over the price index for the month last used to establish an annuity increase under section 882(b) of the Foreign Service Act of 1946 (22 U.S.C. 1121(b)), each annuity payable from the Foreign Service Retirement and Disability Fund shall be increased, effective on the first day of the second month that begins after such effective date, by the percentage rise in the price index for the month in which such effective date occurs, adjusted to the nearest one-tenth of 1 percent.

COST-OF-LIVING ADJUSTMENTS OF CIVIL SERVICE ANNUITIES

SEC. 14. (a) Section 8340(b) of title 5, United States Code, is amended to read as follows:

"(b) Each month the Commission shall determine the percent change in the price index. Effective the first day of the second month which begins after the price index change equals a rise of at least 3 percent for a month over the price index for the base month, each annuity payable from the Fund having a commencing date not later than that effective date shall be increased by such percentage rise in the price index, adjusted to the nearest one-tenth of 1 percent."

(b) (1) Except as provided in paragraph (2) of this subsection, the amendments made by subsection (a) of this section shall take effect—

(A) at the end of the 45-day period beginning on the date of the enactment of this Act; or

(B) October 1, 1976;

whichever is later.

(2) In the event the price index change, as determined by the Civil Service Commission for the month in which the effective date prescribed under paragraph (1) of this subsection occurs, equals a rise of at least 3 percent over the price index for the base month currently in effect under section 8340 of title 5, United States Code, each annuity payable from the Civil Service Retirement and Disability Fund shall be increased, effective on the first day of the second month that begins after such effective date, by the percentage rise in the price index for the month in which such effective date occurs, adjusted to the nearest one-tenth of 1 percent.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Mr. Chairman, I seek a point of information. I would like to ask the author of the amendment if this is limited to foreign service only, or is it meant to include also civil service?

Mr. DERWINSKI. No, it is not limited to just foreign service. This amendment is a bill originally introduced by the chairman of the Committee on Post Office and Civil Service, the gentleman from North Carolina (Mr. HENDERSON), and it applies to all individuals covered by the civil service retirement system.

Mr. MORGAN. Mr. Chairman, I re-reserve a point of order against the amendment.

The CHAIRMAN. The gentleman from Pennsylvania (Mr. MORGAN) reserves a point of order against the amendment.

Mr. BAUMAN. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Chairman, I would suggest to the Chair that a reservation of a point of order comes too late. The time for reserving a point of order was when the amendment was read.

The CHAIRMAN. The Chair will advise the gentleman from Maryland (Mr. BAUMAN) that the gentleman from Pennsylvania (Mr. MORGAN) asked for a point of information, following which he reserved a point of order on the amendment and the Chair has not yet recognized the gentleman from Illinois for debate. The gentleman's reservation of a point of order is timely.

The gentleman from Illinois (Mr. DERWINSKI) will be recognized for 5 minutes in support of his amendment.

Mr. DERWINSKI. Mr. Chairman, the so-called 1-percent kicker was placed in law in 1969 along with other retirement law amendments. The purpose of the kicker was to accommodate the time lag and loss of purchasing power between the initial 3-percent rise in cost-of-living and the time, 7 months later, when annuitants receive an adjustment to their annuity.

This 1-percent add-on was not based on any scientific study at the time it was adopted. The Congress simply felt it was the right thing to do, but experience has demonstrated the compounded effect of the extra 1 percent each time there is a new cost-of-living adjustment has resulted in overcompensation and a drain on the retirement fund.

The Derwinski-Henderson amendment attacks the same issue that was mishandled in 1969. This amendment eliminates the 1-percent add-on and also reduces, by 3 months, the time lag between the month in which the Consumer Price Index records a 3-percent increase and the month in which the annuitant receives his cost-of-living adjustment.

While this amendment would result in no savings the first year, it would reduce Civil Service Retirement Fund outlays by $1.1 billion over the next 5 years.

This amendment, Mr. Chairman, is basically the same amendment that was adopted yesterday to the military construction appropriation bill. The difference is that the one yesterday applied to military personnel and this applies to civilian personnel in the Federal Government.

The savings effected depend upon whose figures we use. If we use the figures of the Committee on the Budget, if this amendment is adopted, it would produce over a 5-year period a savings of $1.1 billion. If we use the figures of the Civil Service Commission, we find that they estimate the savings over that 5-year period would be $1.447 billion.

Mr. Chairman, I would like to go into the history of this for just a moment. This is the so-called 1-percent kicker which was placed into the law in 1969 along with other amendments to the retirement law.

The purpose of the kicker, as seen by the committee at that time, was to accommodate the individuals retiring for the timelag loss of purchasing power between the initial 3-percent rise in the cost of living and the time, approximately 7 months later, when annuitants finally received an adjustment to their annuity.

Frankly, at the time this 1-percent kicker was added, it was not based on any scientific study. It was based on the committee view that this was the right thing to do and the feeling that this was in order. Frankly, the committee had no idea of the extent of the cost and the runaway nature of the cost of this program.

As a result, in the 7 years it has gone on since that 1969 amendment was adopted, this new cost-of-living adjustment, the 1-percent kicker, has resulted in overcompensation and a substantial drain on the Civil Service Retirement Fund.

Mr. Chairman, what the issue is all about is correcting that drain. As I had mentioned earlier, the Congressional Budget Committee figures claimed that the savings would come to $1.1 billion over a 5-year period. Civil Service figures actually run higher.

Mr. Chairman, this amendment I am offering was originally introduced as a bill by the gentleman from North Carolina (Mr. Henderson). I had introduced a bill at the request of the administration that actually went further.

This amendment before us provides that the 1-percent kicker is eliminated, and then after a 3-month delay, only a 3-month delay, the adjustment of the cost of living for the annuitant would then take place.

Mr. Chairman, I had introduced a bill to eliminate the 1 percent and not provide for the 3-month adjustment. However, frankly, this is a more moderate approach. I believe that when the Members look at the overall issue, which is, shall we protect the integrity of the retirement funds, the answer should be yes.

Mr. Chairman, when we take into account the budget considerations and the other items that directly relate to this, I feel my amendment is in order, and I would urge support by the House.

Mr. ADAMS. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Washington (Mr. Adams), the distinguished chairman of the Committee on the Budget.

Mr. ADAMS. Mr. Chairman, I support the proposition that the 1-percent kicker should be eliminated, and it should be eliminated for all classes of Federal employees equally, Foreign Service, Civil Service, military.

We had a vote on this yesterday. What I am concerned about is that we have not had a chance to completely analyze the amendment of the gentleman from Illinois (Mr. Derwinski).

We have looked at the Henderson bill proposal, and the difference in savings between the two is about $1.8 billion. I would certainly support the gentleman's amendment if it eliminated the kicker completely because I am concerned about a bill coming out of the Committee on Post Office and Civil Service to match the bill that has been brought here by the Committee on International Relations and one being brought out from the Defense Department.

Mr. Chairman, the gentleman's amendment provides a vehicle to do this, but I am concerned about how much is given back with the language that he has there.

Is this a cash payment, or do we simply move more quickly the time period under which the final adjustment is made? I cannot tell that from listening to the language.

Mr. HENDERSON. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from North Carolina (Mr. Henderson), the cosponsor of the amendment and the chairman of the committee, whose original bill actually was the basis for this amendment.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. Derwinski) has expired.

(On request of Mr. Adams and by unanimous consent, Mr. Derwinski was allowed to proceed for 5 additional minutes.)

Mr. HENDERSON. Mr. Chairman, I thank the gentleman for yielding.

The amendment that the gentleman from Illinois (Mr. Derwinski) has offered is the text of the bill I introduced last year after we received the request of the President to eliminate the 1-percent kicker.

The gentleman states that he supports the elimination of the 1-percent kicker. If that is the case, he would also support the committee's bill provision which does that.

The amendment of the gentleman from Illinois would eliminate the 1-percent kicker, but it would also provide that rather than permit a 6 months' delay from the date that the cost-of-living increase under the CPI is stricken that it would be in the future, after a 3 months' delay. It would eliminate the 1 percent for all civil service employees.

I feel sure that the House will be consistent in eliminating this for all civil service employees, not just the foreign service.

Mr. Chairman, we would save $1.9 billion, according to the figures we have. The amendment that the gentleman from Illinois (Mr. Derwinski) has offered, would reduce that to $1.4 billion, so that your lack of savings would be a half billion dollars over a 5-year period.

Mr. ADAMS. The thing I am concerned about is that the original proposal to eliminate the 1-percent kicker, as I understand—and I want to be very certain that we are talking about the same figures—would be approximately $4 billion, in that range, over the next 5 years. As I understand, the gentleman's figure would be in the neighborhood of a savings of about $2.2 billion. So that there is a difference in the range of about $1.8 billion. Is that correct?

Mr. HENDERSON. If the gentleman will yield further, the figures that the gentleman from Washington is reciting have the impact of the military retirees in them. The figures I am using are simply those for the civil service employees, including the foreign service employees. If you take the entire impact of the military retirees, the figures that the gentleman from Washington, the chairman of the Budget Committee is using, are correct.

Mr. ADAMS. Would the gentleman yield further?

Mr. DERWINSKI. Yes, of course.

Mr. ADAMS. Mr. Chairman, I favor the complete elimination of this 1-percent kicker. I think the House yesterday demonstrated by an overwhelming vote that they support that position. My concern is that if we do not take this opportunity at this time to apply it to all civil service people, to match what we did in the military yesterday, that we will not have an opportunity to vote on such a bill. So I want to mention that to the chairman, because I know the gentleman has been very cooperative about this, because we want to handle this in a very orderly fashion with the three divisions involved.

Mr. HENDERSON. If the gentleman will yield further, I think the military appropriation bill was handled very well. The chairman of the Committee on the Budget carried out his responsibilities I think to perfection. The gentleman was very fair in pointing out that that was not really a legislative action.

Mr. ADAMS. Precisely.

Mr. HENDERSON. All we are attempting to do here is to bring about for the civil service and Foreign Service employees equal treatment. If the point of order is sustained, we will lose that opportunity. But the chairman of the committee has assured me, and the chairman of the Committee on Armed Services has assured me, that they want the provisions for the Foreign Service and the military to be the same as what

Congress does for the civil service employees. The gentleman from Illinois (Mr. DERWINSKI) has provided that opportunity, and the Members of the House can handle that problem if we can proceed without the point of order being sustained on this legislation. The gentleman from Washington's position is that the 1-percent kicker should be repealed. The positions of the gentleman from Illinois and I are that we should not simply repeal the 1-percent kicker, because in our opinion it has been misinterpreted from the original intent of the Congress.

The original intent was that the 1 percent be an adjustment for the lag of 6 months. Now we are agreeing that the lag ought to be cut to 3 months. We think a 3-month lag is not too long, but we firmly and strongly believe that 6 months is an unusual lag period, especially in view of the highly inflationary record that we have had.

The CHAIRMAN. The time of the gentleman has again expired.

The Chair would ask the gentleman from Pennsylvania (Mr. MORGAN) if the gentleman wishes to continue to reserve his point of order.

POINT OF ORDER

Mr. MORGAN. Mr. Chairman, I would like to be heard upon the point of order at this time.

The CHAIRMAN. The gentleman will state his point of order.

Mr. MORGAN. Mr. Chairman, I fully understand the position and I have sympathy of the position of the gentleman from North Carolina and the gentleman from Illinois regarding this proposal. The gentleman from North Carolina (Mr. HENDERSON), the chairman of the Committee on Post Office and Civil Service, has said that this should be evenly spread across the board. But I am going to insist on my point of order because I can see the major problems this would cause the Committee on International Relations in conference.

Mr. Chairman, this amendment is not germane to this bill because it affects the U.S. Civil Service and it is not within the scope of the bill.

I insist upon my point of order.

Mr. DERWINSKI. I rise in opposition to the point of order.

Deschler's Procedures, chapter 28, paragraph 1.4, under general principles of germaneness, states that the rule of germaneness applies to the relationship between a proposed amendment and the pending bill to which it is offered.

There is an obvious relationship. Section 12 of the bill provides for annuity adjustments for alien employees who are under the Civil Service Retirement Act. Section 13 of the bill amends the annuity provisions of the Foreign Service Act.

The amendment I have offered relates to both these retirement systems. My amendment to section 13 of the bill amends the annuity provisions of the Foreign Service Act by changing the formula for cost-of-living adjustments, and is germane to that section. My amendment adding a new section 14 to the bill amends the Civil Service Retirement Act in the same manner, and is germane to the bill.

Mr. Chairman, because both of these retirement systems are affected by the pending bill, the amendment I have offered is, I believe, in compliance with the rule of germaneness.

Mr. Chairman, I urge the point of order be overruled.

The CHAIRMAN (Mr. BRADEMAS). The Chair is prepared to rule.

For the reasons stated by the gentleman from Pennsylvania (Mr. MORGAN) that the amendment covers a class of employees who are not contained in the bill, the Chair rules that the amendment is not germane and sustains the point of order.

AMENDMENT OFFERED BY MR. DERWINSKI

Mr. DERWINSKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DERWINSKI: Page 10, strike out lines 3 through 9 and insert in lieu thereof the following:

SEC. 13. (a) Section 882(b) of the Foreign Service Act of 1946 (22 U.S.C. 1121(b)) is amended to read as follows:

"(b) Effective the first day of the second month which begins after the price index change equals a rise of at least 3 percent for a month over the price index for the month last used to establish an increase, each annuity payable from the Fund having a commencing date not later than that effective date shall be increased by such percentage rise in the price index, adjusted to the nearest 1/10th of 1 percent."

(b)(1) Except as provided in paragraph (2) of this subsection, the amendment made by subsection (a) of this section shall take effect—

(1) at the end of the 45-day period beginning on the date of the enactment of this Act; or

(2) October 1, 1976;

whichever is later.

(2) In the event the price index change, as determined by the Secretary of State for the month in which the effective date prescribed under paragraph (1) of this subsection occurs, equals a rise of at least 3 percent over the price index for the month last used to establish an annuity increase under section 882(b) of the Foreign Service Act of 1946 (22 U.S.C. 1121(b)), each annuity payable from the Foreign Service Retirement and Disability Fund shall be increased, effective on the first day of the second month that begins after such effective date, by the percentage rise in the price index for the month in which such effective date occurs, adjusted to the nearest 1/10th of 1 percent.

Mr. DERWINSKI. Mr. Chairman, in anticipation of the parliamentary skill of the Chairman, the gentleman from Pennsylvania (Mr. MORGAN) and in anticipation of the profound knowledge of the Chair, I have offered this backup amendment. May I say that after the previous discussion we were discussing billions and billions of dollars. I now feel like a man who stepped off a mountain and is on a molehill.

This amendment applies only to Foreign Service retirees, and that is a very small segment of the Federal retirement system. The cost figures I have, which come from the staff of Congressional Budget Office show that over a 5-year period this amendment would save $7.4 million. In terms of dollars, that is not very much; in terms of principle, it is the same point made yesterday and the point made earlier in debate. When we wind up this 1 percent kicker issue, we want, of course, to have applied the correction equitably to everyone.

Let me give just a little bit of legislative history in this sense.

The reason our Committee on Post Office and Civil Service has not more aggressively processed legislation correcting this 1 percent more quickly is frankly we were not aware of the mood of the House. We did not think the mood of the House would be too favorable. Of course part of that is when one serves on a committee that has a special interest, as our committee and every committee does, one sometimes is not aware of the feeling outside the special pressure one gets within the confines of the committee. It was not until the gentleman from Washington (Mr. ADAMS) and his Budget Committee went into this in detail and there was a great deal of information spread about the country in the form of news articles and editorials commenting on this unexpected drain on the retirement fund that the mood of the Congress changed.

Then when we perceived that as a result of the leadership of the Budget Committee there was in fact a new mood in the Congress, we, the chairman, the gentleman from North Carolina (Mr. HENDERSON), and I reactivated the proposals that were lying dormant in our committee.

We do have, I trust, one or two other vehicles pending in the House Post Office and Civil Service Committee that would lend themselves to the amendments so that we could set this thing up across the board in proper fashion. But what we now face is the Federal Foreign Service retirement personnel. They are the individuals covered under this bill. My amendment would apply to them, and at some subsequent point, the gentleman from North Carolina (Mr. HENDERSON), chairman of the committee, and I will have an appropriate amendment to an appropriate vehicle to take care of the remaining civil service retirees.

If that is the will of the House, if we wish to follow up consistently on the action taken yesterday, then I would urge the support of this small amendment this morning and then subsequently I will have an amendment bringing everyone into the same pattern.

Mr. KAZEN. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Texas.

Mr. KAZEN. Mr. Chairman, is the gentleman providing for the 3-month gap?

Mr. DERWINSKI. Yes. This is the same amendment except it applies only to the Foreign Service retirees.

Mr. KAZEN. My question is this. Will any retirees lose any money from the cost-of-living rise with that 3-month lag? In other words, would a retiree go back to the date when that increase took place and be made whole?

Mr. DERWINSKI. No, it makes no back payment. Remember what we are doing here is because of the present law, with the 1-percent kicker. The overcorrection has produced what is really a bonus and therefore a resulting drain on the civil service retirement fund.

Mr. HENDERSON. Mr. Chairman, if the gentleman will yield, I will try to clarify the question of the gentleman from Texas, the amendment the gentleman from Illinois has presented would say that once the consumer price index has been up for 3 months and triggered by present law, there would then be 3 months lag for computation. If it takes more than 3 months to complete, this amendment would insure that there is only a 3-month gap. It would then mean that after the 3 month period, there is no loss. I am not unduly concerned about the annuitant having to wait 90 days after he receives his annuity check with the consumer price increase in it.

Mr. KAZEN. Mr. Chairman, if the gentleman from Illinois will yield further, I am not so much worried about the gap provided that after the adjustment has been made the annuitant will be made whole and will not lose 3 months.

Mr. HENDERSON. Mr. Chairman, if the gentleman from Illinois will yield further, the annuitant will get the computation of the increase under the consumer price index after the 3 months.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. KAZEN. Mr. Chairman, I ask unanimous consent that the gentleman from Illinois be allowed to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. MORGAN. Mr. Chairman, our time is limited here and I am not going to object to these 2 additional minutes but I will object to further requests for an extension of time.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. DERWINSKI. Mr. Chairman, let me point out to the gentleman from Texas (Mr. KAZEN) that the figure given here, which is a real saving in the long run, that we want to save the strength of the civil service retirement fund, and in accepting these amendments in the pattern that began yesterday we are providing for all Federal annuitants and for future annuitants, we are providing that the strength of the civil service retirement fund will be protected from what has become an actuarial drain that is a disservice to the strength of that fund. That is really what this issue is all about today.

Mr. FISHER. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Virginia.

Mr. FISHER. Mr. Chairman, I would support strongly the amendment of the gentleman from Illinois. We learned yesterday that the House does not want the 1-percent kicker and it is a difficult proposition to defend, anyway.

What we have here before us is an elimination of that 1-percent kicker and the establishment that 3 months will be the lag in the adjustment of the retirees' annuities. That seems to be feasible. It loses less revenue, although it does lose some. It does not break faith with the Federal retirees who have come to expect cost-of-living adjustments in their benefit checks.

Mr. Chairman, it seems to me this is an eminently fair way to go. Obviously, what we do for the small fraction of Government employees, represented by the retired foreign service officers, we should do for civil servants and military retirees.

Mr. Chairman, I think this is a timely presentation, eminently fair, and I congratulate those who put it together.

Mr. ADAMS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, my concern is this: I was perhaps prepared to support the gentleman from North Carolina (Mr. HENDERSON) and the gentleman from Illinois (Mr. DERWINSKI) in the amendment to apply to all civil servants, because my position is to eliminate the 1 percent and then have the legislative committees come forth with whatever they urge is the proper solution to each of the three groups, bring it before the House and we will vote it up or down.

Mr. Chairman, I am concerned at this point because I have not had an opportunity to go through the amendments beforehand. I think the chairman of the Committee on Post Office and Civil Service is reaching for the appropriate solution, which is to shorten the time period before annuitants are paid.

I would think a better way of handling it, since we have said to the military employees yesterday, no 1 percent, is to say today no 1 percent. Then the Committee on International Relations, the Committee on Post Office and Civil Service and the Committee on the Armed Services can, if they so choose, come forth with what the gentleman from North Carolina (Mr. HENDERSON) has suggested, a package that we can all focus on, read, follow through, and vote up or down. I think the gentleman may have the correct solution, but it is on us a little too fast. I would hope that we do what we did yesterday, which is support the committee bill, do away with the 1 percent, and then have the committees bring to us the solutions they have suggested.

Mr. KAZEN. Mr. Chairman, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from Texas.

Mr. KAZEN. Mr. Chairman, the basic law has the formula of the 1-percent kicker.

Mr. ADAMS. That is correct.

Mr. KAZEN. Mr. Chairman, if the gentleman will yield further, what we did yesterday by the action we took, was simply to cut off the money used to pay the 1-percent kicker but the basic law is still there which calls for a formula involving the 1-percent kicker.

Mr. ADAMS. That is correct.

Mr. KAZEN. What position are we going to be in on all three bills, unless we amend the basic law that amends the formula? Taking away the money in and of itself is not going to take us out of the predicament.

Mr. ADAMS. The gentleman is correct. This bill does take away the 1 percent in the legislative area, which is the proper way to do it.

What I am saying is that the compromise that was suggested may be the correct one, but let us have the committees, after we have eliminated the 1 percent, come back and correct this, because we have until October 1.

Mr. KAZEN. Mr. Chairman, if the gentleman will yield further, that is exactly what I had in mind yesterday. It was an appropriation bill, and since in the authorization bill we did not make provision for the elimination of the one-percent kicker by altering the basic law, what we did by eliminating the money was not right. Now, here we are amending the authorization bill which is the proper procedure.

Mr. ADAMS. The gentleman is correct and I am not at all sure of the position of the gentleman to bring forth the bill, but in the conference on armed services the 1 percent is in the process of being terminated and modified for the military now.

This bill would do it for the Foreign Service, and the gentleman from North Carolina has well stated it, that they intend to bring forward a proposal for the Civil Service. It just seems an orderly way to proceed.

Mr. HENDERSON. Mr. Chairman, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from North Carolina.

Mr. HENDERSON. Mr. Chairman, I think we had better be right in what we are doing. I appreciate what the gentleman is saying, but just as surely as we take this action today, the argument is going to be made later on, as far as the Civil Service goes, we have already done it, we did it yesterday. Yesterday, we said that it is not going to have any legislative effect, but it does have legislative effect here today.

We are offering something that is in our jurisdiction with regard to the other employees but most honestly, I must say to the gentleman, the reason we have not legislated is that the committee I chair would not have voted out even this modification. It would not correct this one obvious inequity.

We ought to answer right now, what are we going to do for the Foreign Service? What do we want to do for the civil service and then, what do we want to do for the military? We will have a judges' retirement bill come up next week on which we can legislate. There is no point in suggesting that we go back and bring a package from our committee, because it will not bring any better proposition than we have here today for the 1 percent on the Derwinski amendment. We have a very simple solution, and I will say that the gentleman and I do not disagree exactly, in the procedure or best solution.

AMENDMENT OFFERED BY MR. BUCHANAN TO THE AMENDMENT OFFERED BY MR. DERWINSKI

Mr. BUCHANAN. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. BUCHANAN to the amendment offered by Mr. DERWINSKI:

In lieu of the matter proposed to be inserted, insert the following:

"SEC. 13. If legislation is enacted repealing the so-called 1 per centum add-on provision contained in section 8340(b) of title 5, United States Code, such legislation shall, to the extent it pertains to cost-of-living increases in retirement annuities, be deemed to apply with respect to annuities paid under title VIII of the Foreign Service Act of 1946 and shall become effective with respect to such annuities at the same time it becomes effective with respect to annuities paid under chapter 83 of title 5. The President shall issue such regulations or Executive orders as may be necessary to implement this section."

Mr. BUCHANAN. Mr. Chairman, various questions have been raised concerning the equity of proceeding, as was the case yesterday, with one group while we do not proceed in the case of civil service employees or retirees. This is an effort which I would suggest could be made in the other case as well, of military retirees; simply to say that at whatever time this is done for civil service retirees, it shall take effect for Foreign Service retirees.

I feel that the gentleman from Washington (Mr. ADAMS) has raised some real questions of equity which ought to be answered, and I propose this simply as one mechanism which could be used for that purpose.

Mr. ADAMS. Mr. Chairman, I rise in opposition to the amendment.

I understand the very good faith in which the gentleman offers the amendment. The problem we have here, which is why I am trying to cooperate with the Committee on Post Office and Civil Service as well as this committee, is pushing the string. In other words, when we have to create a legislative act, each committee is standing at this point and saying, "We should not do it until the other one does it."

If each of the three committees involved were to say that, it would never happen. However, it is about to happen in the Armed Services Committee conference.

The Committee on International Relations has also acted to eliminate the 1-percent kicker, and I think we should support that position. The chairman of the Committee on Post Office and Civil Service is saying, "All right. We will now come forth with a package to do it." I have some difficulty with the package that he presents because we have not had time to analyze it.

If we take this 1-percent kicker out, I have no question that the committees will have great pressure on them to come forward with some kind of a compromise to improve on the time period for cost-of-living adjustments. But if we leave the 1-percent kicker in and just say that it will stay until everybody else does it, then there will be no action to correct this problem.

Mr. Chairman, I oppose the amendment.

Mr. BUCHANAN. Mr. Chairman, as the gentleman knows, I am a member of the subcommittee, and I have been concerned about the question of equity that the gentleman himself raised. I am not going to press this point. There is some merit in the gentleman's argument. I wanted to make the point that we must have similar action covering all Federal retirees to be fair and I hope Chairman Henderson will come promptly with it.

Mr. BUCHANAN. Mr. Chairman, I ask unanimous consent to withdraw my amendment to the amendment.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. FINDLEY. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment offered by the gentleman from Illinois (Mr. DERWINSKI).

Mr. Chairman, I believe the distinguished chairman of the Committee on the Budget, the gentleman from Washington (Mr. ADAMS), has made a powerful argument to support the language brought to this committee, without amendment, by the Committee on International Relations. This is really no place to make the finely tuned amendment that the gentleman from Illinois (Mr. DERWINSKI) seeks to have the committee accept.

There is no doubt that there are interest groups who would like to close every gap that exists in the retirement pension system so that there is not one day's delay in the full compensation for every negative effect of every cost of living increase. Who would not want that? If one has served on the Committee on Post Office and Civil Service and has been besieged by the Federal employees, as all members of that committee are desieged, I am sure one's attitude would be much the same.

The best course of action is for us to accept the language of the bill as reported to this committee by the Committee on International Relations and then let that committee, like the Committee on Armed Services and like the Committee on Post Office and Civil Service, consider the whole package, the whole realm of retirement benefits in that structure, where hearings are possible, where more careful action I think is possible.

I have an amendment which I was thinking about offering which would freeze any further increase in retirement pay until there is a catchup to accommodate the unjustified, unintended 15 percent bonus which many retirees of the State Department—and many other Federal retirees—are now receiving.

As all of the Members know, the cost of living has gone up 56 percent since 1969, when the 1-percent kicker went into effect, whereas the benefits to retirees have gone up 71 percent. So that means those people who retired in 1969 or earlier are now receiving retirement benefits that are 15 percent higher than the Congress ever intended for them to receive.

My amendment would freeze those pension benefits until such time as the cost of living has absorbed that unintended benefit caused by the 1-percent kicker. But I do not believe this is the place for that amendment or any other technical amendment to be considered. It ought to be considered elsewhere along with the other catch-up provisions that the gentleman from Illinois (Mr. DERWINSKI) advances. So my plea to the Members today is to stand by the language of the bill as reported by the Committee on International Relations, let the work of the Committee on Armed Services in conference proceed to apply the rescission of the 1-percent kicker, and then let the legislative committees, the three basic legislative committees that deal with Federal retirement pay, analyze the whole problem and come forward with a carefully considered recommendation as to the retirement pay in the future.

As I said during the debate on the appropriation bill yesterday, we have created an economic time bomb in the Federal retirement system that we have legislated, and that includes congressional benefits, too. We are a part of this monster that is going to explode unless we deal with it in a careful and constructive manner.

Mr. Chairman, I applaud the work of the Committee on International Relations, and I urge the members of this committee to support the recommendations of the committee.

Mr. Chairman, there are currently 5,000 people receiving pensions under the Foreign Service Act. The average retiree under this program retired at age 55 and today receives $14,127 annually. According to the Library of Congress that is more than the average family of four in this country earns in salary in an entire year. It is almost triple what the average civil service retiree draws and more than six times the average social security payment.

According to officials at the Department of State, most of those who retired prior to 1969 are today receiving larger pensions than their old State Department paychecks.

Let us look at the pension of a top level Foreign Service officer earning a salary of $36,000. Upon retirement at age 55, the yearly annuity is $21,600. With inflation continuing at 6 percent a year, the Comptroller General computes that after 10 years, the pension will have risen to $41,948 of which $2,960 is beyond any increase resulting from the cost-of-living escalator and attributable solely to the 1-percent kicker. A woman can expect to live, on the average, 26 years past retirement. At the end of that time, her annual pension will equal $132,416. Of that, $32,797 is above and beyond the cost-of-living increases.

The figures for the average Foreign Service retiree are little better. In 1969, the average Foreign Service pension was $7,201. Today, it is $14,127, almost double. In 10 years it will be $27,431, of which $1,932 will result from the 1-percent kicker. At the end of her 26-year post-retirement life expectancy, the average female Foreign Service retiree can expect to receive $86,430 annually, of which $21,276 results from the 1-percent kicker. The average male Foreign Service retiree will receive $62,982 at the end of his 21-year life expectancy, of which $14,131 exceeds cost-of-living increases.

Mr. Chairman, the amendment I had intended to offer would suspend the cost-of-living escalator on each individual pension for only so long as required to correct for overcompensation that has occurred because of the 1-percent kicker.

The Civil Service Commission has assured me that this is a procedure the computers can easily handle.

Why should Foreign Service pensioners—indeed all Federal pensioners—receive immediate and total indemnity for increases in the cost of living when no one else does? Social security recipients are eligible for only one cost-of-living increase each year, and it is not made retroactive. According to the Library of Congress, 96 percent of all private pension plans studied do not have a cost of living feature of any kind in them. Why should Federal pensioners fare so much better than the average citizen?

My amendment simply suspends the escalator until overcompensation resulting from the 1-percent kicker has been eliminated. The maximum correction would be 15 percent. At the current rate of inflation, no suspension would be more than about 2 years, and that only for those who retired prior to 1969. For those retiring since, the suspension would be even briefer.

My amendment, if applied to all Federal retirees, would result in a 5-year savings of $4.4 billion. Yet it still assures that Federal pensioners will continue to receive contemporaneous cost-of-living adjustments.

AMENDMENT OFFERED BY MR. WHITE AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. DERWINSKI

Mr. WHITE. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. WHITE as a substitute for the amendment offered by Mr. DERWINSKI: Page 10, strike out lines 3 through 9 and insert in lieu thereof the following:

SEC. 13. (a) Section 882(b) of the Foreign Service Act of 1946 is amended—

(1) by striking out "(b)" and inserting in lieu thereof "(b) (1)";

(2) by striking out "1 per centum plus"; and

(3) by adding at the end thereof the following new paragraph:

"(2) (A) In the case of an annuity to which this subparagraph applies, there shall be paid from the Fund, in connection with the payment of the first monthly installment which reflects an increase under paragraph (1), an amount equal to the aggregate additional amount of annuity which would have been paid, for the period beginning on the first day of the three consecutive months and ending immediately before the effective date of the increase, if such annuity increase had been in effect for that period. For purposes of such computation, the annuity in effect immediately before such effective date shall be considered to have been in effect throughout such period.

"(B) Subparagraph (A) of this paragraph shall apply to any annuity which is increased under paragraph (1) of this subsection and which has a commencing date not later than the first day of the three-month period with respect to which such annuity increase is calculated. For purposes of this paragraph, the commencing date of an annuity of any surviving wife or husband which is payable under section 821(b) shall be considered to be the date on which the deceased spouse's annuity commenced."

(b) The amendments made by subsection (a) shall take effect—

(1) at the end of the 45-day period beginning on the date of the enactment of this Act; or

(2) October 1, 1976;

whichever is later.

Mr. WHITE (during the reading). Mr. Chairman, I ask unanimous consent that the amendment offered as a substitute for the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. ADAMS. Mr. Chairman, I reserve the right to object.

Mr. GIBBONS. Mr. Chairman, reserving the right to object, I reserve a point of order against the amendment, at least until we have had a chance to hear it read.

Mr. ADAMS. Mr. Chairman, I also reserve a point of order against the amendment.

The CHAIRMAN pro tempore. Both the gentleman from Florida (Mr. GIBBONS) and the gentleman from Washington (Mr. ADAMS) reserve a point of order against the amendment.

Is there objection to the unanimous-consent request that the amendment offered as a substitute for the amendment be considered as read and printed in the RECORD?

Mr. ADAMS. Yes. Mr. Chairman, I think the amendment should be read, and I object.

The CHAIRMAN pro tempore. Objection is heard.

The Clerk will read.

The Clerk concluded the reading of the amendment offered as a substitute for the amendment.

The CHAIRMAN pro tempore. Does the gentleman from Washington (Mr. ADAMS) insist on his point of order?

Mr. ADAMS. I do not, Mr. Chairman.

The CHAIRMAN pro tempore. The gentleman from Washington (Mr. ADAMS) withdraws his point of order.

Does the gentleman from Florida (Mr. GIBBONS) insist on his point of order?

Mr. GIBBONS. Mr. Chairman, I would like to reserve my point of order until I have heard the debate.

The CHAIRMAN pro tempore. The gentleman from Florida (Mr. GIBBONS) reserves a point of order against the amendment.

The gentleman from Texas (Mr. WHITE) is recognized in support of his amendment.

Mr. WHITE. Mr. Chairman, before I explain the details of my amendment to this bill, I would like to provide some background information with respect to the cost-of-living adjustment of Foreign Service retirement annuities and the legislative history of the adjustment provisions.

Foreign Service retirement annuities, like civil service retirement annuities, are adjusted periodically to compensate for increases in the cost of living. These annuities are adjusted on the first day of the third month that begins after the Consumer Price Index—CPI—has risen at least 3 percent above the point which activated the last adjustment, and remained at the higher level for 3 consecutive months. The annuity increase is equal to the highest percentage increase in the CPI during the 3-month period plus 1 percent. The additional 1 percent is intended to compensate retirees for the period which elapses between the time of the first 3-percent rise in the CPI and the time the cost-of-living adjustment is actually received by the annuitant. This lag time is now 5 months. When Congress enacted the so-called 1-percent kicker, it was recognized that there might be some degree of overcompensation for the lag time, but the legislative history shows that the possibility of overcompensation was considered and a determination was made that any overcompensation resulting from the 1-percent kicker was an appropriate way for annuitants to participate in the increasing standard of living of Americans.

Section 13 of this bill deletes the 1 percent kicker completely. No alternative provision is made for compensating retirees for the lag time in receiving cost of living adjustments. The committee cites overcompensation as the rationale for deleting the 1-percent kicker. However, the committee does not address itself to the legislative history of the add-on provision. Nor does the committee address itself to the issue of providing compensation for the lag time. Instead of revising the cost-of-living increase formula to provide for an equitable formula which compensates without overcompensating, the committee has eliminated all compensation for lag time. The committee's action in this regard is overreaching.

The amendment which I am offering will eliminate the overcompensation feature of the present formula, but it will continue to provide compensation for the delay in payments. Under the amendment, each time a cost-of-living adjustment is made, there will be included in the first check which reflects the adjustment, an amount equal to the aggregate additional amount of annuity which would have been received by the annuitant if the annuity increase had taken effect on the first day of the first month of the 3 consecutive months during which the CPI remained 3 percent above the CPI for the base month. Under this amendment, each time there is a cost-of-living adjustment of annuities, a one-time catchup payment will be made to compensate for the lag time.

I can illustrate the operation of the amendment with a simple example. If a retiree has an annuity of $400 per month and the CPI increases 3 percent above the base month CPI and remains up 3 percent for 3 months, then on the 1st day of the 6th month the retiree's annuity will be increased to $412—an increase of 3 percent or $12. In addition, the retiree will receive at that time, a one-time catchup payment of $60—$12 per month for each of the 5 months of lag time. The $60 will compensate for the lag time without overcompensating.

Under the amendment no percentage kickers are built into the base annuity. The one time catchup payment is equitable in that it compensates for the lag time. There is nothing complex about the formula—one merely needs to multiply by 5 the amount of the increase in the annuity and pay this sum once.

I have asked the Civil Service Commission to provide me with an estimate of the savings achieved for the Foreign Service retirement fund by this amendment. I have been advised that over the first 5 years there would be a savings of $4.4 million.

I urge you to support this equitable resolution of the retirement compensation issue.

Mr. ASPIN. Mr. Chairman, will the gentleman yield?

Mr. WHITE. I yield to the gentleman from Wisconsin.

Mr. ASPIN. Mr. Chairman, it seems to me that the gentleman is proposing an amendment which will still result in an overpayment; is that not correct?

Mr. WHITE. It cannot result in an overpayment because it is calculated on the cash loss.

Mr. ASPIN. Let me take a case.

Suppose the cost of living goes up 4 percent in January, up 5 percent in February, and 6 percent in March. Then the person, according to our calculations, is entitled to 6 percent. Does the 6 percent go back and apply to January?

Mr. WHITE. Yes.

Mr. ASPIN. All right. Then it would result in an overpayment.

Mr. WHITE. To that extent, perhaps, unless it is interpreted as to the actual cash loss, interpreted for the first 3 months; but we have that now. Under the annuity now one gets the highest percentage of the 3 months, and we are not changing that.

Mr. ASPIN. That is right; we are not changing that. However, when we go back retroactively and reimburse him at the rate of 6 percent, and we go back to January, we are overpaying him, so that we are right back where we started. It is not as bad an overpayment, but it is an overpayment.

Mr. WHITE. The law probably should average out the 3 months.

Mr. HENDERSON. Mr. Chairman, will the gentleman yield?

Mr. WHITE. I yield to the gentleman from North Carolina.

Mr. HENDERSON. Mr. Chairman, I would like to clarify this if I can get the attention of the gentleman from Wisconsin (Mr. Aspin).

Under the illustration the gentleman gave as to the cost of living going up first, say, 4 percent, then 5 percent, and then 6 percent, the present law trigger says that when it is more than 3 percent for 3 months, then take the highest figure for that 3-month period under the illustration of 6 percent.

Mr. ASPIN. Right.

Mr. HENDERSON. At that moment you start computing at 6 percent. The lag we talk is 3 or 6 months beyond that point.

Mr. ASPIN. Right.

Mr. HENDERSON. The Derwinski amendment says that we should wait 3 months.

Mr. ASPIN. Right.

Mr. HENDERSON. The amendment of the gentleman from Texas (Mr. White) says that whatever time it takes to compute it, go right back to the first pay period after the trigger.

Mr. ASPIN. No. I think his amendment goes back to January.

Mr. WHITE. No. My amendment goes back to the first day of the 3 months.

Mr. ASPIN. When it is triggered, but not the calculation period.

Mr. WHITE. No; just the trigger time, the first day of the 3-month trigger time.

Mr. CRANE. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN pro tempore. The Chair will count. Sixty-five Members are present, not a quorum.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN pro tempore. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to the provisions of clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

Does the gentleman from Florida (Mr. Gibbons) insist upon his point of order?

Mr. GIBBONS. Mr. Chairman, I withdraw my point of order.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close at 12 o'clock.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN pro tempore. Members standing at the time the unanimous consent was granted will be recognized for 1 minute each.

The Chair recognizes the gentleman from North Carolina (Mr. Henderson).

Mr. HENDERSON. Mr. Chairman, I think the issue has been clearly put before the Committee on the Whole. I urge adoption of the Derwinski amendment. Before that we should reject the amendment offered by the gentleman from Texas (Mr. White).

I feel that this is a proper time for the House to decide what it wants to do for the Foreign Service and give a clear signal as to what they want us to do for the Civil Service. I will make every effort just as quickly as I can to get a bill from our committee before the House for us to act.

I feel a simple repeal of the 1 percent is too drastic and the amendment offered by the gentleman from Illinois will correct this situation with equity.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Ohio (Mr. Gradison).

Mr. GRADISON. Mr. Chairman, I ask unanimous consent to yield my time to the gentleman from Illinois (Mr. Derwinski).

Mr. ASHBROOK. Mr. Chairman, I object to that, and I will object to all such requests.

The CHAIRMAN pro tempore. Objection is heard.

The Chair recognizes the gentlewoman from Maryland (Mrs. Spellman).

Mrs. SPELLMAN. Mr. Chairman, I would like to ask the Members of the House to recognize that if surgery is needed where the 1-percent kicker is concerned we ought to be using surgery and not butchery. I would therefore support the Derwinski amendment. To do otherwise, to repeal the 1-percent kicker outright, is to use butchery.

How interesting it is to behold this House engaging in budget cutting at the expense of retirees. May I suggest to my colleagues that it would make far better sense to zero in on the big money in order to have the funds to take care of those who have no big, expensive lobbies working to protect them.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Virginia (Mr. Harris).

Mr. HARRIS. Mr. Chairman, I am greatly disturbed that the bill before us today, H.R. 13179, eliminates the 1-percent cost-of-living adjustment in the annuities of foreign service retirees. Though some will argue that the number of individuals is small, I believe that the issue—regardless of the number of persons affected—deserves thorough analysis and thoughtful comparison with alternatives before making such a basic change. I am also concerned because I see the adoption of this bill, with the elimination of the 1-percent feature, as a step toward eliminating this cost-of-living adjustment for Federal and military retirees.

As a member of the Post Office and Civil Service's Subcommittee on Retirement and Employee Benefits, the subcommitee having jurisdiction over the Federal retirement program, I believe that this Congress should initiate a comprehensive discussion of President Ford's request that we eliminate the 1-percent adjustment. The subcommittee, under the able leadership of my colleague from Texas (Mr. White) has gone on record. In our report to the House Budget Committee earlier this year, we stated our position in opposition to the President's plan to eliminate the 1-percent feature altogether without a compensating factor for the 5-month time lag. We stated our belief that retirement annuities should keep pace with inflation, that senior citizens should be able to maintain their purchasing power.

The subcommittee has several alternatives before it. One possibility is H.R. 3310, introduced by Chairman Henderson, which would change the cost-of-living formula so that benefits could be adjusted more frequently and more accurately. The Defense Manpower Commission has recommended another method which would eliminate the straight 1 percent but compensate for the time lag. I believe that careful consideration through the normal legislative process is needed and is possible.

I am convinced that this kind of consideration has been given to the 1-percent feature, which in this case, is "lost" in a major bill. The purpose of this bill is to provide the basic annual authorization for programs of a Cabinet-level department. I also believe that any change in the foreign service retirement law should be coordinated with the retirement program of other Government employees—civil service, CIA, and military. The foreign service group should not be singled out for such piecemeal treatment.

The dust from the debate over whether the 1-percent kicker overcompensates has not settled. It may be imperfect in that it is not a precise adjustment for a 5-month lag. When this feature was enacted in 1969, it was recognized that the added payments could eventually overcompensate. While inflation remained around 3 percent a year, as in the 1960's, such an "overpayment" would be small. Large and more frequent inflation jumps have changed the picture somewhat. Perhaps a modification of the cost-of-living feature is in order. We have long recognized, for example, that the CPI, which is used in computing cost-of-living catch-up benefits, is not really an accurate measure of the inflationary rate as it affects the elderly. Rather, the CPI is geared to reflect increases in the cost of goods and services for urban and clerical workers of all ages. Because the largest part of the senior citizen's income is spent on food, housing, fuel, and medical care, items which have recently had the highest rates of inflation, the Consumer Price Index understates the actual impact of inflation on the purchasing power of the elderly. This is an important factor which this Congress should look at. I do not believe this bill does.

I am appalled that those who favor elimination of the 1-percent feature see it as a cost-cutting measure. I am appalled at an administration that wants to control the budget by cutting into the fixed incomes of senior citizens while at the same time proposing generous subsidies for the shipbuilding industry and corporate farmers, not to mention tax breaks for the oil companies. I am greatly disturbed by philosophy that endorses freezes on pensions and ruthless cutbacks in benefits for those individuals who have given years of dedicated service to their country. I oppose this feature of this bill and I will support efforts to strike it. I will work to continue my commitment to the senior citizens of this country that I will do all I can to see that they are not the victims of the administration's mismanagement of the economy. They are not the cause of the country's ills; they should not be made the culprit.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Virginia (Mr. FISHER).

Mr. FISHER. Mr. Chairman, I support strongly the Derwinski amendment. It does eliminate the 1-percent kicker that the House clearly said yesterday it does not want. It certainly does the fair thing of reducing the time lag within which the retirees' checks are adjusted. It is a clear straightforward proposition. I would hope in no way would we be thought of as lashing out against Government employees at a time when it is all too popular to criticize Government service.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Florida (Mr. GIBBONS).

Mr. GIBBONS. Mr. Chairman, the proper position for us today would be to support the Committee on International Relations. The Derwinski amendment may be a good amendment, but, frankly, we have not had the time to analyze it. I am hoping that the Committee on Post Office and Civil Service, who has primary jurisdiction over this, will bring us a proposal.

Mr. Chairman, we cannot justify the 1-percent kicker. It should be eliminated in all its forms. It was a mistake to vote for it, although I probably voted for it; but we should support the committee today and give the regular process a chance to work. Let us all hear from the regular committee, the Committee on Post Office and Civil Service, as to what it thinks should be done and let us then take it up on the floor and debate that proposal, rather than try to kind of patch it up now.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Texas (Mr. WHITE).

Mr. WHITE. Mr. Chairman, the Committee on Post Office and Civil Service does not have jurisdiction here on a Foreign Service bill. This is where we should change the law.

Now, my substitute amendment is an alternative to the Derwinski amendment. It eliminates the 1 percent that is inequitable. The Derwinski substitute has a time lag of 4 months, as I calculate. My amendment would merely reach back and give a cash outlay in substitution for the 1 percent, for the actual moneys lost at the time the cost-of-living was triggered from the very first month. That is the most just way we can treat the Federal employees of this country.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Alabama (Mr. BUCHANAN).

Mr. BUCHANAN. Mr. Chairman, I rise in opposition to the Derwinski and the White amendments. While I think there may be merit to the Derwinski proposal, it may be the end result we need for all Federal retirees. I believe the chairman of the Committee on the Budget has made a telling argument in pointing out what we have already done in the case of military retirees ought too be sustained in this bill and then the chairman of the Committee on Post Office and Civil Service can come with legislation covering the Federal civil service retirees in the near future. I think we can find a way to bring the Foreign Service retirement system into conformity with it. The administration has suggested a number of proposals for getting the Foreign Service more in line with the civil service, which we have not addressed, but will do so.

It is my understanding the body has taken some action that will be involved in this conference on the bill. There will be, therefore, a means to find a remedy and achieve the equity I feel we must achieve for our Foreign Service retirees.

Mr. Chairman, I urge defeat of both amendments.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Washington (Mr. ADAMS).

Mr. ADAMS. Mr. Chairman, I rise in opposition to both amendments and in support of the committee bill.

Mr. Chairman, I agree with the comments of the gentleman from Alabama. It may well be that the Henderson-Derwinski approach, coming out of the Committee on Post Office and Civil Service, is one that the House will want to accept for all employees; but yesterday we voted 331 to 64 to eliminate the 1-percent kicker entirely in the military. My position is to eliminate under the committee bill the 1-percent kicker for Foreign Service officers; so I think we should support the committee and vote down all the amendments.

Mr. Chairman, I would just point out that those advocating these amendments, which talk about going back and correcting lag, should remember the largest retirement system in the United States, which is the social security system, does not go back and compensate people for time lags. I know we cannot do that. If we tried to do that in social security we would break that system in about 5 years; so we have to be very careful how we approach cost-of-living increases and time lags. It has to be carefully approached.

Mr. Chairman, I hope the Committee on Post Office and Civil Service will bring out a bill soon to correct the 1-percent kicker problem.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Illinois (Mr. DERWINSKI).

Mr. DERWINSKI. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Texas and urge its defeat.

While his amendment starts in the right direction by repealing the 1-percent bonus, it then proceeds to create a cumbersome and complicated special bonus with each annuity adjustment. For the first year, this amendment would cause more outlay from the retirement fund than there is under existing law, and over a 5-year span it would save only about half of what my amendment would save.

Mr. Chairman, there are three issues before us. One is simply to repeal the 1-percent annuity kicker, which has been demonstrated, without argument, to have been the cause of overcompensation since its enactment in 1969.

Second, we could repeal the 1-percent kicker and reduce the time lag between cost-of-living rises and adjusted payment to the annuitant. This is the amendment I offered.

Three, we could eliminate the 1-percent kicker, but replace it with a different type of bonus, which is what the gentleman from Texas recommends. This only puts us right back where we started, and I suggest this is not the time to be adding new liberalizations to the retirement laws.

Therefore, I will vote against the amendment and recommend to my colleagues they do likewise.

Mr. Chairman, I would like to sum

this up in this way. The amendment of the gentleman from Texas (Mr. WHITE) would, in effect, repeal the 1-percent kicker, but actually installs another type of bonus. It would save approximately $3.5 million under this bill over 5 years.

My amendment, supported by the gentleman from North Carolina (Mr. HENDERSON), would save about $7.5 million over 5 years.

Quite frankly, if you support the committee bill, the figures rise to $16.5 million.

The gentleman from North Carolina (Mr. HENDERSON) and I thought we had a proper compromise. This bill coming from the Committee on International Relations, we thought that diplomacy would be the best tack. If you want to take a middle-of-the-road adjustment that we thought would have broad appeal, you should accept my amendment; but by all means, reject the amendment of the gentleman from Texas (Mr. WHITE).

Mr. BEDELL. Mr. Chairman, I am pleased that the House is today considering the issue of the 1-percent add-on provision of the Federal retirement system, which is raised in section 13 of H.R. 13179, the State Department authorization bill. Section 13 deletes the so-called 1-percent kicker or add-on in the cost-of-living formula for Foreign Service retirement annuitants.

The inequity of the 1-percent add-on is clear. Federal civilian and military retirees receive periodic cost-of-living increases in their pension benefits which are tied to increases in the Consumer Price Index. Existing law provides that when the CPI rises by 3 percent or more, and remains at such level for a minimum of 3 months, Federal retirees are entitled to an equivalent percentage increase in their retirement benefits. Since 1969, retirees have been receiving such a cost-of-living increase, plus an additional 1 percent to compensate for the 5-month "lag" period between the time an increase is triggered by the CPI and the time retirees actually receive the increase in their checks.

While seemingly reasonable on the surface, the 1-percent kicker provision has caused some disquieting results. Because of the way the 1969 law was drafted, this 1-percent add-on does not apply exclusively to the year in which it is activated, but rather compounds itself over time, resulting in substantial overcompensation to the more than 2 million individuals now getting pensions for Government service. In fact, it is estimated that every time a new 1 percent is added on, Federal pensions are increased by $130 million a year. And the nature of the add-on is such that it will automatically compound the amounts in future years. Thus, each individual retiree will be compensated for the 5-month lag period—and for much, much more as well.

According to figures provided by the House Post Office and Civil Service Committee, the CPI has increased by about 56 percent since November 1969, while Federal pensions have risen by 71 percent. This discrepancy has been due to the 1-percent kicker.

The inequities inherent in the 1-percent add-on feature of the Federal retirement system clearly must be resolved. Section 13 proposes to address this question by simply eliminating the 1-percent add-on provision for Foreign Service retirees. There is, however, a fundamental flaw in this approach. While foreclosing the possibility of windfall benefits in the future, the straight elimination proviso also deprives the annuitant of approximately 5 months of cost-of-living benefit increases during each adjustment period. These are benefits to which he is legally entitled.

In my judgment, we must be extremely careful that our efforts to prevent overcompensation do not result in undercompensation. I am concerned that the approach embodied in section 13 constitutes a counterproductive reaction of the 1-percent add-on situation and would provide a cure which is no fairer and no more reasonable than the problem itself.

Federal retirees deserve to be assured of a stable and secure retirement program. The value of their pension benefits should not be diminished because of inflation. Straight repeal of the 1-percent add-on provision, with no attendant mechanism for providing just compensation for inflation, is not an acceptable solution to the problem. At the same time, however, the principle of fiscally sound and responsible Government dictates that the current practice of compounding the 1-percent add-on be terminated as quickly as possible.

In my view, we must seek a reasonable and just alternative to the present situation. Our options are not confined to overcompensation or no compensation at all. We should eliminate the overcompensation feature of the present retirement formula—the so-called 1-percent add-on—and create a mechanism that will provide fair treatment to annuitants for excessive delays in the activation of deserved cost-of-living benefit increases.

Mr. Chairman, I hope that our discussion here today will contribute to the formulation of such a solution to the problem presented by the 1-percent kicker. I also hope that, while section 13 of the bill we are now considering applies only to Foreign Service retirees, an eventual solution to the problem can be achieved which will be applicable to all Federal annuitants.

Mr. MORGAN. Mr. Chairman, I rise in opposition to both the amendment and the substitute. We are dealing with a very complicated subject without knowledge of what we are doing. We are really trying to legislate in the dark. This is possibly the worst way to proceed. There should be hearings, and I promise the House that as far as the Committee on International Relations is concerned, we will proceed with hearings on the Foreign Service aspects of this issue.

The President supports the provision in the committee bill; the Budget Committee supports the provision in the committee bill. We know that the House yesterday, by a vote of 331 to 64, approved a similar version in the military appropriation bill. Therefore, I urge the Members to defeat both amendments.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Texas (Mr. WHITE) as a substitute for the amendment offered by the gentleman from Illinois (Mr. DERWINSKI).

The amendment offered as a substitute for the amendment was rejected.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Illinois (Mr. DERWINSKI).

The amendment was rejected.

AMENDMENT OFFERED BY MR. SOLARZ

Mr. SOLARZ. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SOLARZ: Page 10, immediately after line 9, insert the following new section:

APPOINTMENT OF AMBASSADORS

SEC. 14. (a) Section 501 of the Foreign Service Act of 1946 is amended by adding at the end thereof the following new subsection:

"(d) At no time may less than 75 per centum of the positions as ambassador which are occupied be occupied by career personnel in the Foreign Service.".

(b) The amendment made by subsection (a) shall take effect at the end of the 6-month period beginning on the date of enactment of this Act.

The CHAIRMAN pro tempore. The gentleman from New York is recognized for 5 minutes in support of his amendment.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. SOLARZ. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Mr. Chairman, when the gentleman first presented his amendment here for review, I was inclined to see if this amendment was not subject to a point of order, but I think the amendment could be explained in both directions. Therefore, I am not going to make a point of order against the amendment, but I want to tell the gentleman that I cannot support his amendment in conference.

Mr. SOLARZ. I appreciate the Chairman's willingness to withdraw his point of order, and I certainly understand his opposition to my amendment.

Let me make clear what this amendment would and would not do. It is, by the way, identical to an amendment adopted to the very small bill which was offered by Senator MATHIAS in the Senate. It would provide, in effect, that at any given time at least 75 percent of our ambassadors have to be career Foreign Service personnel. In effect, that means that at any given time, no more than 25 percent of our ambassadors could be noncareer, or political appointees.

I think it is probably fair to say that we have a number of truly outstanding ambassadors who did not come from the career Foreign Service, and I think it is also probably fair to say that we do have a number of career ambassadors who are turkeys, but by and large, I think it is fairly clear that our career ambassadors are more able than our noncareer ambassadors.

It seems to me that this amendment does provide the President with the flexibility to appoint individuals to ambassadorial posts who do not come from the career Foreign Service. I think the President ought to have that opportunity and that flexibility. At the same time, however, the amendment would prohibit the abuse of that authority by limting to no more than 25 percent of the total number of ambassadors the number that can come from outside the career Foreign Service.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. SOLARZ. I yield to the gentleman from Florida.

Mr. FASCELL. Mr. Chairman, I think the gentleman has an excellent concept. Does his amendment change the ratio very drastically?

Mr. SOLARZ. It only makes a modest change in the existing ratio. Right now, 70 percent of our ambassadors come from the career Foreign Service, and 30 percent come from outside of it.

Mr. Chairman, my amendment would provide that at least 75 percent have to come from the career Foreign Service, which is an increment of only 5 percent above what we have now.

Mr. FASCELL. I thank the gentleman.

Mr. SOLARZ. Mr. Chairman, let me say in conclusion that I think, from a political point of view, this is an amendment which Democrats can support, because we now have a Republican President, and Republicans can support, because if the polls are correct we are likely very soon to have a Democratic President. So I would submit that we ought to give the President the opportunity to bring into ambassadorial positions individuals of outstanding quality and merit, academics, journalists, people who have served in other capacities in Government, but we ought to limit the total number of individuals who are outside of the career Foreign Service who can be brought into these positions.

I think 25 percent is a reasonable figure. It has been accepted by the Senate. It certainly would give the President ample opportunity to appoint qualified individuals from outside of the career Foreign Service.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Of course, this amendment would be a real stranglehold, to say that only FSO's are qualified for 75 percent of ambassadorial posts.

Personally, I think there is some question here as to whether the amendment is constitutional. The President evidently has the right to select nominees of his choice, while the Senate has the right to disapprove of such nominations as it deems appropriate.

This amendment should be rejected. For example, this amendment if passed could bar individuals such as Averell Harriman, David Bruce, Sargent Shriver, George Ball, Dean Rusk, Adlai Stevenson, and other highly qualified people, from serving as ambassadors, if the President wanted to name them but the quota system was in law.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Alabama.

Mr. BUCHANAN. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, the gentleman from Pennsylvania (Mr. Morgan) has well stated his position, and I oppose the amendment for the same reasons.

Mr. WHALEN. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Ohio.

Mr. WHALEN. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, the gentleman has made the point that the President under the Constitution has the right to appoint ambassadors. I think it has also been determined in several instances by the Supreme Court that Congress has no authority to intervene in that process.

Mr. Chairman, I think the amendment would be held unconstitutional if it were incorporated into this act.

Mr. MORGAN. Mr. Chairman, I agree with the gentleman.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from New York (Mr. Solarz).

The amendment was rejected.

AMENDMENT OFFERED BY MR. FASCELL

Mr. FASCELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Fascell: Page 10, immediately after line 9, insert the following new section:

FOREIGN CURRENCY REPORTS

Sec. 14. Section 502(b) of the Mutual Security Act of 1954 is amended by adding at the end thereof the following new sentence: "Each such consolidated report shall be published in the Congressional Record within ten legislative days after it is forwarded pursuant to this subsection.".

Mr. FASCELL. Mr. Chairman, I would hope that this amendment would be accepted by the chairman and the ranking minority member. But before I proceed, let me yield to the principal sponsor of the amendment, the gentleman from Iowa (Mr. Bedell).

Mr. BEDELL. Mr. Chairman, I would like to thank the gentleman for yielding, and I would at this time like to thank him for offering the amendment. I would also like to thank the 10 people who have signed a letter in support of the amendment.

Mr. Chairman, this amendment simply returns to a practice that was in effect before 1973, namely, that the foreign travel will be printed in the Congressional Record, as was done previous to this time.

I happen to support foreign travel but it is my opinion that we should not appear to be trying to hide anything, and I think this will tell the American people that we are not trying to do that.

This amendment would insure full public disclosure of the expenses of Congressmen, Senators, and staff members traveling abroad on official business by requiring that such expenses be published in the Congressional Record within 10 legislative days after they are forwarded to the House Administration Committee and the Secretary of the Senate, as was the practice prior to 1973.

In 1961, the Congress passed a law requiring an annual itemized accounting in the Congressional Record of appropriated funds or excess foreign currency used as expense money by Members of Congress and employees of Congress traveling abroad. However, in 1973, the Congress included a provision in the State Department authorization bill which eliminated the requirement for disclosure of such expenses in the Record. The rationale for this change was ostensibly to help reduce the size of the Congressional Record.

Clearly, however, one significant effect of this change was to give the impression that the Congress was trying to keep information about its foreign travel from the public. As a result, the Congress enacted legislation in 1975 which required that all parliamentary delegation reports and committee reports on foreign travel be submitted to the House Administration Committee and the Secretary of the Senate where they would be available for public inspection.

We are all aware that foreign travel expense reports are currently filed with the House Administration Committee and with the Secretary of the Senate, and that anyone who is interested can go to the committee or the Secretary's office and review this information. However, what is of great concern to me is that the current reporting procedure still gives the appearance that the Congress wants to bury information on its foreign travel activity in its own archives. I do not believe that this is the case, and I am very concerned that we not further fan the flames of popular cynicism about the integrity of Congress by creating such a false impression.

In my view, there are several practical problems with the present reporting procedure. First, most Americans do not know that congressional foreign travel expense reports are available for public inspection at the House Administration Committee and the office of the Secretary of the Senate. Second, even if they do know that such information is available there, most Americans do not have physical access to such locations. And third, as I mentioned previously, the present practice gives the appearance that Congress has something to hide about its travel activities.

I believe that the current procedure, established in 1975, does not provide an adequate degree of public accessibility to congressional travel expense information, and that we should return to the procedure utilized for 13 years prior to 1974. With popular confidence in the Congress clearly on the decline, I think that it is imperative that we make every possible effort to promote openness in Government.

My disclosure amendment is not meant to imply that most congressional travel is not justified. Indeed, I believe that it is important that Members of Congress engage in foreign travel in order to better understand world problems, and that such activity can be extremely valuable to our Nation. It is simply designed to dispel any notion that the Congress is trying to keep information about its travel activities from the public and to insure that the American people can see who is traveling abroad, where they are going, and at what cost to the taxpayer.

Mr. Chairman, the publication of the travel expenses of Congressmen, Senators, and staff members in the CONGRESSIONAL RECORD will insure that the public has reasonable access to this information. It will not inhibit legitimate travel. But it will make it clear that no one is trying to hide information from the American people. In view of our desire to be completely open to the public and to promote responsibility, I urge adoption of this amendment by the House.

Also, before yielding, I would like to acknowledge the help and support of the following Members who cosponsored this disclosure amendment: DANTE FASCELL, JOHN MCCOLLISTER, JOHN BUCHANAN, MICHAEL HARRINGTON, HELEN MEYNER, JIM JEFFORDS, PETE STARK, ALAN STEELMAN, BILL YOUNG of Florida, and BOB CARR.

Mr. McCOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Nebraska (Mr. MCCOLLISTER).

Mr. McCOLLISTER. Mr. Chairman, I urge my colleagues to support the proposed amendment requiring the publication in the CONGRESSIONAL RECORD of foreign travel expenditures by Members of Congress and their staffs.

I believe this amendment is vital to insure full public disclosure of the expenses of Congressmen and their staff members while traveling abroad on official business. In these times of alleged abuse of the public trust, there is a strong need for greater public respect. Accordingly, we must take every opportunity to reinforce the image of an open and ethical Congress.

Prior to 1973, foreign travel expenditures were published in the CONGRESSIONAL RECORD as authorized in section 14 of the Mutual Security Act of 1954. Thus, this information was reading available for public scrutiny. However, due to language inserted in the legislative branch appropriations bill of 1975, these reports were taken out of the public record and were put under the auspices of the House Administration Committee. The rationale for this change was that it would save taxpayers' money by reducing the size of the RECORD. I am all for saving the taxpayers' hard-earned money. I would like to hear that argument made more often in this Chamber.

I believe, however, that the costs involved, approximately $9,000, are far outweighed by the advantages inherent in assuring public access to this information. In 1974, congressional foreign travel totaled $795,928; $9,000 does not seem to be an unreasonable sum of money to spend on such disclosure. This is especially plausible since the House finances recently have come under criticism for possible misuse. This amendment would provide the necessary accountability and public scrutiny of foreign expenses that should be the case for all House expenditures. We should not institutionalize the abuses of a few and cause the majority of the Members who are open, honest, and candid in the discharge of their public duties, to be indicated by public opinion because of those who conduct their affairs shrouded in secrecy.

Publication of these expenses will insure public access to this information and public accountability for these expenditures. I trust that the conscientious Members of the House will wholeheartedly support this amendment.

Mr. HUGHES. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from New Jersey.

Mr. HUGHES. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I want to commend my colleague from Iowa for offering this amendment. I rise in strong support of it as another step toward openness in Government and public accountability.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the chairman of the committee.

Mr. MORGAN. Mr. Chairman, after consultation with the ranking minority member, we are glad to accept the amendment. This provision worked very well up until 1973, and I see no reason why it should not be restored.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Alabama.

Mr. BUCHANAN. Mr. Chairman, as the chairman of our committee has said, this is a good amendment, and we accept it.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Florida (Mr. FASCELL).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. SNYDER

Mr. SNYDER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. SNYDER: On page 10 immediately after line 9 add the following new section:
>
> "SEC. 14. None of the funds authorized to be appropriated in this Act shall be used for the purpose of negotiating the surrender or relinquishment of the Canal Zone or the Panama Canal."

(By unanimous consent, Mr. SNYDER was allowed to proceed for an additional 8 minutes.)

The CHAIRMAN pro tempore. The gentleman from Kentucky (Mr. SNYDER) is recognized for 13 minutes in support of his amendment.

Mr. SNYDER. Mr. Chairman, I am once again offering this body the opportunity to put itself on record in opposition to a giveaway of the American taxpayers' investment of some $7 billion in the Canal Zone and Panama Canal. The Department of State has been conducting negotiations with the Republic of Panama aimed at ultimately surrendering complete control of both the Canal Zone and the Panama Canal to that country without any congressional mandate whatsoever.

That agency, under the direction of the President, has conducted the negotiations in spite of numerous pending resolutions in both Houses of Congress requiring full retention of U.S. sovereignty. The State Department is not unaware of the fact that 39 Senators have sponsored a sovereignty resolution, more than enough to vote down any treaty yielding U.S. control over the zone or the canal to Panama.

THE DECEPTIVE SOVEREIGNTY PLOY

Mr. Chairman, the United States of America, under the terms of articles II and III of the 1903 treaty with Panama as revised and updated in the 1936 and 1955 treaties, exercises absolute and perpetual sovereignty over the Canal Zone and the Panama Canal "to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power of authority."

Those who have sought to becloud the precise status of this Nation's sovereignty over the Canal Zone seldom if ever make allusion to this undeniable fact established by the two articles in combination.

Section 701, title 2, of the Canal Zone Code proclaims:

> The Government of the United States possesses, to the exclusion of all foreign nations, sovereign rights, power, and authority over the air space above the lands and waters of the Canal Zone.

Mr. Chairman, it is a firmly established concept in international law that a nation has absolute sovereignty over its superjacent air space above the land and water areas that constitute that nation's territory. It should be obvious to all that the United States of America under no circumstances could declare in law that it has absolute sovereignty over the air space above the lands and waters of the Canal Zone unless it had absolute sovereignty over the territory which comprises the Canal Zone itself.

Mr. Chairman, I hope these facts, and others I will introduce later in these remarks, will lay to rest the multitude of errors and falsehoods about our supposed lack of sovereignty over the zone being perpetrated by those who wish to give it away. The Department of State has evidently felt that it would expedite the giveaway were the American people to be persuaded that we never really had full title to the Canal Zone. I would like to point out that in June 27, 1956, report of the Committee on Interstate and Foreign Commerce in the other body, this statement appeared:

> The committee were impressed with the fact that the terms of the initial treaty by which the United States acquired the zone lands was for all intents and purposes a final sale.

It should be clear to anyone that Secretary of State John Hay expressed the simple truth when he wrote the following to the Panamanian Minister to Washington, Jose de Obaldia, on October 24, 1904:

> If it could or should be admitted that the titular sovereign of the Canal Zone is the Republic of Panama, such sovereign is mediatized by its own act, solemnly declared and publicly proclaimed by treaty stipulations, induced by a desire to make possible the completion of a great work which will confer inestimable benefit upon the people of the isthmus and the nations of the world.

Mr. Chairman, I submit that the question is not what kind of sovereignty the United States possesses over the Canal Zone. The key question is simply, did the

Republic of Panama exclude herself for all time from the exercise of sovereign rights, power and authority over the Canal Zone, or did she not?

That she did is undeniable from any reading of articles II and III of the 1903 treaty into which she entered solemnly, and which conclusion must remain unaltered by subsequent treaty revisions in 1936 and 1955.

At this point in my remarks I wish to insert a number of items of documentation which I have gathered together regarding our sovereignty over the Canal Zone. They are not as well known as they should be. This documentation consists of statutory and treaty language, court decisions, congressional reports, Presidential statements and Executive orders, and other sources including the State Department itself, that clearly indicate that the United States is sovereign over the Canal Zone, that it has clear title to that territory, and that in no way does it merely lease the strip of land through which the canal courses from ocean to ocean. The last of these items specifically refutes the claim that we pay rent to Panama for the use of the Canal Zone.

I urge my colleagues to study this documentation carefully. It is set forth in chronological order, and clearly demonstrates that years before President Theodore Roosevelt carried out the will of the American people expressed in the Spooner Act of 1902, to acquire a strip of Isthmian land in perpetuity, our Government sought a canal "across the American isthmus * * * under American control" to quote President Rutherford B. Hayes in 1880.

I shall, of course, be required to get permission to insert this extraneous material when we are sitting as the House—rather than the committee.

The material follows:

An American Canal on American Soil Under American Control—For the Good of the Entire World!—Documentation Regarding Perpetual United States Possession, Ownership and Control of, Title to, and Sovereignty Over the Canal Zone and the Panama Canal Under the 1903 Treaty With the Republic of Panama as Revised and Updated in 1936 and 1955

I. On March 8, 1880, President Rutherford B. Hayes sent a special message to Congress in which he declared:

". . . I deem it proper to state briefly my opinion as to the policy of the United States with respect to the construction of an interoceanic canal by any route across the American isthmus.

"The policy of this country is a canal under American control. . . . If existing treaties between the United States and other nations, *or if the rights of sovereignty or property of other nations stand in the way of this policy . . . suitable steps should be taken by just and liberal negotiations to promote and establish the American policy . . .*

An interoceanic canal across the American isthmus . . . will be the great ocean thoroughfare between our Atlantic and our Pacific shores, and virtually a part of the coast line of the United States. Our merely commercial interest in it is greater than that of all other countries, while its relation to our means of defense, our unity, peace, and safety, are matters of paramount concern to the people of the United States. *No other great power would under similar circumstances fail to assert a rightful control over a work so closely and vitally affecting its interest and welfare.*

"Without urging further the grounds of my opinion, I repeat—that *it is the right and the duty of the United States to assert and maintain such supervision and authority over any interoceanic canal . . . as will protect our national interests."*

II. On March 3, 1899, President William F. McKinley approved a rivers and harbors act of Congress titled, "An act making appropriations for the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes." Section 3 of that Act, in part, reads as follows:

"'That the President of the United States of America be, and he is hereby, authorized and empowered to make full and complete investigation of the Isthmus of Panama with a view to the construction of a canal by the United States across the same to connect the Atlantic and Pacific oceans; . . . And generally the President is authorized to make such full and complete investigation as to determine the most feasible and practicable route across said isthmus for a canal, *together with the cost of constructing the same and placing the same under the control, management, and ownership of the United States."*

III. On January 18, 1902, the Isthmian Canal Commission appointed by President McKinley under the rivers and harbors act of 1899, reported to the President of the United States. In its report, the Commission headed by Rear Admiral John G. Walker, one of the ablest naval officers of his generation, declared:

". . . a new arrangement must be made if an isthmian canal is to be constructed by our Government across the Isthmus of Panama.

"The grant must be not for a term of years, but in perpetuity, and a strip of territory from ocean to ocean of sufficient width must be placed under the control of the United States. In this strip the United States must have the right to enforce police regulations, preserve order, protect property rights, and exercise such other powers as are appropriate and necessary."

IV. The Spooner Act of 1902 mandated the President as follows:

". . . the President is hereby authorized to *acquire . . . perpetual control of a strip of land, the territory* of the Republic of Colombia . . . and the right to use and dispose of the waters thereon, and to excavate, construct, and to *perpetually maintain, operate, and protect thereon a canal* . . . the sum of ten million dollars is hereby appropriated out of any money in the Treasury not otherwise appropriated, toward the project herein contemplated . . ."

V. The Isthmian Canal Convention of 1903 (Hay-Bunau Varilla Treaty) states the following:

Article II: *"The Republic of Panama grants to the United States in perpetuity the use, occupation and control of a zone of land and land* under water for the construction, maintenance, operation, sanitation and protection of said Canal of the width of ten miles extending to the distance of five mlies on each side of the center line of the route of the Canal to be constructed . . ."

Article III: "The Republic of Panama grants to the United States all the rights, power and authority within the zone mentioned and described in Article II of this agreement and within the limits of all auxiliary lands and waters mentioned and described in said Article II which the United States would possess and exercise if it were the sovereign of the territory within which said lands and waters are located *to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power or authority."*

VI. Article 3 of the 1904 Constitution of the Republic of Panama states:

"The territory of the Republic remains subject to the jurisdictional limitations stipulated, or which may be stipulated in public treaties concluded with the United States of North America for the construction, maintenance, or sanitation of any means of interoceanic transit."

VII. The 1904 U.S.-Panama Boundary Agreement states:

"Whereas by the terms and provisions of Article II of the Convention for the Construction of an Interoceanic Canal between the United States of America and the Republic of Panama, signed by the representatives of the two nations on November 18, 1903, the ratifications of which were exchanged, at Washington on the 26th day of February, 1904, the United States acquired the right of use, occupation, and perpetual control from and after the said 26th day of February, 1904, in and over the Canal Zone and other lands, waters, and islands named in said Article II of the convention aforesaid; and . . ."

"Whereas in order that said work of construction of said interoceanic canal may be systematically prosecuted, and in order that a government for the Canal Zone created by the terms and provisions of said Article II of said convention may be successfully organized and carried forward, it is necessary that the extent and boundaries of the *said territory ceded to the Government of the United States by the Government of the Republic of Panama* under the terms and provisions of said convention shall be provisionally determined and agreed upon . . ."

VIII. In the 1907 decision, *Wilson* v. *Shaw, Secretary of the Treasury,* the Supreme Court cited the plaintiff's contentions. Among them:

"He contends that whatever title the Government has was not acquired as provided in the act of June 28, 1902, by treaty with the Republic of Colombia. . . . Further, it is said that the boundaries of the zone are not described in the treaty . . ."

The Court declared:

"A short but sufficient answer to that subsequent ratification is equivalent to original authority. The title to what may be called the Isthmian or Canal Zone, which at the date of the act was in the Republic of Colombia, passed by an act of secession to the newly formed Republic of Panama. . . . A treaty with it, *ceding the Canal Zone,* was duly ratified. 33 Stat. 2234. Congress has passed several acts based upon the *title* of the United States.

"It is hypercritical to contend that the title of the United States is imperfect, and that the territory described does not belong to this Nation, because of the omission of some of the technical terms used in ordinary conveyances of real estate. . . ."

"Alaska was *ceded* to us forty years ago, but the boundary between it and the English possessions east was not settled until within the last two or three years. Yet no one ever doubted the *title* of this republic to Alaska."

I call to your attention that the Court used the words "cede" and "title" in reference to both Alaska and the Canal Zone—and used the same words in the same decision.

IX. The Panama Canal Act of August 24, 1912, specified in Section 3:

"That the President is authorized to declare by Executive order that all land and land under water within the limits of the Canal Zone is necessary for the construction, maintenance, operation, sanitation, or protection of the Panama Canal, and *to extinguish, by agreement when advisable, all claims and titles of adverse claimants and occupants. Upon failure to secure by agreement title to any such parcel of land or land under water the adverse claim or occupancy shall be disposed of and title thereto secured in the United States* and compensation therefor fixed and paid in the manner provided in the aforesaid treaty with the Republic of Panama, or such modification of such treaty as may hereafter be made."

X. By Executive Order on December 5, 1912, President William H. Taft, in accordance with the Panama Canal Act of 1912, took possession of all land in the Zone. That order reads:

"Lands in Canal Zone to be Taken for Canal Purposes: By virtue of the authority vested in me by the Act of Congress entitled 'An Act to provide for the opening, maintenance, protection, and operation of the Panama Canal, and the sanitation and government of the Canal Zone,' approved August 24, 1912, I hereby declare that all land and land under water within the limits of the Canal Zone are necessary for the construction, maintenance, operation, protection, and sanitation of the Panama Canal, and *the Chairman of the Isthmian Canal Commission is hereby directed to take possession, on behalf of the United States, of all such land and land under water; and* he may *extinguish*, by agreement when practicable, *all claims and titles of adverse claimants* to the occupancy of said land and land under water."

XI. The 1914 U.S.-Panama Boundary Convention states:

"Whereas, Gen. George W. Davis, then Governor of the Canal Zone, on behalf of the United States of America, and Messrs. Tomas Arias and Ramon Valdes Lopez, then Secretary of Foreign Affairs and Attorney General, respectively, of the Republic of Panama, acting on behalf of that Republic, entered into an agreement on the 15th day of June, 1904, by the terms of which *the Republic of Panama delivered over to the United States of America, the use, occupation, and control in perpetuity of the zone of land ten miles in width* described and mentioned in articles II and III of the Canal Treaty . . ."

"It is agreed that the Republic of Panama shall have *an easement* over and through the waters of the Canal Zone in and about Limon and Manzanillo bays to the end that vessels trading with the City of Colon may have access to and exit from the harbor of Colon, subject to the police laws and quarantine and sanitary rules and regulations of the United States and of the Canal Zone established for said waters. . . ."

XII. The 1914 Treaty between the U.S. and the Republic of Colombia declares in Article I:

"The Republic of Colombia shall enjoy the following rights in respect to the interoceanic Canal and the Panama Railway, *the title to which is now vested entirely and absolutely in the United States of America, without any incumbrances or indemnities whatever.*"

XIII. The 1936 Treaty of Friendship and Cooperation between the U.S. and Panama contains the following Article XI:

"The provisions of this Treaty shall not affect the rights and obligations of either of the two High Contracting Parties under the treaties now in force between the two countries, nor be considered as a limitation, definition, restriction or restrictive interpretation of such rights and obligations, but without prejudice to the full force and effect of any provisions of this Treaty which constitute addition to, modification or abrogation of, or substitution for the provisions of previous treaties."

I call to your attention that in commenting on this Article in his Summary of Essential Features of this agreement, printed in the Report of the Senate Foreign Relations Committee on the Treaty, Secretary of State Cordell Hull declared:

"The juridical status of the Canal Zone, as defined in article III of the 1903 convention, thereby remains unaltered."

XIV. The 1955 Treaty of Mutual Understanding and Cooperation between the U.S. and Panama was the subject of Senate hearings. Assistant Secretary of State for Inter-American Affairs, Henry F. Holland was questioned as follows:

"Senator FULBRIGHT. Would you say that there is anything in this agreement which might possibly be construed as a waiver of our paramount rights in the Canal Zone?

"Mr. HOLLAND. No, sir; and, as a matter of fact, I believe that the permanency and stability of those rights are strengthened by this treaty because of the inclusion in the treaty of the phrases that I referred to in my opening statement. That is the inclusion of the phraseology in the preamble that no part of the treaty of 1903 or the treaty of 1936 or this treaty can be changed save by mutual agreement of the parties, and the specific and affirmative recognition in article I by the parties of the absence of any obligation on the part of either party to change the annuity . . ."

"Senator WILEY. As I understood from you, Secretary Holland, there is nothing in this present treaty that would in the slightest degree depreciate all the attributes of sovereignty that we possess.

"Mr. HOLLAND. That is true; and so true is it, that in the course of the negotiations the Panamanians advanced several small requests which, 1 by 1, had considerable appeal, but all of which we refused, *because we did not want to leave 1 grain of evidence that could a hundred years hence be interpreted as implying any admission by the United States that we possess and exercise anything less than 100 percent of the rights of sovereignty in this area.*"

XV. In *Roach v. United States*, 453 F. 2d 1054 (5th C.A.) *cert. den'd.* 406 U.S. 935, decided on Dec. 30, 1971, the Court of Appeals declared:

"The Canal Zone is an unincorporated territory of the United States. Convention between United States and Republic of Panama, Nov. 18, 1903, 33 Stat. 2234, arts. 2, 3; General Treaty between United States and Panama, Mar. 2, 1936, 53 Stat. 1807; 2 C.Z.C. § 1 et seq."

XVI. Section 701, Title 2 of the Canal Zone Code (last revised in 1963) reads:

"The Government of the United States possesses, to the exclusion of all foreign nations, sovereign rights, power, and authority over the air space above the lands and waters of the Canal Zone. Until Congress otherwise provides, the President shall prescribe, and from time to time may amend, regulations governing aircraft, air navigation, air-navigation facilities, and aeronautical activities within the Canal Zone. 76A Stat. 29."

International law recognizes that a nation has absolute sovereignty over the superjacent air space above the land and water constituting its sovereign territory.

THE ANNUITY

The Hay-Herran Treaty of 1903 between the U.S. and the Republic of Colombia, never ratified by the latter, states in Article XXV:

"As the price or compensation for the right to use the zone granted in this convention by Colombia to the United States for the construction of a canal, together with the proprietary right over the Panama Railroad, *and for the annuity of two hundred and fifty thousand dollars gold, which Colombia ceases to receive from the said railroad*, as well as in compensation for other rights, privileges and exemptions granted to the United States, and in consideration of the increase in the administrative expenses of the Department of Panama consequent upon the construction of the said canal, the Government of the United States binds itself to pay Colombia the sum of ten million dollars in gold coin of the United States on the exchange of the ratification of this convention after its approval according to the laws of the respective countries, and also an annual payment during the life of this convention of two hundred and fifty thousand dollars in like gold coin, beginning nine years after the date aforesaid . . ."

The identical financial features of this Article were incorporated in Article XIV of the Hay-Bunau Varilla Treaty with Panama. Clearly, we could not offer less to Panama than already offered to Colombia.

The annuity therefore was to indemnify for loss of income from the Panama Railroad, and never was a lease payment.

Subsequent increases in the annuity were made in the 1936 and 1955 Treaties. Both Treaties spell out that the increases were not required by any treaty provision.

The annuity was increased in the 1936 Treaty to $430,000. Senate Report 2375 dated June 27, 1956 from the Committee on Interstate and Foreign Commerce explained this:

". . . the monetary agreement with the Republic of Panama of June 20, 1904, provided for payment of the annuity in gold balboas. Hence, when the American gold dollar, and later the Panamanian balboa, were devaluated as the result of abandonment of the gold standard by the United States in 1934, *the annuity payment in gold balboas was increased to $430,000 solely to compensate for the decrease in gold content of the balboas.*"

The 1955 Treaty increased the annuity to $1,930,000 purely as an act of generosity on our part.

Subsequent devaluation of the dollar has raised the figure to $2,328,200 at the present time.

THE SNYDER AMENDMENT OF 1975

Mr. Chairman, almost 1 year ago, on June 26, the House adopted my amendment to H.R. 8121, the appropriations bill for the State, Commerce, and Justice Departments, by which U.S. sovereignty over the Panama Canal Zone was reaffirmed. The Snyder amendment which was adopted by a vote of 246 to 164, added a new section to the bill that read as follows:

> SEC. 104. None of the funds appropriated in this title shall be used for the purposes of negotiating the surrender or relinquishment of any U.S. rights in the Panama Canal Zone.

The Snyder amendment was upheld a second time on September 24 when this body defeated a substitute amendment drafted by the conference committee and heavily lobbied for by the State Department, 197 to 203.

A somewhat strengthened substitute amendment finally prevailed over my amendment on October 7 by a vote of 212 to 201.

That amendment read as follows:

> It is the sense of the Congress that any new Panama Canal Treaty or agreement must protect the vital interests of the United States in the Canal Zone and in the operation, maintenance, property, and defense of the Panama Canal.

Mr. Chairman, we all knew that substitute amendment did not bind the State Department, and as I feared, that agency simply ignored this body. We all know by now that the Department of State has continued to negotiate a treaty which will have the United States yield complete control of the Canal Zone within a period of 3 years after ratification, and of the canal within, probably, 25 years after ratification.

Despite the President's and the Department's assurances that a new treaty will protect U.S. rights to navigate the canal and to defend it with our Armed Forces during the life of the new treaty, those rights will terminate at the expiration of the treaty. Our maintenance of such rights beyond the terminal date of any new treaty is mere wishful thinking, should they, indeed, even be upheld by Panama during that treaty's life once we yield our absolute sovereignty. We have recently seen Egypt revoke the agreement it had with the Soviet Union.

Mr. Chairman, the President and the State Department intend to give up the perpetual, absolute sovereignty we now exercise over the Canal Zone to the perpetual and total exclusion of any such sovereign rights, power or authority by Panama, for a mere piece of paper that at best might give this Nation some measure of access and defense for perhaps 25 years in the zone.

Beyond that period, beyond the specific termination date of a new treaty, U.S. rights for all intents and purposes are simply nonnegotiable. We would remain at the mercy of the momentary ruling authority of an unstable little nation, a prey to the whims and caprices of politicians who seek advantage by denouncing the United States for whatever excuse.

But worse than that, we would be forever subjected to the influences on Panama exerted by other major powers. Today the Soviet Union has enormous power in the Western Hemisphere by virtue of its military and naval installations in Cuba, and by virtue of trained Communist cadres of many nationalities operating in every country of this hemisphere, including our own, and Panama. It could conceivably come to dominate Panama, and then where would we be?

By the Spooner Act of 1902, Congress displayed its wisdom in forestalling the eventualities I have depicted here by mandating perpetual control by the United States of the territory that came to be called the Canal Zone.

Mr. Chairman, in no way can the new treaty sought by the State Department and the President protect the vital interests of the United States in the Canal Zone and the canal as called for in the amendment which replaced the Snyder amendment last year.

Let me state as forcefully as I can, that the State Department has ignored, not only the substitute amendment, but the legislative history, if I may call it that, set forth in the debate on that amendment's language and the meaning of its words.

You will recall that I asked the chief House conferees the meaning of the words "vital interests" and I think it is vital at this point to call their answers to the attention of this body and to the American people.

Mr. Chairman, that colloquy last October 7 went as follows:

> . . . for the purpose of addressing a few questions to the chairman of the Committee on Appropriations, the gentleman from Texas (Mr. Mahon), the chairman of the subcommittee, the gentleman from West Virginia (Mr. Slack), and the gentleman from Michigan (Mr. Cederberg), of the minority, to discuss with them the words "vital interest."
>
> I have been concerned, as these gentlemen know, and as I mentioned in the original discussion of this when we came back with the language a couple weeks ago, that the boys at the State Department may say that it is in our vital interest to give away the Canal Zone in 3 years and the canal in 25 years.
>
> I want the record to be clear that that is not what the conferees intended and by no stretch of the imagination can the negotiators or the State Department people ever interpret that this conference committee meant that they are protecting the vital interests of the United States if in fact they agree to the relinquishment of our rights in and to the zone and in and to the canal.
>
> Mr. Mahon. Madam Speaker, will the gentleman yield?
>
> Mr. Snyder. I yield to the distinguished chairman of the Committee on Appropriations.
>
> Mr. Mahon. Madam Speaker, I would like to say as one of the conferees and as chairman of the Committee on Appropriations that I am unalterably opposed to giving away the vital interests of the United States in the Panama Canal.
>
> When I say, "the vital interests," I mean the possession and the present privileges and the property and ownership which we enjoy there.
>
> I believe that probably 90 percent of the Members of this House agree that we are opposed to giving away the Panama Canal, as we call it. We are in favor of maintaining our rights and our prerogatives and the integrity of the United States in the Panama Canal and in the Panama Canal Zone.
>
> I cannot help it if the State Department has a contorted meaning of the term, "vital interests." I repudiate such an interpretation.
>
> "Vital interests," insofar as this conference report is concerned, means to me the property, the title, the possession, and the rights of the United States in the Panama Canal Zone. We cannot be responsible for the kind of treaty that State Department employees or others may propose. That is the constitutional prerogative of the Executive, and it is up to the Congress to approve or disapprove. But I think it ought to be clear to the whole wide world that the overwhelming majority of the Members of this House are against giving up the Panama Canal Zone. I appreciate the statement of my friend from Kentucky and his desire to make plain to all the attitude of the House on this important matter.
>
> Madam Speaker, is that clear to the gentleman?
>
> Mr. Snyder. Madam Speaker, that is pretty clear to me.
>
> I will ask the gentleman from West Virginia (Mr. Slack) if he agrees with the statement made by the gentleman from Texas (Mr. Mahon).
>
> Mr. Slack. Madam Speaker, if the gentleman will yield, as chairman of the House conferees, let me say that I do not believe it is in the vital interests of the United States to give up the Panama Canal or the Panama Canal Zone.
>
> Is that a direct answer to the gentleman's question?
>
> Mr. Snyder. And that is the gentleman's interpretation of the intent of the language the conferees have come back with?
>
> Mr. Slack. That is my interpretation.
>
> Mr. Cederberg. Madam Speaker, will the gentleman yield?
>
> Mr. Snyder. I yield to the gentleman from Michigan.
>
> Mr. Cederberg. Madam Speaker, I do not know how many times I have to say this, but I will say it again.
>
> Mr. Snyder. The gentleman can say it once more, then.
>
> Mr. Cederberg. Madam Speaker, I said it the first time, I said it the second time, and I said it when I was down in the well the last time, and I will repeat it: As far as I am concerned, I do not want to give away the Panama Canal.
>
> A lot of questions have come up about vital interests, and the word "vital" has been used. Let us see what Webster's dictionary says the word "vital" means.
>
> The Speaker pro tempore (Mrs. Lloyd of Tennessee). The time of the gentleman from Kentucky (Mr. Snyder) has expired.
>
> Mr. Cederberg. Madam Speaker, I yield 1 additional minute to the gentleman from Kentucky (Mr. Snyder).
>
> Madam Speaker, will the gentleman yield further?
>
> Mr. Snyder. I yield to the gentleman from Michigan.
>
> Mr. Cederberg. Madam Speaker, this is taken right out of that dictionary over there, and this is what the dictionary says the word "vital" means: "* * * of the utmost importance; essential to the continued vigor, efficiency, independence, or value or something expressed or implied * * *"
>
> Does that satisfy the gentleman from Kentucky?
>
> Mr. Snyder. I would say that would satisfy the gentleman from Kentucky if the gentleman from Michigan would say that it is his understanding that the conferees meant the same thing that Mr. Webster did.
>
> Mr. Cederberg. Yes. I would say that is true.
>
> Madam Speaker, let me ask the gentleman a question.
>
> Now that we have gotten that all cleared up, is the gentleman going to vote with us today in this matter, or does the gentleman think that would be going a little too far?
>
> Mr. Snyder. Madam Speaker, I am going to consider it, because I think we have made great progress thus far. I feel that with this colloquy we have accomplished much for the good of our country.

SNYDER AMENDMENT EVEN MORE RESPONSIVE TO THE PEOPLE'S WILL IN 1976

Mr. Chairman, in April of this year, the Committee on Latin America, a nonprofit institution chartered in the District of Columbia, commissioned Opinion Research Corp. of Princeton, N.J., to conduct a nationwide public opinion survey in order to determine American attitudes about several matters bearing on United States relations with Cuba, and current negotiations with Panama concerning the Panama Canal.

The survey showed that 69 percent of the American people knew very little or nothing at all about the negotiations on a new Panama Canal Treaty. This compared with a figure of 80 percent in a June 1975 survey.

In answer to the question, "Do you favor the United States continuing its ownership and control of the Panama Canal, or do you favor turning ownership and control of the Panama Canal over to the Republic of Panama?" The current survey showed 75 percent want continued U.S. ownership and control, to 66 percent in the June 1975 survey.

The percentage of those who wanted to turn ownership and control over to Panama was 12 percent both last June and this past April, but the percentage with no opinion dropped from 22 to 13 percent.

Mr. Chairman, it is clear that with greater awareness of the treaty negotiations, the American people are coming down hard on the side of maintaining our absolute and perpetual sovereignty and control of the zone and its vital waterway.

Let me point out that when evidently

little more than 8 percent of the American people even knew about the negotiations, the Snyder amendment never received less than 200 votes. The 3 votes on my amendment gave the Representatives from the 50 States the opportunity to take a position on the giveaway with little or no pressure from home. Many who opposed the amendment on procedural grounds made it plain they stood foursquare against yielding control of the Canal Zone.

Mr. Chairman, the issue is far clearer now. Everyone knows that largely due to the Panama Canal issue, challenger Ronald Reagan took every Republican delegate in the recent Texas primary. It was during the Texas primary that the people learned that President Ford had determined to yield control of our priceless possession in the Isthmus of Panama.

Mr. Chairman, the Snyder amendment helped to bring the negotiations to the attention of the American people.

It is my purpose to focus still greater attention on the giveaway plans for I am positive—and it is my belief that every Member here agrees with me though he or she may not admit it—the American citizen-taxpayers simply will not tolerate a giveway of their $7 billion investment in that extremely important commercial and strategic asset of ours which has benefited the entire world, friends and foes alike, since the canal opened in 1914.

Let me warn my colleagues, the people's collective will cannot be ignored. Their awareness of the stakes involved is intensifying.

Washington politicians have a bad enough name right now.

If we do not move to stop the State Department's surrender of the zone and the canal, an action which has neither the mandate of the Congress nor the people, I think we will hear about it at the polls come November.

Commonsense dictates that in this disturbed age in which we live, with hostile forces of agitation and propaganda at home and abroad seeking our destruction as a free people, we in the Congress should take every possible step to insure that the executive branch not make promises to other nations that the American people will not back up. Such promises can only engender hostility toward us.

My amendment proposals are addressed to this purpose.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

Mr. ANDERSON of California. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I congratulate the gentleman from Kentucky on his insightful amendments. The gentleman's stand is a mirror of my position on the future of America's involvement in the Panama Canal. I, therefore, rise in support.

I believe the people of the United States have had enough of State Department sophistry and semantic frauds. My constituents want the straight story. And, considering the heat this issue has generated in the race for the Oval Office, I believe the majority of the people from every congressional district want the truth about our negotiations with the Republic of Panama.

The State Department, rather than negotiating as an agent of acceptable policy of the United States as it should, apparently accepts Panama's demands and threats as gospel.

I voted for the Snyder amendment to the Department of State appropriations bill for fiscal year 1976. Two hundred and forty-five of our colleagues also voted to prohibit the use of appropriated funds for negotiating the surrender or relinquishment of any U.S. rights in the Canal Zone. Further, 38 Members of the Senate cosponsored a resolution expressing the sense of that body against any surrender at Panama.

Our job is to represent the people of the United States. Assuming those votes are still indicative of a representative democracy, then the people of this country will not accept the State Department acquiescence to Panama's demands.

The facts are the canal is vital to our international trade, commerce, and defense interests. As such, I believe any renegotiation or relinquishment of our rights to this strategic waterway would be a grave mistake for the United States to make.

The United States cannot "buckle under" a threat of possible violence if a new treaty is not negotiated. Violence cannot be accepted as the prime factor here. However, we must maintain our concern about the fate of 13 military bases, about 10,000 military men, 29,000 civilian employees and their families in the Canal Zone, and 6,000 U.S. citizens living in Panama.

Supporters of relinquishment assert that "sovereignty and ownership" are not issues for it alleges that the United States never had either. I could not disagree more.

I believe the canal is a duly paid for territory of the United States. Therefore, the yielding of any property paid for from appropriated funds, such as the Panama Canal, must be approved by the House as well as the Senate.

Usually the House does not ratify treaty negotiations, a prerogative of the Senate, who gives advice and consent to ratification by the President of a treaty. However, article IV, section 3, paragraph 2 of the Constitution states:

> The Congress shall have the Power to dispose of and make all needful Rules and Regulations respecting the Territory or other Property belonging to the United States.

That is one reason why "sovereignty and ownership" are an issue. The second reason is the historical precedent for our claim to territorial sovereignty. On December 2, 1903, the United States agreed to pay the Republic of Panama $10 million—plus a yearly annuity for, "in perpetuity the use, occupation and control" of this 10-mile-wide Canal Zone. Article III of this Hay-Bunau-Varilla treaty granted the United States "All the rights, power and authority, which the United States would possess and exercise as if it were the sovereign of the territory to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power, or authority." The $10 million which the United States paid to Panama under article XIV as well as the $250,000 to be paid annually during the life of the treaty, were expressly stated to be the price or compensation for the rights, powers and privileges granted in this convention.

Mr. Chairman, the canal is not an economic and military "convenience" as some have claimed. It is a necessity to the economic and military interests of our Nation. I, for one, am not ignoring the alleged visits of Panama's Gen. Omar Torrijos to Cuba.

Mr. Chairman, we have not been exploitive or imperialistic in our relations with the Republic of Panama. If anything, the United States has improved the economic plight of Panama. We have spent in excess of $6.8 billion for the defense, operation, and maintenance of the Canal Zone.

It is my belief, and I am sure the belief of the American people, that the United States should maintain and strengthen its defense, commerce, and trade interest in the Panama Canal.

I urge my colleagues to support the Snyder amendment.

Mr. MURPHY of New York. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON of California. I yield to the gentleman from New York.

Mr. MURPHY of New York. Mr. Chairman, I congratulate the gentleman from California on his statement.

I rise in general support for the amendments offered by my colleague the gentleman from Kentucky (Mr. SNYDER), which would prohibit the use of funds authorized by this act for the purpose of negotiating the surrender or relinquishment of the Canal Zone or the Panama Canal.

I also support his language which would prohibit the use of funds authorized by this act for the purpose of negotiating or entering into any treaty which would ultimately yield U.S. control over the Canal Zone or the Panama Canal that does not contain a provision requiring implementing legislation by both Houses of Congress in accordance with article IV, section 3, paragraph 2 of the Constitution which states—

> The Congress shall have the power to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States.

I support the inclusion of this language, although I do not believe such language is required in this instance as this power already lies in the hands of the Congress, specifically, the U.S. House of Representatives. Regardless of the disposition of these amendments, the constitutional role of the House of Representatives remains undiminished. This body still bears the burden of fulfilling its constitutional obligations.

I would like to quote from the report on activities during the 92d Congress of the Committee on Merchant Marine and Fisheries, report No. 92-1629:

> In the opinion of the members of the Subcommittee, the Executive Branch would have preferred to overlook the role of the House of Representatives in the treaty negotiations

which have been underway with the Republic of Panama. Attempts to bypass the jurisdiction of the House became apparent when—on an informal basis and during formal hearings of this Subcommittee (the Subcommittee on the Panama Canal)—attorneys for both the State and Justice Departments took the position that the planned disposal of United States property rights envisioned in the new treaty with Panama could be executed without implementing legislation by the House of Representatives. However, an examination of the legal basis for this position and a review of the constitutional issues involved during the hearings convinced not only the members of the Subcommittee, but apparently the Executive Branch that such a position was unjustified. Accordingly, it is the firm conviction of the Subcommittee that no treaty involving the appropriation of United States monies or the transferral of territory or other property owned by the United States will be effected without due consideration of the jurisdiction of the House over these matters.

This Subcommittee recognizes this as part of its oversight function, i.e., its duty to uphold the authority of the Congress. As the Chairman of the Subcommittee announced in his opening statement of December 6, 1971:

"This duty transcends the treaty with Panama, as important as that is, and goes to the very core of the purpose and power of the House of Representatives."

In brief, based on our interpretation of the law, there is no question or equivocation—the authority of the U.S. House of Representatives is required before real and other property paid for from appropriated funds is given up or conveyed by treaty as the Executive Branch seeks to do in the proposed treaty with Panama.

If, in any new treaty negotiated by the United States and the Republic of Panama, provision is made for the transfer of real or personal property of the United States to Panama, or if provision is made for the payment of money by the United States to Panama, this cannot be accomplished by the making and ratification of the treaty by the President of the United States and the U.S. Senate alone, but such treaty provisions would require implementation by both Houses of Congress.

There is a well-established body of law to document this statement.

Article II, section 2, clause 2, of the Constitution of the United States provides as follows:

> He (the President) shall have power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur.

Article VI, clause 2, of the Constitution provides that:

> This Constitution, and the laws of the United States which shall be made in pursuance thereof; and all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land.

On the other hand, article I, section 9, clause 7, specifically says:

> No money shall be drawn from the Treasury, but in consequence of appropriations made by law.

And article IV, section 3, clause 2, states that:

> The Congress shall have power to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States.

These are the primary provisions of the Constitution of the United States which pertain to this issue.

Thomas Jefferson, as stated in the rules of the 93d Congress, in discussing the treaty power, said:

> By the Constitution of the United States this department of legislation is confined to two branches only of the ordinary legislature—the President originating and the Senate having the negative. To what subjects this power extends has not been defined in detail by the Constitution; nor are we entirely agreed among ourselves. (1) It is admitted that it must concern the foreign nation party to the contract, or it would be a mere nullity, res inter alias acta. (2) By the general power to make treaties, the Constitution must have intended to comprehend only those subjects which are usually regulated by treaty, and cannot be otherwise regulated. (3) It must have meant to except out of these the rights reserved to the States; for surely the President and the Senate cannot do by treaty what the whole Government is interdicted from doing in any way. (4) And also to except those subjects of legislation in which it gave participation to the House of Representatives. This last exception is denied by some on the ground that it would leave very little matter for the treaty power to work on. The less the better, say others. The Constitution thought it wise to restrain the Executive and Senate from entangling and embroiling our affairs with those of Europe. Besides, as the negotiations are carried on by the Executive alone, the subjecting to the ratification of the Representatives such articles as are within their participation is no more inconvenient than to the Senate.

As chairman of the Panama Canal Subcommittee during the 92d Congress, I held extensive hearings on the Panama Canal Treaty negotiations and specifically, on the question of the jurisdiction of the House of Representatives in implementing treaty provisions which involve the payment of money by the United States to Panama or the transfer of real or personal property, purchased by the United States, to Panama. In this regard, I would like to insert at this point a study prepared by Johnny H. Killian of the American Law Division, Library of Congress, entitled "Cession of Realty to Panama; Limitations of Constitution":

THE LIBRARY OF CONGRESS,
Washington, D.C., August 9, 1967.

From: American Law Division.
Subject: Cession of realty to Panama; limitations of Constitution.

This is in reference to your request for a consideration of the issue of the effect of Art. IV, § 3, cl. 2, on the portion of the proposed treaty between the United States and Panama, which provides, *inter alia,* for the cession of certain property, real and otherwise.

The cited section of the Constitution provides:

> The Congress shall have Power to dispose of and make all needful Rules and Regulations respecting the Territory or other Property belonging to the United States; . . .

The property to be transferred reported included real property within the area now constituting the Canal Zone but which is not within the new area to be retained and certain other realty, the transfer to be effected upon the entry into force of the treaty, and the remaining realty upon termination of the treaty. In addition, all rights to the property connected with the operation and administration of the Canal is to be turned over to the joint administration established by the United States and Panama.

Art. II. § 2, cl. 2 of the Constitution gives the President power to negotiate treaties by and with the advice of the Senate and subject to approval by two-thirds of the Senate present of the resultant treaty. Art. VI, cl. 2, makes the Constitution, all laws "which shall be made in pursuance" of the Constitution, and "all Treaties made, or which shall be made, under the Authority of United States" the supreme law of the land. This declaration of the effect of a treaty and the requirement placed on all judges to uphold treaties as well as the Constitution and constitutional laws means that a treaty must "be regarded in courts of justice as equivalent to an act of the legislature, whenever it operates of itself without the aid of any legislative provision". (*Foster* v. *Neilson,* 2 Pet. (27 U.S.) 253, 314 (1829)). A treaty has the same status as a federal statute. "By the Constitution a treaty is placed on the same footing, and made of like obligation, with an act of legislation." (*Whitney* v. *Robertson,* 124 U.S. 190, 194 (1888)). But a treaty has no higher status than a statute. "Both are declared . . . to be the supreme law of the land, and no superior efficacy is given to either over the other." (*Whitney* v. *Robertson,* supra) Thus, in the event of a conflict between a treaty and a statute, the one later in date will control, and a treaty may be superseded or abrogated by a later act of Congress as may an act of Congress give way to a later treaty (*Cook* v. *United States,* 288 U.S. 102 (1933); *The Cherokee Tobacco* v. *11 Wall.* (78 U.S.) 616 (1871); *United States* v. *Lee Yen Tai,* 185 U.S. 213 (1902); Head Money Cases, 112 U.S. 580 (1884)).

Since a statute and a treaty have the same status under the Constitution, it follows that a treaty could be unconstitutional in the same respect a statute could be. "It need hardly be said that a treaty cannot change the Constitution or be held valid if it be in violation of that instrument. This results from the nature and fundamental principles of our government." (The Cherokee Tobacco, supra, 620–21). A power given by the Constitution cannot be deemed to authorize a contravention of that instrument; it cannot extend "so far as to authorize what the Constitution forbids". (Asakura v. Seattle, 265 U.S. 332, 341 (1924)) "It would be manifestly contrary to the objectives of those who created the Constitution, as well as those who were responsible for the Bill of Rights—let alone alien to our entire constitutional history and tradition—to construe Article VI as permitting the United States to exercise power under an international agreement without observing constitutional prohibitions" (*Reid* v. *Covert,* 354 U.S. 1, 17 (1957)).

"The prohibitions of the Constitution", the Supreme Court has said, "were designed to apply to all branches of the National Government and they cannot be nullified by the Executive or by the Executive and the Senate combined". (Reid v. Covert, supra)

What specific limitations, then, is the treaty power subject to? In a 1907 memorandum approved by the Secretary of State, and often quoted, it is said that restrictions are:

". . . to be found in the provisions of the Constitution which expressly confide in Congress or in other branches of the Federal Government the exercise of certain of the delegated powers and establish certain rights which may not be interfered with, or impose certain obligations which must be observed by the Federal Government, and finally which reserve to the States or to the people all powers not granted to the United States"

(Anderson, "The Extent and Limitations of the Treaty-Making Power". I American Journal of International Law 636, 641 (1907)).

It is to the first of these restrictions that we should look in answer to this problem. The answer would seem to be that recorded by Cooley:

"The full treaty-making power is in the President and the Senate, but the House of Representatives has a restraining power upon it in that it may in its discretion at any time refuse to give assent to legislation necessary to give a treaty effect. Many treaties need no such legislation; but when moneys are to be paid by the United States they can be appropriated by Congress alone; and in some other cases laws are needful. An unconstitutional or manifestly unwise treaty the House of Representatives may possibly refuse to aid; and this, when legislation is needful, would be equivalent to a refusal of the government, through one of its branches, to carry the treaty into effect." (Cooley, General Principles of Constitutional Law (3d ed., McLaughlin, 1898) p. 175).

And another authority has said:

"It is accepted on both sides, nor has it ever been questioned, that a treaty stipulating for an appropriation of money can be fully carried into effect only by an act of Congress" (Crandall, Treaties, Their Making and Enforcement (2d ed., 1916), p. 132).

The emphasis upon the appropriation of money may be attributed to the fact that this is the issue which has historically been the critical one. The matter first arose upon the ratification of the Jay Treaty in 1796, which treaty contained provisions for an appropriation of money. See, Butler, 1 Treaty Making Powers of the United States (1902), pp. 421–430. In brief, the President and Alexander Hamilton, Secretary of the Treasury, took the position that the treaty having been ratified it was the law of the land and it was incumbent upon the House of Representatives to vote out an appropriation bill. The House pointed to Art. I § 9, cl. 7 of the Constitution that: "No money shall be drawn from the Treasury, but in Consequence of Appropriations made by law: . . ."

The House finally passed a bill appropriating the money but at the same time adopted the so-called Blount Resolution, which read:

"Resolved, That, it being declared by the second section of the second article of the Constitution, 'that the President shall have power, by and with the advice of the Senate, to make treaties, provided two-thirds of the Senate present concur.' The House of Representatives do not claim any agency in making treaties; but that when a treaty stipulates regulations on any of the subjects submitted by the Constitution to the power of Congress, it must depend on its execution, as to such stipulations, on a law or laws to be passed by Congress. And it is the constitutional right and duty of the House of Representatives, in all such cases, to deliberate on the expediency or inexpediency of carrying such treaty into effect, and to determine and act thereon, as, in their judgment, may be most conducive to the public good. V Annals of Congress 771–72."

It appears that in all such instances of required appropriations, Presidents have sought them from the House and the Senate and that in one instance, the Mexican Commercial Treaty of 1883, the House refused to appropriate the money. Tucker, op. cit., pp. 212–237. As a Member of the Supreme Court once said:

"As well might it be contended that an ordinary act of Congress, without the signature of the President, was a law, as that the treaty which engages to pay a sum of money is in itself a law." *Turner* v. *American Baptist Missionary Union*, 24 Fed. Cas. 344, 345–46 (C. C. Mich. 1852).

The effect of a refusal to enact such legislation would be, in the view of the late President Taft, a violation of the pledged word of the United States Government and would not relieve the nation of its treaty obligation, but it would not be able to carry out that pledge. Taft, Our Chief Magistrate and his Powers (1929 ed.), p. 113.

If this be the case with an appropriation of money, it should hardly be less the case with a constitutional provision specifically delegating to Congress the power to dispose of federal property. There is, however, some contrary authority. In *Holden* v. *Joy*, 17 Wall (84 U.S.) 211, 247 (1872), the issue was over title to land conveyed to an Indian nation by treaty. The Court noted that:

"It is insisted that the President and Senate, in concluding such a treaty, could not lawfully covenant that a patent should issue to convey lands which belonged to the United States without the consent of Congress which cannot be admitted. On the contrary, there are many authorities where it is held that a treaty may convey to a grantee a good title to such lands without an act of Congress conferring it, and that Congress has no constitutional power to settle or interfere with rights under treaties, except in cases purely political."

Two points must be made about this case. The quoted language was not necessary to the decision in the case since the Court found a congressional act in effect recognizing the validity of the cession of the land. Second, none of the authorities cited is precisely on point, though several of them are close.

Thus, it would appear that there is substantial reason to conclude that an act of Congress would be necessary to cede title to real and other property of the United States, even though it should be sought to convey it by treaty. One example should suffice and it too concerns Panama. The 1955 treaty with Panama provided for the conveyances of about $24 million worth of real property to Panama from holdings in the Zone or immediately outside the Zone. Article V of the Treaty provided for the conveyance "subject to the enactment of legislation by the Congress," and it was recognized by the representative of the State Department at the hearing on the Treaty that legislation was needed to implement the transfer of the land and other property. Hearings before the Senate Foreign Relations Committee on the Panama Treaty, Exec. F., 84th Congress, 1st. sess., pp. 60–61. And legislation followed. P.L. 85–223, 71 Stat. 509 (1957).

The situation then, if this interpretation be true, is that the treaty when signed and ratified is a valid and binding obligation on the Government of the United States. But legislation is required to effectuate it; it is not self-executing. If either the House or the Senate should reject the implementing legislation, new negotiations would have to be entered into. In this respect, the situation is no different from the recently completed Kennedy Round on tariff. The treaty is valid and binding. But Congress must act in certain matters, such as the American Selling Price on chemicals, to implement the treaty.

One might consider, lastly, whether the converse side of the conclusion, that the House is at least morally obligated to enact legislation to implement treaty obligations to which the Government has committed itself, is that the Senate is itself as obligated to take into account the necessity for further legislative implementation of a treaty at the time of consideration for ratification and, that, unless the treaty contains, as the 1955 Panama Treaty did, a notice of reservation of congressional action, the Senate is itself obligated to insist upon the insertion of such a reservation.

This study confirms my position, and the position of the Merchant Marine Committee, on the rightful jurisdiction of the House of Representatives on this matter.

I would like also to insert at this point observations made by Mr. Justice Field in *Geofroy* v. *Riggs*, 133 U.S. 258 at 267 (1890), that—

> It would not be contended that the (treaty power) extends so far as to authorize what the Constitution forbids.

Professor Cooley, in his "General Principles of Constitutional Law" (Sec. ed., Little, Brown & Co., 1891), on page 163, stated:

> The full treaty-making power is in the President and the Senate; but the House of Representatives has a restraining power upon it in that it may in its discretion at any time refuse to give assent to legislation necessary to give a treaty effect. Many treaties need no such legislation; but when monies are to be paid by the United States they can be appropriated by Congress alone; and in some other cases laws are needful. An unconstitutional or manifestly unwise treaty the House of Representatives may possibly refuse to aid; and this, when legislation is needful, would be equivalent to a refusal of the Government, through one of its branches, to carry the treaty into effect. This would be an extreme measure, but it is conceivable that a case might arise in which a resort to it would be justified.

In the restatement of the law section, Foreign Relations Law of the United States, 1965, by the American Law Institute, it is stated at section 141, page 432:

> A treaty cannot be self-executing . . . to the extent that it involves governmental action that under the Constitution can be taken only by the Congress.

In the restatement under section 141, pages 435–436, we find the following:

> (f) Constitutional limitation on self-executing treaties. Even though a treaty is cased in the form of a self-executing treaty, it does not become effective as domestic law in the United States upon becoming binding between the United States and the other party or parties, if it deals with a subject matter that by the Constitution is reserved exclusively to Congress. For example, only the Congress can appropriate money from the Treasury of the United States.
>
> 8. The United States enters into a treaty with State A under which A agrees to cede a portion of its territory to the United States in return for payment of $7,200,000. Advice and consent to the ratification of the treaty is given by the Senate and it is ratified by the President. The ratification does not have the effect of appropriating the $7,200,000. Further action to this effect must be taken by both Houses of Congress.
>
> The mere fact, however, that a Congressional power exists does not mean that the power is exclusive so as to preclude the making of a self-executing treaty within the area of that power.

I believe that the authorities cited above, and many others too lengthy to cite here, lay the foundation for the argument that implementing legislation is required by the House of Representatives for the return of real or personal property, and especially for the payment of money out of the Treasury of the United States to Panama under any new treaty negotiated with that country. This holds true also in regard to any treaty provisions providing for the cession of national territory, or the release of treaty rights conferring substantial national sovereignty of the Canal Zone or the Panama Canal. Further, any treaty drawn up by the executive branch and submitted to the Senate involving the territory of the Canal Zone or the Panama Canal must be drawn so as to require this implementing legislation.

Mr. FLOOD. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Kentucky (Mr. Snyder).

Mr. Chairman, I have been heard on this subject from time to time I believe and there is not much I can say to gild the lily, but on June 26, 1975, the House adopted a similar amendment by the decisive vote of 246 to 164, which action, because of extensive lobbying, was not accepted by the Senate with the results that we very well know.

Instead of heeding the 1975 substitute action by the Congress as evidence of national opposition to any surrender of our duly acquired sovereignty over the Canal Zone and the Panama Canal, the State Department has adhered to its program for surrender as outlined in the 1974 eight-point agreement on principles.

There are many points which can be made. I will just make the one which I think is paramount.

On the Isthmus, the pro-Red Government of Panama has been encouraged to continue its extortionate demands and to conduct a worldwide campaign of hostility against the United States. Its chief of government, Omar Torrijos, recently issued an ultimatum demanding a new treaty satisfactory to Panama, which means surrender of the Canal Zone. Just that. This surrender obviously is blackmail not only for us here but also for international commerce, and we are leaders of the world interoceanic commerce and the world looks to us to look upon this matter in that way.

Throughout our relationship with Panama we have been very generous indeed as we have been all through the years. We have made that country the greatest single beneficiary of the canal enterprise, with benefits from Canal Zone sources in 1974 totaling $236,912,000, giving that country the highest per capita income in all Central America and the fourth highest in Latin America. These facts are seldom mentioned by the proponents of surrender.

Mr. Chairman, eminent legal authorities hold that the title of the United States to the Canal Zone is just as valid in perpetuity as its titles to the Gadsden Purchase and Alaska.

This is not the paramount matter, the sovereignty between the United States and Panama over the Canal Zone, but the paramount issue is Soviet domination of the Canal Zone and the Caribbean. That is the real issue, the Soviet domination of the area and the zone and the Caribbean. That is important to us for the national defense and for the defense of the entire Western Hemisphere.

I support the Snyder amendment on sovereignty. Our sovereignty should be maintained. The State Department talks about this and that and negotiations, but we have had negotiations, but the main thing is that they are negotiating away the question of sovereignty.

AMENDMENT OFFERED BY MR. BUCHANAN AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. SNYDER

Mr. BUCHANAN. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

> Amendment offered by Mr. Buchanan as a substitute for the amendment offered by Mr. Snyder: Page 10, immediately after line 9, insert the following new section:
>
> PANAMA CANAL
>
> Sec. 14. Any new Panama Canal treaty or agreement negotiated with funds appropriated under this Act must protect the vital interests of the United States in the Canal Zone and in the operation, maintenance, property, and defense of the Panama Canal.

Mr. BUCHANAN. Mr. Chairman, I do not believe it can be reasonably charged that three successive Presidents of the United States have been engaged in negotiating a new and more modern canal treaty with Panama in order to surrender and sacrifice and give away the rights of the American people. I do not believe this to be so.

Another view was expressed yesterday before our committee when the Secretary of State was testifying, and I asked him what would be the result of an amendment like that which is before us, for which I now offer a substitute, which I believe to be reasonable and which I believe does protect our rights.

In response to my question about the effect of such an amendment as the Snyder amendment, the Secretary said:

> We would strongly oppose such an amendment on both constitutional and substantive grounds. The constitutional argument is that the Executive has a right to engage in negotiations. The Congress will have an opportunity to advise and consent. Any negotiation on Panama would have to be approved by two-thirds of the Senate, so that two-thirds plus one vote in the Senate could refuse to ratify any agreement. But to pass a bill which prohibits the Administration even to find out what terms are available would be an unprecedented action, even leaving aside the impact.

In that connection, on the participation of the House in such an agreement, when the question was asked the President in my district in Birmingham, Ala., on May 3, he responded as follows:

PRESIDENT FORD IN BIRMINGHAM, ALA., MAY 3, 1976

> Question: Mr. President, will any change in our current relationship in the Panama Canal be made through a formal treaty submitted to the Senate, or will you do it through an Executive agreement?
>
> The President: Certainly, we would do it in the constitutional way, which means that any treaty would, of course, be submitted to the Senate for ratification and, also, under the unique circumstances that involve Panama, it would be expected that we would also submit it to the Congress as a whole.

The Secretary went on to express a second concern about such an amendment:

> Secondly, our concern in negotiating about Panama is the impact of the failure of such negotiations on our relations throughout the Western Hemisphere as well as on the ultimate security of the Panama Canal. We believe that we can achieve secure and neutral passage through the Panama Canal in perpetuity through the negotiations that we are now conducting. We believe that failure to conduct such negotiations would undermine not our relations with Panama alone, but our relations with every country in the Western Hemisphere, and would mortgage our policies in the Western Hemisphere, and throughout the rest of the world in a serious way, and in time would raise severe security problems in Panama itself.
>
> Now if our passage through the Canal were upset or if we could not achieve the terms which we considered essential, then indeed we would have to defend our rights in Panama, but when we do and before we launch the American people on such a course we want to be able to look them in the eye and say we have made every effort to avoid such a contingency. It is easy to start a crisis. It is hard to conclude it. Therefore I would consider such an amendment very strongly against the national interest.

I maintain this is the way to say that this great country is willing to talk to a small nation about what arrangements may be just and mutually fair without surrendering our rights. It is the way to protect our rights and our security interests. The canal is a very insecure entity by nature. I say with our President we can find a way to protect our long-term use and long-term interests and to proceed with negotiations, while protecting our rights, as my substitute would require.

Mr. Chairman, I urge we vote against the Snyder amendment, and for my substitute amendment.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Pennsylvania (Mr. Morgan).

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close at 12:40 o'clock.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

Mr. SNYDER. Mr. Chairman, reserving the right to object, I have an amendment to the substitute amendment that I would like a minute on. I would like to have at least that much time, no matter how many Members are standing to be recognized.

Would the gentleman from Pennsylvania make the request for 12:45?

Mr. BUCHANAN. Mr. Chairman, further reserving the right to object, the gentleman asks to close debate on the amendment and all amendments to the amendment.

The gentleman from Kentucky (Mr. Snyder) mentioned that the gentleman has an amendment. We may need some time to speak in support or opposition to that amendment. I would be constrained to object to that request and hope the gentleman will give us a little more time.

Mr. MORGAN. Mr. Chairman, I withdraw my unanimous-consent request.

MOTION OFFERED BY MR. MORGAN

Mr. MORGAN. Mr. Chairman, I move that all debate on the Snyder amendment and all amendments thereto close at 1 o'clock p.m.

The motion was agreed to.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Illinois (Mr. Crane).

Mr. CRANE. Mr. Chairman, I rise in support of the amendment to be offered by the gentleman from Kentucky (Mr.

SNYDER) to the substitute amendment offered by the gentleman from Alabama (Mr. BUCHANAN).

Mr. Chairman, I would be happy to yield to my colleague from Kentucky (Mr. SNYDER) to elaborate.

AMENDMENT OFFERED BY MR. SNYDER TO THE AMENDMENT OFFERED BY MR. BUCHANAN AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. SNYDER

Mr. SNYDER. Mr. Chairman, I offer an amendment to the amendment offered as a substitute for the amendment.

The Clerk read as follows:

> Amendment offered by Mr. SNYDER to the amendment offered by Mr. BUCHANAN as a substitute for the amendment offered by Mr. SNYDER: strike the words: "protect the vital interests" and insert in lieu thereof: "perpetuate the sovereignty and control".

Mr. MYERS of Indiana. Mr. Chairman, I ask unanimous consent that I may be permitted to yield my time to the gentleman from Kentucky (Mr. SNYDER).

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Indiana?

Mr. ASHBROOK. Mr. Chairman, I object to all yielding of time.

The CHAIRMAN pro tempore. Objection is heard.

Mr. SNYDER. Mr. Chairman, I do not think it is going to take any great amount of time to explain my amendment. The substitute amendment offered by the gentleman from Alabama (Mr. BUCHANAN) is roughly the same thing as developed in the compromise last year. It did not do a thing toward stopping the State Department from giving away the Panama Canal. Just put that peg down, because that is the way it is.

This amendment strikes the words "protect the vital interests" because the State Department says that it is in our vital interests to give it away. It says to insert in lieu thereof, "perpetuate the sovereignty and control."

Mr. Chairman, the gentleman from Alabama (Mr. BUCHANAN) when he was speaking, said that he did not think it could be charged that three Presidents want to give away the Panama Canal. I do not know about the first two, but I can show you the record in Mr. Bunker's testimony, where he says that he has written directions from this President to give it away, so I make that charge.

The gentleman from Alabama says, "Don't you know what the President said in Birmingham?" Sure, I know what he said. We know what he said in Midland, Tex., too. He said about the same thing. That was before the Bunker testimony was printed. They got back to Washington, D.C., and took up 2 whole days of press conferences explaining that the President did not mean what he said in Texas.

The record is undisputed. This President has directed the State Department—in writing—to negotiate away the canal and the zone.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from California (Mr. ANDERSON).

Mr. ANDERSON of California. Mr. Chairman, I rise in support of the Snyder amendment to the Buchanan substitute.

Mr. Chairman, my colleague, Mr. Buchanan's substitute says "something," but says "nothing." It is a do-nothing proposal. Who determines our National rights and vital interests? If it is the Department of State, I do not want any part of it. Our Nation's vital interests have been the center of this entire controversy.

I want clear, cogent guidelines, not ambiguous wording. I believe the Department of State interpretation of vital interest, is not the majority of the American people's interpretation.

Mr. Snyder's amendment reaffirms our historical precedent. That is, our negotiations will perpetuate the U.S. sovereignty and control of the Panama Canal. I am surprised the Congress has to reestablish what this country signed—the 1903 Hay-Bunau-Varilla Treaty which established our claim to territorial sovereignty.

I urge a vote for the protection of our international trade, commerce, and defense interests. I urge support of the Snyder amendment.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Illinois (Mr. ANDERSON).

Mr. ANDERSON of Illinois. Mr. Chairman, I rise in strong support of the Buchanan substitute to the amendment offered by the gentleman from Kentucky (Mr. SNYDER).

The argument here this morning seems to be on the grounds that we must adopt the Snyder amendment to maintain perpetual sovereignty. That is something, of course, we never had. The gentleman who drafted the treaty himself, Mr. Phillipe Bunau-Varilla, said:

> The United States, without becoming the sovereign, received the exclusive use of the rights of sovereignty, while respecting the sovereignty itself of the Panama Republic.

Mr. Chairman, I have examined carefully the language drafted by the gentleman from Alabama, and it fully and adequately protects the legitimate interests of the United States in the operation of the Panama Canal.

The adoption of the Snyder amendment would have an adverse impact upon our relations with all of Latin America.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Georgia (Mr. LEVITAS).

Mr. LEVITAS. Mr. Chairman, while it is quite true that our Government, the executive branch, needs flexibility in negotiating our foreign relations, and they have said that this type of proposal will send the wrong kind of message to the people in Panama, I think there is another thing to be considered, and that is that this Congress represents the American people. It is our responsibility to send a message to the State Department, and I think the adoption of the amendment of the gentleman from Kentucky does just that.

I do not think it is a responsible position to abandon the rights of the United States and its vital interests in the Panama Canal, and that seems to be the direction we are headed in. While we certainly should negotiate important issues with any friendly notions, including Panama, those negotiations should not deal with abandonment or surrender. They could deal with adjustments and other matters but not surrender.

I believe it is important that this Congress representing the people of the United States gets this message across to those engaged in the negotiations.

This issue is a complex one and is not subject to simple solution. For that reason I submit at this point two articles on this subject which recently appears—one in the Wall Street Journal and one in the Washington Post:

MISLEADING CANAL DEBATE

In the past weeks I have noted various commentaries as well as several new stories in The Post with regard to the Panama Canal controversy. I certainly agree with The Post that Gov. Reagan's reported statements are misleading and unfortunate, though perhaps not "demagogic" by presidential campaign standards. But I am bothered by the equally misleading statements made by The Post's columnists.

One can perhaps dismiss Nicholas von Hoffman's recent column as self-evidently tendentious (he, for example, mentions our many interventions in Panama before 1903 without mentioning that under Article 35 of our treaty of 1846 with New Granada (Colombia) we had not only the right but also the obligation to maintain freedom of transit on the isthmus of Panama; that several of these interventions were at the specific request of the Colombian government, which could not itself maintain freedom of transit, and that others were undertaken to forestall European intervention). But I am more perturbed at Marilyn Berger's column on May 3 which, coming from a lady whom you say "was a diplomatic reporter for The Post, is NBC correspondent for national affairs," should be enlightening but is actually about as misleading as anything I have noted Gov. Reagan as saying.

Ms. Berger is right in arguing that we do not have titular sovereignty to the Canal Zone. Then-Secretary of War Taft and many other responsible American officials have made the same point over the years. But I would like her to explain how she reconciles her statement that we do not "exercise sovereignty" in the Zone with Article III of the treaty of 1903, which says we have "all the rights, powers and authority which the United States would possess and exercise if it were the sovereign . . . to the exclusion of the exercise by the Republic of Panama of any such sovereign rights, powers and authority."

That article has not been amended by either of the subsequent treaties of 1936 or 1955. The question before the American people today is whether the old treaties, which give us sovereign rights to the Zone in perpetuity, shall be superseded by a new treaty gradually diminishing those rights until they are totally relinquished (as I understand it) in a maximum of 50 years.

Nor does the $250,000 annual payment (increased to 460,000 bolivares in 1936, not $500,000 as Ms. Berger incorrectly states) provided by the 1903 treaty enter in the equation. Historically these payments were to be made in return for our taking over the formerly Colombian interest in the Panama Railroad. Ms. Berger completely fails to mention that our rights in the Zone were in fact secured by a payment of $10,000,000. This may seem peanuts in comparison with what we are proposing, for example, to pay Greece and Turkey 73 years later for bases to facilitate our protecting them from their Communist neighbors, but it is not so trifling in comparison with the $7,000,000 we had paid to acquire Alaska—with an area approximately a thousand times greater than the Zone—only 36 years before.

Ms. Berger notes that "An American can remain in the Canal Zone only as long as he or she is employed there but she fails to note the same is true of Panamanians. There is no oppressed indigenous population in the Zone and substantially all property in it belongs to the U.S. government. There are several other statements in Ms. Berger's article that seem to me arguable.

I have not seen Gov. Reagan quoted as pointing out that the U.S. government undoubtedly connived at the Panamanian coup that brought independence (despite Secretary Hay's denials), or that we assured the success of the coup by an interpretation of the 1846 treaty that even the Soviets might blush with shame to defend; or that our treaty with Panama was hastily signed, with a man who had a blatant conflict of interest; or that it has been the arrogance of Americans to the Panamanians in the Zone over the years that has contributed importantly to the present situation. I have not heard much from the pro-new-treaty advocates about the many concessions the Panamanians have won from us by throwing tantrums, or how, when we sought the implementation of the barely ratified 1936 treaty provisions to secure sites outside the Zone for its defense, they blackmailed us before granting them; or how, after the war, they simply rejected a new treaty granting us their continued use despite the 1936 treaty; or how every concession on our part only led to accelerating demands on theirs.

In this connection, although I agree with most of The Post's editorial of May 5, it seems to me open to question in some of its points. It is certainly a legitimate question whether we want the canal closed and fought over if we reject a new treaty. But it is not a legitimate question what happens to "assuring continued free American transit through the canal" after the maximum treaty duration of 50 years? Previous history does not reassure me. And what has become of the proposed sea level canal, which was to be built at vast expense to the United States, presumably to be turned over to Panama at the expiration of a new treaty?

In short, I think that the American people should be more fully and accurately informed about this "vital and legitimate interest." President Ford and Gov. Reagan and, with apologies, the American press including The Post, have not given the American people a full and balanced picture of this most important and complicated question. I feel it is the press' duty to do so. Perhaps this is the moment in history to give up the canal—and possibly it is not. Twenty-three years ago, when I was chief U.S. negotiator of what became the treaty of 1955, the question of giving up the canal was not even raised. Who knows what further demands will be made on us 23 years hence? Nobody from the Third World seems to be raising questions about the vast territories the Soviets have seized and hold by force, because they know Communists don't cede territory, and fear them. I agree with The Post that Gov. Reagan's jingoism is not promoting a satisfactory settlement of this problem. I dread to think of what will immediately follow if the Senate votes down a new treaty, but I must say I dread equally to think of the probable consequences, in the light of the historical record, if the Senate agrees to a new treaty and we lose the sovereign rights that are now legally ours.

THE BIG FLAP OVER THE CANAL

(By Robert Keatley)

WASHINGTON.—When it comes to Panama, Ronald Reagan knows exactly where he stands.

He stands foursquare against diplomatic talks with the government of General Omar Torrijos to revise the terms by which the United States controls the Panama Canal.

"We should end those negotiations and tell the general: 'We bought it, we paid for it, we built it and we intend to keep it,'" says the Republican presidential aspirant as he tries to rouse conservative voters to his cause, especially in Saturday's Texas primary.

But if Mr. Reagan's position is firm, the ground beneath him is not. His view combines factual error with poor judgment, and as U.S. policy it would give Washington serious, needless and entirely avoidable problems not only with Panama but with all of Latin America.

That, at least, is the opinion of a broad range of authorities on America's Panama Canal problem. They believe present treaty terms defining America's presence there are anachronistic and untenable in this era of fervent nationalism. They also think clinging to the 73-year-old treaty is unnecessary even if the U.S. wishes to retain canal operating and defense rights a few more decades. A compromise protecting American interests while satisfying Panamanian demands is both possible and highly desirable, they contend.

"The greatest danger to the national interests of the United States would be a continuation of the present treaty," warns a House Committee on International Relations study issued early this year. "If there is no new treaty we run grave risks, including damage to the canal or even closure of it, and harm to broad American political and economic interests."

It is not a unanimous view, however. In addition to Mr. Reagan, assorted others oppose canal negotiations—which they generally call a giveaway. The Veterans of Foreign Wars, for example, opposes eventual turnover of the Canal Zone to Panama though it's willing to consider lesser treaty revisions. On Capitol Hill, 37 Senators, led by Strom Thurmond (R., S.C.) and John McClellan (D., Ark.), have signed a resolution that warns the U.S. must not "cede, dilute, forfeit, negotiate, or transfer" any of its "sovereign rights" in the Canal Zone. That number is more than enough to block ratification of a new treaty, if present negotiations ever produce one. Public opinion polls show this concern is shared by many citizens, especially elderly Republican males.

Lobbyists against change are influential. They include some military men who find Canal Zone bases important to U.S. defenses, or at least good duty posts. Some shipping interests oppose change because they're afraid tolls might rise if the Panamanians got a management voice (tolls did go up 20% in 1974 and the canal still loses money). Finally, Canal Zone employes, who might not duplicate their good life if they came home, also lobby hard against treaty revision. One of these employes presumably lobbies with her father, Senator McClellan, a leader of the status quo forces.

A SOURCE OF NATIONAL PRIDE

Some concern is understandable. Building the canal was the moon walk of its day, a breathtaking engineering and construction feat. The canal became a source of great national pride after it opened in 1914—trumpeted in school texts and political speeches—and was considered a selfless American contribution to world commerce. The big ditch also became an important defense asset, enabling the U.S. Navy to switch quickly from one ocean to the other. In fact, Theodore Roosevelt's desire to maneuver the Great White Fleet helped start it all.

Therefore, concludes the VFW, "The canal will remain American without any ifs, ands or buts."

Unfortunately for those who prefer the status quo, the issue isn't that simple. It is * * * of a chunk of Panamanian territory "in perpetuity," and there has been no American violation of its clauses. Though many Panamanians ever since 1903 have thought they were swindled by that treaty. Washington could tough it out rather than agree to change.

But State Department officials and many others who have studied the problem contend that's not the objective. They see negotiations as a way to preserve U.S. interests there, not as an exercise in clinging to dated treaty provisions. Their goal is to ensure continued American operation and defense of the canal while it remains important to this country, on terms which Panama will accept gracefully.

The alternative includes violence, in their view. In 1964, anti-American riots caused 24 deaths and new outbreaks are possible if current talks don't revise the treaty soon. General Torrijos has talked about taking "the Ho Chi Minh route" if negotiations fail, but no official Panamanian action is needed to sabotage the canal. A single worker with a lunchbox stuffed with dynamite (motivated by any cause) could damage a canal lock; "the loss of a sluiceway could drain the system and require as much as two years of rainfall to refill it," says a study by the Overseas Development Council, a nonprofit research group.

In one sense, therefore, the canal is indefensible and thus "perpetuity has little meaning in a context that one party to an agreement overwhelmingly rejects," says the ODC report.

Mr. Reagan and others raise several issues which many experts find of dubious merit and practicality. Among them are:

Sovereignty. The former California governor considers the Canal Zone, which cuts Panama in two, to be "sovereign U.S. territory every bit the same as Alaska and all the states that were carved from the Louisiana Purchase." Most authorities consider this demonstrably untrue, although the claim accounts for much of today's controversy.

The dominant view, as stated by the congressional study, is that the U.S. bought "rights"—not "ownership" when it took over the zone in 1903. It paid $10 million for them plus $250,000 annually (now up to $2.3 million yearly) so it could exercise these rights, as "if it were sovereign," the 1903 treaty says.

"The truth is that while we have all the attributes of sovereignty . . . the very form in which these attributes are conferred in the treaty seems to preserve the titular sovereignty over the Canal Zone in the Republic of Panama," said a 1905 report by Secretary of War William Howard Taft, not one of nature's radicals.

Legal scholars say the U.S. wouldn't pay Panama such an annual fee if it owned the zone outright. It paid no such fees to France for use of the Louisiana Territory, for example. Other factors also indicate the zone isn't U.S. territory; children born there aren't automatically U.S. citizens and many court decisions hold that certain U.S. laws don't apply there (though many do).

So the issue is not whether the U.S. owns the Canal Zone; it doesn't. But it does involve what rights and privileges Americans will have there, and under what terms.

Operations and Defense. The U.S. effort—initiated by President Johnson after the 1964 riots—is to get a fixed-term treaty that will let this country control the canal * * * a major waterway. The canal is declining in importance because many new commercial and military ships can't fit through its locks, and because trade patterns are changing.

Panamanians would be drawn during this period into management and military matters, and they would assume overall responsibility when the treaty expires. The two governments set forth general principles for such an agreement in 1974, though the talks on details move slowly. The U.S. insists the canal must be open on a non-discriminatory basis both during the life of the next treaty and afterward; Panamanians say they want the same, as a busy canal might become a profitable canal.

American Interests. The canal's importance is declining steadily, and canal expansion no longer seems economically feasible to many experts. Only 16% of total U.S. import and export tonnage goes through the canal, and the share is dropping. This year, total traffic is expected to be some 1,200 ships fewer than the 13,875 of 1975, and the long term trend is down. The canal is a money-loser and studies indicate much higher tolls would drive away business. Yet some increases seem unavoidable no matter who controls the waterway because costs are rising.

U.S. "COLONIALISTS"?

The administration agrees that a functioning canal remains an important U.S. interest. But since the canal's commercial and military value is declining, the administration argues there's no justification for retaining the zone against strong Panamanian objections. The administration says control isn't worth being portrayed as "colonialists" in the Western Hemisphere, causing diplomatic rifts with all Latin nations, or an outright fight with Panama.

Failure to resolve the issue peacefully, President Ford warns, will cause "the alienation of the whole of Latin and South America, the need to send more U.S. military personnel down there to protect it—these are just irresponsible acts that we can avoid and we are avoiding right now" by negotiating.

The Torrijos Government. There's no doubt that Chief of State Omar Torrijos is an authoritarian leader; "a tinhorn dictator" in Mr. Reagan's words. He declared all political parties "extinct" in 1969, a year after seizing power by coup, and prohibits serious opposition. He also has friendly relations with Cuba's Fidel Castro, which causes some Americans to call him a Cuban and Russian puppet.

But the State Department argues it must deal with the existing government (as it does in dictatorial South Korea or the Philippines, for example), and also contends that General Torrijos isn't really that bad. He is trying to do more for his poor countrymen than did the oligarchs who ruled before him, and his admiration of Mr. Castro has distinct limits—all the more limited after a Cuban tour last January. U.S. officials say the canal issue is felt deeply by most Panamanians, and in no way is a Torrijos invention. Among other things, the canal divides the country in half—making rational economic development difficult—and the high incomes inside the zone exacerbate social problems for Panamanians on the outside.

"You and I know too well how many points there are in this treaty to which a Panamanian patriot could object," Secretary of State John Hay said in a 1906 letter to a U.S. Senator.

Unless Mr. Reagan becomes President and turns his campaign rhetoric into national policy, negotiations should conclude next year. And despite the 37 Senators who have signed the resolution of opposition, ratification seems possible once the elections are over. Several signers have indicated they're willing to reconsider the issue.

In the meantime, though, Mr. Reagan hopes his angry Panama speeches will help his election interests. They may, but it's difficult to see how such talk helps the national interest.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Iowa (Mr. Grassley).

Mr. GRASSLEY. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Kentucky and in opposition to the substitute amendment and want to focus the attention of this body on the 1901 Hay-Pauncefote Treaty with Great Britain.

The United States is bound by the terms and provisions of that agreement. It is our duty to live up to our part of the bargain.

Also, the day-to-day operations of the Panama Canal are governed by the treaty.

Let me refer my colleagues to an excerpt from section 412 of chapter 17, title 2, of the Canal Zone Code. Subsection (d) reads as follows:

> The levy of tolls is subject to the provisions of section one of article III of the treaty between the United States of America and Great Britain signed November 18, 1901, of articles XVIII and XIX of the convention between the United States of America and the Republic of Panama concluded on November 18, 1903, and of article I of the treaty between the United States of America and the Republic of Colombia signed April 6, 1914.

Mr. Chairman, the Department of State has not publicly acknowledged that it is taking any steps toward renegotiating the setting of tolls with Great Britain or the Republic of Colombia. These treaties are still binding upon the United States.

Neither has the State Department communicated any information to the Panama Canal Subcommittee, which is supposed to oversee the administration of the canal and the Canal Zone Government, indicating that behind the scenes discussions have been held with either Great Britain or the Republic of Colombia with regard to the respective treaties.

Negotiations aimed at surrendering, for that is what it is, the Panama Canal to the Republic of Panama defy commonsense and embarrass our Nation. As long as we are bound by treaty with two other sovereign nations we should give no consideration whatsoever to turning over the canal. Let us stick to our prior commitments and obligations.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Idaho (Mr. Symms).

Mr. KETCHUM. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from California (Mr. Ketchum).

Mr. KETCHUM. Mr. Chairman, I rise in support of the Snyder amendments. If you recall this time last June, the House of Representatives voted overwhelmingly in support of a Snyder amendment to prohibit any funding for continued Panamanian negotiations. Once again we are confronted by proponents of a new canal treaty or treaties to surrender U.S. sovereign control over the Canal Zone to Panama.

I remain unalterably opposed to any further negotiations in connection with the canal giveaway. The citizens of California have urged me time and time again to insure that our Government does not negotiate the surrender of the Panama Canal, and I have every intention of fulfilling my pledge to do so.

The treaty which the United States and the Republic of Panama signed and ratified in 1903 leaves no question as to American rights of ownership. The treaty clearly grants to the United States, in perpetuity, the occupation, operation, control, and protection of the canal and assigns all rights, powers, and authority within the zone to the United States. We bought and paid for this land and it is as much a part of our Nation as any other land purchased from other countries. To relinquish the Canal Zone to the Panamanians would be tantamount to handing Alaska back to the Russians.

Further, the surrender of this territory would not be in the best interests of this country nor those of other nations who utilize the canal. The United States vital strategic interests can only be safeguarded through the continuation of United States operation, control, and defense of the canal. The waterway is imperative to our foreign trade, our military defense, and our international prestige. The loss of liberty and sovereignty of this territory would place control of this key waterway in the hands of a politically unstable and arbitrary government.

We have strived to contain and to reduce any gains made by the Soviet Union in the Caribbean. Our position has been to protect and strengthen the Canal Zone as a major trade route, and I believe that only through a continued U.S. presence will we be able to insure the proper management, operation, and defense of the canal. The United States, in its administration of the Canal Zone, has allowed every nation in the world use of the canal. We have no assurance that a nation with a past as shaky as Panama's would continue our policy of nondiscrimination.

I commend the gentleman from Kentucky for offering these amendments, and respectfully to the State Department authorization bill.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Ohio (Mr. Ashbrook).

Mr. ASHBROOK. Mr. Chairman, I rise in support of the Snyder amendment.

Mr. Chairman, Neville Chamberlain is walking these Chambers today. This administration has found a typical Kissinger approach to the Panama Canal problem. Whenever confronted with a difficult situation, back down. Call it negotiation, call it détente, call it being considerate of the interests of others—yes, call it whatever you might but it is still surrender and retreat.

The Snyder amendment is a 100-percent pro-American amendment. It will be watered down by a coalition of liberal Democrats and liberal Republicans. We can see that at work right now. They will laugh over in the State Department how they pulled one over on us again, but the American people will not be laughing.

The Ford administration has once again demonstrated that there is not that much difference between its foreign policy and the 25-year record of surrender and retreat which has brought us to our current low ebb in foreign policy. Kissinger has never stood for any basic American interest and has been willing to deal away and negotiate away any interest no matter what.

If he were not doing this, of course, he would not be the toast of the New York Times, the Washington Post, the anti-anti-Communists and the American left which has no desire other than to placate the beggar nations of the world who have the United States as the big pie they want to cut up.

I will, of course, vote for the Snyder amendment and if it passes, as it seems likely, against the Buchanan amendment and if that parliamentary situation exists, against the Snyder amendment as amended by the weak Buchanan amendment. The legislative situation is perfect for the fence straddlers and double talkers. They can vote against the Snyder amendment now before us and after adding the meaningless Buchanan language then say they voted for the Snyder amendment. Americans should not be fooled.

Mr. SYMMS. Mr. Chairman, I rise in support of the Snyder amendment.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Illinois (Mr. SIMON).

Mr. SIMON. Mr. Chairman, I rise in strong support of the Buchanan amendment. I wish I had time to comment on the historical distortions that have been made here. But the fundamental issue is colonialism or justice. In a Bicentennial Year, we say we should have justice for all. Let us stand for it. And we can do it by supporting this amendment. Not one single nation in North or South America supports the stand taken by the Snyder amendment.

If the Snyder stand is taken, it will encourage extremists in Panama, no question about it. Archbishop McGrath has made that clear. I hope we listen to him, and I hope we listen to our military leaders, Lieutenant General McAuliffe, Major General Breedlove, and Major General Richardson. All of them make it very, very clear that for us to take any posture other than negotiation is to mean the canal will not stay open.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Maryland (Mr. BAUMAN).

Mr. BAUMAN. Mr. Chairman, I rise in support of the Snyder amendment and to say that the issue is not colonialism or justice. The issue is whether or not the Congress of the United States is going to stand up and protect the territory that belongs to the people of this country.

The President has made it clear that he is willing to surrender our sovereign control of the Panama Canal to foreign interests, to a dictatorship, that has no interest in justice, either for Panamanians or Americans.

I support the Synder amendment, and I urge on a rollcall vote that all Members support it.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the distinguished gentleman from Texas.

Mr. MAHON. Mr. Chairman, I just want to say that I shall support the Snyder amendment. This is the appropriate legislation to which it should be attached and the amendment should be approved.

Mr. BAUMAN. Mr. Chairman, I thank the gentleman.

I might add, Mr. Chairman, that a year ago we were told this amendment was not necessary because this would never happen, that there would be no surrender. We have the testimony of the President's own representative, Ambassador Bunker, that he was directed by the President to surrender sovereignty.

The only way we can stop this is to adopt the Snyder amendment to the substitute and not be fooled by the weak language offered by the gentleman from Alabama (Mr. BUCHANAN).

The CHAIRMAN pro tempore. The Chair recognizes the gentlewoman from New York (Ms. ABZUG).

Ms. ABZUG. Mr. Chairman, I believe that the Buchanan substitute reflects a more reasonable position than those which I have heard being discussed here on the floor of this House for some time.

I think it is preposterous to try to utilize the Panama Canal Zone treaty to create animosity and antagonism in our international relations or to recreate "big stick" diplomacy. We have the capacity to renegotiate the treaty to protect the interests of the United States, to recognize the rights of Panama to jurisdiction over its own territory and its own sovereignty, and to provide for the proper consideration of all the interests in the Panama Canal.

Through such a policy, the United States could strengthen its friendly relations with the countries of Latin America. The desire of small nations for independence and self-respect has been a driving force of our time. I feel strongly that our country should recognize this and work cooperatively with these nations in as many areas of mutual concern as possible.

If any of these other amendments are adopted we will be retrogressing in our policy on Panama. It is about time that we recognize that foreign policy has to be based upon a mature attitude and not upon campaign rhetoric.

The CHAIRMAN pro tempore. The Chair recognizes the gentlewoman from New Jersey (Mrs. FENWICK).

Mrs. FENWICK. Mr. Chairman, I rise in support of the Buchanan substitute.

I think that the Supreme Court decisions have shown what the legal situation is; in one case they called it a "lease arrangement with the country of Panama," and in another case they called the Canal Zone shipping ports "foreign ports by U.S. standards."

Mr. BUCHANAN. Mr. Chairman, will the gentlewoman yield?

Mrs. FENWICK. I yield to the gentleman from Alabama.

Mr. BUCHANAN. Mr. Chairman, I wish to point out that my amendment is in contrast to the sense of Congress resolution attached to the appropriation bill passed the last time. This is not sense of Congress; it is a substantive change in the law. It does protect our rights.

The President has said that he is working to protect our rights, and I believe him. He believes that this requires a continuation of these negotiations, and I believe him. I think this is a way to assure our security and protect our national interests while at the same time showing a sense of fairness to a small neighbor. I believe that this would insure that we will protect our interests not only in Panama but elsewhere, and urge support for my substitute.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Wisconsin (Mr. OBEY).

Mr. OBEY. Mr. Chairman, I was in Panama with the gentleman from Indiana last Thanksgiving, and I want to say that I think the amendment offered by the gentleman from Alabama (Mr. BUCHANAN) is absolutely necessary. I believe that we ought to support the Buchanan amendment.

I think we have a very simple choice. We are either going to have a new treaty or we are going to have an old canal that does not work, because that canal simply is not defensible under present political conditions or the military conditions down there. That is not my assessment; it is the assessment of our military people in Panama.

Let me also say that, regardless of the concerns the Members have about the sovereignty of this country and regardless of the many differences and the extreme differences I have often had with President Ford, we cannot deny that he is a patriot; we cannot deny that he will defend the national interests of this country. What we would do if we vote for any amendment other than the Buchanan amendment would be to deny that President Ford is in fact going to look out for the best interests of this country.

Mr. Chairman, I do not think that is fair to him, and I do not think it makes much sense to take that position.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Pennsylvania (Mr. BIESTER).

Mr. BIESTER. Mr. Chairman, it seems to me there are two fundamental reasons why three Presidents have attempted to renegotiate this treaty. First, unless we renegotiate this treaty in some fashion, inevitably down the pike will come an ugly confrontation of a military sort between some of the people in Panama and armed forces of the United States.

Anyone who looks upon that prospect with indifference is ignoring the best interests and wishes of the American people.

The second reason is that our long-term interests in good, fair relations with Latin America are poisoned by the attitude expressed on this floor about the Caribbean and about our relation to Panama itself.

To characterize the people of Panama as a small, unstable country, to characterize the Caribbean as "Mare Nostrum," our sea, takes us back three generations in our thinking with respect to Latin America and would poison our relations with those people and will harm our interests with respect to all of Latin America. Surely, those interests will be far better served by renegotiation on a treaty fair to both sides.

Mr. Chairman, I urge support of the Buchanan amendment.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Florida (Mr. FASCELL).

Mr. LEGGETT. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from California.

Mr. LEGGETT. Mr. Chairman, I support the Buchanan substitute but in opposition to the Snyder amendment that will put a strangle hold on the delicate, sensitive and complicated negotiations with the Republic of Panama on the Panama Canal, on the other hand I do not support all of Secretary Kissinger's 8-point negotiation.

I said last year that the method chosen by the gentleman from Kentucky to influence the future of the canal negotiations is both inappropriate and dangerous. I remind my fellow Members again that the legislative branch will have an opportunity to pass upon the substance of these negotiations, for the Senate will have an opportunity to ratify or reject a treaty and the House will have an opportunity to decide on the land question in some fashion under the Constitution.

It is common knowledge that all of Latin America from Mexico to Argentina is solidly behind the Panamanian position in these negotiations. As an indication of their diplomatic strength in Latin America, Panama was elected to a seat in the United Nations Security Council this year where she could find almost total support in her quest to arrive at a draft treaty.

I ask the members of this body, how wise is it to hold ourselves up as a haughty, obstinate, hostile force against the little country of Panama when we have practically no allies in the international community on this issue? In my opinion, we have to negotiate in order to be fair to the Panamanians and also to protect our own country and its image.

As former chairman of the Panama Canal Subcommittee, I realize that members are receiving mail on this delicate subject. I only decry the fact that some of this mail is based on implied or stated propositions which are incorrect, propositions which have made this issue a political football. If we are to merit the respect of our constituents and wisely legislate, then we must have the courage to bring forward the facts and realities as we perceive them.

Let us face facts. The history of the Panama Canal, a history which really spans several centuries, has brought out the best and the least instincts in mankind and I submit that both the best and the worst instincts were involved in the signing of the 1903 treaty. We cannot remake the history of 1903 but we can allow some three quarters of a century later some flexibility to make an arrangement to reflect the reality that the operation of the Panama Canal relies heavily on the consent of the Panamanian people. The present treaty relationship does not in my judgment recognize present realities and it is axiomatic that a power arrangement which does not recognize reality is vulnerable, particularly in a crisis-type situation.

I further submit, Mr. Chairman, that the cries of the Panamanian people for dignity and respect must be heeded. I think we are doing better in responding to those cries than we have in past years, and I think it is absolutely essential that we keep the citizens of the United States and Panama working side by side in a friendly relationship and atmosphere.

As I said, Mr. Chairman, I am dismayed at the many incorrect statements we see on the subject of the Panama Canal. I want to mention three of these incorrect statements.

First, the status of the Canal Zone is not identical to that of New York, Alaska, or for that matter, the Virgin Islands. If you study the 1903 treaty and compare it with treaties of cession such as the Louisiana purchase or the Gadsden purchase, the difference becomes apparent. We act as if we were sovereign in the Canal Zone, not as the ultimate sovereign. Also if you study the role of citizenship by birth in the Canal Zone and compare it with areas in the United States and its territories, you will see a difference. If you compare the one-time payment made for various territorial purchases with the annuities paid by the United States for the "rights, powers, and privileges granted" you will likewise see a difference. If you study the reversionary rights that Panama has to the Canal Zone and the limitation of our own rights by treaty in the zone, you can see that it is not like other lands over which we have jurisdiction. If you study the Supreme Court decisions and the statutes which affect the zone, you will see that they are inconsistent and do not often treat that area as one over which we have sovereignty.

A second statement which bothers me is the assertion that any change in our role in Panama would invite Communist takeover. I say to you that I am not afraid of Communists but if you want to install in power unfriendly and hostile elements, then just vote for cutting off funds for negotiations. I do not believe we should engage in calling up the red ghost when it is not there, particularly since this assertion about Communists may enhance their ability and influence inside Panama.

Finally, I am aware of the many benefits that the U.S. presence on the isthmus has given to Panama but Panama does not regard us as some benevolent Santa Claus. We control very valuable land next to some of the most densely populated areas in their country and we do not even use that land. We pay them $2.3 million a year for an area which is important to our country when we would pay Spain over $1 billion in 5 years for a few military bases. We control the greatest natural asset that Panama has, and we give them practically no ability to influence economic decisions with respect to that asset.

I do not think that those of us who oppose an injurious amendment such as this should have our positions misinterpreted. We are not for a giveaway. We do not want to let the United States lose its vital interest on the Isthmus of Panama. We want to protect the investment of the strategic and commercial value of the canal. But we are not going to let ourselves become blind to the international realities of the day as well as those which apply on the Isthmus of Panama. Let us bring an air of humaneness and decency to our policy in Latin America. Given the situation, the best way to protect our interest on this canal question is to negotiate. The cessation of substantive negotiations on the canal will immeasurably impair our relationship with Latin America and will contradict the principle which is an inherent part of the best aspects of our foreign policy.

Mr. FASCELL. Mr. Chairman, I want to emphasize the words just spoken and rise in support of the Buchanan substitute.

The pending Synder amendment, of course, does not stop negotiation. We all know it is a political statement. Negotiations are going to proceed because they have to and because they are in the interests of the U.S. militarily, economically, and politically.

Furthermore, Mr. Chairman, we all recognize the fact that whether we like it or not, if we once negotiate a treaty it will still have to be ratified by the Senate and implementing legislation will have to be approved by both Houses—so there is ample protection.

Therefore, Mr. Chairman, why prejudice and create tremendous burdens politically for the United States in Latin America when we do not need to do it?

Let us not forget that we have about $15 billion of economic investment in Latin America and that our mutual trade is extremely important. All of this could be affected because every other country considers the Panamanian negotiations to be a top priority political issue. It has become symbolic of the new nationalism in all Latin America.

Mr. Chairman, the Snyder amendment really does not do anything except to shoot down every other American interest in Latin America.

I urge my colleagues to vote against the Snyder amendment to the Buchanan substitute and then vote for the Buchanan substitute.

Then, Mr. Chairman, if the Buchanan substitute is adopted I urge a favorable vote for the Snyder amendment as amended by the Buchanan substitute.

However, Mr. Chairman, if the Buchanan substitute is defeated, I urge a vote against the Snyder amendment.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Ohio (Mr. WHALEN).

Mr. MARTIN. Mr. Chairman, will the gentleman yield?

Mr. WHALEN. I yield to the gentleman from North Carolina.

Mr. MARTIN. Mr. Chairman, the preservation of American rights to preserve, maintain, defend, and use the Panama Canal is vital to both our commercial and naval shipping interests. It would be folly for us to negotiate away those rights and those interests. It would also be folly for us to precipitate violence in the Panama Canal Zone by casually insulting the Panamanians. After all, their friendship and forbearance are essential to our ability to defend the military security of the canal.

The amendment of the revered gentleman from Alabama (Mr. BUCHANAN) directs our negotiators to "protect the vital interests of the United States in the Canal Zone and in the operation, maintenance, property, and defense of the Panama Canal." I support that purpose and will vote for that amendment.

First there will be a vote on a small but drastic change in wording, offered by the gentleman from Kentucky (Mr. SNYDER). Instead of "protect the vital interests," the Snyder amendment would "perpetuate the sovereignty and control" of the United States in the Canal Zone. That is a most popular view; but, unfortunately it asserts the perpetuation of sovereignty which we do not, in fact, now have. So, I must vote against the Snyder version.

We exercise certain rights and privileges as though we were sovereign, but without being sovereign; a distinction missed by the advocates of the Snyder language. They assert that the Canal Zone is territory of the United States. If that is true, if in fact we own the Canal Zone, then why do we continue to pay rent for it?

I rent a leased lot in North Carolina, and exercise certain rights and privileges as if I were the owner. The fact, I am not the owner and should not insult the rightful owner.

Mr. WHALEN. Mr. Chairman, our country has one of two choices with respect to the Panama Canal. Either we insist on the status quo or we negotiate a new treaty.

I think that the answer has to be predicated upon what is in the best interests of the United States. What are our interests in Panama?

First, we are interested in keeping the canal open to commerce. Second, we are interested in maintaining U.S. protection over the canal. Third, we are interested in avoiding armed conflict. Fourth, we are interested in avoiding hostile relations with countries in Central and South America which may harm us both economically and militarily. Fifth, we are interested in avoiding Communist penetration in this hemisphere.

If we retain the status quo, Mr. Chairman, we will fail to meet these objectives. Therefore, I urge the defeat of the Snyder amendment.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Illinois (Mr. DERWINSKI).

Mr. DERWINSKI. Mr. Chairman, some Members have said they will support the Snyder amendment because they want to send a message to the State Department.

Mr. Chairman, they can just get some signatures on a "Dear Colleague" letter and mail it to them. In that way, they can deliver their message.

They could do the same thing with respect to the President. If they want to deliver a message to the President, they could write a "Dear Colleague" letter and send it to him.

Gosh knows that there are enough of them being circulated around here now.

Mr. Chairman, what are the facts? The facts are that the President has not, is not, and will not sell out the vital security interests of the United States. The President has not, is not, and will not sell out any sovereignity of the United States.

I normally am not a defender of the Secretary of State, but he is a culprit on this subject.

Mr. Chairman, I would say that we should rise above the well-intended efforts being made by some of our dear colleagues. Let us be statesmen in this matter. Let us support the Buchanan amendment.

In so doing, Mr. Chairman, we will be saying that we are going to protect the vital interests of the United States in the operation, maintenance, property, and defense of the Panama Canal. What more do we want? We cannot mount a Teddy Roosevelt cavalry charge.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Alabama (Mr. BUCHANAN).

Mr. BUCHANAN. Mr. Chairman, shortly after the negotiation of the treaty now in question, then Secretary of State John Hay said in a letter to a friend words to this effect, that the treaty was very advantageous to the United States, but, frankly, not so advantageous to Panama.

Within 5 years, Panamanians began to agree, and for many years they have pressed for changes which they believe to be more fair to them.

The gentleman in his amendment primarily would seek to preserve something we have never had.

We never had the kind of sovereignty even in that treaty that the gentleman would now insist upon in his amendment. I would say to the Members if they want to go on with that kind of legislation, then we have become Panamanians rathe than responsible legislators, but if we would serve the national interest let us do so by letting our President do what he believes and has said he can do to protect our rights while being fair to a small neighbor. This can be done.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, some Members obviously are concerned that our Government may give up its authority over the Panama Canal. They really have nothing to fear.

The canal is now—for the first time—operating at a loss. It is losing money. It is operating at a deficit.

The Federal Government never gives up on anything that is losing money.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Pennsylvania (Mr. MORGAN).

Mr. MORGAN. Mr. Chairman, we are dealing with a very serious issue here. I for one would never want the United States to surrender its vital interest in the Panama Canal or in the Panama Canal Zone. For this reason I strongly support the Buchanan substitute amendment. For the same reason, I must strongly oppose the amendments proposed by the gentleman from Kentucky (Mr. SNYDER).

Mr. Chairman, I urge that the Buchanan substitute amendment be adopted and that the Snyder amendments be defeated.

I repeat, this is a very vital issue. Let us back our national policy, let us give the President the chance to go on with the negotiations.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from New York (Mr. BINGHAM).

Mr. BINGHAM. Mr. Chairman, I rise in support of the Buchanan substitute. Both the original Snyder amendment and the Snyder amendment to the Buchanan substitute would seek to stop the negotiations that are going forward. This is clearly unconstitutional. The President has the right to negotiate treaties and conclude treaties subject to ratification by the Senate by two-thirds vote.

I am interested in the preservation of the canal and its operations. I am convinced that only through negotiations of this character which can protect the vital interests of the United States can we guarantee the continued operation of the canal. Adoption of the policy represented by the Snyder amendments would put in grave jeopardy the continued operation of the Panama Canal.

Mr. ALEXANDER. Mr. Chairman, during the progress of the renegotiations of a new treaty for the Panama Canal, some Panamanians have asserted a natural right to the Canal Zone against an "imperialist" United States. From my readings of the accounts preceding the possession of the Panama Canal properties by the United States and the establishment of the Republic of Panama it appears that Panama has no legal or moral claim to the Canal Zone, which it never owned.

When the United States acquired the canal rights of the French Canal Co. in 1903, it found Colombia, which owned all of the Province of Panama, unwilling to come to terms about the building of the canal. Rather than negotiate the matter, it is said that the United States induced the Panamanians to revolt and sent the U.S. Navy to the isthmus, which effectively prevented the Colombians from suppressing the rebellion. The price paid to the United States for Panama's independence from Colombia was the Panama Canal Zone.

Panama never owned the land in the Canal Zone. The United States bought the rights from the French, and when Colombia would not come to terms with the United States, we, joining in the rebellion, acquired the land in the zone, and the Panamanians acquired their indepence from Colombia. In 1921, Colombia by treaty finally released its rights to the Canal Zone to the United States.

Now, if Panama will not abide by a treaty, why should Colombia? If appears that the United States stands on two treaties, and if we would grant control of the Canal Zone to the Republic of Panama, why should the Republic of Colombia not insist upon reestablishing its position, which it only lost through a revolution that was assisted by the United States?

I believe that the United States should continue the operation of the Panama Canal and maintain control of the zone.

I therefore support the Snyder amendment to the Buchanan substitute to the Snyder amendment.

Mr. McCLORY. Mr. Chairman, the House of Representatives has heard various arguments against the negotiations currently being conducted between the United States and Panama. These negotiations are attempting to establish a new relationship between the United States and Panama with respect to the Panama Canal. Such a relationship is necessary to protect our interests in Panama—namely, keeping the canal safe, efficient, and open to all appropriate peaceful uses.

While it has been argued by some that we must retain sovereignty over the Canal Zone to insure the efficient operation of the canal, I believe we must take a closer look at our changing world before choosing that course. Panama is no longer the fledgling nation of 1903—it is a nation ready to enter a partnership with us designed for our mutual benefit. We no longer need to exercise complete control over the canal and Canal Zone because the Panamanian Government should be capable of undertaking this by itself.

Mr. Chairman, the relationship in Panama is regarded by our Latin American neighbors as so one-sided that it is causing frustration, distrust, and the threat of violence. Present conditions impinge on Panamanian dignity, growth, and a sense of nationhood. Rather than force a confrontation by insisting on total supremacy, we must work out a viable compromise which would allow the coexistence of Panamanian nationalistic aspirations with our own national interests.

Insisting on our sovereignty has become a symbol of imperialism and gunboat diplomacy. We need more refined tools in 1976 to maintain this important passage between the Atlantic and the Pacific. Walking softly and carrying a big stick will not solve the problems of the Third World.

Mr. Speaker, we must conclude our negotiations with Panama and reach a mutually satisfactory solution to the problems of the canal. We may not be able to secure a satisfactory solution to the problem the next time we are forced to deal with it unless we act thoughtfully and courageously now.

Mr. Chairman, I endorse and subscribe to the policy statement of the Republican policy committee which I am attaching to these remarks:

THE PANAMA CANAL: TOUGH BARGAINING

The Republican Policy Committee believes the United States should retain the undisputed right to use, operate and defend the Panama Canal for as long as needed. Amending the State appropriation (H.R. 14239) or authorization (H.R. 13179) bills to prohibit use of funds for negotiating a new treaty with Panama will not help achieve that goal.

The Panama Canal has major economic and military importance to the U.S. One-sixth of our imports and exports pass through the canal each year. The canal is the shortest sea route for moving men, materiel and ships between the Atlantic and Pacific oceans.

In the future, this importance will decrease. Naval forces are organized around aircraft carriers, 24 of which already are too large to use the canal. The canal is vulnerable to being shut down even with unsophisticated weapons and might well not be available for wartime use. Its economic importance will decline as tolls are inevitably raised and other means of transporting goods become more competitive.

For the present, however, the Panama Canal remains of vital commercial and strategic importance to the U.S.

Increasing pressure from Panama's citizens and their government for a new treaty are steadily undermining the viability of the 1903 treaty upon which U.S. status in the Canal Zone is based. Like all treaties, the 1903 agreement is effective only as long as both sides continue to observe it. The reality of the situation in Panama precludes the status quo as a way of achieving the U.S. goal of long-term undisputed use of the canal. The choice before Congress, therefore, is between negotiations that might eventually lead to a new draft treaty and the likely consequences of no new treaty.

Denying the possibility of a new treaty would further inflame the canal issue in Panama, fucus anti-U.S. sentiment, play into the hands of Panamanian leftists who try to manipulate the canal issue to serve their own political aims, encourage violence and substantially increase the possibility of closing down the vulnerable canal.

The treaty negotiations involve timing, momentum and substance. If substance and progress can be given to the talks, possible violence will be defused during the negotiation period. Devising a treaty that will satisfy the Panamanians and protect U.S. interests will not be easy.

The central issue surrounding the treaty negotiations is the question of sovereignty over the Canal Zone and the Canal. The 1903 treaty gave the U.S.:

> ". . . in perpetuity . . . all rights, power, and authority within the zone . . . which the United States would possess and exercise if it were the sovereign of the territory . . . to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power or authority."

Does this mean the U.S. owns the Canal Zone? U.S. courts over the years have divided on this. The new treaty will answer this question, not in terms of "giving up" the canal but by partly redefining our position there. The Republican Policy Committee believes that proceeding with negotiations and eventually concluding an equitable treaty protecting both Panamanian and U.S. interests offers the best means of assuring U.S. economic and defense objectives.

Cooperation with Panama will provide a more stable basis for our continued use of the Panama Canal than will confrontation. The U.S. should not be bullied into hurriedly negotiating a new treaty by threats of mob violence turned off and on at will by politicians. Neither should we bully Panama by refusing to participate in such negotiations.

Secretary Kissinger has assured Congress that once "an overall conceptual agreement which would guide the drafting of language on all the issues to be included in a treaty" has been reached, he "will consult with Congress," and undertake a "thorough discussion of the concepts which would be involved in the treaty negotiations." The eight principles agreed upon by Secretary Kissinger and the Panamanian Foreign Minister to guide treaty negotiations point up the importance of this assurance of Congressional oversight as a means of making sure that U.S. interests are protected.

Congress should not now preclude new treaty negotiations by withholding funds. But given the importance of the Panama Canal to our strategic and commercial objectives, Congress has a duty to watch the negotiations carefully to assure that long-term U.S. interests are adequately protected.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Kentucky (Mr. SNYDER) to the amendment offered by the gentleman from Alabama (Mr. BUCHANAN) as a substitute for the amendment offered by the gentleman from Kentucky (Mr. SNYDER).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. BAUMAN. Mr. Chairman, I demand a recorded vote, and, pending that, I make the point of order that a quorum is not present.

The CHAIRMAN pro tempore. The Chair will count. One hundred and two Members are present, a quorum.

RECORDED VOTE

The CHAIRMAN pro tempore. The pending business is the demand of the gentleman from Maryland (Mr. BAUMAN) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 157, noes 197, answered "present" 1, not voting 76, as follows:

[Roll No. 403]

AYES—157

Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Archer
Ashbrook
Bafalis
Baucus
Bauman
Beard, Tenn.
Bennett
Bevill
Biaggi
Breaux
Brinkley
Broyhill
Burgener
Burke, Mass.
Burleson, Tex.
Butler
Byron
Carney
Carter
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Conlan
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Davis
de la Garza
Delaney
Dent
Derrick
Devine
Dingell
Downing, Va.
Duncan, Tenn.
Emery
English
Evans, Ind.
Evins, Tenn.
Fish
Fithian
Flood
Flynt
Fountain
Frey
Fuqua
Gaydos
Gibbons
Gilman
Ginn
Goldwater
Goodling
Grassley
Guyer
Haley
Hammerschmidt
Hébert
Hefner
Henderson
Hightower
Holland
Hughes
Hutchinson
Hyde
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kasten
Kazen
Kemp
Ketchum
Kindness
Krebs
Lagomarsino
Latta
Lent
Levitas
Lloyd, Tenn.
Lott
McCollister
McEwen
Madigan
Mahon
Mann
Mathis
Melcher
Miller, Ohio
Mills
Minish
Mitchell, N.Y.
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, N.Y.
Murtha
Myers, Ind.
Natcher
Neal
Nichols
O'Brien
Passman
Perkins
Poage
Pressler
Quillen
Randall
Robinson
Roe
Rogers
Rose
Sarasin
Satterfield
Schulze
Sebelius
Shipley
Shuster
Skubitz
Smith, Nebr.
Snyder
Spence
Staggers
Stephens
Stratton
Sullivan
Symms
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Treen
Vigorito
Waggonner
Walsh
Wampler
White
Whitehurst
Whitten
Wolff
Yatron
Young, Fla.
Young, Tex.
Zeferetti

NOES—197

Abdnor
Abzug
Adams
Addabbo
Allen
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Armstrong
Badillo
Beard, R.I.
Bedell
Bergland
Biester
Bingham
Blanchard
Blouin

Boggs
Boland
Bonker
Brademas
Breckinridge
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Buchanan
Burke, Calif.
Burlison, Mo.
Burton, John
Burton, Phillip
Carr
Cederberg
Cohen
Collins, Ill.
Conable
Conyers
Corman
Cornell
Cotter
Coughlin
Derwinski
Diggs
Downey, N.Y.
Drinan
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Evans, Colo.
Fary
Fascell
Fenwick
Findley
Fisher
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fraser
Frenzel
Giaimo
Gonzalez
Gradison
Hall
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Heinz
Hicks
Hillis
Holtzman
Horton
Howard
Hungate
Jarman
Jeffords
Johnson, Colo.
Jordan
Kastenmeier
Keys
Koch
Leggett
Lehman
Lloyd, Calif.
Long, La.
Long, Md.
McClory
McCloskey
McCormack
McDade
McFall
McHugh
McKay
McKinney
Madden
Maguire
Martin
Mazzoli
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Mineta
Mitchell, Md.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Myers, Pa.
Nedzi
Nix
Nolan
Nowak
Oberstar
O'Neill
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Pettis
Pickle
Pike
Preyer
Price
Pritchard
Quie
Railsback
Rangel
Regula
Reuss
Rhodes
Rodino
Roncalio
Rooney
Rosenthal
Rostenkowski
Roush
Roybal
Ruppe
Ryan
St Germain
Sarbanes
Scheuer
Schneebeli
Schroeder
Seiberling
Sharp
Simon
Sisk
Slack
Smith, Iowa
Solarz
Spellman
Stanton, J. William
Stanton, James V.
Stark
Steed
Steiger, Wis.
Studds
Thompson
Traxler
Tsongas
Udall
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Weaver
Whalen
Wilson, C. H.
Wilson, Tex.
Wright
Wydler
Wylie
Yates
Zablocki

ANSWERED "PRESENT"—1

Duncan, Oreg.

NOT VOTING—76

Ashley
Aspin
AuCoin
Baldus
Bell
Bolling
Bowen
Burke, Fla.
Chappell
Chisholm
Clay
Conte
Daniels, N.J.
Dellums
Dickinson
Dodd
Eshleman
Flowers
Green
Gude
Hagedorn
Hansen
Harsha
Hawkins
Hays, Ohio
Helstoski
Hinshaw
Holt
Howe
Hubbard
Ichord
Jacobs
Karth
Kelly
Krueger
LaFalce
Landrum
Litton
Lujan
Lundine
McDonald
Matsunaga
Meeds
Metcalfe
Milford
Mink
Obey
O'Hara
Paul
Peyser
Rees
Richmond
Riegle
Rinaldo
Risenhoover
Roberts
Rousselot
Runnels
Russo
Santini
Shriver
Sikes
Steelman
Steiger, Ariz.
Stokes
Stuckey
Symington
Talcott
Ullman
Waxman
Wiggins
Wilson, Bob
Winn
Wirth
Young, Alaska
Young, Ga.

The Clerk announced the following pairs:

On this vote:

Mr. Roberts for, with Mr. Dominick V. Daniels against.

Mr. Santini for, with Mr Jacobs against.

Mr. McDonald for, with Mr. Ashley against.

Mr. Chappell for, with Mr. Waxman against.

Mr. Landrum for, with Mr. Richmond against.

Mr. Sikes for, with Mr. Wirth against.

Mr. Stuckey for, with Mrs. Chisholm against.

Mr. Russo for, with Mr. Hawkins against.

Mr. Runnels for, with Mr. Stokes against.

Mr. Kelly for, with Mr. Lundine against.

Mr. Rinaldo for, with Mr. Young of Georgia against.

Mr. Burke of Florida for, with Mr. Matsunaga against.

Mr. Hansen for, with Mr. Dellums against.

Mr. Paul for, with Mr. Clay against.

Mrs. Holt for, with Mr. Krueger against.

Mr. Rousselot for, with Mr. Helstoski against.

Mr. Young of Alaska for, with Mr. Riegle against.

Mr. Steiger of Arizona for, with Mr. Ullman against.

Mr. Lujan for, with Mr. Metcalfe against.

Mr. Hagedorn for, with Mrs. Mink against.

So the amendment to the amendment offered as a substitute for the amendment was rejected.

The result of the vote was announced as above recorded.

PARLIAMENTARY INQUIRY

Mr. BUCHANAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN pro tempore. The gentleman will state it.

Mr. BUCHANAN. Mr. Chairman, the vote which just occurred was on the Snyder amendment to the Buchanan substitute amendment.

Does the vote now occur on the Buchanan substitute amendment for the Snyder amendment?

The CHAIRMAN pro tempore. The gentleman is correct.

PREFERENTIAL MOTION OFFERED BY MR. BAUMAN

Mr. BAUMAN. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

> Mr. BAUMAN moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken.

Mr. BAUMAN. Mr. Chairman, the Committee just voted on language which was offered by the gentleman from Kentucky (Mr. SNYDER) as an amendment to the Buchanan substitute. The precise question we just voted on was whether or not we would change the phrase "protect the vital interests of the United States in the Canal Zone" to the stronger phrase "'perpetuate the sovereignty and control of the United States in the Canal Zone."

I can understand some Members having some qualms about this very strong statement. I certainly did not, and 157 other Members did not either, but the question now before us is a choice between two pending amendments. One of them is essentially different in every respect from the other. The one now pending, the Buchanan amendment on which the next vote will occur, says,

> Any new Panama Canal treaty or agreement negotiated with funds appropriated under this Act must protect the vital interests of the United States in the Canal Zone and in the operation, maintenance, property, and defense of the Panama Canal.

That language sounds laudable, but we must understand what these words mean to our State Department negotiators.

Contrast that to the Snyder amendment. If a Member is going to switch his vote on the Panama Canal issue, he is going to have to switch from the same Snyder amendment, which says,

> None of the funds authorized to be appropriated in this act shall be used for the purpose of negotiating the surrender or relinquishment of the Canal Zone or the Panama Canal.

That is a much stronger statement of congressional intent.

The choice then is between being against surrendering or relinquishing our rights in the canal or, as the gentleman from Alabama suggests, simply protecting our undefined "vital interests." What does the administration say the vital interests in Panama are? Ambassador Bunker came before the committee on which I serve, and on which the gentleman from Kentucky serves, and said that he had been authorized by the President of the United States on at least two occasions, to interpret the "vital interests" as eventually surrendering our control over the Panama Canal; those are the parameters in which these negotiations are to be conducted. It can be argued that the Buchanan amendment is better than no language at all, which is the bill as reported, but I much prefer, and all who wish to preserve the Panama Canal as American territory should support, the Snyder amendment.

So the final treaty that may come out of these negotiations will provide for the surrender of the control we have now, and have had since 1903. That is the vital issue we are voting on with this Buchanan amendment. If the Members want to simply say to the State Department that our "vital interest," as we interpret it here, is not to surrender control, we have to vote for the Snyder amendment we voted for less than a year ago. But the situation has changed in that year. It has changed simply because the administration now has announced they do want to surrender control of the canal.

So we must vote down the Buchanan substitute, a Secretary Kissinger-détente, give-up-the-Panama-Canal type of substitute, as opposed to strong language that expresses the right under the Constitution, as Members of the Congress have the right, to direct the administration not to surrender the canal. That is our choice. Vital interest and surrender, or vote for the Snyder amendment and stand firm against surrender.

The American people have become acutely interested in the outcome of this issue. The voters in Texas have spoken on that, and they are speaking in other parts of this Nation as the Panama is being raised. We in Congress can do no less than to protect an area that is as much a part of our sovereign territory as is any State of the Union. I urge a vote against the Buchanan amendment and vote for the Snyder amendment.

PARLIAMENTARY INQUIRY

Mr. JOHN L. BURTON. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN pro tempore. The gentleman will state it.

Mr. JOHN L. BURTON. Mr. Chairman, would it be proper at this point to move an amendment to make Panama a State?

The CHAIRMAN pro tempore. The Chair cannot rule on an amendment that has not been offered.

The Chair recognizes the gentleman from Alabama (Mr. BUCHANAN).

Mr. BUCHANAN. Mr. Chairman, I rise in opposition to the preferential motion offered by the gentleman from Maryland.

The amendment I have offered is one that this House did adopt, because on the conference report last year we voted a sense of Congress resolution, and I use the same language but it is not "sense of Congress." I simply begin with the words, "No funds under this Act," rather than "sense of Congress," hence this is a stronger amendment than the final action of the House last year.

This does have a meaning. I do seek to protect the vital interests of the United States. But not I alone. The President and his advisers seek also to protect the vital interests of the United States and the rights of the people of this country.

The President has said it repeatedly, as late as yesterday, the Secretary of State has said that they believe the way to protect our interest, our national security interest, our commercial interest, our overall national interest, is to continue these negotiations. They say they believe they can come up with an agreement that does protect our rights.

The question is whether we as a nation shall say to a small neighbor that we will not even talk, we will just insist upon an arrangement in its entirety which has been unsatisfactory to the Panamanians increasingly since the time it was negotiated, about which our own Secretary of State John Hay, who negotiated the original treaty, said in a letter to a friend that it was very advantageous to the United States but frankly not very advantageous to Panama.

We can either say to a small neighbor that we will not even talk about something that might be fair but would protect our present rights and interests, or we will say to the President that we must protect our rights and interest but he can negotiate and can fulfill his constitutional responsibility and prerogative of working out, if he can, an agreement with the Panamanians that is as fair to both countries as he believes he can do.

I urge the support of this House for my substitute. I think if we support this, we will be saying in this Bicentennial Year that a nation great and free, even in its dealings with the smallest of its neighbors, did what was right, did what was fair, did what was just, while protecting the rights of its people and its own interest. In so doing, we will serve our country well.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Mr. Chairman, I rise to strongly endorse what the gentleman from Alabama (Mr. BUCHANAN) has already said. The House knew exactly what it was doing 10 minutes ago when we took a stand against the Snyder amendment by a vote of 197 to 157—a 40-vote majority—and I am sure the House will know what it is doing when we adopt the Buchanan substitute for the original Snyder amendment.

The CHAIRMAN pro tempore. The question is on the motion offered by the gentleman from Maryland (Mr. BAUMAN).

The preferential motion was rejected.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Alabama (Mr. BUCHANAN) as a substitute for the amendment offered by the gentleman from Kentucky (Mr. SNYDER).

The question was taken.

RECORDED VOTE

Mr. BUCHANAN. Mr. Chairman, on that I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 229, noes 130, not voting 72, as follows:

[Roll No. 404]

AYES—229

Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Ill.
Andrews, N. Dak.
Annunzio
AuCoin
Badillo
Baucus
Beard, R.I.
Bedell
Bergland
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Brademas
Breckinridge
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Buchanan
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney
Carr
Cederberg
Cochran
Cohen
Collins, Ill.
Conable
Conyers
Corman
Cornell
Cotter
Coughlin
Danielson
de la Garza
Dent
Derrick
Derwinski
Diggs
Dingell
Downey, N.Y.
Drinan
Duncan, Oreg.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Evans, Colo.
Evans, Ind.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fraser
Frenzel
Giaimo
Gonzalez
Goodling
Gradison
Hall
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Hayes, Ind.
Hébert
Hechler, W. Va.
Heckler, Mass.
Heinz
Hicks
Hillis
Holtzman
Horton
Howard
Hungate
Jarman
Jeffords
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C
Jones, Okla.
Jordan
Kasten
Kastenmeier
Keys
Koch
Krebs
Leggett
Lehman
Lloyd, Calif.
Long, La.
Long, Md.
McClory
McCloskey
McCormack
McDade
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Martin
Mazzoli
Meeds
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Mineta
Mitchell, Md.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murtha
Myers, Pa.
Nedzi
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pickle
Pike
Preyer
Price
Pritchard
Quie
Railsback
Rangel
Regula
Reuss
Rhodes
Rodino
Rooney
Rosenthal
Rostenkowski
Roush
Roybal
Ruppe
Ryan
St Germain
Sarasin
Sarbanes
Scheuer
Schneebeli
Schroeder
Sebelius
Seiberling
Sharp
Simon
Sisk
Slack
Smith, Iowa
Solarz
Spellman
Stanton, J. William
Stanton, James V.
Stark
Steed
Steiger, Wis.
Studds
Taylor, N.C.
Teague
Thornton
Traxler
Tsongas
Udall
Van Deerlin
Vander Veen
Vanik
Walsh
Weaver
Whalen
White
Wilson, C. H.
Wilson, Tex.
Wolff
Wright
Wydler
Wylie
Yates
Zablocki

NOES—130

Abdnor
Anderson, Calif.
Andrews, N.C.
Archer
Armstrong
Ashbrook
Bafalis
Bauman
Beard, Tenn.
Bennett
Bevill
Biaggi
Breaux
Brinkley
Brown, Mich.
Broyhill
Burgener
Burleson, Tex.
Butler
Byron
Carter
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Collins, Tex.
Conlan
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Davis
Delaney
Devine
Dickinson
Downing, Va.
Duncan, Tenn.
Emery
English
Evins, Tenn.
Flood
Flynt
Fountain
Frey
Fuqua
Gaydos
Gibbons
Gilman
Ginn
Goldwater
Grassley
Guyer
Haley
Hammerschmidt
Harsha
Hefner
Henderson
Hightower
Holland
Hughes
Hutchinson
Hyde
Jenrette
Johnson, Calif.
Jones, Tenn.
Kazen
Kemp
Ketchum
Kindness
Lagomarsino
Latta
Lent
Levitas
Lloyd, Tenn.
Lott
McCollister
McEwen
Mahon
Mann
Mathis
Melcher
Miller, Ohio
Mills
Minish
Mitchell, N.Y.
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, N.Y.
Myers, Ind.
Natcher
Neal
Nichols
Passman
Pettis
Poage
Pressler
Quillen
Randall
Robinson
Roe
Rogers
Roncalio
Rose
Satterfield
Schulze
Shipley
Shuster
Skubitz
Smith, Nebr.
Snyder
Spence
Staggers
Stephens
Stratton
Sullivan
Symms
Taylor, Mo.
Thone
Treen
Vigorito
Waggonner
Wampler
Whitehurst
Whitten
Yatron
Young, Fla.
Young, Tex.
Zeferetti

NOT VOTING—72

Ashley
Aspin
Baidus
Bell
Bowen
Burke, Fla.
Chappell
Chisholm
Clay
Conte
Daniels, N.J.
Dellums
Dodd
Eshleman
Flowers
Green
Gude
Hagedorn
Hansen
Hawkins
Hays, Ohio
Helstoski
Hinshaw
Holt
Howe
Hubbard
Ichord
Jacobs
Karth
Kelly
Krueger
LaFalce
Landrum
Litton
Lujan
Lundine
McDonald
Matsunaga
Metcalfe
Milford
Mink
O'Hara
Paul
Peyser
Rees
Richmond
Riegle
Rinaldo
Risenhoover
Roberts
Rousselot
Runnels
Russo
Santini
Shriver
Sikes
Steelman
Steiger, Ariz.
Stokes
Stuckey
Symington
Talcott
Thompson
Ullman
Vander Jagt
Waxman
Wiggins
Wilson, Bob
Winn
Wirth
Young, Alaska
Young, Ga.

Mr. MITCHELL of Maryland changed his vote from "no" to "aye."

Mr. BROYHILL changed his vote from "aye" to "no."

So the amendment offered as a substitute for the amendment was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky (Mr. SNYDER), as amended.

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. BROWN of Michigan. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 339, noes 12, not voting 80, as follows:

[Roll No. 405]

AYES—339

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
AuCoin
Badillo
Bafalis
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Clancy
Clausen, Don H.
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conlan
Corman
Cornell
Cotter
Coughlin
Crane
D'Amours
Daniel, R. W.
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Derwinski
Devine
Dickinson
Diggs
Dingell
Downey, N.Y.
Downing, Va.
Drinan
Duncan
Duncan, Tenn.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Esch
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Guyer
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harrington
Harris
Harsha
Hayes, Ind.
Hébert
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Henderson
Hicks
Hightower
Holland
Holtzman
Horton
Howard
Hughes
Hungate
Hutchinson
Hyde
Jarman
Jeffords
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Kemp
Keys
Kindness
Koch
Krebs
Lagomarsino
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McHugh
McKay
Madden
Madigan
Maguire
Mahon
Mann
Martin
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rees
Regula
Reuss
Rhodes
Robinson
Rodino
Roe
Rogers
Roncalio
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Ruppe
Ryan
St Germain
Sarasin
Sarbanes
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shuster
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steiger, Wis.
Stephens
Stratton
Studds
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Van Deerlin
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Weaver
Whalen
White
Whitehurst
Whitten
Wilson, C. H.
Wilson, Tex.
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Tex.
Zablocki
Zeferetti

NOES—12

Ashbrook
Clawson, Del
Daniel, Dan
Flynt
Haley
Jenrette
Ketchum
Latta
Mathis
Satterfield
Shipley
Symms

NOT VOTING—80

Ashley
Aspin
Baldus
Bell
Bowen
Brooks
Burke, Fla.
Burton, John
Chappell
Chisholm
Clay
Conte
Conyers
Daniels, N.J.
Dodd
Eshleman
Flowers
Green
Gude
Hagedorn
Hansen
Hawkins
Hays, Ohio
Helstoski
Hillis
Hinshaw
Holt
Howe
Hubbard
Ichord
Jacobs
Karth
Kelly
Krueger
LaFalce
Landrum
Litton
Lujan
Lundine
McDonald
McFall
McKinney
Matsunaga
Metcalfe
Milford
Mink
Murphy, N.Y.
O'Hara
Paul
Peyser
Rangel
Richmond
Riegle
Rinaldo
Risenhoover
Roberts
Rooney
Rousselot
Runnels
Russo
Santini
Shriver
Sikes
Steelman
Steiger, Ariz.
Stokes
Stuckey
Sullivan
Symington
Talcott
Taylor, Mo.
Ullman
Vander Jagt
Waxman
Wiggins
Wilson, Bob
Winn
Wirth
Young, Alaska
Young, Ga.

So the amendment, as amended, was agreed to.

The result of the vote was announced as above recorded.

Mr. MORGAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I take this time to inquire as to the number of amendments at the desk. Today is Friday. We have two more bills, and we have been proceeding now on this bill for approximately 3½ hours.

The CHAIRMAN pro tempore. The Chair would advise the gentleman from Pennsylvania that there are five amendments at the desk.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on this bill and all amendments thereto close at 2:30 p.m.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

Mr. CRANE. Mr. Chairman, reserving the right to object, if there are five amendments at the desk and the distinguished Chairman is going to attempt to close out all debate on amendments in one-half hour, that does not reserve 5 minutes for those in support of an amendment and 5 minutes for rebuttal time. It would seem to me that at a minimum—not that the Members would take that much time—but at least 5 minutes for and 5 minutes against would be in order.

Mr. MORGAN. I think the only major amendment pending at the desk is the amendment to be offered by the gentleman from Illinois.

The Chairman will rephrase his request.

Mr. Chairman, I ask unanimous consent that the first 10 minutes of the half hour allowed as a cutoff be allotted to the gentleman from Illinois to have 5 minutes to speak for his amendment, and those in opposition to have the other 5 minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

Ms. HOLTZMAN. Mr. Chairman, reserving the right to object, my amendment was printed in the Record. Will I be recognized for 5 minutes under the unanimous-consent request?

The CHAIRMAN pro tempore. Yes. The gentlewoman from New York will be protected in that respect.

Ms. HOLTZMAN. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

Mr. ASHBROOK. Mr. Chairman, I object.

The CHAIRMAN pro tempore. Objection is heard.

Mr. MORGAN. Mr. Chairman, I move that all debate on the bill and all amendments thereto close at 2:30, and that 10 minutes of the 30 minutes may be allotted to the amendment to be offered by the gentleman from Illinois (Mr. Crane), 5 minutes of that time to be allotted to the gentleman from Illinois (Mr. Crane) and 5 minutes of the time to be allotted in opposition to the amendment.

The CHAIRMAN pro tempore. The Chair will advise the gentleman from Pennsylvania (Mr. Morgan) that it is not in order to allocate time within such a motion.

Does the gentleman from Pennsylvania, therefore, wish to restate his motion?

Mr. MORGAN. Mr. Chairman, I move that all debate on the bill and all amendments thereto close at 2:30, with the understanding that 5 minutes be allotted to the gentleman from Illinois on behalf of his amendment.

The motion was agreed to.

AMENDMENT OFFERED BY MR. CRANE

Mr. CRANE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Crane: Page 10, immediately after line 9, insert the following new section:

UNITED STATES CONTRIBUTION TO THE UNITED NATIONS

Sec. 14. No funds appropriated under this Act may be used for contributions to the assessed budgets of the United Nations, its specialized agencies, and the International Atomic Energy Agency, for calendar year 1977 and of the United Nations peacekeeping forces in the Middle East for the fiscal years ending October 24, 1977, in an aggregate amount which is greater than the amount which bears the same ratio to the sum of all such budgets as the population of

the United States bears to the total population of all members of the United Nations.

Mr. CRANE. Mr. Chairman, on March 29 of this year, the Senate passed an amendment to its State Department authorization bill (S. 3168), requiring our Ambassador to the U.N. to seek changes in the U.N. system of apportioning rates of assessment. Section 110 of S. 3168, as passed by the Senate, now reads, the rates should be "closely correlated to the ability of [member] nations to pay, as determined by the most recent reliable statistical measures," but its intent, as the debate makes clear, is to bring about a reduction in the contributions of the United States to the United Nations. And for good reason.

In the 6 years since the United States cast its first Security Council veto in 1970, profound changes have taken place in the United Nations. Contrary to the principles set forth in its charter and to the ideals upon which it was founded, the U.N. has: First, expelled Nationalist China while admitting Red China; second, suspended South Africa from membership in the General Assembly while condoning violations of human rights in Communist nations; third, invited the Palestine Liberation Organization to speak while denying Israel the full right to reply; and fourth, equated Zionism with racism while countenancing racism in the form of terrorism. Such blatant hypocrisy and sublimation of the cause of world peace to the whims of political passion has made it clear that the U.N. is not living up to the high expectations that many once held for it. Moreover, the present U.N. system of financial contributions insures that the nation most opposed to the hypocrisy and machiavellianism presently being displayed by the Communist and "Third World" nations must provide a disproportionately large share of the financial support for those activities. If ever there was an incentive for political irresponsibility, this is it, and we are witnessing the consequences.

The nation in the paradoxical position of financially supporting positions that it not only opposes but which do obvious violence to the U.N. Charter is, of course, the United States. Even though we unilaterally reduced our contribution once before—back in 1972 after the expulsion of Nationalist China—the United States is still paying 25 percent of the U.N. regular budget and the budgets of its specialized agencies—and even more for some of the voluntary agencies. That figure is 10 percent more than the next highest contributor, the Soviet Union, however one must keep in mind that the Soviets are some $110 million in arrears while we, for all practical purposes are up to date and always have been. Perhaps even more to the point, 70 so-called nonalined nations—excluding India—which are largely directing policy in the U.N. these days, will pay only 3.52 percent of the regular U.N. budget in 1976.

Breaking these figures down a bit, it develops that a nation paying the smallest possible U.N. assessment, and roughly 50 nations fall into this category, will contribute only $73,801 this year to the U.N. regular budget. By comparison, the United States is scheduled to contribute $87,185,000 to the U.N. regular budget in fiscal 1977. Such a disparity is, as noted, a spur to political irresponsibility; with such a minute share of the financial burden, many of these low-contributing Third World nations do not have to worry about the consequences of their actions. Thus, a decision by the United States to reduce unilaterally its contribution plus a major effort to encourage the U.N. to adopt a proportional population rather than a national income formula as a basis for assessments, would assist, rather than injure, the cause of world peace. It would inject a greater sense of realism into the U.N. proceedings and, without wrecking the organization, would give it an incentive to act more responsibly.

To those who say we should not act unilaterally, I have three responses. First, if we do not act on our own, the U.N. is not going to act in our behalf. It has not respected any of our generosity in the past and as Senator BARTLETT pointed out in the Senate debate on U.N. contributions, there is no reason to think things will change. Second, when we unilaterally reduced our contribution level once before—back in 1972—the dire predictions voiced in some quarters did not materialize and, in view of the fact so many nations are in arrears, there is no reason automatically to conclude that similar predictions would materialize in this instance. For one thing, the U.N. needs money too badly; even 5.6 percent of the U.N. regular budget—which is what our share would be if the amendment I am proposing were passed—comes to over $18 million—which is more than all but five nations pay now. Third, if we do not act now, there is the very real risk that the next act of political irresponsibility in the U.N. could be a move to suspend or expel Israel. The Zionism resolution, as I am sure everyone remembers, was but a substitute for such a step last year; unless something is done we may get the real thing next year or the year after.

Concerns along those very lines were, I am sure, responsible for the strong support given Congressman O'NEILL's resoluton calling for reappraisal of our policy toward the U.N. should Israel be either suspended or expelled. Likewise, I feel confident that fear of this possibility was the key ingredient in the unanimous House support given a resolution condemning the U.N.'s action on Zionism, a resolution also sponsored by the distinguished majority leader (Mr. O'NEILL). Furthermore, it is logical to assume that similar concerns motivated the Senate to include language about U.N. assessment in its version of the State Department authorization bill. Thus, it would seem the stage is set for some sort of definitive action, particularly since this is the year the U.N. reviews its policy of financial assessments.

While it is my feeling the Senate language is a step in the right direction, I also believe we should be more specific and shoot for a larger cut than U.S.–U.N. negotiations might generate. Under terms of my amendment, authorizations for U.S. contributions to the U.N. regular budget, the budget of the specialized agencies and the Middle East peacekeeping budget would be reduced from $233.1 million to $61.1 million, a savings of $172.0 million to the American taxpayer in fiscal 1977. As for contributions to the voluntary agencies, I also believe they should be reduced but, since they are not in this bill, that is a separate matter. As previously inferred, these reductions would be accomplished by reducing our U.N. contributions to a level represented by our population when taken as a percentage of the total population of U.N. member nations. So, instead of contributing 25 percent of the U.N. budget each year, we would contribute approximately 5.59 percent.

In case there are those who believe that this amendment is directed solely at the Soviet Union, I might point out that, if the U.N. were to adopt the proportional population formula for assessments, as I suggested earlier, Soviet contributions would also decrease. Actually, Red China, India, and the so-called Third World nations, all of whom pay a mere pittance compared to the power they wield, particularly in the General Assembly, would be the ones who would be most affected. However, because they have paid so little and benefited so much, this is only fair. In that, I strongly feel that the proportional population formula, while not perfect, strikes the fairest balance between ability to pay and political leverage. Both have to be taken into account if any system of U.S. assessments is going to retain widespread support over an extended period of time. If one or the other is overlooked, some nations are going to feel discriminated against—and with good reason.

For the United States, continuing adherence to a national income formula for assessments is particularly unreasonable. We cannot expect American taxpayers to contribute one-fourth of all the funds the U.N. spends each year when the policies of that organization consistently go contrary to the principles of not only a vast majority of Americans, but the U.N. Charter itself. Granted, there is no completely equitable way of assessing contributions but I think, under the circumstances, 5.59 percent of the U.N. budget is plenty and I urge my colleagues to join in this effort to reduce our contributions to this, more reasonable, level.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from North Carolina (Mr. MARTIN).

Mr. CRANE. Mr. Chairman, will the gentleman yield?

Mr. MARTIN. I yield to my distinguished colleague, the gentleman from Illinois.

Mr. CRANE. Mr. Chairman, since our time is so limited, let me summarize briefly what I have presented here.

What this amendment does fundamentally is to change the formula for contributions to the U.N. by the United States. It changes the formula from one based upon GNP to one based upon per capita determinations. It seems to me that this is only fair, and I believe it is fair because it provides a greater accountability on the part of those who tend to benefit and have the most at stake in this organization today.

As I indicated before, the ideals of that organization have rotted long since. It has violated its own constitution and its own charter, and under those circumstances it would seem to me we ought to insist that particularly the large bloc of manipulated Third World nations, which today pay only 3 percent of the total budget, be asked to pay more proportionately and commensurate at least with the voice they wield in that gaggle called the General Assembly.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. MARTIN. I yield to the gentleman from Illinois.

Mr. DERWINSKI. Mr. Chairman, the practical effect of the gentleman's amendment would be to impose a substantial cost upon the People's Republic of China. Has the gentleman cleared his amendment with Mao Tse-tung?

The CHAIRMAN pro tempore. The time of the gentleman from North Carolina (Mr. MARTIN) has expired.

Mr. CRANE. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Illinois.

Mr. CRANE. Mr. Chairman, I thank my good friend, the gentleman from Maryland, for yielding.

Mr. Chairman, in response to the question that was put to me by the gentleman from Illinois (Mr. DERWINSKI) concerning the burden that would be placed on the People's Republic of China, I am sure we remember that just a few years ago the People's Republic of China was contributing $200 million annually for arms and material in the promotion of the Hanoi war effort.

Their proportionate share under this amendment would be roughly the same, and since they are now committed to embracing the ideals of world peace and freedom, I think they should find it no hardship to rearrange their priorities.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. Mr. Chairman, I have the time, and in view of the gentleman's last question, I do not know whether I should yield to him or not.

I yield to the gentleman from Illinois.

Mr. DERWINSKI. Mr. Chairman, I presume then that the distinguished gentleman from Illinois (Mr. CRANE) does not intend to injure the operations of the U.N. peacekeeping force in the Sinai region or on Cyprus or with respect to any of the other valuable programs that would be adversely affected if we suddenly took this action?

Mr. CRANE. Mr. Chairman, if the gentleman will yield, if we change our formula, there will still be more than enough money in the U.S. contribution alone to guarantee full funding for the U.N. peacekeeping forces in both the Sinai and on Cyprus. To be sure, this may necessitate a rearrangement of U.N. priorities, but what higher priority can that body have than the promotion of peace?

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Ohio (Mr. ASHBROOK).

Mr. ASHBROOK. Mr. Chairman, I rise in support of the Crane amendment.

I also rise in protest of the gag rule under which we are operating. Many of the Members have patiently waited all day for this opportunity, and then when their time comes to speak, they are limited to 1 minute. Many of us on this side will take cognizance of that next week, and I now serve notice that I will object to any extensions of time next week. If we are going to operate under those rules, let us be uniform in the way we are operating.

Time and time again I have seen that in the earlier portions of the debate Members get an additional 5 minutes, 10 minutes, or 13 minutes, but when it comes down to an important matter like this, we are gagged. Speaking as one Member, I will personally object to any request for extension of time.

Mr. Chairman, for whatever time I have left, I yield to the gentleman from Illinois (Mr. CRANE).

Mr. CRANE. Mr. Chairman, I thank the gentleman for yielding.

I share the gentleman's concern over our inability to get the story told here in the waning minutes of this debate.

Mr. ASHBROOK. However, in response again to my colleague, the gentleman from Illinois (Mr. DERWINSKI), if the U.S. contribution to the U.N. were switched to one based upon per capita, there would be ample money still there to maintain their operations. Too much really, for their questionable good.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from Illinois (Mr. CRANE). This amendment would substantially reduce the American contribution to the United Nations. Our present 25-percent share of the U.N. budget would be cut to 5.6 percent by using a proportional population formula. The projected saving to our Nation's taxpayers would be approximately $172 million.

I believe that a reduction in payments is sorely needed. In fact, I have introduced legislation that would slash U.S. payments to the United Nations even further than the amendment offered by Mr. CRANE. Under my amendment, our Nation would only pay the same percentage as the U.S. vote in the U.N. General Assembly. This would be about one one-hundred-forty-fourths or less than 1 percent of the regular U.N. budget.

The United Nations has acted irresponsibly on issue after issue. It has repeatedly disregarded its own principles and charter. In the last few years we have seen such incredible events as the U.N. expulsion of the Republic of China, the U.N.'s involvement in Puerto Rico's internal affairs and the shoddy treatment of South Africa. We have also witnessed a vote equating Zionism with racism and seen terrorist Yassir Arafat addressing the U.N. while wearing a pistol.

While the U.N. does what it wishes, the members of that organization still expect the United States to pick up the tab. It is time we stopped being a sucker. As I have said again and again, if the indigent nations of the world want to run the U.N. any way they see fit, then let them also pay the bills.

I urge that we adopt the Crane amendment and save our Nation's taxpayers $172 million.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Minnesota (Mr. FRASER).

Mr. FRASER. Mr. Chairman, it is clear that the purpose of this amendment is to unravel the United Nations system itself.

Even apart from that, the adoption of this amendment into law would undercut the peacekeeping forces in the Middle East that separate the Israeli forces from the Arab countries. It would undercut the operation of the International Atomic Energy Agency which is the only agency operating now to make the safeguards effective with respect to the possible proliferation of nuclear weapons around the world.

Furthermore, Mr. Chairman, it would undercut a number of agencies that regulate the allocation of radio frequencies around the world, which enable us to send letters or messages abroad. It would really destroy the whole international system.

The fact of the matter is that today the United States pays less than it should on a straight ability-to-pay basis.

The CHAIRMAN pro tempore. The Chair recognizes the gentlewoman from New York (Ms. HOLTZMAN).

Ms. HOLTZMAN. Mr. Chairman, I ask unanimous consent to yield my time to the gentleman from Minnesota (Mr. FRASER).

The CHAIRMAN pro tempore. Is there objection to the request of the gentlewoman from New York?

Mr. ASHBROOK. Yes, I object, Mr. Chairman.

The CHAIRMAN pro tempore. Objection is heard.

Mr. FRASER. Mr. Chairman, will the gentlewoman yield?

Ms. HOLTZMAN. I yield to the gentleman from Minnesota.

Mr. FRASER. Mr. Chairman, I want to make the point that Congress a few years ago mandated a reduction in the proportion of U.N. expenses that we would pay down to 25 percent.

That is below the figure we would pay if we assessed on the same basis as France, Great Britain, West Germany, or the Soviet Union. However, we took that position on the ground that no country ought to be bearing more than 25 percent of the cost of the total organization; but if we compare the per capita payments, that is, the amount paid per person, of various countries around the world, we rank in about middle place. We pay less than most of the European countries per capita.

Mr. Chairman, why the United States should want to not only destroy the U.N. but our relationships with our relationships with our friends in Europe at a time when many people who are supporting this amendment argue that the Soviet Union strength is growing is beyond me.

The CHAIRMAN pro tempore. The Chair recognizes the gentlewoman from New York (Ms. ABZUG).

Ms. ABZUG. Mr. Chairman, I oppose this amendment. I think it is counterproductive.

As I have stated forcefully in the past, there are many recent actions by the United Nations which are totally unacceptable. I am very disturbed by the way many Arab nations have turned the U.N. into an anti-Israel forum. But I do not regard this amendment as an effective way to implement our concerns about the U.N.'s role. Its indiscriminate approach could well end up hurting our influence in the U.N. and, I might add, damaging Israel's interests as well.

This amendment, in addition, essentially would nullify actions we have already taken in this House. It would prevent us from implementing policy decisions we have already taken and which a great majority of us still support. The amendment specifically mentions the Middle East peacekeeping force. This force is a vital element for creating the conditions for reducing hostilities and for finding a diplomatic solution to the Middle East conflict. For us to accept this amendment would undermine the support for these forces.

Mr. Chairman, by placing an unwarranted emphasis on the issue of the size of our contribution to the U.N., this amendment would prevent us from carrying out the very same policies which we ourselves have already acted upon. It is not the proper way for us to express our attitude about the American role in the U.N.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from New York (Mr. KOCH).

Mr. KOCH. Mr. Chairman, I oppose the amendment.

Mr. Chairman, I happen to think that the United Nations as it presently is constituted is a cesspool within marble walls, but I am opposed to this amendment for other reasons.

I think there are other ways in which to deal with the subject matter, and that is why I am urging that the amendment be defeated.

Mr. CRANE. Mr. Chairman, will the gentleman yield?

Mr. KOCH. I yield to the gentleman from Illinois.

Mr. CRANE. Mr. Chairman, in response to the statements about the contribution of the United States to the U.N. peacekeeping operations, I do not see that this would in any way jeopardize that. It would involve a rearrangement of priorities.

With respect to serving the interests of the United States in the U.N., I do not think it is in the interest of the United States to do that.

Mr. KOCH. Mr. Chairman, I think the gentleman is dead wrong on that. The fact is that without that security force, there would be war in the Middle East, and the amendment of the gentleman from Illinois (Mr. CRANE) would destroy that security force because the other nations of the United Nations will not do much to keep peace there.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. KOCH. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Chairman, 25 percent is what Arthur Vanderberg recommended many, many years ago when we entered into the United Nations.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Georgia (Mr. LEVITAS).

Mr. LEVITAS. Mr. Chairman, I am very critical of recent actions taken by the United Nations. I think we are going to have to revise our relationship with that body and thus may even have to take more direct and drastic steps than those being proposed by the gentleman from Illinois (Mr. CRANE).

But I do not believe this amendment is the way to do it. I do not believe this is the way to get at the problem of making the United Nations something other than a theater of the absurd. Also, I would hate to think that per capita funding of the U.N. could lead to a call for population proportionate voting in that body. I think this amendment ought to be defeated and a more effective approach taken to do something about the U.N. and our relationship to it. Either the U.S. is going to have to shape up and get back to honesty or our relationship to it must change.

Mr. Chairman, I would ask unanimous consent to yield the balance of my time to the distinguished chairman of the committee, the gentleman from Pennsylvania (Mr. MORGAN).

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. MORGAN. Mr. Chairman, I want to assure the gentleman from Georgia that the chairman of the Subcommittee on International Organization of the Committee on International Relations, the gentleman from Minnesota (Mr. FRASER), has been proceeding along these lines and we have had some hearings and we expect to continue with them.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from New York (Mr. SOLARZ).

Mr. SOLARZ. Mr. Chairman, as the Congressman from the largest Jewish district in this country, I do not think there is another Member of the House who has more constituents who are unhappy with the U.N. than I do.

I think it is also probably fair to say that I have more Zionists in my district than any other district in the country, and yet it seems to me that this is neither the right nor the rational response to the passage of such a palpably pernicious pronunciamento as the "anti-Zionist" resolution.

The Crane amendment is clearly regressive in its approach. It would penalize the poor but heavily populated countries and reward the rich but sparsely populated countries.

I would suggest, Mr. Chairman, that if we want to reduce our contribution to the United Nations, if that is our objective, then we should do it through multilateral negotiations rather than through unilateral declarations.

Mr. DRINAN. Mr. Chairman, will the gentleman yield?

Mr. SOLARZ. I yield to the gentleman from Massachusetts.

Mr. DRINAN. Mr. Chairman, I want to associate myself with the remarks of the distinguished gentleman from New York (Mr. SOLARZ).

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Pennsylvania (Mr. BIESTER).

PARLIAMENTARY INQUIRY

Mr. BIESTER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN pro tempore. The gentleman will state his parliamentary inquiry.

Mr. BIESTER. Mr. Chairman, so far we have been discussing only one of the five remaining amendments that the Chairman of the Committee of the Whole informed the chairman of the Committee on International Relations that were at the desk.

The CHAIRMAN pro tempore. That is correct.

Mr. BIESTER. I am wondering what the plans of the Chair are with respect to allocating time to those Members who wish to speak on the various other amendments.

The CHAIRMAN pro tempore. The Chair will state that Members will have to use the time that is allotted to them prior to 2:30 p.m. to debate any of the amendments that remain, under the unanimous-consent request that was granted earlier.

Mr. BIESTER. Since I have engaged in this parliamentary inquiry, I presume that my time has about expired; is that correct?

The CHAIRMAN pro tempore. The Chair will state that the gentleman's parliamentary inquiry will not come out of his time.

Mr. BIESTER. I thank the Chairman.

Mr. Chairman, I would use my time with regard to the amendment which has been offered by the gentleman from Illinois (Mr. CRANE).

I think one of the problems we might have with this amendment that the gentleman has offered, is not only the impact it will have on our position with other countries in the U.N. today, but, if in fact the gentleman's theory became a predicate upon which power was distributed universally in the United Nations, then we would have the situation where the People's Republic of China would have four or five times the power clout of the United States. The Soviet Union would have a greater power clout. The country of India would have three or four times more power clout than we would have.

I believe we would be opening the door to a very mistaken view on how power should be distributed in the United Nations, and certainly it would be against the long-term interests of the people of the United States.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Michigan (Mr. DIGGS).

Mr. DIGGS. Mr. Chairman, I ask unanimous consent that I may be permitted to yield my time to the gentleman from Minnesota (Mr. FRASER).

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Michigan?

Mr. ASHBROOK. Mr. Chairman, I object.

The CHAIRMAN pro tempore. Objection is heard.

The Chair recognizes the gentleman from Alabama (Mr. BUCHANAN).

Mr. BUCHANAN. Mr. Chairman, first let me say that we, on this side of the aisle will accept the amendments which will be offered by the gentleman from Illinois (Mr. DERWINSKI) and the gentleman from Minnesota (Mr. OBERSTAR).

Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Illinois (Mr. CRANE). I believe in contrast to the action that has been taken when with my vote as a delegate, we reduce our share to 25 percent, this would be a true injustice. Our own income tax law does not operate on this plan. We recognize the injustice of a person in Indonesia, a citizen there, having to pay 40 times as much of his income as a citizen of the United States if this policy were to be enacted. We control most of the wealth with a small percentage of the world's population. If we want any kind of real voice in world affairs, if we want to be known as a just Nation at all, we must vote down this amendment and continue our responsible share of the load and burden of this organization so that we might have a full voice in its operations and protect our own national interests therein.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

The Chair recognizes the gentleman from Illinois (Mr. DERWINSKI).

Mr. DERWINSKI. First, Mr. Chairman, the amendment referred to by the gentleman from Alabama (Mr. BUCHANAN) is a technical one I have offered which transfers 22,500 within the educational exchange provided in the bill for use for the annual contribution to the Atlantic Council of the United States and the Atlantic Treaty Association. This is for the civilians who meet in support of the NATO Alliance.

Regarding the Crane amendment, we must keep in mind that any reduction in the U.S. contribution must be negotiated in the U.N. The gentleman from Michigan (Mr. DIGGS) and I started the process which reduced in negotiations our figure from 31.2 percent to 25 percent. The gentleman from Alabama (Mr. BUCHANAN) and the gentleman from Pennsylvania (Mr. NIX) were the delegates who nailed that percentage down.

The gentleman from Illinois' intent is obviously noble, as I know the nobility of his character, but his timing is premature.

Mr. CRANE. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the noble gentleman from Illinois.

Mr. CRANE. I thank the gentleman for yielding.

I will respond to the gentleman by saying policy on anything involving the expenditure of the American taxpayers' money is to be made exclusively by this body, so we have full authority to go ahead and do it, and then simply communicate it to the purveyors of snake oil on the East River in New York.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

The Chair recognizes the gentleman from Pennsylvania (Mr. MORGAN).

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment. This amendment will just really gut the international organizational structure of the United Nations by using population as a basis for assessment. One is in effect really turning over the United Nations to the People's Republic of China which has a population of 836 million people, or to India which has 620 million people, without gaining a single bit of advantage for the United States.

Three years ago, as the gentleman from Illinois (Mr. DERWINSKI) said, we were successful in negotiating our assessment down to 25 percent. At one time, it was 39 percent. As other nations join the United Nations, our assessment will be reduced further. I see no way that we can take this meat ax approach without chopping the U.N. into little pieces.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

The question is on the amendment offered by the gentleman from Illinois (Mr. CRANE).

The question was taken, and on a division (demanded by Mr. CRANE) there were—ayes 17, noes 65.

Mr. CRANE. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. One hundred and five Members are present, a quorum.

The CHAIRMAN. The pending business is the demand of the gentleman from Illinois (Mr. CRANE) for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. DERWINSKI

Mr. DERWINSKI. Mr. Chairman. I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DERWINSKI: Page 10, immediately after line 9, insert the following new section:

ATLANTIC COUNCIL OF THE UNITED STATES

SEC. 14. Of the amount authorized to be appropriated by paragraph (4) of section 2 (a) of this Act for educational exchange, $22,500 shall be available only for payment to the Atlantic Council of the United States for use as its annual contribution to the Atlantic Treaty Association.

Mr. DERWINSKI. Mr. Chairman, I hope there will not be any controversy on this amendment.

The CHAIRMAN. The Chair will advise the gentleman from Illinois (Mr. DERWINSKI) he has already used his time under the previous limitation of time.

The question is on the amendment offered by the gentleman from Illinois (Mr. DERWINSKI).

The question was taken; and on a division (demanded by Mr. DERWINSKI) there were—ayes 65, noes 11.

So the amendment was agreed to.

AMENDMENT OFFERED BY MS. ABZUG

Ms. ABZUG. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Ms. ABZUG: Page 10, after line 9, add the following new section:

"SALARIES OF PERSONS PROVIDING CERTAIN INFORMATION

"SEC. 7. None of the funds authorized to be appropriated by this Act shall be used to pay the salary of any person who, in connection with any application for a visa or other permit to travel to or within any foreign nation—

"(A) provides information as to his or her race, color, religion, sex or national origin, or

"(B) in any way causes or requires any other person to provide such information.".

The CHAIRMAN pro tempore. Because the amendment offered by the gentlewoman has been printed in the RECORD, the gentlewoman is recognized for 5 minutes in support of her amendment.

Ms. ABZUG. Mr. Chairman, this amendment arises as a result of hearings held by the subcommittee which I chair, the Subcommittee on Government Information and Individual Rights. As a matter of fact a Member of this body, the gentleman from Wisconsin (Mr. KASTEN) brought this matter to the attention of our full committee and it was referred to my subcommittee for hearings.

Members will recall there was some press coverage on the question concerning the refusal of various countries to allow individuals into their countries because of their religion, race, or sex for the purpose of performing work. What we discovered in the course of our hearings is that despite the fact that our laws and our Executive orders and our internal regulations in the departments of Government prohibit discrimination against our own employees by reason of race, religion, or sex, an indirect method for forcing the United States to discriminate against its employees on these grounds is accomplished when a country with whom we do business or to whom we send aid or with whom we have a Government contract to perform aid, refuses to allow individuals of a certain religion or sex or race to have visas to enter into those countries.

Now, it is my intention with this amendment to provide a method whereby we get our own laws and our own regulations and our own Executive orders enforced, by saying:

None of the funds authorized to be appropriated by this Act shall be used to pay the salary of any person who, in connection with any application for a visa or other permit to travel to or within any foreign nation—

"(A) provides information as to his or her race, color, religion, sex or national origin.

Now, why do I do that? There is no reason why we should supply information on visa requests to other nations which are then going to use that information to prohibit us from sending our our own Executive orders, and our own aid programs or our own grants to those countries.

We cannot allow this indirect method of discrimination against our own laws, our own Executive orders, and our own internal regulations.

I have communicated with the State Department since our hearings. They have not indicated that they have refused to supply that information. In other words, they continue to aid and abet other countries in their program of forcing us to discriminate.

The chairman will recall that on the AID bill we considered in the last session, I raised the same question with him. I know that this committee has held some hearings, but there is no evidence that our State Department has changed its policies and continues to supply the information on visa applications as to sex, race, religion, or national origin or color of American employees.

Therefore, certain countries by refusing to give visas to individuals on discriminatory grounds can effectively force our own State Department to discriminate against U.S. employees by using information provided on visas as grounds for rejecting them.

I think it is time we took strong measures to see to it that the laws on the books we have, which claim to eliminate discrimination against our own employees, are really enforced. This is one way to do that. We should not allow any funds for salaries to be expended in a manner which ultimately violates the laws and the executive orders and the departmental regulations which we mandate.

Mr. Chairman, I urge support for this amendment.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, in order for a person to visit the United States or some other country, the applicant must indicate his sex and place of birth, which is his national origin.

Can we tell a foreign government what information it can or cannot seek from U.S. citizens desiring to travel to another country? A foreign government can tell the United States what information it seeks from those citizens traveling to the United States. The application of this amendment would seem to me to lead to an ultimate breakdown in diplomatic relations with many countries, because no new personnel could be sent to other countries if such personnel did not fill out the questionnaire of the foreign government in order to obtain a visa.

I asked the gentlewoman today when the gentlewoman presented this amendment, whether this amendment would cut off the salary of a consular employee who is handed a visa application when the United States requires the applicant to furnish information on the applicant's sex and place of birth? I think the amendment goes too far and should be defeated.

Ms. ABZUG. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentlewoman from New York.

Ms. ABZUG. Mr. Chairman, I want to point out that in the course of our hearings an employee in the AID program indicated that when she received a visa, she did not fill out that information and, nevertheless, as part of the program of AID for which she was to be sent to that country, she was allowed to go to that country.

My point is that unless we are willing to take these steps when we are dealing with employees of our country, we violate our own law. It seems to me we have a responsibility not to fill out those requests concerning the background of our own employees, which requests are then used by these countries to discriminate against them because of their race, religion, or sex.

Mr. BUCHANAN. Mr. Chairman, the question the chairman has raised is very important. I share his objection. Some of the people need our protection or help in a country where they are being discriminated against or persecuted on that basis, and they might be prohibited from being helped by our adoption of this amendment as drawn. I am afraid it is defectively drawn, and I would urge opposition to it.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentlewoman from New York (Ms. ABZUG).

The amendment was rejected.

AMENDMENT OFFERED BY MS. HOLTZMAN

Ms. HOLTZMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Ms. HOLTZMAN: Page 10, immediately after line 9, insert the following new section:

DISCRIMINATION

SEC. 17. None of the funds authorized to be appropriated for the Department of State by this Act may be used for the dissemination of any information about opportunities for, or for participation or other assistance by any officer or employee of the Department of State (including the Agency for International Development) in the negotiation of any contract or arrangement (involving trade or any other subject) with a foreign country, individual, or entity, if the Department of State has reason to believe that—

(1) any United States person (as defined in section 7701(a)(30) of the Internal Revenue Code of 1954) would be prohibited from entering into such contract or arrangement, or

(2) such contract or arrangement would require that any such person be excluded from participating in the implementation of such contract or arrangement,

on account of the race, religion, national origin, or sex of such person in the case of an individual or, in the case of a partnership, corporation, association, or other entity, any officer, employee, agent, director, or owner thereof.

Ms. HOLTZMAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentlewoman from New York?

There was no objection.

The CHAIRMAN pro tempore. In view of the fact that the amendment has been printed in the RECORD, the gentlewoman from New York (Ms. HOLTZMAN) is recognized for 5 minutes.

Ms. HOLTZMAN. Mr. Chairman, I will try to be extremely brief. Basically, my amendment provides that the State Department cannot negotiate or disseminate information about contracts that would discriminate against Americans on the basis of sex, religion, race, or national origin. The amendment sets forth a very simple principle.

Actually, this principle has been incorporated in the conference report for the International Security Assistance Act. The conference report, however, has a few gaps in protecting Americans from discrimination, and the Executive order that the President promulgated, Executive Order No. 11478, also does not entirely cover the situation.

The problem is that the State Department has, in the past, assisted foreign countries in negotiating contracts here in the United States which discriminate against American citizens. I think that we cannot permit the State Department to negotiate such contracts, to arrange such contracts or to advertise such contracts. That is what my amendment would prohibit.

Mr. FISH. Mr. Chairman, will the gentlewoman yield?

Ms. HOLTZMAN. I yield to the gentleman from New York.

Mr. FISH. Mr. Chairman, I compliment the gentlewoman on her amendment, and rise in supoprt of her amendment.

Ms. HOLTZMAN. I thank the gentleman. As an example of this problem, I would like to point out an incident in connection with the State of California which occurred in November or December of last year. Saudi Arabia asked the State Department for assistance in negotiating a $25 million contract involving a transportation project. The State Department assisted the negotiation of that contract—a contract that would have excluded people of the Jewish religion. The State of California refused to participate, when it understood that this discrimination was going to be a part of the contract.

I think it is wrong to permit the State Department to participate in discriminatory practices. The provisions in the International Security Assistance Act conference report do not cover situations, in which foreign countries, using their own money, not American money, want to contract with American citizens and discriminate. They do not cover advertising of such contracts by the State Department. I urge that we adopt this amendment and thus carry through the principle of opposing discrimination which we have already enunciated in our prior legislation.

Mr. MORGAN. Mr. Chairman, the sponsor of the amendment was very kind to consult with me about this matter.

Mr. Chairman, Ms. HOLTZMAN offers an amendment which deals with the issue of foreign discrimination against U.S. citizens and corporations. Just 2 days ago we filed a conference report on the security assistance bill which contains a very long and detailed provision dealing with the discrimination problem in the case of military assistance, military sales, and commercial arms sales. We think it is a good provision and that it will work effectively in dealing with this problem.

The amendment offered by Ms. HOLTZMAN is much broader in its scope than the provisions contained in the conference report. It deals with any contracts between a foreign country and the United States. It is not restricted to government-to-government contracts.

Discrimination against U.S. citizens and corporations is a very serious problem and must be dealt with. However, we must be very careful about how we do it in order not to adversely affect our relations with foreign countries without effectively protecting U.S. citizens. It is extremely important that any action taken by the Congress on this matter be carefully considered. The Holtzman amendment may be a good one, but we have not had an opportunity to have hearings on this or to otherwise give it the study which it deserves. Therefore, I have some very serious reservations about the amendment.

The CHAIRMAN per tempore. The question is on the amendment offered by the gentlewoman from New York (Ms. HOLTZMAN).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. OBERSTAR

Mr. OBERSTAR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. OBERSTAR: Page 10, immediately after line 9, add the following new section:

INTERNATIONAL JOINT COMMISSION

SEC. 18. After the date of enactment of this Act, any commissioner of the International Joint Commission appointed on the part of the United States, pursuant to article VII of the treaty between the United States and Great Britain relating to boundary waters between the United States and Canada, signed at Washington on January 11, 1909 (36 Stat. 2448; TS 548; III Redmond 2607), shall be appointed by the President by and with the advice and consent of the Senate.

Mr. OBERSTAR (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The CHAIRMAN pro tempore. The Chair will state that in view of the fact that the gentleman's amendment has been printed in the RECORD, the gentleman will be recognized for 5 minutes in support of his amendment.

Mr. OBERSTAR. Mr. Chairman, my amendment will provide that any future nominees for the three-member U.S. section of the United States-Canada International Joint Commission shall be subject to confirmation by the Senate. It does not apply to any present commissioners.

My Great Lakes colleagues, Mr. VANIK and Mr. O'HARA, join me in this amendment and support this move. In fact some 130 Members of Congress representing 40 million people living in the Great Lakes Basin long ago, acting through our Conference of Great Lakes Congressmen, supported this move to assure some degree of accountability of the IJC to Congress and also give the IJC greater public awareness and visibility in its important role in United States-Canada affairs.

The need to make the IJC responsive to Congress is evident. I do not have to belabor the details of the issues which give rise to our concern: High water levels, shoreline erosion, water pollution, winter navigation, they are well known.

Last year when the gentleman from Ohio (Mr. VANIK) and I raised this issue, the gentleman from Florida (Mr. FASCELL) chairman of the Subcommittee on International Political and Military Affairs, asked us to withhold until his subcommittee could review the proposal in more detail. One of the principal concerns of the gentleman was whether the amendment would constitute a change in the Treaty of 1909, which established the IJC.

The American Law Division of the Library of Congress has reviewed this issue at our request and advised that—

> A legislative proposal of the content suggested would seem to be only addressed to the domestic machinery or effectuation of such appointments. It would not seem to affect Canada at all, and would appear to leave the international obligation intact.

In discussing the matter further with the gentleman from Florida, I understand that he is satisfied that this problem has been satisfacorily resolved and I thank him for his interest and support.

The previous chairman of the U.S. section of the IJC, the Honorable Christian Herter, Jr., while he served in that position, had no personal objection to this proposal, nor does our former colleague, the present Chairman of the U.S. section, the Honorable Henry Smith, though he pointed out that he could not speak for the administration. I am further advised that the State Department would have no objection to this amendment.

I am pleased with the favorable response I have received from the gentleman from Pennsylvania (Mr. MORGAN), chairman of the full committee, and the gentleman from Alabama (Mr. BUCHANAN) and want to thank them for their cooperation and support.

I want to take this opportunity to commend our colleague, the gentleman from Ohio (Mr. VANIK), for his years-long leadership on this important issue.

I urge the adoption of the amendment.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. OBERSTAR. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. I thank the gentleman for yielding.

Mr. Chairman, both the ranking minority member and I have been consulted about this amendment. We have no objection to the gentleman's amendment.

Mr. OBERSTAR. Mr. Chairman, I thank the gentleman.

Mr. O'HARA. Mr. Chairman, I rise to express my full support for the amendment offered by the gentleman from Minnesota (Mr. OBERSTAR), to require Senate confirmation of the members of the American section of the International Joint Commission—United States and Canada.

The role of the IJC, Mr. Chairman, deals primarily with the boundary waters between this country and Canada, and the most important boundary waters are the Great Lakes. The United States and Canada are the joint custodians of these lakes, which together comprise the largest body of fresh water on the face of this planet. So, while the IJC may have other responsibilities they are transcended by the custodial responsibility for the Great Lakes.

There are 40 million people who live in the Great Lakes basin, Mr. Chairman. They are represented in this House by 130 Members who have joined together in the bipartisan Conference of Great Lakes Congressmen, which I am privileged to chair. The decisions of the IJC or, even worse, its reluctance to make any decisions at all sometimes—directly impinge on the districts which these Members represent and the constituents they serve.

I can tell Members from outside the Great Lakes region of our enormous frustrations with the IJC over the years—and my colleagues in the Great Lakes Conference can corroborate my statement. For years, we have been attempting to impress upon the IJC the need for some positive steps to help regulate the levels of these lakes. The IJC has been assiduously "studying" this matter for a dozen years. It is still nowhere near any resolution of the matter. Yet for the past 5 years, we have been experiencing record or near-record high water levels which have done enormous damage in terms of flooding and shoreline erosion. And the outlook for the immediate future gives no cause for optimism—either for any natural decline in the lake levels or for any forthright action by the IJC to help alleviate the problem.

The members of the IJC have been unfailingly polite, they have been properly concerned, but they have been exceedingly impervious to the pleas of the Congress for action. They seem to live in a world all their own—a world of endless studies and endless diplomacy. And I think, as the gentleman from Ohio suggests, that the detachment of the members of the American section of the IJC stems from the fact that there is no congressional oversight exercised with respect to their activities. They feel answerable to the President who appoints them, and the binational commission on which they serve—which means that they are more responsive to their Canadian counterparts than to the Congress of the United States.

This is a simple amendment, Mr. Chairman. It in no way dilutes the power of the President to appoint; it simply gives to the Senate the power to confirm—and we all know that the power to confirm automatically impresses upon appointees the oversight roles of the Congress.

I urge adoption of the amendment, Mr. Chairman, and I urge, in particular, the affirmative votes of my bipartisan colleagues from the Conference of Great Lakes Congressmen.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Minnesota (Mr. OBERSTAR).

The amendment was agreed to.

The CHAIRMAN pro tempore. If there are no further amendments, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. MCFALL) having assumed the chair, Mr. BRADEMAS, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 13179) to authorize appropriations for the Department of State, and for other purposes, pursuant to House Resolution 1189, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. BAUMAN

Mr. BAUMAN. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. BAUMAN. Most assuredly, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

> Mr. BAUMAN moves to recommit the bill H.R. 13179 to the Committee on International Relations.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BAUMAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 327, nays 22, not voting 82, as follows:

[Roll No. 406]

YEAS—327

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
AuCoin
Badillo
Bafalis
Baucus
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Clancy
Clausen, Don H.
Cleveland
Cochran
Cohen
Collins, Ill.
Conable
Conlan
Corman
Cornell
Coughlin
D'Amours
Daniel, R. W.
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Derwinski
Devine
Dickinson
Diggs
Dingell
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Eilberg
Emery
English
Erlenborn
Evans, Colo.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fisher
Fithian
Flood
Florio
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Guyer
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harrington
Harris
Hayes, Ind.
Hébert
Heckler, Mass.
Hefner
Heinz
Hicks
Hightower
Hillis
Holland
Holtzman
Horton
Howard
Hughes
Hungate
Hyde
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Kemp
Ketchum
Keys
Koch
Krebs
Lagomarsino
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Long, La.
Long, Md.
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKay
Madden
Madigan
Maguire
Mahon
Mann
Martin
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Ruppe
Ryan
St Germain
Sarasin
Sarbanes
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Solarz
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Van Deerlin
Vander Veen
Vigorito
Waggonner
Walsh
Wampler
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, C. H.
Wilson, Tex.
Wolff
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Tex.
Zablocki
Zeferetti

NAYS—22

Ashbrook
Bauman
Burleson, Tex.
Clawson, Del
Collins, Tex.
Conyers
Crane
Daniel, Dan
Evans, Ind.
Harsha
Hechler, W. Va.
Hutchinson
Kindness
Latta
Lloyd, Tenn.
Lott
Montgomery
Natcher
Satterfield
Shuster
Snyder
Symms

NOT VOTING—82

Ashley
Aspin
Baldus
Bell
Bowen
Brown, Calif.
Burke, Fla.
Chappell
Chisholm
Clay
Conte
Cotter
Daniels, N.J.
Dodd
Edwards, Calif.
Esch
Eshleman
Fish
Flowers
Green
Gude
Hagedorn
Hansen
Hawkins
Hays, Ohio
Helstoski
Henderson
Hinshaw
Holt
Howe
Hubbard
Ichord
Jacobs
Karth
Kelly
Krueger
LaFalce
Landrum
Litton
Lujan
Lundine
McDonald
McKinney
Mathis
Matsunaga
Metcalfe
Milford
Mink
Mitchell, Md.
Mottl
Murphy, N.Y.
O'Hara
Paul
Peyser
Richmond
Riegle
Rinaldo
Risenhoover
Roberts
Rousselot
Runnels
Russo
Santini
Shriver
Sikes
Spellman
Steelman
Steiger, Ariz.
Stuckey
Sullivan
Symington
Talcott
Ullman
Vander Jagt
Vanik
Waxman
Wilson, Bob
Winn
Wirth
Wright
Young, Alaska
Young, Ga.

The Clerk announced the following pairs:

On this vote:

Mr. Dominick V. Daniels for, with Mr. Roberts against.

Mr. Hawkins for, with Mr. McDonald against.

Mrs. Chisholm for, with Mr. Riegle against.

Mr. Mitchell of Maryland for, with Mr. Mottl against.

Until further notice:

Mr. Murphy of New York with Mr. Hays of Ohio.
Mr. Waxman with Mr. Matsunaga.
Mr. Richmond with Mrs. Sullivan.
Mr. Krueger with Mr. O'Hara.
Mr. Jacobs with Mr. Green.
Mr. Lundine with Mr. Henderson.
Mr. Mathis with Mr. Symington.
Mr. Sikes with Mr. Bell.
Mr. Ullman with Mrs. Mink.
Mr. Treen with Mr. Esch.
Mr. Vanik with Mr. Burke of Florida.
Mr. Wirth with Mr. Conte.
Mr. Dodd with Mr. Fish.
Mr. Cotter with Mr. Gude.
Mr. Bowen with Mr. Hagedorn.
Mr. Ichord with Mrs. Holt.
Mr. Helstoski with Mr. Peyser.
Mr. Flowers with Mr. Hansen.
Mrs. Spellman with Mr. Landrum.
Mr. Wright with Mr. Kelly.
Mr. Young of Georgia with Mr. Brown of California.
Mr. Metcalfe with Mr. Karth.
Mr. Litton with Mr. Lujan.
Mr. Baldus with Mr. McKinney.
Mr. Ashley with Mr. Rinaldo.
Mr. Risenhoover with Mr. Rousselot.
Mr. Russo with Mr. Shriver.
Mr. Santini with Mr. Paul.
Mr. Edwards of California with Mr. Vander Jagt.
Mr. Chappell with Mr. Talcott.
Mr. Milford with Mr. Bob Wilson.
Mr. Clay with Mr. Steiger of Arizona.
Mr. Aspin with Mr. Steelman.
Mr. LaFalce with Mr. Runnels.
Mr. Stuckey with Mr. Hubbard.
Mr. Young of Alaska with Mr. Winn.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AUTHORIZING CLERK TO CORRECT SECTION NUMBERS IN ENGROSSMENT OF H.R. 13179

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that in the engrossment of the bill H.R. 13179 the clerk be authorized to correct section numbers.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

GENERAL LEAVE

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous material, on H.R. 13179, the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

U.S. INFORMATION AGENCY AUTHORIZATION ACT, FISCAL YEAR 1977

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 13589) to authorize appropriations for the U.S. Information Agency, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Pennsylvania (Mr. MORGAN).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 13589, with Ms. HOLTZMAN in the chair.

The clerk read the title of the bill.

The CHAIRMAN. When the committee rose on Wednesday, June 9, 1976, the clerk had read through line 6 on page 1.

Are there any amendments to section 1 of the bill?

Mr. MORGAN. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, the bill now before the House is the annual authorization bill for the U.S. Information Agency—H.R. 13589.

It is a simple bill. Like the State Department authorization which we have just voted, general debate was completed on this bill last week.

There was no controversy at that time. The bill was supported by the ranking minority member of the subcommittee which drafted it.

Let me briefly review for the Members the provisions of this measure.

It provides an authorization of $261,908,000 for fiscal year 1977. That is $2 million less than the request of the executive branch. The reduction was made largely by cutting back on the amount of temporary duty travel for persons employed for a brief period by the Agency.

It should also be noted that the amount of this authorization is $5 million less than was appropriated for USIA in the current fiscal year.

The principal purpose of the authorization is to provide the funds to operate USIA during the coming fiscal year. Most of the money—$255 million—is for salaries and expenses.

In addition, the bill provides $4.8 million for special international exhibitions to be held in East Europe, the Soviet Union, and Berlin, and $2.1 million to improve radio facilities of the Voice of America.

The bill also contains an authorization for the release for public showing within the United States of four films produced by the Agency which have special Bicentennial interest. Such action is necessary under the law, which prohibits the USIA from distributing its products within the United States.

It is my understanding that the gentleman from Maryland (Mr. GUDE) will offer an amendment today which would allow for the distribution of three additional USIA films and one exhibit prepared by the Agency.

The committee has considered the proposed amendment and is prepared to accept it, because of its special Bicentennial nature.

Madam Chairman, I urge speedy and favorable consideration of this legislation.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

AUTHORIZATION OF APPROPRIATIONS

SEC. 2. (a) There are authorized to be appropriated for the United States Information Agency for fiscal year 1977, to carry out international informational activities and programs under the United States Information and Educational Exchange Act of 1948, the Mutual Educational and Cultural Exchange Act of 1961, and Reorganization Plan Numbered 8 of 1953, and other purposes authorized by law, the following amounts:

(1) For "Salaries and Expenses" and "Salary and Expenses (special foreign currency program)", $254,925,000.

(2) For "Special International Exhibitions", $4,841,000.

(3) For "Acquisition and Construction of Radio Facilities", $2,142,000.

(4) Such additional amounts as may be necessary for increases in salary, pay, retirement, other employee benefits authorized by law, or other nondiscretionary costs.

(b) Amounts appropriated under this section are authorized to remain available until expended.

TRANSFER AUTHORITY

SEC. 3. Funds authorized to be appropriated for fiscal year 1977 by any paragraph of section 2(a) (other than paragraph (4)) may be appropriated for such fiscal year for a purpose for which appropriations are authorized by any other paragraph of such section (other than paragraph (4)), except that the total amount appropriated for a purpose described in any paragraph of section 2(a) (other than paragraph (4)) may not exceed the amount specifically authorized for such purpose by section 2(a) by more than 10 per centum.

PURCHASE OF UNIFORMS

SEC. 4. Section 804 of the United States Information and Educational Exchange Act of 1948 is amended—

(1) by striking out "and" at the end of paragraph (12);

(2) by striking out the period at the end of paragraph (13) and inserting in lieu thereof "; and"; and

(3) by adding immediately after paragraph (13) the following new paragraph:

"(14) purchase uniforms, when funds are appropriated therefor.".

REPLACEMENT OF PASSENGER MOTOR VEHICLES

SEC. 5. Title VIII of the United States Information and Educational Exchange Act of 1948 is amended by adding at the end thereof the following new section:

"REPLACEMENT OF PASSENGER MOTOR VEHICLES

"SEC. 806. The exchange allowances or proceeds derived from the exchange or sale of passenger motor vehicles used abroad for purposes of this Act or the Mutual Educational and Cultural Exchange Act of 1961 are authorized to be made available without fiscal year limitation for replacement of an equal number of such vehicles in accordance with section 201(c) of the Federal Property and Administrative Service Act of 1949.".

BICENTENNIAL DISTRIBUTION OF CERTAIN FILMS PREPARED BY THE UNITED STATES INFORMATION AGENCY

SEC. 6. (a) Notwithstanding the second sentence of section 501 of the United States Information and Educational Exchange Act of 1948 (22 U.S.C. 1461), the Director of the United States Information Agency shall make available to the Administrator of General Services, for deposit in the National Archives of the United States, a master copy of each of the films described in subsection (b) and the Administrator shall provide for the distribution of copies of such films for public viewing within the United States in conjunction with the commemoration of the American Revolution Bicentennial.

(b) The films referred to in subsection (a) are the following films which were prepared by the United States Information Agency:

(1) "Echoes", a film sketching the aspirations of American democracy as evoked by heroes and leaders of the past.

(2) "Santa Fe", a film dealing with the historical and social development of Santa Fe, New Mexico, and the surrounding countryside, and with the influence of Spanish, Indian, and Mexican culture on life in the United States Southwest.

(3) "The Numbers Start With the River", a film depicting the quality of life in a small midwestern American town as seen through the eyes of two elderly, lifelong residents of the town.

(4) "The Copland Portrait", a film depicting the life, work, and music of American composer Aaron Copland, including his early student years and early interest in music, his current work with young composers, and his still energetic public performance schedule.

Mr. MORGAN (during the reading). Madam Chairman, I ask unanimous consent that the bill be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. BAUMAN. Reserving the right to object, Madam Chairman, I do so for the purpose of asking the gentleman from Pennsylvania what the program might be for the remainder of the afternoon, if he knows. I would not want this request to be used to cut off any legitimate amendments.

Mr. MORGAN. If the gentleman will yield, I cannot answer the gentleman.

Mr. O'NEILL. Madam Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Massachusetts.

Mr. O'NEILL. Will the gentleman from Maryland repeat his question?

Mr. BAUMAN. Reserving the right to object, I yield to the majority leader in order to find out what the program for the remainder of the afternoon might be.

Mr. O'NEILL. The program for the remainder of the day is that we intend to complete the schedule as we have announced yesterday. Following this bill, the State-Justice appropriation bill will be brought up, and we expect to finish it before the night is over.

Mr. BAUMAN. Madam Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

AMENDMENT OFFERED BY MS. ABZUG

Ms. ABZUG. Madam Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Ms. ABZUG: On page 5, after line 12, insert the following new section:

VOICE OF AMERICA BROADCASTS

SEC. 7. Title V of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1461-62), is amended by adding the following new section:

"SEC. 503. The long-range interests of the United States are served by communicating directly with the peoples of the world by radio. To be effective, the Voice of America (the Broadcasting Service of the United States Information Agency) must win the attention and respect of listeners. These principles will therefore govern Voice of America (VOA) broadcasts:

"(1) VOA will serve as a consistently reliable and authoritative source of news. VOA news will be accurate, objective, and comprehensive.

"(2) VOA will represent America, not any single segment of American society, and will therefore present a balanced and comprehensive projection of significant American thought and institutions.

"(3) VOA will present the policies of the United States clearly and effectively, and will also present responsible discussion and opinion on these policies.".

Mr. MORGAN (during the reading). Madam Chairman, this amendment was printed in the RECORD. I ask unanimous consent that it be considered as read.

The CHAIRMAN. is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Ms. ABZUG. Madam Chairman, my amendment would add the principles of the existing Voice of America charter to the USIA authorization, thereby giving them the force of law. This step is necessary as a symbolic indication of the need to protect the VOA from external pressures.

I am sure we are all familiar with the old practice of blaming the messenger for the bad news. A similar fate has at times befallen the VOA news department when State Department policymakers or overseas ambassadors have objected to VOA coverage of hard news which may be unfavorable to American foreign policy. The result is that the VOA has been subject to pressure to censor or distort this unfavorable news.

I would like to see the VOA permanently insulated from this kind of interference. During the debate in March on the fiscal year 1976 authorization for the USIA, the ranking majority and minority members of the International Operations Subcommittee supported the concept of an independent VOA, as the Stanton Commission had recommended. However, as the report for H.R. 13589 indicates, the executive's failure to respond to this commission's recommendations has delayed forward progress toward the restructuring of USIA and VOA which alone could ultimately resolve the problem of external interference in VOA news coverage.

Until that response is forthcoming, I do not favor simply waiting with our hands folded. By placing the VOA charter into law—as the other body has already done—my amendment would strengthen the principle of a VOA committed to reliable, accurate and objective news coverage. It would set the goal of VOA representing all of America, not just a single segment. And it would call for the VOA to present American policies clearly and with discussion.

I recognize that the VOA should not be identical necessarily to a commercial radio station. Yet both the VOA and commercial stations should strive to report news accurately and objectively. If large segments of the world's population look to VOA for news because their own media are censored or government-controlled, then let us make sure that our VOA really is free from external interference and can live up to the highest principles of American journalism.

Mr. MORGAN. Madam Chairman, will the gentlewoman yield?

Ms. ABZUG. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. I thank the gentlewoman for yielding.

After consultation with the ranking minority member when this amendment was placed in the RECORD, which is also known as the Percy amendment in the bill in the other body, the ranking minority member and I have no objection to the amendment offered by the gentlewoman from New York.

Mr. BUCHANAN. Madam Chairman, will the gentlewoman yield?

Ms. ABZUG. I yield to the gentleman from Alabama.

Mr. BUCHANAN. Madam Chairman, I rise only to say, as the committee chairman has stated, that we do accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from New York (Ms. ABZUG).

The amendment was agreed to.

Mr. CEDERBERG. Madam Chairman, I move to strike the last word.

Madama Chairman, I received a letter from the Director of the U.S. Information Agency, dated June 16, and I have already received permission to insert this in the RECORD at this time.

This letter is in reference to a statement that was made in the CONGRESSIONAL RECORD on June 9, 1976, at which time it was alleged:

> . . . the chairman of a State political party (who) was sent on a mission, which cost some $20,000-odd, to evaluate the U.S. Information Agency, and when he came back, the documentation was less than 2 pages.

This letter refutes that statement.

I insert the letter in the RECORD at this point:

U.S. INFORMATION AGENCY,
Washington, June 16, 1976.

HON. ELFORD A. CEDERBERG,
Committee on Appropriations,
House of Representatives.

DEAR CONGRESSMAN CEDERBERG: The Committee on International Relations, in H.R. 13589, reduced USIA's authorization request for FY 1977 by $2 million. In its report, the Committee stated that this cut in the Salaries and Expenses item is related to travel by Agency personnel which "easily lends itself to misuse or abuse." During the House floor debate of H.R. 13589 on June 9, the only example cited of such "abuse" was said to be by:

"... the chairman of a State political party (who) was sent on a mission, which cost some $20,000-odd, to evaluate the U.S. Information Agency, and when he came back, the documentation was less than 2 pages." (*Congressional Record*, June 9, 1976, H. 5508)

In view of the careful oversight exercised by the Appropriations Committee of expenditures by this Agency, I consider it both prudent and necessary to bring to your attention the fact that this purported example of abuse has no validity whatever with regard to USIA.

It is an old charge dating back to hearings before the House Foreign Affairs Committee on USIA's FY 1974 authorization. At that time, the identical accusation about a "State chairman" was raised in the course of testimony by one of the Agency's officers. A thorough review of the Agency's records concerning private citizen participation in the USIA overseas inspection and audit program found that no such trip had been taken for USIA. We confirm the accuracy of the information provided for the record of the 1974 authorization Hearings (p. 59) and affirm that no such trip has been taken since that time.

Sincerely,

JAMES KEOGH.

AMENDMENT OFFERED BY MRS. BOGGS

Mrs. BOGGS. Madam Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. BOGGS: Page 4, line 3, strike out "films" and insert in lieu thereof "items".

Page 4, line 11, insert immediately after "(b)" the following: "and 150 copies of the exhibit described in subsection (c)".

Page 4, line 13, insert "and such exhibit" immediately after "films".

Page 5, immediately after line 12, add the following:

(5) "200", an impressionistic animated cartoon tracing the past two centuries of the development of America.

(6) "Rendezvous", a film portraying the frontier life of American fur trappers.

(7) "Century III—The Gift of Life", a film describing the advances that have been made in the United States, and the prospects for future such advances, in medical techniques such as organ transplants, prosthesis, and immunology.

(c) The exhibit referred to in subsection (a) is the exhibit, prepared by the United States Information Agency, entitled "Life, Liberty, and the Pursuit of Happiness". Such exhibit is a collection of pictures and captions, derived primarily from documents contemporaneous with the events represented, depicting early cultural life in the United States and tracing the early economic growth of the United States, the expansion westward, the development of the democratic spirit, and the establishment of American government and legal institutions.

Mrs. BOGGS. Madam Chairman, I am offering an amendment to H.R. 13589, the USIA authorization bill, which would allow for the dissemination of three additional USIA films and one paper exhibit within the United States.

These materials were produced especially for the Bicentennial, and it is because of their direct bearing on our 200th birthday, that I ask they be released within the United States. ARBA has expressed an interest in the materials, since similar pieces are not available commercially.

I regret that the three films and paper exhibit were brought to my attention after H.R. 13589 was reported by the committee. I believe they deserve full congressional attention, and unfortunately, this was not possible within such restrictive time limits. However, the films have been shown for the benefit of the subcommittee members, and the paper exhibits were on display.

There are four items under consideration today, as outlined in the proposed amendment:

A so-called paper exhibit of finely reproduced scenes from early American history gathered from more than 150 institutions, captioned largely by quotations from American documents and writers of those times.

Two brief Bicentennial films produced by American students in a nationwide Bicentennial competition sponsored by USIA. The first, "200," is an impressionistic 3½-minute animated cartoon tracing our country's two centuries of development; the second, "Rendezvous," is a 12-minute reenactment of frontier life experienced by American fur trappers.

A longer documentary, "Century III—The Gift of Life," produced by commercial filmmakers in New York City is one of a series of films intended to show where the United States is in significant technical areas at the time of its Bicentennial and where it appears to be headed during its third century. "Gift of Life" deals specifically with such advanced medical techniques as organ transplants, prosthesis, and immunology.

These materials were brought to the attention of our colleague from Maryland (Mr. GUDE) by the Public Members Association of the Foreign Service of the United States—PMA. PMA consists of distinguished men and women from various walks of life who have served as representatives of the public at large on promotion boards and inspection teams dealing with the personnel activities of both the U.S. State Department and the U.S. Information Agency. Before coming to me with the materials PMA had checked with officials from ARBA and from State Bicentennial agencies who expressed special interest in the pieces.

These materials before you today are devoid of any content that might justify any complaint that their use could serve to "propagandize" the American people. They are of special interest and usefulness in our own celebration of the Bicentennial. They are of high professional quaity, yet not duplicative of items which are commercially available.

The Bicentennial Year of 1976 is nearly half over, but I believe that prompt action by the Congress to allow GSA under the existing language of H.R. 13589, section 6 to distribute these items could still enhance our Bicentenntial activities throughout the Nation. Through its audio-visual center in Suitland, Md., GSA has the materials at hand to disseminate the materials within the United States. Although I strongly support the principle and practice that USIA materials should normally be marked "for export only," I would urge that in these particular instances we give the citizens of the United States a chance to draw enjoyment and inspiration from these Bicentennial tributes.

I hope my colleague will join me in granting a waiver for these free films and paper exhibit.

Mr. MORGAN. Madam Chairman, will the gentlewoman yield?

Mrs. BOGGS. I am glad to yield to the gentleman from Pennsylvania.

Mr. MORGAN. Madam Chairman, is this the same amendment that was discussed during general debate last week, the amendment that was offered by the gentleman from Maryland (Mr. GUDE)?

Mrs. BOGGS. Yes. The gentleman from Maryland (Mr. GUDE), as we know, is ranking minority member on the Subcommittee on Conservation, Energy, and Natural Resources of the Government Operations Committee, is absent today because of an emergency trip to eastern Idaho to inspect the Teton Dam and the flood damage which resulted from its collapse.

The gentleman from Maryland, with the gentleman's usual interest in the enhancement of "the pursuit of happiness" for all Americans, is well known to the Members of this body.

Madam Chairman, I feel honored to offer this amendment in the gentleman's absence.

Mr. MORGAN. Madam Chairman, if the gentlewoman will yield further it was my understanding that during the general debate the ranking minority member of the subcommittee and the chairman of the subcommittee found objection to this amendment.

Madam Chairman, I have no objection to the amendment.

Mr. BUCHANAN. Madam Chairman, will the gentlewoman yield?

Mrs. BOGGS. I yield to the gentleman from Alabama.

Mr. BUCHANAN. Madam Chairman, we have no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Louisiana (Mrs. BOGGS).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments? If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Ms. HOLTZMAN, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 13589) to authorize appropriations for the United States Information Agency, and for other purposes, pursuant to House Resolution 1203, she reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. KETCHUM. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 313, nays 25, not voting 93, as follows:

[Roll No. 407]

YEAS—313

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Aspin
AuCoin
Badillo
Bafalis
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Brown, Mich.
Brown, Ohio
Broyhill
Burgener
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, Phillip
Butler
Byron
Carney
Carter
Cederberg
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Ill.
Conable
Corman
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Davis
de la Garza
Delaney
Dent
Derrick
Derwinski
Devine
Dickinson
Diggs
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Eckhardt
Edgar
Edwards, Ala.
Eilberg
Emery
English
Erlenborn
Evans, Colo.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Gradison
Grassley
Guyer
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harris
Harsha
Hayes, Ind.
Heckler, Mass.
Hefner
Heinz
Hicks
Hightower
Hillis
Holtzman
Horton
Howard
Hughes
Hungate
Hyde
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kazen
Kemp
Ketchum
Keys
Kindness
Krebs
Lagomarsino
Latta
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Lott
McClory
McCloskey
McCollister
McCormack
McEwen
McFall
McHugh
McKay
Madden
Madigan
Maguire
Mahon
Mann
Martin
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Mikva
Miller, Ohio
Mills
Mineta
Minish
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murtha
Myers, Ind.
Natcher
Neal
Nedzi
Nichols
Nix
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Rangel

Rees
Regula
Reuss
Rhodes
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Ruppe
Ryan
St Germain
Sarasin
Sarbanes
Satterfield
Scheuer
Schneebeli
Schulze
Sebelius
Sharp
Shipley
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Steed
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Tsongas
Udall
Van Deerlin
Vander Veen
Vigorito
Waggonner
Walsh
Wampler
Whalen
White
Whitten
Wiggins
Wilson, C. H.
Wilson, Tex.
Wolff
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—25

Bedell
Burton, John
Carr
Collins, Tex.
Conyers
Cornell
Dellums
Early
Edwards, Calif.
Evans, Ind.
Goodling
Harrington
Hechler, W. Va.
Hutchinson
Kastenmeier
Miller, Calif.
Moffett
Myers, Pa.
Nolan
Schroeder
Seiberling
Shuster
Stark
Symms
Weaver

NOT VOTING—93

Ashley
Baldus
Bell
Bowen
Broomfield
Brown, Calif.
Buchanan
Burke, Fla.
Chappell
Chisholm
Clay
Conlan
Conte
Cotter
Daniels, N.J.
Dingell
Dodd
Esch
Eshleman
Flowers
Fraser
Green
Gude
Hagedorn
Hansen
Hawkins
Hays, Ohio
Hébert
Helstoski
Henderson
Hinshaw
Holland
Holt
Howe
Hubbard
Ichord
Jacobs
Karth
Kasten
Kelly
Koch
Krueger
LaFalce
Landrum
Litton
Long, Md.
Lujan
Lundine
McDade
McDonald
McKinney
Mathis
Matsunaga
Metcalfe
Michel
Milford
Mink
Mitchell, Md.
Mottl
Murphy, N.Y.
O'Hara
Paul
Peyser
Randall
Richmond
Riegle
Rinaldo
Risenhoover
Roberts
Rousselot
Runnels
Russo
Santini
Shriver
Sikes
Snyder
Steelman
Steiger, Ariz.
Stuckey
Sullivan
Symington
Talcott
Treen
Ullman
Vander Jagt
Vanik
Waxman
Whitehurst
Wilson, Bob
Winn
Wirth
Wright
Young, Alaska

The Clerk announced the following pairs:

Mr. Dominick V. Daniels with Mr. Mottl.

Mr. Jacobs with Mr. Baldus.

Mr. Russo with Mr. Green.

Mr. Sikes with Mr. Hays of Ohio.

Mr. Hébert with Mr. Henderson.

Mr. Helstoski with Mr. Bell.

Mr. Mitchell of Maryland with Mr. Symington.

Mr. Murphy of New York with Mr. Conlan.

Mr. O'Hara with Mr. Eshleman.

Mr. Wirth with Mr. Gude.

Mr. Stuckey with Mr. Holland.

Mr. Runnels with Mr. Broomfield.

Mrs. Chisholm with Mrs. Mink.

Mr. Chappell with Mrs. Holt.

Mr. Cotter with Mr. Hagedorn.

Mr. Dodd with Mr. Buchanan.

Mr. Flowers with Mr. Hubbard.

Mr. Hawkins with Mr. Esch.

Mr. Lundine with Mr. Burke of Florida.

Mr. Krueger with Mr. Hansen.

Mr. Clay with Mr. Matsunaga.

Mr. Brown of California with Mr. Ichord.

Mr. Bowen with Mr. Conte.

Mr. Ashley with Mr. Kasten.

Mr. Koch with Mr. Litton.

Mr. LaFalce with Mr. Lujan.

Mr. Santini with Mr. Kelly.

Mr. Mathis with Mr. Paul.

Mr. McDonald with Mr. Peyser.

Mr. Metcalfe with Mr. Fraser.

Mr. Milford with Mr. Randall.

Mr. Ullman with Mr. McDade.

Mr. Vanik with Mr. McKinney.

Mr. Waxman with Mr. Long of Maryland.

Mr. Roberts with Mr. Landrum.

Mr. Risenhoover with Mr. Karth.

Mr. Richmond with Mr. Riegle.

Mr. Rinaldo with Mr. Shriver.

Mr. Wright with Mr. Rousselot.

Mr. Talcott with Mr. Snyder.

Mr. Treen with Mr. Steelman.

Mr. Vander Jagt with Mr. Steiger of Arizona.

Mr. Whitehurst with Mrs. Sullivan.

Mr. Winn with Mr. Bob Wilson.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER. Pursuant to the provisions of House Resolution 1203, the Committee on International Relations is discharged from the further consideration of the Senate bill (S. 3168) to authorize fiscal year 1977 appropriations for the Department of State, the U.S. Information Agency, and the Board for International Broadcasting, and for other purposes.

The Clerk read the title of the Senate bill.

MOTION OFFERED BY MR. MORGAN

Mr. MORGAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. MORGAN moves to strike out all after the enacting clause of the Senate bill (S. 3168) and to insert in lieu thereof the provisions of H.R. 12262, H.R. 13179, and H.R. 13589, as passed by the House, as follows:

That this Act may be cited as the "Foreign Relations Authorization Act, Fiscal Year 1977".

TITLE I—STATE DEPARTMENT

AUTHORIZATION OF APPROPRIATIONS

SEC. 101. (a) There are authorized to be appropriated for the Department of State for fiscal year 1977, to carry out the authorities, functions, duties, and responsibilities in the conduct of the foreign affairs of the United States, including trade negotiations, and other purposes authorized by law, the following amounts:

(1) For the "Administration of Foreign Affairs", $552,455,000.

(2) For "International Organizations and Conferences", $338,875,000.

(3) For "International Commissions", $17,069,000.

(4) For "Educational Exchange", $68,500,000.

(5) For "Migration and Refugee Assistance", $10,000,000.

(6) For increases in salary, pay, retirement, and other employee benefits authorized by law, and for other nondiscretionary costs, such amounts as may be necessary.

(b) Amounts appropriated under this section are authorized to remain available until expended.

TRANSFER AUTHORITY

SEC. 102. Funds authorized to be appropriated for fiscal year 1977 by any paragraph of section 101(a) (other than paragraph (6)) may be appropriated for such fiscal year for a purpose for which appropriations are authorized by any other paragraph of such section (other than paragraph (6)), except that the total amount appropriated for a purpose described in any paragraph of section 101(a) (other than paragraph (6)) may not exceed the amount specifically authorized for such purpose by section 101(a) by more than 10 per centum.

INTERNATIONAL JOINT COMMISSION

SEC. 103. The Act entitled "An Act to provide certain basic authority for the Department of State", approved August 1, 1956 (Public Law 84–885; 70 Stat. 890), is amended by adding at the end thereof the following new section:

"SEC. 19. Each fiscal year (beginning with fiscal year 1977), the Secretary of State may use not to exceed $1,500 of the funds appropriated for the American Sections, International Joint Commission, United States and Canada, for representation expenses and official entertainment within the United States for such American Sections."

RUSSIAN REFUGEE ASSISTANCE

SEC. 104. In addition to amounts otherwise available, there are authorized to be appropriated to the Secretary of State for fiscal year 1977 not to exceed $20,000,000 to carry out the provisions of section 101(b) of the Foreign Relations Authorizations Act of 1972 (relating to Russian refugee assistance) and to furnish similar assistance to refugees from Communist countries in Eastern Europe. None of the funds appropriated under this section may be used to resettle refugees in any country other than Israel. Amounts appropriated under this section are authorized to remain available until expended.

UNITED STATES PASSPORT OFFICE

SEC. 105. In addition to amounts otherwise available for such purposes, there is authorized to be appropriated for fiscal year 1977, $1,000,000, to be used for miniaturization of the files of the United States Passport Office. Amounts appropriated under this section are authorized to remain available until expended.

NORTH ATLANTIC ASSEMBLY

SEC. 106. The joint resolution entitled "Joint resolution to authorize participation by the United States in parliamentary conferences of the North Atlantic Treaty Organization", approved July 11, 1956, is amended by adding at the end thereof the following new section:

"SEC. 5. In addition to the amounts authorized by section 2, there is authorized to be appropriated $50,000 for fiscal year 1977 to meet the expenses incurred by the United States groups in hosting the twenty-second annual meeting of the North Atlantic Assembly. Amounts appropriated under this section are authorized to remain available until expended.".

PAYMENT TO LADY CATHERINE HELEN SHAW

SEC. 107. Of the amount appropriated under paragraph (1) of section 101(a) of this Act for salaries and expenses, $10,000 shall be available for payment ex gratia to Lady Catherine Helen Shaw, wife of the former Australian Ambassador to the United States, as an expression of the concern of the United States Government for the injuries which she sustained as a result of an attack on her in the District of Columbia.

FOREIGN SERVICE BUILDINGS AUTHORIZATION

SEC. 108. Section 4 of the Foreign Service Buildings Act, 1926, is amended—

(1) in paragraph (2) of subsection (h) by striking out "$71,600,000" and inserting in lieu thereof "$73,058,000"; and

(2) by adding the following new subsection at the end of the section:

"(j) For the purpose of carrying into effect the provisions of this Act in the Union of Soviet Socialist Republics, there is authorized to be appropriated, in addition to amounts authorized prior to the enactment of this subsection, $30,000,000, which amount is authorized to remain available until expended.".

PAN AMERICAN GAMES

SEC. 109. (a) The Congress finds that—

(1) the Eighth Pan American Games to

be held in San Juan, Puerto Rico, in 1979 will provide an opportunity for more than six thousand young men and women, representing thirty-three countries in the Western Hemisphere, to participate in friendly athletic competition;

(2) international sporting events such as the Eighth Pan American Games make a unique contribution in promoting common understanding and mutual respect among people of different cultural backgrounds; and

(3) the President has the authority under the Mutual Educational and Cultural Exchange Act of 1961 to provide financing when he considers that it would strengthen international cooperative relations, for (A) tours abroad by American athletes, (B) United States representation in international sports competitions, and (C) participation by groups and individuals from other countries in tours and in sports competitions in the United States.

(b) In order to strengthen international cooperative relations and promote the purposes of the Mutual Educational and Cultural Exchange Act of 1961, the Secretary of State shall use funds appropriated to carry out this section to provide financial assistance for the Eighth Pan American Games to be held in Puerto Rico in 1979. Such funds shall be transferred by the Secretary to the Recreational Development Company of Puerto Rico (a government corporation of the Commonwealth of Puerto Rico) for expenses directly related to the Eighth Pan American Games, including expenses for—

(1) promoting, organizing, and conducting such games;

(2) constructing new and repairing existing athletic and recreational facilities;

(3) providing lodging, food, and transportation for participants in such games and for related personnel; and

(4) acquiring necessary material and equipment for such games.

Such expenditures shall be subject to such controls and audits as the Comptroller General may prescribe.

(c) To carry out this section, there is authorized to be appropriated to the Secretary of State $12,000,000.

PARTICIPATION BY FEDERAL EMPLOYEES IN CULTURAL EXCHANGE PROGRAMS

SEC. 110. The Mutual Educational and Cultural Exchange Act of 1961 is amended by adding immediately after section 108 the following new section:

"SEC. 108A. (a) (1) Congress consents to the acceptance by a Federal employee of grants and other forms of assistance provided by a foreign government to facilitate the participation of such Federal employee in a cultural exchange—

"(A) which is of the type described in section 102(a)(2)(i) of this Act,

"(B) which is conducted for a purpose comparable to the purpose stated in section 101 of this Act, and

"(C) which is specifically approved by the Secretary of State for purposes of this section;

but the Congress does not consent to the acceptance by any Federal employee of any portion of any such grant or other form of assistance which provides assistance with respect to any expenses incurred by or for any member of the family or household of such Federal employee.

"(2) For purposes of this section, the term 'Federal employee' means any employee as defined in subparagraphs (A) through (E) of section 7342(a)(1) of title 5 of the United States Code, but does not include a person described in subparagraph (F) of such section.

"(b) The grants and other forms of assistance with respect to which the consent of Congress is given in subsection (a) of this section shall not constitute gifts for purposes of section 7342 of title 5 of the United States Code.

"(c) The Secretary of State is authorized to promulgate regulations for purposes of this section.".

ANNUITY INCREASES FOR ALIEN EMPLOYEES

SEC. 111. Secton 444(a) of the Foreign Service Act of 1946 is amended—

(1) by inserting "(1)" immediately after "(a)"; and

(2) by inserting the following new paragraph at the end thereof:

"(2) The Secretary may, under such regulations as he may prescribe, make supplemental payments, out of funds appropriated after the date of enactment of this subparagraph for salaries and expenses to any civil service annuitant who is a former alien employee of the Service (or is a survivor of a former alien employee of the Service) in order to offset exchange rate losses, if the annuity being paid such annuitant is based on (A) a salary that was fixed in a foreign currency that has appreciated in value in terms of the United States dollar, and (B) service in a country in which (as determined by the Secretary) the average retirement benefits being received by those who have retired from competitive local organizations are superior to the local currency value of civil service annuities plus any other retirement benefits payable to alien employees who have retired during similar time periods and after comparable careers with the United States Government.".

COST-OF-LIVING ADJUSTMENTS OF FOREIGN SERVICE RETIREMENT ANNUITIES

SEC. 112. (a) Section 882(b) of the Foreign Service Act of 1946 is amended by striking out "1 per centum plus".

(b) The amendment made by subsection (a) shall apply with respect to annuity increases which become effective after the end of the forty-five-day period beginning on the date of enactment of this Act.

FOREIGN CURRENCY REPORTS

SEC. 113. Section 502(b) of the Mutual Security Act of 1954 is amended by adding at the end thereof the following new sentence: "Each such consolidated report shall be published in the Congressional Record within ten legislative days after it is forwarded pursuant to this subsection.".

PANAMA CANAL

SEC. 114. Any new Panama Canal treaty or agreement negotiated with funds appropriated under this title must protect the vital interests of the United States in the Canal Zone and in the operation, maintenance, property, and defense of the Panama Canal.

ATLANTIC COUNCIL OF THE UNITED STATES

SEC. 115. Of the amount authorized to be appropriated by paragraph (4) of section 101(a) of this title for educational exchange, $22,500 shall be available only for payment to the Atlantic Council of the United States for use as its annual contribution to the Atlantic Treaty Association.

DISCRIMINATION

SEC. 116. None of the funds authorized to be appropriated for the Department of State by this title may be used for the dissemination of any information about opportunities for, or for participation or other assistance by any officer or employee of the Department of State (including the Agency for International Development) in the negotiation of any contract or arrangement (involving trade or any other subject) with a foreign country, individual, or entity, if the Department of State has reason to believe that—

(1) any United States person (as defined in section 7701(a)(30) of the Internal Revenue Code of 1954) would be prohibited from entering into such contract or arrangement, or

(2) such contract or arrangement would require that any such person be excluded from participating in the implementation of such contract or arrangement.

on account of the race, religion, national origin, or sex of such person in the case of an individual or, in the case of a partnership, corporation, association, or other entity, any officer, employee, agent, director, or owner thereof.

INTERNATIONAL JOINT COMMISSION

SEC. 117. After the date of enactment of this Act, any commissioner of the International Joint Commission appointed on the part of the United States, pursuant to article VII of the treaty between the United States and Great Britain relating to boundary waters between the United States and Canada, signed at Washington on January 11, 1909 (36 Stat. 2448; TS 548; III Redmond 2607), shall be appointed by the President by and with the advice and consent of the Senate.

TITLE II—UNITED STATES INFORMATION AGENCY

AUTHORIZATION OF APPROPRIATIONS

SEC. 201. (a) There are authorized to be appropriated for the United States Information Agency for fiscal year 1977, to carry out international informational activities and programs under the United States Information and Educational Exchange Act of 1948, the Mutual Educational and Cultural Exchange Act of 1961, and Reorganization Plan Numbered 8 of 1953, and other purposes authorized by law, the following amounts:

(1) For "Salaries and Expenses" and "Salary and Expenses (special foreign currency program)", $254,925,000.

(2) For "Special International Exhibitions", $4,841,000.

(3) For "Acquisition and Construction of Radio Facilities", $2,142,000.

(4) Such additional amounts as may be necessary for increases in salary, pay, retirement, other employee benefits authorized by law, or other nondiscretionary costs.

(b) Amounts appropriated under this section are authorized to remain available until expended.

TRANSFER AUTHORITY

SEC. 202. Funds authorized to be appropriated for fiscal year 1977 by any paragraph of section 201(a) (other than paragraph (4)) may be appropriated for such fiscal year for a purpose for which appropriations are authorized by any other paragraph of such section (other than paragraph (4)), except that the total amount appropriated for a purpose described in any paragraph of section 201(a) (other than paragraph (4)) may not exceed the amount specifically authorized for such purpose by section 201(a) by more than 10 per centum.

PURCHASE OF UNIFORMS

SEC. 203. Section 804 of the United States Information and Educational Exchange Act of 1948 is amended—

(1) by striking out "and" at the end of paragraph (12);

(2) by striking out the period at the end of paragraph (13) and inserting in lieu thereof "; and"; and

(3) by adding immediately after paragraph (13) the following new paragraph:

"(14) purchase uniforms, when funds are appropriated therefor.".

REPLACEMENT OF PASSENGER MOTOR VEHICLES

SEC. 204. Title VIII of the United States Information and Educational Exchange Act of 1948 is amended by adding at the end thereof the following new section:

"REPLACEMENT OF PASSENGER MOTOR VEHICLES

"SEC. 806. The Exchange allowances or proceeds derived from the exchange or sale of passenger motor vehicles used abroad for purposes of this Act or the Mutual Educational and Cultural Exchange Act of 1961 are authorized to be made available without fiscal year limitation for replacement of an equal number of such vehicles in accordance with section 201(c) of the Federal Property and Administrative Services Act of 1949.".

BICENTENNIAL DISTRIBUTION OF CERTAIN ITEMS PREPARED BY THE UNITED STATES INFORMATION AGENCY

Sec. 205. (a) Notwithstanding the second sentence of section 501 of the United States Information and Educational Exchange Act of 1948 (22 U.S.C. 1461), the Director of the United States Information Agency shall make available to the Administrator of General Services, for deposit in the National Archives of the United States, a master copy of each of the films described in subsection (b) and 150 copies of the exhibit described in subsection (c) and the Administrator shall provide for the distribution of copies of such films and such exhibit for public viewing within the United States in conjunction with the commemoration of the American Revolution Bicentennial.

(b) The films referred to in subsection (a) are the following films which were prepared by the United States Information Agency:

(1) "Echoes", a film sketching the aspirations of American democracy as evoked by heroes and leaders of the past.

(2) "Santa Fe", a film dealing with the historical and social development of Santa Fe, New Mexico, and the surrounding countryside, and with the influence of Spanish, Indian, and Mexican culture on life in the United States Southwest.

(3) "The Numbers Start With the River", a film depicting the quality of life in a small midwestern American town as seen through the eyes of two elderly, lifelong residents of the town.

(4) "The Copland Portrait", a film depicting the life, work, and music of American composer Aaron Copland, including his early student years and early interest in music, his current work with young composers, and his still energetic public performance schedule.

(5) "200", an impressionistic animated cartoon tracing the past two centuries of the development of America.

(6) "Rendezvous", a film portraying the frontier life of American fur trappers.

(7) "Century III—The Gift of Life", a film describing the advances that have been made in the United States, and the prospects for future such advances, in medical techniques such as organ transplants, prosthesis, and immunology.

(c) The exhibit referred to in subsection (a) is the exhibit, prepared by the United States Information Agency, entitled "Life, Liberty, and the Pursuit of Happiness". Such exhibit is a collection of pictures and captions, derived primarily from documents contemporaneous with the events represented, depicting early cultural life in the United States and tracing the early economic growth of the United States, the expansion westward, the development of the democratic spirit, and the establishment of American government and legal institutions.

VOICE OF AMERICA BROADCASTS

Sec. 206. Title V of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1461–62), is amended by adding the following new section:

"Sec. 503. The long-range interests of the United States are served by communicating directly with the peoples of the world by radio. To be effective, the Voice of America (the Broadcasting Service of the United States Information Agency) must win the attention and respect of listeners. These principles will therefore govern Voice of America (VOA) broadcasts:

"(1) VOA will serve as a consistently reliable and authoritative source of news. VOA news will be accurate, objective, and comprehensive.

"(2) VOA will represent America, not any single segment of American society, and will therefore present a balanced and comprehensive projection of significant American thought and institutions.

"(3) VOA will present the policies of the United States clearly and effectively, and will also present responsible discussion and opinion on these policies.".

TITLE III—BOARD FOR INTERNATIONAL BROADCASTING

AUTHORIZATION OF APPROPRIATIONS

Sec. 301. Section 8 of the Board for International Broadcasting Act of 1973 is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"Sec. 8. (a) There are authorized to be appropriated to carry out the purposes of this Act for fiscal year 1977—

"(1) $58,385,000, of which $5,000,000 shall be available only to the extent that the Director of the Office of Management and Budget determines (and so certifies to the Congress) is necessary, because of downward fluctuations in foreign currency exchange rates, in order to maintain the budgeted level of operation for Radio Free Europe and Radio Liberty; and

"(2) such additional amounts as may be necessary for increases in salary, pay, retirement, and other employee benefits authorized by law, and for other nondiscretionary costs.

Amounts appropriated under this section are authorized to remain available until expended.

"(b) The Director of the Office of Management and Budget shall place in reserve any amount appropriated under this section which, because of upward fluctuations in foreign currency exchange rates, is in excess of the amount necessary to maintain the budgeted level of operation for Radio Free Europe and Radio Liberty.".

Technical Amendments

Sec. 302. (a) Section 3(b) of the Board for International Broadcasting Act of 1973 is amended—

(1) in paragraph (1)—

(A) in the first sentence, by striking out "seven members, two of whom shall be ex officio members" and inserting in lieu thereof "six members, one of whom shall be an ex officio member", and

(B) in the fourth sentence, by striking out "the chief operating executive of Radio Liberty shall be ex officio members" and inserting in lieu thereof "Radio Liberty shall be an ex officio member";

(2) by amending paragraph (4) to read as follows:

"(4) Term of Office of the Ex Officio Member.—The ex officio member of the Board shall serve on the Board during his term of service as chief operating executive of Radio Free Europe and Radio Liberty."; and

(3) in the third sentence of paragraph (5), by striking out "Ex officio members" and inserting in lieu thereof "The ex officio member".

(b) Section 3 of such Act is further amended by adding at the end thereof the following new subsection:

"(c) The Board may, to the extent it deems necessary to carry out its functions under this Act, procure supplies, services, and other personal property, including specialized electronic equipment.".

(c) Paragraph (8) of section 4(a) of such Act is amended—

(1) by striking out "30th day of October" and inserting in lieu thereof "31st day of January"; and

(2) by striking out "June" and inserting in lieu thereof "September".

REPORT ON INTERNATIONAL BROADCASTING

Sec. 303. Not later than January 31, 1977, the President shall submit to the Congress a report—

(1) recommending steps to be taken to utilize more effectively the transmission facilities for international broadcasting, both existing and planned, of the United States Government;

(2) examining the feasibility of greater cooperation with foreign countries to insure mutually efficent use of nationally owned transmission facilities for international broadcasting;

(3) containing a comprehensive outline of projected needs for United States international broadcasting operations based on anticipated language requirements and anticipated cooperation among the various agencies of the United States Government involved in international broadcasting; and

(4) recommending steps which should be taken to extend broadcasting operations similar to those carried out under the Board for International Broadcasting Act of 1973 to additional countries where access to information is restricted by the policies of the governments of such countries.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Similar House bills (H.R. 13179 and H.R. 13589) were laid on the table.

GENERAL LEAVE

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 12169, FEDERAL ENERGY ADMINISTRATION AUTHORIZATION AND EXTENSION

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 12169) to amend the Federal Energy Administration Act of 1974 to provide for authorizations of appropriations to the Federal Energy Administration, to extend the duration of authorities under such act, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia? The Chair hears none, and appoints the following conferees:

For titles I, II, IV, and V: Messrs. Staggers, Dingell, Wirth, Sharp, Brodhead, Eckhardt, Ottinger, Krueger, Moffett, Maguire, Devine, Brown of Ohio, Moorhead of California, Broyhill, and Heinz.

For titles III and IV of the Senate amendments: Messrs. Reuss, Ashley, Moorhead of Pennsylvania, and Brown of Michigan.

PROVIDING FOR CONSIDERATION OF H.R. 41239, DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATION BILL, FISCAL YEAR 1977

Mr. PEPPER. Mr. Speaker, by direction of the Committee on Rules, I call up

House Resolution 1290 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 1290

Resolved, That during the consideration of the bill (H.R. 14239) making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending September 30, 1966, and for other purposes, all points of order against the following provisions in said bill for failure to comply with the provisions of clause 2, rule XXI are hereby waived: beginning on page 2, line 1 through page 13, line 20; beginning on page 22, line 19 through page 23, line 2; beginning on page 26, line 21 through page 27, line 2 beginning on page 27, line 16 through page 29, line 8; beginning on page 30, line 1 through line 25; beginning on page 31, line 8 through line 13; beginning on page 32, line 4 through page 33, line 10; beginning on page 42, line 9 through line 13; beginning on page 45, line 19 through page 46, line 11; beginning on page 50, line 10 through page 53, line 18.

The SPEAKER. The gentleman from Florida (Mr. Pepper) is recognized for 1 hour.

Mr. PEPPER. Mr. Speaker, I yield 30 minutes for the minority to the gentleman from California (Mr. Del Clawson), pending which I yield myself such time as I may consume.

Mr. Speaker, in the printing of House Resolution 1290, the word "are" on page 1, line 7, was misspelled. I ask unanimous consent that this printing error be corrected.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. PEPPER. Mr. Speaker, House Resolution 1290 provides that during the consideration of H.R. 14239, a bill making appropriations for the Departments of State, Justice, and Commerce, the Judiciary and related agencies for fiscal year 1977, points of order against certain provisions in the bill for failure to comply with the provisions of clause 2, rule XXI, are waived. Clause 2, rule XXI prohibits the appropriation of funds where that appropriation is not supported by law. Mr. Speaker, all legislation authorizing the appropriation of the funds in this bill has been reported to the House, and several of these bills have been adopted by the House. Due to the time constraints placed on the Congress by the Congressional Budget Act the House must complete work on the appropriation bills notwithstanding the fact that the authorization legislation has not been enacted into law. For that reason, Mr. Speaker, I would urge the adoption of House Resolution 1290 so that we may proceed to the orderly consideration of H.R. 14239.

Mr. DEL CLAWSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as my distinguished colleague from Florida has stated, House Resolution 1290 provides for waiving points of order in consideration of H.R. 14239, Departments of States, Justice, and Commerce, the judiciary, and related agencies' appropriation bill for fiscal year 1977, for failure to comply with the provisions of rule XXI, clause 2, unauthorized appropriations.

Specifically, H.R. 14239 provides $6.4 billion in new budget authority for fiscal year 1977 activities of the aforesaid agencies. This amount is $85.7 million—1.4 percent—more than the budget request, but $93.9 million less than the fiscal year 1976 funding level.

The amount, I also understand, is $909,066,000 below the new budget authority targets set forth in the first concurrent resolution on the budget.

Mr. Speaker, H.R. 14239 was ordered reported by the Committee on Appropriations by voice vote. I know of no controversy regarding the rule and support its adoption so that the House can proceed with its deliberations.

Mr. Speaker, I have no further requests for time.

Mr. PEPPER. Mr. Speaker I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appear to have it.

Mr. CRANE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 326, nays 8, answered "present" 1, not voting 96, as follows:

[Roll No. 408]

YEAS—326

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Aspin
AuCoin
Badillo
Bafalis
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Brown, Mich.
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Corman
Cornell
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Derwinski
Devine
Dickinson
Diggs
Downey, N.Y.
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Gonzalez
Gradison
Grassley
Guyer
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harrington
Harris
Harsha
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Henderson
Hicks
Hightower
Hillis
Holtzman
Horton
Howard
Hughes
Hungate
Hutchinson
Hyde
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kazen
Kemp
Ketchum
Keys
Kindness
Krebs
Lagomarsino
Latta
Leggett
Lehman
Lent
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKay
Madden
Madigan
Maguire
Mahon
Mann
Martin
Mazzoli
Meeds
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Rangel
Rees
Regula
Reuss
Rhodes
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Ruppe
Ryan
St Germain
Sarasin
Sarbanes
Satterfield
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shuster
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Tsongas
Van Deerlin
Vander Veen
Vigorito
Waggonner
Walsh
Wampler
Weaver
Whalen
White
Whitten
Wiggins
Wilson, C. H.
Wilson, Tex.
Wolff
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—8

Bedell
Conyers
Crane
Danielson
Edgar
Kastenmeier
Levitas
Symms

ANSWERED "PRESENT"—1

Goodling

NOT VOTING—96

Annunzio
Ashley
Baldus
Bell
Bonker
Bowen
Broomfield
Brown, Calif.
Brown, Ohio
Burke, Fla.
Burton, John
Chappell
Chisholm
Clay
Conlan
Conte
Cotter
Daniels, N.J.
Dingell
Dodd
Downing, Va.
du Pont
Esch
Eshleman
Flowers
Goldwater
Green
Gude
Hagedorn
Hansen
Hawkins
Hays, Ohio
Hébert
Helstoski
Hinshaw
Holland
Holt
Howe
Hubbard
Ichord
Jacobs
Karth
Kasten
Kelly
Koch
Krueger
LaFalce
Landrum
Litton
Lujan
Lundine
McDonald
McKinney
Mathis
Matsunaga
Melcher
Metcalfe
Milford
Mink
Mitchell, Md.
Mottl
Murphy, N.Y.
O'Hara
Paul
Peyser
Randall
Richmond
Riegle
Rinaldo
Risenhoover
Roberts
Rousselot
Runnels
Russo
Santini
Shriver
Sikes
Snyder
Steelman
Steiger, Ariz.
Stuckey
Sullivan
Symington
Talcott

Treen
Udall
Ullman
Vander Jagt
Vanik
Waxman
Whitehurst
Wilson, Bob
Winn
Wirth
Wright
Young, Alaska

The Clerk announced the following pairs:

Mr. Dominick V. Daniels with Mr. Mottl.
Mr. Jacobs with Mr. Baldus.
Mr. Annunzio with Mr. Green.
Mr. Helstoski with Mr. Bell.
Mr. Mitchell of Maryland with Mr. Symington.
Mr. Murphy of New York with Mr. Conlan.
Mr. O'Hara with Mr. Eshleman.
Mr. Wirth with Mr. Gude.
Mr. Stuckey with Mr. Holland.
Mr. Runnels with Mr. Broomfield.
Mrs. Chisholm with Mrs. Mink.
Mr. Chappell with Mrs. Holt.
Mr. Cotter with Mr. Hagedorn.
Mr. Dodd with Mr. Udall.
Mr. Flowers with Mr. Hubbard.
Mr. Hawkins with Mr. Esch.
Mr. Lundine with Mr. Burke of Florida.
Mr. Krueger with Mr. Hansen.
Mr. Clay with Mr. Matsunaga.
Mr. Brown of California with Mr. Ichord.
Mr. Bowen with Mr. Conte.
Mr. Ashley with Mr. Kasten.
Mr. Koch with Mr. Litton.
Mr. LaFalce with Mr. Lujan.
Mr. Santini with Mr. Kelly.
Mr. McDonald with Mr. Paul.
Mr. Metcalfe with Mr. Peyser.
Mr. Milford with Mr. Riegle.
Mr. Ullman with Mr. Randall.
Mr. Vanik with Mr. Helstoski.
Mr. Waxman with Mr. McKinney.
Mr. Roberts with Mr. Vander Jagt.
Mr. Risenhoover with Mr. Landrum.
Mr. Hébert with Mr. Karth.
Mr. Russo with Mr. Whitehurst.
Mr. Hays of Ohio with Mr. Young of Alaska.
Mr. Bonker with Mr. Brown of Ohio.
Mr. John Burton with Mr. Downing of Virginia.
Mr. Melcher with Mr. du Pont.
Mr. Mathis with Mr. Winn.
Mr. Rinaldo with Mr. Steiger of Arizona.
Mr. Dingell with Mr. Bob Wilson.
Mr. Sikes with Mr. Goldwater.
Mr. Stuckey with Mr. Steelman.
Mrs. Sullivan with Mr. Shriver.
Mr. Wright with Mr. Treen.
Mr. Talcott with Mr. Snyder.
Mr. Rousselot with Mr. Richmond.

Mr. BEDELL changed his vote from "yea" to "nay."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

APPOINTMENT OF CONFEREES ON H.R. 12838, ARTS, HUMANITIES, AND CULTURAL AFFAIRS ACT OF 1976

Mr. PERKINS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 12838) to amend and extend the National Foundation on the Arts and Humanities Act of 1965, to provide for the improvement of museum services, to establish a challenge grant program, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and request a conference with the Senate thereon.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky? The Chair hears none, and appoints the following conferees: Mr. Perkins, Mr. Brademas, Mrs. Mink, Mr. Meeds, Mrs. Chisholm, and Messrs. Lehman, Cornell, Beard of Rhode Island, Zeferetti, Miller of California, Hall, Quie, Bell, Peyser, Jeffords, and Pressler.

DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATION BILL, FISCAL YEAR 1977

Mr. SLACK. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 14239) making appropriations for the Departments of State, Justice, and Commerce, the judiciary, and related agencies for the fiscal year ending September 30, 1977, and for other purposes, and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to not to exceed 1 hour and that the time be equally divided and controlled between the gentleman from Michigan (Mr. Cederberg) and myself.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from West Virginia (Mr. Slack).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 14239, with Mr. Pike in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the unanimouse consent agreement, the gentleman from West Virginia (Mr. Slack) will be recognized for 30 minutes, and the gentleman from Michigan (Mr. Cederberg) will be recognized for 30 minutes.

The Chair now recognizes the gentleman from West Virginia (Mr. Slack).

Mr. SLACK. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I realize that the hour is late and that many of the Members have reservations on planes. I hope that we can hold this debate to a minimum, as well as debate on the various amendments which will be offered.

Mr. Chairman, the total amount recommended in the bill in new budget authority for fiscal year 1977 is $6,382,828,000, which amount is $85,709,000 more than the budget estimates. It is, however, a decrease of $93,907,000 from the total appropriated for the current fiscal year, including funds contained in the second supplemental appropriation bill for 1976, as it passed the House.

The increase of $85,709,000 over the budget estimates is due primarily to the addition of $76,562,000 for the Economic Development Administration, and $150 million for direct loan programs of the Small Business Administration. I should also point out that the total amount recommended is $909,066,000 less than the budget resolution targets allocated to the subcommittee.

The following table compares by department or agency the amounts recommended for 1977 with the 1976 appropriation and the budget estimates for 1977.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1976 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1977

Department or agency	New budget (obligational) authority, fiscal year 1976 (enacted to date) [1]	Budget estimates of new (obligational) authority, fiscal year 1977	New budget (obligational) authority recommended in bill	Bill compared with— New budget (obligational) authority fiscal year 1976	Bill compared with— Budget estimates of new (obligational) authority, fiscal year 1977
Department of State	$840,679,000	$1,049,134,000	$1,042,134,000	$201,455,000	−$7,000,000
Department of Justice	2,167,295,000	2,150,378,000	2,081,356,000	−85,939,000	−69,022,000
Department of Commerce	1,985,573,000	1,335,742,000	1,399,202,000	−586,371,000	63,460,000
The Judiciary	345,234,000	392,675,000	375,445,000	30,211,000	−17,230,000
Related Agencies:					
Arms Control and Disarmament Agency	11,680,000	12,200,000	12,000,000	320,000	−200,000
Board for International Broadcasting	64,500,000	53,385,000	53,385,000	−11,115,000	
Commission on Civil Rights	8,047,000	9,540,000	9,450,000	1,403,000	−90,000
Equal Employment Opportunity Commission	63,659,000	70,100,000	67,850,000	4,191,000	−2,250,000
Federal Communications Commission	50,713,000	51,448,000	51,448,000	735,000	
Federal Maritime Commission	8,040,000	8,309,000	8,300,000	260,000	−9,000
Federal Trade Commission	47,091,000	53,073,000	52,700,000	5,609,000	−373,000
Foreign Claims Settlement Commission	1,400,000	800,000	650,000	−750,000	−150,000
International Trade Commission	10,400,000	11,539,000	11,300,000	900,000	−239,000
Japan—United States Friendship Commission	30,000,000			−30,000,000	
Legal Services Corporation	92,330,000	140,300,000	110,000,000	17,670,000	−30,300,000
Marine Mammal Commission	900,000	1,000,000	1,000,000	100,000	

Department or agency	New budget (obligational) authority, fiscal year 1976 (enacted to date)[1]	Budget estimates of new (obligational) authority, fiscal year 1977	New budget (obligational) authority recommended in bill	Bill compared with—	
				New budget (obligational) authority fiscal year 1976	Budget estimates of new (obligational) authority, fiscal year 1977
Related Agency—Continued					
National Commission For the Review of Federal and State Laws Relating to Wire-tapping and Electronic Surveillance	400,000			−400,000	
Office of the Special Representative for Trade Negotiations	2,020,000	2,370,000	2,250,000	230,000	−120,000
Privacy Protection Study Commission	550,000	750,000	750,000	200,000	
Renegotiation Board	5,566,000	6,370,000	5,700,000	134,000	−670,000
Securities and Exchange Commission	49,291,000	53,098,000	53,000,000	3,709,000	−98,000
Small Business Administration	417,750,000	631,000,000	781,000,000	363,250,000	150,000,000
United States Information Agency	273,617,000	263,908,000	263,908,000	−9,709,000	
Total	6,476,735,000	6,297,119,000	6,382,828,000	−93,907,000	85,709,000

[1] Includes amounts in second supplemental appropriations bill (H.R. 13172) as passed the House.

TITLE I—DEPARTMENT OF STATE

The total amount recommended for the Department of State for fiscal year 1977 is $1,042,134,000. This is a decrease of $7 million from the total amount requested, but an increase of $201,455,000 over the 1976 appropriation. The increase includes $69,867,000 for the "Foreign Affairs Administrative Support System." This new system is based on the recognition that certain costs are fixed and essential to the Department's basic operations and such costs, previously billed to other agencies and accounts under the "Shared Administrative Support System," are now funded directly in the budget for the Department of State.

TITLE II—DEPARTMENT OF JUSTICE

The total amount of new budget authority recommended for the Department of Justice for fiscal year 1977 is $2,081,356,000. This amount is $85,939,000 less than the total amount provided for the current fiscal year and $69,022,000 less than the total amount requested for 1977.

The 1977 budget proposed a reduction of 25 percent in funds available for administratively uncontrollable overtime. The committee feels it is appropriate to continue payment for such overtime to employees who meet the criteria for such payment. Therefore, we have restored funds to the budgets of the U.S. Marshals Service, the FBI, the Immigration and Naturalization Service, and the Drug Enforcement Administration for that purpose.

The committee recommends $24 million for salaries and expenses of the Antitrust Division. This amount is $574,000 more than the budget request and $1,801,000 million more than the appropriation for 1976.

For expenses necessary for administering and enforcing laws relating to immigration, naturalization, and alien registration, we recommend $234 million, an increase of $20,391,000 over funds available for the current fiscal year. The committee is concerned about the growth of the workload in the INS and the increasing backlogs. Consequently, we recommend approval of the 219 positions requested in the budget, the restoration of 330 positions proposed as reductions, the restoration of administratively uncontrollable overtime, and the addition of 400 more positions distributed as follows: 100 inspector positions for ports of entry; 200 investigtor positions; and 100 adjudicator positions.

Funds and bill language are also recommended to provide 100 additional passenger vehicles for the 200 investigator positions. With these additional positions, the committee expects to see a reduction in workload backlogs, as well as broader and better coverage of inspections at ports of entry.

The committee recommends a total of $302,012,000 for the Federal Prison System, an increase of $65,139,000 over funds provided for the current fiscal year. The increase is due primarily to funding for new prison construction and for nondiscretionary increases necessary for operating and maintaining the prison system.

The amount of $56,980,000 is provided for planning, site acquisition, construction, and improvement of facilities necessary for providing offenders with a humane environment. The committee was informed by the Department of Justice that inmate population now stands at a record high and that from all indicators the population is likely to continue to increase. In addition, the average sentence continues to increase. Consequently, the committee recommends approval of funds for construction of a 500-bed adult facility at Otisville, N.Y., and a 400-bed youth facility at Talladega, Ala. Funds are also provided for planning, site acquisition, and design of metropolitan correctional facilities to be located in Detroit, Mich., and Phoenix, Ariz., as well as funds for improving existing facilities. The total amount provided is $2,115,000 less than the amount requested, reflecting a reestimate of the cost of the Talladega youth facility.

The committee bill provides $600 million of grants, contracts, loans, and other assistance authorized by title I of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, and title II of the Juvenile Justice and Delinquency Prevention Act of 1974. This amount is $209,638,000 less than the 1976 appropriation and $107,944,000 less than the budget estimate for fiscal year 1977.

The committee is opposed to discontinuing the "law enforcement education program"—LEEP—as proposed in the 1977 budget. So, of the total amount provided in the bill, $40 million is to be made available for continuing that program. In addition, $40 million of the total is to be made available to maintain the juvenile justice and delinquency prevention program at its current level. In allocating the balance, the committee urges LEAA to give stronger emphasis to funds available to States and localities.

TITLE III—DEPARTMENT OF COMMERCE

The committee considered budget requests for the Department of Commerce for fiscal year 1977 totaling $1,335,742,000 in new budget authority and $403,721,000 for liquidation of contract authority. The committee recommends a total of $1,399,202,000 in new budget authority which is an increase of $63,460,000 over the budget estimates, but is $586,371,000 below the total amounts provided for fiscal year 1976. The committee also recommends $388 million for liquidation of contractual obligations incurred in the operating subsidy program of the Maritime Administration.

There have been reductions made in a number of items for the Department of Commerce, but the amounts recommended will allow the Department to fund the highest priority items.

The amount recommended for the Economic Development Administration is $325,426,000 which represents an increase of $76,562,000 above the estimate, but $59,952,000 below the appropriation for the current fiscal year. The funds added for EDA are primarily for job producing public works projects and will be directed toward further reducing unemployment levels.

For the Domestic and International Business Administration — DIBA — the sum of $62,280,000 is recommended. This amount is $622,000 below the budget request but is $1,753,000 more than appropriations for the current fiscal year. This increase will permit DIBA to expand the data collection, analytical and reporting capabilities of the Office of Foreign Investment and to complete a new trade center in Sao Paulo, Brazil. The budget request proposed the closing of two trade centers, one in Sydney, Australia, and another at a location to be determined, probably Milan, Italy. The committee feels trade centers are vital tools in promoting the export of American products and has not approved the closing of these two centers.

For the National Fire Prevention and Control Administration, the bill includes $10,178,000, the full amount of the budget request. This is an increase of $1,460,000 over funds available during the current year and will provide for a balanced program of growth for the Fire Administration.

TITLE IV—THE JUDICIARY

For title IV of the bill, the judiciary, the committee recommends a total of $375,445,000. This is an increase of $30,211,000 over the funds appropriated for the current fiscal year and a decrease of $17,230,000 from the total amount requested. Appropriations in this title provide funds for the operation of the Federal courts, including salaries of judges, judicial officers and employees, and other expenses of the Federal judiciary.

TITLE V—RELATED AGENCIES

The subcommittee recommends a total of $1,484,691,000 for the 17 related agencies included in title V.

For the Legal Services Corporation, the sum of $110 million is included in the bill. This amount is an increase of $17,670,000 over the current appropriation.

For the Small Business Administration, a total of $781 million in new budget authority is recommended. This amount is $150 million more than the budget estimates for 1977. The increase is to be used for direct and immediate participation loan programs. This will enable SBA to carry out a total program of $385 million for direct and immediate participation loans.

Mr. Chairman, that concludes my remarks on the individual items.

May I express my appreciation for the excellent cooperation of the members of the subcommittee and for the able staff work of Dempsey Mizelle and John Osthaus.

We realize it is impossible to satisfy everyone, but on balance we believe this to be a well-rounded bill and we therefore ask for your endorsement and support.

Mr. CEDERBERG. Mr. Chairman, the chairman of the subcommittee has discussed the salient points of this legislation. We have had a report on this bill out for about a week, so I am not going to take any additional time.

Mr. McCLORY. Mr. Chairman, will the gentleman yield?

Mr. CEDERBERG. I yield to the gentleman from Illinois.

Mr. McCLORY. Mr. Chairman, I thank the gentleman for yielding to me. I just want to say that after general debate is concluded, I know that there will be an amendment offered which will propose an increase in funds for the Law Enforcement Assistance Agency; not up to the amount that was received last year, but an additional amount.

This is an extremely important amendment, important to all of the States. The gentlewoman from New York (Ms. HOLTZMAN) will offer this amendment, and I hope that the Members will give close attention to it. We have circulated a "Dear Colleague" letter in time to provide useful information for the benefit of the Members, and I sincerely believe that this, being the only Federal program to go to the support of law enforcement at the local and State levels, is something that should have high priority in the minds of the Members.

I hope they will give favorable consideration to it. I would hope, indeed, that those in charge in this legislation would be willing to accept the amendment, but in the absence of that, I urge favorable consideration by the Members of that amendment.

Mr. CEDERBERG. Mr. Chairman, I yield back the balance of my time.

Mr. SLACK. Mr. Chairman, I yield such time as he may consume to the gentleman from Arkansas (Mr. ALEXANDER).

Mr. ALEXANDER. Mr. Chairman, this bill contains as a part of the funding recommended for the National Oceanic and Atmospheric Administration, NOAA, a modest but extremely important amount of money for a project meant to move the United States significantly forward in essential ocean research and exploration. These funds were added through an amendment I proposed in subcommittee.

The amount is $1.5 million. These funds are earmarked for use in paying for surveys, mission analyses, cost analyses, and initiation of design and engineering studies for an underwater ocean laboratory. Such a laboratory would provide a national underwater ocean habitat for research related to living and nonliving resources.

NOAA has no undersea facility of its own. Through a leasing program during the last 4 years it has made limited use of the available civilian facilities for its own missions. At this time, there is no active civil governmental manned undersea habitat program in the United States despite the pressing need for research, development, and understanding of ocean energy, mineral and food resources, and the effect of man's actions on the ocean environment. A few shallow water research submersibles have been available for lease by civilian governmental agencies.

The only active deepwater research submersible for civilian use has been jointly funded by three Federal agencies for scientific research.

Though its manned undersea science and technology program has been operating on a severely limited budget, NOAA has been the Federal agency focus for all civilian agencies' needs and uses of submersibles and undersea laboratories, has operated a modest ocean technology undersea research and development program, and has cooperated with other nations in specific joint undersea research missions. NOAA has the largest nonmilitary diving program in the United States.

For some time NOAA has had under development a system concept called Oceanlab which follows generally the recommendations of the National Commission on Marine Science, Engineering, and Resources. The concept calls for a national, mobile underwater facility which can function as a manned engineering and science laboratory, at various depths and locations to aid and enhance the advanced diving technology needed to secure offshore energy, to obtain marine resource management information, and provide knowledge in support of safety standards and requirements.

Such a laboratory would provide a technological capability to assist in scientific, technological, recreational, and commercial diving activities. Diving, whether by scientists, technicians, or skilled workers, is essential to making progress toward full understanding and properly utilizing ocean resources, whether they be food, energy, or mineral related.

As a Nation we are rapidly moving toward a time when recovery and development of ocean energy and mineral resources will be essential to our well-being.

Based on all available information, the unavoidable conclusion is that U.S. dependence on oil and gas as preferred fuels will continue through the 1980's. And a recent U.S. Geological Survey study entitled "Geological Estimates of Undiscovered Recoverable Oil and Gas Resources in the United States" shows that offshore oil reserves will play an increasingly important role in satisfying future oil and gas needs.

A number of other nations are leading the United States in underwater ocean laboratory research capability. These include France, the Federal Republic of Germany, and the Soviet Union.

According to the Department of Commerce, Oceanlab is envisioned by NOAA as a mobile underwater habitat laboratory having the following basic capabilities:

It would operate at depths up to 300 feet.

It would be capable of operating in cold water—temperatures as low as freezing—and under adverse sea state conditions—gale force winds and 3-knot currents.

It would have a 5-mile range under water.

It would be equipped with both life support and laboratory facilities, and provide the onboard decompression for saturated divers.

In material presented to the Subcommittee on State, Justice, Commerce, and the Judiciary at the time of the markup of the bill, the Department of Commerce said of the need for an underwater laboratory:

> At the present time, there are only three habitats available in the U.S. Two of these have no laboratory space or scientific equipment capabilities; they serve only as residences for divers. The remaining one, called PRINUL, cannot exceed depths of 100 feet or withstand cold-water, northern latitude use. Accordingly, the U.S. has no underwater capability, readily available which can be used for studies related to such problems as fisheries investigations in North Atlantic, Gulf of Alaska, and Bering Sea; and environmental assessments related to Outer Continental Shelf energy development.
>
> Existing submersibles and surface supported facilities are not capable of safely operating in hostile environments for long periods of time. The proposed OCEANLAB would permit continuous long term and year round observation and measurement of a wide variety of geological, biological, and ecological processes over a wide geographic area.

The Oceanlab is envisioned as a facility which would be used in a cooperative manner by all appropriate Federal agencies, not just NOAA, though NOAA would manage it, and by appropriate academic and private industry organizations. This national facility would serve as a center for supporting and focusing manned undersea research pertaining to a number of problem areas. Examples of possible missions and tasks in these areas are:

ENERGY

Support research to improve the operational effectiveness and safety of commercial divers in their key role in recovery of offshore oil and gas;

Biomedical research pertaining to diver decompression problems and long term health;

Verification of new tables using various gas mixtures;

Developing techniques to safely reduce compression time;

Extending vertical excursion diving capabilities;

Testing and certifying new diving equipment and apparel;

Testing and certifying new diver tools; and

Carrying out research with new materials and instruments.

Support research, testing and evaluation of new techniques and requirements related to location and safe and economical recovery of petroleum and mineral stocks;

Undersea test and evaluation of improved seismic techniques and equipment used in defining the sub-bottom geological features for use in location of oil and mineral deposits; and,

Undersea testing of equipment and techniques such as in situ neutron activation and X-ray fluorescent equipment for possible use in locating and assessing oil and mineral deposits.

Assist the offshore industry in undersea research, testing and evaluation of critical items associated with materials, equipment and techniques used in furthering the development and utilization of subsea completion systems.

FOOD

Support undersea research, testing and evaluation of new techniques and equipment associated with locating, assessing, developing, and harvesting food fish resources;

Undersea investigations of spawning and life cycles of food fish; for example, herring, to better understand the factors affecting their quality and abundance;

Quantitative assessment of available fish and shellfish stocks. Correlation with surface borne techniques.

Undersea testing and evaluation and comparison of new harvesting equipment and techniques;

Studies to identify and assess underutilized or new, deepsea species of fish stocks; and

Assist in testing and evaluation of new techniques for economical mariculture.

ENVIRONMENTAL

Determine the ecological consequences of man's activities in pursuit of economical development and recovery of offshore energy, minerals, and food stocks; and, support undersea environmental research projects to ensure a balanced outlook in protecting the environment.

Certainly since the beginning of man's recorded history, and probably before, we have been making some use of sea and ocean resources. Ocean exploration does not have the glamour of exploration of outer space. But, certainly ocean and sea research, development and exploration is more likely to be the key to man's foreseeable future. We dare not lag longer in getting the job firmly underway.

Arkansas is not a coastal State, but Arkansas and all other States whether coastal or not have a great stake in the role ocean use has in the future of mankind.

Mr. SLACK. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from California (Mr. SISK).

Mr. SISK. Mr. Chairman, I want to take this opportunity to commend the distinguished chairman of the subcommittee, the gentleman from West Virginia, for his courage and foresight in providing the long-needed additional manpower and funding for the Immigration and Naturalization Service.

I have been most concerned about the manpower situation within INS for some time now and have met with the Commissioner on numerous occasions to discuss the problem and offer assistance where I could. As I am sure is recognized, the Commissioner's hands have been tied to a large extent because his funding requests have been slashed drastically by the Department of Justice and the Office of Management and Budget. Congress has always given the Service what was requested in the budget, but for the past 10 years at best, it has simply not been enough by any standard.

The tremendous influx of illegal aliens has forced INS to divert personnel from routine, but nonetheless vital functions such as adjudication of visa and naturalization petitions, to those associated with apprehension and deportation of illegal aliens. Regional offices have developed backlogs of up to a year or more, and inquiries regarding these cases, even from congressional staff, have gone unanswered. Frequently we found out that petitions had been lost or misplaced and had to be resubmitted. The immigration caseload in my office tripled in the past few years simply because of these unbelievable delays in the processing of routine applications and I am sorry to report that in many instances the efforts of my staff were to no avail.

Nor has the situation with respect to apprehension and deportation of illegal aliens been what it should be for such a serious problem. The diversion of personnel from routine tasks has increased apprehension totals somewhat, but it am sorry to report that in many increased numbers of illegal aliens flooding our shores and borders every day. Just the other day a constituent complained to me that she had repeatedly phoned the border patrol to report that some 50 to 70 illegal aliens were residing in some rundown housing in her neighborhood and to request that officers come to the scene and investigate. We looked into the situation and were told that because of staffing problems the officers on hand were simply unable to travel the distance required to investigate. One wonders how many other groups of 50 to 70 illegal aliens are left alone in this manner. As a matter of fact, I understand that the Border Patrol is now conducting raids at places of employment.

It is my sincere hope that the 400 new positions allocated by the subcommittee plus the 219 positions requested in the budget and the restoration of the 330 positions proposed as reductions will result in a reduction in workload backlogs and a more comprehensive system of apprehension of illegal aliens.

Mr. SLACK. Mr. Chairman, I yield such time as he may consume to the gentleman from Alabama (Mr. NICHOLS).

Mr. NICHOLS. Mr. Chairman, I want to take this opportunity to rise in support of H.R. 14239. I particularly want to express my strong support and interest in the $16.5 million construction item in the Bureau of Prisons budget for the construction of the Southeastern Youth Correctional Facility at Talladega, Ala. This is located in my congressional district, and I am quite familiar with the great need in the Southeast for such a facility. This youth correctional center will greatly reduce the overcrowding in the Southeast region where the prison population presently exceeds the physical capacity by over 1,000 inmates by about 23 percent. Moreover, the Talladega facility is another step toward the eventual closing of the antiquated penitentiary located in Atlanta, Ga.

This facility will be of particular service to such urban areas as Birmingham, Chattanooga, Atlanta, and Montgomery. It will provide badly needed correctional programs for youthful offenders which hopefully will lead to self-improvement and complete rehabilitation. It is the purpose of the youth center to develop a community atmosphere for the inmates which will provide the opportunity to acquire experience necessary to function in today's society. The location of this site is ideal for achieving this purpose. It is 85 miles north of Montgomery, 155 miles south of Chattanooga, 55 miles west of Birmingham, and 117 miles east of Atlanta. As you can see, it is geographically convenient to the four major urban areas which will be served by this facility.

There is much support at the State and local level for this facility which has been demonstrated by the State's willingness to provide, at no cost to the Federal Government, a 160-acre site. Mr. Chairman. in numerous hearings that were given to this subject in the Talladega area, there has not been one comment of opposition expressed. I would, therefore, hope that my distinguished colleagues here in the House would see fit to pass this appropriation item along with the total amount that has been recommended by the Department of Justice.

Mr. SLACK. Mr. Chairman, I yield 5 minutes to the distinguished gentlewoman from New York (Ms. HOLTZMAN).

Ms. HOLTZMAN. Mr. Chairman, as the gentleman from Illinois (Mr. MCCLORY) stated, I am going to introduce an amendment at the appropriate time to restore some $200 million of the money cut that have been made by the Committee on Appropriations in the very important Law Enforcement Assistance Administration program—the only program funded by the Federal Government to assist States and localities in fighting crime. My amendment cosponsored by the gentleman from Illinois (Mr. McClory).

Mr. Chairman, let me state to the Members that I have on the table—and I believe the gentleman from Illinois also has some available—lists by State of the cuts that will be made if the appropriations bill is adopted without our amendment.

Last year $809 million was appropriated by LEAA. This year the Committee on Appropriations has cut that amount by $209 million. The problem is that the cut, because of other earmarkings, will be felt mainly by the States receiving funds in the block grant program. These are the moneys that go to States for the purposes of assisting police, of assisting the courts, of assisting the prosecution and defense of cases. These programs will be disproportionately hit by this cut.

Depending on what amendments are added to the authorization bill when it reaches the floor, we estimate that the cut in the block grant program, in crime fighting, will range from 33 to 49 percent. That is really a staggering cut in a very important program.

Mr. Chairman, let me say to my friends and colleagues in this committee that I can understand the concern about LEAA, and I can understand that there have been failings in the LEAA. I share the very grave misgivings about the past performance of this program.

But I also want to say that the Committee on the Judiciary and the Subcommittee on Crime have taken some very responsive and responsible actions with respect to trying to improve the performance of LEAA. The bill which has been reported out by the Judiciary Committee and which should reach the floor very soon will hold LEAA next year under a tight leash and will resolve some of the problems that have created misgivings in the past.

For example, the bill contains only a 1-year authorization; all LEAA programs will have to be evaluated for the first time in the history of the program; there will be uniform reporting requirements, and so forth.

I would say that a very clear signal has already been sent to LEAA, and I would say the actions of the Committee on Appropriations are beyond what is needed either to send a signal or to improve LEAA. The cuts called for by the committee will, I believe, devastate the only Federal program we have to help States and localities fight crime.

We can, through the amendment that I will offer with the gentleman from Illinois, restore much of the cut that has been made. Our amendment which restores $138 million of the $200 million cut falls within the budget target, and I think it is a responsible approach to dealing with the problems of law enforcement at the local level.

Mr. RAILSBACK. Mr. Chairman, will the gentlewoman yield?

Ms. HOLTZMAN. I yield to the gentleman from Illinois.

Mr. RAILSBACK. Mr. Chairman, I would like to add some observations about the Law Enforcement Assistance Administration program in Illinois.

Illinois is not particularly unique in any aspect of its criminal justice system. It is a large and populous State, obviously, with the attendant big city crime problems but it also has huge rural areas that are not without their share of crime.

Much of what LEAA funds have accomplished in Illinois and in my district has been done, and is being done, elsewhere in the country. Nonetheless, I would like to lay out for the membership some examples of programs with which I have had contact.

One thing that is unique about my district is that it shares a large metropolitan area with an adjoining State. That area happens to be represented by another member of the Judiciary Committee, the gentleman from Iowa. Several grants I would like to mention are of a bistate nature, and the cooperation between the jurisdictions has been exemplary.

For instance, there is a four-county regional criminal justice training unit: Three of the counties are in Illinois and one in Iowa. About $200,000 in LEAA funds has gone for the support of the unit.

The jurisdictions in Iowa and Illinois share a bistate "metro Computer" that has been supported at the $1.5 million level with LEAA block and discretionary funds.

Another grant, this one for a deferred prosecution program, is considered so successful that local officials are in the process of applying to LEAA for "exemplary program" status.

In Rock Island, "Metro Comm," a countywide police communications system, is functioning thanks to $500,000 in LEAA support.

As many of my colleagues know, the juvenile justice area is of particular interest to me. The Rock Island schools have implemented a delinquency prevention program supported with $225,000 in LEAA funds.

While I am on the subject of juvenile delinquency, let me give you some idea of what Illinois is allocating to this area. In 1970, it was $400,000; in 1972, it went to $2,750,000; and in 1975, to $5,863,000. An admirable trend, I must say.

In Illinois a phenomena known as a "contract policing" has been catching on. While it is mainly applicable in the rural areas, some cities—such as Barrington, Peoria, and Champaign—have become participants too. During the past 3 years over 40 nonmetropolitan counties have developed contractual policing arrangements enabling small populations within participating rural counties to receive at least basic full-time police and patrol services from trained professional policemen.

A system of satellite crime laboratories in the State was established so that such services would always be within 1 hour's travel time of any crime scene in the State. As a result, the application of scientific analysis of physical evidence quadrupled in the system within 4 years.

An effort to find stable and meaningful employment for offenders by the Illinois Department of Corrections, called Project DARE, has resulted in less than 7 percent of its 1961 participants being reincarcerated.

A subject that has been of great concern for several years in many parts of the country is drug enforcement. In fiscal year 1971 LEAA awarded a discretionary grant in Illinois to establish a combined drug enforcement unit. A block-grant program evolved from the discretionary grant establishing drug enforcement units throughout the State. The State committed over $2 million in fiscal year 1975 to support eight units. This is an excellent example of the "seed money" use of LEAA discretionary funds.

Finally, Mr. Chairman, there is a thrust in criminal justice that will be getting more and more attention in the future and that is the crime "prevention" effort, especially efforts involving citizen participation. Illinois has been one of the leading States in this area. In 1972, hearings were held around the State on crime prevention and Operation Identification programs. In August of 1975, there were 19 crime prevention bureaus operating in the State with 6 or 8 more to be operational by year's end.

Well, Mr. Chairman, I could go on at great length about programs in Illinois but I do not want to belabor the point. LEAA grants do work; they do produce results.

I do not want to yield the floor without this additional observation. In 1968, 13 institutions of higher education offered 14 degrees in criminal justice studies. With support from the Illinois Law Enforcement Commission through the State Board of Higher Education, there are now 45 institutions with 55 new degree programs and/or research centers in law enforcement, corrections, and criminal justice. LEAA's LEEP program of student aid to those in criminal justice programs is important and I would not want to neglect mentioning that the Appropriations Committee did, in fact, provide funding for the program. Unfortunately they earmarked $40 million for LEEP after they had cut LEAA's budget to the $600 million level, further reducing what is available for block grants to the States.

Mr. Chairman, I support the amendment before us to increase LEAA's appropriation to $738 million. I am confident that if my colleagues would take the time to see what LEAA funds have done in their districts for their constituents and communities, this amendment would clearly have broad support.

Ms. HOLTZMAN. I thank the gentleman for his comments.

Mr. Chairman, I would just like to point out another way that the Judiciary Committee bill will improve LEAA performance. If the bill is adopted, it will assist States and localities in finding and using successful programs. In other words, if programs have been demonstrably successful, the bill will encourage other States and localities to use those programs. Thus States can avoid repeating mistakes and get the benefit of successful crime fighting programs around the country.

Mr. SLACK. Mr. Chairman, I yield 2 minutes to the very distinguished gentlewoman from California (Mrs. Burke).

Mrs. BURKE of California. Mr. Chairman, I would like to clarify a situation in this appropriation bill concerning the Federal Communications Commission. There has been a great deal of discussion of the need for witness fees, attorney fees, and travel expense reimbursements for witnesses who are public witnesses.

We know that in the Federal Trade Commission there is authorizing legislation that provides for public representation, but there is no specific authorization in this bill. I would like to know whether or not there has been a General Accounting Office statement that it is within the authority of FCC to provide and to pay these fees.

Mr. SLACK. Mr. Chairman, will the gentlewoman yield?

Mrs. BURKE of California. I yield to the gentleman from West Virginia.

Mr. SLACK. Mr. Chairman, that is my understanding.

Mrs. BURKE of California. Mr. Chairman, I would like to further clarify the situation with respect to the authority of the FCC to reimburse for attorneys fees, witness fees, travel expenses, and other costs of participating in Commission hearings. As I understand it, under the authority of various GAO opinions, the Commission has discretionary authority to reimburse participants who, in its judgment, are necessary to a fair determination of the issues. Reimbursement may be made to those interested parties who require financial help in order to participate. Determination of all questions, including the question of whether to set up a program, is within the discretion of the Commission. Although there is no specific statutory authority for such action, this discretionary authority has been articulated in various opinions and opinion letters by the Comptroller General of the GAO.

Mr. SLACK. I think that is a fair analysis of the situation.

Mrs. BURKE of California. It is my hope that the Commission will use some of the funds we are providing for their necessary expenses to carry out these purposes. I believe that the agency hearing process cannot be truly representative until provision is made to insure that vital interests are able to take part. Financial considerations should certainly not be an obstacle to a fair determination of the issues facing the Commission.

Mr. SLACK. I share your concern. I might also add that the Commission might find some guidance in looking at the experience of the Federal Trade Commission. As you know, since 1975, the FTC has had specific statutory authority to reimburse for such expenses and they have developed such a program.

Mrs. BURKE of California. I think that is an excellent idea. It would help the FCC avoid some of the problems which the FTC may have run into.

Mr. SLACK. As I know the gentlewoman is aware, the Comptroller General indicated in an opinion dated February 19, 1976, which is printed in part VII of our hearings, specific legislative authority for such reimbursement would be preferable to the present situation. I would like to ask the gentlewoman what the status of such legislation is?

Mrs. BURKE of California. I am pleased to respond to the gentleman, particularly since I am a cosponsor of the legislation in question. Entitled the "Public Participation in Government Proceedings Act," H.R. 13910 authorizes Federal agencies to award reasonable attorneys' fees and other costs of participation to a person or a group of people when it can be demonstrated that their participation in an agency proceeding would promote a full and fair determination of the issues involved. The participants must also show that they have a relatively small economic interest in the proceeding or that lack of funds would prevent them from participating.

In the House, H.R. 13901 is pending in the Judiciary Committee. An identical bill, S. 2715, has been sponsored by Senator KENNEDY and was reported by the Senate Judiciary Committee on May 13. It is currently pending in the Government Operations Committee and will receive 1 day of hearings June 24. I understand that it should be reported to the Senate floor shortly thereafter. It is my hope that, once the Senate has sent S. 2715 to the House, the Judiciary Committee will act quickly to report the legislation to the House floor.

Mr. SLACK. I thank the gentlewoman.

Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Wyoming (Mr. RONCALIO).

Mr. RONCALIO. Mr. Chairman, I would like to express my concern with the Appropriations Committee's actions regarding State, Justice, Commerce, and Judiciary Appropriations, H.R. 14239. I am disappointed with the recommendation of the committee to appropriate only $42.2 million for the regional development programs. This is the full amount of the budget request, but it is $20 million less than the fiscal year 1976 level, and this budget cut will adversely affect the seven regional commissions. I am particularly concerned about the impact this budget cut will have on the Old West Regional Commission and the States which are under this Commission.

I have observed, firsthand, the effectiveness of the Old West Regional Commission, which links my own State of Wyoming together with Montana, Nebraska, North Dakota, and South Dakota. Although the Commission has been in operation only 3 short years—since it is one of the newest commissions—I can vouch for a number of extremely important programs and increments of progress which are attributed directly to the Commission.

I start with the program of providing technical assistance to energy-impacted communities in Wyoming, Montana, and North Dakota. This assistance, when none other was available, has been instrumental in permitting largely rural counties to staff up with public service specialists such as accountants, attorneys, planners, and sanitary engineers to meet the growing demand of increased populations for increased public services which would have been beyond the normal ability of the county to produce. The Commission would need $1.2 million for continuation of such assistance in the next 2 years.

A corollary program, equally effective, has been the Commission's support of sub-State planning districts. Under provision of the 1974 amendment to the Public Works and Economic Development Act, the Commissions are permitted to provide administrative funding to such districts, and since many districts in the Old West Region are not subsidized by the Economic Development Administration, the Commission has been their only source of much-needed administrative funds to operate their planning function. The Commission would need more than $1 million for this function for the second successive year.

Others which should be noted include the $1.5 million necessary for accelerating the oil surveys process in the region. This is a most essential program to our agriculturally dominated States and the Commission's help is going to insure completion of the critical surveys much sooner than could have been possible otherwise.

Another program critical to the region, but with national implications, is the recently completed construction worker profile, which analyzes the sociological implications of the influx of large numbers of energy-oriented construction workers into a largely rural economy. The information produced in this program has been eagerly sought after by planners everywhere.

Other noteworthy programs include coordinated regional programs to expand the area's national and international trade, especially in agricultural products. Agriculture activities occupy a large portion of the Commission's time and budget. The Commisison, for instance, is carefully exploring the possibility of establishing a regional school of veterinary medicine to help supply the veterinarians who are becoming all too scarce in the Rocky Mountain States.

One of the Commission's newest programs is certainly one of its most effective for providing direct economic development assistance at the local level, which is the Commission' ultimate goal. I refer to the excess property program, which enables the Commission to provide excess Federal property to participate in community and other eligible recipients. In the 10 months since this program has been in active operation, the Commission has distributed about $19 million in valuable property to deserving recipient communities and other governmental agencies.

The Commission has recently completed the first draft of its long-range economic development plan. It is now being reviewed and will undergo official review by the Federal Advisory Council on Regional Economic Development on August 9. When that plan is ultimately approved, the scope of the Commission's activities will be broadened by its ability to provide supplemental Federal funding under section 509 of the Public Works and Economic Development Act of 1965 as amended. This means the Commission can assist communities in providing some of their matching funds for water and sewer and other essential community services. With the predominantly rural communities in our region, and their rather narrow tax base, this assistance will be a tremendous help to their progress. It is anticipated that approximately one-third of the Commission's budget henceforth will be devoted to this type of assistance.

We should not fall into the easy assumption that all of the Regional Commission's value lies in its ability to spend money. The Old West Commission has been successful in intervening in the Interstate Commerce Commission proceedings on freight rates and the ICC has agreed with the Commission that the Old West's coal transportation problems deserve special consideration. The Commission also intervened with apparent success in the consideration of the Civil Aeronautics Board regarding subsidization of third-level air commuter services. Commission support of more assistance for commuter services will ultimately help broaden the Nation's commercial air services, another goal of tremendous interest to Old West States.

With the enactment of Public Law 94-188 last year, the authorities of the Regional Economic Development Commission are broadened substantially. They now have authority to expand their activities in the energy area, in vocational education and delivery of health services. Those areas encompass the prime problem areas in the Old West States, and I am delighted the commissions now are being permitted to bring their resources to bear upon the problems.

I take great pride in our Commission also, Mr. Chairman, because the current State cochairmen is Wyoming's Governor Ed Herschler, who quickly became a stanch supporter of the concept and program. I commend Governor Herschler and Federal cochairman Warren C. Wood for their foresighted leadership of the Commission. We can expect many more good accomplishments from the Commission in the future.

Mr. SLACK. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Virginia (Mr. FISHER).

Mr. FISHER. Mr. Chairman, over the last several months I have become increasingly aware of and concerned about the phenomenon of the citizens band radio operator. In my district there are literally thousands of citizens who have purchased small but sophisticated pieces of communications equipment to transmit and receive voice communications. Many of these citizens are small business men who have some use for the equipment in their work.

Federal law requires that an operator of such equipment be licensed and recently the license fee for a 5-year period has been only $4. In the last 18 months there has been a dramatic increase in the number of licenses issued. Currently there are over 6 million licensed CB transmitters. Current information from the FCC indicates that they are now receiving new applications at the rate of 500,000 per month. Indications are that at least one major automobile manufacturer may offer CB equipment as a standard option, a factor which would further boost license applications. At this rate, the number of licensed CB transmitters will double in a year.

Unfortunately, increased violations of the regulations have accompanied the increased number of CB operators. Most CB owners are conscientious citizens anxious to use their equipment in keeping with the law, recognizing that their own enjoyment is increased if everyone follows the simple rules set down by the FCC which are, for the most part, only a matter of common courtesy.

A 1975 report issued by the Government Accounting Office maintains that widespread violation of existing CB regulations:

> (1) frustrates station operators attempting to use the service legitimately, (2) disrupts the operation of television and other equipment in residential areas, and (3) causes difficulties for State and local law enforcement when CBs are used by motorists and truckers to circumvent speed and weight laws.

Conversations I have had with constituents who are CB operators confirm the inconvenience and frustration they experience as a result of violations. Channel congestion and malicious interference account for a high percentage of complaints about CB violations. There is nothing more disturbing than to have your conversation disrupted by another operator intentionally using his equipment to block out your signal. Overpowered and out-of-band operations, although restricted by the FCC, are increasingly common occurrences. Operators are able to purchase amplifiers capable of boosting the power of the CB to about 10 times the amount authorized.

This excess power plus certain atmospheric conditions permit an unlawful operator to project his signal over hundreds and even thousands of miles despite the clear FCC rule forbidding broadcasts of over 150 miles and transmitter power in excess of 4 watts. These outlaw CB operators, known in the trade as "skip" because of the way their signal bounces off the atmosphere, disguise their identities through the use of post office box numbers rather than proper call letters. Their unsolicited calls blast across the air waves breaking up local conversation using the same channels. For example, there is a skip operator in Mississippi, known only as "Johnnie Reb," who chronically disrupts transmissions here in the Washington metropolitan area and often makes it impossible for local CB operators to use their equipment fully.

The Federal Communications Commission's enforcement capabilities are inadequate to deal with the violations. The Commission has recommended that 13 traveling teams be established to carry out investigations in different geographic areas. Although five teams of eight individuals are currently authorized, only four teams are operating. Additional staff positions are critically needed to carry out monitoring procedures. In large metropolitan areas with a concentration of CB operators, the FCC should have the following capabilities: First, carry out periodic spot checks of licensed CB operators; second, monitor and track illegal operators; third, prosecute to the fullest extent of the law major violations of CB regulations and publicize penalties assessed against the violators. Legitimate CB operators would welcome this level of FCC enforcement.

The FCC requires clearer legal authority to prosecute violators. Currently, they lack the authority even to fine unlicensed CB users or seize illegal equipment in most circumstances. Enforcement would also be strengthened by making it a Federal crime to kill, assault, or intimidate FCC personnel performing official duties. Legislation has been proposed to carry out these recommendations and Congress should move to approve it.

Congressional direction is also required to establish a new license fee schedule, so that fees collected can be earmarked for enforcement purposes. As a result of the Supreme Court decision which held that the Commission could only charge fees on the basis of the cost to the Commission in processing the application, the CB license fee has been reduced from $20 to $4. I would recommend that the FCC be directed by Congress to collect fees sufficient to carry out their responsibilities of licensing and enforcement. It seems to me and to most CB operators that this function of Government can and should be paid for by those who benefit—the CB operators.

These, however, are substantive changes which should be dealt with as amendments to the Federal Communications Act. We are faced with a more immediate problem in the fiscal 1977 budget which is before us. In the hearings before the subcommittee, chaired by the gentleman from West Virginia (Mr. SLACK), Thomas P. Campbell, Acting Chief of the Financial Management Division, indicated that the problem of enforcement of CB regulations had not been brought before the subcommittee because of a pending fiscal year 1977 budget amendment which was still awaiting action in the Office of Management and Budget.

The total request of the pending amendment is for $3.8 million and 89 additional permanent positions. Of that figure $3.1 million is set aside for the citizens band radio program—33 staff positions would be earmarked for field enforcement in the CB program. The committee bill does provide for some increased enforcement but far short of what all seems to agree is necessary.

Unfortunately, the additional budget request has still not been released by OMB and hence has not been considered by the committee. I would hope that action might be taken in the Senate to add these much needed funds and that the House conferees would look favorably up on such an increase.

Mr. SLACK. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Massachusetts (Mr. EARLY).

Mr. EARLY. Mr. Chairman, I would certainly agree with the gentleman's analysis that the FCC has been faced with unprecedented and at times overwhelming increases in CB radio license applications during the last year. This committee explored this issue in detail last fall with the FCC in connection with the first supplemental appropriation bill for fiscal year 1976. We looked at it again this spring in connection with the fiscal year 1977 budget request, and I would refer the gentleman to the printed hearing in this regard.

In addition, this committee has approved two reprograming requests in recent months which transferred additional resources into the CB radio area. I am pleased to report to the gentleman and to the House that with these additional funds the FCC has been able to make some significant progress in reducing the backlog of CB radio license applications.

The unprecedented increase in the number of owners of CB radios has also created very troublesome problems of enforcement. These problems may very well require significant additional resources. However, I think that certain legislative alternatives concerning licensing and enforcement requirements might be explored, and woud urge the appropriate legislative committees of the House and Senate to consider such alternatives.

In addition, I understand that a budget amendment is pending at the Office of Management and Budget for $3.8 million, primarily for the CB radio program. I would hope that OMB would make a decision on this request very soon so that we could consider it in the normal course of the appropriations progess. In any event, the other body may have the opportunity to consider this subject, and we feel that we can work with them on this matter when we reach the conference stage on this bill.

Mr. SLACK. Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from Virginia (Mr. Robinson).

Mr. ROBINSON. Mr. Chairman, I would like to take this opportunity to comment on the Law Enforcement Assistance Administration appropriation before us today—in the bill to fund State, Justice, and related agencies.

The State of Virginia has received over $85 million in block and discretionary funds from LEAA since the start at the program. In fiscal year 1976, Virginia received $9,226,000 in LEAA block funds.

If the House approves the Appropriations Committee's recommendations for LEAA, it is estimated that Virginia will receive only about $6 million. The $3 million loss will result in the closing of a number of worthwhile law enforcement programs which have been implemented with LEAA funds.

I would like to describe several programs in the State of Virginia for which LEAA has provided funds.

In 1971, a study was conducted which led to the reorganization in 1974 of Virginia's courts into a unified system. The study was founded with block money and LEAA funds continue to assist the court administrator's office in facilitating the unification.

With LEAA money, the Virginia Division of Justice and Crime Prevention's support of the Office of the Executive Secretary of the Supreme Court gave the newly unified court system its first administrative and management capability. We believe that the State Bureau of Forensic Science is one of the finest laboratories in the country. It was funded with LEAA money and provides valuable services in criminal investigations to police agencies throughout the State. As an example, during the 10-month period ending April 30, 1975, the Bureau analyzed over 357,000 in drug, toxicology, and physical evidence specimens.

LEAA provided assistance for the establishment of five police planning and crime analysis units for State and local law enforcement units under a program for the improvement of police planning and crime analysis.

LEAA funds were awarded to the Virginia Code Commission to support a comprehensive study of the State's criminal code. This study led to major code revisions that were enacted by the 1975 Virginia General Assembly.

In 1973, the Division of Justice and Crime Prevention initiated the public defenders pilot projects for indigent defendants in Virginia Beach and the Stauton-Waynesboro-Augusta Counties. There have been positive results in terms of improving the consistent quality of representation of the indigent accused, improving the use of investigative resources, improving the efficiency of courts processing of these cases and improving the delivery of specific crime expertise to the defendant. Evaluation of the programs indicate that the State has saved approximately $300,000 in court appointed counsel expenses while providing better services to the indigent defendant in those areas.

The rate of recidivism of juvenile offenders in Virginia, during the years 1966 through 1972, fluctuated between 18 and 20 percent. In 1972, in my own district, the Winchester Juvenile Probation House, known as Braddock House, was initiated with LEAA funds and Federal funding has continued uninterrupted since that time. This probation house is designed to offer an alternative to institutional commitment and effect a change in the young person's family-environmental experience. As of June 30, 1975, the recidivism rate for Braddock House, based upon residents having successfully completed the program, is 0.072 percent. A rate well below that of children placed in State institutions.

In 1973, the high incidence target project—HIT—was initiated with LEAA funds. The program was designed to provide each selected Virginia jurisdiction with minimum guidelines in order to encourage the development of a crime-specific planning capability and to result in truly innovative approaches to crime reduction. The project reflects a significant crime reduction effort on the part of the DJCP and evaluation of the program concludes that it is successful.

The Law Enforcement Assistance Administration has provided funds for the mechanism to coordinate all organized crime control activity. It has provided funds to train law enforcement officers, as well as circuit court judges, magistrates, et cetera. LEAA funds have been provided for the Commonwealth's attorneys and judges to attend out-of-State training programs sponsored by national organizations such as the National College of District Attorneys, the National College of State Judiciary, and others. LEAA funds have provided programs to assist in drug and alcohol abuse treatment and control, as well as the State's central criminal records exchange.

These programs are only a few of the numerous criminal justice projects funded in Virginia by LEAA. Without assistance from LEAA, State and local law enforcement agencies are entirely dependent upon their own scarce resources. Unless adequate funds are provided to LEAA, these and other worthwhile programs will suffer. I urge support for an increase in the appropriation for the Law Enforcement Assistance Administration to the level of the administration's funding in order that these programs in my State may be carried forward with effectiveness.

Mr. SLACK. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from New York (Mr. Bingham).

Mr. LEVITAS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

Prior to the point of no quorum the gentleman from New York (Mr. Bingham) has been recognized for 5 minutes.

The Chair recognizes the gentleman from New York (Mr. Bingham).

Mr. BINGHAM. Mr. Chairman, I generally support the bill currently before the House—H.R. 14239, the State, Justice, Commerce, and Judiciary appropriation bill for fiscal year 1977. I am disturbed, however, by the cuts made by the committee in proposed funds for the Office of Export Administration which implements the U.S. program of export controls which are so important to our national defense and economic strength.

First I should say that this is a matter about which the distinguished chairman of the full committee, Mr. Mahon, and the chairman of the subcommittee, Mr. Slack, and I have corresponded. The response to my inquiry to the Appropriations Committee was prompt and thorough, and I want to express my appreciation to the chairman of the full committee, and the subcommittee, for the very cooperative and forthcoming manner in which they responded to the concerns I expressed in my letter of May 24, 1976.

This correspondence, however, fails to clarify and resolve some differences of view, and I want briefly to discuss those issues.

1. EXTENT OF EXPORT ADMINISTRATION CUTS

First, Mr. Chairman, the extent of the cuts the committee has made in the funds and personnel available to the Office of Export Administration is unclear. The committee rejected a requested $618,000 for 24 new positions in the Office of Export Administration to help handle the growing tide of export license requests that has resulted in substantial backlogs and delay. There is no disagreement about that.

But the committee says this is the only cut it made in OEA funds, and I contend it has indirectly imposed an additional cut. The administration has proposed obtaining the $618,000 needed for 24 new export control positions by closing down two U.S. trade centers abroad and reprograming those funds. The committee rejected that plan and cut the $618,000, but failed to restore that same amount for the continued operation of the trade centers. At the same time, the committee ordered that the trade centers remain open and operating—page 25 of the committee report. The money to keep those trade centers operating will not have to come out of the OEA budget. So, in short, the committee has not only rejected an increase in OEA staff, it has—in effect—put OEA in a position where it will have to reduce its personnel. That is the understanding of the executive branch officials involved, and my own reading of the committee report leads me to the same conclusion.

2. EFFECTS OF OEA CUTS

Whatever the extent of the cuts in personnel to implement our export controls, Mr. Chairman, those cuts are, in my judgment, unwise.

On the basis of extensive hearings held by the Subcommittee on International Trade and Commerce, which I have the honor to chair, and on the basis of further hearings just completed by the full Committee on International Relations, it is clear that serious problems remain in our export control program.

With détente, the volume of requests from American industry for licenses to export goods, services, and technology to socialist and Communist nations has increased dramatically. The process of reviewing each of those thousands of applications and making sure that the proposed sales would not adversely affect our national security is a very complicated one, requiring coordination among many departments and agencies of the Government, and high levels of technological expertise.

Although we supply 16 percent of the manufactured goods bought by the free world, we have succeeded in capturing only about 4 percent of the trade in manufactured goods between Communist nations and the capitalist world.

One of the reasons is the slowness of our export licensing system. Industry after industry reported to the Subcommittee on Trade that it had lost business particularly to Western European and Japanese firms while waiting sometimes over a year for a U.S. export license to be approved. That kind of delay costs us jobs and weakens our economic strength in general.

The Committee on Appropriations says that what is needed in the Office of Export Administration is improved management and administration. I certainly agree with that. In fact, Mr. Arthur Downey, Deputy Assistant Secretary for East-West Trade, presented a detailed plan for improved management of the export licensing program in testimony March 15 before my subcommittee—a plan which is now being implemented.

But I believe on the basis of the hearing record and my understanding of the problems of export control that improved management alone will not enable us to license maximum exports in a timely fashion with full attention to the preservation of national security.

One way to do that is to streamline somewhat the legislative directives and requirements for export control decisions, and I and other members of the Committee on International Relations plan to offer amendments in the course of committee action on the proposed extension of the Export Administration Act now before our committee aimed as such a streamlining.

But I believe also that additional personnel to handle these export licenses and to make the necessary decisions on them are needed. The Appropriations Committee notes correctly in its report that 142 positions and $4.9 million are already devoted to export administration. The facts indicate, however, that that is just not enough to do the job the way it should be done. I believe that an additional 24 people and $618,000 would be a small price to pay for achieving greater efficiency in the export licensing process and for improving the ability of American business to compete effectively for business in East-West trade.

Mr. Chairman, I will not offer an amendment to restore these funds. I know the Committee on Appropriations has made a sincere effort, with limited time and many programs under its jurisdiction, to do what is right on this matter. I fully accept the committee's assurance to me in Chairman SLACK's letter that its actions on the matter are "not intended in any way to impede the administration of export control procedures or delay the granting of export licenses." I would only appeal to the members of the committee to give this another look and, should the other body see fit to provide the full amount requested for export controls, to consider that position sympathetically in conference.

3. AUTHORIZATION FOR EXPORT CONTROL PROGRAMS

Finally, Mr. Chairman, I would like to note that there has been some confusion over whether, and on what basis, the funds appropriated in this bill for the export control program have been authorized. In its budget message to the Congress, the executive branch noted that it intended to seek authorization for increases in funds for export administration and certain other programs of the Domestic and International Business Administration. No such authorization, however, has been obtained.

In the hearings before the Appropriations Subcommittee on State, Justice, Commerce and the Judiciary—the Slack subcommittee—the executive branch witness indicated that the funds proposed for export control programs are authorized by the Export Administration Act. That contention, however, is—at best—questionable since the Export Administration Act contains no explicit authorizing language of any kind. House precedents vary on the question of whether a general act can serve as an authorization without specific authorizing language. For that reason, and in view of the fact that the Export Administration Act expires in September and has not yet been extended, the Appropriations Committee requested and received rule for the bill now before us (H.R. 14239) waiving points of order based upon the fact that certain funds appropriated by the act—including those for export control—have not been authorized.

Mr. Chairman, in the Appropriations Subcommittee hearings on this legislation, less than one page of discussion was devoted to the export control program. I do not say that in criticism of the committee, because I realize it has many programs to review and this is by no means the largest or most important in terms of the funds required. But in view of the problems we have faced—and continue to face—with the export control program and its administration, and in view of its importance to our economy, to jobs for the American people, and to our national security, I do not think we can afford to give it such limited attention.

I believe both the program and the amount of funds required to carry it out require the detailed attention that is only achieved by periodic, explicit funding authorization. I believe, in fact, that the Appropriations Committee might well concur in this view since Chairman SLACK indicated in his letter to me that the Appropriations Committee felt it lacked "direction by the committee with legislative jurisdiction" over export controls and that it was, therefore, in a "difficult position" in deciding upon the appropriation of funds.

With this in mind, I intend to offer an amendment to the Export Administration Act extension currently before the International Relations Committee stipulating that, hereafter, no funds shall be appropriated for export control programs except as may be specifically authorized by law. The intent and effect of that amendment would be explicitly in the Export Administration Act to provide for the authorization of funds to carry out the purposes of the act, and to assure periodic review and revision of such an authorization by the Committee on International Relations.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. BINGHAM. I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. Mr. Chairman, the $600 million which the Committee on Appropriations proposes to appropriate for the Law Enforcement Assistance Administration for fiscal year 1977 concerns me greatly. The law enforcement education program and the juvenile justice and delinquency prevention program administered by LEAA are important efforts, and it is appropriate that the committee made special provision for their continuation at current levels. However, the net effect of the committee's action will be a reduction for LEAA of approximately $270 million from the fiscal year 1976 appropriation.

This budget reduction will not hurt LEAA itself as much as it will adversely affect States and localities across the country, for the bulk of the LEAA appropriation is distributed on a population basis. LEAA funds support innovative programs to assist law enforcement and improve the criminal justice system in the districts of every Member of this House.

In my own State of Rhode Island, an effective analytical and criminal justice planning capability has been developed throughout the State. Numerous police and criminal justice professionals have received training, some at an academy established with LEAA block grant funds. Communications and information systems have been greatly improved. Important projects are now underway to prosecute career criminals, help juveniles, treat drug abusers, upgrade courts and corrections, and develop criminal justice standards and goals.

The postive impact of the funds which LEAA has awarded to Rhode Island since 1969 cannot be overstated. This is true despite the fact that, as a small State, only about $20 million has been received over 8 years. Many of the current programs will have to be either cut back or abandoned, however, if the committee action is upheld. Gov. Philip Noel of Rhode Island has written me in this regard, and I would like to share his letter with my colleagues, since I am sure what is happening in Rhode Island is indicative of the situation in many States. Governor Noel states, in part:

> I ask you to support restoration of the reductions made by the Appropriations Committee. A cut of this magnitude would have a devastating effect on Rhode Island's efforts to continue to fulfill the congressional intent of the Omnibus Crime Control and Safe Streets Act of 1968, as amended. Other recommendations of the House Appropriations Committee would further cripple our flexibility in the LEAA block grant program by earmarking forty million each for Juvenile Justice and Law Enforcement Education. The combination of reduced appropriations and the earmarking of funds would result in a cut of more than 30 percent in Rhode Island for the State and local government block grant program. . . .
>
> I know you will share my concerns as to the negative impact this will have on Rhode Island's criminal justice planning and crime reduction programs. . . .

I thus am supporting the amendment which has been offered to raise the LEAA fiscal year 1977 appropriation to approximately $778 million.

I hope my colleagues share my serious concern regarding the importance of the LEAA program. With its relatively small percentage of criminal justice expenditures, LEAA cannot itself be expected to reduce crime. What it can be expected to do is provide additional necessary resources to jurisdictions throughout the country to improve their criminal justice systems, thus insuring fair and effective law enforcement efforts.

Mr. ADAMS. Mr. Chairman, we have reached the conclusion of the first of two unprecedented weeks in the history of this House. During this week we have considered and passed five appropriations bills, and we are now taking up a sixth. Next week, we will consider five more appropriations bills, and the final bill—except for D.C. appropriations—on the following Monday.

It has been many years since Congress has acted so expeditiously and so responsibly on the money bills. The Committee on Appropriations, under the able and distinguished leadership of the gentleman from Texas (Mr. MAHON), is to be congratulated. All Members of the House are to be congratulated.

Members may be interested in a scorecard showing where we are today as a result of our actions on money bills throughout the week. In comparison to the subdivisions of budget authority reported to the House by the Committee on Appropriations pursuant to the allocations made in connection with the first concurrent resolution on the budget, we find that the bills as passed by the House are within the budget resolution allocations as divided among the subcommittees. For specific bills, the comparisons are—

Treasury, Postal Service: Committee target $8,575 million; reported bill, $8,276 million; bill as passed, $8,267 million.

Public Works: Committee target $10,137 million, reported bill, $9,551 million; bill as passed, $9,845 million.

Agriculture: Committee target—certain items reserved for later action—$14,583 million, reported bill $11.703 million as passed, $11,703 million.

Military construction: Committee target $3,467 million, reported bill, $3,293 million; bill as passed, $3,293 million.

Defense: Committee target—certain items such as pay reserved for later action—$107,132 million, reported bill, $105,948 million; bill as passed, $105,397 million.

Of course, there are a number of additional items of appropriations which will come up later in the funding process and which will have to be scored against these subdivisions:

Several programs and activities lack authorization and must be appropriated after authorization bills are enacted;

We must expect the other body will make changes in the bills we have passed;

Some items will necessarily be deferred for consideration in supplementals; and

Pay and retirement reform legislation.

Taken all in all, however, this week's actions on appropriations bills, represent a record of staying within the budget resolution targets.

With respect to the bill before us today, I can report to the committee that the reported bill is within the target of $7,292 million set in the first concurrent resolution and allocated to this subcommittee by the full Appropriations Committee. The bill reported by the State, Justice, Commerce, and Judiciary appropriations bill is at $6,383 million which is consistent with the budget resolution as reported to the Members on June 17, 1976 in the early warning report.

Mr. BADILLO. Mr. Chairman, I rise in support of H.R. 14239, the bill making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending September 30, 1977. As many of my colleagues know I offered the amendments to the Voting Rights Act extension in 1975 which expanded coverage of the act to language minorities. I have learned to my dismay, that the appropriations needed to enforce title II of the Voting Rights Act were left out of this appropriation bill. On June 8, 1976, President Ford wrote the Senate requesting an amendment be approved that would increase the appropriation to the Department of Justice an additional $525,000 for the voting section of the Civil Rights Division of the Department of Justice. The appropriation is needed to enforce the additional responsibilities that the Division has for preclearance of voting laws and monitoring of elections in the newly covered jurisdictions. I hope that the conferees of the House will agree to this important amendment if it passes the Senate.

Mr. FORSYTHE. Mr. Chairman, today the House is considering an important piece of legislation that will appropriate money to the Department of Commerce, among other areas. My colleague, Mr. YOUNG of Alaska, is attending matters in the State and is unfortunately unable to participate in the debate and vote connected with this bill (H.R. 14239). Therefore, he asked me to submit this statement on his behalf, because of the concern that he has with this bill. His statement follows:

Today the House of Representatives is considering a bill for appropriations for State and Judiciary, and included in that bill (H.R. 14239) will be money directed at the Department of Commerce.

The reason I am concerned with this piece of legislation is that the Department of Commerce, pursuant to H.R. 200 that recently was signed into law by the President, will be directed to implement the provisions of the 200-mile bill. This will require an expenditure over and above what is presently available to the Department, as they will have several new duties to perform that are required by the act.

Eight Regional Fisheries Management Councils will have to be set up and supervised in various locations around the country, to implement and develop fisheries management plans. Scientific and statistical advisory committees will also be needed to formulate workable proposals, and advisory panels for the councils will have to be established by the Department of Commerce.

The National Marine Fisheries Service will have to beef up its enforcement capabilities, and draw up long range fisheries research programs. It will have to establish a permit system so that all fishing vessels employed within the 200-mile zone will have a permit on board.

The Coast Guard will also need more vessels and equipment to enforce the zone established by the bill. When Congressman Leggett testified before the Appropriations Committee on this matter, he reported that the need for the Commerce Department resulting from H.R. 200 would be $25 million, and the Coast Guard will need $108.6 million.

But when the committee reported out its appropriations bills, Commerce received nothing, and the Coast Guard was appropriated $60 million. Congressman Leggett will introduce an amendment today that will restore the needed money for Commerce back into the budget, and I support this measure. It is the only way that we can hope to restore and develop our dwindling fisheries.

H.R. 200 was the most important piece of fisheries legislation ever passed by the U.S. Congress. It will certainly be crucial to the U.S. fishing industry, and the Congress recognized that fact when it passed the authorization section of this bill by an overwhelming margin. Now it is time to fulfill the mandate declared by Congress earlier this year, and pass the required appropriation for this important bill.

Mr. KOCH. Mr Chairman, the appropriation for the Law Enforcement Assistance Administration has been the subject of much controversy. I am quite aware of the dissatisfaction of many, who maintain that the LEAA has not been effective in its fight against crime. I share that concern, and I think that the debate should put LEAA on notice that it must put its house in order. I intend to vote for the increase in LEAA funding, but I want all to know that it is with the understanding that the agency will do all it can to respond to the constructive criticism by enacting responsible changes and improvements. For the benefit of my colleagues I am enclosing a letter from the National League of Cities and U.S. Conference of Mayors which set out what I believe to be many of the beneficial aspects of LEAA's work. The letter follows:

National League of Cities,
U.S. Conference of Mayors,
June 16, 1976.

Hon. Edward Koch,
U.S. House of Representatives,
Longworth Office Building,
Washington, D.C.

Dear Congressman Koch: Thank you for your letter expressing your views on appropriations for the Law Enforcement Assistance Administration (LEAA). This is to provide you with some information regarding the criticisms of LEAA that are being made in Congress.

First, it should be pointed out that the bulk of LEAA funds are channeled directly to the States. While LEAA can disapprove State plans or attach special conditions to State block grants, it cannot, under the law, establish "clear directions and goals" for each State. It can and does require States to set standards and goals, but the quality of these standards and goals vary widely among the States. LEAA has, in the past two years, established some clear directions in its discretionary program administered at the national level. For example, these programs have focused on the prosecution of career criminals, aid to victims and witnesses of crime, establishment of standards and goals in each State, and the deinstitutionalization of juvenile status offenders. This shows that in fact LEAA has exhibited a sense of direction in those areas over which it has direct control.

The issue of excessive bureaucracy and red tape is one that has plagued LEAA since its inception. NLC and USCM have consistently criticized the procedures established by states for the review and receipt of local plans and grant applications. Much of the paperwork and multi-level layers of review are the product of state guidelines and directives, over which, again, LEAA has little control. We have emphasized in our testimony to the Congress in 1970, 1973, and 1976 the need to change the law to channel funds more directly to cities. Congress has not made these changes and from our point of view, little can be done administratively to reduce the bureaucracy—this can only come from changes in the law.

We are aware of the many recent criticisms leveled at the LEAA program for failing to reduce crime. These statements should not overshadow the importance that the cities of our nation place upon the valuable assistance provided by LEAA. While it is true that crime has not been reduced nationwide, it also is true that LEAA funds account for only 5% of the total criminal justice expenditures. More important, LEAA funding is directed to criminal justice agencies, which can respond to crime only after it has occurred. The relationship between criminal justice system improvement and crime reduction is only marginal at best.

The positive accomplishments of LEAA funding in achieving a fair, effective, humane, and efficient criminal justice system in our cities and states cannot be discounted. An excerpt from a recent article in *Nation's Cities* expresses these sentiments:

"LEAA has allowed localities to take advantage of new technology, fostered local criminal justice program development and experimentation, stimulated the establishment of local criminal justice planning units, provided badly needed training for local criminal justice employees, and promoted a new awareness of criminal justice problems and needs on the part of local elected officials. The LEAA experience has shown that cities and counties can take a positive and forceful leadership role in criminal justice change and improvement. as commonplace in criminal justice agencies were considered innovative and experimental prior to the 1968 enactment of the Safe Streets legislation. Examples include community service officers, pre-trial diversion programs, youth service bureaus, minority recruitment, computerized crime information systems, community corrections centers, college incentive pay for police officers, and expansion of public defender services.

Equally important as the funding of action programs has been the development of criminal justice planning, a discipline that did not exist before the establishment of the LEAA program. The creation of local criminal justice planning units has provided local governments with unique opportunities to coordinate their criminal justice functions, analyze crime patterns and trends, develop complementary programs, explore alternatives to traditional organizational practices, and provide expert advice to local elected officials on criminal justice matters."

A $210,000,000 reduction in FY 77 appropriations as recommended by the House Committee on Appropriations would be devastating to our cities. Our mayors, city council members, and city managers will be forced to drop programs which are in the early stages of funding and which show promise of success. Localities do not have the resources to fully fund so many of these programs at this time. You should be aware, however, that local governments are assuming the costs of many projects when LEAA funds expire. We are also spending millions of dollars of local revenue to match the LEAA dollars.

Thank you very much for your consideration and please don't hesitate to call us if you have any questions.

Sincerely,

John J. Gunther,
Executive Director, U.S. Conference of Mayors.

Alan Beals,
Executive Vice President, National League of Cities.

Mr. PICKLE. Mr. Chairman, as some of you may recall, I recently addressed this body on the enforcement, or rather lack of enforcement, of the Robinson-Patman Act as we considered authorization of the Federal Trade Commission. I am deeply concerned by this neglect of duty on the part of the FTC and feel obligated to comment once again on my displeasure as we consider the funding of the Commission.

While I am in general favor of the proposed appropriations, I am appalled that a government agency has the presumption to choose the congressional acts which it wants to enforce. That is not, nor let us hope it will ever be, the role of nonelected agencies.

Each year it seems that the FTC issues less and less complaints under the Robinson-Patman Act. For example, in 1963, the Commission issued 219 complaints and 250 orders enforcing the act. Nine years later, the Commission had slacked to five complaints and two orders. Ironically, in 1970, the House Committee on Small Business had demanded that the Commission "vigorously enforce all sections of the Robinson-Patman Act enacted by Congress." Five complaints and two orders is hardly vigorous enforcement. It can be interpreted as nothing less than a blatant disregard for the laws passed by Congress.

As the ranking majority member of the Special Subcommittee on Investigations of the House Committee on Interstate and Foreign Commerce of the 93d Congress, I chaired a number of hearings examining the FTC's work in enforcing the act. Case after case, it was clear that the FTC has shuffled the Robinson-Patman Act into a dark corner as if it never existed, hoping that Congress might forget.

The fact is that Congress has not forgotten. When Congress overwhelmingly passed the Robinson-Patman Act 40 years ago, we made a commitment—a commitment to guarantee economic opportunity which would prevent concentrated economic power that could smother political democracy.

The Robinson-Patman Act is commonly referred to as the "Magna Carta of Small Business," and rightly so. In the words of the late Congressman Wright Patman,

> The Robinson-Patman Act should and must be preserved, the integrity maintained, and its viability supported in order to fully demonstrate that this Nation of ours will always be the land of freedom and opportunity for the American small businessman to grow and prosper.

Before we vote to appropriate moneys for the Federal Trade Commission, let us remind the Commission of their purpose:

Their purpose is not to determine whether congressional policy is good or bad, convenient or inconvenient; their purpose is to administer the programs and enforce the laws enacted by Congress. We should not tolerate a flippant attitude which the FTC has demonstrated in its delinquent treatment of the Robinson-Patman Act. The FTC, as any other agency, shall be expected to fulfill the duties bestowed upon it by Congress and shall be funded for that purpose.

Mr. CONTE. Mr. Chairman, the State, Justice, Commerce appropriations bill which was reported by the committee would appropriate $600 million for the LEAA for 1977, a 25-percent cut from the 1976 level. Because I believe this represents a drastic and crippling reduction in LEAA funding, I support an amendment to increase this appropriation by $138 million, an amount which will still fall within the target amounts set by the congressional budget resolution.

Mr. Chairman, I would like to take advantage of this opportunity to tell my colleagues about the LEAA program in Massachusetts in order to show the potential impact of a cut of the magnitude which the committee has proposed. Between 1969 and 1974, expenditures for criminal justice in Massachusetts have doubled. LEAA expenditures in the commonwealth through fiscal year 1975 have totaled over $100 million, but that is still only 5.4 percent of the criminal justice expenditures in Massachusetts for that period.

In Massachusetts, LEAA funds have been used to support a variety of worthwhile activities in the criminal justice field. For example, the Massachusetts Police Institute is supported by the LEAA and helps to implement the management, administrative and operational recommendations made through field surveys of municipal police departments. One example of what the institute has done is the development of a modern manual records system to improve the reliability of police response to citizen calls. Other LEAA funds went to the Massachusetts Department of Public Safety in the form of a crime scene search grant which was used to train police officers in what can be used as hard evidence in court. The Commissioner of Public Safety has reported that as a result of this program the quality and success of court cases has dramatically improved in Massachusetts.

Mr. Chairman, while I disagree with the overall level of appropriations for LEAA reported by the committee, I would like to commend the committee for restoration of funds to the LEEP program which helps those in criminal justice agencies to obtain college degrees. A number of distinguished institutions of higher education in Massachusetts participate in this program, including community colleges in Greenfield, Holyoke, and Westfield in my district. These three schools received more than $70,000 for LEEP students in fiscal year 1975.

In Berkshire County, Mass., $70,000 in LEAA funding is going to support a prerelease center. Residents of the center will be given educational and vocational opportunities within the institution and in conjunction with services found elsewhere in the community. The center is the first step toward the establishment of a community-based correctional system in Berkshire County by 1980.

In Hampshire and Hampden counties, also located in my district, court resource projects funded by LEAA in the amounts of $74,000 and $81,000 respectively, provide pretrial diversion services to the district courts. They also service criminal justice clients referred by probation, parole, corrections, and police departments. Clients of the project receive intensive counseling, as well as manpower training and supportive services for a 90-day period with regular followup thereafter.

Mr. Chairman, if the committee's recommendations are adopted each State will have its LEAA block grant funding drastically reduced. This translates into unacceptable cuts in local and State criminal justice programs. The amendment to bring this appropriation up to a reasonable level, one that will allow current programs to continue and a few new ones to be started, is vitally important, and I urge my colleagues to support it.

Mr. SLACK. Mr. Chairman, I have no further requests for time.

The **CHAIRMAN.** The Clerk will read

The Clerk read as follows:

PAYMENT TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

For payment to the Foreign Service Retirement and Disability Fund, as authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 1105–1106), $8,055,000.

INTERNATIONAL ORGANIZATIONS AND CONFERENCES CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

For expenses, not otherwise provided for, necessary to meet annual obligations of membership in international multilateral organizations, pursuant to treaties, conventions, or specific Acts of Congress, $274,000,000.

AMENDMENT OFFERED BY MR. ASHBROOK

Mr. ASHBROOK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ASHBROOK: Page 5, line 23, strike out "$274,000,000" and insert in lieu thereof "$138,766,544".

Mr. ASHBROOK. Mr. Chairman, on March 29 of this year, the Senate passed an amendment to its State Department authorization bill (S. 3168), requiring our Ambassador to the U.N. to seek changes in the U.N. system of apportioning rates of assessment. Section 110 of S. 3168, as passed by the Senate, now reads, the rates should be "closely correlated to the ability of [member] nations to pay, as determined by the most recent reliable statistical measures," but its intent, as the debate makes clear, is to bring about a reduction in the contributions of the United States to the United Nations. And for good reason.

In the 6 years since the United States cast its first Security Council veto in 1970, profound changes have taken place in the United Nations. Contrary to the principles set forth in its Charter and to the ideals upon which it was founded, the U.N. has: First, expelled Nationalist China while admitting Red China; second, suspended South Africa from membership in the General Assembly while condoning violations of human rights in Communist nations; third, invited the Palestine Liberation Organization to speak while denying Israel the full right to reply; and fourth, equated Zionism with racism while countenancing racism in the form of terrorism. Such blatant hypocrisy and sublimation of the cause of world peace the whims of political passion has made it clear that the U.N. is not living up to the high expectations that many once held for it. Moreover, the present U.N. system of financial contributions ensures that the nation most opposed to the hypocrisy and machiavellianism presently being displayed by the Communist and "third world" nations must provide a disproportionately large share of the financial support for those activities. If ever there was an incentive for political irresponsibility, this is it, and we are witnessing the consequences.

The nation in the paradoxical position of financially supporting positions that it not only opposes but which do obvious violence to the U.N. Charter is, of course, the United States. Even though we unilaterally reduced our contribution once before—back in 1972 after the expulsion of Nationalist China—United States is still paying 25 percent of the U.N. regular budget and the budgets of its specialized agencies—and even more for some of the voluntary agencies. That figure is 10 percent more than the next highest contributor, the Soviet Union, however one must keep in mind the Soviets are some $110 million in arrears while we, for all practical purposes, are up to date and always have been. Perhaps even more to the point, 70 so-called nonaligned nations—excluding Indian—which are largely directing policy in the U.N. these days, will pay only 3.52 percent of the regular U.N. budget in 1976.

Breaking these figures down a bit, it develops that a nation paying the smallest possible U.N. assessment, and roughly 50 nations fall into this category, will contribute only $73,801 this year to the U.N. regular budget. By comparison, the United States is scheduled to contribute $87,185,000 to the U.N. regular budget in fiscal 1977. Such a disparity is, as noted, a spur to political irresponsibility; with such a minute share of the financial burden, many of these low-contributing third world nations do not have to worry about the consequences of their actions. Thus, a decision by the United States to unilaterally reduce its contribution plus a major effort to encourage the U.N. to adopt a proportional population rather than a national income formula as a basis for assessments, would assist, rather than injure, the cause of world peace. It would inject a greater sense or realism into the U.N. proceedings and, without wrecking the organization, would give it an incentive to act more responsibly.

To those who say we should not act unilaterally, I have three responses. First, if we do not act on our own, the U.N. is not going to act in our behalf. It has not respected any of our generosity in the past and as Senator BARTLETT pointed out in the Senate debate on U.N.

contributions, there is no reason to think things will change. Second, when we unilaterally reduced our contribution level once before—back in 1972—the dire predictions voiced in some quarters did not materialize and, in view of the fact so many nations are in arrears, there is no reason to automatically conclude that similar predictions would materialize in this instance. For one thing, the U.N. needs money too badly; even 5.6 percent of the U.N. regular budget—which is what our share would be if the amendments I am about to propose were passed—comes to over $18 million—which is more than all but five nations pay now. Third, if we do not act now, there is the very real risk that the next act of political irresponsibility in the U.N. could be a move to suspend or expel Israel. The Zionism resolution, as I am sure everyone remembers, was but a substitute for such a step last year; unless something is done, we may get the real thing next year or the year after.

Concerns along those very lines were, I am sure, responsible for the strong support given Congressman O'NEILL's resolution calling for reappraisal of our policy toward the U.N. should Israel be either suspended or expelled. Likewise, I feel confident that fear of this possibility was the key ingredient in the unanimous House support given a resolution condemning the U.N.'s action on Zionism, a resolution also sponsored by the distinguished majority leader (Mr. O'NEILL). Furthermore, it is logical to assume that similar concerns motivated the Senate to include language about U.N. assessment in its version of the State Department authorization bill. Thus, it would seem the stage is set for some sort of definitive action, particularly since this is the year the U.N. reviews its policy of financial assessments.

While it is my feeling the Senate language is a step in the right direction, I also believe we should be more specific and shoot for a larger cut than U.S.–U.N. negotiations might generate. Under terms of my amendments, appropriations for U.S. contributions to the U.N. regular budget, the budget of the specialized agencies and the Middle East peacekeeping budget would be reduced from $228.1 million to $61.2 million, a savings of $166.9 million to the American taxpayer in fiscal 1977. As for contributions to the voluntary agencies, I also believe they should be reduced but, since they are not in this bill, that is a separate matter. As previously inferred, these reductions would be accomplished by reducing our U.N. contributions to a level represented by our population when taken as a percentage of the total population of U.N. member nations. So, instead of contributing 25 percent of the U.N. budget each year, we would contribute approximately 5.59 percent.

In case there are those who believe that this amendment is directed solely at the Soviet Union, I might point out that, if the U.N. were to adopt the proportional population formula for assessments, as I suggested earlier, Soviet contributions would also decrease. Actually, Red China, India, and the so-called Third World nations, all of whom pay a mere pittance compared to the power they wield, particularly in the General Assembly, would be the ones who would be most affected. However, because they have paid so little and benefited so much, this is only fair. In fact, I strongly feel that the proportional population formula, while not perfect, strikes the fairest balance between ability to pay and political leverage. Both have to be taken into account if any system of U.N. assessments is going to retain widespread support over an extended period of time. If one or the other is overlooked, some nations are going to feel discriminated against—and with good reason.

For the United States, continuing adherence to a national income formula for assessments is particularly unreasonable. We cannot expect American taxpayers to contribute one-fourth of all the funds the U.N. spends each year when the policies of that organization consistently go contrary to the principles of not only a vast majority of Americans, but the U.N. Charter itself. Granted, there is no completely equitable way of assessing contributions but I think, under the circumstances, 5.59 percent of the U.N. budget is plenty and I urge my colleagues to join in this effort to reduce our contributions to this, more reasonable, level.

Mr. SLACK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, within the last hour we defeated the same amendment which was then offered by the gentleman from Illinois (Mr. CRANE) to the Department of State authorization bill for 1977. I see no reason for taking any additional time.

Therefore, I ask for the defeat of this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. ASHBROOK).

The question was taken; and the chairman announced that the noes appeared to have it.

Mr. ASHBROOK. Mr. Chairman, inasmuch as we did not get a vote before, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 409]

Addabbo
Anderson, Ill.
Andrews, N.C.
Annunzio
Ashley
Badillo
Baldus
Bell
Bonker
Bowen
Brademas
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Burke, Fla.
Burton, John
Carney
Cederberg
Chapell
Chisholm
Clay
Cochran
Conlan
Conte
Conyers
Cotter
Crane
Daniels, N.J.
Danielson
Davis
Dent
Diggs
Dingell
Dodd
Downing, Va.
Duncan, Oreg.
Du Pont
Esch
Eshleman
Evins, Tenn.
Fascell
Fish
Flood
Flowers
Fraser
Frey
Fuqua
Giaimo
Gibbons
Green
Gude
Hagedorn
Haley
Hansen
Harkin
Harrington
Harsha
Hawkins
Hays, Ohio
Hébert
Helstoski
Hillis
Hinshaw
Holland
Holt
Howe
Hubbard
Ichord
Jacobs
Jarman
Johnson, Colo.
Jones, Ala.
Jones, Okla.
Karth
Kasten
Kelly
Kemp
Ketchum
Koch
Krueger
LaFalce
Landrum
Litton
Lloyd, Calif.
Lujan
Lundine
McCormack
McDonald
McKay
McKinney
Martin
Mathis
Matsunaga
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller, Calif.
Mink
Mitchell, Md.
Moffett
Mosher
Mottl
Murphy, N.Y.
O'Hara
Passman
Paul
Pepper
Peyser
Pickle
Railsback
Randall
Rhodes
Richmond
Riegle
Rinaldo
Risenhoover
Roberts
Rooney
Rousselot
Runnels
Russo
Ryan
Santini
Scheuer
Schroeder
Shriver
Shuster
Sikes
Snyder
Spellman
Stanton, James V.
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stuckey
Sullivan
Symington
Symms
Talcott
Teague
Treen
Udall
Ullman
Vander Jagt
Vanik
Waxman
Whitehurst
Wilson, Bob
Wilson, Tex.
Winn
Wirth
Wright
Young, Alaska

Accordingly the Committee rose; and the Speaker pro tempore, Mr. MCFALL, having assumed the Chair, Mr. PIKE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 14239, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 274 Members recorded their presence, a qourum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The pending business is the demand of the gentleman from Ohio (Mr. ASHBROOK) for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

INTERNATIONAL CONFERENCES AND CONTINGENCIES

For necessary expenses of participation by the United States, upon approval by the Secretary of State, in international activities which arise from time to time in the conduct of foreign affairs and for which specific appropriations have not been provided pursuant to treaties, conventions, or special Acts of Congress, including personal services without regard to civil service and classification laws; salaries and expenses of personnel and dependents as authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 801–1158); allowances as authorized by 5 U.S.C. 5921–5925; hire of passenger motor vehicles; contributions for the share of the United States in expenses of international organizations; and expenses authorized by section 2(a) of the Act of August 1, 1956, as amended (22 U.S.C. 2669); $7,035,000, of which not to exceed a total of $145,000 may be expended for representation allowances as authorized by section 901 of the Act of August 13, 1946, as amended (22 U.S.C. 1131), and for official entertainment.

POINT OF ORDER

Mr. BAUMAN. Mr. Chairman, I make a point of order against the language on page 7, lines 1 and 2, reading: "including personal services without regard to Civil Service and classifications laws;" on the ground that the language referred to constitutes legislation on an appropriation bill, is not covered by any of the waivers in the rule that was granted, and would, in fact, waive the provisions of other statutes not contained within the jurisdiction of this committee and, therefore, under rule XXI, clause 2, should be stricken from the bill.

The CHAIRMAN. Does the gentleman from Maryland make a point of order against the total paragraph or against the language that was read?

Mr. BAUMAN. Against the whole paragraph.

The CHAIRMAN. Does the gentleman from West Virginia (Mr. SLACK) desire to be heard on the point of order?

Mr. SLACK. I do, Mr. Chairman.

The CHAIRMAN. The gentleman will proceed.

Mr. SLACK. Mr. Chairman, the language referred to was covered by the rule which was granted by the Committee on Rules on last Friday and which rule was just approved in the House. I would call the attention of the Chairman to the resolution (H. Res. 1290) which waives all points of order.

The CHAIRMAN. Does the gentleman from Maryland desire to be heard further on the point of order?

Mr. BAUMAN. I do, Mr. Chairman.

Mr. Chairman, it was the understanding of the gentleman from Maryland from reading the rule that the waiver applies only to the provision so named in the rule, not to the entire bill and this particular page is not covered by the rule.

The CHAIRMAN. The Chair is prepared to rule.

Mr. BAUMAN. Mr. Chairman, if the Chair will permit, I have been advised by the minority counsel that the language is covered by the rule.

The gentleman from Maryland withdraws his point of order.

The CHAIRMAN. The gentleman from Maryland (Mr. BAUMAN), withdraws his point of order.

The Clerk will read.

The Clerk read as follows:

BUILDING AND FACILITIES

For planning, acquisition of sites and construction of new facilities and constructing, remodeling, and equipping necessary buildings and facilities at existing penal and correctional institutions, including all necessary expenses incident thereto, by contract or force account, $56,980,000, to remain available until expended: *Provided*, That labor of United States prisoners may be used for work performed under this appropriation.

AMENDMENT OFFERED BY MR. EARLY

Mr. EARLY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. EARLY: On page 20, strike lines 19 through 23, and insert: "For planning, acquisition of sites and for constructing, remodeling and equipping necessary buildings and facilities at existing institutions, including all necessary expenses incident thereto by contract or force account, $18,845,000 to remain available until expended; *Provided*, That labor of United States prisoners may be used for work performed under this appropriation. The GSA shall conduct a feasibility study of prisons now under military jurisdiction being turned over to the Department of Justice. Also, the study should determine the feasibility of turning over to the Department of Justice any other confinement facility to be used for the purpose of maintaining any prisoner with less than thirty months to serve."

POINT OF ORDER

Mr. GILMAN. Mr. Chairman, I make a point of order on the grounds that this is legislation on an appropriation bill. I object to the same on the grounds of clause 2, rule XXI, because the language in the amendment is legislating.

The CHAIRMAN. Does the gentleman from Massachusetts desire to be heard on the point of order?

Mr. EARLY. Yes, Mr. Chairman.

Mr. Chairman, I do not believe the point of order to be well taken in that it is merely a deletion of the construction of two new facilities, which is a total appropriation.

The CHAIRMAN (Mr. PIKE). The Chair is prepared to rule.

The proviso in the language of the gentleman from Massachusetts does among other things, require the GSA to conduct a feasibility study of prisons now under military jurisdiction.

This is legislation in an appropriation bill, and the Chair sustains the point of order.

AMENDMENT OFFERED BY MR. EARLY

Mr. EARLY. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. EARLY: On page 20, strike lines 19 through 23, and insert: "For planning acquisition of sites and for constructing, remodeling and equipping necessary buildings and facilities at existing institutions, including all necessary expenses incident thereto by contract or force account, $18,845,000 to remain available until expended: *Provided*, That labor of United States prisoners may be used for work performed under this appropriation."

POINT OF ORDER

Mr. GILMAN. Mr. Chairman, I make the point of order that this is also legislation on an appropriation measure, under the same clause 2, rule XXI. The verbiage "to remain available until expended" is legislative language.

The CHAIRMAN. Does the gentleman from Massachusetts desire to be heard on the point of order?

Mr. EARLY. I do.

Mr. Chairman, the language on which the gentleman makes a point of order is in the bill, the bill of the committee. All that amendment does is strike the words "construction of new facilities" and decreases the amount of moneys involved.

The CHAIRMAN. Will the gentleman from New York restate his point of order, please?

Mr. GILMAN. Mr. Chairman, I raise the point of order that the language, the phrase "to remain available until expended" is legislative language in violation of clause 2 of rule XXI. There is no prior authorization and, Mr. Chairman, the language also permits the utilization of U.S. prisoners.

The CHAIRMAN. For the reasons previously stated by the Chair, it does appear that the amendment constitutes legislation on an appropriation bill and the point of order is sustained.

AMENDMENT OFFERED BY MR. EARLY

Mr. EARLY. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Does the gentleman from Massachusetts have an amendment?

Mr. EARLY. Yes, Mr. Chairman. The amendment pending attempts merely to strike the words "may be used for work performed under this appropriation".

The CHAIRMAN. The gentleman will have to submit his amendment in writing.

The Clerk will report the amendment.

The Clerk read as follows:

On page 20, strike lines 19 through 23, and insert: "For planning, acquisition of sites and for constructing, remodeling and equipping necessary buildings and facilities at existing institutions, including all necessary expenses incident thereto by contract or force account, $18,845,000."

The CHAIRMAN. The Chair is obliged to state that the Chair is and has been in error. The language which is contained in the gentleman's second amendment is already in the bill. Nobody made a point of order against it in the bill, and accordingly the second version of the gentleman's amendment is in order.

The Clerk will re-report the second amendment.

The gentleman from Massachusetts is recognized for 5 minutes in support of his amendment.

The Clerk read as follows:

Amendment offered by Mr. EARLY: on page 20, strike lines 19 through 23, and insert: "For planning, acquisition of sites and for constructing, remodeling and equipping necessary buildings and facilities at existing institutions, including all necessary expenses incident thereto by contract or force account, $18,845,000 to remain available until expended; *Provided*, That labor of United States prisoners may be used for work performed under this appropriation."

Mr. EARLY. Mr. Chairman, I thank the gentleman for the ruling.

Mr. Chairman, my amendment would delete $38 million which is in this bill for the construction of two new prison facilities. It would also include a $100,000 appropriation so that we could study available facilities that are not being utilized today. The most recent three constructions of the Department of Prisons were in New York City Correctional Center, the Chicago Correction Center, and the San Diego Correction Center, all high rise construction, extremely plush, each institution costing over $31,000 per cell.

The two institutions that I move to strike today are two prisons, the prison in New York at Otisville, which has a price tag of $23 million, which has a unit cost per cell in excess of $46,000.

The other institution is a youth detention facility in Talladega, Ala., and the cost of that institution is in excess of $41,000 per unit.

I suggest we are building prisons at a cost fitting the finest of condominiums.

Mr. Chairman, I do not suggest that the prisons are not overcrowded. They are, but I suggest that we utilize the properties we have available to us today.

These two facilities are a gross misuse of the taxpayers' dollars.

I would like to cite an example recently, not so recently, of a speech given by the distinguished Congressman from Mississippi in July of 1961 in which he stated while a member of the Committee on Armed Services Construction that the Navy had a request to build numerous facilities, while at the same time the Army was phasing out many facilities. Through the speech of the gentleman from Mississippi we were able to have the Navy make a transfer of the Army facilities to save millions of dollars.

We stand here today, and the hour is late, I only suggest that the taxpayers' pockets are light. We have at Fort Dix, N.J., 70 miles from New York City, the same distance this Otisville Prison is from New York City, a facility which the taxpayers built in 1972 for just short of $5 million, which was built to house 400 inmates. Today it houses less than 40. For the past 4 months it has had a population of 31, 41, 51, but no higher than 51.

When the Commissioner or Director of Prisons, Mr. Carlson, asked that that facility be transferred to the Department of Prisons, the Army, as usual with a bureaucracy, said,

> Oh, no, we will need the facilities in the future. We have prisoners coming back from Europe.

Mr. Chairman, there is not only the Fort Dix situation, but just about every week since I have been here we have discussed the closing in particular of bases in Members' districts. Recently we had Fort Devens in my district where there is no utilization in that district. In 1962 Fort Dix confied 600 inmates, but they no longer have that facility. They tore it down.

Mr. Chairman, this is not something new. A GAO report of April 27, 1976, states that we were going to need 66 new facilities at a cost of $670 million, but this study showed that in 1975 we only needed 33 facilities, because we utilized other available facilities.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. EARLY. Mr. Chairman, I ask unanimous consent that I may be permitted to continue for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

Mr. ASHBROOK. Mr. Chairman, I will object to all additional requests for time on either side for the next week.

The CHAIRMAN. Objection is heard.

Mr. BOLAND. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I yield to my colleague from Massachusetts (Mr. EARLY).

Mr. EARLY. Mr. Chairman, I do not blame the opponents of this amendment for doing everything they can to stop it, because here we are, we say that we are looking to save the taxpayers' money, and we continue to build new prisons when we have empty prisons, which is just unthinkable. We do not need as many facilities as we needed in 1970. That is because of the fact that in 1970, the Bureau of Facilities had a transfer of a 500-bed facility at Fort Worth, Tex., which was transferred from the Department of Mental Health. In 1973, the Bureau acquired a new 500-bed correctional facility from Wisconsin under a lease-purchase arrangement. In 1973, the Immigration and Naturalization Service let the Bureau use its facility for about 150 people at El Paso, Tex. A 600-bed facility was transferred to the Bureau of Prisons from HEW, which is now an 840-unit facility which is being utilized today.

Mr. Chairman, the three most recent facilities for which the Congress appropriated moneys are San Francisco, Philadelphia, and San Diego. We appropriated millions of dollars, and not one of them is under construction. They have all been deferred and reprogramed. In San Diego, we expended over a million dollars, and the facility is stopped, and it is just a taxpayers' loss.

I also suggest, Mr. Chairman, that by the testimony of the Director of Prisons, only 32 percent of our Federal prisoners were considered dangerous. Sixty-eight percent are check passers, forgers, that type of criminal. Certainly, they could be kept in less than maximum security institutions.

I also want to suggest to the Members, Mr. Chairman, that it is a question of priorities. If we spend moneys to construct new prisons, just where are we going to make that up if we do not utilize the properties available today? How do we expect to ever make the Federal bureaucracy smaller? I urge adoption of this amendment.

Mr. BOLAND. Mr. Chairman, I want to compliment the gentleman from Massachusetts on raising what I believe, and I am sure a lot of the members of the committee, would believe is a very serious question. I read the record of the hearings of the subcommittee, specifically with respect to the "Federal Prison System—Buildings and Facilities," and I have listened to the arguments made by the gentleman from Massachusetts in the full committee. It seems to me that he makes a very positive case.

The gentleman's amendment would reduce this item in this budget by $38 million and provide $100,000 to study the question of whether or not there are facilities already in existence, now in being, that can be used for the very purposes for which this money is now being sought. It would seem to me that this is the right direction in which to travel.

I compliment the gentleman again for the work he has done.

Mr. GILMAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in opposition to the amendment by the gentleman from Massachusetts and in support of the proposed construction budget of the Federal Bureau of Prisons in H.R. 14239, the State Justice Appropriation bill.

Included in the Bureau's fiscal year 1977 request are funds for the construction of the proposed Northeast adult correctional facility at Otisville, N.Y., which is in my congressional district.

The need for this facility becomes more evident each month with prison populations having steadily risen for the past 5 years, from 21,200 in 1970 to 23,333 in 1975.

On any given day there are nearly a half million people confined in our Nation's prisons and jails. Nearly 1 million more are awaiting trial or on probation or parole.

Because of the continuing increase in crime, Federal, State and local prison facilities have been forced to accommodate increasing inmate populations in overcrowded, outdated facilities. An all-time high of 249,500 people were in State and Federal prisons at the start of 1976, a rise of nearly 24,000 or 11 percent more than a year earlier, the largest 1-year increase on record.

Since May 1975, the inmate population in prison bureau operated facilities has risen 16 percent from 23,333 in May of 1975 to today's 27,173. There are similar increases in population in State prisons. The State of New York reported a 12-percent increase in prison population between January 1975, and January 1976, from a population of 14,387 to 16,056.

The New York Daily News on February 1, 1975, reported in an article, entitled "Prison Populations Soar to Record High," that:

> The Nation's Federal and State prison population soared to an all-time high last year . . . reflecting a harsher public attitude toward those convicted of crimes.

These dramatic increases reflect the public's attitude which is demanding a "get tough" policy toward the "professional criminal" and the repeater. President Ford and other governmental leaders are calling for mandatory, longer sentences. If this policy is implemented not only will more people be entering prison, but they will be spending more time there.

In an April 27, 1976 report, the General Accounting Office stated that there was a "need for additional facilities" and that "prison populations" have increased and are expected to increase further. Most indicators reflect an anticipated increase in population of at least 1 percent per year.

The Prison Bureau reports an overpopulation of 5,200 prisoners, beyond the present physical capacity. Approximately 80 percent of the Bureau's facilities are housing more inmates than their physical capacity—some housing as many as 700 beyond capacity. The remaining 20 percent—eight facilities—consist of two new units not yet fully occupied and the rest are within 10 or 20 prisoners from capacity. None are underutilized.

If we do not act now in providing a safe, humane population in our Federal penal institutions, we may be confronted with tragedies similar to the Attica riots which cost the lives of more than 40 persons, including a number of officers. The tinderbox of overcrowding has led some to warn of possible trouble. Correction officials have expressed concern about prison populations reaching critical proportions. Even in the relatively tension-free Oregon State Penitentiary, an inmate recently warned of trouble, stating:

> If they're not careful, they're going to get a riot here this summer.... When you take 1,300 men and crowd them in, when they live in anguish and frustration, its an incendiary situation....

It is vitally important that we act now to replace the antiquated "iron cells" of Atlanta, of Leavenworth and McNeil Island. There is an urgent need to provide new, modern, humane facilities for our Federal prison system.

The Federal Bureau of Prisons first came into my congressional district in March of 1975 to meet with a group of community leaders concerning the possibility of locating a Federal facility in Otisville, N.Y. From its inception this project has received the strong support of the residents of Otisville, N.Y., the prospective prison site, and the support of the neighboring communities. Each successive public meeting on this project has met with the same wholehearted support.

At a recent public meeting held in my congressional district, representatives of county, city, town and village governments, as well as local union and community leaders, adopted a joint statement in total support of the proposed facility.

There is staunch local support for this proposed prison facility at Otisville.

The need for a Northeast adult institution is critical. Offenders who would be housed at Otisville are now incarcerated in crowded conditions at the Federal Correctional Institution in Danbury, Conn., and in the U.S. Penitentiary in Lewisburg, Pa. Because of the intense crowding in the Northeast, the Prison Bureau is forced to place many offenders from New York State in institutions hundreds of miles from their homes and families. The Otisville location is much more accessible to Metropolitan New York City than is Lewisburg Penitentiary, not to mention institutions located in other distant regions.

Moreover, Otisville is located in an area from which major interstate highways radiate to all of the other localities in the Northeast region. Bus transportation from New York City and other Northeast cities is regular and conveniently scheduled.

While the community of Otisville is relatively small, the site is located only 12 miles from the city of Middletown, N.Y., which is the hub of a marketing area exceeding 40,000 people and which has excellent educational, housing, recreational, cultural, and health care facilities.

Not inconsequential are the economic benefits that the region will derive from this project. Orange County, wherein Otisville is located, had a 9.9-percent overall unemployment rate in February of this year. Even more significant is the fact that in the construction trades, unemployment ranges from 65 to 80 percent. This project will create sorely needed employment for the construction industry in addition to longer term prison employment.

Because there is a clearly demonstrated need by the Federal Government for new prison facilities and a local economic need with wholehearted acceptance for the Otisville institution, I urge your favorable consideration of this proposal which is included in the construction budget of the Federal Bureau of Prisons in the bill presently before the House.

I call to my colleague's attention that the Federal Bureau of Prisons was not granted any construction funds in fiscal year 1976.

With the increases in prison populations, which I recited earlier in this debate, can we afford not to fund the construction of these sorely needed facilities? Are we justified in demanding of the Bureau, whose responsibility it is to house those sentenced by the Federal courts, that they must place eight or more prisoners in cells that were designed to hold only one to four prisoners. This is not only "cruel and unusual punishment" but is also extremely dangerous. It is an invitation to prison rioting.

Concerning the utilization of excess military confinement facilities by the Bureau of Prisons, proposed by the gentleman from Massachusetts in a recent communication from the Department of Defense they stated that they do not have any facilities available now nor do they anticipate any within the next 12 to 18 months.

Permit me to read the Department of Defense reply into the RECORD:

> DEAR MR. GILMAN: This is in response to your letter of June 10, 1976, concerning a proposal to utilize excess military confinement facilities by the Bureau of Prisons.
>
> The Department of Defense does not, at this time, have any surplus confinement facilities that would be suitable for use by the Bureau of Prisons with only a moderate amount of renovation expense. Facilities at the following locations have been identified as surplus, but are not considered suitable:
>
> 1. Naval Disciplinary Command, Portsmouth, New Hampshire.
> 2. Naval Support Activity, Boston, Massachusetts.
> 3. Naval Station, Brooklyn, New York (presently utilized by Bureau of Immigration and Naturalization.)
> 4. U.S. Army Electronics Command, Fort Monmouth, New Jersey.
>
> There are no facilities currently under consideration for designation as excess which would become available during the next 12 to 18 months.
>
> The confinement facility at Fort Dix, New Jersey, has an operational capacity for 416 prisoners. Approximately twenty five per cent of the space is dedicated for maximum custody prisoners and the other seventy five per cent is used to house medium and minimum custody prisoners. During April of 1976, there was an average prisoner population of thirty two. However, 159 military prisoners were processed through the facility.
>
> The Army has a continuing requirement for the facility at Fort Dix for the foreseeable future. It processes all prisoners returned from Europe and has an expanding area support mission within the Continental United States. The Army is currently working to consolidate confinement operations from old, outmoded facilities at other installations to new, permanent facilities such as the one at Fort Dix. This precludes making the facility available to the Bureau of Prisons. Further, it does not appear to be appropriate to commingle Federal civilian prisoners in a military confinement facility.
>
> I trust this information will be of assistance to you.
>
> Signed by JOHN G. FINNERAN,
> *Vice Admiral, United States Navy,*
> *Deputy Assistant Secretary of Defense.*

Mr. Chairman, the Department of Defense is not reluctant to declare property as excess to their needs. Since 1973 the Department has declared excess over 350 installations totaling approximately $2 billion.

The Federal Bureau of Prisons has, in the past, made use of some of these excess properties. The Miami Youth Center, the Pleasanton Youth Center, the San Diego Youth Center, the Camarillo Youth Center and Camp Butner are all facilities that have been built on excess Federal property.

However, most facilities that are used by the military as brigs or stockades are too small to be practical for use by the Bureau of Prisons. They have found that the smaller the facility, the greater the cost to staff and to operate. The facility housing 300 or more inmates has been found by the Bureau of Prisons to be the most economical.

Accordingly, I urge my colleagues to defeat this amendment and in a more constructive approach to this problem, let us act now to provide new, modern and humane facilities for our Federal prison system.

Mr. EARLY. Mr. Chairman, will the gentleman yield?

Mr. GILMAN. I yield to the gentleman from Massachusetts.

Mr. EARLY. I thank the gentleman for yielding.

In the gentleman's remarks, did he not use the word "surplus"?

Mr. GILMAN. Yes.

Mr. EARLY. If the gentleman will yield further, if we ask any military group, the Army, the Navy, the Marines, it is just as if we were to ask any Congressman if he has any surplus office space.

Mr. SLACK. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, the amendment offered by the gentleman from Massachusetts would delete funds for construction of a 500-bed adult facility at Otisville, N.Y., and a 400-bed youth facility at Talledega, Ala.

We received a letter from the Department of Justice on May 25 which indicated that the inmate population in Federal institutions stood at an alltime high of 26,902. We were informed this week that the population had risen to 27,173, an increase of 271 in just 3 weeks. During the past year the population has increased by 3,700 inmates, or about 16 percent.

The May 25 letter from the Department of Justice indicates further and I quote:

> From all indicators, the Federal prison population will continue to increase because of the continued high level of criminal filings in U.S. District Courts, particularly for such offenses as bank robbery and major narcotic violations. In addition to the increased number of offenders being commit-

ted, the average length of sentence for inmates confined in institutions continues to increase.

The two facilities affected by the gentleman's amendment are part of an effort to enable the Bureau of Prisons to move toward the eventual replacement of the large antiquated penitentiaries at McNeil Island, Wash., Atlanta, Ga., and Leavenworth, Kans.

With respect to the adult facility to be located at Otisville, N.Y., the Bureau has searched diligently for a site for at least 3 years and has finally gotten approval on that particular site. There is an urgent need for a facility to serve inmates from the New York City area. There has been some criticism of the Otisville site, because of the distance from New York City. The site is about 65 miles from New York City, but I would point out that if they were able to find anything closer, it would certainly be more expensive.

If we are to provide humane environment for offenders, we need these additional facilities. I ask that the amendment be defeated.

Mr. EARLY. Mr. Chairman, will the gentleman yield?

Mr. SLACK. I yield to the gentleman from Massachusetts.

Mr. EARLY. Mr. Chairman, I thank the distinguished subcommittee chairman for yielding.

I would like to ask the gentleman if the installation at Lompoc, Calif., was not formerly a military installation? Is it not true that it was turned over to the Bureau of Prisons when the military did not have a need for it, and that for the past 20 years it has housed over a thousand inmates? Is it not also true that it operates today housing 1,450 inmates, that it has operated at no construction cost, and that its operating costs are $315,000 a year?

Mr. SLACK. Mr. Chairman, I am not personally acquainted with the example the gentleman cites.

I will say this with regard to the Fort Dix operation which the gentleman referred to on his time:

The Department of the Army declared that the Fort Dix detention facility is not available for housing nonmilitary Federal prisoners. Should the Fort Dix detention facility become surplus as far as the Army's requirements are concerned in the future, the Bureau will seek the operation of that facility to relieve overcrowding.

I think it must be borne in mind, if I may say one other thing, that the Otisville Penitentiary is a maximum security facility. It is not a stockade, and it would not be provided for that purpose. It will be provided, however, for inmates convicted of high crimes.

Mr. EARLY. Mr. Chairman, if the gentleman will yield further, is it not true at the same time that there is another installation in Alabama that is going to be, according to the design and the justification put forth for it, designed as a college campus to contain less serious offenders?

Mr. SLACK. Mr. Chairman, that is a youth facility, and I am not prepared to answer the gentleman.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. SLACK. I yield to the gentleman from Alabama.

Mr. NICHOLS. Mr. Chairman, let me answer the question asked by the gentleman from Massachusetts, if I may.

It is not a high-rise facility; it is not a plush facility. We have an order in my State that simply says this: that no more prisoners can be put in a jail in the State of Alabama. Our jails are crowded; they are running over.

Mr. Chairman, I hope the amendment will be defeated.

Mr. WIGGINS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, it is indisputable that our Federal prisons are overcrowded and the gentleman from Massachusetts (Mr. EARLY) does not take exception with that statement. He, however, proposes as an alternative that we may use surplus Federal military prisons in order to accommodate the overcrowding. His amendment, however, achieves none of these objectives.

The gentleman's amendment simply strikes about 70 percent of the construction money out of this bill for new prisons. It does not mandate and it could not mandate in this bill that the military turn over its prisons for use by the Bureau of Prisons. That can only be done if the Federal military prison is declared to be surplus.

This bill does not force the military to do it, and it could not do it. Indeed, if that is desirable, it is a matter that ought to be taken up with the Committee on Armed Services, and they could mandate that the military dispose of its property.

If we pass this amendment as it stands, none of the values which the gentleman seeks to achieve will, in fact, occur. The only thing that will occur is that the Bureau of Prisons will be denied the funds necessary to build prison accommodations which are clearly in order.

Mr. EARLY. Mr. Chairman, will the gentleman yield?

Mr. WIGGINS. I yield to the gentleman from Massachusetts.

Mr. EARLY. Mr. Chairman, I thank the gentleman for yielding.

The amendment includes $100,000 for a study to find out what facilities are available.

I also indicate that Lompoc, Calif., a Federal prison, was a former military installation.

Mr. WIGGINS. Mr. Chairman, the gentleman is in error with respect to his own amendment. The portion of his amendment calling for a study was stricken on a point of order and was not restored by a ruling of the Chair. Accordingly, this provides for no study.

Mr. WHITTEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to say, to begin with, that I have no knowledge of the particular question that faces us now for I have no personal knowledge, but I would like to have the attention of the Members, that as was pointed out, on the Appropriation Subcommittee on Military Construction I opposed the further building of additional military bases. This action was taken because the war in Europe was over.

I knew of vacant Army facilities in my own area. I was on the Appropriations Subcommittee for Navy. Navy officials came before our subcommittee, wanting many millions of dollars to build new facilities. At a time we had unused Army facilities. I asked Navy witnesses why they did not use the abandoned Army facilities. They said they did not know of any such facilities.

Mr. Chairman, this is all a matter of record in the hearings and in the CONGRESSIONAL RECORD.

I said to them that I knew of some that were not in use; that I knew where certain ones were vacant.

At the noon hour Navy witnesses came back headed by the head of Naval Aeronautics from my State, Admiral McCain, with a letter from the Army to the effect that they had abandoned no facilities. I then called the then Under Secretary of the Army and told him of the letter from his people that they had abandoned no facilities. He said, "The hell we haven't."

I succeeded in getting Army witnesses before a Naval Appropriations Subcommittee to follow up the subject.

It developed that I had inadvertently used the word "abandoned," and the Army, as long as they had a caretaker, called them "vacated." Thus they were able to say "they had abandoned no bases—they referred to those bases as 'vacated'."

Mr. Chairman, Mr. Draper, Assistant Secretary of the Army told our committee that the tragedy was that after the Army understood the problem they did not know in Washington what they had "vacated" but had to telephone to field to find out.

The result was that the Army released 269 Army facilities to the Navy saving hundreds of millions of dollars.

I have tried last year and this year in the hearings of our Committee on Appropriations to point up the need for a survey now. I asked the Secretary of the Treasury to list military facilities when he was before us. His statement and the list is to be found in our budget review of early this year.

Mr. Chairman, the Members will find that the Department acknowledges we now have 4,246 military establishments in the continental United States, including Alaska and Hawaii and they will find that we have 1,733 scattered around the world, many of which in my opinion we could not defend for 24 hours.

Mr. Chairman, I am saying that I do not know anything about the particular issue; but if this Congress does not scale back a great percentage of these military holdings, we are letting ourselves continue in a position of weakness. Our money is going to people who are keeping up bases that do not fit into any real defense picture, money which we need for weapons for a Ready Reserve and National Guard.

Mr. Chairman, I am relying on the assurance of the gentleman from Texas (Mr. MAHON) that he is going to make a study of this matter, because just as surely as I stand here, we cannot justify nor can we afford to maintain this spread of bases all around the world under present conditions.

If anyone asks me, I can cite chapter and verse because I have been to many of them.

As to the particular problem here, I say to my good friend, the gentleman from West Virginia (Mr. SLACK), and to my good friend, the gentleman from Massachusetts (Mr. EARLY) that I have no special knowledge. I do say we need to make available to Congress special information so we can force the services to pull their horns in and turn unneeded facilities to private or other public use.

I have plenty of knowledge about the big, sprawling, at home and around-the-world, real estate in which we have facilities that not only do we not need but constitute a threat.

I trust Chairman MAHON will have a thorough study made toward this end.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from New York.

Mr. GILMAN. Mr. Chairman, I welcome the remarks of the gentleman from Mississippi and I am fully in accord with the gentleman in regard to seeking fuller utilization of surplus Army facilities. However, I would like to point out that most of the military facilities containing prisons, stockades, and so forth, are much too small to be used as Federal prisons. We have found that the smaller the facility, the greater the cost for the staff and for the operation of the facilities.

Mr. WHITTEN. May I say to the gentleman from New York that I started off by saying that insofar as the particular issue at the moment, that I use this illustration to point out that those of us in the Congress had better make a study to see what facilities we need and release the others for other public use or sell for private use.

Mr. KASTENMEIER. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

I do not rise in opposition to the remarks made by the gentleman from Mississippi (Mr. WHITTEN) as to the disposition of some 4,000 military establishments throughout the country, but rather to say that as the chairman of the subcommittee of the Committee on the Judiciary dealing with the question of prisons and penology, that that subcommittee has considered the question posed by the amendment. We support fully the recommendations of the subcommittee on the State Department and Justice Department appropriations. The fact is further that the Bureau of Prisons constantly reviews the use of surplus facilities for State, local, Federal, military and nonmilitary, and there are some cases in which they have already accepted them. There is the one in Lexington, Ky., the Texas facility, and one in Wisconsin, which have already been referred to. As a matter of fact, there is one in Portsmouth, N.H., which is available, except that they have determined that that military facility would be far too expensive in terms of cost, in terms of correctional standards, and health and safety.

The subcommittee last year, I must say, was less disposed to support the Bureau of Prisons in their request. But, this year, responding to the urgency as to the number of prisoners incarcerated in the Federal system we understand we must proceed with these new facilities lest we fall even further behind in terms of accommodating the growing number of prisoners. It is not a question of what we want to do with Federal prisoners, it is what we must do.

So, Mr. Chairman, I would most urgently request that my colleagues vote down the amendment.

Mr. SMITH of Iowa. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, our subcommittee is usually unanimous on almost everything but on this particular matter the vote was 5 to 5 for differing reasons.

I just want to explain my reason, I think it is a logical one.

I believe all these figures about the rising prison population. In fact, I think the prison population will rise even faster than it has because I think some of the release programs have not been working and we will have more prisoners instead of less.

But, how in the world are we ever going to accommodate all these prisoners at $46,000 per head?

We have to get some commonsense into the building of our prisons. I repeat, they are proposing to spend $46,000 per prisoner. The only way we can get them to get an architect to come back in with a different plan is to say that they cannot have $46,000 per prisoner for a prison. Then the architects will come back in with some kind of a plan for $20,000 per prisoner, or something like that.

It does not make any sense to me to spend $46,000 per prisoner to build a prison. If we do, they should be the most luxurious accommodations in the country. I believe we ought to have something cheaper than that.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from New York.

Mr. GILMAN. I thank the gentleman for yielding.

When we utilize the dollar value, the cost of cells-per-person, we tend to lose sight of the cost of all of the ancillary facilities: the eating facilities, the acquisition of site, the gymnasium facilities, the security facilities, all of the facilities needed. And when you note rising costs, I might also point out that residential construction costs have also climbed steadily and are almost double the costs of a decade ago.

Mr. SMITH of Iowa. If they cannot get the money, they will find a way to do it for about half the money.

Mr. ZEFERETTI. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from New York.

Mr. ZEFERETTI. I thank the gentleman for yielding.

The cost of the unit price today is because of the lack of priority that was given to the prison system over a period of years. I can talk with some experience, because I spent some 20 years in the prison system. If we look at the prison system today, it is an archaic system. Over a period of years, because of a lack of consideration, because of a lack of doing things properly, we find ourselves now with that one ingredient which is cost. It is only because of this lack of conditions for the basic needs of the individuals inside of these prisons that this cost factor is generated.

I can also speak as one who has lived through some 9 riots and the holding of some 44 hostages and say that the one ingredient that caused all of this melee was overcrowding and prison conditions that have been neglected.

I rise in strong opposition to this amendment and ask my colleagues for the first time to do something to negate problems within our system.

Mr. SMITH of Iowa. On one thing I agree with the gentleman. They have not had a new idea for 40 years in that field, and they will not get a new idea as long as they are provided money to pay $46,000 per prisoner. They want to keep the same number of guards and the same expensive system they have had for years. I say turn them down until they can come back in with something we can afford.

Mrs. BURKE of California. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentlewoman from California.

Mrs. BURKE of California. I thank the gentleman for yielding.

I think we cannot totally overlook in the debate of this issue the fact that in August of 1975 the Committee on Appropriations had an investigative report that indicated that, contrary to what the Department of Justice and the Bureau of Prisons had been telling us, there was something like a 3,800 underutilization of beds in the system. The conclusion in the Committee on Appropriations report was that there was a lack of planned growth. There were questionable statistics, and the question of overcrowding was based upon whether or not each inmate should have a single cell. So we have really been saying there is a lot of overcrowding, and we are basing that not upon what our investigation established but rather on some questionable statistics the Bureau of Prisons has given us.

Last year they were telling us that there was overcrowding, and this is what we found. Now they tell us that there are 3,000 additional prisoners, which is contrary to the decrease in prisoners that we have observed over the last 10 years. I don't think we have established there is in fact overcrowding.

Mr. SMITH of Iowa. In closing, I think there are going to be plenty of prisoners to be housed. I will vote for $100 million, if we need it, for facilities—and I think we will need it. But they should have a plan that requires less than $46,000 per prisoner.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MILLER of Ohio. Mr. Chairman, I move to strike the requisite number of words.

Mr. MILLER of Ohio. Mr. Chairman, on page 721 of the hearings of the subcommittee, the Members will find that it states that:

> Unfortunately the recent House Appropriations Committee staff report has led to the erroneous conclusion that the Bureau institutions have excess capacity of 3,800 beds. At the time of the committee staff survey, the Bureau did in fact have approximately 3,800 beds set up over and above its total inmate population. Nearly 2,000 of these beds were in segregation, administrative detention and hospital space, or for inmates who were on short-term furlough and would soon be returning to the institution.

So the report was in error. They had not taken into consideration all of the other factors. It was so stated.

Mrs. BURKE of California. Mr. Chairman, will the gentleman yield?

Mr. MILLER of Ohio. I yield to the gentlewoman from California.

Mrs. BURKE of California. I thank the gentleman for yielding.

Have there not in fact been 1,200 additional beds opened up in the last 6 months?

Mr. MILLER of Ohio. I did not hear the gentlewoman.

Mrs. BURKE of California. Is it not true that there have been 1,200 new beds opened up in the last 6 months?

Mr. MILLER of Ohio. That is very possible but we are talking about prisons in given locations. We cannot pick up a military prison and place it over in another State. We cannot pick up a prison that is not needed in one area and move it over three States. We are talking about a certain area that needs the prison. One that is needed here is in the State of New York and it is vitally important that the Bureau of Prisons have the funds to do the construction.

I oppose the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. Early).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. EARLY. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. One hundred and thirteen Members are present, a quorum.

The pending business is the demand of the gentleman from Massachusetts (Mr. Early) for a recorded vote.

A recorded vote was refused.

So the amendment was rejected

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Law Enforcement Assistance Administration

salaries and expenses

For grants, contracts, loans, and other assistance authorized by title I of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, and title II of the Juvenile Justice and Delinquency Prevention Act of 1974, including departmental salaries and other expenses in connection therewith, $600,000,000, to remain available until expended.

AMENDMENT OFFERED BY MS. HOLTZMAN

Ms. HOLTZMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Ms. Holtzman: Page 23, line 2, strike out "$600,000,000" and insert in lieu thereof "$738,000,000".

Ms. HOLTZMAN. Mr. Chairman, this amendment makes effort to deal with the very substantial cut the Appropriations Committee made in the LEAA appropriation for fiscal year 1977. The Appropriations Committee cut $209 million from last year's appropriation and the amendment I am introducing on behalf of myself and the gentleman from Illinois (Mr. McClory) would restore $138 million of that amount. Our amendment falls within the budget targets in the budget resolution let me point out to the members of the committee.

I would like to say that our amendment has been supported by the following organizations:

Conference of Chief Justices of the State Courts.

National District Attorneys Association.

National Legal Aid and Defenders Association.

International Association of Chiefs of Police.

National Governors Conference.

National League of Cities/U.S. Conference of Mayors.

National Association of Counties.

American Bar Association, and

National Association of State Attorneys General.

The reason these organizations have supported this amendment, is because the appropriations bill will cut from LEAA's block grant programs for the States and localities anywhere from 33 to 49 percent of the moneys they received last year, depending upon what happens in the authorization bill.

This is a very substantial cut which is going to devastate some of these programs. If I may I would like to quote from a letter by Harold Tyler, the Deputy Attorney General, in which he says that these cuts will cause "heavy damage." Block grants, let me remind my colleagues, provide moneys for States and localities to help improve police protection; to help speed trials and the disposition of criminal cases; to help make prosecution of cases more effective; to assist defenders; to improve witness programs which make sure that witnesses show up.

Important programs in every part of this country have been finished by LEAA and many of these programs are going to be jeopardized by the $200 million cut.

The only rationale that I have been able to ascertain for this substantial cut, which will range from 33 to 49 percent of last year's program, is that we need to send a message to LEAA because it has not been doing a good enough job.

Mr. Chairman, let me state that I agree that LEAA has many deficiencies, but this cut will not improve its performance. You do not improve a program by crippling its budget. The place to make improvements is in the authorizing legislation.

In fact, the Committee on the Judiciary has reported out a new authorization bill, which I believe is going to take care of some of the major problems in LEAA. For the first time LEAA programs are going to have to be evaluated. For the first time there will be uniform reporting requirements. For the first time there will be dissemination of information about good programs. These measures respond to some of the problems that the GAO identified.

So I think the Members of the Committee on Appropriations and of the House can rest assured that a very serious message is going to be sent to the LEAA in the authorization bill.

Furthermore, our amendment today restores only $138 million of the $209 million cut. There still will be a cut in the LEAA programs. There still will be a clear, unmistakable message sent to LEAA.

But I believe, since this is the only program that helps States and localities deal with the increasing burden of crime, it would be irresponsible to cut those programs any further, by almost 50 percent, which the appropriations bill would do.

Mr. Chairman, I think we have to reach out our hands to help the States and localities. I think we have got to do so in a responsible manner. I believe the authorization bill will help to improve the performance of LEAA. We are going to deal with many of the problems that the GAO and other organizations have pointed out. The improvements in the authorization bill will make unnecessary and unjustifiable this kind of substantial cut.

Mr. Chairman, let me say also that a "Dear Colleague" letter was sent to Members of the House with respect to this amendment. I was very proud that it was supported by the chairman of the Judiciary Committee, the gentleman from New Jersey (Mr. Rodino); my colleague from South Carolina (Mr. Mann), the gentlewoman from Texas (Ms. Jordan), the gentleman from Iowa (Mr. Mezvinsky), the gentleman from Illinois (Mr. McClory), the gentleman from Illinois (Mr. Railsback), the gentleman from Virginia (Mr. Butler), the gentleman from Massachusetts (Mr. Conte), and the gentleman from Kansas (Mr. Shriver).

I urge your support of this amendment.

Mr. McCLORY. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, as the gentlewoman has stated, this is the only Federal program in support of law enforcement activities at the local and State level. It amounts to a mere 5 percent of the overall funds which are allocated for this fight against crime at the local and State levels.

These Federal funds are the only funds which are available for innovative programs, for the extra efforts which are put forth at the local level. Therefore, they are extremely important to virtually every community in the Nation.

Mr. Chairman, as the gentlewoman has indicated, in the authorization legislation which the House Committee on the Judiciary has been working on, there are additional burdens, there are additional obligations that are imposed on the Law Enforcement Assistance Administration. The effect of these cuts would be not only to reduce the amount which is the Judiciary Committee is expected to authorize for this year, but would set the figure below that which was received during the last fiscal year. The cuts at the local level would be much more burdensome than that. The schedule which has been circulated and which later will be put in the RECORD, shows that the various States will suffer losses to the extent of 20 percent, 30 percent, or 40 percent of the funds which they received in previous years.

Also, I would like to point out that in the new legislation, we are imposing new responsibilities on LEAA including additional efforts against crimes against the elderly, to help in the fight against drug trafficking in the United States and many, many other anticrime efforts which are needed urgently. I do not want to assert that everything is perfect in so far as the LEAA activities are concerned, but there are continuing improvements being made.

We have gone very carefully into this subject of evaluating and monitoring of the projects that are funded so that we can get better utilization of the projects carried on by the local law enforcement and criminal justice agencies. There will be improved evaluating and reporting as we go forward, I am confident. As a matter of fact, LEAA has prepared a preliminary report which demonstrates the progress that is being made in evaluation of programs. Likewise, under an amendment offered by the gentleman from Michigan (Mr. CONYERS) there will be greater emphasis on neighborhood anticrime projects, something which is of vital interest to all communities and something which is being funded by LEAA right here in the city of Washington, D.C., at the present time.

So, I am hopeful that we will support this amendment and restore part of the funds that were eliminated in the committee reduction, and that we will not do anything to impair the fight against crime at the local level which those funds make possible.

Mr. Chairman, I join with my colleague, Ms. HOLTZMAN, in support of the amendment to increase the appropriation for LEAA by $138 million. There is no question that the cut by the Appropriations Committee will gut the LEAA program. Although the overall cut is only 20 percent, the actual reduction of funds available for the States and localities will be reduced by 40 or 50 percent. This drastic reduction will be caused because the only areas in which there is room to reduce funding are those areas not required by the authorization. Therefore, the National Office of LEAA, the National Institute, the regional offices cannot be drastically reduced. The only fat, therefore, left to cut is in the State and local funding.

Let me briefly explain to the Members the chronology of the various cuts in the LEAA appropriations. The current appropriation for fiscal 1976 is $809,638,000. In his budget message for fiscal 1977 the President requested that the appropriation be reduced to $707,944,000 a reduction of about $100 million. The President also recommended that the law enforcement education program funds be completely eliminated from the 1977 budget. The Members will recall that this program, known as "LEEP", provides funds for the higher education of law enforcement officers.

Both the subcommittee and full Appropriations Committee reduced the funding request of the President by another $107 million, thus leaving the overall LEAA appropriations at $600 million. But then the Appropriations Committee in its report earmarked $40 million of that appropriation for the LEEP program, and another $40 million for the juvenile delinquency programs created and operating under the Juvenile Justice Act of 1974. With these earmarkings the Appropriations Committee would leave the total LEAA program—national, State, and local with $520 million. Do the Members doubt the drastic effect that such reductions would have on this program, the only program of Federal assistance to the States for crime control?

There is no question that projects now in effect will have to be terminated. Let me describe to you just a few of the projects in my own district that will be eliminated by this funding cut. The Members know of my general interest in the LEAA and in the National Institute of Law Enforcement.

Well, I am pleased to be able to get down to the practical level and tell you a little about what has happened in Illinois and in my district, in particular, with LEAA funds. Every Member is pleased when "brick and mortar" money comes from the Federal level to build a worthwhile facility in his or her district. LEAA has had to severely limit corrections facility construction funds recently and under the bill before us, the Agency will only be able to carry on those few projects it is already committed to. In Kane County in my district, local officials have used both LEAA block and discretionary funds for a major new criminal justice facility. This was first funded in fiscal year 1972 and fiscal year 1973 and I can assure you it is an asset to the county. I am informed that the National Clearinghouse for Criminal Justice Planning and Architecture at the University of Illinois, which is supported by LEAA, worked with our local officials and the Clearinghouse's expertise added a great deal to the utility and effectiveness of the facility.

Besides this "bricks and mortar" money, however, there have been substantial, though less visible, uses of LEAA funds. For example: In Lake County funds were used in 1973 and 1974 to support a work release program. The National Association of Counties selected this LEAA-supported program as the best work-release program in the United States at that time.

In Lake and McHenry counties, LEAA's technology transfer program supported a judicial automated records system which provided a management information system and computerized records system for court services.

A similar project in Kane County in fiscal year 1975 for the reorganization of probation and court services resulted in the integration and coordination of court services.

Many times we hear criticisms of the use of LEAA funds for equipment. Well, three communities—Geneva, St. Charles, and Batavia—in Kane County have a Tri-City Dispatch System supported with LEAA funds that has resulted in one coordinated communications system to reduce response time. It has led to a joint record system and has heightened cooperation among the three communities in the criminal justice area.

Now, Mr. Chairman, I am not trying to bore my colleagues by listing grants in my district. I am doing it by way of example and I know that there are similar examples in districts all around the country. These worthwhile grants, whether they are in Kane County, Illinois, or rural North Dakota or urban New Jersey, will not even be sustained at their current levels without an increase in the appropriations before us today for the Law Enforcement Assistance Administration.

With the cuts in block grant funds the committee proposes some State planning agencies will have to select those ongoing programs they wish to sustain and will not be able to fund any new grants. In Illinois the block grant funds will be cut from $21,285,000 to $14,637,000, according to one estimate I have seen. Let me give you a few other examples: Florida will go from $14,750,000 to $10,145,000; California is at the $39 million level in fiscal year 1978 and will go to just over $27 million; New Jersey is allocated just under $14 million for fiscal year 1976 and will get about $9½ million under the committee's proposed level for fiscal year 1977. I am sure my colleagues from other States get the idea of the magnitude of the cuts their State planning agencies will be faced with. Parenthetically, I might add that similar cuts will be made in planning and corrections allocations to the States.

Needless to say, LEAA will have to cut some current discretionary grants and fund no new ones in fiscal year 1977.

The vote on this amendment is the one that decides which programs in our districts will continue to be funded and whether any communities in our district will receive any new criminal justice program moneys in fiscal year 1977.

I, for one, can point to good grants in my district—projects that have worked, are working and are making a contribution to the improvement of criminal justice. That is an effort I want to see continued and I intend to vote for the amendment under consideration.

I recognize that LEAA has come under increasing criticism in the past few years. I serve as ranking minority member on the Subcommittee on Crime of the Judiciary Committee which considered much of this criticism during our oversight hearings to this agency. To meet the criticism, the bill (H.R. 13636) reauthorizing LEAA would remedy certain defects in the current program. Thus, greater emphasis will be put on funding to the courts. Detailed requirements are created for the evaluation of the success or failure of projects funded by LEAA. The bill stresses community participation in crime control by creating an office of community participation. Further, the bill augments the civil rights compliance authority to prevent discrimination in the use of LEAA funds. Although Ms. HOLTZMAN and I disagree about some of the provisions contained in the authorization bill, we both agree that even with its defects LEAA is a valuable Federal program. We also agree that the responsible way for the Congress to respond to criticism of the agency through legislation. The Congress should not dismantle a basically sound program simply by a drastic reduction in funding.

The Members should also know that strong support for this amendment has been given by a number of important groups. The American Bar Association, the National Conference on Civil Justices, the National Association of Counties, the League of Cities, the Conference of Mayors, the National District Attorneys' Association, the National Center for State Courts, the National Conference of State Planning Administrators all support this appropriation. Furthermore, I have in my hand a letter from the Deputy Attorney General which states the Department's and the administration's strong opposition to these cuts. In the face of this unified opposition to the Appropriations Committee drastic reductions, it seems clear to me that it would be irresponsible for the Congress not to restore the eliminated funds.

Mr. Chairman, in further support of my argument, I am attaching the following materials: a letter of Deputy Attorney General Tyler; LEAA cuts under H.R. 14239; reaction to newspaper reports concerning a report by the Center for National Security Studies; reaction to newspaper reports concerning a report by the Twentieth Century Fund Task Force.

THE DEPUTY ATTORNEY GENERAL,
Washington, D.C., June 18, 1976.

Hon. ROBERT MCCLORY,
Congressman,
Rayburn House Office Building,
Washington, D.C.

DEAR CONGRESSMAN MCCLORY: The House Appropriations Committee made several reductions in the FY 1977 budget request of the Department of Justice. Most of the reductions were taken against the Law Enforcement Assistant Administration, in the amount of approximately $108 million. In addition, the Committee proposed report language earmarking funds within their LEAA allowance for juvenile justice programs and the Law Enforcement Education Program. The combined effect of these actions would reduce LEAA's non-earmarked programs by $178 million.

The Department of Justice believes that these actions will do heavy damage to the LEAA programs of assistance to state and local governments and efforts to provide Federal leadership in improving criminal justice systems. This is particularly damaging in a time of deep national concern for the problem of crime which must, of necessity, be dealt with primarily by state and local governments.

Therefore, the Department believes that some of the reductions proposed against the LEAA programs should be restored. If the House of Representatives chooses to make such restorations to the LEAA program, the Department of Justice urges that they be within the $2,151,928,000 aggregate level of the President's budget for the Department.

Sincerely,

HAROLD R. TYLER, JR.,
Deputy Attorney General.

LEAA CUTS UNDER APPROPRIATIONS BILL

If the Part C—Action Block allocation were reduced as projected, appropriations to individual States and on to Counties would be as follows:

[In dollars]

	Fiscal year 1976	Proposed fiscal year 1977
Alabama	6, 753, 000	4, 644, 808
Alaska	628, 000	432, 140
Arizona	3, 948, 000	2, 715, 512
Arkansas	3, 876, 000	2, 665, 328
California	39, 332, 000	27, 049, 176
Colorado	4, 700, 000	3, 231, 292
Connecticut	5, 866, 000	4, 034, 236
Delaware	1, 091, 000	749, 972
District of Columbia	1, 398, 000	961, 860
Florida	14, 751, 000	10, 145, 532
Georgia	9, 176, 000	6, 309, 244
Hawaii	1, 602, 000	1, 101, 260
Idaho	1, 478, 000	1, 017, 620
Illinois	21, 285, 000	14, 637, 000
Indiana	10, 102, 000	6, 947, 696
Iowa	5, 453, 000	3, 749, 860
Kansas	4, 312, 000	2, 966, 432
Kentucky	6, 338, 000	4, 357, 644
Louisiana	7, 134, 000	4, 906, 880
Maine	1, 979, 000	1, 360, 544
Maryland	7, 759, 000	5, 336, 232
Massachusetts	11, 044, 000	7, 594, 512
Michigan	17, 257, 000	11, 868, 516
Minnesota	7, 409, 000	5, 093, 676
Mississippi	4, 413, 000	3, 036, 132
Missouri	9, 081, 000	6, 245, 120
Montana	1, 390, 000	956, 284
Nebraska	2, 920, 000	2, 007, 360
Nevada	1, 049, 000	722, 092
New Hampshire	1, 512, 000	1, 039, 924
New Jersey	13, 951, 000	9, 593, 508
New Mexico	2, 093, 000	1, 438, 608
New York	34, 689, 000	23, 854, 128
North Carolina	10, 098, 000	6, 944, 908
North Dakota	1, 209, 000	830, 824
Ohio	20, 460, 000	14, 071, 036
Oklahoma	3, 083, 000	3, 496, 152
Oregon	4, 226, 000	2, 905, 096
Pennsylvania	22, 591, 000	15, 534, 736
Rhode Island	1, 842, 000	1, 265, 752
South Carolina	5, 188, 000	3, 568, 640
South Dakota	1, 299, 000	292, 160
Tennessee	7, 799, 000	5, 364, 112
Texas	22, 527, 000	15, 490, 128
Utah	2, 190, 000	1, 505, 520
Vermont	868, 000	610, 572
Virginia	9, 226, 000	6, 345, 488
Washington	6, 534, 000	4, 494, 256
West Virginia	3, 405, 000	2, 341, 920
Wisconsin	8, 645, 000	5, 944, 016
Wyoming	672, 000	462, 808
American Samoa	57, 000	39, 032
Guam	177, 000	122, 672
Puerto Rico	5, 388, 000	3, 705, 252
Virgin Islands	139, 000	94, 792
Total	405, 412, 000	278, 800, 000

REACTION TO NEWSPAPER REPORTS CONCERNING A REPORT BY THE CENTER FOR NATIONAL SECURITY STUDIES

(By Richard W. Velde)

Earlier this month the Associated Press distributed a story based upon a so-called "independent study" which was sharply critical of the Law Enforcement Assistance Administration.

The article noted that the study is to be published by the Center for National Security Studies, that it was to be called "Law and Disorder IV," and that it was part of a series all highly critical of the LEAA program.

I would like to call your attention to the unusual set of circumstances surrounding this Associated Press story.

The first I heard about the criticism was when I read about it in the newspaper, since neither the Associated Press nor the report's author, a Washington lawyer named Sarah C. Carey, had called to LEAA's attention the fact that such a report existed. Had they done so I would have been happy to have commented on the document, which would have cleared up many errors that Ms. Carey had fallen into and which the Associated Press and its member newspapers had thereupon repeated.

As a matter of fact, the Associated Press had received only a draft report, in "raw" form, and which was represented to be "subject to change." Indeed, entire chapters were reportedly missing, making it difficult for anyone to evaluate its findings.

Shortly after the Associated Press story was printed in the newspapers, we and other Federal officials made various attempts to obtain the report so that we would be prepared to respond to questions about it from the Congress and from the public, to whom we are accountable.

When we called Ms. Carey's office the day the story appeared we were told that Ms. Carey was not available. When we called the Center for National Security Studies we were told to call Ms. Carey. When an official of the Office of Management and Budget also called the Center for National Security Studies he was told that the Center had a copy of the draft report but "Sarah Carey had ordered that the report not be given to any Government agency."

In the meantime, we receive requests for comment about Ms. Carey's charges. How could we respond when we had only secondhand and thirdhand accounts of what she was supposed to have alleged?

(The International Association of Chiefs of Police also requested a copy of the report draft, as it had heard of erroneous remarks in it attributed to the Association. However, the IACP was told it would have to wait 6 to 8 weeks.)

The unfairness of this situation—being forced by media attention to respond to an "unavailable document"—makes this attack most difficult to address. I appreciate the opportunity to try to reintroduce some objectivity into the discussion of LEAA's effectiveness.

LEAA conducts its business in the open. It expects to be criticized when it is wrong. It expects to account for its actions in all responsible forums. However, it has a right to expect that its critics adhere to common standards of truth and fairplay. This, I might add, includes news reporters as well as those who would attempt to evaluate our efforts.

I believe it is important that the Congress and the public know that neither the Center for National Security Studies nor Ms Carey has an established reputation for expertise in criminal justice matters.

The sponsor of the report, The Center for National Security Studies is, according to the Congressional Research Service, supported by the Fund for Peace, of New York City, which, in turn, is supported by the Abalard Foundation, the Field Foundation, and the Stearne

Foundation. The Center has never to my knowledge interviewed LEAA officials or discussed Ms Carey's report with us.

The author of the report, Sarah Carey is an attorney. To the best of my knowledge she has little or no experience in the improvement of state and local criminal justice systems. Indeed, the basis for many of her criticisms of LEAA is a distortion of the contents of a lengthy, careful and independent study made public by LEAA more than two months ago. It was a comprehensive analysis by the MITRE Corporation of our High Impact Anticrime program. However, Eleanor Chelimsky, who heads the MITRE Corporation's Criminal Justice System Research Department and who wrote the High Impact analysis, has come to a conclusion directly opposite to the one reached by Ms Carey. In a recent letter, Ms Chelimsky commented that abolishing LEAA "would not help, it would just set the fight back by 3 years" to where we were before the program began.

Ms. Chelimsky pointed out, in addition, that it "is really not credible to say that LEAA has not made serious improvements in the criminal justice system. Just looking at Impact alone, we have seen a quantum jump in system capability, in planning and evaluation, in coordination. We have seen community involvement develop where there was none before, and we have seen crime rate decreases now, in four Impact cities (Atlanta, Baltimore, Newark and Portland) while Denver and Dallas have improved, contrary to press reports.

"These facts, however, have been overlooked by Carey. Further, the scope and arduousness of the problems confronting LEAA escape her simplistic, subjective approach.

"Subjectivity, that is the real problem. Carey makes no effort at objectivity, yet this is an essential quality of the evaluator she claims to be, or of any social scientist for that matter. Carey, however, is not a social scientist, her approach is neither scientific nor objective, she is a lawyer, concerned with prosecution. But if she is not objective, and makes no effort to be so, then there is not confidence that her conclusions are based on fact rather than fancy, on performance rather than politics."

As it happens, Ms. Chelimsky has spent some time with Ms. Carey, and this is what she said about her: "What bothers me most about [Ms. Carey's] remarks is their simplistic nature: her utterances would lead to the belief that people are either heroes or villains, frauds or saints, fascist pigs or great liberals, nothing in between. In the same way, her remarks show little understanding of the complexities involved in the planning, organization, management, implementation, coordinaton and evaluation of a program like Impact. Even more importantly, however, she wants no part of such understanding. On the contrary, he is quite comfortable with her monolithic view that crime is a simple problem and that we can make it go away if we just belong to the right political denomination or get rid of the bad guys. The proof of this is that she makes no suggestions as to what should be done differently and/or better to reduce crime. This, of course, is because she doesn't know. But why then, should we take seriously her opinion that LEAA 'should be abolished' if she doesn't know what to put in its place? Would she let crime continue to rise unchecked? And why would one abolish LEAA because crime rates are up? This is like abolishing NIMH because there is more schizophrenia or DOD because we have lost a battle."

My own view is that LEAA is a pioneer working in what is largely an uncharted area. It can provide a relatively limited amount of assistance—less than 5 percent of the total amount spent annually for law enforcement—and cannot reasonably be expected to reduce crime single-handedly.

But LEAA funding has stimulated state and local governments into re-thinking about many of their basic law enforcement programs. It has supported demonstration projects involving new criminal justice concepts. It has permitted the states and localities to select for funding those criminal justice programs that address their most pressing needs.

LEAA believes that program has been successful and should be judged on an objective review of the facts; not on the basis of an "unavailable draft report."

Reaction to Newspaper Reports Concerning a Report by the Twentieth Century Fund Task Force

(By Richard W. Velde)

The Twentieth Century Fund Task Force recently released a study entitled: "Law Enforcement: The Federal Role." The Task Force, in the report's introduction, said its goal was to provide an up-to-date, independent evaluation of the Law Enforcement Assistance Administration.

LEAA certainly has no misgivings about a constructive analysis of its operations. A reasonable and thoughtful discussion of what LEAA is doing can only result in more effective programs for LEAA and contribute to better government, which is in the interest of LEAA and, more importantly, the nation. LEAA expects public scrutiny—indeed, welcomes it—for that is one of the most effective ways to resolve problems, especially when dealing with the complexities of the criminal justice field.

The major recommendation of the report deals with the reorganization of LEAA. The basic premise of this recommendation was proposed by the Administration three years ago and was rejected by the Congress. The proposal to employ special revenue sharing was presented by the Attorney General before Subcommittee No. 5 of the House Judiciary Committee on March 15, 1973. Here is an excerpt from that testimony:

"(The) block grant concept gave the state and local governments the leading voice in how to set up their crime reduction programs and use the funds. (It) represented an excellent first step.

"However, local control was not totally assured under block grants. And the President is now seeking special law enforcement revenue sharing to complete the course toward a fully rational criminal justice assistance program for the state and local governments.

"Under the new proposal for LEAA, special revenue sharing for law enforcement would include those funds LEAA now awards for block action grants as well as the present special grants for planning, general law enforcement training, organized crime prosecutorial training, corrections programs, technical assistance, manpower development, and education."

Congress flatly rejected the proposal and retained the block grant action program.

REDTAPE

Included in the report's revenue sharing proposal is a recommendation for the abolition of LEAA's ten regional offices. We respectfully disagree with this recommendation. These offices are very small with a heavy workload of not only administering block grants by LEAA but categorical programs as well. LEAA shares the concern of the Twentieth Century Fund about "red tape" and the Congress also has agreed.

During the Congressional oversight hearings in 1973, the Committees received testimony which was primarily concerned with delays in the receipt of funds. Only occasionally did the testimony mention paperwork requirements.

In response to these concerns, LEAA's legislation was amended to require that states either approve or disapprove any application from a local governmental unit within 90 days of the receipt of the application by the state criminal justice planning agency. All states have developed procedures and are in compliance with this requirement. In addition, requirements were placed upon LEAA that state plan submissions be approved or disapproved within 90 days of their submission to LEAA. Likewise, action on such state plans have all been well within the 90 day statutory limit.

LEAA also has initiated a red-tape reduction project to streamline operations as much as possible and to reduce unnecessary paperwork.

This Committee should also be aware of the following errors in fact in the Twentieth Century Fund report that LEAA in good conscience must correct for the record:

"The printed guidelines for state plans are 200 pages long." The highest number of pages ever for the guidelines was 71, generally they are 20 to 30 pages long.

"Some state plans are the work of outside consultants . . ." To LEAA's knowledge, only two states have ever used outside consultants. One state used consultants for two years, the other for one year.

Some red tape is imposed upon us by statute. LEAA has three major areas of regulation: civil rights compliance, audit and privacy and security. In two areas, civil rights compliance and privacy and security, the report states that LEAA is not doing enough. This is not compatible with the overall view of the Task Force which advocates cutting down red tape. And although the Twentieth Century Fund does not mention "Audit," this is a federal oversight program common to all federal programs including general revenue sharing.

One final note on "red tape." The Twentieth Century Fund Task Force recommends that payments be made directly to individuals in the Law Enforcement Education Program (LEEP) instead of to educational institutions.

A measure was introduced in 1973 in the Senate that would have ordered LEAA to distribute LEEP funds directly to the students as the Task Force recommends. The proposal received only two votes, indicating that the Congress, too, could foresee the morass of "red tape" that such a program would entail.

In addition, evaluations of programs that make payments directly to students indicate that abuse under these plans is significant. Such a plan would remove some of the existing incentives for schools to strengthen the quality of their crime-related programs. It is conservatively estimated this would require 400 additional personnel to monitor just this function. LEAA's total staff is about 700 people.

RESEARCH

The recommendations of the Twentieth Century Fund are superficial when the Task Force addresses research. There is one side of the recommendation with which we agree and that is the need of continued and more in-house facilities.

First, the National Institute of Law Enforcement and Criminal Justice already supports a program of Research Fellows which attracts talented researchers who come to the Institute to work on innovative projects of their own design. Secondly, the Institute in its past experimented with an in-house research component and found that it was not practical with existing staffing allocations. It was not the inability to attract good researchers, but rather the immediacy of the program development monitoring demands for the external research program which quickly eroded the time of even the small staff which was concentrating on its own research. The Research Fellowship Program assures that researchers have maximum freedom to manage their own research. Given an ideal situation in which staff resources matched the demands of the program, the Institute would welcome an expansion of an in-house research capability.

The charge that "little attempt has been made to incorporate findings into the criminal justice systems at state and local levels" is false.

The fact is that the Task Force's proposals have been carried on by the Institute ever since its existence. They were strengthened with the 1973 amendments that directed the Institute, "where possible," to determine the impact of LEAA's criminal justice assistance programs. To achieve that, the Institute established an Office of Evaluation to evaluate the management and performance of selected LEAA programs, help state and local agencies to improve their evaluation capabilities and develop new evaluation tools and methodologies. It also established a National Evaluation program to assess the effectiveness of specific approaches to criminal justice problems.

In addition, the Model Program Development Division of the Institute has been providing basic information to state and local units of government concerning what works and what does not work in law enforcement and criminal justice. Today, more than 5,000 practitioners and policy makers have received training as part of this program.

The Task Force claims that "too much reliance on outside research has made LEAA's research program too diffuse and unmanageable . . . little Institute sponsored research has found its way down to the states, far less to the streets . . . the Institute has been reluctant to build up their staff of in-house researchers, on the theory that first-rate talent will not want to work for the government."

The entire section relating to "in-house research" is without factual basis. Unlike the comprehensive assessments of LEAA and the Institute currently under way by the Advisory Commission on Intergovernmental Relations and the National Academy of Sciences, no staff were interviewed, no resumes were examined, no grants and contracts examined, no state and local officials surveyed. The specific statement regarding the reluctance to have in-house researchers is totally inaccurate and without foundation.

SYSTEMS AND STATISTICS

To turn to the area of data collection, LEAA agrees completely with the necessity to develop a "systematic regularized, reliable set of criminal justice statistics." The recommendation to analyze the needs and validity of existing crime statistics has alreay been addressed by LEAA. The National Criminal Justice Information and Statistics Service is now in the process of completing a five-year master plan for the development of improved criminal justice statistics dealing not only with the incidence of crime but the flow of the offender through the criminal justice system. In the crime reporting area, LEAA has funded the improvement of state Uniform Crime Reporting through the Comprehensive Data System program to enable the states to provide high quality crime statistics to the national collection effort. As a result of LEAA's investment in this area, 31 state statistical analysis centers are now beginning to collect good criminal justice statistics in their respective states.

As a result of efforts initiated by Project SEARCH, LEAA has created and is funding the development of a nationwide statistical system based on the flow of offenders through the criminal justice process. The strategy for implementation of this nationwide improved criminal justice statistical program focuses on the development of improved collection and analytical capabilities in the states themselves, rather than mandating a federal program.

Efforts are also under way to correlate the LEAA victimization statistics with uniform crime reports to compare victim experiences with crimes known to the police. Based on models developed with LEAA funds, state judicial information systems and offender-based corrections information systems are being implemented in many states with the requirement that these systems produce the offender-related criminal justice statistics so badly needed in the nation. The entire Comprehensive Data System program is under continual review and new guidelines are currently being issued.

The Task Force alludes to discussions over the control of a nationwide computerized criminal histories network and alleges that conflict exists between the FBI and LEAA in control of this system. This is clearly not the case. LEAA has funded the National Law Enforcement Telecommunications System to help the states exchange information not provided by the National Crime Information Center operated by the FBI. The Department of Justice has already created the Task Force-recommended review board to deal with the policy for operation of any and all systems funded or operated by Department of Justice agencies. Further, the National Crime Information Center has an advisory policy board representative of the criminal justice community to deal with these issues.

ORGANIZED CRIME

We generally agree with the Task Force's comments in the area of organized crime, but we respectfully suggest that LEAA's activities are somewhat more extensive than the report reflects. Also, this is a type of program that takes time—a lot of time—and this would hardly be possible under the one-year extension of the LEAA that the Twentieth Century Fund recommends.

POLITICS

We violently disagree with the Task Force report allegations that partisan politics has played a part in the allocation of LEAA funds.

First, the block grant concept, the population formula under which LEAA distributes most of its funds, leaves no room for political partisanship at all. Also, over the years, the agency has dealt with hundreds of state and local government officials of all political persuasions.

An overwhelming majority of those officials have in fact been members of a different political party to the Administration in Washington.

As for the specific charge that there was political pressure brought to bear in Philadelphia, I have no personal knowledge of this alleged incident. Although I was at LEAA at the time, I was not privy to any discussions or negotiations, if in fact there were any. Also, our subsequent relationships with Philadelphia suggest there was no partisanship. Our largest grant has gone to the courts. The next largest went to the special prosecutor for the investigation of official corruption in the City of Philadelphia.

PRIVACY AND SECURITY

LEAA has a complete set of privacy and security regulations and requires that in LEAA-funded criminal justice information systems, certain basic security and privacy considerations be followed.

It should be pointed out that LEAA has executed this rigorous and extensive program governing the privacy and security of information collected and disseminated as a consequence of LEAA funding. However, the serious constitutional issues involved in this area are more properly the province of Congress. Since 1971, the Department of Justice and LEAA have repeatedly offered legislative proposals to resolve these issues, but the proposed legislation has failed in Congress.

COMPREHENSIVE PLANNING

Here is an instance where the Twentieth Century Fund Task Force is for a program, and at the same time is against it! The Task Force criticizes the annual plan review, but on the other hand suggests that the comprehensive planning process be placed on a five-year cycle. This, of course, makes no sense at all when you consider that the Task Force has recommended in the first instance a one-year extension of the LEAA program. In the past, LEAA has favored multi-year plans which could be updated by annual plan submissions. Current LEAA guidelines permit a single plan to become the basis for multi-year funding with annual updates of changed portions of the plans.

GMIS

The LEAA grants management information system, contrary to the Task Force report, was set up to permit the effective management of the LEAA grant program, rather than in response to earlier criticisms. The grant descriptions are indeed submitted by the grantees, and properly so, and are now being checked for accuracy in the editorial process. During the last year, LEAA has undertaken a substantial effort to improve the accuracy and completeness of this record of grants. The fact that the data is not completely and accurately entered into the computer does not imply that such data is not available in manual form.

Again, LEAA has already undertaken the revision of the coding procedures and the design of the system to provide more rigorous and complete descriptive data on all categorical and block grants. The agency does require, and will increasingly insist, that grantees provide data for the system in a timely fashion. While this system does not provide all of the fiscal data required for the effective management of the program, other information systems and manual systems do exist to account for the expenditure of funds.

ONE-YEAR REAUTHORIZATION

Not only would this proposal of the Twentieth Century Fund have the effect of changing the nature of the LEAA program to the type of short-term and limited efforts which have been criticized by the Congress and others on several occasions previously, but would also have other adverse effects on the objectives of the Safe Streets Act.

It should be emphasized that the Administration's proposal for renewing LEAA's authorization was submitted in compliance with Public Law 93–344, the Congressional Budget and Impoundment Control Act of 1974. That legislation has as one of its primary objectives the development of a long-range planning capability by the Federal Government, with program expectations stated for five years. Extension of the LEAA program for five years would be consistent with this Congressional objective and would assure stability in this aspect of federal assistance.

One of the key features of the current LEAA program is the comprehensive planning process which I mentioned earlier. This planning, to be effective, must necessarily have long-range implications.

A one-year program and the uncertainty as to future assistance would have adverse effects on state and local efforts.

The nature of the projects supported could change significantly in form, from innovative efforts expected to have permanent beneficial effects, to projects which merely continue the *status quo* and support normal operational expenses.

Jurisdictions would be hesitant to make a commitment to many significant undertakings because of the possibility of abrupt loss of support.

Short-term programs would also encourage the purchase of equipment by localities since a tangible benefit lasting for some time would be guaranteed. Equipment purchases would also be attractive since they require no follow-up planning or evaluation.

There could additionally be a chilling effect on the raising of matching funds by localities. Local officials may not wish to make a substantial investment in a program which could possibly remain in existence for a brief period, or which might be drastically changed in nature.

One particularly striking example of the negative results which might occur because of a reauthorization limited to one year is in the area of LEAA's corrections effort. The objective of our corrections program is to develop and utilize hypotheses concerning techniques, methods, and programs for more effective correctional systems and improved capabilities of corrections, with special attention to offender rehabilitation and diversion of drug abuse offenders. Developing and demonstrating innovative, system-oriented programs and monitoring and evaluating the outcome of such efforts requires substantial time, effort, and funding commitments. One year is an unrealistic period to accomplish such objectives.

OVERSIGHT

This paper catalogues some of the most serious errors of the Task Force report. Apparently the authors of the report do not understand the provisions of the Act which created LEAA. This is particularly distressing to LEAA because the agency spent many hours filling the requests for information by the Twentieth Century Fund. It is in no sense a comprehensive examination of the LEAA program and many of the Task Force statements indicate a serious misunderstanding of how the LEAA operates and of LEAA's mission—as set forth by Congress in the enabling legislation.

Moreover, to quote the report, the "Task Force urges that Congress exercise more vigorous oversight regarding LEAA." The impression is that LEAA has rarely—if ever—been questioned by Congress on its programs and projects. That is patently nonsense. Both the House and Senate Judiciary Committees held oversight hearings on LEAA in 1970, 1973, and 1975. Each year, LEAA undergoes oversight before both the House and Senate Appropriation Committees. The House Governmental Operations Committee conducted extensive oversight hearings on LEAA. In fact, the testimony is 1,000 pages long! And the General Accounting Office has audited scores of LEAA programs and projects. In relation to juvenile delinquency, the Senate Judiciary Subcommittee and the House Education and Labor Committee conducted hearings in 1973 and 1974. LEAA has undoubtedly undergone a thorough scrutiny in the last eight years—not to mention the hearings representatives of the agency have testified at this year.

CONCLUSION

What is the role of LEAA? In the seven years the Agency has been in operation, there has been confusion over whether it is crime reduction or system improvement. This confusion began with President Johnson's crime message of 1967 and was continued in certain respects into the Nixon Administration. LEAA should not be held responsible for crime reduction objectives. Congress understood this and our legislation clearly and repeatedly states that the basic responsibility for improvement of the criminal justice system rests with state and local governments. They do most of the work, as well as supply most of the funds. The Law Enforcement Assistance Administration is clearly only responsible for system improvement.

Under the Crime Control Act, LEAA cannot dictate to state and local governments how to run their criminal justice systems. LEAA neither approves nor disapproves specific projects a state or city may want to support with block grant funds—unless the proposal is inconsistent with the provisions of the state's comprehensive plan. Each state makes those decisions on the basis of its own evaluation of needs and priorities. These are statutory requirements to which LEAA must adhere.

Mr. HYDE. Mr. Chairman, will the gentleman yield?

Mr. McCLORY. I yield to my colleague from Illinois.

Mr. HYDE. Mr. Chairman, I would like to cite a few examples of Law Enforcement Assistance Administration funded projects in my district that I believe demonstrate the importance of this program.

The area of suburban Chicago I represent is made up of a number of autonomous communities. Yet, a new atmosphere of cooperation in law enforcement has developed as a result of LEAA grants. For example, several of the communities participate in a grant providing for a Multi-Jurisdictional Communication Network. This grant has been supported with over $2 million in LEAA funds.

Oak Park, River Forest, and Forest Park share a Family Service and Mental Health Center which has a law enforcement team to serve citizens whose lives are disrupted by a criminal act.

In Berwyn, LEAA funds support a youth service bureau at McNeil Memorial Hospital. Over $300,000 in LEAA funds support this grant.

In Maywood, a community intervention program backs up police units with social services.

Several of the communities participate in an operation identification program. Some of my colleagues may be familiar with this program since it is becoming widespread. Basically, all of a person's valuable household items—stereos, television sets, cameras, and so forth—are marked for easy identification if they are found in the fencing process or by those handling stolen goods. It also tends to strongly discourage burglars, too, of course.

In Maywood, a large crime prevention bureau is being supported with about $250,000 in LEAA funds. This is a combined effort by personnel in the criminal justice system and the community to educate citizens on what they can do to help reduce crime and their own chance of becoming a victim of crime.

Mr. Chairman, whatever the program's shortcomings may be in other localities, there are clear signs in my district of progress toward the strengthening of criminal justice. I believe these State and local law enforcement officials deserve assurance from the Congress that this program of Federal assistance will continue for at least the next 3 years. I urge my colleagues to support the LEAA program and the amendment offered by the gentlelady from New York.

Mr. McCLORY. Mr. Chairman, may I make just one more statement? There has been a great concern about vandalism in our schools; hundreds of millions of dollars of losses, burglaries, rapes, all kinds of destruction in the schools. Here again, a study is being undertaken by LEAA for the benefit of every school district in every part of the country. This is just one small example of the kind of project which is so extremely important to be carried on, and which I think would be jeopardized by this serious cut in funds. Therefore, I strongly support the amendment.

Ms. HOLTZMAN. Mr. Chairman, will the gentleman yield?

Mr. McCLORY. I yield to the gentlewoman from New York.

Ms. HOLTZMAN. Mr. Chairman, the gentleman has made an excellent point. I would just like to mention some of the programs that are going to be affected if the Appropriations Committee's suggestion is not changed.

In Michigan, for example, the juvenile institutional alternative program will have to be abandoned. New Jersey plans to expand crime investigations of labor, racketeering, and arson will have to be abandoned.

Plans will have to be abandoned in Illinois for programs for drug enforcement, target crime enforcement, speedy trials. In New York, Operation Fence for recovering stolen property, as well as narcotics courts among others will have to be abandoned. In Syracuse, the youth referral project will have to be abandoned.

Mr. HEINZ. Mr. Chairman, will the gentleman yield?

Mr. McCLORY. I yield to the gentleman from Pennsylvania.

Mr. HEINZ. Mr. Chairman, I rise today in support of the McClory-Holtzman amendment that would restore $138 million to the LEAA appropriations for fiscal year 1977. As my colleagues are aware, the proposed appropriations would fund LEAA at a level of $600 million, a cut of some $210 million from current funding levels.

There are two fiscally sound arguments for this amendment: First, it would put LEAA funding at the level requested by President Ford; and second, it would keep the LEAA budget within the guidelines set by the House Budget Committee.

More to the point, however, is the fact that the reduction called for in the proposed bill would effectively gut many ongoing and effective LEAA programs.

Unless this amendment is agreed to State and local LEAA administrators will be faced with the prospect of cutting back or eliminating hundreds of useful and working projects. I am told by the State of Pennsylvania that this would probably mean dropping many smaller programs in smaller communities in favor of maintaining the larger programs in metropolitan areas.

It would also present the public with the specter of a Congress that has decided to cutback on programs designed to reduce crime at a time when increased crime is a major public concern.

In west Philadelphia, for example, a crime reduction program has been funded twice for a total of $2 million to reduce the crimes of burglary and robbery. In the first 6 months of the program, there was a 24.3-percent reduction in burglary and 33 percent in robbery.

A similar LEAA program has produced similar results in the north-central/northwest Philadelphia area.

These are remarkable achievements when compared with a citywide crime rate that has risen steadily since 1968.

Yet, under the proposed appropriations, Philadelphia's LEAA budget could be cut from $6.3 million annually to $2 million.

It is perhaps most important to remember that LEAA has funded programs that have touched the people directly. In Pittsburgh, for example, a housing security force was established with LEAA funds to provide around-the-clock protection to senior citizens in high-rise buildings. The programs were so successful that they have been taken over by the housing authority that runs the buildings, and are being duplicated in neighboring McKeesport.

While that innovative program is no longer the responsibility of LEAA, there are many others in the Pittsburgh area that have been started and are deserving of continued funding.

LEAA, for example, was responsible for the funding of two experimental decentralized probation offices in Allegheny County in an effort to make probation services more accessible to probationers and to facilitate the development and use of local community resources.

These have proven so effective that the county court has now completely decentralized the probation process and there are nine such centers throughout the county, including one in my home district of Millvale.

Another ongoing LEAA program in western Pennsylvania involves a group known as Three Rivers Youth, which operates five community-based homes for troubled adolescents and which has received more than $570,000 in LEAA funds since it began in 1973.

This program has been so successful that it is being considered for exemplary program status by LEAA. I am told that many youths would have been institutionalized had not this program been available.

Also, in Mount Lebanon, a juvenile delinquency prevention program is operating. It provides counseling for youths, informal rap sessions with groups of youths, referral of youths with drug, alcohol, or mental health problems to professional help, and family counseling.

In Harrison Township the Natrona Outreach program is operating an alternative school for area youth experiencing academic difficulties. Six Penn State students and one certified teacher provide tutoring. Referrals have been made by high school counselors and teachers, township police and juvenile probation staff.

Mr. Chairman, these are examples of money well spent. It is not being used wastefully, as is so much Government money. It is not being used to create mountains of redtape and harassment, as is so much money.

It is being used to help people.

It makes no sense to take away more than $7 million from the people of Pennsylvania in the name of good Government when those funds could be put to use promoting just that.

Mr. CORMAN. Mr. Chairman, I move to strike the last word, and I rise in support of the amendment.

Mr. Chairman, today, we determine the economic future of the Law Enforcement Assistance Administration. In doing so, we are afforded the opportunity to voice concern for the viability of this program. As the author of the Law Enforcement Assistance Act of 1965, H.R. 8027, Public Law 89-197, I am committed to the principle upon which LEAA was created. That was to institute a major Federal program providing financial aid and technical assistance for strengthening State and local law enforcement and criminal justice, as well as crime control. While LEAA is the leading edge in the Federal Government's attempt to fight crime, administrative mismanagement, excessive costs and redtape have marred the program. These flaws must not go unnoticed or untouched.

In Los Angeles, the police department, renowed for its excellence in the field of law enforcement, is experiencing extreme difficulty in negotiating for LEAA funds. LEAA is withholding money from the LAPD on the basis of allegations of extensive violations of equal employment opportunity standards—minority and female hiring and promotion. While I vigorously support equal employment opportunities, it is impossible for me to believe the city of Los Angeles, under the administration of Mayor Tom Bradley, a former top level official with the police department, would condone practices disposed to violate the prohibition against race and sex discrimination. Conferences with city officials bring me to the opinion that LEAA's demands are questionable, and that compromise is doubtful. The Los Angeles Police Department could lose all Federal funds for this fiscal year unless an agreement is reached.

LEAA's viability is further clouded by excessive administrative costs. The program as envisioned was to be one of experimentation. The Law Enforcement Assistance Administration was to fund pilot crime prevention projects which would be evaluated, and the information of their successes or failures disseminated to all law enforcement agencies. Now LEAA funds not only projects designed to reduce crime within localities, but also excessively wastes money on high consulting fees and sophisticated, but limited-use equipment.

Additionally, a growing bureaucracy has arisen within the LEAA grant system. Layer after layer of administrative redtape delays project approvals, and increases costs and time needed to develop effective means with which to fight crime. The deviation from Congress original intent for LEAA and monetary waste must be corrected and eliminated.

Reluctantly, I will support additional funding for LEAA, because of my firm belief in the Law Enforcement Assistance Act of 1965 which was "to prevent crime and to insure the greater safety of the people, law enforcement efforts must be better coordinated, intensified, and made more effective at all levels of Government."

I do, however, urge the distinguished House Judiciary Subcommittee on Crime to hold field oversight hearings on the administration, effectiveness, and efficiency of LEAA prior to next year's authorization. Abuses and waste must be stopped through legislative remedies in order that crime control and administration of justice can be developed and implemented expeditiously and proficiently.

I urge support for the amendment of the gentlelady from New York.

Mr. ANDERSON of California. Mr. Chairman, will the gentleman yield?

Mr. CORMAN. I yield to the gentleman from California.

Mr. ANDERSON of California. Mr. Chairman, I am hopeful that the House today will see fit to approve the amendment to restore LEAA appropriations and thus save our counties from cutting back, and indeed, eliminating needed criminal justice programs.

The pleas I have received from my district in Los Angeles, and from concerned citizens throughout the Nation, convince me that to cut LEAA is to cut our own throats.

Even by passing this needed amendment, fiscal year 1977 will be a lean year for LEAA. Our counties now finance and administer 95 percent of the criminal-justice system from moneys paid in local taxes. If LEAA is forced to take a 25-percent cut in funds, can we in conscience ask our counties to increase taxes to fill in the void we are creating?

Unless the Congress restores these cuts, which total nearly $210 million, California will lose over $12 million or nearly 30 percent of its LEAA funding.

This will mean that Los Angeles will have to give up many efforts at reducing crime through new innovative techniques. I will list but a few examples, all funded by LEAA.

First. The California Center for Judicial Education has trained over one-half of the judges in the State in new techniques of caseload and backlog elimination, et al.

Second. Regional planning centers have aided local law enforcement agencies develop plans to consolidate and eliminate overlapping programs and expenditures. Burglary research programs concentrating on theft patterns in the Los Angeles and San Diego areas have contributed directly to a 50-percent decrease in such crimes.

Third. California's youth delinquency rate is down to nearly 3.8 percent, compared to an average of 19 percent nationwide, mainly due to LEAA-funded referral and youth service bureaus.

Fourth. A narcotics information network and a comprehensive data statistical system have aided local law enforcement agencies to track down criminals without waiting for delays in Federal investigatory informational systems.

These are but a very few of the reasons California needs LEAA. I am certain my colleagues can cite many other worthwhile activities in their States. This is not the time for the Congress to abandon the Federal effort against crime. Instead, it is time for us to strengthen it and make it work; to correct the defects that now exist.

I urge your support of this amendment to restore the LEAA appropriations.

Mr. RODINO. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I strongly support the amendment of the gentlelady from New York.

In a time of fiscal austerity, Mr. Chairman, and in the process of allocating scarce Federal resources, it is imperative, of course, that this House make hard choices, and it is wise that it set very careful priorities.

But surely no priority can be higher than the safety of our communities; no Federal assistance program to State and local governments can be more pressing than that which aims at reducing street crime and improving the system of criminal justice.

LEAA, of course, is the only Federal anticrime assistance program making grants to States and localities.

As an Agency it has been subject to much criticism. Its administration of the Safe Streets Act, I am frank to say, has been in many cases greatly disappointing. As an original sponsor of the concept behind the 1968 legislation, and as chairman of the committee that has followed its course and has extended its life over a 7-year period, I am keenly aware of its shortcomings and I know firsthand its failure in too many instances to meet the congressional intent.

And as a citizen of our communities, of course, I know that it has not succeeded in reducing crime.

But it has nonetheless been in some aspects at least a step forward in the very long and difficult battle against street crime. For one thing it has succeeded mightily in fostering coordination among previously disparate elements of the criminal justice system. Police, courts, and corrections are at least now planning together; the local law enforcement community is in better touch with itself and that at least bodes well for the future.

Mr. Chairman, this amendment is modest. Its amount falls well within the targets set by the budget resolution.

And after many years of purchasing wasteful hardware with these moneys, Mr. Chairman, States and localities are at last beginning to develop the kind of innovative programs seeking answers to the crime problem that the act envisioned. This amendment will allow the continuation of many of those new projects, and will permit the implementation of others long in the planning stage.

Particularly adversely affected by failure of this amendment would be the implementation of new drug abuse programs that after many years will finally be mandated by the new authorization bill. And the new efforts to increase badly needed levels of community participation in crime prevention would be jeopardized.

There is far too much, of course, that we still do not know about the causes of crime. It is unfortunate and inexcusable that there is still too much LEAA itself does not know about the success or failure of its own programs. Far more stringent evaluation procedures must be adopted, and other new provisions of law are required to tighten the administration of the Safe Streets Act.

But H.R. 13636, the LEAA reauthorization bill which grants the Agency but a single year extension is the vehicle for those needed amendments. The Judiciary Committee has reported a bill that greatly modifies the way LEAA must administer these moneys. In a year the Agency must return for more close scrutiny or be terminated.

But now, with a rising crime rate in all of our communities, urban and rural, small town and suburban, I would hope that we can restore the modest amount proposed by this amendment. Other members of the Judiciary Committee on both sides of the aisle believe as I do—Mr. MANN of South Carolina and Mr. RAILSBACK of Illinois, Ms. JORDAN of Texas, and Mr. BUTLER of Virginia, Mr. MEZVINSKY of Iowa, and Mr. McCLORY of Illinois. I hope you will join us in support of this amendment.

Mr. JAMES V. STANTON. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I will not take 5 minutes, but I would like to say that anyone who has studied the LEAA program since 1968 knows that it represents a $5 billion waste of funds.

Henry Ruth, when he was director of the LEAA program in the city of New York, brought to my office a scroll that showed the 438 steps that one had to take to get a Federal grant, that 99 percent of the money over a 3-year period was tied up in the bureaucratic pipeline between Washington and the communities in the United States.

I know that the attorney general and the prosecutors and the people who are out in the hinterlands of this country are urging that they get the funds. But the fact of the matter is that when he money gets there, it does not do the job.

They funded a program in the city of Cleveland for special police protection for the airport for 35 policemen. They could not even transfer those policemen to a high-crime area. Every original study, whether it is done by the Twentieth Century Fund Task Force, which recommended the abolishment of the program totally, or whether it is done by the Center for National Security Studies, independent studies show that this program is wasting more money than just about any other Federal program.

To increase the funding for this program at this time, in my judgment, would be irresponsible—irresponsible because there has not been a true study done by the Congress.

With all due respect to the chairman of the Committee on the Judiciary, the fact of the matter is that we do not have a basis on which to evaluate the program, and the program has already spent $5 billion.

Mr. McCLORY. Mr. Chairman, will the gentleman yield?

Mr. JAMES V. STANTON. I yield to the gentleman from Illinois (Mr. McCLORY).

Mr. McCLORY. I thank the gentleman for yielding.

Mr. Chairman, I would like to say that in the bill which comes to the floor we do hope to have procedures which will simplify the funding of the projects which are in the plans.

Mr. JAMES V. STANTON. I would hope that when we get to that point that we would give them the money after we get the guidelines. But we have given them $5 billion, and we are not there.

Mr. McCLORY. If the gentleman will yield further, I would like to say that, in addition to my remarks, I intend to ask leave in the House to insert in the Record the reaction to the Twentieth Century Fund Task Force and also the report for the Center for National Security Studies, which I think do a disservice and do not correctly describe the work of the LEAA.

Mr. JAMES V. STANTON. The regional centers that have been set up under the LEAA program, have they contributed to fighting crime?

Mr. McCLORY. If the gentleman will yield further, the program that we are talking about is not a program that is designed at the Federal level to reduce crime. The program is designed to provide opportunities for the local communities to find ways to reduce crime, because they have the know-how and they have the facilities, and that is where we want the fight against crime to take place.

The problem we have had is transferring the information which is secured from these projects, and that is something that needs improvement, I will admit.

Mr. JAMES V. STANTON. But they keep writing the regulations from Indiana Avenue, where the headquarters are.

The fact of the matter is that our local officials cannot comply with all of those regulations.

Mr. McCLORY. Mr. Chairman, if the gentleman will yield further, perhaps my colleague's criticism should be directed at the Washington bureaucracy and perhaps the Congress itself for imposing these limitations, and he should not blame the law itself or should not blame the administration.

Mr. JAMES V. STANTON. That is the reason why we should not fund it until we get the imperfections out of the program; otherwise we are wasting money.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. JAMES V. STANTON. I yield to the gentleman from Michigan.

Mr. CONYERS. Mr. Chairman, I remember the debate on the floor in 1973, and I recall it was my colleague, the gentleman from Ohio (Mr. JAMES V. STANTON), who participated in that debate rather vigorously, advancing the same points that he does today. I commended him then for that, and I did not vote with him.

Today, as the chairman of the Subcommittee on Crime, I commend him again. I have studied this subject as diligently and as fairly as I can, and I bring to this entire subject of crime in America a genuine, deep concern emanating from my own particular urban background.

I must confess that the question before us is not whether we want to cripple Federal relationship with law enforcement agencies by cutting them by $200 million, because as somebody has asserted, the loss of that $200 million will destroy the capability of State and local officials to fight crime, and we might as well kiss it goodbye now. That is really a very poor suggestion, and it is not a very logical suggestion to make.

Mr. Chairman, the fact of the matter is that, as the gentleman has asserted, every independent study has been severely critical of the Law Enforcement Assistance Administration.

Mr. SLACK. I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, the Law Enforcement Assistance Administration was authorized by the Omnibus Crime Control and Safe Streets Act of 1968. Since that time more than $5 billion has been appropriated to carry out the program. In 1968 statistics indicate that 6,680,000 crimes were committed, or 335 crimes per 10,000 inhabitants.

In 1974, the last year for which actual figures are available, 10,192,000 crimes were committed—482 crimes per 10,000 inhabitants. That is an increase of 44 percent.

Mr. Chairman, we have some grave concerns about the effectiveness of the program.

Several members of the subcommittee inquired at length about a number of questionable projects and studies funded by LEAA. I would urge you to take a look at the hearings. There have been a number of GAO reports and other studies criticizing LEAA and its programs. Some of these studies even suggest discontinuing the program.

I would also like to point out that the LEAA program is not yet authorized for fiscal year 1977. The Judiciary Committee has reported a bill which would provide for a 1-year extension only. Heretofore they granted 3-year extensions.

I would like to quote from the report accompanying that bill:

> In the Committee's view, extending this program for one year gives notice to LEAA that it is on trial status. Congress recognized the problem of crime is so great that the Federal Government must continue to assist the States in dealing with it. LEAA in this year must prove it can effectively address that problem.

Mr. Chairman, the major concern with the committee's recommendation seems to be the possible impact on funds for States and localities. In that connection, I would like to quote from the committee report:

> The Committee thinks it important to give a significantly greater proportionate emphasis to funds available to States and localities under Parts B, C, and E of title I than was proposed by the Department.

Since the authorizing legislation has not yet been enacted, we did not feel it was appropriate to earmark all of the funds. We do feel strongly, however, that States and localities should not bear a disproportionate share of the reduction.

Under the LEAA program, funds are provided for pilot or experimental projects usually for a 2 to 3 year period. If the projects have merit, funding is assumed by the State and local governments. With this proposed reduction, projects now being funded would not necessarily be discontinued, but LEAA and the States would have to be more selective in choosing projects.

With these reservations and concerns about the program, we feel the $600 million figure is adequate.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. SLACK. I yield to the gentleman from Michigan.

Mr. CONYERS. Mr. Chairman, I appreciate all the great interest being shown to adding money onto this bill, but this is not general revenue sharing. It is not special criminal justice revenue sharing. This is a bill that speaks directly to the Federal relationship to the criminal justice system.

Mr. Chairman, I defy anybody in this Chamber to prove to me that cutting $200 million is going to wreck this operation. It just simply is not accurate. The cut will be proportioned, as the chairman suggested, among all of the services. The category or program called the block grants happens to receive the majority of the money, so they would, of course, be primarily affected.

However, Mr. Chairman, if we are sending a message to LEAA, which has been very unresponsive to the Congress, it seems to me that it should be done not just in a report, but it should be done in a fiscal way.

In view of that and in view of all of the reports from GAO, which have been over some 20 in number, most of them severely critical, not all of them, and in view of the two and only two independent reports that have been submitted on this agency, I am inclined to support the subcommittee chairman.

Mr. SMITH of Iowa. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I want to supplement briefly what the Chairman has said.

To start with, it is just not so that Federal assistance to local agencies to fight crime is rendered only through this program. It has been rendered for many years through a number of programs.

We have, for example, an FBI school. In fact, we built a whole new school down here in Quantico. That is a meaningful way in which we help local law enforcement officials receive the training they need. We provide fingerprinting service, a central crime bank, and since passage of the Interstate Flight Act in the early 1960's, we had to add about 1,000 agents to help secure the arrest of those who have violated local laws.

Mr. Chairman, also, this just will not cut as much from the State block grants as has been indicated, because of the language of the report. If further protection against that is needed they could put it in the authorization bill that they are talking about.

Mr. Chairman, the State block grants are not free of abuses either. In many cases, a justice has one employee and the local police chief has one employee. Through this method, they have built a big lobbying organization. I have been getting calls and telegrams just as the other Members have. They have built up a lobbying organization with this money, and they are going to spend a good share in lobbying to keep the appropriations up, as they did last year. If they need the money, they can spend less on the lobbying grants.

Mr. Chairman, in this amendment the author is trying to secure $29 million over the administration's original request, and they have reduced that request over in the Senate.

The total in the bill, is $85 million over the President's request after we got done and counting the reduction for this program.

There is a lot of talk about rearranging priorities with respect to some things.

Mr. Chairman, we added $30 million for the Legal Services Corporation so law-abiding indigents in this country can receive some help. They have no other place from which to get it but from the Federal Government.

Mr. Chairman, the criminals in this country are entitled to legal help from local court funds. To a large extent, they have taken that responsibility from the local court funds and shifted it to Federal funding.

Mr. Chairman, it is about time that we give some consideration to the law-abiding poor people in this country. Therefore, we gave them $30 million for the Legal Services Act. We had to get the money from somewhere.

As a matter of fact, it is going to take 4 or 5 years before we make legal services available for all poor people, even at this rate.

If we pass this amendment, we will be under pressure in Congress to reduce that $30 million for legal aid because we will not have $1 in this function for negotiating differences.

In addition to that, we added money for EDA, and for the Small Business Administration, for the minority programs, for the poverty program, the programs for the disadvantaged, to help secure more employment, to help more people become self-employed so that they can be taxpayers in this country. We added money for the drug enforcement program, the FBI school, for the Immigration Service so that we can try to reduce the number of illegal aliens in this country so that some of our unemployed people can become employed.

We must secure the money from somewhere. So we shifted $109 million from LEAA and we used it for what we thought were more worthy purposes.

We hear all this talk about the changing of priorities. We cannot change priorities if all we do is increase, increase, and increase and never find some place from where we can secure the money to do the things that otherwise will not be adequately funded.

Here was a place for a logical reduction. I do not think the reduction needs to hurt the program.

So I say, that we have to decide whether we want to shift some money or if we do not. We should spread whatever money we have around where it will do the most good for the people in this country. It is not just a question of providing more money for the indigent criminals that the local courts are obligated to provide legal services, but the real problem is in getting Federal money so as to help some of the indigent people in this country who are law-abiding citizens and have no right to local funding for legal help.

Ms. HOLTZMAN. Will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentlewoman from New York.

Ms. HOLTZMAN. Mr. Chairman, I know that the gentleman from Iowa has recited a long list where the money has been shifted, such as into the Immigration Service, legal aid, and refers to the problem of helping the indigent law-abiding citizens.

Let me say, Mr. Chairman, that I am concerned, and I think other Members of this Congress are concerned, and I know that the American public is concerned, about what we are going to do to deal with the problem of crime in this country. Crime is a serious problem.

I know that the LEAA has not fulfilled the ambitions that we had for it, but we will reform it in the authorization bill and I hope to make it a more effective law enforcement tool.

Mr. SMITH of Iowa. I oppose the amendment.

The CHAIRMAN. The time of the gentleman has expired.

Mr. EARLY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the two most recent studies that have been made, the Center for National Security Studies states that LEAA should be abolished. It has not worked. It has been given too much money which it has spent unwisely

Then the Twentieth Century Fund Task Force Study found the LEAA after having spent more than $4 billion, has had little impact on crime.

In addition to these particular studies, when Governor Brown of California was asked about the particular program he said that LEAA was a "pretzel factory."

He announced that he was going to put the program on trial. He said:

> If, at the end of the year I'm not satisfied that this program serves the public interest, I am going to very seriously consider returning the money to the Federal Government to help them fund their $80 billion deficit that they tell me will be created in the next fiscal year. Because I find it rather strange that this country can afford to spend money it doesn't have on projects that no one can understand.

When the reduction was made, by the subcommittee, the LEAA director, with his administration put the pressure on, and it is showing today. So now we have the district attorneys, the sheriffs, and the police chiefs contacting their Congressmen saying that they need the money for programs. They are a vested interest group protecting everyone but the taxpayer. Although many of these programs are constructive we must cut those that are not. We must demand a dollar's worth for a dollar spent. The taxpayer is entitled to this.

In a LEAA directive they said that the fund was needed and they said that if a further fund reduction does occur, there will be a greater need than ever to find available funds to reduce crime, rather than to support increased planning and administration.

If we reduce the fund, we will be mandating better management and more efficiency in the LEAA program. We will dismantle the regional bureaucracies and protect the taxpayers on projects which have no real impact on crime.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. EARLY. I yield to the gentleman from Michigan.

Mr. CONYERS. I thank the gentleman for yielding.

May I make this statement about those who are concerned about what the American people want to see done about crime. Whatever they want to see done, it is not what the LEAA has been producing over 8 years at an expense of $4½ billion. I can say that that is a certainty in anybody's district, because if the Members think just putting more money into this pipeline will accomplish anything, they are mistaken.

In 1973 these same promises were being made on behalf of LEAA about controlling the funds, evaluating the programs, establishing guidelines. One could go back in the RECORD and pull out the same kind of promises that were forthcoming from the supporters of LEAA—and I count myself as one of them. But I am not going to stand before this body and tell the Members they must add $200 million onto the subcommittee's appropriation if they want to show that they are fighting crime. It is not logical; it is not fair; nor is it appropriate in view of the unsuccessful and ineffective track record the Agency has compiled.

There will be a more appropriate time to deal with this subject. The judiciary subcommitee is beginning oversight hearings this year, before the next session of Congress, and we are going to be able to more carefully oversight LEAA with a view in mind of making it live up to some of its more modest promises.

So I support my colleague and also the amendment.

Mr. EARLY. I thank the gentleman for his comments.

I would just like to make a point. The amendment offered by the gentlewoman from New York is $30 million more than the President requested.

Ms. HOLTZMAN. Mr. Chairman, will the gentleman yield?

Mr. EARLY. I yield to the gentlewoman from New York.

Ms. HOLTZMAN. I thank the gentleman for yielding.

That is true. The President asked for $108 million of block grants and the gentleman's committee cut the block grants below that request. It is also true that my amendment is slightly above the President's request. My amendment adds $30 million because the Committee on Appropriations added $30 million for the juvenile justice portion of the LEAA program. My amendment still leaves LEAA funded below last year's level.

Mr. EARLY. The request of the administration was for $708 million. We reduced it to $600 million. This amendment would increase it to $738 million.

Mr. Chairman, the States are trying to tell the Federal Government that they are too involved.

In 1974 when I was vice chairman of the State of Massachusetts Committee on Ways and Means, I brought the LEAA funding to the House floor. It was 90 percent federally reimbursable, but still had a battle to retain the moneys in the State budget. There is no way we are going to cut any money if we cannot cut the LEAA's fund. It is the most mismanaged, most inefficient system I have ever seen.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SLACK. Mr. Chairman, I wonder if we can get some agreement as to time on this amendment.

Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto end in 5 minutes.

The CHAIRMAN. Is there any objection to the request of the gentleman from West Virginia?

There was no objection.

The CHAIRMAN. Members standing at the time the unanimous-consent request was granted will be recognized for 50 seconds each.

The Chair recognizes the gentleman from New York (Mr. DOWNEY).

Mr. DOWNEY of New York. Mr. Chairman, if there is one message that I have read loudly and clearly from the people of the Second Congressional District, it is that they would like the Federal Government to be more involved with Federal dollars on the question of crime. I can only say to the gentleman from Massachusetts that if the State of Massachusetts does not want to spend the money, we in New York would be more than happy to take any of it.

At the proper time, Mr. Chairman, I will ask unanimous consent to place in the body of the RECORD a detailed examination of where the people in Suffolk County have spent their money on LEAA for the last 4 years, because I think it gives a very good accounting that the money has been spent wisely.

The accounting is as follows:

COUNTY OF SUFFOLK,
June 4, 1976.

Congressman THOMAS J. DOWNEY,
West Islip, N.Y.

DEAR CONGRESSMAN DOWNEY: The staff of the Criminal Justice Coordinating Council has informed me of your interest and concern regarding the effect of the LEAA program on local government. This office appreciates your interest and is forwarding to you material on Suffolk County's justice program.

The attached list shows the LEAA funds and uses in Suffolk from 1969 through 1974. The following lists additional projects funded with 1975 and proposed projects for 1976.

FEDERAL FUNDS

1975

Rehabilitation Center at Yaphank Honor Ferm	$175,906
Suffolk County Pre Trial Services Program	98,245
Police Decentralized Individualized In-Service Training	235,075
Short Term Adolescent Rehabilitation Treatment	28,934
Police Community Service Bureau	134,085
Police Marine Task Force	181,309
Group Homes at Yaphank for Adjudicated Children	328,250
Consumer Crime Task Force	24,000
Police Crime Scene II	5,032
Juvenile Justice Task Force	189,387
Police Burglary Incidence Reduction Program	15,899
Ex-Offender Career Assistance	86,995
Probation Alcohol Treatment	37,539
Police Operation Identification	50,375
Monitoring Evaluation	32,119
Indirect Cost	121,732
Total	1,744,882

1969

Planning Grant	$67,672
Police Community Relations	52,448
Total	63,120

1970

Planning Grant	$42,686
Porta-Mobile Communications	25,468
Total	68,154

1971

Planning Grant	$50,223
Latent Finger Print System	68,142
Operation Intercept	114,531
Teletraining	135,109
Crime Scene Control	38,406
Decentralized Probation	646,054
Mobile Frauds Bureau	184,641
Operation Bootstraps	176,475
Total	1,413,581

1972

Planning Grant	$70,558
Mobile Radio District Survey	16,396
Decentralized Probation (Refunding)	707,777
Correctional Officers Training	147,098
Complaint Screening Bureau (Refunding)	414,122
Total	1,355,951

1973

Planning Grant	$78,160
Police Minority Recruiting	256,650
Police Conversational Spanish	11,883
Vehicle Compudent	22,646
Burglary Incidence Reduction	169,880
Police Management Study	55,220
Delinquency Prevention Study	5,625
Mobile Radio Dist.-Implementation	199,110
Operation Bootstraps (Refunding)	267,959
Complaint Screening Bureau (Refunding)	239,900
Crime Scene Control (Refunding)	42,975
Total	1,350,008

1974

Planning Grant	$103,676
Police Community Service Unit	349,289
Group Homes at Yaphank	98,269
Consumer Crime Task Force	47,850
Juvenile Justice Task Force	242,615
Rehabilitation Ctr. at Yaphank	187,774
Vehicle Compudent (Refunding)	13,468
Criminal Justice Information System	93,033
Operation Bootstraps (Refunding)	26,060
Special Prosecutor	400,000
Total	1,562,034

1976

Victims Information Bureau	$220,984
Television Arraignment	250,000
Juvenile Justice Task Force	168,108
Project S.T.A.R.T	28,938
District Attorney's Major Offense Bureau	353,488
East End Burglary Prevention Phase I	50,000
In-Service Training-Sheriff	10,000
Legal Aid Major Defense Bureau	64,297
Differential Classification System for the Jail	30,000
Diversion	230,000
Special Prosecutor	200,000
Criminal Justice Information System	250,000*
Police Mobile Radio District	276,543*
Total	2,132,358

If the current House version of the LEAA renewal legislation is passed and approved, Suffolk's share of New York State's allocation will be reduced drastically to approximately $974,000. Such a reduction would force Suffolk into a refunding situation, refunding only 4 or 5 projects in 1977 and 4 others in 1978. The reduction would not allow Suffolk to do more innovative planning and programming as the trend has become in Suffolk. Additionally, if the LEAA program is renewed for one year only, our multi-year planning effort would become irrelevant. A brief examination of the attached year-by-year projects will bear out the above statement.

There is one last item to be said in favor of the LEAA program. As local government has entered a fiscally constraining period, the LEAA funds have become a more integrated part of local criminal justice budgets. Projects or programs which may have been innovations when conceived have developed into vital services, perceived as such not only by the criminal justice system, but also by the people it serves. A reduction in LEAA funds would not only severely constrain Suffolk from developing innovative projects to improve the criminal justice system, but would also mean the elimination of some vital services in the County developed through the LEAA programs.

Again, thank you for your interest and consideration.

Very truly yours,
MARY E. GALBREATH,
Director, Program Planning.

*In danger of being terminated if proposed House version of legislation passes.

The CHAIRMAN. The time of the gentleman has expired.

The Chair recognizes the gentleman from Michigan (Mr. CONYERS).

Mr. CONYERS. Mr. Chairman, I would say to my colleagues that we should not misconstrue the role of the Federal Government in fighting crime. I think it is an important one, and I would not understate it for the world. I think, though, the time has come for us to examine whether throwing money at the problem is an appropriate way to reduce the crime rate.

I do not think it is. And I am totally unimpressed by all of the clients of LEAA who have now importuned many of the Members in support of additional money. If there were $800 million in this appropriation, someone would be asking for $1 billion, which has happened in years past. I do not think that is a thought or effective approach.

Mr. Chairman, I yield to my colleague on the subcommittee, the gentleman from Ohio (Mr. ASHBROOK).

Mr. ASHBROOK. Mr. Chairman, as a member of the subcommittee I would say I am in total agreement with the gentleman.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. MCCLORY).

Mr. MCCLORY. Mr. Chairman, let me say this. In a block grant program the efficacy of the program depends primarily on the input of the State and local officials. If a Member finds that this program is not working well in his own community, he should direct his attention to the local officials and not blame the LEAA officials in Washington.

Two studies have been referred to. The so-called National Security Studies do not exist. At least, I have been unable to secure the report, and have not seen anything about it except in the newspaper. The other report referred to is full of all kinds of erroneous information.

I am attaching to my statement in support of the Holtzman-McClory amendment reactions of the Administrator of LEAA to the newspaper stories relating to those reports. In my opinion the Twentieth Century and National Security Studies reports contain wholly unjustified attacks against a good Federal program.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. MILLER).

Mr. MILLER of Ohio. Mr. Chairman, I oppose the amendment of $138 million.

I would like to state I am going to offer my amendment calling for a 5-percent reduction in budget authority for all expenditures that are not mandatory. I mentioned offer the amendment because we are spending at the Federal level at such a high rate that I feel we have to go out and borrow this $138 million, and give the money to many of the States when those States are not in debt. The funds would go out and be distributed among the States. At the hearings many of the people who were in this very thing said they did not want to borrow at the State level, so why should the Federal Government borrow the money and give it to them?

The CHAIRMAN. The Chair recognizes the gentlewoman from New York (Ms. HOLTZMAN).

Ms. HOLTZMAN. Mr. Chairman, let me remind members of the committee that despite statements to the contrary the amount the LEAA is going to be cut is $200 million and the cuts will come disproportionately from the moneys going to States and localities to improve prosecution of criminal cases, to improve police performance, to try to get witnesses to show up at trials and to speed up the cases and the like.

It has been said that we should not add money to LEAA until the authorization bill is enacted. Unfortunately, the scheduling of the appropriation bill before the authorization bill was a decision made by the leadership. The authorization bill is not on the floor and is up first.

No one is going to claim LEAA has been a 100-percent success—but we cannot reform the program and cripple it at the same time.

If we adopt my amendment and permit the LEAA to operate at somewhat less than last year's level, but without these devastating cuts, the authorization bill will provide the necessary improvements in LEAA.

Ms. JORDAN. Mr. Chairman, this is a simple amendment. It restores to the level requested by the President and approved by the budget resolution funds available to the Law Enforcement Assistance Administration. There has been much criticism, much of it justified, of the way LEAA funds have been spent. I have been most critical of the fact that LEAA has virtually ignored its responsibilities to enforce civil rights law. I have not been enamored with the way States, cities, and counties have spent their LEAA funds. But I fail to perceive the nexus between spending less money and spending it wisely. Cutting back on LEAA appropriations will not mean that the remaining available money will be spent in a way which pleases Members of Congress.

If the LEAA program needs reform, the place to do it is in the authorizing legislation. The House Judiciary Committee has reported out just such a bill. It requires recipients to place greater emphasis on evaluating their criminal justice activities. Evaluation can lead to improved allocation of LEAA funds. It also completely rewrites civil rights law with respect to LEAA funds. Henceforth, funds will not continue to flow to jurisdictions which have been found to have discriminated unless corrective action is taken.

The city of Houston now reports that it has the largest air force of any city in the country. It is an air force of 16 police helicopters, 24 pilots, four trainees, and 18 observers. The great majority of the $200,000 helicopters were bought and equipped with LEAA funds. One could conclude that the buying of helicopters is not the best use of LEAA funds. When a truck filled with deadly ammonia gas crashed and exploded last month, it was those same police helicopters which helped police cars seal off the affected areas as the gas spread across Houston. Those helicopters saved lives.

Harris County, which surrounds Houston, is now implementing a Federal court order requiring improvements in the county jails and expeditious processing of accused prior to trial. Should the county face a reduction in LEAA funds, I doubt it would be able to implement the court order without an increase in taxes, or a substantial reduction in the other departments of county government.

I can understand the critics of LEAA. I have been one of the critics. Deducing the appropriation for LEAA does not help to achieve any of the improvements in the program we all want. I urge a favorable vote on the Holtzman amendment.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from New York (Ms. HOLTZMAN).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Ms. HOLTZMAN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 176, noes 95, not voting 160, as follows:

[Roll No. 410]

AYES—176

Abzug
Addabbo
Allen
Ambro
Anderson, Calif.
Badillo
Bafalis
Baucus
Beard, R.I.
Bedell
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Bolling
Brademas
Breaux
Breckinridge
Brodhead
Brown, Mich.
Buchanan
Burke, Mass.
Burton, John
Burton, Phillip
Butler
Carney
Carr
Carter
Clausen, Don H.
Cleveland
Cochran
Cohen
Collins, Ill.
Conable
Corman
Cornell
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Davis
de la Garza
Delaney
Derrick
Derwinski
Downey, N.Y.
Drinan
Duncan, Tenn.
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
Erlenborn
Evans, Ind.
Evins, Tenn.
Fenwick
Fithian
Florio
Ford, Mich.
Ford, Tenn.
Forsythe
Gaydos
Gilman
Ginn
Goldwater
Gonzalez
Grassley
Guyer
Hall
Hamilton
Hammerschmidt
Hannaford
Harris
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Hicks
Holtzman
Howard
Hungate
Hyde
Jeffords
Jenrette
Johnson, Pa.
Jones, Tenn.
Kazen
Krebs
Lagomarsino
Leggett
Levitas
Lloyd, Tenn.
Long, La.
Lott
McClory
McCollister
McDade
McHugh
Maguire
Mann
Mazzoli
Meyner
Mikva
Mineta
Minish
Mitchell, N.Y.
Moore
Moorhead, Pa.
Mosher
Murphy, Ill.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nowak
Oberstar
O'Neill
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Perkins
Pettis
Pressler
Preyer
Price
Quie
Quillen
Rangel
Regula
Rhodes
Robinson
Rodino
Roe
Rogers
Roncalio
Rose
Rosenthal
Rostenkowski
Ruppe
St Germain
Sarasin
Sarbanes
Scheuer
Sharp
Shuster
Smith, Nebr.
Solarz
Spence
Stanton, J. William
Stark
Studds
Thompson
Thone
Thornton
Tsongas
Vander Veen
Walsh
Wampler
Whalen
White
Whitten
Wiggins
Wilson, C. H.
Wolff
Yates
Yatron
Young, Fla.
Young, Ga.
Zeferetti

NOES—95

Adams
Alexander
Andrews, N.C.
Armstrong
Ashbrook
Aspin
AuCoin
Bauman
Bennett
Brooks
Burgener
Burke, Calif.
Burleson, Tex.
Burlison, Mo.
Byron
Clancy
Clawson, Del
Collins, Tex.
Conyers
Dellums
Devine
Dickinson
Diggs
Dingell
Duncan, Oreg.
Early
English
Evans, Colo.
Fisher
Flynt
Foley
Fountain
Giaimo
Goodling
Gradison
Hanley
Harsha
Hayes, Ind.
Henderson
Hutchinson
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Kastenmeier
Kemp
Kindness
Latta
Lent
Long, Md.
McCloskey
McFall
Madden
Madigan
Mahon
Meeds
Michel
Miller, Ohio
Mills
Mollohan
Moorhead, Calif.
Morgan
Moss
Murtha
Myers, Ind.
Nolan
Obey
O'Brien
Passman
Pike
Poage
Rees
Reuss
Roybal
Satterfield
Schulze
Sebelius
Shipley
Sisk
Skubitz
Slack
Smith, Iowa
Staggers
Steed
Steiger, Wis.
Stokes
Stratton
Taylor, N.C.
Teague
Vigorito
Waggonner
Weaver
Wylie
Young, Tex.
Zablocki

NOT VOTING—160

Abdnor
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Ashley
Baldus
Beard, Tenn.
Bell
Boland
Bonker
Bowen
Brinkley
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Burke, Fla.
Cederberg
Chappell
Chisholm
Clay
Conlan
Conte
Cotter
Crane
Daniels, N.J.
Danielson
Dent
Dodd
Downing, Va.
du Pont
Edgar
Esch
Eshleman
Fary
Fascell
Findley
Fish
Flood
Flowers
Fraser
Frenzel
Frey
Fuqua
Gibbons
Green
Gude
Hagedorn
Haley
Hansen
Harkin
Harrington
Hawkins
Hays, Ohio
Hébert
Helstoski
Hightower
Hillis
Hinshaw
Holland
Holt
Horton
Howe
Hubbard
Hughes
Ichord
Jacobs
Jarman
Johnson, Colo.
Jordan
Karth
Kasten
Kelly
Ketchum
Keys
Koch
Krueger
LaFalce
Landrum
Lehman
Litton
Lloyd, Calif.
Lujan
Lundine
McCormack
McDonald
McEwen
McKay
McKinney
Martin
Mathis
Matsunaga
Melcher
Metcalfe
Mezvinsky
Milford
Miller, Calif.
Mink
Mitchell, Md.
Moakley
Moffett
Montgomery
Mottl
Murphy, N.Y.
Nix
O'Hara
Paul
Pepper
Peyser
Pickle
Pritchard
Railsback
Randall
Richmond
Riegle
Rinaldo
Risenhoover
Roberts
Rooney
Roush
Rousselot
Runnels
Russo
Ryan
Santini
Schneebeli
Schroeder
Seiberling
Shriver
Sikes
Simon
Snyder
Spellman
Stanton, James V.
Steelman
Steiger, Ariz.
Stephens
Stuckey
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Waxman
Whitehurst
Wilson, Bob
Wilson, Tex.
Winn
Wirth
Wright
Wydler
Young, Alaska

So the amendment was agreed to.

The result of the vote was announced as above recorded.

Mr. SLACK. Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

Mr. BAUMAN. Mr. Chairman, reserving the right to object, will the Chair tell us how many amendments there are pending at the desk?

The CHAIRMAN. There are, I believe, eight amendments.

Mr. BAUMAN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard. The Clerk will read.

Mr. SLACK. Mr. Chairman, I move that the remainder of the bill be considered as read, and that the remainder of the bill be open to amendment at any point.

The CHAIRMAN. The Chair is obliged to state that that request may not be the subject of a motion.

The Clerk will read.

The Clerk read as follows:

SEC. 207. Funds appropriated under this title shall be available for (1) expenses of primary and secondary schooling for dependents of personnel stationed outside the continental United States at costs not in excess of those authorized by the Department of Defense for the same area, when it is determined by the Attorney General that schools available in the locality are unable to provide adequately for the education of such dependents, and (2) transportation of said dependents between their places of residence and schools serving the area which they would normally attend when the Attorney General, under such regulations as he may prescribe, determines that such schools are not accessible by public means of transportation.

AMENDMENT OFFERED BY MR. DRINAN

Mr. DRINAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DRINAN: On page 25, immediately after line 16, insert the following:

SEC. 208. None of the funds appropriated by this title may be used to pay any reward, fee, or other compensation to any person for furnishing information to the Department of Justice (or any officer or employee thereof) relating to a violation of Federal law, except if such reward, fee, or compensation is expressly authorized by law.

Mr. DRINAN. Mr. Chairman, this is a very simple amendment. It states simply that the Department of Justice may not use any Federal money for compensation for fees for those who give information unless such fees are expressly authorized by law.

In a democracy each citizen has the responsibility to bring evidence of illegality to the attention of public officials. No one should seek or receive compensation for carrying out his duty. In addition, the practice of paying witnesses and paying volunteers promotes snooping, lying, and other unsavory conduct between neighbor and neighbor.

The Department of Justice has not limited the practice of paying witnesses to those circumstances expressly, authorized by Congress. Various devices have been used to justify payments in situations not sanctioned or reviewed by Congress. This kind of secret and clandestine use of public money would be forbidden by this amendment.

In the bill before us there are four provisions by which the Attorney General may use money "to meet unforeseen emergencies of a confidential character."

The amendment today is very modest. It would simply prohibit the use of any funds appropriated for the Department of Justice to be used for the payment of volunteers unless Congress expressly authorizes the expenditure for that specific purpose.

Under existing law, the provisions of title V of the Criminal Control Act would qualify as an express authorization. On the other hand, section 537 of title 28 would not, even though the Department of Justice has sought to employ the section for the objectionable purposes under discussion here.

Mr. Chairman, under this amendment, that vague authority would not qualify as an express authorization to pay witnesses or for other purposes to provide evidence of illegality.

Mr. Chairman, we should not allow the Department of Justice to undertake such compensation programs without the express approval of this body. From everything we know, the FBI and the Department of Justice spend very significant sums in this area without the permission of Congress and without adequate congressional control.

Mr. Chairman and Members of the House, I urge you to vote in favor of this amendment. It will restore congressional control over the expenditure of money by the Department of Justice for paying those who volunteer information about illegality. Most important, the adoption of this amendment would end the clandestine practice which has been going on for some time, a practice which has no place in our society.

In no way would this restrict the Department of Justice or the FBI in its quest of those who have committed crimes.

The Department of Justice and the FBI would come to the Congress and ask for those funds that, in their judgment, are needed for the payment of witnesses and for those who bring information that otherwise would not be obtainable by the Justice Department.

Mr. Chairman, this is a simple, modest amendment that will restore and insist upon the rule of law in the Department of Justice, which is dedicated to law enforcement.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. DRINAN. I yield to the gentleman from Ohio.

Mr. ASHBROOK. Mr. Chairman, I have not had an opportunity to compare this amendment to the amendment that the gentleman from Idaho offered the other day regarding the Internal Revenue Service.

Is it the indication of the gentleman from Massachusetts (Mr. DRINAN) that this is substantially the same or a similar type amendment?

Mr. DRINAN. I thank the gentleman for his question. It is similar.

There are obvious modifications because the IRS does not have the law enforcement power of the same type that the Department of Justice has.

Yes, it would be similar, but my amendment, frankly, is more limited. My amendment, frankly invites the Justice Department to come and ask to get an express authorization and appropriation of that money which, in its judgment, is needed in order to get at organized crime and other very difficult areas.

Mr. ASHBROOK. If the gentleman will yield further, as I understand it, he would prohibit the use of all U.S. taxpayers' money except where expressly authorized by this Congress, in effect, by law?

Mr. DRINAN. The gentleman is correct.

Mr. ASHBROOK. Mr. Chairman, that amendment makes a lot of sense.

Mr. DRINAN. I thank the gentleman for his comments.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. DRINAN. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. I am trying to understand the amendment better.

I know the Drug Enforcement Administration does not have authorization to purchase information, but the FBI does.

Would this prohibit the FBI from buying information?

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. DRINAN) has expired.

Mr. SMITH of Iowa. Mr. Chairman, I move to strike the last word.

Mr. DRINAN. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Massachusetts.

Mr. DRINAN. Mr. Chairman, to answer the question of the gentleman from Iowa (Mr. SMITH), they would continue to have that express authorization now embodied in law. However, they may not use Federal money for purposes outside of that which is expressly authorized for the purchase of information.

I do not want to restrict them in their law-enforcement activities. I want to regularize them. I want the Congress and the Committee on Appropriations to have adequate information so that they can have oversight of precisely what the Department of Justice and FBI are doing.

Mr. SMITH of Iowa. For example, they do have funds with which they purchase information. In fact, I would say that they get a lot of information by purchase.

How would this operate? Would they be able, after this bill is passed for fiscal year 1977, to go ahead and buy information or would they not?

Mr. DRINAN. They would be allowed to go ahead and buy information but only if the Committee on Appropriations had at least a general idea of how many thousands or millions of dollars they were utilizing for this purpose.

Mr. SMITH of Iowa. We know what the total is, but what I am saying is, Do they have to submit how much they are spending in each case? Do we have to be notified in each case?

Mr. DRINAN. In no way would that be required by this amendment.

Mr. SMITH of Iowa. Then how are you changing the present system?

Mr. DRINAN. In a certain sense, this is a reaffirmation of the basic principle of law that requires a specific authorization.

I bring it up because of some very reliable reports, indeed, from very scholarly, learned sources, to the effect that the Department of Justice and its affiliates are using money that is not, in fact, authorized or appropriated for the purpose of purchasing information.

Mr. SMITH of Iowa. Mr. Chairman, I think I have it clear now as to what this would do, and that would be to say that the money that is in this bill for the FBI to purchase information could not be used unless the authorizing committee has first reported an authorizing bill which was signed into law.

So, in effect, for fiscal year 1977, if that contingency occurred, they would not have the money with which to buy the information they need in drug cases and in other cases. In some of these cases we do know that they have gotten the information they needed by paying $15,000 or $20,000 for information that they could not have gotten otherwise for $1 million using investigation techniques.

So, Mr. Chairman, I think that as presently worded, the amendment as I understand it now would be a bad amendment because it would prohibit the FBI from buying information.

The Members, I am sure, know that the same people who will rob a bank, will squeal on their own friends if they can get a little money out of it. But they have got to be assured that nobody will squeal on them or tell who squealed. Then if we do not watch out, the law enforcement officials will not be able to get any such information, because informants will know that the list of informants will go up to the Committee on Appropriations on some other committee and the other criminals will find out, and then the informers will find themselves at the bottom of the river with some cement in their boots.

Mr. DRINAN. There is a continuing authorization for funds expended by the Department of Justice that was authorized by the Committee on Appropriations.

Mr. SMITH of Iowa. Not for this specific purpose.

Mr. DRINAN. Because I believe that the Department of Justice may spend money, if it is expressly authorized by law, for the purpose of acquiring information.

Mr. SMITH of Iowa. Mr. Chairman, I think the intent is good and I certainly would like to be one of the Members who tries to work out whatever is needed. But I think it would be unwise to put this provision in this bill at this time. I think we would be buying something that we do not want.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. DRINAN).

The amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

ECONOMIC DEVELOPMENT ADMINISTRATION

ECONOMIC DEVELOPMENT ASSISTANCE PROGRAMS

For economic development assistance as authorized by titles I, II, III, IV, and IX of the Public Works and Economic Development Act of 1965, as amended, and title II of the Trade Act of 1974, $300,000,000.

AMENDMENT OFFERED BY MR. RUPPE

Mr. RUPPE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RUPPE: In Title III, page 27, line 2, strike out "$300,000,000," and insert in lieu thereof: "$329,500,000, of which not less than $77,000,000 shall be used for economic adjustment as authorized by title IX of the Public Works and Economic Development Act of 1965, as amended."

POINT OF ORDER

Mr. SLACK. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. SLACK. Mr. Chairman, the amendment would violate clause 2 of rule XXI which provides:

> No appropriation shall be reported in any general appropriation bill, or be in order as an amendment thereto, for any expenditure not previously authorized by law, . . .

The rule adopted earlier, waiving all points of order against certain provisions in the bill for failure to comply with the provisions of clause 2, rule XXI, applies only to those provisions in the bill. The waiver does not apply to amendments which would add additional provisions.

This amendment, Mr. Chairman, would add a provision to the bill earmarking $77 million for economic adjustment under title IX of the Public Works and Economic Development Act of 1965, as amended. Extension of that legislation which is required for fiscal year 1977 has not been enacted.

Mr. Chairman, I insist on my point of order.

The CHAIRMAN. Does the gentleman from Michigan desire to be heard on the point of order?

Mr. RUPPE. I do, Mr. Chairman.

Mr. Chairman, my amendment would increase the funding level of title IX of this section from $47.5 to $77 million. It is my understanding that that section does fund economic development assistance for titles I, II, III, IV, and IX of the Public Works and Economic Development Act of 1965.

The CHAIRMAN (Mr. PIKE). The Chair is ready to rule.

If the amendment of the gentleman merely changed the unauthorized figure permitted to remain in the appropriation bill, it would be in order; but the amendment does mandate the expenditure of not less than a certain amount of money for a purpose which has not been authorized and as such constitutes legislation in an appropriation bill.

The Chair sustains the point of order.

AMENDMENT OFFERED BY MR. RUPPE

Mr. RUPPE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RUPPE: In title III, Page 27, line 2, strike out "$300,000,000," and insert in lieu thereof: "329,500,000,

Mr. RUPPE. Mr. Chairman, with this amendment I would like to add $29.5 million to title IX of the economic development and administration assistance program. I want to state very carefully and clearly that I am not trying to increase by $29.5 million the moneys expanded a year ago. What I am trying to do is restore the funding that last year was available to the Economic Development Administration under title IX. Last year that agency under title IX received $77 million. Under the legislation before us they would receive only $47.5 million or in effect would face a cut of $29.5 million. My amendment would seek to restore that cut.

I think it is very important to look at just exactly what EDA does with this type of appropriation. Basically, it helps through title IX to provide economic assistance to State and local areas facing special needs arising from actual or threatened severe unemployment. Such economic dislocation can be caused by the closure of Federal installations—and that is what I am going to be referring to here tonight. It can also be used to assist communities that are faced with compliance with environmental requirements, or communities who suffer severe changes in area economic conditions.

I think it is important to note around the country the tremendous impact that base closures are going to have this year and in future years. This year DOD is talking of cutting back in 22 base areas serving 31 districts in 16 States. The Air Force alone is indicating it is going to cut back installation expenditures by $150 million. In future years a tremendous number of additional bases are going to be shut, and numerous additional communities are going to be affected by those base closures and base reductions.

Mr. HAMMERSCHMIDT. Mr. Chairman, will the gentleman yield?

Mr. RUPPE. I yield to the gentleman from Arkansas.

Mr. HAMMERSCHMIDT. I thank the gentleman for yielding.

I am trying to determine exactly what the gentleman is trying to do in this amendment. As I understand it, there are $300 million in this bill under EDA for title I, title II, title III, title IV, and title IX. The gentleman was precluded from specifically earmarking this money in title IX, as I understood the Chair, so he is really just adding x number of dollars, $29 million, to the total appropriation for all EDA programs, and he is hoping that they will allocate it for title IX?

Mr. RUPPE. That is right. In view of the colloquy, I will say to my friend, the gentleman from Arkansas, I would expect they would utilize these funds for title IX funding.

Mr. HAMMERSCHMIDT. It is the legislative committee which would have to legislate on this.

Mr. RUPPE. That is correct. Absolutely.

Mr. HAMMERSCHMIDT. I thank the gentleman.

Mr. RUPPE. I would also like to point out the Department of Defense this year indicates it is going to cut back, because of base closures and base reductions by 12,000 civilian jobs. In my own district at Kincheloe Air Force Base there is a possible threat to 467 jobs. I would say the closing of this base, if it were to happen, and the loss of 467 jobs would mean in that area an overall cutback in the payroll of that community of $136 million.

If that cutback would be spread to all 12,000 civilian jobs in the country we are talking about an overall cutback in payroll of some $900 million.

The closing of a base or the cutback of a base has tremendous negative economic impact on the community. It seems to me other communities faced with the loss of jobs, because of EPA or DOD action suffer a tremendous economic hardship and tremendous dislocation. We would like to see the people continue to live there and we would not want to lose this trained work force. Rather it is better for EPA to help job development and hold the people in the communities.

EPA can help with that effort and show the people if necessary that there is some Federal help available during the transition from a military-based economy to a civilian-based economy.

Let me say to the Members, the Department of Defense, the Air Force, the Navy, and the Army are going to cut back in a myriad of other locations. I think Congress should make an effort and take the time to give these people a full measure of economic adjustment assistance.

Mr. SLACK. Mr. Chairman, I rise in opposition to the amendment.

The committee has provided a total of $300 million in this bill for the various economic development assistance programs under the Public Works and Economic Development Act of 1965 and title II of the Trade Act of 1974. The budget request for this item was only $223,438,000. The amount in this bill is $76,562,000 more than the budget request, or an increase of 34 percent.

Mr. Chairman, I believe that out of the total amount provided in the bill, it should be possible to provide a substantial program of economic development assistance including the title IX economic adjustment assistance program. The committe did not earmark the funds provided. EDA would have the flexibility to use the total amount, including the $76.6 million added by the committee, for those economic development programs where the demand is high and which would be most effective.

The committee has not in any way limited the amount of funds in the bill for title IX or any of the other EDA programs except in the total amount of $300 million.

In addition, I would point out that this program still requires authorization for fiscal year 1977. The committee did not want to earmark specific amounts for the various EDA programs in the appropriation bill in the absence of extension of the authorizing legislation. The total amount of $300 million in the bill will provide the necessary funding for all of the traditional, proven economic development assistance programs, pending the outcome of that legislation.

The country is beginning to emerge from one of the worst economic declines in its history. Although the unemployment rate is down from the 8.9 percent of a year ago, it is still at an unacceptably high level of 7.3 percent. The funding level provided for EDA in this bill for job-producing public works projects, business loans, economic adjustment assistance programs, and other economic development measures will help to maintain the proper balance in the economy necessary to avoid a resurgence of inflation or to halt the limited recovery.

Mr. Chairman, I urge the defeat of this amendment.

Mr. EMERY. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Michigan.

Mr. Chairman, I yield to the gentleman from Michigan (Mr. RUPPE).

Mr. RUPPE. Mr. Chairman, I certainly appreciate the concern of the gentleman.

Let me say one thing. It is my understanding that the budget request came up to the Congress before the base closures were announced. A number of them were announced only several months ago before the administration made a determination of the final amount of money EPA would need for the next fiscal year.

I would say these base closures recently announced are going to have a devastating impact on a number of communities and States around the Nation.

I would also point out that last year the EDA administration people used the entire $77 million.

I think we must be remiss in this Congress if we were to cut that $77 million back by almost $30 million. We used the moneys last year. We can use them again in the next fiscal year, particularly as a whole new round of base closures were announced after the administration request for funding for EDA was handed to the Congress.

Mr. ADAMS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will be very brief. The hour is late.

What happened in the subcommittee that concerned a number of us was that the committee came in about $234 million below the budget request, $40 million in outlays. This has been reported to all the Members of the House.

Now we have just adopted an amendment that gave away most of that surplus below the target at $138 million. We might possibly squeeze this one in.

The reason I did not oppose the last one is that we have no idea how many more amendments are available adding more and more to it. This is how we manage to break the target without being aware we have done it.

Mr. Chairman, I hope since the Members have adopted one big amendment and spent $138 million out of the $234 million that we would not simply break this target in pieces at a time when we cannot keep track of it.

Mr. RUPPE. Mr. Chairman, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from Michigan.

Mr. RUPPE. Mr. Chairman, would the gentleman tell me where the budget target actually is in the bill?

Mr. ADAMS. The actual target is on page 9 of the Early Warning Report which we received yesterday. It appears in the functions. In this particular case, we just dealt with $750 million. We are now dealing with $300 million. As I said, we are within a portion of this still left, but if we keep adopting these amendments one after another, with $750 million, out of $138 million, we have used up the $234 million.

Mr. RUPPE. Mr. Chairman, if the gentleman will yield further, I understand this is a staff report. In effect, we would have to pretty much rely on a staff summary; is that it?

Mr. ADAMS. If the gentleman wishes to question the staff of the Committee on Appropriations, or the gentleman's own staff or others, there is no doubt we are using up the amount that is there. If the members ask us, we will break it for them.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan (Mr. RUPPE).

The amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

OPERATIONS, RESEARCH, AND FACILITIES

For expenses necessary for the National Oceanic and Atmospheric Administration, including research and development; acquisition of two rotary-winged aircraft; maintenance, operation, and hire of aircraft; expenses of an authorized strength of 388 commissioned officers on the active list; pay of commissioned officers retired in accordance with law and payments under the Retired Serviceman's Family Protection and the Survivors Benefit plans; construction of facilities, including initial equipment; alteration, modernization, and relocation of facilities; and acquisition of land for facilities; $538,200,000, to remain available until expended, of which so much as may become available during the current fiscal year shall be derived from the Pribilof Islands Fund: *Provided*, That this appropriation shall be available for payment to the National Aeronautics and Space Administration for procurement, in accordance with the authority available to that Administration, of such equipment or facilities as may be necessary, for the purposes of this appropriation: *Provided further*, That of the amount herein appropriated, $1,500,000 shall be available for studies (including surveys, mission analyses, cost analyses, and initiation of a design and egnineering study) for an underwater ocean laboratory.

AMENDMENT OFFERED BY MR. LEGGETT

Mr. LEGGETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LEGGETT: Page 30, line 13, strike out "$538,200,000" and insert in lieu thereof "$558,200,000".

Mr. LEGGETT. Mr. Chairman, the amendment I am offering today on behalf of the Committee on Merchant Marine and Fisheries will add $20 million and 326 new positions to the Department of Commerce appropriation for fiscal year 1977. It is only by making these funds and personnel available to the Department that it can expect to carry out its responsibilities under the Fishery Conservation and Management Act during fiscal year 1977, because H.R. 14239, as reported by the Committee on Appropriations, contains no funds for this purpose.

Mr. Chairman, the legislation that resulted in the enactment of the Fishery Conservation and Management Act has been thoroughly debated for the past 3 or 4 years, both here in Washington and in the field. The legislation, when it passed the House in the form of H.R. 200, passed by a vote of 208 to 101 and the conference report passed by a vote of 346 to 52.

Mr. Chairman, it seems inconceivable to me that the Members of this House would allow a bill of such magnitude to become empty legislation. Failure to pass a bill without the necessary funds with which to implement this act would cause great embarrassment to our great country. In fact, we would be the laughing stock of the world, particularly in view of the fact that we unilaterally extended our fisheries zone from 12 to 200 miles right in the face of the Law of the Sea Conference which has convened on four occasions in the past 3 years in an effort to resolve the fisheries jurisdictional claims of the coastal nations of the world.

Mr. Chairman, the $25 million figure used in my amendment is one that was arrived at after thorough consideration. When H.R. 200 was in its developing stages early last year, my subcommittee alerted Dr. White, the Administrator of NOAA, to be prepared to provide us with well-thought-out figures as to what it would take for his agency to adequately implement the legislation. In the final stages of that legislation, we asked him to come forward with hard figures, and this he did in a letter dated April 22, 1976, and he estimated it would cost $25 million during fiscal year 1977 for his agency to adequately carry out the purposes of the act.

Mr. Chairman, this figure is consistent with the appropriation authorization contained in the authorizing legislation; it is consistent with our committee's recommendation to the Budget Committee; and it is also consistent with the figure I used when, as a member of the Budget Committee, I requested funds to be included in the first budget resolution which recently passed the House.

Mr. Chairman, I will include at the end of my statement a copy of Dr. White's detailed breakdown of how the $25 million will be expended. However, at this time, I would like to briefly summarize this breakdown.

Of the $25 million, almost $2 million will be used for mapping, charting, and surveying the 200-mile boundary. This boundary must be accurately defined and charted before March 1, 1977, when the extended fisheries zone takes effect, both from an enforcement standpoint on the part of the United States and from the need to inform other nations of the limits of our jurisdictional claim.

Approximately $9 million will be earmarked for ship support services. The act calls for increased fisheries research, assessment, and conservation. This means achieving maximum utilization of the NOAA fleet with an estimated 28 additional seamen and improvement of existing fishery research vessels in the amount of $1,331,000. It is estimated it will take three new positions and $7,648,000 to plan and supervise the construction of four additional research vessels and to plan and upgrade five existing vessels.

A major portion of the act will be devoted to the development of a comprehensive fisheries management plan. In order to determine the maximum sustainable yield from each fishery, the capacity and extent to which U.S. vessels will harvest the optimum yield, and the portion that can be made available to foreign fishermen, further data analysis of stocks within the 200-mile zone is essential and is one of the first functions of the eight councils to be established under the act. Almost $2 million has been set aside for this purpose.

The amendment will provide over $9 million for general fisheries management plans. This sum includes $1,994,000 for providing fishery data analysis; $275,000 for reviewing all existing international fisheries agreements for consistency with the act and to develop new agreements and arrangements prior to March 1, 1977; $4,181,000 for the establishment of eight regional management councils throughout the coastal areas of the country—nomination for the councils from the Governors have already been submitted to the Secretary of Commerce and the council members will be selected and ready to convene for the first time by September of this year; $1,107,000 for increasing enforcement and surveillance responsibilities; $1,257,000 for gathering statistical and economic data required by sections 201 and 203 of the act; and $497,000 for administrative support and legal services for the new activities required under extended jurisdiction and for the issuance of permits to foreign vessels allowed to fish within our 200-mile fisheries zone.

Mr. Chairman, the Fishery Conservation and Management Act is the most far-reaching and important piece of fisheries legislation in the history of Congress. It is imperative that $20 million be added to the Department's appropriation for fiscal year 1977 if we are to properly implement this mandate of the Congress in insuring that the fisheries resources of the Nation—which have long been neglected—are given the attention and protection to which they are entitled. It is only in this way that we can ever expect to resume our place of preeminence as one of the leading fishing nations in the world.

A detailed breakdown on personnel and funds called for by the Department of NOAA follows:

EXTENDED JURISDICTION IMPLEMENTATION REQUIREMENTS, FISCAL YEAR 1977

(NOTE.—Positions in parenthesis, followed by dollar amounts.)

Mapping, Charting and Surveying Services: Ocean and coastal mapping, investigations and services, NCS 200 mile boundary surveys (18) 1,800.

Ship Support Services: (5[illegible]) 9,517.

Ship operations:

Increase FRV ship days 180 to 250 (28) 1,331.

Increase 3 ORV ship days 180 to 210 (0) 533.

Ship base operations:

Plan for new ship construction (3) 148.

Plan and contract for 2 class IV (120) vessels (28) 7,505.

Survey and plan up grade 5 FRVs (in FY76T).

Ocean Fisheries and Living Marine Resources MARMAP: (32) 2,294.

Environmental impact analysis—CZM (8) 280.

International fisheries management: International activities and regional support (9) 275.

State-Federal fisheries management: (90) 4,331.

Support to regional councils including member comp. (56) 3,111.

Regional fisheries mgmt., staff (20) 515.

National review of operations (3) 103.

Secretarys' review/evaluation (7) 300.

Permit system (2) 52.

Communication/education (in FY76T).

Orientation training (2) 250.

Enforcement and Surveillance: (31) 1,107.

Economics and Commercial fisheries stat: (46) 3,523.

Regional data management systems (18) 2,266.

Develop data base (28) 1,257.

Subtotal, NMFS activities (as above) (216) 11,910.

Sea Grant: (0) 1,376.

Marine technology development (0) 388.

Marine socio-economic and legal research (0) 621.

Marine advisory services (0) 367.

EXAD (33) 497.

Total NOAA (326) 25,000.

JUSTIFICATION FOR PROPOSED AMENDMENTS

ACTIVITY: MAPPING, CHARTING AND SURVEYING SERVICES—SUBACTIVITY: OCEAN AND COASTAL MAPPING, INVESTIGATIONS AND SERVICES

[Dollar amounts in thousands]

	1977 request pending		1977 proposed amendments		1977 revised request	
	Permanent positions	Amount	Permanent positions	Amount	Permanent positions	Amount
Coastal mapping and marine boundary surveys	110	$3,772	+18	+$1,800	128	$5,572
Estuarine and lake investigations	71	1,992			71	1,992
Great Lakes research	26	1,030				1,030
Structure and motion of the ocean research	60	2,674				2,674
Total requirements	267	9,468	+18	+1,800	285	11,268
Coastal mapping and marine boundary surveys	110	3,772	+18	+1,800	128	5,572

We request 18 positions and $1,800,000 in FY 1977 to meet the accelerated need under extended jurisdiction for marine boundary surveys (Section 101 of the Act). Under extended jurisdiction, it is mandatory that the marine boundaries involved are accurately defined both for enforcement by the United States and to inform other nations of the limits of United States jurisdictional claims.

The increase will provide for the accurate survey and fix of the 200 nautical mile marine boundaries of the contiguous United States and Alaska in the time frame indicated by the Act. The plan has four basic tasks: (1) through contracts with private industry, install and operate 44 long-term tide observation stations at selected seaward points along the U.S. coastline; (2) accurately compute mean low water tidal datums for the selected points based on 12 months of tide observations; (3) accurately determine geographical positions at selected points along the mean low water line; and (4) compute and publish geographical positions for plotting the 200-nautical mile boundary arcs on any type chart or map.

The first priority areas will be the North Atlantic States from Cape Hatteras to Maine, and the southern coast of Alaska. Provisional documents will be prepared and made available for information and enforcement until the first are delimitation data becomes available.

We request 28 positions and $1,331,000 to increase the utilization of the NOAA vessels Oregon II, Alabatross IV, Delaware II, David Starr Jordan, Townsend Crowell, and Miller Freeman from a standard of 180 to 250 days.

The enactment of the Fishery Conservation and Management Act (Section 304) of 1976 has resulted in increased requirements for ship usage for fisheries research, assessment, and conservation. In addition, other sources of ship time are becoming more scarce, severely restricting NOAA's ship research effort and forcing NOAA to rely on the maximum utilization of the NOAA fleet. Increased utilization of these selected ships will be accomplished by providing additional personnel at each Marine Center and on selected ships to provide relief to the existing crew members. The NOAA ships Oregon II, Albatross IV, Delaware II, David Starr Jordan, and Townsend Crowell are currently involved in fishery research activities and, with the Miller Freeman, will be increased from 180 to 250 days at sea.

ACTIVITY: SHIP SUPPORT SERVICES—SUBACTIVITY: SHIP BASE OPERATIONS

[Dollar amounts in thousands]

	Fiscal year—					
	1977 request pending		1977 proposed amendment		1977 revised request	
	Permanent position	Amount	Permanent position	Amount	Permanent position	Amount
Atlantic Marine Center	60	$1,660			60	$1,660
Pacific Marine Center	57	1,907			57	1,907
Office of Fleet Operations	43	1,434	+3	+$7,648	46	9,082
Ship maintenance		6,276				6,276
Total requirements	160	11,277	+3	+7,648	163	18,925
Capital outlay (Amounts shown are included in amounts above):						
Office of fleet operations		198		(+7,500)		(7,698)
Office of Fleet Operations	43	1,434	+3	+7,648	46	9,082

We request 3 positions and $7,648,000 to plan and supervise the construction of two additional Class IV vessels and to plan the upgrading of five existing vessels, and to construct two Class IV fishery research vessels. The Fishery Conservation and Management Act of 1976 (Section 304) requires a coordinated NOAA conservation, assessment and management effort directed to fisheries resources, with a resultant increase in MARMAP ship support activities. Estimates of requirements for additional ship days resulting from the new legislation exceed currently available ship days. This expanded requirement will be partially offset by constructing two new vessels and by upgrading existing fishery research vessels in order to facilitate the utilization of the fishery research fleet.

Three positions and $148,000 are required to augment the current marine engineering staff in the Office of Fleet Operations in order to respond directly to NOAA requirements for the construction of two vessels and for the upgrading and refurbishment of five fishery research vessels. Three engineers will develop initial planning requirements, maintain liaison between program personnel and the shipyards, and monitor all contract activity. Upon the completion of all construction and upgrading activity, these positions will be required for continuing maintenance support of the enlarged NOAA fleet. Contractual efforts will be undertaken to survey and to plan the upgrading of the NOAA ships DELAWARE II, DAVID STAN JORDAN, OREGON II, JOHN N. COBB and the MURRE II. It is necessary that these ships be upgraded in order to support increased MARMAP program utilization.

$7,500,000 is required to construct two Class IV fishery research vessels. The new vessels will be typical single screw stock 120 foot crabber/trawlers with a range of 3,500 nautical miles, a speed of 11.5 knots, and an endurance of 20 days. The vessels will be outfitted with typical fishing equipment found on a commercial vessel of this class. Necessary modifications will be made to (1) provide scientific laboratory space, (2) provide minimum oceanographic observation capabilities, and (3) provide living space. The ships will be based in Woods Hole, Massachusetts, and Seattle, Washington, and will operate in support of fishery program efforts in the Northeast and Northwest, respectively.

ACTIVITY: OCEAN FISHERIES AND LIVING MARINE RESOURCES—SUBACTIVITY: MARINE RESOURCES ASSESSMENT, MONITORING AND PREDICTION

[Dollar amounts in thousands]

	Fiscal year—					
	1977 request pending		1977 proposed amendment		1977 revised request	
	Permanent position	Amount	Permanent position	Amount	Permanent position	Amount
Resources surveys	240	$9,017			240	$9,017
Data analysis	175	5,901	+32	+$1,994	207	7,895
Fishery oceanography	50	1,393			50	1,393
Survey technology development	42	1,818			42	1,818
Total	507	18,129	+32	+1,994	539	20,123
Data analysis	175	5,901	+32	+1,994	207	7,895

We request 32 positions and $1,994,000 to provide fishery data analysis required to develop management plans for extended jurisdiction (Section 304 of the Act).

NOAA's capability to analyze data from stock surveys must be expanded to provide input in the formulation of fishery management plans as required by the Fishery Conservation and Management Act of 1976 and to document the surplus that can be allocated to foreign fishermen. Specific areas where the data analysis capability is deficient are the Gulf and Caribbean, Hawaiian Islands, Southern California coast, New York Bight and S.E. Atlantic.

A total of 14 positions and $755,000 will be used to provide analysis of abundance and potential yield of commercial and recreational fishery resources in the Gulf of Mexico and Caribbean. Activities will include assessment and analysis of existing data from shrimp and associated species as well as stocks of mackerel, bass, snapper, grouper, billfish, and spiny lobster located within 200 miles of U.S. shores.

Three positions and $448,000 will be used to provide a first-time analysis of resources of the Hawaiian Islands. Activities will include assessment of reef and inshore stocks, assembling of an historical data base, assessment of billfish stocks and design of an improved statistical sampling system.

A total of seven positions and $469,000 will be used in the collection of biostatistical information, creel survey, and investigation of species interactions or fishery resources which are heavily exploited by recreational fishermen in Southeast Coastal, Southern California and New York Bight areas. Activities will include analyses of predator-prey interaction of anchovies and gamefish off Southern California with respect to developing Mexican fisheries, a first-time comprehensive analysis of Southeast coast recreational fisheries, and an expanded survey of recreational catch in the New York Bight area.

Improving capabilities at the Southeast and Northwest Fisheries Centers will require 8 positions and $322,000. A contract for $96,000 will provide programming services and terminal rental. This will allow for improved analyses of survey results at the Southeast Fisheries Center. Improvements will also allow for development of total biomass yield models and provide essential support to expanded survey programs at the Northwest Fisheries Center.

ACTIVITY: OCEAN FISHERIES AND LIVING MARINE RESOURCES—SUBACTIVITY: MANAGING AND USING FISHERY RESOURCES

[Dollar amounts in thousands

	Fiscal year—					
	1977 request pending		1977 proposed amendment		1977 revised request	
	Permanent positions	Amount	Permanent positions	Amount	Permanent positions	Amount
International fisheries management	47	$963	+9	+$275	56	$1, 238
State-Federal fisheries management	64	2, 263	+88	+4, 181	152	6, 444
Fisheries grants to States		3, 800				3, 800
Fisheries enforcement and surveillance	75	2, 203	+31	+1, 107	106	3, 310
Economics and commercial fisheries statistics	68	1, 738	+28	+1, 257	96	2, 995
Increasing use of resources	56	1, 898			56	1, 898
Fisheries product quality and safety	37	1, 415			37	1, 415
Marine recreational fisheries	81	2, 656			81	2, 656
Total requirements	428	16, 936	+156	+6, 820	584	23, 756
International fisheries management	47	$963	+9	+275	56	1, 238

We request 9 positions and $275,000 to review all existing international fisheries agreements for consistency with the Fisheries Conservation and Management Act of 1976; to develop new agreements and arrangements prior to the effective date of the Act with respect to enforcement or violations for fishing within the fishery conservation zone and for anadromous species; and to provide support to the regional fisheries management staff with regard to international fisheries matters, all required by Section 202 of the Act.

The Secretary of State in consultation with the Secretary of Commerce and the Secretary of Transportation (for the Coast Guard) is required to initiate renegotiations of existing U.S. treaties affecting management and conservation of fisheries, species, or stocks of fish covered by the Act. There is an immediate need for renegotiations of the following treaties and bilateral executive agreements to make them conform to the provisions of the Act:

Treaties to be renegotiated and expiration date

International Convention for the High Seas Fisheries of the North Pacific Ocean: Indefinite.

International Convention for the Regulation of Whaling: Indefinite.

Interim Convention on the Conservation of the North Pacific Fur Seal: October 14, 1976.

Convention for the Protection, Preservation and Extension of the Fishery of the Fraser River System: Indefinite.

Convention for the Preservation of the Halibut Fishery of the Northern Pacific Ocean and the Bering Sea: Indefinite.

International Convention for the Northwest Atlantic Fisheries: Indefinite.

Convention for the Establishment of an Inter-American Tropical Tuna Commission: Indefinite.

International Convention for the Conservation of Atlantic Tunas: Indefinite.

Bilateral agreements to be renegotiated

Pacific

U.S.-Poland Northeast Pacific Fisheries Agreement: December 31, 1976.

U.S.-U.S.S.R. Eastern Bering Sea and Tanner Crab Agreement: December 31, 1976.

U.S.-Japan Eastern Bering Sea King and Tanner Crab Agreement: December 31, 1976.

U.S.-Republic of Korea Fisheries Agreement: December 12, 1976.

U.S.-U.S.S.R. Northeast Pacific Fisheries Agreement: December 31, 1976.

U.S.-Japan Pacific Fisheries Agreement: December 31, 1976.

U.S.-Canada Reciprocal Fisheries Agreement (also applicable to Atlantics coast): April 24, 1976.

Atlantic

U.S.-U.S.S.R. Mid-Atlantic Fisheries Agreement: April 30, 1977.

U.S.-Romanian Mid-Atlantic Fisheries Agreement: Agreement pending.

U.S.-Poland Mid-Atlantic Fisheries Agreement: June 30, 1976.

U.S.-Brazil Agreement Concerning Shrimp: December 31, 1976.

Other negotiations required

U.S. boundaries with neighboring countries (Canada, Mexico, U.S.S.R., etc.) must be renegotiated.

Access negotiations are required with countries where U.S. distant-water fleets operate within 200 miles of their coasts. These include the Bahamas, Cayman Islands, French Guiana, Guyana, Honduras, Nicaragua, and Surinam.

Access negotiations may be required with countries where U.S. tuna fleets operate within 200 miles of their coast. This could involve approximately 30 countries.

Three foreign affairs officers and two secretaries in Washington, D.C. will provide staff support and coordination for expanded negotiation activities to develop new treaties and agreements in conformance with the new jurisdictional regime. In addition, four foreign affairs officers located in the regions will provide support to the regional fisheries management staff with regard to international fisheries matters.

State-Federal fisheries management

1977 request pending:	
Permanent positions	64
Amount	$2, 263
1977 proposed amendments:	
Permanent positions	+88
Amount	+$4, 181
1977 revised request:	
Permanent positions	152
Amount	$6, 444

We request 88 positions and $4,181,000 to meet the operating requirements of the eight Regional Councils (Section 302 of the Act) and to carry out management responsibilities under extended jurisdiction.

The Fishery Conservation and Management Act of 1976 establishes the following eight Regional Fishery Management Councils; New England, Mid-Atlantic, South Atlantic, Caribbean, Gulf, Pacific, North Pacific, and Western Pacific. The councils are directed to prepare fishery management plans for each fishery within their geographical area of authority. After formulation by the councils, the plans are submitted to the appropriate NMFS region for the first review. Next they are sent to the Secretary of Commerce for final review and approval. Both NOAA's and the Secretary's review will determine whether or not the plan is consistent with the national standards for fishery conservation and management.

A total of 56 positions (executive Director, Administrative Officer, three professionals, and two secretaries per Council) and $3,111,000 in FY 1977 will be used to meet the operating requirements of the eight Regional Councils as provided in Section 302 of the Act. These individuals will constitute the Council staff and are required to facilitate and coordinate Council activities; including administrative and housekeeping responsibilities; advising the Council on management plans; and coordinating various components of management information. The Council staff will further serve as a liaison with other agencies and constituents cooperating with the Councils, as well as advising the Council on particular problem areas as they arise and preparing various required reports. Contract funds ($761,700) are required by the Councils to conduct short-term biological, social, and economic analyses required to complete specific elements of each of the Council's regional management plans.

A total of 20 positions and $515,000 will be used to carry out NMFS regional responsibilities under extended jurisdiction. Those responsibilities include: reviewing management plans to be submitted to the Secretary of Commerce for consistency with National guidelines; making recommendations to the Secretary on plan approvals; preparing regulations where necessary; coordinating public hearings on proposed regulations; preparing fishery management plans whenever plans must be developed outside of the Council structure; reviewing Council progress with respect to plan development as the Secretary's representatives and expediting such plans where necessary; negotiating revisions with Councils where there are variances with National guidelines; and representing the Regional Director and assisting in the coordination of inputs which support the Councils.

Three positions and $103,000 will be used to carry out NOAA responsibilities for the National review of extended jurisdiction. These activities include: development of National standards and plan elements as guidelines for the councils; review of management plans to determine adherence to guidelines and an evaluation of overall cost effectiveness of operations; development of guidelines for preparation of regulations; review of regulations to determine adherence to guidelines; and assistance to regional office staffs in the development of management plans and regulations.

A total of seven positions and $300,000 will be used to assist in carrying out the specific Departmental level responsibilities of the Secretary of Commerce under extended jurisdiction (Sections 304 and 305 of the Act) which have been delegated to the NOAA Administrator and in turn to the Associate Administrator for the Marine Resources. These include: the review of management plans submitted to the Secretary of Commerce for approval; making recommendations to the Associate Administrator for Marine Resources on plan approvals; approving regulations prepared by NMFS; reviewing council progress; reviewing and approving National standards and plan elements as guidelines for councils; evaluation of operations; and providing assistance in the development of plans and regulations.

A total of two positions and $52,000 is required to implement the permit system in FY 1977. Foreign fishermen will be required to have a permit from the United States Government to fish in the fishery conservation zone, after March 1, 1977, as mandated by Section 204 of the Act. The permit system will be established under National Marine Fisheries Service regulations.

One hundred thousand dollars is requested for development and printing of educational material. By explaining the contents of the regulations to domestic fishermen, NOAA will be more successful in obtaining their voluntary compliance.

Fisheries enforcement and surveillance

[Dollar amounts in thousands]

Fiscal year 1977, request pending:	
Permanent positions	75
Amount	$2,203
Fiscal year 1977, proposed amendment:	
Permanent positions	+31
Amount	$1,107
Fiscal year 1977, revised request:	
Permanent positions	106
Amount	$3,310

We request 31 positions and $1,107,000 to meet additional anticipated enforcement and surveillance responsibilities, and to adequately respond to legislated requirements for extended jurisdiction under Section 311 of the Fishery Conservation and Management Act of 1976.

An expansion of the enforcement and surveillance staff is needed to fulfill the most immediate requirements in this area. The first priority will be to assure compliance by foreign vessels with the management regime, effective March 1, 1977. Secondly, there will be monitoring of fleet performance in relation to established quotas.

The additional resources will also be utilized to maintain 85% coverage on a currently projected ultimate increase in United States Coast Guard aerial patrols of 200% and surface patrols of 40% to assure that fishing vessels are operating in accordance with: area, season, species, and gear restrictions; check in/out requirements; vessel identification requirements and data acquisition and submission requirements; and restrictions of the Bartlett Act (16 U.S.C. 1081–1086 and 16 U.S.C. 1091–1094), P.L. 88–308 as amended, subsequent regulations under H.R. 200, and Continental Shelf Fishery and Anadromous Species Regulations.

The states will budget for enforcement within their area of jurisdiction. Contracts will be entered into with certain states to jointly enforce state/Federal portions of the management regime which apply to U.S. fishermen. Increases by region are as follows:

OFFICE, POSITIONS, AND PURPOSE AND LOCATION

Northeast Region, 7, Establish resident agent offices at Portsmouth, New Hampshire; New London, Connecticut; and Lewes, Delaware.

Southeast Region, 4, Establish a resident agent office in Miami, Florida. Add an agent to the office in New Orleans, Louisiana.

Southwest Region, 4, Establish a resident agent office for the eastern Pacific area to include Hawaii, Guam, Samoa, and the Trust Territories.

Northwest Region, 4, Relieve a severe manpower shortage which now requires some agents to spend over 100 days at sea each year, and for increased domestic enforcement, particularly of Salmon Commission regulations. Positions are at Seattle, Washington, and Astoria and Coos Bay, Oregon.

Alaska Region, 9, Establish a resident agent office in Sitka. Increase existing field offices.

Headquarters, 3, Increased central office responsibilities. (Includes 1 for SEASAT)

Total. 31.

Economics and commercial fisheries statistics

1977 request pending:	
Permanent positions	68
Amount	$1,738
1977 proposed amendment:	
Permanent positions	28
Amount	+$1,257
1977 revised request:	
Permanent positions	96
Amount	$2,995

We request 28 positions and $1,257,000 to provide the statistical and economic data required to develop effective management plans under extended jurisdiction as required in Sections 201 and 303 of the Act.

The Fishery Conservation and Management Act of 1976, which implements extended jurisdiction, specifically requires that comprehensive Fishery Management Plans be developed which contain conservation and management measures applicable to both foreign and domestic fishermen. Management plans must comply with national standards (Section 301) and must contain a description of the fishery including the number of vessels and the type and quantity of gear used, the species of fish involved and their location, costs projected to be incurred in management, actual and potential revenues from the fishery, any recreational interests, the foreign fishing activity and any Indian treaty rights. The Plan must also allocate the resources to both domestic and foreign fishermen based on a formula which will insure optimum sustainable yield.

A significant problem lies in the fact that data required for the development of these management plans are not immediately available. Over 75 million records of fishery data exists, but they are scattered all over the United States and are not accessible through a standardized data collection and management system. In addition, since the concept of optimum sustainable yield in fishery management (economic and social factors are considered along with biological factors) is new, supportive data does not exist.

Twenty-eight positions and $1,257,000 will be used to define, develop, and strengthen socio-economic data bases and analytical capabilities for assessment and monitoring of foreign and domestic commercial and recreational fisheries. The funding requested will be used for in-house staffing (28 positions and $479,400) supported by national and regional contracts ($777,600) for: (1) monitoring the biological and socio-economic status of the stocks and fishery; (2) developing and using bio-economic models to predict changes in the fishery in response to proposed management alternatives and regulations for the 70 preliminary fishery management plans; (3) developing new theories of management based on biological and economic principles; (4) synthesizing information for approximately 30 alternative management plans and negotiating positions; (5) developing information designed to lead to optimum utilization of available resources; and (6) the development and use of a 10-year production forecast model and an analysis of export/import potentials for consideration in developing management plans.

Activity: Executive direction and administration.

Subactivity: Executive direction and administration.

Executive direction and administration

[Dollar amounts in thousands]

Fiscal year 1977 request pending:	
Permanent positions	976
Amount	$25,086
Fiscal year 1977, proposed amendment:	
Permanent positions	+33
Amount	+$497
Fiscal year 1977, revised request:	
Permanent positions	1,009
Amount	$25,583

We request 33 positions and $497,000 to provide required administrative support and legal services for new program activities under extended jurisdiction. For the last several years NOAA has had to implement new and expanded programs while receiving no increases for associated administrative support activities. To the maximum extent possible, additional administrative workloads have been partially accommodated by reprogramming of resources, by implementing automatic data processing techniques, and by applying additional overtime. These measures have been overly taxed. Support services have deteriorated with a resultant adverse impact on NOAA's programs.

Extended jurisdiction will present immediate requirements for support personnel which cannot be handled with current staffs. Personnel specialists will be required for the initial recruiting efforts and continuing personnel maintenance. Expanded contractual efforts will require additional procurement and administrative specialists. Additional finance, budget and financial management personnel will be needed to prepare and process payment vouchers; to review and process the additional financial plans required; and to provide review and analysis of resource utilization. The additional legal support is required to provide the regional staffs with the expertise necessary to implement the various aspects of the extended jurisdiction legislation. Assistance will be provided to the Regional Councils to prepare regulations and provide advice on the effect of existing fishing laws and how they impact on the proposed regulations and plans of the Councils. The additional legal staff will represent the agency in cases involving violations of the Act and provide advice and counsel to the Regional Directors with respect to legal implications taken by the various councils. They will advise on the applicability of the Freedom of Information Act, Federal Advisory Act, and National Environmental Policy Act as they affect the extended jurisdiction legislation.

U.S. DEPARTMENT OF COMMERCE,
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION,
Rockville, Md., April 22, 1976.

Hon. ROBERT L. LEGGETT,
Chairman, Subcommittee on Fisheries and Wildlife Conservation and the Environment, Committee on Merchant Marine and Fisheries, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: In response to your request of March 10, 1976, we enclose estimates of proposed budget authority and outlays for implementing the requirements of the recently enacted Fisheries Conservation and Management Act of 1976. The estimates provided include information for fiscal year 1976T (transition quarter), fiscal year 1977, and fiscal year 1978. The data are NOAA estimates that are subject to review and approval by the Department of Commerce and the Office of Management and Budget. The data for fiscal year 1978 are preliminary and may have to be revised as we begin to implement the provisions of the Act. Detailed justifications to support these estimates are being prepared and will be forwarded to the appropriations committees as soon as Departmental and OMB approval is obtained, probably about the first week of May.

Please contact me if you have any questions.

Sincerely,

ROBERT M. WHITE,
Administrator.

Enclosure.

EXTENDED JURISDICTION IMPLEMENTATION REQUIREMENTS

[Dollars in thousands]

Line item/Increase item	Fiscal year 1976T		Fiscal year 1977		Fiscal year 1978	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
NOS—Boundary survey	16	266	18	1,800	18	1,800
Vessels	2	1,165	59	9,517	59	4,619
MARMAP		800	32	2,294	91	10,737
Resources surveys					45	4,697
Data analysis			32	2,294	32	4,088
Fishery oceanography					9	845
Survey technology development					5	1,107
Capital outlay		800				
Environmental impact analysis—OZM support	8	70	8	280	8	280
International fisheries management	7	18	9	275	9	275
International activities	4	10	5	166	5	166
Support regional staff	3	8	4	109	4	109
Enforcement and surveillance	14	155	31	1,107	56	1,481
Economics and commercial fish stat		1,033	46	3,523	46	3,523
Regional data management systems		515	18	2,266	18	2,266
Bio/economic modeling		518	28	1,257	28	1,257
Marine recreational fisheries					4	618
Regional council operations		263	56	3,111	56	3,111
Extended jurisdiction management	13	299	34	1,220	34	1,220
National/regional fisheries management staff	11	42	30	918	30	918
Permit system		100	2	52	2	52
Communication/education		100				
Management orientation/training	2	57	2	250	2	250
Sea grant		422		1,376		1,696
Executive direction and administration	16	49	33	497	33	598
Total, budget authority	76	4,540	326	25,000	414	29,958
Total, outlays		1,240		16,212		31,931

Mr. SLACK. Mr. Chairman, will the gentleman yield?

Mr. LEGGETT. I yield to the gentleman from West Virginia.

Mr. SLACK. Mr. Chairman, the committee is prepared to accept the amendment of the gentleman from California.

When we marked up this bill, the 200-mile limit bill had just been enacted and no budget request had been submitted to the Congress for implementing the Department of Commerce's responsibilities under the 200-mile limit bill. However, we anticipated that a budget amendment would shortly thereafter be submitted, and that we could deal with the matter at that time and in a conference on this bill with the Senate.

A budget amendment has been submitted to the Senate in the last few days in the amount of $7.8 million. In view of the fact that the Department's request to OMB was $20 million, the budget request may well not be sufficient to enable the Department to carry out these important new responsibilities.

This committee has already recognized the importance of getting started immediately in implementing this new legislation, and has provided $2 million for this item in the Second Supplemental Appropriation Act for the Transition Quarter. I think it is important that funding be continued in fiscal year 1977, and, therefore, support the gentleman's amendment.

Mr. DON H. CLAUSEN. Mr. Chairman, will the gentleman yield?

Mr. LEGGETT. I yield to my colleague, the gentleman from California.

Mr. DON H. CLAUSEN. Mr. Chairman, I rise in support of the amendment of the gentleman from California.

Mr. Chairman, I rise in strong support of the amendment being offered by the distinguished gentleman from California (Mr. LEGGETT), chairman of the Subcommittee on Fisheries and Wildlife Conservation and the Environment of the House Merchant Marine and Fisheries Committee.

A little over 2 months ago, the President signed into law our bill, the Fishery Conservation and Management Act. The House passed the conference report by the overwhelming margin of 346 to 52 clearly mandating the establishment of a 200-mile fishing limit.

To implement the act we must provide the Commerce Department and the U.S. Coast Guard with sufficient funds to purchase the equipment needed and finance the additional manpower. Not to do so would undercut our years of work to provide a mechanism for restoration of depleted stocks and the revitalization and protection of our domestic fishing industry.

The act requires the creation of Regional Fishery Management Councils which will be responsible for developing fishery management plans. Development of the plans will require a great deal of scientific research to identify the types of fish, their optimum yield, and the proper management practices. Our bill, H.R. 200, authorized for this purpose $25 million. The Coast Guard authorization bill passed by the House on April 5 authorized $108.6 million to assist the Coast Guard in carrying out its duties under the act and to purchase two high-endurance cutters, six long-range surveillance aircraft, and five recovery helicopters necessary for enforcement.

These figures were recommended by the committee for inclusion in the first budget resolution. Unfortunately, the Appropriations Committee has approved no funding for the Department of Commerce and only $60 million for the Coast Guard. The purpose of this amendment is to provide the appropriate level of funding to enable the Commerce Department to meet their responsibilities under the act.

It is my understanding that next week when we consider the Coast Guard appropriations bill an amendment will also be offered to increase the funding for the Coast Guard. I shall support both amendments and I urge my colleagues to join me in doing so.

We cannot approach establishment of the 200-mile fishing limit half-heartedly. To do so will be asking for violations. We must be amply prepared and ready to enforce the limit totally on March 1, 1977, when the act becomes effective.

Mr. FORSYTHE. Mr. Chairman, will the gentleman yield?

Mr. LEGGETT. I yield to the gentleman from New Jersey.

Mr. FORSYTHE. Mr. Chairman, the Fishery Conservation and Management Act of 1976 was approved by the House on March 30, by a vote of 346 to 52. This legislation was enacted with two purposes in mind—first, to take immediate action to conserve and manage the fisheries resources found off the coast of the United States and second, to promote the U.S. commercial and recreational fishing industry.

The act vests numerous administrative duties with the Department of Commerce and charges the Department with the responsibility for conducting essential fisheries research and for assisting with the enforcement of the act.

To accomplish these goals the Department of Commerce will require an appropriation of $20,000,000 in fiscal year 1977.

Mr. Chairman, the basic thrust of the Fishery Conservation and Management Act is to develop fishery management plans for the conservation and management of the living resources off our coast.

Management plans must comply with national standards and must contain a description of the fishery including the number of vessels and the type and quantity of gear used, the species of fish involved and their location, costs projected to be incurred in management, actual and potential revenues from the fishery, and recreational interests, the foreign fishing activity and any Indian treaty rights. The plan must also allocate the resources to both domestic and foreign fishermen based on a formula which will insure optimum sustainable yield.

To develop these management plans the act establishes eight regional fishery management councils. For the operation of these councils the amendment we are offering today appropriates approximately $3.1 million. Once the council has developed a plan the Secretary of Commerce must review and approve the plan and evaluate and issue permits for foreign fishing. To carry out these responsibilities our amendment provides approximately $1 million.

Development of comprehensive fishery management plans depends on the adequacy of scientific information and thus the Fishery Conservation and Management Act charges the Department of Commerce with the responsibility for providing the regional councils with the necessary biological, economic, and statistical data and analyses.

A significant problem lies in the fact that data required for the development of these management plans are not immediately available. Over 75 million records of fishery data exist, but they are scattered all over the United States and are not accessible through a standardized data collection and management system. In addition, since the concept of optimum sustainable yield in fishery management—economic and social factors are considered along with biological factors—is new, supportive data does not exist. To meet a portion of these needs the amendment we are offering provides approximately $3.2 million.

However, as I indicated much of the data which would be used for the development of management plans is not presently available and therefore there is an increased requirement for ship usage for fishery research and assessment. The amendment before you today appropriates approximately $1.3 million which will permit six research vessels to spend a combined total of 420 days at sea.

Unfortunately, even with this increased ship time the demand for fishery research created by the act cannot be met with existing vessels. Therefore, we are requesting approximately $7.6 million to construct two additional research vessels and to upgrade the capabilities of five existing ships.

We are also requesting in our amendment approximately $1.1 million to finance 31 additional positions to meet the Department of Commerce's anticipated enforcement responsibilities under the act. The additional manpower will be assigned to Coast Guard vessels and aircraft on fisheries patrol. Since Coast Guard personnel rotate every 2 years they generally lack the detailed knowledge of fisheries agreements and procedures. The addition of a Commerce Department enforcement officer aboard a Coast Guard craft adds significantly to our enforcement capabilities.

Enforcement of the 200-mile zone, however, depends in large part on the knowledge of the boundaries of that zone. Therefore, our amendment includes approximately $1.8 million for marine boundary surveys.

Finally, we are requesting funds to assist the Department of Commerce in evaluating international fisheries agreements and to provide a miscellaneous administrative expense.

Mr. Chairman, 17 generations of American fishermen have gone to the sea and found it abundant with fish. Today's fishermen are not so fortunate. Modern foreign fishing fleets equipped with sonar, fine mesh nets, and other sophisticated equipment have plundered the living resources of our oceans. Our fisheries cannot withstand continued foreign pressure. Already at least 10 major commercial fishing stocks are depleted. To conserve and manage our fisheries resources the Congress enacted the Fishery Conservation and Management Act of 1976. To adequately implement that act the House must adopt our amendment.

Mr. LEGGETT. Mr. Chairman, essentially, what this amendment does is that it funds management programs and provides for service and provides for getting ships operational. It will be fully set forth in the complete itemization which has been provided to me by the National Marine Fisheries Service, which I shall ask appropriate authority to include in my remarks when we get back into the House.

We ask for additional positions, and it is fully justified in the materials which I have appended to my remarks.

AMENDMENT OFFERED BY MR. EMERY AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. LEGGETT

Mr. EMERY. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. EMERY as a substitute for the amendment offered by Mr. LEGGETT: Page 30, line 13, strike out "$538,200,000" and insert in lieu thereof "$564,,200,000".

Page 30, line 25, immediately after "laboratory.", add the following new sentence: "Of the amount herein appropriated, $29,239,000 shall be available for the National Sea Grant program conducted pursuant to the National Sea Grant College and Program Act of 1966.".

POINT OF ORDER

Mr. SLACK. Mr. Chairman, I make a point of order against the substitute amendment.

The CHAIRMAN. The gentleman will state it.

Mr. SLACK. Mr. Chairman, the amendment would violate clause 2 of rule XXI, which provides that no appropriation shall be reported in any general appropriation bill, or be in order as an amendment thereto, for any expenditure not previously authorized by law.

The rule adopted earlier waiving all points of order against certain provisions in the bill for failure to comply with the provisions of clause 2, rule XXI, applies only to those provisions in the bill. The waiver does not apply to amendments which would add additional provisions.

This amendment would add a provision to the bill earmarking $29,239,000 to carry out the provisions of the National Sea Grant College and Program Act of 1966. Extension of that legislation, which is required for fiscal year 1977, has not been enacted.

Mr. Chairman, I insist on my point of order.

The CHAIRMAN. Does the gentleman from Maine wish to be heard?

Mr. EMERY. I do, Mr. Chairman.

Mr. Chairman, as I understand, the Committee on Merchant Marine and Fisheries has authorized a total of some $50 million for these programs. Also, $23.239 million has been included by the Appropriations Committee, so I believe the authorization is in effect. I would ask the Chair to overrule the point of order.

The CHAIRMAN. The Chair is prepared to rule.

The Chair is obliged to state to the gentleman that while the committee may have reported the authorization; even while the House has passed it, it is still not law; it is not authorized. The earmarking of this sum of money for this particular purpose would constitute a violation of clause 2, rule XXI.

The Chair sustains the point of order.

Mr. LEVITAS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. One hundred thirteen Members are present, a quorum.

AMENDMENT OFFERED BY MR. EMERY AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. LEGGETT

Mr. EMERY. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. EMERY as a substitute for the amendment offered by Mr. LEGGETT: Page 30, line 13, strike out "$538,200,000" and insert in lieu thereof "$564,200,000".

Mr. EMERY. Mr. Chairman, I am offering today an amendment to H.R. 14239, the appropriations bill for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending September 30, 1977. My amendment will restore $6 million to the national sea grant program administered by NOAA in the Department of Commerce. The Merchant Marine and Fisheries Committee's Subcommittee on Oceanography authorized $58 million for the program, of which only $23,239,000 was appropriated by the Appropriations Committee. Their appropriation represents a slight increase of $139,000 over last year's budget, but this amount cannot effectively keep pace with inflation.

I am not one who endorses excessive Federal spending, and I usually do not support increasing appropriations. I do believe, however, that the sea grant program deserves our attention here today, and I believe that it represents a field of research that is, or should be, a national priority.

Sea grant's contribution to the field of marine research is multifaceted. In the areas of aquaculture, oceanography, marine pathology, ocean law, coastal zone management, and pollution research, this program has made far-reaching advances. I especially want to emphasize aquaculture, because this area of marine research, in my opinion, has vast potential.

Our country is currently undergoing an increased awakening on the part of business and Government to the vast potential of aquaculture. Aquaculture, like agriculture on land, can substantially benefit this country and the world. It will provide increased economic opportunities in the form of expanded employment and commerce, as well as provide for increased protein production. Furthermore, it will allow the United States to compete with countries like Japan for international markets.

One should not conclude that sea grant is only involved with applied research, however. In addition, it provides advisory services and educational programs on the local and community level. By balancing national initiatives with local needs, it has the potential of achieving one of the most relevant and locally respected programs in the country.

A number of problems were raised for discussion during recent oversight hearings on the sea grant program. One of these was the role sea grant plays in meeting local and community needs. The consensus from testimony by NOAA and Members of Congress was that the program is fairly effective at providing advisory services at traditional land grant colleges already experienced in the agriculture extension program and similar services. Such schools, for example, are Oregon State, and the Universities of Rhode Island, Washington, Maine, and New Hampshire.

In educational institutions such as MIT, however, where the emphasis is on highly technical programs such as engineering, oceanography, and marine environmental research, advisory services are small or nonexistent.

If the truth is faced, neither of the two types of institutions just mentioned is adequately meeting local and community needs and demands. The reason is that there is just not enough money now available to finance any comprehensive, far-reaching, and uniform program designed to provide the same services to fishermen as those provided to farmers by the extension service.

Our fishermen harvest the sea the same as farmers harvest the land. Fishermen have the same needs, and their contribution is as great. We must look to the sea to feed future generations, and our preparation must now begin.

A look at fishing methods shows that little has changed for the fisherman in the last 75 years, except for the disappearance of his fish stocks. While the farmer has had access to extension services, agriculture curriculums at land grant colleges, subsidies, and even the famous soil bank program, the fisherman has had to rely upon piecemeal programs in the National Marine Fisheries Service begrudgingly funded by OMB.

Unless the Congress and OMB establish more realistic priorities and recognize the fisherman for what he is, a farmer of the sea, then our country will truly suffer from our lack of insight.

The sea grant program is a part of an overall attempt to face up to the fisherman's and marine sciences' needs by applying research and advisory services to meet them. The $6 million I am seeking today is only a token amount in helping this vital program, but I believe it will substantially help establish an immediate national priority. I urge your support of my amendment.

Mr. COHEN. Mr. Chairman, will the gentleman yield?

Mr. EMERY. I yield to the gentleman from Maine (Mr. COHEN).

Mr. COHEN. Mr. Chairman, I rise in support of the amendment offered by my colleague from Maine, Mr. EMERY, which would increase the appropriation for the national sea grant college program by $6 million. I firmly believe that the sea-grant concept is a sound one, and that the program should be adequately funded so that the goals envisioned by the authorizing legislation can be fully accomplished. Although the amount contained in this bill is slightly more—$139,000—than the amount contained in last year's appropriation, this increase does not even cover additional inflationary costs. This amendment permits coverage of inflationary costs and provides as well for a reasonable increase in funding completely justified by the sea grant program's successful performance to date.

This program has the potential to be of great benefit to this country due to the applied marine research which it encourages. In Maine, great strides have already been made with the help of the sea grant program on problems relating to the biology of marine organisms and in the development of aquaculture.

Due to sea grant research and technical counseling, oyster and blue mussel industries are presently getting underway on the Maine coast and Coho salmon farms are being developed. Our fishing industry, long neglected by the Federal Government and subject to stiff foreign competition, needs these new projects and more like them. We cannot and should not let this program go underfunded.

The requirement in the sea grant program which stipulates that at least one-third of the funds for the program must come from the local or State level is a sufficient indication that the program is responsive to local needs.

I urge all of my colleagues to give their enthusiastic support to this amendment which would provide the very successful sea grant program with a very small increase in Federal funding.

Mr. ANDERSON of California. Mr. Chairman, will the gentleman yield?

Mr. EMERY. I yield to the gentleman from California (Mr. ANDERSON).

Mr. ANDERSON of California. Mr. Chairman, I rise in strong support of the substitute amendment offered by the gentleman from Maine (Mr. EMERY). This provision will increase the fiscal year 1977 funding for the sea grant program by $6 million, and I strongly believe that it will prove to be a wise investment on behalf of this Congress.

In California, sea grant has been very well received, with six campuses in the University of California system currently participating in sea grant sponsored activities. Four campuses in the California State University and College system are also active, along with the California Institute of Technology, Stanford University, the University of Southern California, the University of San Diego, the California Academy of Sciences, and the Moss Landing Marine Laboratories Consortium.

In 1976, California-based sea grant programs received $2.6 million from the Federal Government—a sizable investment, but one that has been more than returned in benefits generated by the projects. The Federal commitment was matched by $2,022,109 when we consider the fact that only one-third funding is required by Federal law by other agencies, it is easy to see the enthusiasm that sea grant has generated within our State.

Sea grant covers the entire length of California's 1,100 miles of coastline, itself a unique laboratory for the study of marine sciences. It is important to remember that these programs have not been limited to academic studies of interest only to the scientific community.

Sea grant has taken the lead in practical application of our marine technology to improve our economic use of the ocean's environment. In the Los Angeles area alone, sea grant has been active in projects of great benefit to the environment and the economy of our region.

Inventories of underwater resources and developing a coastal recreation plan, including the location of a future underwater park, has been an important project conducted by university personnel working with the Los Angeles County Department of Beaches. This report, by the way, has been utilized by many groups involved in planning and developing the coastal zone.

Sea grant has been active in conducting studies aimed at improving the safety factor in scuba diving, a highly popular and growing sport in southern California coastal waters.

In cooperation with the California State Lands Division, sea grant has initiated an assessment of offshore sand and gravel deposits, aggregate that is expected to be in short supply in southern California within the next 10 to 20 years. One such deposit, located off Ballona Creek, is thought to contain the equivalent of $100 million of material worth about 25 years of continuous operation. Deposits of beach sand have been located offshore that could be used to replenish beaches ravaged by erosion—a major problem along the California coast.

A 2-week shutdown, with a resultant loss of $25 million in sales and employment, was avoided by the Cannery Steam Co. due to positive input from sea grant studies on the effects of cannery effluence on the water quality of Los Angeles Harbor. The research showed that wastes from the canneries, if properly monitored, may be an important input to the nutrient level of the harbor—actually benefiting the ecosystem.

Mr. Chairman, these are but a sampling of the benefits sea grant has had on our small section of the California coast. I feel that nationwide, this program has vast potential for generating direct economic and environmental benefits as a result of its research. Certainly this potential is being realized in California.

The amendment we are considering today will be of great benefit to sea grant. It is a realistic increase, one that can be used to great advantage during the next fiscal year. It will allow many important projects to continue, including studies on aquaculture, underwater resources, and the effects of man's activities on the coastal environment. The importance of any one of these subjects is, I feel, obvious.

Therefore, I urge my colleagues to join me in voting for the substitute amendment offered by my colleague from Maine. The $6 million it contains is greatly needed by sea grant and represents a solid investment in our future use of the seas.

Mr. AuCOIN. Mr. Chairman, will the gentleman yield?

Mr. EMERY. I yield to the gentleman from Oregon (Mr. AuCoin).

Mr. AuCOIN. Mr. Chairman, I support the gentleman's amendment and would say to my colleagues that it gives us an opportunity to look beyond our noses in meeting food and protein needs in America's future. Anyone who looks toward the decades to come cannot escape the fact that our own country and the world face serious protein needs.

I say to my colleagues that the only way America can meet these needs is to turn to the sea. Our agriculture will continue to be a large part of the answer, but we must also tap the food capacity of the sea.

Sea grant funding is a way to begin the effort now so that our technology and our knowledge will be ready when we need it in the years to come.

Approval of this amendment will assure reasonable funding for research into fish disease, fish nutrition and other similar matters; it will assure adequate funding for the training of future technicians and oceanographic professionals in business and government; and it will help develop a marine program equivalent to a program that has been so successful in agriculture—I refer to the Agricultural Extension Service, a program that has been of inestimable value in sharing expertise and new, innovative knowledge with food producers, helping them with farming and marketing techniques.

Mr. Chairman, we can affect our food future in a positive way today by approving this amendment. I ask my colleagues to look to the future. I ask them to look to the sea. I ask them to support this amendment.

Mr. SLACK. Mr. Chairman, I rise in opposition to the gentleman's amendment.

Mr. Chairman, after extensive and very thorough hearings, this committee voted to include $23,239,000 in this bill for the sea grant program, which is administered by the National Oceanic and Atmospheric Administration in the Department of Commerce. This amount is the full budget request for this item, and is a small increase over the amount available in fiscal year 1976.

I think the record over the years will show that this committee is a strong supporter of the sea grant program, which underwrites important research and advisory programs in aquaculture, minerals, and other oceanic programs at designated sea-grant colleges and participating institutions. Last year, for example, the budget proposed a $12 million reduction in the sea grant program for fiscal year 1976. This committee, recognizing the contribution of sea grant to the ocean sciences, did not agree to the proposed reduction, and restored the sea grant program to its previous program level.

This year, as I indicated earlier, this committee approved the full budget request. After thorough hearings and a careful review of the materials submitted in support of the request, which are printed in the hearings, we felt that the budget level was sufficient to carry out a significant sea grant program. The gentleman's amendment would increase the amount in the bill by $6 million or by about 26 percent above the budget request.

Mr. Chairman, there has been no request for these additional resources by the Department; the gentleman does not provide any detail concerning what these funds would be used for; and this committee has had no opportunity to hold hearings with the Department to see if such additional resources could be put to productive use.

In addition, Mr. Chairman, the sea grant program is not authorized for fiscal year 1977. There are significant differences between the House and Senate versions of the authorizing legislation. While the Senate bill would extend the program for 3 years, the House bill would provide for only a 1-year extension. The report accompanying the House bill indicates that extension is provided for only 1 year to permit the authorizing committee to conduct a planned thorough review of the Nation's marine science and technology policy and the role sea grant might play in implementing such policy. Pending the final outcome of the authorizing legislation and the outcome of the Merchant Marine Committee's review of the sea grant program, I do not think it would be prudent at this time to increase the sea grant program by over 25 percent as the gentleman has proposed. For this reason and the other reasons I have stated, I urge the defeat of this amendment.

Mrs. SULLIVAN. Mr. Chairman, I rise in support of this amendment. For several years my committee has been working with many versions of bills to establish a 200-mile fishery zone. We held 10 days of field hearings in the last Congress, 9 days of hearings in Washington in this Congress—and we feel that the resulting Fishery Conservation and Management Act is a solid, workable, far-reaching piece of legislation, and one long overdue.

Besides creating a 200-mile fishing zone so that the United States can prevent overfishing both by foreign fishermen and by our own fishermen, the act sets up channels for cooperation between regional and Federal Governments—in essence a flexible framework for the development of comprehensive, nationwide, fisheries management programs.

With the legislation passed, it is imperative that we not forget the urgent need to protect our fish stocks—some dangerously depleted—from the encroachments of foreign fleets. The act has been signed into law and the extended fisheries zones goes into effect next March, but the Department authorized by the act to implement its programs has not been provided with the required funds. Only with an appropriation of $25 million will the National Marine Fisheries Service be able to carry out its responsibilities as mandated by the Congress. That mandate, Mr. Chairman, was clearly expressed by this body by its 2-to-1 vote in passing H.R. 200, and even more strongly, by its approval of the conference report by a 6-to-1 margin.

In case some of my colleagues may still have doubts as to the international effects of the act, I would like to make it clear for the record that the language and goals of the act were developed in anticipation of an eventual Law of the Sea treaty. There are no contradictions of any significance between its provisions and the articles of the revised single negotiating text which emerged from the most recent Law of the Sea session.

Indeed, on the contrary, with the overwhelming support built in the Congress by the time of the act's passage, the United States has asserted itself as a world leader in fisheries conservation and management. The act embraces the spirit of the Law of the Sea Conference, combining the principle that the ocean resources are "the common heritage of mankind" with the understanding that coastal nations have a prior right to the resources off their shores.

But these words will be empty, and the commitment made by the United States to the protection of its natural resources and its fishing industry will be unfulfilled, if the Congress fails to appropriate a sum sufficient for the proper implementation of the act.

Mr. Chairman, I strongly support the amendment providing $25 million for the Department of Commerce to carry out this act during fiscal year 1977.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maine (Mr. Emery) as a substitute for the amendment offered by the gentleman from California (Mr. Leggett).

The amendment offered as a substitute for the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. Leggett).

The question was taken; and on a division (demanded by Mr. Leggett) there were—ayes 42, noes 23.

So the amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk proceeded to read the bill.

Mr. SLACK (during the reading). Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

Mr. BAUMAN. Mr. Chairman, reserving the right to object, in the absence of the minority leader, let me ask this question:

As I understand it, there are now approximately six amendments remaining at the desk?

The CHAIRMAN. There are currently five amendments remaining at the desk.

Mr. BAUMAN. In view of that, Mr. Chairman, I would not object to a request by the gentleman from West Virginia (Mr. Slack) that titles be considered as read, but Members ought to have their rights preserved if we are going to stay here. If the gentleman wants to ask that titles be considered as read, I will not object, but I do object to the pending request.

The CHAIRMAN. Objection is heard. The Clerk will read.

The Clerk continued the reading of the bill.

Mr. SLACK (during the reading). Mr. Chairman, I ask unanimous consent that the remainder of title IV be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

Mr. ECKHARDT. Mr. Chairman, reserving the right to object, and I shall not object, I should like to know, in case the bill is open for amendment at any point, at what point must a point of order be lodged with respect to a provision in the bill?

The CHAIRMAN. The Chair will state that it would be at that point, at the point at which it was open for amendment.

Mr. ECKHARDT. Mr. Chairman, that goes to what page?

The CHAIRMAN. The end of page 41.

Mr. ECKHARDT. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The CHAIRMAN. Are there any points of order against the remainder of title IV?

The Chair hears none.

AMENDMENT OFFERED BY MR. MIKVA

Mr. MIKVA. Mr. Chairman, I offer an amendment.

(The portion of the bill to which the amendment relates is as follows:)

Sec. 403. Not to exceed $120,000 of the appropriations contained in this title shall be available for the study of rules and practice and procedure.

The Clerk read as follows:

Amendment offered by Mr. Mikva: Page 41, immediately after line 22, insert the following new section:

Sec. 404. None of the funds appropriated under this title shall be obligated or expended for any adjustment in the salary of any justice or judge of the United States or any referee in bankruptcy, pursuant to section 461 of title 28, United States Code.

Mr. MIKVA. Mr. Chairman and members of the committee, this is an amendment that, I think, we will hear more of in just about every appropriation bill that is going to come down the pike from here on in.

We will all recall that last July we made grade 1, 2, 3, and 4 employees, who are the very top echelon of the Federal Government, as well as judges and Congressmen, subject to a cost-of-living increase, an automatic cost-of-living increase.

The next cost-of-living increase is scheduled to come up in October of this year.

Mr. Chairman, I voted for that bill. I voted for it because I thought at the time that it was a way of recognizing that we, too, as Federal employees in whatever echelon, judges or Congressmen or secretaries, are equally subject to the ravages of inflation. However, I have to confess that that bill was misperceived.

I do not know anything that the Congress has done legislatively that has caused more flak from the American people than that one bill. We were accused of getting a back-door pay raise. We were accused of making ourselves inflation-proof.

Mr. Chairman, I have reason to think that next week or whenever the legislation comes up, an amendment will be offered by someone, perhaps by me, or perhaps by someone more senior, which will remove Congressmen from that automatic cost-of-living increase.

Mr. Chairman, I will vote for it because I think we can move the American people just so far. If we cannot persuade them, we have to join them.

If that is so, then I think the same reasoning that applies to deny Congressmen the cost-of-living increase applies equally to all of those in the top echelons of Government, the policymakers, the Cabinet, the Secretaries, the Judiciary.

Mr. Chairman, we all ought to be subject, once again, to the Comparability Commission which worked well at the time, and I hope will work well again. However, I assure the Members that if we Congressmen are the only ones subject to the Comparability Commission and everyone else will be getting a cost-of-living increase, it may be another 70 or 80 years before Congress has another chance to get an increase.

Mr. Chairman, I hope the Comparability Commission performs. I hope the President appoints one. I hope it recommends comparable compensation for all of the top officials of the Federal Government, including Congressmen, the Secretaries, the Cabinet officers and the Judiciary so that, therefore, none of them will need to be subject to the automatic cost-of-living increase which was so badly perceived by the American people.

This amendment takes the judges out from under that automatic increase which they would otherwise get in October. If successful with this amendment, I will offer another amendment in the bill to take the Cabinet officers and all grades 1 and 2 employees out from under.

Mr. BAUMAN. Mr. Chairman, if the gentleman would yield, I would like to compliment the gentleman.

Mr. MIKVA. If the gentleman promises not to say, "I told you so," I will yield to the gentleman from Maryland.

Mr. BAUMAN. I will not say that I told you so but I do want to compliment the gentleman on his belated interest in good government. Last year, on a rollcall which the gentleman from Maryland requested, the congressional pay raise was passed by one vote. I believe the vote on that issue was 214 Members for and 213 Members against.

Mr. MIKVA. I suppose I was the one who made the difference.

Mr. BAUMAN. Indeed the gentleman's vote was the one that made the difference.

Mr. MIKVA. If the gentleman would have been listening, he would have heard me say that that is probably the case.

Mr. BAUMAN. I also assume because nobody else will change their position that the gentleman would be the one to provide the margin of victory for the taxpayers should such a vote occur again.

Mr. MIKVA. If the gentleman from Maryland had been listening a little more carefully, the gentleman would have heard me say that I would be, if such a vote were to be taken tomorrow.

Mr. BAUMAN. I would hope that this joinder of the two parties in this instance will not endanger either one of us.

Mr. SLACK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the amendment offered by the gentleman from Illinois (Mr. Mikva) would of course affect only the positions funded in this title. The salaries of the positions affected by the amendment are set by statute. If the gentleman from Illinois wishes to limit salary increases, that should be done in a legislative bill, certainly not in an appropriation bill. The amendment is selective and applies only to people in the judiciary and not across the board. Therefore, Mr. Chairman, I ask that the amendment be defeated.

The CHAIRMAN. The question is on

the amendment offered by the gentleman from Illinois (Mr. Mikva).

The question was taken; and the Chairman being in doubt, the Committee divided, and there were—ayes 17, noes 39.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk proceeded to read the bill.

Mr. SLACK (during the reading). Mr. Chairman, I ask unanimous consent that title V be considered as read and open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

Mr. ECKHARDT. Mr. Chairman, reserving the right to object, I have a point of order which would be lodged at the provisions contained on page 44, starting with line 9, through line 25 and I should like to be sure as to whether my position will be jeopardized if this unanimous-consent request were granted, and where and when I would have to make the point of order.

The CHAIRMAN. The Chair will state that if the unanimous-consent request is granted, the gentleman from Texas (Mr. Eckhardt) will be recognized to make his point of order immediately thereafter.

Mr. ECKHARDT. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

POINT OF ORDER

Mr. ECKHARDT. Mr. Chairman, I raise a point of order.

The CHAIRMAN. The gentleman will state his point of order.

(The portion of the bill to which the point of order refers is as follows:)

No part of these funds may be used to pay the salary of any employee, including Commissioners, of the Federal Trade Commission who—

(1) make any publication based on the line-of-business data furnished by individual firms without taking reasonable precautions to prevent disclosure of the line-of-business data furnished by any particular firm; or

(2) permits anyone other than sworn officers and employees of the Federal Trade Commission to examine the line-of-business reports from individual firms; or

(3) uses the information provided in the line-of-business program for any purpose other than statistical purposes. Such information for carrying out specific law enforcement responsibilities of the Federal Trade Commission shall be obtained under existing practices and procedures or as changed by law.

Mr. ECKHARDT. Mr. Chairman, I have a point of order which I make at lines 9 through 25 on page 44 in that the provisions contained therein constitute legislation on an appropriation bill in that new duties are imposed upon the Federal Trade Commission, particularly with respect to the language beginning on lines 12 through 16. It is provided that no part of these funds may be used to pay the salaries of any employee who makes any publication based on line of business data furnished by individual firms without taking reasonable precautions to prevent disclosure of the line of business data furnished by any particular firm. The only thing that limits or controls the question of divulging information respecting such line of business information is contained in the Freedom of Information Act, and this is only to provide an exception from the Freedom of Information Act which would embrace such material, but the Freedom of Information Act leaves it wholly to the Federal Trade Commission to devise whatever systems it desires with respect to such information.

The provisions in the appropriations bill to which I have referred would require a standard of reasonable precautions to prevent disclosure of the line of business data furnished by any particular firm, and in so doing would create a new and different standard from that which exists in existing law.

Second, the point of order is specifically lodged to lines 22 through 25 in which it is said:

> Such information for carrying out specific law enforcement responsibilities of the Federal Trade Commission shall be obtained under existing practices and procedures or as changed by law.

It has been held that even though a duty imposed on a commission may be a duty now accepted by that commission, to place it as a duty in law constitutes specific legislation on an Appropriation Act.

I cite here in support of the point of order provisions in Deschler's procedure, page 305 and the following pages, chapter 26, paragraphs 11 et sequentia. I may say that I do level the point of order at lines 9 through 25.

Mr. SLACK. Mr. Chairman, may I be heard on the point of order.

The language which the gentleman refers to was designed to protect the privacy and the security of data obtained in the line of a business program. However, if the gentleman insists on the point of order, of course, we will concede the point of order.

The CHAIRMAN (Mr. Pike). The point of order is conceded and sustained and the paragraph is stricken.

Are there any other points of order against the remainder of title V?

AMENDMENTS OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Chairman, I offer amendments, and inasmuch as they are not controversial and copies have been given to both sides of the aisle—they do not change the total dollar figure in the bill—I ask unanimous consent that they be considered as read.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. SMITH of Iowa. Mr. Chairman, I ask unanimous consent that the amendments be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

(The portion of the bill to which the amendments relate is as follows:)

SMALL BUSINESS ADMINISTRATION

SALARIES AND EXPENSES

For necesary expenses, not otherwise provided for, of the Small Business Administration, including purchase of one motor vehicle for replacement only and hire of passenger motor vehicles, not to exceed $1,500 for official reception and representation expenses, $35,400,000, and in addition there may be transferred to this appropriation not to exceed a total of $99,600,000 from the "Disaster loan fund", the "Business loan and investment fund", the "Lease guarantees revolving fund" and the "Surety bond guarantees revolving fund", in such amounts as may be necessary for administrative expenses in connection with activities respectively financed under said funds: *Provided*, That 10 per centum of the amount authorized to be transferred from these revolving funds shall be apportioned for use, pursuant to section 3679 of the Revised Statutes, as amended, only in such amounts and at such times as may be necessary to carry out the business and disaster loan, and lease guarantee and surety bond guarantee programs.

The amendments are as follows:

Amendments offered by Mr. Smith of Iowa: On page 48, line 11, after the word "fund" insert ", the 'pollution control equipment contract guarantees revolving fund' "; and in lines 19 and 20, after the word "guarantee" insert ", pollution control equipment contract guarantee".

On page 49, after line 3, insert the following:

"POLLUTION CONTROL EQUIPMENT CONTRACT GUARANTEES REVOLVING FUND"

On page 39, line 15, before the word "and" insert ", the 'Pollution control equipment contract guarantees revolving fund' ".

On page 49, line 19, strike "$616,600,000" and insert "$601,600,000".

On page 50, after line 9, insert the following:

"POLLUTION CONTROL EQUIPMENT CONTRACT GUARANTEES REVOLVING FUND

"For capital for the 'Pollution Control Equipment Contract Guarantees Revolving Fund', authorized by the Small Business Investment Act, as amended, $15,000,000, to remain available without fiscal year limitation."

Mr. SMITH of Iowa. Mr. Chairman, I will take just a second to explain that a Small Business program has been enacted into law or signed by the President since the markup. What these amendments do is to take $15 million of the money that has been included in the appropriation bill and set it aside for this pollution control program. I think they are not controversial, and I ask that they be approved.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Iowa (Mr. Smith).

The amendments were agreed to.

AMENDMENT OFFERED BY MR. YATES

Mr. YATES. Mr. Chairman, I offer an amendment.

(The portion of the bill to which the amendment relates is as follows:)

COMMISSION ON CIVIL RIGHTS

SALARIES AND EXPENSES

For expenses necessary for the Commission on Civil Rights, including hire of passenger motor vehicles, $9,450,000.

The Clerk read as follows:

Amendment offered by Mr. Yates: On page 42, after line 18, insert the following:

COMMISSION ON SECURITY AND COOPERATION IN EUROPE

SALARIES AND EXPENSES

For expenses necessary for the Commission on Security and Cooperation in Europe,

as authorized by Public Law 94–304, $300,000 to remain available until expended.

Mr. YATES. Mr. Chairman, this is a Commission based on a law signed by the President after the bill had been marked up and that is why the amendment was not offered in committee. I have shown the amendment to the gentleman from West Virginia (Mr. SLACK) and to the gentleman from Michigan (Mr. CEDERBERG), the ranking member on this other side of the aisle, and both of the gentlemen said they had no objection. I have reduced the amount from $350,000 to $300,000 which would cover the needs of monitoring the Helsinki agreement particularly in the area of cooperation relating to freedom of travel and migration in which we are all interested.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Texas.

Mr. MAHON. Mr. Chairman, I commend my colleague for offering this amendment and I believe it ought to be adopted.

Mr. SLACK. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from West Virginia.

Mr. SLACK. Mr. Chairman, I discussed this amendment with the distinguished gentleman from Illinois earlier and we have no objection to the amendment.

Mr. YATES. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

> SEC. 605. No part of the funds appropriated under this Act shall be used to provide a loan, guarantee of a loan, a grant, the salary of, or any remuneration whatever to any individual applying for admission, attending, employed by, teaching at or doing research at an institution of higher education who has engaged in conduct on or after August 1, 1969, which involves the use of (or the assistance to others in the use of) force or the threat of force or the seizure of property under the control of an institution of higher education, to require or prevent the availability of certain curriculum, or to prevent the faculty, administrative officials or students in such institution from engaging in their duties or pursuing their studies at such institution.

POINT OF ORDER

Mr. ECKHARDT. Mr. Chairman, I have a point of order on section 605.

The CHAIRMAN. The gentleman will state the point of order.

Mr. ECKHARDT. Mr. Chairman, in Deschler's procedure, chapter 26, section 11, is is provided:

> But when an amendment, while curtailing certain uses of funds carried in the bill, explicitly places new duties on officers of the government or implicitly requires them to make investigations, compile evidence, or make judgments and determinations not otherwise required of them by law, then it assumes the character of legislation and is subject to a point of order. 115 Cong. Rec. 21653, 21675, 91st Cong. 1st Sess., July 31, 1969 (H.R. 13111), . . .

Mr. Chairman, this clause provides:

> No part of the funds appropriated under this Act shall be used to provide a loan, guarantee of a loan, a grant, the salary of, or any remuneration whatever to any individual applying for admission, attending, employed by, teaching at or doing research at an institution of higher education who has engaged in conduct on or after August 1, 1969, which involves the use of (or the assistance to others in the use of) force or the threat of force or the seizure of property under the control of an institution of higher education, to require or prevent the availability of certain curriculum, or to prevent the faculty, administrative officials or students in such institution from engaging in their duties or pursuing their studies at such institution.

Mr. Chairman, this language carefully read could mean that a person who fails to return a library book to the library or the university, has seized such library book, and could not receive the salary of a professor and could not receive a loan. All of this may have been done at any time as early as August 1, 1969, or immediately after that.

Mr. Chairman, I am fully aware of the fact that such an amendment was offered and was placed on the education appropriation bill within this term. I would submit that it is against the major precedents that have been cited with respect to this proposition. I cite specifically 111, the CONGRESSIONAL RECORD, 26991 and 26993, 89th Congress, 1st session, October 14, 1969, H.R. 11588. It is provided therein that:

> To a bill making supplemental appropriations to various agencies an amendment specifying that no part of this particular appropriation shall be used until adequate screening procedures—are established to prohibit the infiltration of Communists posing as Cuban refugees, imposed additional duties, and was ruled out as legislation.

Now, I think we can all concede that it may be more important to screen out Communist refugees than to screen out people who fail to return library books. Indeed, it would be much more difficult to find all the persons through some screening program who ran afoul of the provisions of section 605 in all that period of time from August 1, 1969, to the present; but in addition to this, the precedents are quite clear that while a provision in a general appropriations bill prohibiting the use of funds for certain designated purposes may be in order as a limitation, an amendment curtailing the use of the funds for those same purposes if the use is with a certain intent or motive requires new determinations by the officials administrating the funds and is subject to a point of order as legislation (H.R. 13111).

Mr. Chairman, on that I cite the 115th CONGRESSIONAL RECORD 21653 of the 91st Congress, 1st session, July 31, 1969.

Now, the language complained of was specifically that the use of force or threat or force or seizure of property under the control of an institution of higher learning, and here is the kicker, to require or prevent the availability of certain curriculum, or to prevent the faculty, administrative officials or students in such institutions from engaging in their duties or pursuing their studies at such institution.

Now, that has to be found. Therefore, a heavy duty, an additional responsibility by general law in an appropriations bill is provided for.

Now, I realize that I am rowing upstream against a precedent recently made, but I would like to urge that that latter point, I do not believe, was strongly made at the time this case was raised at that time.

Mr. SMITH of Iowa. Mr. Chairman, I rise in opposition to the point of order.

Mr. Chairman, I wonder if the gentleman from Texas would give me his attention. The objection, apparently, is to this language:

> To require or prevent the availability of certain curriculum,

And so on.

If the gentleman would limit his point of order to that part of the section, I would not oppose the gentleman. Would the gentleman agree to do that?

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield back to me?

Mr. SMITH of Iowa. I yield to the gentleman from Texas.

Mr. ECKHARDT. I would like to do that, but for this proposition; although it might cure the point of order, it would make the limitation even more restrictive, because anyone who stole a library book, not for the purpose of depriving other persons or students to use it, would be deprived of these fees.

I think this is an abominable restriction and if I would concede that point, I would make the restriction even greater and I would permit the taking away of the right to bar money to go to school for a student who merely failed to return a library book. I cannot concede the point for that reason.

Mr. SMITH of Iowa. Mr. Chairman, as has been previously indicated, this very specific language has been ruled upon at least once and perhaps three times. It has been in the HEW bill, as well as in this bill, for a number of years and all it is is a limitation upon an appropriations bill providing a loan or a guarantee of loan and so forth that will not go to those students that use violence to secure what they want.

It is merely a limitation upon funds appropriated in this bill. I submit that in view of that fact under the previous precedence that it is not subject to a point of order.

The CHAIRMAN. The Chair is prepared to rule.

While there have been some conflicting opinions on similar issues over the years, this precise issue was decided, not 10 years ago, but last year, by the distinguished gentleman from Texas (Mr. WRIGHT), presiding.

The gentleman from Texas has accurately stated that he is indeed swimming uphill. The Chair feels constrained to rely on precedent established in this Congress, and overrule the point of order.

Are there further amendments to title VI?

Mr. SLACK. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the Chair, Mr. PIKE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill

(H.R. 14239) making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending September 30, 1977, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. MILLER OF OHIO

Mr. MILLER of Ohio. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. MILLER of Ohio. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. MILLER of Ohio moves to recommit H.R. 14239 to the Committee on Appropriations with instructions to that committee to report the bill back to the House forthwith, with the following amendment: On page 55, after line 2, add the following paragraph:

SEC. 606. Of the total budget authority provided in this Act for payments not required by law, five per centum shall be withheld from obligation and expenditure: *Provided*, That of the amount provided for each appropriation account, activity, and project, for payments not required by law, the amount withheld shall not exceed ten per centum.

The SPEAKER. The Chair recognizes the gentleman from Ohio (Mr. MILLER).

Mr. MILLER of Ohio. Mr. Speaker, we started with the bill $85 million over the budget. We added $158 million. The bill now is $242 million over the budget. I ask that the bill be recommitted with instructions.

The SPEAKER. Does the gentleman from West Virginia (Mr. SLACK) desire to be heard on the motion to recommit?

Mr. SLACK. No, Mr. Speaker.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The question was taken and the Speaker announced that the noes appeared to have it.

Mr. MILLER of Ohio. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 66, nays 153, not voting 212, as follows:

[Roll No. 411]

YEAS—66

Andrews, N.C.
Armstrong
Ashbrook
Bafalis
Bauman
Bennett
Bevill
Brown, Mich.
Burgener
Butler
Clausen, Don H.
Clawson, Del
Cochran
Collins, Tex.
Conable
Daniel, Dan
Daniel, R. W.
Devine
Dickinson
Duncan, Tenn.
English
Erlenborn
Fithian
Fountain
Goldwater
Goodling
Guyer
Hammerschmidt
Harsha
Hechler, W. Va.
Johnson, Pa.
Jones, N.C.
Kemp
Kindness
Lagomarsino
Latta
Lott
McCollister
Madigan
Miller, Ohio
Mitchell, N.Y.
Moore
Moorhead, Calif.
Mosher
Myers, Ind.
Myers, Pa.
Neal
Nichols
Pettis
Pike
Quie
Quillen
Robinson
Rogers
Satterfield
Sharp
Shuster
Skubitz
Smith, Nebr.
Spence
Thone
Vigorito
Wampler
Wiggins
Wylie
Young, Fla.

NAYS—153

Ambro
Anderson, Calif.
Aspin
AuCoin
Baucus
Bedell
Bergland
Biaggi
Biester
Bingham
Blanchard
Blouin
Brademas
Breaux
Breckinridge
Brodhead
Brooks
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Carter
Cohen
Collins, Ill.
Conyers
Corman
Cornell
Coughlin
D'Amours
Davis
de la Garza
Delaney
Dellums
Derrick
Derwinski
Diggs
Dingell
Downey, N..Y
Drinan
Duncan, Oreg.
Early
Eckhardt
Edwards, Ala.
Edwards, Calif.
Evans, Colo.
Fenwick
Fisher
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Gaydos
Giaimo
Gilman
Ginn
Gonzalez
Grassley
Hall
Hannaford
Harris
Hayes, Ind.
Heckler, Mass.
Henderson
Hicks
Holtzman
Howard
Hyde
Jeffords
Jenrette
Johnson, Calif.
Jones, Ala.
Jones, Tenn.
Kastenmeier
Kazen
Krebs
Leggett
Lloyd, Tenn.
Long, La.
Long, Md.
McClory
McHugh
Mahon
Meeds
Meyner
Mikva
Mineta
Minish
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murtha
Natcher
Nedzi
Nolan
Nowak
Oberstar
Obey
O'Neill
Ottinger
Passman
Patterson, Calif.
Pattison, N.Y.
Perkins
Poage
Pressler
Preyer
Price
Rangel
Regula
Rhodes
Rodino
Roe
Roncalio
Rose
Rosenthal
Rostenkowski
Roybal
Ruppe
St Germain
Sarbanes
Scheuer
Shipley
Sisk
Slack
Smith, Iowa
Solarz
Staggers
Stanton, J. William
Steed
Stokes
Stratton
Studds
Taylor, N.C.
Teague
Thompson
Tsongas
Vander Veen
Waggonner
Weaver
Whalen
White
Yates
Yatron
Young, Ga.
Young, Tex.
Zablocki

NOT VOTING—212

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Ashley
Badillo
Baldus
Beard, R.I.
Beard, Tenn.
Bell
Boggs
Boland
Bolling
Bonker
Bowen
Brinkley
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Buchanan
Burke, Fla.
Cederberg
Chappell
Chisholm
Clancy
Clay
Cleveland
Conlan
Conte
Cotter
Crane
Daniels, N.J.
Danielson
Dent
Dodd
Downing, Va.
du Pont
Edgar
Eilberg
Emery
Esch
Eshleman
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Findley
Fish
Flood
Florio
Flowers
Fraser
Frenzel
Frey
Fuqua
Gibbons
Gradison
Green
Gude
Hagedorn
Haley
Hamilton
Hanley
Hansen
Harkin
Harrington
Hawkins
Hays, Ohio
Hébert
Hefner
Heinz
Helstoski
Hightower
Hillis
Hinshaw
Holland
Holt
Horton
Howe
Hubbard
Hughes
Hungate
Hutchinson
Ichord
Jacobs
Jarman
Johnson, Colo.
Jones, Okla.
Jordan
Karth
Kasten
Kelly
Ketchum
Keys
Koch
Krueger
LaFalce
Landrum
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lujan
Lundine
McCloskey
McCormack
McDade
McDonald
McEwen
McFall
McKay
McKinney
Madden
Maguire
Mann
Martin
Mathis
Matsunaga
Mazzoli
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller, Calif.
Mills
Mink
Mitchell, Md.
Moakley
Moffett
Mollohan
Montgomery
Mottl
Murphy, N.Y.
Nix
O'Brien
O'Hara
Patten, N.J.
Paul
Pepper
Peyser
Pickle
Pritchard
Railsback
Randall
Rees
Reuss
Richmond
Riegle
Rinaldo
Risenhoover
Roberts
Rooney
Roush
Rousselot
Runnels
Russo
Ryan
Santini
Sarasin
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Shriver
Sikes
Simon
Snyder
Spellman
Stanton, James V.
Stark
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stuckey
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Thornton
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Walsh
Waxman
Whitehurst
Whitten
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Young, Alaska
Zeferetti

The Clerk announced the following pairs:

Mr. Dominick V. Daniels with Mr. Mottl.
Mr. Annunzio with Mr. Baldus.
Mr. Addabbo with Mr. Green.
Mr. Wolff with Mr. Hays of Ohio.
Mr. Hanley with Mr. Bell.
Mr. Hébert with Mr. Symington.
Mr. Jacobs with Mr. Conlan.
Mr. Helstoski with Mr. Eshleman.
Mrs. Keys with Mr. Holland.
Mr. Murphy of New York with Mr. Broomfield.
Mr. O'Hara with Mrs. Mink.
Mr. Wirth with Mrs. Holt.
Mr. Stuckey with Mr. Hagedorn.
Mr. Runnels with Mr. Buchanan.
Mrs. Chisholm with Mr. Hubbard.
Mr. Chappell with Mr. Esch.
Mr. Cotter with Mr. Burke of Florida.
Mr. Dodd with Mr. Hansen.
Mr. Flowers with Mr. Matsunaga.
Mr. Hawkins with Mr. Ichord.
Mr. Lundine with Mr. Conte.
Mr. Krueger with Mr. Kasten.
Mr. Clay with Mr. Litton.
Mr. Brown of California with Mr. Lujan.
Mr. Bowen with Mr. Kelly.
Mr. Ashley with Mr. Paul.
Mr. Koch with Mr. Peyser.
Mr. LaFalce with Mr. Fraser.
Mr. Santini with Mr. Randall.
Mr. Mathis with Mr. McKinney.
Mr. McDonald with Mr. Fuqua.
Mr. Metcalfe with Mr. Landrum.
Mr. Milford with Mr. Karth.
Mr. Vanik with Mr. Riegle.
Mr. Waxman with Mr. Shriver.
Mr. Roberts with Mr. Rousselot.

Mr. Richmond with Mr. Snyder.
Mr. Miller of California with Mr. Steelman.
Mr. Wright with Mr. Steiger of Arizona.
Mrs. Sullivan with Mr. Bob Wilson.
Mr. Rinaldo with Mr. Talcott.
Mr. Abdnor with Mr. Treen.
Mr. Evins of Tennessee with Mr. Vander Jagt.
Mr. Fary with Mr. Whitehurst.
Mr. Ketchum with Mr. Winn.
Ms. Abzug with Mr. Adams.
Mr. Lehman with Mr. Beard of Rhode Island.
Mr. Badillo with Mr. Allen.
Mr. Fascell with Mr. Levitas.
Mr. Mann with Mr. Flood.
Mr. Hightower with Mr. Mazzoli.
Mr. Florio with Mr. Hungate.
Mr. Jones of Oklahoma with Mr. Cleveland.
Ms. Jordan with Mr. Harkin.
Mr. Dent with Mr. Clancy.
Mr. Hamilton with Mr. Alexander.
Mr. Frenzel with Mr. Archer.
Mr. Fish with Mr. Andrews of North Dakota.
Mr. Anderson of Illinois with Mr. Boland.
Mr. Mitchell of Maryland with Mr. Bonker.
Mrs. Boggs with Mr. Beard of Tennessee.
Mr. Gradison with Mr. Gude.
Mr. Brinkley with Mr. Haley.
Mr. Harrington with Mr. Brown of Ohio.
Mr. McCormack with Mr. McFall.
Mr. Hefner with Mr. Melcher.
Mr. Gibbons with Mr. Broyhill.
Mr. Cederberg with Mr. Evans of Indiana.
Mr. Danielson with Mr. Crane.
Mr. Mezvinsky with Mr. Hughes.
Mr. Downing of Virginia with Mr. Jarman.
Mr. du Pont with Mr. Mills.
Mr. Horton with Mr. Thornton.
Mr. Sarasin with Mr. Patten.
Mr. Reuss with Mrs. Spellman.
Mr. Stark with Mr. Charles H. Wilson of California.
Mr. Zeferetti with Mr. Risenhoover.
Mr. Rooney with Mr. Sikes.
Mr. Seiberling with Mr. Roush.
Mr. Johnson of Colorado with Mr. Montgomery.
Mr. Nix with Mr. Udall.
Mr. O'Brien with Mr. Sebelius.
Mr. Walsh with Mr. Simon.
Mr. Railsback with Mr. Rees.
Mr. Emery with Mr. Edgar.
Mr. Eilberg with Mr. Heinz.
Mr. Hillis with Mr. Frey.
Mr. McDade with Mr. McKay.
Mr. Ullman with Mr. Whitten.
Mr. Pickle with Mr. Hutchinson.
Mr. Steiger of Wisconsin with Mr. Schneebeli.
Mr. Charles Wilson of Texas with Mrs. Schroeder.
Mr. Moakley with Mr. James V. Stanton.
Mr. Lent with Mr. Moffett.
Mr. Lloyd with Mr. Stephens.
Mr. Schulze with Mr. Martin.
Mr. Russo with Mr. Wydler.
Mr. Symms with Mr. Madden.
Mr. Taylor of Missouri with Mr. Maguire.
Mr. Ryan with Mr. Mollohan.
Mr. McCloskey with Mr. Van Deerlin.
Mr. McEwen with Mr. Howe.
Mr. Pritchard with Mr. Young of Alabama.

Mr. KREBS changed his vote from "yea" to "nay."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. MILLER of Ohio. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 208, nays 9, not voting 215, as follows:

[Roll No. 412]

YEAS—208

Albert
Ambro
Anderson, Calif.
Andrews, N.C.
Ashbrook
Aspin
AuCoin
Bafalis
Baucus
Bedell
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Brademas
Breaux
Breckinridge
Brodhead
Brooks
Brown, Mich.
Burgener
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Clausen, Don H.
Clawson, Del
Cochran
Cohen
Collins, Ill.
Conable
Conyers
Corman
Cornell
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Davis
de la Garza
Delaney
Dellums
Derrick
Derwinski
Devine
Dickinson
Diggs
Dingell
Downey, N.Y.
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edwards, Ala.
Edwards, Calif.
English
Erlenborn
Evans, Colo.
Fenwick
Fisher
Fithian
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Gaydos
Giaimo
Gilman
Ginn
Goldwater
Gonzalez
Grassley
Guyer
Hammerschmidt
Hannaford
Harris
Hayes, Ind
Hechler, W. Va.
Heckler, Mass.
Henderson
Hicks
Holtzman
Howard
Hyde
Jeffords
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Kastenmeier
Kazen
Kemp
Kindness
Krebs
Lagomarsino
Leggett
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
McClory
McCollister
McHugh
Madigan
Mahon
Meeds
Meyner
Mineta
Minish
Mitchell, N.Y.
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nolan
Nowak
Oberstar
Obey
O'Neill
Ottinger
Passman
Patterson, Calif.
Pattison, N.Y.
Perkins
Pettis
Pike
Poage
Pressler
Preyer
Price
Quie
Quillen
Rangel
Regula
Rhodes
Robinson
Rodino
Roe
Rogers
Roncalio
Rose
Rosenthal
Rostenkowski
Roybal
Ruppe
St Germain
Sarbanes
Satterfield
Scheuer
Sharp
Shipley
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Solarz
Spence
Staggers
Stanton, J. William
Steed
Stokes
Stratton
Studds
Taylor, N.C.
Teague
Thompson
Thone
Tsongas
Vander Veen
Vigorito
Waggonner
Wampler
Weaver
Whalen
White
Wiggins
Wylie
Yatron
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki

NAYS—9

Armstrong
Bauman
Bennett
Collins, Tex.
Goodling
Harsha
Latta
Miller, Ohio
Shuster

NOT VOTING—215

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Ashley
Badillo
Baldus
Beard, R.I.
Beard, Tenn.
Bell
Boggs
Boland
Bolling
Bonker
Bowen
Brinkley
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Buchanan
Burke, Fla.
Cederberg
Chappell
Chisholm
Clancy
Clay
Cleveland
Conlan
Conte
Cotter
Crane
Daniels, N.J.
Danielson
Dent
Dodd
Downing, Va.
du Pont
Edgar
Eilberg
Emery
Esch
Eshleman
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Findley
Fish
Flood
Florio
Flowers
Fraser
Frenzel
Frey
Fuqua
Gibbons
Gradison
Green
Gude
Hagedorn
Haley
Hall
Hamilton
Hanley
Hansen
Harkin
Harrington
Hawkins
Hays, Ohio
Hébert
Hefner
Heinz
Helstoski
Hightower
Hillis
Hinshaw
Holland
Holt
Horton
Howe
Hubbard
Hughes
Hungate
Hutchinson
Ichord
Jacobs
Jarman
Johnson, Colo.
Jones, Okla.
Jordan
Karth
Kasten
Kelly
Ketchum
Keys
Koch
Krueger
LaFalce
Landrum
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lujan
Lundine
McCloskey
McCormack
McDade
McDonald
McEwen
McFall
McKay
McKinney
Madden
Maguire
Mann
Martin
Mathis
Matsunaga
Mazzoli
Melcher
Metcalfe
Mezvinsky
Michel
Mikva
Milford
Miller, Calif.
Mills
Mink
Mitchell, Md.
Moakley
Moffett
Mollohan
Montgomery
Mottl
Murphy, N.Y.
Nix
O'Brien
O'Hara
Patten, N.J.
Paul
Pepper
Peyser
Pickle
Pritchard
Railsback
Randall
Rees
Reuss
Richmond
Riegle
Rinaldo
Risenhoover
Roberts
Rooney
Roush
Rousselot
Runnels
Russo
Ryan
Santini
Sarasin
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Shriver
Sikes
Simon
Snyder
Spellman
Stanton, James V.
Stark
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stuckey
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Thornton
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Walsh
Waxman
Whitehurst
Whitten
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Yates
Young, Alaska
Zeferetti

The Clerk announced the following pairs:

On this vote:

Mr. Annunzio for, with Mr. Levitas against.
Mr. Hanley for, with Mr. McDonald against.
Mrs. Boggs for, with Mr. Mottl against.
Mr. Dominick V. Daniels for, with Mr. Roberts against.
Mr. Addabbo for, with Mr. Riegle against.
Mr. Zeferetti for, with Mr. Melcher against.
Mr. Koch for, with Mr. Traxler against.

Until further notice:

Mr. Cotter with Mr. Dodd.
Mr. Dent with Mr. Downing of Virginia.
Ms. Abzug with Mr. Beard of Rhode Island.
Mr. Pickle with Mr. O'Hara.
Mrs. Chisholm with Mr. Danielson.
Mr. Eilberg with Mr. Steiger of Arizona.
Mr. Pepper with Mr. Abdnor.
Mr. Boland with Mr. Buchanan.
Mr. Nix with Mr. Chappell.
Mr. Pritchard with Mr. Bell.
Mr. Bowen with Mr. Allen.
Mr. Reuss with Mr. Clay.
Mr. O'Brien with Mr. Beard of Tennessee.
Mr. Adams with Mr. Conlan.
Mr. Richmond with Mr. du Pont.
Mr. Cederberg with Mr. Edgar.
Mr. Risenhoover with Mr. Andrews of North Dakota.
Mr. Rinaldo with Mr. Esch.
Mr. Badillo with Mr. Brown of California.
Mr. Taylor of Missouri with Mr. Peyser.
Mr. Runnels with Mr. Burke of Florida.
Mr. Alexander with Mr. Randall.
Mrs. Sullivan with Mr. Cleveland.
Mr. Roush with Mr. Baldus.
Mr. Talcott with Mr. Paul.
Mr. Anderson of Illinois with Mr. Bonker.
Mr. Stuckey with Mr. Rees.
Mr. Rooney with Mr. Conte.
Mr. Patten with Mr. Brown of Ohio.
Mr. Ryan with Mr. Emery.
Mr. Brinkley with Mr. Archer.
Mr. Railsback with Mr. Russo.

Mr. Stephens with Mr. Clancy.
Mr. Ashley with Mr. Symington.
Mr. Rousselot with Mr. Broyhill.
Mr. Broomfield with Mr. Crane.
Mr. Steiger of Wisconsin with Mr. Murphy of New York.
Mr. Johnson of Colorado with Mr. Hamilton.
Mr. Holland with Mr. Haley.
Mr. Fary with Mr. Santini.
Mr. Sikes with Mr. Evans of Indiana.
Mr. Hefner with Mr. Hungate.
Mr. Montgomery with Mr. Seiberling.
Mr. Fascell with Mr. Helstoski.
Mr. Jones of Oklahoma with Mr. Hansen.
Mr. Horton with Mr. Fraser.
Mr. Fish with Mr. Steelman.
Mr. Shriver with Mr. Green.
Mr. Hays of Ohio with Mr. Jarman.
Mr. Flood with Mr. Findley.
Mrs. Schroeder with Mr. Hutchinson.
Mr. Hughes with Mr. Fuqua.
Mr. Frenzel with Mr. Simon.
Mr. Moakley with Mr. Harkin.
Mr. Gibbons with Mr. Hall.
Mr. Stark with Mr. Sarasin.
Mr. Gradison with Mr. Heinz.
Mr. Hawkins with Mr. Mills.
Mr. Schulze with Mr. Frey.
Mr. Mitchell of Maryland with Mr. James V. Stanton.
Mr. Florio with Mr. Gude.
Mr. Hagedorn with Mr. Eshleman.
Mr. Hubbard with Mr. Moffett.
Ms. Jordan with Mr. Hébert.
Mrs. Spellman with Mr. Sebelius.
Mr. Thornton with Mrs. Mink.
Mr. Flowers with Mrs. Holt.
Mr. Mollohan with Mr. Mills.
Mr. Harrington with Mr. Snyder.
Mr. Treen with Mr. Miller of California.
Mr. Jacobs with Mr. Evins of Tennessee.
Mr. Hightower with Mr. Schneebeli.
Mr. Yates with Mr. Udall.
Mr. McDade with Mr. Lundine.
Mr. Mann with Mr. Floyd.
Mr. Ullman with Mr. Waxman.
Mr. Mathis with Mr. Matsunaga.
Mr. Lehman with Mr. Charles H. Wilson of California.
Mr. Metcalfe with Mr. Van Deerlin.
Mr. Wolff with Mr. Wirth.
Mr. McFall with Mr. Lujan.
Mr. Bob Wilson with Mr. Krueger.
Mrs. Keys with Mr. McCormack.
Mr. Milford with Mr. LaFalce.
Mr. Wright with Mr. Martin.
Mr. Charles Wilson of Texas with Mr. Vander Jagt.
Mr. Ketchum with Mr. Kelly.
Mr. McKinney with Mr. Whitten.
Mr. Kasten with Mr. Mazzoli.
Mr. Walsh with Mr. Litton.
Mr. Wydler with Mr. Maguire.
Mr. Mikva with Mr. Vanik.
Mr. Landrum with Mr. Karth.
Mr. Winn with Mr. Mezvinsky.
Mr. Young of Alaska with Mr. McKay.
Mr. McEwen with Mr. Howe.
Mr. Madden with Mr. Lent.
Mr. McCloskey with Mr. Whitehurst.

Mr. BAUCUS changed his vote from "nay" to "yea."

POINT OF ORDER

Mr. BAUMAN. Mr. Speaker, a point of order.

The SPEAKER. Who is raising the point of order?

Mr. BAUMAN. Mr. Speaker, the gentleman from Maryland; who else?

The SPEAKER. The gentleman will state his point of order.

Mr. BAUMAN. Mr. Speaker, is it correct that at this time 217 is a quorum under the rule?

The SPEAKER. The gentleman is correct. There are three missing **Members.**

Mr. BAUMAN. And the total vote on the last rollcall was what?

The SPEAKER. I think it was 219.

Mr. BAUMAN. It is 217 at this point?

The SPEAKER. The gentleman's point is not a point of order. The gentleman is overruled.

The Chair enjoys talking to the gentleman, but is rather tired tonight.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. SLACK. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous matter on the bill (H.R. 14239) just passed, also on the Holtzman amendment and on the Leggett amendment on the foregoing bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

LEGISLATIVE PROGRAM

(Mr. RHODES asked and was given permission to address the House for 1 minute.)

Mr. RHODES. Mr. Speaker, I take this time to ask the distinguished majority leader, if the gentleman desires to do so, to explain to us this schedule which I have that says "tentative No. 3," which looks like a shopping list. Would the distinguished gentleman care to explain that?

Mr. O'NEILL. Mr. Speaker, will the distinguished minority leader yield?

Mr. RHODES. I would be happy to yield to the distinguished majority leader.

Mr. O'NEILL. Mr. Speaker, I am delighted to see the gentleman from Arizona back. I know that the gentleman was on television this evening on company time plugging the gentleman's book.

I hope it increases the sales.

Mr. RHODES. I thank the gentleman. I want to tell the gentleman that I used his name a couple of times. I am sure that will help the sale of the book.

Mr. O'NEILL. Mr. Speaker, the program for the House of Representatives for the week of June 21, 1976, is as follows:

The House will meet at 12 noon on Monday. On Tuesday, Wednesday, Thursday, and Friday, the House will meet at 10 a.m.

In addition to the program listed, the following authorization bills will be considered during the week, not necessarily in this order:

H.R. 6218, Outer Continental Shelf Act amendments, votes on amendments and bill;

H.R. 12944, Federal Insecticide, Fungicide, and Rodenticide Act extension, open rule, 1 hour of debate, rule previously adopted;

H.R. 11743, national agricultural research, votes on amendments and bill;

H.R. 10133, USDA executive adjustments, open rule, 1 hour of debate, rule previously adopted;

H.R. 9398, Economic Development Act amendments, open rule, 1 hour of debate;

H.R. 13616, Law Enforcement Assistance Administration, open rule, 2 hours of debate;

H.R. 13777, public land policy and management, open rule, 2 hours of debate;

H.R. 8401, nuclear fuel assurance, open rule, 1 hour of debate;

H.R. 11909, Indian Claims Commission, open rule, 1 hour of debate;

H.R. 2525, Indian health care improvement, open rule, 2 hours of debate;

H.R. 7743, Pennsylvania Avenue Development Corporation, subject to a rule being granted.

On Monday, we will have the Consent Calendar, followed by suspensions. Votes on suspensions will be postponed until the end of all suspensions.

The suspensions are as follows:

S.J. Res. 203, emergency technical provisions to Higher Education Act;

H.R. 14299, disability compensation for disabled veterans;

H.R. 14298, disability and death pension for veterans;

S.J. Res. 49, codification of rules and customs of American flag;

H.R. 14394, Federal Energy Administration 3-month extension;

H.R. 13711, Horse Protection act amendments;

H.R. 9689, translator broadcast station operations.

Mr. Speaker, may I say at this particular time that it is the intent to rise at 2 o'clock on Monday by previous agreement, and to vote on the bills that have been taken up. Any suspensions that are not completed will be added on to the Tuesday schedule.

The following suspensions will be taken up on Tuesday:

S.J. Res. 196, honoring James Smithson;

H.R. 8125, revision of excise tax structure on large cigars;

H.R. 9889, extension of time to amend charitable remainder trust governing instrument;

H.R. 10051, tax treatment of certain distributions of life insurance companies;

H.R. 12254, suspension of duty on certain bicycle parts and accessories;

H. Res. 1216, small post office closings;

H.R. 13955, Bretton Woods Agreement Act amendment;

H.R. 12505, Smithsonian additional authorization;

S. 2853, food stamp vendor accountability.

Following the suspensions, we will take up H.R. 14233, HUD-independent agencies appropriations, fiscal year 1977.

That will be followed by unfinished authorization bills as listed, if we finish the business within a reasonable time.

On Wednesday, the House meets at 10 a.m. The first bill will be S. 3201, public works development, conference report. Following that, we will have H.R. 14232, Labor-HEW appropriations, fiscal year 1977.

We will continue with the unfinished authorization bills.

On Thursday, we will take up H.R. 14260, foreign assistance appropriations, fiscal year 1977; followed by H.R. 14234, transportation appropriations, fiscal year 1977.

Then, we will take up unfinished authorization bills as listed previously.

On Friday, we will take up H.R. 14231, Interior appropriations, fiscal year 1977; to be followed by unfinished authorization bills listed previously.

Conference reports may be brought up at any time. Any further program will be announced later.

Mr. RHODES. Mr. Speaker, I would like to ask the distinguished majority leader if there is any agreement as to the time of the adjournment on Monday next.

Mr. O'NEILL. Mr. Speaker, on Monday next, it is our understanding, because of previous commitments, which are annual in nature, that we will rise at 2 o'clock. Any votes that are going to take place will take place at that time.

Mr. RHODES. Mr. Speaker, may I further ask the distinguished majority leader if we can arrive at some time, or if some time will be announced later in the week, for a possible adjournment time on Friday. Today it is a quarter of nine.

We only have one appropriation bill scheduled for that day, but, of course, there would be a possibility of unfinished authorization bills being scheduled for that day. I think it would be convenient if the Membership could have some idea of what the actual program for Friday would be, say by Wednesday, or some such time as that. Is that a possibility?

Mr. O'NEILL. Mr. Speaker, if we can get cooperation from the gentleman's side and get the rollcalls out of the way, then I am certain we can rise at a reasonable hour. I regret being so blunt, but that is the way it is.

Mr. RHODES. I understand that. I do not intend to press my good friend, but I do hope by the time Wednesday rolls around that we will get some idea as to what will happen on Friday.

Mr. O'NEILL. We will try to do that.

Mr. RHODES. I thank the gentleman.

ADJOURNMENT TO MONDAY, JUNE 21, 1976

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

COMMUNICATION FROM CHAIRMAN OF COMMISSION ON INFORMATION AND FACILITIES

The SPEAKER laid before the House the following communication from the Chairman of the Commission on Information and Facilities, which was read and ordered to be printed:

WASHINGTON, D.C.,
June 18, 1976.

Hon. CARL ALBERT,
Speaker of the House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: The House Commission on Information and Facilities was directed by House Resolution 988, 93rd Congress, to study "the information problems of the House of Representatives against the background of the existing institutions and services available to the House."

In working toward this directive, the Commission's Task Force on Information Resources has compiled an annotated inventory of such existing institutions and services. The inventory is being published in sections. Part one, information resources available in and from the House of Representatives, has been completed and is transmitted herewith.

Sincerely,

JACK BROOKS,
Chairman.

COMMUNICATION FROM CHAIRMAN OF COMMISSION ON INFORMATION AND FACILITIES

The SPEAKER laid before the House the following communication from the Chairman of the Commission on Information and Facilities, which was read and ordered to be printed:

WASHINGTON, D.C.,
June 18, 1976.

Hon. CARL ALBERT,
Speaker of the House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: House Resolution 988 of the 93rd Congress, which established the Commission on Information and Facilities, directed the Commission, among other things, to study the Office of Technology Assessment, the Congressional Research Service and the General Accounting Office and "the organizational framework which makes them effective or ineffective." The Committee on Appropriations, in House Report 94–208, also expressed an active interest in these studies.

The first in this series of studies, devoted to the organizational effectiveness of the Office of Technology Assessment, has been completed, and it is transmitted herewith.

Sincerely,

JACK BROOKS,
Chairman.

"COAL SLURRY PIPELINE—12" PIPELINES POSE DANGER TO CONSUMERS

(Mr. SKUBITZ asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. SKUBITZ. Mr. Speaker, beginning with May 26, I have called attention to the House of a bill, H.R. 1863, the coal slurry pipeline bill, which is now pending before the House Interior Committee. This bill would grant Federal powers of eminent domain to the slurry pipelines.

I have discussed the question of eminent domain, this can be found on page 15521 of the May 26 RECORD; the fact that this is transportation legislation not energy legislation, page 15878 of the May 27 RECORD; the railroad capability of handling the increased coal production, page 16078 of the June 1 RECORD; the effect of coal transportation on railroad economic viability, page 16246 of the June 2 RECORD; on June 3, I spoke of the railroad industries innovative handling of coal, this is on page 16740; on June 7 I spoke of the slurry pipeline lobby, which is on page 16805; June 8 I spoke on the question of whether a study by the Office of Technology Assessment should precede congressional action on a slurry pipeline bill, this is on page 16902; June 10 I spoke on the fact that railroads can haul coal without the need for new laws, this can be found on page 17594; June 11, I spoke on how slurry needlessly exploits valuable water resources, which can be found on page 17795; June 14 I spoke on the subject of how slurry pipelines are environmentally unsound, this can be found on page 17889; on June 16 I spoke on the inability of the slurry pipeline to be a common carrier, this can be found on page 18719.

Today I intend to discuss the danger pipelines pose to consumers.

The strongest pitch of those who seek the passage of H.R. 1863, the Coal Slurry Pipeline Act, is based on the claim that pipelines would deliver coal at lower rates than would be charged by the railroads.

Mr. Floyd Lewis, the president of Middle South Utilities and a potential pipeline customer, told the Interior Committee that $14 billion could be saved over a 30-year period by using pipeline-delivered coal instead of coal delivered by the railroads.

Close examination revealed that Mr. Lewis had arrived at this figure by assigning unrealistically low rates to pipelines and unrealistically high rates to railroads and then applying a constant 4-percent annual escalation to a tiny portion of the pipeline rate while applying a constant 5-percent annual escalation to the entire rail rate. He also assumed level deliveries of 25 million tons of coal per year for 30 years despite the fact that the utility would not use that kind of tonnage every year—and despite the fact that Middle South has been forbidden to build the kind of utility complex that could burn that much coal.

The recently released Hudson Institute Report suggested that pipeline rates would start out substantially higher than rail rates and—because of the admittedly lower vulnerability to inflation inherent in the pipeline operation—would eventually be passed by the rail rate. But the Hudson Report estimated that this might not happen for 17 to 20 years.

If the Hudson estimates are accurate, the effect would be that today's utility customers would pay a higher price than necessary in order that some hypothetical savings might be realized by customers 20 years in the future. And remember—those so-called savings would be in inflated dollars, thus lessening their value still further. Assuming that the savings would indeed be passed along—when they came along—it could hardly be considered prudent management to deliberately seek a higher price today in order to get a lower price 20 years from now.

But let us try to get at this thing from another angle. Let us suppose that the pipeline claims are true and that the customers of Middle South's subsidiary, Arkansas Power and Light, and the customers of utilities served by the other planned pipelines would get power at a lower rate than would otherwise be possible. I do not believe it, but let us grant it for the moment.

What about all the other consumers? The damage caused to the railroads by the pipelines' cream-skimming would surely result in higher rail rates than would otherwise occur. Thus, those who bought electric power generated by rail-delivered coal would pay much more, in order that a select few could pay less. And, of course, rail rates would not just rise on coal. They would rise on the whole range of commodities carried by the railroads, increasing retail prices on a great number of consumer goods.

The worst thing is that damage to the railroads, necessitating rail rate increases, would come even if the pipelines fail to live up to their claims. The traffic would still be denied to the railroads.

Permit me to quote from the hearings on page 920, here Mr. Menk points out that a 2-year study carried on by the Burlington Northern and the Bechtel Corp. the major participant in ETSI would not turn a profit:

> In view of the opportunities and risks entailed in the evolving new opportunities for the transportation of western coal, my company would have been fool-hardy in the extreme had we not carefully studied the potential competition from slurry lines. For that matter, as the owner of extensive railroad rights of way that easily could serve as pipeline rights of way, we thoroughly considered the feasibility of our own participation in the coal slurry line business. This work was accomplished during a two-year study carried out in cooperation with Bechtel, Inc., a major construction engineering company and one of the companies that, with Lehman Bros., the New York financiers, is now joint-venturing Energy Transportation Systems, Inc. We have also examined and remain up to date as to anticipated needs for coal by Middle South Utilities a company, which it will be recalled, is a principal corporate sponsor of the eminent domain bills. In any event, our joint study—which ran the gamut of modern costing techniques, including elaborate computer programs—demonstrated to our satisfaction that, save for possible special situations, coal slurry lines in our territory probably will not be self-supporting in the foreseeable future. We were impressed, however, with the fact that Bechtel wants very badly to get contracts to build these enormously expensive facilities. We were impressed also with the many policy considerations which compel the conclusion that usually slurry line construction is contrary to the public interest.

I have already discussed the low estimates of the ETSI spokesmen. Their profit computations are apparently based on these estimates—yet the estimates do not take into account modifications in the system that they themselves have outlined. Certainly, the estimates do not allow for any sort of problem in construction or operation.

For example, to operate at top efficiency the pipeline must operate at, or near, capacity. But, as I have pointed out, no facility exists which could use the capacity of the planned ETSI line. If the line operates at much less than capacity, unit costs go up dramatically.

According to the testimony of pipeline proponents, unit costs will also go up dramatically if there is a requirement that the water used be returned to its source—as a recent statement by Interior Secretary Kleppe suggests might be the case.

So what would happen if the pipelines are built and then are unable to match rail unit train rates? Possibly everyone could end up paying more for electric power. Another possibility—distressingly real to those of us who have been in Congress for several sessions—is that the pipeline operators will come back to Washington in search of a subsidy, basing their supplication on the same questionable claims of necessity they are now using.

All of this points to the need for study. For study by the Office of Technology Assessment. For careful review of this proposed legislation by a committee charged with viewing it in the light of its effect on the national transportation system.

INVESTIGATION OF DUTIES OF MR. HAYS SHOULD CONTINUE

The SPEAKER pro tempore (Mr. BENNETT). Under a previous order of the House, the gentleman from Iowa (Mr. GRASSLEY) is recognized for 5 minutes.

Mr. GRASSLEY. Mr. Speaker, for several weeks now the national news media and this Congress have been talking about Ohio Congressman WAYNE HAYS, concentrating mainly on his functions as chairman of the House Administration Committee.

All of us, however, seem to have overlooked an area where Mr. HAYS has far more power and influence over our national policy and our national budget. As chairman of the House International Operations Subcommittee of the House International Relations Committee, Mr. HAYS oversees the acquisition, sale, furnishing, and maintenance of billions of dollars worth of U.S. property abroad.

It has come to my attention that questions have been raised about the handling of State Department properties since Mr. HAYS took the subcommittee chairmanship. Consequently, my office is vigorously looking into this matter.

I regret that any investigation is necessary. But I believe that I would be shirking my duties to my constituents if I did not attempt to insure that their tax dollars are being spent in the public interest.

COMMENDABLE EFFORTS ARE UNDERWAY IN THE DEPARTMENT OF DEFENSE TO REDUCE THAT DEPARTMENT'S COMPETITION WITH THE PRIVATE SECTOR

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KEMP) is recognized for 15 minutes.

Mr. KEMP. Mr. Speaker, efforts are underway within the Department of Defense to reduce that Department's competition with the private sector in providing the goods and services needed by Government. These efforts deserve our support.

On February 19 of this year, I introduced House Joint Resolution 818. This resolution is receiving growing support within Congress and the private sector. It now has 46 cosponsors in the House and 10 in the Senate. The measure is designed to reassert the principle embodied in OMB Circular A–76—that it is and ought to remain the general policy of the Government to rely upon private commercial sources for the goods and services which it needs. This policy has been more often observed in the breach than in compliance in recent years, and that breach has produced a number of losses for the country.

The taxpayers have lost. A dollar spent in-house simply does not buy the same level of productivity as one spent in the private sector.

The economy has lost. Real wages, aggregate personal income, and the gross national product simply do not grow as quickly when large percentages of expenditures are made by and within Government.

Employment has lost. Dollars spent in Government do not create as many jobs.

Competition has declined. Government is forcing itself into obtaining more and more of its goods and services without the benefits of competition.

The adequacy of investment capital has declined. The private sector has lost part of the capital base it needs for facility expansion and employment.

And America's technological lead over other industrialized nations is being lost. In large measure this is because of the way in which increasing percentages of the innovative, creative processes are being moved into the often less imaginative environs of the bureaucracies.

Government simply has no business being in business.

The heightened interest in this issue has brought about a difference of opinion as to what approach to take to resolve it. On the one hand, it is argued that nothing is really wrong with what is now on the books, that the only thing we need to do is to assure more comprehensive managerial compliance with the policy. This is the position of the Office of Management and Budget and its Office of Federal Procurement Policy. On the other hand, it is argued that there are built-in deficiencies in that approach, that the issue can be finally resolved only by a process in which the traditional carrot and stick are made to operate. This is my position and that of many, and let me explain why.

There are three reasons why the position taken by OMB and OFPP will probably not bring about the changes essential to preserve the policy expressed in circular A–76.

First, the free enterprise economy—the economy of the private sector—dictates that waste and duplication be guarded against. In such an economy it is in a person's self-interest to serve the interests of others. In order to gain access to material goods and thus satisfy his own wants and needs, a person must first earn income by supplying in a market something which is valued by other people. This individual must of necessity consider the wants and needs of others. This is the way to assure the greatest growth in the common good too, for the best way to promote the welfare of all the people is to allow people the maximum amount of personal liberty, individual action, and freedom of enterprise.

These self-interests do not stop in a person when he assumes a position in Government. The market restraints which channeled that self-interest to the benefit of society do stop. Without these market restraints, the pursuit of self-interest can become identified too readily with those of government, or one of its departments or agencies, or one's own position within it. For example, a problem resolved is one less from which to justify increases in statutory or regulatory power and agency authority, and one less from which to justify more funds and staff slots in the budget and management process. In a Government of fiercely vying interests among departments and agencies for percentages of overall employee slots and funds, the greater the likelihood of getting them if you have more and more to do—year after year. The best way to assure this, of course, is to constantly add to the workload. And the best way to do that is to finish less and less. Delay is the best way to do it. This observation is not to cast a blanket aspersion on Government employees' conduct, for this is often an unconscious process. But the consequences are the same.

Second, there is usually no formal advocate for the principles embodied in A–76 within each department's and agency's decisionmaking process, and in that world of vying interests to which I have just referred, unless a set of principles has its advocates, it tends to be ignored.

Third, the nature of the internal decisionmaking process within the departments and agencies on whether to perform a specific task in-house or by contract with the private sector permits those who would benefit most by in-house performance—employees of the departments and agencies—to exercise the responsibility of making the decision. I think we fail miserably to understand both human nature and the bureaucratic process, if we believe the process is not sent awry by the lack of higher or independent review.

In recent weeks, a ray of hope has focused on this issue. It comes in the form of an address by the Assistant Secretary of Defense for Procurement, Dale Babione, before a regional symposium last month of the National Contract Management Association. Having spent what appears to be a substantial amount of time analyzing the basic, fundamental problems of enforcing A–76 policy, Assistant Secretary Babione has pinpointed certain organizational, procedural, and policy weaknesses and has proposed specific solutions to them. He is now involved, on behalf of DOD, in trying to win approval of these changes from OFPP, approval which should be forthcoming if OFPP is committed adequately to bringing about the managerial reform to assure compliance which it has outlined as its goal in its correspondence with me and others.

As someone who has been at the forefront of this issue in the House, as someone very much committed to a preservation of the private enterprise system, and as a member of the Committee on Appropriations and its Subcommittee on Defense, I intend to follow the resolution of this issue closely. I have already served notice that if the circumventions of A–76 policy are not brought into line by the managerial reform to which OMB and OFPP have committed themselves, that Congress will be left with little choice but to start rewriting the law in this regard.

At this point in today's proceedings, I wish to read into the Record the text of Assistant Secretary Babione's remarks in Williamsburg. They are an important step in the right direction, one I hope will be followed in other departments and in the agencies. The text follows:

Remarks of Hon. Dale Babione, Deputy Assistant Secretary of Defense for Procurement, at the 1976 Northeastern Regional Symposium of the National Contract Management Association, Williamsburg, Va., May 13–14, 1976

My area of interest today covers the views and recommendations of DoD on application and implementation of OMB Circular A–76. This problem originates from the efforts of our forefathers to provide the necessary implements of war required to supply our military needs. From the very beginning of this nation, we have used both the private sector as well as government employees to meet this need. We must remember, however, that our economic system is based primarily upon private enterprise, regulated wherever necessary to prevent monopoly and to provide for freedom of competition. The strength of the private enterprise system is that it generates initiative, ingenuity, inventiveness and unparalleled productivity.

The government creates business-type enterprises in economic emergencies, in the emergencies of war, and in the development of projects that are not adapted to private enterprise because of their peculiar nature or the magnitude. A very large portion of the government business-type enterprises originated in World War I, the Depression, and World War II.

A special committee of the House of Representatives in 1933 made a study and found 232 government commercial enterprises from World War I still in existence 14 years after the war was over. One reason that these agencies tend to perpetuate themselves is that by the time their original tasks have been completed, their personnel and the citizens in the community where they operate resist termination.

Both Hoover Commissions studied the problem of government competition with private enterprise and made a series of recommendations concerning the reduction or elimination of this phase of government operations.

The Hoover Commission found, for example, that in 1954 the five coffee roasting plants owned by the DOD employed over 100 people and their total cost of operations was estimated at $3.4 million, excluding the cost of green coffee. Their production amounted to about 80 million pounds which was less than 5% of civilian production in the United States. The Hoover Commission Report tells us that there were nearly 400 qualified coffee roasters and grinders in the United States at that time. In other words, private enterprise had the capacity to meet the Armed Services' demand. There certainly were no military aspects to this government operation. The military services claimed that there was a matter of quality control.

Efforts were made in the Eisenhower Administration to come to grips with the problem of government competition with private enterprise. Starting in 1955, the Bureau of the Budget issued a series of bulletins addressed to the heads of the executive branch departments and agencies to carry out the general policy that the Federal Government will not start or carry on any commercial activity to provide a service or product for its own use if such product or service can be procured from private enterprise through ordinary channels, OMB Circular A–76 which was revised in August of 1967 is the current statement of national policy.

Secretary McNamara, in his letter of 1964 to the Secretaries of the military departments and defense agencies, stated: "It is our objective to assure that the Department of Defense is equipped to perform efficiently and effectively all of those functions that are essential to military readiness. After having made this determination, it is our objective in regard to other activities to select that arrangement consistent with civil service laws and regulations which produces the lowest overall cost, i.e., performance in-house, by other federal agencies, or by contract." This general philosophy was later incorporated into OMB Circular A–76, the statement of national policy.

Provisions of A–76 established a preference for maximizing the use of private enterprise unless one of the following exceptions existed:

Procurement of a product or service from a commercial source would disrupt or materially delay an agency's program.

It is necessary for the government to conduct a commercial or industrial activity for the purposes of combat support or for individual and unit retraining of military personnel or to maintain or strengthen mobilization readiness.

A satisfactory commercial source is not available and cannot be developed in time to provide a product or service when it is needed.

The product or service is available from another Federal Agency.

Procurement of the product or services from a commercial source will result in higher cost to the government.

This circular established a 10 percent cost factor in favor of using contractors in lieu of government sources. It also required the taking and maintaining of an annual inventory of all in-house activities operated and managed by the government. It required that these activities be reviewed on a cyclic basis to determine whether or not they could be done commercially. The entire inventory of activities is reviewed over a three-year period. Approximately one-third of these activities is reviewed each year. Under a special dispensation which the Defense Department obtained from the OMB, the DoD has been permitted to decentralize this review activity down within the military departments.

We in the Defense Department have implemented the national policy stated in OMB Circular A–76 by issuing DoD Directive 4100.15 "Commercial or Industrial Activities" and DoD Instruction 4100.33, "Commercial or Industrial Activities—Operation of."

The Commission on Government Procurement made a series of recommendations relative to management of the commercial and industrial program but there was no unanimity of opinion. The Commission recommended in Recommendation A–22 that the provisions of Circular A–76 be enacted into law. Recommendation A–23 provided that agencies should rely on contractual sources for any product or services costing $100,000 or less without making a cost study. Recommendation A–24 suggested the use of fully allocated cost rather than the incremental approach. Recommendation A–25 called for the increase of the threshold to $100,000 for either new capital investment or operating costs. Recommendation A–26 provided for a revised cost differential increasing it from the present 10% to a maximum 25%. Of this, 10% would be fixed and 15% would be flexible, depending on circumstances.

In addition, the Commission also provided for the establishment of the Office of Federal Procurement Policy. The OFPP now has surveillance over OMB Circular A–76. We have been working closely with Mr. Witt to administer the program within the Department of Defense.

At this point, it might be helpful if we looked at the size of the universe of this program within the Defense Department . . . The annual inventory for 1975 shows over 8,200 activities which are included as individual commercial and industrial activities. We have 273,000 civilian manyears repesented by in-house performance and 95,000 military manyears also devoted to performance of commercial and industrial activities in-house for a total of 368,000 manyears devoted to DoD in-house efforts. We have $4.9 billion as the cost of operation of our in-house effort and $9.9 billion invested in plant equipment necessary to carry out our in-house effort.

As far as the contractual side of the house is concerned, it is rather difficult to know precisely how many people are involved because of the mixture of government work with the private sector, but the OSD Comptroller has used the Bureau of Labor statistics analysis to develop estimates of Defense related employment in industry and they indicate that for 1975, 1.635 million people were accounted for under this category.

Any program of this size is bound to have certain impacts on other agencies of government. We find that first the commercial and industrial program impacts upon various committees of Congress. For example, the Post Office and Civil Service Committee whose constituency is primarily government employees, has a strong interest in the employment of civil service personnel. The unions are opposed to the contracting out of additional government functions. On the other hand, the Small Business Committees of the Congress are interested in having small businesses obtain government contracts. In some instances where we have small business contracting activity at a base, the small business community would not like having a large contractor came in and take over a major segment of the support services. In other words the type of contract we have at Vance AFB where one company performs a whole host of support services. This conceivably could lead to a reduction of small business shares of contracts.

The Committee on Government Operations has always been interested in our activities and we have appeared at the hearings conducted on various facets of our operations.

The Appropriations Committee from time to time has indicated a strong interest in our activities and at those conditions which prevent us from going on contract. Perhaps the best example of this is the Navy's intent of 1973 to contract out part of the operational program for the Missile Range at Point Mugu, California. This involved a significant amount of contracting and called for the elimination of 1,400 government employees plus 225 military personnel. Strong objection to this action was voiced to DoD and Congress by civil service people and their representatives. Subsequently, the Defense Appropriation Bill containing the following statement was approved by the House of Representatives: The managers are in agreement that none of the funds provided in this Act shall be available to contract out the operation of the Point Mugu Missile Range. The managers are in agreement with the House position that the Navy shall continue to operate the Point Mugu Missile Range with government military and civilian personnel.

Even though we had that action by the Congress in 1973, we had in the DoD Appropriation Authorization Act for 1974 and 1975 a provision for the use of contractual manpower when that manpower was less expensive. The Act of 1975 in Section 502 provides: "It is the sense of Congress that the Department of Defense shall use the least costly form of manpower that is consistent with military requirements and other needs of the Department of Defense. Therefore, in developing the annual manpower authorization requests to the Congress and in carrying out manpower policies, the Secretary of Defense shall, in particular, consider the advantages of converting from one form of manpower to another (military, civilian, or private contract) for the performance of a specified job. A full justification of any conversion from one form of manpower to another shall be contained in the annual manpower requirements report to the Congress required by section 138(c)(3) of Title 10, United States Code."

In addition to the civilian personnel problems and the small business problems there are certain other areas that present problems when you start contracting out. These are both within the civil service personnel programs. For example, veterans preference and minority hiring may present a problem if the contracting is to displace people in these categories. Another factor is the legal aspect of contracting functions in view of the Civil Service Commission—General Counsel opinion. We have to be sure that the contract is performed in compliance with the civil service rules and regulations. We have recently had a number of GAO studies of both in-house and contract performance of functions and that organization seems to be devoting more and more attention to the full implementation of OMB Circular A–76 within the Executive Department.

In our survey of the problem of administering this program within the Department of Defense, we feel there are certain organizational, procedural and policy weaknesses which need correction.

Organizational—With the continuing constraints on personnel, the Secretaries of the Military Departments have not been able to designate a person in the Secretary's office to give his special attention to this program. The only one that has designated a point of contact in the Secretary's office is the Air Force. The other two departments have not. All of the departments have personnel assigned to this program at the chief of staff level.

Procedural—(1) With the establishment of a $50,000 threshold, we find that in Defense, with over 8,200 activities within the inventory which require a review once every three years, then each department (Army, Navy, Air Force and DSA) must do about 700 reviews each year. The review is generally carried out at the same level that the function is performed. In other words, the individuals responsible for the in-house effort may not always evaluate the review of alternative options for decision to a high enough management level to insure complete objectivity. And I'm sure that you recognize, in the event that in-house functions are performed by contract, it usually impacts on the workforce.

We propose to deal with this problem by improving the effectiveness of the review process. We feel that there should be some additional procedural controls established. We will require a review of any decision to continue in-house to be approved at the next higher level.

(2) A second thing we will do is to ask the OSD audit people to make a limited number of visits to each of the military department field stations, say ten stations for each of the departments each year, and perform a detailed audit of the management of the commercial and industrial program at those bases with particular reference to the validity of the reviews of those functions. In addition to this, we would require that all in-house cost estimates must be validated by our staff.

(3) We believe there should also be a new uniform procedure providing for a firm bid or proposal. This procedure is now used by the Air Force. The in-house people make up a bid as to the cost of their performance of the function. This is to be validated by audit, sealed and opened along with bids from the private sector—competition. A public bid opening subject to scrutiny! Then the contract is awarded to the low bidder—either the private sector or continued in-house.

This introduces the element of competition within the in-house side of the operation and forces them to be productive or they may lose the opportunity to perform the function at all.

(4) We have proposed to OFPP certain procedural changes. These changes are in the cost analysis techniques which we use under our cost comparison approach when we decide whether to perform something in-house or by contract.

One of the items of concern here is the amount of cost that should enter into such cost analysis for the factor of retirement of Federal employees. We note that the Federal employee pays 7% of his salary into the retirement fund and the remaining cost is presumably made up by government contribution to this fund. In our implementing instructions of OMB Circular A–76, we charge about 7% as the government's contribution. People in industry tell us that this is not enough. We have brought this problem to the attention of OMB with the suggestion that they, in conjunction with the Civil Service Commission, advise us as to what the proper charge should be. A figure of 19–20% is being considered. If there is a significant increase in this 7% charge, it could be decisive in those cases where the direct manpower costs of in-house vs. contract are almost equal.

Another item: How do we handle the continuing inflation in the cost of Federal employment? We realize that a private businessman has to project any inflationary increase he may encounter when he makes his bid to perform a service for us. It seems only natural—to be fair—that we should project the possible inflationary costs that would result from Federal pay increases. This is another problem that we have posed to OMB so we will have a uniform figure to use throughout the government.

Another area of concern is the handling of the concept of "taxes foregone." When we put a function out on contract, the Federal Government gets back from that contractor an amount of money equal to his Federal taxes. We have proposed to the OFPP that they seek from Internal Revenue a figure updated periodically which would tell us as nearly as it can be ascertained what percentage of the total dollar intake from a government contact would come back to the government through the taxation process. This may vary from industry to industry and probably by geographic area.

The Arsenal Act covers procurement by the Army and stresses economy. GAO has interpreted this act to mean consider only out-of-pocket costs. These are naturally lower than the costs calculated under A–76 because of these add-on factors for A–76. We need to resolve this conflict to clarify our guidance.

Policy—(1) We believe there are certain policy changes that must be accomplished in the basic policy document, OMB Circular A–76, so as to make its application to Defense more realistic than it now is. We feel there should be certain interpretations made by the OFPP which would be helpful in Defense. The present threshold for including functions within the review cycle is $50,000 or more, established in 1967. Inflation alone has reduced the significance of that figure over the last several years. Nevertheless, we continue to review these functions. This is inefficient and expensive. By lifting the ceiling we will reduce the amount of work being done in the Military Departments and thereby enable them to do a better job in reviewing those functions which are meaningful from the standpoint of their potential for being accomplished by contract. We have suggested to OFPP that the operating cost threshold be increased from the present $50,000 to $200,000.

(2) In addition to the threshold change, we will shortly complete an analysis of the various functions being performed by the Military Departments (we inventory 101 functional categories) with the objective of selecting some functions (or groups of functions) which should be almost totally performed by contract.

(3) We also suspected that some of the functional packages are so small that contractors may not be interested in bidding. Unless we can group several of these small functions into one generic group—an economical size—and open them as one combined group for contracting, there is little likelihood that effective competition will exist. We plan to direct grouping to make them more attractive to industry.

(4) We are considering increasing contracting through expansion of the GOCO operation of all product manufacturing in the "X" series of 4100.33. In particular, stressing the contracting out of the audiovisual facilities in the military departments, the operation of the clothing factory operated by DSA in Philadelphia and other similar product manufacturing activities. In addition to products, we could extend the GOCO concept to warehousing and on-base maintenance activities both real and property and equipment maintenance. We will study this.

(5) While providing the Services more definite guidance as to what we expect them to accomplish in implementing OMB Circular A-76, we will also establish a goal for each service to increase the amount of work performed by contact but within the parameter of the firm bid concept previously discussed. This will have the effect of motivating them toward accomplishment. The procedural changes that I talked about will facilitate and expedite the process—better tools. I plan to keep a box score of progress made by the Services on a Fiscal Year basis.

In summary, we believe that there is a need for strengthening the organizational pattern for this program. We feel there are certain policy changes that should be made and certain procedural changes are necessary. I discussed with you the need we feel there is for establishing and assigning goals.

The resolution of these organizational, procedural and policy areas will do much to give clarity and objectivity to our in-house cost analysis approach to the decision-making processes when we are making cost decisions. By making it subject to audit validation and affording an opportunity for scrutiny by the bidders, we will insure that integrity is maintained. To develop sound procedural changes, the DOD plans to test for OFPP these revised procedures and policies.

Concurrent with our efforts to resolve the policy and procedural arrangements with OFPP, we have initiated action with the military departments and DSA and with the appropriate offices of OSD, namely, M&RA, Comptroller, DDR&E and Public Affairs, asking them to review the commercial and industrial program as it is now constituted in Defense to propose additional commercial and industrial categories we should add to strengthen this program. We are considering such new areas as: Training, ADP, missile site maintenance, health services and audiovisual activities. Certain areas or functions lend themselves more to contracting out than others. We will select these and emphasize to the military departments that these functional areas be performed by contract. The DOD is serious about increasing the amount of contracting out.

It has been a great pleasure to meet with you here today and discuss this very controversial subject of A-76.

CONSUMER COMMUNICATIONS REFORM ACT OF 1976

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Nebraska (Mr. McCOLLISTER). is recognized for 10 minutes.

Mr. McCOLLISTER. Mr. Speaker, recent actions by the Federal Communications Commission prompt me to cosponsor the Consumer Communications Reform Act of 1976. I believe this legislation is necessary to reaffirm congressional intentions on telecommunications policy as stated in the Communications Act of 1934. Namely, "to make available, so far as possible, to all the people of the United States, a rapid, efficient, nationwide and worldwide wire and radio communication service with adequate facilities at reasonable charges."

This policy was initially adopted as a means to address the problems of inefficiency, poor quality and higher costs which resulted from competition within the phone industry in the early part of this century. The 1934 Communications Act has allowed the phone industry to produce the world's finest telecommunications system for American consumers. Overall, our phone network has provided American consumers with efficient, modern and economical service. Over 94 percent of American homes have phone service, at rates which are among the lowest in the world. Certainly, the phone industry has well served the public interest. Accordingly, I find little rationale in the FCC's efforts to introduce competition into the industry as means of promoting the "public interest." Why in the name of "public interest" is it necessary to tamper with something that has served the public interest so well?

In the first place, what right does a regulatory agency, consisting of nonelected bureaucrats, have to determine or even gage the public interest. The Congress, as a body accountable to the people, is the proper governmental institution for determining the "public interest."

I am particularly concerned over the adverse impact on rural and residential users should the current policy change. In my State, small communities are spread many miles apart from each other. They rely heavily on phone service; for weather reports, emergencies and just keeping in touch with friends. Many of these people are finding it difficult to make ends meet due to inflationary prices. Indeed, these are the very people who have suffered the most from our recent economic problems. I am strongly convinced that the FCC regulations will have the most severe impact on these people in rural areas of the country and residential users in general. The cost and quality of basic telephone service to the average user is threatened.

Competition will bring to an end two key principles in pricing: the "value of service" concept and "cost averaging" of rates. The average residential user, in a sense, has his service subsidized by business firms and those phones in high density areas have paid more for their service because they have benefited from the availability of lower cost service. Thus, they have paid more for their service because it was worth more to them.

Long distance service also has subsidized local service. This subsidy has been particularly beneficial for rural customers, where sparse settlement makes the cost of service higher. This "cost averaging" of rates occurs on a national or regional basis. Thus phone costs to consumers in Scottsbluff, Nebr., will be the same for those in New York City for long distance calls of the same distance.

The telephone companies can compete effectively with nonregulated suppliers of telephones and other equipment. But to do so, it must depart from these two key pricing principles and adopt new rates reflecting actual costs. Accordingly, cost averaging seems far preferable in order to provide economical and quality nationwide phone service. That is why the FCC proposal is ill-advised. It would allow specialized companies, who are not required by the FCC to provide other services, to pick and choose those routes they wish to service.

I believe that such companies will select those in which costs are least, traffic is highest and profits are best. This would result in "cream skimming" leaving regulated carriers to provide service to marginal and high-cost areas. Thus, leaving customers of the regulated utilities to pick up the higher service charge that would be necessary. I would like to point out that the House Interstate and Foreign Commerce Committee, in the first session of the 67th Congress, examine this issue before recommending legislation which later became the Willis-Graham Act. The committee found that the duplication of telephone facilities "greatly increases the burdens which must be borne by the telephone users," and concluded that "the best telephone service can be rendered by one company, under proper regulation as to rates and service."

I realize my position on this particular issue puts me at odds with the "free enterprise" concept. Those who know my record, are aware of my staunch support of competition within the free market system. I recognize the concerns of those who argue that competition will lead to innovation and better quality of phone service. But what the FCC proposes is not "true" competition, but "contrived" competition. Such competition will not be in the public interest. In recent years, we have seen examples of Government regulated competition. None are more vivid than in the transportation industry. Our Nation's railroad system is certainly a prime example of contrived competition.

Additionally, we need to be concerned about the impact on the Nation's 1,600 small telephone companies. Under the FCC proposal, a registration plan becomes effective requiring manufacturers wishing to sell terminal equipment to register with the FCC so that the agency can make sure the equipment will not harm the phone system. Such a plan, like many others which come out of this city, results in an expensive, redtape procedure with the costs being borne by, who else, the consumer of course. Small telephone companies in my State tell me that they will be financially pressed to meet these additional costs and regulatory requirements, and still provide reasonable rates.

In spite of the wide range of concerns expressed on both sides of the issue, the FCC continues without the benefit of a major commission study, docket No. 20003, evaluating the economic effects of these regulations. It seems the wiser course would be to wait until the Commission's economic, fact finding investigation is completed. Certainly it would be in the public interest to hold off any fundamental changes in our telecommunications policy until these results are available for public and congressional review.

I am pleased that the House Subcommittee on Communications has tentatively scheduled hearings on this matter for the fall. A thorough review by Congress is certainly in order before we change such a fundamental policy.

HEARINGS ARE SCHEDULED ON EARTHQUAKES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. Brown) is recognized for 5 minutes.

Mr. BROWN of California. Mr. Speaker, I am pleased to announce that the Honorable Jim Symington, chairman of the Subcommittee on Research, Development, and Demonstration of the Committee on Science and Technology, has scheduled 3 days of hearings on legislation in the area of earthquake research and earthquake hazard reductions next week.

These hearings are quite timely, and their quick scheduling during this hectic month is to be commended. The reason for the hearings is to specifically consider a recently passed Senate bill, S. 1174, the "Earthquake Hazard Reduction Act," which was authored by the Senator from California, Alan Cranston. In addition, several House Members, including the ranking minority member of the Science and Technology Committee, (Mr. Mosher) have introduced bills which also address this issue.

Chairman Symington has stated his intention to thoroughly consider all of these bills during these hearings.

I must confess to some parochial interest in this matter, although I know that other regions have as much an interest in earthquakes as we do in the West. The recent National Academy of Science report on this subject, "Earthquake Prediction and Public Policy," makes clear that while further research is needed, the chances of success in this field are very good. It is clear from evidence available to me that a much stronger Federal earthquake program is needed.

At this time I wish to insert in the Record a background summary of the hearings, which was prepared by the committee, and the witness list. In addition, I wish to express my appreciation to Chairman Symington for his leadership in this area.

The material follows:

SUMMARY

Hearings into earthquakes will be held by the Subcommittee on Science, Research and Technology on June 22, 23, and 24 in Room 2318 of the Rayburn House Office Building beginning at 9:00 a.m. each day.

BACKGROUND

The Senate passed S. 1174, an "Earthquake Hazard Reduction Act," on May 24, 1976. The bill was passed largely through the efforts of Senator Cranston (D-Cal.). The bill has been referred to the Subcommittee on Science, Research and Technology. Several other recent events make hearings opportune:

Apparent successes in other countries in predicting major earthquakes—most notably in China where thousands of lives were reportedly saved by a 1975 prediction;

An uplift of land in California surrounding the San Andreas fault—a California Institute of Technology seismologist has predicted a major earthquake in the area by April, 1977, based on this and other evidence;

Introduction of several bills in the House concerning earthquake hazard reductions.

FOCUS OF HEARINGS

The hearings are intended to gather information to help determine what legislation might be desirable in the area of earthquake hazard reduction. The following broad questions should be addressed:

What is being done now by Federal and state agencies to assure general earthquake preparedness, to predict or modify earthquakes, to protect lives and property if a prediction is made, to render post-earthquake assistance, or to take other anti-earthquake action?

What are the current state and likely future development of earthquake prediction and modification, and what are the costs?

What can be done to reduce the damage done by earthquakes and what are the costs of taking these actions?

How can the earthquake hazard reduction efforts of various parties be coordinated?

How well do various pending bills meet the nation's needs in earthquake hazard reduction?

WITNESSES

Tuesday, June 22—Two members of Congress and representatives of four Federal agencies will appear. It is expected that the agencies' representatives will tell what the agencies are doing now, what their plans are, and what legislation they believe desirable.

Wednesday, June 23—Three academic earthquake experts will discuss the present and future of earthquake prediction and modification. A member of the California Seismic Safety Commission will discuss the Commission's activities.

Thursday, June 24—Four witnesses will appear who are experts in human behavior in relation to disasters, earthquake-resistant design, the personal consequences of making an earthquake prediction, and state efforts in earthquake hazard reduction.

LEGISLATION

The Subcommittee plans to consider S. 1174 (the bill passed by the Senate), H.R. 13722 (Mr. Bell) and H.R. 13845 (Mr. Mosher).

Other bills have been introduced by Mr. Burton (H.R. 4892 and H.R. 13453), but they are identical to the original version of S. 1174. Mr. Bell also introduced H.R. 13603, but it is superseded by H.R. 13722.

The Senate bill S. 1174 authorizes appropriations (primarily to the U.S. Geological Survey and the National Science Foundation) in the total amounts of $40 million, $50 million, and $60 million for FY 1977, FY 1978, and FY 1979, respectively. The main thrust of the bill is to support more research.

Mr. Bell's bill, H.R. 13722 authorizes "such sums as may be necessary" for the broad purposes of (1) a Federal research program on earthquake prediction and control and (2) a national program of earthquake prediction, preparedness and coordination.

Mr. Mosher's bill, H.R. 13845 anticipates that appropriation for earthquake research, preparedness, and warning will be made under authorizations already existing. The bill creates a "National Earthquake Hazards Reduction Conference" to coordinate the actions of Federal agencies, state agencies and other parties. The bill authorizes $2 million, $3 million, $4 million, and $5 million in fiscal years 1977–1980, respectively, for the purposes of the Conference.

SUBCOMMITTEE ON SCIENCE, RESEARCH AND TECHNOLOGY, EARTHQUAKE HEARINGS, JUNE 22, 23, 24, 1976, 9:00 A.M.-12:00, ROOM 2318 RAYBURN HOB

WITNESS LIST

Tuesday, June 22

1. Hon. John Burton—Representative from California.
2. H. Guyford Stever—Science Advisor and Director, NSF accompanied by Charles Thiel, NSF.
3. Hon. Alan Cranston—Senator from California.
4. V. E. McKelvey—Director, U.S. Geological Survey accompanied by Robert Hamilton, Chief, Office of Earthquake Studies, USGS.
5. Richard N. Wright—Director, Center for Building Technology, NBS accompanied by Samuel Kramer, Deputy Director.
6. Thomas Dunne—Director, Federal Disaster Assistance Administration, Department of HUD.

Wednesday, June 23

1. Honorable Frank E. Moss—Senator from Utah.
2. Clarence Allen—Dept. of Geology and Geophysics, Cal. Tech.
3. Frank Press—Chairman, Dept. of Earth and Planetary Sciences, MIT.
4. Otto Nuttli—Dept. of Geology, St. Louis University.
5. Karl Steinbrugge—Department of Environmental Design, University of California at Berkeley.

Thursday, June 24

1. Gilbert White—Director, Institute of Behavioral Science, University or Colorado.
2. Robert Whitman—Dept. of Civil Engineering, MIT.
3. James Whitcomb—Dept. of Geology and Geophysics, Cal. Tech.
4. Charles Manfred—Director, Cal. State Office of Emergency Services.

OREGON'S BOTTLE BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. Weaver), is recognized for 5 minutes.

Mr. WEAVER. Mr. Speaker, because Oregon pioneered the move to rid the landscape of the litter of throw-away cans and bottles, it has been the object of much study to see how our "bottle bill" is working out. The most recent evidence shows that it is working well.

With 80 percent return rate on cans and 90 percent return on bottles, the litter on Oregon roadsides has greatly diminished. Nor have consumers lost any advantage. The recyclability of aluminum cans has boosted their use, as compared to steel and bimetal cans.

Nonetheless, the Aluminum Co. of America has launched a publicity campaingn with the objective of discrediting the Oregon law and its effects. It is very disappointing to observe a corporate policy that seems to belittle the public's interest in reducing a serious litter problem and conserving resources at the same time.

ALCOA's ads which claim that the Oregon litter problem has gotten worse instead of better, and that aluminum cans have disappeared from the market are both totally refuted by a survey reported by the Eugene Register-Guard in my district. It covered most of the bottlers in western Oregon, and found return rates of cans running between 60 percent to 100 percent, averaging 80 percent. Return of bottles is even higher—90 percent. And a local bottler in Eugene agrees that the law has reduced litter, saying that "no bottler in Oregon disputes that any more."

Moreover, the aluminum can is making a comeback. Pacific Coca-Cola of Portland has switched all of its canned soft drinks to aluminum; Portland Bottling Co. has begun distributing 7-Up in aluminum cans.

It is important for the rest of the country to know the truth about the effect of the Oregon bottle bill. It will not get the truth from ALCOA. But Jerry Uhrhammer of the Eugene Register-Guard has written a fine summation of the bottle-can situation in Oregon as follows:

ALUMINUM CAN MAKES A COMEBACK—ADS TO THE CONTRARY, CANS STILL PROSPER IN BOTTLE BILL LAND

(By Jerry Uhrhammer)

The aluminum beverage can has not been buried on the Oregon Trail.

A controversial advertisement by ALCOA recently wrote the obituary to the aluminum can in Oregon: Murdered by the "Bottle Bill."

But the aluminum can in Oregon, as anyone who keeps an eye on supermarket coolers may have observed, is surprisingly lively for a corpse. In fact, it's making something of a comeback.

And in the process, a can is being tied to the tale (so to speak) told by industry lobbyists who argued in legislative halls and courtrooms that the Bottle Bill would never work; that people would continue to throw away bottles and cans despite the minimum deposit law.

Just the opposite is happening.

A survey last week found that consumers are returning a surprisingly high percentage of the beverage cans to retailers to redeem their deposit money.

On the average, four out of every five beverage cans going out of the stores are coming back, according to the bottlers, brewers and private label distributors who supply canned beverages to the Oregon market.

The survey, covering most bottlers in western Oregon and some suppliers in Washington and California, found that can return rates range from 60 per cent to over 100 per cent in some months, but averaged 80 per cent.

The 80 per cent return rate—four out of every five cans—is considered significant from several standpoints.

First, it is higher than previously thought by some persons who keep close watch on how the Bottle Bill is working.

"Yes, it does surprise me," said Don Waggoner of Lake Oswego, past president of the Oregon Environmental Council and generally considered one of the state's most knowledgeable persons on the Bottle Bill. Previous return rate figures haven't been that high, he said. "That means the return rate is gradually improving."

"Amazing," said Gov. Bob Straub. "I would not think they would be returning that many aluminum cans."

Added Straub: "That certainly highlights the benefit of the Bottle Bill—even for the cans. I've attended several rodeos recently and I'm impressed by the little kids with boxes who go around and pick up the empty bottles and cans and lug them off. In the old days, the bottles would just lie there."

The high return rate suggests that the financial incentive provided by the nickel-a-can deposit is having a positive effect in keeping those used cans out of the solid waste stream and off the highway roadsides.

It also suggests that the deposit approach is more effective than the aluminum industry's "voluntary" approach in getting consumers to return empty cans for recycling. The average return under the industry's "voluntary" recycling program is one out of four cans, or 25 per cent.

The high return rate for cans also raises another question for the container industry which occasionally claims—as ALCOA did in its controversial advertisement in the food trade magazines—that "the total roadside beverage container litter problem has actually gotten worse" after three years of the bottle law.

The question posed: If four out of five empty cans are returned for recycling, and if more than 90 per cent of the beer and pop bottles are returned for refilling (as is happening), then where is all this additional roadside litter coming from?

A similar question was asked last week of William Renner, president of the Aluminum Co. of America (ALCOA).

Renner didn't answer directly, suggesting that the question was comparing apples and oranges. Oregon is a "controlled market" and "it's pretty hard to compare a tightly controlled market with a free market . . . I guess I'd have a tough time drawing any firm conclusions from any figures you've given me," he said.

Renner and Straub became "pen pals" when the Oregon governor sent a letter saying that ALCOA's advertisement asserting Oregon's roadside litter was worse was an "absolute, outright, bald-faced, inexcusable lie." Renner, in a reply, defended the ad as being factual.

The exchange was, in one sense, symptomatic of the intense controversy that has surrounded Oregon's bottle law since it became effective in October, 1972.

By requiring a minimum deposit of five cents on all beer and soft drink cans and bottles (except for 2-cent deposits on certain standardized bottles that can be used by more than one bottler), the law discourages nonreturnable containers in favor of re-fillable bottles which can be used over and over.

By eliminating the throwaway cans and bottles, proponents hoped that roadside litter would be drastically reduced. Studies have shown, in fact, that beverage-related litter has markedly declined—83 per cent, according to Waggoner—and polls have shown the legislation is highly popular among Oregonians.

But it is highly unpopular with the container industry—which fears economic losses if the minimum deposit concept spreads to other states. So far, Vermont and South Dakota are the only other states where bottle laws have won beachheads. Although similar legislation has surfaced in almost every other state, heavily-financed industry opposition has successfully beaten off the threats.

The ALCOA advertisements have provoked a mushrooming dispute over the container industry's honesty in telling the story of Oregon's Bottle Bill. Last week, Sen. Bob Packwood, R-Ore., asked the Federal Trade Commission to investigate ALCOA's advertising pamphlet called "Trouble on the Oregon Trail" because of "highly questionable statements."

But whether the Federal Trade Commission will have jurisdiction to examine ALCOA's message is open to question, according to FTC officials. While the FTC can forbid false or deceptive advertising used in trying to sell a product, they said, an attempt to control "political" or "corporate image" advertising might run afoul of constitutionally-protected freedom of speech and press.

Straub took particular exception to a portion of the ALCOA ad which said, among other things, that because of the Bottle Bill, Oregon "consumers have been deprived of their right to freedom of choice in the marketplace. In the process they've lost the aluminum can . . ."

ALCOA president Renner said he was "slightly aware" that the aluminum can was making a comeback in Oregon.

Well, he was asked, if aluminum cans are available for Oregon consumers, isn't it misleading to advertise that they've "lost" the aluminum can?

"To be honest, I'd have to say, yes, there is an option available," he replied. But he considers the can market "lost" because it dropped off so far.

Cans did disappear from the marketplace briefly after the bottle bill became effective, but it wasn't long before they began to show up again without the pull-tabs that had been banned by the law. Since then, a push-tab or "button-down" top has been developed for the Oregon can trade.

Some canned soft drinks still come in the "bi-metal" cans—steel cans with aluminum tops. But recently, all-aluminum cans have been winning the favor of bottlers.

The reason is that aluminum is more valuable; while the cans are only used once, they can be shredded and sold for 15 cents a pound for recycling, thus enabling the bottlers to recoup something from their investment.

Steel cans, however, are tougher to recycle and bottlers say that most of those that are returned wind up in the dump.

The economic advantage of recyclability was cited by Pacific Coca-Cola of Portland recently for its decision to switch all of its canned soft drink lines to aluminum. Pacific Coca-Cola's area includes Portland, Astoria, Salem and Albany. Meanwhile, Portland Bottling Co., has recently begun distributing 7-Up in aluminum cans.

Stan McNutt, president and owner of Coca-Cola Bottling Co. of Eugene, said cans represented 40 percent of the sales in pre-bottle bill days and now has come "back from zero" to about 8 per cent.

McNutt said the cans seem to appeal to outdoor recreation oriented persons because the cans don't break and take up less space in coolers. He said it wasn't the consumer who "killed the can" when the Bottle Bill first became effective, but rather the grocers who didn't want to stock cans because they didn't want to handle the empties. But bins with plastic sacks have solved that problem, he added.

Coca-Cola bottlers are promoting "cans" during the summer holiday periods—"the first real can promotion of that magnitude since the Bottle Billl came," McNutt said—but "we don't expect cans to get back to where they used to be."

What is helping can sales somewhat, he said, is that deposits on returnable bottles have risen to 10 to 20 cents, thus making the 5-cent deposit on a can seem cheaper.

But without counting the deposit, he noted the canned soft drinks will cost the consumer slightly more. "Cans have always been the most expensive way to buy soft drinks," he said, "The reason is you've got a

$1.25 cost in a case of cans that you throw away," he said.

Return rate on cans started out about 50 percent, McNutt said, but is now running 80 per cent. McNutt agrees that the bottle bill is working in terms of reducing litter. No question about it," he said. "No bottler in Oregon disputes that any more."

THE 35TH ANNIVERSARY OF THE DEPORTATION OF THE BALTIC PEOPLE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. BURKE) is recognized for 5 minutes.

Mr. BURKE of Massachusetts. Mr. Speaker, this week marks the commemoration of the mass deportation of Lithuanians, Latvians, and Estonians to Siberia which was ordered by the Soviet Union in June of 1941. The intervening 35 years have not dimmed our memories of that tragic and ruthless event. Indeed, the oppression which has been consistently practiced against the Baltic peoples since that date has served to heighten our profound outrage at that act.

When the Soviet Union began its action against the anti-Soviet elements in the Baltic nations, it deported 34,260 persons from Lithuania, 35,102 persons from Latvia, and 33,500 persons from Estonia. These people were herded like cattle, packed into locked, windowless freight cars, and denied both food and water. Hundreds of persons died aboard these cars. Families were separated with no way of learning the fate of their loved ones. The agony of the journey was unbearable. But the agony did not cease at journey's end. Arriving freightened, exhausted, and close to starvation, they were offered only the chains of slave labor camps. They worked in the mines and in the forests until hunger, cold, and disease claimed them for their final rest. Those who did survive have managed, through great personal courage, to release the story of these horrors to the Western World. The impact of that story will be carried with us forever.

Even today, the people of the Baltic nations are faced with constant oppression. Their human rights are violated at every turn. Freedom of thought, of religion, or of mobility are unheard of. Yet these people continue to demonstrate acts of individual and collective heroism on a daily basis in their unending struggle for freedom. They are a constant inspiration to the people of the United States, and a constant reminder that our own freedoms must never be taken for granted. Our Nation is deeply sympathetic to the plight of people in the Baltic states, and we are eager to demonstrate our support for their struggle. In monitoring the Helsinki agreement, in matters of world trade, and international diplomacy, this Congress has a solemn obligation to demand full restoration of all human rights to the noble people of the Baltic nations. We look forward to the day when Lithuania, Latvia, and Estonia can reclaim their rightful positions as free and independent nations, and we encourage them in this valiant struggle.

SUBCOMMITTEE ON CRIMINAL JUSTICE TO HOLD HEARINGS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri (Mr. HUNGATE) is recognized for 5 minutes.

Mr. HUNGATE. Mr. Speaker, the Subcommittee on Criminal Justice will hold a public hearing on Wednesday, June 30, on the following bills:

First. H.R. 12942 and H.R. 13709, to amend title 18, United States Code, to implement the "Convention To Prevent and Punish Acts of Terrorism Taking the Form of Crimes Against Persons and Related Extortion that are of International Significance" and the "Convention on the Prevention and Punishment of Crimes Against Internationally Protected Persons, including Diplomatic Agents."

Second. H.R. 11106 and H.R. 11217, to amend titles 18 and 28, United States Code, to provide for the use of unsworn declarations under penalty of perjury in Federal proceedings, in lieu of affidavits under oath.

The hearing will begin at 9:30 a.m. in room 2226, Rayburn House Office Building.

Persons wishing to testify should contact the subcommittee in writing or by telephone, at 202–225–0406.

AMENDMENT TO REMOVE CEILINGS ON HIGHWAY AND SAFETY PROGRAMS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. HOWARD) is recognized for 5 minutes.

Mr. HOWARD. Mr. Speaker, when the Department of Transportation Appropriations Act comes before this body, I will be offering an amendment to remove the ceilings recommended in that bill on the highway and safety programs.

There seems to be some confusion concerning this whole matter of legislative impoundment of highway funds and whether or not it gives excessive authority to the Secretary of Transportation and the Office of Management and Budget. In order for the Members to better understand our concern, I will attempt to run through some of the features of the Federal aid highway program and explain how the obligation limitations can affect it.

To begin with, the authority to conduct a Federal aid highway program comes from the basic authorization acts, such as our recently enacted 1976 Highway Act. These acts contain authorizations, the sums of which are used to administer and conduct the highway program. Sums authorized by these acts are apportioned to the States. The major highway programs, such as interstate, primary, secondary, and urban, have an apportionment formula which is established by law.

Sums apportioned to the States are available for obligation immediately upon apportionment and remain available until 2 or 3 years after the end of the fiscal year for which authorized, depending upon the program. After the period of availability ends, any sums which are not obligated, except for the interstate system, lapse. Interstate sums are reapportioned among the other States.

It is important to note that authorized sums may be obligated immediately upon apportionment, and there is no requirement for action by the Appropriations Committee. The 1974 Budget and Impoundment Control Act very clearly provides that contract authority programs, such as the highway program, which derive their funding from a dedicated trust fund need not be subjected to an annual appropriations review.

The only constraint on the availability of apportioned funds is the limitation on obligations imposed by OMB, as in the past, and now, perhaps by our own Appropriations Committee. The limitation being proposed in the appropriations bill is a ceiling on the amount of obligation which can be incurred in fiscal year 1977. It has absolutely no relation to any fiscal year authorization, but only those amounts obligated during the fiscal year. These amounts may be composed of 3 or 4 fiscal year authorizations, because of the length of time the apportionments are available and because of the differing rates of obligation by States.

Finally, Mr. Speaker, reimbursement is permitted through an appropriations act with the liquidating cash coming from the highway trust fund. This is the only action which is absolutely required of the Appropriations Committee.

Concerning the basic question of how the obligation limitation being proposed by the Appropriations Committee in effect gives excessive authority to the Secretary of Transportation and OMB, first, take the case where there is no obligation limitation imposed on the program at all. In this case, a State may proceed with its highway programs, limited only by the amounts apportioned to it for the various categories of highway assistance. These apportionments reflect priorities which are established by the Public Works Committee and the Congress in the authorizing legislation. The States proceed with their programs at a normal pace unemcumbered by external legislative or administrative constraints.

Now, consider the case where an obligation limitation is imposed on the program. Irrespective of whether the limitation is legislatively or administratively imposed, the Secretary of Transportation first has to decide whether the obligation authority is to be allocated among the States or made available on a first-come, first-served basis; and if he decides to allocatc it, the frequency of the allocation during the year and the basis for the allocation. There is nothing in the law which governs the practice of impoundment and certainly nothing in the law on how impoundment should be administered. The Secretary is free to do as he pleases, and he has done so.

The frequency of the allocation of obligation authority has carried—sometimes it was made quarterly, sometimes annually, sometimes on no scheduled frequency at all. The basis for the allocation has been equally unpredictable—sometimes it was made on the basis of apportionment formulae in the law, sometimes on the basis of readiness to proceed and sometimes on a combination of factors. Of course, no State is allocated more than it is entitled to under the Federal-Aid Highway Act, but the fact remains that inequities result regardless of how the limitation is applied.

Take a case where obligation authority is not allocated, but is made available on a first-come, first-served basis. Some States could come in early with their programs and use up most of the obligation authority leaving little for the States with the programs that peak later in the fiscal year. Certainly, this is not equitable.

On the other extreme, take a case where obligation authority is allocated among the States. Is it equitable that States which are ready to proceed should be denied the use of their legally apportioned funds? Again, I do not think so. In this particular type of situation, there are always States which do not use all of their yearly allotment, and it is possible the obligation limitation for the entire Nation might not be reached. This is another devious way by which spending for the program is held down.

The fact is, Mr. Speaker, an obligation limitation is inequitable by its very nature. Regardless of the method used, a limitation simply cannot be administered fairly and equitably, despite efforts to the contrary.

As mentioned previously, the Federal-Aid Highway Act establishes priorities for the program as Congress sees them. In administering a limitation, however, the Secretary can emphasize certain programs and deemphasize others. On more than one occasion States were required to emphasize urban programs and, hence, cut back on spending in other areas. One set of instructions to the States actually prohibited spending for three programs which the administration happened not to like. One of the programs was a regular ongoing program which had been in the law for several years.

The committee has in its files many other examples of how congressional priorities were distorted by this practice. We will be happy to share them with any Member who is interested.

Mr. Speaker, I urge the House not to approve these limitations. In my opinion, it would not be wise for us to abdicate our responsibilities to the Secretary and OMB.

When the transportation appropriations bill comes before this body, I will offer the following four amendments:

Page 26, strike out lines 15 through 18, inclusive, and renumber the succeeding sections accordingly.

Page 26, strike out lines 19 through 23, inclusive, and renumber succeeding sections accordingly.

Page 30, strike out line 22 and all that follows down through and including line 3 on page 31 and renumber succeeding sections accordingly.

Page 31, strike out lines 4 through 8, inclusive, and renumber succeeding sections accordingly.

This will eliminate sections 303, 304, 316, and 317 of H.R. 14234.

REPORT FROM COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

(Mr. JONES of Alabama asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. JONES of Alabama. Mr. Speaker, pursuant to the rule I submit a report from the House Committee on Public Works and Transportation to the House pursuant to section 302(b) of the Congressional Budget and Impoundment Control Act of 1974 to be printed in the RECORD:

Committee on Public Works and Transportation, suballocation under section 302(b)

[In millions of dollars]

	Budget authority	*Outlays*
Section 302(a) allocation	$4,409.2	$1,006.9
1. Subcommittee on Aviation: 405 Grants-in-Aid Airports	525.0	0.0
2. Subcommittee on Economic Development: 450 Community and Regional Development	93.7	32.8
3. Subcommittee on Surface Transportation: 404 Ground Transportation	3,757.0	0.0
4. Subcommittee on Water Resources:		
300 Natural Resources	33.5	976.1
406 Water Transportation	0.0	−1.9

All Funds are Uncontrollable.

EQUAL JUSTICE: WHAT OUR ELDERLY MUST THINK

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, yesterday, Dr. Bernard Bergman was sentenced by U.S. District Court Judge, Marvin E. Frankel. Judge Frankel imposed a sentence of 4 months in a Federal correction center as a result of the successful prosecution of Dr. Bernard Bergman for having engaged in medicaid and tax frauds.

I have an interest in this matter having been the individual who was responsible for bringing the U.S. Senate Subcommittee on Long-Term Care, chaired by Senator FRANK E. MOSS, to New York to investigate the nursing home industry. And I was privileged, at the invitation of Senator Moss, to sit with his committee and cross-examine Dr. Bergman and others at the hearings conducted. It was the result of the revelations by that committee that Gov. Hugh Carey appointed a special prosecutor to investigate the nursing home industry. That prosecutor, Charles J. Hynes, did a superb job and as a result of his efforts two leading nursing home operators who engaged in nursing home fraud, to wit Bernard Bergman and Eugene Hollander, were brought to trial. In the case of Eugene Hollander, who was sentenced on May 19, 1976, I was aghast when I learned that he, who had engaged in a fraud so great that he had agreed to pay New York State $1 million in restitution and $250,000 in fines and never again to engage in the nursing home field, had not been given a jail sentence in the supreme court in Brooklyn. He was given only a civil fine. In the U.S. District Court he had been sentenced by Judge Jack B. Weinstein to rather special treatment.

In that case, U.S. District Court Judge Jack B. Weinstein ordered that the former president of the Metropolitan Nursing Home Association spend 5 nights a week for as much as 6 months in a detention center, and the judge added that the sentence could be shortened if the defendant satisfied Federal officials that the moneys that he had misappropriated had been repaid.

I took to the floor on May 19 and June 2 to denounce what I considered to be a denegration of justice which occurred when there was no provision for a regular prison sentence for this defendant.

And so, when I heard yesterday that Dr. Bergman had received a 4-month jail sentence, I was pleased—not because of the personal suffering of the defendant, since no one should take pleasure in anyone going to jail no matter how merited that punishment may be, but pleased because here at last it appeared that the court recognized that a white-collar criminal who did what Dr. Bergman did; namely, ripping off the elderly poor, should be treated as though he had committed a physical assault on another human being.

Today, however, on reading the court's decision I am again distressed, because while reasonable people can disagree on the length of the prison sentence, and I would think a longer sentence would be more appropriate, I cannot let Judge Frankel's description of Dr. Bergman go unchallenged. For the judge to describe the 4 months sentence as "a stern one that would deter others," and refer to the defendant as one who had an illustrious public life and works, is unacceptable at least to me. Indeed, Dr. Bergman, using the judge's decision, is reported to have said he had been cleared of "the wild and vicious allegations which were made against me in the press," and had been charged only "with misconduct for accounting entries and items on tax returns which were written by an accountant whom I retained and trusted." In a way, Dr. Bergman is now doing what Agnew did, in effect saying that after having admitted that guilt in open court, now he was not guilty. But the fact is that not only was he guilty of vast medicaid fraud in dollar amounts, he also kept the elderly sick in homes that were shameful and he sought by his own admission to bribe public officials.

How distressed the Special Prosecutor Charles J. Hynes must feel. His statement, which I will append, is a poignant one and I agree with him when he says:

> I am saddened about what our elderly must think—those who lived in one of Ber-

nard Bergman's nursing homes. I believe they must feel abandoned and alone one again.

On reflection I believe a more appropriate sentence for Dr. Bergman would have been 15 months in a U.S. jail rather than the 4 months meted out. Why 15 months? Because that is the average life span of an individual entering a nursing home in the city of New York and in a macabre way it would have been symbolic correlation.

It would now appear that Dr. Bergman will be allowed to spend his 4 months in what is in effect a comfortable hotel—hardly a prison at all. Indeed, some would suggest that it would be greater punishment to require him to stay in one of his nursing homes rather than the Mid-Manhattan Half-Way House he will probably be sent to.

As I understand it, there will be another opportunity to achieve justice in this case when Mr. Justice Melia, of the New York State Supreme Court, has Dr. Bergman before him on July 2 to sentence him with respect to the State charges to which he has pleaded guilty.

Finally, let me say what is particularly troublesome to me is that the three judges who have meted out sentences in the Hollander and Bergman cases are three of the best judges in the State and Federal courts of New York, and it is with sadness that I make comments which are critical of them. They are uniformly held in high regard. But what I believe exists in these matters is a lack of understanding by the courts that economic crimes, in appropriate cases, and I suggest that the nursing homes scandal is one such case, can be even more vicious than a street assault—and must be punished accordingly.

With the thought it would be of interest to our colleagues, I am appending the comments of the Special Prosecutor Charles J. Hynes, as well as an editorial which appeared in the New York Times this morning:

Statement of Special Prosecutor Charles J. Hynes

I am extraordinarily disappointed by the sentence that Dr. Bergman received today. One wonders whether essential justice has been accomplished when a man such as Bernard Bergman is given this kind of sentence.

I am deeply troubled and discouraged by the cynicism generated by what the people consider to be special justice for the privileged.

I am also saddened about what our elderly must think—those who lived in one of Bernard Bergman's nursing homes. I believe they must feel abandoned and alone once again.

As for those destined to spend time in a nursing home in later years—one out of every five elderly Americans will do so—what are they to think?

Our continued investigation into the nursing home industry may, I fear, be adversely affected by this sentence. Concerned citizens, families and employees in nursing homes where stealing and abuse is going on even today may now, think twice before cooperating with this office.

Morris Abram, in his Moreland Commission report to the Governor, prophesied that if vigilance wasn't exercised we could face a repeat of the nursing home scandal in five or 10 years.

The sentence handed to Bernard Bergman today does little to belie the fears expressed by Mr. Abram.

New York has done more than any other state to correct its nursing home problems: Millions of dollars and vast amounts of manpower have been poured into the task of cleaning up the nursing home industry.

If all this money and effort is not wasted, then those who have abused the elderly and, in so doing, fashioned for themselves a life of luxury, must learn that they will go to jail for their crimes.

However, insubstantial prison sentences do not deter me. I shall continue to vigorously investigate and prosecute criminals who thrive on abuse of our elderly people.

Equal Justice?

Bernard Bergman was brought to justice yesterday. He got four months.

In imposing sentence, United States District Judge Marvin Frankel said, "I've undertaken to impose sentence on what you did and admitted, and not what was reported and rumored." It therefore is hardly useful, in discussing the sentence, to rehearse the history of Mr. Bergman's involvement in the nursing-home business. It is worth noting, however, that after his arrest, Mr. Bergman entered into negotiations with the prosecutor which resulted in his plea of guilty to a charge of conspiring to commit fraud against the United States, a felony carrying a top sentence of five years, and of filing a false income-tax return, another felony, carrying a top sentence of three years.

Judge Frankel said that Mr. Bergman's "imperfect health," the fact that he was a first offender and had been "pilloried by the press," along with considerations of his earlier "unimpeachable high character, attainments and distinction," had an impact on the sentencing process. As a result, on charges of defrauding the Government of $1.2 million and filing a false return, Mr. Bergman was sentenced to four months in prison.

One of the most prominent current theories is that sentences should serve to deter others from committing similar crimes. Though this view is most regularly applied to street crime, it would seem to be substantially more applicable to white-collar criminals to whom prison is much more jarring than to criminals who live at society's economic and social margins. Yet, Mr. Bergman now joins a parade of formerly respectible white-collar criminals who have received sentences which make the odds on white-collar crime look rather good.

A second popular notion about sentencing is that it should show the criminal justice system to be even-handed. At a time when the Legislature is moving toward mandatory sentences of three years for juveniles convicted of serious crimes, a four-month sentence for a rich felon, guilty of a million-dollar fraud, can only reinforce cynicism about the realities of equal justice under law.

IN SUPPORT OF A BIPARTISAN SELECT COMMITTEE TO STUDY AND AUDIT ALL HOUSE COMMITTEES AND STAFFS

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, I rise today to support House Resolution 1297 as a first step by the Congress to respond to recent disclosures involving House Members and affecting this body's credibility.

The resolution, offered by the distinguished minority leader, John A. Rhodes, would create a bipartisan select committee to study and audit all House committees. I urge my colleagues to join as cosponsors.

However, I do want to express my concern that the resolution does not adequately respond to all aspects of the current situation. The resolution would only call for an investigation of House committees and does not include the study and audit of the accounts of all Members, including clerk hire. I believe the resolution should be amended to broaden the investigation to include an examination of whether personal staff members are performing official business.

I also believe that the General Accounting Office should be utilized to conduct the investigation and issue the final report. GAO's reputation and independence would greatly enhance the public's acceptance of the committee's findings. Finally, I believe the work of this committee must be completed by October 1 so that the voters can have all the facts before them when they vote in early November.

I do want to add that I do not believe that the American people and the press ought to be preoccupied with the social habits of the Members of Congress. Those are private issues. I do not in any way want to fuel the flames of that kind of misfocused and unproductive preoccupation. However, misuse of public funds, and the congressional payroll in particular, is a serious charge. And to the extent that we can quickly dispose of the issue we ought not let it drag on. It would be a disservice to the citizenry and to the Congress to permit the uncertainty and scandalous atmosphere to continue to hang over this institution over the next several months as each little incident is unveiled. I believe the American voters ought to have all the facts in front of them prior to the forthcoming November elections. While we cannot allay all citizen fears with respect to whether their Member of Congress' morals conform to acceptable standards we certainly should be able to show that their payrolls do.

A copy of my letter to Congressman Rhodes, explaining my position on the resolution, follows:

Washington, D.C., *June 18, 1976.*

Hon. John A. Rhodes,
Minority Leader,
Washington, D.C.

Dear John: I would like very much to cosponsor House Resolution 1297 and I believe that the bi-partisan select committee approach is the correct one.

But I do want to call your attention to the fact that the resolution is not sufficiently encompassing in its oversight. Your resolution refers only to the study and auditing of House committees. I believe it should also include the study and auditing of the accounts of all Members, including, of course, clerk hire. May I suggest that the resolution be amended for that purpose.

In the event that you do decide to amend H. Res. 1297, I would like to suggest two additional provisions. First, I would hope that your resolution would incorporate the use of G.A.O., whose report would have the most public acceptance. Secondly, I think it important that the investigation be done expeditiously so that those who face the voters in November are not under a cloud of suspicion simply as a result of being a Member of Congress. Therefore, I would suggest that whatever it takes to have such a report published by September 15, and certainly no later than October 1st, be done.

I, along with you, and every Member of this House who has not been engaged in improprieties or illegalities in the conduct of the public's business, must be saddened by the effect of the various revelations concerning a limited, but no longer inconsequential number of Members. Restoration of public confidence by a full investigation and disclosure is an absolute necessity.

All the best.

Sincerely,

Edward I. Koch.

MISS MERLE MOORE: YOUNG WOMAN WITH A DREAM

(Mr. HECHLER of West Virginia asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. HECHLER of West Virginia. Mr. Speaker, one of the happiest, most effective, versatile and energetic people in Harrison County, W. Va., is Miss Merle Moore. With her wit and charm, she has accomplished wonders toward the building of the new Clarksburg-Harrison Library.

On West Virginia Day, June 20, when the new library is dedicated, it will be a doubly proud day for Miss Moore. Under unanimous consent, I include an article from the June 13 issue of the Clarksburg, W. Va., Exponent-Telegram:

A Sequel to the Building of the Library

After you've dreamed a dream—a modern library for Harrison County area residents—and seen it come to reality in the form of a $1,700,000 facility located on Pike Street in downtown Clarksburg—where do you go from there?

Ask Miss Merle Moore. She knows.

However she might distribute credit, which she happily does at the slightest opportunity, members of the Library Board and the many persons involved with the fabulous project all agree that the guiding hand that created the highly functional center for learning was the small hand of Miss Merle Moore.

Slender, vital and energetic, with a pixie grin and a wholesome personality, Miss Moore is a native of Webster Springs, one of six children born to the late Mr. and Mrs. Thomas Moore.

She attended primary and secondary schools in Webster Springs and received her A.B. degree from Glenville State College. She earned her Master's degree in library science from the University of Pittsburgh. Her evenings are now occupied with study at the library in Morgantown, researching for her Master's degree in public administration at West Virginia University, which she will receive soon.

When she first came to Clarksburg, following a list of devoted and talented women in the post of librarian at the Clarksburg Public Library, she gained attention by her friendliness as well as her constant drive to better the condition of the library. Space was inadequate in Waldomore. It was impossible to know what was in the various collections because there was not room to have it all out and cataloged. There was just no way to add on to the present structure without changing the original lines.

What was the answer?

A new, modern library which would be a credit to the people of Clarksburg and Harrison County.

She appealed to the Library Board for assistance, and the conservative, qualified panel was hesitant at first. But after a while, the members saw that although this young woman's head was in the clouds, she had both feet planted firmly on the ground. After the Library Board approved, Miss Moore got down to basics.

The project entailed four years of diligent work prior to the actual beginning. Miss Moore spent some one and one-half years, speaking before local civic groups, openly seeking publicity of the need for an enlarged system, and countless hours talking to various persons who could further her purpose.

Said Mrs. George Curtin, president of the Library Board, "Whenever Merle heard of funds available anywhere in the state, she got in her car and pursued them for Clarksburg."

From the moment the first shovel of earth was moved, the crew that worked on the library knew Miss Moore. She was out in the rain, the snow and the sunshine . . . and when the building started to rise, she donned a hard hat and walked through the structure all hours of the day. After the existing library closed in the evening, she could be seen on the grounds of Waldomore, looking at the (to her) painfully slow progress of the new building.

At luncheon, or while shopping for groceries, whenever one saw Miss Moore, she would say with a smile, "Have you seen our new carpeting?" Or perhaps the furniture had arrived that day, but whatever it was she was happy in sharing the new acquisition with the folks who would enjoy it, who in fact would gain from it, far more than she.

When the Clarksburg-Harrison Public Library is formally dedicated June 20, there will be no person in Clarksburg more proud than Miss Moore.

An ardent environmentalist and conservationist, Miss Moore is a member of the West Virginia Highlands Conservancy, the Sierra Club and the Council of the Southern Mountains. She spends weekends hiking in the back country of eastern West Virginia, along the Virginia border.

Typically, Miss Moore makes her home on the Back Fork of Elk River, near Webster Springs, where she raises flowers in the summer, and enough vegetables for her own immediate use. Commuting from Clarksburg to Webster Springs, her companion is usually "Moshe," a back cat. At home in Webster Springs, she is host to her sister's Collie and a Shepherd, property of a neighbor, who visit her cat.

"They exist in harmony," Miss Moore bubbles, "because they don't know that they're not supposed to get along!"

She likes music, literature, the anthropology of the southern mountain area and old hymn books, which she collects. She has made dulcimers for her own use.

Conferences with the architect, endless phone calls about delayed shipments of steel, carpeting, light fixtures, all these are now history for members of the Library Board and all those generous persons who came forward to assist with the completion of the beautiful new bulding.

And Miss Moore?

"Some of the money for the new building was taken from the Endowment Fund," Miss Moore remarks. "It is my goal to replenish this fund through bequests of citizens."

During the fund raising for the new construction, Miss Moore was as enthusiastic about a letter containing a $5 bill as she was $500. "It all adds up, you know."

Former teachers and Clarksburg natives now living in other states sent donations, and these were carefully noted, along with the generous bequests by area residents.

"Oh, yes," Miss Moore hesitated, "another immediate priority is the restoration of Waldomore to its exact period condition in 1839." She stated that steps have already been taken to have the gracious old building listed on the National Register of Historic Buildings.

The future is bright with promise for students and all who seek knowledge from Clarksburg's new library. And to the young woman who had a dream, and with the help of others saw it to completion, in the jargon of the stock market, "To a new, all-time high!"

PERSONAL EXPLANATION

(Mr. STUDDS asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. STUDDS. Mr. Speaker, yesterday I was granted a leave of absence on account of serious illness in my immediate family. During the time I was absent, I missed three record votes on H.R. 14262, the defense appropriations bill. I was unable to obtain pairs on rollcalls Nos. 399 and 400. On rollcall No. 399, the Burlison amendment to strike funding for CVN–71, I would have voted "aye." On rollcall No. 400, the Addabbo amendment to delay the procurement decision on the B–1, I would have voted "aye." On rollcall No. 401, I was paired against final passage of the bill.

Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mrs. Chisholm (at the request of Mr. O'Neill), for today, on account of illness.

Mr. Hansen (at his own request), today after 11:30 a.m., on account of official business.

Mr. Helstoski (at the request of Mr. O'Neill), for today, on account of official business.

Mr. McKay (at his own request), for today, from 4 p.m., on account of official business.

Mr. Randall (at his own request), for today, from 3:30 p.m., on account of official business.

Mr. Whitehurst (at the request of Mr. Rhodes), for today, from 4 p.m., on account of official business.

Mr. Kelley (at the request of Mr. Rhodes), for today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Young of Florida), to revise and extend their remarks, and to include extraneous matter:)

Mr. Grassley, for 5 minutes, today.

Mr. Kemp, for 15 minutes, today.

Mr. McCollister, for 10 minutes, today.

(The following Members (at the request of Mr. AuCoin) and to revise and extend their remarks and include extraneous matter:)

Mr. Annunzio, for 5 minutes, today.

Mr. Gonzalez, for 5 minutes, today.

Mr. Brown of California, for 5 minutes, today.

Mr. Weaver, for 5 minutes, today.

Mr. BURKE of Massachusetts, for 5 minutes, today.

Mr. HUNGATE, for 5 minutes, today.

Mr. DOWNEY of New York, for 10 minutes, today.

Mr. HOWARD, for 5 minutes, today.

Mr. DRINAN, for 60 minutes, on June 21.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. ALEXANDER, prior to rollcall No. 403 today.

Mr. BEDELL, to revise and extend his remarks during the debate on the Derwinski amendment.

Mr. SNYDER, and to include extraneous matter on the bill H.R. 13179, State Department Authorization Act.

Mr. LEVITAS, and to include extraneous matter on the bill H.R. 13179, State Department Authorization Act.

Mr. CEDERBERG, and to include extraneous material on the bill H.R. 13589, U.S. Information Agency Authorization Act.

Mr. MCCLORY, to revise and extend his remarks, in connection with the Buchanan amendment on H.R. 13179.

Mr. STUDDS, to revise and extend his remarks to appear immediately following final passage on H.R. 14262, the Defense appropriations bill.

(The following Members (at the request of Mr. YOUNG of Florida) and to revise and extend their remarks and include extraneous matter:)

Mr. FISH.

Mr. STEIGER of Wisconsin.

Mr. FORSYTHE in two instances.

Mr. EMERY.

Mr. DERWINSKI in four instances.

Mr. WIGGINS.

Mr. BROOMFIELD.

Mr. ESCH.

Mr. GRASSLEY.

Mr. BEARD of Tennessee.

Mr. QUIE.

Mr. HYDE.

Mr. WHALEN.

Mr. MCCLOSKEY.

Mr. GILMAN.

Mr. COLLINS of Texas in three instances.

Mr. KEMP.

(The following Members (at the request of Mr. AUCOIN) and to include extraneous materials:)

Mrs. KEYS.

Mr. ANDERSON of California in three instances.

Mr. GONZALEZ in three instances.

Mr. MAZZOLI.

Mr. CARNEY.

Mr. CHARLES H. WILSON of California.

Mr. TRAXLER in two instances.

Mr. DODD in two instances.

Mr. JONES of Oklahoma in two instances.

Mr. JOHN L. BURTON.

Mrs. MINK.

Mr. BEVILL.

Mr. MEZVINSKY.

Mr. HARKIN.

Mr. HAMILTON.

Mr. OBEY.

Mr. MOORHEAD of Pennsylvania.

Mr. ROSENTHAL.

Mr. WRIGHT.

Mr. BADILLO.

Mr. BAUCUS.

Mr. HARRIS.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Mr. HAYS of Ohio, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 10268. An act to amend title 38 of the United States Code in order to clarify the purposes for which the Administrator of Veterans' Affairs may release the names and/or addresses of present and former members of the Armed Forces and their dependents; and

H.J. Res. 726. Joint resolution to authorize and request the President to establish a "National Bicentennial Highway Safety Year."

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2529. An act to amend chapter 37 of title 38, United States Code, to increase the maximum Veterans' Administration's guaranty for mobile home loans from 30 to 50 percent, to make permanent the direct loan revolving fund, to extend entitlement under chapter 37 to those veterans who served exclusively between World War II and the Korean conflict, and for other purposes.

ADJOURNMENT

Mr. AuCOIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 47 minutes p.m.), under its previous order, the House adjourned until Monday, June 21, 1976, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3518. A letter from the President of the United States, transmitting a proposed change in appropriation language for fiscal year 1976 for the Department of Agriculture (H. Doc. No. 94-536); to the Committee on Appropriations and ordered to be printed.

3519. A letter from the Chairman, House Commission on Information and Facilities, transmitting a report containing an annotated inventory of information resources available in the House of Representatives prepared by the House Commission on Information and Facilities, pursuant to section 204 of House Resolution 988, 93d Congress (H. Doc. No. 94-537); and ordered to be printed.

3520. A letter from the Chairman, House Commission on Information and facilities, transmitting a report on the Office of Technology Assessment as an information resource of the House of Representatives and the organizational framework which makes it effective or ineffective, pursuant to section 204 of House Resolution 988, 93d Congress (H. Doc. No. 94-538); and ordered to be printed.

3521. A letter from the Assistant Secretary of Defense (Comptroller), transmitting a report on transfers of amounts appropriated to the Department of Defense, pursuant to section 733 of Public Law 94-212; to the Committee on Appropriations.

3522. A letter from the Director, Office of Regulatory Review, Department of Health, Education, and Welfare, transmitting proposed amended criteria and modified application procedures for dropout prevention projects, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

3523. A letter from the Secretary of the Interior, transmitting a study of the desirability and feasibility of protecting and preserving the Great Dismal Swamp and Dismal Swamp Canal in Virginia and North Carolina, pursuant to section 2 of Public Law 92-478; to the Committee on Interior and Insular Affairs.

3524. A letter from the Secretary of Commerce, transmitting a report on foreign direct investment in the United States, pursuant to section 10 of Public Law 93-479; to the Committee on International Relations.

3525. A letter from the Chairman, U.S. Advisory Commission on International Educational and Cultural Affairs, transmitting the Commission's 12th annual report, pursuant to section 107 of Public Law 87-256; to the Committee on International Relations.

3526. A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to amend the act of August 10, 1956, as amended; section 716 of title 10, United States Code; section 1006 of title 37, United States Code; and, sections 8501(1)(B) and 8251(a)(1) of title 5, United States Code; jointly, to the Committees on Armed Services, Merchant Marine and Fisheries, and Post Office and Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. REUSS: Committee on Banking, Currency and Housing. H.R. 12112. A bill to provide additional assistance to the Energy Research and Development Administration for the advancement of nonnuclear energy research, development, and demonstration; with amendment (Rept. No. 94-1170, Pt. II). Ordered to be printed.

Mr. PERKINS: Committee on Education and Labor. House Joint Resolution 984. Joint resolution to amend the Higher Education Act of 1965, and for other purposes; with amendment (Rept. No. 94-1281). Referred to the Committee of the Whole House on the State of the Union.

Mr. FOLEY: Committee on Agriculture. S. 2853. An act to amend the Food Stamp Act of 1964 to insure a proper level of accountability on the part of food stamp vendors (Rept. No. 94-1282). Referred to the Committee of the Whole House on the State of the Union.

Mr. STAGGERS: Committee on Interstate and Foreign Commerce. H.R. 14394. A bill to extend the Federal Energy Administration Act of 1974 until September 30, 1976 (Rept. No. 94-1283). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FISH: Committee on the Judiciary. H.R. 5503. A bill for the relief of Divina Mamuad; with amendment (Rept. No. 94–1276). Referred to the Committee of the Whole House.

Mr. EILBERG: Committee on the Judiciary. H.R. 7404. A bill for the relief of Christine Donnelly (Rept. No. 94–1277). Referred to the Committee of the Whole House.

Mr. FISH: Committee on the Judiciary. H.R. 7624. A bill for the relief of Jacinto Vasquez Camacho (Rept. No. 94–1278). Referred to the Committee of the Whole House.

Mr. EILBERG: Committee on the Judiciary. H.R. 10434. A bill for the relief of Carlos Montenegro Gorbitz, doctor of medicine, Mrs. Gorbitz, and their 2-year-old son (Rept. No. 94–1279). Referred to the Committee of the Whole House.

Mr. FISH: Committee on the Judiciary. H.R. 11076. A bill for the relief of Ok Ja Choi (Rept. No. 94–1280). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BROOKS (for himself, Mr. Randall, Mr. Horton, Mrs. Collins of Illinois, Ms. Abzug, Mr. Preyer, Mr. Hicks, Mr. Forsythe, and Mr. Gradison):

H.R. 14451. A bill to amend the Federal Property and Administrative Services Act of 1949 to permit the donation of Federal surplus personal property to the States and local organizations for public purposes, and for other purposes; to the Committee on Government Operations.

By Mr. FORD of Michigan (for himself, Mr. Carr, Mr. Diggs, Mr. Nedzi, Mr. Blanchard, and Mr. Traxler):

H.R. 14452. A bill to reaffirm the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce; to grant additional authority to the Federal Communications Commission to authorize mergers of carriers when deemed to be in the public interest; to reaffirm the authority of the States to regulate terminal and station equipment used for telephone exchange service; to require the Federal Communications Commission to make certain findings in connection with Commission actions authorizing specialized carriers; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. FRASER (for himself, Ms. Abzug, Mr. Badillo, Mr. Bergland, Mrs. Collins of Illinois, Mr. de Lugo, Mr. Drinan, Mr. Edgar, Mr. Edwards of California, Mr. Eilberg, Mr. Hannaford, Mr. Koch, Mr. Mezvinsky, Mrs. Mink, Mr. Neal, Mr. Nolan, Mr. Ottinger, Mr. Pattison of New York, Mr. Rodino, Mr. Charles Wilson of Texas, Mr. Yatron, and Mr. Zeferetti):

H.R. 14453. A bill to establish a comprehensive program of home care services for aged and disabled individuals, to provide for the creation of community home care centers and State home care agencies as part of a new administrative structure for the organization and delivery of such services, and to provide catastrophic health insurance coverage (under the medicare program), with financing from general revenues, for such individuals; jointly, to the Committees on Ways and Means, Interstate and Foreign Commerce.

By Mr. HENDERSON (for himself, and Mr. Neal):

H.R. 14454. A bill to amend title 5, United States Code, to revise the method of determining cost-of-living increases payable to civil service annuitants; to the Committee on Post Office and Civil Service.

By Mr. McCOLLISTER:

H.R. 14455. A bill to reaffirm the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce; to grant additional authority to the Federal Communications Commission to authorize mergers of carriers when deemed to be in the public interest; to reaffirm the authority of the States to regulate terminal and station equipment used for telephone exchange service; to require the Federal Communications Commission to make certain findings in connection with Commission actions authorizing specialized carriers; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MILLER of California (for himself and Mr. Downing of Virginia):

H.R. 14456. A bill to amend the Older Americans Act of 1965 to provide a national meals-on-wheels program for the elderly, and for other purposes; to the Committee on Education and Labor.

By Mr. PRESSLER:

H.R. 14457. A bill to amend part B of title XI of the Social Security Act to assure appropriate participation by optometrists in the peer review and related activities authorized under such part; jointly, to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. WHITTEN:

H.R. 14458. A bill to establish the Reconstruction Finance Corporation to make loans and loan guarantees to business concerns which would otherwise be unable to obtain needed financing, and for other purposes; to the Committee on Banking, Currency and Housing.

H.R. 14459. A bill to reaffirm the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce; to grant additional authority to the Federal Communications Commission to authorize mergers of carriers when deemed to be in the public interest; to reaffirm the authority of the States to regulate terminal and station equipment used for telephone exchange service; to require the Federal Communications Commission to make certain findings in connection with Commission actions authorizing specialized carriers; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. CONABLE:

H.R. 14460. A bill to amend the Employee Retirement Income Security Act of 1974 with respect to the issuance of salary a reduction regualtions by the Secretary of the Treasury; to the Committee on Education and Labor.

By Mr. GILMAN (for himself and Mr. Downey of New York):

H.R. 14461. A bill to establish a Commission to Study the Quality of Instruction at the Service Academies; jointly to the Committees on Armed Services, and Merchant Marine and Fisheries.

By Ms. KEYS (for herself and Mrs. Heckler of Massachusetts):

H.R. 14462. A bill to amend title 39, United States Code, to require the U.S. Postal Service to evaluate and examine specific criteria whenever the closing of a post office is considered, to provide for a public hearing whenever the U.S. Postal Service considers closing any post office, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. McCLOSKEY:

H.R. 14463. A bill to extend the coastwise laws of the United States to the U.S. Virgin Islands with respect to the transportation in bulk of crude oil, unfinished oils, residual fuel oil, and finished products; to the Committee on Merchant Marine and Fisheries.

By Mr. McCORMACK:

H.R. 14464. A bill to provide for the education of the dependents of persons engaged in the construction of additional hydroelectric power facilities at Chief Joseph Dam and Reservoir, Wash.; to the Committee on Public Works and Transportation.

By Mr. MINETA:

H.R. 14465. A bill to amend title 39, United States Code, to provide that the U.S. Postal Service shall be liable for the negligent handling or delivery of mail matter, and for other purposes; to the Committee on Post Office and Civil Service.

H.R. 14466. A bill to amend the act of September 7, 1957, relating to the Government guarantee of private loans to certain air carriers, to require that, with respect to the purchase of turbojet-power aircraft, guarantees only be made if the aircraft comply with certain noise standards; to the Committee on Public Works and Transportation.

By Mr. PICKLE (for himself, Ms. Heckler of Massachusetts, Mr. Studds, Mr. St Germain, Mr. Moffett, Mr. Patterson of California, Mr. D'Amours, Mr. Melcher, and Mr. Beard of Rhode Island):

H.R. 14467. A bill to amend part B of title XI of the Social Security Act to assure appropriate participation by optometrists in the peer review and related activities authorized under such part; jointly, to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. ROE:

H.R. 14468. A bill to authorize the Administrator of the National Fire Prevention and Control Administration to make grants to volunteer fire departments which are unable to purchase necessary firefighting equipment because of the increased cost of such equipment as the result of inflation; to the Committee on Banking, Currency and Housing.

By Mr. SATTERFIELD (for himself and Mr. Hammerschmidt):

H.R. 14469. A bill to permit agreements providing special pay to physicians and dentists in the Veterans' Administration to be entered into until October 1, 1977; to the Committee on Veterans' Affairs.

By Mr. FORSYTHE:

H.J. Res. 993. Joint resolution designating December 10 of each year as National Poetry Day; to the Committee on Post Office and Civil Service.

By Mr. SARASIN:

H.J. Res. 994. Joint resolution to confer honorary U.S. ciitzenship upon the Count de Rochambeau; to the Committee on the Judiciary.

By Mr. FORSYTHE:

H.J. Res. 995. Joint resolution granting a letter of marque; to the Committee on International Relations.

By Mr. PRESSLER:

H. Con. Res. 659. Concurrent resolution expressing the sense of the Congress that vocational and technical education programs should be treated on an equal basis with other education programs in the administration of Federal student loan insurance programs and Federal guaranteed student loan programs; to the Committee on Education and Labor.

By Mr. GIAIMO:

H. Res. 1322. Resolution concerning committee hearings on the future telecommunications policy of the Nation; to the Committee on Interstate and Foreign Commerce.

By Mr. HANLEY (for himself, Mr. Henderson, Mr. Brown of Michigan, Mr. Fauntroy, Ms. Fenwick, Mr. Forsythe, Mr. Fountain, Mr. Legget, Mr. Hefner, Mr. Meeds, Mr. Nichols, Mr. Passman, Mr. Ryan, Mr. Waggonner, Mr. Regula, Mr. Ryan, Mr. Rose, and Mr. Whitten):

H. Res. 1323. Resolution expressing the sense of the House regarding the closing of post offices; to the Committee on Post Office and Civil Service.

By Mr. HARRINGTON (for himself, Mr. Dellums, Mr. Downey of New York, Mr. Fraser, Mr. Mitchell of Maryland, and Mr. Stark):

H. Res. 1324. Resolution directing the President to provide to the House of Representatives certain information with respect to any payment made by the United States to influence Italian politics; to the Committee on International Relations.

By Mrs. HECKLER of Massachusetts:

H. Res. 1325. Resolution to provide assistance to Lebanon and appealing for a cease-fire; to the Committee on International Relations.

By Mr. RHODES (for himself, Mr. Brown of Michigan, Mr. Broomfield, Mr. Wampler, Mr. Cohen, Mr. Collins of Texas, Mr. Walsh, Mr. Lujan, Mr. Emery, Mr. Sebelius, Mr. Dickinson, Mr. Schulze, Mr. McCloskey, Mr. Cleveland, Mr. J. William Stanton, Mr. Pritchard, Mr. Guyer, Mr. Moorhead of California, Mr. Eshleman, Mr. Whitehurst, Mr. Brown of Ohio, Mr. Rinaldo, Mr. Robinson, Mr. Lagomarsino, and Mr. Butler):

H. Res. 1326. Resolution to establish a select committee to review the accounts of all committees of the House; to the Committee on Rules.

By Mr. RHODES (for himself, Mr. Kasten, Mr. Young of Florida, Mr. Gradison, Mr. Forsythe, Mr. Gilman, Mr. Treen, Mr. Moore, Mr. Winn, Mr. Thone, Mr. Johnson of Pennsylvania, Mr. Railsback, Mr. Latta, Mr. Regula, Mr. Coughlin, Mr. Kemp, Mrs. Smith of Nebraska, Mrs. Pettis, Mr. Madigan, Mr. Miller of Ohio, Mrs. Heckler of Massachusetts, Mr. Cochran, Mr. Hyde, Mrs. Holt, and Mr. Whalen):

H. Res. 1327. Resolution to establish a select committee to review the accounts of all committees of the House; to the committee on Rules.

By Mr. LATTA:

H. Res. 1328. Resolution expressing the sense of the House regarding the closing of post offices; to the Committee on Post Office and Civil Service.

MEMORIALS

Under clause 4 of rule XXII,

407. The SPEAKER presented a memorial of the Senate of the Commonwealth of Pennsylvania, relative to continued Federal operation of the Valley Forge General Hospital; to the Committee on Veterans' Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. BAUCUS introduced a bill (H.R. 14470) for the relief of Raul Eduardo Ringle, which was referred to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

499. By the SPEAKER: Petition of the Fourth Northern Mariana Islands Legislature, Susupe, Saipan, Mariana Islands, Trust Territory of the Pacific Islands, relative to the Honorable Phillip Burton; to the Committee on Interior and Insular Affairs.

500. Also, petition of employees of Facet Enterprises, Inc., Tulsa, Okla., relative to the Walsh-Healy Act; jointly, to the Committees on the Judiciary, and Education and Labor.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 12851

By Mr. PRESSLER:

Page 88, immediately after line 7, add the following new section:

FEDERAL ASSISTANCE FOR VOCATIONAL AND TECHNICAL EDUCATION PROGRAMS

Sec. 204. (a) The Congress hereby finds that—

(1) vocational education and technical education are of vital importance to the continued growth and development of the United States, and especially of rural States such as the State of South Dakota;

(2) it is imperative that students pursuing part-time continuing education in vocational schools or technical schools be entitled to equitable participation in any Federal program of student loan insurance and in any Federal program to guarantee insured student loans;

(3) increasing numbers of adults, while remaining active in their primary careers, are pursuing education in vocational schools or technical schools through participation in Federal programs of student loan insurance and Federal programs to guarantee insured student loans; and

(4) older Americans with limited incomes who desire to pursue education in vocational schools or technical schools find it necessary to seek financial assistance through participation in Federal programs of student loan insurance and Federal programs to guarantee insured student loans.

(b) It is the sense of the Congress that full-time students and part-time students pursuing education in vocational schools or technical schools be treated on an equal basis with students in other institutions of higher education by the Congress, the Office of Education in the Department of Health, Education, and Welfare, and any other agency of the Federal Government administering education programs, with respect to the participation of such students in the Federal program of student loan insurance established in part B of title IV of the Higher Education Act of 1965, the Federal program to guarantee insured student loans established in part B of title IV of the Higher Education Act of 1965, and any other similar Federal program.

H.R. 13555

By Mr. QUIE:

Page 78, line 13, strike out "Labor" and insert in lieu thereof "the Interior".

Page 81, line 4, strike out "Labor" and insert in lieu thereof "the Interior".

Page 83, line 3, strike out "of".

Page 83, line 4, strike out "the Interior".

Page 83, line 14, strike out "of the Interior".

Page 94, line 16, strike out "of the Interior".

Page 106, line 12, strike out ", or the Secretary of the Interior,".

Page 106, line 15, strike out "and the Secretary of the Interior".

Page 106, line 24, strike out "and the Secretary".

Page 107, line 1, strike out "of the Interior".

Page 110, line 20, strike out "Labor" and insert in lieu thereof "the Interior".

Page 127, line 4, strike out "Labor" and insert in lieu thereof "the Interior".

Page 134, line 19, strike out "Labor" and insert in lieu thereof "the Interior".

Page 135, line 10, strike out everything after "Welfare".

Page 135, line 11, strike out everything before the comma.

Page 135, line 21, strike out the comma and insert in lieu thereof "and".

Page 135, line 22, strike out everything after "Welfare".

Page 135, line 23, strike out "Interior".

Page 136, line 11, strike out the first comma and insert in lieu thereof "and".

Page 136, line 12, strike out everything after "Welfare".

Page 137, line 1, strike out the first comma and insert in lieu thereof "and".

Page 137, line 2, strike out ", and the Secretary of the Interior".

Page 137, beginning with line 8, strike out everything after the second period down through "(c)" in line 22 on page 139.

Page 140, beginning with line 9, strike out everything down through line 14.

Page 140, line 17, strike out "of the Interior".

Page 140, line 18, strike out "with the Secretary and".

Page 141, line 5, strike out everything after "Welfare".

Page 141, line 6, strike out "appropriate,".

Page 141, line 16, strike out "of the Interior".

Page 145, line 17, strike out "the Secretary of the Interior,".

Page 146, line 17, strike out the comma and insert in lieu thereof "and".

Page 146, line 18, strike out everything after "Welfare".

Page 146, line 19, strike out "of the Interior".

Page 149, line 24, strike out "of the Interior".

Page 150, beginning with line 1, strike out everything down through line 7 on page 153, and insert in lieu thereof the following:

Sec. 3. Section 2 of this Act shall take effect on July 1, 1977.

Page 153, line 8, strike out "5" and insert in lieu thereof "4".

Page 153, beginning with line 11, strike out everything after "1969" down through the comma in line 13.

H.R. 14238

By Mr. BAUMAN:

Amendment No. 1: On page 7, after line 24, add the following new section 102:

"Sec. 102. None of the funds contained in this Act shall be made available for the purposes authorized by House Resolution 457, approved July 21, 1971 (Public Law 92-184) as a result of any order to be issued by the

Committee on House Administration pursuant to the provisions of House Resolution 457, 92nd Congress, for official expenses and allowances for Members, officers, and standing committees of the House of Representatives."

Amendment No. 2: On page 35, after line 11, add the following new section 1105:

"SEC. 1105. None of the funds contained in this Act shall be made available for the purposes authorized by House Resolution 457, approved July 21, 1971 (Public Law 92-184) as a result of any order to be issued by the Committee on House Administration pursuant to the provisions of House Resolution 457, 92nd Congress, for official expenses and allowances for Members, officers, and standing committees of the House of Representatives."

FACTUAL DESCRIPTIONS OF BILLS AND RESOLUTIONS INTRODUCED

Prepared by the Congressional Research Service pursuant to clause 5(d) of House rule X. Previous listing appeared in the CONGRESSIONAL RECORD of June 17, 1976, page 19037:

HOUSE BILLS

H.R. 13901. May 19, 1976. Judiciary. Entitles any person to receive reasonable legal fees associated with such person's participation in a proceeding before a Federal agency or before a court while challenging any action of such agency if such participation could not be undertaken without such reimbursement, is helpful, and is not entered into for the purpose of promoting unreasonable gain to such person.

H.R. 13902. May 19, 1976. Judiciary. Permits the Secretary of Housing and Urban Development to initiate a civil action to enforce Federal prohibitions against discriminatory housing practices. Allows Federal courts to award private plaintiffs bringing suit to enforce such prohibitions reasonable attorney fees whether or not such individuals are financially able to bear the cost.

H.R. 13903. May 19, 1976. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 13904. May 19, 1976. Judiciary. Declares a certain individual the parent of a citizen of the United States, under the Immigration and Nationality Act.

H.R. 13905. May 19, 1976. Judiciary. Declares a certain individual to be exempt from the prohibition against the adjustment of status of a nonimmigrant native of any country of the Western Hemisphere or certain adjacent islands to the status of a person admitted for permanent residence.

H.R. 13906. May 19, 1976. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 13907. May 19, 1976. Judiciary. Declares a certain individual eligible for naturalization under the Immigration and Nationality Act.

H.R. 13908. May 20, 1976. Post Office and Civil Service. Repeals the automatic cost-of-living increases of Congressional salaries provided for by the Salary Cost-of-Living Adjustment Act.

H.R. 13909. May 20, 1976. Rules. Requires review of Federal programs to determine if they warrant continuation. Directs the President to conduct such review of the programs covered by the annual budget. Requires Congress to make such review every four years.

H.R. 13910. May 20, 1976. Ways and Means. Denies the benefits of the foreign tax credit, under the Internal Revenue Code, to a taxpayer, or a member of a controlled group which includes the taxpayer, who is determined by the Secretary of the Treasury to have participated in or cooperated with the boycott of Israel, with respect to income, war profits, or excess profits taxes paid or accrued to any country which requires such participation or cooperation as a condition of doing business within that country.

Denies DISC benefits to any DISC that the Secretary of the Treasury determines has participated in or cooperated with the boycott of Israel.

H.R. 13911. May 20, 1976. Ways and Means. Denies the benefits of the foreign tax credit, under the Internal Revenue Code, to a taxpayer, or a member of a controlled group which includes the taxpayer, who is determined by the Secretary of the Treasury to have participated in or cooperated with the boycott of Israel, with respect to income, war profits, or excess profits taxes paid or accrued to any country which requires such participation or cooperation as a condition of doing business within that country.

Denies DISC benefits to any DISC that the Secretary of the Treasury determines has participated in or cooperated with the boycott of Israel.

H.R. 13912. May 20, 1976. Ways and Means. Authorizes any amount received from appropriated funds as a scholarship by a member of a uniformed service who is receiving training under the Armed Forces Health Professions Scholarship Program from an educational institution to be continued to be treated as a scholarship, excludable from gross income under the Internal Revenue Code.

H.R. 13913. May 20, 1976. Public Works and Transportation; Interior and Insular Affairs. Terminates the authorization for the Tocks Island Reservoir project in New Jersey, New York, and Pennsylvania. Requires that property acquired by the Secretary of the Army pursuant to such authorization be transferred to the Secretary of the Interior for management by the National Park Service.

Requires relocation of a national highway to minimize adverse environmental impact on the area.

H.R. 13914. May 20, 1976. Interstate and Foreign Commerce; Judiciary; Banking, Currency and Housing; Ways and Means. Amends the Comprehensive Drug Abuse Prevention and Control Act of 1970 to impose minimum penalties for specified opiate-related offenses. Amends the Federal Rules of Criminal Procedure to require a hearing to determine whether a term of imprisonment and parole eligibility is mandatory for an opiate-related offense.

Establishes considerations for judicial officers setting conditions for release of any person charged with an opiate-related offense. Makes proceeds of such offenses subject to forfeiture to the United States.

Requires persons exporting or importing monetary instruments in amounts exceeding $5,000 to file a report of such transport.

H.R. 13915. May 20, 1976. Ways and Means. Amends the Internal Revenue Code to establish graduated corporate income tax rates. Increases the estate tax exemption and establishes a new rate schedule for the estate tax. Increases the gift tax exclusion and exemption of stock in a closely held corporation when sold to pay estate taxes. Redefines a subchapter S corporation. Allows tax credits for the hiring of new employees. Redefines section 1244 stock (small business stock, losses on which are treated as ordinary losses).

H.R. 13916. May 20, 1976. Ways and Means. Authorizes every individual whose income tax liability, under the Internal Revenue Code, is $1 or more to designate $1 to be used to reduce the public debt of the United States.

H.R. 13917. May 20, 1976. Ways and Means. Amends the Medicare and Medicaid programs of the Social Security Act to include in the coverage provided under such programs the services of licensed registered nurses.

H.R. 13918. May 20, 1976. Ways and Means. Amends the Medicare and Medicaid programs of the Social Security Act to include in the coverage provided under such programs the services of licensed registered nurses.

H.R. 13919. May 20, 1976. Small Business Amends the Small Business Investment Act to change the title of the Associate Administrator for Finance and Investment of the Small Business Administration to that of Associate Administrator for Investment. Changes the duties of such office.

H.R. 13920. May 20, 1976. Ways and Means. Prohibits any reduction in the old-age insurance benefit amounts to which a woman is entitled under the Old-Age, Survivors, and Disability Insurance program of the Social Security Act if the woman has 120 quarters of coverage.

H.R. 13921. May 20, 1976. Interstate and Foreign Commerce. Amends the Controlled Substances Act to establish penalties for persons who obtain or attempt to obtain narcotics or other controlled substances from a retail pharmacy by force and violence.

H.R. 13922. May 20, 1976. Marchant Marine and Fisheries. Amends the Merchant Marine Act of 1936 in order to establish a national marine firefighting program. Directs the Secretary of Commerce to establish marine firefighting regions and to select regional and satellite firefighting units for each such region. Requires the Secretary to provide marine fire protection and firefighting training programs for training members of regional and satellite units and marine seamen.

Requires all seagoing vessels operating in the foreign or domestic commerce of the United States to have on board a prefire contingency plan for the vessel.

H.R. 13923. May 20, 1976. Ways and Means. Amends the Internal Revenue Code to allow a tax deduction in an amount not to exceed $1,000 for amounts paid by the taxpayer to an eligible educational institution for tuition for the attendance of the taxpayer or any eligible dependent.

H.R. 13924. May 20, 1976. Government Operations. Establishes the Commission on Human Resources Programs to determine whether human resource programs are duplicative, insufficient, inefficient, or are not clearly identified for the States and local governments.

H.R. 13925. May 20, 1976. Veterans' Affairs. Extends the period of active duty for which specified veterans may claim reemployment rights.

EXTENSIONS OF REMARKS

MEETINGS BETWEEN MARXIST "CHICANO" LEADERS AND MEXICAN PRESIDENTIAL CANDIDATE

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. McDONALD. Mr. Speaker, the Mexican Government might well complain, should one of our Presidential candidates patronize Mexican malcontents who offered to deliver to us a chunk of their country, by force of arms, if necessary.

What should we think, therefore, when we learn that the future President of Mexico, Jose Lopez Portillo, candidate of the ruling party, has on two recent occasions sought out and accepted as self-proclaimed "leaders of 16 million chicanos" the most radical Marxists available? Some of them are on record as favoring the seizure of Colorado, New Mexico, and Texas to form a country to be called Aztlan. These same people have spent the past 8 years advertising the necessity to resort to arms to gain their objectives.

Specifically, on May 21, Sr. Lopez Portillo met—at his own request, according to the Mexican newspaper Excelsior—with a dozen "chicanos" headed by Jose Angel Gutierrez. Gutierrez was identified as a professor at the University of Texas, which he is not; he is, in fact, a judge in Zavala County, Crystal City, Tex., where his wife runs one of HEW's lucrative "health care delivery systems." Judge Gutierrez, a power in the radical, racist La Raza Unida Party, has a lengthy record of hatred for the United States; unfortunately, it has not prompted him to surrender his citizenship. Judge Gutierrez has expressed his readiness to kill gringos, and in fact, in a speech in San Antonio in May, 1970, he said:

> And to the gringos in the audience, I have one final message: Up yours, baby! You've had it from now on.

Judge Gutierrez' message to the future President of Mexico was more polite. Perhaps he was trying to free La Raza's gunrunner, Ramon Raul Chacon, who was jailed after being caught with a truckload of weapons in Monterey. The judge merely offered to report to Lopez Portillo when he becomes president. All of which is a violation of the Logan Act, of course.

Those familiar with the way things go in this country will not be surprised to learn that La Raza was launched by lavish Ford Foundation grants in excess of $600,000.

Judge Gutierrez has been an enthusiast of Aztlan, one of the propaganda fantasies of the Marxist "chicano" leadership. Aztlan would be the great Aztec homeland to be carved from most of the Southwestern States. Perhaps the judge discussed the matter with Fidel Castro on his visit last summer. According to the Communist Party newspaper, the Daily World, on August 5, 1975, the judge examined "socialist" Cuba to see whether "various aspects are applicable to rural south Texas."

On May 29, in Tijuana, the future President of Mexico met with a leader of the "Mexican-American Political Association," which was founded by longtime Communist Party member Humberto "Bert" Corona, and with representatives of GI Forum, a once-respectable organization of veterans now taken over by radicals.

We have a right to question why a Mexican leader would choose to seek out and consult with American citizens who flaunt their disloyalty—unless, of course, Sr. Lopez Portillo agrees with their point of view.

The Excelsior account of the most important of these meetings follows:

> HERMOSILLO, May 21.—In the next twenty years, "the chicanos will be masters of the entire Southeast (sic) of the United States" and "we will act with political force to press from inside the whale" in favor of Mexico and Latin America, said 12 representatives of 16 million "chicanos" to Lopez Portillo.
>
> During a long talk with the presidential candidate of the PRI, the 12 "chicano" leaders, headed by Jose Angel Gutierrez, professor at the University of Texas, indicated:
>
> "The chicano movement is no longer going to tolerate even one more injustice. We are going to go forward and triumph. For this purpose, we have made our own investigations, our own political party, our own institutions."
>
> Gutierrez explained to the candidate that next month there will be a meeting of "chicanos" in the city of Utah (sic), to outline the political actions and programs of their movement. He offered to deliver the results of the meeting at the beginning of 1976 (sic) "when you will already be President."
>
> The meeting took place at the request of the candidate of the PRI in one of the salons of the Hotel Internacional.
>
> They demanded of the candidate "in the name of 16 million who within four years will be twenty" that he pursue during the next six-year term programs of scholarships, acculturalization, and reacquaintance with the Mexican community.
>
> Jose Angel Gutierrez pointed out that it is necessary that the government of Mexico create "politically inclusive" programs to link the "chicanos" to Mexico. . . .
>
> DISPOSED TO RISE IN ARMS
>
> Such is the pressure that the "chicanos" receive from the United States government, he said, that they are disposed to defend their actual political position in any manner necessary, including the use of arms.

JOHN MARION

HON. EDWARD MEZVINSKY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. MEZVINSKY. Mr. Speaker, as editor of the Daily Gate City, Keokuk, Iowa's daily newspaper, John Marion made a very special contribution to the life of his community and to the quality of journalism in Iowa. When John passed away last week, both his community and his profession suffered a profound loss.

Simply stated, John made a difference. He kept his readers informed about issues at home and around the world, issues that might have escaped our notice. He kept us thinking about implications and possibilities that might not otherwise have been considered. He kept us interested and he kept us asking questions. In short, he did his job and he did it in a way that was uniquely his own. He made life more interesting for thousands of readers. He made his own life a useful and influential one.

We had our differences from time to time. When we differed, John let me know about it in no uncertain terms. When we agreed, his was an encouraging voice of support. In either circumstance, he laid it on the line and no one had to guess where John Marion stood.

John's accomplishment, of course, was its own reward. But I know he appreciated the honor his peers bestowed upon him with several Daily Iowa Press Association editorial awards and the Master Columnist Award from the University of Iowa chapter of Sigma Delta Chi, the professional journalists' association.

John's most lasting and meaningful award is surely the friendship and respect of those of us who knew his work and profited from his frank and incisive commentary. I will miss him.

WARREN MUNICIPAL COURT JUDGES JAMES A. RAVELLA AND DONALD R. FORD RECEIVE "EXCELLENT JUDICIAL SERVICE" AWARD

HON. CHARLES J. CARNEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. CARNEY. Mr. Speaker, I would like to call the attention of my colleagues in the Congress to the fact that two judges in my district recently received an Ohio Supreme Court Award for "Excellent Judicial Service."

This award was presented to Warren Municipal Court Judges James A. Ravella and Donald R. Ford by Ohio Supreme Court Chief Justice C. William O'Neill at a recent Ohio State Bar Association convention in Cleveland, Ohio. The award is based on the fact that both Judge Ravella and Judge Ford have had no criminal case pending for longer than the time guideline established by the Ohio Supreme Court.

These men deserve the highest praise for the swift judicial service they have given over the years to the Warren community. I want to personally commend them for the dedication, efficiency, and fairness they have brought to their jobs. They are certainly two of the best judges we have in the country, and I wish them continued success in their careers.

PLIGHT OF THE BALTIC STATES

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. BIAGGI. Mr. Speaker, as we prepare to celebrate our Nation's 200th year of independence, I feel it is important that we pause a moment to reflect on the condition of those not so fortunate, namely the captive peoples of the world, and demonstrate our unfaltering support of their quest to achieve self-determination. This week in particular marks the 35th anniversary of the mass arrests and deportation of 100,000 Baltic nationals to Siberia by the Stalinist regime. Let us not in our time of celebration permit the anniversary of this infamous event pass us by unnoticed.

As a cosponsor of the Baltic States resolution, I have a personal attachment to the plight of the Baltic States. Since 1941, the people of Estonia, Latvia, and Lithuania have lived under the oppressive rule of the Soviet Government whose attempts to suppress their uniquely diverse culture has served to only further unite the Balkan peoples in their struggle to survive. Mr. Speaker, as we prepare to celebrate the Bicentennial, let us not forget those who have been denied the most cherished and basic right of any people, the right of self-determination.

What follows is a letter written by the Joint Baltic American Committee appropriately commemorating this infamous occasion by outlining in all its pain and gore the events that transpired following the mass deportation of Balkan citizens by the Soviet Government.

The article follows:

35TH ANNIVERSARY OF THE DEPORTATION OF BALTIC PEOPLES TO SIBERIA

This year, about one million Americans of Baltic descent are commemorating the 35th anniversary of the mass deportations of Lithuanians, Latvians, and Estonians to Siberia which took place on June 14–15, 1941. During these first arrests, 100,000 persons were deported to various places in Asian Siberia. This was done to subdue the Baltic States, which had been illegally occupied by the Soviet Union against the will of the people.

The Soviet government began planning for mass extermination of the Baltic people soon after the conclusion of the Hitler-Stalin pact of 1939. The clear evidence of this is found in N.K.V.D. Order number 001223 regarding the "deportation of anti-Soviet elements from Lithuania, Latvia, and Estonia." According to data collected by the Lithuanian Red Cross, 34,260 persons were deported from Lithuania, 35,102 from Latvia, and 33,500 from Estonia.

Statistics on age groups and professions have also been provided from a list of 20,974 persons. There were 1,626 infants; 2,165 children from the ages of 4 to 10; 2,587 persons from the ages of 10 to 18; 3,986 from the ages of 18 to 30 years; 7,778 persons from the ages of 30 to 50; 1,681 from 50 to 70 years; 427 over 70 years of age; and the remainder of undetermined age.

The largest groups were elementary and secondary school students: 6,378. There were 3,389 farmers, 1,865 housewives, 1,591 government employees, 1,098 teachers, 879 workers, 622 servicemen, and 416 university students.

All of these people were loaded into freight cars with fifty to sixty persons in each car. The windows of the cars were boarded over, husbands separated from wives, and children separated from parents. They all were locked in the cars lacking air, food, and water.

The long journey from the Baltic states to Siberia killed many weak and sick. Some dead children were thrown out of the cars by guards and left by the railroad, disregarding the enormous grief of their mothers.

In the following years, many other deportations took place. Baltic deportees were transported to northern Russia, western and eastern Siberia, and Kazakhstan. They were used for slave labor and many of them perished in the mines and forests, or they were annihilated by the cold, the starvation, and diseases because they lacked proper clothing, food, and medical attention.

Some managed to survive. A few even reached the United States, and readily testified to the inhuman conditions of life and to the cruelty of their imprisonment. Even Alexander Solzhenitsyn in his book "Gulag Archipelago" witnessed how Baltic deportees were tortured and forced to live under inhuman conditions.

Four young Lithuanian girls, who were deported to Siberia, have secretly written a prayerbook, which through underground channels, has been smuggled to the western world. It was published in English, and titled: "Mary Save Us."

These young girls wrote: "The day has closed its eyes. Fatigue closes my eyes. My feelings have dried up, my strength has left me . . . with icy lips, with tear-filled eyes, tormented by despair, we fly to your straw-covered crib, o Holy Babe . . . We are drained of strength, our feelings have faded away, our hearts are benumbed thoughts we cannot control . . . Jesus help those who die in foreign lands without consolation of the Church or their dear ones, without the comfort and aid of their friends."

The Soviet Union also deported people from the Baltic States in following years. A Lithuanian woman, Barbara Armonas, was deported in May of 1948, but after many years of slavery, she managed to emigrate to the USA. She describes her deportation from Lithuania in her book: "Leave your tears in Moscow".

"About four o'clock in the morning of May 22nd (1948), I heard a knock on my door . . . I opened the door and froze with fear . . . There was a whole detachment of soldiers, about thirty altogether, all with heavy weapons. In the yard, a machine gun had been set up. The officer pushed me aside, went into the house, and demanded my passport . . . He took a letter from his pocket and read in a monotonous voice that the state had decided to deport me from Lithuania to other Soviet states . . . I had only a half hour to prepare myself for the deportation journey. Awakened by the noise, my son started to cry . . . I was told that I could take no suitcases, but must pack everything into a potato sack . . .

"When the half hour was up, my son, myself, and our belongings were put into a buggy and escorted under heavy guard to the neighboring village . . . Some twenty-five families had been collected . . . Each family sat on their sacks in a group. No one talked.

"Some two hundred families had been collected and put into trucks, each guarded by four Russian soldiers with guns. These trucks were nearly all American Lend-Lease equipment . . . At first, I thought all Lithuanians were being deported . . . The village of Aukstuoliai was left completely empty . . .

"At the railroad station, we were put into cattle cars, about forty to sixty people to a car. The train stood in the station at Panevezys for two full days. We were given no food . . . Our transport consisted of sixty cars, so it can be estimated that it contained about 2,400 persons . . . The feelings of human beings herded into cattle cars are impossible to describe. No one knew where we were going or what could be expected . . . In one car, a woman with two small children whose husband was in prison, went mad, jumped from the moving train, and was killed . . . The biggest problem in our car was an 83 year-old paralyzed lady . . .

"After about fifteen days, we stopped in a station about 160 miles from Irkutsk, the largest city in Siberia . . . We were ordered to get out . . . We stood there for about four hours in a cold rain mixed with snow. The children cried all the time . . ."

The deportees were placed in barracks with broken doors and windows in company with many thieves, and Mrs. Armonas writes: "It was clear to everyone that we had been sent here to die."

On starvation rations, they were forced to cut trees in the forests five miles away from the barracks. The work norms were very high, and they had only primitive tools. The regime for prisoners was severe. Mrs. Armonas writes: "I was always hungry. We were not allowed to wear shoes in our rooms. We could not sit on the beds."

Fortunately for Mrs. Armonas, Krushchev's amnesty released her from the slave labor camps, but there are still tens of thousands of Baltic deportees in Siberia, and tens of thousands buried there in unmarked graves.

The Communists murdered or deported about 350,000 people from Lithuania, the total exceeding ten percent of the population, and these figures are also the same for Latvia and Estonia.

FINE CRAFTSMEN CONTRIBUTE TO OLD SENATE CHAMBER

HON. HAMILTON FISH, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. FISH. Mr. Speaker, this week the old Senate Chamber was dedicated. It is truly a beautiful room that takes its place along with the old Supreme Court chamber as excellent reproductions of the originals.

The firm of Engelhard & Koenig in the town of Kent, Putnam County, N.Y., played a major role in restoring and reproducing the furnishings of the old Senate Chamber. Based on drawings, sketches, and photographs supplied by the Architect of the Capitol, the workmanship of Engelhard and Koenig can be seen in the Vice-President's chair, the Speakers table and the Senators' desks and chairs. In addition to this major contribution, these cabinetmakers contributed reproductions in the Federal period for Blair House in Washington as well as reproductions to the restoration of Boscobel in Garrison, N.Y.

Mr. Speaker, I am proud that Engelhard and Koenig is located in my district. The firm was founded in 1929 by Hans Engelhard, a cabinetmaker from Germany. As business grew, he was joined by his brother Ludwig, who has been with the firm ever since. In the early forties Sebastin Koenig, another fine cabinetmaker joined Mr. Engelhard to form the corporation of Engelhard & Koenig.

During this period, the firm specialized in fine English reproductions which were faithfully copied from the originals, using exotic woods and veneers. Equally important is the restoration of many fine antiques brought to them by antique dealers, decorators and private individuals.

As the demand for fine furniture grew, it became necessary to look for larger quarters. Both Mr. Engelhard and Mr. Koenig, being summer residents of Holmes, N.Y. decided on a place in Towners, N.Y. Mr. Koenig looked after the country shop with a few cabinetmakers relocated from New York City, while Mr. Engelhard headed the showroom and finishing department which stayed in New York City.

After the war, returning GI's were trained and eventually the firm had a combined work force of about 50 craftsmen.

Again the firm moved to larger quarters, to their present location in the Town of Kent, Putnam County, N.Y. The showroom remained in New York City.

The firm suffered a major setback in 1964 when a fire of undetermined origin virtually destroyed the factory with a loss of over $200,000. Within 2 months of the fire the firm was back in operation when a new addition was completed.

Although Mr. Hans Engelhard and Mr. Sebastian Koenig have retired, the firm still carries on their tradition of creating the finest custom crafted wood and upholstered furniture.

COMMONSENSE FROM THE PEOPLE

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. COLLINS of Texas. Mr. Speaker, this morning I picked up a poll that confirms the American people still have commonsense. A group known as 300–10 Action Plan made a survey of people throughout the country. They asked this question: Would you want your Congressman to vote to establish and operate direct marketing from farmers to consumers? The answer was 1,774—yes, 16,253—no, and 582—undecided. This shows only 10 percent or 1 out of 10 of the people favored this type of Government boondoggle.

In Congress everyday we keep hearing about this plan and that plan where Congress can solve all the problems. One of the big consumer problems is how they can get their food cheaper. But it is interesting to see that the average citizen realizes that a grocery store only makes one penny on every sales dollar. They realize that somebody must be there in the middle to assemble the groceries to distribute them. Housewives realize they need to have trucks to bring food to market.

When will Congress learn that the greatest service they could do this country would be to adjourn and let the free market and private enterprise operate without so much congressional regulated economy.

I was proud to see in this poll that in my own State of Texas that only 5 percent of the people favored the boondoggle idea of having the Government run food distribution.

There were two other questions on the polls from my own district. They asked whether they believe in registration of handguns. The answer is an overwhelming no.

They asked the question of whether Congress should create jobs through making work projects for State and local governments, and 90 percent said no.

Grassroots America knows that the only solution to America's economic growth rests with hard work and permanent jobs through private industry.

Let us relearn some of the fundamentals of 1776 in this, our Bicentennial Year.

HISTORICAL WHEATON VILLAGE—THE FIRST OF ITS KIND IN THE NATION

HON. WILLIAM J. HUGHES

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. HUGHES. Mr. Speaker, I find it most gratifying in this Bicentennial Year to bring to the attention of my colleagues Wheaton Village, a recreated 1888 glassmaking community located in Millville, N.J. The primary function of Wheaton Village, the first of its kind in the Nation, is the preservation of the early skills and crafts of a typical southern New Jersey glassmaking community of the Victorian era. The many exhibits, artifacts, and demonstrations which one observes here exemplify the significant role played by glass in the life style of Americans in the late 19th century.

All of the buildings comprising Wheaton Village, including a glass museum, glass factory, craft shops and general store are architecturally representative of those existing 100 years ago. The Museum of Glass, which is the second largest in the United States devoted exclusively to glass, houses a unique and invaluable collection of glassware inclusive of all ages of American history and European, stemming from the origins of mankind to the most modern accomplishments in glass cutting, blowing and molding. These are exhibited amidst original period furnishings.

In the glass factory, which is a replica of the original 1888 factory of the T. C. Wheaton Co., one can observe artisans create an infinite array of impressive glassware, including reproductions of candlesticks, vases and pitchers in the same manner it was done a century ago. Wheaton Village, which is situated in an 88-acre grove of stately pine trees, has several working craft shops, including pottery, printing, woodworking, metalworking, quilting, spinning and weaving; and each craftsman is an expert in his skill creating things with hand-driven implements of the Victorian era. Many of these tools are either originals that have been donated or reproductions. From the 19th century general store, with its penny candy, pot-bellied stove, and authentic nickelodeon, emenates a nostalgic atmosphere of olden days.

Wheaton Village is a nonprofit organization under the auspices of the Wheaton Historical Association. The people of New Jersey can be justly proud of this distinctive contribution to the Nation's history and culture.

We are particularly proud here in South Jersey.

AMERICANS OF COSSACK HERITAGE WILL CELEBRATE THE 75TH ANNIVERSARY OF THE DEATH OF BRIG. GEN. JOHN BASIL TURCHIN

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. DERWINSKI. Mr. Speaker, today, June 18, Americans of Cossack heritage will commemorate the 75th anniversary of the death of the first Cossack emigre to the United States, Brig. Gen. John Basil Turchin, formerly Ivan Vasilievich Turchaninov.

A career artillery officer in the Imperial Russian Army, Ivan Turchaninov joined the other young, patriotic Cossacks, in an attempt to restore the previously sovereign Cossack people with the right of self-government. This movement was later bloodily suppressed by the Czarist authorities, and two of its leaders, the brothers Gruzinov, were executed. Notwithstanding a brilliant career and promotion to colonel in 1854 during the Crimean War, Turchaninov decided to leave his oppressed native land, in silent protest, first for England and later for the United States, where he arrived in mid-August, 1856.

Having Americanized his name to John Basil Turchin, he entered an engineering college in Philadelphia. In 1858, he moved to Mattoon, Ill., where he joined the newly formed Republican Party and went to work for the Illinois Central Railroad as a topographical engineer.

With the outbreak of the Civil War, he assumed command of the 19th Illinois Regiment, many members of which were also recent immigrants. On July 17, 1862, he was promoted by President Lincoln to brigadier general for his outstanding leadership and service. He continued to serve until October 4, 1864.

Upon his return to Illinois, John Basil Turchin turned back to his career in engineering and later, in 1873, helped the Illinois Central Railroad establish a Polish colony in Washington County on barren lands belonging to the railroad.

He died on the night of June 18, 1901, at the age of 79 and was buried, draped in an American flag, at the National Soldiers Cemetery in Mound City, Ill.

He has been remembered as "a gentleman of the best make, who fought for human liberty and for the eternal principle of right." His memory lives on in the minds of hearts of his countrymen and remains a symbol of inspiration to all who value freedom and true national independence.

NUCLEAR PROLIFERATION

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. BROWN of California. Mr. Speaker, when you honored me with an appointment to the Joint Committee on Atomic Energy a short time ago, I endeavored to update my files and improve my understanding of the many complex issues within the jurisdiction of the Joint Committee. This is a continuous, on-going process, especially since the nuclear field has undergone dramatic changes in public perception, and achieved a new level of importance on a global scale.

Among the areas undergoing change is the policy and practice of control of proliferation of nuclear weapons. This subject has received extensive attention since the explosion of the first bombs over Japan in World War II, with specific proposals for control being made primarily in 1946 at the meeting of the United Nations Atomic Energy Commission, and during the negotiations and final agreement on the Non-Proliferation Treaty.

In spite of these past efforts, nuclear proliferation is occurring, and, if the popular press is to be believed, beyond the control of the United States. Not all Members of Congress agree with this widespread assumption, and efforts are again being made to control the spread of nuclear weapons.

The Senate Government Operations Committee has passed a bill, S. 1439, the "Export Reorganization Act of 1976," which hopes to reduce proliferation by reorganizing certain export functions of the Federal Government. The House has passed House Concurrent Resolution 570 which also addressed the nuclear proliferation issue. In addition, Mr. LONG of Maryland has another resolution, House Resolution 951, which calls for the establishment of a House select committee to explore the nuclear export policy of the United States and the worldwide nuclear proliferation issue. This resolution, it should be noted, has over 120 cosponsors.

The Joint Committee on Atomic Energy has scheduled hearings on June 22 and June 29 on the bill, S. 1439, where it is expected that many of these issues will be discussed.

For background on these issues, I recently addressed two questions to the Congressional Research Service. The first question was, "What controls could the United States exercise over nuclear proliferation?" The second question was closely related, since it dealt with one suggested option for controlling proliferation. That question was, "Is leasing of reactor fuel a viable option to control proliferation?"

In order to share these answers with my colleagues, I will insert them in the RECORD at the conclusion of these remarks. One point should be highlighted, however, since it relates to a bill, H.R. 8401, the Nuclear Fuel Assurance Act of 1976, which is now on the House calendar. That point is that if the private enrichment plants, which are partially authorized in H.R. 8401, are built, the leasing option will be much more difficult to negotiate. The other point, also related to H.R. 8401, which should be made is that if the United States expects to convince other nations not to build reprocessing facilities, the United States will have to expand its own enrichment capacity.

I offer the CRS materials for my colleagues review.

The material follows:

THE LIBRARY OF CONGRESS,
CONGRESSIONAL RESEARCH SERVICE,
Washington, D.C., June 16, 1976.

To: The Honorable George Brown
Attention: T. Lynch.
From: Warren H. Donnelly, Senior Specialist, Energy Environment and Natural Resources Policy Division
Subject: Control of Proliferation of Nuclear Weapons.

Question 1. What controls could the United States exercise over nuclear proliferation?

In replying to this question, I have sought to identify conceivable measures which the United States could consider to control further proliferation of the ability to make nuclear weapons among nations that now do not have them. Some measures would require international actions, others could be unilateral by the United States. The options listed vary greatly in probable acceptability because some of them would require substantial changes in the relations between nations individually, and between the developed nations and those seeking to develop into industrial states. I have not excluded such options, however, because acceptability depends so much upon the urgency which the reader assigns to control of proliferation and the relative priority he would assign to it in comparison with other national and international problems. If, as some analysts and statesmen indicate, control of proliferation is truly the gravest long-term threat we face—graver than famine or energy shortages, for example—then certain measures would be acceptable simply because of the press of events and fears of nuclear holocaust. If, however, control of proliferation is viewed as but one of many urgent problems, then the range of acceptable measures would be narrowed and individual measures subject to compromise in the give and take. The purpose of the following listing is to indicate the range of potential international actions the United States could promote and the range of unilateral actions it could take to control proliferation.

Briefly, the conceivable measures to control further proliferation include:

1. Removing nuclear material from world use.

2. Reducing pressures to proliferate.

3. Keeping nuclear explosive materials and technology out of the hands of non-weapons nations and subnational groups.

4. Making theft, diversion or sabotage more difficult.

5. Increasing the probability of detection of theft or diversion of nuclear materials.

6. Applying sanctions or other measures against nations which undertake or persist in those nuclear activities which are particularly dangerous to world peace and to the security of the United States.

Each category includes subordinate measures that the United States could undertake in cooperation with other nations, or unilaterally.

I. Remove nuclear materials from world use.

The most drastic control of nuclear proliferation, if it could be accomplished, would be to remove all nuclear materials from the possession and use by persons, organizations and nations. To do so would require the collection of all nuclear materials, from all weapons and all nuclear power plants and related facilities; the dispersion of that material back into nature in some unrecoverable form; the sealing of all uranium and thorium mines and absolute prohibitions of their further use; the erasure from world literature of all information about nuclear energy; the deletion from all teaching and instruction of any information about nuclear energy; and the isolation from society for the remainder of their lives of all persons with knowledge and experience in the use of nuclear energy for military and civil purposes.[1]

A lesser, unilateral measure for U.S. action would be to declare a national moratorium on use of nuclear energy, shut down all nuclear establishments, and destroy all nuclear weapons as an example to the world. A more limited option would be a national moratorium on civil use of nuclear energy in the hope of convincing other nations to do likewise. Note, however, that abolishing civil use of nuclear energy throughout the world would substantially reduce, but not stop proliferation because civil nuclear power is not necessary for the production of nuclear explosive materials.

II. Reduce pressures to proliferate.

1. International measures—

a. Convince non-weapons nations that they do not need nuclear weapons for their security and well-being.

b. Begin to substantially reduce present levels of nuclear armaments of the United States and the Soviet Union, as each nation is committed to do under the Non-Proliferation Treaty, thereby demonstrating that the superpowers do not regard nuclear weapons as necessary.

c. Conclude an effective, comprehensive nuclear test ban treaty that also bars testing of peaceful nuclear explosives.

d. Establish additional regional nuclear free zones such as provided by the Antarctic Treaty of 1959 and for Latin America by the Treaty of Tlatelolco in 1967.

e. Provide reliable international assurances to nations that clandestine production of nuclear explosive materials and devices by neighbors or competitors will be detected.

f. Persuade more nations to ratify the NPT and so to forswear use of nuclear weapons. Provide incentives and special treatment for nations that ratify.

g. Persuade nuclear weapons nations to pledge no first use of nuclear weapons against non-weapons states.

h. Improve ways for nations to settle disputes without resort to threatened or actual use of nuclear weapons.

2. Unilateral measures—

a. United States reduction of its nuclear arms stockpile and use of recovered nuclear explosive materials for nuclear fuel.

b. United States pledge of no first use of nuclear weapons against a non-weapons state, or against any state.

III. Keep nuclear explosive materials and technology out of the hands of nonnuclear weapons nations.

Footnotes at end of article.

A. Reduce the need for nuclear power by non-weapons countries:

1. International measures—

a. Provide reliable, economically competitive supplies of oil, coal, and synthetic fuels to developing nations so they would not need nuclear power.

b. Provide technical and financial assistance to develop indigenous fuel and energy resources, perhaps via the International Atomic Energy Agency.

c. Exchange oil, coal and synthetic fuels for uranium from developing countries on an energy equivalence basis.

2. Unilateral measures—

a. Expedite U.S. development of energy supply technologies suitable for developing countries and creation of industries to make, export, install and help service such technologies. Primary candidates would include solar energy, improved water turbines, wind machines, etc.

b. Provide attractive U.S. financial assistance for use of such alternatives instead of nuclear power.

c. Provide U.S. training for technical personnel of such countries in these technologies.

B. Reduce the need of non-weapons nations to produce and possess weapons-grade nuclear materials.

1. International measures—

a. Encourage nuclear interdependence among nations, particularly between nuclear supplier nations and other nations, so that national nuclear independence is not considered to be necessary for the economic health and future of nations using nuclear energy.

b. Establish international ownership and operation of all nuclear energy facilities throughout the world. (A revival and updating of the Baruch plan of 1946.)

c. Establish multinational, regional centers under IAEA safeguards for production of enriched uranium, reprocessing of used nuclear fuels, storage of fissionable materials, fabrication of fissionable materials into nuclear fuel elements, temporary storage of used nuclear fuels, and permanent management of radioactive wastes from reprocessing operations.

d. Persuade present nuclear supplier states to guarantee a supply of enriched uranium to other nations not interruptible for political or foreign policy reasons.

e. Establish regional nuclear fuel repositories under IAEA control and safeguards which could store perhaps a year's working inventory of nuclear fuel per country so as to insulate them from interruption of access to enriched uranium.

f. Persuade nuclear supplier states to limit export of nuclear fuels to natural uranium and to low enriched uranium. (Use of highly enriched uranium and plutonium would be permissible only within nuclear supplier states.)

g. Persuade nuclear supplier nations not to sell but rather to lease nuclear fuels and to require return of used fuels to the supplier state or to a multinational fuel reprocessing center.

h. Persuade nuclear supplier states to offer a credit for plutonium estimated to be contained in returned used nuclear fuels, the credit to be in cash, or in an enriched uranium of equivalent energy content.

2. Unilateral measures—

a. Guarantee future supply of U.S. enriched uranium to those nations that agree not to reprocess nuclear fuels or to build and operate any reprocessing facility.[2]

b. Offer to lease U.S. enriched uranium at prices attractive enough for user nations to accept U.S. conditions and controls.

c. Ban the export of U.S. enriched uranium to any nation, other than present nuclear supplier nations, that reprocess used nuclear fuels.

C. Slow the spread of the ability to make nuclear materials and weapons:

1. International measures—

a. Persuade nuclear supplier nations not to export technology, plant and equipment, or to provide technical assistance, training, or financial assistance for the construction and operation of facilities to enrich uranium or to produce plutonium.

b. Persuade non-supplier nations to accept an annual IAEA survey of indigenous nuclear industries to assess their capability to produce nuclear explosive materials or weapons.

c. Offer nuclear supplier nations the benefits of a market-sharing arrangement for nuclear power exports in return for measure (a) above.

d. Emphasize the NPT commitment not to assist "in any way" a non-nuclear state to make nuclear explosive devices.

e. Persuade ratifiers of the NPT to agree to removal of the obligation in Article V to make available the benefits of peaceful nuclear explosions to non-nuclear weapons nations, and provide non-nuclear ways of obtaining the expected benefits of these devices.

2. Unilateral measures—

a. Ban the U.S. export of technology, materials, plant and equipment for construction and operation of facilities to produce enriched uranium or plutonium except to multinational fuel centers.

b. Ban all U.S. nuclear exports to nations which will not:

(1) Ratify the NPT or submit all of their nuclear activities to IAEA safeguards.

(2) Agree to abstain from building and operating any enrichment or reprocessing facility, except for the present nuclear nations.

c. Ban Export-Import Bank assistance for nuclear power to nations that will not comply with (b) above.

d. Ban all forms of U.S. economic, military and other assistance to those nuclear supplier nations that, through exports and other assistance, help other nations to build and operate national fuel enrichment or reprocessing plants.

e. Limit training of foreign nationals in the United States in nuclear technology to nationals of those nations which agree to U.S. policy on nuclear export control.

D. Keep nuclear explosive materials out of the hands of developing countries.

1. International measures—

a. Ban the export of highly enriched uranium or plutonium except that incorporated in fabricated nuclear fuel.

b. Ban the export of nuclear power reactors that require highly enriched uranium for fuel.

2. Unilateral measures—

a. Ban U.S. export of enriched uranium or plutonium not incorporated in fabricated nuclear fuel.

b. Ban U.S. export of nuclear power reactors that require highly enriched uranium for fuel.

IV. Make theft, diversion or sabotage more difficult.

1. International measures—

a. Convene an international convention to reach and ratify international agreement to authorize, fund and direct the International Atomic Energy Agency to establish standards for the physical protection of nuclear materials and installations for civil purposes and for the transportation of nuclear materials; and to authorize the Agency to regularly inspect for compliance with such standards and to publish the results of its inspections.

b. Establish an international nuclear security force to protect international shipments of nuclear materials including high-level wastes.

c. (1) Arrange for international collection, analysis and use of intelligence information to anticipate attempted theft or diversion of nuclear materials, clandestine production of nuclear materials and weapons, and sabotage of nuclear installations; (2) intercept and prevent such attempts; (3) capture and hold persons involved in such attempts; (4) recover stolen materials.

d. Establish theft, diversion of nuclear material and its subsequent misuse, and sabotage of nuclear facilities and shipments as serious international crimes to be tried in world court.

e. Consolidate the several different IAEA safeguards systems into one single, coherent system with emphasis upon personal inspection.

2. Unilateral measures—

a. Require analysis and assessment of physical security systems available to protect U.S. exports, and upgrade physical security as may be necessary to meet U.S. requirements, as a prerequisite for an export license. Perhaps require compliance with U.S. standards of IAEA standards for *all* nuclear materials and facilities rather than solely those received from the United States.

b. Require recipient nations to agree to subsequent U.S. physical security inspections and to correct deficiencies found.

V. Increase the probability of detection of theft or diversion of nuclear materials.

1. International measures—

a. Persuade nuclear supplier nations to require all non-weapons recipient nations to place all of their nuclear activities under IAEA safeguards as a condition of export and all other assistance in use of nuclear energy.

b. Strengthen IAEA safeguards by:

(1) Combining the several present IAEA safeguards systems into one unified, coherent system which emphasizes personal inspection.[3]

(2) Beginning a planned expansion of IAEA inspection and safeguards capability (system, personnel, plant and equipment) to be ready for the anticipated substantial expansion in nuclear energy in the early 1980s.

(3) Improving systems, technologies, instrumentation and equipment for national and international safeguards systems.

(4) Increasing public credibility of IAEA safeguards by reducing the secrecy on details of IAEA agreements for application of safeguards and results of IAEA inspections.

(5) Providing a reliable, independent source of financing IAEA safeguards, perhaps by an international tax on generation of nuclear energy, or inspection fees.

(6) Establishing an international institute for safeguards research and for training of safeguards personnel of all nations.

2. Unilateral measures—

a. Increase U.S. contributions to IAEA safeguards activities to both increase and improve the inspection force and to better equip it with field and laboratory instruments and equipment.

b. Expedite completion of the long-delayed agreement between the United States and the IAEA to voluntarily place selected U.S. nuclear facilities under IAEA safeguards. Make available information about details of the agreement and subsequent inspections that normally are held secret for IAEA safeguards agreements with other countries.

c. Help to recruit well qualified personnel for all IAEA posts.

d. Establish a continuing training program in ERDA facilities for IAEA safeguards personnel and their counterparts from national safeguards programs.

VI. Apply sanctions or other measures to those nations which persist in nuclear activities that are particularly dangerous to world peace and to the security of the United States.

1. International measures—

Footnotes at end of article.

a. By international convention and treaty, or by super-power agreement, provide for sanctions and other measures to be taken against any present non-weapons nation that:

(1) Constructs and operates enrichment or plutonium production facilities.

(2) Develops and tests nuclear explosives of any sort.

(3) Violates NPT commitments or IAEA safeguards agreements.

(4) Provides haven for nuclear saboteurs or criminals.

b. Persuade nuclear supplier nations to apply sanctions and take other measures against such nations, and against any supplier nation which helps a non-weapons state to acquire the ability to produce weapons-grade nuclear materials.

2. Unilateral measures—

a. Cut off present and future U.S. nuclear assistance of any kind to developing nations that undertake to produce highly enriched uranium or plutonium.

b. Cut off all forms of nuclear and economic assistance to supplier nations that help developing nations to produce plutonium or highly enriched uranium.

c. Cut off all forms of nuclear and economic aid to those non-weapons nations which will not either ratify the NPT or agree to IAEA inspections of all their nuclear activities.

d. Declare that persistence in certain dangerous nuclear activities will be regarded by the United States as hostile to its security and interests.

Question 2. Is leasing of reactor fuel a viable option to control proliferation?

SUMMARY

The leasing of reactor fuel by nuclear supplier nations or by an international or perhaps multinational, regional organization could be one effective way to help to control proliferation by eliminating reasons for non-supplier nations to reprocess plutonium and re-use it as a fuel. By helping to keep plutonium out of the hands of non-supplier nations, leasing would substantially reduce the possibility that plutonium would be stolen or diverted in such nations to make nuclear weapons or other terrorist devices. National or international leasing of nuclear fuel, however, might have some disadvantages to be considered.

DISCUSSION

The problem

The proposal addresses a central dilemma of proliferation control, which is: If developing nations are supplied with the means to exploit nuclear energy, how can those nations which supply the technology, fuels and hardware hope to retard the proliferation of nuclear explosives and still provide the means of increasing the standard of living of these nations through nuclear energy?

An underlying proposition which leads to this dilemma is that developing nations of the world will have to use uranium to reduce their dependence on imported oil.

The proposal

Leasing of nuclear fuels has been proposed to limit or slow proliferation by keeping plutonium out of the hands of developing countries. This follows from the observation that proliferation is not as much affected by the presence of nuclear powerplants, as by the presence of used nuclear fuels from which the countries could recover the nuclear explosive plutonium and so be able to make nuclear weapons.

The proposal would substantially close this route to proliferation by having nuclear supplier nations[4] or an international (worldwide) or multinational (regional) organization lease nuclear fuel to using nations. After the fuel has produced its designed amount of energy, it would be returned to the supplier which would own the contained plutonium and would decide what to do with it. The lease fee would depend upon the energy content of the fuel.

Such a leasing system would mean that non-nuclear weapons states would have no economic reason to build and operate fuel reprocessing plants, and the building of such a plant would then be a suspicious act, a signal of the start of a weapons effort which could be countered by diplomatic and other measures.

Advantages of the proposal

(1) Nations other than the few supplier nations have no economic reason to reprocess recovered plutonium.

(2) User nations would not have to store used fuels or intensely radioactive wastes from fuel reprocessing.

(3) User nations would have no reason to build and operate uranium enrichment plants which might be used to produce weapons-grade uranium.

Matters for consideration

(1) A proposal for leasing would have to consider the relation between the nuclear supplier nations and those non-supplier nations that are sources of natural uranium.

(2) Leasing could imply that only nuclear supplier nations could own uranium and could control its production and use. If so, it would not address production of uranium by those developing nations which have uranium resources and subsequent use of that nuclear fuel in power reactors designed for natural uranium fuel.[5]

(3) Criteria for setting lease charges would have to be established. For example, would the supplier nations set a common price analagous to OPEC oil pricing or would charges be competitive? Also, to what extent, if any, would leasing nations expect to make a profit, or, on the other hand, to subsidize the rates to provide a financial incentive?

(4) For a leasing system to be acceptable to user-nations, supplier nations must provide credible assurance of reliable supply. This implies that supplier nations would have to convince user nations that they would not threaten to withhold or interrupt supplies of nuclear fuel for political or foreign policy reasons. For example, the United States would have to forgo using the threat to cut off nuclear fuel supply as a way to influence policies of other nations. This problem, however, would diminish as the number of supplier nations increased.

(5) Private ownership of fissionable materials in the United States poses the question: Could the United States advocate leasing of nuclear fuel to user nations while permitting private ownership and reprocessing of nuclear fuels by the U.S. nuclear power industry?

(6) Leasing procedures would have to be established. Would the leasing approach be accomplished through formal international agreement or treaty, or by informal understanding?

(7) The proposal suggests possible requirement of some form of international or external control of prospecting, mining and milling for uranium in non-supplier states.

(8) The proposal implies that nuclear supplier nations could recover and use plutonium as a domestic nuclear fuel, presumably saving normal or slightly enriched uranium for exports. If this is contemplated, however, the proposal lands squarely in the midst of the current controversy over risks from plutonium as a nuclear fuel. Also, would leasing contemplate the export of plutonium mixed with uranium (mixed oxide) in fabricated nuclear fuel elements to user nations?

(9) Would lease charges be negotiated individually with user nations, or would an across-the-board leasing schedule be adopted by the suppliers, acting as a monopoly or cartel?

A background note

The idea of limiting nuclear proliferation by controlling ownership of fissionable materials is not new. Indeed, it was the keystone of the U.S. proposals put forward by Bernard Baruch to the United Nations Atomic Energy Commission in 1946, which called for international ownership and control of nuclear facilities and materials. When that proposal failed, Congress, in the Atomic Energy Act of 1946, applied the concept to the domestic use of atomic energy. Under the original atomic energy act, the Government owned all nuclear materials and leased them to users. In retrospect, this was an extraordinary legislative act because it intervened directly in the operations of the free enterprise, private property concepts of the United States' economy. Government ownership was continued to the major overhaul of the atomic energy legislation in 1954 and it was not until the Private Ownership Amendments of 1964 that Congress permitted special nuclear materials to be owned by private parties within the United States.[6]

FOOTNOTES

[1] Even if all these things were done, the folklore and culture would still include enough information so that future scientists could rediscover uranium, fission and nuclear explosives.

[2] NOTE. This measure would require prompt expansion of the U.S. domestic enrichment capacity.

[3] At present the IAEA safeguards system for NPT nations differs from that for non-NPT nations. The former emphasizes use of systems and special equipment with limited inspection rights. The latter emphasizes unrestricted access of inspectors to nuclear facilities.

[4] The principal nuclear supplier nations for enriched uranium are the United States and the Soviet Union. Within a few years a multinational enrichment plant in France is scheduled to supply enriched uranium, and beyond that are prospects that the United Kingdom, West Germany and Holland within a few years may prove the economic and technical feasibility of an alternative enrichment process, the centrifuge process.

Major suppliers of complete nuclear power reactors include the United States, the Soviet Union, the United Kingdom, Canada, France and West Germany. Japan will probably be a major supplier within a few years.

[5] Canada has developed a power reactor that uses natural uranium for fuel, the CANDU reactor. Argentina and India have such reactors under construction or in use and Canada plans to export the designs and technology for building such reactors.

[6] P.L. 88-489, 78 Stat. 602, August 22, 1964.

PERSONAL EXPLANATION

HON. DAVID F. EMERY

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. EMERY. Mr. Speaker, it has just now come to my attention that I have been incorrectly recorded as voting against the 3¾-year entitlement provision for the general revenue sharing legislation, which I supported and which passed the House on June 10.

I am and have always been very much in favor of the revenue sharing program and have publicly and consistently supported the 3¾-year entitlement provision. I have never been in favor of putting revenue on a yearly appropriation because it makes it too difficult for local, county, and State governments to plan their budgets.

Unfortunately, the permanent record will show that I voted against that provision. That was not my intention. I must assume that there was a malfunction in the electronic voting system, or that I inadvertently pushed the wrong button.

Prior to the June 10 vote I publicly announced my support for the entitlement feature as opposed to annual appropriations, both in press releases, public statements and letters to constituents. The weekly column mailed to 4,500 constituents on my mailing list on Monday, June 14, 1976, also states my support of the 3¾-year entitlement and was obviously written before the incorrectly recorded vote was brought to my attention.

BICENTENNIAL ESSAY CONTEST

HON. CHARLES E. GRASSLEY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. GRASSLEY. Mr. Speaker, a young woman from the Third District of Iowa, Cathy Woodley of Dike, recently won her school's Bicentennial Essay Contest. I believe that Cathy has captured the spirit of this great land of ours in her "Happy Birthday America" letter, and I would like to share her winning essay with my colleagues.

Happy Birthday America

Dear America, I have noticed you are getting along remarkably well in your old age. I am writing to wish you a "Happy Birthday". I would also like to congratule you in your fine achievements throughout your two hundred years.

I was very impressed in the way you held your head up high in the long struggle to gain independence from Britain, and to keep the country joined to become one of the strongest nations in the world.

I must thank you for the many gifts you have given to me, such as freedom of speech, religion, press, and many others. How can I ever repay you?

As long as I shall live I will never understand how you could stand so tall and proud, never crying out in pain or fear in the crushing blows we, your citizens and other countries, have thrown at you.

I realize you have quarrels with different countries. Who doesn't? But I am amazed how you could and do manage over all world peace.

You are truly like a mother to everyone. Take for instance the time you provided homes for the Cuban and Vietnamese refugees.

People often come to you complaining about taxes. If those people didn't pay them who would? Could you imagine how our country would be if there were no taxes? It would be a very poor and weak country.

I was astonished when I learned about equal opportunity. No matter what sex, race, or religion you are, you are given equal chances. In years previous to this, you weren't always this fair. I guess the old saying is true: the older you get, the smarter you get.

I must congratulate you again on how you have managed to keep your citizens united. There were many times when our great country could have crumbled in the hands of Britain and the other countries interested in owning America.

In all my thirteen years, I have never known a friend as great and as loyal as you. You can always count me in as one of your very dear friends.

Admiringly Yours,

Cathy Woodley.

A CRUEL HOAX ON THE JOBLESS

HON. MARVIN L. ESCH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. ESCH. Mr. Speaker, the St. Louis Globe-Democrat recently summed up the nature of the Humphrey-Hawkins bill in the title to one of the editorials it wrote on that proposal. It termed the bill "a cruel hoax on the jobless," and I believe that this is 100 percent accurate. The Globe-Democrat noted that the leading liberal economists are not fighting for this measure, because of the bill's tremendous inflationary impact, which hurts the unemployed instead of helping them. The statement of George Washington University Prof. Sar Levitan is cited, which points out that in order to maintain even a 3.5 percent unemployment level, real GNP would have to grow 7.5 percent per year through 1980. Such a rapid growth for so long a period has never happened in past history. The St. Louis paper correctly warns the voters against being "conned by the Humphrey-Hawkins malarkey," and I believe that warning is equally as applicable to all of us in Congress as well as to the electorate at large.

The editorial is herewith inserted in the Record in its entirety for the benefit and scrutiny of all Members:

A Cruel Hoax on the Jobless

One refreshing development surrounding the proposed Full Employment and Balanced Growth Act of 1976 is the starting lack of support and huge amount of criticism from liberal-minded economists. Normally, they would be in the forefront of such a legislative program, but not this time—they can't stoop that low.

"The critics read like a 'Who's Who' of liberal economics," Business Week reports after surveying the field. Included in this group are Charles L. Schultze of the Brookings Institution; Arthur Okun, former Democratic chairman of the Council of Economic Advisers; Franco Modigliani of MIT; James Tobin of Yale and a former member of CEA; manpower expert Sar Levitan of George Washington University, and Otto Eckstein of Harvard, who also is a CEA veteran.

Making an election issue of this monstrosity, sponsored by Sen. Hubert H. Humphrey, D-Minn., and Rep. Augustus F. Hawkins, D-Calif., cannot be brushed aside as campaign rhetoric. Rather, it is nothing less than a cruel hoax on the unemployed of this nation.

"Democratic leaders in Congress are counting on President Ford to veto the bill, which they are certain will pass both houses, and are planning to write it into their party platform to keep the issue hot," the magazine reports.

Not only can't the Humphrey-Hawkins duet sell its proposal to the liberal economic experts, but they've encountered a problem with front-runner Jimmy Carter, who reluctantly has endorsed the scheme "in principle." Grave-misgivings still exist in the Carter camp. Michael Wachter of the University of Pennsylvania, who is an economic adviser to the Democratic presidential hopeful from Georgia, fears that the plan could be "an albatross for Jimmy" if he is nominated and the bill becomes a part of the party platform.

The Humphrey-Hawkins bill would establish the right of all adult Americans able, willing and seeking work to have jobs. And the measure stipulates that full employment means a 3 per cent adult jobless rate within four years after the measures becomes law. Wachter is quoted as saying that "an attempt to get down to 3 per cent unemployment by 1980 or so chiefly with aggregate-demand stimulus could cause inflation of 15 per cent or more." This kind of unchecked, raging inflation is the main fear of the liberal economic establishment.

If adult is defined as 18 years and older, this would indicate the 3 per cent jobless goal actually would be 3.5 per cent, economic experts agree. The big catch is that the United States has never maintained a 3.5 rate for a sustained period. Another complication, according to Levitan: "You'd have to keep real GNP growing at least 7.5 per cent a year through 1980, and we've never grown so fast for so long a period."

To edge closer to the unrealistic 3.5 per cent sustained unemployment rate, the federal government would have to pick up the slack by becoming an employer—a further financial burden to the taxpayer who already will be buried under the soaring double-digit inflation burden.

If this plot is written into the Democratic party platform, the voters should not permit themselves to be conned by the Humphrey-Hawkins malarkey. Instead, they should turn thumbs down on the nefarious scheme—same as the liberal economists have done.

MORE OIL AND GAS

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. COLLINS of Texas. Mr. Speaker, the folks back home realize that this country must produce more domestic oil and gas. The average American also realizes that U.S.A. oilmen cannot produce oil and gas today for the same price they produced it 25 years ago.

Congressional legislation that involves roll backs and price controls is stifling domestic oil and gas production. Recently, crude oil imports went over 50 percent of oil consumption in this country. When Congress started controling oil 5 years ago the imports were only 22 percent.

Congressional legislation discourages local drilling. The figures for April show that the rotary rig count on oil drilling had dropped 51 percent in New Mexico from a year ago and rigs have slipped 45 percent in Wyoming. The rigs are sitting idle.

Seismic activity also continues down. Seismic exploration is the front runner in potential fields to determine where oil wells will be drilled. Latest figures are in February which show an 18 percent decline from a year earlier. Seismic activity was last strong in July of 1974, but since then the trend has been for fewer seismic crews.

Why should America pay $12 a barrel for Arab oil and only $5.25 for oil produced in the United States. The record of the major oil companies in this country is that they have drilled, explored and used more than their profits for the past 11 years. The majors profits were 75 billion dollars, but they drilled and spent $111 billion. The major oil companies are drilling more than their earnings. Let us have an open market price and have them continue to drill for American oil and gas so America will not be dependent on Arab imports.

TO AMEND THE OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970, TO PROVIDE THAT EMPLOYERS BE REIMBURSED FOR REASONABLE ATTORNEY'S FEES, AND OTHER LITIGATION COSTS WHEN THEY SUCCESSFULLY CONTEST OSHA ACTION AGAINST THEM

HON. ROBIN L. BEARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. BEARD of Tennessee. Mr. Speaker, every Member of this Congress is aware of the issues and problems that have accompanied the tremendous escalation in the Federal Government's authority to regulate business and industry. I have actively opposed that increase in Government regulatory authority, and I must say that I am encouraged by what appears to be the changing mood among the people of this country toward deregulation. I hope that change in mood will soon be reflected in the Congress. When that occurs, we can undertake the comprehensive reforms that are necessary to bring Government regulation back into balance. In the meantime, this Congress should at least be obliged to seek out and correct the most glaring and obvious problems in the current regulatory structure.

Let me cite a specific example. There is no question in my mind that a complete and comprehensive reform of the Occupational Safety and Health Administration is absolutely necessary. Such a reform effort would benefit both business and consumers across the country. However, there are some problems that are so obvious that we should not wait for a major reform effort before we take legislative action. I am speaking specifically of the special disadvantage placed on business, and especially on small business in their effort to defend themselves against the issuance of unwarranted or unnecessary citations.

Contesting Federal agency action against you seems to be a relatively easy matter in theory, but in practice, it is often more expensive than it is worth. My discussions with businessmen in Tennessee indicate that to contest an OSHA citation would cost $1,000 at a minimum. Of course, many examples can be found where costs associated with contesting a citation have been many times that amount. Therefore, many small firms find it cheaper to simply negotiate for some sort of compromise, or plead "no contest," no matter how unfair the charge against them might be. It seems likely that an employer who felt unjustly charged and who challenged the administration of OSHA, would eventually lose solely on the basis that it is such a financial burden to carry on a prolonged fight against the Federal Government.

Therefore, while all businesses, large and small, suffer as a result of overregulation, small companies suffer a special disadvantage. Many simply cannot afford to fight a citation no matter how unreasonable it is. They are forced to either submit to the agency's dictates, or go out of business. A small firm is far less able to absorb the costs required to contest a citation, than a large company.

Despite all these obstacles which tend to drive down the number of employers who are willing and able to challenge an OSHA citation, the success record of OSHA is extremely poor. Based on all final decisions of the Occupational Safety and Health Review Commission since June 30, 1974, in almost 22 percent of the cases where citations were contested, the employer was completely vindicated. This means that both the OSHA citation and the accompanying penalty were dismissed. This figure seems to speak very poorly for the thoughtfulness and perhaps the competence with which the original citations were issued. In my judgment, it is a significant reflection on the operation of the OSHA program when under these special circumstances almost a quarter of those charged are subsequently vindicated.

Perhaps an analogy will demonstrate the significance of that 22 percent figure. Among all the cases brought before the U.S. District Courts, in fiscal year 1972, only 4.2 percent of the individuals charged were judged "not guilty."

It is especially interesting to note that this kind of information concerning agency error does not seem to be employed by the OSHA Administration when assessing the effectiveness of the program. There seems to be much more of an emphasis on the number of citations issued as a measure of program effectiveness. In fact, the OSHA solicitor's office and the statistical division were able, only after considerable deliberation, to arrive at the conclusion that the employer probably wins about 50 percent of the time. The solictor's office was insistent that only OSHA had the official and correct figures. If that is the case, it is even a greater indictment of the OSHA program.

Whatever the actual figures may be, it is evident that a significant problem exists regarding the tremendous legal expenses incurred by employers who wish to appeal under the Occupational Safety and Health Act. It seems to me that legislative action should be taken, not only to address the general problem, but also to relieve the inequity which places a special burden on small businessmen who wish to appeal action taken against them by this Federal agency.

Such legislation should have a two-pronged objective. First, there should be some constraint placed on OSHA that would deter OSHA officials from proliferating unnecessary or unwarranted citations. Second, it should remove at least some of the financial constraints from employers who feel that citations have been issued without proper justification, and wish to defend themselves in a court of law.

Therefore, Mr. Speaker, I am introducing legislation today that seeks to accomplish those objectives. The legislation will require that the Department of Labor reimburse employers, from OSHA funds, for legal expenses involved in pursuing appeals when that employer prevails in a case. This requirement is specifically authorized in a number of environmental laws, but it is not presently a part of the Occupational Safety and Health Act. This legislation would encourage all businessmen who have been unjustly treated to challenge a Federal agency with the assurance that if successful, the cost they have invested in such a challenge, would be returned to them. Also, the passage of this legislation would tend to eliminate the apparent overzealousness with which citations are issued by holding the agency accountable financially for agency error.

It is unfortunate but nevertheless obvious from the preceding figures that action of this type is necessary. The agency's enforcement arm simply lacks restraint. Unlike criminal law practice, where a person cannot be charged unless the prosecutor gets an indictment from the grand jury, an employer can be cited for a violation of the Occupational Safety and Health Act by an official who ordinarily does not consult an attorney, or anyone else prior to initiating the enforcement action.

The kind of abuse this legislation would correct is especially important to my home State. Tennessee is a small business State, where almost 88 percent of the business establishments have 25 or fewer employees. These firms are easy targets for Federal agencies and they must have the opportunity to exercise their right to appeal unfair treatment at the hands of the Federal Government.

PERSONAL EXPLANATION

HON. CHRISTOPHER J. DODD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. DODD. Mr. Speaker, on Thursday, June 3, 1976, the House of Representatives voted to pass a bill which is crucial to the future of the Nation's water pollution control programs, the Water Pollution Control Act Amendments of 1976.

I regret that because of official business in my district, I was unable to be present when this vote was taken. Had I been present I would have voted "aye" on H.R. 9560.

I would also like to take this opportunity to commend the members of the House Public Works and Transportation Committee for their work on this very fine piece of legislation. I feel confident that this bill will go a long way in remedying many of the administrative problems which currently surround the water pollution control program, and will give the States the essential funding to participate in this program.

ED SEGAL WRITES "VIEW FROM THE HILL" IN DAILY BREEZE

HON. CHARLES H. WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. CHARLES H. WILSON of California. Mr. Speaker, I would like to call the attention of all Members of Congress to an excellent and informative newspaper column written by Ed Segal, legislative assistant and news secretary to our esteemed colleague, Congressman JOHN L. BURTON of California.

Ed Segal writes a regular monthly column called "View From the Hill" for the Daily Breeze in Torrance, Calif. The paper enjoys a fine reputation and a wide circulation among the South Bay area of southern California.

By his columns, Ed is trying to inform and educate people about the mechanics of government, how the legislative process really works, and ways in which people can become more involved in that process. This is an important and worthwhile goal, and he deserves our thanks and encouragement for his efforts.

Ed Segal's writings are an important step in helping to keep the lines of communication open between people and their elected representatives. I am quite proud that such an outstanding person resides in my district, and is part of the constituency that I am proud to represent in Congress.

Mr. Speaker, the complete text of the first column follows:

VIEW FROM THE HILL, WRITE TO CONGRESSMEN

(By Ed Segal)

The Congress of the United States is more than 3,000 miles away—but everything it does affects you in some way.

You may remember from your government classes in school that Congress has certain powers. Among other things, it can raise taxes, declare war and decide election disputes.

But what is more important than what Congress can do is what you—the individual who supports Congress with your taxes—can accomplish.

First, you should know a little something about how a congressional office functions.

In the South Bay, you are represented by one of several congressmen.

And while all offices are not run exactly the same, there are some general similarities that will help you to understand how you can get your views across without waiting to vote every two years for a congressional candidate.

Each congressman has a district office in his home district. There is usually an office manager and several caseworkers who assist constituents with problems they may have encountered with the federal bureaucracy.

In Washington, the staff is usually much larger—almost 10 or 12 persons. The congressman may have on this payroll an administrative assistant, an office manager, a press secretary and several legislative assistants who help the representative digest the complex legislation with which he must deal.

Sometimes he will have a caseworker in the Washington office, although this type of work is usually carried out more effectively in the district since federal agencies also have district offices.

It cannot be too strongly emphasized how much weight is placed on letters received from constituents.

The volume of mail is a good indication of how strongly people feel about an issue. Strong sentiments by voters on a particular topic mean definite voting potential at the ballot box.

It is a fact of political life that since a congressman usually runs for reelection and needs all the votes he can get, most will usually do their utmost to meet the needs of the people they represent.

Failure to do so may mean they won't get re-elected.

Be sure to scan the newspapers for important controversies with which the Congress may deal. Letters to the congressman before a vote are a lot more effective than angry letters of disapproval afterwards.

Don't waste the time, money or effort of writing letters to all members of Congress or all the representatives in your area. If a congressman gets a letter from someone who does not live in his district, the letter is usually referred to the representative whose address is in his own district.

So, one way to be heard is to write—and write often—to your congressman.

Take the time to stop by your congressman's office. Call the information operator or look in the phone book for his office address.

Go to his office and meet the people who work for him. After all, since your tax dollars pay their salaries, they also work for you, too.

Make the effort to attend any community meetings that your representative has in the district. They take the form of breakfast meetings, dinners or get-togethers called in his district office.

Show that you care what he is doing in Washington by showing up and asking questions.

When an issue comes up that you feel strongly about, make a phone call to the district office and let them know. It's a lot cheaper than calling the congressman in Washington—but he'll get the message nonetheless.

Throughout the year, your representative will send out newsletters or questionnaires. Read them carefully and see what your "man in Washington" is doing and saying.

And, if you don't like what he is doing on your behalf, let him know.

Take every opportunity to make your congressman work for you.

If your Social Security check is delayed, let him know.

If your GI benefits are not arriving on time, let him know.

If you have a son, daughter or relative who wants to attend one of the service academies around the country, let him know.

If you have any difficulties with any federal agency, let him know.

Red tape is a terrible thing but your congressman can help cut it and save you from delays, difficulties and disappointments.

These are some of the things you can do to help you become more effective between elections.

If you are persistent, they will make your congressman more effective between elections as well.

PERSONAL EXPLANATION

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, because of a longstanding commitment to be elsewhere. I was not in the Chamber on Thursday, June 17, for most of the proceedings. Had I been present and voting, I would have voted:

"Aye" on rollcall No. 397;
"Aye" on rollcall No. 398;
"Aye" on rollcall No. 399; and
"Aye" on rollcall No. 400.

HOW THE UNITED STATES CREATES MORE MONEY

HON. JOHN L. BURTON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. JOHN BURTON. Mr. Speaker, the Federal Reserve Board plays a key role in the determination of economic policymaking. But for all of its power, authority, and influence, it is still one of the least understood Federal agencies we have today.

In fact, we know more about how the Central Intelligence Agency works than we do about the "Fed." At least the CIA has a published set of rules and regulations which Congress can amend and change.

So, I think it is important for all of us to understand exactly what the Fed does, and how it goes about doing it.

The Federal Reserve Board has the power to determine the amount of money put into circulation, the interest rates, and the availability of money in the United States.

In fact, the Fed is so powerful that when the President and the Congress approve a tax reduction, the Board can raise the interest rates and effectively take the tax cut away.

This is exactly what happened when Congress passed the 1975 Tax Reduction Act, and the President signed it into law. Later, the Fed raised the interest rates, which had the effect of wiping out any tax reductions that might have been realized.

Arthur Burns, Chairman of the Board of Governors, admitted that the Fed had no intention of permitting the increased flow of money into the economy that the tax reduction had caused.

Now, I may not be the world's greatest expert in the field of economics, but I do feel that when a governmental policy is made, and when the Congress and the President approve a law, Federal agencies should not work against the rest of the Government by making their own independent decisions or refusing to carry out previously agreed upon policies.

In our efforts to recover from an inflation-recession economy, we will make more progress if we have teamwork, cooperation, and understanding throughout the Government. The complexities of economics are difficult enough without having to contend with an obstinate bureaucracy.

Clearly, there is a need for legislative remedies to assure coordination of the Federal Reserve Board with Congress and the administration, to provide the Nation with a cohesive economic policy.

The following article which appeared

in the New York Times goes a long way toward helping to explain how the Fed operates. Knowledge of a problem is often the first step toward reform, and I hope that this article will serve as a primer on the subject.

The complete text of the article follows:

How the United States Creates More Money

(By Edwin L. Dale, Jr.)

WASHINGTON.—Only one thing is entirely agreed, accepted and understood about the somewhat mysterious and often controversial subject of the government's monetary policy, which is conducted by the semi-independent Federal Reserve Board.

This is that the Fed, as it is commonly known, can create money out of thin air by writing a check on itself without any deposits to back that check. It can do so in unlimited amounts. And only the Fed can do so, the Treasury cannot.

Last month, Arthur Burns, chairman of the Federal Reserve Board, disclosed to Congress the Fed's intentions and targets for creating money in the year ahead.

But he gave his targets in the form of range, not a precise number, and he is the first to admit that he and his colleagues are not at all certain what is exactly the "right" amount of money to create for the good of the nation's economy.

The government's "printing press" is in the Bureau of Engraving and Printing, which turns out currency notes in amounts that depend on the public's demand for them.

But the true printing press is a little known man named Alan R. Holmes, who decides every day how much money to create. He sits in an office in the Federal Reserve Bank of New York and acts under instructions and guidelines from a powerful body of the Federal Reserve known as the Open Market Committee.

Holmes creates money by placing an order in the money market for Treasury bills or other government securities. He pays for them by writing a check on the Federal Reserve Bank of New York.

If the order is for $100 million, an additional $100 million in cash suddenly flows into the economy, possessed originally by the people who sold the government securities to the Fed.

Holmes can "extinguish" money, too. If he places a sell order in the market, the Fed sells securities to a money market dealer or bank and gets a check in payment. The amount of money in that check essentially vanishes.

The buyer of the securities from the Fed has less cash, but the Fed, in effect, tears up the check.

How much money Holmes creates makes a good deal of difference to the performance of the economy—the rate of inflation, the expansion of production and jobs, interest rates and indeed general well-being—because the amount of money affects how rapidly the wheels of the economy turn.

But what Holmes does is a cause of controversy because the creation of additional money is also linked by economists to inflation.

What is more, the check that Holmes writes is only the beginning of the process of creating money. That initial $100 million starts a process by which the nation's money supply—currency plus deposits in banks—will grow not by $100 million but by a multiple of that amount.

It is at this point that things begin to get a little more complicated. In brief, the "multiplier" effect arises from the nation's banking system, called a "fractional reserve" system. It works this way:

Suppose that Salomon Brothers receives Holmes' check on the Federal Reserve bank of New York and deposits it in Citibank, whose deposits are now higher by $100 million.

Under the Fed's "reserve requirement" regulations, which are crucial to the multiplier process, Citibank must deposit about $15 million of this in its "reserve" account at the Fed. But then it can, and does, lend the remaining $85 million to, say, the U.S. Steel Corp., which needs money to pay wages while it waits for its inventories of steel to be bought.

U.S. Steel gets the money from Citibank and deposits it at the Pittsburgh National Bank, and the multiplying process goes on. Pittsburgh National puts about $13 million in its reserve account at the Fed and uses the remaining $72 million to buy notes of the city of Boston, which deposits this income in the First National Bank of Boston.

At this point Holmes' original $100 million has already become $257 million, as follows.

Salomon Brothers has $100 million more cash (but correspondingly less in Treasury bills).

U.S. Steel has $85 million more cash (but a debt to Citibank).

Boston has $72 million more cash (but a debt to Pittsburgh National).

The process continues until, with a 15 per cent reserve requirement, Holmes' original check for $100 million eventually adds more than $600 million to the total of bank deposits in the nation, the nation's money supply.

And that money, obviously, can be and is spent. Sometimes more spending is desirable to bring forth production and add to jobs, but not always.

For policy makers, there are two questions:

What targets for Holmes should the Open Market Committee, which consists of the seven members of the Federal Reserve Board and the presidents of five of the twelve regional Federal Reserve banks, establish? The relationship of the money supply to the economy at large, including inflation, is by no means clear, even to the experts.

Because Holmes' buying and selling affect short-term interest rates as well as the money supply, which should he concentrate on?

The right policy will always be a matter of judgment. But at the moment, the problem of setting the target for Holmes is complicated by what Burns calls the "new financial technology," such as those little electronic "tellers" that many banks now make available to their depositors.

Among other services, they permit immediate switching of funds from savings to checking accounts at the push of a button and even payment of some bills, such as utilities bills, directly out of savings accounts.

The "money supply" as long defined meant currency plus checking accounts (known in the jargon as M1). There were fairly well-established relationships between the growth of M1 and the overall course to the economy, including the rate of inflation.

But now that people, and businesses, too, have learned to use savings accounts as almost the equivalent of checking accounts, those relationships have gone awry.

"Our equations are all fouled up," a high Federal Reserve official conceded.

The report of the Open Market Committee on its meeting of last January disclosed that the panel, puzzled by a slow growth in money but a rapid growth in the economy, threw up its hands and simply gave Mr. Holmes an unusually wide "target range" for money growth in the period immediately ahead.

This meant that he was not to take any special action to create or extinguish money as long as M1 growth stayed within a very wide band.

The Fed also keeps track of and sets targets for M2, which includes savings accounts. But when Mr. Holmes writes one of his checks, he cannot tell how much of the ultimate deposits will be in checking or savings accounts. Thus his art will always be imprecise and his results subject to criticism. At present, the Fed does not know whether M1 or M2 is the more important measure, though in the end it controls the growth of both.

The interest rate problem is a different one.

When Mr. Holmes intervenes in the market to buy or sell government securities, he not only changes the amount of money in the economy but, unavoidably, also affects what are called money market interest rates—the rate on very short-term instruments such as Treasury bills.

The impact of his intervention decisions shows up first in the most sensitive and closely watched of all rates, called the federal funds rate, which is the interest rate charged on loans from one bank to another.

Eventually, a rising prime rate brings along with it higher interest rates to borrowers.

The Process of Money Creation by the Federal Reserve Board

1. The Federal Reserve Board's open market committee instructs Alan R. Holmes of The Federal Reserve Bank of New York to purchase Government securities.

2. Mr. Holmes writes a check to buy $100 million in Treasury Bills from a Banking Investment House. The Investment House has $100 million more in cash, but correspondingly less in Treasury Bills.

3. The Investment House deposits $100 million in Citibank.

4. Citibank puts $15 million back in Fed as "Reserve Requirement" and loans $85 million to United States Steel. (U.S. Steel has $85 million more in cash, but a debt to Citibank.)

5. U.S. Steel deposits $85 million in a National Bank.

6. The National Bank puts $13 million in its reserve account at the Fed and used remaining $72 million to buy notes of the city of Boston. (Boston has $72 million more cash, but a debt to the National Bank.)

7. The process continues until, with a 15 percent "Reserve Requirement", Mr. Holmes' original check for $100 million adds more than $600 million to the total of bank deposits in the nation.

A TRIBUTE TO THE SAGINAW COMMUNITY YOUTH BAND

HON. BOB TRAXLER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. TRAXLER. Mr. Speaker, I am proud that earlier this morning we all had the opportunity to witness excellence in action when the Saginaw Community Youth Band from Saginaw, Mich., performed for us on the steps of the House of Representatives.

This band is a very unique group. We have all seen the many high school bands that have performed for us, but these groups have all been together as a school activity, and have a common base of activity and are tax supported. But the Saginaw Community Youth Band is made up of young people between the ages of 12 and 18 from all over the Saginaw area. They get together just to play their beautiful music and have fun.

We are most fortunate indeed to be serenaded by this group, since it is one which has been honored on various occasions, and is frequently requested to return. In fact, just yesterday they played at the Bicentennial visitors area near the White House, and were requested to come for another concert. They have graced us with their presence in order to celebrate both America's 200th anniversary, as well as the group's own 10th anniversary.

In these past 10 years, the band has played at many civic celebrations in the Saginaw community, at many county fairs and festivals, on several television shows, and even at some halftime shows of the National Basketball Association's Detroit Pistons.

These 130 students have been in Washington since Wednesday to perform at many places on a very busy schedule. Already they have performed on the White House ellipse, the Bicentennial visitors area, and, of course, the Capitol steps. This afternoon they will be performing at the Kennedy Center, and tonight at the Hospital for Sick Children on Bunker Hill Road here in Washington.

If any of you have the time, it certainly would be worth the trip to see these people perform. They rehearse every week, attend a full week of band camp in the summer, and several members of the group have won scholarships to other private band camps as well.

Mr. Speaker, I want to personally congratulate the members of the Saginaw Community Youth Band, thank the leaders of the group for being both willing to donate their time and effort to these young people—especially Mr. Frank Mills, the group's director—and the parents of these youths who see the value in the activities of the band.

I encourage you and all of my colleagues to congratulate for excellence the Saginaw Community Youth Band, whose membership I now present to you:

SAGINAW COMMUNITY YOUTH BAND ROSTER

Anaman, Shelley, Armstrong, Steve, Avery, Karen, Baumgarten, Marsha, Behmlander, Tom, Berger, Jamie, Peythan, Bob Bishop, Holly.

Burgess, Jackie, Burgess, Tim, Bush, Becky, Cameron, Carol, Case, Elizabeth, Christians, Tom, Cole, Greg, Deal, Pat.

Delman, Erol, Dycewicz, Vickie, Dymond, Barb, Estrada, Becky, Estrada, Loretta, Everett, Scott, Falk, Toni, Felten, Elise.

Ferguson, Beth, Ferguson, Lauren, Gallant, Joyce, Gregory, Linda, Greko, Pat, Grierson, Dean, Grierson, Scott, Gagne, Shirley.

Hammerbacher, David, Heffron, Kim, Heidger, Nancy, Heritier, Heidi, Hilbrandt, Terri, Hilbrandt, Todd, Hilbrandt, Traci, Hitsman, Connie.

Hoffman, Gary, Hufton, Lenny, Hunt, Laurie, Hall, Guy, Kemerer, Jan, Kemerer, Jodi, Krawczyk, Lori, Krawczyk, Sheila.

Leppien, Dan, Mackiewicz, Kathy, Macomber, Kevin, Marino, Terri, Mills, Barb, Mills, Dan, Mills, Frank, Mills, Karen.

Moll, Laurie, Mieczek, Kim, Moll, Stacey, Moore, Mark, Nyeste, Troy, Partlow, Wendy, Parker, Anthony, Pennington, Dena.

Peterson, Theresa, Plowdrey, Diane, Porath, Dave, Quast, Dorrie, Raycraft, Melissa, Ribble, Walter, Roekle, Sue, Rooker, Diann.

Rooker, Cindy, Rooker, Jeff, Rooker, Kevin, Russell, Dean, Schmeige, Kris, Schmitt, Cheryl, Schultz, Linda, Shaler, David.

Shepherd, David, Shields, Ann, Sikorski, Lynn, Stroebel, Amy, Stroebel, Nancy, Swaffield, Jayne, Swanton, Kathy, Swanton, Jacquie.

Swiss, Brett, Swiss, Tracy, Thornton, Kirsten, Van Ochten, Karen, Waters, Beth, Whyte, Janice, Wieck, Mike, Wilson, Mary Ann, Wright, Jennie, Yatsevich, Mike, Yuenger, Patricia.

STAFF

Baumgarten, Kris, Cooper, Jim, Dymond, Cheryl, Grai, Lori, Grunwell, Howard, Herbin, Ray, Herbin, Terri, Jasper, Paul.

Mills, Cindi, Pennington, Randy, Peoples, Larry, Haycraft, Jay, Heinert, Steve, Turner, Mike.

STAGE BAND

Brown, Dave, Carpenter, Tim, Carpenter, Tom, Case, Cindy, Case, Dave, Kolpla, Vic, Powell, Jim, Smith, Blair, Wenzel, Sara, Wickwire, Jim.

ADDITIONAL MEMBERS OF DISTINCTION

Mr. & Mrs. James Hargett, Mr. Paul Jasper, Mr. Vic Kolka, Mr. Gary Hoffman, Rande Pennington, Dena Pennington, Cheryl Dymond, Dave Brown.

Tom Carpenter, Ann Medlon, Jim Wickwire, Dave Case, Cindy Case, Dean F. Geieson, Bob McCarty, Peter Colligain.

Don Rooker, Chuck Black, Mrs. Hefron, Mr. and Mrs. Ribble, Randi Ribble, Mrs. Delman, Mr. and Mrs. Raycraft, Mr. and Mrs. Frank Mills.

JOSE RIZAL—HIS MEMORY LIVES ON

HON. PATSY T. MINK

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mrs. MINK. Mr. Speaker, it is with great pride that I ask my colleagues to join me in recognizing a very special day in the Philippines and Hawaii, the 19th of June, in honor of Jose Rizal, a national hero of the Philippines during the latter part of the 1800's. His clear expressions of the growing national consciousness of many Filipinos who opposed the tyrannical colonial governance of Spain, and his desire to establish a democratic form of government were the prime catalyst in the revolution against Spanish domination in the Philippines.

Jose Rizal was born in Calamba, Laguna, Philippines on June 19, 1861, and enjoyed the pleasure of many high literary honors and awards as he received his education in Manila. Following his undergraduate work in 1877, Jose Rizal continued his studies at the University of Santo Tomas, and even went to Spain in 1882 where he completed his medical and humanistic studies.

Frustrated and anquished by the suffering of his family under Spanish rule, Rizal first expressed his revolutionary thoughts in his writings. His first significant composition was the novel, "Noli Me Tangere," in 1887 in which he severely criticized the ruling class and social structure in the Philippines. His book was banned and all who read it were severely punished.

He responded to this criticism and censorship with more literary expressions against the long history of feudal despotism. In 1891, he completed his second major book, "El Filibusterismo," which was really a sequel to his first publication. Rizal's primary objective in both books is vividly expressed in a letter to a friend:

> I have endeavored to answer the calumnies which for centuries had been heaped on us and our country: I have described the social conditions, the life, our beliefs, our hopes, our desires, our grievances, our griefs; I have unmasked hypocrisy which, under the guise of religion, came to impoverish and to brutalize us . . .

It was in this second publication that Rizal predicted the outbreak of revolution by the masses by characterizing as the hero, a middle-class individualist working against the decadent feudal system.

Soon after the completion of "El Filibusterismo," Rizal went to Hong Kong due to the fear that his presence was endangering his friends and family. It was here that he began working on the idea of establishing a Filipino colony in Borneo, and wrote the Constitution of the Liga Filipina—Philippine League. Although the "Liga," founded on July 3, 1892, did not survive, it inspired Andres Bonifacio to organize the Katipunan, the first Filipino revolutionary group who became instrumental in leading the 1896 revolution against Spain.

Exile, imprisonment and finally execution soon became the destiny for Jose Rizal for his revolutionary thoughts and action. On December 29, 1896, the day before his death, Rizal wrote to a friend.

> I am innocent of the crime of rebellion. So I am going to die with a tranquil conscience.

Rizal's execution signifies for many Filipinos the beginning of a revolutionary era of a people, who like our American forefathers, only desired freedom, independence and justice.

The founders of our country designed our Government with the conviction that all people under a democratic form of government are born with qualities that give them unique status. I firmly believe that the people of the Philippines, as well as the people of Filipino ancestry in my State of Hawaii and throughout the world, have grasped this concept well, and will continue to participate in the democratic form of governance with great pride and forcefulness.

Jose Rizal served as an inspiration in the past and will continue to serve as a symbol of exemplary selflessness and great patriotic devotion to the Filipino people and to all freedom loving people everywhere.

DEATH OF AMBASSADOR MELOY, COUNSELOR WARING, AND A LEBANESE EMPLOYEE

HON. WILLIAM S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. BROOMFIELD. Mr. Speaker, I was shocked and saddened to learn Wednesday of the tragic, senseless violence that brought death to Ambassador Meloy, Counselor Waring, and a Lebanese employee of our Embassy in Beirut.

It would seem that the pursuit of peace is becoming an increasingly risky business; it would seem that hatred has become so prevalent and so deep rooted in many parts of the world that its victims are chosen at random, without justice or reason. No one could seriously suggest that Ambassador Meloy and Mr.

Waring were serving any cause in Beirut other than the cause of peaceful accommodation. Yet they were consciously targeted by some demented mind and murdered to prove a point: That there are some factions in Lebanon so committed to mayhem and insurrection that they are prepared to slaughter innocent people just to frustrate any movement toward peace.

President Ford has noted that this barbaric murder will not turn the United States away from the task of helping the people of Lebanon achieve a more just and decent existence. This is as it should be; any other course of action would dishonor the memory and the sacrifice of Ambassador Meloy and Counselor Waring.

To the families and friends of the slain diplomats, I extend my profound sympathy and my sincere appreciation for the difficult, dangerous, and often thankless tasks accepted by these brave, dedicated men in order to further the cause of peace in the world and to protect the vital interests of the United States of America.

BILL EXTENDING COASTWISE LAWS OF THE UNITED STATES TO THE VIRGIN ISLANDS

HON. PAUL N. McCLOSKEY, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. McCLOSKEY. Mr. Speaker, today I am introducing a bill extending the coastwise laws of the United States to the Virgin Islands. When enacted, this bill will partially override an exemption to the Jones Act and will require that all bulk shipments of crude oil, unfinished oils, residual fuel oil and finished products between the U.S. Virgin Islands and the United States be carried in U.S.-flag ships and crewed by U.S. citizens.

This legislation is overdue. The underlying rationale for the Virgin Island exemption no longer exists. In 1920, the Virgin Islands were used as a coaling station in the Caribbean and little trade was conducted between them and the U.S. mainland. At that time it was feared that if trade was restricted to U.S.-flag vessels, the small U.S. fleet would not be able to provide adequate campetition and service. Therefore, it was in the best interests of the islands' economy to allow foreign-flag vessels to enter the trade and supply the needed service.

Today, however, there is a surplus of unused U.S.-flag tankers as well as high unemployment among merchant seamen. There are U.S. ships and U.S. seamen available and able to provide the transportation services required by the islands.

The Jones Act exemption has been responsible for some benefits to the islands. Foreign-flag cruise ships have positively affected the economy and should be allowed to remain in the trade.

The transportation of oil is a substantially different situation, and should be included under the Jones Act. The removal of this special exemption, benefiting an oil company, which presently ships approximately 500,000 barrels per day of petroleum products between the U.S. Virgin Islands and the U.S. mainland on foreign-flag ships, is in our national interest for several reasons.

First, it will create employment for approximately 25 U.S.-flag tankers. These vessels can be drawn from the laid-up fleet of unutilized tankers or can be built in U.S. shipyards. New tanker depressed shipbuilding industry, reduce unemployment problems, and maintain our shipbuilding base. The tankers required for this trade will be the smaller type which are compatible with our national security/national defense requirements.

Second, the requirement of U.S. crews will create approximately 1,400 jobs for U.S. citizens. These crews will be drawn from the ranks of unemployed U.S. merchant seamen who have been laid off during the present depression in the world's tanker trades.

The Senate is concluding action on a similar measure, and therefore, I will seek immediate committee consideration of the bill.

CAMBODIAN REFUGEES IN THAILAND

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. HAMILTON. Mr. Speaker, I would like to bring to the attention of my colleagues a recent exchange of correspondence I had with the Department of State concerning the estimated 20,000 Cambodian refugees in Thailand.

While it is apparent that many of these refugees continue to have problems finding a new home and that the Thai Government is anxious that they not remain there permanently, some progress has been made. About 1,400 Cambodians now qualify for admission into the United States, hundreds are moving to France and some Muslim Cambodians have gone to Malaysia.

The correspondence with the State Department follows:

MAY 21, 1976.

Hon. HENRY A. KISSINGER,
Secretary of State,
Washington, D.C.

DEAR MR. SECRETARY: It is my understanding that there is still a substantial number of refugees from Cambodia living in Thailand, some of whom would like to emigrate to the United States.

I would like to know how many Cambodian refugees are in Thailand, what their status is, what local and international support they receive and from whom, what the attitude of the Thai government is toward them, how many are seeking to emigrate here, what our policy is toward them and their requests and what you believe is the long-term solution for these displaced people.

I appreciate your consideration of these questions and look forward to hearing from you.

With best regards.

Sincerely yours,
LEE H. HAMILTON,
Chairman,
Special Subcommittee on Investigations.

DEPARTMENT OF STATE,
Washington, D.C., June 11, 1976.

Hon. LEE H. HAMILTON,
Chairman, Special Subcommittee on Investigations, House of Representatives.

DEAR MR. CHAIRMAN: The Secretary has asked that I reply to your letter of May 21 which raised several questions regarding Cambodian refugees in Thailand.

The United Nations High Commissioner for Refugees (UNHCR) estimates that there are nearly 20,000 Cambodian refugees in Thailand (of a total Indochinese refugee population there of well over 80,000). Under the expanded parole program authorized by the Attorney General on May 5, 1976, some 1,400 Cambodians have been found to qualify for admission into the U.S.; almost 100 have already arrived, and the others will reach here during the summer. (These are of course in addition to the approximately 5,000 Cambodian refugees who entered the U.S. last year under the original Indochina Refugee Program.) France, too, is selecting applicants for resettlement, and has been taking about 1,000 Indochinese a month in a program that aims at a total of 15,000. We won't know for a few weeks how many of that number are Cambodians, but they will probably constitute a third or more of the total taken by the French. Another 1,200 Muslim Cambodians have resettled in Malaysia.

The Cambodians are for the most part living in camps while in Thailand. The UNHCR is assisting the Thai Government in its efforts to house, feed, and care for these refugees, with funds contributed by the U.S. and other countries. To date the U.S. has provided $6,000,000 to the UNHCR for camp support. The total of the UNHCR/Royal Thai Government operated camps during 1976 will be approximately $25,000,000 of which amount the UNHCR share is about 50%. Austria, Canada, Denmark, West Germany, Japan, Norway, the Philippines, and Switzerland have also provided funds to the UNHCR, which is now appealing again to the international community. The proportion that goes to the camps in which Cambodians are living can be calculated as roughly 20%, but final figures will not be available for some months.

The Thai have been most cooperative with us and with the UN concerning the virtual inundation of their country by the Indochina refugees.

At the same time, since the Thai Government is seeking rapprochement with the new regimes in the countries from which the refugees have fled, the presence of the refugees in Thailand is an embarrassment to the Thai which they believe could stand in the way of improved relations. The Thai have sought to encourage the refugees to emigrate to other countries, or to return to their places of origin, but we know of no confirmed cases of enforced repatriation. We assume that the Thai will continue to deal with the refugees in a manner consistent with the humanitarian Buddhist ethics which they profess.

I hope that this information is helpful to you.

Sincerely yours,
ROBERT J. MCCLOSKEY,
Assistant Secretary for Congressional Relations.

RETIREMENT OF CARL ALBERT

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 7, 1976

Mr. EDWARDS of California. Mr. Speaker, it was with great sadness that I learned of your decision to retire from

Congress at the adjournment of the present session. Your retirement is certainly well deserved, and I wish you the very best for many satisfying years. But we, your colleagues here in the House, will miss your leadership.

It has been my privilege to serve in the House of Representatives with you since 1963. The years since then have been ones of tremendous social change for our country. In your leadership roles as majority leader from 1962 to 1971 and as Speaker of the House since then, you have played a key role in the enactment of legislation reflecting these social changes—legislation which has, in fact, been the impetus for social change.

Examples which immediately come to mind are the instrumental role you played in the enactment of the Civil Rights Act of 1964, your work in behalf of legislation to combat poverty and in behalf of the other social reform programs of the Kennedy and Johnson administrations, as well as your support of the 18-year-old vote and of women's rights—legislative efforts all designed to afford greater opportunities to all Americans.

The role of Speaker of the House has been an increasingly difficult one. Not only has the House become a body whose Members have highly diverse interests and viewpoints and who have evidenced a greater degree of independence than has been customary in the past, but in your 6 years as Speaker you have not once had the advantage of working with an administration which shares the same philosophy or goals as the majority of the Congress. Despite these difficulties, you have performed your duties with fairness, with integrity, and with responsibility. I commend you for a job well done.

All of your colleagues will miss you, and I personally will miss your friendship and wise counsel. You and your family have my best wishes in the years ahead.

LAVERNE L. GONDLES NAMED NATIONAL MECHANIC OF THE YEAR

HON. JAMES R. JONES

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. JONES of Oklahoma. Mr. Speaker, on June 22, 1976, the Federal Aviation Administration will present to Mr. LaVerne L. Gondles, of Owasso, Okla., the National Mechanic of the Year Award in the Air Carrier Division. Mr. Gondles' selection marks the first time in the 13-year history of the prestigious award that a representative from the same airline has won the award for 2 consecutive years.

Mr. Gondles works in the electrical accessories shop at the American Airlines Maintenance and Engineering Center in Tulsa, and won this coveted award for consistently maintaining a high level of proficiency and excellence in his profession. In his 10 years with the American Airlines Maintenance Center, Mr. Gondles has developed more than 30 ways to improve the products of his trade, resulting in improved safety, reliability, and efficiency for the industry and its passengers. Mr. Gondles was also named Southwest Regional Mechanic of the Year this past winter.

The American Airlines Maintenance Center in Tulsa has long been a leader in the field of aviation and has pioneered many innovations for that industry. The people of Oklahoma's First District are very proud of this center and the many fine employees like Mr. Gondles, not only for the outstanding products which they design and produce, but also for their concern for and involvement in the Tulsa community.

Therefore, Mr. Speaker, I ask that my colleagues join me in paying tribute to Mr. LaVerne L. Gondles and the American Airlines Maintenance Center for this well-deserved award recognizing the significant contributions they have made to the airline industry.

TRIBUTE TO THOMAS A. MAGUIRE—ONE OF AMERICA'S LEADING LABOR LEADERS

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. BIAGGI. Mr. Speaker, I was deeply saddened over the death on June 12, 1976 of my good and valued friend, Thomas A. Maguire, retired president of Local 15 of the International Union of Operating Engineers. His passing marks the end of certainly one of the most celebrated and distinguished careers in American Labor.

Tom Maguire was one of the most respected and well liked labor leaders in the New York Metropolitan area. His career as a member and later executive of Local 15 spanned 47 years. He began his career in 1929, and a short 8 years later was named vice president of Local 15. Following this in 1957, he was chosen as president and business manager of Local 15, where he served with distinction until his retirement in 1975.

Tom Maguire was not only a labor leader, he was a leader of men. His lifelong commitment to the advancement of the workingman was known nationally. He lent his name and support to many worthwhile causes, and was particularly known for his fights against social injustices and discrimination. The members of Local 15 respected his leadership and knew they had a man at the top who was working for them.

Tom Maguire held a number of other prestigious positions in the ranks of national organized labor. He served as a third general vice president of his parent union as well as a member of the executive boards of New York City's Building Trades Council and the Central Labor Council. In all his capacities, Tom was known for his dedication and compassion for his fellow man which made him the exemplary labor leader and man that he was.

Tom Maguire acquired many friends from all walks of life during his years of service in organized labor. This was obvious at his wake where many dignitaries, including Mayor Beame of New York and some who traveled many miles to attend, were in attendance paying their last respects to this outstanding human being.

Personally, Tom Maguire's death is a special loss. Tom and I had a friendship long in standing and endurability. As a friend, Tom was loyal, honest, and compassionate. He was a man blessed with a great sense of humor and understanding of human needs. While in position, Tom may have risen above many, he remained closely in touch with the pulse of the working people and made his decisions accordingly.

With the passing of Tom Maguire, the workingman has lost a true friend. The International Union of Operating Engineers have lost a real leader, and I of course have lost a true friend and close ally. I extend my deepest condolences to his widow, Susan (Babe) Maguire, as well as to his daughter, Rosuzanne and his son Thomas, who will has assumed the leadership of Local 15. The lessons he learned from his father over the years has enabled him to ably follow in his footsteps. I assure the Maguire family that their loss is shared by many in the city of New York, and his outstanding legacy of service and love for his fellow man will endure for years to come, and is something for which his family should be rightfully proud.

MONITORING HELSINKI

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. BINGHAM. Mr. Speaker, as a member of the newly created Commission on Security and Cooperation in Europe, whose expressed purpose is to monitor the Helsinki accords, I should like to include in the RECORD an article from the New Republic of June 19, 1976, which expresses the pressing need for such a commission:

MONITORING HELSINKI

"The main thing now is to implement in practice all the principles and understandings agreed upon in Helsinki," said Leonid Brezhnev at the 25th Soviet Communist Party Congress in February.

The Party General Secretary did not except from his sweeping commitment the so-called "Basket III" of the Helsinki Declaration containing the human rights provisions that add up to "the freer movement of people and ideas." Indeed, he specifically referred to this section of the Declaration. Yet, ever since the Kremlin joined 34 other powers of Europe and North America in signing the historic declaration on August 1, 1975, its commitment on human rights has been observed in the breach. Harassment of Soviet Jews seeking to emigrate has been stepped up. Arrests, police interrogations and military conscription of applicants have become common.

In May, a new device was instituted. Those who intend to seek an exit visa must give up their apartments even before applying to emigrate. A letter from 15 Jewish activists sent to UN Secretary-General Kurt Waldheim spelled out the implication: "If a visa is denied, which is the usual procedure of the Soviet Government, the applying family is left . . . without a shelter from the elements."

Nor have other parts of "Basket III" been implemented as promised. Signatories of the declaration, for example, are required to "facilitate" the contribution of "national minorities." The fact, of course, is that Jewish cultural and institutional life in the USSR is all but totally pulverized. As for the "movement of ideas," the Kremlin's barriers are as resistant as ever. The repression of dissenters has intensified while press attacks upon Andrei Sakharov continue unabated. The crackdown was briefly extended to a newly-formed nine-member group of Soviet citizens who had the temerity to urge Soviet "fulfillment of the Helsinki accords." At the same time, high Kremlin officials and the Soviet media maintain a constant drumbeat of criticism directed at those in the West who emphasize the "human contact" provisions of Basket III.

Regrettably, the Helsinki Declaration provided no mechanism for bringing compliance. The only action the signatories agreed upon was to hold follow-up meetings at which implementation and other means for advancing détente would be considered. The first such meeting is scheduled for Belgrade, Yugoslavia in 1977, probably in February. Devices for monitoring the fulfillment of the Helsinki Declaration are, therefore, of central importance if the document is to have meaning. Thanks mainly to the efforts of Rep. Millicent Fenwick and Sen. Clifford Case, New Jersey liberal Republicans, and with the assistance of Rep. Dante Fascell, a Democrat from Florida, monitoring machinery will shortly be set up in the United States.

The administration responded with scant enthusiasm for the project. The promotion of human rights abroad hasn't been a priority item, especially when it carried a congressional tag. Yet determined opposition to a Republican-sponsored initiative would have appeared unseemly, especially during an election year when the administration's détente policy was being subjected to continuous verbal assault.

The Case-Fenwick legislation was adopted by the Senate on May 6 by a voice vote and approved by the House 240 to 95 on May 17. However reluctantly, the President signed the legislation early this month. It establishes a 15-member commission "to monitor the acts of the Helsinki signatories . . . with particular regard to the provisions relating to Cooperation in Humanitarian Fields." Six are to be appointed from each house of congress (four Democrats and two Republicans) and three are to represent the administration—one each from State, Defense and Commerce. As of this writing, Senators Case and Buckley have been appointed to the Republican Senate slots. The commission is authorized to hold hearings, subpoena witnesses and documentary evidence, and submit reports to Congress. As its proposed budget of $350,000 requires separate approval in an appropriation bill—anticipated in late June—the monitoring body is not expected to come into existence until August. The documentation it accumulates should be available for the Belgrade meeting of the Helsinki 35 next year.

Were the Congressional initiative duplicated by other signatories of Helsinki and similar monitoring mechanisms set up elsewhere, the Belgrade conference could be transformed into an implementation organ, at least to the extent of marshaling world opinion against egregious violations of human rights.

PERSONAL ANNOUNCEMENT

HON. MARTHA KEYS

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mrs. KEYS. Mr. Speaker, on Thursday, June 17, 1976, I was unavoidably absent for one rollcall vote. Had I been present, I would have voted as follows:

Yea on Rollcall No. 394, providing for the consideration of H.R. 14262, the Department of Defense Appropriations bill for 1977.

FUNDING FOR LOCAL PUBLIC WORKS FACILITIES

HON. JIM WRIGHT

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. WRIGHT. Mr. Speaker, within the next several days, the House will once again consider a conference report on a bill to provide funding to local communities for immediate construction of badly needed local public works facilities.

The legislation has passed the House on four separate occasions in this Congress, by margins always better than 3 to 1, and on the last occasion by approximately 6 to 1.

The earlier bill was vetoed by the President. The House voted to override, and the Senate failed to do so by only three votes. The President, poorly informed about the provisions of the legislation, called it a pork-barrel, election-year measure. He said it would involve long time lags, ignoring the provision which declares projects must be ready to start within 90 days and mandating administrative clearance on each within 60 days.

Mr. Speaker, today I wish to insert in the record the results of a study that will once and for all put to rest the erroneous objections we received from the administration. Over the past month, the mayors of cities across the country have been asked to respond to the question, "What is the dollar price tag on projects in your city which are ready to go, but which are lacking financing?"

The results have been dramatic. The mayors of 69 cities in 36 different States have responded. For these 69 cities alone, the estimated price tag was over $2.4 billion. The great bulk of these projects will be able to go to actual construction within 60 to 90 days.

It is clear from examining these figures that an enormous backlog of local needs is going unmet. I ask every Member of Congress to review these results, to examine the needs of his own district or State, and then to support the conference committee report which includes $2 billion for early construction starts on local projects of this type across the land.

Under unanimous consent, I am including a table which reflects the responses from the 69 cities above referred to:

TABLE

CITY, ESTIMATED TOTAL COST OF PUBLIC WORKS PROJECTS, AND PROJECTS

Arkansas

Fort Smith, $14,675,000

City Hall, $1,250,000; Filter Plant Sludge disposal facility, $350,000; Water Transmission main replacement, $500,000; Bailey Hill Reservoir, $1,800,000.

Southside Storage Revervoir, $1,400,000; Moody Hill water storage tank, $200,000; Water distribution system replacements, $750,000; Fire Hydrant installation, $500,000; Water main extensions, $1,000,000.

Water Plant Improvements, $150,000 Central maintenance facility, $800,000; South Eye St. interceptor, $280,000; Mill Creek outfall, $500,000.

Interceptor Sewer Mains, Reed Lane and Tulsa St., $350,000 North 50th St. Outfall, $200,000; North 39th and Free Ferry interceptor, $75,000; Brazil and Jacobs sewer mains, $60,000.

Skyline Estates sewer main, $110,000; Williams Lane Sewer main, $150,000; Bonneville sewer main, $100,000; Traffic signal installation, $150,000.

Secondary treatment facilities P. Street wastewater plant, $4,000,000.

California

San Diego, $12,239,426

Anaheim, $10,450,000

Parks, $2,662,800; Engineering & Dev., $4.291,200 Transportation, $2,250,000; Water Utilities; $2,785,420.

Ana Blvd St. over crossing of Rt 5 Freeway, $4,600,000 La Palma Ave. Overcrossing widening of Rt. 5 Freeway, $1,850,000; Sound Attenuating $3,500; Barrier along Rt. 57 Frwy. Landscaping along Rts. 5, 91 Frwy, $500,000.

Los Angeles, $75,171,259

Bledsoe St-El Dorado Ave to S/WO Telfair, 44,800; Canoga Ave-Nordhoff St to Roscoe BL., $184,200; Capitol Dr Street Lighting Meyler St to W/O Meyler St, $9,000.

Carson St-Normandie Ave to Western Ave., $505,500; Ceres Ave Storm Drain, Fifth St to Sixth St., $59,400; City Terrace Lighting District, $195,903; Clearwater St. Storm Drain, Ripple St to Los Angeles River, $54,600.

Cohasset St North Side, Glenoaks Bl to Hollywood Way, $100,407; East Valley Interceptor Sewer, Unit I; $6,908,000.

Encino Area Traffic Signal System, $204,000; Evergreen Lighting District, $92,016; Figueroa St. and Frigate Ave. landscaping, $18,000; Fountain Ave., Northside Vermont Ave to New Hampshire, $33,556.

Fountain Ave, Western Ave to Wilton Place, $179,941; Fox St, Arleta Ave to Woodman Ave, $35,774; Gaffey St., Ninth St to Fifteenth St., $403,000.

Gage Ave, East of Avalon Bl Island Landscaping, $24,400; Green Meadows Traffic Signal System, $744,000; Harbor City, Wilmington Traffic Signal System, $90,000; Hayvenhurst Ave Landscaping, Chase St to Roscoe Bl, $25,700.

Hollywood South Lighting District, $213,046; Hollywood Bl and Sierra Bonita Ave Lighting District, $84,672.

Hollywood Bl-East of Western Ave to West of Gower St, $658,900.

Larchmont Bl Street Lighting, Clinton St to Third St, $64,300; Main St and Olympic Bl, $148,100.

Manchester Ave Street Lighting, Main St to Vermont Ave, $79,200; Mulholland Dr, Topanga Cyn Bl to San Feliciano Dr, $559,590.

Oxnard St, Fair Av to Farmdale Ave, $148,548; Palos Verdes Dr North, Trees, Senator Ave to Leesdale Ave, $2,300; Parthenia St, Winnetka Ave to Oso Ave, $66,500.

Pontoon Pl Storm Drain, Allenford Av to Brinkley Av, $40,700; Reseda, Canoga Traffic Signal System, $250,000; Reseda Park Lighting District, $126,144.

Sherman Way and Mason Av Lighting District, $71,940; Silverton Av Storm Drain, Day St to South of, $12,000; Tarzana Park Lighting District, $100,480; Vanowen St and Gothic Av, Lighting District, $138,924.

Vermont Av St Lighting, Wilshire Bl to Olympic Bl, $141,500; Washington Bl St Lighting, Crenshaw Bl to La Brea Av, $199,000; Western Av St Lighting, Santa Barbara Av to Slauson, $114,000.

Wilbur Av Near Oxnard St, $37,668; Fourth St Stairway at N/E Corner, Fourth St Viaduct over Lorena, $29,800; Ninth St Reconstruction, Los Angeles St to Flower St, $1,299,200.

Bishop Canyon Landscaping, $78,000; Griffith Park Nature Center, $850,000; Mason Community Building, $603,750; Hollywood Division Police Station, $2,400,000.

North District Sewer Maintenance Yard, $1,500,000; Platt Branch Library, $900,000; Plaza Technical Center (Consolidated City Shops), $50,000,000.

Saticoy Branch Library, $900,000; Recrea- and Parks Landscaping and Ground Development, Various Sites, $1,000,000; Tennis Courts Construction, $400,000.

Testing Laboratory Addition, $1,131,000; Venice Branch Library, $900,000.

Riverside, $5,000,000

Water projects, major street improvements, etc.

Oakland, $24,827,650

Adeline St Overcrossing, $4,225,000; Fruitvale Library, $850,000; Park Projects, $2,886,000; Various Mult Svs Centers, $600,000.

Major Street projects, $15,330,000; Street reconstruction, $936,650.

Berkeley, $4,895,000

W. Berkeley Senior Center, $500,000; S. Berkeley Senior Center, $500,000; W. Berkeley Health Center, $700,000; multi-park construction, $245,000.

Sanitary sewer reconstruction, $1,200,000; Sidewalk wheelchair ramp, $250,000; Grove Street Community Center, $900,000; Gilman Street storm dr. construction, $600,000.

Colorado

Denver, $84 million

Police administration building, concert hall.

Connecticut

Bridgeport, $15,000,000

Delaware

New Castle, $53 million

Highways; flood control

Florida

St. Petersburg, $10.6 million

Police complex, $1.5 million; Senior Cit. Cent., $.5 million; Seawall Repairs, $1 million; St. resurfacing, $1.5 million; sidewalks along arterial st., $.5 million.

Storm drainage, $1.6 million; intersec. improv., $.6 million; area imp. projects, $3.4 million.

Fort Lauderdale, $39,324,000

Water Dist. Treatment Plant and Related Projects, $15,900,000; Storm Drainage, $1,027,000; Sanitary Projects, $12,525,000; Park and Recreation Projects, $2,590,000.

Street Construction, $7,192,000; Whiteway Lighting, $525,000; Airport Improvements, $105,000; Miscellaneous, $170,000.

Miami, $18,750,000

Three new fire stations, $2,250,000; Curtis Park Football Stadium, $1,700,000; Press Box for Miami Baseball Stadium, $300,000; Modernization of Downtown Bayfront Park Audit., $1,000,000.

Silver Bluff San. Sewer, $4,500,000; Columbia Bluff San. Sewer, $3,000,000; Modernization & Expansion of the Dinner Key Marinas facilities, $6,000,000.

Georgia

Columbus, $4,350,150

Muscogee city jail improvt., $250,000; new fr. sta. for E. Col. Road, $250,000; mental retardation center, $325,000; promenade duplmt. phase IV, $400,000.

Parks and recreation, $530,150; senior citizens center, $250,000; childrens theater, $270,000; envir. resv., $25,000; site improvement, $50,000; new airport, $2,000,000.

Atlanta, $73,485,000

Jail and court facilities, $12,500,000; Bedford Pine rough grading and street imp., $500,000; Cyclorama, $2,000,000; Magnolia Street extension, $2,875,000; Gordon Road, $2,000,000; park improvements, $5,125,000; storm sewers, $1,500,000.

Streets and bridges: Howell Mill Bridge, $375,000; Highland Avenue Bridge, $725,000; Campbellton Road, $400,000; Oakview Road, $200,000; Hortense Place Bridge, $100,000; Bolton Road, $150,000; Lower Wall Street, $1,000,000.

Park improvements, $4,979,000; City Hall expansion, $7,500,000.

Police precinct stations, $6,000,000; Atlanta-Dekalb multi-purpose human sources facility, $1,500,000; Civic Center expansion, $11,000,000; City Hall renovation, $2,000,000.

Public Safety Administration Building, $4,160,000; park improvements, $2,896,000; streets and bridges, Hightower Road, $2,000,000.

Marietta Road Bridge, $1,500,000; Mangum Street, $400,000; Peachtree Road, $100,000.

Hawaii

Honolulu, $89,214,000

Kahuku-Laie Police Station, $1,040,000; Manoa Fire Station Replacement, $510,000; Aina Haina Street Lighting Improvement, $110,000; Niuiki Circle Street Lighting Improvement, $45,000; Waipahu Phase I Street Lighting Improvement, $45,000.

Halawa Valley Corporation Yard, $13,000,000; Wahiawa Corporation Yard, $150,000; Mission Memorial Buildings Renovation, $104,000; Kaimuki Recreation Center, $300,000.

Kamiloiki Neighborhood Park, $150,000; Koko Head District Park, $400,000; Waiau District Park, $125,000; Koko Kai Beach Park, $125,000.

Makakilo-Waena Neighborhood Park, $100,000; Lanakila Playground, $625,000; Honouliuli Wastewater Treatment Plant, Unit I, $16,500,000; Honouliuli Interceptor Sewer, $6,600,000.

Maili Sewers, Improvement District, $600,000; Makaha Sewers, Improvement District, $830,000; Hoolulu Redevelopment Project, $3,000,000; Beretania-Smith Parking Facility, $3,000,0000.

Ala Mahamoe Street Culvert at Manaiki Stream, $930,000; Pacific Heights Road Drain, $450,000; Keolu Drive Relief Drain, $500,000; Lilipuna Road-Ka-Hanahou Circle Relief Drain, $500,000.

Hanaimoi Street-Puuowaa Street Drainage, $580,000; Ponohana Loop Relief Drain, $215,000; Mokapu Saddle Road Relief Drain, $480,000; Kapaa Shredding Plant, $2,550,000.

Laie Refuse Transfer Station, $225,000; Olomana District Interceptor Trunk Sewer, Section 1, $1,500,000; Pearl City Sewage Pump Station New Force Main, Section 1, $9,500,000.

Pearl City Sewage Pump Station, New Force Main, Section 2, $7,000,000; Barbers Point Outfall Sewer, Land Portion, $11,000,000; Hart Street Sewage Pump Station Modification, $1,500,000.

Pearl City Sewage Pump Station Modification, $3,000,000; Makakilo Interceptor Sewer, $1,800,000.

Illinois

Rockford, $6,000,000

Chicago, $573,625,000 ($200 million ready-to-go)

Expressways, Parkways & Street Improvements, $146,910,000; Bridges and Viaducts, $36,000,000; Park'N'Ride Facilities, $55,060,000.

Rapid Transit, $158,000,000; Sewers, $92,160,000; Health and Service Project, $28,62,000; Police Projects, $28,850,000; Malls, $12,500,000.

Urban Landscaping, Recreation, Beautification and Historic Preservation Projects, $15,525,000.

Louisiana

New Orleans, $8,663,000

5th District Police Station, $560,000; 3rd District Police Station, $560,000; Expansion Police Administration Bldg, $575,000; Renovations to vrs plc station, $325,000.

Lafayette, $55,000,000.

Renovations to vrs fire station, $500,000; Renovations to city facilities, $2,000,000; Renovations to welfare facilities, $250,000; Const. of mid city library, $300,000.

Ren. to equipment maintenance garage, $140,000; Const. of Algiers motor vehicle inspection station, $158,000; Ren. to rec. centers, $1,060,000; Brechtel, Joe Brown and Puch, $1,370,000.

Park Development: Installation of seating city park, $300,000; Const. Parking meter facilities, $205,000; Lakefront fishing piers and boat launch, $360,000.

Colorado

Denver, $77,650,000

Police Administration Building, $19,450,000; Symphony Hall, $13,100,000; Sewer Projects, $36,700,000; Storm drainage projects, $8,400,000.

Maine

Portland, $20,690,417

Industrial Development, $96,000; Urban Renewal, $276,057; Environmental Protection, $2,895,900; Parks, $466,000.

Education, $1,180,000; Public Buildings, $7,350,560; Transportation, $8,426,000.

Bangor, $20,000,000

Water Treatment plant; bridge construction.

Maryland

Rockville, $4,662,000

Streets, $2,146,000; Environmental (sewage), $306,000.

Storm water management, $967,487; Health and Safety, $756,000.

Baltimore, $110,000,000

School construction, $56.1 million; street repairs, $15.0 million; storm water projects, $13.5 million; waste water projects, $25.4 million.

Massachusetts

Springfield, $5,045,500

Min. group repairs, $1,034,000; Fire Headquarters, $1,216,000; Fire Station improvements, $90,000; Training School ad, $405,500.

District Court rehab for City hall annex, $300,000; Public Works facilities, $2,000,000.

Lowell, $12,000,000

Water filtration plant, $8,000,000; Parking facility, $4,000,000.

Boston, $75–$85 million

Construction Projects.

Michigan

Ann Arbor, $17,450,000

Lanfill Struc. and Sewer, $200,000; Sanitary Rel. Sewer, $2,250,000; Storm Drainage Improvement, $6,800,000; Mun. Carport Repairs, $1,400,000.

Fire Station restoration, $300,000.

Water Main improvements, $600,000; St. and Bridges repair, $5,500,000; Mun. airport runway, $150,000; Recreation Struc. impv., $250,000.

Flint, $61,850,000

City Yard Fac, $15,000,000; Stewart Ave. Grade sep, $2,600,000; Longway Blvd Approaches to I–475, $250,000; Storm sewers, $40,000,000; Flint River Beautification, $2,000,000.

Curb replacement and St. work, $2,000,000.

Minnesota

Duluth, $35,325,000

Regional Business and Technical Information Center, $6,200,000; Gary Heavy Industrial Park, $950,000; Oneota Industrial Park Utility Extensions, $400,000; Spirit Mountain Ski Lift, $200,000.

Bikeway Development, $100,000; Neo-Arctic Trail Zoo Expansion, $250,000; Rock Retaining Walls and Bridge Repair, $200,000; Trail Bridges, $50,000.

Kitchi-Gammi Park Development, $350,000; Senior Citizen Vest Pocket Parks, $75,000; Kenwood and Piedmont Playground & Rec. Areas, $350,000; Spirit Mountain Pool Shelter & Rental Service Bldg, $750,000.

Spirit Mountain Court Games Shelter, $250,000; City Public Works Garage, $3,000,000; Parks Dept. Garage, $300,000; Sanitary Sewers, $3,000,000.

Storm Sewers, $2,000,000; Sedimentation Boxes, $300,000; So. 61st Ave. W. Industrial Site Improvements, $270,000; Mariner's Wharf Waterfront Developments, $80,000.

Hartley Field Development, $200,000; Bridge Construction, $2,800,000; Street Construction ,$6,000,000; Sidewalk Construction, $500,000; Three Weatherproof Public Court Games Shelters, $2,250,000.

Woodland Alternate Street Route Connection, $2,2500,000; Outdoor Amphitheater, $2,000,000.

St. Paul, $16,000,000.

Missouri

St. Joseph, $6,470,000

Street paving, $3,440,000; Sewers, $1,020,000; Bridges, $1,475,000; Storm drainage correction, $490,000; Miscellaneous, $40,000.

Springfield, $6,150,000

Storm sewer project, $4,770,000; Sidewalk project, $1,250,000; Bridge Replacement, $130,000.

Montana

Billings, $7,750,000

15th St., West, $300,000; 17th St., West, $300,000; Remrock Road, $3,000,000; Calhoun Lane, $3,000,000.

Storm Sewer project, $1,000,000; Park Development, $150,000.

Butte, $1,350,000

Sanitary Sewer Project, $300,000; Park Development, $500,000; Shop Maintenance Complex, $500,000.

Nebraska

Omaha, $85,300,000

Papillion Creek secon treatment plant, $20,000,000; Mo. River secondary treatment plant, $54,000,000; Benson Westside Interceptor sewer, $1,800,000; Re-deck, $600,000; New Bridges, $300,000.

Major Street projects, $800,000; Street resurfacing, $3,000,000; Street curb repair, $1,000,000; Sidewalk repair, $500,000; Driveway replacement, $500,000.

New Jersey

Camden, $43,000,000

Police and fire Dept. Adm. Bldgs., $8,000,000; Future project, $35,000,000.

Elizabeth, $1,150,000

Two multi-purpose Buildings, $800,000; one Child Care center, $350,000.

New Mexico

Albuquerque, $12.7 million.

Santa Fe, $4,500,000

Repairing downtown Street, $3,000,000; 4th downtown Park lot, $250,000; Storm Sewers, $1,000,000; Replacement of Santa Fe River Bridge, $250,000.

New York

Albany, $1,821,590

Urban Renewal, $2,600,000; Community Development Programs, Dove Street (Madison to Jay), $70,720; Myrtle Avenue (Eagle to Phillip), $70,690.

Elm Street (Eagle to Phillip), $72,680.

Eagle Street (Charles to Mansion Pl), $71,440; First Street (Ten Broeck to St. Josephs), $54,990; Second Street (Ten Broeck to Hall Place), $21,590; Ten Broeck St. (Clinton to Lexington), $200,780.

First Street (Northern to Lexington), $170,160; Second Street (Northern to Lexington), $168,370; Second St. (Lexington to Hudson), $140,910; Third St. (Northern to Thornton), $129,960; Lexington Ave (Clinton to Second), $108,380.

Third Street (Thornton to Judson), $142,920; Thornton Street (Second to Livingston), $106,870; Madison Place, $48,840; Mansion Park (on Phillip St.), $21,300; St. Josephs Park, $105,360.

Van Rensselaer Park, $106,630; Highways, Improving the golf course using the O'Neil Farm, $200,000.

Ezra Prentice Homes Playground, $41,000; Lincoln Park tennis courts, $100,000; Joseph Henry Building, $126,500; Around the Water Dept. and the Quackenbush House, $750,000; The War Monument in Washington Park, $20,000.

New York, $400 million

Hospital rehabilitation; repair police stations and fire houses.

Buffalo, $108,825,000

Water Pumping Plant Improvement Project, $4,000,000; Flood Control-Cazenovia Creek and Buffalo River, $3,000,000; Buffalo Pure Water Project, $225,000.

LaSalle Park Beautification Project, $300,000; Rehabilitation of Various City Viaducts, $2,000,000; Construction of City Convention Center, $3,000,000; City Sidewalk Improvement Project, $500,000.

Water Distribution System, $2,000,000; Street Paving, $5,000,000; Reconstruction of the Old City Court, $1,250,000; Addition to Mechanical Services Building, $50,000.

Delaware Park Lake Restoration, $4,700,000; Delaware Park Land Restoration, $3,000,000; Completion of New City Court, $2,000,000; West Side Transfer Station Project, $2,000,000; Fire Alarm and Dispatch Center, $1,000,000.

Replacement of Bailey Avenue Bridge, $4,000,000; Construction of Enclosed City Ice Rinks, $2,000,000; Rehabilitation of City Swimming Pools, $2,000,000; Installation Water Transmission Line, $2,500,000; Construction of Citizen Community Centers, $6,000,000; Rehabilitation of Various City Bridges, $10,000,000; Dust Control—East Side Transfer Station, $250,000; Restoration of City Zoo, $3,000,000; Construction of Cen-Mission Memorial Buildings Renovation, $5,000,000.

Water Distribution System, $15,000,000; Valve Installation Program, $3,600,000; Construction of Central City Garage, $5,000,000; Construction of a Sludge Treatment Facility, $15,000,000; Construction of New Fire Stations, $1,000,000.

Ohio

Cincinnati, $4,015,000

River Road, $1,200,000; Lunken Airport, $1,825,000; Lunken Airport, lighting and marking runway, $100,000; Blue Ash Airport, $25,000.

Blue Ash Airport Runway resurfacing, $120,000; West Fork Creek, $330,000; West Fork Channel, $415,000.

Cleveland, $370,048,185 ($188 million ready-to-go)

Dept. of Public Utilities, $111,605,000; Dept. of Public Service, $168,700,600; Dept. of Public Properties, $25,825,700; Dept. of Public Health, $4,900,000; Dept. of Public Community Development, $2,046,000.

Dept of Public Safety, $14,500,000; Dept of Human Resources/Econ. Dev., $2,456,900; Port Control, $43,250,000; Cleveland Landmarks Commission, $1,763,985.

Akron, $900,000

Sanitary Sewer Plans, $400,000; Dredging and Storm Sewers project, $500,000.

Oregon

Portland, $58,100,000

Albina Hyd. Relief Proj, $750,000; Stage IV 13th Ave. Hydraulic Relief Proj., $2,000,000; NW Front Ave Hwy imp. proj, $1,500,000; Sidewalks for Schools, $200,000.

39th Avenue St. reconstruction project, $360,000; Roadway Reconstruction project, $1,000,000.

Pennsylvania

Philadelphia, $4,500,000

New fire station, $500,000; Renovation to Landis Hospital, $3,000,000; New Police training facility, $1,000,000.

Rhode Island

Warwick, $9.3 million.

South Carolina

Greenville, $350,000

Neighborhood Recreation Center, $250,000; addition to a Community Center, $100,000.

South Dakota

Aberdeen, $4,924,000

Wastewater Treatment Plant Mod., $2,793,000; Moccasin Creek Channel Tmp., $1,881,000; 12'' Water main on Roosevelt Road, $250,000.

Texas

El Paso, $2,900,000

McRae Imp, $200,000; Wedgewood/Lafayette Imp, $100,000; 6 Bridges/Franklin Canal, $400,000; Van Buren Realignment, $200,000.

Charl Ann & Frontera Bridges, $100,000; Yarbrough Dr. Extension, $600,000; Civic Center Meeting Rooms, $100,000; Lee Trevino Extension, $800,000; Diana Ditch Imp., $100,000; Lakeside Additional Storm Drainage, $300,000.

San Antonio, $30,000,000

Utah

Ogden, $5,619,858

Sidewalk Projects, $1,233,052; Storm Sewer, $393,011; Downtown Sewer Projects, $1,259,000; Monroe Boulevard Ex, $2,328,270.

Virginia

Hampton, $3,064,000

Improvements for Major Roads, $900,000; Health, $200,000; Traffic Safety, $390,000; Buildings, $938,000; Recreation, $50,000.

Norfolk, $26,700,000

Football Stadium, $12,000,000; Public Elementary School, $2,500,000; Highway Bridges, $800,000; Public library, $300,000.

Add to Elementary School, $900,000; 15 MGD Water Treatment, $7,900,000; 30' Water Interconnecter, Main and Trim Pumps, $1,400,000; Headquarters Building for Public Works, $300,000.

Two Fire Stations, $600,000.

Washington

Seattle, $24,689,000

Brighton Playground, $292,000; Bryant Playground, $185,000; Burke-Gilman Trail, $400,000; Central Area Park & Playfield, $800,000; Waterfront Promenade, $1,500,000.

Commodore Park, $307,000; Green Lake Boating & Sailing Facility, $245,000; Sand Point Park, $1,300,000; West Seattle Reservoir Park, $200,000; Yesler-Atlantic Park, $360,000.

Lake Youngs Water Supply Line 4 Replacement, $946,000; Lake Youngs Water Supply Line 5 Replacement, $545,000; Lake Youngs Water Bypass Line 4 Replacement, $2,890,000; Cedar River Chlorination Building, $865,000.

Lincoln Reservoir Cover, $2,411,000; 115 Kv Underground Transmission from University to North Substations, $995,000; 115 Kv Transmission Rebuild to Shoreline-Canal Line, $715,000.

Viewlands 115 26Kv Receiving Substation, $2,156,000; Hillclimb Corridor, $1,000,000; Waterfrong Trolley, $400,000; New Safety Signals, $200,000.

Pioneer Square Areaway Rehabilitation, $1,500,000; Replacement of Two Police Precinct Stations, $3,000,000; Police Training Center, Phase II, $1,027,0; Animal Control Shelter Construction, $450,000.

Tacoma, $13,283,000

Public Buildings, $4,562,000; Residential St. Imp., $701,000; Arterial St. Improvement, $4,783,000; Arterial St. lighting, $305,000; Residential St. lighting, $599,000.

Bridges, $277,000; Storm Sewers, $1,806,000; Railroad Grade Crossings, $250,000.

Everett, $5,052,000

Drainage, $370,000; Water Line Repair, $150,000; Capital Construction, Parks, $325,-

000; Streets, $720,000; Capital Construction, sidewalks, $1,012,000.

Sewers, $975,000; General Government, $1,500,000.

West Virginia

Huntington, $10,140,000

Storm Sewers, $3,390,000; Additional Sewers, $3,000,000; St. resurfacing, $250,000; Public Works garage, $2,500,000; Const. of Prev. unpaved St., $1,000,000.

Wisconsin

Green Bay, $3,100,000

Municipal garage addition, $500,000; Storm sewer construction, $800,000; St. improvements, $500,000; Parking garage, hospital area, $1,300,000.

Madison, $150,000

Restoration of Gates of Heaven Synagogue, $50,000; Painting of public housing, $100,000.

Kenosha, $34,000,000

Parkside sewer, $7,000,000; 60th St. sewer, $3,500,000; Airport Adm. Building, $500,000; New Runway, $2,500,000; Sanitary Sewer Interceptor Project, $7,500,000.

Sheridan Road Paving, $4,000,000; Small Board Harbor, $5,000,000; Library, $2,500,000; Fire Station (2), $1,000,000; Small Boat Harbor (Docks), $500,000.

Racine, $4,550,000

Shore Protection, $150,000; Racine Harbor Development, $500,000; Chicory Road Storm Sewer, $2,000,000; Greencrest Storm Sewers, $1,000,000; Shoreland Avenue San. Sewer Relay, $900,000.

West Allis, $21,150,000

City Yard, $700,000; Police Dept., $1,250,000; Library, $200,000; Health Dept., $650,000; Fire Dept., $750,000; Paving Projects, $3,600,000; Sewer Projects, $14,000,000.

Rhode Island

Cranston, $20,000,000.

North Carolina

Greensboro, $225,600.

Grand total................ $2, 442, 995, 480

BECAUSE OF OFFICIAL COMMITMENTS UNABLE TO VOTE ON H.R. 14261

HON. BOB TRAXLER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. TRAXLER. Mr. Speaker, on Monday, June 14, because of official commitments in Michigan, I was unable to return to Washington in time to vote on the passage of H.R. 14261, Treasury, Postal Service, general Government appropriations for fiscal year 1977. Had I been present, I would have voted against adoption of this measure.

I realize the many problems which had to be addressed in drafting this appropriations bill, especially the predicament we find ourselves in pending reform of the Postal Service, and I applaud Subcommittee Chairman STEED for his hard work. However, I do believe Congress could responsibly approve a funding level even lower than that requested by the President.

Many programs and needs have merit when examined by themselves, but in the context of competing priorities and limited resources, some Federal Government activities are more important than others. Cut backs are necessary, and I think this bill could have been trimmed. I am hopeful that the Senate will reassess this appropriation, and act to reduce this level of funding.

Over the next 2 weeks the Congress has a good opportunity to commit itself, on record, to controlling Federal spending and determining national priorities. It is essential that we give full scrutiny to these funding bills, and I believe the Treasury-Postal Service appropriations could have withstood additional reductions.

QUESTION AND ANSWER INTERVIEW WITH REVEREND LATCH

HON. TOM BEVILL

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. BEVILL. Mr. Speaker, the incidents and revelations of recent weeks concerning abuse in Congress have left the country with a bad taste about government in general.

While these events can in no way be condoned and while action must be taken within this body to prevent similar occurrences in the future, an interview published in the June 14, 1976 edition of the Washington Star provides the American public with a view of their elected representatives that I believe a majority of the Members of Congress strive daily to attain.

The question and answer interview was directed at Rev. Edward G. Latch, Chaplain of the House of Representatives.

I have personally thanked Reverend Latch for his forthright comments on the Congress and I urge the other Members to take note of the interview.

The service Reverend Latch performs for the House of Representatives goes unnoticed many times, but the service he renders is an essential one. I want to take this opportunity to personally compliment him on his dedicated work.

I would also like to have the Washington Star interview with Reverend Latch submitted for publication in the RECORD. I would strongly recommend that my colleagues who have not read Reverend Latch's interview, do so:

THE CHAPLAIN OF THE HOUSE, AN OPTIMIST

The Rev. Edward G. Latch, chaplain of the House of Representatives, discussed his job and contemporary mores with Washington Star Staff Writer Michael Kiernan.)

Question: What's the best part about your job as chaplain of the House?

Latch: I think the thing that I like as much as anything is that I am able to be right at the center of the life of Congress and getting to know the men who are leading the country. I think it is a fulfilling experience. I've found them to be an exceptionally fine group of men and women, contrary to the popular opinion that it's not so. It is so. These are honest, hard-working, and devoted to their district and to our country and ready and willing to work for their people and the people of our country. I have no doubt about that. I think the public image would be much higher if the people stopped to think a little bit and see what was really happening.

Q: Why doesn't the public have that good opinion of their representatives?

A: I don't know; I wouldn't want to say. I think they blanket everyone with the same thing when some men err. That's a real fallacy. I don't think you can say that because of a few dishonest in our country all the people are dishonest.

Q: Does this apply to the members of Congress?

A: Yes. I think they're a cross-section of the American people. And they're here because the American people sent them here and they're dependent on the votes of the people to come to the House.

Q: Do members or their staffs come to you with their problems at times?

A: Some, yes. Some members come, but more members of their staffs come to see me. But I do have some members. And I'm available for them if they want me.

Q: What kind of problems do they come and talk to you about?

A: That's one thing I can't discuss in detail. They do have problems that they want to talk about. That's as far as I can go with that. I have to keep all that confidential.

Q: The recent business about Wilbur Mills and Wayne Hays—have you seen that affect the lives or the demeanor of the majority? Has that besmirched the good image you have?

A: I don't want to get into that too much, if you don't mind. I really don't know. All I know about that is what I read in the newspapers. They do not discuss it very much, as far as I am concerned, here in the halls of Congress.

Q: People don't come up to you and talk about it?

A: A little, but very little. They say how too bad it is or something of that kind, but they do not talk much about it.

Q: You've been working here for 10 years. What have been the changes that you've seen?

A: Well, it's hard to say, I think we have a more open Congress and I think it's endeavoring to respond to the needs of our people. I think the members are very conscientious about attempting to do what they can for them.

Q: Has your role changed at all?

A: Not very much. I do just about the same thing—I'm available to help. The only real duty I have as a chaplain is to do a prayer when they open the House.

Q: Some of the great moral issues that have confonted Congress over the last 10 years: certainly Vietnam and Watergate and now these peccadillos have come up. Does this all speak to a change? There's a lot of talk these days about the new morality, about a new sense of what is right and what is wrong in America. Do you think that Americans are getting more tolerant of scandal?

A: It would be hard for me to view Americans that way. I have no way of really knowing. I do feel, though, that there is a high sense of morality at the heart of our American life. I think that the way people react to some things indicates it's there. Now how much and all that, I have no way of knowing, but I'm sure it's there.

Q: The Hays and the Mills affairs give the impression that those things are almost a way of life on the Hill. Are there happily married people who work in Congress?

A: Yes. I think the majority of the members of Congress are happily married people. But there is a strain here for the family life. The congressman must spend time both here and in his home district, so it's not easy, regardless of where the family lives. But my feeling when I talk to them is that the majority of them are happily married people.

Q: The place of women on Capitol Hill is changing. For one thing, there are more women members.

A: There are more women members now than ever, and I think there will be still more. I think they're doing a great job—a great job as members of Congress.

Q: Do you think that's a good trend, a healthy trend?

A: Yes, I think it's a good trend and a healthy trend, certainly. We have some women who are as fully equipped mentally and every other way as some of our men.

Q: Do members seek you out and ask you your view on legislation?

A: They say, "what do you think?" and I say "What do you think?" and we talk about it. I try to keep from giving any of my theories, but of course I can be there and listen and let them talk. That's what I try to do.

Q: Do you think that the American people are going down the tube morally?

A: I would say we're going down, but I'm very hopeful for the future. I think we're going to pick up. Things have a way of swinging back and forth. I think what we need in our national fiber is a little bit more positive feeling. There's too much of this negative "tear down, tear down." I wish people would be more positive. I think this is a great land in which to live.

Q: Is the press responsible for that negative view, do you think?

A: Now you've put me on the spot. I don't know how to react to you folks of the press. I wish you would emphasize more the good things in our country, the freedom we do enjoy, and work for more justice, work for more cooperation, work for more brotherhood. We need to be positive and build. This is a great country and we can make it even greater.

Q: I am interested in hearing how you became chaplain of the House.

A: I was first appointed by the speaker. When the chaplain, who was my father, died it became the duty of the speaker to appoint a chaplain for the remainder of that Congress. And he called me and asked me if I was interested, and invited me to come in. I came in and we talked together, and I accepted it because I think this is a high honor.

Q: Who was the speaker then?

A: John McCormack, 10 years ago. And he told me then, Remember, all I'm going to do is appoint you for the remainder of this year, the 89th Congress. I cannot even guarantee your election." You see, the chaplain is elected by the membership every two years. So the following January, I was elected, and I've been elected every other January since.

Q: Where do you come from originally?

A: I was born in Philadelphia, raised in Baltimore, but all my ministry has been in and around Washington.

Q: What denomination are you?

A: I'm a Methodist. I am retired from National Methodist Church opposite American University.

Q: Since you've been here 10 years, you must have had some interesting experiences. Which one do you remember the most fondly?

A: One experience that has moved me a great deal was the bringing and the presenting of the Magna Carta. That was one of the really high moments in my life. I thought that ceremony was one of the finest things I've seen on Capitol Hill. The ballad they sang about it was superbly done as were the addresses by the speaker and the man from England. It was just as superb as it could be. It was a very moving experience for the two English-speaking countries to come together. Another thing that's moved me a great deal were the funerals of our presidents—just the way they're carried out and handled in the rotunda of the Capitol. Then I get a lot of thrill out of the president coming to a joint session of Congress, he normally only comes once or twice a year. Having him speak, not only to the leaders of the Senate and House and the members but to the country as a whole, is to me quite an experience. And then to have the king of Spain here, and the president of France to give an international flavor to what we're doing.

Q: The world of Capitol Hill is a world of compromise, of backroom bargaining. Is that a moral problem for you?

A: Well, I suppose it goes on, but frankly I know nothing about that. I don't see any of the bargaining, I don't see any of the compromising, except as it is done on the floor itself. Whether it's a moral problem depends upon what it is—whether a moral issue is involved or whether it's simply a political move in order to get the best thing done or the most done. To get that bit of truth, let's say, you have to compromise a bit. I know the president must sign bills the same way. He won't like the whole bill, but to get the basic thing he wants, he signs it. Whether that's compromise or not, that's the way things go, I suppose, but I'm not a part of that in any way.

Q: Is part of the job of being chaplain of the House being an optimist?

A: Oh, I don't think it's part of my job, it's part of my life. I've tried to be optimistic, not overly optimistic, but definitely positive. I like the word positive.

Q: Is there anything else about this job that you find fascinating:

A: One thing I do. We have a congressional prayer group every Thursday morning, and I'm invited to that. These are all members of Congress, for members of Congress, and led by members of Congress.

Q: How many belong to it?

A: Oh, the whole House can come. It's completely open. We have 25 to 30, once in a while 40, maybe. They meet quite regularly. Over a period of time you might have 50 to 75 people. One member of Congress leads it. We have prayers and we will talk about whatever he wants to talk about. And in my book, one of the rich experiences of my stay here is the attendance at this informal, yet very warm, friendly meeting that we have.

SWEDEN POINTS THE WAY TO GOOD LIFE ON LESS ENERGY

HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. HARKIN. Mr. Speaker, one of the most dangerous delusions in our energy policy debate—with the possible exception of the mythical "energy independence"—is the notion of a 1-to-1 link between energy and well-being; "the more energy we have, the better off we are."

An article recently appeared in the Des Moines Register which reported the results of a study comparing energy use in the United States with other countries. The study, conducted by Lee Schipper, an energy information specialist at the University of California—Berkeley—revealed that although Sweden has virtually the same per capita gross national product as the United States, energy use there is only 55 percent as great. The study, which was partially funded by the Energy Research and Development Administration, concluded that more efficient use of energy in Sweden accounts for much of the difference.

It is time we studied how these frugal Europeans get so much prosperity from so little energy. I commend this article to my colleagues' attention with the hope that this myth of "more wealth from more energy" will be finally put to rest as we consider the proper role of energy conservation, especially the more efficient use of energy in meeting our Nation's energy problems. The text of the article follows:

SWEDEN POINTS THE WAY TO GOOD LIFE ON LESS ENERGY

(By Lee Schipper)

Since the oil embargo it has become clear that energy needs are more flexible than previously thought. To understand how the United States might get more wealth out of energy use, we have been comparing energy use here with other countries.

A study of Sweden which a colleague and I made, funded partly by the Energy Research and Development Administration, indicates that the U.S. could cut at least 25 per cent and possibly as much as 35 per cent of its energy use without harm.

Although Sweden has virtually the same per capita gross national product as the U.S., energy use there is only 55 per cent as great. Yet Sweden's climate is much more energy-demanding than ours, and the mix of industrial output is more energy-intensive than ours.

Therefore, Swedes might be expected to use more energy per capita than we do, rather than 45 per cent less.

More efficient use of energy in Sweden accounts for much of the difference.

Swedish automobiles average 24 miles per gallon. Mass transit serves as much as 40 per cent of Swedish urban travel. Trains are important at distances up to 500 miles.

The average car in Sweden travels as far as one in the U.S. (7,500 miles a year), but there are only two-thirds as many cars per capita, many families doing without the second car (or the first) because mass transit is good and the "need" to travel is less.

Reinforcing these facts are high gasoline taxes (now 60 cents a gallon), a tax on new cars that rises with weight, and a yearly weight-related fee.

Fuel savings in the U.S., based on the mix of more efficient autos and modes in use in Sweden, would amount to nearly two million barrels of oil per day—one-eighth of total consumption.

In buildings, the higher energy efficiency in Sweden is even more striking. Homes there consume only half the fuel for heating per square foot (adjusted for climate) as in America. Insulation, insulating glass, better ventilation, and generally tighter construction make for these savings. Apartment dwellers use as much energy per person as people who live in single-family homes, so the savings in energy use in structures cannot be attributed to the higher proportion of people living in apartments compared to the U.S. In commercial buildings as well, Swedish structures use far less energy per square foot than American buildings.

The Swedes never engineered buildings to require heat in the summer and cooling in the winter, as we still do. More efficient structures in Sweden have meant significantly lower heating bills to businessmen, homeowners, and most apartment dwellers. Employment and investment in the building industry are necessarily high to meet the cost-effective energy standards.

Savings in heating and cooling in the U.S., based on the Swedish example, could amount to at least 13 per cent of our national energy use—more than four times the shortfall during the oil embargo.

Energy conservation in Swedish industry is also important. Swedish paper, steel, cement, and other energy-intensive products are made on significantly less energy per ton than in the U.S. Because coal and oil never have been cheap in Sweden, producers always have paid attention to energy costs.

Industry in Sweden is productive on less energy than in the U.S., and employment there is high, suggesting that the link between energy and employment is a weak one. Energy saving leads to increased employment and total productivity.

Energy conservation in Sweden has not come about by magic. The traditionally higher price of fuel there stimulated conservation. Americans seem to react to higher energy prices by tightening price controls on the one hand, and subsidizing energy production through tax breaks, loans, and grants on the other.

As important as the marketplace, however, has been Swedish cooperation between government, industry, and private groups in promoting efficient use of resources, through building standards, taxes and incentives for conservation. Lifestyle, too, contributes.

But in the end it is conservation that makes the greatest difference. The Swedes, unlike the Americans, have learned that the most effective weapon against high fuel costs, oil cartels, or reliance on uncertain energy sources is conservation.

Getting more out of energy use, as the Swedes do, rather than simply getting more energy, ought to be our foremost goal of energy policy today.

ADL DECRIES BUSINESS IMPACT OF ARAB BOYCOTT

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. ROSENTHAL. Mr. Speaker, on Wednesday, the House International Relations Committee concluded a week of hearings on legislation to extend the Export Administration Act which expires at the end of September. Much of the testimony before the committee was addressed to the need for stronger action against the Arab boycott which seriously harms large segments of American business.

In the June 10 RECORD, I shared with my colleagues the testimony I delivered in which I urge a prohibition against all compliance by American firms with boycott demands. I would like today to bring to my colleagues' attention the persuasive and thoughtful remarks made before the committee by Seymour Graubard, the national chairman of the Anti-Defamation League of B'nai B'rith.

The ADL has been in the forefront of organizations attempting to make the public aware of the divisive and anticompetitive impact of the boycott upon American industry. Under the articulate and imaginative leadership of Mr. Graubard, the ADL has repeatedly and often successfully moved the Commerce Department to meet its responsibilities under the Export Administration Act to discourage American compliance with the boycott.

Unfortunately, this effort, it has become evident, cannot fully succeed without a strong congressional mandate outlawing all compliance. I sincerely hope that my colleagues on the House International Relations Committee will shortly incorporate such a mandate in the proposed extension of the act.

Mr. Graubard's important statement follows:

TESTIMONY OF SEYMOUR GRAUBARD, NATIONAL CHAIRMAN, ANTI-DEFAMATION LEAGUE OF B'NAI B'RITH

Mr. Chairman, Members of the Committee, my name is Seymour Graubard and I am National Chairman of the Anti-Defamation League of B'nai B'rith. I am accompanied this morning by Mr. Justin Finger, Assistant Director of the League's Civil Rights Division, Mr. David Brody, its Washington representative, and Mr. Meyer Eisenberg, a member of its National Commission.

We appreciate, Mr. Chairman, your invitation to appear before this body to present our views on the pending legislation to amend and strengthen the anti-boycott provisions of the Export Administration Act.

The genesis and history of the Arab boycott are well known to this Committee. It was instituted in 1945 in an attempt to thwart the establishment of Israel and has been continued since 1948 with the avowed objective of strangling Israel economically. It is an elaborate mechanism with voluminous rules and regulations which is operated by a central Boycott Office headquartered in Damascus, Syria.

Mr. Chairman, I offer at this time as an Exhibit the Rules of the Boycott Office, along with the following:

1. The Laws relating to the Boycott of Israel of the United Arab Emirates, including Abu Dhabi.
2. The law of Egypt.
3. The law of Iraq.
4. The law of Jordan.
5. The law of Kuwait, and
6. The law of Saudi Arabia.

The Arab boycott must be seen as multidimensional; its prohibitions against American contractors or subcontractors doing business with Israel are intertwined with religious discrimination against American Jews.

The limited Administration actions against the boycott that have been taken over the past year and a half deal primarily with its anti-Jewish component. The boycott's anti-Israel component—for example, the use of Arab trade pressures to force American firms to avoid commercial relations with Israel, or to refuse to deal with other American firms which are blacklisted—has received scant attention from the Executive Branch. This facet of the boycott, which often pits American firms against other American firms merely to further the aims and objectives of foreign powers against a nation friendly to the United States, is similarly obnoxious and immoral.

This Committee has before it several bills which would prohibit American business from compliance with various aspects of the anti-Israel component.

We urge passage of such legislation.

It is worth recalling at the outset the history of the anti-boycott provision, Section 3(5) of the Export Administration Act. Though phrased in general terms, the legislation was directed primarily at the attempt of the Arab countries to involve American business in their Middle East war by threatening them with economic loss if they dealt with Israel. As originally introduced in 1965, the bill would have prohibited compliance with boycott requests. The Bill was identical to H.R. 4967, introduced by Mr. Bingham, now before this Committee. Indeed, Congressman Bingham was a sponsor of the original bill, back in 1965.

Although in 1965 the House Banking and Currency Committee reported out the bill in the form of a statement of policy only, 17 of the 33 members declared their intention to introduce an amendment on the floor to prohibit compliance with boycott requests. The amendment, offered by the ranking Republican member of the Committee, William J. Widnall, was rejected and the House adopted the present version of the law which merely "encourages and requests" non-compliance.

Significantly, the failure to enact an outright prohibition on compliance was largely due to the position taken by the Department of State and Commerce, which, while deploring the boycott of Israel, urged that flexibility be permitted in dealing with it. Referring to the House-passed bill and to legislation which would prohibit compliance with boycott requests, then-Secretary of Commerce John T. Connor, testifying before the Senate Banking and Currency Committee on June 10, 1965, stated:

". . . We still think that either one of these proposals is undesirable from the point of view of the foreign relations of the United States and also from the point of view of its effect on many U.S. manufacturers and other trading organizations . . .

"However, if it is the wish of Congress that there be some such expression of policy, and some requirements that the Executive Branch issue regulations, we would prefer the provision that is in the House-approved bill to the absolute prohibition." (Hearing H.R. 7105 and S. 1896 to extend and amend the Export Control Act of 1949).

Spokesmen for the Administration at that time said "Let us rely upon diplomacy and friendly persuasion."

The Administration's indifferent attitude toward any anti-boycott legislation has, unfortunately, pervaded the enforcement and implementation of the Act since the very beginning.

In 1965 Congress clearly intended that enactment of the Export Administration Act should provide a legal and statutory basis enabling the President to use his authority to curtail exports in order to cope with the boycott. The legislation, said the House Committee on Banking and Currency in its report (H. Rpt. 434, 89th Congress, First Session) "will furnish the Administration with clear legal authority to protect American business firms from competitive pressures to become involved in foreign trade conspiracies against countries friendly to the United States."

However, not once since the statute was enacted has an Administration used its authority to curtail exports in order to cope with the boycott. While the Committee and the Congress intended to give the Executive "flexibility" in dealing with the boycott, and did not intend to "tie the hands of the Administration by making any particular course of action mandatory," Congress did not envisage that this authority would never be used.

And this attitude prevails to this day. For another example, the Act provides for Regulations to be issued by the Commerce Department to implement its provisions. For years the Regulations provided only that exporters receiving boycott requests report this fact to the Department of Commerce. After persistent demands from members of Congress and organizations such as the Anti-Defamation League, the Regulations were amended in October of last year so that it became mandatory for the exporter to report whether he intended to comply with the boycott request. It was only then that the reporting requirements were also extended to cover banks and other service organizations.

Only since March of 1975 was there any more than indifferent enforcement by the Department of Commerce of even the reporting Regulations then existing. Since May of last year, six firms have been charged, and four found guilty, with failure to report boycott requests (the remaining two cases are pending); 226 additional firms, being considered first-offense cases, have been "warned" for failure to report.

Indeed, until late November of 1975 the Department of Commerce was actually engaged in furthering Arab boycott practices by its dissemination to American firms of tender offers containing boycott restrictions. Not until after the Anti-Defamation League brought suit in September 1975 against the Department did it agree to discontinue this practice; most recently, as a further outgrowth of the same lawsuit, the Department has now agreed to make public the names of those firms charged with failure to report boycott requests.

Administration spokesmen consistently state their view of the Arab boycott problem as involving two separate issues.

One consists of Arab pressures on U.S. firms to discriminate against American Jews.

The other, as Charles W. Hostler of the Department of Commerce testified in March of 1975, is a "long-standing system of economic sanction applied by Arab League countries against certain types of business relationships undertaken by U.S. firms with Israel." Spokesmen for the Department of Commerce, State, Treasury and Justice have repeatedly made this distinction.

The new Export Administration Regulations, while prohibiting compliance with requests for religious discrimination, merely "discourage" American firms from complying with anti-Israel boycott conditions. And the presidential anti-boycott package announced in November 1975 dealing with federal agencies, federal contractors and banks is similarly directed at the anti-Jewish component.

Virtually the only significant anti-boycott action of the Executive Branch has been the Justice Department's anti-trust suit against Bechtel Corporation, and some newspapers reported the opposition of the Department of State to this action.

Administration spokesmen have consistently opposed effective and anti-boycott measures. One claim made is that the boycott represents "political activity" by the Arab states. This argument disregards the powerful and negative impact the boycott has had on American firms and citizens. An analysis by the Moss Subcommittee, for example, shows that during the period between January 1, 1974 and December 5, 1975, 631 firms filed boycott request reports covering sales totaling about $800,000,000. And from October 1, 1975, when reporting of intent to comply became mandatory, till December 5, 1975, 91% of firms indicated intention to comply.

Based on the several hundred warning letters sent by the Department of Commerce, obviously many more firms have complied with the boycott but simply failed to report.

That the Administration's actions, limited as they are to the component of religious discrimination, will have a negligible impact on Arab Boycott practices is made clear by a startling fact admitted by then-Undersecretary of Commerce Baker in his December testimony. He revealed that "since the inception of the boycott reporting requirement in 1965, over 50,000 transactions involving a boycott-related request have been reported. Of these, only 25 instances have been reported where the request apparently involved [religious] discrimination."

Mr. Hostler of Commerce argued that "American firms should not be restricted in their freedom to make economic decisions based on their own business interests, where no element of ethnic or religious discrimination in violation of U.S. law is involved." (Curiously, Commerce seems to feel that while American firms may properly have forced upon them business restrictions by foreign powers, it would be improper for United States law to restrict American firms' compliance with the boycott.)

The argument that anti-boycott measures would jeopardize peace negotiations in the Middle East has also been consistently invoked by the State and Commerce Departments in opposing the anti-boycott legislation. Gerald L. Parsky, speaking for the Department of the Treasury, stated in March, 1975 that "a peace settlement is the best way to bring a definitive end to the Arab boycott." Mr. Baker foresaw serious adverse impact on the American economy and a dire loss of significant trade benefits if the Arab countries interpreted more restrictive U.S. anti-boycott legislation as an anti-Arab action. He went so far as to say that the passage of H.R. 4967, the Bingham bill, could "cripple the United States effort to bring about a fair settlement of the conflict in the Middle East." "The only way to bring this boycott to an end," Mr. Baker added, "is to achieve such a fair settlement."

This argument is not new. In 1969 a Commerce Department spokesman, testifying before the Senate Banking Committee, opposed any change in the 1965 law, saying:

"In addition, delicate foreign policy negotiations currently are under way to bring about a viable settlement of the fundamental dispute between Israel and the Arab states."

A State Department spokesman at that time repeated the same refrain, saying, "Mandatory legislation will be similarly regarded as one-sided, pro-Israel legislation at a time when we are trying to help bring about a settlement in the area."

We submit that more than a decade has passed without a resolution of the conflict. We cannot wait passively any longer for final peace in the Middle East before seeking to halt Arab coercion of American business firms.

A recent *Washington Post* editorial put it well—"That Arab League states conduct their own trade boycott against Israel is their business . . . that Arab states should expect to enlist American firms to support the Arab boycott is, however, very different. The issue is that simple."

Instead of complying with the boycott, the *Post* editorial added, "What the [State] Department should be doing . . . is telling the United States' Arab friends that a deepening long-term relationship is only possible on the basis of mutual respect."

Legislation before this body would prevent American business firms from being used by the Arab countries in their war against Israel. Far from being "one-sided," the enactment of such legislation would make plain to the world that we do not want American business firms to be made pawns in fights between other nations, and that American business should be free from any foreign pressures in making decisions about whom they may wish to trade with.

The ADL revealed at a press conference in March of this year the names of a number of firms violating U.S. anti-boycott policy, including over 20 banks who also flout the warnings of the Federal Reserve Board issued last winter against boycott participation. As a result of our charges, a few of the business firms and banks announced changes of policy and some offered to announce their support for federal anti-boycott legislation. General Mills and Pillsbury, for example, have pledged to join ADL in support of such legislation. Others promising support are Bausch & Lomb, the First National Bank of Minneapolis and the First National Bank of Chicago. A number of other banks and businesses have informed us they will no longer comply with Arab boycott restrictions. These include Ametek, Inc., Rubatex Corp., Seal-O-Matic Dispenser Corp., Continental Bank of Philadelphia and Provident National Bank, also of Philadelphia.

The Marine National Exchange Bank of Milwaukee has told us it has written to a bank in the Arab world stating that it does not wish to receive letters of credit containing boycott provisions.

The importance of the letter of credit in the boycott operation cannot be overemphasized. A typical example of such documents is one dated October 15, 1975, issued by the Rafidain Bank, Baghdad, Iraq, and addressed to the Bank of America. This requires an American firm, Marley International, Inc., of Mission, Kansas, as a precondition of payment, to obtain and present to the Bank of America certifications that the ship carrying the goods was not on the Iraqi government blacklist and that the manufacturer was not a "branch or a mother company of firms included in the Israeli boycott blacklist." I offer this document as an exhibit.

The business firms and banks which have expressed their opposition to the boycott and their desire to be free from its pressures deserve support. What they want and need is a legislative mandate prohibiting compliance by all. The reason for this need goes to the core of Arab boycott operations in the United States. The boycotters use the weapon of possible loss of Arab business to pressure American firms into compliance with boycott and blacklisting regulations. No American firm wants to place itself in a weak competitive position with another American firm in bidding for Arab trade. Such concern is understandable.

Today, if an American firm or bank voluntarily refuses to abide by Arab boycott restrictions, it fears a loss of its Middle Eastern market. On the other hand, the business enterprise which submits to Arab pressures will probably obtain the business. We have, therefore, an anomaly: the American firms which obeys the strictures of U.S. anti-boycott policy may be penalized by loss of business; the company which submits to the boycott, and, in doing so, violates American policy, profits.

When one firm, for the purpose of economic gain or advantage, complies with boycott or other restrictive trade practices imposed or inspired by a foreign country against another country friendly to the United States—or against other American firms because they do business with that friendly country—such compliance is clearly immoral. It is immoral because it is unfair, discriminatory, and destructive of the open marketplace. There must be laws against it, just as there are laws against bribery. And lest this be objected to as "legislating morality," let us remember that it is precisely on the moral principles of fairness and equity that all existing regulatory laws rest.

It is necessary for firms wishing to stand up to the Arab boycott to be protected by making the prohibition on compliance universal through American business. It is also necessary that such prohibition be on a federal level in order to allay expressed fear in several states whose legislatures have enacted antiboycott provisions that they will lose Arab business to other states which have not enacted such measures. The only way to surely protect all is to make compliance with the boycott universally prohibited throughout the United States.

Now let us address ourselves to the fears of the Department of Commerce that American trade in general will be hurt by the suggested legislation. Such fears appear to be ill-founded. A perusal of the boycott regulations will show, the Arabs apply their blacklist capriciously. As the New York Times commented in April, "the experts note that in business deals the Arabs have become highly sophisticated, examining comparative prices, quality and delivery terms more than the foreign policy of the supplier nations . . . even in their blacklist of concerns that have installations in Israel, the Arabs have recently taken a more flexible approach, in keeping with their needs to do business at the best terms. Both Egypt and Syria, Arab sources report, have brought forward proposals that companies could be removed from the blacklist if they contribute to the economic development of the Arab world to a geater degree than their involvement in Israel."

The same article discussed the fact that even though France has been cooperative with the boycott, its trade with the Arab nations has fallen behind West Germany, Italy, Sweden, the United States, and The Netherlands. West Germany, incidentally, is generally uncooperative with the Arab boycott. Even Undersecretary Baker, in response to questions in his testimony in December, admitted that there are many companies doing business both with Arab countries and with Israel on a consistent basis.

And it seems also that what limited persuasion has been effected on American companies by private groups such as the Anti-Defamation League and by statements from members of Congress, far from stiffening the Arab boycott, has actually rendered it more flexible. There is an extremely significant report in the April 26 issue of *Arab Press Service,* an authoritative Arab publication originating in Beirut. The report indicates that some Arab governments are shifting toward a policy of greater flexibility in their application of the boycott, with two specific changes mentioned. The report indicates that foreign companies can be removed from the Arab blacklist even without severing their ties with Israel, if they are willing to commit themselves to investments in the Arab world worth twice as much as their Israeli investments. Second, there is a reported decision to grant entry visas to Jewish personnel to enter Arab countries, including Saudi Arabia, if they are involved in joint projects in the Arab world. The justification for these changes cited by the *Arab Press Service* is that they will strengthen Arab economic visibility, "reduce world opposition to the boycott policy," and "lure . . . Western know-how and investments to the Arab world."

Another such indication appeared in April in the *Christian Science Monitor* reporting that Dr. Ghazi A. Al Gosaibi, Saudi Arabia's Minister of Industry and Electricity, had stated that "if a company is willing to do in the Arab world exactly what it does in Israel, it can be removed from the Arab boycott list." The Saudi official's remarks were described by the *Monitor* as "an effort to defuse the Arab boycott issue and permit U.S.-Saudi economic ties to flourish."

From this it is obvious that the enactment of laws designed to thwart the boycott will not thwart trade, but will instead force the Arabs to divorce business from politics.

Mr. Chairman, we recommend the following course of action:

We urge the passage of legislation which would add teeth to the Export Administration Act. You have before you H.R. 4967, the Bingham bill, H.R. 5913, the Drinan bill, H.R. 11463, the Koch-Scheuer bill, and a proposed series of amendments offered by Rep. Rosenthal.

We urge that it be prohibited to participate in a boycott—secondary or tertiary—initiated by a foreign government directed against a country friendly to the United States.

We call for legislation which would require that reports of boycott requests be made public by the Department of Commerce.

We ask that the prohibition on participation in foreign boycotts extend to banks and other related service organizations. We also urge that there be a specific outright prohibition upon the handling by banks, even "passively", of letters of credit containing boycott-tainted provisions.

In short, Mr. Chairman, we would like to see what is already U.S. policy become U.S. law. If there is anything that demonstrates how necessary such a law is, it is the fact that some business firms which have violated the policy are now anxious to be legally prevented from doing so. This is not a paradox; it reflects the facts of business life.

Mr. Chairman, let me make it clear that the Anti-Defamation League does not oppose trade between the United States and the Arab world; we want to make certain that such trade is *free* trade. We do not want to restrict the businessman, but to free him from restrictions placed on him by foreign governments. We believe that this is the responsibility of our government. The vastly increasing Arab petrodollar wealth available for trade and the proliferation of boycott demands reaching our shores make action on this matter urgent.

JONES SURVEYS HIGH SCHOOL GRADUATES

HON. JAMES R. JONES

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. JONES of Oklahoma. Mr. Speaker, each spring, Members of Congress send certificates of congratulation to high school graduates in their district.

Graduation is certainly a time for congratulations, however, I think it is also significant that these young graduates will soon, if they have not already, reach voting age. In addition to my message of congratulations, I wanted to welcome these new young voters to active participation in our political system. For this reason, I included a questionnaire with the certificates which I sent to each of this year's graduates.

Over 500 young people responded to my questionnaire, which dealt with some of the major issues confronting Government today. I would like to take this opportunity to share with my colleagues the results of our high school graduate survey, and include below both the questions asked and the responses we received:

JONES SURVEY HIGH SCHOOL GRADUATES

1. Give your reaction to the following issues:

Capital punishment:

	Percent
Favor	74
Oppose	18
Undecided	8
Gun control:	
Favor	40
Oppose	44
Undecided	16

Wiretapping by law enforcement officials without court order:

Favor	16
Oppose	68
Undecided	16

2. Do the following branches of the Federal government have too much, too little, or enough power?

Executive (President and Federal agencies):

	Percent
Too much	36
Too little	16
Enough	48
Congress:	
Too much	30
Too little	20
Enough	50
Judiciary:	
Too much	24
Too little	16
Enough	60

3. United States involvement in easing tensions in the Middle East should:

	Percent
Be increased	20
Be decreased	48
Remain the same	26
No answer	6

4. Do you feel that laws in the following areas are too harsh, too lenient, or appropriate?

Use of alcohol:

	Percent
Too harsh	26
Too lenient	34
Appropriate	40
Use of marijuana:	
Too harsh	36
Too lenient	38
Appropriate	26
Use of other drugs:	
Too harsh	8
Too lenient	46
Appropriate	46

5. As of today, what do you think are the two most important problems facing the country?

	Percent
Inflation	36
Unemployment	38
Crime	38
Air and water pollution	4
Energy shortage	16
High taxes	12
Government spending	32
Other (please list)	24

(NOTE.—the other problems that were listed in the responses, in order of greatest response, were: corruption in government; foreign policy; government intervention; apathy; defense; and overpopulation)

6. Do you think the profits of the major oil companies have been too high, or do you feel that the major oil corporations have been unfairly attacked?

	Percent
Profits too high	58
Unfairly attacked	34
No answer	8

7. A recent decision of the Supreme Court made most abortions legal. Do you agree or disagree with that decision?

	Percent
Agree	66
Disagree	34

8. Do you think the Federal government should guarantee people work, if they have tried and can't find other jobs?

	Percent
Yes	52
No	46
No answer	2

9. Approximately 18 states have passed laws providing for various forms of "no-fault" automobile insurance. Do you favor legislation providing for "no-fault "insurance?

	Percent
Favor	40
Oppose	38
No answer	22

10. Indicate your reaction to the following:

American Civil Liberties Union:

	Percent
Positive	20
Negative	10
No opinion	70
Audubon Society:	
Positive	48
Negative	6
No opinion	46
Central Inteligence Agency:	
Positive	58
Negative	32
No opinion	10
Congress:	
Positive	62
Negative	26

No opinion	12
Environmental Protection Agency:	
Positive	78
Negative	14
No opinion	8
Federal Bureau of Investigation:	
Positive	80
Negative	16
No opinion	8
John Birch Society:	
Positive	16
Negative	30
No opinion	54
Local government:	
Positive	80
Negative	8
No opinion	12
Local police:	
Positive	62
Negative	26
No opinion	12
National Organization of Women:	
Positive	34
Negative	32
No opinion	34
National Rifle Association:	
Positive	46
Negative	24
No opinion	30
Sierra Club:	
Positive	32
Negative	10
No opinion	58
Supreme Court:	
Positive	60
Negative	26
No opinion	14

THE CONGRESSIONAL RECORD

HON. WILLIAM A. STEIGER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. STEIGER of Wisconsin. Mr. Speaker, confidence in Congress on the part of the American people is at a perilously low level. It is clear that we must look carefully at our rules and procedures to determine what can be done to restore the public's trust in us and in Congress as an institution.

My firm belief is that a cornerstone of this effort must be reform of the Congressional Record. We cannot permit wholesale changes in speeches made by Members, insertions of statements never made, and other alterations that destroy the integrity of the Congressional Record and distort congressional intent as reflected in debate.

I have worked throughout this Congress to bring about needed changes in our approach to the Congressional Record. Seventy-five of my colleagues have joined in cosponsoring a resolution I have introduced to make the Record an accurate reflection of actual House proceedings. Senator Robert Packwood has introduced identical legislation on the Senate side.

Despite our efforts, the Record continues to be dotted with ungiven speeches. At a cost of $286 per page, this is an unjustifiable expense to the American taxpayer, as well as a misrepresentation of our proceedings.

Senator Barry Goldwater, in a superb commentary on WAVA radio here Friday, June 11, discussed this problem. All who read the Record should pay heed to his excellent statement. I commend it to your attention:

THE CONGRESSIONAL RECORD

(By Senator Barry Goldwater)

Many people think that the Congressional Record is an accurate daily compilation of the debates and procedures of the United States Congress. This daily account, they think, is an actual account of remarks made in the halls of the Senate.

Many people will hate to be disappointed, but the Congressional Record is filled with statements that were never said, rebuttals that never occurred and even speeches between two members of Congress that never even took place.

How, might you ask, does this happen? It all started when Congress adopted an unwritten rule allowing each Senator or Representative to place statements in the Record in the same spot as an actual debate. Even if the individual member wasn't in the Capitol at any time during that discussion, the statements are still allowed to be entered into the Record.

In the Senate, this privilege is conferred on members by a simple letter from the joint Senate leadership. There is no law that I know of giving a letter the force and effect of law, but in this instance that's exactly what it does.

Another way the Congressional Record gets changed is simply by a Senator's staff assistant walking into the daily reporter's office, asking for a copy of everything his boss has said. Taking the copy, he then goes through it cutting or adding any of his boss' remarks just as he pleases.

A glaring example of what can happen occurred about a year ago. At that time the Senate took up the National Aeronautics and Space Administration Bill. As ranking minority member of the Space Committee, I was present on the Senate floor at all times during consideration of the measure. When all the speeches were over, without any amendments having been offered, or any opposition to it, I assumed that the published debate would reflect these facts.

It did NOT. One Senator who was not even in town later inserted a speech criticizing the bill. This speech was located in the Congressional Record as though it was delivered at the time of Senate debate on the bill. Now, anyone who was not present at the time would believe that the managers of the bill had rudely ignored the opposing Senator or didn't have any answers to reply with.

The matter could easily be corrected. The real point, however, is the importance of the recorded debate in the legislative history of any law, to administrators to implement a law, and to courts who may be asked to interpret Congressional intent. In this regard it is important that the Congressional Record does not present an inaccurate and misleading picture of our debates.

In any case, Congress must make its record honest if it is to restore the public's trust.

TWO HUNDRED YEARS AGO TODAY

HON. CHARLES E. WIGGINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. WIGGINS. Mr. Speaker, 200 years ago, on June 21, 1776, acting on reports of mismanagement and corruption on the part of American officers in Canada, the Continental Congress ordered an inquiry into the conduct of those officers, and requested that a report of the inquiry be submitted to it. An immediate trial was ordered for "all officers accused of cowardice, plundering, embezzlement of public monies, and other misdemeanors * * *"

Apparently, some officers had resigned their commission, mistakenly believing that such action prevented their being court martialed for offenses committed before they resigned. In ordering the inquiry and trials, Congress summarily rejected this view.

ENERGY AND SOUTH JERSEY

HON. EDWIN B. FORSYTHE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. FORSYTHE. Mr. Speaker, I would like to provide for the information of colleagues in the House a position paper of the South Jersey Chamber of Commerce entitled, "Energy and South Jersey." Although the focus of the paper is South Jersey, the discuscion highlights issues which are relevant to the entire United States. I particularly wish to commend the members of this organization for the time and effort they have devoted in bringing their individual skills and backgrounds into play in approaching such issues of national concern. This continuing effort represents an excellent resource for me in approaching complex questions and I am proud to bring it to the attention of my colleagues in the House:

ENERGY AND SOUTH JERSEY

(A Statement of Position by the South Jersey Chamber of Commerce)

INTRODUCTION

The South Jersey Chamber of Commerce recognizes that energy is absolutely essential to the well being of every citizen. It affects everything we do. The lack of adequate heat, light and power will severely affect the operation of our homes, schools and industries.

The United States finds itself in a vulnerable position due to its dependence upon other nations for a significant portion of its energy supply. South Jersey is even more vulnerable, because it has no indigenous energy resources and is completely dependent upon outside resources for its energy.

Energy legislation and a variety of energy related programs have been, and will continue to be, enacted and proposed at all government levels. Many of these could have a significant effect on South Jersey.

Because of these concerns, the Chamber has developed this statement of position. It will form the basis of Chamber response to those energy issues which critically affect business and the quality of life in South Jersey.

Although energy is essential, environmental and aesthetic goals should not be ignored. With proper planning and execution, there should be both sufficient energy and environmental quality.

Energy issues considered in this paper are:

1. Energy Conservation.
2. Off-Shore Drilling for Oil and Gas.

3. Deregulation of Oil and Natural Gas.
4. Competition in the Energy Industries.
5. Increased Use of Coal.
6. Nuclear Energy.
7. Development of New/Improved Energy Technologies.
8. Governmental Role.

1. ENERGY CONSERVATION

Continued and expanded energy conservation measures are essential to allow the necessary time required to develop additional resources.

Federal and State tax incentives should be provided to encourage conservation through the use of more efficient equipment and processes, and environmentally sound design at the commercial and industrial level. Incentives should also be provided at the residential level for increased insulation levels, utilization of energy efficient appliances and improved design.

Curricula should be developed for school age children, kindergarten through 12th grade, that will describe the energy situation and the necessity for energy conservation.

2. OFF-SHORE DRILLING FOR OIL AND GAS

We strongly support off-shore drilling for oil and gas along South Jersey's coastline. However, we feel that the economic, environmental and social issues reviewed below should be satisfactorily resolved.

Economic issues

South Jersey must get its fair share of oil and natural gas found at a price that is consistent with being close to the source of supply. Presently, South Jersey has no indigenous energy supplies, which makes it dependent on outside suppliers. Dependence places South Jersey at the whim of others and extremely vulnerable.

Environmental issues

Consideration must be given to resolve any serious environmental problems. Previous experience indicates that although oil spillage is a possible problem, effective technology and strict precaution can hold spillage to a minimum. Visual pollution should not be a problem in South Jersey, because the oil rigs will be located 50 to 100 miles off the coast.

On shore industrial development should be closely monitored to insure maintenance of environmental quality.

Social issues

Comprehensive planning must be encouraged so that needed services can be developed that will meet the requirements of the new workers and their families, and the communities that they will impact. Specific examples of these services include housing, schools, recreation and social services.

3. DEREGULATION OF OIL AND NATURAL GAS

"That government is best which governs least."—Thomas Jefferson.

Energy costs artificially altered by government agencies prevents intelligent energy choices in the marketplace. Optimally, when energy costs are representative of the availability and unaltered costs of production, then choices can be made which will automatically distribute the limited energy supplies available.

The best method to accomplish the above would be the deregulation of oil and gas. Deregulation will not by itself set energy equivalent prices. But, it will greatly relieve the disparities that now exist, while allowing more honest appraisal of fair and intelligent distribution.

Although deregulation is essential, there is still a need for minimum regulation. Specifically, regulation would be needed for settling disputes and guaranteeing that oil and gas be made available nationally.

Regional hardship and emergency situations need to be considered within this framework.

4. COMPETITION

We oppose tampering with the free enterprise system from within and without. Unnecessary government regulation and control is unhealthy. Private sector collusion and excessive vertical and horizontal integration is also dangerous and must be watched.

Existing anti-trust laws are capable of handling practices that could be detrimental to the public's needs. No one must tamper with the right to competition.

5. INCREASED USE OF COAL

Coal is the nation's most abundant fuel resource, but its current use is not consistent with its abundance. If the United States is to have an independent energy supply, it is necessary that coal use be significantly expanded.

Several problems must be addressed through effective government actions to achieve increased coal use. Actions such as:

Development of improved mining technology, increased manpower, and necessary equipment and capital to insure adequate production of coal.

Modest relaxation of environmental regulations where feasible.

Improvement in the nation's rail and water transportation systems to enable efficient and economic transport of coal from the mines to the users.

Development of improved processes for use and conversion of coal to "clean" gaseous and liquid fuels.

6. NUCLEAR POWER

The potential of nuclear power must be developed. If the United States is to achieve energy self sufficiency, then nuclear power must play a critical role. The present projections are that nuclear power must provide 25% of the nation's energy by the year 2000.

Nuclear energy has many advantages that warrant expansion of its use:

Clean, safe and reliable.

Domestically produced and is not dependent upon foreign sources.

More immediate commercial potential than the dwindling resources of fossil fuels or waiting for undeveloped energy sources to become practical.

Less expensive than fossil fuels—30 cents/1 million BTU of nuclear power compared to $2.00/1 million BTU for oil.

Use of nuclear power for lighting, transportation heating and cooling will free more fossil fuels for feedstocks to manufacture products.

Nuclear power plants have a proven safety record. Since their inception in this country 19 years ago, there have been no accidents affecting the public. Continued monitoring and effective safety systems eliminate any impediments to the continued use and development of nuclear power.

7. DEVELOPMENT OF NEW/IMPROVED ENERGY TECHNOLOGIES

The availability of an adequate supply of energy is becoming more and more dependent upon the development of new and improved technologies related to both (1) attaining more domestic energy supplies, and (2) using energy more efficiently. Examples of the first type include such things as efficient extraction of tertiary oil, processing of oil shale, liquefaction of coal and economical solar collectors. Examples of the second type include improved fuel economy, and economical methods for using waste heat from industrial processes and power plants.

In order to develop these advanced technologies, it is essential that the research and development community receive sufficient funds and manpower. Technical expertise is available and should be supported at both the industrial and higher educational levels.

The approach should be to simultaneously pursue the development of a broad range of energy resources, rather than have a limited focus. The end result of a research effort must be the creation of a technology which will maximize wise energy conservation and develop safe economical and environmentally acceptable energy sources to relieve the present heavy dependence on fossil fuels for 90% of our needs.

8. GOVERNMENT ROLE

In addition to the roles of government that are implicit in the preceding statements of position, it is highly important that a formal Federal Energy policy be established. Its goal would be to make the nation energy self sufficient, and should receive the highest national priority. The method for assuring that energy problems receive priority attention is to combine the functions of FEA and ERDA into a new cabinet level position on a par with HEW, Hud, Defense, etc.

Adequate financing should be provided that would enable the new cabinet level organization to function at a level commensurate with the energy problem.

Among its activities, the Department of Energy should establish Federal energy policy and guarantee that needed technologies are being developed to insure self sufficiency. A third key role would be to coordinate the activities of the various Federal, State and regional agencies that are concerned with energy. Its purpose should be to insure that the various agencies' rules and procedures do not overlap or contradict each other.

The Federal government should not be directly involved in the production of energy supplies, as this would seriously jeopardize or destroy private initiative in the energy industries.

ALITALIA AIRLINES PROVIDES IMPORTANT ASSISTANCE TO ITALIAN EARTHQUAKE RELIEF EFFORT

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. BIAGGI. Mr. Speaker, I am proud to report to my colleagues about the outstanding efforts which the Alitalia Airline Co. has made with respect to providing assistance to the victims of the recent earthquake in Italy.

Almost immediately after the earthquake struck, airplanes from the Alitalia fleet were flying in emergency supplies, including food and medical supplies, into the affected regions. In addition, Alitalia has flown relatives of earthquakes victims free of charge to the affected regions so they can aid in reconstruction efforts.

These and other services which Alitalia has performed are most commendable and are in the finest humanitarian tradition. As the author of legislation which provided $25 million in relief assistance to Italy, I am fully aware of the importance of these funds to aiding the victims of this catastrophie. Certainly the support and generosity of the world community is needed in the Italian earthquake region, and I am proud to say that the world community has responded.

Mr. Speaker, at this point in the RECORD I would like to insert a press release which fully outlines the many important services provided by Alitalia airlines to the Italian earthquake victims:

Alitalia Moves Quickly To Aid Italian Earthquake Relief

New York.—The first tremors of the massive earthquake that rocked Italy's northern region had hardly subsided when Alitalia was already contributing to the relief efforts to the area.

Almost immediately after the disaster hit the areas of Fruili and Venezia Giulia, Alitalia's Rome office, in agreement with the Italian government, authorized the airline to carry, free of charge, relief supplies to the area, and to give tickets to people originating in the region who wished to return to the villages and towns of their birth to help their families or with the reconstruction efforts.

According to Enrico M. Striano, Director of Alitalia North American Division, over 50 tons of food, medical supplies, water purification tablets, blankets and even 7,361 pounds of plastic eating utensils had been flown in on cargo and passenger jets to the earthquake area.

In addition, Mr. Striano said, "About 650 people had been flown free across the North Atlantic from New York, Boston, Montreal and Toronto to Italy."

Alitalia's New York office received word that the much needed relief supplies were getting into the hands of the disaster victims with near record rapidity.

Catholic Relief Services of New York, in a letter to Mr. Striano, said that blankets that had left New York's JFK airport only 18 hours previously had been transferred to domestic Italian flights and been distributed, through the Italian Army command in the area, to the people in need.

Mr. Striano said "the people who are returning to the stricken areas of Italy are arriving at a time when their manpower and the comfort they bring their families and relatives are desperately needed to begin the relief and rebuilding work."

Mr. Striano said that he, and everyone at Alitalia, were "gratified by the generous contributions both the Italian American community and all Americans were sending to Italy."

Alitalia's own staff has contributed significantly to the relief effort. In addition to immense quantities of clothing, blankets and medical supplies, Alitalia employees in New York and its 24 officers around the United States have raised over $3,000 in cash contributions.

Ms. Mina Deri, Alitalia's economic budget analyst, has been coordinating the in-house relief effort, and plans to use her vacation time and tickets to fly to Italy this month.

The money will be given directly to the local relief organizations, which Ms. Deri is locating through the help of local newspapers.

"While I'm in Italy," Ms. Deri said, "I will also investigate the possibility of providing foster home placement for children who have been left homeless and orphaned by this catastrophe."

COMMISSION TO STUDY THE QUALITY OF INSTRUCTION AT THE SERVICE ACADEMIES

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. GILMAN. Mr. Speaker, today, I am introducing a bill, along with the distinguished gentleman from New York (Mr. Downey), to establish a Commission To Study the Quality of Instruction at the Service Academies; its threefold purposes being: one, to study the quality of instruction and training at the service academies; two, to study the feasibility of including more civilian professors and instructors on the faculties of the service academies; and three, to study the rules of the service academies concerning the conduct of the cadets—including their honor codes—the effectiveness of those rules in regulating such conduct, and the relationship of those rules to the needs of the modern society.

The Commission, a blue ribbon panel, would consist of 17 members, 12 appointed by the Senate and the House—3 each by the majority and minority leaders of each Chamber—and 5 appointed by the President, at least 3 of whom would be members of the military. Members of the Commission would be appointed without regard to their political affiliation, and they would be civilian and military leaders who, by reason of their knowledge, expertise, diversity of experience, and distinguished service in their professions, are particularly qualified for service on the Commission. The Commission would be assisted in its endeavors by a small staff, including experts and consultants in the fields of higher education.

Mr. Speaker, as a member of the Board of Visitors of the U.S. Military Academy, I find the recent revelations of cheating at the Academy shocking, especially since I have always held the Academy in the highest regard. I am appalled at the tarnished image that the Academy is presenting to the Nation and to the world—the Academy's integrity, reputation, and prestige are at stake.

Mr. Speaker, it is our intention that this proposed Commission would review the entire educational system of the five service academies—Army, Navy, Air Force, Coast Guard, and Merchant Marine—including the institutional environment, to ascertain the reasons for the recent problems at these institutions, to examine the morals, discipline, and curriculum at the service academies in order to make constructive recommendations for restoring their dignity and for improving the quality of their education and instruction. The Commission should also examine whether a broader educational background and training of the faculty, including utilizing civilian professors, would obtain a better education for the students and a more honest and enthusiastic corps of cadets.

The honor code should be thoroughly reviewed to determine its strengths and defects, whether it is being properly administered, and whether there are adequate procedures to permit the accused cadet fair representation, a fair hearing, and the adherence to due process of law.

Mr. Speaker, as of June 8, 1976, 161 West Point cadets were accused of violating the honor code, making this episode the worst cheating scandal in the Academy's 174-year-old history. Unfortunately, this behavior appears to have persisted for such a lengthy period that it has almost become a way of life for the Academy, a situation that no longer should be tolerated. In 1951, 90 cadets were expelled from the Academy for cheating on a final examination. In 1966, 42 cadets were dismissed; in 1970, 21 cadets were expelled, and 3 years later, 21 cadets were dismissed for violating the honor code.

Cheating has not been confined to the U.S. Military Academy. In 1966, 109 Air Force cadets were expelled for stealing and selling examinations or for tolerating the dishonesty. Two years later, 46 cadets were expelled, and in 1972, 39 cadets were dismissed from the Air Force Academy for violating the honor code. At the U.S. Naval Academy, seven midshipmen were dismissed in 1971 for academic dishonesty.

Mr. Speaker, this is not an exhaustive list of cheating at the service academies, but the time has come for an extensive review of the entire educational system at these institutions, including the apparent unblemished record of the Coast Guard and the Merchant Marine Academies. It is imperative that an independent, bipartisan, distinguished commission be established to restore confidence in the Nation's military academies and to return the academies to the high esteem that the public has hitherto held for these institutions. In this regard, it is in the interest of the Federal agencies that have jurisdiction over the service academies to cooperate with the Commission, thereby facilitating the work of the Commission and enabling it to make constructive recommendations that will enhance the dignity and reputation of the academies.

Moreover, the public has a significant interest in seeking answers to the perplexing problems concerning the quality of education at the service academies. According to the General Accounting Office, in its March 5, 1976, report entitled, "Student Attrition at the Five Federal Service Academies," the cost of educating each cadet in the graduating class of 1974 was $97,200 for the Military Academy, $97,000 for the Air Force Academy, $70,700 for the Naval Academy, $66,200 for the Coast Guard, and $37,000 for each Merchant Marine cadet.

Notwithstanding the high cost of educating the cadets, there is a high attrition rate at the five service academies—attrition that is traceable to reasons other than violations of the honor code. For example, with regard to the quality of education at the Air Force Academy, the GAO report stated that the cadets "were dissatisfied with the academic program and particularly with what they perceived to be the quality of the academic instruction. More specifically, some dropouts reporting difficulty in obtaining individualized instruction. In contrast with those who stayed, these dropouts said that fewer of their instructors gave special instruction to those who needed it. They also reported having fewer instructors who knew their subject matter well. Since most attrition due to academic deficiency occurs in the fourth-class academic year, one might suppose that some fourth-class dropouts were particularly in need of special tutoring."

And at the Military Academy, "dropouts perceived few instructors who knew their subject matter well, less individual instruction, and generally poorer academic instruction."

Mr. Speaker, the issue of cheating and the high attrition rate transcends all of the service academies. Condoning cheating, accepting cheating as a value precept, does not stop at graduation exercises; rather it becomes an acecpted way of life—to pay lip service to the honor code undermines the Nation's moral fiber. This cancerous set of values must be checked, for it is this sort of value precepts that led to the My Lai coverups, resulting in the demotion, censure, and retirement of a major general and a former Superintendent of the Academy. It is also this type of morality that led to "Watergate," and the other acts of dishonesty by public officials, thereby providing a deplorable standard for the private citizen to emulate.

Mr. Speaker, in the interest of providing constructive recommendations for improving the quality of education at our service academies and in order to seek solutions to their present problems, we urge our colleagues to support this measure.

Accordingly, we are placing in the RECORD at this point the full text of our bill and we invite the comments of our colleagues:

H.R. 14461

A bill to establish a Commission to Study the Quality of Instruction at the Service Academies

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

ESTABLISHMENT

SECTION 1. There is established a commission to be known as the Commission to Study the Quality of Instruction at the Service Academies (hereinafter in this Act referred to as the "Commission").

DUTIES OF COMMISSION

SEC. 2. The Commission shall—

(1) study the quality of instruction and training at the service academies;

(2) study the feasibility of including more civilian professors and instructors on the faculties of the service academies; and

(3) study the rules of the service academies concerning the conduct of cadets at the service academies (including the Honor Code), the effectiveness of these rules in regulating such conduct, and the relationship of these rules to the needs of modern society.

MEMBERSHIP

SEC. 3. (a) The Commission shall be composed of 17 members who are civilians (including representatives of institutions of higher education) or who are members of the military (including retired members) and who, by reason of their knowledge, expertise, diversity of experience, and distinguished service in their professions are particularly qualified for service on the Commission. The President shall appoint (within 30 days after the date of enactment of this Act) 5 members to the Commission, at least 3 of whom are members of the military. The majority and minority leaders of both the Senate and the House of Representatives shall each appoint (within 30 days after the date of enactment of this Act) 3 members to the Commission. The members of the Commission shall be appointed without regard to political affiliation.

(b) The members of the Commission shall be appointed for the life of the Commission.

(c) A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(d) The Commission shall have a Chairperson who shall be elected by the members of the Commission and who shall serve for the life of the Commission.

(e) Members of the Commission shall serve without pay.

(f) While away from their homes or regular places of business in the performance of services for the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5, United States Code.

(g) Nine members of the Commission shall constitute a quorum, but a lesser number may hold hearings.

(h) The Commission shall meet at the call of the Chairperson or whenever 9 of its members present a petition to the Chairperson asking for a meeting of the Commission.

DIRECTOR AND STAFF OF COMMISSION; EXPERTS AND CONSULTANTS

SEC. 4. (a) The Commission shall have a Director who shall be appointed by the Chairperson of the Commission and who shall be paid at a rate not to exceed $35,000 per annum.

(b) With the approval of the Commission, the Director may appoint and fix the pay of such additional personnel as the Director deems desirable.

(c) With the approval of the Commission, the Chairperson of the Commission may procure temporary and intermittent services to the same extent as is authorized by section 3109(b) of title 5, United States Code.

(d) Upon request of the Commission, the head of any Federal agency is authorized to detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist it in carrying out its duties under this Act.

POWERS OF COMMISSION

SEC. 5. (a) The Commission may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Commission considers necessary to carry out its duties under this Act.

(b) When authorized by the Commission, any member or agent of the Commission may take any action which the Commission may take under this section.

(c) The Commission may secure directly from any Federal agency such information as the Commission considers necessary to carry out this Act. Upon the request of the Chairperson of the Commission, the head of the agency involved shall furnish such information to the Commission.

(d) The Commission may accept, use, and dispose of any gift or donation of services or property.

(e) The Commission may use the United States mails in the same manner and upon the same conditions as any other Federal agency.

(f) The Administrator of General Services shall provide to the Commission on a reimbursable basis such administrative support services as the Commission may request.

(g) (1) The Commission shall have power to issue subpenas requiring the attendance and testimony of witnesses and the production of any evidence that relates to any matter which the Commission is empowered to study under section 2 of this Act. Such attendance of witnesses and the production of such evidence may be required from any place within the United States at any designated place of hearing within the United States.

(2) If a person issued a subpena under paragraph (1) of this subsection refuses to obey such subpena or is guilty of contumacy, any court of the United States within the judicial district wthin which the hearing is conducted or within the judicial district within which such person is found or resides or transacts business may (upon application by the Commission) order such person to appear before the Commission to produce evidence or to give testimony concerning the matter under investigation. Any failure to obey such order of the court may be punished by such court as a contempt thereof.

(3) The subpenas of the Commission shall be served in the manner provided for subpenas issued by a United States district court under the Federal Rules of Civil Procedure for the United States district courts.

(4) All process of any court to which application may be made under this section may be served in the judicial district wherein the person required to be served resides or may be found.

(5) No person shall be excused from attending and testifying or from producing books, records, correspondence, documents, or other evidence in obedience to a subpena, on the ground that the testimony or evidence required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

REPORT

SEC. 6. The Commission shall transmit a report to the President and to each House of Congress not later than 1 year after the date of enactment of this Act. The report shall contain a detailed statement of the findings and conclusions of the Commission, together with its recommendations for any legislative, administrative, or other action which the Commission considers necessary or appropriate to improve the quality of instruction and training at service academies and to improve the rules concerning conduct of cadets at service academies.

TERMINATION

SEC. 7. The Commission shall cease to exist 90 days after transmitting the report required by section 6 of this Act.

DEFINITIONS

SEC. 8. For purposes of this Act—

(1) the term "Federal agency" means any Executive agency as defined in section 105 of title 5, United States Code, and any military department as defined in section 102 of such title; and

(2) the term "service academies" means the United States Military Academy, the United States Naval Academy, the United States Air Force Academy, the Coast Guard Academy, and the United States Merchant Marine Academy.

RIVERSIDE, ILL., YOUTH NAMED WINNER OF NATIONAL STUDENT ESSAY CONTEST

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. HYDE. Mr. Speaker, one of my constituents, John Marty of Riverside, Ill. was recently named first prize winner in the National Student Essay Contest sponsored by the Institute for Socioeconomic Studies in White Plains, N.Y. John is a 1974 graduate of Riverside-Brookfield

High School and is presently attending St. Olaf College in Northfield, Minn. John's paper was judged the best of almost 400 entries submitted by college and graduate students in 147 communities in 38 States who were competing for the first prize of $2,500 in cash, plus an additional $2,500 for study or travel.

I am pleased to share a condensation of Mr. Marty's 10,000 word prize-winning paper with my colleagues:

By John Marty

Ethically, I am rather altruistic, and feel very strong compassion for the plight of the poor. I am a capitalist, but favor income redistribution to the extent that all Americans can be free from even relative poverty.

I am strongly in favor of reforming the welfare system from a fresh start. While there have been some successes, I believe that we should admit that our welfare system is basically a failure, and replace it as soon as possible.

I believe that amending our past programs would make them even more complex, thereby making them even more expensive to administer.

The proposal perhaps most likely to become our next welfare system is commonly known as either a Guaranteed Income Plan or as a Negative Income Tax.

The basic features of the NIT proposal are: 1) A grant to every poor person, guaranteeing a minimum income to all, and 2) Every dollar earned by a recipient reduces his income grant by less than a dollar. The percentage of every dollar earned that is reduced from the grant is referred to as the Marginal Tax Rate.

The NIT proposal serves the two major purposes of a welfare program. The basic grant provides a minimum income for all, which is the first purpose of a welfare program. The second main purpose, that of making the poor economically self-sufficient, is served by the work incentive; the workers are allowed to keep a substantial portion of their earning because the Marginal Tax Rate is well below 100%.

The second welfare reform proposal is known as the Demogrant program. A demogrant gives money to all members of a demographic group without regard to any other condition or criterion. The demographic group in the program proposed here is the citizenry of the United States.

I consider the demogrant to be the best way to handle our welfare crisis. If I knew that this program was politically feasible, I would wholeheartedly recommend it. Demogrants handle both the major purposes of a welfare program extremely well. The goal of making the poor self-sufficient is greatly helped by the fact that there is not a high marginal tax rate on the earnings of the poor. This will give the poor even more incentive to work than the NIT program would.

Demograntss also fulfill many of the other requirements for a good welfare reform proposal. Demogrants are simple to understand, extremely easy to administer (the administrators need only write out a check for every citizen of the United States), they protect the dignity of the poor (caseworkers do not have to search houses in order to determine eligibility), and they provide an income supplement to the near-poor and lower class workers who are struggling to make ends meet.

Welfare payments based on the recipient's willingness to work are favored by many for two reasons: 1) More people will work if their welfare payments depend upon it; welfare rolls will go down, thus saving money. 2) The "Puritan Ethic", also known as the "Protestant Work Ethic", is held by a strong majority of Americans; The Puritan Ethic is that a man says that if the poor choose not to work, then they do not deserve the money with which to eat.

The belief that large numbers of poor will not work unless required to do so is probably false. While there would always be some who would refuse to work, the numbers would probably be too small to make a work requirement feasible.

If there was a work requirement, the government would have to administer a work fitness test, in order to find out who was capable of working.

Because work incentives do succeed, however, we should try to find out what marginal tax rate would be best suited for our welfare system. Obviously, a well paying job with a low marginal tax rate would provide wonderful incentives. Unfortunately, in a more realistic setting, we will need to have a high marginal rate (except under the demogrant system), and the jobs will provide only low wages.

In our present welfare program, eligibility for the programs is determined by a government employee, who goes to the potential recipient's house, and through an investigation procedure, determines whether or not the family is eligible. I would recommend that we replace this expensive system with one where the recipient declares his income—just like income tax. There is undoubtedly cheating now, and there would be cheating under the declaration of income system also. An audit system, like that of the Internal Revenue Service, could crack down on excessive fraud.

A proposed law that has no chance of passage is practically useless, no matter how carefully the bill was designed.

Any new demogrant program will undoubtedly be compared to McGovern's 1972 program (by opponents of the demogrant program), and the public will probably accept the argument that it would cost too much. Even if the public was given the objective facts about the demogrant program, it would probably still be opposed to such an obvious redistribution of so much wealth.

I would guess that a demogrant proposal might be politically feasible in ten years. For now, however, it is too "different" for political acceptance.

A Negative Income Tax proposal appears to be more likely to be accepted. While the Senate did vote overwhelmingly against Nixon's Family Assistance Plan in 1972, the House did pass it. FAP was a fairly conservative looking program, with low benefits, a provision that looked like a work requirement, and it was proposed by a conservative President. I believe that a true NIT will have a better chance now. FAP failed because it was opposed by both liberals and conservatives. A more liberal NIT would receive the support of the liberals, most of the moderates, and the conservatives who realize that our present programs cause the welfare rolls to grow.

QUIE AMENDMENT TO THE MINE SAFETY AND HEALTH ACT OF 1976

HON. ALBERT H. QUIE

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. QUIE. Mr. Speaker, a bill to amend the Metal and Nonmetallic Act, known as the "Mine Safety and Health Act of 1976," H.R. 13555, is scheduled to be considered by the House on June 29. See House Report No. 94-1147. This bill has not generated much excitement outside the mining industry and the Departments of Interior and Labor.

The reason the Departments of Interior and Labor are concerned is because H.R. 13555 transfers the enforcements functions of the Mining Enforcement and Safety Administration from the Department of Interior, where mining health and safety enforcement has resided since 1970, to the Department of Labor, which has administered OSHA, the general Occupational Health and Safety Act, since 1970. The transfer includes both metal and nonmetallic mining and coal mining health and safety enforcement. The Department of Labor would not be particularly adverse to adding mine safety enforcement to its obligations under OSHA, but the administration is opposed. The Department of the Interior seeks to retain the MESA expertise within its related operations.

I intend to offer an amendment when H.R. 13555 reaches the floor that would retain enforcement of all mining safety and health in the Department of Interior, where it has historically resided. My amendment is technical in content—in that throughout the bill the Secretary of Labor is mentioned rather than the Secretary of Interior, and my amendment restores the obligations of enforcement to the Secretary of Interior—but is substantive in nature.

It is important for a number of reasons, not the least of which is that the transfer of MESA is unnecessary and would not increase the cause of safety and health of miners in the mines. Certainly, mine employment was recognized as unique in 1910 when Congress created the Bureau of Mines, and the Department of Interior has had the requisite experience in mine safety since that time.

Further reasons for retaining MESA within the Department of Interior include that Department's recognized commitment to enforce mine safety and health illustrated by its increased enforcement. It is my contention that the Department of Interior's performance, through MESA, of substantially reducing fatalities and incidents of disabling injuries in mines far outstrips the Department of Labor's performance, through OSHA, in the field of safety. Also, the Department of Interior is best able to, and has performed, research which is interdependent to extraction technology and to safety or control technology. That dual research function would be divided and duplicated should enforcement of MESA be transferred to the Department of Labor. Finally, besides the fact that a transfer of MESA gives no assurances of increased health and safety enforcement, I am concerned about the possibility that resources for mine safety and health will be diluted, through administrative action into general industry safety and health if the proposed transfer takes place. This concern is not unfounded. The Occupational Safety and Health Reporter of February 27, 1975, volume 4, No. 39, reported that the Labor Department had drafted a white paper which outlined steps for the transfer of MESA. That draft white paper undoubtedly leads to the conclusion that mine safety would be weakened if that philosophy prevails today.

Since mining is a highly hazardous occupation, and since the extraction of our natural resources are necessary for our energy supply and future survival, the safety of this Nation's miners must not be compromised: The concern for their safety and health should not give the appearance of being compromised. I believe the Department of Interior retains, and should retain, its continuing commitment to effective enforcement, and I hope my colleagues will support that view, for our miners' sake.

I submit the text of my amendment so my colleagues can review it:

AMENDMENTS TO H.R. 13555, AS REPORTED
OFFERED BY MR. QUIE

Page 78, line 13, strike out "Labor" and insert in lieu thereof "the Interior".

Page 81, line 4, strike out "Labor" and insert in lieu thereof "the Interior".

Page 83, line 3, strike out "of".

Page 83, line 4, strike out "the Interior".

Page 83, line 14, strike out "of the Interior".

Page 94, line 16, strike out "of the Interior".

Page 106, line 12, strike out ", or the Secretary of the Interior,".

Page 106, line 15, strike out "and the Secretary of the Interior".

Page 106, line 24, strike out "and the Secretary".

Page 107, line 1, strike out "of the Interior".

Page 110, line 20, strike out "Labor" and insert in lieu thereof "the Interior".

Page 127, line 4, strike out "Labor" and insert in lieu thereof "the Interior".

Page 134, line 19, strike out "Labor" and insert in lieu thereof "the Interior".

Page 135, line 10, strike out everything after "Welfare".

Page 135, line 11, strike out everything before the comma.

Page 135, line 21, strike out the comma and insert in lieu thereof "and".

Page 135, line 22, strike out everything fter "Welfare".

Page 135, line 23, strike out "Interior".

Page 136, line 11, strike out the first mma and insert in lieu thereof "and".

Page 136, line 12, strike out everything
er "Welfare".

age 137, line 1, strike out the first comma
insert in lieu thereof "and".

ge 137, line 2, strike out ", and the
tary of the Interior".

e 137, beginning with line 8, strike out
hing after the second period down
h "(c)" in line 22 on page 139.

140, beginning with line 9, strike
rything down through line 14.

140, line 17, strike out "of the In-

40, line 18, strike out "with the
and".

1, line 5, strike out everything
fare".

. line 6, strike out "appropriate,".

line 16, strike out "of the In-

line 17, strike out "the Secre-
nterior,".

ine 17, strike out the comma
lieu thereof "and".

ne 18, strike out everything
".

e 19, strike out "of the In-

24, strike out "of the Inter-

nning with line 1, strike out everything down through line 7 on page 153, and insert in lieu thereof the following:

Sec. 3. Section 2 of this Act shall take effect on July 1, 1977.

Page 153, line 8, strike out "5" and insert in lieu thereof "4".

Page 153, beginning with line 11, strike out everything after "1969" down through the comma in line 13.

IS BREAKING UP THE OIL INDUSTRY IN THE INTEREST OF THE CONSUMER?

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. KEMP. Mr. Speaker, while Congress has done little to develop a sensible energy policy to meet our Nation's needs, it has helped to whip up sentiment against our oil industry. Politicians have turned the people's frustrations about oil prices into a movement against a more reachable target—the American oil industry.

A recent study published by the American Enterprise Institute concludes that the capital intensive oil industry is vertically integrated because it is competitive. To break up the vertically integrated companies is to replace a competitively produced structure with a Government dictate. The only effects of divestiture or dismemberment would be higher prices as a result of a more costly organization of the oil industry or less profits to finance energy exploration and research. In short, energy will become either more costly or less plentiful if the oil companies are broken up.

It is important to the consumers that Members of Congress are aware of the facts of the case. I want to contribute to the debate by putting into the RECORD the following article by Prof. Neil Jacoby of UCLA. Professor Jacoby is one of the leading authorities on the oil industry, and his article provides facts that every Member of Congress should know in the interest of energy consumers:

SPLITTING APART BIG OIL

(By Neil H. Jacoby)

LOS ANGELES.—The Senate Judiciary Committee has sent to the floor a bill to split apart the oil production, transportation and refining-marketing operations of large United States oil companies. The bill, whose principal sponsor is Senator Birch Bayh, Democrat of Indiana, is based on his theory that there is a lack of competition because of "the unique convergence of intense concentration and vertical integration."

These premises are simply untrue. For one thing, competition in the petroleum industry continues to be very effective.

The consequences of the bill would be extremely adverse. Forced vertical dismemberment of large United States oil companies would damage consumer interests by increasing the prices of petroleum products and slowing improvements in their quality. It would deal a lethal blow to the national goal of achieving greater independence from Middle East sources of oil. It would strengthen and prolong the effective life of the Organization of Petroleum Exporting Countries cartel. And—paradoxically—it would in all likelihood cause the vertically disintegrated firms to merge *horizontally* in order to bear the heavy risks inherent in the oil business. This would make for a *less* competitive structure of the industry.

Vertical integration is pervasive in all advanced industrial economies. Economists have long recognized the existence of important gains from vertical integration: stronger assurance of complementarity of successive industrial processes, less uncertainty in carrying out business plans, reduced transportation and processing costs, reductions in costs of bargaining and contracting, etc. These benefits are passed on to consumers in lower prices and better products.

But there are thriving unintegrated firms at every stage of the petroleum industry. The unintegrated firm has its own strengths, such as a management which specializes in single-stage operations and is particularly knowledgeable about local markets. Unintegrated refiners and marketers have expanded their market shares at the expense of the integrated companies during the last twenty years.

The United States oil industry has relatively less vertical integration and is relatively less concentrated than United States manufacturing industry as a whole. Concentration is normally measured by the combined market share of the top four firms in an industry. The average for United States manufacturing was 40.1 percent in 1970. In petroleum, the top four firms combined had 27 percent of crude oil production, 35 percent of crude oil reserves, 34 percent of gasoline refining capacity and 30 percent of gasoline sales. Moreover, no one firm towers over the industry. Exxon, the largest, accounted for only 8.5 percent of crude production, owned 11.6 percent of crude reserves and held 9.2 percent of refining capacity.

The United States oil industry has behaved competitively. Returns to petroleum equity investment averaged 12.6 percent over the period 1951–1971, which was somewhat less than the average returns to United States manufacturing industry as a whole. There were no monopoly profits because there was no monopoly power.

Because the foreign oil industry involves mostly the same companies and business practices as are involved at home, it is reasonable to conclude that if effective competition exists abroad it will exist at home.

The foreign oil industry after World War II was effectively competitive. Between 1953 and 1972 at least 300 private and 60 government firms entered the industry, and in 1972 there were at least 50 integrated international oil companies in operation. The entrants carved out for themselves large shares of the market. Crude oil production exploded from three million barrels per day in 1948 to 31 million barrels per day in 1972. Prices of crude oil and its products fell consistently from 1957 up to 1970, when the OPEC began to exercise its growing power. The market shares of the biggest companies changed unsystematically from year to year.

Returns on foreign oil investment fell sharply after 1957 and fluctuated within a range of 11 percent to 14 percent a year right up to 1972—about equal to the average returns on United States investment in foreign manufacturing industries.

To break up the large American oil companies would cripple the ability of a fractionated industry to finance high-risk exploration in the continental shelves and the arctic where—we hope—large reserves remain to be discovered. It would diminish the financial capacities of surviving firms to finance research and development aimed at producing fuels from shale, coal and tar sands as well as from exotic sources.

MR. HOWARD C. ALEY WRITES DEFINITIVE BICENTENNIAL HISTORY OF YOUNGSTOWN AND MAHONING COUNTY, OHIO

HON. CHARLES J. CARNEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. CARNEY. Mr. Speaker, recently, Mr. Howard C. Aley presented me with an autographed copy of his extraordinary new book, entitled: "A Heritage To Share: The Bicentennial History of Youngstown and Mahoning County, Ohio." This beautiful 600-page bound volume, containing over 150 illustrations, is the first comprehensive history of the Mahoning Valley in more than 50 years.

In his prefatory remarks, Mr. Aley states that this up-to-date history will be of great interest and benefit to teachers, students, libraries, and the community at large. In addition to being an excellent reference book on local history, it contains a wealth of human interest stories—stories which have become part of the folklore of the community. Mr. Aley feels that, "if to read this work provides the reader anywhere near the enjoyment the writer found in producing it, the effort shall finally have been most satisfying." In my opinion, Howard C. Aley has succeeded in achieving his goal.

Aley's history of Youngstown and Mahoning County begins at the beginning: in the year 1755. That year, mapmaker Lewis Evans put a star on his map indicating the location of a salt-lick which was known to the Indians of the area. The Indian word for "at the salt-lick" was "Mahonik"; thus the county got its name. Aley then traces the struggle for control of the territory and its rich colonial history: "Many Revolutionary War Veterans Rest In Mahoning County Graves," he notes.

In part II, Mr. Aley discusses the establishment of the early settlement in the county and the development of the towns and cities in the 19th century. This chapter contains many interesting stories about the pioneer families who struggled to build a civilization in the wilderness. In 1800, one such family, the Alexander McGuffeys, arrived in Coitsville Township. Their infant son, William Holmes McGuffey, later became one of our Nation's most famous educators because of his "McGuffey Readers" which are still being used today.

Fascinating stories are told about Mr. John Young, for whom the city of Youngstown is named, as well as about the various ethnic groups which came to the Mahoning Valley during the 1800's. The accomplishments of all the notable political, business, labor, religious, educational, and civic leaders are vividly recounted. Part III of the book portrays the technological progress and industrial development, the World Wars and the Great Depression, and how they transformed the valley.

In the final chapter, Mr. Aley writes a short essay entitled: "The Heritage We Must Share." The essay contains the following paragraphs which I believe are worth quoting in their entirety:

> As we look back for a final fleeting moment, and the evidence is apparent that we have fallen short of some achievements of which we are capable; but there is less reason for discouragement in that fact than there is reason for encouragement in the peaks of achievement we have occasionally reached, and the plateau of accomplishment we have consistently maintained. That the community, like the nation, has changed goes without saying, and he who writes of our Tricentennial and our Quadricentennial shall have more momentous change than we to describe.
>
> To surrender to the thread-bare cliche that human nature cannot be overcome is to say that the creature is stronger than his Creator; this flies in the face of reason. It may well be that no man can change the nature of another; but who among us cannot improve himself? Who cannot do better than he has done?

In sum, Mr. Speaker, Howard C. Aley's "Bicentennial History of Youngstown and Mahoning County, Ohio" is an exciting, nostalgic trip into the past. His task has been long and difficult, but he has done his work well. Mr. Aley can be proud of his book, as we can be proud of our heritage. I would like to extend my sincere, heartfelt congratulations to Howard C. Aley and to commend him for the outstanding contribution he has made to our Nation's Bicentennial celebration.

COMMEMORATION OF THE FORCIBLE ANNEXATION OF LITHUANIA BY THE SOVIET UNION IN 1940

HON. CHARLES W. WHALEN, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. WHALEN. Mr. Speaker, today I join with many of my colleagues in recalling the Soviet forced annexation of the Baltic States and the subsequent brutal and barbaric deportation of over 100,000 men, women, and children to very unhappy fates in Siberia.

In 1941, the Russians, having once sworn to allow the Latvians, Lithuanians, and Estonians "forever" their freedom, reneged on that promise. After 20 short years of hard earned liberty, the Baltic States were dragged from the company of free countries into the shadow existence of the Iron Curtain.

Countless thousands of "anti-Soviet elements" were deported from their native homelands and shipped in cattle cars over the continent of Asia to be left in Siberia at the mercy of the elements and the prison camps. The largest percentage of these deported "anti-Soviet elements" were schoolchildren. Many were spared the brutal existence of the prison camps, and died on the trains.

As parents we are outraged, and as Americans we are outraged. The U.S. Government has never recognized the forced incorporation of the Baltic States into the U.S.S.R. and has continued to treat these countries as sovereign domains. Although the Russians have brazenly contended that Lithuania is one of the Soviet Socialist Republics, events since June 15, 1941, consistently demonstrate how false that assertion is. The active efforts of Lithuanian partisans from 1944–52 can hardly be called peaceful acquiesence to the Russian rule. The uprisings and tremendous self-sacrifices of position, property, and even life that these people have continued are a constant reminder that while suppression continues, acceptance does not, has not, and will not.

Mr. Speaker, it is no pleasure to recall the day that a free nation lost its liberty. But our doing so here today serves to preserve the hope that one day that Lithuania and the neighboring lands of Latvia and Estonia on the amber shores of the Baltic will return to the ranks of free countries.

AN OUTSTANDING LEADER FOR FEDERAL EMPLOYEES

HON. HERBERT E. HARRIS II

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. HARRIS. Mr. Speaker, I have been saddened to learn of the death of an outstanding individual and leader among Federal employees, Clyde M. Webber. Mr. Webber was an effective spokesman for Federal employees and represented their interest before the Congress excellently. I join with my colleagues in extending to his wife and family my deepest sympathy.

In today's Washington Post, Federal employee columnist Mike Causey has written a moving article about Mr. Webber's contributions to the Nation and his dedication to Federal employees. I would like to share this article with my colleagues at this point:

IN REMEMBRANCE OF CLYDE WEBBER

(By Mike Causey)

> The government's biggest union, and many of his friends, will say goodby this morning to the AFGE's Clyde Webber. He was the accidental—and many believe bestever—president of the union.
>
> He died Tuesday after a tough, quiet and very courageous fight against cancer. The way he handled his final weeks—thinking of everybody else first—was typical of this extraordinary man.
>
> When he learned of the cancer, Webber told key leaders of the American Federation of Government Employees. He asked only that his mother, seriously ill and in her 80's, be spared the news as long as possible.
>
> What he did was to be straight with his 300,000 members about his illness. He wanted to brace them for the possibility that he might not live through the summer, so that the union's important work could go on with the minimum of disruption. Typical Clyde Webber.
>
> He also made a crosscountry visit to see his

mother—he was heavily sedated and braced so the pain wouldn't show—knowing it would probably be their last time together.

Clyde Webber became president of the giant AFGE after longtime president John F. Griner won re-election, then stepped down because of an illness that was to kill him shortly. Mr. Griner, the opposite in many ways of the quiet, unassuming Webber, was convinced that his No. 2 man was the best for the job. He fought his own illness long enough to give Webber time to get settled in and make his own mark. Webber won re-election overwhelmingly at the next convention.

Clyde Webber was always refreshing in a political business where toughness, bluster and bullying are considered desirable traits if one wants to be a winner. He simply refused to play the game that way, and won anyhow.

At staff meeting, Webber constantly surprised longtime aides by being better briefed than his own staff. He read everything he could because, as he said, "I like to learn something every day. That way I'm more valuable to the federation."

When he wasn't on duty, which he usually was, Webber loved to talk about anything but the labor movement. Largely self-educated, he was fascinated by history, current events and politics. When it came time for gossip—the staff of life in this town—Webber would listen politely but never, join in.

He rarely socialized with staffers off duty. He said he was afraid his presence might make some subordinates uneasy "and spoil the party" or that he might be accused of playing favorites.

Reporters who cover unions, labor leaders, politicians or any other "beat" hear lots of bad things about the principals. What was always intriguing to media-types covering AFGE was that they never heard anything—even from fierce political rivals—scandalous about Webber.

Opponents would say he didn't understand their position; that he acted too quickly, or not quickly enough. But he was never, even in whispers or unsigned letters, accused of acting unfairly or of taking the easy, politic way out if it meant letting his union members down, or compromising his own personal honor code.

Democratic presidential candidate Morris K. Udall (D. Ariz.) called the family to tell Mrs. Webber of his high personal regard for her husband. No votes there. He meant it. So did others—VIPs and just folks—who had genuine affection and respect for Clyde Webber.

The memorial service begins today at 10:30 a.m. at Marvin Memorial Methodist Church, Silver Spring. Lots of people will say lots of nice things about Clyde Webber. The main speaker plans to eulogize him as one of America's greatest labor leaders.

He was better than that. He was a good man.

UAW SPEAKS OUT AGAINST PROPOSED SYNTHETIC FUEL LOAN GUARANTEE LEGISLATION

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, June 18, 1976

Mr. OTTINGER. Mr. Speaker, the UAW's concern that H.R. 12112 the $4 billion loan guarantee bill for synthetic fuels will involve "a very expensive and one-sided partnership with large energy corporations" that could have the taxpayers taking all the risks and the corporations the profits, hits the nail on the head. I hope all my colleagues will read the following letter from Dick Warden, legislative director of the UAW which he sent to the members of the House Commerce Committee June 14.

In these last weeks of this session of Congress we must not grab energy packages which could indeed be Pandora's box.

The article follows:

JUNE 14, 1976.

DEAR REPRESENTATIVE: The UAW opposes H.R. 12112, the proposed synthetic fuels legislation as reported by the Committee on Science and Technology.

We are concerned about the question of the long-run availability of fuels in the United States. We feel it is important that our government work energetically to develop new technologies—both to conserve existing energy resources and to expand the range of resources which could be economically harnessed to meet our energy needs. We therefore agree with the objectives of the proposed legislation—to speed the development of production technologies which may ultimately make synthetic fuels competitive with fuels derived from petroleum.

Our basic concern with H.R. 12112 is that the bill may go well beyond government-financed research and development operations and involve the federal government in a very expensive and one-sided partnership with large energy corporations.

The bill would permit the administrator of the Energy Research and Development Administration to provide up to $4 billion in loan guarantees for commercial projects to produce synthetic fuel. This could easily encourage the energy corporations to dash headlong into large-scale production projects using government-guaranteed capital on a heads-I-win, tails-you-lose basis.

If the projects succeed, the corporations reap the profits. If the projects fail, the taxpayers pick up the bill. The taxpayers are asked to take all the risks—but they have no prospect of sharing in any of the potential gains.

There are some areas of the economy—such as housing—where loan guarantees may be an appropriate form of federal intervention, because the problem is simply to make credit markets work better. They do not strike us as appropriate in an area such as synthetic fuel production, where the risks of loss—and the possibilities for profit—are both high.

Beyond this basic problem, the bill does not contain adequate safeguards against potential abuses. A corporation might take out a mammoth loan—possibly as great as $1 billion or more—and try its hand at synthetic fuel production, however half-heartedly. In a variety of ways, expenses from the corporation's other operations and perquisites for its executives might be charged off to the project. The bill itself provides no limits on the company's right to default on the loan, although some such limits may be set out in the regulations or the guarantee contract (Sec. 18(g)(11)). In the case of default, the bill itself requires only that the assets "associated with the demonstration facility" can be recovered through law suit, although additional security may also be provided in the guarantee contract (Sec. 18(g)(3)). There is some protection—but we think not enough—in the requirement that the loan guarantee shall not exceed 75 percent of the total cost of a demonstration facility (Sec. 18(c)(2)). Furthermore, the ability of Congress to veto specific loan guarantees is severely limited. Only if the demonstration facility will cost more than $200 million can the Congress veto a proposed loan guarantee—and then only within 90 days and by action of both houses.

An alternative approach would be for the federal government to finance a limited number of demonstration projects in the area of synthetic fuel production. The construction and operation of these projects could be subcontracted—through competitive bidding and under strict supervision, to avoid the well-known abuses that have plagued the cost-plus approach to subcontracting. The government could be required to sell off the facility after a specified number of years. If the project were to fail, the government would sell off the remaining equipment and try to salvage some of its investment. If the project were to succeed, the government would have already realized some profits and then could sell the project at a price that would reflect its future earnings potential.

We think this would represent a more prudent and responsible approach to contributing to the development of technology and fuel production—rather than an approach which holds out the prospect of tremendous gains for some giant energy corporations and no gains for the American taxpayers.

Sincerely,

DICK WARDEN,
Legislative Director.

SENATE—*Monday, June 21, 1976*

(Legislative day of Friday, June 18, 1976)

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by the Acting President pro tempore (Mr. METCALF).

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Our Father God, at the beginning of another week of toil and challenge, we turn our wistful hearts to Thee. The awareness of Thy presence is the answer to every prayer when we live a life of prayer. For framing laws and forming national policies grant us wisdom and strength. Help us to live and work worthily of the public trust reposed in us. Come to us in the common tasks and vividly draw near to us in the difficult hours and in the moment of high decision. May we go to our duties with dauntless faith, having no fear save that of failing Thee.

In the Redeemer's name we pray. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Friday, June 18, 1976, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

WAIVER OF CALL OF THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the call of the legislative calendar for unobjected-to measures, under rule VIII, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet until 1 p.m. today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Does the Senator from Pennsylvania seek recognition?

Mr. HUGH SCOTT. Mr. President, Monday is off to a good start and I think I will not disturb it.

I yield back the remainder of my time.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business for not to extend beyond the hour of 10:30 a.m.

Mr. HUGH SCOTT. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR FIRST VOTE ON TREATY OF FRIENDSHIP AND COOPERATION WITH SPAIN TO OCCUR AT 3:15 P.M. TODAY

Mr. MANSFIELD. Mr. President, as in executive session, I ask unanimous consent that on the two rollcall votes on the Treaty of Friendship and Cooperation with Spain, Executive E, the first vote occur at the hour of 3:15 p.m. and that the second vote follow immediately thereafter, the second vote to consume only 10 minutes in contrast to the first vote of 15 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR VOTES ON CERTAIN TREATIES TO OCCUR AT 12:30 P.M. TODAY—EXECUTIVE B, A, G, AND F

Mr. MANSFIELD. Mr. President, as in executive session, I ask unanimous consent that the other treaties and conventions, Executive B, Executive A, Executive G, and Executive F—all 94th Cong., 2d sess.—occur at the hour of 12:30 p.m. today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

TECHNICAL AND CLERICAL CORRECTIONS—SENATE JOINT RESOLUTION 203

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of Senate Joint Resolution 203.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 9 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 9 a.m. tomorrow morning.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF UNFINISHED BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized on tomorrow, and after the recognition of any Senators under orders previously entered, the Senate resume consideration of the unfinished business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

(Routine morning business transacted today is printed later in today's RECORD of Senate proceedings.)

EXECUTIVE SESSION

THE TREATY OF FRIENDSHIP AND COOPERATION WITH SPAIN: EXECUTIVE E, 94TH CONGRESS, 2D SESSION

The ACTING PRESIDENT pro tempore. Under the previous order, the hour of 10:30 a.m. having arrived, the Senate will now go into executive session and proceed to the consideration of Executive E, 94th Congress, 2d session, the Treaty of Friendship and Cooperation With Spain, on which there shall be 2 hours of debate.

The clerk will report the treaty.

The second assistant legislative clerk read as follows:

Executive E, 94th Congress, 2d session, the Treaty of Friendship and Cooperation with Spain.

The ACTING PRESIDENT pro tempore. The treaty is now before the Senate as in Committee of the Whole.

The Treaty of Friendship and Cooperation with Spain, which was considered to have been read the second time, is as follows:

TREATY OF FRIENDSHIP AND COOPERATION BETWEEN SPAIN AND THE UNITED STATES OF AMERICA

The Governments of Spain and of the United States of America;

Impelled by their shared concern for the maintenance of world peace and security;

Affirming that their cooperation is beneficial for the security of both countries; strengthens the defense of the West; plays an important part in the security arrangements for the North Atlantic and Mediterranean areas; and contributes to the achievement of their shared goals;

Desiring to reaffirm and strengthen the friendship between their peoples and to continue and enrich the cooperative relationship which exists between the two countries, in the spirit of the Declaration of Principles between Spain and the United States of America, of July 19, 1974;

Agree as follows:

ARTICLE I

The close cooperation between the two countries on all matters of common concern or interest will be maintained and developed on a basis of sovereign equality. This cooperation shall encompass economic, educational, cultural, scientific, technical, agricultural, and defense matters, as well as other matters upon which they may mutually agree.

The Governments of Spain and the United States of America will keep their cooperation in all these areas under continuous review and seek to identify and adopt all appropriate measures for carrying out this cooperation in the most effective manner possible with a view to maintaining a balance of benefits, equal and effective participation of both parties, and coordination and harmonization of their efforts with those which may be being made in other bilateral and multilateral contexts.

For these purposes, a Spanish-United States Council is established under the chairmanship of the Foreign Minister of Spain, and the Secretary of State of the United States of America. The functions and organization of the Council are set forth in Supplementary Agreement Number One. The Council will meet at least semi-annually.

ARTICLE II

Given the increasing international importance of economic affairs, the two parties will seek to develop their economic relations so as to ensure mutual benefit under conditions of equitable reciprocity and to promote, in particular, cooperation in those fields which facilitate development. That cooperation shall also take into account the impact which the state of the economy of each country has on its defense efforts. Their economic relationship will be carried out in accordance with Supplementary Agreement Number Two.

ARTICLE III

Given the relations of friendship which exist between the peoples of Spain and the United States of America, and recognizing that science and technology are essential factors in meeting the growing needs and in furthering the general economic development of both countries, the two Governments will carry out a broad program of scientific and technical cooperation for peaceful purposes. In the framework of that cooperation, they will direct their efforts principally to areas having the most significance to the social and economic welfare of their peoples, and to developmental progress. Their relations in these areas will be carried out in accordance with Supplementary Agreement Number Three.

ARTICLE IV

In order to continue to expand their cooperation in the educational and cultural fields with a view to furthering the familiarity of their peoples with the important cultural achievements of the other and to strengthen the friendship and understanding between their peoples which provide the necessary foundation for the overall cooperative relationship between the two countries, their relations in these areas will be carried out in accordance with Supplementary Agreement Number Four.

ARTICLE V

Having recognized that their cooperation has strengthened the security of the Western World, and contributed to the maintenance of world peace, there is established a defense relationship between Spain and the United States of America. Consistent with the Declaration of Principles of July 19, 1974, they will, through this defense relationship, seek to enhance further their own security and that of the Western World. To such end, they will seek to develop the appropriate plans and coordination between their respective armed forces. This coordination will be carried out by a coordinating body as set forth in Supplementary Agreement Number Five.

To further the purpose of this Treaty, the United States of America may use specific military facilities on Spanish territory, in accordance with the provisions set forth in Supplementary Agreement Number Six. The two parties will also, for these ends, cooperate in the acquisition as well as the production of appropriate materiel for their armed forces, in accordance with the provisions of Supplementary Agreement Number Seven.

ARTICLE VI

In view of the contribution the use of the facilities mentioned in Article V makes to the defense of the West, the parties, through mutually agreed steps, will seek on the basis of reciprocity and equality to harmonize their defense relationship with existing security arrangements in the North Atlantic area. To this end, they will, periodically, review all aspects of the matter, including the benefits flowing to those arrangements from the facilities and make such adjustments as may be mutually agreed upon.

ARTICLE VII

This Treaty and its Supplementary Agreements shall enter into force upon the exchange of instruments of ratification between the two Governments and will remain in force for five years, whereupon they may be extended for an additional five years period if the parties so agree.

ARTICLE VIII

In order to facilitate the withdrawal of the personnel, property, equipment and materiel of the Government of the United States of America located in Spain pursuant to Article V of this Treaty and its Supplementary Agreements, a period of one year from the termination of the Treaty is provided for the completion of withdrawal which will begin immediately after such termination. During that one year period, all the rights, privileges and obligations deriving from Article V and its Supplementary Agreements shall remain in force while United States forces remain in Spain.

DONE in Madrid, this 24th day of January, 1976, in duplicate, in the English and Spanish languages, both texts being equally authentic.

For the United States of America: HENRY A. KISSINGER.

For Spain. ——— ———.

SUPPLEMENTARY AGREEMENT ON THE UNITED STATES-SPANISH COUNCIL

(Number 1)

ARTICLE I

The United States-Spanish Council will be responsible for overseeing the implementation of the Treaty of Friendship and Cooperation. It will review the cooperation under that Treaty; examine any problems which may arise as well as measures which might be taken to deal with them; consider steps to facilitate or improve United States-Spanish cooperation; and submit to the Governments such findings and recommendations as may be agreed. The Council will also be charged with carrying out the consultations provided for in Article III of Supplementary Agreement Number Six.

ARTICLE II

The Council will be chaired by the Secretary of State of the United States and the Foreign Minister of Spain, and will meet at least semiannually. Each Chairman will have a Deputy who will serve as Permanent Representative on the Council and assure its functioning in the absence of his Chairman. The Chairman of the Joint Chiefs of Staff of each party or their designated representatives will be permanent military representatives on the Council. The parties shall designate such other representatives and advisors to the Council and its subsidiary bodies as they deem appropriate, taking into account the variety of matters which may be before the Council at any particular time, and the need for adequate representation on the Council from responsible ministries and departments.

ARTICLE III

The Council will have under its aegis a Joint Economic Committee, a Joint Scientific and Technological Affairs Committee, a Joint Educational and Cultural Affairs Committee, and a Joint Committee for Politico-Military Administrative Affairs. It may form such other committees and subsidiary bodies as may be deemed appropriate to facilitate the performance of the Council's functions.

The Committees and other subsidiary bodies will seek to resolve problems and advance cooperation in their areas of competence to the fullest extent possible without formal referral to the Council. They shall periodically report to the Council on matters which have come before them, actions taken, progress made, and make appropriate recommendations to the Council.

The Council will be assisted by a Permanent Secretariat under the joint direction of a United States and a Spanish Secretary, with appropriate staffing mutually agreed upon.

ARTICLE IV

In order to establish the necessary coordination between them and to ensure greater effectiveness of the reciprocal defense support granted by each to the other, the two parties agree to establish a Joint Military Committee dependent on the Council, composed of the two Chiefs of the Joint Chiefs of Staff, or their designated representatives, which shall meet semi-annually.

Dependent on this Committee and as a working body, there shall be constituted a Combined Military Coordination and Planning Staff, as provided in the Supplementary Agreement on Bilateral Military Coordination.

The respective co-directors of the Combined Staff shall serve as permanent representatives of the Chairman of the Joint Military Committee.

ARTICLE V

For the purpose of obtaining the maximum effectiveness in cooperation for Western defense, the United States-Spanish Council, as one of its basic objectives, will work toward development of appropriate coordination with the North Atlantic Treaty Organization. In furtherance of this purpose, the Council will establish by mutual agreement a commission formed by members of the two contracting parties which shall propose to the Council specific measures to promote the establishment of meaningful coordination.

ARTICLE VI

The Council will have its seat at Madrid, where it will be provided with suitable facilities by the Government of Spain.

The administrative support for meetings of the Council and its subordinate bodies will be provided by the Spanish Government inasmuch as it is the seat of the Council. Permanent administrative costs of the Council, including salaries of any employees of the Council, will be shared equally. Each party will bear the cost of its own participation in the work of the Council including salaries of its members of the Secretariat.

The representatives, advisors, experts and other participants of each party in the work of the Council or its subordinate bodies shall enjoy diplomatic privileges and immunities when in the territory of the other, in accordance with the norms to be agreed.

ARTICLE VII

This Agreement will enter into force and remain in force contemporaneously with the Treaty of Friendship and Cooperation between the United States and Spain.

DONE in Madrid, this 24th day of January, 1976, in duplicate, in the English and Spanish languages, both texts being equally authentic.

For the United States of America: HENRY A. KISSINGER.

For Spain: ——— ———.

SUPPLEMENTARY AGREEMENT ON ECONOMIC COOPERATION

(Number 2)

ARTICLE I

In their economic relations, the United States and Spain will be guided by their shared desire to encourage economic growth, trade expansion, and other economic relations among nations, and by the principles contained in the Treaty of Friendship and Cooperation.

ARTICLE II

The two Governments reaffirm their determination to intensify their commercial relations and to take all appropriate steps to encourage the growth of their respective exports. In order that this growth may take place on a basis acceptable to both parties, they will seek to avoid the development of a disequilibrium that could be mutually disadvantageous to their overall economic relationship. To this end, the two Governments will seek to avoid imposing restrictions on the flow of trade between them in accordance with their obligations under the General Agreement on Tariffs and Trade and other existing international agreements.

ARTICLE III

The two Governments agree on the desirability of having a normal flow of United States direct investment to Spain, and to that end they will endeavor to arrive at appropriate and mutually agreeable measures to facilitate such an investment flow, within the limits of their respective laws and international obligations.

ARTICLE IV

Both Governments recognize the importance of the role played by the Export-Import Bank of the United States both in stimulating the purchase of United States capital goods by Spanish enterprises and in assisting the progress of Spain's energy and industrial development programs, and therefore they will seek to strengthen these financial relations in the future.

To this end, the Export-Import Bank of the United States, in order to contribute to Spain's development, is currently prepared to commit credits and guarantees of approximately $450 million for Spanish companies.

Article V

The Government of Spain reiterates its objective of achieving its full integration in the European Economic Community, and the Government of the United States declares its favorable understanding of this Spanish objective. The two Governments agree to maintain contact in seeking to arrive at mutually satisfactory solutions of any problems that may arise for either of them in this connection.

Article VI

In order to facilitate achievement of the goals established in Article II, the two Governments will reinforce their consultations regarding the most appropriate manner in which Spain can qualify for the benefits of the generalized system of preferences provided for in the United States Trade Act of 1974.

Article VII

The two Governments reaffirm their interest in carrying out a regular program of consultations on all economic matters of mutual interest. To that end, they agree to establish a Joint Economic Committee under the United States-Spanish Council. The Joint Economic Committee will monitor bilateral economic relations, discuss matters of mutual interest, seek to resolve problems which may arise, and make appropriate recommendations for furthering their economic cooperation.

Article VIII

This agreement will enter into force and remain in force contemporaneously with the Treaty of Friendship and Cooperation between the United States and Spain. It supersedes the Agreement of July 15, 1968, establishing a United States-Spanish Economic Committee.

DONE in Madrid, this 24th day of January, 1976, in duplicate, in the English and Spanish languages, both texts being equally authentic.

For the United States of America: Henry A. Kissinger.

For Spain: ——— ———.

SUPPLEMENTARY AGREEMENT ON SCIENTIFIC AND TECHNOLOGICAL COOPERATION

(Number 3)

Article I

The common efforts of the two Governments under their program of scientific and technological cooperation will, in conformity with the Treaty of Friendship and Cooperation, be directed principally to those fields of applied research and technological development having the most significance to the social and economic welfare of the peoples of the United States and Spain. In this context, the fields of energy, industrialization, environmental and urban problems, agriculture, and natural resources are recognized as having particular importance to developmental progress. Both Governments will give early and special emphasis to these fields within the program of cooperation.

Article II

Cooperation between the two Governments will be based on the following principles:

(a) mutuality of interest;

(b) selection of specific scientific and technical sectors of major interest; and

(c) preparation of plans for collaboration between institutions and entities of the two countries.

Their cooperation and activities in the fields of science and technology will be subject to the legislative requirements of the two countries, including the annual appropriation of funds.

Article III

Cooperation may take such forms as deemed appropriate, including but not limited to:

(a) joint or coordinated planning, support, or implementation of projects and the supply of equipment;

(b) exchange of scientific and technological information, subject to the conditions agreed to by the two countries;

(c) establishment, operation, and utilization of scientific and technical installations related to individual projects; and

(d) exchange of scientific and technical personnel related to the cooperative projects and activities contained in this agreement.

Article IV

Cooperative programs and activities may be the subject of specific agreements for their appropriate implementation.

Article V

Scientific and technical cooperation shall be effected as follows:

(a) annual programs composed of sets of specific projects financed by contributions from the United States Government;

(b) special programs in which each participant will, in general, bear the costs pertaining to its obligations;

(c) funding for annual and special programs shall be subject to the availability of the necessary funds.

Article VI

Cooperation in science and technology shall be coordinated through the Joint Committee for Scientific and Technological Cooperation which shall be responsible for:

(a) formulation of an annual program of scientific and technical cooperation between the countries;

(b) review of all programs, activities, and operations, including the preparation of an annual report; and

(c) the Joint Committee may recommend to the Governments modification, postponement, or termination of programs, where warranted, after consultation with all affected agencies and institutions.

Article VII

The annual program of scientific and technical cooperation, under this Agreement, shall be established through exchange of notes between the Ministry of Foreign Affairs and the Embassy of the United States at Madrid, or through formal decision of the United States-Spanish Council, acting on the basis of recommendations of the Committee.

Article VIII

Scientific and technical information of a non-proprietary nature resulting from cooperation under this Agreement shall be made available to the world scientific community through customary channels in accordance with normal procedures.

The disposition of any patents, know-how, and other proprietary property derived from the cooperative activities shall be provided for in the specific agreements referred to in Article IV.

Article IX

Each Government will facilitate, consistent with law, the entry and exit of equipment and material to be utilized in cooperative activities under this Agreement, as well as the personal effects of scientific and technical personnel and their families.

Article X

Nothing in this Agreement shall preclude or prejudice scientific and technological cooperation outside the terms of this Agreement by institutions of the United States or Spain or by nationals of either country with each other or with third parties.

Article XI

Institutions, organizations, or entities of third countries may participate in cooperative programs or activities with the joint approval of the Governments of the United States and Spain.

Article XII

Programs and activities currently in force and established by the competent authorities shall not be affected by this Agreement. However, they may be included in this Agreement when both Governments so decide.

Article XIII

In the field of energy, both Governments consider that cooperation in research and development in nuclear and nonnuclear aspects of energy and energy conservation is important. To increase cooperation in energy research and development, both Governments will endeavor to remain within the framework of cooperation in the context of the International Energy Agency and will ensure that, to the maximum extent possible, appropriate research linkages are maintained with that organization and its member countries.

Article XIV

With respect to nuclear cooperation for peaceful purposes, the areas of interest for both countries which shall receive early consideration in the development of cooperative programs and institutional agreements will include: basic physics research, reactor technology, fuel safety and treatment, radioactive metrology, contamination, and radioactive wastes.

Article XV

Cooperation in solar energy research and its applications for domestic, industrial, and agricultural use is of interest to both countries and shall receive early consideration in the preparation of the general cooperation agreements and in the development of special programs within those agreements.

Both Governments will also give consideration to cooperation on other forms of energy.

Article XVI

In the field of environmental and urban problems, both Governments recognize the usefulness of annual programs already carried out, and consider it desirable to increase this cooperation wherever possible, giving special attention to the following aspects:

(a) monitoring, reduction, and where feasible, elimination of environmental pollution;

(b) conservation and protection of reserves and natural areas, including their fauna; and

(c) urban and regional planning directed to improvement of the quality of human life.

Article XVII

In the field of agriculture, both Governments recognize the continuing importance that cooperation holds for the peoples of each country and of the world, and will continue to encourage, as appropriate, cooperation in such programs and activities as may be of mutual interest. These may include, inter alia, agricultural scientific research, agricultural health standards, professional training, exchange of instructors and reseachers, and exchange of information for technical and scientific progress in agriculture. In the development of cooperative programs, the special problems and priorities of each country shall be taken into account.

Article XVIII

In the area of natural resources, both Governments recognize the importance of research to their identification, conservation, and efficient utilization, and agree to develop and implement cooperative programs in areas to be jointly defined. Such programs may include, inter alia, information exchange, provision of expert services, specialized work experiences, and development and intensification of inter-institutional linkages. In the development of natural resources cooperation, early attention shall be given to oceanography.

ARTICLE XIX

This Agreement shall enter into force and remain in force contemporaneously with the Treaty of Friendship and Cooperation between Spain and the United States.

DONE in Madrid, this 24th day of January, 1976, in duplicate, in the English and Spanish languages, both texts being equally authentic.

For the United States of America: HENRY A. KISSINGER.

For Spain: ——— ———.

SUPPLEMENTAL AGREEMENT ON EDUCATIONAL AND CULTURAL COOPERATION

(Number 4)

ARTICLE I

Aware of the importance of the cultural achievements of the two countries and the desirability of strengthening the traditional friendship and understanding between their peoples, Spain and the United States will expand their cooperation in the educational, cultural, and scientific fields. Through the Joint Committee on Educational and Cultural Affairs they will seek to develop programs for more effective cooperation; carry out programs already approved for that purpose; seek to resolve problems that may arise; and make such recommendations as may be necessary in relation to these matters. Their cooperation and decisions in the fields of education, culture, and science will be subject to the legislative requirements of the two countries, including the annual appropriation of funds.

ARTICLE II

The program of exchanges between Spain and the United States in these fields will be expanded in both numbers and scope. The expansion will involve teachers, researchers, scientists, scholars and students and will be extended into all branches of learning, especially natural and applied sciences, economics, and the language and culture of the two countries. In the field of arts and letters, the two Governments will sponsor visits of authors and artists and encourage the reciprocal dissemination of their works.

ARTICLE III

The two Governments will cooperate in the expansion of the Spanish educational system. The United States will assist Spain in research, development, and advanced training for professors and other teaching personnel. The United States will also provide documents, equipment, and materials to educational research and teaching laboratories and libraries, as as appropriate, for Spanish universities and other centers of higher learning. Both Governments will foster an exchange of cultural materials.

ARTICLE IV

Both Governments recognize the importance of the Fulbright-Hays program in promoting educational and cultural exchanges between the two countries, through the Commission on Cultural Exchange between Spain and the United States of America. Both Governments will contribute regularly to the financing of the Fulbright-Hays program. The Commission and the Joint Committee on Educational and Cultural Affairs will cooperate as appropriate in their respective fields to reinforce the effectiveness of the action of both parties.

ARTICLE V

The two Governments consider it a matter of special interest to increase the knowledge of their respective languages in the two countries by encouraging the activities of institutions and organizations engaged in the teaching of Spanish and the dissemination of Spanish culture in the United States, and at the same time encouraging the work of institutions and organizations engaged in similar activities with respect to the language and culture of the United States.

ARTICLE VI

The annual Educational and Cultural Cooperation Program which is the subject of this Agreement will be established by exchange of notes between the Ministry of Foreign Affairs and the Embassy of the United States at Madrid, or by a formal decision of the United States-Spanish Council, taking as a basis the recommendations of the Committee.

ARTICLE VII

This Agreement shall enter into force and remain in force contemporaneously with the Treaty of Friendship and Cooperation between the United States and Spain.

DONE in Madrid, this 24th day of January, 1976, in duplicate, in the English and Spanish language, both texts being equally authentic.

For the United States of America: HENRY A. KISSINGER.

For Spain: ——— ———

SUPPLEMENTARY AGREEMENT ON BILATERAL MILITARY COORDINATION

(Number 5)

ARTICLE I

A combined Military Coordination and Planning Staff shall be established at Madrid to facilitate coordination between the Spanish Armed Forces and the Armed Forces of the United States, as well as other forces dedicated to North Atlantic defense.

The Combined Staff will operate within the overall framework of the United States-Spanish Council and receive the Council's guidance through the Joint Military Committee. The Council will be kept apprised of the work of the staff, including all proposed joint exercises or other activities. The staff will have no command function.

ARTICLE II

The mission of the Combined Staff shall be to prepare and coordinate plans, which are in harmony with existing security arrangements in the North Atlantic area, for actions which could be taken in the geographic area of common interest as defined in Article III, in case of an attack against Spain or the United States in the context of a general attack against the West.

All such activities of the Combined Staff will take into account the requirements of the constitutional processes of the United States and Spain which must be met before any plans or other measures may be implemented.

Every effort shall be made to insure that these activities of the Combined Staff serve to complement and strengthen Western defense as a whole.

The Combined Staff shall be the vehicle to provide the Spanish Armed Forces the United States doctrine and information required to achieve the necessary strategic, tactical and logistical coordination within the area of common interest.

ARTICLE III

The geographic area of common interest is defined as follows:

(a) Spain, including adjacent air space.

(b) Atlantic area.

(1) Northern limit: the parallel of 48 degrees north latitude to the European continent.

(2) Western limit: from the intersection of 48 degrees north latitude and 23 degrees west longitude, south to the parallel of 23 degrees north latitude.

(3) Southern limit: the parallel of 23 degrees north latitude eastward from 23 degrees west longitude to the coastal waters of the African littoral.

(4) Eastern limit: northward along the African coast to the Strait of Gibraltar, and thence northward along the coast of Europe to 48 degrees north latitude.

(c) Mediterranean area: from the Strait of Gibraltar to the meridian of 7 degrees east longitude.

(d) The area excludes the territory of third states and their territorial waters.

ARTICLE IV

The organization of the Combined Staff shall be established by the Joints Chiefs of Staff of the United States and Spain with the approval of the respective national authorities. The Combined Staff shall be headed by two co-directors, one from each country, both having the same general/flag rank. Administrative arrangements will be established by mutual agreement. Militarily, the staff will be responsible to the United States Joint Chiefs of Staff and the Spanish Joint Chiefs of Staff through the Joint Military Committee.

ARTICLE V

Spanish liaison officers shall be assigned to such headquarters as are agreed upon.

ARTICLE VI

This agreement shall enter into force and remain in force contemporaneously with the Treaty of Friendship and Cooperation between Spain and the United States of America.

DONE in Madrid, this 24th day of January, 1976, in duplicate, in the English and Spanish languages, both texts being equally authentic.

For the United States of America: HENRY A. KISSINGER.

For Spain: ——— ———.

SUPPLEMENTARY AGREEMENT ON FACILITIES

(Number 6)

ARTICLE I

Pursuant to Article V of the Treaty of Friendship and Cooperation and by way of contribution to the Western defensive effort, the Government of Spain grants the United States of America the right to use and maintain for military purposes the existing facilities in or connected with the Spanish military bases and installations listed in this agreement and its annex.

The facilities referred to above include those located at Rota Naval Base; the Torrejon and Zaragoza Air Base, the Bardenas Reales firing range; and Moron, which remains on stand-by status.

The 98th Strategic Wing of tanker aircraft will be withdrawn from Spain but a detachment of a maximum of five tanker aircraft may be stationed at and use the Zaragoza Air Base. The nuclear submarine squadron will commence a phased withdrawal from Rota beginning on January 1, 1979 and this withdrawal will be completed by July 1, 1979.

Facilities within each Spanish military base or connected with it, such as lands, buildings, installations, and other major permanent items, made available for use by the United States forces, shall be listed in an inventory maintained by the parties, which indicates the purpose for which they are used. The parties will also maintain a list containing the identification and general strength levels of the United States military units stationed in Spain for the use and maintenance of these facilities.

United States forces may obtain supplies by means of the Cadiz-Zaragoza pipeline, under conditions which will be agreed.

The United States will not store nuclear devices or their components on Spanish soil.

Article II

The use and maintenance of the facilities authorized by Article I of this Agreement and the status of the United States forces in Spain as well as the use of the Spanish air space will be regulated by the express terms and technical conditions contained in arrangements agreed between the two Governments.

Article III

In the case of external threat or attack against the security of the West, the time and manner of the use by the United States of the facilities referred to in this Supplementary Agreement to meet such threat or attack will be the subject of urgent consultations between the two Governments, and will be resolved by mutual agreement in light of the situation created. Such urgent consultations shall take place in the United States-Spanish Council, but when the imminence of the danger so requires, the two Governments will establish direct contact in order to resolve the matter jointly. Each Government retains, however, the inherent right of self-defense.

Article IV

Through the Joint Committee for Politico-Military Administrative Affairs, the parties will seek to assure the necessary coordination between the two Governments, and to resolve such problems as may arise as a result of the application of this Supplementary Agreement.

The organization and operation of the Committee will be developed with a view to dealing effectively and expeditiously with the problems which may arise, to promoting the direct contact between military and civilian officials of both parties appropriate to these ends, and finally, to fostering the maximum cooperation in all matters of mutual concern.

Prior to the expiration of the Treaty, and no less than three months before, the Joint Committee for Politico-Military Administrative Affairs will study the modalities and timetable resulting from the application of Article VIII of the Treaty, in case the extension established by Article VII does not go into force.

Article V

This agreement will enter into force contemporaneously with the Treaty of Friendship and Cooperation and remain in force with it and thereafter in accordance with Article VIII of the Treaty of Friendship and Cooperation.

DONE in Madrid, this 24th day of January, 1976, in duplicate, in the English and Spanish languages, both texts being equally authentic.

For the the United States of America:
Henry A. Kissinger.

For Spain: —— ——.

Annex to Article I

In addition to the facilities listed in Article I, there are minor facilities outside of the principal Spanish installations mentioned in this Article. These facilities are:

Jarama Water System Annex;
Sonseca Weather Station Site;
Torrejon ILS Outer Marker;
Zaragoza Radio Beacon Annex;
Soler Tropo Site and Housing Annex;
Humosa Tropo Site;
Guardama Tropo and Transmitter Site;
Inoges Tropo Site;
Menorca Tropo Site;
Moron Naval Communications Facility;
Estaca de Vares LORAN Station;
Estaca de Vares Communication Relay Station;
Estartit (Gerona) LORAN Station;
Cartagena Petroleum and Munitions Storage Facilities;
El Ferrol-Petroleum Facilities;
Loeches Petroleum Storage Farm;
La Muela Petroleum Storage Farm;
El Arahal Petroleum Storage Farm.

SUPPLEMENTARY AGREEMENT ON COOPERATION REGARDING MATERIAL FOR THE ARMED FORCES

(Number 7)

Article I

The Government of the United States will issue repayment guaranties under its foreign military sales program to facilitate the extension of loans to the Government of Spain by eligible lenders for the purpose of financing the purchase by the Government of Spain of defense articles and defense services in furtherance of the present Treaty of Friendship and Cooperation. The aggregate principal amount of loans guaranteed by the Government of the United States in accordance with this Article shall total $120,000,000 during each of the five years during which the present Treaty of Friendship and Cooperation shall remain in force.

Article II

(1) The Government of the United States will furnish defense articles to the Government of Spain on a grant basis with a value of $75,000,000 over the period during which the present Treaty of Friendship and Cooperation shall remain in force.

(2) In addition, the Government of the United States will continue to furnish on a grant basis training for personnel of the armed forces of Spain, the value of which shall be $2,000,000 during each of the five years of validity of the Treaty.

(3) The value of defense articles furnished under this Article will be calculated in the manner most favorable to the Government of Spain, consistent with applicable United States laws and regulations.

Article III

All defense articles or defense services furnished to the Government of Spain in accordance with this Agreement shall be furnished subject to the terms and conditions set forth in Article I of the Mutual Defense Assistance Agreement of September 26, 1953 between the two Governments, except that Article I, paragraph 3, of that Agreement shall not apply to defense articles and defense services purchased by the Government of Spain pursuant to this Agreement. In addition to such terms and conditions, the Government of Spain agrees that the net proceeds of sale received by it in disposing of any weapon, weapons system, munition, aircraft, military vessel, or other implement of war, including scrap therefrom, furnished on a grant basis by the Government of the United States, will be paid to the Government of the United States and shall be available to pay the official costs of the Government of the United States payable in the currency of Spain, including all costs relating to the financing of international educational and cultural exchange activities in which the Government of Spain participates. Defense articles and defense services are furnished pursuant to this Agreement exclusively for legitimate self-defense, or for participation in collective measures consistent with the Charter of the United Nations or requested by the United Nations for the purpose of maintaining or restoring international peace and security.

Article IV

The Government of the United States will assign a high priority to the delivery to Spain of grant materiel agreed upon and of the necessary logistic support of the aforesaid needed materiel for the life of the Agreement.

Article V

The Government of the United States agrees to make the maximum effort to facilitate acquisition by the Government of Spain of four complete squadrons (of 18 aircraft each) of F-16 light fighter aircraft, or others of similar characteristics.

Article VI

The Government of the United States agrees to contribute to modernizing, semi-automating and maintaining the existing aircraft control and warning network utilized by the United States Air Force in Spain, in an amount not exceeding $50,000,000.

Details of those improvements and of the maintenance and the cost-sharing arrangements shall be set forth in a subsequent implementing agreement.

Article VII

With regard to the execution of new joint utilization projects agreed to by the armed forces of the two countries, such as the case covered in the preceding article, the two parties shall mutually agree on the respective percentages of participation in such projects to be charged to the defense budget of each country.

Article VIII

The Government of the United States will offer for sale to the Government of Spain, at a favorable price consistent with applicable law, naval vessels of the following quantities and types: four MSO oceangoing minesweepers and one ARL minesweeper tender.

Article IX

The Government of the United States agrees to give prompt consideration to proposals for transfer to the Government of Spain of the technical data, equipment, and materials necessary for production in Spain of specific defense items. In each case, such production shall remain subject to specific agreement between the two Governments.

Article X

(1) The Government of the United States will make available for lease to the Government of Spain 42 F-4E aircraft from the inventory of the United States Air Force the delivery of which aircraft shall be effected on the dates agreed upon.

(2) The Spanish Government will pay the United States Government the amount agreed upon for lease of these aircraft. The lease may be terminated by the Government of Spain prior to expiration of the lease with one year prior notice to the Government of the United States. The lease may be extended by the Government of Spain beyond the term of the lease for an amount to be agreed upon until an equivalent number of F-16 aircraft can be made available for delivery to Spain pursuant to Article IV hereof.

(3) The Government of Spain will sell to the Government of the United States 34 F-4C aircraft and F-4C specific support equipment and accessories for an amount agreed upon. The delivery of the F-4C aircraft to the Government of the United States will be concurrent with the delivery of the F-4E aircraft to the Government of Spain.

(4) The Government of the United States agrees to sell to the Government of Spain the necessary spare parts and support equip-

ment for maintenance of the F-4E aircraft until termination of the lease.

ARTICLE XI

It is expressly agreed by the two Governments that the undertakings of the Government of the United States provided for in this Agreement will be carried out in accordance with, and subject to, applicable provisions of United States law and the appropriation of the necessary funds by the United States Congress.

The undertakings of the Government of Spain hereunder will be carried out in accordance with and subject to applicable provisions of Spanish law.

ARTICLE XII

The Agreement will enter into force and remain in force contemporaneously with the Treaty of Friendship and Cooperation between the United States and Spain.

DONE in Madrid, this 24th day of January, 1976, in duplicate, in the English and Spanish languages, both texts being equally authentic.

For the United States of America: HENRY A. KISSINGER.

For Spain: ——— ———.

The ACTING PRESIDENT pro tempore. The treaty is now before the Senate as in Committee of the Whole. The treaty will be considered as having passed through its parliamentary stages up to and including the presentation of the resolution of ratification, which the clerk will state.

The second assistant legislative clerk read as follows:

Resolved (two-third of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Treaty of Friendship and Cooperation Between the United States of America and Spain, signed at Madrid on January 24, 1976, together with its seven Supplementary Agreements and its eight related exchanges of notes (Executive E, Ninety-fourth Congress, second session) subject to the declaration that:

(1) the United States, recognizing the aspiration of Spain to achieve full participation in the political and economic institutions of Western Europe, and recognizing further that the development of free institutions in Spain is a necessary aspect of Spain's full integration into European life, hopes and intends that this Treaty will serve to support and foster Spain's progress toward free institutions and toward Spain's participation in the institutions of Western European political and economic cooperation;

(2) the United States, while recognizing that this Treaty does not expand the existing United States defense commitment in the North Atlantic Treaty area or create a mutual defense commitment between the United States and Spain, looks forward to the development of such an expanded relationship between Western Europe and a democratic Spain as would be conducive to Spain's full cooperation with the North Atlantic Treaty Organization, its activities and mutual defense obligations;

(3) the United States, recognizing that this Treaty provides a framework for continued nuclear cooperation for peaceful purposes with Spain, looks forward to a continued relationship in this field commensurate with steps taken by Spain toward becoming a party to the Treaty on the Non-Proliferation of Nuclear Weapons or placing all of its nuclear facilities under safeguards administered by the International Atomic Energy Agency;

(4) Senate advice and consent to ratification shall be understood to apply only to the initial five-year period of the Treaty, so that any United States agreement to an extension of the Treaty shall require the further advice and consent of the Senate; and

(5) the sums referred to in the Supplementary Agreement on Cooperation Regarding Materiel for the Armed Forces and Notes of January 24, 1976, appended to the Treaty, shall be made available for obligation through the normal procedures of the Congress, including the process of prior authorization and annual appropriations, and shall be provided to Spain in accordance with the provisions of foreign assistance and related legislation.

Mr. SPARKMAN. Mr. President, I rise to present to the Senate, and to support, the Treaty of Friendship and Cooperation With Spain, Executive E, 94th Congress, 2d session.

I believe my colleagues on the Committee on Foreign Relations will agree with my thesis that few such treaties have been examined at greater length and with more care. I am not speaking only about the period since the treaty was actually submitted to the Senate on February 18 of this year; I am including the long period of negotiations which extended over nearly 18 months. During that latter phase, members of the executive branch made unusual and welcome efforts to keep Senators and their staffs informed about the progress of deliberations between the United States and Spanish representatives.

Indeed, that process of close cooperation also led to an unusual but welcome situation: the results of these long deliberations have been submitted as a treaty rather than as an executive agreement. Few Members can be unaware of the fact that, ever since September 1953, our relationship with Spain has rested on the more fragile basis of executive agreements, as distinct from a treaty relationship. In this connection, I might add that I gave my own considered judgment to our chief negotiator that the Senate would be likely to approve a treaty with Spain if one were submitted. Naturally, I made my judgment contingent on a number of factors, relating both to the situation in Spain itself and to the actual character of the commitment involved.

We have had long discussions about whether our past and proposed connection with Spain has represented a security agreement. The answer has clearly been in the negative. To reassure colleagues that no change has taken place, either explicitly or tacitly, I shall quote the following testimony by Ambassador McCloskey from the hearing record:

> The Spanish understand and have publicly confirmed that the U.S. has not undertaken here a security commitment to Spain. The combined coordination and planning staff would have no command functions and there is no commitment or understanding regarding implementation of any contingency plans. Therefore, the new treaty would not represent any enlargement of the existing United States Defense commitments in the North Atlantic area, nor would it create any obligations for NATO or the other individual allies regarding Spain. Our NATO allies have been kept informed of our progress in the negotiations, and to my knowledge have not objected to the provisions of the treaty.

Now, Mr. President, I shall not take up the time of the Senate by summarizing all the elements in the treaty, its seven supplementary agreements and its eight related exchanges of notes. It seems to me that these are adequately described on pages 3 and 4 of the committee report, which in turn are drawn from the Secretary of State's letter of submittal. I would, however, like to stress one very important issue. It is quite understandable that the press and even we ourselves discuss a figure of $1,220,000,000 as the amount of U.S. assistance involved over the 5-year period of the treaty's duration. But the true emphasis should be placed on the fact that well over $1 billion of that total takes the form of loans and credits, extended through the foreign military sales mechanism and through the Export-Import Bank. The actual total of funds could be described as foreign assistance, in the strict sense of the term, is approximately $170 million over a 5-year period—or $34 million annually. When one further analyzes the figures, it will be seen that up to $50 million will be expended for the U.S. share in a jointly used aircraft control and warning network. Since this money really is for U.S. purposes, it could properly be subtracted from the $170 million total, resulting in an annual provision of assistance to Spain of $24 million.

In saying this, I am not trying to minimize the U.S. contribution but to put it in better focus. I am aware, for example, that the sum would rise again slightly if one took into account subsidized rates of interest relating to loans and credits. Nevertheless, on the whole, I do not believe we should fall into the habit of using a $1.2 billion aid figure without elaboration or close scrutiny.

I realize that there have been and there will continue to be arguments about the military importance of bases and facilities in Spain to the United States. These cannot be described and weighed except at length and in executive session. Even after such a process has been undertaken, I cannot escape the conclusion that we have to give strong weight to the views of the Department of Defense, which in summary regard these facilities an essential to Western security. Even if such a phrase as "absolutely vital" cannot be elicited from the Pentagon, I do still feel that the value of our military connection cannot be doubted. It may be that a quite different evaluation will be placed on these security requirements at the end of the first period of 5 years. Regardless of whether the importance of the bases has increased or diminished, the fact remains that the Senate will have the opportunity to make its own judgment at that time.

Probably the most difficult and frustrating problem we have encountered in dealing with the treaty before us today has had nothing to do with Spain but everything to do with our constitutional and internal working procedures in Congress. Since my colleagues on Friday approved a waiver resolution and then an authorizing bill providing for amounts totaling $36 million to be expended for the purposes of the treaty, they are aware that we have had to take quite unusual steps in implementing the financial portions of the treaty before dealing with the document itself. This has not been an easy process, either for the Committee on Foreign Relations or for the Budget Committee. Nevertheless, with the active support and leadership of the chairman of the latter committee and the chairman of our Foreign Assistance Subcommittee, the necessary comity was created allowing us to find our way around an extremely difficult problem. I will not dwell on these issues, but only thank those who extended such a high degree of cooperation.

I might add that I believe that the Spanish have understood our constitutional problem and have not taken an erroneous view of our complicated maneuvers. This is most important because our interest in Spain is not strictly a military one. On the contrary, the Committee on Foreign Relations is strongly interested in encouraging the new Spanish Government to move in the direction of creating closer and lasting links with other Western European countries and with North America.

The committee's interests in this regard have been spelled out in the declaration which is incorporated in the text of the Resolution of Ratification. Even before the King and Queen of Spain made their visit here, and even before the most recent liberalizing moves made by the Spanish Government, our committee was in receipt of substantial evidence that there was indeed a new Spanish Government with a new out look. In this connection, we are indebted to the distinguished junior Senator from Rhode Island for the report which he made to us on his return from a visit to Spain and Portugal earlier this year. His record of staunch opposition to totalitarian government over the years since the Spanish civil war entitles him to speak with special authority about trends toward liberalization. His information corroborated in the most valuable way the data provided us by the executive branch and by other sources. His views were also given expression in the important declaration which we have attached to the Resolution of Ratification.

In the last analysis, Mr. President, I believe our true interest is in seeing the emergence of a new and more modern Spanish position with respect to the Western world, and in creating a stronger and more soundly based relationship between Spain and the United States. The Committee on Foreign Relations has done its best to encourage the kinds of developments we would like to see. It is my belief that this has been done with some considerable measure of tact and restraint as well as firmness. We cannot and do not expect drastic and immediate change in a situation where revolution might be the concomitant of dramatic transformation. We do expect continuing steady progress toward the kind of relationship all of us what to see between the United States and Spain. Thus far, we have been given a good deal of reason to feel confident about the future, even though we cannot reasonably anticipate an unbroken chain of successes in this area.

There are those who call for further delay, and I respect their motives and their arguments. I believe, however, that we have reached the point where further delay could prove positively threatening to the progress achieved by King Juan Carlos and his ministers. They have listened to our case, and I see no reason for us to doubt that they will continue to receive our views in the friendly spirit in which they are advanced. I do not think we can ask for a great deal more at this important juncture in our mutual relations.

Therefore, Mr. President, I urge my colleagues to give the strongest possible support to the new treaty between the United States and Spain.

Mr. MANSFIELD. Mr. President, will the Senator yield me 5 minutes?

Mr. SPARKMAN. I yield the majority leader such time as he requires.

Mr. MANSFIELD. Mr. President, I support the statement just made by the distinguished chairman of the Committee on Foreign Relations, the senior Senator from Alabama (Mr. SPARKMAN).

As the Senate is aware, since 1953 we have had agreements with Spain, but until this time, all have been in the form of executive agreements. The Senate is aware, also, that recently there has been a shift in the power structure in Spain, with the passing of Generalissimo Francisco Franco and the coming into authority and responsibility of King Juan Carlos I.

Over the years, many of us have been disturbed by the fact that executive agreements between the administration and the Spanish Government have been carried out without the full knowledge of Congress. Many of us have stated time and time again that these were matters which should have been executed in the form of treaties, and now that has been done.

I point out to my colleagues that Spain has been passing through a very difficult period, to put it mildly, from 1939 until recently. Now there is hope, under King Juan Carlos I, for the spread of democracy, for a greater use of the franchise, for recognition of political parties— in other words, a trend toward the directions we would have liked to have seen them take some years ago.

I believe my colleagues have been aware of the fact that the countries of Western Europe, notably the Scandinavian countries as well as the Netherlands and Belgium, have, until now, looked askance at Spanish participation in any regional agreement having to do with the military defense of Western Europe.

If this treaty is approved by the Senate, I hope that the next step will be further consideration, by the members of NATO to allow Spain to become a member of the North Atlantic Treaty Organization. I think she would fit in very well geographically and military—and I hope politically, as further reforms are advanced and put into operation.

It is my belief that this is a welcome and healthy trend away from executive agreements, that Congress—and especially the Senate—is being brought in on the takeoff and not on the landing. In this way, a closer relationship between the executive and the legislative branches will be developed, and a better understanding can be achieved on the part of the Senate, so far as this treaty is concerned, about what our relations with Spain should be.

As the distinguished chairman of the committee has pointed out, there have been long and extensive hearings, and a great number of witnesses have appeared before the committee. We are aware of what we are doing. We have had open and lengthy discussions.

It is my hope, Mr. President, that this treaty will be approved overwhelmingly and that, if so, the next step will be for Spain to be considered for admittance into the North Atlantic Treaty Organization.

Mr. SPARKMAN. Mr. President, I am sure the distinguished majority leader will join me in recalling that the former chairman of the Committee on Foreign Relations, Senator Fulbright, objected over the years to our using the executive agreement process and said it should be in the form of a treaty.

Mr. MANSFIELD. The Senator is absolutely right.

Mr. SPARKMAN. This is the first time we have been able to do that. However, I think we should remember the good work that Senator Fulbright did, as chairman, toward bringing about treaty action instead of executive agreements.

Mr. MANSFIELD. I agree completely.

Mr. CLARK. Mr. President, will the Senator yield 12 minutes?

Mr. SPARKMAN. Mr. President, I yield to the Senator such time as he may need.

Mr. CLARK. Mr. President, since 1953 the United States has operated military bases in Spain under a series of formal arrangements with the government of that country. To date, such arrangements have been negotiated as executive agreements, without direct approval by the U.S. Senate. The most recent of these agreements, entered into effect in 1970 for a period of 5 years, was extended in September 1975 for 1 year, and is thus due to expire this coming September. With a view to extending the U.S. basing rights in Spain, negotiators from the two countries began discussions in late 1974, reaching agreement early this year on the terms of a new arrangement. Signed on January 24, 1976, the agreement was transmitted to the Senate on February 18.

Distinguishing this new agreement from those of the past, Mr. President, are two important characteristics. The first is the background against which the agreement was reached. The second is the form in which the agreement has been drawn and signed.

The special background of this new agreement, Mr. President, was created by an event of far-reaching consequence which occurred in Spain during the period of negotiation: the death of Generalissimo Francisco Franco, whose Fascist reign had dominated Spanish life since the victory of his Nationalist forces in the savage civil war of the late 1930's. For Spain, Franco's death unquestionably marks the beginning of a new era, opening the opportunity for a progressive liberalization of Spanish political life and expanded relations between Spain and the other nations of Western Europe. It, of course, remains to be seen whether Franco's successor, King Juan Carlos, will be able to exercise the strong leadership necessary to bring about a full realization of these opportunities. There is a question, too, as to whether the Spanish people can overcome a history of bitter factionalism to respond successfully to such leadership. But there can be little doubt that change in Spain is not only imminent but underway.

The second distinguishing characteristic of this new bilateral agreement, Mr. President, is that it has been shaped as a treaty, and submitted to the Senate for the exercise of this body's constitutionally mandated treaty powers. I must express gratification, Mr. President, that the administration chose the treaty form. For years now, there has been a steady erosion of the Senate's treaty power, as significant international agreements were regularly contracted by the executive branch acting alone. Because of growing concern in the Senate over this constitutional lapse, there was a strong likelihood that, had the new Spanish-American agreement not been submitted for Senate approval, the agreement's form would in itself have become an issue of considerable contention. Indeed, at the time the administration made the decision to cast the new agreement with Spain as a treaty, support was gathering for a Senate resolution, of which I was a principal sponsor, calling for exactly that. It was thus both practical and proper that this agreement be signed and submitted to the Senate in treaty form.

In considering the treaty pursuant to its submission in February, the Foreign Relations Committee held several days of hearings and then met on a number of occasions to discuss the treaty in its various aspects. I think it fair to describe the committee's deliberations as having focused on three general issues. The first was the content of the treaty itself. The second was the political context—or, stated differently, the question of the desirability of entering into such an arrangement with the Spanish Government at this time. The third general issue was how the 5-year commitment created by the treaty could be reconciled with the annual foreign aid authorization and appropriations procedures of the Congress.

CONTENT

On the question of content, Mr. President, the committee had quite simply to weigh whether the benefits to the United States under the treaty arrangement justified the costs involved. In assessing the benefits of the three air bases, Torrejon, Zaragosa, and Moron and one naval base, Rota, available to the United States under the treaty, the committee was under no illusion that such facilities are essential to American security. Indeed, there is little question that the bases are marginal in significance, providing mainly additional depth and flexibility to U.S. conventional and strategic forces. On the other hand, the cost to the United States of maintaining access to these bases is, under the treaty arrangement, also marginal. To be sure, the $1.2 billion figure commonly associated with this treaty gives the impression of an overwhelming expenditure. But, when analyzed, this sum dissolves into a much smaller figure in terms of real cost to the American taxpayer. Of the $1.2 billion, well over $1 billion will be in loans—either Export-Import Bank loans or private loans guaranteed by the U.S. Government—extended to facilitate the purchase by Spain of American products and requiring no subsidy at all from the American taxpayer. This does, of course, leave $170 million of Treasury funds which will be expended over the 5 years on a nonloan basis; but, of this amount, $50 million will be the American contribution to a joint aircraft control and warning network from which the United States will directly benefit. Thus, what I consider a fair analysis reduces the actual "rental" payment for the Spanish bases to a 5-year figure of $120 million, or about $24 million per year.

Now, as I am quick to acknowledge, it can reasonably be argued that even this amount is excessive and that there should in fact be no "rental" element, given that Spain benefits economically and militarily from the bases' presence. It must be emphasized on the other hand, however, that, because this treaty does not create an American defense commitment to Spain, it is not accurate to say, as some have, that through this treaty we are paying Spain for the privilege of defending her. It was, finally, a matter of judgment. And while I—and other committee members—could see validity in the argument that, from the U.S. point of view, a somewhat better deal might have been struck, this argument did not appear strong enough to justify overturning the results of a year and a half of Spanish-American negotiation.

CONTEXT

The second general issue the committee faced, Mr. President, was the question of whether it was wise, given the uncertainties surrounding Spain's state of transition, to enter into a formal arrangement at this time. During the committee's hearings, there was indeed a considerable body of testimony, from estimable witnesses, expressing the view that the United States should delay ratification pending a display of Spanish progress toward the creation of free institutions. This argument, I must state, was compelling. Yet balancing it were the simple facts of the expiration of the current agreement with Spain in September and of the strong likelihood that change in Spain will at best be a gradual and extended process. Could a congressionally imposed delay of several months, the committee was required to ask itself, really prove effective in promoting progressive change in Spain? Ultimately, the committee concluded that such a delay would not only be of dubious value, but might even prove counterproductive. The announced policy of Spain's neighbors to the north—that post-Franco access Spain's access to Western European institutions willl be contingent upon Spanish progress toward democracy—has already given Spain ample incentive for change. For the Congress to seek to apply added leverage in this direction by delaying or blocking ratification of a negotiated agreement was, in the committee's view, an approach which could well have the perverse effect of exciting Spanish xenophobia and thereby strengthen the forces of reaction. Thus, in the final analysis, to move ahead without calculated delay seemed to the committee to be the wisest course.

I noted with some concern, Mr. President, that the New York Times, representing a view that is not isolated, responded to the Foreign Relations Committee's nearly unanimous decision to approve the treaty by criticizing what the Times saw as the committee's "dismaying docility" in permitting what the paper's editorialists perceived as a "precipitous commitment" to Spain. I regret that, underlying this and much other criticism of the treaty, there appears to be a serious misunderstanding concerning the important constitutional issue of which I spoke earlier: the use of executive agreements as opposed to the use of treaties. I think it useful, therefore, to emphasize exactly what the treaty form of this agreement signifies and what it does not.

To economize on the Senate's time, I ask unanimous consent that there be printed in the RECORD at the close of my remarks the complete text of the speech I gave last fall while introducing a Senate resolution calling for this agreement to be submitted to the Senate as a treaty; today I will touch only on the essential points of that speech.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit 1.)

Mr. CLARK. My purpose in calling for a treaty, Mr. President, was not to encourage an expanded Spanish-American relationship through the use of a different form of agreement, though I do believe that there is now real promise for closer ties in due time. Rather, my intent was to demand compliance with a basic procedural requirement of the U.S. Constitution. As I explained then, there is between an executive agreement and a treaty no inherent difference in content, formality, validity under international law, or degree of commitment. There is, however, an important question, within our own domestic constitutional framework, as to the purpose for which each form of agreement is appropriate. My argument, drawing from an impressive body of constitutional scholarship, was that, at a minimum, all significant international agreements contracted by the United States should be shaped as treaties and thereby made contingent upon the explicit concurrence of a two-thirds majority in the Senate. However obvious this conclusion may seem, I hasten to add, it is a prescription which has not been followed. Over many years—due primarily, I regret to say, to Senate neglect—the executive branch has been allowed to become habituated to the use of executive agreements even in matters of the utmost consequence.

To be sure, a precise determination of which agreements are significant enough to require the treaty form is, as I acknowledged in my earlier speech, a matter necessarily left open to judgment, or perhaps defined by legislation. But, as I then asserted, there can be little reasonable doubt about the considerable significance of an agreement under which thousands of American military personnel are stationed in a critical location abroad with a precisely defined array of strategic and conventional missions. Most certainly, I pointed out, such an agreement outweighs in significance the dozens of treaties the United States negotiates each year to govern such questions as extradition, fishing rights, and international taxation.

Implied in the New York Times' criticism is the notion that the treaty form in itself entails an expanded American commitment to Spain or to the regime of Juan Carlos. Were this true, I might well have opposed the treaty, for I believe that during this hopeful but uncertain time of Spanish transition, the policy of the United States ought to be one of encouragement and watchful waiting. It must be emphasized, therefore, that the treaty, simply by being a treaty, does not constitute an expanded commitment.

The commitment contained in an agreement is to be found in the content, not in the form; and in content, this agreement is essentially similar to the executive agreements through which the United States has, for nearly a quarter century, provided Spain with specified levels of assistance in exchange for basing privileges. Just as no commitment to Spain's defense was stated or implied in the executive agreements, none is now stated or implied in the proposed treaty. Indeed, the absence of a defense commitment is explicitly reiterated in the consent resolution which the Foreign Relations Committee has reported to the full Senate. What is new is that, to extend these longstanding U.S. basing arrangements in Spain, a bilateral instrument has been employed which, for the first time, satisfies the requirements of proper American constitutional procedure. It is, in my view, simply a sad irony of circumstance that the long overdue decision to proceed in adherence to the U.S. Constitution has been interpreted critically by many of our own citizens as an ill-conceived plan to confer added legitimacy upon the new Government of Spain.

PROCEDURE AND CONDITIONS FOR IMPLEMENTATION

The third general issue presented by this treaty, Mr. President, was the apparent incongruity of the treaty's 5-year approach with the year-by-year approach by which Congress traditionally authorizes and appropriates foreign aid. This problem was met by including in the resolution of advice and consent a statement that funds would be made available through the normal procedures of the Congress, including the process of prior authorization and annual appropriations. In the committee's view, separate authorizing legislation should be enacted in the traditional fashion.

By its own terms, the treaty requires that the specified levels of assistance be provided to Spain in full compliance with all foreign assistance statutes and related legislation, including conditions of eligibility. Thus, should such circumstances arise as to render Spain ineligible for foreign assistance, the United States would by its own law, including the treaty, be unable to continue the assistance which the treaty envisions. Relatedly, it should be noted also that international law could provide justification for abrogation of the treaty should the circumstances which gave rise to the treaty change considerably after ratification. Of course, to arrive at either justification for failing to provide the specified assistance—that Spain had become ineligible or that a fundamental change had occurred in the treaty's premises—would require a judgment. But it is the very value of the committee's decision to retain the annual review process intact that it will preserve for Congress the power to render that judgment, if necessary.

Thus, Mr. President, I believe that the committee arrived at a satisfactory reconciliation, both conceptual and procedural, of the 5-year treaty commitment and the annual authorization-appropriation process. Upon ratification, the treaty will constitute an unambiguous commitment by the United States to comply with the treaty's terms, which means that each year Congress will have to proceed on a presumption of approval for those amounts the treaty specifies. But in so proceeding, Congress will also be in a position to make the definitive interpretation as to whether the treaty's explicit and implicit conditions are being met, and to take appropriate action if they are not.

CONCLUSION

As I suggested earlier, Mr. President, this treaty can reasonably be criticized on grounds that technological advance has so reduced the value of the Spanish bases that the cost of continuing their use is no longer justified. Criticism at this level, however, should be distinguished from criticism at the political level. For my own part, viewing the bases as marginal in military value and in cost, I judged the political considerations, at least at this juncture, to be paramount.

Exactly what the political considerations recommend is, of course, a complex question. But one thing has seemed clear: that the Senate's decision on this treaty could not be made in a historical vacuum. It was long ago that the United States accepted, for reasons of expediency, the moral and political compromises necessary to use the Spanish bases while Franco's Fascist regime held sway. Understandably and, indeed, properly that decision has for years been a source of serious dismay to Americans concerned to see that the United States does not aline itself with tyrants in the name of defending freedom. But given that decision and the historical background it has produced, one could not avoid the irony were the United States now to withdraw from Spain, or threaten to withdraw, at the very time when Franco's demise has opened real possibilities for progressive change. If it is true that we erred in the past by concerning ourselves too little with the suppression of Spanish liberty, it is equally true that we cannot compensate now in a single stroke by demanding democratic revolution in Spain overnight.

The process of change in Spain has unquestionably begun, Mr. President, its motive force a powerful aspiration among the Spanish people to join the Western European community of free nations. At best, however, their progress will come in measured steps. And with the current agreement between the two governments expiring in 3 months, we must accept the practical truth that any attempt to use the new agreement as a means of coercing accelerated change would, more likely than succeeding, escalate into a test of wills producing a great deal of heat and very little light, indeed.

On the other hand, if by approving this agreement, we choose to continue as Spain's tentative but cooperative partner, I believe that the United States will have the opportunity to serve as an energetic and enthusiastic advocate of Spanish democracy; and that our influence, though limited, can be positive in effect. If we joined with Spain too soon, let us at least now, when the time is ripe, make the most of it.

I have been gratified, Mr. President, to learn that through Spain considerable attention is being accorded the declaration which has been joined to the treaty consent resolution now before the Senate. Though couched in diplomatic language, this declaration will leave little doubt that the United States views Spain conditionally, as a nation in transition which can gain full acceptance in the Atlantic community only by constructing free, democratic institutions. Upon ratification the treaty will neither commit the United States to the defense of Spain nor stand as an American blessing of the Spanish status quo.

Rather, the treaty will do no more than embody the situation as it now exists. It will represent the continuation of a limited Spanish-American relationship which, since its inception in the 1950's, has been fraught with ambiguity, but which could, if Spain's new monarch can seize the opportunities now before him, grow into the full bond of friendship and alliance that strong hearts in both nations have long desired.

EXHIBIT 1

[From the CONGRESSIONAL RECORD, Nov. 3, 1975]

SENATE RESOLUTION 292—SUBMISSION OF A RESOLUTION CONCERNING AGREEMENTS WITH SPAIN

(Referred to the Committee on Foreign Relations.)

Mr. CLARK. Mr. President, during the Senate's recent consideration of the Sinai agreements, one of the fundamental questions at issue was whether several of those agreements should not have been formulated as treaties, and approved as such by the Senate. I regret to say that many of us who raised this issue were interpreted by some observers as having done so only as a tactical device for opposing the agreements. This was far from the truth—in my own case and, I know, in others. Although I do maintain certain reservations about the content of the Middle East agreements negotiated by Secretary of State Kissinger, I nevertheless supported their approval by the Senate. Indeed, I recognized the possibility that a Senator could personally disapprove of the agreements, in the belief that they do not represent a sound approach to a lasting settlement, while still with consistency voting to approve them, in the belief that Senate rejection would have the worst possible effects on the prospect for peace.

But in favoring Senate approval of the Sinai agreements, Mr. President, I was at the same time deeply concerned about the constitutional aspects of the process. Important questions of procedure as well as policy were at issue, and, in my view, these questions could not be passed over lightly notwithstanding the sense of urgency surrounding the need for progress toward a settlement in the Middle East. What emerged from the debate on the Sinai agreements was a basic difference of interpretation concerning the constitutional role of the Senate in the contracting of major international commitments—a difference which has been expounded in lengthy memoranda prepared by the Senate's Legislative Counsel and the State Department's legal adviser. Both views begin with a recognition of the Constitution's provision that the President "shall have power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur."

But from that simple provision, which is the Constitution's only declaration on this question, the two sides proceed to wholly opposite conclusions. While the argumentation presented by both sides is extensive, the two views may be briefly, and I think fairly, summarized.

In the State Department's view, because the Constitution "provides no guidance" on the question of what should be a treaty and what should be an executive agreement, the President "has the discretion to choose whether to conclude any particular agreement as a treaty or as an executive agreement." "U.S. law," according to the State Department interpretation, "permits the President to choose the form of international agreement he prefers. A treaty on a particular subject with one nation may best be done as an executive agreement with another nation; an executive agreement with a nation this year may better be entered into as a treaty relationship next year."

In the view of the Senate Legislative Counsel, however—and it is my own view as well—such an interpretation renders the constitutional provision essentially meaningless. For to allow unlimited Presidential discretion to conclude any international agreement as an executive agreement is to leave empty the Constitution's requirement that the Senate grant approval for treaties, unless the Constitution is interpreted, rather nonsensically, to intend that the Senate consider agreements only when the President at his pleasure chooses to submit them. I think it is unreasonable to suppose that the intent of the framers was to place into the Constitution a nonsensical provision, particularly in this important area. If the provision is to have meaning, it is that some international agreements must be regarded, constitutionally, as treaties. What the framers in their wisdom were surely seeking was not a procedure whereby the President could acquire Senate affirmation of international agreements only when he thought the Senate's approval would be convenient or expedient, but rather a procedure by which the Senate could check the President and balance his authority by being regularly involved in the creation of agreements between the United States and other nations.

But while I submit that the Constitution is clear in requiring Senate participation in the contracting of at least some international agreements, I do at the same time acknowledge that the Constitution is not at all explicit as to what agreements fall within the compass of that requirement. We who must live by the Constitution are thus left with the duty to interpret as best we can the intent of the framers—in the spirit of Thomas Jefferson who, upon becoming President, pledged himself to administer the Constitution "according to the safe and honest meaning contemplated by the plain understanding of the people at the time of its adoption—a meaning to be found in the explanations of those who advocated . . . it." On another occasion, I might add, James Madison emphasized the importance of so adhering "to the sense in which the Constitution was adopted and ratified by the Nation," because, as he said, "if that be not the guide in expounding it, there can be no security for a consistent and stable Government. . . ."

Reviewing the literature in which the framers of the Constitution expounded their views makes amply clear that the Senate was intended, through constitutional procedure, to be a regular and active participant in the conduct of the Nation's international affairs. Even so ardent an advocate of Executive power as Alexander Hamilton, in explaining that the Constitution gave the Government broad power to "make treaties of alliance, treaties of commerce, treaties of peace, and every other species of convention usual among nations," explained further that "it was emphatically for this reason that (this power) was so carefully guarded; the cooperation of two-thirds of the Senate, with the President, being required to make any treaty whatever." Others—and the literature is extensive—voiced a similar view; and there is nowhere on record an indication that the framers contemplated that the President should undertake significant agreements without the Senate's formal participation.

Obviously the framers could not have anticipated the complexity of today's world; nor, more specifically, could they have anticipated the vast number of agreements—many technical in nature and not of major consequence—which modern diplomacy would entail. But most certainly, if so informed about the future, they would not have indicated it to be their intention that the constitutional requirement should apply to the less significant agreements, leaving the President free to undertake the more important agreements at his own discretion. On the contrary, a fair reading of the framers' own words surely indicates the expectation and intent that the constitutional requirement apply—at a minimum—to agreements of significant consequence.

Ironically, Mr. President, for all of the recent efforts of the Congress to reassert its role in foreign policy—efforts usually justified by references to the Constitution and the intent of the framers—the area in which Congress has perhaps been least successful is the one area in which the Constitution is specific: the requirement for Senate consent in the creation of international agreements. Indeed, we find ourselves today with procedures which have inverted what the framers of the Constitution might reasonable have expected. Agreements involving minor, noncontroversial matters are routinely submitted to the Senate as treaties, while agreements of far greater consequence are entered into as executive agreements—and submitted to the Congress by ad hoc Executive decision only when such legislative participation is seen as politically expedient or necessary.

The month of October of this year provides several cases in point. Among the agreements submitted for Senate advice and consent were a protocol to perpetuate the International Coffee Organization, a convention on regulations to prevent collisions at sea, and an agreement with Brazil concerning shrimp. I do not wish to devalue the importance of any of these agreements, nor do I wish to take issue with the propriety of their submission as treaties. All pertain to matters of some significance, and all should have been submitted as treaties, just as they were. But I think it is fair to say that these agreements do not begin to compare in importance with another agreement which the administration was also in the process of negotiating in October, but which it apparently does not intend to submit as a treaty for Senate approval. I refer, Mr. President, to current negotiations to renew the bilateral Spanish-American agreement concerning U.S. air and naval bases in Spain, U.S. military and economic aid to Spain, and U.S. cooperation with Spain in a whole range of activities from science and technology to cultural exchange. This agreement was concluded as an executive agreement in 1970, despite strong expressions by members of the Senate Foreign Relations Committee that it should be submitted for consideration as a treaty. The agreement expired in September of this year, and is now operating in a grace period which the agreement provides for negotiations toward renewal. On October 23, the Foreign Relations Committee was briefed in executive session on the status of these negotiations; and from the indications at that briefing, I think it was reasonable to infer that, if given latitude in the matter, the administration once again is unlikely to submit any agreement for Senate approval as a treaty.

Mr. President, my colleagues will remember that in recent years the Senate has on several occasions addressed the question of the proper responsibilities of this body in the creation of such significant international agreements relating to U.S. military bases. I regret to say that little has been accomplished, despite admirable efforts by a number of my colleagues, most particularly the distinguished senior Senator from New Jersey (Mr. CASE).

In the 92d Congress, the Senate by a wide margin passed a resolution sponsored by Senator Case and other members of the Foreign Relations Committee, stating the sense of the Senate that U.S, agreements with Portugal and Bahrein concerning American military bases should be submitted as treaties. When the administration failed to comply, the Senate responded by approving another provision sponsored by Senator Case denying the use of funds to implement those agreements until they had been submitted to the Senate as treaties. My colleagues may remember that that provision, an amendment to the Foreign Assistance Act of 1972, assumed such importance as to become the principal reason that the bill was never enacted, leaving foreign aid to be funded from a continuing resolution for the entire year.

Again in the 93d Congress, the issue was raised by Senator Case by means of amendments to annual State Department authorization bills. In 1973 the Senate passed two Case amendments to the State Department bill: One which denied funds for implementation of the Azores agreement until it had been submitted to the Senate as a treaty, and a second which denied funds for the implementation of any significant military base agreement unless first approved as a treaty. Unfortunately, after two conferences with the House, neither provision was enacted. In 1974, the Senate again passed two provisions sponsored by Senator Case: One dealing specifically with the base on Diego Garcia, and a second relating broadly to all military base agreements. Again, unfortunately, both provisions were lost before enactment.

Mr. President, I believe that this effort must be continued, and pursued to a successful conclusion. Expediency and ill-founded custom cannot be allowed to stand against the requirements of the Constitution. I therefore wish to submit at this time a Senate resolution specifically calling on the administration, at such time as an agreement with Spain has been concluded, to submit that agreement to the Senate for consideration as a treaty. I ask unanimous consent that the text of the resolution be printed in the Record.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

S. Res. 292

Whereas the Constitution states that the President of the United States must have the advice and consent of the Senate in order to make treaties; and

Whereas a comprehensive agreement with Spain providing, among other things, for the stationing of American military forces in that country is clearly a matter of sufficient importance to necessitate its submission to the Senate as a treaty: Now, therefore, be it

Resolved, That any agreement with Spain providing, among other things, for the stationing of American military forces in that country should be submitted as a treaty to the Senate for advice and consent.

Mr. Clark. I emphasize, Mr. President, that my purpose in submitting this resolution is not to raise an obstacle against the conclusion of a reasonable agreement with Spain, but rather to continue the effort to rectify this Nation's procedures with respect to international agreements. I do, of course, recognize that any agreement with the Franco government or its immediate successor may be controversial. But such controversy would exist whether the agreement were concluded by the executive branch alone, or submitted for approval by resolution of both Houses, or submitted—as I believe it should be—to the Senate for approval as a treaty. My purpose, I reiterate, is constitutional. Because the Constitution is not explicitly worded, we have allowed practices to gain acceptance which are in obvious conflict with any reasonable interpretation of the intent of the framers. My purpose is to take a step toward removing this disparity and toward bringing our practices into line with constitutional intent.

Having introduced this resolution, Mr. President, I would like to address three arguments which may well be raised against it.

First, the argument that some form of congressional approval will suffice.

The first argument is that this resolution is largely unnecessary because the administration has already indicated that it intends to submit the agreement, in some form of the administration's choosing, for approval by the Congress. I am aware of such indications, Mr. President. Indeed, Ambassador McCloskey, the State Department's representative on this matter, stated to the committee that the State Department was now considering the form which such congressional participation should take.

Apparently, having recognized that Congress is concerned about American relations with Spain and that congressional participation is necessary in the implementation of any agreement involving economic and military aid, the administration has made the expedient decision to involve Congress in some way in the approval of the agreement. In my view, Mr. President, this approach is wholly unsatisfactory. My reference point is not the delicacy of U.S. relations with the Spanish Government, nor the State Department's tactics for securing congressional approval of its actions. My reference point is the Constitution. Plainly and simply, the nature of the agreement now being negotiated with Spain, whether that nation has a controversial government or not, is clearly such as to fall within the compass of those agreements which the Constitution requires be approved as treaties by a two-thirds vote of the Senate. While submission in some other form might satisfy the desire of many individuals in this body and in the House of Representatives to participate in the making of American foreign policy—a reasonable desire—it would not satisfy the Constitutional requirement. I therefore reiterate my view—which, I willingly add, is shared by most constitutional scholars—that the Constitution clearly mandates that such significant international agreements be approved as treaties by the Senate.

Second, the argument from past practice.

A second argument which may be voiced against this resolution, Mr. President, is that such a requirement has not been imposed in the past—either generally, in the case of a large number of agreements of comparable importance, or specifically, in the case of previous similar agreements with Spain. My reference, Mr. President, is again to the Constitution, which I submit is not subject to de facto amendment simply because its provisions, once or over a period of time, have not been scrupulously followed. In this connection, I would cite the analysis of former Senator Sam Ervin, a redoubtable constitutional scholar who found that, in matters relating to the Constitution, reliance on past usage is a "wholly unacceptable" guide. Senator Ervin wrote as follows:

"The legal basis for the use of executive agreements is unclear at best, and most frequently has been grounded on the argument of usage—a legal justification that is not entirely satisfactory. As I have often noted in various other contexts, murder and rape have been with us since the dawn of human history, but that fact does not make rape legal or murder meritorious. In effect, reliance on usage in this instance grounds concepts of constitutionality on acquiescence rather than on the written document, and is, to my mind, wholly unacceptable. It always has been my view that the Constitution means what it says. Moreover, I am not impressed with the recitation of so-called precedents to support de facto constitutional amendments. Even 200 years cannot make constitutional what the Constitution declares is unconstitutional."

One may add to this, Mr. President, the eloquent words of George Washington, who issued this warning in connection with the "reciprocal checks" established by the Constitution:

"To preserve them must be as necessary as to institute them. If in the opinion of the People, the distribution or modification of the Constitutional powers be in any particular wrong, let it be corrected by an amendment in the way which the Constitution designates. But let there be no change by usurpation; for though this, in one instance, may be the instrument of good, it is the customary weapon by which free governments are destroyed. The precedent must always greatly overbalance in permanent evil any partial or transient benefit which the use can at any time yield."

Third, the metaphysical argument.

A third argument which may be voiced against a requirement that the treaty form be employed in the agreement with Spain, Mr. President, is that a treaty will entail or imply a formal American commitment to Spain's defense, or that it will somehow "lend dignity" to the agreement, thereby implying approval of the Spanish Government. This might be described as the metaphysical argument—the idea being that somehow a treaty carries with it a great deal of sometimes unwanted metaphysical baggage such as "commitment" and "dignity." This argument was in fact mentioned during the State Department's recent briefing of the Foreign Relations Committee. In all frankness, Mr. President, I find this argument ill-conceived, if not a little disingenuous.

Any agreement, whether it be executive agreement or treaty, formally commits the American Government to adhere to the terms which the agreement contains. Indeed, the two forms have equal standing in international law, both of them being solemn contractual pledges by this Nation. The difference between them inheres neither in formality nor in the degree of commitment once the contract is made, but solely in the domestic procedures by which we as a nation, in keeping with our Constitution, decide to enter into contract.

I do recognize that casual usage of the word "treaty" may have contributed to a mistaken impression that treaties inherently relate to matters of war and peace, and that to employ the treaty form is therefore to undertake a defense commitment. But such a misunderstanding, if it exists, is easily corrected. Each year the United States enters into hundreds of treaties on matters far removed from questions of national defense. Quite obviously, for example, our treaty agreement with Brazil on shrimp does not entail a commitment to Brazil's defense. Equally, a treaty with Spain covering base rights, aid, and cooperation does not inherently involve a commitment to Spain's defense.

To be sure, the presence of bases, under any kind of agreement, raises certain important questions about responsibilities in the event of domestic strife or international hostilities. But that is exactly why the Senate should be involved, playing its constitutional role. Precisely because there are important implications, the commitment, military or otherwise, which is or is not involved should be carefully weighed and then clearly and publicly delineated—for the information of the American people and the world. Otherwise, we as a nation shall be subject to such casual enunciations of commitment as that supplied several years ago by General Wheeler who, as Chairman of the Joint Chiefs of Staff, wrote to the Spanish authorities to say that the presence of American bases in Spain constituted more of a military commitment than any document could ever provide. As this example indicates, the risk of misunderstanding may easily be greater if the Senate does not play its constitutional role—because in the process of Senate consideration and approval, areas of possible doubt may be made clear. In short, while I would never accept the argument that we should ignore our constitutional processes for fear that foreign observers might misunderstand our intentions, I submit that even that alleged risk is a false issue. As to the notion that we may confer dignity on others by use of the treaty form, I suggest that we attend first to the dignity of our Constitution.

In conclusion, Mr. President, I refer to a proposition which appears in the State Department's memorandum contending that the President has full latitude to enter into agreements in any form he chooses, thus deciding whether or not the Senate will be involved. In the course of so arguing, the memorandum states that "an executive agreement with a nation this year may better be entered into as a treaty relationship next year." In one limited sense, I concur with that statement, Mr. President. I agree that the accord with Spain, which was entered into as an executive agreement in 1970, may better be entered into as a treaty in 1975—not, however, because of Presidential flat but because the time has now come, after years of neglect, for the Senate to reassert its constitutional role in the contracting of international agreements.

Mr. SPARKMAN. I thank the distinguished Senator who has given us a very fine discussion and who was most helpful throughout the consideration of this treaty in the committee.

Mr. President, I suggest the absence of a quorum and I ask unanimous consent that it be charged equally to both sides.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, are we in executive session?

The PRESIDING OFFICER. The Senate is in executive session.

OPERATION SAIL—NEW YORK HARBOR

Mr. MANSFIELD. Mr. President, as in legislative session, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 912, Senate Joint Resolution 201.

The PRESIDING OFFICER. Without objection, it is so ordered.

The joint resolution (S.J. Res. 201) to authorize and direct the Secretary of the Army, acting through the Chief of Engineers, to undertake dredging operations for Operation Sail was considered, ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

The joint resolution, with its preamble, reads as follows:

Whereas the Congress finds that—

(a) Operation Sail is a major Bicentennial activity and an international undertaking involving almost every four-masted sailing ship in the world plus many smaller vessels and a display and review of United States and foreign naval vessels. The President of the United States and the Queen of England are scheduled to participate in this activity;

(b) on or about July 3, 1976, approximately two hundred unique sailing ships representing many nations of the world are scheduled to arrive in New York Harbor and surrounding waters to commemorate the United States Bicentennial;

(c) the sailing ships will be berthed in basins and marinas throughout the New York/New England area for public display and visits. Four of the most significant sailing vessels are scheduled for berthing in the South Street Museum area of downtown New York City which is the focal point of this major Bicentennial event;

(d) some docking areas for the ships participating in Operation Sail are of inadequate depth;

(e) the United States Army Corps of Engineers currently maintains New York Harbor and surrounding waters for navigation purposes and has the capability of providing adequate docking depths for the ships of Operation Sail; and

(f) the United States Army Corps of Engineers has extensive knowledge of the technical and environmental aspects of dredging in the New York area and can apply this expertise to the dredging required in the areas proposed for the docking of the ships of Operation Sail: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Army, acting through the Chief of Engineers, is hereby authorized and directed to dredge New York Harbor in the vicinity of the South Street Seaport Museum, Manhattan, New York, to an authorized depth of eighteen feet for the purpose of providing adequate docking depth for ships of Operation Sail.

The Secretary of the Army, acting through the Chief of Engineers, is authorized to use any funds presently available to him for operation and maintenance of navigation in New York Harbor and surrounding waters to carry out the work authorized by this resolution presently estimated to cost $100,000.

ORDER FOR RECOGNITION OF MR. WILLIAM L. SCOTT TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that on tomorrow, after the joint leaders have been recognized, the Senator from Virginia (Mr. WILLIAM L. SCOTT) be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE TREATY OF FRIENDSHIP AND COOPERATION WITH SPAIN: EXECUTIVE E, 94TH CONGRESS, 2D SESSION

The Senate, as in Committee of the Whole, continued with the consideration of Executive E, 94th Congress, 2d session, the Treaty of Friendship and Cooperation Between the United States and Spain.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order of the quorum call be rescinded.

The PRESIDING OFFICER (Mr. CULVER). Without objection, it is so ordered.

Mr. PELL. Mr. President, this past February I made the first factfinding trip to Spain by a Member of Congress since the death of Franco the previous November. I went to Spain very skeptical about the advisability of entering into a treaty relationship with that country because I was not convinced that the new regime was substantially different from its predecessor.

After talking with opposition party leaders, the Premier, and to King Juan Carlos, however, I became convinced that sincere efforts were being made to lead Spain into a more liberal and democratic future. I also concluded that the proposed Treaty of Friendship and Cooperation Between Spain and the United States could play a constructive and important role in encouraging continued progress on the road to liberalization.

In the report which I submitted to the Foreign Relations Committee I summed up my findings as follows:

> While I find much that is disquieting about the constitutional reform currently being contemplated, it is nevertheless a remarkable beginning after more than a third of a century of dictatorship. With patience and persistent pressure, the United States and its allies in Western Europe should be able to bring about further liberalization in Spain. I am convinced that if the United States by rejecting the treaty condemns as unacceptable the still modest, but promising, beginning which Spain is making to become a modern, democratic society the effect will be not to aid democracy, in that country, but to set it back by many years.

I still believe that that is a valid view.

While I intend to vote for the resolution of advice and consent to ratification and urge my colleagues to do likewise, I would like to offer some friendly advice to the Government of Spain.

First of all, I would like to emphasize the importance which I—and I believe all of my colleagues in the Senate—attach to the language in the advice and consent resolution stating that the Senate "hopes and intends that this Treaty will serve to support and foster Spain's progress toward free institutions. * * *" I have been encouraged by the recent steps taken by the Government looking forward to elections and a more representative legislature. On the other hand, I have been very distressed by the many press reports which have appeared lately concerning the torture of political prisoners in Spain. I strongly urge the Spanish authorities to investigate thoroughly such charges and to punish those who have been responsible for committing such violations of the fundamental human right to humane treatment.

Second, I wish to urge the Spanish authorities to take a very hard look at their position on the Treaty on the Non-Proliferation of Nuclear Weapons. Paragraph (3) of the resolution on advice and consent to ratification came about as a result of an amendment which I offered to the original resolution in the Foreign Relations Committee. That paragraph states that:

> The United States, recognizing that this Treaty provides a framework for continued nuclear cooperation for peaceful purposes with Spain, looks forward to a continued relationship in this field commensurate with steps taken by Spain toward becoming a party to the Treaty on the Non-Proliferation of Nuclear Weapons or placing all of its nuclear facilities under safeguards administered by the International Atomic Energy Agency;

Early action by the Government of Spain to adhere to the NPT or to put all of its nuclear facilities—not just those supplied by the United States—under IAEA safeguards would enhance Spain's prospects for receiving important benefits under article XIV of the supplementary agreement on scientific and technological cooperation dealing with nuclear cooperation for peaceful purposes.

Finally, it is my hope that Spanish Government will, as part of this developing friendship and cooperation, agree to a long-term extension of the Radio Liberty transmitter lease in Spain.

The lease agreement, which had been in existence for 19 years and expired a few months ago, has been mutually beneficial. From the viewpoint of the United States, the transmitter site is propagationally ideal for these important Radio Liberty broadcasts to the Soviet Union. From Spain's viewpoint, the lease arrangements confer not only economic benefits but a significant political advantage—in that Spain identifies itself more closely with the Western democracies who, as the North Atlantic Assembly has continuously emphasized, support the mission of Radio Liberty and Radio Free Europe.

It would be most difficult for the United States if Spain were not to renew the lease agreement, because this would force a relocation of the transmitter elsewhere at great cost. On the other hand, the continuation of Radio Liberty in Spain would be conducive to deepening our bilateral relations, in the spirit of the treaty which we are asked to approve.

I yield the floor.

Mr. HUMPHREY. Mr. President, I rise to join in support of this treaty. First of all, I wish to make note of the fact that it is a treaty and not an executive agreement, which is a policy that has been urged upon the administration by the Committee on Foreign Relations.

We felt on many an occasion that too many important commitments were being made on the basis of executive agreements, thereby bypassing the constitutional procedures for advice and consent from the Senate.

In this instance, we do have a treaty that has been carefully negotiated and which I believe fulfills the objectives, or can fulfill the objectives, to which it is directed.

I should like to make just one or two supplementary remarks to those already given by the distinguished chairman of the committee (Mr. SPARKMAN) and by my colleague (Mr. PELL), who was so instrumental in, I believe, strengthening the provisions relating to the ratification of the treaty, and also to the splendid work and leadership on the part of Senator CLARK.

There are one or two observations that are pertinent.

First of all, the treaty affords the United States access to three airbases and one naval base.

This treaty runs for a period relating to these bases of 5 years. The point has been made that the sum of money involved was rather large, in fact, very large, $1,200,000,000. But I think it should be noted that the $1,200,000,000 is not for rental of the bases but rather for military aid and credits and economic aid.

The bases, we can honestly say, may not be vital to American national security, even though I consider it important and, therefore, we should take a good hard look at what we are paying for these bases.

When we do that, it becomes clear that most of the money, more than $1 billion, is in loans, Export-Import Bank loans, and foreign military sales credits, which are for the purchase of U.S. products and require no subsidy whatsoever by U.S. taxpayers, and are loans on a short-term basis that are fully repayable with interest.

So, from this point of view, there is a billion-dollar economic transaction which will be very worthwhile for the American economy.

Thus, the real cost of the bases is reduced over a 5-year period to about $120 million, or $24 million per year, plus one $50 million expenditure for a joint aircraft control and warning network from which the United States will directly benefit.

So on the basis of costs, this treaty surely can be justified.

Furthermore, it does promote the normalization of relationship between the United States and Spain, it does promote the enhancement of commerce and trade, and it does, I believe, strengthen our overall security arrangements for Western Europe, the Mediterranean and the Atlantic.

The Senator from Rhode Island has made note of the importance of the Radio Liberty transmitter station in Spain. This matter was brought to the attention of the Spanish authorities. Indeed, it was even brought to the attention of the King of Spain when he was here on an official state visit.

We believe that Radio Liberty transmitter site in Spain is of importance for our overall future policy. It is also of importance to the Spanish Government and the Spanish people. It does more closely identify Spain with the Western democracies and I believe it can serve a very useful purpose.

I suggest that the Spanish Government see fit to renew the contract, or the lease, for the Radio Liberty transmitter so that there may be no interruption of the services of this important arm of information beamed into Eastern Europe and into the Soviet Union.

The important part of this treaty, other than the mutual defense aspects, are the five paragraphs which constitute the declaration made as a part of the resolution of ratification.

I know that the distinguished chairman (Mr. SPARKMAN) has referred to these paragraphs, as has, indeed, the Senator from Rhode Island, and others, but it is in these paragraphs that the Congress of the United States expresses its interest in and its support for Spain's progress toward free intitutions and toward Spain's participation in the institutions of Western European political and economic cooperation.

The Spanish Government now is making progress toward the achievement and the establishment of democratic institutions. Only recently, the Government for the first time since 1938 has authorized the establishment of political parties. The Government now looks with favor upon the free trade union movement. The Government of Spain looks upon the Communist Party as a threat to its stability.

I think it is fair to say that the Government of Spain as it progresses toward a more liberal and progressive philosophy of government will have to be on guard against the forces of totalitarianism both on the right from its Fascist groups, and from the extreme movement on the left, not only the Communist Party, but of even more radical influences than the Communist Party.

On balance, this is a good treaty. It does something that I believe is in the interests of the United States.

Mr. President, I have said that I believe this treaty is in the interests of the United States as well as in the interests of the people of Spain.

The United States can be of great help if it is careful and prudent in its efforts to improve the conditions for democratic institutions and the enhancement of democracy in Spain.

The United States can assist, be of help, by urging Spain and helping her wherever possible to have closer relations with the European Economic Community and, hopefully, the North Atlantic Treaty Organization.

These are long-range goals, both of which may take some time, particularly the Spanish involvement in or participation in the European Economic Community.

Spain occupies a very strategic geographical point in world politics and in the national security interests of Western Europe and the United States.

It is Spain which is just across the waters from north Africa. It is Spain that holds a pivotal position in the entrance to the Mediterranean, and it is in the Mediterranean, of course, that the

6th Fleet of the U.S. Navy is stationed for purposes of mutual security.

Mr. President, I support this treaty. I commend those who have negotiated it.

It is my hope that the Government of Spain will move forward on its carefully chartered course of liberalization of political institutions.

The King of Spain paid us a visit. We were honored by that visit. I think we found in him a strong man, dedicated to the advancement of progressive forces in Spain.

Mr. President, I ask unanimous consent that the five paragraphs known as the committee declaration relating to the resolution of ratification be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

(1) the United States, recognizing the aspiration of Spain to achieve full participation in the political and economic institutions of Western Europe, and recognizing further that the development of free institutions in Spain is a necessary aspect of Spain's full integration into European life, hopes and intends that this Treaty will serve to support and foster Spain's progress toward free institutions and toward Spain's participation in the institutions of Western Europe political and economic cooperation;

(2) the United States, while recognizing that this Treaty does not expand the existing United States defense commitment in the North Atlantic Treaty area or create a mutual defense commitment between the United States and Spain, looks forward to the development of such an expanded relationship between Western Europe and a democratic Spain as would be conducive to Spain's full cooperation with the North Atlantic Treaty Organization, its activities and mutual defense obligations;

(3) the United States, recognizing that this Treaty provides a framework for continued nuclear cooperation for peaceful purposes with Spain, looks forward to a continued relationship in this field commensurate with steps taken by Spain toward becoming a party to the Treaty on the Non-Proliferation of Nuclear Weapons or placing all of its nuclear facilities under safeguards administered by the International Atomic Energy Agency;

(4) Senate advice and consent to ratification shall be understood to apply only to the initial five-year period of the Treaty, so that any United States agreement to an extension of the Treaty shall require the further advice and consent of the Senate; and

(5) the sums referred to in the Supplementary Agreement on Cooperation Regarding Material or the Armed Forces and Notes of January 24, 1976, appended to the Treaty shall be made available for obligation through the normal procedures of the Congress, including the process of prior authorization and annual appropriations, and shall be provided to Spain in accordance with the provisions of foreign assistance and related legislation.

ADDITIONAL STATEMENTS SUBMITTED

Mr. RIBICOFF. I urge the approval of the Treaty with Spain. It will strengthen the friendship between our two countries, and help to maintain peace and stability in Western Europe.

I would, however, call to the attention of my colleagues the matter of the lease of Radio Liberty in Spain. This lease which has been in existence for almost 20 years has now expired. Negotiations for a long-term renewal have not yet been successful. I hope that this is not a disturbing sign.

Radio Liberty broadcasts news, information, and cultural matters to the Soviet Union. This material is not usually carried by other Western broadcasters. I refer, for instance, to the literature of famous Russian writers whose works are not published in the Soviet Union.

Radio Liberty needs a good transmitter base in order to reach the people of the Soviet Union. The present site on the Iberian Peninsula is technically superior to almost any other location.

I trust that Spain will agree to a long-term extension of the lease agreement. This will constitute an additional sign of the firmness of our bilateral relations.

Mr. TAFT. Mr. President, I intend to vote for the treaty with Spain. I believe that Spain and the United States have vital security interests in common, which will be served by this treaty. I think it is in the interest of the United States to encourage the moderate, prodemocratic government of King Juan Carlos.

However, I would like to note that I am voting for this treaty with the understanding that Spain will agree to a long-term renewal of the Radio Liberty lease on transmitter facilities in Spain. Radio Liberty is one of our most important efforts to bring to the people of the Soviet Union accurate and undistorted information about the West. For 19 years the Radio Liberty transmission facilities in Spain have supplied four-fifths of the power for these important broadcasts. The site is ideal, in terms of broadcasting to the U.S.S.R.; the lease arrangements have worked well and have brought Spain economic benefits; relocation to another site that would be technically feasible would take at least 3 years and cost more than $20 million.

The same common security interests which are served by this treaty with Spain are also served by the Spanish facilities of Radio Liberty. It would, in my view, be highly inconsistent for Spain to enter into this treaty relationship with the United States, and seek possible membership in NATO, and at the same time not renew the lease of the Radio Liberty transmission facilities. I hope sincerely that the Spanish Government will act to renew the lease for Radio Liberty.

Mr. BROCK. Mr. President, before we vote on this treaty, I should like to express my concern regarding the future of the Radio Liberty transmitter lease in Spain. This lease expired a few weeks ago and I can only hope that the Spanish Government will renew it on a long-term basis since these transmitter facilities are vital to Radio Liberty's broadcasts to the Soviet Union. Radio Liberty has had this base in Spain since 1957. The Iberian Peninsula is propagationally ideal for broadcasting to the U.S.S.R. The broadcasts, which are fully consonant with the Helsinki Declaration inasmuch as they further human rights and the free flow of information, bring to the inhabitants of the Soviet Union in Russian and 15 nationalities' uncensored news, information, and cultural material.

If the Spanish Government were not to renew this lease it would cost the American taxpayer a great deal of money to relocate in another country. I am glad to hear that our Government has made it clear to the Spaniards that the continued availability of Radio Liberty facilities constitutes a significant aspect of the broadening relationship between Spain and the United States.

Mr. BAKER. Mr. President, we are today considering the ratification of the Treaty of Cooperation and Friendship with Spain. This treaty is an act of great significance to the United States; first, because it represents a reaffirmation by the United States of its dedication to the establishment of democratic principles and institutions wherever they can be encouraged; and second, it represents a reaffirmation of the process of cooperation between the executive and legislative branches of the Government in fulfilling their respective constitutional mandates in the development of foreign policy.

The treaty comes to us against a backdrop of world affairs that cannot on balance be deemed encouraging. Peace in the Middle East remains an elusive dream; and the continuing tragedy visited upon the Lebanese people has come painfully home with the assassination of Ambassador Meloy and his aide, Mr. Robert O. Waring. Within the NATO Alliance, the problems continue unabated: the instability of Portugal, the conflict between two good allies over Cyprus, and the uncertainty over the political future of Italy. Against this backdrop, therefore, the Treaty of Cooperation and Friendship with Spain, and particularly the hoped-for evolution toward democracy in that country intrinsic to the treaty, becomes an especially bright light and source of encouragement.

In a very real sense, the peaceful evolution of the Spanish Government, for years one of severe oppression, to one of democratic principles and institutions represents a historic experiment similar in many respects to the one we are this year celebrating as our national Bicentennial. We should not be, and I do not believe we are, deluded with respect to the ease by which that experiment might be successfully concluded. From our own experience, we know it to be a difficult task; and the problems facing Spain and King Juan Carlos, cast ironically by Generalissimo Franco into the role of a reformer, are significant. Facing strong pressure from the right to go slowly, and equally strong pressure from the left to change rapidly and with strident nationalist factions compounding the problem, the line between stability and instability which King Carlos must walk is a fine one.

By the provisions of this treaty, we cannot hope to buy a democracy in Spain; but neither can we refuse to encourage the development and assist in the development of the political and economic stability necessary for the deliberate, but continual, evolution toward democracy.

Mr. President, one hopes that the measures of assistance provided for in this treaty will contribute to the development of a strong democratic government in Spain. More important to that development, however, notwithstanding any measure of assistance, is the determination and resolve of the Spanish people and their government to establish and perpetuate a state capable of and dedicated to the creation of political and economic ties with the other great democracies of the Western World. With the rich social and cultural heritage of the Spanish people and their potential for economic strength and importance, we can look forward to the eventual complete integration of Spain within the Western economic structure. We have, by this treaty, provided the framework within which Spain may eventually become a member of NATO and, thereby, be committed to the defense of the Atlantic community of nations. These eventualities are an encouraging prospect and ones that, particularly in these often discouraging times, we should be grateful for.

Earlier, Mr. President, I noted that there were two significant statements made by this process of ratification. I would like to speak to the second only briefly; and that is to say that we should all be encouraged by the manner in which this treaty has come before us. Because it is a treaty with lasting ramifications throughout the Atlantic community, and because it contains provisions of substantial economic assistance and support, it is more than obvious that the Congress should be an integral part in the making of these commitments. I must openly commend the administration for its ready recognition of that fact.

Moreover, I believe that we should commend the Foreign Relations Committee and those Senators who participated in the development of the declaration of ratification for their sensitive treatment of our commitment to the establishment of a democratic Spanish state and its potential as a member of the Western political and economic community. By this declaration, we constructively endorse and encourage the principles of democracy to which we are committed without destructively interfering in the internal processes of the government of another people. They have struck a thoughtful balance between honoring the implicit commitment of the executive and preserving the role of the Congress to shape and direct the commitments of the people of the United States to those of another nation.

So, Mr. President, although our problems are many, perhaps assisted by the ratification of this treaty, we can look forward to a time when we need not count uncertainty in Spain among them.

Mr. EAGLETON. Mr. President, the treaty we consider today is unlike most which come before the Senate. The Treaty of Friendship and Cooperation between the United States and Spain is an important international agreement.

I need not remind my colleagues of the frustrations the Senate has experienced in getting the executive branch to recognize the constitutional power of advice and consent. I am hopeful that our action today will create an important precedent for a new era—an era wherein the Senate of the United States will perform its proper role in both the formulation and approval of our Nation's international commitments.

Consideration of the treaty before us today has not been an easy task. Procedural and policy considerations have provided serious challenges throughout the decision process.

This is the first so-called bases agreement to be submitted to Congress in treaty form. Past practice has had the President committing the Nation by executive agreement to a leasing arrangement for foreign bases. Legal authorization and the appropriation of funds to implement such agreements came to Congress only after the commitment was made, during the annual consideration of foreign assistance legislation.

This procedure, in my view, unconstitutionally excluded the Senate from the initial policy undertaking. Both Houses were involved in the implementation process; however, this was essentially a rubberstamp function which provided no opportunity for the type of consultation the "advice-and-consent" clause contemplated.

When this treaty was sent to the Senate—with the request for approval encompassing the entire multiyear package—other problems arose. Would Congress hands be tied for 5 years after the initial ratification? Would the House be excluded from the authorization process? How, under the Budget Act, would we commit the United States financially for such a period of time? Did the granting of "advice and consent" after May 15 require a waiver under the Budget Act?

One way or another each of these problems was resolved, though not without considerable testing of patience, and not without leaving some rather serious legal and constitutional implications for the future.

First, the executive branch sent us a document which, in the context of the current relationship between the branches, begged for trouble. Approval of the treaty would have committed the Congress to authorize the full 5-year "quid," unlike the executive agreements of the past wherein the "quid" was considered on an annual basis and was always contingent upon congressional approval. Legally, the Senate's approval of this treaty could have constituted the 5-year authorization.

This problem has been resolved by adding a declaration to the advice and consent resolution stating that an annual authorization will be required. I fully support this declaration since, on principle, I do not feel it right to forgo the annual authorization process.

My concern, however, is that the wrong message may have been received by the executive branch. I fear that our handling of this matter could well be used by the Executive to justify a return to the use of executive agreements.

To prevent this incorrect interpretation it should be made clear that though the Senate has, in this instance, chosen to clarify the treaty to involve the House in the authorization process, this was a prerogative of the Senate. If treaties are sent to us in this form in the future—and the message I want to transmit to the State Department is that they should not be—the Senate holds the constitutional power to determine how the authorization question will be handled.

The request of the House International Relations Committee that it be given the opportunity to consider the authorization of the implementing legislation for this treaty—as expressed in Chairman MORGAN's letter to Senator SPARKMAN—was proper and correct. However, the suggestion by other House Members that future bases agreements be submitted for approval by joint resolution to assure House participation in these matters should be seen as nothing less than a serious threat to the treaty power of the Senate. The accession of this body to such a suggestion would represent an abrogation of our constitutional duties.

The answer does not lie in undercutting the power of the Senate. The answer lies in the form of the agreement which is negotiated. In the future the executive branch should submit the umbrella agreement to the Senate for its advice and consent. Appendixes, containing specific money amounts, should be subjected to the authorization and appropriation processes, as in the case of past executive agreements.

Much can be learned from our experience with this treaty. I am hopeful that the State Department and the Foreign Relations Committee will study the history of these procedural problems and consult on ways to avoid them in the future.

Mr. President, the Senate has had to deal with difficult substantive as well as procedural challenges in considering this treaty. We were faced with the prospect of entering a new relationship with Spain at a time when that country is undergoing an important transition.

Will ratification of this treaty be interpreted as endorsement of the status quo in Spain today, thereby alienating the future leadership of a democratic Spain? That has not been an easy question to answer, for contemporary Spain is emitting contradictory signals. On the subject of the various political crosscurrents in Spain today, I call the attention of my colleagues to an excellent analysis prepared by Mr. Brian Atwood of my staff after his recent visit with several key Spanish leaders in Madrid. Mr. Atwood's report can be found at page S6656 of the RECORD of May 6, 1976.

Among the confusing signals from Spain today, we see, on the one hand, a young forward-looking king who places his crown solidly behind the sacred principles of democracy in a speech before Congress. On the other hand, a prominent former newspaper publisher is arrested upon his return to Madrid for "slandering" Francisco Franco several years ago.

On the one hand, an energetic foreign minister visits the capitals of the Western World attesting to the dedication of his government to move toward democracy. On the other hand, Spain's most prominent weekly magazine is threatened with closure for portraying the King dancing over the skyscrapers of New York in a cartoon sketch.

Are these contradictions simply the awkward manifestations of a country unfamiliar with democratic freedoms? Perhaps in part. But the major cause of these apparent aberrations in government policy is the effort on the part of some cabinet ministers to sabotage the democratization process and, along with it, the credibility of the architects of that policy.

Mr. President, the arrest of Mr. Calvo-Serer did contradict and undermine the powerful commitment King Juan Carlos made to democracy only a few days before. And that was exactly the intention of some of those ministers who remained behind in Madrid.

Parenthetically, I am pleased to report that Mr. Calvo-Serer was released last Friday. Ambassador Alba of Spain called my office to inform me of that good news.

Mr. President, because of these recent incidents, many have urged me to vote against this treaty today or to cause it to be held up. I have given their position serious thought, but I have concluded that such action would be playing directly into the hands of those who seek to derail the move toward democracy in Spain. I am convinced that this treaty will have a beneficial impact on the reform process by strengthening those in the Spanish Government who want to bring their country into a closer relationship with the democratic nations of the Western World.

I want to hastily add that I am not under any illusions as to the hard road ahead for Spain. Nor am I under the illusion that the ratification of this treaty will have a major significance in the democratization process—though its defeat would, in my view, represent a serious setback.

There is a struggle underway in Spain which, though it is tempered by the painful memory of civil war, can have revolutionary consequences. It will not be easy to create the institutional balance necessary to keep the powerful force of political activity on a positive bearing.

Mr. President, Senator CLARK and I have introduced language which hopefully will go forward as part of the Senate's advice and consent resolution. When ratified, this language will put forth the hope of the world's largest democracy, the United States, that Spain will continue toward the development of free institutions. These declarations express the aspiration of this free people that a democratic Spain will one day participate fully in the economic and defense alliances of the Western World.

Though these declarations are expressions of hope, they are also motivated by a strong expectation that the evolution toward democracy will continue. The Spanish Government must understand that the nature of future relations with the United States will depend upon its ability to carry out its publicly stated democratization policy.

Mr. President, we will finish our work on this important treaty today, but the struggle in Spain will go on. Many Spaniards fear that the American people will lose interest in that struggle. The declarations we approve today will stand as a constant reminder of our obligation. Nonetheless, I feel it necessary to translate these legalistic expressions into an explicit avowal of continuing support.

To those in Spain who are dedicated to the achievement of democracy, let us state that the Congress of the United States will not abandon your cause. The ratification of this treaty is the first step in a continuing policy . . . it is a sign of support for those within your Government who share the cause of democracy. We pray that you succeed.

Mr. STEVENSON. Mr. President, article LV of Supplementary Agreement No. 2 of this treaty provides that the Export-Import Bank of the United States is prepared to commit credits and guarantees of approximately $450 million for Spanish companies. The Export-Import Bank Act of 1945, as amended, provides, in section 2(b)(3) that no loan, guarantee, or combination thereof of $60 million or more shall be finally approved by the Bank unless the Bank has submitted a detailed statement describing and explaining the transaction at least 25 days of continuous session of the Congress prior to the date of final approval. It should be made clear, if it is not, that nothing in the treaty we are asked to approve overrides or affects this provision of the Export-Import Bank Act. The treaty does not supersede the Export-Import Bank Act or any other U.S. law. The treaty does not relieve the Export-Import Bank of the obligation to submit statements on loans and guarantees as required by the act. And approval of the treaty does not commit the Congress to approve any transaction subject to the provisions of this act.

Mr. HASKELL. Mr. President, I intend to vote against ratification of the Treaty of Friendship and Cooperation with Spain. I do so not out of any hostility to Spain or the Spanish people, but in firm opposition to the increasingly frequent and costly practice of the United States' attempt to purchase the goodwill of other nations.

This is by no means a recent phenomenon. A decade ago, vast amounts of military aid were provided to several Asian countries in exchange for military bases, or friendship as it was euphemistically and misleadingly labeled. Yet in both the Philippines and Thailand, who jointly received several billion dollars of American aid, the friendship rapidly cooled in the face of changes in internal and external conditions.

But these setbacks have not stilled the ardor of some in the executive branch in attempting to purchase friendship. Additional, extravagant agreements have been negotiated. One and a half billion dollars have been slated for Greece and Turkey in a dual effort to buy both peace and renewed permission to use bases which we originally built. In the Middle East, vast sums have recently been offered to the conflicting parties in hopes of improving relations and promoting stability. Thus, the Spanish treaty is one of a series of agreements which I find of questionable value.

All these treaties also share the common denominator of being overwhelmingly military in emphasis. Called a "Treaty of Friendship and Cooperation with Spain," the latest agreement in fact provides 25 times as much money for military matters as for science and education. The familiar pattern is perpetuated: the treaty benefitting primarily the military establishment, not the general population on whom long-term friendship truly depends.

I hold no grudge against the Spanish people. Indeed, it is they who have had to endure the privations and hardships of the last four decades. I am not prejudging the current Spanish Government. In fact, I am heartened by the evidence that the process of liberation is continuing to progress. I do object to the repeated requests for billions of tax dollars to be expended seeking friendships which ultimately cannot be purchased.

The United States enjoyed its greatest prestige among nations when it was the exemplar of liberty and the leader of nations seeking a world free from material and spiritual want. The substitution of power politics and mercenary alliances for the pursuit of commonly held ideals is a trend which I deplore. The United States must reassert the principles which successfully guided our foreign policy in the past with a stress on self-determination, self-reliance and individual freedom. I do not think that the Treaty of Friendship and Cooperation with Spain is consistent with those objectives, and I therefore will vote against it.

SUPPLEMENTARY EXTRADITION TREATY WITH SPAIN—EX. B

EXTRADITION TREATY WITH THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND—EX. A

CONVENTION OF REGISTRATION OF OBJECTS LAUNCHED INTO OUTER SPACE—EX. G

TREATY WITH SWISS CONFEDERATION ON MUTUAL ASSISTANCE IN CRIMINAL MATTERS—EX. F.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. Mr. President, what

is the parliamentary situation in relation to the four noncontroversial treaties and the two votes?

The PRESIDING OFFICER. Under the previous order, the hour of 12:30 having arrived, the Senate will now proceed to vote en bloc on the resolutions of ratification of Executive B, 94th Congress, second session, Supplementary Extradition Treaty with Spain; Executive A, 94th Congress, second session, Extradition Treaty with the United Kingdom of Great Britain and Northern Ireland; Executive G, 94th Congress, second session, Convention on Registration of Objects Launched into Outer Space; and Executive F, 94th Congress, second session, Treaty with the Swiss Confederation on Mutual Assistance in Criminal Matters.

In answer to the majority leader's inquiry, the vote on the Spanish friendship treaty will occur starting at 3:15 p.m.

Mr. MANSFIELD. I thank the Chair.

The PRESIDING OFFICER. (Mr. Culver). The clerk will state the first resolution of ratification.

SUPPLEMENTARY EXTRADITION TREATY WITH SPAIN

The resolution of ratification of Executive B was read as follows:

Resolved, (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Supplementary Extradition Treaty with Spain, signed at Madrid on January 25, 1975 (Executive B, 94th Congress, second session).

The PRESIDING OFFICER. The question is, will the Senate advise and consent to the resolution of ratification on Executive B, 94th Congress, second session, the Supplementary Extradition Treaty with Spain?

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. Church), the Senator from Mississippi (Mr. Eastland), the Senator from Utah (Mr. Moss), the Senator from Mississippi (Mr. Stennis), the Senator from Illinois (Mr. Stevenson), and the Senator from Georgia (Mr. Talmadge) are necessarily absent.

I further announce that the Senator from Vermont (Mr. Leahy) is absent on official business.

I also announce that the Senator from Missouri (Mr. Symington) is absent because of illness.

Mr. HUGH SCOTT. I announce that the Senator from Arizona (Mr. Goldwater), the Senator from Michigan (Mr. Griffin), and the Senator New York (Mr. Javits) are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

I further announce that, if present and voting, the Senator from Arizona (Mr. Goldwater) and the Senator from Michigan (Mr. Griffin), would each vote "yea."

The yeas and nays resulted—yeas 88, nays 0, as follows:

[Rollcall Vote No. 304 Ex.]

YEAS—88

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Fannin
Fong
Ford
Garn
Glenn
Gravel
Hansen
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Helms
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Johnston
Kennedy
Laxalt
Long
Magnuson
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stevens
Stone
Taft
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—0

NOT VOTING—12

Buckley
Church
Eastland
Goldwater
Griffin
Javits
Leahy
Moss
Stennis
Stevenson
Symington
Talmadge

The PRESIDING OFFICER. Two-thirds of the Senators present and voting having voted in the affirmative, the resolution of ratification is agreed to.

THE EXTRADITION TREATY WITH THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

The resolution of ratification of Executive A was read as follows:

Resolved, (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the treaty on extradition between the United States of America and the United Kingdom of Great Britain and Northern Ireland, signed at Washington on June 8, 1972 (Ex. A. 94-2).

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the resolution of ratification on Executive A, 94th Congress, second session, the Extradition Treaty with the United Kingdom of Great Britain and Northern Ireland?

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. Church), the Senator from Mississippi (Mr. Eastland), the Senator from Utah (Mr. Moss), the Senator from Mississippi (Mr. Stennis), the Senator from Illinois (Mr. Stevenson), and the Senator from Georgia (Mr. Talmadge) are necessarily absent.

I further announce that the Senator from Vermont (Mr. Leahy) is absent on official business.

I also announce that the Senator from Missouri (Mr. Symington) is absent because of illness.

Mr. HUGH SCOTT. I announce that the Senator from Arizona (Mr. Goldwater), the Senator from Michigan (Mr. Griffin), and the Senator from New York (Mr. Javits) are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

I further announce that, if present and voting, the Senator from Arizona (Mr. Goldwater) and the Senator from Michigan (Mr. Griffin) would each vote "yea."

The yeas and nays resulted—yeas 88, nays 0, as follows:

[Rollcall Vote No. 305 Ex.]

YEAS—88

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Fannin
Fong
Ford
Garn
Glenn
Gravel
Hansen
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Helms
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Johnston
Kennedy
Laxalt
Long
Magnuson
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stevens
Stone
Taft
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—0

NOT VOTING—12

Buckley
Church
Eastland
Goldwater
Griffin
Javits
Leahy
Moss
Stennis
Stevenson
Symington
Talmadge

The PRESIDING OFFICER. Two-thirds of the Senators present and voting having voted in the affirmative, the resolution of ratification is agreed to.

CONVENTION OF REGISTRATION OF OBJECTS LAUNCHED INTO OUTER SPACE

The resolution of ratification of Executive G was read as follows:

Resolved, (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Convention on Registration of Objects Launched into Outer Space, which was signed by the United States at New York, on January 24, 1975 (Ex. G, 94th Congress, 2nd Sess.)

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the resolution of ratification on Executive G, 94th Congress, 2d session, the Convention on Registration of Objects Launched Into Outer Space?

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. Church), the Senator from Mississippi (Mr. Eastland), the Senator from Utah (Mr. Moss), the Senator from Mississippi (Mr. Stennis), the Senator from Illinois

(Mr. STEVENSON), and the Senator from Georgia (Mr. TALMADGE) are necessarily absent.

I further announce that the Senator from Vermont (Mr. LEAHY) is absent on official business.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

Mr. HUGH SCOTT. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN) and the Senator from New York (Mr. JAVITS) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER) and the Senator from Michigan (Mr. GRIFFIN) would each vote "yea."

The yeas and nays resulted—yeas 88, nays 0, as follows:

[Rollcall Vote No. 306 Ex.]

YEAS—88

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Fannin
Fong
Ford

Garn
Glenn
Gravel
Hansen
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Helms
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Johnston
Kennedy
Laxalt
Long
Magnuson
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf

Mondale
Montoya
Morgan
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott,
  William L.
Sparkman
Stafford
Stevens
Stone
Taft
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—0

NOT VOTING—12

Buckley
Church
Eastland
Goldwater

Griffin
Javits
Leahy
Moss

Stennis
Stevenson
Symington
Talmadge

The PRESIDING OFFICER. Two-thirds of the Senators present and voting having voted in the affirmative, the resolution of ratification is agreed to.

TREATY WITH THE SWISS CONFEDERATION ON MUTUAL ASSISTANCE IN CRIMINAL MATTERS

The resolution of ratification of Executive F was read as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Treaty with the Swiss Confederation on Mutual Assistance in Criminal Matters, signed at Bern on May 25, 1973, six exchanges of interpretative letters of the same date, and an exchange of interpretative letters dated December 23, 1975, (Ex. F, 94th Congress, 2nd Sess.)

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the resolution of ratification on Executive F, 94th Congress, second session, the Treaty with the Swiss Confederation on Mutual Assistance in Criminal Matters.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from Mississippi (Mr. EASTLAND), the Senator from Utah (Mr. MOSS), the Senator from Mississippi (Mr. STENNIS), the Senator from Illinois (Mr. STEVENSON), and the Senator from Georgia (Mr. TALMADGE) are necessarily absent.

I further announce that the Senator from Vermont (Mr. LEAHY) is absent on official business.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

Mr. HUGH SCOTT. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), and the Senator from New York (Mr. JAVITS) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent, due to illness.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER) and the Senator from Michigan (Mr. GRIFFIN) would each vote "yea."

The yeas and nays resulted—yeas 88, nays 0, as follows:

[Rollcall Vote No. 307 Ex.]

YEAS—88

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Fannin
Fong
Ford

Garn
Glenn
Gravel
Hansen
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Helms
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Johnston
Kennedy
Laxalt
Long
Magnuson
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf

Mondale
Montoya
Morgan
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott,
  William L.
Sparkman
Stafford
Stevens
Stone
Taft
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—0

NOT VOTING—12

Buckley
Church
Eastland
Goldwater

Griffin
Javits
Leahy
Moss

Stennis
Stevenson
Symington
Talmadge

The PRESIDING OFFICER. Two-third of the Senators present and voting having voted in the affirmative, the resolution of ratification is agreed to.

COMMITTEE MEETINGS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Subcommittee on Agricultral Production, Marketing, and Stabilization of Prices of the Committee on Agriculture and Forestry be allowed to meet until the hour of 2:30 p.m. today.

The PRESIDING OFFICER. As in legislative session, without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, what is the pending business?

LEAVE OF ABSENCE

Mr. WILLIAM L. SCOTT. Mr. President, I ask unanimous consent to be excused from the Senate from noon tomorrow and for the remainder of the week for personal reasons.

The PRESIDENT OFFICER. Without objection, it is so ordered.

TAX REFORM ACT OF 1976

The PRESIDING OFFICER. Under the previous order, the Senate will now resume the consideration of the unfinished business, H.R. 10612, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (H.R. 10612) to reform the tax laws of the United States.

The Senate resumed the consideration of the bill.

FEDERAL COAL LEASING AMENDMENTS ACT OF 1975

Mr. METCALF. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 391.

Mr. LONG. Mr. President, point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. Is this a privileged matter?

Mr. METCALF. Yes, it is privileged.

The PRESIDING OFFICER. It is a privileged matter.

The PRESIDING OFFICER (Mr. CULVER) laid before the Senate the amendment of the House of Representatives to the bill (S. 391) to amend the Mineral Leasing Act of 1920, and for other purposes.

(The amendment of the House is printed in the RECORD of January 21, 1976, beginning at page 523.)

Mr. METCALF. Mr. President, S. 391 passed the Senate on July 31, 1975, by a rollcall vote of 84 to 12. At that time it consisted of two titles. Title I except for some amendments from the other body was essentially the same as it is today. Title II was a recognition that Congress has repeatedly attempted to enact a moderate strip mining law and that Presidential vetoes have just as consistently frustrated the actions of Congress. In a final attempt for Congress to carry out its special constitutional responsibilities with respect to the public domain of the United States, the Senate took all of the previous surface mining bills as agreed to by the conference committees; deleted all except those portions dealing with the public lands and enacted it as title II.

When the bill went to the other body, title II was stricken. Title I was amended in several particulars, three of which are significant. It was returned to the Senate on January 22, 1976, and has been on the President's desk ever since.

I remain convinced that Congress must press forward in its efforts to enact a strong Federal strip mine law. I have, therefore deferred action on S. 391 for over 5 months in hopes that the strip mine bill, which has been reintroduced in the House as H.R. 9725, would be passed once again and sent to the Senate. The House Rules Committee voted to table H.R. 9725. Three months have passed but efforts to discharge the bill from Rules Committee have been of no avail. I have concluded that prospects for timely enactment of strip mine legislation in this Congress are not bright. Neither does it appear that any substantial support exists in the House for combining the Federal lands provisions of the strip mine bill with the Federal coal leasing bill, as was done in the Senate version of S. 391.

In view of the limited time left for enactment of legislation in this Congress, I believe that the Senate should approve the House version of the Federal coal leasing bill, S. 391 as amended, and send it to the President.

S. 391 is designed to eliminate the speculative holding of Federal coal leases and to insure that they will be developed on a timely basis and in a manner which is of benefit to the public. The people own the Federal coal lands covered by the Mineral Leasing Act of 1920, as amended, which is the subject of this legislation. It is, therefore, incumbent upon Congress to see to it that the past abuses of our Federal coal leasing policy are ended. We must have increased coal production from our Federal coal lands to help meet national energy needs. We must also have a decent return from that coal production to the U.S. Treasury and to the States which will be most affected by Federal coal mining.

While the new regulations recently adopted by Interior Secretary Kleppe are a considerable improvement over the previous regulations, they still fall far short of the level of stringency and specificity which was afforded by the vetoed strip mine bill.

I am aware that the administration has certain objections to the House amendment which Secretary Kleppe outlined in a report to Chairman HALEY of the House Interior and Insular Affairs Committee on January 19, 1976.

In my opinion, these objections are ill-founded and not persuasive. My comments on them, together with Secretary Kleppe's letter to Chairman HALEY, follow.

1. PAYMENTS TO STATES

Under section 35 of the Mineral Leasing Act of 1920, as amended, moneys returned to the States from the leasing of coal and other leasable minerals are presently available only for schools and roads. This restriction is onerous because areas newly opened to large-scale coal mining face the need for a sharp increase in all local public services, such as hospitals and sewer systems, as well as schools and roads. Advance local planning for community development is another pressing deficiency.

According to the Council on Economic Priorities—

> The sudden jump in population growth, the emergence of new urban centers, and the possible "boom-bust" economic cycle will cause many social and cultural changes. The Bureau of Reclamation predicts that coal development in the Northern Plains could result in a seven-fold increase in the present population. Between 200,000 and 400,000 people are expected to migrate to eastern Montana.

S. 391, as amended by the House, would act to alleviate these problems by increasing from 37.5 to 50 percent the proportion of revenues going to the States from mineral leasing, and reducing from 52.5 to 40 percent the portion deposited in the reclamation fund. The additional 12.5 percent returned to the States would be available for use in planning, construction, and maintenance of public facilities, with priority to be given to those areas impacted by development of the coal resource. The remaining 10 percent of the revenues would be retained, as under existing law, by the U.S. Treasury.

In addition, section 35 of the Mineral Leasing Act is further amended by providing that all moneys received from geothermal leasing under the provisions of the Geothermal Steam Act of 1970 would be disposed of under the above stipulation, thus increasing from 5 to 12.5 percent the percentage available to the States for use on public facilities.

No other substantial Federal assistance is available to the coal-producing States to deal with predicted population increases triggered by Federal coal development. The new financial resources provided in S. 391 could spell the difference between, on the one hand, the chaotic disintegration of a stable life-style dominated by agriculture, together with all the attendant social ills, and on the other hand, an orderly, rational transition to an urban and semiurban society.

Aside from the environmental effects of the strip mining of Federal coal, no other aspect of western coal development is likely to have more devastating consequences for the people of the Northern Great Plains region in particular, than the coming population change. The help offered in S. 391 is badly needed.

The administration objects to this provision despite the fact that the original Senate bill called for 60 percent payment to the States.

2. FEDERAL EXPLORATION PROGRAM

This legislation adds a new section 8A to the Mineral Leasing Act. Referred to as "exploration," it really is a comprehensive evaluation program for lands to be offered for coal leasing. Under this new section, the Geological Survey is authorized to conduct or contract for exploration activities, including seismic, geophysical, geochemical, or stratigraphic drilling, but it does not limit the right of any party to carry out such activities under section 4 of the bill. The Secretary is to submit to Congress within 6 months of the effective date a plan for implementation of the program.

Stratigraphic drilling is to be carried out so as to obtain information on all recoverable mineral resources. One purpose of the provision is to assure that lands are not leased for surface mining development when greater amounts of coal could be produced through underground mining methods. No similar provision was included in the Senate version of S. 391.

Under existing law exploration on lands in which the resource is not known is carried out largely under a system of issuing prospecting permits. Such permits are issued for specific areas of land and carry with them the right of a preference lease. That is to say, if the holder of a prospecting permit demonstrates the existence of coal in commercial quantities in the permit area, he is entitled to a preference right lease. No competitive lease sale is held in such cases. Secretary Kleppe recently announced suspension of this policy of issuing preference right leases.

Now, due to its reliance upon such private exploratory activity, the Department has been seriously handicapped in determining the actual value of tracts which are up for lease sale, and also in estimating reserves for logical mining units and advanced royalty payments, both critical judgments in the matter of assuring adequate return to the public.

The Department has gradually come to realize the preposterousness of being at the mercy of the prospective lessee in determining coal tract valuations in the expanding program of stratigraphic drilling carried out by the Geological Survey. According to data supplied by the Department subsequent to oversight hearings of the Subcommittee on Minerals, Materials, and Fuels, the Geological Survey spent $1.9 million in fiscal 1975, and is projecting an increase to $4.5 million in fiscal 1979 for its coal reserve base investigations. The total projected for the period 1975–79 amounts to $16.9 million. Despite this fact, Secretary Kleppe objects to this provision of the House amendment. Apparently, he is unaware that it is already being implemented by the Geological Survey.

In a recent study of Federal coal leasing, the GAO strongly recommends increased funding for the Federal coal evaluation programs, specifically recommending to:

> Direct a coal drilling program which would provide data for the development and implementation of a systematic plan for appraising coal resources and ensure implementation of planned and coordinated drilling through Federally financed activities. Data produced through wholly financed activities should be made available for public inspection.

In responding to the GAO recommendation, the Department acknowledged that "expansion of this—coal drilling program—is necessary to supply the Government with additional data to facilitate the coal leasing program." Why the Department objects to the coal evaluation program is beyond comprehension.

3. LOGICAL MINING UNIT ACREAGE LIMITATION

The logical mining unit is a concept advocated by the Department of the Interior. The Department recognized that multiplicity of land holdings—Federal, State, private, and Indian ownership—and the likelihood that a failure to consolidate varying types of holdings under a single ownership and control could result in waste of the resource where tracts are too small for economical mining by themselves. Hence the combining of leases in "logical mining units."

The restriction on the size of a logical mining unit—LMU—as set forth in the bill is 25,000 acres. According to calculations based upon the average coal tonnage contained in lands located in the major coal production western States, 25,000 acres—39 square miles—of coal lands would yield the following quantities of coal:

Campbell County, Wyo., 3 billion tons.
Johnson County, Wyo., 6 billion tons.
Sheridan County, Wyo., 750 million tons.
Sweetwater County, Wyo., 450 million tons.
Jackson County, Colo., 800 million tons.
Montrose County, Colo., 250 million tons.
Powder River County, Mont., 1 billion tons.
Custer County, Mont., 500 million tons.

To get an idea of how adequate these quantities of coal are, given a consuming utility seeking a 40-year reserve of coal, a 2,000 megawatt power generating station would consume 280 million tons of coal over a 40-year period. A large strip mine in the West can be expected to produce 600 million tons of coal over the same 40-year period. It would, therefore, appear that 25,000 acres of coal land would amply meet the coal reserve requirements of large powerplants and is not an unreasonable limitation upon the size of the LMU.

State and national acreage limitations in the bill—146,080 acres and 100,000 acres, respectively—are necessary to prevent the concentration of holdings. Of the top 15 Federal leaseholders, none holds more than 100,000 acres of Federal coal lands, so the Federal limitation would not unduly restrict the activities of existing lessees. The State limitation already exists in law, having been increased by Congress from 10,240 acres in 1964.

By any objective criteria, the acreage restrictions on H.R. 6721 appear to be eminently reasonable.

Essentially these three propositions are those to which the administration objects. In addition, Secretary Kleppe outlined other objections to Chairman HALEY. My comments on these are as follows:

4. 12.5 PERCENT ROYALTY

The minimum royalty and rental established in the Mineral Leasing Act of 1920, as amended, is 5 cents per ton and 25 cents per acre for the first year, 50 cents per year for the second to fifth years, $1 per acre thereafter. In the past 54 years the Federal Government has reportedly collected a total of $23,373,920 in royalty payments for a total of 189,099,653 tons of coal. This boils down to an average royalty of a mere 12.5 cents per ton of coal. With bituminous coal values at the mine rising from $4.67 in 1968 to $18.75 per ton in 1975—according to the Bureau of Mines, 12.5 cents per ton is a ridiculously low rate of return.

A study by the General Accounting Office rightly concludes that royalty payments have not been established on a fair basis. S. 391 would rectify this injustice by establishing a minimum royalty of 12.5 percent of the value of the coal, with the Secretary having discretion to set a lower rate for coal produced by underground mining.

Western States with Federal coal reserves stand in dire need of monetary assistance for planning and creating public facilities and services demanded by the thousands of workers who will be attracted to jobs in the coal mines and related processing and power generating plants. Secretary of Interior Kleppe recently announced that the Government wil resume Federal coal leasing and encourage it in order to counter the threat of another oil embargo. If national economic growth comes to depend on this new Federal coal leasing policy, then in all fairness, the Congress must see to it that the costs are evenly distributed. We must avoid burdening the coal-producing regions with the social and environmental costs associated with coal development. By increasing the royalty rate to a minimum of 12.5 percent and by insuring that the States get a 50-percent cut of the revenues from leased minerals, S. 391 would help to spread the load.

By the same token, Congress should avoid overburdening industry with excessive royalty payments. Thus discouraging productivity. There is no evidence to support the allegation that a 12.5-percent minimum royalty would preclude coal development on Federal lands. On the contrary, this proposed rate is entirely commensurate with royalties and taxes already on the books.

The State of Montana recently enacted coal taxes above 20 to 30 percent—depending on the quality of the coal—with no significant reduction to coal production evident. Outer Continental Shelf lands oil and gas royalties are set at 16⅔ percent, with no indication that this rate discourages OCS leasing and production. Given the fact that oil is over 50 percent more expensive for utilities on a Btu basis than coal, it is hard for me to understand how it can be reasonably argued that a 12.5-percent minimum royalty, would render Federal coal uneconomical to mine.

Furthermore, section 39 of the Mineral Leasing Act, as amended, would continue to allow the Secretary to reduce the minimum royalty below 12.5 percent on a tract "for the purpose of encouraging the greatest ultimate recovery of coal." Thus an operator could pay a lesser royalty on that portion of the coal lease which might normally be uneconomical to mine given a 12.5-percent royalty, in the interests of conservation of the resource.

The lower royalty rate for underground mined coal is entirely discretionary. If the Secretary should determine that setting a lower royalty payment would tend to distort production toward underground mining, he would have the option to maintain the higher rate. It is, however, a well-known fact that underground mining is more costly by far than surface mining, a differential which could be equalized wherever the 12.5-percent royalty should prove excessively high.

In other words, the flexibility built into the minimum royalty provisions in S. 391 allow the Secretary to encourage maximum recovery of coal while also generating a fair return to the public.

5. PUBLIC HEARINGS

S. 391 prohibits the leasing of any lands containing coal deposits unless the lands have been included in a comprehensive land use plan prepared by the Secretary. Land use planning requires consultation with State and local governments, an opportunity for public hearing on the plan, and an assessment of the amount of coal in the land, coupled with an estimate of the amount recoverable by surface and/or underground mining. Prior to leasing a tract, the Secretary must hold a hearing, separate from the land use plan hearing, on the lease in the impacted area; and he must consider the effects which issuance of the lease might have on the area as pertains to environmental disruptions, community services and the like.

The Secretary would also be required to hold a public hearing if requested by any person whose interest may be adversely affected by a proposed consolidation of leases into a logical mining unit. A fourth opportunity for public hearing occurs in the bill upon the Secretary's decision to issue a lease despite the stated opinion of the Attorney General that such lease would create a situation consistent with antitrust laws. However, there is no provision for a public hearing prior to the determination of the fair market value of the coal deposit which is about to be leased, but only a requirement that the Secretary provide opportunity for public comment thereon.

The final version of the Federal coal mining regulations issued by Secretary Kleppe on May 10 require four opportunities for public hearings—hearings on environmental impact statements can substitute in some cases. The Governors of western coal States reportedly insisted upon inclusion of these public participation clauses because of a widespread concern that local apprehensions regarding the adverse impacts of surface mining of coal might not receive proper consideration by the Secretary before, during, and after mining operations.

This concern is shared by the Congress. Secretary Kleppe's regulations are consistent with S. 391.

The Department's previous objection to the term "approval of the lease" has been dealt with by a House amendment which rephrased the public hearing provision in section 3 so that it now reads, "prior to lease sale."

6. ANTITRUST PROVISIONS

Section 15 of S. 391 adds a new subsection to section 27 of the Mineral Leasing Act. It requires the Secretary to consult with the Attorney General before drafting rules and regulations, or issuing, renewing, and readjusting leases under the act, to prevent a situation that would be in contravention of the antitrust laws. This amendment is designed to reduce the chance of lengthy and costly antitrust litigation.

The Department objects to this provision as being "administratively cumbersome" and then volunteers the information that the Justice Department is "extremely reluctant to offer conclusions on antitrust questions in advance of particular activity." The Justice Department regularly advises industry about the antitrust implications of proposed actions.

The Justice Department has reportedly been concerned about the possibility of violations of antitrust laws by the coal-energy industry. This provision would allow the Attorney General to intervene before issuance of a lease by the Department whenever he finds evidence of such prospective violation. It would certainly not call for intervention in every case. Sections 27(k) and 30 of the Mineral Leasing Act presently contain antitrust language added under the Alaska Pipeline Act.

7. TRACTS RESERVED TO PUBLIC BODIES

During the 1973–74 oil shortage, many rural electric cooperatives and other such small electric producers were hard pressed to compete against the large utilities for available coal supplies. It is still difficult for many such groups to obtain adequate coal supplies for their future needs. It is therefore quite appropriate that Congress should assure access to Federal coal lands for these smaller entities, in keeping with the policy of encouraging and fostering rural electrification and the serving of areas which private industry has passed by.

S. 391 states that—

> A reasonable number of leasing tracts shall be reserved and offered for lease in accordance with this section to public bodies, including Federal agencies, rural electric cooperatives or nonprofit corporations controlled by any of such entities . . .

The "reasonable number" uncertainty can be dealt with through rules and regulations of the Department, perhaps specifying that a certain set proportion of all lease sales in a given year are to be placed within this category.

8. DEFERRED BONUS PAYMENT

S. 391 would foster competition in the bidding for leases by requiring that 50 percent of all acreage leased in any one year be under a system of deferred bonus bidding. This would allow a sort of installment plan for paying the bonus, thus reducing the front-end capital outlay necessary and enabling smaller corporations to compete with the giants.

The National Coal Association is on record as favoring methods for ensuring entry into Federal coal leasing by small coal companies.

Without such a provision, it is a foregone conclusion that the field will become increasingly dominated by the largest coal companies and the multinational oil corporations with large amounts of capital available. The 50–50 split is reasonable. It will guarantee against the possibility that the Secretary, as he comes under increasing pressure to boost Federal coal production, could fail to keep in mind the disadvantageous position in which smaller companies find themselves. A diversified coal industry, which this amendment would foster, is certainly in the public interest.

9. MINING AND RECLAMATION PLANS

An operation and reclamation plan is required prior to any significant disturbance of the environment and within 3 years after issuance of the lease, under provisions of S. 391. This provision is an important means of assuring diligent development of the coal lease. If production is to occur by the 10th year, as required by the bill, then it is a matter of some urgency that the lessee begin timely development of his mining and reclamation plan so as to allow sufficient time for review, modification—if necessary—and approval by the Secretary.

10. DEPARTMENTAL REPORT

The annual report to Congress by the Secretary as required in S. 391 would include not only data regarding leasing and production of Federal coal lands, a summary of the management, supervision, and enforcement activities and recommendations to Congress for improvements in management and environmental safeguards, but would also include a report by the Attorney General on competition within the coal and energy industry, and an analysis of the effect of the antitrust laws on the industry.

Whether or not—as the Department claims—some of this information would be available in other reports is not important. Rather, it is essential that Congress have readily available to it in one report all of the information relating to Federal coal leasing and production so that Congress has access to all the relevant facts needed in carrying out its ongoing responsibility to monitor and assess the implementation of the act.

11. PRODUCTION REQUIREMENTS

S. 391 states in section 6 that "any lease which is not producing in commercial quantities at the end of 10 years shall be terminated." Under the provisions of section 3, the Secretary could not issue a new lease to any party holding such a nonproductive lease, the 10-year period to be computed from the effective date of the act.

These two provisions are meant to guarantee diligent development and an end to the speculative holding of leases. Contrary to what the Department claims, the two provisions are entirely consistent. The Secretary would simply be precluded from issuing any new lease to a party which had failed to produce coal in commercial quantities—as defined by regulations—within 10 years after the enactment of the bill. Such party would be required to divest itself of the unproductive lease before it would become eligible for a new lease.

The bill would thus make it possible for other operators to bid for the nonproductive lease and undertake to develop the lease and produce coal in keeping with the intent of the legislation. In this way, over time, the large proportion of idle leases which have been held, by the Department's own admission, for purely speculative reasons, will eventually be brought into production and royalty payments commensurate with the value of the coal will begin flowing into the public treasuries.

12. STUDY OF RECOVERY METHODS

Coal recovery by underground mining methods and by strip mining methods involves quite different impacts upon the environment, upon surrounding communities, and upon land use patterns in affected areas, and considering the new recovery methods such as in-situ gasification now being actively researched—notably by the Bureau of Mines—S. 391 would require the Secretary to evaluate and compare the effects on coal recovery by both traditional and novel mining techniques, before issuing a lease.

The Secretary would also be required to study the possible sequences of such methods which would yield the maximum recovery of the resource. This latter requirement is of great moment because many of the thick-seam, thin-overburden deposits of coal in the west are equally susceptible to surface mining and underground mining. The failure to consider the possible repercussions of one method upon the other could mean the virtual abandonment of immense amounts of the deepest coal reserves if rendered economically unattractive or overly hazardous to mine.

This requirement for a study of mining methods by the Secretary makes plain horsesense.

13. STATEWIDE LICENSE

The difference between the language of H.R. 6721—"a separate exploration license will be required for exploration in each State"—and the language preferred by the Department—"no exploration license shall cover land in more than one State"—is semantic—not substantive.

The House report on the other provisions of the bill is as follows:

ANALYSIS FROM HOUSE REPORT ON H.R. 6721 (94–681)

SECTION-BY-SECTION ANALYSIS

Section 1 designates the official citation of the Act as the "Federal Coal Leasing Amendments Act of 1975". It also clarifies the reference to the Mineral Lands Leasing Act (30 U.S.C. 181 *et seq.*) within the body of the bill.

Section 2 amends the first sentence of section 2(a) of the Mineral Lands Leasing Act (30 U.S.C. 201(a)). The first sentence of section 2(a) presently authorizes the Secretary of the Interior to divide classified or unclassified coal lands into 40 acre tracts, or multiples thereof and to lease these tracts by competitive bidding "or by such other methods as he may by general regulation adopt." This amendment removes the reference to "40 acre tracts," permits leasing of classified lands only, and requires that all leasing be by competitive bidding. It specifies that the size of a leasing tract be such that it will permit the mining of all coal which can be economically extracted. The purpose of this provision is to insure that coal, which might yield a lower profit than that which lies in the most readily available deposits, will not be left in the ground. The amendment provides that at least 50 per centum of all lands leased within any year be on the basis of a deferred bonus bidding system. A reasonable number of leasing tracts are to be set aside by the Secretary and made available for leasing only to public bodies, including Federal agencies, rural electric cooperatives or nonprofit corporations controlled by any of such entities. Finally, the amendment would prohibit the Secretary from accepting any bid for less than the fair market value of the coal subject to lease. In determining such fair market value, the Secretary shall give consideration to public comments, provided that he shall not be required to reveal either his judgment as to the value, or the comments he receives prior to issuance of a lease. The Committee felt that this information should be available for public scrutiny after leasing of the tract in question occurs.

Section 3 amends the last sentence of section 2(a) of the Mineral Lands Leasing Act (30 U.S.C. 201(a)). This sentence requires the Secretary to issue notices prior to a competitive lease sale. This amendment would bar the issuance of new leases to any individual or corporations that have held a lease for a period of 15 years, beginning on the date of enactment of the Federal Coal Leasing Amendments Act of 1975, without producing coal therefrom. It would require that no lease sale be held unless it were compatible with a comprehensive land use plan prepared by the Secretary or, in the case of lands in the National Forest System, by the Secretary of Agriculture. On lands where the surface is under the jurisdiction of a Federal agency other than the Department of the Interior, leasing may occur only with the consent of that agency.

Where the Federal interest in the lands or coal deposits is nominal, either a comprehensive land use plan prepared by the State in which the lease is to be offered, or a land use analysis prepared by the Secretary would be required. In the latter instance, a land use analysis, prepared in the case of a minor Federal interest in the lands or coal deposits, need not be detailed as the comprehensive land use plan which is required in all other instances.

In preparation of the land use plan, consultation with State and local entities is mandated and an opportunity for a public hearing must be granted if requested by a person having an interest which is or may be adversely affected. In addition, prior to issuance of any lease, the Secretary is to consider the social, economic and other impacts on the communities affected and give opportunity for a public hearing.

Each land use plan is to contain an assessment of the amount of coal deposits in the land, including underground and surface recoverable reserves. The Secretary is also required to evaluate and compare the effects of recovering coal by underground mining, surface mining and by other methods to determine which methods will assure maximum economic recovery of the coal. No mining plan may be approved which is not found to achieve the maximum economic recovery of coal and no competitive lease shall be approved until notice has been given in a local newspaper.

All coal leases shall contain provisions requiring compliance with the Federal Water Pollution Control Act (33 U.S.C. 1151–1175) and the Clean Air Act (42 U.S.C. 1857 et seq.).

Section 4 would repeal, subject to valid existing rights, section 2(b) of the Mineral Lands Leasing Act (30 U.S.C. 201(b)) which authorizes the issuance of coal prospecting permits and preference right leases.

Under present law, section 2(b) provides that prospecting or exploratory work may be permitted to determine the existence and workability of coal deposits and the Secretary is authorized to issue prospecting permits which entitled the permittee to the exclusive right to prospect for coal on the land described therein for a term of two years. A holder of a coal prospecting permit who shows, before the expiration of his permit, that the land included in the permit contains coal in commercial quantities, is entitled to a preference right lease for all or part of the land included in the prospecting permit.

In repealing present section 2(b), H.R. 6721 would replace it with a system of nonexclusive exploratory licenses. Such exploratory licenses would be for periods of not more than two years and would carry no preferential right to a lease if H.R. 6721 is enacted in its present form. An application for an exploration license is required to identify the general areas and probable methods of exploration and the Secretary is authorized to impose such conditions as he deems reasonable before issuing a license. Where the surface is under the jurisdiction of a Federal agency other than the Department of the Interior, exploration licenses may be issued only under the conditions prescribed by such agency. Furthermore, when the exploration area involves more than one State, separate licenses are required for each of the States so involved. In no event may a licensee be permitted to cause substantial disturbance to the natural land surface in conducting his exploration operations.

All data collected by the licensee is to be furnished to the Secretary, who shall maintain the confidentiality of the data until the lands in question are leased or until the Secretary determines that making the data available to the public would not damage the competitive position of the licensee.

Any person who willfully conducts exploration without a license is subject to a fine of $1,000/day and the surrender of all data collected to the Secretary, which data is to be made public.

Section 5 repeals, subject to valid existing rights, subsections 2(c) and 2(d) of the Act of August 31, 1964 (30 U.S.C. 201–1). These subsections permitted lessees of a coalfield to enter into contracts for collective prospecting, development or operation of the coal resources. They also enabled the Secretary to combine, alter, or revoke leases, royalty agreements and the like in furtherance of collective contracts.

This new language eliminates collective contracts in favor of the concept of the logical mining unit (LMU). A logical mining unit is a contiguous track of land, under the control of a single operator, which is designed to promote the "efficient, economical and orderly" recovery of the resources contained therein. The new language enables the consolidation by the Secretary of several tracks (be they Federal, State or private) into a single tract not exceeding 25,000 acres so that they may be mined in the most economically efficient manner. All the reserves within the entire LMU must be mined in a period not to exceed forty years, and the unit as a whole is subject to the requirements of diligent development and continuous operation. The new language also permits the Secretary to require a lessee to form an LMU.

Section 6 amends section 7 (30 U.S.C. 207) of the Mineral Lands Leasing Act which deals with the terms of leases and lease rentals and royalties.

First, it provides that leases shall be for terms of 20 years and for so long thereafter as coal is being produced in commercial quantities. Any lease not producing in commercial quantities at the end of the 15th year of the lease will be terminated. The existing law provides that leases "shall be for indeterminate periods upon condition of diligent development."

Second, the revised language changes the minimum royalty from $.05 per ton to twelve and one half per centum of the value of the coal, except that the Secretary may determine a lesser amount for underground mining operations.

Third, H.R. 6721 provides for a readjustment in the terms of the lease at the end of the 20th year and every ten years thereafter instead of a readjustment every 20 years as provided in the present law.

Fourth, leases remain (as they are under existing law) subject to the conditions of diligent development and continued operation, except where interrupted by strikes, elements or casualties not attributable to the lessee.

Fifth, H.R. 6721 permits the Secretary to waive the requirement for continued operation for a period not to exceed 15 years and accept in lieu thereof an advanced royalty. Advanced royalties must be no less per year than production royalties that would otherwise be paid for actual production, and will be computed on a fixed reserve to production ratio. Should the value of the coal mined in the year of actual production exceed the value upon which the advanced royalty was based, the difference shall be paid by the operator. However, should the advance royalty exceed the production royalty, no rebates will be granted, but the credit may be carried forward. In no case can advanced royalty payments be used to waive the absolute requirement of production from a lease within 15 years. While existing law permits in lieu royalty payments and provides that they shall not be less than the annual rental paid, it does not make reference to a fixed reserve to production ratio. Where the surface is under the control of another agency, such agency must consent to the plan.

Finally, the section eliminates a provision of current law which permits the credit of rentals against royalties; and it eliminates the provision permitting the suspension of operations of six months when, in the judgment of the Secretary, market conditions warrant such suspension.

Section 7 adds a new section 8A to the Mineral Lands Leasing Act which provides for a comprehensive Federal exploration program for lands to be offered for leasing. Under it, the U.S. Geological Survey is authorized to conduct or to contract for exploration activities, including seismic, geophysical, geochemical, or stratigraphic drilling, but it does not limit the right of any party to carry out such activities under Section 4 of H.R. 6721.

All data, maps, interpretations and surveys resulting from activities under this section are required to be made public by the Secretary. All Federal departments and agencies are directed to cooperate in providing the Secretary with pertinent information.

On the basis of the information so collected, the Secretary is to prepare and maintain a series of detailed geological and geophysical maps of the coal lands to be offered for leasing under the terms of this legislation.

Pursuant to this section, the Secretary is directed to develop and transmit to Congress within six months after enactment, a plan for implementation of the exploration program, including procedures for making the data available to the public.

Stratigraphic drilling must be carried out so or in such a manner that information pertaining to all recoverable reserves is obtained. All information regarding results of test borings is to be supplied to the Secretary. The purpose of this requirement is to assure that lands are not leased for surface mining development when greater amounts of coal could be recovered through deep mining operations.

Section 8 adds a new section 8B to the Mineral Lands Leasing Act, requiring the Secretary to submit an annual report to Congress on leasing and production of coal lands subject to the Act. The report is to include information on management, supervision, and enforcement activities and recommendations for improvements in management and environmental safeguards, as well as a report by the Attorney General on competition in the coal and energy industries, including an analysis of whether the antitrust laws are effective in preserving or promoting competition in the coal or energy industry.

Section 9 amends Section 35 (30 U.S.C. 191) of the Mineral Lands Leasing Act by reducing the percentage of revenues from mineral leasing deposited in the reclamation fund from 52.5% to 40% and raising the percentage of the revenues going to the States from 37.5% to 50%. The 37.5% of the funds which is currently returned to the States under the law would remain available only for use in construction and maintenance of schools and roads. The additional 12.5% returned to the States would be available for use in planning, construction and maintenance of public facilities, with priority to be given to those areas impacted by the development of the resource involved.

Subsection (b) would further amend Section 35 of the Mineral Lands Leasing Act by providing that all moneys received from Geothermal leasing under the Geothermal Steam Act of 1970 be disposed of under the above provisions of Section 35. Existing law treats such moneys as if they were received from the sale of public lands, with about five percent going to the States and the reminder dispersed in the same manner as other receipts from public lands.

Section 10 provides for a study by the Office of Technology Assessment which is to include a review of existing Federal coal leases and recommendations as to the feasibility of using deep mining technology in such lease areas.

Section 11 amends Section 27(a) (1) of the Mineral Lands Leasing Act (30 U.S.C. 184(a) (1)) to provide that no corporation, person or association may control more than 100,000 acres of Federal coal lands in the United States at any one time. The 100,000 national acreage limitation is added to any existing limit of 46,080 acres per State. Subsection (a) (2) which presently permits the Secretary to lease an additional 5,120 acres over and above any acreage restrictions contained in subsection (a) (1) is repealed.

This amendment to Section 27 of the Mineral Lands Leasing Act also has the effect of broadening the definition of the entity to which the acreage limits are applicable. Under existing law, reference is made to "person, association or corporation". The amendment language reads: "person, association, or corporation, or any subsidiary, affiliate, or persons controlled by or under common control with each person, association, or corporation". The purpose of broadening this language is to assure that the restrictions on leaseholdings are not circumvented by the formation of holding companies, or other devices of corporate organization. Henceforth, no one entity, under whatever corporate or other form, will be permitted to take, hold, own or control coal leases on more than 100,000 acres in the United States or more than 46,080 acres in any one State if H.R. 6721 is enacted.

Section 12 amends section 3 of the Mineral Leasing Act for Acquired Lands (30 U.S.C. 352) by providing that coal in lands set aside for military or naval purposes may be leased to a governmental entity if the Secretary of Defense agrees to such leasing.

Section 13 repeals, subject to valid existing rights, Section 4 (30 U.S.C. 204) which presently permits the Secretary to issue a new lease, not to exceed 2,560 acres, through the same procedure as used in the original lease, where coal deposits under the existing lease will be exhausted within three years. In addition, it amends section 3 to allow modification of existing leases, not to exceed 2,560 acres, to include contiguous coal deposits. Under the recommended amendment this practice may continue, but the size of such modification would be limited to 160 acres or an acreage no greater than the original lease.

Section 14 amends Section 39 of the Mineral Lands Leasing Act (30 U.S.C. 209) to insure that nothing in Section 39 can be construed as giving the Secretary the right to waive, suspend or reduce the advance royalties payable upon suspension of the normal requirement of continued operation.

Section 15 adds a new subsection to Section 27 of the Mineral Lands Leasing Act. It requires the Secretary to consult with the Attorney General before drafting rules and regulations, or issuing, renewing and readjusting leases under the Act to prevent a situation that would be in contravention of the antitrust laws. This amendment is designed to reduce the chance of lengthy and costly antitrust litigation.

A summary of all the differences between the House and Senate bill is as follows:

Major Differences Between Senate and House Versions of S. 391, Federal Coal Leasing Amendments Act

1. Development of Lease. House provides that any lease which is not producing in commercial quantities at the end of ten years from the issuance of the lease shall be terminated. Senate allows seven years for development of the lease, except for an extension of time for good cause by the Secretary of the Interior.

2. Logical Mining Unit. House places a limit of 25,000 acres on both Federal and non-Federal lands within allowable logical mining unit. Senate has no limit.

3. Amount of Royalty. House sets the royalty rate at no less than 12½% of the value of the coal, except for royalties on coal produced by underground mining, which may be set at a lesser rate. Senate sets royalty at not less than 5%.

4. Exploration. House authorizes the Secretary to conduct exploratory activity to evaluate the extent, location and potential for developing known coal resources on Federal lands. Senate has no comparable provision but assumes continuation of existing program.

5. Revenue Sharing with States. House increases from 37½% to 50% the proportion of revenues going to States from mineral leasing by the Federal Government, with the additional 12½% earmarked for public facility construction and maintenance, plus an extra 12% of the revenues accumulating under the Geothermal Steam Act to be available to States for the same purpose. Senate would increase the States' share of Mineral Leasing Act moneys from 37½% to 60%, the additional 22½% to be used for public facilities. No provisions affecting the Geothermal Steam Act revenues.

6. Diligent Development. House requires that all coal reserves within a logical mining unit must be produced within a period of no more than 40 years. Senate has no comparable provision.

7. National Forest Lands. House provides that the governor of any State where coal within a National Forest will be leased, must be allowed an opportunity to comment before the Secretary may lease the coal. Senate has no comparable provision.

8. Mining Impacts Assessment. House obligates the Secretary to consider comparison of different mining methods and the effects upon impacted communities and environment before issuing a coal lease. Senate has no such requirement.

9. Antitrust Laws. House calls for consultation with the Attorney General as to the possible violations of antitrust laws prior to issuing a coal lease. Senate has no such provision.

10. Leasing Program. House does not require the Secretary to prepare and maintain a Federal coal leasing program, as is the case in Senate version.

11. Leases to Railroads. House does not delete the provision in the Mineral Leasing Act which prohibits issuance of coal leases to a railroad except for railroad purposes. Senate does.

I ask unanimous consent that Secretary Kleppe's letter be printed at this point in the RECORD:

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF THE INTERIOR,
Washington, D.C., January 19, 1976.

Hon. JAMES A. HALEY,
Chairman, Committee on Interior and Insular Affairs, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I would like to inform you of this Department's views concerning H.R. 6721, proposed coal mining legislation, which has recently been reported out of the Interior and Insular Affairs Committee.

The Department has taken a very active interest in this legislation in its progress through the Mines and Mining Subcommittee and the full House Interior and Insular Affairs Committee. We have worked very closely with the members and staff and with the Subcommittee Chairperson, Ms. Mink. Her attention to and consideration of our views and her cooperation in presenting the issues fairly has been greatly appreciated.

As you may be aware, we believe the Department presently has adequate authority to fully implement our coal development program, however, we are in general agreement with the basic thrust of H.R. 6721 to provide policy direction in coal leasing. In assessing the impact of the bill as reported, we are concerned that there are a number of provisions in H.R. 6721, as amended, which we feel would have a seriously adverse effect on our coal program. We urge that appropriate amendments be accepted during consideration of H.R. 6721 on the House floor so that we might fully support enactment of this legislation. Without these amendments, however, the Administration opposes enactment of the bill.

The provisions of greatest concern are:

1. Payment to States.

H.R. 6721, as amended, would provide an additional 12½ per centum of the revenues to the States. We strongly object to increasing the States' share of mineral leasing receipts and dealing substantively with the Geothermal Steam Act of 1970 in this bill. This change represents a 33⅓ percent increase in payments to States. In fiscal year 1976 this would amount to an increase from $126 million to $168 million. Payments determined by an arbitrary formula will likely bear no relationship either in amount or timing to problems of social and economic impacts generated by energy development of Federal lands.

In addition, we view the restrictions in section 35 of the Act as no longer necessary. The Department has strongly endorsed the repeal of the restrictions on State use of its share of funds from all mineral leasing activities and has objected to previous proposals which were unnecessarily restrictive. We therefore recommend that they be repealed from section 35 of the Act. This Amendment would give States complete discretion as to their expenditure of coal and other mineral leasing recepits from Federal lands.

2. 12½% Royalty.

H.R. 6721, as amended, would require that a royalty of not less than 12½% be charged to Federal coal lessees.

We strongly object to this provision. We do not believe that royalties should be set by legislation which are at or near the historic highs. The current ceiling should not become the floor. Twelve and a half per centum royalty could prevent production from vast acreages of Federal coal lands. We recommend a more realistic rate, such as the 5 per centum presently specified in S. 391. This would allow us the flexibility to set royalties at or above that level as circumstances warrant.

We are also opposed to providing lower royalties for underground mining which would tend to distort production toward that mining method with its lower recovery factors and greater safety hazards.

3. Federal Exploration Program.

H.R. 6721, as amended, would direct the Secretary to conduct a comprehensive exploratory program to obtain sufficient data and information of the extent, location, and potential for developing the known recoverable coal resources within the coal lands subject to this Act.

The Department is strongly opposed to such a program.

We do not believe the Federal Government should be involved in the exploratory phase of coal development. The Department has carefully considered this issue, and we have concluded that the claimed benefits are either small, as in the case of better information, or they may be obtained without resorting to Government exploration, as in the case of increased public control over development. We believe Government exploration would entail large costs with little benefit in terms of federal revenues and the probability of significant delays in discovering coal and in developing coal.

4. Public Hearings.

H.R. 6721, as amended, could require at least four separate public hearings: one on a land use plan; another either before a lease is issued or before approval; another on the formation of a logical mining unit (hereafter referred to as an LMU) and, finally, one prior to determining the fair market value of coal.

The Department agrees with the objective of providing adequate opportunity for public participation in the significant phases of the leasing program. We object strongly, however, to provisions which serve only to retard implementation of a coal leasing program and which may invite endless litigation. We believe four potential hearings on one coal lease are excessive.

We believe that one public hearing before approval of a land use plan would be appropriate. Such a hearing would not lead to unwarranted delays and would provide a thorough public review of the most important issues.

Particularly objectionable, however, are requirements for a hearing before the approval of the lease (it is unclear what time or point of the process is meant by "approval" of the lease, a matter which could result in much unnecessary court cost and delay) and before a determination of fair market value of the coal (Regardless of great administrative difficulty inherent in such a process, we are not sure that the public generally is in a position to evaluate fair market value of coal). No useful purpose appears to be served by these provisions in the bill.

The Department (particularly BLM) manuals require a series of public meetings during various stages of the land use plannings process, and before a land use plan is adopted public hearings would have been held.

Also, in preparing an Environmental Analysis Report, BLM instructions (Manual 1791) call for consultations with public and public hearings may be held.

And additionally, we note that an environmental analysis is done on all leases. If the conclusion of that analysis is that major Federal action is involved an EIS pursuant to subsection 102(c) of the National Environmental Policy Act of 1969 is prepared. The EIS process requires public hearings under subsection 101(a).

5. Anti-Trust Provision.

We strongly object to the provision in H.R. 6721, as amended, which would require the Secretary to submit all decisions on the issuance, renewal, readjustment, or modification of coal leases to the Attorney General for his assessment of possible violation of the antitrust laws. This is administratively cumbersome and the Department of Justice is extremely reluctant to offer conclusions on antitrust questions in advance of a particular activity. This would only serve as an additional impediment to coal leasing.

It should be noted that acreage limitations, both statewide and national were added to the bill to accomplish antitrust purposes.

6. Acreage Limitation for Logical Mining Units.

H.R. 6721, as amended, would, as we read it, limit the size of any one logical mining unit to 25,000 acres.

We oppose this restriction.

A logical mining unit of 25,000 acres would in some cases arbitrarily restrict the size of an LMU by acreage, rather than by the configuration of the coal deposit. As a result, in some instances it would raise the cost of coal production and lead to non-development of economically valuable coal.

The 25,000 acres is an artificial restriction which will require, in some cases, multiple discrete mines where one large mine is most economic. Surface mining is highly capital intensive and subject to major economies of scale. Restricting mines to 25,000 acres will prevent the full economies of scale from being realized, and in some instances, prevent realization of the full value of equipment utilized. It will thus lead to unnecessarily high costs of production for coal. The higher costs of production will mean that coal which would, without the restriction, be economic to mine will not be economic to mine. This will lead to non-development of some socially valuable deposits and early abandonment of others.

Additionally, it should be pointed out that H.R. 6721, as amended, already contains provisions for both State and National acreage limitations. These general limitations appear to have been placed in the bill to accomplish the same purpose as the logical mining unit restrictions. Because of such duplication and apparent inconsistency, confusion in interpretation, administration, and record keeping could result.

7. Tracts Reserved to Public Bodies.

We object to the provision in H.R. 6721, as amended, which would reserve a "reasonable number" of leases for public bodies, including Federal agencies. We recommend against this provision because it discriminates in favor of public bodies which can, under existing authority, receive a license from the Secretary to mine coal (30 U.S.C. 208). Considerable difficulty will be encountered in defining "a reasonable number."

Also, we see no basis for issuing leases to other Federal agencies or their entities.

8. Deferred Bonus Payments.

H.R. 6721, as amended, would require that no less than 50 per centum of the total acreage offered for lease by the Secretary in any one year shall be leased under a system of deferred bonus payment. The Secretary presently has the authority to lease under a deferred bonus scheme. We object to legislative specification of how he should exercise that discretion and we find no basis for concluding that it is in the public interest to offer 50 percent of the total acreage under a deferred bonus payment.

9. Mining and Reclamation Plans.

After careful analysis, we have concluded that the requirement in H.R. 6721, as amended, that a lessee submit an "operation and reclamation" plan by the third lease year is impractical. This schedule will not allow a lessee, in many cases, sufficient time to market the coal. We believe that there is no need for this provision since the lessee must begin producing coal by the 15th lease year and such production cannot begin until a mining plan is approved. Therefore, we recommend deletion of the phrase "and not later than 3 years after the lease is issued."

10. Departmental Report.

We believe this provision is unnecessary and duplicative. Information which is to be included in the annual report required by H.R. 6721, as amended, is already contained and publicly available in two annual Departmental publications: Public Land Statistics, and Federal and Indian Lands, Coal, Phosphate, Potash, Sodium, and Other Mineral Production, Royalty Income, and Related Statistics.

11. Production Requirements.

H.R. 6721, as amended, would require production on a lease within 15 years or the Secretary would be prevented from issuing additional leases to the leaseholder. However, the bill also would require termination at the end of 15 years of any lease which is not in production. We believe these approaches to be inconsistent. Once a lease is terminated for failure to produce within the 15-year period presumably a former lessee could make a valid bid on a new lease offering. We believe that the correct approach should be to require that nonproducing leases be subject to cancellation after 15 years. This would also give the Secretary the authority to cancel leases that become inactive after 15 years.

12. Study of Recovery Methods.

We believe a study of recovery methods is unnecessary and we would like this provision deleted. There are only two methods currently used to mine coal: surface and underground mining. Since the method used is largely a function of economic decision making on the part of the developer and since there is already authority to evaluate the operation and reclamation plans to insure environmental and personal safety, we believe such studies would be unnecessary.

13. Statewide License.

The sentence in section 4 which would amend section 2(b) of the Mineral Leasing Act to read, inter alia, "A separate exploration license will be required for exploration in each State.", should be deleted and replaced by "No exploration license shall cover land in more than one State."

As presently drafted this section is unclear as to the geographical parameters of the exploration licenses. We believe the proposed language will clarify this problem and be a more practical solution.

I would welcome the opportunity to discuss this further with you, and, look forward to working with you and the other members of the Interior and Insular Affairs Committee in discharging our responsibilities regarding the Nation's lands and natural resources, a key task among this Nation's priorities and one which will be increasingly important as we develop more of our domestic energy resources.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely yours,

TOM KLEPPE,
Secretary of the Interior.

Mr. METCALF. Mr. President, this is our last chance to get coal mining legislation enacted in this Congress. This is 95 percent of the bill recommended by the administration. There is unanimity for much of this legislation. For the balance a sizable majority of both Houses has agreed. I would hope that we could be able to salvage this small amount of coal mining regulation for the benefit of the people of America in this Congress.

Mr. McGEE. Mr. President, the time has arrived, in fact the time is overdue to realistically face up to our responsibilities in the development of coal reserves for this Nation and to what is happening in the West where lies the sustenance for the American energy appetite.

The absence of Federal reclamation policy has not stopped the clock and Senators HANSEN and METCALF, Interior Committee stalwarts, and I ask today that we pave the way to establishment of a stronger Coal Leasing Act, one which deals with the many ramifications of mining Federal coal in a few concentrated areas to supply the rest of the country. Not the least of the issues we must face are those dealing with the effects of our decisions upon the areas to be mined and how the citizens and the economies of these areas can reap a fair return for their sacrifices. We must minimize those sacrifices.

My special praise today to Senator METCALF for moving ahead with these coal leasing amendments and his leadership on the bill we consider today. I rise in support of the amendments and join with Senator HANSEN today in speaking of the importance of a fair return to the public through an increase in the anual mineral royalty payments to public land States.

When we last discussed increasing these royalties under S. 391, attempts were made to subvert the obvious: Coal production in the United States is not a geographical problem; it is a national problem. It is, therefore, mandatory the Congress and the administration drop some contentions that impact is a local problem created by coal leasing problems on State lands and further festered by the moratorium on Federal coal leasing.

The case has already been made for areas producing large amounts of oil and gas. The case has been made so many times for large population centers which receive a large amount of Federal consideration. There are perhaps some financial jealousies in "coal free" areas or areas with little or no Federal acreage, or from communities that have never nor will ever experience a doubling of populations in a brief 5-year period or suffer the resultant impacts.

Well, there is nothing to be jealous of here; the fact the Western States have these resources poses special problems. Mr. President, I concede my support for increased mineral royalties is of special interest to Wyoming, but it is more toward my belief that a preamble to any domestic energy policy should recognize that while some areas of the country are called upon to sow for others to reap, that policy should underscore such a relationship as only another example of the cooperative partnership of all the States in American goals.

During debate on S. 391 last year, my colleague Senator HANSEN put it so well:

> (The bill) is not a ripoff. It is a very long overdue recognition of what is needed to be done in order that the people of the West, where these mineral resources are being developed, can take care of places like Little Rock, Arkansas. It is so people can be cared for, so there will be some decent sewage plants and adequate sewage facilities, good water, and maybe a hospital or two which we now do not have in sufficient supply at all.
>
> These are the kinds of problems we are talking about, and I hope very much that our colleagues in recognizing the problem here, will give a little attention to the problems of the West.

Let me add that the Federal Government has drawn up an energy mission and the West must carry it out, therefore, the good life of the energy soldiers must be protected.

In its report on H.R. 6721, the House Committee on Interior and Insular Affairs said in a needs section that,

> At the current rate of production, the U.S. has sufficient coal reserves to last about 725 years. As technologies improve, the cost of fuel rises and further knowledge is gained with respect to our coal resources, an even greater portion of our coal resources will become available as recoverable reserves.
>
> Since coal represents some 88 percent of our total domestic recoverable hydrocarbon reserves, it is clear that it is likely to prove a major energy source in the near term.

Here, Mr. President, we see the role of coal in our future. Now let us get to the role of Federal coal, again quoting from the House report.

> It is estimated that the Federal Government owns 50% of the total coal reserves in the nation. In the Western States this figure approached 60% and because of ownership patterns, Federal leasing policy may affect over 80% of all known reserves.

Of over 203 billion tons of coal in place in Colorado, Montana, New Mexico, North Dakota, Utah, and Wyoming, over half these reserves are in Montana and another 25 percent in Wyoming.

In Montana, 41 percent of the coal bearing lands are federally owned and in Wyoming, 50 percent of these lands are federally owned. These high percentages, Mr. President, do not take into account the Federal ownership of minerals under private acreage, thus the Federal role is even greater. The House report states:

> The overwhelming majority of these (533 active Federal coal) leases lie in the Western United States.

What have the people of the Western States received in the past for their coal reserves—a "pittance," says a GAO study. Even before we faced a tremendous resurgence in the need for coal, the payments to public land States were woefully inadequate. Now we are asked again to modernize and equalize these payments but this time when the demand for coal is projected to increase almost threefold.

At this point, Mr. President, I ask unanimous consent that two sections of the House Report—"Fair Return to the Public" and "Social and Economic Impacts"—be inserted here.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

FAIR RETURN TO THE PUBLIC

Several aspects of the current law have contributed to a situation in which the public is being paid a pittance for its coal resources. The first such provision is that which establishes a prospecting system for lands in which the resource is not known to the Department of the Interior. Such permits are issued for specific plots of land and carry with them the right of a "preference lease". That is, if a holder of a prospecting permit demonstrates the existence of coal in commercial quantities in the permit area, he is entitled to a preference right lease. No competitive sale is held and the lessee is subject only to the minimum royalty and rental provisions of Section 7 of the Mineral Leasing Act of 1920, or such other rates of royalty and rental as the Secretary may determine.

Additionally, although more than 50 percent of all leases have been offered for competitive bid, 72 percent of these "competitive" sales had less than two bidders, not really reflective of a competitive environment. Since the bid is related to the number of bidders, those tracts which attract only one bid are not likely to result in payment of a fair return to the public. (See Table.)

TABLE—NUMBER OF COMPETITORS AND AVERAGE BID, FEDERAL COAL LEASES

Number of bidders	Number of such leases	Average bid per acre
0	25	$0.08
1	145	3.31
2	37	36.43
3	14	25.61
4 or more	15	112.18
Total	[1]236	16.90

[1] For the other 11 competitive leases information is not available for a listing.

Source: "Leased and Lost: A Study of Public and Indian Coal Leasing in the West;" Council on Economic Priorities.

The fact that the minimum royalty and rental established in the law (royalty-5 cents/ton; rental-$.25/acre-1st yr, $.50/acre for the 2nd to 5th years and $1.00/acre thereafter) also contributes to the lack of fair return to the public. According to the Council on Economic Priorities, the Federal government has collected a total of $23,373,920 in royalty payments in the last 54 years, from a total production of 189,099,653 tons of coal. This total represents an average royalty of 12.5¢ per ton. The study points out that although royalty rates have increased 75 percent in the last half century, the price of a ton of coal has more than doubled. Thus, the actual royalty being paid is a smaller percentage of the value of the coal now than it was in 1920.

The 1972 GAO study on coal leasing policy concludes: "We believe that royalty payments have not been established on a fair basis."

The GAO report goes on to recommend that the Secretary of the Interior initiate a study to determine the desirability of seeking a change in the law that would permit the adjustment of royalty rates and other lease terms more frequently than at 20-year intervals.

A fourth factor affecting the amount received by the Government for sale of its coal resource may result from basing the determination of the payment on an estimate as to extent and value of the coal by the U.S. Geological Survey. These estimates are not always correct and the extent to which the estimate varies from the actual coal produced often results in an unrealistic return to the public.

H.R. 6721 contains many provisions designed to insure a fair return to the public from Federal leases. First, all leases are to be awarded by competitive bidding only and not by "such other methods as he (the Secretary) may by regulations adopt" as in the present law. Second, a bid is not acceptable unless it is at least as high as fair market value, as determined by the Secretary. Third, a minimum royalty of 12.5 percent of the value of the coal is placed on all new leases except for underground mines. Fourth, readjustment of the terms of the lease will occur every ten years to allow the Secretary to adjust the terms to more closely reflect changing market conditions than the present 20-year readjustment period permits. Finally, preference right leases for holders of prospecting permits are abolished. Henceforth, holders of prospecting permits must complete with all other interested parties in bidding on a leasing tract, their sole advantage being that any data they may have obtained on a tract up for lease shall be held confidential by the Secretary until after the lease sale.

SOCIAL AND ECONOMIC IMPACTS

The current restrictions on the manner in which monies return to the States from the sale of Federal leases within their borders are onerous. When an area is newly opened to large scale mining, local governmental, entities must assume the responsibility of providing public services needed for new communities, including schools, roads, hospitals, sewers, police protection, and other public facilities, as well as adequate local planning for the development of the community. Since Section 35 of the Mineral Leasing Act of 1920 currently provides that the monies returned to the states be available only for schools and roads, it is difficult for affected areas to meet the needs of their new inhabitants. This situation exists both with respect to coal and geothermal development, as well as other mineral resources.

For example, the Council on Economic Priorities report states:

"The sudden jump in population growth, the emergence of urban centers, and the possible "boom-bust" economic cycle will cause many social and cultural changes. The Bureau of Reclamation predicts that coal development in the Northern Great Plains could result in "the sevenfold increase in the present population." Because 200,000 and 400,000 people are expected to migrate into eastern Montana."

An effort must be made to alleviate these problems by making funds available for the various aspects of community development.

As shown below, H.R. 6721 will add 12.5 percent of the moneys received under section 35 of the Mineral Lands Leasing Act to the 37.5 percent share currently returned to the states.

[In percent]

	Existing law	*H.R. 6721*
Reclamation fund	52½	40
States	[1] 37½	[2] 50
General Treasury	10	10

[1] All earmarked for schools and roads.

[2] 37½ percent of which is earmarked for schools and roads.

The additional 12½ percent that will go to the states is not earmarked for schools and roads, and may be spent by the states for planning, public facilities and public services, giving priority to those communities impacted by the mineral development. The remaining 37½ percent of the states' 50 percent share continues to be earmarked for schools and roads under existing law. H.R. 6721 would increase total receipts under section 35 of the Mineral Lands Leasing Act by adding thereto revenues from the Geothermal Steam Act of 1970. At present, geothermal receipts are treated as if received from the sale of public lands (only 5% are returned to the states).

Mr. McGEE. Our mineral royalty returns to public land States are out of date; we must not only recognize the normal increased needs of education and road building in the public land States, but more importantly, provide the funds needed as "front money" to deal with the impact of coal development—to provide those sewage plants and hospitals and to maintain the good life in the West. The bill's provision for increased royalty payments would soften these impacts; without the increases, we stand the chance of falling too far behind.

The Interior Department has issued its coal leasing regulations with regard for full cooperation with the coal producing States. The time has come that the Congress follow suit in a spirit of recognizing the West's paramount role in our energy future, that mineral royalty payments at present deny that recognition, and that an energy partnership is at hand today.

On behalf of the Western States and the Nation, I ask for approval of the Coal Leasing Act Amendments of 1975 and thus a signing of a national compact toward a realistic domestic coal program. The time has arrived.

Mr. METCALF. Mr. President, I move that the Senate concur in the House amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to.

Mr. METCALF. Mr. President, I move to reconsider the vote by which the Senate concurred in the House amendment.

Mr. MANSFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

Mr. LONG. Mr. President, I ask unanimous consent that those persons who were permitted to have the privilege of the floor when the Senate was in session on Friday be permitted to have the privilege of the floor today.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BENTSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BUMPERS). Without objection, it is so ordered.

Mr. BENTSEN. Mr. President, I oppose this amendment.

Mr. President, it is a responsibility of the Budget Committee to set and determine the net tax increase or the net tax decrease that should be legislated for each fiscal year. That is the limit of its authority with respect to tax legislation. When it goes beyond determining the overall limit and starts to determine the appropriate mix of tax deductions and tax increases, it has exceeded its authority. If it can deal with specificity and detail as to which taxes should be raised and which taxes should be lowered, then it has taken over the responsibilities of the Senate Finance Committee. That is the crucial factor in this debate. It is a question of jurisdiction. It is a question of the authority of the Finance Committee and the Budget Committee. Either they each are going to continue to fill an important role in this Congress or the Budget Committee will have taken over the responsibilities of the Finance Committee. A letter which was signed by the distinguished Senator from Maine and the Senator from Oklahoma states that the congressional budget is based upon the assumption of an aggregate tax reduction of $17.3 billion and a tax increase of $2 billion. This is not in the budget resolution.

The resolution itself ony talks about the net decrease in tax revenues and that figure is $15.3 billion. The Senate Finance Committee has complied with this target and it must be remembered that the May 15 resolution is just that; a target. The September 15 resolution is the binding mandate and the Congress cannot consider any legislation in violation of the second resolution. A point of order can be raised for a violation. The question to be resolved in this debate is one that will extend far beyond the authority of just the Finance Committee. It directly affects the Appropriations Committee and, ultimately, every other authorizing committee in the U.S. Senate. Should the Budget Committee prevail in its point of view that it has the right to tell the Finance Committee not just what the overall tax increase or decrease should be but also the net increases and decreases in specific areas, then we ought to recommit this bill.

But we should not recommit this bill to the Senate Finance Committee. We ought to recommit it to the Budget Committee and let them write the tax bill. The fact that those of us on the Finance Committee spent months of hearings and extended markup sessions and have listened to a great number of witnesses from across the economic and political spectrum will all have been for naught.

It will then be the responsibility of the Budget Committee to reschedule hearings and themselves make those determinations.

Mr. President, nobody questions the responsibility of the Senate Budget Committee to establish an overall figure on Federal revenues and expenditures. I was one of the original sponsors of budget reform legislation. I firmly believe that this new budget procedure is essential for Congress to exercise fiscal responsibility, but if the Budget Committee prevails in this extension of its powers to what will ultimately result in denying any useful role for the Finance Committee or the Appropriations Committee and, finally, all other committees, then the Budget Committee in turn will have sown the seeds for the failure of the new Budget Reform Act.

The Finance Committee has the responsibility to determine the most appropriate mix of specific tax reductions and tax increases to achieve our Nation's economic objectives. It is the right of and the privilege of every Member of this Senate to disagree on any one of those specific tax reductions or tax increases and to propose his amendment to change it, but not under the guise that this violates some mandate from the Budget Committee. Let us not confuse these issues. What we are basically dealing with here is the jurisdiction of the committees of the Senate and, in particular, that of the Budget Committee; what the majority of us in the Congress had meant to be its objective.

The Finance Committee must carefully review the economic impact of its tax decisions on such crucial sectors of our economy as housing, agriculture, business and labor. These decisions will have an important impact on the availability and cost of new housing for potential homeowners across our Nation, the availability and cost of food for every American housewife and the adequacy of investment capital for economic growth.

Modifications of our estate taxes, for example, are essential to insure the survival of family farms and ranches and small business. Estate tax changes are needed to maintain healthy competition in the agriculture and business sectors of our economy.

The only way we can effectively achieve our economic objectives is through a careful analysis of alternative tax approaches. The minds of members of the Finance Committee on specific tax approaches have been changed from time to time through the lengthy studies and hearings. What has been presented to the Senate in this tax bill is the result of this long and detailed process.

The Senate Finance Committee decided to permanently liberalize the standard deduction and low income allowance. However, the Finance Committee decided to extend the $35 individual tax credit until June 30, 1977. Some of my colleagues in the Senate are arguing that this temporary credit should be extended another 3 months, perhaps even longer. However, that is a decision that should be put off until next year when we better know the state of the economy in 1977.

Just last Wednesday we learned that industrial production, personal income and housing starts increased in May. The Federal Reserve Board said that industrial production in May—a broad gage of the economy—rose by 0.7 percent. The May increase was the 13th successive monthly rise since the recession reached a low point in April of 1975.

However, on Friday we learned that the growth in GNP was expected to slow substantially in the current quarter to considerably less than 5 percent on an annual basis. This decline in growth rate was attributed to decreasing consumer spending. Consumer outlays, after growing strongly and leading the economy out of the recession, flattened in April and declined slightly in May.

This economic uncertainty clearly demonstrates the wisdom of a temporary tax cut extension so that we can make any necessary modifications early next year.

The Finance Committee asked eight prominent economists, drawn equally from both major political parties, whether they favored an extension of the existing $20 billion in tax cuts and, if so, for how long. Seven of them were former members of the Council of Economic Advisers. All of the economists favored extension of the tax cuts at least for the rest of this year, but only four of them thought the cuts should be made permanent.

In view of the uncertain economic and budgetary situation, the Finance Committee has agreed to make one-half of the $20 billion tax reduction permanent and to extend the other half only for 1 year—until June 30, 1977. This will afford the Congress and administration next year an opportunity to review economic conditions and the fiscal requirements to see what, if any, further extensions of these tax cuts should be made.

As I read the legislative history of the Budget Reform Act, I am comforted by the fact that the distinguished chairman of the Senate Budget Committee during the debate recognized the responsibility of the Finance Committee to determine the proper mix of tax changes.

During a Senate floor colloquy on April 9, 1976, Senator PACKWOOD referred to a recommendation in the report of the Senate Budget Committee to raise $2 billion through tax reform.

Senator PACKWOOD stated:

> On Page 6 of the Committee report where you make reference to the $2 billion in the tax expenditures that you hope the Finance Committee will pick up this fiscal year—do I take that to mean it is not necessarily a mandate that we close $2 billion worth of loopholes, but that we could just as well raise the income tax or the corporate income tax $2 billion? You are just talking about $2 billion additional revenue, and the reference to tax-expenditures does not necessarily mean so-called loop-holes.

Senator MUSKIE responded:

> That is right. The only mandatory number with respect to revenues is the revenue total that we have included.

Senator PACKWOOD proceeded to say:

> We are not necessarily committing ourselves to a $2 billion closing of tax loopholes—necessarily.

Senator MUSKIE responded:

> That is right.

Senator PACKWOOD added:

> What we are initially committing ourselves to are revenues of $362.4. billion and maybe next September that figure will be $360 billion, maybe $365 billion. Who knows?
>
> Then we are saying to the Finance Committee report to get whatever insight it ate is $362 billion. It is up to you, gentlemen, to determine how we go to that figure."

Senator MUSKIE responded:

> We, of course, would like to have the Finance Committee look at the Budget Committee report to get whatever insight it chooses to take from the Budget Committee's judgment.
>
> But in the last analysis, it is the Finance Committee's judgment.

Mr. President, after weeks of hearings and markup, the Senate Finance Committee has reported a bill which raises a substantial amount of revenue through tax reform and the complete Finance Committee bill complies with the overall revenue target for fiscal 1977 which is $15.3 billion in revenue reduction.

The function of the Budget Committee is to set overall limits on revenues and spending. It is not the responsibility of the Budget Committee to dictate a breakdown of these overall limits. The Budget Committee simply did not have the opportunity to carefully scrutinize our tax structure during weeks of hearings and markup and then make a determination of the best approach for meeting that overall ceiling.

Mr. President, it seems to me that the ideal thing would be to permit the Senate to proceed in an orderly fashion on this tax bill and go through it title by title.

However, before we can even get a vote on the Finance Committee proposal to strike title I we are confronted with a major amendment to substantially cut individual taxes in title IV of H.R. 10612.

If we are going to proceed in that fashion, we are going to be confronted with the situation in which everybody tries to get some advantage to offer an amendment and tries to get the Chair to recognize him before the other fellow.

I urge my colleagues to reject this amendment.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

HEALTH MAINTENANCE AMENDMENTS

Mr. KENNEDY. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 9019.

The Presiding Officer laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H.R. 9019) to amend title XIII of the Public Health Service Act to revise and extend the program for the establishment and expansion of health maintenance organizations, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. KENNEDY. I move that the Senate insist upon its amendment and agree to the request of the House for a conference, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. KENNEDY, Mr. WILLIAMS, Mr. NELSON, Mr. EAGLETON, Mr. CRANSTON, Mr. PELL, Mr. MONDALE, Mr. HATHAWAY, Mr. DURKIN, Mr. SCHWEIKER, Mr. JAVITS, Mr. BEALL, Mr. TAFT, Mr. STAFFORD, and Mr. LAXALT, conferees on the part of the Senate.

QUORUM CALL

Mr. KENNEDY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll, and the following Senators entered the Chamber and answered to their names:

[Quorum No. 25 Leg.]

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd,
Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Eastland
Fannin
Fong
Ford
Garn
Glenn

Gravel
Griffin
Hansen
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Helms
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya

Morgan
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott,
William L.
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

The PRESIDING OFFICER. A quorum is present.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

Mr. LONG. Mr. President, I know of no reason why anyone would object to the pending amendment; and if there is no objection to it, I hope the amendment can be agreed to by unanimous consent. I have yet to hear of anyone finding any objection whatever to the pending amendment to the Muskie amendment. Not one Senator has indicated that this is not good tax reform and that these sections in the bill which repeal obsolete sections or seldom-used sections in the Tax Code should not be effective.

I ask unanimous consent that the pending amendment be agreed to.

The PRESIDING OFFICER. Is there objection?

Mr. MUSKIE. Mr. President, to the best of my knowledge, this amendment is a piece of a bill which was reported. It consists of technical, conforming amendments which usually are almost routinely adopted at the end of the consideration of the principal issues of a bill. I have no particular question about it, but I do have a question about its introduction at this point, its introduction as an amendment to my amendment.

I have the vaguest kind of suspicion that its purpose is to overload my amendment. It may be just the first of a series of amendments to try to overload it.

If the Senator would only give us some clue as to what he has in mind with respect to resolving the issues raised by my amendment, when we can expect to continue debate, how long it is likely to continue, when we can expect to have a vote on it, I think he would find me very receptive to the motion of disposing of this, which represents, I suppose, a duplicate cost of printing something to which there would have been no objection in the first place.

Mr. LONG. Mr. President, I hope the Senator does not deal lightly with the amendment he is holding in his hand, because that amendment contains 200 pages that simplify the Internal Revenue Code, deleting sections which are practically never used or obsolete, and it makes a few changes in some of them to make them more comprehensible and easily understood. We have had all of that before us on at least one or two other occasions. It should have been passed and should have become law a long time ago. It has not been passed. I do not see any reason why it should not be agreed to.

While we are getting around to the point of voting on the amendment by the Senator from Maine, which might take some time, this is one thing we could do in order to make progress. I have yet to hear one person find anything wrong with those 200 pages.

I do not know why the Internal Revenue Code should be cluttered up with a lot of obsolete provisions that are no longer needed. It seems to me that deleting them is something nobody can object to. If we cannot do anything else at this moment, it seems to me that that is one constructive thing we can do—agree to something with regard to which nobody can find any cause to disagree. We cannot tell—it might achieve more than that. Anytime we can agree on something, we have made that much more progress in the right direction. If we agree on this, perhaps we can agree on something else. This is something with which nobody has disagreed.

Mr. MUSKIE. I say to the Senator that he, himself, established the first issue. This is not part of the first issue. This is at the end of the bill, and it is more consistent with the battle plan which the distinguished Senator from Louisiana has asked me to consider—that is, to put this at the end of the consideration rather than with his objections to my amendment.

So the clear-cut issue is before us. This is intended to bog it down. I do not think anybody has read it, to see whether or not there are objections to it, because normally it is the last routine item of business taken up in connection with a bill. So far as I know, that is all it is. I have not read it.

Mr. LONG. The Senator must remember——

Mr. MUSKIE. May I finish?

I am willing to accept the Senator's description of this. But what concerns me is this: Why was it offered here? Why was it put on my amendment? Why the delay in getting to a vote on my amendment? What are the Senator's plans?

Little as I know about parliamentary procedure, I have learned around here not to agree to anything until I know why the initiative was taken. The Senator has been one of my teachers—not that he has made me an expert, as I would classify him, in all these matters. But I am not going to agree to a thing until the distinguished floor manager tells us what his plans are with respect to the issue he has raised with respect to my amendment, without any more debate. We have had 2 days of debate. I am not going to agree to anything until we dispose of that. The Senator, on the first evening of debate, said it was the first order of business, and this is the last order of business in any bill.

It is for that purpose that I am not going to open up to the Senator from Louisiana parliamentary opportunities of which I, in my ignorance, am totally unaware.

I object.

The PRESIDING OFFICER. Objection is heard.

Mr. LONG. I hope the Senator will withhold his objection long enough for me to clarify matters.

Mr. MUSKIE. I withhold for that purpose.

Mr. LONG. What the Senator has there are not technical and conforming amendments. That is known as a deadwood bill. It is to repeal all the obsolete sections of the Internal Revenue Code that no longer serve any purpose. For years and years, people have been confronted with the spectacle of a lengthy, complicated, difficult code. It is bad enough to have to be confronted by the complexities, much less to be struck with all these sections that really serve no purpose and do not belong in there. This would repeal 200 pages of laws which are not needed at all. If we take out those 200 pages, that is reform—to get many obsolete sections out of the code. That is reform. At least, we will have simplified the law to the extent that we will repeal 200 pages of complicated, incomprehensible sections of the law that are no longer needed. However, if the Senator wants to object, that is his privilege.

Mr. MUSKIE. I say to the Senator that his description of these 229 pages to me brings me to the 1,500-odd pages that he would put back in the Code. I think that we ought to dispose of one thing at a time.

That is my New England upbringing. You take one thing at a time. We have a very plain situation before us. If the Senator is interested in agreeing to a time limitation on the Muskie amendment and a vote, either a motion to table or a vote up and down. I have no objection to the substance of the Senator's amendment from anything I have heard about its contents. But I would like to get the first order of business taken care of before we take care of the last order of business.

Mr. LONG. Mr. President, I understand the Senator's point of view. I take it he objects to voting on the amendment that is pending.

Mr. MUSKIE. At this time, until I get some clue as to where we are going from here.

The PRESIDING OFFICER. Is there objection?

Mr. MUSKIE. I object.

The PRESIDING OFFICER (Mr. GARN). Objection is heard.

Mr. LONG. Let me make it clear, Mr. President, that in my judgment, the Muskie amendment pending itself does nothing but confuse the issue. What I wanted to get clear was that any standing committee of the Senate, within its jurisdiction, has not only the right but the duty to recommend to the Senate what the majority of the members of that committee believe to be best, all things considered. That is the duty of a committee, in my judgment, which cannot be denied by someone who might have a difference of opinion with the majority of that committee. Those who might be on some other committee might look at it differently. But unless the Senate has expressly ordered a committee to do a particular thing, or ordered a committee not to do a particular thing, then it seems to this Senator—I am confident I am right about this, and when the Senator comes to understand it, they are going to have to sustain it—that in the absence of an order by the Senate, expressed directly, not by inference or indirectly, that the committee should do something or not do something, then the committee should do what its majority vote would feel to be the best for the Nation and the whole free world, quite independently of whether someone or some other committee might think that that is what this committee should do or not do.

As a matter of fact, as much as I would like sometimes to keep another man's conscience, there is no way I can do that, because I am not that man. The same thing applies the other way around. Sometimes I wish I could be the able and effective, competent, distinguished Senator from Maine, but I am not. That is just not how the good Lord made me, so I cannot be that great Senator. I just have to be whatever the good Lord happened to have in mind when he put me here. The same thing tends to work the other way around. So, as much as I might want to do what Mr. MUSKIE would do if he had the responsibility thrust upon him that I find mine from time to time, it is not possible for me to do that. All I can do is just do the best I can to reflect what I think is correct when I have the problem thrust upon me, and I suppose the same thing is true with regard to the others.

If the Senator will not accept an amendment that, to me, is something that absolutely cannot be objected to, that nobody could get upset about, if he cannot agree to that, then, Mr. President, I withdraw the amendment.

The **PRESIDING OFFICER**. The amendment is withdrawn.

UP AMENDMENT NO. 63

Mr. **LONG**. Having read the Senator's speeches and having heard them, I send to the desk an amendment.

The **PRESIDING OFFICER**. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Louisiana (Mr. LONG) proposes an unprinted amendment numbered 63.

The amendment is as follows:

On page 2, line 8, strike out "Nine-month" and insert "Special".

On page 2, beginning with line 11, strike out through line 18 and insert in lieu thereof the following:

"(2) SPECIAL RULE FOR 1977.—

"(A) ALTERNATIVE AMOUNTS.—Notwithstanding the provisions of paragraph (1), in the case of taxable years ending after December 31, 1976, and before January 1, 1978—

"(i) the percentage '1 percent' shall be substituted for the percentage '2 percent' in subparagraph (A) of such paragraph, and the amount '$17.50' shall be substituted for the amount '$35.00' in subparagraph (B) of such paragraph, or

"(ii) the percentage '1.5 percent' shall be substituted for the percentage '2 percent' in subparagraph (A) of such paragraph, and the amount '$26.25' shall be substituted for the amount '$35.00' in subparagraph (B) of such paragraph.

"(B) DETERMINATION OF WHICH ALTERNATIVE APPLIES.—Clause (ii) of subparagraph (A) of this paragraph applies to such taxable years only if the Secretary determines that the net reduction in fiscal year revenue under this title for the fiscal year ending on September 30, 1977, as a result of the amendments to this title made by the Tax Reform Act of 1976 (other than to this paragraph) do not exceed $15,300,000,000. The Secretary shall make such determination within 30 days after the date of enactment of such Act and immediately inform the Congress of his determination and the methods and data upon which the determination is based.".

Mr. **MUSKIE**. Mr. President, does the Senator have a copy of that amendment?

Mr. **LONG**. Yes, in just a moment I shall be glad to send it.

Mr. **FORD**. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. **MUSKIE**. May I ask the Senator, is this offered to my amendment or——

Mr. **LONG**. Yes, it is offered to the Senator's amendment.

Mr. **FORD**. Mr. President, the Senator has yielded to me. I ask unanimous consent that James King, of my staff, be granted the privilege of the floor during debate and vote on this legislation.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **LONG**. Mr. President, what I propose by this amendment is to take up the Senator from Maine on his proposition. The Senator says that if we vote for his amendment, that will require the Senate to vote for further increases in revenue so as to pay for this; that that will put the Senate under pressure to vote for more tax increases or more reductions of tax expenditures, if you want to put it that way, or closing tax loopholes. If you would prefer to put it in the language that appeals to some, to raise the money to pay for all this.

Now, this amendment would take the Senator up on his proposition. We find the money to pay for this, and, fine, we shall have the additional $1.7 billion of tax cuts. Now, if we cannot find the money to pay for it, we should not have it.

As far as I am concerned, the same thing ought to apply to every provision in the bill that the Committee on Finance has recommended. If we have the money to pay for it, let us pay for it. If we do not have the money to pay for it, let us restructure this bill until we do. We can either do it here on the floor or we can recommit the bill and let a committee do it. In either event, that is how we on the Committee on Finance did business. We started out by saying, all right, we would like to have all these tax cuts; let us see how much money we can raise. After working on this thing for almost 5 weeks, we said, all right, here is how much money we have; let us see how much good we can do with this much money.

We looked at what we had in our bill and we tried to balance it off.

The amendment finally got in and we said about the only way we could see to get all of these good things into this bill that seemed to be in the public interest that we think would promote the interest of the whole free world could be to say that a part of this temporary emergency tax cut for individuals, and only that which applied to people making more than $12,000, would come to an end July 1, 1977. That is more than a year from now. That is the way you could finance it.

We have provisions in here which would help people to insulate their homes, which was not called for by the Budget Committee. We have provisions to help conserve energy, which was not called for by the Budget Committee.

The Budget Committee was urged by business and by the administration and even by the Finance Committee to find some money to help people accumulate some capital to build new plants and provide new opportunities for people to go to work at good jobs, but they could not find anything at all, not 5 cents, to put in there. In fact, the way I read this, when you take another $2 billion away from business—I do not care whether you call it a closing of loopholes or whether you call it a reduction of tax expenditures or whatever, it is still just a tax increase that takes money away from people and they cannot invest and put people to work and use that as equity to borrow more capital to expand with money they do not have. So when you take the money away from them I do not care what you call it, they still have that much less.

So far from finding another $2 billion to help expand job opportunities, the Budget Committee could not find any room at all for 5 cents worth of that in the tax package. We do make some recommendations in that direction. So I would think that we ought to look at the whole package, all the tax cuts, in the context of saying which way would the package do the most good, and I would be willing to live with this amendment with regard to every reduction that the Finance Committee has recommended, and say, "All right now, it has all got to appear within the $15.3 billion." That is the Senator's argument, as I understand it, that if you pass his amendment you are going to have to come within the $15.3 billion, and I would think that if the Senator is sincere—and I am sure he is—he would be compelled in good conscience and consistency to accept this amendment and say, "All right, when you agree to this; that is, you do so only assuming we raise enough money to pay for it," and that is the whole idea of the budget concept.

Mr. **NELSON**. Mr. President, will the Senator yield?

Mr. **LONG**. I yield.

Mr. **NELSON**. I do not have a copy of the bill.

Mr. **LONG**. May I say to the Senator he will not find out by reading this technical language; he would find out by letting somebody come here and explain it to him.

Mr. NELSON. That is exactly what I want to do. I want to understand does the Senator's amendment raise any money itself, and I am talking about the amendment.

Mr. LONG. Not this, no. What this says is that the Secretary of the Treasury, as an administrative act, is required to find a fact, and the fact is that the tax cuts proposed here are within the $15.3 billion, and this tax cut can be fitted into it. Then the tax cut which, of course, would apply as of July 1, 1977, for the next quarter would be in effect, and that if he cannot make that determination it would not be in effect.

Mr. NELSON. Still, if I understand correctly, what the amendment is saying is that if after we have completed all action on the bill, and the Secretary then looks at all the tax expenditures, tax cuts, and all the money raised, if, in fact, within the bill as completed after final passage, there is enough money to pay for the extension of the $35 for the next quarter——

Mr. LONG. Yes.

Mr. NELSON. There is enough money in the bill then the extension automatically occurs. If there is not enough money then it terminates as provided in the bill as sent here by the Finance Committee.

Mr. LONG. Yes. Yes, that is the idea of it.

I would say further to the Senator that the purpose goes a little beyond that. The purpose is to simply set the pattern with regard to all these tax cuts if we are going to stay within the $15.3 billion. Now we can restructure this bill however we want to once we have agreed what tax cuts we are going to vote for and what tax increases we are going to vote for.

Once we see how much money we can raise, we can then say, as we did in the Finance Committee, as the Senator will recall, that now we have this much money to work with, how do we want to spread this around. That is basically what this seeks to get us to. Of course, if this went on through and became law that way that is how it would work. But I do not propose to necessarily limit that to this one provision. I am willing to look upon them all that way.

Mr. NELSON. However, I am assuming this amendment applies specifically and only—that is the discretion that is extended to the Secretary, after examining the tax expenditures and the revenues raised, the discretion applies only to this $2 billion extension of the $35, so that if there is not enough money when the bill is completed to pay for the extension of the $35 cut, the $35 cut is terminated as of July 1 pursuant to the bill.

Mr. LONG. And all we have got to do is to see to it that they get—all we have to do is to see that everybody gets—this additional tax cut, which is just to provide the money for it from somewhere else, which means you can vote for whatever tax increases you want to. You can vote to end DISC, vote to cut off deferral for corporations doing business overseas; you can vote for any combination of revenue increases you want or, for that matter, you can vote to repeal provisions that are in the law that terminate something that gives someone a tax break, or you can vote if you want to to raise more revenue by putting taxes on whomsoever you want to put it on.

But one way or the other, you ought to find a way to pay for it. That is the idea. The Senator's argument has been that if we will vote for his amendment this means that the Senate will then proceed to vote for these reductions in tax expenditures and for whatever further tax increases it might want to vote for that will make it possible to fund his amendment.

Well, that is fine, all right. If you want to do it, let us—from my point of view I am calling the Senator's hand—let us do it exactly that way. Let us do it this way: If the Senate wants to provide that additional money either by adding additional taxes or by not agreeing to some of the tax cuts that have been recommended, then this will take place.

Mr. BENTSEN. Mr. President, will the chairman yield?

Mr. NELSON. If I may pursue this for just a moment.

Mr. BENTSEN. Yes.

Mr. NELSON. It seems to me, however, that the fundamental question raised by the Senator from Maine by the introduction of his amendment remains unsettled even with the amendment offered by the chairman of the committee, because what the Senator from Maine is saying is that we should make a decision one way or the other now early on before we proceed to enact any other amendment or the bill itself, so that everybody in the Senate will know what the situation is.

Now, if in fact the Senate voted down the amendment of the Senator from Maine then it would be perfectly orderly to continue as we are, and if we in fact raised more money and got around to the extension of the $35 cut and had the money we could do it.

But what the Senator from Maine is saying is before we act on the provisions of the bills that contain a number of amendments which will, in fact, raise money, adequate money, to pay for the $35, we ought to have made a decision on this issue. Then when we get to the amendments that raise additional funds you are going to have people in here who voted to say, "Yes, we favored extension of the $35 credit, which is beneficial to those in the lower income groups, but we are not going to vote for any funds to raise it," and that, at least, sharpens up and points up the irresponsibility of a Member who is willing to vote on extension of tax cuts but is not prepared to vote for an increase in taxes someplace to pay for them.

The amendment offered by the chairman of the Finance Committee, the Senator from Louisiana, is a very ingenious one. I have a couple of amendments I would like to toss in under the same auspices which would extend some goodies worth several billions to all kinds of people, but we know really that it is illusory, and all that would happen was you could pass my amendment, everybody could vote for it because there is not any obligation to vote a tax to raise it because the Secretary has the authority to say, "Well, you did not raise the money so this amendment that was passed by the Senate is inoperative because you did not raise the money."

So we will have a situation here where people vote for this amendment. Then they are able to say to all their constituents. "We tried to extend that $35 to you poor folks, and I voted for it, but we couldn't get the money raised, and therefore, the Secretary had to knock it out."

I do not think it forces the discipline upon Members of the Senate of being totally irresponsible for their acts in this bill.

So unless there is something to it that I am missing, I have to say to the chairman that I could not vote for this amendment.

Mr. BENTSEN. Will the Senator yield?

Mr. LONG. Yes.

Mr. BENTSEN. I think that the chairman of the Finance Committee has proposed a very appropriate and responsible amendment.

What we are arguing about with respect to the proposal of the Senator from Maine is the length of a temporary extension of the $35 individual tax credit.

The Finance Committee has proposed extending the $35 individual credit until June 30.

Mr. LONG. June 30 next year.

Mr. BENTSEN. Yes, next year. And the Senator from Maine is talking about extending it another 3 months.

But what happens to the last 3 months of calendar year 1977? This body will eventually have to make the determination for the last 3 months of the calendar year but we want to look at the economic conditions as they evolve next year, so that we have a better informed judgment to arrive at what is best for the economy.

The Finance Committee increased the standard deduction. For single persons we raised the standard deduction to $1,700, or 16 percent of adjusted gross income on a permanent basis and for married persons we permanently raised the standard deduction to $2,100 or 16 percent of adjusted gross income, whichever is greater.

The other question we run into is that some of my colleagues say, "Well, we don't really want to line items you, we don't want to do that to the Finance Committee.".

Well, how much more line item can we get?

We are talking about a $35 item for 90 days and I can get the tax return out and show the line item on that one. That is how line item we are becoming in this situation.

If you are saying "OK, we don't want to line item, what we are talking about is national priorities," where do we draw the line between a national priority and a line item?

Let us look at housing. The reason we are still building apartments is because there is some tax incentive.

I hear some of my friends under the name of reform say, "We want to wipe that incentive out, we want that clearly labeled subsidy, we want to turn it over to some Government department to decide what that subsidy should be."

Frankly, I prefer the free enterprise approach rather than allowing some Government bureaucrat to make that determination and decide what the subsidy ought to be. I would rather leave it to the free marketplace to accomplish that.

Another objective is to try to provide some equity capital for industry, to try to modernize industry in this country, to make this Nation more competitive in the world markets, to do something to keep our balance of trade and the dollar sound.

Let the dollar go bad and see what happens to the consumer and individual in this country.

We have done that. We do not want to follow the course of England which in the last 20 years put the smallest amount of its taxpayers' income back into investment capital. Yet this country has put an even smaller percentage of its disposable income back into manufacturing capacity.

We tried to correct some of that in the Finance Committee bills.

So what the Senator has said is all right if he still feels that what we should be doing is spur consumer purchases in this country. If next summer and the remainder of next year, we are not going to have inflation, and if the economy will be in serious trouble and will not continue to recover, and if what we really want is to spur consumer spending, then sure, extend the tax credit, but do not make it $35, make it for $70 or $140, because it is easy to vote for those kinds of cuts.

But what we are talking about is fiscal responsibility and trying to see what the economy is 6 months from now, 9 months from now, and set an economic course for this country that tries to discourage inflation and tries to give us some stability, because it is the consumer and the individual that finally pays the price for that, and to give us a responsible tax policy.

Again I say, I believe what has been offered is an amendment that says, "All right, if you want now to make that determination for a 3-month extension, then before you do that, let's show we have the courage to vote for some of these things that have to be done."

In all candor, I think it is a serious mistake to make that judgment now. We may not want at all to be spurring consumer spending in mid-1977 because inflation may be rampant, it may be a more serious problem than today.

Mr. LONG. Mr. President, I thank the Senator.

May I say this. I have talked to one or two of the lobbyists who are working on something they think very important, and here is what I get from them.

They say that if the Muskie amendment is agreed to, that that does not mean that which they are interested in will be lost. All that means is that we will be sure to bust the budget because they have been talking to Senators, and enough Senators have promised to vote for this and that. They will have the votes to protect themselves. So that all the Muskie amendment will wind up being is just a budget buster, and the Senate will pass the bill far beyond the $15.3 billion.

I do not think the Senator really wanted it to be a budget buster. I think he really wanted to offer a bill to do what he said. I think he is sincere today in wanting to make the Senate face up to this matter. I think he feels if the Senate votes for his amendment, then it would be willing to vote for the kind of reforms he thinks would bring about, by his standards, fiscal responsibility.

If that is the case, Mr. President, and the Senate will, in fact, vote for the kind of amendments the Senator would like to see us vote for and do it the way the Senator from Maine thinks it ought to be done, if that is what the Senate wants to do and it does that, then I will make the motion myself to recommit and report back without this amendment, because by that time the bill will finance itself.

But if it goes in this way, to bust the budget, it will be $10 billion beyond the objective we started out to achieve of $15.3 billion.

As a spokesman for the committee, I will be managing a fiscally irresponsible bill. I have seen this before, where we start out with someone offering an amendment that is not going to make the bill a budget-buster and an irresponsible bill, and he is sincere about his amendment—in fairness, every Senator thinks his amendment is one of the finest things proposed for the good of the country—so if his amendment is agreed to, someone else has an idea that has even more merit, in his lights, and the Senate oftentimes will add such an amendment, and here comes another, then end up with a bill that is totally irresponsible.

In spite of all the conversation we hear about responsibility, it has always been said, the way a man can stay in office forever is to vote against every tax, for every appropriation, and for every tax cut—and sometimes Senators do that.

I yield next to the Senator from Minnesota.

Mr. MONDALE. What I object to in this approach is that for some reason the temporary tax relief now available to the average American in the form of a credit is the only temporary tax that is being held hostage in this bill. All the other preferences that are built in for corporations and many wealthy Americans are permanent in this bill.

Mr. LONG. If the Senator will yield, it is all right with me to hold everything in the bill hostage under the same conditions.

Mr. MONDALE. But my objection is that that is not what the bill does. This bill says for the first time we are going to put a maximum tax on unearned income, which may very wealthy Americans about $20,000 each, probably the Americans who least need it.

Mr. LONG. If the Senator will let me respond, when we get to that section of the bill it is all right with me for the Senator to offer an amendment to do the same thing with regard to every one of those sections, that and all the others.

Mr. MONDALE. Some of us have prepared a series of amendments to try to make those changes. But running through all of these arguments is that it is perfectly responsible to spend millions of dollars in various kinds of preferences, ceilings on maximum tax on earned income, a continuation of DISC, a recycling credit, an extra 2 percent on the investment tax credit for ESOPS, and so on. Running through this bill are several preferences, many of which are new to the tax law that, in this bill, are permanent changes in the tax law. By the time they spin out over the next 3 or 4 years they will have a net adverse effect upon revenue raising of about $4 or $5 billion.

The only thing that is not extended here, and which terminates under the provisions of this act, is the modest relief now found in the bill for the average family. I cannot understand why it is responsible to spend money through the so-called tax expenditure theory for these preferences that go to corporations and wealthy Americans but irresponsible to ask that we continue—we are not adding any new relief—relief for the average taxpayer now in the temporary tax reduction.

Mr. STONE. Will the Senator yield?

Mr. MONDALE. I would be glad to yield in a moment, but I do not have the floor.

It seems to me that if we look at the current economic situation, the arguments are very strong for extending those individual tax cuts and less strong for many of the preferences for business now found in this bill.

Just yesterday the New York Times had a story that said that the economy is not growing as fast as the economists predicted. It is more sluggish than the original estimates. Consumer purchases at a retail level are very level, they are not growing. But what is soaring is corporate profits. There is a profit explosion today. In the first quarter of 1975, profits before taxes were $91 billion; in the second quarter $102 billion; in the third quarter $126 billion; in the first quarter of 1976, $134 billion. Thus, profits, from which capital investment flows, have increased by 50 percent in a single year while consumer purchasing power has remained unchanged and retail sales actually declined in May.

This bill says let us increase relief for that sector of the economy that is profiting the most and put the squeeze on and terminate some $9 billion in relief to the consuming power.

I do not know why it is considered to be responsible to deal in that way.

I think we can very easily extend these temporary cuts for the individual and make modest changes.

This is not an antibusiness set of proposals we have in our amendment. There would still be many, many preferences for business found in the bill. But I do not see any reason why we cannot slightly increase the revenue pickup in certain of these areas and fund the temporary cuts through the last quarter.

I would think if we would sit down we can work something out.

Mr. STONE. Will the Senator from Louisiana yield?

Mr. LONG. If the Senator would want

to get into this colloquy, I will call on him later, but if he wants to put something into the RECORD I will yield now.

Mr. STONE. The Senator from Florida wants to raise a point and ask the Senator from Minnesota one question of interest to the Senator from Florida. I shall be brief.

Mr. LONG. If I may respond first, then I shall yield.

In the first place, if we achieve the changes that the Senator from Minnesota would advocate, then we are not going to need any limitation at all such as I am proposing here. As far as I am concerned, if the Senator can do everything he wants to do to this bill before it is over with, I will make the motion myself and have it reported back without the Long amendment. But I do not believe the Senator will be able to do that any more than I believe everybody will be able to do everything they want to do. I know from long years of experience that it is easier to get someone to vote for a tax cut than it is for a tax increase. That is how it is.

Sometimes these bills reported by the Finance Committee lose more revenue than they should, but invariably the Senate increases the revenue loss here in the Chamber beyond anything that the committee does. What happens is that the press accuses the Finance Committee of being irresponsible, but if the Senator thinks we are irresponsible, wait and see what the Senate does to it.

Point No. 2, the Senator is talking about how the economy is going. Here is the Wall Street Journal of today. The stock market is up and the economy is moving. It is ahead of the previous estimates. It looks like we are coming out of this recession. This temporary emergency tax cut will not be needed indefinitely. We may not need it by the time we reach July of next year.

Furthermore, there are a lot of things in this bill which help the poor. For example, if the Senator will look at the amendment the committee is offering, by increasing the minimum standard deduction to help the poor we would make it so that the great majority of those making $12,000 or less, the overwhelming majority of them—in fact, a great many of those making $15,000 a year—would have more tax cut and more help under the committee bill than they would under the Muskie amendment. The way we help the poor more effectively is with things like the earned income credit and the minimum standard deduction. These things help the poor a great deal more than a $35 tax credit.

Furthermore, if we want to help those who are above $12,000, the type of thing we have in this bill—for example, making the employee a shareholder in the company for which he works, with a growing equity ownership year by year—will do more good for these middle-income families who are making more than $15,000. It will mean a great deal more to them in the long run than an equal amount of money in a temporary tax cut.

Mr. MONDALE. As the Senator knows, I support the idea of the employee stock ownership program. This is an idea that I think should be tested. As the Senator knows, the so-called Nelson tax proposal does not propose to change that provision of the bill because it does appear to have long-term potential to give employees a chance to share in the earnings of capital in America. We do not know if it will work, but it is something that should be tried. We are not attacking that provision. We think it makes sense. But there are many other provisions which could be modified slightly to pick up the revenue we need to assure the continuation of those temporary tax cuts.

I daresay if we ask the average American would they like us to spend their money for them through the tax law or, on the other hand, continue the temporary extensions so they might make their judgments in each family as to how they wish to spend their money, I would have little doubt which they would prefer.

Mr. STONE. Will the Senator yield?

Mr. MONDALE. Let me finish this point.

I think right now, as we meet today, there have been modest improvements in the economy but all of the economists are now reporting that the last quarter was not quite as boisterous and the economy did not grow as fully as people expected. Right now we have 7.3 percent unemployment.

If that temporary tax cut expires next July 1st, as proposed in this bill, economists' estimate that 260,000 Americans will lose their jobs. I cannot believe that is the direction in which we wish to go.

I believe if we were to vote directly on the extension of the temporaries, that it would be overwhelmingly adopted in the Senate, and would be responsible economic policy.

Mr. LONG. What I am saying is, if you are able to do what you would like to do, we will not need the amendment I am offering, and I will be glad to drop it out; but I believe the amendment I am offering will actually put pressure on Senators to vote for the kind of thing you are talking about, because I am saying, "You find the money to do these things, and then we will do them; otherwise we cannot do them."

Mr. MONDALE. Yes; but I understand the present terms of the pending amendment would say that the only provision in this tax bill that would be affected by what we do on the so-called tax expenditure amendments would be the individual tax cuts. In other words, none of the other business preferences, deferments, credits, maximum taxes and other things that are in here for corporations and wealthy Americans would be subject to that determination.

Mr. LONG. I am willing to make all those things subject to it.

Mr. MONDALE. But right now they are not; is that correct?

Mr. LONG. That is right. But please understand——

Mr. STONE. Mr. President, will the Senator yield?

Mr. LONG. I am telling you in good faith I am willing to make the others subject to the same stipulations.

I yield to the Senator from Florida.

Mr. STONE. Mr. President, I was one of the Senators who voted not to table the LAL amendment of the Senator from Minnesota's group. Furthermore, I am very much interested in voting in favor of one of the amendments offered by the Senator's group relating to retirement income credits.

Whereas the committee would phase in this retirement income credit to the elderly poor and middle-income taxpayers, the Senator's group would immediately apply the House approach. That would cost an additional amount of some $200 million plus over what the committee has done.

Why should that provision be held hostage to the 3-month extension? In other words, when the Senator implies that by offering this amendment now, what we do then is simply pick up more revenue from these tax shelters, the Senator does not include some of these other good amendments, such as the retirement income credit that the Senator from Florida would like to support.

Mr. MONDALE. That is correct, because the way in which this bill works out, the general theory was that we would offer amendments at the appropriate title, and that matter comes up in a different title.

Mr. STONE. But this amendment is not offered at the appropriate title. It is being offered now.

Mr. MONDALE. Yes; but the fundamental issue before the Senate now is whether we wish to extend those temporaries or not. If we do, I think we have to approach the bill differently. But be assured that I strongly favor the immediate change in the tax law to liberalize the private pension income or income for retired Americans.

Mr. STONE. That will cost us more money.

Mr. MONDALE. Yes, but I think it is a good amendment, and, as the Senator knows, the House in its bill immediately applies that liberalized rate.

Mr. STONE. The Senator from Florida wishes to apply that liberalized pension credit instead of the 3 months across the board. But by offering this now instead of at the proper time, when we have either voted some of these amendments in or we have not, the Senator from Florida is being held hostage.

Mr. MONDALE. I strongly support that retirement income credit. I think it is very important. But I do not know how you are going to get the average family, trying to raise six children on a $12,000 income, to feel that $180 is not equally important. I think they are both desperately needed; but in order to fund both of them, we have to have some tax reform in here to pick up the revenue.

Mr. LONG. Mr. President, the problem raised by the Senator from Florida is directly in point to 50 amendments in the bill. Let me just take a simple example. I stood here on the floor, and I am sure the Senator heard me, the other night when I assured the Senator from Massachusetts (Mr. BROOKE) that we would try to do something to encourage people to insulate their homes, or to make both their heating and their air conditioning more efficient. All right; we have something in the bill to that effect. It costs a lot of money, between $200 million and $300 million, and it does only half as much good as we would like to do, because of the fact that we would like to include new homes as well as existing homes, but it might significantly increase the cost of it to apply it to new homes as well as existing ones.

In my judgment, in view of the fact that there is nothing in the Budget Committee resolution that provides anything specific in the energy area using fiscal policy, then the inference there is that if we adopt the Muskie amendment, the $35 tax credit comes first, and everything that would help insulate homes is something you do outside the tax system. I think that concept has to go. I think the same thing is true of the Senator's amendment; you cannot place a priority on $17 billion of tax cuts, and provide for only $2 billion of additional revenue, and still do all these things.

Mr. STONE. Mr. President, will the Senator yield?

Mr. LONG. Yes, I yield.

Mr. STONE. Why is this amendment applicable only to 3 months? Will not the Senate be faced with the decision to be made as to the remainder of the calendar year? In other words, why this 3 months amendment at the beginning of the bill instead of deciding whether or not we can afford it at the end of the bill?

Mr. LONG. Please understand, that matter was discussed in the committee, and that was how we felt we ought to do it. I think when we come to the end of the bill, we ought to look at what we have, and then we ought to have a motion to send the bill back to committee to try to balance those things out, to look at the priorities. It is all right with me if the Senate wants to make that decision for us; I would be happy to have them do it. I can either make the motion myself, or let others do it, unless the Senate can agree, at that point, which ones of these amendments we want to put a higher priority on.

If that is not done, I suggest we recommit the bill, and ask the committee to squeeze as many of the good things in as possible, to take the best advantage we can of all the good things and get as much benefit as we can. These are two ways we could do it.

The last thing on Earth we ought to do, I think, is approach this thing from a budget busting point of view, where we vote these tax cuts without finding the money to pay for it. That is a danger that is always present, in my view, with any revenue bill that would try to cut taxes. Some of these things cost enormous amounts of money, billions of dollars. When we have these amendments offered, it is easier for people to vote for them than to try to explain why they do not vote for them. Then we on the committee have to suffer the embarrassment of going to conference with an irresponsible bill.

Mr. STONE. Mr. President, the Senator from Florida has been looking over a group of Senators, including the Senator from Minnesota, who was just in the Chamber, and been thinking whose amendments we have that the Senator from Florida might well vote for.

I have already voted not to table the LAL in the form that it was constructed. For example, I might well vote for the amendment on maximum tax. But the Senator from Florida may not be able to vote in conscience for enough of those amendments to pay for all of the good things that these groups of amendments also provide such as the retirement income tax credit and some other amendments that other Senators have proposed.

The Senator from Florida feels constrained not to add extra prior obligations for voting for tax amendments that he might not, on the merits, in terms of revenue or fairness or otherwise, want to vote for. So the Senator from Florida feels rather strongly that what we have is a tactical as opposed to a merits approach.

If the same amendment were offered in its place, or at the end of the bill, if the Senator from Louisiana's amendment to the amendment were accepted and then reexamined at the end of the bill or in the title where this amendment would ordinarily come up, then the Senator from Florida could really take the temperature of the bill and the amendments being offered, and vote on the merits of each one.

But as it is, the Senator from Florida, and others similarly situated, are being asked to increase the pressure blindly at the wrong point, and really that cannot be the appropriate way to legislate something as important and basic as the fundamental tax bill of the United States.

Mr. LONG. We are being asked to do that in a context——

Mr. MONDALE. Mr. President, will the Senator yield?

Mr. LONG. Let me simply say this to the Senator. We are being asked to do that in a context that suggested that the Senate had already agreed to $17 billion in tax cuts when we voted for something that said $15.3 billion for tax cuts, because there is some language in the committee report which would support precisely what the Senator from Maine is advocating.

So we would then be confronted with the theory—and that is part of what the Senator from Maine contends—that the Committee on Finance violated its duty when it recommended that we reported a bill that did not do everything that the Committee on the Budget had in mind, when the Committee on the Budget submitted an $15.3 billion figure.

My thought was that the $15.3 billion meant that we would look at all these things and try to work out the best mix that we could, including the kind of thing the Senator had in mind, and we ought to try to get all that inside the $15.3 billion. Obviously, if the Senate is committed and if it is the duty of the Senate to feel itself bound to whatever the Committee on the Budget had in mind when it thought about this matter some time back, then we will have to have those in any event and then the other things like the Senator is talking about will have to depend upon whether we can find some money for them.

When we vote this we are already $1 billion above our target.

I simply think that we ought to look at this the same as we look at the other amendments; by the time we get through seeing the various tax cuts we would like to suggest then try to get together a package where we can get as many of all these good things as we can.

As much as we can say for something that provides $35 for everyone, let us keep in mind that no one is going to benefit from that, practically no one, unless he is making more than $12,000 a year. The poor would not benefit from it because they are taken care of by other provisions that were recommended by the committee. So it is only those making above $12,000 who would get some benefit from this.

When we are talking about those kinds of people, middle income and upper middle and higher income taxpayers, is it not better to ask those people to do something, such as to invest some money and put someone to work, or to insulate his home or to do something useful, or to do any one of a great number of things, such as take some poor person off the welfare rolls and put him to work? We have even things like that in there.

Mr. STONE. Mr. President, will the Senator yield?

Mr. LONG. Is it not better to ask someone who can afford this not to have his tax cut? Is it not better to have him do something in consideration of further tax cuts?

Mr. STONE. Is it not also just as important for us to analyze what we probably will be called on to do on a permanent basis, not only for the rest of the coming calendar year but maybe on a permanent basis for taxpayers in those brackets, as opposed to a full continuation?

Maybe the Senate is going to want to cut that by a third or by a fourth or by three-fifths or by half, and make it permanent.

Maybe the Senate is going to want to consider it for the rest of the calendar year and not just for the 3-month period.

Mr. LONG. Why, of course.

Mr. STONE. That is just as tough a decision to be made at the appropriate time as to whether we go another 3 months at this level.

Mr. LONG. The Senator is entirely correct.

Mr. STONE. That is what troubles the Senator from Florida. We are not really coming to grips with the real issue on this so-called temporary tax reduction, which is, do we make it permanent and if so how much of it?

Mr. LONG. I say to the Senator if we make it permanent we better take a look at what comes in the following year because there are all sorts of assumptions starting in the following year that we do various and sundry things that we think would help to make the country prosperous, make the economy grow, and we think would be good for our people in all respects.

As much as one can find fault with something that appears to be directed toward the immediate benefit, such as the investment tax credit, I defy——

The PRESIDING OFFICER. The Senator will suspend.

EXECUTIVE SESSION

THE TREATY OF FRIENDSHIP AND COOPERATION WITH SPAIN, EX. E, 94TH CONG., 2D SESS.

The PRESIDING OFFICER. Under the previous order, the hour of 3:15 p.m. having arrived, the Senate will proceed to executive session to consider the Treaty of Friendship and Cooperation with Spain, Executive E, 94th Congress, 2d Session, which the clerk will state.

The assistant legislative clerk read as follows:

Treaty, Executive E, 94th Congress, 2d Session, the Treaty of Friendship and Cooperation with Spain.

The PRESIDING OFFICER. The resolution of ratification will be read for the information of the Senate.

The assistant legislative clerk proceeded to read the resolution of ratification.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that further reading of the resolution be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution of ratification is as follows:

TEXT OF RESOLUTION OF RATIFICATION

Resolved, (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Treaty of Friendship and Cooperation Between the United States of America and Spain, signed at Madrid on January 24, 1976, together with its seven Supplementary Agreements and its eight related exchanges of notes (Executive E. Ninety-fourth Congress, second session) subject to the declaration that:

(1) the United States, recognizing the aspiration of Spain to achieve full participation in the political and economic institutions of Western Europe, and recognizing further that the development of free institutions in Spain is a necessary aspect of Spain's full integration into European life, hopes and intends that this Treaty will serve to support and foster Spain's progress toward free institutions and toward Spain's participation in the institutions of Western Europe political and economic cooperation;

(2) the United States, while recognizing that this Treaty does not expand the existing United States defense commitment in the North Atlantic Treaty area or create a mutual defense commitment between the United States and Spain, looks forward to the development of such an expanded relationship between Western Europe and a democratic Spain as would be conducive to Spain's full cooperation with the North Atlantic Treaty Organization, its activities and mutual defense obligations;

(3) the United States, recognizing that this Treaty provides a framework for continued nuclear cooperation for peaceful purposes with Spain, looks forward to a continued relationship in this field commensurate with steps taken by Spain toward becoming a party to the Treaty on the Non-Proliferation of Nuclear Weapons or placing all of its nuclear facilities under safeguards administered by the International Atomic Energy Agency;

(4) Senate advice and consent to ratification shall be understood to apply only to the initial five-year period of the Treaty, so that any United States agreement to an extension of the Treaty shall require the further advice and consent of the Senate; and

(5) the sums referred to in the Supplementary Agreement on Cooperation Regarding Materiel or the Armed Forces and Notes of January 24, 1976, appended to the Treaty, shall be made available for obligation through the normal procedures of the Congress, including the process of prior authorization and annual appropriations, and shall be provided to Spain in accordance with the provisions of foreign assistance and related legislation.

Mr. MANSFIELD. Mr. President, will the Chair state for the benefit of the Senate what the parliamentary situation is relative to two votes on the Spanish treaty?

The PRESIDING OFFICER. The first vote will be on the question on agreeing to the committee declaration to the resolution of ratification, and that will be immediately followed by a vote on the question of adopting the resolution of ratification, as amended.

Mr. MANSFIELD. The second vote will be for only 10 minutes' duration?

The PRESIDING OFFICER. The second vote will be for 10 minutes.

Mr. MANSFIELD. I thank the Chair.

The PRESIDING OFFICER. The question is on agreeing to the committee declaration to the resolution of ratification.

The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH) and the Senator from Utah (Mr. MOSS) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER) is necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER) would vote "yea."

The result was announced—yeas 91, nays 4, as follows:

[Rollcall Vote No. 308 Ex.]

YEAS—91

Abourezk
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Eastland
Fannin
Fong
Ford
Garn
Glenn
Gravel
Griffin
Hansen
Hart, Gary
Hart, Philip A.
Hartke
Hatfield
Hathaway
Helms
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Muskie
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—4

Allen
Haskell
Nelson
Roth

NOT VOTING—5

Buckley
Church
Goldwater
Moss
Symington

So the declaration was agreed to.

The PRESIDING OFFICER (Mr. PEARSON). The question is, Will the Senate advise and consent to the resolution of ratification, as amended, on Executive E, (94th Cong., 2d sess.), Treaty of Friendship and Cooperation with Spain. On this question, the yeas and nays have been ordered. The clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH) and the Senator from Utah (Mr. MOSS) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER) is necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER) would vote "yea."

The yeas and nays resulted—yeas 84, nays 11, as follows:

[Rollcall Vote No. 309 Ex.]

YEAS—84

Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Clark
Cranston
Culver
Curtis
Dole
Domenici
Eagleton
Eastland
Fannin
Fong
Ford
Garn
Glenn
Gravel
Griffin
Hansen
Hart, Gary
Hart, Philip A.
Hartke
Hatfield
Hathaway
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Muskie
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Randolph
Ribicoff
Schweiker
Scott, Hugh
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Taft
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—11

Abourezk
Allen
Biden
Durkin
Haskell
Helms
Nelson
Proxmire
Roth
Scott, William L.
Talmadge

NOT VOTING—5

Buckley
Church
Goldwater
Moss
Symington

The PRESIDING OFFICER. Two-thirds of the Senators present and voting having voted in the affirmative, the resolution of ratification, as amended, is agreed to.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate return to legislative session.

The motion was agreed to, and the Senate resumed the consideration of legislative business.

TAX REFORM ACT OF 1976

The PRESIDING OFFICER. Under the previous order, the Senate will now return to legislative session and resume consideration of the unfinished business, which the clerk will state by title.

The legislative clerk read as follows:

A bill (H.R. 10612) to reform the tax laws of the United States.

Mr. MUSKIE addressed the Chair.

The PRESIDING OFFICER. The Senator from Maine.

Mr. MUSKIE. Mr. President, I yield to my good friend from Massachusetts.

Mr. KENNEDY. Mr. President, I am hopeful that at an early time the Senate will have an opportunity to vote on the amendment of the distinguished Senator from Maine on the issue of whether we are going to extend the tax cut for low-income and middle-income people.

I do feel that it provides the best opportunity for us to frame the issue which has been debated and discussed over the period of these last 3 days.

We are faced with a situation now, with the new amendment that has been offered by the chairman of the Finance Committee, to set certain conditions before these tax reductions could actually be continued, to be sure that the additional revenues are raised to pay for them.

Mr. President, I am strongly opposed to that amendment, at least at this time.

If that thought was in the mind of the chairman of the Finance Committee, or the members of the Finance Committee, such proposal should have been added at the time the Senate was debating the budget resolution some time ago that provided the $17.3 billion extension of tax cuts and $2 billion reduction in tax expenditures.

But that is the heart of the issue and I am very hopeful we can get an early vote on it. I know that there is reluctance by the chairman of the Finance Committee to permit such a vote. But I am impressed, as I am sure others are, that the Senator who offered that amendment is prepared to vote on it. and I hope we can vote on it.

Mr. President, I do not intend to go over the ground that has justified the Budget Committee's findings supporting the 17.3 billion extension of the tax cut.

I feel that the most important step that has been taken either by the administration or the Congress in bringing a turnabout on our economy was the tax cut of March a year ago.

In its review of the various fiscal and monetary policy issues, the revenue issues, the expenditure issues, the other economic issues, the Budget Committee made this recommendation to extend the $17.3 billion in tax cuts, and the full Senate accepted that recommendation in the first concurrent budget resolution.

That was debated to some extent by the Senator from Oregon last week and was commented on by the chairman of the Finance Committee. They believe we may want to hold off on extending the tax cuts. Last Friday the Commerce Department indicated a slight upward rise in the GNP growth rate for the first quarter from 8.5 to 8.7 percent.

But the fact also remains that the Government economists also revised downward, to below 5 percent, the GNP estimate for the second quarter.

The previous estimate had been 6 to 7 percent for the entire year and one administration official was even quoted as being uneasy about the recovery itself.

So, Mr. President, the amendment of the Senator from Louisiana is reaching right into one of the most important issues we face, and that is the question of the economic recovery of this country and the very basic questions that the budget resolution addressed.

It seems to me, Mr. President, that if this amendment were to be considered, as the Senator from Louisiana has indicated that he would like to have it considered, on all the other measures in the bill, it should be considered as a final amendment on the whole bill after we know exactly where we are going in all of these different areas.

It makes a great deal more sense to offer it at that particular time than tying it onto an issue and a question which reaches out to low- and middle-income people and the extension of their tax cuts, which are being held hostage to the fundamental failure to come up with a meaningful tax reform program. Why is it only the tax cut for the average citizen that is held hostage to raising the revenues to pay for it?

Mr. LONG. Will the Senator yield?

Mr. KENNEDY. In just a moment, I will yield.

It seems to me that if the Finance Committee had been able to come up with a program to save some $2 billion in tax expenditures, we would not be facing the dilemma we are facing at the present time.

But the fact is that the Finance Committee did not even meet the $15.3 billion figure that we have been discussing, or that has been talked about during the last 3 days, the target which was the bottom line of the budget resolution.

We have heard a great deal of talk about how the Finance Committee met the bottom line, $15.3 billion. But the bill does not even meet that bottom line. The bill that comes to us is only, as I understand it, at a level of $14.5 billion, which means that there is $800 million more to give away in the chairman's pocket. That that would be a nice downpayment to these individuals from low- and middle-income groups. Why does he not make it available?

Evidently he has other amendments in mind that are going to take care of the $800 million—some new loopholes. The average citizen has to get in line behind those loopholes.

I understand, Mr. President, that in the exact figures, the budget resolution specifies $17.3 billion for the tax cut, offset by $2 billion tax reform, which nets out at $15.3 billion. The Finance Committee bill has a tax cut at $15.5 billion and tax reform at $1 billion, which puts the net at $14.5 billion. That means there is $800 million more in revenues to be handed out in order to meet the $15.3 billion figure in the budget resolution.

So somewhere around here is a list of amendments in somebody's pocket with $800 million in terms of new loopholes.

Still, before we even get to those, we are facing the question of the Long amendment and saying that the amendment of the Senator from Maine cannot take effect until we are going to find out how these additional revenues will be raised.

I hope, Mr. President, that we can get to a vote on this amendment.

We have a package of amendments to meet the guidelines of the budget resolution on both tax cuts and tax expenditures. It represents the gist of the thinking of the cosponsors, bipartisan in nature. I am sure other Members have different ways and means of doing it, but it is a sound and thoughtful proposal that has been introduced by the Senator from Wisconsin (Mr. NELSON) and the Senator from South Carolina (Mr. HOLLINGS), and others, to meet this particular objective.

The amendment will insure that we are going to come up with the revenues to meet the obligations of the Muskie amendment.

Mr. STAFFORD assumed the chair at this point.

Mr. MUSKIE. I thank my good friend.

Mr. LONG. Will the Senator yield at that point?

Mr. MUSKIE. Without losing my right to the floor, Mr. President.

Mr. LONG. I would like to ask a question.

Mr. MUSKIE. I yield for the purpose of a question, Mr. President.

Mr. LONG. Does the Senator understand that the Finance Committee is recommending a further amendment that would provide that the minimum standard deduction would be increased?

Mr. KENNEDY. Yes.

Mr. LONG. So that the effect of that would be that almost all people who would have income of less than $15,000, and practically all who would have income of less than $12,000, would actually be every bit as well off, and a great number of them better off, than we would be with the $35 tax cut during that final quarter that we are discussing here.

Mr. KENNEDY. I have heard the Senator say that over the period, and I do not think that is an accurate statement. When we take the $35 credit and translate it into the equivalent of a deduction, so that we get a number comparable to the committee's low-income allowance proposal, it turns out that the committee's proposal discriminates heavily against families.

The credit for a single person is worth $250. With a couple it comes to $500; with one child it is the equivalent of $750. With the Senate Finance Committee proposal, it comes to $300 if it is a single person, $600 if a couple, and then it remains at $600 whether a couple has one, two, three, or four children.

A couple with a child does less well under the proposal of the Finance Committee. Certainly, those with the two, three, and four children will be in a good deal worse position.

The proposal that has been made, rather than being of help for the low- and middle-income people, with the exception of the single person and the couple without children, will be further disadvantageous to these taxpayers.

Mr. LONG. The great majority will do better, if the Senator will look at the numbers.

Mr. KENNEDY. May I ask if the Senator agrees that a couple with one child would do less well?

Mr. LONG. Those with one child would be about the same, almost the same.

Mr. KENNEDY. We have been listening to this debate. As I understand, the benefit is a $600 deduction under the committee proposal for a couple with a child. The $35 credit is equivalent to a deduction of $750. It is not the same and I do not think it should be called the same. What the Senator is doing is penalizing low- and middle-income families with large families.

Mr. LONG. Those who are single and the married couples would be, I believe, a little better off. Those who have one child would be about the same. Those with more than one would not benefit quite as well. Frankly, if it would satisfy the Senator, we will find a way to modify the amendment so those who have a larger family would be better off. Where one saves a lot of money is when one looks at those who are making about $10,000, $12,000 or above that figure. But the cost of this amendment to help those in the low income brackets as suggested by the committee is around $600 million in fiscal year 1977. We add that to the figure recommended by the committee and that gets us to around $15.1 billion. That reduces that $800 million figure the Senator was speaking of down to about $200 million. That does not give us much slack to work with when we are trying to cushion the cost of a $17 billion amendment enough to take care of these low-income families by perhaps a further modification of the amendment. It would not give enough money to take care of the rest of it.

Mr. KENNEDY. The Senator from Maine wants to address this issue. I will be glad to get into a more detailed exchange with the chairman on this issue. As I understand it, the low income allowance leaves a couple with one child in a worse position than the $35 credit. The only one who will benefit more are single individuals and couples. Once we are talking about a couple with one child, they will do less well under the proposal of the Senate Finance Committee. In any low-income or middle-income taxpayer with a large family, they will do dramatically worse. I fail to see how the Senator can say that the value of this, which is $400 million, can possibly replace the $1.8 billion amendment of the Senator from Maine.

The other point I was making is we can talk about a few hundred million dollars. I am glad to hear that the Senator from Louisiana is willing to target half of the $800 million in his pocket for low-income groups. But he still has another $400 million for new tax loopholes. Why does he not give it all back to the taxpayers who need it most?

It seems to me we should have a very clear understanding on where we are going. How can the Senator, on the one hand, offer an amendment to the Senator from Maine saying, "We have to raise that money on this particular issue," when the Senator has already some amendments somewhere down there at the desk, about seven or eight hundred million dollars worth of additional tax expenditures, which will grow up to multibillion dollars in future years. The Senator is saying to poor people, low-income people, middle-income people, that their tax reductions should be held hostage to these new loopholes.

I hope the Senator would defer consideration of this until we get to the end of the bill. Then it seems to me that, at that time, when we have gone through the bill, when we find out what we have done in DISC, deferral and tax shelters, it may have some justification.

I want to thank the Senator from Maine for yielding. I will be glad to come back to this issue with the Senator from Louisiana. I do think the committee's proposal on the low-income allowances ought to be put in perspective to recognize that low-income people will do worse under this proposal, unless they are single or do not have children, than under the proposal of the Senator from Maine.

Mr. LONG. If it will gain the Senator's support, we will modify the amendment to make sure that those low-income people do better under the amendment.

When Senators try to insist on resolving this issue on the basis of tax expenditure or no tax expenditure, I cannot for the life of me understand their position when they are advocating $4 billion of additional tax expenditures themselves.

Mr. MUSKIE. Mr. President, I ask for recognition so that I might address myself to the amendment. I have listened with interest to this colloquy which has taken place under my auspices, and I am sure that all of the points are very interesting. I would like to address myself to the amendment of the Senator from Louisiana. Undoubtedly, that will bring forth further discussion.

First, I tried to get an understanding of what the Senator had in mind by his amendment. It is not suggested by the language of the amendment, which is technical. I have listened to the Senator and I think I understand what it is he has in mind.

To put it simply, what he is offering is an amendment to my amendment. The effect of his amendment would be this: the tax reduction would be extended until the end of fiscal year 1977, provided that in the course of its consideration of the Finance Committee bill, the Senate finds a total of $2 billion in tax expenditure reform. If it were $1.95 billion, that would not be sufficient; it would have to be $2 billion on the button or more. And if we do raise that $2 billion on the button, then the tax reduction would be extended for 3 months until the end of the fiscal year.

But who is to make the decision? Under the Long amendment, the Secretary of the Treasury is to make the decision. After the enactment of the bill, whatever our own guesses might be here in the Senate or in Congress as to whether or not we had met the condition of Senator Long's amendment, only the Secretary of the Treasury's opinion would matter. Economic conditions might well change between now and then to make our estimates irrelevant, and if they are irrelevant, then we might well have acted finally on the bill making one set of assumptions about whether or not we had met the $2 billion condition, only to find we had failed by $50 million, and that the tax reduction was not extended after all.

This kind of delegation of taxing authority I do not think is something Congress is interested in.

Mr. LONG. Mr. President, will the Senator yield to me at that point?

Mr. MUSKIE. I yield to the Senator from Louisiana, provided the Senator limits himself to comment on what I have said, and lets me continue with the thrust of the rest of my observations.

Mr. LONG. Mr. President, I think we ought to understand what the amendment is. The amendment would say, 30 days after the date of enactment, the Secretary of the Treasury would have to determine whether what we do here comes within the $15.3 billion that the Budget Committee has suggested.

Mr. MUSKIE. Is that something different than what I just said?

Mr. LONG. Well, it does not leave him a long time to make the decision.

Mr. MUSKIE. Up to this point, the Senator has not disagreed with my description of the amendment. Within 30 days after the enactment of the bill, the Secretary of the Treasury would make estimates as to whether or not Congress had complied with the conditions of the Senator's amendment. Any estimates we made could be irrelevant because they might be changed by changes in economic conditions or they might be changed by provisions in the finally enacted bill which we had not taken into account. After all, this is a pretty long bill, and it is pretty tough to try to make estimates, during the course of a hectic Senate debate, of the revenue consequences of all the changes we might enact.

Before the Senate finally wraps it up, I think all of us would like to know whether or not we have enacted an extension of the tax cut for the full fiscal year. We are going to be left in doubt under the Senator's amendment until the Secretary of the Treasury tells us. And if the Secretary of the Treasury gives us an estimate with which we honestly disagree on the basis of information available to us from other sources, we will be helpless. If it turns out that we have raised only $1.95 billion, even though we believe we have raised $2.1 billion, it is the Secretary's opinion which will count. His opinion may well cut out the tax extension which we thought we were enacting into law.

That is the Senator's amendment; I have discussed it with his staff assistants here and, if I understand it, that is the machinery. Is that wrong?

Mr. LONG. Mr. President, I would be willing to have the effect of it determined by the best judgment of the staff of the Senator's committee, after consulting with the joint committee staff. I would be willing to trust the judgment of the Senator's staff to do that, after they have both looked at the same figures. If that would make the Senator happy, we will do it that way.

Mr. MUSKIE. The Senator knows what would make me happy. What I would like is a clear-cut decision, affirming or rejecting a policy decision the Senate has already made.

The Senator delights in refering to my amendment as a new tax proposal, a Muskie budget-buster that the Senator from Maine has pulled out of his bag of goodies to offer to Senators, a proposal that they would traditionally find it hard to reject.

The Senator repeatedly refers to it in that fashion, when what he knows, I am sure, is that the Senate and Congress as a whole have already voted for this tax extension through fiscal year 1977.

Now let me get to my second point about the Senator's amendment. The Senator's amendment is built on the assumption that our revenue numbers are somehow related to tax expenditure reform.

First, and only first, our recommendation for an extension of the tax cut was made in terms of the economic requirements of the country. To make those requirements hostage, amendment by amendment by amendment, to the tax bill is to make a shambles of the budget process.

You make a decision as to what stimulus the economy requires before you consider amendments to a tax bill or amendments to appropriations. If it is appropriate to do what the Senator is proposing with his amendment in tax legislation, why not do it with every spending bill, and adjust the functional totals up or down depending upon what the mood of the Senate may be at any given moment with respect to any spending bill?

There are 13 or 14 appropriation bills and 17 budget functions. So the budget is going to be 17 yo-yos with each functional total going up and down. Because certainly, if the Senator's amendment is taken as a pattern, everyone who wants a new spending proposal considered when an appropriation bill comes before the Senate will say, "This causes no harm; we will take this decision now, and then, at the end of action on the spending bills, we will direct someone, the Director of the Budget or someone else, to take action to put it all together."

What in the world does the Senator think the Budget Committee was created to do?

Mr. BENTSEN. Mr. President, will the Senator yield?

Mr. MUSKIE. There is a reconciliation process. What the Senator wants to do is write a reconciliation process in this bill that is heavily weighted in one direction, the direction of no tax extension.

Mr. BENTSEN. Mr. President, will the Senator yield for a question?

Mr. MUSKIE. If I may finish, then I will yield.

Section 310 of the Budget Reform Act provides for the kind of reconciliation the Senator is talking about, but at the end of all the decisionmaking on spending bills and revenue measures.

What does it say?

> The Committee on the Budget of each House shall report to its House a concurrent resolution on the budget which reaffirms or revises the concurrent resolution on the budget most recently agreed to with respect to the fiscal year beginning on October 1 of such year. Any such concurrent resolution on the budget shall also, to the extent necessary—
>
> (1) specify the total amount by which—
>
> (A) new budget authority for such fiscal year;
>
> (B) budget authority initially provided for prior fiscal years; and
>
> (C) new spending authority described in section 401(c) (2) (C) which is to become effective during such fiscal year,
>
> contained in laws, bills, and resolutions within the jurisdiction of a committee, is to be changed and direct that committee to determine and recommend changes to accomplish a change of such total amount:

And this is directly relevant to the Senator's amendment:

> (2) specify total amount by which revenues are to be changed and direct the committees having jurisdiction to determine and recommend changes in the revenue laws, bills, and resolutions to accomplish a change of such total amount;

So that the purpose to be served by the Senator's amendment is already served by the procedures and processes established in the Budget Reform Act, which we adopted a year and a half ago, we do not need to include it in every revenue bill and every spending measure. Indeed, if we are going to do it that way, we would be back to the kind of budgetary anarchy that we knew before we adopted the Budget Reform Act in the first instance. That is my third point.

So, to summarize, first, as I understand the scheme of the Senator's amendment, it is to leave the Senate, and Congress if the House goes along with it, in doubt as to whether or not an extension of the tax cuts through fiscal 1977 has been enacted until the Secretary of the Treasury tells us. If at that point we disagree with him as to whether or not the conditions of the Long amendment have been met, there will not be a thing we can do about it unless we want to go through the torture of enacting another revenue measure.

Second, there is a reconciliation process of the kind that is spelled out in the Senator's amendment which insures that we consider, in an orderly fashion, all of the spending and revenue decisions that have been made between the first target resolution in May and the second concurrent resolution in September. If we are to ditch all of that with this kind of ad hoc reconciliation on each bill, then indeed the budget process has gone down the drain.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. MUSKIE. Now I yield.

Mr. LONG. Let me put this to the Senator.

When his committee provides us with a target of $15.3 billion in tax reductions and we confine ourselves to that $15.3 billion, should not the committee cooperate with those who are trying to abide by the target set by the Budget Committee and try to stay within that target? If the legislative committee is trying to do that, should not the Budget Committee cooperate in trying to stay with the targets set by the Budget Committee?

Mr. MUSKIE. May I say to the Senator that question takes us back to last Thursday, I guess, when it was first raised, and the Senator continues to persist in seeing the congressional budget consisting only of numbers on the face of the first concurrent budget resolution. He refuses to see that underlying those numbers is a rational economic policy, and fiscal policy, which cannot be expressed on the face of the resolution, but which by law is required to be stated in the committee report. That is not to say that every word in the committee report is law, as the Senator tried once to distort my description of his process.

It is to say that as to those, as a description of the policy which underlies the number that has to be taken into account and the extension, the revenue number of $17.3 billion quite clearly is based on the assumption of tax cuts through fiscal year 1977, and it was never challenged in the Chamber. Clearly it was based upon an extension of the tax cuts through fiscal 1977. Why? First, because all of the projections we received of unemployment and the growth of the economy that we took into account dictated that at least through fiscal 1977 this kind of tax stimulus was needed. Second, we were not prejudging what would be needed beyond that but having this tax extension in place at the end of fiscal 1977 makes it available for continuance into the next fiscal year or any other part thereof if the economy so required. But it is all there. The policy was stated again clearly in the conference report on the first concurrent resolution agreed to by the House of Representatives and the Senate as the underlying policy of the first concurrent resolution. I ask unanimous consent that the section of the report concerning revenues be printed in the RECORD.

There being no objection, the section of the report was ordered to be printed in the RECORD, as follows:

> *Revenues.*—The House resolution provided for Federal revenues in the amount of $363.000 billion; and to achieve that level it provided that revenues should be decreased by $14.800 billion. The Senate resolution provided for Federal revenues in the amount of $362.4 billion; and to achieve that level it provided that revenues should be decreased by $15.3 billion.
>
> The conference substitute provides for Federal revenues in the amount of $362.5 billion; and to achieve that level it provides that revenues should be decreased by $15.3 billion. This revenue level does not assume increased unemployment insurance taxes, but does not preclude enactment by the Congress of a possible increase in the unemployment insurance tax rate, which would

result in an increase in revenues during the fiscal year. The conference substitute assumes, as did both Houses, realization of a net $2 billion increase in revenues through tax reform.

Mr. MUSKIE. So the Senator and I simply disagree about what it is that is the budget. He says that all it is from his point of view is one number, $15.3 billion, and I am telling him it is more than that. There is only one way we can resolve——

Mr. LONG. Let us simply look at some of this. The Senator from Florida wants to do something for the aged with regard to the tax consideration provided for those people. From his point of view, and I think from mine, if we provide some help to those old people with the retired income credit, that results in the same type benefit in stimulating spending which helps to stimulate the economy that it does whether we give them $35 a head tax credit or provide some other tax revision. The effect is likewise as far as the poor is concerned. If we raise the minimum standard deduction, the money we put in the hands of the poor serves exactly the same principle if we give it to them that way—and it does so even more if we give them more by doing it a different way—than it would if we provided $35 a head tax credit.

Now the Senator is arguing that the legislative committee, whether he is talking about the Appropriations Committee on expenditures, I would assume, or the Finance Committee dealing with taxes, must do it precisely the way that the Budget Committee had in mind when it proposed its resolution to the Senate, even though after we conduct the hearing, study it, and consult all the best experts we can find, including those available from his committee staff, we conclude it might be more effectively done some other way.

I do not know the purpose or the point in having these other legislative committees if the assumption is that the Budget Committee, without a hearing, going into details, and without the months of study that the legislative committee would give to the same item, that it could be more effectively done in the public interest by doing it in a different fashion.

I am not saying that one is necessarily right and the other is wrong. All I am saying is: Assume he does have superior judgment. Assume his staff is more competent than ours. And so far I have not seen it demonstrated. Finally, assume that he has all the knowledge, superior expertise, and superior knowledge. Should not those who have the duty of making the study, conducting the hearings, and making the detailed recommendations have some discretion in the matter?

Mr. MUSKIE. I repeated this over and over again in the Chamber in the consideration of the first concurrent resolution a year ago last spring. I did it last spring. I did it in the fall each time. The Senator knows that I make no such assumption to the effect that the Budget Committee shall tell each committee precisely how to do its job. The word "precisely" is what the Senator used.

With respect to appropriations, I have made it clear over and over and over again that all we set is the overall numbers, the totals, and that the first measures to come along that reach those totals are the measures that claim the amount available, and I do not decide the order in which these measures come along. The Appropriations Committee does that.

With respect to this bill, is the Senator telling me that he thinks I am trying to tell him what to put into a document that size? The Senator knows that is not true. But it pleases him to argue as he thinks if he can frighten enough committees into believing that we are interested in moving in on them and taking over all their jurisdiction that they will support his argument.

That is not the budget process. I have never claimed that kind of jurisdiction. I do not want that kind of jurisdiction; because if one were to try to impose a budget process that rigid upon the Senate and Congress, Congress would throw it out the window in 6 months. Perhaps that is what the Senator has in mind, that if he can persuade Congress that this kind of monster was created in the budget process, he somehow can get rid of it. Perhaps that is what is in the Senator's mind, because he has resisted this process from the first day we reported the first concurrent resolution to the floor. He made it clear in the debate in the spring.

Let me make this suggestion to the Senator: If the Senator did not like the $2 billion in tax expenditures, why did he not offer an amendment to the budget resolution to change it from $15.3 billion? He was not hesitant to offer an amendment on another subject. That option was available to him.

He argued it and said it was a mistake. How could it be a mistake if it was meaningless, if the policy was meaningless? If, in fact, the budget process, after both Houses acted upon it, had not mandated extension of the tax cuts through fiscal 1977, why bother to refer to it as a mistake last spring? Why not just ignore it, as the Senator is trying to do now?

Mr. LONG. How could I offer an amendment to amend the Senator's committee report? The committee report was not legislation, to be acted upon by the Senate.

Mr. MUSKIE. I did not suggest that. I suggested changing a number on the face of the resolution, the 15.3. The 15.3 was arrived at by assuming $2 billion in tax expenditure reforms as against the $17.3 billion in revenue reductions from tax cut extensions, so if the Senator did not like the $2 billion, he could have offered an amendment to change it.

Mr. LONG. I do not know why I should offer an amendment to change it. I was happy to live with it. So far as I am concerned, $15.3 billion for tax cuts is all right. It does not say $17.3 billion; it says $15.3 billion.

Mr. MUSKIE. Did the Senator read the committee report?

Mr. LONG. The Senator asked me a question. Let me answer it.

When the Budget Committee adds $2 billion of tax increases, that is going to be hard to do. The Senator from Maine made a record, himself. He said on the floor of the Senate that if we could not propose $2 billion, we could propose a lesser amount of a tax increase.

Mr. MUSKIE. Let me comment on that. That is another myth I have listened to so often that I would like to answer it.

In that exchange, what I was affirming was the jurisdiction of the Senator from Louisiana's committee, which he now accuses me of trying to take away from him. I said then, and I say now, that the Senator can report any bill he pleases, but that does not mean he can unilaterally change the budget, any more than I can. So just because I reaffirmed the Senator's right and the jurisdiction of his committee to report a bill that did not conform, the Senator interprets that to mean that I gave him a unilateral right to amend the congressional budget. But he does not have that right. I did not have the right to give it to him.

Mr. LONG. Let us see what the Senator did say.

Mr. MUSKIE. I know what I said, and the Senator can take any sentence out of context. He has put it in the record and it is there, and I challenge his interpretation again.

Mr. LONG. Let us read what the Senator said about this issue, about the right to recommend a lesser tax cut.

Mr. MUSKIE. Just a moment, until I drag out my threadbare copy of it, so I can finish what the Senator leaves out.

Mr. LONG. The Senator will have difficulty, but that is all right. This is what was said:

> Mr. Packwood. If in the Finance Committee's judgment, at the end of the 2 weeks of hearings—

Actually, it was 4 weeks of hearings and 5 weeks of executive sessions.

> and markups, they found it impossible to close $2 billion of loopholes, and they chose to fit within the mandate of the Budget Committee by simply reducing the tax reductions from $17 billion to $15 billion and pick up $2 billion that way?
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> Mr. Muskie. That is right. What we ask is a recommended level of Federal revenues of $362.4 billion in revenues, and we arrived at that number by assuming $2 billion possible additional revenues on tax expenditures. By the time the committee acts, the revenue picture changes. We may come up with $362.4 billion in some other fashion.

Mr. MUSKIE. May I just refer the Senator to the form of the question that was put? He has just read it. Senator Packwood asked me if we found it impossible—if we found it impossible.

I can remember what I said to others who asked me about appropriations functions. As a matter of fact, I had the same kind of exchange with the Senator from Louisiana on his amendment on the income security function. I said to the Senator from Louisiana—

> If you can't meet this target after trying, come back to the Senate and tell us you can't; and if you make a case why you can't, then of course it is the Senate's prerogative to listen to your report and to agree with you that it is impossible.

But the fact that it is impossible is not a judgment the Senator makes in advance. I told the Senator then, and I can remember the words:

Senator, what this budget process says to each of us is that we try.

If it does not work, then the Senate and the House are the sovereign bodies, and they take into account the recommendations and the facts and the analysis of the committees and change their minds. This whole reconciliation process that I read to the Senator is designed to meet that and to give that flexibility. If the Senator tries and he cannot do it, or if unexpected circumstances arise or things change, it is flexible enough to take it into account. So if it is impossible, and even if it is possible, the Finance Committee has the jurisdiction to report any bill it chooses. But what the Senator seems to object to on one hand and then agree to on the other is that the budgetary consequences of what he is recommending are pointed out. I am sorry if that is the case. I am not here to grab the Senator's jurisdiction. I could not do so if I tried.

However, I say to the Senator that I am going to tell the Senate what I believe Congress has said in the budget resolution and what the implications are of this legislation in terms of what it then said. If the Senate wants to change its mind, in the words of the Senator from Oregon the other day, why cannot the Senate change its mind? Of course, it can. This piece of legislation says it can. But until it does change its mind, our targets still are an extension of the tax cut through 1977. If the Senator thinks the budget does not say that, if it was none of our business to say that, he should make his case and let us vote.

Mr. LONG. Let us look at what the committee did. The committee did not find it impossible to raise $2 billion. The committee reported a bill that proposed $2.5 billion of additional taxes.

In addition, they thought we should give some consideration to the need to do something about the energy problem in this country. Some folks say inflation caused the recession. I think it was the energy crisis that contributed to the recession, and that is what most economists have reported caused the recession.

The House sent us an energy bill more than a year ago. They sent that one before they sent the tax bill. We suggested that something should be done about the energy problem, and we have some provisions in there about it. We also suggested that something should be done in other areas.

The business community has made a case—the administration agrees with them and so does the Finance Committee—that something needs to be done to help the business people to accumulate capital to build more plants, to obtain more equipment, to put people to work, and to give them some incentive to do it, in order to create more jobs and more payrolls.

The Committee on Finance so recommended. The Committee on the Budget did not buy it, I admit. The Committee on the Budget recommended, far from supporting that we held onto the $2 billion which we hoped to plow back in to stimulate business, that we reduce the amount of business tax credit of $2 billion by taking the tax increases with little or nothing to offset that. So the recommendations of the Committee on the Budget in that respect is $4 billion different from what the Committee on Finance would have suggested.

Now, there are also some provisions in there that we hoped would help to stimulate business, to help business to accumulate some capital to expand their activities, and so we recommended it.

Now, suppose we have the other provisions which the Senator was clear the Committee on the Budget did not have in mind. One of them, by the way, was the type of thing the Senator from Florida was suggesting, another the type of thing the Senator from Massachusetts (Mr. BROOKE) was suggesting, to help people insulate their homes to help solve the energy problem.

It is because we had some of those things in mind that, although we raised the $2.5 billion, we still need to cut somewhere else in this overall package in order to stay within that target figure.

Now, after we have worked so hard to stay within the target figure, I hope the Senator will not destroy that figure that his own committee set.

Mr. MUSKIE. The Senator has referred to a lot of details to which the Committee on the Budget did not address itself. On the one hand, the Senator insists that the Committee on the Budget is not entitled to act as a line item committee. I tell him that we have not. Then he proceeds to stuff details down my throat which he says we have decided, which we have not. Frankly, sometimes when I get through talking with the Senator, my head spins, because he takes me from one assumption to another and gets it all confused—the way he has in this amendment, incidentally.

Mr. LONG. Would the Senator mind explaining to me, assuming we raise the $2 billion—we did better than that, we raised $2.5 billion of taxes—how are we going to take care of anything other than these items that the Committee on the Budget had in mind, which is just an extension of the existing tax cut? How can we take care of anything to meet these other priority needs, like the needs of the aged or the need for home insulation or the need for energy conservation or the need for recycling material to save energy? How can we do anything about any of that if we are going to have to say, "All right, the $17.3 billion of existing tax cuts are sacred, we cannot do anything about that?"

Mr. MUSKIE. Let me ask the Senator a question. All the committees of the Senate together asked us to approve $440 billion in spending for fiscal 1977, cumulative—$440 billion. That included an awful lot of worthy items.

The President said, we ought to be able to get by on $395 billion. The Senator remembers that very well, because he tried to force that on us last December.

What did we recommend? We recommended $412 billion. That is $28 billion of committee recommendations that are not permitted under the ceilings we adopted.

What the Senator is saying is that it is much better to go back to the old practice, that we vote on these goodies as they come along so we do not overlook any of them. There is no point in trying in advance to set a limit on what we can afford for fear that we leave out some goodies, leave out some room for some goodies that the Senator would like to have.

Well, maybe that is the road we started to travel here with this bill. I am not going to go down that road. We have got to say no somewhere.

Let us look at how we treated appropirations and tax expenditures in the Committee on the Budget. Current policy appropriations would have been $423.4 billion. We cut that to $412 billion. That is roughly 2 to 3 percent that we cut appropriations below current levels.

Tax expenditures are $105 billion. We cut those $2 billion, which is something under 2 percent—under 2 percent. Now, tax expenditures can be viewed as the equivalent of a simultaneous collection of revenue and a direct budget outlay of an equal amount, just as are appropriations. So we treated them alike. We treated them roughly alike in terms of reducing them.

The Senator says there are a lot of other goodies he would like to buy. So could every committee chairman in the Senate come to us and say, "Senator, there are a lot of goodies we would like to buy." They can say it on every appropriations bill that comes here, and when they try that, I am going to have to stand up here and say, "Sorry, the budget resolution did not provide for it."

Mr. LONG. This committee is willing to live with that $15.3 billion. What I tried to say to the Senator and his committee, even before he decided to take action such as he thinks he should, is just assign us a figure; I do not care what the figure is.

Mr. MUSKIE. We assigned the Senator a policy.

Mr. LONG. Assign us a figure. I do not care whether it is $15.3 billion or $1 billion. Give us a figure and we will live with that. And we have. We reported in below that figure.

Now, if the Committee on Finance has its way, the Senator from Maine is not going to have to reconcile for us. We are not going to come in and ask him to do us any favors. We will pay for anything we ask to do. We will provide the funds to pay for it or we will cut down, within our area of jurisdiction, in order to pay for it. The Senator will not need to reconcile for us. That is how it has been historically with Finance Committee bills. When we report out a program, we report out the taxes to pay for it. Not only do we pay for that, we also find the money to pay for the other guy's programs, too. That is all right with us. But when the Senator assigns us a figure, and we live with the figure and he then proceeds to make war on us because we do precisely what that resolution requires us to do, which is to confine ourselves to $15.3 billion, and we did it with $300 million to spare, we should be allowed a little discretion to decide how we are going to do that and look at all the needs that fall within our responsibility, rather than just look at some particular things the Senator might have had in mind when he assigned us a figure.

Mr. MUSKIE. We assigned the Senator from Louisiana a figure and we assigned him an economic policy. The Senator keeps referring to this as my personal property. He keeps referring to this process as though it were my personal property. It is not. This is a congressional budget adopted by both Houses. That budget includes not only a number or a series of numbers, but an economic policy.

Talking about committee jurisdictions, I heard the Senator argue, I think, or someone on his side of the issue, that one of the reasons he chopped off this tax reduction extension on July 1 was because he took a look at economic conditions and he decided he was going to change the economic policy. Well, under this budget process, the economic policy is set by the Congress as a whole, through the procedures established here. If every committee is going to write its own economic policy to justify its case for spending or revenue measures, then, again, the foundation of the budget processes is undermined.

Sure, all the Senator keeps talking about is that number.

Mr. LONG. I say to the Senator, I would like to get one thing straight, just for the record. As I understand it, the Senator's committee put in its report something we could not amend; we could not do anything about it. We are satisfied with that figure, willing to live with it. He also put in his report an assumption that we would continue the existing tax cuts, which are estimated to cost, as I recall, $17.3 billion, and that we would raise $2 billion in additional taxes to give a figure, bottom line figure, of $15.3 billion.

Now, suppose we found anything, just anything—I do not care whether it is a matter of insulating homes or a matter of trying to make energy more efficient, a matter for encouraging people to hire folks off the welfare, a matter of helping mothers to put their children in a day care center. Suppose we just found anything that we thought was more desirable than the continuation of that $17.3 billion of tax cuts of existing law. Unless we could find more than that $2 billion in tax cuts, would that mean that we should not recommend what our judgment would dictate?

Unless we could find more than $2 billion in tax cuts, would that mean then that we should not recommend what our judgment would indicate to be a better way to spend some of that money?

Mr. MUSKIE. May I say to the Senator—I have said several times this afternoon, and I have said it many times in the course of the day—any time a committee finds that it cannot live with what the budget resolution provides, any time a Senate committee reaches a conclusion, reaches a judgment, you know, that there have been changes or new problems arise that need to be brought to the attention of the Senate and Congress as a whole, they do not fit into the budget, it is the duty of that committee to come to Congress, the House or the Senate, depending upon which body it is, and report with its recommendations.

What the Senator is saying to me is that what I am talking about is not in the budget. The Senator says he could not amend it? I ask at this point——

Mr. LONG. How will I go about amending the Senator's committee report?

Mr. MUSKIE. Let me answer.

Mr. LONG. I assume the Senator is making a point of order.

Mr. MUSKIE. Let me answer. Who has the floor, Mr. President?

The PRESIDING OFFICER. The Senator from Maine has the floor.

Mr. MUSKIE. I ask unanimous consent that the text of the first concurrent resolution be printed in the Record at this point. All Senators might profit by this.

There being no objection, the concurrent resolution was ordered to be printed in the Record, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1976—

(1) the recommended level of Federal revenues is $362,500,000,000, and the amount by which the aggregate level of Federal revenues should be decreased is $15,300,000,000;

(2) the appropriate level of total new budget authority is $454,200,00,00;

(3) the appropriate level of total budget outlays is $413,300,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is $50,800,000,000; and

(5) the appropriate level of the public debt is $713,100,000,000, and the amount by which the temporary statutory limit on such debt should accordingly be increased (over amounts specified in section 3(5) for the transition quarter) is $65,900,00,000.

Sec. 2. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of the first section of this resolution, the Congress hereby determines and declares pursuant to section 301 (a)(2) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1976, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):
(A) New budget authority, $112,500,000,000.
(B) Outlays, $100,800,000,000.
(2) International Affairs (150):
(A) New budget authority, $9,100,000,000.
(B) Outlays, $6,600,000,000.
(3) General Science, Space, and Technology (250):
(A) New budget authority, $4,600,000,000.
(B) Outlays, $4,500,000,000.
(4) Natural Resources, Environment, and Energy (300):
(A) New budget authority, $17,000,000,000.
(B) Outlays, $15,700,000,000.
(5) Agriculture (350):
(A) New budget authority, $2,300,000,000.
(B) Outlays, $2,000,000,000.
(6) Commerce and Transportation (400):
(A) New budget authority, $18,200,000,000.
(B) Outlays, $17,700,000,000.
(7) Community and Regional Development (450):
(A) New budget authority, $7,400,000,000.
(B) Outlays, $7,800,000,000.
(8) Education, Training, Employment, and Social Services (500):
(A) New budget authority, $24,600,000,000.
(B) Outlays, $23,000,000,000.
(9) Health (550):
(A) New budget authority, $39,300,000,000.
(B) Outlays, $37,900,000,000.
(10) Income Security (600):
(A) New budget authority, $158,900,000,000.
(B) Outlays, $139,300,000,000.
(11) Veterans Benefits and Services (700):
(A) New budget authority, $20,100,000,000.
(B) Outlays, $19,500,000,000.
(12) Law Enforcement and Justice (750):
(A) New budget authority, $3,400,000,000.
(B) Outlays, $3,500,000,000.
(13 General Government (800):
(A) New budget authority, $3,600,000,000.
(B) Outlays, $3,500,000,000.
(14) Revenue Sharing and General Purpose Fiscal Assistance (850):
(A) New budget authority, $7,350,000,000.
(B) Outlays, $7,350,000,000.
(15) Interest (900):
(A) New budget authority, $40,400,000,000.
(B) Outlays, $40,400,000,000.
(16) Allowances:
(A) New budget authority, $2,850,000,000.
(B) Outlays, $1,150,000,000.
(17) Undistributed Offsetting Receipts (950):
(A) New budget authority,—$17,400,000,000.
(B) Outlays,—$17,400,000,000.

Sec. 3. The Congress hereby determines and declares, in the manner provided in section 310(a) of the Congressional Budget Act of 1974, that for the transition quarter beginning on July 1, 1976—

(1) the recommended level of Federal revenues is $86,000,000,000;

(2) the appropriate level of total new budget authority is $96,300,000,000;

(3) the appropriate level of total budget outlays is $102,200,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is $16,200,000,000; and

(5) the appropriate level of the public debt is $647,200,000,000 and the amount by which the temporary statutory limit on such debt should accordingly be increased is $20,200,000,000.

Mr. MUSKIE. Among other things, it provides that:

> The amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is $50,800,000,000;

Now, you could change that number.

> The recommended level of Federal revenues is $362,500,000,000, and the amount by which the aggregate level of Federal revenues should be decreased is $15,300,000,000;

If you go to the report, you will find out how we arrive at those figures. If you do not like the $15.3 billion because it reflects a $2 billion gain in tax expenditures, any Senator can move to change that to $16.3 billion; $16.3 billion would have been more consistent with the bill that the Finance Committee reported on the floor than the $15.3 billion.

So throughout you have got just numbers, but you have every implication that what you are talking about is a budget that has an economic philosophy, an economic policy underlying it. Everything in it depends on it, social security payments, medicare payments, veterans' benefits, food stamps, unemployment compensation; all of these big spending programs depend upon the economic condition of the country.

Last year in the second concurrent resolution we had to increase spending targets by over $8 billion—by over $8 billion over the first because economic conditions were such that expenditures for the purposes I just referred to were higher than we anticipated in the spring.

So the state of the economy and what the economy requires and the burdens the economy imposes on the budget are very much a part of those numbers which seem to be the total focus of the Senator's concern in the budget resolution. I mean without an economic policy we could not write a budget.

Mr. LONG. Just let us understand this: As far as the Finance Committee is concerned, we are not asking the Senator to reconcile anything for us. We are not asking the Senator to put any more money in the bill; in fact, we are asking the Senator to leave his money out of it, because as far as we are concerned we are completely content to live with the Senator's figure, and we are completely content to ilve with the Senator's resolution.

All we would plead for with the Senate is that if our committee or any Senator can find a better way to spend any of that money, the first dollar or the last dollar, that his amendment be considered on its merits just like the Senator's, and I do not know why it should not.

There was scant consideration given to that $17.3 billion that the Senator seems to think is sacred. Now, we suggested to the Senator that it should be in there. But when we did suggest it to the Senator, we just thought that it was something that ought to be looked at. We knew we might want to make some changes in it, and if we did that, we would make them. When the $17.3 billion found its way in there, we felt, I know I did, that if anybody could find a better way to make use of that same amount of money, he ought to offer his amendment, and we ought to do it that way rather than the way it is being done at that time. That is why you have Congresses, that is why you have legislatures, to try to improve on what you are doing.

Then we proceed to look at all the possibilities of ways that the revenue could be used most effectively in the public interest, and we recommend something at variance with something that we ourselves suggested to the Senator, by the way. We suggested the $17.3 billion. I think that is how it found its way into the Senator's committee report. So having done that we then find here is one item where you can do something more effectively. For example, if somebody would give some poor welfare mother a job and take her off the welfare rolls, and take her family out of poverty and help her improve her condition, it would be better than to give money to some rich person at $35 a head. Between the two that, getting her to work, would be more worthwhile. It would help that person, and help the country more.

So I cannot, for the life of me, understand why the Senator would object if we can suggest better ways to use money within the area of our competence, our responsibility and our expertise.

Mr. MUSKIE. I do not challenge that at all, and I never have.

Mr. LONG. That is great. Now we are together.

Mr. MUSKIE. That is not the issue.

Mr. LONG. The argument has been solved. There is nothing more to argue about.

Mr. MUSKIE. All the Senator focuses on is that one little number—that $15.3 billion.

That is not a magic number to me, but the economic policy underlying it is. The Senator knows what we have been trying to do, and Congress has done pretty well with this for the last year and a half or more. What we have been trying to do is to plan for a smooth recovery, with the $15.3 billion of tax reductions spread evenly over this fiscal year, and with no abrupt changes at the end of the year. Now, that is the target.

The Finance Committee bill is full of what I would call stops and starts. The reforms raise $1 billion next year but lose money the following year. The tax reduction part keeps the $9.5 billion annual rate of reduction for 9 months of the fiscal year but then removes it for 3 months. Now, stop-and-go policy is not going to meet the needs of this economy, may I say to the Senator, with all respect.

With respect to the details of the tax cut, I have never tried to prescribe what they should be. We agreed, I think, last December, when the President wanted to tie the tax reductions to a reduction of dollar per dollar in spending, we agreed, all of us—I went down to the White House with the distinguished Senator from Louisiana and others—and we agreed that the economy required a continued extension through all of calender 1976, but we cut it back to 6 months in order to compromise with the President.

We did not think that ideal, to change the tax policy in the middle of the year, but we agreed to it in the happy spirit of compromise because we had not had our first concurrent resolution for fiscal year 1977. So we all agreed at that time although we ought to have had continuity in policy. The assumption was that we would have it because the first concurrent resolution would be decided in the spring of this year, and we were reasonably certain that it would be continued for the rest of this fiscal year and for next year we would take a look at it when this spring came, and we did.

There was no challenge to that on the floor. There was no challenge to it at all that I can recall. Even if you assumed there was no way of amending the resolution for that purpose—and I disagree with that—I think there was. But even if there was not—I mean if anybody seriously challenged the economic policy underlying the first concurrent resolution, it seems to me he had a duty to say so at that time.

But I do not recall any challenge to those underlying assumptions.

What was a challenge then was that we ought to be providing more stimulus. Indeed, many economists at the time recommended a larger tax cut continued beyond the period we provided it for.

President Ford, as the Senator knows, recommended a larger tax cut than we have recommended, but I do not recall anybody recommending less to us at that time. I think most economists at the present time recommend continuing even beyond the time we are now talking about.

Mr. BENTSEN. Will the Senator yield?

Mr. MUSKIE. Yes, I yield to the Senator.

Mr. BENTSEN. I say to the distinguished Senator, for awhile, there was agreement between two very distinguished Members of the Senate, able members of respective committees.

But I do think it is obviously a jurisdictional fight.

I note that the distinguished Senator from Maine says, as I get his words down, "There is no magic in the $15.3 billion figure."

Apparently, there is in the report. No magic in the statutory——

Mr. MUSKIE. In the policy.

Mr. BENTSEN. My concern is, very candidly, where do we draw the line when we are talking about economic policy, when we are talking about the underlying objectives for the country?

When the Senator talks about national priorities—and I understand his concern—he says they are not going to have a line-item designation. Yet we talk about a $35 figure for a tax credit, which is a line item on the tax return, and I can show it to the Senator. I do not see how we can get much more line item than that. I agree, that is a national priority and——

Mr. MUSKIE. If the Senator——

Mr. BENTSEN. I stood here for about 30 minutes trying to say just a few words so, if I might, I do not see how one can get much more line item than that.

Mr. MUSKIE. I do have the floor, let me say.

Mr. BENTSEN. With respect to the $15.3 billion figure, the Senate Finance Committee was subject to that discipline and we accepted it.

I believe that is the fiscal discipline we should have because I do not think we will ever get control of the budget unless we do that.

People lined the halls to talk to members of the Finance Committee every time we went to a Finance Committee meeting, to talk about further tax reductions, to talk about their own particular interests. We were trying to balance these out in that tax bill and finally came to the Senate with a bill that met the $15.3 billion target.

I get a little turned off with this reference to tax expenditures. That term is also appropriate to the $35 individual tax credit. Some people talk as though that money belonged to the Government that it is not the people's money, that it is the Government's money. I do not agree.

The Finance Committee was able to achieve an appropriate mix of tax increases and tax cuts to get to the $15.3 billion figure which was mandatory.

Now, as I understand what the Senator is saying, what the Senator meant in that April Senate colloquy with Senator PACKWOOD, is that we would wait until the September Budget Resolution and that any additional balances could be arrived at after the Budget Committee had a chance to take another look at it.

But I assure the Senator, the Finance Committee worked very hard with what they thought was a directive from the Congress and the Budget Committee and a fiscal discipline that I suppose no Finance Committee ever had before. I think this was an excellent fiscal discipline to have.

I thank the distinguished chairman for giving me a chance to comment on some of the things he suggested.

The PRESIDING OFFICER (Mr. FORD). The Senator from Maine.

Mr. MUSKIE. I appreciate the Senator's comments and I apologize for the delay in recognizing him.

There are a couple of points I need to clarify.

We did not originate the tax package which became the tax reduction bill of 1975. The Budget Committee had nothing to do with the items that went into that. When we wrote the first concurrent resolution of 1975, we simply affirmed that policy.

We did not write the $35 credit. We did not make those decisions.

When we attempted, in conjunction with the chairman of the Finance Committee last December, to urge a policy of continuing those tax cuts, we were not line itemizing. We were just saying that the policy of the tax reduction we have had for a year now should be continued for another year.

When the President did not agree to that, we said that we ought to continue it for 6 months until we can look at it again.

We did not line itemize it.

In the first concurrent resolution this year, we said that we continue those tax cuts. We did not line itemize. We did not go back and second guess those who had put together the tax reduction provisions of last year at all.

If we had been line itemizing, as the Senator is under the impression that we did, I am sure that each of us on the Budget Committee might have come up with a different kind of tax reduction package. But we did not regard that as our business.

It was put in place last year. It was extended 6 months. It was attempted to be extended for a year.

We said, extend it 15 months. We were looking at the macroeconomic implications, not the line items. We were not choosing, when we recommended extension, between those tax reductions and some others that might be adopted. That is not our function.

There were provisions in that tax proposal that I could have been behind. Some of those I would have preferred. We did not get involved in that.

So I want to make it clear to the Senator, we never line item that tax reduction package. We took what was in place and for macroeconomic reasons urged its extension. And that is all we did.

So with respect to the makeup, if the Senate should decide it ought to be some other makeup—which seems to me unwarranted frankly, for another 3 months. It seems to me, talking about 3 months, that we should leave in place what is in place and take a look at the next fiscal period, when we come up to the next concurrent resolution, or when we come to the second concurrent resolution for the year.

But honestly, we are not line itemizing that tax bill. We were not blessing those items, because we did not consider it in that way.

I just want the Senator to know that because it happens to be the fact.

Mr. ALLEN. Will the Senator yield for a question?

Mr. MUSKIE. Yes.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. ALLEN. What disturbs me, I will say to the distinguished Senator from Maine, is that apparently the budget resolution called for an extension of the tax cuts for 15 months instead of 12 months proposed by the committee, and it directed the committee to raise, or said it should raise, $2 billion in tax reform.

Is that not correct?

Mr. MUSKIE. Because there have been statements, I want to try to persuade the Senator precisely.

Mr. ALLEN. Yes.

Mr. MUSKIE. We set a target.

Mr. ALLEN. Yes.

Mr. MUSKIE. We believe, like a spending target, that that should be treated as a serious matter.

Mr. ALLEN. Yes.

Mr. MUSKIE. But my colloquy with Senator PACKWOOD in response to a question, whether or not if they found it impossible to hit that target——

Mr. ALLEN. I understand, but that they have a target of $2 billion.

It would seem to the Senator from Alabama that this mandate that they extend the tax cuts preempted the role of the committee almost entirely in that they were supposed to have a target of $2 billion in tax reform, and to use $1.7 billion or $1.8 billion in extending the tax cut leaving practically no area of operation for the committee. That is what disturbs the Senator from Alabama. For the Budget Committee to say that we are going to use some 90 percent of the $2 billion target in increased revenue through tax reform to extend the tax credit left the Finance Committee practically no field of operation in coming back with a true tax reform bill. It confined it 90 percent of the way to an extension of a tax cut for 15 months instead of 12 months. Is that not correct?

Mr. MUSKIE. I do not agree with the Senator. It is in the same area of operations as other committees when we have set spending totals. I have said over and over that on the request of $140 billion we cut it back to $412 billion. That reduces the operation of every committee. The spending committees spelled out in their reports to us on March 15 how much they thought could be justified. We cut them back $28 billion. We cut back, if that is a phrase that means anything, on every committee, not just the Finance Committee. How else does one budget? If we are going to give them a blank check, we have no budget process.

May I say in addition if the Senator will read section 301 of title II of the congressional budget process, he will find that we are given this jurisdiction.

Mr. ALLEN. I understand that, but the point the Senator from Alabama is seeking to make is that they told the committee to go out and make this determination but they used $1.8 billion of that for extending the tax credit leaving the field of operation of only $200 million or $300 million for further tax reduction. I would like for the Senator to explain that that is not correct.

Mr. MUSKIE. The total tax reduction for fiscal 1977 was $17.3 billion. That included what I have in my amendment. That was through fiscal year 1977. Beyond that we ask that $2 billion be raised in tax expenditure reductions, which is 2 percent tax expenditures. The reduction we made in appropriations was between 2 and 3 percent of direct spending. So we were being evenhanded across the board.

Mr. ALLEN. But the Senator says to make room for this $1.8 billion in tax extensions out of this $2 billion.

Mr. MUSKIE. No, the extension is $17.3 billion.

Mr. ALLEN. I understand, but we tell them to raise only $2 billion in additional taxes. The $17.3 billion is in tax reductions. The Senator says to raise $2 billion but use $1.8 billion of that in extending the tax cuts. That is the long and short of it.

Mr. MUSKIE. I am afraid I cannot follow the logic of the very last statement. We recommended an extension of tax cuts, which have been on the books since April of 1975, until the end of fiscal year 1977. For the period covered it would be $17.3 billion. The tax expenditure reform is a way to reduce the deficit. We need the $17.3 billion, we concluded, as a stimulus to the economy. It worked last year. It is widely credited with turning the economy around. We said let us not have a tax increase, which would be the effect of terminating the tax reduction. The economy could not stand a general across-the-board tax increase. We wanted to keep the deficit down. We thought that $2 billion out of $105 billion in tax expenditure was a reasonable target to find what would be considered low priority tax expenditures. They are not of general benefit.

Mr. ALLEN. The committee followed all of the recommendations except the last 3 months, is that not correct?

Mr. MUSKIE. That is right.

Mr. ALLEN. They changed it from 12 months to 15 months.

Mr. MUSKIE. It has more serious implications than that, may I say to the Senator. If we terminate as of July 1, and if we find as of July 1 we need the continued stimulus, it is a little difficult and a little late to reenact it for 3 months. We would have to do it for a longer period than that, I would think, to justify it. Certainly in tax law that is an important advantage.

Mr. ALLEN. The committee lived up to the committee's recommendation on the dollars figure, the $15.3 billion, is that not correct?

Mr. MUSKIE. They have $14.5 billion in the reported bill, and I think they approved subsequent amendments which have not yet been made part of the bill.

Mr. ALLEN. They did not have quite as much of a tax reduction as the Senator would call for.

Mr. MUSKIE. That is not my problem. My problem is, the effect of the bill is to gut the tax policy which the Congress put in place a year ago last spring as its major policy initiative to turn this economy around. It is our responsibility, as I read the law, as the Budget Committee, to give budget policy to the needs of this economy.

This was a central policy last year. It is not less important this year nor will it be less important next year. After July 1, after the Congress as a whole has accepted a budget which continued through fiscal 1977, thus making it available beyond that date if we wanted it, I think is a decision to be made with full appreciation of what is invloved. That policy was very clear.

Mr. ALLEN. Do I understand the Senator to say that because the committee extended the tax cuts for 12 months instead of 15 months it gutted the recommendations of the Budget Committee?

Mr. MUSKIE. I did not mean to use the word gutting. I meant it is inconsistent. It is a different policy. It is a new policy.

Mr. ALLEN. It is a changed policy.

Mr. MUSKIE. It is a changed policy if the Congress as a whole approves it.

Mr. ALLEN. The mere fact that it did not extend the tax cuts for 15 months and instead extended them for 12 months changed the tax policy, is that what the Senator is saying?

Mr. MUSKIE. It changes it not only for the 15 months but changed it or set the momentum of policy in the opposite direction for the period beyond that. I cannot see ending it as of July 1 if we decide on July 10 it should be continued for the 3 months and beyond. We have interrupted the policy. That is not in the public interest. So it is more than the 3 months, may I say to the Senator. If the Senator will look at the President's budget last year, the President's budget this year, if he will look at the congressional budget reports for last year and this year, he will find unemployment above 6 percent projected for 3 to 4 years into the future. Hopefully, it will not materialize but with all of this judgment that we are going to have this problem for not just until July 1, 1977, but beyond, we just think we need continuous policy moving in the same direction, consistent with the policy we have had for a year, to be sure that we continue to climb out of this recession. We still have a recession. With just under 7-percent unemployment we are very much in a recession.

Mr. ALLEN. If the Senator's amendment is adopted, then the Senate, in order to keep the balance, is either going to have to impose $1.8 billion in additional taxes——

Mr. MUSKIE. One billion dollars.

Mr. ALLEN. On account of the fact that the Senate did not use up all of the tax deduction; is that correct? It will have to impose $1 billion more in additional taxes or take from the committee bill some of the tax reductions that it did put in place, is that correct?

Mr. MUSKIE. I would assume so. And one other option, may I say to the Senator.

Mr. ALLEN. I wanted to ask the Senator one further question.

Mr. MUSKIE. Let me state this other option first, because I am not sure the Senator completely understood.

Mr. ALLEN. Go ahead.

Mr. MUSKIE. The Budget Act anticipates the possibility that there will be a number of decisions between the first targets in the spring and the final resolution in the fall—spending decisions, revenue decisions, and so on—and it provides that in September, after the passage of the last appropriation bill, the Budget Committee will look at the total cumulative result of all the changes that have been made, and prepare a new resolution, which could result in a recommendation for more taxes or a recommendation for cuts somewhere else. If there have been increases in unanticipated spending areas, or the deficit has been larger than anticipated in the spring, all of those options are available.

Part of our function as a Budget Committee is to tag these possible consequences along the line, and the discipline is one that we impose on ourselves. If we do not tag these possible consequences, so that Senators can be aware of them, you know, the discipline is gone.

Mr. ALLEN. Suppose the Senate—and we have already had one test vote on the Nelson amendment—refuses to add $1 billion in additional taxes, or it refuses to take from the bill some of the tax reductions that the committee stipulated. What would the shape of the bill be then?

Mr. MUSKIE. That, of course, is the prerogative of the Senate and the Congress as a whole, and if that is the decision that is made, and the President signs it into law, then that is a change in congressional policy that will have to be taken into account in September.

Mr. ALLEN. Would that not be contrary to the Budget Committee's recommendation?

Mr. MUSKIE. It would be.

Mr. ALLEN. And would be out of order for that reason?

Mr. MUSIKE. No, it is not out of order. It is not out of order until put in place—that is, it is not subject to a point of order, I should say—it is not subject to a point of order until the second concurrent resolution is adopted. That is, it is not subject to a point of order after the first concurrent resolution, where after the second concurrent resolution it would be subject to a point of order.

The first concurrent resolution sets targets. When I say this bill is inconsistent with the first concurrent resolution, it is not to say that I have a point of order that I can raise against it, because I do not. All I can do is chatter and tell the Senate that is my judgment. If the Senate says "Accepting the fact"—and this is the healthy basis on which it ought to be done—"that this is inconsistent with the first concurrent resolution, nevertheless we as a Senate have changed our minds and we are going to accept the proposal," the Senate has that option.

Mr. ALLEN. If we add $1.8 billion to the first concurrent resolution—some say $1.7 billion—would we not be running the risk of making a Christmas tree out of this bill and instead of ending up with $15.3 billion in tax reductions we might end up with $18 billion or more in tax reductions?

Mr. MUSKIE. Not if the budget process becomes what the Senator from Alabama and the Senator from Maine would like it to be.

This $17.3 billion is in the budget. The Senate certainly has the prerogative to change it, but it is in the budget now, and it should not be regarded as an addition to it. It is in the budget.

Mr. ALLEN. I will say to the Senator from Maine, if the tax reduction exceeded the $15.3 billion at the time of final passage, if it exceeds the $15.3 billion as shown on the board there as the net revenue loss, in keeping with the recommendations of the Budget Committee, it would seem that it would not be out of order to vote against such a bill, in keeping with the budget resolution. Is that correct?

Mr. MUSKIE. It is in order for any Senator to vote any way he wants to, but I think I would say to the Senator from Alabama (Mr. ALLEN) or the Senator from Maine (Mr. MUSKIE), "If you were to vote that way at this point, you are changing your mind about the first concurrent resolution, and whatever discipline the budget resolution has over revenues is gone. You may not want the budget resolution to have any discipline over revenues. If not, that is your prerogative; but it is so easy to break it on revenues, and once we get in the habit of breaking it, we are going to break it on spending."

Mr. ALLEN. As I understand the Senator's amendment, then, this amendment would sop up, you might say, some $700 or $800 million in tax reductions that the committee did not put into place, and it would make it necessary to levy an additional billion dollars in taxes, or to reduce by a billion dollars the tax reductions made by the committee bill. Is that correct?

Mr. MUSKIE. Yes.

Mr. ALLEN. I thank the Senator.

Mr. MUSKIE. Let me put it in one final form, myself, and then I am going to yield the floor.

Mr. LONG. Mr. President, will the Senator yield?

Mr. MUSKIE. No.

Mr. LONG. Will the Senator yield for a question?

Mr. MUSKIE. If I may respond first. To those Senators who have already made up their minds about how they are going to vote—and I suspect that is all of us—it has mystified me a little bit about why we cannot get to a vote, but if all Senators have made up their minds and they have individually decided not to support the first concurrent resolution, if they decide to vote for the committee bill, that is their prerogative; but I am going to tell them that by voting that way, they are not supporting the budget targets of the spring. If the majority of the Senate votes against the policy adopted just a month ago, then I will say to the Senator from Alabama, changing our minds that quickly is going to become an awfully easy habit to indulge in, and once we have indulged in it with respect to this subject, we can do it with respect to others.

The Senator knows—he was on the floor, I think, most of the time when we debated the first concurrent resolution and the eight amendments, I think, that were offered—that a lot of those amendments I favored, but I thought it was most important to establish the discipline, and I held back on my preferences, and the Senator from Alabama did as well.

I am not going to make it a point of personal privilege with any Senator who might differ with me on this amendment, and I certainly do not find it easy to have myself challenged as an intruder on other committees' jurisdiction, or as attempting to bludgeon the Senate or grasping for power. I do not find that particularly pleasant. But all I can do is call this as I see it, and what I am trying to do with this amendment at this point, and the reason why I am trying to do it at this point, is to either reaffirm the policy of the first concurrent resolution before we get into these other amendments, or reject it.

It seems to me this is the logical place to do it. Either we reaffirm it or we reject it. If we reaffirm it, then, as the Senator has so clearly pointed out, we have a burden to carry with the rest of the bill. If we reject it, then I suspect that will mean that all of these proposals on tax expenditures will go down the drain.

This is the pressure point, and I think it is the logical point at which the Senate ought to make the decision.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ALLEN. Let me say that I think the Senator from Maine has discharged his responsibility in a highly responsible manner.

Mr. MUSKIE. I thank my good friend from Alabama.

Mr. LONG. Will the Senator yield?

Mr. MUSKIE. I yield.

Mr. LONG. The Senator knows that business conditions change. We have a bill before us that was reported to the Senate almost 6 weeks after that budget resolution, or at least a full month after the budget resolution. We have, since that time, been favored by information about the way the economy is moving which indicates that things are coming along very well.

For example, here is a story, and I ask unanimous consent that it be printed in the RECORD at this point, entitled "Profits, GNP in Quarter Topped Earlier Estimates."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PROFITS, GNP IN QUARTER TOPPED EARLIER ESTIMATES

WASHINGTON.—Corporate profits and the gross national product posted even better first quarter gains than previously estimated, revised Commerce Department figures show.

After-tax corporate profits rose 7.3%, or at a $5.8 billion annual rate, in the first quarter to a seasonally adjusted annual rate of $85.7 billion, according to the latest report. Initially, they were estimated to have jumped 6.3% or at a $4.4 billion rate, to a seasonally adjusted $84.3 billion yearly pace.

Total output of goods and services, adjusted for inflation, grew at an 8.7% annual rate in the first quarter. Previous estimates had put the growth rate for "real" GNP at 7.5% and later 8.5%.

Prices rose at a 3.6% annual rate in the first quarter as measured by the GNP price index, considered the broadest gauge of inflation. Previously the estimate was 3.5%.

Mr. LONG. So, when conditions change for the better, why should not the Senate, in acting on a major bill as this, take into account the fact that conditions have changed for the better. They are continuing to change for the better. Why cannot the Senate, after having voted for a budget resolution, come along 6 weeks later or perhaps even several months later and vote to say that we will have a somewhat different mix of tax items than the Budget Committee had in mind, because at this point we know more than we knew then?

Mr. MUSKIE. I shall make two points:

First, the cumulative evidence we receive, and we receive it on a continuing basis, is that the economy has not improved all that much that we can assume we will be at full employment on October 1, 1977.

Second, if economic policy which underlies the budget is to be changed this is a change to be made by Congress in accordance with procedures set up in the Budget Reform Act and not by each committee justifying its own programs by writing its own economic policy.

I believe the Senator from Massachusetts had asked me to yield.

Mr. KENNEDY. I simply wished to ask the chairman of the Budget Committee a question, after stating my observation.

There has been a great deal said during the debate and the discussion, about how we reached the various figures that we have established in the budget resolution and in the recommendation for the reduction of tax expenditures.

As I understand it, the current policy budget would have been about $420 billion, and the budget resolution asked a 2-percent reduction, which brought spending down to $412 billion approximately. We recognized, as well, that we have approximately $106 billion worth of tax expenditures. We also asked a 2-percent reduction in tax expenditures. Proportionally, we asked the same percentage reduction in both direct expenditures and tax expenditures.

So, beyond the other reasons and justifications which the Senator has given in terms of economic implications, it seems to me that is a reasonably fair and evenhanded rule of thumb in terms of what was attempted to be achieved in cutting spending. The same burden was placed by the budget resolution in both of these areas. I thought it was a point that was useful to consider when we were listening to the debate in recent days over how we came up with the 2-percent figure on tax expenditures. It seems to me there is some basis for logic in this calculation, which I think needs to be underlined. Is that correct?

Mr. MUSKIE. The Senator is correct. I think that is a point that ought to be emphasized.

I yield at this point to my good friend from Oklahoma, who joined me on the present amendment.

Mr. BELLMON. Mr. President, I thank the distinguished Senator from Maine, the chairman of the Budget Committee, for yielding.

I have listened with great interest to the debate this afternoon. We have been debating this issue now for several days, and, in my opinion, it is time to settle the matter. The issue is well understood by Members of the Senate. Many have been in the Chamber for much of the debate.

Without trying to go into the merits of the Long proposal, I simply feel that we have spent enough time on it, it is understood, and further debate would seem to serve no constructive purpose.

So, Mr. President, I move to table the Long amendment, and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the motion to table. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from Utah (Mr. MOSS), and the Senator from Delaware (Mr. BIDEN), are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) and the Senator from Indiana (Mr. BAYH) are absent because of illness.

I further announce that, if present and voting, the Senator from Missouri (Mr. SYMINGTON) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from New Mexico (Mr. DOMENICI), and the Senator from Arizona (Mr. GOLDWATER) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

The result was announced—yeas 39, nays 53, as follows:

[Rollcall Vote No. 310 Leg.]

YEAS—39

Abourezk
Beall
Bellmon
Brooke
Case
Chiles
Clark
Cranston
Culver
Eagleton
Ford
Glenn
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Jackson
Javits
Kennedy
Leahy
Mansfield
Mathias
McGovern
Mondale
Muskie
Nelson

Pastore
Pell
Proxmire
Schweiker
Stafford
Stevenson
Taft
Tunney
Williams

NAYS—53

Allen
Baker
Bartlett
Bentsen
Brock
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Curtis
Dole
Durkin
Eastland
Fannin
Fong
Garn
Gravel
Griffin
Hansen
Hatfield
Helms
Hruska
Inouye
Johnston
Laxalt
Long
Magnuson
McClellan
McClure
McGee
McIntyre
Metcalf
Montoya
Morgan
Nunn
Packwood
Pearson
Percy
Randolph
Ribicoff
Roth
Scott, Hugh
Scott, William L.
Sparkman
Stennis
Stevens
Stone
Talmadge
Thurmond
Tower
Weicker
Young

NOT VOTING—8

Bayh
Biden
Buckley
Church
Domenici
Goldwater
Moss
Symington

So Mr. BELLMON'S motion to lay on the table was rejected.

Mr. LONG. Mr. President, I move to reconsider the vote by which the motion to lay on the table was rejected.

Mr. BENTSEN. I move to lay that motion on the table.

Mr. McCLELLAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 64

Mr. BELLMON. Mr. President, I have an unprinted amendment at the desk and ask that it be stated.

The PRESIDING OFFICER (Mr. HASKELL). The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Oklahoma (Mr. BELLMON) proposes an unprinted amendment No. 64:

On page 40, after line 16, insert the following:

TITLE I-A—EXTENSIONS OF INDIVIDUAL INCOME TAX REDUCTIONS

SEC. 1. Congress, having adopted a First Concurrent Resolution for fiscal year 1977, pursuant to the Congressional Budget Act, hereby determines to extend certain individual income tax reductions for the fiscal year 1977.

UP AMENDMENT NO. 65

Mr. MUSKIE. Mr. President, I send an amendment to the amendment of the Senator from Oklahoma to the desk and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Maine (Mr. MUSKIE) proposes an unprinted amendment No. 65 to the amendment of Mr. Bellmon No. 64.

Mr. MUSKIE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Is there objection?

Mr. PACKWOOD. Object.

The PRESIDING OFFICER. Objection is heard.

The clerk will continue reading the amendment.

Mr. LONG addressed the Chair.

The PRESIDING OFFICER. Will the Senator suspend. There was objection to the dispensing with the reading of the amendment and, therefore, the clerk will have to report the amendment and will continue reading the amendment.

Mr. PACKWOOD. Mr. President, I made objection because I could not hear. I wanted to get the Chair's attention. Reserving the right to object, I simply did not get the attention of the Chair to hear what was going on. What was this?

The PRESIDING OFFICER. The unanimous-consent request was to dispense with the reading of the unprinted amendment sent to the desk by the Senator from Maine amending an amendment of the Senator from Oklahoma.

Mr. PACKWOOD. I still reserve the right to object. This is an amendment to the BELLMON amendment?

The PRESIDING OFFICER. Correct.

Mr. PACKWOOD. What is the Bellmon amendment an amendment to?

The PRESIDING OFFICER. The Bellmon amendment is an amendment to the original text proposed to be stricken.

Mr. PACKWOOD. The original House text?

The PRESIDING OFFICER. The Senator is correct.

Is there objection to dispensing with the reading of the amendment of the Senator from Maine?

Mr. LONG. Mr. President, how long is the amendment? If it is not too long I would like to hear it read. How long is it?

Mr. MUSKIE. Not long.

The PRESIDING OFFICER. The amendment is approximately 10 pages.

Mr. LONG. I am not going to ask that it be read.

The PRESIDING OFFICER. Is there objection to dispensing with the reading of the amendment of the Senator from Maine? Hearing none, it is so ordered, and the clerk will not read the amendment.

The amendment is as follows:

(1) IN GENERAL.—Subsection (a) of section 42 (relating to taxable income credit) is amended to read as follows:

"(a) GENERAL RULE.—

"(1) In the case of an individual, there is allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the greater of—

"(A) 2 percent of so much of the taxpayer's taxable income for the taxable year as does not exceed $9,000, or

"(B) $35 multiplied by each exemption for which the taxpayer is entitled to a deduction for the taxable year under subsection (b) or (e) of section 151."

"(2) NINE-MONTH RULE FOR 1977—Notwithstanding the provisions of paragraph (1), in the case of taxable years ending after December 31, 1976 and before January 1, 1978, the percentage '1.5 percent' shall be substituted for the percentage '2 percent' in subparagraph (A) of such paragraph and the amount '$26.25', shall be substituted for the amount '$35' in subparagraph (B) of such paragraph.".

(3) TECHNICAL AMENDMENTS.—

(A) Section 56(a)(2) (relating to imposition of minimum tax), as in effect on the day before the date of the enactment of the Tax Reduction Act of 1975, is amended by striking out "and" at the end of clause (iv), by striking out "; and" at the end of clause (v) and inserting in lieu thereof ", and", and by inserting after clause (v) the following new clause:

"(vi) section 42 (relating to taxable income credit); and".

(B) Section 56(c)(1) (relating to tax carryovers), as in effect on the day before the date of enactment of the Tax Reduction Act of 1975, is amended by striking out "and" at the end of subparagraph (D), by striking out "exceed" at the end of subparagraph (E) and inserting in lieu thereof "and", and by inserting after subparagraph (E) the following new subparagraph:

"(F) section 42 (relating to taxable income credit), exceed".

(C) Section 6096(b) (relating to designation of income tax payments to Presidential Election Campaign Fund), as in effect on the day before the date of enactment of the Tax Reduction Act of 1975, is amended by striking out "and 41" and inserting in lieu thereof "41, and 42".

(3) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1, as in effect on the day before the date of enactment of the Tax Reduction Act of 1975, is amended by striking out the item relating to section 42 and inserting in lieu thereof the following:

"SEC. 42. Taxable income credit.".

(b) STANDARD DEDUCTION.—

(1) LOW INCOME ALLOWANCE.—Subsection (c) of section 141 (relating to low income allowance) is amended to read as follows:

"(c) LOW INCOME ALLOWANCE.—The low income allowance is—

"(1) $2,100 in the case of—

"(A) a joint return under section 6013, or

"(B) a surviving spouse (as defined in section 2(a)),

"(2) $1,700 in the case of an individual who is not married and who is not a surviving spouse (as so defined), or

"(3) $1,050 in the case of a married individual filing a separate return."

(2) PERCENTAGE STANDARD DEDUCTION.—Subsection (b) of section 141 (relating to percentage standard deduction) is amended to read as follows:

"(b) PERCENTAGE STANDARD DEDUCTION.—The percentage standard deduction is an amount equal to 16 percent of adjusted gross income, but not more than—

"(1) $2,800 in the case of—

"(A) a joint return under section 6013, or

"(B) a surviving spouse (as defined in section 2(a)).

"(2) $2,400 in the case of an individual who is not married and who is not a surviving spouse (as so defined), or

"(3) $1,400 in the case of a married individual filing a separate return.".

(3) TECHNICAL AMENDMENTS.—

(A) Subsection (a) of section 3402 (relating to income tax collected at source) is amended to read as follows:

"(a) REQUIREMENT OF WITHHOLDING.—Except as otherwise provided in this section, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables prescribed by the Secretary."

Until September 30, 1977, the tables so prescribed shall be the same as the tables in effect on June 18, 1976. With respect to wages paid after September 30, 1977, the Secretary shall prescribe new tables which are the same as the tables in effect on January 1, 1975, but modified to the extent necessary to reflect the amendments made by section 101(b) of the Tax Reform Act of 1976.

"For purposes of applying such tables, the term 'the amount of wages' means the amount by which the wages exceed the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b)(1).".

(B) Paragraph (6) of section 3402(c) (relating to wage bracket withholding), as such paragraph existed on the day before the date of enactment of the Tax Reducation Act of 1975, is amended by striking out "table 7 contained in subsection (a)" and inserting in lieu thereof "the table for an annual payroll period prescribed pursuant to subsection (a)".

(C) Subparagraph (B) of section 3402(m) (1) (relating to withholding allowance based on itemized deduction) is amended to read as follows:

"(b) an amount equal to the lesser of (i) 16 percent of his estimated wages, or (ii) $2,800 ($2,400 in the case of an individual who is not married (within the meaning of section 143) and who is not a surviving spouse (as defined in section 2(a)))."

(D) So much of paragraph (1) of section 6012(a) (relating to persons required to make returns of income) as precedes subparagraph (C) thereof is amended to read as follows:

"(1)(A) Every individual having for the taxable year a gross income of $750 or more, except that a return shall not be required of an individual (other than an individual referred to in section 142(b))—

"(i) who is not married (determined by applying section 143), is not a surviving spouse (as defined in section 2(a)), and for the taxable year has a gross income of less than $2,450,

"(ii) who is a surviving spouse (as so defined) and for the taxable year has a gross income of less than $2,850, or

"(iii) who is entitled to make a joint return under section 6013 and whose gross income, when combined with the gross income of his spouse, is, for the taxable year, less than $3,600 but only if such individual and his spouse, at the close of the taxable year, had the same household as their home. Clause (iii) shall not apply if for the taxable year such spouse makes a separate return or any other taxpayer is entitled to an exemption for such spouse under section 151(e).

"(B) The amount specified in clause (i) or (ii) of subparagraph (A) shall be increased by $750 in the case of an individual entitled to an additional personal exemption under section 151(c)(1), and the amount specified in clause (iii) of subparagraph (A) shall be increased by $750 for each additional personal exemption to which the individual or his spouse is entitled under section 151(c);".

(c) EARNED INCOME CREDIT.—

(1) IN GENERAL.—Subsections (a) and (b) of section 43 (relating to earned income credit) are amended to read as follows:

"(a) ALLOWANCE OF CREDIT.—In the case of an eligible individual, there is allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 10 percent of so much of the earned income for the taxable year as does not exceed $4,000.

"(b) LIMITATION.—The amount of the credit allowable to a taxpayer under subsection (a) for any taxable year shall be reduced (but not below zero) by an amount equal to 10 percent of so much of the adjusted gross income (or, if greater, the earned income) of the taxpayer for the taxable year as exceeds $4,000.".

(2) ELIGIBLE INDIVIDUAL.—Section 43(c)(1) (A) is amended by striking out "with respect to whom he is entitled to claim a deduction under" and inserting in lieu thereof the following: "if such child meets the requirements of".

(3) CONFORMING AMENDMENT.—Section 209 (b) of the Tax Reduction Act of 1975 is amended by striking out ", and before January 1, 1977." and inserting in lieu thereof a period.

(d) EFFECTIVE DATES.—The amendments made by subsection (a) apply to taxable years ending after December 31, 1975. The amendments made by subsection (b) apply to taxable years ending after December 31, 1975. The amendment made by subsection (c) takes effect on the date of enactment of this Act.

(e) REFUNDS OF EARNED INCOME CREDIT DISREGARDED IN THE ADMINISTRATION OF FEDERAL PROGRAMS AND FEDERALLY ASSISTED PROGRAMS.—

(1) Subsection (d) of section 2 of the Revenue Adjustment Act of 1975 is amended by striking out "or any month thereafter which begins prior to July 1, 1976,".

(2) Subsection (g) of section 2 of such act is amended to read as follows:

"(g) EFFECTIVE DATES.—The amendments made by this section (other than by subsection (d)) apply to taxable years ending after December 31, 1975, and before January 1, 1977. Subsection (d) applies to taxable years ending after December 31, 1975.".

Mr. MUSKIE and Mr. LONG addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. I am informed that the same problem which existed with regard to the Roth amendment may also exist with regard to the Bellmon amendment. Under section 306 of the Budget Act, the point made by Mr. Muskie may very well apply to the point made to the amendment offered by Mr. Bellmon.

I would like to ask the Chair if there is a budget problem involved in the Bellmon amendment; that is, a problem involved in section 306 of the Budget Act in the Bellmon amendment.

The PRESIDING OFFICER. The Chair is prepared to rule, if a point of order is made, but will not give an advisory opinion.

Mr. LONG. Then I make the point of order that the amendment violates section 306 of the Budget Act.

Mr. MUSKIE addressed the Chair.

The PRESIDING OFFICER. The Senator addressed his point of order to the Bellmon amendment, am I correct?

Mr. LONG. Yes.

I have not had a chance to read the Muskie amendment; I am talking about the Bellmon amendment.

The PRESIDING OFFICER. The Bellmon amendment is susceptible to the point of order under section 306 of the Budget Act and the point of order is sustained.

Mr. MUSKIE. Mr. President, a point of order.

The PRESIDING OFFICER. Would the Senator repeat his statement?

Mr. MUSKIE. I would like to appeal that ruling on the point of order.

The PRESIDING OFFICER. He appeals the ruling of the Chair?

The question——

Mr. MUSKIE. The appeal.

Mr. LONG. Mr. President, is that debatable?

The PRESIDING OFFICER. That appeal taken by the Senator from Maine is debatable.

Mr. LONG. Mr. President, I know the difficulties——

Mr. MUSKIE. I sought recognition. I thought I received recognition.

Mr. LONG. I asked the question.

Mr. PASTORE. Regular order, Mr. President.

Mr. LONG. Mr. President, I ask the Chair to ask the reporter to read just what happened because I am satisfied I had the floor.

The PRESIDING OFFICER. I think that is the only way.

The Official Reporter of Debates (Mrs. Eleanor R. Ross) read as follows:

> The PRESIDING OFFICER. The Chair is prepared to rule if a point of order is made, but will not give advisory opinion.
>
> Mr. LONG. Then I make the point of order that the amendment violates section 306 of the Budget Act.
>
> Mr. MUSKIE addressed the Chair.
>
> The PRESIDING OFFICER. The Senator addressed his point of order to the Bellmon amendment, am I correct?
>
> Mr. LONG. Yes.
>
> I have not had a chance to read the Muskie amendment, I am talking about the Bellmon amendment.
>
> The PRESIDING OFFICER. The Bellmon amendment is susceptible to the point of order and the point of order is sustained.
>
> Mr. MUSKIE. Mr. President, a point of order. Is the appeal made?
>
> The PRESIDING OFFICER. Would the Senator repeat his statement?
>
> Mr. MUSKIE. I would like to appeal that ruling on the point of order.
>
> The PRESIDING OFFICER. He appeals the ruling of the Chair?
>
> The question——
>
> Mr. MUSKIE. The appeal.
>
> Mr. LONG. Mr. President, is that debatable?
>
> The PRESIDING OFFICER. That motion of the Senator from Maine is debatable.
>
> Mr. LONG. Mr. President, I know the difficulties——
>
> Mr. MUSKIE. I sought recognition. I thought I received recognition.
>
> Mr. LONG. I asked the question.
>
> Mr. PASTORE. Regular order, Mr. President.

The PRESIDING OFFICER. The Chair would rule the Senator from Maine has the floor.

Mr. MUSKIE. I thank the Chair.

Mr. President, on the ruling, let me read section 306. First, let me read the Bellmon amendment, at least the opening phrases:

> Congress having adopted a budget resolution that hereby extends the tax cut.

Mr. BUMPERS. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order. Senators please take their seats.

Mr. MUSKIE. The Bellman amendment reads as follows:

> Congress having adopted a budget resolution that hereby extends the tax cut.

Then it continues about the language.

I submit that the subject of that amendment is the tax cut which Senator Long has been asserting since last Wednesday is the jurisdiction of his committee, and I have not challenged it. What does section 306 say?

> No bill or resolution and no amendment to any bill or resolution dealing with any matter which is within the jurisdiction of the Committee on the Budget.

This is not a matter within the jurisdiction of the Committee on the Budget. The tax cut is within the jurisdiction of the Finance Committee. How then can it be subject to a point of order, a point of order calling on section 306 of the Budget Act?

I find the ruling incomprehensible. I will tell the Senators the purpose of this series of amendments. The purpose is to enable the Senate to vote on the extension of the tax cuts unencumbered by a Long amendment which has been debated all afternoon with very sparse attendance, which has consequences which most Senators, I do not believe, have had a chance to consider.

We can debate those consequences in connection with the amendments that the Senator from Oklahoma and I have offered the option of voting for the Muskie amendment unencumbered by the Long amendment and, in the process, be educated on both, conceivably.

But the point of order is simply this: The purpose of section 306 is to insure that the budget resolution and related matters go to the Committee on the Budget so that the process will not be subverted by ad hoc actions on the floor of the Senate. So section 306 is intended to protect the budget process.

The Bellmon amendment reads:

> Congress having adopted a budget resolution it hereby extends the tax cut.

The subject of that amendment is the same as the Muskie amendment which has been pending and which is clearly within the jurisdiction of the Finance Committee. Somehow can the subject matter which is within the jurisdiction of the Finance Committee be invoked as a violation of section 306 which is intended to protect the jurisdiction of the Budget Committee? There is absolutely no rational justification for that kind of a parliamentary ruling, and I appeal the ruling of the Chair.

Mr. LONG. Mr. President——

Mr. MUSKIE. May I ask the Parliamentarian to reconsider his advice in light of what I said?

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. Mr. President, as far as I am concerned, I would be happy to go along with the Senator from Maine and support his appeal to the ruling of the Chair because I would prefer that we vote on the Senator's amendment and we vote on preserving every Senator his right to move to table or otherwise. From my point of view, Mr. President, I would just as soon we go to the merits of this matter rather than otherwise.

I would ask consent of the Senate that the amendment be in order.

The PRESIDING OFFICER. Is there objection? Hearing none, the amendment is ruled in order.

Mr. LONG. Mr. President, what the Senator is seeking to do is to overcome the vote we just had. The Senator and his group have been accusing us of filibustering and have been demanding the right to vote all day long and on yesterday. After we offered this amendment today, they have been saying, "We want a vote. When do we vote?" They say we are filibustering.

So by the time we vote on an offered amendment, which is more or less to balance the budget, they say, "If you can find the money to pay for the additional cost your amendment will impose, all right, we will go along with your amendment. If you cannot raise the money to do that, then your amendment does not go into effect until you do provide the revenue."

The whole burden was that if you vote for the amendment, you are going to have to provide the revenue for it. The whole purpose was to take the Senator up on this whole premise with a balance-the-budget amendment, which I offered, and which he failed to table when Mr. BELLMON offered it.

Now they have this second set of amendments, that in the event they could not table the Long amendment then they would offer an amendment to the House bill and then an amendment to the amendment. So one offers one amendment and the other offers another amendment so that the Long amendment cannot be voted upon. They prevent me from getting a vote on my amendment.

So, Mr. President, the only thing I can do under the circumstances is to insist that the Senate have a chance to vote on the amendment that it failed to table. The way to do that is to move to table the Bellmon amendment which would take the Muskie amendment with it.

SEVERAL SENATORS. Yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Delaware (Mr. BIDEN), the Senator from Idaho (Mr. CHURCH), the Senator from South Dakota (Mr. MCGOVERN), and the Senator from Utah (Mr. MOSS), are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) and the Senator from Indiana (Mr. BAYH) are absent because of illness.

I further announce that if present and voting, the Senator from Missouri (Mr. SYMINGTON) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from New Mexico (Mr. DOMENICI) and the Senator from Arizona (Mr. GOLDWATER) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

The result was announced—yeas 49, nays 42, as follows:

[Rollcall Vote No. 311 Leg.]

YEAS—49

Allen
Baker
Bartlett
Bentsen
Brock
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Curtis
Dole
Eastland
Fannin
Fong
Garn
Gravel
Griffin
Hansen
Hatfield
Helms
Hruska
Inouye
Johnston
Laxalt
Long
Magnuson
McClellan
McClure
McGee
McIntyre
Montoya
Morgan
Packwood
Pearson
Percy
Randolph
Ribicoff
Roth
Scott, Hugh
Scott, William L.
Sparkman
Stennis
Stevens
Stone
Talmadge
Thurmond
Tower
Weicker
Young

NAYS—42

Abourezk
Beall
Bellmon
Brooke
Bumpers
Case
Chiles
Clark
Cranston
Culver
Durkin
Eagleton
Ford
Glenn
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Jackson
Javits
Kennedy
Leahy
Mansfield
Mathias
Metcalf
Mondale
Muskie
Nelson
Nunn
Pastore
Pell
Proxmire
Schweiker
Stafford
Stevenson
Taft
Tunney
Williams

NOT VOTING—9

Bayh
Biden
Buckley
Church
Domenici
Goldwater
McGovern
Moss
Symington

So the motion to lay on the table was agreed to.

Mr. LONG. Mr. President, I can live with the Muskie amendment if the Long amendment is agreed to. This would insist that revenues have to be raised to pay for it, or otherwise it would not go into effect. I can live with it that way, or I can live without it, and wait until we come to that place in the bill where it would be appropriate to take the matter up and have the Senate work its will.

If we can vote on the Long amendment to the Muskie amendment right now, I am ready to go ahead and vote on it. Otherwise, since Senators are going to be leaving here, I would have no choice but to move to table.

I ask unanimous consent that the Senate proceed to a vote on the Long amendment.

The PRESIDING OFFICER (Mr. BUMPERS). Is there objection?

Mr. MUSKIE. Mr. President, I will take just 4 or 5 minutes, if I may.

The PRESIDING OFFICER. Does the Senator reserve his right to object to the request just made?

Mr. MUSKIE. Mr. President, reserving the right to object, much as I like that part of the legislative vehicle that we now have before us in terms of the prospect that we can continue the tax cut for all Americans and avoid a tax increase on July 1, 1977, as would be the case if the reported Finance Committee bill were enacted, the Long amendment, in my judgment, is such an inappropriate mechanism for implementing that purpose that I find it very difficult to become a part of it.

What the Long amendment does, for those who were not on the floor during the course of the afternoon today, is provide that the tax extension for fiscal year 1977 will take effect if and only if we pick up, in effect, the $2 billion in tax expenditure revenue increases, or their equivalent, by the time the bill is finally enacted by Congress. If we pick up $1.950 billion it will not be extended. If we pick up $1.999 billion it will not be extended.

Who is to judge whether or not we picked up the revenue to meet the condition of the Long amendment? The Secretary of the Treasury within 30 days after the bill is enacted. If he happens to have different economic assumptions than we do on the day that we enact the legislation and his numbers are below the $2 billion that we may have assumed we picked up, then he can rule under the conditions of the Long amendment that the tax extension will not be implemented.

What the Long amendment undertakes to do is to tie our hands before we have finished consideration of this bill with respect to what the final result will be after we have finished. It assumes that we have not the inteligence as a body to accommodate the final result to the individual decisions that we make through the legislative process on this bill.

There was only one reason that this

Long amendment was offered. It was to give the Senate what appeared to be an attractive alternative to the Muskie amendment, to appear to create the basis for an extension of the tax cuts without, in reality, giving any momentum to this objective at all. It was a very cleverly conceived parliamentary device so that when Senators came through the door they were told we will have the tax cut if we raise the money for it, an attractive proposition.

It was the only way it could be described in a one-sentence description.

The second point I make is this, may I say to my colleagues: between the first budget resolution and the second in the fall the Budget Act anticipates the possibility of spending decisions and revenue decisions in that period which will require a change in the budget that is adopted in the spring. So that if it is the will, finally, of the Senate to approve only $1 billion in tax expenditure reforms and to extend the tax cuts or not to extend them, whatever the Senate does, and the House of Representatives concurs, the budget process provides that in September we will take all of the spending decisions and all of the revenue decisions that have been made in the interim and reconcile them with the original targets, ask for more taxes, cut spending, lower or raise the deficit or whatever. There is a reconciliation process built in.

What the Long amendment tries to do is to write in a reconciliation process in this bill. If we set that precedent, what is to prevent any committee, when an appropriation bill comes to the floor, to press for expenditures which breach the budget targets by offering an amendment that would provide for reconciliation of this kind within the confines of each bill, so that when we finally get at the end of the process in September the Budget Committee will have the job of unscrambling all the reconciliation processes that had been used as justification for increasing spending, approving new programs, and passing a bill like this which the Finance Committee has reported out? That is the kind of precedent we are talking about. It simply means, if we set this precedent that Senator LONG is asking us to set, that we will have taken the first step to the kind of budgetary anarchy that we had in the first place that we tried to correct with the budget process.

I simply wished to make that point to the Senate. I am not going to do a thing about delaying the Senate, or offering any more motions or amendments. I get messages pretty clearly. I got two within the last 45 minutes. It is a message by the Senate to itself. I am simply the instrument of the Senate. But I tell Senators I do not really think they want anything like this Long amendment as a precedent in the budget process of this Congress.

Mr. STEVENS. Mr. President, will the Senator yield?

Mr. MUSKIE. Yes, I yield.

Mr. STEVENS. I have some trepidation getting involved in the discussion between the two Senators, but let me ask them because I have respect for both of them: Why can we not proceed with the Finance Committee bill and have the Budget Committee give us its judgment after the Senate collectively has worked its will on the Finance Committee proposal that is before us? Not all of us have made up our minds 100 percent to support. But I think we would like to see what it looks like before the Budget Committee comes in and says what the Finance Committee proposed is out of line. The Senator is not even giving us a chance to look at this bill to work our will and then have the Budget Committee give us its views as to whether this bill is consistent with the resolution that we have previously approved. With due respect to my friend, is the answer not for us to proceed with the Finance Committee bill and not with the Muskie amendment or the Long amendment to the Muskie amendment?

Mr. MUSKIE. I think that, in essence, we can get out of what happened and proceed with the bill. I hope we can drop this matter now, including the Long amendment. I would prefer it otherwise, but the Senate spoke.

The PRESIDING OFFICER. The Chair must interrupt and inquire: There is objection to what I believe the Chair construed as the unanimous-consent request by the Senator from Louisiana.

Mr. BROOKE. Reserving the right to object, Mr. President, if the Senator from Maine meant what he just said, as I heard him, why does he not withdraw his amendment and let us proceed with the Finance bill as the Senator from Alaska has suggested? I think that is the best way to proceed, and then we would all be able to work as best we could on a good tax bill. If he withdraws his Muskie amendment we can go on title by title as we intended to start with the bill.

Mr. LONG. I am happy to do that.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MUSKIE. Yes, I yield.

Mr. HUMPHREY. Mr. President, there are a number of us present who have been well informed by the protagonists of this debate as to the jurisdictional differences that exist between the Finance Committee and the Budget Committee. And, of course, we have also been treated to some very adroit maneuvering of a parliamentary nature. But the real fact of the matter is what has been argued in the Chamber and should be argued regarding the basic economic policy issue before us. That is far beyond jurisdictions, far beyond whether or not we should proceed with the bill along the lines proposed by the Finance Committee. The fundamental issue is what are our projections for this economy and how do these projections relate to the tax policy that will be adopted by Congress? I think it is the duty of the Senate to give the American economy—business, labor, and consumers—some assurance. There is not a single person of any competence who has testified before any committee of this Congress who has not said that we face a long period during which our economy will operate well below its full potential. Unemployment will remain at unacceptably high rates throughout the 1970's. This is no time to raise questions about whether taxes on our families will be increased. This will be bad for our working families, businesses, and the Nation.

Mr. LONG. Mr. President, I was hoping to get consent. It looks as if we are not going to get consent with Senators leaving the Chamber.

Mr. HUMPHREY. Just a minute. That is right.

The Senator from Louisiana and others have held the floor a long time?

Mr. LONG. I object to my own request.

Several Senators addressed the Chair.

The PRESIDING OFFICER. Objection is heard.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. I move to table the Muskie amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion to table.

Mr. ALLEN. Mr. President, will the Senator withhold that a minute?

Mr. CURTIS. I ask for the yeas and nays.

Mr. HUMPHREY. Who has the floor?

Mr. ALLEN. Mr. President, will the Senator withhold the motion a moment?

Mr. CURTIS. Regular order. Let us vote.

Several Senators addressed the Chair.

Mr. MUSKIE. Mr. President, who has the floor? I yielded to the Senator from Minnesota.

Mr. MANSFIELD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. LONG. Mr. President, I ask unanimous consent to withdraw my motion.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. MANSFIELD. Mr. President, I presume that the suggestion made by the distinguished Senator from Alaska (Mr. STEVENS) is worth every consideration. Otherwise, we will continue at this impasse, nothing will be accomplished, and we still will be in a state of disarray. The Senate does not look too good.

I ask at this time that the Senator from Louisiana (Mr. LONG) and the Senator from Maine each withdraw his amendment.

Mr. MUSKIE. As I indicated to the majority leader, I will be happy to do so. Not happy; that is not exactly the word.

[Laughter.]

But in the light of the votes that have been taken, I would agree with the Senator's assessment of the situation. I will take this matter up again. I would prefer otherwise. I do withdraw my amendment.

Mr. LONG. I withdraw my amendment.

The PRESIDING OFFICER. Does the Senator from Maine withdraw his amendment?

Mr. MUSKIE. Yes.

The PRESIDING OFFICER (Mr. STONE). The amendment of the Senator from Maine is withdrawn; therefore, the amendment by the Senator from Louisiana falls with it.

Mr. ALLEN. Mr. President, I commend the distinguished Senator from Louisiana and the distinguished Senator from Maine for reaching this accommodation.

I will support the Muskie amendment when it is offered later, as the distinguished Senator says he plans to do, provided the recovery of the lost revenue resulting from the Muskie amendment has been made. I think we have had the cart before the horse here, when we add the $1.7 billion in additional tax reduction without knowing whether or not we can make it up.

I think that a reasonable compromise has been reached. The recovery of some $1 billion is all it takes, because the Finance Committee amendment left some $800 million not provided for in tax reductions. All it would take would be to recover $1 billion. I hope that it can be recovered. I hope we will be able to vote for the Muskie amendment later in the day.

The PRESIDING OFFICER. Who yields time?

Mr. LONG. Mr. President, I would be willing to vote on the committee amendment tonight or, if Senators would prefer, to vote tomorrow at a time certain. It would be all right with me to vote now on the committee amendment, which is a motion to strike title I, a motion to strike the LAL.

AMENDMENT NO. 1908

Mr. KENNEDY. Mr. President, I have an amendment on behalf of myself and the Senator from Wisconsin with respect to title I.

Mr. LONG. Then, Mr. President——

The PRESIDING OFFICER. The Senator from Massachusetts has the floor.

Mr. LONG. Mr. President, if the Senator will yield for 1 moment, I wish to announce my plans.

Mr. President, I think I should tell Senators that there will be no more votes tonight. I believe that we have done about the best we can do for the time being, and we will plan to vote on the Kennedy amendment sometime tomorrow, after he has explained it and we have had a chance to react to it.

Mr. KENNEDY. Fine.

The PRESIDING OFFICER. Is the Senator asking for consideration of his amendment?

Mr. KENNEDY. I want it to be the pending matter tomorrow.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike out all from page 1, line 4 down through line 16 on page 40 and in lieu of the language of Title I proposed to be struck out by the Committee amendment, insert the following:

TITLE I—LIMITATION ON ARTIFICIAL LOSSES

SEC. 101. LIMITATION ON ARTIFICIAL LOSSES

(a) IN GENERAL.—Part II of subchapter E of chapter 1 (relating to methods of accounting) is amended by redesignating subpart D as subpart E and by inserting after subpart C the following new subpart:

"Subpart D—Limitation on Artificial Losses

"Sec. 466. Taxable year for taking certain accelerated deductions which would cause artificial losses.
"Sec. 467. LAL property; classes of LAL property.
"Sec. 468. Accelerated deductions; net related income.
"Sec. 469. Dispositions of LAL property.
"Sec. 470. Other definitions and special rules.

"SEC. 466. TAXABLE YEAR FOR TAKING CERTAIN ACCELERATED DEDUCTIONS WHICH WOULD CAUSE ARTIFICIAL LOSSES.

"(a) ACCELERATED DEDUCTIONS DEFERRED TO EXTENT THEY EXCEED RELATED INCOME.—

"(1) IN GENERAL.—Except as otherwise provided in this subpart, in the case of any taxpayer subject to this subpart, accelerated deductions which are attributable to a class of LAL property and which (but for this section) would be allowable for the taxable year shall not be allowed for such year to the extent that such deductions exceed the net related income for such year from such class of property.

"(2) TAXPAYERS SUBJECT TO SUBPART.—Except as provided in paragraph (3), the following shall be subject to this subpart:

"(A) an individual,

"(B) an electing small business corporation (within the meaning of section 1371 (b)), and

"(C) with respect to LAL farm property, a corporation to which section 447(a) (relating to method of accounting for corporations engaged in farming) does not apply.

"(3) EXCEPTION FOR CERTAIN ACCRUAL TAXPAYERS ENGAGED IN FARMING.—Paragraph (1) of this subsection and subsection (b) shall not apply to any taxpayer with respect to property described in section 467(a)(3) if the taxpayer uses an accrual method of accounting with respect to such property and capitalizes preproductive period expenses described in section 468(c)(1).

"(b) DEFERRED DEDUCTIONS PLACED IN DEFERRED DEDUCTION ACCOUNT.—Each taxpayer to whom subsection (a) applies for any taxable year shall establish and maintain a deferred deduction account for each class of LAL property. The deductions not allowed for any taxable year solely by reason of subsection (a) with respect to any class of LAL property shall be placed in the deferred deduction account for such class of property.

"(c) DEFERRED DEDUCTIONS ALLOWED IN LATER YEARS.—In the case of any taxpayer to whom subsection (a) applied with respect to any class of LAL property for any taxable year, if the net related income from such class of property for any subsequent taxable year exceeds the accelerated deductions attributable to such class of property for such subsequent year, there shall be subtracted from the deferred deduction account and allowed as a deduction for such subsequent year an amount equal to the lesser of—

"(1) such excess, or

"(2) the amount in the deferred deduction account for such class of property at the close of such subsequent taxable year (determined without regard to the application of this subsection to such subsequent taxable year).

"SEC. 467. LAL PROPERTY; CLASSES OF LAL PROPERTY.

"(a) LAL PROPERTY DEFINED.—For purposes of this subpart, the term 'LAL property' means property described in any of the following paragraphs:

"(1) LAL REAL PROPERTY.—Real property—

"(A) which is or will be either property described in section 1221(1) or property held for rental, and

"(B) which is not section 1245 property (as defined in section 1245(a)(3)).

"(2) LAL LEASE PROPERTY.—In the case of a lessor, any section 1245 property (as defined in section 1245(a)(3)) which is leased or held for leasing.

"(3) LAL FARM PROPERTY.—Any property—

"(A) which is held for use in the trade or business of farming, or

"(B) which is described in section 1221 (1) and held in connection with the trade or business of farming.

"(4) LAL FILM PROPERTY.—Any motion picture film or video tape created primarily for use as public entertainment and any right to produce, distribute, or display such a film or tape.

"(5) LAL OIL AND GAS PROPERTY.—Any interest in an oil or gas well.

"(b) CLASSES OF LAL REAL PROPERTY.—For purposes, of this subpart, all property of the taxpayer described in subsection (a)(1) is one class of property.

"(c) CLASSES OF LAL LEASE PROPERTY.—For purposes of this subpart, each item of property described in subsection (a)(2) is a separate class of property.

"(d) CLASSES OF LAL FARM PROPERTY.—For purposes of this subpart—

"(1) IN GENERAL.—Except as provided in paragraph (2), all property of the taxpayer described in subsection (a)(3) is one class of property.

"(2) RULE FOR FARMING SYNDICATES.—In the case of any interest in a farming syndicate, property described in subsection (a)(3) attributable to each activity on each farm begun during any taxable year is a separate class of property.

"(3) FARMING SYNDICATE DEFINED.—

"(A) IN GENERAL.—The term 'farming syndicate' means—

"(i) a partnership engaged in the trade or business of farming if at any time interests in such partnership have been offered for sale in any offering required to be registered with a Federal or State agency having authority to regulate the offering of securities for sale,

"(ii) a partnership engaged in the trade or business of farming, if more than 50 percent of the losses during any period are allocable to limited partners, and

"(iii) any other enterprise engaged in the trade or business of farming if at any time interests in such enterprise have been offered for sale in an offering described in clause (i) or if the allocation of losses in such enterprise is similar to an allocation described in clause (ii).

"(B) HOLDINGS ATTRIBUTABLE TO ACTIVE MANAGEMENT.—For purposes of clause (ii) of subparagraph (A), in the case of any individual who has actively participated (for a period of not less than 5 years) in the management of any trade or business of farming, any interest in a partnership which is attributable to such active participation and which is held by such individual (or by any member of his family within the meaning of section 267(c)(4)) shall be treated as an interest which is not held by a limited partner. A rule similar to the rule provided by the preceding sentence shall apply for purposes of so much of clause (iii) of subparagraph (A) as relates to clause (ii) of subparagraph (A).

"(e) CLASSES OF LAL FILM PROPERTY.—For purposes of this subpart, each item of property described in subsection (a)(4) is a separate class of property.

"(f) Classes of LAL Oil and Gas Property.—For purposes of this subpart, each property (within the meaning of section 614) is a separate class of property.

Sec. 468. Accelerated deductions; net related income.

"(a) Real Property.—For purposes of this subpart, the term 'accelerated deduction', when used with respect to a class of property described in section 467(a)(1), means—

"(1) Construction period interest and taxes.—All—

"(A) interest paid or accrued on indebtedness incurred or continued to acquire, construct, or carry real property, and

"(B) real property taxes,

to the extent such interest and taxes are attributable to the construction period for such property and would be allowable as a deduction under this chapter for the taxable year (determined without regard to this subpart).

"(2) Accelerated depreciation.—The excess of—

"(A) the deduction allowable under this chapter (determined without regard to this subpart) for the taxable year for depreciation or amortization, over

"(B) the deduction which would have been allowable for the taxable year had the taxpayer depreciated the property under the straight line method for each taxable year of its useful life for which the taxpayer has held the property.

"(b) Lease Property.—For purposes of this subpart, the term 'accelerated deduction', when used with respect to a class of property described in section 467(a)(2), means the excess of—

"(1) the deduction allowable under this chapter (determined without regard to this subpart) for the taxable year for depreciation or amortization, over

"(2) the deduction which would have been allowable for the taxable year had the taxpayer depreciated the property under the straight line method for each taxable year of its useful life for which the taxpayer has held the property.

For purposes of paragraph (2), useful life shall be determined as if section 167(m)(1) (relating to asset depreciation range) did not include the last sentence thereof.

"(c) Farm Property.—For purposes of this subpart, the term 'accelerated deduction', when used with respect to a class of property described in section 467(a)(3), means—

"(1) Preproductive period expenses.—

"(A) In general.—Any amount which is attributable to crops, animals, or trees (or to any other property having a crop or yield) during the preproductive period of such property and which is allowable as a deduction for the taxable year (determined without regard to this subpart).

"(B) Exceptions.—Subparagraph (A) shall not apply—

"(i) to taxes and interest,

"(ii) to any amount incurred on account of fire, storm, flood, or other casualty or on account of disease or drought,

"(iii) to grain, oil seed, fiber, pasture, tobacco, silage, rice and forage crops (including expenses of planting, seeding, residue processing, fallowing, plowing, or any other soil preparation), and

"(iv) to livestock, including poultry.

Clauses (iii) and (iv) shall not apply in the case of an interest in a farming syndicate (as defined in section 467(d)(3)).

"(C) Preproductive period defined.—For purposes of this paragraph, the term 'preproductive period' means—

"(i) in the case of property having a useful life of more than 1 year which will have more than 1 crop or yield, the period before the disposition of the first such marketable crop or yield, or

"(ii) in the case of any other property, the period before such property is disposed of. For purposes of this subpart, the use by the taxpayer in the trade or business of farming of any supply produced in such trade or business shall be treated as a disposition.

"(2) Prepaid feed, seed, fertilizer, etc.—

"(A) In general.—Any amount paid for feed, seed, fertilizer, or other supplies which are on hand at the close of the taxable year.

"(B) Exceptions.—Subparagraph (A) shall not apply to—

"(i) any amount paid for supplies which are on hand at the close of the taxable year on account of fire, storm, flood, or other casualty or on account of disease or drought, or

"(ii) in the case of a taxpayer (other than a farming syndicate as defined in section 467(a)(3)) who, on the average, produces more than 50 percent (by volume) of the feed consumed by such taxpayer's livestock (other than poultry), any amount paid for feed which is on hand at the close of the taxable year.

"(3) Accelerated depreciation of animals, trees, etc., during productive period.—In the case of animals, trees, or other property having a crop or yield, the excess of—

"(A) the deduction allowable for the taxable year under section 167 (determined without regard to this subpart), over

"(B) the deduction which would have been allowable for the taxable year had the taxpayer depreciated the property under the straight line method for each taxable year of its useful life for which the taxpayer has held the property.

"(d) Film Property.—For purposes of this subpart, the term 'accelerated deduction', when used with respect to a class of property described in section 467(a)(4), means any amount allowable for the taxable year under this chapter (determined without regard to this subpart) as a deduction—

"(1) for depreciation or amortization, or

"(2) for amounts attributable to producing, distributing, or displaying such property.

"(e) Oil and Gas Property.—For purposes poses of this subpart, the term 'accelerated deduction', when used with respect to a class of property described in section 467(a)(5), means the excess (if any) of—

"(1) the intangible drilling and development costs described in section 263(c) allowable under this chapter (determined without regard to this subpart) for the taxable year with respect to such class of property, over

"(2) the amount which would have been allowable for the taxable year if such costs had been capitalized and straight line recovery of intangibles (as defined in section 57(f)) had been used with respect to such costs.

Such term does not include intangible drilling and development costs described in section 263(c) allowable under this chapter which are attributable to a well drilled solely to inject water or other substances to stimulate or increase the production of oil or gas.

"(g) Net Related Income.—

"(1) In general.—For purposes of this subpart, the net related income from a class of property for a taxable year is the excess of—

"(A) the gross income from such class for such year, over

"(B) the sum of the deductions (other than accelerated deductions) for such year attributable to such class.

"(2) Special rules.—For purposes of paragraph (1)—

"(A) any excess of the deductions (other than accelerated deductions) attributable to an item of property shall not be taken into account,

"(B) the net operating loss deduction provided by section 172 shall not be taken into account,

"(C) any deduction under section 1202 (relating to deduction for capital gains) and any capital loss carryback or carryover under section 1212 (relating to capital loss carrybacks and carryovers) shall not be taken into account, and

"(D) any deduction allowed under section 469(a) by reason of section 469(b)(4) (relating to nonproductive oil and gas wells) shall be treated as a deduction which is not an accelerated deduction.

"(3) Certain processing income treated as farming income.—

"(A) In general.—For purposes of paragraph (1) of this subsection and for purposes of section 470(b)(3), the net income of any person from the processing of (including the application of one or more manufacturing processes to) a farm product produced by such person shall be treated as net income of such person attributable to the business of farming if such processing is performed by such person or by any partnership, electing small business corporation, or cooperative of which such person is a member.

"(B) Paragraph not to apply to syndicated farming interest.—This paragraph shall not apply with respect to any interest in a farming syndicate within the meaning of section 467(d)(3).

"Sec. 469. Dispositions.

"(a) General Rule.—If the disposition of any LAL disposition class is completed during the taxable year, there shall be allowed as a deduction any amount remaining in the deferred deduction account allocable to such class at the close of the taxable year after the application of this subpart other than this section.

"(b) Disposition Classes.—

"(1) In general.—For purposes of this section, except as provided in paragraphs (2), (3), and (4), the term 'LAL disposition class' means any class of LAL property (within the meaning of section 467).

"(2) Special rule for real property.—For purposes of paragraph (1), in the case of property described in section 467(a)(1), the term 'LAL disposition class' means any item of such property.

"(3) Special rule for farm property.—For purposes of paragraph (1), in the case of property described in section 467(a)(3), the term 'LAL disposition class' means—

"(A) except as provided in subparagraphs (B) and (C), all such property which is attributable to one activity on one farm begun during any taxable year,

"(B) in the case of any interest in a farming syndicate, all such property attributable to any one activity, and

"(C) any feed, seed, fertilizer, or other supplies consumed during the taxable year which were on hand at the close of a prior taxable year.

Notwithstanding the preceding sentence, in the case of an interest in farming which is not an interest in a farming syndicate, the taxpayer may elect to treat the portion of each crop or yield disposed of during any taxable year as a separate LAL disposition class.

"(4) Nonproductive oil and gas wells.—For purposes of this section, in the case of LAL property described in section 467(a)(5), the completion of a nonproductive oil or gas well shall be treated as the disposition of a separate LAL disposition class.

"(c) Deemed Dispositions.—

"(1) Property ceases to be real property or lease property.—For purposes of this section, property described in paragraph (1) or (2) of section 467(a) shall be deemed disposed of when in the hands of the taxpayer it ceases to meet the requirements of such paragraph.

"(2) Films.—Property described in paragraph (4) of section 467(a) which has not theretofore been disposed of shall be deemed disposed of at the earlier of—

"(A) the close of the 1st taxable year following any taxable year by the close of which 95 percent or mere of the income forecast for such property has been received or accrued, or

"(B) the close of the 7th taxable year following the taxable year in which such property is placed in service by the taxpayer.

Subparagraph (A) shall not cause any property to be deemed disposed of earlier than the close of the 2d taxable year following the taxable year in which such property was placed in service by the taxpayer.

"(d) Certain Transfers Not Treated as Dispositions.—

"(1) In general.—For purposes of this subpart, a transfer of property—

"(A) by gift,

"(B) in a transaction in which gain or loss is not recognized in whole or in part,

"(C) in a transaction between parties whose relationship is described in section 267(b),

"(D) to the estate of a decedent by reason of the death of such decedent, or

"(E) in a transaction for which the taxpayer elects to return income under section 453 (relating to the installment method), shall not be treated as a disposition.

"(2) Transferee succeeds to the deferred deduction account.—In the case of any transfer described in subparagraph (A), (B), (C), or (D) of paragraph (1) (other than a transfer also described in subsection (e)), the transferee of the property shall succeed to the deferred deduction account of the transferor with respect to such property.

"(e) Special Rules for Certain Transfers.—For purposes of this subpart—

"(1) Transfer by death.—In the case of the transfer of property by reason of death (other than a transfer to the estate of the decedent), the basis of the property in the hands of the transferee immediately after the transfer shall be the higher of—

"(A) its basis determined under section 7014(a) (relating to basis of property acquired from a decedent), or

"(B) the sum of (i) the lower of the adjusted basis of the property in the hands of the decedent or the fair market value of the property at the time of his death, and (ii) the balance in the deferred deduction account with respect to such property at the time of the transfer.

If any transfer referred to in the preceding sentence is a transfer from the estate of the decedent, the basis so determined shall properly reflect adjustments to basis during the period the property was held by the estate.

"(2) Corporations or other persons to which subpart does not apply.—In the case of any transfer described in subparagraph (A), (B), (C), or (D) of subsection (d)(1), if the transferee of any property is a person which is not subject to this subpart, then the basis of the property in the hands of the transferee shall be increased by the balance in the deferred deduction account with respect to such property in the hands of the transferor.

"(3) Installment sales.—In the case of a transaction described in subsection (d)(1) (E), the final payment on the obligation or the disposition of the installment obligation (within the meaning of section 453(d)) shall be treated as a disposition.

"Sec. 470. Other definitions and special rules.

"(a) Definitions.—For purposes of this subpart—

"(1) Construct.—The term 'construct' includes reconstruct and erect, and the term 'construction' includes reconstruction and erection.

"(2) Construction period.—The term 'construction period', when used with respect to any item of property described in section 467(a)(1), means the period—

"(A) beginning on the date on which construction of the building or other improvement begins; and

"(B) ending on the date on which the item of property is ready to be placed in service or is ready to be held for sale.

"(3) Residential real property.—The term 'residential real property' means property which is or can reasonably be expected to be—

"(A) residential real property as defined in section 167(j)(2)(B), or

"(B) real property described in section 1221(1) held for sale as dwelling units (within the meaning of section 167(k)(3)(C)).

"(4) Farming.—The term 'farming' means the cultivation of land or the raising or harvesting of any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of animals. For purposes of the preceding sentence, trees shall be treated as an agricultural or horticultural commodity.

"(b) Special Adjusted Gross Income Rule for Farming.—

"(1) Accelerated deductions not deferred where nonfarm adjusted gross income for taxable year does not exceed $20,000.—In the case of any individual (other than a trust), subsections (a) and (b) of section 466 shall not apply to deductions attributable to a class of property described in section 467(a)(3) if the individual's nonfarm adjusted gross income for the taxable year does not exceed $20,000.

"(2) Phaseout between $20,000 and $40,000.—In the case of any individual (other than a trust), subsections (a) and (b) of section 466 shall not apply to so much of the excess for the taxable year of the accelerated deductions described in section 468 (c) over the net related income from farming as does not exceed the excess of $40,000 over such individual's nonfarm adjusted gross income for the taxable year.

"(3) Nonfarm adjusted gross income defined.—For purposes of this subsection, the term 'nonfarm adjusted gross income' means adjusted gross income computed without regard to income or deductions attributable to the business of farming.

"(4) Married individuals filing separate returns.—In the case of a married individual filing a separate return for the taxable year, in applying paragraph (1) or (2) the items referred to therein of both spouses shall be combined. For purposes of this paragraph, marital status shall be determined under section 143.

"(c) Subpart Not To Apply to Certain Real Property.—

"(1) In general.—This subpart shall not apply to real property the construction period for which begins before January 1, 1976.

"(2) Residential real property.—This subpart shall not apply to residential real property.

"(d) Other Special Rules.—

"(1) Basis adjustments under section 1016.—Any deduction not allowed for the taxable year by reason of section 466(a) shall be treated as allowed for such year for purposes of section 1016 (relating to adjustments to basis).

"(2) Deduction or income attributable to more than one class of property.—If any deduction or income is attributable to more than one class of LAL property or to more than one LAL disposition class, such deduction or income shall be allocated to one of such classes or among such classes in accordance with regulations prescribed by the Secretary.

"(3) Determination of straight line depreciation for leased property.—In determining what depreciation would have been for leased property under the straight line method, rules similar to the rules provided by section 1250(b)(2) shall apply.

"(4) Partnerships.—For purposes of this subpart—

"(A) Items treated as held directly by partners.—Any item of property held by a partnership shall be treated as held by each partner in accordance with his distributive share of the taxable income or loss (whichever applies) of the partnership for the taxable year.

"(B) Dispositions of partnership interests.—The disposition of any partner's interest in the partnership shall be treated as a disposition of the partner's interest in each item of property.

"(5) Coordination with certain recapture sections.—In applying sections 1245 (relating to gain from disposition of certain depreciable property), 1250 (relating to gain from dispositions of certain depreciable realty), 1251 (relating to gain from disposition of certain farm recapture property), 1252 (relating to gain from disposition of farm land), and 1254 (relating to gain from disposition of interest in oil or gas property), the adjustments to basis taken into account for purposes of such sections shall properly reflect any adjustment to basis provided by this subpart.

"(6) Coordination with certain other provisions.—This subpart shall be applied after section 461(g) (relating to accrual of prepaid interest), after section 464 (relating to deduction limited to amount at risk in case of films, livestock, and certain crops), and after the second sentence of section 263 (c) (relating to intangible drilling and development costs)."

(b) Technical Amendments.—

(1) Each partner makes separate election.—Section 703(b) (relating to elections of the partnership) is amended by striking out "or under section 163(d)" and inserting in lieu thereof "under section 163(d)", and by inserting after "investment indebtedness)," the following: "or under section 467 (b)(3) (relating to election to aggregate residential real property for purposes of limitation on artificial losses),".

(2) Percentage depletion.—Section 613A (relating to limitations on percentage depletion in case of oil and gas wells) is amended by adding at the end thereof the following new subsection:

"(f) Coordination With Limitation on Artificial Losses.—For purposes of subsection (d)(1) and section 613(a), taxable income for any taxable year shall be determined without regard to subpart D of part II of subchapter E of this chapter (relating to limitation on artificial losses)."

(c) 10-Year Spread of Adjustments Where Taxpayer Changes to Accrual Method of Accounting With Respect to Farming.—If, for his first taxable year ending after December 31, 1975, a taxpayer referred to in section 466(a)(2) of the Internal Revenue Code of 1954 computes his taxable income from farming on an accrual method of accounting and with the capitalization of preproductive expenses described in section 468(c)(1) of such Code, and if such method of accounting constitutes a change in his method of accounting with respect to his taxable income from farming, then—

(1) such change shall be treated as having been made with the consent of the Secretary of the Treasury,

(2) for purposes of section 481(a)(2) of such Code, such change shall be treated as a change not initiated by the taxpayer, and

(3) under regulations prescribed by the Secretary of the Treasury or his delegate, the net amount of the adjustments required by section 481(a) of such Code to be taken into account by the taxpayer in computing taxable income shall (except as otherwise provided in such regulations) be taken into ac-

count in each of the 10 taxable years beginning with the year of change.

(d) CLERICAL AMENDMENT.—The table of subparts for part II of subchapter E of chapter 1 is amended by striking out the item relating to subpart D and by inserting in lieu thereof the following:

"Subpart D. Limitation on artificial losses.
"Subpart E. Inventories."

(e) EFFECTIVE DATES.—

(1) GENERAL RULE FOR REAL PROPERTY, FARM PROPERTY, AND OIL AND GAS PROPERTY.—Except as provided in paragraph (6), in the case of property described in paragraph (1) or (3) of section 467(a) of the Internal Revenue Code of 1954 (as added by subsection (a)), the amendments made by this section shall apply to amounts paid or incurred after December 31, 1975, in taxable years ending after such date.

(2) GENERAL RULE FOR LEASE PROPERTY AND MOVIES AND VIDEO TAPES.—Except as provided in paragraphs (3) and (4), in the case of property described in paragraph (2) or (4) of section 467(a) of the Internal Revenue Code of 1954, the amendments made by this section shall apply to amounts paid or incurred after September 10, 1975, in taxable years ending after such date.

(3) SPECIAL RULES FOR PROPERTY.—

(A) IN GENERAL.—In the case of property described in section 467(a)(2) of the Internal Revenue Code of 1954, the amendments made by this section shall not apply with respect to—

(i) leases entered into before September 11, 1975;

(ii) leases where the property was ordered by the lessor or lessee before March 11, 1975, and such property is placed in service before January 1, 1976; and

(iii) leases where the lessor is a partnership formed before September 11, 1975, for the purpose of acquiring and leasing personal property, the property was ordered before September 11, 1975, by the person who becomes the lessee, and the property is placed in service before January 1, 1976.

(B) HOLDING OF INTERESTS FOR PURPOSES OF SUBPARAGRAPH (A)(i).—Subparagraph (A)(i) shall apply only to taxpayers who held their interests in the property—

(i) on September 11, 1975, or

(ii) in the case of property placed in service before January 1, 1976, on December 31, 1975.

(C) HOLDING OF INTERESTS FOR PURPOSES OF SUBPARAGRAPH (A)(ii) AND (iii).—Clauses (ii) and (iii) of subparagraph (A) shall apply only to taxpayers who held their interests in the property on December 31, 1975.

(4) SPECIAL RULE FOR MOVIES AND VIDEO TAPES.—

(A) IN GENERAL.—In the case of property described in section 467(a)(4) of the Internal Revenue Code of 1954, the amendments made by this section shall not apply to—

(i) deductions for depreciation or amortization with respect to property the principal production of which began before September 11, 1975, and for the purchase of which there was on September 11, 1975, and at all times thereafter a binding contract, and

(ii) deductions attributable to producing, distributing, or displaying property the principal production of which began before September 11, 1975.

(B) EXCEPTION FOR CERTAIN AGREEMENTS WHERE PRINCIPAL PHOTOGRAPHY BEGINS BEFORE 1976.—In the case of property described in section 467(a)(4) of the Internal Revenue Code of 1954, the amendments made by this section shall not apply to deductions attributable to the producing of a film the principal photography of which began on or before December 31, 1975, if

(i) on September 10, 1975, there was an agreement with the director or a principal motion picture star, or on or before September 10, 1975, there had been expended (or committed to the production) an amount not less than the lower of $100,000 or 10 percent of the estimated costs of producing the film, and

(ii) the production takes place in the United States.

Subparagraph (A) shall apply only to taxpayers who held their interests on September 10, 1975. Subparagraph (B) shall apply only to taxpayers who held their interests on December 31, 1975.

(5) TREATMENT OF DEPRECIATION AND AMORTIZATION.—For purposes of this subsection, any amount allowed or allowable for depreciation or amortization for any period shall be treated as an amount paid or incurred for such period.

(6) SPECIAL RULE FOR GROVES, ORCHARDS, AND VINEYARDS.—The amendments made by this section shall not apply to that part of a grove, orchard, or vineyard which was planted before September 11, 1975.

(A) Special rule for oil and gas property.—In the case of property described in section 467(a)(5) of the Internal Revenue Code of 1954, the amendments made by this section shall apply to amounts paid or incurred in connection with oil and gas property in taxable years beginning more than 30 days after the date on which the Secretary of the Treasury, in accordance with the provisions of this paragraph, determines that the sale of the oil and gas is not regulated by the United States Government under the Natural Gas Act, the Emergency Petroleum Allocation Act of 1973, the Emergency Petroleum Allocation Act of 1975, or any other law of the United States. The amendments made by this section shall cease to apply to amounts paid or incurred in connection with oil and gas property in taxable years ending after the date on which the Secretary of the Treasury determines, in accordance with the provisions of this paragraph, that the sale of oil and gas is regulated in any respect by a law of the United States enacted after the date of enactment of this Act.

(B) Before making a determination under subparagraph (A), the Secretary of the Treasury shall transmit a statement with respect to such determination to the Congress. The statement shall set forth the proposed determination and shall contain a detailed explanation and justification of the determination. If either House of the Congress does not disapprove the proposed determination set forth in such statement before the expiration of 30 legislative days after the receipt of the statement, then the Secretary shall make the determination set forth in the statement. For purposes of this subparagraph, the term "legislative days" does not include any calendar day on which both Houses of the Congress are not in session.

SEC. 102. AMENDMENT OF SECTION 107(k).

(a) EXTENSION FOR 2 YEARS. Paragraph (1) of section 167(k) (relating to depreciation of expenditures to rehabilitate low-income rental housing) is amended by striking out "January 1, 1976" and inserting in lieu thereof "January 1, 1978".

(b) INCREASE IN AGGREGATE EXPENDITURES TAKEN INTO ACCOUNT WITH RESPECT TO ANY DWELLING UNIT FROM $15,000 TO $20,000.—Paragraph (2)(A) of section 167(k) is amended by striking out "$15,000" and inserting in lieu thereof "$20,000".

(e) EFFECTIVE DATE.—The amendment made by subsection (b) shall apply to expenditures incurred after December 31, 1975.

Mr. KENNEDY. Mr. President, I am offering this amendment for myself, the Senator from Wisconsin (Mr. NELSON), the Senator from South Carolina (Mr. HOLLINGS), and the Senator from Maine (Mr. HATHAWAY). I understand it will be the pending business for tomorrow.

The PRESIDING OFFICER. The Senator is correct. It will be the pending business.

Mr. PACKWOOD. Mr. President, will the Senator give me a brief, 1-minute explanation of what the amendment is about? I will not have a chance to learn about it, other than what he has sent to the desk.

Mr. KENNEDY. Briefly, it is a compromise LAL amendment. It would exclude oil and gas from LAL, until there is price deregulation. It would also exclude sports franchises. The oil and gas portion reflects the administration's position, and I hope it will have administration support. Otherwise, the amendment is basically the same as our original LAL proposal. The major compromise is in the oil and gas exemption.

Mr. PACKWOOD. I thank the Senator.

Mr. ROBERT C. BYRD. Mr. President, there will be no more rollcall votes today.

ROUTINE MORNING BUSINESS

(The following routine morning business was transacted today.)

ORDER FOR CONSIDERATION TOMORROW OF S. 12 AND THE UNFINISHED BUSINESS, H.R. 10612

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the order for the recognition of a Senator has been completed, the Senate proceed to the consideration of S. 12 and that upon the disposition of S. 12, the Senate resume the consideration of the unfinished business.

The PRESIDING OFFICER. Without objection, it is so ordered.

FOREIGN RELATIONS AUTHORIZATION ACT, 1977

Mr. SPARKMAN. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 3168.

The Presiding Officer laid before the Senate the amendment of the House of Representatives to the bill (S. 3168) to authorize fiscal year 1977 appropriations for the Department of State, the U.S. Information Agency, and the Board for International Broadcasting, and for other purposes.

(The amendment of the House is printed in the RECORD of June 18, 1976, beginning at page H6201).

Mr. SPARKMAN. Mr. President, I move that the Senate disagree to the amendment of the House, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SPARKMAN, Mr. MANSFIELD, Mr. CHURCH, Mr. SYMINGTON, Mr. PELL, Mr. CASE, Mr. JAVITS, and Mr. HUGH SCOTT conferees on the part of the Senate.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Roddy, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 12:30 p.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the bill (S. 3168) to authorize fiscal year 1977 appropriations for the Department of State, the U.S. Information Agency, and the Board for International Broadcasting, and for other purposes, with an amendment in which it requests the concurrence of the Senate.

The message also announced that the House has passed H.R. 14239, an act making appropriations for the Departments of State, Justice, and Commerce, the judiciary, and related agencies for the fiscal year ending September 30, 1977, and for other purposes, in which it requests the concurrence of the Senate.

ENROLLED BILL SIGNED

The message further announced that the Speaker has signed the enrolled bill (S. 3122) to extend the authorization for appropriations to carry out the Endangered Species Act of 1973.

The enrolled bill was subsequently signed by the Acting President pro tempore (Mr. METCALF).

At 2:52 p.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the bill (H.R. 12567) to authorize appropriations for the Federal Fire Prevention and Control Act of 1974 and the act of March 3, 1901, for fiscal years 1977 and 1978, and for other purposes.

ENROLLED BILLS SIGNED

The message also announced that the Speaker has signed the following enrolled bills:

S. 98. An act to authorize the Secretary of the Interior to establish the Klondike Gold Rush National Historical Park in the States of Alaska and Washington, and for other purposes.

S. 3147. An act to extend the Marine Protection, Research, and Sanctuaries Act for two years.

S. 3475. An act relating to the display of certain historical documents within the United States Capitol Building during the calendar year 1976.

H.R. 12384. An act to authorize certain construction at military installations and for other purposes.

The enrolled bills were subsequently signed by the President pro tempore (Mr. EASTLAND).

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The PRESIDING OFFICER laid before the Senate the following letters, which were referred as indicated:

REPORT OF THE FEDERAL HOME LOAN BANK BOARD

A letter from the Acting Chairman of the Federal Home Loan Bank Board transmitting, pursuant to law, the Annual Report on Mutual to Stock Conversions of Savings and Loan Associations (with an accompanying report); to the Committee on Banking, Housing, and Urban Affairs.

INTERNATIONAL AGREEMENTS OTHER THAN TREATIES

A letter from the Assistant Legal Adviser for Treaty Affairs transmitting, pursuant to law, copies of international agreements other than treaties, entered into within the past 60 days (with accompanying papers); to the Committee on Foreign Relations.

REPORT ON INTERNATIONAL EDUCATIONAL AND CULTURAL AFFAIRS

A letter from the Chairman of the U.S. Advisory Commission on International Educational and Cultural Affairs transmitting, pursuant to law, the Twelfth Annual Report summarizing its activities of the previous year (with an accompanying report); to the Committee on Foreign Relations.

REPORT OF THE COMPTROLLER GENERAL

A letter from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Improvements Needed In Operating and Maintaining Waste Water Treatment Plants" (with an accompanying report); to the Committee on Government Operations.

PROPOSED LEGISLATION BY THE ATTORNEY GENERAL

A letter from the Attorney General of the United States transmitting a draft of proposed legislation to clarify the terms of the Speedy Trial Act of 1974 (with accompanying papers); to the Committee on the Judiciary.

HOUSE BILL REFERRED

The following bill was read twice by its title and referred to the Committee on Appropriations:

H.R. 14239. An act making appropriations for the Departments of State, Justice, and Commerce, the judiciary, and related agencies for the fiscal year ending September 30, 1977, and for other purposes.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that today, June 21, 1976, he presented to the President of the United States the following enrolled bills:

S. 98. An act to authorize the Secretary of the Interior to establish the Klondike Gold Rush National Historical Park in the States of Alaska and Washington, and for other purposes.

S. 2529. An act to amend chapter 37 of title 38, United States Code, to increase the maximum Veterans Administration's guaranty for mobile home loans from 30 to 50 percent, to make permanent the direct loan revolving fund, to extend entitlement under chapter 37 to those veterans who served exclusively between World War II and the Korean conflict, and for other purposes.

S. 3122. An act to extend the authorization for appropriations to carry out the Endangered Species Act of 1973.

S. 3147. An act to extend the Marine Protection, Research, and Sanctuaries Act for 2 years.

S. 3475. An act relating to the display of certain historical documents within the U.S. Capitol Building during the calendar year 1976.

TETON DAM DISASTER ASSISTANCE ACT—SENATE REPORT 94-963

Mr. JACKSON, from the Committee on Interior and Insular Affairs, submitted a report on the bill (S. 3542) to authorize the Secretary of the Interior to make compensation for damages arising out of the failure of the Teton Dam a feature of the Teton Basin Federal reclamation project in Idaho, and for other purposes, which was ordered to be printed.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PASTORE, from the Committee on Appropriations, with amendments:

H.R. 14239. An act making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending September 30, 1977, and for other purposes (Rept. No. 94-964).

By Mr. McGEE, from the Committee on Post Office and Civil Service:

S. Res. 474. An original resolution waiving the provisions of section 402(a) of the Congressional Budget Act of 1974 with respect to H.R. 8603. Referred to the Committee on the Budget (Rept. No. 94-969).

By Mr. McGEE, from the Committee on Post Office and Civil Service, with an amendment:

H.R. 8603. An act to amend title 39, United States Code, with respect to the organizational and financial matters of the United States Postal Service and the Postal Rate Commission, and for other purposes (together with supplemental views) (Rept. No. 94-966).

By Mr. JOHNSTON, from the Committee on Interior and Insular Affairs, with an amendment and an amendment to the title:

S. 2587. A bill to authorize the establishment of the Chattahoochee River Urban Recreation Area in the State of Georgia, and for other purposes (together with minority views) (Rept. No. 94-965).

By Mr. MAGNUSON, from the Committee on Commerce, with amendments:

S. 3050. A bill to authorize the secretary of Transportation, when the Coast Guard is not operating as a service in the Navy, to lease for military purposes structures and their associated real property located in a foreign country (Rept. No. 94-967).

By Mr. McCLELLAN (for Mr. McGEE), from the Committee on Appropriations, with amendments:

H.R. 14237. An act making appropriations for Agriculture and Related Agencies programs for the fiscal year ending September 30, 1977, and for other purposes (Rept. No. 94-968).

By Mr. CLARK, from the Committee on Agriculture and Forestry:

S. Res. 476. An original resolution relating to proposed regulations concerning sanitation facilities in the field for agricultural workers (Rept. No. 94-970).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. MANSFIELD (for himself, Mr. METCALF, and Mr. HUDDLESTON):

S. 3594. A bill to authorize appropriations for the repair of highways in the States of Montana and Kentucky. Referred to the Committee on Public Works.

By Mr. FANNIN (for himself, Mr. HANSEN, Mr. THURMOND, Mr. TOWER, Mr. HRUSKA, Mr. CURTIS, and Mr. BARTLETT):

S. 3595. A bill to amend the National Labor Relations Act to provide for a freedom of choice in labor relations for full-time and part-time secondary and college students by exempting them from compulsory union membership, and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. HARTKE (for himself, Mr. TALMADGE, Mr. RANDOLPH, Mr. CRANSTON, Mr. STONE, Mr. DURKIN, Mr. HANSEN, Mr. THURMOND, Mr. STAFFORD, and Mr. HELMS):

S. 3596. A bill to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their survivors; and for other purposes. Referred to the Committee on Veterans' Affairs.

By Mr. PERCY (for himself and Mr. STEVENSON):

S. 3597. A bill to amend section 1234 of the Internal Revenue Code of 1954 with respect to the tax treatment of the grantor of options in stock, securities, and commodities. Referred to the Committee on Finance.

By Mr. CURTIS:

S. 3598. A bill to amend the Social Security Act to authorize international agreements with respect to social security benefits. Referred to the Committee on Finance.

By Mr. WILLIAMS:

S. 3599. A bill to authorize a demonstration project under section 6 of the Urban Mass Transportation Act of 1964. Referred to the Committee on Commerce and the Committee on Banking, Housing and Urban Affairs, jointly, by unanimous consent.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. FANNIN (for himself, Mr. HANSEN, Mr. THURMOND, Mr. TOWER, Mr. HRUSKA, Mr. CURTIS, and Mr. BARTLETT):

S. 3595. A bill to amend the National Labor Relations Act to provide for a freedom of choice in labor relations for full-time and part-time secondary and college students by exempting them from compulsory union membership, and for other purposes. Referred to the Committee on Labor and Public Welfare.

STUDENTS' FREEDOM OF CHOICE ACT

Mr. FANNIN. Mr. President, I am pleased to introduce on behalf of myself and Senators HANSEN, THURMOND, TOWER, Mr. HRUSKA, Mr. CURTIS, and Mr. BARTLETT, a bill which would provide for a genuine freedom of choice in labor relations matters for students enrolled or registered in full-time programs in secondary, vocational, or higher education. Known as the Students' Freedom of Choice Act, this legislation would amend the National Labor Relations Act and the Railway Labor Act to provide an exemption for working students from the requirements of compulsory union membership under these acts.

Mr. President, the purpose of this amendment to our Federal labor laws is to make forced union participation for high school, technical, and college students unlawful, but it would not interfere with their voluntary participation. This legislation would amend section 8 (a)(3) of the National Labor Relations Act to exempt anyone employed on a part-time or temporary basis who is a student enrolled or registered to be enrolled in a full-time educational program in a high school, college, university, or business or trade school. A similar amendment would be made to the Railway Labor Act. The effect of such an amendment would be to prevent employers from discriminating against any employee who is a qualified student and refuses to join or pay dues or fees to a labor union as a condition of his employment.

Mr. President, under current statutes, a single union may be selected to act as the sole bargaining agent for the entire work force of an industry. Ordinarily, workers must, within 30 days of employment, join or pay dues or fees in lieu of membership to the appropriate collective-bargaining unit represented by that union as a condition of continued employment. This situation creates many inequities and injustices, especially for students.

As we all know, students are not especially wealthy individuals. Frequently they must earn tuition or spending money through part-time or summer jobs to see them through the school year. In order to obtain employment, students often find that they must join a union. As a result, they are forced to hand over a substantial portion of their meager wages in the form of union dues, just to be able to work at all. Moreover, during their period of employment they must accept union discipline, including picketing and strike orders which may result in a loss of wages and even loss of employment.

The average student works less than 12 weeks during the summer, and most of them hope to earn enough money during that short period to carry them through the following school year. Under the current system, many of these young men and women are required to pay full initiation fees and dues in lieu of membership to a labor union in order to keep that job. Yet, in most instances, they cannot participate in the so-called benefits, such as health insurance, sick pay, and wage increases, which have been negotiated by the union and for which compulsory dues are supposed to be used.

Students holding temporary jobs are not likely to benefit from union pension plans which take many years to vest. Many do not even remain long enough on the job to qualify for union health insurance and other fringe benefits. Clearly, working students receive very little in return for the money they must shell out in union dues. Like other seasonal workers, students are being ripped off, because of their part-time status. Clearly, they are victims of exploitation by the union monopoly system.

Mr. President, in the view of the National Labor Relations Board, the Supreme Court's interpretations of the National Labor Relations Act require the duly elected bargaining agent to represent all members of the bargaining unit whether they are dues paying members or not. In some cases, "union security" provisions make affiliation with a union a condition of employment. Sometimes these agreements are contractual and sometimes they are specified by law and are, therefore, not universal.

There are those who will contend that, in the case of contracts where there is no "union security" clause, non-dues-paying members are "free riders" because they do not help defray the cost of representation in procuring benefits that union members traditionally enjoy and because they detract from the overall strength of the labor organization. In my opinion, working students who are compelled to join or contribute to a union in order to retain their jobs are really not "free riders," but are, in fact, "captive passengers." Such students must join or support a union whether they wish to be represented by that union or not, and are thus compelled to pay union dues with money that could help defray the cost of their education. The real solution for the student is to eliminate the exclusivity requirement so that students who want union representation may choose to have it, and those who do not may use their money for more beneficial purposes. Without the protection that this legislation would provide, students do not have a genuine freedom of choice in matters affecting their employment.

Mr. President, the injustice of this situation has prompted many students throughout the country to agitate for a "national student right-to-work law" which would free them from the requirement to accept union membership in order to find work. The student right-to-work effort has gained momentum in recent years. Initiated by students for students, this broad-based, nonpartisan movement has attracted thousands of young people opposed to burdensome union membership requirements. It is based on two formidable arguments: namely, first, the right of a free individual to choose union affiliation or not as he or she sees fit; and second, the unfairness of compelling a working student as a condition of holding a job to make mandatory payments of dues or fees to a union by using money otherwise needed for education.

Clearly, the students are at a disadvantage in resisting the power and demands of organized labor. Yet, the student right-to-work movement has found surprising support among campus organizations and youth-oriented groups. Resolutions supporting the principle of right to work for students have been adopted by such groups as the National Young Republican Federation, representing 300,000 young political activists, and the Young Americans for Freedom, a conservative youth organization with about 55,000 members.

Mr. President, I ask unanimous consent that the text of the resolutions supporting the right-to-work concept adopted in convention on July 5, 1975 by the Young Republican National Federation and in August 1975, by the National Young Americans for Freedom, be printed in the Record.

There being no objection, the resolutions were ordered to be printed in the Record, as follows:

Young Republican National Federation—Student Right To Work Bill

Whereas, the Young Republican National Federation supports the Right to Work concept; and

Whereas, students, although working only part-time are forced to pay full union fees, but do not receive many of the normal benefits;

Therefore, be it resolved by the Young Republican National Federation that we urge the introduction and passage of amendments to the National Labor Relations Act, and Railway Labor Act that would provide for a student Right to Work.

Be it further resolved that we pledge ourselves individually and as a Federation to the support of such legislation.

National Young Americans for Freedom—Student Right to Work Bill

Whereas, American students are most acutely affected by compulsory unionism and agency shops;

Whereas, the right to choose whether to join a union or not is a fundamental principle of the American way of life, currently supported by 69% of United States' citizens;

Whereas, any abridgement of that right is a blatant slavery by the group over the individual;

Whereas, responsible union leaders, such as "The Father of American Labor," Samuel Gompers, have held that "no lasting gain has ever come from compulsion;"

Whereas, compulsory unionism and compulsory non-unionism contravenes the employee's right to negotiate his own contract with the employer and vice versa;

Whereas, students who undertake part-time and summer employment often in order to aid in the financing of their education, are often victims of high union dues and initiation fees, without receiving benefits which are available to full-time and permanent personnel, and are further forced to finance, via their payments to the union, political candidates chosen by the union hierarchy;

Whereas, the recent trend toward compulsory unionism and the agency shop among the professional ranks of teachers and professors will lead to a lessening of academic freedom, as the union will be able to coerce, through monetary or other means, members to support union policy and the financing of political candidates, and curtail the power of competant educational administrators and school committees from hiring and releasing educators at their discretion;

Therefore be it resolved: that YAF urges all union members whose organizations require that part-time and summer employees join or monetarily support, the union, to compel their union to suspend said practice; and,

Be it resolved: that we urge state legislators to enact "right to work" legislation which guarantees every employee the right to join or decline to join at his place of employment.

Mr. FANNIN. Mr. President, I would like to cite a few case histories involving young people to illustrate the injustices created by current Federal labor laws and to dramatize my point that compulsory union membership, dues or fees are unfair to working students.

In June 1971, a young constituent of mine, Robert Chambers, a teenage student and resident of Yuma, while seeking temporary agricultural work, made application in the fields of an Arizona food producer that had entered into a contract with the United Farm Workers Organizing Committee. Chambers was there informed that he could obtain employment only by being processed through the union hiring hall. Later, upon reporting to the hiring hall, he was told by the union steward that before he could be considered for a job, he would have to join UFWOC at dues of $3.50 per month. When Chambers refused to join, the union agent refused to enter his name on the list of those who were to be referred to work. Thus, he was denied his right to hold a job.

Brady Rapp, a student in Joplin, Mo., was forced to pay $7 a month to the retail clerks union in order to work 1 day a week in a grocery store. In a letter to the chairman of the House Labor Committee in the Missouri Legislature, Brady wrote that union monopoly is not in the American tradition. Mr. President, I would like to quote this young man's eloquent statement:

I am a sixteen year old student at Parkwood High who found a job sacking groceries. It's only one day a week, and is on Sunday, but I felt lucky in being able to find any part-time work to help pay my school expenses.

Since Sunday is a difficult day to get people to work, my employer is happy to have me as a Sunday sacker.

After working a couple of Sundays, one of the regular employees told me I would have to join the union. That night when I told my folks, they were sure there was some mistake and told me to ask the store manager about it.

Well, he said he was sorry but he couldn't do anything about it. That if I didn't join the union and keep my dues paid he would be forced to fire me.

I then went to the Union Hall and told them I was only working one day a week and really couldn't afford to join the union and pay dues out of my small pay. They said if I wanted to keep my job, I must be one of their members.

My folks advanced me the initiation fee and first month's dues. Since then I have been paying my own monthly dues. The dues started out at $6.00 per month and on January 1st they were raised to $7.00 per month. One month I was two days late and they made me pay a $1.00 penalty. They also said that I must attend their meeting or pay a $5.00 fine.

All through school I was taught that freedom is the greatest thing we have over all the other countries of the world. What I can't understand now is why I don't have the same freedom in keeping my job.

Since I want to work, and the man who manages the store wants me to work, it seems wrong to have someone who doesn't own or run the store say whether I can work, even if it is only one day a week.

My folks told me that you, along with several others (representatives) were considering a bill to correct this problem so that's why I'm writing this letter to you and sending copies to them.

Mr. President, in an article prepared for the U.S. Industrial Council, Mr. H. C. Gordon discussed Brady Rapp's case history, observing that "the exploitation of our young students by the union monopoly system is particularly disgraceful," and endorsed the student right-to-work concept. Mr. President, I ask unanimous consent that Mr. Gordon's article as it appeared in the Anderson, Ind. Herald and other newspapers be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Needed: Right To Work

(By H. C. Gordon)

It is the pretentious claim of union chieftains, in this country that they speak for the interests of "labor" as a whole. In actual fact, nothing could be further from the truth.

Barely a quarter of the American work force is unionized, and that mere fraction is made up not of semi or unskilled workers in marginal industries, but predominately of highly-trained, highly-skilled workers in those industries most vital to the successful functioning of our economy.

What the union leaders represent, therefore, is really a blue-collar elite which is primarily concerned with enhancing its own privileges—often at the expense of other, less fortunate workers. Ironically enough, it is usually the neediest workers of all who are the most cruelly exploited by our present system of union monopoly.

Where union monopoly exists—where present law not only allows a single union to act as the sole bargaining agent for the work force of an entire industry, but compels workers to join that union simply to hold a job in that industry—injustice is the inevitable result. Blacks and other minorities are victimized by institutional racism, the unskilled are priced out of the job market by union-backed minimum wage laws, and students and other seasonal workers are ripped off because of their part-time status.

The exploitation of our young students by the union monopoly system is particularly disgraceful. Attempting to earn tuition or spending money through part-time or summer jobs, they frequently find themselves forced to hand over a substantial part of their limited wages in the form of union dues simply to be able to work at all.

The case of a 16-year-old high school student, who was forced to join a union even though he only worked one day a week sacking groceries, is typical. In a letter to the Missouri House Labor Committee, the youth complained.

"I went to the Union Hall and told them I was only working one day a week and really couldn't afford to join the union and pay dues out of my small pay. They said if I wanted to keep my job, I must be one of their members.

My folks advanced me the initiation fee and first month's dues. Since then I have been paying my own monthly dues. The dues started out at $6 per month and on Jan. 1, they were raised to $7 per month. One month I was two days late and they made me pay a $1 penalty. They also said that I must attend their meetings or pay a $5 fine.

All through school I was taught that freedom is the greatest thing we have over all the other countries of the world. What I can't understand now is why I don't have the same freedom in keeping my job."

It might be added that most students receive nothing in return for the money they pay in dues. None are likely to benefit from union pension plans that take 10 years to vest, and many do not even remain on the job long eough to qualify for union health insurance and other benefits.

The injustice of this situation has prompted many students throughout the country to agitate for a national Student Right to Work Law—a federal law to exempt students from having to join a union in order to hold a job. Such legislation would be a significant step toward correcting the abuses of union monopolies.

But in the final analysis, the best way to deal with union monopolies is by the same method used to deal with business monopolies: namely by the application of our antitrust laws to labor unions as well as to corporations.

Mr. FANNIN. Mr. President, a number of newspapers, including the Chattanooga, Tenn. News-Free Press and the Longview, Tex. Journal have also endorsed the principle of right to work for students. I ask unanimous consent that these editorials from these newspapers be printed in the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Chattanooga (Tenn.), News-Free Press, Sept. 27, 1975]

STUDENTS' RIGHT TO WORK

The Missouri high school boy got a job sacking groceries one day a week. That was good; it would help him and his family meet expenses while in school. But he found out that he had to join a union if he wanted to work, and that wasn't good at all.

He didn't need the union, but the union said he had to be a member to keep working. That means initiation fee and dues, first costing $6 a month and then raised to $7. One month he was two days late and they invoked a $1 penalty. Also, he was told he had to attend meetings or pay a $5 fine.

All this, in order to have the right to work, sacking groceries one day a week.

Small wonder the boy wrote to the Missouri House Labor Committee, "All through school I was taught that freedom is the greatest thing we have over all the other countries of the world. What I can't understand now is why I don't have the same freedom in keeping my job."

The story was recounted by H. C. Gordon, research writer for the United States Industrial Council. It was given as an example of the exploitation of our young students by the union monopoly system," which he calls "particularly disgraceful." Mr. Gordon adds:

"The injustice of this situation has prompted many students throughout the country to agitate for a national Student Right to Work Law—a federal law to exempt students from having to join a union in order to hold a job. Such legislation would be a significant step toward correcting the abuses of union monopolies.

That's absolutely correct, although the right to work should be universally guaranteed all citizens, not just students. Mr. Gordon has a thought about making a start in such a direction:

"In the final analysis, the best way to deal with union monopolies is by the same method used to deal with business monopolies: namely, by the application of our antitrust laws to labor unions as well as to corporations."

[From the Longview (Tex.) Journal]

STUDENT RIGHT-TO-WORK LAWS: ARE THEY NEXT?

It used to be that a young man could lay a few dollars aside for college by taking a part-time job somewhere and putting the proceeds into the sock. It's getting harder to do in some areas, it seems, because in a lot of cases he must split his take with a union in order to hold his job.

The U.S. Industrial Council in a recent research report says that there is some agitation over the country for a students' right-to-work law. It cited a letter written by a Missouri youth to the Labor Committee of his state's House of Representatives. He had a job sacking groceries one day a week, and he had to pay dues to a union to keep the job. He wrote to the legislature body:

"I went to the Union Hall and told them I was only working one day a week and really couldn't afford to join the union and pay dues out of my small pay. They said if I wanted to keep my job, I must be one of their members.

"My folks advanced me the initiation fee and first month's dues. Since then I have been paying my own monthly dues. The dues started out at $6.00 per month and on January 1st they were raised to $7.00 per month. One month I was two days late and they made me pay a $1.00 penalty. They also said that I must attend their meetings or pay a $5.00 fine.

"All through school I was taught that freedom is the greatest thing we have over all the other countries of the world. What I can't understand now is why I don't have the same freedom in keeping my job."

Few benefits accrue to the student for his dues. He seldom stays on his job long enough to qualify for the pension plan because he acquires a vested interest in it only after 10 years. Not many of them stay on this type of job even long enough to qualify for the health insurance plans.

Barely a quarter of the work force in America is unionized, but we have seen in the present session of the Congress how great its power is. An effort is under way now to ram a "common situs" bill through the Congress which would permit a union to close down an entire construction site if it had a complaint only against a minor subcontractor involved in the project.

The reason for the strength of a minority of the labor force is that the ones who are organized are the "blue collar elite"—the skilled crafstmen—whose skills are indispensable. And the system, where right-to-work laws are not in force, works to increase the power of the organized leaders through forcing the unskilled and semi-skilled to join the union to hold their jobs.

Texas has a right-to-work law, and so long as Taft-Hartley's Section 14(b) remains in force it will guarantee jobs to everyone, union or not. But even 14(b) is also under siege by the AFL-CIO.

An interesting recent report showed that in states which have right-to-work laws, unemployment is about 4.6 per cent while in other states it averages 6.3 per cent. Per capita income in the right-to-work states has risen 53 per cent since 1969, as compared to 49.9 per cent in compulsory unionism states.

And the two cities with the lowest cost-of-living levels in the nation were found to be Austin, Texas and Orlando, Fla., both in right-to-work states.

This should tell the Congress something, but it probably won't.

Mr. FANNIN. Mr. President, I would like to cite one other case history. In Las Vegas, Nev., the Culinary Union, Local 226, has represented hundreds of working students who are employed in local restaurants and hotels as waitresses, waiters, busboys, and short-order cooks. Students there were forced to seek employment through the union's hiring hall which surveyed all job applicants and screened out those who would not join. Union dues, with an initiation fee of $25 to $30, were mandatory from each student. Some students balked. Like Kenneth Possenriede, they were aghast at learning about compulsory union membership. They were told they would enjoy many benefits from such membership, such as health insurance, but coverage would commence 90 days after their initial employment, which would begin at the end of the summer job. Pension benefits would not begin until they had 10 years of continuous employment. Obviously, Kenneth's short tenure as a waiter precluded such "benefits."

Mr. President, there are hundreds of similar stories about working students which I could recount. In light of these case histories, it is not surprising that the right-to-work principle has gained considerable support among students just as it is receiving greater acceptance among the American people as a whole. In fact, the right to choose whether one will join a union in order to work for a living is the opinion held by a vast majority of our Nation's youth between the ages of 18 and 29. According to a recent nationwide survey by Opinion Research Corp. of Princeton, N.J., 79 percent of all U.S. citizens between 18 and 29 oppose the forced unionization of public employees—January 1975 "Caravan Survey"—and 69 percent of those young people, according to an April 1974 survey, oppose compulsory unionism for industrial workers. These figures were slightly higher than comparable figures for the general public.

As a result, a nationwide effort is being made to exempt students from the National Labor Relations Act's compulsory unionism provision. The effort to secure a students' right-to-work bill is being promoted by a number of student leaders on campuses throughout the country.

Terry Campo, a student in Springfield, Ill., was cosponsor of a right-to-work bill in the Illinois YMCA mock legislature. Besides being concerned about the cost of union dues and assessments for students who work only a few weeks in the year, Terry also questioned the effect of compulsory unionism on teachers.

In an appearance before an Illinois State Senate committee, Terry asked:

> How can a teacher be objective when subjected to an agreement that destroys individual freedom of choice? How can he present a view other than his labor organization's when he knows that he will lose his job if he leaves the union? How can an American History teacher teach his students about how this country was founded on the principle of individual freedom when his own freedom has been denied?

Terry Campo's bill passed by an overwhelming vote.

Mr. President, Terry Campo was a recipient of the National Right to Work Committee's merit award this year. Recently he wrote to me about the need for student right-to-work legislation. In his letter he stated:

> My first experience with the Right to Work principle came when I served as a delegate in the Illinois Youth Legislature. There I was the author and cosponsor of a general Right to Work proposal, which was very well received by my fellow delegates. Throughout the legislative session I received many favorable comments on our bill; and, in the closing hours of the session, a number of delegates sacrificed their own proposals in order that the Right to Work bill could be brought to the floor. But, frankly, I was surprised when several youth legislators informed me that they had been the victims of compulsory unionism.
>
> Students are particularly victimized by forced-union participation because they must pay the same compulsory fees as other workers; yet, because of the length of their

employment, do not qualify for many of the so-called benefits they have paid for. Not only do they pay a greater portion of their income than other workers, but often the money earned during part-time or summer employment is necessary to continue their education. Thus, forced-unionism may prevent some from ever becoming economically independent.

But, I am sure that you question whether young people will take an interest in such a proposal. I have found them to be appalled that compulsory unionism exists, and feel that a Right to Work bill aimed particularly at students would excite their attention. Further, organizations such as Young Republicans and YAF, who have both endorsed the Student Right to Work proposal, could form the nucelus of a nation-wide push for this bill.

The potential supporters and interest in Student Right to Work legislation is there. I believe that our job is to tap it.

Steve Seibert, a philosophy student at George Washington University decided to do something about the problems of Rapp, Campo, and a multitude of other students. This young man from Madison, Wis., prepared a proposed national student right-to-work bill for which he is seeking sponsors in Congress and in the State legislatures.

Mr. President, I am pleased to introduce today a bill similar to Steve's which would incorporate the principle he and other young people have advocated for guaranteed freedom of choice in labor relations for working students.

Because of the importance of this matter to the students of our country, I hope that the Labor and Public Welfare Committee, to which this bill is referred, will give serious and prompt attention to this legislation so that the Congress will have an early opportunity to act on it.

By Mr. HARTKE (for himself, Mr. TALMADGE, Mr. RANDOLPH, Mr. CRANSTON, Mr. STONE, Mr. DURKIN, Mr. HANSEN, Mr. THURMOND, Mr. STAFFORD, and Mr. HELMS):

S. 3596. A bill to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their survivors; and for other purposes. Referred to the Committee on Veterans' Affairs.

VETERANS DISABILITY COMPENSATION AND SURVIVOR BENEFITS ACT OF 1976

Mr. HARTKE. Mr. President, today I introduce the Veterans Disability Compensation and Survivors Benefits Act of 1976. Joining me as principal cosponsors of this measure are the members of the Veterans' Affairs Committee. These include Senator TALMADGE, the hard working, distinguished chairman of the Subcommittee on Compensation and Pensions, together with Senators JENNINGS RANDOLPH, ALAN CRANSTON, RICHARD STONE, and JOHN DURKIN. Continuing the strong tradition of bipartisanship in veterans' legislation, I am also pleased that all of the minority members of the committee, including Senators CLIFFORD HANSEN, STROM THURMOND, and ROBERT STAFFORD, have joined in cosponsoring this measure.

Mr. President, the measure I introduce today provides cost-of-living increases in compensation and survivors' benefits in addition to making other needed improvements and adjustments to the two programs. As all of you are aware, compensation is paid to those veterans with service-connected disabilities and DIC benefits are paid to those survivors of veterans who died of service-connected causes.

Briefly, the Veterans Disability Compensation and Survivor Benefits Act of 1976 would:

First, provide an 8 percent cost-of-living increase in basic compensation rates and provide an 8 percent increase in statutory awards relating to more serious disabilities;

Second, provide an 8 percent in additional allowance paid veterans rated 50 percent or more disabled or for spouses, children and dependent parents;

Third, provide an 8 percent in dependency and indemnity compensation (DIC) rates and provide a similar 8 percent in benefits for dependent children and spouses and attendance rates;

Fourth, when there is no surviving spouse, provide an 8-percent increase in rates payable to children of veterans who have died of service-connected disabilities;

Fifth, provide an 8-percent increase in DIC benefits paid to children who have become permanently incapable of self-support due to disability incurred prior to the age of 18;

Sixth, directs the Administrator to carry out a thorough study of the dependency and indemnity compensation program to measure and evaluate the adequacy of benefits and to determine whether such benefits should be based on the former military pay grade of the deceased veteran;

Seventh, increases from $175 to $190 the annual clothing allowance paid certain seriously disabled veterans whose disability tends to wear out or tear their clothing;

Eighth, increases from $30,000 to $40,000 the VA mortgage protection life insurance available for certain severely disabled veterans eligible for and living in specially adapted housing;

Ninth, extends eligibility for the VA automobile and adaptive equipment program to certain disabled veterans who served prior to World War II;

Tenth, authorizes VA payment for the cost of transportation to a national cemetery for burial of the remains of deceased disabled veterans;

Eleventh, includes "annulment" as a form of dissolution of marriage in application of the "end of the year" rule in establishing the effective date of reduction or discontinuance of compensation, DIC, or pension as a result of such action; and

Twelfth, makes numerous technical amendments to chapter 11, Disability Compensation, and chapter 13, Dependency and Indemnity Compensation including the elimination of unwarranted or inappropriate gender references.

As contemplated by the congressional budget process, all provisions of this act would become effective on October 1, 1976, the beginning of the new fiscal year.

The Subcommittee on Compensation and Pension, so ably chaired by the Senator from Georgia (Mr. TALMADGE), will hold hearings on this measure in the near future. I am confident that both the subcommittee and the full Committee on Veterans' Affairs can expeditiously complete action on this measure with consideration by the full Senate and enactment before the new fiscal year begins October 1, 1976.

There are currently 2.2 million veterans including 435,800 Vietnam-era veterans—receiving disability payments to compensate for the loss or reduction of earning capacities resulting from their service-connected injuries. There are another 367,000 widows and children of veterans who have died of service-connected causes receiving survivor benefits known as dependency and indemnity compensation—DIC.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing average cost and caseload of veterans disability and compensation costs by period of service.

There being no objection, the table was ordered printed in the RECORD, as follows:

TABLE 1.—AVERAGE COST AND CASELOAD OF VETERANS, DISABILITY, AND SURVIVOR COMPENSATION CASES

	Fiscal year 1975			Fiscal year 1976 (estimate)			Fiscal year 1977 (estimate)		
Total costs	Average cases	Average cost	Total cost	Average cases	Average cost	Total cost	Average cases	Average cost	Total cost
Compensation—Total	2,583,749	$1,803	$7,544,382 4,657,497	2,586,572	$1,994	$8,253,205 5,157,332	2,583,700	$2,013	$8,153,417 5,199,961
Veterans—Total	2,213,887	1,715	3,797,330	2,218,616	1,896	4,207,168	2,217,512	1,914	4,246,038
Spanish-American War	11	7,139	79	7	7,996	56	5	7,996	40
Mexican border period	11	8,040	88	9	9,005	81	7	9,005	63
World War I	56,657	2,352	133,262	49,900	2,590	129,239	43,700	2,604	113,812
World War II	1,318,136	1,589	2,094,047	1,294,500	1,759	2,276,669	1,269,000	1,779	2,257,983
Korean Conflict	240,034	1,932	463,762	239,800	2,128	510,337	239,700	2,142	513,451
Vietnam Era	405,812	1,823	739,926	440,000	2,011	884,995	469,000	2,023	948,893
Peacetime service	193,226	1,895	366,166	194,400	2,087	405,791	196,100	2,099	411,796
Survivors—Total	369,862	2,326	860,167	367,956	2,582	950,164	366,188	2,605	953,923

TABLE 1—AVERAGE COST AND CASELOAD OF VETERANS, DISABILITY, AND SURVIVOR COMPENSATION CASES—Continued

Total costs	Fiscal year 1975			Fiscal year 1976 (estimate)			Fiscal year 1977 (estimate)		
	Average cases	Average cost	Total cost	Average cases	Average cost	Total cost	Average cases	Average cost	Total cost
Indian Wars	1	2,064	2	1	2,312	2	1	2,312	2
Civil War	9	2,446	22	8	2,739	22	5	2,739	14
Spanish-American War	264	2,753	727	245	3,083	755	230	3,083	709
Mexican border period	3	2,010	6	2	2,251	5	2	2,251	5
World War I	35,358	2,756	97,462	34,400	3,048	104,834	33,500	3,074	102,967
World War II	194,091	1,977	383,777	190,200	2,181	414,786	186,400	2,191	408,494
Korean Conflict	39,274	2,251	88,392	39,200	2,490	97,627	39,150	2,509	98,208
Vietnam Era	52,348	2,925	153,129	55,500	3,256	180,730	58,600	3,268	191,522
Peacetime service	48,514	2,817	136,650	48,400	3,128	151,403	48,300	3,147	152,020

Mr. HARTKE. Mr. President, it has been traditional practice under normal circumstances for the Committee to review the rates of disability compensation and DIC every 2 years. Continuing inflation, however, has led to review on an annual basis. Benefits were increased in 1974 and again last year when we enacted my bill, the Veterans Disability Compensation and Survivor Benefits Act of 1975—Public Law 94-71—which provided increases of 10 percent in the rates for disability compensation for those veterans rated 50 percent or less disabled and a 12-percent increase for more severely disabled veterans rated 60 percent to totally and permanently disabled. A 10-percent cost-of-living increase was also provided in the rates of additional compensation for dependents of veterans whose disability was rated 50 percent or more. In addition, we provided a 12-percent cost-of-living increase in the rates payable for dependency and indemnity compensation—DIC—for widows and children, as well as for additional allowances for those in receipt of DIC and death compensation in need of aid and attendance.

Compensation and DIC rates were last increased effective August 1, 1975. Based on changes on the consumer price index to date, together with projected increases to October 1, 1976, as estimated by the President's Council on Economic Advisers, an 8-percent increase in rates will be required to protect the purchasing power of benefits paid to disabled veterans and survivors. The following table indicates rates payable under current law and those proposed by the Veterans Disability Compensation and Survivors Benefits Act of 1976 together with the number of eligible veterans in each disability category:

TABLE 2—COMPARISON OF COMPENSATION RATES UNDER PRESENT LAW AND UNDER S. 3596

	Increase		Number of veterans
	From	To	
Percentage of disability or subsection under which payment is authorized:			
(a) 10 percent	$35	$38	868,986
(b) 20 percent	65	70	345,985
(c) 30 percent	98	106	313,717
(d) 40 percent	134	145	181,671
(e) 50 percent	188	203	112,816
(f) 60 percent	236	255	118,559
(g) 70 percent	280	302	80,453
(h) 80 percent	324	350	38,816
(i) 90 percent	364	393	13,409
(j) 100 percent	655	707	122,719
Higher statutory awards for certain multiple disabilities:			
(k) (1) Additional monthly payment for anatomical loss or loss of use of any of these organs: 1 foot, 1 hand, blindness in 1 eye (having light perception only), 1 or more creative organs, both buttocks, organic aphonia (with constant inability to communicate by speech), deafness of both ears (having absence of air and bone conduction)—for each loss	52	56	85,488
(2) Limit for veterans receiving payments under (a) to (j) above	814	879	
(3) Limit for veterans receiving payments under (l) to (n) below	1,139	1,231	
(l) Anatomical loss or loss of use of both hands, both feet, 1 foot and 1 hand, blindness in both eyes (5/200 visual acuity or less), permanently bedridden or so helpless as to require regular aid and attendance	814	879	6,695
(m) Anatomical loss or loss of use of 2 extremeties so as to prevent natural elbow or knee action with prosthesis in place, blind in both eyes, either with light perception only or rendering veteran so helpless as to require regular aid and attendance	896	968	2,846
(n) Anatomical loss of 2 extremeties so near shoulder or hip as to prevent, use of prosthesis or anatomical loss of both eyes	1,018	1,099	357
(o) Disability under conditions entitling veteran to 2 or more of the rates provided in (l) through (n), no condition being considered twice in the determination, or deafness rated at 60 percent or more (impairment of either or both ears service-connected) in combination with total blindness (5/200 visual acuity or less)	1,139	1,231	29
(p) (1) If disabilities exceed requirements of any rates prescribed, Administrator of VA may allow next higher rate or an intermediate rate, but in no case may compensation exceed			
(2) Blindness in both eyes (with 5/200 visual acuity or less) together with (a) bilateral deafness rated at 40 percent or more disabling (impairment of either or both ears service-connected) next higher rate is payable, or (b) service-connected total deafness of 1 ear next intermediate rate is payable, but in no event may compensation exceed	1,139	1,231	6,611
(q) [This subsection repealed by Public Law 90-493.]			
(r) If veteran entitled to compensation under (o) or to the maximum rate under (p), and is in need of regular aid and attendance, he shall receive a special allowance of the amount indicated at right for aid and attendance in addition to (o) or (p) rate	489	528	8,303
(s) Disability rated as total, plus additional disability independently ratable at 60 percent or over, or permanently housebound	732	791	6,946

In addition to basic compensation rates and/or statutory awards to which the veteran may be entitled dependency allowances are payable to veterans who are rated at not less than 50 percent disabled. The rates which follow are those payable to veterans while rated totally disabled. If the veteran is rated 50, 60, 70, 80, or 90 percent disabled, dependency allowances are payable in an amount bearing the same ratio to the amount specified below as the degree of disability bears to total disability. The following table shows rates payable under current law and those contemplated under the measure introduced today:

TABLE 3.—ADDITIONAL DEPENDENTS ALLOWANCES PAID TO CERTAIN DISABLED VETERANS

	Increase	
	From	To
If and while veteran is rated totally disabled and—		
(a) has a wife but no child living	$40	$43
(b) has a wife and one child living	67	72
(c) has a wife and two children living	85	92
(d) has a wife and three or more children living	105	113
(plus for each living child in excess of three)	19	21
(e) has no wife but one child living	26	28
(f) has no wife but two children living	45	49
(g) has no wife but three or more children living	67	72
(plus for each living child in excess of three)	19	21
(h) has a mother or father, either or both dependent upon him for support for each parent so dependent	32	35
(i) for each child who has attained age 18 and who is pursuing a course of instruction at an approved educational institution	61	66

The bill would increase from $175 to **$190 the annual** clothing allowance. This is a special clothing allowance for veterans who because of a compensable disability wear or use a prosthetic appliance which tends to tear or wear out their clothing and was first authorized in 1972 by enactment of Public Law 92-328. The clothing allowance was first authorized then because previous law had proved to be inadequate. Prior to that time, the Administrator had been authorized to furnish "special clothing" made necessary by the wearing of prosthetic appliances. The law did not, however, authorize furnishing a replacement of conventional clothing by reason of extraordinary wear and tear occasioned by the use of a prosthetic appliance. For this reason, Congress authorized a $150 annual clothing allowance.

Last year, the first increase in the clothing allowance since 1972—to $175—was provided to cover changes in the Consumer Price Index. The increase from $175 to $190 in the bill introduced today is further justified by increases in the cost of living.

A similar 8-percent increase is provided in the dependency and indemnity compensation program for surviving spouses and children of veterans who died of service-connected causes.

Current rates payable and those proposed are shown in the following table:

TABLE 4.—COMPARISON OF DIC RATES UNDER PRESENT LAW AND S. 3596

	From	To
Pay grade:		
E-1	$241	$260
E-2	248	268
E-3	255	275
E-4	270	292
E-5	278	300
E-6	284	307
E-7	298	322
E-8	315	340
E-9	[1] 329	355
W-1	304	328
W-2	316	341
W-3	326	352
W-4	344	372
O-1	304	328
O-2	315	340
O-3	337	364
O-4	356	384
O-5	392	423
O-6	441	476
O-7	478	516
O-8	523	565
O-9	562	607
O-10 [2]	[2] 615	664

When there is no surviving spouse receiving dependency and indemnity compensation, payment is made in equal shares to the children of the deceased veteran. These rates are as follows:

(1) one child, from $121 to $131;

(2) two children, from $175 to $189;

(3) three children, from $225 to $243; and

(4) more than three children, from $225 plus $45 for each child in excess of three to $243 plus $49 for each child in excess of three.

The additional payment to a child who has attained the age of 18 and who became permanently incapable of self-support while under such age is increased from $72 to $78.

As the foregoing reveals, DIC benefits are currently predicated on the former military pay grade of the deceased veteran. Whether these benefits are adequate and whether and to what extent they should be based on the deceased veteran's former military rank is to be the subject of a thorough and detailed study to be conducted by the Administrator. Without prejudging the results, it is my conviction that such an examination, which is long overdue, may well reveal that there are many widows who are receiving inadequate benefits today.

Another provision of the bill introduced today would increase the mortgage protection life insurance amount for certain service-connected disabled veterans.

Currently, the Veterans' Administration, under section 806 of title 38, United States Code (Public Law 92-95) is authorized to purchase a commercial policy to provide mortgage protection life insurance for seriously disabled veterans who have received grants for specially adapted housing under chapter 21, title 38 of the United States Code. The program is supervised by the VA and administered by the Bankers Life Insurance Co. of Lincoln, Nebr. Veterans eligible for housing assistance grants under chapter 21 are principally service-connected quadriplegics, paraplegics, and others who require the use of a wheelchair. The Administrator is authorized to purchase a mortgage insurance policy for specially adapted housing of up to $30,000. Under this provision, the veteran pays the standard premium rate which is deducted from the veteran's compensation payment. The Veterans' Administration pays the additional premium occasioned by the veteran's disability. The amount of insurance provided is reduced as the mortgage is amortized. In testimony before the Committee on Veterans' Affairs when the committee was originally considering mortgage protection life insurance coverage, the Veterans' Administration stated:

> Few, if any, of these veterans can obtain mortgage protection from commercial sources. The veterans have suffered greatly and deserve our most sympathetic understanding and consideration.

The Veterans' Administration spokesman further acknowledged that—

> . . . the life expectancy of many of the veterans of this group have been shortened by their service connected disabilities, and that following their death, the income of their widows or other survivors generally is substantially reduced.

The cost of the Veterans' Mortgage Life Insurance program is rather small and is estimated at $2.4 million for fiscal year 1976. As of December 1975, 315,335 veterans held mortgage protection life insurance in the amount of $147.5 million.

Mr. President, my bill would increase the protection from $30,000 to $40,000. Mortgage protection life insurance was first approved on August 11, 1971. Since that time the cost of living has increased by almost 38 percent, which more than justifies the increase in coverage proposed in our bill.

Mr. President, my bill would also amend chapter 39 of title 38, United States Code, to extend eligibility under the VA automobile and adaptive equipment program to veterans who served prior to World War II.

Currently, only veterans who served during World War II or thereafter are eligible for assistance in providing an automobile or other conveyance.

The program of basic automobiles assistance grants was established by the Congress in Public Law 79-663, enacted on August 8, 1946. Under that law, certain disabled veterans of World War II—with service between December 7, 1941, and December 31, 1946—were provided with, or assisted in the purchase of an automobile or other conveyance. Public Law 82-187, enacted on October 20, 1951, extended these benefits to veterans of the Korean conflict—with service between June 27, 1950, and January 31, 1955. Public Law 90-77, effective October 1, 1967, further extended these benefits to any veteran with service after January 31, 1955, who met eligibility requirements under a more restrictive criterion of having a disability incurred in line of duty as a direct result of performance of military duty, rather than under the standard service-connection criterion applied to World War II and Korean conflict veterans of having a disability resulting from an illness or injury sustained or aggravated in service in the line of duty.

Public Law 91-666, enacted December 31, 1970, and effective on January 11, 1971, increased the maximum amount payable toward the purchase of an automobile or other conveyance from $1,600 to $2,800. The law, also provided for the first time for VA payment for necessary adaptive equipment, as well as for the maintenance, replacement, and installation thereof. The 1971 Act also mandated that the VA establish safety standards for that equipment in order to assure the safe operation of the automobile or other conveyance and to satisfy the applicable standards of licensure by the proper licensing authority.

Public Law 93-583, enacted December 22, 1974, changed the definition of "eligible person"to include any veteran of service after World War II. The effect of that law was, first, to extend eligibility for benefits to veterans of service between the date of termination of World War II and the date of the beginning of the Korean conflict; second, the law provided that all determinations of eligibility under chapter 39 were to be based on a single service-connected standard—the disability is the result of service—rather than the more restrictive criterion applied to post-Korean conflict veterans of the Vietnam era. The maximum assistance was raised from $2,800 to $3,300. Assistance was also increased by directing the Administrator of the Veterans' Administration to provide, directly or by contract, for the conduct of special driver training courses at every VA hospital and, where appropriate, at VA regional offices and VA medical facilities other than hospitals.

Under my bill, basic assistance under chapter 39 would be extended to eligible veterans regardless of when they served. I have examined the rationale for limiting eligibility to those veterans who served during World War II or thereafter, and I believe the Congress intended to provide this assistance to veterans who, as a result of their service-connected disability, require special equipment in order to operate a motor vehicle. The maximum possible number of eligible veterans involved is 3,338 and the number who will be able to take practical advantage of the program is probably much less. While the number of veterans prior to World War II who will qualify and utilize the extended eligibility under my bill is quite small, I believe it equitable to make this program available to all veterans regardless of when they served.

Mr. President, the bill introduced today would also authorize payment of the cost of transportation of the body of a deceased veteran who dies as the result of a service-connected disability, or was in receipt of—or but for the receipt of retirement pay or pension under this title would have been entitled to—disability compensation for burial in a national cemetery. The payment shall not exceed the cost of transportation from the veteran's last place of residence to the nearest national cemetery with burial space available. This payment would be in addition to any amount paid pursuant to the provisions of sections 902 and 907 of title 38, United States Code.

It is estimated that there will be approximately 12,000 service-connected deaths during each of the first 5 fiscal years. The number of these veterans who will be buried in a national cemetery is unknown at this time.

Mr. President, the bill that I introduce today would also remove unwarranted or inappropriate gender references contained in disability compensation and dependency and indemnity compensation provisions of title 38, United States Code. During the 94th Congress, the Committee on Veterans' Affairs has consistently reported legislation which recommended the removal of unnecessary gender references in provisions of title 38. Women veterans have served their country admirably when called upon and many are now receiving disability compensation for a service-connected disability. Currently, 18,940 women veterans are in receipt of service-connected disability compensation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3596

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Veterans Disability Compensation and Survivor Benefits Act of 1976".

TITLE I—VETERANS DISABILITY COMPENSATION

SEC. 101. (a) Section 314 of title 38, United States Code, is amended—

(1) by striking out in subsection (a) "$35" and inserting in lieu thereof "$38";

(2) by striking out in subsection (b) "$65" and inserting in lieu thereof "$70";

(3) by striking out in subsection (c) "$98" and inserting in lieu thereof "$106";

(4) by striking out in subsection (d) "$134" and inserting in lieu thereof "$145";

(5) by striking out in subsection (e) "$188" and inserting in lieu thereof "$203";

(6) by striking out in subsection (f) "$236" and inserting in lieu thereof "$255";

(7) by striking out in subsection (g) "$280" and inserting in lieu thereof "$302";

(8) by striking out in subsection (h) "$324" and inserting in lieu thereof "$350";

(9) by striking out in subsection (i) "$364" and inserting in lieu thereof "$393";

(10) by striking out in subsection (j) "$655" and inserting in lieu thereof "$707";

(11) by striking out in subsection (k) "$52" and "$814" and "$1,139" each time they appear and inserting in lieu thereof "$56" and "$879" and "$1,231", respectively;

(12) by striking out in subsection (l) "$814" and inserting in lieu thereof "$879";

(13) by striking out in subsection (m) "$896" and inserting in lieu thereof "$968";

(14) by striking out in subsection (n) "$1,018" and inserting in lieu thereof "$1,099";

(15) by striking out in subsections (o) and (p) "$1,139" each time it appears and inserting in lieu thereof "$1,231";

(16) by striking out in subsection (r) "$489" and "3203(f)" and inserting in lieu thereof "$528" and "$3203(e)", respectively; and

(17) by striking out in subsection (s) "$732" and inserting in lieu thereof "$791".

(b) The Administrator of Veterans' Affairs may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85-857 who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

SEC. 102. Section 315(1) of title 38, United States Code, is amended—

(1) by striking out in subparagraph (A) "$40" and inserting in lieu thereof "$43";

(2) by striking out in subparagraph (B) "$67" and inserting in lieu thereof "$72";

(3) by striking out in subparagraph (C) "$85" and inserting in lieu thereof "$92";

(4) by striking out in subparagraph (D) "$105" and "$19" and inserting in lieu thereof "$13" and "$21", respectively;

(5) by striking out in subparagraph (E) "$26" and inserting in lieu thereof "$28";

(6) by striking out in subparagraph (F) "$45" and inserting in lieu thereof "$49";

(7) by striking out in subparagraph (G) "$67" and "$19" and inserting in lieu thereof "$72" and "$21", respectively;

(8) by striking out in subparagraph (H) "$32" and inserting in lieu thereof "$35"; and

(9) by striking out in subparagraph (I) "$61" and inserting in lieu thereof "$66";

TITLE II—SURVIVORS DEPENDENCY AND INDEMNITY COMPENSATION

SEC. 201. Section 411 of title 38, United States Code, is amended to read as follows:

"§ 411. Dependency and indemnity compensation to a surviving spouse

"(a) Dependency and indemnity compensation shall be paid to a surviving spouse, based on the pay grade of the person upon whose death entitlement is predicated, at monthly rates set forth in the following table:

"Pay grade	Monthly rate
E-1	$260
E-2	268
E-3	275
E-4	292
E-5	300
E-6	307
E-7	322
E-8	340
E-9	[1] 355
W-1	328
W-2	341
W-3	352
W-4	372
O-1	328
O-2	340
O-3	364
O-4	384
O-5	423
O-6	476
O-7	516
O-8	565
O-9	607
O-10	[2] 664

"[1] If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by sec. 402 of this title, the surviving spouse's rate shall be $382.

"[2] If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by sec. 402 of this title, the surviving spouse's rate shall be $712.

"(b) If there is a surviving spouse with one or more children below the age of eighteen of a deceased veteran, the dependency and indemnity compensation paid monthly to the surviving spouse shall be increased by $31 for each such child.

"(c) The monthly rate of dependency and indemnity compensation payable to a surviving spouse shall be increased by $78 if the spouse is (1) a patient in a nursing home or (2) helpless or blind, or so nearly helpless or blind as to need or require the regular aid and attendance of another person.".

SEC. 202. Section 413 of title 38, United States Code, is amended to read as follows:

"Whenever there is no surviving spouse of a deceased veteran entitled to dependency and indemnity compensation, dependency and indemnity compensation shall be paid in equal shares to the children of the deceased veteran at the following monthly rates:

"(1) one child, $131;

"(2) two children, $189;

"(3) three children, $243; and

"(4) more than three children, $243, plus $49 for each child in excess of three.".

SEC. 203. Section 414 of title 38, United States Code, is amended—

(1) by striking out in subsection (a) "$72" and inserting in lieu thereof "$78";

(2) by striking out in subsection (b) "$121" and inserting in lieu thereof "$131"; and

(3) by striking out in subsection (c) "$62" and inserting in lieu thereof "$67".

SEC. 204. (a) The Administrator shall carry out a thorough and detailed study of the dependency and indemnity compensation program authorized under chapter 13 of this title and of its beneficiaries to measure and evaluate the adequacy of benefits provided under this program and to determine whether, or to what extent, benefits should be based on the military pay grade of the person upon whose death entitlement is predicated.

(b) The report of such study shall include such full statistical data as may be obtained concerning surviving spouses and dependents in receipt of dependency and indemnity compensation other than under section 415 of title 38, United States Code, and in each instance the data shall include a breakdown of the distribution of the surviving spouses and dependents amongst the pay grade levels set forth in section 411(a) of title 38, United States Code. Data concerning such surviving spouses and dependents shall include (1) full statistical information concerning the number and ages of surviving spouses and dependents, the number of surviving spouses that remarry, the number of surviving spouses with dependents, and the number of surviving spouses in receipt of aid and attendance; (2) full statistical information concerning the number of surviving spouses and the number of dependents in receipt of old-age, survivors, and disability insurance (OASDI) cash benefits and the amount and type thereof, the number of surviving spouses and the number of dependents in receipt of other Federal or State assistance and the amount and type thereof, the number of surviving spouses in receipt of State survivor benefits and the amount and type thereof to include a breakdown by State, and the number of surviving spouses who work and their earnings therefrom; (3) full statistical information concerning the education attainment of the survivor's deceased spouse; and (4) full statistical information concerning those surviving spouses whose veteran spouse was in receipt of disability compensation pursuant to chapter 11 of title 38, prior to death and the rating of disability thereof.

(c) The report together with such comments and recommendations by the Administrator for improving the program as are appropriate shall be submitted to the Congress and the President not later than February 1, 1977.

TITLE III—OTHER DISABLED VETERANS' PROGRAM IMPROVEMENTS

SEC. 301. Section 362 of title 38, United States Code, is amended by striking out "$175" and inserting in lieu thereof "$190".

SEC. 302. Section 806 of title 38, United States Code, is amended by striking out in subsection (c) "$30,000," and inserting in lieu thereof "$40,000,".

SEC. 303. Section 1901 of title 38, United States Code, is amended—

(1) by striking out in paragraph (1) before the colon at the end of clause (A) "during World War II or thereafter"; and

(2) by striking out in paragraph (1) before the period at the end of clause (B) "during World War II or thereafter".

SEC. 304. Chapter 23 of title 38, United States Code, is amended by adding at the end thereof the following new section:

"§ 908. Transportation of deceased veterans to a national cemetery

"Where a veteran dies as the result of a service-connected disability, or is in receipt of (but for the receipt of retirement pay or pension under this title would have been entitled to) disability compensation, the Administrator, in his discretion, having due regard to the circumstances in each case may pay, in addition to any amount paid pursuant to section 902 or 907 of this title, the cost of transportation of the deceased veteran for burial in a national cemetery. Such payment shall not exceed the cost of transportation to the national cemetery nearest the veteran's last place of residence in which burial space is available.".

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following:

"908. Transportation of deceased veterans to a national cemetery.".

TITLE IV—MISCELLANEOUS AND TECHNICAL AMENDMENTS AND EFFECTIVE DATE PROVISIONS

SEC. 401. Chapter 11 of title 38, United States Code, is amended –

(1) by striking out in the table of sections at the beginning of such chapter 11

"356. Minimum rating for arrested tuberculosis.";

(2) by striking out in paragraph (3) of section 301 "Leprosy" and inserting in lieu thereof "Hansen's disease";

(3) by striking out in paragraph (4) of section 301 "Leprosy", and by inserting in paragraph (4) of such section "Hansen's disease" between "Filiariasis" and "Leishmaniasis, including kala-azar";

(4) by striking out in clause (o) of section 314 "in combination with total blindness with 5/200 visual acuity or less,"; and

(5) by striking out in clause (r) of section 314 "3203(f)" and inserting in lieu thereof "3203(e)".

SEC. 402. Section 3012(b)(2) of title 38, United States Code, is amended by adding "annulment," immediately before "divorce" each time it appears.

SEC. 403. Chapter 11 of title 38, United States Code, is further amended—

(1) by striking out in clauses (A) and (B) of section 301(2) "him" each time it appears and inserting in lieu thereof "such veteran";

(2) by striking out in section 302(a) "widow of a veteran under this chapter unless she was married to him" and inserting in lieu thereof "surviving spouse of a veteran under this chapter unless such surviving spouse was married to such veteran";

(3) by striking out in section 302(b) "widow" each time it appears and inserting in lieu thereof "surviving spouse";

(4) by striking out in the catchline of section 302 "widows" and inserting in lieu thereof "surviving spouses";

(5) by striking out in the table of sections at the beginning of such chapter 11

"302. Special provisions relating to widows."

and inserting in lieu thereof

"302. Special provisions relating to surviving spouses.";

(6) by striking out in clauses (m) and (o) of section 314 "him" each time it appears and inserting in lieu thereof "such veteran";

(7) by striking out in section 314(p) ", in his discretion,";

(8) by striking out in clauses (r) and (s) of section 314 "he" and "his" each time they appear and inserting in lieu thereof "such veteran" and "such veteran's", respectively;

(9) by striking out in clauses (A), (B), (C), (D), (E), (F), and (G) of section 315(1) "wife" each time it appears and inserting in lieu thereof "spouse";

(10) by striking out in section 315(1)(H) "mother or father, either or both dependent upon him" and inserting in lieu thereof "parent dependent upon such veteran";

(11) by striking out in section 315(2) "his";

(12) by striking out in section 321 "widow" and inserting in lieu thereof "spouse";

(13) by striking out in paragraphs (1) and (2) of section 322(a) "Widow" each time it appears and inserting in lieu thereof "Surviving spouse";

(14) by striking out in paragraphs (3), (4), and (5) of section 322(a) "widow" each time it appears and inserting in lieu thereof "surviving spouse";

(15) by striking out in section 322(a)(6) "mother or father" and inserting in lieu thereof "parent";

(16) by striking out in section 322(a)(7) "Dependent mother and father" and inserting in lieu thereof "Both dependent parents";

(17) by striking out in section 322(b) "widow" and inserting in lieu thereof "surviving spouse";

(18) by striking out in section 341 "widow" and inserting in lieu thereof "spouse";

(19) by striking out in section 351 "him", and by striking out in such section "his" and inserting in lieu thereof "such veteran's";

(20) by striking out in section 354(a) "his" and "he" each time they appear and inserting in lieu thereof "such veteran's" and "such veteran", respectively;

(21) by striking out in section 358 ", in his discretion,", and by striking out in such section "his wife" and "a wife" and inserting in lieu thereof "such veteran's spouse" and "such spouse", respectively;

(22) by striking out in section 360 "his" each time it appears and inserting in lieu thereof "such veteran's";

(23) by striking out in section 361 "his" and inserting in lieu thereof "such former member's"; and

(24) by striking out in section 362 "he" and inserting in lieu thereof "the Administrator".

SEC. 404. Chapter 13 of title 38, United States Code, is amended—

(1) by striking out in subsections (a) and (b) of section 402 "his" and "he" each time they appear and inserting in lieu thereof "such veteran's" and "such veteran", respectively;

(2) by striking out in subsections (c) and (d) of section 402 "he" and "his widow" each time they appear and inserting in lieu thereof "such veteran" and "such veteran's surviving spouse", respectively;

(3) by striking out in section 402(e) "his" and "he" each time they appear and inserting in lieu thereof "such person's" and "such person", respectively;

(4) by striking out in section 404 "widow", "she", and "him" and inserting in lieu thereof "surviving spouse", "such surviving spouse", and "such veteran", respectively;

(5) by striking out in the catchline of section 404 "widows" and inserting in lieu thereof "surviving spouses";

(6) by striking out in the table of sections at the beginning of such chapter 13

"404. Special provisions relating to widows."

and inserting in lieu thereof

"404. Special provisions relating to surviving spouses.";

(7) by striking out in subsections (a) and (b) of section 410 "his widow", "widow", "he", and "his" each time they appear and inserting in lieu thereof "such veteran's surviving spouse", "surviving spouse", "such veteran", and "such veteran's", respectively;

(8) by striking out in the table of sections at the beginning of such chapter 13

"411. Dependency and indemnity compensation to widows."

and inserting in lieu thereof

"411. Dependency and indemnity compensation to a surviving spouse.";

(9) by striking out in subsections (a) and (b) of section 412 "his", "he", and "widow"

each time they appear and inserting in lieu thereof "such veteran's", "such veteran", and "surviving spouse", respectively;

(10) by striking out in subsections (a), (b), and (c) of section 414 "him", "widow", "woman", and "her deceased husband" each time they appear and inserting in lieu thereof "such child", "surviving spouse", "person", and "such person's deceased spouse", respectively;

(11) by striking out in paragraphs (1) and (2) of section 416(a) "widow" and "his" each time they appear and inserting in lieu thereof "surviving spouse" and "such person's", respectively;

(12) by striking out in section 416(b)(1) "widow" and "her" and inserting in lieu thereof "surviving spouse" and "such surviving spouse", respectively;

(13) by striking out in section 416(c) "him" and inserting in lieu thereof "such child";

(14) by striking out in section 416(d) "him" each time it appears and inserting in lieu thereof "such parent";

(15) by striking out in section 416(e)(1) "he" and "his" and inserting in lieu thereof "such person" and "such beneficiary's", respectively;

(16) by striking out in section 416(e)(3) "his" and "he" and inserting in lieu thereof "such child's" and "the Administrator", respectively;

(17) by striking out in section 421 "him" and inserting in lieu thereof "the Administrator";

(18) by striking out in section 422(a) "his" and "him" and inserting in lieu thereof "such veteran's" and "such Secretary", respectively; and

(19) by striking out in section 423 "him" and "he" each time they appear and inserting in lieu thereof "the Administrator".

Sec. 405. The provisions of this Act shall become effective on October 1, 1976.

By Mr. PERCY (for himself and Mr. Stevenson):

S. 3597. A bill to amend section 1234 of the Internal Revenue Code of 1954 with respect to the tax treatment of the grantor of options in stock, securities, and commodities. Referred to the Committee on Finance.

Mr. PERCY. Mr. President, Senator Stevenson and I are today introducing a bill identical to H.R. 12224, which was introduced in the House by Representative Abner Mikva and has been reported by the House Ways and Means Committee.

This bill removes a loophole in the current tax laws which has allowed sophisticated taxpayer/investors dealing in the commodities and stock options markets to include certain economic gains from stock option transactions among their long-term capital gains, while deducting fully as ordinary expenses economic losses sustained in substantially the same kinds of transactions.

These difficulties have arisen primarily as a result of the vagueness of the present code provisions, and the efforts of the courts to comply with both the spirit and the letter of the law. The tax treatment of options transactions has been defined in large part by a series of private letter rulings and court cases. The rulings generally assume that options, like the stocks and securities they represent, are investment property which are to be considered capital assets. One exception to this treatment is in the case of a closing transaction, in which a writer of a call cancels his original obligation by purchasing an identical call from the exchange. Let me illustrate the tax consequences of this procedure with an example.

Suppose that we have a taxpayer in the 50-percent tax bracket who purchases 100 shares of stock at $200 per share, and at the same time writes a call on the stock at the same price, for a premium of $2,500. This allows the purchaser of the call to buy those 100 shares from our taxpayer for $200 per share, within a specified time period.

If the price of the stock then rises to $250, the taxpayer has two choices. If he allowed the holder of the call to exercise his option and purchase the stock at his original price of $200, his only gain on the transaction would be the $2,500 premium, which is added to the selling price of the stock and may therefore be considered long-term capital gain. This results in a tax—in the 50-percent tax bracket—of $625.

Suppose, however, that he were to sell the stock himself at the market price of $250 per share, realizing $5,000 profit on the sale, a capital gain. He would then enter a closing transaction by purchasing another call on the same stock at the price of $200 per share, which would require a premium of approximately $5,000. The net loss on the closing transaction, obtained by offsetting the $2,500 premium received against the $5,000 permium paid, is $2,500.

Under present law, this loss would be deductible as an ordinary loss, and would offset the entire taxable portion of the long-term capital gain. The taxpayer would therefore pay no tax at all under this procedure, rather than the $625 he would pay under the first procedure above, although his economic gain before taxes is $2,500 in each case.

The bill I am proposing would treat the $2,500 loss on the closing transaction as a short-term capital loss, which would offset only half of the $5,000 long-term capital gain, and would result in a $625 tax payment.

I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 3597

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1234 of the Internal Revenue Code of 1954 (relating to options to buy or sell) is amended to read as follows:

"Sec. 1234. Options to buy or sell.

"(a) Treatment of Gain or Loss in the Case of the Purchaser.—

"(1) General rule.—Gain or loss attributable to the sale or exchange of, or loss attributable to failure to exercise, an option to buy or sell property shall be considered gain or loss from the sale or exchange of property which has the same character as the property to which the option relates has in the hands of the taxpayer (or would have in the hands of the taxpaper if acquired by him).

"(2) Special rule for loss attributable to failure to exercise option.—For purposes of paragraph (1), if loss is attributable to failure to exercise an option, the option shall be deemed to have been sold or exchanged on the day it expired.

"(3) Nonapplication of subsection.—This subsection shall not apply to—

"(A) an option which constitutes property described in paragraph (1) of section 1221;

"(B) in the case of gain attributable to the sale or exchange of an option, any income derived in connection with such option which, without regard to this subsection, is treated as other than gain from the sale or exchange of a capital asset; and

"(C) a loss attributable to failure to exercise an option described in section 1233(c).

"(b) Treatment of Grantor of Option in the Case of Stock, Securities, or Commodities.—

"(1) General rule.—In the case of the grantor of the option, gain or loss from any closing transaction with respect to, and gain on lapse of, an option in property shall be treated as a gain or loss from the sale or exchange of a capital asset held not more than 6 months.

"(2) Definitions.—For purposes of this subsection—

"(A) Closing transaction.—The term 'closing transaction' means any termination of the taxpayer's obligation under an option in property other than through the exercise or lapse of the portion.

"(B) Property.—The term 'property' means stocks and securities (including stocks and securities dealt with on a 'when issued' basis), commodities, and commodity futures.

"(3) Nonapplication of subsection.—This subsection shall not apply to any option granted in the ordinary course of the taxpayer's trade or business of granting options."

(b) Effective Date.—The amendment made by subsection (a) shall apply to options granted by the taxpayer after June 30, 1976.

By Mr. CURTIS:

S. 3598. A bill to amend the Social Security Act to authorize international agreements with respect to social security benefits. Referred to the Committee on Finance.

Mr. CURTIS. Mr. President, I send to the desk a bill to amend the Social Security Act to authorize international agreements with respect to social security benefits.

This proposal would amend the Social Security Act and is therefore within the jurisdiction of the Committee on Finance. It calls for an international agreement. Therefore, I ask unanimous consent that the bill be referred to the Committee on Finance; and if the Committee on Finance reports the bill, it then be referred to the Committee on Foreign Relations.

The PRESIDING OFFICER. Without objection, it is so ordered.

By Mr. WILLIAMS:

S. 3599. A bill to authorize a demonstration project under section 6 of the Urban Mass Transportation Act of 1964. Referred to the Committee on Commerce and the Committee on Banking, Housing and Urban Affairs, jointly, by unanimous consent.

FERRY SERVICE TO SANDY HOOK

Mr. WILLIAMS. Mr. President, Gateway National Recreation Area added a new dimension to our national park system. Instead of preserving large expanses of natural land in the sparsely populated West, Gateway set aside some of the last remaining open spaces in the East's most densely populated and highly urbanized region. Gateway's four units around New York Harbor are within 2 hours driving distance of some 15 million people, 7 percent of the Nation's population. Gateway was the first major Federal attempt to bring parks to the people.

Gateway has stopped short of reaching this goal, however. Despite its proximity to the New York-New Jersey metropolitan area, it remains inaccessible to many of the area's residents. Inadequate public transportation to the various sections of the park has denied access to the half of the area's residents who do not own automobiles. For transit-dependent people—particularly the poor, the elderly, the young, and the handicapped—Gateway's promise has not been fulfilled.

There is direct public transportation to only one of Gateway's four units. To the other three units, it is either circuitous or nonexistent. High fares and long travel times on present mass transit facilities discourage potential users.

As the National Park Service, in its April 1976 Statement for Management, observed:

> No amount of planning and development at Gateway will correct the present inequalities of who can visit the park unless efforts are made to provide efficient transportation to the park from all parts of the region. The metropolitan transit system remains geared primarily for the journey to work and to market. Transit lines tend to converge on Manhattan and its satellite communities, and only a few recreation sites are well served.

The absence of mass transit facilities has resulted in almost total dependence upon the automobile for travel to and from the park. In 1974, 90 percent of the visitors to Gateway traveled by automobile. When an automobile was available, it was used 99 percent of the time.

The Sandy Hook unit of the park in New Jersey is probably the least accessible. There is no direct mass transit to Sandy Hook, and 98 percent of visitors arrive by car. New Jersey's Route 36, the only direct highway corridor to Sandy Hook, is already severely overburdened. It is estimated that by 1990, visitation to Sandy Hook will exceed the capacity of Route 36 by 200 percent. A drawbridge near the entrance to the unit adds to the traffic congestion, with unrestricted openings for marine traffic causing long backups of auto traffic during peak hours. The annoyance of such delays and congestion detracts significantly from the total recreation experience.

Traffic to and from the park has placed an unfair burden on adjacent communities, because of crowding and air pollution. The automobile represents a real threat to the ecology of the park itself. If new access alternatives are not developed, more and more Gateway lands will have to be devoted to parking.

There are alternatives. Because of their location around New York Bay, the four units of Gateway are uniquely suited to waterborne transportation. Use of the water mode could enhance the recreation experience by making the trip to and from the park an enjoyable extension of the park itself. The institution of passanger ferry service would help to relieve the problems of traffic congestion and air pollution.

This is not a new idea. The original Gateway proposal, which I cosponsored, included a provision for ferry services. Unfortunately, this provision was dropped in conference. Ferry service continues to be studied along with several other mass transit proposals by the National Park Service. But no action has been taken. Another summer season is upon us, and no provision has been made to improve access to Gateway and lessen dependence on the automobile.

The legislation I am introducing today would direct the Urban Mass Transportation Administration to undertake a mass transportation demonstration project to provide passenger ferry access to the Sandy Hook unit of Gateway. Such service would be provided between Jersey City, N.J., and Sandy Hook, and between Keyport, N.J., and Sandy Hook.

There are several options for docking sites at each of these locations. At the points of departure, consideration must be given to mass transit connections and parking facilities. In Jersey City, the best possibility at present is probably Exchange Place. The docking facilities there are already used by the U.S. Coast Guard and the National Park Service. Exchange Place is served by the Path subway line, providing a direct link with Newark and Manhattan. It is also served by several bus routes. In the long run, it would be desirable to have the ferries depart from or stop at Liberty State Park in Jersey City. This will become feasible as Liberty Park is developed and mass transit access to it is improved. The other embarkation point, at Keyport, situated near the Garden State Parkway exit to Route 36, would help to divert auto traffic off Route 36. Gateway visitors would be encouraged to leave their cars at Keyport and travel the rest of the way to Sandy Hook by ferry.

The point of arrival at Sandy Hook should be within easy reach, by foot or by shuttle bus, of the main recreation sites.

The demonstration project which this bill envisions could be the first link in a more extensive Gateway ferry system.

My distinguished colleague from New Jersey, Congressman JAMES J. HOWARD, is introducing a similar bill in the House today.

Mr. President, I ask unanimous consent that the bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3599

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Secretary of Transportation shall undertake a demonstration project under section 6 of the Urban Mass Transportation Act of 1964 to provide, through the purchase or rental of passenger ferry services and docking facilities, water-based mass transportation service from Jersey City, New Jersey, to the shore of Sandy Hook Bay, and from Keyport, New Jersey, to the shore of Sandy Hook Bay.

(b) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

Mr. ROBERT C. BYRD subsequently said: Mr. President, I ask unanimous consent that a bill introduced earlier by Mr. WILLIAMS relative to a demonstration project under section 6 of the Urban Mass Transportation Act of 1964 be refered jointly to the Committee on Commerce and the Committee on Banking, Housing and Urban Affairs.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL COSPONSORS

S. 495

At the request of Mr. RIBICOFF, the Senator from Massachusetts (Mr. KENNEDY), the Senator from Maine (Mr. HATHAWAY), the Senator from Florida (Mr. CHILES), the Senator from Ohio (Mr. GLENN), and the Senator from Delaware (Mr. ROTH) were added as cosponsors of S. 495, the Watergate Reorganization and Reform Act of 1976.

S. 1701

At the request of Mr. SCHWEIKER, the Senator from Pennsylvania (Mr. HUGH SCOTT) was added as a cosponsor of S. 1701, a bill to provide an offshore breakwater erosion control project for the Presque Isle Peninsula in Erie, Pa.

S. 2908

At the request of Mr. CRANSTON, the Senator from Florida (Mr. STONE) and the Senator from Vermont (Mr. STAFFORD) were added as cosponsors of S. 2908, a bill to amend title 38, United States Code.

S. 3298

At his own request, the Senator from South Carolina (Mr. HOLLINGS) was added as a cosponsor of S. 3298, the Central Arizona Indian Tribal Water Rights Settlement Act of 1976.

S. 3584

At the request of Mr. PROXMIRE, the Senator from Minnesota (Mr. HUMPHREY) was added as a cosponsor of S. 3584, a bill to extend and increase the authorization for the program to extend the winter navigation season for the Great Lakes-St. Lawrence Seaway System.

AMENDMENT NO. 1829

At the request of Mr. INOUYE, the Senator from Rhode Island (Mr. PELL), the Senator from Rhode Island (Mr. PASTORE) and the Senator from California (Mr. TUNNEY) were added as cosponsors of amendment No. 1829 intended to be proposed to H.R. 10612, the Tax Reform Act of 1976.

AMENDMENT NO. 1888

At the request of Mr. MCINTYRE, the Senator from Alabama (Mr. SPARKMAN), the Senator from Montana (Mr. METCALF), the Senator from Hawaii (Mr. INOUYE), the Senator from Indiana (Mr. HARTKE), and the Senator from Iowa (Mr. CLARK) were added as cosponsors to amendment No. 1888 intended to be proposed to S. 3105, a bill to authorize appropriations to the Energy Research and Development Administration.

SENATE RESOLUTION 474—ORIGINAL RESOLUTION REPORTED RELATING TO THE CONSIDERATION OF H.R. 8603

(Referred to the Committee on the Budget.)

Mr. McGEE, from the Committee on Post Office and Civil Service, reported the following original resolution:

"S. Res. 474

"Resolution waiving the provisions of section 402(a) of the Congressional Budget Act of 1974 with respect to H.R. 8603

"*Resolved,* That the provisions of section 402(a) of the Congressional Budget Act of 1974 are waived with respect to H.R. 8603 a bill to amend title 39, United States Code, with respect to the organizational and financial matters of the United States Postal Service and the Postal Rate Commission, and for other purposes."

SENATE RESOLUTION 475—SUBMISSION OF A RESOLUTION AUTHORIZING SUPPLEMENTAL EXPENDITURES

(Referred to the Committee on Rules and Administration.)

Mr. STEVENSON (for himself and Mr. Brock) submitted the following resolution:

S. Res. 475

Resolved, that section 4 of Senate Resolution 109 agreed to March 31, 1976, is amended by striking out the amounts "$275,000" and "$30,000" and inserting in lieu thereof "$300,000" and "$55,000", respectively.

SENATE RESOLUTION 476—ORIGINAL RESOLUTION REPORTED RELATING TO SANITATION FACILITIES FOR AGRICULTURAL WORKERS

(Placed on the calendar.)

Mr. CLARK, from the Committee on Agriculture and Forestry, reported the following resolution:

S. Res. 476

Resolution relating to proposed regulations concerning sanitation facilities in the field for agricultural workers

Whereas the Occupational Safety and Health Administration of the Department of Labor has proposed to amend part 1928 of title 29, Code of Federal Regulations, by adding a new subpart I requiring sanitation facilities in the field for agricultural employees; and

Whereas the Occupational Safety and Health Administration published the proposed regulations on April 27, 1976, and invited interested persons to comment on the proposed changes by not later than July 6, 1976; and

Whereas the implication of the proposed regulations would impose a hardship on small, family farm operations; and

Whereas it is the belief of the Committee on Agriculture and Forestry that the proposed regulations are unreasonable and unworkable: Now, therefore, be it

Resolved, That it is the sense of the Senate that the Occupational Safety and Health Administration should not issue the final regulations respecting sanitation facilities for agricultural employees in the field until representatives of that Agency have testified before the Subcommittee on Rural Development of the Committee on Agriculture and Forestry.

Sec. 2. The Secretary of the Senate shall transmit a copy of this resolution to the Secretary of Labor.

AMENDMENTS SUBMITTED FOR PRINTING

TAX REFORM ACT OF 1976—H.R. 10612

AMENDMENT NO. 1903

(Ordered to be printed and to lie on the table).

Mr. HANSEN. Mr. President, during markup of this bill in committee, the Finance Committee considered the possibility of repealing the Federal manufacturers' excise tax on truck bodies chassis, parts and accessories. One reason for considering repeal of the tax was concern for the inequities involved in administering it. These problems are numerous, but the most important of them involves the application of the rule of "further manufacture." Under this rule, the distributor who buys a body from one supplier and equipment, such as a hoist, from another supplier is considered to be the manufacturer of a new taxable item when he combines and sells them.

Thus, each time one taxable item is combined with another a new tax is due, despite the fact that the sale of the combined item is usually priced far higher than would have been the case if the items had been combined by the original manufacturer. Thus, the same item is taxed in different amounts depending upon where in the chain of distribution it is assembled. This results in an unreasonable competitive advantage to some manufacturers.

I feel that this is not the purpose of the statute and that it works a real hardship upon distributors of truck bodies and equipment. I believe that in the case of large items such as bodies and major items of equipment the tax should be imposed just once, when the item is originally manufactured and sold. To this end, I am submitting an amendment to section 4061 of the Internal Revenue Code which would enumerate specific items of equipment which would not be taxed when combined with a tax-paid body for resale. All of these items—hoists, winches, cranes, loading and unloading devices, and the like—would be taxed when originally sold. When later combined with the tax-paid body, no further tax would be due.

We believe that this amendment will result in little, if any, revenue loss. Moreover, if there is any loss it will be substantially recouped by gains in administrative efficiency both at the Internal Revenue Service and in the businesses affected by this tax.

As is evident, the amendment I propose is a very limited solution to this problem, designed merely to alleviate the most severe inequities in the tax. The Treasury Department acknowledges the existence of the problem, and I believe that this amendment is a relief measure which is properly the subject of tax reform. It is my understanding that this amendment has been studied by the Treasury Department, the Internal Revenue Service and the staff for the Joint Committee in Internal Revenue Taxation and meets with the approval of each of these organizations.

Mr. President, I ask unanimous consent that my amendment be printed in the Record.

There being no objection, the amendment was ordered to be printed in the Record, as follows:

Amendment No. 1903

At the appropriate place insert the following new section:

Sec. Exclusion from excise tax on certain articles resold after modification.

(a) In General.—Section 4063 (relating to exemptions from excise tax on motor vehicles) is amended by adding at the end thereof the following new subsection:

"(d) Resale After Certain Modifications.—Under regulations prescribed by the Secretary, the tax imposed by section 4061 shall not apply to the resale of any article described in section 4061(a)(1) if prior to such resale such article was merely combined with any coupling device (including any fifth wheel), wrecker crane, loading and unloading equipment (including any crane, hoist, winch, or power liftgate), aerial ladder or tower, snow and ice control equipment, earthmoving, excavation and construction equipment, spreader, sleeper cab, cab shield, or wood or metal floor.".

(b) Effective Date.—The amendment made by this section shall apply to the resale of any article on or after the date of enactment of this Act.

AMENDMENT NO. 1904

(Ordered to be printed and to lie on the table)

Mr. EAGLETON (for himself and Mr. Symington) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 10612) to reform the tax laws of the United States.

AMENDMENT NO. 1905

(Ordered to be printed and to lie on the table.)

Mr. BEALL. Mr. President, I am sending to the desk, for printing, an amendment to H.R. 10612, the Tax Reform Act. This amendment is similar to S. 667, the Historic Structures Tax Act which I introduced on February 12, 1975. The Historic Structures Tax Act has now been cosponsored by the following Senators: Abourezk, Baker, Brock, Dole, Domenici, Goldwater, Gravel, Philip A. Hart, Hartke, Javits, Mathias, McGovern, McIntyre, Metcalf, Hugh Scott, Stevens, Stone, Taft, Tower, Tunney, and Brock.

The Historic Structures Tax Act Amendment would achieve the following objectives:

First. It would encourage the preservation of historic buildings and structures certified by the Secretary of the Interior as registered or qualified for registration on the National Register of Historic Places; or located in a historic district designated under a statute of the appropriate State or local government if such statute is certified by the Secretary of the Interior as containing criteria which will substantially achieve the purpose of preserving and rehabilitating buildings of historic significance to the district.

Second. It limits depreciation to the straight-line method in the case of buildings constructed on sites which were formerly occupied by demolished historic structures.

Third. It permits a 5-year writeoff of rehabilitation expenditures incurred with respect to historic structures which are used in the taxpayer's trade or business or held for the production of income provided that property acquired in connection with such expenditure is otherwise eligible for the depreciation allowance.

Fourth. It provides that on the disposition of a certified historic structure, gain would be treated as ordinary income to the extent that the special writeoff provided under this section exceeded the depreciation deduction which would have otherwise been allowable—without regard to this provision.

Fifth. It adds a new section to the Internal Revenue Code providing that no deduction would be allowed for amounts expended in the demolition of a registered historic structure, or for the undepreciated cost of such a structure.

Sixth. It provides that, if a taxpayer substantially rehabilitated depreciable property, he would be permitted to elect to compute depreciation with respect to his preexisting basis in the building as though the entire structure was first placed in service by him. This will permit a taxpayer who purchases a used building and rehabilitates it to utilize so-called accelerated methods of depreciation, a privilege which is not now accorded taxpayers under the law. In order to qualify for this special treatment, the amounts added to capital account during a 24-month period must be at least $5,000 in amount and must be greater than the undepreciated cost of the property, determined at the beginning of the 24-month period.

Seventh. It provides that a charitable deduction will not be denied on the transfer of a partial interest in property, where the interest is either an easement of 30 or more years duration granted exclusively for conservation purposes, or is a remainder interest in real property which is granted exclusively for conservation purposes. "Conservation purposes" mean the preservation of open land areas for public outdoor recreation or education, or scenic enjoyment; the preservation of historically important land areas or structures, or the protection of natural environmental systems.

Mr. President, amendment No. 1905 has several changes which were not incorporated in S. 667. The amendment incorporates a series of drafting changes, suggested by the Department of the Treasury. These changes correct drafting defects in the original bill and Secretary Simon has indicated his willingness to support this legislation in its corrected form. The second change incorporates a provision I introduced as a separate amendment on December 19, 1975. That amendment—No. 1325 to S. 667—extended the bill's coverage to include buildings located in a historic district designated under a statute of the appropriate State or local government if such statute is certified by the Secretary of the Interior to the Secretary of the Treasury as containing criteria which will substantially achieve the purpose of preserving and rehabilitating buildings of historic significance to the district. The third change places a 5-year termination date on the provisions in amendment No. 1905. As a member of the Budget Committee, I believe that tax expenditures should be periodically reviewed by the Finance Committee just as other Federal programs need to be reauthorized from time to time.

I believe that the eve of our Bicentennial celebration is the perfect time for the Senate to approve this measure. The Historic Structures Tax Act will do more than simply preserve historically significant buildings; it will also help to strengthen our sense of history and nationhood while helping to make our cities more diverse and livable.

Mr. President, the Historic Structures Tax Act has received enthusiastic support from national, State and local preservation organizations. There have also been several editorials which have focused on this proposal. I ask unanimous consent that the Washington Post editorial of February 15, 1976 entitled "Taxation and Preservation" and the St. Louis Post-Dispatch editorial which was printed in the Christian Science Monitor on March 24, 1976 entitle "For Preservation," be printed in the Record, along with the text of amendment No. 1905.

There being no objection, the amendment and material were ordered to be printed in the Record, as follows:

Amendment No. 1905

At the appropriate place insert the following:

Sec. . Tax incentives to encourage the preservation of historic structures.

(a) Amortization of Rehabilitation Expenditures.—

(1) Allowance of deduction.—Part VI of subchapter B of chapter 1 (relating to itemized deductions) is amended by adding at the end thereof the following new section:

"Sec. 192. Amortization of certain rehabilitation expenditures for certified historic structures.

"(a) Allowance of Deduction.—Every person, at his election, shall be entitled to a deduction with respect to the amortization of the amortizable basis of any certified historic structure (as defined in subsection (d)) based on a period of 60 months. Such amortization deduction shall be an amount, with respect to each month of such period within the taxable year, equal to the amortizable basis at the end of such month divided by the number of months (including the month for which the deduction is computed) remaining in the period. Such amortizable basis at the end of the month shall be computed without regard to the amortization deduction for such month. The amortization deduction provided by this section with respect to any month shall be in lieu of the depreciation deduction with respect to such basis for such month provided by section 167. The 60-month period shall begin, as to any historic structure, at the election of the taxpayer, with the month following the month in which the basis is acquired, or with the succeeding taxable year.

"(b) Election of Amortization.—The election of the taxpayer to take the amortization deduction and to begin the 60-month period with the month following the month in which the basis is acquired, or with the taxable year succeeding the taxable year in which such basis is acquired, shall be made by filing with the Secretary, in such manner, in such form, and within such time as the Secretary may by regulations prescribe, a statement of such election.

"(c) Termination of Amortization Deduction.—A taxpayer who has elected under subsection (b) to take the amortization deduction provided in subsection (a) may, at any time after making such election, discontinue the amortization deduction with respect to the remainder of the amortization period, such discontinuance to begin as of the beginning of any month specified by the taxpayer in a notice in writing filed with the Secretary before the beginning of such month. The depreciation deduction provided under section 167 shall be allowed, beginning with the first month as to which the amortization deduction does not apply, and the taxpayer shall not be entitled to any further amortization deduction under this section with respect to such certified historic structure.

"(d) Definitions.—For purposes of this section—

"(1) Certified historic structure.—The term 'certified historic structure' means a building or structure subject to the allowance for depreciation provided in section 167 which—

"(A) is listed in the National Register,

"(B) is located in a Registered Historic District and is certified by the Secretary of the Interior as being of historic significance to the district, or

"(C) is located in a historic district designated under a statute of the appropriate State or local government if such statute is certified by the Secretary of the Interior to the Secretary as containing criteria which will substantially achieve the purpose of preserving and rehabilitating buildings of historic significance to the district.".

"(2) Amortization Basis.—The term 'amortizable basis' means the portion of the basis attributable to amounts expended in connection with certified rehabilitation.

"(e) Depreciation Deduction.—The depreciation deduction provided by section 167 shall, despite the provisions of subsection (a), be allowed with respect to the portion of the adjusted basis which is not the amortizable basis.

"(f) Life Tenant and Remainderman.—In the case of property held by one person for life with remainder to another person, the deduction under this section shall be computed as if the life tenant were the absolute owner of the property and shall be allowable to the life tenant.

"(g) Cross References.—

"(1) For rules relating to the listing of buildings and structures in the National Register and for definitions of 'National Register' and 'Registered Historic District', see section 470 et seq. of title 16 of the United States Code.

"(2) For special rule with respect to certain gain derived from the disposition of property the adjusted basis of which is determined with regard to this section, see section 1238.".

(2) Gain on Disposition.—Section 1238 (relating to amortization in excess of depreciation) is amended by inserting after "facilities)" the following: "or section 192 (relating to amortization of certain rehabilitation expenditures for certified historic structures)".

(3) Conforming Amendments.—

(A) The table of sections for part VI of subchapter B of chapter 1 is amended by inserting at the end thereof the following new item:

"Sec. 192. Amortization of certain rehabilitation expenditures for certified historic structures.".

(B) Section 642(f) (relating to amortization deductions of estates and trusts) is amended by striking out "and 191" and inserting in lieu thereof "191, and 192".

(C) Section 1082(a)(2)(B) (relating to basis for determining gain or loss) is amended by striking out "or 191" and inserting in lieu thereof "191, or 192".

(D) Section 1250(b)(3) (relating to depreciation adjustments) is amended by striking out "or 191" and inserting in lieu thereof "191, or 192".

(4) Effective date.—The amendments made by this subsection shall apply with respect to additions to capital account made after June 14, 1976 and before June 15, 1981.

(b) Demolition.—

(1) Disallowance of deductions.—Part IX of subchapter B of chapter 1 (relating to items not deductible) is amended by adding at the end thereof the following new section:

"Sec. 280. Demolition of Certain Historic Structures.

"(a) General Rule.—In the case of the demolition of a certified historic structure (as defined in section 192(d)(1))—

"(1) no deduction otherwise allowable under this chapter shall be allowed to the owner or lessee of such structure for—

"(A) any amount expended by such demolition, or

"(B) any loss sustained on account of such demolition; and

"(2) amounts described in paragraph (1) shall be treated as property chargeable to capital account with respect to the land on which the demolished structure was located.

"(b) Special Rule for Registered Historic Districts.—For purposes of this section, any building or other structure located in a registered historic district shall be treated as a certified historic structure unless the Secretary of the Interior has certified prior to the demolition of such structure, that such structure is not of historic significance to the district."

(2) Clerical amendment.—The table of sections for part IX of subchapter B of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 280. Demolition of certain historic structures."

(3) Effective date.—The amendments made by this subsection shall apply with respect to demolitions commencing after June 30, 1976 and before January 1, 1981.

(c) Depreciation of Improvements.—

(1) Method of depreciation.—Section 167 (relating to depreciation) is amended by redesignating subsection (n) as (p), and by inserting after subsection (m) the following new subsection:

"(n) Straight Line Method in Certain Cases.—

"(1) In general.—In the case of any property in whole or in part constructed, reconstructed, erected, or used on a site which was, on or after June 30, 1976, occupied by a certified historic structure (as defined in section 192(d)(1)) which is demolished or substantially altered (other than by virtue of a certified rehabilitation as defined in section 192(d)(2)) after such date—

"(A) subsections (b), (j), (k), and (l) shall not apply,

"(B) the term 'reasonable allowance' as used in subsection (a) shall mean only an allowance computed under the straight line method.

"(2) Exception.—The limitations imposed by this subsection shall not apply to personal property.

"(3) Certified rehabilitation.—The term 'certified rehabilitation' means any rehabilitation of certified historic structure (as defined in section 192(d)(1)) or of any other structure located in a Registered Historic District or in a State or local government historic district established under a certified statute as described in section 192(d)(1)(C) which the Secretary of the Interior has certified to the Secretary or his delegate as being consistent with the historic character of such property or district.".

(2) Effective date.—The amendment made by this subsection shall apply to that portion of the basis which is attributable to construction, reconstruction or erection after December 31, 1975 and before January 1, 1981.

(d) Substantially Rehabilitated Property.—

"(1) General rule.—Pursuant to regulations prescribed by the Secretary, the taxpayer may elect to compute the depreciation deduction attributable to substantially rehabilitated historic property as though the original use of such property commenced with him. The election shall be effective with respect to the taxable year referred to in paragraph (2) of this subsection and all succeeding taxable years.

"(2) Substantially rehabilitated property.—For purposes of paragraph (1), the term 'substantially rehabilitated historic property' means any certified historic structure (as defined in Secion 192(d)) with respect to which the additions to capital account for any certified rehabilitation (as defined in Section 167(n)(3)) during the 24-month period ending on the last day of any taxable year, reduced by any amounts allowed or allowable as depreciation or amortization allowable thereto, exceeds the greater of—

"(A) the adjusted basis of such property, or

"(B) $5,000.

The adjusted basis of the property shall be determined as of the beginning of the first day of such 24-month period, or of the holding period of the property (within the meaning of section 1250(c)), whichever is later.".

(2) Effective date.—The amendment made by this subsection shall apply with respect to additions to capital account occurring after June 30, 1976 and before July 1, 1981.

(e) Transfers of Partial Interests in Property for Conservation Purposes.—

(1) Income tax deductions for charitable contributions of partial interests in property for conservation purposes.—Section 170(f)(3) (relating to charitable contributions) is amended—

(A) by striking out "or" at the end of subparagraph (B)(i),

(B) by striking out "property.", at the end of subparagraph (B)(ii) and inserting in lieu thereof "property,",

(C) by adding after clause (ii) of subparagraph (B) the following new clauses:

"(iii) a lease on, option to purchase, or easement with respect to real property of not less than 30 years' duration granted to an organization described in subsection (b)(1)(A) exclusively for conservation purposes, or

"(iv) a remainder interest in real property which is granted to an organization described in subsection (b)(1)(A) exclusively for conservation purposes.", and

(D) by adding at the end thereof the following new subparagraph:

"(C) Conservation purposes defined.—For purposes of subparagraph (B), the term 'conservation purposes' means—

"(i) the preservation of land areas for public outdoor recreation or education, or scenic enjoyment;

"(ii) the preservation of historically important land areas or structures; or

"(iii) the protection of natural environmental systems.".

(2) Estate Tax Deduction for Transfer of Partial Interests in Property for Conservation Purposes.—Section 2055(e)(2) (relating to deductions from gross estate) is amended by striking out "(other than a remainder interest in a personal residence or farm or an undivided portion of the decedent's entire interest in property)" and inserting in lieu thereof "(other than an interest described in section 170(f)(3)(B))".

(3) Gift Tax Deduction for Transfers of Partial Interests in Property for Conservation Purposes.—Section 2522(c)(2) (relating to deductions from taxable gifts) is amended by striking out "(other than a remainder interest in a personal residence or farm or an undivided portion of the donor's entire interest in property)" and inserting in lieu thereof "(other than interest described in section 170(f)(3)(B))".

(4) Effective Date.—The amendments made by this subsection shall apply with respect to contributions and transfers made after June 13, 1976 and before June 14, 1977.

[From The Washington Post, Feb. 15, 1976]

Taxation and Preservation

The most powerful driving force behind the wrecking ball is federal tax policy. It encourages new construction, ignoring the fact that Americans have lately become fond of old buildings and neighborhoods and want to preserve them. The number of organized preservation groups in the country has grown from fewer than 2,500 in 1966 to more than 6,000 in 1976. City planners now talk with the same fervor about "urban conservation," as the conservationists in Teddy Roosevelt's day talked about preserving the wilderness. But the growing sentiment has not yet been able to change the economics of urban development and redevelopment.

Washington's historic Willard Hotel is an example. Just about everyone in town—federal and local officials and a great many vocal citizen groups and individuals—emotionally urge that the old hotel be preserved and restored. Yet, it has been boarded up for eight years. It is rapidly deteriorating and may still have to be torn down as a matter of "sound business practice." It is simply cheaper and more profitable to build a new commercial building than to rehabilitate an old one. A principal reason is that, under present tax laws, the owner may, in the first place, deduct the cost of demolition. He furthermore receives considerable tax advantages such as accelerated depreciation on the new building that are not permitted on rehabilitated old structures. More often than not, zoning regulations also allow buildings that are much larger and therefore more profitable than the landmark building in question. Indeed, there is usually no way other than government assistance to save it.

So far, historic preservation has relied on direct government grants to preserve and restore old buildings and neighborhoods. In the 10 years since the National Historic Preservation Act was passed, Congress has appropriated a total of $50.3 million for this purpose for the entire country. This year, President Ford has recommended that the proposed $20 million appropriation be cut in half. This is barely enough to preserve a very few outstanding landmarks. Urban conservation and the "recycling" of handsome old homes will require a change in tax policy, such as Sen. J. Glenn Beall Jr. (R-Md.) has long proposed. Sen. Beall's Historic Structures Tax Bill, in fact, was the main topic of a recent two-day conference of tax experts and preservationists from all over the country sponsored by the National Trust for Historic Preservation.

It may be asked, of course, whether taxes should be used to regulate conduct or achieve special social or economic purposes. But if taxes, as Justice Holmes said, are the price we pay for living in a civilized society, the tax system can surely be used as a means of preserving civilization. The aim of the Beall bill, in fact, is not to favor old buildings over new ones, but merely to establish a fair balance between the two, to provide "tax neutrality" as someone has called it. The bill would give "recycling" of old buildings the same tax breaks as redevelopment.

The Beall bill is not perfect. But even if it is strengthened and refined, it will solve only part of the problem. Fully effective urban conservation requires not only fair tax polices but also thoughtful and comprehensive local planning and zoning.

[From The Christian Science Monitor, Mar. 24, 1976]

For Preservation

More than 25 percent of the buildings recorded by the Historic American Buildings Survey since 1933 have been demolished, and one of the reasons is bound to be that the tax code provides a greater incentive for demolition and replacement than it does for preservation. Legislation introduced by Senator J. Glenn Beall Jr. of Maryland, however, would go a considerable way toward eliminating that imbalance. . . .

Mr. Beall's legislation would go about this in four principal ways. First, it would deny deductions for the expense of demolishing a building certified as a historic landmark. Second, it would allow only straight-line depreciation, rather than accelerated depreciation, for new buildings constructed on the site of what was formerly a historic structure. Third, rehabilitation expenses for a historic building could be deducted from the owner's current income over a five-year period. Finally, tax deductions would be permitted for scenic or facade easements of at least 30 years on historic property, if the easement was granted to a public agency or nonprofit institution.

Mr. Beall has been sponsoring this legislation since 1973, and it has not yet passed, notwithstanding the fact that there is no organized opposition to it and that it is cosponsored by senators from both parties. It is just a case of a worthwhile piece of legislation getting lost in the legislative traffic jam every year. It can be passed, though, if citizens interested in encouraging the preservation of community landmarks let their lawmakers know that they think the bill is important.—St. Louis Post-Dispatch.

AMENDMENT NO. 1906

(Ordered to be printed and to lie on the table.)

Mr. CURTIS. Mr. President, the purpose of my amendment—adding a new title XVII(A) after line 17 on page 1013 of H.R. 10612—is simply to extend to airlines the application of two investment tax credit provisions applying only to railroads in title XVII of the committee-approved bill, which would, first, establish a 100-percent tax liability limitation on the investment credit—100 percent for 1976 and 1977, phased down gradually to 50 percent for 1982 and later years, section 1701(c); and second, prescribe a FIFO or "first-in first-out" rule, section 1701(a), to unused credit years. The FIFO rule as extended to airlines by my amendment would apply only in respect of nonrefundable investment credit carryovers, that is, those from unused credit years beginning before 1976.

AMENDMENT NO. 1907

(Ordered to be printed and to lie on the table.)

Mr. JAVITS submitted an amendment intended to be proposed by him to the bill (H.R. 10612), supra.

NOTICE OF HEARING

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Tuesday, June 29, 1976, at 9:15 a.m., in room 2228, Dirksen Senate Office Building, on the following nominations:

William A. Ingram, of California, to be U.S. district judge for the northern district of California, vice Alfonso J. Zirpoli, retired.

Cecil F. Poole, of California, to be U.S. district judge for the northern district of California, vice Oliver J. Carter, retired.

William W. Schwarzer, of California, to be U.S. district judge for the northern district of California, vice Albert C. Wollenberg, retired.

Any persons desiring to offer testimony in regard to these nominations, shall, not later than 24 hours prior to such hearing, file in writing with the committee a request to be heard and a statement of their proposed testimony.

The subcommittee consists of the Senator from Arkansas (Mr. McClellan) the Senator from Nebraska (Mr. Hruska), and myself as chairman.

THE COMMITTEE ON LABOR AND PUBLIC WELFARE OVERSIGHT REVIEW OF THE TEAMSTER PENSION FUND INVESTIGATION

Mr. WILLIAMS. Mr. President, since last October, the Committee on Labor and Public Welfare has been closely following the activities of the Department of Labor and the Department of Justice with respect to their investigations of the allegations against the Central States pension fund of the Teamsters Union.

In December 1975, in response to the discussions with the then Secretary of Labor, John Dunlop, and the Deputy Attorney General, Mr. Tyler, the ranking minority member of the committee (Mr. Javits) and I received a letter from the Labor and Justice Departments and an accompanying memorandum which stated that a joint task force had been created to conduct an investigation into the Teamsters Central States pension fund.

In the ensuing months, we have been advised that this task force has been conducting an intensive investigation into the allegations surrounding the fund including possible violations of the Employment Retirement Income Security Act of 1974—ERISA.

Within the last few weeks, there have been a number of articles and comments regarding both the Teamster fund and the conduct of the investigation. Since the beginning of the Teamster fund investigation, the staff of the Subcommittee on Labor, under my direction, has maintained close liaison with the Department of Labor and the Department of Justice to insure that ERISA is being properly administered and enforced.

Since sufficient time has elapsed for the task force to conduct its initial examination, I now believe that it is appropriate to request the Secretary of Labor and his staff responsible for the investigation to appear before the subcommittee to review the progress to date. I have discussed this matter with the ranking minority member (Mr. Javits) and we are in agreement on this procedure. The hearing on the oversight of the Department of Labor/Department of Justice investigation of the Central States Teamsters pension fund is scheduled for Thursday, July 1, 1976, at 9:30 a.m. in room 4232, Dirksen Senate Office Building.

ADDITIONAL STATEMENTS

CHRISTIANITY AND CAPITALISM: GOOD COMPANIONS

Mr. HELMS. Mr. President, there are many today who argue that Christianity and capitalism are not only incompatible, but in fact mutually exclusive. Our Founding Fathers would have scoffed at such nonsense, as do the wiser minds today. Christianity and a free economic system have one overriding attribute in common—the maximization of freedom.

Freedom, after all, is what Christianity is all about. Nothing could be clearer than this passage from Scripture:

> Freedom is what we have—Christ has set us free! Stand, then, as free men, and do not allow yourselves to be slaves again." (Gal. 5:1)

The redemption frees us from the ravages and ultimate penalty of sin; frees us to be born again as individual, unique creatures whose souls can wander and spirits soar. The Christian faith articulates the fact that man is greater than the beast, and that he has greater needs than filling his belly and quenching his thirst.

Socialism, capitalism's antagonist, views man as little more than a beast to be fed, clothed, and sheltered. Socialism is suspicious that individual man is capable of doing anything on his own. Socialism denies man's uniqueness, and is premised on the assumption that every man's needs are the same.

But capitalism says let man be free to make his own choices, to select his own material possessions, to work where he wants and as he pleases. Capitalism says man is special, that he does have a spirit which is more important than his belly, that man should be free—not to terrorize his neighbor or satiate his appetites, but to evolve into the kind of whole man God intended him to be. Capitalism takes cognizance of man's spiritual nature. Socialism, denying God at its roots, makes a god of government.

Mr. President, a good friend and constituent of mine, W. W. "Bill" Binning, of Lexington, N.C., has brought to my attention an excellent article on this subject by an 18-year-old high school student. In this day and age when too few of our schools and almost none of the major media make any attempt to teach how our economic system works, it is gratifying to discover that some of our young people have learned for themselves how our Nation possesses the greatest economic system in the world—unless we destroy it.

Mr. President, I ask unanimous consent that the article entitled "I Am a Christian Capitalist" appearing in Applied Christianity be printed in the Record.

There being no objection, the article

was ordered to be printed in the Record, as follows:

I Am a Christian Capitalist

(By Trev Van Moss)

As a Christian capitalist, one of the most annoying complaints I hear is the claim that Christianity is totally opposed to capitalism. Several libertarians who are highly regarded in their fields are continually attacking Christianity, and attempting to prove that it cannot co-exist with the laissez-faire ethics.

These critics make several grave mistakes, the greatest being that they examine the teachings of the "progressive" or "liberal" movements in Christianity, and fail to examine the basic work that stands as the final authority on Earth—the Bible. While the critics denounce these "progressive" elements, they are attacking a straw man, and deliberately failing to check the tacit premises of the Christian faith. Anyone who will take a close, hard look at the New Testament will find extensive justification for the capitalist system.

MONEY IS NOT EVIL

The anti-Christian capitalists claim that the Christians say "Money is evil." They claim that poverty is a proper Christian goal. Nothing could be farther from the truth! Nowhere in the New Testament can one find the words "Money is evil," or "Money is the root of all evil."

The only statement made that is even close is "The love of money is the root of all evil" (I Tim. 6:10). The *love* of money! This is entirely different! The Bible says that we cannot love, worship, or admire money more than God.

Further clarity is rendered by Luke 16:13: "No servant can be the slave of two masters . . . You cannot serve both God and money." This does not say "Reject money." It simply says, "Don't become a slave to the demands of money. Make money your servant." The capitalist does not necessarily worship money, or the things money can buy. The Christian capitalist uses material possessions to enrich his life and the lives of the people he loves.

We know that there were several extremely wealthy men in the Old Testament who pleased God by their lives. Solomon's yearly income, for instance, is estimated to have been at least twenty million dollars. There are examples of wealthy Christians in the New Testament. In Acts 10:1–33, we learn about a Roman captain, who, by using his money to aid the poor, was remembered by God. It seems evident that Christians are not judged by mere possession of money, but rather, their attitude toward that money, and the manner in which it is used.

AMBITION IS ENCOURAGED

Another criticism that is leveled against Christianity is the claim that the New Testament discourages ambition. The claim is made that the New Testament encourages meek, unambitious living with no monetary goals. This is another false claim. In I Thessalonians 1:14, Paul admonishes his fellow Christians to ". . . warn the idle." In a later letter he is even more severe: "In the name of the Lord Jesus Christ we command you, brothers: keep away from all brothers who are living a lazy life . . ." (II Thessalonians 3:6).

Again he states: "In the name of the Lord Jesus we command these people and warn them: they must lead orderly lives and work to earn their own living" (II Thessalonians 3:12). It is clear that Paul realized the importance of hard work in an orderly society.

WORK ETHIC

A third charge that is made against Christianity is that it supports the "welfare ethic." We are constantly being bombarded with the claim that the welfare ethic and all its faults is the direct result of Fundamentalist morality. In reality, the charge is completely false. Paul stated, ". . . we worked and toiled; day and night we kept working so as not to be an expense to any of you . . . we did it to be an example for you to follow" (II Thessalonians 3:8). Here is Paul, the most prolific writer of the New Testament, telling us never to become a burden to other people. He added, "Whoever does not want to work is not allowed to eat." Here is one of the most explicit affirmations of the work ethic—right out of the New Testament. It should be perfectly obvious that dependence on others was something that was strictly forbidden.

There are provisions for public charity, but only after the strictest requirements are met. In First Timothy we learn that if at all possible, relatives must take care of their own, because, ". . . if someone does not take care of his relatives, especially the members of his own family, he has denied the faith, and is worse than an unbeliever" (I Timothy 5:8).

However, there are cases when certain members of a society should voluntarily help others who are in need. Paul gives an example of the strict requirements of charity cases, by describing which widows may be given aid by the Church: 1. they must not be less than sixty years old; 2. they must have married just once; 3. they must have no other living relatives; 4. they must have been excellent mothers; women who were in the past charitable to others. Can you imagine how many people would be thrown off welfare if even half of these requirements were enforced? Clearly, charity is condoned by the Church—but only in the few cases of sincere need.

THE SUPERIOR SYSTEM

Perhaps the most convincing way to show the capitalistic nature of Christianity is to examine the economic systems of Christians when they are left to set up their own societies. The United States provides us with the best example. In the 17th, 18th and 19th centuries hundreds of thousands of Christians were coming to this continent seeking religious freedom. What economic system did they choose? Capitalism! The writers of the Constitution, who were heavily influenced by Christian morality, chose capitalism as the only acceptable economic system, consistent with the principles of Christian freedom which they held dear.

It is also interesting to note the reaction of the collectivist towards Christianity. In Soviet Russia, for instance, Christians and Jews alike are persecuted, imprisoned, and tortured by the police state. What do these authorities fear? The same ingredient that every dictator, totalitarian and collectivist fears—individuality. And this is exactly the quality that is inherent in the Christian faith.

As religion has declined in influence all over the United States, collectivists and socialists have steadily advanced. Perhaps it is one of our greatest hopes that as we return to the fundamental teachings of the Judeo-Christian morality, we may reverse the present trend, and return to the just and proper environment of freedom, which is impossible without free enterprise capitalism as the prevailing economic system.

WORLD FOOD DEVELOPMENT CONFERENCE

Mr. HUMPHREY. Mr. President, the gravity of the world food problem remains serious and requires the contributions of both the public and private sectors.

In 1974, government representatives from some 130 nations met at the Rome Food Conference in order to discuss ways of improving the food security and nutrition of the food-deficit nations. This conference represented but one aspect—the role of governments—of the continuing search for action to deal with world hunger.

Another important aspect of this attack is that offered by the private sector, and it demands close attention in terms of the role it can play. Encouraging efforts in this area, currently under study, are directed primarily toward innovative food processing techniques. The need for improved technology in this area becomes more and more evident when one recognizes the incongruous fact that many food-deficit nations produce the necessary supply of grain to wipe out their own malnutrition. Yet surprisingly, over 50 percent of their total grain production is exported to the major food processing centers of the world. These grains, once processed and packaged, subsequently find their way back to those nations who can best afford them, which certainly are not the starving producer nations.

Interal, an international organization particularily concerned with this problem, has organized an International Food and Technical Biennial Exposition to be held on November 15–21, 1976, in Paris, France. Interal, together with the French and European Food Community, have formed a nonprofit institution for the purpose of organizing and operating World Food Development Congresses. It is the aim of this effort to help assist the flow of the much-needed technology, from the manufacturers to the nations and people seeking to develop and industrialize their food resources.

If the growing schism between the developed and developing nations is ever to be reduced, then it is essential that we lend our support to all efforts seeking to end these discrepancies.

A rationale and outline for the above-mentioned exposition, including an overview from an article written by Lloyd E. Slater for Food Engineering, are helpful in illuminating this problem.

Mr. President, I ask unanimous consent that these two articles be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

Announcing the First World Food Development Congress

(To be held at INTERAL—the International Food and Technical Biennial Exposition, Port de Versailles, Paris, France, November 15–21, 1976)

WHAT IS INTERAL?

In its last event held in Paris in November, 1974, INTERAL consisted of displays of food manufacturing technology, equipment and products in five great halls covering 200,000 sq. meters in the Port de Versailles Exposition Area. Over 140,000 people attended, with 17,000 coming from outside France.

HOW DID THE CONGRESS IDEA START?

Coincidental with INTERAL '74 was the great Rome Food Conference which focused the world's attention on the problem of more equitable distribution of food and nutrition to lesser developed nations. In a series of meetings to determine how INTERAL might relate to this great world problem, the decision was made to include a special event in the 1976 Exposition.

WHAT IS ITS MECHANISM?

Leaders in the trade associations sponsoring INTERAL and in the French and European Food Community early in 1976 formed a not-for-profit Institution for the purpose of organizing and operating World Food Development Congresses which will be scheduled as part of INTERAL in the future. The Honorable Maurice Rossin, former Director General of France's Ministry of Agriculture was appointed its first President.

AND ITS RATIONALE?

The rationale behind the new Institute is a simple and compelling one. Most developing nations, while often agricultural, are on the deficit side of the world's food and nutritional imbalance. Many export major amounts of food commodities to developed nations for processing and distribution, but are unable to afford the manufactured products. It seems urgent and essential that food manufacturing—the technology of organizing food resources for preservation, containerization and local distribution—is encouraged in these developing lands. This will not only create jobs and add value to product, but will also encourage more efficient and equitable local distribution of food. It is the purpose of the World Food Development Congress to help assist in the flow of technology to nations and people seeking to develop and industrialize their food resources.

IS IT POLITICAL?

The Congress is a "free enterprise" endeavor, with no formal national or political ties. A basic point in its operating philosophy is that the proposed flow of technology must take place through the normal channels of world commerce. There are many other organizations and efforts directed towards projects-in-aid and to philanthropic or charitable support for food development throughout the world. The Congress proposes to furnish a meeting place where the vendors of technology and venture capital can meet with private and public representatives of developing nations with the purpose of establishing economically viable development projects.

SPECIFIC ACTIVITIES OF THE CONGRESS

To accomplish its purpose, the Congress has oganized two activities which will be held within and adjacent to the International Food Processing Machinery Exhibition (GIA) which is part of the 1976 INTERAL Exposition:

1. A two-day Symposium will offer case-histories of successful food development projects in lesser developed nations. The case-histories will be presented by technical representatives of multi-national food corporations, field engineers from food equipment and technology supply firms, and by entrepreneurs and technical people actually engaged in the development project.

2. A special exhibit area of booths will be organized within GIA to contain display material and background documents of organizations that have successfully engaged in world food development projects. The exhibit, for example, will feature such things as scale models of complete food plant "turnkey" projects as well as catalogs and photographs illustrating project technology and development.

CONGRESS PARTICIPANTS

Special effort will be made by the Congress to promote attendance by participants from developing nations and from nations seeking to further industrialize their food resources. Invitations and mailings will be sent to food and agricultural officials in all nations. A goal of at least 500 participants to the Congress has been established.

For further information on the Congress by English language participants and potential exhibitors, please contact: Lloyd E. Slater, Editor-in-Chief, Food Engineering, Chilton Way, Radnor, Pa., USA, 19089.

FOOD: THE NEW COLONIALISM?

Three recent publications bring a key issue in world food development into sharp focus:

Stephen Stockman's intriguing world food commodity data bank tabulation revealing apparently hungry nations are actually exporting food;

Robert Ledogar's new book on multinationals in Latin America showing how good intentions in food development often prove counter-productive;

Nick Eberstadt's recent article disclosing what he believes are major anomalies and false reporting on the so-called world food crisis.*

Stated simply, what these three completely disparate sources illuminate—the key issue they raise—is the New Colonialism of Food.

THE GAP CONTINUES

If World War II led to anything constructive it was the dismantling of colonial empires. Economically and politically unshackled, the peoples of the Third World emerged with high hopes and plans for development.

Yet the tragedy today, decades later, is that the economic and social gap between former colonizers and colonies has widened rather than closed. And at the heart of this gap, imposing an excruciating drag on the aspiring nations, lies their continuing inequity in calories and nutrition.

Food was the keystone of colonialism. When the avid colonizers came in they organized local agriculture and shipped out harvests to the mother country and equally affluent neighbors. Very little return for this export flowed back to the local economy, and pay for labor was meagre and seasonal. Domination of the best arable acres by monoculture usually created malnutrition and hunger. More and more food had to be brought in to sustain increasingly poor people in lands that could have been nutritionally self-sufficient.

Has this appalling situation really changed? Stockman's chart, Ledogar's book, Eberstadt's article lead to the same conclusion: Colonialism, at least the colonialism of food, still exists.

WHO ARE THE BAD GUYS?

What these three sources also reveal, however, is that the villians in modern food colonialism are hard to pin down. It is far from a classic good guys—bad guys scenario. True, the great food corporations still siphon off Third World commodities and get the real return through their processing and packaging. And when many huge multinationals do bring their capital and skills to less developed areas too often it's to reap the meagre pennies of malnourished people to highly merchandised soft drinks and snacks.

But there are also many exceptions to this picture of insensitive corporate expansion. As recent articles in this magazine's World Food section have shown, pragmatic expansionists such as Foremost International and H. J. Heinz can properly transplant their technology—creating products afforded by locals, as well as jobs and joint ownerships—and still make money for shareholders.

Nor are the bad guys, if they really exist, solely found among the commodity traders or multinational expansionists. As Eberstadt's article pungently suggests, avarice in leaders at the local level also perpetuates the new colonialism. Take the example of Bangladesh. At the height of its most recent famine it was still producing more than enough food to wipe-out mulnutrition, yet over 50 percent of its grain was being exported by a government approved black market.

DOING IT THE RIGHT WAY

Awareness is dawning, however, in many of the potentially food-rich former colonies. Their first wave of well trained professionals have returned from Cornell, Davis and other great schools of agritechnology. They are convincing their leaders that food development must be given the highest priority. But the help they will require in technology, capital and know-how will be monumental.

How will this massive technology transfer take place? Many food development projects in the Third World have come about through humanitarian and political largesse. But it will only begin to happen on the scale needed when accountable dollars flow—when commerce-minded, free-world industry becomes involved with and truly committed to the problem.

So if your company has the talent and resources to take part in Third World food development, hark to these criteria:

1. The food products made must be nutritious, and acceptable and affordable by local peoples;

2. The commitment must involve training and advancing local technicians and management;

3. The enterprise should be one of initial joint-ownership and eventual full local ownership.

Other food corporations have profited as well as helped to solve an urgent world problem by following these criteria. Let's finally end colonialism.

CLYDE M. WEBBER

Mr. STEVENS. Mr. President, I would like to express deep sorrow at the recent death of Clyde M. Webber, national president of the 300,000-member American Federation of Government Employees. Mr. Webber died early Tuesday morning, June 15, at age 56.

As president of the AFGE, Clyde Webber was a firm spokesman for all Federal employees represented by his federation. He was an active member of the Federal Pay Council as well as the Prevailing Rate Advisory Committee and other statutory bodies.

Mr. WEBBER was a friend of Alaska. He understood many of Alaska's unique problems which Federal employees must deal with. He was always willing to work closely with those of us in Congress who were trying to find solutions to such problems as inadequate Federal salaries to match the high cost of living in my State. He also visited Alaska personally to talk with Federal employees there about their particular difficulties in an attempt to better understand them and to find practical solutions.

Mr. Webber's death will be felt in Alaska as well as the rest of the United States and the deepest of sympathy is extended to his family.

THE GENOCIDE CONVENTION IS NO THREAT TO OUR SYSTEM OF GOVERNMENT

Mr. PROXMIRE. Mr. President, the objection has been raised that ratification of the Genocide Convention would produce serious conflicts with the laws of this Nation and its constituent States. Some have wondered whether our system of government would be threatened by our ratification of this treaty. These reservations stem from a reading of article VI of the Constitution, which makes ratified treaties, along with the Constitution and acts of Congress, "the supreme law of the land."

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*(1) "FE's Commodity Data Bank" by S. A. Stockman, Food Engineering, Jan. 1976, pp. 53–55.

(2) "Hungry for Profits" by R. J. Ledogar, 1976. IDOC, 235 E. 49th St., New York, N.Y. 10017.

(3) "Myths of the Food Crisis" by N. Eberstadt, N.Y. Review of Books, Feb. 19, 1976.

This objection is purely hypothetical. It is revealing that not one actual instance of a conflict between the provision of the Genocide Convention and the State laws over which it would be "supreme" can be given. It is true that States would be bound by the provisions of the convention. It is also true that States are bound by the provisions of any treaty enacted and in force in this Nation; yet we do not object to treaties on these grounds.

There are additional safeguards which protect our system of government from the impact of a treaty. First, no treaty can be held binding if it fails to conform to the provisions of the Constitution. This opinion is given in the controlling precedent, *Reid* v. *Covert*, 353 U.S. 1. In the same decision, the Court affirmed that whenever a treaty and an act of Congress are in conflict, the last enacted is controlling. Thus the Congress, by simple legislation could supersede any part of the Genocide Convention any time it wished.

I call upon my colleagues in the Senate to reaffirm the concern of the people of this Nation for human rights by a speedy ratification of the Genocide Convention.

FOREST HAVEN

Mr. HUMPHREY. Mr. President, on June 17, the Senate passed H.R. 13965, making appropriations for the District of Columbia for fiscal year 1976 and for the transition quarter.

Despite the short time that the Senate Appropriations Subcommittee on the District of Columbia, under the chairmanship of Senator LAWTON CHILES, had to work on this bill, it has done its work well.

I especially want to commend the committee and its staff for getting at the facts which caused the well-publicized problems at Forest Haven, the District of Columbia's facility for mentally retarded persons at Laurel, Md.

I first brought the terrible situation at Forest Haven to the attention of the Senate in 1973 and I appreciate the chairman's recognition of my efforts on behalf of the residents at Forest Haven.

The committee has provided that additional funds will now be available to hire 20 additional personnel to provide direct care of the residents. However, of special importance is an extra step taken by the committee to insure that these funds will be used as intended. As Chairman CHILES pointed out:

> The committee is shocked by the continuing revelations of the abuse of Forest Haven residents. In order to help assure their safety, the committee decided not to wait for the fiscal year 1977 budget for action and has made special provision in the transition quarter for 20 of the 80 positions originally requested for the second year of the improvement program.

The committee has made it clear that there should be no further delays in urgently needed improvements at Forest Haven.

STATE POLISHES ITS APPLICATION FOR SOLAR CENTER

Mr. HRUSKA. Mr. President, my home State of Nebraska is in the final stages of preparing its application to become the home of the new Solar Energy Research Institute. All of those who have had a hand in this process are to be commended.

The institute will be in the forefront in the development of solar energy as a practical energy source for the future. I believe Nebraska will be a perfect site for the Institute. The State has the enthusiasm, resources, and personnel to best lead the way into solar energy research for America and the world. It is my hope that the Energy Research and Development Administration will choose Nebraska as the site for the institute when a decision is made later this year.

Mr. President, in a recent article published in the Omaha World-Herald, Nebraska's activities in this regard are clearly described. I ask unanimous consent that the article, "State Polishes Its Application for Solar Center" be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

STATE POLISHES ITS APPLICATION FOR SOLAR CENTER

(By Frank Partsch)

LINCOLN.—Nebraska's bid to become the home of the federal government's Solar Energy Research Institute (SERI) received its final polishing Friday before being sent to the printer.

The 300-page document will be ready early in July—in time ot meet a July 15 deadline for submission to the federal government, according to Don Edwards, head of a State of Nebraska task force that prepared it.

A decision by the federal government is expected in early December, said Edwards, associate dean and director of engineering research at the University of Nebraska-Lincoln.

"It's a complete compilation of everything that's going on in the state with regard to energy," Edwards said. "No matter how it turns out, the spin-off will be tremendous in having all of its information in one place."

The application asks the federal government to enter into a contract with Nebraska Energy Research Corp. to locate the facility on the 9,500 acre University of Nebraska Field Laboratory at Read. Nebraska Energy Research is a nonprofit corporation headed by the governor and the president of the University of Nebraska system. Its directors include officials of the state and private industries.

Federal sources have said that the initial contract would be effective next Jan. 1, Edwards said. The Nebraska application proposes a $5.2 million budget for the first year of operations, growing to $9.8 million in 1978 and $15.8 million in 1979.

Employment levels would increase from 114 in 1977 to 577 at the end of the first three years.

The application predicts SERI would spend its first three years in temporary quarters at the former John F. Kennedy College campus at Wahoo—or elsewhere in the Omaha-Lincoln area—before moving to a permanent site at Mead around 1980. The capital construction estimate for that facility, Edwards said, is $19.8 million.

It's conceivable that much more than that ultimately would go into the building and its equipment, he said.

Edwards said it's difficult to guess how many other areas are preparing applications. "Everything's very hush-hush right now," he said, contrasting that with a great deal of publicity about the SERI earlier this spring.

"We know of about 50 applications previously," he added. "Now that we're down to the nuts and bolts, there may be more and there may be less."

A task force of about 50 people prepared Nebraska's application, including "a list of who's who in Nebraska energy," Edwards said. The document also contains expressions in behalf of Nebraska from more than 100 of the state's most prominent leaders and organizations and from the Mid-America State Universities Association.

Among the arguments in favor of locating SERI in Nebraska cited in the application's preface:

Central location, high quality of life, excellent transportation and communications, widespread citizen interest, abundant water, insignificant air pollution, few earthquakes, available land.

Proximity to the University of Nebraska campuses at Lincoln and Omaha, research laboratories, other colleges and universities and the Strategic Air Command Headquarters.

Location in the sunniest and windiest parts of the nation.

Leadership in such programs as Gasohol and other energy-related research, good engineering college.

WOMEN IN SOCIETY AND THE CONGRESSIONAL SEX SCANDALS

Mr. McGOVERN. Mr. President, buried within all the publicity and attention that has been concentrated on the embarrassing sexual episodes on Capitol Hill is a problem that may still be plaguing us long after the current congressional sex scandals have been forgotten.

The issue is more than misuse of public funds and pressure on employees to provide sexual favors for their employers. Part of the problem is the widespread discrimination against women that pervades society, including Capitol Hill.

Women on Capitol Hill, women as housewives and mothers, and women in the business and professional world all have had to work much harder than men to earn the recognition and respect, not to mention equal pay and opportunity they deserve for the worth of their efforts. Clearly some advances in the struggle to break down sexual discrimination in employment and the home have been made. But these have mostly been on an individual basis, where each woman has had to prove that she is as intelligent and as able and as willing as a man to take on and successfully carry out professional responsibilities or the care and management of a household. But the recent disclosures of sexual duress are sad proof that the struggle is far from won. Now those women who do have important positions in all areas of Hill work and those who do take their jobs very seriously must contend with the tiresome and frivolous question—"but can you type?"

This whole matter could be viewed as a major setback to the women employees in the Senate and House, reflecting falsely on their integrity and professionalism and outweighing the progress they have made in combating discrimination on Capitol Hill. But I hope this will not be the case, for I think something positive can come out of all this. It is clear now that measures guiding Members of the Congress in establishing and implementing fair and reasonable employment practices are called for. And perhaps all of the publicity that has so far been given to the minority of cases of both women and men who have succumbed to a set of lazy congressional ethics will serve to focus attention on the majority of Capitol Hill women who play a large and important role in running offices, directing committees, drafting legislation and statements, serving constituents and completing countless other jobs that keep Congress functioning.

THE DEMOCRATIC PLATFORM: FULL EMPLOYMENT AND BALANCED GROWTH

Mr. HUMPHREY. Mr. President, the Democratic Platform Committee has adopted a statement that says in effect that the survival of our democratic system—the survival of our freedom and self-respect—depend squarely on the vitality of our economy.

In one of its finest efforts, the committee proposes that the Democratic Party and its candidates, as a first and overriding order of business, pledge themselves to achieving and sustaining the economic climate that will open the way for all of our people to realize their potential through opportunities for meaningful, productive work.

This, in a very real sense, is a renewal of the promise of America itself. I have no doubt that these and other provisions in the platform will be readily adopted at the Democratic National Convention next month.

Mr. President, the key to the platform recommendations on the economy can be found in the following two sentences:

> The Democratic Party is committed to the right of all adult Americans willing, able and seeking work to have opportunities for useful jobs at living wages. To make this commitment meaningful, we pledge ourselves to support of legislation that will make every responsible effort to reduce adult unemployment to 3 percent within four years.

To achieve this goal, the platform sets forth a series of legislative recommendations to permanently require the administration, the Federal Reserve, and the Congress to work in concert to develop and implement the policies and programs that will allow the Nation to reach and hold full employment prosperity while maintaining adequate safeguards against inflation.

The primary emphasis in this effort would be aimed at implementing the fiscal and monetary policies that would promote the utilization of the Nation's full commercial and industrial capacity to create needed new jobs.

When necessary, and only as long as it is necessary, the gap between private sector employment and the unemployment goal of 3 percent would be filled by federally funded job training programs, State and local government public works and facilities, and outright grants to State and local governments. A large portion of these expenditures would result in expansion of private sector job opportunities. In addition, federally funded State and local government public service jobs would also be federally funded when necessary to meet the unemployment goal.

The proposed platform also endorses consideration of establishing a Domestic Development Bank to make low-interest loans to small business and to State and local governments when adequate loan funds on reasonable terms are not available to these priority area borrowers, and permitting State and local governments to issue federally insured and taxable bonds.

It should be pointed out that the platform clearly recognizes the need to target employment-generating programs in the urban and rural areas of greatest need. This selective approach to application of Federal resources would insure maximum benefit from such investments.

The platform proposals to achieve a full employment economy should be a source of particular pride to members of the Joint Economic Committee. These recommendations reflect the findings of the committee following a series of field hearings to determine the dimensions, effect, and cause of the Nation's economic crisis, both in terms of the current recession and all the other recessions that have occurred with increasing frequency and severity since the end of World War II. The hearings produced testimony from representatives of virtually every walk of life and every level and category of the economy, ranging from unemployed workers to financial experts and economists.

From this effort by the Joint Economic Committee emerged the Full Employment and Balanced Growth Act of 1976. As chairman of the JEC, I introduced the bill in the Senate and Representative AUGUSTUS HAWKINS introduced an identical measure in the House. Both bills have been moved through the legislative process and are approaching the point of floor action. Their adoption will provide the framework and procedures to attain virtually all of the platform committee's recommendations to achieve and hold full employment, price stability, and balanced growth.

Mr. President, I ask unanimous consent that the platform committee's proposals to restore our economy and get the Nation back to work as quickly as possible, be printed in the RECORD. I urge every Member of Congress to read this statement and become acquainted with the direction in which the Democratic Party and its candidates intend to move and to understand the basis for the provisions of the Full Employment and Balanced Growth Act of 1976 which legislatively articulates this section of the platform.

There being no objection, the proposals were ordered to be printed in the RECORD, as follows:

I. FULLY EMPLOYMENT, PRICE STABILITY AND BALANCED GROWTH

The Democratic Party's concern for human dignity and freedom has been directed at increasing the economic opportunities for all our citizens and reducing the economic deprivation and inequities that have stained the record of American democracy.

Today, millions of people are unemployed. Unemployment represents mental anxiety, fear of harassment over unpaid bills, idle hours, loss of self-esteem, strained family relationships, deprivation of children and youth, alcoholism, drug abuse and crime. A job is a key measure of a persons' place in society—whether as a full-fledged participant or on the outside. Jobs are the solution to poverty, hunger and other basic needs of workers and their families. Jobs enable a person to translate legal rights of equality into reality.

Our industrial capacity is also wastefully underutilized. There are houses to build, urban centers to rebuild, roads and railroads to construct and repair, rivers to clean, and new sources of energy to develop. Something is wrong when there is work to be done, and the people who are willing to do it are without jobs. What we have lacked is leadership.

REPUBLICAN MANAGEMENT

During the past 25 years, the American economy has suffered five major recessions, all under Republican administrations. During the past eight years, we have had two costly recessions with continuing unprecedented peacetime inflation. "Stagflation" has become a new word in our language just as it has become a phenomenon produced by the Republicans. Never before have we had soaring inflation in the midst of a major recession.

Stagnation, waste and human suffering are the legacy left to the American people by Republican economic policies. During the past five years, U.S. economic growth has averaged only 1½ percent per year compared with an historical average of about 4 percent. Because of this shortfall, the nation has lost some $500 billion in the production of goods and services, and, if Republican rule continues, we can expect to lose another $600–$800 billion by 1980.

Ten million people are unemployed right now, and twenty to thirty million were jobless at some time in each of the last two years. For major groups in the labor force—minorities, women, youth, older workers, farm, factory and construction workers—unemployment has been, and remains, at depression levels.

The rising cost of food, clothing, housing, energy and health care has eroded the income of the average American family, and has pushed persons on fixed incomes to the brink of economic disaster. Since 1970, the annual rate of inflation has averaged more than 6 percent and is projected by the Ford Administration to continue at an unprecedented peacetime rate of 6 to 7 percent until 1978.

The depressed production and high unemployment rates of the Nixon-Ford Administrations have produced federal deficits totalling $242 billion. Those who should be working and paying taxes are collecting unemployment compensation or other welfare payments in order to survive. For every one percent increase in the unemployment rate—for every one million Americans out of work—we all pay $3 billion more in unemployment compensation and $2 billion in welfare and related costs, and lose $14 billion in taxes. In fiscal 1976, $76 billion was lost to the Federal government through increased recession-related expenditures and lost revenues. In addition, state and local governments lost $27 billion in revenues. A return to full employment will eliminate such deficits. With prudent management of existing programs, full employment revenues will permit the financing of national Democratic initiatives.

For millions of Americans, the Republican Party has substituted welfare for work. Huge sums will be spent on food stamps and medical care for families of the unemployed. Social insurance costs are greatly increased. This year alone the federal government will spend nearly $20 billion on unemployment compensation. In contrast, spending on job development is only $2½ billion. The goal of the new Democratic administration will be to turn unemployment checks into pay checks.

WHAT DEMOCRATS CAN ACHIEVE

In contrast to the record of Republican mismanagement, the most recent eight years of Democratic leadership, under John F. Kennedy and Lyndon B. Johnson, produced economic growth that was virtually uninterrupted. The unemployment rate dropped from 6.7 percent in 1961 to 3.6 percent in 1968, and most segments of the population benefitted. Inflation increased at an average annual rate of only 2 percent, and the purchasing power of the average family steadily increased. In 1960, about 40 million people were living in poverty. Over the next eight years, 14½ million people moved out of poverty because of training opportunities, increased jobs and higher incomes. Since 1968, the number of persons living in poverty has remained virtually unchanged.

We have met the goals of full employment with stable prices in the past and can do it again. The Democratic Party is committed to the right of all adult Americans willing, able and seeking work to have opportunities for useful jobs at living wages. To make that commitment meaningful, we pledge ourselves to the support of legislation that will make every responsible effort to reduce adult unemployment to 3 percent within 4 years.

MODERNIZING ECONOMIC POLICY

To meet our goals we must set annual targets for employment, production and price stability; the Federal Reserve must be made a full partner in national economic decisions and become responsive to the economic goals of Congress and the President; credit must be generally available at reasonable interest rates; tax, spending and credit policies must be carefully coordinated with our economic goals, and coordinated within the framework of national economic planning.

Of special importance is the need for national economic planning capability. This planning capability should provide roles for Congress and the Executive as equal partners in the process and provide for full participation by the private sector, and state and local government. Government must plan ahead just like any business, and this type of planning can be carried out without the creation of a new bureaucracy but rather through the well-defined use of existing bodies and techniques. If we do not plan, but continue to react to crisis after crisis, our economic performance will be further eroded.

FULL EMPLOYMENT POLICIES

Institutional reforms and the use of conventional tax, spending and credit policies must be accompanied by a broad range of carefully-targeted employment programs that will reduce unemployment in the private sector, and in regions, states and groups that have special employment problems.

The lack of formal coordination among federal, state and local governments is a major obstacle to full employment. The absence of economic policy coordination is particularly visible during times of high unemployment. Recessions reduce tax revenues, and increase unemployment-related expenditures for state and local governments. To maintain balanced budgets or reduce budget deficits these governments are forced to increase taxes and cut services—actions that directly undermine federal efforts to stimulate the economy.

Consistent and coherent economic policy requires federal anti-recession grant programs to state and local governments, accompanied by public employment, public works projects and direct stimulus to the private sector. In each case, the programs should be phased in automatically when unemployment rises and phased out as it declines.

Even during periods of normal economic growth there are communities and regions of the country—particularly central cities and rural areas—that do not fully participate in national economic prosperity. The Democratic Party has supported national economic policies which have consciously sought to aid regions in the nation which have been afflicted with poverty, or newer regions which have needed resources for development. These policies were soundly conceived and have been successful. Today, we have different areas and regions in economic decline and once again face a problem of balanced economic growth. To restore balance, national economic policy should be designed to target federal resources to areas of greatest need. To make low interest loans to businesses and state and local governments for the purpose of encouraging private sector investment in chronically depressed areas, we endorse consideration of programs such as a domestic development bank or federally insured taxable state and local bonds with adequate funding, proper management and public disclosure.

Special problems faced by young people, especially minorities, entering the labor force persist regardless of the state of the economy. To meet the needs of youth, we should consolidate existing youth employment; improve training, apprenticeship, internship and job-counseling programs at the high school and college levels; and permit youth participation in public employment projects.

There are people who will be especially difficult to employ. Special means for training and locating jobs for these people in the private sector, and, to the extent required, in public employment, should be established. Every effort should be made to create jobs in the private sector. But, useful public jobs are far superior to welfare and unemployment payments. The federal government has the responsibility to ensure that all Americans able, willing and seeking work are provided opportunities for useful jobs.

EQUAL EMPLOYMENT OPPORTUNITY

We must be absolutely certain that no person is excluded from the fullest opportunity for economic and social participation in our society on the basis of sex, age, color, religion or national origin. Minority unemployment has historically been at least double the aggregate unemployment rate, with incomes at two-thirds the national average. Special emphasis must be placed on closing this gap.

Accordingly, we reaffirm this party's commitment to full and vigorous enforcement of all equal opportunities laws and affirmative action. The principal agencies charged with anti-discrimination enforcement in jobs—the Equal Employment Opportunity Commission, the Department of Labor, and the Justice Department—are locked into such overlapping and uncoordinated strategies that a greatly improved governmentwide system for the delivery of equal job and promotion opportunities must be developed and adequate funding committed to that end. New remedies to provide equal opportunities need exploration.

ANTI-INFLATION POLICIES

The economic and social costs of inflation have been enormous. Inflation is a tax that erodes the income of our workers, distorts business investment decisions, and redistributes income in favor of the rich. Americans on fixed incomes, such as the elderly, are often pushed into poverty by this cruel tax.

The Ford Administration and its economic advisors have been consistently wrong about the sources and cures of the inflation that has plagued our nation and our people. Fighting inflation by curtailing production and increasing unemployment has done nothing to restrain it. With the current high level of unemployment and low level of capacity utilization, we can increase production and employment without rekindling inflation.

A comprehensive anti-inflation policy must be established to assure relative price stability. Such a program should emphasize increased production and productivity and should take other measures to enhance the stability and flexibility of our economy.

The see-saw progress of our economy over the past eight years has disrupted economic growth. Much of the instability has been created by stop and go monetary policies. High interest rates and the recurring underutilization of our manufacturing plant and equipment have retarded new investment. The high cost of credit has stifled small business and virtually halted the housing industry. Unemployment in the construction industry has been raised to depression levels and home ownership has been priced beyond the reach of the majority of our people.

Stable economic growth with moderate interest rates will not only place downward pressure on prices through greater efficiency and productivity, but will reduce the prospects for future shortages of supply by increasing the production of essential goods and services and by providing a more predictable environment for business investment.

The government must also work to improve the ability of our economy to respond to change. Competition in the private sector, a reexamination, reform and consolidation of the existing regulatory structure, and promotion of a freer but fair system of international trade will aid in achieving that goal.

At times, direct government involvement in wage and price decisions may be required to ensure price stability. But we do not believe that such involvement requires a comprehensive system of mandatory controls at this time. It will require that business and labor must meet fair standards of wage and price change. A strong domestic council on price and wage stability should be established with particular attention to restraining price increases in those sectors of our economy where prices are "administered" and where price competition does not exist.

The federal government should hold public hearings, investigate and publish facts on price, profit, wage and interest rate increases that seriously threaten national price stability. Such investigations and proper planning can focus public opinion and awareness on the direction of price, profit, wage and interest rate decisions.

Finally, tax policy should be used if necessary to maintain the real income of workers as was done with the 1975 tax cut.

ECONOMIC JUSTICE

The Democratic Party has a long history of opposition to the undue concentration of wealth and economic power. It is estimated that about three-quarters of the country's total wealth is owned by one-fifth of the people. The rest of our population struggles to make ends meet in the face of rising prices and taxes.

Antitrust Enforcement—The next Democratic Administration will commit itself to move vigorously against anti-competitive concentration of power within the business sector. This can be accomplished in part by strengthening the anti-trust laws and insuring adequate commitment and resources for the enforcement of these laws. But we must go beyond this negative remedy to a positive policy for encouraging the development of small business, including the family farm.

Small Businesses—A healthy and growing small business community is a prerequisite for increasing competition and a thriving national economy. While most people would accept this view, the federal government has in the past impeded the growth of small business.

To alleviate the unfavorable conditions for small business, we must make every effort to assure the availability of loans to small business, including direct government loans at reasonable interest rates, particularly to those in greatest need, including minority-owned businesses. For example, efforts should be made to strengthen minority business programs, and increase minority opportunities for business ownership. We support similar programs and opportunities for women. Federal contract and procurement opportunities in such areas as housing, transportation and energy should support efforts to increase the volume of minority and small business involvement. Regulatory agencies and the regulated small business must work together to see that federal regulations are met, without applying a stranglehold on the small firm or farm and with less paperwork and red tape.

Tax Reform—Economic justice will also require a firm commitment to tax reform at all levels. In recent years there has been a shift in the tax burden from the rich to the working people of this country. The Internal Revenue Code offers massive tax welfare to the wealthiest income groups in the population and only higher taxes for the average citizen. In 1973, there were 622 people with adjusted income of $100,000 or more who still managed to pay no tax. Most families pay between 20 and 25 percent of their incomes in taxes.

We have had endless talk about the need for tax reform and fairness in our federal tax system.

It is now time for action.

We pledge the Democratic Party to a complete overhaul of the present tax system, which will review all special tax provisions to ensure that they are justified and distributed equitably among our citizens. A responsible Democratic tax reform program could save over $5 billion in the first year with larger savings in the future. Such a program should include:

Strengthening the internal revenue tax code so that high income citizens pay a reasonable tax on all economic income;

Reducing the use of unjustified tax shelters in such areas as oil and gas, tax-loss farming, real estate, and movies;

Eliminating unnecessary and ineffective tax provisions to business and substituting effective incentives to encourage small business and capital formation. Our commitment to full employment and sustained purchasing power will also provide a strong incentive for capital formation.

Ending abuses in the tax treatment of income from foreign sources; such as special tax treatment and incentives for multi-national corporations that drain jobs and capital from the American economy.

Overhauling federal estate and gift taxes to provide an effective and equitable structure to promote tax justice and alleviate some of the legitimate problems faced by farmers, small business men and women and others who would otherwise be forced to liquidate assets in order to pay the tax;

Seeking and eliminating provisions that encourage uneconomic corporate mergers and acquisitions;

Eliminating tax inequities that adversely affect individuals on the basis of sex or marital status;

Curbing expense account deductions.

And we will protect the rights of all taxpayers against oppressive procedures, harassment and invasions of privacy by the Internal Revenue Service.

At present, many federal government tax and expenditure programs have a profound but unintended and undesirable impact on jobs and on where people and business locate. Tax policies and other indirect subsidies have promoted deterioration of cities and regions. These policies should be reversed.

There are other areas of taxation where change is also needed. The Ford Administration's unwise and unfair proposal to *raise* the regressive social security tax gives new urgency to the Democratic Party's goal of redistributing the burden of the social security tax by raising the wage base for earnings subject to the tax with effective exemptions and deductions to ease the impact on low income workers and two-earner families. Further revision in the Social Security program will be required so that women are treated as individuals.

The Democratic Party should make a reappraisal of the appropriate sources of federal revenues. The historical distribution of the tax burden between corporations and individuals, and among the various types of federal taxes, has changed dramatically in recent years. For example, the corporate tax share of federal revenue has declined from 30 percent in 1954 to 14 percent in 1975.

Labor Standards and Rights—The purpose of fair labor standards legislation has been the maintenance of the minimum standards necessary for the health, efficiency and general well-being of workers. Recent inflation has eroded the real value of the current mimimum wage. This rapid devaluation of basic income for working people makes a periodic review of the level of the minimum wage essential. Such a review should insure that the minimum wage rate at least keep pace with the increase in the cost of living.

Raising the pay standard for overtime work, additional hiring of part time persons, and flexible work schedules will increase the independence of workers and create additional job opportunities, especially for women. We also support the principle of equal pay for comparable work. We are committed to full implementation and enforcement of the Equal Credit Opportunity Act.

Over a generation ago this nation established a labor policy whose purpose is to encourage the practice and procedure of collective bargaining and the right of workers to organize to obtain this goal. The Democratic Party is committed to extending the benefit of the policy to all workers and to removing the barriers to its administration. We support the right of public employees and agricultural workers to organize and bargain collectively. We urge the adoption of appropriate Federal legislation to ensure this goal.

We will seek to amend the Fair Labor Standards Act to speed up redress of grievances of workers asserting their legal rights.

We will seek to enforce and, when necessary, to amend the Labor Management Act to eliminate delays and inequities and to provide for more effective remedies and administration.

We will support the full right of construction workers to peacefully picket a job site.

We will seek repeal of Section 14(b) of the Taft-Hartley Act which allows states to legislate the anti-union open shop.

We will maintain strong support for the process of voluntary arbitration, and we will enact minimum federal standards for workers compensation laws and for eligibility, benefit amounts, benefit duration and other essential features of the unemployment insurance program. Unemployment insurance should cover all wage and salary workers.

The Occupational Safety and Health Act of 1970 should cover all employees and be enforced as intended when the law was enacted. Early and periodic review of its provisions should be made to insure that they are reasonable and workable.

The Democratic Party will also seek to enact a comprehensive mine safety law, utilizing the most effective and independent enforcement by the Federal Government, and support special legislation providing adequate compensation to coal miners and their dependents who have suffered disablement or death as a result of the black lung disease.

We believe these policies will put America back to work, bring balanced growth to our economy, and give all Americans an opportunity to share in the expanding prosperity that will come from a new Democratic Administration.

RELIEF AROUND THE BEND FOR FLOOD-STRICKEN FARMERS

Mr. HRUSKA. Mr. President, it is my pleasure to express my support for the bill, S. 2758, to authorize bank stabilization work on the Missouri River between Fort Randall Dam, S. Dak., and Sioux City, Iowa.

As other witnesses indicate, the bank stabilization problem has been with us a long time. Much property has been lost to the erosion that has occurred along the banks of the Missouri. In our part of the country, land means money and the farmers and others living in the affected area have lost plenty of both.

In 1974 the Congress approved the Streambank Erosion Control Evaluation and Demonstration Act. Section 32 of this law, Public Law 251, designates reaches of several rivers throughout the country for specific attention for use of experimental techniques to correct streambank erosion. One of those reaches is from Fort Randall Dam to Sioux City. The Congress authorized $25 million to be spent on the entire program, nationwide.

In spite of this specific direction from the Congress, the Army Corps of Engineers never has recommended that funds for this program be included in its budget. The money that has been appropriated for streambank erosion control has come at the initiative of the Congress.

Currently, the Corps of Engineers is beginning to work on certain areas of the Missouri and some help should be forthcoming.

Clearly, something more than a demonstration program is needed, however.

I urge this subcommittee to favorably report this legislation that should mean much to the citizens of both South Dakota and Nebraska who are now at the mercy of the Missouri River. Permanent, effective bank stabilization work is needed as soon as possible.

Mr. Chairman, the Norfolk Daily News recently published an interesting and informative article on the situation along the Missouri. It clearly describes the strong, local concern that exists in the area for a workable solution to the problem. Led by Earl Rowland of Newcastle, Nebr., an organization was formed and something has been done. The demonstration program is beginning to work, but more is needed. Let us hope this bill will provide the additional assistance.

With your permission, Mr. Chairman, I ask unanimous consent that a copy of the article, entitled "Relief Around the Bend for Flood-Stricken Farmers," that appeared in the Norfolk paper, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

RELIEF AROUND THE BEND FOR FLOOD-STRICKEN FARMERS

(By Greg Wees)

Five years ago, Earl Rowland and his neighbors at Newcastle knew something had to be done about the river that was destroying them.

So in 1971, he and six families gathered at the Allen Ellyson farm where the swift Missouri current was chewing at the shore, flooding acres of land.

In addition to state officials, they invited about 100 farmers. That afternoon the Missiuro River Bank Stabilization Association was born. Its goal: to alert federal officials that the river had to be arrested and annual flooding stopped. Rowland was appointed leader.

The boiling point was reached last year when 150 angry members at St. Peter's Hall in Newcastle formally asked President Ford to declare 100 miles of shoreline from Fort Randall Dam in South Dakota to Ponca eligible for emergency action.

The landowners then estimated 2,377 acres, several farm buildings and four businesses had been deluged. Two South Dakota farmers said they suffered combined crop losses of $55,000 and more were in store.

Rowland's land was particularly hard hit. The river's eroding action effaced 100 acres over six years. Of 40 acres he set aside as wildlife habitat, now only two remained above water.

An articulate spokesman, Rowland let it be known he didn't believe Army Corps of Engineers' figures which placed annual riverbank erosion at not more than 320 acres. He claimed then that record runoff from upriver dams had tripled erosion and that Corps estimates were outdated.

"It's been pretty dark for a long time," Rowland said this week in an interview, "but we're beginning to see the light at the end of the tunnel."

Rowland learned within the last three weeks that a stretch of the Missouri River north of his home had been included among four Corps demonstration projects in the U.S. to curb river ravages. The others are on the Ohio River, Yazoo River in Mississippi and the Missouri River near Ft. Garrison Dam in North Dakota.

From Omaha headquarters, Jack Mielke, Corps engineer in charge of the project, said $500,000 has been allocated to build erosion control structures along Brookey Bottom Road near Obert and the Vermillion Chute on the South Dakota side of the river.

Go-ahead is still subject to the signature of the chief engineer in Washington. However, Mielke said contract bids are expected to be let by late fall and construction will take about 90 days.

Rowland attributed the grant to his group's hard work.

"Congressman (Charles) Thone said at our banquet it shows what a local citizens' group can do. He gave our organization the credit," Rowland said.

Also playing a leading role was Nebraska Senator Roman Hruska.

"If we hadn't had a congressman or senator on the Appropriations Committee, we would have had to go through a friend and it wouldn't have been as effective, maybe taken longer," Rowland said. Hruska is the ranking minority member of that committee.

"He presented the question why it (the Corps) hadn't put our stretch of river in the budget," he said. "In the end we got $500,000."

Rowland emphasized that congressional delegations from Nebraska, South Dakota and Iowa pushed the problem landowners faced to the forefront. When it appeared that $325,000 was the most that would be available locally, nine senators and congressmen wrote the secretary of the Army and Office of Management and Budget, among others, Rowland said.

"It had a lot to do with us ending up with $500,000," he said.

Rowland doesn't remember how many meetings he has attended since becoming involved in 1971, though he figures he has traveled to three meetings a month on the average. Washington, D.C., parleys have drawn him once to testify before a congressional hearing and two other times to talk with the Corps.

He says he is happy with the results and expresses hopes that more relief will be coming. The stabilization association will ask for $2 million from Congress next year, Rowland said.

The structures the Corps will build on the Missouri differ from existing erosion control methods, Rowland said. They can be built for half the cost and are experimental, but still slow the current.

Slopes on the new revetments will be grass covered and more aesthetically pleasing, he said. The current-controlling structures will extend about 30 feet into river, at right angles to the current. Soft chalk rocks and harder rocks are components. A cobblestone effect highlights the structures that will be less prominent than existing ones.

Mielke said other Nebraska sites targeted for structures eventually include Ryan Bend northeast of Newcastle and Mulberry Bend northwest of Newcastle. South Dakota sites chosen are the Vermillion Boat Club and Mulberry Point. There are also three sites in North Dakota.

Mielke said these areas have highest priority, but that construction starts depend on funds. Environmental impact studies must be completed before construction, too.

Rowland complained that his group's efforts have sometimes been confused with channelization, where the river is diverted from one location to another. Stabilization, he explained, means to stop the cutting action of the current through building revetments at strategic locations. It is a new approach to erosion control.

"They (Corps) are not forcing the water to go someplace else just stopping it from going any farther," he said.

Conventional approaches at Brookey Bottom would have cost in excess of $1 million, he said. Yet this cost has been trimmed by three-quarters under the experimental approach.

"We've convinced them (Corps and others) there is more merit to the approach of stabilization demonstrations. We realize it's not an overall cure but it might lead us to a cure at a price we can afford," Rowland said.

The emergency declaration sought from governors of Nebraska and South Dakota and the president never materialized, Rowland said, and a federal judge ruled against the stabilization association in a Sioux Falls, S.D., lawsuit that asked the judge to order the Corps to reduce waterflow from Ft. Randall Dam.

Nevertheless, Rowland said the South Dakota trial proved that erosion figures of 320 acres a year the Corps had been citing fell short of actual erosion.

"The judge said the water was there and it had to come out and he could see no purpose in telling the Corps to cut the flow," Rowland said.

But this year the volume of water will be half of last year's record levels and Rowland is satisfied that relief is just around the corner.

NASA MEAL SYSTEM FOR THE ELDERLY

Mr. McGOVERN. Mr. President, on June 17, I introduced S. 3585, the National Meals-on-Wheels Act of 1976. One of the features of this act is the establishment of demonstration projects to study an innovative form of meal delivery, the National Aeronautics and Space Administration's meal system for the elderly. The NASA system uses prepackaged meals, either dehydrated or canned, which are mailed or delivered on a weekly basis to isolated senior citizens. This could be an important development for those in rural areas who have difficulty in obtaining sufficient food.

I am pleased to place in the RECORD today the second progress report of the experimentation begun on this system by NASA, the Lyndon B. Johnson School of Public Affairs, and United Action for the Elderly. The results which have been reached so far provide a strong basis for developing this project on a larger scale. I ask unanimous consent that this report be printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

MEAL SYSTEMS FOR THE ELDERLY

(The Lyndon B. Johnson School of Public Affairs (LBJ/SPA) in cooperation with United Action for the Elderly (UAE), Texas Research Institute for Mental Sciences (TRIMS), and the National Aeronautics and Space Administration (NASA), is involved in a year-long policy research project. The purpose of the project is the design, development, field testing, and evaluation of a new type of home-delivered meals for the elderly. The LBJ School portion of the project is financed by the Texas Department of Public Welfare from Title XX Social Services funds.

(The project's goal is to provide an alternative meal service for the many elderly persons who cannot participate in current meals programs—either home delivered or congregate—because they are temporarily ill, handicapped, immobile, or live in areas where no meals programs exist. The basic concept of the program is simple: conventional food in single serving units is assembled into balanced, individual meals which can be easily transported to people's homes. The food items are either canned, or freeze-dried, and are shelf-stable, requiring no refrigeration or freezing. Elderly participants need only heat the canned food items, or add hot or cold water to the freeze-dried items to prepare a meal. By providing individuals with a shelf-stable, nutritious packaged meal, it is hoped that elderly citizens currently outside the scope of traditional meal services can live longer in their own homes rather than becoming institutionalized.

(The early stages of the project (Phase I and II) were described in a progress report issued in December, 1975. This report deals with developments since that time.)

PHASE III—IMPLEMENTATION AND DESIGN

Planning for Phase III, the full-scale field demonstration of the Meals for the Elderly project, was carried out throughout the fall of 1975. A detailed implementation plan was developed which outlined the responsibilities of each of the principal agents. NASA would provide all meals, and redesign the meal system taking into account the recommendations which emerged from evaluation of the short term field demonstration. LBJ/SPA would assist in the planning of the field demonstration and would conduct the program evaluation. UAE would plan, coordinate and execute the field demonstration, and organize and control shipping, storage and distribution of the meals.

Modifications of the meal system design were recommended to NASA on the basis of findings of the preliminary field demonstration. NASA adopted many of the recommendations. For example, the serving tray that had been included in each meal during Phase II was deleted. It was found that few participants used the tray, preferring to eat the meal off their own dishes. Instructions on the reconstitution of freeze-dried items were changed to reflect more accurately the time needed for preparation. Because some elderly persons had difficulty reading information on the individual food items during Phase II, the print size on all items was enlarged for Phase III. In addition, new pictoral instructions for food preparation were included on food packages, as well as a color coding indicating whether the item was to be heated, or chilled. A 21-day meal cycle was developed for use during Phase III which omitted certain items such as peanuts and almonds that had proved troublesome for the elderly to chew during Phase II.

The exterior of the meal system also underwent change. The rectangular white box with blue illustrations used during Phase II was replaced with a hexagonal black, yellow and red container. Each 7 meal cycle was packed in a larger cardboard box for delivery purposes. Changes in preparation instructions, print size, graphics, menu design and package design were made with the needs of the elderly in mind. It was hoped that all changes would increase the appeal of the program to the elderly.

PARTICIPANT SELECTION FOR PHASE III

Approximately 170 elderly persons were scheduled to participate in Phase III. The seven areas of Bastrop, Houston, San Saba, Seguin/5 County areas, Travis Waco/Falls County, and Lamar County were designated as sites from which participants would be selected. The sites represent a mix of urban, rural or small town characteristics with an elderly population representative of the older Texas population.

UAE recruited personnel in each site to perform outreach, establish volunteer networks, and interview potential participants. In most cases, the site coordinators were employed by a Community Action Agency, a Community Service Agency, or a Senior Citizen program. UAE staff and LBJ student coordinators worked with site personnel to set up outreach, to train field workers, and to conduct demonstrations of the meals system. Two orientations were held at each site, the first dealing with outreach and intake training for volunteers, the second dealing with the meal system and delivery methods.

Because some elderly persons cannot tolerate a normal diet, all potential participants went through a medical evaluation. This process took two forms. At a minimum, potential participants were required to obtain certification from their personal physician that they could consume a regular diet, and had no health conditions which restricted their diet. In addition, participants in most sites were offered the opportunity to go through a free medical-nutritional examination performed by a team of doctors from the University of Texas Medical Branch at Galveston, headed by Dr. William McGanity. This medical screening had two purposes. The first was to obtain medical certification that individuals could consume a regular diet. The second was to obtain baseline information from which a medical and nutritional assessment of the program might be made. A second medical examination was scheduled at the completion of the program in order to assess any change in health status which might be attributable to participation in the program. Seventy-five persons participated in the first medical screening, and sixty-one went through the second screening. Comparative data on the medical-nutritional component are presently being evaluated.

One hundred sixty-eight (168) individuals began the Phase III field demonstration. Their principal characteristics are as follows:

Age

	Percent
60–70	32
71–80	46
over 80	22

Ethnicity

	Percent
Anglo	54
Black	35
Mexican-American	11

Sex

	Percent
Male	28
Female	72

Income indicators *

	Percent
SSA	48
SSI	16
SSA+SSI	30
Food Stamps	31
Higher Income **	4

* Does not add up to 100% because of program overlap.

** Higher income defined as not meeting the Title XX Social Services eligibility guidelines.

Participants fell into three major groups: (1) *9 Week Program*—those receiving 63 meals or 3 complete meal cycles for daily use; (2) *15 Week Program*—those receiving 105 meals or 5 complete meal cycles for daily use; (3) *Weekend Supplement Program*—those receiving 18 meals for use as a weekend supplement to an on-going hot meals program. One hundred twenty-eight (128) persons began the 63 day demonstration in late January and early February. Twenty-five members of that group are also taking part in the extended demonstration which is scheduled to run through mid May. Forty (40) elderly persons participated in the weekend supplement phase of the program. As an additional component of the project, twenty-six (26) participants in groups 1 and 2 were also receiving either home health care services from a private home health care agency, or alternate care services provided through the State Department of Public Welfare. This allowed a study of the usefulness of the NASA meal system as a part of an already existing alternate care system.

Two kind of meal delivery were tested—personal and impersonal. All initial deliveries were done by a volunteer who explained and demonstrated meal preparation techniques to the participants. After that time, volunteer contact was minimal for those on an impersonal delivery system, while contact continued for those on a personal delivery system. Deliveries for the weekend supplement were handled in two ways: (1) for those participating in congregate or day care meal programs, NASA meals were available for them to take home each Friday; (2) for those participating in meals on wheels, NASA meals were delivered to them at the time of their Friday hot meal delivery. Midway through the program, some participants began receiving their seven-day meal packages through the U.S. Mail.

EVALUATION: PRELIMINARY FINDINGS

The evaluation of the long term field demonstration relied on three central instruments—individual meal evaluation cards supplied to each participant at the time of meal delivery, a drop-out questionnaire administered to all participants who dropped out before the program's end, and a post demonstration interview conducted at the completion of the program. In addition, student site coordinators maintained weekly contact with site personnel in the field, and received up-to-date information on participants' reactions to the meals program.

Seventeen (17) participants, or ten percent of the sample, dropped out of the program before its completion. Four elderly persons complained that the food did not agree with them, while two participants felt the food tasted unpleasant although not causing them any health difficulties. Three persons were hospitalized during the demonstration for non-food related health problems, and two participants died during the course of the demonstration. The remaining five dropouts discontinued in the program for personal reasons, not specifically health or food related.

Participants' response to the program, on the basis of information provided in the post demonstration questionnaire, was quite favorable. Seventy-five percent liked the program very much, and would like to continue if that opportunity were available to them. When asked what they liked the most about the program, over half cited the food itself. Others liked the ease of food preparation, and the lack of expense associated with the program.

Puddings and drinks were the favorite items of participants. Boned turkey, chicken a la king, and mixed vegetables were also well received. Nearly half of the participants reported adding some spices or seasoning to the food items, salt and pepper being mentioned most frequently. Eighty percent said the NASA food was very similar or somewhat similar to the food they usually ate. Nearly half of the participants preferred canned over freeze-dried items, but only 8 percent expressed unwillingness to eat freeze dried items occasionally. The preference of most participants for canned items is probably due to their familiarity with canned food items since the great majority ate some canned food as part of their usual diet.

Participants reported little difficulty in opening the seven-day meal boxes or individual meal boxes, or in preparing individual food items. Twelve percent of the participants did experience some trouble in opening individual food items. The trouble most frequently mentioned was difficulty in pulling the tabs, or having the tabs break. Since some elderly persons suffer from arthritis, and have impaired dexterity and/or strength in their hands, it will be important to develop opening procedures which can be carried out by almost all elderly persons.

More than 90 percent of the participants found the instructions on the individual food items clear and easy to understand, and only 5 percent reported any difficulty in measuring hot or cold water to reconstitute the freeze dried items. Over 70 percent cooled some parts of the meal (drinks, fruits and puddings) prior to eating them.

Over half of the elderly participants found each meal provided them with enough to eat, and 46 percent felt each meal gave them more than enough to eat. Nearly two thirds reported having leftovers, most persons using them later in the day as part of another meal, or as a snack. While over 90 percent felt it was convenient to have a complete meal in one package, over half mixed food items from different packages to make up their own meals, by picking and choosing favorite items, and sometimes combining items to make new dishes. This shows that the participants did not feel restricted by the meal boxes, but felt free to exercise some judgment in meal planning.

More than 40 percent indicated that their eating habits had changed while on the program. Of this number, most reported that they were eating both a greater amount, and a greater variety of foods than they had before.

The great majority of participants indicated a preference for home delivery of meals. When asked about picking up the meals from a central location, over 50 percent said they could not do it. Volunteer delivery (with the attendant social contact) was preferred. But 15 participants receiving meals through the mail found this delivery method quite acceptable. Therefore, an impersonal delivery system is a practical alternative, if the packages can be delivered to the homes of the participants. Delivery to a post office, or to a mail box not immediately adjacent to the home would be problematic since the weight of the seven-day package (approx. 10 pounds) makes carrying it even a short distance difficult for many elderly persons.

The response of participants who received the meals as a weekend supplement was also quite favorable. All but one participant of this group said they liked receiving the meals for weekend use. When asked to compare the NASA meals with the meals they received in their current hot meals program, 14 percent felt the NASA meals were better, while over 60 percent indicated they were of similar quality. Most participants also indicated that the NASA meals were of similar or better quality than the meals they normally prepared for themselves on weekends.

Most participants who were receiving alternate care services or home health services responded favorably to the NASA meals. The homemakers or service providers who came into the home to assist participants with household tasks found the meals convenient, and many reported a savings in food shopping and food preparation time. In most instances, however, participation in the food program did not allow the homemaker or provider to shift the task of preparing meals to the client.

Perhaps most indicative of the level of overall favorable response to the program is the finding that over 80 percent of all elderly participants reported they would like to purchase the meals in the grocery store if their cost were about the same as the cost of the groceries they usually bought. Food stamps recipients also indicated they would be willing to use their stamps to purchase the meals. The majority of participants indicated they would buy between 1 and 4 meals per week. Additionally, some participants reported that should they become ill, or less able to perform shopping and food preparation tasks, they would purchase up to 7 meals per week.

Those elderly with very limited financial resources tended to respond most favorably to the program. For many of them, receiving the food gratis represented a savings in cash outlay and permitted them to eat a greater variety and an increased amount of food than they normally ate. Participants with greater financial resources were more inclined to become tired of the program, and to look forward to resuming their previous eating patterns at the program's end. Most did indicate, however, that they would like to use NASA type meals on an occasional basis.

LOOKING AHEAD . . .

Project members are in the process for analyzing evaluation materials in preparation for the comprehensive final report to be issued at the program's end. The report will describe the objectives, program and design, and program implementation of the Food for the Elderly Project, as well as present conclusions and offer policy recommendations. The report will also include a discussion of the potential user populations, rationale for an additional follow-up field demonstration, target groups for such a follow-up, and mechanisms and barriers to widespread implementation.

One additional food technology—the thermostabilized flexible pouch—was not available for Phase III field testing due to a temporary hold by the Food and Drug Administration. That hold is expected to be lifted in the near future, and a small demonstration utilizing flex pouches has been planned. It is anticipated that flex pouch meals will be evaluated by approximately 40 elderly individuals for a period of 2 weeks. During that two-week demonstration, participants will also receive rigid can meals, as well as freeze-dried meals, allowing for a comparative evaluation of all three food technologies.

Several post-program workshops and briefings will be held in the summer and fall of 1976. LBJ/SPA will coordinate these efforts. The workshops and briefings will involve state and federal officials and agencies who may play a role in future utilization of the Food for the Elderly research findings.

CALL FOR ACTION ON THE ARAB BOYCOTT

Mr. RIBICOFF. Mr. President, despite the fact that the Arab boycott of Israel has been growing larger and larger since it began in 1951, most people still do not know very much about it. Only recently have newspapers and magazines begun to focus public attention on the enormity of the problem. Today, 2,000 of our largest corporations are on the blacklist, and the number is still growing. More and more Americans are being coerced into refusing to deal with other Americans as a condition of doing business in the Arab world.

Last week the Secretary of the Treasury, William Simon, testified before a congressional committee that the administration is dealing with the boycott problem, and that further legislation would be counter-productive. On June 12, the Washington Post featured an editorial entitled "Arab Boycott Victims: Americans." In response to Secretary Simon's testimony, it stated that—

> It is precisely during the last 2-year period of discreet administration policy that boycott practices have spread to the point where hundreds of millions of dollars of business a year are affected and where Americans are forced to trample on their own laws and values and each other as they pursue Arab business. It is difficult to imagine a policy that has been more discredited.

The editorial went on to urge Congress to "act decisively" on the boycott problem by passing legislation that will make a reality of the stated U.S. policy of discouraging compliance with the boycott by Americans.

People who realize the scope of the boycott and who see its divisive impact on the American economy know that something has to be done, and soon. The Washington Post's editorial is only one of the recent editorial comments which have appeared in highly regarded newspapers calling for strong action to counter the serious effects of the boycott on our trade, our national sovereignty and our moral values. I am greatly encouraged by this, because as the public exposure of the boycott increases, so too will the public's indignation and impatience with the "quiet diplomacy" of the administration.

The boycott is growing bigger and more dangerous every day. We can no longer afford to sit by while the administration drags its heels and refuses to face up to the problem.

I am extremely pleased to see that many of our finest newspapers and magazines are taking a tough stand on the boycott. The time for strong action is long overdue. It is the duty and responsibility of this Congress to enact laws that will effectively implement our policy of discouraging Americans from being drawn into this offensive and exclusionary boycott. I do not believe that the American people will stand for less.

Mr. President, I ask unanimous consent that "Arab Boycott Victims: Americans" be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

ARAB BOYCOTT VICTIMS: AMERICANS

The specific dimensions of the Arab boycott—in fact, a boycott of American firms that deal with or in Israel or whose officers are identified as "Zionists" or simply as Jews—are becoming known for the first time. One House subcommittee has established that in 1974–75, 637 American exporters sold at least $352 million and perhaps as much as $781 million in goods and services under boycott conditions. Another subcommittee found that in the four months running from last December, one bank alone received and executed 824 Arab letters of credit, worth $41 million, containing boycott clauses.

In one of a number of such cases, General Tire has been accused (by the SEC) of paying a $150,000 commission to get off the boycott list. Although the Justice Department has filed an antitrust suit against Bechtel Corporation for boycotting another American firm in order to fulfill a boycott requirement, Bechtel is said to be notifying subcontractors that Israeli goods or materials shipped on blacklisted vessels cannot be used in a $20 billion Saudi seaport project.

So the Arab boycott is real. It is immense, though sometimes capricious. It seems to be growing as business prospects grow.

What should be done? The administration believes its own current quiet policies suffice. Further legislation would be "counterproductive," Treasury Secretary William Simon argued the other day. But it is precisely during the last two-year period of discreet administration policy that boycott practices have spread to the point where hundreds of millions of dollars of business a year are affected and where Americans are forced to trample on their own laws and values and each other as they pursue Arab business. It is difficult to imagine a policy that has been more discredited.

The Arabs' *primary* boycott of Israel is their own affair. The need is overwhelming, however, for legislation addressing the *secondary* boycott, by which Arabs try to make American companies their instruments in boycotting Israel; and against the *tertiary* boycott, by which Arabs try to make American firms boycott other American firms that deal with Israel or that have Zionist/Jewish officers. Will the Arabs take their business elsewhere? No doubt some will. But since Arabs want American business ties not just for the goods and services but for the broad political ties that come with them, we are confident that most Arabs will decide otherwise. They are not so blind to their own self-interests as apologists for the boycott tend to claim.

The antiboycott principle has been embodied in American law for 11 years. "It is the policy of the United States," says the Export Administration Act, to "oppose" boycotts imposed against friendly countries, and to "encourage and request" American firms not to take part. What is now involved is to turn that eminently sound principle into actual practice. The State Department has had other—political—matters foremost in mind. The Treasury Department thinks first of dollars. But an increasing number of companies favor legislation that would make it illegal to participate in a practice that—even critics of the legislative approach agree—is fundamentally offensive and un-American. Federal Reserve Board Chairman Arthur Burns stated the other day that it is no longer enough merely to "encourage and request" noncompliance with boycott requests. "It is unjust," he said, "to expect some banks to suffer competitive penalties for responding affirmatively to the spirit of U.S. policy, while others profit by ignoring this policy." He urged Congress to "act decisively." It should.

SENATOR JOHN CULVER'S REMARKS BEFORE THE NATIONAL WAR COLLEGE GRADUATES

Mr. McINTYRE. Mr. President, on June 4, 1976, my very good friend, the junior Senator from Iowa, JOHN CULVER, addressed the graduating class at the National War College on the subject of national defense.

It is my pleasure to ask unanimous consent that the full text of his speech be printed in the RECORD upon the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. McINTYRE. Mr. President, Senator CULVER makes very timely and critical points which go far beyond his immediate audience and bear reading by my colleagues and by the American public. In fact, they would provide an important insight for our allies and our potential enemies into a point of view with which I am in full accord.

His remarks also constitute a challenge to our military and civilian leaders and emphasize the need for a strong defense, but a defense with discipline; a defense with less waste; and a defense which this Nation can afford.

Senator CULVER's membership on the Subcommittee for Research and Development, which it is my privilege to chair, as well as on the Committee on Armed Services insures that his philosophy and dynamic convictions will continue to make the deliberations of these bodies even more responsive to the demands of these turbulent times.

EXHIBIT 1

REMARKS OF SENATOR JOHN CULVER

It is a particular pleasure to be invited as your speaker on this occasion. I am grateful, however, that at this military graduation I am not obliged to discriminate between the first in the class and the anchor man. Presumably in mid-career you have achieved a rough equality, and by your attendance at the War College you all deserve to get an honors grade.

Ten months of intensive study of political and military affairs is, no doubt, a welcome respite from daily job pressures. But I hope and trust that you have found this sabbatical an opportunity to broaden your perspective as well as your knowledge and to break free from your preconceptions as well as from daily work routines.

There are rhythms to life which we fight at our peril. We need the counterpoint of contemplation to balance hard-driving activity. And just as a trans-Atlantic flight can upset our bodily functions for many days, we can also suffer from mental jet-lag if our ideas do not keep pace with changing realities.

In policy analysis and decision-making, we must be careful of using concepts which are no longer valid. Too many notions of the past have become merely labels on empty bottles.

The "Sino-Soviet bloc" persisted as an idea long after the rift between Moscow and Peking became openly hostile. The "free world" remains a current term, despite the absence of freedom in many of the countries presumed to be included and despite the evident conflicts among those nations over wealth and resources.

We have almost laid "isolationist" to rest, since no thinking citizen believes that America can avoid far-reaching involvement in world affairs.

One still-lingering but misleading label, however, is "hawk versus dove." The first term was a catchy phrase for those who wanted to begin the War of 1812 a few years earlier. And it was a clever metaphor for the internal debates during the Cuban missile crisis.

But what do the words mean today? Is it hawkish—or dovish—to support verifiable and effective arms control agreements which limit Soviet military capabilities? Is it hawkish—or dovish—to demand greater efficiency in defense spending and to oppose costly programs which add little if anything to our overall strength so as to have available vitally needed funds to improve current combat readiness.

If we could jettison these old labels, I believe that we would find a broad consensus among the American people on national defense.

Most critics of defense spending are committed to an adequate national defense.

Most ardent defenders of the defense budget acknowledge the need to eliminate waste in military spending.

Thus, the real question we should debate is not more spending or less spending, but sufficient spending in the key areas to deter any potential enemy and to carry out our agreed-upon foreign policy objectives.

Perhaps our greatest failing in recent years has been in the effort to spell out the linkage between foreign policy and defense force structure. After all, to say that defense must be the servant of foreign policy is simply to translate into modern terms Clausewitz's dictum that "war is the continuation of policy by other means."

This audience furnishes an ideal group to explore this linkage and translate it into effective policy. For the war college blends at a high level all of the military services, melds perspectives from both the defense and diplomatic communities, and seeks to analyze our national security and foreign policy objectives in a wide and common framework. And all of you have been professional practitioners of national security affairs.

You represent our finest professionals—with the training, skill, and pride that that status entails. Most of you are military officers, pledged to risk your lives in order to defend the rest of us.

From my own service in the Marine Corps, and from my subsequent service in the Congress, I have come to know a great many officers and civil servants. With few if any exceptions, I admire and respect their professionalism and dedication to duty.

Most comforting of all, at a time of turmoil in our own country and violence around the world, American officers have adhered steadfastly to the fundamental principle of civilian control and constitutional government.

Our history confirms the observation of that wise Frenchman, Alexis de Tocqueville, nearly a century and a half ago. "The remedy for the vices of the army is not to be found in the army itself," he wrote, "but in the country . . . teach the citizens to be educated, orderly, firm, and free and the soldiers will be disciplined and obedient."

It may seem at times that everyone—particularly in the press and in Congress—is critical of the military, and that the transgressions of a few are held against the many. As a politician in Washington today I can assure you all—I know how you must feel!

In fact, society does hold you to higher standards—just as it does elected officials—because of the trust we must place in you, the risks you must be prepared to bear, and the discipline which is essential to military success.

Perhaps our most difficult request is that you be creative and independent-minded within a structure that necessarily imposes a hierarchical system of command and control.

We hope that you will help to maintain, or create where it is lacking, a system that rewards the capacities for integrative thought which cuts across narrow specialisms and anticipates the changing context of the world environment.

Just as you will face individual decisions, so we as a Nation will have to make difficult policy choices with profound and far-reaching consequences. Let me suggest just a few of these basic issues which we will have to resolve in the next few years.

(1) What is our necessary and proper role in the world? Having renounced the role of global policeman, what are we to do? And where in the gamut of policy options does military force belong?

I believe that there is a national consensus to remain actively involved in world affairs and to retain our existing alliances with Japan and Western Europe, but also to emphasize cooperative efforts and nonmilitary means of resolving conflicts. But our national trauma over Vietnam and the current election campaign still cloud our debate and inhibit us from turning this general approach into concrete policies.

(2) Another major question is, how much is enough for defense? The answer cannot simply be a level of defense spending, as if that were some index of national will or some guarantee of insurance protection, but it must include an assessment of what we buy and what nonmilitary sacrifices have to be made.

I was most impressed by testimony given a few weeks ago to the Senate Armed Services Committee by a Dutch general, now a member of Parliament. He stressed the point that "security is more than just defense." It also depends, as I have long believed, on the economic and social health of a country and on the will of the people and their faith in political institutions.

We spoke about Italy and the forthcoming elections in which Communist party candidates are expected to do well. He pointed out that Communists are strong where there is high unemployment, corrupt or inefficient governments, and the least responsiveness to social needs. More NATO divisions will not effectively counter that threat.

The United States, which is clearly first in military power at the present time, is only fourth in per capita expenditures on education; only tenth in health expenditures; and only twentieth in overall life expectancy.

Our long-term viability and success as a Nation depends at least as much on overcoming these deficiencies as in matching every new weapon of our adversaries.

But even within the defense budget, we face hard choices as to what to buy. With 60 cents of every defense dollar going for manpower costs, less money is available for regular operations and new equipment. The old index of cost-effectiveness, dollars per weapon delivered, has driven us to build bigger and more capable platforms. Unfortunately, those systems are more costly and more vulnerable, in the sense that there are fewer targets for the enemy, each of much higher value.

Somehow we have to sort out these competing priorities, and in a more rational way than preserving the traditional slices of the budget pie for each service and each component of a service.

The Congress is far from blameless in this matter. We have a tendency to seek short-term cuts, though the usual consequence is that we reduce current operations and readiness rather than long-term programs. We often find it easier to delay programs than to make clean up-or-down decisions. And we pay more attention to the glamorous weapons than the vast sums that go for manpower or training or spare parts. And we always insist that bases in other States be closed first.

I cannot promise you that we will do better on the Hill. But I am confident that there is a new mood and new procedures under the Budget Reform Act, which make it easier for us to judge these issues in a broader context.

(3) A third difficult decision is on how to reform our defense forces for future conflicts. Can we anticipate our requirements? Can we change in time?

At the broadest strategic level, we have to reexamine our theories of deterrence in view of nuclear proliferation and the likelihood of terrorist access to nuclear materials. Which of our theories and tactics and assumptions are outmoded when Libya has the bomb and a handful of people can hold a city hostage to nuclear devastation?

Technology has always outraced our training manuals. Tanks and horse cavalry were both available to generals in World War I.

Only one survived that conflict. Battleships and aircraft carriers fought in World War II. Where are the battleships today?

The question that you face, as future planners and commanders, is, what weapons will be obsolete tomorrow? How do we avoid building to fight the last war rather than the next? This is a time of accelerated and unprecedented ohange, and with the technological revolution, our margin or error is reduced with regard to the battlefield of the future.

Technology is giving us the ability to confront the enemy at long range and with pinpoint accuracy. Precision-guided munitions, remotely piloted vehicles, terrain-comparison guidance—all of these developments can revolutionize warfare as we have known it.

I say "can revolutionize" because it is a probability and not a certainty. After all, airplanes begat air defense missiles, and even ballistic missiles have spawned countermeasures.

What is certain is that the loser of the next war will be the nation which did not explore technology sufficiently.

This does not mean that we should indiscriminately pour money into wild-eyed research programs. We should not abandon the disciplines of careful pacing, budget restraint, and cost-effectiveness.

But we can build on our existing strengths and concentrate on countering the most likely threats.

For example, I believe that the United States is in the best position to make use of technologies which require high levels of training and individual initiative.

We have intelligent soldiers; we don't have to rely on robots.

We do not need the concentrated and vulnerable command posts envisioned in some articles about future warfare. We can rely instead on decentralized operations which give small units relative freedom to take advantage of local situations.

From my preliminary analysis of these issues, as a member of the research and development subcommittee, I believe that numerous, highly accurate, and relatively inexpensive weapons will in the future prevail over smaller numbers of more capable platforms.

Already we have convincing evidence from the 1973 Middle East War that cheap anti-tank missiles can defeat top quality tanks.

It remains to be seen whether super carriers can survive or be effective in a high threat environment.

And the promise of remotely piloted vehicles makes us wonder whether it is worth the cost and risk to keep men in the cockpit.

None of these issues is settled. For the foreseeable future there will undoubtedly have to be a mix of systems, offensive and defensive, high cost and low cost, multipurpose and dedicated.

But somewhere down this road there are twists and turns and forks, and we have to be sure that we go in the right direction.

And we have to be extremely careful of taking the easy road of reaffirming current doctrine and thinking.

There are people in the academic community and on the hill as well as in the Pentagon who are grappling with these issues, searching for common ground outside of the traditional defense debate. I hope that you will join in this endeavor and apply your most creative energies.

In fact, we are all public servants, and our highest obligation should be to our Nation and our people rather than to our own careers.

Whatever we do, we have to work together. Our constitutional system requires cooperation, and our people demand it.

In the long run, we must make these hard choices on policy and then build the public support with will enable those policies to succeed.

Not only should we put Vietnam behind us, but we should also put away the suspicions and presumed hostility which have until now prevented rational debate on defense policy and a free exchange of ideas about the future.

Our strength has always been based upon our people and our system as well as on our arms. As James Madison wrote in the 41st Federalist Paper: "America united, with a handful of troops, or without a single soldier, exhibits a more forbidding posture to foreign ambition than America disunited, with a hundred thousand veterans ready for combat."

We have an opportunity to rebuild that unity and consensus, while maintaining a strong defense. Your help is essential if we are to ultimately succeed.

THE CRISIS IN LEBANON

Mr. McGOVERN. Mr. President, I ask unanimous consent that a statement which I gave today at a hearing of my Subcommittee on the Middle East be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

LEBANON: THE CIVIL WAR AND ITS INTERNATIONAL IMPLICATIONS

We convene today's hearings on Lebanon at a time when the tragic significance of the Lebanese civil war has been brought home to all of us by the brutal and outrageous murder of the American Ambassador to Lebanon, the Embassy economic counselor and their Lebanese driver.

This hearing was planned long in advance of last week's tragic occurrence but our proceedings now take on heightened significance, just as the need of peace takes on heightened urgency.

I know that I speak for the entire Foreign Relations Committee—indeed for the entire Senate—in expressing deep sympathy for the families of Ambassador Francis E. Meloy, Jr., economic counselor Robert O. Waring, and their Lebanese driver Mr. Zohair Moghrabi. Their families and their countrymen can take comfort in the knowledge that they died honorably and bravely in the service of their respective countries.

Their killers by contrast—whatever infatuations they may harbor in the heat of civil strife—are in fact no more than common criminals.

The United States has every right and every reason to expect that they will be brought to justice—not as ersatz revolutionaries but as common criminals.

Even in the anarchy of Lebanon today there are factions and groups—notably the Palestine Liberation Organization — which claim to be organized, bona fide political organizations with loyal followings and the ability to lead and discipline those followings.

I address myself particularly to the Palestinians, with whose just aspirations to a homelands of their own I have long and publicly sympathized. Now is the time—and it is a crucial test—for the appropriate group or authority in Lebanon to demonstrate its commitment to civilized standards by bringing these criminals to justice.

Lebanon has become a prime casualty of the larger conflict in the Middle East. Having striven long and hard to stay out of the line of Arab-Israeli fire, Lebanon has now been shattered as the result of a chain of events tracing back unmistakably to that larger conflict.

Whatever other factors contributed to the breakdown on the fragile Lebanese system, the major one was the destabilizing presence of the Palestinian "state within a state."

I leave it to our expert witnesses to detail, if they care to, the way in which the long Arab-Israeli stalemate, the occupation of the West Bank and Gaza, and the consequent rise of an angry Palestinian nationalism have culminated in the ruin of a country which gave the Palestinians asylum.

I note only my own strong conviction that there will be no lasting solution in Lebanon until there is also a solution to the Israeli-Palestinian conflict based on self-determination for and mutual recognition by both peoples.

Just as the Arab-Israel conflict has brought tragedy to Lebanon, it remains filled with peril for all concerned—for Israel and the Arab countries, for the United States and the Soviet Union. The longer the Lebanese civil war goes on, the greater the chance of a new general Middle East war.

It takes no great prescience to foresee a situation in which Syria and Israel—quite probably against their own wishes—are drawn into the vortex, whereupon the other Arab countries would come into the conflict and the United States and the Soviet Union would be drawn to the support of opposite sides.

We would then face the strong possibility of great power confrontation and the virtual certainty of another oil embargo—with all of the dangerous and explosive consequences to which that could lead.

Seen in this perspective—as it must be seen—the Lebanese civil war poses dangers for the entire world. It is accordingly vital that in the months—not years—ahead we move to a definitive settlement of the broader Arab-Israel conflict—a settlement based upon Israeli withdrawal from the occupied territories with perhaps some practical modifications; the establishment of a Palestinian state on the West Bank and Gaza, recognizing and recognized by Israel; demilitarized zones around all of Israel's frontiers; and solid, binding international guarantees, including an explicit American guarantee of Israel.

That is for the months ahead, but as far as Lebanon is concerned there is urgent business for the weeks and even days ahead, and that is primarily the responsibility of the Arabs.

The Arab states—especially Egypt and Syria—can no longer afford—if ever indeed they could—the luxury of feuding, undercutting each other, and settling old scores at the expense of the common good and their own best interests.

The world in general will be looking to the Arab states and parties—including Egypt, Syria and the PLO—to bring the Lebanese conflict to an early end and thereupon to do their honest best to restore Lebanon to its estate as a peaceful, democratic society.

The PLO in particular can demonstrate its credentials as a competent, worthy authority for the Palestinian people by ending its role as a disruptive state within the Lebanese state, and by focusing Palestinian aspirations where they legitimately belong—on the creation of a West Bank-Gaza state.

In a report I submitted to the Senate over a year ago after a trip to the Middle East I urged—and I urge again—that "the single, most effective decision the Palestinians can make to advance their cause is to come down from the lofty realm of 'dreams' and 'visions' and engage themselves with reality. The first reality Palestinians must recognize is that the past cannot be undone and not all claims can be satisfied."

The first essential step toward a broader settlement is the restoration of peace in Lebanon, for which the primary responsibility falls to the Arab states and parties.

Americans will be watching closely. Those Americans who have tried to support the legitimate aspirations of all of the peoples of the Middle East will be watching especially closely—with hope and apprehension.

With apologies for delaying the proceedings with so lengthy a statement, I yield the floor, first to my colleague Senator Percy if he wishes to make opening remarks, then to our distinguished panel, consisting of: Ambassador Dean Brown, President of the Middle East Institute and recently special Ambassador in Beirut; Fouad Ajami, Assistant Professor of Politics at Princeton University; Mrs. Rita Hauser, an international attorney and former United States representative to the United Nations; and Dr. Joseph J. Malone, National War College in Washington, D.C.

I would suggest that we initiate the proceedings with a brief statement by each member of the panel in turn, to be followed by a general seminar discussion among the panel members and the Subcommittee. We welcome these distinguished witnesses here today and appreciate very much their taking the time from busy schedules to join in these proceedings.

FEDERAL REGULATION OF TELECOMMUNICATIONS COMMON CARRIERS

Mr. HARTKE. Mr. President, on March 23, 1976 I introduced, at the request of many Indiana constituents, S. 3192, "The Consumer Communications Reform Act of 1976". I introduced that bill to start a full, fair and open debate on the future course of Federal regulation of telecommunications common carriers. I am pleased that the introduction of the bill has had the effect I intended. A serious, thoughtful debate has started.

I have encouraged supporters and opponents of the approach embodied in S. 3192 to come forward and express their concerns for the future of telecommunications common carrier regulation. It is apparent that there is a broad range of support for the bill among rural citizens, sectors of organized labor, local and State elected officials, and the people responsible for operating the most efficient and least expensive phone system in the world. They argue competition in telecommunications services should be sharply curtailed in the future. The specialized telecommunications common carriers, the terminal equipment and interconnect manufacturers, the domestic satellite groups and other providers and users of telecommunications services have begun to organize, and to make their voices heard in support of existing and additional economic competition in telecommunications services.

This type of debate is essential as Congress moves to reassert itself and to define the appropriate national regulatory policy for telecommunications common carrier services. Time will tell which side prevails. But the introduction of S. 3192 has started a process which cannot be turned back. Too often, Congress has simply reacted to crises after they occur. Alternatives and opportunities for corrective action in other areas of the economy often have been narrowly circumscribed by accomplished fact. This time we have a good chance of getting there first—before an irreversible regulatory policy has been locked in concrete.

The questions before the Congress are not easy ones to define or resolve. But they are too important to be ignored. We must begin now to establish the mechanism to allow us to thoughtfully, thoroughly and fairly consider the issues. The Federal Government has an obligation to pursue a sensible regulatory policy in telecommunications, one that serves the public interest in all of its facets. Basic home telephone rates are part of the measure of consumer benefit from regulation. But we cannot ignore other factors such as quality and responsiveness of service, applications of new technology, the creation of new jobs, as well as the general price level and rate of inflation. Each of those are necessary elements in the question of defining the consumer's interest. Ultimately, Congress must resolve these questions in the legislative forum of public hearings and open debate. But hearings on the complex issues embodied in telecommunications common carrier regulation can be meaningful only after appropriate committee preparations have been made.

I am working with fellow Senators on the Senate Commerce Committee to take the necessary steps to prepare for meaningful hearings. I estimate that within a few months the committee will be able, first, to complete a listing of relevant issues and detail the available information that is already a matter of public record on each issue; second, to develop a planned approach for the committee to obtain needed additional data on each issue; third, to identify issues requiring further written comment prior to public hearings; and fourth, to specify issues ready for immediate public hearings soon after the convening of the new Congress next year.

If the committee successfully maintains this time schedule, it should be ready to move into initial public hearings on the future course of telecommunications common carrier regulation shortly after the beginning of the new Congress. I am personally opposed to precipitous hearings which might have the unfortunate effect of giving false signals as to Congress' eventual intent. We must be fair to all sides. Defining the public's interest in competition in telecommunications common carrier services is a decision for the Congress. To answer that question, we must prepare ourselves carefully with an open ear to all sides. Hearings should be held as soon as they can be fair and productive.

Mr. BAKER. Mr. President, in the first century of the telephone and telegraph industries, the public interest required the development of homogeneous and relatively standardized services and rates extending nationwide through the wireline facilities of the major integrated common carriers. But, as stated by the chairman of the American Telephone and Telegraph Co. recently, that job has largely been accomplished. The second century of the telephone industry is going to be devoted to seeking out and satisfying a wide diversity of service demands made possible by enormous postwar innovation in telecommunications technology. These developments which include microwaves, satellites, computer switching, packet switching, and digital transmission have created new markets for specialized services which entrepreneurs other than the established carriers are now eagerly seeking to serve.

If this Nation is to continue to enjoy the benefits of nearly universal residential telephone service and at the same time meet the demand for specialized communications services, some broad questions of socioeconomic policy must be addressed by the Congress. Specifically, it must be determined what roles regulated monopoly and market competition will play in meeting these dual objectives. If each has a role, it is then necessary to devise the means for integrating competition and regulated monopoly in these important industries so as to avail ourselves of both the economies of scale and the salutary effects of rivalry in the marketplace.

To accomplish such an integration, we must know the impact of competition on rates for residential exchange service. This relates to the question of cross-subsidies in the structure of rates. It is clear that there are subsidies inherent in the present rate structure. In the first century of the industry, rates were established to reflect the differences in demand for services rather than the difference in cost, thus, a complicated and little understood system of subsidies was created. However, what is now at issue is the magnitude of the subsidies, the identity of the benefactors—that is, the direction of the subsidies, and whether such transfers are in the public interest.

But the present cost allocation and cost accounting practices make it difficult to verify, except in the most broad and arbitrary terms, the classes and users between which subsidies flow. Users of widely different services are often described as a single class, while most users generally appear in different classes at the same time. For example, residential subscribers range from the most affluent to the poorest, and business subscribers run the gamut from the giant corporations to the corner grocery store. A comprehensive investigation to determine the dimensions of these terms must be undertaken.

Moreover, even if in fact the public interest is served by subsidizing particular uses and classes of users, it is still necessary to determine the means by which these income transfers should be brought about. This is a question of national policy that only the Congress can answer.

The ramifications of our answers to these issues are, of course, enormous. On one hand, if we allow the established carriers with their multiservice capacity to respond in an unrestrained fashion to new entry in selective markets, they may easily draw on earnings from monopoly services to subsidize unfairly their provision of competitive services. But, on the other hand, if restraints are imposed that effectively prohibit the carriers from entering competitive markets, then existing plants and facilities may be condemned to less than fully productive uses; thus, the American people would forego the benefits of existing technical capabilities of the established carriers.

There are also alleged to be subsidies inherent in the nationwide telephone rate structure which average higher cost rural telephone service with lower cost urban service. The validity of such allegations must ultimately turn on specific identification of who these telephone users are. The rural user may be a farmer, a seasonal resort fancier or a major corporate enterprise. At the same time, the urban user may be an unemployed laborer, a middle-class American or a successful businessman. The point is that we must more carefully identify this American telephone user before we can make any assumptions regarding large scale subsidies.

In any event, the value judgments which must necessarily be made in sanctioning such cross-subsidies among large sectors of the American people requires a determination of national policy that is properly one for the Congress.

Such are the issues presented by S. 3192, the Consumer Communications Reform Act of 1976, introduced by Senator HARTKE and referred to the Committee on Commerce. I believe they are issues which the Congress must address, but if it is to approach them intelligently, in my judgment, we must undertake an indepth study of the following questions: First, what principles should govern the efficient and administratively feasible allocation of common costs so that, as nearly as possible, the proper cost of providing any given telephone service may be determined; second, utilizing the principles that should govern such allocations of common costs, what is the pattern of cross-subsidies ingrained in the present telephone rate structure; in particular, who are the system users who bear the costs and who are the system users who receive the benefits; third, what social and economic objectives are being served by the distribution of costs and benefits as they are actually effected by rate structure; are those objectives in the public interest and would they be damaged by allowing competition and selective market entry into product and service lines where the margin between rates and cost is largest; fourth, whether allowing competition in certain product and service lines fosters unnecessary duplicative facilities and investment which results in higher communications cost to the American telephone user; and fifth, to the extent that cross-subsidy is in the public interest, is perpetuation of the present telephone rate structure the best method for our society to realize them, or are there more desirable ways to accomplish them?

In performing such a study, we must be cognizant of efforts currently underway by others, including the telephone industry, the Office of Telecommunications Policy, the National Association of Regulatory Utility Commissioners, and the FCC. There is a wealth of information being developed by these bodies that should be of assistance to the Congress in arriving at its ultimate determinations of national telecommunications policy.

Therefore, on April 9, 1976, I recommended to the chairman of the Commerce Committee, WARREN G. MAGNUSON, and the ranking minority Member, JAMES B. PEARSON, that the committee either propose enabling legislation creating a national commission similar to the Water Quality Commission to supply missing analysis, or that the committee itself undertake a study which would employ an independent contractor to report to the committee.

Mr. President, I support the recommendation of the Senator from Indiana (Mr. HARTKE), that the Senate Commerce Committee: First, conduct a preliminary analysis of relevant issues and review the available information on those issues; second, determine the appropriate means to obtain additional data; third, identify those issues that might be developed through written comments; and fourth, specify issues which would properly be the subject of public hearings in the next session of Congress without further study.

In taking this action, the committee and the Senate will assure the industry and the American people that we are going to give this matter our most careful attention and that in doing so, we are going to be as prompt and efficient as compilation of the information will permit in arriving at our conclusions.

MEALS-ON-WHEELS ACT

Mr. PERCY. Mr. President, as ranking Republican member of the Senate Select Committee on Nutrition and Human Needs, I join the distinguished Senator from South Dakota, the chairman of our committee, in introducing legislation to provide meals for the homebound elderly.

My interest in improving nutrition services for the elderly dates back to 1971. At that time, 22 cities throughout the country were participating in research and demonstration projects offering to the elderly nutritious meals and nutrition education in communal settings. Despite the program's great success, it faced almost certain termination as no provision for funding had been made beyond 1971. To keep this highly successful program alive I offered an amendment to extend the appropriations at a cost of $1.7 million for another year until permanent legislation could be instituted. As a result of this effort, the administration made this available. A year later, the Congress passed legislation providing daily hot meals to the Nation's elderly. Today, it seems ironic that so much effort had to be expended then in order to assure $1.7 million to provide roughly 800 meals a week when we are now so willing to provide 400,000 meals a day at a level of approximately $200 million. Unquestionably, the Nutrition Program for the Elderly enjoys widespread support.

Although I recognize the positive role that title VII plays in providing meals to the elderly in a congregate setting, I also realize that there are many who cannot partake in the program because they are homebound. These elderly suffer from a higher degree of malnutrition than those who are mobile. Some cannot adequately afford to eat nutritious meals. Some lack the skills to select and prepare an adequate and balanced diet. Others live in rural or isolated areas and are unable to commute to the congregate facilities. It is these elderly citizens who because of additional hardships need additional help.

The legislation introduced on June 18 is a step in that direction. As a supplement to the already existing elderly nutrition program, this legislation would provide additional funds specifically for home-delivered meals. Good nutrition will play a positive role in the prevention of disease and disability. Compared to the amount of Federal funds needed to provide institutional care for the elderly this expenditure is miniscule.

I am pleased to be a cosponsor of this legislation for it is another step in providing an adequate diet to every American.

NRC'S HISTORIC OPINION AND DISSENT ON NUCLEAR EXPORT POLICY

Mr. RIBICOFF. Mr. President, the Nuclear Regulatory Commission made history of a sort today by issuing the first written opinion and dissent on a nuclear-export license application since the atoms for peace program began in the mid-1950's.

The issue at hand was the proposed export of the major components of a nuclear powerplant to Spain, a nation that has refused to ratify the Nuclear Non-Proliferation Treaty. The Commission voted 3 to 1 to proceed with the export over the objections raised by the lone dissenter, Commissioner Victor Gilinsky. The key issue raised by Commissioner Gilinsky was the adequacy of the safeguards of the International Atomic Energy Agency to detect surreptitious removal of plutonium after the plutonium is separated from the spent fuel of a power reactor. In this form, the plutonium is readily suitable for fashioning into a weapon or other nuclear explosive device.

The existence of a dissenting voice on the Nuclear Regulatory Commission indicates an important departure in the licensing of nuclear exports. The spread of the capability to develop nuclear weapons has become a matter of growing public and congressional concern, following India's nuclear explosion of 1974 and the recent decisions by France and West Germany to export nuclear fuel facilities to developing nations which, like India, have refused to ratify the NPT.

Rather than attempt to analyze the majority and dissenting opinions of the NRC in this particular export licensing proceeding, I prefer simply to offer the texts of the two opinions for inclusion in the RECORD. These opinions, I believe, speak for themselves, and represent one of the most articulate dialogues to date on the complex and worrisome problem of nuclear proliferation. The arguments are cogent and well stated. They isolate the most vulnerable point in the nuclear fuel cycle—namely, the reprocessing of plutonium from the spent fuel of a nuclear powerplant. Ultimately, the American people, and all concerned citizens of this planet, will have to decide whether the safeguards system of the IAEA—or any safeguards system—can adequately protect against the potential for atomic-bomb production that exists within the core of every nuclear powerplant. The ultimate question, therefore, is whether plutonium is too dangerous to permit the reprocessing of it on a commercial basis.

Mr. President, I ask unanimous consent that the majority and dissenting opinions of the NRC be printed in the RECORD.

There being no objection, the opinions were ordered to be printed in the RECORD, as follows:

[U.S. Nuclear Regulatory Commission, Washington, D.C., License No. XR-99 (Docket No. 50-474)]

DECISION: OPINION OF CHAIRMAN ROWDEN AND COMMISSIONERS MASON AND KENNEDY

(In the Matter of the Application of Westinghouse Electric Corporation for the Export of Pressurized Water Reactor to Asociacion Nuclear ASCO II, Barcelona, Spain)

BACKGROUND

On January 25, 1974, the Westinghouse Electric Corporation filed an application requesting a license to authorize export to Spain of major components of an nuclear steam supply system to form part of 2696 MWT, 930 MWE gross, pressurized water reactor.[1]

The reactor is to be exported to Asociacion Nuclear ASCO II, Puerta de Santa Madrona 12, Barcelona, Spain, for construction of its ASCO nuclear power unit II, located on the same site as ASCO I, on the Ebro River, about 60 kilometers west of Barcelona. Since 1965, the United States has licensed the export of eight power reactors to Spain, pursuant to a cooperation program for the civil uses of Atomic Energy.[2]

In accordance with the Commission's regulations (10 CFR § 2.787.A), a *Federal Register* notice of the consideration of issuance of the facility export license was published on April 15, 1974 (Vol. 39, no. 73, page 13575). The Commission received no request for a hearing or petition to intervene in this matter.[3]

The application was referred to the Department of State on May 29, 1975, to obtain the views of the Executive Branch with regard to issuance of the export license, in accordance with the procedures now set out in Executive Order 11902. The State Department replied on August 21, 1975, providing their analysis of the license application and their conclusion that the proposed export would take place pursuant to the Agreement for Cooperation Between the U.S. and Spain, signed at Washington, D.C., March 20, 1974 (T.I.A.S. 7841), and that it would not be inimical to the common defense and security of the United States. We also note the existence of a trilateral Agreement Between the International Atomic Energy Agency, the Government of Spain and the Government of the United States for the Application of Safeguards, signed at Vienna on December 9, 1966 (T.I.A.S. 6182) and an Agreement amending the 1966 trilateral Agreement signed at Vienna on June 28, 1974 (T.I.A.S. 7856).

On September 23, 1975, in accordance with the Commission's internal procedures for consideration of facility export licenses, the NRC staff forwarded the docket of this case to the Commission with its recommendation that the license application be approved.

In addition to the license application, the *Federal Register* notice and the State Department analysis, the docket includes materials related to a lawsuit filed against the Atomic Energy Commission and other federal government agencies on October 4, 1973. This legal action, entitled *Sierra Club, et al* v. *United States Atomic Energy Commission* (U.S.D.C., D.C., Civil Action No. 1867-73), involved application of the National Environmental Policy Act of 1969, 83 Stat. 852, 42 U.S.C. §§ 4321 *et seq.* (NEPA), to the United States nuclear export process. The materials include: a letter dated December 24, 1974, from the Office of General Counsel, United States Atomic Energy Commission, informing Messrs. Eldon V. C. Greenberg and Robert Hallman of the Center for Law and Social Policy, counsels for the plaintiffs in the *Sierra Club* case, that no additional export licenses for nuclear power generation systems would be issued in the period during which the interim environmental impact statement on the nuclear power export program was being prepared;[4] and a Stipulation filed by the parties to the above suit in the U.S. District Court for the District of Columbia on December 9, 1974, agreeing that the Energy Research and Development Administration would issue the final interim Environmental Impact Statement on or before September 26, 1975.

The docket also contains a letter from the Spanish Embassy in Washington, dated June 10, 1975, stating that the export will be subject to the conditions of the Agreement for Cooperation between the United States and Spain.

The NRC staff's analysis regarding the proposed export indicated that the reactor components in the application for the proposed license would be subject to the Agreement for Cooperation with Spain and that the proposed export would not be inimical to the common defense and security of the United States.

As a result of additional questions we posed to the Executive Branch in December of last year, additional documentation was added to the record of the Commission's review of the proposed ASCO II export. Thus, the public files of this proceeding include a letter of December 12, 1975, from Acting Assistant Secretary Myron B. Kratzer of the State Department to Mr. Benjamin Huberman of the Commission staff describing past Spanish reprocessing of U.S.-supplied fuel in the United Kingdom (certain statements in this letter were subsequently revised in a letter dated March 3, 1976, from Mr. Dixon Hoyle of the State Department to Mr. Wayne Kerr of the NRC staff); a letter from Mr. Kratzer to Mr. Huberman of December 18, 1975, discussing U.S. policy regarding adherence to the NPT by countries receiving U.S. nucelar exports; Mr. Hoyle's letter of March 3, 1976, transmitting additional information requested by the NRC with regard to the Agreement for Cooperation with Spain and U.S. Rights to control the separation of plutonium from U.S.-supplied fuel; and a letter of April 22, 1976, from Mr. Hoyle to Mr. Huberman responding to a question on the extent to which the Spanish ASCO II reactor will be fueled with U.S.-supplied, low-enriched uranium over the anticipated life of the reactor. The information contained in this correspondence will be discussed in connection with our treatment of the statutory prohibition against the export of nuclear facilities which would be inimical to the common defense and security of the United States. *See*, pp. 11-33, *infra*.[5]

In addition to the foregoing written record, the Commission has received classified briefings and classified written submittals from the Department of State and has had numerous discussions with its staff and among the Commissioners.

COMMISSION DETERMINATION

The applicable provisions of federal statutory law which govern our consideration of this export license application are as follows:

Atomic Energy Act of 1954, Public Law 82-73, 68 Stat. 919:

Section 101, 42 U.S.C. 2131 which prohibits the export of utilization or production facilities, except under and in accordance with, a license issued by the Commission pursuant to applicable sections of the Act;

Section 11(g), 42 U.S.C. 2014(g), which defines "common defense and security" to mean the common defense and security of the United States;

Section 11(cc), 42 U.S.C. 2014(cc), which defines a "utilization facility";

Section 103, 42 U.S.C. 2133, which authorizes the Commission to issue licenses for production and utilization facilities, and requires that any license for the export of production or utilization facilities must be under the terms of an agreement for cooperation; and

Section 123, 42 U.S.C. 2153, which delineates how agreements for cooperation are to be entered into and applied including the requirement that such agreements include guaranties by the cooperating party that security safeguards and standards will be maintained and that material provided by the U.S. will not be transferred beyond the cooperating party's jurisdiction without United States' agreement or used for any military purpose.

Energy Reorganization Act of 1974, Public Law 93-438, 88 Stat. 1233:

Section 201(f), 42 U.S.C. 5841(f), which transferred to the Nuclear Regulatory Commission ". . . all the licensing and related regulatory functions of the Atomic Energy Commission. . . ."

The section of the Atomic Energy Act which specifies the criteria we must apply in the licensing of a utilization facility, such as the Westinghouse reactor in the present matter, is Section 103(d) which states:

"No license under this section may be given to any person for activities which are not under or within the jurisdiction of the United States, except for the export of production or utilization facilities under terms of an agreement for cooperation arranged pursuant to section 123, or except under the provisions of section 109. No license may be issued to an alien or any corporation or other

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Footnotes at end of article.

entity if the Commission knows or has reason to believe it is owned, controlled or dominated by an alien, a foreign corporation, or a foreign government. In any event, no license may be issued to any person within the United States if, in the opinion of the Commission, the issuance of a license to such person would be inimical to the common defense and security or to the health and safety of the public."

Thus, under the statute there are four separate factors which the Commission must consider in the instant matter: (1) whether an agreement for cooperation would apply; (2) whether the applicant is a foreign or alien corporation; (3) whether the export would be inimical to the common defense and security of the United States; and (4) whether the export would be inimical to the health and safety of the American public. We will treat these factors, *ad seriatim*.

(1) *Agreement for cooperation*

The record reflects that the proposed export would be undertaken under the terms and conditions of the Agreement for Cooperation between the Governments of Spain and the United States for the civil uses of nuclear energy. Initially, the plain language of the Agreement makes this result clear. Under the terms of Section 123 of the Atomic Energy Act, the Agreement was approved by the President after his making of a determination in writing that "the proposed agreement will promote and will not constitute an unreasonable risk to the common defense and security."

The Agreement also received Congressional review through the procedure of submitting the instrument to the Joint Committee on Atomic Energy for the 30-day statutory period then applicable to such civil uses Agreements. *See*, Section 123(c) of the Atomic Energy Act of 1954. Under Article XV of the Agreement, it entered into force for the parties on June 28, 1974, and remains in force for a period of forty years.

Article I(6) defines "equipment and devices" to mean "any instrument, apparatus, or facility, and include[s] any facility, except an atomic weapon, capable of making use of or producing special nuclear material, and component parts thereof." Article III (1) reflects that information may be exchanged on "[d]evelopment, design, construction, operation, and use of . . . power reactors. . . ." The Agreement's definition section provides, in Article I(8) that a reactor "means an apparatus, other than an atomic weapon, in which a self-supporting fission chain reaction is maintained by utilizing uranium [etc.]." As described in license application No. XR-99, the ASCO II reactor would fall within the scope of these definitions. Article VI(A) is also applicable here. It states:

"With respect to the application of atomic energy to peaceful uses, it is understood that arrangements may be made between either Party or authorized persons under its jurisdiction . . . for the transfer of equipment and devices and materials other than special nuclear material and for the performance of services with respect thereto."

The proposed ASCO II export by Westinghouse Electric Corporation, a corporate person under the jurisdiction of the United States, would be covered by this provision.

Furthermore, a letter from Sr. Jose M. Sierra, Counselor for Economic Affairs of the Embassy of Spain in Washington dated June 10, 1975, makes clear the Spanish Government's understanding that the ASCO II reactor falls within the ambit of the Agreement. The analyses of the Department of State and the NRC staff also reflect this fact. Therefore, the initial factor required by Section 103(d) of the Atomic Energy Act is established in the instant matter.

(2) *Corporate status*

The license application in the present case reflects the fact that the licensee for the export of ASCO II facility would be the Westinghouse Electric Corporation, whose address is listed as 5-400 Penn Center, P.O. Box 1918, Pittsburgh, Pennsylvania. The Commission takes notice of the fact, through numerous other proceedings, that the Westinghouse Electric Corporation is a company chartered in the United States, with corporate headquarters in this country, and doing business in the United States. The Commission is aware of no information which would lead it to believe that Westinghouse is owned, controlled, or dominated by an alien, a foreign corporation or a foreign government.

(3) *Common defense and security*

Under Section 103 of the Atomic Energy Act, no export license for a production or utilization facility may be granted if this Commission is of the opinion that such an export would be "inimical to the common defense and security." Under Section 11(g) of that Act, the term "common defense and security" means the "common defense and security of the United States." In the judgment of the Department of State (reflecting its own view, and that of other concerned Executive Branch agencies) and the NRC staff, the export of the ASCO II facility to Spain would not be inimical to this nation's security interests. Our own analysis leads us to agree with that assessment; and we affirmatively find that the export would not be inimical to the common defense and security of this nation.

Because this export license decision constitutes the first published discussion of how we apply the "common defense and security" criterion, it may be useful to discuss in some depth the factors we have considered in arriving at our determination of non-inimicality in this matter. We would wish to make it clear that our discussion does not preclude the future adoption of different or additional criteria. In this regard we would mention that, since January of this year, the NRC staff has been engaged in a comprehensive study of our export licensing process. One of the specific purposes of that study is to determine whether changes in the criteria we employ in making our export determinations may be warranted.

The Commission regularly poses a series of eight basic questions to the Executive Branch (through the Department of State) when reviewing an export license application. *See, Export Licensing Procedures*, Nuclear Regulatory Commission, January 1976. Under Executive Order 11902, 41 *Fed. Reg.* 4877 (February 2, 1976), the procedures for receiving Executive Branch views have been formalized, with the State Department designated to collect, synthesize and forward those views to the Commission. Although these eight questions, in and of themselves, do not constitute exclusive, formal decision criteria, they do provide guidance on what matters we believe are most important in reaching our common defense and security determination. One of the questions posed (number 2) bears upon the separate question of whether the export would be governed by an Agreement for Cooperation. Also, as will be discussed later, questions four (on accounting and inspection procedures to be employed where IAEA safeguards are not applied) and five (on physical security arrangements for exports of strategic nuclear materials) are not immediately relevant to the ASCO II matter. The other questions bear directly on security issues, and we shall review them in the order they are posed to the Executive Branch.

The first question asks for information concerning the purpose of the export. In this case, the ASCO II facility will provide electric power for four Spanish utilities serving the immediate area of Barcelona. This type of civilian use of nuclear power is not inimical to the common defense and security of the United States, and is consistent with formal undertakings by the Government of the United States in *Treaty on the Non-Proliferation of Nuclear Weapons* (NPT) done at Washington, London and Moscow on July 1, 1968, 21 U.S.T. 483, T.I.A.S. 6839. The United States is committed to peaceful nuclear cooperation by its membership in the International Atomic Energy Agency. Article II of the Statute of that organization announces the objectives of seeking "to accelerate and enlarge the contribution of atomic energy to peace, health and prosperity throughout the world." Although, as an independent regulatory body, this Commission must eschew developmental and promotional concerns in the field of nuclear energy, it is obliged to take notice of the fact that this nation has committed itself to assisting other nations in the peaceful uses of nuclear energy through multilateral commitments (such as the Statute of the IAEA), as well as bilateral arrangements with some thirty nations. *See, United States Agreements for Cooperation in Atomic Energy*, Congressional Research Service, prepared for the Senate Government Operations Committee, 94th Cong., 2nd. Sess. (January 1976), pp. 55-56. *See also*, Atomic Energy Act of 1954, Section 3. Therefore, civilian activities such as construction of reactors using low-enriched fuel to provide electrical power, do not, in themselves, raise questions of inimitability with the common defense and security of the United States. Inimitability must arise, if at all, from other circumstances surrounding such activities.

As stated earlier, question 2 deals with the Agreement for Cooperation, which is the underlying international understanding upon which this export is based.

Question 3 concerns whether a recipient country has accepted and implemented safeguards under the International Atomic Energy Agency, or bilaterally with the United States. Here, the record reflects the existence of a trilateral safeguards agreement between the United States, Spain and the IAEA, under which the IAEA administers safeguards provisions which otherwise would be administered by the United States. As the Department of State analysis indicates, however, the presence of the trilateral agreement does not affect the provision in the U.S./Spain Agreement which guarantees that material generated in U.S.-supplied equipment, whatever its source, will be subject only to peaceful use; or the provision that any retransfer of U.S.-supplied equipment or devices may be made only with U.S. approval; or the provision reserving to the U.S. a right of prior safeguards approval for any future reprocessing of U.S.-supplied fuel. (*See*, Section 1(E) of the 1974 Agreement amending the 1966 IAEA/U.S./Spain trilateral Agreement.) As Article XII of the Agreement for Cooperation provides, moreover, U.S. bilateral safeguards are suspended only during the period that the United States Government agrees that other safeguards being applied are adequate.

The applicability of bilateral or IAEA safeguards to a nuclear export assures that the peaceful use assurances of the Spanish Government can be technically verified, and is therefore of crucial importance in reaching a decision on whether issuance of a license might contravene the common defense and security. The applicability of such safeguards in the instant matter and the means for their continuing improvement are factors giving substantiial support to our decision.

Article XI of the bilateral requires, among other things, that safeguards apply to any fuel which may be used in a U.S.-supplied reactor and to any plutonium produced through the use of a U.S.-supplied reactor. Safeguards pursuant to this requirement of Article XI would be applied in Spain by the International Atomic Energy Agency (IAEA), regardless of the origin of the fuel, in the manner provided for by the trilateral safeguards agreement among the United States, Spain and the IAEA. In addition to requiring safeguards within Spain on any fuel used in or plutonium produced through the use of a U.S.-supplied reactor, Section 14 of the trilateral agreement requires that both countries jointly notify the IAEA, among other things, of the transfer of special nuclear material used in or produced through the use of a U.S.-supplied reactor.

That section further provides that such materials may be transferred only if "(a) [a]rrangements have been made by the Agency to safeguard such materials, equipment or facilities; or (b) [t]he materials, equipment or facilities will be subject to safeguards other than those of the Agency, but generally consistent with such safeguards and accepted by the Agency." Thus, the use of non-U.S. fuel as well as U.S.-supplied fuel in U.S.-supplied reactors will be accompanied by the application of international safeguards to that fuel and to any special nuclear material produced from the irradiation of that fuel.

The fourth question ordinarily posed asks about the adequacy of accounting and inspection procedures in circumstances where IAEA safeguards are not applied. This question is not relevant to this license application because IAEA safeguards are applicable.

The fifth question asks what physical security arrangements are to be applied when significant quantities of strategic nuclear material (plutonium or highly enriched uranium) are exported. Since the present license does not concern the transfer of such material, an evaluation of physical security arrangements at ASCO II is not relevant in this context.

The sixth question refers to the position of the recipient country with regard to the non-proliferation of nuclear weapons. This factor is also important to our evaluation of common defense and security matters. One of the indicia of a nation's intent to refrain from embarking on a nuclear weapons program is adherence to the *Treaty on the Non-Proliferation of Nuclear Weapons*. Spain is not a signatory to that instrument. However, no provision of the NPT obliges the United Sttaes to confine its nuclear exports to NPT adherents.[6] It has been the consistent policy of the United States Government, which this Commission actively supports, to promote adherence to the NPT, and the Government of Spain is fully aware of our interest in this regard. Indeed, we note that some of the concerns about granting the present export license application expressed in Commissioner Gilinsky's dissenting statement would have been reduced by Spanish adherence to the NPT. There are, however, other ways in which a nation can indicate its "peaceful use" intentions.

In the present case, Article X of the U.S./Spain Agreement for Cooperation evidences that the Spanish Government has forsworn development of atomic weapons with respect to U.S.-supplied technology and material, and non-U.S. supplied material irradiated in the ASCO II reactor. Also of significance is the statement in the State Department's formal analysis of question 6 that "there is no indication that its (Spain's) failure to adhere (to the NPT) is based on any desire to develop a nuclear weapons capability."

Question 7 asks about understandings between a recipient country and the United States "with respect to the use of U.S.-supplied material or equipment to acquire or develop nuclear explosive devices for any purpose, and as to the recipient country's policies and actions as to such development using equipment and material from any source." Because of certain provisions of the Agreement for Cooperation between Spain and the United States, we have given particular scrutiny to the issue raised by this question. Article VIII(C) of the Agreement provides:

"When any special nuclear material received from the United States of America pursuant to this Agreement or the superseded Agreement requires reprocessing, or any irradiated fuel elements containing fuel material received from the United States of America pursuant to this Agreement or the superseded Agreement are to be removed from a reactor and are to be altered in form or content, such reprocessing or alteration shall be performed in facilities acceptable to both parties upon a joint determination that the provisions of Article XI [on safeguards] may be effectively applied."

By its terms, this language from the Agreement covers only U.S.-supplied fuel. Therefore, the question arises whether the ASCO II reactor might be operated on non-U.S. fuel, which—when irradiated—would create the potential for a stockpile of material which could be reprocessed into weapons material without adequate safeguards guarantees under either the United States bilateral Agreement or the trilateral Agreement with the IAEA. In his dissent, Commissioner Gilinsky takes the position that "[t]he uncertainties surrounding the origin of the fuel to be used in the reactor and, consequently, the adequacy of the safeguards which will be applied to the reprocessing of such fuel, when considered against the background of Spain's failure to join the NPT—or, lacking that, to bring all its nuclear activities under international safeguards—preclude the required finding that the proposed export would not be inimical to the common defense and security." He therefore concludes that "the ASCO II license should not be approved in its present form." We cannot agree.

In our judgment, the total safeguards framework, including the mechanisms for continuing improvement, provide an adequate basis for our determination.

The peaceful use guarantee which Spain has given for all nuclear materials which may be irradiated in U.S.-supplied facilities, such as ASCO II, includes fuel obtained from non-U.S. sources. The applicable provision of the U.S./Spain bilateral agreement here is Article X(2) which permits "(n)o material, including equipment and devices, transferred to the Government of Spain . . . and no special nuclear material produced through the use of such material, equipment and devices, . . . [to] be used for atomic weapons, or for research or development of atomic weapons, or for any other military purpose."

Also, in its response to question 7, the Executive Branch states that "[t]he Government of Spain clearly understands that its undertakings under both the bilateral and trilateral agreements with regard to peaceful uses only precludes the use of U.S.-supplied materials, equipment or devices or devices or special nuclear material generated therefrom in the development of nuclear explosive devices, including so-called 'peaceful nuclear explosives.'" Also relevant in this regard is the "civil purpose" assurance in Article XI(A) of the bilateral agreement; and the undertaking in Section 2 of the trilateral that "Spain . . . will not use in such a way as to further any military purpose any material, equipment or facility while it is listed in the Inventory for Spain."[7]

In light of the above discussion regarding the peaceful use assurances given by the Government of Spain and considering that international safeguards will apply to the use and reprocessing of all fuel used in the ASCO II reactor, we do not perceive that any substantive basis exists for believing that non-U.S.-supplied fuel would be used in the ASCO II reactor and then reprocessed under conditions that would permit its use for weapons purposes, thereby threatening United States security interests. The Executive Branch statement as to the understanding of the Spanish Government is supported by the evidence. Problems with reprocessing of non-U.S.-supplied material would not arise unless Spain were deliberately to determine to breach its undertaking, with all the consequences which would flow from that act. Additional confidence that Spain will continue to abide by this understanding is, of course, provided by the safeguards rights under the bilateral and trilateral agreements. Any fuel used in the ASCO II reactor, from whatever derivation, is automatically subject to IAEA safeguards.

Also, the presence of a fixed-commitment fuel supply contract between the Spanish Government Agency ENUSA and the U.S. Energy Research and Development Administration[8] makes it likely that much of the fuel used in the ASCO II reactor will be supplied by the United States and, as such, subject to U.S. safeguards rights under the Agreement for Cooperation, should reprocessing be proposed.

Any nation, like Spain, which has placed substantial reliance on nuclear technology transferred from the United States and other nations to supply its most basic energy needs, has strong practical reasons for abiding by its understandings with nations which continue to supply these basic needs, particularly in an area of policy having such fundamental importance to those nations as nuclear non-proliferation. The major role of energy imports in the Spanish economy is alluded to in the following language from the Executive Branch analysis under question 8 relating to special factors bearing on the issuance of the license:

"Spain is heavily dependent on energy imports and, as an industrialized nation, has adopted the policy that further expansions in its electrical generating capability will be almost exclusive through the use of nuclear power."

Commissioner Gilinsky, in his dissenting opinion in this matter, advocates different means of achieving the non-proliferation goals shared by all the Commissioners. He states the desirability of the U.S. having reprocessing review and approval rights covering not only U.S.-supplied fuel but also non-U.S.-supplied fuel and acknowledges that the latter right is not accorded by the U.S./Spain Agreement—in contrast to certain other proposed Agreements now in the negotiation process. To achieve the same result as respects Spain, despite the provisions of the Agreement with the United States, it is suggested that the Commission withhold approval of this license until the United States Government has obtained assurances from the Government of Spain that only U.S.-supplied fuel will be used in the ASCO II facilities.

While it is desirable, from the standpoint of U.S. non-proliferation interests, to exercise the most stringent safeguards controls possible over fuel reprocessing, we find the considerable safeguards framework of the existing agreement an adequate basis for the subject export.

With respect to U.S. fuel provided to Spain, U.S. rights would apply regardless of whether the fuel were used in ASCO II, in some other U.S.-supplied reactor, or in a reactor not of U.S. origin. The use of non-U.S. fuel in ASCO II, on the other hand, would take place in the context of an international safeguards regime. Spanish obligations under Article XI of the Agreement for Cooperation would assure that the use of non-U.S. fuel in ASCO II would trigger the application of

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continuing IAEA safeguards to that fuel, and to any plutonium produced from the irradiation of that fuel in the reactor. Finally, before such fuel was reprocessed, an IAEA determination would have to be made that the reprocessing facility and the subsequent storage or use of the recovered plutonium would take place under conditions permitting adequate safeguards against diversion. The right of the United States (or, in the case of non-U.S. fuel, of the IAEA) to determine that adequate safeguards can be applied to plutonium reprocessing *before* it occurs provides a mechanism to protect U.S. national security interests in this area.

At this juncture, it is impossible to specify the details of such a safeguards determination, whether made by the U.S. or by the IAEA, and it is premature to judge in advance—as our colleague attempts to do—that the IAEA safeguards framework will be inadequate to make a sound determination. The safeguards determinations contemplated in the U.S./Spanish Agreement for Cooperation and the U.S./IAEA/Spain trilateral safeguards Agreement and the IAEA Statute are not abstract policy determinations. They are concrete assessments based on a specific reprocessing technology as employed at a specific facility. Such assessments would involve a detailed analysis of material flow and of diversion possibilities in the specific facility, based on the details of technology, records keeping, physical security and management practices in the reprocessing plant and in the facilities where extracted plutonium would be stored or used. On the basis of such an analysis, the party making the determination would evaluate the inspection manpower requirments, and inspection frequency (continuous, if necessary) the records audit, and other measures, perhaps of a different character, required to provide adequate safeguards against diversion.

The U.S. or the IAEA, as the case may be, would retain the authority to disapprove reprocessing of fuel from ASCO II until acceptable safeguards measures were devised and to condition reprocessing on acceptance of such measures. We specifically note, in this regard, the IAEA's obligation to approve reprocessing only when measures are adequate to assure that "it will not further any military purpose." IAEA Statute Article II.

These rights would apply generally to both the U.S. and the IAEA, although the authorizing language in the IAEA Statute is somewhat different from that contained in the bilateral Agreement between the United States and Spain. In the case of Spain, no such determination lies before the U.S. Government or the IAEA at this time.

The United States has adopted a policy of seeking the application of stringent safeguards measures for the reprocessing and storage of plutonium. This policy recognizes that the presence of reprocessing and storage of plutonium raises special problems of timely detection and uninterrupted monitoring which stringent safeguards measures must address. In the IAEA context, INFCIRC 66/Rev. 2 establishes a framework for applying IAEA safeguards consistent with U.S. policy in this area. At such time as the IAEA may be called upon to make a safeguards determination in Spain, the means exist for making that decision responsibly and in harmony with U.S. policy objectives. Thus, there is no inconsistency between those provisions of the Agreement for Cooperation which acknowledge IAEA's role in safeguarding the reprocessing of U.S. fuel and the U.S. policy of taking special precautions in applying such safeguards.

We note in this regard, as our dissenting colleague recognizes, that serious and intensive study of these problems and of appropriate measures to deal with them is underway both by the United States Government and within the IAEA. These include technical improvements in monitoring techniques, as well as measures that go beyond traditional auditing and inspection procedures, such as multinational fuel reprocessing centers. The majority is keenly aware that the need to improve the nuclear safeguards will continue, on both the international and domestic level. We are also keenly aware that the IAEA is a principal mechanism for pursuing U.S. goals with respect to international safeguards and non-proliferation. The U.S., as an active member of IAEA, is in a position to participate fully in the Agency's activities, such as its current work on the prospects of safeguarding reprocessing facilities in a multi-national context. The NRC, working with other U.S. Government agencies, can and fully intends to make its influence felt within the IAEA framework in support of safeguards adequacy and the continuing control evaluations necessary to assure this.

Contrary to our colleague's view (*See, Dissent* at p. 25), the broad membership of nation-states in the IAEA enhances the value of that organization as a vehicle for advancing U.S. safeguards objectives by offering a forum for their international acceptability and application without which safeguards measures cannot be effective. The United States Government's experience with IAEA safeguards is long and favorable. Considering this experience and the IAEA's serious, intensive and continuing study of the special problems of safeguarding reprocessing facilities, we see no basis for concluding that IAEA will do an inadequate job of making its required safeguards determination, should the occasion for such a determination arise, or that the Agency would inadequately apply or enforce the safeguards developed in connection with that determination. The mere fact that such an IAEA safeguards determination might not be identical to a U.S. determination does not give cause to believe that any difference would pose an unacceptable risk to our national security sufficient to justify denial of the ASCO II license. Thus, the mechanisms of improving IAEA safeguards, coupled with the Agency's responsibility to approve reprocessing only when measures are adequate to assure that "it will not further any military purpose," provide a framework to assure that any reprocessing of non-U.S. fuel from the ASCO II reactor will take place under conditions consistent with the common defense and security of the United States.

Moreover, we cannot ignore the fact that other supplier nations, whose policies on nuclear exports embrace "special conditions governing the use of retransfer of sensitive material, equipment or technology,"[9] have demonstrated an interest in assuring that fuel they supply will not contribute to the development of nuclear explosives in recipient countries.

We believe that our colleague's concern that IAEA safeguards associated with reprocessing will be insufficient to provide an early warning that plutonium may be diverted to military purposes does not take into account important practical considerations as regards Spain. First, construction of a production-scale reprocessing plant in Spain would require a lead time of up to nine years and quite possibly technical assistance from abroad. Plainly there will be a clear and early signal to the international community of the need for effective safeguards. If Spain sought to acquire plutonium from a foreign source, rather than through a domestic reprocessing capability, the supplying country is required to notify the IAEA of any proposed shipment, in accordance with the Agency's safeguards procedures. We also note the possible hearing of Article XII(A)(5) of the IAEA Statute, which states that "with respect to any Agency project, or other arrangement where the Agency is requested by the parties concerned to apply safeguards, the Agency shall have the following rights and responsibilities . . . (5) [among others] . . . to require deposit with the Agency of any excess of any special fissionable materials recovered or produced as a by-product [of chemical processing] over what is needed for the above-stated [peaceful] uses in order to prevent stockpiling of these materials, . . ."

We would further observe that, in the present instance, the course proposed by our colleague would not be effective in achieving the controls he feels are necessary. As stated previously, the United States has already licensed eight power reactors for export to Spain, all of which may be fueled by non-U.S.-supplied uranium. Indeed, Spain has taken steps to enable it to acquire reactor fuel from other supplier nations, which, if not utilized for ASCO II, would be available for *any* of the facilities for which previous export licenses have been issued. Moreover, Spain, all of which may be fueled with non-plier countries, and will be able to do so in the future. Thus, even if we could assure that the transfer of ASCO II would be tied to the use of U.S.-supplied fuel, the end result would be without real effect as respects Spain.

In this context we would note that none of the existing agreements for cooperation between the U.S. and recipient countries contain provisions giving the U.S. safeguards rights over reprocessing of nuclear fuel of non-U.S. origin. Nor, with the sole exception of the agreement with India, do they require the recipient country to use only U.S. fuel in U.S. supplied reactors.

Thus, we believe that the course proposed by our colleague—while evidencing a concern we all share over the risks associated with reprocessing—would not adequately address the practical realities we now face. While unilateral Commission action here may seem appealing, in the end it would be misleading to imply or assert that it would be an effective means for advancing U.S. non-proliferation goals. Given the many agreements for cooperation already in effect, given the nuclear exports which have already taken place, and given the existence of other nuclear suppliers within the international community, the majority believes that our objective of imposing stringent controls over reprocessing and storage of plutonium in non-nuclear-weapons states can be pursued most effectively in the IAEA and in cooperation with other countries.

Moreover, while pursuing our objectives in broader forums, we must recognize that our nuclear relationship with Spain and other countries is based on mutual understandings: the safeguards obligations of the Agreement for Cooperation are associated with our agreement to make available nuclear technology and materials for peaceful purposes. If our supply position should be eroded through unwarranted unilateral demands, delays and uncertainties, United States influence over the safeguards obligations assumed by recipient countries will undoubtedly diminish.

The Commission majority believes that consideration must be given continuously to the need for improved safeguards restraints, with a view to whether further measures would contribute to the achievement of this country's non-proliferation objectives. In point of fact, a number of further nonproliferation initiatives, including ones relating to the areas of reprocessing and related safeguards considerations, are currently under active consideration in the interagency context—in several instances at our behest. The Commission, moreover, is regularly consulted by the Executive Branch in the formulation of national policies with regard to nuclear exports. The majority believes that

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such a setting is the appropriate one for addressing broad questions of future U.S. policy in this area.

In sum, in the view of the majority of the Commission, the export of the ASCO II facility to Spain would not be inimical to the common defense and security of the United States.

(4) *Health and safety*

The Commission sees no circumstances in which the operation of the ASCO II reactor would affect the health and safety of the U.S. population. The Nuclear Regulatory Commission and its predecessor agency, the Atomic Energy Commission, have continuously taken the view that the health and safety impact in foreign nations of exported nuclear facilities and material is outside the jurisdiction of the Commission. This view is reflected in the *Federal Register* notice which is issued at the time an application for the export of a utilization facility is reviewed. In the present matter, such a notice was published on April 15, 1974, at 39 *Fed. Reg.* 13575, which included the following statement:

"In its review of applications solely to authorize the export of production or utilization facilities, the Atomic Energy Commission does not evaluate the health and safety characteristics of the facility to be exported."

The legal and practical reasons why foreign health and safety impacts are not considered in our licensing of exports are more fully set out in this Commission's recent opinion *In the Matter of the Application of Edlow International Company as Agent for the Government of India, to Export Special Nuclear Material,* License Nos. XSNM–805 and XSNM–845 (Docket Nos. 70–2071 and 70–2131), May 7, 1976, pp. 41–44.

CONCLUDING REMARKS

In summary, the export of the ASCO II reactor to Spain is in full accord with the Agreement for Cooperation between that country and the United States; that Agreement, which entered into force only two years ago after approval by the President and review by Congress, provides safeguards guarantees to insure that the reactor, any fuel used in it and any nuclear material reprocessed therefrom will not be diverted to military uses; and the total safeguards framework thereby provided, including the mechanisms for continuing improvement, will insure that the export will be in full conformity with U.S. national security interests.

In rendering this decision, we believe it in order to add a number of more general observations as to the bases for and objectives of our export licensing process.

The Energy Reorganization Act vested this Commission with significant authority regarding U.S. exports of nuclear facilities and materials for civil uses. We take with utmost seriousness the mandate we have for final decision in these matters. This agency has made and can continue to make a constructive contribution to assuring adequate safeguarding of the civil uses of nuclear energy resulting from American nuclear exports. We have not only a regulatory mandate as regards safeguards, but also a steadily growing organizational competence which can and should be a national resource in helping to further this country's non-proliferation goals.

With our authority goes the requirement that our export licensing decisions be responsibly made. We are mindful, to be specific, that these decisions are but one aspect of this country's nuclear foreign policy—indeed, of its overall foreign policy. We have not hesitated to communicate our views on national policy in the area of non-proliferation to the Executive, as well as to the Congress, which have received them willingly and given them the most careful consideration. We are fully prepared, moreover, to condition or deny export licenses where the circumstances warrant, though we find no such circumstances here. As recent events have shown, the achievement of important non-proliferation objectives—including broader adherence to the NPT—may successfully, and in our judgment, more appropriately, be resolved through the exercise of constructive diplomacy. The necessarily limited means and focus of the export licensing process are sharply illuminated by the present licensing proceeding. An *ad hoc* change in the conditions under which the ASCO II reactor is supplied would not affect the safeguards conditions at the other eight U.S.-supplied reactors licensed for Spain (except, paradoxically, to shift the "Asco II problem" to them), let alone conditions at reactors supplied to Spain by other nations.

We are mindful, moreover, that the United States does not have unlimited leverage as a supplier of nuclear technology and fuel. How best to apply our influence to further this country's non-proliferation goals is a question in which complex and sensitive foreign policy considerations become dominant. In dealing with such questions, it would be irresponsible for this Commission not to consider fully the views of the Executive Branch agencies, which have not only functional competence, and Constitutional responsibility, but also are politically accountable for foreign policy decisions.

The majority decision has taken those precepts into account. Indeed, if we were to lose sight of those considerations, we would have grave doubts that the present system of export licensing could work effectively and continue to serve the overall interests of our country.

FINDING AND ORDER

For the reasons set forth above, we find that License No. XR–99 meets all the standards relevant for issuance under the Atomic Energy Act of 1954 and the Energy Reorganization Act of 1974 and hereby direct the Assistant Director for Exports-Imports and International Safeguards to issue said license to the Westinghouse Electric Corporation.

It is so Ordered

By the Commission

SAMUEL J. CHILK,
Secretary of the Commission.

Dated at Washington, D.C. this 21st day of June 1976.

FOOTNOTES

[1] It should be noted that this application does not cover any special nuclear material to be used for fuel in the reactor, which would be the subject of additional licensing actions.

[2] The following U.S. power reactors have been licensed to Spain:

License #XR–59, issued 10/22/65 (Zorita)
License #XR–64, issued 6/09/67 (Nuclenor)
License #XR–88, issued 6/26/73 (Almaraz—2 units)
License #XR–89, issued 6/26/73 (Lemoniz—2 units)
License #XR–90, issued 6/26/73 (ASCO I)
License #XR–97, issued 6/10/74 (Cofrentes)

[3] The application was filed with the NRC's predecessor agency, the Atomic Energy Commission. Therefore, all actions taken prior to January 19, 1975, when the NRC assumed its regulatory responsibilities, relate to the AEC.

[4] The Final Environmental Impact Statement on U.S. Nuclear Power Export Activities (ERDA–1452) was issued in April 1976; the Draft Statement was issued eight months earlier in August 1975.

[5] On February 26, 1976, and March 31, 1976, Westinghouse wrote to the Nuclear Regulatory Commission expressing an urgent need for the license.

[6] "Insofar as U.S. exports to non-nuclear-weapons states which are *not* party to the NPT is concerned, the U.S. position from the outset clearly has been that its obligations under Article III(2) are met if the recipient country has concluded an appropriate safeguards agreement with the IAEA, even though not pursuant to the NPT." (Emphasis in original.) Letter from Myron B. Kratzer to Benjamin Huberman, dated December 18, 1975.

[7] These peaceful use assurances are also associated with safeguards guarantees. *See,* discussion of Question No. 3 at pp. 15–17, *supra.*

[8] This contract entered into force on December 31, 1973. During the first ten-year supply period, Spain is required to purchase a specified number of separative work units which should be sufficient to provide all the fuel needs of the ASCO II reactor. During the remaining twenty-year period, Spain has the right to obtain enrichment services from ERDA up to the requirements of U.S.-supplied reactors, including the one covered by the present license application, after giving written notice to ERDA of the amount of separative work it wishes to purchase, at least ten years in advance of its proposed delivery date. *See, Letter from Dixon B. Hoyle to Benjamin Huberman,* dated April 22, 1976, p. 1.

[9] *See,* Secretary of State Kissinger's testimony before the Senate Committee on Government Operations, March 9, 1976.

Dissenting Opinion of Commissioner Gilinsky

In approving the export of the ASCO II reactor to Spain, the Commission majority has determined, among other things, that this action is not inimical to the common defense and security of the United States. I cannot agree.

I should like to make clear at the outset that I do not oppose the export of this reactor; I oppose its export under the particular terms of this license, as it contains a vital flaw involving controls over the plutonium—a nuclear explosive—which will be produced in the operation of the reactor.

I believe the United States must retain the authority to delay the separation of plutonium from the spent fuel until some equitable and secure alternative to national stockpiling of this dangerous material can be instituted. A search for such alternatives is now underway, both in our government and internationally. I have suggested a remedy, which is to place a condition on this license to ensure the retention—as least temporarily—of U.S. controls over the ASCO II fuel by requiring that U.S. fuel be used exclusively in the reactor.

Controls over the civil uses of nuclear energy have evolved through the years, first through our own laws and export practices, and more recently through the development of the International Atomic Energy Agency (IAEA) safeguards systems. They are designed to follow reactor fuel through its cycle and prevent its diversion to explosive purposes. So far these systems have worked well. But recent technological developments require us to look beyond reactor safeguards to what the Secretary of State has characterized as "the greatest single danger of unrestrained nuclear proliferation"—the spread of the means to reprocess spent reactor fuel for its plutonium and the accumulation of this explosive material under national control.[1]

The danger in this developing situation arises from the fact that a secure system for safeguarding separated and stockpiled plutonium from sudden appropriation for military purposes is not yet at hand. The systems now in operation, for reasons I will explain below, are inadequate to provide, in the case of such appropriation, the early

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warning on which all existing safeguards are predicated.

The Commission majority does not appear to dispute this. They agree that plutonium reprocessing and storage raises special problems and must be subject to "stringent" safeguards. Nor do they contest my view that delay of plutonium separation is the only effective safeguard available at the moment. They acknowledge that fuel from non-U.S. sources, over which we have no reprocessing control, may well be used in the Spanish reactor.

It is at this point that the heart of our disagreement can be found. For if non-U.S. fuel is employed, safeguards will be administered only by the IAEA, and the U.S. will have no control over whether and in what circumstances plutonium will be separated from ASCO II's spent fuel. The majority, while admitting that IAEA safeguards leave much room for improvement, studiously avoid taking a position on whether they are adequate to the protection of plutonium reprocessing and storage. Nonetheless, they state that the IAEA safeguards "framework" provides an adequate basis for this particularly export.[2] They would be prepared, in effect, to gamble that major improvements in the system will be in place in time to deal with ASCO II's plutonium output, or lacking this that IAEA will exercise an untested authority of its statute to hold up reprocessing or plutonium stockpiling in Spain. I assess the odds less favorably and conclude retention of U.S. controls is essential in this case. It is for this reason I have advocated a condition, which would involve little or no cost to Spain, to this license.

The majority argues that this course will be ineffective and that only through international negotiations on a broad front can workable controls be achieved. The ultimate solution certainly lies there, but in the meantime the Commission is still required to deal with each license separately and on its merits.

It is obvious that there are inherent limitations in the scope of any licensing review. But we must beware of limiting our scope of action to the point where the Commission becomes merely an interested bystander. Whatever else may be said, at the very least the Atomic Energy Act requires us to ensure that no nuclear export within the Commission's jurisdiction is licensed in conditions that may contribute to nuclear proliferation. An assertion by the majority that the "mechanisms" exist to make safeguards adequate for the future does not, in my view, satisfy the statutory requirement.

The Executive agencies of the U.S. government, which have clearly expressed an awareness of the need for more reliable means for safeguarding separated plutonium in numerous policy statements and actions, have nevertheless recommended the unencumbered issuance of this license. In my opinion it is the statutory responsibility of the Commission to resolve this inconsistency on the side of caution.

Before addressing the merits of the ASCO II license in detail, some background discussion is desirable.

I

Plutonium is an inevitable by-product of the operation of nuclear power reactors of the type here at issue. If separated from the spent reactor fuel, plutonium can be "recycled" as fuel for these reactors to supplement the low-enriched uranium which normally serves this function, or it may be stored for use in future technologies, such as the "breeder" reactor.

The economic viability of the use of plutonium as fuel in the near future is yet to be demonstrated. Nevertheless many nations have recently become interested in the possibility of reprocessing their spent reactor fuel to extract its plutonium, either domestically or, where domestic facilities are lacking, in the facilities of other countries. This development threatens to lead to accumulation of sizeable stockpiles of the separated element, stored against any number of options related to the peaceful uses of nuclear energy. There are, however, dangers inherent in this developing situation since plutonium is also a nuclear explosive, and the amounts produced in the course of the operation of civilian reactors are very large. by any measure, in terms of explosive potential.[3] Once this material is separated and stored, for whatever purpose, it can be appropriated suddenly and without warning for explosives. As will appear below, once plutonium has reached this stage in the fuel cycle, the international safeguards system now available to protect against such appropriation cannot be counted on to provide adequate warning of such an eventuality.

From the beginning of this nation's civilian nuclear export program, the United States has endeavored to protect against the use of exported materials and equipment for other than peaceful purposes. The principal mechanisms for achieving this objective have been our Agreements for Cooperation with our nuclear trading partners; all U.S. exports of nuclear reactors and fuel must be made in accordance with such Agreements. Atomic Energy Act of 1954, as amended, Section 123. These Agreements require, first, that the importing nation assure the United States that fuel and reactors transferred under the Agreement, and plutonium produced during the course of reactor operation, will be used only for peaceful purposes.[4]

It must be emphasized, however, that the United States has never viewed peaceful use assurance to be sufficient, in themselves, to provide the security needed as a basis for export reactors and their fuel. Rather, we have insisted from the outset that each Agreement for Cooperation provide for the application of safeguards over our nuclear exports. These safeguards, which take the form of material accounting and inspection, are designed to ensure compliance with the pledges given in the Agreements and to deter their violation. *See Final Environmental Statement on U.S. Nuclear Power Export Activities* (ERDA-1542), p. 3-97.[5] Implicit in the long-standing safeguards requirement in the Agreements and, more recently, in Article III(1) of the NPT, has been the recognition that circumstances may arise in which a nation might be tempted to disregard its peaceful use assurances to the United States or other nations, and that this possibility must be contemplated in assessing the adequacy of safeguards measures aimed at forestalling use of civilian nuclear materials for military ends.[6] The imposition of such safeguards in any particular instance does not imply a lack of faith in the assurances they support. It is, rather, a recognition of the need for a measure of international discipline if nuclear energy is to be exploited in a manner consistent with international security.

In assessing the adequacy of safeguards as a protection against appropriation for military purposes of nuclear material stockpiles, it is important to understand that a nation tempted to disregard its peaceful use assurances cannot be *prevented* from doing so by the safeguards systems. Rather these systems are designed, as the President pointed out last year, to sound an alarm, and thereby discourage "national diversion of nuclear material from peaceful application *by the risk of early detection.*" *Report to the Congress Regarding Laws and Regulations Governing Nuclear Exports and Domestic and International Safeguards*, March 1975, (emphasis added). The rationale of safeguards is that the discovery by the international community of a breach of peaceful use assurances, *well before* the violator can attain an actual nuclear weapons capability, exposes him to risks of international reaction which may frustrate his purpose. Safeguards effective in this sense provide added confidence to all countries, particularly suppliers and neighbors, that a nation is not likely to violate its assurances in the first instance.

Where only the reactors and the low-enriched uranium which fuels them are involved, material accounting and inspection safeguards can provide this added margin of security because any plutonium produced by the reactors' operation is contained in spent reactor fuel and is still many time-consuming steps away from a form usable for nuclear explosives. Where, however, in addition to reactors and low-enriched fuel, a nation has access to stockpiled, separated plutonium, or to facilities which permit rapid separation of plutonium from spent fuel, the value of accounting and inspection as safeguards to deter a sudden switch from peaceful to military use is open to question. Safeguarded, or "alarmed", plutonium, although it may have been stockpiled against entirely peaceful future applications, is nevertheless but a short step away from use as an explosive. Should the owner decide, for whatever reason, on a sudden move to appropriate the material for illicit purposes, the time between diversion of plutonium and completed weapons can be sharply reduced to what might be a matter of weeks, or conceivably days.[7] Under these circumstances, even if it were assumed that IAEA inspection and monitoring systems were improved to the point that they immediately and unambiguously signalled any violation, it is hard to imagine that an international reaction could be mustered before the assembly of nuclear weapons were completed. This inability to provide a sufficiently early warning to permit such a response seriously undermines the deterrent effect of accounting and inspection safeguards where separated plutonium is involved. Consequently, unless other types of controls are in place, these accounting and inspection safeguards, even if substantially upgraded, cannot perform their intended function of reinforcing peaceful use assurances and, therefore, cannot provide the additional measure of protection the United States has always sought.

As a result, there is now recognition within the United States government that mere application of IAEA safeguards is insufficient to protect readily accessible plutonium derived from U.S. exports and that additional, qualitatively new measures are required. Thus, for example, in Agreements for Cooperation currently under negotiation, the United States is seeking to obtain such additional protection, including in some cases the requirement that produced plutonium be stored outside the recipient country.

Similarly, new U.S. initiatives, such as Secretary Kissinger's proposal regarding multinational fuel centers before the U.N. General Assembly in September, 1975,[8] plainly reflect the view that traditional IAEA safeguards, while vital, are insufficient in themselves where national reprocessing and stores of separated plutonium are concerned. Further evidence of this view is found in the U.S. policy against export of reprocessing facilities and of discouraging other supplier nations from doing so, even though these facilities would be covered by IAEA safeguards.

Moreover, the IAEA itself has recognized that new measures may be required to safeguard separated plutonium effectively and has embarked on a study of internationally supervised storage of spent fuel, multinational fuel cycle centers, and similar schemes.

Whatever may have been the role of IAEA safeguards in the past, therefore, it is clear that in the emerging context of reprocessing and plutonium storage IAEA surveillance of material, standing alone, is no longer accepted as adequate protection against the abrupt appropriation of nuclear material for

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military purposes. In essence, cetainty as to the whereabouts and current status of stockpiled nuclear explosive does not offer security against their future misuse.

With this background in mind, let me now turn to the ASCO II license.

II

I believe the crucial question which must be asked in deciding whether this export would be inimical to the common defense and security is whether effective controls will apply to any plutonium produced in this facility. In light of the particular facts and circumstances of this case, I am not confident that such measures will, in fact, apply to this material and accordingly I cannot approve this license.

The U.S.-Spain Agreement for Cooperation provides that a prior U.S. approval of the reprocessing of ASCO II spent fuel must be obtained, provided such fuel was originally supplied by the U.S.[9] *Agreement for Cooperation between the United States and Spain,* March 20, 1974, T.I.A.S. 784, Article VIII(C).[10] This control is a vital supplement to Spain's assurances under the Agreement that plutonium produced in the reactor will be used only for peaceful purposes and to the IAEA safeguards which apply to the material,[11] because it permits the U.S. to impose protective measures *in addition to* the IAEA accounting and inspection system and, if necessary, to delay reprocessing until such additional measures are in place.

In this way, the United States can maintain an effective line of defense against violation of peaceful use assurances where reprocessing and storage of separated plutonium are involved.

Thus with respect to the reprocessing of U.S.-supplied fuel, the United States has the authority to implement effective antiproliferation measures. Unfortunately, the reprocessing control provisions of the Agreement would not apply to any plutonium produced in ASCO II from fuel supplied by Spain itself or by another nation, even though the material was produced in a reactor exported by this country. In this event, the only reinforcement of Spain's peaceful use assurances would be that provided by IAEA safeguards under the IAEA–Spain–U.S. Safeguards Agreements, *supra.* Under the present terms of this trilateral accord, however, these safeguards would be the Agency's material accounting, monitoring, and inspection system which, as explained above, cannot be relied upon, in itself, to provide early warning where reprocessing and separated plutonium are concerned.[12] This is a grave matter inasmuch as it calls into question the adequacy of the protections covering plutonium produced in ASCO II by non-U.S.-supplied fuel.[13]

The possibility that non-U.S.-supplied fuel may be used in the reactor is attested to by the record before us.[14] Indeed, over one-third of the uranium fuel enrichment services for which Spain has apparently contracted are to be purchased from non-U.S. suppliers.[15] While Spain has an enrichment contract with the U.S. which is earmarked for ASCO II, there is no requirement that the reactor be fueled exclusively with U.S.-supplied material. Thus Spain will have the option to use non-U.S.-supplied fuel in ASCO II and consequently to produce plutonium not subject to U.S. reprocessing controls.

Moreover, the possibility that Spain may seek to reprocess ASCO II fuel, regardless of its origin, is by no means unlikely. Spain has already shipped spent fuel to Great Britain for reprocessing and some plutonium has actually been separated from it, although none has yet been returned to Spain. There are indications, in addition, that Spain has long-range plans to develop a domestic reprocessing industry.[16]

All these factors add up to the possibility that ASCO II fuel will be reprocessed outside U.S. controls and subject only to traditional IAEA material accounting and inspection safeguards, which in this context would not be effective in the sense I have used this term.

In these circumstances Spain's failure to join the Treaty on the Non-Proliferation of Nuclear Weapons takes on added significance. Adherence to the Treaty not only enhances a country's bilateral peaceful use assurances, since it constitutes a renunciation of nuclear explosives manufacture;[17] it also broadens the effectiveness of IAEA safeguards by insuring that all of a country's nuclear activities—including indigenously designed and constructed facilities—will be safeguarded, thereby permitting comprehensive cross-checks on recordkeeping and inventories by the IAEA which administers the Treaty's safeguards provisions. The potential for unsafeguarded facilities remains in such nonsignatory nations as Spain, and comprehensive application of the IAEA accounting and inspection program is thus defeated. It is true that even universal accounting and inspection safeguards would not, in themselves, provide the type of protection which I believe is required in the context of reprocessing; nevertheless, taken together with the assurances embodied in the Treaty, they would place this licensing action in a more favorable light.

It is not, of course, U.S. policy to confine exports to NPT parties. But when, as in this case, adherence to the Treaty and its accompanying comprehensive safeguards system is lacking, we are obliged to place greater reliance on the controls provided in our bilateral Agreement.

As I stated at the outset, I am not opposed to the export of this reactor, as such, but only to its export under the conditions I have outlined. Had my colleagues acted to eliminate the deficiency in this license I would have voted to approve it. The deficiency might easily have been remedied by conditioning the license to require exclusive use of U.S.-supplied fuel in the reactor. Since Spain already has numerous enrichment contracts with the Energy Research and Development Administration (ERDA), one of which is, in fact, earmarked for ASCO II, such a commitment would impose little, if any, cost on Spain and might readily have been given.[18]

My colleagues, however, have not even asked the State Department to seek an informal indication from the Spanish authorities as to how they would receive a request for such a commitment, apparently as a result of the State Department's assertion that—

> ". . . any effort to obtain [firmer] assurances that ASCO II would be fueled only with U.S.-origin enriched uranium . . . would result in protracted negotiations, the outcome of which cannot be predicted."

Letter from Dixon Hoyle, Office of Oceans and International Scientific and Environmental Affairs, Department of State, to Benjamin Huberman, Director, Office of Policy Evaluation, Nuclear Regulatory Commission, April 22, 1976. The State Department does not suggest that they could not be obtained but only that "protracted negotiations" would be required. The mere likelihood of negotiations, however, should not be a basis for this Commission's allowing a potentially important safeguards loophole to go unclosed.

My colleagues emphasize that only two years ago the U.S.-Spain Agreement was approved by the President and reviewed by the Congress. Commission Decision, p. 35. The implication is that it is therefore improper to seek to impose controls beyond those expressly provided in that instrument. But the Agreement is a flexible accord which by its terms contemplates that export requirements will evolve as circumstances warrant. Indeed Article II(A) states that the Agreement shall be subject to "the applicable laws, regulations and license requirements in force in [the signatories'] respective countries." Since the Agreement's signing, significant developments regarding the application of safeguards have, in fact, arisen, making it appropriate, in my view, to employ the license requirement provision of the Agreement to condition this export.[19]

It should also be recalled that satisfaction of the minimum requirements set forth in our Agreements for Cooperation permits nuclear cooperation but does not require it, as noted in the recent Final Environmental Statement on U.S. Nuclear Power Export Activities, *supra.*, prepared by the Energy Research and Development Administration, with NRC participation:

> "Although the agreements provide the essential framework for exports and represent an undertaking in good faith by the United States to cooperate in the field of nuclear power in accordance with the agreement provisions, they do not . . . constitute legal commitments on the part of the U.S. to furnish nuclear materials or reactors, or to conclude SNM supply contracts." [p. 3–93.]

My colleagues suggest I have improperly prejudged the efficacy of the safeguards "framework" applying to the reprocessing of non-U.S. fuel irradiated in the ASCO II reactor. They reason that the right of the IAEA "to determine that adequate safeguards can be applied to plutonium reprocessing *before* it occurs provides a mechanism to protect U.S. national security interests," Commission Decision, p. 25 (emphasis in original), inasmuch as approval of reprocessing would be withheld until effective measures against diversion were implemented. There is "no basis for concluding the IAEA will do an inadequate job of making its required [reprocessing] safeguards determination," they argue. Commission Decision, p. 29. Since the IAEA Statute would allow application of safeguards measures in addition to material accounting and inspection, the majority conclude that "the means exist" for the IAEA to make its determination "in harmony" with U.S. interests, Commission Decision, p. 27.[20] Without knowing how the Agency will, in fact, make this determination in the case of Spain, the majority finds it "premature to judge in advance . . . that the IAEA safeguards framework will be inadequate to make a sound determination." Commission Decision, pp. 25–26.

If it is premature for me to judge this question in advance, it is equally premature for the majority to do so. The basis for my judgment that traditional IAEA safeguards, no matter how improved, cannot by themselves give sufficient warning of a sudden appropriation of a national plutonium stockpile clearly stands on firmer ground. To say that "the means exist" for the IAEA to arrive at a similar conclusion and that it will therefore do so and refuse permission to reprocess is no more than the majority's unsupported speculation. I believe that speculation is not enough if we are to relinquish control over reprocessing to the IAEA: we must be *confident* that the Agency, in making its determination as to safeguards adequacy, will in fact bar reprocessing unless or until further measures can be implemented. It is no reflection on the Agency to observe there is as yet little basis for confidence that it will take this position with respect to reprocessing ASCO II fuel; indeed present indications are to the contrary.

In the first place, the Agency is now conducting a preliminary review of safeguards for two reprocessing facilities—the Indian Tarapur Reprocessing Facility, and the Tokai-Mura plant in Japan. There are no signs in either case that the IAEA is considering anything but implementation of

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monitoring, accounting and inspection techniques; or that measures to preclude the stockpiling of separated plutonium under national control—such as deposit with the Agency of any plutonium in excess of India's or Japan's peaceful needs under Article XII(A)(5) of the IAEA Statute—are being actively considered; or that the Agency will withhold its approval of the safeguards on these facilities until such measures are in place.

In making its review in the Indian case, the IAEA is applying the conventional safeguards embodied in INFCIRC/66/Rev. 2, that is, the material accounting and inspection program applicable to nations which have not subjected their entire nuclear program to Agency safeguards by adherence to the NPT. INFCIRC/66/Rev. 2 would also apply to any Agency determination on reprocessing of non-U.S.-supplied ASCO II fuel.[21] In the case of Japan, the IAEA review is being undertaken within the context of INFCIRC/153,[22] which delineates the material accounting and inspection programs to be applied in nations with all their nuclear facilities under IAEA safeguards. Thus in the only two instances arising to date, the IAEA's implementation of the relevant "safeguards framework"—a framework which is virtually identical to that which, insofar as we can predict, will apply to ASCO II—provides no basis for the majority's assumption that measures of the type I believe necessary to the protection of plutonium will be applied by that international body.

The fact that the Agency has not yet progressed beyond its accounting and inspection systems and continues to regard them as a satisfactory basis for safeguarding reprocessing and stored plutonium was further demonstrated by the IAEA Board of Governors on February 23, 1976. At that meeting two trilateral agreements—one among IAEA, France and Pakistan,[23] the other among the Agency, West Germany and Brazil,[24] and both providing for IAEA safeguards over reprocessing facilities—were approved. In both cases, the safeguards provisions of the agreements are based on application of INFCIRC/66/Rev. 2. One must conclude that a similar approach will be followed with respect to the Agency's future reprocessing safeguards determination on ASCO II fuel.

It is unrealistic to expect, moreover, that the IAEA, whose members include both states that sell and states that purchase reprocessing technology, would as a practical matter adopt measures as stringent as those desired by the United States, which has prohibited exports of this technology and has discouraged such transactions by others. Experience with international agencies, which operate with the forebearance and support of their members, inicates that innovative action is not the rule, an that charters are administered circumspectly and with something less than all deliberate speed. To ask that the IAEA veto the reprocessing of spent fuel owned by any one of its sovereign member nations is to place an unwarranted burden on the Agency. This view is consistent, I might add, with the numerous U.S. actions in related contexts. To cite but one example, the U.S. embargo on reprocessing technology exports—exports which would be subject to IAEA safeguards—would make little sense if this government were satisfied that the international system is ready to carry the weight of providing adequate protection over such technology.

It should be added that the reprocessing control provision inserted by the United States in the Agreement for Coöperation with Spain provides further testimony to the fact that the U.S. does not view the IAEA approval as an acceptable substitute. The U.S. has deliberately held on to its own controls *despite* the fact that IAEA approval will be required for the reprocessing of *both* U.S. and non-U.S. fuel.

There would be no purpose served by the reservation of this added control were the IAEA determination regarded as equivalent to that of the United States. This particular reservation of U.S. control contrasts sharply with U.S. willingness to transfer responsibility to the Agency for administering other safeguards rights under the U.S.-Spain Agreement,[25] a clear indication that the United States sees reprocessing as a special case requiring special controls.

Accordingly, while IAEA approval over reprocessing might solve the problem, it is highly unlikely that the Agency would, in fact, exercise any such authority in the foreseeable future.

My colleagues note that desirability of "the most stringent [U.S.] safeguards controls possible over fuel reprocessing." They acknowledge that this activity "raises special problems of timely detection and uninterrupted monitoring," and express a keen awareness that "the need to improve . . . safeguards will continue." Commission Decision, pp. 24, 27, 28. Yet they believe it is "premature", Commission Decision, p. 25, at this juncture to judge whether a safeguards program meeting these high standards will be applied to the processing of non-U.S.-supplied ASCO II fuel; indeed nowhere do they make a finding that such will be the case.

In my view, the majority's reliance on the uncertain course of IAEA's future role is not a permissible substitute for a specific determination that adequate safeguards and related measures will apply to non-U.S. ASCO II fuel. Nor is it a sufficient basis for the requisite statutory finding that this export will not be inimical to the common defense and security.

The very fact that the concerns I have expressed will emerge only in the future underscores the need to retain U.S. control over ASCO II fuel against the time when reprocessing is contemplated, so that we will then have the authority to implement such measures as are deemed advisable. It is well to remember that once lost, control is almost certainly irretrievable. The course the majority has chosen relinquishes our safeguards option prematurely. I believe the preservation of these options is required by our statutory mandate to insure that no exports are licensed which, for want of adequate safeguards, would be inimical to the common defense and security.

As a final matter, my colleagues argue that even if the Commission were to find that the safeguards applying to the ASCO II reactor were inadequate, to attempt to plug this particular loophole would be an exercise in futility. They point out, in effect, that the horse is out of the barn already, because our predecessors in the Atomic Energy Commission licensed eight reactor exports to Spain to which the condition I am suggesting specifically for ASCO II would not extend without further action.

Any correction of this situation, even were it possible, is regarded by the majority as being of limited usefulness in any event, since Spain could purchase reactors not subject to such requirements from other suppliers.[26] This leads in turn to the conclusion that only by joint action with other suppliers and through international negotiations on a broad front can effective controls over reprocessing and plutonium storage be achieved;[27] in the meantime, the majority sees little opportunity for the Commission to rectify the situation in regard to specific license applications before it. This approach will have the effect, as can be seen in the case of ASCO II, of wedding the NRC to the export conditions of the past—or to those of other suppliers. I do not believe the Congress intended the NRC to overlook current deficiencies because their remedy would not apply to earlier, unchallenged transactions. It contributes nothing to the solution of the broader problems to continue on the course that helped create them in the first place.

There are obvious limitations on what can be accomplished within the scope of any individual licensing review.[28] But the Atomic Energy Act requires us to examine *each* license as it comes before us for review and determine whether effective safeguards and related measures will be applied to that particular export and to all nuclear explosive material it may be used to generate.

On the basis of the foregoing, I believe the ASCO II license should not be approved in its present form. The uncertainties surrounding the origin of the fuel to be used in the reactor and, consequently, the adequacy of the safeguards which will be applied to the reprocessing of such fuel, when considered against the background of Spain's failure to join the NPT—or, lacking that, to bring all its nuclear activities under international safeguards—preclude the required finding that the proposed export would not be inimical to the common defense and security.

FOOTNOTES

[1] "Building International Order," Remarks of Secretary of State Kissinger, before the 30th Session of the United Nations General Assembly, September 22, 1975.

[2] Elsewhere in the Decision we are confronted with "the total safeguards framework", which apparently refers to the sum total of assurances, bilateral and trilateral agreements, "mechanisms for improvement", "technical verification", international institutional arrangements in varying stages of development, and the like. Apparently it is their view that the adequacy of safeguards systems depends on the accumulated weight of all such parts. By treating these in aggregate, without critically examining the components, they avoid a statement of what criteria are to be used to measure effective safeguards systems.

[3] A standard reactor of the type under discussion would normally produce about a quarter-ton of plutonium per year. The amount required for an explosive device is perhaps 15 pounds.

[4] Since the initial signing of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) July 1, 1968, 21 U.S.T. 483, T.I.A.S. 6839, parties to our Agreements have had the opportunity to underscore these bilateral assurances respecting U.S. exports by adherence to the NPT, which requires parties not possessing nuclear weapons at the time of the Treaty's entry into force to renounce unconditionally the manufacture of nuclear explosives. NPT, Article II.

[5] With one exception (Italy) the U.S. has agreed that the safeguards under our Agreements for Cooperation shall be administered by the International Atomic Energy Agency (IAEA) in our behalf. These arrangements between the IAEA, the U.S. and the other party to the Agreement for Cooperation are embodied in separate trilateral agreements (sometimes referred to as "Safeguards Agreements") which provide that the IAEA will apply its material accounting and inspection program to fulfill the safeguards requirements of the relevant Agreement for Cooperation. For convenience the material accounting and inspection safeguards provided by the Agreement for Cooperation will be sometimes referred to as "IAEA safeguards".

[6] Indeed this point is expressly acknowledged in the recent *Final Environmental Statement on U.S. Nuclear Power Export Activities, supra,* by the statement that, notwithstanding obligations to the United States and, where applicable, under the NPT,

"It is impossible to say whether these considerations [arising from violation of these obligations] would outweigh a given country's perceived need to acquire a nuclear-weapons or nuclear-explosives capability." [p. 6–8].

[7] The time span between diversion and weapons is most sharply reduced where the diverting nation has on hand a stockpile of separated plutonium for in this context material could be removed from the stockpile and rapidly combined with previously fabricated components to make nuclear explosive devices. Such a plutonium stockpile could be legally amassed both by nations with domestic reprocessing facilities and by those who have had spent fuel reprocessed abroad and its separated, constituent elements returned. Nations possessing large scale reprocessing facilities, moreover, would inevitably have significant inventories of plutonium at one or another stage of the fuel cycle, which together would effectively constitute a stockpile of the nuclear explosive.

[8] "Building International Order," Remarks of Secretary of State Kissinger, *supra*.

[9] I am using "fuel supplied by the United States" to refer to material provided pursuant to U.S. Agreements for Cooperation. This would include any material enriched or fabricated in the U.S. and U.S. natural uranium enriched elsewhere.

[10] Article VIII(C) provides:

"When any special nuclear material received from the United States of America pursuant to this Agreement or the superseded Agreement requires reprocessing, or any irradiated fuel elements containing fuel material received from the United States of America pursuant to this Agreement or the superseded Agreement are to be removed from a reactor and are to be altered in form or content, such reprocessing or alteration shall be performed in facilities acceptable to both Parties upon a joint determination that the provisions of Article XI [regarding safeguards] may be effectively applied."

[11] Article XI of the Agreement provides for the application of material accounting and inspection safeguards to all material and equipment transferred to Spain under the Agreement, including plutonium produced from that material. Article XII provides that the IAEA will administer these Article XI safeguards. However, the U.S. right to approve reprocessing of U.S.-supplied fuel, contained in Article VIII, is unaffected by this transfer of authority to the IAEA.

The arrangements for IAEA application of Article XI safeguards are further described in the Agreement Between the International Atomic Energy Agency, the Government of Spain and the Government of the United States of America for the application of Safeguards, ("Safeguards Agreement") December 9, 1966, T.I.A.S. 6182, as amended, June 28, 1974, T.I.A.S. 7856.

[12] This is not to imply that such safeguards would not be based upon sound analysis of material flow, diversion possibilities, and similar techniques, but rather than the early warning effectiveness of material accounting and inspections, such as, is necessary limited in this context because of the collapsed time frame for translating separated plutonium into ready explosives.

[13] My colleagues argue that the IAEA would withhold its approval of reprocessing if it found these traditional safeguards were inadequate in this setting and that the Agency might impose "other measures, perhaps of a different character," Commission Decision, p. 26, if need be. As discussed below, I do not share their confidence in this regard.

[14] See Commission Decision, p. 23.

The Department of State has stated that "... it is possible—but not totally assured—that ASCO II will be fueled only with U.S.-supplied material. . . ." (See letter from Dixon Hoyle, Office of Oceans and International Environmental and Scientific Affairs, Department of State, to Benjamin Huberman, Director, Office of Policy Evaluation, Nuclear Regulatory Commission, April 22, 1976.)

[15] See Prepared Statement of Dr. Robert C. Seamans, Hearings on Export Reorganization Act (S. 1439) before the Senate Committee on Government Operations, April 30, 1975. Spain had at that time contracted for about 9,000 metric tons of separative work from non-U.S. sources. (The annual separative work requirement for a 1,000 megawatt reactor is about 100 metric tons.)

Spain also plans indigenous mining and milling operations. See Remarks of Manuel Isla, Director General ENUSA (Spanish equivalent of ERDA/NRC) delivered at AIF Conference on the Nuclear Fuel Cycle, Stockholm, Sweden, October 28–30, 1975.

[16] *Weekly Energy Report*, May 31, 1976; p. 6–7.

[17] Inasmuch as Spain to date has only tacitly agreed not to use U.S.-supplied material and equipment to manufacture so-called peaceful nuclear explosives, the express renunciation of such explosives provided through ratification of the NPT would be particularly reassuring here.

[18] This license condition, it should be noted, need not necessarily be permanent, nor need it necessarily apply to future licenses to Spain. The circumstances which I believe call for such a license condition today for this export to Spain may well change in the future.

Similarly, whether comparable license conditions would be appropriate for reactor exports under our Agreements for Cooperation with nations other than Spain would depend on the totality of factors present in each such case.

[19] Specifically, following the Indian nuclear explosion, which took place within weeks of the signing of the U.S.-Spain Agreement, intensive official activity led to a searching examination of the efficacy of systems designed to prevent the plutonium produced in civil nuclear programs from finding its way into nuclear explosives.

[20] Nowhere, however, does the majority determine that the safeguards applying to the plutonium produced in ASCO II will, in fact, be adequate, a point to which I will return.

[21] Article 20 of the IAEA/U.S./Spain Safeguards Agreement states that the safeguards to be applied by the Agency are those "specified in Part III of the Safeguards Document", which is defined as Agency document INFCIRC/66/Rev. 2. (September 16, 1968). Part III of INFCIRC/66/Rev. 2 decribes the IAEA material accounting and inspection system, but does not provide for the imposition of any further measures.

[22] INFCIRC/153, The Structure and Content of Agreements between the Agency and States Required in Connection with the Treaty on the Non-Proliferation of Nuclear Weapons (June 1974).

[23] Agreement of 26 February 1976 between the International Atomic Energy Agency, the Government of the French Republic and the Government of the Islamic Republic of Pakistan for the Application of Safeguards (INFCIRC/———).

[24] Agreement of 26 February 1976 between the International Atomic Energy Agency, the Government of the Federative Republic of Brazil and the Government of the Federal Republic of Germany for the Application of Safeguards, INFCIRC/237. This agreement covers both reactors and fuel cycle facilities.

[25] *See*, U.S.-Spain Agreement for Cooperation, Article XII, providing that the safeguards rights accorded in Article XI of the Agreement will be suspended and that in their place the IAEA will administer its safeguards to material and equipment transferred under the U.S.-Spain accord.

[26] This view would appear to be somewhat at variance with the confidence expressed elsewhere by the majority that other suppliers could be depended upon to apply reliable safeguards:

"Moreover, we cannot ignore the fact that other supplier nations, whose policies on nucelar exports embrace "special conditions governing the use of retransfer of sensitive material, equipment or technology," have demonstrated an interest in assuring that fuel they supply will not contribute to the development of nuclear explosives in recipient countries." Commission Decision, pp. 29–30, quoting Henry A. Kissinger before Senate Committee on Government Operations, March 9, 1976.

[27] Notwithstanding these protestations, the majority indicates that it would, however, take unilateral action were "unacceptable risks" posed by an export. Apparently, the majority feels that in this context such action would be effective, though they claim it cannot be where what they regard as lesser risks are at issue.

[28] The license condition I have proposed would not "shift the ASCO II problem" to the U.S. reactors previously supplied to Spain, Commission Decision, p. 36, for the condition could easily be satisfied by applying U.S. fuel from contracts now earmarked for *future* reactors. This could be done without in any way affecting the fuel supply of previously licensed reactors.

EX-SENATOR FRANK CARLSON SUBJECT OF HISTORY PROJECT

Mr. DOLE. Mr. President, my predecessor in office, Senator Frank Carlson, is the subject of an oral history project being conducted at the University of Kansas. Those of us who have had the opportunity of knowing and working with Senator Carlson should be very pleased that he is being so honored. As a State legislator, Congressman, Governor, and Senator he played a major role in the political life of Kansas for many, many years.

Mr. President, I ask unanimous consent that the information concerning this oral history project be printed in the RECORD.

There being no objection, the information was ordered to be printed in the RECORD, as follows:

ORAL HISTORY PROJECT

The life and political career of Frank Carlson, former United States Senator and Governor of Kansas, will be the subject of an oral history project. The oral history interviews will be conducted under the auspices of the Kansas Collection, Kenneth Spencer Research Library in cooperation with the University of Kansas Bicentennial Committee. Funds for the oral history have been provided by the Reece Construction Company of Scandia, Kansas, as part of the company's commemoration of its fiftieth anniversary and the American Bicentennial.

Carlson's political career has been a long one. He was first elected to the Kansas House of Representatives in 1929. From 1932 to 1934 he was State Chairman of the Republican Party, and in 1935 he was elected to the U.S. Congress. Carlson served five successive terms in Washington as Representative from Kansas, but in 1946 he was not a candidate for reelection. Instead he was elected governor in that year.

Carlson served as governor of the state until his election to the U.S. Senate in 1950 to fill the unexpired term of Clyde M. Reed. He then was elected to the Senate for a full term in 1951 and continued to be reelected until his decision not to be a candidate in 1968.

The oral history interviews in which Carlson will recount his political career and his other life's activities will be conducted at Carlson's home in Concordia. Once completed the oral history interviews will become part of the permanent holdings of the Kansas Collection.

KITTY TAYLOR DAY

Mr. WILLIAMS. Mr. President, it is with great pride that we in New Jersey paid tribute recently to the distinguished career of Kitty Taylor by declaring June 6, "Kitty Taylor Day." Ms. Taylor has served for 10 years with dedication and distinction as deputy director of the Golden Age project of the Newark Senior Citizens Commission and continues to demonstrate those fine attributes as the director of senior citizens affairs for the United Community Corp., which is the antipoverty agency for Newark.

Ms. Taylor has devoted most of her life to the needs and concerns of senior citizens. She has been and will continue to be the driving force in creating a better life for senior citizens.

Katherine V. Taylor is the only child of Mrs. Hattie B. Kearney and the late Mr. Buchanan Kearney, Jr. She was born in Wake Forest, N.C., and later lived in Rockville, Long Island. A graduate of Howard University, with a double-major in psychology and sociology, Ms. Taylor has served on Presidential, gubernatorial, and mayoral commissions and has frequently contributed articles to such publications as the New Jersey Afro-American Newspaper and the Forum. And, for the past 8 years, she has directed the "Senior Citizens in Action" radio show over WNJR in Newark.

In 1973, the city of Newark selected Kitty Taylor as their first woman of the year. She has also won many awards from various churches, schools, medical facilities, veterans' groups, community centers, and private concerns.

Therefore, in recognition of her many accomplishments I join the many friends who paid tribute to Kitty Taylor at a testimonial dinner given in her honor on June 6. It is my hope that she may continue to serve the community successfully for many years to come.

MRS. CLAIRE SETLOW

Mr. RIBICOFF. Mr. President, one of the outstanding women of Connecticut, Mrs. Claire Setlow, died in April of this year. She was loved and respected by thousands and contributed so much to the overall community. She was a great lady who devoted her life to her family, friends, and the well-being of people. Her passing is mourned and deeply felt by many.

I ask unanimous consent that articles from the Connecticut Jewish Ledger and the Metropolitan Star be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Connecticut Jewish Ledger, Apr. 29, 1976]

A GREAT LADY

Claire Setlow is no longer with us....

Those of us who knew her will always remember her, the rare human being she was—a loving wife, an outstanding mother, a devoted sister, and a beautiful woman in every sense who brought happiness to so many, many people in our community.

The last two years were a period of great physical suffering for her, yet Claire exhibited an extraordinary amount of sheer mental strength which, I am convinced, enabled her to continue her daily activities.

As late as August, Claire insisted that Herb accept an invitation from Prime Minister Yitzhak Rabin to participate in the 1976 Prime Minister's United Jewish Appeal Mission to Israel, albeit the fact she would be hospitalized during the time Herb was away. She felt that his responsibilities as the Federation president in these critical times required him to respond to Mr. Rabin's invitation.

She exhibited great pride in Herb's leadership role in a multiplicity of Jewish activity over a period of many years. She enjoyed sharing these activities and achievements with him and joined him at hundreds of conferences over the years.

Claire was exceptionally proud of the outstanding professional careers her daughters, Marci and Carrie, had made for themselves in New York.

One of the first people to welcome me to the New Haven community on my arrival a decade ago was Claire. In the past ten years, I spent many hours with her in many different situations, at meetings, at simchas and at sad occasions. She represented a kind of strength, loyalty and special warmth to her family and her community that is so unusual in this day and age of insensitivity.

Claire's passing is a communal loss. We hope the family is comforted in the knowledge that their loss is shared by so many of us who knew her and loved her.

May her Memory truly be for a Blessing!

ARTHUR SPIEGEL,
Executive Director,
New Haven Jewish Federation.

[From the Metropolitan Star, May 1976]

ONE THOUSAND JOIN IN TRIBUTE TO MRS. HERBERT SETLOW

NEW HAVEN.—More than 1,000 communal figures, including hosts of top National, District 1, District 1 B'nai B'rith Women and Connecticut B'nai B'rith leaders, joined in a tribute to Mrs. Herbert D. (Claire) Setlow at funeral services in Congregation Mishkan Israel here on April 27.

Mrs. Setlow, wife of the nationally prominent Jewish leader who is National Chairman of the B'nai B'rith Community Voluntary Services (CVS) Commission, died April 25 in Yale-New Haven Hospital after a long illness. She was 62.

The 1,000 who attended the services constituted one of the largest turnouts for such a tribute in New Haven community history.

Mrs. Setlow, a Life Member of Horeb Chapter, B'nai B'rith Women, was a familiar figure for more than quarter of a century at B'nai B'rith events around the world, where she accompanied her husband, a former President of District 1.

In his eulogy, Rabbi Richard Goldberg noted her long and devoted services to her community, to Jewry and to many causes. Her husband is president of the New Haven Jewish Federation. Later, Ted C. Gorman, former District 1 President, lauded her at installation ceremonies of Connecticut Valley Council officers.

Besides her husband, she is survived by two daughters, Marcia and Carolyn Setlow, a sister and three brothers.

NEW JUSTICE FOR INDIANS?

Mr. HOLLINGS. Mr. President, I join with my distinguished colleagues, the senior Senator from Michigan (Mr. PHILIP A. HART) and the senior Senator from Minnesota (Mr. MONDALE) in cosponsoring S. 3298, the Central Arizona Indian Tribal Water Rights Settlement Act fo 1976, which was introduced on April 13 by the distinguished senior Senator from Massachusetts (Mr. KENNEDY). Senator HART's excellent statement of this date sets forth our reasons for associating ourselves with this important and timely legislation.

In further support of S. 3298, I would refer my colleagues to an editorial entitled "New Justice for Indians?" which appeared in the May 6 edition of the Sumter, S.C., Item. I ask that the editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

NEW JUSTICE FOR INDIANS?

When the Indian signed treaties in the 19th century that were to last "as long as the grass grows and the rivers run," he didn't foresee the white man's 20th-century technology, which can change the rivers in their courses or slow them to a trickle.

An area of central Arizona, which has been irrigated and farmed by American Indians for 2,000 years, according to archeological estimates, is gradually reverting to arid desert. For 30,000 Pima, Papago and Mohave-Apache Indians, organized into five tribal communities, it has become a question of how much longer they will be able to grow grass or any other crop with the water they have left.

This tragedy, which has changed once-prosperous self-sufficient Indian farmers into destitute, welfare-dependent people, was brought about by the theft of their water in violation of rights supposedly guaranteed them by the U.S. government, charges the Association on American Indian Affairs.

For the past 100 years, says the association, the Department of the Interior has repeatedly subverted treaties, statutes, executive orders and federal court decisions to the benefit of commercial and industrial interests and non-Indian farmers.

Now at last, following lengthy hearings last October by the Senate Committee on Interior and Insular Affairs, a bill has been introduced in the Senate to settle once and for all the complex question of the water rights of the five tribes "and to promote their economic self-sufficiency through farming and irrigated agriculture." This is S. 3298, introduced by Sen. Edward M. Kennedy, D-Mass.

Essentially, the bill would authorize and direct the Secretary of the Interior to acquire, at fair market value, about 170,000 acres of lands in central Arizona with surface water rights and transfer these rights to the tribes in satisfaction of their present and future right to the use of water for farming purposes.

The acquisition would take place over a number of years, allowing ample time for the amortization of investments and orderly decision on the part of non-Indian water users.

The alternative is protracted litigation in the courts, which would take many years, Kennedy points out, with resultant hardship and uncertainty for both non-Indian and Indian water users.

The plight of 30,000 Indians may be of little moment to 210 million other Americans, but the fact is that taxpayers are now spending $60 million a year to keep these still proud people on welfare they do not want.

At the same time, the government proposes to spend $1 billion to rescue no more than 151 white-owned farms, whose runoff has been contributing to the pollution of the lower Colorado. This is the estimated construction and operating cost of the Wellton-Mowhawk desalinization plant designed to fulfill treaty obligations with Mexico regarding Colorado River quality.

Under S. 3298, the Secretary of the Interior would also be authorized to retire these farms, paying just compensation to their owners, and the expensive desalinization plant would not be necessary.

S. 3298 "could well be the most important piece of American Indian natural resource legislation ever passed," said the Association on American Indian Affairs, "and celebrate this Bicentennial year with the start of a new era of justice for our first Americans."

SECRETARY RICHARDSON LETTER TO CHAIRMAN HILLS

Mr. PERCY. Mr. President, in the RECORD of June 18, 1976, I mentioned to my colleagues that Secretary of Commerce Elliot Richardson was forwarding to me a copy of his June 17 letter to Securities and Exchange Commission Chairman Roderick Hills. The letter is a sincere effort on the part of Secretary Richardson to reconcile any differences on intepretation between the ongoing efforts of the SEC and the initiatives proposed by the President's Task Force on Questionable Payments Abroad on the scope of proposed legislation in this area.

For the benefit of my colleagues, I request unanimous consent that the full text of the letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF COMMERCE,
Washington, D.C., June 17, 1976.

Hon. RODERICK M. HILLS,
Chairman, Securities and Exchange Commission, Washington, D.C.

DEAR ROD: Thank you for your letter of June 16, 1976 regarding my letter of June 11 to Senator Proxmire. I sincerely regret that certain language in my letter has been construed as potentially undercutting the legitimate ongoing enforcement activities of the SEC. That, as I am sure you appreciate, was certainly not my intent.

The purpose of the analysis set forth in my letter was to demonstrate that debate has existed and may continue regarding the proper scope of SEC enforcement under the doctrine of "materiality." I personally did not and do not wish to take a particular side in such a debate nor to affect in any way the seventeen enforcement actions already undertaken and successfully concluded by the SEC. For reasons stated in my letter to Senator Proxmire—above and beyond those pertaining to the "materiality" debate—I do believe that new legislation as proposed by President Ford is required to supplement and complement SEC activities if we are to deter fully, in the future, questionable or improper payments.

You know I feel that you and your fellow Commissioners, and the staff of the SEC, deserve great credit for taking a forceful position at the vanguard of those seeking to assure that the business standards of all American corporations comport with our national ethic. Further, I am particularly pleased that the President has decided to endorse the legislation which you proposed on May 12 to assure greater corporate accountability.

I would not want any misunderstanding my letter may have caused to interfere with our continued cooperation in the pursuit of adequate measures to restore and maintain confidence in American business conduct.

With warm regard,

Sincerely,

ELLIOT L. RICHARDSON.

FUNERAL OF AMBASSADOR MELOY AND ECONOMIC COUNSELOR WARING

Mr. PELL. Mr. President, today Senator MATHIAS and I attended the funeral at the Washington Cathedral for Ambassador Francis Meloy and his Economic Counselor Robert Waring. Ambassador Meloy and Mr. Waring were dedicated members of our career Foreign Service who gave their lives in the effort of the United States to help strife torn Lebanon find a way out of its tragic civil war. I was particularly moved at this service as Ambassador Meloy was an old friend of mine and a former colleague when I was a member of the Foreign Service myself.

During the service at the cathedral Mr. Philip Habib, Under Secretary of State for Political Affairs delivered an eloquent and moving eulogy for Ambassador Meloy and Mr. Waring. His words most appropriately pay tribute not only to those two fine men, but also to all of the fallen of the Foreign Service in the line of duty. Mr. President, I ask unanimous consent that the text of Under Secretary Habib's remarks be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS BY PHILIP C. HABIB

Mr. Vice President, Mrs. Waring, Mr. Meloy, Members of the Families and friends:

I am here today to speak for the Foreign Service of the United States of America—to pay, as best we can, a small measure of the debt of gratitude, pride and love that we owe our colleagues and our friends, Frank Meloy and Bob Waring. And to offer to their families the sympathy, understanding and the solidarity which all of us in the Foreign Service hold for our loved ones who give up so much—both those who share foreign duty with us, and those who remain at home to bind us even more closely to the country we serve.

Service—to the nation; and to the higher values of humanity. That is the symbol and the legacy of these two Americans. Theirs will be the new names added to the long list of Foreign Service men and women who gave their lives in tragic or heroic circumstances—names engraved in marble at the Diplomatic Entrance of the Department of State. That list runs back 200 years. For some 175 of those years it is largely a record of those who lost their lives to disease and natural disaster. But for the last quarter-centry it tells a story of the widening violence which mankind inflicts upon itself.

The forces of change in our century have brought vast material benefit and widening horizons of the human spirit. But they have spawned as well new plagues of terror and war which can touch the lives of every citizen. Thus, more than ever before, peace is the profession of the diplomat. And the role of honor in the Department of State tragically records the sacrifice exacted by this new meaning of foreign service.

Indeed, the names of foreign posts where Frank Meloy and Bob Waring served their country can make up a catalogue of political crisis and human suffering in our time: from Athens in 1947 through Berlin, Saigon, Santo Domingo, Guatemala, to Beirut in 1976. Their careers represent the diversity and the challenges characteristic of their time.

Frank Meloy's career brought him a short time ago to serve as Ambassador to Lebanon. He moved from working to help a nation battered by nature to one ravaged by man.

This year—as for the past four years—found Robert Waring pursuing his career in Beirut. There, through two tours of duty, he had unswervingly committed himself—under ever-worsening conditions—to offer his deep understanding of the economic and political forces at work in Lebanon in the service of the United States.

The fate these men shared saddens us. Their paths crossed as paths so often cross in a wandering profession. Like all of us their lives touched thousands of others and finally touched each other.

Over the past few days I have asked some of their friends to tell me what they remember. To those who knew them and worked with them, no matter how long ago, the memories were sharp. These were not men who blend and fade.

Frank's friends remember him as cool and collected. Courtly in bearing and manner, but tough underneath. When I saw him last a few weeks ago, he was the veteran diplomat off to meet a new challenge with that certain panache. A man of conviction not afraid to dissent, well before it was a popular mark of individuality. A man with an affinity for service, and a life time to demonstrate it.

Bob's colleagues recall his gentility. In the sweetest tribute of all, one described him as somebody who tried to live a saintly life. He liked people from all walks of life and they responded. He had more good friends in Beirut than any other member of the staff. He cared about others, and is remembered by those younger officers whom he welcomed within his circle with warmth and consideration, Full of rectitude and decency, he was sometimes reserved but passionately outspoken if he thought something was wrong.

These were men of great personal courage. Within days of his arrival, Frank Meloy died seeking to carry his negotiations into the most dangerous areas of the city—areas into which Bob Waring had repeatedly and valiantly ventured time and again to carry out his official missions.

And these were men of great principle. Their lives tell us they knew that freedom is precarious for its own sake; that truth is infinitely valuable; and that only when people are prepared to devote their very being, are the forces set in motion by which peace may prevail.

And let us pay tribute to another brave man—one whose dedication and loyalty lost him his life with Frank Meloy and Bob Waring. I speak of Zohair Moghrabi. His long and commited service to our Embassy in Beirut, and his ultimate sacrifice ,stand as a symbol of the thousands of Foreign Service local employees who have helped America in their native lands and for whom the Foreign Service feels a special gratitude and affection.

Secretary of State Kissinger has awarded to Francis Meloy, to Robert Waring, and to Zohair Moghrabi the Department of State's highest honor, the Secretary's Award—for the courage, the dedication, and the loyalty which led them to give their lives in the cause of peace.

The memory of these men will live in the love of their families; in the pride of the Foreign Service; in the gratitude of the United States; and in the hearts of people everywhere who care for peace.

Colleagues and friends:

The event that has assembled us here was brutal, and tragic. But the legacy of which we have come to pay tribute is enduring, and good.

What these men leave behind strengthens us in our commitment: to our country, and to peace.

There are cynics in this beloved land of ours who see only the tarnishing of government service. In these men we honor today the burnished shield of the Republic is held on high.

Not long ago the generation of Americans to which these men belong was called upon, "to pay any price, bear any burden, meet any hardship." They met hardship, they bore their burden, and they paid the ultimate price.

TIME-LIMITATION AGREEMENT—H.R. 14236

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at such time as H.R. 14236, Public Works for Water and Power Development and Energy Research Appropriation Act, 1977, is called up and made the pending business before the Senate, there be a time limitation thereon of 1 hour, to be equally divided between Mr. STENNIS and Mr. HATFIELD; that there be a time limitation on any amendment thereto of 30 minutes; that there be a time limitation on any debatable motion, appeal, or point of order of 20 minutes; and that the agreement with reference to the control and division of time be in the usual order.

The PRESIDING OFFICER. (Mr. CLARK). Without objection, it is so ordered.

TIME-LIMITATION AGREEMENT—H.R. 14261

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at such time as H.R. 14261, an act making appropriations for the Treasury Department, the U.S. Postal Service, and for other purposes, is called up and made the pending business before the Senate, there be a time limitation thereon of 1 hour, to be equally divided between Mr. BELLMON and Mr. MONTOYA; a time limitation on any amendment of 30 minutes, a time limitation on any amendment, debatable motion or appeal of 20 minutes; and that the agreement with reference to the division and the control of time be in the usual form.

The PRESIDING OFFICER (Mr. CLARK). Without objection, it is so ordered.

TIME-LIMITATION AGREEMENT—S. 3105

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, with the undestanding that the bill, S. 3105, the ERDA authorization bill, not be called up before Wednesday, June 23, when such bill is called up and made the pending business before the Senate, there be a time limitation on the bill of 2 hours, to be equally divided between the distinguished majority and minority leaders or their designees; a time limitation on an amendment by Mr. HASKELL of 2 hours; a time limitation on an amendment by Mr. RANDOLPH of 40 minutes; a time limitation on any other amendment of 1 hour; a time limitation on any debatable motion or appeal or point of order if such be made of 20 minutes; and that the agreement be in the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS FROM TOMORROW UNTIL 9 A.M. ON WEDNESDAY, JUNE 23, 1976

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business tomorrow, it stand in recess until the hour of 9 o'clock on Wednesday morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF H.R. 14236 ON WEDNESDAY, JUNE 23, 1976 AND FOR RESUMPTION OF UNFINISHED BUSINESS THEREAFTER

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Wednesday morning, following the recognition of any Senator for whom orders have been entered previously, the Senate proceed to the consideration of the bill making appropriations for public works, H.R. 14236, and that upon the disposition of that bill, on which there is a time agreement, the Senate resume consideration of the unfinished business, Calendar Order No. 891, H.R. 10612.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene, following a recess, at 9 o'clock tomorrow morning. After the two leaders or their designees have been recognized under the standing order, Mr. SCOTT of Virginia will be recognized for not to exceed 15 minutes, after which the Senate, by unanimous consent, will have not to exceed 15 minutes for the transaction of routine morning business, with statements limited therein to 5 minutes each.

The PRESIIG OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Following routine business, the Senate will take up S. 12 and, by unanimous consent, that measure will be before the Senate until disposed of, there being a time agreement thereon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Upon disposition of S. 12, the Senate will resume consideration of the unfinished business, H.R. 10612. Rollcall votes will occur on S. 12, undoubtedly, which means that rollcall votes could come as early as 10 o'clock tomorrow morning, and there will be continuing rollcall votes on the unfinished business tomorrow.

RECESS TO 9 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until tomorrow morning at 9 o'clock.

The motion was agreed to; and at 7:04 p.m., the Senate recessed until Tuesday, June 22, 1976, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate June 21, 1976:

DEPARTMENT OF COMMERCE

Leonard S. Matthews, of Illinois, to be an Assistant Secretary of Commerce, vice Travis Edwin Reed, resigned.

COMMUNITY SERVICES ADMINISTRATION

Robert C. Chase, of Virginia, to be Deputy Director of the Community Services Administration (new position).

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Alan M. Lovelace, of Maryland, to be Deputy Administrator of the National Aeronautics and Space Administration, vice George M. Low, resigned.

IN THE NAVY

Rear Adm. Bobby R. Inman, U.S. Navy, having been designated for commands and other duties determined by the President to be within the contemplation of title 10, United States Code, section 5231, for appointment to the grade of vice admiral while so serving.

HOUSE OF REPRESENTATIVES—*Monday, June 21, 1976*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

I have fought a good fight, I have finished my course, I have kept the faith.—II Timothy 4: 7.

Eternal God, Father of mercies and God of all strength, we lift our hearts unto Thee in this prayer of thanksgiving and praise. We thank Thee for the beauty in nature, for the nobility of character, for the love in our family circles, for the fellowship of good friends, for churches where we worship freely, for the rich heritage of our beloved country, and for Thy word which reveals to us the way to live happily and harmoniously. May our words of thanksgiving become our work in thanksgiving.

Send us out into this day to be worthy representatives of Thee. We pray for integrity of character, for the attitude of mercy, for firmness on behalf of right living for ourselves and others, for understanding compassion for those who do wrong, and an ever-present love for all Thy children. So may we lift the level of our public and private lives and make our country a better place for our children and our children's children.

We pray in the spirit of Christ. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 5621. An act to authorize the Secretary of the Interior to establish the Valley Forge National Historical Park in the Commonwealth of Pennsylvania, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12384) entitled "An act to authorize certain construction at military installations and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 98. An act to establish the Klondike Gold Rush National Historical Park, and for other purposes.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 8410. An act to amend the Packers and Stockyards Act of 1921, as amended, and for other purposes.

The message also announced that the Senate had passed bills and joint and concurrent resolutions of the following titles, in which the concurrence of the House is requested:

S. 1477. An act for the relief of Beatrice Serrano-Toledo;

S. 2322. An act for the relief of Lee Mee Sun;

S. 2618. An act for the relief of Chea Hyo Suk;

S. 2668. An act for the relief of Arturo Moreno Hernandez;

S. 2770. An act for the relief of Anthony Augustus Daley and Beverly Evelyn Daley;

S. 3542. An act to authorize the Secretary of the Interior to make compensation for damages arising out of the failure of the Teton Dam a feature of the Teton Basin Federal reclamation project in Idaho, and for other purposes;

S. 3557. An act to authorize the appropriation of funds necessary during the fiscal year 1977 to implement the provisions of the Treaty of Friendship and Cooperation between the United States and Spain, signed at Madrid on January 24, 1976, and for other purposes;

S.J. Res. 201. Joint resolution to authorize and direct the Secretary of the Army, acting through the Chief of Engineers, to undertake dredging operations for Operation Sail, and for other purposes;

S.J. Res. 203. Joint resolution to amend the Higher Education Act of 1965, and for other purposes; and

S. Con. Res. 123. Concurrent resolution extension of contract for Fort Mohave, Nev.

CONSENT CALENDAR

The SPEAKER. This is Consent Calendar day. The Clerk will read the bill on the Consent Calendar.

PREEMPTION OF STATE LAWS INCONSISTENT WITH FEDERAL EMPLOYEE HEALTH BENEFITS PROGRAM

The Clerk called the bill (H.R. 12114) to amend chapter 89 of title 5, United States Code, to establish uniformity in Federal employee health benefits and coverage provided pursuant to contracts made under such chapter by preempting State or local laws pertaining to such benefits and coverage which are inconsistent with such contracts.

There being no objection, the Clerk read the bill as follows:

H.R. 12114

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8902 of title 5, United States Code, relating to contracts for Federal employee health benefits plans, is amended by adding at the end thereof the following new subsection:

"(1) The provisions of any contract under this chapter which relate to the payment, nature, or extent of benefits or coverage shall supersede and preempt any State or local law, or any regulation issued thereunder, which relates to health insurance or plans to the extent that such law or regulation is inconsistent with such contractual provisions.".

With the following committee amendment:

On the first page, beginning on line 8, strike out "payment, nature, or extent of benefits or coverage" and insert in lieu thereof "nature or extent of coverage or benefits (including payments with respect to benefits)."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER. This concludes the call of the Consent Calendar.

RESIGNATION AS CHAIRMAN OF COMMITTEE ON HOUSE ADMINISTRATION

The SPEAKER laid before the House the following resignation as chairman of the Committee on House Administration:

WASHINGTON, D.C.
June 21, 1976.

Hon. CARL ALBERT,
Speaker of the House,
Washington, D.C.

DEAR MR. SPEAKER: The charges which have been made against me and the current state of my health make it impossible for me to devote the time necessary to carry out my responsibilities as Chairman of the House Administration Committee.

I, therefore, have decided to step down as Chairman of that Committee.

I am confident that I will be vindicated as to any wrong-doing, and when that occurs, I shall ask for a re-examination of my position by the Caucus.

With kind personal regards, I am,
Very sincerely yours,
WAYNE L. HAYS,
Chairman.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

A motion to reconsider was laid on the table.

UNIQUE BICENTENNIAL GIFT

(Mr. FRENZEL asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. FRENZEL. Mr. Speaker, Belgium, our trusted NATO ally, has sent a unique Bicentennial gift to the United States. It has sent its outstanding ballet of the 20th century which will give a number of Bicentennial performances here.

Belgium's Crown Princess Paola traveled to Washington to attend the very first performance of the ballet at Wolf Trap on Flag Day, June 14.

Princess Paola's trip to the United States was a very special gesture. Her presence, as a representative of the people of Belgium, was an added, personal demonstration of the close relationship between our two countries, and of our strong mutual interests.

Belgium's Bicentennial tribute and the personal visit of Crown Princess Paola is greatly appreciated.

PERMISSION FOR COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION TO SIT ON TUESDAY, WEDNESDAY, AND THURSDAY OF THIS WEEK BETWEEN 10 A.M. AND 12 NOON DURING THE 5-MINUTE RULE

Mr. HOWARD. Mr. Speaker, I ask unanimous consent that the Committee on Public Works and Transportation be permitted to sit between the hours of 10 a.m. and 12 noon on Tuesday, Wednesday, and Thursday of this week during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

CALL OF THE HOUSE

Mr. GRASSLEY. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McFALL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 413]

Abzug
Addabbo
Alexander
Allen
Ambro
Anderson, Ill.
Badillo
Bell
Biaggi
Biester
Blouin
Boggs
Boland
Bowen
Brademas
Brinkley
Butler
Chisholm

Clausen, Don H.
Cochran
Collins, Ill.
Conlan
Conyers
Corman
Cotter
Danielson
de la Garza
Dent
Dickinson
Diggs
Dodd
Downey, N.Y.
du Pont
Eckhardt
Eilberg
Emery
Esch
Eshleman
Fish
Flynt
Foley
Ford, Tenn.
Giaimo
Gonzalez
Green
Hanley
Hansen
Harrington
Harsha
Hays, Ohio
Hébert
Heckler, Mass.
Hefner
Heinz
Helstoski
Henderson
Hightower
Hillis
Hinshaw
Howe
Hutchinson
Jarman
Johnson, Pa.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Landrum
Litton
McCloskey
McCollister
McCormack
McDade
McDonald
McKinney
Maguire
Mathis
Metcalfe
Michel
Milford
Mills
Moakley
Morgan
Murphy, Ill.
Murphy, N.Y.
Neal
Nedzi
Nichols
Nix
Nolan
O'Hara
O'Neill
Pattison, N.Y.
Pepper
Peyser
Quie
Rees
Rhodes
Risenhoover
Rostenkowski
Ruppe
Santini
Sarbanes
Scheuer
Solarz
Staggers
Stanton, James V.
Steiger, Ariz.
Stuckey
Sullivan
Symington
Udall
Vander Jagt
Walsh
Wampler
Waxman
Wilson, C. H.
Wilson, Tex.
Wolff
Wright
Wydler
Young, Alaska
Young, Ga.
Zeferetti

The SPEAKER. On this rollcall 307 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PERMISSION FOR SUBCOMMITTEE ON LEGISLATION AND NATIONAL SECURITY OF COMMITTEE ON GOVERNMENT OPERATIONS TO MEET BETWEEN 10 O'CLOCK A.M. AND 12 O'CLOCK NOON ON TUESDAY, JUNE 22, 1976, DURING 5-MINUTE RULE

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that the Subcommittee on Legislation and National Security of the Committee on Government Operations be permitted to meet for purposes of conducting a hearing between 10 o'clock a.m. and 12 o'clock noon on Tuesday, June 22, 1976, while the House is sitting under the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

AUTHORIZING APPROPRIATIONS FOR THE FEDERAL FIRE PREVENTION AND CONTROL ACT OF 1974

Mr. TEAGUE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 12567) to authorize appropriations for the Federal Fire Prevention and Control Act of 1974 and the act of March 3, 1901, for fiscal years 1977 and 1978, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert: That (a) section 17 of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2216) is amended—

(1) by striking out "and" immediately after "June 30, 1975,", and

(2) by inserting ", not to exceed $3,750,000 for the transitional fiscal quarter beginning July 1, 1976, and ending September 30, 1976, not to exceed $15,000,000 for the fiscal year ending September 30, 1977, and not to exceed $20,000,000 for the fiscal year ending September 30, 1978" immediately after "June 30, 1976".

(b) Section 16(b) of the Act of March 3, 1901 (15 U.S.C. 278f(b)) is amended—

(1) by striking out "and" immediately after June 30, 1975" and inserting a comma in lieu thereof, and

(2) by inserting ", not to exceed $1,275,000 for the transitional fiscal quarter beginning July 1, 1976, and ending September 30, 1976, not to exceed $5,500,000 for the fiscal year ending September 30, 1977, and not to exceed $6,000,000 for the fiscal year ending September 30, 1978" immediately after "June 30, 1976".

SEC. 2. Section 7(h) of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2206(h)) is amended—

(1) by inserting "(1)" immediately before "Of the sums authorized", and

(2) by adding at the end thereof the following new paragraph:

"(2) Before a commitment may be made to obligate funds for the construction of any facility of the Academy under paragraph (1), the Secretary shall submit to the chairman of the Committee on Science and Technology of the House of Representatives and to the chairman of the Committee on Commerce of the Senate the plans for the construction of such facility. The Secretary may make a commitment to obligate funds for the construction of such facility in accordance with such plans unless the Congress, within sixty calendar days of the date such plans are submitted under this paragraph, adopts a concurrent resolution the substance of which disapproves a commitment to obligate funds for the construction of such facility under such plans.".

Mr. TEAGUE. Mr. Speaker, the Senate amendment to H.R. 12567 does not change the level of authorization recommended by the House for fiscal years 1977 and 1978. Changes in other provisions will have only minor effects, and the Committee on Science and Technology finds these changes acceptable.

Three changes are made by the Senate amendment.

First, an explicit authorization for the transition quarter is given by the Senate amendment. The House version of H.R. 12567 did not contain an explicit transition quarter authorization because Public Law 94–144, the omnibus authorization law for the transition quarter, provided authorization and Public Law 94–121 already had appropriated funds for the transition quarter. The Senate prefers to have an explicit authorization and we are happy to agree to the Senate's wishes in this matter. There is no conflict with Public Law 94–144 because it provides that other laws may supersede it.

Second, the House bill provided that Congress must be given 60 days' notice of plans for the construction of any facility for the National Academy for Fire Prevention and Control. Under the House bill either House of Congress could stop any money from being spent on Academy construction if the plans were not satisfactory by adopting a resolution within the 60-day period. The Senate had no such provision in S. 2862, the bill originally passed which parallels H.R. 12567. The Senate acceded to the wishes of the House in keeping a 60-day veto provision when amending H.R. 12567. Several members of the Senate Commerce Committee believe that one-House vetoes such as the House bill contained are not good law, however, so we changed the provision slightly to require that both Houses of Congress agree in order to veto proposed expenditures under academy construction plans. The compromise provision sufficiently reflects the House concern that academy facilities should be adequate but not excessive.

Third, the Senate amendment deletes a House provision which required that the National Fire Prevention and Control Administration not conduct any research that had been authorized to be conducted by the National Bureau of Standards Fire Research Center, without the specific authorization of the Secretary of Commerce. The intent of that provision was to insure that the Government take a more coordinated approach to fire research. The Senate agreed with the objective that programs of the Fire Research Center and the Fire Administration should be mutually supportive and complementary, but believed that the law would be better without the specific provision that the House had proposed. There is evidence that the two agencies in question are working closely together now. I believe those agencies will continue to cooperate and divide responsibilities as prescribed in earlier laws, so that the provision will not be missed.

I would like to repeat the position taken by both the House and Senate authorizing committees in providing a total fiscal year 1977 authorization of $20.5 million for purposes of the Federal Fire Prevention and Control Act of 1974: The National Fire Prevention and Control Administration is still in the early stages of development. The President's budget request of $10.2 million does not allow for any growth in four of the five categories of Fire Administration expenditure and will not permit the Fire Administration to continue maturing toward a stage in which it may be expected to meet its announced goal of cutting the Nation's fire losses in half in the next generation. The $20.5 million authorization provides for funding slightly above the $14 million requested from OMB by the Department of Commerce at the beginning of the budget process, plus about $5 million for site acquisition or construction of the National Academy for Fire Prevention and Control. We believe this level of authorization is necessary and appropriate to insure that the benefit of the money already spent by the Fire Administration is realized through the establishment of an effective program.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair desires to make an announcement.

Pursuant to the provision of clause 3(b) of rule XXVII, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to, under clause 4 of rule XV.

After all motions to suspend the rules have been entertained and debated and after those motions to be determined by "nonrecord" votes have been disposed of, the Chair will then put the question on each motion on which the further proceedings were postponed.

EMERGENCY TECHNICAL PROVISIONS TO HIGHER EDUCATION ACT

Mr. PERKINS. Mr. Speaker, I move to suspend the rules and pass the Senate joint resolution (S.J. Res. 203) to amend the Higher Education Act of 1965, and for other purposes.

The Clerk read as follows:

S.J. Res. 203

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Emergency Technical Provisions Act of 1976".

Sec. 2. (a) The first sentence of section 424(a) of the Higher Education Act of 1965 is amended by striking out "for the fiscal year ending June 30, 1975" and inserting in lieu thereof the following: "each for the fiscal year ending June 30, 1975, for the fiscal year ending June 30, 1976, and for the period beginning July 1, 1976, and ending September 30, 1976".

Section 428(a)(5) of such Act is amended by striking out "June 30, 1975" and inserting in lieu thereof "September 30, 1976".

(c) Section 2(a)(7) of the Emergency Insured Student Loan Act of 1969 is amended by striking out "July 1, 1975" and inserting in lieu thereof "October 1, 1976".

(d) The amendments made by this section shall not be deemed to authorize the automatic extension of the programs so amended, under section 414 of the General Education Provisions Act, beyond the date specified in such amendments.

(e) For the purposes of section 446(b) of the Higher Education Act of 1965, the period beginning July 1, 1976, and ending September 30, 1977, shall be treated as one fiscal year, any other provision of law to the contrary notwithstanding.

(f) Section 411 of the Higher Education Act of 1965 is amended by inserting at the end thereof the following new subsection:

"(c) Any institution of higher education which enters into an agreement with the Commissioner to disburse to students attending that institution the amounts those students are eligible to receive under this subpart shall not be deemed, by virtue of such agreement, a contractor maintaining a system of records to accomplish a function of the Commissioner.".

The SPEAKER. Is a second demanded?

Mr. ASHBROOK. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The Chair recognizes the gentleman from Kentucky (Mr. Perkins).

Mr. PERKINS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this resolution is identical to House Joint Resolution 984, unanimously reported by the Committee on Education and Labor last week, and is an emergency measure dealing with student aid programs.

The guaranteed student loan program is due to expire on June 30 of this year. The resolution extends the program through the transitional period—that is through September 30—without any changes in the program.

The resolution addresses a technical problem in the college work-study with respect to the transitional period and will allow for more orderly and efficient redirection of unused college work-study moneys.

Finally, Mr. Speaker, the resolution clears up an issue relative to the handling of student aid files. The resolution makes clear that colleges and universities are only required to maintain such records in conformity with the Family Educational Rights and Privacy Act rather than also with the Privacy Act of 1974.

Mr. Speaker, I want to compliment the distinguished chairman of our Subcommittee on Postsecondary Education, James O'Hara, for his leadership and work on this resolution.

This has been a bipartisan effort and I want also to congratulate members of the committee on both sides of the aisle. The work of one member of our subcommittee, Paul Simon, of Illinois, merits particular attention. Recognizing the need to continue the insured loan program and of the enormous problems which our colleges would confront if they were required to maintain student aid files in conformity with two different statutes, he has assumed a leadership role with respect to this resolution.

Mr. Speaker, there are a few additional points which I wish to make relative to the resolution. This year all higher education programs, certain vocational education programs, and the National Institute of Education are due to expire.

The Committee on Education and Labor, with the exception of the insured loan program, has considered and processed legislation renewing and modifying these programs on a timely basis. It was our hope that all programs would have been renewed well before now. However, a comprehensive bill dealing with these programs has not as yet been considered by the full Senate. Final action has not as yet been taken in the House on the extension and major modification of the insured loan program.

It is clear that under the existing schedules, we cannot have enactment of comprehensive education legislation before July 1. This will have a severe impact on the guaranteed student loan program. Without the resolution before us, no new student could borrow under the program during the summer months and this is when a great deal of the borrowing actually occurs.

The resolution provides for a straight simple extension of the guaranteed student loan program for 90 days—that is through the transitional period. Very shortly, we will have the major legislation making improvements in the guaranteed student loan program here for full House consideration.

The second feature of the resolution is very much a technical matter. For purposes of the college work-study program, the transitional period is considered a fiscal year under the transitional legislation which has already become law. This treatment of the college work-study program is appropriate with one exception—and that is with respect to the authority to reallocate unused moneys. We are advised by the U.S. Office of Education that it is simply impossible to reallocate unused fiscal year 1976 moneys within the 90-day transitional period. Provision in the resolution would allow for this reallocation on a more orderly and efficient basis.

Finally, the resolution deals in a very important way with a matter of concern to me and I know of concern to all Members of this House. Without this resolution, there is the probability that beginning on July 1, colleges and universities will have to establish new and elaborate recordkeeping in connection with their administration of the basic educational opportunity grants program. This is because the General Counsel of the Department of Health, Education, and Welfare has interpreted the Privacy Act of 1974 as applying to colleges and universities in connection with the relatively minor role they play in the administration of that program. Repeated protests to the Department have not been heeded and it became necessary to process this resolution which clarifies the fact that colleges and universities are only required to maintain their records consistent with the Family Rights and Privacy Act adopted in the Education Amendments of 1974.

If we had not been able to clarify this matter, colleges and universities would be required to maintain two different sets of files. In all probability, many colleges would have dropped out of the BEOG program which would have had an adverse impact on the program totally and on the participation of financially needy college students.

Mr. Speaker, we were in consultation with the Government Operations Committee on this issue and the committee report on the comparable resolution (H.J. Res. 984) contains a letter from the chairman of the Government Operations Committee. That letter is applicable to the debate here today on the identical Senate joint resolution.

Mr. Speaker, this is emergency legislation as I have said. It is noncontroversial and I urge unanimous approval of it.

Mr. Speaker, I now yield such time as he may consume to the distinguished gentleman from Illinois (Mr. Simon).

Mr. SIMON. Last week, Mr. Speaker, the Committee on Education and Labor unanimously ordered House Joint Resolution 984 reported to the House. The House joint resolution was sponsored by the chairmen and ranking minority members of the full committee, Mr. Perkins and Mr. Quie, and by the chairman and ranking member of the Subcommittee on Postsecondary Education, Mr. O'Hara and Mr. Eshleman. Its provisions are supported by the administration. The House Committee on the Budget, being advised of the urgency of the measure, has advised the leadership that it will support this motion to suspend the rules, and the Committee on Government Operations, which had intended to request sequential referral of the House resolution, has withdrawn that request, without prejudice. In addition to the catalog of support I have just mentioned, the postsecondary education community, through its several organizations, has indicated its strong approval of the provisions of the resolution.

Senate Joint Resolution 203 is identical in all respects to House Joint Resolution 984, as reported, and we are moving its consideration, rather than consideration of the House vehicle, in order to expedite transmission of the legislation to the President for his expected signature.

Essentially, the bill makes technical amendments to and embodies one interpretation of various parts of the Higher Education Act which are necessary in order to continue the operation of three of that act's programs during the transitional quarter beginning on July 1, and going through September 30, 1976. The programs in question—the guaranteed student loan program, the basic educational opportunity grant program, and the college work-study program, are parts of the student financial aid system operating under that act. Various substantive amendments were agreed to by this House for the basic grant and work-study programs when we enacted H.R. 12851 last month.

Those amendments will take effect after September 30. The House will soon be considering H.R. 14070, a bill to make further substantive amendments to the guaranteed loan program, which has been reported to the House, and will be considered on the floor fairly soon. The amendments made by that bill will also take effect after the beginning of the coming fiscal year. All that Senate Joint Resolution 203 does is to keep those programs moving during the transitional quarter, meeting technical problems with the legislation embodying those programs, or with the transitional quarter legislation already enacted, to prevent any unintended program lapses while we are adjusting to the new budget cycle.

Subsection 2(a) of the resolution extends for the period of the transitional quarter, the authority of the Commissioner of Education to insure new student loans during the period. Subsection 2(b) extends through September 30 his right to reinsure new loans guaranteed by State agencies, and subsection 2(c) extends for the 90 days involved the right of the Secretary of HEW to set a special allowance to be paid to the makers of such loans. Subsection 2(d) explicitly provides that none of the provisions of this resolution will trigger the automatic 1-year extension provision of the General Education Provisions Act. In other words, subsection (d) makes it certain that this resolution will only operate for the next 90 days.

None of these subsections makes any change in the structure or operation of the guaranteed student loan program. Loans made during these next 90 days will be made under the provisions of existing law with respect to interest benefits, special allowance, guarantee provisions, and the like. The enactment of this resolution will merely preserve the Congress options with respect to what we do with H.R. 14070, the substantive loan bill, to be considered later.

Subsection (e) deals with a technical problem caused by the interaction of two earlier enactments. Public Law 94-43, enacted last June, allows unused college work-study funds to be reallocated among institutions in a given State at the close of a fiscal year. The wording of that enactment allows such funds to remain available for reallocation "during the fiscal year next succeeding the fiscal year for which" the funds were appropriated.

Public Law 94-274, one of the transitional quarter adjustment bills, provided that for a great number of Federal programs, specifically including the college work-study program, the transitional quarter would be considered a fiscal year. Taken together, these two enactments mean that the Commissioner only has the 3 months of the transitional quarter in which to perform the various administrative duties involved in reallocating the unused work-study moneys from the schools which relinquish them to those which apply for them. Frankly, Mr. Speaker, the inability of the Commissioner and his staff to do this work in a period of 3 months reflects badly on the Office of Education, and the committee was tempted to tell OE to simply work a little harder. But the OE people who conferred with the committee while this resolution was being drafted indicated that they just were not able to to the job in 3 months, and the committee was not inclined to deprive students of work opportunities simply to express our disapproval of OE's leisurely work schedule. I would hope, Mr. Speaker, that the Commissioner would impress upon his staff that the committee's concern for the interests of students does not constitute an endorsement of the lackadaisical way in which, apparently, some of the schools and the Office of Education get about this reallocation process.

Subsection (f) clarifies the status of schools who act as payout agents under the basic educational opportunity grant program, by making it clear that they are not "contractors" for the purposes of the privacy act solely by virtue of their agreement with the Commissioner to pay out basic grant moneys.

The confidential financial information regarding students and their families which is gathered for the purposes of administering the BEOG program will be fully safeguarded from unauthorized disclosure by the provisions of the Family Educational Rights and Privacy Act, but the schools which serve as conduits of these funds between the Commissioner and the student will not also be subject, for this purpose, to the sometimes complementary, sometimes conflicting, requirements of the Privacy Act of 1974, and regulations promulgated thereunder.

This amendment takes away none of the basic protections afforded by these two enactments. It does remove the strong possibility that schools might be forced either to obey conflicting or redundant regulations under both acts, or let the administration of the basic grant program revert to full to the Office of Education. Considering OE's administrative record, it seemed to the committee to be in the interests of students and their families to proceed along the lines of subsection (f) of this resolution.

Mr. Speaker, as a letter in the committee report indicates, the Committee on Government Operations had originally considered requesting sequential referral of House Joint Resolution 984, in order to safeguard that committee's jurisdiction over legislation affecting the Privacy Act. While the text of these resolutions does not amend or refer to the Privacy Act, there is certainly room for argument that sequential referral might be considered appropriate were the situation less urgent than it is. However, when the chairman of the Committee on Government Operations, the gentleman from Texas (Mr. BROOKS), and the chairman of the Subcommittee on Government Information and Individual Rights, the gentlewoman from New York (Ms. ABZUG), were advised of the need for prompt floor action on all of the provisions of this bill, they graciously agreed to withhold their request for sequential referral without prejudice to the rights of the Committee on Government Operations, and without setting any precedent as to the parliamentary question involved. Our committee and, more importantly, the students whose access to student loans, grants, and work opportunities are preserved by this resolution are indebted to the gentleman from Texas and the gentlewoman from New York, and their colleagues.

Mr. ASHBROOK. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is a minor but very necessary resolution. I concur in the remarks of the gentleman from Illinois (Mr. SIMON) and urge that the House do as our committee did—give this measure its speedy unanimous approval so that it can be signed into law before June 30.

As was explained, Senate Joint Resolution 203 is exactly the same as House Joint Resolution 984. It is necessary to pass this technical bill at this time because Congress has not yet completed action on the extension of higher education programs for next year. While most programs have already been extended through the upcoming 3-month transition quarter, one major program would effectively grind to a halt—the guaranteed student loan program.

Section 2 (a), (b) and (c) of the Senate resolution provides for the extension of the authority to insure guaranteed student loans and to make special allowance payments in connection with those loans through the transition quarter.

The extension of the guaranteed loan program, without any substantive change, is the most crucial of three parts to the resolution. Another provision will result in the effective use of already appropriated funds for the college work-study program

Last year at this time we provided that the Commissioner of Education could reallocate, within any given State, work-study funds which were not needed by some schools in order to benefit students in other schools which could use additional funds. That process could be done during the next fiscal year.

In the meantime, Congress adopted a series of date changes in hundreds of Federal programs to accommodate the new change in fiscal years. Somehow, the transition quarter ended up being treated as an entire fiscal year for purposes of the work-study program. While that might have helped some of the administrative problems, it effectively precluded the Commissioner from exercising his reallocation authority because of the time it takes to get the funding reports from the colleges, the applications for new money, and the actual reallocation of funds. This resolution says that, for purposes of the reallocation, the transition quarter will not be considered a full fiscal year.

The third part to the resolution clarifies congressional intent on the nature of the administrative functions some 5,000 colleges perform to help students receive their awards under the basic educational opportunity grant program.

For some reason, the General Counsel's Office in HEW felt constrained to interpret these disturbing functions as "contracts" with the Federal Government. Although the agreements entered into between HEW and the colleges seem quite unlike the normal contract, this interpretation would have pulled every one of these colleges under the provisions of the Privacy Act of 1974. If that ruling held, each college would have to institute additional costly administrative procedures which apply to many Federal contractors.

Apart from whether HEW's interpretation is right or not, the important point is that these colleges are already subject to the Family Educational Rights and Privacy Act of 1974, the so-called Buckley amendment. Since colleges typically keep all student aid records together, it seems unnecessary to require them to follow different procedures for BEOG than for the other programs.

Mr. Speaker, I do not feel this amendment affects the legitimate rights to privacy that students and their parents deserve. It simply says that the administrative assistance colleges give to HEW in disbursing BEOG awards shall not be construed to be a contract, thereby freeing them from duplicative, but somewhat different, sets of regulations.

I urge each Member to support the motion.

Ms. ABZUG. Mr. Speaker, I am and always have been a strong supporter of Federal aid to higher education. As such, I favor those provisions of this resolution that extend various programs of such assistance. I think, though, that one provision of the resolution properly belongs in other legislation and I wish to explain my objection to my colleagues and to the public.

I chair the Government Information and Individual Rights Subcommittee, which has jurisdiction over the Privacy Act of 1974 and the Freedom of Information Act. I learned only a day or so before the pending legislation was to be reported that it contained a provision, section 2(f), directly affecting the Privacy Act. This provision would exempt from the coverage of the Privacy Act records under the basic educational opportunity grant program that are maintained by educational institutions on behalf of the U.S. Office of Education.

The Privacy Act grants citizens important protections with regard to the content and distribution of records relating to them. The people and the rest of the Congress look to our subcommittee to protect and maintain the rights provided in that act. Aware of the need to enact the extension legislation by June 30, but also cognizant of the responsibility of our subcommittee for the integrity of the Privacy Act, I requested that the legislation be referred to us for a brief period to permit us to consider its effects upon the Privacy Act.

I was subsequently informed of fears on the part of some members of the higher education community that even a short referral might jeopardize timely enactment of the legislation. I do not think that these fears were well grounded, but in view of them, and also in view of the fact that the records in question are already subject to the Family Educational Rights and Privacy Act, 20 United States Code 1232g, the request for referral has been withdrawn. This action should assure swift and unimpeded passage of the resolution, which has always been my intention.

This matter should have been handled differently. Legislation creating exemptions from acts such as the Privacy Act and the Freedom of Information Act belongs not in general authorization bills, but in amendments to the Privacy Act or Freedom of Information Act themselves, so that it may be considered by the committees and subcommittees having responsibility for these acts.

I do urge a vote for the passage of this legislation, but I wish to serve notice that when exemptions from the Privacy Act or the Freedom of Information Act are contained in legislation reported from other committees, it is our intention to request sequential referral to our subcommittee for consideration.

Mr. PERKINS. Mr. Speaker, I have no further requests for time.

The SPEAKER. The question is on the motion offered by the gentleman from Kentucky (Mr. PERKINS) that the House suspend the rules and pass the Senate joint resolution (S.J. Res. 203).

The question was taken.

Mr. SYMMS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER. Pursuant to the provisions of clause 3(b) of rule XXVII and the Chair's prior announcement, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. PERKINS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate joint resolution just considered.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

DISABILITY COMPENSATION FOR DISABLED VETERANS

Mr. ROBERTS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 14299) to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their survivors; and for other purposes.

The Clerk read as follows:

H.R. 14299

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Veterans' Disability Compensation and Survivor Benefits Act of 1976".

TITLE I—VETERANS DISABILITY COMPENSATION

SEC. 101. (a) Section 314 of title 38, United States Code, is amended—

(1) by striking out "$35" in subsection (a) and inserting in lieu thereof "$38";

(2) by striking out "$65" in subsection (b) and inserting in lieu thereof "$70";

(3) by striking out "$98" in subsection (c) and inserting in lieu thereof "$106";

(4) by striking out "$134" in subsection (d) and inserting in lieu thereof "$145";

(5) by striking out "$188" in subsection (e) and inserting in lieu thereof "$203";

(6) by striking out "$236" in subsection (f) and inserting in lieu thereof "$255";

(7) by striking out "$280" in subsection (g) and inserting in lieu thereof "$302";

(8) by striking out "$324" in subsection (h) and inserting in lieu thereof "$350";

(9) by striking out "$364" in subsection (i) and inserting in lieu thereof "$393";

(10) by striking out "$655" in subsection (j) and inserting in lieu thereof "$707";

(11) by striking out "$52" and "$814" and "$1,139" in subsection (k) and inserting in lieu thereof "$56" and "$879" and "$1,231", respectively;

(12) by striking out "$814" in subsection (l) and inserting in lieu thereof "$879";

(13) by striking out "$896" in subsection (m) and inserting in lieu thereof "$968";

(14) by striking out "$1,018" in subsection (n) and inserting in lieu thereof "$1,099";

(15) by striking out "$1,139" in subsection (o) and (p) and inserting in lieu thereof "$1,231";

(16) by striking out "$489" in subsection (r) and inserting in lieu thereof "$528"; and

(17) by striking out "$732" in subsection (s) and inserting in lieu thereof "$791".

(b) The Administrator of Veterans' Affairs may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85–857 who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

SEC. 102. Section 315(1) of title 38, United States Code, is amended—

(1) by striking out "$40" in subparagraph (A) and inserting in lieu thereof "$43";

(2) by striking out "$67" in subparagraph (B) and inserting in lieu thereof "$72";

(3) by striking out "$85" in subparagraph (C) and inserting in lieu thereof "$92";

(4) by striking out "$105" and "$19" in subparagraph (D) and inserting in lieu thereof "$113" and "$21", respectively;

(5) by striking out "$26" in subparagraph (E) and inserting in lieu thereof "$28";

(6) by striking out "$45" in subparagraph (F) and inserting in lieu thereof "$49";

(7) by striking out "$67" and "$19" in subparagraph (G) and inserting in lieu thereof "$72" and "$21", respectively;

(8) by striking out "$32" in subparagraph (H) and inserting in lieu thereof "$35";

(9) by striking out "$61" in subparagraph (I) and inserting in lieu thereof "$66";

(10) by redesignating subparagraph (I) as subparagraph (J); and

(11) by inserting immediately after subparagraph (H) thereof the following new subparagraph;

"(I) notwithstanding the other provisions of this subsection, the monthly payable amount on account of a spouse who is (1) a patient in a nursing home or (2) helpless or blind, or so nearly helpless or blind as to need or require the regular aid and attendance of another person, shall be $78 for a totally disabled veteran and proportionate amounts for partially disabled veterans in accordance with paragraph (2) of this subsection.".

SEC. 103. Section 362 of title 38, United States Code, is amended by striking out "$175" and inserting in lieu thereof "$187".

TITLE II—SURVIVORS DEPENDENCY AND INDEMNITY COMPENSATION

SEC. 201. Section 411 of title 38, United States Code, is amended to read as follows:

"(a) Dependency and indemnity compensation shall be paid to a widow, based on the pay grade of her deceased husband, at monthly rates set forth in the following table:

"Pay grade:	Monthly rate
E–1	$260
E–2	268
E–3	275
E–4	292
E–5	300
E–6	307
E–7	322
E–8	340
E–9	[1] 355
W–1	328
W–2	341
W–3	352
W–4	372
O–1	328
O–2	340
O–3	364
O–4	384
O–5	423
O–6	476
O–7	516
O–8	565
O–9	607
O–10	[2] 664

"[1] If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by section 402 of this title, the widow's rate shall be $382.

"[2] If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by section 402 of this title, the widow's rate shall be $713.

"(b) If there is a widow with one or more children below the age of eighteen of a deceased veteran, the dependency and indemnity compensation paid monthly to the widow shall be increased by $31 for each such child.

"(c) The monthly rate of dependency and indemnity compensation payable to a widow shall be increased by $78 if she is (1) a patient in a nursing home or (2) helpless or blind, or so nearly helpless or blind as to need or require the regular aid and attendance of another person.".

SEC. 202. Section 413 of title 38, United States Code, is amended to read as follows: "Whenever there is no widow of a deceased veteran entitled to dependency and indemnity compensation, dependency and indemnity compensation shall be paid in equal shares to the children of the deceased veteran at the following monthly rates:

"(1) one child, $131;

"(2) two children, $189;

"(3) three children, $243; and

"(4) more than three children, $243 plus $49 for each child in excess of three.".

SEC. 203. (a) Subsection (a) of section 414 of title 38, United States Code, is amended by striking out "$72" and inserting in lieu thereof "$78".

(b) Subsection (b) of section 414 of such title is amended by striking out "$121" and inserting in lieu thereof "$131".

(c) Subsection (c) of section 414 of such title is amended by striking out "$62" and inserting in lieu thereof "$67".

TITLE III—MISCELLANEOUS

SEC. 301. (a) The Administrator of Veterans' Affairs shall conduct a scientific study to determine if there is a causal relationship between the amputation of an extremity and the subsequent development of cardiovascular disorders.

(b) The report of the study shall include (1) a comprehensive review and professional analysis of the literature covering other such studies conducted or underway of such relationship; and (2) an analysis of statistically valid samples of disability claims of veterans having service-connected extremity amputation matched by age, sex and war period with nonamputee veterans.

(c) The report, together with such comments and recommedations as the Administrator deems appropriate, shall be submitted to the Speaker of the House and the President of the Senate not later than June 30, 1977.

SEC. 302. Section 3012(b)(2) of title 38, United States Code, is amended by adding immediately before "divorce" wherever it occurs in this subsection, "annulment,".

TITLE IV—EFFECTIVE DATE

SEC. 401. The provisions of this Act shall become effective on October 1, 1976.

The SPEAKER. Is a second demanded?

Mr. HAMMERSCHMIDT. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The gentleman from Texas (Mr. ROBERTS) is recognized for 20 minutes.

Mr. ROBERTS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, through the years, the Congress has accorded a special status to those veterans who have suffered disabilities during their period of service and to the survivors of those veterans who have died as a result of disability so incurred.

The Veterans' Administration disability compensation program currently provides income for 2,230,965 veterans who have service-connected disabilities. Of this number, about 50,421 are disabled World War I veterans; 1,290,439 World War II veterans; 239,800 Korean conflict veterans, and 454,741 Vietnam era veterans.

The disability compensation program, throughout its modern history, has been designed to provide relief for the impaired earning capacity of veterans disabled as the result of their military service. The amount payable varies according to the degree of disability which, in turn, is required by the law—38 U.S.C. 355—to represent, to the extent practicable, the average impairment in earning capacity resulting from such disability or combination of disabilities in civil occupations. Additional compensation for dependents is payable to any veteran entitled to basic compensation for disability rated at not less than 50 per centum.

Since the disability compensation program was first established, the Congress has periodically reviewed the rates of compensation provided as to their adequacy, and has made adjustments when such were deemed necessary. The rates of such compensation were last increased by Public Law 94–71, effective August 1, 1975.

The current program of benefits for survivors of veterans who have died from service-connected conditions was established in 1957. In similar manner, the Congress has periodically reviewed the adequacy of the DIC rates for survivors and has made appropriate adjustments. The DIC payments for widows and children were last increased effective August 1, 1975, by Public Law 94–71.

As of April 30, 1976, the percentage change in the Consumer Price Index since August 1—the date of the last disability compensation increase—was 3.6 percent: Using the economic assumptions and estimates of the Congressional Budget Office, at the end of September the cost of living will have risen about 6.08 percent since rates were last increased, August 1, 1975, and by the end of calendar year 1976, it will have increased about 7½ percent.

It should be noted, Mr. Speaker, that in his budget submission for fiscal year 1977, the President proposed no funds for cost-of-living basic rate increases in the disability compensation program for service disabled veterans or in dependency and indemnity compensation for the surviving widows and orphans of veterans who die of service-connected causes. When the Committee on the Budget reported its first concurrent resolution, it also failed to include in its targets any increases for compensation and DIC benefits. Although the Budget Committee failed to include additional funding authority for cost-of-living increases the committee stated in its report:

> The President's budget excludes funds for cost-of-living increases for all veterans entitlement programs, although the budget does not deny cost-of-living increases for benefit programs indexed by law to the cost of living. Enactment of legislation to provide cost-of-living increases to veterans is both equitable and inevitable, and the Budget Committee favors such action.
>
> However, the committee's recommendations in this function do not include the estimated $1.2 billion required for such increases (for compensation, pension and readjustment benefits). The purpose is a deceptive budget practice and urges the President to submit a budget amendment to fund these cost-of-living increases. The committee supports such an amendment.

The administration failed to submit such budget amendment.

During floor consideration of the first concurrent resolution an amendment was accepted to add $1.2 billion in new budget authority and outlays for cost-of-living increases for compensation, pension, and readjustment benefits, thus insuring equity for the disabled veterans and their survivors in order that their sources of livelihood might keep pace with those other Federal programs automatically indexed by law to the Consumers Price Index.

The first concurrent resolution adopted by Congress contains authority to provide the cost-of-living increase provided for in the reported bill and although the President failed to include such increases in his budget, in reporting on a bill to provide an 8-percent cost-of-living increase the Administrator informed the chairman of your committee in a letter dated May 10, 1976, that the administration would support an increase commensurate with the actual "change in the cost of living from August 1, 1975, the date benefits were last increased, to September 30, 1976." To prevent an erosion of purchasing power, the reported bill provides a percentile increase approximately 8 percent across the board in existing disability compensation rates and rates of additional compensation paid veterans rated 50 to 100 percent disabled for their dependents. The rates of dependency and indemnity compensation paid widows and children of veterans dying of service-connected causes are also increased by the same 8 percent.

The bill contains a new provision addressed to the needs of a few service-connected veterans rated 50 percent or more disabled who have spouses who are patients in a nursing home or who are so helpless as to require the regular aid and attendance of another person. This provision would pay additional compensation at a base rate of $78 for the 100 percent disabled, proportionately less to the 50 to 90 percent disabled. This rate is in lieu of, not in addition to, the $43 rate recommended in the bill for a spouse not so disabled.

Also included in the bill is the requirement that the Administrator conduct a scientific study to determine if there is a causal relationship between the amputation of an extremity and the subsequent development of cardiovascular disorders.

The final provision of the bill includes "annulment" as a form of dissolution of a marriage in application of the so-called end-of-the-year rule governing reductions and terminations of compensation, dependency and indemnity compensation or pension as a result of such event.

Mr. Speaker, the fiscal year cost of the reported bill is estimated to be approximately $393 million, declining slightly each year to $388.3 million in fiscal year 1981. The bill is not inflationary in that it simply provides cost-of-living increases to offset inflation since the rates were last increased in August of 1975.

The bill is strongly supported by every major veterans' organization.

Mr. Speaker, I commend my distinguished colleague from Mississippi, the very able chairman of our Subcommittee on Compensation, Pension, and Insurance, and the distinguished gentleman from Ohio, the ranking minority member of the subcommittee (Mr. WYLIE), for their leadership in getting this legislation before the House so early in the year. I also want to thank the very able ranking minority member of the full committee, the distinguished gentleman from Arkansas. He continues to devote maximum time and energy in looking after the affairs of our veterans and their families. I am grateful for the commitment of all our members and the support I receive from each of them in getting meaningful legislation to the House.

On behalf of our service-connected disabled veterans and their families who will benefit greatly from this legislation, I hope it will receive unanimous approval by the House.

Mr. Speaker, I yield such time as he may consume to the very able chairman of the Subcommittee on Compensation, Pension, and Insurance, the distinguished gentleman from Mississippi (Mr. MONTGOMERY.)

Mr. MONTGOMERY. Mr. Speaker, H.R. 14299, as reported, would provide cost-of-living increases for service-connected disabled veterans and eligible dependents. These rates were last increased August 1, 1975. Based on various economic assumptions, the Committee on the Budget has estimated that from August 1, 1975 through September 30, 1976, the cost of living will increase by 6.08 percent, and by December 31, it will have increased by about 7.5 percent.

Although the President did not propose any increase in his fiscal year 1977 budget for veterans disabled as a result of their military service, and their eligible dependents, spokesmen for the Veterans' Administration testified during hearings on the reported bill that the administration now favors an increase commensurate with the actual change in the cost of living from August 1, 1975, to the effective date of the proposed rate increases in the reported bill. Although the administration continues to oppose any increase in the special so-called (K) award.

Since the cost of living is expected to increase by 7.5 percent between August 1, 1975—the date of the last rate increase—and December 31, 1976, our committee feels an 8-percent rate increase effective October 1 is justified. When we submitted our proposed budget to the Budget Committee in mid-March, we felt an 8-percent increase would be necessary based on economic trends at that time and the projections thus far have been fairly accurate.

Mr. Speaker, a detailed section-by-section summary of the bill is included in the committee report; therefore, I will not take the time to go into the specifics of the bill. Basically, it would provide for the following:

First. An 8-percent rate increase for disability compensation for service-connected veterans and dependency and indemnity compensation for widows and children of veterans who die of a service-connected disability.

Second. An 8-percent rate increase for all so-called statutory awards relating to amputation and other more serious disabilities.

Third. Increases from $175 to $187 the annual clothing allowance for veterans whose service-connected disabilities require the wearing or use of prosthetic or orthopedic appliances.

Fourth. Increases from $72 to $78 monthly the widow's additional aid and attendance allowance.

Fifth. Pays additional compensation to the disabled service-connected veterans rated 50 percent or more who has a spouse who is a patient in a nursing home, or who is so helpless as to need regular aid and attendance.

Sixth. Requires the Administrator of Veterans' Affairs to conduct a scientific study to determine if there is a causal relationship between the amputation of an extremity and the subsequent development of cardiovascular disorders.

Seventh. Would include "annulment" as a form of dissolution of a marriage in application of the so-called end-of-the-year rule in establishing the effective date of a reduction or discontinuance of compensation, dependency and indemnity compensation, or pension as a result of such action.

The provisions of the bill would become effective October 1, 1976.

The Veterans' Administration has estimated that the cost of the bill in fiscal year 1977 would be approximately $393 million, declining slightly each year to about $388 million in fiscal year 1981.

Finally, Mr. Speaker, it should be noted that the cost of the reported bill is included in the targets established by the first concurrent resolution for veterans' benefits and services and is within the allocation of budget totals to the Subcommittee on Compensation, Pension, and Insurance as reported pursuant to section 302(b) of the Congressional Budget Act of 1974.

Mr. Speaker, this bill provides increased rates of disability compensation for service-connected veterans and dependency and indemnity compensation for widows and children of veterans dying of service-connected disabilities to more than 2,500,000 individuals, and should receive the overwhelming support of the House.

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 14299, a bill to increase monthly payments to service-connected disabled veterans and the survivors of those who died of service-related causes. I concur with the remarks of our distinguished chairman, the gentleman from Texas (Mr. ROBERTS).

At the outset, I want to compliment the gentleman from Mississippi (Mr. MONTGOMERY) and the gentleman from Ohio (Mr. WYLIE), the chairman and ranking minority member of the subcommittee, respectively, for bringing this meritorious bill to the floor.

This measure, Mr. Speaker, will authorize an approximate increase of 8 percent in the rates of compensation payable for service-connected disabilities.

The dependency allowance payable to veterans who are rated at least 50 percent disabled is also increased by 8 percent.

Dependency and indemnity compensation payments to widows and children of veterans who died of service-connected causes are also increased by 8 percent under terms of the bill.

Veterans who are 50 percent or more disabled, having a spouse who is so disabled as to require the aid and attendance of another person are entitled to a new dependency allowance at a higher rate than that previously mentioned.

Finally, Mr. Speaker, the bill requires the Administrator of Veterans' Affairs to conduct a study to determine whether or not there is a causal relationship between amputation and cardiovascular disorders.

Mr. Speaker, this Congress has always assigned a high priority to benefits for the group to whom this Nation owes so much—the service-connected disabled veteran and the survivors of those who died in the cause of freedom. The projected cost-of-living spiral dictates the need for this increase.

Despite the fact that the budget prepared by the Office of Management and Budget as well as the budget resolution presented by our own Committee on the Budget failed to include funds for this needed cost-of-living increase, this body, just a few weeks ago, voted to add to the budget resolution the funds needed to provide these increases. Mr. Speaker, this body has thus mandated us to provide these adjustments in service-connected veterans' and survivor benefits. I shall vote for this measure, not only because I am a cosponsor, but because it is merited. I urge that it be passed.

Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. WYLIE), the ranking minority member on the subcommittee.

Mr. WYLIE. Mr. Speaker, I thank the gentleman from Arkansas for yielding me this time and for his generous complimentary remarks.

Mr. Speaker, it is with a great sense of responsibility that I rise in support of the two veterans bills before us today that provide cost-of-living benefit increases to our deserving veterans and their dependents and survivors. As the ranking minority member of the Subcommittee on Compensation, Pension, and Insurance, and as a cosponsor of this legislation, I am fully aware of the many difficult economic hardships faced by disabled veterans, veteran pensioners, and survivors and dependents, due to the insidious erosion of their purchasing power by the inflation which has primarily been caused by Federal deficit spending. These worthy beneficiaries have a most difficult time making ends meet under the most stable of economic circumstances, and the reduction of their real purchasing power by inflationary pressures can be truly devastating as they attempt to maintain a modest standard of living on a limited fixed income. Since shortsighted congressional fiscal policies have caused the declining value of the dollar that makes this legislation necessary, it is only fitting that we should respond today and pass this remedial legislation. I only hope that in the future the Congress can learn to use the new budget procedures in such a manner that such cost-of-living adjustments will become unnecessary and the committee can then deal with increases based on improving the veterans' position in real terms without having large quantities of the funding allocated to the committee tied up compensating for inflation when this money could be put to far more effective usage for all our veterans.

Mr. Speaker, H.R. 14299 will provide an 8 percent increase in benefits for disability compensation for veterans with service-connected disabilities, statutory awards for multiple disabilities, for dependents of veterans rated 50 percent or more disabled, and for widows and children DIC payments.

The bill also provides a $12 monthly increase for prosthetic and orthopedic appliances and a $6 monthly raise for widows aid and assistance. In addition, the measure mandates that the Veterans' Administration study the causal relationship between extremity amputations and cardiovasular disorders.

There is a new provision increasing compensation to veterans at least 50 percent disabled with a spouse in a nursing home or who requires regular aid and attendance. This measure deserves the support of every Member of this Chamber.

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Massachusetts (Mrs. HECKLER).

Mrs. HECKLER of Massachusetts. Mr. Speaker, I am pleased to be a cosponsor of H.R. 14299, the Veterans' Disability Compensation and Survivor Benefits Act of 1976.

This bill provides for an 8-percent cost-of-living increase in disability compensation rates for service-connected disability compensation rates for service-connected veterans and in dependency and indemnity compensation rates for the survivors of veterans who died of service-connected disabilities. Designed to go into effect on October 1, 1976, it grants a percentage increase which is generally in line with economic projections of the cost-of-living for the period August 1, 1975, through September 30, 1976.

All of us are aware that our Nation's disabled veterans have made supreme sacrifices for this country. In granting them this cost-of-living increase, we can demonstrate not only our recognition of their service contributions, but also our concern for their economic needs. I urge my colleagues to demonstrate both their recognition and concern, by voting aye for H.R. 14299.

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield such time as he may consume to the gentleman from South Dakota (Mr. ABDNOR).

Mr. ABDNOR. Mr. Speaker, I thank the gentleman from Arkansas for yielding me this time.

Mr. Speaker, I also rise in strong support of this bill, of which I am a cosponsor, to increase rates of compensation for our Nation's service-connected disabled veterans.

Following hearings on May 14 at which I presented testimony, a draft bill was unanimously reported to the full committee. This bill, H.R. 14299, was then unanimously ordered reported by the full committee. It will provide for an approximate 8-percent increase in the basic compensation rates for service-connected disabled veterans. In addition, it will increase the annual clothing allowance from $175 to $187 for those service-connected disabled veterans requiring prosthetic or orthopedic appliances.

This proposed legislation also provides for an 8-percent increase in the dependency and indemnity compensation rates for widows and children of veterans who died of a service-connected disability.

These 8-percent increases in both compensation and dependency and indemnity compensation will become effective on October 1, 1976. The last increase in these benefits occurred on August 1, 1975. Therefore, with the increases in the cost of living since last year, it is necessary that we provide this increase in compensation and DIC benefits. It is these veterans, their widows and children to whom this country owes a deep debt of gratitude. These veterans died or became disabled fighting for the principles for which this Nation stands. Thus, we must make sure that these veterans, their widows and children are provided with the care which they deserve.

Therefore, I urge my colleagues to unanimously pass this proposal to assist our Nation's service-connected disabled veterans and their dependents.

Mr. HAMMERSCHMIDT. Mr. Speaker I yield such time as he may consume to the gentleman from Ohio (Mr. ASHBROOK.

Mr. ASHBROOK. Mr. Speaker, I rise in strong support of H.R. 14299, the Veterans Disability Compensation and Survivor Benefits Act of 1976. This bill will provide needed increases in the rates of disability compensation for disabled veterans and the rates of dependency and indemenity compensation for their survivors.

The disability compensation program currently provides income for approximately 2,230,000 veterans who have service-connected disabilities. This includes more than 50,000 World War I veterans, 1,290,000 World War II veterans, 239,000 Korean conflict veterans and 454,000 Vietnam veterans.

Disabled veterans need and deserve this program. It provides a measure of relief for those who have impaired earning power as a result of injuries sustained while serving their country.

Inflation, however, has continued to erode the value of the income received from that program. The Consumer Price Index has risen in the neighborhood of 4 percent since the last increase in August of 1975.

To correct the erosion of purchasing

power, the bill before us provides about an 8-percent increase in existing disability compensation rates. In addition, the rates of dependency and indemnity compensation would also be increased by 8 percent.

I strongly urge the passage of H.R. 14299. Disabled veterans and their survivors need this cost-of-living increase.

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts (Mr. CONTE).

Mr. CONTE. Mr. Speaker, I rise in strong support of this legislation and commend the committee for its efforts in bringing forth this fine piece of legislation.

Mr. Speaker, I rise in support of this bill to increase the levels of benefits under the veteran's disability compensation programs. During my years of service in the Congress I have done everything I could to promote the cause of the veteran, because I honestly believe that the cause of America is best served thereby. I am, therefore, pleased to support this measure which recognizes the thanks and obligation we owe to our veterans with service-connected disabilities.

Since World War I, veterans have received compensation for service-connected disabilities. In addition to a basic compensation allowance, veterans with serious multiple disabilities are provided with higher benefit awards and those who are deemed to be at least 50 percent disabled receive additional allowances for each dependent. The families of veterans who die from service-connected disabilities qualify for dependency and indemnity compensation—DIC—which is based on the veteran's pay grade at the time of death.

The Congress periodically reviews these programs in order to raise benefits to reflect increases in the cost of living. The most recent increases were granted in August 1975; the bill before us takes account of the inflation which has occurred since then, providing an 8-percent increase in benefits under the programs which I have already mentioned.

Mr. Speaker, throughout the years the Congress has accorded a special status to those veterans who have suffered disabilities during their period of service and to survivors of those veterans who have died as a result of such disabilities. It is appropriate that we do this, in gratitude for the tremendous sacrifices made in defense of our country. No amount of money can adequately repay our disabled veterans for the sacrifices they have made. In a sense, disabled veterans' can never represent more than a token of thanks from a grateful Nation.

But while we can never completely repay our debt to disabled veterans and their survivors, we can try to make sure that they are treated with the special status they deserve. We can try to make sure that our disabled veterans receive a decent level of support.

We must also make sure that the purchasing power of the support we provide is not eroded by increases in the cost of living. The 8-percent increase in benefits provided in this bill is designed to prevent such erosion, and I strongly urge my colleagues to join me in wholeheartedly endorsing its passage.

Mr. TEAGUE. Mr. Speaker, as a member of the Committee on Veterans' Affairs and the Subcommittee on Compensation, Pension, and Insurance, which reported H.R. 14299, I not only strongly support its passage, but urge its approval by my colleagues. The Congress has historically increased veterans' benefit programs whenever there has been an appreciable increase in the cost-of-living index. Service-connected compensation rates and the dependency and indemnity compensation benefits payable to widows and children of veterans that have died as a result of a service-incurred disability were last increased August 1, 1975. H.R. 14299 proposes to provide an 8-percent cost-of-living increase in the benefits effective October 1, 1976. The percentage of increase in the cost-of-living index since the previous compensation and DIC increase of August 1, 1976, and the projected increase in the cost-of-living index for the rest of this year fully justifies the cost-of-living increase proposed by H.R. 14299.

I know of no group, Mr. Speaker, more deserving of the benefits which they receive from the Federal Government, and an adequate cost-of-living increase in such benefits, than the veterans who are suffering from service-incurred disabilities, and the widows and orphans of those who died as a result of their service-incurred disability.

There are many, Mr. Speaker, who strongly feel that veterans suffering from amputation of an extremity are prone to develop a cardiovascular disorder. This bill would require the Administrator of the Veterans' Affairs to conduct a scientific study to determine if there is a causal relationship between the amputation of an extremity and the subsequent development of cardiovascular disorders. I strongly believe, Mr. Speaker, that this is one of the very important provisions of this bill, and can possibly be extremely beneficial to many seriously disabled veterans. This bill, Mr. Speaker, deserves, and I believe will receive the unanimous support of each Member of the House.

Mr. FREY. Mr. Speaker, since first elected to Congress, I have been very aware and involved with the plight of our World War I veterans and their families. I have sponsored legislation and testified on behalf of these veterans in hopes of providing an unrestricted pension of $135 per month for single veterans or widows without dependents and $150 per month for married veterans or widows with dependents. The veterans package bill before us today is, frankly, not all I had hoped for. The measure provides a 25-percent increase to the regular pension rates for eligible veterans 80 or older plus a 15-percent boost for aid and attendance for the same over-80 veterans. However, this legislation is a good start after a long, uphill battle. My efforts will not stop here: I will continue to fight until all veterans and their dependents are awarded fair and equitable benefits.

I have heard from veterans and their widows from all parts of the country expressing the many financial hardships they suffer—whether it be the high cost of food, rent, medical expenses, or just meeting daily bills. They are counting on us to afford them the benefits they so justly deserve. We cannot turn our backs on them any longer. It is now time for the country to answer the call of the World War I veterans for it is indeed their time of need.

Mr. O'BRIEN. Mr. Speaker, I rise in support of the Veterans Disability and Survivors Benefits Act of 1976, H.R. 14299.

This bill provides for an 8-percent cost-of-living increase in the compensation rates for service-connected disabilities payable to our veterans and a like increase to the widows and dependent children of the veteran whose death was causally related to his service connected disability. Also included in the compensation increases are the special awards payable for the loss or loss of use of extremities, blindness, and certain other conditions of more serious nature.

Of particular importance to the service connected amputee is the provision of this bill which requires the Administrator of Veterans' Affairs to conduct a scientific study of any causal relationship that may exist between amputations and cardiovascular disorders that develop subsequently. A finding that such a relationship does exist would be of great consequence to the veteran and to his surviving widow and children.

Another provision of this bill awards a special allowance to a veteran rated at 50 percent or more where his wife is so disabled as to require regular aid and attendance. The amount would be in proportion to the rating with the maximum of $78 a month payable to the veteran rated at 100 percent.

For the veteran whose clothing is subject to undue wear, because of a prosthetic device he must employ, the annual clothing allowance will be increased from $175 to $187.

The effective date of this legislation will be October 1, 1976.

I favor this bill because I consider that veterans suffering from service-connected disabilities have the highest priority, and the monetary benefits paid to them should keep pace with the costs of living.

Mr. HAMMERSCHMIDT. Mr. Speaker, I have no further requests for time and I reserve the balance of my time.

GENERAL LEAVE

Mr. ROBERTS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of this legislation, H.R. 14299.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ROBERTS. Mr. Speaker, I have no further requests for time and I reserve the balance of my time.

The SPEAKER pro tempore (Mr. McFALL). The question is on the motion offered by the gentleman from Texas (Mr. ROBERTS) that the House suspend the rules and pass the bill H.R. 14299.

The question was taken.

Mr. CRANE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER. Pursuant to clause 3 of rule XXVII, and the Chair's prior announcement, further proceedings on this motion will be postponed.

VETERANS AND SURVIVORS PENSION ADJUSTMENT ACT OF 1976

Mr. ROBERTS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 14298) to amend title 38 of the United States Code in increase the rates of disability and death pension and to increase the rates of dependency and indemnity compensation for parents, and for other purposes, as amended.

The Clerk read as follows:

H.R. 14298

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Veterans and Survivors Pension Adjustment Act of 1976".

TITLE I—EXTENSION OF CERTAIN INTERIM ADJUSTMENTS OF PENSION AND OF DEPENDENCY AND INDEMNITY COMPENSATION RATES UNTIL JANUARY 1, 1977

SEC. 101. Sections 102, 103, 104, 105, 107, 201, and 202 of Public Law 94–169 (89 Stat. 1014) are each amended by striking out "for the period beginning January 1, 1976, and ending September 30, 1976" and inserting in lieu thereof "January 1, 1976".

TITLE II—VETERANS' AND SURVIVORS' PENSIONS

SEC. 201. Section 502(a) of title 38, United States Code, is amended by inserting immediately after "or older" the following: "or became unemployable after age 65,".

SEC. 202. Section 521 of title 38, United States Code, is amended—

(1) by amending the table in section (b) (1) to read as follows:

"The monthly rate of pension shall be $185 reduced by—	For each $1 of annual income	
	Which is more than	But not more than—
$0.00	0	$300
.03	$300	500
.04	500	700
.05	700	900
.06	900	1,500
.07	1,500	1,800
.08	1,800	3,540";

(2) by striking out "$3,300" in subsection (b)(3) and inserting in lieu thereof "$3,540".

(3) by amending the table in subsection (c)(1) to read as follows:

"The monthly rate of pension for a veteran shall be— $199 if he or she has one dependent; $204 if he or she has two dependents; and $209 if he or she has three or more dependents; reduced by—	For each $1 of annual income	
	Which is more than—	But not more than—
$0.00	0	$500
.02	$500	700
.03	700	1,100
.04	1,100	2,400
.05	2,400	3,100
.06	3,100	3,500
.07	3,500	3,700
.08	3,700	4,760";

(4) by striking out "$4,500" in subsection (c)(3) and inserting in lieu thereof "$4,760";

(5) by amending subsection (d) to read as follows:

"(d)(1) If the veteran is in need of regular aid and attendance, the monthly rate payable to such veteran under subsection (b) or (c) shall be increased by $155.

"(2) In any case in which—

"(A) any veteran is denied pension under subsection (b) or (c) of this section solely for the reason that his annual income exceeds the maximum income limitation set forth in such subsection, or

"(B) payment of pension to any veteran under such subsection (b) or (c) is discontinued for such reason,

and such veteran is in need of aid and attendance, such veteran shall be entitled to a monthly rate of $155 reduced by 16.6 per centum for each $100, or portion thereof, by which the veteran's annual income exceeds the applicable maximum annual income limitation; but no monthly rate shall be payable under this paragraph if the veteran's annual income exceeds such limitation by more than $500.".

(6) by striking out "$53" in subsection (e) and inserting in lieu thereof "$57"; and

(7) by adding at the end thereof the following new paragraph:

"(h) The rate of pension payable to any veteran receiving benefits under subsections (b), (c), (d), and (e) of this section shall be increased by 25 per centum beginning on the first day of the month during which the veteran attains age 80.".

SEC. 203. Section 541 of title 38, United States Code, is amended—

(1) by amending the table in subsection (b)(1) to read as follows:

"The monthly rate of pension shall be $125 reduced by—	For each $1 of annual income	
	Which is more than—	But not more than—
$0.00	0	$300
.01	$300	600
.03	600	900
.04	900	1,200
.05	1,200	2,300
.06	2,300	3,540";

(2) by striking out "$3,300" in subsection (b)(3) and inserting in lieu thereof "$3,540";

(3) by amending the table in subsection (c)(1) to read as follows:

"The monthly rate of pension shall be $149 reduced by—	For each $1 of annual income	
	Which is more than—	But not more than—
$0.00	0	$700
.01	$700	1,100
.02	1,100	1,700
.03	1,700	2,500
.04	2,500	3,300
.05	3,300	4,760";

(4) by striking out "$4,500" in subsection (c)(2) and inserting in lieu thereof "$4,760"; and

(5) by striking out "$22" in subsection (d) and inserting in lieu thereof "$24".

SEC. 204. Section 542 of title 38, United States Code, is amended—

(1) by striking out "$53" and "$22" in subsection (a) and inserting in lieu thereof "$57" and "$24", respectively; and

(2) by striking out "$2,700" in subsection (c) and inserting in lieu thereof "$2,890".

SEC. 205. Section 544 of title 38, United States Code, is amended by striking out "$69" and inserting in lieu thereof "$74".

SEC. 206. Section 4 of Public Law 90–275 (82 Stat. 68) is amended to read as follows:

"SEC. 4. The annual income limitations governing payment of pension under the first sentence of section 9(b) of the Veterans' Pension Act of 1959 hereafter shall be $3,100 and $4,460 instead of $2,900 and $4,200, respectively.".

TITLE III—DEPENDENCY AND INDEMNITY COMPENSATION FOR PARENTS

SEC. 301. Section 415 of title 38, United States Code, is amended—

(1) by amending the table in subsection (b)(1) to read as follows:

"The monthly rate of dependency and indemnity compensation shall be $142 reduced by—	For each $1 of annual income	
	Which is more than—	But not more than—
$0.00	0	$800
.03	$800	1,000
.04	1,000	1,200
.05	1,200	1,400
.06	1,400	1,600
.08	1,600	3,540";

(2) by striking out "$3,300" in subsection (b)(3) and inserting in lieu thereof "$3,540";

(3) by amending the table in subsection (c)(1) to read as follows:

"The monthly rate of dependency and indemnity compensation shall be $100 reduced by—	For each $1 of annual income of such parent	
	Which is more than—	But not more than—
$0.00	0	$800
.02	$800	1,100
.04	1,100	1,300
.05	1,300	2,300
.06	2,300	3,540";

(4) by striking out "$3,300" in subsection (c)(3) and inserting in lieu thereof "$3,540";

(5) by amending the table in subsection (d)(1) to read as follows:

"The monthly rate of dependency and indemnity compensation shall be $96 reduced by—	For each $1 of the total combined annual income	
	Which is more than—	But not more than—
$0.00	0	$1,000
.02	$1,000	2,100
.03	2,100	3,100
.04	3,100	3,800
.05	3,800	4,760";

(6) by striking out "$4,500" in subsection (d)(3) and inserting in lieu thereof "4,760"; and

(7) by striking out "$69" in subsection (h) and inserting in lieu thereof "$74".

TITLE IV—MISCELLANEOUS AND EFFECTIVE DATE PROVISIONS

SEC. 401. Section 322(b) of title 38, United States Code, is amended by striking out "$69" and inserting in lieu thereof "$74".

SEC. 402. Subsection 102(a)(2) of title 38, United States Code, is amended to read as follows:

"(2) Dependency of a parent shall not be denied (A) solely because of remarriage, or (B) in any case in any State where the monthly income for a mother or father does not exceed minimum levels which the Administrator shall prescribe by regulation, giving due regard to the marital status of the mother or father and additional members of the family whom the mother or father is under a moral or legal obligation to support.".

SEC. 403. Chapter 51 of title 38, United States Code, is amended as follows:

(1) the analysis of subchapter I is amended by adding at the end the following:

"3006. Furnishing of information by other agencies.";

and

(2) subchapter I is amended by adding at the end thereof the following new section:

"§ 3006. Furnishing of information by other agencies

"The head of any Federal department or agency shall provide such information to the Administrator as he may request for purposes of determining eligibility for or amount of benefits, or verifying other information with respect thereto.".

SEC. 404. (a) The provisions of this Act, other than titles II and III and section 401, shall take effect on the date of the enactment of this Act.

(b) Titles II and III and section 401 of this Act shall take effect January 1, 1977.

The SPEAKER pro tempore. Is a second demanded?

Mr. HAMMERSCHMIDT. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Texas (Mr. ROBERTS) and the gentleman from Arkansas (Mr. HAMMERSCHMIDT) will each be recognized for 20 minutes.

The Chair recognizes the gentleman from Texas (Mr. ROBERTS).

Mr. ROBERTS. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, pension history in the United States starts with the Revolutionary War. Prior to that time, colonial provisions for veterans had taken the form of compensation only. Pension history of the Revolutionary War consists of two parts: First, half pay for life for Revolutionary War officers—which caused much difficulty for the Continental Congress and much furor among the population—and second, the limited service pension legislation of 1818, which, together with the amending and liberalizing acts which followed, established the precedent for the present pension program.

The non-service-connected pension we have today was first created in 1933. Its purpose is to provide financial assistance based upon need to veterans who have had at least 90 days of honorable service during time of war and who become totally and permanently disabled for employment purposes as a result of disabilities not related to their military service. A veteran 65 years of age or over, is presumed to meet the disability requirements for the payment of pension. In view of the need concept of the pension program, it has always contained an income limitation, which is currently $4,500 a year for a claimant with dependents or $3,300 a year for a claimant without dependents, and is further devised to pay benefits on a graduated scale whereby the person with the least income, and obviously the one with the greater need, receives the greater rate of pension.

Non-service-connected death pension is payable to widows of war veterans who die as a result of non-service-connected disabilities. The widow must meet income requirements similar to those for veterans although there are no disability requirements for a widow to receive non-service-connected death pension.

The pension program in effect prior to July 1, 1960, and which is commonly referred to as the "old" pension law, provided one rate of pension—$78.75 monthly if the veteran was 65 years of age or older or had been on the pension rolls for 10 years, otherwise $66.15 monthly, regardless of the amount of the veteran's income so long as it did not exceed the maximum income limitation. Under the so-called "old" pension law neither the income of the veteran's spouse nor railroad retirement were considered as income.

The current pension program which pays benefits on a graduated scale based on income, became effective July 1, 1960, with the enactment of Public Law 86-211. Under the current program, there is no exclusion or waiver of any type of retirement income such as existed under the "old" law, although the Veterans Administration only considers 90 percent of a person's social security or other retirement annuities in determining income. No earned income of the veteran's spouse is considered as the veteran's income; however, all unearned income of the spouse in excess of $1,200 a year, and which would be available to the veteran for his maintenance, is considered as his income for pension purposes.

Mr. Speaker, the main complaint received by the Committee in reference to the non-service-connected pension program is the fact that social security is considered as income for pension purposes and that when a person receives an increase in other income—mainly social security—it often results in a reduction in a veteran's pension. Numerous bills are introduced in the Congress each year to exclude the counting of social security or other special income. The committee has continued to reject these bills on the basis that in determining need, which is the principal concept of the pension program, it is the amount of income a claimant has rather than its source that is important. Persons receiving pension benefits have incomes from a great variety of sources such as social security, railroad retirement, Federal civil service retirement, State and municipal retirement, teachers' retirement, police and firemen's pension plans, business and union pension plans, dividends, interest, income from rental property, numerous private pension programs and many others.

To exclude one type of income, such as social security, would have the effect of providing preferential treatment for recipients of that income and discriminating against persons with equal income derived from other sources. It seems obvious that should legislation ever be approved to exclude one type of income, the Congress would receive, in my opinion, many valid complaints from persons with incomes from other sources, and I can assure my colleagues that such complaints were experienced in the 1950's when railroad retirement was excluded as income for pension purposes.

The cost of any such exclusion must also be considered. According to the Veterans' Administration, the cost of legislation that would exclude all social security payments for pension purposes would be in excess of $4 billion a year. Obviously with the budget situation we are faced with at the moment, this simply cannot be done.

In addition to the basic rate of pension payable to veterans, under current law, additional benefits are paid as follows: First, if a veteran is suffering from disabilities of sufficient severity that he is considered to be housebound, he is entitled to an additional $53 per month; second, if he is a patient in a nursing home or his disabilities are of such severity as to require the constant assistance of another, he is entitled to a special aid-and-attendance allowance of $133 per month; and third, a widow who meets the requirements for the aid-and-attendance allowance is entitled to an additional $69 per month.

Last year Congress passed H.R 10355, which became Public Law 94-169, the Veterans and Survivors Pension Interim Adjustment Act of 1974. Among other things, it provided an 8-percent increase in pension rates for eligible veterans and their survivors and raised the maximum annual income limitations by $300 to be effective January 1, 1976 through September 30, 1976.

The reported bill, H.R. 14298, would make permanent the "interim" 8-percent rate increases and the $300 annual income limitation increases from October 1, 1976 and would provide, effective January 1, 1977, for a further cost-of-living increase in rates of 7 percent with appropriate increases in annual income limitations.

The Consumer Price Index has risen 1.1 percent since the pension rates were last adjusted, January 1, 1976. The Committee on the Budget has advised that based on its projections of the Consumer Price Index as it expects a 6.4-percent quarter-to-quarter increase in 1976 over 1975, with a final increase year end to year end of approximately 5.7 percent. Social security payments are being increased by 6.4 percent effective with July checks. Since the proposed increases in the reported bill would become effective January 1, 1977, the 7 percent rate increase would serve to offset expected increases in the Consumer Price Index for all of calendar year 1976 and would be responsive to the real increases in income of pensioners from other Federal income maintenance programs which are indexed to the Consumer Price Index.

The reported bill's increases in maximum rates of 7 percent will be spread by the formula throughout the range of payments relating to each dollar level of other income.

Since pension rate increases standing alone would not benefit the relatively few who would, in 1977, exceed current income limitations, the bill is further designed to increase the upper limits controlling pension entitlement by $240 for single veterans and widows where there is no child and by $260 for veterans having a wife or child and widows with a child or children. These amounts are the amount of increase considered adequate to prevent termination of pension for any pensioner solely because of the 8-percent increase in his or her social security benefits.

The income limit provided under the current law for veterans and widows without dependents would be increased from $3,300 to $3,540. The income limit for a veteran or a widow with dependents would be increased from $4,500 to $4,760.

These figures do not tell the entire story. Since current law counts only 90 percent of a pensioner's income from social security and other retirement-type payments that represent most pensioners' income, the effective income limits for them could be as high as $3,933 or $5,289.

Mr. Speaker, at this point in the RECORD, and for easy reference, I would like to include the following tables setting forth the current rates of pension payable to veterans and widows and to DIC parents at $100 increments together with the corresponding amount that would be payable under the increased rate formula of the reported bill:

PENSION

Income not over—	Veteran alone		Veteran and 1 dependent		Widow alone		Widow with 1 dependent	
	Current	Bill	Current	Bill	Current	Bill	Current	Bill
0	173	185	186	199	117	125	139	149
$100	173	185	186	199	117	125	139	149
$200	173	185	186	199	117	125	139	149
$300	173	185	186	199	117	125	139	149
$400	170	182	186	199	116	124	139	149
$500	167	179	186	199	115	123	139	149
$600	163	175	184	197	114	122	139	149
$700	159	171	182	195	111	119	139	149
$800	154	166	179	192	108	116	138	148
$900	149	161	176	189	105	113	137	147
$1,000	144	155	173	186	101	109	136	146
$1,100	139	149	170	183	97	105	135	144
$1,200	134	143	167	179	93	101	133	142
$1,300	128	137	164	175	89	96	131	140
$1,400	122	131	160	171	85	91	129	138
$1,500	116	125	156	167	81	86	127	136
$1,600	110	118	152	163	76	81	125	134
$1,700	104	111	148	159	71	76	123	132
$1,800	97	104	144	155	66	71	121	129
$1,900	90	96	140	151	61	66	118	126
$2,000	83	88	136	147	56	61	115	123
$2,100	75	80	132	143	51	56	112	120
$2,200	67	72	128	139	46	51	109	117
$2,300	59	64	124	135	41	46	106	114
$2,400	51	56	120	131	36	40	103	111
$2,500	43	48	116	126	31	34	100	108
$2,600	35	40	112	121	26	28	97	104
$2,700	27	32	108	116	21	22	94	100
$2,800	19	24	104	111	15	16	90	96
$2,900	11	16	99	106	9	10	86	92
$3,000	5	8	94	101	5	5	82	88
$3,100	5	5	89	96	5	5	78	84
$3,200	5	5	84	90	5	5	74	80
$3,300	5	5	78	84	5	5	70	76
$3,400		5	72	78		5	66	71
$3,500		5	66	72		5	62	66
$3,540		5				5		
$3,600			60	65			57	61
$3,700			54	58			53	56
$3,800			48	50			53	56
$3,900			40	42			53	56
$4,000			32	34			53	56
$4,100			24	26			53	56
$4,200			16	18			53	56
$4,300			8	10			53	56
$4,400			5	5			53	56
$4,500			5	5			53	56
$4,600				5				56
$4,700				5				56
$4,760				5				56

DIC PARENTS

Income not over—	1 parent		2 parents together		2 parents not together	
	Current	Bill	Current	Bill	Current	Bill
0	133	142				
$100	133	142				
$200	133	142				
$300	133	142				
$400	133	142				
$500	133	142				
$600	133	142				
$700	133	142				
$800	133	142			93	100
$900	130	139			91	98
$1,000	127	136	90	96	89	96
$1,100	123	132	88	94	87	94
$1,200	119	128	86	92	83	90
$1,300	114	123	84	90	79	86
$1,400	109	118	82	88	75	81
$1,500	104	112	80	86	71	76
$1,600	98	106	78	84	67	71
$1,700	92	98	76	82	62	66
$1,800	84	90	74	80	57	61
$1,900	76	82	72	78	52	56
$2,000	68	74	70	76	47	51
$2,100	60	66	68	74	42	46
$2,200	52	58	66	71	37	41
$2,300	44	50	64	68	32	36
$2,400	36	42	61	65	27	30
$2,500	28	34	58	62	21	24
$2,600	20	26	55	59	15	18
$2,700	12	18	52	56	9	12
$2,800	5	10	49	53	5	6
$2,900	5	5	46	50	5	5
$3,000	5	5	43	47	5	5
$3,100	5	5	40	44	5	5
$3,200	5	5	37	40	5	5
$3,300	5	5	34	36	5	5
$3,400		5	30	32		5
$3,500		5	26	28		5
$3,540		5				5
$3,600			22	24		
$3,700			18	20		
$3,800			14	16		
$3,900			10	11		
$4,000			6	6		
$4,100			5	5		
$4,200			5	5		
$4,300			5	5		
$4,400			5	5		
$4,500			5	5		
$4,600				5		
$4,700				5		
$4,760				5		

Most pensioners are elderly—and the most common source of income available to them is social security. The average social security payment received by veteran pensioners before the most recent, 6.4-percent increase was reported as $187 monthly. The figure for widows was placed at $157 monthly.

Under the formula pension plan as liberalized by Public Law 94–169 that became effective January 1, 1976, no pensioner lost his pension solely because of the increase in his social security benefits which became effective in 1975. Under the liberalized formula it is further true that no pensioner suffered a loss in total annual income as a result solely of his increase in social security payments.

The amendments proposed by this bill for 1977 would again insure that there would be no termination of pension or reduction in net annual income of the pensioner resulting solely from his 6.4 percent, social security increase which became effective in June of this year.

Finally, Mr. Speaker, in addition to the cost-of-living increases provided for in the reported bill, additional benefits would be made available to veterans who are 80 years of age or older. The bill provides a 25-percent added differential for all pension rates for eligible veterans in this age bracket. I feel very strongly, as do many of my colleagues, that our more elderly veterans, because of their advanced age and disabilities, have special needs. Most of those who would meet the eligibility requirement under this provision of the bill are World War I veterans. The proposed bill is designed to provide additional relief by allowing for a substantial increase in all rates. The 9-month cost of this bill—fiscal year 1977—is estimated to be approximately $64.5 million and would benefit some 170,000 of our older World War I veterans. The total cost of the bill in fiscal year 1977 will be approximately $414 million. The first full-year cost of the bill in fiscal year 1978 will be about $483 million. There follows a 5-year cost estimate of the major provisions of the bill:

Estimated 5-year cost of H.R. 14298

I. MAKE PERMANENT P.L. 94–169 RATE AND INCOME INCREASES

1977	198.4
1978	194.4
1979	187.2
1980	178.0
1981	167.5

II. CURRENT LAW, 7 PERCENT INCREASE AND INCOME LIMIT INCREASE

1977 (¾ yr.)	99.9
1978	131.1
1979	126.0
1980	122.9
1981	118.1

III. OLD LAW, INCOME LIMIT INCREASE

1977 (¾ yr.)	7.2
1978	9.6
1979	9.3
1980	9.1
1981	8.8

IV. DIC PARENTS, 7 PERCENT INCREASE, INCOME LIMIT INCREASE

1977 (¾ yr.)	4.4
1978	5.9
1979	5.7
1980	5.6
1981	5.4

V. INCREASE IN CHILDREN RATES AND INCOME LIMITED

1977 (¾ yr.)	1.0
1978	1.3
1979	1.2
1980	1.2
1981	1.2

VI. INCREASE IN HOUSEBOUND RATES

1977	.9
1978	1.2
1979	1.2
1980	1.2
1981	1.2

VII. INCREASE IN AID AND ATTENDANCE RATES

1977	37.4
1978	51.6
1979	52.1
1980	53.3
1981	53.8

VIII. GRADUATED REDUCTION IN AID AND ATTENDANCE ALLOWANCE

1977 (¾ yr.)	0.5
1978	1.4
1979	2.6
1980	4.0
1981	6.2

IX. 25 PERCENT INCREASE FOR VETERANS AT AGE 80

1977 (¾ yr.)	64.5
1978	86.1
1979	85.2
1980	83.4
1981	80.7

X. CHANGE IN DEFINITION OF PERMANENT/TOTAL DISABILITY

No significant cost

XI. FURNISH INFORMATION AT ADMINISTRATOR'S REQUEST

No significant cost

XII. MINIMUM STANDARDS FOR DEPENDENCY OF PARENTS

No cost

XIII. TOTAL COST OF THE BILL

1977	414.2
1978	482.6
1979	470.5
1980	458.7
1981	442.9

In closing, Mr. Speaker, I want to compliment the distinguished gentleman from Mississippi, the very able chairman of our Subcommittee on Compensation, Pension and Insurance, Mr. MONTGOMERY; the distinguished ranking minority member of the subcommittee, the gentleman from Ohio, Mr. WYLIE; the hard working dedicated ranking minority member of the full committee, the distinguished gentleman from Arkansas; Mr. HAMMERSCHMIDT, and other members of the subcommittee who continue to monitor these two great veterans' benefit programs and who see to it that the benefits provided to eligible veterans and dependents are adequate to take care of their needs. I am proud of our success over the years in providing what is in my opinion an outstanding compensation and DIC program for our service-connected disabled veterans and their eligible survivors. The same is true of the pension and DIC program for our disabled nonservice-connected veterans, their widows and children, and DIC for dependent parents. During the past 3 years, the Congress has provided three rate increases for those drawing pension benefits. Effective January 1, 1975, Congress voted a 12-percent increase in pension rates and raised income limits by $400. On January 1, 1976, the rate was increased another 8 percent and the income limits were increased by $300. The reported bill would increase the rate again by 7 percent effective January 1, 1977, and would raise the income limits by $240 for a single veteran and by $260 for a veteran with dependents. In other words, Mr. Speaker, in the last 3 years, should the reported bill be enacted into law, we will have raised the rate by a total of 27 percent, and the income limits by $940 for a single veteran and $960 for a veteran with dependents. I think the committee and the Congress have done an outstanding job and I want to commend my colleagues for their great work on behalf of all our veterans and their families.

GENERAL LEAVE

Mr. ROBERTS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill under consideration, H.R. 14298.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ROBERTS. Mr. Speaker, I yield such time as he may consume to the distinguished chairman of the subcommittee, the gentleman from Mississippi (Mr. MONTGOMERY).

Mr. MONTGOMERY. Mr. Speaker, I would like to thank the chairman for yielding to me and also thank him for the way he has conducted the full committee so that we were able to bring these bills to the floor as quickly as possible.

Mr. Speaker, H.R. 14298, as reported, would provide cost-of-living increases for totally and permanently disabled nonservice-connected veterans and eligible survivors drawing benefits under the pension program.

My colleagues will recall that when the House passed its pension measure last year, it provided, among other things, a permanent 8-percent increase in rates and a $300 increase in income limitations; however, the other body amended the bill so that the increase would only be effective from January 1, 1976, through September 30, 1976. When the President submitted his budget for fiscal year 1977, he did not recommend that the rates under current law be continued beyond September 30; therefore, unless we make the current rates permanent, approximately 55,800 veterans and eligible survivors will be terminated from the rolls in October and some 2,270,000 will receive reductions in their checks the first day of November.

The reported bill would make permanent the 8-percent increase provided by Public Law 94–169 for eligible veterans, widows, children, and parents drawing dependency and indemnity compensation. In addition, it would provide the following:

First. A 7-percent increase in basic pension and DIC rates effective January 1, 1977, to compensate for the increase in the cost of living during calendar year 1976. The Committee on the Budget has advised that based on its economic projections the cost of living in calendar year 1976 will be about 5.7 percent more than in 1975. Social security payments are being increased by 6.4 percent effective with July checks. Since the proposed increases in the reported bill would become effective January 1, 1977, the 7-percent rate increase would serve to offset expected increases in the Consumer Price Index for all of calendar year 1976 and would be responsive to the real increases in income of pensioners from other Federal income maintenance programs which are indexed by law.

Second. The bill would increase the annual income limitations for eligible veterans, widows, children, and dependent parents to prevent termination of pension and DIC benefits when the veteran's income is increased solely as a result of his social security increase to become effective July 1, 1976.

Third. It would increase the disability pension housebound rate for veterans from $53 to $57 per month.

Fourth. Increase the aid and attendance allowance for widows and dependent parents from $69 to $74.

Fifth. Increase the aid and attendance allowance for veterans from $133 to $155.

Sixth. Provide a 25-percent added differential for all pension rates for eligible veterans who are 80 years of age or older. This is a very important provision, Mr. Speaker, in that it would provide additional help for our older, World War I disabled veterans. Following hearings on May 17 concerning legislative proposals that would provide benefits for this group of veterans, the committee concluded that we should provide some additional relief for this group of veterans within certain budgetary constraints.

The 25-percent add-on for those veterans 80 years old or older will be most helpful to our elderly World War I veterans, who because of their advanced age and disabilities, have special needs. This provision will help the most needy and the most disabled. I wish we could have applied the additional benefit for widows. We simply could not do everything we would have liked because of our budget situation. As everyone knows, the total allocation for new entitlement authority for veterans' benefits and services in the first concurrent resolution adopted by the Congress amounted to only $1,397,000,000 in fiscal year 1977. I do hope we can review the program again next year and, hopefully, we will be able to provide some additional relief for the widows of World War I veterans in the near future.

Mr. Speaker, the estimated cost of the reported bill in fiscal year 1977 is $414.2 million. I think it is a good bill and is supported by all the major veterans' organizations, particularly the veterans of World War I. I hope it receives the unanimous support of the House.

Mr. SKUBITZ. Mr. Chairman, will the gentleman yield?

Mr. MONTGOMERY. I yield to the gentleman from Kansas.

Mr. SKUBITZ. I commend the committee for the job it has performed, but there are two points that do disturb me. As I read the legislation, we do increase the benefits by 7 percent. But I have received ever so many letters in the past from veterans complaining about the fact that when they receive a veteran's benefit or a social security benefit, these are always offset by the reduction in their veterans' benefits. This bill as it is written still permits the social security benefits to be taken away from the veterans' benefits. Is that not correct?

Mr. MONTGOMERY. Under certain circumstances this could be possible but we have also provided in this bill that no one would be taken off the pension rolls because of their social security increases and adding up both their social security checks and their veterans' pension checks they will receive an overall total increase.

Mr. SKUBITZ. They will get an increase.

Mr. MONTGOMERY. They will receive a total overall increase. If we do not pass this legislation over 55,000 of them will be taken off the pension rolls and over 2 million of them will be adversely affected.

Mr. SKUBITZ. I understand that, but I am trying to say to the gentleman that they still lose a part of their veterans' benefits if they receive an increase in social security benefit.

I regret that the bill comes up under a suspension of the rules which prohibits any amendments to the bill.

Mr. MONTGOMERY. We have looked into this matter and we think this is the best way to handle it. We think this is the best and fairest way to handle it, which is by raising the income limits on funds they can receive from other sources. The problem we have, I will say to the gentleman from Kansas, is that we also have pensioners who receive pensions from railroad retirement and from unions and from Civil Service and from municipalities and many other sources and we found out that this is the only fair way to handle it. So that is the reason for handling it in this manner.

Mr. SKUBITZ. It seems to me that when a man has paid into a fund such as railroad retirement or any other kind of pension fund, then he is entitled to it and we should not deduct that payment from his veterans' pension fund.

Now the gentleman spoke of an increase of 25 percent to World War I veterans. It is granted those who are over 80 years of age, the increase of 25 percent. As I understand it will go to World War I veterans. Is this correct?

Mr. MONTGOMERY. That is in this bill, veterans 80 and over will receive a 25-percent increase. There are approximately a million World War I veterans who are still with us and this legislation will benefit about 250,000 non-service-connected disabled World War I veterans who are disabled and who have very low incomes.

We have increased also the aid and attendance payments by 15 percent, which will certainly help these pensioners.

One thing that is not in this bill, and I want the House to know about it, is that the bill will not cover widows for the additional 25 percent. The 25 percent will not cover widows because there were not enough funds under the budget resolution, but it will cover only the living World War I pensioners.

Mr. SKUBITZ. The thing that disturbs me is that it seems like a large increase but when we reduce it to dollars and cents it amounts to peanuts. If there is one group of veterans that this Congress has not done justice by in my opinion it is the veterans of World War I.

Mr. ROBERTS. Mr. Chairman, will the gentleman yield?

Mr. MONTGOMERY. I yield to my chairman.

Mr. ROBERTS. Mr. Speaker, the gentleman made a point with reference to the additional allowance of 25 percent. Actually, it amounts to a pension of up to $185 a month regular pension, plus an additional $155 per month if eligible for aid and attendance, with 25 percent added on to this if the veteran is age 80 or older. It is not peanuts. It is every dollar we had in the budget. If we made it across the board, it would be almost a $3-billion increase.

Mr. GILMAN. Mr. Speaker, will the gentleman yield?

Mr. MONTGOMERY. I yield to the gentleman from New York.

Mr. GILMAN. Mr. Speaker, I want to join my colleagues in commending the gentleman from Mississippi, Mr. MONTGOMERY, and the committee for bringing this measure to the floor. It certainly is a long-needed benefit for our veterans.

In like manner, I hope, too, that the committee will not abandon its efforts to consider some way of funding the educational benefits for our Vietnam war veterans who are also in need of our assistance. The gentleman knows that I have been pursuing that issue before his committee.

Mr. MONTGOMERY. Mr. Speaker, I thank the gentleman for his comments.

As I understand, the Subcommittee on Education in the Committee on Veterans' Affairs are having hearings. They are looking into this matter.

Mr. GILMAN. Mr. Speaker, I thank the gentleman from Mississippi for his cooperation and concern.

Mr. SKUBITZ. Mr. Speaker, will the gentleman yield?

Mr. MONTGOMERY. I yield to the gentleman from Kansas.

Mr. SKUBITZ. Mr. Speaker, I am going to support this legislation which is now before us and I want to commend the members of the Veterans Affairs Committee for their efforts to increase somewhat the rates of those receiving veterans pensions. I deeply regret, however, the measure is before us on the suspension calendar—this obviously prevents me from offering an amendment to this bill.

Had this bill not been on the suspension calendar, I would have offered an amendment which would have precluded a veterans pension from being decreased because of an increase in social security benefits, as provided in a bill I introduced last December (H.R. 3354), and is still pending in the Veterans Affairs Committee, There is not any question that this is the only right, fair, and honest way of dealing with this problem. Every time social security benefits are increased—veterans benefits decrease.

It seems to me that if we call on a man to serve his nation in any of our Armed Forces, and require that he give up his family, his job, and indeed possibly the greatest sacrifice of all, his own life, we can at the very least show our appreciation by insuring that his veterans pension will not be reduced, because of an increase in social security benefits.

Mr. MYERS of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. MONTGOMERY. I yield to the gentleman from Pennsylvania.

Mr. MYERS of Pennsylvania. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, one of the concerns I have as I studied this legislation, and I commend the gentleman for bringing this adjustment to the floor, is how it would affect widows over 80 years of age.

Would the gentleman reflect on the subject of not including the survivors and the widows after age 80?

Mr. MONTGOMERY. Mr. Speaker, I made the comment, if I understand the gentleman's question, that there were not enough funds provided in the budget resolution if I have the gentleman's question right. There were not enough funds to give a 25-percent across-the-board increase to widows whose husbands had died of a non-service-connected disability or injury. She will not get the 25-percent increase; however, under this legislation, she will get a 7-percent increase. If she is drawing $100 a month now, under this legislation she will receive $107 a month. Also she will get an increase in her aid and attendance allowance.

Mr. MYERS of Pennsylvania. Mr. Speaker, if the gentleman will yield further, does the gentleman have a figure what percentage increase beyond the bill's present cost it would be to include widows?

Mr. MONTGOMERY. It would be $22 million would be the cost for three quarters of the fiscal year.

Mr. MYERS of Pennsylvania. Almost a 50-percent increase?

Mr. MONTGOMERY. That is approximately correct.

Mr. MYERS of Pennsylvania. Mr. Speaker, I thank the gentleman.

Mr. HARKIN. Mr. Speaker, will the gentleman yield?

Mr. MONTGOMERY. I yield to the gentleman from Iowa.

Mr. HARKIN. Mr. Speaker, first of all, I commend the gentleman from Mississippi for bringing this bill up. I know the gentleman's deep concern for veterans and veterans' benefits for those who are in need.

I would like to ask the distinguished gentleman from Mississippi about the provision for the 25-percent add-on for those who attain age 80 and over. It seems as pointed out on page 22 of the report, it indicates that in the next few years many veterans will be reaching age 80 who were not World War I veterans. I am a little concerned that we are going to have an imbalance in terms of benefits. I am very concerned about the lack of benefits given to the World War I veterans, who have not really received much in their lifetimes and may now have reached the age of 80 in dire circumstances, basically living on social security, if they were even fortunate enough to pay in to social security, and many living on benefits under the welfare system; so I am concerned about this provision giving this 25-percent increase to those of age 80 and over. This will get locked into the law and later will go to the World War II veterans and other veterans in between who have already received a lot of benefits in terms of educational benefits and everything else, which the World War I veterans did not receive.

I would like the gentleman from Mississippi to explain why the age "80" was used; why not just use the term "World War I veterans"?

Mr. MONTGOMERY. Mr. Speaker, we do not legislate by wars. The gentleman is correct. It would cover a few persons in World War II and more as time passes, but because we do not legislate by wars we have set it at 80 years of age and above so that all war veterans will be treated equally. We have tried to be fair in the committee and, as the gentleman knows, I have served on the committee for some time.

As the gentleman knows, there are just so much funds available. We have actually spent about $60 billion on benefits for World War I veterans. The 25-percent feature of this bill will cost about $65 million in fiscal year 1977. The gentleman is right, they did not get educational and other benefits. On the other hand they received a $3.8 billion Federal bonus. We have tried to see that whenever we gave pensioners an increase, we always took care of World War I veterans. As they reach the twilight years, we are trying to give them some add-on. The gentleman is right, we have had some problems. We are doing the best we can under the budgetary restraints we have been operating under.

Mr. HARKIN. I understand. It would seem that while we do not legislate according to wars, we do legislate according to periods of time they have been in the service. This has been done before.

Mr. ROBERTS. Mr. Speaker, will the gentleman yield?

Mr. MONTGOMERY. I yield to the gentleman from Texas.

Mr. ROBERTS. Mr. Speaker, I would like to say to the gentleman that nobody is more interested in the World War I veteran than I am, but the gentleman is completely mistaken in terms of how much money we spend. We have already spent more than $60 billion for the World War I veterans, and we are going to continue to take care of them—not just because they are World War I veterans, but because they are veterans. I know the gentleman agrees with that.

Mr. HARKIN. I certainly do, and again I commend the gentleman for bringing this bill up. But again, I am just concerned that those World War I veterans who are in the most dire circumstances will not be helped as much as they ought to be helped, and that remains a concern of mine.

Mr. HAMMERSCHMIDT. Mr. Speaker, I rise in support of H.R. 14298, a bill to provide more generous pension benefits for certain veterans, widows and children. As a member of the Subcommittee on Compensation, Pension and Insurance, I want to compliment the gentleman from Mississippi (Mr. Montgomery), who is chairman of the subcommittee, and the gentleman from Ohio (Mr. Wylie), who is the ranking minority member of the subcommittee, for their untiring efforts in bringing to the floor a bill that is designed to provide assistance to the needy older veteran and to those veterans who are seriously disabled from non-service-connected disabilities. I also concur with the earlier remarks of our distinguished chairman, Mr. Roberts of Texas.

Members will recall that the most recent adjustment in pension rates and income ceilings was made by Public Law 94–169 which became effective January 1 of this year. Unfortunately, the other body insisted on a termination date of September 30 for the increases authorized by that law, presumably to insure further action on pension reform prior to that date. Thus, Mr. Speaker, our failure to act on this measure would result in thousands of pensioners having their monthly payments reduced or terminated on September 30. We cannot permit that to happen.

This measure will provide for the continuation of the pension rates and income limitations that were authorized by Public Law 94–169. In addition, it will authorize a 7-percent increase in the rates of pension to be effective the first day of 1977. This increase is commensurate with projections of the increase in the cost of living for 1976.

The bill also increases the maximum annual income limitations from $3,300 to $3,540 for veterans without dependents and from $4,500 to $4,760 for veterans with dependents. These increases in the income ceilings will insure that no pension will be terminated solely because of the pending increase in social security payments.

Similar increases in monthly pension rates are provided for widows and children. Income limitations are also increased for this group as well as those veterans who are receiving pension under the so-called old law.

It was my privilege, Mr. Speaker, at various times during this 94th Congress, to introduce a series of bills that respond to the special needs of World War I veterans. I am pleased that the bill before us includes provisions that are similar to several of the measures I have introduced.

The bill provides for the continued payment of an aid and attendance allowance to certain veterans whose incomes exceed the current pension income limitations.

It provides for a more substantial increase, 15 percent, in the aid and attendance allowance for veterans.

An additional 25 percent supplemental pension is authorized for those veterans who have reached the age of 80 years.

This bill will also increase by 7 percent the monthly rates of dependency and indemnity compensation payable to dependent parents of persons who died of service-connected causes. Increases in the maximum annual income limitations are also authorized for this group.

Mr. Speaker, these are the major provisions of the bill before us. It is a good bill. It is a bill that will alleviate the financial plight to a most deserving group—the veterans of World War I. I am proud to have cosponsored this measure and urge that it be approved.

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield such time as he may consume to the ranking minority member of the subcommittee, the gentleman from Ohio (Mr. Wylie).

Mr. WYLIE. Mr. Speaker, I want to thank the gentleman from Arkansas (Mr. Hammerschmidt) again for his kind remarks about my part in this bill. I want to commend him and the gentleman from Mississippi (Mr. Montgomery) for their leadership in bringing what I think is a good bill, a realistic bill, to the House floor today.

We can talk about all these others things that ought to be done, but we have to take them within the framework of the realm of possibility, and we have to be realistic at the same time. This bill does provide a 7-percent cost-of-living increase to pensioners and their dependents. A significant provision of the bill has been discussed here between the gentleman from Kansas and the gentleman from Mississippi, in colloquy, about the provisions, which would take into account the anticipated 6.5-percent cost-of-living increase in social security benefits.

Although social security benefits are the largest single source of retirement income, they are by no means the only source. There are railroad retirement recipients. There are State, county, and city public employee retirement recipients; there are union and company pension plan employee recipients. All these people have to be taken into account when we consider a bill of this nature, and that becomes a problem of great magnitude and one that is a subject, I think, of a different time and a different place.

Additionally, this bill would raise the maximum outside earning limitations by $300 to provide for additional income for veterans who are also social security recipients.

DISABILITY AND DEATH COMPENSATION FOR VETERANS

The measure also provides a 7-percent increase in veterans pensions, widows pensions, surviving children pension when there is no widow, aid and attendance allowances for certain widows and parents receiving payments or aid and attendance under the DIC program.

The bill increases by 15 percent the rate for aid and attendance for qualified veterans. This will indeed be most welcome by these beneficiaries. It also finally recognizes the special needs of our World War I veterans by providing an added 25-percent pension differential for veterans who are 80 years of age or older.

There are also appropriate increases in the annual income limitation that will bring the various benefits under limitations up to a more realistic level.

As I said at the outset, I think this is a practical and realistic bill which I urge my colleagues to support.

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Massachusetts (Mrs. HECKLER), a member of the committee.

Mrs. HECKLER of Massachusetts. Mr. Speaker, I rise in favor of H.R. 14298, a bill to provide cost-of-living increases to non-service-connected veterans and their eligible survivors in the pension program.

H.R. 14298 extends Public Law 94-169, which granted 8-percent increases effective January 1 of this year. This law expires on September 30. If an extension is not approved, approximately 2,269,000 veterans and their survivors will receive smaller checks on November 1, and around 55,800 will lose their benefits altogether.

When H.R. 10355, which became Public Law 94-169, was debated by this body last November 4, I stated that it authorized payments in line with the increasing costs which veterans and their survivors must pay. As the cost of living slowly creeps upward, the reasons for extending the measure become even more imperative than they were at the time the measure was originally enacted.

H.R. 14298 also provides a 7-percent cost-of-living increase, effective January 1, 1977. This increase is designed to compensate for the rise in the cost of living during calendar year 1976. In authorizing such an increase, the bill offers an essential readjustment while at the same time acknowledging the need for Federal budget restraint.

H.R. 14298 also contains a 25-percent differential for pension rates for eligible veterans who are 80 years of age and older. This provision is designed to aid World War I veterans, most of whom rely upon their pension benefits as their major source of income. For years these veterans have borne the burden of inflation; it is important that we address their needs and seek to redress them.

As a cosponsor of H.R. 14298, I add my voice to those of my colleagues in urging your support of this bill.

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. CONTE).

Mr. CONTE. Mr. Speaker, I want to commend the ranking minority member and the chairman for bringing out this monumental piece of legislation to help the veterans of World War I.

Mr. Speaker, I rise in support of this bill to increase the rates of disability and death pensions for veterans by 7 percent. This is a much-needed measure in order to prevent the dilution of veterans' pensions by inflation, and I urge its adoption.

Mr. Speaker, since the time of the Revolutionary War the American people have felt a special responsibility for the men and women who served the Nation in time of war and for their widows and orphans. For those who were disabled and for survivors of those who died of service-related disease or injury a special burden of care was assumed; and for those who were aged and disabled from non-service-related causes and for the widows and orphans of those who died from non-service-related causes who became in need, the Nation's conscience also dictated an honorable measure of assistance.

The modern veterans' pension system came into being in 1960, providing the latest payments of pensions to those having the least outside income, and decreasing the amount of benefits as outside income increased. Congress has reviewed the pension program from time to time since then with a view toward an equitable adjustment of pension rates in order to assure that needy, disabled, wartime veterans and their survivors do not suffer unduly because of inflation. The bill presently under consideration is designed to provide for such a cost-of-living increase in veteran pension benefits, as well as to increase the outside income limitations governing pension entitlement.

Mr. Speaker, one reason this bill is necessary is that veterans often receive their outside income from social security. Without this increase the income limitation, the pending 6.5-percent increase in social security benefits would result in lower pensions or possible removal from pension eligibility for many veterans. I have introduced legislation to protect veterans' pensions from this type of "Indian giving," to prevent cost of living increases in social security benefits from being deducted from veterans' pensions. The Senate has passed a similar measure, and I urge the distinguished members of the House Veterans Affairs Committee to bring this measure to the floor of the House during this session.

Mr. Speaker, there have been proposals to integrate veterans' benefits into existing social welfare programs, and I would like to take advantage of this opportunity to once again express my strong opposition to such proposals. Some people ask "what's so special about veterans that they can't be taken care of by other programs?" Well, Mr. Speaker, let me say here and now that veterans are special. By their special sacrifices, their special dedication, and special devotion to the defense of their country, they have earned their right to special consideration and treatment by a grateful nation.

I urge my colleagues to support this bill.

Mr. HAMMERSCHMIDT. Mr. Speaker, I have no further requests for time, and I reserve the balance of my time.

Mr. ROBERTS. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. ANDERSON).

Mr. ANDERSON of California. Mr. Speaker, I urge support of this measure, H.R. 14298.

Mr. Speaker, I rise in strong support of H.R. 14298, the Veterans and Survivors Pension Adjustment Act. This legislation is a step in the right direction, but there is so much more than we have a responsibility to do for those individuals who have served this country so willingly.

The legislation before us extends the "interim" 8-percent increase in pension benefits through the end of 1976, and it also provides for a 7-percent increase in pension payments effective January 1, 1977. I am also very pleased with the section that provides for a 25-percent increase in all veteran benefits for veterans aged 80 or over.

This particular section will be of greatest benefit to veterans of World War I. However, it will, at the present time, benefit only about 170,000 of these veterans—half of the number who are presently receiving benefits. Beyond that, it does not even address the needs of an additional 600,000 veterans of World War I who are receiving no veterans pension at all. Many of these men are not disabled, but they are in great economic need—this need results from their lack of education and job training, both of which could have been averted had this Nation provided educational benefits and job training programs to these veterans at the time of their discharge. Many veterans of World War I live "hand to mouth" on an inadequate social security check; inadequate because the social security program was created too late for them to earn maximum benefits.

Again, I want to applaud the Veterans Affairs Committee for reporting this bill to the floor of the House. I also want to stress to my colleagues that this legislation in no way reduces the need for an "across the board" pension for veterans of World War I and their widows. I want to again encourage my colleagues to sign the discharge petition which I have initiated to bring H.R. 3616, the World War I Pension Act, to the full House for debate and vote.

I urge adoption of H.R. 14298, the Veterans and Survivors Pension Adjustment Act.

Mr. TEAGUE. Mr. Speaker, I rise in support of H.R. 14298 and strongly urge its overwhelming approval by my colleagues. I believe, Mr. Speaker, that this is one of the more important pension bills which has been considered by this body. In addition to providing a 7-percent increase in the basic non-service-connected pension rates for veterans and their survivors, H.R. 14298 would also increase the income limitations sufficiently to preclude a recipient of non-service-connected pension benefits from having such benefits terminated solely due to the 1976 increase in his or her social security payments. The bill also proposes to provide a 7-percent increase in DIC rates for dependent parents of veterans who have died as a result of their service-incurred disability and also increase the income limitation for entitlement to such benefits.

In keeping with the basic concept of the pension program to provide benefits to the more needy and seriously disabled, the bill proposes to increase the housebound rate for veterans from $53 to $57 monthly, increase the aid and attendance allowance for widows and dependent parents from $69 to $74 monthly and the aid and attendance allowance for veterans from $133 to $155 monthly.

The special need of the aged veteran, and particularly the World War I veteran, has been a primary concern of the committee and all Members of the House. This bill addresses itself to the special needs of the aged veterans and proposes to increase by an additional 25 percent all pension benefits which are payable to veterans 80 years of age or older. Therefore, Mr. Speaker, this bill would greatly benefit the vast majority of veterans receiving non-service-connected pension.

Mr. O'BRIEN. Mr. Speaker, I rise in support of H.R. 14298, legislation which has the overall goal of increasing the rates of disability and death pensions payable for non-service-connected disability and the rates of dependency and indemnity compensation for dependent parents.

The bill provides for a 7-percent increase in the payment rates in order to overcome any adverse effects on pension of DIC payments that would occur in 1977 as a result of income increases received by Veterans' Administration beneficiaries during the calendar year of 1976. These are benefits payable based on need, and, accordingly, are geared to the individual income. Unless the payment rates are increased, the purpose of the VA benefits is thwarted if they are reduced markedly because of cost-of-living increases received from other sources of income such as social security.

The maximum annual income limitations are increased also. For the lone widow or veteran, the amount will be raised from $3,300 to $3,540, and for the veteran or widow with dependents, the increase will be from $4,500 to $4,760. For children where there is no widow the increase will be from $2,700 to $2,890.

A new provision is introduced in this bill which will increase pension rates by 25 percent when veterans become 80 years of age. This should be of special help to World War I veterans for whom it is intended particularly.

The special allowance for aid and attendance for veterans will be increased by 15 percent. It will be raised from $133 to $155 per month.

Protected law pensioners will benefit by increases in their annual income limitations. The single veteran and widow without children will be subject to an increase from $2,900 to $3,100. Veterans and widows with dependents will have their annual income limitations raised from $4,200 to $4,460.

The foregoing provisions will be effective on January 1, 1977.

Public Law 94–169 which increased pension rates effective on January 1, 1976, will be extended through the calendar year of 1976.

I urge support of this legislation, because it will benefit our needy wartime veterans and their dependents. Certainly, I can think of no more deserving citizens.

Mr. BURKE of Florida. Mr. Speaker, I rise in support of bills H.R. 14298, increasing veterans' pensions, and H.R. 14299, increasing compensations for service-connected disabilities. As you know, I have always considered it a duty and privilege to advance the rights of veterans. These bills are clearly progressive measures, inasmuch as they seek to provide for added expenses borne by veterans due to the rising cost of living.

I am pleased to see that H.R. 14298 permits a higher ceiling for allowable income without loss of pension benefits. The income limitations for single veterans or widows have now been raised by $240, to a total of $3,540, and the limitations for veterans or widows with dependents have been raised by $260, to $4,760. I hope that in the future, should conditions warrant, that these income limitations can be raised still more, or eliminated altogether.

From my point of view, the single most important feature of H.R. 14298 is that it adds a 25-percent differential to the pensions of veterans 80 years of age or older. This group makes up the vast majority of the World War I veterans in whom I have been particularly interested over the years.

I would also like to call favorable attention to the provision of H.R. 14299, the compensation-increase bill, which calls for the Veterans' Administration to investigate the relationship between amputation cases and the incidence of cardiovascular disorders. These diseases are our Nation's largest killers, and take an especially heavy toll among older Americans. Any study of these diseases is sure to benefit the Nation as a whole.

The increased benefits provided by H.R. 14298 and H.R. 14299 give recognition to one of life's most poignant ironies: the fact that older persons find that their medical expenses are rising at the same time that their incomes are dwindling away. Our older citizens have to pay a disproportionate part of their resources for medical and dental fees, and prosthetic devices, nursing care, and the like. The increases provided for in these bills can, to some degree, make up for these increasing medical expenses.

Our veterans have risked the best years of their lives to defend our country and protect the freedom, prosperity, and values which we all enjoy. None of those who have not served with them can ever adequately know that they can never repay this debt. It is, therefore, in order for us to provide for our veterans, especially as they grow older.

I realize that the bills now before the House are the best pieces of veterans' legislation which we can expect this session, but I think that more can and should be done. I still favor a general pension for World War I veterans which will eliminate the income limitation features of present laws entirely. I will continue to work for such legislation in the future.

Mr. ABDNOR. Mr. Speaker, as a cosponsor of this proposed legislation, I rise in strong support of H.R. 14298. This bill provides three major improvements to the current Veterans' Administration non-service-connected disability pension program.

First, it will continue the 8-percent increase in pension rates that became effective on January 1, 1976, in Public Law 94–169 and then on January 1, 1977, grant an additional 7-percent increase in pension rates for eligible veterans and widows, and a 7-percent increase in dependency and indemnity compensation for dependent parents. Second, it will continue the $300 increase in income limitations provided in Public Law 94–169 and grant an additional increase from $3,300 to $3,540 for an eligible single veteran or widow and from $4,500 to $4,760 for a veteran or widow with a dependent. Third, a completely new provision will provide an additional 25-percent differential on the basic pension rate for those eligible veterans 80 years or older. This provision will assist our senior World War I veterans who have the most need. Other provisions in the bill will increase the rates of household and aid and attendance rates.

In hearings both on August 8, 1974 and on May 14 of this year, I testified in favor of various needed reforms in the current pension program. These reforms included the following:

Increase the pension rates so that no veteran or widow would fall below the poverty level as established by the Bureau of the Census, increase the income limitations to prevent social security increases from forcing veterans off of the pension rolls, provide an added 30-percent differential on pension rates for veterans or widows 75 and older or housebound assistance whichever was most beneficial to the veteran, increase the income limitation on unearned income of the spouse from $1,200 to $2,000, and initiate an automatic cost-of-living increase provision which parallels the increase in social security.

Although not all of these provisions were included in H.R. 14298, I was extremely happy to see the provisions entitling eligible veterans 80 years and older to an added differential of 25 percent on their basic pension rates. Although this is not the straight pension desired by many World War I veterans, it is a compromise and a step toward helping those World War I veterans with the most need.

Hopefully, in the future, the committee will be able to include other reform measures I have suggested. However, I greatly applaud the provisions in this bill, as it will greatly assist our veteran pensioners and provide them with necessary cost-of-living increases. As inflation is eroding the value of these benefits and of a veteran's lifetime savings, it is necessary that we keep the pension benefits up with the rising cost of living. Therefore, Mr. Speaker, I urge my fellow colleagues to unanimously pass this proposed legislation.

Mr. ROBERTS. Mr. Speaker, I wish to commend the distinguished gentleman from Arkansas (Mr. HAMMERSCHMIDT) and the distinguished gentleman from Mississippi (Mr. MONTGOMERY), and also the distinguished gentleman from Ohio (Mr. WYLIE), plus the staff and all other Members who have worked so hard on this legislation.

Mr. Speaker, I have no further requests for time, and I reserve the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. ROBERTS) that the House suspend the rules and pass the bill (H.R. 14298), as amended.

The question was taken.

Mr. WYLIE. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 3(b) of rule XXVII and the Chair's prior announcement, further proceedings on this motion will be postponed.

CODIFICATION OF RULES AND CUSTOMS OF AMERICAN FLAG

Mr. EDWARDS of California. Mr. Speaker, I move to suspend the rules and pass the Senate joint resolution (S.J. Res. 49) to amend the joint resolution entitled "Joint resolution to codify and emphasize existing rules and customs pertaining to the display and use of the flag of the United States of America, as amended.

The Clerk read as follows:

S.J. RES. 49

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the joint resolution entitled "Joint resolution to codify and emphasize existing rules and customs pertaining to the display and use of the flag of the United States of America", as amended (36 U.S.C. 171–178), is amended—

(1) by adding after the last sentence of section 1 the following: "The flag of the United States for the purpose of this chapter shall be defined according to title 4, United States Code, chapter 1, section 1 and section 2 and Executive Order 10834 issued pursuant thereto.";

(2) by striking out the second sentence of section 2(a) and inserting in lieu thereof the following: "However, when a patriotic effect is desired, the flag may be displayed twenty-four hours a day if properly illuminated during the hours of darkness.";

(3) by inserting in section 2(c) before the period a comma and the following: "except when an all weather flag is displayed";

(4) by striking out section 2(d) and inserting in lieu thereof the following:

"(d) The flag should be displayed on all days, especially on New Year's Day, January 1; Inauguration Day, January 20; Lincoln's Birthday, February 12; Washington's Birthday, third Monday in February; Easter Sunday (variable); Mother's Day, second Sunday in May; Armed Forces Day, third Saturday in May; Memorial Day (half-staff until noon), the last Monday in May; Flag Day, June 14; Independence Day, July 4; Labor Day, first Monday in September; Constitution Day, September 17; Columbus Day, second Monday in October; Navy Day, October 27; Veterans Day, November 11; Thanksgiving Day, fourth Thursday in November; Christmas Day, December 25; such other days as may be proclaimed by the President of the United States; the birthdays of States date of admission); and on State holidays.";

(5) by striking out ", weather permitting," in section 2(e);

(6) by striking out "radiator cap" in section 3(b) and inserting in lieu thereof "right fender";

(7) in the last sentence of section 3(f), by striking out "to the right of the flag of the United States." and inserting in lieu thereof the following: "to the United States flag's right.";

(8) by striking out section 3(i) and inserting in lieu thereof the following:

"(i) When displayed either horizontally or vertically against a wall, the union should be uppermost and to the flag's own right, that is, to the observer's left. When displayed in a window, the flag should be displayed in the same way, with the union or blue field to the left of the observer in the street.";

(9) by striking out section 3(k) and inserting in lieu thereof the following:

"(k) When used on a speaker's platform, the flag, if displayed flat, should be displayed above and behind the speaker. When displayed from a staff in a church or public auditorium, the flag of the United States of America should hold the position of superior prominence, in advance of the audience, and in the position of honor at the clergyman's or speaker's right as he faces the audience. Any other flag so displayed should be placed on the left of the clergyman or speaker or to the right of the audience.";

(10) by striking out section 3(m) and inserting in lieu thereof the following:

"(m) The flag, when flown at half-staff, should be first hoisted to the peak for an instant and then lowered to the half-staff position. The flag should be again raised to the peak before it is lowered for the day. On Memorial Day the flag should be displayed at half-staff until noon only, then raised to the top of the staff. By order of the President, the flag shall be flown at half-staff upon the death of principal figures of the United States Government and the Governor of a State, territory, or possession, as a mark of respect to their memory. In the event of the death of other officials or foreign dignitaries, the flag is to be displayed at half-staff according to Presidential instructions or orders, or in accordance with recognized customs or practices not inconsistent with law. In the event of the death of a present or former official of the government of any State, territory, or possession of the United States, the Governor of that State, territory, or possession may proclaim that the National flag shall be flown at half-staff. The flag shall be flown at half-staff thirty days from the death of the President or a former President; ten days from the day of death of the Vice President, the Chief Justice or a retired Chief Justice of the United States, or the Speaker of the House of Representatives; from the day of death until interment of an Associate Justice of the Supreme Court, a Secretary of an executive or military department, a former Vice President, or the Governor of a State, territory, or possession; and on the day of death and the following day for a Member of Congress. As used in this subsection—

"(1) the term 'half-staff' means the position of the flag when it is one-half the distance between the top and bottom of the staff;

"(2) the term 'executive or military department' means any agency listed under sections 101 and 102 of title 5, United States Code; and

"(3) the term 'Member of Congress' means a Senator, a Representative, a Delegate, or the Resident Commissioner from Puerto Rico.";

(11) by adding at the end of section 3, a new subsection as follows:

"(o) When the flag is suspended across a corridor or lobby in a building with only one main entrance, it should be suspended vertically with the union of the flag to the observer's left upon entering. If the building has more than one main entrance, the flag should be suspended vertically near the center of the corridor or lobby with the union to the north, when entrances are to the east and west or to the east when entrances are to the north and south. If there are entrances in more than two directions, the union should be to the east.";

(12) by striking out section 4(a) and inserting in lieu thereof the following:

(a) The flag should never be displayed with the union down, except as a signal of dire distress in instances of extreme danger to life or property.";

(13) by striking out section 4(d) and inserting in lieu thereof the following:

"(d) The flag should never be used as wearing apparel, bedding, or drapery. It should never be festooned, drawn back, nor up, in folds, but always allowed to fall free. Bunting of blue, white, and red, always arranged with the blue above, the white in the middle, and the red below, should be used for covering a speaker's desk, draping the front of a platform, and for decoration in general.";

(14) by striking out section 4(c) and inserting in lieu thereof the following:

"(e) The flag should never be fastened, displayed, used, or stored in such a manner as to permit it to be easily torn, soiled, or damaged in any way.";

(15) by striking out section 4(i) and inserting in lieu thereof the following:

"(i) The flag should never be used for advertising purposes in any manner whatsoever. It should not be embroidered on such articles as cushions or handkerchiefs and the like, printed or otherwise impressed on paper napkins or boxes or anything that is designed for temporary use and discard. Advertising signs should not be fastened to a staff or halyard from which the flag is flown.";

(16) by redesignating section 4(j) as section 4(k) and by inserting after section 4(i) a new subsection as follows:

"(j) No part of the flag should ever be

used as a costume or athletic uniform. However, a flag patch may be affixed to the uniform of military personnel, firemen, policemen, and members of patriotic organizations. The flag represents a living country and is itself considered a living thing. Therefore, the lapel flag pin being a replica, should be worn on the left lapel near the heart.";

(17) by striking out section 5 and inserting in lieu thereof the following:

"SEC. 5. During the ceremony of hoisting or lowering the flag or when the flag is passing in a parade or in review, all persons present except those in uniform should face the flag and stand at attention with the right hand over the heart. Those present in uniform should render the military salute. When not in uniform, men should remove their headdress with their right hand and hold it at the left shoulder, the hand being over the heart. Aliens should stand at attention. The salute to the flag in a moving column should be rendered at the moment the flag passes.";

(18) by striking out section 6 and inserting in lieu thereof the following:

"SEC. 6. During rendition of the national anthem when the flag is displayed, all present except those in uniform should stand at attention facing the flag with the right hand over the heart. Men not in uniform should remove their headdress with their right hand and hold it at the left shoulder, the hand being over the heart. Persons in uniform should render the military salute at the first note of the anthem and retain this position until the last note. When the flag is not displayed, those present should face toward the music and act in the same manner they would if the flag were displayed there.";

(19) by striking out section 7 and inserting in lieu thereof the following:

"SEC. 7. The Pledge of Allegiance to the Flag. 'I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.', should be rendered by standing at attention facing the flag with the right hand over the heart. When not in uniform men should remove their headdress with their right hand and hold it at the left shoulder, the hand being over the heart. Persons in uniform should remain silent, face the flag, and render the military salute."; and

(20) by striking out section 8 and inserting in lieu thereof the following:

"SEC. 8. Any rule or custom pertaining to the display of the flag of the United States of America, set forth herein, may be altered, modified, or repealed, or additional rules with respect thereto may be prescribed, by the Commander in Chief of the Armed Forces of the United States, whenever he deems it to be appropriate or desirable; and any such alteration or additional rule shall be set forth in a proclamation.".

The SPEAKER pro tempore. Is a second demanded?

Mr. KINDNESS. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from California (Mr. EDWARDS) will be recognized for 20 minutes, and the gentleman from Ohio (Mr. KINDNESS) will be recognized for 20 minutes.

The Chair recognizes the gentleman from California (Mr. EDWARDS).

Mr. EDWARDS of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the House Committee on the Judiciary is pleased to bring before the House, Senate Joint Resolution 49, which will amend and bring up to date existing rules and customs pertaining to the display and use of the flag of the United States.

Senate Joint Resolution 49, passed unanimously by the Senate, is the Senate counterpart of House Joint Resolution 321, introduced and supported in the House by two of my distinguished colleagues on the Judiciary Committee, Mr. FLOWERS of Alabama and Mr. MANN of South Carolina. Both Mr. FLOWERS and Mr. MANN testified at the hearing held by my subcommittee, as did representatives of the American Legion, who have been in the forefront of this modernization process through their National Americanism Commission.

The committee has indulged in some minor and technical amendments with the concurrence of our witnesses and in consultation with our colleagues in the other body.

Let me take a few minutes to explain them briefly.

Language was found to be unclear as to the requirement that our flag occupy the place of honor, which is the right of any speaker, especially if other flags are displayed. We believe we have clarified the intent.

Three references were made in Senate Joint Resolution 49 to actions to be taken by women during rendition of our National Anthem, while reciting the Pledge of Allegiance, and during flag ceremonies. In each case prior language was quite clear as to what all persons should do excepting only military personnel and men wearing hats. We deleted these redundant references to women.

Our colleague, Mr. MANN, suggested, and the committee agreed, a rearrangement of the language in one section, while not changing the meaning, was necessary.

Finally, the committee eliminated the creation of a National Flag Commission, as no compelling need for another Federal commission was shown.

I ask that you support this measure in order to have an up-to-date flag code by July 4, 1976.

Mr. KINDNESS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Senate joint resolution before us does a number of detailed things other than those that have been highlighted by the chairman of the subcommittee, the gentleman from California (Mr. EDWARDS), all of which are in conformity with what was expressed by the gentleman from California (Mr. EDWARDS). The purpose of this Senate joint resolution is an attempt to modernize, clarify, and make easier to understand the rules with respect to the display of the flag and the showing of reverence and respect for the flag during times of usage in public places. I would only add that there is obviously a good bit of support for this clarification from various veterans' organizations. The American Legion has worked very hard to try to establish this kind of action on the part of the Congress.

Mr. Speaker, I urge the support of the Members for passage of the Senate joint resolution.

Mr. EDWARDS of California. Mr. Speaker, I have no requests for time.

The SPEAKER pro tempore (Mr. McFALL). The question is on the motion offered by the gentleman from California (Mr. EDWARDS) that the House suspend the rules and pass the Senate joint resolution (S.J. Res. 49), as amended.

The question was taken.

Mr. ASHBROOK. Mr. Speaker, on that I demand the yeas and nays.

The SPEAKER pro tempore. Pursuant to the provisions of clause 3(b) of rule XXVII and the Chair's prior announcement, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. EDWARDS of California. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on Senate Joint Resolution 49.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

TRANSLATOR BROADCAST STATION OPERATIONS

Mr. VAN DEERLIN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 9689) to amend section 318 of the Communications Act of 1934, as amended, to enable the Federal Communications Commission to authorize translator broadcast stations to originate limited amounts of local programing, and to authorize frequency modulation radio translator stations to operate unattended in the same manner as is now permitted for television broadcast translator stations.

The Clerk read as follows:

H.R. 9689

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That clause (3) of the first proviso of section 318 of the Communications Act of 1934 (47 U.S.C. 318) is amended—

(1) by striking out "solely" and inserting in lieu thereof "primarily", and

(2) by striking out "television".

The SPEAKER pro tempore. Is a second demanded?

Mr. FREY. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from California (Mr. VAN DEERLIN) and the gentleman from Florida (Mr. FREY) will each be recognized for 20 minutes.

The Chair recognizes the gentleman from California (Mr. VAN DEERLIN).

Mr. VAN DEERLIN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, translator stations are low-power broadcasting stations which receive incoming signals from a television or FM radio station, amplify signals, convert or "translate" them to a different output frequency, and retransmit them to the community or area served. Translator stations generally serve remote rural areas where, because of terrain or extreme distances, it is not possible to receive the signals directly from the originating television or FM radio station. In many remote areas, translators provide local residents with their only source of television or FM radio reception.

The Congress enacted amendments to the Communications Act of 1934 concerning translator stations in 1960—Public Law 86-609. At that time there were about 1,000 television translator stations and no FM radio translators. Since then, technology has provided the means whereby FM radio signals can be transmitted via translators. Today there are about 3,600 translator stations providing VHF and UHF television service as well as FM radio.

Translator stations are financed in part by broadcasters licensed by the Federal Communications Commission who want to expand their coverage. In many cases, contributions are solicited throughout the community, or memberships may be sold in a television or FM radio club in order to finance the facility. In this regard, several State legislatures have enacted laws to assist in financing television translator operations. Direct community support is often needed because the vast majority of translators do not generate revenues from their operation.

The Federal Communications Commission has stated that translator stations are not generally self-supporting and must depend on public generosity to sustain their operations. The Commission has also noted that the prohibition on program origination in many instances deprives those people dependent on translator service of their only potential source of local programing such as emergency weather alerts and other major news events. The FCC has therefore requested this legislation which would allow the Commission, after an inquiry and proposed rulemaking, to authorize limited amounts of local origination by translator stations. H.R. 9689 would accomplish this result by substituting the word "primarily" for "solely" in clause (3) of the first proviso of section 318 of the Communications Act of 1934 as amended.

In requesting this legislation, the FCC has suggested that specific limitations on the amount of local origination permitted could best be determined in a Commission rulemaking, and the Chairman of the FCC, the Honorable Richard E. Wiley, has assured the subcommittee that translators will retain their primary characteristics as rebroadcast stations, and will only do very limited amounts of programing and fund solicitation appeals.

Mr. FREY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I join with my colleague, Chairman Van Deerlin, in urging support of H.R. 9689. The provision that allows FM radio translator stations to operate without a licensed operator is clearly uncontroversial. The existing provisions of section 318 of the Communications Act allow for such unattended operation of television translators and do not address FM radio, because no such translators existed at the time of its enactment.

The other provision of H.R. 9689 allows the FCC to permit limited amounts of local programing by translators. Under existing law, translators are limited to "solely" rebroadcasting signals. This bill strikes the word "solely" and substitutes the word "primarily," thereby allowing translators to originate some local programing—such as weather warnings—and fund solicitation. Allowing for the fund solicitation is key, for most translators serve small, rural communities that are unserved by television stations or cable TV systems, and they survive on public support.

While under the language of the bill, the FCC could conceivably permit 49 percent local origination and 51 percent rebroadcasting, our committee was assured by the FCC and the translator association that this will not occur. The technology does not exist to make a translator act as a broadcasting station; they testified that they merely intend to use slide inserts to solicit funds or give weather warnings.

The FCC testified further that they do not intend to use such language to allow the substitution of commercial advertising. Their argument is bolstered by section 325 of the Communications Act that the express approval of a station must be obtained before a translator could rebroadcast its signals; and that such approval could be withdrawn if a translator operator substitutes its own advertisements for those of the broadcaster.

Mr. Speaker, this bill is much less complicated than it sounds—it merely means financial viability for a telecommunications service to rural America, and I again urge its passage.

Mr. VAN DEERLIN. Mr. Speaker, I have no requests for time.

Mr. FREY. Mr. Speaker, I have no requests for time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. Van Deerlin) that the House suspend the rules and pass the bill (H.R. 9689).

Mr. HARKIN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 3 of rule XXVII, and the Chair's prior announcement, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. VAN DEERLIN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

HORSE PROTECTION ACT AMENDMENTS OF 1976

Mr. ROGERS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 13711) to revise and extend the Horse Protection Act of 1970, as amended.

The Clerk read as follows:

H.R. 13711

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Section 1. (a) This Act may be cited as the "Horse Protection Act Amendments of 1976".

(b) Whenever in this Act an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to a section or other provision of the Horse Protection Act of 1970.

Sec. 2. The first section is amended by striking out "of 1970".

Sec. 3. Section 2 (15 U.S.C. 1821) is amended to read as follows:

"Sec. 2. As used in this Act unless the context otherwise requires:

"(1) The term 'management' means any person who organizes, exercises control over, or administers or who is responsible for organizing, directing, or administering.

"(2) The term 'Secretary' means the Secretary of Agriculture.

"(3) The term 'sore' when used to describe a horse means that—

"(A) an irritating or blistering agent has been applied, internally or externally, by a person to any limb of a horse,

"(B) any burn, cut, or laceration has been inflicted by a person on any limb of a horse,

"(C) any tack, nail, screw, or chemical agent has been injected by a person into or used by a person on any limb of a horse, or

"(D) any other substance or device has been used by a person on any limb of a horse or a person has engaged in a practice involving a horse,

and, as a result of such application, infliction, injection, use, or practice, such horse suffers, or can reasonably be expected to suffer, physical pain or distress, inflammation, or lameness when walking, trotting, or otherwise moving, except that such term does not include such an application, infliction, injection, use, or practice in connection with the therapeutic treatment of a horse by or under the supervision of a person licensed to practice veterinary medicine in the State in which such treatment was given.

"(4) The term 'State' means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam, American Samoa, and the Trust Territory of the Pacific Islands.".

Sec. 4. Section 3 (15 U.S.C. 1822) is amended to read as follows:

"Sec. 3. The Congress finds and declares that—

"(1) the soring of horses is cruel and inhumane;

"(2) horses shown or exhibited which are sore, where such soreness improves the performance of such horse, compete unfairly with horses which are not sore;

"(3) the movement, showing, exhibition, or sale of sore horses in intrastate commerce adversely affects and burdens interstate and foreign commerce;

"(4) all horses which are subject to regulation under this Act are neither in interstate or foreign commerce or substantially affect such commerce; and

"(5) regulation under this Act by the Secretary is appropriate to prevent and eliminate burdens upon commerce and to effectively regulate commerce.".

SEC. 5. Section 4 (15 U.S.C. 1823) is amended to read as follows:

"SEC. 4. (a) The management of any horse show or horse exhibition shall disqualify any horse from being shown or exhibited (1) which is sore or (2) if the management has been notified by a person appointed in accordance with regulations under subsection (c) or by the Secretary that the horse is sore.

"(b) The management of any horse sale or auction shall prohibit the sale or auction or exhibition for the purpose of sale of any horse (1) which is sore or (2) if the management has been notified by a person appointed in accordance with regulations under subsection (c) or by the Secretary that the horse is sore.

"(c) The Secretary shall prescribe by regulation requirements for the appointment by the management of any horse show, horse exhibition, or horse sale or auction of persons qualified to detect and diagnose a horse which is sore or to otherwise inspect horses for the purposes of enforcing this Act. Such requirements shall prohibit the appointment of persons who, after notice and opportunity for a hearing, have been disqualified by the Secretary to make such detection, diagnosis, or inspection. Appointment of a person in accordance with the requirements prescribed under this subsection shall not be construed as authorizing such person to conduct inspections in a manner other than that prescribed for inspections by the Secretary (or the Secretary's representative) under subsection (e).

"(d) The management of a horse show, horse exhibition, or horse sale or auction shall establish and maintain such records, make such reports, and provide such information as the Secretary may by regulation reasonably require for the purposes of implementing this Act or to determine compliance with this Act. Upon request of an officer or employee duly designated by the Secretary, such management shall permit entry at all reasonable times for the inspection and copying (on or off the premises) of records required to be maintained under this subsection.

"(e) For purposes of enforcement of this Act (including any regulation promulgated under this Act) the Secretary, or any representative of the Secretary duly designated by the Secretary, may inspect any horse show, horse exhibition, or horse sale or auction or any horse at any such show, exhibition, sale, or auction. Such an inspection may only be made upon presenting appropriate credentials. Each such inspection shall be commenced and completed with reasonable promptness and shall be conducted within reasonable limits and in a reasonable manner. An inspection under this subsection shall extend to all things (including records) bearing on whether the requirements of this Act have been complied with.".

SEC. 6. Section 5 (15 U.S.C. 1824) is amended to read as follows:

"SEC. 5. The following conduct is prohibited:

"(1) The shipping, transporting, moving, delivering, or receiving of any horse which is sore with reason to believe that such horse while it is sore may be shown, exhibited, entered for the purpose of being shown or exhibited, sold, auctioned, or offered for sale, in any horse show, horse exhibition, or horse sale or auction; except that this paragraph does not apply to the shipping, transporting, moving, delivering, or receiving of any horse by a common or contract carrier or an employee thereof in the usual course of the carrier's business or employee's employment unless the carrier has reason to believe that such horse is sore.

"(2) The (A) showing or exhibition, in any horse show or horse exhibition, of any horse which is sore, (B) entering for the purpose of showing or exhibiting in any horse show or horse exhibition, any horse which is sore, (C) selling, auctioning, or offering for sale, in any horse sale or auction, any horse which is sore, and (D) allowing any activity described in clause (A), (B), or (C) respecting a horse which is sore by the owner of such horse.

"(3) The failure by the management of any horse show or horse exhibition, which does not appoint and retain a person in accordance with section 4(c) of this Act, to disqualify from being shown or exhibited any horse which is sore.

"(4) The failure by the management of any horse sale or auction, which does not appoint and retain a qualified person in accordance with section 4(c) of this Act, to prohibit the sale, offering for sale, or auction of any horse which is sore.

"(5) The failure by the management of any horse show or horse exhibition, which has appointed and retained a person in accordance with section 4(c) of this Act, to disqualify from being shown or exhibited any horse (A) which is sore, and (B) after having been notified by such person or the Secretary that the horse is sore or after otherwise having knowledge that the horse is sore.

"(6) The failure by the management of any horse sale or auction which has appointed and retained a person in accordance with section 4(c) of this Act, to prohibit the sale, offering for sale, or auction of any horse (A) which is sore, and (B) after having been notified by such person or the Secretary or after otherwise having knowledge that the horse is sore.

"(7) The showing or exhibiting at a horse show or horse exhibition; the selling or auctioning at a horse sale or auction; the allowing to be shown, exhibited, or sold at a horse show, horse exhibition, or horse sale or auction; the entering for the purpose of showing or exhibiting in any horse show or horse exhibition; or offering for sale at a horse sale or auction, any horse which is wearing or bearing any equipment, device, paraphernalia, or substance which the Secretary by regulation under section 9 prohibits to prevent the soring of horses.

"(8) The failing to establish, maintain, or submit records, notices, reports, or other information required under section 4.

"(9) The failure or refusal to permit access to or copying of records, or the failure or refusal to permit entry or inspection, as required by section 4.

"(10) The removal of any marking required by the Secretary to identify a horse as being detained.

"(11) The failure or refusal to provide the Secretary with adequate space or facilities, as the Secretary may by regulation under section 9 prescribe, in which to conduct inspections or any other activity authorized to be performed by the Secretary under this Act.".

SEC. 7. Section 6 (15 U.S.C. 1825) is amended to read as follows:

"SEC. 6. (a) (1) Except as provided in paragraph (2) of this subsection, any person who knowingly violates section 5 shall, upon conviction thereof, be fined not more than $3,000, or imprisoned for not more than one year, or both.

"(2) (A) If any person knowingly violates section 5, after one or more prior convictions of such person for such a violation have become final, such person shall, upon conviction thereof, be fined not more than $5,000, or imprisoned for not more than two years, or both.

"(B) Any person who knowingly makes, or causes to be made, a false entry or statement in any report required under this Act; who knowingly makes, or causes to be made, any false entry in any account, record, or memorandum required to be established and maintained by any person or in any notification or other information required to be submitted to the Secretary under section 4 of this Act; who knowingly neglects or fails to make or cause to be made, full, true, and correct entries in such accounts, records, memoranda, notification, or other materials; who knowingly removes any such documentary evidence out of the jurisdiction of the United States; who knowingly mutilates, alters, or by any other means falsifies any such documentary evidence; or who knowingly refuses to submit any such documentary evidence to the Secretary for inspection and copying shall be guilty of an offense against the United States, and upon conviction thereof shall be fined not more than $5,000, or imprisoned for not more than three years, or both.

"(C) Any person who forcibly assaults, resists, opposes, impedes, intimidates, or interferes with any person while engaged in or on account of the performance of his official duties under this Act shall be fined not more than $5,000, or imprisoned not more than three years, or both. Whoever, in the commission of such acts, uses a deadly or dangerous weapon shall be find not more than $10,000, or imprisoned not more than ten years, or both. Whoever kills any person while engaged in or on account of the performance of his official duties under this Act shall be punishable as provided under sections 1111 and 1112 of title 18, United States Code.

"(b) (1) Any person who violates section 5 of this Act shall be liable to the United States for a civil penalty of not more than $2,000 for each violation. No penalty shall be assessed unless such person is given notice and opportunity for a hearing before the Secretary with respect to such violation. The amount of such civil penalty shall be assessed by the Secretary by written order. In determining the amount of such penalty, the Secretary shall take into account all factors relevant to such determination, including the nature, circumstances, extent, and gravity of the prohibited conduct and, with respect to the person found to have engaged in such conduct, the degree of culpability, any history of prior offenses, ability to pay, effect on ability to continue to do business, and such other matters as justice may require.

"(2) Any person against whom a violation is found and a civil penalty assessed under paragraph (1) of this subsection may obtain review in the court of appeals of the United States for the circuit in which such person resides or has his place of business or in the United States Court of Appeals for the District of Columbia Circuit by filing a notice of appeal in such court within 30 days from the date of such order and by simultaneously sending a copy of such notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record upon which such violation was found and such penalty assessed, as provided in section 2112 of title 28, United States Code. The findings of the Secretary shall be set aside if found to be unsupported by substantial evidence.

"(3) If any person fails to pay an assessment of a civil penalty after it has become a final and unappealable order, or after the appropriate court of appeals has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General, who shall recover the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

"(4) The Secretary may, in his discretion, compromise, modify, or remit, with or without conditions, any civil penalty assessed under this subsection.

"(c) In addition to any fine, imprisonment, or civil penalty authorized under this section, any person who was convicted under subsection (a) or who paid a civil penalty assessed under subsection (b) or is subject to a final order under such subsection assessing a civil penalty for any violation of any provision of this Act or any regulation issued under this Act may be disqualified by order of the Secretary, after notice and an opportunity for a hearing before the Secretary, from showing or exhibiting any horse, judging or managing any horse show, horse exhibition, or horse sale or auction for a period of not less than one year for the first violation and not less than five years for any subsequent violation. Any person who knowingly fails to obey an order of disqualification shall be subject to a civil penalty of not more than $3,000 for each violation. Any horse show, horse exhibition, or horse sale or auction, or the management thereof, collectively and severally, which knowingly allows any person who is under an order of disqualification to show or exhibit any horse, to enter for the purpose of showing or exhibiting any horse, to take part in managing or judging, or otherwise to participate in any horse show, horse exhibition, or horse sale or auction in violation of an order shall be subject to a civil penalty of not more than $3,000 for each violation. The provisions of subsection (b) respecting the assessment, review, collection, and compromise, modification, and remission of a civil penalty apply with respect to civil penalties under this subsection.

"(d) (1) The Secretary may require by subpena the attendance and testimony of witnesses and the production of books, papers, and documents relating to any matter under investigation or the subject of a proceeding. Witnesses summoned before the Secretary shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

"(2) The attendance of witnesses, and the production of books, papers, and documents, may be required at any designated place from any place in the United States. In case of disobedience to a subpena the Secretary, or any party to a proceeding before the Secretary, may invoke the aid of any appropriate district court of the United States in requiring attendance and testimony of witnesses and the production of such books, papers, and documents under the provisions of this Act.

"(3) The Secretary may order testimony to be taken by deposition under oath in any proceeding or investigation pending before him, at any stage of the proceeding or investigation. Depositions may be taken before any person designated by the Secretary who has power to administer oaths. The Secretary may also require the production of books, papers, and documents at the taking of depositions.

"(4) Witnesses whose depositions are taken and the persons taking them shall be entitled to the same fees as paid for like services in the courts of the United States or in other jurisdictions in which they may appear.

"(5) In any civil or criminal action to enforce this Act or any regulation under this Act a horse shall be presumed to be a horse which is sore if it manifests abnormal sensitivity or inflammation in both of its forelimbs or both of its hindlimbs.

"(6) The United States district courts, the District Court of Guam, the District Court of the Virgin Islands, the highest court of American Samoa, and the United States courts of the other territories, are vested with jurisdiction specifically to enforce, and to prevent and restrain violations of this Act, and shall have jurisdiction in all other kinds of cases arising under this Act, except as provided in subsection (b) of this section.

"(e) (1) The Secretary may detain (for a period not to exceed twenty-four hours) for examination, testing, or the taking of evidence, any horse at any horse show, horse exhibit, or horse sale or auction which is sore or which the Secretary has probable cause to believe is sore. The Secretary may require the temporary marking of any horse during the period of its detention for the purpose of identifying the horse as detained. A horse which is detained subject to this paragraph shall not be moved by any person from the place it is so detained except as authorized by the Secretary or until the expiration of the detention period applicable to the horse.

"(2) Any equipment, device, paraphernalia, or substance which was used in violation of any provision of this Act or any regulation issued under this Act or which contributed to the soring of any horse at or prior to any horse show, horse exhibition, or horse sale or auction shall be liable to be proceeded against, by process of libel for the seizure and condemnation of such equipment, device, paraphernalia, or substance, in any United States district court within the jurisdiction of which such equipment, device, paraphernalia, or substance is found. Such proceedings shall conform as nearly as possible to proceedings in admirality.".

Sec. 8. Section 8 (15 U.S.C. 1827) is amended by inserting "(a)" after "Sec. 8." and by adding at the end of such section the following:

"(b) The Secretary may, upon request, provide technical and other nonfinancial assistance (including the lending of equipment on such terms and conditions as the Secretary determines is appropriate) to any State to assist it in administering and enforcing any law of such State designed to prohibit conduct described in section 5.".

Sec. 9. Section 11 (15 U.S.C. 1830) is amended by striking out "twenty-four calendar-month period" and inserting in lieu thereof "twelve calendar months".

Sec. 10. Effective July 1, 1976, section 12 (15 U.S.C. 1831) is amended to read as follows:

"Sec. 12. There are authorized to be appropriated to carry out this Act $125,000 for the period beginning July 1, 1976, and ending September 30, 1976; and for the fiscal year beginning October 1, 1976, and for each fiscal year thereafter there are authorized to be appropriated such sums, not to exceed $500,000, as may be necessary to carry out this Act.".

The SPEAKER pro tempore. Is a second demanded?

Mr. CARTER. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Florida (Mr. Rogers) and the gentleman from Kentucky (Mr. Carter) will be recognized for 20 minutes each.

The Chair recognizes the gentleman from Florida (Mr. Rogers).

Mr. ROGERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am pleased to be joined by my distinguished colleague on the subcommittee, Mr. Preyer, in sponsoring H.R. 13711, the Horse Protection Act Amendments of 1976. This legislation is the product of hearings and executive sessions held by the Subcommittee on Health and Environment this year. Similar legislation passed the Senate last October.

The inhumane practice of "soring" horses and its economically destructive effect upon the horse industry led Congress to pass the original Horse Protection Act on December 9, 1970. The 1970 law was intended to eliminate this cruel and unnecessary practice by making unlawful the exhibiting and showing of sored horses and by imposing significant penalities for violations.

The practice of "soring" involves the alteration of the gait of a horse by the infliction of pain through the use of devices, substances, and other quick and artificial methods, instead of through careful breeding and patient training. The soring of a horse can thus produce the high-stepping gait of the well-known Tennessee Walking Horse, as well as the gaits of other popular gaited horse breeds.

The practice of sorings also results in unfair competition and can ultimately damage the integrity of the horse breed. A mediocre horse, whose high-stepping gait is achieved artificially through soring, competes unfairly with a properly and patiently trained "sound" horse with championship natural ability. If horses continue to win horse shows as a result of soring, the horse breed's natural gait abilities cannot be preserved and the value of properly trained championship horses will diminish.

Despite the enactment of the Horse Protection Act of 1970, our subcommittee hearings revealed that the practice of soring has continued on a widespread basis. The original law has not been successful for a number of reasons. First, the Department of Agriculture has not had adequate resources to carry out its responsibilities under the Horse Protection Act. The current annual statutory authorization maximum of $100,000 permits the Department to employ only one full-time staffer and to inspect only 20 horse shows out of an estimated 3,600 annually. In addition, the Department needs thermovision machines, costing $50,000 each, and other more sophisticated equipment to detect soring where the pain has been masked by application or injection of anesthetic substances. In addition, the Department has been hampered by lack of subpena authority, lack of authority to disqualify recidivist violators from competition for periods of time, lack of authority to limit the trafficking of sored horses, lack of authority to administratively detain a horse for testing and examination, and lack of authority to seize illegal equipment used in soring a horse.

H.R. 13711, the committee reported bill, provides for a revision and extension of the horse protection program. It authorizes $125,000 for the 1976 fiscal transition quarter and $500,000 annually thereafter for the Department of Agriculture to carry out the program. The comparable authorization level under existing law is $100,000 annually. The committee bill provides new and increased civil and criminal penalties and competition disqualification proceedings for violators of the law. It authorizes the

Secretary to administratively detain a horse at a horse show, for a period not to exceed 24 hours, for examination, testing, and obtaining evidence. It authorizes the Secretary to seize and institute condemnation proceedings against devices and equipment contributing to the soring of a horse. It authorizes the Secretary to subpena the attendance and testimony of witnesses and the production of books, papers, and documents relating to matters under investigation. It provides authority for the inspection of horse shows, exhibitions, sales, and auctions and records required to be maintained under the act or its regulations.

Finally, it requires the management of a horse show, exhibition, sale or auction to disqualify a horse from being shown or sold after being notified by a qualified management appointed inspector or the Secretary that the horse is sore or if management has knowledge that a horse is sore.

In summary, the committee finds a need for increased statutory authority and increased economic resources for the USDA to carry out its responsibilities under the 1970 Horse Protection Act. I believe H.R. 13711, the bill proposed by the committee, provides the necessary statutory authority for the Department to carry out the horse protection program, without significant Federal expenditures.

Mr. Speaker, I wish to commend Chairman STAGGERS, Dr. CARTER, Mr. PREYER, Mr. WHITEHURST, Mr. UDALL, and the other members for their efforts in support of this legislation. I also wish to express my thanks to the staff of the Department of Agriculture, the Tennessee Walking Horse Breeders and Owners Association, the American Horse Protection Association, the American Horse Council, the Society for Animal Protection Legislation, and all the other industry and humane organizations and individuals for their efforts and cooperation in developing this legislation. I urge all of my colleagues in the House to join me in support of H.R. 13711.

Mr. CARTER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I support H.R. 13711—the Horse Protection Act Amendments of 1976. This legislation provides for a revision and extension of the existing program of the Department of Agriculture, with a total annual authorization level of $500,000.

The subcommittee and full committee gave this bill careful consideration—and took into account various points of view.

As a result—this bill is acceptable to all groups concerned with the humane treatment of horses: The Department of Agriculture, the American Horse Council, the Tennessee Walking Horses representatives, humane groups, and the Office of Management and Budget.

I am pleased we were able to develop a bill which reflects the consensus of all these groups.

The present horse protection program began with the enactment of the Horse Protection Act of 1970 in an attempt to end the unnecessary, cruel, and inhumane practice of soring horses.

Testimony earlier this year given before the subcommittee revealed that despite enactment of the Horse Protection Act, the practice of soring has continued on a widespread basis. Others testified that the Department of Agriculture lacked adequate resources for effective enforcement of the legislation.

To meet these concerns, the subcommittee has amended the original legislation to revise the enforcement authority and to increase the financial resources of the Department of Agriculture from an authorization of $100,000 to an annual authorization of $500,000.

I urge favorable consideration of this legislation which is designed to strengthen the Horse Protection Act of 1970.

Attached is a summary of the legislation:

H.R. 13711, as reported, provides for a revision and extension of the existing program of the Department of Agriculture relating to horse protection at a total annual authorization level of $500,000. The legislation makes the following substantive modifications in the existing law governing this program:

1. Revises the definition of "sore" under existing law to eliminate the requirement that the soring of a horse must be done with the specific intent or purpose of affecting its gait.

2. Provides that a horse shall be presumed to be sore if it manifests abnormal sensitivity or inflamation in both of its forelimbs or both of its hindlimbs.

3. Requires the management of any horse show or exhibition to disqualify from being shown or exhibited any horse which is sore after being notified by a qualified person appointed by management to inspect horses or by the Secretary of Agriculture (hereinafter referred to as the "Secretary") that the horse is sore.

4. Requires management of any horse sale to prohibit the sale or auction or exhibition for the purpose of sale of any horse which is sore or if notified by a qualified person appointed by management to inspect horses or by the Secretary that the horse is sore.

5. Directs the Secretary to prescribe, by regulation, requirements for the appointment by show or auction management of persons qualified to detect and diagnose a horse which is sore or to otherwise inspect horses for the purposes of enforcing the Act and provides that such requirements shall prohibit the appointment of persons who, after notice and opportunity for a hearing, have been disqualified to make such detection, diagnosis or inspection.

6. Requires the management of a horse show, horse exhibition, horse sale or auction to establish and maintain such records, make such reports, and provide such information as the Secretary may by regulation reasonably require for the purposes of implementing and enforcing the Act.

7. Requires management, upon request of an officer or employee designated by the Secretary, to permit entry at all reasonable times for the inspection and copying (on or off premises) of such records which the Secretary requires to be maintained.

8. Authorizes the Secretary or his designated representative to inspect any horse show, exhibition, horse sale or auction and any horse at such show, exhibition, sale or auction and requires that such inspection be commenced and completed with reasonable promptness, conducted within reasonable limits and in a reasonable manner.

9. Revises the provisions which prescribe the conduct prohibited by the Act.

10. Modifies the standard of mental culpability for criminal violations of the Act from a "willful" standard to a "knowing" standard.

11. Provides new and increased criminal and civil penalties for violations of the Act.

12. Provides that a person who has been convicted for a criminal violation of the Act, or has paid a civil penalty assessed under the Act, or who is subject to a final order of assessment of a civil penalty under the Act, for a violation of the Act or regulation, may be disqualified by order of the Secretary (after notice and opportunity for a hearing) from showing or exhibiting any horse, judging or managing a horse show, exhibition, sale or auction for a period not less than one year for the first violation and not less than 5 years for any subsequent violation.

13. Provides procedures for the administrative assessment, collection, review, compromise, modification, and remission of civil penalties and for the appeal and judicial review of administrative orders under the provisions of the Act pertaining to civil penalties.

14. Authorizes the Secretary to subpoena the attendance and testimony of witnesses and the production of books, papers, and documents, relating to any matter under investigation or the subject of a proceeding.

15. Authorizes the Secretary, or any party to a proceeding before the Secretary, to invoke the aid of the U.S. district court in requiring attendance and testimony of witnesses and the production of books, papers, and documents in cases of disobedience to a subpoena issued under the Act.

16. Authorizes the Secretary to order testimony to be taken by deposition under oath in any proceeding or investigation pending before him and to require the production of books, papers, and documents at the taking of depositions.

17. Authorizes the Secretary to retain (for a period not to exceed 24 hours) for examination, testing, or the taking of evidence, any horse at any horse show, exhibition, sale or auction, which is sore or which the Secretary has probable cause to believe is sore.

18. Provides that any equipment, device, paraphernalia, or substance which was used in violation of the Act or regulation or which contributed to the soring of a horse at or prior to a show, exhibition, sale or auction, is subject to seizure be liable for condemnation proceedings in the U.S. District Court where such equipment, device, paraphernalia, or substance is found.

19. Provides that the Secretary may, upon request, provide technical and other nonfinancial assistance to any State to assist it in administering and enforcing any law of such State designed to prohibit conduct in violation of this Act.

20. Requires the Secretary, every 12 months, to submit to Congress a report on enforcement and administrative actions taken under, and other matters covered by the Act, as well as recommendations for legislation or other proposed actions relating to the Act.

21. Increases the annpal maximum authorization of appropriations for carrying out the Act from $100,000 to $500,000, effectively September 30, 1976, and authorizes an appropriation of $125,000 for the fiscal 1976 transition quarter.

Mr. ROGERS. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from Wyoming (Mr. RONCALIO).

Mr. RONCALIO. Mr. Speaker, I thank the distinguished gentleman from Florida for yielding to me, and I ask a question the answer to which may well be obvious. First let me say that we in the western part of the United States are reluctant to inject ourselves in arguments over methods used in the raising of horses in Tennessee and Kentucky, and their methods of training horses. But I nevertheless would ask the gentleman from Florida if the appropriation increase from $150,000 to $500,000 is really substantiated by evidence presented before the subcommittee?

Mr. ROGERS. Yes. We feel that this is necessary in order to insure that they do a proper job.

Mr. RONCALIO. I thank the gentleman.

Mr. ROGERS. Mr. Speaker, I have no further requests for time.

The SPEAKER. The question is on the motion offered by the gentleman from Florida (Mr. ROGERS), that the House suspend the rules and pass the bill H.R. 13711, as amended.

The question was taken.

Mr. HARKIN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER. Pursuant to clause 3 of rule XXVII, and the Chair's prior announcement, further proceedings on this motion will be postponed.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. Debate has been concluded on all motions to suspend the rules.

Pursuant to clause 3, rule XXVII, the Chair will now put the question on each motion, on which further proceedings were postponed, in the order in which that motion was entertained.

Votes will be taken in the following order:

Senate Joint Resolution 203, by the yeas and nays; H.R. 14299, by the yeas and nays; H.R. 14298, by the yeas and nays; Senate Joint Resolution 49, by the yeas and nays; H.R. 9689, by the yeas and nays; and H.R. 13711, by the yeas and nays.

The Chair will reduce to 5 minutes the time for any electronic votes after the first such vote in this series.

EMERGENCY TECHNICAL PROVISIONS TO HIGHER EDUCATION ACT

The SPEAKER. The unfinished business is the question of suspending the rules and passing the Senate joint resolution (S.J. Res. 203).

The Clerk read the title of the Senate joint resolution.

The SPEAKER. The question is on the motion offered by the gentleman from Kentucky (Mr. PERKINS) that the House suspend the rules and pass the Senate joint resolution, Senate Joint Resolution 203, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 350, nays 0, not voting 81, as follows:

[Roll No. 414]

YEAS—350

Abdnor
Adams
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bergland
Bevill
Bingham
Blanchard
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Cornell
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Davis
Delaney
Dellums
Dent
Derrick
Derwinski
Devine
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Esch
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hannaford
Harkin
Harris
Harsha
Hawkins
Hayes, Ind.
Hébert
Hechler, W. Va.
Heckler, Mass.
Henderson
Hicks
Hillis
Holland
Holt
Holtzman
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jones, N.C.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Latta
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCollister
McEwen
McFall
McHugh
McKay
Madden
Madigan
Mahon
Mann
Martin
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nichols
Nowak
Oberstar
Obey
O'Brien
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Paul
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Richmond
Riegle
Rinaldo
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Roush
Rousselot
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Sarasin
Satterfield
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stark
Steed
Steelman
Steiger, Wis.
Stokes
Stratton
Studds
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Winn
Wirth
Wylie
Yates
Yatron
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki

NAYS—0

NOT VOTING—81

Abzug
Addabbo
Alexander
Allen
Ambro
Ashley
Bell
Biaggi
Biester
Blouin
Brinkley
Butler
Conlan
Corman
Cotter
Danielson
de la Garza
Dickinson
Eckhardt
Edgar
Eshleman
Foley
Green
Hanley
Hansen
Harrington
Hays, Ohio
Hefner
Heinz
Helstoski
Hightower
Hinshaw
Howe
Jarman
Johnson, Pa.
Jones, Okla.
Jones, Tenn.
Karth
Landrum
Leggett
Litton
McCloskey
McCormack
McDade
McDonald
McKinney
Maguire
Mathis
Metcalfe
Milford
Moakley
Murphy, Ill.
Murphy, N.Y.
Nedzi
Nix
Nolan
O'Hara
O'Neill
Pattison, N.Y.
Pepper
Peyser
Rhodes
Risenhoover
Rostenkowski
Santini
Sarbanes
Stanton, James V.
Steiger, Ariz.
Stephens
Stuckey
Sullivan
Symington
Udall
Walsh
Wilson, C. H.
Wilson, Tex.
Wolff
Wright
Wydler
Young, Alaska
Zeferetti

The Clerk announced the following pairs:

Mr. Addabbo with Mr. O'Hara.
Mr. Zeferetti with Mr. Green.
Mr. Cotter with Mr. Udall.
Mr. Helstoski with Mr. James V. Stanton.
Mr. Litton with Mr. Harrington.
Mr. Charles H. Wilson of California, with Mr. Karth.
Mr. Santini with Mr. Bell.
Mr. Rostenkowski with Mr. Biester.
Mr. Pepper with Mr. Conlan.
Mr. O'Neill with Mr. Eshleman.
Mr. Ambro with Mr. Heinz.
Mr. Biaggi with Mr. Jarman.
Mr. Hanley with Mr. Johnson of Pennsylvania.
Mr. Murphy of New York with Mr. McCloskey.
Mr. Nix with Mr. Blouin.
Mr. Moakley with Mr. McDade.
Mr. Wright with Mr. McKinney.
Mr. Wolff with Mr. Steiger of Arizona.
Mr. Ashley with Mr. Peyser.
Mr. McDonald with Mr. Stuckey.
Mr. Jones of Oklahoma wih Mr. Butler.
Mr. Corman with Mrs. Sullivan.
Mr. Hays of Ohio with Mr. Dickinson.
Mr. Pattison of New York with Mr. Symington.
Mr. Allen with Mr. Walsh.
Ms. Abzug with Mr. Sarbanes.
Mr. Mathis with Mr. Hansen.
Mr. Murphy of Illinois with Mr. Charles Wilson of Texas.
Mr. Foley with Mr. Wydler.
Mr. de la Garza with Mr. Young of Alaska.
Mr. Danielson with Mr. Leggett.
Mr. Brinkley with Mr. Stephens.
Mr. Nolan with Mr. Nedzi.
Mr. Risenhoover with Mr. Maguire.
Mr. Metcalfe with Mr. Eckhardt.
Mr. Milford with Mr. Landrum.
Mr. McCormack with Mr. Edgar.
Mr. Hightower with Mr. Howe.

So (two-thirds having voted in favor thereof), the rules were suspended and the Senate joint resolution was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

A similar House joint resolution (H.J. Res. 984) was laid on the table.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. Pursuant to the provisions of clause 3(b)(3) of rule XXVII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device may be taken on all the additional motions to suspend the rules on which the Chair has postponed further proceedings.

DISABILITY COMPENSATION FOR DISABLED VETERANS

The SPEAKER. The unfinished business is the question of suspending the rules and passing the bill H.R. 14299.

The clerk read the title of the bill.

The SPEAKER. The question is on the motion offered by the gentleman from Texas (Mr. ROBERTS) that the House suspend the rules and pass the bill H.R. 14299, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 351, nays 0, not voting 80, as follows:

[Roll No. 415]

YEAS—351

Abdnor
Adams
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bergland
Bevill
Bingham
Blanchard
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conte
Cornell
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Davis
Delaney
Dellums
Dent
Derrick
Derwinski
Devine
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Esch
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hannaford
Harkin
Harris
Harsha
Hawkins
Hayes, Ind.
Hébert
Hechler, W. Va.
Heckler, Mass.
Henderson
Hicks
Hillis
Holland
Holt
Holtzman
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jones, N.C.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Latta
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCollister
McEwen
McFall
McHugh
McKay
Madden
Madigan
Mahon
Mann
Martin
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nichols
Nowak
Oberstar
Obey
O'Brien
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Paul
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Richmond
Riegle
Rinaldo
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Roush
Rousselot
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Sarasin
Satterfield
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stark
Steed
Steelman
Steiger, Wis.
Stokes
Stratton
Studds
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Winn
Wirth
Wylie
Yates
Yatron
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki

NAYS—0

NOT VOTING—80

Abzug
Addabbo
Allen
Ambro
Ashley
Bell
Biaggi
Biester
Blouin
Brinkley
Butler
Conlan
Conyers
Corman
Cotter
Danielson
de la Garza
Dickinson
Drinan
Eckhardt
Eshleman
Foley
Green
Hanley
Hansen
Harrington
Hays, Ohio
Hefner
Heinz
Helstoski
Hightower
Hinshaw
Howe
Jarman
Johnson, Pa.
Jones, Okla.
Jones, Tenn.
Karth
Landrum
Litton
McCloskey
McCormack
McDade
McDonald
McKinney
Maguire
Mathis
Metcalfe
Milford
Moakley
Murphy, Ill.
Murphy, N.Y.
Nedzi
Nix
Nolan
O'Hara
O'Neill
Pattison, N.Y.
Pepper
Peyser
Rhodes
Risenhoover
Rostenkowski
Santini
Sarbanes
Stanton, James V.
Steiger, Ariz.
Stephens
Stuckey
Sullivan
Symington
Udall
Walsh
Wilson, C. H.
Wilson, Tex.
Wolff
Wright
Wydler
Young, Alaska
Zeferetti

The Clerk announced the following pairs:

Mr. Addabbo with Mr. O'Hara.
Mr. Zeferetti with Mr. Green.
Mr. Cotter with Mr. Udall.
Mr. Helstoski with Mr. James V. Stanton.
Mr. Litton with Mr. Harrington.
Mr. Charles H. Wilson of California with Mr. Karth.
Mr. Santini with Mr. Bell.
Mr. Rostenkowski with Mr. Biester.
Mr. Pepper with Mr. Conlan.
Mr. O'Neill with Mr. Eshleman.
Mr. Ambro with Mr. Heinz.
Mr. Biaggi with Mr. Jarman.
Mr. Hanley with Mr. Johnson of Pennsylvania.
Mr. Murphy of New York with Mr. McCloskey.
Mr. Nix with Mr. Blouin.
Mr. Moakley with Mr. McDade.
Mr. Wright with Mr. McKinney.
Mr. Wolff with Mr. Steiger of Arizona.
Mr. Ashley with Mr. Peyser.
Mr. McDonald with Mr. Stuckey.
Mr. Jones of Oklahoma with Mr. Butler.
Mr. Corman with Mrs. Sullivan.
Mr. Hays of Ohio with Mr. Dickinson.
Mr. Allen with Mr. Walsh.
Ms. Abzug with Mr. Sarbanes.
Mr. Mathis with Mr. Hansen.
Mr. Murphy of Illinois with Mr. Charles Wilson of Texas.
Mr. Foley with Mr. Wydler.
Mr. de la Garza with Mr. Young of Alaska.
Mr. Danielson with Mr. Nedzi.
Mr. Brinkley with Mr. Maguire.
Mr. Nolan with Mr. Eckhardt.
Mr. Risenhoover with Mr. Landrum.
Mr. Metcalfe with Mr. Jones of Tennessee.
Mr. Milford with Mr. Drinan.
Mr. McCormack with Mr. Stephens.
Mr. Hefner with Mr. Howe.
Mr. Hightower with Mr. Symington.

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

VETERANS AND SURVIVORS PENSION ADJUSTMENT ACT OF 1976

The SPEAKER. The unfinished business is the question of suspending the rules and passing the bill, H.R. 14298, as amended.

The Clerk read the title of the bill.

The SPEAKER. The question is on the motion offered by the gentleman from Texas (Mr. ROBERTS) that the House suspend the rules and pass the bill H.R. 14298, as amended, on which the yeas and nays are ordered.

The vote was taken by electronic device; and there were—yeas 354, nays 0, not voting 77, as follows:

[Roll No. 416]

YEAS—354

Abdnor
Adams
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bergland
Bevill
Bingham
Blanchard
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Cornell
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Davis
Delaney
Dellums
Dent
Derrick

Derwinski
Devine
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Esch
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hannaford
Harkin
Harris
Harsha
Hawkins
Hayes, Ind.
Hébert
Hechler, W. Va.
Heckler, Mass.
Henderson
Hicks
Hillis
Holland
Holt
Holtzman
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jones, N.C.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Latta
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCollister
McEwen
McFall
McHugh
McKay
Madden
Madigan
Mahon
Mann
Martin
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nichols
Nowak
Oberstar
Obey
O'Brien
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Paul
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Richmond
Riegle
Rinaldo
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Roush
Rousselot
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Sarasin
Satterfield
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stark
Steed
Steelman
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Winn
Wirth
Wylie
Yates
Yatron
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki

NAYS—0

NOT VOTING—77

Abzug
Addabbo
Allen
Ambro
Ashley
Bell
Biaggi
Biester
Blouin
Brinkley
Butler
Conlan
Corman
Cotter
Danielson
de la Garza
Dickinson
Eckhardt
Eshleman
Foley
Green
Hanley
Hansen
Harrington
Hays, Ohio
Hefner
Heinz
Helstoski
Hightower
Hinshaw
Howe
Jarman
Johnson, Pa.
Jones, Okla.
Jones, Tenn.
Karth
Landrum
Litton
McCloskey
McCormack
McDade
McDonald
McKinney
Maguire
Mathis
Metcalfe
Milford
Moakley
Murphy, Ill.
Murphy, N.Y.
Nedzi
Nix
Nolan
O'Hara
O'Neill
Pattison, N.Y.
Pepper
Peyser
Rhodes
Risenhoover
Rostenkowski
Santini
Sarbanes
Stanton, James V.
Steiger, Ariz.
Stuckey
Sullivan
Symington
Udall
Walsh
Wilson, C. H.
Wilson, Tex.
Wolff
Wright
Wydler
Young, Alaska
Zeferetti

The Clerk announced the following pairs:

Mr. Addabbo with Mr. O'Hara.

Mr. Zeferetti with Mr. Green.

Mr. Cotter with Mr. Udall.

Mr. Helstoski with Mr. James V. Stanton.

Mr. Litton with Mr. Harrington.

Mr. Charles H. Wilson of California with Mr. Karth.

Mr. Santini with Mr. Bell.

Mr. Rostenkowski with Mr. Biester.

Mr. Pepper with Mr. Conlan.

Mr. O'Neill with Mr. Eshleman.

Mr. Ambro with Mr. Heinz.

Mr. Biaggi with Mr. Jarman.

Mr. Hanley with Mr. Johnson of Pennsylvania.

Mr. Murphy of New York with Mr. McCloskey.

Mr. Nix with Mr. Blouin.

Mr. Moakley with Mr. McDade.

Mr. Wright with Mr. McKinney.

Mr. Wolff with Mr. Steiger of Arizona.

Mr. Ashley with Mr. Peyser.

Mr. McDonald with Mr. Stuckey.

Mr. Jones of Oklahoma with Mr. Butler.

Mr. Corman with Mrs. Sullivan.

Mr. Hays of Ohio with Mr. Dickinson.

Mr. Pattison of New York with Mr. Symington.

Mr. Allen with Mr. Walsh.

Ms. Abzug with Mr. Sarbanes.

Mr. Mathis with Mr. Hansen.

Mr. Murphy of Illinois with Charles Wilson of Texas.

Mr. Foley with Mr. Wydler.

Mr. de la Garza with Mr. Young of Alaska.

Mr. Danielson with Mr. Jones of Tennessee.

Mr. Brinkley with Mr. McCormack.

Mr. Nolan with Mr. Nedzi.

Mr. Risenhoover with Mr. Maguire.

Mr. Metcalfe with Mr. Eckhardt.

Mr. Milford with Mr. Landrum.

Mr. Hefner with Mr. Howe.

So (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

CODIFICATION OF RULES AND CUSTOMS OF AMERICAN FLAG

The SPEAKER. The unfinished business is the question of suspending the rules and passing the Senate joint resolution (S.J. Res. 49), as amended.

The Clerk read the title of the Senate joint resolution.

The SPEAKER. The question is on the motion offered by the gentleman from California (Mr. Edwards) that the House suspend the rules and pass the Senate joint resolution (S.J. Res. 49), as amended, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 352, nays 0, not voting 79, as follows:

[Roll No. 417]

YEAS—352

Abdnor
Adams
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bergland
Bevill
Bingham
Blanchard
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Cornell
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Davis
Delaney
Dellums
Derrick
Derwinski
Devine
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Esch
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hannaford
Harkin
Harris
Harsha
Hawkins
Hayes, Ind.
Hébert
Hechler, W. Va.
Heckler, Mass.
Henderson
Hicks
Hillis
Holland
Holt
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jones, N.C.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Latta
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCollister
McEwen
McFall
McHugh
McKay
Madden
Madigan
Mahon
Mann
Martin
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nichols
Nowak
Oberstar
Obey
O'Brien
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Paul
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Richmond
Riegle
Rinaldo
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Roush
Rousselot
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Sarasin
Satterfield

Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stark
Steed
Steelman
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Winn
Wirth
Wylie
Yates
Yatron
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki

NAYS—0

NOT VOTING—79

Abzug
Addabbo
Allen
Ambro
Ashley
Bell
Biaggi
Biester
Blouin
Brinkley
Butler
Conlan
Corman
Cotter
Danielson
de la Garza
Dent
Dickinson
Eckhardt
Eshleman
Foley
Green
Hanley
Hansen
Harrington
Hays, Ohio
Hefner
Heinz
Helstoski
Hightower
Hinshaw
Holtzman
Howe
Jarman
Johnson, Pa.
Jones, Okla.
Jones, Tenn.
Karth
Landrum
Litton
McCloskey
McCormack
McDade
McDonald
McKinney
Maguire
Mathis
Metcalfe
Milford
Moakley
Murphy, Ill.
Murphy, N.Y.
Nedzi
Nix
Nolan
O'Hara
O'Neill
Pattison, N.Y.
Pepper
Peyser
Rhodes
Risenhoover
Rostenkowski
Santini
Sarbanes
Stanton, James V.
Steiger, Ariz.
Stuckey
Sullivan
Symington
Udall
Walsh
Wilson, C. H.
Wilson, Tex.
Wolff
Wright
Wydler
Young, Alaska
Zeferetti

The Clerk announced the following pairs:

Mr. Addabbo with Mr. O'Hara.
Mr. Zeferetti with Mr. Green.
Mr. Cotter with Mr. Udall.
Mr. Helstoski with Mr. James V. Stanton.
Mr. Litton with Mr. Harrington.
Mr. Charles H. Wilson of California with Mr. Karth.
Mr. Santini with Mr. Bell.
Mr. Rostenkowski with Mr. Biester.
Mr. Pepper with Mr. Conlan.
Mr. O'Neill with Mr. Eshleman.
Mr. Ambro with Mr. Heinz.
Mr. Biaggi with Mr. Jarman.
Mr. Hanley with Mr. Johnson of Pennsylvania.
Mr. Murphy of New York with Mr. McCloskey.
Mr. Nix with Mr. Blouin.
Mr. Moakley with Mr. McDade.
Mr. Wright with Mr. McKinney.
Mr. Wolff with Mr. Steiger of Arizona.
Mr. Ashley with Mr. Peyser.
Mr. McDonald with Mr. Stuckey.
Mr. Jones of Oklahoma with Mr. Butler.
Mr. Corman with Mrs. Sullivan.
Mr. Hays of Ohio with Mr. Dickinson.
Mr. Pattison of New York with Mr. Symington.
Mr. Allen with Mr. Walsh.
Ms. Abzug with Mr. Sarbanes.
Mr. Mathis with Mr. Hansen.
Mr. Murphy of Illinois with Mr. Charles Wilson of Texas.
Mr. Foley with Mr. Wydler.
Mr. de la Garza with Mr. Young of Alaska.
Mr. Danielson with Mr. Nedzi.
Mr. Brinkley with Mr. Maguire.
Mr. Nolan with Mr. Eckhardt.
Mr. Risenhoover with Mr. Landrum.
Mr. Metcalfe with Ms. Holtzman.
Mr. Milford with Mr. Hefner.
Mr. Dent with Mr. Hightower.
Mr. McCormack with Mr. Howe.

Messrs. MOSS, JEFFORDS, and ICHORD changed their vote from "nay" to "yea."

So (two-thirds having voted in favor thereof) the rules were suspended and the Senate joint resolution, as amended,. was passed.

The result of the vote was announced as above recorded.

The title was amended by inserting a close quotation mark immediately after "United States of America."

A motion to reconsider was laid on the table.

TRANSLATOR BROADCAST STATION OPERATIONS

The SPEAKER. The unfinished business is the question of suspending the rules and passing the bill, H.R. 9689.

The Clerk read the title of the bill.

The SPEAKER. The question is on the motion offered by the gentleman from California (Mr. VAN DEERLIN) that the House suspend the rules and pass the bill, H.R. 9689, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 349, nays 2, answered "present" 1, not voting 79, as follows:

[Roll No. 418]

YEAS—349

Abdnor
Adams
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bergland
Bevill
Bingham
Blanchard
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Cornell
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Davis
Delaney
Dellums
Dent
Derrick
Derwinski
Devine
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Esch
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Goodling
Gradison
Grassley
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hannaford
Harkin
Harris
Harsha
Hawkins
Hayes, Ind.
Hébert
Hechler, W. Va.
Heckler, Mass.
Henderson
Hillis
Holland
Holt
Holtzman
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jones, N.C.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Latta
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCollister
McCormack
McEwen
McFall
McHugh
McKay
Madden
Madigan
Mahon
Mann
Martin
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nichols
Nowak
Oberstar
Obey
O'Brien
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Paul
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Richmond
Riegle
Rinaldo
Roberts
Robinson
Rodino
Roe
Rogers
Rooney
Rose
Rosenthal
Roush
Rousselot
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Sarasin
Satterfield
Scheuer
Schneebeli
Schroeder
Schulze
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stark
Steed
Steelman
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waggonner
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Winn
Wirth
Wylie
Yates
Yatron
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki

NAYS—2

Hicks
Roncalio

ANSWERED "PRESENT"—1

Gonzalez

NOT VOTING—79

Abzug
Addabbo
Allen
Ambro
Ashley
Bell
Biaggi
Biester
Blouin
Brinkley
Butler
Conlan
Corman
Cotter
Danielson
de la Garza
Dickinson
Eckhardt
Eshleman
Foley
Green
Hanley
Hansen
Harrington
Hays, Ohio
Hefner
Heinz
Helstoski
Hightower
Hinshaw
Howe
Jarman
Johnson, Pa.
Jones, Okla.
Jones, Tenn.
Karth
Landrum
Litton
McCloskey
McDade
McDonald
McKinney
Maguire
Mathis
Metcalfe
Milford
Moakley
Murphy, Ill.
Murphy, N.Y.
Nedzi
Nix
Nolan
O'Hara
O'Neill
Pattison, N.Y.
Pepper
Peyser
Rhodes
Risenhoover
Rostenkowski
Santini
Sarbanes
Sebelius
Stanton, James V.
Steiger, Ariz.
Stuckey
Sullivan
Symington
Udall
Vander Jagt
Walsh
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wolff
Wright
Wydler
Young, Alaska
Zeferetti

The Clerk announced the following pairs:

Mr. Addabbo with Mr. O'Hara.
Mr. Zeferetti with Mr. Green.

Mr. Cotter with Mr. Udall.

Mr. Helstoski with Mr. James V. Stanton.

Mr. Litton with Mr. Harrington.

Mr. Charles H. Wilson of California with Mr. Karth.

Mr. Santini with Mr. Bell.

Mr. Rostenkowski with Mr. Biester.

Mr. Pepper with Mr. Conlan.

Mr. O'Neill with Mr. Eshleman.

Mr. Ambro with Mr. Heinz.

Mr. Biaggi with Mr. Jarman.

Mr. Hanley with Mr. Johnson of Pennsylvania.

Mr. Murphy of New York with Mr. McCloskey.

Mr. Nix with Br. Blouin.

Mr. Moakley with Mr. McDade.

Mr. Wright with Mr. McKinney.

Mr. Wolff with Mr. Steiger of Arizona.

Mr. Ashley with Mr. Peyser.

Mr. McDonald with Mr. Stuckey.

Mr. Jones of Oklahoma with Mr. Butler.

Mr. Corman with Mrs. Sullivan.

Mr. Hays of Ohio with Mr. Dickinson.

Mr. Pattison of New York with Mr. Symington.

Mr. Allen with Mr. Walsh.

Ms. Abzug with Mr. Sarbanes.

Mr. Mathis with Mr. Hansen.

Mr. Murphy of Illinois with Mr. Charles Wilson of Texas.

Mr. Foley with Mr. Wydler.

Mr. de la Garza with Mr. Young of Alaska.

Mr. Danielson with Mr. Hefner.

Mr. Brinkley with Mr. Howe.

Mr. Nolan with Mr. Nedzi.

Mr. Risenhoover with Mr. Maguire.

Mr. Metcalfe with Mr. Eckhardt.

Mr. Milford with Mr. Landrum.

Mr. Jones of Tennessee with Mr. Bob Wilson.

Mr. Sebelius with Mr. Vander Jagt.

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The result of the vote was announced as above recorded.

Mr. VAN DEERLIN. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce be discharged from further consideration of the Senate bill (S. 2847) to amend section 318 of the Communications Act of 1934, as amended, to enable the Federal Communications Commission to authorize translator broadcast stations to originate limited amounts of local programing, and to authorize frequency modulation—FM—radio translator stations to operate unattended in the same manner as is now permitted for television broadcast translator stations, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, will somebody explain this?

Mr. VAN DEERLIN. Mr. Speaker, if the gentleman will yield, I will be glad to tell my colleague, the gentleman from California (Mr. ROUSSELOT), that this is a Senate bill which is identical to the House bill H.R. 9689, which the House and the gentleman just voted for, by a most flattering margin.

Mr. ROUSSELOT. Was that not unusual for me to vote for it?

Mr. VAN DEERLIN. I am so grateful to the gentleman.

Mr. ROUSSELOT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That clause (3) of the first proviso of section 318 of the Communications Act of 1934 (47 U.S.C. 318) is amended—

(1) by striking out "solely" and inserting in lieu thereof "primarily", and

(2) by striking out "television".

The Senate bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 9689) was laid on the table.

HORSE PROTECTION ACT AMENDMENTS OF 1976

The SPEAKER. The unfinished business is the question of suspending the rules and passing the bill (H.R. 13711), as amended.

The Clerk read the title of the bill.

The SPEAKER. The question is on the motion offered by the gentleman from Florida (Mr. ROGERS) that the House suspend the rules and pass the bill H.R. 13711, as amended, on which the yeas and nays are ordered.

The vote was taken by electronic device; and there were—yeas 346, nays 6, answered "present" 1, not voting 78, as follows:

[Roll No. 419]

YEAS—346

Adams
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bergland
Bevill
Bingham
Blanchard
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Cornell
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Davis
Delaney
Dellums
Dent
Derrick
Derwinski
Devine
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Esch
Evans, Colo.
Evans, Ind.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Goodling
Gradison
Grassley
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hannaford
Harkin
Harris
Harsha
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Henderson
Hicks
Hillis
Holland
Holt
Holtzman
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Jacobs
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jones, N.C.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Latta
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, Md.
Lott
Lundine
McClory
McCollister
McCormack
McEwen
McFall
McHugh
McKay
Madden
Madigan
Mahon
Mann
Martin
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nichols
Nowak
Oberstar
Obey
O'Brien
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Richmond
Riegle
Rinaldo
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Roush
Rousselot
Roybal
Ruppe
Russo
Ryan
St Germain
Sarasin
Satterfield
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stark
Steed
Steelman
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Winn
Wirth
Wylie
Yates
Yatron
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki

NAYS—6

Abdnor
Evins, Tenn.
Ichord
Lujan
Paul
Runnels

ANSWERED "PRESENT"—1

Gonzalez

NOT VOTING—78

Abzug
Addabbo
Allen
Ambro
Ashley
Bell
Biaggi
Biester
Blouin
Brinkley
Butler
Conlan
Corman
Cotter
Danielson
de la Garza
Dickinson
Eckhardt
Eshleman
Foley
Green
Hanley
Hansen
Harrington
Hays, Ohio
Hébert
Hefner
Heinz
Helstoski
Hightower
Hinshaw
Howe
Jarman
Johnson, Pa.
Jones, Okla.
Jones, Tenn.
Karth
Landrum
Litton
Long, La.
McCloskey
McDade
McDonald
McKinney
Maguire
Mathis
Metcalfe
Milford
Moakley
Murphy, Ill.
Murphy, N.Y.
Nedzi
Nix
Nolan
O'Hara
O'Neill
Pattison, N.Y.
Pepper
Peyser
Rhodes
Risenhoover
Rostenkowski
Santini
Sarbanes
Stanton, James V.
Steiger, Ariz.
Stuckey
Sullivan
Symington
Udall
Walsh
Wilson, C. H.
Wilson, Tex.
Wolff
Wright
Wydler
Young, Alaska
Zeferetti

The Clerk announced the following pairs:

Mr. Addabbo with Mr. O'Hara.

Mr. Zeferetti with Mr. Green.

Mr. Cotter with Mr. Udall.

Mr. Helstoski with Mr. James V. Stanton.

Mr. Litton with Mr. Harrington.

Mr. Charles H. Wilson of California with Mr. Karth.

Mr. Santini with Mr. Bell.

Mr. Rostenkowski with Mr. Biester.

Mr. Pepper with Mr. Conlan.

Mr. O'Neill with Mr. Eshleman.

Mr. Ambro with Mr. Heinz.

Mr. Biaggi with Mr. Jarman.

Mr. Hanley with Mr. Johnson of Pennsylvania.

Mr. Murphy of New York with Mr. McCloskey.

Mr. Nix with Mr. Blouin.

Mr. Moakley with Mr. McDade.

Mr. Wright with Mr. McKinney.

Mr. Wolff with Mr. Steiger of Arizona.

Mr. Ashley with Mr. Peyser.

Mr. McDonald with Mr. Stuckey.

Mr. Jones of Oklahoma with Mr. Butler.

Mr. Corman with Mrs. Sullivan.

Mr. Hays of Ohio with Mr. Dickinson.

Mr. Pattison of New York with Mr. Symington.

Mr. Allen with Mr. Walsh.

Ms. Abzug with Mr. Sarbanes.

Mr. Mathis with Mr. Hansen.

Mr. Murphy of Illinois with Mr. Charles Wilson of Texas.

Mr. Foley with Mr. Wydler.

Mr. de la Garza with Mr. Young of Alaska.

Mr. Danielson with Mr. Nedzi.

Mr. Brinkley with Mr. Maguire.

Mr. Nolan with Mr. Eckhardt.

Mr. Risenhoover with Mr. Landrum.

Mr. Metcalfe with Mr. Hefner.

Mr. Milford with Mr. Hébert.

Mr. Long of Louisiana with Mr. Hightower.

Mr. PERKINS changed his vote from "nay" to "yea."

So (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. ROGERS. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce be discharged from further consideration of the Senate bill (S. 811) to amend the Horse Protection Act of 1970 to better effectuate its purposes, a similar bill to the one just passed, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

Mr. DEVINE. Mr. Speaker, reserving the right to object, I do so for the purpose of asking the gentleman what the bill is?

Mr. ROGERS. Mr. Speaker, we are simply substituting the House language for the Senate bill.

Mr. DEVINE. On what subject?

Mr. ROGERS. The Horse Protection Act, the last bill voted on.

Mr. DEVINE. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 811

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Horse Protection Act Amendments of 1975".

SEC. 2. Section 1 of the Horse Protection Act of 1970 (Public Law 91-540) is amended to read as follows: "That this Act may be cited as the 'Horse Protection Act'.".

SEC. 3. Section 2 of the Horse Protection Act of 1970 (15 U.S.C. 1821) is amended to read as follows:

"DEFINITIONS

"SEC. 2. As used in this Act, unless the context otherwise requires—

"(1) 'commerce' means commerce among the several States or with foreign nations or in or through any State or between any State and a foreign nation;

"(2) 'management' refers to any person who organizes, exercises control over, or is responsible for organizing, directing, or administering;

"(3) 'Secretary' means the Secretary of Agriculture, or his delegate;

"(4) 'sore', with respect to a horse, means that (A) an irritating or blistering agent has been applied, internally or externally, to any of its limbs; (B) any burn, cut, or laceration has been inflicted on any of its limbs; (C) any tack, nail, screw, or chemical agent has been injected into or used on any of its limbs; or (D) any other method or device has been used on any of its limbs, and, as a consequence of such application, infliction, injection, or other use, the subject of such use suffers or reasonably can be expected to suffer, physical pain, physical distress, inflammation, or lameness when walking, trotting, or otherwise moving. A horse shall be considered sore if it manifests abnormal sensitivity of the hoof, pastern, or fetlock;

"(5) 'State' means any State, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and any territory or possession of the United States; and

"(6) 'unsound limb', with respect to a horse, means any condition in any of its limbs that results in, or reasonably can be expected to result in, physical pain, physical distress, inflammation, or lameness to such horse when it is walking, trotting, or otherwise moving.".

SEC. 4. (a) GENERAL.—(1) (A) Section 3 of the Horse Protection Act of 1970 (15 U.S.C. 1822) is amended to read as follows:

"FINDINGS

"SEC. 3. The Congress finds and declares that—

"(1) the soring of horses is cruel and inhumane;

"(2) horses shown or exhibited which are sore or which have any unsound limb, may, where such soreness or unsoundess improves the performance of such horse, compete unfairly with horses which are not sore and which have sound limbs;

"(3) the movement, showing, exhibition, or sale of sore horses in intrastate commerce adversely affects and burdens interstate or foreign commerce;

"(4) the showing or exhibition of horses that have any unsound limb is cruel and inhumane and adversely affects and burdens interstate or foreign commerce;

"(5) all horses which are subject to regulation under this Act are either in interstate or foreign commerce or substantially affect such commerce; and

"(6) regulation by the Secretary is appropriate to prevent and eliminate burdens upon commerce and to effectively regulate commerce.".

SEC. 5. Section 4 of the Horse Protection Act of 1970 (15 U.S.C. 1823) is amended to read as follows:

"RESPONSIBILITIES

"SEC. 4. (a) GENERAL.—(1) (A) The management of any horse show or horse exhibition shall disqualify any horse which is sore or which has any unsound limb from being shown or exhibited; and

"(B) The management of any public horse sale or auction shall prohibit the sale or auction of any horse which is sore; or

"(2) The management of any horse show, horse exhibition, or public horse sale or auction, in accordance with regulations which the Secretary shall issue, may appoint and retain any person who is qualified to detect and diagnose a sore horse and a horse with any unsound limb, other than a person who has been disqualified by the Secretary, after notice and an opportunity for a hearing, to inspect horses for purposes of this Act, at any place or at any time on the show or exhibition grounds and before, during and after the horses are shown, exhibited, or sold: *Provided,* That if any such qualified person is appointed by management (A) the management of any horse show or horse exhibition shall disqualify from being shown or exhibited any horse which, in the opinion of such qualified person, is sore or has an unsound limb or limbs; and (B) the management of any public horse sale or auction shall prohibit the sale of any horse which, in the opinion of such qualified person, is sore.

"(b) RECORDS.—Each person who organizes, promotes, directs, manages, or conducts a horse show, horse exhibition, or public horse sale or auction shall keep such records relating thereto as the Secretary may by regulation prescribe. Such person shall submit to the Secretary, in such form and with such content as the Secretary shall prescribe, any notification, report, or other material relating to any matter regulated under this Act as the Secretary shall by regulation prescribe. Any such regulation and any amendment thereto shall be issued on the record after an opportunity for a hearing.

"(c) INSPECTION. — The Secretary is authorized to conduct such inspections, of any horse show, horse exhibition, or public horse sale or auction, or of any horse at any horse show, horse exhibition, or public horse sale or auction, as he may by regulation prescribe or as he deems necessary for the effective enforcement of this Act. The Secretary is further authorized to inspect and copy, at all reasonable times, such records as are required to be kept under subsection (b) of this section.".

SEC. 6. Section 5 of the Horse Protection Act of 1970 (15 U.S.C. 1824) is amended to read as follows:

"PROHIBITED CONDUCT

"SEC. 5. The following conduct is prohibited:

"(1) shipping, transporting, moving, delivering, or receiving any horse which is sore (except a horse which is sore as a result of therapeutic treatment by a person licensed to practice veterinary medicine in the State or political subdivision thereof in which such treatment was given), with reason to believe that such horse may be shown, exhibited, or entered for the purpose of being shown or exhibited, or sold, auctioned, or offered for sale, in any horse show, horse exhibition, or public horse sale or auction: *Provided,* That this provision shall not apply to an act performed by a person engaged in the transport of horses for hire in the course of such transport unless such person has reason to believe such horse is sore;

"(2) showing, exhibiting, or entering for the purpose of showing or exhibiting, or selling, auctioning, or offering for sale, in any horse show, horse exhibition, or public horse sale or auction, any horse which is sore;

"(3) showing, exhibiting, or allowing to be shown or exhibited, any horse, after having been advised by a qualified person, in accordance with section 4(a) (2) of this Act, management, or the Secretary that the horse has an unsound limb;

"(4) failure by the management of any horse show or horse exhibition, which does not appoint and retain a qualified person in accordance with section 4(a)(2) of this Act, to disqualify from being shown or exhibited any horse which is sore or which has any unsound limb;

"(5) failure by the management of any public horse sale or auction, which does not appoint and retain a qualified person in accordance with section 4(a)(2) of the Act, to prohibit the sale, offering for sale, or auction of any horse which is sore;

"(6) failure by the management of any horse show or horse exhibition, which has appointed and retained a qualified person in accordance with section 4(a)(2) of this Act, to disqualify from being shown or exhibited any horse, which, in the opinion of such qualified person, is sore or has any unsound limb;

"(7) failure by the management of any public horse sale or auction, which has appointed and retained a qualified person in accordance with section 4(a)(2) of this Act, to prohibit the sale, offering for sale, or auction of any horse which, in the opinion of such qualified person, is sore;

"(8) showing or exhibiting at a horse show or horse exhibition; selling or auctioning at a public horse sale or auction; allowing to be shown, exhibited, or sold at a horse show, horse exhibition, or public horse sale or auction; entering for the purpose of showing or exhibiting in any horse show or horse exhibition; or entering for the purpose of selling at a public horse sale or auction, any horse which is wearing or bearing any equipment, device, paraphernalia, or substance which the Secretary does not allow to be used on the limbs of a horse, in the interest of preventing the practice of soring and pursuant to regulations to be issued under this Act;

"(9) failing to maintain or submit records, notices, reports, or other material required by this Act or regulations issued under this Act;

"(10) refusing to permit the Secretary to enter and to conduct any inspection of any horse show, horse exhibition, or public horse sale or auction, or of any horse at any show, horse exhibition, or public horse sale or auction, for purposes of determining compliance with this Act or any regulations issued under this Act; and

"(11) failing to provide the Secretary with adequate space or facilities, as the Secretary may by regulation prescribe, in which to conduct inspections or any other activity authorized to be performed by the Secretary under this Act.".

SEC. 7. Section 6 of the Horse Protection Act of 1970 (15 U.S.C. 1825) is amended to read as follows:

"ENFORCEMENT

"SEC. 6. (a) CRIMINAL VIOLATION.—Except as otherwise provided in paragraphs (5) and (6) of subsection (d) of this section and in section 9 of this Act, any person who knowingly engages in any conduct prohibited under section 5 of this Act shall be subject to criminal prosecution and, upon conviction thereof, shall be fined not more than $3,000, or imprisoned for not more than 6 months, or both. An action against such person may be brought before any United States magistrate in the district court of the United States in any judicial district in which such person is found, and such magistrate shall have jurisdiction to hear and decide such action.

"(b) CIVIL ACTION.—(1) Except as otherwise provided in subsection (d)(7) of this section, any person who commits any act prohibited under section 5 of this Act shall be liable to the United States for a civil penalty of not more than $500 for each day of violation. No penalty shall be assessed unless such person is given notice and opportunity for a hearing before the Secretary with respect to such violation. The amount of such civil penalty shall be assessed by the Secretary, or his delegate, by written notice. In determining the amount of such penalty, the Secretary shall take into account all factors relevant to such determination, including the nature, circumstances, extent, and gravity of the prohibited conduct and, with respect to the person found to have engaged in such conduct, the degree of culpability, any history or prior offenses, ability to pay, effect on ability to continue to do business, and such other matters as justice may require.

"(2) Any person against whom a violation is found and a civil penalty assessed under paragraph (1) of this subsection may obtain review in the appropriate court of appeals of the United States by filing a notice of appeal in such court within 30 days from the date of such order and by simultaneously sending a copy of such notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record upon which such violation was found and such penalty imposed, as provided in section 2112 of title 28, United States Code. The findings of the Secretary shall be set aside if found to be unsupported by substantial evidence, as provided by section 706(2)(e) of title 5, United States Code.

"(3) If any person fails to pay an assessment of a civil penalty after it has become a final and unappealable order, or after the appropriate court of appeals has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General, who shall recover the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

"(4) The Secretary may, in his discretion, compromise, modify, or remit, with or without conditions, any civil penalty assessed under this subsection.

"(c) DISQUALIFICATION.—In addition to any fine, imprisonment, or civil penalty authorized under this Act, any person convicted or assessed a civil penalty for any violation of any provision of this Act or any regulation issued under this Act may be disqualified by order of the Secretary, after notice and an opportunity for a hearing before the Secretary, from showing or exhibiting any horse, judging or managing any horse show, horse exhibition, or public horse sale or auction, horse exhibition, or public horse sale or auction, for a period of not more than one year for the first offense and not less than one year for any subsequent offense. Any person who knowingly fails to obey an order of disqualification shall be subject to a civil penalty of not more than $1,000 for each offense. Each day during which such failure continues shall be a separate offense. Any horse show, horse exhibition, or public horse sale or auction, or the management thereof, collectively and severally, which knowingly allows any person who is under an order of disqualification to show or exhibit any horse, to enter for the purpose of showing or exhibiting any horse, to take part in managing or judging, horse exhibition, or public horse sale or auction in violation of an order shall be subject to a civil penalty of not more than $1,000 for each offense, to be assessed by the Secretary in accordance with subsection (b) of this section. Each day during which the violation continues shall be a separate offense.

"(d) PROCEDURE.—(1) The Secretary may require by subpena the attendance and testimony of witnesses and the production of books, papers, and documents relating to any matter under investigation or the subject of a proceeding. Witnesses summoned before the Secretary shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

"(2) The attendance of witnesses, and the production of books, papers, and documents, may be required at any designated place from any place in the United States. In case of disobedience to a subpena the Secretary, or any party to a proceeding before the Secretary, may invoke the aid of any appropriate district court of the United States in requiring attendance and testimony of witnesses and the production of such books, papers, and documents under the provisions of this Act.

"(3) The Secretary may order testimony to be taken by deposition under oath in any proceeding or investigation pending before him, at any stage of the proceeding or investigation. Depositions may be taken before any person designated by the Secretary who has power to administer oaths. The Secretary may also require the production of books, papers, and documents at the taking of depositions.

"(4) Witnesses whose depositions are taken and the persons taking them shall be entitled to the same fees as paid for like services in the courts of the United States or in other jurisdictions in which they may appear.

"(5) Any person who knowingly neglects or refuses to attend and testify, or to produce books, papers, and documents in reply to a subpena, or to submit a report required by the Secretary, shall be guilty of an offense against the United States, and upon conviction thereof shall be fined not more than $1,000, or imprisoned for not more than 1 year, or both.

"(6) Any person who willfully makes, or causes to be made, a false entry or statement in any report required under this Act; who willfully makes, or causes to be made, any false entry in any account, record, or memorandum kept by any person subject to this Act or in any notification or other material required to be submitted to the Secretary under section 4(b) of this Act; who willfully neglects or fails to make or causes to be made, full, true, and correct entries in such accounts, records, memoranda, notification, or other materials; who willfully removes any such documentary evidence of any person subject to this Act out of the jurisdiction of the United States; who willfully mutilates, alters, or by any other means falsifies any such documentary evidence of any person subject to this Act; or who willfully refuses to submit any such documentary evidence to the Secretary for inspection and making shall be guilty of an offense against the United States, and upon conviction thereof shall be fined not more than $1,000, or imprisoned for not more than 3 years, or both.

"(7) If any person required by this Act to file an annual or special report fails to do so within the time fixed by the Secretary, and his failure continues for 30 days after notice of his default, he shall forfeit to the United States $100 for each day such failure continues. Such forfeiture shall be recoverable in a civil suit in the name of the United States brought in any district where the person may be found, resides, or transacts business.

"(8) The United States district courts, the District Court of Guam, the District Court of the Virgin Islands, the highest court of American Samoa, and the United States courts of the other territories, are vested with jurisdiction specifically to enforce, and to prevent and restrain violations of this Act, and shall have jurisdiction in all other kinds of cases arising under this Act, except as provided in sections 6 (b) and (c) of this Act.

"(e) DETENTION AND SEIZURE.—The Secretary is authorized to—

"(1) detain for further examination any horse at any horse show, horse exhibition, or public horse sale or auction, which is sore, or which is suspected by the Secretary of being sore, for a period not to exceed 24 hours;

"(2) disqualify from competition at any horse show or horse exhibition any horse which he has probable cause to believe is sore or has any unsound limb;

"(3) prohibit the sale of any horse at any public horse sale or auction which he has probable cause to believe is sore;

"(4) seize any equipment, device, paraphernalia, or substance which he has probable cause to believe was used in violation of any provision of this Act or any regulation issued under this Act or which he has probable cause to believe contributed to the soring of any horse at or prior to any horse show, horse exhibition, or public horse sale or auction.".

SEC. 8. Section 11 of the Horse Protection Act of 1970 (15 U.S.C. 1830) is amended by striking out "twenty-four-calendar-month period" and inserting in lieu thereof "12-calendar-month period".

SEC. 9. Section 12 of the Horse Protection Act of 1970 (15 U.S.C. 1831) is amended to read as follows: "There are authorized to be appropriated to the Secretary for purposes of carrying out the provisions of this Act not to exceed $1,000,000 for the fiscal year ending June 30, 1976, $250,000 for the fiscal year transition period ending September 30, 1976, and $1,000,000 for the fiscal year ending September 30, 1977.".

MOTION OFFERED BY MR. ROGERS

Mr. ROGERS. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ROGERS moves to strike out all after the enacting clause of the Senate bill, S. 811, and insert in lieu thereof the provisions of H.R. 13711, as passed.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "To revise and extend the Horse Protection Act of 1970."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 13711) was laid on the table.

GENERAL LEAVE

Mr. ROGERS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous matter, on the subject of the bill (H.R. 13711) just passed.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

COMMUNICATION FROM CHAIRMAN OF COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

The Speaker laid before the House the following communication from the chairman of the Committee on Public Works and Transportation, which was read and referred to the Committee on Appropriations:

June 11, 1976.

Hon. CARL ALBERT,
Speaker of the House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: Pursuant to the provisions of section 2 of the Watershed Protection and Flood Prevention Act, as amended, the Committee on Public Works and Transportation has approved the work plans transmitted to you which were referred to this Committee. The work plans involved are the following:

STATE, PROJECT, EXECUTIVE COMMITTEE, AND DATE APPROVED

Nebraska: Blackwood Creek, 2848, June 9, 1976.

Texas: Elm Creek, 2848, June 9, 1976.

Missouri and Arkansas: Lower Little Black River, 2848, June 9, 1976.

Missouri: South Fork of Blackwater River, 2848, June 9, 1976.

Oklahoma: Upper Little Black River, 2848,

Oklahoma: Upper Muddy Boggy, 2848, June 9, 1976.

Missouri: Upper Little Black River, 2848, June 9, 1976.

Connecticut: Yantic River, 2848, June 9, 1976.

New Mexico: Zuni Pueblo, 2848, June 9, 1976.

New Mexico: Cottonwood-Walnut Creek, 3091, June 9, 1976.

Virginia: Nibbs Creek, 3091, June 9, 1976.

Mississippi: Oklahoma Creek, 3091, June 9, 1976.

Oregon: Rock Creek, 3091, June 9, 1976.

N. Carolina: Second Broad River, 3091, June 9, 1976.

Mississippi: Shuqualak Creek, 3091, June 9, 1976.

Arkansas: South Fork, 3091, June 9, 1976.

S. Carolina: South Tyger River, 3091, June 9, 1976.

With warm personal regards, I am,
Sincerely,
ROBERT E. JONES.

SUICIDE LEAP TRACED TO INS DECISION

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, I would like to take a few minutes to bring a most unfortunate situation to the attention of my colleagues. On June 5, Mina Bukharsky, one of my constituents in Denver, committed suicide by leaping from the roof of her 9-story apartment building. In her suicide note, Mrs. Bukharsky said that her frustrations over trying to get her brother, Zinoviy Krapivenskiy, and his family out of the Soviet Union were largely responsible for her taking her own life. Mrs. Bukharsky, her husband, and mother are Jewish immigrants from the Soviet Union and have been in the United States for about 2 years.

This case is unusual. Usually it is the Soviet Union that presents obstacles when a person desires to immigrate. In this case, however, it is the United States Immigration and Naturalization Service, INS. Mr. Krapivenskiy's wife, Alla, was, at one time, a member of the Communist Party. She joined the party for economic reasons—to receive a job advancement so that her family could have a better life. I think it is important to realize that the Soviet system is very different from our own. The Soviet people do not enjoy the freedoms that we enjoy. They are not free to change jobs and better themselves regardless of their political affiliation. In many cases, job advancement and a decent life depend on whether or not you join the Communist Party. So, in order to obtain a job advancement and a larger salary to assist in the support of her family, Alla Krapivenskiy joined the Communist Party.

U.S. immigration laws, however, stipulate that a person who is, or has ever been, a voluntary member of the Communist Party will not be allowed to enter the United States. There is a provision in the law waiving this ineligibility for persons who were "involuntary" members of the Communist Party. In most cases, a person who joins the party for economic reasons is said to be an involuntary member. On the basis of an interview with Mrs. Krapivenskiy, the U.S. Embassy in Moscow has recommended that a waiver be granted in her case. However, the Krapivenskiy family cannot enter the United States under the provisions of the Immigration and Nationality Act of 1952, as none of their family members residing in the United States are qualified to file an immigrant visa petition on their behalf. As a result, their application must be processed under the "Third Country Program."

Under the third country program, individuals who have received exit permission from Soviet authorities to join relatives in the United States, but who are not qualified under the Immigration and Nationality Act, are processed preliminarily by the U.S. Embassy in Moscow. They are then given the documentation necessary for them to depart the Soviet Union for Rome, where a branch office of the U.S. Immigration and Naturalization Service processes their case for "conditional entry" into the United States. All questions of eligibility for entry into the United States for applicants under the third country program are decided by the INS in Rome.

The INS office in Rome has determined that Alla Krapivenskiy voluntarily joined the Communist Party and is ineligible for entry into the United States. The INS contends that since she did not need the job advancement to meet the basic necessities of life or, in other words, to keep from starving, she did not have to join. Surely, this is a very narrow view. I wonder how many of the bureaucrats at INS would, if they were in Alla Krapivenskiy's situation, forego a chance for an income that would make a hard life a little easier.

Alla Krapivenskiy has journeyed to the U.S. Embassy in Moscow twice to tell her story. The last time, she signed an affidavit stating that she only joined the Communist Party for economic reasons. The Embassy officials, who have had direct contact with Alla Krapivenskiy, who have spoken with her and heard her story, believe she qualifies for a waiver. The INS officials in Rome, who have never seen or spoken with Mrs. Krapivenskiy, do not. After studying her case, it seems to me that her reasons for joining the party were purely economic. I am going to write Leonard Chapman, head of the INS, on her behalf. If you would like to join me, it would be much appreciated.

THE NEED FOR ENERGY CONSERVATION IN THE UNITED STATES

The SPEAKER pro tempore. Under a previous order of the House, the gentle-

man from Massachusetts (Mr. Drinan) is recognized for 60 minutes.

Mr. DRINAN. Mr. Speaker, I greatly appreciate this opportunity to spell out some of my own perspectives on energy conservation in the United States. I will subsequently yield the balance of my time to the prime sponsors of H.R. 14205, and to other interested Members of Congress for a more complete discussion on the subject.

I am proud to lend my sponsorship and strong support to the Omnibus Energy Conservation Act of 1976, H.R. 14205. I list the cosponsors herewith:

Mr. O'Neill, the majority leader; Mr. Brown of California; Mr. Dingell; Mr. Drinan; Mr. McCormack; Mr. Moorhead of Pennsylvania; Mr. Reuss; Mr. Staggers; Mr. Teague; Mr. Thornton; and Mr. Wirth.

Mr. Speaker, somewhere along the line, energy conservation got a bad name. For most Americans, the term evokes images of cold living rooms, inadequate lighting and slower highway speeds, and the major fuel producers would have us believe that energy conservation is synonymous with self-sacrifice. The concept of conservation could not be more seriously misconstrued.

Simply stated, energy conservation means energy-efficiency—the most for the least—and does not necessarily require any serious curtailment of our standard of living. More than 50 percent of the energy consumed in the United States goes unused in the form of waste heat, despite the fact that recent technological advances have made it possible to recover and reutilize a significant portion of this energy, and at a lower capital cost than most new fuel supplies. Until a certain level of efficiency is achieved, investment in conservation is economically more productive than investment in new energy. Promoting conservation through legislation is not just a good idea; it is good business.

As an instructive example of this kind of approach to energy conservation, I draw your attention to the industry of West Germany, which uses 40 percent less energy per unit of industrial output than does the United States and, incidentally, has almost the same level of per capita GNP. Several other Western European countries have achieved similar results, and actually use 60 percent less energy per capita than we do, without any demonstrable sacrifice of either jobs, quality of life, or GNP. Thus substantial, economically viable energy conservation is not only theoretically possible, but proven.

It would be irresponsible not to acknowledge the many social ramifications of energy conservation, or to imply that we should not carefully reassess our relatively extravagent lifestyles in light of economic and environmental realities. Even so, it is important to emphasize that radical improvement in the energy-efficiency of our homes, commerce, transportation, and industry need not dictate major changes in the way we live our lives. Energy conservation goes well beyond questions of misplaced priorities; it is also a matter of waste, pure and simple.

Mr. Speaker, rather than attempt a complete discussion of the entire range of energy conservation issues, I would like, with my colleagues in the House, to examine the importance of H.R. 14205, both as it relates to legislation that I have filed and also as it would increase the potential for conservation in particular sectors of our energy situation.

Mr. BROWN of California. Mr. Speaker, will the gentleman yield?

Mr. DRINAN. I yield to the gentleman from California (Mr. Brown), who has done an extraordinary amount of work, very effective and lasting work, in this area.

Mr. BROWN of California. Mr. Speaker, I very much appreciate the opportunity presented by the special order to discuss energy conservation. The timing of this discussion could not have been better, and I commend the gentleman from Massachusetts (Mr. Drinan) for providing the leadership in organizing this event.

THE 94TH CONGRESS

In preparation for this discussion, I went over the speeches I, and others have made on energy conservation in the 94th Congress. During the course of this review I was struck by how much the 94th Congress has actually done about energy conservation, in contrast to how little the executive branch has done. It seems like a long time now, but it was only 18 months ago when President Ford gave his first State of the Union message. In that speech, President Ford presented his administration's energy program.

The response from the Congress was immediate, and generally negative. The Democratic majority in the Congress did not wish to pursue a policy of higher prices, and larger Federal subsidies of energy production, to the exclusion of energy conservation policies, and fundamental reforms in the distribution of wealth and power in the United States. Since the executive branch was committed to its policy, the Congress had to develop its own policy to meet the real needs of this country.

I was one of those who responded in detail to President Ford's energy message. In those remarks, which can be found on pages 1174 to 1177 of the January 23, 1975, Congressional Record, I said:

> If the conservation strategy was adopted, thousands of oil wells would not have to be drilled, nor acres of prairie strip mined, and large areas would remain available for agriculture instead of being made barren. The risks of the nuclear segment of the energy production economy would be far less if the number of nuclear plants was small. Overall, instead of rushing into energy technologies with many unresolved problems, for each conservation step we would gain time to consider the relative merits of each new technology, and to choose the least damaging of the energy supply technologies.

Realizing that the Congress, as a committee of over 500 Members, is not the branch of Government best suited for leadership, I urged President Ford, and leading members of his administration, to adopt the energy conservation strategy as their highest priority in energy policy. Simultaneously, I urged leading Members of Congress to do the same, and I set about working on constructive, energy conservation counterproposals. My comments to this House in January of 1975 are still valid today:

> What is perhaps remarkable about President's Ford proposals is his failure to use the resources available to him. President Ford has the same documents available to him that I have available to me. Yet he failed to follow many of his own counselors' best advice. This is his prerogative, of course, but the Congress need not agree with the particulars of his proposal. The recommendations I have made are not inconsistent with a coherent national energy policy, nor are they minor objections. I would hope that the Congress substitutes its own judgment in place of the President's on the matters just examined.

My view, after reviewing the work of the past 18 months, is that the Congress has done remarkably well in developing its own programs, and substituting its own judgment on a national energy policy. The situation today, as this special order will point out, is that we have enacted into law, or passed out of one House or the other, a comprehensive package of energy conservation proposals.

Many differences of opinion continue to exist over specific legislative proposals, but a solid majority of the Congress obviously sees the need to enact the remaining pieces of legislation which could fairly be called, the congressional energy conservation program. It is my sincere hope that the House and the Senate can work out the differences in the various energy bills which have passed one House or the other. This is especially important for the House passed tax bill, H.R. 6860, the Energy Conservation and Conversion Act, and H.R. 8650, the Energy Conservation in Buildings Act, which is now in conference. In addition, there are several major initiatives for energy conservation in the authorization bills for the Federal Energy Administration and the Energy Research and Development Administration.

EXAMPLE OF CONGRESSIONAL LEADERSHIP

In spite of the handicaps facing the Congress in attempting to develop its own programs, the Congress has been effective in changing the mind of the Executive in several areas. While I have been quite vocal in my criticisms of the failings in the way Congress does its business, I do believe the successes deserve to be highlighted here.

One of the early successes in the Congress actually occurred in the 93d Congress, largely under the leadership of our colleague from Arizona (Mr. Udall). This was the drafting and enactment of the Federal Nonnuclear Energy Research and Development Act of 1974 (Public Law 93-577), which provided a charter for ERDA.

That law has been the best tool available to the Congress in forcing the Energy Research and Development Administration to emphasize energy conservation, and other benign energy sources, such as solar energy. It was the Federal Nonnuclear Energy R. & D. Act which required ERDA to do a comprehensive plan and program, which the Congressional

Office of Technology Assessment then analyzed for the Congress. It was the OTA analysis which gave the House Science and Technology Committee the material it needed to justify altering the President's ERDA budget. And it was the OTA analysis that ERDA itself credits with forcing them to change energy conservation in their plan and program to a level of higher, if not highest, priority. Unfortunately, President Ford has not noticed this higher emphasis and the energy conservation budget is still starved for funding.

Another example of congressional leadership is the energy conservation program required in titles III and V of the Energy Policy and Conservation Act of 1975—Public Law 94-163. While the most hotly debated, and least satisfying part of this law was the compromise adopted on petroleum pricing policy and allocation, the least noticed and most commendable part dealt with energy conservation. I am sure other Members will discuss in more detail the importance of these conservation measures, which are the product of congressional initiative.

Two other examples of congressional leadership are H.R. 8800, the Electric Vehicle Research, Development, and Demonstration Act of 1976 and H.R. 13655, the Automotive Transport Research and Development Act of 1976. Both of these bills are now in conference, and should be sent to the President in the near future. Both bills deal with the automobile, which is the largest single consumer of imported oil, and accounts for nearly 15 percent of the Nation's total energy consumption of gas, oil, coal, and nuclear combined. Since the United States has adopted, wisely in my opinion, a policy of reducing imports of oil, these two bills will be important tools for implementing this policy. By developing vehicles which are either much more energy efficient, or use energy sources other than oil, or both, we can drastically reduce our need to import oil.

The battles of the budget which have characterized the Congress' review of the President's ERDA budget are a final area of leadership which deserves mention. We have only had two ERDA authorization and appropriations bills since ERDA's creation in January 1975. In that time, the Congress has given ERDA dramatic increases in authorization for energy conservation, and in the fiscal year underway, the appropriations for energy conservation were also dramatically increased. The full House has not yet considered the appropriations for most of the fiscal year 1977 ERDA conservation budget yet, but I expect that the full House will agree to appropriate what it has already agreed to authorize. The reason for this was best stated by the distinguished chairman of the Public Works Subcommittee of the Appropriations Committee, Mr. EVINS of Tennessee, when he quoted a witness as saying:

> We must think conservation.
> We must talk conservation.
> We must practice conservation.
>
> We must teach our children conservation.
> We must make conservation a way of life.

THE OMNIBUS ENERGY CONSERVATION ACT

H.R. 14205, the Omnibus Energy Conservation Act, is a final package of legislation which, together with the bills mentioned above, represents a very comprehensive energy conservation program. The existence of the bill itself is an example of congressional leadership. Among the cosponsors of the Omnibus Energy Conservation Act are: The majority leader, Mr. O'NEILL, the chairmen of the three committees which have jurisdiction over the bill, and the chairmen of the three subcommittees within those committees which have jurisdiction over this bill.

The Omnibus Energy Conservation Act is broken into two titles. Title I deals primarily with the financing of energy conservation expenditures in residential housing, commercial and public buildings, and industrial plants. Title II deals mainly with public education, training, and technical assistance, and an expanded and directed energy conservation research, development, and demonstration program. Title I was jointly referred to the Committee on Interstate and Foreign Commerce and the Committee on Banking, Currency and Housing. Title II was exclusively referred to the Committee on Science and Technology.

While I am certain that other Members will be addressing the merits of the Omnibus Energy Conservation Act, I think it can be expected that the committees of the Congress will act on individual parts of this bill, just as they have acted on the individual parts of President Ford's energy bill. The omnibus bill is somewhat unique in this regard because the individual pieces of the bill were introduced before the omnibus bill itself was. As with most legislation, the present form of the legislation has been revised to take account of constructive criticisms and other positive input.

Among the many energy conservation bills introduced into the House, and not yet voted on by the full House are those listed below as inspiration for the Omnibus Energy Conservation Act:

HOUSE ORIGINAL LEGISLATION	EQUIVALENT IN OMNIBUS BILL
H.R. 11805 (Mr. Wirth).	Title I.
H.R. 12024 (Mr. Drinan).	Title I and Title II, Part A.
H.R. 12398 (Mr. Staggers).	Title I.
H.R. 11091 (Mr. Thornton).	Title II, Part A.
H.R. 13676 (Mr. Thornton).	Title II, Part A.
H.R. 12651 (Mr. McCormack).	Title II, Part B and Part A.
H.R. 8494 (Mr. Drinan).	Title II, Part C.
H.R. 12787 (Mr. Brown of Calif.).	Title II, Part C.

It is necessary to note that many dozens of Members are cosponsors of one or more of the bills listed above, and every committee involved has had extensive hearings on energy conservation and received numerous recommendations for legislation such as that contained in H.R. 12405, the Omnibus Energy Conservation Act. One need only consider the hours spent in consideration of the bills already passed the House to realize that this legislation is not new, or unique, or even very innovative. In fact, the administration could have, and should have initiated such a bill itself. However, in the absence of Executive leadership, and in the face of their opposition, the House has done very well by itself.

The lead author on the Omnibus Energy Conservation Act, the distinguished majority leader, inserted a fairly comprehensive summary of H.R. 14205 in the June 8 CONGRESSIONAL RECORD on pages 16899-16901. I would recommend this summary to any Member who would like to quickly review this bill.

Title I primarily contains what has come to be known as the Kennedy Energy Conservation Act, because of Senator KENNEDY's leadership on this issue in the Senate, and as chairman of the Energy Subcommittee of the Joint Economic Committee. The hearings in the Joint Economic Committee, and the Senate committees concerned with this legislation have resulted in widespread support and awareness of the merits of title I of H.R. 14205 in particular.

Title II of the omnibus bill contains three subsections which could, and have stood as separate bills. Title II, part A, establishes a nationwide Energy Conservation Extension Service. This legislation was initiated after the administration failed to follow a rather plain hint from the Committee on Science and Technology to get moving in this area. The main mover of this concept was our colleague from Arkansas (Mr. THORNTON), who drafted and introduced H.R. 11091. After extensive hearings in the Science and Technology Committee this bill was revised, and reported out of the committee, as H.R. 13676, where it is pending before the full House.

Title II, part B of H.R. 14205 establishes State Energy Conservation Research and Development Institutes by authorizing a Governor of a State to designate one college or university as the State institute.

This legislation is a rather direct outgrowth of the Science and Technology Committee's concern about training of researchers to conduct energy conservation research. Our annual authorizations for ERDA have addressed this problem, as we have with the National Science Foundation. The Energy Research and Development Institutes would provide a focal point for energy conservation research and training, and would be an important adjunct to the Energy Conservation Extension Service which would also operate in the State. The institutes would also provide a valuable service to the Nation by expanding the capabilities of ERDA to conduct research and development.

Title II, part C, establishes an energy efficiency research development and demonstration program in ERDA to demonstrate energy efficiency technologies in residential, commercial, industrial, and agricultural sectors. This legislation was originally introduced by myself, Mr. McCORMACK, and Mr. THORNTON as an outgrowth of our hearings on energy conservation research, development, and demonstration in general, and our hearings on Mr. Drinan's bill, H.R. 8489, in particular. Title II, part C, is modeled after the approach adopted by the Science and Technology Committee in the Solar Heating and Cooling Act; the Electric Vehicle R.D. & D. Act; and the Automotive Transport R. & D. Act. The major difference between the language in the omnibus bill, and those other acts is that ERDA is directed to conform its R. D. & D. program to meet the needs of the Energy Policy and Conservation Act, and the Energy Conservation in Building Act.

The reason we need an energy efficiency research, development and demonstration program can be traced back directly to the failure of the administration to exercise the broad authorities available to them under the Energy Reorganization Act, the Federal Nonnuclear Energy R. & D. Act, and the Energy Policy and Conservation Act. Because of the opposition at the highest levels of the administration to an effective, vigorous demonstration program, or even a research and development program, the Congress will have to specifically outline its own program and closely oversee its implementation. This has been the case with the Solar Heating and Cooling Act, and it is the case with energy conservation.

COORDINATION

The one problem which plagues both the Congress and the administration, especially in as complex an area as energy, is coordination. We have found that regardless of whether there are 10 agencies or only 1 agency involved with an energy problem, there are coordination programs. Our federal system of government guarantees that the Federal Government will have to coordinate with at least 50 States, and the checks and balances we put in the Federal Government cause other coordination problems.

Meanwhile the Congress is at least as poorly organized, if not more poorly, to deal with energy issues in a coherent, consistent, comprehensive, and responsible fashion. This fact makes the accomplishments of the 94th Congress all the more remarkable.

The Congress attempted to force the President to confront this problem when it passed the Energy Reorganization Act of 1974—Public Law 93-438. This law contained two sections, sections 108 and 109, which set up an "interim" coordination body and required the President to consider, reorganization of the executive branch. To the best of my knowledge, the President never made a serious attempt to comply with section 109, the reorganization part, of this law. Section 108 created the Energy Resources Council, which was charged with the responsibility to "insure communication and coordination among the agencies of the Federal Government which have responsibilities for the development and implementation of energy policy or for the management of energy resources." The Energy Resources Council was also charged with the responsibility of making recommendations to the President and the Congress for improvement of this coordination. The fact that the problem still exists, and is perceived by most observers as severe, demonstrates the effectiveness of the Energy Resources Council under the present administration.

The Congress has been accused of aggravating the situation in the executive branch by passing conflicting laws. I would not claim that this does not happen, but if it can be documented, the President or his staff should do so, and make recommendations for improvement.

The energy bills under discussion during this Special Order are an example of a sincere, and conscientious effort by the Congress to avoid duplication, and conflicts. For example, the Federal Nonnuclear Energy R. & D. Act requires ERDA to present in its comprehensive plan and program an explanation of "the relationship of the proposed program to any Federal national energy or fuel policies." This would obviously include the Energy Policy and Conservation Act which requires industrial and transportation efficiency standards. Another example is the language of the Energy Conservation Extension Service bill—part A of title II of H.R. 14205—which requires the Energy Extension Service to fully utilize the existing energy outreach programs, and allows the Governor of a State to merge this program with the State Energy Conservation Plans required under the Energy Policy and Conservation Act.

There are many other examples but they need not be repeated here. It should be pointed out that section 106 of H.R. 14205 specifically addresses the coordination of Federal Energy Conservation activities under this proposal, and other provisions of law. I would like to see us do better, but I suspect this is an area where the Congress will not be able to step into the vacuum created by the Executive.

APPROPRIATIONS FOR CONSERVATION

During this discussion of energy conservation, I have implied that the Congress has substituted its own judgment for the administration's judgment in the area of energy conservation. Unfortunately, this is not entirely true. The Interior and related agencies appropriations bill, which is on the floor of the House this Friday, contains only that money requested by the administration for energy conservation programs in the Energy Research and Development Administration.

The ERDA, fiscal year 1977, authorization bill, which has already been approved by the House, contains $67.5 million more in authorization than that asked for by the administration. The Science and Technology Committee's recommendations were, in this regard, quite modest. The testimony presented to our committee showed that ERDA could easily, and probably should, spend over $100 million more than the President asked for. The Appropriations Committee decided, if my information is correct, to wait for the administration to ask for a supplemental appropriations if they need more money. This would make sense if the people who make requests for supplemental appropriations were either interested in energy conservation, or were the people who at least are charged by existing law to conduct a vigorous energy conservation program. The posture of the Appropriations Committee in this specific area is counterproductive to the effective development of a congressional energy conservation program. The Congress is well on its way to enacting a well-founded conservation program. Unless the Appropriations Committee agrees to fund that program, as is envisioned in the budget resolution and in the authorizing legislation, the administration's "do nothing" policy will be reality.

CONCLUSION

Mr. Speaker, it is obvious from all of this verbiage that I am extremely interested in energy conservation. Yet it would be unfair for me to continue at this time. I have been a frequent contributor to the Congressional Record and various committee hearings on this subject, and my views are probably well known to one and all. But in case this is not true, I would like to cite a few of these past efforts. Early in 1975 I was honored to speak to a conference sponsored by several California chapters of the American Institute of Architects. Senator Hollings, a leader in the Senate efforts to enact a congressional energy conservation program, inserted this speech in the February 24, 1975, Congressional Record, pages 4089–4091. In those remarks I addressed many of the issues here today, with a particular focus on energy conservation in buildings, which is the subject of H.R. 8650 and is also addressed in H.R. 14205.

The other reference which should be noted is the "Special Order on Energy Conservation" which was held just a little less than a year ago in this House. During that Special Order, which I was pleased to organize, a very thorough record was established on the need for a comprehensive energy conservation program. Those remarks can be found in the July 14, 1975, Congressional Record on pages 22635–22654.

I thank the gentleman from Massachusetts (Mr. Drinan) for this time to discuss the Omnibus Energy Conservation Act and other important aspects of energy conservation policy.

I might say the necessity for this bill arises out of a gap which has developed within the present administration relative to its concern about overall energy matters. There has been a tendency to focus the primary interest upon energy supply, and while we all recognize the importance of energy supply and maintaining the flow of energy necessary to the American economy, it is sometimes more difficult to recognize the fact that it is in many cases more economical and more desirable to find ways in which we can accomplish the same goal with a lesser amount of energy.

In this area, although the President has given acknowledgment of the importance of the area, there has been a dearth of actual programs and a dearth of funding for energy conservation programs.

So the legislation which Members of the Congress have introduced and which in many cases the Congress has passed over the last year and a half is intended to fill this gap between what we might call the verbiage of the administration and its actual performance. I would like in my additional remarks to spell out in more detail both the performance of this Congress, the exceptionally good record that it has made in spite of some of the criticisms which have been made of it, and how this record by this Congress does fill the gaps in the failure on the part of the administration to perform.

Mr. Speaker, let me just conclude by expressing again my appreciation to the gentleman from Massachusetts (Mr. DRINAN) for organizing this effort on behalf of energy conservation. The interest which this effort has generated, I am sure, bodes well for the passage of the remainder of a broad energy program in this Congress, and it is my personal opinion that this will go down in history as one of the landmark performances and one of the truly vital legislative programs that this Congress has enacted.

Mr. DRINAN. Mr. Speaker, I thank the gentleman from California (Mr. BROWN) for his remarks, and I commend him upon his initiative in formulating H.R. 14205, which I think is most important legislation and which hopefully will pass in this session of Congress.

Mr. SCHEUER. Mr. Speaker, will the gentleman yield?

Mr. DRINAN. I yield to the gentleman from New York.

Mr. SCHEUER. Mr. Speaker, I wish to thank my colleague, Congressman ROBERT F. DRINAN, for requesting these special orders to discuss energy conservation—in the short run the most promising and certainly the most overlooked means for reducing our dependence on foreign sources of oil.

Since the end of World War II, this nation has been guilty of conspicuous consumption of the world's natural resources. Madison Avenue has subtly conditioned us to believe that we must own and operate every energy consuming device on the market if we are to lead happy and fulfilled lives. Such an attitude has transformed this Nation into the "Disposable Society," a society in which we buy commodities which are used once or twice and then thrown out.

If we lived in a world of unlimited natural resources, or even in a world in which we were guaranteed two-thirds of the available natural resources, this practice might be more acceptable. Yet, one need only look at the hostility of the nations of the Third World toward the industrial nations in general, and the United States in particular, to realize that our consumption levels will be maintained only at a tremendous cost to our pocketbooks, if at all.

Slowly but surely the actions of the Third World are forcing a change in their relationships with their industrial counterparts. No longer willing to act merely as supplicants for economic aid and providers of raw materials—they now demand what they perceive to be their fair share of the wealth of nations. If the United States is to maintain its current standards of living, it must adjust by making less go farther. The United States with less than 5 percent of the world's population consumes over one-third of the world's energy each year.

Our European counterparts in the industrial world, including Sweden, West Germany, and Switzerland, all have approximately the same per capita GNP as the United States, yet these nations only consume 60 percent as much energy per capita as the United States. We can and must reverse this trend.

For the United States, the first and most critical step in curbing our consumption of scarce resources must be to restrict our consumption of oil. If we can significantly reduce our demand for petroleum then we will be well on the road to coping with the decreasing availability of other scarce nonrenewable natural resources.

Our economy is founded on the assumption that unlimited sources of cheap energy will always be available. This assumption, originally based on the reality that the United States had vast stores of oil, and on the notion that the Arabs were too ignorant and backward to demand more for their oil, is clearly inoperative in 1976. Our homes, factories, offices, and schools were built with little concern for energy efficiency. These inefficiencies represent our greatest obstacle, and ironically, at the same time, our greatest hope for achieving energy independence in the near future.

Somewhere between 40 and 50 percent of the energy we consume could be saved if we practiced proper methods of conservation. But that requires an economic commitment from homeowners, apartment owners, owners of office buildings, and industry to invest in energy conservation. While OPEC has suddenly given large consumers of energy new incentives to practice conservation—by quadrupling oil prices—energy conservation is still viewed as being less profitable than investment in new equipment for the production of more goods. Yet if industry does not change its ways, it will not be able to afford the energy it needs to continue producing.

INDUSTRY

Forty percent of America's annual energy pie is consumed by industry. The installation of some proven and elementary technologies could save vast amounts of energy.

First, manufacturers could produce vast amounts of steam in-house, yet they continue to purchase all their electricity from utilities. If industrial steam were used to produce electricity, through a process known as cogeneration, instead of being wasted as it is today, much more electricity could be produced than the entire industrial sector requires. This energy could be transferred back into the electrical grids of the United States and made available to other consumers of electricity.

In fact, during the 1920's and 1930's many paper companies were producing electricity in this fashion. However, the Justice Department ruled that they were expanding their operations unlawfully and forced them to stop competing with utilities. This wasteful interpretation of the law must be reversed. The West Germans currently produce over 30 percent of their electricity through cogeneration. Can we afford to produce any less?

Second, 44 percent of the energy now used in industry is invested in steam production. If elementary solar techniques were used to preheat the water, we could triple the output of steam per unit of fuel consumed, thus conserving energy. Likewise, if hot water was preheated by solar techniques and the pipes in which the water was transported were properly insulated, significant energy savings could be achieved.

The primary metals industries, which use about one-fifth of all industrial fuel, present great opportunities for energy conservation. Using existing technologies such as more efficient blast furnaces, the recapturing of waste heat, and the use of continuous casting instead of ingot pouring, could save the steel industry over 50 percent of its current needs by 1995, for example.

BUILDINGS

The buildings in which we live, work, and play could also be made more efficient if proper energy conservation technologies were used.

First, proper building materials could significantly reduce the amount of energy used in the construction of a building as well as in its daily operations. If steel were used instead of aluminum in the construction of buildings, the energy and economic cost of construction could be greatly reduced.

By the same token, if glass, which is a very poor insulator, was used less or only on the north side of buildings in the South, and the south side of buildings in the North, its benefits for heating and cooling could be optimized and large energy savings would result.

Thirty to 50 percent of the operating energy in most existing buildings can be conserved by installing proper insulation, by insuring that all spaces and joints are properly sealed so that hot and cool air cannot escape, by substituting fluorescent bulbs for filament bulbs, by reducing excessive lighting, by using efficient furnaces and air conditioners, and by installing heat pumps which are several times more efficient than electrical resistor heaters currently in use. All new heating, cooling, and hot water systems should be designed for eventual conversion to solar power.

SOLID WASTE

We could save over 500 million barrels of oil a year while eliminating the eyesore and environmental degradation which both result from solid waste landfills if we provided stable long-run funding for solid waste conversion systems which can produce both oil and gas from our urban wastes. The energy equivalents of the savings which could be achieved by cogeneration would be equal to 15 percent of all fuel consumed by utilities in 1973; or 90 percent of all oil projected to be delivered through the Alaskan pipeline; or six times the energy savings estimated from the 55 mile-per-hour speed limit fuel conservation program in 1973–74; or 3 percent of all energy consumed in the United States in 1973.

This energy savings comes from two areas. First, processed solid waste is directly combustible. Second, materials recovered from solid waste—for example, aluminum, iron, steel, copper, and zinc—can be recycled into usable products at an energy cost far lower than that associated with the production of metals from virgin materials. For example, a recycled ton of aluminum consumes one-twentieth the amount of energy as a ton of aluminum made from virgin material.

TRANSPORTATION

Transportation accounts for 42 percent of the American energy budget. Yet we still continue to produce gas guzzling behemoths for our personal transportation, we insist on traveling to work by ourselves in our own vehicles, and we refuse to use mass transportation. For every 100 pounds we take off a car's weight, we increase its fuel efficiency by 2.8 percent. The use of a standard transmission and the use of radial tires could increase automotive fuel efficiency by 10 percent.

The use of car and van pools to and from work could vastly increase our energy supplies by reducing our demand for oil. Similarly the use of buses and trains would greatly help decrease our need to import oil as they are vastly more energy efficient than cars.

COAL CONVERSION

Finally, if we are to successfully reduce our dependence on OPEC oil and thus OPEC's influence over this Nation, we must use our most abundant source of energy, coal. Conservation means not only using more efficient technology to make the oil and gas we have go further, but also means switching from scarce oil and gas to abundant coal. The United States has between 400 and 600 years of coal reserves which can be used to meet our energy needs. Our coal reserves have a far greater energy producing potential than does the entire world's proven oil reserves. The challenge is to mine and use that coal in an environmentally sound manner. There are technologies which are on the verge of being commercially viable but in which we must invest more time and money. In-situ mining of coal is a clean and efficient way of mining this valuable resource. It allows us to exploit coal resources which are not at present economically recoverable by conventional mining, while at the same time creating no environmentally insulting waste byproducts.

We should also be encouraging people to convert from the use of oil and gas to coal. Methods of burning coal such as fluidized bed combustion have been successfully developed in recent years. Fluidized bed combustion is an ideal way to burn coal as it creates more steam per pound of coal than conventional methods of burning and emits pollutants well within EPA's permissible levels.

It is obvious that we could significantly reduce our consumption of energy through a conscientious and diligent program of energy conservation. The Congress must provide dollars in direct grants and/or loan guarantees to the American public and business community so that they find it financially attractive to redesign their homes, offices, and businesses so as to consume less energy, and most especially, to consume less oil and gas.

Unless and until the Congress provides these financial incentives, the United States will be increasingly at the mercy of the OPEC nations who will use their oil power to direct and control our domestic and foreign policy.

Debate on the floor of the House has centered almost exclusively on the supply side of the energy equation. Yet demand control through energy conservation is clearly the best bet for short-term reductions in our consumption of scarce energy resources, and swift movement toward our high-priority goal of national oil independence.

Mr. DRINAN. Mr. Speaker, at this time I wish to yield to the gentleman from New York (Mr. OTTINGER), who is the founder of the Environmental Study Group here in the 94th Congress, and who has distinguished himself in all areas of energy.

Mr. OTTINGER. Mr. Speaker, I thank my colleague, the gentleman from Massachusetts (Mr. DRINAN), and I want to join other Members in congratulating him for his initiative in taking this special order and for the very fine work he has done in putting together H.R. 14205, the Omnibus Energy Conservation Act.

Hurrah. I feel today that we are all gathered here to welcome "the little engine that could," or maybe I should say "the omnibus that could." Everyone—ERDA, FEA, OTA, GAO, and the appropriate congressional committees—all have said that conservation should be top priority in our efforts to achieve energy independence. Many of us have been waiting long and hard for a comprehensive energy conservation program—and here it is at last and on the right track.

For the past year and a half, our energy policies have been my prime concern, serving on both the Energy and Power Subcommittee of Interstate and Foreign Commerce and on the Science and Technology Energy, Research, Development, and Demonstration Subcommittee. As many of you know, I have spoken against the predominant administration national policy that would commit us to an uneconomic environmentally hazardous, capital intensive and irrevocably extensive development of high technology nuclear and synthetic fuel development. Those of us who have opposed this policy have been berated for slowing down our economic growth, jeopardizing the job market, opposing technological development, and impeding a diversified energy program.

In reality, I favor a diversified energy development program; but one which puts priority on the least costly, most labor-intensive and environmentally advantageous options. Thus our top priority should go on immediate implementation of conservation and renewable energy options, while research goes forward on the supply side of the equation. I thus favor the $416 million synthetic fuel research and development program now authorized for ERDA, but not loan guarantees that will advance its application ahead of conservation or renewable applications at tremendous cost. I also strongly urge the continued research on the safety aspects of nuclear power rather than sailing ahead with multibillion subsidization of a questionable breeder program.

What the country needs first and foremost is a strong, moving and comprehensive conservation program. And, thank goodness, we have the beginnings of it here today.

The questions we seek answers to in evaluating energy programs should concern efficiency, economics, employment, and energy supplies. We should ask how the energy demands of the country will be satisfied, how many barrels of oil can be saved, how much programs will cost, initially and over the life of a project, and how many jobs will be created.

I think that there is enough evidence before us now to show that an energy conservation program such as that proposed in the Omnibus Energy Conservation Act, H.R. 14205, will answer these questions positively and productively.

We have had work done in universities such as Ohio State and Princeton, industrial companies such as 3M and Du Pont, utility companies such as the Natural Gas Co. in Seattle, Wash., studies by American Institute of Architects, Stanford Research Institute, Ford Foundation, and World Watch—all testifying to the methods and successes of energy conservation.

A great deal of material substantiating the "profits" of energy conservation took place recently at a conference entitled "Energy Efficiency as a National Priority," sponsored by the Public Interest Research Group and organized by Garry DeLoss.

I would like to share some of the information I have gathered over the past year which has led me to this commitment to seek an energy conservation program as a top national priority—and emphasize that it will not come about with the present commitment of our Federal Government to less than 2 percent of our national energy budget devoted to conservation programs.

Those areas of conservation that are of particular concern in this legislation are residential, commercial and industrial energy use. These are important, but they are just a start. A larger energy efficiency program is needed to cover the 24-percent direct fuel consumption used by transportation, the efficiencies to be gained from all forms of appliances, and the energy saving of 1.3 million barrels of oil per day that would be possible if we recovered 55 percent of the energy available from urban waste. All these areas should be part of a national conservation priority program.

The United States while consuming 30 percent of the world's energy uses two to three times the energy per capita than other industrialized countries with relatively the same gross national product per capita like Germany, Sweden, and Switzerland.

Both the Federal Energy Agency and the Energy Research and Development Administration have stated that we could cut our energy consumption by 30 percent with no effect on individual life styles or in industrial output. Surely, this should have been the priority path for Project Independence all along.

Many studies confirm the feasibility of such conservation achievement. For one example, the American Institute of Architects projects that fuel consumption in existing buildings could be reduced by 50 percent and in new buildings as much as 80 percent with proper insulation. We have 40 millions homes in need of additional insulation, 113,048 manufacturing plants, and 24 billion square feet of commercial and industrial office space; so a lot can be accomplished just by insulation—and it creates huge, labor-intensive markets for doing the work—and for insulating materials as well.

AIA predicts that over a 15-year period the capital required for energy efficient new buildings will be 10 to 20 percent above usual construction cost. However the projected capital requirements of $314 billion over a 15-year period would result in the savings of energy costs of $892 billion.

A very specific analysis confirming these economies is one just completed at Ohio State University where six buildings were insulated at an investment of $206,344, saving $36,345 in annual utility costs.

The Dubin-Mindell-Bloome engineering firm's study for Long Island Lighting Co. found that a strong conservation program including solar energy, would eliminate the communities' need for a $2 billion investment in two nuclear plants. And equally important, the study projected 64,000 jobs for a conservation program versus 16,000 jobs for construction of the nuclear plant.

I cannot understand why a conservation program should bring anything but cheers for the employment market. It is by far the most labor-intensive energy plan.

According to a recent Johns Manville report, if 20 million homes were retrofied, we would create 40,000 new jobs just in insulating.

A Stanford Research Institute study done for the Sheet Metal Workers International concluded that for the $2 billion solar heating and cooling industry forecast by FEA by 1990, $1 out of every $4 would go to wages. FEA in its Project Independence report stated that solar technologies required 2.5 times more labor per unit of energy produced than nuclear power.

Questions of energy efficiency, economics, employment and energy supply affect industrial processes as well as the operation and maintenance of residential and commercial buildings.

Industry currently consumes 40 percent of the country's fuel and 45 percent of industrial fuel is used to generate process steam. There is a great opportunity for improving the efficiency of industrial processes by the cogeneration of industrial steam and electricity. If steam were used first to power a turbine to generate electricity, and the exhaust steam were used for lower process heat needs, the system would be twice as efficient as central powerplant generation. A study by Dow Chemical Co. suggests that it would be profitable for industry to construct 71,000 mw of electrical generating capacity by 1985 to supply industrial electrical needs and sell some to utilities. The Sears, Roebuck & Co.'s distribution center in Columbus, Ohio, contains a new total energy plant that provides electricity, heating, and air conditioning for a 3 million square foot facility.

According to Fred Dubin, 220 million gallons of oil would be saved a year if the combustion turbines now used for base loads in New York City's central electric generating were installed in total energy system housing projects, industrial plants or commercial complexes.

If we can be saving 12.5 million barrels of oil a day—4.5 billion barrels per year—by 1990 by designing energy efficient buildings as the AIA predicts, and if energy conservation saves money as the Ohio State program illustrates, why have we waited so long?

Perhaps Donald Navarre of the Washington Natural Gas Co. in Seattle whose energy conservation program that 8,000 new customers can receive gas without increasing supply was right when he said:

> We suddenly realized we had been sitting atop a new gas field for years and didn't recognize it.

We have been waiting for a policy which would bring those programs into operation. I believe H.R. 14205 an important start. We need to get the information out and the energy extension service, State programs and advisory committees provided in this bill can help do this. We need energy guidelines and I think the energy audit will implement practical plans and techniques.

We may need varying forms of financial assistance and I think the availability of State assistance grants, loans guarantees, assistance for low-income persons and small business is necessary. I laud the provisos, however, which limit financial assistance to only those who show substantive energy and economic need.

As a member of both the Committee on Interstate and Foreign Commerce and the Committee of Science and Technology I have urged the expansion and implementation of energy conservation and solar energy programs both in FEA and ERDA. Congressman GILBERT GUDE and I have also introduced a bill to require that buildings financed with Federal funds utilize the best practical measures for the conservation of energy and the use of solar energy systems. The legislation is based on the work done by FEA in its Solar Energy Government Buildings project and the research and development within ERDA. It would also further the objectives of this legislation. I am heartened that we have a bill before us which will bring both congressional committees and Federal agencies together on a priority program for energy conservation. I want to commend my colleagues and their staffs who have organized and created this comprehensive program.

I urge all Members to join with us in bringing forward a conservation program that is sorely needed.

Mr. DRINAN. Mr. Speaker, I thank the gentleman from New York (Mr. OTTINGER) for his remarks.

At this time, Mr. Speaker, I am happy to yield to the gentleman from Pennsylvania (Mr. MOORHEAD), who as the chairman of the Subcommittee on Conservation, Energy, and Natural Resources of the full Committee on Government Operations, has done extraordinary work in every aspect of the subject of conservation of energy and on all of the issues related to it.

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, I thank the distinguished gentleman from Massachusetts (Mr. DRINAN) for yielding.

I might state to my friend, the gentleman from Massachusetts, that I am probably cosponsoring this bill in my capacity as chairman of the Subcommittee on Economic Stabilization of the Committee on Banking, Currency, and Housing.

What I would like to do, Mr. Speaker, is to address a question to the gentleman from Massachusetts (Mr. DRINAN).

We have heard very eloquent remarks from the gentleman from New York (Mr. OTTINGER) about the need for conservation. We heard equally eloquent remarks from the gentleman from California (Mr. BROWN) about the supply-and-demand situation.

Just recently the Subcommittee on Economic Stabilization reported to the full Committee on Banking, Currency and Housing which, in turn, reported to the House a bill for the development of synthetic fuels, which is to increase the supply.

Mr. Speaker, the legislation which the gentleman from Massachusetts and I cosponsor is just the opposite side of the coin, which is to decrease the demand.

I would like to ask the gentleman if he does not think that a balanced program of increasing the supply and decreasing the demand is not the proper approach for this Nation tc achieve greater energy independence?

Mr. DRINAN. Mr. Speaker, I thank the gentleman for his remarks and for his very perceptive question. I am inclined to agree with my distinguished colleague that a policy of slowed energy growth is an essential attribute of the bill, H.R. 14205, of which we are both cosponsors, I also want to emphasize the fact that achievement of a meaningful reduction of our energy growth rate needs not involve major sacrifices in our standard of living, or compromise of our commercial and industrial output. We are simply stating that if economic growth remains constant, we can, nonetheless, save very significant amounts of energy by the application of technology which is already known, and also by new technology which may be rapidly developed. We can significantly reduce our energy consumption without cutting back on those energy needs which, especially in industry, are essential to the ongrowth of this country.

Mr. MOORHEAD of Pennsylvania. I meant by eliminating wasteful use of energy, we decrease the total demand and, therefore, bring a better balanced program to the Nation.

Mr. DRINAN. The gentleman is quite right.

The possibilities of diminishing the actual amount of energy used in industry and among consumers are just astronomical. It is almost incredible that we are wasting 40 or 50 percent of the energy that we are now expending.

In most European nations and in some industries in this country, they have utilized the technology that we know and they have very substantially cut down on their use and consumption of energy.

I might make reference to a bill which I myself have filed to give limited, modest assistance to industries, especially highly energy-intensive industries, so that they would be able to apply modern technology to cut down on the consumption of energy in those particular areas.

Mr. Speaker, I am especially familiar with the great potential for energy savings in the industrial sector, having introduced the Industrial Energy Conservation Act more than 14 months ago. The broad support which this legislation has received—78 cosponsors in the House—must be considered reflective of a growing realization that American industry is replete with needless energy waste. I am deeply pleased that the Omnibus Energy Conservation Act incorporates a similar mandate for development of energy-efficient industrial technologies.

While U.S. industry has become accustomed to the availability of cheap energy supplies over the last several decades, our resource-starved foreign counterparts have been forced to come to grips with energy efficiency as a matter of sheer economic survival. The contrast between the two consumption patterns is simply staggering.

The West German paper industry requires 43 percent less energy than equivalent American producers for each ton of paper produced, and 63 percent less energy for each unit of economic output. For the most part these savings are not, as might be assumed, a result of radically advanced technology, but a commonsense application of basic thermodynamic principles. By expanding the utilization of waste heat—such as using thermal energy from electrical generation for industrial processes and space heating—significant improvements in energy-efficiency become both feasible and economically attractive. In no way are these savings atypical.

Along similar lines, West German petroleum producers use 50 percent less, the chemical industry 43 percent less, and food producers 30 percent less energy than U.S. industry for each equivalent unit of economic output. Though much of this energy-efficiency must be attributed to prudent long-term investment, and not just in-plant reorganization, the results are an excellent reflection of the amount of concrete energy savings that can be reasonably achieved. With OPEC oil prices now hovering at $13 per barrel, and the availability of continued low-cost energy supplies in doubt, the United States has a good deal of catching up to do.

Independent energy policy analysts have continually asserted the need for both immediate investment in existing energy-efficient technologies, and a greater Federal commitment to ongoing research and development—not a surprising emphasis when one recognizes that American industry consumes more than 40 percent of our total energy supply. The prestigious Ford Foundation Energy Policy Project concluded that short-term savings in the range of 10 or 15 percent can easily be achieved in the industrial sector, with existing technologies and little capital investment.

This industrial conservation estimate, along with others for particular energy sectors, are combined in table I, which highlights the extensive short-term savings possible through conservation.

A 10-YEAR ENERGY CONSERVATION SCENARIO 1976–86

[In quads]

Demand sector:	Annual energy saving possible by 1986	Increased annual energy demand—at current growth rates—by 1986[1]
Industrial[2]	4.4	7.2
Transportation[3]	5.3	4.4
Residential[4]	4.1	3.2
Commercial[5]	1.5	3.2
Waste utilization[6]	3.0	(7)
(Electrical generation losses and misc.)	---	9.7
Total savings/demand increase	18.3	24.5
Total U.S. energy demand, 1976		77.0
Total U.S. energy demand, 1986		101.5
Total anticipated growth in demand (32 percent)		24.5
Energy savings from conservation (23.8 percent)		18.3
Additional demand, to be met with new energy or increased conservation (8.1 percent)		6.2

[1] Source: "National Energy Outlook", FEA, 1976.

[2] Source: Ford Foundation Energy Policy Project—Estimate of 15 percent short term savings.

[3] Based on mandated auto fuel economy standards, increased carpooling, and greater mass transit utilization.

[4] Source: Johns-Manville Corporation. Assumes retrofit of 40 million homes and residential energy saving of 25 percent.

[5] Assumes a conservative 14 percent energy saving through retrofit.

[6] Source: "Energy Conservation Waste Utilization Research and Development Plan", MITRE Corporation, 1975.

[7] Not available.

NOTE.—1 QUAD equals 172 million barrels of crude oil equivalent, or 10^{15} Btu.

Additionally, House subcommittee testimony delivered by the Thermo-Electron Corp.—a specialist in evaluation of industrial conservation technologies—has projected that a $25 billion investment in this area could eventually yield more than a 30 percent permanent decrease in industrial consumption, and a cost savings which would easily exceed the level of investment. With economic advantages of this magnitude—and no need to compromise the level of production—it is hard to believe that energy conservation in the industrial sector has historically been granted so little attention by the Federal Government.

Mr. Speaker, as I have examined the nature of energy use by American industry, it seems clear that there are two very important roles which must be assumed by Government at the national level. First, although many larger industries have begun to systematically reassess their energy use patterns, many smaller companies feel unwilling or unable to risk any significant amount of capital in conservation programs and "new" energy-efficient technologies. Thus, the Federal Government has a positive role to play in developing and demonstrating the potential of specific conservation approaches, and in providing appropriate outreach services to assist in the formation of prudent energy use decisions. This is essentially the approach which is advocated in my Industrial Energy Conservation Act, and a concept which is largely incorporated in the body of H.R. 14205.

Second, our national energy conservation policy must effectively counter the argument that energy conservation is bad for both business and labor. On the contrary, effective conservation practices yield almost immediate operational savings, and in the long term will free up capital for more productive use. Also, as sophisticated conservation services and technologies become in greater demand in the next several years, research and development at the public and private level will create a continuing reservoir of employment.

As the European experience clearly indicates, serious energy conservation is not a matter of nicety or political aesthetics. Rather, conservation is the use of limited and expensive resources in the most efficient manner possible—a concept which should be readily acceptable to the American business community.

Federal outlays to help demonstrate industrial energy conservation, however modest in scale, will have an immeasurably positive impact in overcoming the reluctance of business and labor to make their own commitments to the furtherance of conservation. Having reached the point where industrial energy expenditures grow by several billions of dollars each year, such a demonstration program—which is incorporated in H.R. 14205—is a small price to pay for the efficient use of energy.

Not only would such a program help reduce our dependence on Arab oil supplies, which constitute almost one-half of all the oil we consume, but it could also achieve all types of desirable economic development for the Nation.

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, if the gentleman will yield further, the bill H.R. 14205 has not only a national economic impact, but an international economic impact and I certainly join with the gentleman from Massachusetts in urging the House to support this legislation.

Mr. Speaker, I rise to express my support of H.R. 14205. Recent action by the House Banking, Currency and Housing Committee, approving a broad based governmental program to develop synthetic fuels is but a part of the answer to the energy problems now before us. It is not enough to seek the answers to our increasing need for energy through expansion of fuel production. This Nation needs a two-edged sword in its battle against the rising demand for energy on the one hand and a diminishing quantity of it on the other. An equal cutting edge must be honed for its conservation and management. That is the logic behind the Omnibus Energy Conservation Act of 1975. That is why each of us should support its prompt consideration and speedy enactment.

Mr. Speaker, to put this proposition another way: Should the United States use billions of tons of coal to keep warm when the oil and gas run out? Or should it change its heating methods? Given the hard facts, I think the American people would choose the latter, but they are not going to be given the facts, and they are not going to have that choice unless this Congress decides to do something about it. Increased energy supply and increased energy conservation are mutually supportive sides of the same equation. One helps balance the other. Each deserves the same emphasis. Neither can solve our national energy problem alone. Together, they can give us the confidence of knowing that our thrift and our common sense are as much a part of today's American dream as they were in our beginning years.

This Nation has become dangerously dependent upon imported oil for its wellbeing. It does very little for us to note that only a few months ago, we imported more than we produced domestically for the first time ever. This is especially so, if we hear and see these warnings and dismiss them out of mind without taking stock of our real situation. For that reason alone, we should take steps today to move away from furthering our dilemma, and quite possibly, jeopardizing our chances for survival.

Mr. Speaker, energy conservation must become part of the national mandate for the balance of this century, if not into the next. Our economy has begun to quicken, and energy demand is increasing. Each day, the import figures grow larger, and more dangerous concerning their significance and meaning.

H.R. 14205 can be the beginning of that period of our history which, when viewed in retrospect, will be characterized as that moment when America regained her senses, her perspective and her balance after coming dangerously close to losing all three.

The need for energy conservation is acknowledged by all. How it happens and when are our concerns, for if we can legislate standards for our automobiles, is it not also possible to legislate standards for our industries, our commerce and our residential needs for conservation? I believe that it is, and I would hope that a majority of my colleagues would agree that we must do it and do it now. It is the last untouched savings opportunity we have, and it must not be lost.

Mr. Speaker, H.R. 14205 is good legislation. It focuses on energy conservation possibilities within residential, commercial, and industrial areas. Proper investment of conservation effort within all three user areas could return this Nation a handsome profit in the form of energy not used and not wasted. Indeed, the American Institute of Architects has suggested that emphasis on energy efficient buildings for America could help provide the equivalent of 12.5 million barrels of oil saved per day by 1990, but only if we begin today, not years from now. At today's cost of oil, that is an expected savings of $30 billion per year.

Mr. Speaker, I urge my colleagues to join in this effort to match our enthusiasm for increasing the supply of energy for our economic well-being, with an equal commitment to its savings. They are not contrary goals. If anything they are restatements of what I believe this Nation has often demonstrated to be the soundest way of meeting its energy needs.

Mr. DRINAN. Mr. Speaker, I thank the gentleman from Pennsylvania for his remarks and comments.

I now yield to the gentleman from Colorado (Mr. WIRTH). Even since the gentleman from Colorado came here with one of the largest freshman classes in history, the gentleman has distinguished himself in the area of energy. He brings with him from his region a knowledge of energy as well as a vast knowledge in the area of the environment. I welcome his participation here. The gentleman is a cosponsor of H.R. 14205.

Mr. WIRTH. Mr. Speaker, I thank the gentleman for yielding. Like my other colleagues who have spoken, I too would commend the gentleman from Massachusetts (Mr. DRINAN) for putting together this special order.

I am particularly impressed with the breadth of the representation of those cosponsors of H.R. 14205 under the umbrella of the majority leader, the gentleman from Massachusetts (Mr. O'NEILL). And then all of the various committees are represented in the sponsorship of this bill, is that correct?

Mr. DRINAN. Yes. We deliberately sought out those who have taken a lead in this area of energy conservation and asked them to be cosponsors under the umbrella of the majority leadership.

As the gentleman from Colorado knows, energy and environment are divided among several subcommittees and committees of the House. In order to bring all of the initiatives of those several subcommittees together, it was attempted to develop a broad sponsorship of those who have been interested in this area, including the relevant chairmen of the full committees and of the subcommittees.

I would hope that this would give an added strength to this bill which otherwise might not be present.

Mr. WIRTH. Mr. Speaker, there has been much ballyhooing of the problems of jurisdiction between the committees. I think that all of those problems real or unreal, have been obviated in this particular piece of legislation.

Mr. Speaker, I have noticed that in the time that I have been in the House of Representatives that the interests of those persons throughout the country who are interested in energy has been focused predominantly on the supply factor, and I believe, as the gentleman from Pennsylvania (Mr. MOORHEAD) particularly pointed out in his earlier remarks, we have had much too little discussion of the other side, the conservation side. I have noticed this particularly coming from the current administration, the current occupant of the White House in which almost everything they have focused on has been directed only at supply and creating more rather than using better what we have now.

Like the gentleman from New York (Mr. OTTINGER) I sit on both the Committee on Science and Technology and the Committee on Interstate and Foreign Commerce and watch over the jurisdiction of the two big energy agencies, ERDA and the Federal Energy Administration.

On both agencies this administration through the Office of Management and Budget has had an adverse impact in the conservation field for both of those major agencies dealing with energy, which would suggest that the priorities which this administration places on conservation are, despite a lot of pious rhetoric to the contrary, very low indeed.

I think that H.R. 14205, and the kind of leadership that we see both in this House and through the subcommittee support that we see on the other side of the Hill, in the Senate, would reflect the real needs and real desires of this country, which is to have a very aggressive conservation program.

Once again I would commend the gentleman for his efforts in behalf of this bill and for this push in the House of Representatives.

I thank the gentleman.

Mr. WIRTH. Mr. Speaker, like the weather, energy conservation is something that we all talk about, but nobody does anything about it. Or almost no one, anyway. There is frequent and widespread lip service given to the theory of energy conservation, but mostly silence when it comes to translating that theory into concrete programs. So far most of the attempts to "do something" about the energy crisis have revolved around the idea that we have to find ways to meet an ever-increasing demand. The administration's programs, few and far between as they have been, have focused mainly on developing fossil fuels and nuclear power. Little to no thought has been given to ways of quelling growing consumption of energy.

No doubt spurred by the revival of the American love affair with the big car, oil consumption is on the rise, and for the first time in our history we are importing more than we produce at home. We are becoming more and more dependent upon foreign oil. As the pace of the economic upturn quickens, the volume of oil imported each day grows larger. The dangers to our economy, and the limitations on our freedom of action in foreign affairs, is obvious. Domestic production of sources of energy large enough to fill the gap is probably years, if not decades, away. In the long term, it will be necessary to develop those new energy sources, but in the interim, there is an urgent need to make better use of the energy presently available, in order to keep our energy requirements to an affordable size. The real question is how best to accomplish this.

During recent hearings, the Senate

Commerce Committee was told that energy conservation is the "cheapest source of energy we have," and I second that statement. Energy conservation can be the fastest, most cost effective and environmentally sound way to prevent future energy shortages in the United States while reducing the Nation's dependence on imported energy supplies.

Many studies have documented the very large potential for energy conservation in the United States. The Ford Foundation energy policy project estimated that an aggressive application of energy saving technology could reduce the total consumption by 16 percent in 1985 and by 35 percent in the year 2000. In a still more recent report, entitled "A National Plan for Energy Research, Development and Demonstration: Creating Energy Choices for the Future," the Energy Research and Development Administration estimated that improved efficiencies in end-use energy systems could reduce the annual growth rate of energy consumption from over 3 percent to less than 2 percent.

The new bill we discuss today, the Omnibus Energy Conservation Act, is designed to expand and coordinate U.S. efforts to reduce energy consumption; it contains the major components of several bills now pending before three committees: the Committee on Banking and Currency, the Committee on Interstate and Foreign Commerce and the Committee on Science and Technology. This omnibus bill is intended to pull together each of the several pieces of energy legislation. Its passage would serve to fill the gaps caused by the absence of a comprehensive energy conservation policy in existing law.

Current national efforts to stimulate energy conservation are inadequate. This is a consequence of a lack of adequate and available financing for energy conservation, particularly with respect to individual consumers and small businessmen. It is a consequence of a shortage of reliable and impartial information and advisory services pertaining to the energy and cost savings to be derived from the implementation of energy conservation measures. It is also due to the absence of organized programs to facilitate the implementation of energy conservation measures, including a lack of rigorous programs to research and demonstrate new energy saving technologies.

The Omnibus Energy Conservation Act is designed to redress these problems. Basically, the bill contains four new Federal programs, designed to complement each other and existing Federal and State energy conservation programs.

The relationship of these proposals to existing law has been carefully considered. These new programs would amend the principal existing statutory authorities, the Federal Nonnuclear Energy Research and Development Act of 1974 and the Energy Policy and Conservation Act of 1975.

These new programs include Federal financing for energy conservation expenditures in residential housing, commercial. and public buildings and industrial plants, through a program of grants, loans, and loan guarantees to be administered by the States and by Federal agencies.

The FEA would be the principal administrator of the funds, although the SBA and HUD would play roles. Under this section there would also be a voluntary standards program for certifying the energy efficiency of construction materials. Other new programs proposed are a federally sponsored Energy Extension Service to be administered by the States as part of an energy outreach program; a federally sponsored State energy conservation research development institute to provide a focus for analysis and research in energy conservation at the local level; and an energy conservation research, development, and demonstration project to generate new energy efficient technologies.

The center piece of this legislation is a $4.5 billion program of loan guarantees for improving the energy efficiency of existing housing, nonresidential buildings, and industrial plants. Within the program's purview would be the energy required for commercial and industrial processes carried out within such buildings. Thus, the bill would apply to the points of consumption of two-thirds of the energy used in the United States each year.

Mr. Speaker, it is a clear sign of the overriding importance of this issue that this bill bears the name of the distinguished majority leader, Mr. O'Neill. It is also noteworthy that he has been joined by many of this House's prime movers in the field of energy legislation, including Messrs. Staggers, Teague, Reuss, Dingell, Brown of California, Drinan, Thornton, McCormack, and Moorhead of Pennsylvania. I commend them for their past and present efforts to place energy conservation at the center of energy policymaking, and I commend to the attention of my colleagues the bill before us.

I am including a brief summary of the bill's provisions, as follows:

SUMMARY OF BILL'S PROVISIONS

TITLE 1

Title I establishes several separate programs designed to promote energy efficiency in residential and commercial buildings.

These programs would be primarily under the jurisdiction of the Federal Energy Administration, but would also involve the Small Business Administration and the Department of Housing and Urban Development.

Section 102(a)—Voluntary Standards and Certification Program for Products Designed to Conserve Energy in Buildings:

This section amends the Energy Policy and Conservation Act by adding a new section creating within the Federal Energy Administration a voluntary standards and certification program for products designed to conserve energy in residential or commercial buildings. In cooperation with the Administrator of ERDA, the Administrator of the FEA is directed to prescribe for such products: test procedures, labeling procedures, energy efficiency standards or performance standards other than energy efficiency. The section further provides for the creation of procedures by which the Administrator shall certify a product's compliance with the standards established. Falsely representing a product as being certified is prohibited.

Section 102(b)—Conservation Assistance:

This section further amends the Energy Policy and Conservation Act by requiring the Administrator to establish guidelines for State energy conservation implementation programs. It stipulates that such guidelines be designed to allow States maximum flexibility and discretion in preparing such programs, and requires that States be given an opportunity to participate in the drafting of such guidelines.

Eligibility requirements for Federal financial assistance to State Energy Conservation Implementation programs are specified. Included here is the requirement that State plans include a system for the making of 'energy audits' with respect to housing, nonresidential buildings, and industrial plants within the state. Such audits are further required to identify the energy and cost savings likely to be realized through energy conservation measures. Eligible state programs are further required to provide for monitoring of loans made by lending institutions for the purpose of energy conservation measures taken pursuant to the state program. States must also encourage and facilitate establishment and operation of energy conservation cooperatives.

Federal assistance grants to states whose energy conservation proposals meet specified Federal criteria are authorized. The amount of assistance going to a given state in a given year is limited to 10% of the total funds authorized for the grant assistance program during that year. The total of such grants to states shall not exceed $25 million in FY 1977, and $50 million in FY 1978–FY 1980. The Administrator is authorized to provide loan guarantees to lenders issuing loans to borrowers seeking to finance qualified energy conservation measures. The maximum permissible guarantee is $2,000,000. The bill stipulates that the total of guarantee obligations under this program shall not exceed $4.5 million at any one time.

Section 103—Energy Conservation Assistance for Low Income Persons:

This section amends Title I of the Energy Conservation and Insulation of Buildings Act of 1976 by adding at the end authorizations of $25 million for FY 1977, $50 million for FY 1978, $50 million for FY 1979, and $100 million for FY 1980.

Section 104—Energy Conservation Assistance for Homeowners:

This section amends Section 2(a) of the National Housing Act by providing that the Secretary of HUD shall pay to any lending institution a portion (not to exceed the lesser of 20% or $400) of the principal on any loan made pursuant to an approved energy conservation measure. Higher limits are set for loans on 'renewable-resource energy measures.' The section authorizes up to: $100 million in FY 1977, $200 million in 1978, $200 million in 1979, and $200 million in 1980 for the purpose of carrying out the provisions of the section.

Section 105—Energy Conservation Assistance for Small Businesses:

This section amends Section 7 of the Small Business Act by adding language empowering the SBA Administrator to make loans (in cooperation with lending institutions) to assist small businesses in implementing approved energy conservation measures. The section sets a limit of the lesser of $5,000 or 20% of the principal on the amount which may be paid by the Administrator to the lender.

Section 106:

This section stipulates that the Energy Resources Council shall be responsible for coordinating Federal energy conservation programs. It further stipulates that upon termination of the Energy Resources Council there shall be created an Interagency Advisory Group to carry out the above coordination responsibilities.

TITLE 2

Title II establishes three spearate, but closely related new programs under the Energy Research and Development Administration.

Part A—Energy Conservation Extension Service:

This part sets forth findings stating a need for greater knowledge on the part of the public regarding energy conservation and new energy technologies. It provides that ERDA should coordinate these efforts at the Federal level.

The legislation established a new ERDA office for an Energy Extension Service and creates positions of Director and Deputy Director. It amends the Energy Reorganization Act to specifically add this function to the ERDA charter. This part does not authorize a large staff within ERDA, but rather directs ERDA to use State and other existing extension and outreach capabilities to implement the progam. The ERDA office will provide national direction, and review state plans in administering the extension program.

This part adopts a new scheme for the energy extension concept which places primary planning and implementation responsibility on each state. If the state submits an acceptable plan for implementing the legislation, pursuant to a series of specified guidelines and requirements in this part, the state qualifies for funding from ERDA. If it does not submit an acceptable plan, ERDA will act directly, consistent with the same guidelines and requirements, to plan and implement the concept in the state.

Funds will be allocated among the states according to a formula with 50% pro rata per state and 50% on the basis of population.

A National Energy Extension Advisory Board is established to provide for comprehensive review of the service and a mechanism which will provide for coordination of the service with other Federal programs. Also, mechanisms are established to coordinate the activities within each state.

Funding for the Service will be subject to authorization each year as a part of the nonnuclear portion of the annual ERDA authorization bill.

Part B—State Energy Conservation Research and Development Institutes:

This part sets forth findings which recognize the potential role that institutions of higher learning can play in encouraging energy conservation. It calls for the establishment of interdisciplinary energy conservation research, development and demonstration institutes.

The legislation authorizes a Governor of a State to name one college or university to be designated the State Energy Conservation Research and Development Institute. The Administrator of ERDA shall provide funds to this Institute pursuant to further authorizations in the ERDA authorization, or such funds as may be authorized by the Administrator for specific research, development and demonstration projects dealing with energy conservation.

The Institutes shall have a variety of duties and functions, including: research, development, evaluations, demonstrations, seminars, information dissemination, technical education programs, public school curriculums development, adult education courses, workshops, and other educational activities directed toward the efficient use of energy.

Part C—Energy Efficiency Research, Development and Demonstration Program:

This part sets forth findings which point to the role of energy conservation and energy efficiency research, development and demonstration programs in helping meet our energy needs.

The legislation creates an Energy Conservation Research, Development and Demonstration Project within ERDA. This project is charged with promoting basic research on low energy alternatives to residential, commercial, industrial, agricultural, and governmental activities. The Administrator of ERDA is given the authority to enter into contracts to demonstrate residential conservation techniques in a significant number of dwellings in a wide range of geographical regions. The Administrator is directed to make arrangements for the provision of loans at prevailing rates for the installation (including retrofitting) of model energy efficient systems in commercial, industrial, and agricultural processes, and in systems for the provision of governmental service. This part also provides for the evaluation of the success and wider application of the projects undertaken by this energy efficiency research, development and demonstration program.

Funding for this part shall be included in the annual authorization of the Energy Research and Development Administration.

Mr. DRINAN. I thank the gentleman for his remarks, and also for the wisdom that he has demonstrated in seeing the tremendous impact that H.R. 14205 would have on our national energy situation in due course.

Mr. Speaker, I now yield to the distinguished gentleman from the State of Washington (Mr. McCormack). May I say that I came to Congress with this gentleman, and I and everyone in this House are proud of what he has done in the area of energy and all of its facets. He is one of the very few physical scientists in the House, and he has taught us a great deal.

The leadership and the initiative that he has taken in this area have made a significant impact on the many bills that have passed under his sponsorship. I am very pleased to be a cosponsor of H.R. 14205 in the company of the gentleman from Washington (Mr. McCormack).

Mr. McCORMACK. I thank the gentleman for yielding. I want to congratulate him for all of his efforts in this matter and for his continuing interest in energy conservation.

Mr. Speaker, there are several comments I would like to make. First, I would like to pay my respects to the gentleman from Texas (Mr. Teague), who is Chairman of the Committee on Science and Technology under whom all of this legislation has come forth in recent years dealing with energy conservation in which we have accomplished so much. Unfortunately, the gentleman from Texas (Mr. Teague) cannot be here at this time, but I think we all want to pay our respects to our colleague who has provided the committee leadership on so much of this.

Mr. Speaker, today or in recent history the energy growth rate in this country has been about 3.5 percent per year. If we can cut this down, we can phase down to about 2 percent per year, because late in the century we can reduce our energy consumption from what it would be at 82 million barrels of oil per day to somewhere around 68 million barrels a day. This would be a reduction of about 17 percent or about 14 million barrels a day in energy conservation. This would be saving this country not only $60 billion a year, but it would be a tremendous reduction in the concentration of carbon dioxide in the atmosphere, which is one of the most serious problems we have associated with the burning of fossil fuels, because we simply do not know how much environmental damage we are doing. We may not know until it is too late, until such time as we will have established a greenhouse with the melting of the polar icecaps.

It is critically important that we do reduce, consistent with maintaining a stable economy, our consumption of fossil fuels as quickly as possible in cutting from 3½ to 2 percent in an orderly and realistic manner, and really make a significant concentration not only on this but, as I say, on not using as much energy, and also saving about $60 billion a year which is the equivalent of about $12 a barrel for oil.

Mr. Speaker, I have been involved in a great deal of legislation dealing with energy conservation. I think it is appropriate that we take a look at this time and see where we have been in the context of where we are going, in context with this new legislation.

The Committee on Science and Technology has, of course, been responsible for the budget for the Energy Research and Development Administration. Starting several years ago with almost nothing in the field of energy conservation, we have taken the budget for energy conservation to over $100 million today and authorized $202 million for fiscal year 1977.

Unfortunately, much of this money has to be appropriated by the Appropriations Committees, and this week when the Interior appropriations bill, H.R. 14231, comes before this House, I will propose an amendment to it to increase the actual funding, the actual appropriations for energy conservation, by a total of $67½ million to bring this program up to the level that was authorized by my subcommittee and by the full Committee on Science and Technology.

Mr. DRINAN. May I say at this moment that I will enthusiastically sponsor the amendment which the gentleman will make to the appropriations bill. One of the reasons why we had this particular special order on this day was to support the gentleman's amendment which will be acted upon later in the week. We expect that Members of the House will see the very informative material that some 30 or 35 Members will have in the Record today with respect to the precise question of the urgent necessity of emphasizing energy conservation.

I thank the gentleman.

Mr. McCORMACK. Mr. Speaker, I think there is something terribly important to understand about energy conservation, and that is it is not a technology as much as it is a need to organize the people of this country to understand what they need to do to contribute to energy conservation.

We have had many bills which have become law or are in the process of becoming law. We have the Electric Vehicle Act (H.R. 8800), which passed a short time ago, and we have the Automotive Research and Development Act (H.R. 13655), which passed some time ago, and those are in conference. Either of those bills can save us the equivalent of a half-million barrels of oil a day by 1980. We have the Energy Conservation Extension Service Act (H.R. 13676), which has been reported out by the Science and Technology Committee and we will have it on the House floor in a few days. We have provided for solar and geothermal energy research and we will have also tax incentive for insulating homes, for instance. It has passed this House and is now being seriously considered in the Senate.

Under the ERDA authorization bill for this year we are providing for municipal waste conversion, providing for price supports. For instance, the city of Seattle plans to convert solid waste to ammonia.

We have loan guarantees for urban waste recovery and energy conservation research questions and these are part of the energy loan program. With the gentleman from Georgia, Mr. BO GINN, we will sponsor a bill to conduct research on buildings.

All of these bills go together to form a matrix which will lead to energy conservation. Part of this effort will be the amendment on the bill, H.R. 14231, which will be on the floor later this week. I hope everyone who hears this special order today or who reads it in the RECORD will help the people of this country to understand what the people of this country must do in reducing energy use in homes and by becoming more energy efficient in their use of energy in private vehicles, and so forth. This is where most of the energy in this country is used. If we can help the people of this country to understand what they must do, then we can move on to energy conservation.

Mr. DRINAN. I thank the gentleman for his comments.

Mr. Speaker, let me make a few final points; namely, concerning the potential for energy conservation in the residential and commercial sectors, transportation, and through resource recovery from municipal waste.

LOW-BUDGET TECHNOLOGIES

Even though the residential and commercial sectors are responsible for less than a fourth of our national energy consumption, it is an area where there is an enormous potential for energy savings at a low capital cost. In fact, sectorwide energy efficiency could be increased by as much as 30 to 35 percent in the short run, with a minimal investment, almost immediate payback, and no compromise of either comfort or normal commercial or domestic activity.

Particularly in the commercial sector, the American era of cheap energy supplies resulted in the construction of buildings with oversized heating and cooling capacities, inefficient temperature regulation, and which squander energy either on unused space or at inappropriate times of day. It is not unusual, for instance, to find large commercial buildings where warm office air is chilled to a very low temperature, and actually reheated to a more comfortable level—a process that needlessly multiplies energy use with no technical justification. This kind of energy waste may have been acceptable 5 or 10 years ago, but in light of our present situation it should not be tolerated.

It has been estimated that a 14-percent energy reduction could be attained almost immediately in commercial buildings, 30 percent added efficiency is possible through modification of existing structures and 50- to 80-percent improvements in energy efficiency possible in new ones. These approximations have been reinforced by actual conservation projects in the United States, including a recent program at Ohio State University which resulted in 36- and 61-percent consumption decreases for electricity and natural gas use respectively. The university's retrofit program—simply an assessment and restructuring of an existing physical plant—paid for itself in less than 8 months, and is typical of the type of careful, deliberate energy conservation strategies that must be encouraged in the commercial sector as a whole.

Mr. Speaker, the residential sector poses many similar energy-efficiency problems, but on a smaller scale and at a less complicated level. The Bureau of Standards estimates that 40 percent of the energy used to heat our homes is wasted, and at the same time it is estimated that fully 40 million American homes are improperly insulated. Despite the fact that ceiling insulation in a typical home costs only about $300 installed, and will pay for itself in a matter of 2 or 3 years at current fuel costs, only 7 percent of the American public believes that weatherstripping and insulation actually save energy. These attitudes must be systematically overcome if we are to reduce our fuel consumption in the residential sector.

The Energy Conservation Implementation Act, H.R. 12541, which I introduced in March of this year, would do a great deal to improve the energy-efficiency of the residential/commercial sector, and includes the establishment of an Energy Conservation Extension Service to "get the word out" and provide technical assistance to homeowners and businesses interested in conserving energy. Additionally, a program of interest subsidies for approved energy conservation investments would accelerate the implementation of many proven conservation techniques, and thus create a more immediate impact on reducing our national energy demand.

H.R. 14205 incorporates many similar provisions, including an extension service, loan subsidies for homeowners and small businesses, and ongoing research into more energy-efficient conservation technologies. Such an approach will result in greatly increased energy savings in the short run, centers on voluntary conservation and the economic viability of given approaches, and is deserving of enthusiastic congressional support.

A MATTER OF PLANNING

Mr. Speaker, although H.R. 14205 does not address itself to the transportation sector to the extent of previous conservation legislation considered by Congress, our consumption patterns in this area are particularly disturbing, and a few comments on the subject are in order. Fully 21 percent of our national energy budget in 1970 was devoted to automobiles, and by 1974 more than 2.2 billion barrels of crude oil equivalent were devoted to gasoline consumption alone. This figure, incidentally, is virtually equal to our current level of petroleum imports, and constitutes almost 40 percent of the oil-based energy consumption in the United States. Clearly, when we talk of saving energy in transportation and decreasing our dependence on foreign oil, we are talking about either increasing the efficiency or decreasing our dependence on the automobile.

The Energy Policy and Conservation Act of 1975—enacted by Congress last fall—served as a critical first step in this process by mandating a 58-percent increase in the overall fuel economy of American-produced cars. Unfortunately, this legislation only scratched the surface of the conservation issue in this sector, as evidenced by the fact that transportation in European countries requires as much as 53 percent less energy per passenger-mile than does the United States.

Despite the fact that commuter mass transit is between 2 and 3 times as energy-efficient as the automobile, currently only 14 percent of all American commuters rely on public transportation to get to work. Also, fully 68 percent of all auto commuters ride alone, even though doubling up with a neighbor would save each carpooler approximately $600 per year. With our energy situation 10 years from now a matter of serious doubt, it is indeed a wonder that we still tolerate insufficient or nonexistent mass transit is between 2 and 3 times as enefficient automobiles on our highways.

The Omnibus Energy Conservation Act—by establishing minimum standards and operational funding for State energy conservation programs—opens the door for development of alternative public policy approaches to encourage both carpooling and greater mass transit utilization. At the same time, the Federal Government must assume a more active role both in upgrading and expanding our urban systems, and funding research and development of electric cars and other economically viable alternative to the gasoline powered automobile.

Though it does not touch directly on the provisions of H.R. 14205 or my own energy legislation, I would also like to briefly acknowledge the needless misuse of energy in the freight transportation industry. In spite of the fact that rail freight is more than four times as trucking, more than half of the energy consumed within the industry is for trucks, which haul less than 20 percent of all American freight. Beyond question, the Federal Government must meet its obligation to improve the reliability of rail freight service, and to restore the industry to a more appropriately competitive economic position.

AN UNREALIZED POTENTIAL

Mr. Speaker, I would like to touch briefly on the subject of energy recovery from municipal waste; a form of conservation which has been granted less attention than it deserves at the Federal level. Our hundreds of million tons of collected solid waste—currently disposed of by cities and towns at a cost of several billion dollars per year—can actually be used to generate electricity, marketable fuels, and industrial process heat. By 1985, solid waste energy could provide for about 2 or 3 percent of our projected national energy requirements, or replace an amount of energy equivalent to about 400 million barrels of crude oil per year. Despite these considerable savings, and the successful demonstration of several of these advanced technologies, implementation of resource recovery in the United States has been painfully slow.

In response to this situation, I introduced the Solid Waste Energy and Resource Recovery Act almost 11 months ago. The bill, H.R. 12380, would establish a program of research, development and demonstration at the Federal level, as well as providing technical assistance and limited financial support to cities and towns interested in resource recovery. The expressions of support which this legislation has received since last July have been both impressive and encouraging.

A total of 95 Members of Congress have cosponsored H.R. 12380 to date, and the bill has also received the endorsement of the Sierra Club, Environmental Action, the American Iron and Steel Institute, and the National Association of Counties. The R.D. & D. provisions of the bill will be incorporated in the Commerce Committee's comprehensive solid waste bill, while the Subcommittee on Energy and the Environment has conducted hearings and will begin markup of this legislation within the next several weeks. I am optimistic that comprehensive solid waste legislation—including meaningful provisions to hasten the development and implementation of resource recovery—will be considered and enacted by Congress well before the end of this legislative session.

Though solid waste energy recovery is not directly affected by the provisions of the Omnibus Energy Conservation Act, it is important that we recognize and acknowledge the significant role which resource recovery must play in a comprehensive scheme of energy conservation in the United States. Municipal solid waste may be a valuable source of energy in the years ahead, and it is a resource which we simply cannot afford to ignore.

CONSERVATION: THE BEST OF MANY ALTERNATIVES

Mr. Speaker, despite the great potential for conservation which I have attempted to outline in my foregoing remarks, it is an area which has been granted increasing, but insufficient emphasis at the Federal level. The amount of Federal research and development moneys devoted to conservation versus new energy are contrasted in table II:

U.S. RESEARCH AND DEVELOPMENT COMMITMENTS:[1] CONSERVATION VERSUS NEW ENERGY

[Dollar amounts in millions; fiscal years]

	1975	Percent	1976	Percent	1977	Percent
R. & D.:						
Conservation	$22.3	2	$62.0	3.7	$92.9	4.1
New Energy	1,113.6	98	1,612.8	96.3	2,189.0	95.9

[1] Source: ERDA's Revised National Plan for Energy Research Development and Demonstration, April 1976.

In evaluating the appropriateness of our current budgetary commitments to energy conservation, it is imperative that we clearly understand the seriousness of our national energy situation, and the growing disparity between energy supply and demand in the United States. There is a limit to the amount of time that we can expect to purchase unlimited energy when we need it, and remain oblivious to the foreseeable consequences of "business as usual." One thing which we will learn as a nation in the next 10 years, Mr. Speaker, is that when it comes to energy, there is no such thing as a free lunch.

The lessons of the 1973 Arab oil embargo—however obvious—were never adequately learned. It is a fact of life that American energy consumption habits have returned to their wasteful and gluttonous best. Currently, our national energy demand is growing at a rate of about 2.8 percent; a level which will require literally 32 percent more energy in the next 10 years, and which will actually double our energy consumption by the year 2000. As much as we might like to divert our limited capital resources into development of conventional fuel sources, the production costs escalate by the hour, and the amounts of energy which we require are simply not there. It is about time that we, as a nation, put the brakes on our energy growth and started to make the cold and hard decisions necessary to assure both adequate energy sources and efficient energy use for the decades to come.

When we talk of conserving energy to set the stage for rational public policy decisions on energy use, we are not just talking about lowering thermostats and turning off extra lights, but about considerable capital investment and advanced technology. Our bygone era of cheap energy has brought us to the point where investment in conservation is often more economical than investment in new energy supplies, and where a concerted conservation effort might forestall significant growth in demand for as many as 10 years. As soon as we can bring ourselves to acknowledge the seriousness of our situation, we can begin to take the reasoned, but assertive steps necessary to achieve planned energy use in the United States.

As much as I appreciate the efforts which have already been undertaken in Congress—both to implement conservation practices and develop existing and alternative energy sources—we are still faced with an awesome responsibility. One of the first priorities on our legislative agenda should be a commitment to carefully assess and radically improve the overall efficiency of our national energy use. Enactment of a comprehensive energy use. Enactment of a comprehensive energy conservation bill during this session will mark a critical step in enabling us to chart the long-term energy needs of our Nation—a process which promises to be both a difficult and exciting one, and a responsibility which we must accept.

It would be dishonest to imply that a concerted energy conservation effort is any kind of comprehensive solution to our national energy problems, but it is clearly a realistic means of giving us the time necessary to anticipate and plan for our long-term energy future. It is my firm belief both that overall energy R. D. & D. must reflect a more significant emphasis on conservation technology, and that existing approaches to promote energy savings be implemented as rapidly as possible. In these respects, the Omnibus Energy Conservation Act is truly a responsive and greatly-needed element of our emerging national energy policy, and deserve favorable and immediate consideration by the 94th Congress.

GENERAL LEAVE

Mr. DRINAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the subject matter of my special order today.

The SPEAKER pro tempore (Mr. HALL). Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. DRINAN. Mr. Speaker, I will now yield the balance of my time to other interested Members of Congress for additional discussion on this vital national issue.

Mr. RICHMOND. Mr. Speaker, energy conservation is often disregarded by policymakers in calculating how to solve our Nation's energy crisis. Yet, conservation can make an enormous contribution in this area, and provide additional jobs as well. It is regrettable that a technology so beneficial is not more emphasized. The Energy Research and Development Administration's "National Plan for Energy Research, Development and Demonstration: Creating Energy Choices for the Future 1976," is a sign of the growing realization that conservation can provide immediate gains.

Recently, Mr. Skip Laitner of Public Citizen, presented a paper, entitled "The Impact of Solar and Conservation Technologies Upon Labor Demand," before the Conference on Energy Efficiency. In that paper he presented a revealing example of energy conservation and employment, and I would like to include an excerpt from his statement:

> AIR CONDITIONERS: A SPECIFIC EXAMPLE
>
> Improved efficiencies in air conditioners provide a useful example of how conservation can increase employment. Bruce Hannon, director of the Center for Advanced Computational Studies, Urbana, Illinois, has provided data which compare the total energy and labor intensities of 20 personal consumption

expenditures (PCE) for 1971. Selected items are listed in the table below:

TABLE 1—COMPARISON OF ENERGY/JOB INTENSITIES FOR PERSONAL CONSUMPTION EXPENDITURES PER CONSUMER DOLLAR SPENT

Activity	Energy Intensity Btu/$	Labor Intensity Jobs/$100,000
Electricity	502,500	4.4
Gasoline and oil	480,700	7.3
Cleaning preparation	78,100	7.3
Average for all personal consumption	70,000	8.0
Kitchen and Household appliances	58,700	5.5
Food purchases	41,100	8.5
Furniture	36,700	9.2
Women and children's clothing	33,100	10.0
Religious and welfare activity	27,800	8.6
Telephone and telegraph	19,000	5.9
Physicians	10,700	3.3

The purchase of electricity, as can be seen from looking at Table 1, has a low labor but high energy intensity. Manufacturing is toward the middle while services (e.g., education and medical care) has a low energy but high labor intensity. If, for example, money originally spent on energy to operate an air conditioner were instead invested in better materials and labor (i.e., a more efficient air conditioner) total electrical demand would be decreased while increasing total labor demand as measured per dollar spent by the consumer.

Air conditioners vary widely in their efficient use of energy. The measure of efficiency, called the "energy efficiency ratio" or EER, is obtained by dividing the electric power requirement in watts into the Btu cooling capacity; the resulting number is usually in the range of 5 to 12 Btu/watt-hour. Systems with higher EER's are more efficient since they require less energy to perform the same work. Below is a second table listing two air conditioners with the same cooling capacity but different EER's.

TABLE 2—AIR CONDITIONER EFFICIENCY COMPARISON

	High Efficiency Model	Low Efficiency Model
Btu	14,000	14,000
Energy Requirement (watts)	1,380	2,760
Energy Efficiency Ratio (EER)	10	5
Initial price	$400	$250
Cost of one summer operation at 4¢ per Kwh	$55.20	$110.40

NOTE: It is assumed that each air conditioner will operate for about 1,000 hours creating a power demand for the summer of 1,380 and 2,760 kilowatt-hours (Kwh), respectively.

SOURCE: Association of Home Appliance Manufacturers Directory, Chicago, Illinois, April 1975.

Based on the costs listed in Table 2 and referring to Table 1 as a guide to labor intensities, we can determine what the relative labor demand would be if 1,000 units of both the high efficiency model and the low efficiency model were purchased.

TABLE 3.—COMPARISON OF LABOR INTENSITIES FOR AIR CONDITIONERS FOR ONE YEAR OF OPERATION

1,000 HIGH-EFFICIENCY UNITS

Appliance purchase: $400,000×5.5 jobs/22 jobs=$100,000.

Electrical purchase: $55,200×4.4 jobs/2.4=$100,000.

Total, 24.4 jobs.

1,000 LOW-EFFICIENCY UNITS

$280,000×5.5/15.4=$100,000.

$110,000×4.4/4.9=$100,000.

Total, 20.3 jobs.

NOTE.—For appliances, based on Table 1, the job intensity is 5.5 persons for each $100,000 spent; for electrical purchases the figure is 4.4 persons. The above calculations yield the resulting job totals for each 1,000 units purchased.

At the end of one cooling year the 1,000 high-efficiency models would create 24.4 jobs but only 20.3 jobs for the low-efficiency models. But starting with the second year, money is spent only for electricity—the higher rate of energy consumption for the inefficient air conditioner means a slightly higher job intensity by the end of the third year. This is because the owner of the high-efficiency model is using money saved from reduced electric bills in the first three years to pay off the higher initial cost of the unit and makes no other purchases that might pay for jobs. In the fourth year, the savings accrued from the efficient model is likely to be reinvested into other consumer activities such as purchase of clothes, food and furniture. These activities are more labor intensive (less energy intensive) than electricity so that the 1,000 owners of the high-efficient units will be again creating a higher demand for labor as well as saving a large amount of energy (see table 4).

TABLE 4—COMPARISON OF LABOR DEMANDS CREATED BY 5-YEAR OPERATION OF AIR CONDITIONERS

	1,000 high-efficiency units	1,000 low-efficiency units
1st year (from table 3) (jobs)	24.4	20.3
2d year electricity purchase	2.4	4.9
Subtotal	26.8	25.2
3d year electricity	2.4	4.9
Subtotal	29.2	30.1
4th year electricity	2.4	4.9
Other PCE*	4.4	0.0
Subtotal	36.0	34.6
5th year electricity	2.4	4.9
Other PCE	4.4	0.0
Total for 5 years (jobs)	42.8	39.5

*From table 1 we see that the average labor intensities for all Personal Consumption Expenditures (PCE) is 8 jobs per $100,000. With the $55,200 saved by the owners of the high-efficiency units, total jobs demand=$55,200 ×8÷$10^5$ or 4.42 jobs.

At the end of a five-year period then, the more efficient air conditioners would have paid for 3.3 more jobs than the more wasteful units. This analysis provides a clearer understanding of how conservation strategies can be more job intensive.

The example clearly shows the employment benefits of the high efficiency units which would also have saved 6,900,000 kilowatt-hours of electricity. Those 6,900,000 kilowatt-hours would have otherwise had to have been generated by 1,724 tons of oil, and would have cost consumers $276,000.

More conservation can mean more jobs, increased energy availability, and consumer savings. It does not connotate a reduction in our standard of living. What it means, however, is that our Nation will lessen its dependence on the whims of other countries, thereby enabling each American to determine his or her own lifestyle. I will continue to support efforts to fund research, and more importantly, demonstrations and incentives for this vital technology.

Mr. MAZZOLI. Mr. Speaker, since queues of automobiles at our Nation's gasoline pumps have vanished, Americans have tended to look on the shortage of energy in 1974 as a bad dream, not to become a recurrent nightmare. One need only travel on any interstate highway to see the majority of cars whizzing by in excess of 55 miles per hour. Experts, however, remind us that the worst is yet to come if we do not conserve the precious energy we have and explore new sources to tap.

Considering the outcry against gasoline rationing in 1974, the most plausible way to encourage conservation presently would be not to restrict the profligate but to reward the conscientious consumer.

The Energy Conservation and Conversion Act (H.R. 6860) and the Tax Reform Act (H.R. 10612) recognize that the carrot rather than the stick may be the immediate answer to the short-term energy problem.

Last June the House passed H.R. 6860. The Tax Reform Act, that incorporates portions of H.R. 6860, is now on the Senate floor. Both would allow an income tax credit for expenditures, such as insulation, to conserve energy in homes and businesses.

The Federal Energy Administration estimates that about a half million barrels of oil per day could be saved if only a fraction of the Nation's single family dwellings contained insulation and storm windows. About 3.4 million barrels of oil per day are now used by America's 57 million housing units for heating and cooling. Therefore, oil consumption could be reduced by almost 15 percent.

Critics may call these measures "stopgap"—that we really need a viable alternative to petroleum to meet our future energy needs. Indeed, legislation has been introduced that is more concerned with research and development than with conservation.

For example, H.R. 1109 authorizes research and development by the Energy Research and Development Administration of an alternative propulsion system. H.R. 1283 encourages discovery of alternative fuels. Similarly, H.R. 12112 guarantees loans to inventors of synthetic fuels.

But, in the meantime, if and before we find a substitute for petroleum, Americans, encouraged by favorable legislation, should master the judicious husbanding of energy now in use.

There is not a simple answer to the

complex energy question. By keeping energy conservation policies in mind in legislation not directly related to energy, such as taxation, Congress is rendering this country a great service.

As long as Congress, in its legislation, fosters a "waste not, want not" policy, the Nation should follow suit.

Mr. McCLORY. Mr. Speaker, since the fall and winter of 1973, when long lines at service stations introduced a new concept to American life, we have heard continual discussion of the need to achieve energy independence. For the first extended period in our history, we find ourselves operating in a situation of scarcity, rather than abundance. Both the idea and the reality are still new to us.

Without straining the Bicentennial analogy too much, one might say we are in a revolutionary situation. And how have we responded? As the Members of the House are well aware, we are now importing a higher percentage of our petroleum needs than we were at the time of the Arab embargo. This is plainly a crooked path to energy independence, and one that has been sadly obstructed by a variety of political pitfalls.

But without getting into the troublesome debate as to whether we should regulate more or less, we should all agree on the need to mobilize public participation in conserving energy. Studies from a variety of sources have indicated that conservation can significantly reduce our energy requirements, and thus our reliance on foreign suppliers. In other words, conservation is a tangible, noncontroversial, and vital step we can take toward energy independence. It is abundantly clear to all of us that we can no longer afford to waste energy in the profligate style of the past.

The public, perhaps made skeptical by the brief duration of the first "energy crisis," has not yet accepted the need for widespread conservation. It is up to us, as elected officials, to lead public opinion in this regard, both by raising our voices in forums such as this and in our own congressional districts, and by creative application of the legislative process to this critical issue. By enacting meaningful incentives to conservation, we can encourage the American people to save their gasoline, electricity, and other precious energy sources.

Mr. Speaker, the task that faces us will be difficult. Industrialization in the developing world adds another new dimension to the situation. In a time when energy is scarce, competition for energy is intensifying to an unprecedented level. The objectives we seek are as critical as those of 1776, and our success must equal that of the Founding Fathers. For energy is perhaps the most important issue facing us today, the single commodity that can determine our continued leadership in the world, and guarantee the political and economic independence of the Nation founded in the midst of a different sort of revolution 200 years ago.

Ms. ABZUG. Mr. Speaker, I welcome this opportunity to express my support for the Omnibus Energy Conservation Act (H.R. 14205).

In the past few years, there has been a growing appreciation in Congress of the vital role of conservation in achieving a sensible national energy policy. But our actions have lagged behind our understanding. The conservation measures that we have enacted have been helpful, but they have failed to impress upon the country the opportunities presented by a major commitment to conservation. I am hopeful that the growing interest and support for this measure will contribute to this needed national awareness.

It is estimated that our current transportation, heating and cooling, and industrial processes waste up to half of our energy resources. Thus, even the slightest increment in effiicency can make a major difference to our energy needs. Better automobile mileage and more efficient heating systems can substantially reduce our reliance on imported oil and gas.

Conservation is even more crucial in electric power. Virtually unnoticed in all the talk of the need for more generating capacity is the fact that it is generally only the peak load which require's expansion. During most hours of the day and during much of every year, our electric generating facilities have sufficient capacity. If the peak demand can be reduced, the need for new powerplants can largely be avoided. This can be done in several ways.

First, for several years Congress has had before it, and should be taking action upon, a proposal for a national power grid. The grid could provide substantial economies by taking advantage of the disparities in demand for power by different regions, different climates, and different time zones.

Second, numerous States, including my own, are considering new rate systems that encourage shifting use of major electric appliances during nonpeak hours. This would smooth out demand and reduce the need for new facilities.

In addition to these approaches are the methods embodied in H.R. 14205. They include innovative mechanisms to provide loans for conservation retrofitting of existing and new residential and commercial buildings, means to encourage statewide energy plans, provisions for energy efficiency standards for new construction and equipment, and a series of research institutes and demonstrator projects. Passage of this measure would enable us to use our resources rationally, while requiring no decline in our standard of living.

I am encouraged that we are now considering a comprehensive measure that would begin to extend to local governments and individuals for conservation programs some of the incentives and resources that have in the past gone mostly to the oil and nuclear industry. Simultaneously we are increasing the commitment of ERDA to research in new energy sources—not as much as I would like, but still better than in previous years.

With this kind of reorientation of our priorities, we can begin to reduce our reliance on oil, coal, and, especially, on nuclear power. In New York, we currently have five atomic power plants. Unless we can prove that our future energy needs will decline, or that we have the prospect of other means of generating electricity, we will find ourselves with nine additional nuclear plants in the coming years. Nationally, 180 new plants are planned or under construction. By the year 2000, we may be saddled with 450–800 atomic plants. Yet the controversies continue over many unresolved problems, including the overall safety hazards of atomic plants, and the lack of solutions for long-term storage of nuclear wastes. As long as these questions are not resolved, and the utilities and atomic power industry continue to win the public relations battle, conservation will be a crucial determinant in the energy future of our country.

Many questions are involved in the debate over atomic power. One of the crucial issues is jobs. People are only now beginning to realize that atomic power is highly capital intensive, providing fewer jobs than virtually any other energy source.

In this regard, I would like to call to the attention of my colleagues the analysis of the implications of conservation prepared last month by the New York State Legislative Commission on Energy Systems. The committee calculates that an investment of $315 is needed for individual housing units in the heating, ventilating and airconditioning systems to save 1 kilowatt of load—an average of 14.4 kilowatt hours per day. This outlay would pay itself back in about 1 year, given the electricity costs of 6 cents per kilowatt hour that prevail in some areas of New York State. On a 30-year cycle, spending $300/kilowatt in conservation outlays would generate 12,000 worker years of employment. This is only slightly less than the employment generated by the 1,000-megawatt nuclear plant that would be required to provide this amount of energy. Moreover, if the initial capital costs for a nuclear plant are considered, their $1,000 per kilowatt cost is three times the investment in conservation techniques. So the same employment benefit would result, with the added bonus of tremendous savings in energy expenditures. The amount needed for major alterations to existing buildings and industrial facilities is estimated at $900 per kilowatt. This level of expenditure would result in 40,000 worker-years of jobs, almost three times that produced by a 1,000-megawatt nuclear plant. As the investment per conserved kilowatt increases, so does employment. Conservation of energy increases employment, it does not reduce it.

The Omnibus Energy Conservation Act provides an important national commitment to conservation. It properly recognizes that conservation is not a matter for individual decision. Ultimately, energy is saved in business, in industry, and by individuals—but it will happen on a large scale only as a result of national policies. With the passage of this bill, we will, at long last give conservation the attention it deserves.

Mr. McCORMACK. Mr. Speaker, in the aftermath of the Arab embargo with the attendant OPEC cartel actions and the curtailment of natural gas supplies in recent years, the words "energy conservation" have assumed a position of prominence in the lexicon of the Congress and of Government officials. Indeed, it is proper that these words should be on the lips of everyone concerned about the energy future, and hence the actual future, of this Nation.

Through energy conservation, this country can take a major step to minimize our future dependence on foreign sources of energy. This dependence threatens our national security and creates strong pressure on our economy through the balance-of-payments deficits in our trade with foreign countries. Historically, we have experienced an annual growth rate in energy consumption of about 3.5 percent. In the period from 1965 to 1973 this growth rate was about 4.5 percent. The Ford Foundation energy policy project estimated that through spartan measures to conserve energy, we might be able to reduce the annual growth rate to about 2 percent without causing adverse effects on the vitality of our economy. However, the projected large increases in population due to marriages among children of people born in the immediate post-war period and the national goal of increasing the standard of living of the very poor will limit the degree to which we can restrict growth in energy consumption. Hence, even with a major effort toward energy growth we will double our current energy consumption in about 35 years.

This is not to say that energy conservation is pointless. Quite to the contrary, it is one of the few options, along with coal and nuclear energy, which we have in the near and mid-term—10 to 25 years—to reduce our consumption of petroleum and natural gas. With an aggressive energy conservation program we can buy the time necessary to develop and commercialize the longer range sources of energy supplies—solar, breeder, and fusion energy for generation of electricity.

It is important to clarify what is meant by the word "energy conservation." In the lexicon of some people the words mean do without or with less. Steps, such as driving less or turning down the thermostat, are clearly conserving in this parlance. These actions require some change in lifestyle by energy consumers everywhere—individuals and business alike. This approach to energy conservation meets with a certain amount of understandable resistance to change, except where economic conditions dictate reduced energy use. Many proposals have been made to deregulate natural gas and petroleum prices to create economic constraints on energy consumption. While these measures may well prove to be necessary in the near future, they will certainly not prove popular, especially with the poor and the fixed-income segments of our society.

A second definition of energy conservation is to conserve scarce resources, such as petroleum and natural gas, by substitution of renewable resources, such as solar heating and cooling, geothermal, and bioconversion of waste. This is indeed a promising approach to conservation of our depletable resources. In fact, over the next 10 to 15 years, we may be able to achieve 1 million barrels of oil equivalent per day each from solar heating and cooling and from urban waste reprocessing. This would certainly be a welcome addition to our energy supply, but it would not keep pace with our energy growth at a 2 percent per year rate. Hence, other measures for saving or supplying energy will be required to prevent increased use of petroleum and natural gas.

The third method to achieve energy conservation is through improvements in the ways in which we use energy. Stated differently, we must find ways to use our energy more efficiently and eliminate wasteful designs in our homes, our industry, and tour transportation.

The topic of energy conservation is not new to the Science and Technology Committee. On June 19 and July 10, 11, and 12, 1973, a series of joint hearings, which was conducted by the Conservation and Natural Resources Subcommittee of the Committee on Government operations and the Energy Subcommittee of the Committee on Science and Astronautics, provided a comprehensive overview of the potential for energy conservation. After an analysis of the record for the joint hearings, a report entitled "Conservation and Efficient Use of Energy" (serial AA) was issued by the House Science and Astronautics Committee on December 18, 1974.

The most important conclusions of that report were that by 1980 the compounded rate of energy growth must be reduced to 2 percent annually through energy conservation, and that a comprehensive, long-term effort to utilize energy more efficiently would be required to achieve this goal.

The recommendations for Federal agency actions to enhance energy conservation included: A review of taxation policy; the administration of laws; and the revision of regulations on procurement, lease, loan, grant and subsidy programs. Within the narrower confines of the energy conservation technologies, the report recommended placing higher priority on research, development, and demonstration programs to achieve more energy efficiency in buildings, industrial processes and transportation systems. During its consideration of the ERDA authorization bill this year and last, this Subcommittee on Energy Research, Development, and Demonstration fully adopted that recommendation with regard to the ERDA conservation program.

Last year, the subcommittee recommended and the Committee on Science and Technology and the House adopted increases in the level of funding for conservation R. & D. programs from the Presidential request of $36.7 million total to $121.4 million; including $12.1 million for electric power transmission, $23.5 million for advanced transportation systems, $28.2 million for energy storage systems, $53 million for end use energy conservation, and $4.5 million for improved conversion efficiency.

Again this year the part of the ERDA budget which received the most dramatic increase by the Committee on Science and Technology was energy conservation research, development and demonstration. The ERDA request of $120 million for fiscal year 1976 was increased to $202.5 million. This represents an increase of $82.5 million. This increased funding as authorized by the House would permit ERDA to expand its energy conservation program in order to develop the new energy conservation technologies which we need today and in the future.

The major components of the ERDA energy conservation program are electric energy systems, energy storage, conservation, buildings conservation, industry conservation, and improved conversion efficiency. Two new programs added to the ERDA conservation program by the action of the House are the energy extension service and a price support program in municipal solid waste reprocessing.

Committee involvement with the ERDA authorization bills have not been the only actions of the Committee on Science and Technology on research and development legislation related to energy conservation.

In June 1975 the Subcommittee on Energy Research, Development, and Demonstration held exhaustive hearings on electric vehicles and the needs for a Federal research, development, and demonstration program related to improving them. As a result H.R. 8800 was reported from the Committee on Science and Technology and passed by the House on September 5, 1975 by a vote of 308–60.

The Electric Vehicle Research, Development, and Demonstration Act of 1975 (H.R. 8800), which has now passed the House and Senate, establishes a 5-year, $160 million program for research, development, and demonstration for electric vehicles under the Energy Research and Development Administration. The primary goal of this project will be to demonstrate the feasibility of electric vehicles, including the evaluation and demonstration of more than 7,500 vehicles over the next 5 years.

I should like to address some of the underlying reasons that we need such a research, development, and demonstration program. Transportation now accounts for about 50 percent of our petroleum use, and more than one-third of our petroleum is imported. It also seems likely that we will simply run out of petroleum by the end of this century. By using electric vehicles we can replace this imported petroleum with electricity produced from nuclear energy, coal, solar, or geothermal sources. We will at the same time dampen the flow of petrodollars and develop the technology and economic infrastructure for a new personal transportation system in this country.

In addition to conserving liquid fuels, electric vehicles can make a significant impact on air and noise pollution. The extremely complicated job of controlling millions of moving internal combustion engines—present sources of pollution—in a single city can be transferred to the more tractable problem of controlling and monitoring emissions from a few electric generating plants.

The initial objective of this legislation is to develop "second" cars for our citizens and specialized delivery vans for businesses and government agencies. In fact, a recent—1974—EPA study indicates that nearly 98 percent of daily driving of second cars could be met by an electric vehicle utilizing a single daily battery charge. The same EPA report entitled "Impact of Future Use of Electric Cars in the Los Angeles Region" also has significant calculations of potential oil savings.

Electric vehicles have the potential of energy conservation on short trips and in heavy traffic, because electric vehicles do not require energy when they are not moving and are relatively more efficient than internal combustion engines at very low speeds. I would also like to emphasize that since electric vehicles are normally charged during the night, this off-peak use of electricity actually increases the efficiency of our electric utility system.

These are some of the reasons that a Federal program in electric vehicle development is necessary and desirable. However, the electric vehicle may not prove to be the total answer to the automobile propelled by an internal combustion engine.

Fortunately there are other alternatives which we can and must consider. The Subcommittee on Energy Research, Development, and Demonstration held hearings on and reported a bill this spring which establishes within the ERDA a more aggressive alternative engines program. The bill, H.R. 13655, as approved by the House on June 3, 1976, is now in conference with the Senate version and a conference bill is expected to be reported in the near future.

This establishes as national policy vigorous pursuit of alternative automobile powerplants for upgrading the personal transportation system of this country. It mandates a research and development program aimed at improving and creating alternatives to today's internal combustion engine. These new engines hold promise to be significantly more efficient in terms of energy use; they will burn a broad variety of fuels so that our dependence on petroleum-refined fuels would be cut; and they will operate cleaner thus eliminating the degrading emissions of current engines that blighted our environment and impaired our health.

The automobile and associated industries are a significant part of the American economy. One out of every six or seven jobs is related to the automobile, and motor vehicles and related industries account for about one-sixth of the gross national product. The personal transportation system in this country is second to none, and citizens move about the country with an ease and abandon now taken for granted. The car permit total freedom in the determination of when and where a person goes. The economic health and national security of our Nation are closely tied to our highway transportation system.

The evolution of the American car has occurred in a period highlighted by the use of vast sources of artificially cheap energy and in a period when, seemingly, the atmosphere was considered as a dumping ground that could absorb pollutants without limit. However, as Americans have come to realize the need to live in harmony with the Earth and its resources, they have realized that the average automobile as it has evolved is needlessly inefficient. Furthermore, the extensive use of these cars is recognized as delivering a significant polluting insult to the Earth's atmosphere—an insult which is passed on to the health of the American people.

The need for change is recognized by every thoughtful person. The Congress has mandated clean air standards, and the industry response has been the development and implementation of catalytic converters—a move which has required the investment of billions of dollars, but a move which has led to only partial solutions.

A significant improvement to fuel economy can be achieved through changes to the automobile itself—such as weight reduction and transmission improvements. Fuel reductions of 25 to 45 percent are possible, depending on car size and the industry is proceeding to effect some of these changes—partly in response to the fuel economy standards mandated by this Congress.

However, there are alternatives which appear to be superior. With refinements expected from research and development, alternative engines such as the Stirling—Brayton—turbine, or diesel are projected to be significantly better from the standpoint of the efficiency versus emissions than the internal combustion engine. The aim of this legislation is to provide a vigorous program for the research and development needed to make these alternatives a reality.

Now, let me outline a bit more quantitatively what alternate engines should do for us:

First, these engines are projected to be from 24 to 32 percent more efficient than the conventional internal combustion engines as improved in any way now known. They can use a broad variety of fuels.

Second, three of these alternative engines have already been shown in preliminary versions to meet the strictest mandated standards for emissions of 0.4 grams per mile hydrocarbons, 3.4 grams per mile carbon monoxide, and 0.41 grams per mile oxides of nitrogen. You are aware that the industry persists in asking to have these standards postponed for the standard spark ignited internal combustion engine. Furthermore, these advanced engines are projected to be a factor of several times better than required by these strictest mandated standards.

And third, care using these advanced engines are projected to save money to the owners. The initial car may cost up to $200 or $300 more, but the overall cost to the first owner will be up to $850 less.

The Committee on Science and Technology is also cognizant of the need to insure that individual homeowners and businessmen, be able to receive answers and help in their efforts to find more energy-efficient ways to maintain their homes or to operate their businesses. Last year the committe directed ERDA to explore the possibility of establishing an energy extension service to promote the dissemination of information and advice on energy conservation measures which individuals and companies might take resulting from new technology. This year the committee recommended funding of $10 million for an Energy Extension Service in fiscal year 1977 which will provide support for completion of the ERDA demonstration program begun in fiscal year 1976, and for formulation and possible initial implementation of the final concept in the latter part of fiscal year 1977.

A national energy progam must deal with day-to-day individual energy problems. This is true for implementing energy conservation and new technology programs as well as for making decisions. Inasmuch as the ERDA will represent the major Federal energy research and development effort in the years to come, it is essential that the means be established now to enable the ERDA to create a public awareness of these efforts and to provide advisory services as a way of assuring the dissemination of information and knowledge to industry, Government and the public on energy technologies.

The committee feels that an energy extension service could fulfill this need in much the same way that the present Agricultural Extension Service has fulfilled the need in agriculture or the seagrant college program in marine advisory services.

To insure that the structure of the Energy Extension Service is responsive to the need, the Subcommittee on Energy Research, Development, and Demonstration held hearings on a bill introduced by Congressman THORNTON. Based on these extensive hearings the committee has ordered reported H.R. 13767 to establish with ERDA an Energy Extension Service which will utilize existing State and local government mechanisms to disseminate energy conservation information to homeowners and companies.

Another major component of the legislative package of the Committee on Science and Technology dealing with energy conservation is H.R. 12112, a bill establishing a program of loan guarantees for the demonstration of new energy technologies including renewable resources, such as solar, geothermal, and urban waste reprocessing as well as energy-efficient industrial equipment. There are many municipalities and private firms who would like to proceed with urban waste conversion projects, but cannot because of reluctance in the part of many potential financers. This bill would provide the minimum assistance necessary to get these important projects started.

The U.S. Bureau of Mines estimates that 330 million tons of residential and commercial waste were generated in the United States in 1975, of which 243 million tons were regularly collected, presenting municipalities, regions, and private operators with serious disposal problems. The U.S. Bureau of Mines estimates that the total waste generated in the United States will reach 420 million tons by 1980, up by 25 percent from the 1975 total.

Methods such as landfill currently used to cope with the mounting volume of solid waste present municipalities with escalating costs. As urban areas naturally expand in size, landfill constitutes the misuse of an increasingly scarce and valuable resource—undeveloped land. Energy from waste facilities will bring stability to waste disposal costs and will minimize the need to dump refuse in ever more distant and environmentally restricted landfill sites.

Energy from waste systems generate 6 million Btu's for every 1 million Btu's consumed. For every ton of urban waste there is an equivalent Btu value of 2.1 barrels of oil in recovered fuel and other materials. Therefore, if 55 percent of the total waste generated were recovered, a reasonable goal for today's technology, the Nation would save more than 1.1 million barrels of oil a day or between 25 to 30 percent of the total savings set by President Ford as the Nation's energy independence goal, according to committee testimony.

However, to get started the industry has stated that they are not in a position to finance the projects themselves. Furthermore, the municipalities who would be the purchasers of these waste recovery systems face severe financial burdens which place restrictions on their ability or willingness to finance new construction. Some municipalities no longer have sufficient credit standing to raise any meaningful amounts of long-term debt. Therefore, a loan guarantee to these interested municipalities or industries would significantly improve their position to develop these vital projects.

With regard to industrial energy efficient equipment, there are many projects that could significantly increase the efficiency of our industrial economy, but are not now attractive for financial reasons. In a study which was being done for the FEA, the conclusion was that there exists in principle the opportunity to generate over 34 percent of all the Nation's electricity by recovering waste heat and by using combined cycles to simultaneously generate process steam electricity. This potential is very impressive and should be attractive to industry. However, most industries are faced with significant capital shortages so that the return they require from discretionary investments, those which have a direct bearing on their competitive position, is significantly higher than the return they require on investments that are central to their own business. These barriers to adoption of industrial energy efficient equipment can best be met by a loan guarantee program to reduce the return that the businessman must see before he can justify adoption of these new technologies to his operations.

The latest legislative proposal to address research, development, and demonstration in energy conservation in buildings in H.R. 14290, introduced by Congressman GINN and me. This bill is intended to reduce energy consumption in the space heating and air conditioning of buildings which currently accounts for more than 20 percent of our total energy use.

The bill is divided into two titles. Title I includes the research, development and demonstration of energy conservation systems for buildings to be carried out by the Energy Research and Development Administration—ERDA. Within this mandate, the ERDA will devise methods to calculate the life-cycle capital and operating costs relating to energy consumption for buildings. The ERDA will also develop new or improved energy technologies and will participate in the preliminary design of selected existing Federal buildings to assure the inclusion of both the new or improved technologies and the use of the new cost calculation methods. In addition, the ERDA, in consultation with the Department of Health, Education, and Welfare will be responsible for developing educational materials and opportunities for training engineering and building management students in the use of the new cost analysis methods for fuels and energy in utilizing energy conservation and total energy system technologies in both building construction and renovation. For the fiscal year ending September of 1977, $12,000,000 has been authorized to carry out this portion of the legislation.

Title II gives the General Services Administration the overall responsibility for promoting increased efficiency of fuel and energy utilization in Federal buildings through the use of the new or improved technologies. Twenty-five million dollars has been earmarked to finance the GSA portion of the legislation.

Through these legislative initiatives the Committee on Science and Technology has demonstrated strong leadership for the House in promoting research and development related to energy conservation. In its actions to date the House has concurred overwhelmingly in the need for such legislation. However, all of these intiatives will come to nought if funds are not appropriated so that the ERDA can carry out these congressional directives. It is ironic that while the House and Senate have voted overwhelmingly to authorize several major new initiatives in energy conservation within the ERDA, the House Appropriations Subcommittee on Interior has recommended in the end-use energy conservation areas a funding level which matches the OMB request.

It is in this context that I have decided to offer on Friday, June 25, an amendment to the Interior appropriations bill, H.R. 14231. My amendment will add $67.5 million to the appropriations for the ERDA end use energy conservation program increasing the total funding to match the authorization level as adopted by the House in the ERDA Authorization bill on May 20, 1976.

These additional funds are vital to carry out an aggressive program of energy conservation research, development, demonstration, education and information dissemination. The end-use energy conservation activities include programs in buildings, industrial, and transportation energy conserving technologies as well as methods for improving the conversion efficiency in energy use. The $67.5 million increase will be used to augment projects in total energy systems, urban waste reprocessing to recycle valuable materials, electric vehicles, alternative propulsion systems for automobiles, fuel cells, bottoming cycles, and many other activities described in the report on the ERDA authorization (House Report 94–1081, part II). The increase will also initiate activities for buildings standards, an energy extension service, and price supports for fuels and energy-intensive products from urban waste reprocessing. These programs cannot function without adequate funding.

The Appropriations Subcommittee recommendation is simply not high enough to provide for the extensive programs required. I feel that the authorization level supported overwhelmingly by the Subcommittee on Energy Reserach, Development, and Demonstration, the full Committee on Science and Technology, and the House of Representatives is fully justified. This level was predicated upon a careful review of the ERDA program, as proposed to the OMB, and I sincerely believe this funding level is necessary if ERDA is to conduct a program which can be truly effective.

I urge the support of the other Members of the Congress for this amendment when the Interior appropriations bill is considered.

Mr. O'NEILL. Mr. Speaker, energy conservation may well be the single most unjustly overlooked need on which Congress is in a position to act. So I commend my colleague from Massachusetts (Mr. DRINAN) for taking time for this special order.

I know that it is for the same reason, namely to focus attention on the importance of legislation to encourage energy conservation, that Mr. DRINAN joined with me and a number of other Members in introducing the Omnibus Energy Conservation Act.

According to an estimate by the American Institute of Architects, an investment in conservation saves twice the amount of energy as the same investment in expanded production. Yet, virtually all the talk and money in the energy sector relate to expanding production.

Certainly the time has come for reliable information about energy conservation, for organized conservation programs, for serious research into conservation technologies, and for the necessary financing.

I commend H.R. 14205, the Omnibus Energy Conservation Act, to my colleagues as one sensible approach to conservation. More importantly, I commend conservation to you as the most sensible approach to our energy problem.

Mr. TEAGUE. Mr. Speaker, America has always had the good fortune to develop and expand with little or no concern for limited land and resources. By virtue of our size and the endowment of our many and varied resources we have, in the short span of 200 years, steamrolled into the most technologically advanced nation in the world today. We have always had more land, timber, water, oil and coal than we could use and we easily fell into somewhat wasteful habits.

As early as colonial times Americans were burning their forests because it was the fastest way to clear the land for other uses.

Long-established patterns are hard to break, and today with the hard facts of our finite supplies of oil and natural gas and limited water supply in many parts of the Nation we are still prone to run our cars at excessive speeds, overheat our homes and let our water supply drain away through improper use.

The habit of wasting our energy and resources has not, until the recent Arab oil embargo, placed any stress or burden on either individuals or industry in this country.

Our meager history of conservation legislation has made this all too clear. It was not until the early 1900's that a major public figure advocated any serious conservation measures. Theodore Roosevelt waged a campaign for conservation almost singlehandedly. Most Americans, public and private, viewed his concerns as eccentric and exaggerated and proceeded in their well-established patterns of waste.

Today with the ominous realities of energy shortages and ever-increasing imports we have been reluctant to accept the necessity for conservation.

A recent study conducted by Lee Schipper, an energy information specialist at the University of California at Berkeley, revealed that Sweden, which has virtually the same per capita gross national product as the United States, uses 45 percent less energy than America. The study which was partly funded by the Energy Research and Development Administration concluded that a considerable portion of this lower consumption per capita is directly attributed to Sweden's more efficient use of its energy.

This is substantial confirmation that, as a Nation, we can conserve energy and still maintain the stability of our economy and our present standard of living.

The study also indicates that we can conserve without injury to our basic economic conditions, by adopting changes in our attitudes, our lifestyles, and our industrial production.

Swedish automobiles average 24 miles per gallon while American automobile manufacturers are still trying to push their mileage per gallon out of the teens. Mass transit comprises 40 percent of Swedish urban travel while it comprised only 2.5 percent of ours in 1973. The Swedes make extensive use of railroad travel while our passenger railroad use has experienced a steady decline.

Translating this into fuel saving in the United States based on more efficient cars and an altered mode of car usage we could reduce our total energy consumption by about 12 percent—or 2 million barrels of oil per day.

Homes in Sweden consume only half the fuel for heating per square foot—adjusted for climate—as in this country. More substantial installation, better ventilation, and tighter construction account for these savings.

Energy intensive industries in Sweden are using less energy than our related industries. Manufacturers have always had to pay close attention to energy saving because coal and oil have never been cheap there.

It has not been just the marketplace cost of energy and energy-using products that has stimulated the energy conscience of Swedes; it has also been the constant cooperation between the public, industry, and government to promote efficient energy use.

It is time that America take notice of what can be done. The Committee on Science and Technology has spearheaded efforts for conservation legislation in the 94th Congress. We have introduced an automotive research and development bill which is now in conference. This bill would provide funds to develop alternative propulsion systems for automobiles, that would use a variety of fuels with greater efficiency.

The electric vehicle bill, also in conference, authorizes money to demonstrate commercial feasibility of electric vehicles and promote their use as alternatives to the high-polluting, heavy-petroleum-using gasoline-powered engines.

Legislation to provide loan guarantees for demonstration of new energy technologies, including provisions for urban waste conversion to produce energy and recycle valuable materials and for energy conserving industrial technologies has been reported out of our committee.

Both the fiscal year 1976 ERDA authorization, which is now law, and the fiscal year 1977 ERDA authorization, which has passed the House, include funds for research and development on energy cconservation totaling over $300 million.

Within the fiscal year 1977 ERDA authorization $10,000,000 has been earmarked to begin an "energy conservation extension service" designed to promote the acceptance of new and existing means to improve the efficiency of energy usage. It is particularly important for the Federal Government to provide leadership and person-to-person assistance in helping individuals, businesses, States, and local governments in their efforts to adopt new energy saving systems and practices.

We envision this new service will provide consumers, businesses, and institutions with information on improved insulation, the availability and viability of solar heating and cooling systems, waste conversion for energy use and any number of simple and practical energy conserving possibilities.

It will only be through the persistent efforts of both public and private sectors in cooperation with each other that we can raise the conscience of every American to conserve the precious resources we have. Wise and economical use of our energy can only benefit present generations and insure future generations the security and comforts we have always known.

Mrs. KEYS. Mr. Speaker, a great deal of time and effort has been devoted by every Member of the 94th Congress, by all legislative committees which have any portion of energy jurisdiction, by the administration, and by many interested citizens themselves in gaining an understanding of our immediate and long-range energy problems. I believe we have clearly identified that our immediate problems are greatly aggravated by the necessity of importing large amounts of oil at an extremely high cost. As a matter of fact, the third week in March we imported more petroleum than ever before in our history, at the level of somewhat more than we produced that week. This is a first that is not exactly pleasant for us to face. Our long-range problem is easy to recognize. We are using up fossil fuels on which we have been relying as the basis of our energy supply at an alarming rate and much faster than they can be replenished.

It seems obvious that the most important and most immediate method of addressing both of these problems is through energy conservation. It certainly is the most immediate tool for working toward more energy independence and less reliance upon the importing of oil. Moreover, energy conservation is innately desirable to anyone, whether an individual in personal and home use or a business or industry for commercial use. It is innately desirable because it saves money, and an inflation-conscious public cannot help but be attracted to that basic idea.

In terms of our long-range problem, it seems unnecessary to point out that the wasteful use of energy has serious moral implications and we are obligated to conserve our fossil fuel resources and develop others as well for future generations. We must look into the problems of energy waste, the growing concentration on the energy industry, and the possibilities of substituting other energy sources. Energy supply is a compelling issue for rural and urban people alike, and it is time for us to activate the machinery to help Americans begin to deal with it more responsibly. Thus conservation looms as the one tool which has the potential of quick implimentation.

Therefore, I believe my bill, H.R. 14331, to establish an Energy Extension Service within the Energy Research and Development Administration, is a step in the right direction. By using the already existing Agricultural Extension Services and urban extension services, it is both prudent and efficient. This well established system is a reliable center for information dissemination and using it would hold down the cost of the program and should have the advantage of using people who already have established themselves as conveyers of helpful information. A nationwide program, based in each State in a center involving the expertise of the educational and industrial sectors in developing new programs of energy-conservation education and new methodology and techniques capable of reducing the consumption of fossil fuel resources could be extremely successful in helping us use this best tool we have to meet our immediate and long-range energy needs.

The land grant institution of the State is the most obvious locale, given its orientation toward engineering and energy research and the fact that it almost always has an established extension program in operation. However, my concept would also include multidisciplinary involvement from such sources as the schools of civil engineering, architecture, education, agriculture, business, et cetera.

Another provision included in H.R. 14331 is the effort to begin to change attitudes of children at the earliest possible age. This means developing new curricula and training teachers in new ways to use them. A respect for our natural resources must be instilled in the young mind at a time when learning about the world around us is fascinating. Certainly innovative curricula and teaching methods can lay the foundation of understanding that will easily influence behavior later.

It seems to me that there are several very simple basics. Energy conservation can be practiced by everyone. Energy conservation is an economy. It appeals to individuals and businesses. Energy conservation is also environmental conservation. Energy conservation means change of habits, attitudes and understanding, both today and in the future. Whatever success we achieve with today's adults can be multiplied exponentially tomorrow if we begin to learn how to teach today's children.

I call upon my colleagues to study carefully the legislation for energy conservation through an Energy Extension Service. Implementation of this bill will provide for responsible stewardship of our natural resources and a fuller use of our human resources in solving our problems.

Mr. SARASIN. Mr. Speaker, I would like to take this opportunity to commend the gentleman from Massachusetts, Congressman DRINAN, for organizing this colloquy on a subject of extreme national importance, energy conservation.

I have been increasingly concerned over the recent trend in consumption patterns which indicate that we are returning to our old habits as if we had forgotten the lesson we learned at the time of the Arab oil embargo. As we increase our consumption of petroleum products and continue to do nothing to increase our domestic supply of crude oil, the inevitable result is to increase our reliance upon foreign imported oil.

As a Representative from New England I can be proud of my region's record in the area of energy conservation. By turning back our thermostats, by observing the posted speed limits on the highway and by insulating our homes, we have made important inroads in the area of energy conservation. We have not yet, however, found the total answer to reducing our foreign dependence on oil. That is, because while conservation is an important and integral part of our national energy program, it cannot be the only part. We need to establish incentives for increased exploration and development of domestic energy by removing the restrictive price ceilings which only serve to subsidize consumption at the expense of our national security.

The Congress must act on these issues soon, because we are approaching the limits of voluntary conservation. Once you have lowered your thermostat to 65° during the winter months there is not much more room to conserve further. It is for this reason that the recent increases in the consumption of gasoline are troubling as they represent a reversal in the past embargo trend toward conservation. I recently expressed my concern over this trend in a recent weekly column and would like to include it at this time for my colleagues' benefit:

THE ENERGY CRISIS—REVISITED

After two years of debate, countless bills, amendments, charges and countercharges, and repeated congressional rejection of any effective program later, the threat posed to America by our increasing reliance on foreign petroleum is again escalating. And the Majority in the Congress still shows no inclination to take effective action.

The latest indication of the renewed seriousness of the situation is apparent in several new pieces of information and the fact that domestic production of oil and natural gas is continuing to decline, widening the gap between domestic supply and consumption and putting us in greater jeopardy from foreign events.

Perhaps the most disappointing of the new figures is the recent jump in gasoline demand, following more than a year of indications that Americans were heeding the call for voluntary conservation and restraint. Maybe much of the renewed spurt in consumption can be traced to the Bicentennial urge to travel, to see our country and participate in her birthday.

I certainly would not like to discourage a family from journeying to Philadelphia to see the Liberty Bell and Constitutional Hall, to visit the Nation's capital for the many observances there, or to trace their national heritage to Lexington and Concord, or our own Fifth District historical sites. But the fact remains that we have not done anything to increase the domestic supply of gasoline or oil, and we are using it at an even faster rate.

The latest figures indicate that gasoline demand is currently about 7.5 percent ahead of 1975, after holding relatively steady in 1974. Coupled with this is the news from the auto makers in Detroit that people are once again buying more and bigger cars, reversing a trend established after the crisis caused by the oil embargo of two years ago.

These statistics are not in themselves bad. A healthy auto industry is one of the keystones of our entire economy, travel and related industries are another important component, and full and active participation in the Bicentennial can have a beneficial effect on our national outlook.

The most disturbing aspect of this is the implication for the non-program the Congress adopted regarding energy. Instead of adopting policies to increase domestic energy production, the majority chose to continue to discourage new exploration and production in this country. Instead of allowing the proven mechanism of free market economics to function as it has very effectively in other areas, the Congress substituted government decision-making, a frequent source of trouble.

These decisions virtually assured we would not have any significant increase in domestic supply of petroleum, and did little to discourage demand.

Instead, Congress decreed that auto makers produce more economical cars in the future, setting actual mileage requirements to be achieved by certain dates. It was evident that these standards could be achieved by the manufacturers producing predominantly small, low-powered cars with few energy-absorbing optional features.

What Congress did not answer was how the manufacturers were going to sell these cars if the American consumers decided they still wanted to buy larger cars, which is the decision apparent in the latest sales figures. In effect, the legislation passed the buck to the auto makers to solve a problem the congressional majority was unwilling to take effective action on.

If the Majority believes the answer lies in autos that get 28 miles to the gallon, then let's see them have the courage to pass a law that no one may buy a car that gets less mileage than that. That at least would be taking some of the responsibility on themselves.

Or take the more logical step of allowing the market to determine the energy supply with appropriate excess profits taxes and rebates for low income citizens. Critics of U.S. auto firms continually point out that European cars are more economical, but refuse to recognize that European gasoline prices have always been much higher than ours, making small economical cars attractive to the buyer.

The same economic factors were demonstrated here, when the embargo made gasoline much more expensive and hard to find. Small car sales boomed, until Congress said U.S. policy would continue to be controlled gasoline prices. Now that prices have moderated and supply is temporarily adequate, there is no particular reason for many Americans to sacrifice their preference to larger cars.

What this all demonstrates is that the congressional "policy" so far is nothing more than wishful thinking and the long-term energy crisis is still with us.

Mr. GILMAN. Mr. Speaker, I rise to express strong support for the Omnibus Energy Conservation Act, H.R. 14205. Passage of this bill would significantly assist in coordinating the various pieces of energy conservation legislation and would fill the gaps that exist between such legislation in lieu of a comprehensive energy conservation law. Not only is it imperative that we do all we can to encourage the exploration and development of new sources of energy, but we must also invest in energy conservation programs that embody a prudent utilization and husbanding of conventional energy resources that are rapidly dwindling.

The Omnibus Energy Conservation Act would amend the Energy Policy and Conservation Act, enacted in 1975, and the Federal Nonnuclear Energy Research and Development Act, enacted in 1974. Title I of the proposed legislation would establish several programs designed to promote energy efficiency in residential, commercial, and public buildings. It would authorize $175 million in Federal grants to States, up to $4.5 billion in loan guarantees to finance conservation measures, $700 million in HUD housing conservation loans, and Small Business Administration conservation loans in cooperation with lending institutions.

Title II identifies the need for a Federal research and development program and State institutes for training personnel in conservation techniques. It would establish a National Energy Extension Service, administered by the States, to encourage the acceptance and adoption of energy conservation opportunities by energy consumers. Title II would also authorize ERDA to use funds appropriated pursuant to the fiscal year 1977 Authorization Act and require future authorizations to be included in the annual authorization for ERDA.

Accordingly, Mr. Speaker, I urge my colleagues to support this omnibus bill which seeks to overcome the jurisdictional disputes that have plagued past energy conservation initiatives in the House. Its passage would do much to rectify the energy problems confronting our Nation: a shortage of reliable information; the absence of organized programs to generate and disseminate information concerning energy conservation; the need for a vigorous, comprehensive attempt to research and produce new practicable energy conserving technologies; and the inadequate availability of financing mechanisms for energy conservation expenditures.

Mr. ROSENTHAL. Mr. Speaker, much of the congressional and public discussion of energy conservation during the past few years has focused on the development of new energy sources and the reduction of dependence on foreign energy sources. This is very important—even urgent—but it should not monopolize our attention to the question.

Tremendous potential for savings resides in demand reduction through cutbacks in present consumption levels and control of future consumption via regulation of the rate of growth of demand for energy.

A recent report by the Federal Energy Administration is very instructive on this point. As is generally known, energy consumption is determined by such factors as population, affluence, and efficiency of use. It has been thought that the economic success and high standard of living in the United States were responsible for its position as the Nation with the world's highest per capita energy consumption. But the FEA report, Energy Conservation Paper No. 33, casts doubt on the validity of this assumption.

In comparing the relative efficiency of energy use in West Germany and the United States, it finds that West Germany, with a per capita income roughly comparable to ours, has a per capita energy consumption which is only about half of that of the United States.

This "suggests that it may be possible to achieve a substantial reduction in the rate of growth of energy consumption in the United States," according to the FEA report, "without reducing our standard of living and economic growth." Moreover, a Project Independence report found that "energy conservation can reduced annual growth of demand to about 2 percent per year between 1972 and 1985." This is a significant drop from the currently projected figure of 2.7 percent.

The Omnibus Energy Conservation Act (H.R. 14205) deals with this problem better than any energy conservation legislation now on the books. While Public Law 94–163 deals only with automobile- and appliance-related conservation, H.R. 14205 establishes several programs to promote energy efficiency in residential and commercial buildings. This is accomplished by creating standards, guidelines, assistance, and research and development programs. It should enable this country to make large strides toward greater efficiency in the utilization of energy.

Mr. McKINNEY. Mr. Speaker, I am pleased to be able to participate in this exchange of ideas with my colleagues on the subject of energy conservation, a subject of obvious consequence for our nation's future. Certainly, a great deal of time and thought, however little action, has gone into developing a viable energy policy for this country. However, Mr. Speaker, there are cetrain areas where improvement is needed, as evidenced by the latest energy import statistics which now stand at 40 percent of our entire oil supply.

One fault I find with our overall conservation outlook, Mr. Speaker, is the narrow and limited interpretation which both this Congress and the regulatory departments of our Government have placed on the concept of energy conservation. The lion share of our efforts in this field appear to emphasize the importance of efficient fuel use by the consuming public. In my opinion, Mr. Speaker, proper coordination of energy distribution is an extremely crucial aspect of our efforts in this field which has been all but ignored. A case in point is the distribution of our Alaskan resources.

By now, every energywise person in this country should be aware of the problems which we are going to face with the distribution of Alaskan oil. Due to a lack of receipt, storage, and distribution capabilities on the west coast, the scheduled flow of Alaskan oil to that region is expected to result in an oil glut. If allowed to develop, Mr. Speaker, this situation will deal a serious blow to conservation efforts throughout the country.

Any doubts concerning the probability of this dangerous situation arising, Mr. Speaker, should be easily answered by any of the following events including: The formation of a corporation called the Northern Tier Pipeline Co. which recently applied for the rights to sell public and private stock in order to finance the construction of a $1 billion pipeline to transport the Alaskan pipeline across five Northern and Midwestern States; the formation of a proposal now in its initial planning stages, being discussed between Standard Oil of Ohio and at least one natural gas pipeline company, to convert existing gas pipelines to transport Alaskan oil; a statement made last week by Secretary of the Interior Thomas Kleppe, announcing that Alaskan oil, in order to avoid the possibility of distribution problems, may have to be exported to Japan and exchanged for Indonesian oil; and my personal receipt of letters from the Secretary of Interior as well as the Administrators of the FEA and FPC acknowledging the existence of possible distribution problems and outlining the various alternatives now under consideration—one of which is the exportation of those Alaskan resources.

Clearly, Mr. Speaker, we face a confused, mismanaged, and potentially costly situation with the distribution of Alaskan oil. It is a situation which flies in the face of any national conservation efforts and a situation which we must deal with before the scheduled flow of that oil, in October of next year.

Accordingly, Mr. Speaker, I have introduced a bill which would call for the establishment of a regulatory consortium to develop a single definitive plan for the distribution of the Alaskan oil and hopefully avoid the loss of these precious resources from this country's energy markets. The bill temporarily suspends the export authority of the Trans-Alaskan Pipeline Authorization Act until the regulators plan gains congressional approval. The bill does not favor one distribution plan over another and does not preclude any alternatives under consideration. What the bill will do is insure that a well-reasoned, coordinated process will dictate the destination of that oil and will avoid hasty and unwise distribution decisions being made, under crisis conditions, by individuals whose decisions may not have the best interests of the country in mind.

The conservation of energy means the proper handling of those resources already available to us. The Alaskan situation is the ideal platform to demonstrate to the American people that this Congress is sincere in its conservation efforts and can be successful as well.

Mr. BINGHAM. Mr. Speaker, since the energy crisis of 3 years ago—which has seemingly now been reduced from a crisis to the status of a chronic nag—we have had long and frequent debates on energy issues. Unfortunately, too large a portion of our own energy in this field has been devoted to problems of energy supply; the crucial problem of limiting demand—conservation—has received less serious attention. While we have been able to do little more than speak about conservation, we have been forced to watch the free market fail conspicuously to actually conserve energy: The recent move of car buyers back to huge gas guzzlers is only one symptom of this failure.

I believe that effective conservation is perhaps the only way we can resolve some of our more bitter recent debates about energy supply. Are nuclear reactors safe? Will breeders breed? Certainly the ideal way to answer these questions would be to render them as irrelevant as possible; minimizing our need for energy is the only certain way to minimize the damage that we do, both to ourselves and our environment, in meeting energy demands.

I hope that today's effort to emphasize the need for conservation to the Congress will be only the beginning of successful efforts to pass conservation legislation.

Mr. KRUEGER. Mr. Speaker, it makes economic sense to pursue the development of conservation technologies even at the expense of many millions of dollars now. We cannot afford to save $67 million now if the price of that savings is really the continuing rapid depletion of our domestic resources and the drastic dollar drain as we turn to foreign sources for the fuel that supplies 75 percent of our energy. It is appropriate for this body to consider alternative sources of fuel and to support technologies that can convert those sources into usable energy, and we seem prepared to meet that responsibility to the future. But we have a responsibility to the present, and to a few years hence, to be sure that we can continue to supply as much of our own energy as possible at as reasonable a price as possible. And to meet that responsibility we need to find ways to achieve significant conservation, especially in the industrial sector where 42 percent of our fossil fuel is consumed. Conservation is an essential factor in a comprehensive energy policy, but as is so often the case, we must spend money to save even more money.

There are some processes which need further research and development in order to become widely applicable to the industrial sector. For example, the high temperature recuperator, a device which extracts energy from waste streams and recycles it, and for which these may be well over 100,000 applications throughout the United States, has been targeted by ERDA as very promising. The catalytic combustion industrial boiler is thought to be able to improve the efficiency of steam converters to about 90 percent. Such an increase over our present level of 65–75 percent could achieve a possible savings of 3.5 quadrillion Btu's if all steam generators could be that efficient. The oxygen blow blast furnace could improve combustion efficiencies to effect a twofold increase in the capacity of our existing blast furnaces, while producing a highly efficient gas for other industrial energy uses. We could reduce the net energy consumption of the steel industry by 35 percent.

These processes are not the esoteric technologies of the future; with proper funding for research and development we should be able to test and develop their applicability to our present industrial operations. I urge my colleagues support the restoration of these necessary funds to the ERDA appropriation.

Mr. REUSS. Mr. Speaker, I appreciate the opportunity provided by this special order to help focus congressional and public attention on H.R. 14205, the Omnibus Energy Conservation Act, which I have sponsored. I commend Congressman DRINAN for his initiative.

We, as a nation, are not pursuing energy conservation with sufficient vigor. In some measure, our energy problems result from that fact that consumers—and that means all of us—have been accustomed to having energy available at all times, in any quantity required, and at relatively low prices, whenever we flick a switch or start a motor. We suffered some hard times and inconveniences during the days of the Arab bloc's oil embargo. But now we seem to be forgetting those lessons and gradually returning to the "good old days" of energy abundance.

But this is a fool's paradise. Our nonrenewable domestic energy resources are sharply limited, and the extent of our dependence on foreign oil has increased, rather than decreased, since the end of the Arab embargo. It is imperative that government, industry, agriculture, and the general public keep clearly in mind the need for a vigorous conservation program.

As our majority leader, Congressman O'NEILL, has said, H.R. 14205 will help to focus national attention on "one reasonable and comprehensive approach to energy conservation." The bill combines parts of several energy proposals which have been referred to three separate committees in the House—Banking, Commerce, and Science—and it has received broad support from labor, consumer, and environmental groups. Key provisions of the bill include $4.5 million in loan guarantees to finance conservation measures; $700 million over the next 4 years for homeowner conservation loans; $225 million over the next 4 years to assist low-income homeowners, under the Energy Conservation and Insulation of Buildings Act of 1976; new authorizations for the Small Business Administration to provide loans to small businesses to implement conservation measures; and creation of a National Energy Extension Service, planned and coordinated by the States, to collect and disseminate energy conservation information.

H.R. 14205 is the most comprehensive energy legislation now before the Congress, and it will be given prompt attention by the Banking Committee and by the other committees to which it has been referred. It is the subject of an upcoming House-Senate conference.

Mr. UDALL. Mr. Speaker, for too long energy conservation has been considered a minor goal that was not an integral part of our energy policy. It is now evident, and we hope to persuade our colleagues of the fact, that conservation should be the most important single program in a balanced energy policy.

We often joke that economists try to reduce everything to a diagram illustrating supply and demand curves. Most of the debate about our energy policy, however, has focused upon supply. Since the oil embargo of 1973, we have frantically searched for new supplies of petroleum. Richard Nixon presented us with Project Independence, an ill-defined scheme aimed solely at replacing supplies of Mideast oil. Each proposed supply substitute has serious drawbacks. We are told, for example, that domestic oil prices must increase to encourage our petroleum production. This is however, a shortrun view, for our fossil fuel reserves are dwindling and increased production will only bring the day of reckoning closer. Undeterred, those seeking supply substitutes tell us we must develop the Outer Continental Shelf so rapidly that any attempt to revise the laws governing the OCS will cause too much delay. This is the same argument we heard when Congress was planning the Alaskan oil pipeline. In that case we enacted legislation quickly—and the hurried construction of the pipeline has caused untold economic, social, and environmental problems, and has brought unexpected delays. Finally, I am sure that my colleagues are all familiar with the great debates in the House concerning the role that the Federal Government should play in the commercial development of synthetic fuels, the safety of nuclear power and the struggles to adequately protect our lands from the ravages of unregulated strip mining.

Given the problems attendant upon obtaining energy supplies—whether they be Middle East oil, incentives for domestic production, rushed OCS development, or synfuels—we must focus more attention on the demand side of the equation. We cannot let our energy demand per capita continue to increase at historic rates; if we do not now plan for necessary changes in our consumption patterns we will face a drastic and devastating collapse in the near future. By conserving energy we can extend the lifespan of our remaining fossil fuel reserves. We must use the time thus saved to develop new sources of energy to meet our domestic, commercial, and manufacturing needs. Fossil fuels are the means we have employed for the last 200 years to meet these end uses. It is clear that that era is ending—not by our choice, but by the inexorable fact of a finite planet. We must now find ways to produce the goods and services our society requires.

Any attempt to develop an energy program for our Nation should include an examination of the role energy plays in our economy. In the past we separated energy policy—when we took the time to consider it—from economic policy. The chaos wrought by the sudden rise in petroleum prices in late 1973 finally showed us that the two cannot be separated. Traditional economics teaches us that each economic endeavor involves labor, capital, and resources. Since the industrial revolution, we have been trying to minimize labor by using greater and greater proportions of capital and resources. We have been so successful that we now have an energy shortage, a capital crunch, and millions of people permanently out of work. Obviously, we must change the proportions in the formula. For example, our housing shortage can be greatly diminished by rebuilding our cities, which would also decrease energy demand for commuting. We can rehabilitate existing structures with the skills and abilities of the many unemployed Americans living in the very neighborhoods that need improvement. Our economic system was developed at a time when resources were cheap, capital available, and labor was scarce. These factors have all changed and our economic system must reflect the balance of the factors of production available now and in the future.

All these crises are occurring simultaneously because our economic, energy and environmental problems are all part of the same systemic disorder. We must address them simultaneously. We cannot focus our attention on finding new sources of petroleum to substitute for the large amount of Arab oil we import; rather, we must change our patterns of consumption and our methods for producing goods and transporting goods and people. And conserving energy buys us the time we need to do this.

I believe that we can persuade our colleagues in the Congress and our fellow citizens—many of whom saw and accepted these facts long before we did—to develop a policy of energy conservation. We can do this, and we must: not because it is morally superior or environmentally sound, but because it is the only way to find long run solutions to our energy, economic and environmental problems. In earlier days, we left energy policy to oil companies and economic policy to bankers. We now know that there are limits to our resources and we must live within the means of our ecosystem. We are going to have to conserve petroleum because one cannot use—let alone waste—resources that have been depleted. We must begin weaning ourselves now so our dependency on fossil fuels and our reserves decrease in tandem.

Mr. DINGELL. Mr. Speaker, during the past year and a half, the House Interstate and Foreign Commerce Committee's Energy and Power Subcommittee, which I chair, has held extensive hearings and acted on many bills to help meet our national energy problems. The experience and insights we have had in this work have convinced me that the single most important way to do so would be to increase our efficiency, and to reduce the vast amount of waste, in our use of energy.

All of us grew up in a world in which energy was regarded as virtually infinite and free. However, "those days are gone forever."

We must now begin to deal with energy as a limited resource which is expensive and must not be wasted. This does not mean, as so many spokesmen for the status quo tell us, that the quality of our lives must decline. Indeed, the very reverse may be the case and it is our job to assure that this, in fact, is made the case.

So far, the record of this Congress on energy conservation is not as impressive as I would like. We have tended to be preoccupied, as certainly the administration has been, with enhancing energy supply, rather than inhibiting demand and reducing waste of energy. The only major legislation thus far adopted by Congress in this area has been the Energy Policy and Conservation Act, which we managed to negotiate with a very reluctant President last year and which requires a number of conservation initiatives, both voluntary and mandatory. Yet, these initiatives are not adequate, by themselves, to do the job. I believe that further Federal legislation in this area is necessary. There are several bills now being readied which will help to further the objective of enhancing our efficiency of energy use, such as the omnibus legislation embodied in the language which the Senate included in the FEA extension bill, H.R. 12169, on June 16, on which we will soon go to conference, and in the bill H.R. 14205, which our majority leader, Congressman O'NEILL, and others, including myself, have cosponsored.

It is my intention to make energy conservation a major legislative effort, both in the rest of this session of the 94th Congress and in the next Congress.

Our Energy and Power Subcommittee members strongly support energy conservation efforts. We recently held a series of hearings on the longer term energy problems and the opportunities we have to resolve or ameliorate them. I commend these hearings to you. The experts, like Jay Forrester, Kent Watt, Earl Cook, and others who testified and presented statements at these hearings, provided very perceptive insights which have a powerful bearing on the kinds of concerns which we share here today.

The relationship between energy consumption and indicators such as gross national product is not as clear-cut as some economists would have us believe. Nations such as Sweden and West Germany have a vastly superior ratio of per capita energy consumption to per capita GNP. Just why this is so, is a function of many factors, including the fact that those nations have a different kind of geographic and demographic structure, live in smaller and better insulated homes, use mass transit in greater proportion and travel shorter distances than we do. Yet, these differences, although important, do not by themselves explain satisfactorily why they have managed to discover how to live well and waste less energy in the process. These people have something very important to tell us and I believe that it is a matter of high priority that we learn those lessons and apply them to our own lives.

It is, of course, a fact—but a fact that is curiously difficult to convey to a number of otherwise fairly perceptive people—that our ability to improve the efficiency of our energy use has enormous benefit for an economy which is by no means healthy, even today.

To the extent that we are able to conserve energy we are in effect buying much cheaper fuel. If it costs roughly 15 cents per barrel to insulate a home, even an economist would agree that this is a far better bargain than supplying that home with additional barrels of oil or its equivalent priced at $7 or $10 or $13, or more.

Another point to note is that efforts such as insulating homes tend to be labor intensive, as opposed to capital or energy intensive; and as we all know, capital and energy are in increasingly short supply these days.

Another factor is that our ability to conserve energy today implies the corresponding ability to defer or to eliminate the construction of new energy production facilities. It is a curious fact that many of this Nation's giant electric utility companies are still operating on the assumption that the utility growth rate will shortly come back to very close to what it was before the 1973 embargo, once the economy recovers.

Our Energy and Power Subcommittee has recently completed a marathon series of hearings on the electric utility industry and these hearings disclose that knowledgeable people have some very real questions about the growth of the electrical sector of the economy from this point forward. I was distressed that a number of these utility representatives, when confronted by the suggestion that historical growth rates may be of only limited value in projecting future growth rates, tended to look off into space and rapidly change the subject.

We have a long way to go and it is an important journey. Much more attention is being paid to energy conservation these days and such efforts should be given every encouragement. It is up to us in Congress to help lead the way. I am confident we shall do so.

Mr. EDWARDS of California. Mr. Speaker, I am pleased to have the opportunity to join my colleagues in a dialog on the subject of energy conservation. As we all know, the energy crisis which precipitated long lines at service stations and higher prices for gasoline has not been solved. While the pain and inconvenience of the original crisis may have temporarily eased, we in America have not as yet taken the steps necessary to meet the crisis. In spite of warnings that our energy demands far outstrip our supplies, the United States continues to waste each year more fuel than is consumed by two-thirds of the world's population.

Conservation lessens the environmental threats posed by new energy technologies while at the same time providing the cheapest source of energy available to the Nation. In fact in a recently issued report, the Worldwatch Institute estimates that for the next quarter of a century the United States could meet all its new energy needs simply by improving the efficiency of existing uses.

International comparisons support the contention that through conservation the U.S. energy budget can be trimmed over time by more than one-half. For example, Sweden, West Germany, and Switzerland, with about the same level GNP as the United States, use only 60 percent as much energy per capita as does the United States. West Germany uses seven-eighths as much fuel per capita as we do for industrial production, one-half as much for space heating, and only one-quarter as much for transportation. Yet none of these countries has even begun to approach its full potential for energy thrift.

The United States has failed to use its energy resources in an efficient manner. Over the last century we have gradually shifted into a nearly complete dependence upon nonrenewable energy sources. One hundred years ago 90 percent of our energy came from sustainable resources. Today approximately 90 percent of our discretionary energy budget comes from petroleum, natural gas and coal.

While higher prices for oil have generated new techniques for its retrieval, we now realize that even huge domestic discoveries such as those on the Alaskan North Slope do not change the fact that our domestic supplies are being rapidly depleted and may not last beyond the next generation. Future production of natural gas appears likely to decline even more rapidly than oil, whether or not its price is deregulated. Alaskan gas sources and coal gasification plants cannot fill the gap.

Of the fossil fuels now being used in this country, coal is far and away our most plentiful. However, the mining and combustion of coal continues to be a major environmental problem. The

States containing the greatest U.S. reserves of coal are quite correctly concerned over the environmental impact of large scale strip mining operations. We in California are also concerned about what effect the greatly increased burning of coal will have on our already polluted air.

Another energy alternative at our disposal is the use of nuclear power. The people in California and elsewhere throughout the Nation are growing increasingly concerned about the safety of this energy source. Problems of plant safety, waste disposal, enrichment capacity, fuel reprocessing and reliability, have combined with mounting financial costs to make this option look less and less attractive. In my own State, Governor Brown has recently signed a series of bills which place a strict burden to prove the safety of that technology on the suppliers of nuclear powerplants.

In light of the dangerous and depletable nature of our major fuel sources it is truly amazing that we have not yet devoted our attention to the huge savings possible through energy conservation. A barrel of oil saved is more valuable than a new barrel of oil produced, due to the "energy cost" of production. A dollar invested in wise energy conservation makes more net energy available than a dollar invested in developing new energy sources. For example, ceiling insulation in a typical home costs about $300 installed and will save about seven barrels of oil each year for the lifetime of the house.

Space heating currently comprises about 18 percent of our energy use, water heating 4 percent and air conditioning 3 percent. This combination totals 25 percent of the Nation's direct fuel consumption. Strict insulation standards on new buildings, a vigorous program to increase insulation in existing residential and commercial buildings, the use of solar heating and cooling technologies, the adoption of solar water heaters for virtually all residential and commercial hot water needs, and the widespread use of total energy systems in large complexes could reduce our energy budget by at least 16 percent over the next quarter century.

The city of Santa Clara, Calif., has already begun to make a large-scale commitment to energy conservation through the application of solar heating and cooling. Their community recreation center is the largest new building in the world to use solar energy for its heating and cooling demands. In addition, the city is making extensive use of solar energy for heating swimming pools both at individual homes and public facilities. In an effort to overcome the large initial costs of installing solar collectors in private homes, the city is conducting a pilot project in conjunction with HUD to install solar space heating systems in five new single family homes. These will be installed by city crews and operated on a utility basis with the city charging nothing for initial installation but sending a monthly bill to the resident for use of the equipment.

It is my hope that such innovative and encouraging local efforts will increase in the near future. Passage of a measure such as the Omnibus Energy Conservation Act could help to provide the necessary Federal encouragement to get the United States involved in a serious, long-term commitment to energy conservation.

Mr. SIMON. Mr. Speaker, I welcome this opportunity to participate in the special order for energy conservation at a time when energy costs skyrocket and our natural resources slowly become exhausted. It is my hope that this special order will help to generate true interest in this all-important issue on the part of Congress and help us to compile a list of facts, figures, and tips that will enable us to deal more effectively and enthusiastically in the field of energy conservation.

While the Nation stumbles toward an energy policy—and unfortunately that is an apt description of what is happening both at the executive and congressional levels—there are practical things all of us can do to save energy and save money.

After discovering lights on all over the house one night when I came home, and the television set running unwatched, I told our two children that I would take our last electricity bill and from then on, they could divide one-half of any savings—one-fourth of the savings to each. It worked. Last month they made some money—$4—the Simon family saved some, and a little less electrical energy was consumed.

Our daughter wanted to know how much energy is consumed in turning lights on and off; if you are out of a room for 15 minutes, for example, does it pay to turn those lights off for 15 minutes? We went to the Federal Energy Administration to get the answer: It depends on the type of light fixtures you have, but a good rule of thumb is that if you will be out of a room 5 minutes or longer, it pays to turn off the lights.

Here are some other suggestions I have extracted from bulletins of the Federal Energy Administration:

A tall evergreen hedge on the north side of your home will cut heating bills 10 to 34 percent.

An annual furnace tuneup will save more than 10 percent in fuel, on the average.

Turn off the pilot light of your furnace during the 4 warmest months.

Remove one bulb from a multibulb fixture. Lights represent 15 percent of the average family's electrical consumption.

If you are baking in glass or ceramic containers, you can lower the oven temperature by approximately 25 degrees under the setting suggested in a cookbook. The recipe settings are generally designed for metalware.

Pulling drapes, blinds, or shades saves heat in the winter, keeps warm air out in the summer. This is particularly important on the northern side of the house in winter and the sunny side in the summer.

If you reduce home lighting by one 100-watt bulb for 5 hours a day, the annual savings will average $5.

An aerator, the small device with holes in it you put on the end of kitchen and bathroom faucets, will save about 2 gallons of warm water a day, cutting back on water consumption and your water heating bill.

Do not place thermostats on exterior walls.

Cover liquids stored in a refrigerator.

In addition, you can do all the obvious things: Storm windows, insulation, caulking, and weatherstripping air leaks.

All of this is not a substitute for a national energy policy, but until one emerges, you can help conserve energy and save money at the same time.

Mr. HARRIS. Mr. Speaker, jacking up petroleum and natural gas prices to increase domestic supplies is not the answer to our energy problems. First of all, there is only so much petroleum and natural gas, and it is absurd to accelerate the depletion of domestic reserves. While, conceivably, for a very short time we might feel that we are a little less dependent upon foreign oil, we are just kidding ourselves. As reserves become increasingly depleted—unless we decrease our demand for petroleum and natural gas—we will become even more dependent upon foreign oil and the hostage of our suppliers.

What we need to do is accelerate the development of alternative fuels—including solar energy, coal, wind, geothermal, and nuclear—to assure energy supplies. At the same time, we must reduce projected energy demand. Energy conservation and the development of alternative fuels are both necessary; neither will be effective without the other.

Energy conservation does not have to mean doing without—it means utilizing resources better. We do not have to go to the extreme of reverting to an earlier era when candles illuminated the interior of our houses. We do not have to reduce our industrial output, nor reduce the quality of life for our people.

Nor do we have to squeeze the consumer in order to encourage energy conservation. A major reason why the public does not conserve is the absense of information—or at least the widespread dissemination of information—pointing out how one can conserve. When the consumer faces higher prices and perceives no real alternatives, he has no choice but to absorb higher costs. For example, despite the recession and a 70-percent increase in middle distillate prices, demand decreased only 6.9 percent from 1973 to 1975. All energy users need to be aware of the opportunities to reduce energy consumption without merely doing without.

The average citizen is willing to do his part to reduce energy demand. He needs to know how he can reduce consumption and maintain his lifestyle. He also wants assurances that other consumers, business and government are carrying an equitable share of the conservation burden.

Consider the tenant who intends to live in a house for but a few years. If the electric and gas rates increase substantially, what is he going to do? Unless the price of insulation is spread over several years, there is no way that it will be cheaper for him to insulate the house rather than absorb the cost. Since he is only going to live in the house for a few years, he cannot amortize the costs of insulation and he is forced to absorb the higher cost. No conservation is achieved.

Further, the consumer is wary of claims of eventual cost savings through investments in energy conservation technologies. The consumer has been ripped off too many times by hucksters eager to make a buck. Before the consumer gambles on new technologies, he wants some assurance that he is prudently investing his money and not becoming a victim of a "shell game."

Research and development of conservation technologies, dissemination of information, and quality control are needed if we are to conserve our resources and maintain the living standards that our people desire. The Omnibus Energy Conservation Act addresses these needs, and I am pleased to join my colleagues in cosponsoring this bill.

This bill goes hand in hand with the other energy proposals that I have supported. In March of last year, I, along with four other Freshman Members, developed a set of proposals to protect the interest of the consumers in energy policy. Since that time I have worked for a proconsumer national energy policy. I have supported legislation to place a lid on energy prices; to break up monopoly power; to reform utility rates and the regulatory process; to promote energy research and development; and to utilize energy resources on public lands, including the Outer Continental Shelf. I am particularly pleased that Congress has enacted the Energy Conservation and Oil Policy Act which places a firm lid on petroleum prices, and prepares systematically to deal with shortages in the event of emergencies. The Omnibus Energy Conservation Act complements earlier legislation to create the type of energy policy that we need.

There is no single solution to our energy problems. But until the Government gets into the business of conservation, our energy policy will be incomplete.

Mr. JEFFORDS. Mr. Speaker, conservation in America has not yet really taken root. We can see this in the renewed upsurge of demand for gas-guzzlers, and we can see the companion development in Detroit of a turning away from radical retooling in the direction of subcompact cars. It is in this return to the demand patterns of the preembargo period which is the surest sign that voluntarism without imminent emergency has not worked.

We must be realistic about this, Mr. Speaker, if we in the Congress want to have an effect on conservation over the next few years. We have to provide concrete incentives to stimulate conservation—in the way of tax breaks to low-income people and middle-class people to insulate their homes—and in the way of tax penalties, particularly aimed at industry, and here I am thinking about the auto industry, to force the development of more efficient machines.

My point here is that the Congress is going to have to mandate these things—for if we do not mandate them, it is possible that the Arabs will, and it will occur in the context of perhaps a military emergency in the Middle East.

Mr. BOLAND. Mr. Speaker, I am pleased to have this opportunity to speak on energy conservation. Much is lumped under the general term "the energy situation." I believe that energy conservation is probably the most important aspect of that situation and it is certainly the aspect most easily understood and practiced by all of us.

In this Congress, we have concentrated on questions of energy priorities, ways to increase domestic supplies, questions of import policy. We have seen electric cars driven around the city and witnessed solar heated and cooled residences and commercial buildings. But there also exists an opportunity for an immediate and substantial contribution to the energy situation. We have it within our means to do something now to alleviate the energy demand without sacrificing the quality of life in doing so.

Mr. Speaker, energy consumption in this country has risen dramatically in the years since World War II. The United States now has the highest per capita energy consumption of any industrialized nation. This energy consumption has allowed us to make remarkable progress in the last three decades. We are, however, living in a changing world. Energy supplies are not as readily available as they were in that period of high-energy consumption. We must recognize that energy will not always be as readily available. We must prepare for those times when energy will be probably scarce and certainly be more expensive.

We now have the technology to insure that increased energy prices and decreased availability of certain types of energy sources will not mean a decrease in economic growth or a change in the Nation's lifestyle. In all areas, we can lessen energy use through relatively simple procedures. In the residential energy use, increased insulation, proper maintenance of heating and cooling equipment, and lower thermostat setting will cut energy use. In the area of transportation, we have already seen how effective carpooling, lower speed limits, and mass transit systems are in saving energy. We have only scratched the surface of energy saving techniques in the industrial area and already those techniques are paying off. Together, Mr. Speaker, these and other practices will decrease our energy consumption, will simply make us more energy-efficient as a nation.

I am very pleased with the many energy projects which this Congress is now supporting. Research and development must be undertaken in all those many areas where energy is of vital concern. But at the same time, I urge the Members of this House as well as the rest of the Nation to remember that through simple techniques we can now have a substantial impact on the energy budget of this country. Through the use of procedures and devices available to all of us, we can cut energy waste without cutting economic growth or common amenities. Energy conservation is a practice that should be practiced by us all. The task before us is to see that the phrase, "should be practiced by us all" is changed to the phrase, "is practiced by us all." I join with my colleagues in stressing the importance of energy conservation and I applaud their interest in this issue. I hope this interest can be increased and shared.

Mr. KOCH. Mr. Speaker, as one of the cosponsors of H.R. 14205, the Omnibus Energy Conservation Act, I would like to add my support of the bill, and would like to take this opportunity to offer my thoughts on the importance of conservation.

The concept of energy conservation mistakenly means to many people years of "blood, toil, sweat, and tears." Because of this, many in the Congress are reluctant to vote for such a program. But this is not true.

According to a Worldwatch paper on energy conservation, the United States wastes half of its energy, and could reduce that much without a significant change in present lifestyles. We can achieve that goal through improvements in automotive fuel efficiency, building insulation, and use of waste heat, to name but three areas. Perhaps the most significant statement in the report was the following:

> Meeting new energy needs through conservation would be cheaper, safer, more reliable, less polluting, and create more jobs than obtaining energy from any other source. Energy obtained through conservation is the largest source of new energy currently available to the United States.

What this means is that we need not agonize over lost jobs and lost energy when we vote for controls on strip mining or stiff environmental controls on offshore drilling. We can have the needed energy, we can create the jobs, and we can have a safe, clean environment by supporting energy conservation. Let me give a few examples of the conservation projects we have not even begun to develop:

Eleven percent of the natural gas consumed in the United States goes for pilot lights on our heaters, water heaters, and appliances. There are excellent electric pilot lights which use only a small fraction of the energy. It makes no difference to the consumer whether he has a gas pilot or an electric one, just as long as the stove goes on when he turns the knob and we could save all that energy by requiring that all pilots be electric.

Radial tires, aluminum construction, reduction of trunk space, and other structural changes can increase car mileage per gallon of gas by up to 57 percent. Reduction of essential driving is not necessary. We must instead improve auto fuel efficiency to cut gas consumption.

Some air-conditioners are vastly more efficient than are others. Requiring use of the more efficient ones can cut energy use in America by 1 percent.

You save another 1 percent by increasing efficiency of refrigerators and freezers.

Changes in building codes to require better insulation can cut energy consumption by 3 percent without making anyone's teeth chatter. Set the thermostat for what you wish, just build better walls. In New York City, they built two 110-story buildings called the World Trade Center. They have glass walls and the buildings are very poorly insulated. It uses more energy than a city of 70,000 people. And remember, that is just two buildings.

We throw away twice as much in America, per person, as do other developed countries. Reclaiming a portion of our refuse will save a great deal of energy. That doesn't mean that Americans have to save their cans and newspapers. It means the establishment of regional centers to which each locality ships its garbage and in which the reusable portions are extracted and the rest is burnt in place of oil to produce fuel. And such a program would cut our oil use by 3 percent, or 450,000 barrels a day.

Every sector of our economy is ripe for conservation. One statistic illustrates this fact: Sweden, West Germany, and Switzerland, with about the same level of per capita gross national product as the United States, use only 60 percent as much energy per person.

The Worldwatch paper asserts that those three European countries have not begun to approach their potential for energy conservation. The potential for conservation is there. What we need to have is the national will to carry out such a program. In doing so, we will incur the wrath of the oil companies. A conservation program would permanently cut energy demand—and the profits which the oil companies currently reap.

Conservation is truly one of the most promising avenues to explore as we endeavor to ease our energy needs. Clearly it is better to save a barrel than to buy one, and H.R. 14205 represents an important step toward that policy. This legislation, introduced by our distinguished majority leader, seeks to fill the gaps in national conservation policy which exist in present law.

This legislation does indeed have many excellent aspects. For low income persons, money is made available so that energy conservation measures, such as simple home insulation, can be implemented. Similarly, there are provisions in the bill to assist small businesses and homeowners in establishing approved energy conservation programs. Lighting and heat standards would be established so as to promote greater energy efficiency, and the legislation stipulates that "energy audits" must be included in each State plan, which would assess the costs and savings of conservation efforts. Since the bill is extensive and touches so many areas, a system for coordination of efforts is also provided for.

Possibly the most important aspect of the Omnibus Energy Conservation Act is the promotion of research in the field. This bill takes advantage of the expertise available at educational institutions by channeling it toward this very worthwhile goal of energy conservation. Such research should produce good information about ways of conserving power, and this can be an invaluable resource, especially to residential homeowners.

Conservation becomes increasingly important in this time of scarce resources. This legislation marks an important beginning, and its carefully planned use of resources represents a long-overdue step toward the building of a responsible national conservation program.

Mr. HARRINGTON. Mr. Speaker, in the chaos of uncertainty over the sources and availability of future energy supplies, a systematic and comprehensive program of energy conservation represents a tremendous potential resource. The case for energy conservation is compelling. More than one-half of current U.S. energy utilization is attributable to waste. This wastefulness can be stopped—and at no loss to the quality of American life.

The potential for conservation, even by the most conservative of estimates, is so great that the United States could meet all its energy needs for the next 25 years simply by improving the efficiency of existing uses. A policy of conservation means reduced dependency on foreign energy supplies and consequently, reduced vulnerability to the demands of foreign nations. More important, energy conservation represents a relatively safe and inexpensive, domestic energy source. Furthermore, current pressures to commit our resources to potentially dangerous, unproven technologies could be mitigated through the implementation of serious conservation measures.

Energy conservation is not so much a means of living without as it is a means of living better. The energy question emphasized should not be "How much energy do we have?" but rather, "How well are we using what we have?" In 1975, Americans wasted more fuel than that which was actually used by two-thirds of the world's population. Dennis Hayes of the Worldwatch Institute estimates that the United States annually consumes more than twice as much fuel as we require to maintain our present standard of living.

Consumers, commercial establishments and industry could save themselves money and the country energy by changing their consumption patterns or equipment. Energy savings could be made in a myriad of areas: Transportation, heating and cooling system for buildings, food systems, waste recovery and utilities to name just a few.

Transportation accounts for 42 percent of our energy consumption. Merely by increasing the mileage performance of individual vehicles, reducing the average vehicle size, and transferring half of the commuter traffic to efficient multiple passenger modes, we could slice our transportation energy consumption in half.

More stringent insulation standards on new buildings, a campaign to increase insulation in existing residential and commercial buildings, the use of solar heating and cooling techniques, and the adoption of solar water heaters could reduce our total energy budget by at least 16 percent over the next 25 years.

Extraction of potential energy from urban refuse, agricultural residue, feedlot waste and forest-product waste, recycling of wasted ferrous-metals and aluminum, the substitution of returnable bottles for most cans, and the elimination of superfluous packaging could together generate more than 4 percent of our current energy needs.

Utilities, with their available expertise, should be playing a major role in energy conservation programs. Unfortuately, many are not. With oil and gas reserves dwindling, we are increasingly forced to turn to electricity produced from coal and non-fossil sources as a substitute for direct combustion of fossil fuels. In addition, we should, as a matter of policy, attempt to keep electrical power rates as low as possible, both for the hardpressed low-income consumer and for industrial users as well. We need to eliminate wasteful uses of electricity, and more importantly, to use our generating capacity in the most efficient manner possible. Since long-term marginal costs are increasing, more efficient use of our plants can hold down the costs of power. This, in turn, will help stimulate economic growth. Publicly owned systems prove both cheapter to run and more aggressive in their approach to energy conservation.

International comparisons substantiate the contention that conservation does not mean deprivation. Sweden, West Germany, and Switzerland enjoy approximately the same per capita GNP as the United States—Sweden's is actually higher—while consuming only 60 percent as much per capita energy as we do—and they are not even approaching their full potential for energy thrift.

The energy crisis continues. It is an ongoing event which may become a way of life, failing implementation of a comprehensive energy conservation program and the development of alternative energy sources. Every potential long-range energy source has it costs and risks. The tradeoffs will grow as energy consumption rises. Today, our cheapest option and one which fortunately presents no added risk, is to harness that portion of our energy budget which is currently characterized by waste.

Mr. SYMINGTON. Mr. Speaker, this discussion on energy conservation sponsored by my colleague from Massachusetts (Mr. DRINAN) is especially timely. It comes on the heels of House approval of the authorization for the Energy Research and Development Administration, which included $202.5 million for energy conservation, $82.5 million above the administration's request for that budget item.

In addition, this discussion allows us to raise questions not just about energy conservation, but about the conservation of all materials on which our civilization has been built, but which are running short through improper management and a lack of national policy to deal with them.

On June 17, Congressman CHARLES MOSHER and I introduced the National Materials Policy, Research, and Organization Act, which is designed to promote some serious thinking about where we go from here with the remainder of the Earth's resources, including our energy reserves. What are we going to do with the stuff which still remains accessible to us and how can we best use it?

With respect to this bill, and especially to energy conservation, it is noteworthy that every commission, committee, group, study or other effort which has surveyed the materials and energy issues in the last 25 years has indicated the need for restraints, planning, and forethought on the use of our precious materials. Yet, no

Federal administration has every seriously considered a genuine policy to put restraints into effect.

It is each to see why. Policies which encourage restraints immediately come into conflict with the private enterprise concept and the production of things people like and have become accustomed to having. Such policies, therefore, are not likely to be popular and, politically speaking, are just plain bad medicine.

Up to this time, our system of government resists such restrictive ideas until confronted with a crisis, and even then, we tend to grasp at halfway measures. I am suggesting here that perhaps, as a Nation, we should adopt a new mood—one a bit more frugal and a bit less hedonistic than society has been prone to follow, especially in the past half century. If we do not, it seems likely that before too long we shall be confronted with a series of crises involving shortages, crises so severe as to defy any peaceful solution.

This is not a palatable thing to say or even to think about, and I do not like to say it. Unfortunately, I think it is true. I commend Mr. DRINAN for providing us with the opportunity today to focus on the importance of these questions which face us in the Congress, and I commend to my colleagues' attention the National Materials Policy, Research, and Organization Act.

THE HOUSE NEEDS REFORM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. ARCHER) is recognized for 10 minutes.

Mr. ARCHER. Mr. Speaker, the recent stories in the press, on the radio, and on television have raised some legitimate questions about the need for basic reform in the procedures of the U.S. House of Representatives. Typical of much of the press reaction, the Washington Star in an editorial Wednesday, June 16, 1976, posed the problem:

> If Congress is to regain the public's confidence, it has to demonstrate that it has the energy and determination to clean its own house.

Since I first came to the House, I have introduced various bills to reform our procedures and to increase the accountability of the Members of the House to the public. These changes would open our actions to closer public scrutiny and would help guard against the opportunities for abuse. It is unfortunate that only scandals and unfavorable press stories provide the impetus for a discussion of meaningful reform. The people are watching us and it is the responsibility of the Members of this legislative chamber to enact significant reforms.

One of the major steps we must take has been an action I have long advocated—a requirement that any increases in allowances for Member be voted on by the Members of the House, rather than the membership of the House Administration Committee. It was a mistake to give this power to the House Administration Committee. If there is a measure to raise our allowances, we should not hesitate of openly debating this measure on the House floor and we should be willing to record ourselves either for or against such a proposal on an open vote.

It is inconceivable to me that the group of House Members appointed to investigate payrolls and expense vouchers should consist only of Members of the majority party. I have joined as a sponsor of a proposal to create a bipartisan select committee of 10 members to study and audit all House committees. Only a bipartisan committee can gather the evidence and provide a thorough and objective investigation which will benefit the public interest.

Recently, I introduced House Resolution 1280 which would get the House of Representatives out of the restaurant business and provide that the operation of the food facilities on the House side be conducted by a private group on a contractual basis.

Today, I am introducing four measures designed to improve the fiscal and administrative operations of the House. Before I discuss the specifics of these proposals, I wish to provide a general discussion of the benefits the Members of Congress receive.

A Member of the House receives a salary and allowances for postage, hiring a staff—clerk-hire—office equipment in Washington, D.C., and the district office or offices, office space in the district as well as telephone and telegraph use in Washington and the district. Paul Dwyer of the Government Division of the Library of Congress in an excellent study of these allowances explains the operation as follows:

> Charges are made for each of the allowances that cannot be withdrawn in cash against a Member's allowance depending on use. Equipment, for example, is loaned to a Member and charged against an overall equipment value limitation. Member use of telephone and telegraph is charged in terms of units, with a maximum unit allowance. Any additional use, however, is charged to the Member's own resources.

There are certain allowances which fall into a different category such as travel for the Member and the stationery account allowance. These allowances can be withdrawn in cash or as needed by a Member. The amount of the allowances not spent for the stated purpose is subject to tax as income to the Member.

It is important to note how the funds are administered. The official book on "Regulations on Allowances and Expenses for Committees, Members, and Employees of the U.S. House of Representatives," issued by the Committee on House Administration, discusses the matter as follows:

> The contingency fund of the House of Representatives is that portion of the legislative branch appropriations set aside to pay certain costs of the administrative functions of the House.

Payments are made from the contingency fund upon vouchers which must be approved by the House Administration Committee. All unexpended appropriations for allowances—except for the stationery fund—remain in the contingency fund for a period of 2 years and then are turned over to the U.S. Treasury. The 2-year time period in the past has been justified as providing flexibility for vouchers which are turned in late.

The stationery fund is a special revolving fund. Each Member receives $6,500 for each regular session of Congress and the amount remaining in the account can be carried over from year to year, Congress to Congress.

Each 6 months the Clerk of the House publishes a document containing a statement of all amounts appropriated, received or expended, and any unexpended balances for this period. Each Member receives a monthly statement for his own use detailing the status of his allowances.

The four measures which I am introducing are necessary for better accountability to the public by House Members.

First, I propose changing the amount of time the unexpended allowances remain in the contingency fund from 2 years to 4 months. This shortened time should encourage greater efficiency in the financial operations of the House.

Second, I propose that any money spent from the contingency fund must have the approval of a majority of the House, not just the majority of the House Administration Committee.

Third, I propose that the monthly "Member's Allowance Statement" must be made available for public inspection during normal business hours in the office of the Clerk of the House of Representatives. It would better serve the public interest if we made available the monthly expenditures of each office rather than doing so at 6-month intervals.

Fourth, I propose that we end the revolving fund for the stationery allowance and put this account on the same status as other allowances—the amount remaining in this account at the end of a Congress would go into the contingency fund and could not be carried forward from one Congress to another Congress.

The existing arrangement of the stationery fund allows the Member of Congress to receive a "backdoor" salary increase during a session of Congress and/or upon retirement. I was greatly concerned that at the end of the 93d Congress, retired and defeated Members of Congress withdrew more than $193,300 from their stationery accounts. Thirteen Members withdrew over $5,000 with one Member receiving almost $24,000—all amounts above and beyond any pension to which they were entitled. By prohibiting the carryover of this fund from Congress to Congress, we can save the taxpayers money and eliminate this extra fringe benefit for retirees and defeated Members of the House.

Mr. Speaker, I encourage my fellow Members of the House to take action on these proposals to show the public that we are capable of reforming these practices and making ourselves more accountable to the public. It is time that we accept that challenge to clean our own House by making needed reforms now.

APPROPRIATIONS COMMITTEE COMMENDED FOR RESTORING FUNDS TO AGRICULTURAL CONSERVATION PROGRAM

The SPEAKER pro tempore. Under a previous order of the House, the gentle-

man from Tennessee (Mr. Duncan) is recognized for 10 minutes.

Mr. DUNCAN of Tennessee. Mr. Speaker, I am pleased to have this opportunity to commend the Appropriations Committee and this House for their diligence in restoring the funds for the Agricultural Conservation program to the appropriations bill which passed the House June 16. It is a program even more vital today as the U.S. Department of Agriculture pushes farmers to produce more and more to meet the needs of our Nation and the world.

The basic objectives of this program, Mr. Speaker, include the restoration and improvement of soil fertility, the reduction of erosion caused by wind and water, and the conservation of water and land. Both the committee and I appreciate the financial problems that we face today. I for one am also a strict believer in maintaining a tight and sensible budget. But I honestly cannot think of anything the USDA does which is more valuable than the objectives accomplished under the ACP. The ACP helps reduce pollution. It preserves the basic physical assets of this Nation. And it accomplishes these goals while the farmer provides at least half the cost plus his labor—allowing the taxpayer to get at least twice his money's worth in conservation carried out. As the committee duly noted in its report,

> In these times of large budget deficits and great financial pressure on our economy, we must increase our support for programs designed to protect our natural resources. In these times of damaging inflation and high unemployment, we must expand our efforts to preserve our land, reforest our hillsides and protect our sources of water supply. Only by maintaining our capacity to produce new wealth can we hope to continue to curb inflation, maintain our economy and keep our money supply tied to something of value.

Last year the Appropriations Committee did a great service to the ACP, to the farmers, and to the Nation by inserting language into their legislation which stipulated how the 1976 ACP should be carried out. This language essentially gave the program back to the farmers and the ASCS County Committees, and removed full control from the USDA here in Washington. The results of this move have been exemplified to me by the fact that the only complaint that I have heard involving the 1976 ACP has been the lack of funds. Counties in my district have received requests at a rate of up to three times the amount of funds they have available. It should be remembered too that many farmers do not sign up because they are aware that their requests are likely to be reduced or turned down due to the lack of funds. I am very pleased to note that the committee has kept this same language in their bill for the 1977 ACP.

Since 1935, we have planted about 7 billion trees, constructed over 2 million water impoundment reservoirs and treated hundreds of thousands of acres of land to reduce erosion. Certainly, we have accomplished an impressive amount of conservation during this period. Yet, our natural resources continue to deteriorate. The USDA estimates that we have already wasted over 40 percent of the fertile soil we had when this Nation began. They also estimate that we have remaining only about 30 percent of the original stands of timber that we had 200 years ago.

Obviously, conservation is a continuing battle that we must not forget, nor become complacent about. Our natural reserves must be protected, or else our ability to produce shall soon be irretrievably lost. We are today counting on the agricultural community—and thus the land—to not only feed this Nation, but also to save our balance of payments as we help feed the rest of the world. As we do so, it is mandatory that our Nation continue to invest in the protection of our land and its producing capacity, so that it can be preserved for the future. The Agricultural Conservation Program has been, and I hope shall continue to be, a way of doing exactly this.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. Paul) is recognized for 10 minutes.

Mr. PAUL. Mr. Speaker, I found it necessary to be absent on business on Friday, June 18. Had I been here, I would have voted as follows:

First. "Nay" on passage of H.R. 13179, the State Department Authorization Act. This bill authorized $1 billion for State Department expenses, included $233.1 million for the United Nations, $552 million for administrative expenses, $68 million for "educational exchange," and $122 million for other international conferences, organizations, and commissions. I find all of these sums to be much too large, and some ought to be reduced to zero.

Second. "Nay" on H.R. 13589, USIA Authorization Act, authorizing $262 million for propaganda purposes I realize that some may support this bill in the belief that the Voice of America is doing some good in strengthening the anti-Communist resolve of the people oppressed by Communist governments, but I do not believe that to be the case. Our announced and pursued policy of détente with the Communists, and therefore, anti-Communist messages, or messages appearing to be anti-Communist, are not broadcast or disseminated by the USIA. It would be more likely that pro-Communist messages—messages consistent with our policy of appeasement and accommodation—are being broadcast under the auspices of the USIA.

Third. "Nay" on H.R. 14239, appropriations for the Departments of State, Justice, Commerce, and the judiciary. This bill, in addition to the funds included for the United Nations and other international organizations, conferences, and commissions, includes funds for the Law Enforcement Assistance Administration, the Economic Development Administration, the Arms Control and Disarmament Agency, the Federal Trade Commission, and the Legal Services Corporation. I find all of these programs objectionable for many reasons, and therefore would have voted "nay" on this bill.

Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and that these remarks appear in the permanent Record.

REVIEW OF SOCIAL SECURITY PREMISES NEEDED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. Collins) is recognized for 15 minutes.

Mr. COLLINS. Mr. Speaker, recently we have been hearing of problems with ous social security system. These problems are urgent as it seems that the social security fund may go dry in a matter of a few years. I therefore strongly recommend a full Commission review of the premises on which social security is based. My remarks today may serve to highlight the situation which we face.

In 1942, after taxes and expenses, the average American family was able to save $767. For every $100 that family could afford to save, social security claimed $3.70. By 1950, savings had dropped, but social security took $20.40 of every $100 of savable income. By 1960, possible savings averaged only $320, but social security took $63.90 of each savable $100. In 1973, although savings possible for the average family income were up to $740, social security claimed an incredible $622 of available savable income. The opportunity for the average American family to save has been corroded practically to zero.

The social security system is so expansive that it covers virtually all but Federal and certain State and local employees; 32 million people—15 percent of our population—receive benefits. Yet social security is a failure compared to any private insurance fund. During the period 1964–74, social security costs had increased six times over the cost of private plans in the same period. More than one-half of all American taxpayers pay more into the fund that they pay IRS in personal income tax. In 1965, the maximum social security tax any worker paid was $174 per year. Presently it is $895. During the 20-year period of 1954–74, social security taxes grew 800 percent, which is 10 times the increase in cost of living for those years. The taxpayers' bill went from $5 billion to $40 billion, yet the average monthly benefit grew from $55 to only $140, less than one-third the tax rise.

Social security benefits are paid not in direct relation to the money invested, as with private insurance premiums, but by a formula based on an "average contribution" over the years plus the Federal Government's assessment of "need." Consider the following case which occurred in 1974. A man died of a heart attack at the age of 39. His wage at that time was $14,000 but the average income in which benefits were based came to only $6,600. His wife and two children were thus eligible for $425 a month as benefits—except for the fact that the widow earned $145 a week as a checkout clerk, thus raising her earnings above the allowable maximum. As a result, she ended up receiving only $220 a month in benefits. The taxes her husband had paid into the social security fund would have covered a $100,000 life insurance policy very nicely. That money, conservatively invested in bonds, could have yielded the widow a $7,000 income for the rest of her life. The fact is that today it is possible to pay more than $14,000 in social security taxes without being eligible for any benefits at all.

Social security's gravest problem, however, is that under present payments it cannot stay solvent. The sytem is based on the theory that each succeeding generation pays for the earlier one. Unfortunately, if the cost of living soars, or if the number of social security taxpayers drops, or the beneficiary population continues to increase, the fund goes dry. All of these things are happening so the crisis is now.

In fiscal year 1969, 22 percent of our Federal budget came from social security payments. Twenty-five percent of the burget went to pay out benefits. In fiscal year 1975, 28 percent of revenues came from social security taxes, while 37 percent went out in benefits. Fund reserves right now are only $44 billion.

In 1972, Congress tied benefits to the Consumer Price Index, which means plunging deeper into the reserve fund. Just in the 1970's benefits have increased by over 70 percent, far in excess of the rise in cost of living. A look at the situation at home will illustrate the trend.

In Texas between the years of 1965 and 1975, old age and survivorship benefits increased four times. Benefits for disabled workers and their dependents increased by five and a half times. Total benefits paid in Dallas County increased on the same scale—four times. Yet the numbers of those receiving benefits, both for Dallas County and Texas as a whole, only doubled in those 10 years, which means the average recipient is now receiving twice as much. The rate of increase is also going up. In 1955, the average man retiring at 65 collected $66.44 a month in benefits. In 1965, he collected $92.59. In 1975, he collected $227.75 for a 10-year increase of 138 percent.

At the same time, the ratio of workers to beneficiaries is falling. In 1945 there were 42.2 workers paying social security taxes for every beneficiary. In 1960 the ratio was 5 to 1. Currently it is 3.2 to 1. And with increasing life expectancy we will have more elderly Americans collecting longer. Women, with their increasing job participation and 7-year longer life expectancy over men, presently outnumber men as beneficiaries 8 to 5.

It is predicted that the latest social security tax increase will keep the system going for only 3 more years. The long-range prognosis for the system is grim. The goals of the Social Security Administration are laudable and its achievements in the past in bringing financial security to the elderly have been considerable. Presently social security is being handicapped by congressional actions where the liberal majority bases decisions on politics and not on necessity.

We in Congress should be encouraging greater opportunities for each citizen to provide his own personal retirement plan with the social security funds now coming out of his paycheck.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut (Mr. SARASIN) is recognized for 5 minutes.

Mr. SARASIN. Mr. Speaker, on June 18, 1976, I was absent from Washington for part of the legislative afternoon as I was returning to Connecticut to address the 10th Annual Conference of the Connecticut State Employees Association at the Alumni Center, University of Connecticut, Storrs Campus. Had I been present, I would have voted in the following fashion:

Rollcall No. 411—A motion to recommit H.R. 14239, State, Justice, Commerce, and the Judiciary appropriations measure to the Committee on Appropriations with instructions to report it back forthwith containing an amendment that proposed a 5-percent reduction in new obligational authority, and not more than 10 percent in nonobligated authority, "nay"; and

Rollcall No. 412—H.R. 14239: State, Justice, Commerce, and the Judiciary appropriations, final passage, "yea."

KEEPING THE AMERICAN DREAM FROM BECOMING A NIGHTMARE

The SPEAKER pro tempore. Under a previous order of the House the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, when I drive through the new neighborhoods I see springing up in all parts of this country I am glad that so many young families appear to be finding the means to build a house despite high increases in building costs from year to year.

After all, owning a home has always been the center of the American dream. I am afrad, however, that what may start out as a dream often turns into a nightmare when the costly new home wears out in 30 months, not 30 years, and a $40,000 mortgage still has several hundred payments due on it.

A great part of the answer appears to lie in putting construction costs back in their proper balance. Thirty years ago the relative costs of building materials were a mere one-fifth of what they are now. Today, synthetics have brought with them a whole gamut of mixed blessings and headaches and until we find a technology that will produce cheaper building materials which will hold up, we will be paying high prices for inferior housing.

I must leave the technology problem to those more informed and able than I in those fields, but as a long-time member of the Banking Committee, I have been looking into the problem from the perspective of home financing—especially by savings and loans. Two suggestions emerge: A tax credit for savings deposits and an interest rate subsidy program similar to the Federal Government's student guaranteed loan program.

I am sure I do not have to explain the impact that a housing industry as inflated as ours can have on our vulnerable economy. And because the housing industry itself is plagued by fluctuations in the economy, the savings and loans have not been able to provide as effective mortgage service to homebuyers, especially in the middle-income brackets, as they were designed to do.

Nevertheless, savings and loans are the most common mechanism for providing home lending moneys in this country. Last year, nearly 1 million homes—three-fourth of all housing starts—were financed by savings and loans. In short, the industry provides more mortgage financing than the rest of the mortgage financing industry combined.

Despite these facts though, the savings and loans are coming under increasing criticism on several fronts. The industry has been hit hard by unstable financial times and several times, disintermediation has been so severe that Congress was being asked to provide help in solving the problem. It has even been suggested that one of the answers is to allow savings and loans to go into consumer loans even on a personal signature basis and offer checking accounts.

Although I favor checking accounts for savings and loans, I do not want to see the savings and loan industry turned into just another group of financial institutions. In my view, the best answer to all of the problems the savings and loan industry has is to make them strong, viable and important home lending institutions.

The first thing that is needed is a uniform and adequate flow of savings into the savings and loan associations. It does no good to have millions of dollars in excess funds at a time when there is little mortgage demand without a supply of lendable funds.

To achieve an adequate pool of mortgage money we should establish a tax credit for interest received on savings accounts. Such a credit came very close to enactment during the last Congress but in the final conference committee the tax credit provision was stricken from the tax reform package. I have sponsored savings tax legislation for the last three Congresses and I am convinced even more now that we must have this type of incentive in order to maintain an adequate flow of mortgage funds.

If the first thousand dollars of dividends from savings accounts were tax exempt, there would be an immediate and major injection of mortgage funds, and of course with the quarter of one percent differential statutorily granted to savings and loans, a majority of the savings account money would be channeled in the direction of the savings and loans.

It is no secret that the homebuilding industry is responsible for creating millions of jobs and for every dollar that is invested in a home mortgage, hundreds of dollars are returned to the economy in the forms of new jobs, new purchasing power, and new tax revenue.

If one looks at the economic history of this country, it becomes obvious that during every period of prosperity we have had a strong homebuilding industry and during every recessionary cycle the homebuilding industry has been in a low state. I do not know if this is exactly an example of the chicken and egg theory but whether or not housing problems are responsible for recessions or vice versa is really not that important. What is important is the two travel together and I would rather see them travel the high road than the low road.

The savings account tax deduction would be available to everyone and there, of course, would be a maximum on the amount of deduction so that the provision could not be used to avoid paying legitimate taxes. While people of moderate income might not have as much money to place in savings accounts as the more wealthy and, thus, would not get as large a tax break, it must be pointed out that it is the moderate-income families that are faced with the major housing shortage problem. So even though this economic group might not get the largest tax benefit, it would be the largest beneficiary of an increased housing and mortgage inventory.

Once there is enough money in the industry to overcome disintermediation and other similar problems, there must be a way designed to make certain the money is used.

A savings and loan with millions of dollars in mortgage funds but without customers for that money has just as many problems as an institution with customers but no funds. In many areas we are facing a problem of too much money and too little loan demands. This is true because mortgage interest rates are higher than the average family feels it can afford.

It would be a simple matter to reduce the mortgage interest rate but then of course, there would have to be a corresponding reduction in the amount of interest paid to savers. Unless, of course, you want to do business like the not-too-smart savings and loan manager who paid 5 percent to his savers and then lent the money out on home purchase loans at 5 percent without charging any points or other fee. After a year of doing this the manager could not figure out why he was not making any money so he called in his brother-in-law who was even less endowed with brains and asked him to look over the situation. After several weeks of studying the problems the brother-in-law announced proudly one day that he had solved the problem. All the manager had to do to make the business profitable was to double the amount of loans that he was making.

But reducing interest rates for savers is far more complicated and more serious than a joking matter. It involves a long-term educational process with savers and it must also be accompanied by a general across-the-board reduction in all other investments. If not, then disintermediation will step right back into the picture. I wonder though if a savings institution announced that it was cutting its home mortgage rate a substantial percentage and at the same time was cutting the interest it paid to savers an equal amount if the home buying public would put money into that institution knowing it would be a good place to borrow money.

It would be a noble experiment and since we are spending millions of dollars a year on housing subsidy programs and pilot projects in the financial field, I see no reason why the Federal Government could not underwrite such a program by guaranteeing to cover the spread in the event that not enough money flowed into the association.

Or as an alternative, why not a direct subsidy of interest rates for low- and moderate-income housing such as that used in the student loan program? Under that program the borrower pays 7 percent interest provided he or she meets certain income tests and the Government pays the difference between the 7 percent and current market rates. The differential is established each quarter and is paid on all loans in the financial institutions portfolio at that time.

We have a large number of subsidy programs available for low-income housing and a limited number to middle-income areas. But none would work as quickly and as effectively as a direct subsidy of the interest rates. I do not envision this as a long-term program since it would only need to be operated until savings rates could be brought back to a realistic level and that must happen if we are to maintain a home mortgage industry.

Certainly the ads offering high interest rates on savings accounts are very enticing to the American saver and they do put extra pennies in the savers' pocketbook. But you cannot have it both ways. You cannot get a high rate for your savings and a low rate for your home mortgage. Unfortunately, in too many cases were are not talking about the same person when we consider the saver and the borrower. But there are enough people who fall into both categories to at least begin a program of cutting rates in both areas.

TITLE XX REVISIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. RANGEL) is recognized for 15 minutes.

Mr. RANGEL. Mr. Speaker, on Friday, June 11, the Subcommittee on Public Assistance of the House Ways and Means Committee, of which I am a member, continued its hearings on H.R. 12175, the administration's proposed revision of title XX of the Social Security Act, dealing with delivery of social services. During the course of the hearings last Friday, testimony was presented by Msgr. Lawrence J. Corcoran, Executive Director of the National Conference of Catholic Charities, and Mr. Karl Zuckerman, Government Relations Consultant to the Federation of Jewish Philanthropies of New York, and representing the Council of Jewish Federations and Welfare Funds.

The concise and straightforward observations made by the outstanding representatives of these two major religious groups made an important contribution to the work of our committee in our deliberations on the pending legislation on social services delivery.

I was extremely impressed that these two large religious organizations could deliver their important testimony jointly, obviously having worked closely together in its development. It is my fervent hope that they will continue their splendid cooperation together, and that this cooperation will serve as an example for their own lay and professional leadership back in churches and synagogues, neighborhoods and precincts throughout the country. In this way, we can stimulate the very kind of helpful assistance that Monsignor Corcoran and Mr. Zuckerman provided on behalf of their respective national groups last Friday. I recommend this testimony to all of my colleagues, since it elucidates so well the shortcomings and strengths of the administration's proposed revisions of title XX. The testimony is as follows:

THE APPROPRIATE FEDERAL ROLE IN THE SOCIAL SERVICES

(Testimony on H.R. 12175, the Administration's Proposed Amendments to Title XX of the Social Security Act, by Rev. Msgr. Lawrence J. Corcoran, Executive Director, National Conference of Catholic Charities; and Mr. Karl Zuckerman, Government Relations Consultant, Federation of Jewish Philanthropies of New York, and representing the Council of Jewish Federations and Welfare Funds)

Mr. Chairman and distinguished members of the Public Assistance Subcommittee, I am Monsignor Lawrence J. Corcoran, Executive Director of the National Conference of Catholic Charities, and this is Mr. Karl Zuckerman, representing The Council of Jewish Federations and Welfare Funds. The National Conference of Catholic Charities coordinates the Catholic Charities Movement and serves 868 agencies and institutions providing human services in the 50 States and the District of Columbia. Catholic Charities is, perhaps, the largest voluntary sector provider of social services in the country.

The Council of Jewish Federations and Welfare Funds is an umbrella organization for 215 Jewish Federations and Welfare Funds and over 600 affiliated agencies which provide a wide range of social services in over 800 communities throughout the United States. Mr. Zuckerman is the Government Relations Consultant with the Federation of Jewish Philanthropies of New York, the largest of the Council's constituent organizations, and he is speaking for the Council as one of its most knowledgeable experts in the social services field. We appreciate the opportunity to appear before the Subcommittee on a matter of great importance to both of our organizations.

In his testimony on the Administration's proposed amendments to Title XX a few weeks ago, HEW Secretary Matthews indicated that Title XX does not adequately resolve "issues of States' rights and responsibilities versus the most appropriate Federal role." The Administration apparently feels that Congress left these questions up in the air when Title XX was passed in December, 1974. The Administration's own answer, now, as opposed to two years ago when it was a party to the development of Title XX and supported it, is indicated in the Title to H.R. 12175: "Federal Assistance for Community Services Act." The Administration evidently feels there is no Federal responsibility except to provide money to the States. This answer is far too simple, and because of it, we find ourselves in substantial opposition to H.R. 12175.

Apart from the still unresolved problems of extending group eligibility for group services in selected situations, and the dispute over appropriate day care standards, we are in substantial agreement with Title XX as it now stands. Indeed, most of the problems that have come to our attention stem from: (1) overregulation of the program by the Department of HEW that is now being corrected by new agency rule making; (2) a lack of sufficient program funds to meet the social service needs of our citizens in an increasing number of States; and, (3) a tendency on the part of some States not to engage in genuine planning with the voluntary sector and the citizenry, or to freeze the traditional non-profit providers out of what has been an ingenuous pluralism in providing the human services in our country.

Our agencies provide services to meet human suffering and need out of a conviction in the Catholic and Jewish communities that this is an important part of our contribution to the national life and the public good. We feel it is vital, not for the self-interest of our agencies, but vital for the country and the quality of services, that this nation's social service delivery system be maintained as a pluralistic one. We were instrumental in introducing the purchase of service concept and feel strongly about its maintenance in so far as non-profit providers of human services are concerned.

Because of our commitment to the common good, we continually examine the most appropriate roles of the States and the Federal government and the most appropriate distribution of limited dollars. Our negative judgment on H.R. 12175 results from our view that there is an important Federal role in the social services beyond distribution of money to the States. Indeed, the most logical extension of the Administration's thinking would lead towards general revenue sharing legislation, and there is ample documentation that the massive infusion of Federal dollars into that program has not been focused at all on those who are poor or on those who are in need of social services.

Before we review our objections to H.R. 12175, we would like to call attention to three excellent provisions in that piece of legislation which we believe the Subcommittee should adopt.

First, in Section 104, the Administration would establish an entitlement for Puerto Rico, Guam, and the Virgin Islands—a modest total of $16 million—on top of the present $2.5 billion ceiling. This is a good and just suggestion, because at present, Puerto Rico, Guam, and the Virgin Islands are only provided with money if the States have not used it all up. Surely there is a clear Federal responsibility for the Commonwealth and the Territories.

Second, in its amendments to the State planning process, in Section 118 (b) and (c), the Administration would require that the State Title XX agency consult with local entities of government and the private agencies, and also summarize and report on the disposition made of the comments submitted by the public and by agencies concerning the State plan and amendments to the plan. This is an excellent suggestion which would strengthen the planning process. At the same time, we should note that in Section 117, the Administration would give the Secretary of HEW authority to waive the time period specified for the planning process. In our view, the certainty of these periods is important to public involvement in the planning process, and therefore we oppose the proposed Section 117, which would weaken this vital process.

Third, the Administration proposes in Section 107 a reasonable solution to the problem of group eligibility. We feel it is important to reduce, wherever possible, the administrative and emotional burden of determining individual eligibility for social services.

We also agree with Section 107's repeal of the current requirement that the State charge a fee for Title XX services offered to an individual who is a member of a family with a monthly gross income of greater than 80% of the State (or National) median income. We therefore feel that the group eligibility and fee requirement repeal provisions of Section 107 should be added to Title XX.

Now, however, we come to our disagreements with the Administration:

We believe that the requirement for State matching funds should be maintained. Our agencies tell us of their concern that the absence of the State matching requirement will reduce their input in the development of state plans since funds donated by private non-profit organizations will no longer be useful in contributing to a State's matching share of Title XX expenses. More importantly, a repeal of the State matching requirement could easily reduce the total funds available for Title XX services from a potential $3.3 billion (Federal share plus State match) to $2.5 billion. Especially in those States currently at, or near, their Title XX ceiling, the lack of a State match requirement, in conjunction with the inadvisable removal of the maintenance of effort requirement as proposed in Section 113, will likely result in pressure on State governments to solve budgetary problems by reallocating State money previously spent on social services to completely unrelated areas. If this occurs, the amount of money spent on social services will inevitably decrease.

We believe it is inappropriate to include training monies under the Title XX ceiling, especially when the ceiling is obviously going to be inadequate. At a time when the delivery of social services is becoming an increasingly important part of human care in the United States, it is essential that adequate personnel training be available to successfully implement the social services delivery system. Training funds should not be taken from the limited allocations which should be going to the services themselves. The "hold harmless" provision, over FY 1976, in the Administration bill does not make this amendment any better, and indeed may be meaningless in view of projected spending in FY 1977.

We disagree with the Administration's amendments that would drop Federal responsibility for day care standards. While our agencies do not all agree at present on what the most appropriate standards should be, they almost universally want them to be Federal sandards. Indeed, a survey of the great variations in State standards points to the problem. Surely this is not the time to abandon Federal standards as the objective, when HEW is in mid-stream of the study it asked to conduct on appropriate day care standards. We have agreed not to oppose the provisions of the pending Senate version of H.R. 12455 which would set aside the enforcement of the staffing ratios for children under age six until HEW's Appropriateness Study has been completed.

Unlike the Administration, we believe that with the Federal dollar there should be Federal responsibility for approval and audit of the State plans and expenditures under the program. The Administration's amendments substantially weaken Federal responsibility in this regard. We believe there should be at least as much in the way of Federal approval and audit requirements as is presently mandated by Title XX. Indeed, we do not yet have sufficient experience under Title XX to know whether there are sufficient requirements for Federal approval in the Act. Our agencies, most of whom have relationships with the State agencies, seem to feel alike on this point.

Congress, in enacting Title XX, was very clear that the program was to enable States to furnish services directed at five broad goals, only one of which was the goal of achieving and maintaining economic support. We agree with that broad formulation of goals, though we would hope at some time Congress would single out more sharply the goal of strengthening family life. However, the Administration in H.R. 12175, proposes to go the other way and focus largely on the self-support goal. To do this, the bill proposes that 75% of the funds be targeted for services to AFDC, SSI, and Medicaid recipients or eligibles (many of whom are incapable of self-support), and to individuals below the Orshansky-OMB Poverty Line.

The Orshansky Poverty Line at present is $5,500 for a family of four, sharply below the 80% of State median income in all the states which is one of the eligibility demarcations in the present law. For example, 80% of the median income for a family of four in Mississippi in FY 1977 is $9,250, and in California it is $12,745. It is clear that the OMB Poverty Line cut-off (which is even much lower than the Lower Living Standard as computed by the Bureau of Labor Statistics—at present $9,588 for a family of four) would eliminate many people presently eligible to receive needed services from having these needs met.

Even beyond our opposition to the Administration's proposed income demarcations, we feel the focus of Title XX on the five broad goals should be maintained. Problems which result from the need for specialized social services do not respect the poverty line or the income scale. We would generally favor a relaxation of means tested barriers to the social services, but in the present context of a shortage of funds and a $2.5 billion ceiling, we feel the 50% categorical focus in the Act provides a reasonable required focus on the needs of those on fixed or limited incomes and on the self-support goal.

In addition to its proposed requirement that 75% of the funds be targeted on categorical recipients and those below the poverty line, the Administration, in Section 119, proposes to repeal the Congressional requirement that the States provide at least one service to each of the five broad goals and at least three services to recipients of SSI. We think the Congressional requirement is a sensible one, and should be retained, or the States will be able to limit too easily their services to a few narrow goals, far short of the needs of their citizens. It is important that States be required to offer services directed to all five Title XX goals.

In several sections of H.R. 12175, the Administration proposes removing restrictions on the use of Title XX monies which we believe the Congress legislated wisely. Section 108 would remove the restrictions in the Act on the use of funds for medical and remedial care and room and board. This seems to us an invitation to the States to refinance programs presently funded by a mix of other Federal programs requiring a larger State match. Section 112 would repeal the present prohibition against using Title XX funds to pay for a service presently eligible for payment under Medicare. Again, this could reduce the amount of Title XX money available as States are able to replace the State funds for Medicare by Title XX money. Section 110 would permit the States to use Title XX funds for education costs presently picked up by the State in the normal funding and administration of public education, and could, if adopted, provide another major drain on limited social service funds. It would be easy, for example, for a State to use most of its Title XX allocation to support public schooling of children under the poverty line.

State money previously used for this purpose could be used for other unrelated matters, or simply used to balance a State's budget, while little money would remain for the provision of social services. We oppose all three of these Administration proposals, and feel that the present restrictions in the Act should be maintained.

In general, we do not feel this is the time for any major modification in the basic structure of the social services Title. We need more experience with the program than we have under our belts to date; not a single year's program has yet been completed under Title XX. In addition, we oppose the thrust and direction of the Administration bill which would prove extremely detrimental to this nation's social service delivery system.

We do, however, favor some adjustments in the Act, including: a temporary resolution on the matter of day care until the Appropriateness Study is completed and Congress legislates on day care standards; satisfactory resolution of the group eligibility question as proposed in H.R. 12175, and; as the Administration has also suggested, a permanent allocation for Puerto Rico, Guam, and the Virgin Islands above the $2.5 billion ceiling. We also favor the provision of H.R. 12175 which would require the States to consult with subsidiary entities of government and with private agencies in the development of the State services plan.

In further adjustments, we would urge the Subcommittee to remove from the Secretary the authority in the present Act to permit the States to charge fees to categorical recipients and recipients below 80% of the median income. The Secretary has permitted the States to levy such charges, and a number of them have done so. We do not feel that those of our citizens who have inadequate income should be charged fees for services that could make their lives more liveable and enable them to make a fuller contribution to society.

Finally, we would urge the Subcommittee to make a reasonable adjustment of the spending ceiling under Title XX. Real dollar expenditures for social services under the Act declined significantly in many States since the imposition of the ceiling. Extraordinary inflation has eaten into dollar restrictions that were already too low to meet the needs in many States. At least, we would hope the Subcommittee would act at this time to index the Title XX program to increases in the cost of living so that citizens needing such services will not find their needs met to a decreasing degree as the years go on.

We thank you for giving us the opportunity to testify on this program of great national importance, and we urge the Subcommittee to maintain the viability of Title XX by rejecting the provisions in H.R. 12175 that would severely impede the implementation of a successful social service delivery system in the United States.

ACTS ADOPTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA AND TRANSMITTED TO THE SPEAKER, MARCH 29 TO JUNE 10, 1976

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. DIGGS) is recognized for 5 minutes.

Mr. DIGGS. Mr. Speaker, the Council of the District of Columbia has adopted a number of acts since last I reported to the House in the CONGRESSIONAL RECORD of March 23, 1976.

The House Committee on the District of Columbia has in its files Council committee reports and copies of acts, if Members desire further information.

The Council acts are listed below:

ACTS ADOPTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, AND WHERE NECESSARY TRANSMITTED TO THE SPEAKER OF THE HOUSE OF REPRESENTATIVES BETWEEN MARCH 29, 1976, AND JUNE 10, 1976

Act 1–95. Applications Insurance Implementation Act. To implement the D.C. Flood Insurance Program (Emergency Act No. 1–60) to qualify the District to participate in the National Flood Control Program (42 U.S.C., Secs. 4001–27); to provide a permanent amendment to the city's building code; and to provide insurance to apartment dwellers and to owners of homes and commercial establishments. Adopted by the Council on February 24, 1976. Signed by the Mayor, March 19, 1976. Transmitted to the Speaker, March 29, 1976.

Act. 1–97. Legislative Privilege Act of 1975. To (1) provide immunity to District Council members with regard to conduct during the course of legislation duties, and (2) create a criminal offense and penalty facts directed at obstructing the progress of a Council proceeding or investigation. Adopted by the Council on February 24, 1976. Signed by the Mayor, March 22, 1976. Transmitted to the Speaker, April 7, 1976.

Act 1–98. Boxing and Wrestling Commission Nominee Confirmation Procedure Act. To provide for additional time, by amending D.C. Law 1–20, to allow a 90-day period for Council action on Mayoral appointments to the Commission, rather than the 30-day period authorized in the law. Adopted by the Council on February 24, 1976. No action taken by the Mayor. Transmitted to the Speaker, April 8, 1976.

Act 1–102. Criminal Justice Act Authorization Extension Act. To amend the D.C. Criminal Justice Act of 1974 (D.C. Code, Title 11, Sec. 2608) to extend indefinitely the authorization of appropriations for defense counsel to indigent defendants in local criminal cases. Adopted by the Council March 9, 1976. Signed by the Mayor, March 29, 1976. Transmitted to the Speaker, April 19, 1976.

Act 1–104. Metro Transit Police Force Act of 1975. To grant the consent of the District of Columbia to amend the Washington Metropolitan Area Transit Regulation Compact to authorize WMATA (1) to establish and maintain a Metro Transit Police Force, and (2) to enter into mutual aid agreements with the various jurisdictions within the transit zone. (This to be in lieu of Congressional consent provided by H.R. 8719 passed by the House on July 28, 1975, but not acted upon by the Senate.) Adopted by the Council on March 9, 1976. Signed by the Mayor on April 1, 1976. Transmitted to the Speaker, April 12, 1976.

Act 1–105. Child Labor Amendments of 1976. To amend the Act regulating the employment of minors within the District (Act of May 28, 1928; D.C. Code, Title 36, Sec. 201 et seq.) to update and implement the District's child labor laws and to assure uniformity by ages and sex in hours of employment and types of occupation. Adopted by the Council on March 9, 1976. Signed by the Mayor on April 5, 1976. Transmitted to the Speaker on April 14, 1976.

Act 1–106. Revenue Act of 1976. To provide additional revenue for the District of Columbia. Adopted by the Council on April 6, 1976. Signed by the Mayor on April 20, 1976. Transmitted to the Speaker April 23, 1976.

Act 1–107. Cooperative Conversion Moratorium Act. To amend the D.C. Cooperative Association Act (D.C. Code, Title 29, Sec. 801 et seq.) to restrict for 6 months the formation of any cooperative association in the District for the purposes of owning and operating a multi-family housing accommodation, with authority to the Mayor to grant exemptions in specified cases. Adopted by the Council on March 23, 1976. Signed by the Mayor on April 22, 1976. Transmitted to the Speaker, April 30, 1976.

Act 1–108. Establish Single-Member Districts Within Advisory Neighborhood Council Areas. To permit, pursuant to Advisory Neighborhood Councils Act of 1975, single member districts in areas not yet established by resolution of the Council. Adopted by the Council on March 23, 1976. Signed by the Mayor on April 26, 1976. Transmitted to the Speaker, April 30, 1976.

Act 1–109. Police and Fireman's Salary Act Amendments of 1975. To amend the D.C. Police and Firemen's Salary Act of 1958 (D.C. Code, Title 4, Sec. 4–823(a) et seq.) to provide a 6% pay increase retroactive to Oct. 1, 1975. Adopted by the Council on March 23, 1976. Returned without signature by the Mayor on April 27, 1976. Transmitted to the Speaker, April 30, 1976.

Act 1–113. Standards of Assistance for Public Assistance Applicants and Recipients. To amend and reenact Council Regulation 74–42 (approved by the appointed Council on September 12, 1972) to establish and apply standards of assistance, based on February, 1973, cost of living index, for public assistance applicants and recipients. Adopted by the Council on April 20, 1976. Signed by the Mayor on May 10, 1976. Transmitted to the Speaker on May 14, 1976.

Act 1–116. Age of Majority. To establish the age of majority at 18 and stop discrimination on account of age, sex and marital status against persons who have reached 18. Adopted by the Council on April 20, 1976. Signed by the Mayor on May 14, 1976. Transmitted to the Speaker on May 21, 1976.

Act 1–118. Consumer Protection Procedures. To provide consumers in the District with procedures for redress of improper trade practices; abolish Office of Consumer Affairs and establish Office of Consumer Protection. Adopted by the Council on April 20, 1976. Signed by the Mayor on May 14, 1976. Transmitted to the Speaker on May 21, 1976.

Act 1–120. Corporate and Unincorporated Business Franchise Surtax. To amend D.C. Income and Franchise Tax Act of 1974 (D.C. Code, Title. 47, Sec. 1571a) and place a 10% surtax (or a total 9.9% rate) on and after January 1, 1976, on corporations and unincorporated businesses. Adopted by the Council on April 20, 1976. Signed by the Mayor on May 18, 1976. Transmitted to the Speaker on May 25, 1976.

Act 1–130. Interest Rate Extension. To amend Council Regulation 74–21 (enacted Aug. 1, 1974) an dextend for 2 additional years interest rates on certain loans. Adopted by the Council on May 18, 1976. Signed by the Mayor on May 20, 1976. Transmitted to the Speaker on June 8, 1976.

LEGISLATION FOR FERRY SERVICE DEMONSTRATION PROJECT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. HOWARD) is recognized for 5 minutes.

Mr. HOWARD. Mr. Speaker, 4 years ago I rose in support of legislation to establish the Gateway National Recreation Area. At the time, I had one objection to the conference report on Gateway: There was no provision for the establishment of waterborne transportation, specifically ferry service to the park's four units.

Much progress has been made on Gateway development since 1972. The park has been in actual operation 2 years during which time 12 million people have visited and enjoyed the recreational and scenic attractions. But the major transportation problem still remains. That problem threatens the realization of the very goals for which the park was established: preserving the area's unique natural beaches and bays while giving large numbers of people access to high-intensity, multiuse facilities.

Today I am introducing in the House—and Senator HARRISON A. WILLIAMS in the Senate—legislation that would direct the Urban Mass Transportation Administration to initiate a mass transportation demonstration project for passenger ferry access to the Sandy Hook unit of Gateway National Recreation Area. Such service would be provided between Jersey City, N.J., and Sandy Hook, N.J., and between Keyport, N.J., and Sandy Hook.

As the Representative of the area in which this section of Gateway has been established, I am acutely aware of the traffic problem created by summer visitors enroute to Sandy Hook. Bumper-to-bumper automobiles on Route 36 not only pose a serious environmental threat to the bayshore area, but deprive area residents of access to and from their own properties. Tempers flare, cars stall, and the ensuing chaos presents a grave safety hazard for visitors and residents alike.

Seven months ago, the Monmouth County Planning Board went on record as opposing any further expension of the facilities at the Sandy Hook Unit of Gateway National Park until such time as the access problems in the vicinity of the park are alleviated. Two months ago, a Monmouth County Freeholder was in my office pleading for help in handling the 250,000 visitors who will be heading for Sandy Hook on July 4th for Operation Sail. Normal day visitors combined with Operation Sail spectators are expected to create the grandest traffic jam New Jersey has ever seen.

Waterborne transportation is vital to Sandy Hook—the least accessible unit of all the units in the Gateway Recreation Area. There is no mass transportation to Sandy Hook and at least 98 percent of all visitors arrive by car. Route 36, which had severe traffic problems before the park's establishment, is greatly overloaded with cars during the summer. It is estimated that by 1990, the number of automobiles enroute to Sandy Hook will exceed the capacity of the route by 200 percent.

By establishing this demonstration project, we will be able to study the effectiveness of the ferry form of transportation in alleviating traffic congestion and environmental pollution. We may find it feasible eventually to employ a ferry system connecting all units of the Gateway National Recreation Area.

I hope this important legislation meets with speedy success.

PERSONAL EXPLANATION

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Ambro) is recognized for 5 minutes.

Mr. **AMBRO**. Mr. Speaker, earlier this afternoon, the House of Representatives passed seven bills under a suspension of the rules, two of which have an important effect on the lives of our millions of veterans and veterans' survivors. I sincerely regret that I was unavoidably detained in New York on official business, and, therefore, was not able to be present earlier to cast my votes on these matters. Had I been in attendance, I would have voted "yes" on each of these six suspensions of the rules.

I am particularly distressed at not being here to personally lend my support to H.R. 14299, the Veterans Disability Compensation and Survivors Benefits Act, and H.R. 14298, the Veterans and Survivors Pension Adjustment Act, inasmuch as I have been a longtime advocate of these increased benefits for those who served their Nation so well in our armed services. Indeed, I voted to amend the budget resolution to allow for this sorely needed and richly deserved increase in benefits.

LEGISLATION NEEDED TO ALLOW THE ELDERLY MEDICAL EXPENSE DEDUCTIONS WITHOUT LIMITATION

(Mr. **KOCH** asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. **KOCH**. Mr. Speaker, I am today introducing a bill to amend the Internal Revenue Code to allow the medical expense deduction to an individual whether or not the individual itemizes his deduction and to eliminate the 1-percent floor for medicine and drugs and the 3-percent floor on medical expenses for persons 65 years of age and over.

The main purpose of this bill is to allow persons 65 years of age or older essentially the same tax deductions they had prior to the Social Security Amendments of 1965. Prior to that time persons 65 years or older were allowed to deduct medicine and drug expenses and all medical and dental expenses without regard to the 1-percent limitation for drugs or the 3-percent limitation for all medical and dental expenses which applied to all other taxpayers. When the special provisions for older persons were repealed in 1965 the reasoning was that the broad coverage health insurance provisions of the medicare legislation would relieve older people of the heavy financial burden of medical expenses. At that time the reasons for the special medical relief of older taxpayers no longer appeared to exist.

But this has not proven to be true. For one thing neither Part A nor Part B of medicare cover long-term illness or preventive health services. Nor are medicine and drug costs reimbursable. Medicare was never intended to be comprehensive, but was enacted because private health insurance was paying too small a portion of health bills for the elderly. Since medicare's inception in 1966, however, the program has paid a progressively smaller share of the elderly's medical bills. This trend has been caused by both the general inflation in the cost of health care and the rise in medicare recipients' payment obligations—increased deductible amounts and copayments where applicable. Elderly persons who are not eligible for medicaid have nowhere to turn but private coverage which does not offer complete health care coverage either. Nor is the medicaid recipient better off, particularly in areas of preventive health care.

Further, the health care expenses of the elderly are higher than those of the general population. In 1966, when medicare was enacted, the aged needed more than twice the health care of persons under 65, costing them, after public and private third-party payments were accounted for, a per capita average of $237 a year out of pocket. In 1974, the needs of the elderly were the same in relation to the rest of the population but health cost inflation had pushed their out-of-pocket costs to $415, up 75 percent. In 1975, this figure was $392, still up 65 percent from the 1966 base. The continued inflation of medical costs in this year may raise this figure again.

While any portion of this out-of-pocket cost which exceeds 3 percent of the person's adjusted gross income—1 percent in the case of medicine and drug expenses—is an allowable deduction under the present tax scheme, the 3-percent floor acts as an effective barrier to adequate medical care for the average elderly person who does not have comprehensive retirement benefits and may have only minimal savings in addition to social security. Those living on fixed incomes are always hard hit in inflationary times, but the elderly are particularly vulnerable since they have to contend not only with general inflation in food and housing costs but also with increased expenses solely due to advancing age and the corresponding inability to do as much for themselves as they had previously. For instance, if an elderly couple still owns their own home, maintenance costs increase beyond the amount attributable to inflation, because they have to hire others to do repair work they might previously have been able to accomplish themselves. This is but one example of the stress placed on the limited income of all but those few elderly persons who are wealthy. To those few the 3-percent and 1-percent floors present no problems, but to the majority of elderly persons, these percentage limits put up a barrier which make them reluctant, despite medicare, to seek proper medical care, especially preventive health services, since they will have to spend so much of their limited incomes before being allowed to deduct. Yet this is precisely the time in their lives when they most need increased medical services.

Until a comprehensive program of national health insurance is adopted, medical and medicine and drug expense tax deductions should be allowed for our elderly population without setting percentage barriers which effectively deprive many elderly persons from seeking the medical care they need. The legislation I am introducing today will amend the Internal Revenue Code to eliminate these barriers.

DO WE KNOW THE EFFECTS OF COMPULSORY BUSING TO ACHIEVE RACIAL BALANCE ON THE QUALITY OF EDUCATION?

(Mr. **KOCH** asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. **KOCH**. Mr. Speaker, I have introduced legislation calling for the establishment of a 13-person commission, to be appointed by the Federal courts, to examine some of the outstanding questions surrounding the controversy over schoolbusing to achieve integration in the public schools. My bill, H.R. 11613, which has been referred to the Subcommittee on Civil and Constitutional Rights of both the Committee on Judiciary and the Committee on Education and Labor, requires this commission to provide answers to 10 questions about the effects of schoolbusing to achieve a compulsory racial balance on the quality of education for the children concerned, the effects on the flight of the predominantly white middle class to unaffected suburbs, and related issues concerning pupil, teacher, and financial distributions within school systems.

I was interested to read an article in the New York Times yesterday which concluded that experts disagree on the impact of busing on the education of the children involved. I have supported busing, and I will continue to support busing to achieve a compulsory racial balance in the public schools so long as it is related to quality education in schools, but I believe, as the experts apparently concur, that neither the Congress, nor the courts, nor any body of experts has adequately evaluated what the educational impact of busing has been or will be. I have not supported the efforts of those who want to legislate busing out of existence without having the facts to make a determination, but I have been troubled by the turmoil it is causing in our cities. I have previously summed up my feeling by saying: "My heart tells me in certain circumstances we should bus, but my gut tells me it is not working, and my mind asks: why not ascertain the facts for review?"

My commission proposal is designed to establish what the facts are, including the benefits and costs of busing, and to provide us the facts about this controversial issue in a forum that cannot be considered biased in favor of any particular view.

I was struck by the following paragraphs in the article in the Times, which was entitled: "Findings Scanty on Impact of Busing on School Work";

> The future of busing as an instrument of school desegregation has come under political challenge at a time when experts agree that there is still a glaring lack of information against which to assess the educational impact of busing.
>
> More than 20 years after the United States Supreme Court outlawed "separate but equal" schools, setting the stage for massive desegregation, social scientists and educators are unable to arrive at a consensus on the effects of busing on the children involved.
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>
> Definitive findings on what happens to pupil achievement when black and whites youngsters come together are scanty. There is a mixed picture of what integration means to the self-perception of pupils and what they think of each other. There is disagreement over the extent to which white flight can be attributed to desegregation.
>
> The whole gamut of educational effectiveness during desegregation remains an essentially unresolved area. It is not even certain what the variables are that affect education under usual circumstances, let alone under desegregation.

At this point I should like to place in the Record my correspondence with Chairman Don Edwards asking for a hearing on my proposal, and the entire New York Times article. I shall continue to press for and ask for the facts. Those who believe compulsory busing and racial balance in the classroom are necessary and related to quality education, as well as those who are opposed to both compulsory busing and racial balances, should join together to ascertain what the facts are. Until we know the facts and act rationally in the light of those facts, the turmoil will continue.

The material follows:

Washington, D.C., *May 24, 1976.*

Hon. Don Edwards,
Chairman, Subcommittee on Civil and Constitutional Rights, Washington, D.C.

Dear Mr. Chairman: I believe that my proposal to establish a Commission on School Integration becomes more relevant and appropriate every day. What the Commission would provide is a means to analyze in an unemotional and authoritative manner some of the questions relating to the state of our public schools, including questions about the educational results of school busing, the effectiveness of school busing in bringing us closer to an integrated and harmonious society, and questions about the financing of public school systems. Such a Commission would provide the recommendations upon which public policy can be formulated. Otherwise, we are continually forced to debate these emotional subjects and attempt to formulate policy without the benefit of authoritative evidence suggesting what should be done.

I would appreciate your looking at the several statements I have made on this proposal which I am enclosing, and most of all I would appreciate a hearing on the proposal.

All the best.

Sincerely,

Edward I. Koch.

Washington, D.C., June 9, 1976.

Hon. Edward I. Koch,
U.S. House of Representatives,
Washington, D.C.

Dear Ed: Thank you for your recent correspondence transmitting background information and views on H.R. 11613, your bill which proposes to establish a commission to study questions relating to the racial integration of public schools. It was certainly interesting to survey the starkly different views which have been expressed regarding that legislation.

H.R. 11613 was referred jointly to the Committees on Education and Labor and the Judiciary. At present, the House Judiciary Committee's Subcommittee on Civil and Constitutional Rights has no plans to convene hearings on the proposal. We are instead devoting a great deal of our civil rights agenda to examining the problem of racially polarized housing patterns; and we are hopeful that, by so doing, we will be addressing what we perceive to be fundamental causes of the so-called "busing crisis."

In fact, we held three days of hearings in March of this year, during which we examined the Department of Housing and Urban Development's enforcement of Title VIII and other fair housing requirements. In July, we are scheduling three days of hearings to examine similar enforcement issues within the rural housing context. The agency to be examined during those hearings will be the Farmers Home Administration of the Department of Agriculture.

Ed, again I thank you for keeping me apprised of the developments surrounding your pending bill, H.R. 11613. I am confident that we are both seeking to achieve equal opportunity in education and housing for all persons and I look forward to working with you toward the achievement of that goal.

Warmest regards.

Sincerely,

Don Edwards,
Chairman, Subcommittee on Civil and Constitutional Rights.

[From the New York Times, June 20, 1976]

Findings Scanty on Impact of Busing on School Work

(By Gene I. Maeroff)

The future of busing as an instrument of school desegregation has come under political challenge at a time when experts agree that there is still a glaring lack of information against which to assess the educational impact of busing.

More than 20 years after the United States Supreme Court outlawed "separate but equal" schools, setting the stage for massive desegregation, social scientists and educators are unable to arrive at a consensus on the effects of busing on the children involved.

Nonetheless, there is growing pressure from politicians, including President Ford, to limit busing.

Critics say it is the long-distance relocation of pupils, not desegregation, that they oppose. But it seems clear by now that in most locales, housing patterns have made it difficult to pursue integration without widescale busing, which the courts have endorsed as a remedy for segregation.

In the latest decision, last Monday, the Supreme Court refused to review, thereby leaving standing a Federal District Court order that has led to the busing of 26,000 of Boston's 76,000 pupils.

In a related development, government figures released yesterday in Washington indicated that there had been little change from the high levels of school segregation of black children in this decade. [Details are on Page 24.]

Busing emerged as a major desegregation tool by the end of the 1960's, the major breakthrough for its supporters coming in 1971 with the Supreme Court's approval of busing in Charlotte, N.C.

Many pupils have traditionally ridden buses to school because of the distances they must travel. Today more than 40 percent of the country's 48 million elementary and secondary school youngsters are transported to school.

It was not until busing was used for desegregation that pupil transportation became an issue and politicians began expressing their concern about its effects.

What has complicated the controversy is the limited and conflicting information on the results.

Definitive findings on what happens to pupil achievement when black and whites youngsters come together are scanty. There is a mixed picture of what integration means to the self-perception of pupils and what they think of each other. There is disagreement over the extent to which white fight can be attributed to desegregation.

The whole gamut of educational effectiveness during desegregation remains an essentially unresolved area. It is not even certain what the variables are that affect education under usual circumstances, let alone under desegregation.

NEITHER SUCCESS NOR FAILURE

"Although desegregation is not to date a demonstrated success, it is not yet a demonstrated failure," Dr. Nancy H. St. John of the University of Massachusetts at Boston wrote last year in her book, "Desegregation Outcomes for Children."

"In spite of the largest number of studies, various limitations in design weaken the best of them," Dr. St. John wrote after examining 120 studies of desegregation. "Thus, in a sense, the evidence is not all in."

A difficulty in studying the effects of desegregation has been the vastly different situations under which it has been pursued.

Researchers do not know conclusively what the differences in the impact of desegregation are between large districts and small districts, between voluntary conditions and mandatory conditions, in classrooms that have varying percentages of integration and under teachers with disparate backgrounds and experience.

Two California psychologists, Dr. Norman Miller and Dr. Harold B. Gerard, in a book to be published this year, say one reason busing can fail to raise achievement levels of pupils is the racial bigotry of some teachers.

MONITORING PLANS LACKING

Few, if any, school districts have set up at the outset of desegregation detailed ways to monitor and evaluate the results.

"I have served as an expert witness in 13 court cases and I have analyzed a great deal of data," said Dr. Robert L. Green, dean of the College of Urban Development at Michigan State University. And I have not yet seen one school system in this nation that can sit down with you and tell you what has happened, step by step, as a function of desegregation."

Other than a few statistics gleaned from standardized tests, spokesmen for the Boston schools say they have no hard data on the educational effects of the desegregation plan that has thrown that city into turmoil.

In New York City, which more than 10 years ago voluntarily embarked on a desegregation plan that involves the assignment of tens of thousands of black and Puerto Rican youngsters to schools in white neighborhoods, the school system's officials say they have undertaken no systematic evaluation of the program.

READING IMPROVES

Charlotte, N.C., is only now beginning to look at the relationships between a family's socioeconomic and educational level and scholastic achievement under desegregation. The Charlotte system has also just finished devising a test that will permit a study of attitudes under desegregation.

What Charlotte does know already is that achievement gains for all pupils have accelerated in reading and mathematics since the early days of desegregation, when there was a dip in achievement.

But the district has almost no reliable information on the achievement of blacks before desegregation and did not begin until this year keeping separate achievement records for blacks and whites.

Like educators in many districts, those in Charlotte think that final verdicts on desegregation—i.e., busing—cannot be made for several years, though they are encouraged by what they have seen and are disturbed by national political pressures to curtail busing.

"This is much too early to close the books on desegregation," said Betsy Haley, Charlotte's director of pupil assessment.

5-YEAR LIMIT WEIGHED

One of the proposals President Ford is reported to be considering for restricting desegregation would place a five-year limit on court-ordered busing plans. In light of the difficulties in making quick assessments of the educational impact of integration, which some observers see as a long-term process, a time limit on busing is viewed as a possible problem.

"Most of the research on desegregation is based on the assumption that it is a simple phenomenon with a rapid impact," said Dr. Gary Orfield of the Brookings Institution, a former staff member of the United States Commission on Civil Rights.

"A systemwide desegregation plan is a drastic reorganization of a school system that creates potential effects, positive and negative, to be realized over many years with a lot of variance from school to school, Dr. Orfield said. "We need a long-term longitudinal study to look at that and such a study hasn't happened anyplace."

Proponents of integration, including Dr. Orfield, maintain, however, that some tentative conclusions can be drawn despite the deficiences in the research.

Most importantly, they say, it has been demonstrated that desegregation can lead to improved rates of learning for blacks without any ill effects on the rates of whites.

Meyer Weinberg is one advocate of integration who feels "it is not too early to make good informed judgments on educational results."

Mr. Weinberg, who recently completed an analysis of the research on minority students for the National Institute of Education, is the editor of "Integrateducation," a magazine with offices at Northwestern University in Evanston, Ill.

The Southern Regional Council, in "School Desegregation: A Report Card from the South," cites communities including Miami, Water Valley, Miss., and Fayetteville, Tenn., as among those in which "the overall direction of movement and change appears to be toward equity, toward stability, toward opportunity and quality, toward integration in the schools."

Yet, there is by no means unanimity on the early record of desegregation.

Dr. David J. Armor of the Rand Corporation in Santa Monica, Calif., in a much disputed study, concluded in 1972 that "to date there is no published report of any strictly educational reform which has been proven substantially to affect academic achievement; school integration programs are no exception."

Dr. James S. Coleman of the University of Chicago, whose 1966 report on the beneficial aspects of putting disadvantaged pupils into classrooms with pupils from better-educated backgrounds helped provide an academic underpinning for busing, has now backed off from busing.

He says, however, that he still supports integration that his antibusing position is based on a conviction that busing contributes to white flight, making it counterproductive to the goal of integration.

Almost no scholar on any side of the controversy has taken exception with the finding that desegregation thus far has failed to eliminate the gap that is usually found between the achievement levels of whites and blacks. It is a gap that research indicates widens with each grade until high school graduation, when blacks lag three years behind whites on standardized achievement tests.

The gap has persisted, for instance, in Evanston, a Chicago suburb that has had a desegregated school system since 1967. It also happens that the black youngsters, as in many other districts, are generally of a lower socioeconomic family background than the whites.

PERSONAL EXPLANATION

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, I was unable to be present in the House of Representatives in the late afternoon and evening of the session on Friday, May 21, 1976. Had I been present, I would have voted "aye" on rollcall 407, the vote on final passage of H.R. 13589, the U.S. Information Agency Authorization Act for 1977. I would have voted "aye" on rollcall 408, the vote on the rule for H.R. 41239, the appropriations for the Departments of State, Justice, and Commerce, the judiciary and related agencies for fiscal year 1977. I would have voted "aye" on rollcall 410, the Holtzman amendment to H.R. 41239, which would increase the appropriation to the Law Enforcement Assistance Administration. I would have voted "no" on rollcall 411, the Miller amendment to recommit H.R. 41239.

MONTHLY LIST OF GAO REPORTS

(Mr. BROOKS asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. BROOKS. Mr. Speaker, the monthly list of GAO reports includes summaries of reports which were prepared by the staff of the General Accounting Office. The May 1976 list includes:

Agricultural Research—Its Organization and Management. RED–76–92, April 9.

Marketing Order Program—An Assessment of Its Effects on Selected Commodities. ID–76–26, April 23.

Opportunities for Improving Internal Auditing. RED–76–89, April 12.

Need for Improvement in Small Business Administration's Financial Management. FOD–76–7, April 16.

Federal Efforts To Extend Winter Navigation on the Great Lakes and the St. Lawrence Seaway—Status and Problems To Be Resolved. RED–76–76, April 20.

How Much Federal Subsidy Will Amtrak Need? RED–76–97, April 21.

Formidable Administrative Problems Challenge Achieving National Flood Insurance Program Objectives. RED–76–94, April 22.

Contractors' Use of Altered Work Schedules for Their Employees—How Is It Working: PSAD–76–124, April 7.

More Can Be Learned and Done About the Well-Being of Children. MWD–76–23, April 9.

Experimental Schools Program: Opportunities To Improve the Management of an Educational Research Program. MWD–76–64, April 27.

Activities of Project Reach, Inc. MWD–76–51, January 16.

The Congress Should Consider Repealing the 4¼-Percent Interest Rate Limitation on Long-Term Public Debt. OPA–76–26, April 16.

Summary of Open GAO Recommendations for Legislative Action. OCR–76–1001, April 20.

The Congressional Budget and Impoundment Control Act of 1974: Its Impact on the Authorizing Committees and GAO. OPA–76–29, April 21.

Improvements Needed in Managing Automated Decisionmaking by Computers throughout the Federal Government. FGMSD–76–5, April 23.

Uses of Minicomputers in the Federal Government: Trends, Benefits, and Problems. FGMSD—76–53, April 22.

Computer-Related Crimes in Federal Programs. FGMSD–76–27, April 27.

Violations of the Anti-Deficiency Act and Other Financial Management Problems at the Equal Employment Opportunity Commission. FGMSD–76–12, April 5.

Need to Control Federal Warning System Proliferation. LCD–76–105, April 9.

Internal Revenue Service Assistance to Taxpayers in Filing Federal Income Tax Returns. GGD–76–49, April 1.

Audit of Fiduciary Income Tax Returns by the Internal Revenue Service. GGD–76–33, April 16.

Acquisition of Public Buildings by Leasing and Purchase Contracting. LCD–76–304, April 16.

Appraised Value of Government-Owned Properties to Be Exchanged for Privately-Owned Land in Jacksonville, Florida. LCD–75–312, March 3, 1975.

Investigation into Purchases from Workshops for the Blind and Other Severely Handicapped. PSAD–76–118, April 9.

Observations on Collection and Dissemination of Scientific, Technical, and Engineering Information. GGD–76—66, March 19.

Status and Issues Relating to the Space Transportation System. PSAD–76–73, April 21.

Improvements Needed in Managing and Monitoring Patients' Funds Maintained by Skilled Nursing Facilities and Intermediate Care Facilities. MWD–76–102, March 18.

Regulation of the Food Additive Aspartame. MWD–76–111, April 8.

New Child Support Legislation—Its Potential Impact and How to Improve It. MWD-76-63, April 5.

Examination of Funds Appropriated for Economic and Food Aid to Indochina. ID-76-54, April 16.

Impact of U.S. Development and Food Aid in Selected Developing Countries. ID-76-53, April 22.

Impact of Foreign Direct Investments: Case Studies in North and South Carolina. ID-76-43, April 26.

Conditions in Local Jails Remain Inadequate Despite Federal Funding for Improvements. GGD-76-36, April 5.

Federal Prison Construction Plans Should Be Better Developed and Supported. GGD-76-10, April 27.

People Get Different Discharges in Apparently Similar Circumstances. FPCD-76-46, April 1.

Changes Are Needed in Operating Military Resorts. FPCD-76-20, April 6.

Special Priorities Assistance Program: Its Shortfalls and Its Possibilities. PSAD-76-93, April 2.

Policy Changes and More Realistic Planning Can Reduce Size of New San Diego Naval Hospital. MWD-76-117, April 7.

Maintaining a Military Presence in an Industrial Environment—Issues and Costs. FPCD-76-7, April 12.

Alcohol Abuse Is More Prevalent in the Military Than Drug Abuse. MWD-76-99, April 8.

Rotation Policies and Practices Have Been Changed for the Better—But Room for Improvement Remains. FPCD-76-45, April 22.

Opportunities for Improving Management of Ammunition Components. LCD-76-431, April 16.

Additional Costs of Stationing U.S. Forces in Europe. ID-76-32, April 28.

Inquiry Into the Relocation of the Armed Services Recruiting Offices in Las Cruces, New Mexico. LCD-76-306, November 7, 1975.

Army's Program to Modernize Ammunition Plants. B-172707, July 15, 1974.

Transfer of Cargo Operations at the Military Ocean Terminal, Oakland, California, from Civil Service to Contract Labor. B-171695, June 11, 1974.

Role of Federal Coal Resources in Meeting National Energy Goals Needs to be Determined and the Leasing Process Improved. RED-76-79, April 1.

General Accounting Office Reviews of Federal Environmental Research and Development. RED-76-95, April 7.

Review of the 1974 Project Independence Evaluation System. OPA-76-20, April 21.

Revenue Sharing Fund Impact on Midwestern Townships and New England Counties. GGD-76-59, April 22.

Additionally, letter reports are summarized including:

Status of $600 million of impounded budget authority for the Department of Housing and Urban Development's State Housing Finance and Development Agencies. ACG-76-21, April 6.

GAO comments on impoundments of budget authority proposed by the President. ACG-76-22, April 9.

GAO notifies Congress of a rescission of $26.3 million of budget authority for the Department of Housing and Urban Development which should have been—but was not—reported to the Congress under provisions of the Impoundment Control Act of 1974. ACG-76-23, April 20.

GAO comments on draft guidelines for controlling the FBI's domestic intelligence operations. GGD-76-79, March 29.

Use of equipment purchased under a cost-sharing agreement with the Washington Suburban Sanitary Commission for the District of Columbia's Blue Plains Wastewater Treatment Plant. GGD-76-76, April 7.

Financial management systems of drug treatment and rehabilitation projects funded by the National Institute of Drug Abuse. MWD-76-120, April 6.

How Federal agencies treat working hours and lunch periods for their employees. FPCD-76-147, April 9.

Subsidies for the Westlands Water District in California's Central Valley Project. RED-76-98, April 9.

The Energy Research and Development Administration should speed up its surveys of residual radioactivity at 49 sites previously used as nuclear facilities. RED-76-102, April 9.

The Department of Defense may be able to reduce expenditures for air pollution control facilities and equipment by basing them on State standards, where Federal standards have been revoked. LCD-76-17, April 14.

Ways for the Marine Corps to improve its pay and personnel records. FOD-76-17, April 19.

How to improve Federal Energy Administration assistance to State and local activities in dealing with energy problems. OPS-76-20, April 23.

The Federal Energy Administration should take the lead in collecting and compiling information on coal exports. OSP-76-17, April 14.

Questions about the General Services Administration contract with Western Union for records communications services. LCD-76-122, April 16.

Acquisition of automatic data processing equipment by the Department of Agriculture for its Washington Computer Center. LCD-76-120, April 16.

Effect of frequent relocations of Department of Health, Education, and Welfare employees in the Washington area. MWD-75-54, February 10, 1975.

Impact of reduced appropriations for fiscal year 1975 on the Work Incentive Program. MWD-75-67, February 19, 1975.

Office of Education's use of funds to pay for attendance at conferences. MWD-75-93, June 17, 1975.

Answers to questions on the Federal coal leasing program. RED-76-26A, October 15, 1975.

Use of potentially dangerous drugs at the Medical Center for Federal Prisoners, Springfield, Missouri. GGD-75-91, June 6, 1975.

How does the Postal Service calculate the amounts due them from the Department of Defense for mail services? GGD-75-71, February 20, 1975.

Cost of food service at Patrick Air Force Base, Florida. LCD-75-438, May 8, 1975.

Constituent complaint about Army's Incentive Awards program. LCD-75-446, July 3, 1975.

Issues involving the Navy's Patrol Frigate program and other surface combatants. PSAD-75-89, June 10, 1975.

Savings available by contracting for supply support services at the Eastern Test Range. FPCD-76-5, August 18, 1975.

Corps of Engineers actions on three storm window and storm door contracts in Alaska. LCD-76-316, October 30, 1975.

Legal questions concerning personnel policies of Federal agencies in the Panama Canal Zone. FOD-75-14, September 1, 1975.

Proposed procurement of a minicomputer by the Army for use at Fort Benjamin Harrison. PSAD-76-11, September 3, 1975.

Analysis of the U.S. Postal Service's public service costs. B-114874, October 9, 1974.

Army's decision to stop producing 5.56 mm ammunition at the Twin Cities Army Ammunition Plant, New Brighton, Minnesota. B-172707, September 3, 1974.

Criteria used by the Army and Air Force Exchange Service for buying luggage. B-173215, October 5, 1971.

The monthly list of GAO reports and/or copies of the full texts are available from the U.S. General Accounting Office, room 4522, 441 G Street NW., Washington, D.C. 20548. Phone (202) 275-6241.

Summaries of significant legal decisions and advisory opinions of the Comptroller General issued in April 1976, are also available as follows:

Continuing Support Services, Salaries for Federal Election Commission Legal. B-130961, April 21.

Grantor Agency's Organizational Conflict of Interest Guideline Upheld. B-184926, March 29.

Grantor May Approve Grantee's Award to Most Favorable Nonresponsive Offeror. B-185505, April 7.

Travel Expenses Incurred for Temporary Duty While on Leave. B-185070, April 13.

Employee Hired in Violation of Appointment Authority Entitled to Pay. B-183328, April 16.

Modification of Completed Contract Is Allowable. B-185901, April 14.

Dislocation Allowance Not Payable Without Permanent Change of Station Orders. B-182581, March 30.

Hunting at Lodge Owned by Agency Contractor. B-183327, March 18.

Reimbursing Attorney's Fee for Purchase of Residence. B-185800, April 14.

Pay Raises for Park Police and Executive Protective Service. B-156550, April 7.

Arbitrator's Award Setting Effective Date for Wage Increase May Be Implemented. B-180010.07, April 13.

If you need further information regarding these or other decisions, please call (202) 275-5028 or write to the general counsel, U.S. General Accounting Office, Washington, D.C. 20548.

LOOKING AFTER OUR NATIONAL PARKS

(Mr. SEIBERLING asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SEIBERLING. Mr. Speaker, this week the House is scheduled to consider the appropriations bill for the Department of the Interior. Contained in that bill will be proposed funding for the National Park Service. With summer upon us and with the American people setting out in record numbers to visit our parks, now is an especially appropriate time to look at what our National Park System is and what we want it to be.

Our distinguished colleague from Illinois (Mr. YATES) and the Appropriations Subcommittee which he chairs have done an excellent job of analyzing the needs of the National Park Service for funds and personnel. The subcommittee had a very difficult task, for in recent years the administration has consistently requested less funding and fewer employees than were needed.

To illustrate the difficult decisions which face Congress, I would like to place in the RECORD a five-part article by David Hess which appeared in the Akron Beacon Journal last week. Mr. Hess spent 2 months and traveled 7,000 miles to prepare this indepth report on the problems facing the National Park System today. As he points out:

> From Yosemite Valley to the peaks of the Smokies, the system has suffered for at least a decade because national attention and federal budget priorities have been directed elsewhere.

Administration officials quoted by Mr.

Hess lay the blame for the problems at the door of Congress, for authorizing new parks but not appropriating sufficient funds to acquire, develop, and maintain them. While I agree that Congress shares the responsibility for funding as well as approving parks, the cutbacks in recent years are the result of the administration's refusal to request the funds that are needed. Congress has been put in the awkward position of attempting to add to the park budget, while risking a veto and subsequent castigation by the administration for trying to increase Federal spending.

Furthermore, the administration officials stated that they were concerned about the "overuse" of parks from the increasing numbers of people who visit them—while also protesting the creation of new parks, particularly ones near urban areas, which could alleviate some of the pressures on the older, more traditional parks and wilderness areas. The answer is not simply to pass the buck to the States and local governments. Most of them have done an excellent job in providing parks, but they cannot shoulder all the burdens alone.

At the end of Mr. Hess' articles, I would like to insert in the RECORD a copy of an article from the Cleveland Plain Dealer by Richard C. Widman which shows the situation of State parks in Ohio. There park visits are up tenfold, from 4 to 40 million, in only 20 years. Yet funds for land acquisition for State parks are exhausted, capital improvement funds have almost been depleted, and maintenance funds are stretched so thin that vital maintenance needs are being neglected. Clearly park funding on all levels of Government needs a higher priority. Federal leadership is essential if our parks are to survive.

Following are the articles by Mr. Hess and Mr. Widman:

SCARS OF DECAY, DISREPAIR FOUND ON TOP OF OLD SMOKEY

(By David Hess)

(America's national parks are at a critical stage in this Bicentennial year. The interstate highway system increased their use tremendously. A heavier volume of visitors has caused deterioration. Many additions, including the Cuyahoga Valley Recreation Area in our own backyard, have placed costly new burdens on the system. David Hess of the Beacon Journal Washington Bureau spent two months, traveled 7,000 miles and talked to park experts about the system's problems. In this, the first of five articles, he reports on deterioration in the parks.)

GREAT SMOKEY MOUNTAINS, TENN.—At 6,000 feet, where the air is thin and strands of sunlight filter through the mist and great trees, the Appalachian Trail threads along the rounded crests of the Great Smokey Mountains.

A chorus of birds singing its ageless concert in the dense growth flanking the trail is so much a part of the scene that the songs go almost unnoticed.

As the hikers pause to catch their breath in the rare air, they are enveloped by a sense of serenity, a feeling that the forest will nurture them, too.

But then, through the trees, their eyes fall on a trampled and littered clearing surrounding a squat stone trail shelter.

The shelter shows the unmistakable scars of vandalism and neglect: initials carved in the roof beams, torn and broken wire in the bunks, trash in and around the structure.

On the fringes of the clearing, even more signs of abusive treatment: broken saplings, empty food tins, a stray beer can, a deposit of human waste within 20 yards of an outdoor privy at the edge of the campsite.

As the hikers make their way up on the trail, striking for the crest at Clingman's Dome, the pathway becomes an eroded ditch, strewn with rocks and roots—a trampled remnant left by 80,000 pairs of booted feet each year and a chronic lack of maintenance.

Trekking to other parts of the sprawling, 500,000-acre Great Smoky Mountains National Park—on other trails, along rocky river banks, into mountain hollows and vales—the hikers see other signs of decay and disrepair.

Invisible at first glance because of the awesome grandeur and greenery of the giant mountain bulwarks, the rutted trails, rotting cabins and trail-signs, cracked and buckling roads and aging bridges testify to the plight of this and indeed most of our national parks.

A journey of some 7,000 miles in April and May to various national parks and interviews with dozens of people inside and outside the government revealed the extent of the rising tide of neglect in the park system.

From Yosemite Valley to the peaks of the Smokies, the system has suffered for at least a decade because national attention and federal budget priorities have been directed elsewhere.

At Yosemite, where Supt. Leslie Arnberger is struggling against mounting deterioration that threatens to turn the park into a Coney Island of the West, trampled and overworked trails and campgrounds, decrepit buildings and bumper-to-bumper auto traffic attest to the park's problems.

Musing about the situation in his office, Arnberger, a 30-year veteran of the National Park Service, suddenly rose from his chair and walked over to a window overlooking a creek and meadow on the valley floor.

"You know," he said, "I'm terribly worried that the people in charge aren't fully aware that we're dealing here with extraordinarily fragile resources and ecosystems that could rather easily be destroyed—not through any deliberateness but through the lack of concern of our leaders.

"Our mandate from Congress is to safeguard and preserve these assets—forever. At the rate we're going now, we aren't going to be able to live up to that mandate, and still allow people to enjoy these parks, unless there are some big changes made in the way we approach our problems."

Heavy yearly traffic at Yosemite—2.5 million visitors in a volatile social mix of young and old, poor inner-city black and affluent white suburbanite—has forced Arnberger to post six of his undermanned, 34-member ranger force to full-time law enforcement duties.

Last year alone, he said, rangers made 625 arrests for violations ranging from littering to rape and murder.

Because of Yosemite's remoteness, the park's management cannot readily call on FBI agents to enforce the law except for the most serious felonies.

"All of the parks have law enforcement problems," said Arnberger, former superintendent of Cape Cod National Seashore in Massachusetts. "And it takes trained, skilled people, and money, to deal with them. And we're not getting it at a time when visitations are rising and the incidence of lawbreaking is increasing."

Law violations last year, he said, were 14 percent higher than the year before.

The 28 rangers not assigned to law enforcement are responsible for round-the-clock husbanding of the park's resources. They are scattered thinly over Yosemite's 1,200 square miles, barely able to keep up with the mounting demands for visitor services and resource protection.

"Unless our funding is improved," Arnberger said, "we're going to have to close some of our campgrounds, reduce or eliminate certain interpretive services, and let some of our facilities just fall apart."

He estimates he needs at least 15 additional rangers, about a dozen more maintenance and sanitation technicians and a couple of clerical staffers "simply to stay on top of our most pressing needs."

Arnberger and James Wolfe, an assistant superintendent, produced computerized lists of Yosemite's backlogged maintenance and capital improvements projects.

More than 150 maintenance projects, ranging from field sanitation to trail restoration chores, await funding. And there are 69 capital projects, including a major road rehabilitation and a sewage treatment project.

The nine most "urgent" maintenance jobs will cost $532,000, Wolfe said. The top-priority capital projects will cost more than $1.6 million.

Thus at Yosemite alone nearly $2.2 million is needed for projects considered to be "urgent" by park management. Only part of the money is likely to be forthcoming.

Delay, Wolfe said, will "just pyramid the costs. These aren't optional projects, that we can just keep putting off. They are essential to the safe operation of the park The longer we wait, the bigger the price-tag will be."

The dilution of interpretive services, Arnberger said, is what "saddens" him the most. Interpretive services include guided tours and lectures on a park's scenic wonders.

"The whole concept of the park service has been to deliver services," he said. "To me, that's the heart and meaning of what the parks are all about—to help people understand and appreciate the natural resources that are here.

"The personal contact between our ranger-naturalists and the people who visit us in the essence of what we're trying to do in teaching people that our ecological system is extremely fragile and must be protected and nurtured."

Essentially the same problems are described by top officials at Great Smoky National Park, where the signs of neglect are perhaps even more pronounced.

About 8.5 million visitors a year pass through the Smokies—in cars, on foot, on horseback. The rutted trails, trampled campgrounds and cratered roads all attest to the park's growing popularity. Visits this year are running 14 percent higher than last year at the same time.

"We need at least twice as much as we're now allotted for maintenance alone," assistant Supt. Gilbert Calhoun said, "simply to hold things in the state they're in now, to keep them from getting more rundown, and to take care of the urgent restoration that can't wait."

At Metcalf Bottoms, a popular route for motorized visitors, a once-sturdy wooden bridge is showing signs of extreme stress: cracked timbers, splintered planks, spots of dry rot.

The Walker Sisters' Cabin and outbuildings, an integral part of the area's history, are rotting and in danger of collapse, preserved only by a jerry-built tin roof erected to ward off the ravages of rain and snow.

The Newfound Gap Road, winding 30 miles across the mountains from Gatlinburg, Tenn., to Cherokee, N.C., is a death-trap when slickened by rain or mist.

"We're now in a state of 'crisis management,' " Calhoun said, "barely getting enough to stay above water and not even enough to keep up with inflation, which is chewing us up."

Ranger Bill Burke said, "Last year people around the campgrounds were asking us, 'Where are the bears?' This year, they're asking us, 'Where are the lights in the restrooms?' "

A recent survey of America's parks conducted by the National Parks and Conservation Association (NPCA), a private group, showed that the slow but steady onset of rot and decay spreads far beyond the boundaries of the Great Smokies and Yosemite. It touches practically every park, seashore, lakeshore, monument and historical site in the national park system.

Anthony Wayne Smith, NPCA president, told Congress that personnel and maintenance constraints imposed by a succession of Presidents and tolerated by Congress have put some parks in serious jeopardy.

"There has been an elementary failure to maintain the public property of the American people," Smith said. "No economies can be effected by curtailing funds for maintenance and repair to the point where buildings, roads, sanitary facilities and the like deteriorate beyond repair—and yet that is precisely what is happening."

Aside from the neglect of physical facilities, Smith and other critics say, there is a decline in the standards of special service that the parks traditionally have provided: Interpretation of wildlife traits, plant life and geologic and geographic wonders.

"We're seeing here a policy of retrenchment," Smith complained, "and it's a penny-wise, pound-foolish policy."

National Park Service officials, while wincing at Smith's rhetoric, have not denied the accuracy of an inventory his organization put together on the park's problems.

They agree in principle with the remedies he is prescribing: more money and manpower to catch up with the years of neglect in the old parks and to develop and maintain the land and facilities in the 23 new parks and other areas that have come on line since 1973.

Indeed, most ranking park service officials say the manpower and maintenance situation, though by far the most serious, is only one of several problems facing the park service at a time when the entire system is verging on some revolutionary changes.

Issues facing park officials include:

Whether the congressional mandate to preserve the parks is being overridden by mounting public demand to use them.

Whether the park service should acquire and develop more "urban" parks near big cities or stop short with the three it already operates, including the Cuyahoga Valley National Recreation Area in Ohio.

Whether the park system, after 15 years of explosive expansion, should now stop and take stock of its holdings and resources, in an effort to regroup, consolidate and catch up with its needs.

All of these issues are pregnant with controversy, and each in its own way has forced divisive wedges between the Interior Department and Congress, the White House and Congress, and even within the park service and Interior or Department themselves.

The public has a big stake in the outcome since the way these issues are resolved could mean either better and closer recreation opportunities or fewer chances to commune with the great outdoors.

Of most immediate concern, however, is the chronic shortage of operational funds that park officials and outside critics agree is at the root of the parks' manpower and maintenance deficiencies today.

NPCA's survey, in the spare language of a police blotter, provides some of the bare details:

At Everglades National Park, "the park's mass transit vehicles are overflowing, too crowded . . . law enforcement has been inadequate . . . areas have suffered abuses from illegal off-road vehicles . . . backcountry camping sites have been halted because of inadequate personnel and lack of funds for servicing, maintaining and patrolling them . . . interpretive programs have been set back severely . . . maintenance of buildings has gone unattended. . . ."

Claude W. McClain, assistant superintendent at Everglades, told the Miami Herald that Interior Department budget-cutters have been whittling away steadily at manning levels there.

"On June 30," McClain said, "we'll have to cut down to 79 budgeted positions from the 87 we have now. Three years ago, we had 104 budgeted positions."

Shenandoah National Park: "Rotting timbers and sidings, failing electrical apparatus and deteriorating roofs . . . the park is unable to meet many of the requirements . . . for visitor health and safety . . . the sewage systems are not in compliance with EPA standards."

Delaware Water Gap National Recreation Area: "The rangers are able to provide only minimal backcountry patrols. The division most severely affected has been maintenance . . . dozens of historical structures . . . are deteriorating rapidly (and) some are certain to be lost."

Yellowstone National Park: "(no) cyclic rehabilitation program for campgrounds, buildings, historic structures and roads, resulting in gradual deterioration . . . (and) ultimately resulting in higher replacement costs . . . Old Faithful Inn is in a dire state of disrepair. Campgrounds are often closed in the fall . . . since seasonal employes are released on a predetermined time schedule."

Similar reports, from park superintendents and long-time conservationists, came in from dozens of other areas.

Historical sites have not been spared the blight. At El Morro, an old fort that played a key role in the Spanish conquest of the Caribbean, the corrosive wave action of the sea is about to undermine and destroy the structure.

At Fort Larned, Kan., the defective underpinnings of the fortification could soon lead to a catastrophic collapse of the entire edifice.

In both cases, park service officials say, it would take millions of dollars to save the two forts.

Great Smokies Supt. Boyd Evison summed up the plight of the parks, when he said:

"In parks, the medium is most assuredly the message. Rotting historical structures . . . and littered roadsides tell the public that America doesn't care enough to husband its most distinctive natural and historic resources.

"Why, then, should the people treat those resources with care? Neglect begets neglect. The costs are not only in terms of dollars or of manpower. Perhaps the most serious costs are in terms of resources irretrievably impaired and of experiences forever lost."

Many Share Blame for Park Neglect—II

(By David Hess)

Washington.—Money. That is all national park officials say they need to bring their parks up to standard.

They know how to manage parks. They know what needs to be done. They know how to set their priorities.

But they can't adequately do any of these things without enough money.

Indeed, they say, if the budget squeeze that has stifled park operations for the past 10 years continues, they will have to either relax their preservation standards or shut people out of the parks.

National Park Service Director Gary Everhardt says the park system has accumulated a $2.9 billion backlog of unattended repair, rehabilitation, reconstruction and capital improvement projects.

Manning levels, limited by the dictates of the White House Office of Management and Budget (OMB) are nearly 20 percent below what park officials insist are needed to operate at prescribed minimum standards.

The over-all operations and maintenance budgets are roughly 40 to 50 percent below the minimum required to meet growing demands for visitor services and keep the parks in tip-top shape.

In addition, the rapid expansion of the park system over the last 15 years has led to a $490 million backlog of land acquisition projects.

The consequences of the money crunch are easy to see.

Anthony Wayne Smith, president of the privately-funded National Parks and Conservation Association, said recently:

"When people get to many parks these days, they encounter deteriorating roads, dilapidated buildings, inadequate sanitary facilities, poorly maintained trails, bad management of traffic, inadequate information about the parks, and even safety problems—vandalism, crime and inadequate police protection."

As evidence of neglect in the parks mounts, a debate is rising between Congress and the Ford administration over who's to blame. At this stage, there appears to be plenty of blame for all to share.

Yosemite Supt. Leslie Armberger put it: "Congress created all of these new areas (nearly 100 in the past 15 years) and then left it up to the various Presidents to take the initiative in seeing to it that the parks were adequately developed and protected. Unfortunately for us, the Presidents had other priorities and when the hard choices came, the parks got the short end."

Nathaniel Reed, assistant Secretary of Interior for Fish and Wildlife and Parks, traces the beginnings of the park system's quandary to 1962, when Congress authorized the creation of Cape Cod National Seashore in Massachusetts.

"Until then," Reed said, "the overwhelming acreage for national parks, with the exception of the Smokies, had been taken from lands in the public domain.

"But Congress discovered that you could create these parks from lands held in private hands, too, and shortly after that, Congress set up the Land and Water Conservation Fund to pay for these lands.

"After that, Congress was hooked. Before long, we had added the equivalent of another full-fledged park system to the one we already had."

The trouble was, Reed said, that "all of us thought it was a great idea. Who's going to knock new parks? But nobody, and I mean nobody really focused on what the impact was going to be on the park service's manpower budget, the maintenance budget and capital improvements."

By the early 1970s, as more and more acreage fell under the domain of the park service, the strains began to show.

As the new parks came on line, personnel, upkeep and development demands soared. At the same time, as the interstate highway system and family affluence grew, the number of visitors rose sharply, from 114 million in 1965 to an anticipated 260 million this year.

Instead of meeting this explosive growth head-on, a succession of Congresses and Presidents—from Democrat Lyndon Johnson to Republicans Richard Nixon and Gerald Ford—chose to look the other way. Other enormous claims were being made on the federal government.

"Natural resources, which is the heading we fall under, are considered to be among the so-called 'controllable' expenditures of the federal government, unlike Social Security, veterans' benefits, welfare and the other transfer payments," said Cleo Layton, an Interior Department budget expert. "Even defense spending has come to be viewed by most Presidents as uncontrollable, in the sense that you can't cut it sharply.

"So when the White House's budget people went to work on paring down the budget, we in the park service felt the bite."

By the early 1970s, however, it became apparent to anyone monitoring the spending trends that the park service was headed for a fiscal crunch.

"As we added these new areas, the money to develop and manage them just wasn't there," Arnberger said. "So we spread our manpower thinner and thinner until it got to the point that we couldn't even handle a lot of the really serious problems we had, much less the routine maintenance,"

As Reed put it: "We began robbing Peter, the old parks, to pay Paul, the new ones."

Deteriorating maintenance was soon followed by declining service. Interpretive programs, designed to help visitors understand the natural wonders and processes of the parks, which Arnberger calls the "essence of the park experience," began to suffer.

Backcountry patrols were reduced, leading to further deterioration of trails and campsites. In some parks, game-poaching and the destruction of vegetation rose sharply.

Until a concerted campaign by park rangers and agents of the Fish and Wildlife Service, working on their own time, was mounted in the Great Smokies in late 1974, for instance, poachers were killing up to 200 bears a year, according to ranger Burke.

Meanwhile, as the recession set in and federal revenues lagged, the Nixon and Ford administrations frantically sought more ways to cut the budget. Expansion of the park system called for additional personnel and money. But lower manpower ceilings and maintenance budgets were imposed.

Park Service Director Everhardt says the system requires a minimum of $100 million to $125 million a year to take care of routine maintenance and pay for the most pressing rehabilitation and construction projects. The present annual spending level is now about $50 million.

Budgeting got so tight this fiscal year that the OMB issued, and then rescinded, an order for no spending at all on park land acquisition.

Interior Secretary Thomas Kleppe appealed directly to President Ford and won a reprieve from this directive. But the final park service budget was only one percent higher than in 1975. Inflation drove actual operating costs up eight percent.

Kleppe, by juggling funds within the service's budget, managed to win OMB approval for an increase in authorized permanent personnel from 7,100 to 7,500 this year. But most of these people will be posted to the National Capital Parks in Washington and to other well-known parks in anticipation of a Bicentennial flood of visitors.

All of this budget-straining and money-shuffling eventually came to the attention of a House Natural Resources subcommittee chaired by Rep. William Moorhead (D-Pa.). He and Rep. Gilbert Gude (R-Md.) held hearings on what Moorhead called the "degradation of the national parks."

The two lawmakers have criticized what they say are "false economies" in the way the OMB manipulates the park service budget.

In a sharp exchange with James L. Mitchell, associate director of OMB, Gude cited what he called "a glaring example" of how the neglect of one structure—the Catoctin Aqueduct in the C and O Canal National Historical Park—led to a huge reconstruction bill.

"The repair cost, when the deterioration problem was first discovered, would have been $200,000," Gude scolded, "but the structure was ignored. A year later three arches collapsed, and now the park service says it'll cost about $2 million to rebuild it—10 times as much . . . This just doesn't make sense."

Park superintendents in almost every major area can cite cases of neglect leading to more expensive repair and rehabilitation.

Everhardt says a "sort of domino effect sets in. Neglect of maintenance leads to rehabilitation. Lack of rehabilitation leads to major reconstruction. And the cost shoots up with every stage of neglect."

But OMB is not convinced that the park service is efficiently using the money it gets.

Mitchell told Moorhead and Gude the park service has failed to establish an orderly method for evaluating its needs.

"This points up to me the need for better management of the park system," Mitchell said.

Mitchell also said that by at least one important measurement the park service is getting more money today than it ever has.

"The real dollars per visit is up," he told Moorhead. "From 1970 to 1977, there has been a 197 percent increase in over-all park funding and a 51 percent increase in the number of visitors."

Mitchell conceded under hard questioning that these calculations are an "extremely gross and perhaps misleading measure of the way to manage resources."

Moorhead said the number of park service employes per visitor has plummeted from one for each 27,000 visitors in 1960 to one for each 44,000 today.

Assistant Interior Secretary Reed called OMB's computations "a gross distortion of the real picture. We've added about a hundred new areas, including a number of itty-bitty historical sites that each require a superintendent, a typist and a maintenance man.

"These are high-cost facilities, in terms of the number of visitors that show up every year. For instance, 2.5 million people go through Yellowstone in 10 weeks at a cost of $2 per visitor. But it costs almost $6 per visitor to operate the little places."

OMB produced figures showing that since 1965 total park service spending has risen 181 percent—from $128.2 million to $365.5 million.

Moorhead complained that the administration is "closing its eyes to the indisputable evidence of neglect. You can see it out there. It is one thing to sit here in Washington and spout unsupported generalities, it is quite another to blind yourself to the facts."

And so the debate rages on. As it does, the backlog of deteriorating resources and facilities mounts.

In 1972, the prestigious Conservation Foundation, at the invitation of the National Parks Centennial Commission, took a futuristic look at the park system. It foresaw an ominous storm brewing.

"The national park system can be a dramatic showcase of man's proper stewardship of the earth's resources," the foundation said. "The choice is ours, whether the parks shall remain the 'crown jewels' of our outdoor heritage to be cherished, protected, preserved and worthy of our rigorous self-imposed restraints, or permitted to degenerate into the commonplace."

PROMISES, BUT NO CASH FOR PARK LAND

(By David Hess, Knight News Service)

SLEEPING BEAR DUNES, MICH.—The Indians who once roamed this breezy lakeshore on the northwest lip of Lower Michigan told a doleful tale about the towering sand dunes that dominate the landscape.

A mother bear and her two cubs, so the legend goes, were swimming in Lake Michigan when darkness and a storm separated them. The mother, frantic and exhausted, finally swam to shore and stationed herself at the water's edge to wait for her lost cubs.

The cubs never made it, and now they are known as South and North Manitou islands, forever adrift in the windblown lake. And mother bear, a restless, groaning, shifting dune, eternally awaits them on the shore.

In this small corner of Michigan, where birch and aspen and fir dot the boggy moraine that abuts the sandy shore, there has long been restless discontent.

Some even say that the troubled spirit of the great Sleeping Bear infuses all who live or come to play here.

For Sleeping Bear has become a symbol of the fiscal strain and planning headaches that have accompanied the rapid expansion of the national park system over the past 15 years.

Like a prairie fire raging almost out of control, park service acquisitions have spread to every part of the land—from Cape Cod, Mass., to Big Cypress, Fla., from Gateway, N.Y., to Golden Gate, Calif., from Cuyahoga Valley, Ohio, to Big Thicket, Tex.

Some 99 new parks, monuments, historical sites, seashores, lakeshores and recreation areas have been added to park holdings, including 23 in the past three years. And pressures still mount for Congress to add more.

Last year dozens of bills were introduced in the House and Senate to add new holdings.

Congressional appropriates to acquire and develop these lands, then to staff and maintain the new parks, have lagged far behind Congress' propensity to create the parks on paper.

Director Gary Everhardt said the National Park Service's acquisition backlog now approaches $500 million worth of land purchases—for parcels that, on the average, are escalating in value from 10 to 15 percent a year.

Beyond that, the park service's 145-member cadre of land acquistion specialists has been overwhelmed by the enormity of the task confronting it—identifying, classifying, appraising and negotiating the purchase of tens of thousands of properties in every imaginable shape and condition.

So swamped had the acquisition teams become that the park service asked for and got emergency help from the Army Corps of Engineers' acquisition division.

Sleeping Bear Dunes has become a rather dubious monument to the park system's burgeoning sprawl.

When it first became apparent, more than 10 years ago, that Sleeping Bear, a strip of incomparable lakeshore—stretching some 35 miles from Crystal Lake to Good Harbor Bay, and including the two Manitou islands—would become part of the national park system, doubt, anxiety and alarm spread among the local citizenry.

Farmers and small landholders feared the expropriation of their land and loss of their way of life. Cabin-owners rankled at the probable loss of their summer sanctuaries. Real estate dealers and developers foresaw the loss of a comfortable source of income.

Yet, the preservation of these dunes and the neighboring islands and lakeshore, national treasures in their own special way, came to supersede the wishes and designs of local citizens. In 1970, Sleeping Bear Dunes officially joined the swelling ranks of the national park system.

Promises were made by Federal lawmakers and bureaucrats to local landholders in an effort to soothe their doubts and fears.

They would get a fair price for their property, it was pledged, and they would get quick action on the sale of their land and homes and farms.

The government has made good on the first promise. The park service is generally paying a fair price for property.

But six years after the establishment of Sleeping Bear, fewer than half of the nearly 60,000 acres set aside for purchase have been acquired or brought under scenic easements. And folks in the Grand Traverse Bay area are steamed up about the plodding pace.

As they see it, the government has welched on its word, and they are suffering the consequences. Their land is in limbo, virtually unsellable yet increasing in value and tax valuation.

In a land where income is frequently measured on a negative scale, the squeeze is on.

Sleeping Bear Supt. Julius A. Martinek, an affable, pipe-smoking veteran of 27 years with the National Park Service, says: "We solemnly promised these people that we'd make a rather quick disposition of their property.

"Well, here it is six years later and we're still promising them the same things. This is embarrassing to me, to the park service, to Congress, to the whole government."

As the acquisition process drags on, the park's development languishes. Since its inception, Sleeping Bear has received only $14,000 in development funds and not one dime is slated for development in the current fiscal year.

According to James Williamson, the park service's chief land buyer here, after the first flurry of purchases following the park's creation, the project ran out of money.

Pointing to a stack of file-folders behind his desk, Williamson said: "You see there $1.5 million worth of property that I could swing the deal on right now if we had the money."

Williamson said land-buying proceeded rather briskly at first. "We spent about a million dollars a month," he said, "and ran through the $19.8 million first appropriated in no time at all."

But soaring land values forced the government to pay a dearer price than originally anticipated. So the park service had to go back and ask Congress for more money.

Nearly $38 million in additional funds were authorized—but only $5 million has been appropriated so far, although President Ford is expected to sign this month a bill to supply another $3.5 million for the park.

At the present rate of acquisition, it will take another five or six years to complete the purchase program.

The lagging pace of acquisition here and elsewhere leads to higher costs for inflation-bloated land and encourages speculation by fast-buck developers and the wasteful exploitation of mineral or timber resources on land to be acquired.

Both large commercial and small-time timber cutters, for instance, are stepping up their operations on land slated for eventual inclusion in the Big Thicket National Preserve in Texas.

This means that the damage from overcutting will have to be repaired by America's taxpayers once the land becomes public property.

Commercial and industrial pressures threaten the fringe of the new Cuyahoga Valley National Recreation Area in Ohio.

Park Supt. William Birdsell is striving there to win local officials over to a development and zoning plan that will inhibit the growth of "honky-tonk" strips around the edge of the 29,000-acre forest-and-meadow enclave.

Over the opposition of Interior Secretary Thomas Kleppe and the Ford Administration, Congress is moving to take up some of the slack in the park service's acquisition program.

Both the Senate and the House have passed bills that would roughly triple the size of the federal Land and Water Conservation Fund.

As it stands now, the fund provides $300 million a year for the purchase of land related to wildlife protection, outdoor recreation, forest and range management, wilderness preservation and land conservation.

The Interior Department's Bureau of Outdoor Recreation (BOR) administers the fund, which is fed by the revenues from federal offshore oil leases, motorboat fuel taxes, the transfer of surplus property and certain recreation fees.

Oil lease revenues provide, by far, the largest single source of fund income, although the amount diverted to the fund is only a tiny portion of the total $4 billion the government gets from its oil leases.

The flow of money from the fund has been subject to wild fluctuations, from $119 million in 1971 to 1.5 million in 1974. This year it is back up again to $78 million, according to Edward Curvey, BOR budget director.

These yearly gyrations make it extremely difficult for the park service to put together an orderly acquisition program. Officials say the "feast-or famine" approach defeats the purpose of the fund, set up originally to provide a steady and reliable source of land acquisition money to encourage long-range planning and efficient management of purchase and development programs.

Rept. Roy A. Taylor (D–N.C.), chairman of the House Interior subcommittee on parks and recreation, has argued for some time that more federal income from publicly-owned, "vanishing" resources, such as oil, should be "reinvested, at least in part, in recreation and conservation projects that will benefit the public for a good long time, forever."

But the Ford administration, looking for ways to reduce the total federal budget deficit, insists that the fund remain at the $300 million level.

"This is a very important dispute," said Cleo Laton, an Interior Department budget officer. "If Congress prevails, there eventually will be enough money to make a big dent in that ($500 million) backlog of land purchases. If the OMB wins, land acquisition will continue to poke along like we've seen in the past."

Whatever the outcome of this struggle, the pressures for more and more outdoor recreation and hiking and camping opportunities are not expected to subside.

NATIONAL PARKS BEING "LOVED TO DEATH—IV

(By David Hess)

YOSEMITE, CALIF.—Leslie Arnberger gazed at the sunbaked peak, El Capitan, looming over the Yosemite Valley, and muttered, "There are a few things that not even man can destroy."

Arnberger, superintendent of Yosemite National Park, was fretting over the growing hordes of visitors that have turned his once-wild park into a teeming playground.

As the chief custodian of one of America's unique assets, Arnberger is responsible for carrying out a mandate from Congress to preserve its beauty for all generations.

Yet, with 2.5 million visitors trooping through the park each year, the struggle to preserve its natural wonders and man-made facilities grows increasingly difficult.

Arnberger is not alone in this struggle, for Yosemite is but one of a host of national parks reeling under the tide of humanity.

"One of our biggest problems is how to keep people from loving our parks to death," said Julius Martinek, superintendent of Sleeping Bear Dunes National Lakeshore in Michigan.

For the past couple years, the National Park Service and Department of Interior have been pondering whether the "carrying capacities" of some parks are reaching their upper limits.

It is a touchy and unpopular subject. It means that thousands of visitors might one day have to be turned away from certain parks.

"I can't think of a policy that would more quickly alienate the American people from the park service than that," one high-ranking official said. "People pay their taxes to support these parks and they expect to be able to use them."

Yet, the law is clear on the issue. Preservation of the parks' assets and resources takes priority over public use. And if the parks or any parts of them are threatened by chronic overuse, the park service has the authority to limit visitors or to close the parks.

Some environmental groups have complained that the carrying capacities of some parks already have been exceeded. They are insisting that the park service begin moving now to clamp down.

But the demand for public use is hard to ignore, particularly at a time when the beleaguered and underfunded agency is trying to win public support in its budget battles.

Twenty years ago, before the advent of the interstate highways and the spread of affluence among younger families, there were about 54 million visitors a year to the 188 areas in the national park system.

This year, park officials estimate, more than 260 million visitors will stream into the 286 areas under the service's jurisdiction.

"With the arrival of the Bicentennial," National Park Service Director Gary Everhardt said, "we expect a big influx of visitors this year."

The debate over preservation vs. public access is more complicated than a simple argument between taxpayers who demand a return for their money and preservationists who want to shut people out of the parks.

It goes to the very heart, says Everhardt, of the "purpose of the national parks."

In America today, he says, more and more people are seeking respite from the rigors and strains of urban life.

"People are coming to view these visits to the parks as necessities of life," Everhardt said. "Periodic returns to the earth's natural processes and refuges are coming to be regarded as important and necessary to the emotional and psychological health of our society."

Gilbert Calhoun, assistant superintendent of Great Smoky Mountains National Park, said, "Basically, what we offer is sanctuary. People, when they come to the parks, have a right to expect that they'll be able to get out into the wilderness, off the beaten track, away from the mechanization and the loud noises and sour smells of urban settings—to find seclusion and clear water unspoiled by detergents, beer cans and old tires."

The park service has been so successful in providing this sanctuary that its success is sowing the seeds of its disrepair.

The growth in the parks' popularity has imposed burdens that the system can not much longer endure, particularly in view of tight personnel and maintenance budgets.

At the highest level of the park service, where it is easier to preach the preservation gospel far away from the long lines of would-be campers at the park gates, the choice between public use and preservation if quite clear.

"I would hope," Everhardt said mildly, "that if we make an error in judgment, it's made on the side of preservation."

Nathaniel Reed, assistant secretary of Fish and Widllife and Parks said. "People enjoyment is of secondary importance, and every superintendent knows this."

But the superintendents know that eager park-users squawk when campgrounds are closed. picnic areas eliminated and trails marked off-limits. And their complaints have a way of filtering back to congressmen and park service higher-ups.

"Some of those fellows down there in Washington sometimes want to have it both ways, Martinek of Michigan's Sleeping Bear Park said. "They want us to take care of these resources but they also want us to let their constituents have fun, too."

There are a number of ways to ease the tension between these conflicting objectives.

According to Everhardt, one way is to halt development of new or expanded campgrounds and overnight facilities. Another is to limit the number of backcountry hiking and camping permits.

Another is to steer people, particularly hikers, to lesser-used parts of the bigger parks, or to direct families to parks where the carrying capacities have not been strained.

Still another is to extend park seasons so that the crowds are spread over a longer time-frame.

Finally, Everhardt says, in-park transportation control plans can be devised to smooth the flow of auto traffic, to bar traffic at certain hours in given areas, and to maximize the use of mass transit.

The park service is also experimenting with "pre-visit" plans designed to help prospective parkgoers choose a park that is better suited to their expectations and family needs.

"We need to put all of these into a total perspective," Everhardt said, "in a way that identifies the most appropriate use of each park, and then decide what each park can hold."

He and other park officials know that talk about "carrying capacities" and "appropriate uses" will be academic unless Congress and the White House provide adequate funds for park operations.

One veteran superintendent, who asked not to be "connected with this statement," put it this way: "On a sinking ship, you can't patch a two-foot hole with a one-foot plank."

Valley Park Pain for Feds?—V

(By David Hess)

Cuyahoga Valley.—It is hard to imagine, looking at the grassy meadows and leafy woodlands of this quiet refuge, how it came to symbolize one of the bitterest disputes in the history of the National Park Service.

A 29,000-acre sanctuary tucked between the bustle and smokestacks of industrial Cleveland and Akron, this "green shrouded miracle," as park service planners once called it, officially became a part of the national park system 18 months ago.

Then and now, the Cuyahoga Valley National Recreation Area has been, depending on your point of view, either a shining example of enlightened federal action or a red-flag warning against federal management of recreation areas near big cities.

The park service is now managing three "urban parks"; Gateway in New York City, Golden Gate is San Francisco and the Cuyahoga Valley.

There are growing pressures to add at least two more to the list: Chattahoochie River near Atlanta and Santa Monica Mountains in Los Angeles.

If those areas are brought in, says Nathaniel Reed, assistant Interior Secretary for Fish and Wildlife and Parks, "It's Katy-bar-the-door. Every congressman with a garden patch on the 'back 40' will want in, too. That's why we're hard-lining it on these Chattahoochie and Santa Monica proposals."

The park service, Reed said, is already straining under the triple burden of tight operating budgets, mounting numbers of visitors, and a mushrooming expansion program that has set land acquisition efforts back nearly 10 years.

"Frankly," he said, "what we need now is a pause—to regroup, to reconsolidate, to renovate our system."

But the Interior Department's opposition to urban parks goes deeper than that.

The department's higher echelons and the White House Office of Management and Budget (OMB) believe the federal government should not get further involved in an urban recreation program that is going to get increasingly expensive to operate.

"These urban facilities are very costly to acquire and even more costly to run," Reed said. "We believe, at a time when we haven't enough to adequately operate and protect the resources we already have, that this is something we just shouldn't do."

Reed and others admit that the urban parks already in operation are "smashing successes."

"The issue here is not whether there should be urban parks." Reed said. "The issue is who will run them."

The Interior Department's position is that states and local governments, with "seed money" from the federal Land and Water Conservation Fund for land acquisition, should develop and manage such parks.

Proponents of urban parks disagree.

Rep. Roy A. Taylor (D-N.C.), chairman of the House Interior Subcommittee on Parks and Recreation, argues that few states or cities can afford such parks.

"As far as I can tell, only the federal government has the kind of money it takes to put together these bigger, more expensive urban projects," Taylor said.

"There are some of these proposals, highly desirable ones I might add, where the states can't do it."

An aide to the Senate Interior Committee, where the debate has raged over the Chattahoochie and Santa Monica proposals, said: "The real issue is whether we're going to have them at all. Because if the federal government doesn't finance them, they won't be established, period."

It is possible that the survival of the national park system eventually will depend on the existence of urban parks.

During the debate over the establishment of Cuyahoga Valley, Rep. John Seiberling (D-Akron), a staunch advocate of federally-funded urban recreation, warned that he and other urban lawmakers were getting tired of voting for park operations that only a fraction of their constituents could enjoy.

"Year after year, members of the Ohio delegation vote money for great national parks in California and the Rockies," Seiberling said. "And yet our constituents are beginning to say, 'Are not we who put up a lot of the taxes and pay for these parks entitled to some return on our investment?'

"Ninety-five percent of your constituents and mine unless they happen to live in California, or Wyoming, or Arizona, will never see Yosemite or Yellowstone or the Grand Canyon.

"If we are going to treat all of the people equitably, if we are going to have a continuing constituency for national parks, then we are going to have to provide for the people in our most populous urban areas an outdoor recreation opportunity comparable to that we have provided for those already located near some of our great parks."

It is not simply a matter of fairness, but of politics. If the park system wants greater public support, it is going to have to put more parks where the votes are.

William Birdsell, superintendent of the Cuyahoga Valley Park, says he already discerns a shift in this direction.

"The emphasis on the old western parks being in control of policy decisions at the National Park Service is changing," he said, "because there is a growing realization that urban parks could not only relieve the crowding in the old-line parks but broaden public support for the whole system."

Moreover, Birdsell said, the balance of power on the House Interior Committee is shifting: "The congressmen there are no longer predominantly westerners. More and more of them are coming from the East and Midwest. And their interests are in parks that will serve their constituents."

Within the park system, resentment is brewing over the money being diverted from the traditional parks into the new urban areas.

Julius Martinek, superintendent of Sleeping Bear Dunes in Michigan, said: "I don't mind telling you I'm jealous as hell of the acquisition money that's going to Cuyahoga at a time when we've really scrambling to complete our acquisition program here."

National Park Service Director Gary Everhardt, a product of the old-line parks who still perceives the need for urban recreation, is sensitive to the cross-currents and conflicts within his bueaucracy.

"I don't want to do things that take away from the already established parks," he said. "We have to draw the line someplace between those areas that are nationally significant and those that are little more than your typical metropolitan park."

One high-ranking Interior Department official said that in the end, "the politicians, not park service experts, are going to decide" the urban park question.

As an example, he recalled the "inside story" of how the Cuyahoga park finally was signed into law.

"We sent a blistering veto message over to the President and strongly urged him to use it. Otherwise, we told him, the floodgates would open.

"So do you know what happened? Well, Bob Taft . . . told Ford, 'Mr. President, if you veto that bill, you'll almost be sure to lose Ohio in the election.'

"And then Rogers Mortion (then Secretary of Interior), who had hand-delivered the veto message, was asked what he thought about that. And he said, 'Mr. President, Bob's right.' And Ford scribbled his name on that bill faster than you can blink your eye."

Since the parks are extremely popular, it is likely that public pressure will override the resistance in the Ford administration to federally funded projects.

If that occurs, the question for the National Park Service is how to finance the urban parks without harming the traditional parks.

"You can't have it both ways," Everhardt said, "The bills have to be paid."

Cuyahoga's Birdsell believes that people are beginning to understand this.

"In the past, the parks have rated lower on the list of priorities than, say, defense," he said. "But I think I see signs of a change in these priorities. I know that if you put it to a vote, the parks would win hands down."

Martinek of Sleeping Bear Dunes agrees. "The people are starting to realize what a great resource we have in these parks," he said. "I just hope I'm still here on the day when the message gets to Congress, because I want to be around to help spend the money."

Ohio Parks Face Man-Fund Bind

(By Richard C. Widman)

Columbus.—Ohio's state park system has been thriving with more land, more visitors and more tax revenues. But there's a money pinch coming as attendance reaches the saturation point and the last capital improvement funds run out.

Only $100,000 remains from bond issues voted in the earlier administrations of Gov. James A. Rhodes, according to Ralph A. Vanzant, chief of the Division of Parks in the Ohio Department of Natural Resources.

The system is bigger than ever—198,000 acres of land and water. Attendance is up tenfold, from 4 million to 40 million in only 20 years.

The crowding poses a problem for the division, whether to continue promoting use of the parks, Vanzant said.

"We're going to have to spread out the use, to get people into parks in the spring and fall, by emphasizing winter sports, camp-outs, nature programs and hiking," he added.

Vanzant said it is "easier to sell Ohio on building new parks than it is on funds to maintain them."

He explained that Ohio voters seem ready to vote more money for acquisition of lands for parks, but are not ready to influence their legislators to vote funds to keep the parks in top condition.

And as the parks' acreage has grown, the maintenance dollar has been stretched, he said.

Funds for land acquisitions are exhausted, Vanzant said.

Meanwhile, attendance continues to zoom. Three parks, Hueston Woods, Pymatuning and Salt Fork, each attract some 2 million visitors annually, or about as many as the famous Yellowstone National Park, he said.

East Harbor State Park, where the main beach was destroyed by a Lake Erie storm in 1969, has a severe erosion problem that could be curbed only by spending millions.

But no money is available for the project, he said.

Geneva State Park needs a new breakwall to protect its Lake Erie beach, which is nearly gone.

"A vast sum of money, millions of dollars, would be needed, but we don't have it," Vanzant said.

In a cost-saving budget measure, so that more money will be available for maintenance, the division has cut personnel.

Some 1,300 persons will be working in Ohio parks this summer, compared with 1,800 in the summer of 1970, Vanzant said.

The division is hiring more part-time employees than in the past, he added.

The division recently bought 1,000 acres near Chillicothe and 700 acres near Akron, and is in the process of buying about 1,200 acres on Maumee Bay at Toledo.

It recently took over operation of Malabar Farm near Mansfield from the Ohio Department of Agriculture.

The system has recently acquired some 30,000 acres of land and water from the Army Corps of Engineers projects—Alum Creek, north of Columbus; Paint Creek, in Ross and Highland counties, and Buck Creek, near Springfield.

The corps of engineers will soon transfer two projects to Ohio for state parks—Caesar's Creek, south of Dayton, and East Fork of Little Miami River, near Batavia.

MCPL EDUCATION FUND SPEAKER SERIES—TALK TO DR. ZBIGNIEW BRZEZINSKI ON "REFLECTIONS ON THE PREMISES AND PRIORITIES OF AMERICAN FOREIGN POLICY"

(Mr. SEIBERLING asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SEIBERLING. Mr. Speaker, today I am placing in the RECORD a summary of the introductory remarks of a discussion meeting on May 19, 1976, when Dr. Zbigniew Brzezinski discussed with Members of Congress and their staffs the question of what should be the premises and priorities of U.S. foreign policy.

Dr. Brzezinski is a well-known authority on international affairs and Soviet studies. He is the Director of the Trilateral Commission, the Director of the Center for the Study of International Change, and is a professor of international affairs at Columbia University. He has been an active scholar and governmental adviser.

Dr. Brzezinski's talk on U.S. foreign policy premises and priorities comes at a time when many of us are reassessing our foreign policy. It is one of a series of talks with leading experts sponsored by the MCPL Education Fund all dealing with the theme "New Directions in Foreign Policy, Defense Policy, and Arms Control Policy.

In response to requests from Members of Congress and the public who desire to study them at length, I have placed summaries of this talk and earlier talks in the RECORD and will put future summaries in the RECORD after various speakers have completed reviewing them for accuracy. The text of Dr. Brzezinski's remarks follows:

REFLECTIONS ON PREMISES AND PRIORITIES IN AMERICAN FOREIGN POLICY

In looking at its international position, the United States confronts the spectre of global isolation, a situation without precedent in our history. For much of our history, the United States, our values, our outlook, and our very existence have been a liberating factor in the world. This has imbued our foreign policy with a compelling force. This has changed dramatically. Now, much of the world sees us as opposing change, obstructing change. Worse, many Americans see the world as being fundamentally hostile to our values.

This is troubling, because a world of emancipated nation-states should not be something threatening to American values. There has, however, been for the public the intellectual attraction of yielding to a simplifying principle such as the Cold War. This principle was often true, but it did not help us to recognize the Sino-Soviet split or the development of polycentrism among Communist states. The new image the public holds is that of a "Hostile World," a coalition of Afro-Asian states allied against us. This image means divorce from global change, it means isolation, and it is wrong.

This philosophical divorce is threatening to us, because in our self-imposed isolation, we may create the very condition that we fear, and thus reduce our capacity to deal with international problems, while at the same time creating an intersection of East-West issues with North-South issues, which is now occurring frequently.

If we don't develop a more differentiated response capability to this intersection, our policies will inevitably fail. Two examples:

The Middle East. It began as a regional conflict between the Arabs and the Israelis, and first escalated into an East-West conflict, and subsequently into a North-South confrontation as well, as the anti-Zionism resolution at the United Nations clearly demonstrated.

Angola. Many of our Angolan errors stemmed from the fact that our policymakers saw it as an East-West conflict, while it was also a North-South conflict. Secretary Kissinger's Lusaka speech was a courageous one, but it should have been made over a year ago.

This intersection of North-South and East-West issues is a serious problem, and in some areas, such as Central America, unless we are both smart and wise, they will in the future present an even more serious problem to us.

This is why we cannot afford a hostile world, which is much of our own making. The Third and Fourth Worlds are differentiated: radicals and moderates, rich and poor. What all of this calls for is a truly massive architectural effort in the field of our foreign relations, on the scale of the one we undertook at the conclusion of World War II. We need a wider international system, responsive to the fact of 4 billion people in the world, and more than 100 independent nation-states. What we did after 1945 was to promote peace, free trade, and an Atlantic-centered alliance. What we need now is more than peace, more than free trade, and more than an Atlantic Community. We have to establish some sort of global equity. There is no conflict between liberty and equity.

In this large scale architectural effort, there are three areas of priority:

1. *Trilateral Co-operation*. We should pull much closer to Japan and Western Europe. These are also the countries that have systems which reflect universal democratic values. Economic and political stability require this strengthening of ties.

2. *Reform of the North-South Relationship*. We must fulfill the promises of the Seventh Special Session of the United Nations General Assembly. This calls for massive efforts by the Congress and the Secretary of State to recognize the needs of Third World states, and to assume responsibility for helping to meet those needs.

3. *Stabilize the East-West Relationship*. Negative public reaction to détente is due to the loss of illusions foisted on the people by the American government. The Russians never deceived us about détente. They always said that there would be mixed co-operation and conflict. We were the ones who were talking about a "generation of peace." The United States and the Soviet Union are separated by differing historical forces, and the conflict will be with us for a long time. That is why it is not a good idea to base our whole foreign policy on détente.

If we succeed in these three areas, then we can expect to have a far more responsive foreign policy. The public is susceptible to simple and direct formulas, but it is the task of leadership to make them understand the nuances. And the public wants interdependence to be articulated to them.

In the past year, there has been a sense of growing public confidence in America; the isolationist point-of-view has not prevailed. There is likely to be public support for U.S. engagement with the rest of the world.

We need to adjust to an interdependent world; the U.S. needs to co-operate rather than confront the rest of the world, particularly in the economic sphere.

If we do not, it may have implications for our society. It would be difficult to sustain the moral fabric of American society if we get engaged in a conflict with states we see as hostile, but which are also poor, suffering, envious, and have established a moral claim of some legitimacy.

In the short run, there is not the slightest doubt that if we move towards a confrontation, we will prevail. But, in the longer run we will have lost what we are all about. We began as an experiment in freedom, and in certain kinds of values.

PERSONAL EXPLANATION

(Mr. MIKVA asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MIKVA. Mr. Speaker, I was unable to be present for the last vote of the Friday, June 18, 1976, session of the House of Representatives. Had I been present, I would have voted "yes" on rollcall No. 412, final passage of H.R. 14239, the fiscal year 1977 appropriation for State, Justice, Commerce, and the Judiciary.

SOLAR ENERGY—HERE IN THE DISTRICT OF COLUMBIA NOW

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, the article below from the Washington Star describes the solar energy system recently installed in the Eastern-Liberty Federal Savings & Loan Association at 336 Pennsylvania Avenue in the District of Columbia.

Contrary to the assertion of some of our colleagues that solar energy is only for the far-distance future, this is an example of a technology that is ready to go into operation right now and, indeed is operating right outside our doors. It illustrates the compelling need for us to move forward with similar systems in Federal buildings everywhere. Surely we should be leading the country forward with this exciting technology in our own housekeeping.

Congressman Gude and I introduced the "Conservation and Solar Energy-Federal Building Act" last July. This bill H.R. 8711 and its similar companions would require that buildings financed with Federal funds utilize the best practical measures for the conservation of energy and the use of solar energy systems. I hope that my colleagues will join Congressman Gude and I and the 80 sponsors of H.R. 8711 in moving this legislation forward.

Capitol Hill Gets First Solar Plant

(By Aaron Ruvinsky)

Tom Harrison, president of the Eastern-Liberty Federal Savings & Loan Association, first voiced interest in solar energy as a factor in the institution's projected headquarters building toward the end of 1973, when the energy crunch was very much in people's minds.

"I was interested in it as a method of energy saving," says Harrison, who has been with the S&L for 42 years and has been its president for 12. "But I was just as interested in it as a contribution to the theory of solar heating and from the point of view of public relations for the savings and loan."

As Eastern-Liberty moved its main office two blocks east from 4th Street and Pennsylvania Avenue SE this week, it was too early to tell how big a fuel saving will result. But there's little reason to doubt that the solar system will be a success, all things considered. "Although the installation cost $40,000, it replaces $20,000 worth of roofing, leaving a net expense of only $20,000," Harrison said.

"All domestic hot water will be provided by the solar plant," explained Loren Sage, partner-in-charge for the Mills & Petticord Partnership, architect of the building at 600 Pennsylvania Ave. SE. He was referring simply to water from the restroom taps.

Whether from modesty or lack of experience with the system isn't clear, but the building's engineering firm would hazard no guess as to the saving on fuel. Harrison said perhaps 15 to 20 percent.

"But not all the saving comes from the solar system," a spokesman for the engineering company said. "Closed loop, water-to-air electric heat pumps are scattered around the perimeter of the building. Some of the heat, even in winter, will be taken from interior areas and redistributed to outside areas."

Another innovation is in the decision to use a single faucet for most of the lavatories, the water being heated by the sun to 105 degrees. For those needing warmer or cooler water, one sink in each restroom will have the conventional two faucets.

The business end of the solar system consists of ninety 3-by-6-foot panels along the south side of the mansard roof. Made by PPG Industries, each is double glazed to admit most of the sun's high-frequency waves, while trapping most of the lower-intensity radiation from the copper plate. Water picks up the heat in half-inch copper tubing which snakes down the solar collector until it is carried into a 4,000-gallon tank in the "penhouse" behind the panels.

Solar engineers often stress the importance of conservation, and the architects have given this due weight. Said architect Sage:

"To minimize heat loss we have used small windows except on the main floor. Here the windows are double-paned, but on the upper four levels we have used single panes in double-hung sash-type windows."

Added the engineer: "Radiation will be reduced by Venetian blinds or curtains. Insulation is very good, with 2-inch rigid insulation inside the masonry walls, for a U value of .13, and 3 inches beneath the roof, for a U value of .1.

"When the temperature is as low as 19 degrees outside, the heat pumps will be able to warm the inside to 75 degrees, and when it's 90 outside (76 degrees wet bulb), they will cool it to 75, with 60 percent relative humidity."

Of the building's $5 million cost, $800,000 has gone into the plumbing, fire protection and other mechanical systems.

The building has 90,000 square feet of space on the five above-ground floors and 60,000 below grade, including two levels of parking for 250 cars. Most of it that isn't being used by the savings and loan—parts of the first two floors and one underground level—has been rented to such tenants as Commonwealth Title, the American Legislative Exchange Council, the California governor's office, Colorfax Labs and a travel agency.

Eastern-Liberty has made its peace both with the city's motorists, with a drive-in window, and its handicapped. Doorways are accessible to wheelchairs, and the bathrooms are designed to be convenient for those who are partially disabled.

John F. Donohoe & Son supervised the construction, which was contracted by Glenn Construction.

A SALUTE TO AMERICA

(Mr. ALBERT (at the request of Mr. Bonker) asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. ALBERT. Mr. Speaker, in this Bicentennial Year it is only fitting that we should look to the future as well as the past. Let us not forget that tomorrow's leaders are today's young adults.

With this in mind, it is with a great deal of pride that I would like to submit an essay by 17-year-old Scott Allen of Oklahoma City. This essay was the winner of a statewide patriotic essay contest sponsored by the Fraternal Congress Chapter in Oklahoma City. I think it is a very fine essay on patriotism and freedom, and an excellent "Salute to America."

A Salute to America

"Rome was not built in a day," but like most glorious civilizations was the product of many centuries of evolution and progress.

The United States, just a mere child compared to the majority of other nations, is truly a unique land. In roughly three centuries she has outshone all of mankind's greatest past achievements, while advancing the idea of individual freedom to a degree unknown beforehand, be it in ancient Greek city-states or the "Peoples'" Republic of China.

Most Americans today enjoy a far better life than any of their ancestors or even contemporaries overseas. Almost all adults have the privilege to vote and select our government's leaders and policies and every year adds more personal freedoms to the already-abundant list.

The original freedoms granted by the Constitution and the Bill of Rights are continually being reviewed and reexamined by the Judicial System to insure that the laws of our nation keep pace with its people and activities. The last fifty years have seen the slogan, "All men are created equal," put into reality. Women, minority groups, children, and almost every other social, economic, or political group has been granted the rights once reserved for a small landed aristocracy.

America thrives on optimism. It was optimism and hope that led our forefathers to this "wilderness" and this same feeling prevails today, be it in the open countryside or the urbanized city. Everywhere across the United States, people are trying to make this country into a better environment.

Many times we scoff at the word "patriotism" or the thought of being patriotic. Perhaps we feel it is being too sentimental or "corny" to bother with. Yet we still take an active role in trying to earn an honest living or participate in the nation's affairs and decisions.

Patriotism can be defined in thousands of different ways in every existing language, but it all condenses to a single thought process which can become an integral part of any person's life, regardless of creed, color, or political aspirations.

Love of country is a natural virtue that anyone can acquire, especially in a land like the United States, where almost any viewpoint is tolerated and a person is free to work for his or her leading cause, be it "left," "right," "radical," or "conservative."

Only through patriotism can any beneficial changes be accomplished, and there are many problems left for man to solve. The future of our country and perhaps our whole world depends on us and our devotion to the American system of ideals.

Freedom will only remain as long as we are willing to take the time and effort to support and defend it. Patriotism is up to you and me.

"COAL SLURRY PIPELINE—13" SEPARATING FACT FROM FICTION

(Mr. SKUBITZ asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. SKUBITZ. Mr. Speaker, beginning with May 26, 1 have called attention to the House of a bill, H.R. 1863, the Coal Slurry Pipeline bill, which is now pending before the House Interior Committee. This bill would grant Federal powers of eminent domain to the slurry pipelines.

I have discussed the question of eminent domain, this can be found on page 15521 of the May 26 Record; the fact that this is transportation legislation not energy legislation, page 15878 of the May 27 Record; the railroad capability of handling the increased coal production, page 16078 of the June 1 Record; the effect of coal transportation on railroad economic viability, page 16246 of the June 2 Record; on June 4, I spoke of the railroad industries innovative handling of coal, this is on page 16740; on June 7 I spoke of the slurry pipeline lobby, which is on page 16805; June 8 I spoke on the question of whether a study by the Office of Technology Assessment should precede congressional action on a slurry pipeline bill, this is on page 16902; June 10 I spoke on the fact that railroads can haul coal without the need for new laws, this can be found on page 17594; June 11, I spoke on how slurry needlessly exploits valuable water resources, which can be found on page 17839; on June 16, I spoke the subject of how slurry pipelines are environmentally unsound, this can be found on page H5815; on June 16, I spoke on the inability of the slurry pipeline to be a common carrier, this can be found on page 18719, and on June 18 I spoke on the danger pipelines pose to consumers, this can be found on page 19313.

Today I intend to discuss the problem of separating fact from fiction on the pipeline.

This is the last of the series of presentations I have planned on the subject of H.R. 1863, the Coal Slurry Pipeline Act. I doubt that it is the last time I will address myself to the subject.

However, I think it appropriate, at this time, to attempt some sort of summation of the points I have raised and attempt to see where they lead us.

First and foremost, it should be clear that H.R. 1863 is not an energy bill. It is a transportation bill and should be considered in light of its effects upon the Nation's transportation system. I believe that the evidence shows that those effects would be deleterious—that the construction of coal slurry pipelines could damage our common carrier railroads, to the detriment of all who depend upon rail service.

This, alone, would be enough reason for the defeat of this legislation.

It should also be clear that the operation of coal slurry pipelines would create a massive and continuing drain on western water resources that have long been a source of concern. A single pipeline would export 6.5 billion gallons of water a year from Wyoming. Pipeline promoters have offered no solution for this problem. Instead, they have maintained that there is no problem—or if there is, it is not relevant to the legislation.

This alone, would be reason enough for the defeat of this legislation.

Pipeline proponents have failed to demonstrate a public need for their services. Independent sources have agreed that railroads can develop sufficient capacity to handle all increases in coal production. Nor have pipeline promoters succeeded in making a convincing case that their operations would benefit the consumers of electric power. The only set of comparative rate figures which have been offered by the promoters can be easily shown to be based on faulty calculations.

And the promoters' assertion that their operations would provide some form of rate discipline for the railroads has been shown to be the reverse of the truth. In fact, the pipelines' operations, based, as they would be, on exclusive throughput contracts, would actually bring about a reduction in competition and would likely force railroad rates higher on the traffic remaining to them.

These factors, alone, would be reason enough for the defeat of this legislation.

Grave questions have been raised—but not really answered—about the potential threat to the environment posed by the possibility of pipeline breaks, about the comparatively greater energy requirements of pipeline operations and about difficulties in the dewatering process, which have resulted in centrifuge jam-ups, incomplete burning and fire danger.

I have discussed the opposition to this legislation by environmentalists, farmers and ranchers. It has been noted that slurry backers have failed to obtain the right of eminent domain on the State level in key States.

This, too, would be reason enough for the defeat of this legislation.

I have discussed the ways in which pipeline proponents have engaged in sly games with the Congress, with the Government and with the public. They have obtained a government grant to perform a study in their self-interest. They have attempted to discredit—through legal maneuvering—studies which were not to their liking. And they have engaged in an attempt to head off a truly independent study of the issues by the Congressional Office of Technology Assessment.

This—to my mind—would be reason enough for the defeat of this legislation.

The proponents of coal slurry pipelines have come to the Congress seeking the Federal right to eminent domain. This right has never been granted in analogous circumstances. To justify such unprecedented action on the part of the Congress, the proponents should be required to prove an overwhelming public need for their services.

The have not proven it.

To justify such action, they should be required to demonstrate public benefits that could be achieved in no other way.

They have not done so.

Instead, they seem to base their pleas to the Congress on assertions of equity that turn out, upon examination, to be demands for privilege.

Taken in total, the record does not show a public interest in the construction and operation of coal slurry pipelines. Rather it shows that the construction and operation of coal slurry pipelines would threaten injury to the public interest.

Taken one by one, the reasons for refusing to grant special privilege to the builders of coal slurry pipelines are convincing.

Taken in total, I believe they are compelling.

MORE SURPLUS PROPERTY TO STATE AND LOCAL USERS

(Mr. RANDALL asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. RANDALL. Mr. Speaker, I take this time to announce that I have joined with eight committee colleagues of the Committee on Government Operations to sponsor a new bill, H.R. 14451, entitled "To amend the Federal Property and Administrative Services Act of 1949 to permit the donation of Federal surplus personal property to the States and local organizations for public purposes, and for other purposes." The bill would establish an orderly, efficient, and fair system under the guidance of the General Services Administration for bringing together numerous separate, overlapping Federal programs that now lend or give excess and surplus personal property to State and local users.

The new bill represents the language which the Government Activities and Transportation Subcommittee approved at our meeting, June 18, 1976. It incorporates a number of important amendments, but these amendments do not change the basic thrust or structure of the prior bills, H.R. 9152 and H.R. 9593, on which hearings were held last year.

Let me say now, that as chairman of the Subcommittee on Government Activities, I appreciate those members of the majority and minority who have supported this legislation so well.

This legislation actually got its start about 4 years ago. An 11-member interagency task force reviewed the problem of too many uncoordinated, uncontrolled programs of various Federal agencies for distributing Federal excess and surplus property to local groups. This report is entitled "Recommendations of the Ad Hoc Interagency Study Group on Utilization of Excess Federal Property". It was dated January 7, 1974. It recommended legislation to give the Government's chief property management agency, GSA, overall responsibility for guiding excess and surplus property distribution to State and local groups.

Since the 1974 report, the problem which sparked the study has become worse. In September 1974, a new program suddenly appeared on the scene. Regional action planning commissions were given independent and early access to the best of the property so as to lend or give it to local groups for whatever represents economic development. That program has snowballed. As the good property items are snapped up by the regional commissions, other, older programs within the regions and outside them are suffering badly.

The situation cries out for orderliness, and elimination of waste and unbalanced distribution. The purpose of the bill we recently introduced is to correct that situation, yet, at the same time, to preserve the opportunities of all recipients of earlier property programs for a fair share of the property resource.

There are a lot of experienced and dedicated people who have worked long and diligently on the legislation. I believe it represents a substantial consensus of those who have contributed from the legislative branch, the executive branch, and the States themselves.

It does five main things:

First, places virtually all property programs for State and local users into one system;

Second, preserves all the benefits enjoyed under the earlier programs, and at the same time makes the program nationwide and assures eligibility for property to all public agencies, and private nonprofit educational and public health institutions;

Third, gives GSA the guidance responsibility for the consolidated program;

Fourth, gives the States and their Governors more responsibility and discretion in the donation process; and

Fifth, requires GSA to keep track of the program and report annually to Congress—something not now done under the present mix of programs.

One of the most important implications of this bill is this: On the basis of serious discussions with GSA, we believe that once GSA is charged with overall responsibility for the new program, the full weight of its vast experience and resources will be brought to bear. The result will be that more property will pass to the States than would ever have been possible under the present unstructured, fragmented arrangement.

Mr. Speaker, H.R. 14451 promises substantial benefits to the people at relatively little cost. I look forward to early favorable action by our Committee on Government Operations so that this much-needed legislation may be brought before the House.

At this point I should like to insert the more detailed remarks on the proposed legislation that I offered at the recent meeting when our subcommittee approved this legislation, as follows:

Meeting of Subcommittee on Government Activities and Transportation, of Committee on Government Operations: Chairman Randall, Missouri, Presiding

Mr. Randall. First let me assure the members of this subcommittee that the proposed revision of the new surplus property donation bill does not change the basic thrust or structure of H.R. 9593.

The legislation deals with personal property (equipment and supplies) that Federal agencies no longer need for their own use. This includes excess property (which one agency no longer needs but another may) and surplus property (which no agency needs).

Each year Federal agencies generate about $4 billion of such property, as measured by original acquisition cost. Much of that property is valuable for use by State and local organizations. Many are receiving such excess or surplus property today, paying only costs of care and handling.

But, the facts are that the Federal programs through which the property reaches these local users are independent and managed by separate Federal agencies with little or no coordination. (For example, the Department of Commerce has two independent property programs relating to economic development.) Furthermore, recipients of excess property taken directly from holding agencies skim the cream from the available property pool and thereby seriously disadvantage other recipients eligible only for surplus property.

Because of the multiplicity of property programs, there is neither central machinery nor nationally guided planning. The need is increasingly urgent for statutory authority to coordinate all these programs and place them in a rational, orderly, efficient, and equitable system. That, then, is the fundamental objective of the proposed legislation.

To accomplish this, the bill builds on the general structure adopted by Congress in the 1959 Federal Property Act, which established the Federal donable property program (section 203(j) of the Act). Under it, surplus personal property is transferred to State surplus property agencies, from which it can be donated to local organizations for education, public health, and civil defense. Not only is the section 203(j) program the oldest, but it is the broadest, most versatile, and most tested. It is the only program truly national in scope and impact, as well as the only one for which an annual report to Congress is required.

Thus there are available an existing system and organization, which the bill would expand with new purposes and new categories of eligible recipients. In this way, the benefits of the previously existing programs would be continued.

The new system should actually enable more property in the aggregate to reach the local beneficiaries than before, since efficiency will increase as duplication, waste, erratic impact, and imperfect screening and distribution diminish. The feast for some eligible groups will no longer threaten famine for others with equal need for the Federal Government's helping hand.

GSA's role in the future under this legislation, if passed and signed into law, would be to:

1. Take the basic responsibility to lead and guide the new program, while consulting with local interests and working through the States.

2. Make fair and equitable allocations of available property to the States on the basis of need and utilization.

3. Receive a Governor-approved plan of operating for each State agency, such plan to conform with guidelines and requirements set out in bill before Administrator may transfer property.

4. Maintain and provide information on available property.

5. Transfer property to State surplus property agencies for distribution by donation to eligible recipients.

6. Make formal donations of the property.

7. Report annually to Congress on the program.

If this bill becomes law the role of each State would be to:

1. Receive property through a special State surplus property agency (all States have one now as a result of section 203(J) program).

2. Develop a State plan of operation conforming to the bill's guidelines and requirements and submit a plan, with the Governor's approval, to the Administrator.

3. Use its State agency to screen available property at Federal holding agency sites both for itself and for other States with which it cooperates. (GSA will offer assistance.)

4. Use its State agency to arrange for or perform variety of logistical duties, including transportation, communication, warehousing, repairs, distribution, end-use checks, accounting, and reporting.

5. Through its State agency, assess, if desired, reasonable service charges to recipients for logistical services.

6. Follow, if desired, its own property accounting and inventory control systems.

It should be pointed out that the scope of donation purposes and eligibility will be as follows:

1. Property may be donated to promote such public purposes as conservation, economic development, education, parks and recreation, public health, and public safety.

2. Besides public agencies (which the bill defines broadly), eligible groups include private, nonprofit and tax-exempt institutions. The latter are not restricted to institutions cited as examples in the bill but would include others having educational or public health relevance like museums.

3. So that the various programs may be brought into the new system, excess property would cease to be available to any agency for transfer to their project grantees. This change would not apply, however, where—

A. The grantor agency pays 25 percent of the original acquisition cost of the item,

B. The property is for the cooperative forest fire control program,

C. The property is for federally recognized Indian tribes,

D. The property is classified as scientific equipment, or

E. The property is used by aid under the Foreign Assistance Act.

4. The recently enacted regional excess property program (section 514 of the Public Works and Economic Development Act of 1965) is affected. Under this authority, regional action planning commissions established by the Secretary of Commerce may obtain excess property in order to distribute it locally by loan or gift for economic development purposes. The regions now are seven in number and cover the whole or part of 31 States. (Areas not covered include Appalachia.) As part of bringing these seven separate and regionally operating programs within the new system, the bill repeals section 514. Nevertheless the bill contains several provisions to preserve and enlarge property benefits for local economic development purposes.

OSHA MOVING TO MEET CONGRESSIONAL DIRECTIVES

(Mr. OBEY asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. OBEY. Mr. Speaker, most, if not all, Members of Congress have been very concerned about the well-known problems of the Occupational Safety and Health Administration. On the one hand, OSHA has created unnecessary and unwarranted problems for the business community and on the other, it has failed to attack many of the most crucial health and safety problems facing workers.

In past years there have been repeated attempts in both the House and Senate to restrict OSHA in various ways in hopes of at least minimizing the damage being inflicted by the agency, if not furthering the goal of job health and safety. Unfortunately, these attempts generally created more problems in the end than they resolved and at the same time failed to get at the heart of what is really wrong with the program.

Last December, your Appropriations Committee took action in what I believe is a much more positive manner. In the conference report on the Labor-HEW appropriation bill, the House and Senate committees directed the Secretary of Labor to take the following actions:

(1) Immediate steps to dramatically upgrade the skills of OSHA inspectors through intensive retraining. This retraining should be conducted irrespective of a possible reduction in the number of inspections completed during the coming year and should accomplish the following objectives:

(a) provide each inspector with a clear sense of priorities as to which workplace hazards pose the greatest threat to the health and well-being of workers

(b) provide inspection procedures to insure that citations, fines and abatement orders are based on those priorities

(c) provide a clear understanding of the meaning of each OSHA standard by all inspectors and develop the technical skills necessary to concentrate enforcement efforts on workplace hazards which pose the greatest threat to the well-being of the workers, particularly in the area of health.

(2) Review and simplification of existing OSHA standards and elimination of so-called "nuisance standards" or standards which do not deal with workplace conditions that are clearly hazardous to the health or safety of workers or are more properly under the jurisdiction of State Departments of Public Health.

(3) Redirection of enforcement program to place increased emphasis on problems related to worker health. The Conferees note that the overwhelming number of inspections have been in the field of safety despite reports by the Administration that deaths due to occupational health problems exceed 100,000 per year while problems involving safety account for 11,000 deaths a year.

(4) Substantial redirection of inspection efforts away from industries with good worker health and safety records so as to permit increased inspection in industries with the greatest health and safety problems.

(5) Development of fine-free on-site consultation programs which are available to employers throughout the United States, are clearly understood by employers and are staffed by competent consultants qualified to advise employers of the application of OSHA standards in their workplace. An evaluation of the on-site consultation program shall be completed within three months of the enactment of this bill and shall be transmitted to the House and Senate Appropriations Committees.

While no one would deny that the agency has a long way to go in meeting these directives, I think it is fair to say that a real good faith effort has been initiated, which is described in the following report from Secretary of Labor Usery on the Department's progress in meeting the directives of the fiscal year 1976 Labor-HEW conference report.

REPORT FROM SECRETARY USERY ON DEPARTMENT'S PROGRESS IN MEETING DIRECTIVE OF LABOR-HEW CONFERENCE REPORT

A. UPGRADE THE SKILLS OF OSHA INSPECTORS

This activity describes the actions taken to upgrade the skills of OSHA inspectors through intensive retraining. These actions encompass the full range of areas that affect inspection skills—from hiring guidelines to a career development program.

Background

To achieve its goal of reducing injuries and illnesses, OSHA depends to a great extent upon the effectiveness of the compliance officer inspecting the workplace for violation of standards. Previously, inspector effectiveness has been measured by numbers of inspections and citations. Efforts to achieve higher numbers obscured the need to focus upon serious hazards, especially those in the health area where more time per inspection is usually required. Also, in this earlier period, training of compliance officers was reduced to a minimum. Inspections and citations reflected the knowledge and skills that were already available—those in the area of safety. Inadequate training and inspection procedures resulted further in instances of varied interpretation of standards and citations, fines and abatement orders unrelated to the seriousness of the hazards. Therefore, the Conference Committee directed OSHA to "dramatically upgrade the skills of OSHA inspectors through intensive retraining" irrespective of a possible reduction in numbers of inspections. This training is authorized under section 21(b) of the Occupational Safety and Health Act of 1970.

Accomplishments in fiscal year 1976

Fiscal year 1976 actions primarily involve planning and development in the following areas:

Career program.—A career program will be established for compliance officers to anticipate and meet continuing and future personnel needs with the highest quality staffing and to provide foreseeable career opportunities that will attract, develop and retain qualified employees in key positions. An outline for a three-year career program for health compliance officers has been developed, incorporating both classroom training and field experience. During the first year, these apprentice health compliance officers will rotate between the field and twelve weeks of classroom training. New compliance officers will literally be signed off by senior compliance officers on individual, generic types of establishments.

Hiring guidelines.—Guidelines for use by national office managers and OSHA Regional Administrators when hiring safety and health compliance officers have been drafted. OSHA currently employs 1000 safety compliance officers, but only 135 health compliance officers and 113 health compliance apprentices. The number of health compliance officers will be increased to at least equal the number of safety compliance officers by hiring all new compliance officers in the health area. Due to changes in the field of industrial hygiene, the Civil Service Commission qualification standards present an obstacle to hiring industrial hygienists and industrial hygiene trainees. OSHA is seeking relief from these standards in three areas: (1) a temporary waiver of current education and specialized experience requirements; (2) establishment of special salary schedule for industrial hygienists; and (3) direct hiring authority. Due to the extreme shortage of occupational health manpower, OSHA must hire many individuals with similar backgrounds and carefully train them to be industrial hygienists. For safety compliance officers, structured cooperative work-study programs and upward mobility programs are being considered.

Crossover training.—All safety compliance officers will receive an intensive, two-week period of classroom training in industrial hygiene so they will be able to recognize and refer to health compliance officers problems uncovered in the industrial hygiene area. This training is currently being developed with assistance from NIOSH and the first class is scheduled for July 1976. After classroom training, safety officers will receive further on-the-job training from senior industrial hygienists.

Relating skills.—The professional regard in which the compliance officer is held at the first contact in an inspection is crucial to the effectiveness of the inspection. Training is being developed for all compliance officers to improve their ability to deal with employers and employees and their civil law enforcement skills.

OSHA Training Institute.—The training program for both new and experienced compliance officers will be restructured to ensure a higher level of occupational safety and health skill and knowledge, including the recognition and control of the most hazardous workplace conditions. The length of the basic safety and health courses will be increased from four to six weeks. The length of several technical courses will be increased and new courses will be developed on an industry specific basis. This will permit a much clearer understanding to be developed of priorities among workplace hazards, inspection procedures, and the meaning of each standard. An instructional laboratory to be used in connection with industrial hygiene courses and safety demonstration laboratory will be established at the OSHA Training Institute. Since the current facility is inadequate to accomplish these expanded programs, a different facility will be sought. On an interim basis, a search is currently underway for a relocation or expansion of the Institute in its current geographical area. OSHA compliance officers who are experts in their fields will be identified and will teach at the Institute. Plans for identifying the experts have been developed.

Professional meetings.—OSHA compliance officers have begun to attend professional meetings once every two years in order to exchange information with their colleagues.

Objectives for fiscal year 1977

Career program.—The twelve weeks of training for the first year of the industrial hygiene apprentice program will be developed and instruction will begin. Field assignments will be specified. A career development program for all compliance officers will be developed and issued.

Hiring guidelines.—Hiring guidelines for safety and health compliance officers will be issued. Hiring of health compliance officers to fill all new positions will continue.

Crossover training.—Two weeks of occupational health training will be provided to each safety compliance officer with accompanying field assignments under the direction of a senior industrial hygienist. Course materials will be available for States to train their compliance personnel.

Relating skills.—Training for compliance officers in relating to employers and employees and in civil law enforcement skills will be developed and offered.

OSHA Training Institute.—Expanded basic, technical, and industry specific courses will be developed. The Institute will be relocated on an interim basis and a study to determine the most effective permanent location will begin. Funds will be requested for the permanent relocation. Experts among OSHA compliance officers will be identified and begin instruction at the Institute.

Summary evaluation

OSHA is employing a variety of approaches to achieve a uniformly high level of technical competence on the part of compliance officers. Short-term evaluation of these approaches will entail objective pre and post testing to determine the increase in skill and knowledge levels achieved by the training courses and on-the-job training. In addition, OSHA will follow-up with compliance officers and their supervisors to determine the relationship of training received to job performance. Finally, the ultimate measure of effectiveness, pending better data on the incidence of disease and accidents, will be the number of people removed from risk in each inspection.

B. REVIEW AND SIMPLIFICATION OF OSHA STANDARDS

The Occupational Safety and Health Administration (OSHA) is inaugurating a new procedure to revise certain of its safety standards to make them more relevant to the needs of American working men and women. This initiative, announced in the *Federal Register* on April 23, 1976, is designed to supplement present methods of obtaining data and views from persons affected by these standards and to expand the opportunity for public participation at the earliest stages of OSHA's decision-making process. In this endeavor, OSHA is seeking to enlist the participation of industry, labor, and others.

Background

The standards which appear in 29 CFR Part 1910, commonly referred to as the general industry standards, were promulgated on May 29, 1971, pursuant to section 6(a) of the Occupational Safety and Health Act of 1970. This section allowed OSHA, during its first two years, to adopt as OSHA standards national consensus and established Federal standards without regard to the normal rulemaking procedures which provide for public comment and hearings. Experience with the standards since that date has revealed a need for revision. Comments from the Congress, industry, labor, and others affected by the Act have suggested, among other things, that certain of OSHA's requirements lack clarity and relevance to employee safety, are too specific and therefore limit methods of compliance, or are protective of a population larger than employees alone.

Considerable staff effort which has been expended in drafting revisions has, however, been hampered by a general lack of data and information on which to formulate proposals more relevant to worker safety and health. The national consensus standards from which the 6(a) standards were derived are based on an amalgam of informed opinion and industry practice, and not necessarily on hard data and substantial evidence.

New procedure

The new procedure will enable OSHA to more effectively draw upon the knowledge of experts and those who through their experience in occupational safety and health, as well as with section 6(a) standards, can provide OSHA with the best available evidence on which to base proposed revisions. Acquisition of this data and information through public participation would occur at the inception of the standards development process and before a definitive strategy to regulation of particular hazards is adopted. If this procedure is shown to provide the data and information desired for the initial candidate standards to be considered, it may be applied in the future. Its application in this instance, however, is not deemed to be a precedent and it will not automatically apply to the revision of every OSHA standard.

The new procedure commences with a notice published in the Federal Register (Appendix), soliciting data and advising interested parties of informal information gathering meetings on particular subparts of Part 1910 to be held in various locations around the country. In addition to comment and discussion on individual sections and subparts, interested parties are asked to address certain general issues concerning the standards promulgated under section 6(a) of the Act and to suggest different approaches that OSHA might take in the area covered by the subpart to better effectuate worker safety. The general issues which appear to be common to all of OSHA's safety standards and on which comment is desired include:

1. Some commenters have been critical about the alleged complexity and incomprehensibility of OSHA's safety standards. How should particular provisions of the standards be simplified or clarified.

2. Whether particular provisions of OSHA's safety standards should be deleted because they are of marginal relevance with regard to employee safety. This would include standards which represent overregulation and are directed toward either property protection or safety of the general public.

3. Whether there are any gaps in the existing OSHA standards. Some commenters have suggested that there are gaps in the present OSHA standards, both as to hazard and kinds of American workplaces. A recent example of such an alleged gap is the area of commercial diving.

4. Whether particular provisions of the standards should set forth specifications which must be met by employers or should require a level of performance for ensuring employee safety. Comment has been generated concerning the performance versus the design or specification type of standard. Many have alleged that OSHA's present safety standards are too design-oriented, and that the design requirements are not always necessary for employee protection. Further, many have suggested that design-oriented standards are prone to become obsolete quickly, and as a consequence, pose a potential roadblock to the growth of new technology.

5. Another facet of the issue above is the dual problem posed by incorporation by reference of certain consensus standards and building, fire, and other specification type "codes" into OSHA standards, thus making compliance with such codes mandatory. Some commenters believe that OSHA should publish the entire text of the codes so as to give better notice of the requirements of the standard. Others have also suggested that OSHA should immediately update its standards when the referenced codes are revised—sometimes more than once a year. The latter problem, e.g., frequent revision of referenced codes, is of particular concern to the agency because such revisions would constitute major rulemakings.

6. Whether there are ways of developing new standards which would continue to protect employees in light of rapid advances in technology and the introduction of new industrial processes. As new methodologies and techniques are developed, new hazards may be created.

While any interested party may choose to participate in the information gathering meeting to address orally the issues raised in the preceding listing as well as others, those persons with substantial evidence and data are requested to submit such information in writing during the comment period. The meeting will be conducted in as informal a manner as possible to encourage meaningful dialogue and will be chaired by an OSHA representative.

At the conclusion of the comment period and meetings, OSHA will evaluate all data and informed opinion elicited. If warranted on the basis of this analysis, a proposal will be developed and published in the *Federal Register* and the provisions of section 6(b) of the Act will be followed during the balance of the rulemaking process.

The procedure outlined above is designed to achieve several objectives. First, it provides an opportunity for the public to comment substantively on entire standards which, for the most part, have not been subjected to the constructive and rigorous scrutiny of the general public rulemaking procedures. Second, it will provide OSHA with a more definitive basis for future rulemakings. It is hoped that all those interested in the standards—legislators, Federal and State safety specialists, academic and professional experts, and affected employers and employees—will choose to participate in this pre-posal stage through the submission of written comments and relevant data.

Initial candidates for new procedure

The first standards to be considered under the new procedure are: Subpart D, Walking and Working Surfaces; Subpart L, Fire Protection; and 1910.111. Anhydrous Ammonia. The selection of these candidates was based on assessments as to which projects were best suited for this procedure. In each case, extensive staff work has been done, and the broad application of Subparts D and L to nearly all workplaces should stimulate public interest in the revision process.

Comments on the three groups of standards should be submitted, within 60 days, to the Director, Office of Standards Development, OSHA, U.S. Department of Labor, Rm. N-3718, 200 Constitution Ave., N.W., Washington, D.C. 20210. To make sure comments are directed to the appropriate officials, those on walking-working surfaces should be directed to Docket D; Fire Protection, Docket L; and Anhydrous Amonia, Docket AA.

Advance written notice of any person wishing to make an oral presentation at any one of the meetings should be sent to the same address, along with the docket designation. The notice should identify the person and/or the organization intended to testify, the amount of time requested for oral presentation and the subject mater, along with a brief summary.

Each meeting will begin promptly at 10 a.m. Evening sessions will be held from 6:30 to 8:30 p.m. The meetings, grouped by subject, are to be held:

Walking-working surfaces

June 8–10: Executive Hotel, Terrace Room, 1055 First Ave, San Diego Calif. 92102.

June 15–17: Sheraton O'Hara, 6810 N. Mannheim, Rosemont, 111. 60018.

June 22–24: Braniff Place, Terrace Suite, 6th Floor, 1500 Canal St., New Orleans, La. 70104.

June 29–July 1: U.S. Department of Labor OSUA, 35th Floor, 1515 Broadway, Room 3560, New York, N.Y. 20035.

Fire protection

June 9–10: Tower House, Garden Lounge, 8th & Market, San Francisco, Calif. 94102.

June 16–17: Fairmont Hotel, Ross and Akard Sts., Gold Room, Dallas, Tex. 75201.

June 23–24: Faneuil Hall, Merchants Row, Faneuil Square, Boston, Mass. 02201.

Anhydrous ammonia

June 17–18: Holiday Inn, 5202 Brady St., Davenport, Iowa 52804.

June 24–25: Marriott Hotel, 6363 Hamden Ave., Denver, Colo. 80222.

Further information on the new procedure is available at (202) 523–7216/7225.

Job safety fact sheets

Background

Since occupational safety and health standards are promulgated as regulations, they must be both technically sufficient and legally complete. The totality of standards, including those incorporated by reference (e.g., the National Electrical Code), are voluminous. As a consequence, the ordinary small business employer or employee without expert knowledge or assisatnce is frequently frustrated in attempting to determine which standards apply to his workplace, and may experience difficulty in interpreting and applying them. Experience indicates, however, that the average small business employer (and his employees) need be concerned with only a relative handful of these standards. Job Safety Fact Sheets (and the counterpart Job Health Hazards Series) describe and explain in lay language the standards which most commonly apply.

Accomplishments in fiscal year 1976

A survey of MIS inspection reports for firms with 25 or fewer employees has identified 61 standards which account for the great majority of all safety violations cited in small businesses. Seventeen of these pertain to sections of the National Electrical Code (National Fire Protection Association 70–1971). A series of Job Safety Fact Sheets have been drafted and will soon be published which illustrate the electrical standards commonly violated, describe electrical hazards and the general conditions under which these hazards exist, list various "do's and don'ts", and provide checklists for evaluating safety conditions in a workplace as they relate to electrical hazards (Appendix —). Fact sheets are being drafted for approximately 21 more standards covering other types of safety violations, and additional fact sheets are planned.

In addition to the Job Safety Fact Sheet series, pocket booklets have been widely distributed covering in simple terms approximately 90 percent of the basic applicable standards for general industry, the construction industry, and longshoring. OSHA has also developed a series of booklets and pamphlets covering such topics as organizing a safety committee, OSHA inspections, SBA loans for OSHA compliance, how OSHA monitors State plans, essentials for machine guarding, etc. The Job Health Hazards series addresses the occupational hazards of industrial carcinogens, vinyl chloride, carbon monoxide, lead, and mercury. Additionally, the National Institute for Occupational Safety and Health (NIOSH) has developed a series of health and safety guides for a number of industries, e.g., grain mills, bulk petroleum plants, grocery stores, retail bakeries, auto repair and body shops, service stations, and sporting goods stores. Health and safety guides for 21 industries have been published. Most of the items described above are available free of charge from OSHA and NIOSH regional offices.

Objectives for Fiscal Year 1977

The publication of fact sheets and guides for additional types of hazards, businesses, and occupations will greatly facilitate the efforts of employers and employees to maintain a safe and healthful workplace. They will also reduce the anxiety which many small business employers feel concerning the possibility of an OSHA inspection. A major difficulty is the need to make employers (and employees) aware of the availability of these publications, and to deliver them into the hands of the intended users. During FY 1976–77 it will be OSHA's objective to develop improved systems for communicating or "marketing" these materials to the ultimate beneficiaries. Employer associations and labor organizations have been an excellent source of support and cooperation in this effort.

Job safety fact sheets under development

Subject

Equipment Connected by Cord and Plug.
Guarding of Live Parts.
Identification.
Prohibited Areas.
Fixed Equipment.
Effective Grounding.
Alternating Current Circuits and Systems to be Grounded.
Pull at Joints and Terminals.
(Flexible Cords.)
Location in Premises.
Splices.
Use and Installation.
Electrical Connections.
Portable and/or Cord-and-Plug.
Connected Equipment.
Marking.
Working Space about Electrical Equipment (600 volts or less).
Fixed Equipment (Specific).
Welding, Cutting, Brazing.
Flammable & Combustible Liquids.
Medical Services & First Aid.
Abrasive Wheel Machinery.
Hand and Portable Powered Tool.
Personal Protective Equipment.
Housekeeping & Sanitation.
Mechanical Power-Transmission Apparatus.
Machine Guarding.
Recordkeeping.
Woodworking Machinery Requirements.
Handling Materials.
Eye and Face Protection.
General Machine Requirements.
Overhead & Gantry.
Powered Industrial Trucks.
Means of Egress.
Scaffolding and Guarding.
Spray Finishing.

C. REDIRECTION OF THE ENFORCEMENT PROGRAM (HEALTH)

Background

Since its inception, OSHA has understood the necessity of concentrating its limited inspection resources on the areas of greatest need. In 1971, five industries were selected for the Target Industries Program (TIP) because of their particularly high injury frequency rates due to the known existence of safety hazards. These industries were: lumber and wood products, roofing and sheet metal, miscellaneous transportation equipment, meatpacking, and water transportation services. In January 1972, the Target Health Hazard Program (THHP) was implemented to focus on five substances known to be hazardous in the industrial environment. These substances included asbestos, carbon monoxide, cotton dust, lead and silica.

Since the major emphasis of OSHA was primarily in the area of safety, health hazard inspections took second place. Resources to carry out such inspections have consequently been limited in comparison with resources allocated for safety. Also lacking in the health compliance effort has been any form of highly specialized technical support, critical to the validation of health hazard findings. The recent kepone and lead issues clearly brought out these shortcomings. In an effort to eliminate these deficiencies, OSHA is currently upgrading its health compliance program.

Identification of problems

To resolve these problems, it was determined that the following tasks were required and should receive top priority:

Development of detailed technical procedures for the conduct of health inspections;

Provision for technical support to OSHA field offices, e.g., engineering feasibility guidelines and toxicity information;

Development of abatement agreement procedures for use in situations where immediate or short term abatement is technologically unfeasible;

Resolution of defects in employee complaint procedures defined in section 8(f) and 11(c) of the Act;

Refinement of classification of health violations;

Design of a uniform and locatable case file system.

Remedial actions underway:

Work is underway on the foregoing projects as well as additional activities geared toward upgrading OSHA's health compliance program.

A revision of the Field Operations Manual (FOM) has been initiated. Heavy emphasis has been placed on the chapter concerned with health inspections. The revised FOM will provide specific instructions to be followed in the conduction of health inspections. This project will be completed in FY 76.

A training program to upgrade the current staff of industrial hygienists will be undertaken, and is described earlier in this report. A training program to provide safety inspectors with basic skills in the health inspection program will also be developed and implemented in FY 76 and 77.

Expanded laboratory support capabilities has been started to handle the increased number of health inspections.

A program to upgrade the quantity and quality of instrumentation has been initiated.

To support OSHA's health inspection program in the field, especially in the area of engineering feasibility, steps are being taken to establish technical support capabilities for implementation within 12 to 18 months.

To administer a uniform and effective abatement program, the National Office will develop a detailed procedure to ensure the proper monitoring of the abatement agreements with employers. The procedure will be issued in FY 76.

Steps have been taken to remedy the defects in the employee complaint procedure Section 8(f) and 11(c). New instructions have been issued and their implementation will be monitored.

Detailed instructions on the classification of health violations will be developed, i.e. serious vs. nonserious. Revisions of the penalty system are also under development. A draft of the revised classification of violations procedure was submitted to NACOSH for their consideration. The project will be completed in FY 76.

A uniform and effective case file system will be developed and instituted in FY 76.

Program models for scheduling both safety and health inspections will be developed and tested to assist in the administration of field operations. In the interim period, OSHA will issue guidelines to employers to assist in the protection of workers from exposure to a select number of hazardous chemical substances and will initiate an intensive program of inspections of all industries associated with such hazards. One such concentrated inspection effort involving Kepone has already been undertaken, and another, involving lead, is in the planning stage. This program will constitute OSHA's primary effort in the health area during FY 1977.

D. REDIRECTION OF INSPECTION EFFORTS—HAZARDOUS INDUSTRIES

Background

Program purpose

The OSHA Field Performance Evaluation System (FPES), consisting of a regional planning guide, program evaluation measures, field observation checklists and a program review and analysis process, is currently being revised. The regional planning guide established the method for identifying on a "worst first" basis, those industries to which a significant share of OSHA inspection resources should be concentrated. The current revision will further redirect inspection efforts away from industries with relatively good worker health and safety records into industries having the greatest health and safety problems.

Need

OSHA has resources to field only a relatively small compliance inspection force. At the same time, this program must provide coverage to workers in over five million establishments. Our primary need, therefore, is to accomplish this task in the most effective manner possible through refinement of the "worst first" inspection scheduling concept.

Accomplishments in fiscal year 1976

OSHA's existing inspection scheduling policy has been based on a priority system by which fatality and catastrophe inspections have the highest priority, followed by complaint inspections, follow-up inspections and general schedule inspections. Currently general schedule inspections cover each industry to some extent by applying an inspection programming priority system which is based on BLS OSH survey data generated for each State. The process for establishing the planned number of general schedule inspections for each industry in a state followed these steps. Each industry was rated by a hazard index formed by the product of the BLS industry rates, recordable cases, and lost work days. From this hazard index, each Area Office's industry inspection penetration was projected to cover all industries with very high hazard indexes at least once a year. It is important to note that this system was based on a "coverage" policy which provided some probability of an OSHA inspection in every industry covered by the Act.

FISCAL YEAR 1977

Worst First Inspection Programming Strategy.—Currently, planning is underway on a revised scheduling procedure incorporating a purely "worst first" strategy for scheduling OSHA inspections. BLS data and employment-establishment data at the State level will be used to select industries for inspection concentration on a "worst first" basis. Under this strategy, establishments in those industries with the highest injury/illness frequency rates and numbers of employees exposed will be allocated virtually all available/general schedule inspection resources. The remaining industries will be inspected little, if at all on a general schedule basis. However, accident and complaint investigations will still be done on a priority basis in all industries. In addition, the National Emphasis Program to be implemented in FY 1977 will ensure 100% coverage of all sizes of establishments in the foundry industry over approximately the next 18 months. An example of worst-first inspection programming milestones for the state of Idaho are shown on the following charts.

While this strategy will reduce protection to workers in low hazard industries and particularlly to those in small establishments, this seems a worthwhile price to pay for the substantially increased concentration in those industries where the highest number of fatalities, injuries and illnesses occur. The value of this system has, to some extent, been substantiated by recent experience of the State of Idaho. A similar scheduling priority list has been in use there for several years with the result being a consistent decline in that State injury/illness frequency rate between 1972 and 1974.

IDAHO SAFETY DATA SHEET FOR 13 SELECTED INDUSTRIES

Industry	Emp./ average[1] (A)	Est. average[1] (B)	Injuries average[2] (C)	BLS rate[3] (D)	WC rate[4] (E)	Est. rate[5] (F)	Penetra. rate (G)
1. 2,011*	822	28	648	50.2	78.8	23.1	171.4
2. 241*	2,240	213	1,173	33.3	52.4	5.5	12.7
3. 2,421*	6,618	111	2,566	29.4	38.8	23.1	136.9
4. 379*	3,185	27	2,436	65.9	76.5	90.2	248.1
5. 15	3,915	468	1,217	21.2	31.1	2.6	37.4
6. 161	1,120	157	487	20.2	43.5	3.1	21.0
7. 162	1,526	106	583	23.9	38.2	5.5	98.1
8. 203	8,779	22	1,746	16.5	19.9	79.4	286.4
9. 333	878	4	698	13.1	79.5	174.5	25.0
10. 541	5,531	402	657	9.0	11.9	1.6	10.7
11. 551	3,905	192	765	15.6	19.6	4.0	45.8
12. 58	11,452	1,107	937	8.4	8.2	0.8	0.1
13. 806	4,406	22	559	14.6	12.7	25.4	63.6

[1] Use 1973 CPB data.

[2] Average of 1972–74 workers compensation.

[3] Per raw BLS State rates (1973).

[4] Injuries (C) divided by employment (A).

[5] Injuries (C) divided by establishments (B).

[6] Sum of inspections 1972–74 (MIS) divided by establishments (B).

*Included in original target industry program.

Classifying violations and proposing penalties

OSHA is proposing to clarify its instructions on the classification of violations in order to assist field staff in distinguishing serious hazards from other hazards. OSHA is also considering a revision of its penalty system to assure that penalties accurately reflect the threat to workers posed by specific violations, as well as the size, good faith and history of previous violations of the business in violation.

Background

The legislative history of the Occupational Safety and Health Act of 1970 indicates the intent of Congress that the Department of Labor focus its enforcement activity on those hazards which pose the greatest and most serious threat to workers. Evidence cited by the GAO and the Senate Sub-Committee on Labor in 1974, and supported by OSHA's own internal investigation in 1975, indicates that OSHA field staff have cited a lower proportion of violations as serious than the proportion of serious hazards in the workplace. Major reasons for that disproportion apparently include: (1) the difficulty of identifying the most hazardous establishments for inspection; (2) the ease with which most non-serious violations can be identified (e.g., failure to check the charge of fire extinguishers annually), as compared with the difficulty of discovering many serious violations (e.g., workers near high-voltage wires without protection): and (3) the misclassification of serious violation as non-serious violations.

In order to improve the focus of its enforcement action on the most serious workplace hazards, OSHA is taking action to address these problems.

Efforts to address the first two problems are described elsewhere. The evidence that violations have been misclassified has focused attention on the need for two program activities: (1) Clarification of OSHA's instructions for classifying violations as serious or non-serious, primarily through an expanded explication of the definition of serious violation in section 17(k) of the Act; and (2) consideration of revisions to the current penalty system for serious violations to permit penalties to reflect the differences in danger to workers which is posed by serious violations of differing gravity. The proper classification of violations will enable field staff to place primary emphasis on the discovery and elimination of serious hazards. A penalty system in which the size of the penalty reflects (among other factors) the degree of danger to workers posed by a hazard will result in equitable penalties which tell employers how grave their violations are considered to be.

Fiscal Year 1976

A Task Group on the Classification of Violations, beginning in each 1975, analyzed information from statistics on the classification of violations. These included a review of the standards most frequently cited by field staff (from reviews of field office case files) and from discussions with field staff. The analysis revealed several points at which OSHA classification instructions have been misinterpreted or misapplied. In early FY 1976, the Task Group developed proposals for correcting misinterpretations and for controlling the classification of violations more carefully. The conclusions and recommendations of the Task Group were set forth in a report in January, 1976. This report was submitted to the Compliance Subgroup of the National Advisory Committee on Occupational Safety and Health (NACOSH) in January 1976. The Sub-group has discussed and heard public comments on the Task Group proposals (as well as other issues) at four public meetings. The Sub-group will submit its comments on the recommendations to the full NACOSH body on May 3, 1976. The recommendations of NACOSH will be considered in the development of final proposals to be presented to the Assistant Secretary on May 20. Any revisions required by the Assistant Secretary will be made in late May and early June.

Training for field staff to assure their understanding of the clarifications and newly-established procedures will be initiated in July and August. Implementation of the new procedures should begin by early September 1976.

Based on findings of the Task Group on the Classification of Violations, on findings of field office reviews, on decisions of the Occupational Safety and Health Review Commission (OSHRC), and on comments from field staff, a paper on issues involved in possible revisions to the current penalty system for serious and non-serious violations was prepared in January 1976, and submitted to the NACOSH Sub-group on Compliance. A staff proposal for revising the penalty system in light of these issues was submitted to the Sub-group in March.

A major issue discussed in the paper was whether penalties for serious violations should be based in part on a determination of the relative gravity of each violation. Currently, all serious violations are considered to be of sufficient gravity that they merit the maximum penalty permitted by the Act ($1,000), though that penalty may be reduced up to 50 percent on the basis of establishment-size, good faith, and the firm's compliance history. The proposal assumes that there are significant differences in the degree of danger to workers between a situation in which there is a low possibility that an employee would lose a finger and a situation in which there is a high possibility that an employee could lose his life. The proposal should provide for a range of "unadjusted penalties"—perhaps $300–$1,000—to reflect these differences in the threat to workers. The "unadjusted penalty" could still be reduced for small businesses. It could also be reduced for evidences of "good faith" and an absence of previous violations, except in instances in which the gravity of the violation is very high.

On May 3–4 the NACOSH Sub-group will submit to the full Committee its comments on the OSHA staff proposal in relation to the issues discussed in the paper. The time frame for proceeding with a decision on the penalty proposal and the implementation of any aspect of it which is approved will be the same as that for the proposal for clarifying classification procedures.

E. FINE-FREE CONSULTATION FOR EMPLOYERS

Consultation services are provided for employers by State agencies in 35 States and jurisdictions. In addition to those States without consultation, some States do not have the expertise to consult in the specialized area of occupational health. OSHA has funded two programs on a pilot, demonstration basis to determine the feasibility of using colleges and universities to provide consultation services. Private contractors are also being asked to submit proposals for providing Federally-financed consultation services in non-plan States.

Background

The House and Senate Appropriations Conference Committee requested, in its report on H.R. 8068 (concerning Fiscal Year 1976 appropriations), that OSHA develop fine-free, on-site consultation programs, which are available to employers throughout the United States, are clearly understood by employers, and are staffed by competent consultants qualified to advise employers of the application of OSHA standards in their workplace. Consultation activities are authorized by Section 21(c) of the Occupational Safety and Health Act of 1970.

OSHA has been unable to provide a direct Federal program of on-site consultation nationwide due to legal interpretations that require the issuance of a citation when violations of OSHA standards, and rules and regulations, are observed in a workplace by any authorized representative of the Secretary. Prohibited from using Federal staff, OSHA has turned to the States to provide this service. Currently, 22 out of 23 States with 18(b) plans approved by OSHA offer on-site consultation to requesting employers. An additional 13 States contract with OSHA through the 7(c)(1) mechanism of the Act to provide on-site assistance to employers. In both situations OSHA reimburses the State for 50 percent of the cost of the programs. There remains 21 States and jurisdictions in which on-site assistance to employers is not being provided.

The need for consultation has been demonstrated by the many complaints of employers concerning OSHA's complex, voluminous standards which because of their technical and legal working are frequently difficult for employers, especially small businessmen, to interpret and apply to their establishments. Also, the perception many small businessmen have of OSHA is distorted by fear and misunderstanding. It is felt that consultation will minimize these perceptual barriers and reduce the fear and anxiety. By means of the on-site consultation, employers will be made aware of the hazards and potential dangers to workers existing in their workplaces, the applicable standards, and means for assuring a safe and healthful workplace in the future.

I. FEDERAL CONSULTATION PROGRAM

OSHA intends to use States as the prime deliverers of consultation services, However, the inability of some States to undertake such an enterprise necessitates seeking other means by which the service can be made available to employers in those States.

As a substitute for State activity, OSHA is pursuing the possibility of contracting with private consultants, academic institutions, professional societies, insurance organizations, etc., to provide employers with on-site aid and assistance. OSHA will initiate a prototype contract consultation program as part of the National Emphasis Program. The results of that effort will determine the feasibility of private sector contracts to provide consultation in States without consultation arrangements. This mixture of federal support of consultation through matching grants to States with approved plans, contracts with additional States lacking approved plans, and contracts with private sector groups in the remaining States, will meet the need as defined by the business community and Congress to provide nationwide on-site consultative assistance.

Accomplishments in fiscal year 1976

FY 1976 marked the beginning of a concerted effort by OSHA to develop a nationwide capability to provide employers, especially those from small business, with on-site consultative assistance. The Steiger Amendment to the FY 1975 Labor-HEW appropriations bill authorized the expenditure of up to $5 million for contracts with States without 18(b) State plans to provide consultation services. Currently, there are 13 States which are contracting with OSHA under Section 7(c)(1) of the Act to provide on-site consultation services. Two 7(c)(1) agreements have been terminated. New Mexico terminated its agreement in order to enter into an 18(b) plan which includes consultation. Mississippi terminated its Agreement because of legal problems in the State. (A description of the 7(c)(1) consultation program is contained in the appendix.)

Another significant milestone during FY 1976 was the development of a consultation strategy as a part of OSHA's new National Emphasis Program (NEP). The NEP consultation effort is significant in that it provides a prototype for a truly integrated nationwide consultative program. For the first time, a nationwide network of on-site consultation for employers will be provided which will include:

1. 18(b) Plan States

2. 7(c)(1) States

3. Private Sector contracts in the remaining States

A Request for Proposal (RFP) has been submitted for funding which outlines the types of services which OSHA is seeking to purchase from private sector groups (Appendix). Under this contract, on-site consultation will be provided for the NEP by contractor staff in States without consultation programs. Additionally, in 7(c)(1) contract States which lack sufficiently trained manpower resources (especially in the area of health hazards), the contractor will serve as a supplemental resource to serve the demand for consultative services. The contractor will be required to provide highly qualified and experienced occupational safety and health professionals, including as appropriate, Industrial Hygiene Engineers, Industrial Hygienists, Safety Engineers, Safety Specialists, etc. These consultants will provide analysis and advice to employers on the recognition of occupational safety and health hazards, the monitoring and sampling of health hazards, and the application of OSHA's standards, rules and regulations.

Cumulative national data for the 7(C)(1) consultation program for the period July 1, 1975 to March 31, 1976, derived from regional staff reports, indicate the following:

1. Requests:

a. Number of requests, 7,487.

b. Nature of requests:

(1) Specific, 25%.

(2) General, 75%.

c. Type of requests:

(1) Phone, 88%.

(2) Written, 12%.

2. Number of visits made, 5,837 (78%).

3. Backlog, 1,650 (22%).

Summary national MIS data for the period July 1, 1975 to January 31, 1976 indicate the following additional characteristics of the 7(c)(1) workload.

1. Size of business requesting consultation:

1 to 25, 63%.

26 to 49, 12%.

50 to 100, 11%.

100 above, 14%.

2. (a) Visits (as % of requests)—69.5%.

(b) Size of business visited (as % of visit total).

1 to 25, 66%.

26 to 49, 11%.

50 to 100, 10%.

100 or above, 13%.

3. (a) Backlog (as % of request)—28.8%.

(b) Backlog by size (as % of request total).

1 to 25, 16%.

26 to 49, 12%.

50 to 100, 12%.

100 or above, 16%.

4. Requests presumedly handled over phone.

Individual State activity data for the 1st, 2nd, and 3rd quarters of FY 76 and other background data are included in the appendix.

Cumulative data is not readily available for 18(b) states since summary State data is submitted for each 6 month period subsequent to the date of plan approval, and programs have been operating for any period up to three years. Individual State data for the 1st and 2nd quarters only of FY 1976 are included in the appendix.

Objectives for Fiscal Year 1976–77

Based on the program assessments from our Regional offices, the following are considered our next order of priority:

1. Increased productivity per consultant

2. Revised program documents and procedural guides

3. Fully operational data system

4. Formalized plan for monitoring by Regional staff of State effort and performance

5. Policy and procedure for workplace evaluation of consultants adequacy of performance

In terms of the 18(b) Plan States, on-site visits by OSHA monitors have been performed and generalized reports prepared in terms of the States' achievement of the planned activities and are available on a 6-month basis. Regional offices monitor:

1. Handling and incidence of serious violations

2. Handling and incidence of imminent danger

3. Quality of recommendations offered

In order to improve the overall effectiveness of the consultation program operation in both 18(b) plan states and 7(c)(1) contract states, and to provide for the effective management of a "private sector consultation contracting" activity, the following needs to be addressed:

1. A coordinated model for a universal consultation program for all 56 States and jurisdictions, including program features, operating procedures, and resource requirements—and including a planned step-by-step conversion program to this model from the current situation.

2. A coordinated monitoring system for operations during the conversion period, and operations under the model produced in No. 1 above, for operation at the OSHA Regional level in terms of effort, timeliness and accomplishment under the grant/contract, and at the OSHA National level in terms of those overall criteria required for successful national program operation.

3. A coordinated data collection and reporting system for use under current, conversion and model operational periods, which parallels and interfaces with other OSHA/BLS workplace record systems, and which contains the capability to demonstrate employer profile data by location, industry, size, hazard, etc. and can be incorporated for use in program evaluation activities at the national level.

In order to develop a national design for consultation which will give states and OSHA clear indication of what the key elements of their performance must be, and the level of service that is to be provided, a Task Force has been established which will develop a consultation program model to provide the basis for upgrading, improving, and making more comprehensive existing consultation projects. To assist OSHA staff in this effort, OSHA has contracted with three safety and health experts to:

A. Assess existing 7(c)(1) and 18(b) activities.

B. Develop a detailed program design covering:

1. Nature and type of service to be offered.

2. Essential elements of a consultation visit.

3. Appropriate consultant techniques at the workplace.

4. Criteria for selection and hiring of consultants.

5. Industrial Hygiene requirements.

6. Consultant training requirements.

7. Establishment of a program evaluation plan.

C. Development of procedures and timetables for the implementation of the program design.

D. Provide recommendations on consultation program policy.

This activity will commence in May 1976 and conclude with a written report no later than September 1976.

In an effort to immediately upgrade current operating programs and to facilitate utilization of the new national model during FY 1977, OSHA will organize and conduct a consultation workshop at which managers of 7(c)(1) and 18(b) State programs will discuss program operations, accomplishments, problems and possible solutions. Within the next 60 days, OSHA will issue a series of Program Directives which will give direction to the States in terms of:

(a) Procedures in imminent/serious hazard situations.

(b) Defining the consultation/inspection relationships.

(c) Prioritizing requests from employers in terms of size of business and hazard category.

(d) Expansion of the industrial hygiene capacity of existing contracts.

During July–September 1976 (after one full year of operation) OSHA staff will initiate on-site evaluations of consultant's performance in the 7(c)(1) states through a modified procedure based on current 18(b) monitoring activity.

Summary evaluation

The consultation program is in its infant stages. While progress has been made in terms of servicing an increasing number of employer-initiated requests for consultation there remains a need to evaluate the nature of requests to date and the effectiveness of OSHA responses. A set of goals can then be developed together with specific tasks needed to achieve these goals. In this way, OSHA will have developed a fixed direction indicative of progress and a set of yardsticks which, if met, will constitute real achievement.

II. ON-SITE CONSULTATION THROUGH COLLEGES AND UNIVERSITIES

In addition to the Federal programs of on-site consultation administered through State agencies under matching grants (18(b) States) or 50–50 cost-sharing agreements (7(c)(1) States), and the procurement of consultation services for employers from private contractors in additional States, OSHA has funded two programs on a pilot demonstration basis to determine the feasibility of using college and universities to provide consultation services. If the pilot programs prove effective, it is anticipated that additional colleges and universities will use the materials developed to offer similar extension programs serving employers within their States and communities.

Accomplishments in fiscal year 1976

OSHA has awarded contracts to the American Association of Community and Junior Colleges (AACJC) that included $200,000 for a pilot consultation program, primarily in occupational safety, and a $450,000 contract to the American Industrial Hygiene Association (AIHA) that provides for occupational health consultation. Both of these pilot programs are operational.

Community Colleges

In the AACJC contract, two community colleges, Valencia Communiy College in Orlando, Florida, and Triton Community College in River Grove, Illinois, were selected to offer consultation, based upon Regional support and numercial rating of the proposals compared to predetermined criteria. Eligibility was limited to institutions previously selected to offer occupational safety and health training under the contract and located in States without consultation provided under Sections 18(b) or 7(c)(1) of the Act.

Although all consultants under the project are experienced safety personnel and Certified Safety Professionals, they attended a 3-week course for consultants at the OSHA Training Institute. They also received on-the-job training from 7(c)(1) and 18(b) consultants in other States.

The enclosed manual of procedures, regulations and forms (Appendix) was prepared based upon those in the 7(c)(1) and 18(b) programs. Priorities for scheduling consultations were established favoring small businesses and high hazard industries.

Actual consultations began in early March 1976 at both institutions. Valencia has conducted 45 consultations and, as of April 15, had 38 requests that will be filled. Valencia's staff hopes to provide approximately 320 consultations by mid-October 1976 when the consulting activity ends under the contract. Triton conducted 30 consultations and had 11 additional requests that will be filled. The goal for each of the institutions is 200 consultations. This is not a contractual number, however, due to the experimental nature of the project and to the variables of establishment size and travel distance that can greatly affect numbers.

Since this is an experimental program, it is being monitored and evaluated carefully at several levels. The two participating institutions have developed self-evaluation plans, the AACJC Project Director and the consultants on her staff are making trips to the institutions, and the OSHA COTR will visit the institutions. The Regions involved will also monitor the project.

Universities

AIHA subcontracted with five Universities to provide occupational health training and consultation services. Eligibility of institutions to participate in the contract was not limited by the existence of a 7(c)(1) or 18(b) plan. The five institutions selected on a competitive basis to participate in the project were: Temple University, University of North Carolina, University of Cincinnati, Texas A&M University, and the University of Washington at Seattle.

Each of the consultants is a professor with education and experience in industrial hygiene. Thus, consultant training was not provided under this effort because of the qualifications of the personnel.

Consultations are limited to health hazard identification. The walk through the establishment and observation of activity are followed-up with a written report sent to employer. Small businesses receive priority over larger establishments. AIHA estimates that, on the average, one-half of a professional workday is spent per consultation.

The contract was originally signed in June of 1974. Between that time and December 1975, a total of 147 consultations were provided by the five participating institutions. Under amendment 3 of the contract, which extended the contract, it is expected that at least 200 more consultations will be provided between January 1976 and June 1977. Of these, approximately 40 were provided from January–April 1976. There is no backlog of requests; most are satisfied soon after they are received.

OSHA plans to obtain through contract an external evaluation of the project. Internal evaluation is conducted by the AIHA contract monitor.

Objectives for fiscal year 1977

The need for consultations still exists, particularly for the small business community, which often must provide a safe and healthful workplace with limited technical knowledge or financial resources. With the awarding of the AACJC and AIHA contracts, consultation activities through colleges and universities were undertaken on an experimental basis by OSHA for the first time, and future objectives for consultation will very much depend upon the results achieved in these pilot projects.

After these projects have been evaluated, OSHA will use this information in preparing future consultation objectives in order to insure the most efficient, effective program possible.

Summary evaluation

In response to many criticisms received from the small business sector and to the request of the House and Senate Appropriations Committee, OSHA initiated consultation programs on an experimental basis, through contracts with AACJC and AIHA. Employer response to this service has been encouraging. As of this date, approximately 262 consultations have been conducted as a result of these two contracts. The projects are being evaluated and future consultation activities will be determined by these evaluations.

FISCAL YEAR 1977 LABOR-HEW APPROPRIATION BILL

(Mr. MICHEL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MICHEL. Mr. Speaker, the Labor-HEW appropriation bill will be coming upon the floor on Wednesday, and in order to permit the Members to become well informed ahead of time as to its contents, I would like permission to insert in the RECORD at this point an all purpose table providing a line item breakdown of the amounts in the bill. The committee report does not contain such a detailed breakdown, and the information thus will not be readily available without this table. The table follows:

FISCAL YEAR 1977 LABOR-HEW APPROPRIATION BILL (AS REPORTED BY HOUSE APPROPRIATIONS COMMITTEE)

SUMMARY TABLE

	1976 appropriation	Budget request	1977 bill	1976 bill versus	Bill versus budget
Department of Labor	$10,415,010,000	$9,519,096,000	$10,065,224,000	−$349,786,000	+$546,128,000
Department of Health, Education, and Welfare:					
Health Services Administration	934, 614, 000	647, 558, 000	981, 021, 000	+46, 407, 000	+333, 463, 000
Center for Disease Control	244, 017, 000	109, 583, 000	121, 728, 000	−122, 289, 000	+12, 145, 000
National Institutes of Health	2, 302, 069, 000	2, 165, 047, 000	2, 440, 778, 000	+138, 709, 000	+275, 731, 000
(NIH—research institutes)	(2, 203, 500, 000)	(2, 088, 179, 000)	(2, 321, 910, 000)	(+118, 410, 000)	(+233, 731, 000)
Alcohol, Drug Abuse and Mental Health Administration	768, 078, 000	604, 790, 000	797, 905, 000	+29, 827, 000	+193, 115, 000
Health Resources Administration	399, 413, 000	258, 300, 000	386, 896, 000	−12, 517, 000	+128, 596, 000
Assistant Secretary for Health	66, 631, 000	76, 068, 000	76, 268, 000	+9, 637, 000	+200, 000
Education Division	5, 205, 959, 952	4, 315, 659, 000	5, 791, 869, 000	+585, 909, 048	+1,476, 210, 000
Social and Rehabilitation Service	17, 701, 328, 000	18, 400, 295, 000	18, 469, 245, 000	+727, 917, 000	+68, 950, 000
Social aSecurity Administration	10, 641, 664, 000	13, 537, 921, 000	13, 522, 921, 000	+2, 881, 257, 000	−15, 000, 000
Spec;tl Institutions	121, 633, 000	138, 186, 000	139, 186, 000	+17, 553, 000	+1, 000, 000
Assi sant Secretary for Human Development	1, 702, 400, 318	1, 572, 689, 000	1, 873, 514, 000	+171, 113, 682	+300, 825, 000
Departmental management	139, 680, 000	148, 296, 000	147, 296, 000	+7, 616, 000	−1, 000, 000
Total HEW	40, 227, 487, 270	41, 974, 392, 000	44, 748, 627, 000	+4, 521, 139, 730	+2, 774, 235, 000
Related agencies	1, 049, 880, 000	1, 043, 608, 000	1, 290, 780, 000	+240, 900, 000	+247, 172, 000
Grand total	51, 692, 377, 270	52, 537, 096, 000	56, 104, 631, 000	+4, 412, 253, 730	+3, 567, 535, 000

ITEMIZED TABLE

	1976 appropriation	1977 budget request	1977 bill	Bill versus 1976	Bill versus budget
DEPARTMENT OF LABOR					
Employment and Training Administration, Program Administration:					
Program administration:					
Federal funds	$68, 261, 000	$69, 380, 000	$69, 774, 000	$1, 513, 000	$394, 000
Trust funds	30, 706, 000	31, 487, 000	30, 887, 000	181, 000	−600, 000
Total	98, 967, 000	100, 867, 000	100, 661, 000	1, 694, 000	−206, 000
Employment and training assistance:					
Title I, Comprehensive employment service	1, 580, 000, 000	1, 580, 000, 000	1, 880, 000, 000	300, 000, 000	300, 000, 000
Title II, Public employment programs	400, 000, 000	400, 000, 000	400, 000, 000	----------	----------
Title III, National programs	190, 960, 000	196, 960, 000	196, 960, 000	6, 000, 000	----------
Program support	42, 440, 000	42, 370, 000	42, 370, 000	−70, 000	----------
Title IV, Job Corps	175, 000, 000	175, 000, 000	197, 500, 000	22, 500, 000	22, 500, 000
Summer youth programs	528, 420, 000	400, 000, 000	528, 420, 000	----------	128, 420, 000
Total, employment and training assistance	2, 916, 820, 000	2, 794, 330, 000	3, 245, 250, 000	328, 430, 000	450, 920, 000
Temporary employment assistance:					
Title II, Public employment program	1, 200, 000, 000	----------	----------	−1, 200, 000, 000	----------
Title VI, Public employment program	[1] 1, 625, 000, 000	----------	----------	−1, 625, 000, 000	----------
Total, temporary employment assistance	2, 825, 000, 000	----------	----------	−2, 825, 000, 000	----------
Community service employment for older Americans	85, 900, 000	----------	90, 600, 000	4, 700, 000	90, 600, 000
Federal unemployment benefits and allowances:					
Payments for former Federal personnel	384, 000, 000	440, 000, 000	440, 000, 000	56, 000, 000	----------
Trade adjustment assistance	26, 000, 000	120, 000, 000	120, 000, 000	94, 000, 000	----------
Unemployment assistance and payments under other Federal unemployment programs	----------	300, 000, 000	300, 000, 000	300, 000, 000	----------
Total, Federal unemployment benefits and allowances	410, 000, 000	860, 000, 000	860, 000, 000	450, 000, 000	----------
Advances to unemployment trust fund and other funds	5, 000, 000, 000	5, 000, 000, 000	5, 000, 000, 000	----------	----------
Grants to States for unemployment insurance and employment services:					
Unemployment insurance services	531, 100, 000	647, 000, 000	647, 000, 000	115, 900, 000	----------
Employment services	525, 500, 000	499, 000, 000	565, 000, 000	39, 500, 000	66, 000, 000
Federal	[81, 300, 000]	[81, 500, 000]	[89, 100, 000]	7, 800, 000	7, 600, 000
Trust	[444, 200, 000]	[417, 500, 000]	[475, 900, 000]	31, 700, 000	58, 600, 000
Contingency fund	440, 100, 000	289, 800, 000	289, 800, 000	−150, 300, 000	----------
Total:					
Federal funds	81, 300, 000	81, 500, 000	89, 100, 000	7, 800, 000	7, 600, 000
Trust funds	1, 415, 400, 000	1, 354, 300, 000	1, 412, 700, 000	−2, 700, 000	58, 400, 000
Total, grants to States for unemployment insurance and employment services	1, 496, 700, 000	1, 435, 800, 000	1, 501, 800, 000	5, 100, 000	66, 000, 000
Total, employment and training administration	12, 833, 387, 000	10, 190, 997, 000	10, 798, 311, 000	−2, 035, 076, 000	607, 314, 000
Labor-Management Services Administration	45, 885, 000	48, 619, 000	48, 319, 000	2, 434, 000	−300, 000
Employment Standards Administration	87, 472, 000	93, 525, 000	93, 202, 000	5, 730, 000	−323, 000
Special benefits:					
Federal Employees Compensation Act benefits	275, 959, 000	285, 276, 000	285, 276, 000	9, 317, 000	----------
Disabled coal miners' benefits	20, 000, 000	30, 100, 000	30, 100, 000	10, 100, 000	----------
Longshore and harbor workers benefits	2, 141, 000	2, 442, 000	2, 442, 000	301, 000	----------
Total, special benefits	298, 100, 000	317, 818, 000	317, 818, 000	19, 718, 000	----------
Occupational Safety and Health Administration:					
Safety and health standards	6, 747, 000	10, 856, 000	9, 194, 000	2, 447, 000	−1, 662, 000
Compliance:					
Federal inspections	59, 885, 000	52, 082, 000	52, 082, 000	−7, 803, 000	----------
State programs	35, 600, 000	38, 100, 000	38, 100, 000	2, 500, 000	----------
Education, consultation and information	4, 935, 000	20, 061, 000	20, 736, 000	15, 801, 000	675, 000
Safety and health statistics	6, 041, 000	6, 159, 000	6, 159, 000	118, 000	----------
Executive director and administration	3, 973, 000	3, 562, 000	3, 562, 000	−411, 000	----------
Total, occupational safety and health administration,	117, 181, 000	130, 820, 000	129, 833, 000	12, 652, 000	−987, 000
Bureau of Labor Statistics	65, 846, 000	73, 688, 000	72, 196, 000	6, 350, 000	1, 492, 000

See footnote at end of table.

ITEMIZED TABLE—Continued

	1976 appropriation	1977 budget request	1977 bill	Bill versus 1976	Bill versus budget
DEPARTMENT OF LABOR—Continued					
Departmental management:					
Departmental management, salaries and expenses:					
Federal funds	38, 240, 000	49, 596, 000	49, 312, 000	11, 072, 000	−$284, 000
Trust funds	907, 000	1, 305, 000	1, 305, 000	398, 000	
Departmental Management, Salaries and Expenses	39, 147, 000	50, 901, 000	50, 617, 000	11, 470, 000	−284, 000
Special foreign currency	70, 000	70, 000	70, 000		
Total, Department of Labor:					
Federal funds	12, 034, 850, 000	9, 519, 096, 000	10, 065, 224, 000	−1, 969, 626, 000	546, 128, 000
Trust funds	1, 447, 238, 000	1, 387, 342, 000	1, 445, 142, 000	2, 096, 000	57, 800, 000
Total, Department of Labor	13, 482, 088, 000	10, 906, 438, 000	11, 510, 366, 000	−1, 971, 722, 000	603, 928, 000

[1] These funds were appropriated in a continuing resolution.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

	1976 comparable appropriation	1977 budget request	1977 bill	Bill versus 1976	Bill versus request
Health Services Administration:					
Community health services:					
Commuhity health centers	$196, 648, 000	$155, 190, 000	$215, 148, 000	$18, 500, 000	$59, 958, 000
Comprehensive health grants to States	90, 000, 000		90, 000, 000		90, 000, 000
Maternal and child health:					
Grants to States	295, 700, 000	193, 922, 000	310, 000, 000	14, 300, 000	116, 078, 000
Sudden Infant Death Syndrome	2, 500, 000			−2, 500, 000	
Research and training	23, 708, 000	17, 500, 000	26, 708, 000	3, 000, 000	9, 208, 000
Subtotal	321, 908, 000	211, 422, 000	336, 708, 000	14, 800, 000	125, 286, 000
Family planning	100, 615, 000	79, 435, 000	100, 615, 000		21, 180, 000
Migrant health	25, 000, 000	19, 200, 000	30, 000, 000	5, 000, 000	10, 800, 000
Health maintenance organizations	18, 612, 000	18, 612, 000	22, 612, 000	4, 000, 000	4, 000, 000
National health Service Corps	(15, 000, 000)	(24, 529, 000)	(***)	(***)	(***)
Hemophilia treatment centers	3, 000, 000		3, 000, 000		3, 000, 000
Hypertension	3, 750, 000		5, 000, 000	1, 250, 000	5, 000, 000
Home health services	(3, 000, 000)	( )	(***)	(***)	(***)
Quality assurance:					
Medical care standards	5, 187, 000	4, 187, 000	5, 187, 000		1, 000, 000
Professional standards review organizations	47, 582, 000	62, 000, 000	62, 000, 000	14, 418, 000	
Patient care and special health services	117, 970, 000	106, 970, 000	120, 209, 000	2, 239, 000	13, 239, 000
PHS hospitals [1] (nonadd)	(92, 702, 000)	(79, 664, 000)	(92, 903, 000)	( )	( )
Emergency medical services	(37, 025, 000)	(25, 100, 000)	(***)	(***)	(***)
Program management	30, 663, 000	29, 663, 000	30, 663, 000		1, 000, 000
Less: Trust fund transfer	−26, 321, 000	−39, 121, 000	−40, 121, 000	−13, 800, 000	−1, 000, 000
Total, authorized	934, 614, 000	647, 558, 000	981, 021, 000	46, 407, 000	333, 463, 000
Total, including unauthorized	(989, 639, 000)	(697, 187, 000)			
Center for Disease Control:					
Disease control:					
Project grants:					
Venereal diseases	(19, 840, 000)	(19, 840, 000)	(***)	(***)	(***)
Immunization	(4, 960, 000)	(4, 960, 000)	(***)	(***)	(***)
Rat control	(13, 100, 000)	(5, 410, 000)	(***)	(***)	(***)
Lead-based paint	(3, 500, 000)	(3, 500, 000)	(***)	(***)	(***)
Disease surveillance	43, 411, 000	43, 411, 000	44, 756, 000	1, 345, 000	1, 345, 000
Laboratory improvement	10, 601, 000	15, 063, 000	15, 063, 000	4, 462, 000	
Health education	3, 513, 000	3, 013, 000	3, 513, 000		500, 000
Swine flu immunization program	135, 064, 000			−135, 064, 000	
Occupational health	39, 533, 000	37, 107, 000	46, 707, 000	7, 174, 000	9, 600, 000
Buildings and facilities	1, 456, 000			−1, 456, 000	
Program management	10, 439, 000	10, 989, 000	11, 689, 000	1, 250, 000	700, 000
Total, authorized	244, 017, 000	109, 583, 000	121, 728, 000	−122, 289, 000	12, 145, 000
Total, including unauthorized	(285, 417, 000)	(143, 293, 000)			
National Institutes of Health:					
National Cancer Institute	762, 647, 000	687, 670, 000	773, 412, 000	10, 765, 000	85, 742, 000
National Heart and Lung Institute	370, 347, 000	342, 855, 000	380, 661, 000	10, 314, 000	37, 806, 000
National Institute of Dental Research	51, 427, 000	52, 207, 000	54, 573, 000	3, 146, 000	2, 366, 000
National Institute of Arthritis, Metabolism, and Digestive Diseases	179, 801, 000	180, 837, 000	202, 837, 000	23, 036, 000	22, 000, 000
National Institute of Neurological and Communicative Disorders and Stroke	144, 707, 000	146, 532, 000	153, 132, 000	8, 425, 000	6, 600, 000
National Institute of Allergy and Infectious Diseases	127, 163, 000	135, 615, 000	139, 615, 000	12, 452, 000	4, 000, 000
National Institute of General Medical Sciences	187, 388, 000	193, 435, 000	198, 435, 000	11, 047, 000	5, 000, 000
National Institute of Child Health and Human Development	136, 573, 000	129, 883, 000	140, 343, 000	3, 770, 000	10, 460, 000
National Institute of Aging	19, 388, 000	26, 220, 000	29, 200, 000	9, 812, 000	2, 980, 000
National Eye Institute	50, 285, 000	46, 950, 000	56, 270, 000	5, 985, 000	9, 320, 000
National Institute of Environmental Health Sciences	37, 780, 000	46, 141, 000	49, 141, 000	11, 361, 000	3, 000, 000
Research resources	130, 300, 000	92, 342, 000	136, 299, 000	5, 999, 000	43, 957, 000
John E. Fogarty International Center	5, 694, 000	7, 492, 000	7, 992, 000	2, 298, 000	500, 000
Subtotal, Research institutes	2, 203, 500, 000	2, 088, 179, 000	2, 321, 910, 000	118, 410, 000	233, 731, 000
National Library of Medicine	29, 244, 000	35, 234, 000	35, 234, 000	5, 990, 000	
Office of the Director	15, 325, 000	16, 234, 000	16, 234, 000	909, 000	
Total, Biomedical research	2, 248, 069, 000	2, 139, 647, 000	2, 373, 378, 000	125, 309, 000	233, 731, 000
Buildings and facilities	54, 000, 000	25, 400, 000	67, 400, 000	13, 400, 000	42, 000, 000
Total, NIH	2, 302, 069, 000	2, 165, 047, 000	2, 440, 778, 000	138, 709, 000	275, 731, 000

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued

	1976 comparable appropriation	1977 budget request	1977 bill	Bill versus 1976	Bill versus request
Alcohol, Drug Abuse, and Mental Health Administration:					
General Mental Health:					
Research	95, 908, 000	83, 000, 000	95, 908, 000		12, 908, 000
Training	85, 100, 000	30, 000, 000	85, 100, 000		55, 100, 000
Community programs:					
Planning	1, 500, 000		1, 000, 000	−500, 000	1, 000, 000
Operations:					
1st year	24, 000, 000		15, 000, 000	−9, 000, 000	15, 000, 000
Construction:					
Grants initiated under new law			21, 840, 000	21, 840, 000	21, 840, 000
Converted staffing grants			54, 768, 000	54, 768, 000	54, 768, 000
Conversion	20, 000, 000		20, 000, 000		20, 000, 000
Consultation and education	4, 000, 000		8, 000, 000	4, 000, 000	8, 000, 000
Financial distress	4, 000, 000		7, 000, 000	3, 000, 000	7, 000, 000
Continuations under old law:					
Staffing	135, 363, 000	110, 526, 000	78, 891, 000	−56, 472, 000	−31, 635, 000
Child mental health	26, 844, 000	20, 274, 000	14, 847, 000	−11, 997, 000	−5, 427, 000
Management and information	22, 229, 000	20, 414, 000	22, 714, 000	485, 000	2, 300, 000
Subtotal	418, 994, 000	264, 214, 000	425, 068, 000	6, 124, 000	160, 854, 000
Drug abuse:					
Research	34, 000, 000	34, 000, 000	34, 000, 000		
Training	10, 000, 000	4, 000, 000	10, 000, 000		6, 000, 000
Community programs:					
Project grants and contracts	139, 051, 000	160, 0000, 00	160, 000, 000	20, 949, 000	
Grants to States	35, 000, 000	35, 000, 000	40, 000, 000	5, 000, 000	5, 000, 000
Management and information	14, 121, 000	14, 827, 000	15, 472, 000	1, 351, 000	645, 000
Subtotal	232, 172, 000	247, 827, 000	259, 472, 000	27, 300, 000	11, 645, 000
Alcoholism:					
Research	11, 808, 000	10, 000, 000	11, 808, 000		1, 808, 000
Training	7, 458, 000	2, 000, 000	6, 500, 000	−958, 000	4, 500, 000
Community programs:					
Project grants and contracts	12, 859, 000 (56, 408, 000)	2, 546, 000 (33, 451, 000)	12, 859, 000 (***)	 (***)	10, 313, 000 (***)
Grants to States	(55, 500, 000)	(45, 600, 000)	(***)	(***)	(***)
Management and information	8, 053, 000	7, 011, 000	8, 346, 000	293, 000	1, 335, 000
Subtotal	40, 178, 000 (139, 227, 000)	21, 557, 000 (98, 062, 000)	39, 513, 000 (***)	−665, 000 (***)	17, 956, 000 (***)
Program direction	11, 059, 000	13, 228, 000	13, 388, 000	2, 329, 000	160, 000
Total authorized	702, 353, 000	546, 826, 000	737, 441, 000	35, 088, 000	190, 615, 000
Total, including unauthorized	(801, 402, 000)	(623, 331, 000)			
St. Elizabeths Hospital	55, 125, 000	57, 964, 000	60, 464, 000	5, 339, 000	2, 500, 000
Buildings and facilities	10, 600, 000			−10, 600, 000	
Total ADAMHA authorized	768, 078, 000	604, 790, 000	797, 905, 000	29, 827, 000	193, 115, 000
Total, including unauthorized	(867, 127, 000)	(681, 295, 000)			
Health Resources Administration:					
National health statistics	25, 636, 000	24, 000, 000	27, 636, 000	2, 000, 000	3, 636, 000
Health planning and resources development	112, 500, 000	90, 000, 000	120, 000, 000	7, 500, 000	30, 000, 000
Health services research	26, 000, 000	24, 000, 000	26, 000, 000		2, 000, 000
Health manpower:					
Health professions institutional assistance	(101, 100, 000)	(120, 000, 000)	(***)	(***)	(***)
Capitation grants	(3, 000, 000)	(1, 000, 000)	(***)	(***)	(***)
Startup and conversion	(5, 000, 000)	(3, 000, 000)	(***)	(***)	(***)
Subtotal, unauthorized	(109, 100, 000)	(124, 000, 000)			
Health professions student assistance:					
Loans	(24, 000, 000)	( )	(***)	(***)	(***)
Scholarships	(3, 500, 000)	( )	(***)	(***)	(***)
Loan repayments	(6, 000, 000)	( )	(***)	(***)	(***)
National health service scholarships	(22, 500, 000)	(35, 000, 000)	(***)	(***)	(***)
Subtotal, including unauthorized	(56, 000, 000)	(35, 000, 000)			
Health professions special educational assistance:					
Family medicine	(15, 000, 000)	(39, 000, 000)	(***)	(***)	(***)
Primary care	( )	(18, 000, 000)	(***)	(***)	(***)
Area health education centers	(12, 000, 000	(19, 000, 000)	(***)	(***)	(***)
Physician extenders	(8, 000, 000)	(8, 500, 000)	(***)	(***)	(***)
Dental health	(8, 442, 000	(7, 500, 000)	(***)	(***)	(***)
Special project grants	(86, 424, 000)	(24, 000, 000)	(***)	(***)	(***)
Other	(27, 525, 000)	(8, 000, 000)	(***)	(***)	(***)
Subtotal, unauthorized	(157, 391, 000)	(124, 000, 000)	( )	( )	( )
Nursing institutional assistance:					
Capitation grants	44, 000, 000		44, 000, 000		44, 000, 000
Financial distress grants		1, 000, 000			−1, 000, 000
Advanced nurse training	2, 000, 000	3, 000, 000	9, 000, 000	7, 000, 000	6, 000, 000
Nurse practitioner training	3, 000, 000	7, 000, 000	9, 000, 000	6, 000, 000	2, 000, 000
Special projects	15, 000, 000	15, 000, 000	15, 000, 000		
Subtotal	64, 000, 000	26, 000, 000	77, 000, 000	13, 000, 000	51, 000, 000
Nursing student assistance:					
Loans	21, 000, 000	5, 000, 000	22, 500, 000	1, 500, 000	17, 500, 000
Scholarships	6, 000, 000	2, 000, 000	6, 500, 000	500, 000	4, 500, 000
Traineeships	13, 000, 000		13, 000, 000		13, 000, 000
Loan repayments	2, 500, 000	3, 000, 000	3, 000, 000	500, 000	
Subtotal	42, 500, 000	10, 000, 000	45, 000, 000	2, 500, 000	35, 000, 000
Nursing research			2, 000, 000	2, 000, 000	−2, 000, 000
Subtotal, health manpower	106, 500, 000	36, 000, 000	124, 000, 000	17, 500, 000	88, 000, 000
Subtotal, including unauthorized	(428, 991, 000)	(319, 000, 000)	( )	( )	( )

See footnote at end of table.

	1976 comparable appropriation	1977 budget request	1977 bill	Bill versus 1976	Bill versus request
Health Resources Administration—Continued					
Health facilities construction:					
Medical facilities:					
Formula grants	40,373,000			−40,373,000	
Project grants	11,387,000			−11,387,000	
Subject	51,760,000			−51,760,000	
Health teaching facilities interest subsidies	3,000,000			−3,000,000	
Special medical facilities	11,575,000		4,000,000	−7,575,000	4,000,000
Subtotal	66,335,000		4,000,000	−62,335,000	4,000,000
Program management	48,484,000	49,300,000	50,260,000	1,776,000	960,000
Less: Trust fund transfer	−42,000			+42,000	
Total, health resources	385,413,000	223,300,000	351,896,000	−33,517,000	128,596,000
Total, including unauthorized	(703,903,000)	(506,300,000)	( )	( )	( )
Payment of sales insufficiencies	4,000,000	4,000,000	4,000,000		
Medical facilities guarantee and loan fund	10,000,000	31,000,000	31,000,000	21,000,000	
Total, authorized	399,413,000	258,300,000	386,896,000	−12,517,000	128,596,000
Total, including unauthorized	(721,904,000)	(541,300,000)	( )	( )	( )
Office of the Assistant Secretary for Health:					
Assistant Secretary for Health	21,618,000	22,216,000	22,416,000	798,000	200,000
Retirement pay and medical benefits for commissioned officers	45,013,000	52,352,000	52,352,000	7,339,000	
Scientific activities overseas		1,500,000	1,500,000	1,500,000	
Total, OASH	66,631,000	76,068,000	76,268,000	9,637,000	200,000
Office of Education:					
Elementary and secondary education:					
Grants for disadvantaged*	2,050,000,000	1,900,000,000	2,250,000,000	200,000,000	350,000,000
Support and innovation grants*	184,521,852	172,888,000	194,000,000	9,478,148	21,112,000
Bilingual education:					
Grants to school districts	62,500,000	60,230,000	68,500,000	6,000,000	8,270,000
Training grants	25,370,000	22,670,000	28,800,000	3,430,000	6,130,000
Curriculum development	7,000,000	7,000,000	8,500,000	1,500,000	1,500,000
Bilingual vocational training	2,800,000		2,800,000		2,800,000
Technical assistance, dissemination, and advisory council	1,300,000	100,000	6,400,000	5,100,000	6,300,000
Subtotal	98,970,000	90,000,000	115,000,000	16,030,000	25,000,000
Right to read	23,800,000	12,000,000	22,000,000	−1,800,000	10,000,000
Follow Through	59,000,000	30,000,000	59,000,000		29,000,000
Drug abuse education	2,000,000		2,000,000		2,000,000
Environmental education	3,000,000		3,000,000		3,000,000
Educational broadcasting facilities	(12,500,000)	(7,000,000)	(***)	(***)	(***)
Ellender fellowships	500,000		500,000		500,000
Ethnic heritage studies	1,800,000	1,800,000	2,500,000	700,000	700,000
State equalization grants	(2)		10,500,000	10,500,000	10,500,000
Total, authorized	2,423,591,852	2,206,688,000	2,658,500,000	234,908,148	451,812,000
School assistance in federally affected areas:					
Maintenance and operations:					
Payments for "A" Children	248,737,758	249,400,000	251,272,000	2,534,242	1,872,000
Payments for "B" Children	341,597,262		356,800,000	15,202,738	356,800,000
Special provisions	12,664,980	13,100,000	13,100,000	435,000	
Payments to other Federal agencies	46,000,000	52,500,000	52,500,000	6,500,000	
Savings provisions	[3] 35,000,000		94,328,000	59,328,000	94,328,000
Subtotal	684,000,000	315,000,000	768,000,000	84,000,000	453,000,000
Construction	20,000,000	10,000,000	20,000,000		10,000,000
Total	704,000,000	325,000,000	788,000,000	84,000,000	463,000,000
Emergency school aid:					
National competition projects:					
Bilingual education projects	8,600,000	8,600,000	8,600,000		
Educational television	6,450,000	6,450,000	6,450,000		
Special programs and projects	40,750,000	21,500,000	21,500,000	−19,250,000	
Evaluation	2,150,000	2,150,000	2,150,000		
State apportioned projects:					
Pilot programs	32,250,000	32,250,000	32,250,000		
Grants to nonprofit organizations	17,200,000	17,200,000	17,200,000		
General grants to school districts	137,600,000	126,850,000	126,850,000	−10,750,000	
Subtotal, Emergency School Aid Act	245,000,000	215,000,000	215,000,000	−30,000,000	
Civil rights training and advisory services	26,700,000	34,700,000	34,700,000	8,000,000	
Total	271,700,000	249,700,000	249,700,000	−22,000,000	
Education for the handicapped:					
State assistance:					
State grant program*	200,000,000	110,000,000	300,000,000	100,000,000	190,000,000
Deaf-blind centers	16,000,000	16,000,000	16,000,000		
Subtotal	216,000,000	126,000,000	316,000,000	100,000,000	190,000,000
Special population programs:					
Severely handicapped projects	3,250,000	3,250,000	3,250,000		
Specific learning disabilities	5,000,000	5,000,000	5,000,000		
Early childhood education	22,000,000	22,000,000	22,000,000		
Subtotal	30,250,000	30,250,000	30,250,000		
Regional vocational, adult, and postsecondary programs	2,000,000	2,000,000	2,000,000		
Innovation and development	11,000,000	11,000,000	11,000,000		
Media and resources services:					
Media services and captioned films	16,250,000	16,000,000	16,000,000	−250,000	
Regional resource centers	10,000,000	9,750,000	9,750,000	−250,000	
Recruitment and information	500,000	1,000,000	1,000,000	500,000	
Subtotal	26,750,000	26,750,000	26,750,000		
Special education manpower development	40,375,000	40,375,000	40,375,000		
Total	326,375,000	236,375,000	426,375,000	100,000,000	190,000,000

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued

	1976 comparable appropriation	1977 budget request	1977 bill	Bill versus 1976	Bill versus request
Office of Education—Continued					
Occupational, vocational, and adult education:					
Vocational education:					
Grants to States for vocational education:					
Basic vocational education programs	415,529,100	474,368,655	[4] 812,500,000	396,970,000	338,131,345
Programs for students with special needs	(20,000,000)	(-----------)	(***)	(***)	(***)
Consumer and homemaking education	(40,994,000)	(-----------)	(***)	(***)	(***)
Work-study	(9,849,000)	(-----------)	(***)	(***)	(***)
Cooperative education	(19,500,000)	(-----------)	(***)	(***)	(***)
State advisory councils	4,316,000	4,316,000	[4] 7,553,000	3,237,000	3,237,000
Vocational research:					
Innovation	(16,000,000)	(-----------)	(***)	(***)	(***)
Curriculum development	(1,000,000)	(-----------)	(***)	(***)	(***)
Research	18,000,000	53,503,345	31,500,000	13,500,000	−22,003,345
Subtotal, vocational education, authorized	437,845,100	532,188,000	851,553,000	413,707,900	319,365,000
Subtotal, vocational education including unauthorized items	(545,188,100)	(532,188,000)	-----------	-----------	-----------
Adult education	71,500,000	67,500,000	77,000,000	5,500,000	9,500,000
Total authorized	509,345,100	599,688,000	928,553,000	419,207,900	328,865,000
Total including unauthorized items	(616,688,100)	(599,688,000)	-----------	-----------	-----------
Higher education:					
Student assistance:					
Basic Opportunity Grants	(1,506,000,000)	(1,100,000,000)	(***)	(***)	(***)
Supplemental Opportunity Grants	(240,093,000)	(-----------)	(***)	(***)	(***)
Work-study	(509,800,000)	(250,000,000)	(***)	(***)	(***)
Subsidized insured loans	377,620,000	325,000,000	325,000,000	−52,620,000	(-----------)
	(452,000,000)	(400,000,000)	(***)	(***)	(***)
Direct loans:					
Federal capital contributions	(321,000,000)	(-----------)	(***)	(***)	(***)
Loans to institutions	(2,000,000)	(-----------)	(***)	(***)	(***)
Teacher cancellations	8,960,000	11,920,000	11,920,000	2,960,000	(-----------)
Incentive grants for State scholarships	(44,000,000)	(44,000,000)	(***)	(***)	(***)
Subtotal, student assistance authorized	386,580,000	336,920,000	336,920,000	−49,660,000	(-----------)
Subtotal, student assistance including unauthorized items	(3,083,853,000)	(1,805,920,000)	(-----------)	(-----------)	(-----------)
Special programs for the disadvantaged	(70,331,000)	(60,331,000)	(***)	(***)	(***)
Institutional assistance:					
Strengthening developing institutions	(110,000,000)	(110,000,000)	(***)	(***)	(***)
Language training and area studies	2,700,000	1,360,000	3,000,000	300,000	1,640,000
	(16,000,000)	(10,000,000)	(***)	(***)	(***)
University community services	(12,125,000)	(-----------)	(***)	(***)	(***)
Aid to land-grant colleges	9,500,000	-----------	9,500,000	-----------	9,500,000
State postsecondary education commissions	(3,500,000)	(-----------)	(***)	(***)	(***)
Veterans cost of instruction	(23,750,000)	(-----------)	(***)	(***)	(***)
Cooperative education	(10,750,000)	(8,000,000)	(***)	(***)	(***)
Subtotal, Institutional assistance authorized	12,200,000	1,360,000	12,500,000	300,000	11,140,000
Subtotal, Institutional assistance including unauthorized items	(185,625,000)	(128,000,000)	(-----------)	(-----------)	(-----------)
Personnel development:					
College teacher fellowships	(1,000,000)	(-----------)	(***)	(***)	(***)
Training for disadvantaged (CLEO)	750,000	-----------	750,000	-----------	750,000
Public service fellowships	(4,000,000)	(-----------)	(***)	(***)	(***)
Mining fellowships	(3,000,000)	(-----------)	(***)	(***)	(***)
Subtotal, personnel development	750,000	-----------	750,000	-----------	750,000
Subtotal, including unauthorized items	(8,750,000)	(-----------)	(-----------)	(-----------)	(-----------)
Total authorized	399,530,000	338,280,000	350,170,000	49,360,000	11,890,000
Total, including unauthorized items	(3,348,559,000)	(1,994,251,000)	(-----------)	(-----------)	(-----------)
Library resources:					
Public libraries	51,749,000	51,749,000	56,749,000	5,000,000	5,000,000
School libraries and instructional resources *	147,330,000	137,330,000	147,330,000	-----------	10,000,000
College library resources	(9,975,000)	(9,975,000)	(***)	(***)	(***)
Training and demonstration	(1,500,000)	(-----------)	(***)	(***)	(***)
Undergraduate instructional equipment	(7,500,000)	(-----------)	(***)	(***)	(***)
Total authorized	199,079,000	189,970,000	204,079,000	5,000,000	15,000,000
Total including unauthorized items	(218,054,000)	(199,054,000)	(-----------)	(-----------)	(-----------)
Special projects and training:					
Special projects:					
Metric education	2,090,000	1,045,000	2,090,000	-----------	1,045,000
Gifted and talented	2,560,000	1,280,000	2,560,000	-----------	1,280,000
Community schools	3,553,000	1,777,000	3,553,000	-----------	1,776,000
Career education	10,135,000	10,135,000	10,135,000	-----------	-----------
Consumer education	3,135,000	1,567,000	3,135,000	-----------	1,568,000
Women's educational equity	6,270,000	5,896,000	6,270,000	-----------	374,000
Arts in education programs	750,000	750,000	750,000	-----------	-----------
Packaging and field testing	1,400,000	3,900,000	10,000,000	8,600,000	6,100,000
Educational TV programming	7,000,000	3,500,000	7,000,000	-----------	3,500,000
Subtotal	36,893,000	29,850,000	45,493,000	8,600,000	15,643,000
Educational personnel training:					
Teacher Corps	(37,500,000)	(37,500,000)	(***)	(***)	(***)
Elementary and secondary training	(5,462,000)	(-----------)	(***)	(***)	(***)
Vocational training	(10,000,000)	(-----------)	(***)	(***)	(***)
Higher education	(-----------)	(-----------)	(***)	(***)	(***)
Subtotal, authorized	-----------	-----------	-----------	-----------	-----------
Subtotal, including unauthorized items	(52,962,000)	(37,500,000)	-----------	-----------	-----------
Total authorized	36,893,000	29,850,000	45,493,000	8,600,000	15,643,000
Total, including unauthorized items	(89,855,000)	(67,350,000)	-----------	-----------	-----------
Student loan insurance fund	201,787,000	-----------	-----------	−201,787,000	-----------
Higher education facilities loan and insurance fund	2,192,000	2,119,000	2,119,000	−73,000	-----------
Educational activities overseas (special foreign currency programs)	2,000,000	2,000,000	2,000,000	-----------	-----------

See footnotes at end of table.

	1976 comparable appropriation	1977 budget request	1977 bill	Bill versus 1976	Bill versus request
Office of Education—Continued					
Salaries and expenses:					
Planning and evaluation	6,383,000	7,000,000	7,000,000	617,000	
General program dissemination	500,000	500,000	500,000		
Advisory committees	2,454,000	2,041,000	2,041,000	−413,000	
Information clearinghouses	300,000	600,000	600,000	300,000	
Program administration	98,830,000	105,293,000	105,293,000	6,463,000	
Total	108,467,000	115,434,000	115,434,000	6,967,000	
Total, Office of Education authorized	5,184,959,952	4,294,213,000	5,770,423,000	583,463,048	1,476,210,000
Total, including unauthorized items	(8,325,768,952)	(6,004,659,000)			
National Institute of Education:					
Research and development	(58,800,000)	(78,300,000)	(***)	(***)	(***)
Program administration	(11,200,000)	(11,700,000)	(***)	(***)	(***)
Total, NIE including unauthorized items	(70,000,000)	(90,000,000)			
Assistant Secretary for Education:					
Improvement of postsecondary education	(11,500,000)	(11,500,000)	(***)	(***)	(***)
Salaries and expenses	8,000,000	8,446,000	8,446,000	446,000	
National Center for Education Statistics	13,000,000	13,000,000	13,000,000		
Total, ASE authorized	21,000,000	21,446,000	21,446,000	446,000	
Total, including unauthorized items	(32,500,000	(32,946,000)			
Total, education division authorized	5,205,959,952	4,315,659,000	5,791,869,000	585,909,048	1,476,210,000
Total, including unauthorized items	(8,428,268,952)	(6,127,605,000)			
Social and Rehabilitation Service:					
Public assistance:					
Maintenance assistance	5,897,904,000	6,215,000,000	6,215,000,000	317,096,000	
Medical assistance	8,510,026,000	9,292,000,000	9,292,000,000	781,974,000	
Social services	2,698,898,000	2,400,000,000	2,400,000,000	−298,898,000	
State and local training	64,972,000	60,000,000	60,000,000	−4,972,000	
Child welfare services	52,500,000	46,000,000	52,500,000		6,500,000
Research	9,200,000	9,200,000	9,200,000		
Training projects	7,450,000		7,450,000		7,450,000
Total	[5] 17,240,950,000	18,022,200,000	18,036,150,000	795,200,000	13,950,000
Work incentives:					
Training	250,000,000	206,500,000	243,000,000	7,000,000	36,500,000
Child care	150,000,000	108,500,000	127,000,000	23,000,000	18,500,000
Total	400,000,000	315,000,000	370,000,000	−30,000,000	55,000,000
Program administration	60,378,000	63,095,000	63,095,000	2,717,000	
Total, SRS	17,701,328,000	18,400,295,000	18,469,245,000	767,917,000	68,950,000
Social Security Administration:					
Federal funds:					
Payments to Social Security Trust Funds	4,121,236,000	6,713,902,000	6,713,902,000	2,592,666,000	
Special benefits for disabled coal miners:					
Benefit payments	971,507,000	906,000,000	906,000,000	65,507,000	
Administration	28,271,000	7,897,000	7,897,000	−20,374,000	
Subtotal	999,778,000	913,897,000	913,897,000	−85,881,000	
Supplemental security income:					
Benefit payments	4,700,000,000	5,245,000,000	5,230,000,000	530,000,000	−15,000,000
State supplementation payments	205,000,000	55,000,000	55,000,000	−150,000,000	
Vocational Rehabilitation Services	57,672,000	52,770,000	52,770,000	−4,902,000	
Administration	497,978,000	500,352,000	500,352,000	2,374,000	
Federal fiscal liability	60,000,000	57,000,000	57,000,000	−3,000,000	
Subtotal	5,520,650,000	5,910,122,000	5,895,122,000	374,472,000	−15,000,000
Limitation on salaries and expenses (nonadd)	(2,397,719,112)	(2,561,773,000)	(2,561,773,000)	()	()
Limitation on construction (nonadd)	(6,300,000)	(14,400,000)	(14,400,000)	()	()
Total, SSA	10,641,664,000	13,537,921,000	13,522,921,000	374,472,000	−15,000,000
Special Institutions:					
American Printing House for the Blind	2,408,000	2,762,000	2,762,000	354,000	
National Technical Institute for the Deaf	9,836,000	12,675,000	12,675,000	2,839,000	
Gallaudet College:					
Academic program	12,490,000	14,790,000	14,790,000	2,300,000	
Model Secondary School for the Deaf	5,373,000	7,260,000	7,260,000	1,887,000	
Kendall Demonstration Elementary School	2,713,000	3,215,000	3,215,000	502,000	
Construction	2,255,000	15,575,000	15,575,000	13,320,000	
Total	22,831,000	40,840,000	40,840,000	18,009,000	
Howard University:					
Academic program	55,995,000	60,026,000	60,026,000	4,031,000	
Howard University Hospital	20,563,000	19,883,000	19,883,000	−680,000	
Construction	10,000,000	2,000,000	3,000,000	−7,000,000	1,000,000
Total	86,558,000	81,909,000	82,909,000	−3,649,000	1,000,000
Total, SI	121,633,000	138,186,000	139,186,000	17,553,000	1,000,000
Assistant Secretary for Human Development:					
Child development:					
Head Start	454,500,000	434,300,000	475,000,000	20,500,000	40,700,000
Research, demonstration, and evaluation	14,700,000	10,700,000	14,700,000		4,000,000
Child abuse	18,928,000	18,928,000	18,928,000		
Youth development	8,000,000	6,000,000	8,000,000		2,000,000
Aging programs:					
Community services	123,835,000	98,235,000	150,000,000	26,165,000	51,765,000
Nutrition	125,000,000	88,000,000	203,525,000	78,525,000	115,525,000
(Program level)	(187,500,000)	(150,000,000)	(225,000,000)	(37,500,000)	(75,000,000)
Research, demonstrations, and manpower	19,000,000	5,765,000	25,000,000	6,000,000	19,235,000
Federal Council on Aging	575,000	575,000	575,000		
Multipurpose senior centers			10,000,000	10,000,000	10,000,000

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued

	1976 comparable appropriation	1977 budget request	1977 bill	Bill versus 1976	Bill versus request
Assistant Secretary for Human Development—Continued					
Rehabilitation services and facilities:					
Basic State grants	720, 309, 318	720, 000, 000	740, 000, 000	19, 690, 682	20, 000, 000
Service projects:					
Innovation and expansion	18, 000, 000		18, 000, 000		18, 000, 000
Deaf-blind center	2, 100, 000	2, 100, 000	2, 100, 000		
Special projects	9, 965, 000	8, 500, 000	10, 000, 000	35, 000	1, 500, 000
Training and facilities grants	6, 900, 000	7, 400, 000	10, 000, 000	3, 100, 000	2, 600, 000
Research	24, 000, 000	18, 000, 000	24, 000, 000		6, 000, 000
Training	22, 200, 000	20, 000, 000	25, 000, 000	2, 800, 000	5, 000, 000
Grants for the developmentally disabled:					
State grants	31, 558, 000	33, 058, 000	33, 058 000	1, 500, 000	
Special projects	19, 817, 000	16, 317, 000	19, 817, 000		3, 500, 000
University affiliated facilities	4, 250, 000	4, 250, 000	4, 250, 000		
Special programs for Native Americans	33, 000, 000	32, 000, 000	33, 000, 000		1, 000, 000
White House Conference on Handicapped Individuals	1, 370, 000	1, 436, 000	1, 436, 000	66, 000	
Salaries and expenses	44, 993, 000	47, 725, 000	47, 725, 000	2, 732, 000	
Less: Trust fund transfer	−600, 000	−600, 000	−600, 000		
Total, ASHD	1, 702, 400, 318	1, 572, 689, 000	1, 873, 514, 000	171, 113, 682	300, 825, 000
Departmental management:					
Office for Civil Rights	26, 570, 000	30, 604, 000	30, 604, 000	4, 034, 000	
Less: Trust fund transfer	−1, 351, 000	−919, 000	−919, 000	432, 000	
Total	25, 219, 000	29, 685, 000	29, 685, 000	4, 466, 000	
General departmental management:					
Departmental direction	42, 502, 000	42, 232, 000	42, 232, 000	−270, 000	
(Office of Investigations) nonadd	(995, 000)	(1, 428, 000)	(1, 428, 000)	(433, 000)	( )
Departmental operations	59, 760, 000	64, 301, 000	63, 301, 000	3, 541, 000	
Subtotal	102, 262, 000	106, 533, 000	105, 533, 000	3, 271, 000	1, 000, 000
Less: Trust fund transfer	−12, 751, 000	−12, 872, 000	−12, 872, 000	−121, 000	
Total	89, 511, 000	93, 661, 000	92, 661, 000	3, 150, 000	1, 000, 000
Policy research	24, 950, 000	24, 950, 000	24, 950, 000		
Total, departmental management	139, 680, 000	148, 296, 000	147, 296, 000	7, 616, 000	1, 000, 000
Total, DHEW:					
Authorized	40, 227, 487, 270	41, 974, 392, 000	44, 748, 627, 000	4, 521, 139, 730	2, 774, 235, 000
Unauthorized	(43, 967, 761, 270)	(44, 229, 182, 000)			

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[1] Includes contract care, excludes Carville Leprosarium.

[2] $3,000,000 appropriated for the transition quarter.

[3] The 2d supplemental provides an additional $55,000,000 (from the transition quarter SAFAA appropriation) for hold harmless payments.

[4] Includes $475,000,000 for basic grants, $4,316,000 for advisory councils, and $18,000,000 for research for the 1977-78 school year. Balance of the appropriation would complete funding for the 1976–77 school year — 3 mo funding for the 1976–77 school year was provided in the transition quarter appropriation.

[5] Includes $530,896,000, which is portion of supplemental related to 1975 costs.

* Amounts shown represent year of appropriation—funds are spent for the following school year.

*** Deferred due to lack of authorizing legislation.

RELATED AGENCIES

	1976 appropriation	1977 budget request	1977 bill	Bill versus 1976	Bill versus budget
ACTION	50, 392, 000 (53, 203, 000)	55, 300, 000 (38, 602, 000)	56, 800, 000 (1)	6, 408, 000	1, 500, 000
Community Services Administration:					
Research, demonstration and evaluation	$16, 800, 000		$5, 000, 000	−$11, 800, 000	$5, 000, 000
Community action agencies	330, 000, 000	$260, 000, 000	330, 000, 000		70, 000, 000
Senior opportunities and services	10, 000, 000	10, 000, 000	10, 000, 000		
State economic opportunity offices	12, 000, 000		12, 000, 000		12, 000, 000
Community food and nutrition	26, 200, 000		15, 000, 000	−11, 200, 000	15, 000, 000
Energy conservation services	27, 500, 000		27, 500, 000		27, 500, 000
National youth sports program	6, 000, 000		6, 000, 000		6, 000, 000
Summer recreation and transportation	17, 000, 000		17, 000, 000		17, 000, 000
Community economic development	46, 500, 000	39, 000, 000	46, 500, 000		7, 500, 000
Program administration	28, 152, 000	25, 000, 000	27, 000, 000	−1, 152, 000	2, 000, 000
Total, CSA	520, 152, 000	334, 000, 000	496, 000, 000	−24, 152, 000	162, 000, 000
Corporation for Public Broadcasting	78, 500, 000	70, 000, 000	96, 750, 000	18, 250, 000	26, 750, 000
Advance appropriation for 1978		80, 000, 000	107, 150, 000	107, 150, 000	27, 150, 000
Advance appropriation for 1979		90, 000, 000	120, 200, 000	120, 200, 000	30, 200, 000
Total	78, 50, 000	240, 000, 000	324, 100, 000	245, 600, 000	84, 100, 000
Federal Mediation and Conciliation Service	18, 332, 000	20, 328, 000	20, 328, 000	1, 996, 000	
National Commission on Libraries and Information Science	468, 000	517, 000	517, 000	49, 000	
National Labor Relations Board	69, 597, 000	78, 204, 000	77, 776, 000	8, 179, 000	−428, 000
National Mediation Board	3, 405, 000	3, 606, 000	3, 606, 000	201, 000	
Occupational Safety and Health Review Commission	5, 769, 000	6, 280, 000	6, 280, 000	511, 000	
Railroad Retirement Board:					
Payments to Railroad Retirement Trust Fund	250, 000, 000	250, 000, 000	250, 000, 000		
Regional Rail Transportation Protective Account	37, 600, 000	40, 000, 000	40, 000, 000	2, 400, 000	
Limitation on salaries and expenses	(29, 492, 000)	(33, 723, 000)	(33, 723, 000)	(4, 231, 000)	( )
Soldiers' and Airmen's Home (trust fund appropriation): Operation and maintenance	15, 665, 000	15, 373, 000	15, 373, 000	−292, 000	
Total, related agencies	1, 049, 880, 000	1, 043, 608, 000	1, 290, 780, 000	240, 900, 000	247, 172, 000
Grand total, Health, Education, and Welfare	51, 692, 307, 270 (5, 418, 477, 000)	52, 537, 096, 000 (2, 293, 392, 000)	56, 104, 631, 000 (1)	4, 412, 323, 730	3, 567, 535, 000
Total, limitation on trust fund transfers	(3, 921, 814, 112)	(4, 050, 750, 000)	(4, 109, 550, 000)	(187, 735, 888)	(58, 800, 000)

Not considered due to lack of authorizing legislation.

LEAVE OF ABSENCE

Mr. Helstoski (at the request of Mr. O'Neill), for this week, on account of official business.

Mr. Addabbo (at the request of Mr. O'Neill), for today on account of official business.

Mr. Corman (at the request of Mr. O'Neill), for today on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Grassley), to revise and extend their remarks, and to include extraneous matter:)

Mr. Archer, for 10 minutes, today.

Mr. Duncan of Tennessee, for 10 minutes, today.

Mr. Paul, for 10 minutes, today.

Mr. Collins of Texas, for 15 minutes, today.

Mrs. Heckler of Massachusetts, for 5 minutes, today.

Mr. Gilman, for 10 minutes, today.

Mr. Sarasin, for 5 minutes, today.

(The following Members (at the request of Mr. Bonker) to revise and extend their remarks and include extraneous material:)

Mr. Annunzio, for 5 minutes, today.

Mr. Gonzalez, for 5 minutes, today.

Mr. Rangel, for 15 minutes, today.

Mr. Diggs, for 5 minutes, today.

Mr. Vanik, for 15 minutes, today.

Mr. Howard, for 5 minutes, today.

Mr. Murphy of New York, for 10 minutes, July 21, 1976.

Special order (at the request of Mr. Ottinger) for Mr. Ambro, for today, for 5 minutes.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Seiberling, and to include extraneous matter, notwithstanding the fact that it exceeds two pages of the Congressional Record and is estimated by the Public Printer to cost $1,501.50.

Mr. Michel, and to include extraneous matter notwithstanding the fact that it exceeds two pages of the Congressional Record and is estimated by the Public Printer to cost $2,288.

Mr. Obey, and to include extraneous matter notwithstanding the fact that it exceeds two pages of the Congressional Record and is estimated by the Public Printer to cost $1,856.

(The following Members (at the request of Mr. Grassley) and to include extraneous matter:)

Mr. Kemp in three instances.

Mr. Gilman.

Mr. McClory.

Mr. Gude.

Mr. Frenzel in three instances.

Mr. Archer.

Mr. Broomfield.

Mr. Wiggins.

Mr. Esch.

Mr. Carter.

Mr. Crane.

Mr. du Pont.

Mr. Ashbrook in two instances.

Mr. Steiger of Wisconsin.

(The following Members (at the request of Mr. Bonker) and to include extraneous matter:)

Mr. Brown of California in 10 instances.

Mr. Gonzalez in three instances.

Mr. Anderson of California in three instances.

Mr. Annunzio in six instances.

Mr. Rangel in 10 instances.

Mr. Wolff.

Mr. Murtha.

Mr. O'Hara in two instances.

Mr. Pepper.

Mrs. Keys.

Mr. Helstoski.

Mr. Harris in 10 instances.

Mr. Fary.

Mr. Bolling.

Mr. Traxler.

Mr. Teague.

Mr. Hubbard.

Mr. Rostenkowski.

Mr. Hungate.

Mr. Ullman in two instances.

SENATE BILLS AND CONCURRENT RESOLUTION REFERRED

Bills and concurrent resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1477. An act for the relief of Beatrice Serrano-Toledo; to the Committee on the Judiciary.

S. 2322. An act for the relief of Lee Mee Sun; to the Committee on the Judiciary.

S. 2618. An act for the relief of Chea Hyo Suk; to the Committee on the Judiciary.

S. 2668. An act for the relief of Arturo Moreno Hernandez; to the Committee on the Judiciary.

S. 2770. An act for the relief of Anthony Augustus Daley and Beverly Evelyn Daley; to the Committee on the Judiciary.

S. 3542. An act to authorize the Secretary of the Interior to make compensation for damages arising out of the failure of the Teton Dam a feature of the Teton Basin Federal reclamation project in Idaho, and for other purposes; to the Committee on the Judiciary.

S. 3557. An act to authorize the appropriation of funds necessary during the fiscal year 1977 to implement the provisions of the Treaty of Friendship and Cooperation between the United States and Spain, signed at Madrid on January 24, 1976, and for other purposes; to the Committee on International Relations.

S. Con. Res. 123. Concurrent resolution, extension of contract for Fort Mohave, Nev.; to the Committee on Interior and Insular Affairs.

ENROLLED BILL SIGNED

Mr. HAYS of Ohio, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 12384. An act to authorize certain construction at military installations and for other purposes.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 98. An act to authorize the Secretary of the Interior to establish the Klondike Gold Rush National Historical Park in the States of Alaska and Washington, and for other purposes;

S. 3122. An act to extend to authorization for appropriations to carry out the Endangered Species Act of 1973;

S. 3147. An act to extend the Marine Protection, Research, and Sanctuaries Act for 2 years; and

S. 3475. An act relating to the display of certain historical documents within the U.S. Capitol Building during the calendar year 1976.

BILL AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. HAYS of Ohio, from the Committee on House Administration, reported that that committee did on June 18, 1976, present to the President, for his approval, a bill and a joint resolution of the House of the following title:

H.R. 10268. An act to amend title 38 of the United States Code to clarify the purposes for which the Administrator of Veterans' Affairs may release the names and/or addresses of present and former members of the Armed Forces and their dependents; and

H.J. Res. 726. Joint resolution to authorize and request the President to establish a "National Bicentennial Highway Safety Year."

ADJOURNMENT

Mr. OTTINGER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 7 minutes p.m.), under its previous order, the House adjourned until tomorrow, Tuesday, June 22, 1976, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3527. A letter from the Chairman, Federal Deposit Insurance Corporation, transmitting the interim annual report of the Corporation for calendar year 1975, pursuant to section 2[17] of the act of September 21, 1950; to the Committee on Banking, Currency and Housing.

3528. A letter from the Acting Chairman, Federal Home Loan Bank Board, transmitting the Board's annual report on mutual-to-stock conversions of federally insured savings and loan institutions, pursuant to section 402(j)(5) of the National Housing Act, as amended (88 Stat. 1505); to the Committee on Banking, Currency and Housing.

3529. A letter from the Director, Office of Regulatory Review, Department of Health, Education, and Welfare, transmitting proposed final regulations governing the award of grants under the Bilingual Education Act, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

3530. A letter from the Attorney General, transmitting a draft of proposed legislation to clarify the terms of the Speedy Trial Act of 1974; to the Committee on the Judiciary.

3531. A letter from the Controller, American Chemical Society, transmitting the annual audit report of the Society for calendar year 1975, pursuant to section 3 of Public Law 88-504; to the Committee on the Judiciary.

3532. A letter from the Chairman of the Board, U.S. Naval Sea Cadet Corps, transmitting the annual audit report of the corps for the year ended March 31, 1976, pursuant to section 3 of Public Law 88-504; to the Committee on the Judiciary.

Received From the Comptroller General

3533. A letter from the Comptroller General of the United States, transmitting a report on the Department of Defense's efforts to operate its waste water treatment plants in compliance with the Federal Water Pollution Control Act Amendments of 1972; jointly, to the Committees on Government Operations, Public Works and Transportation, and Armed Services.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ULLMAN: Committee on Ways and Means. H.R. 12112. A bill to provide additional assistance to the Energy Research and Development Administration for the advancement of nonnuclear energy research, development, and demonstration; with amendment (Rept. No. 94-1170, Pt. III). Ordered to be printed.

Mr. REUSS: Committee on Banking, Currency and Housing. H.R. 13955. A bill to provide for amendment of the Bretton Woods Agreement Act, and for other purposes; with amendment (Rept. No. 94-1284). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON of California:

H.R. 14471. A bill to reduce the hazards of earthquakes, and for other purposes; to the Committee on Science and Technology.

By Mr. DERWINSKI (for himself and Mr. Fisher):

H.R. 14472. A bill to authorize the construction and maintenance of the General Draza Mihailovich Monument in Washington, District of Columbia, in recognition of the role he played in saving the lives of approximately 500 U.S. airmen in Yugoslavia during World War II; to the Committee on House Administration.

By Mr. DUNCAN of Tennessee:

H.R. 14473. A bill to amend title II of the Social Security Act so as to liberalize the conditions governing eligibility of blind persons to receive disability insurance benefits thereunder; to the Committee on Ways and Means.

By Mr. HARRINGTON:

H.R. 14474. A bill to provide for posting information in post offices with respect to registration, voting, and communicating with lawmakers; to the Committee on Post Office and Civil Service.

By Mr. HOWARD (for himself, Mr. Dominick V. Daniels, and Mr. Thompson):

H.R. 14475. A bill to authorize a demonstration project under section 6 of the Urban Mass Transportation Act of 1964; to the Committee on Public Works and Transportation.

By Mr. HUNGATE:

H.R. 14476. A bill to provide for a temporary special prosecutor in appropriate cases, and for other purposes; to the Committee on the Judiciary.

By Mr. JEFFORDS:

H.R. 14477. A bill to require a refund value for certain beverage containers, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. KOCH:

H.R. 14478. A bill to amend the Internal Revenue Code of 1954 to allow the medical expense deduction to an individual whether or not the individual itemizes his deductions and to eliminate certain restrictions on the medical expense deduction in the case of taxpayers over age 65; to the Committee on Ways and Means.

By Mr. MADIGAN (for himself, Mr. Rooney, and Mr. Skubitz):

H.R. 14479. A bill to amend the Railroad Revitalization and Regulatory Reform Act of 1975 (Public Law 94-210); jointly to the Committees on Interstate and Foreign Commerce, and Public Works and Transportation.

By Mr. MURTHA:

H.R. 14480. A bill to amend the Internal Revenue Code of 1954 to increase the rate of tax imposed on tax preferences from 10 percent to 14 percent and to reduce the amount of tax preference exempt from such tax; to the Committee on Ways and Means.

By Mr. REUSS:

H.R. 14481. A bill to amend title XVIII of the Social Security Act to authorize payment under the medicare program for certain services performed by chiropractors; to the Committee on Ways and Means.

By Mr. ARCHER:

H.R. 14482. A bill to amend the Third Supplemental Appropriations Act, 1957, to provide that unexpended funds subject to disbursement by the Clerk of the House of Representatives shall be returned to the Treasury of the United States 4 months after the close of the fiscal year for which such funds are appropriated; to the Committee on Appropriations.

By Mr. STEELMAN:

H.R. 14483. A bill to establish a Minority Business Development and Assistance Administration in the Department of Commerce for the purpose of improving Federal assistance to minority business enterprises, and for other purposes; jointly to the Committees on Banking, Currency and Housing, and Government Operations.

By Mr. ARCHER:

H. Res. 1329. Resolution to provide that expenditures from the contingent fund of the House of Representatives may be made only upon approval by the House of Representatives; to the Committee on House Administration.

H. Res. 1330. Resolution to provide that information provided to Members of the House of Representatives by the Clerk of the House of Representatives relating to certain expenses incurred by such Members shall be available for public inspection; to the Committee on House Administration.

H. Res. 1331. Resolution to provide that unexpended balance of the stationery allowances of Members of the House of Representatives shall be transferred to the contingent fund of the House of Representatives at the close of each Congress; to the Committee on House Administration.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 14231

By Mr. OTTINGER:

On page 27, between lines 18 and 19, insert the following:

"Sec. 109. No part of the appropriations made available under this title shall be available for the use of the Federal buildings located at 900 Ohio Drive, Haines Point in the District of Columbia by any concessioner of the National Park Service for any purpose."

H.R. 14232

By Mr. SCHEUER:

Page 9, line 18, strike out "$981,021,000" and insert in lieu thereof "$1,002,906,000".

Page 12, line 25, strike out "development, $140,343.000." and insert in lieu thereof "development and population research, $156,500,000, of which $60,000,000 shall be available to carry out population research pursuant to title X of such Act.".

By Mr. SKUBITZ:

On page 7, strike the period at the end of line 25, and insert in lieu thereof: ": *Provided*, That none of the funds appropriated under this paragraph shall be obligated or expended to prescribe, issue, administer, or enforce any standard, rule, regulation, or order under the Occupational Safety and Health Act of 1970 which is applicable to any person who is engaged in a farming operation and employs 10 or fewer employees."

H.R. 14233

By Mr. BURLISON of Missouri:

On page 19, line 24, strike out "$18,000,000" and insert in lieu thereof "$6,800,000".

By Mr. DRINAN:

Page 19, line 24, strike out "$18,000,000" and insert in lieu thereof "$6,800,000".

H.R. 14234

By Mr. HOWARD:

Amendment No. 1: Page 26, strike out lines 15 through 18, inclusive, and renumber the succeeding sections accordingly.

Amendment No. 2: Page 26, strike out lines 19 through 23, inclusive, and renumber succeeding sections accordingly.

Amendment No. 3: Page 30, strike out line 22 and all that follows down through and including line 3 on page 31 and renumber succeeding sections accordingly.

Amendment No. 4: Page 31, strike out lines 4 through 8, inclusive, and renumber succeeding sections accordingly.

FACTUAL DESCRIPTIONS OF BILLS AND RESOLUTIONS INTRODUCED

Prepared by the Congressional Research Service pursuant to clause 5(d) of House rule X. Previous listing appeared in the Congressional Record of June 18, 1976, page H6267.

HOME BILLS

H.R. 13926. May 20, 1976. Interstate and Foreign Commerce. Reaffirms the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce. Grants additional authority to the Federal Communications Commission to authorize mergers of carriers when deemed to be in the public interest. Reaffirms the authority of the States to regulate terminal and station equipment used for telephone exchange service. Requires the Federal Communications Commission to make specified findings in connection with Commission actions authorizing specialized carriers.

H.R. 13927. May 20, 1976. Education and Labor. Establishes a program of disability benefits to fluorspar miners who are disabled as a result of respiratory disease arising from their employment. Authorizes payments to surviving dependents of miners who died from work-related respiratory disease.

Establishes a rebuttable presumption that respiratory diseases of miners employed for ten years of more in fluorspar mines arose out of such employment. Directs the Secretary of Health, Education, and Welfare to conduct research, develop testing procedures, and build clinical facilities to assist in examination and treatment of fluorspar miners.

H.R. 13928. May 20, 1976. Judiciary. Amends the Civil Rights Act of 1964 to prohibit discrimination based on affectional or sexual preference in: (1) public accommodations, (2) public facilities, (3) public education, (4) federally assisted opportunities, (5) equal employment opportunities, (6) housing, and (7) educational programs receiving Federal assistance.

H.R. 13929. May 20, 1976. Ways and Means. Amends the Social Security Act to exclude from the classification of unearned income with respect to the Supplemental Security Income program, the support and maintenance provided to a mentally retarded individual by the family of such an individual. Specifies the treatment of other forms of income to mentally retarded individuals.

Requires action on applications for supplemental security income benefits within a maximum of 60 days.

H.R. 13930. May 20, 1976. Interior and Insular Affairs. Amends the National Trails System Act to direct a study of the desirability and feasibility of designating the Nez Perce Trail, Oregon, Idaho, and Montana.

H.R. 13931. May 20, 1976. Judiciary; Rules. Requires that the public be given an opportunity to participate in the rulemaking proceedings of a Federal agency.

Requires that proposed rules be submitted to Congress for disapproval before they become effective.

H.R. 13932. May 20, 1976. Ways and Means. Denies the benefits of the foreign tax credit, under the Internal Revenue Code, to a taxpayer, or a member of a controlled group which includes the taxpayer, who is determined by the Secretary of the Treasury to have participated in or cooperated with the boycott of Israel, with respect to income, war profits, or excess profits taxes paid or accrued to any country which requires such participation or cooperation as a condition of doing business within that country.

Denies DISC benefits to any DISC that the Secretary of the Treasury determines has participated in or cooperated with the boycott of Israel.

H.R. 13933. May 20, 1976. Post Office and Civil Service. Entitles physicians employed by the Federal Government to a professional allowance in addition to basic pay.

Authorizes Federal agencies to enter into service agreements with prospective government physicians whereby the physician is paid a bonus in return for agreeing to work a specified number of years in such agency.

H.R. 13934. May 20, 1976. District of Columbia. Restates the Federal charter of the George Washington University, Washington, D.C.

H.R. 13935. May 20, 1976. Ways and Means. Amends the Internal Revenue Code to provide that specified losses from shoreline erosion shall be deductible from gross income for purposes of the individual income tax.

H.R. 13936. May 20, 1976. Requires that any rule proposed by any Federal agency be submitted to Congress for approval along with a cost-benefit analysis of such rule.

Permits holding employees, rather than their employers, responsible for violations of agency rules if such employee violated such rule.

H.R. 13937. May 20, 1976. Ways and Means. Amends the Tariff Act of 1930 to exempt private vessels and aircraft entering or departing the United States at night or on Sunday or a holiday from required payment to the United States for overtime services of customs officers and employees.

Prohibits imposition of any such charge upon the owner, operator, or agent of such private aircraft or vessel for the services of officers and employees of (1) the Immigration and Naturalization Service, (2) the Public Health Service, or (3) the Department of Agriculture.

H.R. 13938. May 20, 1976. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 13939. May 20, 1976. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 13940. May 20, 1976. Judiciary. Directs the Comptroller General to pay a specified sum to certain individuals in full settlement of such individuals' claims against the United States arising from certain costs incident to a permanent change of duty station.

H.R. 13941. May 20, 1976. Judiciary. Directs that a certain Foreign Service annuity be adjusted in a specified manner.

H.R. 13942. May 20, 1976. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 13943. May 20, 1976. Judiciary. Directs the Secretary of the Treasury to pay a specified sum to a certain individual in full settlement of such individual's claims against the United States for expenses incurred pursuant to a certain contract with the United States.

H.R. 13944. May 20, 1976. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 13945. May 21, 1976. Banking, Currency and Housing. Direct the Administrator of the Energy Research and Development Administration to assist communities in developing solar energy community utility programs. Establishes a revolving fund for continued financing of such program.

H.R. 13946. May 21, 1976. Ways and Means. Amends the Social Security Act by including the services of optometrists under the Medicare supplementary medical insurance program.

H.R. 13947. May 21, 1976. Government Operations; Rules. Establishes a pilot demonstration program of termination and review to cover all Federal agencies. Terminates specified agencies on specified dates and provides that such agencies may be reestablished for a period not to exceed six years only after Congress has conducted public hearings to evaluate such agency.

H.R. 13948. May 21, 1976. Public Works and Transportation. Designates the United States Army Engineer Waterways Experiment Station in Vicksburg, Mississippi, as the "Will M. Whittington Waterways Experiment Station."

H.R. 13949. May 21, 1976. Banking, Currency and Housing. Directs the Administrator of the Energy Research and Development Administration to assist communities in developing solar energy community utility programs. Establishes a revolving fund for continued financing of such programs.

H.R. 13950. May 21, 1976. Interior and Insular Affairs. Regulates surface coal mining operations through a permit program administered by the Secretary of the Interior. Requires applicants to meet minimum environmental protection performance standards. Allows States to establish surface mining control programs at least as stringent as minimum Federal standards.

Includes provisions to fund mineral resources research programs and to provide for reclamation of abandoned mine sites.

H.R. 13951. May 21, 1976. Ways and Means; Judiciary. Establishes on the books of the Treasury a fund to be known as the "United States Olympic Fund." Allows an individual taxpayer to designate that $1 of any overpayment of his tax, or $1 of any contribution which he makes with his return be available to such fund.

Provides that amounts in the fund shall be available as stated in appropriation Acts, to the United States Olympic Committee, for specified purposes.

H.R. 13952. May 21, 1976. Interstate and Foreign Commerce. Reaffirms the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce. Grants additional authority to the Federal Communications Commission to authorize mergers of carriers when deemed to be in the public interest. Reaffirms the authority of the States to regulate terminal and station equipment used for telephone exchange service. Requires the Federal Communications Commission to make specified findings in connection with Commission actions authorizing specialized carriers.

H.R. 13953. May 21, 1976. Interstate and Foreign Commerce. Amends the Securities Exchange Act of 1934 to require each registered issuer of securities to file periodic reports relating to any payment of money over $1,000 to any person including one employed by a foreign government and a foreign political party or candidate.

H.R. 13954. May 21, 1976. Ways and Means. Provides that in any legal action initiated by the Government, or in any action instituted by a taxpayer contesting the accuracy of a deficiency or claiming a refund of taxes paid where the taxpayer prevails or substantially prevails, the Government shall be liable for the reimbursement in full of all reasonable litigation expenses incurred by the taxpayer as a consequence of legal defense, under the Internal Revenue Code.

H.R. 13955. May 21, 1976. Banking, Currency and Housing. Amends the Bretton Woods Agreement Act to authorize the United States Governor of the International Monetary Fund to accept specified amendments to the Articles of Agreement of the Fund. Redefines certain actions by the President with respect to the International Monetary Fund and the International Bank for Reconstruction and Development which require Congressional approval.

Amends the Par Value Modification Act to repeal the authority of the Secretary of the Treasury to establish a new par value of the dollar. Amends the Gold Reserve Act of 1934 to set the legal standard for the value of gold held against gold certificates.

H.R. 13956. May 21, 1976. Judiciary. Amends the Immigration and Nationality Act to repeal the exemption of aliens from Western Hemisphere nations from the right to petition the Attorney General to have their status changed to permanent resident alien.

Prohibits the employment or referral for employment for a fee of any alien not lawfully admitted to the United States for permanent residence.

Allows specified aliens who entered the United States illegally to become permanent resident aliens.

H.R. 13957. May 21, 1976. Interior and Insular Affairs. Establishes the George W. Norris Home National Historic Site, Nebraska.

H.R. 13958. May 21, 1976. Armed Services. Revises the standards and procedures relating to appointment, promotion, separation, and retirement of members of the Armed Forces. Creates a new rank of commodore admiral within the Navy.

H.R. 13959. May 21, 1976. Education and Labor. Amends the Comprehensive Employment and Training Act of 1973 to establish in the Department of Labor an Office of Youth Employment. Authorizes the Director of such office to provide financial assistance through grants and contracts for comprehensive work and training programs designed to provide high school students and unemployed youths with part-time employment, summer jobs, counseling, and job training opportunities.

H.R. 13960. May 21, 1976. Education and Labor. Amends the Comprehensive Employment and Training Act of 1973 to establish in the Department of Labor an Office of Youth Employment. Authorizes the Director of such office to provide financial assistance through grants and contracts for comprehensive work and training programs designed to provide high school students and unemployed youths with part-time employment, summer jobs, counseling, and job training opportunities.

H.R. 13961. May 21, 1976. Interstate and Foreign Commerce. Amends the Communications Act of 1934 to increase the notice period required for changes in charges, classifications, regulations, or practices of common carriers engaged in interstate or foreign communication by wire or radio. Increases the period of time the Federal Communications Commission may suspend such changes pending a hearing on their reasonableness.

H.R. 13962. May 21, 1976. Ways and Means. Amends the Internal Revenue Code to increase the deduction allowed for contribution to individual retirement accounts. Eliminates the present prohibition of such deduction by taxpayers who are participants in other retirement plans.

H.R. 13963. May 21, 1976. Ways and Means. Amends the Internal Revenue Code to increase the estate tax exemption to $200,000.

H.R. 13964. May 21, 1976. Judiciary. Confers jurisdiction upon the United States District Court for the Middle District of Georgia to adjudicate certain claims arising from a specified boating accident. Declares such suits to be timely.

H.R. 13965. May 21, 1976. Appropriates funds for the District of Columbia for fiscal year 1976 and the transitional quarter for specified uses. Sets guidelines and limitations for the expenditure of such funds.

H.R. 13966. May 24, 1976. Ways and Means. Amends the Internal Revenue Code to provide a single unified rate schedule for estate and gift taxes. Repeals the estate and gift tax exemptions. Substitutes for such exemptions a credit against estate and gift taxes. Provides an additional credit against the estate tax for certain farms and closely held businesses passing to a qualified heir. Increases the estate and gift tax marital deduction. Imposes a tax on the unrealized appreciation of property transferred by a decedent. Allows the executor of an estate which includes real farm property to value the property as a farm, rather than at its fair market value basis on its best use.

H.R. 13967. May 24, 1976. Ways and Means. Amends the Tariff Schedules of the United States to increase for a five-year period the customs duty on specified hand tools.

H.R. 13968. May 24, 1976. Banking, Currency and Housing. Amends the National Housing Act to authorize the Government National Mortgage Association to make monthly housing investment interest differential payments to lenders in order to stimulate housing purchases.

H.R. 13969. May 24, 1976. Ways and Means. Amends the Internal Revenue Code to allow the investment tax credit for farm property used in connection with an individual's farm, if such property was acquired by such individual from one of his ancestors or from a closely held business of such an ancestor.

H.R. 13970. May 25, 1976. Armed Services. Makes it unlawful for any individual or entity to solicit or enroll any Member of the armed forces in any labor organization or for any member of the armed forces to join, or encourage others to join, any labor organization. Sets forth penalties for violations of this Act.

H.R. 13971. May 24, 1976. Interstate and Foreign Commerce. Reaffirms the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce. Grants additional authority to the Federal Communications Commission to authorize mergers of carriers when deemed to be in the public interest. Reaffirms the authority of the States to regulate terminal and station equipment used for telephone exchange service. Requires the Federal Communications Commission to make specified findings in connection with Commission actions authorizing specialized carriers.

H.R. 13972. May 24, 1976. Ways and Means. Amends the Social Security Act by including the services of optometrists under the Medicare supplementary medical insurance program.

H.R. 13973. May 24, 1976. Veterans' Affairs. Extends the delimiting period for completing veterans' education programs in the case of certain eligible veterans.

H.R. 13974. May 24, 1976. Rules. Establishes the Citizens' Oversight Panel to accept sworn complaints alleging violations of standards of ethics by a Member, officer, or employee of the House of Representatives. Empowers the panel to direct the Committee on Standards of Official Conduct of the House of Representatives to undertake a study of such allegations.

H.R. 13975. May 24, 1976. District of Columbia. Subjects any person charged with a capital, dangerous, or violent crime, in the District of Columbia or a defendant who threatens, injures or attempts to threaten or injure any prospective juror or witness, to the same standards and procedures with respect to pretrial release as other criminal defendants unless a judicial officer has reason to believe on the basis of clear and convincing evidence that no condition of release will reasonably assure that the person will not flee or pose a danger to any person or to the community.

EXTENSIONS OF REMARKS

THE REAL STORY OF A RUSSIAN PRISONER

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. CRANE. Mr. Speaker, the Soviet Union, unfortunately, remains very much the police state it has been since the Russian Revolution of 1917.

Millions of men, women, and children have passed through the slave labor camps which have now been so well described to us by Alexandr Solzhenitsyn. Why were they sent to these camps? In "Gulag Archipelago II," Solzhenitsyn provides some examples: A tailor, laying aside his needle, stuck it into a newspaper on the wall so it would not get lost and happened to stick it in the eye of a portrait of Kaganovich. A customer observed this and he received 10 years for terrorism. In another instance, a saleswoman accepting merchandise from a forwarder noted it down on a sheet of newspaper. The number of pieces of soap happened to fall on the forehead of Stalin. The sentence was 10 years.

More than 66 million people in the Soviet Union were slaughtered between 1918 and 1959 by their own leaders. Many in the West, however, refused to face these facts until 1956, when the Communists themselves admitted them. Too often, they blamed it on one evil man—Stalin. The fact is, however, that such barbarism occurred long before Stalin's rise to leadership and continues today—long after his death. Torture and assault upon human dignity are, it seems, intrinsic elements of communism.

A new and valuable book has just been published, "The Notebooks of Sologdin," by Dimitri Panin. Panin himself was the prototype for the character Sologdin in Solzhenitsyn's "The First Circle." Now, he has told his story.

In a review of this book for the New York Times Book Review, Olga Carlisle notes that "The Notebooks" provides both an authoritative corroboration of the more sweeping and comprehensive "The Gulag Archipelago" and a chilling vision of Stalin's vast, gray empire of terror. Portraits of fellow zeks, and especially of the dangerous common criminals scattered through Soviet labor camps who plague the political prisoners are strongly drawn.

We should not permit the so-called era of détente to close our eyes to the harsh realities of life under communism. Those who read this book will be brought face to face with those realities. I wish to share with my colleagues the review of "The Notebooks of Sologdin" by Olga Carlisle as it appeared in the New York Times Book Review of April 18, 1976, and insert it into the RECORD at this time:

THE NOTEBOOKS OF SOLOGDIN

(By Olga Carlisle)

Readers of Alexandr Solzhenitsyn's "The First Circle" will remember Dimitri Sologdin as the rigorously self-disciplined prisoner-engineer, chopper of wood, steadfast opponent of the Stalinist regime, and guru of survival and spiritual growth in the world of the Gulag Archipelago. It was Sologdin who engaged in intellectual jousts with the equally steadfast Communist Lev Rubin (the character based on the philologist Lev Kopelev, whose memoir "To Be Preserved Forever" is to be published in the West this year). It was Sologdin who taught Gleb Nerzhin, Solzhenitsyn's autobiographical character, his rules not only for survival in the *zek* (prisoner) community but also for drawing strength from the system designed to destroy them.

Solzhenitsyn had modeled his fictional Sologdin on the real-life prisoner Dimitri Panin. Now in the American translation of his "Notebooks," Panin relates his experiences, observations and "mental activities" during his 13 years of grinding prison and camp experience, emerging as a less eccentric, in some ways more admirable, figure than the fictional Sologdin.

Despite editing, Panin speaks in his own voice, original, sometimes exalted, worth listening to; for "The Notebooks" indicate very palpable model. Indeed it is possible that Solzhenitsyn created Sologdin from a that Panin, eight years older than Solzhenitsyn, an Orthodox Christian then (now a Catholic), with his longer prison experience, may have taught Solzhenitsyn more than the fictional Sologdin taught Nerzhin. There are discrepancies between Panin's account and Solzhenitsyn's fiction. Sologdin is a camp "character," a lady's man and a careerist; Panin's Panin is an activist, a go-between with the authorities for the *zeks'* welfare.

Like other chroniclers of Soviet camps—Evgenia Ginzburg, the yet untranslated Olitzkaya, and Solzhenitsyn himself—as well as those who recorded the system as it extended outside the guard towers—Lydia Chukovskaya, Nadezhda Mandelstam—Panin writes with a passionate mission to cast light on an era of massive, regimented chaos and to make sense out of what happened to Russia. As a description of the prison system, "The Notebooks" provides both an authoritative corroboration of the more sweeping and comprehensive "The Gulag Archipelago" and a chilling vision of Stalin's vast, gray empire of terror. Portraits of fellow *zeks,* and especially of the dangerous common criminals scattered through Soviet labor camps who plague the political prisoners, are strongly drawn. There is a touching description of Solzhenitsyn reciting a long poem from memory to his friends in camp.

In "One Day in the Life of Ivan Denisovich," "The First Circle" and "The Gulag Archipelago," Solzhenitsyn carried out the progressive unveiling of Gulag with almost superhuman energy, concentration of intelligence, craft and courage. In accomplishing this task he acknowledges the collaboration of an unnamed list of others whose stories he drew upon; for it is one of his greatest gifts to make creative use of the experiences of others. And high on that list of collaborators must stand Dimitri Panin.

Panin and Solzhenitsyn both affirm that while great evil has taken root in Russia, strong individuals have arisen to resist it, to draw even greater strength and purity of heart from it: uniquely Russian men, tempered in an experience unmatched anywhere, men of faith in God, yet Nietzschean in their faith in self, *zeks*.

It is only now, with Solzhenitsyn's great work of unveiling accomplished with both men—Panin voluntarily, Solzhenitsyn against his will—in exile, that the message begins to ring strangely. For few outside Russia can account for their trenchantly anti-liberal opinions. In their views, Russia in this century fell on evil times, not because of the failure of the Czarist Government to provide leadership and to accept reforms, but because of the bungling of the reformers—Socialists, progressives, radicals, in pressing for them; nothing was to be looked for from seekers of freedom then, nothing now. Regeneration must arise from spiritual forces within the Russian people. Legitimate authority, with its sources in the people, the soil, the Church, must be restored, purified of falsehood and tyranny.

The authoritarian Sologdin who crudely castigates those who dreamed of and strove for social justice in Russia, is largely absent from the translation of his "Notebooks." The portrait which remains is of a remarkable man, the *zek* whose own spiritual power bursts from these pages, yet whose trials and sufferings, so courageously met, leave him a flawed prophet of Russia's hopes to emerge from the tyranny of the past.

WASHINGTON GROVE

HON. GILBERT GUDE

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. GUDE. Mr. Speaker, in this Bicentennial Year we look with great interest at the lifestyles and communities that have developed in our Nation. Washington Grove with its streets behind its homes instead of in front of them, is an unusual community in Maryland, with an active civic, political and cultural life.

This community is described in a report by Edith Yeager in the Montgomery County community newspaper, The Journal, on April 8:

> To a casual observer, Washington Grove is part and parcel with Gaithersburg, and there are some area residents who have never heard of it.
>
> This modern utopia, a "town within a forest," is a separate, incorporated entity. In custom and composition, the unique community has no parallel anywhere in the United States.
>
> The town's oldest section consists of a circle with radiating avenues very similar to the original parts of nearby Annapolis.
>
> Washington Grove, evenly divided between homes and parkland, existed informally for many years, and it was not until 1937 that it was incorporated and the town administration was turned over to a mayor and town council.
>
> McCathran Hall, named after its first mayor and organizer of a brass band, is still the center of the town's civic and political activities. In addition to the mayor and a six-member city council, there are eight city government committees run by citizens, and several athletic and cultural groups that are very active, among them the Washington Grove Little Symphony.
>
> To this day, only once has the validity of the town charter been challenged which prohibits the establishment of businesses within the corporate limits of the town.
>
> The history of this quaint and dreamy community on 200 tree-covered acres is also unique. Washington Grove first became popular as a Methodist camp meeting ground in 1872. An association was formed, originally called "The Washington Grove Camp Meeting Association," and a charter was granted in 1874 by the legislature of Maryland. By-laws were adopted by the stockholders for the governing body of the association. The capital stock was $20,000, divided into 1000 shares at $20 per share.
>
> The meeting place and campground, primarily religious in nature, drew crowds of up to 10,000 on some Sundays, and soon local politicians discovered that the area was a natural forum for their various campaigns. A certain mound of earth and rock near the city's "Sacred Circle," first lighted by coal-oil lamps and later by gasoline torches, soon became known as "Political Hill."
>
> Washington Grove increased in popularity, and the association built a hotel on Broadway surrounded by a country store, farmers' market and a barber shop. These buildings no longer exist.
>
> An outstanding feature, which many say ought to be included in exemplary communities of the future, is the traffic system which has long functioned in Washington Grove. Homes face wide, graveled or grassed walkways that are restricted to pedestrian traffic. Cars must be driven and parked in back of the homes.

CONFRONTING THE KICKER

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. HUBBARD. Mr. Speaker, the House debate on the State and Justice Departments Appropriations bill for fiscal year 1977 will long be remembered by the heated exchange of views on the 1-percent kicker used to compute the retirement benefits of Federal employees. Rather than debating this issue time and time again, I believe the time has come for Congress to decide once and for all whether or not the kicker is justified, and if it is not, how the retirement benefits of Federal employees should be calculated to accurately reflect cost-of-living increases. In confronting this issue, I would like to bring to the attention of my House colleagues an editorial which appeared June 2, 1976, in the Kentucky New Era, the Hopkinsville, Ky. daily newspaper, Robert C. Carter is general manager.

The editorial is as follows:

> #### COSTLY KICKER
>
> An insidious little 1 per cent kicker connected with the consumer price index for retired federal employes allows these retirees to profit from inflation at taxpayer expense and has already cost $1.6 billion in added retirement payments.
>
> The tricky little kicker comes on top of an automatic cost-of-living hike in federal retiree pensions not available in most private pension plans. It amounts to an inflation bonus for this select group of citizens.
>
> Federal employe pensions are geared to increase each time the consumer price index goes up 3 per cent. As if this isn't advantage enough over average workers, these pensions increase by 4 per cent instead of the 3 per cent in actual inflation.
>
> Thus the inflation bonus to retired members of Congress, all retired federal civil service employes, and retired military personnel and retirees from the Foreign Service and the CIA.
>
> A look at federal retirement annuities since 1969 gives some insight into what all this means. The consumer price index has risen 50 per cent during this period, but these annuities have gone up by 63 per cent in the same seven years.
>
> It is estimated that this unimportant-sounding little kicker has added $11.2 billion in future pension liabilities, much of which will be paid to the very people who pay so much lip service to reducing the inflation rate.
>
> One retiree already benefitting from the kicker is former U.S. Rep. Hastings Keith (R-Mass.), who retired in March, 1973, with 20 years of federal service. He wants the abuse stopped and cites his case an an example
>
> Keith says his retirement benefit has gone from $1,560 to $2,095 monthly in 30 months, $152 monthly of which comes from the kicker. That is over $1,800 a year, as much as many people draw from Social Security after working a lifetime.
>
> Keith estimates that a 6 per cent annual inflation rate for 15 years will gain him

$6,000 a month, and the little 1 per cent kicker will benefit him by $76,000 extra dollars. He wants the outrage stopped, and so does President Ford.

Ford has asked Congress to pass several bills which would correct the disgraceful abuse, but Congress has yet to act. Committees are waiting for others to act first, claiming to be waiting for a complete reform of the system or just plain hoping no action will be necessary since inflation has slowed.

Some members of Congress obviously would rather not handle this hot potato during an election year because they are afraid of the political wrath of government employes and retirees. They should rightfully fear even more the outrage of the average taxpayer.

There simply is no reasonable way for members of Congress to justify continuing this patently unjust system which has allowed federal retirees to receive hikes in pension benefits 13 per cent greater than the cost-of-living increases over the past six years.

Small wonder the anti-Washington syndrome is sweeping the nation in this presidential election year. Such abuses can only make matters worse in the eyes of the voters.

It's time every citizen tells his senator or representative he wants this silly and outrageous practice stopped. Not after the elections, not later, but right now.

SELECTIVE SERVICE FUNDING

HON. WILLIAM A. STEIGER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. STEIGER of Wisconsin. Mr. Speaker, tomorrow, as we consider the HUD-Independent Agencies appropriations bill, I will be supporting an amendment calling for an appropriation of $6.8 million for the Selective Service System.

President Ford proposed the $6.8 million level in his budget message, and the administration remains committed to that figure. This reduction in the Selective Service budget was recommended with the realization that its legitimate functions have diminished and that a higher budget level would be a waste of the taxpayers' money for an outmoded agency.

Unfortunately, the instinct for self-preservation is high for agencies that have lost their reason for being. Selective Service is no exception. As a result of lobbying efforts on the part of its officials, we will be asked tomorrow to vote on a budget of $18 million for Selective Service.

The argument is that without a standby draft capability, we will not be able to respond adequately in case of war. The experience of World War I and World War II, in which we had rapid callups without a standby draft, pokes holes in this argument. Our ability to respond is even stronger now, with our Ready Reserves under the total force concept and improved computer technology to allow rapid mobilization.

Martin Anderson, in his excellent supplementary views to the Defense Manpower Commission report, which we received in April, argued that existence of a standby draft only gives us a false sense of security and provides "an excuse for not taking the hard steps that will strengthen our Reserve forces to the point where they can effectively back up our active forces." I hope all who vote tomorrow will weigh carefully his well-stated views.

The statement follows:

SUPPLEMENTARY VIEWS

(By Martin Anderson)

I find that I cannot support the Commission's recommendation that we reconstitute a standby draft system.

In the case of a sudden threat to our national security any form of a draft is virtually worthless; it simply takes too much time to train a person to be a competent soldier. The best we could hope for—standby draft or not—would be an influx of reluctant untrained troops many months after we needed them. As the Commission report itself states in Chapter IX, "The changing nature of war and its technology will not allow for any lengthy period of time for national mobilization for a major conflict. Thus, the national security relies on the ability to mobilize our Reserve Forces from a peacetime 'citizen soldier' status to a combat-ready soldier status in a relatively short time."

What is vital to our national security is a large Reserve Force, one that is really ready, one that can be called into service in a matter of days in case of emergency. The existence of a standby draft will only give a false sense of security to our people and our political leaders. It will be used as an excuse for not taking the hard steps that will strengthen our Reserve Forces to the point where they can effectively back up our active forces.

Clinging to a standby draft will also give false hopes to those who wish to dodge the managerial difficulties and cost of sustaining an All Volunteer Force, to those who would inflict the unconscionable agonies of the draft once again on the youth of the Nation and rest a good part of our national security on the skill and judgment of teenage conscripts rather than trained mature reservists.

The existence of a standby draft diminishes our national security and calls into question the commitment this Nation made a few years ago to raise its military manpower in a manner consistent with the principles on which it was founded.

PERSONAL EXPLANATION

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. LEHMAN. Mr. Speaker, due to long-standing commitments in my district, I was forced to leave Washington on Friday, June 18, before the House had completed consideration of H.R. 14239, the appropriations for the Departments of State, Justice, and Commerce, and for the Judiciary and related agencies.

Had I been present, I would have voted "aye" on roll No. 410, the Holtzman amendment to increase funds for the Law Enforcement Assistance Administration; "nay" on roll No. 411, the Miller motion to recommit the bill; and "yea" on roll No. 412, final passage.

INTELLIGENCE OVERSIGHT: WHAT IS THE HOUSE GOING TO DO ABOUT IT?

HON. WILLIAM S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. BROOMFIELD. Mr. Speaker, some time ago both Houses of this Congress completed their investigations of this Nation's intelligence community. The ultimate objective of this effort was reform and the recommendations that emerged from these extensive probes provided a wealth of material upon which to build a reformation.

Commendably, the Senate, by establishing a strong Oversight Committee, is well on its way toward implementing the most important of those proposals that pertain to Congress.

Unfortunately, we have not been able to keep pace with our senatorial colleagues. If anything, we seem to be back where we were prior to the commencement of our inquiries.

Such a turn of events is a stinging indictment of our ability to handle a matter of grave and pervasive importance. Despite the fact that over the past year the Murphy and Rockefeller Commissions, as well as both congressional Select Intelligence Committees, have strongly urged this Congress to concentrate rather than diffuse its intelligence oversight responsibility, this House continues an arrangement that has been proven conclusively to be wholly inadequate.

Since the inception of this session of Congress more than a score of intelligence oversight bills have been introduced in the House, and as far as I can determine, none of these have been even considered by the Rules Committee, much less reached the floor.

Mr. Speaker, it is absolutely imperative that we tarry no longer on this matter. Admittedly, this is a tough issue, but this Congress over the past 18 months has addressed a number of issues of commensurate difficulty and acquitted itself handsomely.

To walk away and shun an issue that has been a focal point of national attention for months would seriously mar an otherwise legislatively productive session. Moreover, if we leave this business unfinished, we can all count on our constituencies calling us to task during this election year for failing to bite such an important bullet.

Mr. Speaker, all this leads me respectfully to ask you to request the chairman of the Rules Committee to begin immediately a series of hearings on the various intelligence oversight proposals that are presently before this House. As I said earlier, thanks to exhaustive studies by both the executive and legislative branches of this Government, we now are all well aware of what this body needs to practice meaningful oversight. I am confident that, although as in the Senate it may be tough going along the way, we will be satisfied with what ultimately evolves from these hearings. Most assuredly the final product will be an amalgamation of sundry ideas hammered out on the anvil of compromise. But that notwithstanding, I am sure it will represent a quantum jump forward over what currently masquerades as intelligence oversight. To those who may doubt this forecast, I suggest that they take a look at what has and is happening in the Chamber next door.

PREVENTING IMPROPER INFLUENCE OF FEDERAL LAW ENFORCEMENT AGENCIES

HON. WILLIAM L. HUNGATE

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. HUNGATE. Mr. Speaker, more than 4 years have passed since the Watergate break-in, and in that time Federal law enforcement has been scrutinized and studied by many diverse persons and groups. In June of 1973, shortly after the break-in, the president of the American Bar Association set up a special committee "to study the basic organizational framework for all the investigative and prosecutorial functions of the Federal justice system."

That committee, whose chairman was William B. Spann, Jr., of Atlanta, submitted its report entitled "Preventing Improper Influence on Federal Law Enforcement Agencies," which was approved by the ABA House of Delegates in February of this year. It recommended, among other things, that a Division of Government Crimes be established within the Justice Department to handle violations of Federal law by Government officials, violations of Federal campaign laws, and cases referred by the Federal Election Commission. It also recommended a procedure for appointing a temporary special prosecutor in appropriate cases.

These recommendations have been incorporated into title I of S. 495, the Watergate Reorganization and Reform Act of 1976. That bill, as its short title implies, is a comprehensive measure and includes provisions creating an Office of Congressional Legal Counsel and requiring certain financial disclosures by Government personnel. The Senate Committee on Government Operations reported favorably on the bill early last month, and the Senate is expected to take it up within the next 2 weeks.

In the House, the Judiciary Subcommittee on Criminal Justice has had legislative jurisdiction over special prosecutor legislation. Some of you may recall that in October and November of 1973, the subcommittee held several hearings concerning the appointment of a special prosecutor to handle the Watergate investigations. In fact, the subcommittee and the Committee on the Judiciary both recommended legislation on this subject.

It therefore seems appropriate, in view of the developments in the Senate, for the Subcommittee on Criminal Justice to renew its activity in this area. Thus, I am today introducing a bill to serve as a vehicle for subcommittee hearings. The bill is virtually identical to title I of S. 495, whose provisions have been endorsed not only by the ABA but also by Common Cause and former Special Prosecutors Leon Jaworski and Henry Ruth.

This bill will be the subject of a hearing by the Subcommittee on Criminal Justice on Wednesday, July 21. Persons wishing to testify are requested to contact the subcommittee in writing or by telephone—(202) 225-0406.

FATHER'S DAY

HON. JOHN G. FARY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. FARY. Mr. Speaker, each year since 1908, we have been setting aside a Sunday in June to express our regard, appreciation, and love for fathers throughout our great land. In 1972, the President signed a joint resolution designating the third Sunday in June of each year as Father's Day. The President's action, in response to many petitions submitted and many congressional resolutions introduced, vividly and dramatically acknowledged the paramount role of others in the American family and society.

In our modern industrial society, in which men have a multitude of roles, it is quite easy to relegate that of father to a secondary position. That, however, would be a serious mistake; there is no role more important and crucial for the well-being of the family, and ultimately the society, than that of father. Douglas MacArthur, one of our great military figures, stressed the overriding importance of fatherhood when he said:

> By profession I am a soldier and take pride in that fact. But I am prouder—infinitely prouder—to be a father. A soldier destroys in order to build; the father only builds, never destroys. The one has the potentiality of death; the other embodies creation and life. And while the hordes of death are mighty, the battalions of life are mightier still. It is my hope that my son, when I am gone, will remember me not from the battle but in the home repeating with him our simple daily prayer.

Just as a nation can only be as good and as decent as the society upon which it is founded, so a society can only be as good and as decent as the families comprising it. The integrity of the nation, in the final analysis, rests on the character of the family. A well-ordered, well-instructed, and well-governed family assures the civil order and public happiness essential for national greatness and prosperity attributes essential for a just and enduring society. The family is, as a very wise man has written, "the miniature commonwealth upon whose integrity the safety of the larger commonwealth depends." And in the family, the father plays a central role.

Within the family unit, a father, by his actions and behavior, serves as the model for his children. He instills in them a sense of discipline and integrity, inspires in them a love of country and respect for its institutions and ideals, infuses in them a love of justice and fair play. By his compassion, tenderness, and love he gives them a sense of security and confidence, a sense of sympathy and understanding for those less fortunate, a healthy personality enabling them to enter into meaningful and rewarding relationships. And, most important, a father sets the example of how his children, when they become parents, can raise their own children in a healthy and loving environment.

Fatherhood means many things, it is both a receiving and a giving. It is a receiving because nothing can compare with the happiness and joy children can bring to their fathers. It is a giving because nothing is as important as what a father can give to his children.

It is because of what fathers do for their children, and, in the process, for society, that we honor them on Father's Day.

The enclosed poem "Dad" by my dear friend the late James Metcalfe, poet laureate, is so appropriate for this day set aside for all fathers:

"DAD"

> He is the one who shaves each morn . . . And leads the breakfast prayer . . . Then kisses all the family . . . And dashes down the stair . . . He works all day in some big place . . . Upon a busy street . . . At dusk he hurries home to bring . . . His little ones a treat . . . He reads the paper, smokes a pipe . . . And talks so very wise . . . He drives the car, he mows the lawn . . . And walks for exercise . . . He never seems to have enough . . . To pay the bills on hand . . . And yet he manages to meet . . . Each family demand . . . His kindness and his goodness are . . . His every thought and deed . . . He's always where he's needed and . . . He always fills the need.

THE 58TH ANNUAL NASSAU COUNTY AMERICAN LEGION CONVENTION

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. WOLFF. Mr. Speaker, we are all aware of the efforts the American Legion has expended on our communities' behalf. In addition, the Legion also provides important services to fill the specific needs of our veterans.

It was my pleasure to attend the 58th annual Nassau County American Legion Convention which was held June 2-5. I was honored to be among the distinguished guests. The committee for the convention was chaired by Arthur Rutz and included Kenneth Danielson, Commander John Sheppard, Richard Hockbrueckner, Raymond Gamble, Palmer Walsh, and Wesly Tietjen, who were also installed as new officers. Stephen Marlow, Frank Sailler, Frank Walsh, Jack Reichlen, Robert Watterson, Carmine Rinaldi, Al Cinotti, Anthony Correri, and John Rizos were also installed at this 58th annual convention. I can only add my appreciation of the contribution of Marie Walchok and Mary Ann Zielinski.

Mr. Speaker, this convention reinforced my belief that Congress must continue its efforts to maintain our veteran's programs. The Nation's veterans were recently caught in a budget squeeze when the administration submitted a budget request for all veterans' programs that was far short of actual need. It was no less than a half a billion short of what the Veterans' Administration testified it needed just to maintain existing disability and pension benefits.

As a result of Congress' efforts, veterans' programs will not be cut and cost of living increases will be provided, but important legislative initiatives remain in doubt. The irresponsibility is on the part of the Administration which would shortchange veterans to compensate for overspending in other areas of its budget request. It is a sad commentary that the same Administration which would request unprecedented spending for defense would treat as second class citizens those who have served as the guardians of our defense.

I would also like to mention that in the 94th Congress alone I have introduced 24 bills concerned with the welfare of veterans and their families. Some of these include: H.R. 7354, which would provide for the payment of supplemental tuition allowances for certain veterans pursuing educational programs; H.R. 7177, which would insure that the recipients of veterans' pensions and compensation will not have the amount of such pension and compensation reduced because of increases in monthly social security benefits, and H.R. 9144, which would entitle widows and surviving children of veterans, and veterans, to a maximum of 45 months of educational assistance.

Finally, whenever we speak about veterans' affairs, we inevitably return to a discussion about that fine veterans' institution, the American Legion. In a world plagued with man's inhumanity to man, it is a consolation to know that the American Legion is always there to lend a helping hand.

TWO-HUNDRED YEARS AGO TODAY

HON. CHARLES E. WIGGINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. WIGGINS. Mr. Speaker, 200 years ago, on June 24, 1776, the Continental Congress appointed a committee consisting of a member from each colony to investigate the reasons for the collapse of the military effort in Canada. Following the evacuation of Montreal and the retreat from Quebec, American forces had suffered a disastrous defeat when they attempted to capture Trois Rivers, a heavily defended position halfway between Montreal and Quebec. In this encounter, American losses totaled about 400 men while the British suffered only 17 casualties.

The disorganized and demoralized remnant of American troops in the St. Lawrence Valley were being hard-pressed by advancing British forces, and it was obvious that all American forces would soon be pushed out of Canada. In a letter to Congress dated June 23, Washington referred to the troops as "our shattered, divided, and broken Army."

FROM SPACE TO THE PLAYING FIELD

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. TEAGUE. Mr. Speaker, our space program enriches our lives in education, transportation, industry, communication, and many other areas on a daily basis.

Jean Hall, writing in the May 1, 1976, edition of Sportscope points to yet another area of our lives being improved by the technology contribution of the space program—recreation. These space-program-derived innovations create new jobs and opportunities thus not only contributing to our pleasure but also to our economy. The article follows:

FROM SPACE TO THE PLAYING FIELD

(By Jean Hall)

This may not be the best of all possible worlds, but space scientists have been doing their best to make it a better one.

Among the thousands of spinoff products of the National Aeronautics and Space Administration (NASA), many inventions have enhanced the world of sport.

The hang glider bringing joy to those adventurous souls lucky enough to have one was originally designed at the NASA Langley Research Center to recover spacecraft. It is now being produced for sale to sportsmen at the rate of about 1,000 a month.

Simple to control, all it requires is that you pull back on the control bar to pick up speed and lower your altitude. Pushing forward will slow you down and level you off. Push left and you go right, and vice versa. You can get one ready to fly or buy the kit and make one of three versions—prone, upright or with swing-seat harness.

What have the Dallas Cowboys got that other teams are thinking about? Helmets padded with a space spinoff plastic foam that assumes the shape of the wearer's head and bounces back to its original shape even after 90 per cent compression. The plastic absorbs sudden impact without shock or rebound—a three-inch thick pad can absorb all the energy from a 10-foot fall by an adult.

Called "Temper Foam" by its inventor, it is not only going into football helmets, but into other athletic equipment like body pads, chest protectors and shin guards. It will also be used to pad wheelchairs and be used as pads in hospitals.

For golfers, a space spinoff has resulted in better clubs. A new composite material allows for a lighter shaft in relationship to the club head, resulting in better control and an easier swing.

Blankets for campers and a jacket, both adapted from space applications, are made of metalized polyester "superinsulation" that is highly visible, lightweight, waterproof and radar reflective.

One blanket, measuring four-and-a-half feet by seven feet, weighs only 12 ounces and can be used to keep heat in or out. Another, an emergency rescue blanket, is strong enough to be used as a litter, yet folds up so small that it can be carried in a shirt pocket. The 10-ounce jacket either retains or deflects heat, depending on which side you wear on the outside.

Even in the coldest weather, your hands and feet can be warm with gloves and boots electrically heated. These have been adapted from spacesuit designs. The thermal gloves and boots utilize space insulation materials and techniques.

Thinking about buying a pleasure boat? You might want to consider investigating a new product (check with the Boating Industry Association) which is safer. The principal hazard of gasoline-fueled pleasure boats—fire or explosion—is being greatly reduced by coatings adapted from space technology.

Going skiing next winter? You'll probably be able to buy fogless ski goggles because of another coating derived from NASA, which has issued more than 60 non-exclusive licenses to small companies for the compound. Other applications include deep sea diving masks, eyeglasses, vehicle windows and fire protection helmets.

These things are here today; within less than a decade a whole new world of sports—one in space—may begin to take shape.

Construction of the first space community, halfway between earth and the moon, is considered feasible in the 1980s. In that pioneer village in the sky (an island contained in a sectional vessel or kind of giant terrarium) gravity and weather could be controlled at will.

Human-powered flight would be easy, and certainly would be developed as a sport. With reduced gravity, activities like ballet would take on a whole new dimension; even the most portly could move about gracefully.

Bodies of water for swimming and boating are already part of the plan outlined to members of Congress recently at a hearing before the Subcommittee on Space Science and Applications of the House Science and Technology Committee.

In the meantime, space spinoffs are proliferating right here on earth to enhance the sport of your choice and to offer you new ones.

PANAMA CANAL: STILL A VITAL WATERWAY

HON. WILLIAM J. HUGHES

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. HUGHES. Mr. Speaker, I rise in strong support of the Snyder amendment to the State-Justice appropriations legislation for fiscal year 1977 which declares that this Nation shall not negotiate away its historic interest in the Panama Canal.

Negotiations for a new treaty with Panama have been going on for the past 3 years. We all know they are of the most delicate nature. Despite the advent of new technology, the canal is still a vital waterway link important to the economy and national defense of the United States. Almost 70 percent of the canal traffic originates and terminates in U.S. ports.

While the U.S. Senate bears the constitutional responsibility to ratify new treaties, the House of Representatives nonetheless according to the Constitution has the responsibility "to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States."

I, therefore, believe that this amendment is certainly in order and intend to express the overwhelming sentiment of my constituents that this Nation not relinquish nor negotiate away its rights and responsibilities in the Canal Zone.

RECENT STUDY ESTABLISHES NEED FOR IMPROVED FEDERAL HANDGUN CONTROLS

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. McCLORY. Mr. Speaker, in the course of my consideration of amendments to the Federal firearms laws, I have urged that the law-abiding gunowners should support the kind of legislation on which several of my colleagues and I have been working—directed at the criminal misuse and illegal trafficking in handguns.

Strong and convincing support for this position appears in a recent study reported to have been financed by the Remington Arms Co.

Mr. Speaker, I am satisfied that arms manufacturers and those who cherish the privilege of arms ownership for lawful purposes should unite in support of the proposed legislation which the House Judiciary Committee has recommended by a vote of 20 to 12.

Mr. Speaker, to suggest that there are no loopholes or deficiencies in the present Federal firearms laws is to ignore what should be obvious to all Americans, including gunowners and nongunowners. And for the Congress to do nothing about these deficiencies during this Congress—notwithstanding that we are in an election year—is, in my opinion, dereliction of our responsibilities.

Mr. Speaker, there is nothing in the pending legislation which would deny to a single law-abiding citizen the right to purchase or possess a lawful weapon for his or her own legitimate use. On the other hand, there are many provisions which would discourage the acquisition of handguns by criminal elements in our society. Furthermore, the committee bill contains provisions which would aid in the apprehension and hopefully the conviction of those who engage in any unlawful traffic in handguns and who employ handguns in connection with their careers in crime.

Mr. Speaker, I am pleased to attach the enclosed article by Jack Anderson which appeared in the Sunday Washington Post—and which should give added impetus to much-needed handgun control legislation during this session of the Congress. The article follows:

A GUN STUDY BACKFIRES

(By Jack Anderson)

Like a gun backfiring on its owner, a study funded by a giant firearms manufacturer has wound up blasting the National Rifle Association, which has been the bulwark of the gun lobby.

The blast has left the powerful, implacable NRA with some severe powder burns. In stinging language, the study charges that the NRA's diehard supporters live "in a make-believe world of sacred rights, ancient skills and coonskins" and that "like the inhabitants of Hitler's bunker in 1945, they talk only to themselves, reinforcing their own views."

This blunt language was produced, incredibly, at the expense of the Remington Arms Company, which has strongly supported the NRA's battle against gun control. The company secretly paid the Institute for the Future $50,000 to analyze the gun control issue, with the apparent purpose of detecting and repairing the flaws in the gun lobby's arguments.

But the Remington study developed into a ringing indictment of the present loose gun laws, concluding that strong measures are necessary to end the carnage from firearms. The study censures the NRA so harshly that the embarrassed corporate moguls asked the Institute to edit out the offensive passages.

The Institute officials, although they prize their independence, look to companies like Remington for their livelihood. Therefore, they have agreed, in effect, to censor their own confidential report. But unfortunately for Remington and the NRA, we have a copy of the uncensored draft.

One section makes a devastating case against the favorite argument of the guns interests that "only criminals use guns to kill." This view, states the report, "conveniently overlooks that fact that a gun is being used at home or in a bar as a means of settling an argument for the simple reason that it is handy. And instead of a black eye or even a severe injury, the result is often homicide."

The report cites federal studies, which contend that 70 percent of all killings involve acquaintances, neighbors, relatives and lovers—people "likely to have acted spontaneously in a moment of rage and not necessarily with a single determination to kill."

The clear conclusion is that fewer murders would occur in the United States if guns weren't so easy to procure. "Unlike everywhere else," the report declares, "guns are plentiful in the United States." On an average day, 30 Americans are gunned down.

Handguns, particularly cheap Saturday Night Specials, are the greatest menace. As many as 11,000 Americans, including about 100 policemen, have been killed by handguns in a year.

Comments the study: "In spite of their protestants on the right to bear arms, the majority of the organized sportsmen might privately agree, even if their organization does not, that a bearer of a Saturday Night Special has no sacred, constitutionally safeguarded right."

The NRA hasn't been the least deterred, meanwhile, from its efforts to kill gun control legislation. Here's what has been happening behind the scenes:

On Feb. 26, the House Judiciary Committee approved strong legislation that would have outlawed virtually all concealable guns. This brought the gun lobbyists swarming over Capitol Hill. They cornered congressmen in corridors, twisting arms and slapping backs.

The NRA also fired off a volley of telegrams to its members across the country, warning darkly that the legislation would outlaw all guns. The committee members immediately began hearing from irate gun enthusiasts back home. On March 2, the committee voted nervously to call the bill back.

Among those who switched their votes were Reps. George Danielson (D-Calif.), Walter Flowers (D-Ala.), Henry Hyde (R-Ill.), and Edward Pattison (D-N.Y.).

Danielson, Hyde and Pattison denied that the NRA blitz had caused them to withdraw their support of stringent gun controls. Flowers had always opposed gun controls and voted for it only as a parliamentary trick, a spokesman said.

Eventually, a weakened but effective gun control bill, aimed primarily at Saturday Night Specials, made it out of the committee. But the legislation must clear the House Rules Committee before it can be brought up on the House floor for a vote.

Our sources say at least six committee members intend to do their best to block it. They have been identified for us as Reps. Del Clawson (R-Calif.), Delbert Latta (R-Ohio), Trent Lott (R-Miss.), James Quillen (R-Tenn.), B. F. Sisk (D-Calif.) and John Young (D-Tex.). All six told us only that they would vote their consciences.

Meanwhile, the gun interests have hired a former big bun in the Nixon administration, Donald E. Santarelli, to act as a legislative consultant. As former head of the Law Enforcement Assistance Administration, he developed cordial relations on Capitol Hill and in the White House.

He has been spotted sauntering in and out of committee meetings and helping himself to the committee's private facilities. He also represented the gun interests at a White House meeting on Jan. 28. Yet he neglected to register as a lobbyist until March 3. (Santarelli was out of the country and couldn't be reached for comment.)

The NRA lobbyists have misrepresented the facts, incidentally, in their drive against gun control legislation. At one committee hearing, they quietly passed out photographs of guns, which they said would be banned by the bill. In reality, many of the rifles and shotguns in the pictures would be quite legal if the legislation should pass.

The NRA has also circulated an analysis among its members, erroneously claiming that the legislation would put two-thirds of the gun dealers out of business. The analysis also falsely states that the bill would authorize the Secretary of the Treasury to take away their guns.

Footnote: Leading the fight for responsible gun controls are Reps. Peter Rodino (D-N.J.), and John Conyers (D-Mich.), who have dared to stand up to the powerful gun lobby.

HONORING DR. THEODORE BIDDLE

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. MURTHA. Mr. Speaker, one of the major features of higher education in the last 20 years has been the development of branch campuses of major universities and the diversity and educational opportunity these learning centers have provided to millions of students.

Recently one of the pioneers of that development in Pennsylvania retired. Dr. Theodore W. Biddle served the University of Pittsburgh for 47 years, and was the developer of the University of

Pittsburgh at Johnstown. Dr. Biddle came to Johnstown in 1958 and was president of the Johnstown site until 1971. During that time the campus area was acquired, construction was developed, and the academic program was eventually expanded from 2 to 4 years.

After 1971 Dr. Biddle was president emeritus and continued to serve as UPJ director of development and alumni affairs.

Recently Dr. Biddle retired from the university. His presence will be missed by the academic community. Having served with him on many civic functions, however, I know he will continue to make an outstanding contribution to the Johnstown area.

I want to add my own congratulations for the tremendous job Dr. Theodore Biddle has done for education and for the Johnstown area.

THE DIVESTITURE BILL SHOULD BE DEFEATED

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. FRENZEL. Mr. Speaker, the attached editorial calling for the defeat of the bill to break up the oil companies appeared in the Sunday Minneapolis Tribune.

It details some thoughtful reasons why the bill should be defeated. The best, of course, is that no one has shown that significant benefits will result.

The editorial follows:

THE BILL TO BREAK UP OIL COMPANIES

A bill sent to the Senate floor last week by the Judiciary Committee would require the breakup of major American oil companies. The legislation's avowed purpose is to increase competition, thereby holding down price rises, strengthening the industry and making the company less reliant on petroleum imports. We think its effects would be more nearly the opposite.

The bill's sponsors assert that a small number of oil giants dominate the industry; that their integrated operations, from exploration to gasoline retailing, are monopolistic; that they are handmaidens of OPEC, the foreign oil cartel; that consumers pay the penalty in excessive oil-company profits. To cure these alleged abuses, the bill would require any company producing more than 1.4 percent of the nation's crude oil to be split into separate producing, pipeline, refining and marketing companies.

Critics are correct in calling the big oil companies giants. One reason for their size is the amount of capital involved; more than half a billion dollars to build a refinery, and sometimes three times that much to develop an oil field. Exxon is the largest American industrial firm; half the nation's 10 largest industrial firms are oil companies. But comparative data confirm the oil companies' contention that the industry is less concentrated than many others. For example, although the top eight account for half the country's oil and gas production, none has more than 11 percent. Yet the bill in effect charges a company exceeding 1.4 percent of national production with anticompetitive practice. Or consider refining, a more concentrated segment of the oil industry: The degree of concentration is about the average for all manufacturing.

Whether more smaller firms would bargain better with OPEC than would fewer larger ones is anybody's guess. Oil economist M. A. Adelman, though a long-time critic of the majors, thinks not. He contends that only excess production, leading to competition among exporters, will lower prices. Adelman also says that oil companies dealing with OPEC have profit margins "too narrow to allow any but trifling price cuts." Profits shot up quickly in 1974 because of the increase in inventory value caused by OPEC's quadrupling of prices. Before and since, petroleum profits have run close to the average of other industries.

The Senate bill might be worthwhile if its enactment were likely to promote healthier competition. But that would not be the likely result. If the 18 companies covered by the bill divested themselves of refining, there would be no increase in refining operations, only a reorganization. The same would be true of exploration, transportation and marketing. There would, however, be an increase in the number of corporations after a breakup—and in the number of headquarters offices and the like. Operating costs would probably rise. Limits on moving from one phase of the oil business into another would raise the paradoxical prospect of making the industry less competitive than it is now.

Some of these potentially adverse results are necessarily speculative. So are the benefits envisioned by the bill's proponents. But when seeking such fundamental change in a vital industry, proponents should demonstrate convincingly that the change is needed and that benefits will materialize. This they have not done. The divestiture bill should be defeated.

A HEARTWARMING TALE

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. ASHBROOK. Mr. Speaker, I never need to look far for examples of why I oppose so much of the silliness that is called congressional legislation. From civil rights bills to foreign aid, the stupidity of so much that emanates from these Chambers is championed by the apparent excesses of the agencies, the bureaus, the regulations, and the regulators that they speak for themselves. They are their own best detractors.

Grants to study sweating of teddy bears, grants to minority businessmen who stay in business long enough to collect their checks, equal opportunity regulations which require foolish divisions of the work force—the list could go on and on. I always laugh when liberals attack me for opposing these programs.

The Federal Energy Administration has been one of the more recent jokes in a long line of costly laughs. The Wall Street Journal today puts the whole matter in perspective by an erudite editorial which I hope all the Members will read:

A HEARTWARMING TALE

How nice of Sen. Jacob Javits of New York and Sen. James Allen of Alabama. In travels among their constituents, they came upon a hardworking black businessman who was having a little trouble making a go of his plans. They talked it over and decided he was a worthy fellow, and got their chums in the United States Senate to give him a helping hand.

The lucky man is Charles Wallace, 42, owner and operator of Wallace & Wallace Chemical & Oil Co., a New York City heating oil distributor. Mr. Wallace wants to build a refinery in Macon County, Ala., but has had a little trouble raising the necessary $300 million.

It should be easier now. At the behest of Mr. Wallace's senatorial godfathers, the Senate last week accepted an amendment to the Federal Energy Administration legislation that gives Mr. Wallace $1 million a month in government subsidies. The amendment cuts him in on the petroleum allocation program as if his refinery were already built and producing 10,000 barrels a day.

While Mr. Wallace does not have the $300 million, he does have an agreement with Venezuela for a supply of 10,000 barrels a day of high-cost crude. Refiners who refine high-cost crude are entitled to an "allocation" of domestic crude, which the government keeps priced at $5.25 a barrel. In practice, this means refiners who refine domestic crude make out a check to refiners who refine imported crude. The new amendment allows Mr. Wallace to import his 10,000 barrels a day, run them through a Mobil Oil Co. refinery, and collect his checks for the allocation.

How fortunate for Mr. Wallace that the federal government, for the good of the country, is fixing domestic oil prices and allocating petroleum. When the marketplace alone is doing this work, politicians can't indulge their compassionate natures so easily by instructing the bureaucracy to assist the needy. But once the government is involved in running an industry, all kinds of opportunities present themselves. While we know nothing about Mr. Wallace, we feel safe in assuming he is especially deserving; at least, that is usually the case with the first beneficiary of such largess.

According to The Washington Post, Senator Javits was said to have acted out of concern "that small enterprises without large reserves of cash or credit find it difficult to break into businesses like refining that require a lot of money."

Isn't this a heartwarming tale? If you hear of any other deserving, earnest entrepreneurs who would have a better chance of success if only someone would give them $1 million a month, send their names along to Senators Javits and Allen. Two nice guys.

ROGERS CITY HIGH SCHOOL MARCHES IN BICENTENNIAL PARADE

HON. JAMES G. O'HARA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. O'HARA. Mr. Speaker, in many localities throughout the Nation, the celebration of the Bicentennial has led to the rebirth and rekindling of civic pride and community involvement. This description applies particularly well to the town of Posen, Mich., where the townspeople have united to raise $10,000 in order to send the Rogers City High School Band to Washington, D.C. They will represent Michigan in the Bicentennial parade on July 3.

Said Nancy Wenvel, a flag girl in the 108-member band:

> The people's support is fabulous. The money is coming from behind us—from our parents and the town; without them, we couldn't have done it.

Together with practicing 5 nights a

week, the band instigated a variety of small projects, including bake sales and car washes, in order to raise the $10,000 needed for uniforms, hotel accommodations, and transportation expenses to Washington.

Under the direction of Musical Director Steven Bergmann, they will perform a musical medley from America '76, Finlandia, and Bill Bailey's ragtime music.

"We don't believe we're really going," continued Miss Wenvel. However, their long-awaited dream will turn into reality as the Rogers City High School Band departs for Washington on July 1.

This certainly is a remarkable achievement of the band, and a tribute to the townspeople as well. I am very proud of them and know that all the citizens of Michigan share this sentiment. I congratulate them on their success and wish them well.

TO SURVIVE REGULATIONS MUST BE CHANGED

HON. TIM LEE CARTER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. CARTER. Mr. Speaker, there are seven Christian colleges in the district I represent. It seems that regulations written in response to legislation passed by the Congress are causing serious difficulties and will adversely affect every one of these seven colleges.

Mr. Speaker, I am informed by the presidents of two of these colleges that if they comply with all the regulations proposed by the HEW and the Department of Labor, they will be forced in some cases to employ atheists or individuals whose moral standards run counter to the standards of these schools.

If these independent Christian colleges are to survive, then these regulations must be changed. Perhaps this is an example of where the Congress needs to exercise its oversight responsibility to see that departmental regulations reflect the intent of the Congress.

I insert in the RECORD the letter from Dr. Willis D. Weatherford of Berea College:

MEMORANDUM ON GOVERNMENT CONTROL OF PRIVATE HIGHER EDUCATION

Proposition No. 1: The formation of the minds of the coming generation is one of the most crucial tasks undertaken by our society. If our society is to remain free, the institutions which undertake this task must remain free. For the institution, freedom includes the freedom to be different, to be self-motivated, to be true to its own heritage, to be controlled from within and not from without. Freedom of individual institutions leads to diversity among institutions, whereas centralized control means uniformity, monotony, mediocrity, and ultimately the loss of freedom. Diversity and competition in producing automobiles may be desirable, but freedom and diversity of institutions in educating young minds is absolutely crucial to continuance of a democratic society.

Proposition No. 2: The freedom and diversity within higher education are dependent to considerable extent upon the freedom and diversity within the independent sector. The 750 independent colleges and universities, most of them liberal arts undergraduate institutions but a few of them, great private universities, have been the major contributors to diversity in higher eduction because they have been free of governmental control. They have been free to choose a special clientele and free to serve special purposes. Their freedom and their example have helped to maintain freedom even for those universities which are supported by the taxpayers. If the freedom of private institutions to control their own destiny is eroded by the federal government, then this example of freedom will be taken away from the public institutions and from our society. If diversity is fettered and prevented from growing, monotony and uniformity are the inevitable result.

Proposition No. 3: Over the past few years, the federal government has taken giant strides to fetter the freedom of private colleges and universities to control their own destinies. It has increasingly substituted the dead hand of regulation for independent motivation for service. It has stifled a missionary zeal to provide more than simply a technical education in those few institutions where that zeal still exists and is in the process of forcing these independent institutions to become routinized, legalized, and homogenized into educational factories, much like what has already happened in some large state universities.

The Congress is doing this largely from the very best of motives. For the most part, the objectives and ideals are good. But the means taken to achieve the end has contaminated the result. The basic objective has been equality of treatment of individual citizens, be they of racial minorities, of sex minorities, or of the handicapped and disabled. The righteousness of the goal has obscured the insidious character of the means chosen to attain the goal. The means of federal regulation and particularly the power to control the federal purse removes control from the local college on many crucial issues and transfers it to Washington. If the federal government makes a mistake in its regulation, all 3,000 colleges make the same mistake. There is not one that remains outside the net to give an example of an institution which took a better route. The nation is deprived of diversity, is deprived of individual initiative of going another direction. We are all forced to make the same mistake together.

Uniformity in education is in itself an evil, even when it is uniformity for a good purpose. It is good to have equal opportunity available to all citizens. It does not necessarily follow that every single institution in the country needs to provide equal opportunity to every kind and variety of persons. There is still an urgent need for special purpose institutions or institutions with special missions, but federal regulations are getting to the place where they make them impossible. Uniformity is bad even when it is uniformity for a good end.

American society has thrived on diversity. Our anti-trust laws have required competition in order to get equity, fairness, and diversity in business. The government is now inadvertently putting down that diversity and the initiative which generated it. And this is a tragedy for our society.

Proposition No. 4: No one in Washington understands how seriously the freedom of private colleges is being stifled by government regulation. Congress passed a five-line law on discrimination against the mentally and physically handicapped which has turned into a seven-page regulation. Congressmen and senators had no way of knowing or controlling the interpretation of their statute by the bureaucratic establishment. The regulations for different statutes are drawn up by persons in a variety of bureaus, and one does not know what the other is doing. This is apparent since regulations for one statute are at variance with and contradict regulations for another statute. No one in Washington understands the full impact. This is understood only by the institution at the grassroots that feels itself being regulated by a number of uncoordinated federal agencies and is in the process of losing its maneuverability and its freedom of decisionmaking.

No agency in the federal government has been assigned the task of assessing the impact of all the federal regulations on colleges and universities. These regulations emanate from dozens of bureaus under more than thirty laws, but no one agency has been asked to monitor the effect on the college being regulated. Congress has not made this assignment, and neither has the executive branch. Colleges and universities provide crucial public services, but no government agency is asking whether these important public services are being hurt, strangled, or priced out of operation. No agency knows or is assessing the overall impact of governmental regulation. This is a very serious oversight and should be remedied.

It behooves friends of education and boards of trustees to arouse the people of America, to arouse Congress, and to arouse the administration to the vast and harmful effects which are taking place. A single piece of legislation may be good in and of itself, but the collective effect of so many regulations coming so rapidly is to deprive institutions of freedom and ultimately deprive students of freedom of choice. Freedom of choice for the student is being lost, since all institutions are being forced into a single mold.

Proposition No. 5: It is the total pattern of a regulation which is debilitating rather than this or that particular objectionable regulation. In pointing out specific examples of legislation which is robbing independent colleges of their decision-making capacity, it should be understood that these are examples and a symptom of what is happening in our society. The loss of freedom comes not from a single objectionable regulation but from the all-pervading web of regulations. The following are simply some examples of what I believe to be unwarranted intrusions by federal government power by over-regulation of private higher education.

CIVIL RIGHTS

Item 1. The Civil Rights Act denies a non-church-related college the right to select its staff members for qualities of Christian character. If a college cannot employ its staff to represent the qualities of life it hopes to inculcate in its students, it has no capacity to carry out its purpose. The federal government by this act would regulate the purpose to which a private college can commit itself. This is an unwarranted intrusion into the life and purpose of the independent institution.

TITLE IX

Item 2. Title IX regulations require that pregnancy and abortion for students and staff members be treated as simple disabilities. This is true whether or not the pregnancy occurs within the state of marriage or outside of marriage. Here, the government tries to force a private institution to treat childbirth as a simple biological fact, devoid of moral implications and outside the context of the Christian family. It denies the institution the right to exercise its judgment in personnel matters of seeking and retaining staff members who exercise Christian virtues as role models for students.

Item 3. The regulations would deny the institution the right of asking the marital status of prospective employees. This denies the institution access to personal information which it deems relevant to achieving its purposes. This is merely one sort of personal information which the college needs in order to judge the applicant. There are many other types of information needed in addition to simple evidence of the technical competence to teach the course which the faculty member may be asked to teach. This technical and narrow view of employment would force the college in the last analysis to become simply an educational factory and to drop its concern for character building and good citizenship, a process which has already been lost at many of our great educational factories and state universities.

Item 4. Men and women are different in interests and ability in athletics. To force even intramural teams to be bi-sexual in all cases may simply prevent many students from participating in them, and the small gain for equality would be greatly offset by a lesser intramural participation for the total student body. While this question is not one of moral import, it shows the unnecessary cost of a good idea of equity if that idea is taken to ridiculous extremes.

BUCKLEY AMENDMENT

Item 5. By denying the college a right to inform parents concerning the progress or difficulties encountered by a son or daughter, the law drives a wedge between students and their parents and between the parents and the college. Colleges generally wish to establish a close relationship with parents, but the federal law prevents it, thereby interfering with the educational objectives of the institution.

Item 6. By requiring current letters of recommendation to be open to the individual in question, the law has undermined the usefulness of any recommendation for any purpose. The baby has been thrown out with the bath.

DISCRIMINATION AGAINST THE MENTALLY AND PHYSICALLY HANDICAPPED

Item 7. Granted that it is probably good to educate the mentally and physically handicapped along with normal students in a natural setting, it is highly questionable as social policy to require all 3,000 colleges equally to do this for the small number of students involved. The social cost is tremendous, whereas the same end could be reached just as effectively by asking, say, three public colleges in each state to become so equipped. Here, the end involved is excellent; but the mechanism chosen to obtain the result is in error.

Item 8. The regulations are presently in draft form, but the implication is that probably colleges will be required not to discriminate against drug addicts or alcoholics. Then there is the possibility that they will be asked not to discriminate against homosexuals. All three of these requirements, if finally written into the regulations, would invade the right of the college to determine its own program and its own emphases. It would turn the college away from its educational task and and make it into a residence, a hospital, or a counseling center rather than an educational institution. It would be forced to abandon part of its moral purpose.

UNAVOIDABLY ABSENT

HON. MARTHA KEYS

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mrs. KEYS. Mr. Speaker, On Friday, June 18, 1976, I was unavoidably absent for three rollcall votes. Had I been present, I would have voted on matters coming before the House as follows:

Yea on Rollcall No. 410, an amendment offered by Ms. HOLTZMAN to H.R. 14239, the State, Justice, Commerce, and judiciary appropriations bill for 1977.

Nay on Rollcall No. 411, a motion to recommit the bill H.R. 14239, the State, Justice, Commerce, and judiciary appropriations bill for 1977.

Yea on Rollcall No. 412, final passage of H.R. 14239, the State, Justice, Commerce, and judiciary appropriations bill for 1977.

SHOULD UNCLE SAM TAKE THE REINS OF THE ECONOMY?

HON. MARVIN L. ESCH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. ESCH. Mr. Speaker, the Moneysworth of March 29 published an interesting short debate on the pros and cons of centralized economic planning between Senator HUMPHREY, sponsor of the Humphrey-Hawkins measure, and Mr. Thomas Murphy, Chairman of the Board of General Motors Corp. The distinguished Senator from Minnesota summarizes all the good things which he believes and assumes national central planning of the economy could achieve. The chairman of General Motors counters with the problems of regulation and centralized planning, our past experience with it, and the economic advantages of the free market. Both views are succinctly and competently stated, and I would urge all Members to take a close look at this dialog. It is herewith inserted in the RECORD for that purpose:

SHOULD UNCLE SAM TAKE THE REINS OF THE ECONOMY?

(By Senator HUBERT H. HUMPHREY)

Sensible planning has become a necessity of modern life. It is simply unthinkable for a government with budgets approaching $400-billion to act without a better system of coordination between public and private resources.

And yet, unfortunately, the U.S. government has become the last bastion of unplanned activity in the modern world.

At present there are more than 50 federal offices that collect and analyze economic data. Because no single office is responsible, the data collected is often contradictory.

The Balanced Growth and Economic Planning Act of 1975 is designed to reform fundamentally the government's management of its own economic policies.

The bill provides the means to formulate, systematically and comprehensively, long-term national economic goals with existing resources. It would create an economic planning board in the President's office to coordinate and analyze economic data and trends.

Congress would be empowered to review the plan submitted, and to approve or disapprove or modify it in whole or in part.

The plan would be designed to contribute to our most pressing national goals: full employment, price stability, balanced economic growth, a more equitable distribution of income, efficient utilization of private and public resources, balanced urban and regional development and stable international relations.

In the agricultural sector, for example, we could quit setting production objectives without consideration for transportation, fertilizer and energy requirements. We could quite regulating prices without apparent concern for energy needs or their impact on employment.

In the industrial sector, we could begin to understand and then to relieve the chaos brought about by the energy crisis, commodity shortages, supply bottlenecks and structural barriers in our economy. We could reconcile our concern about the environment with the legitimate needs of business.

Comprehensive national planning can give us the set of guidelines we need. It is a situation Abraham Lincoln once described: "If we could first know where we are and whither we are tending, we could then better judge what to do and how to do it."

CON

(By Thomas A. Murphy)

The balanced Growth and Economic Planning Act of 1975 is a serious threat to the continued dynamic development of our national economy.

Moreover, at any given time the plan would accord with the broad views of only a part of the population and with the particular views of none except the few planners.

A good case can be made for the proposition that some of the nation's most intractable problems in the sectors specified in the bill have already been magnified by government intervention. The serious condition of our railroads, a consequence in no small part of inflexible regulation over an extended period of time, is a tragic and classic case in point. The system has been "planned" for almost 90 years. Instead of permitting railroads to expand or contract and tariffs to rise or fall in response to market forces, the planners have imposed their own superseding views.

It is to my mind inescapable that the national planning process—however we may conceive it—would add an element of rigidity to the economy at the very time when flexibility and speed of response are more important than ever.

Fortunately, American consumers still exercise a remarkable freedom of choice in a market economy and our history shows clearly that this system does work. Levels of material well-being have doubled every generation. Employment has increased by a good deal more than 10% in every decade of the postwar period. The range of product choice available to us is truly extraordinary. Our profit-and-loss system accounts for the unending stream of new products and services seeking customer favor.

These benefits do not accrue from centralized planning but as a normal response to the market and the incentives of private enterprise.

It is untrue that a market economy is unstable—incapable of satisfactory economic performance without government planning. The evidence is clear that the true situation is exactly the reverse.

Whether we look at the Great Depression—when the money supply was permitted to decline by about 30%—the acceleration of inflation after the strictures of wartime measures were removed in 1945, or the 1974–75 recession, the root causes are to be found in public policies.

PERSONAL EXPLANATION BY REPRESENTATIVE PIERRE S. DU PONT: MISSED VOTE

HON. PIERRE S. (PETE) du PONT

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. DU PONT. Mr. Speaker, on Friday afternoon, June 18, I left Washington to attend the Delaware Republican Convention and missed several recorded votes in the House. Had I been present, I would have voted in the following manner:

Rollcall No. 408—"aye."
Rollcall No. 410—"aye."
Rollcall No. 411—"aye."
Rollcall No. 412—"aye."

TO ASSURE FULL EMPLOYMENT REALLY

HON. RICHARD BOLLING

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. BOLLING. Mr. Speaker, the following article, "To Assure Full Employment Really," by John H. G. Pierson makes an important contribution to the current discussion of how best to achieve full employment with stable prices. His proposed system of economic performance insurance is designed to hold employment and consumer spending between preset, guaranteed lower and upper limits. Explained below, the proposal is well worth the consideration of all interested in this most important national problem. Mr. Pierson has served in the Labor Department and United Nations and has written extensively on this and related subjects. Some of his publications are listed below:

"Full Employment," 1941, Yale.

"Employment After the War," 1943, Department of Labor.

"Fiscal Policy for Full Employment," 1945, National Planning Association.

"Full Employment and Free Enterprise," 1947, Public Affairs Press.

"Insuring Full Employment," 1964, Viking Press.

"Essays on Full Employment," 1972, Scarecrow Press.

The article follows:

TO ASSURE FULL EMPLOYMENT REALLY

(By John H. G. Pierson)

GREENWICH, CONN.—The Classical economists wouldn't have approved of the Hawkins-Humphrey full-employment bill, since the economy in their view tended toward full employment automatically. When one industry lost its markets and declined, others would gain markets and expand. Keynes later explained why this wasn't necessarily so, but he didn't find a good remedy.

In the American system of production for market it would seem likely *a priori* that the remedy would largely consist of finding an acceptable way to sustain the overall market (total dollar value of demand for goods and services; GNP expenditures). Solve it, in other words, by maintaining deliberately the principal condition that the Classical School wrongly supposed would maintain itself automatically.

Expectations would be enormously helpful. Assuming the market can be maintained, we could guarantee to maintain it. Then business and labor and consumers would know that no recessions or runaway booms lay ahead, and their confidence in tomorrow would make them act in ways facilitating full-employment maintenance today.

This in essence would be Economic Performance Insurance. This proposed system would hold employment and also consumer spending (explanation below) between preset, guaranteed lower and upper limits. The government would adjust disposable income up or down whenever the income flow under full employment failed to bring the promised consumer spending, and would adjust employment up or down whenever the production-inducement effect from that spending needed reinforcement or counteraction.

This concept raises three important questions in principle and three more on practical application. All are answerable. First of all, does such emphasis on the demand side make sense today, when demand so often has its effect blunted by monopolistic restrictions on the side of supply? Yes, it does, because policies to maintain demand aren't supposed to be a complete solution. To assure full employment by such means alone would burden the taxpayer too much. Antitrust policies in the wide sense must provide support—enforcement of competition wherever it can exist and curbs on restrictions wherever monopoly is inevitable.

But is there any consensus for closing all gaps with extra government demand? The answer is that this misconceives the proposal. There's always some level of Federal Government spending for goods and services that sentiment in Congress will support. Adding that estimated amount to expected State and local government spending, private domestic investment, and net exports, and subtracting that sum from the GNP thought to be needed for full employment at anticipated prices, gives the "necessary" (operationally speaking) consumer spending. This last is what is proposed to be guaranteed, besides employment. Only when extra employment was still needed would the government as last-resort employer increase its market demand marginally. It would also sometimes have to act to raise consumer demand, to honor that second promise. But sometimes too it would have to reduce its market demand, or take more from (give less to) consumers.

That leaves one basic question—inflation. However, the supposed "trade-off" between unemployment and inflation (Phillips curve) is dangerously oversimplified, as many writers have shown, and it's almost totally irrelevant here. First, consumer spending and employment would both be under ceilings as well as over floors; hence no runaway spiral. Second, the cost of living being thus held down, labor needn't press the same wage demands. Third, full employment always permits considerable price moderation by spreading the overhead costs, and continuously guaranteed full employment would go farther and make it unnecessary besides for large monopolistic organizations to amass financial cushions against a future recession.

What counts, of course, is not that moderation could be practiced but whether it would be. My own view here is that big business and big labor would by and large cooperate voluntarily to hold prices down once government on its part was ready to assure the demand. But that's an opinion, not a certainty, so that direct controls over some prices and some wages—Galbraith's proposal—may possibly be needed, even under guaranteed full employment.

Bear in mind that Economic Performance Insurance as such is concerned with assuring that last-resort balancing measures will be used as required. Clearly we also want first-resort measures capable of keeping the need for those final adjustments reasonably small. Strong antitrust action, as already said; tax reform for a better distribution of purchasing power; encouragement of initiative and innovation (along ecologically sound lines); other measures.

Now for the practical application. (1) Is it possible to legislate such a system? Clearly it is. The procedures already in force under the Employment Act of 1946 can be strengthened so that the President each year proposes the targets and standby adjustment methods for employment and consumer spending, and Congress makes final decisions on those targets and methods, and the President executes those decisions.

(2) How can the government control the level of consumer spending, which depends on individuals' decisions about whether to spend or save their income? Practically speaking, it can do so through income-tax adjustments, with a negative-income-tax feature incorporated to include low-income groups. Or it could institute a two-way tax-or-bonus scheme at consumer sales points (described by me elsewhere but too much to explain here), which would be totally effective when restraining consumer spending and virtually so when raising it.

(3) Can the government really accelerate and/or decelerate public services and works whenever the statistics show that find adjustment is required at the job total end? Yes, this is feasible, in spite of our poor record with half-hearted efforts to date. But there's no escaping, here, a major new undertaking. A permanent "reservoir" or "reserve shelf" of such jobs has to be built up and kept up nationwide, and unprecedented arrangements have to be developed for its speedy activation for either expansion or contraction.

The Hawkins-Humphrey bill in its successive versions seems to be almost coming to embody an Economic Performance Insurance system. (The latest draft—Full Employment and Balanced Growth Act, H.R. 50 and S. 50—continues also to stress planning.) Major improvements include the abandonment of an unworkable earlier definition of full employment and the addition of rules designed to assure timely and budget-connected Congressional action on the President's annual economic recommendations. In my view, however, the current bill still suffers from fiscal policy ideas only incompletely assimilated to an insurance approach—the language is full of references to cyclical downturns, recessions, periods of high unemployment—and suffers, in addition, from giving too little responsibility to Congress. It could be simpler and stronger.

MEDICAL PROFESSION IN NEED OF REFORM

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. RANGEL. Mr. Speaker, there is a growing cynicism within the general public for the medical profession. Many people believe that doctors are concerned only with their fees and do not pay as close attention to rendering quality services as they should. Articles such as the one below tend to increase and legitimatize these feelings.

I believe that it is necessary for the medical profession to take a very careful look at itself. Perhaps what is needed is a redefinition of what a doctor should be, along with internal machinery designed to help the medical profession discipline those doctors who fail to measure up to these standards. Situations like that described below are occurring with increasing frequency and, therefore, this reevaluation is needed now to prevent these occurrences from becoming accepted behavior.

For my colleagues review, I would like to place in the RECORD at this point an article which appeared in the New York

Times of April 15, 1976. This article clearly highlights the need for the medical profession to take some prompt remedial action in the area of doctor ethics. The article follows:

[From the New York Times, Apr. 15, 1976]

Jury Fines Doctor for Pulling Stitches Over an Unpaid Bill

Marion, Ala., April 14.—An all-white jury has awarded damages of $20 in a $50,000 suit filed on behalf of a black youth who contended that a doctor after stitching a cut in his arm, took out the sutures immediately when the boy's full bill could not be paid on the spot.

The verdict was returned in Perry County Court in the case of Melvin Armstrong, 13 years old, of Uniontown. The youth's father, Robert Armstrong, a farm laborer with 12 children, filed suit against Dr. Bobby Merkle, charging assault and battery. Dr. Merkle was ordered to pay the $20.

Uniontown's police chief, Robert Hester, testified that Dr. Merkle had told him that he needed the money immediately and that he had indeed removed the stitches.

The boy's mother said Dr. Merkle had called her at home and said he had fixed the cut and needed immediate payment of his $25 bill. Mrs. Armstrong said she had $20 and was on her way to the doctor's office when she met her son with the stitches removed.

Friends took the boy to Greensboro, where a doctor stitched the arm and gave the youth a tetanus shot. The second doctor's bill was $20.

The youth injured his arm in early July as he and friends were trying to kill a goat.

A.T. & T. FIGHTS TO KEEP ITS MONOPOLY

HON. JOHN F. SEIBERLING

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. SEIBERLING. Mr. Speaker, no monopoly ever voluntarily relinquished its privileged position. Therefore, it should come as no surprise that the Nation's largest monopoly, American Telephone & Telegraph Co., has launched an intense lobbying campaign to stop the expansion of competition in the telecommunications industry.

The origins of the monopolistic position granted to telephone companies lie in the desirability, indeed the economic necessity, of avoiding duplicate telephone services, with duplicate transmission wires and the like. However, A.T. & T. long ago expanded its monopolistic position to include the manufacture of telephone equipment and the provision of special telephone-related services. Antitrust decisions eventually made some inroads into A.T. & T.'s expanded monopoly, and the advent of microwave transmission made possible the provision of special long-distance communications by competing companies. Naturally, A.T. & T. would like to return to its former protected position, and has mounted an intensive lobbying campaign with that goal in mind.

A.T. & T.'s principal argument is that competition will bring, not lower, but higher prices for telephone service, particularly for residential users. This line of argument is a familiar one whenever efforts are made to introduce competition into a monopolistic situation. Experience teaches that the burden of proof should be on the monopolists and not on these favoring competition.

Ever since the passage of the Sherman Act of 1890, the rule in our industrial system has been competition. Monopoly has been permitted only as an exception to the rule, and only where a clear case of necessity has been made. The fruits of our rule of competition have been the most productive economy with the greatest benefits to consumers of any nation in the world. Enforcement of the rule of competition is the best guarantee against socialism. Those who would depart from the rule bear a heavy burden indeed.

I am offering for the Record following these remarks an article from the New York Times of June 14, 1976, detailing A.T. & T.'s aggressive lobbying campaign against competition in the telecommunications industry. The article follows these remarks.

A.T. & T. Is Battling Idea of Competition—Tells Congress Erosion of Monopoly May Result in Higher Home Phone Bills

(By Reginald Stuart)

The nation's established telephone industry, led by the powerful American Telephone and Telegraph Company, has launched an intense campaign to stop the expansion of competition in the telecommunications industry.

The industry effort, now aimed at Congress, could have a significant impact on moves by the Federal Communications Commission to allow more than one company to offer the public long-distance services and a choice of telephone equipment. The F.C.C.'s aggressive efforts in the last eight years have created considerable controversy at the state and Federal levels on the issue of competition.

In speeches, court battles and legislative actions, the "common carrier" industry, as the established phone companies are called, communications is called, is arguing that the F.C.C.'s promotion of competition in this traditionally monopolistic industry will cause it to suffer millions in revenue losses, that must be made up for by substantially raising home telephone bills.

"Where we once had a coherent national communications policy, the one established by Congress, we now have an inconsistent nightmare created by patchwork decisions of a Federal agency, the F.C.C.," said William M. Ellinghaus, vice chairman of American Telephone, parent of the Bell Telephone System.

Nonsense, says William G. McGowan, chairman of the MCI Communications Corporation, one of the new entrants into the communications field and the top competitor for A.T. & T.'s long-distance business. "They're working on that little dinosaur theory—that if we keep getting fed we'll be as big as they are," he said.

Mr. McGowan is also chairman of the recently formed Ad Hoc Committee for Competition in Telephone Communications, a group of competitors opposing the established industry's campaign.

There are two targets of the "common carrier" campaign against competition:

The so-called "interconnect" companies, who manufacture and sell terminal equipment such as telephones, switchboards and data transmission equipment in competition with A.T. & T. and the nearly 1,500 independent companies that rent or lease most of their equipment to customers. Last year, the "interconnect" industry grossed less than $500 million, according to industry estimates.

The "specialized common carriers," such as MCI, which are authorized by the commission to offer primarily big business and Government telephone customers special long-distance services by microwave or satellite that are usually 15 percent to 30 percent cheaper than the rate of A.T.&T., the principal supplier of long-distance service in the United States. In 1975 "specialized common carriers" grossed about $50 million on long-distance services, compared with $1.2 billion for A.T.&T. in the area involved in competition.

The long-established companies argue that it is the equipment business and long-distance service to big business and the Government that subsidizes the home telephone bill, keeping it low. They contend that, since these are the only forms of business the competitors want, any significant loss of revenues in these areas would result in the rank-and-file customer's paying the freight.

Furthermore, they argue that the F.C.C. majority's view that each service should pay for itself would eliminate the industry's opportunity to spread the cost of service to all.

A.T.&.T. has contended that, if it were required to reprice services so that they were more closely related to the cost of providing them, the average phone bill of $7.85 a month would have to be raised to $13.70 a month.

Armed with this argument, which has been rejected by a variety of parties including the commission, the telephone industry has flooded Washington with its anticompetition campaign.

But the criticism of the opponents of competition continues. Last week the White House Office of Telecommunications, which in 1968 sanctioned the move away from regulated monopoly in the industry toward competition labeled A.T.&T.'s efforts to get Congress to adopt the anticompetition legislation "sheer folly."

In the last six months, each of the 535 members of Congress has received personal visits from a chief executive officer of at least one of the Bell System's 23 operating subsidiaries. The message is that competition would cause economic harm to the industry and result in a rise in home phone bills.

Representatives of rural telephone cooperatives and small independent companies have also made visits with similar pocketbook messages.

The American Farm Bureau, the Communications Workers of America and the National Association of State Utility Regulatory Commissioners have also urged Congress to act swiftly on re-examining the F.C.C. actions and the long-term implications.

The Congressional response so far has been the filing of two bills in the Senate with 12 supporters and 93 bills in the House with more than 125 supporters. Most of the measures have bipartisan support, mostly from rural parts of the nation. All versions of the bill are known as the Consumer Communications Reform Act of 1976, although they vary to some extent in scope.

Representative Lionel Van Deerlin, Democrat of California and chairman of the House subcommittee on communications, said his committee had scheduled hearings on the industry-written bills for late September but cautioned during a recent telephone interview that the hearings would be "purely exploratory."

The Senate, although not likely to act on the bills until next year, is expected to ask the F.C.C. to place a moratorium on further actions involving competition until after it can hold hearings next year.

While the numerous anticompetition bills vary somewhat, they would, if enacted, achieve objectives for the industry that could have the effect of eliminating competion, according to Congressional aides familiar with the lobbying efforts.

One aspect would strip the F.C.C. of the power it has gained through its own and Federal court rulings to regulate the terminal-equipment market. That jurisdiction would revert to state utility regulatory commissions. Most of these agencies have already voiced strong opposition to competition in this field.

Another aspect would give the F.C.C. the power to grant antitrust immunity for established carriers that acquire specialized carriers.

Other portions of most of the bills would virtually abolish the commission's authority to sanction specialized common carriers and to prevent A.T.&T. from charging rates that are as low as its competitors'. The bills would also put Congress on record as declaring that duplication of existing common carrier services is adverse to the industry.

A.T.&T. officials deny that the legislation would make their company immune to antitrust actions, but other persons argue that this possibility will certainly be discussed once a public airing of positions begins.

A NEW TRADITION IN UTAH

HON. GUNN McKAY

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. McKAY. Mr. Speaker, Utah contributes to the arts in a most unusual way each year with its Pageant of the Arts. Human models recreate paintings and sculptures with striking results. The fourth Utah Pageant of the Arts opened last Friday with 26 performances this season due to its increased popularity.

This year's Bicentennial production features American artists and sculptors. Thanks to the work of 300 professionals and volunteers, American Fork, Utah, where the pageant is held can once again take pride in its cultural achievements.

Betty G. Spencer, who writes the script each year for the pageant, describes the pageant in the June issue of Mountainwest:

A New Tradition on Utah's Cultural Scene

Cast members of Utah Pageant of the Arts learn no lines, makes no dramatic exit or entrances. Where other performers are asked to "put more action into it," the pageant directors demand cast members "don't do anything, just stand there."

This new kind of "theater" was introduced to Utah in June, 1973, with the appearance of the Utah Pageant of the Arts in American Fork. The event has steadily grown in popularity from the four fledging performances, doubling to eight nights in 1974 and more than doubling to 19 performances last season.

The 1976 Bicentennial production will feature an all American artist and sculpture show and includes a striking balance of paintings, sculpture pieces and miniature art works. Human models bring the works of art to life.

A growing Utah audience is enthusiastic about the pageant performance. A culmination of many facets of the performing and graphic arts, the pageant presents a new combination of art, makeup, staging, lighting, narration, costuming and music.

Public support has encouraged the backers, The American Fork Cultural Development Committee and American Fork City, to extend the run to 30 performances in 1976, beginning with opening night on June 11 and continuing nightly except Sunday through July 10. Matinee performances are also planned on a limited basis.

The pageant might be compared to the French "tableau vivant," or a living picture in which the audience sees a picturesque representation by one or more silent and motionless performers suitably costumed and posed.

The Utah Pageant of the Arts is more than a tableau, however, adding the sophistication of technically correct background paintings on mobile sets. Muslin costumes, believable props, dramatic lighting which creates a flat effect for paintings and realistic sculpture re-creations are impressive. The entire production is professionally tied together by narration and music in a strikingly paced performance.

Casting for the Utah Pageant of the Arts begins in a unique casting booth, so designed that the prospective cast member is photographed to show height, body proportions and bone structure, both in frontal and profile view. Photographs are mounted on cast cards, including information about the prospective cast member. The cast cards are then used to match the volunteer cast member against the original art work to be recreated.

More than 440 persons came to the three cast nights held last November, hoping to be chosen for one of the 160 cast slots required for the double-cast 1976 show.

Selecting cast members is difficult, according to casting director Tamara Allman. Working with pageant directors Bill Kirkpatrick and David O. Brockbank, Mrs. Allman compares all casting cards of volunteers of a particular height or size required by each painting or sculpture piece, then matches photographs of the prospective cast member with the original work, until a likeness is found.

"We selected members of the cast, not on who the cast member was, but on their size and proportions and their likeness to the original," said Mr. Kirkpatrick.

"We did our best to include those who had not been in the pageant before, too," commented Mr. Brockbank.

The residents of American Fork have been strong supporters of cultural and creative entertainment since the first settlers gathered to hear recitations and songs and indulge in a little old-fashioned dancing to the tune of the fiddler. Tradition puts "culture" as one of the needs of these early inhabitants, who it is said, conducted activities defined as "cultural" even as the chinking in the log cabins was still drying in the new settlement of Lake City. Later known as American Fork, the few cabins marked the beginning of this progressive village nestled on the north shore of Utah Lake.

Cultural tastes were more sophisticated by 1876. The completion of Bate Hall marked a milestone for hometown theatrical productions and visiting theater groups. The growing community supported the construction of the commodious Young Men's Hall in the 1880's, with residents investing $10 per share to provide a suitable setting for drama, dance and other community cultural events.

The innovative Pageant of the Arts proved that American Fork is still a center of cultural pride and progress. Today's investment is time and talent. Work on the pageant is year-round. The directors have been working for many months three evenings a week and all day Saturdays on set construction, technical details and the supervision of a small staff of volunteers and craftsmen who contribute to the production.

The pageant is billed as "an exciting new tradition on Utah's Cultural Scene." Both traditional and modern art styles are represented in the production.

More than 300 professionals and volunteers work together to make the Utah Pageant of the Arts a success, proving that people still want to get involved to make good things happen.

Who is needed? Stage hands to put the right set, carrying the right people, in the right costume, in the right place at the right moment. Light crews to contribute to the magic moment when narration, music, lighting and the art piece give the audience the impact of sharing a special experience of recreating a miniature, a painting or one of the sculpture masterpieces of the world of art.

The ability of the volunteer to produce needed skills has been dramatic. Volunteers have assisted with background painting, set construction, making props, designing sculpture bases, sewing the unique muslin costumes, creating headpieces and constructing massive wheeled bases. Other volunteers assignments range from preparing mailing pieces, selling tickets, ushering, or running errands, to manning the complicated light board on the American Fork High School stage loft.

Kirkpatrick, one of Utah's best known young portrait artists, scales the background sets from prints of original masterpieces or contemporary art selections. Life-size scale may dictate use of a small figured adult or teen, in some instances. In other paintings, adults are cast in full scale settings. Both techniques produce dramatic affect.

One of the most difficult pieces to produce demand the combined artistic talents of the directors. Ministering Angel, by Lucette Cartwright, was the show "opener" in 1974 and was repeated by popular demand last season. The audience saw only the two figures as the lights came up on the scene and the overture blended with the haunting background music. "Angel" depicts the angel of death raising up the body of a young girl. Both figures are suspended on the set, with the young man cast as the angel hanging from a foot hold and supported with his body weight on cupped metal flanges not visible to the audience.

The figures, supported by a frame so designed that it was covered by the cast members, appeared to be suspended in mid-air, the marbelized base extended the two figures to a height of more than 13 feet.

"Nessus and Deianira" opened the show last season. It also presented a special challenge. The male cast member appeared on stage, kneeling inside the centaur base, supporting the young lady who portrayed Deianira. A pleated velvet platform slowly turned full circle while the music and narration reached a peak of excitement, lifting the audience to the thrill of the new kind of theater.

The collection of Hummell figures will be repeated next season. No nudes have been shown in the Pageant, with special liquid makeup used on every part of the cast member that is seen by the audience. Perhaps only one hand, part of a face, or the body over a bathing suit base. Max Factor makes the special formulas required.

The muslin scupture has been developed into a new art skill. Most costumes are not complete, as would be the case in ordinary theater. Only the part of the costume seen by the audience is constructed, stiffened with scenery paint and shaded to give the appearance of folds or wrinkles as required.

Each scene is set by narration, with the research an added adventure, and the completed script is combined with appropriate music.

The script has been written each year by American Fork author Betty G. Spencer. Aaron C. Card, of Pleasant Grove, has provided live narration for the past two seasons and will again be the "voice" of the pageant this year.

The 1976 selection will be "All American" in keeping with the Bicentennial theme. Artists and sculptors whose works will be recreated will include Arnold Friburg, John Singer Sargent, Whistler, Cyrus Dallin, and a host of American artists whose work will meet the challenge of the Utah Pageant of the Arts, which is to entertain, instruct and inspire.

William M. Pierce is chairman of the pageant. C. Richard Devey is vice-chairman. Other committee members include Mr. Kirkpatrick, Mr. Brockbank, Mrs. Spencer, who also heads the public relations committee, Ora H. Chipman, Clarance A. Grant, Councilman Donald L. Fox, Claudia Monson, June S. Chipman, Roger Jeffs and Margaret Hansen. Pamela Durrant is pageant secretary.

A professional art exhibit, chaired by Mrs. Monson and cosponsored this year by a $1,000 grant from the Utah Division of Fine Arts, National Endowment of the Arts, is part of the pageant. It will feature a special exhibit of the finest art work of the students of Alpine School District, a framed collection of prints by Intermountain Art, as well as sculpture and art by Utah professionals.

The pageant was the dream of Neal Savage, an American Fork resident, who formed the American Fork Cultural Development and chaired the Pageant committee for the first two years.

The pageant has the full support and cooperation of the Laguna Beach Pageant of the Masters, with the Utah production adding their distinctive dimension to the Pageant of the Arts.

Utah Pageant of the Arts? Appreciative audiences have given it the title, "an exciting new addition to Utah's Cultural scene!"

CONGRESS ON TRIAL

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. ARCHER. Mr. Speaker, certain activities of the Members of the House and certain practices and procedures of this body have received much attention and critical comment in the media. It is essential that the Members of the House take the lead now to bring reform.

I would call to the attention of my colleagues an editorial which appeared in the June 14, 1975, edition of the Chicago Tribune. It takes a very sobering look at the House of Representatives and challenges us to bring about necessary reform.

The article follows:

CONGRESS ON TRIAL

The following news stories have an element in common:

Rep. Wayne L. Hays [D., Ohio], center of a congressional sex scandal, was rushed to a hospital in a coma Friday after taking an overdose of sleeping capsules. It is not certain at this writing whether Mr. Hays was attempting suicide or merely overdoing medication for illness and emotional stress.

Colleen Gardner, a 30-year-old divorcee who recently resigned from the staff of Rep. John Young [D., Tex.], gave newsmen a story remarkably similar to Elizabeth Ray's statements concerning Mr. Hays. She said she had had frequent sexual relations with Mr. Young, and that her $26,000-a-year salary reflected her after-hours services more than her official duties. Mr. Young has denied her story.

The House Thursday voted 400 to 0 to speed an inquiry by its ethics committee into charges that Miss Ray was kept on the public payroll at $14,000 a year solely to be Mr. Hays' mistress. Previously, this committee had undertaken only one other investigation in its nine-year history—its current hearings involving Rep. Robert Sikes [D., Fla.], which took nearly 11 months to start.

House Republican leader John J. Rhodes of Arizona attacked Speaker Carl Albert for his handling of the Hays scandal. He said Mr. Albert's appointment of three Democrats to investigate payrolls and expense vouchers would satisfy no one, and demanded a "complete, thorough, and bipartisan" inquiry. Democrats seem to prevail among the alleged wrongdoers.

The common element in these stories, we believe, is a deepening mistrust of Congress—doubts of its ability to do its job which seem to be shared by its own members. The loss of confidence is approaching the proportions of Watergate. Congress, in fact, is on trial. Its actions in the Hays case will help determine the verdict, but it will take more than a few hasty investigations to get it off the hook.

The doubts go far beyond a few possible indiscretions with non-typing secretaries. As Sen. William Roth (R., Del.) has observed, this is only the latest in a series of scandals—involving illegal payments from corporations, bribes from foreign governments, falsified travel vouchers, and so on—that have shattered public confidence in Congress.

Even the Hays scandal reflects something more disturbing than immorality (which is not startlingly new in Washington). It implies that some members of Congress regard prepaid sex as one of the privileges of office; that willing women employees may have a status something like office equipment, to be budgeted along with paper clips and typewriter ribbon. And it brings up some unsettling questions: How does this view affect national legislation dealing with women's rights, or rights in general? Can a legislator who spends our money in this way be trusted to spend it wisely in other ways?

Congress has been taking care of itself much too generously and too long, with inflation-proof automatic pay raises, mushrooming staffs and facilities, and cut-rate services ranging from medical treatment to manicures. The picture of a self-indulgent aristocracy that takes care of itself first and the people second is becoming too clear for comfort.

It is ironic that all this dirty linen has spilled into view during a "reform" Congress—one full of earnest first-termers who came to Washington vowing to make Capitol Hill more responsive to the will of the people.

They and all their colleagues had better start proving they meant it if they want to preserve Congress' authority. The evidence required will include an expanded and energized ethics committee, capable of taking action on scandals before they explode in its face. It will mean a self-enforced halt to the costly favors Congress keeps doing for itself, and an end to the cycle of bigger staffs, new quarters to house them, and still bigger staffs to man the new offices. It will take a well-publicized and effective campaign by the next speaker to convince his colleagues that the party is over.

In short it will take a lot more than a show of outraged virtue—though a show of virtue wouldn't hurt, for starters.

UPPER POTOMAC ESTUARY PILOT DRINKING WATER TREATMENT PLANT—H.R. 14236

HON. GILBERT GUDE

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. GUDE. Mr. Speaker, I would like to point out the importance of the timely funding of the Potomac Estuary Pilot Treatment Plant authorized in H.R. 14236. The $1 million appropriation will be money wisely spent. Authorized under the Water Resources Development Act of 1974, the pilot plant will enable the Corps of Engineers to determine the feasibility of using the upper Potomac estuary as a water supply source for the Washington metropolitan area. The project is absolutely vital to this region, and should be initiated regardless of the Office of Management and Budget's desire for "no new projects" this year.

I wish to emphasize the testimony of Brig. Gen. Robert S. McGarry, U.S. Army Corps of Engineers, before the District of Columbia Subcommittee on the Bicentennial, the Environment, and the International Community, on June 2, 1976:

> To me, this is probably the single most important project to eventually resolve the D.C. water supply. Every study we have made, when we finish, the question has been asked, why not use the estuary? It seems to be environmentally acceptable and a cost effective way to supply water.
>
> Until we have this plant to verify it is an acceptable, safe solution, I don't believe we will ever end this apparently endless cycle of studies. . . . This is the most important project to eventually resolve the problem in my opinion.

I agree wholeheartedly with the comments of General McGarry. When I appeared before the House Appropriations Subcommittee on Public Works on April 1, 1976, I spoke on behalf of the pilot treatment plant. I pointed out that the water supply needs of the Washington area are reaching crisis proportions. The supply situation for Metropolitan Washington can be briefly stated. Using per capita demand figures of approximately 145 gallons per day, and population projections provided by the Washington Council of Governments, the Corps of Engineers has predicted one day deficits of water in both July and August of 1980. By the year 2000, large deficits are predicted for various lengths of time in the months of July through November and month long deficits are predicted for August, September, and October. Although some consider these deficit projections on the high side, all agree that more water will be needed.

> Any competent planning for Washington's water supply must determine the feasibility of the estuary source. Without a definitive answer one way or the other, opponents of other supply alternatives such as upstream impoundments and ground water wells, will continue to retard the water supply planning process. The result will be continued delay in developing a politically acceptable regional supply plan. I submit that such delay has already lasted too long and cannot continue in view of the predicted deficits Washington will soon experience.
>
> In addition to being indispensable to Washington's water supply planning efforts, the pilot plant has important national significance as it will provide further data on the feasibility of using estuarine water sources in other parts of the country where supply deficits loom. Applications of findings made at the estuary field plant could mean millions of dollars saved by the avoidance of costly impoundment construction.
>
> Authorization of the pilot plant represented a commitment by the Congress in

1974 to seek innovative solutions to metropolitan water supply problems. We need answers too badly to allow a shortsighted policy of "no new construction starts" to delay the pilot plant. The Metropolitan Washington Council of Governments supports the treatment plant and urges its immediate construction. So does the Maryland delegation, other area Congressmen and environmental groups. I am pleased that the Appropriations Committee has included funding for the project in H.R. 14236. Hopefully, the Administration will not withhold funds for the project and we can begin to solve our water supply problems.

In addition, Mr. Speaker, it should be noted that only $200,000 has been appropriated for the Bloomington Dam project in fiscal year 1977 above the administration request of $11.8 million. This project is essential for meeting the Washington area's water needs in the 1980's. In fact, it is so important that all projections of the area's future needs have assumed this dam would be built by 1979. The project needs a total of $18.3 million in fiscal year 1977 to stay on schedule for completion by 1980. Unless the Senate provides an additional $6.3 million to the House appropriation, this project will slip to 1981. The Bloomington project, like the pilot plant has unanimous regional support, and should not be further delayed.

SINGING ANGELS DESERVE THEIR NATIONAL RECOGNITION

HON. JOHN GLENN

OF OHIO

IN THE SENATE OF THE UNITED STATES

Monday, June 21, 1976

Mr. GLENN. Mr. President, on Monday of this week the Capitol Hill community was treated to an outstanding performance by an Ohio musical group called the Singing Angels.

I would like to take this opportunity to note in the RECORD the major contributions that have been made by this vocal organization.

Composed completely of young persons, 8 to 18 years old, from Greater Cleveland, the Angels represent this country in its very finest aspects. Drawn from all strata of society, the approximately 150 participants contribute voluntarily of their time and devote virtually every Saturday to rehearsals.

The quality of their efforts shows through when the Angels perform, under the highly able direction of Bill Boem and his staff. The Singing Angels have sung at the 1973 Presidential Inauguration, at a White House Command Performance, on national television—both the "Kraft Music Hall" and the "Today Show"—and hundreds of other appearances, including 3 weeks in Europe in 1974.

Their present Bicentennial tour, which brought them to Washington, began in New York and will carry them clear across the Nation to Los Angeles before the Bicentennial summer ends. I was honored to be in a position to invite the Singing Angels to the Capitol on Monday and know that my colleagues share my appreciation for these inspirational ambassadors of goodwill from Cleveland, Ohio.

SENATE—*Tuesday, June 22, 1976*

(Legislative day of Friday, June 18, 1976)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by Hon. WILLIAM PROXMIRE, a Senator from the State of Wisconsin.

PRAYER

The Reverend Dr. George R. Davis, minister, the National City Christian Church, Washington, D.C., offered the following prayer:

Eternal Father, we would not enter any door of significance in human experience without recognizing Your existence and presence; invisible but real, quiet but powerful, humble but in control of all destiny.

Thou God of all nations, we are grateful for Your reality in the origin, history, and, we believe, the future of our Nation, a nation now on the threshold of an inspiring celebration.

As we gather in this historic place with those who, by Thy providence and by the will of the people, perform their duties here, grant them ever-increasing wisdom, nobility, generosity, and patience in their efforts.

Where we are in error, correct, and forgive us; where we are good, make us better; where we are better, make us excellent; and where we are excellent, make us humble. And when we are humble, grant us to be courageous and loving.

Lord God of Hosts, be with us yet, in the name of Him who is the Wonderful Counselor, the Mighty God, the Everlasting Father, the Prince of Peace. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., June 22, 1976.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. WILLIAM PROXMIRE, a Senator from the State of Wisconsin, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. PROXMIRE thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Monday, June 21, 1976, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CENTRAL, WESTERN, AND SOUTH PACIFIC FISHERIES DEVELOPMENT

Mr. MANSFIELD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 13380.

The ACTING PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the amendment of the Senate to the bill (H.R. 13380) to amend the Central, Western, and South Pacific Fisheries Development Act to extend the appropriation authorization through fiscal year 1979, and for other purposes, as follows:

In lieu of the matter proposed by the said amendment, insert:

That the Central, Western, and South Pacific Fisheries Development Act (86 Stat. 744; 16 U.S.C. 758a note) is amended—

(1) by striking in section 2 the words "three-year";

(2) by striking in section 4 the words "June 30, 1976, a complete" and inserting in lieu thereof the words "January 30 of each year, an annual"; and

(3) by inserting ", and for the period beginning July 1, 1976, and ending September 30, 1979, the sum of $3,000,000," in section 7.

Mr. MANSFIELD. Mr. President, I move that the Senate concur in the House amendment.

The motion was agreed to.

COMMITTEE MEETINGS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet until 1 p.m. today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RULES OF USE FOR THE OLD SENATE CHAMBER

Mr. MANSFIELD. Mr. President, for the information of the Senate, the following Rules of Use for the Old Senate Chamber have been agreed to by the Senate Commission on Art and Antiquities:

Pursuant to Senate Resolution 382, agreed to October 1, 1968, the Old Senate Chamber on the principal floor of the Senate wing of the U.S. Capitol Building is being preserved as a historic site by the U.S. Senate Commission on Art and Antiquities.

The Old Senate Chamber will be open to the public from 9 a.m. until 4:30 p.m. each day that the Capitol building is open, except when the room is being used for appropriate ceremonial occasions.

The Sergeant at Arms of the Senate, under the direction of the Commission on Art and Antiquities, shall have responsibility for the security and maintenance of the Old Senate Chamber.

Food, drink, and smoking are prohibited in the Chamber.

Visitors are expected to respect the barriers limiting access to historic properties placed in the restored Chamber.

Requests for use of the Old Senate Chamber as a location for fitting ceremonial convocations should be addressed in writing to the Chairman, U.S. Senate Commission on Art and Antiquities. Requests to view the Chamber at other than the appointed public hours, should be directed to the office of the Senate Curator.

TIME LIMITATION AGREEMENT—H.R. 14237 AND H.R. 14235

Mr. MANSFIELD. Mr. President, I ask unanimous consent when H.R. 14237, the act making appropriations for agriculture and related agencies, is taken up that there be a time limitation of 1 hour on the bill, 30 minutes on amendments, 20 minutes on amendments to amendments, motions, and appeals, and that it be in the regular order.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I make the same request for H.R. 14235, the military construction bill, when it is called up.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Does the Senator from North Carolina seek recognition?

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. WILLIAM L. SCOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Under the previous order, the Senator from Virginia (Mr. WILLIAM L. SCOTT) is recognized for not to exceed 15 minutes.

FEDERAL OFFICIALS' ANTIDEFAMATION ACT OF 1976—S. 3600

Mr. WILLIAM L. SCOTT. Mr. President, for some time our office has had under consideration the introduction of a measure that would change existing law with regard to defamation of character of public officials.

We consulted with the Library of Congress, with the Senate Legislative Counsel, and with others. Today I am introducing S. 3600, entitled "The Federal Officials Antidefamation Act of 1976." Cosponsoring this measure are Senators EASTLAND, HRUSKA, ALLEN, HELMS, LAXALT, and THURMOND.

Mr. President, my staff is contacting other offices today and I ask unanimous consent that their names be submitted later in the day and added as cosponsors.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. WILLIAM L. SCOTT. Mr. President, all Senators are aware of the present climate with allegations of wrongdoing being made against Members of both the House and the Senate. Of course, I make no suggestion regarding the truth or falsity of any charges. Neither would we modify the constitutional right of freedom of expression or the right to criticize public officials, whether elected or appointed. This is inherent in our form of government and there should be the right to freely publicize wrongdoings of public officials and the right to disagree with the point of view of any officials.

Constituents and the media should also have the right to criticize the performance in office of any Member of the Congress or other official. But, it would appear that there should be a balance between the right of the public to know and to comment on various activities of public officials and the desire to encourage competent persons to enter the public arena, to offer themselves for elective office and to be permitted to perform their official duties without being subjected to slander or libel.

It appears that there are an unusually large number of Congressmen not seeking reelection this year. Some are retiring because of their age but it might be that people are not running for reelection or seeking public office because of constant or unjust criticism. The dignity and prestige associated with the holding of public office in the past is not present today. Undoubtedly there are numerous reasons for this and actual misconduct may be one of them.

Nevertheless, it appears that oftentimes unjust criticism is levied against public officials and that there is little or no recourse under present law for one unjustly accused. Therefore, I believe the question of defamation of character is a matter that should be faced by the Congress. When one is falsely accused of wrongdoing, whether it be trivial or major, it is bound to cause mental anguish, distress and at least to some extent, handicap him in the performance of his official duties. While none of us would want to infringe upon a citizen's right to freedom of expression either orally or in writing I believe we should examine existing laws to determine whether or not a public official can be unduly maligned and his reputation destroyed by falsehoods, without any effective recourse.

As I understand it, Mr. President, a public official in a defamation of character case must establish that a statement made with regard to him was false and that it was made with knowledge of its falsity or with a reckless disregard as to whether it was true or false and the burden is upon the public official to prove these factors by clear and convincing evidence. For practical purposes, this is an impossible task. This proposal would provide Federal officials with legal redress against false and defamatory statements. I believe it would also encourage broader participation in the affairs of government by citizens with qualifications and talent to contribute toward better government without fear of being unjustly victimized by defamatory statements. It recognizes that this Nation is founded upon and committed to fundamental guarantees of freedom of the press and freedom of speech and would protect the right to the maximum possible dissemination and interchange of information from diverse sources.

The bill declares that it is in the public interest to have meaningful political debate, the publication of factual information and fair comment thereon but declares that no one has the constitutional right with impunity to make false and defamatory statements against another person whether such person be a private citizen or a public official. It also says that the citizens of our country are entitled to have effective representation in the Congress and diligent administration in the executive and judicial branches of the Government by the most competent persons obtainable. Moreover, that all citizens, regardless of their station in life or official position, are entitled to both due process of law and equal protection of the law.

Mr. President, an examination of the bill will indicate that a public official who considers himself to have been slandered or libeled can obtain relief only by proving that the statement made against him was false and that the person making the statement either knew it was false or failed to make a reasonable effort under the circumstances to ascertain its truth or falsity. The official has the burden under the bill of establishing these factors by a preponderance of the evidence.

I believe there is a responsibility on the part of the Congress to see that Federal officials are afforded reasonable protection against defamatory attacks and this is an effort to have the Congress establish a definite policy without infringing upon the constitutional right to freedom of expression. We all know that newspapers, magazines, and the reporters and editors who prepare them work against deadlines and I am sure that the Congress would not desire to prevent the publication of newsworthy items. Nevertheless, it does not appear to be an imposition on the freedom of the press to require it to make a reasonable effort to determine the truth or falsity of a statement against a public official prior to publication and to hold it responsible in an action for defamation of character if the item is false and no reasonable effort was made to determine its truth or falsity.

The bill does go further to provide punitive damages upon proof that a defendant has been guilty of gross abuse, outrageous conduct, or oppression resulting in aggravated injury to the plaintiff. But, in determining punitive damages, consideration is given to all relevant facts and circumstances, including the motives of the defendants, the relation between the parties and the provocation or want of provocation for the communication.

As we know, Mr. President, at the present time the media is under no compulsion to print a retraction or correction for any defamatory statement. If it elects to do so, corrections can be buried in a much less prominent position than the defamatory statements, and the reading public, if they notice the retraction or correction at all, are unlikely to fully equate it in their minds with the earlier defamatory statement. They would more likely remember that an individual was accused or associated with an unsavory activity than they would remember that he was later exonerated.

Of course, the vast majority of elected or appointed public officials voluntarily enter public life. They do so with the knowledge that they are giving up some of their privacy and that their actions will be open to examination and fair comment by their constituency and by the media. But, I believe there is a responsibility to be fair and a responsibility to make a reasonable effort to determine whether or not a specific allegation is true or false with no right to knowingly print a false and malicious statement against a public official.

I invite all colleagues who desire to join as cosponsors and express the hope that the Judiciary Committee will hold early hearings and bring this bill to the floor of the Senate for consideration as soon as possible.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3600

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Federal Officials' Anti-Defamation Act of 1976".

DECLARATION OF PURPOSES

SEC. 2. (a) It is the purpose of the Congress in enacting this Act to provide Federal officials with adequate legal redress against false and defamatory statements concerning such officials and to encourage broader participation in the affairs of government by citizens with qualifications and talent to contribute toward better government without fear of being unjustly victimized by defamatory statements.

(b) The Congress finds and declares that—

(1) this Nation is founded upon and committed to fundamental guarantees of freedom of the press and freedom of speech in the belief that such protections assure the maximum possible dissemination and interchange of information from diverse sources in order to promote the public interest in an informed electorate;

(2) it is in the public interest to have meaningful political debate, the broadest possible participation in government, the publication of factual information and fair comment thereon;

(3) no one has the constitutional right to make false and defamatory statements about another person whether such person be a private citizen or public official;

(4) the people of this Nation are entitled to full and effective representation in both Houses of the Congress, to diligent administration of the executive and judicial branches of government by the most competent persons obtainable;

(5) modern mass communication institutions exert significant influence on the development of public awareness of Federal officials, and such officials are not uniformly in a position to generate publicity to refute false and defamatory communications with respect to their reputations; and

(6) all citizens regardless of their station in life or the official position they hold are entitled to due process of law and equal protection of the law.

ACTIONS BY FEDERAL OFFICIALS FOR MALICIOUS, FALSE, AND DEFAMATORY COMMUNICATIONS

SEC. 3. (a) Part VI of title 28, United States Code, is amended by adding at the end thereof the following new chapter:

"Chapter 177—MALICIOUS DEFAMATION OF FEDERAL OFFICIALS

"Sec.
"3101. Definitions.
"3102. Liability for malicious, false, and defamatory communication.
"3103. Burden of proof.
"3104. Damages; nonpecuniary losses.
"3105. Punitive damages.
"3106. Republication and other repetitions of communications not a defense; retractions.
"3107. Costs; attorneys' fees.

"§ 3101. Definitions

"As used in this chapter, the term—

"(a) 'Federal official' means—

The President, the Vice President, a justice or judge of the courts of the United States, a member of the Senate or the House of Representatives (including a Delegate to, or Resident Commissioner in, the House of Representatives) and any civilian officer of the United States appointed by the President by and with the advice and consent of the Senate.

"(b) 'Communication' means any written, printed, published, pictorial, recorded, broadcast, or other manner of information, disseminated to third parties by media, including but not limited to newspaper, radio, television, book, text, journal, periodical, magazine, newsletter, or wire.

"(c) 'Actual malice' means, with respect to a communication, with knowledge that the communication is false, or with failure under the circumstances to undertake reasonable effort to ascertain whether or not the communication is false.

"(d) 'Pecuniary loss' means loss of business or professional income and standing, and loss of property or other tangible benefits of business or professional activities, but does not mean the loss of political office.

"(e) 'Non-pecuniary loss' means loss of reputation, esteem, respect, good will, or the confidence in which a person is held; personal humiliation, embarassment, or degradation; mental anguish, suffering, anxiety, or distress; adverse feelings against an individual of aversion, dislike, contempt, ridicule, hatred or obloquy.

"§ 3102. Liability for malicious, false and defamatory communications

"(a) Any person who with actual malice makes any communication concerning a Federal official which is false and defamatory and which results or tends to result in pecuniary loss or non-pecuniary loss to such official shall be liable to such official for the damages sustained thereby by him.

"(b) In any action brought under subsection (a), the court may also grant such injunctive and other relief as the court deems appropriate.

"§ 3103. Burden of proof

"With regard to each element of an action brought under section 3102, the plaintiff has the burden of establishing and proving such element by a preponderance of the evidence.

"§ 3104. Damages; non-pecuniary losses

"In an action brought under section 3102—

"(1) the plaintiff shall be entitled to recover compensatory damages for non-pecuniary loss without proof of any pecuniary loss;

"(2) non-pecuniary loss may be presumed if such loss is a reasonably likely result of the communication by defendant, or if the defendant intended such result; and

"(3) damages for non-pecuniary loss shall be awarded in an amount reasonably commensurate with the amount of such damages, based upon the facts and circumstances shown in evidence.

"§ 3105. Punitive damages

"(a) In an action brought under section 3102, the plaintiff shall be entitled to recover punitive and exemplary damages, in addition to compensatory damages, upon proof by a preponderance of the evidence that defendant has been guilty of gross abuse, outrageous conduct, or oppression resulting in aggravated injury sustained by the plaintiff.

"(b) In determining the amount of allowable punitive and exemplary damages, consideration shall be given to the communication on its face, and all relevant facts and circumstances shown in evidence, including the motives of the defendant, the relations between the parties, and the provocation or want of provocation for the communication.

"§ 3106. Republication and other repetitions of communications not a defense; retractions

"(a) The fact that a false and defamatory communication described in section 3102 was reprinted, republished, recommunicated, or in any other manner repeated from another source, irrespective of the reputation of such other source, is not a defense to an action brought under such section.

"(b) In an action brought under section 3102, evidence that the defendant within a reasonable period of time undertook good faith efforts to retract or correct the false and defamatory communication shall be admissible solely in mitigation of damages.

"§ 3107. Costs; attorneys' fees

"The court shall award to any plaintiff prevailing in an action brought under section 3102 all reasonable costs, including attorneys' fees, incurred in bringing such action".

(b) The analysis of part VI of title 28, United States Code, is amended by adding at the end thereof

"177. Malicious defamation of Federal officials.".

JURISDICTION OF DISTRICT COURTS

SEC. 4. (a) Chapter 85 of title 28, United States Code, is amended by adding at the end thereof the following new section:

"§ 1364. Malicious defamation of Federal official

"The district courts shall have original jurisdiction of all civil actions brought under chapter 177 of this title.".

(b) The analysis of chapter 85 of title 28, United States Code, is amended by adding at the end thereof

"1364. Malicious defamation of Federal official.".

Mr. HELMS. Mr. President, the able Senator from Virginia is to be commended for his bill which seeks to cause the Senate to examine a problem that has been festering for a great while. I am happy to be one of the cosponsors of the Senator's bill.

None of us wishes to tamper with the first amendment, Mr. President, and that is not the question to which this bill addresses itself. Coming as I do from what is known as the "fourth estate," I would be the last to consent to any abridgment of the right of journalists to expose those in public office who do wrong. But I have always felt that columnists and commentators and editors have no right to abuse their public trust—and that is what it amounts to—the public trust conferred upon them by the first amendment.

I am confident that the Senator's bill, which he has just introduced, may have been prompted, at least in part, by the disgraceful conduct of a syndicated columnist who recently demonstrated again why he is regarded by his peers as a muckraker.

This columnist, using an anonymous source who later was disclosed by the Washington Post to be an emotionally unstable woman, circulated a vicious column to his client newspapers, many of whom refused to publish it—if my information is correct. The Washington Post discarded the column for reasons very clearly stated by an official of that newspaper—the column was irresponsible and devoid of any credibility whatsoever.

Nonetheless, a fine U.S. Senator, a man of impeccable character and reputation, was slandered by a columnist who may well have been working in concert with politicians who are seeking to unseat the Senator. It is interesting that the column in question was published in a newspaper in Raleigh, N.C., which is regarded by many of its readers as being irresponsible itself. Then, before noon on the morning of publication, politicians in an adjoining State were rushing around, delivering reprints of the column to the news media. Such tactics tell a great deal, perhaps, about the Senator's opponent.

How does a U.S. Senator—or, for that matter, any other citizen—defend himself against baseless charges purportedly made by an anonymous source, distributed by an irresponsible columnist, and published by a newspaper that has little apparent regard for ethical journalism?

The answer, Mr. President, is that a ciitzen so maligned has no recourse except to hope that the public will remember that never before has there been a hint of blemish upon his character. He must count on the public to consider the source of such a vicious, unwarranted attack.

So, Mr. President, I commend the distinguished Senator from Virginia for introducing his bill. I do hope that it will result in a broad public consideration of both the rights and the responsibilities of our news media. The news media ought always to have the right to expose the wrongdoing of people in public office. But the news media should not have the right to callously assassinate the character of decent people in public office.

Mr. HRUSKA. Mr. President, I join the distinguished Senator from Virginia (Mr. WILLIAM L. SCOTT) in sponsorship of the bill S. 3600 to clarify the subject of defamation of public officials and urge that it receive early hearings and consideration.

I do so, Mr. President, with the thought that this bill will serve as a focal point for discussion in an extremely sensitive area of the law which has for some time been the subject of concern to both public officials and the news media. While I do not necessarily subscribe to each and every provision of the bill at hand, I believe it will be a useful vehicle for Congress to review this important topic.

Throughout my legislative career I have been an ardent supporter of the concept of a free press. I believe that a strong and free press is essential to the maintenance of a vigorous democracy and would view with disfavor measures which would seek to unduly infringe upon the exercise of the first amendment rights.

Each of the rights enumerated in the Constitution must, of course, be balanced against others. No right is supreme or absolute in all cases over all others. Involved in the subject at hand are the right to freedom of publication and the right to privacy.

It has always been the rule of law in this country that the dictates of the first amendment, awesome as they may be, must be reconciled with the individual's right to privacy. It is therefore not a novel concept that both private and public individuals have legal recourse to redress their injury, by way of the libel laws, for inaccurate publications. In recent years, however, a number of court decisions have placed a greater burden upon public officials in recovering such redress.

We in the Congress in enacting legislation must be mindful as must be our brethren on the bench in reviewing it, to achieve a proper balance between the competing constitutional rights.

The public on the one hand clearly has the right to gain information through the media concerning the workings of its Government and its public officials. The media has performed this function in admirable fashion.

Questions do legitimately arise, however, regarding the disservice and harm which has been visited occasionally and fortunately rarely upon public individuals by an extremely small percentage of the media through false and defamatory information. This concern has increased in recent years, perhaps because of the flowering of the electronic means of disseminating news on a widespread and rapid basis. It has become apparent that such broad disseminations are extremely difficult, if not impossible, to retract if they are later found to be false.

The great concern is not, however, with simple inaccuracies in news reports. As with any field of human endeavor, simple inaccuracies in this profession are to be expected. The situations with which many are concerned, however, are those in which little or no effort is made to ascertain whether information is accurate before its publication.

In the landmark decision in this area, New York Times against Sullivan, 1964, the Supreme Court found that in order for a public official to recover damages for libel, he must prove that the publication in question was made with "actual malice." It is conceivable that legislation is in order which would guide the courts in defining such malice as a failure, under the circumstances, to undertake reasonable effort to ascertain whether or not the communication is false.

This bill, Mr. President, which is being introduced today addresses this concern. It is my hope that there will be free and open testimony upon and full discussion of its merit, in order to shed additional light on this important area of the law.

Once more, I state that I do not affix approval to the provisions and language in their intirety. Rather I conceive of the proposal as a means whereby intelligent inquiry may be made to a point that judgment can be made as to the wisdom or the nondesirability of such an enactment.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 15 minutes, with statements therein limited to 5 minutes each.

EQUAL EMPLOYMENT OPPORTUNITY IN BROADCASTING

Mr. PASTORE. Mr. President, as chairman of the Communications Subcommittee of the Committee on Commerce, I have long been aware that American broadcasting has grown up as a white, male industry. This fact has been of concern to me not only because of our Nation's commitment to equal employment opportunity, but also because broadcasting is uniquely impressed with the public trust and interest.

Under the public interest standard of the Communications Act of 1934, broadcasters' program service must be responsive to the problems, needs, and interests of the significant segments of their communities—including minorities and women. If this mandate is to have any real meaning, all significant segments of our society—including minorities and women—must have equal and fair opportunity to be employed by the industry and thereby to contribute to its service.

To its great credit, the Federal Communications Commission has recognized its responsibilities and has promulgated rules, policies, and standards intended to insure broadcaster compliance with the letter and spirit of equal employment opportunity.

To its credit, the broadcast industry has made good faith efforts to afford new employment opportunities for minorities and women.

Significant progress has been made as a result of these efforts. However, we have not yet reached the millennium.

The FCC is currently engaged in an inquiry and rulemaking proceeding to reassess and possibly revise its EEO standards and policies. I believe it is therefore an opportune time to call upon the Commission to reaffirm its commitment to the goals of nondiscrimination and affirmative action, to maintain, apply, and enforce adequate rules and standards to achieve these goals, and to take any further action necessary to insure full realization of equal employment opportunity in broadcasting.

I have communicated these concerns to the chairman of the FCC, in a hand delivered letter, and I ask unanimous consent that my letter be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE ON COMMERCE,
Washington, D.C., June 21, 1976.

HON. RICHARD E. WILEY,
Chairman, Federal Communications Commission, Washington, D.C.

DEAR MR. CHAIRMAN: It is my understanding that the Commission intends to act in the near future on its long-pending inquiry and rulemaking proceeding concerning Equal Employment Opportunity in broadcasting.

In this regard, I would re-emphasize the concerns which were expressed at our Subcommittee's hearings last November on FCC broadcast reregulation; namely, that if the public interest standard is to have any real meaning in broadcasting, all significant segments of our society—including minorities and women—must have equal and fair opportunity to be employed within the industry and thereby to contribute to its service.

As the Commission is no doubt aware, American broadcasting has grown up as a white male industry. To its great credit, the FCC has previously committed itself to the cause of both non-discrimination and affirmative action in broadcasting by promulgating rules and policies requiring broadcast licensees with five or more full-time employees to formulate and file with the Commission written EEO programs, as well as to file annual statistical employment reports to provide the requisite information for monitoring compliance. In my judgment, these policies have been both reasonable and appropriate to promote full equality of opportunity in the critical areas of broadcast employment: recruitment, selection, promotion, compensation, training, and termination.

Under these policies, significant progress has been made. However, according to any reasonable measure, full equality of employment opportunity has not yet been achieved. And, now is not the time to weaken either the Commission's resolve or its ability to monitor and ensure the compliance efforts of its licensees.

I would therefore urge the Commission to reaffirm its commitment to Equal Employment Opportunity in broadcasting and to maintain and, if necessary, strengthen the effectivness of its policies and enforcement efforts.

With best wishes, I am

Sincerely yours,

John O. Pastore,
Chairman, Communications Subcommittee.

(Routine morning business transacted today is printed later in the record of Senate proceedings.)

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

JUDICIAL SURVIVORS' ANNUITIES REFORM ACT

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of S. 12, which the clerk will state by title.

The assistant legislative clerk read as follows:

A bill (S. 12) to improve judicial machinery by providing benefits for survivors of Federal judges comparable to benefits received by survivors of Members of Congress, and for other purposes.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with an amendment.

To strike out all after the enacting clause and insert the following:

That this Act may be cited as the "Judicial Survivors' Annuities Reform Act".

Sec. 2. That section 876 of title 28 of the United States Code is amended to read as follows:

"§ 376. Annuities for survivors of certain judicial officials of the United States

"(a) For the purposes of this section—

"(1) 'judicial official' means:

"(A) a Justice or judge of the United States, as defined by section 451 of this title;

"(B) a judge of the United States District Court for the District of the Canal Zone, the District Court of Guam, or the District Court of the Virgin Islands;

"(C) a Director of the Administrative office of the United States Courts, after he or she has filed a waiver under subsection (a) of section 611 of this title;

"(D) a Director of the Federal Judicial Center, after he or she has filed a waiver under subsection (b) of section 627 of this title; or

"(E) an administrative assistant to the Chief Justice of the United States, after he or she has filed a waiver in accordance with both subsection (a) of section 677 and subsection (a) of section 611 of this title;

who notifies the Director of the Administrative Office of the United States Courts in writing of his or her intention to come within the purview of this section within six months after (i) the date upon which he or she takes office, (ii) the date upon which he or she marries, or (iii) the date upon which the Judicial Survivors' Annuities Reform Act becomes effective;

"(2) 'retirement salary' means:

"(A) in the case of a Justice or judge of the United States, as defined by section 451 of this title, salary paid (i) after retirement from regular active service under subsection (b) of section 371 or subsection (a) of section 372 of this title, or (ii) after retirement from office by resignation on salary under subsection (a) of section 371 of this title;

"(B) in the case of a judge of the United States District Court for the District of the Canal Zone, the District Court of Guam, or the District Court of the Virgin Islands, salary paid after retirement from office (i) by resignation on salary under section 373 of this title or (ii) by removal or failure of reappointment after not less than ten years' judicial service;

"(C) in the case of a Director of the Administrative Office of the United States Courts, an annuity paid under subsection (b) or (c) of section 611 of this title;

"(D) in the case of a Director of the Federal Judicial Center, an annuity paid under subsection (c) or (d) of section 627 of this title; and

"(E) in the case of an administrative assistant to the Chief Justice of the United States, an annuity paid in accordance with both subsection (a) of section 677 and subsection (a) of section 611 of this title;

"(3) 'widow' means the surviving wife of a 'judicial officer', who:

"(A) has been married to him for at least one year on the day of his death; or

"(B) is the mother of issue by that marriage;

"(4) 'widower' means the surviving husband of a 'judicial officer', who:

"(A) has been married to her for at least one year on the day of her death; or

"(B) is the father of issue by that marriage;

"(5) 'child' means:

"(A) an unmarried child under eighteen years of age, including (i) an adopted child and (ii) a stepchild or recognized natural child who lived with the judicial official in a regular parent-child relationship;

"(B) such unmarried child between eighteen and twenty-two years of age who is a student regularly pursuing a full-time course of study or training in residence in a high school, trade school, technical or vocational institute, junior college, college, university, or comparable educational institution. A child whose twenty-second birthday occurs before July 1, or after August 31, of a calendar year, and while he or she is regularly pursuing such a course of study or training, is deemed to have become twenty-two years of age on the first day of July immediately following that birthday. A child who is a student is deemed not to have ceased being a student during an interim period between school years, if that interim period lasts no longer than five consecutive months and if that child shows, to the satisfaction of the Director of the Administrative Office of the United States Courts, that he or she has a bona fide intention of continuing to pursue a course of study or training in the same or a different school during the school semester, or other period into which the school year is divided, immediately following that interim period; or

"(C) such unmarried child, regardless of age, who is incapable of self-support because of a mental or physical disability incurred either (i) before age eighteen, or (ii) in the case of a child who is receiving an annuity as a full-time student under subparagraph (5)(B) of this subsection, before the termination of that annuity.

"(b) Every judicial official who files a written notification of his or her intention to come within the purview of this section, in accordance with paragraph (1) of subsection (a) of this section, shall be deemed thereby to consent and agree to having deducted and withheld from his or her salary, including any 'retirement salary', a sum equal to 4.5 percent of that salary. The amounts so deducted and withheld from the salary of each such judicial official shall, in accordance with such procedures as may be prescribed by the Comptroller General of the United States, be covered into the Treasury of the United States and credited to the 'Judicial Survivors' Annuities Fund' established by section 3 of the Judicial Survivors' Annuities Reform Act. Such fund shall be used for the payment of annuities, refunds, and allowances as provided by this section. Payment of such salary less such deductions shall be a full and complete discharge and acquittance of all claims and demands whatsoever for all services rendered by such judicial official during the period covered by such payment, except the rights to those benefits to which such judicial official, or his or her survivors, shall be entitled under the provisions of this section.

"(c) There shall be deposited to the credit of the 'Judicial Survivors' Annuities Fund', in accordance with such procedures as may be prescribed by the Comptroller General of the United States, amounts matching those deducted and withheld in accordance with subsection (b) of this section. Such deposits shall be taken from the fund used to pay the compensation of the judicial official, and shall immediately become an integrated part of the 'Judicial Survivors' Annuities Fund' for any use required under this section.

"(d) Each judicial official shall deposit, with interest at 4 percent per annum to December 31, 1947, and at 3 percent per annum thereafter, compounded on December 31 of each year, to the credit of the 'Judicial Survivors' Annuities Fund':

"(1) a sum equal to 4.5 percent of that salary, including 'retirement salary', which he or she has received for serving in any of the offices designated in paragraph (1) of subsection (a) of this section prior to the date upon which he or she filed notice of an intention to come within the purview of this section with the Director of the Administrative Office of the United States Courts; and

"(2) a sum equal to 4.5 percent of the basic salary, pay, or compensation which he or she has received for serving as a Senator, Representative, Delegate, or Resident Commissioner in Congress, or for serving as an 'employee', as that term is defined in subsection (1) of section 8331 of title 5, prior to assuming the responsibilities of any of the offices designated in paragraph (1) of subsection (a) of this section.

The interest otherwise required by this subsection shall not be required for any period during which a judicial official was separated from all such service and was not receiving any retirement salary.

"Each such judicial official may elect to make such deposits in installments, during the continuance of his or her service in those offices designated in paragraph (1) of subsection (a) of this section, in such amounts and under such conditions as may be determined in each instance by the Director of the Administrative Office of the United States Courts: *Provided*, That, in each instance in which a judicial official does elect to make such deposits in installments, the Director shall require (i) that the first installment payment made shall be in an amount no smaller than that amount necessary to cover at least the eighteen months of prior creditable civilian service, and (ii) that at least one additional installment payment shall be made every eighteen months thereafter until the total of all such deposits have been made.

"Notwithstanding the failure of any such judicial official to make all such deposits or installment payments, credit shall be allowed for the service rendered, but the annuity of that judicial official's widow or widower shall be reduced by an amount equal to 10 percent of the amount of such deposits, computed as of the date of the death of such judicial official, unless such widow or widower shall elect to eliminate such service entirely from credit under subsection (k) of this section: *Provided*, That no deposit shall be required from any such judicial official for any honorable active duty service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States, or for any other creditable service rendered prior to August 1, 1920.

"(e) The amounts deducted and withheld in accordance with subsection (b) of this section, and the amounts deposited in accordance with subsection (d) of this section, shall be credited to individual accounts in the name of each judicial official from whom such amounts are received, for credit to the 'Judicial Survivors' Annuities Fund'.

"(f) The Secretary of the Treasury shall invest, from time to time, in interest bearing securities of the United States or Federal farm loan bonds, those portions of the 'Judicial Survivors' Annuities Fund' which in his judgment may not be immediately required for the payment of annuities, refunds, and allowances as provided in this section. The income derived from such investments shall constitute a part of such fund for the purposes of paying annuities and carrying out the provisions of subsections (g), (h), (m), (o), (p), and (q) of this section.

"(g) If any judicial official resigns from office without receiving any 'retirement salary,' all amounts credited to his or her individual account, together with interest at 4 percent per annum to December 31, 1947; and at 3 percent per annum thereafter, compounded on December 31 of each year, to the date of his or her relinquishment of office, shall be returned to that judicial official in a lump-sum payment within a reasonable period of time following the date of his or her relinquishment of office. For the purposes of this subsection a 'reasonable period of time' shall be presumed to be no longer than one year following the date upon which such judicial official relinquished his or her office.

"(h) Annuities payable under this section shall be paid only in accordance with the following provisions:

"(1) In any case in which a judicial official dies while in office, or while receiving 'retirement salary,' after having completed at least eighteen months of creditable civilian service, as computed in accordance with subsection (k) of this section, for the last eighteen months of which the salary deductions provided by subsection (b) of this section or, in lieu thereof, the deposits required by subsection (d) of this section have actually been made—

"(A) if such judicial official is survived by a widow or widower, but not by a child, there shall be paid to such widow or widower an annuity, beginning on the day on which such judicial official died in an amount computed as provided in subsection (1) of this section; or

"(B) if such judicial official is survived by a widow or widower and a child or children, there shall be paid to such widow or widower an annuity, beginning on the day on which such judicial official died, in an amount computed as provided in subsection (1) of this section, and there shall also be paid to or on behalf of each such child an immediate annuity equal to:

"(i) $1,466; or

"(ii) $4,399, divided by the number of children;

whichever is smallest; or

"(C) if such judicial official leaves no surviving widow or widower, but does leave a surviving child or children, there shall be paid to or on behalf of each such child an immediate annuity equal to:

"(i) the amount of the annuity to which the judicial official's widow or widower would have been entitled under subparagraph (1) (A) of this subsection, had such widow or widower survived the judicial official, divided by the number of children; or

"(ii) $1,760; or

"(iii) $5,279, divided by the number of children;

whichever is smallest.

"(2) An annuity payable to a widow or widower under subparagraphs (1) (A) or (1) (B) of this subsection shall be terminated upon his or her death or remarriage.

"(3) An annuity payable to a child under this subsection shall terminate:

"(A) if such child is receiving an annuity based upon his or her status under subparagraph (5) (A) of subsection (a) of this section, on the last day of the month during which he or she becomes eighteen years of age;

"(B) if such child is receiving an annuity based upon his or her status under subparagraph (5) (B) of subsection (a) of this section, either (i) on the first day of July immediately following his or her twenty-second birthday or (ii) on the last day of the month during which he or she ceases to be a full-time student in accordance with subparagraph (5) (B) of subsection (a) of this section, whichever occurs first: *Provided*, That if such child is rendered incapable of self-support because of a mental or physical disability incurred while receiving that annuity, that annuity shall not terminate, but shall continue without interruption and shall be deemed to have become, as of the date of disability, an annuity based upon his or her status under clause (ii) of subparagraph (5) (C) of subsection (a) of this section;

"(C) if such child is receiving an annuity based upon his or her status under subparagraph (5) (C) of subsection (a) of this section, on the last day of the month during which he or she ceases to be incapable of self-support because of mental or physical disability; or

"(D) on the last day of the month during which such child dies or marries.

"(4) An annuity payable to a child or children under subparagraph (1) (B) of this subsection shall be recomputed and paid as provided in subparagraph (1) (C) of this subsection upon the death, but not upon the remarriage, of the widow or widower who is receiving an annuity under subparagraph (1) (B) of this subsection.

"(5) In any case in which the annuity of a child is terminated, the annuity of each remaining child which is based upon the service of the same judicial official shall be recomputed and paid as though the child whose annuity has been terminated had not survived that judicial official.

"(i) All questions of dependency and disability arising under this section shall be determined by the Director of the Administrative Office of the United States Courts, subject to review only by the Judicial Conference of the United States, and the decision of the Judicial Conference of the United States shall be final and conclusive. The Director may order or direct at any time such medical or other examinations as he deems necessary to determine the facts relative to the native and degree of disability of any child who is an annuitant, or an applicant for an annuity, under this section, and may suspend or deny any such annuity for failure to submit to any such examination.

"(j) In any case in which a payment under this section is to be made to a minor, or to a person mentally incompetent or under other legal disability, as determined by a court of competent jurisdiction, such payment may be made to the person who is constituted guardian or other fiduciary of such claimant by the laws of the State of residence of such claimant, or to any other person who is otherwise legally vested with the care of the claimant or of the claimant's estate, and need not be made directly to such claimant. The Director of the Administrative Office of the United States Courts may, at his or her discretion, determine whether such payment is made directly to such claimant or to such guardian, fiduciary, or other person legally vested with the care of such claimant or the claimant's estate. Where no guardian or other fiduciary of such minor or such person under legal disability has been appointed under the laws of the State of residence of such claimant, the Director of the Administrative Office of the United States Courts shall determine the person who is otherwise legally vested with the care of the claimant or of the claimant's estate.

"(k) The years of service rendered by a judicial official which may be creditable in calculating the amount of an annuity for such judicial official's widow or widower under subsection (1) of this section shall include—

"(1) those years during which such judicial official served in any of the offices designated in paragraph (1) of subsection (a) of this section, including in the case of a Justice or judge of the United States those years during which he or she continued to hold office following retirement from regular active service under subsection (b) of section 371 or subsection (a) of section 372 of this title;

"(2) those years during which such judicial official served as a Senator, Representative, Delegate, or Resident Commissioner in Congress, prior to assuming the responsibilities of any of the offices designated in paragraph (1) of subsection (a) of this section;

"(3) those years during which such judicial official honorably served on active duty in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States, prior to assuming the responsibilities of any of the offices designated in paragraph (1) of subsection (a) of this section: *Provided*, That those years of such military service for which credit has been allowed for the purposes of retirement or retired pay under any other provision of law shall not be included as allowable years of such service under this section; and

"(4) those years during which such judicial official served as an 'employee', as that term is defined in subsection (1) of section 8331 of title 5, prior to assuming the responsibilities of any of the offices designated in paragraph (1) of subsection (a) of this section.

For the purposes of this subsection the term 'years' shall mean full years and twelfth parts thereof, excluding from the aggregate any fractional part of a month which numbers less than fifteen full days and including, as one full month, any fractional part of a month which numbers fifteen full days or more. Nothing in this subsection shall be interpreted as waiving or canceling that reduction in the annuity of a widow or widdower which is required by subsection (d) of this section due to the failure of a judicial official to make those deposits required by subsection (d) of this section.

"(l) The annuity of a widow or widower of a judicial official shall be an amount equal to the sum of—

"(1) 1¼ percent of the average annual salary, including retirement salary, which such judicial official received for serving in any of the offices designated in paragraph (1) of subsection (a) of this section (i) during those three years of such service in which his or her annual salary was greatest, or (ii) if such judicial official has so served less than three years, but more than eighteen months, then during the total period of such service prior to his or her death, multiplied by the total of:

"(A) the number of years of creditable service tabulated in accordance with paragraph (1) of subsection (k) of this section; plus

"(B) the number of years of creditable service tabulated in accordance with paragraph (2) of subsection (k) of this section; plus

"(C) the number of years of creditable service tabulated in accordance with paragraph (3) of subsection (k) of this section; plus

"(D) the number of years up to, but not exceeding, fifteen of creditable service tabulated in accordance with paragraph (4) of subsection (k) of this section,

plus:

"(2) three-fourths of 1 percent of such average annual salary, multiplied by the number of years of any prior creditable service, as tabulated in accordance with subsection (k) of this section, not applied under paragraph (1) of this subsection:

Provided, That such annuity shall not exceed 40 percent of such average annual salary and shall be further reduced in accordance with subsection (d) of this section, if applicable.

"(m) Whenever the salary paid for service in one of the offices designated in paragraph (1) of subsection (a) of this section is increased, each annuity payable from the 'Judicial Survivors' Annuities Fund', which is based, in whole or in part, upon a deceased judicial official having rendered some portion of his or her final eighteen months of service in that same office, shall also be increased. The actual amount of the increase in such an annuity shall be determined by multiplying the amount of the annuity, on the date on which the increase in salary becomes effective, by 3 percent for each 5 percent by which such salary has been increased. In the event that such salary is increased by less than 5 percent, there shall be no increase in such annuity.

"(n) Each annuity authorized under this section shall accrue monthly and shall be due and payable in monthly installments on the first business day of the month following the month or other period for which the annuity shall have accrued. No annuity authorized under this section shall be assignable, either in law or in equity, or subject to execution, levy, attachment, garnishment, or other legal process.

"(o) In any case in which a judicial official dies while in office, or while receiving 'retirement salary', and;

"(1) before having completed eighteen months of civilian service, computed in accordance with subsection (k) of this section, during which the salary deductions provided by subsection (b) of this section or the deposit required by subsection (d) of this section have actually been made; or

"(2) after having completed eighteen months of civilian service, computed in accordance with subsection (k) of this section, during which all such deductions or deposits have been made, but without a survivor or survivors who are entitled to receive the annuity benefits provided by subsection (h) of this section; or

"(3) the rights of all persons entitled to receive the annuity benefits provided by subsection (h) of this section terminate before a valid claim therefor has been established;

the total amount credited to the individual account of that judicial official, established under subsection (e) of this section, with interest at 4 percent per annum to December 31, 1947, and at 3 percent per annum thereafter, compounded on December 31, of each year, to the date of that judicial official's death, shall be paid, upon the establishment of a valid claim therefor, to the person or persons surviving at the date title to the payment arises, in the following order of precedence:

"First, to the beneficiary or beneficiaries whom that judicial official may have designated in a writing received by the Administrative Office of the United States Courts prior to his or her death;

"Second, if there be no such beneficiary, to the widow or widower of such judicial official;

"Third, if none of the above, to the child or children of such judicial official and the descendants of any deceased children by representation;

"Fourth, if none of the above, to the parents of such judicial official or the survivor of them;

"Fifth, if none of the above, to the duly appointed executor, executrix, administrator, or administratix of the estate of such judicial official;

"Sixth, if none of the above, to such other next of kin of such judicial official, as may be determined by the Director of the Administrative Office of the United States Courts to be entitled to such payment, under the laws of the domicile of such judicial official, at the time of his or her death.

Such payment shall be a bar to recovery by any other person. For the purposes of this subsection only, a determination that an individual is a widow, widower, or child of a judicial official may be made by the Director of the Administrative Office of the United States Courts without regard to the definitions of those terms contained in paragraphs (3), (4), and (5) of subsection (a) of this section.

"(p) In any case in which all the annuities which are authorized by this section and based upon the service of a given official terminate before the aggregate amount of annuity payments received by the annuitant or annuitants equals the total amount credited to the individual account of such judicial official, established under subsection (e) of this section, with interest at 4 percent per annum to December 31, 1947, and at 3 percent per annum thereafter, compounded on December 31, of each year, to the date of that judicial official's death, the difference between such total amount, with such interest, and such aggregate amount shall be paid, upon establishment of a valid claim therefor, in the order of procedure prescribed in subsection (o) of this section.

"(q) Any accrued annuity benefits remaining unpaid upon the termination of an annuity, other than by the death of an annuitant, shall be paid to that annuitant. Any accrued annuity benefits remaining unpaid upon the death of an annuitant shall be paid, upon the establishment of a valid claim therefor, in the following order of precedence:

"First, to the duly appointed executor, executrix, administrator, or administratrix of the estate of such annuitant;

"Second, if there is no such executor, executrix, administrator, or administratrix, payments shall be made, after the expiration of sixty days from the date of death of such annuitant, to such individual or individuals as may appear, in the judgment of the Director of the Administrative Office of the United States Courts, to be legally entitled thereto, and such payment shall be a bar to recovery by any other individual.

"(r) Nothing contained in this section shall be interpreted to prevent a widow or widower eligible for an annuity under this section from simultaneously receiving such an annuity while also receiving any other annuity to which such widow or widower may also be entitled under any other law without regard to this section: *Provided*, That service used in the computation of the annuity conferred by this section shall not also be credited in computing any such other annuity.".

SEC. 3. That on the date upon which this Act becomes effective there shall be established on the books of the Treasury a fund which shall be known as "The Judicial Survivors' Annuities Fund", and all money credited to the judicial survivors annuity fund established by section 2 of the Act of August 3, 1956 (70 Stat. 1021), as amended, shall be transferred to the credit of the Judicial Survivors' Annuities Fund established by this section.

SEC. 4. That on the date upon which this Act becomes effective the Secretary of the Treasury shall ascertain from the Director of the Administrative Office of the United States Courts the amount of the level cost deficiency in the fund transferred by section 3 of this Act on the date of that fund's transfer and, at the earliest time thereafter at which appropriated funds in that amount shall become available, the Secretary shall deposit such funds, in a single payment, into the Judicial Survivors' Annuities Fund established by section 3 of this Act. Such funds as are necessary to carry out this section are hereby authorized to be appropriated.

SEC. 5. That on the date upon which this Act becomes effective each annuity then being paid to a widow from the judicial survivors annuity fund established by section 2 of the Act of August 3, 1956 (70 Stat. 1021), as amended, shall be increased by an amount equal to one-fifth of 1 percent of the amount of such annuity multiplied by the number of months which have passed since the commencement of that annuity. For the purposes of this section, any fractional part of a month which numbers less than fifteen full days shall be excluded from the computation of the number of months and any fractional part of a month which numbers fifteen full days or more shall be included in the computation as one full month. Such funds as are necessary to carry out this section are authorized to be appropriated and, upon appropriation, shall be deposited by the Secretary of the Treasury, in a single payment, to the credit of the Judicial Survivors' Annuities Fund established by section 3 of this Act.

SEC. 6. That the benefits conferred by this Act shall, on the date upon which this Act becomes effective, immediately become available to any individual then receiving an annuity under section 2 of the Act of August 3, 1956 (70 Stat. 1021), as amended: *Provided*, That although the rights of any judicial official electing to come within the purview of section 376 of title 28, United States Code, on or after the date upon which this Act becomes effective, shall be determined exclusively under the provisions of that section as amended by this Act, nothing in this Act shall be interpreted to cancel, abrogate, or diminish any rights to which an individual or his survivors may be entitled by virtue of his having contributed to the judicial survivors annuity fund established by section 2 of the Act of August 3, 1956 (70 Stat. 1021), as amended, before the date upon which this Act becomes effective.

SEC. 7. That this Act shall become effective on the first day of the third month following the month in which it is enacted.

The ACTING PRESIDENT pro tempore. Time for debate on this bill is limited to 30 minutes, to be equally divided and controlled by the Senator from North Dakota (Mr. BURDICK) and the Senator from Nebraska (Mr. HRUSKA), with debate on any amendment, except an amendment by the Senator from Montana (Mr. METCALF), on which there shall be 1 hour, to be limited to 30 minutes, and with debate on any debatable motion, appeal, or point of order to be limited to 20 minutes.

Mr. BURDICK. Mr. President, one of the Senators who is very interested in the bill has not arrived yet. I would not like to proceed without him. I suggest the absence of a quorum and ask unanimous consent that the time not be charged to either side.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BURDICK. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. McGOVERN). Without objection, it is so ordered.

Mr. BURDICK. Mr. President, I ask unanimous consent that the privilege of the floor be granted to the following people: W. J. Weller, W. P. Westphal, and J. C. Argetsinger.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 66

Mr. BURDICK. Mr. President, I, first of all, call up a technical amendment, which is at the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from North Dakota (Mr. BURDICK) proposes unprinted amendment No. 66:

On page 32, line 17, delete the period, and insert in lieu thereof a comma and the words "or on October 1, 1976, whichever occurs last".

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BURDICK. Mr. President, the purpose of this bill is to reform and update the existing program which provides annuities for the survivors of Federal judges.

Senator MCCLELLAN first sponsored this bill in 1973. When he introduced his bill the program had been in need of reform for 17 years, but Congress and the Judicial Conference of the United States had never been able to agree on a reform proposal. After 3 years of extensive work by the Committee on the Judiciary and the Judicial Conference, we have a consensus. This bill, as approved by your Judiciary Committee without opposition, has also been approved by the Judicial Conference.

Specifically, S. 12, as approved by the Committee on the Judiciary will achieve three objectives: First, it will establish a program which is actuarially sound; second, it will provide moderately increased annuity amounts; and third, it will improve the standards which determine survivors' eligibility for annuities.

It will establish an actuarially sound program by:

First. Eliminating the existing program's estimated $8.5 million deficit;

Second. Statutorily authorizing the payment of agency contributions to "match" the contributions made by the judges;

Third. Incorporating the existing underfinanced program into a completely restructured and financially sound new program; and

Fourth. Increasing the judges' contribution and deposit rates from 3 to 4.5 percent of annual salary.

It will increase current annuity amounts by:

First. Increasing the dollar amounts of annuities to dependent children;

Second. Substituting a "high-3-year" salary factor for the existing "last-5-year" salary factor used in computing basic annuity amounts;

Third. Increasing the number of years of service which may be deemed to be "creditable" for purposes of computing all annuities; and

Fourth. Providing both retroactive and prospective cost-of-living increases which are fair and generous—without being so large that they will again propel the program into bankruptcy.

It will improve eligibility standards for annuities by:

First. Extending annuity coverage for dependent children who are full-time students;

Second. Permitting widowers as well as widows to receive an annuity;

Third. Reducing the required marital period for eligibility from 2 years to 1 year;

Fourth. Permitting all widows and widowers to receive an immediate annuity upon the deaths of their spouses, regardless of their ages;

Fifth. Reducing the required contribution period for participating judges from 5 years to 18 months; and

Sixth. Reforming the procedures governing deposits for prior creditable service.

As important as is the fact that this bill incorporates those 14 badly needed improvements in this program is the fact that it does so in a financially responsible manner.

Before the committee recommended any of these improvements, it insisted upon determining the cost of each improvement. During the past 3 years cost studies have been conducted, at the committee's request, by the Civil Service Commission, the Social Security Administration, Congress Joint Economic Committee, and the Congressional Budget Office. The results of those studies have made it possible for the committee to be certain that the reforms it is recommending will not result in this program again bordering on bankruptcy.

In allocating costs for these reforms the committee acted to insure that the cost of remedying past errors would be paid for by the Government while the cost of future improved benefits would be paid for by the program.

In addition, the committee insisted that the cost of correcting past errors be paid now—not amortized into the future. Paying the full bill now results in keeping the cost to a minimum. It actually results in money which must be paid earning interest for the program. Were we to amortize the costs we would be obligating the Government to pay interest for the privilege of postponing the payment of the amounts needed to meet the costs.

As shown in table C in the committee report, which is located at page 69, the estimated cost of this bill for the next 5 years is $13.8 million. That amount is derived from the following:

$8.5 million needed to eliminate the existing fund deficiency.

$2.0 million to pay for adjustments in annuities now in existence which will help offset the reductions in their purchasing power caused by inflation.

$1.0 million to pay for the cost of continuing those adjustments until each of those annuities terminates; and

$2.3 million, the amount the government will be putting into the fund to "match" the $2.3 million more the judges will be contributing under the new contribution rates.

I point out that, of the $13.8 million cost, $12 million of it will be met in the first year. In each year thereafter the cost to the Government will consist only of the amount needed to match equal amounts contributed by the judges.

Mr. President, when the Committee on the Judiciary first began working on this reform bill 3 years ago, it was faced with a program condemned to bankruptcy from the date of its creation in 1956. The solution to the problem then proposed would have cost at least $63 million. Our amended bill achieves substantially the same results for a cost of approximately $14 million.

For almost 20 years the judicial survivors' annuities program has been in existence, and for the same period it has been severely underfunded. That deficiency resulted from errors made by Congress when it created the program. S. 12, as amended, will finally correct that financial deficiency and place the program in an actuarially sound condition.

For almost 14 years the Judicial Conference and Members of Congress have advocated reforms in the judicial survivors' annuities program and for just as long been unable to reach a consensus on how best to do so. S. 12, as amended, has the support of such a consensus; the Judicial Conference has approved the amended bill.

For almost 3 years, the Judiciary Committee has worked to structure a reform proposal which would provide reasonable increases in annuity amounts which would not once again undermine the program's fiscal stability. S. 12, as amended, accomplishes that objective.

In the final analysis, this committee's responsibility is not to guarantee every judicial survivor a certain dollar amount annuity; it is to provide a program through which the judges, by making appropriate contributions, may earn, with their years of service, a reasonable degree of security for their survivors. That objective has been the Committee on the Judiciary's goal—and although that objective has been a difficult—and often elusive—goal, I believe that the Committee on the Judiciary has recommended a program which will serve our judges and their survivors well—without incurring an unnecessary or unreasonable cost for our taxpayers. Significantly, for the first time in almost 20 years, the judges themselves agree, and we now have a consensus upon which constructive reformation of this program can be based. I would therefore, without reservations, urge the Senate to support S. 12 as recommended by the Committee on the Judiciary.

I yield to the Senator from Nebraska such time as he desires.

Mr. HRUSKA. I thank the Senator from North Dakota.

Mr. President, I support the pending amendment.

The judicial survivors' annuitants program that we currently have in effect was created in 1956. Virtually from its outset, it was destined for bankruptcy. This was known at the time it was enacted, and Congress must accept its share of responsibility in that regard. It was known to those who are versed in the actuarial sciences and are aware that figures overtake us when they are used injudiciously.

There is an existent deficit of $8.5 million in this fund. Considering normal pension funds, this would be an almost insignificant amount. However, this program covers only a tiny number of survivors. Therefore, the amount is proportionately large.

Reform efforts have failed until now because the Congress and the judiciary, regrettably, could not in the past agree upon a common ground. We have, however, now reached agreement, thanks to the persistent efforts of the introducer of the bill, the senior Senator from Arkansas (Mr. McCLELLAN) and the Senator from North Dakota (Mr. BURDICK), who chaired the hearings on this measure before his Subcommittee on Improvements in Judicial Machinery.

Many hours of consideration have been given this measure by these Senators and other members of the Committee on the Judiciary. The result has been a bill which fairly balances the interests of all that are concerned.

Much thought was given to creating a fund which, while generous to the widows and dependents of deceased Federal judges, would operate on a sound financial basis.

Mr. President, the original cost of this bill, as introduced, was $63 million. That amount has been scaled down to $14 million, a very acceptable figure. However, a careful examination of its provisions reveals a durable plan benefiting the judges and their survivors in fair fashion. This result the committee was pleased to reach without unreasonable cost to the taxpayers or to public funds.

For these reasons, I trust that the bill will be approved promptly by this body and will be further processed to final enactment with equal dispatch.

Mr. President, I ask unanimous consent to have printed in the RECORD an exhibit containing the chief points and the objectives of the bill.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

OBJECTIVES OF S. 12

Specifically, S. 12, as amended, will achieve the following objectives:

A. It will establish an actuarially sound program by:

1. Eliminating the existing program's $8.5 million deficit;

2. Statutorily authorizing the payment of agency contributions to "match" the contributions made by the judges;

3. Incorporating the existing underfinanced program into a completely restructured and financially sound new program; and

4. Increasing the judges' contribution and deposit rates from 3 to 4.5 percent of annual salary.

B. It will increase current annuity amounts by:

1. Increasing the dollar amounts of annuities to dependent children;

2. Substituting a "high-three-year" salary factor for the existing "last-five-year" salary factor used in computing basic annuity amounts;

3. Increasing the number of years of service which may be deemed to be "creditable" for purposes of computing all annuities; and

4. Providing both retroactive and prospective cost-of-living increases which are fair and generous without being so large that they will again propel the program into bankruptcy.

C. It will improve eligibility standards for annuities by:

1. Extending annuity coverage for dependent children who are full-time students;

2. Permitting widowers as well as widows to receive an annuity;

3. Reducing the required marital period for eligibility from two years to one year;

4. Permitting all widows and widowers to receive an immediate annuity upon the deaths of their spouses, regardless of their ages;

5. Reducing the required contribution period for participating judges from five years to eighteen months; and

6. Reforming the procedures governing deposits for prior creditable service.

I yield the floor, and I thank the Senator for yielding time.

Mr. BURDICK. Mr. President, I yield the Senator from Arkansas such time as he requires.

Mr. McCLELLAN. Mr. President, I support S. 12 as reported by the Judiciary Committee. I introduced S. 12 on January 15, 1975, to provide a basis for hearings with respect to improving benefits for survivors of Federal judges. After hearings on the original measure, I introduced on June 16, 1975, an amendment to S. 12 in the nature of a substitute. This amendment with minor changes was the measure reported by the Judiciary Committee and is now the pending business of the Senate.

I express my appreciation and thanks to the distinguished Senator from North Dakota, chairman of the Subcommittee on Improvements in Judicial Machinery, for the conscientious labor and effort he has put into the processing of this measure. I first introduced the bill in the 93d Congress on June 18, 1973, as S. 2014, but the press of other business prevented its consideration. The distinguished Senator from North Dakota during the intervening period of time has given a great deal of time and study to the bill and has made very substantial contribution to the final draft of the measure we are considering today.

Mr. President, this is something that is long overdue. It is complicated; it is intricate in many details; it has not been easy to work out an acceptable solution. As the distinguished Senator from Nebraska pointed out, it does not satisfy everyone. It is not completely acceptable in every detail, but I think it is an excellent compromise of the different positions. It certainly is worthy of the Senate's support, and should be enacted.

I again express my appreciation to the distinguished Senator from North Dakota and the distinguished Senator from Nebraska for their cooperation and for their valuable assistance in helping process this legislation and getting it to the floor of the Senate for consideration today. I trust that the bill will be passed without any crippling amendments and that we can move it to final passage and enactment, so that the inequities that now exist can be corrected.

AMENDMENT NO. 1634

Mr. METCALF. Mr. President, I call up my amendment No. 1634.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Montana (Mr. METCALF) proposes an amendment No. 1634.

Mr. METCALF. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with, and I will explain it.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 31, strike out lines 6 through 23, and insert in lieu thereof the following:

SEC. 5. That on the date upon which this Act becomes effective each annuity then being paid to a widow from the judicial survivors' annuity fund established by section 2 of the Act of August 3, 1956 (70 Stat. 1021), as amended, shall be increased by the same percentages which a surviving spouse's annuity with the same commencing date, being paid from the Civil Service Retirement and Disability Fund under section 8341 of title 5, United States Code, has been increased under section 8340(b) of title 5, United States Code, since that commencing date: *Provided*, That, in applying such percentage increases, every such percentage increase authorized under the Act of October 20, 1969 (Public Law 91-93, title II, section 204, 83 Stat. 139), and thereafter shall be reduced by 1 per centum before it is applied under this section of this Act. Such funds as are necessary to carry out this section are authorized to be appropriated and, upon appropriation, shall be deposited by the Secretary of the Treasury, in a single payment, to the credit of the "Judicial Survivors' Annuities Fund" established by section 3 of this Act.

Mr. METCALF. Mr. President, this amendment was prepared for me by the legislative drafting office, and I hope it does what I am attempting to do.

Make no mistake about it—I am wholeheartedly in accord with this bill. As the Senator from Nebraska said, this bill is long overdue. A tiny segment of our population in America, a group of surviving widows of U.S. judges, has been deprived of ordinary pension treatment, in the nature of costs-of-living adjustments, that we have given to civil service retirees, to social security recipients, to everyone except this small segment.

I have nothing but praise for the distinguished Senator from Arkansas, who introduced this bill, and the distinguished Senator from North Dakota and the distinguished Senator from Nebraska, who pushed this bill through committee. I feel that they should be accorded the highest accolades in getting this bill this far along. I know that in a few minutes the bill will be passed overwhelmingly by the Senate, and it will correct many of the things we have allowed to drift along for too many years.

Mr. President, I am here to plead for 172 women who have not been treated quite fairly by this bill. The Senator from North Dakota, in his bill, has provided about $2 million for a catchup cost-of-living increase for these 172 women, which will provide for about a 2.4-percent-per-year increase from the time that they started to receive their pensions. As has been said, this judicial survivors' bill started about 20 years ago and it was, we all know—I think every Senator in the Chamber knows that the passage of the original legislation was fraught with political implications from its very inception. The retirement system for judges was started just because, in the New Deal days, we wanted to have an opportunity to get additional judges on the U.S. Supreme Court. Gradually, a whole system of retirement has grown up that has not had any actuarial balance or support. For the first time, we have a bill before us that is self-supporting and will take care of the actuarial soundness of the system.

In the course of this growth, unlike the social security system, unlike the civil service retirement, unlike our own retirement system, we have not taken care of cost-of-living increases. This bill partially does that, for 172 women who have been in the system for a long time. Most of these women are very elderly women. Some of them are more than 80 years old. Some of the women are getting a monthly annuity. I have one here who gets an annuity of $137 a month. That is the only income she has. I have another here who only gets an annuity of $68 a month. Her total income is $88—a total income for the wife of a U.S. judge who has performed services, abandoned his law practice, gone into the service of the United States, served as a judge, and has failed to provide for his wife. We have failed to provide for her, too, by this survivor's benefit.

What my amendment does is allocate an additional $2 million—that is the amount of money that I am told it will cost, by the Congressional Budget Office. Two million dollars will be paid into this fund and these 172 widows will be given a cost-of-living increase that will catch up with the cost-of-living increase that we have given to the civil service retirees, that we give to our own survivors, and that we have provided in this bill for all the future widows except these 172.

Twenty-five percent of the widows of this 172 are eligible for welfare. They are eligible for food stamps. Mr. President, 20 percent of their annuities are below the poverty level. My amendment will only provide that we pay one flat amount of $2 million, over and above the cost of the bill that has been outlined by the Senator from North Dakota and the Senator from Nebraska, and provide for these ladies. Most of them are very old. I have one here who is 76, others are 80, 83, 84, 75, 66, 72—just a random sampling of the people with whom my staff have been in correspondence. This $2 million will really restore the same equity we have given millions of civil service retirees, that we have given millions of social security retirees. We provide for our own survivors, so let us make this bill completely and thoroughly equitable to everybody.

One hundred seventy-two people are a very small number. They do not have very much political impact. Only one is in the State of Montana. I had my staff research them. All I know about them is the annuity amounts that they have been given so these amounts will be brought out without names. The committee, however, has these names and annuity amounts.

I urge my colleagues to make this bill completely equitable, make this bill a catch-up bill, so that all the survivors will be able, in their waning years, in the last few years of their lives, to have at least an adequate income that their husbands have earned for them by their service to the United States.

Mr. BURDICK. Mr. President, I understand that my good friend, the Senator from Montana, has offered his amendment because he believes that the formula contained in section 5 of S. 12, as recommended by the committee, fails to adjust existing annuities "to the extent necessary or fair." He has explained that the formula he offers as a substitute for the committee's will result in adjustments in those annuities which will "more closely" approximate the actual increases in the costs of living since the various dates when those annuities commenced.

While I agree that his formula will indeed result in increases which are closer to actual increases in the cost of living since those annuities commenced, I cannot agree with his conclusion that the adjustments which would result from the committee's formula are not "fair" and "necessary."

In fact, I believe the increases derived by using the committee's recommended formula are: First, the only increases which are truly fair to all judicial widows—both those now receiving annuities and those who will begin receiving them in the future; and, second, that for that very reason, they are absolutely necessary.

Let me first explain why the formula recommended by the committee results in "fairer" increases than those which result from the formula offered by Senator METCALF.

The keystone to Senator METCALF's argument is the presumption that only increases which "closely" reflect "actual" increases in the cost of living since those annuities commenced will be fair. Given that presumption, he has recommended a formula which will effectively and efficiently provide such increases.

I concede that—if Senator METCALF's formula is used—the percentage adjustments which will result will be reasonably close to the actual percentages by which the cost of living has increased in the same periods of time—at least from 1966 to 1976.

However, to focus only upon that fact—and then conclude that amendment No. 1634 is fair—and that the percentage adjustments which will result from using the committee's recommended formula are not fair—is to ignore other factors which I believe are just as important—if not more important—to a complete evaluation of the purpose served by the entire bill.

One such factor which we cannot ignore is the fact that both formulas now under dispute because of this amendment—both Senator METCALF's formula and the committee's formula in section 5 of the bill—are designed to adjust only those annuities now being paid to existing widows—in other words, annuities which are in existence on the date this act becomes effective.

Let me emphasize that point—only widows who are actually receiving annuities on the day this act becomes effective will receive increases under section 5 of the bill—whether the Senate approves that section 5 which the committee has recommended or the section 5 which Senator METCALF has offered us.

All widows coming into this program after this act's effective date will receive their cost-of-living adjustments according to the formula contained in subsection (m) of the newly organized statute set forth in section 2 of the bill.

Under that formula, those new annuities will be increased by 3 percent of their amounts every time judicial salaries increase by 5 percent. They will not be increased by the extent to which the cost of living has increased.

The reason why that 3 for 5 percent formula was chosen by the committee for the future is that that formula is a formula which this program can afford—as long as the judges contribute only at the new contribution rate of 4.5 percent authorized by the program.

While a formula which would correlate future increases to actual increases in the cost of living—as measured by rises in the Consumer Price Index—would be more beneficial to the new annuitants, it would also require ever more contribution income—even higher contribution rates—to prevent the program from once again becoming actuarially unsound.

When the Committee on the Judiciary was trying to find a formula which could be used for the future, it studied the feasibility of adjusting all annuities—existing ones and new ones—by correlating increases to "actual" increases in the cost of living as measured by the Consumer Price Index.

The committee had to reject that approach because it found that the program simply could not pay for such increases in the future. In the words of the committee report which appear at page 51:

> Although a program with as many members as Civil Service Retirement might be able to carry the cost of an automatic cost-of-living increase based directly upon rises in the Consumer Price Index, the judicial survivors' annuities program simply could not. If any lesson is to be learned from the Congress errors in 1956, it is that the judges' program and the Civil Service Retirement program are not "comparable" in size and therefore simply do not have "comparable" growth potential. If every federal judge in the nation were to join the program tomorrow, its investment fund would still not receive enough money from contributions and deposits, even at a moderately increased rate, to produce the earnings needed to support such large increases in annual expenditures.

For that reason the committee adopted the 3-percent increase in annuities for every 5-percent increase in judicial salaries as the formula for the future and recommended in section 5 of the bill, as amended, that all existing widows' annuities be increased by one-fifth of 1 percent for every month those annuities have been in existence.

The committee chose that particular percentage per month because the increases awarded using that percentage would almost exactly equal what the widows would have received in the formula recommended for the future had been used in the past.

Thus both groups of widows—existing and future—will be treated alike by using the committee's recommended formulas.

The committee has applied the formula for existing widows on a month-to-month basis in order to compensate each widow as precisely as possible for the actual number of months she has been drawing an annuity. In view of the fact that future adjustments will be made every year—now that judges' salaries will be adjusted every year—the more precise application to the past—the month-by-month application—seemed reasonable and appropriate.

Given those results, I believe that the committee's recommended formula is actually fairer than the formula contained in amendment No. 1634.

I realize that Senator METCALF's formula will result in larger increases—and I recognize that it will affect only a limited number of existing widows—no more than 200 of them. I understand that that formula, while costing several million dollars more than the committee's formula, will not place the program's actuarial soundness in danger—because it is fully financed just as is the committee's formula.

I do not, however, believe that such a limited application of that formula can excuse our approval of it over the committee's.

I do not believe that the "limited application" rationale will work because I believe that it directly contradicts Senator METCALF's basic presumption that only an increase indexed to the actual increase in the cost of living would be fair.

If that is the only fair increase, how can we explain providing it only for the existing widows under section 5 of the bill, while not providing it under section 2 of the bill for future widows?

I do not believe that we can justify conferring a substantially larger increase upon an existing widow than we will be conferring upon a future widow under any circumstances. But let me point out that here it would be even more inequitable; 39 of the 168 existing widows who will be receiving this "adjustment" increase are now receiving annuities for which no contributions were ever made by their husbands—they are the last 39 of the 121 who were blanketed into this program in 1956. Under both formulas—Senator METCALF's or the committee's—their increases, as well as those of the 129 other existing widows, are going to be paid for entirely by the Government. Yet future cost-of-living increases for future widows are going to be paid for by their husbands contributing at a higher rate. The 3-for-5-percent adjustments which will be conferred under section 2 of the act are going to be financed 50–50 by increased contributions and increased matching amounts. The committee recommended that the Government pay for the increases for existing widows because it would be unreasonable to ask judges now contributing to do so—their contributions are going to provide their survivors annuities and increases in the future. I believe that by requiring the Government to pay for those increases at the same rate that widows will receive increases in the future is quite enough. I do not understand how we can possibly justify giving these existing widows a greater increase than future widows will receive.

To approve amendment No. 1634 would be—in my view—unfair to future contributors and annuitants.

That conclusion leads me finally to my reasons for believing that approval of the increases recommended by the committee is necessary as well as fair.

We are increasing judicial contributions under S. 12, in part so that the program will be able to afford future cost-of-living increases—and we are paying the cost of adjusting existing annuities from the Treasury, because there is no other way.

In essence we are saying to the judges:

> We realize that the cost of these increases to existing widows should not be assessed against the money you have already contributed and the money you will be contributing at new rates to provide protection for your own wives and children. We realize that the present condition this program is in is—to some degree at least—and perhaps some great degree—the fault of the 84th Congress. So we will pay the increased cost of increased annuities for the existing widows from now until the last of them dies—and you will pay the cost for your survivors. We will put this program in an actuarially sound condition—we'll place it in the shape it should have been in today if the 84th Congress had not made a mistake—but from now on this is your program. If you want larger benefits in the future, be prepared to increase your contribution rate—because this is the one and only time Congress is going to bail this program out.

Well, gentlemen, how can we make that position anything other than a charade if we provide increases to existing widows which are correlated to the rises in the Consumer Price Index for the past 20 years while refusing to provide similarly indexed increases for new widows coming into the program in the future?

If we do that—if we adopt amendment No. 1634—we can be certain that 10 years from now the judges will be back here arguing that "you did this in 1976 for group A, now you should do it for group B"—and 10 years later we would see group C.

Frankly, I think the judges would be missing an awfully good bet if they did not make that argument on a regular 5-year anniversary date.

Mr. President, one very simple reality is at the root of this matter—one simple fact repeatedly emphasized in the Judiciary Committee's report. The judicial survivors' annuities program is not "comparable" to the civil service retirement program. While the civil service program may be able to afford cost-of-living increases which are directly correlated to the rises in the Consumer Price Index, we are not yet really sure that it can. Certainly the ever-increasing contribution rates required by that program to carry the cost of ever-increasing expenditures have now begun to raise serious questions in all our minds. I believe that—in reforming this judges' program—we must recognize the implications inherent in those questions.

According to the first annual report of the Pension Benefit Guaranty Corporation—which Congress created in September of 1974—more than 33 million Americans are now participating in private-sector and local-government pension programs. I do not know—nor does the Pension Benefit Guaranty Corporation yet know—exactly how many of those programs have cost-of-living increases which are directly corellated to "actual" increases in the cost of living as measured by rises in the Consumer Price Index, we do know, however, that—according to the latest study of such programs conducted for this Congress by the Defense Manpower Commission in 1975:

> The purchasing power of the annuities of the vast majority of Americans who receive them deteriorates as the Consumer Price Index increases.

In other words, there can be no doubt that the vast majority of Americans do not today have indexed cost-of-living increases in their pensions and survivors' annuities.

We also know that in recent months, the newspapers have described the perilous condition in which several pension programs which are indexed to rises in the Consumer Price Index are now finding themselves—programs such as those covering metropolitan police forces in New York City and Washington, D.C.

And—if we are absolutely honest with ourselves—we know that in coming months we are going to have to come to grips with the problems we have seen developing by the cost-of-living increase formula now being used by the civil service program.

The Judiciary Committee has tried to face those very real problems squarely with this bill. It determined that—unless we require our judges to make ever-larger contributions—and require the Treasury to fund ever-larger matching amounts—there is simply no way that the judges program can carry the cost of increases which are directly tied to the rises in the Consumer Price Index. And that is why it is absolutely necessary that we adopt the committee's formula for increases in existing annuities.

If we adopt amendment No. 1634—increases for existing widows which are tied to the rises in the Consumer Price Index—then, regardless of the formula we enact today for the future—before long we will be asked to do the same thing for another group of judicial widows—and the inescapable fact is: We cannot responsibly do it. One reality is rapidly closing in on us—cost-of-living increases in every pension and annuity program must be correlated to that particular program. What works with one may well not work for another. There can no longer be any question that Congress may have erred in enacting the civil service retirement "kicker" in 1969. When we took that action, however, we made an honest mistake because the real consequences of the action were not foreseen. Given the Judiciary Committee's report on S. 12, as amended, however, we will not be able to excuse our approval of amendment No. 1634 by saying that its implications were not clear.

If we do this for this group of widows—just this once—we will be asked to do it again—just one more time—and then again. Now is the time to say "no"—before any widow receives an increase disproportionately greater than any other widow. If we cannot do this for all judicial widows, we should not do it for any of them. And we cannot do it for all of them.

Given those facts, I believe the committee's recommended formula—the one which gives the widows what they would have received if the formula for the future had been in existence since 1956—the one which results in existing widows receiving substantially the same rate of increase which new widows will receive in the future—is the fairest formula—and for that very reason it is necessary for the Senate to approve it.

Mr. President, this bill does treat all widows fairly. The Senator from Montana refers to 172 widows. At the time this bill was reported, there were 168. I advise the Senate that the husbands of 39 of those 168 widows had never contributed 1 cent to the program—not 1 dime. What we have done here is establish one formula that applies prospectively and applied it retroactively. We give the widows in the future a certain increase. In fact, the formula provides that for every 5 percent of the increase in judicial salaries, the widows will get a 3-percent increase in their pensions. We have computed that back for 20 years and the result is the same as if that formula had been in effect 20 years ago. The adjustments in existing pensions are based upon that. In other words, had the formula for the future been in effect 20 years ago, these widows would have gotten almost identical benefits. Now, if we give them more than we are going to give the prospective widows in the future, then sometime down the line, in 10 years, we will have to do something more for future widows. And under the committee bill we are treating everyone exactly alike, regardless of whether or not they made a contribution.

To repeat, with regard to 39 of these widows, their husbands never paid 1 dime into the fund. Of course, that is part of the reason that we are in trouble today, because there were no contributions made. Husbands of the widows making up the balance of the number from 169 or 172, as the case may be, started making contributions. I regret that my friend from Montana has said that we have to treat these annuitants just like our own congressional survivors. There is a big difference between a congressional pension and a judicial pension. Bear in mind, we in Congress have to be here 32 full years and make contributions during that period before we get 80 percent of our salaries as a pension. The judges get their full salary of office as a pension without making any contributions at all, as the Chair knows. They have their salaries for life. Certainly, there is some obligation upon the judges to make contributions for their own widows.

But I repeat: What we have done here is draw a formula which applies prospectively and then carried it back 20 years to provide an adjustment for these existing widows. There is nothing we can do that would be fairer. I regret that some of these widows are in meager circumstances, as the Senator has stated. But if we were to adopt his formula and adopt his policy, that will get us into trouble 10 and 20 years from now. We have to establish a standard and we have to establish it now. I must, in all sincerity, reject the eloquent plea of my friend from Montana. Let us put this program on a completely sound basis. We will do it in two ways: First of all, we are making up for the shortfall in payments in the past and we are increasing the judges' contributions from 3 percent to 4.5 percent for the future. We will then have the program on a sound basis and will be treating everybody exactly the same. I hope we will reject the amendment of the Senator from Montana.

Mr. METCALF. Mr. President, the Senator from North Dakota is absolutely correct. There are, according to my figures, and I think he said there are, 32 women whose husbands paid absolutely nothing into this fund. But that is not their fault. That is, as the Senator from Nebraska said, the fault of Congress in setting up this fund. These 32 women are an average age of 83. Their annuities are the very smallest amount. They average $183 a month. They are 32 women who are the victims of the fault of Congress in creating a pension and retirement system and they are now 83 years old, drawing $183 a month, and widows of the most distinguished group of public servants that we have in in our whole system.

Every other survivor of every other system has received cost-of-living catchup benefits, many of whom are provided increases by the millions in the social security system. But we are saying just because we set up an inadequate sort of pension system, and Congress created a fund that was not on an actuarially sound basis, that we are going to deprive 32 survivors, who have an average age of 83, of the ordinary comforts of life for their declining years.

Now, I wish they would all live to be 100 years old. Most of them, unfortunately, by the law of averages, are not going to do that. But we can today restore some of the benefits that these survivors should have had over the years, the benefits that everybody else shares.

We are not taking care of retirees. We have a different system for retirement for our U.S. district court judges, circuit court judges and Supreme Court Judges, different from what we have for everybody else. They have to serve until they are 70 years old. There is not any partial retirement such as we have in our system. Then they, of course, retire on the full amount. Most of them do not retire, as you know, Mr. President, and as the Senator from Nebraska and the Senator from North Dakota know. They serve as extra judges all over the United States.

I am not talking about retirees. I am talking about 172 widows who have not been benefited adequately even by this legislation. They only have half of the catchup that they should have, and it will cost us $2 million to do equity and to take care of these gallant ladies.

Mr. President, I had hoped all along that my very good and generous friend from North Dakota would acquiesce in this amendment. I hope that my colleagues on the Senate floor will do justice to these ladies.

Mr. BURDICK. Mr. President, the Senator from Montana keeps referring to the social security system and to the congressional system. Those systems all require full contributions. There was nothing to prevent the husbands of these widows from setting up some additional security for them 30 years ago. If we make this added adjustment and give existing widows more than we will give to future widows, 10 years from now we will be back here making adjustments for those future widows. We have to decide right now what the formula is, and stick to it, and so I must reject the amendment.

I am ready to vote.

Mr. METCALF. Mr. President, may I just close with one sentence, and that is the bill introduced by the Senator from Arkansas, put through the committee by the Senator from North Dakota and his colleague from Nebraska, is actuarially sound. From now on judicial survivors are going to have a pension with catchup and cost-of-living increases on a sound actuarial basis.

This is a one-shot deal. This is one time that we can adequately take care of 172 women. Under my amendment there is nothing 2 years ahead or 10 years ahead or 20 years ahead. We pay $2 million into the fund, the fund then is sound, it would pay the survivors' benefits that I believe should be paid to these people, and from then on there would be no additional expenditure for the years ahead.

The fund takes care of itself. This is

just equity for a small group of ladies who are one of the most deserving groups, and doing the same thing for them that we do when we provide cost-of-living increases to hundreds of social security people and hundreds of survivors in every other pension program.

Mr. HRUSKA. Mr. President, I ask the manager of the bill to yield me 3 minutes of time.

Mr. BURDICK. I yield to the Senator from Nebraska.

Mr. HRUSKA. Mr. President, I support Senator BURDICK's position in opposition to the pending amendment. This amendment and the arguments made for it illustrate one of the many points that were taken into consideration before the bill was developed to its present state.

Although judicial survivors have been hard hit by inflation for the past 20 years, neither judicial salaries nor survivor annuities have in the past been tied to the cost-of-living increases that civil servants have received. The two classes of employees are quite different with judges having certain privileges—such as lifetime tenure and small contributions to retirement and survivors annuities—not enjoyed by civil servants.

The bill in its present form will, if enacted, for the first time provide a hedge against inflation for judicial survivors although not as generous as the actual cost-of-living increase received by civil servants. However, it will provide for a catchup for prior survivors.

The pending amendment formula for prior survivors seeks to effect a 100-percent catchup to cost-of-living increases of past years.

Senator BURDICK's catchup formula in S. 12 for prior survivors is the same as which would be applied for future survivors. It is based upon the actual increase of judicial salaries rather than on cost-of-living factors.

It would seem extremely inequitable, as Senator BURDICK notes, to retroactively adjust annuity rates at a higher rate than is proposed for future survivors who may prospectively be victims of inflation.

There has to be a give-and-take in this matter, Mr. President, and that give-and-take has already been considered when this bill was in committee.

It would be inequitable to allow this amendment to be adopted not only for the future survivors under this particular fund but also highly inequitable as to other classes of retirees.

The plight of those people upon whom the ravages of inflation have been visited is fully appreciated and is regrettable. But we cannot sidetrack the soundness of the entire plan encompassed in the subject bill in favor of trying to satisfy everybody to the greatest possible degree. Exceptions for certain survivors would be unfair and would lead to impairment of the soundness of the annuity fund. For these reasons the amendment should be rejected.

The PRESIDING OFFICER (Mr. STONE). Who yields time? Is all time yielded back?

Mr. METCALF. May we have the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment of the Senator from Montana.

Mr. BURDICK. I move at this time to lay on the table the amendment of the Senator from Montana.

The PRESIDING OFFICER. The question is on the motion of the Senator from North Dakota to lay on the table the amendment of the Senator from Montana.

Mr. METCALF. May we have the yeas and nays.

The PRESIDING OFFICER. The yeas and nays are asked for. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Montana. The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), and the Senator from Michigan (Mr. HART) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

Mr. HUGH SCOTT. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), the Senator from Maryland (Mr. MATHIAS), the Senator from Idaho (Mr. MCCLURE), the Senator from Kansas (Mr. PEARSON), and the Senator from Vermont (Mr. STAFFORD) are necessarily absent.

I further annonuce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

The result was announced—yeas 59, nays 31, as follows:

[Rollcall Vote No. 312 Leg.]

YEAS—59

Allen
Bartlett
Bentsen
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Cannon
Chiles
Church
Curtis
Dole
Domenici
Durkin
Eagleton
Eastland
Fannin
Fong
Garn
Gravel
Hansen
Hatfield
Hathaway
Helms
Hollings
Hruska
Humphrey
Inouye
Javits
Kennedy
Laxalt
Long
McClellan
McGee
Mondale
Montoya
Morgan
Nelson
Nunn
Packwood
Pastore
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, William L.
Sparkman
Stennis
Stevens
Stevenson
Talmadge
Thurmond
Tower
Weicker
Young

NAYS—31

Abourezk
Baker
Beall
Bellmon
Biden
Byrd, Robert C.
Case
Clark
Cranston
Culver
Ford
Glenn
Hart, Gary
Hartke
Haskell
Huddleston
Jackson
Johnston
Leahy
Magnuson
Mansfield
McGovern
McIntyre
Metcalf
Moss
Muskie
Scott, Hugh
Stone
Taft
Tunney
Williams

NOT VOTING—10

Bayh
Buckley
Goldwater
Griffin
Hart, Philip A.
Mathias
McClure
Pearson
Stafford
Symington

So the motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on agreeing to the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and the third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. Is all time yielded back?

Mr. BURDICK. I yield back the remainder of my time.

The PRESIDING OFFICER. All remaining time having been yielded back, the question is, Shall the bill pass?

The bill (S. 12) was passed, as follows:

S. 12

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Judicial Survivors' Annuities Reform Act".

SEC. 2. That section 376 of title 28 of the United States Code is amended to read as follows:

"§ 376. Annuities for survivors of certain judicial officials of the United States

"(a) For the purposes of this section—

"(1) 'judicial official' means:

"(A) a Justice or judge of the United States, as defined by section 451 of this title;

"(B) a judge of the United States District Court for the District of the Canal Zone, the District Court of Guam, or the District Court of the Virgin Islands;

"(C) a Director of the Administrative Office of the United States Courts, after he or she has filed a waiver under subsection (a) of section 611 of this title;

"(D) a Director of the Federal Judicial Center, after he or she has filed a waiver under subsection (b) of section 627 of this title; or

"(E) an administrative assistant to the Chief Justice of the United States, after he or she has filed a waiver in accordance with both subsection (a) of section 677 and subsection (a) of section 611 of this title;

who notifies the Director of the Administrative Office of the United States Courts in writing of his or her intention to come within the purview of this section within six months after (i) the date upon which he or she takes office, (ii) the date upon which he or she marries, or (iii) the date upon which the Judicial Survivors' Annuities Reform Act becomes effective;

"(2) 'retirement salary' means:

"(A) in the case of a Justice or judge of the United States, as defined by section 451 of this title, salary paid (i) after retirement from regular active service under subsection (b) of section 371 or subsection (a) of section 372 of this title, or (ii) after retirement from office by resignation on salary under subsection (a) of section 371 of this title;

"(B) in the case of a judge of the United States District Court for the District of the

Canal Zone, the District Court of Guam, or the District Court of the Virgin Islands, salary paid after retirement from office (i) by resignation on salary under section 373 of this title or (ii) by removal or failure of reappointment after not less than ten years' judicial service;

"(C) in the case of a Director of the Administrative Office of the United States Courts, an annuity paid under subsection (b) or (c) of section 611 of this title;

"(D) in the case of a Director of the Federal Judicial Center, an annuity paid under subsection (c) or (d) of section 627 of this title; and

"(E) in the case of an administrative assistant to the Chief Justice of the United States, an annuity paid in accordance with both subsection (a) of section 677 and subsection (a) of section 611 of this title;

"(3) 'widow' means the surviving wife of a 'judicial official', who:

"(A) has been married to him for at least one year on the day of his death; or

"(B) is the mother of issue by that marriage;

"(4) 'widower' means the surviving husband of a 'judicial official', who:

"(A) has been married to her for at least one year on the day of her death; or

"(B) is the father of issue by that marriage;

"(5) 'child' means:

"(A) an unmarried child under eighteen years of age, including (i) an adopted child and (ii) a stepchild or recognized natural child who lived with the judicial official in a regular parent-child relationship;

"(B) such unmarried child between eighteen and twenty-two years of age who is a student regularly pursuing a full-time course of study or training in residence in a high school, trade school, technical or vocational institute, junior college, college, university, or comparable educational institution. A child whose twenty-second birthday occurs before July 1, or after August 31, of a calendar year, and while he or she is regularly pursuing such a course of study or training, is deemed to have become twenty-two years of age on the first day of July immediately following that birthday. A child who is a student is deemed not to have ceased being a student during an interim period between school years, if that interim period lasts no longer than five consecutive months and if that child shows, to the satisfaction of the Director of the Administrative Office of the United States Courts, that he or she has a bona fide intention of continuing to pursue a course of study or training in the same or a different school during the school semester, or other period into which the school year is divided, immediately following that interim period; or

"(C) such unmarried child, regardless of age, who is incapable of self-support because of a mental or physical disability incurred either (i) before age eighteen, or (ii) in the case of a child who is receiving an annuity as a full-time student under subparagraph (5)(B) of this subsection, before the termination of that annuity.

"(b) Every judicial official who files a written notification of his or her intention to come within the purview of this section, in accordance with paragraph (1) of subsection (a) of this section, shall be deemed thereby to consent and agree to having deducted and withheld from his or her salary, including any 'retirement salary', a sum equal to 4.5 percent of that salary. The amounts so deducted and withheld from the salary of each such judicial official shall, in accordance with such procedures as may be prescribed by the Comptroller General of the United States, be covered into the Treasury of the United States and credited to the 'Judicial Survivors' Annuities Fund' established by section 3 of the Judicial Survivors' Annuities Reform Act. Such fund shall be used for the payment of annuities, refunds, and allowances as provided by this section. Payment of such salary less such deductions shall be a full and complete discharge and acquitance of all claims and demands whatsoever for all services rendered by such judicial official during the period covered by such payment, except the rights to those benefits to which such judicial official, or his or her survivors, shall be entitled under the provisions of this section.

"(c) There shall also be deposited to the credit of the 'Judicial Survivors' Annuities Fund', in accordance with such procedures as may be prescribed by the Comptroller General of the United States, amounts matching those deducted and withheld in accordance with subsection (b) of this section. Such deposits shall be taken from the fund used to pay the compensation of the judicial official, and shall immediately become an integrated part of the 'Judicial Survivors' Annuities Fund' for any use required under this section.

"(d) Each judicial official shall deposit, with interest at 4 percent per annum to December 31, 1947, and at 3 percent per annum thereafter, compounded on December 31 of each year, to the credit of the 'Judicial Survivors' Annuities Fund':

"(1) a sum equal to 4.5 percent of that salary, including 'retirement salary', which he or she has received for serving in any of the offices designated in paragraph (1) of subsection (a) of this section prior to the date upon which he or she filed notice of an intention to come within the purview of this section with the Director of the Administrative Office of the United States Courts; and

"(2) a sum equal to 4.5 percent of the basic salary, pay, or compensation which he or she has received for serving as a Senator, Representative, Delegate, or Resident Commissioner in Congress, or for serving as an 'employee', as that term is defined in subsection (1) of section 8331 of title 5, prior to assuming the responsibilities of any of the offices designated in paragraph (1) of subsection (a) of this section.

The interest otherwise required by this subsection shall not be required for any period during which a judicial official was separated from all such service and was not receiving any retirement salary.

"Each such judicial official may elect to make such deposits in installments, during the continuance of his or her service in those offices designated in paragraph (1) of subsection (a) of this section, in such amounts and under such conditions as may be determined in each instance by the Director of the Administrative Office of the United States Courts: *Provided*, That in each instance in which a judicial official does elect to make such deposits in installments, the Director shall require (i) that the first installment payment made shall be in an amount no smaller than that amount necessary to cover at least the last eighteen months of prior creditable civilian service, and (ii) that at least one additional installment payment shall be made every eighteen months thereafter until the total of all such deposits have been made.

"Notwithstanding the failure of any such judicial official to make all such deposits or installment payments, credit shall be allowed for the service rendered, but the annuity of that judicial official's widow or widower shall be reduced by an amount equal to 10 percent of the amount of such deposits, computed as of the date of the death of such judicial official, unless such widow or widower shall elect to eliminate such service entirely from credit under subsection (k) of this section: *Provided*, That no deposit shall be required from any such judicial official for any honorable active duty service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States, or for any other creditable service rendered prior to August 1, 1920.

"(e) The amounts deducted and withheld in accordance with subsection (b) of this section, and the amounts deposited in accordance with subsection (d) of this section, shall be credited to individual accounts in the name of each judicial official from whom such amounts are received, for credit to the 'Judicial Survivors' Annuities Fund'.

"(f) The Secretary of the Treasury shall invest, from time to time, in interest bearing securities of the United States or Federal farm loan bonds, those portions of the 'Judicial Survivors' Annuities Fund' which in his judgment may not be immediately required for the payment of annuities, refunds, and allowances as provided in this section. The income derived from such investments shall constitute a part of such fund for the purposes of paying annuities and carrying out the provisions of subsections (g), (h), (m), (o), (p), and (q) of this section.

"(g) If any judicial official resigns from office without receiving any 'retirement salary,' all amounts credited to his or her individual account, together with interest at 4 percent per annum to December 31, 1947; and at 3 percent per annum thereafter, compounded on December 31 of each year, to the date of his or her relinquishment of office, shall be returned to that judicial official in a lump sum payment within a reasonable period of time following the date of his or her relinquishment of office. For the purposes of this subsection a 'reasonable period of time' shall be presumed to be no longer than one year following the date upon which such judicial official relinquished his or her office.

"(h) Annuities payable under this section shall be paid only in accordance with the following provisions:

"(1) In any case in which a judicial official dies while in office, or while receiving 'retirement salary,' after having completed at least eighteen months of creditable civilian service, as computed in accordance with subsection (k) of this section, for the last eighteen months of which the salary deductions provided by subsection (b) of this section or, in lieu thereof, the deposits required by subsection (d) of this section have actually been made—

"(A) if such judicial official is survived by a widow or widower, but not by a child, there shall be paid to such widow or widower an annuity, beginning on the day on which such judicial official died, in an amount computed as provided in subsection (l) of this section; or

"(B) if such judicial official is survived by a widow or widower and a child or children, there shall be paid to such widow or widower an annuity, beginning on the day on which such judicial official died, in an amount computed as provided in subsection (l) of this section, and there shall also be paid to or on behalf of each such child an immediate annuity equal to:

"(i) $1,466: or

"(ii) $4,399, divided by the number of children;

whichever is smallest; or

"(C) if such judicial official leaves no surviving widow or widower, but does leave a surviving child or children, there shall be paid to or on behalf of each such child, an immediate annuity equal to:

"(i) the amount of the annuity to which the judicial official's widow or widower would have been entitled under subparagraph (1) (A) of this subsection, had such widow or widower survived the judicial official, divided by the number of children; or

"(ii) $1,760; or

"(iii) $5,279, divided by the number of children;

whichever is smallest.

"(2) An annuity payable to a widow or widower under subparagraphs (1)(A) or (1)(B) of this subsection shall be terminated upon his or her death or remarriage.

"(3) An annuity payable to a child under this subsection shall terminate:

"(A) if such child is receiving an annuity based upon his or her status under subparagraph (5)(A) of subsection (a) of this section, on the last day of the month during which he or she becomes eighteen years of age;

"(B) if such child is receiving an annuity based upon his or her status under subparagraph (5)(B) of subsection (a) of this section, either (i) on the first day of July immediately following his or her twenty-second birthday or (ii) on the last day of the month during which he or she ceases to be a full-time student in accordance with subparagraph (5)(B) of subsection (a) of this section, whichever occurs first: *Provided*, That if such child is rendered incapable of self-support because of a mental or physical disability incurred while receiving that annuity, that annuity shall not terminate, but shall continue without interruption and shall be deemed to have become, as of the date of disability, an annuity based upon his or her status under clause (ii) of subparagraph (5)(C) of subsection (a) of this section;

"(C) if such child is receiving an annuity based upon his or her status under subparagraph (5)(C) of subsection (a) of this section, on the last day of the month during which he or she ceases to be incapable of self-support because of mental or physical disability; or

"(D) on the last day of the month during which such child dies or marries.

"(4) An annuity payable to a child or children under subparagraph (1)(B) of this subsection shall be recomputed and paid as provided in subparagraph (1)(C) of this subsection upon the death, but not upon the remarriage, of the widow or widower who is receiving an annuity under subparagraph (1)(B) of this subsection.

"(5) In any case in which the annuity of a child is terminated, the annuity of each remaining child which is based upon the service of the same judicial official shall be recomputed and paid as though the child whose annuity has been terminated had not survived that judicial official.

"(i) All questions of dependency and disability arising under this section shall be determined by the Director of the Administrative Office of the United States Courts, subject to review only by the Judicial Conference of the United States, and the decision of the Judicial Conference of the United States shall be final and conclusive. The Director may order or direct at any time such medical or other examinations as he deems necessary to determine the facts relative to the nature and degree of disability of any child who is an annuitant, or an applicant for an annuity, under this section, and may suspend or deny any such annuity for failure to submit to any such examination.

"(j) In any case in which a payment under this section is to be made to a minor, or to a person mentally incompetent or under other legal disability, as determined by a court of competent jurisdiction, such payment may be made to the person who is constituted guardian or other fiduciary of such claimant by the laws of the State of residence of such claimant, or to any other person who is otherwise legally vested with the care of the claimant or of the claimant's estate, and need not be made directly to such claimant. The Director of the Administrative Office of the United States Courts may, at his or her discretion, determine whether such payment is made directly to such claimant or to such guardian, fiduciary, or other person legally vested with the care of such claimant or the claimant's estate. Where no guardian or other fiduciary of such minor or such person under legal disability has been appointed under the laws of the State of residence of such claimant, the Director of the Administrative Office of the United States Courts shall determine the person who is otherwise legally vested with the care of the claimant or of the claimant's estate.

"(k) The years of service rendered by a judicial official which may be creditable in calculating the amount of an annuity for such judicial official's widow or widower under subsection (l) of this section shall include—

"(1) those years during which such judicial official served in any of the offices designated in paragraph (1) of subsection (a) of this section, including in the case of a Justice or judge of the United States those years during which he or she continued to hold office following retirement from regular active service under subsection (b) of section 371 or subsection (a) of section 372 of this title;

"(2) those years during which such judicial official served as a Senator, Representative, Delegate, or Resident Commissioner in Congress, prior to assuming the responsibilities of any of the offices designated in paragraph (1) of subsection (a) of this section;

"(3) those years during which such judicial official honorably served on active duty in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States, prior to assuming the responsibilities of any of the offices designated in paragraph (1) of subsection (a) of this section: *Provided*, That those years of such military service for which credit has been allowed for the purposes of retirement or retired pay under any other provision of law shall not be included as allowable years of such service under this section; and

"(4) those years during which such judicial official served as an 'employee', as that term is defined in subsection (1) of section 8331 of title 5, prior to assuming the responsibilities of any of the offices designated in papagraph (1) of subsection (a) of this section.

For the purposes of this subsection the term 'years' shall mean full years and twelfth parts thereof, excluding from the aggregate any fractional part of a month which numbers less than fifteen full days and including, as one full month, any fractional part of a month which numbers fifteen full days or more. Nothing in this subsection shall be interpreted as waiving or canceling that reduction in the annuity of a widow or widower which is required by subsection (d) of this section due to the failure of a judicial official to make those deposits required by subsection (d) of this section.

"(l) The annuity of a widow or widower of a judicial official shall be an amount equal to the sum of—

"(1) 1¼ percent of the average annual salary, including retirement salary, which such judicial official received for serving in any of the offices designated in paragraph (1) of subsection (a) of this section (i) during those three years of such service in which his or her annual salary was greatest, or (ii) if such judicial official has so served less than three years, but more than eighteen months, then during the total period of such service prior to his or her death, multiplied by the total of:

"(A) the number of years of creditable service tabulated in accordance with paragraph (1) of subsection (k) of this section; plus

"(B) the number of years of creditable service tabulated in accordance with paragraph (2) of subsection (k) of this section; plus

"(C) the number of years of creditable service tabulated in accordance with paragraph (3) of subsection (k) of this section; plus

"(D) the number of years up to, but not exceeding, fifteen of creditable service tabulated in accordance with paragraph (4) of subsection (k) of this section, plus:

"(2) three-fourths of 1 percent of such average annual salary, multiplied by the number of years of any prior creditable service, as tabulated in accordance with subsection (k) of this section, not applied under paragraph (1) of this subsection:

Provided, That such annuity shall not exceed 40 percent of such average annual salary and shall be further reduced in accordance with subsection (d) of this section, if applicable.

"(m) Whenever the salary paid for service in one of the offices designated in paragraph (1) of subsection (a) of this section is increased, each annuity payable from the 'Judicial Survivors' Annuities Fund', which is based, in whole or in part, upon a deceased judicial official having rendered some portion of his or her final eighteen months of service in that same office, shall also be increased. The actual amount of the increase in such an annuity shall be determined by multiplying the amount of the annuity, on the date on which the increase in salary becomes effective, by 3 percent for each 5 percent by which such salary has been increased. In the event that such salary is increased by less than 5 percent, there shall be no increase in such annuity.

"(n) Each annuity authorized under this section shall accrue monthly and shall be due and payable in monthly installments on the first business day of the month following the month or other period for which the annuity shall have accrued. No annuity authorized under this section shall be assignable, either in law or in equity, or subject to execution, levy, attachment, garnishment, or other legal process.

"(o) In any case in which a judicial official dies while in office, or while receiving 'retirement salary', and:

"(1) before having completed eighteen months of civilian service, computed in accordance with subsection (k) of this section, during which the salary deductions provided by subsection (b) of this section or the deposit required by subsection (d) of this section have actually been made; or

"(2) after having completed eighteen months of civilian service, computed in accordance with subsection (k) of this section, during which all such deductions or deposits have been made, but without a survivor or survivors who are entitled to receive the annuity benefits provided by subsection (h) of this section; or

"(3) the rights of all persons entitled to receive the annuity benefits provided by subsection (h) of this section terminate before a valid claim therefor has been established;

the total amount credited to the individual account of that judicial official, established under subsection (e) of this section, with interest at 4 percent per annum to December 31, 1947, and at 3 percent per annum thereafter, compounded on December 31, of each year, to the date of that judicial official's death, shall be paid, upon the establishment of a valid claim therefor, to the person or persons surviving at the date title to the payment arises, in the following order of precedence:

"First, to the beneficiary or beneficiaries whom that judicial official may have designated in a writing received by the Administrative Office of the United States Courts prior to his or her death;

"Second, if there be no such beneficiary, to the widow or widower of such judicial official;

"Third, if none of the above, to the child or children of such judicial official and the descendants of any deceased children by representation;

"Fourth, if none of the above, to the parents of such judicial official or the survivor of them;

"Fifth, if none of the above, to the duly appointed executor, executrix, administrator, or administratrix of the estate of such judicial official;

"Sixth, if none of the above, to such other next of kin of such judicial official, as may be determined by the Director of the Administrative Office of the United States Courts to be entitled to such payment, under the laws of the domicile of such judicial official, at the time of his or her death.

Such payment shall be a bar to recovery by any other person. For the purposes of this subsection only, a determination that an individual is a widow, widower, or child of a judicial official may be made by the Director of the Administrative Office of the United States Courts without regard to the definitions of those terms contained in paragraphs (3), (4), and (5) of subsection (a) of this section.

"(p) In any case in which all the annuities which are authorized by this section and based upon the service of a given official terminate before the aggregate amount of annuity payments received by the annuitant or annuitants equals the total amount credited to the individual account of such judicial official, established under subsection (e) of this section, with interest at 4 percent per annum to December 31, 1947, and at 3 percent per annum thereafter, compounded on December 31, of each year, to the date of that judicial official's death, the difference betwen such total amount, with such interest, and such aggregate amount shall be paid, upon establishment of a valid claim therefor, in the order of precedence prescribed in subsection (o) of this section.

"(q) Any accrued annuity benefits remaining unpaid upon the termination of an annuity, other than by the death of an annuitant, shall be paid to that annuitant. Any accrued annuity benefits remaining unpaid upon the establishment of a valid claim therefor, in the following order of precedence:

"First, to the duly appointed executor, executrix, administrator, or administratrix of the estate of such annuitant;

"Second, if there is no such executor, executrix, administrator, or administratrix, payment shall be made, after the expiration of sixty days from the date of death of such annuitant, to such individual or individuals as may appear, in the judgment of the Director of the Administrative Office of the United States Courts, to be legally entitled thereto, and such payment shall be a bar to recovery by any other individual.

"(r) Nothing contained in this section shall be interpreted to prevent a widow or widower eligible for an annuity under this section from simultaneously receiving such an annuity while also receiving any other annuity to which such widow or widower may also be entitled under any other law without regard to this section: *Provided*, That service used in the computation of the annuity conferred by this section shall not also be credited in computing any such other annuity.".

SEC. 3. That on the date upon which this Act becomes effective there shall be established on the books of the Treasury a fund which shall be known as "The Judicial Survivors' Annuities Fund", and all money credited to the judicial survivors annuity fund established by section 2 of the Act of August 3, 1956 (70 Stat. 1021), as amended, shall be transferred to the credit of the Judicial Survivors' Annuities Fund established by this section.

SEC. 4. That on the date upon which this Act becomes effective the Secretary of the Treasury shall ascertain from the Director of the Administrative Office of the United States Courts the amount of the level cost deficiency in the fund transferred by section 3 of this Act on the date of that fund's transfer and, at the earliest time thereafter at which appropriated funds in that amount shall become available, the Secretary shall deposit such funds, in a single payment, into the Judicial Survivors' Annuities Fund established by section 3 of this Act. Such funds as are necessary to carry out this section are hereby authorized to be appropriated.

SEC. 5. That on the date upon which this Act becomes effective each annuity then being paid to a widow from the judicial survivors annuity fund established by section 2 of the Act of Auugst 3, 1956 (70 Stat. 1021), as amended, shall be increased by an amount equal to one-fifth of 1 percent of the amount of such annuity multiplied by the number of months which have passed since the commencement of that annuity. For the purposes of this section, any fractional part of a month which numbers less than fifteen full days shall be excluded from the computation of the number of months and any fractional part of a month which numbers fifteen full days or more shall be included in the computation as one full month. Such funds as are necessary to carry out this section are authorized to be appropriated and, upon appropriation, shall be deposited by the Secretary of the Treasury, in a single payment, to the credit of the Judicial Survivors' Annuities Fund established by section 3 of this Act.

SEC. 6. That the benefits conferred by this Act shall, on the date upon which this Act becomes effective, immediately become available to any individual then receiving an annuity under section 2 of the Act of August 3, 1956 (70 Stat. 1021), as amended: *Provided*, That although the rights of any judicial official electing to come within the purview of section 376 of title 28, United States Code, on or after the date upon which this Act becomes effective, shall be determined exclusively under the provisions of that section as amended by this Act, nothing in this Act shall be interpreted to cancel, abrogate, or diminish any rights to which an individual or his survivors may be entitled by virtue of his having contributed to the judicial survivors annuity fund established by section 2 of the Act of August 3, 1956 (70 Stat. 1021), as amended, before the date upon which this Act becomes effective.

SEC. 7. That this Act shall become effective on the first day of the third month following the month in which it is enacted, or on October 1, 1976, whichever occurs last.

The title was amended so as to read:

An Act to amend section 376 of title 28, United States Code, in order to reform and update the existing program for annuities to survivors of Federal Justices and judges.

Mr. HRUSKA. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BURDICK. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

U.S. AFRICAN POLICY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that Calendar No. 738, Senate Resolution 436, a resolution supporting the new U.S. policy toward Africa, be placed under subjects on the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT—H.R. 14239

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate considers Calendar No. 913, H.R. 14239, the State, Justice, and Commerce appropriation bill, there be a time limitation of 1 hour on the bill, to be equally divided between the Senator from Rhode Island (Mr. PASTORE) and the Senator from Nebraska (Mr. HRUSKA), with a limitation of 30 minutes on amendments, and 20 minutes on amendments to amendments, motions, and appeals, in the regular form.

The PRESIDING OFFICER. Is there objection?

Mr. ALLEN. Mr. President, reserving the right to object, what is the bill?

Mr. MANSFIELD. It is the State, Justice, and Commerce appropriation.

Mr. NELSON. Mr. President, reserving the right to object, does this displace the pending business?

Mr. MANSFIELD. No, no; we are trying to make arrangements to take up appropriation bills under time limitation agreements whenever they can be worked in.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? Without objection, it is so ordered.

The text of the agreement on H.R. 14239 is as follows:

Ordered, That during the consideration of H.R. 14239 (Order No. 913), the State, Justice, Commerce Appropriation Bill for 1977, debate on any amendment shall be limited to 30 minutes, to be equally divided and controlled by the mover of such and the manager of the bill, and that debate on any debatable motion, appeal, or point of order which is submitted or on which the Chair entertains debate shall be limited to 20 minutes, to be equally divided and controlled by the mover of such and the manager of the bill: *Provided*, That in the event the manager of the bill is in favor of any such amendment, debatable motion, appeal, or point of order, the time in opposition thereto shall be controlled by the Minority Leader or his designee.

Ordered further, That on the question of the final passage of the said bill, debate shall be limited to 1 hour, to be equally divided and controlled, respectively, by the Senator from Rhode Island (Mr. PASTORE) and the Senator from Nebraska (Mr. HRUSKA): *Provided*, That the said Senators, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, appeal, or point of order.

TAX REFORM ACT OF 1976

The PRESIDING OFFICER. Under the previous order, the Senate will now resume the consideration of the unfinished business, H.R. 10612, which the clerk will state.

The second assistant legislative clerk read as follows:

A bill (H.R. 10612) to reform the tax laws of the United States.

The Senate resumed the consideration of the bill.

ORDERS FOR RECESS UNTIL 9 A.M. ON THURSDAY, FRIDAY, AND SATURDAY NEXT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business tomorrow, it stands in recess until the hour of 9 o'clock on Thursday morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I ask unanimous consent that when the Senate completes its business on Thursday, it stand in recess until the hour of 9 o'clock on Friday morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I ask unanimous consent that when the Senate completes its business on Friday, it stand in recess until the hour of 9 o'clock on Saturday morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF TREASURY-POST OFFICE APPROPRIATIONS BILL ON THURSDAY, JUNE 24, 1976

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at the conclusion of routine morning business on Thursday, the Senate proceed to the consideration of the Treasury-Post Office appropriation bill.

The PRESIDING OFFICER. Is there objection?

Mr. KENNEDY. Mr. President, reserving the right to object, will the Senator please state what the last request was?

Mr. ROBERT C. BYRD. To proceed to the consideration of the Treasury-Post Office appropriation bill after routine morning business on Thursday.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RESTORATION OF HEALTH BENEFITS TO CERTAIN INDIVIDUALS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 787, H.R. 11439, which has been cleared on both sides.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 11439) to amend title 5, United States Code, to restore eligibility for health benefits coverage to certain individuals whose survivor annuities are restored.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that appropriate extracts from the committee report be printed in the RECORD in explanation of the bill.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of H.R. 11439 is to authorize the restoration of health benefits coverage to certain recipients of civil service survivor annuities whose annuities are restored.

STATEMENT

H.R. 11439 provides for the restoration of health benefits coverage for any recipient of a civil survivor annuity whose coverage under the health benefits program was terminated because of remarriage but whose annuity has been restored.

With the enactment of Public Law 89-504, survivor annuitants who remarry after attaining 60 years of age are permitted to retain their survivor annuities and health benefits coverage. Also, survivors whose annuities cease because of remarriage prior to age 60 are entitled to have their annuities restored upon termination of the remarriage. However, Public Law 89-504 failed to make provision for restoration of health benefits coverage, which is automatically terminated when an annuitant loses eligibility for survivor annuity benefits.

Many of the survivor annuitants affected by this bill have no income but their annuities, are unable to acquire health insurance coverage through employment, and encounter medical expenses which often accompany advancing age. The Committee believes the failure to provide for restoration of their health benefits coverage was an oversight which should be corrected.

COMMITTEE ACTION

H.R. 11439 was approved by the Committee on May 11, 1976, by a voice vote, no objection being heard.

SECTIONAL ANALYSIS

The first section of the bill amends section 8909 of title 5, United States Code, by designating the existing provisions of that section as subsection (a) and by adding a new subsection (b) at the end thereof. Under the provisions of the new subsection (b), a surviving spouse whose survivor annuity was terminated because of remarriage and is later restored may, under such regulations as the Civil Service Commission may prescribe, enroll in a health benefits plan described under section 8903 of title 5. However, this benefit extends only to a surviving spouse who was covered by a health benefits plan under section 8903 immediately before his or her survivor annuity was terminated because of remarriage.

It is important to note that subsection (b) does not, in and of itself, automatically restore health benefits coverage to a survivor whose annuity has been restored. Rather, this provision allows the survivor annuitant to enroll in one of the available health benefits plans. Thus, the survivor whose annuity is restored must take affirmative action to obtain restoration of health benefits coverage under the Federal employees program.

Section 2 of the bill provides that the amendments made by the first section shall take effect on October 1, 1976, or on the date of the enactment of the act, whichever date is later.

This section further provides that the amendments shall apply to survivors whose annuities are restored before, on, or after the effective date of the amendments. Thus, the amendments will apply to any eligible surviving spouse whose annuity was terminated because of remarriage and is later restored, regardless of the dates such termination and restoration occurred.

COST

The Civil Service Commission, although it does not have an accurate count of the number of individuals who would be affected by enactment of H.R. 11439, believes the cost would be quite small. If the total number should reach 1000, for example, the annual increase in cost to the Government would be approximately $415,000.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 11439.

2. Purpose of bill:

To restore eligibility for health benefits coverage to certain individuals whose survivor annuities are restored.

Widows and widowers of civil service retirees lose their survivor annuity and applicable health care benefits if they remarry prior to reaching 60 years of age. Under current law, survivor annuities are restored following the date the remarriage is dissolved; however, health care benefits are not restored.

3. Cost estimate:

The federal share of health benefits coverage for annuitants and survivors is paid from appropriations to a Civil Service Commission resolving fund. The authorization for these appropriations is open ended and does not specify annual amounts. The annual estimates for fiscal years 1977-1981 are provided below:

Fiscal year cost (BA and outlays):	*Estimates in thousands of dollars*
1977	83.1
1978	88.3
1979	93.5
1980	99.6
1981	105.3

4. Basis for estimate:

The critical variables in determining the cost of H.R. 11439 are the average government contribution contribution for annuitants' health care, and the estimated number of eligible individuals who would renew their health care coverage. The government contribution rate reflects the current cost distribution of health care plans for annuitants. The approximate number of health care restorations resulting from enactment of H.R. 11439 is based on (1) the age distribution of survivors of deceased annuitants (annual CSC report for FY 1975), and (2) survivor remarriage rates (CSC Board of Actuaries) and a remarriage dissolution rate of 20 percent (provided by CSC).

(A) Approximate number of restorations	200
(B) Average annual Government contribution	$415.32
Total Government contribution (derived from multiplying (A×B))	$83,064
CBO projection of annual increases in health care costs (fiscal years, percent):	
1977-78	6.3
1978-79	5.9
1979-80	6.5
1980-81	5.7

FIVE-YEAR COSTS

[In thousands of dollars] [1]

Fiscal year	Base	Increases [2]	Total net cost
1977	83.1	----	83.1
1978	83.1	5.2	88.3
1979	83.1	10.4	93.5
1980	83.1	16.5	99.6
1981	83.1	22.2	105.3

[1] For estimating purposes, it is assumed that the cost reduction resulting from mortality factors and the cost increase resulting from future remarriages are not significant and tend to cancel.

[2] Reflect annual increases in health care costs projected by CBO for fiscal years 1977-81.

5. Estimate comparison:

The Civil Service Commission in a letter dated December 1, 1975, to Chairman Henderson of the House Post Office and Civil Service Committee estimates enactment cost of the proposed legislation at $415,000. This cost is based on an average annual government contribution identical to that used in the CBO estimate. However, the CSC figure did not estimate the number of individuals affected by the legislation. The difference between the CSC and CBO cost figures is attributable to the 1,000 restorations selected as an example by CSC and the CBO estimate of 200.

6. Previous CBO estimate: Not applicable.

7. Estimate prepared by:

David M. Delquadro.

8. Estimate approved by:

James L. Blum,
Assistant Director, Budget Analysis Division.

AGENCY VIEWS

U.S. Civil Service Commission,
Washington, D.C., May 3, 1976.

Hon. Gale McGee,
Chairman, Committee on Post Office and Civil Service, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: This is in further reply to your request for the Commission's views on H.R. 11439, a bill "To amend title 5, United States Code to restore eligibility for health benefits coverage to certain individuals whose survivor annuities are restored," passed by the House on March 1, 1976.

Public Law 89–504, enacted July 18, 1966 provided that a survivor annuity which had been terminated by remarriage on or after that date could be restored upon termination of the remarriage. The law, however, made no provision for restoration of health benefits coverage when the survivor annuity was restored.

H.R. 11439, if enacted, would provide that any survivor annuitant covered under the Federal Employees Health Benefits Program (FEHB) at the time his (her) survivor annuity was terminated because of remarriage would be eligible to reenroll in one of the FEHB plans in the event the survivor annuity was restored because of dissolution of the remarriage or pursuant to other applicable law.

Many of the individuals who would be affected by enactment of H.R. 11439 are advanced in years and have no income other than their restored survivor annuity. Thus, they are not in a position to acquire coverage as an employee or to earn money to pay medical expenses which normally increase with age. Additionally, some may find it difficult or even impossible to obtain adequate private health benefits coverage because of their age or state of health.

Under the provisions of P.L. 89–504, survivor annuitants who remarry after July 18, 1966 and after attainment of age 60 do not lose either their survivor annuity or their health benefits coverage. It would appear to be a matter of equity, therefore, that those survivors whose annuities have been restored because of termination of their remarriage should also be eligible for coverage under the FEHB program.

Although we do not have a count of the number who would be affected by enactment of H.R. 11439, the cost would be relatively small. For example, if the total number should reach 1,000 restorations we estimate that the annual Government increase would be approximately $415,000.

For these reasons the Commission would not oppose enactment of H.R. 11439.

The Office of Management and Budget advises that from the standpoint of the Administration's program there is no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

Robert Hampton,
Chairman.

Comptroller General of the United States,
Washington, D.C., April 6, 1976.

B–138504

Hon. Gale W. McGee,
Chairman, Committee on Post Office and Civil Service, U.S. Senate.

Dear Mr. Chairman: By letter dated March 3, 1976, you requested our views and comments on H.R. 11439, 94th Congress, 2d Session, a bill "(T)o amend title 5, United States Code, to restore eligibility for health benefits coverage to certain individuals whose survivor annuities are restored."

The bill would allow a surviving spouse, whose survivor annuity was terminated by remarriage prior to age 60 and is later restored following dissolution of the remarriage, to enroll in a health benefits plan under section 8903 of title 5, United States Code, if the spouse was covered under any health benefits plan immediately before the annuity was terminated.

H.R. 11439 is intended to correct an inequity and an oversight under existing law. We have no objection to the bill's provisions.

Sincerely yours,

R. F. Keller,
Acting Comptroller General of the United States.

Executive Office of the President,
Office of Management and Budget,
Washington, D.C., May 3, 1976.

Hon. Gale W. McGee,
Chairman, Committee on Post Office and Civil Service, U.S. Senate, Room 6206 Office Building, Washington, D.C.

Dear Mr. Chairman: This is in reply to the Committee's request for the views of this Office on H.R. 11439, "To amend title 5, United States Code to restore eligibility for health benefits coverage to certain individuals whose survivor annuities are restored," as passed the House of Representatives.

The law which allows a survivor annuity once terminated by remarriage to be restored when the remarriage ends made no provision for restoration of health benefits coverage on restoration of annuity. The purpose of H.R. 11439 is to provide that any annuitant whose survivor annuity is restored will also be entitled to reenroll in one of the Federal Employees Health Benefits plans.

In its report, the Civil Service Commission states its reasons for not opposing enactment of the bill.

We concur in the views expressed by the Civil Service Commission and, accordingly, would not oppose enactment of H.R. 11439.

Sincerely,

(Signed) James M. Frey,
James M. Frey,
Assistant Director for Legislative Reference.

Changes in Existing Law

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill as reported are shown as follows (existing law in which no change is proposed is shown in roman; existing law proposed to be omitted is enclosed in brackets; new matter is shown in ialic):

TITLE 5, UNITED STATES CODE

* * * * *

CHAPTER 89—HEALTH INSURANCE

Sec.
8901. Definitions.
8902. Contracting authority.
8903. Health benefits plans.
8904. Types of benefits.
8905. Election of coverage.
8906. Contributions.
8907. Information to employees.
8908. Coverage of restored [employee] *employees and survivor annuitants.*
8909. Employees Health Benefits Fund.
8910. Studies, reports, and audits.
8911. Advisory committee.
8912. Jurisdicion of courts.
8913. Regulations.

* * * * *

§ 8908. Coverage of restored [employee] *employees and survivor annuitants*

(*a*) An employee enrolled in a health benefits plan under this chapter who is removed or suspended without pay and later reinstated or restored to duty on the ground that the removal or suspension was unjustified or unwarranted may, at his option, enroll as a new employee or have his coverage restored, with appropriate adjustments made in contributions and claims, to the same extent and effect as though the removal or suspension had not taken place.

(b) A surviving spouse whose survivor annuity under this title was terminated because of remarriage and is later restored may, under such regulations as the Civil Service Commission may prescribe, enroll in a health benefits plan described by section 8903 of this title if such spouse was covered by any such plan immediately before such annuity was terminated.

* * * * *

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. EAGLETON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

Mr. EAGLETON. Mr. President, I ask unanimous consent that a member of my staff, Mr. Andrew Carron, have the privilege of the floor during the debate on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EAGLETON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr.

Eagleton). Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, I understand that the matter that is before the Senate is an amendment which has been introduced by myself, Senator Nelson, Senator Hollings, Senator Hathaway, and Senator Haskell.

The PRESIDING OFFICER. That is correct.

Mr. KENNEDY. Mr. President, for the benefit of the Senate, I would like to state specifically what this amendment does, give the reasons and the rationale for the support of this amendment and what we are attempting to do with it. This is basically a compromise amendment from the one that was introduced earlier as a part of the Nelson-Hollings package, and offered by Senator Hathaway and Senator Haskell. What this amendment that we have offered does is apply LAL to commercial, nonresidential real estate, farming, equipment leasing, and movies. We delay its application to oil and gas until there is full price deregulation, which is the Ford administration position. It has no application to sports franchises, since title II of the committee bill eliminates the artificial deduction element used in that shelter.

I think it is important, Mr. President, to understand exactly what we are talking about in terms of tax shelters. A tax shelter is created when accelerated deductions create an artificial "tax loss" in an investment, which is then used to reduce taxes on income from other sources. The ability to deduct the tax loss against other income creates the profit in the tax shelters. The investor keeps the taxes he otherwise would have paid on that other income. In effect, this is a negative income tax, achieved through tax shelters.

These tax shelters come in all sizes, shapes, and abuses. They involve real estate—office buildings, motels, theaters, shopping plazas—ranching and farming—cattle, thoroughbred race horses, chinchilla farms, vineyards, Mexican vegetable rollovers, rose and azalea bushes, almonds and pistachio nuts—oil and gas, coal, leased equipment—B-47's and other jet planes, railroad boxcars, river barges, oil tankers—books, antique cars, masterpiece-in-the-home clubs for famous works of art, and movies—from PG to X-rated to hardcore pornography.

In one example presented to the House Ways and Means Committee in 1973, an investor in a pornographic movie received $120,000 in tax benefits as his first-year return on a $32,000 investment.

The dollar volume of tax shelter deals is immense. In 1974, NASD—which is a national organization involved in marketing these tax shelters—reported $1.6 billion of tax shelters. Experts estimate that this figure represents only about 10 percent of all shelters, since the vast majority of such deals are sold through private placements, not security dealers. A reasonable estimate has been made that probably $10 to $20 billion in tax shelters were sold in 1974 alone.

The higher the individual's tax bracket, the greater the profit from tax shelter "losses"—a 70-percent-bracket investor gets a $700 benefit from each $1,000 of tax shelter "losses" and a 50-percent-bracket investor realizes $500 on each $1,000 of tax shelter losses.

Tax shelter deals are structured to provide a tax profit to those in the 50- to 70-percent tax brackets—highly paid corporate executives, bankers, lawyers, doctors, dentists, movie stars, athletes. They are the highest 1 percent of income individuals in the country and all have income in excess of $50,000 per year.

These shelters are only available to the top 1 percent in terms of income. They are for incomes of $50,000 per year and above. That is what we are talking about. Tax shelters can provide a tax profit for the investor even when the investment on an economic basis breaks even or is actually losing money.

Many tax shelters are so badly designed that they could not possibly make money. A New York tax shelter lawyer recently noted that—

> You can sell almost any tax shelter to a group of doctors, except maybe one in 20 which is so bad that you can only sell it to a dentist.

Sometimes, tax shelter deals are outright frauds. In the notorious Home-Stake oil shelter in 1974, defrauded investors included Barbara Walters, Walter Matthau, Liza Minelli, Candice Bergen, Oleg Cassini, Andy Williams, Barbara Streisand, Bob Dylan, Jack Benny, two U.S. Senators, the Federal judge in the Pentagon Papers case, and the chairman of the top officers of G.E., Western Union, Macy's, United States Trust Co., Citibank, and Time, Inc. On June 7 this year, the SEC charged Geo Resources with defrauding more than 2,000 investors in an $80 million oil shelter deal in which the investors took $160 million in tax deductions.

Because tax shelters do not rely on real economic profit and normal business considerations, they distort the free market economy, artificially creating higher prices and inefficient operations in the areas in which they are involved, and contributing to boom and bust cycles in the industries they affect. Shelters bid up the price of land for legitimate farmers, generate irrational oil and gas drilling, distort housing and land use policy, and encourage poor quality films.

Tax shelters involve a tremendous waste of Federal dollars—as much as 30 to 40 percent of the Federal tax benefits intended for business are siphoned off by investors and the lawyers, accountants and syndicators involved in tax shelter deals.

For those who make the case that it is important to encourage investment in many of these areas, this is an extraordinarily inefficient way of doing it. What you do not hear during the course of the debate and discussion is the real justification for the notorious abuses. During the debate, we will be talking about the problems that a family farmer faces. There will be all kinds of straw men and straw women who are set up and knocked down quickly and easily.

The fact remains, these are an extraordinary tax loopholes, which are extraordinarily inefficient in encouraging legitimate business activity in these areas. If we can make the case that there is a justifiable reason for pouring hundreds of millions of tax revenues into these areas, that is something else again. But I doubt that any of us would do it through this mechanism of tax shelters.

THE SOLUTION I FAVOR IS LAL

LAL curbs tax shelters by requiring that accelerated deductions from a tax shelter investment be taken only against income generated by the investment.

LAL thus takes the "tax profit" out of tax shelters—of course, if the deal is economically sound it will still be a good investment.

Under LAL, an investor is permitted to deduct legitimate economic losses in full against other income—thus tax deductible losses from straight line depreciation are not affected by LAL at all. Only the artificial non-economic "tax loopholes" are affected.

LAL would apply to accelerated deductions in four specific areas that are the source of substantial tax shelter activity: Real estate, farm operations, equipment leasing, and movies. In addition, LAL would apply to oil and gas shelters when the price of oil and gas is deregulated.

I think we can generally look down the line on oil and gas and see that is going to be a shelter situation which will come probably into LAL in the not too distant future.

THE ARGUMENTS AGAINST LAL ARE WRONG

LAL will not cost jobs.

A Library of Congress study has concluded—and the country's most eminent economists agree—that if enactment of LAL is accompanied by substantial across-the-board tax cuts as contemplated by both the Finance Committee bill and the first concurrent budget resolution, LAL will result in no loss of jobs.

LAL will improve the overall operation of the economy by curbing the waste and distortion of the free market that tax shelters create.

In particular, LAL will not cause a loss in jobs in real estate. Jobs in the construction industry have a great deal more to do with monetary policy, interest rates, tight money, the Federal Reserve, and the state of Arthur Burns' digestion than they do with real estate tax shelters for the rich.

Accelerated deductions from an investment should not be used to offset income from other sources.

The ability to use accelerated deductions, both against the income from the investment and against other income, creates a negative income tax for the rich.

The income from the investment is itself tax exempt. It is like a tax-exempt bond, only more so, because the investor also gets a reduction of taxes on other income. This is basically the concept of a negative income tax. But rather than going to those who are the neediest in our society, it is going to those in the upper income brackets, the top 1 percent of the population in terms of income.

This results because tax shelters insure not only that income from the investment will be tax exempt but also that taxes will be reduced or eliminated on other income.

This negative income tax feature explains why high income individuals prefer tax shelters to tax-exempt bonds. With tax-exempt bonds, only their investment is tax free. With a tax shelter, their investment is tax free, and they obtain a tax-free medical practice or corporate salary.

LAL only terminates the negative income for the rich—it still permits the investment income itself to be tax exempt. Since the areas will retain all their other tax advantages—such as accelerated depreciation for real estate; percentage depletion and the intangible deduction for oil—there will be no lack of incentives for such investment under LAL.

So, Mr. President, I am hopeful that we can take this step in curbing tax shelters, and limit these extraordinary opportunities for a very small segment of our society, those in the highest brackets, to pay either no tax at all or an extremely reduced tax as compared to any others in our society, especially blue collar workers and low-income groups. What we cannot get away from in the discussion of this provision is that for every loophole that exists in the Internal Revenue Code, someone has to pay for it, and it is the working poor and the middle-income groups who are doing the paying.

We heard a great deal during the period of the last few days about how we could not possibly afford the $1.8 billion tax cut that would be going to low- and middle-income people, and that we could not afford that benefit unless we raised the money to pay for it.

Well, the Senate has an opportunity here to make up at least a part of those resources. It is not as extensive as I would like to see it go, but nonetheless we have an important opportunity to make up about $200 million in terms of loopholes which are being used to permit those in the highest income brackets to reduce their tax.

Mr. HASKELL. Will the Senator yield for a question?

Mr. KENNEDY. Yes.

Mr. HASKELL. It occurred to me, Mr. President, that we have, basically, three courses of action we can take as far as the Internal Revenue Code is concerned, and I am interested in soliciting the opinion of the Senator from Massachusetts.

We have written into the Internal Revenue Code various basic subsidies for various kinds of industry. We allow certain industries to write off costs of other industries they have to capitalize. We are aware certain industries do take their deductions faster than certain other industries.

There is no question about it. This is a subsidy to wealthy people. And this is written into the public policy of the tax law.

We can either leave our public policy that way, or we can take away these subsidies completely, on the other hand, or we can limit the use of these subsidies.

I ask the Senator from Massachusetts if he, basically, is not taking the middle course?

He is suggesting that we limit the use of these subsidies, or these accelerated privileges, to only those people who happen to be in the position—the real farmers, the real real estate operators, the real person. He prefers we not allow people outside the business to completely avoid tax on their corporate income and corporate salary or their law practice.

So I suggest to the Senator from Massachusetts that in this amendment, basically, he is taking the middle course between granting a subsidy to an industry and taking and making the tax laws completely neutral.

Would that be the way the Senator observes this amendment?

Mr. KENNEDY. The Senator has described it completely accurately.

Certainly, the regular deductions would be available, but what we are basically eliminating by this provision is that aspect of the accelerated deductions which give to those in the upper income brackets tax-free loans.

That is what we are doing.

Any small farmer, any small businessman, who wants to go out and invest in a farm or small business, is going to have to pay a high interest rate.

The way that tax shelters are structured with accelerated deductions, investors are able to get an interest-free loan from the Government which is not available to legitimate farmers and oil drillers.

Mr. HASKELL. I shall just interrupt the Senator for one more question.

We are not actually taking away any deductions in the long run, I suggest to the Senator, the benefit of the deduction may be eventually taken from the income from the real estate operation, for example, even for the high-priced loan. Am I correct in that?

Mr. KENNEDY. The Senator is correct. The deductions would be available as the investment went along and would be taken over a reasonable period of time in the future.

The Senator is quite correct.

Mr. HASKELL. What the Senator is attempting to do is that we have a theoretical progressive income tax and, as I would view it, the Senator is attempting to be sure that the progressive tax is, in fact, progressive.

Would that be the Senator's aim?

Mr. KENNEDY. The Senator is correct.

We are talking in this area about groups and organizations that are out marketing these various tax shelters for taxpayers in the 50, 60, or 70 percent brackets.

Effectively, they are going to get their write-off and bring their taxes down, in such a way as to permit those in the higher-income brackets to escape the progressive tax rates.

Mr. HASKELL. I solicit the Senator's views on another subject.

Many of these so-called shelters are advertised as shelters and the economics of them leave a great deal to be desired.

As a matter of fact, some people go into them without even expecting an economic return. This would be particularly true, I believe, in the movie shelter, that really all they are looking for is a write-off on their income tax.

Would the Senator agree with me on that?

Mr. KENNEDY. The Senator is correct. The only purpose is to avoid the taxes and to devise a means to do that.

Again, for every loophole that is used, someone else has to make up for it. The question is whether it is about time we tried to close some of these loopholes.

I might mention here an item that appeared in the Wall Street Journal, April 13, 1976:

> Unique opportunity for tax shelter. Unique opportunity for a polished tax shelter pro to get in on the ground floor in the lucrative Antique and Classic Cars shelter and investment credit area. High commission and possible equity participation. Send resume to Box 0–431, Wall Street Journal.

That is a shelter in the antique car investment. There are scores of others. There are book publishing tax shelters, and many others. We ought to start limiting these abuses.

Mr. BENTSEN. Will the Senator yield?

Mr. KENNEDY. I shall yield in a few minutes.

What possible public purpose can there be for these provisions? There are scores of them; they ought to be ended.

Mr. NELSON. Will the Senator yield so that I may ask a question.

Mr. KENNEDY. I yield.

Mr. NELSON. Do I understand correctly that the pending amendment is basically the administration position on LAL's except that the amendment does include sports franchises, but section 2 of the bill that came from the House changed the depreciation rate to correct what presumably was a loophole there?

Mr. KENNEDY. The Senator states it accurately.

Mr. TALMADGE. Will the Senator yield at that point?

Mr. KENNEDY. A letter from the Secretary of the Treasury——

Mr. TALMADGE. Will the Senator yield at this point?

Mr. KENNEDY. I would like to complete my remarks.

Mr. TALMADGE. I wish to respond, if the Senator will permit me, to the question of Senator NELSON.

Mr. KENNEDY. Fine.

Mr. TALMADGE. Secretary Simon testified before the Finance Committee that LAL would be totally inapplicable for agriculture.

Mr. KENNEDY. Mr. President, we want to point out that the LAL provision is not complex. The concept is actually simple. The accelerated deductions from investment must be taken against the income from that investment, as the Senator from Colorado mentioned.

Tax shelter deals are the most complicated business transactions in the country today. Those who have created these Byzantine tax avoidance structures cannot complain because it takes a statute that is mechanically somewhat complex to close the tax escape.

The high priced lawyers and accountants who created the tax shelters for their 50-to-70 percent bracket clients are more than capable of figuring out how to apply LAL—the fact is they understand LAL all too well and are using the "complexity" argument as a smokescreen to try to defeat what they realize is an effective measure to reduce the tax shelter abuse.

The rules for allocating costs between various activities are similar to those already in use in other areas of tax law and can be readily adapted to LAL.

During the debate earlier we heard a great deal about whether small farmers and small family farms will be able to allocate various kinds of expenses and salaries.

Mr. HASKELL. May I interrupt the Senator for one comment on this point?

Mr. KENNEDY. Yes, I yield.

Mr. HASKELL. It is interesting that in the Senate Finance Committee hearings the use of shelters was not supported by such organizations as the National Livestock Committee, the American Cattlemen's Association, the Wool Growers Association, and also the president of the United Egg Producers. I just wanted to mention that at this point.

Mr. KENNEDY. I believe it is helpful to understand the position of those organizations. As I understand, the reason for their support is that they want to keep farming in the hands of farmers. They have seen these tax shelters bring extraordinary distortions in their market, driving up the price of land and feed. They have seen the damage tax shelters can do. They are the ones who ought to know.

Also, LAL does not unfairly defer deductions like construction period interest that have been paid out with "real cash."

When a business buys a piece of machinery, it pays out "real cash," but it does not get an immediate deduction for the cost of the machinery—instead, it must recover that cost over a period of years through depreciation.

We have heard a great deal during the discussion about how those who are going into these new businesses ought to be permitted to be able to deduct interest immediately. The fact of the matter is when businessmen buy a piece of machinery they can only deduct it over the time they use the machinery. They do not write it off at once. That is the ordinary way of doing business. It is only when we get these accelerated deductions that we get the loopholes and the distortions. That is the area we are attempting to meet with this particular amendment.

Construction period interest is a cost of acquiring a building—it, too, should be recovered through depreciation over the life of the building.

Thus, it is irrelevant that cash is paid out as construction period interest—taxpayers pay cash for all sorts of items, but they do not get immediate deductions for the payments just because cash is paid out.

These are some of the areas we are attempting to cure with this particular amendment.

Mr. HATHAWAY. Will the Senator yield?

Mr. KENNEDY. Yes.

Mr. HATHAWAY. On a point made earlier on the first amendment offered, that we were discriminating against those who were out of the business and discouraging outside investment, I think it should be made crystal clear that what we are talking about here is a taxpayer and not a particular individual by occupation. The limitation on the losses applies to the income from the business. It does not make any difference if the developer himself is involved, or some outsider, in the real estate business. If that developer happens to have outside income he cannot shelter that either. We are not saying we are just going after the doctors, lawyers, dentists, and so forth, who are on the outside and just favoring the ones who are on the inside of that particular business. If he has outside income, he cannot do it either.

We are saying objectively, regardless of who is involved, these losses are going to be limited to the income from that business. Other than that, we just talk about the taxpayer. We do not talk about his occupation or profession, or anything else. So there is not any discrimination against any individual or group of individuals because they are or not involved in a certain business.

Mr. KENNEDY. I think that is a valuable point. We are attempting to treat all taxpayers the same in this area. I think that is a valid point that the Senator makes.

Mr. President, finally, there have been two studies of tax shelters. One is the "20 Celebrity Project."

In 1974, the joint Tax Committee staff studied the tax returns of 20 wealthy citizens, including the 10 highest paid executives listed in Forbes magazine and 10 celebrities chosen at random, reported to include Howard Hughes, a Rockefeller, a Du Pont, and John Wayne.

The results were sanitized to avoid identification of the specific individuals, and were then presented to the committee in executive session. The committee decided on the spot to deal with tax shelters in oil and real estate. LAL, previously proposed by the Treasury in 1973, was the principal response of the committee. Results of the study apparently included the following:

Some of the 20 paid very high tax rates, but most paid very low effective rates because of excessive use of deductions and exclusions.

Two paid no tax on incomes over $500,000.

One claimed $900,000 in tax shelter losses.

One had a capital gain of $7 million.

One paid no tax because of a $10 million shelter in an oil drilling fund.

There was widespread use of tax shelters, percentage depletion, capital gains, and gifts of appreciated property to charity. Itemized charitable deductions were notable for large gifts to the donor's prep schools.

It would be interesting to know how these individuals would fare under: First, present law; second, the House bill; third, the Finance Committee bill, and fourth, the reform package.

The second study involves tax shelter investments.

On September 3, 1975, the joint Tax Committee staff published a pamphlet entitled "Tax Shelter Investments: Analysis of 37 Individual Income Tax Returns, 24 Partnership, and Three Small Business Corporation Returns."

The project was intended to illustrate tax shelters in real estate, cattle, movies, and oil, including their use by wealthy doctors, lawyers, and executives. Among the findings:

A corporate executive with almost $450,000 of income paid tax at a rate of three-tenths of 1 percent, as a result of tax shelter deductions.

A corporate executive paid 3.5 percent in tax on $532,000 of income.

A lawyer paid no tax on $151,000 of income.

A dentist paid no tax on $156,000 of income.

A stockbroker with income of $181,000 paid tax at a rate of five-tenths of 1 percent.

It would be interesting to know how these examples would fare under: First, present law; second, the House bill; third, the Finance Committee bill; and fourth, the reform package.

Mr. President, we believe that our amendment is targeted toward some of the most notorious loopholes in the Internal Revenue Code, which are utilized only by those in the highest income brackets. There can be no question in the mind of any Member here that unless we deal effectively with the shelters there will be all kinds of abuses like the one I am holding here, which involves a shelter in the coal industry. But they are duplicated all over this country by various groups. They are marketing these loopholes which provide those in the 50 percent brackets or higher with the extraordinary advantages of these loopholes. The real question is whether we are going to deal effectively with this problem. We feel that the amendment which we have offered is a very meaningful step. It will not respond to all the problems, but it will, we believe, make some meaningful progress in trying to move us toward tax equity. We are hopeful that with this amendment and some of our other amendments, we will be able to get to the point where have some serious tax reform.

I now yield to the Senator from Texas.

Mr. BENTSEN. Has the Senator yielded the floor so that I may respond?

Mr. KENNEDY. All right.

Mr. LONG. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BENTSEN. Mr. President, I think we all concur with the objective of the Senator from Massachusetts of insuring that all high income taxpayers pay their fair share of taxes. We have heard of some 244 taxpayers who had adjusted gross incomes of $200,000 or more and paid no taxes. Whether that is the true number of such taxpayers, or the true figure is half that, we ought to try to eliminate the real abuses of our tax system.

Most of us have no quarrel with reasonable tax incentives to achieve national economic objectives, but where we see real abuses, such as a taxpayer with a cash flow of $200,000, $300,000, or $400,000 who pays no taxes at all, we know we have shaken public confidence in the tax system. You can argue until you are blue in the face about economic incentives for housing, for farming, for employment, or for equity capital, but the person with the small income and the heavy tax load believes it is not fair that such abuses occur.

So we ought to eliminate those situations where some high income Americans pay no taxes at all. The Senator from Massachusetts lays great stress upon antique cars and how they have been utilized to avoid taxes. As I understand his amendment, it does not even apply to that situation. As far as the 244 high income nontaxpayers that have been cited, I do not know whether his amendment will deal with those 244. What we have seen is a classic case of overkill in trying to turn the tax system inside out to get at those 244 cases, and only succeeding in bringing about an exceedingly complex tax system.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. BENTSEN. I yield for a question.

Mr. LONG. Is it not true that the last time we studied this sort of thing, the problem of someone who had an adjusted gross income of $200,000 and paid no income tax, all you had to do was look at the difference between adjusted gross income and net income? For example, take the item of interest expense, which was responsible for nontaxable status for about half those people. Interest expense for a trade or business is a deduction before you arrive at adjusted gross income, but investment interest expense is not. Most of those people in the study I saw had an investment interest expense of more than $200,000 and, therefore, had no net income to tax. That is entirely different from someone who had a net income on which he paid no tax.

In other cases, they paid taxes to a foreign government on foreign source income, and due to the credit on that to which they were entitled, paid nothing. In other cases, they made big charitable contributions, or paid States taxes, or had large casualty losses, and all of those things may have caused them to have no net income.

So it can be very misleading to talk about someone with an adjusted gross income of a very large figure as though that were his net income.

A study of 100 people who reported adjusted gross incomes of $200,000 or more made a few years ago, the same type of study, did not come up with a single case that this amendment would deal with.

Mr. BENTSEN. I thank the Senator very much.

Mr. KENNEDY. Well——

Mr. BENTSEN. If I may, let me finish; then I will be glad to yield for questions.

Let us take a look at what this LAL amendment is. This is basically the same LAL amendment that the Senator from Wisconsin (Mr. NELSON) proposed, which was tabled Thursday night, except for some minor things.

This new LAL amendment exempts sports as well as oil and gas until price controls are terminated.

Why the exceptions? If LAL is not applicable to one sector, and if it is discriminatory against one, why then apply it to the rest of them? Why apply LAL to agriculture where it would impose an unfair accounting burden on some legitimate farmers? The Senator from Georgia went into that at length when he discussed the problems a farmer would have in trying to take care of his books under LAL. How does that farmer know exactly what his income will be, other than from the farm, at the beginning of the year? He cannot wait until April 15 to decide whether he will keep books or not. He is going to have to keep detailed accounting records from the very beginning.

The thought is expressed time and again that we have not done anything in the Finance Committee to hit at those 144, 222, or whatever the figure is of high income Americans who paid no tax. Mr. President, we have been concerned about that in the Finance Committee, and have examined for a long time the LAL approach, trying to make it practicable and make it work. Finally we decided to substantially strengthen the minimum tax approach in trying to remedy the real abuses.

We did some positive things. We raised from 10 to 15 percent the minimum tax rate. That is a 50-percent increase. The Senator from Massachusetts has been one of the strong supporters of a minimum tax. We have gone along with that.

We lowered the exemption from $30,000 to $5,000 or the regular tax paid, whichever is greater.

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. BENTSEN. We have added items to the minimum tax that were never there before. We said that if you take your itemized deductions—other than medical expenses and casualty losses—and they exceed 60 percent of your adjusted gross income, they are subject to the minimum tax.

We did another one—and frankly I had some reservations about this one. We said that if there is an excess of investment interest over investment income, that, too, is going to be subject to the minimum tax.

We took intangible drilling costs, and said if they are in excess of the taxpayers oil and gas income, and the allowable depreciation had this been capitalized, that, too, would be subject to the minimum tax.

We took real estate construction interest—do not tell me that is an artificial loss; you know, when you reach in your pocket and pay it out in cash or a check, it is gone, it is lost. There is nothing artificial about that loss. But we included that in the minimum tax.

The Senator was speaking earlier about leased personal property. We took accelerated depreciation on leased personal property, and we subjected that to the minimum tax.

These are positive, affirmative things that the Finance Committee did to try to get at those people who have a large cash flow and pay no tax. The abuses are destroying public confidence in the tax system of this country. We were trying to bring about fairness and equity for all taxpayers, but at the same time trying to attain and achieve some legitimate economic objectives for our country.

Mr. President, I defer now to the Senator from Georgia, who is chairman of the Committee on Agriculture and Forestry, without losing my right to the floor, to comment on some of the complexities of this proposal for the farmers, if we adopt the LAL approach.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TALMADGE. Mr. President, I would like to explore some of the complexities farmers would have to contend with under this LAL approach.

Let us assume a farmer raises vegetables, apples, wheat, and livestock. LAL applies to vegetables and apples, but does not apply to wheat and livestock.

Suppose the farmer has three hired hands. Part of the time these employees are planting or weeding the vegetable garden and spraying or pruning the apple orchard which is being developed.

LAL says the farmer must keep a record of the expenses since, if he has more than $20,000 of nonfarm income, he must delay taking these deductions until he has income from those activities. However, the hired hands are also used to plow the fields for wheat and take care of the livestock. These activities are not subject to LAL.

For tax purposes, how is the farmer to allocate wages paid to the farmhands among work in the apple orchard, work in the vegetable garden, care for the livestock, and work in the wheat field?

Is the hired hand's wages to be allocated between these activities on the basis of time spent in each? Does this mean that the hired hand must punch a time clock when he switches from one field to another to keep a record of the time he works in each particular part of the farm?

The farmer has a tractor which is used, first, in an activity subject to LAL and then in one which is not. Unless a time record is kept, how is the depreciation on the tractor to be allocated among the apple orchard, the wheat field, or the vegetable garden? If the farmer's hired hand repairs a fence which is to keep the cattle out of the vegetable garden, is the cost of materials and time of the farm hand to be allocated to vegetables, which is not subject to LAL, or to the cattle that are subject to LAL?

If the expenses I have referred to above are not to be allocated on a time basis, how can they be allocated?

One way to do it would be on the basis of profits of each. But what if the activities given here are not profitable? Another way is to allocate the overhead expense on the basis of direct cost. Sometimes this is reasonable. However, at other times one activity has large direct cost but involves little supervisory cost. In this case, such an allocation does not make sense.

That is the complexity of this problem from a realistic standpoint. If a farmer is trying to farm with hired hands producing several different crops, there is no way under the sun that he can keep track of the depreciation on his machinery, the cost of his gasoline, and other items. It gets him into a nightmare that no Philadelphia lawyer or no accountant in the country could handle.

Let me again tell Senators how it would work on a practical basis.

CLIFF HANSEN is a farmer. HENRY BELLMON is a farmer. I am a farmer. There are other Members of this body who are farmers. Our salary is fixed by law at $44,600 a year at the present time. That probably means we could not deduct any farm loss whatever.

I have all mine in trees at the present time. I found it so unprofitable trying to farm from Washington, D.C., that I got out of two dairy farms and I quit raising cattle. I planted something that did not have to be fed or extensively fertilized, and I did not have to stand over it night and day to see if it were growing properly.

Let us suppose that HENRY BELLMON raises hogs and corn on his farm in Oklahoma. Let us suppose that HENRY BELLMON spent $50,000 this year raising corn for his feed, buying fertilizer, paying his taxes, and incurring other farm expenses. Let us suppose that he had a bad crop or a drought this year, and let us suppose that he had corn for sale of only $10,000 in value. That was his gross income on his farm. His expenses on his farm because of the cost of production were $50,000.

That means that HENRY BELLMON lost $40,000 this year on his farming operation, and he cannot deduct 1 thin dime of it.

Mr. HASKELL. Mr. President, will the Senator yield?

Mr. TALMADGE. Let me get through with this, and then I will yield.

That means that he cannot deduct his feed, though it cost him money; it has been eaten. That means he cannot deduct his seed. He does not have it. He put it in the ground. It came up poorly. He cannot deduct his fertilizer. He paid for it. His money is gone. His fertilizer went in the ground. It was supposed to work, but did not.

What about his other items? He cannot deduct his cost for cultivation. He cannot deduct expenses of his tractor, fuel, repairs, and maintenance. All that has gone. His money is gone, lost, but he cannot deduct it. What about his gasoline? He burned it up, but he cannot deduct it.

So he cannot deduct the wages he paid his hands. That is gone. The money is gone.

And this LAL business says now "You cannot deduct that."

I point out to Senators that that is absolutely idiotic and insane.

The first thing we have to do on any sound business venture is to be able to deduct losses from gains. If one cannot do that a man would be a fool to go into a business venture. Any sort of business is hazardous.

Real estate today is particularly hazardous. Atlanta is filled with bankrupt people on account of real estate ventures. If they do well that is good. But if we do not allow them to deduct the losses from the gains we are not going to have a real estate industry. It is that simple.

The real estate industry is already in a state of absolute crisis. Construction people throughout America are unemployed and in some areas of the country unemployment is as high as 80 percent. If we are going to tell a man who wants to put up a building or shopping center that "If you win we are going to take all your money; if you lose we are not going to let you deduct it," he would be a fool to go into business.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. TALMADGE. I yield for a question.

Mr. BENTSEN. Mr. President, I have the floor. I am delighted to yield to the distinguished Senator from Massachusetts for a question.

Mr. KENNEDY. Mr. President, I listened to the very persuasive and eloquent comment of the Senator from Georgia. He described what our amendment does not do, and then he disagreed with it.

He is not referring to the amendment which I——

Mr. TALMADGE. Mr. President, I did not yield for a speech. I yielded for a question.

Mr. KENNEDY. Does the Senator not understand that in the first place this does not apply to a drought? The Senator is familiar with that.

Mr. BENTSEN. We are not arguing that.

Mr. KENNEDY. The Senator is familiar with that specific question.

Mr. BENTSEN. But as to poor crop years it does apply.

Mr. KENNEDY. The point is that the part of the Senator's statement that dealt with the problems HENRY BELLMON was facing out in Oklahoma, if they have a drought, has absolutely no relevancy because it is clear that drought conditions are excluded.

That is not the important point. Does the Senator understand that the catastrophic situation which he spelled out does not apply to the family farmer? The family farmer whose purpose and interest is in pursuing family farming is not included in this.

What we are including in this provision are the outside absentee farmers, whether they are from Massachusetts, or someplace else, those dentists or doctors who use the tax shelter to get into the farming business and distort the whole farm market and the value of land. Those are the areas this amendment targets.

So I want to be extremely clear in describing this amendment that we have introduced. There were all those illustrations that the Senator from Georgia gave about a family farmer who has an orchard, some pecans, some citrus, and some other kinds of farming produce. This amendment does not apply to him. We ought to understand that from the very beginning. But if they are dentists or doctors in downtown Boston who are investing in this through a tax shelter, this amendment does apply to them. That is what we are talking about.

Mr. TALMADGE. Mr. President, will the Senator yield to me?

Mr. BENTSEN. I yield to the Senator from Georgia for a comment.

Mr. TALMADGE. If the Senator would visit any farmer anywhere in the United States of America and explain to his satisfaction that he cannot deduct his losses, I would like to see that particular farmer.

According to the information we have, this amendment would apply to 175,000 farmers. Of that 175,000, it is estimated that probably 25,000 are lawyers, doctors, and dentists of whom the Senator complains. But the 150,000 to whom it would be applicable would be legitimate, bona fide farmers who farm for a living. So that the Senator's amendment, in its overkill, tries to reach 25,000 people and would strike at 150,000 legitimate farmers. This is a ratio of six times as many farmers as the group he is trying to get at.

We in the Finance Committee thought that we dealt effectively with this issue, and Senator BENTSEN has gone into some detail to explain it.

No one has sympathy for people who want to try to farm as a tax gimmick, for the purpose of avoiding taxes. We went into great detail in the Finance Committee and, in my judgment, covered that loophole amply and fully. Anything beyond that, I think, would be a dreadful overkill.

Mr. BENTSEN. Mr. President, I yield to the Senator from Wyoming.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. BENTSEN. I yield 2 minutes to the Senator from Wyoming, with the understanding that I do not lose my right to the floor.

Mr. HANSEN. I thank the distinguished Senator from Texas.

I point out one thing. When the distinguished Senator from Georgia was speaking, he mentioned my name specifically. He mentioned HENRY BELLMON's name specifically. He mentioned his own name specifically. What he said is a fact. The income we earn, or the income we are paid—I am not saying we always earn it—as Members of the Senate puts us in a class in which the statements he made are factual, and I think the same measure can be applied across the board.

I believe that the Senator from Georgia has fortified and supported the arguments appropriately made by the distinguished Senator from Texas to show what is wrong with the approach that the LAL would incorporate into this bill.

I thank my good friend the Senator from Texas for giving me this opportunity.

Mr. BENTSEN. When they talk about this matter applying to the family farm, we have to be realistic about what the family farm is these days. For 1975, there were 175,000 tax returns with farm losses and outside income in excess of $20,000. These are the kinds of situations that could be subject to LAL.

Mr. BUMPERS. Mr. President, will the Senator yield for a question?

Mr. BENTSEN. But of that, about 150,000 are proprietorships, and we assume that would be their principal business, the farm business.

I yield for a question to the Senator from Tennessee.

Mr. BROCK. I want to emphasize two points.

First of all, all you need to do in order not to be qualified as a family farm is to have $20,000 in outside income. Is that correct?

Mr. BENTSEN. That is correct.

Mr. BROCK. In other words, if you own a small dry cleaning establishment in a town of 2,000 people in Tennessee but primarily have a farm, you are disqualified if your gross income exceeds $20,000 outside of that farm business.

Mr. BENTSEN. You would fall into the LAL provisions.

How would you know, at the end of the year, whether that dry cleaning shop was going to make $20,000 or not? You would have to start keeping your books early and follow the whole complicated LAL accounting procedure.

Mr. BROCK. That is correct. It is like having a headache and bandaging your big toe, with the LAL amendments.

The problem is that there are people in this country who do not pay enough tax because they are using these rules in an unfortunate way. Is the way to go after them by going after all the small farmers who also happen to have a small business, or to go about it by giving the tax system an active, effective tax which says, "We don't care what you do; you're going to pay your fair share of taxes"? Is it not ridiculous to complicate this system so that nobody understands it?

Mr. BENTSEN. I say to the Senator from Tennessee that if he took his tax return today to five different excellent tax attorneys or accountants or five different IRS agents, he probably would get five different amounts that he owed. That is how complicated it is now. To add the complexities of this LAL amendment to it, I think, is an undue burden on the taxpayers of this country.

Mr. BROCK. I will give the Senator an example of that.

We have tried to improve the short form so that the average family could follow it. I had the short form that the IRS recommended for this bill and took it to the Paperwork Commission and asked them to have their employees figure it out. Everyone is a college graduate or better. I gave it to everyone on my staff. We gave them one figure on the gross income. At the Paperwork Commission, all of whose employees are over college graduate level, 60 percent were in error on the short form. In my office, it was 53 percent. And we are telling the American people that this is a tax simplification act. What are they going to do when they see LAL? Nobody understands this amendment.

Mr. BENTSEN. I am not sure in whose judgment they were in error. That is one of the problems.

Mr. BUMPERS. Mr. President, will the Senator yield?

Mr. BENTSEN. I yield for a question, with the understanding that I will not lose my right to the floor.

Mr. BUMPERS. I am interested in the statistics cited a moment ago, that there are 175,000 farmers in the United States to whom this would apply. I assume that is based on 1974 and 1975 tax returns.

Mr. BENTSEN. 1975 tax returns.

Mr. BUMPERS. How many farmers are there in the United States, according to the IRS?

Mr. BENTSEN. They represent 4 percent of the people in the country now, approximately. That includes the farm family. With respect to the farm unit, it would be something less than that.

Mr. BUMPERS. The 175,000 figure is not meaningful to me unless I know how many farmers there are in the country.

Mr. BENTSEN. Four percent of the people are in farming.

Mr. BUMPERS. I know, but how many people does that represent?

Mr. BENTSEN. I suppose that must be about 8 million people.

Mr. BROCK. That is people.

Mr. BUMPERS. The Senator is talking about people living on farms and actually engaged in farming?

Mr. BENTSEN. Yes.

Mr. BUMPERS. But he is talking about tax returns when he talks about 175,000?

Mr. BENTSEN. That is correct; so that would be a family unit.

Mr. BUMPERS. Will the Senator permit me to address the same question to the Senator from Massachusetts, without losing his right to the floor?

Mr. BENTSEN. Yes.

Mr. BUMPERS. Does the Senator from Massachusetts have the information?

Mr. KENNEDY. I should like to respond. I wish I had been able to do so earlier. I am glad the Senator from Georgia is here.

These are IRS farmers. They are farming the tax code. Simply because they invest in farming, they are considered to be IRS farmers. But they are not real farmers. I wish we could get clarification, for the very reason that the Senator from Arkansas is asking the question. Is a farmer a farmer simply because he indicates he is a farmer or because he is listed as such by the IRS?

I wish we could get greater clarification of those figures. I hope that in the debate on this issue, we can look at table 1 of the net farm losses by size and adjusted gross income. Senators will find in that provision that the largest ones are taking advantage of this provision. It is not the small fellow who is out there trying to make things work. It is the big boys and the tax shelters. That is the point on which I hope we can develop further statistics.

Mr. BUMPERS. I make one other observation to the Senator. I think the $20,000 outside income is a fairly relevant figure here. Apparently, the committee bases a good portion of its objection on the fact that a man can make $20,000, and if he makes anything in excess of that, then he is not entitled to deduct certain expenses on a farm he may own. I do not have any real quarrel with that.

Since we are calling names, I fit into that category. I ran a farm and used to have a fine herd of registered cattle which I sold in order to run for office. I have been renting the farm. My Senate salary is $44,000 a year. Why should I not be penalized for using that income to write off expenditures on that farm?

Let me ask a second question: What figure would the Committee on Finance deem to be an appropriate figure if $20,000 is not such a figure? Would $50,000 of outside income be enough to classify a man as something other than a farmer?

Mr. BENTSEN. I think what we run into is a very complicated tax formula. I think one of the things we are talking about with respect to the LAL's in general, and not just farming, is, are we going to say people are going to get categorized in this country into one industry, one business, be it real estate, be it movies, or be it farming? I do not think that is what we want in this country. I think what we have seen in Europe is that type of thing—son follows father, you cannot break in, it is a closed, insulated and isolated society in that particular industry. One of the great things we have had in this country is the mobility, the economic mobility, so that you could move into other things. that you did not have to follow your father into business, you could go into something else. If we are going to say that they can only deduct their expenses against related income, I think that is wrong. I think that we ought to encourage innovative ideas and attract new blood into each of these industries. That is why I am opposed to LAL.

Mr. HATHAWAY. Will the Senator yield?

Mr. BENTSEN. I would really like to finish my statement. I yielded to the Senator from Arkansas.

If I may now, I think what I have cited here is one of the primary objections to LAL. LAL penalizes individuals just entering the business. It discourages new competition. Under the LAL approach, deductions are only allowed against related income. Individuals already in a business are going to have a competitive advantage in that deductions will be allowed against related income. On the other hand, individuals just entering a business will have no related income against which to take deductions. I think it is essential to maintain the opportunities for new people to go into new businesses, to borrow their money and to be able to bootstrap their way up in this country.

One of the great excitements of this country, that brought people here for generations, was the idea that they were going to be able to live better than their parents and certainly than their grandparents. My grandparents came to this country from Denmark, homesteaded on the plains of South Dakota, and had to dig their first home out of the ground. It was tough, but they came here because of the excitement of a country that was on the move which gave people a chance to step up if they were willing and ready to work. I cannot help remember the story about Lyndon Johnson taking off in Air Force I from a midwestern city. As they looked down at the city from the plane, one of his young staff assistants made a derogatory remark about the rows of tract houses. He made the remark about the sameness of the rows of houses, about the oneness of them. Johnson replied:

> For everyone that lives in one of those houses, they represent a step up from whence they came.

That is what we have to keep alive in this country. That means that people have to be able to go into new enterprises.

The LAL—or limitation on artificial losses—imposes a limitation on the extent to which losses arising from accelerated deductions with respect to certain activities can be used to offset a taxpayer's other income. Under this limitation, specified accelerated deductions are not allowed in the taxable year in which such deductions are paid or incurred to the extent they exceed a taxpayer's net income from that activity. These deductions are to be deferred until either the taxpayer has income from that activity in a future taxable year or until he disposes of the property to which the accelerated deductions are attributable.

Mr. President, the section of taxation of the American Bar Association carefully reviewed the House LAL proposals and strongly urged the Senate Finance Committee to reject this approach due to the enormous complexity of LAL.

The section of taxation of the American Bar Association made the following comments about the House-passed LAL proposals:

> The LAL proposal which is contained in Title I of H.R. 10612 is enormously complex. Title I consists of thirty-four pages and establishes complex accounting rules for deductions attributable to various categories of LAL property, namely, LAL Real Property, LAL Lease Property, LAL Farm Property, LAL Film Property (LAL Oil and Gas Property, and LAL Sports Franchise Property.) The rules applicable to each category of LAL property are intricate and are significantly different as between particular categories. Also, in most cases the categories of LAL property are further subdivided into classes which adds additional confusion.
>
> Intricate accounting record keeping and complex preparation of income tax returns are an inevitable result of the LAL proposal. This additional complexity also makes tax planning more difficult. In many instances under existing law, a computer analysis is essential for planning purposes in order to assess the interactive effect of various provisions. LAL will significantly add to this complexity.

The section of taxation of the American Bar Association concluded as follows:

> Because of (1) the enormous complexity which LAL adds to an already complex Code, (2) the disparate treatment of different categories of LAL property, and because (3) the reach of LAL and the minimum tax arbitrarily covers only certain so-called tax shelters, we are of the view that the LAL approach should not be adopted.

In place of this complicated and counterproductive LAL proposal, the Senate Finance Committee greatly strengthened the minimum tax and also agreed to a series of much simpler rules to eliminate the tax shelter abuses.

With respect to agriculture, the Finance Committee decided to limit the deduction with respect to farm losses to the amount of capital at risk. This would exclude nonrecourse loan financing, as well as amounts which are protected against loss by guarantees, insurance, or otherwise. Also approved was a provision to preclude current deduction by farm syndicates for the prepayment of feed, seed, fertilizer, or similar farm supplies and amounts spent for the planting, cultivating, maintenance, or development of any grove, orchard or vineyard involving the raising of nuts or fruits. Instead, such expenditures would be capitalized and deducted as used or consumed; in the case of groves, orchards, and vineyards, expenditures would be deducted over the productive life of the trees.

I listened to one of the Senators talking about how some agricultural groups were up here supporting LAL. That is not the way I remember it. In testimony before the Finance Committee they opposed LAL provisions.

Mr. TALMADGE. If the Senator will yield, is it not a fact that they opposed LAL and recommended all the alternatives the Finance Committee agreed to?

Mr. BENTSEN. They absolutely did.

Mr. HANSEN. Would the Senator from Texas yield for 1 minute so I may make an observation?

Mr. BENTSEN. Yes.

Mr. HANSEN. I want to underscore what the distinguished present floor manager of the bill is saying when he talks about the opportunity of people who have come to this country by giving a little different twist on it. In the State of Utah, United States Steel has a plant at Provo that is run and operated almost entirely by third and fourth generation Mormon men. They are men whose grandparents went out to Utah and each of them took up a little farming homestead. They, as is not uncommon in Mormon communities, separated those farms into families to accommodate the first generation of sons and then the second generation. Today, if it were not for the fact that those men can find employment with United States Steel and, in all probability, would come under this LAL provision, they would not be there. That steel plant would go out of business, and a lot of farming men who operate only part time, because they have to work for United States Steel most of the time, would be adversely affected by this provision to which the Senator now addresses himself.

Mr. BENTSEN. I thank the Senator.

I wish to make a point about leased equipment. One of the Senators made an excellent point on that, that there were tax abuses in that area. He is absolutely right. And the Finance Committee moved to eliminate these abuses.

In the case of equipment leasing, the committee decided to limit the deduction for depreciation to the amount which the taxpayer-lessor has "at risk"—plus any amounts of debt from the transaction for which the investor may be personally liable.

In the case of the sale or exchange of a sports franchise, the amount of the sales price allocated to player contracts by the purchaser could not exceed the amount of the sale price allocated to these contracts by the seller. In addition, a recapture rule was approved under which the amount subject to recapture would be the greater of: First, the amount of depreciation taken on player contracts which were initially acquired with the original acquisition of the franchise by the seller; or second, the amount of depreciation taken on player contracts that are still owned by the seller at the time of sale.

With respect to oil and gas, the Senate Committee on Finance decided that the deduction for intangible drilling and development costs should be limited to the amount which the taxpayer has at risk with respect to any oil or gas property. A taxpayer would be considered to be at risk with respect to any borrowed funds used to finance intangible costs to the extent that the taxpayer is personally liable for repayment of the loan or has pledged property of established value as security for the loan.

In addition, the Senate Committee on Finance agreed to a series of provisions to limit movie tax shelters. In the case of the production of motion pictures, books, records, and similar property by a service company which does not own the film, the committee decided to require the service company to capitalize its costs of production. This would preclude expensing of costs which would normally be capitalized. In the case of purchases of completed films, the committee decided to limit the deduction for depreciation and losses to the amount which the taxpayer purchasing the films has at risk. This would preclude the deduction of amounts financed through nonrecourse loans—except to the extent repaid. In the case of the production of motion pictures, an at-risk rule would also apply unless the following conditions are met:

The investor's equity must be at least 25 percent of the film's total cost. Thus not more than 75 percent may be a nonrecourse loan.

The unpaid balance of any nonrecourse loan, at the end of 5 years after the first showing of the film, would be required to be taken into income—recaptured—at that time.

A substantial portion of the film cost—80 percent—is spent in the United States.

Mr. President, I should like to briefly explain the excessive accounting burdens that would be imposed on farmers and ranchers under LAL. LAL places a limitation on the deduction of so-called artificial losses which are incurred in agricultural operations. As applied to the agriculture and livestock industries, LAL would cause hardships to legitimate agriculture and livestock businesses. Furthermore, LAL would add undue complexity to the law which would make both compliance and administration difficult. It would also be costly and is not needed in order to curb the so-called abuses caused by a few tax profiteers in agriculture.

The accounting burdens alone imposed by LAL would be monumental and would cost those legitimately engaged in farming and ranching the additional expense of hiring accountants to maintain sufficient books and records to comply with the provisions of LAL.

Contrary to the representations of the sponsors of LAL that the $20,000 nonfarm income exemption will protect legitimate farmers and ranchers, its enactment will adversely affect substantial numbers of them. In the first place, the report of the Committee on Ways and Means recognizes that many farmers and ranchers do receive nonfarm income. In cases where this nonfarm income comes or can come anywhere near $20,000, the complicated recordkeeping previously referred to must be maintained, because there is always the possibility that the nonfarm figure could exceed $20,000 and LAL would apply. Thus, the farmer or rancher with any substantial nonfarm income just cannot wait around until April 15 to find out whether or not LAL applies for the preceding year. He will have to maintain or try to maintain all the records necessary to comply with LAL just in case he has a farm loss in a year when his nonfarm income happened to exceed $20,000. And anyone who says that legitimate farmers and ranchers do not have frequent farm losses is not living in the real world.

Moreover, the $20,000 nonfarm income exemption does not apply to trusts or to the many family farm and subchapter S corporations which many farmers and ranchers use for the conduct of their business activities. Thus, the enactment of LAL will discriminate between farming operations conducted by family-owned and subchapter S corporations and trusts on one hand and those conducted by individuals.

Mr. President, I urge the Senate to reject this complex and counterproductive amendment.

Mr. DOLE. Mr. President, I would like to reiterate my opposition to the limitations on artificial losses—LAL—provisions being proposed again today by the Senator from Massachusetts. While the Senator has further restricted the application of LAL by exempting oil and gas operations and sports franchises from its scope, the effect of LAL on other business enterprises remains as objectionable as it was when rejected by the Senate last Thursday. It will unduly complicate the tax code, discourage investment in areas of high national priority, and stagnate economic recovery.

FARM OPERATIONS

I am particularly concerned about the effect of LAL on farm operations—one of the categories of investment not exempted under the pending amendment. LAL would provide that "accelerated deductions" would not be allowed in the taxable year in which the deductions are paid or incurred to the extent they exceeded a farm taxpayer's net income from related sources. Instead, these deductions would have to be deferred and placed in a deferred deduction account. These deferred expenses would not be allowed until either the taxpayer had net related income in a future taxable year or until he disposed of the property to which the accelerated deductions were attributable.

While the Senator's amendment would permit accelerated deductions from farming operations to be offset against a limited amount of nonfarm income, this modest exemption does not make the LAL concept any less objectionable. In rejecting the complex LAL approach, the Finance Committee has not ignored the abuses currently permitted through some farm and ranch tax shelters. Without getting into the LAL quagmire, the Finance Committee has recommended provisions which will force the "Wall Street cowboy" to capitalize some expenses which are now currently deductible and require certain other expenses to be deducted when the purchased item is consumed or used.

FINANCE COMMITTEE PROVISIONS

Specifically, the Finance Committee bill requires farming syndicates to deduct expenses for feed, seed, and fertilizer only when consumed, to deduct expenses of purchased poultry only over their useful life and to capitalize certain cultivation, and maintenance expenses of groves and orchards to the extent such expenses are incurred before the groves or orchards become productive.

In addition, to prevent the situation where an outside farm investor may deduct a loss in excess of his economic investment in farming operations, the Finance Committee bill provides that the amount of any loss which may be deducted in connection with the trade or business of farming cannot exceed the aggregate amount with respect to which the taxpayer is at risk in each such activity at the close of the taxable year. This at risk limitation will greatly limit the ability of outside investors to employ nonrecourse borrowings as a means of sheltering current income.

DISCRIMINATORY LAL APPLICATION

I do not think the Senator from Massachusetts has strengthened his hand by further exempting certain categories of investment from the LAL concept. While I oppose the concept completely, I believe that imposing LAL only on certain economic investments while exempting others only serves to make LAL less workable and unwise as a matter of national tax policy. Under the Senator's amendment, because some tax shelter areas would be exempt from LAL, there would be even less reason for someone to invest in agriculture with no tax incentives available, since agriculture unfortunately has as inherent characteristics very high risks and long periods of wait for a return on the investment.

For all of these reasons, I continue to oppose adoption—either partial or complete—of the LAL concept.

Mr. MATHIAS. Mr. President, the average American today carries a burden of taxation that would have been considered confiscation by our grandparents.

The high rate of taxation is necessary because of the requirement that we maintain a large defense establishment; because of the number of Government services that we provide to our citizens; and because of inflation, which has raised the cost of Government just as it has raised the cost of living. But, even this heavy burden of taxation would be bearable to Americans if we were convinced that it was fair to everyone. Unfortunately, the suspicion has been increasing across the land that the burden of taxation does not fall fairly and equitably upon the shoulders of all of us. Consequently, I joined with several other Senators in offering a tax reform package to the Tax Reform Act. I do not view this effort as a panacea for all the inequities present in our current tax laws. Rather, I consider this proposal as the initial step in what I hope will ultimately be a major revision of our tax structure. We are attempting to merely rectify some of the more glaring defects in the Internal Revenue Code—defects which protect our wealthiest individuals and corporations to the detriment of the little person.

I believe the amendment now before us would go far toward eradicating the tax shelters which allow some of the wealthier of our citizens to escape their fair share of the tax burden. Despite previous efforts of tax reformers to cut back on tax shelters, we have seen the growth of such devices in recent years. Clearly, if we are today to embark on a successful effort to reform our tax laws, we must begin with a renewed effort at curtailing these so-called tax shelters.

Tax shelters create losses for tax purposes which are not actual losses to the investor. These shelters encourage some taxpayers to invest in certain enterprises solely for tax considerations without any real regard for the economic potential of the venture or personal commitment to the enterprise. One merely has to peruse the following items to comprehend the inequities inherent in such tax shelters:

In 1967, 155 individual taxpayers with adjusted gross incomes above $200,000 paid no Federal income tax;

Despite the reform efforts contained in the Tax Reform Act of 1969, in 1974, 244 individual taxpayers with incomes over $200,000 did not pay Federal income tax, and 3,273 individuals with adjusted gross incomes of $50,000 or more paid no Federal income tax.

Tax shelters depress the morale of the average middle income taxpayers. Tax shelters have created a situation whereby 1 percent of our taxpayers can decide how much tax they want to pay, and can find shelters for the left-over income.

Tax shelters are an enormous waste of Federal tax expenditures inasmuch as 35 to 40 percent of Federal tax incentives are diverted away from the legitimate businesses for which they were designed to shelter enterprises.

To its credit, the House has incorporated into its legislation the limitation on artificial losses concept supported by many knowledgeable tax reformers, and also endorsed by the Treasury Department. As Secretary Simon stated before the Senate Finance Committee—

> We believe that LAL effectively limits the principle tax benefits associated with tax shelters—defererral of tax liability by applying the fundamental concept that the income and expenses that generated that income should be matched.

The Secretary of the Treasury deserves a hearing. Unfortunately, the Senate Finance Committee has refused to adopt the innovative LAL approach and has instead accepted a few minor antitax shelter provisions which obviously do not qualify as meaningful reforms.

I believe we must begin the effort to get the cost of Government off the backs of the middle class and give the little man in America a tax break. The time has come to reform the revenue-raising system of the United States and to implant within it those principles of justice and equity that we insist should govern every other branch of our Federal Government.

UP AMENDMENT NO. 67

Mr. BENTSEN. Mr. President, I send to the desk, an amendment in the nature of a substitute for the amendment of the Senator from Massachusetts. In lieu of that language, we would insert my amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Texas (Mr. **Bentsen**) proposes an unprinted amendment No. 87 to amendment 1908.

In lieu of the language proposed to be inserted by amendment No. 1908, insert the following:

It is the sense of the Senate that the problems of converting ordinary income into capital gain and the deferral of tax resulting from the use of tax shelters can best be dealt with by—

(1) An improved minimum tax providing a much higher rate of tax, a substantially smaller exemption and by adding to the base of the minimum tax all of the important tax shelter areas as well as itemized deductions in excess of 60 percent of adjusted gross income,

(2) Limiting the deductions which may be taken to amounts at risk in the case of farming; exploring for, or exploiting, oil and gas resources; the holding, producing, or distributing of motion picture films or videotapes; and equipment leasing,

(3) A tighter recapture rule in the case of depreciation on real property providing that eventually all depreciation over straight line depreciation will be subject to recapture when the property is sold,

(4) Requiring farming syndicates to deduct expenses for feed, seed, fertilizer and similar expenses only when consumed, to deduct the expenses of purchased poultry only over their useful lives (or when disposed of) and to capitalize cultivation, maintenance and similar expenses of groves, orchards and vineyards to the extent these expenses are incurred before the grove, orchard, or vineyard becomes productive.

(5) In the case of production companies for motion picture films and also similar properly to require that the production costs be capitalized and deducted over the life of the income stream generated from the production activity,

(6) In the case of the sale or exchange of a sports franchise (and the creation of a new franchise) providing that the amount allocated to a player contract by the purchaser cannot exceed the sum of the basis of the contract in the hands of the seller immediately before the sale plus any gain recognized by him on the player contract at the time of the sale,

(7) Restricting the use of partnerships in tax shelters by limiting the additional first-year depreciation, requiring the capitalization of syndication and organization fees, denying retroactive allocation of partnerships income and loss and limiting partnership special allocations to those cases where there is a substantial economic effect, and

(8) Providing that prepaid interest can be deducted only in the year the interest represents a charge for the use of borrowed money.

Mr. BENTSEN. Mr. President, with this amendment we have tried to show the very positive things that the Finance Committee has done to try to strike at those 244, or whatever the number is, who have abused the use of tax incentives or tax shelters, to try to restore some confidence in the integrity of the tax system of the United States; to explain to the fellow who makes $15,000 or $20,000 a year that we are moving forward aggressively to try to see that these people pay their fair share of the tax, and we are not indulging in some legislative overkill that turns the tax system inside out and unduly complicates it for all the rest of the people in this country; to try to accomplish some of the economic objectives that this country needs, and to highlight several of those areas where we have seen the most abuse.

Not that we disagree at all with the objective of the Senator from Massachusetts in trying to see that taxes are paid fairly in this country, but we argue over the mechanics, over how it is to be accomplished.

After listening to the attorneys, after listening to the accountants, after listening to hundreds of witnesses before our committee as to how this would be handled in an accounting way, after seeing what penalties would be put on people moving into new industries and young people coming along who do not have related income from an enterprise they were going into, but were borrowing the money to try to get into it, we are trying to see that avenue and that door were still left open to them so they would not be penalized, and the fellow who was already in the business would not have a competitive edge against him because he was going to be able to charge off his expenses and deduct those where the fellow going into that business would not be able to do that.

We moved on the movie tax shelters, and we said they would have to put up 25 percent of equity. We said that loan would have to be paid off in 5 years and not longer. We said that 80 percent of that business and the production of that movie would have to be done in this country.

So we have taken some very positive steps, I believe, in hitting at tax abuses, and this substitute is for the purpose of highlighting that and putting it in legislative form, not in any committee report like we were arguing about yesterday, but here it is in the legislation itself, written out in clear language.

Mr. HATHAWAY. Mr. President, will the Senator yield just for a question in regard to the substitute?

Mr. BENTSEN. I would be happy to yield.

Mr. HATHAWAY. Do the eight provisions of the substitute incorporate measures that the Finance Committee agreed to? Is that the tenor of the substitute?

Mr. BENTSEN. That is correct.

Mr. HATHAWAY. It says it is the sense of the Senate, it is just hortatory language. It is saying that?

Mr. BENTSEN. Not at all. If the Senate votes for this substitute then it becomes the sense of the Senate.

Mr. HATHAWAY. Yes, but all of these provisions the Senator is saying are already in the Senate Committee on Finance bill anyway; is that correct?

Mr. BENTSEN. Yes, that is correct.

Mr. HATHAWAY. The Senator is just reiterating what has already been done by the committee.

Mr. BENTSEN. That is right. But we want to show—I am just a little tired of some of the comments where the impression is being left that the Finance Committee has not diligently worked to try to strike at these tax abuses. We have gone down point by point, as the Senator knows. We have listened to the witnesses, and the majority of the committee has decided this is the most practical way to accomplish the objective.

Mr. HATHAWAY. If the Senator, Mr. President, will yield further, I do not think the proponents disagree that the Senate Committee on Finance has done something with respect to tax shelters. I would agree with that, and I know we worked diligently, but the committee did not accept all my amendments.

Mr. BENTSEN. I am not accusing the Senator of that, but reading some of the press reports.

Mr. HATHAWAY. I know. It is just a matter that the proponents of this matter believe that the Senate Committee on Finance's attempt to limit tax shelters does not go far enough. That is the only argument.

Mr. BENTSEN. I would be happy to yield to the chairman of the committee.

Mr. LONG. Is this not true? Even when we follow the approach taken by the Senate Committee on Finance we are still going to find there is $2.5 billion of additional taxes recommended by the Finance Committee. About half of that, about $1.3 billion, is aimed right at these kinds of taxpayers. But even in that area there are many taxpayers who will be hit by this minimum tax and by the various other provisions in this bill who, even though those are not the kind that you necessarily are trying to get at, at least this does not crucify them the way it would with the LAL where you single out and discriminate against some fellow because he happens to be in the farming business or because he happens to be in the construction business or because he happens to be in the equipment rental business. So that one would single out those people and deny them the deductions for their out-of-pocket expenses while, on the other hand, we would seek to take the advantage out of using a tax shelter and, in doing so, we recognize that this would tax some people whom we are not trying to get at either, but it would not do nearly as much mischief to them as the unintended mischief in the LAL proposal.

As the Senator indicated, in a situation where a person gains a deferral by borrowing a lot of money, investing it in something that looks like a reasonably good investment, if his interest expense exceeds his interest income he might defer for a year or two the day when he is going to pay the full amount of taxes with that investment earning money back that would exceed the expense.

But our approach would be to put a 15-percent tax on that deferral, and that takes the advantage out of it if he is trying just to defer against taxes and, furthermore, if the effect of all this is to convert ordinary income into capital gain, when you look at a 35-percent capital gain tax and then you look at a 15-percent tax for the privilege of deferring, while a person may be in more than a 50-percent tax bracket, the advantage of going to all that trouble and going outside his ordinary line of business disappears. So it is not worth fool-ing around with it after he pays the minimum tax and has complied with the other provisions in the Finance Committee bill.

Mr. MATHIAS. Mr. President, will the Senator yield to me for a unanimous-consent request?

Mr. LONG. I am finished.

The PRESIDING OFFICER. The Senator from Texas has the floor.

Mr. BENTSEN. I yield for the purpose of a unanimous-consent request only.

Mr. MATHIAS. Mr. President, I am cognizant of the fact that there are several important meetings occurring in various parts of the Capitol, and I would make a suggestion in the form of a unanimous-consent request that any rollcall votes which might be called for between now and 2:30 would occur at 2:30 rather than at the moment they would normally occur.

The PRESIDING OFFICER. Is there objection?

Mr. BENTSEN. Let us make it 2 o'clock.

Mr. LONG. No votes until 2:30?

Mr. BROCK. They will not be through.

Mr. LONG. If I understand what the Senator is asking for, am I to understand there simply be no votes between now and 2:30?

The PRESIDING OFFICER. No rollcall votes until 2:30 p.m.

Is there objection? The Chair hears none.

Mr. BENTSEN. Let us be sure we understand he is not asking for votes at 2:30 but not before.

The PRESIDING OFFICER. Not before.

Is there objection? The Chair hears none, and it is so ordered.

Mr. BENTSEN. Mr. President, I yield to the Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. BROCK. Mr. President, I am a little surprised at the debate because I think we are missing a fundamental point here when we are arguing LAL, minimum tax, and so forth.

The point of the reform, as I understand the ambition of the Senator from Massachusetts, the Senator from Maine, and, I think, the Senator from Tennessee, is to reach those individuals who, by deivce, are not paying their fair share of taxes.

I do not care, frankly, whether it is by artifice or accounting losses, or some other form of deferral or shelter. The basic question is whether or not we are going to devise a system which says that no person can have large amounts of income and pay no tax.

That is the fundamental question before us.

Then I must follow that by asking those who propounded this amendment, if we can devise a minimum tax which eliminates the abuse, what then is the need for a section on LAL?

That is the whole argument and I have not heard it discussed today. I cannot seem to get a grip on why people keep talking about wanting to hit one particular aspect of tax abuse and not deal with its fundamental root cause.

I do not care from whence the income comes; I do not care from whence the shelter comes; I do not care what the individual does in life; I do not care whether he is a farmer or pharmacist; I do not care if he is a Member of Congress or a millionaire investor. All I care is that he pay his fair share of taxes.

That is the whole doggone question. I am tired of the flimflam about soaking the big guys when I do not think many people making $20,000 a year consider themselves all that big.

As a matter of fact, it is darn hard to make ends meet today when people make $20,000 a year and have three or four kids, and a couple in college. I do not know how they do it.

But if we are going to deal with this problem, let us deal with it honestly and not by device, by subterfuge, by talking about fat cats, big guys, or anybody else. Let us deal with it by coming up with a minimum tax that stops the abuse.

Mr. LONG. Will the Senator yield?

Mr. BROCK. Yes.

Mr. LONG. Those who have loved to make much of the fact that there was a depletion allowance for the benefit of the oil industry and point to that as the No. 1 thing they felt was wrong about the tax system, we note now would exempt the oil industry from the LAL.

But then I notice the Senator was discussing all the mischief about that homestake deal that Barbara Walters put some money in. That would be exempt, also. They do not touch that type of thing and leave that out.

Then he mentioned this mischief, all these corrupt people that evaded and avoided taxes, progressing into the coal mining business.

Well, leave that out. He did not touch the mining of any other mineral. All that goes out.

Mr. BROCK. The Senator made my next point. There are more tax shelters in the amendment to get rid of than are in the committee bill.

Mr. LONG. Of course, the Senator did put one point in it that really hits the Senator from Louisiana, different from the House bill. He takes out rice, which presumably might be something to attract the vote of the Senator from Louisiana. But how can I tell my rice farmers that they are to be exempt when a lot of them might have some cattle? Let us say a lot of them have an orchard and the orchard is under it. How can I tell these farmers that what they did is fine, but the rice people, they are out?

Then we find certain others are raising some hogs. A hog farm, let us say, and they are under it. How can I go on to explain that kind of inconsistency to a farmer where, theoretically, he is a good guy if he is raising rice and a bad guy if he is raising hogs? How can I explain that?

Mr. BROCK. We cannot.

What the Senator pointed out is the absolute inconsistency of a bill as proposed by those who offered this amendment, to say that we ought to tell people, based upon what they do, how much they make, and that is what is proposed.

We are going to tell anybody in construction, unless they are in residential construction——

Mr. KENNEDY. Will the Senator from Louisiana yield?

Mr. BROCK. I have the floor. I am delighted to yield to the Senator.

The PRESIDING OFFICER. The Senator from Texas has the floor to yield.

Mr. BENTSEN. I am delighted to yield to the Senator from Massachusetts to reply to the comments.

Mr. KENNEDY. With the indulgence of the Senator from Louisiana and the Senator from Tennessee, we started about an hour and a half ago to talk about the size of various farms.

During the basic debate, we have been talking about whether this amendment reaches the smaller farmer. I would like to mention a couple of points which I think are important here, because I think the argument has been used as a strawman in the debate.

I want to know whether the Senator from Texas, or the Senator from Louisiana, or the Senator from Tennessee, or the Senator from Wyoming has a different understanding of it.

In the House Ways and Means Committee report on H.R. 10612, on page 41, they list the net farm losses by size of adjusted gross income. They have a number of returns showing farm loss. They show 1.2 million returns with a farm loss in 1973.

If we take all those returns with income of $20,000 or less, or under, which would be excluded from LAL, we eliminate 1 million of those returns. So we are including in our amendment somewhat less than 200,000 of those returns. The adjusted gross income may very well be from the family farm. But let us take the worst case possible and say it is not. Still, 1 million are excluded, and there are only a little less than 200,000 that would be included.

In this particular table, they show that the family farm with income under $5,000 in 1973 averaged about $4,000 in losses. From $5,000 to $10,000, about $2,000 in losses; $10,000 to $20,000, about $2,000 in losses.

These are what I would consider to be family farms. Under our amendment they would not be included at all in LAL.

Now we get into adjusted gross incomes of $1 million or more. There were 110 of those returns, and they show a farm loss of $110,000 each on the average.

One hundred thousand dollars. The largest farms are the ones with the largest losses. The interesting point under our particular amendment is that they are the ones using the shelters. Our amendment does not reach the vast majority of farmers.

Mr. President, I ask unanimous consent that the table to which I have referred may be printed in the RECORD.

The PRESIDING OFFICER. There being no objection, it is so ordered.

TABLE 1.—NET FARM LOSSES BY SIZE OF ADJUSTED GROSS INCOME

Adjusted gross income	1970		1971		1972		1973	
	Number of returns showing farm loss	Average farm loss	Number of returns showing farm loss	Average farm loss	Number of returns showing farm loss	Average farm loss	Number of returns showing farm loss	Average farm loss
All returns—total	1, 234, 092	($2, 350)	1, 290, 203	($2, 540)	1, 171, 591	($2, 758)	1, 218, 962	($3, 343)
Total net farm loss (thousands)		(2, 899, 513)		(3, 277, 548)		(3, 230, 956)		(4, 074, 998)
Under $5,000	485, 531	(2, 659)	475, 983	(2, 969)	363, 492	(3, 281)	371, 489	(4, 323)
$5,000 under $10,000	379, 947	(1, 576)	385, 338	(1, 664)	325, 492	(1, 879)	290, 056	(2, 365)
$10,000 under $20,000	284, 652	(1, 669)	327, 808	(1, 822)	354, 754	(1, 852)	397, 588	(2, 123)
$20,000 under $50,000	63, 949	(4, 202)	78, 358	(4, 087)	100, 840	(3, 894)	126, 567	(3, 907)
$50,000 under $100,000	14, 697	(9, 473)	16, 575	(9, 527)	19, 642	(6, 907)	24, 494	(8, 970)
$100,000 under $500,000	5, 012	(21, 016)	5, 787	(20, 903)	6, 941	(21, 784)	8, 390	(23, 108)
$500,000 under $1,000,000	210	(43, 143)	252	(52, 516)	301	(50, 296)	268	(70, 451)
$1,000,000 or more	94	(128, 149)	102	(134, 069)	129	(170, 481)	110	(110, 018)

Source: U.S. Treasury Department, Statistics of Income—Individual Income Tax Returns, 1970, 1971, 1972, 1973 (preliminary).

Mr. KENNEDY. To listen to this discussion and debate over the amendment that we have offered here, it would seem we are driving that small family farmer right out of business. Yet the statistics show clearly and factually and compellingly the fact that the small farmer is not going to be affected. It is the small farmer that is efficient. It is the small farmer that is able to manage effectively the family interest. But it is the big boys that are taking advantage of this particular loophole in such a way as to distort the whole farm market, land values. They are working to the family farmer's disadvantage.

I am just wondering whether the Senator from Louisiana or those that have been talking about it, or come from those States and who understand this, have different information.

I have also listened to the talk about the fact that there are certain LAL's that are not included. The Senator from Texas pointed out that we have not included antique cars, and others point out that we have not included X, Y, or Z.

There is an amendment at the desk which I would welcome having the Senator from Texas cosponsor. The amendment would give the Secretary of the Treasury the power in the future to insure that other tax shelters would not be able to have this favorable tax advantage. I would welcome the Senator's support. This could be applied fairly, equitably, right across the board. If the Senator from Texas wants to join as a cosponsor, I welcome that.

Mr. BENTSEN. If the Senator from Massachusetts will pick and choose between industries, and he decides on oil and gas that as long as they are under regulation he does not want to include them, and then he decides on sports he does not want to include them, if it is discriminatory against one industry, I think it is discriminatory against the other. I think we have come up with a practical and fair approach. We have tried to open this up where anyone can go into anyone's else's industry, where we can have that kind of competition, where young people coming along will not be in the situation where they cannot borrow money and cannot charge the loss or expense of that against income as they try to move into an industry. I think what we have seen here is something which really strikes at those people who have had an abuse of the tax preference and incentive system. We are trying to restore some integrity in the system. That is the purpose of my amendment which I have offered in the nature of a substitute.

I yield the remainder of my time to the Senator from Louisiana.

The PRESIDING OFFICER. Does the Senator from Texas intend to stay in the Chamber?

Mr. BENTSEN. I yielded to the Senator from Louisiana.

The PRESIDING OFFICER. When he is through, then, the time will be transferred.

The Senator from Louisiana.

Mr. LONG. Mr. President, when the Senator says the law is formed to those with the largest losses, I feel like asking, what else is new? If you put $200,000 into something, you can lose $200,000. If you only have $10,000 to put into it, you only have $10,000 you can lose.

Mr. BROCK. What the Senator from Massachusetts has done so eloquently is to prove that a large farm is a large farm.

Mr. LONG. So what else is new? That we can all agree on, a large farm is a large farm. If you invest a lot of money, you can lose a lot of money. That proves nothing.

We are told that for fiscal year 1975——

Mr. KENNEDY. Just on this point, if the Senator did not understand, why is it those with the richest income from nonfarm sources are the ones with the biggest losses? That is what this chart shows. The largest investors from nonfarm income are the ones with the biggest losses. If we trace that back, we will find that those are the farmers from downtown Boston who are taking advantage of the law.

Mr. LONG. It is because they have the biggest farming operations. It is just that simple.

For fiscal year 1975——

The PRESIDING OFFICER. Will the Senator from Louisiana allow the Chair to make a statement? The Senator from Texas has left the Chamber. Who seeks recognition?

Mr. LONG. I ask to be recognized.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. In 1975 there were about 175,000 returns with farm losses and outside income in excess of $20,000. About 150,000 of these are proprietorships owned by the individual and the rest are chiefly partnerships.

Of that group, Mr. President, the best information that I am able to obtain is that there are about 25,000, the difference between 150,000 and 175,000, who would appear to be the kind of nonfarmers that the Senator would like to get to. But in getting to them, he is striking 150,000 farmers that I would doubt this Senate would like to strike. That would seem to be a completely unintended result and something I do not think the Senate would want to do.

One said, "Well, that is only a small percentage of the taxpayers." I will say what it means in the average State. Break the numbers down and apply them to the average State. Let us say out of 150,000 unintended victims of this thing, if we have about 2 percent of the population, as we do in Louisiana, that is about the average size State, that means we have about 3,000 farmers. When you try to tell them about saving the farm economy, what can be done to save the rice crop, what can be done to save the farmers in any particular area, those are the kinds of people who tend to show up at the meeting, to work at it, to go out and try to do something to move their economy ahead, and tend to be the civic leaders of their community. Those people are not bad guys. They are not people wearing black hats. Those are the good, solid, substantial citizens whom every one of us is pleased to meet. They are entitled to be treated uniformly with everyone else. They should not be singled out for special punitive tax legislation but, instead, treated the same way we would treat somebody who is a small businessman, a retailer, somebody in any business who, for one reason or another, is able to find some deduction to serve a purpose.

Mr. President, in view of the fact that the Democrats are holding a meeting at this time and the Republicans are holding a meeting at this time, at which I think almost all of us would like to be present, I ask unanimous consent that we recess for 1 hour to give everyone a chance to attend party meetings to discuss matters of partisan concern to both the Democrats in the Senate and Republicans in the Senate, unless someone wishes to make a speech during that time. I see no point in debating this while our colleagues are attending the meetings.

The PRESIDING OFFICER. Is there objection?

Mr. KENNEDY. I ask that the Senator from Maine be recognized when we return at 2 o'clock.

The PRESIDING OFFICER. Without objection, the Senator from Maine will be recognized.

RECESS UNTIL 2 P.M.

There being no objection, the Senate, at 12:56 p.m., recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. Ford).

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

The PRESIDING OFFICER. Under the previous order, the junior Senator from Maine is recognized.

UP AMENDMENT NO. 68

Mr. HATHAWAY. Mr. President, I call up my perfecting amendment which is at the desk, a perfecting amendment to title I of the House bill.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Maine (Mr. Hathaway) proposes an unprinted amendment numbered 68.

Mr. HATHAWAY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 7, strike out all after line 2 up through line 16 on page 40, and insert the following:

Sec. 101. Limitations on Tax Shelters.

It is the sense of the Senate that the problems of converting ordinary income into capital gain and the deferral of tax resulting from the use of tax shelters can best be dealt with by—

(1) An improved minimum tax providing a much higher rate of tax, a substantially smaller exemption, and by adding to the base of the minimum tax all of the important tax shelter areas as well as itemized deductions in excess of 60 percent of adjusted gross income,

(2) Limiting the deductions which may be taken to amounts at risk in the case of farming; exploring for, or exploiting, oil and gas resources; the holding, producing, or distributing of motion picture films or videotapes; and equipment leasing,

(3) A tighter recapture rule in the case of depreciation on real property providing that eventually all depreciation over straight line depreciation will be subject to recapture when the property is sold,

(4) Requiring farming syndicates to deduct expenses for feed, seed, fertilizer and similar expenses only when consumed, to deduct the expenses of purchased poultry only over their useful lives (or when disposed of) and to capitalize cultivation, maintenance, and similar expenses of groves, orchards, and vineyards to the extent these expenses are incurred before the grove, orchard, or vineyard becomes productive.

(5) In the case of production companies for motion picture films and also similar property to require that the production costs be capitalized and deducted over the life of the income stream generated from the production activity,

(6) In the case of the sale or exchange of a sports franchise (and the creation of a new franchise) providing that the amount allocated to a player contract by the purchaser cannot exceed the sum of the basis of the contract in the hands of the seller immediately before the sale plus any gain recognized by him on the player contract at the time of the sale,

(7) Restricting the use of partnerships in tax shelters by limiting the additional first-year depreciation, requiring the capitalization of syndication and organization fees, denying retroactive allocation of partnerships income and loss and limiting partnership special allocations to those cases where there is a substantial economic effect,

(8) Providing that prepaid interest can be deducted only in the year the interest represents a charge for the use of borrowed money, and

(9) Providing limitations on the use of artificial deductions to offset unrelated income.

UP AMENDMENT NO. 69

Mr. KENNEDY. Mr. President, I call up a perfecting amendment which is at the desk.

Mr. LONG. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. Laxalt). The Senator will state it.

Mr. LONG. Are these amendments being offered to the committee amendments?

The PRESIDING OFFICER. The amendments are being offered to the House language, proposed to be stricken.

Mr. LONG. The Kennedy amendment was offered to the House language and the Bentsen amendment was offered to the Kennedy amendment, is that correct?

The PRESIDING OFFICER. That is correct.

Mr. LONG. That is an amendment in the second degree, I take it. Are these amendments being offered to some different place in the bill? What is the parliamentary situation with regard to them?

The PRESIDING OFFICER. The first Kennedy amendment is to strike all of the House language including the table of contents and title I. The amendment of the Senator from Texas is a substitute for the language the Kennedy amendment would insert. In that posture, the original House text is amendable in two degrees and those amendments take precedence over the other two amendments already pending. Is that perfectly clear? [Laughter.]

The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, hopefully we will have a chance for the Senate to indicate its will on this particular issue.

The PRESIDING OFFICER. Will the Senator suspend so the amendment can be stated?

The legislative clerk read as follows:

The Senator from Massachusetts (Mr. Kennedy) proposes an unprinted amendment No. 69 to Unprinted Amendment No. 68 of the Senator from Maine (Mr. Hathaway).

The amendment is as follows:

At the end of the amendment of the Senator from Maine (Mr. Hathaway), add the following new section:

SEC. 102. LIMITATION ON ARTIFICIAL LOSSES.

(a) In General.—Notwithstanding the provisions of section 101, Part II of subchapter E of chapter 1 (relating to methods of accounting) is amended by redesignating subpart D as subpart E and by inserting after subpart C the following new subpart:

"Subpart D—Limitation on Artificial Losses

"Sec. 466. Taxable year for taking certain accelerated deductions which would cause artificial losses.

"Sec. 467. LAL property; classes of LAL property.

"Sec. 468. Accelerated deductions; net related income.

"Sec. 469. Dispositions of LAL property.

"Sec. 470. Other definitions and special rules.

"SEC. 466. TAXABLE YEAR FOR TAKING CERTAIN ACCELERATED DEDUCTIONS WHICH WOULD CAUSE ARTIFICIAL LOSSES.

"(a) Accelerated Deductions Deferred to Extent They Exceed Related Income.—

"(1) In general.—Except as otherwise provided in this subpart, in the case of any taxpayer subject to this subpart, accelerated deductions which are attributable to a class of LAL property and which (but for this section) would be allowable for the taxable year shall not be allowed for such year to the extent that such deductions exceed the net related income for such year from such class of property.

"(2) Taxpayers subject to subpart.—Except as provided in paragraph (3), the following shall be subject to this subpart:

"(A) an individual,

"(B) an electing small business corporation (within the meaning of section 1371 (b)), and

"(C) with respect to LAL farm property, a corporation to which section 447(a) (relating to method of accounting for corporations engaged in farming) does not apply.

"(3) Exception for certain accrual taxpayers engaged in farming.—Paragraph (1) of this subsection and subsection (b) shall not apply to any taxpayer with respect to property described in section 467(a)(3) if the taxpayer uses an accrual method of accounting with respect to such property and capitalizes preproductive period expenses described in section 468(c)(1).

"(b) Deferred Deductions Placed in Deferred Deduction Account.—Each taxpayer to whom subsection (a) applies for any taxable year shall establish and maintain a deferred deduction account for each class of LAL property. The deductions not allowed for any taxable year solely by reason of subsection (a) with respect to any class of LAL property shall be placed in the deferred deduction account for such class of property.

"(c) Deferred Deductions Allowed in Later Years.—In the case of any taxpayer to whom subsection (a) applied with respect to any class of LAL property for any taxable year, if the net related income from such class of property for any subsequent taxable year exceeds the accelerated deductions attributable to such class of property for such subsequent year, there shall be subtracted from the deferred deduction account and allowed as a deduction for such subsequent year an amount equal to the lesser of—

"(1) such excess, or

"(2) the amount in the deferred deduction account for such class of property at the close of such subsequent taxable year (determined without regard to the application of this subsection to such subsequent taxable year).

"Sec. 467. LAL property; classes of LAL property.

"(a) LAL Property Defined.—For purposes of this subpart, the term 'LAL property' means property described in any of the following paragraphs:

"(1) LAL real property.—Real property—

"(A) which is or will be either property described in section 1221(1) or property held for rental, and

"(B) which is not section 1245 property (as defined in section 1245(a)(3)).

"(2) LAL lease property.—In the case of a lessor, any section 1245 property (as defined in section 1245(a)(3)) which is leased or held for leasing.

"(3) LAL farm program.—Any property—

"(A) which is held for use in the trade or business of farming, or

"(B) which is described in section 1221(1) and held in connection with the trade or business of farming.

"(4) LAL film property.—Any motion picture film or video tape created primarily for use as public entertainment and any right to produce, distribute, or display such a film or tape.

"(5) LAL oil and gas property.—Any interest in an oil or gas well.

"(b) Classes of LAL Real Property.—For purposes of this subpart, all property of the taxpayer described in subsection (a)(1) is one class of property.

"(c) Classes of LAL Lease Property.—For purposes of this subpart, each item of property described in subsection (a)(2) is a separate class of property.

"(d) Classes of LAL Farm Property.—For purposes of this subpart—

"(1) In general.—Except as provided in paragraph (2), all property of the taxpayer described in subsection (a)(3) is one class of property.

"(2) Rule for farming syndicates.—In the case of any interest in a farming syndicate, property described in subsection (a)(3) attributable to each activity on each farm begun during any taxable year is a separate class of property.

"(3) Farming syndicate defined.—

"(A) In general.—The term 'farming syndicate' means—

"(i) a partnership engaged in the trade or business of farming if at any time interests in such partnership have been offered for sale in any offering required to be registered with a Federal or State agency having authority to regulate the offering of securities for sale,

"(ii) a partnership engaged in the trade or business of farming, if more than 50 percent of the losses during any period are allocable on limited partners, and

"(iii) any other enterprise engaged in the trade or business of farming if at any time interests in such enterprise have been offered for sale in an offering described in clause (i) or if the allocation of losses in such enterprise is similar to an allocation described in clause (ii).

"(B) Holdings attributable to active management.—For purposes of clause (ii) of subparagraph (A), in the case of any individual who has actively participated (for a period of not less than 5 years) in the management of any trade or business of farming, any interest in a partnership which is attributable to such active participation and which is held by such individual (or by any member of his family within the meaning of section 267(c)(4)) shall be treated as an interest which is not held by a limited partner. A rule similar to the rule provided by the preceding sentence shall apply for purposes of so much of clause (iii) of subpararaph (A) as relates to clause (ii) of subparagraph (A).

"(e) Classes of LAL Film Property.—For purposes of this subpart, each item of property described in subsection (a)(4) is a separate class of property.

"(f) Classes of LAL Oil and Gas Property.—For purposes of this subpart, each property (within the meaning of section 614) is a separate class of property.

"Sec. 468. Accelerated deductions; net related income.

"(a) Real Property.—For purposes of this subpart, the term 'accelerated deduction', when used with respect to a class of property described in section 467(a)(1), means—

"(1) Construction period interest and taxes.—All—

"(A) interest paid or accrued on indebtedness incurred or continued to acquire, construct, or carry real property, and

"(B) real property taxes,

to the extent such interest and taxes are attributable to the construction period for such property and would be allowable as a deduction under this chapter for the taxable year (determined without regard to this subpart).

"(2) Accelerated depreciation.—The excess of—

"(A) the deduction allowable under this chapter (determined without regard to this subpart) for the taxable year for depreciation or amortization, over

"(B) the deduction which would have been allowable for the taxable year had the taxpayer depreciated the property under the straight line method for each taxable year of its useful life for which the taxpayer has held the property.

"(b) Lease Property.—For purposes of this subpart, the term 'accelerated deduction', when used with respect to a class of property described in section 467(a)(2), means the excess of—

"(1) the deduction allowable under this chapter (determined without regard to this subpart) for the taxable year for depreciation or amortization, over

"(2) the deduction which would have been allowable for the taxable year had the taxpayer depreciated the property under the straight line method for each taxable year of its useful life for which the taxpayer has held the property.

For purposes of paragraph (2), useful life shall be determined as if section 167(m)(1) (relating to asset depreciation range) did not include the last sentence thereof.

"(c) Farm Property.—For purposes of this subpart, the term 'accelerated deduction', when used with respect to a class of property described in section 467(a)(3), means—

"(1) Preproductive period expenses.—

"(A) In general.—Any amount which is attributable to crops, animals, or trees (or to any other property having a crop or yield) during the preproductive period of such property and which is allowable as a deduction for the taxable year (determined without regard to this subpart).

"(B) Exceptions.—Subparagraph (A) shall not apply—

"(i) to taxes and interest,

"(ii) to any amount incurred on account of fire, storm, flood, or other casualty or on account of disease or drought.

"(iii) to grain, oil seed, fiber, pasture, tobacco, silage, rice, and forage crops (including expenses of planting, seeding, residue processing, fallowing, plowing, or any other soil preparation), and

"(iv) to livestock including poultry.

Clauses (iii) and (iv) shall not apply in the case of an interest in a farming syndicate (as defined in section 467(d)(3)).

"(C) Preproductive period defined.—For purposes of this paragraph, the term 'preproductive period' means—

"(i) in the case of property having a useful life of more than 1 year which will have more than 1 crop or yield, the period before the disposition of the first such marketable crop or yield, or

"(ii) in the case of any other property, the period before such property is disposed of.

For purposes of this subpart, the use by the taxpayer in the trade or business of farming of any supply produced in such trade or business shall be treated as a disposition.

"(2) Prepaid feed, seed, fertilizer, etc.—

"(A) In general.—Any amount paid for feed, seed, fertilizer, or other supplies which are on hand at the close of the taxable year.

"(B) Exceptions.—Subparagraph (A) shall not apply to—

"(i) any amount paid for supplies which are on hand at the close of the taxable year on account of fire, storm, flood, or other casualty or on account of disease or drought, or

"(ii) in the case of a taxpayer (other than a farming syndicate as defined in section 467(d)(3)) who, on the average, produces more than 50 percent (by volume) of the feed consumed by such taxpayer's livestock (other than poultry), any amount paid for feed which is on hand at the close of the taxable year.

"(3) Accelerated depreciation of animals, trees, etc., during productive period.—In the case of animals, trees, or other property having a crop or yield, the excess of—

"(A) the deduction allowable for the taxable year under section 167 (determined without regard to this subpart), over

"(B) the deduction which would have been allowable for the taxable year had the taxpayer depreciated the property under the straight line method for each taxable year of its useful life for which the taxpayer has held the property.

"(d) Film Property.—For purposes of this subpart, the term 'accelerated deduction', when used with respect to a class of property described in section 467(a)(4), means any amount allowable for the taxable year under this chapter (determined without regard to this subpart) as a deduction—

"(1) for depreciation or amortization, or

"(2) for amounts attributable to producing, distributing, or displaying such property.

"(e) Oil and Gas Property.—For purposes of this subpart, the term 'accelerated deduction', when used with respect to a class of property described in section 467(a)(5), means the excess (if any) of—

"(1) the intangible drilling and development costs described in section 263(c) allowable under this chapter (determined without regard to this subpart) for the taxable year with respect to such class of property, over

"(2) the amount which would have been allowable for the taxable year if such costs had been capitalized and straight line recovery of intangibles (as defined in section 57(f)) had been used with respect to such costs.

Such term does not include intangible drilling and development costs described in section 263(c) allowable under this chapter which are attributable to a well drilled solely to inject water or other substances to stimulate or increase the production of oil or gas.

"(g) Net Related Income.—

"(1) In general.—For purposes of this subpart, the net related income from a class of property for a taxable year is the excess of—

"(A) the gross income from such class for such year, over

"(B) the sum of the deductions (other than accelerated deductions) for such year attributable to such class.

"(2) Special rules.—For purposes of paragraph (1)—

"(A) any excess of the deductions (other than accelerated deductions) attributable to an item of property shall not be taken into account,

"(B) the net operating loss deduction provided by section 172 shall not be taken into account,

"(C) any deduction under section 1202 (relating to deduction for capital gains) and any capital loss carryback or carryover under section 1212 (relating to capital loss carrybacks and carryovers) shall not be taken into account, and

"(D) any deduction allowed under section 469(a) by reason of section 469(b)(4) (relating to nonproductive oil and gas wells) shall be treated as a deduction which is not an accelerated deduction.

"(3) CERTAIN PROCESSING INCOME TREATED AS FARMING INCOME.—

"(A) IN GENERAL.—For purposes of paragraph (1) of this subsection and for purposes of section 470(b)(3), the net income of any person from the processing of (including the application of one or more manufacturing processes to) a farm product produced by such person shall be treated as net income of such person attributable to the business of farming if such processing is performed by such person or by any partnership, electing small business corporation, or cooperative of which such person is a member.

"(B) PARAGRAPH NOT TO APPLY TO SYNDICATED FARMING INTEREST.—This paragraph shall not apply with respect to any interest in a farming syndicate within the meaning of section 467(d)(3).

"SEC. 469 DISPOSITIONS.

"(a) GENERAL RULE.—If the disposition of any LAL disposition class is completed during the taxable year, there shall be allowed as a deduction any amount remaining in the deferred deduction account allocable to such class at the close of the taxable year after the application of this subpart other than this section.

"(b) DISPOSITION CLASSES.—

"(1) IN GENERAL.—For purposes of this section, except as provided in paragraphs (2), (3), and (4), the term 'LAL disposition class' means any class of LAL property (within the meaning of section 467).

"(2) SPECIAL RULE FOR REAL PROPERTY.—For purposes of paragraph (1), in the case of property described in section 467(a)(1), the term 'LAL disposition class' means any item of such property.

"(3) SPECIAL RULE FOR FARM PROPERTY.—For purposes of paragraph (1), in the case of property described in section 467(a)(3), the term 'LAL disposition class' means—

"(A) except as provided in subparagraphs (B) and (C), all such property which is attributable to one activity on one farm begun during any taxable year,

"(B) in the case of any interest in a farming syndicate, all such property attributable to any one activity, and

"(C) any feed, seed, fertilizer, or other supplies consumed during the taxable year which were on hand at the close of a prior taxable year.

Notwithstanding the preceding sentence, in the case of an interest in farming which is not an interest in a farming syndicate, the taxpayer may elect to treat the portion of each crop or yield disposed of during any taxable year as a separate LAL disposition class.

"(4) NONPRODUCTIVE OIL AND GAS WELLS.—For purposes of this section, in the case of LAL property described in section 467(a)(5), the completion of a nonproductive oil or gas well shall be treated as the disposition of a separate LAL disposition class.

"(c) DEEMED DISPOSITIONS.—

"(1) PROPERTY CEASES TO BE REAL PROPERTY OR LEASE PROPERTY.—For purposes of this section, property described in paragraph (1) or (2) of section 467(a) shall be deemed disposed of when in the hands of the taxpayer it ceases to meet the requirements of such paragraph.

"(2) FILMS.—Property described in paragraph (4) of section 467(a) which has not theretofore been disposed of shall be deemed disposed of at the earlier of—

"(A) the close of the 1st taxable year following any taxable year by the close of which 95 percent or more of the income forecast for such property has been received or accrued, or

"(B) the close of the 7th taxable year following the taxable year in which such property is placed in service by the taxpayer.

Subparagraph (A) shall not cause any property to be deemed disposed of earlier than the close of the 2d taxable year following the taxable year in which such property was placed in service by the taxpayer.

"(d) CERTAIN TRANSFERS NOT TREATED AS DISPOSITIONS.—

"(1) IN GENERAL.—For purposes of this subpart, a transfer of property—

"(A) by gift,

"(B) in a transaction in which gain or loss is not recognized in whole or in part,

"(C) in a transaction between parties whose relationship is described in section 267(b),

"(D) to the estate of a decedent by reason of the death of such decedent, or

"(E) in a transaction for which the taxpayer elects to return income under section 453 (relating to the installment method),

shall not be treated as a disposition.

"(2) TRANSFEREE SUCCEEDS TO THE DEFERRED DEDUCTION ACCOUNT.—In the case of any transfer described in subparagraph (A), (B), (C), or (D) of paragraph (1) (other than a transfer also described in subsection (e)), the transferee of the property shall succeed to the deferred deduction account of the transferor with respect to such property.

"(e) SPECIAL RULES FOR CERTAIN TRANSFERS.—For purposes of this subpart—

"(1) TRANSFER BY DEATH.—In the case of the transfer of property by reason of death (other than a transfer to the estate of the decedent), the basis of the property in the hands of the transferee immediately after the transfer shall be the higher of—

"(A) its basis determined under section 1014(a) (relating to basis of property acquired from a decedent), or

"(B) the sum of (i) the lower of the adjusted basis of the property in the hands of the decedent or the fair market value of the property at the time of his death, and (ii) the balance in the deferred deduction account with respect to such property at the time of the transfer.

If any transfer referred to in the preceding sentence is a transfer from the estate of the decedent, the basis so determined shall properly reflect adjustments to basis during the period the property was held by the estate.

"(2) CORPORATIONS OR OTHER PERSONS TO WHICH SUBPART DOES NOT APPLY.—In the case of any transfer described in subparagraph (A), (B), (C), or (D) of subsection (d)(1), if the transferee of any property is a person which is not subject to this subpart, then the basis of the property in the hands of the transferee shall be increased by the balance in the deferred deduction account with respect to such property in the hands of the transferor.

"(3) INSTALLMENT SALES.—In the case of a transaction described in subsection (d)(1)(E), the final payment on the obligation or the disposition of the installment obligation (within the meaning of section 453(d)) shall be treated as a disposition.

"SEC. 470. OTHER DEFINITIONS AND SPECIAL RULES.

"(a) DEFINITIONS.—For purposes of this subpart—

"(1) CONSTRUCT.—The term 'construct' includes reconstruct and erect, and the term 'construction' includes reconstruction and erection.

"(2) CONSTRUCTION PERIOD.—The term 'construction period', when used with respect to any item of property described in section 467(a)(1), means the period—

"(A) beginning on the date on which construction of the building or other improvement begins; and

"(B) ending on the date on which the item of property is ready to be placed in service or is ready to be held for sale.

"(3) RESIDENTIAL REAL PROPERTY.—The term 'residential real property' means property which is or can reasonably be expected to be—

"(A) residential real property as defined in section 167(j)(2)(B), or

"(B) real property described in section 1221(1) held for sale a dwelling units (within the meaning of section 167(k)(3)(C)).

"(4) FARMING.—The term 'farming' means the cultivation of land or the raising or harvesting of any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of animals. For purposes of the preceding sentence, trees shall be treated as an agricultural or horticultural commodity.

"(b) SPECIAL ADJUSTED GROSS INCOME RULE FOR FARMING.—

"(1) ACCELERATED DEDUCTIONS NOT DEFERRED WHERE NONFARM ADJUSTED GROSS INCOME FOR TAXABLE YEAR DOES NOT EXCEED $20,000.—In the case of any individual (other than a trust), subsections (a) and (b) of section 466 shall not apply to deductions attributable to a class of property described in section 467(a)(3) if the individual's nonfarm adjusted gross income for the taxable year does not exceed $20,000.

"(2) PHASEOUT BETWEEN $20,000 AND $40,000.—In the case of any individual (other than a trust), subsections (a) and (b) of section 466 shall not apply to so much of the excess for the taxable year of the accelerated deductions described in section 468(c) over the net related income from farming as does not exceed the excess of $40,000 over such individual's nonfarm adjusted gross income for the taxable year.

"(3) NONFARM ADJUSTED GROSS INCOME DEFINED.—For purposes of this subsection, the term 'nonfarm adjusted gross income' means adjusted income computed without regard to income or deductions attributable to the business of farming.

"(4) MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—In the case of a married individual filing a separate return for the taxable year, in applying paragraph (1) or (2) the items referred to therein of both spouses shall be combined. For purposes of this paragraph, marital status shall be determined under section 143.

"(c) SUBPART NOT TO APPLY TO CERTAIN REAL PROPERTY.—

"(1) IN GENERAL.—This subpart shall not apply to real property the construction period for which begins before January 1, 1976.

"(2) RESIDENTIAL REAL PROPERTY.—This subpart shall not apply to residential real property.

"(d) OTHER SPECIAL RULES.—

"(1) BASIS ADJUSTMENTS UNDER SECTION 1016.—Any deduction not allowed for the taxable year by reason of section 466(a) shall be treated as allowed for such year for purposes of section 1016 (relating to adjustments to basis).

"(2) DEDUCTION OR INCOME ATTRIBUTABLE TO MORE THAN ONE CLASS OF PROPERTY.—If any deduction or income is attributable to more than one class of LAL property or to more than one LAL disposition class, such deduction or income shall be allocated to one of such classes or among such classes in accordance with regulations prescribed by the Secretary.

"(3) DETERMINATION OF STRAIGHT LINE DEPRECIATION FOR LEASED PROPERTY.—In determining what depreciation would have been for leased property under the straight line method, rules similar to the rules provided by section 1250(b)(2) shall apply.

"(4) PARTNERSHIPS.—For purposes of this subpart—

"(A) ITEMS TREATED AS HELD DIRECTLY BY PARTNERS.—Any item of property held by a partnership shall be treated as held by each partner in accordance with his distributive share of the taxable income or loss (whichever applies) of the partnership for the taxable year.

"(B) DISPOSITIONS OF PARTNERSHIP INTERESTS.—The disposition of any partner's interest in the partnership shall be treated as a disposition of the partner's interest in each item of property.

"(5) COORDINATION WITH CERTAIN RECAPTURE SECTIONS.—In applying sections 1245 (relating to gain from dispositions of certain depreciable property), 1250 (relating to gain from dispositions of certain depreciable realty), 1251 (relating to gain from disposition of certain farm recapture property), 1252 (relating to gain from disposition of farm land), and 1254 (relating to gain from disposition of interest in oil or gas property), the adjustments to basis taken into account for purposes of such sections shall properly reflect any adjustment to basis provided by this subpart.

"(6) COORDINATION WITH CERTAIN OTHER PROVISIONS.—This subpart shall be applied after section 461 (g) (relating to accrual of prepaid interest), after section 464 (relating to deductions limited to amount at risk in case of films, livestock, and certain crops), and after the second sentence of section 263 (c) (relating to intangible drilling and development costs."

(b) TECHNICAL AMENDMENTS.—

"(e)(e) TREASURY AUTHORITY TO APPLY LAL TO OTHER TAX SHELTERS.—The Secretary or his delegate shall conduct studies to identify additional classes of property (other than those specified in this subpart) with respect to which accelerated deductions may exceed the net related income from the property. The Secretary or his delegate shall prescribe regulations to apply the rules of this subpart, as appropriately modified, to the classes of property and accelerated deductions so identified. Congress shall have the power, by resolution of either House, to disapprove such regulations within 60 calendar days."

(1) EACH PARTNER MAKES SEPARATE ELECTION.—Section 703(b) (relating to elections of the partnership) is amended by striking out "or under section 163(d)" and inserting in lieu thereof "under section 163(d)", and by inserting after "investment indebtedness)," the following: "or under section 467 (b)(3) (relating to election to aggregate residential real property for purposes of limitation on artificial losses),".

(2) PERCENTAGE DEPLETION.—Section 613A (relating to limitations on percentage depletion in case of oil and gas wells) is amended by adding at the end thereof the following new subsection:

"(f) COORDINATION WITH LIMITATION ON ARTIFICIAL LOSSES.—For purposes of subsection (d)(1) and section 613(a), taxable income for any taxable year shall be determined without regard to subpart D of part II of subchapter E of this chapter (relating to limitation on artificial losses)."

(c) 10-YEAR SPREAD OF ADJUSTMENTS WHERE TAXPAYER CHANGES TO ACCRUAL METHOD OF ACCOUNTING WITH RESPECT TO FARMING.—If, for his first taxable year ending after December 31, 1975, a taxpayer referred to in section 466(a)(2) of the Internal Revenue Code of 1954 computes his taxable income from farming on an accrual method of accounting and with the capitalization of preproductive expenses described in section 468(c)(1) of such Code, and if such method of accounting constitutes a change in his method of accounting with respect to his taxable income from farming, then—

(1) such change shall be treated as having been made with the consent of the Secretary of the Treasury.

(2) for purposes of section 481(a)(2) of such Code, such change shall be treated as a change not initiated by the taxpayer, and

(3) under regulations prescribed by the Secretary of the Treasury or his delegate, the net amount of the adjustments required by section 481(a) of such Code to be taken into account by the taxpayer in computing taxable income shall (except as otherwise provided in such regulations) be taken into account in each of the 10 taxable years beginning with the year of change.

(d) CLERICAL AMENDMENTS—The table of subparts for part II of subchapter E of chapter 1 is amended by striking out the item relating to subpart D and by inserting in lieu thereon the following:

"Subpart D. Limitation on artificial losses.
"Subpart E. Inventories."

(e) EFFECTIVE DATES.—

(1) GENERAL RULE FOR REAL PROPERTY, FARM PROPERTY, AND OIL AND GAS PROPERTY.—Except as provided in paragraph (6), in the case of property described in paragraph (1) or (3) of section 467(a) of the Internal Revenue Code of 1954 (as added by subsection (a)), the amendments made by this section shall apply to amounts paid or incurred after December 31, 1975, in taxable years ending after such date.

(2) GENERAL RULE FOR LEASE PROPERTY AND MOVIES AND VIDEO TAPES.—Except as provided in paragraphs (3) and (4), in the case of property described in paragraph (2) or (4) of section 467(a) of the Internal Revenue Code of 1954, the amendments made by this section shall apply to amounts paid or incurred after September 10, 1975, in taxable years ending after such date.

(3) SPECIAL RULES FOR LEASE PROPERTY.—

(A) IN GENERAL.—In the case of property described in section 467(a)(2) of the Internal Revenue Code of 1954, the amendments made by this section shall not apply with respect to—

(i) leases entered into before September 11, 1975;

(ii) leases where the property was ordered by the lessor or lessee before March 11, 1975, and such property is placed in service before January 1, 1976; and

(iii) leases where the lessor is a partnership formed before September 11, 1975, for the purpose of acquiring and leasing personal property, the property was ordered before September 11, 1975, by the person who becomes the lessee, and the property is placed in service before January 1, 1976.

(B) HOLDING OF INTERESTS FOR PURPOSES OF SUBPARAGRAPH (A)(i).—Subparagraph (A)(i) shall apply only to taxpayers who held their interests in the property—

(i) on September 11, 1975, or

(ii) in the case of property placed in service before January 1, 1976, on December 31, 1975.

(C) HOLDING OF INTERESTS FOR PURPOSES OF SUBPARAGRAPH (A)(ii) AND (iii).—Clauses (ii) and (iii) of subparagraph (A) shall apply only to taxpayers who held their interests in the property on December 31, 1975.

(4) SPECIAL RULE FOR MOVIES AND VIDEO TAPES.—

(A) IN GENERAL.—In the case of property described in section 467(a)(4) of the Internal Revenue Code of 1954, the amendments made by this section shall not apply to—

(i) deductions for depreciation or amortization with respect to property the principal production of which began before September 11, 1975, and for the purchase of which there was on September 11, 1975, and at all times thereafter a binding contract, and

(ii) deductions attributable to producing, distributing, or displaying property the principal production of which began before September 11, 1975.

(B) EXCEPTION FOR CERTAIN AGREEMENTS WHERE PRINCIPAL PHOTOGRAPHY BEGINS BEFORE 1976.—In the case of property described in section 467(a)(4) of the Internal Revenue Code of 1954, the amendments made by this section shall not apply to deductions attributable to the producing of a film the principal photography of which began on or before December 31, 1975, if—

(i) on September 10, 1975, there was an agreement with the director or a principal motion picture star, or on or before September 10, 1975, there had been expended (or committed to the production) an amount not less than the lower of $100,000 or 10 percent of the estimated costs of producing the film, and

(ii) the production takes place in the United States.

Subparagraph (A) shall apply only to taxpayers who held their interests on September 10, 1975. Subparagraph (B) shall apply only to taxpayers who held their interests on December 31, 1975.

(5) TREATMENT OF DEPRECIATION AND AMORTIZATION.—For purposes of this subsection, any amount allowed or allowable for depreciation or amortization for any period shall be treated as an amount paid or incurred for such period.

(B) Before making a determination under subparagraph (A), the Secretary of the Treasury shall transmit a statement with respect to such determination to the Congress. The statement shall set forth the proposed determination and shall contain a detailed explanation and justification of the determination. If either House of the Congress does not disapprove the proposed determination set forth in such statement before the expiration of 30 legislative days after the receipt of the statement, then the Secretary shall make the determination set forth in the statement. For purposes of this subparagraph, the term "legislative days" does not include any calendar day on which both Houses of the Congress are not in session.

SEC. 103. AMENDMENT OF SECTION 167(k).

(a) EXTENSION FOR 2 YEARS.—Paragraph (1) of section 167(k) (relating to depreciation of expenditures to rehabilitate low-income rental housing) is amended by striking out "January 1, 1976" and inserting in lieu thereof "January 1, 1978".

(b) INCREASE IN AGGREGATE EXPENDITURES TAKEN INTO ACCOUNT WITH RESPECT TO ANY DWELLING UNIT FROM $15,000 TO $20,000.—Paragraph (2)(A) of section 167(k) is amended by striking out "$15,000" and inserting in lieu thereof "$20,000".

(6) SPECIAL RULE FOR GROVES, ORCHARDS, AND VINEYARDS.—The amendments made by this section shall not apply to that part of a grove, orchard, or vineyard which was planted before September 11, 1975.

(7)(A) SPECIAL RULE FOR OIL AND GAS PROPERTY.—In the case of property described in section 467(a)(5) of the Internal Revenue Code of 1954, the amendments made by this section shall apply to amounts paid or incurred in connection with oil and gas property in taxable years beginning more than 30 days after the date on which the Secretary of the Treasury, in accordance with the provisions of this paragraph, determines that the sale of the oil and gas is not regulated by the United States Government under the Natural Gas Act, the Emergency Petroleum Allocation Act of 1973, the Emergency Petroleum Allocation Act of 1975, or any other law of the United States. The amendments made by this section shall cease to apply to amounts paid or incurred in connection with oil and gas property in taxable years ending after the date on which the Secretary of the Treasury determines, in accordance with the provisions of this paragraph, that the sale of oil and gas is regulated in any respect by a law of the United States enacted after the date of enactment of this Act.

(c) EFFECTIVE DATE.—The amendment made by subsection (b) shall apply to expenditures incurred after December 31, 1975.

Mr. KENNEDY. Mr. President, the amendment which I propose is an attempt to permit the Senate to have an opportunity to vote clearly on the issue of the LAL provisions of title I of the

House bill. It seems to me that we are entitled to such a vote.

The amendment of the Senator from Texas would have basically obfuscated the issue to a considerable extent. We have taken this opportunity to try and assure that we would be permitted at least an opportunity to vote on this issue and, hopefully, to vote on the merits on an up-and-down basis. We are obviously very realistic as to the other parliamentary procedures which are available to Members of the Senate.

Mr. President, during the final hours of the morning debate and discussion, as a matter of fact all the way through this debate and the discussion, we have been talking about the farmer and how this particular provision is going to do in the family farmer. There are just a couple of points I want to make.

First of all, the family farmer is not really affected by this particular legislation. They are entitled to all the various deductions. Any family farmer is entitled to all the deductions he can possibly justify. What we are talking about are those who are perhaps listed as farmers under the Internal Revenue Service but who are real farmers.

I do not think we ought to include the family farmer who is a dentist in Massachusetts as a family farmer. Nevertheless, under the IRS provisions they would be so included.

During the lunch hour we checked with the Department of Agriculture. They indicate that there are some three million family farmers in this country at this time.

Applying the LAL provisions which we have introduced to those farms in this country, we are talking of less than 200,000 returns out of 3 million family farmers. Those are the wealthiest, the ones which include the highest income, the $20,000 to $50,000, all the way up to $1 million.

The interesting point on the table in the Ways and Means Committee report is that the greatest tax losses are always with the farms which have the greatest income. The greatest losses are for those which have outside income of $1 million or more, which really makes the point we have been talking about during the course of this discussion and debate. In instance after instance the farms that we are talking about have a purpose, not to provide sustenance or income to a particular family, but are used to provide additional tax benefits for those with high income.

We have tried to make that case during the course of the morning, but it seems that we are always back to the family farmer. It is important, I believe, to understand exactly what our amendment does do and what it does not do.

It does not apply to the family farmer whose interest is in the family farm. It does apply to those individuals who have incomes over $50,000. They represent less than 1 percent of the taxpaying public in the highest income levels. They use the tax shelters to avoid taxes in ways which the small family farmer is not able to do and the small businessman or woman are not able to do.

Mr. President, we have been over this ground a good deal during the course of the debate earlier today. I think we are prepared to vote on this amendment so we can bring this issue to a head.

Mr. HATHAWAY. Will the Senator yield?

Mr. KENNEDY. I yield.

Mr. HATHAWAY. I have tried to make one point clear over the days that we have been debating this particular issue. I have listened to the remarks of those who are opposed to this amendment. It would seem to me that they do not really appreciate the thrust of what the amendment is all about.

Perhaps if I rephrase it and explain it in a different way it would be more easily understandable to those who are opposed to this amendment. I believe their opposition is based upon an apprehension that they really should not have.

We have heard a lot of talk this morning about how we are keeping people from investing in certain businesses and we are protecting just those who are involved in those businesses; that we are discriminating against this class of people in favor of another class of people.

This amendment in no way prevents anybody from investing in any business in which he or she wants to invest. This amendment is not designed just to protect certain people engaged in certain businesses and to keep other people out of these businesses.

The focus of these amendments is simply to limit the artificial losses. In the case of a farmer, he is allowed to account for his expenses on a cash basis.

Cash basis accounting is not allowed in other businesses; they have to use the accrual basis; all the expenses and income come in along the line. But Congress considered many years ago, I think as many as 50 years ago, that farmers could be allowed to employ the cash basis in their operations.

We have accelerated depreciation, which I think is available to any business. For certain businesses, if it is a personal service business that is not buying any equipment, accelerated depreciation does not do them much good; but for a business heavily involved in buying equipment, accelerated depreciation is of some value.

Prepaid interest, prepaid taxes, and other items listed in the House committee bill and in the report are the artificial losses about which the House provision is concerned.

These were designed to help those individual businesses, or anyone who was in a business who could take advantage of them. All we are saying in the LAL provision is that we are going to limit these particular expenses to the income from the particular business. It is not directed against the individual; it is just directed against the income from the particular business, because, after all, that was the reason for Congress enacting these tax subsidies.

All we are saying is that these subsidies, enacted many years ago, each for a particular business, are limited to the income from that business.

It is not fair when a dentist, for example, is able to shelter his income by getting into some kind of farming activity in which he can get the benefit of cash basis accounting. In effect, this allows him to use cash basis accounting in his dentistry business, because he is using that deduction against the income from his dentistry business. We are saying it has to be restricted to the farming activity or the other activity we are trying to limit it to in this amendment. That is all we are saying.

We are not preventing people from investing in those areas. They can invest in those areas all they want. But we are saying that insofar as these artificial losses are concerned, the deductions they produce are limited to the income from the particular business for which they were provided. We are giving a particular benefit to the farmer by saying that he can not only take these artificial losses against his farming business, but can also deduct them from his outside income, not limited to farming, up to $20,000, with a dollar-for-dollar limitation for any income he has in excess of that $20,000.

I think if Senators will understand that that is the only issue involved here, that we are just talking about accounting practices and trying to maintain the purpose of Congress in confining these tax subsidies to the areas Congress intended them to be confined to in the first place, then there would be considerable additional support for this amendment.

Mr. PACKWOOD. Mr. President, will the Senator yield?

Mr. HATHAWAY. I do not have the floor. I think the Senator from Massachusetts has the floor.

Mr. PACKWOOD. Will the Senator yield for a question? I can ask it of either the Senator from Massachusetts or the Senator from Maine.

Mr. KENNEDY. I yield.

Mr. PACKWOOD. The Senators are still including farming, but they have made an exception for livestock. I do not understand that dichotomy.

Mr. HATHAWAY. The exception for livestock, and there are some other exceptions in the House provision also that we have incorporated into our amendment, were made because there was evidence that there was no abuse of the artificial expenses in those particular areas.

Mr. PACKWOOD. The Senator is saying there are——

Mr. HATHAWAY. There are farm syndicates, for example, which are blanketly covered, so that every farm syndicate regardless of what activity of farming they are in, is covered by the language.

Mr. PACKWOOD. I realize farm syndicates are covered, but is the Senator maintaining there are no abuses of the tax shelter provision as far as raising livestock is concerned?

Mr. HATHAWAY. I do not know that there are no abuses. I understand it was because there were no significant abuses in this field.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. HATHAWAY. Yes.

Mr. KENNEDY. As I understand, there are other provisions in the code which deal with this, which deal with the recapture of depreciation, so it was felt for the reasons the Senator from Maine has mentioned that they are not subject to the kind of provisions the others are.

Mr. PACKWOOD. That would apply to livestock? That is the answer to why livestock has been excepted, because there are other provisions in the code that apply to livestock?

Mr. KENNEDY. I think the Senator from Maine gave the answer. After review of the LAL provisions, it was found that was not a significant abuse, and that the other provisions, whatever abuses there were, were partly aimed at this area.

Mr. PACKWOOD. A second question. When we had the LAL provisions before us last week, and the farming provision was discussed in particular, livestock was excluded and poultry was not. But now I understand that poultry is also one of the excepted categories. Why the difference from last week?

Mr. KENNEDY. I think the Senator will find livestock and poultry are treated the same.

Mr. PACKWOOD. But they were not last week. Last week poultry was included as a tax shelter.

Mr. HATHAWAY. Mr. President, will the Senator yield? In determining how we should modify this amendment in order to get greater support for it, we listened to a lot of people to hear what their arguments were. They saw no reason to differentiate between livestock and poultry, and we thought probably there was not.

What the Senator is saying is, we are probably not getting all the bad guys, and therefore it is not a good amendment. Perhaps we are not getting all the bad guys in the country. If I had my way, perhaps we would eliminate the basis for these abuses by not giving the allowance in the first place, not allowing prepaid taxes, prepaid interest, accelerated depreciation, and so on, in the first place. But we did not hear of any abuse whatsoever.

We have had to compromise along the line, just as the House had to compromise in its bill, and as the Senator from Oregon very well knows, this body functions on the basis of its ability to bring about reasonable compromises and get a majority vote. We compromised.

Mr. PACKWOOD. That was what I wanted to find out, whether that was the reason. I know the Senator from Arkansas, last time, was very much concerned about poultry, and asked me about it.

Mr. HATHAWAY. I might also tell the Senator from Oregon, in regard to the hearing testimony, that some poultry producers testified they wanted LAL to apply, and others that they did not.

Mr. PACKWOOD. I was agreeing with the statement of the Senator from Colorado (Mr. Haskell) earlier, because he made the statement that the livestock producers and the poultry producers said, "If you are not able to give us the LAL, get that other outside money out of our business."

I do not remember any who came in and did not want to be covered.

Mr. HATHAWAY. The Senator from Arkansas is not here. He is the one who brought this up, and I recall his talking with me and others who are cosponsors of our amendment, and he came in and told us that the poultry producers and others did not want it for their business, that it would hurt them if it applied.

But all this is a matter of degree, and if we can correct the abuses where the degree is very high, then I think we have taken a giant step in the right direction, and maybe next year we can come back and get at all of the possible tax shelters that exist or can potentially exist under the Internal Revenue Code.

I understand there is an amendment to that effect, to have the Secretary of the Treasury report back to us, and we can probably take care of those concerns at a later time.

Mr. PACKWOOD. In essence, what the Senator is saying is that we have to allow a few shelters slip by in order to pick up votes to pass this amendment.

Mr. HATHAWAY. That is essentially it, yes. We think we are allowing the ones to slip by where there are not the greatest abuses.

Mr. KENNEDY. I fail to see the point of the Senator from Oregon other than a debater's point.

Those of us who are supporting LAL would go a good deal further in terms of other tax shelter areas. Then when we try a modest compromise, recognizing that Rome was not built in a day, we are criticized for not going far enough. But really I fail to see how the point that was made is relevant to our case.

Mr. FONG. Mr. President, will the Senator yield for a question?

Mr. KENNEDY. I yield to the Senator from Hawaii.

Mr. FONG. The Senator's amendment deals with a farming syndicate, and I note by the definition of "syndicate" the Senator states that any entity that has any securities which are on the exchange, "Federal or State agency having authority to regulate the offering of securities for sale."

I ask the Senator this question: The pineapple companies and sugar companies of Hawaii are in the farming business. They have securities for sale. They are entities. Do they come under the Senator's definition of a farming syndicate?

Mr. KENNEDY. Do they register with the SEC?

Mr. FONG. Yes, they register with the SEC because they are public corporations. These are corporations that have been in existence for probably 150 years, they have sold securities on the public market, and people do invest in their shares.

Mr. KENNEDY. We have a definition of "farming" within the bill. We have to take the particular company that the Senator is talking about and apply the test of this bill to find out whether it would apply or not.

Mr. FONG. According to the Senator's definition, I think it applies to these corporations that are in pineapple and sugar enterprises.

Mr. KENNEDY. Our particular provision does not apply to corporations at all.

Mr. FONG. The Senator's definition of "farming syndicate" does take them in because he said any other entity, under subsection (iii), and let me read:

> "(iii) any other enterprise engaged in the trade or business of farming if at any time interests in such enterprise have been offered for sale in an offering described in clause (i) . . .

Which says that if:

> "(i) a partnership engaged in the trade or business of farming if at any time interests in such partnership have been offered for sale in any offering required to be registered with a Federal or State agency having authority to regulate the offering of securities for sale,

These shares are registered with a Federal or State agency having authority to regulate the offering of securities. Is it the intent of this amendment to take in these corporations that are legitimate corporations that have been in existence for many years and have carried on a legitimate business and where, if a person buys a share, he does not escape the tax that he has to pay on his income?

Mr. KENNEDY. Do the individuals take the deduction as individuals or is it by corporation?

Mr. FONG. By corporation.

Mr. KENNEDY. Then it would not be included, the way the Senator describes it, because LAL does not apply to any corporations. It does not apply to corporations that take the LAL deductions. It would only apply to syndicates which are partnerships, where the individuals take the deductions. Since the Senator describes corporations, they would not be included.

Mr. FONG. The problem with me is this: If the corporation is included in the farming syndicate definition then its preproductive expenses will then come under a different tax provision, and the corporation will find it cannot take the accelerated depreciation in all the things that it buys.

If the Senator would advise me that a corporation as the one that I described is not intended to be in the definition of this syndicate, then I will be relieved.

Mr. KENNEDY. I state very clearly and precisely that corporations are not intended to be included in LAL. I would be glad to clarify the language of the bill if there is any doubt.

Mr. FONG. I understand. That is an individual who has the high income.

Mr. KENNEDY. The Senator is correct.

Mr. FONG. I am correct.

The PRESIDING OFFICER. Will the Senator suspend for a moment so the Chair may recognize the Senator from Colorado?

Mr. KENNEDY. Mr. President, I ask unanimous consent to yield without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FONG. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FONG. Did I hear the Senator say that I am correct in that the corporation is not included?

Mr. KENNEDY. Yes, the Senator is correct.

Mr. FONG. I thank the Senator.

VISIT TO THE SENATE BY MEMBERS OF THE BRITISH PARLIAMENTARY SUBCOMMITTEE ON DEFENSE AND EXTERNAL AFFAIRS

Mr. GARY HART. Mr. President, there are at present with us in the Chamber members of the British Parliamentary Subcommittee on Defense and External Affairs. Those members are: Sir Harwood Harrison, Mr. Bernard Conlan, Mr. Geoffrey Finsberg, Dr. Maurice Miller, Mr. John Roper, and Sir Frederic Bennett. They are here principally to discuss arms standardization in NATO, and they have been and will be meeting with members of the Committee on Armed Services.

I ask unanimous consent that they be permitted to rise and acknowledge our greeting.

The PRESIDING OFFICER. Without objection, it is so ordered.

(Applause.)

RECESS

Mr. GARY HART. Mr. President, I move that the Senate stand in recess for 5 minutes so that Members who are present may personally greet our guests and welcome them to the Senate.

The motion was agreed to, and the Senate, at 2:27 p.m., recessed until 2:32 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. LAXALT).

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

Mr. PACKWOOD. Mr. President, I wonder whether one of the sponsors of the amendment will yield for one more question.

Mr. KENNEDY. I yield.

Mr. PACKWOOD. Can the Senator give me the revenue impact of his amendment if it is adopted, as it is presently worded?

Mr. HATHAWAY. $200 million.

Mr. PACKWOOD. Is that $200 million annually?

Mr. KENNEDY. Yes. Fiscal 1977.

Mr. PACKWOOD. I want to put that in perspective, because we have had a great deal of discussion about the $35 tax credit and the fact that it will cost the taxpayers $1.7 billion or $1.8 billion a quarter.

The figure has been cited as being $10 billion a year, but that is slightly high. Now that we are back on the LAL amendments, several statements have been made to the effect that rather than taxing the poor and those who cannot afford it and taking money from the mouths of those who cannot afford it, we should enact this, which will raise, at its optimum, $200 million, as opposed to $8 billion to $9 billion to $10 billion if the $35 investment tax credit is allowed to expire and expires for a full year.

Let us put that in perspective as to the money involved. Whether or not this amendment is agreed to is not going to be the solution to the problem of whether the $35 tax credit expires even for a quarter, let alone a year.

Second, let us talk about who this applies to. It applies only to individuals, not to corporations. If you are a corporation, you can buy a farm and make a movie and dig for oil and write off these losses, whether they are meritorious or not, moral or not. It applies only to individuals. Then it applies only to certain activities.

Last week when we were discussing this, it applied to farming, movies, commercial real estate, sports franchises, residential real estate, oil and gas. There were a variety of exceptions, all kinds of ways you can make money.

First, you could invest in municipal bonds—pay no interest, pay no taxes on the interest. Millionaires by the score, if they want to avoid paying any taxes, can invest in municipal bonds, and we will still have the same tax returns, showing millionaires paying no taxes. The reformers' bill does not touch that; the House bill does not touch that; the Senate bill does not touch that. We have more or less concluded that we do not want to tax the interest on municipal bonds and force every city and county to pay 9 or 10 percent on bonds instead of 6 or 7 percent.

Then, it does not apply to anything outside of these specific activities. It does not apply to Mini-King chicken, to Shakeys, to Dr. Pepper, to Coca-Cola, to Finnegan's Car Wash.

If you want to invest your money in those activities, if you are a wealthy lawyer from Boston or a wealthy doctor from Baltimore, shelter all the money you want in those activities; that is OK. Just do not try to shelter it in farming, movies, commercial real estate, and—last week—sports franchises and oil and gas. It is bad to shelter them in those activities. But last week there was a vote, and those proposing that amendment lost, as I recall, by 46 to 33. This week, we have a new amendment. This week, the only things these LALs apply to are farming, movies, commercial real estate, and equipment leasing. It no longer applies to sports franchises and oil and gas. It never did apply to residential real estate last week or this week. If I said earlier it did apply to residential real estate, that was a mistake.

If you are a wealthy lawyer from Boston or a wealthy dentist from Baltimore, as opposed to last week, the reformers now say it is OK to invest in sports franchises and oil and gas, so long as they are under price control. It seems to me to be the height of irony, because they are not going to make enough money to drill for oil and they are going to lose money.

Last week, so far as farming is concerned, it applied to farming. You could not use farming to shelter your income unless you were in livestock farming. It was all right to shelter it with cattle. You just cannot shelter it with wheat. Last week, however, you could shelter it with poultry. That is bad. This week we have made an exception for poultry, along with cattle. Now it is OK to shelter your income if you raise cattle. It is OK to shelter it if you raise poultry. Well, the chickens are coming home to roost.

What the proponents of this amendment are going to do—and Senator HATHAWAY admitted it—is that they are going to continue to offer the amendment, dropping off one exception at a time, until they pick up enough votes—and that is what this compromise is—to have it agreed to. If they do not have it agreed to this time, they will exempt farming altogether and perhaps pick up another vote or two. Then they will exempt commercial real estate and finally equipment leasing. If they are left with only movies, they will separate it and say it applies only to dirty movies. (Laughter) Then they will get enough votes to have it agreed to.

What the proponents are trying to do—and the Senator from Maine admitted it—is to pick up enough votes to start applying this LAL concept; and next week, next month, next year, next Congress, they will nibble away until they have the whole thing.

Let us understand it. They very clearly admitted that their bill this week has probably less merit than the bill last week, which I did not think had any merit, and I did not think it could have less merit this week, but it is worse than it was last week.

If the purpose of this bill is to tax the wealthy, to make sure that millionaires do not have a way of escaping paying taxes, their amendment does not do it. Put it in municipal bonds. Put it in chicken farming. Put it in cattle farming. Put it in residential real estate. Do not think that residential real estate is little houses that middle income people buy. Residential real estate means thousand-unit apartments and big condominiums. If they lose a lot of money, all the better, because you can offset it against your income as a doctor, or whatever else you are that you want to offset your income against. Or, as I said, if you want to invest in a Colonel Sanders franchise or a dozen Colonel Sanders franchises or 10 dozen Colonal Sanders franchises, put it all in and hope it loses money for several years, that is more.

Oh, yes, of course, it does not apply to corporations at all. If you are a corporation, you can invest in movies, farming, houses, oil, and write it all off.

So what do we have? An amendment that, at best, will raise $200 million and, allegedly, it is being opposed because the Senate will not accept as yet the extension of a $35 low-income credit that loses for the Treasury $1.7 billion in a quarter of a year, as opposed to a $200 million revenue gain for a whole year if this amendment passes. Let us vote for the LAL on the merits or vote against it on the merits, but do not try to equate it with the $35 tax credit in terms of revenue.

One of the things that I guess irritates me year after year about people who try to sell tax reform to the public is the theory that if we tax the rich, we are going to lower the income tax for the rest of us. Here I can speak without any personal interest. I was, I guess, half delighted at the Parade magazine article listing the wealthiest Senators several weeks ago. It also listed the poorest Senators. Along with four others of this body, I fell into the five poorest Senators in this lot. So any amendment that passes here to save the rich is not going to save me, by a long shot.

All we are going to do with the amendment that the reformers are proposing so far is squeeze into other noncovered areas the wealthy who want to shelter income. Now, if we really want to tax the wealthy, if we want to make sure that a millionaire cannot avoid paying taxes, what we want is the bill the way the Committee on Finance has passed it, because in there we have a minimum income tax and you cannot avoid, with the one exception——

Mr. HASKELL. Will the Senator yield for a question?

Mr. PACKWOOD. No, not yet.

With the one exception of municipal bonds, which everybody has accepted, you cannot avoid paying some income tax. And if the reformers do not like the minimum income tax the way it is, they are going to have an alternative from the Senator from Tennessee called the alternative minimum income tax. That will tax everybody who has some income. If they do not like either one of those, we can amend the minimum income tax until it will tax everybody who makes some income. That is the way to go if we want to reach this income. But do not presume, and do not try to tell the people of this country that we are going to use the closing of a few of these tax shelters to reduce their taxes or give them the impression that somehow, with the taxation of the wealthy, we are going to redistribute the income for the poor.

We have heard cited on this floor a number of times the figure, if we confiscate all of the income of those who make over $100,000 a year—confiscate it—that we shall raise $900 million. I do not want to sneeze at $900 million, but we have a Federal budget in excess of $400 billion and $900 million in relation to $400 billion is a pittance. If we distribute $900 million among all of the people in this country, slightly in excess of $200 million, we can give them $4 apiece—for 1 year, because I can assure you, we will not have that income to confiscate the next year.

So let us get down to the real merits of this argument. The reformers fall into two categories. Fortunately, there are not many in the first. That is those who want not only to tax income, but want to equalize wealth and they will not be satisfied until we have gone as far as or further than the British Labor Party in trying to confiscate and equalize the wealth in this country, until we have gotten to the place where there is no way to raise capital to start a new business or continue an old one. I do not share that philosophy. Fortunately, many of the reformers do not share that philosophy.

The other type of tax reformer is one who wants to find some kind of new bill to tax those who now pay no income tax and should. The reformers' bill will not reach most of those people. The bill of the Senate Committee on Finance, as written, will. I urge the Senate to reject the efforts of the reformers to pass these insane, inane limitations on accounting losses and, instead, stick with the bill of the Senate Committee on Finance, which will achieve the result that most reformers, and I count myself as one of those, want to achieve.

Mr. LONG. Will the Senator yield?

Mr. HASKELL. Will the Senator yield for a question?

Mr. PACKWOOD. I yield to the Senator from Louisiana.

Mr. LONG. I was talking last night to a sensible young businessman who has done a great deal for this area, investing his money in buildings, shopping centers, and housing for people in the area, and a lot of other activities. I do not know all of them, by any means, because I do not know that much about the man's business. He put it to me this way: He said if the House bill passes the way the House sent it to us, with the LAL provision in it, he will simply have to change and cancel out a lot of plans and instead put money in investments—and urge others to do so—in areas that will not put people to work building buildings and shopping centers and housing and things of that sort.

He put it this way:

> When I invest my money in something like that, I am taking a real risk. You might say I am gambling.

He said:

> If I am gambling and I cannot keep but 30 cents on the dollar when I win and I cannot deduct my losses when I lose, then that is the worst kind of gamble a man can take. I have no business gambling or taking the kind of risk I do with these sorts of enterprises, which provide a lot of jobs, if I cannot keep but 30 cents on the dollar when I win and cannot deduct my losses when I lose.

I submit that that would be exactly the wise decision that any investment counsellor or anybody in the construction business would have to advise anybody else in the business. That is, you cannot afford to put these carpenters who are out of work and these bricklayers who are out of work or these electricians who are out of work to work in that type of business venture if you cannot keep but 30 cents on the dollar when you are proved right by your venture; and when you lose it all, you cannot deduct the loss. All this would do is put a lot of people out of work.

As the Senator pointed out, it makes, I submit, no sense whatever to take the view that if a man is in the department store business, he is a good guy, do not bother him. If he is in any other retail business, he is a good guy, do not bother him. If he is in any service business, a barber shop, restaurant, whatever—he is a good guy, do not bother him. Let them have the same type of interest deduction or accelerated depreciation or practically anything else in the tax code, investment tax credit or anything else that anybody else gets, but only if they are in certain businesses do they not get the benefit of those deductions.

Should they be selected for very heavy and discriminatory taxes which would cause them necessarily to change their plans? Can the Senator see any reason why a person would want to take all of those risks if he cannot keep a substantial amount of the money when he wins, knowing that he cannot deduct anything when he loses?

Mr. PACKWOOD. As the distinguished chairman knows, I agree with his statement. The only reason they have ever gotten into these shelters to begin with is that we have tried to tax so much of their income they are trying to find some way to shelter it. If we had some kind of reasonable upper limit on the total amount of tax we could take, we would get rid of these tax shelters.

Mr. LONG. That gets to another point. Ms. Barbara Walters recently had a job offer she accepted, and she will be one of the highest paid taxpayers in the United States, or the world. She was asked what she planned to do with her money. She said she is not going to go into any more tax shelters; she is going to put her money into conservative, safe investments that other people think of because she got burned on a tax shelter, an oil venture deal.

Having been burned on one of those, she did not want to get into another one. But now we have amended the law to say that one can keep 50 percent of the money that he earns by personal service. So Ms. Walters really is not under the same compulsion that one would have been under previously, earning a very high salary, to go out and find some sort of tax shelter because at least she can keep 50 percent.

The Senator knows also that we used to have only one heavyweight champion fight a year when the tax rate was 70 percent. Now Mr. Muhammad Ali is willing to put his title on the line to all comers, just take on anybody in the whole wide world, four times a year.

Now, that man is willing to go out there and take his chances and put his title on the line four times a year because he is able to keep 50 percent. That promotes all sorts of jobs, all kinds of people who have to help to put an event on when we have one of these great world heavyweight championship fights. But that indicates the incentive you have when you get your tax laws to a point where they provide reasonable incentives for people to do their best and to produce more.

Mr. PACKWOOD. I yield the floor.

Mr. BENTSEN and Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. I listened with interest to the argument put forth by my friend and colleague from the State of Oregon, and I find it particularly interesting to hear these arguments made by someone who comes from a part of the country with the free, open, and competitive spirit which the West represents. The West was not won on tax shelters, Mr. President. Those early pioneers on the Oregon Trail were not getting their covered wagons from a Wells Fargo equipment leasing deal.

The fact of the matter is, Mr. President, that with all the rhetoric that has gone on here, it is not the Wall Street cowboys or the hobby farmers who have made American agriculture great. I listened to the chairman of the Finance Committee talking about the young businessman in New York who is concerned about whether he is going to be

able to risk this kind of capital. I thought that was a free enterprise system. Why should that businessman in New York have one hand in the Federal Treasury and the other hand going out to risk some capital? Where is the free competitive spirit? Why do these investors need the IRS crutch?

The movie business was working pretty well a few years ago. "Gone With the Wind" did not have a tax shelter, but "Shampoo" did.

Now, you hear that the American competitive system cannot exist unless we have the tax shelter incentive. I think that is a serious indictment of the free and open competitive spirit in this country.

The Senator from Oregon said what good is $200 million? There is $1 billion more in that tax shelter, and we are going out to get that, too. We are going to go out and get that, too. But we are recognizing that this may be the only opportunity to try to get the necessary votes to do it now, because we know what has been happening. Our phones are ringing off the hooks. The lobbyists are out there in the corridor and up here in the galleries. Everyone understands that. That is the name of this game. If you lobby hard enough, you can keep your loophole.

They have been down here speaking to Members of Congress. There is nobody who is more frightened about the future of the country than somebody who is about to lose his tax loophole. They are the ones who are concerned, and they ought to be. They may have to start paying their fair share of taxes.

Another argument that is made is, "Well, what good does it do, this particular LAL? We ought to just pick it up in the minimum tax."

The amendment that was offered by the Senator from Colorado and the Senator from Maine on LAL, plus the package amendment offered by the Senator from Wisconsin (Mr. NELSON), the Senator from South Carolina (Mr. HOLLINGS), and the rest of our group, would have picked up $2.3 billion.

We hear, "What good is this amendment? It is only $200 million." Why do you not consider our whole package? Come out here and support us in achieving something meaningful and providing some degree of tax justice?

But I refuse, Mr. President, to let this argument go by that the American free enterprise system cannot survive without the tax loopholes. I think the case has been made and made and made again that this kind of tax loophole, whether it is in farming or other areas, has a serious distorting effect on legitimate family farmers and other groups, who are trying to compete, because it permits those who have no understanding or awareness or knowledge about farming or any of these areas to come in and get that fast write-off, which amounts to many billions of dollars a year.

I think what we ought to be trying to do is to shut that down. If the Senator from Oregon or the Senator from Texas or others want to say, "Let us give the Treasury Department the authority to make the assessment about what falls under these accelerated deductions, and give them the power to close that," I am all for it.

It seems to me that that would make sense. But we understand how many votes that would get, 15, 18 votes.

Then I hear, "Why don't we put on a progressive minimum tax?"

I stood on the floor of the U.S. Senate in 1969 and offered that amendment. We got 20 votes, and I think we will be lucky to get 20 votes again now.

They are trying to have it both ways. "Don't close this particular loophole. Wait for the minimum tax." And when the time comes, even when we get the final package of the Senate Finance Committee, we will end up with the middle income and low income people having their taxes raised by $1.8 billion while all the wealthy keep their tax loopholes.

We have accepted the challenge of the chairman of the Finance Committee to raise the money. Under this amendment, the American taxpayer ought to understand, if he is below $50,000, he is not going to pay 1 more cent, not 1 more cent. People above $50,000 will start paying their fair share. And we will be able to look to that person who is earning $7,500 up to $12,000 and be able to say, "You are going to get that tax cut you deserve and which this economy needs."

I yield to the Senator from Colorado.

Mr. HASKELL. I thank the Senator from Massachusetts. I wonder if the Senator has a comment on the following: The Senator from Oregon felt that the way to get at this income was through the minimum tax. He made a great deal of the minimum tax as the way to equity.

If my memory is correct, normally a very wealthy person pays in the 70 percent bracket, and normally the poorest person pays in the 14 percent bracket. Now, this much-vaunted minimum tax to be put on millionaires with limitless income is 15 percent, 1 more percentage point than the poorest wage earner in this country pays.

This seems to me to be a snare and a delusion, and it is misleading people to think that we are subjecting income in this country to equal taxation with a minimum tax that is 1 percentage point more than the poorest person pays, where you are supposedly requiring a 70 percent tax. I do not know whether the Senator from Massachusetts has a comment on it or not.

Mr. BENTSEN. Mr. President, will the Senator yield for a question?

Mr. KENNEDY. I have the floor. I want to yield to the Senator from Texas so he can ask any questions he wants to, after I say I agree with the Senator from Colorado, and so I yield to the Senator from Texas.

Mr. BENTSEN. I thank the distinguished Senator from Massachusetts.

I would ask the Senator from Colorado is he in opposition to a minimum tax—and let us say it in all clarity here when we talk about 15 percent, we are talking about an add-on tax.

Mr. HASKELL. No, I do not think——

Mr. BENTSEN. Does the Senator really oppose a minimum tax?

Mr. HASKELL. If the Senator from Texas is interested, I would be glad to give him an answer, but it will take about 3 minutes.

I think what we ought to do is to get rid of the artificialities in our tax system. I think we ought to get rid of the investment tax credit, which now basically is a subsidy. People are going to buy equipment anyway, so this is simply an $8 billion to $9 billion subsidy for large companies.

I think we ought to get rid of ADR, which is a phony depreciation method. I think we ought to get rid of accelerated depreciation, and with that revenue then we would not need a minimum tax.

Right now I would say to the Senator from Texas that by virtue of the Internal Revenue Code we have got socialism for the rich, and by virtue of the welfare system we have got welfare for the poor, with all those folks in the middle trying to make it under the free enterprise system.

So I would say to the Senator from Texas I would be against the minimum tax if we could get true tax reform.

Mr. BENTSEN. I understand. In the realities of the world with what we are facing with the complexities of the legislation, the Senator is saying he is for a minimum tax.

Mr. HASKELL. If the Senator is saying, having counted the votes in the Senate, would I prefer a minimum tax or no minimum tax, the answer is, yes, I favor a minimum tax.

Mr. KENNEDY. Mr. President, I will be glad to yield to the Senator from Maine.

I hope we can get an opportunity to vote on these measures. I am aware of the procedures. We have been here since about 10 o'clock this morning, and many of these arguments are being made, remade, and remade again.

I am glad to spend time when any Members are interested in responding to the questions.

Mr. BENTSEN. Mr. President, I ask a unanimous consent request——

Mr. KENNEDY. We are quite prepared to try and get a vote on our particular proposal. We offered the amendment in good faith. All the Members understood we were going to offer it, and then an additional amendment was put on it by the Senator from Texas.

Then we had to go to another device to be able to present our amendment in such a way that the Senate itself would be able to make a judgment on this particular amendment.

That is the case, and I hope we can at least get a vote up or down on this amendment, and, I hope, get it at an early time.

We have been through these arguments and I am glad to continue with the discussion and debate, but I really wonder as to whether it is going to change very many minds.

Mr. BENTSEN. Mr. President, what we have presented is, effectively, the Nelson amendment that was tabled on Thursday night, with some minor modifications, as the sponsors of this amendment have stated, that they have attempted to gain additional votes.

They have done it by taking the situation on poultry and excluding them, taking rice and excluding it, and also saying to the oil and gas industry that it does not apply so long as controls exist, and that it does not apply to others. That is what they have done. But we have tried time and time again. They have offered their amendments and a number of them have been discussed at length. At some point, I hope those amendments that are passed by the Finance Committee have an opportunity to be heard and to be voted on.

At this time, I ask unanimous consent that the Senator from Texas be allowed to amend the Hathaway amendment.

Mr. KENNEDY. I object.

Mr. BENTSEN. I think that makes it pretty clear, the objection being made.

We have already debated and voted on most of this amendment that has been proposed. We have had a great deal of publicity that has led the public to believe that the Senate Finance Committee has not really seriously moved on tax reform.

We have. We have done a number of things with the minimum tax. We raised it from 10 to 15 percent, and that is an add-on tax, not a tax just by itself. That is a 50-percent increase in an add-on tax.

We took the $30,000 exemption, reduced to $5,000 of the taxes paid, whichever is higher.

We took the excess of the itemized deductions, about 60 percent, and said they would be subject to the minimum tax.

We took intangible drilling costs that were in excess of oil and gas income in the depreciation schedule and said they would be subject to the minimum tax.

We took accelerated depreciation on leased property, or personal property, and said that would be subject to the minimum tax.

So we spread it very substantially. I hope we have a chance to have that acted on.

But, as the Senator has stated, they have used this device of coming back with an amendment, and an amendment to the amendment, to deny the Senate consideration of these very positive things that have been done by the Senate Finance Committee.

With that in mind and with the understanding that if this carries they will later get a chance to vote again on these two amendments, I must move to table the amendment of the Senator from Maine.

Mr. KENNEDY. The yeas and nays, Mr. President. The yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Maine. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Michigan (Mr. Philip A. Hart), is necessarily absent.

I also announce that the Senator from Missouri (Mr. Symington), is absent because of illness.

I further announce that, if present and voting, the Senator from Missouri (Mr. Symington), would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. Goldwater), the Senator from Virginia (Mr. Scott), the Senator from Vermont (Mr. Stafford), are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley), is absent due to illness.

The result was announced—yeas 53, nays 41, as follows:

[Rollcall Vote No. 313 Leg.]

YEAS—53

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Cranston
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Garn
Gravel
Griffin
Hansen
Hatfield
Helms
Hruska
Inouye
Javits
Johnston
Laxalt
Long
Magnuson
McClellan
McClure
McGee
Montoya
Nunn
Packwood
Pastore
Pearson
Percy
Randolph
Roth
Scott, Hugh
Sparkman
Stennis
Stevens
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Young

NAYS—41

Abourezk
Bayh
Biden
Brooke
Bumpers
Case
Chiles
Church
Clark
Culver
Durkin
Eagleton
Ford
Glenn
Hart, Gary
Hartke
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Jackson
Kennedy
Leahy
Mansfield
Mathias
McGovern
McIntyre
Metcalf
Mondale
Morgan
Moss
Muskie
Nelson
Pell
Proxmire
Ribicoff
Schweiker
Stevenson
Stone
Williams

NOT VOTING—6

Buckley
Goldwater
Hart, Philip A.
Scott, William L.
Stafford
Symington

So the motion to lay on the table was agreed to.

The PRESIDING OFFICER (Mr. Domenici). The question recurs on agreeing to the amendment of the Senator from Texas (Mr. Bentsen) in the nature of a substitute for the amendment (No. 1908) of the Senator from Massachusetts (Mr. Kennedy).

Mr. BENTSEN. Mr. President, I am prepared to vote on that amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment of the Senator from Massachusetts as amended. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. The Senate will be in order. Senators cannot hear their names.

The clerk may proceed.

The rollcall was resumed and concluded.

Mr. ROBERT C. BYRD. I announce that the Senator from Michigan (Mr. Philip Hart) is necessarily absent.

I also announce that the Senator from Missouri (Mr. Symington), is absent because of illness.

I further announce that, if present and voting, the Senator from Missouri (Mr. Symington) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. Goldwater), the Senator from Virginia (Mr. Scott), and the Senator from Vermont (Mr. Stafford) are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

The result was announced—yeas 52, nays 42, as follows:

[Rollcall Vote No. 314 Leg.]

YEAS—52

Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Church
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Garn
Gravel
Griffin
Hansen
Hatfield
Helms
Hruska
Huddleston
Inouye
Javits
Johnston
Laxalt
Long
McClellan
McClure
McGee
Montoya
Morgan
Packwood
Pastore
Pearson
Percy
Randolph
Roth
Scott, Hugh
Sparkman
Stennis
Stevens
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Young

NAYS—42

Abourezk
Allen
Bayh
Biden
Brooke
Bumpers
Case
Chiles
Clark
Cranston
Culver
Durkin
Eagleton
Ford
Glenn
Hart, Gary
Hartke
Haskell
Hathaway
Hollings
Humphrey
Jackson
Kennedy
Leahy
Magnuson
Mansfield
Mathias
McGovern
McIntyre
Metcalf
Mondale
Moss
Muskie
Nelson
Nunn
Pell
Proxmire
Ribicoff
Schweiker
Stevenson
Stone
Williams

NOT VOTING—6

Buckley
Goldwater
Hart, Philip A.
Scott, William L.
Stafford
Symington

So Mr. Kennedy's amendment, as amended, was agreed to.

Mr. CURTIS. Mr. President, I move to reconsider the vote by which the amendment, as amended, was agreed to.

Mr. BENTSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER (Mr. Helms). The question is on agreeing to the third committee amendment, which the clerk will state.

Mr. BENTSEN. Mr. President, I ask unanimous consent that in lieu of the amendment proposed by the committee to section 201, we insert certain language, in a technical way, that was left out, and that is language on recaptured depreciation on real property. This is language that was in the committee report as though it were included in the amendment itself, and it was not.

The PRESIDING OFFICER. Is there objection?

Mr. HATHAWAY. Mr. President, I reserve the right to object.

Mr. BENTSEN. It is 167(k).

Mr. HATHAWAY. I do not understand what the Senator is talking about. May we have a quorum call?

Mr. BENTSEN. Yes. I am assured by the staff that no games are being played here.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BENTSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATHAWAY. Mr. President, will the Senator yield?

Mr. BENTSEN. I yield.

Mr. HATHAWAY. Mr. President, I have satisfield myself that I have no objection to the corrections the Senator wants to make in the committee amendment.

The PRESIDING OFFICER. Without objection, the request of the Senator from Texas is agreed to.

Mr. BENTSEN. I thank the distinguished Senator from Maine.

UP AMENDMENT NO. 70

I am offering this amendment in lieu of an amendment to the amendment, because I do not want to preclude Senators from being able to amend this section if they so desire.

The PRESIDING OFFICER. The modified committee amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Texas (Mr. BENTSEN) proposes unprinted amendment numbered 70.

Mr. BENTSEN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The modified committee amendment is as follows:

On page 51, beginning with line 3, strike out all through page 61, line 2, and insert in lieu thereof the following:

SEC. 201. Recapture of depreciation on real property; amendment of section 167(k).

(a) IN GENERAL.—Subsection (a) of section 1250 (relating to gain from disposition of certain depreciable realty) is amended to read as follows:

"(a) GENERAL RULE.—Except as otherwise provided in this section—

"(1) Additional depreciation after December 31, 1975.—

"(A) In general.—If section 1250 property is disposed of after December 31, 1975, then the applicable percentage of the lower of—

"(i) that portion of the additional depreciation (as defined in subsection (b) (1) or (4)) attributable to periods after December 31, 1975, in respect to the property, or

"(ii) the excess of the amount realized (in the case of a sale, exchange, or involuntary conversion), or the fair market value of such property (in the case of any other disposition), over the adjusted basis of such property, shall be treated as gain which is ordinary income. Such gain shall be recognized notwithstanding any other provision of this title.

"(B) Applicable percentage.—Except as provided in subparagraph (C), for purposes of subparagraph (A), the term 'applicable percentage' means 100 percent.

"(C) Special rule for certain low income housing.—For purposes of subparagraph (A) with respect to real property the construction period for which (or rehabilitation of which) has begun before January 1, 1982, or for which there is a firm commitment for the permanent financing of the construction (or rehabilitation) of the property which, except for a clause under which the borrower may be relieved from his commitment if he does not receive the rezoning for which he has applied before January 1, 1982, is binding on both the lender and borrower before such date, the term 'applicable percentage' means—

"(i) in the case of section 1250 property with respect to which a mortgage is insured under section 221(d)(3) or 236 of the National Housing Act, or housing financed or assisted by directed loan or tax abatement under similar provisions of State or local laws and with respect to which the owner is subject to the restrictions described in section 1039(b)(1)(B), 100 percent minus 1 percentage point for each full month the property was held after the date on which the property was held 100 full months;

"(ii) in the case of dwelling units which, on the average, were held for occupancy by families or individuals eligible to receive subsidies under section 8 of the United States Housing Act of 1937, as amended, or under the provisions of State or local law authorizing similar levels of subsidy for lower income families, 100 percent minus 1 percentage point for each full month the property was held after the date the property was held 100 full months;

"(iii) in the case of section 1250 property with respect to which a depreciation deduction for rehabilitation expenditures was allowed under section 167(k), 100 percent minus 1 percentage point for each full month in excess of 100 full months after the date on which such property was placed in service; and

"(iv) in the case of section 1250 property with respect to which a loan is made or insured under title V of the Housing Act of 1949, 100 percent minus 1 percentage point for each full month the property was held after the date the property was held 100 full months.

In the case of a building (or a portion of a building devoted to dwelling units), if on the average, 85 percent or more of the dwelling units contained in such building (or portion thereof) are units described in clause (ii), such building (or portion thereof) shall be treated as property described in clause (ii). Clauses (i) and (ii) shall not apply with respect to the additional depreciation described in subsection (b)(4).

"(2) ADDITIONAL DEPRECIATION AFTER DECEMBER 31, 1969, AND BEFORE JANUARY 1, 1976.—

"(A) IN GENERAL.—If section 1250 property is disposed of after December 31, 1969, and the amount determined under paragraph (1)(A)(ii) exceeds the amount determined under paragraph (1)(A)(i), then the applicable percentage of the lower of—

"(i) that portion of the additional depreciation attributable to periods after December 31, 1969, and before January 1, 1976, in respect of the property, or

"(ii) the excess of the amount determined under paragraph (1)(A)(ii) over the amount determined under paragraph (1)(A)(i), shall also be treated as gain which is ordinary income. Such gain shall be recognized notwithstanding any other provision of this subtitle.

"(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the term 'applicable percentage' means—

"(i) in the case of section 1250 property disposed of pursuant to a written contract which was, on July 24, 1969, and at all times thereafter, binding on the owner of the property, 100 percent minus 1 percentage point for each full month the property was held after the date the property was held 20 full months;

"(ii) in the case of section 1250 property with respect to which a mortgage is insured under section 221(d)(3) or 236 of the National Housing Act, or housing financed or assisted by direct loan or tax abatement under similar provisions of State or local laws, and with respect to which the owner is subject to the restrictions described in section 1039(b)(1)(B), 100 percent minus 1 percentage point for each full month the property was held after the date the property was held 20 full months;

"(iii) in the case of residential rental property (as defined in section 167(j)(2)(B)) other than that covered by clauses (i) and (ii), 100 percent minus 1 percentage point for each full month the property was held after the date the property was held for 100 full months;

"(iv) in the case of section 1250 property with respect to which a depreciation deduction for rehabilitation expenditures was allowed under section 167(k), 100 percent minus 1 percentage point for each full month in excess of 100 full months after the date on which such property was placed in service;

"(v) in the case of section 1250 property with respect to which a loan is made or insured under title V of the Housing Act of 1949 100 percent minus 1 percentage point for each full month the property was held after the date the property was held for 100 full months; and

"(vi) in the case of all other section 1250 property, 100 percent.

Clauses (i), (ii), and (iii) shall not apply with respect to the additional depreciation described in subsection (b)(4).

"(3) ADDITIONAL DEPRECIATION BEFORE JANUARY 1, 1970.—

"(A) IN GENERAL.—If section 1250 property is disposed of after December 31, 1963, and the amount determined under paragraph (1)(A)(ii) exceeds the sum of the amounts determined under paragraphs (1)(A)(i) and (2)(A)(i), then the applicable percentage of the lower of—

"(i) that portion of the additional depreciation attributable to periods before January 1, 1970, in respect of the property, or

"(ii) the excess of the amount determined under paragraph (1)(A)(ii) over the sum of the amounts determined under paragraphs (1)(A)(i) and (2)(A)(i),

shall also be treated as gain which is ordinary income. Such gain shall be recognized notwithstanding any other provision of this subtitle.

"(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the term 'applicable percentage' means 100 percent minus 1 percentage point for each full month the property was held after the date on which the property was held for 20 full months."

(b) PROPERTY DISPOSED OF PURSUANT TO FORECLOSURE PROCEEDINGS.—Subsection (d) of section 1250 (relating to exceptions and limitations) is amended by adding at the end thereof the following new paragraph:

"(10) FORECLOSURE DISPOSITIONS.—If any section 1250 property is disposed of by the taxpayer pursuant to a bid for such property at foreclosure or by operation of an agreement or of process of law after there was a default on indebtedness which such property secured, the applicable percentage referred to in paragraph (1)(C), (2)(B), or (3)(B) of subsection (a), as the case may be, shall be determined as if the taxpayer ceased to hold such property on the date of the beginning of the proceedings pursuant to which the disposition occurred, or in the event there are no proceedings, such percentage shall be determined as if the taxpayer ceased to hold such property on the date, determined under regulations prescribed by the Secretary, on which such operation of an agreement or process of law, pursuant to which the disposition occurred, began.".

(c) CONFORMING AMENDMENTS.—

(1) AMENDMENT OF SECTION 1250(F)(2).—Paragraph (2) of section 1250(f) (relating to special rule for property which is substantially improved) is amended to read as follows:

"(2) ORDINARY INCOME ATTRIBUTABLE TO AN ELEMENT.—For purposes of paragraph (1), the amount taken into account for any element shall be the sum of a series of amounts determined for the periods set forth in subsection (a), with the amount for any such period being determined by multiplying—

"(A) the amount which bears the same ratio to the lower of the amounts specified in clause (i) or (ii) of subsection (a)(1)(A), in clause (i) or (ii) of subsection (a)(2)(A), or in clause (i) or (ii) of subsection (a)(3)(A), as the case may be, for the section 1250 property as the additional depreciation for such element attributable to such period bears to the sum of the additional depreciation for all elements attributable to such period, by

"(B) the applicable percentage for such element for such period.

For purposes of this paragraph, determinations with respect to any element shall be made as if it were a separate property.".

(2) AMENDMENT OF SECTION 1250(G)(2).—Paragraph (2) of section 1250(g) (relating to special rules for qualified low-income housing) is amended to read as follows:

"(2) ORDINARY INCOME ATTRIBUTABLE TO AN ELEMENT.—For purposes of paragraph (1), the amount taken into account for any element shall be determined in a manner similar to that provided by subsection (f)(2).".

(3) AMENDMENT OF SECTION 167(e)(3).—Paragraph (3) of section 167(e) (relating to change in depreciation method with respect to section 1250 property) is amended by striking out "beginning after July 24, 1969," and inserting in lieu thereof "beginning after December 31, 1976,".

(d) Amendment of section 167(k).—Section 167(k) (relating to depreciation of expenditures to rehabilitate low-income rental housing) is amended—

(1) by striking out "January 1, 1976," in paragraph (1) and inserting in lieu thereof "January 1, 1978";

(2) by striking out "$15,000" in paragraph (2)(A) and inserting in lieu thereof "$20,000";

(3) by striking out "the policies of the Housing and Urban Development Act of 1968" in paragraph (3)(B) and inserting in lieu thereof "the Leased Housing Program under section 8 of the United States Housing Act of 1937"; and

(4) by adding the following new subparagraph at the end of paragraph (3):

"(D) Rehabilitation expenditures incurred.—Rehabilitation expenditures incurred pursuant to a binding contract entered into prior to January 1, 1978, and rehabilitation expenditures incurred with respect to low-income rental housing the rehabilitation of which has begun prior to January 1, 1978, shall be deemed incurred prior to January 1, 1978."

(e) Effective Date.—The amendments made by this section (other than subsections (b) and (d)) shall apply for taxable years ending after December 31, 1975. The amendment made by subsection (b) shall apply with respect to proceedings, agreements, or processes of law referred to in section 1250(d)(10) of the Internal Revenue Code of 1954 which begin after December 31, 1975. The amendments made by paragraphs (1), (3), and (4) of subsection (d) apply to expenditures paid or incurred after December 31, 1975, and before January 1, 1978, and expenditures made pursuant to a binding contract entered into before January 1, 1978. The amendment made by paragraph (2) of subsection (d) applies to expenditures incurred after December 31, 1975.

Mr. BENTSEN. Mr. President, this really is a more restrictive amendment—it might be termed a tougher amendment—on real estate than we found in the House bill. We have moved into title II, where we are dealing with tax shelters.

Under the present law, generally, the gain from the sale of residential real estate is recaptured to the extent of depreciation in excess of straight line if the property has been held less than 100 months. That would be $8\frac{1}{3}$ years.

What it means is that that depreciation taken in excess of straight line depreciation is recaptured as ordinary income rather than remaining as capital gain; and for each month over 100 months the property is held, the gain to be recaptured is reduced by 1 percent, so that the entire recapture is phased out after 200 months.

Second, the recapture in the case of subsidized low-income housing is phased out between 20 months and 120 months, before 1976. After 1975, present law provides the same recapture rule for low-income housing as it applies to residential housing in general.

Third, the special 5-year amortization applies to rehabilitation of low-income rental housing constructed prior to 1976. We are talking about the present law, as it is.

The House bill provides, first, that the recapture on residential real estate be extended to all post-1975 depreciation in excess of straight line, except for certain subsidized low-income housing which would get the phaseout now applied to residential real estate.

Second, it provides for a 2-year extension of the special depreciation rule for expenditures to rehabilitate low-income rental housing.

Third, the House increases the amount of rehabilitation expenditures per dwelling unit that is eligible for 60-month depreciation from $15,000 to $20,000.

This is what the Finance Committee amendment does. The committee amendment is the same as the House bill, except that in the case of the four categories of low-income rental housing—that includes programs under title 5 of the Housing Act of 1949, as added by the committee amendment—there is a complete recapture where construction begins after December 31, 1981, unless there is a binding contract as of that date.

If construction begins before 1982, the House bill rules on recapture will apply.

Why did the committee take that kind of action? The recapture rules are tightened by the committee amendment in order to prevent the conversion of ordinary income into capital gain.

Second, the 5-year amortization provision for rehabilitation housing is an incentive to encourage rehabilitation of low-income housing.

I hope that the Senate will support this amendment, which will increase the revenue to the Treasury. This is a revenue-raising measure, and in 1977 it will increase revenues by $9 million; in 1978, $18 million; in 1979, $28 million; in 1980, $38 million; in 1981, $56 million.

Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER (Mr. DOMENICI). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BENTSEN. Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. HATHAWAY. Mr. President, I am sorry to take the time of the Senator to explain the amendment to the committee amendment. I do not have any problem with the committee amendment. Will the Senator explain what the amendment to the committee amendment does?

Mr. BENTSEN. The recapture rules are tightened by the committee amendment. They are tightened beyond what the House had done to try to prevent the conversion of ordinary income into capital gain.

Mr. HATHAWAY. That is what the committee amendment did.

Mr. BENTSEN. That is right.

Mr. HATHAWAY. I am familiar with that, and I go along with that. I understand that the Senator offered an amendment to that amendment.

Mr. BENTSEN. No. I offered the committee amendment in lieu of what had been submitted, because the submission inadvertently left out a provision. I have not changed the amendment as we considered it in the committee.

Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Michigan (Mr. PHILIP A. HART), is necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON), is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Virginia (Mr. WILLIAM L. SCOTT), the Senator from Vermont (Mr. STAFFORD) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY), is absent due to illness.

The result was announced—yeas 94, nays 0, as follows:

[Rollcall Vote No. 315 Leg.]

YEAS—94

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Eastland
Fannin
Fong
Ford
Garn
Glenn
Gravel
Griffin
Hansen
Hart, Gary
Hartke
Haskell
Hatfield
Hathaway
Helms
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya

Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stennis
Stevens
Stevenson
Stone
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—0

NOT VOTING—6

Buckley
Goldwater
Hart, Philip A.
Scott, William L.
Stafford
Symington

So the committee amendment No. 3, as modified, was agreed to.

Mr. HRUSKA. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BENTSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DISPLAY OF THE U.S. FLAG

Mr. HRUSKA. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on Senate Joint Resolution 49.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the joint resolution (S.J. Res. 49) to amend the joint resolution entitled "Joint resolution to codify and emphasize existing rules and customs pertaining to the display and use of the flag of the United States of America," as follows:

Page 3, strike out lines 8 to 10, inclusive, and insert: (7) in the last sentence of section 3(f), by striking out "to the right of the flag of the United States." and inserting in lieu thereof the following: "to the United States flag's right.";

Page 6, line 8, strike out "Sec. 4."

Page 8, lines 5 and 6, strike out "Women should salute by placing right hand over the heart."

Page 8, lines 14 through 16, strike out "When the flag is not displayed, those present should face toward the music. During rendition of the anthem, men", and insert: Men

Page 8, lines 18 and 19, strike out "Women should place right hand over the heart."

Page 8, line 21, after "note." insert: When the flag is not displayed, those present should face toward the music and act in the same manner they would if the flag were displayed there.

Page 9, line 4, strike out "all."; and insert: all.',

Page 9, line 9, strike out "Women should place right hand over the heart."

Page 9, strike out lines 14 to 18, inclusive, and insert:

"Sec. 8. Any rule or custom pertaining to the display of

Amend the title by inserting a close quotation mark immediately after "United States of America".

Mr. HRUSKA. Mr. President, this matter has been cleared on both sides of the aisle.

The PRESIDING OFFICER (Mr. Hatfield). The Senator will suspend. The Senate is not in order. The Senator cannot be heard.

The Senator from Nebraska.

Mr. HRUSKA. Mr. President, this matter has been cleared on both sides of the aisle, and I move that the Senate concur in the amendments of the House on the pending matter.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Nebraska.

The motion was agreed to.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

COMMITTEE AMENDMENT NO. 4

The PRESIDING OFFICER. The Clerk will report the fourth committee amendment.

The assistant legislative clerk proceeded to read the amendment.

Mr. BENTSEN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 61, beginning with line 3, strike out all through page 65, line 3, and insert in lieu thereof:

Sec. 202. Limitations on Deductions for Expenses.

(a) In General.—Subpart C of part II of subchapter E of chapter 1 (relating to taxable year for which deduction is taken) is amended by adding at the end thereof the following new section:

"Sec. 465. Deductions Limited to Amount at Risk in Case of Certain Activities.

"(a) General Rule.—In the case of a taxpayer (other than a corporation which is not an electing small business corporation (as defined in section 1371(b)) engaged in an activity to which this section applies, any loss from such activity for the taxable year shall be allowed only to the extent of the aggregate amount with respect to which the taxpayer is at risk (within the meaning of subsection (b)) for such activity at the close of the taxable year. Any loss from such activity not allowed under this section for the taxable year shall be treated as a deduction allocable to such activity in the first succeeding taxable year.

"(b) Amounts Considered at Risk.—

"(1) In general.—For purposes of this section, a taxpayer shall be considered at risk for an activity with respect to amounts including—

"(A) the amount of money and the adjusted basis of other property of the taxpayer contributed to the activity,

"(B) amounts borrowed with respect to such activity (as determined under paragraph (2)).

"(2) Borrowed amounts.—For purposes of this section a taxpayer shall be considered at risk with respect to amounts borrowed for use in an activity to the extent that he—

"(A) is personally liable for the repayment of such amounts, or

"(B) has pledged property, other than property used in such activity, as security for such borrowed amount (to the extent of the net fair market value of the taxpayer's interest in such property).

No property shall be taken into account as security if such property is directly or indirectly financed by indebtedness which is secured by property described in paragraph (1)(A).

"(3) Certain borrowed amounts excluded.—For purposes of paragraph (2)(B), amounts borrowed shall not be considered to be at risk with respect to an activity if such amounts are borrowed from any person who—

"(A) has an interest (other than an interest as a creditor) in such activity, or

"(B) has a relationship to the taxpayer specified within any one of the paragraphs of section 267(b).

"(4) Exception.—Notwithstanding paragraph (2), a taxpayer shall not be considered at risk with respect to amounts protected against loss through nonrecourse financing, guarantees, stop loss agreements, or other similar arrangements.

"(5) Amounts at risk in subsequent years.—If in any taxable year the taxpayer has a loss from an activity to which this section applies, the amount with respect to which this section applies, the amount with respect to which a taxpayer is considered to be at risk (within the meaning of subsection (b)) in subsequent taxable years with respect to that activity is to be reduced (but not below zero) by the amount of the loss.

"(c) Activities to Which Section Applies.—

"(1) Types of activities.—This section applies to any taxpayer engaged in the activity of—

"(A) holding, producing, or distributing motion picture films or video tapes,

"(B) farming (as defined in section 464(e) disregarding the last sentence thereof),

"(C) leasing any section 1245 property (as defined in section 1245(a)(3)), or

"(D) exploring for, or exploiting, oil and gas resources (but only if the taxpayer is entitled to claim a deduction under section 263(c) for such activity)

as a trade or business or for the production of income.

"(2) Separate activities.—For purposes of this section a taxpayer's activity with respect to each—

"(A) film or video tape,

"(B) section 1245 leased property,

"(C) farm, or

"(D) oil and gas property (as defined under section 614),

shall be treated as a separate activity. A partnership or an electing small business corporation shall be treated as a single activity to the extent that the partnership or an electing small business corporation is engaged in activities described in any subparagraph of this paragraph.

"(d) Definition of Loss.—For purposes of this section, the term 'loss' means the excess of the deductions allowable under this chapter for the taxable year (determined without regard to this section) and allocable to an activity to which this section applies over the income received or accrued by the taxpayer during the taxable year from such activity.

"(e) Special Rule for Certain Film Productions.—

"(1) In general.—In the case of the activity of producing a film, the provisions of subsection (a) shall not apply if the taxpayer elects to have the provisions of this subsection apply.

"(2) Eligibility.—A taxpayer may not elect to have the provisions of this subsection apply if—

"(A) the amount of the taxpayer's basis consisting of money paid by the taxpayer in connection with the activity is less than 25 percent of his adjusted basis in the activity at any time during the 60-month period described in paragraph (3), or

"(B) less than 80 percent of the direct production costs of the film (as defined in section 48(k)(5)(c)) are expended in the United States.

"(3) Treatment of unpaid loan balances.—

If a taxpayer elects to have the provisions of this subsection apply with respect to the production costs of a film, any portion of a production loan remaining unpaid—

"(A) on the last day of the 60th month ending after the date on which such film is first exhibited to the public, or

"(B) if earlier, on the last day of the taxable year of the taxpayer in which he defaults on the repayment of the loan, shall be treated as taxable income for the taxable year in which such last day falls. For purposes of this paragraph, the term 'production loan' means any loan the proceeds of which are used to defray the costs of production of a film and with respect to which the taxpayer is not at risk (within the meaning of subsection (b))."

(b) EFFECTIVE DATE.—The amendment made by this section applies to losses attributable to amounts paid or incurred in taxable years beginning after December 31, 1975. For purposes of this subsection, any amount allowed or allowable for depreciation or amortization for any period shall be treated as an amount paid or incurred for such period.

Mr. BENTSEN. What we are talking about is an amendment to section 202 dealing with a limitation of loss pertaining to the amount at risk.

Normally, when you are talking about depreciation you are talking about depreciation on the basis or the cost of a piece of property. In this situation what we have done is restricted that to the amount at risk, and this is a revenue-increasing measure for the Treasury. It is a tightening up of the tax law. It is a closing down of a tax loophole.

The committee amendment adds a provision that limits the deduction for certain investments to the amount for which the taxpayer is at risk and, generally, that will be the taxpayer's equity, plus the amount on any loan on which he has a personal endorsement.

This at-risk rule will be applied in the case of film purchases, oil and gas drilling, equipment leasing, and all farm operations.

The at-risk rule is designed to restrict the benefits that are derived from leveraging the taxpayer's investment through nonrecourse loans. This is what permits some individuals to claim substantial deductions when they put a very small amount of money into a deal.

For example, the committee has seen examples of film purchases where taxpayers were able to deduct more than $4 for each $1 they actually invest in the film, That is the type of example the Senator from Colorado was dealing with earlier in the afternoon.

This will no longer be possible with the at-risk rule proposed in the committee amendment.

In 1977 this raises $52 million; in 1978 it raises $40 million; in 1979 it raises $35 million; in 1980, $36 million; and in 1981, $37 million.

Unless there are questions on the amendment I would recommend its adoption by the Senate, and I ask for the yeas and nays.

Mr. HATHAWAY. Mr. President, if the Senator will yield?

Mr. BENTSEN. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HATHAWAY. On page 66, line 12, if the Senator will yield for a question, in order to cut out the nonrecourse loan provision, the Finance Committee has very wisely stated on line 10 "is personally liable for the repayment of such amounts." I think that is a good provision.

On line 12, I am wondering whether or not (B) might be subject to some ambiguity. This says "has pledged property, other than property used in such activity as security for such borrowed amount"—am I right in presuming that that is to cover the movie situation where the only property that is pledged is the motion picture itself?

What troubles me, if that is true——

Mr. BENTSEN. No, that is not correct, because it says clearly "other than property used in such activity."

When we are talking about pledged property, it is to the extent of the net fair market value of the taxpayer's interest in that property.

The term "other than property used in such activity" gets at that problem the Senator is citing.

Mr. HATHAWAY. Yes. That is designed to take care of the movie situation.

Mr. BENTSEN. The Senator is correct.

Mr. HATHAWAY. But it could be another movie that might be equally worthless?

Mr. BENTSEN. No, it could not, because it says "to the extent of the net fair market value of the taxpayer's interest in such property."

That is where we tried to protect ourselves to see that was not something where the Treasury was taken advantage of.

Mr. HATHAWAY. I suppose if it said to the extent of the fair market value of the property that is the original movie, that would be a protection.

I think the problem, as I recall it from our discussion in the Finance Committee, was that the establishment of the net market value in some cases was left up to the buyer or seller and one might get an unrealistic value of that property.

That is all I am concerned about.

I know the intention of the committee was to make sure of some valid security for it.

Mr. BENTSEN. Absolutely.

Mr. HATHAWAY. I wish to establish this colloquy as an interpretation that that is what we intended and not left up to just the buyer and seller involved to establish the value of this, that the treasury or some third party would actually establish the value.

So there would be value in the security that had been pledged.

Mr. BENTSEN. The Senator is absolutely right. This protects any kind of a deal. This means the Treasury is not bound by the taxpayer's judgment as to what the fair market value is.

Mr. HATHAWAY. I thank the Senator from Texas.

Mr. BENTSEN. Unless there are some further questions, Mr. President, I move the adoption of the amendment and the yeas and nays have been ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. ABOUREZK), and the Senator from Michigan (Mr. PHILIP A. HART) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

Mr. HUGH SCOTT. I announce that the Senator from Oklahoma (Mr. BARTLETT), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), the Senator from Virginia (Mr. WILLIAM L. SCOTT), and the Senator from Vermont (Mr. STAFFORD) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

The result was announced—yeas 90, nays 1, as follows:

[Rollcall Vote No. 316 Leg.]

YEAS—90

Allen
Baker
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Eastland
Fannin
Fong
Ford
Garn
Glenn
Hansen
Hart, Gary
Hartke
Haskell
Hatfield
Hathaway
Helms
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stennis
Stevens
Stevenson
Stone
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—1

Gravel

NOT VOTING—9

Abourezk
Bartlett
Buckley
Goldwater
Griffin
Hart, Philip A.
Scott, William L.
Stafford
Symington

So, committee amendment No. 4 was agreed to.

UP AMENDMENT NO. 71

Mr. BENTSEN. Mr. President, when we were discussing the modifying of the original committee amendments, the language on page 50 of the reported bill was inadvertently omitted.

What this language that was omitted would do is give the short title of the bill, explain that references in the bill are to the Internal Revenue Code, and direct the Secretary of the Treasury to submit technical and conforming changes which should be made if the bill is enacted.

I ask unanimous consent that the language on page 50, lines 1 to 19 of the bill as reported, be inserted after the table of contents of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Insert after "Table of Contents"

TITLE I—SHORT TITLE AND AMENDMENT OF 1954 CODE

SEC. 101. SHORT TITLE.

This Act may be cited as the "Tax Reform Act of 1976".

SEC. 102. AMENDMENT OF 1954 CODE.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

SEC. 103. TECHNICAL AND CONFORMING CHANGES.

The Secretary of the Treasury or his delegate shall, as soon as practicable but in any event not later than 90 days after the date of enactment of this Act, submit to the Committee on Ways and Means of the House of Representatives a draft of any technical and conforming changes in the Internal Revenue Code of 1954 which are necessary to reflect throughout such Code the changes in the substantive provisions of law made by this Act.

COMMITTEE AMENDMENT NO. 5

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The second assistant legislative clerk read as follows:

On page 70, beginning with line 16, strike out all down through line 24, and insert in lieu thereof:

SEC. 203. TERMINATION OF ADDITIONS TO EXCESS DEDUCTIONS ACCOUNTS UNDER SECTION 1251

Paragraph (2) of section 1251(b) (relating to additions to excess deductions account) is amended by adding at the end thereof the following new subparagraph:

"(E) TERMINATION OF ADDITIONS. — No amount shall be added to the excess deductions account for any taxable year beginning after December 31, 1975."

Mr. BENTSEN. Mr. President, in this respect we concur with the House of Representatives in amending the excess deductions account rules

Under present law, an EDA account is required to be maintained when a taxpayer has substantial farm losses in excess of the income from farming operations and nonfarm income. Then, when the taxpayer gets ready to sell the farm, the attempt is made to keep from having those excessive farm losses converted into capital gain. But the EDA, as an accounting procedure, just does not work, and the House thinks the same thing.

We think we have taken care of the problem by our at-risk provisions. The committee provided a means of coping with the abuses that have been cited before the Senate in the last several days of debate. The EDA has just not been effective in trying to curb these abuses in the farming operations. I urge the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the fifth committee amendment.

UP AMENDMENT NO. 72

Mr. TOWER. Mr. President, I send to the desk an amendment to the amendment, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Texas (Mr. TOWER) proposes an unprinted amendment numbered 72:

On page 71, strike out lines 1 through 9 and insert in lieu thereof the following:

SEC. 203. AMENDMENTS TO FARM LOSS RECAPTURE RULES

Mr. TOWER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER's amendment is as follows:

On page 71, strike out lines 1 through 9 and insert in lieu thereof the following:

SEC. 203. AMENDMENTS TO FARM LOSS RECAPTURE RULES.

(a) Termination of Additions to Excess Deductions Account. Paragraph (2) of section 1251(b) (relating to additions to excess deductions account) is amended by adding at the end thereof the following new subparagraph:

"(E) Termination of additions.—No amount shall be added to the excess deductions account for any taxable year beginning after December 31, 1975."

(b) Certain Reorganizations.

(1) Subparagraph (A) of section 1251 (b) (5) is amended to read as follows:

"(A) Certain corporate transactions.—

"(i) In the case of a transfer described in subsection (d)(3) to which section 371(a), 374(a), or 381 applies, the acquiring corporation shall succeed to and take into account as of the close of the day of distribution or transfer, the excess deductions account of the transferor.

"(ii) Except as provided in clause (i), in the case of a transfer which is described in subsection (d)(3) and which is in connection with a reorganization described in section 368(a)(1)(D), the transferee corporation shall be deemed to have an excess deductions account in an amount equal to the amount in the excess deductions account of the transferor. The transferor's excess deductions account shall not be reduced by reason of the preceding sentence."

(2) Paragraph (3) of section 1251(b) is amended by adding at the end thereof the following: "In the case of a corporation which has made or received a transfer described in clause (ii) of paragraph (5)(A), subtractions from the excess deductions account shall be determined, in such manner as the Secretary shall prescribe, applying this paragraph to the farm net income, and the amounts described in subparagraph (B), of the transferor corporation and the transferee corporation on an aggregate basis."

(3) The amendments made by this subsection shall apply to transfers occurring after December 31, 1975.

Mr. TOWER. Mr. President, this amendment is addressed to the farm recapture rules under section 1251 of the Internal Revenue Code which is important to all farm and ranch corporations. This amendment, I might add, is approved by the National Livestock Tax Committee and by the American Horse Council. It is a technical amendment which fully preserves the recapture potential, and does not result in any revenue loss.

Under present law, many reorganizations in which a corporation divides into two corporations are tax-free under the code. However, if a corporation has been required to establish an excess deductions account—EDA—under section 1251 because of farm losses, it can engage in a divisive reorganization without triggering recapture from its EDA account only if substantially all of the assets are transferred to the new company by the old company.

Thus, even though a reorganization of this sort would otherwise be tax-free under the code, recapture under section 1251 may be forced upon a company which, for legitimate business reasons, wishes to divide into two companies and in which the farm recapture property is held by substantially the same owners as before, although in two corporations, rather than one.

The amendment is designed, in general, to allow a corporation to divide into two corporations in an otherwise tax-free reorganization without triggering recapture from the excess deductions account. However, it is also designed so that if farm recapture assets are disposed of by either corporation surviving the reorganization, the amount of recapture under section 1251 will, as nearly as possible, be the same as it would have had there been no reorganization.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. TOWER. I yield.

Mr. CURTIS. We have examined the amendment over here, and we think it serves a worthwhile purpose, is a good amendment, and should be adopted.

Mr. TOWER. I thank my good friend from Nebraska. I have spoken to the manager of the bill, and believe it is agreeable to him. Is it agreeable to my colleague from Texas?

Mr. BENTSEN. Mr. President, as I understand it, the first part of the Senator's amendment just puts back in the committee amendment.

It is my understanding that if there is a divisive reorganization which is covered by the amendment, both corporations will be treated as having an excess deductions account equal to the excess deductions account of the transfer or corporation immediately prior to the transfer. The EDA account of each corporation will be reduced by farm net income of both corporations, computed on an aggregate basis, and by amounts recaptured by section 1251 with respect to both corporations.

I understand that the Senator then put in a further proviso to be sure that there is not a legislative loophole created here.

It is my understanding the Secretary of the Treasury is given discretion in establishing rules with respect to the manner in which reductions from the EDA accounts of corporations which have engaged in such a reorganization shall be made. In general, such reductions, with respect to each corporation, are to be made on an aggregate basis with the Secretary providing rules under which the farm net income and losses of both corporations—and other amounts which reduce EDA—are combined. It is also anticipated that the Secretary will, if necessary, provide for the making available to a corporation such information of the other corporation as is required to compute amounts which are subject to recapture and amounts which reduce the excess deductions account of the corporation.

The junior Senator from Texas has discussed this matter with members of the staff, who advise me that it in no way violates the intent of the committee amendment.

Mr. TOWER. If my colleague will yield, he is correct in what he says. The rule in the amendment which requires each corporation to be treated as if it had the entire excess deductions account of the transferor corporation appears to insure that taxpayers cannot avoid recapture under section 1251 by a reorganization—with an allocation of

EDA—followed by a sale of farm recapture property of one of the corporations. Thus, this amendment is designed to allow divisive reorganizations of corporations engaged in farming to take place for legitimate business reasons, without permitting taxpayers to avoid recapture under section 1251 by use of such reorganizations.

This amendment would apply to reorganizations which take place after December 31, 1975.

I thank the managers of the bill for their cooperation, and I understand that they are prepared to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas (Mr. Tower).

Mr. BENTSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. BENTSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BENTSEN. Mr. President, we have gone into this amendment with the Senator from Texas. We have discussed it with various Members of the Committee on Finance. I find no Senator objecting to it. The committee will accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas.

The amendment was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BENTSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the committee amendment, as amended, was agreed to.

Mr. BENTSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

COMMITTEE AMENDMENT NO. 6

The PRESIDING OFFICER. Committee amendment No. 6 will be stated.

The legislative clerk read as follows:

On page 71, beginning with line 10, strike out all through page 76, line 11, and insert in lieu thereof:

The amendment is as follows:

Sec. 204. Limitations on Deductions in Case of Farming Syndicates and Capitalization of Certain Orchard and Vineyard Expenses.

(a) Prepaid Expenses.—

(1) In general.—Subpart C of part II of subchapter E of chapter 1 (relating to taxable year for which deduction taken) is amended by adding at the end thereof the following new section:

"Sec. 464. Limitations on Deductions in Case of Farming Syndicates.

"(a) General Rule.—In the case of any farming syndicate (as defined in subsection (c)) a deduction (otherwise allowable under this chapter) for amounts paid for feed, seed, fertilizer, or other similar farm supplies shall only be allowed in the taxable year in which such feed, seed, fertilizer, or other supplies are actually used or consumed.

"(b) Certain Poultry Expenses.—In the case of any farming syndicate (as defined in subsection (c))—

"(1) the cost of poultry (including egg-laying hens and baby chicks) purchased for use in a trade or business (or both for use in a trade or business and for sale) shall be capitalized and deducted ratably over the lesser of 12 months of their useful life in the trade or business, and

"(2) the cost of poultry purchased for sale shall be deducted in the taxable year in which the poultry is sold or otherwise disposed of.

"(c) Farming Syndicate Defined.—

"(1) In general.—The term 'farming syndicate' means—

"(A) a partnership or any other enterprise (other than a corporation which is not an electing small business corporation (as defined in section 1371(b))) engaged in the trade or business of farming if at any time interests in such partnership or enterprise have been offered for sale in any offering required to be registered with a Federal or State agency having authority to regulate the offering of securities for sale, or

"(B) a partnership or any other enterprise (other than a corporation which is not an electing small business corporation (as defined in section 1374(b))) engaged in the trade or business of farming, if more than 50 percent of the losses during any period are allocable to limited partners or other investors with limited risk.

"(2) Holdings attributable to active management.—For purposes of subparagraph (B) of paragraph (1), in the case of any individual who has actively participated (for a period of not less than 5 years) in the management of any trade or business of farming, any interest in a partnership or other enterprise which is attributable to such active participation and which is held by such individual (or by any member of the family (within the meaning of section 267 (c)(4)) of a grandparent of such individual) shall be treated as an interest which is not held by a limited partner or other investor with limited risk.

"(d) Exceptions.—Subsection (a) shall not apply to—

"(1) any amount paid for supplies which are on hand at the close of the taxable year on account of fire, storm, flood, or other casualty or on account of disease or drought, or

"(2) any amount required to be charged to capital account under section 278.

"(e) Definition of Farming.—The term 'farming' means the cultivation of land or the raising or harvesting of any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of animals. For purposes of the preceding sentence, trees only bearing fruit or nuts shall be treated as an agricultural or horticultural commodity.".

(2) Clerical amendment.—The table of sections for such subpart C is amended by adding at the end thereof the following:

"Sec. 464. Limitations on deductions in case of farming syndicates."

(3) Effective date.—The amendments made by this subsection apply to taxable years beginning after December 31, 1975.

(b) Orchard and Vineyard Expenses.—

(1) In general.—Section 278 (relating to capital expenditures incurred in planting and developing citrus and almond groves) is amended by striking out subsection (b) and by inserting in lieu thereof the following:

"(b) Farming Syndicates.—Except as provided in subsection (c), in the case of any farming syndicate (as defined in section 464 (c)) engaged in planting, cultivating, maintaining, or developing a grove, orchard, or vineyard in which fruit or nuts are grown, any amount—

"(1) which would be allowable as a deduction but for the provisions of this section,

"(2) which is attributable to the planting, cultivation, maintenance, or development of that grove, orchard, or vineyard, and

"(3) which is incurred in a taxable year prior to the first taxable year in which such grove, orchard, or vineyard bears a crop or yield in commercial quantities, shall be charged to capital account.

"(c) Exceptions.—Subsections (a) and (b) shall not apply to amounts allowable as deductions (without regard to this section) attributable to a grove, orchard, or vineyard which was replanted after having been lost or damaged (while in the hands of the taxpayer) by reason of freezing temperatures, disease, drought, pests, or casualty.".

(2) Conforming amendments.—

(A) The caption for section 278 is amended to read as follows:

"Sec. 278. Capital Expenditures Incurred in Planting and Developing Citrus and Almond Groves; Certain Capital Expenditures of Farming Syndicates.".

(B) Subsection (a) of section 278 (relating to general rule) amended by striking out "subsection (b)" and inserting in lieu thereof "subsection (a)".

(3) Effective date.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 1975. The amendments made by this subsection shall not apply in the case of a grove, orchard, or vineyard referred to in the amendment made by subsection (b)(1) which was planted or replanted before December 31, 1975.

Mr. BENTSEN. Mr. President, under present law farmers may generally use the cash method of accounting which does not require the accumulation of inventory costs. Other businesses are generally required to use the accrual method of accounting, and that means, in turn, that they have to keep inventories.

What the amendment of the Committee on Finance does is that it deletes the House provision which required corporations engaged in farming—other than subchapter S corporations and certain family corporations—and partnerships in which a corporation is a partner to use the accrual method of accounting with capitalization of preproductive period expenses.

The committee amendment deletes that House provision and substitutes requirements that farming syndicates capitalize amounts that are expended for prepaid feed, seed, other farm supplies, and amounts that are expended for poultry.

In addition, the committee amendment provides that farming syndicates are required to capitalize the preproductive period expenses incurred in developing orchards and vineyards. We saw some quite serious abuses in that area.

In general, farming syndicates include only enterprises with respect to which farm losses are deductible by individuals and with respect to which either an interest in the enterprise is required to be registered with a Federal or State securities commission, or more than 50 percent of the losses are allocable to individuals who have a limited risk.

Specific exceptions are provided to exclude limited risk situations involving retiring individuals and family situations.

These are the reasons for the amendment of the Committee on Finance. The committee deleted the House provision requiring the accrual method of accounting because it does not feel that farm corporations use the cash method of accounting for tax shelter purposes.

Second, the committee believes that abuses of the special farm tax rules can more appropriately be curbed by limitations placed on farming syndicates, the types of entities which are frequently described as tax shelters.

Third, these limitations on farming syndicates are designed to limit substantially the benefit of the farm tax rules for the taxpayers with substantial tax shelter motivation without changing these rules for farmers without such a motivation.

Mr. President, I ask the Members of the Senate to support this amendment.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BELLMON. Mr. President, will the Senator yield?

Mr. BENTSEN. I yield.

UP AMENDMENT NO. 73

Mr. BELLMON. Mr. President, I have an amendment to committee amendment No. 6. Does the Senator wish me to call it up at this time?

Mr. BENTSEN. Yes.

Mr. BELLMON. Mr. President, I call up unprinted amendment No. 73 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Oklahoma (Mr. BELLMON) proposes unprinted amendment No. 73.

On page 79, add at the end of line 15 the following new sentence: "The amendments made by this subsection shall not apply in the case of any farming syndicate with respect to which the Securities and Exchange Commission has approved the sale of securities prior to April 15, 1976.

Mr. BELLMON. Mr. President, I support the committee amendment and the effort to bring syndicates under control, but the problem is that we are changing the rules in the middle of the game for some of these operations. This amendment is simply to take care of those who have already received clearance by the Securities and Exchange Commission prior to April 15 to let them go ahead and finish their operation before this new provision goes into effect.

It seems to me that it would be patently unfair to change a law as this retroactively as the present language does. It makes the provision effective as of December 31, 1975. The purpose of the amendment is to change that date to April 15, 1976, which does take care of the activities that have already cleared the Securities and Exchange Commission.

Mr. BENTSEN. It changes the date to April 15.

As I understand it, what the Senator from Oklahoma is saying is that we have a situation where they have expended a substantial amount of funds in obtaining SEC approval; is that right?

Mr. BELLMON. That is right.

Mr. BENTSEN. And prior to the Senate having acted and prior to the Committee on Finance having reported out the bill; is that right?

Mr. BELLMON. That is right. The money has been spent, the operation is already underway, and in moving the date to April 15, 1976, we are, in effect, giving them a chance to go ahead and complete the sale without changing the rules after they have already received SEC clearance.

I hope the authors of the amendment can accept this change.

Mr. BENTSEN. Is there an objection?

Mr. FANNIN. The minority has no objection.

Mr. BENTSEN. If not, the manager of the bill will accept the amendment of the Senator from Oklahoma to the committee amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the committee amendment.

The amendment to the committee amendment was agreed to.

The question is on agreeing to the committee amendment, as amended.

Mr. HATHAWAY. Mr. President, will the Senator yield?

Mr. BENTSEN. I yield.

Mr. HATHAWAY. I wish to ask a question in regard to the effect of the amendment.

Mr. MANSFIELD. Mr. President, will the Senator withhold?

Does the Senator from Oklahoma intend to move to reconsider the vote?

Mr. BELLMON. I will do that after the vote on the amendment as amended.

Mr. HATHAWAY. This amendment would apply to every situation except individual situations. Is that correct?

Mr. BENTSEN. That is correct.

Mr. HATHAWAY. So that if an individual is running an outside business and a farm at the same time, he would not have to be——

Mr. BENTSEN. It applies only to farming.

Mr. HATHAWAY. It is defined as a partnership or other enterprise, and so forth. In other words, the outside individual—say, the dentist or doctor—who wants to shelter his income with an operation such as a poultry farm, in effect, would have to go into partnership with the farmer, so that then he would be subject to the provision of the Finance Committee amendment. Is that correct?

Mr. BENTSEN. He would have to do it through a farming syndicate. Otherwise, you get into situation too often where in partnership on a farm you find that the farmer's hens lay a lot of eggs——

Mr. HATHAWAY. The effect would be that if a person wanted to shelter his income in order to do it this way, with this provision, he would have to go into business for himself?

Mr. BENTSEN. That is correct.

Mr. HATHAWAY. I shall support the amendment, as I supported the other amendment with respect to movies, and so forth. I may be speaking for others who supported the LAL approach when I say that I do not think this is as good an approach. I think the LAL approach is better, but that has been defeated, and this is much better than having nothing at all.

Mr. BENTSEN. I say to the Senator that we plowed that fully for the last few days.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BENTSEN. I yield.

Mr. LONG. How much revenue is involved in this amendment?

Mr. BENTSEN. On this amendment, we have a substantial increase in revenue and taxes. We will pick up for the Treasury in 1977, $74 million; in 1978, $31 million; in 1979, $31 million; in 1980, $33 million; in 1981, $34 million.

Mr. LONG. I think we should have a rollcall vote. I ask for the yeas and nays.

Mr. BENTSEN. The yeas and nays have been ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment as amended. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. ABOUREZK) and the Senator from Michigan (Mr. PHILIP A. HART) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

Mr. HUGH SCOTT. I announce that the Senator from Oklahoma (Mr. BARTLETT), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), the Senator from Virginia (Mr. WILLIAM L. SCOTT), and the Senator from Vermont (Mr. STAFFORD) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

The result was announced—yeas 91, nays 0, as follows:

[Rollcall Vote No. 317 Leg.]

YEAS—91

Allen
Baker
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd,
Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Eastland
Fannin
Fong
Ford
Garn
Glenn
Gravel
Hansen
Hart, Gary
Hartke
Haskell
Hatfield
Hathaway
Helms
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stennis
Stevens
Stevenson
Stone
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—0

NOT VOTING—9

Abourezk
Bartlett
Buckley
Goldwater
Griffin
Hart, Philip A.
Scott,
William L.
Stafford
Symington

So the committee amendment No. 6, as amended, was agreed to.

COMMITTEE AMENDMENT NO. 7

The PRESIDING OFFICER (Mr. GARY HART). The clerk will report committee amendment No. 7.

The assistant legislative clerk read as follows:

On page 81, beginning with line 8, strike out all through page 82, line 9, and insert new language.

The amendment is as follows:

On page 81, beginning with line 8, strike out all through page 82, line 9, and insert in lieu thereof:

SEC. 205. TREATMENT OF PREPAID INTEREST.

(a) GENERAL RULE.—Section 461 (relating to general rule for taxable year of deduction) is amended by adding at the end thereof the following new subsection:

"(g) PREPAID INTEREST.—

"(1) IN GENERAL.—If the taxable income of the taxpayer is computed under the cash receipts and disbursements method of accounting, interest paid by the taxpayer which, under regulations prescribed by the Secretary, is properly allocable to any period—

"(A) with respect to which the interest represents a charge for the use or forbearance of money, and

"(B) which is after the close of the taxable year in which paid,

shall be charged to capital account and shall be treated as paid in the period to which so allocable.

"(2) EXCEPTION.—This subsection shall not apply to points paid in respect of any indebtedness incurred in connection with the purchase or improvement of, and secured by, the principal residence of the taxpayer to the extent that, under regulations prescribed by the Secretary, such payment of points is an established business practice in the area in which such indebtedness is incurred, and the amount of such payment does not exceed the amount generally charged in such area.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by subsection (a) shall apply to amounts paid after December 31, 1975, in taxable years ending after such date.

(2) CERTAIN AMOUNTS PAID BEFORE 1978.—The amendment made by subsection (a) shall not apply to amounts paid before January 1, 1978, pursuant to a binding contract or written loan commitment which existed on September 16, 1975 (and at all times thereafter), and which required prepayment of interest by the taxpayer.

The PRESIDING OFFICER. The question is on agreeing to committee amendment No. 7.

The Senator from Texas is recognized.

Mr. BENTSEN. What we are discussing here is prepaid interest. What you have had in years past are substantial abuses of prepaid interest. You had people paying several years of prepaid interest. Finally, the Internal Revenue Service moved in on it, and rightfully so, and put the limitation on prepaid interest at 12 months. That is substantial.

The House has gone beyond that. The House has said:

We are going to put an individual on a cash basis on the same basis as though he was on an accrual basis so he can only charge off the interest that is a cost of borrowing for that calendar year.

Now, the Senate Finance Committee has accepted that provision, but we put another thing in there to try to protect against a possible abuse that might occur, and that is the situation where someone might say, "All right, let us cut down on the interest rate very substantially, but I will pay you a lot of points, points for closing a loan to build a house, "so charge me 10 points, and I will get it all deducted in this year."

So we put this kind of a limitation on that is not in the House bill. We said that they would have to limit the amount of points that were charged to what was the ordinary course of business on points in that particular area. That limitation has been put on, and that is not in the House bill, but it is in the Senate bill. Otherwise we have accepted the House provision that, in effect, puts the cash person on the same basis as someone who is using the accrual accounting basis.

Mr. President, unless there are questions, I would like to move that amendment for adoption, and I am not asking for a rollcall vote on this one.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

COMMITTEE AMENDMENT NO. 8

The PRESIDING OFFICER. The question is on committee amendment No. 8 which the clerk will report.

The assistant legislative clerk read as follows:

On page 84, beginning with line 1, strike all through page 94, line 21, and insert new language.

The amendment is as follows:

On page 84, beginning with line 1, strike out all through page 94, line 21, and insert in lieu thereof:

SEC. 207. AMORTIZATION OF PRODUCTION COST OF MOTION PICTURES, BOOKS, RECORDS, AND OTHER SIMILAR PROPERTY.

(a) IN GENERAL.—Part IX of subchapter B of chapter 1 (relating to items not deductible) is amended by adding at the end thereof the following new section:

"SEC. 280. CERTAIN EXPENDITURES INCURRED IN PRODUCTION OF FILMS, BOOKS, RECORDS, OR SIMILAR PROPERTY.

"(a) GENERAL RULE.—Except in the case of production costs of a corporation, other than an electing small business corporation (as defined in section 1371(b)), or in the case of production costs which are charged to capital account by the taxpayer, amounts attributable to the production or distribution of a film, sound recording, book, or similar property which are otherwise deductible under this chapter shall be allowed as deductions only in accordance with the provisions of subsection (b).

"(b) PRORATION OF PRODUCTION COST OVER INCOME PERIOD.—Amounts referred to in subsection (a) are deductible only for those taxable years ending during the period during which the taxpayer reasonably may be expected to receive substantially all of the income he will receive from any such film, sound recording, book, or similar property. The amount deductible for any such taxable year is an amount which bears the same ratio to the sum of all such amounts (attributable to such film, sound recording, book, or similar property) as the income received from the property for that taxable year bears to the sum of the income the taxpayer may reasonably be expected to receive during such period.

"(c) DEFINITIONS.—For purposes of this section—

"(1) FILM.—The term 'film' means any motion picture film or video tape.

"(2) SOUND RECORDING.—The term 'sound recording' means works that result from the fixation of a series of musical, spoken, or other sounds, regardless of the nature of the material objects, such as discs, tapes, or other phonorecordings, in which such sounds are embodied.".

(b) CLERICAL AMENDMENT.—The table of sections for such part is amended by adding at the end thereof the following new item:

"Sec. 280. Certain expenditures incurred in production of films, books, records, or similar property.".

(c) EFFECTIVE DATE.—The amendment made by this section applies to amounts paid or incurred after December 31, 1975, with respect to property the principal production of which begins after December 31, 1975.

Mr. BENTSEN. Mr. President, on this one what we are talking about is the capitalization of production costs of motion pictures, and we have seen some substantial abuses taking place.

Under the present law, as it now is, it is not clear whether a partnership organized to produce a motion picture or similar entertainment, such as phonograph records, books, and television films, as a service to the studio or distributor, which will own the film, can elect the cash method of accounting, and deduct the cost of making the picture as they are paid. It is not clear on that.

So many investors in this kind of a partnership have relied on ambiguities that are in the present law in trying to decide this to their advantage.

They have claimed deductions for their production costs as they are paid, even though the end product will not be completed until a later taxable year.

What the House bill does is this: It says section 207 of the House bill will provide the at-risk limitation to motion picture films and livestock.

Second, the House dealt with the deductions claimed for film production costs by applying the LAL's on it.

The Finance Committee amendment approaches it this way: The committee amendment deletes section 207 of the House bill. The committee concluded that the at-risk provisions in the sections in our bill did the job better. The committee amendment deals directly with the claims to deductions for film production costs under the cash method of accounting by requiring a taxpayer to capitalize his share of production costs of this type property and then deduct them over the life of the income stream that is generated by that particular piece of property. In other words, you capitalize those production costs and then you get to deduct them over the lifestream of that piece of property.

Investors in motion pictures will thus be required, in effect, to depreciate their costs under a depreciation method that is analogous to the income forecast method of depreciation.

The committee believes it is not necessary to use the indirect approach which LAL, in effect, would have done, but a more direct approach used by the committee should solve the problems in this particular area.

Now, on this we raise additional tax revenue in 1977 of $26 million; in 1978 of $19 million; in 1979 of $9 million; in 1980 of $4 million; and in 1981 of $4 million.

Unless there are questions, Mr. President, I move the adoption of the committee amendment.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will report committee amendment No. 9.

The assistant legislative clerk read as follows:

On page 96, line 19, strike out all through page 97, line 14, and insert new language.

The amendment is as follows:

On page 96, line 19, strike out all through page 97, line 14, and insert in lieu thereof:

Sec. 208. Clarification of Definition of Produced Film Rents.

(a) In General.—Subparagraph (B) of paragraph (5) of section 543(a) (defining produced film rents for purposes of personal holding company income) is amended by adding at the end thereof the following new sentence: "In the case of a producer who actively participates in the production of the film, such term includes an interest in the proceeds or profits from the film, but only to the extent such interest is attributable to such active participation."

(b) Effective Date.—The amendment made by subsection (a) shall apply to taxable years ending on or after December 31, 1975.

Mr. BENTSEN. Mr. President, this deals with section 208 on produced film rents.

Under the present law, a film production company is not subject to the penalty tax on personal holding companies if over half of the company's income comes from the business of producing a film, that is, from produced film rents.

It has not been clear whether the company's income falls within this category where, after producing a motion picture or a television series, the company retains only a share of distribution profits rather than a depreciable interest in the film.

What the House bill does is it amends the definition of "produced film rents," and the rules relating to personal holding companies, and does that in order to make it clear that so long as the corporation actively participates in the producing of the film, its income can qualify as produced film rents even if, after the picture is completed, the producer shares in profits but does not own the film itself.

So what we have done is essentially adopt the House provision.

Unless there are questions or objections, I move the committee amendment.

Mr. PERCY. Mr. President, if the Senator will yield for just a moment for a brief comment on section 207. Certainly we have recognized the great value of the motion picture industry to employment and our balance of payments as well as its contribution to understanding of many aspects of American life, and life throughout the world.

All of us certainly highly respect the leadership of Jack Valenti, who has done an outstanding job as president of the Motion Picture Producers Association. I have had some differences of opinion with the industry in the past over tax and other legislative matters, but I think the committee has done a good, balanced job in the pending bill.

Whereas certain aspects of the industry are not totally satisfied with this particular bill, and have opposed certain features of it, on balance. I think, the industry recognizes the objectives of the committee and has not been in opposition.

Is the understanding of the Senator from Illinois generally correct in this regard as to the attitude of the Motion Picture Producers Association?

Mr. BENTSEN. I think that the Senator is generally correct. I know that there is not total agreement and they do not like all the provisions, but I think it has general support.

Mr. PERCY. Mr. President, I opposed the limitation on artificial accounting losses provision of the House bill because I believe that section 207 and the other reform provisions recommended by the Senate Finance Committee will stem what tax abuse does exist without curtailing legitimate investment.

The LAL provision would effectively limit investment in the motion picture industry to those wealthy enough to afford to carry their losses several years or to those who already have profitable motion picture investments.

The industry, which provides employment for thousands of Americans, has survived a period during which many predicted it would succumb to competitive modes of entertainment. It relies heavily on outside investment for its continued health and it would be very unwise, in my opinion, to enact legislation which would, through its complexity and cost, effectively cut off this investment.

Recognizably, there has been abuse of the provisions of federal tax law designed to facilitate such investment. However, section 208 and the relevant portions of other reform provisions of the Finance Committee bill will help close these loopholes without crippling an important job-producing industry that throughout the world has been regarded as a symbol of American artistry and creativity, technical competence, and successful achievement.

Mr. FONG. Will the Senator yield?

Mr. BENTSEN. Yes.

Mr. FONG. This amendment deals only with what a holding company can consider as part of a holding company's income, is that correct?

Mr. BENTSEN. That is correct. That is what we are doing with a personal income holding company.

Mr. FONG. A family corporation?

Mr. BENTSEN. That is right. Shares in the profit, but does not necessarily own the firm itself. That is correct.

Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, No. 9.

The committee amendment No. 9 was agreed to.

COMMITTEE AMENDMENT NO. 10

The PRESIDING OFFICER. The clerk will state committee amendment No. 10.

The assistant legislative clerk read as follows:

On page 98, beginning with line 4, strike all through page 102, line 20, and insert in lieu thereof:

Sec. 209. Basis Limitation For and Recapture of Depreciation on Player Contracts.

(a) Basis Limitations.—

(1) In general.—Part IV of subchapter O of chapter 1 (relating to special rules applicable to gain or loss on disposition of property) is amended by redesignating section 1056 as section 1057, and by inserting after section 1055 the following new section:

"Sec. 1056. Basis Limitation For Player Contracts Transferred in Connection With the Sale of a Franchise.

"(a) General Rule.—If a franchise to conduct any sports enterprise is sold or exchanged, and if, in connection with such sale or exchange, there is a transfer of a contract for the services of an athlete, the basis of such contract in the hands of the transferee shall not exceed the sum of—

"(1) the adjusted basis of such contract in the hands of the transferor immediately before the transfer, plus

"(2) the gain (if any) recognized by the transferor on the transfer of such contract.

"(b) Exceptions.—Subsection (a) shall not apply—

"(1) to an exchange described in section 1031 (relating to exchange of property held for productive use or investment), and

"(2) to property in the hands of a person acquiring the property from a decedent or to whom the property passed from a decedent (within the meaning of section 1014(a)).

"(c) Transferor Required To Furnish Certain Information.—Under regulations prescribed by the Secretary, the transferor shall, at the times and in the manner provided in such regulations, furnish to the Secretary and to the transferee the following information:

"(1) the amount which the transferor believes to be the adjusted basis referred to in paragraph (1) of subsection (a),

"(2) the amount which the transferor believes to be the gain referred to in paragraph (2) of subsection (a), and

"(3) any subsequent modification of either such amount.

To the extent provided in such regulations, the amounts furnished pursuant to the preceding sentence shall be binding on the transferor and on the transferee.".

(2) Clerical amendment.—The tables of sections for such part IV is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 1056. Basis limitation for player contracts transferred in connection with the sale of a franchise.

"Sec. 1057. Cross references.".

(3) Effective date.—The amendments made by this subsection apply to sales or exchanges of franchises after December 31, 1975, in taxable years ending after such date.

(b) Recapture.—

(1) In general.—Section 1245(a) (relating to gain from disposition of certain depreciable property) is amended by adding at the end thereof the following new paragraph:

"(4) Special rule for player contracts.—

"(A) In general.—For purposes of this section, if a franchise to conduct any sports enterprise is sold or exchanged, and if, in connection with such sale or exchange, there is a transfer of any player contracts, the recomputed basis of such player contracts in the hands of the transferor shall be the greater of—

"(i) the previously unrecaptured depreciation with respect to player contracts acquired by the transferor at the time of acquisition of such francise, or

"(ii) the previously unrecaptured depreciation with respect to the player contracts involved in such transfer.

"(B) PREVIOUSLY UNRECAPTURED DEPRECIATION WITH RESPECT TO INITIAL CONTRACTS.—For purposes of subparagraph (A)(i), the term 'previously unrecaptured depreciation' means the excess (if any) of

"(i) the sum of the deduction allowed or allowable to the taxpayer transferor for the depreciation of any player contracts acquired by him at the time of acquisition of such franchise, plus the deduction allowed or allowable for losses with respect to such player contracts acquired at the time of such acquisition, over

"(ii) the aggregate of the amounts treated as ordinary income by reason of this section with respect to prior disposition of such player contracts acquired upon acquisition of the franchise.

"(C) PREVIOUSLY UNRECAPTURED DEPRECIATION WITH RESPECT TO CONTRACTS TRANSFERRED.—For purposes of subparagraph (A) (ii), the term 'previously unrecaptured depreciation' means—

"(i) the amount of any deduction allowed or allowable to the taxpayer transferor for the depreciation of any contracts involved in such transfer, over

"(ii) the aggregate of the amounts treated as ordinary income by reason of this section with respect to prior disposition of such player contracts acquired upon acquisition of the franchise.

"(D) PLAYER CONTRACT.—For purposes of this paragraph, the term 'player contract' means any contract for the services of an athlete which, in the hands of the taxpayer, is of a character subject to the allowance for depreciation provided in section 167."

(2) EFFECTIVE DATE.—The amendment made by this subsection applies to transfers of player contracts in connection with any sale or exchange of a franchise after December 31, 1975.

Mr. BENTSEN. Mr. President, this is section 209 and we are dealing here with sport franchises and player contracts.

What we have done in the Finance Committee amendment is the same as the House bill by requiring the purchaser to allocate the same amount to player contracts as the amount allocated by the seller in the case of the sale or exchange of a sports franchise.

The special pool recapture rules provided under the committee amendment would apply only in the case of the sale or exchange of the entire sports franchise and not in the case of the sale or exchange of individual player contracts. The present recapture rules would continue to apply in the case of individual player contracts.

The 50-percent allocation presumption provided in the House bill is deleted by the committee amendment because the committee amendment, as set forth above, deals with the allocation problems under present law in the case of the sale or exchange of a sports franchise.

Now, the revenue pickup in 1977 on that ought to be approximately $5 million, in that and each subsequent year.

Unless there are questions or objection, Mr. President, I move the adoption——

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

UP AMENDMENT NO. 74

Mr. EAGLETON. Mr. President, I have a perfecting amendment to the committee amendment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Missouri (Mr. EAGLETON) proposes an unprinted amendment No. 74 to the committee amendment:

On page 107, line 9, insert the word "acquired" after the word "franchise".

The PRESIDING OFFICER. Who yields time?

Mr. EAGLETON. Mr. President, section 209(b) of this bill imposes a unique, new depreciation recapture rule applicable only to owners of professional sports teams. Under present law, depreciation previously claimed on player contracts sold along with a sports franchise must be recaptured as ordinary income if the contracts are sold at a gain. Under the proposed rule, an owner selling his franchise must recapture depreciation taken on player contracts acquired when he originally purchased the franchise, if that produces a higher recapture amount. This would be the case even though those contracts were never sold at a profit and the players have long since retired.

Mr. President, I support this provision as a necessary enhancement of tax equity. But for current owners of existing franchises, this amounts to a change in the ground rules in the middle of the game. These franchises were acquired, and substantial investments made, on the assumption that depreciation recapture rules applicable to all other business would continue to apply to sports.

My amendment, therefore, would provide that the new depreciation recapture rule for sports will apply only to persons acquiring a sports franchise after December 31, 1975. I believe this is more consistent with the Finance Committee's intentions in this area, as expressed on page 91 of the report on the tax bill.

Mr. BENTSEN. Mr. President, there is a technical error in the committee report on this and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, the Senator's amendment would say that when professional sports teams or franchises are sold in the future that there would be no recapture of excess depreciation that had accrued over the years.

Mr. President, in selling assets, we have found generally that there was a need for recapture because, otherwise, one takes advantage of quick depreciation in certain situations, and then when he has used up all his depreciation, or most of it, he sells the asset and in doing so he reconverts the depreciation deductions against ordinary income into a capital gain.

Now, in this situation, what people do is buy these players, they write off the depreciation as rapidly as they can over, perhaps, 3 or 4 years, and then sell the ball team, sell the club, sell the whole outfit.

By doing that, they have succeeded in taking substantial depreciation which reduces their taxes year by year. At the end of that time, they pay a capital gains tax on the sales price over and above any asset value that has not been depreciated.

That is one of the gimmicks in the tax law. We say it ought not to apply to sport franchises and player contracts because it is just one of those many things that people have seized upon to find ways to manipulate the tax laws to convert ordinary income into capital gains income.

We are saying in the bill on sales of these clubs and these players in the future that the same recapture rules that we apply to other assets will apply. We are talking about a group of people who can well afford to pay a tax. Most of these are some of the most wealthy people in America. They are fine people and I think some of the nicest people I know. On the other hand, they ought to pay taxes just like everybody else. We just do not see any reason why we should exclude these very fine and wealthy people from paying taxes, and we do not see why we should encourage them to sell these clubs every 6 or 7 years to take a tax advantage. If they want to really get into the professional sports business, great.

They ought to be willing to follow the traditions of some of the great owners of bygone days who stayed with a club year in and year out. We do not see why we ought to draw the tax laws so people will get rid of their clubs every few years to have the advantage of converting ordinary income into capital gains. It is not the ordinary way of doing business. They do it only for a tax advantage and it is one of the oversights that should be eliminated in the tax code.

It does not involve a great amount of money, but it does go right to the kind of thing that the average man complains bitterly about, that here is some fellow who is enormously wealthy, who makes a great deal of money and pays no tax or very, very little tax.

I do not think we ought to treat people differently just because they are very nice people and some of them very famous people. It just seems this is a tax loophole that should be closed. The committee recommended that it be closed and I hope it will be. I hope the amendment will not be agreed to.

Mr. HATHAWAY and Mr. EAGLETON addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. EAGLETON. May I read into the RECORD at this point two excerpts from the committee report at page 91:

> These new rules will apply only to the seller of a sports franchise who acquired the franchise after December 31, 1975.

That is what my amendment purports to do, and does do. It conforms to what the Finance Committee in the report said it intended to do.

Then in the second paragraph on page 91, entitled "Effective Dates," the second sentence reads as follows:

> The provision relating to the recapture of depreciation and losses is to apply to the seller of a sports franchise which was acquired by him after December 31, 1975.

Once again, very, very specific language zeroing in on the date December 31, 1975. My amendment conforms to the stated policy expressed in the Finance Committee report.

There is nothing very mysterious about this amendment, Mr. President. What we are seeking to do is to have the rules with respect to depreciation, et cetera, be consistent insofar as buying and selling are concerned. It is not fair to have the purchase made under one set of rules and the sale or disposition made under yet another set of rules. So those who bought franchises, at least ought to have the equitable treatment of having the purchase and disposition under the same set of rules.

I do not have the transfer of all the professional sports franchises in recent years, but I do have some for baseball. For instance, since 1969, the following franchises have changed hands in organized major league baseball:

Kansas City Royals, 1969; Milwaukee Brewers, 1970; San Diego Padres, 1974; San Francisco Giants, 1975; Cleveland Indians, 1972; New York Yankees, 1973; Texas Rangers, 1974; Chicago White Sox, 1975; Atlanta Braves, 1975.

Admittedly, the Senator is correct when he points out that many wealthy people own baseball teams. Indeed, insofar as the profit and loss in baseball is concerned, Mr. President, only an extremely wealthy person can afford to own a sports franchise.

To put it another way, there is no way to make money out of professional baseball. That can be said of practically every major league franchise. There are some exceptions during particularly good years for a particular team when they can turn in some black ink instead of red ink.

I am not here to plead for any kind of millionaire relief act. All I am here to say is that the rules should be consistent. Just as the rules of a sport are not changed in the middle of a game, so should the tax rules, insofar as depreciation is concerned, not be changed from the time the club is acquired until the time the club is sold.

I really think a reading of the report of the Senate Finance Committee will bear that out. As I pointed out, in two instances in the committee report they have specifically referred to franchises "acquired" after December 31, 1975. I agree with the basic thrust of the Senator from Louisiana. I think in the future his position and the committee's position is sound. But insofar as what was done in the past for which there is no way to change it—because the franchises were acquired at a date prior to December 31, 1975, from an equitable point of view—I think we ought to freeze the situation at that point.

Mr. HATHAWAY. Will the Senator yield?

Mr. EAGLETON. Yes.

Mr. HATHAWAY. Under the terms of the Senator's amendment, if adopted, if the Boston Red Sox were sold now it would not apply to them, is that correct, under the rules we are trying to promulgate?

Mr. EAGLETON. It would apply to the next owner of the Boston Red Sox.

Mr. HATHAWAY. They were not acquired after December 31, 1975. The Boston Red Sox were acquired before December 31, 1975.

Mr. EAGLETON. I thought the question was if they were sold today.

Mr. HATHAWAY. If they were sold today under the terms of the Senator's amendment, it would not apply to them because the Boston Red Sox were acquired before December 31, 1975.

Mr. EAGLETON. If my amendment were adopted it would conform with the committee report which says, "These new rules will apply only to the seller of a sports franchise who acquired that franchise after December 31, 1975."

Under the Senator's hypothetical question, if Mr. Yawkey sold the franchise today that would be after December 31, 1975.

Mr. HATHAWAY. I regret the report said that because I do not think that was the intention of the committee. The problem in accepting an amendment such as this is that we might have to make a considerable amount of changes in all of the amendments to accommodate people in like positions and it would destroy the effectiveness of the loopholes we have patched up.

Mr. EAGLETON. The vast bulk of them apply in the future. I have no disagreement with the thrust of those amendments. They apply by and large to future transactions: the different tax shelters, how they will be treated in the future when there is an investment or transaction made. In this instance, unless my amendment prevails, it will apply to a whole host of past transactions long predating December 31, 1975.

Mr. HATHAWAY. The date is after the House of Representatives dealt with this problem so that they knew about it, certainly, before December 31, 1975. Backdating it to that date I think is realistic. It simply applies, as it does in other cases, to the actual sale, which I think is the equitable way to handle it.

Mr. EAGLETON. I would be willing to amend my amendment to December 5, 1975, the date of enactment of the House-passed bill. I think that would be fair and equitable.

Mr. LONG. Mr. President, I do not see how we can say that a millionaire who owns a baseball team does not have to recapture where he takes excess depreciation but a farmer does.

If we buy the Senator's argument that because something that we believe is a loophole exists in the law, it should be permitted to continue to exist—that is basically the argument, as I see it—then most of the $2.5 billion we pick up in this bill we would not pick up. We have all these other provisions that tighten up on the law to arise revenue geared to a January 1 date. We do that because the Government needs the money, and we are under pressure from the Senate Budget Committee and everyone else, who say, "Raise this money to help provide a tax cut for the people in middle- and low-income brackets and other overtaxed taxpayers."

So we put the January 1 effective date, for the most part, on these revenue raisers to close loopholes. That is not unusual; it has been done many times before.

I would point out again that most of the $2.5 billion revenue gains in this bill would not be picked up if we put a prospective date on the amendments.

Moreover, I do not see why these people who own these franchises for the football and baseball teams and the player contracts ought to have an advantage over the farmers or some of the businessmen who have taken a rapid tax writeoff for depreciation, and now are being asked to pay some of that back, when they are, in effect, converting a lot of ordinary income into capital gains.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. LONG. I yield to the distinguished Senator from Nebraska.

Mr. CURTIS. The argument of the Senator from Missouri has a certain appeal; there is no question about that. But the same appeal could be made, as the chairman has said, with respect to many classes of taxpayers. It occurs to this Senator that in order to be consistent throughout the bill, and preserve the revenue that we are trying to recoup, we must be consistent. Therefore, we support the position of the distinguished chairman (Mr. LONG).

Mr. LONG. I thank the distinguished Senator.

I want to say one other thing, Mr. President: It is unfortunate that sometimes people do make mistakes. What the Senator read from the committee report was a technical error by the staff.

The staff has worked very hard. They have worked around the clock on some days. No one has ever worked harder than they worked putting this bill and this report together. Some of them literally dropped from exhaustion in trying to get this job done for the U.S. Senate.

What the Senator refers to is an error, and I told him it was an error before he read it. It is a mistake, it is an error, and we should not bind ourselves by it. We should just make it clear that that is one of those unfortunate errors that occur under the pressure of trying to get a bill and a committee report out to the Senate, under pressure of a deadline.

The Senator says these clubs do not appear to be making money. The reason they do not appear to be making money is that they are writing off so much depreciation against their own personal income that the club appears to be losing money instead of making a profit.

Then after it appears to have been losing money for a few years, they sell it at a large profit, and it is overall a profitable transaction.

The way this thing has been done has

worked out to a tax shelter and a tax gimmick. The fact that these teams are being turned over so rapidly, so many of them, just proves there is a big gain in tax advantages in turning over the team frequently, rather than a man bringing a team in and becoming and staying a part of the community, something of which they could all be proud.

I am sorry these people will have to pay more taxes, but the same is true of a great many other people who can less afford to pay it than the owners of these franchises, who are still privileged to have a very good deal.

Mr. President, I know some of these people. I like them, and think well of them. I have not had one of them insist on discussing this matter with me, to say that he is being treated badly, and I think there are a numbr of them who know me well enough personally that if they really felt they were being treated badly, I would have heard from them. They would be rapping on my door, or sitting in that corridor waiting to say, "You treated us badly."

As I say, I know several of them personally, on a personal basis, and I think the fact that we have not heard from them indicates that they realize we are trying to be fair.

Mr. EAGLETON. Mr. President, I shall be brief. I know the committee staff has worked assiduously on this bill, and I was not trying to be disparaging of their efforts with reference to the committee report.

So that this may not be couched in terms of the bizarre, let me quote a section of the bill that refers to movies. Here is the movie section:

> The amendment made by this section applies to amounts paid or incurred after December 31, 1975, with respect to property the principal production of which begins after December 31, 1975.

So there, instead of changing the rules totally, retroactively, going back to the old period when decisions were made under a different set of tax rules, the committee—and properly so, in my opinion—picked a cutoff date of December 31, 1975, for the movies.

If my amendment for organized sports is so unseemly and so inconsistent, why is it they did it for movies? If I had to make a Hobson's choice——

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. EAGLETON. Between sports and movies, I would opt on the side of sports rather than movies. That is my personal inclination.

Mr. LONG. Will the Senator yield at that point?

Mr. EAGLETON. I yield.

Mr. LONG. The Senator is talking about apples and oranges. He is referring to some language that says—this section about movies refers to obligations and transactions paid or incurred after a certain date. We are talking about something entirely different; we are talking about teams that are sold after a certain date. We are talking about teams to be sold in the future, not teams that are already sold. That is an entirely different matter.

Mr. EAGLETON. The Senator failed to read the second part of the effective date section on page 96 of the bill:

> With respect to property the principal production of which begins after December 31, 1975.

So that December 31 cutoff date appears with respect to two matters when it applies to movies: Amounts paid or incurred after that date, or property the principal production of which began after the date.

I am not here either to attack or defend the movies section. All I am saying is that the proposal I am making is not unique.

Now the last point, and then as far as I am concerned we will go to a vote on it, Mr. President:

The chairman pointed out that these losses were used as tax writeoffs against ordinary income of the owners of the ball clubs. The truth is that the vast majority of the owners of professional sports franchises are corporations, and it therefore could not be written off against the income of an individual. The San Francisco Giants, the Chicago Cubs, the Philadelphia Phillies, the Los Angeles Dodgers, the Pittsburgh Pirates, and the St. Louis Cardinals, for example, are corporations. A couple are limited partnerships, but the bulk of them are corporations.

Mr. LONG. Mr. President, the Senator says they are corporations. He might be right technically, but I still think he will find those are subchapter S corporations, which are actually, for tax purposes, partnerships.

Mr. EAGLETON. No, the ones I read off are ordinary corporations. The San Diego Padres is a subchapter S corporation and the Detroit Tigers and the Kansas City Royals are subchapter S corporations; but the ones I read, starting with the Giants and on down the line to the St. Louis Cardinals, are ordinary corporations.

Mr. LONG. That may be true, but most of them are either subchapter S corporations, partnerships, or individually owned.

Mr. EAGLETON. No, that is not the case. I would have to correct that for the RECORD.

Mr. LONG. I am not saying the ones the Senator listed. But the majority of the sports franchises are.

Mr. EAGLETON. I beg to disagree. I have the list insofar as organized baseball is concerned. I do not have it for professional football or hockey, but the majority of the ones of organized baseball are ordinary corporations, and have been for a long time. The Giants since back in 1919, for example, the Cardinals since 1953, the Atlanta Braves, an ordinary corporation incorporated in 1975, et cetera.

But anyway I will not belabor the point.

Mr. LONG. Basketball and football are largely as I have described, and I am under the impression that, in many cases, it is that way for baseball. It might not be in all cases, and it may be in the majority of cases they are incorporated. But even so, Mr. President, this is a situation where the rule we seek to apply is to make the treatment uniform with regard to these people who are now very favored taxpayers with that which we give other people. Even so the law is very generous to them, even as limited, by requiring recapture when they sell and take the capital gain.

So, we do not believe the amendment ought to be agreed to.

We have drafted a provision with regard to the movies that is somewhat at variance with the revision here, but that was done after we heard the case of these people and after they came in and made a pretty convincing case that if we went any more harshly on them than we do it was going to have an adverse impact on the industry, and that industry, as the Senator knows, produced a lot less movies last year than it did the year before.

Mr. EAGLETON. Mr. President, I am ready to vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Missouri.

The amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. HATHAWAY. Mr. President, before the vote, I shall ask a question of the committee chairman, if I may. I understand the vote has not been announced; therefore, I am entitled to do this.

Will the manager of the bill explain something in regard to the provision that starts at page 104 entitled "Transferor Required to Furnish Certain Information"? I believe this is the section where the allocation of the player contracts or the other elements of the franchise are made as a result of negotiations between the vendor and the buyer; or, as it was explained by the Senator from Texas as he was explaining the amendment, that allocation will be determined by the vendor.

What I am concerned about is whether or not the vendor has a sufficient adverse interest as opposed to the buyer to get an equitable allocation.

My further question is: Do we intend by saying in this "Under regulations prescribed by the Secretary" that the Secretary will be supervising these transactions so that we are sure that we are going to get an equitable allocation of the various components of the franchise?

Mr. LONG. The collector of Internal Revenue can still challenge the fair market value allocated to player contracts. He can still challenge that.

Mr. HATHAWAY. And any other item of the franchise?

Mr. LONG. That is right.

Mr. HATHAWAY. Was that the intention of subsection (c)?

Mr. LONG. That is the intention of it.

Mr. HATHAWAY. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

COMMITTEE AMENDMENT NO. 11

The PRESIDING OFFICER. Committee amendment No. 11 will be stated.

The assistant legislative clerk read as follows:

On page 107, line 11, strike out all through page 110, line 14, and insert in lieu thereof:

The amendment is as follows:

Sec. 210. Certain Partnership Provisions.

(a) Dollar Limitation With Respect to Additional First-Year Depreciation Allowance.—Subsection (d) of section 179 (relating to additional first-year depreciation allowance for small business) is amended by redesignating paragraph (8) as paragraph (9) and by inserting after paragraph (7) the following new paragraph:

"(8) Dollar limitation in case of partnerships.—In the case of a partnership, the dollar limitation contained in the first sentence of subsection (b) shall apply with respect to the partnership and with respect to each partner."

(b) Clarification of Treatment of Partnership Syndication Fees, Etc.—

(1) In general.—Part I of subchapter K of chapter 1 (relating to determination of tax liability) is amended by adding at the end thereof the following new section:

"Sec. 709. Treatment of Organization and Syndication Fees.

"(a) General Rule.—Except as provided in subsection (b), no deduction shall be allowed under this chapter to the partnership or to any partner for any amounts paid or incurred to organize a partnership or to promote the sale of (or to sell) an interest in such partnership.

"(b) Amortization of Organization Fees.—

"(1) Deduction.—Amounts paid or incurred to organize a partnership may, at the election of the partnership (made in accordance with regulations prescribed by the Secretary), be treated as deferred expenses. Such deferred expenses shall be allowed as a deduction ratably over such period of not less than 60 months as may be selected by the partnership (beginning with the month in which the partnership begins business), or if the partnership is liquidated before the end of such 60-month period, such deferred expenses (to the extent not deducted under this section) may be deducted to the extent provided in section 165.

"(2) Organizational expenses defined.—The organizational expenses to which paragraph (1) applies, are expenditures which—

"(A) are incident to the creation of the partnership;

"(B) are chargeable to capital account; and

"(C) are of a character which, if expended incident to the creation of a partnership having an ascertainable life, would be amortized over such life.".

(2) Clerical amendment.—The table of sections for such part is amended by adding at the end thereof the following:

"Sec. 709. Treatment of organization and syndication fees.".

(3) Determination of amounts chargeable to capital account.—Section 707(c) (relating to guaranteed payments) is amended by striking out "and section 162(a)" and inserting in lieu thereof "and, subject to section 263, for purposes of section 162(a)".

(c) Items Must Be Allocated To Portion of Year Partner Held Interest.—

(1) In general.—Subparagraph (B) of section 706(c)(2) (relating to disposition of less than entire interest) is amended by striking out "or with respect to a partner whose interest is reduced" and inserting in lieu thereof "or with respect to a partner whose interest is reduced (whether by entry of a new partner, partial liquidation of a partner's interest, gift, or otherwise)".

(2) Certain provisions of subchapter K may not be overridden by partnership agreement.—Subsection (a) of section 704 (relating to effect of partnership agreement) is amended by striking out "except as otherwise provided in this section" and inserting in lieu thereof "except as otherwise provided in this chapter".

(3) Cross references.—

(A) Section 704 is amended by adding at the end thereof the following:

"(f) Cross Reference.—

"For rules in the case of the sale, exchange, liquidation, or reduction of a partner's interest, see section 706(c)(2)."

(B) Section 761 (relating to terms defined) is amended by adding at the end thereof the following:

"(e) Cross Reference.—

"For rules in the case of the sale, exchange, liquidation, or reduction of a partner's interest, see sections 704(b) and 706(c)(2).".

(d) Determination of Partner's Distributive Shares.—Subsection (b) of section 704 (relating to distributive share determined by income or loss ratio) is amended to read as follows:

"(b) Determination of Distributive Share.—A partner's distributive share of income, gain, loss, deduction, or credit (or item thereof) shall be determined in accordance with the partner's interest in the partnership (determined by taking into account all facts and circumstances), if—

(1) the partnership agreement does not provide as to the partner's distributive share of income, gain, loss, deduction, or credit (or item thereof), or

(2) the allocation to a partner under the agreement of income, gain, loss, deduction, or credit (or item thereof) does not have substantial economic effect.".

(e) Effective Date.—The amendments made by this section apply in the case of taxable years of partnerships beginning after December 31, 1975.

Mr. LONG. Mr. President, the House bill provides that with respect to a partnership, the cost of property on which the "bonus" 20-percent first-year depreciation deduction may be calculated for the partnership as a whole is not to exceed $10,000. Thus, a dollar limit is imposed at the partnership entity level as well as at the partner level—as under present law.

The House bill provides that a partnership may not deduct, but must instead capitalize, the costs incurred to organize the partnership and to promote the sale of interests in the partnership.

The House bill eliminates "retroactive allocations" by providing that a partner may not take into account the income earned and the deductions incurred by the partnership prior to his entry into the partnership.

The House bill provides for the disallowance of "special allocations" lacking a business purpose or where significant avoidance or evasion of any tax results from such allocation. In the event of a disallowance of a special allocation, the House bill provides a two-step method of reallocation.

FINANCE COMMITTEE AMENDMENT

The committee amendment adopts the the House provision limiting the use of the bonus first-year depreciation allowance by partnerships.

The committee amendment accepts the House provision on capitalizing costs incurred in promoting the sale of partnership interests. However, it permits partnerships to elect to amortize organization costs over 5 years.

The committee amendment accepts the House provision on "retroactive allocations."

On special allocations, the committee amendment disallows the special allocation when it does not have "substantial economic effect" and simplifies the method of reallocation.

REASONS FOR COMMITTEE AMENDMENT

The provisions on partnership allocations are intended to prevent the use of partnerships in reallocating tax benefits among partners according to whomever derives the most tax savings from them.

The other provisions are intended to limit first-year writeoffs available to partners, which are used as tax shelters by investors.

Mr. President, this amendment has a first-year pickup of $11 million in 1977 and $10 million in years subsequent thereto.

I hope the Senate will agree to the amendment.

UP AMENDMENT NO. 75

Mr. HASKELL. Mr. President, I call up a perfecting amendment on behalf of myself and the Senator from Massachusetts (Mr. Kennedy).

Mr. KENNEDY. Mr. President, I ask unanimous consent that the Senator from South Carolina (Mr. Hollings) and the Senator from Maine (Mr. Hathaway) be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Colorado (Mr. Haskell) for himself, Mr. Kennedy, Mr. Hollings, and Mr. Hathaway, proposes unprinted amendment No. 75 to committee amendment No. 11.

Mr. HASKELL. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 114, between lines 13 and 14, insert the following:

(d) Deductible Losses of Limited Partner Cannot Exceed Investment.—

(1) General rule.—Section 752 (relating to treatment of partnership liability) is amended by adding at the end thereof the following new subsection:

"(e) Limited Partner.—In the case of a limited partner, his share of partnership liabilities shall not exceed the difference between his actual contribution credited to him by the partnership, and the total contribution which he is obligated to make under the partnership agreement.".

(2) Effective dates.—

(A) Except as provided in subparagraph (B), the amendment made by paragraph (1) applies to partnerships formed after June 30, 1976.

(B) In the case of a partnership substantially all of the activities of which involve the construction or rehabilitation of low-income housing (within the meaning of section 1039(b)), the amendment made by paragraph (1) applies to partnerships formed after December 31, 1981.

On page 114, line 14, strike out "(e) Effective Date.—The amendments" and insert in lieu thereof "(e) Effective Date.—Except as provided in subsection (d)(2), the amendments".

Mr. HASKELL. Mr. President, this amendment is extremely simple. It simply says that in the case of limited partnerships the limit of deductions is the actual investment or the obligation to make an investment. In other words, he may not take the deductions beyond what he has or what he will be obligated to put into the project.

That very simply is the explanation.

With that, I move the adoption of the amendment.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. HASKELL. I yield.

Mr. KENNEDY. Mr. President, I understand the way that the current situation looks is as follows:

The "syndicated tax shelter" is the mass marketing technique used by tax shelter brokers. An individual buys a tax shelter limited partnership interest just like he buys a share of stock—and indeed sales of these interests are subject to SEC and NASD rules just as are sales of stock.

Tax shelters use the limited partnership form so that tax "losses" generated by the partnership activity can be used to reduce taxes on other income of the investor-limited partner.

The major reason why tax shelters use the limited partnership rather than a corporation is that an old IRS regulation lets the investor-limited partner take tax deductions in excess of the amount of his actual "at risk" investment. This is accomplished by letting the limited partner include in his tax basis a pro rata share of nonrecourse financing obtained by the partnership. Thus, even though he has no personal liability to repay the partnership loan, the limited partner is allowed to take deductions that relate to that loan. Investors in corporations are not allowed to do this.

For example, suppose an individual puts $10,000 in a corporation to buy stock and the corporation borrows $90,000 on a nonrecourse basis. If the corporation elects under subchapter S to be taxed as a partnership, the investor can only take tax deductions from the corporation up to his $10,000 investment.

But if the same individual puts $10,000 in a limited partnership, which borrows $90,000 on a nonrecourse basis, the individual gets to claim $100,000 in deductions from the partnership, even though he has no personal liability ever to repay the $90,000 loan.

Investors in limited partnerships and in electing small business corporations—subchapter S corporations—should be treated the same. Like a shareholder, the investor-limited partner has no liability for any of the operations of the business—he cannot be sued for nonpayment of the loan, tort liabilities, wage claims, et cetera. Therefore, the same tax rules should apply to both kinds of investments.

The amendment repeals the Treasury regulation and permits a limited partner to include in his tax basis only those partnership loans on which he has personal liability. This will make sure that the investor does not obtain tax deductions for dollars that he never has to spend.

The amendment will apply to limited partnerships formed after June 30, 1976, except that in the case of low-income housing it will apply only to partnerships formed after December 31, 1981.

What our amendment does is limit the amount of deduction to the actual amounts that they are actually putting up.

Mr. HASKELL. The Senator is absolutely correct.

Mr. KENNEDY. I understand that under the existing situation, under subchapter (s), if we had a similar situation with which small businessmen or women were involved, they would not be eligible for this same treatment. The way the regulations have been drafted for small businessmen and interpreted by the Treasury Department, they are virtually prohibited from taking advantage of a similar provision.

Mr. HASKELL. I would concur with the Senator if someone in an organized corporation so elected under subchapter (s), they would not be able to take it. But if they chose to operate as a limited partnership, they could deduct that much many times over—as a matter of fact, 300 or 400 percent of their actual or obligated investment in the project.

Mr. KENNEDY. Furthermore, as I understand, we are not talking about individuals who may want to receive a nonrecourse loan—one who has a credit position, for example, and goes out as an individual and is able to get a nonrecourse loan and is able to take advantage of it based upon his kind of equity situation. As I understand, we are talking about the particular device of limited partnerships, which have been marketed very freely as tax shelters, and which provide these kinds of deductions. As I understand it, if we are able to provide the limitation on deductions up to just the amount that is actually committed by the individual, we will be saving up to $50 million. That is the revenue estimate of this particular amendment.

Mr. HASKELL. I concur with the Senator. The Senator undoubtedly is correct. This really goes basically to the heart of syndicated operations sold to the general public.

I mention for the RECORD that there is a very interesting article in the Philadelphia Bulletin, entitled "Strange World of Real Estate Tax Shelters Finds 4 Percent Investments Pay Off." You invest a small amount of money, you get many times the writeoff, and you use that writeoff against other income.

This is merely to conform a limited partnership with what the Senator has said is the rule in subchapter S to corporations.

Mr. KENNEDY. The Senator has stressed that what we are really interested in is the syndicated operation. We are talking about the common practice which, as the Senator from Colorado pointed out, may involve 1,200 to 1,500 limited partners. Clearly, they should be treated as corporations, and no corporations would be eligible for this kind of special preference. If it were a corporation, it would not be permitted.

What we are talking about here is the large-scale syndication by the various groups which market these shelters and make a very substantial profit. That is the area we are trying to reach.

Mr. HASKELL. The Senator is correct. Does the Senator from Texas have any questions?

Mr. KENNEDY. As I understand it, in other provisions of the code, we accept the at-risk rule. Is that correct?

Mr. HASKELL. That is correct. For example, I believe that on page 65 of the committee amendment, section 202, which we adopted recently, the same principle is accepted.

Mr. KENNEDY. Will the Senator tell us how it shows we are consistent?

Mr. HASKELL. Certainly. This at-risk rule, which appears on page 65 of the bill, says that you must have a real investment in certain types of activities. This would be motion pictures, farming, leasing, and oil and gas operations. This merely provides that rule right across the board in all investments, including, I might say, the antique car investment that the Senator from Massachusetts mentioned, which I never heard of before. It makes it a consistent rule across the board.

Mr. KENNEDY. This is basically following the at-risk rule which has been adopted in other parts of the Finance Committee recommendation.

Mr. HASKELL. It was adopted by the Finance Committee, and has been adopted by the Senate as a whole.

Mr. KENNEDY. So it is consistent. It is not really new ground. And the return on this is approximately $50 million.

Mr. HASKELL. That is my understanding.

Mr. KENNEDY. I thank the Senator.

Mr. BENTSEN. Mr. President, will the Senator yield?

Mr. HASKELL. I yield.

Mr. BENTSEN. Mr. President, we considered this at length in the committee and first looked at it with the same approach that the Senator from Massachusetts and the Senator from Colorado propose.

What this amendment really aims at principally is real estate, because we took action on movies and put in the at-risk provision there because we had seen some substantial abuses. We did the same thing on farming operations. We also did it on oil and gas. Then we took personal property equipment leasing and provided the same provisions there—the at-risk provision.

However, when you look at real estate, we are really looking at a different animal. Real estate, in itself, has its intrinsic value. Someone puts in 20 or 25 percent, and an insurance company makes a loan. Rarely does it really look at the individual. Take a financial statement of an individual, and those things can be fixed up so that they will represent just about anything the fellow wants.

So they look to the real estate itself for their recovery, and it is not a sham deal. It is a thing which has a fair market value, it is a well established one, and they can determine that fair market value. So we decided not to extend the at-risk provision to it; because, in effect, what has happened over the years is that real estate generally has increased because of inflation.

We felt that this was not a subterfuge or a tax dodge in which syndications or limited partnerships historically have used this kind of vehicle to buy properties. We also believe that if we extend this limitation to real estate, we are going to find a serious slowdown in the real estate business. I do not think we want that. I believe we want to continue to see the real estate business grow and expand. The question of stagnating that part of the economy, I believe, would come about to a degree if we adopted this kind of limitation.

Again, we are talking about something that really has an intrinsic value, that long-term financing, historically, has really not looked to the individual who went on the notes. That individual could die, and his estate taxes could wipe out his personal estate.

They were looking to the real estate itself. Take a look at bank loans, sit on a bank board, see what the examiners say about real estate value and how they look to that, rather than the financial statement of the individual.

Mr. HASKELL. Mr. President, who has the floor?

The PRESIDING OFFICER (Mr. STONE). The Senator from Texas has the floor.

Mr. BENTSEN. I am delighted to yield to the distinguished Senator from Colorado.

Mr. HASKELL. With respect to intrinsic value, would the Senator say that farming does not have any intrinsic value?

Mr. BENTSEN. If we get into a syndication operation on farming, if we get into one on cattle, if we get into one on a Black Watch farming operation, that value can disappear overnight, and that has been done time and time again. Real estate is a much slower process. A town starts moving in another direction. But it is not something that overnight or in a matter of 30 days has disappeared. It is there.

Mr. HASKELL. Would the Senator say that oil and gas do not have any intrinsic value?

Mr. BENTSEN. That is the same kind of problem. Consider the problem that the Senator saw on a syndication in his State, a major one, that got into serious problems overnight. Some so-called sophisticated investors got into it and were wiped out.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BENTSEN. I yield.

Mr. LONG. Actually, is it not true that major companies put their corporate credit behind their loans; and, so far as independents are concerned, what those people do in the main is to pledge the wells they have in order to borrow money to drill the next well? That is the practice in that industry. The banks will not lend money, for the most part, especially to the independent, unless they are assured that he either has the oil in place to protect the loan, or he has enough assets, such as his drilling rig, his pipe, and tubing and various other assets, which have a market value. Otherwise, for the most part, they will not make the loan.

Bankers are very careful in looking at an oil loan, because they know it is a risky loan. Therefore, the people in the oil business have to put up the assets, unless they are a big corporation, in which event they are pledging the credit of a large corporation.

Mr. HASKELL. Mr. President, will the Senator from Texas yield further?

Mr. BENTSEN. I yield.

Mr. HASKELL. I point out that the Finance Committee applied the at-risk rule—that is all we are talking about here—which applies so long as I have money in it or so long as I am obligated to put money in it.

I can take deductions, no question about that. The time when the Senate Committee on Finance forbade me to take deductions is when it is beyond my investment or obligation to invest. Among other things, the Senate Committee on Finance applied this rule if my investment was in violins; it applied this rule if I went into an oil and gas venture. The Senator from Louisiana has said that if, in oil and gas, I take my well and I put it up as collateral, I still have something at risk. That is not the example that we are talking about.

We are saying in this amendment, the Senator from Massachusetts and the Senator from Maine and the Senator from South Carolina (Mr. HOLLINGS) and myself, that the same rule ought to apply across the board, whether it is antique cars, mentioned by the Senator from Massachusetts, whether it is violins, whether it is coins, whether it is real estate. So all we are saying is if I am personally obligated to pay that note then I can take the deduction. If, on the other hand, that note is nonrecourse, I should not be able to takes these deductions because I do not have anything in it, and I am not liable to put anything in it. It is just that simple.

Mr. BENTSEN. Let us look at the antique car and let us look at the antique violins. Any bank that makes a loan on one of those generally is going to be looking at the financial statement of the individual. They are not going to be making a 25- or 30-year loan, as they would on real estate. But when you make a loan on real estate and you make yourself a long-term loan, you look to the real estate itself, and it is a very secondary thing that you look at that individual. This is not a subterfuge, such as we have seen in other areas.

We did see one situation where we thought there was an abuse in the real estate interest and that was on interest during construction. We took that over and moved it into the minimum tax and subjected it to the minimum tax.

But to talk about the "at-risk" provision being applied to real estate, with the general stability in comparison to these other types of investments and where the long-term financing is being applied and has been applied for at least 200 years in this country, then we do not believe that this is a so-called area of abuse.

Mr. HASKELL. If the Senator will yield for just one comment——

Mr. BENTSEN. I am happy to discuss this.

Mr. HASKELL. I think we have discussed this enough.

Mr. BENTSEN. I know the deep feeling and the sincerity of the Senator.

Mr. HASKELL. A typical example would be where you have a syndicate. You have one general partner, and a limited partner; the general partner signs the note. He is generally obligated, but the limited partner is not, but he passes off his tax deductions to the limited partner and that is how he makes the sale. That is the type of deduction we are out to stop. It is not real liability, and I hope that the Senate will adopt this amendment.

Mr. BENTSEN. That is the section we are amending.

Mr. BUMPERS. As I understood the Senator's amendment, it excludes low rent housing. Is that correct?

Mr. KENNEDY. The Senator is correct.

Mr. BUMPERS. Second, are not apartment houses and condominiums—they represent real estate. Is that not one of the favorite areas for people who are attempting to shelter income?

The question is, we were trying to make a distinction between real estate and other things such as movies and oil and gas and so on. I was curious as to whether condominiums and apartment houses are not one of the favorite targets of people who are attempting to shelter income.

Mr. BENTSEN. We have dealt with that in part in the minimum tax.

Let me say this to the distinguished Senator: You run the numbers on an apartment project today and it does not take any genius to see that you are not going to come out unless you have some tax incentive in it. Yet we ought to be trying to encourage housing in this country.

There are those who would argue that what we ought to do is appropriate in the way of a direct subsidy, that we ought to leave it to a government bureau to decide what should be given in the way of a direct subsidy. Frankly, I agree that the tax incentive method is the better method to do it.

Again, what we are talking about here is something that, historically, has been done for a very extended period of years. It is not something that somebody has dreamed up lately as a so-called tax loophole.

Mr. BUMPERS. If the Senator will permit me, I was handed this. Here is a brochure which I think illustrates the point I am trying to make. It is a brochure, apparently put out by a seller of tax shelters, and I quote it:

> Investors Tax Sheltered Real Estate, Ltd. . . . is a limited partnership through which individual investors may benefit from the advantages of group investment in a professionally managed, diversified and conservative portfolio of income-producing real estate.
>
> Investment Objectives; Tax Sheltered Cash Flow: To generate tax sheltered cash income for distribution to investors on a quarterly basis.
>
> Capital Appreciation; To produce profits for investors on the ultimate resale of the Partnership's investments.
>
> Equity Build Up; To increase the equity through payment on mortgage principal, to be recovered for investors upon resale of Partnership's property.

Additional Tax Shelter; To produce additional tax write-offs which the investor may apply to other ordinary income.

Mr. BENTSEN. I say to the distinguished Senator, we have moved on many of the things he is talking about. No longer are we going to let them get by with interest on construction without putting them under the minimum tax. We have moved on depreciation recapture to see if we can end the abuse there. Then on section 210, we have said we are not going to let the limited partner take a tax deduction on income which applies to different parties. That, too, has been done to try to protect against some of the things that they are trying to promote.

Mr. BUMPERS. Why should a person who wishes to make an investment, if he wants the writeoffs in case they become available to us, why should he simply not sign the note? All we are interested in is the general investor. He is not seeking to shelter his income. Why can he simply not sign the note, then he would be eligible for any losses that may occur?

Mr. BENTSEN. There are a thousand reasons why a person will not make a personal liability——

Mr. BUMPERS. I have always had to sign recourse notes.

Mr. BENTSEN. A personal liability on the question of a note—the Senator is talking about affecting his financial statement when he signs with personal liability. Perhaps he can get in at 25 percent equity and he borrows the other 75 percent. If he signs that other 75 percent with personal liability, that shows up in his financial statement as a liability and affects his borrowing capacity for other kinds of deals that he might be trying to go into.

So he takes it the other way, where he knows that the lender is really going to be looking at the real estate, in effect, but he keeps his financial statement cleaner and more solvent, insofar as its appraisal to borrow money to go into another type of deal. He does that not as a subterfuge but so that he continues to have the borrowing capacity to go into the other deals.

Mr. LONG. Will the Senator yield?

Mr. BENTSEN. Yes, I am glad to yield.

Mr. LONG. Just to give an example, I advised a young man a while back not to put his name on a $5 million note. The young man did not have more than perhaps $50,000 of net worth anyhow. I said, "Don't put your name on that note. That would be a mistake."

The young man did put his name on the note because he was told, "If you don't sign the note, it looks like you don't have confidence." He put his name on that note, and he spent about 5 years trying to get his name back off that note.

Finally, the only way he managed to get off the note was to convince the people that if they foreclosed and took everything he had, they would get nothing practically by the time they got through with him anyhow.

Once one finds himself on a note like that and the thing starts going a little sour, he cannot go into anything. He cannot go into any business where his name or his credit would be involved because he is on a note if the thing is not going too well.

Many times banks will make a loan just because the assets are there, and then they watch that project like an old hen watching her biddies to see that every dollar goes into that project. They are satisfied that everything they put up is protected and the value is in it, and there is a certain amount of equity that has to go in to begin with to make the thing start.

Now, in those type situations it is quite different from what it is in an oil and gas well, for example. If you build a building, the building is there, you know what it is worth, what it would cost to construct it. It has a lot of intrinsic value.

If you drill an oil well, for example, and that comes in a dry hole, friend, that hole in the ground is worth nothing. In fact, it is going to cost you money to fill the fool hole up, and they will make you do that as a matter of conservation.

So it is quite a different matter to pledge a valuable piece of real estate that is purchased or that one is going to improve compared to taking a speculative or risky investment where you are going to drill an oil well or a gas well or go into a business that has some very great risk to it.

Mr. BENTSEN. Let me say again to the distinguished Senator, I want to be sure, because those things have concerned us, and we have tried to move on them, that we have in addition taken excess investment interest over investment income, and we put that under the minimum tax, and that is a broadening of the minimum tax. I have some questions about that myself as to whether we should have but, nevertheless, that was done to try to stop some of the abuses.

We took interest during construction and did the same thing there. Then we took accelerated depreciation recapture, and then we said under this same provision you cannot let the general partner make an allocation of income in one direction and expenses in another direction to the particular benefit of individual limited partners in the deal to try to hit some of the things you are talking about.

Mr. KENNEDY. I wanted to get the floor in my own right.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I think the questions that were put forward by the Senator from Arkansas have a great deal of merit to them and really reach to the heart of this whole issue.

In the area of a limited partnership, there really is no liability outside of the money that has actually been put up, there is absolutely none.

We have heard a great deal during the course of the debate this afternoon about the free enterprise system and about incentives and about those who are prepared to take risks. But, in effect, what we are doing in the tax code is underwriting deductions for risks that are unwilling to be taken by the investor, and that is the area we are reaching in the nonrecourse loans. They are not taking those risks. Their names are not appearing on those notes. And, with all respect to the position which has been taken by the Finance Committee about how they are going to reach that interest payment by the minimum tax, they are talking about a minimum tax of only 15 percent. That leaves 85 percent of the tax shelter still open.

So I would hope, Mr. President, we could adopt the amendment of the Senator.

Mr. BENTSEN. I would say—I am not moving to table, we would be delighted to vote this up or down if the Senator from Colorado is ready for a vote on it—I think we have covered the subject.

Mr. HATHAWAY. I would like to ask a question with regard to the argument the Senator from Texas is making with respect to real estate.

The thrust of our amendment is that we want to come in line with all of the other at-risk provisions that the Senate Committee on Finance has adopted, and we are looking at it from a point of view of the investor. Even though the Senator from Texas is correct, that the lender is not concerned in this case with real estate because he has the security for real estate, it still is a windfall to the individual investor who only puts up a small amount of cash and then gets the benefit of the note the partner signs on which he is not obligated. So he is still getting the benefit of that additional deduction with no money at risk, and we just want to correct that situation in real estate and in all other situations.

If there is so little risk, why can he not simply sign the note? If, as the Senator from Texas says, the lender is going to look to the security of the property first anyway, it seems like we are asking very little to say that we will let the limited partners sign a note for whatever amount of money they want to go on, and let that be the limit, and that is what they would have at risk. They would have the cash they put in, plus whatever portion of the loan they want to sign for.

Mr. BENTSEN. I would say again to the distinguished Senator that we did look at it with the idea of providing the same kind of provisions that we applied to oil and gas, farming, motion pictures, leased personal property, but we did see it as something apart the more we studied it because of the length of the loans against that property, 25, 30, 35 years and that, in turn, it was the traditional way of doing business in that particular industry, and that if you turn around and put the at-risk limitation on it, I think you will see a very substantial curtailment in building, which is already in trouble.

In the building trades we see a very high level of unemployment. I think this would add to that problem substantially because I just do not think you would see the investment capital going into these deals.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. BENTSEN. Yes.

Mr. LONG. Keep in mind we have a lot of people out of work in these industries. You could find a lot of little people—I say little in relative terms, I mean people who have enough money to make an investment and who are making $50,000 a year or better—who are willing to go in and put some of their money into the equity that it takes to make a project move, but who really do not know enough about that business to feel they want to put their name or would put their name on the note and take the full liability.

But if it is a lender, an insurance company or bank, that knows that business intimately or has people in its loan section who know everything about that kind of business, and if they feel comfortable making the loan, those projects provide a lot of jobs for a lot of people.

The last time I looked at it—I think it has improved since that time—20 percent of our construction trade workers were out of jobs.

Now, the idea of trying to pursue some person who might get a tax advantage to the extent that you put a person out of work can be very much overdone.

When the practice in this industry for many years has been if people put up a certain amount of equity, maybe 10 percent, maybe 15, sometimes 20, if they will risk their money—and, after all, there are 10 times as many chances they would lose that money than there are that the bank or the insurance company is going to lose the 80 percent that it loans—if those people are willing to take that kind of chance and move forward with a project that puts a lot of people to work, the economy benefits.

So there is a difference where one has a long, established practice and where the asset on which the lender is making the loan is a very good, solid asset.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. BENTSEN. I yield to the distinguished Senator from Nebraska.

Mr. CURTIS. I want to say that I think the solution arrived at by the Finance Committee is a reasonable one. I think we have acted in a way that takes care of the major abuses, substantially all.

I also wish to state that the Treasury and the administration are opposed to the pending amendment.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. BENTSEN. Yes, of course.

Mr. PASTORE. What is the amount of the deductibility, is it the equity investment or does it go beyond?

Mr. BENTSEN. It goes beyond that in real estate.

Mr. PASTORE. In other words, you are allowing a man to deduct something that he has not put up the money for?

Mr. BENTSEN. He has put up the equity money, that is what he has done. But we have moved in other directions to try to cure some of the abuses. We have taken the interest during construction, which had been an abuse felt by many, and put that under the minimum tax. In addition to that, we said we had accelerated depreciation recapture. We have taken those kinds of steps to try to remedy it.

For 100 years, 200 years, this other procedure has been in effect. This is not something that has been dreamed up lately as some tax dodge, and you change really the economic numbers very substantially for the building that is taking place in the country today if we take the amendment of the Senator from Colorado.

Mr. PASTORE. May I give a hypothetical case: Let us assume that the project is a $100,000 project, and the individual invests, let us say, 20 percent, which is $20,000, in the project, and the project goes under.

Does the Senator mean to tell me he can deduct from his taxes more than $20,000?

Mr. BENTSEN. No. He has only lost the $20,000.

Mr. PASTORE. How much does he deduct?

Mr. KENNEDY. The answer is $100,000.

Mr. BENTSEN. What we are arguing about is depreciation on this. If the project goes under, he loses his equity and that is all he can deduct on a straight out-and-out loss.

What we are referring to here, what the Senator from Colorado and the Senator from Massachusetts are referring to——

Mr. KENNEDY. The Senator did not respond to the Senator from Rhode Island, that he should only be able to deduct his equity.

Mr. PASTORE. But he should not deduct anything beyond that.

Mr. KENNEDY. Then the Senator will vote for this amendment?

Mr. PASTORE. I certainly will, if that is the case.

Mr. KENNEDY. That is the case.

Mr. BENTSEN. The problem on that—he would get the $80,000 back as income on cancellation of the note—is what would happen to wash out.

Mr. HASKELL. Mr. President, I would like to mention to the Senator from Rhode Island that, clearly, he can deduct what he has got in it, but what we are talking about is deducting several times what he has got in it.

So he can deduct through depreciation, under the example, $100,000.

We do not think that is right.

Mr. PASTORE. Well, do not get excited, I agree.

Mr. KENNEDY. I ask for the yeas and nays, Mr. President.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BENTSEN. Mr. President, I am ready to vote on this issue, and I think the Senators are.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Michigan (Mr. PHILIP A. HART), and the Senator from Arkansas (Mr. MCCLELLAN) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

Mr. HUGH SCOTT. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), the Senator from Nebraska (Mr. HRUSKA), and the Senator from Virginia (Mr. WILLIAM L. SCOTT) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

The result was announced—yeas 48, nays 44, as follows:

[Rollcall Vote No. 318 Leg.]

YEAS—48

Abourezk
Allen
Bayh
Biden
Brock
Brooke
Bumpers
Burdick
Case
Church
Clark
Culver
Durkin
Eagleton
Ford
Glenn
Hart, Gary
Hartke
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Jackson
Javits
Kennedy
Leahy
Magnuson
Mansfield
Mathias
McClure
McGovern
McIntyre
Metcalf
Mondale
Morgan
Muskie
Nelson
Nunn
Pastore
Pell
Proxmire
Ribicoff
Schweiker
Stafford
Stevenson
Weicker
Williams

NAYS—44

Baker
Bartlett
Beall
Bellmon
Bentsen
Byrd,
Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Cranston
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Garn
Gravel
Hansen
Hatfield
Helms
Inouye
Johnston
Laxalt
Long
McGee
Montoya
Moss
Packwood
Pearson
Percy
Randolph
Roth
Scott, Hugh
Sparkman
Stennis
Stevens
Stone
Taft
Talmadge
Thurmond
Tower
Tunney
Young

NOT VOTING—8

Buckley
Goldwater
Griffin
Hart, Philip A.
Hruska
McClellan
Scott,
William L.
Symington

So the Haskell-Kennedy amendment was agreed to.

Mr. HASKELL. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PASTORE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LONG. Mr. President, this amendment was offered——

The PRESIDING OFFICER. The Senate is not in order. The Senator will suspend until order is restored. The Senate will be in order.

Mr. LONG. Mr. President, this amendment was offered as an unprinted amendment, and I do not believe that the people who will be affected by this, particular in the real estate industry, anticipated this result.

They came down and told their story in certain areas. I doubt that they discussed this matter with Senators and Representatives, or those who represented them, because this amendment will pose a very severe, unanticipated problem for the real estate industry.

This is a much tougher provision on that industry than the LAL was, far tougher. Secretary Simon had recommended the LAL, and recommended against this. I believe Senators are going to hear from their real estate people that this is going to cost a lot of jobs; it is going to cost a lot of construction trade people, who would otherwise have been employed, not to be employed.

I believe the Constitution gives every

person the right to petition Congress and to explain his probems. I have never objected to one of my constituents calling me and explaining his problems to me. I think that is his right under the Constitution, and I do not take the view that people who invest their money and provide employment and opportunities in moving their communities ahead, in my State, have no right to communicate with the man who represents them here in Washington.

I would suggest that those who among the public find themselves unanticipatedly confronted with this proposition would do well to consult their Senators and Representatives, at least by telephone or by telegram or personal letter, because this amendment, in my judgment, is going to just wreck havoc with the construction industry, the construction of office buildings, shopping centers, housing projects—just all of those projects around this country. I would not be surprised if the building trades unions would be very much upset when they begin to see what can be expected to flow from that amendment.

I have always believed that the country will survive in spite of the Congress of the United States. I do not think that any mistake we are capable of contriving will destroy this country. I have seen us make enough of them by now that I am convinced that the country will make it, that the country is too strong for Congress to destroy it. I have confidence that we will muddle through, even if we make mistakes.

But I hope Senators will make themselves available to hear the views of those who will be affected by this amendment from their States, and that is all I am asking—the views of those from their own States who have such problems, because I believe most of us will find that people are very much upset about what this will mean.

When people undertake to build an office building, a housing project, or something of that sort, they are willing to take their share of the risk and put up their share of the money, but if they have to sign a $5 million note or a $20 million note and put that on their net worth statement every time they try to borrow money for their business thereafter, they will just say, "No, I am not going to go in on it, beccause I am not willing to say, every time I try to borrow some money to keep my business going, that I have got a liability over here, direct or contingent—and most bankers do not care about the distinction between a direct liability and a contingent liability—'I have this $5 million liability, or $20 million liability over here, that you ought to be aware of.' "

It would give them so many problems when they put that on their net worth statements when they seek to borrow money to carry out the essential needs of their businesses that I think a great many people will be reluctant to participate in efforts to go forward and improve their communities.

Many of these things they want to do would be the pride of their communities, if they can be built.

I will just trust for the future, in the course of the consideration of this bill, and hope that Senators will expose themselves to the views of their constituents, because before we have finished the consideration of this bill, Senators may have a change of heart, and if they do I would be pleased to hear from them.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. HASKELL. Mr. President, I think it is well to put what we have done in perspective. What we have done is to say that if you have an investment in property made in cash, and if you are additionally obligated on a note, you may take depreciation and deductions in full. All we have said is that when you do not have a real investment, you cannot take deductions upon your investment.

It is obviously fair that when there is a tax shelter syndicate which sells limited partnership interests across the land, in effect, selling false deductions—if they object, so be it. I would really say that I think we have reason to be very pleased with the amendment we have adopted.

Mr. HUMPHREY. Mr. President, I think the Senator from Colorado has made extraordinarily clear the essence of what we have just done, in his statement as to what our purpose was and what we have done. The whole matter of jobs and construction is not involved in the amendment that we just agreed to. What is involved is monetary policy, interest rates, and mortgage money availability; and for us to dance all around the edges here, like butterflies around a fire, without looking at what the real problem is, I think is ridiculous.

The housing industry and the construction industry have been in the doldrums, and they have had all of the tax advantages that we could think of, but they have not had cash. They have not had credit. They have not had money. They have had exorbitant interest rates on construction loans and other types of loans, and therefore could not possibly do their job.

I might add that monetary policy may be a whole lot more important, ultimately, for jobs in this country, than some of the amendments which have just been adopted.

Mr. BENTSEN. Mr. President, I agree with the Senator from Minnesota that monetary policy is very important. All you have to do is look at the interest rate for 30 years of payments on a monthly mortgage to know how important it is.

But this amendment will, I think, substantially curtail construction in this country at a time when we have high unemployment, and we have particularly high unemployment in the building trades, and at a time when we are trying to get the economy moving again.

We have talked a lot about the House of Representatives and what they have done. The members of the committee, and some of those proposing these amendments, have been the ones who have been espousing what the House committee has done, because they felt the product of the House committee was tougher than what was done by the Senate Committee on Finance.

But the House considered this provision and decided it was too tough, and they did not put it in the bill they sent over to the Senate. They considered it and turned it down, because of what they thought would be a serious impact on building in this country, and because this was the traditional way that you finance a bill. This is not something that has been dreamed up in the last year or 5 years. This is something that has been done for 100 years in this country of ours.

When Senators say there is no loss, when you put in 25 percent equity, there is a loss and a substantial loss if the venture goes sour.

Again I regret the action the Senator has taken tonight, and I do believe, after more consideration, had Senators had an opportunity to listen to more debate, the action of the Senate on this matter might have been different.

The PRESIDING OFFICER. The question is on agreeing to committee amendment No. 11, as amended by the Haskell amendment. The yeas and nays have not been ordered.

Mr. BENTSEN. Mr. President, I am not asking for the yeas and nays. I have had enough yeas and nays for a while. I am ready to vote on the amendment.

The PRESIDING OFFICER. The question is on agreeing to committee amendment No. 11, as amended (putting the question).

The Chair is in doubt, and asks for a division.

A division was taken, but the result was not announced.

Mr. ALLEN. Mr. President, I call for the yeas and nays.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. The Senator from Louisiana.

SEVERAL SENATORS. Regular order, Mr. President.

Mr. LONG. Mr. President, I believe there is enough importance to this amendment that Senators would do well to think about this matter overnight. [Laughter.]

Mr. ALLEN. A point of order, Mr. President. Have the yeas and nays been ordered?

The PRESIDING OFFICER. The Senator will state his point of order.

Mr. ALLEN. Have the yeas and nays been ordered?

Mr. LONG. Mr. President, I do not yield for that purpose.

Several Senators addressed the Chair.

Mr. LONG. Mr. President, I have the floor. I was recognized by the Chair. I ask the Chair to protect my rights, Mr. President.

Several Senators addressed the Chair.

Mr. CULVER. Mr. President, may I be recognized for a point of order?

The PRESIDING OFFICER. The Senator from Louisiana has the floor.

Mr. PASTORE. That is right.

Mr. LONG. Mr. President, let me say to Senators——

Mr. WEICKER. Point of order, Mr. President.

Mr. LONG. I do not yield for a point of order.

Mr. WEICKER. I asked the Chair for a point of order. I did not ask the Senator from Louisiana.

Point of order, Mr. President.

Mr. LONG. I do not yield for a point of order and will not be shouted down. I am going to speak here, Mr. President, and I know my right.

The PRESIDING OFFICER. The Senator from Louisiana is right. The Senator from Louisiana does not have to yield in order for a point of order.

Mr. LONG. I proceed to say, Mr. President, that I believe a mistake was made and perhaps at this moment it might not be retrievable.

It may well be that if we think about it overnight we might not want to agree with the amendment. In view of the fact that those of us who have been managing the bills have been very successful up to this point, but lost on this amendment—I believe we are right, but we lost—I think we ought to accept that verdict.

Therefore, Mr. President, as far as I am concerned the Senate can go ahead and vote on it or do whatever it wants to do. I am confident if the Senate is in error we will have enough time to think about this matter at the time the bill is passed and if Senators wish to change their minds they can let we know and we will try to find some other way to think about the matter again.

The PRESIDING OFFICER. The yeas and nays have been called for.

Mr. MANSFIELD. I ask for the yeas and nays.

Mr. PASTORE addressed the Chair.

The PRESIDING OFFICER. Is there a sufficient second?

Several Senators addressed the Chair.

The PRESIDING OFFICER. The request for the yeas and nays is a constitutional request. The yeas and nays were called for.

Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. PASTORE. Mr. President, I hope that we not vote tonight. I think the same result will be achieved tomorrow. In this moment of excitement, the Senator has asked us to go home and think about it. I knew what I was going to do. I am not going to change overnight. I voted for the amendment, and those who voted for the amendment I think will do so tomorrow. But I think in this moment of excitement we ought to pause a little bit and realize that it is 7 o'clock at night and give ourselves a chance to go home, think about this, and come back and do the same thing tomorrow. So I hope that we not vote tonight.

Mr. LONG. Mr. President, I do not feel that way about it. As far as I am concerned I am happy for the Senate to go ahead and vote.

Mr. PASTORE. That is fine.

SEVERAL SENATORS. Vote!

The PRESIDING OFFICER. The yeas and nays have been ordered.

The question is on agreeing to committee amendment No. 11, as amended by the Haskell amendment.

The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. McClellan), the Senator from Mississippi (Mr. Stennis) and the Senator from Michigan (Mr. Philip A. Hart) are necessarily absent.

I also announce that the Senator from Missouri (Mr. Symington) is absent because of illness.

Mr. HUGH SCOTT. I announce that the Senator from Arizona (Mr. Goldwater), the Senator from Michigan (Mr. Griffin), the Senator from Nebraska (Mr. Hruska), the Senator from Maryland (Mr. Mathias), and the Senator from Virginia (Mr. William L. Scott) are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

The result was announced—yeas 48, nays 42, as follows:

[Rollcall Vote No. 319 Leg.]

YEAS—48

Abourezk
Allen
Bayh
Biden
Brock
Brooke
Bumpers
Burdick
Case
Church
Clark
Culver
Durkin
Eagleton
Ford
Glenn
Hart, Gary
Hartke
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Jackson
Javits
Kennedy
Leahy
Magnuson
Mansfield
McClure
McGovern
McIntyre
Metcalf
Mondale
Morgan
Moss
Muskie
Nelson
Nunn
Pastore
Pell
Proxmire
Ribicoff
Schweiker
Stafford
Stevenson
Weicker
Williams

NAYS—42

Baker
Bartlett
Beall
Bellmon
Bentsen
Byrd,
Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Cranston
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Garn
Gravel
Hansen
Hatfield
Helms
Inouye
Johnston
Laxalt
Long
McGee
Montoya
Packwood
Pearson
Percy
Randolph
Roth
Scott, Hugh
Sparkman
Stevens
Stone
Taft
Talmadge
Thurmond
Tower
Tunney
Young

NOT VOTING—10

Buckley
Goldwater
Griffin
Hart, Philip A.
Hruska
Mathias
McClellan
Scott,
William L.
Stennis
Symington

So committee amendment No. 11, as amended, was agreed to.

Mr. HASKELL. I move to reconsider the vote by which the amendment was agreed to.

Mr. KENNEDY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, for the information of the Senate, there will be no more votes tonight.

COMMITTEE AMENDMENT NO. 12

The PRESIDING OFFICER. The clerk will state the next committee amendment, No. 12.

The legislative clerk read as follows:

On page 114, line 17, strike out all through page 115, line 20, and insert in lieu thereof:

SEC. 211. SCOPE OF WAIVER OF STATUTE OF LIMITATIONS IN CASE OF ACTIVITIES NOT ENGAGED IN FOR PROFIT.

(a) IN GENERAL.—Subsection (e) of section 183 (relating to special rule for activities not engaged in for profit) is amended by adding at the end thereof the following new paragraph:

"(4) TIME FOR ASSESSING DEFICIENCY ATTRIBUTABLE TO ACTIVITY.—If a taxpayer makes an election under paragraph (1) with respect to an activity, the statutory period for the assessment of any deficiency attributable to such activity shall not expire before the expiration of 2 years after the date prescribed by law (determined without extensions) for filing the return of tax under chapter 1 for the last taxable year in the period of 5 taxable years (or 7 taxable years) to which the election relates. Such deficiency may be assessed notwithstanding the provisions of any law or rule of law which would otherwise prevent such an assessment."

(b) CROSS REFERENCE.—Paragraph (2) of section 6212(c) (relating to restriction of further deficiency letters) is amended by adding at the end thereof the following new subparagraph:

"(E) Deficiency attributable to activities not engaged in for profit, see section 183(e)(4)."

(c) EFFECTIVE DATE.—The amendments made by this Act shall apply with respect to taxable years beginning after December 31, 1969; except that such amendments shall not apply to any taxable year ending before the date of the enactment of this Act with respect to which the period for assessing a deficiency has expired before such date of enactment.

Mr. BENTSEN. Mr. President, what we are dealing with now is what is generally called the hobby farm rule. That is where a person is supposed to make a profit 2 out of 5 years in order to avoid being classed as a hobby farmer. The House bill provides that the taxpayer need not waive the statute of limitations for unrelated items on his return when he does waive it for items that involve the hobby provision.

We know of no serious objection to this. We have accepted the House provisions on it. They are in the committee amendment and, unless there are questions or objections, I urge the adoption of the amendment.

AMENDMENT NO. 1925

Mr. KENNEDY. Mr. President, if the Senator will yield, I have an amendment to this provision at the desk. What I would like to do is have it made the pending business and make a short statement of explanation tonight.

Mr. BENTSEN. Does the Senator mean to this provision or to this amendment or to the title?

Mr. KENNEDY. It is at the end of this committee amendment.

Mr. BENTSEN. But, unless it is to this particular language, I would like to get rid of this and then we shall let the Senator debate his amendment to the title.

Mr. KENNEDY. It is to this provision, Mr. President.

The PRESIDING OFFICER. The Chair has checked and the amendment is in order to the committee amendment.

Mr. BENTSEN. I am not objecting; I am trying to find out.

Mr. KENNEDY. I wish to call it up and have it in as the pending business. Then we can work out any agreement.

Mr. BENTSEN. I see no objection to that.

Mr. KENNEDY. Mr. President, I call up my amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY) proposes an amendment.

Amendment No. 1925

On page 117, after line 6, insert the following as an amendment to committee amendment numbered 12.

SEC. 212. LIMITATION ON INTEREST DEDUCTION.

(a) IN GENERAL.—Subsection (d) of section 163 (relating to limitation on interest on investment indebtedness) is amended to read as follows:

"(d) LIMITATION ON INTEREST ON NONBUSINESS INDEBTEDNESS.—

"(1) PERSONAL INTEREST.—In the case of a taxpayer other than a corporation, the amount of personal interest (as defined in paragraph (4) (A)) otherwise allowable as a deduction under this chapter shall be limited to $20,000 ($10,000 in the case of a separate return by a married individual).

"(2) INTEREST ON INVESTMENT INDEBTEDNESS.—In the case of a taxpayer other than a corporation, the amount of investment interest (as defined in paragraph (4) (E)) otherwise allowable as a deduction under this chapter shall be limited, in the following order, to—

"(A) the excess (if any) of $20,000 ($10,000 in the case of a separate return by a married individual) over the amount of the personal interest for the taxable year, plus

"(B) the amount of the net investment income (as defined in paragraph (4) (B)), plus the amount (if any) by which the deductions allowable under this section (determined without regard to this subsection) and sections 162, 164(a) (1) or (2), and 212 attributable to property of the taxpayer subject to a net lease exceeds the rental income produced by such property for the taxable year, plus

"(C) an amount equal to the net capital gain for the taxable year.

In determining the amount described in subparagraph (C), only gains and losses attributable to the disposition of property held for investment shall be taken into account.

"(3) CARRYOVER OF DISALLOWED INVESTMENT INTEREST.—The amount of disallowed investment interest for any taxable year shall be treated as investment interest paid or accrued in the succeeding taxable year.

"(4) DEFINITIONS.—For purposes of this subsection—

"(A) PERSONAL INTEREST.—The term 'personal interest' means interest on indebtedness other than business interest and investment interest. For purposes of this subparagraph—

"(i) the term 'business interest' means interest on indebtedness to purchase or carry a trade or business or property held for use in a trade or business, and

"(ii) interest shall be presumed to be personal interest unless it is established that it is business interest or investment interest, as the case may be.

"(B) NET INVESTMENT INCOME.—The term 'net investment income' means the excess of investment income over investment expenses.

"(C) INVESTMENT INCOME.—The term 'investment income' means—

"(i) the gross income from interest, dividends, rents, and royalties,

"(ii) the net short-term capital gain attributable to the disposition of property held for investment, and

"(iii) any amount treated under section 1245, 1250, or 1254 as ordinary income,

but not only to extent such income, gain, and amounts are not derived from the conduct of a trade or business.

"(D) INVESTMENT EXPENSES.—The term 'investment expenses' means the deductions allowable under sections 162, 164(a) (1) or (2), 166, 167, 171, 212, or 611 directly connected with the production or investment income.

"(E) INVESTMENT INTEREST.—The term 'investment interest' means interest paid or accrued on indebtedness incurred or continued to purchase or carry property held for investment.

"(F) DISALLOWED INVESTMENT INTEREST.—The term 'disallowed investment interest' means with respect to any taxable year, the amount not allowable as a deduction solely by reason of the limitations in paragraph (2).

"(G) DETERMINATION OF MARITAL STATUS.—The determination of marital status shall be made under section 143.

"(5) SPECIAL RULES.—

"(A) PROPERTY SUBJECT TO NET LEASE.—For purposes of this subsection, property subject to a lease shall be treated as property held for investment, and not as property used in a trade or business, for a taxable year if—

"(i) for such taxable year the sum of the deductions of the lessor with respect to such property which are allowable solely by reason of section 162 (other than rents and reimbursed amounts with respect to such property) is less than 15 percent of the rental income produced by such property, or

"(ii) the lessor is either guaranteed a specified return or is guaranteed in whole or in part against loss of income.

"(B) PARTNERSHIPS.—In the case of a partnership, each partner shall, under regulations prescribed by the Secretary, take into account separately his distributive share of the partnership's investment interest and the other items of income and expense taken into account under this subsection.

"(C) SHAREHOLDERS OF ELECTING SMALL BUSINESS CORPORATIONS.—In the case of an electing small business corporation (as defined in section 1371(b)), the investment interest paid or accrued by such corporation and the other items of income and expenses which would be taken into account if this subsection applied to such corporation shall, under regulations prescribed by the Secretary, be treated as investment interest paid or accrued by the shareholders of such corporation and as items of such shareholders, and shall be appointed pro rata among such shareholders in a manner consistent with section 1374(c) (1).

"(D) INTEREST ON INSTALLMENT PAYMENTS OF ESTATE TAX.—There shall not be taken into account for purposes of this subsection any interest payable under section 6601 on any installment payment of the tax imposed by chapter 11 (relating to estate tax).

"(6) INDEBTEDNESS INCURRED BEFORE DECEMBER 17, 1969, ETC.—This subsection shall not apply with respect to investment interest, investment income, and investment expenses attributable to a specific item of property, if the indebtedness with respect to such property—

"(A) is for a specified term, and

"(B) was incurred before December 17, 1969, or is incurred after December 16, 1969, pursuant to a written contract or commitment which, on December 17, 1969, and at all times thereafter before the incurring of such indebtedness, is binding on the taxpayer.

"(7) INDEBTEDNESS INCURRED BEFORE SEPTEMBER 11, 1975.—In the case of indebtedness attributable to a specific item of property which—

"(A) is for a specified term, and

"(B) was incurred before September 11, 1975, or is incurred after September 11, 1975, pursuant to a written contract or commitment which on September 11, 1975, and at all times thereafter before the incurring of such indebtedness, is binding on the taxpayer,

this subsection as amended by the Tax Reform Act of 1975 shall not apply, but this subsection as in effect before the enactment of the Tax Reform Act of 1976 shall apply.

"(8) CAPITAL GAINS.—For purposes of sections 1201(b) (relating to alternative capital gains tax), 1202 (relating to deduction for capital gains), and 57(a) (9) (relating to treatment of capital gains as a tax preference), an amount equal to the amount of investment interest which is allowable as a deduction under this chapter by reason of subparagraph (C) of paragraph (2) shall be treated as ordinary income.

"(9) REAL PROPERTY LEASES.—For purposes of paragraph (5) (A)—

"(A) if a parcel of real property of the taxpayer is leased under two or more leases, paragraph (5) (A) (i) shall, at the election of the taxpayer, be applied by treating all leased portions of such property as subject to a single lease; and

"(B) at the election of the taxpayer, paragraph (5) (A) (i) shall not apply with respect to real property of the taxpayer which has been in use for more than 5 years.

An election under subparagraph (A) or (B) shall be made at such time and in such manner as the Secretary prescribes by regulations.

"(10) TRUST.—In the case of a trust, the $20,000 amount specified in paragraph (1) and in paragraph (2) (A) shall be zero.

"(11) COORDINATION WITH LAL AND CERTAIN OTHER PROVISIONS.—The Secretary shall prescribe regulations providing for the coordination of this subsection with those provisions of this chapter which limit for any taxable year certain deductions attributable to property to the income from such property for such taxable year."

(b) CONFORMING AMENDMENT.—Section 703 (b) (relating to elections of the partnership) is amended by striking out "interest on investment indebtedness" and inserting in lieu thereof "interest on nonbusiness indebtedness".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1976.

Mr. KENNEDY. Mr. President, I shall give a more detailed explanation tomorrow. I do not know whether the Senator from Texas wants to give an explanation of his amendment or whether he is prepared to yield for discussion on this amendment. What I intend to do is make my statement this evening so the Members will have a chance to review it and debate this amendment tomorrow.

In essence, the amendment places a limitation on the interest deduction.

The IRS reported recently that over 3,000 individuals with adjusted gross incomes over $50,000 paid no tax.

This is a shocking situation and I requested the Secretary of the Treasury to provide me with information giving the reasons why these wealthy individuals paid no Federal income taxes and why other wealthy individuals paid very little in income taxes.

I have received the Treasury's report. While we are still analyzing it fully, one fact is very clear: the interest deduction is the single biggest reason why wealthy Americans pay little or no Federal income tax.

I should add that this Treasury study was not just an isolated look at a few unusual returns—it was based on the IRS and Treasury tax models that represent the 80 million tax returns filed each year.

The Treasury study shows that the interest deduction is the single biggest deduction on 75 percent of the 244 zero tax returns.

How do wealthy individuals parlay an

interest deduction into a tax avoidance device?

A 70-percent bracket investor borrows money to buy an asset he expects to appreciate in value. He takes interest deductions against ordinary income over the years the asset is held. This income would otherwise be taxed at 70 percent rates.

Then, when he later sells the property, the gain is taxed only at capital gains rates—35 percent or one-half of ordinary rates. So the investor has obtained interest deductions against ordinary income, but paid tax on the gain at only capital gains rates, which are one-half of ordinary rates.

The House bill, S. 206, solved this problem by allowing interest deductions in full up to $12,000 plus investment income—dividends, capital gains, rents, et cetera. Deductions for interest paid in excess of this amount would be deferred until later years and then deducted against investment income received in those years.

The House bill covered all kinds of interest. The $12,000 exemption is designed to exempt home mortgage interest and consumer interest from the limitation.

The House bill approach is the correct one to end this "ordinary deduction—capital gains" switch. It requires investment interest to be deducted against investment income. It will stop the interest deduction from being used to avoid tax on ordinary income and to obtain capital gain tax rates.

In my amendment, the exemption is increased from $12,000 to $20,000, to be sure that home mortgage interest and consumer interest are not affected by the provision.

I shall be glad to get into a further discussion on this now. But I think it is best, really, to do so tomorrow, with my statement of this evening laying out the reasons for this particular amendment. Then I shall be glad to debate with the Senator from Texas.

This is not a printed amendment, so this will give an opportunity for the Senator from Texas to review it overnight and we can debate it tomorrow.

Mr. BENTSEN. I think the Senator from Massachusetts has outlined what he laid down. We can carry on this debate tomorrow.

Mr. LONG. Mr. President, could those of us managing the bill be favored with the amendments in advance so we know what the amendments will be? I hope that Senators will be so kind as to send their amendments to the desk, those that they have prepared, and let them be printed so we can look them over and see what they are. I have never managed a big bill myself that I have not accepted some of the amendments that have been offered, but we need to study them in advance to see what problems they pose. I do not think I am going to support this particular amendment, but many times we do, and even if we oppose it, I think it best that the Senate have the full advantage of knowing both sides of the argument.

After all, these things should not be decided because someone had a tactical advantage. They ought to be decided, really, on the basis of what is right. I do not think any of us ought to win or hope to win if we are wrong. If we are right, we ought to hope we will win. The best thing we can do is give the Senate all the facts and let the Senate decide for itself what it wants to do about each of these amendments.

I hope the Senator, as well as everyone else, will get his amendments to the desk so we can look at them and analyze them and be prepared to act on them when they come in and try to present both sides of the argument.

Mr. KENNEDY. If the Senator will yield, he is correct. I shall make every effort to do what he suggests. That was part of the reason that I wanted to lay it down this evening, with the statement, so the Senate would have a chance to examine it before the debate tomorrow.

I thank the Senator.

Mr. BENTSEN. We have no further amendments at this time.

Mr. HATHAWAY. Mr. President, in light of what the distinguished Senator from Louisiana just said, I wanted to notify him—if I could have his attention—I have sent an amendment to the desk just in the last few minutes which, hopefully, will be printed tonight but on which there may be time for discussion tomorrow. It probably will follow the Kennedy amendment, and it is to provide for recapture of intangible drilling costs, and probably the Senator is familiar with that because it has been before the committee many times before, but I thought I would alert the Senator to that possibility tomorrow.

ADDITIONAL STATEMENTS SUBMITTED

Mr. CHURCH. Mr. President, the Tax Reform Act is a voluminous bill with several important tax relief provisions for individual taxpayers, as well as a number of controversial measures.

As chairman of the Senate Committee on Aging, I shall direct my remarks to the provisions of direct importance to aged and aging Americans.

EXTENSION OF TAX CUT PROVISIONS

First, I am pleased that the bill would extend the tax-cut provisions enacted last year. Without these provisions, it is conceivable that our Nation could slide into another disastrous recession.

H.R. 10612 would continue the increases in the standard deduction provided by the Revenue Adjustment Act of 1975. The minimum standard deduction would be raised from $1,600 to $1,700 for single persons and from $1,900 to $2,100 for married persons filing joint returns. Next year, the minimum standard deduction would increase to $1,850 for individuals and to $2,400 for couples filing joint returns.

The ceiling for the 16-percent standard deduction would also be boosted from $2,300 to $2,400 for individuals and from $2,600 to $2,800 for couples.

OLDER AMERICANS TAX COUNSELING

I am also pleased that the Finance Committee amendment includes my Older Americans Tax Counseling Assistance Act.

This provision would authorize the Internal Revenue Service to enter into training and technical assistance arrangements with nonprofit agencies to prepare volunteers to provide tax counseling assistance for elderly taxpayers.

The purpose is to build upon the work already begun by a tax aide for the elderly component of the IRS volunteer income tax assistance project. The National Retired Teachers Association-American Association of Retired Persons has worked closely with the IRS in providing tax counseling assistance for older Americans throughout the Nation.

NRTA-AARP expects to train 5,000 tax counselors in 1976. These volunteers will counsel nearly 310,000 elderly taxpayers on many matters, including the medical expense deduction and other provisions in the tax law.

We do not need any more proof that this program has been an extraordinary success. What is needed is a genuine national commitment to improve and expand existing tax counseling efforts. The Older Americans Tax Counseling Assistance Act is designed to achieve this objective.

Preparation of a tax return is a complicated task for many Americans. But it can even be more complex for the elderly, who are typically exposed to a new set of tax rules upon reaching retirement age.

Over the years the IRS has repeatedly emphasized that it wants no person to pay more income tax than legally owed.

Yet, many older Americans needlessly overpay their taxes each year. However, appropriate tax counseling services can help to protect older Americans from paying more taxes than the law requires.

RETIREMENT INCOME CREDIT

The Finance Committee bill would also replace the retirement income credit with an elderly credit.

First, the committee bill would apply the credit to all types of income, including earned income.

Second, the maximum amounts for computing the 15-percent credit would be increased from $1,524 to $2,500 for single elderly persons and from $2,286 to $3,750 for couples filing jointly where both spouses are 65 or older. This would be achieved in two stages, increasing to $2,000 this year and $2,500 in 1977 for qualifying individuals and to $3,000 in 1976 and $3,750 in 1977 for aged couples.

Third, the maximum amounts on which the credit is based would be reduced by $1 for each $2 in excess of $7,500 for single persons and $10,000 for a married couple filing a joint return.

Fourth, the committee bill would eliminate the retirement income credit for public retirees under age 65.

The bipartisan comprehensive tax reform amendment, however, would parallel the provision in the House-passed tax bill by making the increase in the maximum base applicable for 1976, without any 2-year phase-in as in the Finance Committee bill. In addition, the amendment would not eliminate the credit for public retirees under age 65.

This approach, it seems to me, is preferable to the Finance Committee recommendations.

However, under ideal conditions, I would prefer a modernization of the retirement income credit along the lines of my bill, S. 389.

Like the House and the Senate provisions, my bill would boost the maximum amounts for computing the 15-percent credit from $1,524 to $2,500 for single aged persons and from $2,286 to $3,750 for elderly couples.

S. 389 would also modify the earnings limitation to parallel the social security retirement test. Now, the maximum base for computing the credit is reduced by $1 for each $2 of earnings between $1,200 and $1,700 and on a dollar-for-dollar basis for earnings above $1,700. For public pensioners under 62, the maximum base is reduced for each dollar of earnings above $900.

The effect of my proposal is to increase the earnings ceiling from $1,200 to $2,760 for persons aged 62 to 71. Moreover, the $1-for-$2 reduction would apply to all earnings above $2,760, instead of just a $500 band—from $1,200 to $1,700—as under present law. For public pensioners under 62, the exempt earnings ceiling would be boosted from $900 to $1,380.

Finally, my proposal would build an automatic cost-of-living adjustment mechanism into the retirement income credit. The maximum amounts for computing the retirement income credit would be boosted proportionately with social security cost-of-living adjustments. The earnings limitation for persons aged 62 to 71 would also be kept current with the social security retirement test. For public pensioners under 62, the earnings ceiling would be one-half that for persons 62 to 71.

These measures would provide welcome relief for older Americans.

Mr. President, I intend to comment on other aspects of the Tax Reform Act during further consideration of H.R. 10612.

DEFERRAL, FOREIGN TAX CREDIT AND DISC

Mr. President, today the Senate is once again being presented with a tax proposal that fails to deal with the way this Government taxes the foreign earnings of American corporations. The record established by the Subcommittee on Multinational Corporation, of which I am chairman, and by other responsible bodies who have studied this issue, shows clearly that our present tax structure not only costs the Treasury billions of dollars in tax revenues, but also makes it more profitable for American corporations to invest abroad than in the United States. The bias in our present tax provisions on profits earned abroad, in effect, subsidizes a massive outpouring of investment capital desperately needed here at home. The result is higher unemployment and a stagnating domestic economy.

Despite this, the bill reported out by the Finance Committee would retain the special tax privileges for U.S. multinationals that permit this state of affairs to continue, and would, in some cases, even strengthen the tax give-away program.

How much—or, I should say, how little—U.S. tax the big American corporations actually pay each year is one of the most closely held facts in the business community today.

In the course of its investigations, however, the Subcommittee on Multinational Corporations has gotten a fairly clear indication of what the true picture is. I shall give some examples:

Material provided to the Subcommittee by ITT shows that ITT in 1971 on total domestic and foreign earnings of over $450 million, paid less than 15 percent in U.S. corporate income tax.

In 1972, Exxon, now the Nation's largest corporation, paid a grand total of 6.5 percent in U.S. tax on net income of $3.7 billion. None of the other four major oil companies paid more than 2.1 percent in U.S. taxes in that year.

Mr. President, I ask unanimous consent that a table showing U.S. taxes paid by U.S.-based major oil companies be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

U.S. TAXES PAID BY U.S.-BASED MAJOR OIL COMPANIES

[Dollar amounts in billions]

	1972		1962–71	
Company	Net income before taxes	Percent paid in U.S. taxes	Net income before taxes	Percent paid in U.S. taxes
Exxon	$3.700	6.5	$19.653	7.3
Texaco	1.376	1.7	8.702	2.6
Mobil	1.344	1.3	6.388	6.1
Gulf	1.009	1.2	7.856	4.7
SoCal	.941	2.05	5.186	2.7

Mr. CHURCH. Mr. President, compare these figures with the fact that the average middle-class family of 4 with an annual income of $20,000 pays 13 percent in Federal income tax.

And the multinational corporations pay even less U.S. tax on their foreign income. In 1972, American multinationals earned $24.4 billion in overseas profits but paid only $1.2 billion to the U.S. Treasury. This is an effective rate of 5 percent on earnings from abroad.

The secret to these corporations' success in avoiding U.S. taxes lies in the way in which this Government taxes the foreign earnings of U.S.-based multinational corporations. Since World War II, the U.S. Government has operated on the assumption that U.S. foreign investment not only benefits the host countries but also is good for the United States. Consequenly, it has provided generous tax incentives, subsidies, and loopholes to multinational corporations to promote such investments. By investing heavily abroad and then exploiting the numerous U.S. tax breaks for capital exports along with tax favors provided by many host countries, these giant multinational corporations can reduce their overall tax burden to a minimum.

The foreign tax credit and deferral are chief among these tax incentives that make it more profitable for American companies to invest abroad than at home. Even DISC, though designed to provide a matching tax subsidy for domestic exporters, benefits primarily the large multinational corporations.

The following chart prepared by the Subcommittee on Multinational Corporations in connection with its hearings on the major oil companies illustrates the effect of the foreign tax credit on the U.S. tax burden of the oil companies.

Mr. President, I ask unanimous consent that the chart be printed in the RECORD at this point.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

NET TAX BEFORE AND AFTER FOREIGN TAX CREDIT IN 3 MAJOR OIL COMPANIES IN 1970

[In millions]

	Total income	Net tax before FTC	Foreign tax credit	Net tax after FTC
A	$2,798	$168	$133	$35
B	2,651	231	213	18
C	2,135	114	101	13

Mr. CHURCH. Mr. President, reforms in the tax code—some of which the Finance Committee would reverse—and in the structure of international oil production have reduced the tax benefits for the oil companies somewhat. But the glaring inequity between the way we tax individuals and the way we tax the oil companies and other giant corporations remains.

I will support those amendments that seek to correct the most egregious failures of the Finance Committee bill in this area.

TAXES AND THE BUDGET

Mr. MUSKIE. Mr. President, I have taken a good deal of the Senate's time during the last few days to clarify the relationship between the pending tax bill and the first concurrent resolution on the budget.

I have argued that the bill must be amended to extend existing personal tax cuts for the full fiscal year, so that it will sustain the fiscal policy Congress's budget requires. I have argued that we must achieve the $2 billion through tax reform which that budget envisioned, or else we will unnecessarily increase the deficit.

I hope both these objectives can be achieved, because the stakes are high: not only continued economic recovery, and not only tax equity, but the credibility of Congress.

I hope my case has been heard within this Chamber. It has been heard outside, and I ask unanimous consent that two recent editorials—one from the Washington Post and the other from the Washington Star—along with this morning's fine article by Eileen Shanahan of the New York Times, be placed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Star, June 20, 1976]

BUDGETARY FRAUD?

In a June 16 letter to fellow senators, the chairman and the ranking Republican member of the State Budget Committee—Senators Muskie and Bellmon—declare that the current impasse over the tax bill "is not a contest between the Budget and Finance Committees," since "each commitee is doing its duty as it sees it."

That modest disclaimer takes senatorial courtesy too far. In fact, as the Muskie-

Bellmon letter elsewhere establishes, Sen. Russell Long and the Finance Committee are in contempt of the recent concurrent budget resolution. Since the Budget Committee must be the watchdog of that resolution, it really is in a "contest" with the Finance Committee and its cantankerous tax czar, Senator Long.

In the spring concurrent budget resolution, the Senate adopted a target policy on taxation. One feature was a target figure of some $15.3 billion in tax cuts; another—the feature now under floor debate—was that $2 billion of that tax cutting must take the form of closing some "tax expenditure" loopholes. What loopholes would be closed was left to the Finance Committee. But the budget reoslution contemplated the extension of the current individual income tax credits for the full fiscal year 1977.

To reconcile his array of favored tax preferences with the resolution, Senator Long persuaded his committee to meet the budget target by extending the individual tax credits only part-way through fiscal 1977.

This is, to put it bluntly, a dodge. Few expect the Senate to embarrass itself in an election year by trimming tax advantages for rank-and-file income taxpayers so as to spare Senator Long's bigger clients the pinch of some loophole-closing.

Too much emphasis, in this scrap, is being placed on the relative merits of different kinds of tax cutting. That emphasis tends to obscure the focal policy issue as Senators Muskie and Bellmon have drawn it—which is, quite simply, the honesty and integrity of the new congressional budget-making procedure.

The premise of the fledgling Budget Reform Act is simple: Congress, by failing to make and stick to a budget, had pretty much forfeited its primary legislative function of raising and spending the nation's revenues. It had exposed itself not only to presidential charges of fiscal irresponsibility, but also to executive infringements (chiefly in the form of impoundments that second-guessed congressional policy) of the spending process.

However deferentially the ranking Budget Committee leaders now define the issue, it is clear that the Senate will either honor its own budget resolution (which means bringing Mr. Long into step) or it will confess that the Budget Reform Act is a fraud: that the Senate has adopted budgetary ideals that it cannot back up with action, and that any powerful committee can still rewrite budget policies at whim.

[From the Washington Post, June 21, 1976]

TAXES AND THE SENATE

Once again the Senate Finance Committee has disgraced itself. The committee put in six weeks of diligent work revising the tax reform bill that the House passed last year. The harder the committee worked, the longer the bill got. The longer it got, the less reform it contained. By the time it was finally reported, it ran to 1,536 pages, and finding any lingering trace of reform had become a considerable challenge—like hunting penguins in the Mojave Desert. It was the finance committee's usual performance. The question is whether the rest of the Senate is going to do anything about it.

This year the politics of taxation is sharply different from the familiar pattern. Under the old rules, there would have been some squawking from the reformers and a low groan from the Treasury Department—followed by a long silence in which the House conferees tried to paste a few of their original ideas back into the battered draft. But this time there is a new force at work. The congressional budget process is taking hold, and it is having precisely the effect that its authors hoped when it was enacted two years ago. Last month Congress passed a budget resolution setting preliminary spending and revenue estimates. The finance committee's tax bill would raise substantially less money than that budget resolution requires, and it would inevitably result in a larger deficit than Congress voted.

"So now it is up to the Senate to choose between that tax bill and the congressional budget Congress adopted just last month," Sen. Edmund S. Muskie (D-Maine), the chairman of the Senate Budget Committee, declared as the floor debate opened last week. Sen. Muskie and Sen. Henry L. Bellmon of Oklahoma, the budget committee's ranking Republican, have raised a sharp and explicit challenge to the finance committee and its chairman, Sen. Russell Long (D-La.). It is not merely the usual squabble between two committees. It is a collision between two styles of politics. The finance committee and its bill represent the cynical old tradition in which the insiders take care of their friends quietly and invisibly, in the dim jungles of tangled syntax and cross-references—and the chairman is the final arbiter of who gets what. This tradition has contributed mightily over the years to the erosion of effective congressional control over the federal budget and national economic policy. The budget committee is defending the new procedures that—if Congress sustains them—will return to it a great measure of this crucial power.

The congressional budget resolution calls for an extension of last year's temporary tax cut. Sen. Long and the finance committee, thumbing their noses at the congressional budget, voted to extend this tax cut for only nine months of the coming fiscal year. The nine-months' extension is a deliberate prevarication, since everybody understands perfectly clearly that the tax cut would be routinely extended for the rest of the year. It is Sen. Long's way of inviting the Senate to acknowledge that it lacks the political will to stay within its own budget.

Compounding this challenge, the finance committee has come up with only about half of the $2 billion in new revenue that the congressional budget requires. Where can the Senate find an additional $1 billion a year? First of all, it can reinstate the limitation on artificial losses that the finance committee deleted from the House bill. That means narrowing the tax shelters. Skillful manipulation of the shelters sometimes makes it possible for people with large incomes to avoid paying any taxes at all for years on end. The House bill included a minimum rate that those people would have to pay, regardless of their shelters. The finance committee has greatly diluted that provision as well.

The new budget procedure makes it impossible for any senator to evade the fiscal significance of the tax bill. The political balance of the Senate, where the Democratic majority has 61 votes, makes it impossible for the Democrats to evade responsibility for the outcome. The finance committee has proposed abandoning the modest but useful progress toward tax reform that the House has already voted. Tax legislation is always intricate in its details. But the broad choices before the Senate have now become altogether clear.

[From the New York Times, June 22, 1976]

SENATE THWARTS NEW BUDGET PLAN, BACKS TAX PANEL IN DISPUTE ON FISCAL REFORM

(By Eileen Shanahan)

WASHINGTON, June 21.—Advocates of strict adherence to the letter and spirit of the new Congressional budget procedures lost their fight in the Senate today to forces led by Senator Russell B. Long, Democrat of Louisiana, who is chairman of the Senate Finance Committee.

The defeat for the Budget Committee, though theoretically reversible at a later date, had important implications both for the whole new Congressional process for handling the budget and for the tax bill that is before the Senate.

What was specifiaclly at issue, and has been since the Senate began work on the tax bill last week, was whether the bill should be changed to comply with the assumptions Congress had in mind when it passed the Congressional budget resolution for the fiscal years 1977 last month. One of those assumptions was that $2 billion in revenues would be raised through reforms that would increase the taxes paid by individuals and businesses that enjoy preferential tax treatment now.

The tax bill, as it came from the Senate Finance Committee, did not raise that much revenue from tax reform.

Thus Senator Edmund S. Muskie, Democrat of Maine, who is chairman of the new Budget Committee, and Senator Henry Bellmon of Oklahoma, the committee's ranking Republican, sought to force the Senate to agree in advance to make sufficient changes in the Finance Committee's bill to meet the objectives of the budget resolution.

After three days of debate and filibuster by Senator Long's forces, who were delaying a vote because they were not sure they could defeat the Muskie-Bellmon proposal, the test votes finally came tonight on two procedural questions. On the first, the Long forces won, 53 to 39, and on the second they won, 49 to 42.

PERMANENT CUTS

The two defeats, back to back, were sufficient to cause Senators Muskie and Bellmon to give up their fight for the present and they withdrew their proposed amendment to the committee bill.

The Senate will go ahead now starting tomorrow, with consideration of the tax bill, which is the longest and most complicated tax measure in more than 20 years.

The bill makes permanent most of the tax reductions for individuals and businesses that were voted as an antirecession tax measure in 1975. One of the cuts, the $35 per person tax credit, would be extended only through June 30, 1977, under the bill, but it is expected that Congress will make this reduction permanent, too, at some future date.

In addition, the measure contains nearly 200 separate changes in the tax laws, some of which affect millions of individuals and others of which affect only one company or person.

The significance of the defeat of the Budget Committee forces, so far as the tax bill is concerned, is that they have lost, at least temporarily, a chance to use the budget process to force the Senate to vote for more revenue-raising tax reforms. The Finance Committee's bill, as it currently stands, contains scores of new tax preferences, which lose revenue for the Treasury, and also scores of tightenings of old preferences, which gain money.

LITTLE DIFFERENCE

The amount by which the tax gainers outstrip the tax losers is so small—somewhere between $300 million and $1.7 billion depending on who is doing the counting—that tax reform advocates have said the bill is not worthy of the name tax reform.

The effect of today's votes on the new Congressional budget process seemed likely to have at least as great long-range significance, and possibly more, than the effect on the tax bill.

This was the first significant defeat for the advocates of the new budget procedures, which were adopted two years ago in an attempt to give Congress greater control over Federal fiscal policies by making its decisions on tax and spending issues more rationally and internally consistent.

The budget process had been perceived from the outset, however, by many members of Congress as a threat to their individual powers.

CHAIRMAN FEARFUL

Among those who felt threatened were the chairman of the other committees in Congress, who feared that the Budget Committees would be able, in effect, to tell them what legislation they could and could not pass.

That threat was mirrored in today's Senate vote, which saw 11 of the chairmen of the Senate's 15 major committees voting with Senator Long and against the Budget Committee's leaders.

The nearly solid Republican vote also contributed to the defeat of the stand of the Budget Committee's leaders against the Finance Committee's bill.

Other than Senators Bellmon and J. Glenn Beall of Maryland, another Budget Committee member, only seven of the Senate's Republicans voted with the Budget Committee. Of those seven, all but one, Robert Taft Jr. of Ohio, are members of their party's liberal wing.

It was not immediately clear why nearly all of the conservative Republicans sided with the Finance Committee against strict enforcement of the principles laid down by the budget resolution. One reason may have been that most of them were supporting some revenue-losing provision that could be threatened with removal from the tax bill if the standards of the budget resolution were strictly adhered to.

ROUTINE MORNING BUSINESS

(The following routine morning business was transacted today.)

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Roddy, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 3:40 p.m., a message from the House of Representatives delivered by Mr. Hackney, one of its reading clerks, announced that the House has passed, without amendment, the following Senate bills and joint resolution:

S. 2847. An Act to amend section 318 of the Communications Act of 1934, as amended, to enable the Federal Communications Commission to authorize translator broadcast stations to originate limited amounts of local programming, and to authorize frequency modulation (FM) radio translator stations to operate unattended in the same manner as is now permitted for television broadcast translator stations;

S. 2945. An act to amend the Act of October 15, 1966 (80 Stat. 953; 20 U.S.C. 65a), relating to the National Museum of the Smithsonian Institution, so as to authorize additional appropriations to the Smithsonian Institution for carrying out the purposes of said act; and

S.J. Res. 203. A joint resolution to amend the Higher Education Act of 1965, and for other purposes.

The message also announced that the House agrees to the amendment of the Senate to the bill (H.R. 5630) to amend the Federal Boat Safety Act of 1971 in order to increase and extend the authorization for appropriations for financial assistance for State boating safety programs.

The message further announced that the House has passed the following bill and joint resolution, with amendments in which it requests the concurrence of the Senate:

S. 811. An act to amend the Horse Protection Act of 1970 to better effectuate its purposes; and

S.J. Res. 49. A joint resolution to amend the joint resolution entitled "Joint Resolution to codify and emphasize existing rules and customs pertaining to the display and use of the flag of the United States of America."

The message also announced that the House disagrees to the amendments of the Senate to the bill (H.R. 11670) to authorize appropriations for the Coast Guard for the procurement of vessels and aircraft and construction of shore and offshore establishments, to authorize for the Coast Guard a year-end strength for active duty personnel, to authorize for the Coast Guard average military student loads, and for other purposes; requests a conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mrs. SULLIVAN, Mr. ASHLEY, Mr. BIAGGI, Mr. DOWNING of Virginia, Mr. ROGERS, Mr. RUPPE, and Mr. DU PONT were appointed managers of the conference on the part of the House.

The message further announced that the House has passed the following bills in which it requests the concurrence of the Senate:

H.R. 12114. An act to amend chapter 89 of title 5, United States Code, to establish uniformity in Federal employee health benefits and coverage provided pursuant to contracts made under such chapter by preempting State or local laws pertaining to such benefits and coverage which are inconsistent with such contracts; and

H.R. 14298. An act to amend title 38 of the United States Code to increase the rates of disability and death pension and to increase the rates of dependency and indemnity compensation for parents, and for other purposes.

ENROLLED BILLS AND JOINT RSEOLUTIONS SIGNED

The message also announced that the Speaker has signed the following enrolled bills and joint resolution:

S. 391. An act to amend the Mineral Leasing Act of 1920, and for other purposes.

S. 2847. An act to amend section 318 of the Communications Act of 1934, as amended, to enable the Federal Communications Commission to authorize translator broadcast stations to originate limited amounts of local programing, and to authorize frequency modulation (FM) radio translator stations to operate unattended in the same manner as is now permitted for television broadcast translator stations.

S.J. Res. 203. A joint resolution to amend the Higher Education Act of 1965, and for other purposes.

The enrolled bills and joint resolution were subsequently signed by the Acting President pro tempore (Mr. METCALF).

At 6:52 p.m., a message from the House of Representatives announced that the House had passed, without amendment the following Senate bill and joint resolution:

S. 2853. An act to amend the Food Stamp Act of 1964 to insure a proper level of accountability on the part of food stamp vendors; and

S.J. Res. 201. A joint resolution to authorize and direct the Secretary of the Army, acting through the Chief of Engineers, to undertake dredging operations for Operation Sail.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 13680) to amend the Foreign Assistance Act of 1961 and the Foreign Military Sales Act, and for other purposes.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The PRESIDING OFFICER laid before the Senate the following letters, which were referred as indicated:

Report of the Naval Sea Cadet Corps

A letter from the Chairman of the Board of the U.S. Naval Sea Cadet Corps transmitting, pursuant to law, the annual audit report of the Corps for the fiscal year ending March 1976 (with an accompanying report); to the Committee on the Judiciary.

Report of the Federal Deposit Insurance Corporation

A letter from the chairman of the Federal Deposit Insurance Corporation transmitting, pursuant to law, an interim report entitled "Highlights of Operations—1975" (with an accompanying report); to the Committee on Banking, Housing and Urban Affairs.

Reports of the Comptroller General

Two letters from the Comptroller General of the United States, each submitting a report entitled (1) "Federal Efforts To Protect the Public from Cancer-Causing Chemicals Are Not Very Effective" and (2) "Flying-Hour Programs of the Miltiary Services: Opportunities for Improved Management" (with accompanying reports); to the Committee on Government Operations.

Proposed Amendment to the Budget Request for the Pennsylvania Avenue Development Corporation—S. Doc. 94-)

A communication from the President of the United States transmitting a proposed amendment to the request for appropriations for the fiscal year 1977 in the amount of $11,450,000 for the Pennsylvania Avenue Development Corporation (with accompanying papers); to the Committee on Appropriations, and ordered to be printed.

Proposed Amendment to Appropriation Language for the Department of Agriculture and Department of Defense—(S. Doc. 94-222)

A communication from the President of the United States transmitting proposed amended appropriation language for fiscal year 1977 for the Departments of Agriculture and Defense (with accompanying papers); to the Committee on Appropriations, and ordered to be printed.

PETITIONS

The PRESIDING OFFICER laid before the Senate the following petitions, which were referred as indicated:

Senate Resolution 83 adopted by the Senate of the Commonwealth of Pennsylvania; to the Committee on Veterans' Affairs:

"Resolution

"If the Commonwealth of Pennsylvania acquires the Valley Forge General Hospital from the Federal Government for the purpose of operating it as a nursing home for Pennsylvania veterans the yearly cost would be prohibitive and has been estimated to be as high as $6,500,000.

"The Pennsylvania veterans for whom the Valley Forge General Hospital would be operated by the Commonwealth are veterans of service in the Armed Forces of the United States of America.

"The Pennsylvania veterans served honorably for the benefit of all the citizens of the entire nation during times of war and times of peace.

"The taxpayers of the Commonwealth of Pennsylvania should not be required to bear the burden of providing benefits for persons who saw service in the name of the Federal Government; therefore be it

"*Resolved,* That the Senate of Pennsylvania memorializes the Congress of the United States of America to operate the Valley Forge General Hospital as a continuation of its obligation to provide benefits to veterans of service in the Armed Forces of the United States; and be it further

"*Resolved,* That copies be sent to each United States Representative and Senator from Pennsylvania, to the United States Veterans Administration and to the Speaker of the United States House of Representatives and the President of the United States Senate."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MANSFIELD, from the Committee on Appropriations, with amendments:

H.R. 14235. An act making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1977, and for other purposes (Rept. No. 94–971).

By Mr. ABOUREZK, from the Committee on Interior and Insular Affairs, with amendments:

S. 877. A bill to direct the Secretary of the Interior to purchase and hold certain lands in trust from the Zuni Indian Tribe of New Mexico; to confer jurisdiction on the Court of Claims with respect to land claims of such tribe; and to authorize such tribe to purchase and exchange lands in the States of New Mexico and Arizona (Rept. No. 94–972).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By Mr. SPARKMAN, from the Committee on Foreign Relations:

Henry E. Catto, Jr., of Texas, to be the representative of the United States of America to the European Office of the United Nations, with the rank of Ambassador.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Political Contributions

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Henry E. Catto, Jr.

Post: U.S. Mission to the U.N., Geneva.

Nominated June 10, 1976.

Contributions, amount, date, and donee:

1. Self, $100, 1976, George Packard of Pennsylvania, $100, 1975, Republican National Committee, 1974, Doug Harlan; $5,000, 1972, John Tower; $100, 1972, Mark Hatfield.

2. Spouse—None, $200.

3. Children and spouses: Names—None.

4. Parents—Father: Names, Henry E. Catto, $100, 1976, President Ford Committee, $250, 1974, Republican National Committee.

5. Grandparents: Names—None.

6. Brothers and Spouses: Names—None.

7. Sisters and Spouses: Names—None.

Shirley Temple Black, of California, for the rank of Ambassador during her tenure of service as Chief of Protocol for the White House.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Political Contributions

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Black, Ambassador Shirley Temple.

Post: Nominated.

Contributions, amount, date, and donee:

1. Self, none.

2. Spouse, Charles A. Black, none.

3. Children and Spouses: Names, Linda and Roberto Franschi, none. Lori Charles, Jr., none.

4. Parents: Names, George and Gertrude Temple, $165.00, 3/1976, Republican comm.

5. Grandparents: Names, None.

6. Brothers and Spouses: Names, John S. Temple 2/1976, $50.00, George F. Temple, none.

7. Sisters and Spouses: Names, none.

By Mr. EASTLAND, from the Committee on the Judiciary:

Frank S. Spies, of Michigan, to be U.S. attorney for the western district of Michigan.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

HOUSE BILLS REFERRED

The following bills were read twice by title and referred as indicated:

H.R. 12114. An act to amend chapter 89 of title 5, United States Code, to establish uniformity in Federal employee health benefits and coverage provided pursuant to contracts made under such chapter by preempting State or local laws pertaining to such benefits and coverage which are inconsistent with such contracts; to the Commitee on Post Office and Civil Service.

H.R. 14298. An act to amend title 38 of the United States Code to increase the rates of disability and death pension and to increase the rates of dependency and indemnity compensation for parents, and for other purposes; to the Committee on Veterans' Affairs.

H.R. 5465. An act to allow Federal employment preference to certain employees of the Bureau of Indian Affairs, and to certain employees of the Indian Health Service, who are not entitled to the benefits of, or who have ben adversely affected by the application of, certain Federal laws allowing employment preference to Indians, and for other purposes; to the Committee on Appropriations.

H.R. 3650. An act to clarify the application of section 8344 of title 5, United States Code, relating to civil service annuities and pay upon reemployment, and for other purposes; to the Committee on Appropriations.

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that today, June 22, 1976, he presented to the President of the United States the following enrolled bills and joint resolution:

S. 391. An act to amend the Mineral Leasing Act of 1920, and for other purposes.

S. 2847. An act to amend section 318 of the Communications Act of 1934, as amended, to enable the Federal Communications Commission to authorize translator broadcast stations to originate limited amounts of local programing, and to authorize frequency modulation (FM) radio translator stations to operate unattended in the same manner as is now permitted for television broadcast translator stations.

S.J. Res. 203. A joint resolution to amend the Higher Education Act of 1965, and for other purposes.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. WILLIAM L. SCOTT (for himself, Mr. Eastland, Mr. Hruska, Mr. Allen, Mr. Helms, Mr. Laxalt, and Mr. Thurmond):

S. 3600. A bill to amend title 28, United States Code, to provide for the recovery of damages by Federal officials for malicious, false, and defamatory communications made concerning them. Referred to the Committee on the Judiciary.

By Mr. MAGNUSON (for himself and Mr. Pearson) (by request):

S. 3601. A bill to amend section 25 of the Deepwater Port Act of 1974 by providing a permanent authorization of appropriations. Referred jointly, by unanimous consent, to the Committee on Commerce, the Committee on Interior and Insular Affairs, and the Committee on Public Works.

S. 3602. A bill to extend and expand the authority of the Secretary of Transportation to provide insurance and reinsurance to air carriers under title XIII of the Federal Aviation Act of 1958, as amended, and for other purposes. Referred to the Committee on Commerce.

By Mr. BENTSEN:

S. 3603. A bill to control and reduce the size of the Federal Government, and for other purposes. Referred to the Committee on Government Operations.

By Mr. MOSS:

S. 3604. A bill to authorize construction of the project for flood control and other purposes on the Lower Jordan River, Salt Lake City, Utah. Referred to the Committee on Public Works.

By Mr. THURMOND (for himself and Mr. Talmadge):

S. 3605. A bill to authorize a fifth hydropower unit at Hartwell Reservoir on the Savannah River, South Carolina and Georgia. Referred to the Committee on Public Works.

By Mr. INOUYE:

S. 3606. A bill to amend part B of title XI of the Social Security Act to assure appropriate participation by professional registered nurses in the peer review, and related activities authorized thereunder. Referred to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. WILLIAM L. SCOTT (for himself, Mr. EASTLAND, Mr. HRUSKA, Mr. ALLEN, Mr. HELMS, Mr. LAXALT, and Mr. THURMOND):

S. 3600. A bill to amend title 28, United States Code, to provide for the recovery of damages by Federal officials for malicious, false, and defamatory communications made concerning them. Referred to the Committee on the Judiciary.

(The remarks of Senator SCOTT on the introduction of the above bill are printed earlier in today's RECORD.)

By Mr. MAGNUSON (for himself and Mr. PEARSON) (by request):

S. 3601. A bill to amend section 25 of the Deepwater Port Act of 1974 by providing a permanent authorization of appropriations. Referred jointly, by unanimous consent, to the Committee on Commerce, the Committee on Interior and Insular Affairs, and the Committee on Public Works.

Mr. MAGNUSON. Mr. President, I introduce by request, a bill to amend section 25 of the Deepwater Port Act of 1974 by providing a permanent authorization of appropriations, and I ask unanimous consent that the letter of transmittal be printed in the RECORD together with the text of the bill.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 3601

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the text of section 25 of Public Law 93-627, (88 Stat. 214; 33 U.S.C. 1524) is amended to read as follows:

"There are authorized to be appropriated to the Secretary such sums as may be necessary for the administration of this Act."

THE SECRETARY OF TRANSPORTATION,
Washington, D.C., April 7, 1976.

Hon. NELSON A. ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is transmitted herewith a draft of a bill,

"To amend Section 25 of The Deepwater Port Act of 1974 by providing a permanent authorization of appropriations."

The Deepwater Port Act of 1974, P.L. 93-627, created a Federal plan for authorizing and regulating off shore ports designed to receive oil from vessels too large to enter conventional ports. The Act authorizes the Secretary of Transportation to license owners and operators and to issue regulations to control the location, construction, and operation of deepwater ports. The Secretary is required to take steps to protect the marine and coastal environment and, after consultation with other Federal agencies, to prescribe environmental protection criteria. The Coast Guard, operating within the Department of Transportation, has been delegated the primary responsibility of implementing the Act with policy making authority reserved to the Secretary.

Section 18 of the Act prohibits oil discharges from deepwater ports and creates a "Deepwater Port Liability Fund." This revolving fund, financed by a charge levied on oil transferred at deepwater ports, is primarily liable for oil spill removal expenses and damages. This fund will not come into existence until completion of the first deepwater ports, still several years away. Meanwhile, the President has submitted a proposal for a "Comprehensive Oil Pollution Liability Compensation Act". The need for a comprehensive law to replace the existing patchwork of legislation has been widely recognized. If this proposal is enacted the provisions of section 18 of the Deepwater Port Act of 1974 relating to oil pollution damage and cleaning will be superseded. However, administrative functions relating to the licensing and operations of the deepwater ports will remain and appropriations would be necessary for administrative expenses and salaries.

Section 25 of the Deepwater Port Act of 1974 presently authorizes appropriations of $2,500,000 for fiscal year 1976 and the same amount for fiscal year 1977. Since future expenses under this Act will be primarily for administrative expense and salaries, we are proposing to amend section 25 to provide a permanent authorization of appropriations. If this proposal is enacted the funds necessary to implement the Act will be included in those funds requested by the Department of Transportation in its yearly request for appropriations for operating expenses. This approach is consistent with the usual method of funding departmental administrative activities.

It would be appreciated if you would lay this proposal before the Senate. A similar proposal has been submitted to the Speaker of the House of Representatives.

The Office of Management and Budget has advised that the Administration has no objection to the enactment of this proposed legislation.

Sincerely,
WILLIAM T. COLEMAN, Jr.

Mr. BENTSEN. Mr. President, I ask unanimous consent that the bill S. 3601, to amend the Deepwater Port Act of 1974 be referred jointly to the Committee on Commerce, the Committee on Interior and Insular Affairs, and the Committee on Public Works.

The PRESIDING OFFICER. Without objection, it is so ordered.

By Mr. MAGNUSON (for himself and Mr. PEARSON) (by request):

S. 3602. A bill to extend and expand the authority of the Secretary of Transportation to provide insurance and reinsurance to air carriers under title XIII of the Federal Aviation Act of 1958, as amended, and for other purposes. Referred to the Committee on Commerce.

Mr. MAGNUSON. Mr. President, I introduce by request a bill to amend and expand the authority of the Secretary of Transportation to provide insurance and reinsurance to air carriers under title XIII of the Federal Aviation Act of 1958; as amended and for other purposes, and I ask unanimous consent that the text of the bill and its letter of transmittal be printed in the RECORD.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 3602

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Title XIII of the Federal Aviation Act of 1958, as amended (49 U.S.C. § 1531, et seq.), entitled "WAR RISK INSURANCE", is retitled "WAR RISK AND OTHER INSURANCE".

SEC. 2. Section 1302(a) of such Title (49 U.S.C. § 1532(a)) is amended to raed as follows:

"POWER OF SECRETARY

'SEC. 1302. (a) (1) The Secretary, with the approval of the President, and after such consultation with interested agencies of the government as the President may require, may provide insurance and reinsurance against loss or damage arising out of war risks in the manner and to the extent provided in this title, whenever it is determined by the Secretary that such insurance adequate for the needs of the air commerce of the United States cannot be obtained on reasonable terms and conditions from companies authorized to do an insurance business in a State of the United States.

"(2) The Secretary, after consultation with the Secretary of State or the Secretary of Defense, as appropriate, and after consultation with other interested agencies of the government as the President may require, and with the approval of the President, may provide insurance and reinsurance against loss or damage arising out of any other risk in the manner provided in this title when the President has determined that such insurance is necessary to maintain air service required for reasons of foreign policy, and the Secretary has determined that such insurance cannot be obtained on reasonable terms and conditions from companies authorized to do an insurance business in a State of the United States. Such insurance shall be issued for a period of time initially not to exceed 60 days.

"(3) Insurance shall not be issued under this title to cover war risks or other risks on persons or on property engaged or transported exclusively in air commerce within the several States of the United States or the District of Columbia.

"(4) For purposes of paragraph (2) of this subsection, 'air service' shall mean scheduled air service and routinely scheduled charter air service performed by air carriers certificated under § 401 of this Act."

SEC. 3. Section 1303(b) of such title (49 U.S.C. § 1533(b)) is amended by striking out the words "war risks" and inserting in lieu thereof the phrase "any of the risks for which insurance may be provided pursuant to section 1302".

SEC. 4. Section 1312 of such title (49 U.S.C. § 1542) is amended by striking out "May 7, 1976." and inserting in lieu thereof "May 7, 1981.".

THE DEPUTY SECRETARY OF TRANSPORTATION,
Washington, D.C., April 27, 1976.

Hon. NELSON A. ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed for introduction and referral to the appropriate committee is a draft bill "To extend and expand the authority of the Secretary of Transportation to provide insurance and reinsurance to air carriers under Title XIII of the Federal Aviation Act of 1958, as amended, and for other purposes."

The bill's purposes are to expand the present war risk insurance program to cover other types of risks and to extend through May 7, 1981, the Secretary of Transportation's authority to operate the program.

The present war risk insurance program (Title XIII of the Federal Aviation Act of 1958, 49 U.S.C. § 1531, *et seq.*) empowers the Secretary of Transportation to provide war risk insurance to U.S. air carriers when the carriers cannot obtain war risk coverage on reasonable terms in the commercial insurance market. The insurance may cover eligible aircraft, cargoes, personal effects and baggage, persons and other interests against risks excluded from commercial "all-risks" policies by "free of capture and seizure" and analogous clauses. Premiums for war risk policies are set by the Department of Transportation. There is also a nonpremium program for air carriers under contract to Federal departments or agencies.

The war risk insurance program provides a means by which commercial air service important to the United States may be continued despite the unavailability of commercial war risk insurance on reasonable terms or conditions. The Secretary's authority to operate this significant program should be extended for another five years, as provided in this bill.

More than an extension of the present war risk insurance program is required, however, in order to deal adequately with situations in which insurance against risks other than "war risks" may be needed to permit continuance of needed air service. Traditional war risk insurance clauses typically did not include risks such as hijacking, terrorism, civil disturbances and similar problems when they occur outside the context of a war. When commercial insurance against such risks is unavailable, carriers may be forced to terminate air service needed for reasons of foreign policy. This bill gives the Secretary authority within the framework of Title XIII to provide insurance coverage for risks other than "war risks," thereby assuring that required air service can be continued.

This authority is carefully limited. The Secretary may issue this insurance only for periods of time, initially not to exceed 60 days, when the President determines that the insurance is needed to maintain air service required for reasons of foreign policy. The Secretary's decision will be made after consultation with either the Secretary of State or the Secretary of Defense. As in the present war risk program, the Secretary of Transportation must determine that commercial insurance is unavailable on reasonable terms and conditions and the President must give his approval before insurance may be issued. These safeguards ensure that the "other risks" program will not be used except in the relatively infrequent cases of real need.

The Department of Transportation's report on expansion of the war risk insurance program, prepared pursuant to Public Law 94–90 of August 9, 1975, and Executive Order 11875, explains the rationale for the expansion of the program in greater detail.

It is the judgment of the Department of Transportation, based upon available information, that no significant environmental impact would result from the implementation of this legislation.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the submission of this bill to the Congress.

Sincerely,

JOHN W. BARNUM.

By Mr. BENTSEN:

S. 3603. A bill to control and reduce the size of the Federal Government, and for other purposes. Referred to the Committee on Government Operations.

Mr. BENTSEN. Mr. President, today I am introducing a bill to spur the process of controlling and reducing the size of the Federal Government. My bill, "The Government Reduction and Control Act of 1976," will focus the attention of both the executive branch and the Congress on the efficiency and effectiveness of Government manpower management.

We, in the Congress, can no longer simply decry the ever burgeoning size of the Federal Government. We must take positive steps to reduce and control this expansion. As the Houston Chronicle so aptly noted in its editorial of February 17 entitled "Government Inbreeding,"

> The number of people in government, coupled with their direct clientele, can become so large as to politically control government's actions.

Mr. President, this warning cannot be taken lightly. Already one out of every seven workers in this country is on some government payroll. These workers combined with those who benefit directly from Government activities, become an overwhelming pressure group for their own interests that may have little relationship to the "public good" as perceived by the ordinary private citizen. A case in point is the recent fiscal crisis in New York City. This crisis was caused by the inability of elected officials to make the necessary austerity moves before the city teetered on the brink of default. Their inability was directly related to the number of government employees and direct beneficiaries of the government in the voting population of the city. No elected official could challenge the level of benefits provided in contracts for municipal workers because these workers formed a substantial proportion of the official's electoral base. Not until the very existence of these benefits was called into question by the potential default could the officials get the support necessary to tighten the city budget.

However, the New York City experience is not the only cause for immediate action to reduce and control the size of the Federal bureaucracy. An equally compelling reason is the enormous cost of the Federal Government. At the end of March 1975, the aggregate annualized payroll of the Federal Government—exclusive of the cost of benefit and overtime pay—was $31.9 billion.

Mr. President, much of this money is appropriately expended. However, we must also be certain that this large a chunk of our tax dollar is spent in the most efficient and effective way possible.

Both the executive agencies and the Congress must assure that the most advanced, effective management techniques are applied to the Federal Government in its manpower practices. We can no longer tolerate requests for personnel from Government agencies because they have been assigned new tasks without being assured that all their current employees are being fully utilized. We can no longer tolerate legislative proposals either from the executive branch or from congressional committees that do not contain estimates of the increase in manpower that would be required if the proposal became law. We can no longer view manpower needs of the Federal Government on a year-by-year basis. We must require a longer term analysis—at least 5 years out—that show the trends in the area of personnel; so those activities which appear to be most costly in terms of manpower can be reassessed and reorganized.

Mr. President, my bill requires that the General Accounting Office along with the Office of Management and Budget and the Administrative Office of the U.S. Courts request proposals from each Federal agency that delineate specific plans for reducing the size of these agencies. These plans must contain proposals for the elimination of specific unnecessary agency functions; the methods by which necessary functions can be performed by fewer employees; procedures by which increased control over personnel and their productivity can be achieved. Furthermore, my bill requires that any proposal submitted by the President to Congress or any proposal reported out of a congressional committee be accompanied by a statement on how many Government employees will be needed to carry it out. The statement must contain the best estimates available of the costs of the proposal in terms of salary levels. This kind of information is requisite to informed decisions by both legislators and interested parties on the effect of the legislation—and this information is just not available now.

Mr. President, in order that the size of the Federal bureaucracy be controlled in the long run, my bill builds the examination of manpower utilization into the annual budget process in a new way. The bill requires the President to submit a 5-year estimate of manpower needs along with his annual budget message to Congress. Furthermore, my bill mandates the personnel offices of each agency carry out a management improvement program. This program will require on-going evaluations of the agencies' management effectiveness, manpower reduction, and cost reduction. These reviews will take place under the constant surveillance of the General Accounting Office and the Office of Management and Budget.

One of the most important provisions of my bill falls in the section dealing with the management improvement program. This section specifies exactly what will be considered a "cost reduction or cost savings" for purposes of both Congress and the General Accounting Office. All too often, in the past, we have accepted as cost reductions lowered expenditures that are simply the result of transferring functions from one agency to another or postponing deadlines.

Mr. President, I firmly believe that the effectiveness of congressional oversight is currently impeded by the lack of specific information and rigorous standards. This bill takes a vital first step in prescribing specific activities which will be allowed under the term "cost reduction."

The management improvement program as outlined in my bill will further require the head of each agency to establish overall cost reduction goals which will result from improved management practices and then report—at the end of the year—on his progress toward meeting these goals. These reports will be audited for their accuracy.

Let us ask the question, is all this really necessary and let us have that question answered. In many cases I believe that the answer will be no.

Mr. President, I ask unanimous consent that the text of the "Federal Government Reduction and Control Act" be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3603

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Government Reduction and Control Act of 1976".

DEFINITIONS

SEC. 2. For the purposes of this Act—

(a) the term "agency" means—

(1) an "executive agency" as defined in section 105 of title 5, United States Code;

(2) a "military department" as defined in section 102 of title 5, United States Code; and

(3) the United States Postal Service and the Postal Rate Commission.

FINDINGS AND PURPOSES

SEC. 3.

TITLE I—FEDERAL MANPOWER REDUCTION FUNCTION REDUCTION

SEC. 101. The Chairman of the United States Civil Service Commission, the Comptroller General of the United States, the Director of the Office of Management and and Budget, and the Director of the Administrative Office of the United States Courts, shall solicit jointly from each agency, and each agency shall provide, proposals for the reduction of the total number of employees of that agency. All such proposals shall be reviewed, integrated where possible, and presented, together with the joint recommendations of the Chairman of the United States Civil Service Commission, the Comptroller General of the United States, the Director of the Office of Management and Budget, and the Director of the Administrative Office of the United States Courts, to the President, the Chief Justice of the United States, and to the Congress.

(b) A response to the solicitation shall contain recommendations with respect to—

(1) the reduction of specific functions, programs, activities, or other undertakings by any agency;

(2) the means by which present functions or reduced or limited functions may be accomplished by fewer employees together with work incentive or equipment utilization programs designed to reduce the total number of individuals employed for the purpose of accomplishing any specfic function;

(3) procedures by which increased control and analysis of proposd function expansions or personnel expansions may be carefully reviewed before making requests for such expansion or before seeking authorization or appropriations for the purpose of paying any increased number of Federal employees; and

(4) the detailed means by which a manpower impact statement may be prepared by each agency and forwarded to the appropriate committees of the Congress having legislative jurisdiction or administrative oversight responsibilities with respect to any such agency.

MANPOWER IMPACT STATEMENTS

SEC. 102. (a) Any proposal submitted by the President to the Congress recommending legislation proposing additional duties, responsibilities, or functions for agencies or the employment of addtional personnel shall be accompanied by a manpower impact statement which shall contain a precise analysis of the numbers of additional personnel or additional man hours of labor required to implement the provisions of any such proposal.

(b) The Director of the Congressional Budget Office, in consultation with the Director of the Office of Management and Budget, the Chairman of the United States Civil Service Commission, the Director of the Administrative Office of the United States Courts, and the Comptroller General of the United States, shall prepare, to the extent necessary and practicable, for each bill reported by any committee of the House of Representatives or the Senate and submit to such committee—

(1) an estimate of the costs which would be incurred in carrying out the provisions of any such bill in the fiscal year in which it is to become effective and in each of the 4 fiscal years following such fiscal year, together with the basis for each such estimate; and

(2) a comparison of the estimate of costs described in paragraph (1) with any available estimate of cost made by any Federal agency or any private party.

The estimates and comparisons so submitted shall be included in the report accompanying such bill.

FIVE YEAR ESTIMATE

SEC. 103. The President shall include, as an appendix to the Budget, an estimate, for the ensuing fiscal year and for the next 4 fiscal years following such year, of the anticipated Federal manpower needs for the administration of all functions of the Federal Government together with the costs therefor and suggestions for the reduction of such manpower levels.

TITLE II—MANAGEMENT EFFICIENCY PROCEDURES ESTABLISHMENT

SEC. 201. The Director of the Office of Management and Budget, acting through the staff of the Joint Financial Management Improvement Program, authorized by section 111 of the Budget and Accounting Procedures Act of 1950, shall establish within each executive agency a Management Improvement Program and shall promulgate such rules and regulations as may be necessary to implement the Management Improvement Program.

MANAGEMENT IMPROVEMENT PROGRAM

SEC. 202. The Management Improvement Program authorized by section 201 of this Act shall provide an ongoing analysis of the following functional elements of the Federal Government.

(1) Manpower utilization and reduction,

(2) Management effectiveness,

(3) Cost reduction,

(4) Management information exchanges,

(5) Program incentives, and

(6) Periodic studies and analyses of activities and functions common to the majority of federal agencies.

ANNUAL MANAGEMENT IMPROVEMENT REPORT

SEC. 203. The President shall prepare and transmit to the Congress, at the same time as he submits the Budget, an annual Management Improvement Program Report covering the Management Improvement Program elements set forth in section 202, together with such recommendations for modification or expansion as he deems necessary.

MANPOWER UTILIZATION AND REDUCTION

SEC. 204. Every agency shall establish a formal, organized manpower utilization and reduction program to require the establishment of systems for measuring and analyzing the means for achieving the most effective use of personnel within each agency and for the reduction of the number of personnel required to perform the functions assigned to each agency.

MANAGEMENT EFFECTIVENESS PROGRAM

SEC. 205. Each agency shall establish a formal, organized Management Effectiveness Program to require a system for identifying quantitative measures of performance, establishing performance goals, measuring and analyzing performance, and initiating corrective or other beneficial actions.

COST REDUCTION

SEC. 206. (a) The head of each agency shall—

(1) personally assume responsibility for improving the efficiency and economy of such agency's programs and activities;

(2) require that all employees of such agency undertake vigorous and continued efforts to improve operating procedures and techniques, eliminate nonessential activities and positions, and increase productivity;

(3) make every effort to insure that the Federal personnel over which he has supervision or control accomplish unprogrammed workload requirements without additional staff resources through adjustments of previously programmed requirments and existing activities and by improving manpower control and utilization.

(b) Each agency head will prepare a specific plan which will systematically—

(1) identify and eliminate or curtail low priority and marginally effective activities;

(2) develop new and less costly methods of achieving program objectives; and

(3) encourage innovation and ingenuity in the development of new and improved techniques for increased productivity.

(c) At the beginning of each fiscal year the head of each agency shall establish an overall cost reduction goal, and subgoals for major activities or organizational elements, which shall represent the savings expected to be realized from new and improved managerial actions compared with the actual cost in the immediately preceding year, or the most recently incurred cost, whichever is appropriate.

(d) (1) Cost reductions reported annually must be the result of deliberate managerial actions taken for the purpose of increasing effectiveness or efficiency as opposed to management actions taken to carry out some public policy. Only reductions in costs or increases in revenues and fund availability which can be attributed to new or improved managerial actions will be reported as monetary savings.

(2) Monetary savings for the purpose of cost reduction reporting do not include—

(A) reductions in outlays due solely to a decline in demand for agency output;

(B) reductions in outlays due to deferment of programs or activities;

(C) reductions in outlays of agencies as a result of transferring responsibility for a function to another agency, except to the extent of a net savings to the Government;

(D) prevention of increases in operating costs resulting from the use of voluntary uncompensated overtime, rather than increased staffing or paid overtime;

(E) reduction in outlays based on the acquisition of excess property when funds for the purchases of similar new property were not or normally would not have been available;

(F) reduction in outlays resulting from decisions made by authorities external to the reporting agency.

(e) Monetary savings which result or are expected to result from each new or improved management action will be calculated, separately identified, and reported.

(f) Each agency head shall establish—

(1) controls to assure that funds made available by cost reduction actions are used only for approved programs; and

(2) an internal system for the independent evaluation of the reasonableness and validity of amounts reported as savings.

MANAGEMENT INFORMATION EXCHANGE

SEC. 207. Each agency shall establish an internal system for distributing information on management improvement actions to all of its organizational elements.

PROGRAM INCENTIVE

SEC. 208. Each agency shall establish a program for the use of a variety of techniques to stimulate management improvement actions.

ANALYSIS OF GOVERNMENT-WIDE OPERATIONS

SEC. 209. The Director of the Office of Management and Budget, in consultation with such other officers of the Federal Government as he may see fit to consult, shall once in each year choose a common operational area of government-wide activities for study. For each such study area, an interagency steering group will be established to coordinate the effort and write a final report on the results and conclusions of the study.

By Mr. THURMOND (for himself and Mr. TALMADGE):

S. 3605. A bill to authorize a fifth hydropower unit at Hartwell Reservoir of the Savannah River, S.C. and Ga. Referred to the Committee on Public Works.

Mr. THURMOND. Mr. President, I am introducing legislation today to authorize installation by the Corps of Engineers of a fifth power generating unit at the Hartwell Dam and lake hydroelectric project on the Savannah River between South Carolina and Georgia.

The Hartwell project is the second of three hydroelectric generating stations planned by the corps in the comprehensive electric power development of the Savannah River. Hartwell Dam is located some 305 miles above the mouth of the Savannah River, 89 miles above Augusta, Ga., and 67 miles above the Clark Hill Dam—the initial hydroelectric station on the river. The Hartwell project has been essentially complete since December, 1962, when the last of four initial 66,000 kilowatt units began commercial operation. At that time, the outdoor powerhouse was designed with space for the possible addition of a fifth conventional unit of 66,000 kilowatts, which, if installed, would bring the ultimate power capacity of the project to 330,000 kilowatts.

Mr. President, in view of the energy crisis facing the people of the United States, I believe it would behoove Congress to adopt, as a fundamental policy, the maximum development of electric power from existing projects. Developing present, conventional hydroelectric facilities to their full potential is, I believe, the wisest method of obtaining an immediate increase in energy production. By adopting this course of action in the short run, we are able to both meet immediate energy needs and also give the Nation time to work toward long range solutions to our energy problems. In the case of Hartwell Dam, the project was designed for the future addition of a fifth power unit, the energy needs of the Southeast certainly warrant installation of another unit, and the initial economic and environmental analyses favor addition of a fifth unit.

Specifically, the corps economic analysis of the fifth unit installation shows an annual excess of benefits over charges of $1,594,000. Based on a total first cost of furnishing and installing this fifth unit of $11,988,000, a Federal interest rate of 6⅛ percent, and 100-year project life, the addition of another power unit has a favorable benefit-to-cost ratio of 2.8 to 1. When it conducts its advanced engineering and design for this project addition, the corps will also consider amending the facility design to add oxygen to the water discharges from the dam. The President's fiscal year 1977 budget includes $210,000 for A.E. & D. purposes at Hartwell. According to the present corps schedule, the environmental impact statement for the installation of this fifth power unit should be ready in June 1977, and all design work should be completed by November 1977.

Mr. President, the Flood Control Acts of 1944, 1950, and 1958 authorized the Hartwell project at a total cost not exceeding $94,300,000. Because there is some question about whether or not Congress specifically authorized the installation of a fifth power unit, and because the cost of this additional unit would push the total project cost beyond the present authorization ceiling, I am introducing this bill.

After a careful review of this matter, I have concluded that a fifth hydropower unit at Hartwell is needed and fully justified. It is my understanding that the Senate Public Works Water Resources Subcommittee is now working on a comprehensive water resources projects authorization bill. Accordingly, I urge that authorization for this particular power project in the Souheastern region be incorporated into this omnibus water resources legislation. Prompt approval of this additional power unit will insure that development of the Hartwell project proceeds as planned and that the project realizes its full energy production potential.

By Mr. INOUYE:

S. 3606. A bill to amend part B of title XI of the Social Security Act to assure appropriate participation by professional registered nurses in the peer review, and related activities authorized thereunder. Referred to the Committee on Finance.

Mr. INOUYE. Mr. President, today I am introducing legislation to amend the Social Security Act in order to assure that members of the nursing profession will be active participants in our Nation's Professional Standards Review Organizations.

Under the terms of this proposed legislation, our professional registered nurses will become eligible for, and receive, full voting membership on local PSRO's, as well as on the Statewide and National Professional Standards Review Councils.

For a long time now, all of us have been exposed to considerable campaign rhetoric extolling the virtues of our nursing profession and endorsing their autonomy. However, when one looks closely at the actual language of our major Federal health legislation, all too often it becomes clear that their professional judgment is still to be subject to review by members of organized medicine. I, for one, most strongly feel that such constraint is unnecessary and highly inappropriate. Accordingly, I hope that my colleagues will join with me in actively seeking to rectify this situation.

I am pleased to report that the American Nursing Association strongly endorses this proposal.

Mr. President, I ask unanimous consent that the text of this bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 3606

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1152(b)(1)(A) of the Social Security Act is amended—

(1) by inserting "and professional registered nurses licensed to engage in the practice of nursing in such area," immediately after "medicine or surgery in such area,"

(2) by inserting ", and at least 30 per centum of the membership cf which is composed of professional registered nurses" immediately after "all such physicians in such area",

(3) by inserting ", and all professional registered nurses licensed to engage in the practice of nursing in such area," immediately after "licensed to engage in the practice of medicine or surgery in such area", and

(4) by inserting "or health" immediately after "organized medical".

Sec. 2. Section 1155(a)(1)(C) of the Social Security Act is amended by striking out "medical" and inserting in lieu thereof "health".

Sec. 3. Section 1162(b)(2) of the Social Security Act is amended by inserting ", and two professional registered nurses who may be designated by the State nursing association of such State," immediately after "hospital association of such State".

Sec. 4. (a) Section 1163(a)(1) of the Social Security Act is amended by inserting "and three professional registered nurses" immediately after "eleven physicians".

(b) Section 1163(b) of such Act is amended—

(1) by striking out "Members" in the first sentence and inserting in lieu thereof "The physician members", and

(2) by inserting immediately after the first sentence the following new sentence: "The three professional registered nurse members of the Council shall be individuals of recognized standing in the appraisal of professional registered nurse practice.".

(c) The amendments made by subsections (a) and (b) shall be effective in the case of appointments to the National Professional Standards Review Council made after the date of enactment of this Act.

Sec. 5. (a) Section 1167(c) of the Social Security Act is amended—

(1) by inserting ", no professional registered nurse," after "No doctor of medicine or osteopathy",

(2) by inserting ", professional registered nurse," after "such doctor of medicine or osteopathy", and

(3) by inserting "or a professional registered nurse" after "a doctor of medicine or osteopathy".

(b) The amendments made by subsection (a) shall be effective with respect to professional actions taken by professional nurses after the date of enactment of this Act.

ADDITIONAL COSPONSORS

S. 1508

At the request of Mr. McIntyre, the Senator from Maine (Mr. Hathaway) was added as a cosponsor of S. 1508, the Octane Disclosure Act of 1976.

S. 2344

At the request of Mr. Bentsen, the Senator from North Carolina (Mr. Helms) was added as a cosponsor of S. 2344, a bill to amend the Employee Retirement Income Security Act of 1974.

S. 3547

At the request of Mr. Humphrey, the Senator from Kentucky (Mr. Huddleston) was added as a cosponsor of S. 3547, a bill to amend title 38 of the United States Code.

S. 3594

At his own request, the Senator from Kentucky (Mr. Ford) was added as a cosponsor of S. 3594, relating to the repair of highways in Montana and Kentucky.

S. 3595

At the request of Mr. Fannin, the Senator from Kansas (Mr. Dole) and the Senator from Utah (Mr. Garn) were added as cosponsors of S. 3395, the Students' Freedom of Choice Act.

S. 3596

At his own request, the Senator from South Dakota (Mr. Abourezk) was added as a cosponsor of S. 3596, the Veterans'

Disability Compensation and Survivors' Benefits Act of 1976.

AMENDMENT NO. 1829

At the request of Mr. INOUYE, the Senator from California (Mr. CRANSTON) was added as a cosponsor of amendment No. 1829, intended to be proposed to the bill (H.R. 10612), the tax reform bill.

SENATE RESOLUTION 477—SUBMISSION OF A RESOLUTION AUTHORIZING ADDITIONAL PRINTING

(Referred to the Committee on Rules and Administration.)

Mr. CHURCH submitted the following resolution:

S. RES. 477

Resolved, That there be printed for the use of the Special Committee on Aging one thousand two hundred and twelve additional copies of its report to the Senate entitled "Developments in Aging: 1975 and January–May 1976," Part One.

AMENDMENTS SUBMITTED FOR PRINTING

NATURAL GAS ACT AMENDMENTS OF 1976—S. 3422

AMENDMENT NO. 1909

(Ordered to be printed and to lie on the table.)

Mr. BUMPERS. Mr. President, I am today submitting for printing an amendment to S. 3422 that would reduce from 10 years to 7 the period during which the use of natural gas as boiler fuel would be phased out.

There is widespread agreement that the use of natural gas as boiler fuel—which accounted for at least one-third of gas consumption in 1975—is wasteful and unnecessary. And yet there is equally widespread agreement that the phasing out of boiler-fuel use cannot proceed too rapidly, or we will defeat our own purposes. Our goal must be a conversion from gas to coal. If conversion is required too rapidly, the result could be a general conversion from gas to oil. The Nation would gain little from such a conversion, because both fuels are scarce, and badly needed elsewhere. Coal, on the other hand, is plentiful, and offers our best hope for a smooth transition to the new energy sources of the 21st century.

The Commerce Committee, in an effort to strike a balance between the need to conserve gas and the need to stimulate the use of coal, has provided for a 10-year transition period. The use of gas as boiler fuel, by electric utilities and other industries, will be permitted after May 12, 1986, in only a few specific situations. But I believe that the power companies and the other big users can be weaned from their dependence on gas as a boiler fuel a little more rapidly, without jeopardizing our ultimate goals. Accordingly, I am today offering an amendment to reduce the transition period from 10 years to 7. According to estimates provided by the Library of Congress and the Federal Power Commission, 7 years should be adequate time for conversion by the great majority of boiler fuel users.

Under the bill as reported, the FPC has the authority to extend the conversion period by 12 months for users who cannot convert to other fuels by the deadline. Under my amendment, in recognition of a tigher deadline, the FPC would be able to extend the conversion period by 18 months. This would enable virtually all boiler-fuel users to convert to coal or other fuels within 8½ years. It is possible, of course, that a few boiler-fuel users would not be able, despite their best efforts, to end their use of natural gas before the deadline. If that is the case, the decision to extend the conversion period beyond 8½ years should be made by Congress—and I believe that an extension should be granted only when the economic and environmental consequences of a shutdown threaten to be exceptionally severe.

Needless to say, when we speak of the boiler-fuel use of natural gas, what first comes to mind is electric power generation. In 1975, 15 percent of all the gas consumed in this country was used for electric power generation; other industrial boiler-fuel use accounted for at least 20 percent. A 7-year conversion period will not present major obstacles to most industrial users; the General Accounting Office, in a report released last January, estimated that most industrial users could convert to other fuels in 2 to 5 years. The conversion of powerplants will be a longer and costlier process, and will, in at least a few cases, require the complete replacement of individual plants.

The use of gas as a boiler fuel is most widespread in my own region; two-thirds of the 3 Tcf used for electric power generation in 1975 was used in just four States—Texas, Oklahoma, Louisiana, and Arkansas. The use of gas for power generation has been declining—it fell from 3.6 Tcf in 1973 to 3 Tcf in 1975—but it has not been falling rapidly enough. Market forces are already stimulating a switch from gas to coal—the average price of gas, nationwide, is now equivalent to the average price of coal—and a major conversion from gas to coal is likely to take place during the next 10 years, with or without a 10-year deadline. A 7-year deadline will speed up this inevitable change. By sharply curtailing the use of gas as boiler fuel, we can free as much as one-third of our current consumption for more productive purposes; we should do all that we can to hasten that change.

Mr. President, I ask unanimous consent that the text of my amendment be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 1909

On page 21, line 1, change "10" to "7".

On page 21, line 4, change "12" to "18".

On page 21, line 8, change "1986" to "1983".

TAX REFORM ACT OF 1976—H.R. 10612

AMENDMENT NO. 1910

(Ordered to be printed and to lie on the table.)

Mr. BELLMON submitted an amendment intended to be proposed by him to the bill (H.R. 10612) to amend the tax laws of the United States.

AMENDMENT NO. 1911

(Ordered to be printed and to lie on the table.)

Mr. HATHAWAY submitted an amendment intended to be proposed to committee amendment No. 4 to the bill (H.R. 10612), supra.

AMENDMENTS NOS. 1914 THROUGH 1923

(Ordered to be printed and to lie on the table.)

Mr. HATHAWAY submitted 10 amendments intended to be proposed by him to the bill (H.R. 10612), supra.

AMENDMENT NO. 1924

(Ordered to be printed and to lie on the table.)

Mr. STEVENSON. Mr. President, I am submitting for printing an amendment to H.R. 10612 to repeal the deduction for State and local taxes on gasoline used for nonbusiness purposes. This deduction costs the Treasury hundreds of millions of dollars a year. It subsidizes the consumption of gasoline at a time when dependence on foreign oil is growing. It provides the bulk of its benefits to those in the highest income brackets. It shifts the cost of highway use from those who drive to the taxpayers as a whole. It unnecessarily complicates tax returns and encourages taxpayers to cheat. And it flies completely in the face of a national committent to energy conservation.

The deduction for State and local nonbusiness gasoline taxes cost the Treasury $820 million in 1975. Projections are that it will rise to over $900 million in 1981. This represents almost a billion dollars in subsidies for the consumption of gasoline when imports of foreign oil are some 14 percent above what they were prior to the 1973 embargo—and growing.

The cost of the subsidy by 1981 will exceed the Federal Government's 1977 commitment to new subsidized housing. It is higher than the total spent this year for community development block grants. It is more than twice the amount spent for child development this year. It exceeds Federal tax expenditures for such items as child care facilities, contributions to educational institutions, and corporate contributions to charity, to mention just a few. And it exceeds by far such targets of reform as tax expenditures attributable to the exclusion of interest on State and local industrial development bonds, accelerated depreciation on commercial buildings, the maximum tax on earned income and others.

The benefits of this subsidy are bestowed largely on those in higher income brackets; 69 percent of the total goes to those earning over $15,000 per year, while less than 9 percent of the total is distributed to those earning under $10,000 per year. The average benefit for the taxpayer in the $100,000 bracket is more than 27 times what it is for the taxpayer in the $10,000 bracket. As a result of this deduction, almost $54 a year is distributed to those earning $100,000 or more, but less than $2 a year is distributed to those earning less than $10,000 per year.

It is ludicrous for the Government to pay out half a billion dollars a year and more to subsidize high-income taxpayers' use of gasoline. At a time when the need for energy conservation is greater than ever, continuation of this upper income subsidy for the consumption of gasoline betrays a lack of any serious commitment to energy conservation.

The deduction for State and local gasoline taxes was first enacted in 1964 as a means of accommodating State and local tax policies. That was long before the energy crisis was perceived. But regardless of the energy crisis, the deduction is questionable because it shifts what is essentially a user charge on those who use the Nation's highways to the taxpayers as a whole, regardless of whether or how much they drive. The Federal Government in effect provides backdoor financing for State and local highway bills, and shifts the cost of doing so from the highest to the lowest income taxpayers. Moreover, miles driven for tax return purposes are such rough estimates that they probably exceed by far the number of miles actually driven on the Nation's highways.

If the deduction was questionable when created, it is indefensible now. The seemingly inexhaustible energy supplies of the sixties have given way to the reality of permanent shortage. Retention of a subsidy which contradicts that reality can no longer be tolerated.

The Finance Committee views this as a tax simplification issue. It recommends a $50 floor under the deduction as a means of discouraging taxpayers from itemizing their returns in order to take advantage of the deduction. This would mean that if a taxpayer's State and local gasoline taxes did not exceed $50, he would get no deduction at all. Worthy as the tax simplification goal is, this proposal flies in the face of the Nation's energy crisis. It takes the deduction away from those who consume the smallest quantities of gasoline and retains it for those who consume the largest.

I support the goal of tax simplification, but a solution which at best ignores—and at worst exacerbates—a national problem of extreme urgency cannot be countenanced. We are on a collision course with depletive energy supplies, and unless we bend every effort to conserve, we are doomed to the control of those who control the supplies.

The two goals—tax simplification and energy conservation—are not mutually exclusive. Both can be achieved by the complete elimination of this counterproductive deduction. An incentive to itemize would be replaced with an incentive to conserve.

For the last few days we have been debating the need to generate an additional $1 billion in tax reform revenues. Adoption of this amendment would move us more than a third of the way toward that goal in fiscal 1977 and almost two-thirds of the way toward that goal by 1981. The estimated revenue gain from complete repeal of the deduction is $600 million in fiscal 1977, rising to $910 million in 1981. By contrast, the Finance Committee's $50 floor proposal would increase revenues by only $285 million in fiscal 1977 and rise to only $343 million in 1981. So this proposal would add $315 million to the Finance Committee's measure in 1977 and almost $560 million by 1981.

This reform would not only make a major contribution to revenue; it would also make a major contribution to conservation. Using elasticity of demand estimates prepared by Data Resources Inc., an economics consulting and forecasting firm, the Budget Committee estimates that repeal of the deduction would reduce gasoline consumption by 250 gallons, or 16,300 barrels of oil per day, in 1977 alone.

If there ever was a time when the deduction for State and local gasoline taxes for nonbusiness use could be defended, it cannot be defended today. Retention of hundreds of millions in tax subsidies for gasoline use by the wealthy bespeaks a fundamental failure to appreciate the depths of the Nation's energy crisis. Increasing dependence on foreign oil and accelerating consumption of a rapidly depleting resource insure future crises of unmanageable proportions unless we change direction. Removal of the subsidy for gasoline consumption would accomplish a fundamental reform in the tax laws, add substantially to the general revenues, increase the fairness of the tax system, and make a modest step in the direction of a rational energy policy.

PUBLIC WORKS FOR WATER AND POWER DEVELOPMENT AND ENERGY RESEARCH APPROPRIATION ACT, 1977—H.R. 14236

AMENDMENT NO. 1912

(Ordered to be printed and to lie on the table.)

Mr. GLENN (for himself and Mr. DOMENICI) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 14236) making appropriations for public works for water and power development and energy research, including the Corps of Engineers—Civil, the Bureau of Reclamation, power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commissions for the fiscal year ending September 30, 1977, and for other purposes.

AMENDMENT NO. 1913

(Ordered to be printed and to lie on the table.)

Mr. BAKER submitted an amendment intended to be proposed by him to the bill (H.R. 14236), supra.

AMENDMENT NO. 1930

(Ordered to be printed and to lie on the table.)

Mr. GARY HART submitted an amendment intended to be proposed by him to the bill (H.R. 14236), supra.

WATERGATE REORGANIZATION AND REFORM ACT—S. 495

AMENDMENTS NOS. 1926 THROUGH 1929

(Ordered to be printed and to lie on the table.)

Mr. KENNEDY. Mr. President, S. 495, the Watergate Reorganization and Reform Act, is now awaiting action by the Senate. This bill would bring about important reforms concerning how our Government tackles the problem of corrupt public officials. The bill would set up a statutory mechanism for appointment of a temporary special prosecutor in future situations involving criminal allegations against very high-level Federal officials and in situations where there would be a conflict of interest between the President or the Attorney General, on the one hand, and the person under investigation, on the other. S. 495 would also establish a new Division of Government Crimes within the Department of Justice. This new division would be headed by an Assistant Attorney General, appointed by the President with the advice and consent of the Senate. Establishing a high-level unit to ferret out official corruption is long overdue and would help signal to the American people the seriousness with which we view violations of the public trust.

I support S. 495, Mr. President, and urge floor action on this bill as soon as possible. But, there are improvements that can be made to this proposed legislation. Therefore, I am submitting at this time four amendments that I will offer when S. 495 comes before the full Senate.

The first amendment I propose deals with powers and responsibilities of a temporary special prosecutor.

S. 495, as drafted, does not spell out the powers of the special prosecutor. My first amendment is intended to delineate the appropriate powers and thus guarantee the functional independence of the special prosecutor. These powers are very similar to those spelled out in the charters under which Special Prosecutor Archibald Cox and his successors derived their authority. They are also quite similar to the powers delineated in both of the so-called "Independent Special Prosecutor Acts of 1973." In fact, on the question of what independent powers and authority a special prosecutor should have, there was substantial Judiciary Committee agreement in 1973 even though the committee split on the question of whether the executive or the judiciary should appoint the Special Prosecutor.

These powers include the power to litigate, conduct grand jury proceedings, frame and sign indictments, contest assertions of privilege, appeal cases, seek immunity for witnesses and other powers a prosecutor might need to carry out his duties.

The exercise of these powers, of course, would be limited to those matters within the jurisdiction of the special prosecutor. Under the bill, the jurisdiction, in turn, is to be delineated by the Attorney General in most instances, or by the court. Also, the Attorney General has the power to remove a special prosecutor for extraordinary improprieties.

As we learned from the Watergate situation, a thorough and competent investigation can be thwarted unless the prosecutor can be insulated from undue interference. Also, the public itself may have little confidence in the integrity and independence of an investigation that is not clearly independent from those under investigation. The Prosecutor's independence should be statutorily determined, as would be the case under my amendment.

In addition, S. 495 as written does not explicitly authorize the Special Prosecutor to report to Congress or authorize him to prepare reports for the public. The power to report publicly is a useful power to help insure independence, and the duty to report to Congress helps force the Special Prosecutor to focus on legislative solutions to the problems he dealt with. The Watergate Special Prosecution Force final report, for example, contains several recommendations that were incorporated into this bill. This amendment would also authorize the submission of such reports and would require the Special Prosecutor to report to the Attorney General upon completion of his duties.

The next amendment I propose would improve the bill's treatment of the question of when a special prosecutor should be appointed.

Section 594(c)(2) lists those individuals with respect to whom a criminal investigation will automatically trigger the appointment of a temporary special prosecutor. Unless the criminal allegations against this class of individuals are certified by the Attorney General to be frivolous, then there is no legal choice under the bill but to appoint a specal prosecutor. Accordingly, this class of individuals should be carefully and precisely defined. We should be neither overinclusive, nor underinclusive. This amendment is intended to limit the number of individuals statutorily defined in this special class.

As presently drafted, S. 495 would automatically require the appointment of a special prosecutor in all criminal investigations involving any individual working in the Executive Office of the President who is compensated at a rate equivalent to or greater than level V of the Executive Schedule. As a practical matter, this class would include 184 individuals, quite a large number of Government officials. Included would be such positions as numerous trade representatives and even professional budget analysts, certainly not the type of offices which we should say as a matter of law requires in all cases a special prosecutor.

Thus, this amendment would change the automatic triggering level from level V to level IV and above. As a practical matter, this would comprise only 52 individuals in the White House and thus be limited to those who are closest to the Chief Executive and thus most likely to present a conflict-of-interest situation. Of course, criminal investigations of Government officials who are not part of this class may still require the appointment of a special prosecutor depending on the circumstances that individual's relationship to the President or the Attorney General. These case-by-case situations are provided for in section 594(c)(1) which establishes standards for the Attorney General and the court to determine whether or not there is a conflict of interest that would require the appointment of a special prosecutor.

Also, as the bill is presently drafted, the automatic appointments of a special prosecutor will occur not only for extremely high-level Government officials—President, Vice President, Cabinet officers, high-level White House assistants, et cetera—but also for individuals who formerly occupied any of those high-level positions during the previous 4 years. The intent of this provision as drafted is to reach situations where the target of an investigation resigns or has already left office, but where neither one of those reasons should militate against appointing a special prosecutor.

In defining this special class of individuals, we should be as precise as possible in order to reach the conflict of interest situations that will arise, but also to avoid the needlessness appointment of a special prosecutor in other situations. As currently drafted, a current President's former chief White House assistant, for example, might escape the rigorous and impartial investigation by a special prosecutor simply because he no longer holds that position. On the other hand, the investigation of a former White House assistant to a defeated Republican President could, for example, trigger the appointment of a special prosecutor even though the current President and Attorney General are part of a Democratic administration. There are numerous instances like these which most of us would agree would not automatically require a special prosecutor, but which S. 495 would include in the triggering device.

The cases to which we should limit the automatic appointment of a special prosecutor are those involving very high-level former Government officials, and conflicts of interest with the investigating administration. Thus, we should condition the automatic appointment not solely on the basis of the amount of time the former official has been out of office, but more importantly on whether the former official served in the same Presidential administration as the one which would conduct the prosecution. It is the latter standard that better measures true conflict-of-interest situations. My amendment would incorporate the more precise standard. It would also limit the automatic appointment mechanism to crimes related to the former officials' governmental activities.

As I mentioned, the automatic triggering mechanism in section 594(c)(2) delineates a limited class of governmental officials whose criminal wrongdoing requires the appointment of a special prosecutor. These individuals include the President, Vice President, Director of the Federal Bureau of Investigation, all Cabinet members, and a limited number of high-level White House assistants. My amendment would include the Director of the CIA in this class of officials. Like Cabinet members and high-level White House assistants, the CIA Director functions within a class of officials considered to be of Cabinet level. Traditionally, he has reported directly and frequently to the President on matters of the utmost sensitivity, secrecy, and importance. Unlike even the Cabinet departments, the CIA submits itself to relatively little interagency coordination and review before taking action. Instead, the CIA through its Director can and does act virtually without executive branch constraints, except those established by the President. History and commonsense tell us that the CIA Director occupies a special position vis-a-vis the President and should not be treated differently than Cabinet members for purposes of this bill. Public confidence in the integrity of the criminal process, as well as the process itself, will be better served if allegations against a CIA Director of criminal wrongdoing are pursued by an independent prosecutor.

The next amendment would tighten certain language of the bill that triggers reporting requirements on the part of the Attorney General and Government employees.

The bill as drafted requires the Attorney General to file memorandums with the court whenever he receives "information, allegations, or evidence" concerning criminal wrongdoing if his participation in the investigation may constitute a conflict of interest. These filing requirements are an integral part of the process of deciding whether to appoint a special prosecutor. Although these filing requirements are neither burdensome nor oppressive, the Justice Department expressed some questions as to how these requirements would be interpreted and operate in practice. A literal reading of the requirements, as now drafted, might impose an unnecessary burden on the Attorney General if he is the recipient of numerous but totally unspecified and general allegations concerning the activity of high-level Government officials. For example, a disgruntled group of citizens could simply transmit to the Attorney General allegations such as "the President is a crook" or "the Secretary takes graft."

A plausible reading of the bill as presently drafted would require the Attorney General to file memorandums concerning allegations such as these. This amendment is intended to tighten the language so that allegations and information must be of a specific nature in order to trigger the requirement that the Attorney General must file in court memorandums concerning the allegations.

Moreover, section 592(c) requires all Government employees to report to the local U.S. attorney or the Attorney General "any information, allegation, or complaint" concerning criminal wrongdoing that would be within the jurisdiction of the new Assistant Attorney General for Government crimes. As pointed out, it may be too burdensome to impose reporting requirements simply because a Government employee is the recipient of totally unspecified and general allegations regardless of the source. Thus, this amendment would impose reporting rquirements only in those situations in which the information or allegation is of a specific nature.

My final amendment deals with the jurisdiction of the new division within the Department of Justice that S. 495 provides for. Section 592(a) of the bill establishes the jurisdiction of the new Assistant Attorney General for Government Crimes. That provision limits the jurisdiction to criminal violations of Federal law "committed by" most Government officials. As drafted, therefore, S. 495 could operate in such a way that the division would have authority to investigate the Government official who receives a bribe, but not the private party who tendered the bribe. This is neither an effective nor probably an intended assignment of responsibilities within the Department of Justice. The jurisdiction should be broadened to include criminal behavior involving Government officials.

This final amendment would also assign to the new Assistant Attorney General for Government Crime general supervisory responsibilities over Department of Justice investigations of corrupt State and local officials. In most investigations involving State and local officials, the appropriate U.S. attorney handles the actual investigation and prosecution, while the head of the Criminal Division in Washington possesses general supervisory powers. Since this bill creates an entire new division and Assistant Attorney general to deal exclusively with political corruption cases, it is appropriate that supervisory powers over such cases be transferred from the Criminal Division to the new Government Crime Division. This arrangement should better equip the local Federal prosecutor with skillful and helpful backup from Washington. And, just as importantly, the Government Crimes Division will be in the best position to exercise responsibility in those few instances where the local U.S. attorney is not proceeding properly or is involved in a conflict of interest with the local official under investigation. There is considerable opinion from those who have served in the Department of Justice that occasionally local prosecution of local State officials by local Federal prosecutors present situations that politically and ethically would be better directed from outside the particular locality. In those instances, the required control and direction should be in the hands of the Government Crimes Division.

NOTICE OF HEARING

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Tuesday, June 29, 1976, at 9:15 a.m., in room 2228, Dirksen Senate Office Building, on the following nomination:

J. Blaine Anderson, of Idaho, to be U.S. circuit judge for the ninth circuit, vice M. Oliver Koelsch, retired.

Any person desiring to offer testimony in regard to this nomination, shall, not later than 24 hours prior to such hearing, file in writing with the committee a request to be heard and a statement of their proposed testimony.

The subcommittee consists of the Senator from Arkansas (Mr. McCLELLAN); the Senator from Nebraska (Mr. HRUSKA); and myself as chairman.

ANNOUNCEMENT OF NOMINATION HEARING

Mr. MOSS. Mr. President, yesterday, June 21, the nomination of Dr. Alan M. Lovelace, of Maryland, to be Deputy Administrator of the National Aeronautics and Space Administration, was referred to the Committee on Aeronautical and Space Sciences. Dr. Lovelace would replace Dr. George M. Low, who has resigned.

Because of the press of other Senate business and the pending recess, the committee has decided to move immediately on Dr. Lovelace's nomination. Therefore, I announce that the hearing on Dr. Lovelace's nomination will take place at 10:30 a.m., Friday, June 25, 1976, in room 235 of the Russell Senate Office Building.

Anyone desiring to testify at the hearing or to file a statement on this nomination should contact the committee.

NOTICE OF RESCHEDULED HEARING

Mr. ABOUREZK. Mr. President, I wish to announce for the information of my colleagues and interested public that the Subcommittee on Indian Affairs has rescheduled its oversight hearing on the land issue of the Quechan Indian Tribe of Fort Yuma, Ariz., for June 24. The previously scheduled June 11 hearing was postponed due to the business on the Senate floor on that day.

The June 24 hearing will be a continuation of the hearing which began on May 3. At that time I announced that another hearing would be scheduled in order that the Secretary of the Interior could appear personally and give the subcommittee the benefit of his remarks which are so vital to this issue.

The subcommittee will convene at 10 a.m. in room 3110 of the Dirksen Senate Office Building.

The scheduled witnesses are:

First. The Honorable Thomas S. Kleppe, Secretary of the Interior, accompanied by the Honorable Kent Frizzell, under secretary, and the Honorable H. Gregory Austin, solicitor; and

Second. Mr. Fritz Brown, president, Quechan Tribe, accompanied by Mr. Elmer Savilla, former president, and Mr. Raymond Simpson, legal counsel.

SUBSTITUTION OF SENATOR JOHNSTON FOR SENATOR CHURCH AS A CONFEREE—H.R. 12169

Mr. JACKSON. Mr. President, I ask unanimous consent that the Chair be authorized to appoint the junior Senator from Louisiana (Mr. JOHNSTON) a conferee on H.R. 12169, a bill to extend the Federal Energy Administration, to replace the senior Senator from Idaho (Mr. CHURCH).

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

CARTER COMES OUT OF THE CLOSET

Mr. CURTIS. Mr. President, a very informative article has appeared in the Human Events issue of June 26, 1976, entitled "Carter Comes Out of the Closet." I ask unanimous consent to extend my remarks by printing that article in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CARTER COMES OUT OF THE CLOSET

With the Democratic nomination all but in his grasp, Jimmy Carter has started to come out of the closet. And contrary to all the up-front advertising, he has done so in the gaudy plumage of big-spending Washington liberalism.

Carter-as-collectivist-liberal is quite a switch from the image he tried to project throughout the primary season. His effort has been to portray himself as the anti-Washington, anti-Establishment candidate, opposed to federal centralization and bureaucracy. His rhetoric has been conservative to moderate, and obviously aided him in pursuit of the nomination.

The change of front has occurred in steady phases—in public statements and commitments that Carter has made along the way, and finally in a comprehensive statement on the issues submitted by Carter to the Democratic platform-drafting subcommittee, chaired by Gov. Michael Dukakis of Massachusetts. In these statements Carter has laid his liberal credentials on the table, and from a leftward standpoint they are impressive.

The proposals offered by Carter in recent weeks have embraced everything from national economic planning at one end of the liberal spectrum to "decriminalization" of marijuana on the other. He has come out for price controls in various guises, handgun control, the Equal Rights Amendment, increased federal spending on social programs, a pardon for Vietnam draft-dodgers, and comprehensive national health insurance.

Carter's stands on foreign policy issues are of a similar kidney, containing nothing substantive to displease the left and many specifics in keeping with the liberal ideology. There is nothing in his recent statements that could not be embraced by Hubert Humphrey, Ralph Nader, Teddy Kennedy, or even Bella Abzug. Everything is in there, from increased punitive regulation of business and stepped-up federal spending to ritual plugs for nuclear disarmament.

Moreover, the platform-drafting subcommittee itself was controlled by Carter forces, headed by Atlanta attorney Stuart Eizenstat. Actually aware of Carter's impending nomination, the platform drafters obediently fine-tuned the document to suit the Carter strategy: Big government liberalism on every front, couched in neuter, uninflammatory language. On many points, indeed, the platform is almost a verbatim duplication of the Carter statement submitted to the committee.

Thus the Democratic draft platform, as well as Carter's own statements, offers us a chilling insight into his positions. Putting them together, we get the following agenda of Carter issues for the fall election:

Support for the Humphrey-Hawkins "full-employment" planning bill, a scheme that could cost anywhere from $16 to $34 billion annually, according to most estimates. Though advertised strictly as a "jobs" bill, Humphrey-Hawkins would create machinery for "planning" virtually every aspect of American economic life, projecting "national goals related to full employment, production, purchasing power."

Carter's backing for this bill is expressed in a single, terse assertion: "Support for the Full Employment Act of 1976." The platform subcommittee elaborates: "Of special importance is the need for national economic planning capability. . . . If we do not plan, but continue to react to crisis after crisis, our economic performance will be further eroded."

Support for national health insurance of the scrt proposed by Sen. Edward Kennedy. "We need a national health insurance program," Carter said in his platform statement, "financed by general tax revenues and employer-employee shared payroll taxes, which is universal and mandatory." He reiterates this position a second time toward the end of the statement, and the platform committee follows suit.

Estimates on the cost of the "universal, mandatory" health care scheme are at least $80 billion a year. So in these two proposals alone—Humphrey-Hawkins and national health insurance—Carter has put himself on record favoring programs that would add $100 billion or more in federal spending to a national budget already past the $400-billion level.

Support for nationalizing welfare payments, which would also serve to skyrocket costs. Carter's statement says "the welfare burden should be removed from the cities, with all welfare costs being paid by the federal and state governments." The platform subcommittee version, closely monitored by Carter spokesman Eizenstat, says: "Our existing inadequate and wasteful system should be replaced with a simplified, federally financed system of income maintenance which includes a requirement that those able to work be required to accept appropriate available jobs or job training opportunities."

In short, the Carter-Democratic position on welfare is an endorsement of the "family assistance plan" concept, which would roughly double the number of people on welfare, and, by having higher levels of government pick up the tab for wasteful localities such as New York City, would vastly escalate the pace of welfare spending. This would cost additional billions.

Not content with these new breakthroughs in the realm of spending, Carter also urges stepped-up outlays on existing programs. His statement to the platform subcommittee urges bigger spending on federal aid to education, "operating subsidies for mass transit," "direct federal subsidies and low-interest loans to encourage the construction of low and middle-class housing."

To all these spending proposals, Carter adds a plea for "an expansionary fiscal monetary policy for the coming fiscal year to stimulate demand, production, and jobs." In other words, another round of planned inflation.

Also impeccably liberal are Carter's positions on government regulation of the economy—the area in which he supposedly represents a new mood of hostility to Washington.

Examples:

An almost totally uncritical and laudatory attitude toward the Occupational Safety and Health Administration. "I believe the basic concept behind OSHA is excellent," Carter told the platform drafters. ". . . *OSHA must be strengthened to ensure that those who earn their living by personal labor can work in safe and healthy environments.*" (Carter's emphasis.)

Break-up of the oil companies, and intensified regulation of energy industries, plus continued regulation of domestic oil prices ("There is no need to, and I oppose efforts to, deregulate the prices of old oil")—a formula guaranteed to discourage production and increase our dependence on the Arabs.

Support for another layer of government bureaucracy on top of the bureaucracies we already have. "We must," says Carter, "institutionalize the consumer's role through the creation of a Consumer Protection Agency"—a favored scheme of Ralph Nader.

Though couched in assurances that they really aren't needed at present, support for "stand-by wage and price controls, which the President could apply selectively."

Backing for postcard voter registration, which would open our political process up to massive fraud, coupled with a proposal that "public financing of campaigns should be extended to members of Congress." In short, let the taxpayers pick up the election bills for the big-spending congressmen who are wasting their money.

Postcard registration is a favored program of Big Labor, and the Carter-controlled platform committee was not far behind in truckling to the demands of the union bosses. It offers planks supporting common situs picketing and repeal of Section 14(b) of the Taft-Hartley Act, which permits the states to adopt right-to-work laws. Both proposals, of course, are demanded by the unions.

Perhaps the biggest shocker in Carter's supposed "middle American" candidacy, however, is his emergence as a spokesman for radical initiatives and so-called "social issues." Among the positions taken in his platform committee statement and other public utterances:

Backing for the radical ERA, in no uncertain terms: "I am a strong supporter of the Equal Rights Amendment."

Pardon for Vietnam draft-dodgers. ("During my first week in office," he told *Time*, "I would issue a pardon to all Vietnam defectors.")

"I favor decriminalization of marijuana" (fund-raising letter signed by the candidate, issued by the Jimmy Carter Presidential Campaign).

"I favor hand gun control" (same as above).

Refusal to back a constitutional amendment to halt forced busing—despite previous statements designed to suggest he is against it. The Carter-controlled platform committee, indeed, goes on record *in favor of busing*, as follows:

"Mandatory transportation of students beyond their neighborhoods for the purpose of desegregation remains a judicial tool of last resort for the purpose of achieving school desegregation."

Similar refusal to back a constitutional amendment to halt permissive abortion, although claiming he is against the practice. Carter says "he would oppose a constitutional amendment that would overturn the Supreme Court's ruling permitting abortions. He would seek federal aid for sex education, family planning instruction, and adoption procedures" (New York Times, June 11, 1976).

The platform committee, again, follows Carter's lead, asserting that "it is undesirable to attempt to amend the U.S. Constitution to overturn the Supreme Court decision in this area."

Where, in all of this, is there any glimmer of moderation, conservatism, or even ordinary common sense? Carter has put his seal of approval on virtually every liberal boondoggle and social engineering scheme imaginable, endorsing programs that would add at least $100 billion and probably more to the federal budget, plumped for added controls on economic life, and taken his stand with the "counterculture" on issues such as marijuana, ERA, and the Vietnam pardon.

Virtually the only gleam of Carter's famous "anti-Washington" rhetoric in his platform statements are some knocks at existing regulatory agencies (fully in keeping with the Nader model), and a plug for his so-called streamlining or "reform" of federal bureaus—the "efficiency" plan which he admitted, back in March, he could not spell out.

In other words, Carter is proposing to pile new spending programs, planning schemes, and regulatory agencies on top of the existing mess in Washington, then make it all come out okay, somehow, by implementing a pie-in-the-sky "efficiency" program he acknowledges does not exist.

The only place that Carter proposes to cut back on spending programs is in the area of national defense. Again, despite some tough-sounding rhetoric on "detente," his substantive positions are fully in keeping with liberal enthusiasms. Among other defense and foreign policy positions, his statement to the subcommittee urges:

"Without endangering the defense of our nation or commitments to our allies, we can reduce present defense expenditures by about $5 to $7 billion annually."

"The B-1 bomber is an example of a proposed system which should not be funded and would be wasteful of taxpayers' dollars."

"We must get about the business of arms control. The Vladivostok agreement set too high a ceiling on strategic nuclear weapons."

"The Democratic party should put itself squarely on record as favoring a comprehensive test ban treaty prohibiting all nuclear explosions for a period of five years."

Once more, the Carter-dominated platform reflects all this, plus such added furbelows as "support for a new Panama Canal treaty," "normalization" of relations with Cuba if U.S. prisoners there are released, backing for the United Nations vendetta against Rhodesia, and punitive actions toward U.S. corporations doing business in Rhodesia or South Africa.

Interestingly enough, however, the Carter-controlled platform subcommittee flatly turned down an amendment that would have applied the same strictures to corporations doing business with the Soviet Union or other Communist nations. It also rejected an amendment that opposed giving up the Panama Canal, another amendment that said "the U.S. must maintain a military capability . . . second to none," and yet another which said "the government of the United States shall do nothing to impair the independence or security of Taiwan."

Thus Jimmy Carter and the Carter-dictated Democratic platform: A study in Washington liberalism if ever there was one.

YOUNG, BLACK, AND NO PLACE TO GO

Mr. McGOVERN. Mr. President, as we all know, the picture of life in the United States during the past several years has been marred by the spreading strain of unemployment. However, the growth of unemployment has recently been reversed and a certain amount of relief and satisfaction has been expressed at the slowly decreasing rate of unemployment that we may now be witnessing. But if one looks at the level of unemployment among some specific groups of Americans, especially black teenagers, there is surely no reason for celebration or even anticipation.

In 1975, the unemployment rate among black teenagers was a staggering 41.1 percent. In some areas, for instance, Charlotte, N.C., unemployment soared to an unbelievable 90 percent.

A piece of Cynthia Jo Rich which appeared in the May 15 issue of the Nation describes the lives of several black Charlotte teenagers and the frustration, boredom, and anger they share in not being able to find decent jobs. Ms. Rich's article is buttressed by dismal stories and statistics, which offer a look at the loss of identity, pride, and hope experienced by many black teenagers who cannot find work. A situation that can breed confusion, trouble, and even disruption of the family and home.

Mr. President, Ms. Rich's article reveals true life situations we simply cannot ignore. I think her article, entitled "Young, Black, and No Place to Go" provides the means to stir interest, concern, action, and help and I therefore ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

YOUNG, BLACK, AND NO PLACE TO GO

(By Cynthia Jo Rich)

CHARLOTTE, N.C.—Thomasina O'Leary, 19, squints to avoid the smoke from a cigarette in the hand cupped under her chin. "It's hard for me to get along with people. I don't know why," says the young black woman, wearing boys' sneakers and a nylon lumber jacket. She prefers the nickname "Cleo," short for Cleopatra—one of the dreams to which she clings. Her problems in Charlotte's public schools, she remembers, led teachers to brand her "disruptive" and doctors to prescribe the "nerve medicine" she took from fifth to twelfth grade.

Since she was graduated in 1974 from Myers Park High School, the only job Cleo has been able to get is an apprentice upholsterer for Goodwill Industries, working forty hours a week, taking home $20.76 every two weeks. "Don't tell that," she says. "That's embarrassing. We're working our asses off and I'm getting 35 cents an hour."

For Cleo, and most of the other black teenagers in Charlotte, the country's job slump is statistics and politics; it's the winking out of what used to be a dim ray of hope. Unemployment across the nation averaged 8.5 percent for 1975, the highest level in thirty-four years. Among black teenagers, it was 41.1 per cent. Estimates by community workers run as high as 90 per cent unemployment for black teenagers in the city of Charlotte.

In February, the federal government said the nation could expect abnormally high unemployment for at least three more years. The impelled *New York Times* columnist James Reston to write from Chapel Hill, N.C.: "If anybody thinks this country can have over 40 per cent of its black teenagers out of work for three years without serious trouble in the streets, I haven't met him."

Crime is high among black Charlotte teenagers, who have no jobs, few positive role models in their neighborhoods and little motivation to learn. According to statistics issued by the Police Department here, more than half of the 3,926 people under 17 arrested in 1974 were blacks—though Charlotte's black comprise only about 30 per cent of the population. These black teenagers committed almost twice as many crimes as their numbers would indicate. Many black high school students say the crime figures probably aren't exaggerated.

While the reasons for the bleak picture of the black teenager are not readily identified, countless investigations of behavior disorders and social pathology say the villain is family disorganization. Like Cleo, many of Charlotte's black teenagers come from homes where times are hard. They live in cramped, small apartments or rented houses clustered in predominantly black public-housing projects.

What is left of guidance from parents, worn thin by the demands of finding and keeping a job, must be shared with other brothers and sisters. So black teenagers, growing into adulthood and more than ever in need of advice and guidance, seek attention from peers or teachers at school or, worse, from law-enforcement officials. It is not the kind of attention they want, but it's better than none. Like Cleo, they seem unable to learn from their families who they really are.

When Daniel Patrick Moynihan warned ten years ago, in the celebrated and controversial Moynihan Report, that "the Negro family is crumbling," 23 per cent of black families were headed by women. "Now," The National Observer recently noted, "it is 34 per cent. Moynihan was dismayed that 24 per cent of black children were born out of wedlock. Now it is 46 per cent. He was alarmed that a third of all black children did not live with both parents; now it's half: 49.3 per cent live with one parent or no parent." Said the Observer, "The number who are poor and in female-headed families rose from 2.3 million (. . . of all black children) in 1967 to 2.7 million (. . . of all black children) in 1974."

Cleo is a little luckier. She lives, theoretically, with both parents, but her father is totally disabled, and her mother is hospitalized with a critical illness. The family survives on the father's disability income of $350 a month, plus what's left of Cleo's salary after bus fare and cigarettes.

Whatever the causes, the police in most American cities have their hands full with black teenagers. And Charlotte's school officials seem overwhelmed by the school-related problems of black kids who may eventually add to the worries of the police. School officials are frustrated by the unknown number of unmotivated students who drop out, as well as by those who, like Cleo, graduate from high school unable to find real jobs or continue their education.

Dropout figures for black teenagers are unavailable, but the most recent figures of the Charlotte-Mecklenburg Youth Services Bureau show that, of the children referred to the bureau in 1974 for truancy, running away, misbehavior at school or being ungovernable by their parents, 52 per cent were black.

In a last-ditch effort, some school administrators in Charlotte and elsewhere in North Carolina are advocating that the state's compulsory school attendance law lower the quitting age from 16 to 14. They complain that sixty to 100 kids in each high school—most of them poor, many of them black—are just marking time, waiting until they can legally drop out.

According to teachers, the classroom participation of most of these time "waiters" is nil. The teachers say, as they said of Cleo, that they don't know how to "reach" them. Says Dr. James Mikkelson, human relations director for the Charlotte-Mecklenburg schools, "Most compulsory education assumes that everybody will benefit from being in the educational system," to age 16. "In reality, some not only are not benefited but may be harmed."

While setting 14- and 15-year-olds loose may make sense from an educational standpoint, it cannot fail to aggravate law-enforcement problems—and will do nothing to meet the problems of the black teenager. It is "merely a transfer of supervision of young people from the school to the community at large," says state Sen. Mary Odom, a teacher and member of the Public School Laws Commission. "Business and industry won't touch them until they're 18."

More than seventy agencies in Charlotte—from the Red Cross to the Department of Parks—purport to offer services to teenagers. Last year, some of them met and published a thick document—"1975 Youth Services Plan to Prevent Juvenile Delinquency in Charlotte and Mecklenburg County." The plan is a series of long-range proposals, addressed to county and federal government, for increased agency staffs and budgets; it is not a how-to approach for solving the problem of idle youth.

One city agency head caused a furor in mid-February when he said Charlotte needed a jobs program for dropouts. Why should disruptive youth, who have not demonstrated worthiness for help, get jobs before those who stay in school?, one conservative city councilman protested. The jobs proposal was tabled.

The federally supported Charlotte-Mecklenburg Youth Council offers "disruptive" teenagers with limited language skills exposure to "media arts" as a means of self-expression. Phyllis Lynch, council director, believes that most of the idle, black teenagers in Charlotte have at least passed through the doors of her agency. Those who haven't, she says, are getting few, if any, services from other so-called youth agencies in the city.

The council conducts workshops in communication skills and the arts, and teaches courses like typing and sewing; it also offers some evening social activity. Students run the council program, from interviewing adult employment applicants and serving on the board of directors to turning off the lights at night.

"Most of the schools and other agencies," Miss Lynch says, "refuse to give responsibility to students until they are 16 or 17. Then they say, 'you're a man or a woman. You better get out here [in the world] and make it.'"

Counselors at the agency learned that Cleo lives with her 62-year-old father, Thomas, her 54-year-old mother, Mazaline, an 18-year-old sister and a niece. Four older sisters and a 36-year-old brother live elsewhere. Her mother told the counselors that Cleo is a "mother's child" who "cries if she doesn't get her way." All of her children were "slow," the mother said, adding that she "doesn't expect much out of them."

But Cleo claims her teachers never understood her. She readily admits she was shy in school. "Still is," she says. "I never wanted to do things when they [teachers] wanted me to. They treated me as if I was stupid, which I'm not. School is a prison. My mama forced me to go to school. It didn't mean that much to me. Even though I did right, look at me." Cleo is both offensively aggressive and piteously defenseless. She scowls and curses at people, seeming to doubt that anybody could really want to help her. But there's also a last-straw, desperate hope in her eyes that someone will point her in the right direction.

About 5'3'' and weighing 160 pounds, she is sluggish and slow moving. She lumbers into the Charlotte-Mecklenburg Youth Council after work, sits around or toys with typewriter keys for a while, then abruptly announces, "I gotta go." Stuffing her cigarettes into a jacket pocket or the top of her striped knee sock, she stalks out into the night. An hour later, she calls the agency to talk to as many counselors as will come to the phone, testing their patience.

The counselors say Cleo "responds well to male authority and attention, the kind that was probably lacking at home with an aged, disabled father who, by the time she came along, had already raised one flock of kids." In the council's multi-media workshop, she was taught how to take and print photographs. The coordination of chemicals, light, timing and technical elements of photography, the counselor points out, couldn't have been mastered by someone unable to learn.

And despite Cleo's public school history, Mary Brooks, the counselor who has worked most with her, said in a report: "It is not correct to describe Thomasina as a person who is a slow learner or who is psychologically disturbed. She has a learning problem because she was pigeonholed at a very early age as a slow learner." Teachers of the lower grades described Cleo as "easily discouraged" and "inattentive." By fourth grade, she was put in a special education program for students with behavior and learning problems. Her fourth-grade teacher said she was well liked there by classmates and was "learning to relax."

By the time she reached tenth grade, however, Cleo was reading like a fifth grader, even though a Model Cities worker's report that year said "Thomasina loves to read; almost every time I come, she asks if she can read." Her tenth-grade teacher wrote: "Ignoring her is the only punishment she'll respond to."

So Cleo was shifted around in special education classes and sent home when teachers ran out of patience. Finally, she was graduated with a useless diploma. Now she cannot find a job that pays enough to enable her to get the thing she wants most: an apartment of her own. So, she says, "I hang out in the street, drinking beer, playing pool. In a way, I feel bad about doing that, but I can't do nothing else. I could rip people off, but I figure they work hard for their money like I do."

As an example of the city's unemployed and underemployed black teenagers, Cleo is far from unique. That becomes clear after three weeks of hanging out with other Cleos on street corners, in chilly, dark housing-project parking lots, and on rocky, red clay clearings that pass for basketball courts and baseball diamonds. There the acrid, depressing stench of cheap marijuana blends with the gloom of corroding lives.

Black teenagers in housing projects like Dalton Village, Earle Village and Boulevard Homes, sitting in groups on cars or concrete apartment steps, are mistrustful of strangers, fearful of police harassment, angry, idle, frustrated, not really sure if they are the criminals, as adults say they are, or the victims.

Like Cleo, they complain that teachers "think we're stupid. They think black people are stupid. Adults in general think we're stupid." One 14-year-old who has been suspended from school three times this academic year said, "My teacher told me it's good to speak my mind, but speak it so that I won't be sent to the office."

Teenagers in Dalton Village, one of the city's largest housing projects, are aware of the Charlotte-Mecklenburg Youth Council. But they say they live too far from it—about 5 miles—to take full advantage of its activities and programs. Bus service during non-rush hours is intermittent at best, and few of the teenagers have access to cars.

"The Village," as residents call the project, got a lot of public attention in the fall of 1975 for its alleged high-crime rate. Police Chief J. C. Goodman asked the city council for revenue-sharing money to place two-man police teams in the project around the clock; two-man teams were necessary, he said, because four policemen had been assaulted in Dalton Village the previous year and now were afraid to work there on single patrol. After the community protested and several of his policemen denied they were afraid to patrol alone in the project, Goodman declared that he "didn't mean to say that." "If they send them [more police] out there," one Dalton Village teenager said, "that's when people are going to start doing something [criminal]."

Johnny Hailey, 13, spends afternoons, evenings and weekends with his buddies sprawled on parked cars in one of the project's parking lots, complaining about the boredom. He admits there is crime at the project but justifies at least some of it: "If some scared cracker come out here acting bad but he know he's scared, somebody will ask him, 'Are you lost?', take him in their house and take his money," Dalton Village teenagers say that is a way of putting intruders on notice. 'These white people come out here where we pay to stay," a 15-year-old declared. "Let them stay in their neighborhood. They're protecting their neighborhood. Why can't we protect ours?"

Some of the black teenager crime, the kids at Dalton Village say, could be prevented with more jobs. Mrs. Carrie Graves, 40, an activist among Village residents, told a newspaper reporter last December that her Christmas wish was jobs for all the project's teenagers who come to her door asking for work. She said jobs would be welcomed by the idle, activity-hungry kids hanging around the project.

The kids agree they could use the money and relief from boredom a job would provide. "We have to pay 25 cents to go to the Housing Authority's dances," 16-year-old Keith Hoke complained. "So we just go down to the bridge and look at the polluted water or sit on somebody's car in the parking lot. We don't have no transportation or money to go to the movies. It's boring around here."

"Yeah, we'd like to have jobs," another Dalton Village youngster said this winter, "but you know, you can't get no job now. I wanted something last summer where I could take care of little kids. Instead, I had to walk around here in the hot sun picking up trash with a stick. That made me even blacker, and girls don't like boys that are too dark."

BUDGET FUNCTIONS

Mr. BEALL. Mr. President, consideration of the first budget resolution has once again focused attention on the complexities of the Federal budget process, complexities which demand public understanding. The April 26 issue of Effort contains an enlightening article by Richard Carrigan of the National Education Association and Roy H. Millenson of the Association of American Publishers explaining budget functions, with especial reference to the 500 series which encompasses education, manpower, and social services. This article is of greater current interest as the House Budget Committee early this month recommended changes in the 500 category to provide for a separate education function.

Because of their recognized expertise in the education field and the importance of their article, I ask unanimous consent that it be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

How the Functions Function

(By Richard Carrigan (NEA), Roy H. Millenson (AAP))

Besides offering a limited field for lame puns, what are budget functions? The Federal budget, as presently constituted, consists of 16 "functional categories"—or, as they are sometimes more simply called, "functions"—representative of the broad aspects of national interest.

Under the new budget reform law, the Congressional Budget and Impoundment Control Act of 1974 (PL 93–344), the budget resolutions to be adopted by Congress must designate not only overall spending limits but must also designate spending limitations by function. Hence, the current concern with functional categories and what goes where.

Perhaps the best illustration of this concern is the category in which education is found, the 500 series. The 500 series not only includes education but also manpower and social services. It is broken down into six subfunctions, as follows:

501—Elementary, secondary and vocational education;

502—Higher education;

503—Research and general education aids;

504—Manpower training;

505—Other manpower services; and

506—Social services:

While we are familiar with the education subfunctions, it might be well worth while to glance briefly at the other subfunctions. For example, the FY 1977 budget lists under public assistance a $2.5+ billion social services (506) item and $315 million for work incentives (504). Under human development, there is another $1.09+ billion for social services (506). In the manpower area, we find some $2.4 billion for employment and training assistance (504) and $81.5 million for grants to states for unemployment insurance and employment services (504).

So what? All this is very complicated and why not let the bookkeepers argue about what goes where? What is the concern to educators? Simple. The Congressional budget resolution sets limits for each functional category. Coupled with education, as noted above, are a number of non-education items which are uncontrollable (ie, they rise and fall dependent upon need—Congress under the law cannot control the amount of the appropriation) and items, principally manpower, which expand and contract with the economy. Thus, after a figure is established for the 500 series and it is found that the non-education items—the uncontrollables and those dependent upon the economy—expand, it would be necessary to diminish expenditures for education.

Why the discussion now? Sec. 802 of the budget reform law indicates that the functional category system should be changed after consultation between the Senate and House Budget and Appropriations Committees and the OMB. Already, in a February 10 House address, Budget Committee Chairman Brock Adams indicated that education should be a separate item. Agreement with this approach has been indicated by the Senate Appropriations Committee.

That's not quite all. After all that has been said about the importance of functions because of the significance of the Congressional budget resolution, it would be misleading to omit the following. First, appropriation bills are not separated according to functional categories; the 500 series function, for example, is found in six different appropriations bills. Second, the budget itself is not arrayed according to function; for example, the eleven items on page 237 of the budget are from six different functional categories.

The overriding criterion in developing changes in the budget classifications is that the new classifications must better serve the understanding of Congress and the public as a means for focusing attention on major areas of national priority.

And that's how functions function.

LOCK AND DAM 26

Mr. MONDALE. Mr. President, the Daily Journal, published in International Falls, Minn., last month carried an editorial concerning the controversy over replacement of lock and dam 26 at Alton, Ill. The editorial discusses the importance of this project to the State of Minnesota and the need for a realistic approach to both the economic and environmental aspects of a congressional decision in this matter.

I am pleased that the editorial, as have a number of others in the Minnesota press, endorsed the approach embodied in my proposal for replacement of lock and dam 26.

Mr. President, I ask unanimous consent that the full text of the Daily Journal's editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Mondale Courageous

With the Reserve Mining case nearing the point where a final settlement is likely to be made in the foreseeable future, it's only natural that new environmental battlegrounds will rise to national prominence.

We admire and applaud Sen. Mondale for establishing a position of courage and leadership on one of these new issues.

The controversy involves a federal proposal to reconstruct a set of locks and a dam on the Mississippi River near Alton, Ill.

For the unfamiliar, the Mississippi lock and dam system is as important to river shipping as the St. Lawrence seaway is to the Great Lakes. Barges on the Mississippi move hundreds of thousands of tons of products in and out of Minnesota each year. The favorable water freight rates mean lower prices for consumers and higher prices for Minnesota-produced farm products.

A recent accident-caused shutdown of the critical Alton locks cost Minnesota farmers the equivalent of six cents a bushel for grain. That's the estimate of Agriculture Commissioner John Wefald who said that the incident cost the state $30 million in lost grain export sales.

The Alton locks are outdated and have deteriorated seriously. Some fear they might collapse and plug the river for a long period of time. The economic consequences of such a collapse would be felt throughout the state.

The U.S. Army Corps of Engineers, which operates the lock and dam system, has had it in mind for some years to replace the Alton locks with new and larger facilities. Simple logic says that the Corps should be encouraged to move ahead. The river shipping system is only as strong as it weakest lock.

But the stumbling block is that the Alton locks have been chosen by the Sierra Club, Izak Walton League and others who allege to be environmentalists as the place for a last-ditch stand. The groups have teamed up with a group of railroads—all of which have selfish reasons for wanting to undercut barge shipping—to force the project to a halt by legal maneuvers.

Public support has been mustered for the anti-barge position through outright distortion. One of the worst is a Readers Digest reprint entitled "Big Dam Decision at Alton." The article is malicious in its use of half-truths.

The biggest lie of all that a new set of locks is part of a secret plot to further deepen the shipping channel upstream from Alton. But the nation's largest inland shipping association has gone on record as being opposed to any such plan. And, further, the needed legislation for the Alton project is being structured to specifically prohibit upstream deepening.

Sen. Mondale has been under heavy pressure from all factions and has decided to come down on the side of building the new locks. He's proposing to submit legislation to allow the corps to proceed with construction while at the same time specifically protecting environmental concerns.

We suspect that the senator will take a shellacking from the environmentalists. One of his frequent allies in environmental affairs, Sen. Gaylord Nelson, D-Wis., is taking the other side of the fence. Nelson is proposing a series of federal studies and surveys that would be both time-consuming and expensive.

In today's political climate, Nelson's position will be the most popular and the one most productive at the polls. But Sen. Mondale's position is the realistic one. It holds that it's possible to gain economic advantage from the river while at the same time providing reasonable environmental protection.

VOLUNTARY DISCLOSURE OF INCOME AND ASSETS

Mr. CHURCH. Mr. President, periodically, since 1964, I have voluntarily disclosed by income and assets. In this election year, it is appropriate that a current statement be issued.

Beside my Senate salary of $43,025, my wife Bethine, received $4,556.81 last year from interest accrued on the sale of Robinson Bar Ranch near Clayton, Idaho, which she inherited from her family. In addition to the interest, a payment of $5,443.19 was received on the principle, making the total payment $10,000.

I also received $14,975 in honoraria for speaking engagements. In addition, Bethine and I also earned $5,656.32 interest in municipal bonds.

Our personal property includes a split-level, brick-frame house in Bethesda, Md., which was purchased in 1957, shortly after I entered the Senate. The price of the home was $43,500, of which approximately $3,400 mortgage remains to be paid. We also own, free and clear, a 1965 Ford Mustang and a 1972 Chevrolet stationwagon. I carry medical, automobile, life, and home insurance, and I contribute to the Senate retirement fund.

In her own name, Bethine holds title to the Clark family residence in Boise, Idaho, which she owns free and clear. We pay property taxes on the house, but receive no income. Other than mortgage payments on the home, we have no other debts.

In addition to disclosing my income and assets, Mr. President, I am also releasing the amount Bethine and I paid in State and Federal income taxes for 1975.

Last year, we paid $18,648.40 in taxes, including $14,932 to the Federal Government and $3,715.85 to the State of Idaho. This represents 32 percent of our income.

I ask unanimous consent, Mr. President, that copies of our latest Federal and State income tax returns be printed in the RECORD.

There being no objection, the tax returns were ordered to be printed in the RECORD, as follows:

FORM 1040—INDIVIDUAL INCOME TAX RETURN

Name: Frank F. & Jean B. Church.

Address: 245 Russell Senate Office Building, Washington, D.C.

Married—filing joint return.

Exemptions—3.

Presidential campaign contributions—yes.

INCOME

Wages, salaries, tips and other compensation	$43,025.00
Interest income	4,556.81
Income other than wages, dividends, and interest	17,980.89
Total	65,562.70
Adjustments (sick pay, moving expenses, etc.)	(6,208.28)
Adjusted gross income	59,354.42

TAX PAYMENTS AND CREDITS

Tax	13,908.29
Credit for personal exemptions	90.00
Balance	13,818.29
Other taxes	1,113.90
Total	14,932.19
Total Federal income tax withheld	11,755.87
Balance due IRS	3,176.32

INCOME OTHER THAN WAGES, DIVIDENDS, AND INTEREST

Business income (or loss)	$14,975.00
Net gain (or loss) from sale or exchange of capital assets	2,503.59
Pensions, annuities, rents, royalties, partnerships, estates, or trusts, etc	202.30
Other (honorariums)	300.00
Total	17,980.89

ADJUSTMENTS TO INCOME

Employee business expense	3,962.03
Payments to a Keogh retirement plan	2,246.25
Total	6,208.28

TAX COMPUTATION

Adjusted gross income	59,354.42
Itemized deductions	13,420.48
Difference	45,933.94
Number of exemptions claimed (by $750)	2,250.00
Taxable income	43.683.94

OTHER TAXES

Total self employment tax	1,113.90

SCHEDULE OF CONGRESSIONAL REIMBURSEMENTS AND EXPENSES

Reimbursements

Travel	$3,059.54
Home State Office	5,754.58
Telephone (outside D.C.)	5,852.98
Other	2,431.38
Total	17,098.48

Expenses

Travel	$4,021.57
Home State Office	5,754.58
Telephone (outside D.C.)	5,852.98
Other	2,431.38
* Cost of Living (D.C.)	3,000.00
Total	21,060.51
Expenses in excess of reimbursement. (Form 1040, Line 39)	3,962.03

* See Attached Affidavit.

I hereby certify that I was in a travel status in the Washington area, away from home, in the performance of my official duties as a Member of Congress, for 200 days during the taxable year, and my deductible living expenses while in such travel status amounted to $3,000.00.

FRANK CHURCH, U.S.S.

ITEMIZED DEDUCTIONS

Medical and dental expenses

Insurance premiums for medical care	$150.00

Taxes

State and local income	6,071.07
Real estate	2,357.17
State and local gasoline	160.00
General sales tax	322.08
New auto sales tax	131.93
Total	9,042.25

Interest expense

Home mortgage	267.09
Idaho First National	298.45
GMAC	188.58
Department stores	30.69
Total	784.81

Contributions

Cash contributions	260.00
Church	350.00
Other	350.00
Total	960.00

Miscellaneous deductions

Other (schedule attached)	2,483.42

Summary of itemized deductions

Total medical	150.00
Total taxes	9,042.25

Total interest	784.81
Total contributions	960.00
Total miscellaneous deductions	2,483.42
Total deductions	13,420.48

INTEREST INCOME

Interest income	$4,556.81

SCHEDULE OF CHARITABLE CONTRIBUTIONS

(Other than cash)

Goodwill	300.00
a. Two men's suits; b. One lady's coat; and c. Two cartons assorted clothing and shoes in excellent condition	
Salvation Army	50.00
(Assorted clothing and blankets) Total	350.00

PROFIT OR LOSS FROM BUSINESS OR PROFESSION

Gross receipts (net profit)	14,975.00

LONG-TERM CAPITAL GAINS

1970 Installment sale (91.99% of $5,443.19)	5,007.19

SUMMARY OF CAPITAL GAINS AND LOSSES

Combine amounts shown	5,007.19
(a) 50%	2,503.60
(b) Subtract	2,503.59

SUPPLEMENTAL INCOME

Amount received this year—Equitable Life (W)	$616.08
Amount excludable this year	413.78
Taxable portion	202.30

COMPUTATION OF SOCIAL SECURITY SELF-EMPLOYMENT TAX

Computation of net earnings from nonfarm self-employment

Net profit or loss	$14,975.00
Nonfarm optional method	1,600.00
Total net earning from nonfarm	14,975.00
Largest amount of combined wages and self-employment earnings subject to social security or railroad retirement taxes for 1975 is	14,100.00
Balance self-employment income	14,100.00
Self-employment tax	1,113.90

IDAHO INDIVIDUAL INCOME TAX RETURN

Name: Frank F. and Jean B. Church.

Address: 109 West Idaho Street, Boise, Idaho 83702.

Occupation: U.S. Senator.

Filing status: Married—filing joint return.

Exemptions: Self, spouse, and child, 3.

INCOME

Wages, salaries, tips, etc	$43,025.00
Interest	4,556.81
Income from business or profession	14,975.00
Gains and losses: Fed. Sched. D $2,503.59	2,503.59
Supplemental income	202.30
Miscellaneous income	300.00
Total	65,562.70
Adjustments	(6,208.28)
Total income	59,354.42
Add: Interest and dividends	3,656.32
Total Idaho income	63,010.74
Allowable standard deduction	13,420.40
Number of exemptions (3)	2,250.00
Less deductions and exemptions	47,340.26
Add State income taxes included in itemized deductions	6,071.07
Net Idaho taxable income	53,411.33
Tax from tax table	3,705.85
Add: Permanent building fund tax	10.00
Total tax	3,715.85
Grocery credit	45.00
Idaho tax withheld	2,786.79
Balance to pay	834.06

CRIME

Mr. FANNIN. Mr. President, my good friend Platt Cline, former publisher of the Flagstaff, Ariz., Sun, has come out of retirement to write a series of "News and Views" columns for his newspaper. One of his commentaries discusses our country's most serious social and economic problem—major crime.

As Platt points out correctly, too much emphasis has been placed by our courts and lawyers on the individual rights of the criminal and too little concern has been shown for the innocent, law-abiding victim of crime. Platt recommends swift, certain punishment as the best approach to maintaining justice for society and protecting America's citizenry from the extreme selfishness and vanity of the criminal and the costly ravages of crime.

Mr. President, Platt Cline's thoughtful, straightforward statement merits the attention of my colleagues. I ask unanimous consent that the full text of his article from the Flagstaff Sun of June 16 be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

QUICK JUSTICE NEEDED TO ATTACK CRIME

(By Platt Cline)

A gang of hoodlums tore up a part of Coconino county jail a few weeks ago—not the first time it has happened—endangering the lives of deputies and destroying thousands of dollars worth of property that you and I will pay for.

I stopped briefly on the sidewalk and watched smoke pour out of windows from piles of burning mattresses, blankets and clothing, and thought about the quick, sure justice that would have overtaken such types here in earlier days.

Those involved in the incident were a select group including a murderer and others convicted of serious crimes against persons including aggravated assault and battery.

During the past five years there has been a 38 per cent increase in major crime in the nation's 50 largest cities. But in one, New Orleans, the rate has noticeably dropped.

What are they doing there? The full answer would be complicated, but simply, that city has established close liaison between police, prosecutor, courts and probation and parole boards. Working together, they have established a system of identifying and recognizing those who are law-breakers by profession; when such are caught in new crimes, they are put away for as long as possible.

New Orleans started with the assumption that there is a hard-core group of individuals who commit most serious crimes. By use of a computer they identified all criminals with a record of five felony arrests or two felony convictions, a total of 18,000 in a city of 600,000. Whenever one of these is arrested, the entire organization of police and courts is advised. Work starts immediately in preparing prosecutions. An important factor in the New Orleans approach is speed in handling cases—quick justice. Average in that city now is 60 days from arrest to final disposition. The average sentence is 14.6 years.

And word has gotten around that New Orleans is a pretty good place to avoid if one wants to practice criminality as a profession.

There are things wrong with the New Orleans approach, and it doesn't work perfectly in all cases. But it shows what the police, courts, probation and parole boards can accomplish if they are determined to attack serious crime.

The rights of the individual are important; but the safeguards which criminals now exploit to get away with, literally, murder, are abused at the expense of the rest of us.

Whose rights are more important—the victim's, or the defendant's? It's time the victim received some consideration.

If a bunch of hoodlums burn their beds and clothes, let them sleep on the concrete and go naked for a while; they might get the point.

We must recognize the fact that the criminal is not going to respond to sweet reason and discussions about his relationship with parents and siblings at an early age. The real criminal—and a pretty good way of spotting him is a list of felony convictions—is not going to reform. Changing his basic nature is as impossible as changing the color of his eyes. He has two characteristics that are the basis of his criminal character: selfishness and vanity in overwhelming measure.

Spot those traits and you have a potential criminal. His name may be Hitler or Joe Blow—but in any case, he is an enemy of society and society must move to protect itself against his kind or see further drastic erosion of the social fabric.

Attorneys who manipulate legal technicalities, not just to see that a client gets a fair deal, but to help him escape his just deserts, are a part of the problem. Every attorney is an officer of the court, and has a responsibility to society as well as to his client—a fact which seems to be too frequently lost sight of.

"WASHINGTON CAN'T KICK THE HABIT"

Mr. McGOVERN. Mr. President, the incidence of drug addiction in the United States remains sensationally high, despite the various stringent and determined methods we have attempted throughout the years in order to curb it. Could it therefore be that our approach to this grave problem is all wrong? Edward Bunker, in a recent article appearing in The Nation, suggests that is the case and argues that the procedure followed in England might prove more successful.

As Mr. Bunker explains it, the English approach is settled on the premise that drug addiction is not a crime but a sickness. Narcotics in England are not illegal. They may be obtained inexpensively by registered addicts at clinics or from private physicians. Addicts are accepted by society as nothing less than people who must take constant medication for illness in order to live productive and otherwise normal lives.

This is not to say that the same approach would work in the United States. And I am certainly not advocating a reversal or abandonment of our present drug enforcement policies. But given our apparent inability to lick this problem of drug addiction, I think Mr. Bunker's suggestions ought to be given serious

thought. I ask unanimous consent that his May 15 article, "Washington Can't Kick the Habit," be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From The Nation, May 15, 1976]

WASHINGTON CAN'T KICK THE HABIT

(By Edward Bunker)

President Ford recently proclaimed a new "war" on narcotics, the attack to focus on curtailing opium production. Conferences with the chiefs of state of Colombia, Turkey and Mexico elicited promises of cooperation in return for financing. Rep. Peter Rodino, of House Judiciary Committee fame, followed up the President's announcement with a proposal to cut off aid to any countries that failed to cooperate. Both men were either making political hay (the drug problem is always good for that) or they don't understand the realities. Colombia doesn't grow any opium; Turkey had an agreement to stop growing opium and reneged after a year (during which there was no heroin shortage on the streets) because our compensation wasn't enough to support the Turkish poppy farmers. We let the issue drop without a whimper. And since we did nothing when Turkey used weapons supplied by us to invade Cyprus, it's doubtful that Mr. Rodino was threatening in good faith. As for Mexico, the central government there is willing to help, as long as we give enough millions to subsidize the effort, but Mexico City has only limited control in the hinterland, and the attitude there (and in most of the world) is that our approach to drug addiction is hilariously stupid and that selling narcotics for U.S. consumption is morally acceptable.

Mr. Ford neglected to mention the Golden Triangle in Southeast Asia, mainly in Burma but spreading into other countries. The Golden Triangle grows more opium than all the other places combined. We have no control in that area; we aren't even welcome. Seeing that it takes about 25 square miles to supply the opium for the entire illegal market in the United States (the only place, except Canada, where there is *any* illegal market), the President proposed something with very little chance of success.

Nobody wants to face the truth about narcotics. This "war" has become a paranoid delusion. It's been going on since 1914 when, at The Hague, an international treaty to regulate opium traffic between nations was signed. Before that, during the latter half of the 19th century, opium and morphine were as easy to buy, and as cheap, as aspirin is today. For every male alcoholic there was a female opium eater. Indeed, many physicians thought that drug addiction was the cure for alcoholism—and it is the best cure. Back then, the odds are that granny was a junkie. She had to have her "tonic" in the morning before she could milk the cow, cut the firewood, bake the bread or plough the field. The tonic's main ingredient was opium. If she missed it, she felt terrible, but with it she felt fine. In those days we had less than half the population and about the same number of addicts. Opium certainly sapped the vitality of the nation. Or did it?

The public believes that drug addicts are scrawny, emaciated; blank-eyed zombies, the walking dead. That's a lie. The truth is that narcotics have no effect whatsoever on heart, liver, lungs, kidneys, intelligence or anything else. The image of emaciation comes not from narcotics but from the manner of living that our laws and attitudes force upon the addict. He can't eat very well or worry about his teeth if he needs $50 a day to fend off withdrawal pains. Heroin has one deleterious effect: the addiction is for life.

The belief that addicts can be cured is also a lie. We don't emphasize that in our propaganda. We have ex-addicts make speeches to children, and the young see someone who has quit, so they think they can experiment and quit, and maybe they can—if it remains an experiment. But once a person has become an addict, it is forever. I believe a biochemical change takes place, so that the addict develops a permanent need. Send an addict to jail, keep him away from narcotics for five or ten years, and within days, weeks or months after he is out the overwhelming "hunger" will manifest itself. He will go back to the nightmare of being a social pariah, with full awareness that the life is wretched and imprisonment nearly inevitable.

Drug addiction is incurable; all the treatment programs are a failure. Follow-up studies in some programs show 100 per cent failure. Various states and the U.S. Government have institutional programs. A federal NARA Program—from the Narcotics Addict Rehabilitation Act—uses various forms of group therapy. Terminal Island has an NARA unit. The program director, Jim Houston, was unable to show me one cured addict after ten years of operation costing I don't know how many millions of dollars.

When I mentioned methadone maintenance, he rejected the idea because methadone is also addictive. He knows less about drug addiction than I do, and his function is not to cure addicts but to continue to maintain a lucrative *status quo*. The best that can be said for such programs is that they allow addicts to get their health back while providing a form of welfare to those who administer them. Famed Synanon claims only 10 per cent success among "graduates," with dropouts before graduation running 70 per cent. The cost per successful cure (nearly all of whom were not addicts but experimenters) is about $240,000.

We can't cure addicts. We likewise can't stop the traffic. No matter what the penalties, it is just too lucrative. A $2,000 investment in Rangoon, Beirut or elsewhere is worth about $30,000 as soon as it reaches the United States. And it's worth nearly $500,000 when broken down and sold on the streets. A man can become a millionaire in six months, and even a mandatory death penalty would be risked by many. Whenever I hear of Customs making a seizure of 50 pounds, proclaiming the value as so many millions, I laugh. It was worth that on the street; it didn't cost that. One pound that gets through makes up for the loss of 20 that are seized, and we seize at most 5 per cent. Five tons of pure heroin supplies the 500,000 addicts. How can we stop 5 tons spread among the 100 *million* tons of imports, among the 100 *million* persons arriving on 300,000 airplanes and 150,000 ships?

Only two countries have a narcotics "problem," the United States and Canada and the narcotics problem is synonymous with crime. An addict needs $30 to $50 a day to support his or her habit, and nearly all either peddle on a small scale (it takes four addicted thieves to support one peddler), commit victimless crimes such as prostitution, or steal property. They must steal $150 a day in merchandise because they get only partial value for their loot. They do it 365 days a year. They are like locusts. They seldom commit violent crimes or big crimes. They don't have the time to plan the latter. Santa Barbara once locked up all known addicts for sixty days; the property crime rate dropped more than 50 per cent. The estimated total cost of drug addiction in the United States is between $7.5 billion and $10.5 billion. This includes the financial loss in crimes, in lost taxes, in law enforcement, in courts and in institutions. It doesn't include the human misery. Most addicts quickly hate such an existence, but heroin is an addicting drug. The addict has no choice.

And the world is laughing at us. We support our problem. We underwrite it as if we had a vested interest. It's really curious to an objective outsider. We support the illegal traffic. We keep up the price. If I took that $2,000 kilo of heroin from Rangoon to Europe—Berlin, Paris, Vienna, Madrid—I couldn't get back what I had invested in it. Every country has strict laws against smuggling and trafficking, but only the United States and Canada have laws against being an addict.

Everywhere else it is treated as a sickness. An addict in Europe doesn't buy black market narcotics at $50; he or she goes to a clinic or a physician and gets it for pennies. Health officials teach the truth to youth: addiction is forever. The addict has no interest in infecting others. There's no smuggling because there's no market. The United States is the only market in the world for illegal narcotics, and we do everything possible to insure that the problem continues. Sixty-two years of utter failure and we haven't learned anything. Now the subject is too charged with emotion for rational thought. The nation is brainwashed from the demagogic screams of politicians and police.

Every objective medical and social study confirms what I've said: there's no cure, it isn't detrimental to health as long as the supply is stable, and every study recommends following the European approach, especially that of England. The British keep thorough records. At the turn of the century they had the same percentage of addicts as the rest of Europe, and the United States had a few less. England supplied its addicts, sometimes for free, sometimes at the true cost. Heroin is supplied only at clinics, but private physicians can prescribe morphine, methadone, etc., as long as the addict is registered.

Britain wrote off curing the addicts it had and concentrated on stopping the spread. It succeeded. About 50 percent of England's addicts on heroin work full time and pay taxes. They are citizens. The 50 percent employment includes women and the elderly in a time of a bad economy. Of those on methadone, nearly 80 percent are gainfully employed. An Englishman I know thinks someone has a vested interest in maintaining an intolerable crime rate in the United States by keeping something worth 20¢ priced at $50.

When President Ford launched this new war, was he advised that it wouldn't cause a pause if we defoliated every opium field in the world? Synthetic narcotics—a cornucopia of them—are as easy to manufacture in the laboratory as opium is to convert to heroin. Many addicts prefer the synthetics such as dilaudid. The international traffickers have been ready for years to switch if something interfered with opium. The synthetics have a coal-tar base. When we destroy the world's supply of opium will we declare war on coal tar?

HEALTH PLANNING

Mr. TUNNEY. Mr. President, we are certainly entering a new age of health problems and health care—an age where no solutions will be simple or inexpensive. One of the most urgent problems remains the shortage and geographic maldistribution of general practitioners. The House has already passed an important health manpower bill and I am anxiously awaiting the passage of the Senate bill which Senator KENNEDY sponsors.

As we move toward a more active role in securing better doctor-patient ratios, I would like to bring to the Senate's attention a compelling article describing how four Western States shared facilities and programs to help the almost doctorless rural regions secure a permanent doctor and health personnel. This article, from the May issue of American Education, shows just how important our health planning programs and new educational programs will be in connection with any manpower program aimed at increasing the number of doctors in underserviced areas.

Mr. President, I ask unanimous consent that this article by Dr. M. Roy Schwarz of the University of Washington School of Medicine be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

IN THE NORTHWEST, IT'S WAMI

(By M. Roy Schwarz)

While a crew adjusted klieg lights, a clinical faculty member of the University of Washington School of Medicine (UWSM) waited in the Health Sciences television studio on the Seattle campus to begin a discussion with his endocrinology class in Fairbanks, Alaska. Simultaneously in Fairbanks, a University of Alaska science professor reminded ten medical students to speak into their microphones should they have any questions during the satellite broadcast. The professor in Washington and the class in Alaska were participants in a new concept in medical education known as WAMI, from the four States—Washington, Alaska, Montana, and Idaho—which have joined in an experiment in decentralized medical education initiated in 1971 by the University of Washington School of Medicine. By sharing resources and dividing responsibilities through WAMI, the four States have been able to provide better training for more medical students and to encourage more doctors to practice in the doctor-short rural areas of the Northwest.

WAMI DECENTRALIZES EDUCATION

WAMI began as an experiment in decentralized medical education. It is now a regular, continuing part of the offering of the University of Washington School of Medicine and the first regional education program to cross State lines, reaching into the traditional autonomy of five State universities and bridging the division between academic medicine and private practice.

This bold, nontraditional approach works in the following manner:

Almost one-half of the students who enroll in the UW School of Medicine take their first full year of basic science curriculum at Washington State University, University of Alaska, University of Idaho, or Montana State University. These classes are taught by the science faculty at the respective institution. Courses at each university are kept on a par with those in the freshman curriculum at UWSM in several ways: coordinated curriculum planning and course monitoring by instructors at the five universities, supplemental enrichment presentations by visiting UW medical faculty, and carefully prepared common course materials which include films, videotapes, audiotapes, and slides.

Students take their second year of basic science instruction at the Seattle campus. Third- and fourth-year students, then entering the clinical training phase of their medical education, may choose six-week rotations among 13 clinical teaching outposts in outlying communities spread across the four States. These Community Clinical Units (CCUs) provide students and residents with the supervised clinical training in patient care essential in the professional preparation of physicians. By exposing students to the realities and satisfactions of private practice in smaller communities, the CCU training sites get many of them thinking about starting their own practice in a rural area.

Community practitioners serve as clinical instructors to the WAMI students and residents and, in turn, participate in a continuing medical education program that not only helps upgrade their skills as medical educators but acquaints them with new developments in improved patient care. For example, in Omak, a farming and lumbering community in the sparsely populated area of north central Washington, the resident in family medicine will first discuss a patient with her supervising physician, a family medicine specialist in private practice, before presenting the patient to Seattle specialists via satellite television broadcast for confirmation of diagnosis or other information. Such contact between the medical center faculty and physicians in rural practice helps the medical school keep its education programs relevant to the demands of the area. It also helps keep the sophisticated medical center resources attuned to community health care needs.

WAMI ANSWERS NEEDS

WAMI was born of necessity. Through the late 1960s demands in Washington for new and more State services expanded rapidly but the State's ability to finance delivery of those services did not. Nowhere was this double bind more critical than in the field of medical education and health care delivery.

Statistically, Washington's health care manpower compares fairly well with the national picture. The State has one doctor for every 556 residents; nationally, there is one doctor for every 565 residents. However, only 30 percent of the physicians in the State practice in rural areas where 45 percent of the citizens live. Too few doctors spread over too large an area means an inconvenience and travel expense to many and a life-and-death situation to some. When a town's only doctor leaves, retires, or dies, everyone in the environs feels the impact.

As critical as Washington's health manpower needs are, the States of Alaska, Idaho, and Montana face more serious problems: Alaska's physician population ratio of 1:866 is well below the national average. Only 15 percent of the physicians practice in rural areas where 50 percent of the people live. Montana's physician population ratio is 1:950. Only 15 percent of the physicians practice in rural areas where 45 percent of the population resides. Seven Montana counties are totally without physicians.

Idaho's physician population ratio is the same as Montana's 1:950. Although 51 percent of the people live in rural areas, only 28 percent of the physicians practice there.

A related problem that complicates any attempt at correcting the uneven geographical distribution of physicians is the lack of sufficient numbers of primary-care physicians. Rural areas not only need more physicians but specifically need those specializing in primary care, that is, in family medicine, pediatrics, obstetrics/gynecology, psychiatry, and internal medicine. Estimates based on American Medical Association figures on the number of family physicians or general practitioners in Washington project a need for at least 49 additional practitioners in this one specialized area every year to fill the current lack and to keep pace with attrition rates.

Among the reasons physicians bypass or leave rural practices, one of the most frequently cited is the professional isolation they experience. Continuing medical education programs, which help them keep on top of new developments in patient care, are usually located at distant metropolitan medical centers and there are few or no nearby physicians to handle their patient's emergency calls while they are away.

To the uninformed an obvious solution to the four States' common problem is simply to build more medical schools. A closer look shows the financial folly of that line of thought and why that solution has not even been attempted. Medical schools are among the most expensive kinds of institutions to build and maintain. Data from the National Institutes of Health and from the schools themselves indicate capital expenditures for a new or expanding school of medicine to run from $208,000 to $444,000 per student position, depending on the class of school. The AAMC and the Institute of Medicine studies on instructional costs found a national average of $8,600 and $9,700 per student per year, respectively.

Since the UWSM is the only medical school in the four WAMI Program States, those States have historically looked to it for help in filling their health manpower needs. In return, they have agreed, through the Western Interstate Commission on Higher Education (WICHE), to share the instructional cost of medical education for their citizens at the UWSM. Through the WICHE program, Alaska, Montana, and Idaho provide $5,000 per year for each of their citizens who take medical training at UWSM. That figure, however, is less than the actual instructional costs—and substantially below the construction costs required to enlarge the medical school facilities.

Faced with a 155 percent increase in applications for admission between 1963 and 1973, the UWSM had to give top priority to its home State applicants. Increasing the freshman medical class from 75 to 125 over that period still could not accommodate Washington's needs for more physicians, more primary-care physicians, and the increasing interest of the State's young people in medical careers. Further, a limiting factor in any medical school's expansion is the necessity for supervised clinical training. Medical students and residents must have patient contact. The number of patients available for clinical training in Seattle—or in any city, for that matter—is limited.

Thus, the conception of the WAMI Program emerged from the confluence of many problems and considerations:

A shortage and maldistribution of doctors,

Too few primary-care physicians,

Insufficient opportunities for medical education,

Limited finances to accommodate the rising cost of medical education, and

A limited supply of patients for supervised clinical training in the Seattle area.

Once the concept took shape, the Commonwealth Fund of New York City and the U.S. Bureau of Health Resources Development in the Department of Health, Education, and Welfare (HEW) stepped in with funds for developing the idea. The basic WAMI instructional program is now cooperatively financed by the participating States. For the 1975–76 academic year, the Washington legislature allocated $250,000; Alaska, $308,000; Montana, $300,393; and Idaho, $256,700.

WAMI LOGS SUCCESSES

The WAMI Program is a cooperative effort of four State legislatures, four governors, five universities, more than 150 physicians in private practice, community clinics and smaller hospitals in 13 communities, private foundations, and Federal agencies. Development of the program in Idaho got a special boost from 14 Idaho businesses which contributed $90,000.

Due largely to this cooperation WAMI has in its brief span accumulated some impressive credits:

Medical school enrollment has been increased by 40 percent without major capital expenditures.

Admission of students from Alaska, Montana, and Idaho—States which lack medical schools of their own—has been increased 400 to 900 percent.

Nearly half the UWSM freshman class this year will take the first year of medical curriculum at four neighboring universities.

Most likely because of their exposure to community practices, WAMI-trained students choose family medicine specialties more often than do their classmates.

Three of every five graduating residents who participated in WAMI have chosen primary-care practices in rural communities.

Approximately 120 third- and fourth-year medical students and residents each year receive training with private practitioners in 13 Community Clinical Units.

Continuing medical education for physicians in isolated communities has been greatly expanded. (Each year approximately 28 UW medical faculty members make more than 40 professional presentations to local physicians at the WAMI CCU sites. More than 600 community physicians this year will participate in 63 inservice training sessions in various medical specialties at the Seattle campus.)

WAMI FILLS REGIONAL EDUCATION NEEDS

Complex as was the task of starting WAMI, maintaining the program still remains one of the biggest challenges facing its staff. Five years of program experience have taught those involved that success depends on how well they can meet the following requirements for a regional education program:

Regional sharing of faculty resources and clinical expertise;

Coordination and supervision of the educational experience at geographically distant sites;

Maintenance of a strong, cohesive administration to handle the political, fiscal, and academic problems;

Adequate communication of health care and health education needs, problems, and programs to key decision-makers at all levels of government.

Meeting the needs of a region that encompasses 22 percent of the land mass of the United States but contains less than three percent of the Nation's people involves overcoming enormous communications problems. Distances cross five time zones, and some communities are farther apart than New York is from Los Angeles. Some communities are accessible only by air or water transportation, and when weather conditions are unfavorable—which can be a good part of the time—some are completely isolated. Amid such heavy overcast of seemingly unsolvable communications problems, ATS–6 flashed a ray of hope for launching and supporting a successful regional medical education program.

With the Lister Hill Center for Biomedical Communications of the National Library of Medicine supplying ground terminal equipment and necessary technical assistance, and The Bureau of Health and Manpower Development funding a variety of experiments in administration, curriculum, and patient care, hope transformed into reality. Thus, from January through June of 1975 the ATS–6 communications satellite, 22,300 miles in space, provided the WAMI Program with instantaneous audio and color video two-way communications between Seattle and Fairbanks and two-way black-and-white audio and video communications between Seattle and Omak.

ATS–6 PERMITS A VARIETY OF EXPERIMENTS

Administration experiments involved several different types of conferences via satellite: Faculty at the four peripheral universities exchanged ideas with the Seattle medical faculty. Academic program coordinators and administrators to the various WAMI locales talked with one another via satellite video communications. The Admissions Committee of the UW School of Medicine in Seattle interviewed Alaskan applicants, and WAMI students at the University of Alaska in Fairbanks participated in admissions counseling sessions with the UWSM Assistant Dean for Admissions.

In addition to the administrative experiments, a number of academic experiments were set up and carried out. These included presentation of distinct course segments and a substantial portion of a course of study by the UW School of Medicine faculty to Fairbanks students via the two-way audio and video broadcast mode. Computer-aided evaluation programs allowed Fairbanks students to measure their own proficiency. Another type of curricular experiment was the satellite transmission of lectures and demonstrations to WAMI students at the Omak CCU and the presentation of patients to the Seattle medical faculty by students training in Omak.

The curricular experiments also included continuing education programs for Omak area physicians, nurses, and laboratory technicians. Conversely, the community physicians, who serve as clinical instructors in the WAMI Program in Omak, presented programs related to problems in rural health and emergency medical care to audiences in Seattle.

Evaluations of the ATS–6 satellite experiments showed that two-way satellite telecommunications can be effectively used in a regional education program in a number of different ways. It can, for example, furnish the wherewithal to

Closely approximate a conventional classroom discussion, although the professor is at one site and students at another;

Provide substantial or supplemental portions of course materials to students geographically distant from the instructor;

Broaden participating institutions' faculty resources;

Diminish the sense of isolation students at peripheral universities may feel;

Make better use of faculty and administrators by avoiding time-consuming travel;

Facilitate better communication among faculty, administrators, and physicians;

Provide more efficient and effective decision-making by geographically separated groups;

Provide diagnostic help and specialized medical consultations when physicians, patients, and specialists are hundreds of miles apart;

Put health care professionals at remote sites in touch with the educational and specialized patient care resources of metropolitan medical centers;

Provide academic faculty and medical center staff with feedback on community health care problems and needs.

SATELLITE EXPERIMENTS WILL CONTINUE ON NEW VEHICLE

WAMI will continue those initial experimental efforts begun with the ATS–6 satellite and will attempt to refine them with five experiments using a new vehicle—the Communications Technology Satellite (CTS), a joint Canadian-U.S. program. Satellite time will be shared by experimenters in the two countries.

The WAMI experiments, scheduled to begin in October 1976, will explore the effectiveness of satellite telecommunications in nearly every aspect of the regional medical education program. Continuing medical education programs will be offered community physicians, the experiment design to include a control group of physicians in solo and group practice who will not have access to the satellite. The control group will receive independent learning modules and materials by mail; whereas the experimental group of physicians will receive the same materials but have them reinforced through two-way satellite communication with a Seattle medical faculty tutor.

Effective delivery of continuing medical education programs to physicians in their own small communities is a critical goal, since professional isolation is a prime reason doctors bypass or leave rural or semi-rural practices. Nor can blame for this condition be attached to the small community. What alternative does a doctor-short village have to keeping its medical talent close by? When its local physician leaves to take classes at a distant medical school, proper health care disappears.

But WAMI is changing that. Doctors soon will be required to complete 50 hours of continuing medical education as a condition for relicensure under new standards shortly to be implemented in the four States. The UWSM thus faces the awesome task of finding some means of providing appropriate medical programs annually for the area's 8,000 physicians.

Companion to this program is one in which medical faculty specialists, available only at the UWSM, will teach via satellite an entire elective course and offer enrichment materials to supplement the basic science studies taken by first year WAMI medical students at the four State universities. While ATS–6 academic experiments showed that two-way satellite can simulate actual classroom instruction between a professor at one site and 12 students at another, the CTS experiment will determine whether 80 students at four universities can interact simultaneously with their instructor at still another university as spontaneously as if all were in the same classroom.

Community physicians will also use satellite communications to present their patients and appropriate diagnostic material to medical specialists in Seattle. The purpose of this experiment is to find out whether the consultant—by viewing the patient and discussing his or her condition with the referring physician—can improve the quality of follow-up care. Other considerations are the elimination of delays imposed on the referral process by the necessity of long-distance travel and some provision for teaching students and residents about the applications of research findings to improved patient care.

Formal and informal legislative hearings and a "mini" Western governors conference on health education and health-care issues are also planned for the satellite and, with the cooperation of the Montana State Legislature, will be conducted between Bozeman and Seattle. The experiment will determine whether satellite communication can be made to work in governmental deliberations on public policy issues. If such indeed proves to be the case the experiment may pave the way for making government at all levels more accessible to the people.

In addition to the obvious interest of defining what satellite communications can contribute to the success of the WAMI Program, UWSM staff are excited about its implications for the future of education at all levels. The WAMI concept is exportable, not only to other States interested in developing regional medical education programs but to other educational and service delivery programs.

WAMI's five years' experience proves that institutional, governmental, and community cooperation is possible. The WAMI Program also shows that everyone benefits from such cooperative efforts: Taxpayers get more services for their tax dollar. Institutions enrich their educational program through access to faculty expertise at other campuses. Community physicians have the stimulation afforded by academic centers; academic centers have the community feedback essential to development of relevant programs. More students are given access to medical careers and receive a broader training experience. Communities are getting the doctors they need, and patients get better health care.

If satellite technology can overcome some of the technical and communications problems that hinder development of regional and decentralized programs, it may soon be that first graders, for example, with a particular learning dysfunction who live hundreds or thousands of miles apart are all taught by the same master teacher with a specialty in handling their problem.

A high school student in the Alaskan Yukon could, via satellite, have access to the curriculum offerings of a metropolitan school system. Workers in any field could receive inservice training via satellite from the best trainers without leaving the office, or school, or factory.

The concept of equality of opportunity has never had a better chance of being fully realized.

FOR MORE INFORMATION

More information may be obtained by writing to WAMI, A300 Health Sciences Building, University of Washington School of Medicine, Seattle, WA 98195.

STUDY OF INTERNATIONAL GRAIN RESERVES

Mr. HUMPHREY. Mr. President, it is over a year and a half since the World Food Conference called for the negotiation of an international system of nationally held grain stockpiles. Yet, to date, progress toward such a system has been slow, if not negligible.

On the part of our own Government, Assistant Secretary of Agriculture, Richard E. Bell, recently stated that international grain reserve discussions are dead.

But the threat of widespread hunger and starvation remains. World cereal stocks have continued to decline, and, although we have been able to squeak through the last few years, a combination of circumstances, similar to those which precipitated the food crisis of 1973–74, would have disastrous consequences for the food importing nations of the developing world.

We must not wait until another crisis is upon us to take the problem of world food security seriously. The cost in lives and human suffering just cannot be justified. Now is the time to begin to take steps to deal with the vagaries of world food availability.

Mr. Philip H. Trezise, a senior fellow at the Brookings Institution, has recently written a thoughtful study on international grain reserves. This study, entitled "Rebuilding Grain Reserves: Toward an International System," is an excellent review of the need for an international grain reserve system and criteria upon which such a system might be established. Mr. Trezise proposes the establishment of a 60 million metric ton reserve worldwide with the cost of stockholding to be shared equitably between the major industrialized nations.

Mr. President, I ask unanimous consent that the summary and conclusions of Mr. Trezise's study be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Summary and Conclusions

A multilateral agreement to establish reserves of cereals would amount to a substantial new experiment in international cooperation. Not surprisingly, the problems of negotiating such an undertaking appear to be formidable. The principal requisites of an agreement are clear enough, however, and should not present insuperable obstacles if the main negotiating parties are prepared to consider the issues seriously. And the arguments for going forward, on examination, are quite compelling.

First, in the affluent industrial countries sharp upward changes in cereal prices often have a pervasive influence on all food prices and, via the wage mechanism, on the overall price level. The complications for national economic policy, or for demand management, that follow from these inflationary developments can restrict total output below potential, at large economic and social costs. A reserve stock policy that could keep cereal price changes within a less disruptive range could thus make an impressive contribution to the welfare of the industrial nations and, because of the dominant role of these nations in the world economy, of the developing countries as well.

Second, for the nonindustrial countries, and especially the poorest among them, higher prices for cereals can work a variety of hardships: (1) directly on development programs and prospects, by forcing reductions in the volume of nonfood imports; (2) on economic stability by way of heightened inflationary pressures; and (3) on levels of food consumption through cutbacks in cereal imports—in effect, a spreading and worsening of preexisting malnutrition among the poorest members of these societies.

Third, in certain of the nonindustrial countries, notably in South Asia, there is an inherent threat of widespread famine in any failure of a major domestic cereal crop. While in principle the amounts of grain that might be needed to cope with any likely famine emergency could be mobilized by reductions in consumption elsewhere in the world, a prompt, adequate response would be difficult to organize unless reserve stocks were available to be drawn upon.

POOR ALTERNATIVES TO WORLD RESERVES

All of the possible alternatives to financing and managing grain reserves multilaterally appear to be subject to liabilities or inadequacies. The most obvious is a return to the past by building up North American reserves. It is possible that the United States, or the United States and Canada, will once again find it politically necessary to accumulate stocks to cope with surplus domestic production. To rely on this possibility, however, would involve the risk that in North America future policy, like that in the late 1960s, would be to cut the acreage planted to cereals rather than to let surpluses accumulate. Given the critical role of the North American cereal output in the world grain economy, such decisions could greatly increase the world's vulnerability to a bad harvest in a major producing or consuming country or region. Or if the United States and Canada rebuilt stocks on their own, they might find it politically requisite to use them primarily to defend domestic markets against fluctuations and to use export restrictions to put the main price and cost burdens of short supply situations on importing countries.

The Food and Agriculture Organization (FAO) offers another alternative, which in effect constitutes guidelines without commitments. The FAO has proposed a series of individually determined and loosely coordinated national stocks. This would set aside the principle of risk pooling, apparently out of concern for national sovereignty. It would put a premium on waiting to see what a few big importing and exporting countries would do. And the absence of commitments to common guidelines for the acquisition and disposal of stocks would make questionable their usefulness in times of market stringency or of surplus.

And finally, bilateral supply and purchase arrangements between a few large exporters and importers, without provision for stocks, at most would shift burdens to others in periods of short supplies, with potentially disruptive effects on established trade patterns and perhaps on international comity. If such arrangements were buttressed by agreements among the parties to hold stocks, they would raise most of the problems of joint management of a multilateral reserve scheme, and in a divisive way.

CONSIDERATIONS IN SETTING UP A GRAIN RESERVE

The essential elements of an international grain reserve arrangement might be as follows:

1. *Size and composition*. The calculations of trends in exporting and importing countries in chapter 2 suggest that single-year risks of substantial grain shortfalls might be covered by initial contingency reserves on the order of 60 million tons, divided between wheat and coarse grains in roughly equal fashion, with the amounts rising by 1980 to about 75–80 million tons. Rice would have a small role, if any, in reserves, because of both its high costs and its limited storage life. But possible shortfalls in rice production could be covered by holding stocks of other cereals.

2. *Participation*. Contributors to the financing of reserves should include in principle all the industrial countries, East and West, as well as Argentina and South Africa. If the Soviet Union and Eastern Europe were to opt out, stock requirements could be considerably reduced, and advance arrangements would be needed for coordinated export controls and discriminatory pricing to assure that a crop failure in the USSR (or in any other nonparticipating nation) would not unduly disrupt the grain markets of other countries.

3. *Cost sharing*. The costs of a grain reserve would be interest and storage charges, plus the acquisition expenditures for any stocks eventually used for famine relief grants. Acquisition outlays otherwise could be regarded as an investment. A 60-million-ton reserve costing upwards of $6 billion to acquire might involve annual carrying charges of about $640 million in constant 1975 dollars. Profits from sales could cover some, all, or more than these costs, depending on the time period between accumulation and the disposal of the stocks and on the margin between acquisition and selling prices.

The most relevant criterion for deciding on fair shares of reserve stock outlays is the level of grain consumption, since the benefits of stable markets can be expected to accrue principally to consumers. A distribution of shares on the basis of relative consumption could be adjusted by introducing trade volumes as another criterion. This would take account of the view that exporters bear a special responsibility for holding inventories, and it would be the equivalent of a special premium levied on importers for insurance against possible interruptions of supplies. An illustrative formula along these lines would give the United States a 30 percent share, the USSR and Eastern Europe together 22 percent, Western Europe roughly 20 percent, and Japan 13 percent, with the remainder allocated among the other participants.

4. *Reserve stock management*. Stocks would be "national" in the sense that individual shares would be nationally owned and, according to choice, nationally located. Participants would be committed to acquire stocks according to agreed upon guidelines, and the most generally suitable would be

prices in world markets. Disposals also would be determined by market price developments. Illustratively, purchases would be presumptive at 10 percent above the floor price and mandatory at the floor; sales would be permitted at 10 percent below ceiling and would be mandatory at the ceiling. The wider the price range, of course, the smaller the reserve requirements would be; a fairly wide range within which market forces could operate would be necessary in any case during a stock build-up period. A price range in which the maximum price were set at 40 percent above the minimum price might be a good starting point, on both political and economic grounds.

5. *Famine reserve.* The level of cereal reserves needed to give substantial insurance of being able to meet a major famine emergency in the poorest countries may be on the order of 20 million tons see chapter 3). This amount would be an integral part of a larger market stabilization reserve, with some form of earmarking to assure its availability in a famine situation. It would be financed largely or entirely by the high-income participants, and its use would depend on an internationally approved set of criteria.

6. *International reserves and national farm policies.* The parties to an international reserve scheme could follow different domestic farm policies, as on price or income supports, without affecting their obligations under the scheme. If, however, reserve stock goals were achieved and surpluses continued to mount, it would be necessary to share production cutbacks among the countries involved or to raise the stock targets, or both. A reserve agreement might include provisions for gradually reducing price supports as protection if surpluses became chronic, thus leading eventually to a more rational use of agricultural resources in the industrial countries.

THE NORTH AMERICAN ROLE

The beginning of a build-up of grain reserves will depend on harvests good enough to put significant downward pressures on world prices. This could occur, to take one likely set of circumstances, as soon as the United States and the USSR simultaneously have bumper harvests. But there should be an understanding about a reserve policy in advance of the appearance of surpluses because of the critical role of U.S. or North American cereal production in the world grain economy. For the present, and probably for some time to come, North American crops must provide the largest part of the grain needed to cover deficits elsewhere. It is of crucial importance, therefore, that market conditions should continue to induce full use of the relevant acreage in the United States and Canada.

If initial surpluses were to prompt North American acreage reductions, voluntary or officially sponsored, rather than the accumulation of adequate reserve stocks, the world's economic vulnerability to bad harvests would be greatly heightened. In particular, a low American crop in any year could mean that the margin would be lacking to cover cereal deficits in importing countries; if this situation were coupled with poor crops elsewhere, export limitation would become inevitable. The way back to any reasonable stability in world grain markets cannot be assured unless full output in North America is underwritten either by multilateral commitments or by the willingness of the United States and Canada to accept this responsibility on a unilateral basis.

THE PORTLAND (MAINE) COMMITTEE OF CORRESPONDENCE

Mr. MUSKIE. Mr. President, today I met a group of youths from Maine who impressed me tremendously, and I would like to pass on to the rest of the Congress their imaginative and worthwhile project.

They have formed, on their own, an organization called the Portland Committee of Correspondence to revive citizenship awareness and education.

And now they are spreading this idea to other parts of the Nation to establish a network of correspondents to carry out an intensive dialog on the meaning of the Bicentennial—much like committees of correspondence paved the way for our Revolution 200 years ago.

Beginning their project in April, they have enlisted 263 correspondents in 12 Maine schools, 16 schools in other States, and 7 American schools overseas.

In their own words:

We started this project because we are turned off by the approach many Americans take toward the Bicentennial celebration. We are tired of plastic John Adams dolls and fountains that spew red, white, and blue water. We chose this project because it is meaningful, relevant and thoughtful.

Their project is all that, and more.

For their goal is to make a lasting impact on the teaching of American history and citizenship in our schools.

They hope to clear some of the dust from American history to make it more relevant to the challenges that each young American faces today.

If these young people are successful, their project could emerge as one of the finest examples of citizen initiative in this Bicentennial Year. And if the young people I met today exemplify the others in this project, I am confident that they will succeed.

Mr. President, I hope that my colleagues in the Senate and House will take note of this project and ask unanimous consent to have printed in the RECORD some material which they have distributed.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

PORTLAND COMMITTEE OF CORRESPONDENCE.

The Portland Committee of Correspondence thanks you for your interest and welcomes you to the Bicentennial Project.

We started this Project because we are turned-off by the approach many Americans take toward the Bicentennial celebration. We are tired of plastic John Adams' dolls and fountains that spew red, white, and blue water. We chose this project because it is meaningful, relevant, and thoughtful.

Our project has already received support and a rather large contribution of money from the Maine High School Bicentennial Commission. The monies will be used for postage, speakers, a newsletter, and a congress of delegates in May of this year.

You should know that we also traveled to Boston to get ideas to develop our topic. We were greatly helped by Dr. William J. Bennett, a scholar at Boston University. The topic we have finally selected is:

"What is the responsibility of formal high school education in the development of the U.S. citizen? How well is that responsibility presently being accomplished by the high schools? What, then, is the responsibility of the individual to this formal high school education?"

This topic reflects our feeling that everyone should be properly educated as a citizen and consequently care about his government. We hope to accomplish four things through the correspondence. First, to bring about a significant impact by learning what students in other school systems around the country think about the topic question; second, to bring about appropriate legislation at the local, state, and national levels for citizenship education in the high schools, third, to prepare a publication based on the correspondence; and fourth, to sponsor a national congress where as many delegates (or proxies) as possible will meet at a location to draft a "Declaration of Aspirations". This Declaration will be presented to the Governor of Maine, Congressmen, and hopefully, the President of the United States.

All four of these goals are realistic and could well bring about a substantial and lasting change in citizenship education.

If this program sounds appealing to you, please immediately send us the names, addresses, and telephone numbers of students (if you have not already done so) who will join us in the correspondence.

We will then match your names to one of our Portland, Maine, students—or, match your names to students at one or more of the other schools involved in the project. The correspondence will thereby be initiated, and continue until the end of April or the middle of May.

You should also know that we plan on having a Newsletter to link all the schools. This Newsletter will, for example, describe the nuts and bolts of the national workshop and give ideas about inducing legislation in your geographic areas.

We encourage you to participate in this major national Bicentennial Project for America's youth.

Cordially,
PORTLAND COMMITTEE OF CORRESPONDENCE.

P.S. At this date, we already have communications from American student participants in these schools:

Catherine McAuley H.S., Portland, Maine (Parochial School).
Colegio Bolivar, Cali, Colombia.
Cooperativa Colegio Americano De Quito (American School), Ecuador.
Hyde School, Bath, Maine.
Department of the Navy (Seven (7) Overseas Dependent Schools).
Timberline H.S., Lacey, Washington.
Old Town H.S., Old Town, Maine.
Ipswich High School, Ipswich, Massachusetts.
Franklin-Simpson H.S., Franklin, Kentucky.
Sisseton High School, Aberdeen, South Dakota.
Deer Isle-Stonington H.S., Deer Isle, Maine.
Mount View H.S., Thorndike, Maine.
The International School, "Nido de "Aquilas", Santiago, Chile.
South High School, Sheyboygan, Wisconsin.
Department of the Air Force, (Thirteen (13) Overseas Dependent Schools).

DECLARATION OF ASPIRATIONS

MAY 18, 1976.

We, the future of the United States of America, are disappointed! There is a definite unfulfilled need in the American Educational system today; citizenship awareness and responsibility are rapidly becoming lost values in our society. As the result of our extensive international correspondence we are convinced that the value of citizenship awareness is an unfulfilled need that must be emphasized in our American Educational system to insure the successful survival of our nation.

The educational system has a responsibility to create a climate in which students will voluntarily learn to function as participating citizens in life. Whether a student develops the admirable qualities of awareness and responsibility towards his society depends on his experiences gained during the years of formal education. Many students know little or nothing about our social, economic, and political systems. We possess the interest and motivation to correct this problem. Now, we are seeking the methods.

There are two major areas of improvement that can be implemented in the present system to rectify this lack of awareness and responsibility. In order to be effective, they must be adopted in a coherent, interesting manner. History should be taught with a perspective applied to current issues. Students can better understand our heritage and our system of government if these subjects are related to current, relevant and interesting events. Students will also become more aware and involved in our government if they take part in role playing situations in citizenship classes. Model governments and service organizations instituted on either local, state, or federal levels can interest students in our social process. If people can experience a process first hand, it becomes infinitely more interesting and appealing. Any such activity should produce in the individual a sense of awareness and responsibility to his community, his country, and his world.

We aspire to develop a productive, aware, responsible, free thinking nation; hence recover citizenship. To attain this ultimate goal, we obligate ourselves.

PORTLAND COMMITTEE OF CORRESPONDENCE NEWSLETTER.

Letter From The Editor:

Hello to all from the Portland Committee of Correspondence.

This newsletter's purpose is to keep us informed and up-to-date on what's going on.

Thus far, the project has been a success and worthwhile investment of our time. There are two hundred and sixty three correspondents from 12 schools in Maine, 16 schools in the nation and 7 schools overseas, who have been writing to each other about the bicentennial topic.

We would like to continue with it, and would like your comments as to whether or not you would like to participate if we do extend the project. Send your comments to Dr. Peter R. Greer, 107 Elm Street, Portland, Maine 04111.

"I see this project as an excellent medium for the exchange of diverse intellectual viewpoints. It is sad that it would not have been funded—even initiated without the catalyst of a cheap gimmick (the Bicentennial)."

"Interlaced with allegiance is the ability of one to make choices that differ with the government. Only if we care enough to disagree, and do something about it, are we then up to the standard of American citizenship."

"The topic of citizenship education is one which deserves a good deal of attention. Every country wishes to have 'ideal' citizens, yet not enough consideration is given to the question of how these citizens come to be 'ideal.' I think that the answer to this question can be found in formal high school education."

"A mandatory class of current events also might generate more concern for recent happenings. Teachers should encourage their students to write to government agencies, politicians or citizen groups when they have questions or complaints concerning current policies, laws, or reform movements."

"I am not a very political orientated person but recently I have become more aware of the politics around the country because I will be voting this year. I have just realized how little we are educated in school of the 'real' forms of government. I say 'real' because everyone learns about the constitution, and memorizes the president's names, and reads of the famous Paul Revere ride but we are very sheltered from the everyday political activities. Until recently I could not name the Senators of Maine and did not know the difference between radical or socialist."

"Last week two Israeli students talked with our history class about Israel and themselves. These two students put our whole class to shame. They were intelligent, articulate and very worldly. They knew what was going on in the world and their patriotism was just fantastic. As I said before, they made our class look like idiots."

"I also feel that each individual should have an idea of how our government operates. I, myself, never knew how it worked until this year in U.S. History. I guess, like many other people, I never cared to know. I'm not sure that I completely understand it; but who, then, does?"

"Now down to the issue at hand. Our exchanges should be interesting, as we complement each other. You seem to be optimistic, patriotic, and all-American (tell me if I'm wrong!) I'm cynical, pessimistic, and hold no institutions as sacred.

"By us giving our views and expressing our ideas, we are giving a little gift to our country."

"I think you'll agree with me that the high school years of any student are years during which new ideas are considered and values are formed. Whether a student develops a concern for the system of government or an indifference toward it largely depends on the experiences that are gained during high school."

"I'm happy because I'm able to communicate with another person on a level I've never reached in my life. I hope it will be an enlightening experience for me as well as you."

"We are not properly prepared in school to be citizens voting for a man to run the country. Most students do not have a broad political outlook and they accept what they are told. Since we are at school five hours a day, five times a week, where else could we get better educated of the political views of our country."

Number of members, schools participating, and location:

MAINE

1, Bonny Eagle High School, Buxton.
5, Falmouth High School, Falmouth.
1, Georges Valley High School, Thomaston.
8, Hyde School, Bath.
1, Mattanawcook Academy, Lincoln.
4, Mt. View High School, Thorndike.
19, Old Town High School, Old Town.
7, Skowhegan High School, Skowhegan.
12, Waynefiete School, Portland.
7, Catherine McAuley High School, Portland.
8, Deering High School, Portland.
15, Portland High School, Portland.

NATIONAL

7, Mira Costa High School, Manhattan Beach, Calif.
Edgewood High School, West Covina, Calif.
Kailua High School, Kailua, Hawaii.
6, Mother Theodore Guerin High School, River Grove, Ill.
18, Gibault High School, Waterloo, Ill.
5, Ipswich High School, Ipswich, Ma.
14, Atlantic City High School, Atlantic City, N.J.
15, South Shore High School, Brooklyn, N.Y.
12, Adlai Stevenson High School, Bronx, N.Y.
6, Forest Hills High School, Forest Hills, N.Y.
7, Martin Van Buren High School, Queens Village, N.Y.
9, Gorton High School, Yonkers, N.Y.
4, West Florence High School, Florence, S.C.
5, Timberline High School, Lacey, Wash.
13, Parkersburg High School, Parkersburg, W. Va.
10, South High School, Sheboygan, Wisc.

OVERSEAS (AMERICAN INDEPENDENT OR MILITARY SCHOOLS)

15, Cali, Colombia, S.A.
London, England.
6, Queretaro, Qro, Mexico.
14, U.S. Dependents School, European Area (Neth.).
7, Managua, Nicaragua, C.A.
1, Philippines.
1, Chinhae Naval Station, South Korea.

SOURCES OF FINANCIAL SUPPORT

1. City of Portland Bicentennial Commission—$1,000 for Washington, D.C. trip.
2. Maine State American Revolution Becentennial Commission—$2,000 for state congress.
3. Bean Supper—$221.00.

SUMMARY OF MEETINGS

Among the things we have discussed at our past meetings are:

1. The progress of the letter writing, which is going slower than expected. We need to hear from you!

2. A Planning Meeting was held at Westbrook College in Portland, Maine, to organize our thoughts on the state congress. The State Congress will be held during May 16–18 at Sebasco Lodge near Bath, Maine. The students present at this conference will represent all the correspondents and their letters. Dr. Bennett of Boston will analyze our letters and aid us in the drafting of the Declaration of Aspirations, which will be presented to legislators in Augusta and Washington, D.C.

CALENDAR

Planning Meeting, Westbrook College, April 29, 1976.

State Conference, Sebasco Lodge, May 16, 17, 18, 1976.

National Conference, Washington, D.C., June 21–24, 1976.

NUCLEAR FUEL ASSURANCE ACT

Mr. ABOUREZK. Mr. President, very little discussion has occurred on the question of whether to hand over the United States' uranium enrichment plants to private companies. Yet the Senate plans in a few days to consider legislation authorizing $8 billion in loan guarantees to enable corporations to take over the enrichment technology developed and operated by the U.S. Government.

A letter sent out by Congress Watch explains some of the ways in which the Nuclear Fuel Assurance Act betrays the public trust and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the letter and attachment was ordered to be printed in the RECORD, as follows:

PUBLIC CITIZEN,
June 14, 1976.

DEAR SENATOR: In the near future the United States Senate will vote on the Nuclear Fuel Assurance Act. If this legislation is enacted, it will create a huge glut in enrichment capacity and billion dollar white elephants for which Congress will be blamed. A vote for the Nuclear Fuel Assurance Act is also a vote for atomic socialism.

The purpose of uranium enrichment is to increase the concentration of uranium in natural uranium so that the enriched uranium can be used as a fuel in atomic power plants.

If the Nuclear Fuel Assurance Act is passed, it, together with other House passed legislation will create enough additional enrichment capacity to fuel about 529 reactors. However, a reasonable estimate of domestic and U.S. provided foreign enrichment demand in 1985 is about 253 atomic power plants. This huge excess enrichment capacity will have to be subsidized greatly by the Federal government, if it is used at all.

When currently authorized expansion of enrichment capacity is completed (this expansion will increase present capacity by about 50%) the U.S. will have enough enrichment capacity by 1985 to fuel 329 atomic power plants. The Energy Research and Development Administratiton (ERDA) argues that more enrichment capacity must be built because it has contractural commitments for delivery of all of this enriched uranium.

These contracts are essentially meaningless because if 329 atomic plants are not built (they clearly will not be built by 1985) the purchasers of the enrichment services (generally utilities) will not want to buy the enriched uranium and ERDA will not enforce the contracts because of the financial costs to the utility.

Who will be held responsible for creating this enrichment glut? A *Science* magazine article concludes, "A glut of enrichment capacity, if it comes, can perhaps be blamed on Congress."

The Nuclear Fuel Assurance Act will not only embarass Congress by creating a glut of enrichment capacity, it will also undermine the opportunity for competitive free enterprise companies to operate in this area.

The Nuclear Fuel Assurance Act authorizes $8 billion in loan guarantees for the investors in the uranium enrichment plants. It is the second step in a piecemeal implementation of Vice President Rockefeller's $100 billion loan guarantee program. (The first step is the synthetic fuels demonstration plan presently before Congress.)

The atomic socialists seeking these huge loan guarantees argue that they need these huge loan guarantees of technological uncertainties. The real reason they demand these guarantees is that it is so doubtful that actual market demand exists for this enriched uranium that the private sector is unwilling to loan the money for such an economically doubtful project.

Finally, further expansion of the uranium enrichment facilities is unnecessary because using ERDA's own energy scenarios, it is possible to limit the number of atomic power plants in the U.S. to 200 and still have more than adequate energy supplies in the United States. Since currently authorized enrichment capacity (when expansion is completed) will fuel 329 atomic power plants, no additional enrichment capacity is necessary.

The Nuclear Fuel Assurance Act should be rejected. Like the atomic airplane, the atomic merchant marine, and the atomic buzz bomb, more huge enrichment plants will be billion dollar white elephants. It is another step in Rockefeller's $100 billion industrial welfare program. It is a waste of scarce energy development resource dollars.

Number of Reactors existing U.S. enrichment plants can supply by 1985 without any additional legislation (domestic non-U.S.)	208 +121
	329
Number of reactors that could be supplied by the additional enrichment capacity at Portsmouth, Ohio alone. This "add-on" was authorized by the ERDA authorization which passed the House on May 20	100
Number of reactors that could be supplied by the UEA proposal that will be negotiated if the Nuclear Fuel Assurance Act is passed	100
Total Enrichment Capacity	529
ERDA estimated contracted requirements for 1985 (domestic non-U.S.)	208 +121
	329
Realistic 1985 estimate of number of U.S. and foreign reactors (U.S.-ERDA working estimate)	160
(Non-U.S. estimate reduced by the same % as ERDA has reduced U.S. demand)	+93
Total	253
Excess of actual enrichment capacity over 1985 ERDA estimated contractual demand	200
Excess of actual enrichment capacity over realistic estimate of 1958 demand	276

GUARDING AGAINST TECHNOLOGICAL SURPRISE

Mr. MONTOYA. Mr. President, providing our country with a reliable and adequate defense at a price the taxpayer can afford is a difficult task. The Senate Appropriations Subcommittee on Defense, on which I am privileged to sit, deals with what is the largest and often most controversial budget request. Given the steady growth in certain Soviet military tools of which we are all aware, the United States must consider the future balance of power and have enough dollars to secure a safe place for our own Nation within a stable world.

One of the best and most basic ways to control and enhance the quality of our defense capabilities is through research, deevlopment, testing, and evaluation. In terms of management economy, program efficiency and good, old commonsense, we must carefully plan for, scrutinize, and modify missiles, weapons systems, aircraft, and related equipment before they reach the production stage. If we are serious about reducing unnecessary waste, we cannot stress too strongly the importance of the R.D.T. & E. phase. It is during this time period that projections of future needs are made, information on which to base a production decision is gathered, and mistakes which may be costly in the future can be rectified.

An integral and important facet of research and development is the Defense Advanced Research Projects Agency—ARPA. Formed in 1958 as a result of Sputnik, ARPA is charged with the pursuit of technical initiative and the prevention of technological surprise by conducting higher risk/higher payoff programs than those of the services. The corporate, or central research arm of the Department of Defense, this agency stresses organizational flexibility that enables it to move rapidly into new areas and respond to new challenges and opportunities. By constantly advancing the state of the art and exploring the limits of the possible, while coordinating with the services and the Director of Defense Research and Engineering to assure that there is no unnecessary duplication, ARPA acts as the catalyst and custodian of the cutting edge in defense technology.

Dr. George H. Heilmeier is the able Director of the Defense Advanced Research Projects Agency. In his April 29, 1976, address at Air Force Association Symposium, Dr. Heilmeier discussed technological surprise and the mission of this Agency. We in the Senate should be aware of the valuable and vital work carried on by the Defense Advanced Research Projects Agency. For this reason, I ask unanimous consent that Dr. Heilmeier's remarks be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

GUARDING AGAINST TECHNOLOGICAL SURPRISE

(Remarks by Dr. George Heilmeier)

THE MANY FACETS OF TECHNOLOGICAL SURPRISE

Technological surprise is not a term that lends itself to one definition. Indeed, there are at least five classes of technological surprise. Common to each, however, is something which suddenly thrusts itself on the scene — something which explodes on our consciousness rather than evolving in a predictable way. Perhaps the most vivid examples of technological surprise are those which involve systems based on new technology. The classic example is, of course, the atomic bomb. But surprise may also be the result of systems based on the direct application of little known scientific principles. An example which comes to mind might be some new chemical or biological agents. Technical surprise need not involve *new* science or technology used in an entirely *new* system. It could involve the use of new technology to provide markedly upgraded performance in an existing system. Such was the case with the introduction of the jet engined fighter near the close of World War II. Technological surprise could also occur based on a new system which utilizes a novel application of existing technology. However, some of the more decisive instances of technological surprise involved the use of an old system in a new and novel way. A classic example is the German use of their 88mm anti-aircraft guns in an anti-tank role.

So you see, there is more to technological surprise than new systems based on new science or new technology. New systems can also be based on existing technology; old systems can be markedly upgraded by new technology; or old systems can be used in a radically new mission.

But there is something more. The real difference between the surpriser and the surprised is usually not the unique ownership of a piece of new technology. The key difference is in the recognition or awareness of the impact of that technology and decisiveness in exploiting it. The system did not respond to early warnings of Sputnik I because we were too rigid to accommodate indications of impending surprise. As an aftermath, the Secretary of Defense formed DARPA and gave it the charter of organizing America's response.

Perhaps the situation was best described by Admiral Alfred Mahan in his classical text on "The Influence of Sea Power upon History (1660–1783)." This book has been a standard reference at the Naval Academy for over three-quarters of a century. Admiral Mahan noted that "changes in tactics have not only taken place after changes in weapons, which is necessarily the case, but the interval between such changes has been unduly long. This doubtless arises from the fact that an improvement in weapons is due to the energy of one or two men, while changes in tactics have to overcome the inertia of a conservative class; but it is a great evil. It can be remedied only by a candid recognition of each change, by careful study of the powers and limitations of the new ship or weapon, and by a consequent adaptation of the method of using it to the qualities it possesses, which constitutes its tactics. History shows that it is vain to hope that military men generally will be at the pains to do this, but that the one who does will go into battle with a great advantage—a lesson in itself of no mean value." That quotation should be read and reread. Those who ignore such lessons of history are doomed to repeat them.

TECHNOLOGICAL SURPRISE—A HISTORICAL PERSPECTIVE

History provides us with many examples of situations where technology—some of it unknown at the time—coupled with tactics provided surprise which was decisive. David's sling surprised and decisively defeated Goliath—90% tactics and 10% technology. The

English longbow destroyed the flower of French knighthood at Crecy in 1346, inflicting casualties at a rate of 100:1—again, 90% tactics coupled with 10% technology. The longbow represented a triumph for mobile, standoff weaponry over a heavily armored, slow moving adversary and marked the beginning of the end for heavily armored knights. Henceforth, there would be a premium on speed and mobility. Heavy armor required big, slow moving horses and, as armor penetration capability improved, the knights received heavier armor and the horses got bigger and slower. The longbow changed that, although it took two centuries before strategists finally learned that it was more difficult to hit a moving target and the cavalry came to the fore. The surprise of the longbow and what it did to the armor warfare of its day has some interesting 20th century parallels.

World War II saw technological surprise at work on several fronts. Early in the war, the Germans used a combination of shaped charge warheads delivered by gliders atop the concrete bunkers to attack and destroy the fortifications at Eban Emal in Belgium and paved the way for German penetration through the low countries. There were two problems to be solved:

1. A lightweight penetrator was needed to blast through reinforced concrete.

2. The attack had to be conducted from top-side and stealth was absolutely necessary.

Eban Emal represented a classic marriage of technological and tactical surprise.

The allies had their own technological surprises. Radar and the tactical superiority of the Spitfire enabled Britain to stave off the Luftwaffe and win the Battle of Britain. The advent of electrical intercept and code breaking technology once again demonstrated that mathematics was capable of providing technological surprises in direct and indirect ways. According to accounts only recently made public, the ability to intercept and read German and Japanese codes may have played a far more decisive role in World War II than we had previously believed. But the use of mathematics in military applications is not at all new. Napoleon was the contracting officer for LaPlace, Fourier and Lagrange.

The October 1973 Middle East War saw several instances of technological surprise—most of them on the part of the Arabs. Electronic warfare was used extensively on the battlefield instead of above it. A new surface-to-air missile system, the SA-6, and a low altitude anti-aircraft gun system proved far more effective than we had previously thought. It was also learned that anti-tank weapons, namely the Sagger missile, could do their job under the right conditions. Fortunately for the Israelis, none of these surprises proved to be decisive but, as their chief ally, we learned that technological surprise need not be based on new technology; knowing the technology is really quite different than recognizing its tactical or strategic importance and exploiting it.

THE PREVENTION OF TECHNOLOGICAL SURPRISE

The key question is how does a democracy such as ours prevent technological surprise? The emphasis is on prevention because the nature of our open society and the present climate in the media make it very difficult for us to perpetrate technological surprise. Much of our advanced technology is already visible before it can become a force factor. I'm thinking of the F-14, F-15, B-1, F-16 and AWACS. How can these perpetrate technological surprise when their characteristics are openly discussed and debated?

As I see it, there are seven steps which a free society can take to prevent technological surprise:

1. **Maintain the technological initiative. Get there first so that you can understand was a potential adversary might be doing based on fragmentary evidence, but also** understand the asymmetries in approach and philosophy.

2. Timely intelligence is needed. If one is to deduce capability based on fragmentary evidence and signs, these must be provided in a timely manner. Intelligence which is treated as history simply don't do. For intelligence to be useful, it must be timely and correctly assessed by those who can do something about it.

3. Develop options. We must proceed down several paths so that technological surprise that may nullify a key capability is not decisive. That is why the triad of missiles, bombers and submarines is still such a vital part of our deterrence. It prevents us from being at the mercy of technological surprise that may counter one of our strategic deterrent systems.

4. Develop mechanisms that provide for an orderly response when a technological surprise suddenly appears. The rapidity with which the EW community understood the nature of the SA-6 and the counters to it is a fine example of the need and importance of a capability to provided an orderly response to a new threat.

5. Make tactical and doctrinal flexibility part of our training and test and evaluation processes.

6. Create an atmosphere of cooperation and exchange between technologists and commanders of real forces. This might be done by a friendly competition in which the technologists could present five or ten new concepts and the commanders would compete as teams for the most imaginative tactics using new technology. But more is needed. Technologists and commanders must work together in the evaluation of technology—a kind of test marketing—a further refinement on "fly before buy."

7. Finally, there needs to be a close working relationship between defense-oriented scientists and engineers and their colleagues in the industrial and university technical communities. There needs to be a cross-fertilization of ideas and concepts—synergism, serendipity—call it what you will, it is the kind of relationship that provides new insights and perspectives so important to technological breakthroughs.

THE FUTURE

As we look to the future, technological surprise is more dangerous than ever before. In a very real sense, our world has become smaller so that it is easier to deliver surprises to our doorstep. As I see it, in future conflict there will be a premium on fast response. Modern weapons may make the first battle the last battle. This means that forces in being are more important than force potential and deterrence more important than inherent capability. The manufacturing base which was critical to the United States in past wars will be of little use to us in future conflicts that are likely to be short, violent and dominated by advanced technology. There simply won't be any time to mobilize an entire nation and its manufacturing base. There will be no time for bond drives, gearing up, mobilization and determined national production.

These are sobering thoughts, but if we are more vulnerable to technological surprise in an increasing technological world, what are the areas in the future from which such surprises may come? Engineers and scientists have perfect 20-20 hindsight but continually demonstrate an appalling lack of foresight. They tend to over estimate what can be done in the short-term and under estimate what will be done in the long-term.

In 1878, Frederick Engels stated that the weapons used in the Franco-Prussian war had reached such a state of perfection that further progress which would have any revolutionizing influence was no longer possible. Thirty years later, the following unforeseen systems were used in World War I: Aircraft, tanks, chemical warfare, trucks, submarines, and radio communications. A 1937 study entitled "Technological Trends and National Policy" failed to foresee the following systems, all of which were operational by 1957: Helicopters, jet engines, radar, inertial navigators, nuclear weapons, nuclear submarines, rocket power missiles, electronic computers and cruise missiles. The 1945 Von Karmann study entitled "New Horizons" missed ICBMs, man in space, and operational within 15 years.

In view of the foregoing, it is with a sense of humility and a bit of lunacy that I outline areas in which technological surprise may be critical or even decisive:

1. *Space Defense.*—Both the United States and Russia depend heavily on space assets. Ponder the consequences of a system that could protect your own satellite resources while possessing the capability to destroy enemy satellites in a surgical and timely manner.

2. *Anti-Submarine Warfare*—Ponder the consequences of an ability to not only detect but to localize and track quiet submarines at long range.

3. *Undersea Vehicles*—Ponder the consequences of undersea vehicles capable of conducting themselves in a manner similar to airborne RPVs.

4. *Passive Surveillance*—Ponder the consequences of an air defense system which has no radars to reveal its presence.

5. *"Really Smart" Weapons*—Ponder the consequences of weapons which seek out and destroy specific targets such as tanks and SAM sites without the need for a designator; weapons that are patient and can pursue goals over time; preplaced weapons that can wait for their specific targets to appear.

6. *Threat Intensive Electronic Warfare*—Ponder the consequences of electronic warfare suites that are independent of the threat. No more SA-6 surprises. A threat is evaluated and the appropriate response is generated—on the spot—not after the force is attrited.

7. *Submarine Launched SAMs*—Ponder the consequences of giving the submariner the ability to defend himself, while still submerged, against airborne surveillance threats.

8. *Armor*—Ponder the consequences of tank armor that could counter both the shaped charge warheads of anti-tank missiles and kinetic energy penetrators from guns.

9. *Ballistic Missile Defense*—Ponder the consequences of a leak-proof ballistic missile defense—one that could not be overcome by numbers.

10. Could a surprise come from technical areas where we have a funding asymmetry with the Soviets? There are several areas of Soviet science and technology where their effort, we believe, is much larger than ours. Areas such as high pressure physics, ocean wave theory, chemistry of high explosives, MHD power production, inductive storage and switching systems for pulsed power control, satellite-borne radar and chemical and biological warfare. We do not know why the Soviet efforts are as large as they seem to be. We simply do not understand their investment strategy in these areas.

I think I'll stop at ten areas where technological surprise might be critical in the future. I'm sure that you could think of others. Potential areas of technological surprise are not difficult to formulate. What is unique about the time in which we live is that, unlike any time with the past decade, there are technological initiatives on the horizon that could dramatically influence national security. Difficult technical problems remain, but these initiatives just might make our list of areas of potential technological surprise more than science fiction.

I'm thinking of high energy chemical lasers that lend themselves to space-based operation because of their high mass efficiency which requires no large electrical power supply.

I'm thinking of technology which extends the use of monolithic silicon integrated circuits into the infrared where they can perform both the sensing and signal processing functions on a single chip. Sensor systems with millions of infrared detectors together with on-chip processing could lead to passive air defense and multi-purpose warning systems.

I'm thinking of adaptive optics which can compensate for atmospheric turbulence and the imperfections of large optical systems in real time.

I'm thinking of technology which can substantially lower the drag on undersea vehicles. Drag is the parameter which determines the range, endurance, speed and payload of undersea vehicles.

I'm thinking of technology which combines artificial intelligence and LSI to make really smart sensors.

I'm thinking of technology which can make the sea amenable to the same kind of signal processing sophistication that made ballistic missile launch detection, trajectory prediction and target discrimination possible.

Unfortunately, we have no monopoly on advanced technology. Soviet efforts are characterized by a massive commitment of resources—people, facilities and capital—and it is not clear that we can get there ahead of them. Make no mistake about it. It is essential that we get there first due to the inherent disadvantage that a free society must bear when competing against a secretive and closed society. We don't have a choice. We must compete. Technological change will no longer wait on our initiative alone nor is it possible to turn back the clock as some modern-day Luddites have suggested. In this our bicentennial year, we must rededicate ourselves to a policy of peace through strength with a resource commitment to match.

IN SUPPORT OF AN FCC NOMINEE

Mr. MORGAN. Mr. President, for a long while I have had a special interest in seeing the potential of public broadcasting in this Nation expanded. Frankly, I believe it is a valuable resource which we have hardly even begun to explore.

For this reason, I was pleased some time ago to learn that a former North Carolinian, Dr. Robert L. Hilliard, is chief of the FCC's educational broadcasting branch and has become recognized nationally for his work there. Dr. Hilliard, I understand, has been acclaimed as an effective advocate of public broadcasting and much of the progress made by the FCC in this area can be attributed to his interest and his good work.

Now there is to be a vacancy on the Commission itself. The term of Glen O. Robinson will expire June 30 and nothing could please me more than to see Robert Hilliard appointed to fill that vacancy. I have indicated my interest to the White House, as have others, and I understand that he is among those being considered.

However, my purpose at this time is not to promote the candidacy of Dr. Hilliard. Instead, I express my concern that the field of public broadcasting be given due attention by the present administration and the FCC.

An excellent statement calling for greater emphasis in this area appeared in May 1976 edition of the Educational and Industrial Television magazine. It points out the problems public television has faced and some of the setbacks it has recently suffered.

I invite your attention to it and ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

IN SUPPORT OF AN FCC NOMINEE

During the present period of state economy budgets, increased federal funding for public television is critically needed if we are to improve programming and services. This can come about only through enlightened Congressional action, and for the past few years, the Congress has upped the funding for PTV. However, two of public television's most stalwart supporters in Congress, Senator Pastore and Representative MacDonald, have recently announced that they will retire at the end of their current terms. And while public television does not want for powerful supporters on the Hill, these two have been among the most effective, and they will be missed. It is particularly timely, therefore, that the leaders and supporters of public television take stock of their power bases in Washington, and repair their fences where needed.

One agency critical to the fortunes of educational television is the Federal Communications Commission. The FCC does not appropriate funds for ETV, however if its actions are sympathetic to the needs of education, it helps to create the environment under which ETV can grow. For the past year, such an understanding appears to have been lacking. A brief summary of FCC actions (or inactions) will make this evident.

As Hartford Gunn, vice chairman of the Public Broadcasting Service, pointed out in his testimony before the House Labor/HEW Appropriations Subcommittee on April 1, more than 60% of public television stations broadcast on UHF, making it difficult for them to reach their viewers with a high-quality picture signal. Part of the problem is that the TV receivers are not shipped with effective *attached* UHF antennae, and their noise figures are higher than those for VHF receivers. The PBS and commercial UHF broadcast groups asked last July that the FCC set up a UHF Task Force to press for receiver improvements, among other things. To date, according to Mr. Gunn, the FCC has not acted.

But the FCC has been busy. It recently announced amendments to its cable television regulations that decrease the requirements for access channels for education, government, and community services (see the lead item in our E/ITV News columns in this issue). Showing great understanding for the financial burdens of cable television operators, the FCC deleted entirely the requirement that major-market cable systems provide one non-broadcast channel for each channel used to carry broadcast programming.

In essence, this move evaporates the dream of educators for multi-channel distribution of a multiplicity of programs to serve different grade levels and different study areas simultaneously. Because educators did not, and could not, make maximum use of those access channels available, cable TV operators claimed that it was a waste of resources to reserve such channels permanently for education—and no one on the FCC appeared to remember how long it has taken educational broadcasters to obtain the funds and the capability to use a significant percentage of the open broadcast channels reserved for them by an earlier, far-sighted Commission.

These missteps by the FCC, taken together with its announced intention to downgrade its education division by making it a branch in the broadcast facilities division, should alert educational communicators to the lack of clout their influence carries with the Commission, and to the need for corrective action. Such action should start with a determination to lobby for representation on the Commission itself. The term of Glen O. Robinson on the FCC will be up on June 30th of this year. We urge that his seat be given to one who is knowledgeable about both the needs and the potentials of educational communications.

We strongly recommend that all educational and public organizations, affiliations, and groups whose interests are affected by the FCC consider whatever effective means they may have for supporting a nominee for the Commission. We think the need is urgent and the time critical.

As for ourselves, we heartily endorse Dr. Robert L. Hilliard for the Commission seat. Dr. Hilliard has been chief of the FCC's educational broadcasting branch for 11 years, and is chairman of the Federal Interagency Media Committee, which he founded. He spent some 15 years as a professor of communications and an educational broadcasting station administrator. More importantly, Dr. Hilliard has met often with leaders in every aspect of educational communications, knows, and has been responsive to their needs. His broad knowledge of broadcasting and his objectivity are apparent from his four books on commercial and public broadcasting.

Many educational communicators we've spoken to think Dr. Hilliard would make an excellent choice for the FCC. We second this, and suggest you write to President Ford urging him to nominate Dr. Robert Hilliard for the FCC.

DROUGHT

Mr. MONDALE. Mr. President, on Saturday, June 12, Senator ABOUREZK and I had the opportunity to inspect three Minnesota and South Dakota counties suffering from a most severe drought that has destroyed much of our pasture land and is crippling our small grains and hay crop. Linda Owen, a staff writer from the St. Paul Pioneer Press, joined us on this inspection tour.

Senator ABOUREZK and I saw the same deceptive green fields, and talked with the same troubled and desperate farmers. Upon our return, we introduced legislation to assist farmers for the cost of shipping western hay into our States, which is absolutely essential for our livestock herds.

Mr. President, I ask unanimous consent that the full text of this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FEED CROP CONDITIONS DISASTROUS

(By Linda Owen)

From the air, the fields surrounding Wadena and Redwood Falls appear lush and green, with no sign of the two months of drought plaguing the state's farming areas.

But looks are deceiving. The fields of hay and oats at Wadena—fodder for dairy cattle—are green, all right, but the plants are stunted, only a few inches high.

In the Redwood Falls area, the fields, look almost normal. But the grain already has a head of sparse seeds on it several weeks early—a sure sign of drought—and there are no reserves of moisture in the soil for the corn and soybeans, the major crops in the area.

Without help from the U.S. government,

those conditions spell disaster for dairy and beef cattle farmers in the stricken regions of Minnesota and South Dakota, according to U.S. Sens. Walter Mondale, D-Minn., and James Abourezk, D-S.D., who boarded a plane Saturday for tours of several farms.

Mondale said he intends to introduce emergency legislation Monday to authorize the U.S. agriculture secretary to pay transportation costs for shipping hay into counties stricken by drought, floods or other natural disasters.

Although hay is available in Montana and North Dakota at about $35–40 a ton, Mondale and Abourezk said, it now costs about $75 a ton to ship the hay from there to Minnesota and South Dakota, bringing the price to what many farmers here are now paying for hay.

Mondale said the chairman of the Senate Agriculture Committee has promised prompt action on the measure, which is cosponsored by Abourezk and Sens. Hubert Humphrey, D-Minn., and George McGovern, D-S.D.

Saturday's tour of farms near Wadena, Redwood Falls and Watertown, S.D., was intended to gather facts in support of the bill, Mondale said, adding that he will even take some damaged oat stalks back to Washington with him.

Mondale said he, Abourezk and Humphrey also sent a wire last week to President Ford urging him to use his authority to get the Interstate Commerce Commission to reduce railroad shipping rates for hay.

Mondale said he has had no reply from Ford on that proposal, and he and Abourezk took the opportunity to criticize federal administrators who "have the authority to do these things" but fail to act.

In South Dakota, Abourezk said, the state board of the U.S. Agricultural Stabilization and Conservation Service could declare a disaster, making certain assistance available to farmers, but, "They won't do it."

In Minnesota, Gov. Wendell Anderson has asked the President to declare a hay emergency in 40 counties, which would make transportation subsidies available to farmers.

In South Dakota, Abourezk said, state officials are surveying drought conditions before Gov. Richard Kneip makes a similar request.

The Senators Saturday visited the dairy farm of Jerome Schmitz, a wiry, sun-tanned man in his early 40s, who owns 400 acres and rents 80 near the Wadena airport.

Schmitz said he has sold 20 of his cattle because of lack of feed, but added he will try to keep the rest of the herd of 800 to 100, even if he has to go into debt.

"Sometimes I think about walking away from it, it's going to set me back so far," he said.

But, he added, he has invested 22 years in the farm and has no other training. "That's why I'm prepared to mortgage my farm and mortgage everything else," he said.

There are 800 to 900 farmers in Wadena County, and Schmitz's case "can be repeated 400 or 500 times in the county," said Dave Matilla, executive director of the Wadena County ASCS.

"They're good operators, good business people, but they're at the point where it's driving them down the tube," he said.

Matilla explained that farmers face 12 months of buying fodder for their cattle until the next haying season, and at $100 a tion—which farmers in all three cities said was not uncommon—the cost of feeding a cow exceeds the price the farmer can expect to receive for its milk.

For many farmers, the only alternative is to cull their herds, several dairymen said. Abourezk said he had heard some South Dakota cattle sale barns are "are going until 4 and 5 a.m. in the dry areas."

Drought conditions are more apparent at Watertown from the air. Fields are browner, and small winding streams are immediately visible because of the greenery that follows their paths.

About 75 farmers and state and county officials met Mondale and Abourezk at the farm of William "Bud" DeBerg and his wife, Dora, at Henry, S.D., west of Watertown.

DeBerg showed the group a nearly bare cornfield, with only a few plants a few inches high.

Another farmer reported he had just sold 25 of his herd of 90 cattle. "I was out of feed and the pastures are brown," he said. "I may have to sell more next week."

In the Redwood Falls area, the last one-inch rainfall was late June 15 said Wallace Nelson, superintendent of the University of Minnesota's Southwest Experiment Station at Lamberton.

The corn and soybean crops, he said, will need five to six inches of rain each month during July and August, and chances are very slim that much rain will fall to replenish moisture in the soil.

Even if it does rain, Nelson said, 20 to 25 per cent of the corn erop and 10 percent of the soybean crop has been lost.

VETERANS' DISABILITY COMPENSATION AND SURVIVORS' BENEFITS ACT

Mr. ABOUREZK. Mr. President, I ask unanimous consent that I be added as a cosponsor of S. 3596, the Veterans' Disability Compensation and Survivors' Benefits Act of 1976.

Mr. President, I have been a long-time supporter of the need for a realistic increase in the pension and compensation rates paid to the Nation's veterans. With House final passage of both the Disability Compensation for Disabled Veterans and the Veterans' and Survivors' Pension Adjustment Act of 1976, that goal is finally reaching fruition.

Late last year, the Congress enacted an interim pension reform package which temporarily extended the rates for pensions and provide an 8-percent increase for eligible veterans.

As I understand the bill introduced by the distinguished chairman of the Veterans Committee, and all committee members, S. 3596, would make that interim increase permanent. In addition, the bill would provide increases in DIC benefits, as well as other necessary adjustments.

However, a quick reading of the proposed legislation indicates that the committee does not intend to adopt the House-passed approach that would prohibit the offsetting reduction in a veterans benefits due to increases in other benefits, such as social security. I would urge my colleagues on the committee, as I have done in the past, to agree with the House-passed language in this very important area.

I agree with the basic and necessary changes that this legislation would make. I hope that the Veterans Committee can meet and act quickly on this legislation. It is important that veterans be given the adjustment necessary to meet the rising cost of living.

CORPORATION REFORM: WHAT IS THE REAL ISSUE?

Mr. ROTH. Mr. President, the Commerce Committee is undertaking an important set of hearings on the role of corporations in modern society and in our economy. This subject is one of keen interest to every American, particularly during times of economic hardship. We are reminded that the marketplace is an imperfect mechanism for resource management.

In recent years, corporations have come under serious criticism for abuses of the political process, for secret payments to foreign governments, for health and safety threats to employees, and for damage to our environment. As a result most of these areas are now subject to Government regulation and Government oversight. Yet today even the adequacy of Government regulation and oversight is being challenged.

I commend to my colleagues the remarks made by Mr. Irving S. Shapiro, chairman of E. I. du Pont de Nemours & Co., which address these important questions. The public interest is served by the thoughtful consideration which Mr. Shapiro has given to the issue of corporate accountability. I congratulate the committee for providing a forum for responsible public dialog on these issues. Mr. President, I ask unanimous consent that his remarks be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

CORPORATE REFORM: WHAT IS THE REAL ISSUE?

The modern corporation gets high marks for its effectiveness as an instrument of production and distribution. Large corporations have been associated with rapid economic growth and important advances in technology. Big corporations have their uses, as even the staunchest critics concede.

Now these corporations face questions of a different kind, questions directed in particular at companies near the top on the "Fortune 500" list. They are not being asked if they are effective but if they are accountable, and if so, to whom? Is their power kept in control by the law, by their commercial competitors, by their stockholders, or indeed, by anybody at all?

Some people have concluded very firmly that the big corporation has no legitimacy. An elaborate case has been constructed on that ground, and from it have come various prescriptions for reforming the corporation. The defense has not marshaled its arguments nearly as well, and with the conviction that time is slipping away I would like to offer, at least in a preliminary way, a case for the corporation.

We can concede that there are imperfections in corporations, but that does not mean we must accept as well-founded all of the criticism that is voiced. We can consider suggestions for change—I have a few offerings myself—but I still wish to challenge those who find endless fault with the corporate structure and want to perform major surgery on it. Much of the faultfinding is based on false information, and the more draconian prescriptions for corporate reform strike me as wrongheaded in the extreme. They would be counterproductive for the public and destructive to the economic system.

The complaints come down to three points:

First, it is alleged that big corporations are run by hired managers who are effectively beyond anybody's control. The boards of directors are either part of the power structure or are rubber stamps.

Second, it is believed that the outside forces that are supposed to keep corporations in check lack the power to do so, or have been co-opted by the people they are supposed to regulate. Thus we are to dismiss—as just not doing the job—the combined force of the regulatory agencies, antitrust laws, market competition, unions, stockholders, and all the state laws governing corporate chartering.

The third general belief is that people in top management are narrow and often dishonest. They pay bribes, juggle the books, and slip corporate funds to politicians through Swiss "laundries." Though all corporate executives do not misbehave in this fashion, the story has it that consumers and employees still are victimized, scarce natural resources still are wasted, and the environment still is abused by pollution, because management is careless, insensitive, or just plain greedy.

Such beliefs have considerable public support. A recent survey done for the Business Roundtable reaffirms what other studies had shown before, namely, that people make a distinction between big business in particular, and the competitive enterprise system in general. The public is all for the enterprise system in principle, but a majority of the adult population (55 per cent) believes that the big corporations got to be big by manipulating the market in some unfair way. A great many people—not a majority but well over 40 per cent—believe that the big corporations are above the law and can get away with just about anything. An even larger number—a clear majority—think big business ought to be regulated more tightly.

The message is that big business doesn't play by the rules, and something has to be done about it. Thus we see a variety of proposed correctives, many of them sweeping in nature, and no doubt more to come. Senator Philip Hart proposes to break up the big corporations. Senator Henry Jackson would bring the multinational oil companies more under the Federal wing. Representative James Stanton would take the major firms in a number of "concentrated industries" and cut them into smaller pieces through changes in the antitrust laws. Former Supreme Court Justice Arthur Goldberg has revived an idea set forth years ago by Justice William Douglas, proposing that outside directors sit on corporate boards in a trustee capacity.

Professor George Lodge of Harvard and Professor Christopher Stone of the University of Southern California Law School have argued that the modern corporation should be more public and less private. To make that happen they and others suggest that boards should have a majority of outsiders; there should be a demographic representation of women and minorities; and labor should share the responsibility following West Germany's lead with codetermination.

Perhaps the most sweeping proposal is the one from Ralph Nader's Corporate Accountability Research Group. This calls for Federal chartering of big companies with limits on the size, diversity, and share of market permitted to any one corporation.

The people pushing for Federal chartering make no bones about their real objectives. They are not concerned merely with the official seal on a piece of paper—Federal or state. That's a detail. What they really seek is control of the ground rules by which these firms operate. Advocates of Federal chartering want to use the charter document to advance their own social and economic policies—policies which by and large they have not been able to sell in the public forum of ideas. Their prescription would turn over the controls almost completely to Washington, where the perception of the proper goals for business is based on the pressure group techniques that beset our national Capitol.

Chartering is a phony issue. The real issue is power. Much of the power over business already resides in such agencies as the SEC, the EPA, and the Justice Department. With Federal chartering we would see the creation of a Super SEC, not only displacing the states but probably also scooping up much of the authority of other Federal regulatory bodies—in short, more centralization, less freedom all around.

What is the counter argument? As I see it, the prescriptions for major change are deeply flawed in their premises. What is taken as a "given" is largely a myth. There is no runaway corporate power in the U.S. The existing body of law and regulation provides broad-ranging control of corporations, and the fact that some of these corporations are quite large in no way exempts them from that control.

Du Pont is as good an example as any. There is no point in boring you with a full list of the agencies monitoring our activities. It is much the same alphabet that applies to other big corporations—EPA, OSHA, FDA, FTC, SEC, ICC, FPC, and so on. As for the overall scale of the involvement, suffice it to say we have the equivalent of 180 employees working full time just to keep the Federal, state, and local governments informed through the reports Du Pont must file.

Like other businessmen, I have a very hard time understanding the charge that somehow all these governmental activities miss their mark. We in Du Pont find government regulation to be persistent, effective and almost ubiquitous.

As for competition in the marketplace, it is vigorous and effective, and no respecter of corporate size or concentration. The price and quality of a firm's products and services are not related to its share of the market. There is no reason to believe, for example, that steel would be cheaper if there were twice as many steel companies; or that gasoline would become cheaper if the integrated oil companies were chopped into separate units for production, refining, and distribution; or that consumers would be better off if the Big Four in the auto industry were to become the Big Eight or the Big 16. Economic theory as well as the history of that industry suggest the opposite. The relative price of automobiles has come down as the size of the manufacturers has gone up. It takes fewer hours of work for a typical person to earn enough money to buy a car now than it did in 1950 or 1920.

The impact of market forces is only too real and often quite painful. Du Pont was recently reminded of that. Our company is a large producer of man-made fibers, and these are made primarily out of oil and natural gas. When the price of those raw materials went soaring in 1974 and 1975, other market factors made it impossible for Du Pont to raise the selling price of fibers enough to cover increased costs. As a result, earnings declined very sharply.

The point to stress is that the marketplace dictated this result despite all the theoretical arguments about size and concentration. Critics find easy generalizations to dismiss competition as ineffectual for big companies, but in fact it is an everyday reality and a stern taskmaster.

The net effect of Federal chartering would be to turn corporations into what Professor Lodge calls "nationally chartered community-oriented collectives." That would be a fundamental break with America's past. With an eye to common sense and to the national self-interest, it would seem logical to make such a move only if the economic system we have is failing badly and is so deeply flawed as to be beyond repair. This dismal condition does not exist, and it is therefore hard to find merit in proposals that would point the nation toward more Federal control of economic activity.

On a more down-to-earth basis, one may also raise questions as to how many investors would continue to risk their capitial in these "community-oriented collectives," and how venturesome and farsighted the management would be when confronted with the problems of consistency politics.

Large corporations must make commitments years in advance. To build a new plant or open up a new product line, they must work on lead times of two to 10 years or more. The $1 billion Du Pont will spend for construction in the next year or so will not begin to pay out for more than five years. Managers and directors will put that kind of money on the line only if they have reasonable confidence in their forecasts, and if they feel they have reasonable control over the decisions that will make for profit or loss.

Suppose Du Pont's board were constructed to achieve what some people call "corporate democracy," with directors appointed to represent women, blacks, environmentalists, labor, and various public interest or community groups. I question whether the individual directors would in fact represent those constituencies, but even if they did, could they run a chemical business? Could such a board recognize a successful management strategy reaching five to 10 years into the future? Would it back such a strategy to the tune of hundreds of millions of dollars a year? Or would it be whipsawed by competing interest groups and be unable to set any enduring policies at all?

Much of the criticism of the American political system goes to the point that government is too short a term and fragmented in its approach. Yet the prescriptions for corporate reform could easily result in a system that would have to operate much like the Congress, with constant mediation, compromise, and logrolling. It is ironic that some of the people most unhappy about the legislative process are the same people who want to push business organizations in the same direction.

Business organizations could be more farsighted—there is room for improvement on this score—but I seriously doubt that the more extreme proposals for reform would produce such improvement.

A better case can be made for leaving the basic structure as it is, and letting constituent democracy exercise its voice in the marketplace. Where there are overriding national concerns—as for example, with the need for conservation of energy resources or for pollution control—there are other, more appropriate mechanisms of control. We do not need to remodel and in effect politicize the economic system to put into effect a national energy or environmental policy. Such jobs should be done by government in Washington, not by trying to put a miniature governmental structure into the boardrooms of the 500 largest corporations.

The groups that make up the American society have a right to their views about corporate performance. They have a right to criticize when they have facts showing that corporations are doing wrong, and to seek governmental action when that is needed. None of that, though, constitutes a right to a seat on the board.

This may sound like a defense of the status quo: Bring the wagons into a circle. Fight change! Etc.

That is not my point. I think business must do a better job of keeping its house in order and in convincing people that this is being done. That applies at all levels including the board of directors.

Business leaders ought to be taking a hard look at the functions of a corporate board, what it takes to discharge those functions properly, and what the board ought to be showing the outside world about itself. There may be room for improvement all around.

I see five basic jobs for a board of directors:

1. To select the company officers and provide for the succession of people in the key spots.

2. To determine the broad policies and

establish the general direction of effort of the enterprise.

3. To set the performance standards—ethical as well as commercial—against which the management is to be judged.

4. To monitor management's performance in meeting overall strategy and operational goals.

5. Last—and this is more controversial—it is the job of the board to keep people informed about its policies and standards, and about steps being taken to keep the organization responsive to the needs of the people whose lives it affects in a significant way.

If you agree that this list of duties is reasonable, we ought to work toward a number of conditions.

Corporate boards should be composed of people of the highest competence and integrity. There is simply no substitute for quality. Directors should be sought to provide the organization with perspective both about detailed aspects of the business and about the societal factors that ought to be considered in any organization that affects the lives of thousands of people. The first question that ought to be asked about any candidate for a directorship is, "Will he or she help provide informed and principled oversight of the corporation's management and policies?"

Corporations need more windows to the outside world. Where they do not have a good selection of outside directors, they should get them. It is important to have insiders who know the business but outsiders can bring added strengths and different perceptions to the boardroom.

What is most important in setting the mix is to end up with people looking over management's shoulder who are inquisitive, independent, and equipped to make decisions that may not be easy or popular. Directors must be carefully chosen: Windows are not the same as window dressing.

It is sometimes argued that proper oversight is best assured by a majority of outsiders on a board, but in some respects I classify this, along with Federal chartering, as a phony issue. The involvement of outsiders—in more than token numbers—can contribute to the open and inquisitive atmosphere which contributes so much to responsible board operations. What is crucial, though, is the climate in which decisions are made, not the ratio of insiders to outsiders. Above all, I believe that quotas should be avoided at all costs. Quotas have nothing to do with quality.

Boards should be working organizations in every sense of the word. In this day and age there should be no spot at the table for those willing only to show up once a month for a two-hour meeting. Some of the trouble big companies have gotten into can pretty clearly be traced to inattention on the part of the directors. Where that situation exists, companies should weed out the deadwood.

For a board member to do his job properly he or she has to have access to relevant data and staff help. The idea of equipping directors with private staffs does not seem practical or productive. That almost guarantees an adversarial climate in an area where nothing is gained through adversarial proceedings. It is not as though we needed teams of lawyers to litigate board matters. Presumably all the people working on behalf of a corporation are on the same side. Directors ought to be able to obtain the information they need by calling upon company specialists in production, marketing, and research, and those close to the legal, financial, employee relations, and public affairs problems as well.

There are a lot of prescriptions for organizing the work of a board. Students of such matters have come up with suggestions for committees on audit, finance and other areas, with outside directors having control of certain committees. Structure is important. Among other things, it's a signal to the outside world of how the store is being run. Once again, though, formulas can lead us astray. The first concern should not be with appearances but with the best way for a board to ensure adequate checks and balances, given the people it has. A strong chairman of the audit committee is vital, but if the strongest candidate for that assignment happens to be an insider, so be it.

Whatever the organizational structure there should be a climate encouraging free discussion. There should be written reports for directors to study before meetings. Management should be available for private discussion. There should be freedom to dissent with no disagreeable reactions and no "ganging up" on directors who are out of step with the majority.

Boards should prepare a written statement setting forth the kinds of corporate conduct which will not be tolerated. Given the recent examples of corporate wrongdoing and the public feeling that these may be commonplace, the leaders of corporations have no choice but to state some convictions for the record.

Codes of conduct have been discussed at great length, and the consensus seems to be that a universal code that would fit all businesses cannot be drafted except perhaps in broad generalities that would sound good but mean little. Instead, the current view seems to be that each company should draft its own code. I have no quarrel with this conclusion provided that a basic ground rule is observed: Make it clear and make it public.

In thinking about this I am helped by working from an analogy with the Sherman Act. It makes a distinction between per se offenses and actions which are right or wrong in specific circumstances. A similar distinction can be made in drafting a corporate code. Every one ought to include prohibitions of certain kinds of conduct which cannot be justified regardless of circumstances. Thus, for example, secret bribery of government officials, whether at home or abroad, subverts the governmental process. Similarly, one could not justify shipping to another nation a product that is inherently unsafe regardless of whether that nation has had the wit to preclude such a product.

On the other hand, the question of corporate political contributions in nations which do not prohibit such contributions, is a matter for each company to decide for itself. Certainly our national mores in this respect are not the necessary standard for conduct in nations which have found no meaningful distinction between individual and corporate political funding.

Where there is some difficulty in deciding how the ethical standards ought to be applied, I go along with a practical test: Would you be comfortable with public disclosure of the standards and the reasoning behind them?

Let me take this a step further, and make one final point regarding disclosure. Most of us in the business world keep things too close to the vest. It has been said many times that corporate management ought to be more open and candid with the public, and I believe that can be applied just as well to boards of directors. There is a communications problem.

Many critics of corporate boards are people who have not themselves had any experience on such boards. They way they think a board works, and the way it actually works, may well be entirely different. This ought to concern us, because public opinion and government policy may crystallize around these perceptions of corporate behavior, however incorrect the perceptions may be.

Let me read you a paragraph by Professor Christopher Stone. There is a lot of truth in what he says. "What is most evidently missing today and needs to be restored is a measure of mutual trust and respect. As things stand, we are settling into a cycle in which the laws wielded against corporations are products of little more than mutual frustration, a cycle which is giving the businessman fits, and the public little to show for it.

"When the evidence points to an acute problem like work related cancer, society, distrustful of what is going on within the corporation's walls, and kept at arm's length from the loci of corporate decision making, sees little choice but to slap together a battery of new regulations even before it is adequately informed. There are obvious costs to both sides."

I agree. If trust and respect are lacking it is not just because of recent, well-publicized misbehavior by some companies; it is also because for years we in business have not taken the public enough into our confidence. We have not let people see enough of what we do and what we stand for. All too often the corporate chief executive officer has been a cardboard figure and the company's policies as they relate to the public interest have been unknown, or so wrapped in "P.R." as to lack credibility.

Those of us in business can do better by ourselves than that. We ought to have the wit and ingenuity to come up with some communications ideas that would give the public a more meaningful picture, and more information about the real policies and practices of our businesses.

Some companies have begun to move in this direction. The Bank of America, which is now putting together a corporate disclosure policy, is a case in point. In Du Pont, we have established a public register relating to political contributions by members of management. Some chief executives have taken to the hustings to tell their story, much like a political officeholder, and they are having an impact, at least insofar as their own companies are concerned. There undoubtedly are many other techniques for going public. The important point, I think, is that more openness is a necessary development and we should welcome it. Going public is not painful and it helps dispel the aura of suspicion.

Big corporations have made extraordinary contributions to society. They have many more to make in the future. Most people accept that. What they question now is whether the system keeps these big companies accountable, and whether the people in charge have the integrity and intelligence to do their job properly.

The burden of proof now falls on us in business, and the jury we must convince is some 220 million Americans, not self-appointed pressure groups and not a small number of theoreticians, however erudite they may be, who wish to restructure the economic system to suit biases the public does not share.

I have no doubt that the burden can be carried successfully if the public can get to know the men managing our major companies and if those men will tell it like it really is.

THE IMPACT OF THE CLEAN AIR ACT AMENDMENTS ON EMPLOYMENT PROBLEMS

Mr. MOSS. Mr. President, as the sponsor of amendments to the nondeterioration section of S. 3219—the Clean Air Act Amendments—I have attempted to provide my colleagues with information and comments concerning the economic impact that implementation of that section would have. In recent weeks I have received and published studies or letters from the Interior Department, the Commerce Department, FEA, ERDA, the

Council of Economic Advisers, and various other public and private concerns. In continuing my desire to maximize the amount of information before the Senate before its important vote on this policy, I ask unanimous consent that a letter I recently received from the Secretary of Labor, Mr. Usery, be printed in the RECORD. His statement adds further weight to those arguments calling for more study on this important issue.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF LABOR,
Washington, D.C., June 11, 1976.

Hon. FRANK E. MOSS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MOSS: This is in response to your letter requesting our views on your proposed amendments to S. 3219, a bill amending the Clean Air Act, as it was reported by the Senate Public Works Committee.

Your amendments provide for a study and a report to Congress by the proposed National Commission on Air Quality on the economic and energy effects of the nondeterioration requirements of the bill.

By way of background I should mention the concern that former Secretary Dunlop and I stated in our letters to Senator Randolph. In Secretary Dunlop's letter of December 15, 1975 he states his concern that the provisions of section 110(g) "should reflect a proper balance between our interest in maintaining air quality and our interest in job growth." Secretary Dunlop urged the Committee to regard both clean air and job growth as equally important objectives in its consideration of nondeterioration proposals.

In a second letter to the Committee of February 25, 1976 I reiterated that concern and also pointed out the problems involved in determining the potential economic and job growth impacts of nondeterioration proposals. These problems were reflected in various studies done in several industries in which the economic impact of nondeterioration proposals could not be assessed clearly.

I stated that the inconclusive nature of the studies as well as the views of various interested parties (government, labor, industry, environmentalists) "argue for the need for enough flexibility in the proposed amendments to permit both general economic impacts and job impacts to be taken into consideration in improving and maintaining our air quality."

Beyond this, I stated these specific concerns with the bill then under consideration by the Committee:

1. That no provisions were made for a Class III category even though Administrator Train's letter of December 17, 1975 had stated that Class III is necessary for the aggregation of major large industrial sources at one site . . . Class III may be necessary where there is required fuel switching from lower to higher sulfur fuel . . .

2. That care be used in designating Class I areas and the requirement either implicit or explicit for "buffer zones".

3. That the bill did not require the inclusion and consideration of "relevant social and economic data, including job impact data in the development of nondeterioration plans".

The bill as reported provides for the establishment of areas in each State to prevent significant deterioration of air quality.

Class I designated land areas would comprise all international parks regardless of size and each national park, wilderness area and memorial park exceeding 5,000 acres which exists on the day of enactment. Those national parks and wilderness areas established after enactment shall be designated Class I, but may be designated Class II. All other land including Federal lands shall be designated Class II areas.

Each potential new source (manufacturing plant, etc.) which would emit more than 100 tons of a pollutant a year and identified by category in the bill must apply to the State for a permit to construct a new emitting facility in a Class II area.

The Committee rejected a Class III designation which would have allowed the States to set aside some clean air areas for more intense industrial development.

The Committee also eliminated the buffer zone that encircled Class I areas and instead set the Class I increment as a flexible test. We would also point out that State plans need not contain specific economic and impact data.

We continue to feel that the bill should reflect balanced weighing of the objectives of clean air and job growth. In our previous reviews of studies and of the views of interested parties together with our reading of the bill as reported and of the accompanying Committee Report, we cannot find an adequate basis for agreeing with the statement on page 21 of the Report that "this section protects clean air areas from deteriorating while permitting the economic development necessary to achieve a steady improvement in our standard of living."

As the President indicated in his letter to Chairman Randolph on May 28, the Administration cannot endorse the changes recommended by the respective Senate and House Committees with regard to significant deterioration of air quality.

I support the President's recommendation to amend the Clean Air Act to preclude application of all significant deterioration of air quality provisions until sufficient information concerning final impact can be gathered.

The Office of Management and Budget advises that there is no objection to the submission of this letter from the standpoint of the Administration's program.

Sincerely,

W. J. USERY, Jr.,
Secretary of Labor.

GOVERNMENT AND ENVIRONMENTALISTS COST NEBRASKA MILLIONS

Mr. CURTIS. Mr. President, over the past several months I have joined with many of my colleagues in discussions of the need for regulatory reform. On several occasions we have presented horror stories of situations in which the regulations, restrictions, and controls of various Federal agencies have caused undue hardships to private citizens, small businesses, consumers, and the taxpayers in general.

Throughout all of these discussions on the need for regulatory reform, and elimination and reduction of Federal controls and of Federal agencies, one thing has been paramount—that big government is wasteful, it has consumed billions of tax dollars, and it has proved costly to the American consumer.

In at least one of these past discussions in the Senate I mentioned the problems encountered in my home State of Nebraska, where the Federal Power Commission had caused undue delay in the construction of a badly needed steam electric generation plant.

The State chapter of the Sierra Club attempted to block construction of the plant on environmental grounds but was rejected by the State Department of Environmental Control, the Federal Environmental Protection Agency, and the Federal district court. The State and Federal agencies and the court found that the construction plans for the facility met environmental standards.

Yet, by turning to another Federal agency, the Federal Power Commission, the environmental group was able to cause such delay in the construction of the plant that considerable cost has accrued which will have to be borne by the citizens of Nebraska.

This case clearly demonstrates the need for reform of the Federal regulatory agencies. Here one agency made a decision that caused a delay and added millions of dollars in cost to taxpayers, all on the basis of an issue over which another Federal agency had authority and responsibility.

Most ironic in this case is the fact that the agency with primary responsibility had refused to act against the project, instead upholding decisions that the project met the requirements and standards of that agency.

Mr. President, it is clear that in a situation such as this, there should have been no basis for stopping construction of this powerplant. Where the agency with primary responsibility and authority over matters of pollution and the environment had found that the plant met Federal specifications, it was sheer ridiculousness that another Federal agency could stop construction for a hearing on the environmental aspects of the project. Yet that is precisely what happened.

As a footnote I will add that the almost 2-year delay in this project is about at an end. The FPC has concluded hearings on the matter and it now appears that all environmental objections have been answered and that the project is likely to get final approval from the FPC.

Only one thing has been accomplished by this delay—added costs of millions of dollars to the electric users and taxpayers of Nebraska by the delays, construction cost increases, requirements to purchase supplemental electricity, and legal fees; and added costs to the citizens of the United States generally by the legal fees, time, and payroll of Federal bureaucrats who have spent 2 years of work on this matter to produce volumes of paperwork.

Mr. President, recently a prominent newspaper in Nebraska, the Lincoln Journal, carried an article written by Mr. Harold Simmons which reported on this subject in detail. That article was reprinted in the June newsletter of the Nebraska Water Resources Association. I should like to share the article with my colleagues, and ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

LUMPS FOR SIERRA CLUB

(By Harold Simmons)

The Sierra Club, which backed off its challenge of the Gerald Gentleman Station power plant, is claiming its efforts will have a "significant impact" on pollution emitted from the plant.

Although that claim is highly questionable, at best, it is noteworthy the clubbers carefully avoid mentioning they also saddled electric ratepayers with extra costs of more than $50 million before beating a retreat.

Nebraska Sierra Clubbers present themselves as an underdog citizens group working only for the good of mankind and the environment. The few persons who are audacious enough to raise questions about motives, knowledge or results of their efforts are labeled spokesmen for polluters, developers, big business and other assorted evils.

No Impact on Pollution. Nonetheless, a survey of people involved in the Gerald Gentlemen Station fight reveals the Sierra Club had virtually no impact on the amount of pollution that will be emitted from the Nebraska Public Power District (NPPD) plant near Sutherland.

That's the uniform assessment of people outside NPPD. But the same people point out that the Sierra Club has had a major impact on NPPD—and thus ratepayer—costs.

The biggest impact came from the club's challenge of NPPD's request for a permit to build the plant. That required lengthy deliberations before the Senate Department of Environmental Control. The net result was a one-year construction delay that NPPD figures will cost ratepayers $38 million.

The Sierra Club lost its case before the Environmental Control Department and also in the courts. NPPD has so far paid $61,800 in attorney fees.

Another significant monetary impact came from the club's challenge to NPPD's request for Federal Power Commission (FPC) approval to use Sutherland Reservoir water for plant cooling needs. That, too, turned into a lengthy procedure. To avoid further construction delays, NPPD moved the plant 300 feet at a cost of about $9 million.

That Sierra Club challenge at the FPC was something less than noteworthy, however, since club attorneys never questioned anyone, nor did they present evidence or witnesses at either of two lengthy hearings.

A final FPC decision is pending, although indications are it will favor NPPD. Meanwhile, NPPD has paid $81,200 in attorney fees to defend its case against absent foes before the FPC.

Sierra Clubbers claim credit for the fact that NPPD is installing an electrostatic precipitator to remove 99.8% of dust and ash coming out of the smokestack. But the law requires the equipment and NPPD had decided to buy it *before* the Sierra Club was even aware the plant was to be built.

Sierra Clubbers also claim credit for the fact that sulfur dioxide emissions from the plant will be monitored. That, too, is required by law.

One area in which the Sierra Club might lay claim to minor impact on potential pollution emissions from the plant is in checking the sulfur content of coal.

Before the Sierra Club geared up for its fight, NPPD had signed a coal contract which stipulated that every train load of coal sent to the plant must be tested and its average sulfur content cannot extend 2.5%. The club contended that was inadequate because the coal would be en route before state officials had test results and NPPD might just burn it anyway, regardless of sulfur content. So the Environmental Control Dept. decided each trainload must be tested at the mine and the coal couldn't be shipped until state officials had the test results.

NPPD hasn't decided how it will comply with that ruling. But one method will cost another $2.5 million and another method will cost $4 million.

NPPD is building Gerald Gentleman Station exactly as it planned to build it before the Sierra Club ever became interested. It has, however, been moved 300 feet. And costs associated with the plant have risen $50 million because of the Sierra Club challenge. Those added costs will be paid primarily by NPPD ratepayers, who include Lincolnites and most other Nebraskans outside the Omaha area. But even Omahans get to pay part of the added costs, since some power generated at the station will be sent to Omaha for a few years.

TOXIC SUBSTANCES CONTROL ACT

Mr. NELSON. Mr. President, the Toxic Substances Control Act has been before the Congress for over 5 years. It has passed each House of Congress twice only to be stalled in conference.

In this Congress, however, things look brighter. The Senate passed legislation on March 26 and the House Interstate and Foreign Commerce Committee last week reported a bill which comes much closer to the Senate bill than ever before.

While the industry appears to be working closely with the House Committee to develop legislation, the industry seems to have some misunderstandings about the Senate bill, the most recent of which appeared in the "Policy Forum" section of the National Journal on April 3.

Three of our colleagues, Senators TUNNEY, HARTKE, and PHILIP HART, who have been involved closely with the legislation throughout its history, have responded to the industry's allegations in the June 12 issue of the National Journal. Hopefully, the article will set the record straight as to what the Senate bill does and what it does not do.

In addition, the New York Times carried an editorial June 5, 1976, which discusses the toxic substances legislation, and notes that, if it had been enacted before this time, "the EPA might long since have arrested the despoiling of the Hudson River with PCB's." The Senate agreed to an amendment to the toxic substances bill, phasing out the use of PCB's over the next 2½ years. Polychlorinated biphenyls—PCB's—have been found in the Great Lakes and other waters, are known toxins, and are long-lasting in the ecosystem. PCB pollution has virtually put the Great Lakes fishing industry out of business.

I ask unanimous consent that the National Journal article and the New York Times editorial be printed in the RECORD.

There being no objection, the article and editorial were ordered to be printed in the RECORD, as follows:

S. 3149: THE TOXIC SUBSTANCES CONTROL ACT

Toxic Substances Control legislation has now been pending before Congress for over five years. During this period, numerous tragedies caused by chemical substances have come to light which might have been protected against had this vital legislation been law. Vinyl chloride has been implicated as causing a rare form of liver cancer; bischloro methylether (BCME) has been found to cause lung cancer, fluorocarbons have been implicated in the destruction of the earth's ozone layer; and arsenic and asbestos have been found to be potentially extremely potent cancer-causing agents in man. In addition, widespread contamination of the environment by polychlorinated biphenyls (PCBs) has been documented as has the total inadequacy of voluntary industry efforts to curb PCB contamination. The Enviromental Protection Agency (EPA) estimates that some 10 million pounds of PCB, a DDT-like chemical, still escape into the environment annually, and states that toxic substances legislation is essential to properly control this contamination.

The need for toxic substances control has thus continued to grow. But a statute has not been enacted in the past because of substantial differences between Senate and House bills. In this Congress, however, supporters of the legislation can be pleased with the progress of the two bills.

Given this progress, we were disappointed by the column written by Dr. Richard E. Heckert, Chairman of the Special Committee on Toxic Substances Legislation of the Manufacturing Chemists Association, which appeared in Policy Forum on April 3, 1976. One could easily assume from Dr. Heckert's remarks that the legislation passed by the Senate and the principal bill in the House of Representatives are both extreme in nature. Dr. Heckert would have us believe that the only need for toxic substances legislation is to coordinate existing federal programs, that the legislation embraces a "zero risk" concept without regard for benefits or economic consequences, that there is little risk of cancer from chemicals anyway, that the EPA Administrator has authority to arbitrarily require testing of chemicals, that involving citzens in the administrative process will hamstring EPA, and that the legislation does not provide procedural due process safeguards.

The legislative process, particularly at this stage in the 94th Congress is not served well by those who attribute policies to this legislation that are simply not there. We wish to set the record straight in these brief remarks. The focus of our comments will be S. 3149, the bill recently passed by the Senate.

A "zero risk" concept has not been adopted. Costs must be justified by benefits.

Balancing of risks and benefits is central to the regulatory concept of the bill. For example, in promulgating test requirements and in issuing rules to restrict chemical manufacture and use, the Administrator of EPA is required specifically to consider the costs and to publish findings in the Federal Register.

Moreover, the statement of the "intent of Congress" found in the Senate bill declares: "It is the intent of Congress that the Administrator shall carry out this Act in a reasonable and prudent manner, and that the Administrator shall consider the environmental, economic, and social impact of any action the Administrator takes or proposes to take under this Act."

Industry implications to the contrary, the legislation is designed to provide rational decisions based on an assessment of benefits and risks. There is no "zero risk" policy.

S. 3149 does not require testing or screening of all new chemicals.

The premarket notification provisions of S. 3149 are very important and deserve a brief explanation. While other federal statutes may control many chemical substances to a degree, none provide for premarket review of test data by anyone other than the manufacturer. Exceptions are pesticides, drugs, food additives and fuel additives. Moreover, none authorize regulatory officials to take appropriate action before a chemical substance is manufactured and exposure occurs. It is at this premarket stage when the cost of regulation, in terms of capital costs to the manufacturer, job commitments, and the impact on human health are lowest.

While other federal statutes are reactive and authorize regulation after hazards become manifest, the Toxic Substances Control Act is designed to be preventive.

S. 3149 requires that notice be given to the Administrator of EPA 90 days in advance of first manufacture for all new chemicals other than (a) research chemicals, (b) mixtures of chemical substances, (c) chemicals exempted by the Administrator for test marketing or other specially limited purposes and (d) intermediate reaction products. The number of substances for which premarket notification is required thus boils down to a manageable number (estimated by EPA to be around 1,000).

The premarket notification provision enables the Administrator to focus his efforts on those substances for which data is necessary because no test data will be forthcoming unless the Administrator takes affirmative action to require it. At the same time, premarket notification is required for all new chemicals (with the exceptions noted) so that EPA will know about new chemicals and can take appropriate action. Under the proposal supported by many in the industry, there would be no notification for unknown new chemicals and EPA would be in the position of reacting to hazards, not preventing them.

The legislation does not contain unnecessary requirements for broad-scale testing which will be particularly harmful to small manufacturers.

The Senate-passed bill does not contain authority for EPA to arbitrarily require testing. Testing is required only when the Administrator finds that a substance presents an unreasonable risk, there are insufficient data or experience on which to judge its effects and testing is necessary to develop such data.

Testing is also required when "significant human or environmental exposure" exists. This is essential as it provides the means by which the Administrator can gather test data when there is no information or inadequate information with respect to a chemical where significant exposure exists or will exist. It is designed to reach the large-volume chemicals for which it is extremely important to obtain hazards information.

In each case, the Administrator must consider the costs of developing test data in light of the need for the information sought. So that small business will not be burdened unduly by testing requirements, a cost sharing procedure, based in part on market shares, is provided.

Far from authorizing the Administrator to make arbitrary requests for test data, the legislation explicitly defines the conditions under which test data will be required and provides adequate safeguards to protect the interests of small business.

The legislation would not permit any citizen to file court actions to compel the Administrator to order tests.

Under S. 3149, if EPA denies petitions or fails to act on them within 90 days, citizens have the right to seek court review of the denial or inaction. After the court has reviewed the denial or inaction, it may compel the Administrator to initiate action. The provision does not authorize the courts to order the final outcome of the rulemaking, only to initiate it. The courts may not compel the Administrator to order tests.

Although limited, the provision is extremely important. It is designed to ensure that the Administrator addresses petitions submitted to him. If we are to make government officials more responsive to the public, it is essential that this kind of mechanism be provided.

Procedural safeguards and judicial review rights protect against arbitrary and ill-advised regulation.

The Senate-passed bill goes beyond normal procedural and judicial review rights as specified under current administrative law.

Under the testing provisions and the authority to restrict chemicals, the Senate has taken unusual care to ensure that adequate information is presented to the Administrator. In each case, a hearing is required although such a requirement does not exist under the rulemaking procedures of the Administrative Procedures Act (APA).

Moreover, if the Administrator proposes to restrict a chemical under section 6, rights of cross-examination are provided if there are disputed issues of material fact which are necessary to resolve. Again, the rulemaking provisions of the APA do not provide this right.

Judicial review is provided for all rules promulgated under the legislation. In fact, the Senate has gone beyond the APA to provide for expanded review by the courts for many rules.

The toxic substances bills will protect against major causes of cancer.

Data from the National Cancer Institute (NCI) and other sources indicate that cancer death rates are significantly increasing over those due to increases from age alone. NCI's estimate that from 60 to 90 percent of cancers are environmental in origin should be sufficient evidence to justify a program of testing and regulation.

While much environmentally-caused cancer is due to cigarette smoking, much is not. For example, lung cancer in men shows strikingly localized pockets of unusually high mortality rates along the Gulf Coast where a large number of chemical companies are located. Similarly, bladder cancer in men is concentrated in the industrialized northeast. Whereas bladder cancer incidence in men has greatly increased in the past 30 years, it has dramatically decreased in women, further implicating occupational exposure to chemicals as an underlying cause. Moreover, the incidence of smoking-related cancer is greatly enhanced by certain toxic substances, like asbestos.

Casually dismissing the impact of chemical substances on cancer incidence and mortality in this country shows an insensitivitv to the second most frequent cause of death. Available information with respect to chemical causes of cancer indicates an urgent need to gather test information and take action to limit or remove carcinogens before exposure occurs.

S. 3149, as passed by the Senate, has widespread support. Environmental groups, organized labor, many health organizations, consumer groups and health insurance companies have endorsed the legislation. The Philadelphia-based chemical company, Rohm & Haas, has supported the legislation.

Russell E. Train, Administrator of EPA, in a recent speech supporting toxic substances legislation, pointed out: "Most Americans ... had no idea that, without their knowledge or consent, they were often engaging in a grim game of chemical roulette whose result they would not know until many years later."

At this point in the development of this legislation, the public interest would best be served by the chemical industry working together with Congress to ensure a quality legislative product rather than contributing to misunderstanding of the bill's provisions.

Anti-Cancer Compromise

After five years of legislative impasse, an agreement is taking shape that promises at last to produce a law controlling the sale of toxic substances. The compromise worked out between Representatives Eckhardt of Texas and Broyhill of North Carolina comes none too soon. Some 60 to 90 percent of cancer is now authoritatively attributed to environmental factors. The exact proportion of that total that is caused by hazardous chemicals—rather than smoking, for example—is not known, but the Department of Health, Education and Welfare reports that of the 30,000 chemicals now on the market, a great many are toxic to some degree and an appalling 1,500 have been shown to have carcinogenic effects on animals.

While the Senate has several times passed bills to curb this possibly lethal infection of the environment, the House has always been deadlocked on the question of compulsory testing before a chemical product could be marketed. Until a few days ago, the chemical industry had always been able to convince a sufficient number of Representatives that premarket testing would be too expensive and time-consuming to stand as a workable solution.

The heart of the Eckhardt-Broyhill compromise is that the Environmental Protection Agency, while still denied the right to prevent, on its own authority, the marketing of a given chemical, could order preliminary testing in cases of doubt and, when appropriate, get a Federal court to consider an immediate ban on its sale.

More important, the E.P.A. would be empowered to act in the case of chemical products already in commercial use and believed to be hazardous; it could, without court action, order tests or stop production outright. With this power, comparable to that already exercised by government agencies in the case of pesticides and food additives, the E.P.A. might long since have arrested the despoiling of the Hudson River with PCB's.

The Eckhardt-Broyhill agreement, which has the support of the Manufacturing Chemists Association, offers the first real hope that government will be able to deal with a problem of great and growing urgency. Like all compromise, it is vulnerable, subject to attack by both manufacturers and environmentalists.

With political conventions and an expected early fall adjournment, Congress has only an estimated 35 legislative days left in which to nurse the agreement into a successful bill, ready for the President's signature. Or perhaps Congress would prefer to do it the easy way—and order the Surgeon-General to proclaim eating, drinking and breathing a hazard to the public health?

U.S. REGISTERED YACHT "SEA WOLF" ATTACKED BY PANAMANIAN PATROL VESSEL—MORE INFORMATION

Mr. HELMS. Mr. President, in an address to the Senate in the Congressional Record of May 28, 1976, page 15981, I reported that a Panamanian patrol vessel *Anayancy*, on the evening of May 23, without warning, had fired on the U.S. registered yacht *Sea Wolf* in U.S. territorial waters off the Atlantic entrance to the Panama Canal, and seized the vessel.

The *Sea Wolf* is now back in the United States at Miami, Fla., replete with bullet holes and damages expected to require from 3 to 6 months for repairs.

A statement by its master, William E. Schachter, supplies additional details of the attack and expresses the view that since May 23, the United States can no longer guarantee the egress or entrance to that canal to all nations.

Captain Schachter's confirmation of what occurred on May 23 in the form of an assault on a U.S. registered vessel in U.S. territorial waters serves to emphasize the growing dangers in the Caribbean and the necessity for reestablishing the U.S. Navy's pre-World War II Special Service Squadron.

Mr. President, it is significant that no written protest has as yet been delivered to Panama by the U.S. Department of State regarding this incident. Although oral protests are said to have been made, no formal protest has been made on the record. The State Department is said to be satisfied that the incident was not planned by the top levels of the Torrijos regime; yet the State Department and the White House have glossed over the fact that the incident occurred in Canal Zone waters—that is to say, U.S. territorial waters—as Captain Schachter's statement to the press clearly shows. On top of that, our State Department has concurred in the decision to allow the owners of the vessel to give bond to a Panamanian court, thereby implicitly agreeing that the court has jurisdiction over the vessel. If the top levels of the Panamanian Government were not involved in provoking this incident, it would seem that they would have been instrumental in releasing the vessel without bond, thereby acknowledging that the Panamanian court lacked jurisdiction to seize the vessel in U.S. waters. In other words, the State Department has concurred in the illegal seizure. The words of Captain Schachter bear an ominous ring for the future of our leadership and power.

Mr. President, as a recent newsstory quoting Captain Schachter provides information of value concerning the incident, I ask unanimous consent that it be printed in the RECORD.

There being no objection, the news story was ordered to be printed in the RECORD, as follows:

YACHT ATTACKED BY PANAMANIANS RETURNS TO UNITED STATES

MIAMI.—The $400,000 luxury yacht Sea Wolf, once owned by Miami and Boulder, Colo., promoter Allen Lefferdink, was back in Miami Friday, replete with bullet holes from a Panamanian gunboat attack.

Yacht broker and skipper William E. Schachter, who recovered the 94-foot vessel for General Electric Credit Corp., estimated it would take three to six months to repair the boat.

Schachter displayed bullet holes in the vessel's mast, doors and wheelhouse and said that there were other bullet holes in the interior left by gunfire from eight crewmen of the gunboat that boarded his craft.

Schachter, who finally brought the vessel safely into port in Miami Thursday, had set sail with a clearance by one Panamanian court giving him the right to return the vessel to the United States to satisfy General Electric Credit's loan claim.

However, New Zealand-born John O'Toole—who had taken the Lefferdink vessel to Acapulco, Mex., after the collapse of Lefferdink's Miami-based financial empire, obtained an order from another Panamanian court leaving custody of the boat in his hands. It was this court order the Panamanian Coast Guard boat apparently was trying to enforce when it opened fire on the Sea Wolf.

Schachter said the Panamanian vessel gave no warning before opening fire May 23 while the vessel was in U.S. waters, barely a quarter mile outside the breakwater protecting the anchorage at the mouth of the Panama Canal.

"We left the fuel dock at 2140 (9:40 p.m.) and they opened fire at 2148 (9:48 p.m.)," Schachter said. "How far can you get in eight minutes at 1,200 RPMs? It was about a quarter mile outside the breakwater. U.S. waters extend outward for three miles from the mouth of the canal and five miles either side of a line at the midpoint of the canal. What all this means is that since May 23 the United States can no longer guarantee the egress or entrance to that canal to all nations."

Schachter managed to get the boat released by Panamanian authorities by posting a $52,000 cash bond to cover a repair bill Schachter denies is owed by General Electric Credit and set sail for Miami May 30.

DISPOSAL OF RADIOACTIVE WASTE MATERIAL

Mr. MOSS. Mr. President, in the late 1940's the Atomic Energy Commission—AEC—had a large uranium processing plant constructed in the approximate center of Salt Lake County, Utah. At that time the AEC licensed Vitro Corp. to receive uranium ore from mines in and about the intermountain region, refine it, and produce the ore concentrate called yellow cake. It is important to note that from that time until its closing in the mid-sixties—and subsequent dissolution of Vitro Corp.—this plant had but one customer. The Federal Government through its agency, the Atomic Energy Commission, purchased all the yellow cake produced in this facility. It was this agency that licensed and regulated the operation of the plant, as well as fixed the price received by Vitro for their product. This price was based on costs of ore acquisition, processing and administration with a reasonable profit.

Uranium ore generally is extremely low-grade with only a small fraction being uranium. As a consequence, there is a large amount of low-grade radioactive waste material in the form of tailings. In the case of the Utah plant, a total of more than 1.6 million tons of tailings have been left in a virtual man-made wasteland on a 100-acre site near the former Vitro plant.

About the time that the Vitro buildings were being razed, concerns arose as to the potential health hazard these tailings might pose. Radiation-level studies were conducted by personnel from the Atomic Energy Commission—and its successor the Energy Research and Development Administration, ERDA—the Environmental Protection Agency, EPA and the University of Utah. These studies substantiated the need for concern and showed that radiation levels in and about the pile were dangerously high. In particular, some of the business establishments reported radon levels far exceeding AEC recommended safety levels.

As a consequence of these concerns and studies, and after consultation with scientific experts I introduced S. 2566 in early 1974. This bill initiated scientific study of the problems with mill tailings. In 1975, I introduced Senate bill 1199 which authorized ERDA to take remedial action. My point is that studies have been going on for quite a while now. A number of experts reviewed the very serious health problem posed by these tailings to the citizens of the State of Utah. Representatives of ERDA, while not disputing the testimony of these experts, requested additional time to study the problem at this and other abandoned refining sites, as well as to explore and assess potential solutions to this serious problem. In due time Ford, Bacon and Davis, Inc., were awarded a contract by ERDA to make such a study of the Vitro site. This study has now been completed and the results of the investigation are given in the report, "Phase II—Title 1 Engineering Assessment of Inactive Uranium Mill Tailings—Vitro Site, Salt Lake City, Utah", dated April 30, 1976.

This report clearly confirms the conclusions of the earlier studies that the Vitro tailings pile does represent a significant health hazard to the population of Salt Lake County and that remedial action is urgently needed. Specifically table 9-12, page 9-39, demonstrates that statistically, lives are being shortened because of the presence of this tailings pile at its present location. According to the analysis presented in this table, if no action is taken during the next 24 years it is probable that 25 people will die of radiation poisoning. During the next 50 years, there could be as many as 60 unnecessary deaths. May I further point out that the type of lung cancer commonly attributed to radioactive radon gas poisoning is an extremely unpleasant way to die.

The report documents that excessive radiation levels extend to distances of up to one-half mile from the site. Businesses and residents who are established in the area received no advanced warning from the AEC of possible radiation danger.

Table 9-13 assesses some of the economic advantages of correcting this serious problem. It would be patently unfair to expect the people of the State of Utah and in particular the citizens of Salt Lake County to bear the health and economic costs for mistaken corporate and Government agency policy—albeit inadvertent at the time. The report by Ford, Bacon and Davis evaluates and estimates costs and consequences of several alternative corrective actions that might be taken.

The least costly of these is simply fencing and stabilizing operations at an estimated cost of $550,000 to $2,700,000. This would prevent access to the site and hence exposure to delta-irradiation as well as reducing the dispersion of the finely powdered tailings by wind, and so forth. It would not have a significant effect on eliminating the radioactive radon gas evolving from the pile. This is the major source of hazard to health and as clearly indicated in table 9-12, this minimal action would not have a significant effect on reducing the statistically predicted deaths due to radioactive poisoning.

The more effective alternate plans and their estimated costs would involve the 1.6 million tons of tailings and a like amount of contaminated soil being: First, used as buried fill at a highway interchange—$2,000,000; second, used as buried fill at the proposed new airport—$8,600,000; third, moved to remote parts of Salt Lake Valley—$14,300,000 to $16,400,000; and fourth, moved out of Salt Lake Valley to a remote part of the desert—$27,300,000. Chapter 5 of the report assesses the potential of reprocessing the tailings to recover residual uranium or other valuable elements. While there is insufficient values of these materials to cover the complete cost of recovery, revenues produced in this way might be used to offset some of the transportation costs.

Further delay in correcting the situation will only increase the eventual cost because of the pressures of inflation. Increases in population and extra complexity in moving will also increase as the population and number of buildings in the area increases. There is also additional cost to health and safety and further chances of wind dispersal from a policy of delay. I feel the time has arrived for ERDA to be instructed to remedy this undesirable situation that has resulted from their operations. The extensive studies of the Vitro site are conclusive and nondisputable in clearly indicating the need for prompt and decisive action. My understanding is that ERDA plans to delay action while they now evaluate more than a dozen other abandoned uranium tailings piles. I submit, however, that these other sites—the possible exception to this is Grand Junction, Colo.—are not located in population centers as is the Vitro site in Salt Lake City. I therefore respectfully solicit your assistance in petitioning ERDA to readjust their priorities and expedite their cleanup operations in Utah.

SPEAKER CARL ALBERT HONORED BY THE ISLE OF MAN

Mr. MANSFIELD. Mr. President, the Honorable Charles Kerruish, Speaker of the House of Keys of the Isle of Man, presented to the Speaker of the U.S. House of Representatives, the Honorable CARL ALBERT, a replica of the Manx Sword of State.

This presentation from the oldest Parliament in the western world, despite the fact that it is one of its smallest nations within the British Empire, was a signal honor to the Congress of the United States of America and no more praiseworthy gift could be given to the Congress than this Sword of State which means so much and has meant so much ever since it was first lifted and held high in the 11th century.

Speaker Kerruish's remarks were both poetic and substantial. They conveyed in words, as well as in deed and spirit, the relationship, the close association and the friendship between the Isle of Man and the United States of America. Words from the heart—they were well received—and in return, Speaker ALBERT expressed our appreciation for the Isle of Man's observance of the Bicentennial of the United States of America.

I ask unanimous consent that the presentation speech of the Speaker of the House of Keys of the Isle of Man be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

REMARKS OF THE HON. CHARLES KERRUISH

May I, first of all, express my thanks for the warmth of your welcome, for the privilege of joining you on this occasion and for the opportunity you afford me to convey an island's tribute, to add its tiny but sincere contribution to the chorus of acclaim which this very special anniversary has evoked.

Tribute is a word that can have many connotations. "Millions for defence, not a cent for tribute" was the toast at the dinner given by congress at Philadelphia 178 years ago in June 1798, an early illustration of the American determination to sustain independence and the democratic way of life.

The tribute I wish to convey embodies rich qualities, respect, admiration, the gossamer element of kinship, the fulfillment of the Biblical Law of rendering honour to whom honour is due.

If Tennyson's quotation, "The greater the man, the greater the courtesy," was not equally applicable to parliamentary assemblies, perhaps that statement could pose the question, "with what authority do you speak."

The answer, Mr. Speaker, lies in the mists of history.

Consider an island, sufficiently distant from the coasts of Britain and Ireland to have maintained its own identity, populated by gaelic people, akin to the inhabitants of the celtic fringe of Europe but lying in the path and becoming the haven for one of history's most remarkable warrior groups—the Vikings.

By the 11th century, the Norsemen, who had an extreme aptitude for law-making—as well as law breaking—had settled and established their own Scandinavian form of democratic government, Tynwald, the Parliament of the Isle of Man.

From that time to the present day, for over 1,000 years, that assembly has continued to operate with an unbroken record of service.

So, that it is not without pride that I address you as a spokesman for the world's oldest continuing parliamentary assembly. Nor do I speak with diffidence—of respect and admiration for the wonder of your achievements, not the least of these being the way in which you have imprinted your flag upon the hearts of all who cherish freedom. Freedom—that great embodiment in one word of so many precious elements.

When the founding fathers drew up one of the great declarations of all time, stipulating as inalienable rights three things—life, liberty, and the pursuit of happiness—they lit the torch of freedom of this great continent. Is it surprising that drawn like moths to a flame, from countries large and small, people surged forward to settle in a land where the light of liberty burned brightly?

But, the colonists all too quickly found they would have to battle to fulfill their dreams, their aspirations. The parallels of history, the binding threads of kinship, may arouse interest; they can also as readily portray disaster or despair as they may portray success.

In our case, they reveal that as events were moving towards the Boston Tea Party, Manxmen were helping to deprive the English revenue by operating an extensive smuggling trade to the despair of the revenue men, with George III proclaiming his intention of wiping out this pestilential nest of smugglers.

While Lord North was simultaneously expressing the hope "that the unhappy and deluded multitude in the Americas would return to their senses," in Virginia, which had provided homes for many Manx families, the emigrants struggled to advance the interests of their adopted country. An earnest of this may be found in the fact that such a Manxman, William Christian, was chairman of the committee which produced the Fincastle Resolutions of 1775, which concluded:

> "These are our real, though unpolished, sentiments of liberty and loyalty, and in them we are resolved to live or die."

Under his brother-in-law, Patrick Henry, he served with George Washington, Richard Henry Lee, Thomas Jefferson and Benjamin Harrison on the Virginia committee to raise a patriot militia, eventually assuming command of the First Virginia "Liberty or Death" Regiment, and a measure of fame.

Countless others of Island origin lie in unmarked graves.

Strange, too, that while Edmund Burke was stating in Westminster his support for his fellow subjects in America—because, as he expressed it, in fighting for their liberty they were also fighting for his—he was also asking in Parliament would the noble Lord Grenville condescend to tell him why he repealed taxes on manufactures sent to America, and not the taxes on manufactures sent to the Isle of Man?

Was it, he claimed, that despite the minister's childish pretext—the island could but submit, but America could raise a flame?

The doctrine of the great charter of 1215 was obviously subjugated to the interests of the powerful country party in the Parliament of the day and neither Conway nor Fox could uphold its principles against a Parliament motivated by greed and fouled by procrastination and arrogance.

Against this background, by resolution and sacrifice, you achieved liberty.

The squeeze on our tiny island economy continued, with the result that there was, for us, substantial emigration to the United States—Ohio, Utah, Colorado, Montana, Wyoming, Arizona were the favored States.

The sense of belonging that these settlers acquired, the feeling of responsibility, of obligation, is most eloquently and vividly portrayed in the diary of a Manx pioneer to Ohio. Writing in 1845, nearly a score of years after his migration from his island home. "We have failed," he wrote, "to do half what we came so full of determination to do, but our descendants will go on and help to complete the work. They must do it instead, and so they will. America will not be disappointed."

We have not forgotten, Mr. Speaker, that it was America that extended the hand of friendship and the blessing of opportunity when it was sorely needed.

Times have changed. Today, for instance, in the Isle of Man we have our tiny place in the commonwealth of nations. As enormous strides forward in science and technology are taking place almost daily, as social and cultural advances abound, your contributions to these benefits to humanity are immeasurable. The right you have earned, as you have increasingly assumed the awesome responsibility of the principal bastion of freedom and democracy, to guide the course of history is proof indeed, if proof were needed, that the foundations upon which you have built are true.

Today, as you stand upon the vantage ground already gained, you have before you a grander destiny than has opened before any other race. Churchill once said that faith is given us to help and comfort us when we stand in awe before the unfurling scroll of destiny. You have demonstrated your faith by the strength of your example, your actions, your dedication to the principles on which the United States were founded. You have revived a faith in the future of democracy throughout the free world.

Your Bicentennial affords a fitting opportunity to communities large and small to express their gratitude for the contribution you have made and are continuing to make to the well-being of their people.

The Parliament and the people of the Isle of Man wish to express their feelings by inviting you to accept a true image of their oldest symbol of parliamentary government, the Sword of State, a sword which since the 12th century has been carried at all sittings of Tynwald with point upward, symbolic of the law and justice upheld in our island over the centuries. May it rest with you in Congress, a token not only of the gratitude of a small nation, but of its prayer that the United States of America will go forward, their hand in the hand of God, in the continuing pursuit of ideals which have made this country great.

THE QUALITY OF THE FEDERAL JUDICIARY: A SURVEY BY THE CHICAGO COUNCIL OF LAWYERS

Mr. PERCY. Mr. President, the maintenance of high standards of performance in the Federal judiciary is a task in which the executive and legislative branches of Government must play a vital role. I would like to call to the attention of my distinguished colleagues the work that has been done by a relatively young but very influential and prestigous bar association in the State of Illinois to provide those of us involved in the selection of Federal judges with valuable information about their performance on the bench. It is a contribution to the strengthening of the Nation's judicial system worthy of emulation.

The Chicago Council of Lawyers was founded in 1969 as a voice for reform in the Chicago legal profession. It now consists of more than 1,200 members, representing a broad spectrum of the Chicago bar. Last summer the council conducted its second survey of lawyers concerning the performance of trial judges, magistrates, and bankruptcy judges in the U.S. District Court for the Northern District of Illinois, which sits in Chicago. Questionnaires were sent to more than 5,000 lawyers with recent Federal trial experience in the Chicago area. They were asked 25 specific questions about each judge's legal ability, integrity, judicial temperament, decisiveness, and diligence. To arrive at an overall evaluation of each judge's performance, each lawyer was asked whether he thought the judge was worthy of retention in his present post and whether the judge merited advancement to higher judicial office.

Since the Council sent out its first survey in the fall of 1971, bar associations around the country have conducted judicial performance polls. Many of these, however, have been of questionable validity and usefulness. The methodology employed in the Councils most recent survey represents a mayor advance in the accuracy of judicial surveys, enabling them to serve more effectively three purposes: First, to provide the judges themselves with a detailed indication of their performance by a large number of lawyers who appear before them; second, to provide guidance to the executive and legislative branches in selecting candidates for higher judicial office; and third, to demonstrate the concern of the bar with the quality of judicial performance. In short, such surveys constitute one of the few forms of accountability for an important class of Government officials who are constitutionally guaranteed life tenure during good behavior.

The nearly 900 lawyers who responded to the survey represented a cross-section of Chicago area lawyers with experience before Federal judges. As an indication of minimally acceptable performance, the Council settled on the admittedly arbitrary figure of 60 percent approval by the respondents to a particular question. This figure has no legal bearing, but was chosen because it was the percentage of those voting required for popular retention of State court judges under the Illinois Constitution.

The results of the survey are both encouraging and troubling. Responding lawyers favored retention of 11 of the 16 district court judges, and 4 judges received retention ratings of 90 percent or better. Only four judges, however, met the 60 percent standard on the question of advancement to higher judicial office. The relatively poor performance of the district court judges on the advancement question—fully half were favored for advancement by less than 40 percent of the respondents—suggests that the quality of the Federal judiciary could be upgraded. One must take into account the unique requirements of the appellate court as against the district court and one does not have to look far to pinpoint a very major obstacle to such improvement: the failure of judicial salaries to keep pace with the rise in the cost of living in recent years.

It has become increasingly difficult to induce outstanding prospects for Federal judgeships to leave private law practice at the current salary level of $42,000 for a district court judge and $44,625 for an appeals court judge. Since 1969, the rise in the cost of living has eroded the purchasing power of these salaries to less than $30,000 in 1969 terms. In an interview last year, Chief Justice Burger observed that:

> It's simply neither fair nor appropriate that any public leaders be expected to meet 1975 living costs on 1969 salaries.

And today the cost of living is even higher. Congress has increased the salary of the average Federal employee by 42 percent since 1969. But except for a wholly inadequate 5 percent cost-of-living adjustment last fall, it has frozen judicial salaries at 1969 levels. State court judges in a growing number of States now earn more than their Federal counterparts.

My colleagues are doubtless familiar with the suit filed in the U.S. Court of Claims by 44 judges of district courts and courts of appeals. They have charged that the refusal of Congress to compensate them adequately is not only detrimental to the quality of the Federal judiciary but also unconstitutional. As the 44 judges noted in their brief, judges' salaries, measured in actual dollars, are now only slightly higher than they were in 1903.

In my own efforts to locate outstanding candidates for the judiciary in the Federal district courts in Illinois and the Court of Appeals for the Seventh Circuit, I have too frequently come face to face with this salary problem. We are fortunate to have serving on the bench men of the caliber of Prentice Marshall, Frank McGarr, Joel Flaum, and Hubert Will, all of whom were recommended for advancement by more than 78 percent of the respondents in the Chicago survey. But we are losing to private practice many other attorneys who are exceptionally well-qualified to serve on the Federal bench. During the past 7 years, 12 individuals who were among my first choices as candidates for Federal district court and court of appeals judgeships decided that while they desired to serve on the Federal bench, they could not do so at the current salary level. In each case the candidate felt compelled to refuse because the reduction in salary primarily would have jeopardized his children's education. I have attempted to be certain that all of the individuals I have suggested to the President have been of outstanding quality, and I must admit that it has been distressing to be told this frequently by attorneys whose records I have thoroughly reviewed and whom I have interviewed that they "cannot afford" to become judges.

Inadequate pay is also causing an alarming number of Federal judges to return to private practice. In 1974, for example, more Federal judges resigned for economic reasons—seven in all—than in any of the previous 34 years. As the Chief Justice has remarked:

> If something is not done, we're going to continue to lose some of the most valuable judges—most valuable for this reason: The drain is naturally going to come from those appointed in the past 10 years whose capacities and abilities are such that they have many opportunities to go into private practice—and whose family expenses are at their peak.

A final problem is the overburdening of the Federal judiciary, a concern which the Chief Justice has addressed on numerous occasions and one which frequently arises in my conversations with Federal judges. This problem is attributable in part to passage of the Speedy Trial Act, which will ultimately require that every defendant, with certain exceptions, be brought to trial within 100 days of arrest. This bill represents an attempt to take an important step toward fuller realization of the speedy trial provision of the sixth amendment of the Constitution. But in the absence of urgently required additional Federal judges, it has tended to aggravate the crowding of Federal court dockets. And so the Speedy Trial Act underscores the need for higher judicial salaries.

Mr. President, I would like to express again my admiration for the Chicago Council of Lawyers and its highly significant contribution toward increasing the accountability of Federal judges by monitoring the quality of their performance. The council's survey demonstrates that the quality of the Federal judiciary could stand improvement. The time is long overdue for Congress to assert its responsibility in this area by seeing to it that Federal judges are adequately compensated.

THE CLEAN AIR ACT AMENDMENTS AND THE BUILDING AND CONSTRUCTION TRADES, AFL–CIO

Mr. MOSS. Mr. President, I ask unanimous consent that a letter I recently received from the AFL–CIO Building and Construction Trades Department be printed in the RECORD. This statement provides additional rationale for adopting my amendments to the Public Works Committee bill. My amendments call for 1 additional year of study of the economic implications of implementing the proposed policy of nondeterioration. Professional groups, industry representatives and representatives of organized labor have all told us that the committee's version of the bill is unacceptable to the present economic situation facing this country.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AMERICAN FEDERATION OF LABOR—
CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington, D.C., June 11, 1976.
Hon. FRANK E. MOSS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: The Senate will soon begin consideration of the Clean Air Act Amendmetns of 1976, a series of provisions which has had a controversial journey through both Senate and House committees. Amongst these various amendments, one provision more than any other has been the center of argument and discussion, Section 6, commonly referred to as the Non-Deterioration Section.

The impetus for this legislative language arises from a 1972 court case which instructed EPA to take stronger measures to protect areas cleaner than existing air pollution standards. Section 6 is an attempt to write into law a revised version of EPA's court-mandated regulations.

Although the controversy has at one time or another been focused on the original court decision, the need for more stringent pollution controls, health hazards, and a host of other issues, it ultimately has concerned the impact such a provision will have on industry employment and the economy.

It is our conclusion from reading the various reports and findings both of industry and government that it is by no means clear what the final impact of this legislation will be. The often emotion-laden arguments from both sides have only served to obscure the need for hard objective analysis.

We have therefore decided to support the Moss amendment which will delay implementation of Section 6 for one year in order to allow time for further and hopefully objective study of this matter. We realize the arguments of many that this is a stalling tactic designed to kill significant deterioration. We are also aware of the continued uncertainty such a study will create for those in industry making investment decisions. However, it is our firm belief that the issue and its consequences are far too important to be brushed aside in the haste to legislate. We are far better off with a temporary delay than a permanent disaster.

On behalf of the Building and Construction Trades Department, AFL–CIO, its 17 affiliated unions and their four million members, I therefore wish to urge your support of the Moss amendment.

Sincerely,

ROBERT A. GEORGINE,
President.

COMMEMORATING THE 100TH ANNIVERSARY OF THE BIRTH OF ALBERT RIDGELEY

Mr. BROOKE. Mr. President, in this Bicentennial Year, America is celebrating not only her birth, but also the contributions of many citizens to her growth, to her strength, to her continuing vitality. In the midst of celebration, we must also honor the hitherto unheralded success of those black Americans who triumphed over inequality, racism, and injustice, and left positive legacies for their families, their communities, and this Nation.

One such black American was Dr. Albert Ridgeley. On February 22, 1976, a celebration commemorating the 100th anniversary of his birth was held at Howard University. Dr. Ridgeley's justly proud family and friends gathered to remember this great physician, soldier, husband and father.

Dr. Ridgeley was born in Alexandria, Va. He attended elementary school there, and continued his education in Washington, graduating from the "M" Street High School. This high school, with its galaxy of great black graduates, became the Dunbar High School in 1916.

At that point, military instruction was given to boys in high school. Only one cadet company existed at "M" Street High, and it was commanded by Capt. Albert Ridgeley. This good early military training served Dr. Ridgeley in later life. He was subsequently commissioned as a first lieutenant in the Medical Corps in 1909 and was promoted to captain in 1915. He saw active service on the Mexico border and when the National Guard was pressed into Federal service, was one of few black officers to serve abroad during World War I. His division participated in the Meuse-Argonne offensive, and was sent to Metz, where it served side by side with the 14th French Army until the end of the war.

Dr. Ridgeley had the ability to serve his country, in part, because he obtained a medical degree from Howard University Medical School. He studied in evening classes while teaching by day in Washington's elementary schools. After his graduation from Howard, he began his medical practice here in Washington, D.C. Dr. Ridgeley's long and distinguished service to his community has been an inspiration to the generations of medical students who acquired knowledge and expertise through his compassionate tutelage. Except for the period when he was in military service during World War I, Dr. Ridgeley taught anatomy to every graduate of Howard University Medical College for a period of over 30 years. He gave generously of his time and talents to the students, working on weekends and conducting double classes to compensate for the lack of faculty members in the anatomy department.

His love of family and of community enabled him to give dedicated service and yet be the kind of father, civic leader, and teacher who made contributions far out of proportion to his individual energies. Even though his life has ended, Dr. Ridgeley is still contributing, through the remarkable accomplishments of his daughters and sons. For example, their efforts to encourage voluntary giving in their father's memory to Howard's Medical School would have pleased Dr. Ridgeley and made him very proud. Not many citizens, black or white, have had such an impact. His warmth, generosity of spirit, and compassion are still remembered and honored in Washington and all over the country. As a healer, as a teacher, as a friend, Dr. Ridgeley made a difference. And today, those whose lives he touched and those who know of his achievements are heartened and encouraged to be the best, the most dedicated and the most conscientious they can be. Dr. Ridgeley's life and work show what is possible.

Mr. President, I ask unanimous consent that the program from the Howard commemoration, with its biography of Dr. Ridgeley, be printed in the RECORD.

There being no objection, the program and biography were ordered to be printed in the RECORD, as follows:

A CELEBRATION

Celebration commemorating the 100th anniversary of the birth of Albert Ridgeley (1876–1939), M.D. 1900, Howard University, former Associate Professor Emeritus of Anatomy, Major, U.S. Army, Sunday, February 22, 1976, at Howard University.

This Celebration was initially planned as a simple family observance of the 100th anniversary of the birth of Dr. Albert Ridgeley. Because 1976 is the Bicentennial of this country's birth, and because the contributions of individual Black Americans deserve wider recognition and emphasis, the family decided to share the occasion with others who might wish to participate.

The seven daughters of Dr. and Mrs. Albert Ridgeley are sponsoring the Celebration with two purposes in middle. One is to provide an opportunity for members of the family, friends, and some of Dr. Ridgeley's former students to gather and view selected pictures, documents, and mementoes relating to Dr. Ridgeley's life, career, and family. The other purpose is to encourage voluntary, tax-deductible gifts to the Howard University College of Medicine in commemoration of the contributions made by Dr. Ridgeley:

To Howard University, as an associate professor of anatomy for over a quarter of a century;

To the Washington, D.C. community, as a physician and as a medical inspector in the public schools; and

To the nation as a medical officer in the National Guard and the U.S. Army, including overseas service in World War I.

We wish to express our gratitude to Dr. Marion Mann, Dean of the College of Medicine, and Dr. Lee V. Leak, Head of the Department of Anatomy, for making the facilities of the College available for this Celebration, and to the members of their staffs for their valuable assistance in preparing the exhibits.

We are indebted to the Afro-American Bicentennial Corporation for the use of their skills and equipment in the preparation of photographic exhibits and printed materials.

Finally, we wish to thank our many relatives and friends who so graciously agreed to contribute in many ways toward the success of this Celebration.

ALBERT RIDGELEY, M.D., 1876–1939—A BIOGRAPHICAL SKETCH

Shortly after the Civil War, French Jackson and his wife, Jane, moved from Amissville, Virginia to Alexandria, Virginia, where he worked as a shoemaker on Princess Street near Pitt. One of their daughters, Nettie, married Henry Ridgeley. They were the parents of Albert Ridgeley, born in Alexandria on February 22, 1876, and Edward A. Ridgeley, born July 2, 1878.

EDUCATION

After attending elementary school in Alexandria, Albert Ridgeley continued his education in Washington, D.C., where he graduated from high school in 1892 and from normal school in 1893. His diplomas from those schools refer to them as "Washington High School, 7th and 8th Divisions," and "Washington Normal School, 7th and 8th Divisions."

The high school graduating class consisted of 8 male and 46 female students.

During those years the high school was located in the Miner building at 17th and Church Streets until June, 1891. In September of that year, the school moved into the M Street building, on M Street, N.W., between First Street and New Jersey Avenue. In 1916, the school moved into the new Dunbar building.

Beginning in 1888, military instruction was given to boys in the high schools. But it was not until 1892 that the high school cadets made their first public appearance, when they gave an exhibition drill at the Metropolitan Baptist Church, to raise funds for the purchase of equipment and to provide a purse for the instructor, Captain Arthur Brooks. Only one cadet company existed at that time; it was commanded by Captain Albert Ridgeley. The cadets wore borrowed uniforms and carried wooden guns. The cadet corps was formally organized in November, 1892, when the federal government began lending arms and equipment to colleges and high schools.

Following his graduation from normal school in 1893, Albert Ridgeley was employed as a teacher in the public schools of the District of Columbia. He taught in an elementary school in the Brightwood section of the city. At the same time, he attended evening classes at Howard University's Medical School, from which he received his M.D. degree in 1900. He resigned from the school system the day after his graduation from medical school.

MEDICAL CAREER

In the years immediately following his graduation from Howard, Dr. Ridgeley began the practice of medicine in Washington, D.C. He was also a member of the faculty of the Freedman's Hospital Training School for Nurses, and he served as a demonstrator of anatomy at the Howard Medical School.

The year 1907 was an important milestone in his life. In July of that year he became an Associate Professor at the Medical College. In a letter to his fiancee, Miss Grace Pleasants, he noted that the appointment would result to "not very much salary, but a very big honor." Another letter to his fiancee, dated October 15, 1907, said, "Congratulations are in order, as I was this morning appointed a Medical Inspector in the schools here as a result of the examination held a month ago." On October 30, 1907, he and Miss Pleasants were married in Montreal, Canada.

Except for the period when he was in military service during World War I, Dr. Ridgeley taught anatomy to every graduate at Howard University Medical College over a span of thirty-odd years. At the time of his retirement from the University in 1934, he recalled that for most of the years of his service, until a technician was appointed and trained, he had sole responsibility for the embalming and preserving of all anatomic material—a task which frequently required work on Sundays and holidays and during vacations.

He also noted that during the transition from evening to day classes, members of the faculty had to conduct two sets of daily classes. During a period when there was no professor of anatomy, Dr. Ridgeley and Dr. Charles I. West jointly carried on the work until a suitable successor was appointed.

In 1942, Dr. Ridgeley's widow donated his books to the Library of the School of Medicine. In acknowledging the gift, the Medical Librarian, Josephine Morton, had this to say about Dr. Ridgeley:

"His name is frequently mentioned in connection with his ability as a teacher, and for the fine contribution that he made in the development of our Department of Anatomy. . . . Dr. Ridgeley was himself not only inspired, but he possessed that rare quality of being able to pass that inspiration on to those with whom he came in contact."

When Dr. Ridgeley began to work as a medical inspector in the public schools, the work consisted primarily of controlling contagion—that is, excluding children with contagious diseases. Subsequently, clinical examination of kindergarten and first grade pupils were introduced. In the 1920's, examinations were extended to students in higher grades. Still later, the medical inspectors were examining all employees of the Board of Education and all applicants for appointment and retirement, in addition to the school children. Salaries increased from $400.00 per year in the early years of the century to $1,800.00 by 1937, the year in which Dr. Ridgeley retired from the public schools.

In addition to his duties as a teacher and medical inspector, Dr. Ridgeley engaged in private practice until his retirement in the 1930's. He was a member of the Medico-Chirurgical Society of the District of Columbia, and was one of the 12 members who signed the Society's second certification of incorporation on March 1, 1917. He was also an active participant in the convention of the National Medical Association held in Washington, D.C. in August, 1922.

MILITARY CAREER

Dr. Ridgeley joined the First Separate Battalion of the District of Columbia National Guard in about 1904. He was commissioned as a First Lieutenant in the Medical Corps in 1909, and as a Captain in 1915. He saw active service on the Mexican border at Naco, Arizona, in the summer of 1916. At that time, the Medical Corps consisted of 5 officers and 21 men.

In World War I, when the National Guard was called into federal service, the First Separate Battalion was made part of the 372nd Infantry. The unit sailed for France in March, 1918 and remained there for almost a year. During that period, the 372nd was made part of the 333rd French Division and participated in the Meuse-Argonne offensive. It was later sent to Metz, where it served with the 14th French Army until the end of the war.

In 1937, Dr. Ridgeley was retired from the National Guard with the rank of Major. When he died in September, 1939, he was given a full ceremonial military funeral with burial in Arlington National Cemetery.

FAMILY

On October 30, 1907, Dr. Albert Ridgeley was married to Miss Grace Pleasants, the daughter of James H. Pleasants of Washington and Mrs. Laura Stamps Wilson of Montreal, Canada.

Today (February 1976) there are 45 living descendants of Dr. and Mrs. Ridgeley: 7 daughters, 13 grandchildren, and 25 great-grandchildren. Their names are listed on the following pages.

Five of the daughters attended Howard University, and four (Elaine, Gheretein, Mazie, and Charlotte) are graduates.

Two grandsons are also Howard graduates (Joseph Charles Drew and Michael Anthony Proctor). One grandson (Michael Proctor) is a graduate of Howard University College of Medicine.

DESCENDANTS OF ALBERT AND GRACE RIDGELEY

Elaine Ridgeley—

Mrs. Larz A. Grymes: Albert Ridgeley Grymes; Lisa Elaine Grymes; Christian Ridgeley Grymes; Daniel Larz Grymes.

Grace Ridgeley—

Mrs. Joseph L. Drew; Richard Albert Drew (d), Joseph Charles Drew (Jay); Sharon Grace Drew (Shari), Cathleen Rosetta Drew (Cathy): Eric Ridgeley Drew; Erin Renee Drew, Lynne Michelle Drew, Patrice Lorraine Drew, Eric Michael Drew, Graciella Cecilia Drew.

Gheretein Ridgeley—

Mrs. Dwight H. Wilson: Dwight H. Wilson II.

Helen Mazie Ridgeley—

Mrs. Louie Chaffin.

Charlotte Ridgeley—

Mrs. Burton W. Lewis: John R. Pinkett III.

Alberta Ridgeley—

Mrs. M. A. Lockhart.

Margaret Ridgeley—

Mrs. Maurice Welsh: Maurice Ridgeley Welsh; Gary Ridgeley Welsh, Toni Michelle Welsh, David Allan Welsh; *Michael Anthony Proctor; Michael Anthony Proctor, Jr.; Mark Alexis Proctor, Matthew Alexander Proctor, Martin Austin Proctor; *Anita Charlotte Chaffin Brown; Shane Dominick Brown; Vicki Ridgeley Brown; Bertram Young Welsh; Janet Welsh Wood; Cathy Renee Wood, Monica Valerie Wood; Judy Welsh Isreal; Taryn Monique Isreal; Noel Alexander Isreal; Elise Linda Welsh Hackey; Annette O'Shea Hackey, Stephanie Marie Hackey; Nanci Marie Welsh.

*Adopted and reared by other members of family.

THOSE WERE THE DAYS

Mr. CLARK. Mr. President, the Bicentennial celebration has fostered thousands of projects and activities designed to help us relive the past as well as get ready for the future.

One of the nicer benefits of the Bicentennial has been the reawakening of interest in this country's history and its values. Many people have put their thoughts into writing, and I am happy to share with my colleagues such an article written by Martha Jordan Soland of Burlington, Iowa. I ask unanimous consent that the article that appeared in the Des Moines County News on June 17, 1976, be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THOSE WERE THE DAYS

(By Martha Jordon Soland)

What's wrapped up in the patriotic bunting?

In part, it is a love of the land which produces fat hogs and golden fields of wheat. It is a love of the land with corn in tassle, clover in flower and melons ripe for the stealing. It is a love of the land with its rolling prairies, its towering mountains, its sparkling rivers and sky-blue lakes, its painted deserts and its shaded forests.

What's wrapped up in the red, white and blue bunting?

In part, it is a pride in living in a rural area such as Des Moines County where corn tops eight feet, where strawberries perfume the air and where roses grow wild along roadsides. It is also a pride in living in a mighty metropolis where buildings seem to scrape the sky and where huge factories turn out the industrial wealth of the nation.

What's wrapped up in the red, white and blue bunting?

In part it is a respect for the wildlife supported by the land—the red-breasted robin, the white-tailed deer and the swift-footed rabbit. It is a respect for nature's wise balance of life which should be maintained on land and in lakes and rivers.

What's wrapped up in red, white and blue bunting?

In part, it is the enjoyment of simple pleasures—a Sunday afternoon drive in the country, a fishing line dropped in the Mississippi, a hike in a city park, a family reunion under century-old shade trees, an evening spent with the Little League, a barbecue in the backyard, a watermelon and lots of spitting room, a walk with the dog along an abandoned railroad track, an afternoon flying kites, and, among other activities, a bike ride to an ice cream stand.

What's wrapped up in the red, white and blue bunting?

In part it is the ability to disagree with one's neighbors concerning politics and still remain friends over the back fence. More important, it is the ability to respect individuals and groups whose views one finds to be completely revolting. The star-spangled bunting does not represent any political party, any set of socioeconomic beliefs, any special interest group or any governmental bureaucracy or collection of bureaucracies.

What's wrapped up in the red, white and blue bunting?

In part it is a respect for persons of all colors and creeds and for their ethnic roots and their cultural heritage. Individuals of an astonishing variety of nationalities labored to build the nation and are an integral part of it today.

What's wrapped up in the red, white and blue bunting?

The patriotic fabric stands for the spiritual, moral, political, social, economic and human resources of the republic. At one and the same moment, the Stars and Stripes depict in color, pattern and design, the past, the present and that which is to come.

Representing and belonging to the people, the nation's colors stand as a testimonial to Abraham Lincoln's sentiment that as long as "the people retain their virtue and vigilance, no administration, by any extreme of wickedness or folly, can very seriously injure the government in the short space of four years."

FALSE IDENTIFICATION: A PROLIFERATING PROBLEM

Mr. PERCY. Mr. President, in an effort to stop the illegal misrepresentation of individuals in criminal matters, the Justice Department in 1974 established an advisory committee to study the problem of false identification, a problem vividly portrayed on CBS's "60 Minutes" recently. The Federal Advisory Committee on False Identification, chaired by David Muchow and composed of members of both the public and private sectors, has just completed an intensive study on this problem.

False identification has been defined as the intentional use by an individual of a document containing a name other than his own for the purpose of assisting in the commission of a crime or in avoiding the legal consequences of a previous crime. It is an obvious desire of a criminal, or one who seeks to do a criminal act, to have identification which would represent himself as another in order to detract apprehending officers in their search for a wrongdoer, or to complete an illegal transaction.

The steps to obtaining false identification are simple. One needs only to scan newspaper obituary columns to find an individual whose birthdate and other attributes the wrongdoer can assume, subsequently obtain a copy of the birth certificate of the now dead person, and then proceed to secure various types of government and private identification, such as a passport, social security card, credit cards, and drivers license.

The birth certificate is the key. With it other documents can easily be obtained, and a string of criminal activities can easily be pursued with less risk of apprehension.

There are books that give exact information on how to get and use false identification without fear or prosecution. "The Paper Trip," an Eden Press publication, is one such book which tells how to obtain false identification, warns of telltale pitfalls, and advises how to give false documents the best impression of legitimacy. Further, small "underground" print shops exist which will provide complete sets of false documents, including birth certificates and college degrees, for a nominal fee.

The cost of false identification to the American public is tremendous. The FACFI reports that at least $1 billion in counterfeit and forged checks were passed in 1973 alone. The FACFI estimates that $16 billion per year is lost through fraudulent use of documents. This figure is based on statistics showing losses as a result of drug smuggling, illegal immigration, and fraud against business. It does not include the other iillegal and costly problems of welfare fraud, social security fraud, and other such practices against Government.

Mr. President, I am pleased that the Justice Department is seeking solutions to this problem of great magnitude. On Monday, June 14, Justice Department officials held a press conference in which they provided the public with the proposed findings and recommendations of the Federal Advisory Committee on False Identification. The advisory committee is seeking public comment before taking final action on their recommendations. I urge my colleagues and the public to address themselves to these recommendations and submit their own to the Department.

I ask that a statement, delivered at the Justice Department by Richard L. Thornburgh, Assistant Attorney General, Criminal Division, U.S. Department of Justice, and the proposed findings and recommendations of the Federal Advisory Committee on False Identification be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT OF RICHARD L. THORNBURGH, ASSISTANT ATTORNEY GENERAL, CRIMINAL DIVISION, U.S. DEPARTMENT OF JUSTICE

My name is Richard L. Thornburgh, Assistant Attorney General for the Criminal Division of the Department of Justice. With me are the Chairman of the Committee, David J. Muchow and Co-Chairman Douglas H. Westbrook, of the Criminal Division who will help to answer any questions you may have.

We are pleased to announce today the draft findings and recommendations of the Federal Advisory Committee on False Identification. Full details of what I have to say are found in the Committee's proposed findings and recommendations, which will be published in the Federal Register on June 16, 1976.

The Committee was established by the Attorney General in November 1974 to study the criminal use of false identification and to recommend steps, consistent with privacy rights, to combat it. The Committee consists of 75 volunteers representing 50 Federal, state and local agencies, the commercial sector and the public. The Committee's 17-month effort is supported by a $200,000 grant from the Department of Justice to the MITRE Corporation, for staff support. The Committee will dissolve upon presenting its final report to the Attorney General in early August. All of the Committee's meetings have been open to the public.

The criminal use of false identflication robs the taxpayers of billions of dollars each year. It is a hidden crime so much so that vitcims often are not even aware they have been victimized. The Committee's report identifies just the tip of the false identification iceberg. But that is frightening enough. False identification, which has been called "the criminal's best friend", has a number of major aspects. Let me give you some examples:

1. Drug Smuggling—Approximately 80% of the hard drugs (about $1 billion worth per year) entering the United States are smuggled using false identification.

2. Illegal Immigration—Illegal immigration, aided by false identification, produces a federal, state and local tax burden of over $12 billion per year.

3. Fugitives—Virtually all fugitives use false identification to avoid arrest; some have 30 or more identities.

4. Fraud Against Business results in over $1 billion each year in check, credit card and securities fraud aided by false identification.

5. Fraud Against Government—Losses could be in the billions, ranging from multiple welfare payments to abuses in the social security and food stamp programs. One reason is that there are no uniform standards for the identification of recipients of welfare and other benefits.

RECOMMENDATIONS

False identification often begins when a imposter obtains a certified copy of another person's birth certificate, simply by filing a false application. The names of deceased infants gleaned from obituary columns or tombstones are often used. This certified copy is used to obtain a driver's license, social security card and other documents until one or more identities are obtained. With them, the criminal can appear and disappear at will and destroy the personal privacy of those whose names he uses. To prevent such abuses the Committee recommends:

1. The Committee opposes any National ID Card—The Committee believes that just as false identification starts at the state and local level, it should be stopped there. Thus, the Committee recommends against any so-called "national identity card", and instead urges minimum Federal standards to upgrade the security of the application procedures for birth certificates and driver's licenses; fraud-resistant standards for the documents themselves; the matching of birth and death certificates—on an interstate basis—so that dead persons' names cannot be assumed by criminals; state and Federal legislation to prohibit fraudulent applications for identity documents and to stop interstate commerce in them; and increased prosecution of false identification crimes.

2. Fugitives—The Committee recommends that state laws require verification of the identity of all persons arrested prior to their release on bond by the increased use of equipment to speed transmission of fingerprints to law enforcement offices.

3. Business Crimes—The Committee recommends increased use of electronic funds transfer systems to reduce the amount of commercial paper subject to forgery and counterfeiting.

4. Welfare Fraud—To prevent the use of false identification in obtaining multiple welfare benefits, the Committee recommends uniform Federal standards for identification of welfare applicants; tighter controls for Social Security applications; and the direct deposit of welfare checks in banks, when beneficial to recipients.

We believe that these recommendations provide a common sense approach to increasing personal privacy by cutting off false identification crimes at the state and local level where they begin. False identification is becoming a growth industry and we must prevent it. With cooperation among Federal, state and local agencies, the commercial sector and the public, we can do just that.

Thank you. And now I'll be pleased to accept any questions you may have.

PROPOSED FINDINGS AND RECOMMENDATIONS OF THE FEDERAL ADVISORY COMMITTEE OF FALSE IDENTIFICATION

The purpose of this announcement is to provide the public with a final opportunity to comment on the proposed findings and recommendations of the Federal Advisory Committee on False Identification (FACFI). All comments will be considered by the Committee before taking final action on its report. Comments of particular interest will be summarized in the Committee's final report to be issued this Summer. The Committee is merely a fact finding group. Thus, its recommendations have no force of law.

Comments should be made in writing and sent on or before July 7, 1976 to: David J. Muchow, Chairman, Federal Advisory Committee on False Identification, Department of Justice, Washington, D.C. (Telephone: 202–739–2745).

In addition to a full analysis of the scope of the false identification problem and recommended solutions, the Committee's final report will include: an analysis of Federal and state legislation dealing with false identification; proposed Federal and state legislation to combat false identification; proposed guidelines for state plans to control access to vital statistics records and control issuance of birth certifications; standardized forms for birth certificates, a program for the matching of birth and death certificates; and a program for upgrading the security of state drivers' licenses. Also included will be reports from each of the Committee's five task forces; several background papers including: (1) an overview of electronic funds transfer systems (EFTS); (2) a summary of automated identification technology; (3) a summary of fraud resistant identification verification techniques; (4) a survey of national systems for personal identification; and a number of special studies.

I. THE PURPOSE

FACFI was established by the Attorney General under the Federal Advisory Committee Act (Pub. L. 92–463, 5 U.S.C. Appendix I.) in November 1974 to: (1) study the nature and scope of the criminal use of false identification; and (2) to recommend measures, consistent with personal privacy, to combat such use at Federal, state and local levels and in the commercial and private sectors. The Committee's charter may be found in the Federal Register of October 23, 1974.

The Committee consists of approximately 75 representatives from some 50 agencies, the commercial sector and the public. The Committee has conducted its business in monthly meetings in Washington, D.C. All of the Committee's meetings have been open to the public and the Committee welcomes a broad spectrum of comments from the public to assist it in its efforts to increase personal privacy and to aid in preventing the criminal use of false identification.

II. DEFINITION OF FALSE IDENTIFICATION

The Committee has defined "false identification" as the intentional use by an individual of a document containing a name or personal attributes other than his own for the purpose of assisting in the commission of a crime or in avoiding the legal consequences of a previous crime. This definition is broad enough to encompass the use of a forged check to obtain cash or other benefits, even if no supporting documentation is demanded by the victim of the transaction. It also includes the use of false identity documents for noncriminal transactions by an escaped convict or other individual sought under a fugitive warrant.

The identity documents (IDs) with which the FACFI has been concerned include not only commonly used IDs such as birth certificates, driver's licenses, passports, employee badges, and military identification cards, but also documents whose major purpose is other than identification of the bearer, e.g., personal and government checks and credit cards. Any of these documents can be and is often used to support a false identity.

III. HOW FALSE ID'S ARE OBTAINED

False identity documents can be obtained readily and inexpensively anywhere in the United States or neighboring countries from a variety of commercial sources or by "do-it-yourself" techniques. In any large city one can find photo studios that provide customers with photo ID cards replete with official-looking signatures and seals in any name, address or birthdate of the customer's choice—no questions asked. Thriving mail-order businesses, which advertise their services nationally through "underground" newspapers and magazines, supply blank birth certificates and baptismal certificate forms and mount customer-supplied photographs on counterfeit "state ID" cards. Dozens of document vendors south of the U.S. border sell counterfeit U. S. immigration documents and border crossing cards for whatever the traffic will bear. Most of these activities are beyond the reach of current Federal or state laws.

Pickpockets and purse snatchers find a ready market for stolen IDs, especially checkbooks, credit cards, and driver's licenses. However, the enterprising imposter has no real need to risk the use of counterfeit or stolen documents; he can obtain all the genuine ID's he needs in any number of false names from the legal issuing offices themselves. The methods for obtaining genuine documents in false names have become widely known in recent years. Possession by a criminal of a full set of genuine IDs in a false name is known in law enforcement circles as the "infant death identity", or IDI, syndrome.

The first step in establishing an IDI is obtaining a certified copy of the birth certificate of a person who was born about the same date as the imposter but who died in early childhood. The information the imposter requires to apply for such a certificate (more properly called a certification of birth) is generally the name, exact date, and place of birth of the deceased infant. This information can be obtained from old newspapers or from local birth records themselves where public access to such records is permitted. Posing as the person described on the certificate, an imposter can obtain certification through the normal process of writing to the registrar of births; more brazen imposters can get quicker service by applying in person at a state or local Vital Records Office.

A birth certificate is an extremely valuable document to an imposter. If he is an alien, for example, the certification gives him the ability to enter the U.S. unquestioned and to enjoy all the rights of citizenship. Furthermore, the falsely obtained certificate can be used as a "breeder" document to construct a completely new identity. In this case the imposter uses the certification as "proof" of identity to obtain a state driver's license (or state ID card) and a Social Security Number. The license is the de facto U.S. ID for check cashing and other commercial transactions; together with the birth certificate, it can be used to apply for a U.S. passport. A Social Security number opens the door to most employment or public assistance; once this is accomplished, the imposter need only establish a minimal credit rating to apply for credit cards. He is then free to enjoy (or abuse) all the credit and social benefits of U.S. life with impeccable credentials in a false name. And, he can assume, either sequentially or in parallel, other false identities by the same method.

This ruse is highly successful for several reasons. First, application for a deceased person's certification is unlikely to attract suspicion because birth and death records are handled by separate offices and are seldom correlated. Secondly, the birth certificate is almost always accepted as validation of the name and citizenship of the bearer, even though it contains no physical description (except for sex and possibly race) of the person whose birth it records. Finally, the imposter runs little risk of punishment in obtaining the certification under false pretenses because in many states it is legal to apply for and to possess another person's birth certificate even for fraudulent purposes. It is of course illegal to use such a document to support false claims of citizenship or to apply for other official documents.

IV. THE SCOPE OF THE FALSE ID PROBLEM

Possession of false identity documents gives a criminal the means to "appear" and "disappear" almost at will and without a trace. Firm statistics on the scope and impact of crimes aided by false ID are difficult to obtain. In general, the use of false ID is a modus operandi and thus is not recorded as a separate crime. False identification fraud is in many cases an "invisible" problem that is recognized only after careful investigation. Thus, for example, the magnitude of false identification fraud in public assistance programs can be estimated only from the results of a handful of local studies. Even on the basis of this sparse data, however, it is apparent that the criminal use of false identification represents a multibillion dollar problem in the United States. The figures obtained by the FACFI are conservative and represent the tip of a criminal iceberg.

The false identification problem impacts nationally in six major problem areas as summarized in Table 1.

TABLE 1.—SUMMARY OF SCOPE AND IMPACT OF NATIONAL FALSE IDENTIFICATION PROBLEM

Problem area	Scope of problem	Extent of false ID use	Sources of data
Drug smuggling	Over $1,000,000,000 per year	80 percent of hard drugs smuggled	Customs Service, Drug Enforcement Administration Passport Office.
Illegal immigration	Over $12,000,000,000 per year [1]	Unknown; used in entry, employment, welfare application.	Immigration and Naturalization Service, independent studies.
Evasion of justice	Over 300,000 fugitives per year	Close to 100 percent of Federal cases	FBI, sheriffs, and police survey.
Fraud against business	Over $3,000,000,000 per year [2]	Over $1,000,000,000 per year	American Bankers Association independent studies.
Fraud against Government	Unknown	Over $140,000,000 per year [3]	Surveys of welfare officials, published studies.
Other criminal activity	do	Very common	FBI, sheriffs, and police survey.

[1] Estimated U.S. tax burden.

[2] Includes out-of-pocket losses and cost of collection attempts.

[3] Based on sparse data; includes theft of welfare checks and false ID applications.

Drug smuggling

Approximately 80% of the hard drugs entering the United States is smuggled by organized rings that make extensive use of false identification. The "street value" of these drugs is estimated to be approximately $1 billion per year, which does not include the loss incurred by government and private citizens for the value of goods stolen by addicts or the costs of addict rehabilitation. Passports obtained and used fraudulently facilitate the flow of drugs and aliens across U.S. borders.

Illegal immigration

The tax burden caused by the presence of illegal aliens in the United States has been estimated by independent consultants to the Immigration and Naturalization Service to be in excess of $12 billion per year. This burden represents the costs of public services and welfare benefits to the extent they are not supported by taxes paid by the aliens, and includes the indirect costs related to the job displacement of U.S. citizens by illegal aliens. We cannot be certain how much of this staggering burden can be attributed to the use of false IDs by illegal aliens, but we believe it is substantial and increasing.

Fugitives from justice

Escaped prisoners and other dangerous fugitives almost always obtain false IDs to avoid detection and capture. In a recent FBI survey of 500 names of wanted persons chosen at random, all had active aliases. In recent years, a number of notorious fugitives have been able to escape arrest for considerable periods of time in part because of the effectiveness of their false IDs. While the FACFI is unable to estimate the cost of false ID use by fugitives, we do emphasize that the ability of dangerous criminals to move freely and undetected in society is a serious threat to public safety.

Fraud against business

Our findings indicate that the use of false IDs is costing American business well over $1 billion each year. Fraud against business includes check forgery and fraud, credit card fraud, securities fraud, and embezzlement. A substantial part of these fraud losses is due to the use of false ID's by counterfeiters, forgers and imposters. Check fraud hits particularly hard at retail food stores and small businesses. The average food store is estimated to suffer losses of over $7,000 per year through false ID fraud.

Banks suffer losses primarily through forgery of stolen checks; these losses were estimated by the American Banker Association at $50 million for 1974. While the bank losses are not as significant as the check fraud losses suffered by other forms of business, they far exceed the total losses due to bank robbery and burglary combined.

The most common type of false identification fraud involving credit cards is the use of stolen cards by imposters; other forms include the use of counterfeit credit cards or application for cards in a false name by a person with criminal intent. We have been unable to secure estimates of fraud losses from the credit card organizations themselves; however, a 1974 Department of Commerce publication placed losses on bank credit cards from all sources at approximately $500 million per year.

Fraud against government

Surveys conducted among state and Federal welfare officials by the FACFI revealed that there are no uniform standards for the identification of welfare recipients. Thus, we have no way to estimate the scope of multiple collection of benefits by individuals using several identities. Losses from false identities could well number in the billions of dollars. A New York District Attorney who found several cases of such fraud in a single welfare center concluded that illegal multiple entitlement is "the most serious problem faced in the administration of Public Assistance and one for which there are no present adequate safeguards." * Significant evidence of the use of false IDs in obtaining illegal benefits was also uncovered in an investigation of the Food Stamp Program in Arkansas. Further investigation of false identification welfare fraud in many more locations is necessary, however, before the national impact of this problem can be accurately estimated.

In Philadelphia, before a serious effort was made in 1974 to reduce the mailing of welfare checks, an average of 10,000 replacements for checks reported "lost or stolen were issued each month. About 41% of the lost or stolen checks were subsequently forged, resulting in an annual loss of $4.8 million. A similar audit of lost or stolen checks conducted in New York City found forgery loses to be in excess of $8 million during the year ending October 1973. Forgery of stolen benefit checks—amounting to approximately $10 million during 1975—appears to be a major source of loss to Federal Social Security programs.

Other criminal activity

The foregoing examples illustrate major categories of crimes where the criminal's success is dependent in large measure on the ease with which he can obtain false identification. However, the usefulness of false IDs has not been lost on the common criminal engaging in crimes ranging from confidence games to house burglary. In his response to a FACFI survey a Dayton, Ohio sheriff sums it up:

"The growing and thriving business in underworld sale of false identification and related items has become so standard that not only does the common thief have ready access to any type of false ID he wishes, but also he finds the going street price within easy reach of his budget."

V. RESPONSE TO THE PROBLEM

The FACFI has been charged not only with documenting the problem of criminal use of false identification, but also with developing written proposals for dealing with it at all levels of government as well as educating the public in ways to reduce such crimes. To accomplish these goals, the FACFI has been holding regular sessions in Washington, D.C. since November 1974. All meetings have been announced in advance in the Federal Register and have been open to the public. The FACFI and its staff have examined a large number of potential solutions to false ID problems received from FACFI members, survey respondents, and members of the general public. Other ideas for solutions were gleaned from newspaper and magazine articles, testimony before Congress, and the experience of other democratic societies in dealing with problems of identification. Information was also requested from vendors of fraud-resistant identity vertification devices and techniques through a solicitation published in the Commerce Business Daily.

Members of the FACFI evaluated potential solutions through a formal procedure and then ranked them with respect to criteria that included an assessment of effectiveness and potential impact on public convenience and privacy.

We recognize the legal and implied rights to privacy and the threat to those rights by excessive government interference. Thus, FACFI has maintained a careful balance in formulating recommendations for dealing with the national false identification problem; we have considered both protection against crime and protection of privacy to be guarantees provided to all in a free society.

VI. PROPOSED FINDINGS AND RECOMMENDATIONS

1. The Question of a National Identification Document.

The concept of a uniform personal identification document, to be issued and secured by Federal or state government, has occasionally been proposed as a sweeping solution to the problems of false identification. National IDs are in fact used by a number of nations with democratic traditions as well as those under other forms of government. The FACFI considered it necessary and advisable to study the national ID concept as carefully and rationally as possible in order to illuminate the advantages and problems inherent in such an approach.

Three different approaches to a system of uniform personal identification were evaluated by FACFI members. One approach proposed a federally-issued document designed specifically for personal identification with the U.S. This document would be available to citizens on a voluntary basis and would incorporate application procedures and security features similar to those used in the U.S. passport. The second suggestion envisioned a complete national identification system in which citizens would be registered at birth. This proposal included an automated verification system—a data base containing only identity information—that could be accessed only by the registered individual to verify his identity to government agencies. The third proposal suggested the use of present state driver's licenses (and "non-driver" state IDs) as recognized and required personal identification.

Application for such a document would be required of all citizens at age 16. Safeguards against counterfeiting, alteration, and use by imposters would have to be included in all such state documents.

Similar arguments can be brought to bear in favor of and against all these proposals. Arguments in favor of a single standardized type of ID include the belief that:

Such a document could be more easily recognized, controlled and protected against abuse.

Document systems that include everybody would thereby be "foolproof".

Government has an obligation to provide a reliable means of personal identification for public and private transactions among its citizens.

Arguments against a standardized national ID include the belief that such documentation is in opposition to American tradition and would represent an invasion of personal privacy, and that data required for citizen identification could be abused by government or private interests.

It is certain that any new system designed to verify and store identity information on over 200 million people would be extremely expensive and require a major national effort. It is highly probable that proposals for such a system would be opposed politically. If such a system were implemented despite these difficulties, it would be subject to defeat by imposters or counterfeiters taking advantage of careless inspection of documents or through corruption of officials. Occasional errors would also occur in such a system that could adversely affect innocent people.

The FACFI therefore strongly opposes any new type of state, or local government-issued ID intended to supersede existing documents. In short, FACFI opposes any so called "National ID card."

The FACFI instead recommends that the security of existing state document systems be increased, particularly for breeder documents such as the birth certificate and the driver's license. Security must be increased both in the application phase (during which documents are issued) and in the use phase (when the documents are used).

Thus, the aim of FACFI's recommended

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*"Report on Investigation of Welfare Fraud for 1974," Ferraro, N., District Attorney, Queens County, N.Y., 1975.

Federal actions is to insure the increased security and privacy of existing state identification documents in state, interstate, and Federal transactions.

The following recommendations are designed to accomplish this goal of increased security for state documents. FACFI findings in each case are also included to permit association with the recommendations.

2. Right to Privacy

The FACFI finds that the criminal use of false identification often invades personal privacy; that innocent citizens are victimized when their good names and credit are used in criminal transactions; and that the protection of personal privacy is an essential right, fully consistent with sound law enforcement efforts to reduce false identification crimes.

The FACFI therefore recommends that individual privacy rights be given the fullest consideration in the formulation and implementation of the following legislative and administrative proposals to counter the criminal use of false identification.

3. Birth Certificates

The FACFI finds that certified copies of birth certificates have frequently been abused by imposters and counterfeiters because:

Unsigned requests by mail for such documents are usually honored.

The birth certificates of deceased persons are not usually so designated.

Records of deaths and births in many states are open for "browsing" by persons seeking false identification.

Minimum standards are not available for issuance security and document security of birth certifications.

Some 7,000 local vital records offices are autonomous in the format, seals, and safeguards provided for their certifications.

Information on the abuse of birth certificates is often not given to the proper state authorities.

Abuse of birth certificates is not sufficiently covered by legislation at either the state or Federal level.

The FACFI therefore recommends that:

a. Fraudulent application be discouraged by use of state-issued standard application forms requiring the applicant's signature, justification of request, and items of personal history not generally available to imposters.

b. A system be implemented for intrastate and interstate matching of birth and death records to note the fact of death on the birth certificates of all persons aged 55 years or less at the time of death.

c. State laws to protect individual privacy by limiting public access to birth and death records be enacted in all states lacking such legislation.

d. Minimum standards for identification of applicants for birth certification, and for security of certified copies against theft, alteration and counterfeiting be drafted for adoption by states.

e. Federal agencies that require personal identification in application for privileges or benefits accept as primary evidence of age and place of birth only those U.S. birth certifications issued by a state or state-controlled records office.

f. Formal notification of the abuse of a birth certification be given by state and Federal law enforcement agencies to the appropriate state registry officials. The information exchange can be facilitated through the establishment of a clearinghouse for false ID information.

g. Wherever practical, requests for birth certificates be retained by the issuing office to assist in the detection and tracing of fraudulent requests.

h. Appropriate state and Federal legislation be enacted to prohibit the fraudulent application for, possession, sale, and transfer of birth certifications for the purpose of establishing a false identification.

4. Driver's Licenses.

The FACFI finds that state driver's licenses (and "non-driver" state ID or "age-of-majority" cards) are frequently abused by counterfeiting, imposture, or fraudulent application because:

They are used as personal ID for commercial transactions and dealings with government agencies although this use was not intended by issuing authorities.

Because the security of issuance procedures and of the document itself varies widely among the states.

Driver's licenses and other State identification documents are not sufficiently protected by Federal legislation against interstate abuse.

The FACFI therefore recommends that:

a. The state-issued driver's license (or state-issued ID) be recognized as the primary form of personal ID for use in commerce and in general transactions between individuals and government.

b. Guidelines be drafted by the Federal government providing minimum standards for the identification of applicants for original, replacement, or interstate exchange of driver's licenses and state IDs, and for security of those documents against counterfeiting, alteration, and use by imposters.

c. Voluntary compliance by all states with these guidelines be encouraged by appropriate Federal funding or other incentives and/or sanctions.

d. An analysis and implementation plan for improvement in the security of state ID systems be developed by the Law Enforcement Assistance Administration (LEAA) for consideration by the states.

e. Federal legislation be enacted to prohibit counterfeiting in any state of personal IDs issued by any other state, and to prohibit use of the channels of interstate commerce to assist fraudulent application for state IDs.

5. Drug Smuggling

The FACFI finds that smuggling of narcotics and other dangerous drugs by criminal organizations is aided materially by extensive use of false U.S. and foreign passports and other documents.

The FACFI therefore recommends that:

a. Birth certificates and state-issued ID, as the primary documents used in U.S. passport application procedures, be secured in accordance with FACFI recommendations.

b. Federal agencies concerned with the activities of drug smuggling (including the Immigration and Naturalization Service, Drug Enforcement Administration, Customs Service, Passport Office, and Visa Office) provide coordinated training programs for the detection of false IDs used by smugglers and communicate frequently with each other and state and local authorities on the observed patterns of such false ID use.

c. Interpol be encouraged to coordinate international law enforcement efforts in the detection of passport fraud.

6. Illegal Immigration

The FACFI finds that illegal aliens routinely use false IDs such as stolen or counterfeit immigration documents and border crossing cards, and U.S. birth certificates and voter registration cards obtained under false pretenses, to enter and remain in the United States. By obtaining Social Security accounts, the are able to secure employment to which they are not entitled, made easier because knowing employment of illegal aliens is not prohibited under Federal law.

The FACFI therefore recommends that:

a. The Immigration and Naturalization Service (INS) be provided with sufficient funds to develop and implement an improved system for registration of legal aliens that will resist attempts at forgery, counterfeiting, and use of INS documents by imposters.

b. Birth certificates and secondary evidence of U.S. citizenship be secured in accordance with foregoing FACFI recommendations.

c. Identification and citizenship of applicants for new Social Security accounts be verified by stricter evidentiary requirements or other appropriate means.

d. Federal legislation be enacted to counteract knowing employment of illegal aliens.

7. Fugitives From Justice

The FACFI finds that dangerous fugitives are able to avoid apprehension through the use of false identification, and that, when arrested they may be released before their identity and criminal history are confirmed.

The FACFI therefore recommends that:

a. State and Federal document systems be protected from abuse by fugitives through enactment of FACFI recommendations for birth certificates and driver's licenses.

b. State laws be enacted requiring verification of the identity of all persons arrested, prior to their release on bond.

c. To meet such identification requirements without endangering arrestees *habeas corpus* rights, appropriate equipment be used for highspeed transmission of fingerprints and other identifying data between local law enforcement offices and state identification bureaus.

8. Fraud Against Business

The FACFI finds that American business is subjected to billion-dollar losses each year from false identification fraud through forgery and counterfeiting of personal and corporate checks, impersonation based on stolen credit cards, and negotiation of lost or stolen securities.

The FACFI therefore recommends that:

a. The business community make use of improved technological safeguards against false ID fraud.

b. The business community participate in the increasing development and use of electronic funds transfer systems, which have the potential of reducing false ID fraud by reducing the amount of negotiable paper in circulation. The potential for privacy abuses and significant false ID fraud via electronic manipulation must be addressed in the design of such systems.

c. The security of driver's licenses and other state IDs, which are widely used in commercial transactions, be improved through implementation of FACFI recommendations.

9. Fraud Against Government

The FACFI finds that government programs such as public assistance, Food Stamps, and Social Security are subjected to unacceptable annual losses through false identification fraud, and that such fraud results principally from the use of false IDs at application for benefits and in the cashing of stolen benefit and payroll checks.

The FACFI therefore recommends that:

a. The Federal government draft uniform standards for the identification of applicants for federally supported or cost-shared public assistance programs.

b. Mailing of welfare and payroll checks to individual addresses be superseded by mailing or direct deposit to banks and thrift institutions, to the extent that such depositing is beneficial to recipients and practical.

c. The identity of applicants for new Social Security accounts be verified by stricter evidentiary requirements or other appropriate means.

d. Cooperative programs be instituted for the training of welfare and Social Security employees in techniques for detection and reporting of the use of false identification.

e. The security of birth certificates and driver's licenses, which are frequently used in application for government payments, be improved through implementation of FACFI recommendations.

10. False Identification Data

The FACFI finds:

a. That many government agencies and companies who regularly are being defrauded by false identification schemes are not aware that they are being victimized. This is because false identification crimes are often not detected until long after the crime has been committed.

b. That there is almost a total lack of meaningful statistics concerning false identification crimes both in government agencies and the commercial sector; there is great reluctance by organizations to reveal these crimes even when they are discovered because such losses are embarrassing to the organizations concerned; and that such failure to expose the criminal use of false identification has contributed to the proliferation and success of this criminal technique.

The FACFI therefore recommends:

a. That Federal, state and local agencies and the commercial sector develop increased awareness of the nature of false identification crimes, compile statistics on those crimes which are committed within their organizations, and affirmatively seek methods of preventing the commission of such crimes both in the "application stage" (when fraudulent applications are made) and in the "use stage" (when false documents are improperly used).

b. That Federal, state and local law enforcement agencies and firms in the commercial sector establish a statistical base line by which to measure the increase or decrease in false identification crimes. And that other data on false identification be compiled including the type of crime, modus operandi, and a profile of the user and victim of false identification. Finally, FACFI recommends that the FBI gather statistics relating to false identification crimes to be published in Uniform Crime Reports. Such statistical baselines can then be used to measure the effectiveness of the countermeasures recommended by the FACFI as they are being implemented. (Not yet acted upon by the Committee).

Legislative loopholes

A. FEDERAL LEGISLATION

The FACFI finds that:

Maintaining and upgrading the integrity of State identification documents, particularly the birth certificate and drivers license, is the key to reducing false identification crimes at both the Federal and State levels.

There are approximately 350 Federal statutes relating to false identification, false applications and related subjects. But Federal laws are ineffective in deterring false identification crimes because:

a. Most identity documents are issued and regulated solely by the states. Federal statutes only come into play when the criminal applies for a federally issued document such as a passport. By this time the criminal has built up such a variety of state-issued documents that false application is difficult to detect and likely to succeed. Indeed, a criminal's false identification may be more persuasive and complete than an honest person's valid identification.

b. The Federal government does not collect and maintain information to verify a person's identity. Only the states have that information. Therefore the Federal government is totally dependent on state information and documents such as the birth certificate and driver's license. And those are often weak links in the identification chain.

c. Because Federal statutes regulate only those documents issued by the Federal government and states regulate only documents which they issue, there remains a substantial enforcement gap between these jurisdictions. This gap permits nationwide counterfeiting and selling of false identification documents.

d. There are loopholes in some of the Federal statutes regulating specific documents, such as the social security card and others.

e. Even where Federal statutes are specific and well drafted, enforcement and prosecution is often given a low priority. The crime usually appears more innocuous than it actually is.

f. Finally, penalties for false statements on applications sometimes require only revocation of licenses. Civil fines are imposed in other instances. In other cases, penalties are sufficient or even excessive.

The FACFI therefore recommends:

a. That S. 2131, a bill now pending in the 94th Congress, be enacted. S. 2131 would close most existing loopholes in Federal legislation dealing with false identification. It contains the following provisions:

1. Prohibits *false applications* for Federal documents by prohibiting the knowing use or supplying of false information or falsified documentation when obtaining Federal identification documents;

2. Prohibits the knowing use of the mails or other channels of interstate commerce for transporting any false information or State identification documents;

3. Prohibits the unauthorized making or altering of any Federal identification documents;

4. Prohibits the unauthorized making or altering of any State identification document when there is knowledge that such document will be used to obtain any document by the United States; and prohibits the sale or delivery of any such State identification document;

5. Prohibits using the channels of interstate commerce or the mails to transmit any false Federal or State identification document or one intended to be used improperly.

b. That Federal false identification statutes be enforced with renewed vigor by prosecutors; and that judges be made aware of the importance of false identification crimes so that sentences may more accurately reflect the seriousness of these crimes.

B. STATE LEGISLATION

The FACFI finds that:

The primary thrust of state statutes dealing with false identification is prohibitive not preventive. Criminal penalties are invoked upon fraudulent use of a false identity rather than the mere possession of fraudulent identity documents. Laws are totally inoperative until the criminal, in his new identity, commits a crime. By this time it is too late. The criminal has assumed another identity and disappeared;

In most States there is no comprehensive law against establishing a fraudulent identity. Statutes that purport to deal with the problem only deal with parts of it;

State laws governing the issuance of certified copies of birth and death certificates and access to such records do not adequately protect the public's right to privacy because certified copies of birth certificates are freely (though unknowingly) handed to criminals by all States. In some States it is not even illegal to lie on an application for a certified copy of a birth certificate.

The problem is national in scope, but States are powerless to protect any but their own identity documents. States cannot control the manufacture, counterfeiting and criminal use of their own ID documents outside their borders;

The wide variety in document format and authenticating seals encourages the passing of counterfeit State documents;

Laws regulating specific documents, such as the birth certificate, are not comprehensive enough to allow effective enforcement. These laws never make reference to all of the following acts involving false identification:

a. illegal manufacture
b. sale
c. possession
d. alteration
e. transferring
f. transporting
g. advertising for sale
h. obtaining
i. receiving
j. use or display
k. use after expiration, suspension, or revocation
l. false or misleading statements or use of false documents in an application for such documents.

Without this degree of comprehensiveness, criminals can use and supply others with false identity documents without fear of prosecution.

Many identity documents which can be used for identification purposes or to obtain other documents are not regulated at all. None of the States investigated by the Committee had laws regulating private ID cards and documents not issued by State agencies. These private ID cards can be used to purchase firearms or dangerous drugs that are not traceable to the real purchaser.

Prosecutors place low priorities on prosecution of false ID cases, because of a lack of awareness of the potential seriousness of the crime. Altering a document does not look nearly as serious as a murder or rape case until one realizes that the use of false ID prevents many murder, rape and other cases from being solved.

In most states citizens have the common law right to change their name without any formal legal proceedings. In these states it is more difficult for prosecutors to prove fraudulent intent to violate false ID laws.

The FACFI therefore recommends:

a. That States enact Model State Legislation proposed by the Committee, entitled, the Identity Protection Act. This Act provides the following:

Protects the public health and welfare and the right of privacy and security in one's own identity by penalizing the manufacture, alteration, transfer, sale, possession or use of any false identity document or any document obtained by use of false statements or identification in the application process. This act will specifically protect the integrity of the use and possession of birth certificates and driver's licenses. This Act establishes stricter criminal penalties for false identification crimes and requires them to be served consecutively with any other sentence arising out of the same crime.

Finally, the Act prevents fraud by private ID vendors and prohibits spurious documents issued by criminals in other states.

b. That States enact the most recent amendments to Model State Vital Statistics Act which are designed to protect the integrity of the birth certificate issuing system. These amendments also upgrade criminal penalties for false identification crimes.

c. That State educational programs be established to facilitate implementation of the Model Identity Protection Act and the Model State Vital Statistics Act and to assist officials in improved methods of document fraud detection.

12. Use of Identification Documents For Undercover Purposes

The FACFI finds that a study of the means by which Federal, State and local agencies obtain and use undercover documents for law enforcement and intelligence purposes is outside of the charter of the Committee and thus has not been explored; the Committee notes, however, that some have questioned the adequacy of controls on obtaining and using such documents.

The FACFI therefore recommends that: (1) government agencies should not obtain or provide "alias identification" in violation of any local, state, or Federal laws; and (2) recommends that agencies review their laws, regulations and procedures for obtaining such credentials to insure that they are lawfully obtained and that their use is adequately controlled. (Not yet acted upon by the Committee)

13. Public Support

The FACFI finds it essential to obtain public recognition of the scope and impact of crime committed with the aid of false IDs and to solicit informed support of measures designed to reduce the use of false IDs in the United States.

The FACFI therefore recommends that the Department of Justice and all other concerned organizations undertake a coordinated program of public education with the aim of obtaining a strong public mandate for the measures recommended by the FACFI.

THE SPANISH TREATY

Mr. BIDEN. Mr. President, the declarations which the Senate attached to the Spanish Treaty have lessened some of the reservations many Americans have had about that treaty, but not all of mine; I thus wish to make a brief declaration of my own hesitance concerning it.

In the first place, the United States is committing itself to providing a lot of financial support in advance, more than $1 billion in grants and credits over a 5-year period, without in my view gaining much tangible defense gain in return. I recall that during the 1973 Yom Kippur war, Spain denied the United States the use of bases in Spain. Now, in any event, under the terms of the Spanish treaty present U.S. military base rights are to be cut back: the U.S. nuclear submarine squadron is to withdraw from the Rota naval base in 1979; U.S. Strategic Air Command strength is to be reduced to a maximum of five tanker aircraft; and the United States is not to store nuclear devices or their components on Spanish soil. These definitely add up to a lessening of U.S. defense assets in Spain at the same time as U.S. economic and political commitment to Spain increases. I thus find persuasive the irony which our colleague, Senator SYMINGTON, voiced in committee concerning the various restrictions the Spanish Government will put on United States use of military bases there, when in fact, in his words:

> The greatest thing a Spaniard can have for his protection is to be able to say that the United States has bases in Spain.

Second, I join Senator SYMINGTON also in questioning the long range wisdom of pouring so much financial treasure into so many foreign commitments of uncertain return, all in the name of "national security," when in fact "national security" is the product of countless strengths—among them a sound economy. I thus remain unconvinced that the United States should pay all this money to have the privilege of protecting Spain, when our own country's economic problems and a sound dollar are key necessities of true national strength.

Third, I have not been overwhelmed by the process of democratic growth in Spain. I appreciate that enormous problems exist, and enormous roadblocks remain before Spain can develop into a society worthy of full participation in Western Europe's future. Here I share the view of the U.S. Catholic Conference that the United States must demonstrate its concern for human rights, that significant progress has not yet taken place in demonstrated Spanish respect for such rights, and that U.S. ratification of the treaty will have the effect of lessening the urgency for Spain to move toward the rest of Europe.

Fourth, I am concerned about the symbolic importance of the United States-Spanish Treaty. Our Secretary of State has recently embraced Brazil. Our Secretary of Treasury has recently embraced Chile. And now the Senate has embraced Spain. In my view, we need to be reminded that our detractors in the world claim that the United States is interested only in foreign military bases, and to that end will do business with anyone.

Finally, I am certainly not encouraged by the news that at the very time that the Senate was approving the Spanish Treaty, the Nuclear Regulatory Commission was approving a highly debatable move to export another nuclear power reactor to Spain—a country which has not signed the Non-Proliferation Treaty—over the strong protests of one of the four Commissioners that there are inadequate safeguards to prevent this reactor's use for the development of nuclear weapons. I thus find the Nuclear Regulatory Commission's approval of the nuclear reactor deal a tribute neither to American wisdom, nor to the manner in which the administration and Congress do or do not coordinate the conduct of American foreign policy.

I wish the Spanish people well. I hope that U.S. ratification of the treaty will assist their well-being and democratic advance. At the same time, I hope that the administration and Congress will look more searchingly into any future treaties or commitments which involve substantial outlays of U.S. financial support—and which seem to promise little except a perpetuation of a highly imperfect status quo.

DESEGREGATION AND THE CITIES, PART XVII—LOCAL EXPERIENCES CONTINUED

Mr. BROOKE. Mr. President, several weeks ago Senator JAVITS and I inserted materials in the CONGRESSIONAL RECORD demonstrating how well busing for the purposes of school desegregation has been working in many areas of the country. Recently two reporters for the Washington Post, Eric Wentworth and Bart Barnes, wrote articles on the same subject. We would like to share these articles with our colleagues.

Mr. President, I ask unanimous consent that these articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

BUSING ACCEPTED AS A FACT OF LIFE

(By Eric Wentworth)

Washington Post Staff Writer

Court-ordered busing has been greeted at the outset with protests, even violence, in a number of other cities besides Louisville.

But aside from Boston, where troubles persist, most communities have learned to live with their buses and with other, related desegregation programs. Louisville appears to be following their example.

Here is a rundown of other important desegregation cases.

Boston. Some 21,000 students, more than one-fourth of the city's total enrollment, were being bused as Boston wound up its second year of court-ordered desegregation. Public schools have suffered a net loss of more than 17,000 students, most of them whites, since the fall of 1973. Racial tensions and occasionally ugly violence have plagued the city. Busing foes are asking the Supreme Court to ease their plight.

Charlotte-Mecklenburg, N.C. This city-suburb school system in the south has had massive court-ordered busing since the fall of 1970, and has learned to tolerate and even profit from it. Tensions have eased, and students test scores turned upward last year. It was in reviewing this system's case that the Supreme Court in April, 1971, first declared that busing is a constitutional means to desegregate.

Denver. Here, in its first major desegregation decision outside the South, the Supreme Court ruled in June, 1973, that the school board's segregative acts in one part of the city could require system-wide remedies. Denver began crosstown busing of blacks, Hispanics and whites in 1974–75. There were few disturbances, and some white flight. Busing of some 29,000 students—more than a third of the system's pupils—was relatively uneventful this past year, but an additional 5,000 are to be bused next fall under court-required extension of elementary school pairings to a full-time basis.

Detroit. Desegregation began relatively uneventfully here in January under a U.S. District Court judge's limited order requiring fewer than 10 per cent of the students to ride buses. But the NAACP has appealed that order as inadequate, and still wants a massive city-suburb desegregation plan. In July, 1974, the Supreme Court narrowly rejected a city-suburb approach for lack of evidence of suburban segregation.

Indianapolis. Under an interim court order dating back to 1973, 15,000 to 18,000 children in grades 1 to 8 have been bused within the city school district. A more extensive "one-way" metro plan, which would shift more than 6,500 city black children out to eight suburban districts but no whites in, awaits an appeals court ruling. If approved there, it could take effect this fall.

Pontiac, Mich. One of the first Northern cities to desegregate, Pontiac began busing in 1971 amid violence and bitter white resentment. White enrollment has since fallen from 63 per cent to about 50 per cent, but for most who remain, busing has become just another fact of life.

Atlanta. This major Southern city, with an 87 per cent black school enrollment, has been operating for three years under a voluntary transfer plan which the courts have ratified. But a group of parents has gone to court seeking a metropolitan area desegregation plan that would include Atlanta's predominantly white suburbs.

Prince George's County, Maryland. This suburban Washington school system, ninth largest in the country, began court-ordered desegregation in January, 1973. It has been busing some 30,000 students this past year without serious incidents. The system won release from court supervision in December, 1974.

Dayton, Milwaukee, Omaha, and Dallas. These are cities where desegregation, with varying degrees of busing, is expected to start this fall, though legal maneuvers or pending court rulings still cloud the timing. St. Louis is also preparing to desegregate this fall under a plan, approved by a U.S. District Court judge, which avoids forced busing. But the NAACP has appealed the St. Louis decree.

Looking further ahead, Delaware is under court order to develop a desegregation plan for Wilmington and 11 suburban districts that would take effect in September, 1977. Court cases are pending in Cleveland, Cincinnati and several other cities.

The Calm Instead of the Storm After the Tear Gas, Louisville Lived With Busing

(By Bart Barnes)

LOUISVILLE.—It began ominously in September with rioting in the streets, tear gas canisters and the National Guard. An angry mob put a torch to an empty school bus, and Lousiville braced itself for the worst as schools opened under an extensive court-ordered busing plan.

On Friday, the public schools here will close for the academic year after nine months of busing in which most of the fears and warnings voiced last September failed to materialize. Despite numerous minor incidents in the 121,000-student school system, there have been no major outbursts since autumn.

A school boycott by protesting whites fizzled, and predictions that busing would trigger massive white flight from the school system did not come true.

For many students, parents and teachers, the school year was a success.

"We are convinced it can work here," said Galen Martin, executive director of the Kentucky Human Rights Commission. "The people who are really interested in schools and education are hanging in there."

"We did not expect our boycott to last for any duration, and, of course, it did subside," said Sue Connor, the president of Concerned Parents, Inc., the largest of the antibusing groups here.

"We had people marching in the streets on weekends saying, 'Hell No! We won't go.' But then on Monday morning they would put their children on the bus."

Connor kept her third-grade son, Matthew, out of school all year rather than permit him to be bused from suburban Jeffersontown Elementary School to Lincoln Elementary School in a black neighborhood on Louisville's East Side.

Unlike Boston and Detroit, the school desegregation plan here includes both the city of Louisville and the suburbs in surrounding Jefferson County. The two had separate school systems until 1975, but the law in Kentucky places primary responsibility for education on the county.

Last year, the legislature ordered the two systems to merge, and on July 30, U.S. District Court Judge James Gordon ordered a desegregation plan that involved busing of about 22,600 students.

In effect, both city and county schools are now run by the Jefferson County Board of Education, an arrangement similar to that in many Southern communities, including Charlotte, N.C., where court-ordered busing began five years ago.

In the 1950s, Louisville earned a reputation as a leader in the area of race relations, and when its schools were desegregated in 1956 President Eisenhower hailed the plan as a model for the nation.

But during the 1960s, schools here began to resegregate as the white exodus to the suburbs picked up, and by the early 1970s the city's schools were predominantly black.

When the busing order did come down, community leaders and school officials organized immediately to pave the way for a peaceful beginning. But the antibusing groups were working, too, and they found strong support among whites, and particularly among labor unions. The Ku Klux Klan organized a series of cross burnings and antibusing rallies.

When violence broke out as schools opened, officials feared that Lousiville might be in for a year of strife such as that which has occurred in Boston. There, busing has met strong resistance in the city's closely knit ethnic neighborhoods, and thousands of whites have abandoned the public schools.

Instead, Lousiville followed a pattern set in other Southern cities, like Charlotte, where busing was accompanied by a series of minor incidents—fights, suspensions—and a willingness by the community at least to tolerate, if not approve.

In last week's primary election, Louisville's Democratic Rep. Romano L. Mazzoli faced a tough challenge from an opponent who made opposition to busing the basic ingredient in his campaign. Mazzoli won by a 4-to-3 margin, and said later, "I don't think busing's going to be eliminated by electing me or anybody else."

While public opinion polls show that more than 90 percent of the whites in Louisville and Jefferson County oppose busing, few feel strongly enough about it to leave the public school system.

Figures show there were 93,253 whites enrolled when schools opened last fall. There are currently 91,116, a decrease that is considered insignificant. In the same period the black enrollment in the schools fell from 28,510 to 27,600.

For most people, said the Human Relations Commission's Martin, the busing experience was not as bad as they had feared. For some, it was a definite plus.

Kathy Eckert, 15, for example, was crushed when she learned last summer that she would not be attending Seneca High School this year with her friends.

Instead, she would be bused from the predominantly white and affluent suburban neighborhood amound Seneca to formerly all-black Central High School adjacent to a public housing project in downtown Louisville.

"I was pretty sad. I was throwing shoes and clothes around. The first day of school, I was very nervous and I wanted to be back with my friends at my old school," she said.

But when she got to Central, Kathy found that "I had all good classes and all good teachers. I've been asked to be in the Beta Club [an honor society] for next year. I like it down here and I've had a real good year."

Next year, Kathy has the option of going back to Seneca, but instead she's chosen to remain at Central, which this year is about 60 percent white and 40 percent black.

"You hear all this stuff about downtown and fights and how bad it is. I haven't seen any of that," she said.

Kathy is one of about 60 white students who have indicated they would like to continue at Central next year. About 400 have said they want to return to their suburban schools.

Some said they wanted to be with their old friends.

But Greg Dodge, a white student, who played football and baseball at Central and was on the swimming team, said that rather than leave his teammates next year he'll stay at Central.

With the busing in of white students, Central's principal, Joseph McPherson, has been beefing up the curriculum—next year, for instance, the school will offer a course in Hebrew—and the grounds have been spruced up with landscaping and planting of trees.

Local NAACP President Lyman T. Johnson observed that it did not go unnoticed in the black community that no one ever thought of tree planting and landscaping at Central when it was just for blacks.

But, he argued, that's the justification for busing.

"The only way to make sure we are getting our fair share is to take some of the white kids from the affluent areas and put them in our schools and then take some black kids and put them out there in some of the classy schools out in the suburbs," he said.

Like the whites, black students had mixed feelings about busing, and many resented being taken out of their old schools.

Central's principal, McPherson, a black, had two children who were bused 14 miles to Valley High School, and they were less than enthusiastic about it. "I told them that's the way it is. The world is changing and you've got to compete," McPherson said.

Other black students said they found academic standards at their new schools tougher than the ones they'd been accustomed to, but many said they appreciated the challenge.

Every weekday morning since September, 9th-grader Stephen Stone has boarded a school bus shortly before 7 a.m. at Meyzeek Junior High School in a rundown black neighborhood on Louisville's East Side.

He rides 20 minutes to the east end of Jefferson County, where he gets off at Ballard High School, in an area of rolling hills and comfortable suburban homes. Ballard is in an area where 60 percent of the residents have graduate degrees. Traditionally, more than 90 percent of the school's graduates have gone on to college.

"Some of the stuff I'm learning here has opened up a whole new world for me," Stephen said. "At Meyzeek, nobody ever expected anything of me. I could cut classes whenever I wanted and nobody cared. Here they do care and you work harder. You don't have the freedom to cut classes, but you are going to come out with a better education."

At Ballard, Stephen is studying English, algebra, science, woodworking, physical education and health, and making grades of C and D. He was getting Bs at Meyzeek for less work, he said, and for about the first half of the year he wished he was back there. Now, he said, he thinks busing is worth it.

There have been some fights and a fair number of suspensions at Ballard and other schools during the year. But for the most part, says Ava Douglas, a black who is bused to Ballard from West Louisville, "The whites go their way and we go ours. It's just like it always was."

Ballard's principal, Pat Crawford, an ex-Marine, has taken a hard line on suspensions this year. He says he suspends about 60 students a month at the 2,200-student school, and a disproportionate number of those suspended are black.

"We have rules here that you must attend class and you must attend on time," Crawford said. "This has not been instilled in many of our black students, and this is why many of them are suspended."

All in all, Crawford said, the school year went better than he expected it would.

IFAD: NEW HOPE FOR HUNGRY NATIONS

Mr. KENNEDY. Mr. President, last week the international community took an important first step toward the elimination of hunger and famine in developing nations when nearly $1 billion in funding pledges were made to the proposed International Fund for Agricultural Development—IFAD—during the United Nations sponsored World Food Council meeting in Rome.

As a result of these pledges, IFAD programs will soon begin next year helping the world's poorest countries undertake measures to produce more food to feed hungry people. This important international effort merits our commendation and continuing support, and I am hopeful that last week's global commitment will mark the beginning of a new era in the development of multilateral agricultural cooperation.

Since the 1974 Rome World Food Conference, grain harvests in developing nations have rapidly improved, and the short-term threat of widespread drought in the world's "hunger belt" has diminished—at least temporarily. As a result, the traditional public attention normally accorded world food problems has decreased. Yet, as last week's announcement demonstrates, quiet, behind-the-scenes diplomacy on critical humanitarian food issues are beginning to achieve results. I welcome this progress, as I know many of my colleagues do who supported the U.S. pledge to IFAD.

However, we must not lose sight of the difficult food objectives that must be met in the months and years ahead. We cannot become complacent as a result of short-term optimistic forecasts of food availability. While serious drought has ended in the food-threatened regions of West Africa and Asia, in America's midwest, and in regions of France, farmers are experiencing the worst drought in decades.

In the Sahel, recent developments are more promising in terms of this year's harvest yields and interregional agricultural cooperation. However, the future remains perilous. An AID report, which the Subcommittee on Refugees released last week, has concluded that the prospects for the Sahel are gloomy "without a fundamental alternation in their systems of production, the people of the Sahel, just to survive, will require even greater quantities of international donations."

And recent assessments delivered at last week's Rome World Food Council meeting suggest that the world will soon face major food shortages in other areas. Already famine has returned to some areas in Ethiopia, and agriculture experts in Rome stated that the world is slowly sliding toward global food disaster by 1985 unless the international community takes greater measures to coordinate the battle against hunger.

While pledges to IFAD have reached their goal after much foot-dragging, the same cannot be said with the other critical goals established by the World Food Conference. Food and fertilizer aid to developing nations has lagged behind targets. And more importantly, no real agreement has been reached on the vital question of creating an international global food reserve system.

We cannot afford to ignore these problems, for millions of lives are at stake. The goal of sufficient food is within our means, and as the initial success of IFAD demonstrates, the international community has the capacity to take the initiative in helping to avert global famine.

Mr. President, I ask unanimous consent that a Food and Agriculture Organization statement on IFAD, and two press reports be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

UN CONFERENCE ADOPTS AGREEMENT ON INTERNATIONAL FUND FOR AGRICULTURE DEVELOPMENT

WASHINGTON, June 14.—The way has been cleared for the setting up of a major new international fund to greatly increase concessional financing for food production in the Third World following a United Nations Conference in Rome.

The nearly 90 nations at the four-day UN Conference on the establishment of the International Fund for Agriculture Development (IFAD) adopted and initialled the Fund's agreement which will be opened for formal signature as soon as the target one billion dollars in convertible currencies is reached. Pledges announced so far total nearly $940 million and the Secretary-General of the United Nations and the President and Executive Director of the World Food Council have been asked to seek from donor nations the additional $60 million needed to bring the Fund into being.

Edouard Saouma the Director-General of the Food and Agriculture Organization, said he welcomed the setting up of the Fund but warned that when the Fund becomes operational, it would be faced with difficult choices: "It will have to decide between carrying out rapidly successful projects, and another, apparently not as glamourous, that of helping the poorest nations."

The Conference also took the important step of establishing an 18 nation Preparatory Commission which will work out the machinery of the Fund and enable it to become a new specialized agency of the United Nations. Delegates also agreed that a meeting of member nations should be held in January 1977 if the Fund's target is not reached within six months.

First proposed by the 1974 World Food Conference, the Fund will be jointly financed by oil-exporting nations, who have pledged $400 million from the Special Fund of the Organization of Petroleum Exporting Countries (OPEC), and industrialized nations whose contributions total more than $530 million. A number of the developing nations who will be the recipients of the Fund's assistance also announced pledges in convertible and non-convertible currencies.

Mr. Sayed A. Marei, who had been the Secretary-General of the 1974 World Food Conference and is now the President of the World Food Council, said at the conclusion of the Conference that "I am optimistic that in the end this Fund will be a landmark on the road to humanity and justice and food production".

The Conference was extended by nearly two days while delegates negotiated a number of critical points that had to be resolved before the agreement of the Fund could be adopted. After intensive discussions the Group of 77 agreed to have a declaration on racism and apartheid inserted in the records of the Conference after developed nations had objected to a declaration being made part of the agreement of the Fund.

Member nations elected to the Preparatory Commission are Argentina, Canada, Egypt, Federal Republic of Germany, Guinea, Iran, Japan, Kuwait, Libyan Arab Republic, Mexico, Netherlands, Nigeria, Saudi Arabia, Sri Lanka, Sweden, Thailand, the United States and Venezuela.

Alternate members are Algeria, Australia, Austria, Bangladesh, Belgium, Congo, Denmark, Gabon, Haiti, India, Indonesia, Iraq, Nicaragua, Qatar, Uganda, United Arab Emirates, United Kingdom.

The Preparatory Commission is expected to meet to start its work by the end of September 1976.

For further information, please contact Jay J. Levy (202) 634-6215.

[From the Washington Post, June 16, 1976]

POLITICS SEEN PROVOKING GLOBAL FOOD DISASTER BY 1985

(By Dan Morgan)

A United Nations conference in Rome was told this week that the world is sliding toward a global food disaster by 1985 unless nations change many of their food policies and also agree on much broader international cooperation.

The extremely gloomy assessment of the long-term food outlook was contained in documents prepared by the staff of the 36-member World Food Council, which began its second annual meeting in Rome Monday.

The papers warn of a grain deficit of 85 million tons in developing countries by 1985. The worst impact will be felt by 43 "food priority countries," which will not have enough money to buy the extra food they will require if their farm output isn't increased dramatically. The projected deficit is about double the one in 1974, a year when the world came close to running out of food.

"Food imports of the developing countries have risen alarmingly, their nutritional problems have grown and their production performance has not improved," one report states.

U.N. experts strongly challenge the theory that these developments are beyond man's control. While population growth and droughts contribute to the problem, vested political interests, agricultural lobbies and outmoded social policies also present formidable obstacles to boosting food output, they say.

"The world food problem is enormously political," said a U.N. official. "Almost everything that governments do in the agricultural area has domestic political repercussions. The result is that the situation is getting worse and there are no political leaders anywhere with a high level of concern."

U.N. experts say results flowing from the 1974 World Food Conference in Rome have been meager.

A World Food Council report noted recently that food and fertilizer aid to needy nations has lagged behind goals, there is no agreement on a global system of world food reserves, or a plan to reduce malnutrition worldwide, trade liberalization has been "more a matter of discussion than any real progress," and food production in developing countries is increasing more slowly than in the last decade.

World Food Council economists say that developing countries will have to double the growth rate of their food output and will need $7 billion to $8 billion annually in outside loans and aid to prevent disastrous shortages in the 1980s.

But the experts say that there are policy pitfalls as well. In rich and poor countries alike, farm policies and social policies pose huge obstacles to developing countries' achieving more rapid growth of farm output.

In many rich countries, powerful agricultural lobbies extract government farm subsidies, which lead to big surpluses. These surpluses are sometimes dumped abroad at prices below what they cost farmers to produce. When such cheap products are available, poorer nations are under less pressure to help their own farmers produce more food.

At other times, the surpluses in rich countries provide an excuse to ban food imports from poor nations—another discouragement to those farmers to grow more.

The General Accounting Office in Washington has a detailed list of policies and practices in poor countries that discourage local farmers from producing more. For example:

A Kenyan official told GAO analysts that before January, 1975, farmers lost money if they used fertilizer, because it was so costly compared with the return on farm products.

Indian policies in 1974 caused farmers to shift away from sowing wheat and to hoard grain, because the established wholesale and retail price ceiling for wheat were too low.

In Tunisia, 90 per cent of the farmers could not qualify for bank loans; in Brazil, 3 per cent of the farmers got 34 per cent of the loans; in the Philippines, 27 per cent of the farmers received 98 per cent of the credits.

In some developing countries such as Kenya and Tanzania, commercial agriculture is oriented toward export crops rather than those that can be consumed at home and farmers growing for export get most of the credits.

Indonesia prohibited rice from being shipped between the islands, except under government auspices. Instead, the government relied on costly rice imports for those sections where rice was in short supply.

U.N. officials say efforts to change the world agricultural order fundamentally encounter enormous political obstacles. Such changes might require governments to take steps that are politically unfeasible, given the power of domestic agricultural groups and vested interests.

Therefore, they say, governments should organize a series of smaller, coordinated steps that could produce results without posing undue political difficulties.

[From the New York Times, June 22, 1976]

'The Sahel Is Not a Wasteland'

(By John W. Sewell)

Washington.—An American visiting the Sahel—the sub-Saharan region of West Africa—for the first time carries the mental images of the great drought: barren land and emaciated children. It comes as a shock when reality does not match the image.

The Sahel has survived its worst drought in fifty years, and the region's prospects are promising if the countries of the area and the industrial world make the necessary commitments. Only a few short years ago, many people maintained that the area was beyond hope and should be abandoned. Why the difference now? The answer is that under the impact of catastrophic drought most of us forgot that the Sahel countries are not entirely without resources of their own.

First, the Sahel is not a uniform area. It contains six countries—Senegal, Mauritania, Mali, Niger, Chad and Upper Volta—and at least five distinct geographic regions ranging from desert in the far north to the edge of tropical rain forest in the south. The population is concentrated in the more promising agricultural areas.

Second, there is great potential for producing more food. The Sahel produces about 5.5 million tons of grain a year, and experts estimate that proper policies and investment—particularly in irrigation—can multiply this level five- or sixfold. The potential is enhanced by the presence in the seven states of a major lake basin and three major river systems, including the Niger, the world's twelfth largest.

Some of the best agricultural land in the Volta River valleys even now is being cleared of the fly that transmits river blindness, and will be open for resettlement shortly. The newcomer sees this potential most dramatically in the magnificent vegetables and fruits in the local markets.

Finally, the casual observer may also forget that these are not new societies; they have been around quite a while, and are remarkably well adapted to an often harsh and demanding environment. In years of normal rainfall, enough food is produced to feed the population (albeit at minimal nutritional levels), and a thriving cattle trade with the coastal countries has existed for centuries.

What then are the prospects for the future? Paradoxically the drought had at least one beneficial result: It broke the patterns of the past. The Sahel countries have muted their traditional rivalries and are now coordinating their own development plans.

Along with some members of the Organization of Petroleum Exporting Countries and the industrial world, they established in April the *Club des Amis du Sahel* to coordinate plans for long-term development in the area. The United States, which virtually withdrew its aid missions in the Sahel a decade ago, is now taking the lead in establishing a long-term investment fund for the area.

But one should not be too optimistic. If a real commitment is not made now, the future looks much less promising. Population growth, which intensified the impact of the last drought, will continue to exert inexorable pressures. Periodic drought, whether local or general, is inevitable. Climatic records show that one year in five will be bad, and that a serious drought equal to the recent catastrophe will occur twice a century.

Finally, we must not forget that the Sahel countries are among the world's poorest. Even with the best of efforts, they can generate very little savings to pay for imports needed for development. Without outside financial and technical help to match their own efforts, the necessary increases in production of food and cattle will be impossible.

Finally, the lessons of the past must be learned. Development plans for the Sahel must be designed and carried out in conjunction with the Sahel governments and in a way that enhances and does not destroy both the ecosystems and societies of the Sahel.

During his recent trip to Africa, Secretary of State Henry A. Kissinger committed the United States to an international development effort for the Sahel. In supporting this effort, the nations of the world would contribute to the solution of the world food problem and would avoid the cost of a relief effort similar to that of recent years, an effort that by 1985 might cost three times as much.

The Sahel is not a wasteland. With proper management and outside financial help, it can produce enough food to meet its own needs and those of neighboring countries.

SENATE LEGISLATIVE SCHEDULE TO LABOR DAY

Mr. MANSFIELD. Mr. President, the following schedule for the next 2 months was agreed to by the Democratic policy committee at its meeting today. In working out this timetable, the Republican leader was consulted on the preferences of the minority and this schedule attempts to make the best accommodation possible of all interested Senators.

It must be borne in mind that the schedule is not carved in marble, that slight modifications may be made, and that certain items that the leadership does not expect to consume a great deal of debate on the Senate floor will also be considered as the legislative session progresses. This schedule, however, does include the major legislation that remains for this period.

At the Democratic policy committee meeting, it was decided as well that meetings of committees should be restricted while the Senate is in session and commencing next week, except for extraordinary circumstances such as hearings on nominations, no committees will be granted permission to meet during Senate sessions.

Mr. PRESIDENT. I ask unanimous consent that the schedule may be printed in the Record.

There being no objection, the schedule was ordered to be printed in the Record, as follows:

Senate Agenda

Wednesday, June 23:

9:00 a.m., H.R. 14236, Public Works Appropriation (1 hour).

H.R. 14237, Agriculture Appropriation.

11:00, H.R. 10612, Tax Reform.

Thursday, June 24:

9:00 a.m., H.R. 14261, Treasury-Post Office Appropriations.

H.R. 14239, State-Justice-Commerce Appropriations.

11:30, H.R. 10612 Tax Reform.

Friday, June 25:

9:00 a.m. H.R. 14235 Military Construction Appropriation.

S. 3295, Housing Act Amendments Conference Report.

11:00, H.R. 10612, Tax Reform.

Saturday, June 26:

9:00 a.m., H.R. 14233, HUD Appropriation.

H.R. 12203, Interim Appropriation.

S. 3105, ERDA Authorization.

Monday, June 28:

10:00 a.m., H.R. 14232, Labor-HEW Appropriations.

H.R. 10612, Tax Reform.

Tuesday, June 29:

Labor-HEW Appropriations (continued).

9:00 a.m., S.2150, Solid Waste Disposal Act Amendments (time: 1–30–20).

H.R. 10612, Tax Reform.

Wednesday, June 30:

9:00 a.m., H.R. 5546, Amend Public Health Service Act and revise National Health Service Corp. (time: 2½ hrs.).

H.R. 10612, Tax Reform.

Thursday, July 1:

9:00 a.m., H.R. 14231, Transportation Appropriations and/or Foreign Operations Appropriations.

S. 2228, Economic Development Act.

11:00, H.R. 10612, Tax Reform.

Friday, July 2:

9:00 a.m., H.R. 14238, Legislative Appropriation.

H.R. 14234. Transportation Appropriation and/or Foreign Operation Appropriation.

11:30, H.R. 10612, Tax Reform.

Saturday, July 3:

Tax Reform bill if necessary.

Senate Agenda

Monday, July 19:

12:00 noon, S. 495, Watergate Reform.

Tuesday, July 20:

10:00 a.m., S. 495, Watergate Reform.

Wednesday, July 21:

10:00 a.m., S. 495, Watergate Reform (Finish).

Thursday, July 22:

10:00 a.m., S. 3219, Clean Air.

Friday, July 23:

10:00 a.m., S. 3219, Clean Air (Finish).

Monday, July 26:

11:00 a.m., H.R. 12987, Comprehensive Employment and Training Act (Jobs).

Tuesday, July 27:

10:00 a.m., H.R. 12987, Jobs bill to completion.

H.R. 8603, Postal Service Financing.

Wednesday, July 28:

H.R. 14262, Defense Appropriations.

Thursday, July 29:

H.R. 14262, Defense Appropriations.

S. 3037, Water Pollution Control Extension.

Friday, July 30:

S. 3037, Water Pollution Control Extension.

S. 2849, Investment Advisors Act.

S. 2304, Federal Banking Agencies.

Monday, August 2:

H.R. 13601, Rail Passenger Service Act.

S. 3131.

Tuesday, August 3:

S. 2657, Extension Higher Education.

Wednesday, August 4:
10:00 a.m., S. 2657, Extension Higher Education.
Thursday, August 5:
10:00 a.m., S. 3084, Export Administration Act Extension.
Friday, August 6:
10:00 a.m., S. 3084, Export Administration Act Extension.
Monday, August 9–Wednesday, August 11:
S. 692, Natural Gas Pricing.
H.R. 366 (S. 230) and S. 2212, Omnibus Crime Control and Safe Street Act Amendments.
S. 972, Police Children Scholarships.
Monday, August 23–September 6 (Labor Day):
Rivers and Harbors.
Mine Safety.
New River.
Forest and Rangeland Renewable Resources Planning Act.
Divestiture of Oil Companies.
Extension Revenue Sharing.

ORDER FOR THE CONSIDERATION OF H.R. 14237 TOMORROW AND RESUMPTION OF UNFINISHED BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the disposition of the Public Works appropriation bill tomorrow the Senate take up the Agriculture appropriation bill, H.R. 14237.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the disposition of the Agriculture appropriation bill tomorrow the Senate resume consideration of the unfinished business.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE CONSIDERATION OF H.R. 14239 ON THURSDAY AND RESUMPTION OF UNFINISHED BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Thursday, after the Treasury/Post Office appropriation bill is disposed of, the Senate proceed to the consideration of H.R. 14239, the State/Justice/Commerce appropriation bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the disposition of the State/Justice/Commerce appropriation bill on Thursday the Senate resume consideration of the unfinished business.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE CONSIDERATION OF H.R. 14235 ON FRIDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Friday, after a period for the transaction of routine morning business, the Senate proceed to the consideration of H.R. 14235, the military construction appropriation bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE CONSIDERATION OF S. 3295 AND H.R. 10612 ON FRIDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Friday, upon the disposition of the military construction appropriation bill, the Senate proceed to the consideration of the Housing Act amendments conference report, S. 3295.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the disposition of the Housing Act amendments conference report on Friday the Senate resume consideration of the tax reform bill, H.R. 10612.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE CONSIDERATION OF H.R. 14233 ON SATURDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Saturday, after the two leaders or their designees have been recognized under the standing order, the Senate proceed to consider S. 14233, the HUD appropriation bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE CONSIDERATION OF H.R. 12203 ON SATURDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Saturday, upon the disposition of the HUD appropriation bill, the Senate take up the Interior appropriation bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE CONSIDERATION OF S. 3105 ON SATURDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the disposition of the Interior appropriation bill on Saturday, the Senate proceed to the consideration of the ERDA authorization bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

TIME-LIMITATION AGREEMENT— S. 2228

Mr. ROBERT C. BYRD. Mr. President, the following proposal has met with approval on both sides of the aisle. I ask unanimous consent that at such time as Calendar Order 796, S. 2228, a bill to amend the Public Works and Economic Development Act of 1965, as amended, is called up and made the pending business before the Senate, there be a 1-hour time limitation on the bill, divided equally between Mr. MONTOYA and Mr. BUCKLEY; that there be a time limitation on any amendments thereto of 30 minutes; that there be a time limitation on any motion, appeal, point of order in relation thereto of 20 minutes; and that the agreement be in the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR A PERIOD FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS ON TOMORROW AND THURSDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the two leaders or their designees, have been recognized under the standing order, there be a period for the transaction of routine morning business of not to exceed 10 minutes with statements limited therein to 2 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I make the same request for Thursday.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS FROM SATURDAY UNTIL 10 A.M. MONDAY, JUNE 28, 1976.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business on Saturday it stand in recess until the hour of 10 a.m. on Monday, June 28, 1976.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

WEDNESDAY, JUNE 23, 1976

Mr. ROBERT C. BYRD. Mr. President, on tomorrow the Senate will convene at the hour of 9 a.m. After the two leaders or their designees have been recognized under the standing order, there will be a brief period for the transaction of routine morning business of not to exceed 10 minutes, with statements limited therein to 2 minutes each, after which the Senate will take up H.R. 14236, the public works appropriation bill, under a time agreement.

Rollcall votes will occur on passage of that bill and in relation to any amendments and, possibly, in relation to amendments thereto.

On the disposition of the public works appropriation bill, the Senate will take up the Agriculture appropriation bill, H.R. 14237. Rollcall votes will occur on final passage of that measure and, possibly, on any amendments thereto.

Upon the disposition of the Agriculture appropriation bill tomorrow, the Senate will resume consideration of the tax reform bill. Ergo, the first rollcall vote on tomorrow could come as early as 9:30 a.m.

Other measures may be sandwiched in during the day and, of course, conference reports are privileged matters and may be called up during the day. However, I repeat that there is a time agreement on the public works appropriation bill and on the agriculture appropriation bill.

THURSDAY, JUNE 24, 1976

Mr. President, on Thursday the Senate will come in at 9 a.m. After the two leaders or their designees have been recognized under the standing order, the Senator from Florida (Mr. STONE) will be recognized under a special order. There will then be a period for the transaction of routine morning business of not to exceed beyond 10 minutes, with statements limited therein to 2 minutes each.

The Senate will then take up the Treasury/Post Office appropriations bill under a time limitation agreement. There will be rollcall votes on final passage of that bill. There may be rollcall votes on amendments thereto.

Upon the disposition of the Treasury/Post Office appropriations bill, H.R. 14261, the Senate will then take up the State/Justice/Commerce appropriation bill, H.R. 14239. There is a time agreement on that bill, and a rollcall vote will occur on, final passage of the bill and, possibly, on amendments thereto.

The Senate will then resume consideration of the tax reform bill, and rollcall votes will occur during the afternoon on that bill. Other measures may be called up, and again conference reports, being privileged, may come up during the day. But I repeat there is a time agreement on the Treasury/Post Office appropriation bill and on the State/Justice/Commerce appropriation bill.

FRIDAY, JUNE 25, 1976

On Friday, the Senate will come in at 9 a.m., and after the brief period for routine morning business, which will not exceed 10 minutes, with statements limited therein to 2 minutes each by unanimous consent, the Senate will then take up the military construction appropriation bill (H.R. 14235). There will be a rollcall vote on final passage. There may be rollcalls on amendments thereto.

Then the Senate will proceed to the consideration of the Housing Act amendments conference report on S. 3295. A rollcall vote may occur thereon.

The Senate will then resume consideration of the tax reform bill and rollcall votes will occur throughout the afternoon.

Other measures may be called up during the day. Conference reports, being privileged matters, may be called up. But again, I repeat, there is a time agreement on the military construction appropriation bill.

SATURDAY, JUNE 26, 1976

On Saturday, the Senate will come in at 9 a.m. After the two leaders or their designees have been recognized under the standing order, there being no routine morning business, the Senate will proceed immediately to the consideration of H.R. 14233, the HUD appropriation bill, on which there is a time agreement. Rollcall votes will occur on the passage of the bill and on amendments thereto.

Upon the disposition of that measure, the Senate will then take up the Interior appropriation bill. Upon the disposition of that bill, the Senate will go to the ERDA authorization bill (S. 3105) on which there is a time agreement.

Rollcall votes will occur on passage of the Interior appropriation bill and perhaps on any amendment thereto.

Rollcall votes can be expected on the passage of the ERDA authorization bill and on amendments thereto.

SUMMARY OF PROGRAM THROUGH SATURDAY

So, in summation, Mr. President, the Senate will come in at no later than 9 o'clock daily the remainder of the week through Saturday. Rollcall votes can occur as early as 9:30 a.m. daily, Wednesday through Saturday. There will be rollcall votes daily, Wednesday through Saturday, and the Senate can be expected to meet late as well as early Wednesday through Saturday, and reasonably late, I would say, on Saturday—which is not to be understood as early as 1 or 2 o'clock or 3 or 4 o'clock.

So the Senate has a very full platter for each of the 4 days, to say nothing of what lies ahead next week.

RECESS TO 9 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until the hour of 9 a.m. tomorrow.

The motion was agreed to; and at 7:44 p.m. the Senate recessed until tomorrow, Wednesday, June 23, 1976, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate June 22, 1976:

DEPARTMENT OF STATE

The following-named person for reappointment in the Foreign Service as a Foreign Service officer of class 1, a Consular Officer, and a Secretary in the Diplomatic Service of the United States of America:

James G. Lowenstein, of the District of Columbia.

For promotion from Foreign Service officers of class 6 to class 5:

Robert D. Austin, Jr., of Washington.
Robert E. Gribbin III, of Alabama.
Stanley T. Myles, of Louisiana.

For promotion from a Foreign Service information officer of class 6 to class 5:

Richard D. Gong, of New Jersey.

For appointment as a Foreign Service officer of class 5, a Consular Officer, and a Secretary in the Diplomatic Service of the United States of America:

Cristobal Roberto Orozco, of California.

For appointment as a Foreign Service information officer of class 5, a Consular Officer, and a Secretary in the Diplomatic Service of the United States of America:

Cresencio S. Arcos, Jr., of Texas.

For promotion from Foreign Service officers of class 7 to class 6:

William Howard Barkell, of Arizona.
Frederick A. Becker, of Wisconsin.
John W. Bowen IV, of Florida.
Steven M. Brattain, of Ohio.
John Davis Caswell, of Connecticut.
Frederick Nicholas George De Marzo, of New Jersey.
Margaret deF. Dennis, of Maryland.
David Bryan Dlouhy, of Texas.
Milton K. Drucker, of Massachusetts.
Thomas G. Dunn, of Texas.
John J. Feeney, of New York.
Angelo M. Figueroa, of Puerto Rico.
Richard V. Fisher, of Virginia.
Timberlake Foster, of California.
Ralph Frank, of Washington.
Roger L. Hart, of Tennessee.
E. Mason Hendrickson, Jr., of Maryland.
Morton J. Holbrook III, of Kentucky.
Franklin Huddle, Jr., of Virginia.
Edmund James Hull, of Illinois.
Albert C. Hyde, of New York.
William H. Itoh, of New Mexico.
Stanley P. Jakubowski, of Connecticut.
Margaret Carnwath Jones, of Pennsylvania.
Mary Virginia Kennedy, of Idaho.
Joseph C. Kramer, of Ohio.
Richard E. Kramer, of Massachusetts.
Helen Brady Lane, of Texas.
Eli N. Lauderdale, Jr., of Mississippi.
John C. Lefgren, of Utah.
Michael Craig Lemmon, of Virginia.
Dennis M. Linskey, of New York.
Marshall F. McCallie, of Virginia.
Michael E. McNaull, of Washington.
Edmund F. McWilliams, Jr., of Rhode Island.
Michael J. Metrinko, of Pennsylvania.
Charles H. Morris, Jr., of California.
Stephen H. Muller, of the District of Columbia.
Larry C. Napper, of Texas.
Larry A. Nelsen, of Oklahoma.
Andrea J. Nelson, of New York.
Robert J. Nemeth, of California.
John M. O'Keefe, of Maryland.
Bernard F. Oppel, of Pennsylvania.
Donald Edward Parker, of Wisconsin.
Frank S. Parker, of Colorado.
Gerard R. Pascua, of Virginia.
Rudolf Vilem Perina, of California.
Lorraine Wendell Polik, of Virginia.
Gary V. Price, of Hawaii.
Robert W. Pringle, Jr., of Virginia.
Glen R. Rase, of Florida.
Max Newton Robinson, of Washington.
Christopher W. Runckel, of Washington.
Andrew Sciacchitano, of Illinois.
Anita M. Shashy, of Florida.
John Michael Shelton, of California.
Nicholas A. Stigliani, of Connecticut.
Robert Craig Van Voorhees, of Michigan.
Leon Weintraub, of New York.
James H. Williamson, of Connecticut.
Peter S. Wood, of California.

For promotion from Foreign Service information officers of class 7 to class 6:

Adrien D. Alstad, of Minnesota.
Sheila West Austrian, of California.
Albert J. Griffin, Jr., of Connecticut.
Richard J. Kaplan, of Massachusetts.
M. Lynne Martin, of Wisconsin.
Paula M. Neely, of New York.
James F. O'Callaghan, of Washington.
Anna M. Romanski, of New Jersey.

For reappointment in the Foreign Service as a Foreign Service officer of class 6, a Consular Officer, and a Secretary in the Diplomatic Service of the United States of America:

Hartford T. Jennings, of Ohio.

For promotion from Foreign Service officers of class 8 to class 7:

Michael Donald Bellows, of Iowa.
H. Jonathan Bemis, of Utah.
William J. Brencick, of Missouri.
Lana C. Chumley, of Texas.
James B. Cunningham, of Pennsylvania.
James A. Derrick, of Iowa.
Alan W. Eastham, Jr., of Arkansas.
James K. Gordon, of California.
Richard T. Heffern, of California.
Susan S. Jacobs, of Michigan.
Laura-Elizabeth Kennedy, of Virginia.
Ann Kelly Korky, of New Jersey.
Sandra L. Mendyk, of California.
Alberto José Mora, of Florida.
John L. Moran, of New York.
John D. Morris, of Georgia.
Michael C. Mozur, of Virginia.
Marc E. Nicholson, of California.
James E. Overly, of Colorado.

Dewey R. Pendergrass, of California.
Douglas K. Rasmussen, of California.
Stephen A. Schlaikjer, of Massachusetts.
K. Dunlop Scott, of Pennsylvania.
Charles L. Skipper III, of Texas.
Don Kenneth Sowers, of Virginia.

For reappointment in the Foreign Service as a Foreign Service officer of class 7, a Consular Officer, and a Secretary in the Diplomatic Service of the United States of America:

Patricia Dawson Hughes, of California.

For appointment as Foreign Service officers of class 7, Consular Officers, and Secretaries in the Diplomatic Service of the United States of America:

Martin Phillip Adams, of Florida.
Thomas Cule Adams, of the District of Columbia.
Robert Gordon Atcheson, of Florida.
Donald Keith Bandler, of the District of Columbia.
Sylvia J. Bazala, of New Jersey.
David L. Bleyle, of New York.
Robert J. Blohm, of California.
Thomas H. Bohrer, of Virginia.
Philip A. Border, of Maryland.
Nicholas Burakow, of Indiana.
Nancy H. Cady, of Colorado.
Arnold Haskins Campbell, of New Hampshire.
J. Michael Cleverley, of Maryland.
Carole B. Conyngham, of Oregon.
Thomas E. Crocker, Jr., of the District of Columbia.
Margaret M. Dean, of Illinois.
Robert Sidney Deutsch, of Virginia.
Daniel Ted Fantozzi, of Virginia.
John Martin Hall, of California.
Karl Steven Halter, of Missouri.
Stephen Michael Harner, of California.
Reno Leon Harnish III, of the District of Columbia.
Joseph A. Hilts, of Wisconsin.
Kathleen V. Hodai, of Washington.
Stephen B. Hogard, of Montana.
Maryanne Horn, of Pennsylvania.
William Imbrie III, of Maryland.
Richard H. Jones, of Wisconsin.
Theresa Paulette Jones, of Virginia.
Daniel Charles Kurtzer, of New York.
John Michael Lekson, of New Mexico.
Michael E. Malinowski, of Illinois.
Jonathan C. Mayhew, of New Mexico.
Edward McGaffigan, Jr., of Massachusetts.
Robert T. McMahan, Jr., of Ohio.
John Holmes Miller, of California.
Richard T. Miller, of Texas.
Robert A. Monks, of Maryland.
Robert W. Mustain, Jr., of Ohio.
Aloysius M. O'Neill III, of Texas.
W. Robert Pearson, of California.
Robert Chamberlain Porter, Jr., of Maine.
Joseph P. Richardson, of South Carolina.
Kenneth F. Sackett, of Florida.
Albert E. Schrock, of Illinois.
Earl Garren Smith, of Tennessee.
Katherine H. Smith, of California.
Christopher T. Speh, of New York.
Donald E. Stader, Jr., of Pennsylvania.
Roger G. Swenson, of Indiana.
Lynn Joseph Turk, of Wisconsin.
Richard C. Wood, of Illinois.

For appointment as Foreign Service information officers of class 7, Consular Officers, and Secretaries in the Diplomatic Service of the United States of America:

William R. Barr, of New York.
Pamela Sterne Gumport, of New York.
Barbara E. Haven, of New York.
Lois Marie Herrmann, of the District of Columbia.
Thomas Neil Hull III, of Massachusetts.
Barry Jay Levin, of Missouri.
Michael J. Mingo, of California.
Ethel M. Porter, of Ohio.
J. Riley Sever, of the District of Columbia.
Lynn Gunn-Smith Sever, of the District of Columbia.

For appointment as Foreign Service officers of class 8, Consular Officers, and Secretaries in the Diplomatic Service of the United States of America:

Phyllis Sachiko Anderson, of California.
Lawrence E. Butler, of Maine.
Gregory G. Fergin, of Washington.
Robert Wallace Filby, of New York.
Kimberlee Dawn Fordyce, of Washington.
Thomas Frank Foulger, of California.
Louise Elizabeth Maillett, of Maine.
William Vincent McLeese, of the District of Columbia.
Christopher William Murray, of New York.
Stephen Vance Noble, of New Jersey.
Robert B. Nolan, of Virginia.
Stephen James Nolan, of Pennsylvania.
Thomas M. Okada, of California.
Mildred Anne Patterson, of Missouri.
Howard T. Perlow, of Virginia.
Steven Pilla, of Florida.
Keith Powell II, of Oregon.
William David Straub, of Kentucky.
James Webb Swigert, of New York.
Linda E. Watt, of Texas.
Ronnie D. Woody, of Virginia.

For appointment as a Foreign Service information officer of class 8, a Consular Officer, and a Secretary in the Diplomatic Service of the United States of America:

Linda Jewell, of Arkansas.

Foreign Service reserve officers to be Consular Officers of the United States of America:

William B. Folsom, of Florida.
Mark A. Sanna, of New York.
Paul D. Sorensen, of South Dakota.

Foreign Service reserve officers to be Consular Officers and Secretaries in the Diplomatic Service of the United States of America:

Charles B. Angulo, of Virginia.
Hector P. Barreyro, of Texas.
Walter F. Boyle, of Texas.
John C. F. Conradis, of Florida.
Sandra J. Crutchfield, of Virginia.
John Di Sciullo, of Virginia.
Barbara G. DuMont, of Missouri.
James M. Flaherty, of Virginia.
Shelia Franklin, of Louisiana.
Burton L. Gerber, of Maryland.
John R. Grierson, of Virginia.
Manfred Groth, of Maryland.
John A. Jennings, of Virginia.
Chesley H. Judy, of Virginia.
Edmund W. Kelly, of Connecticut.
Robert L. Kile, of California.
Esther Klein, of Connecticut.
Jayne L. Kobliska, of the District of Columbia.
George C. Lannon, of Maryland.
David Y. C. Lee, of Virginia.
Dale Ann Lewis, of the District of Columbia.
N. John MacGaffin III, of the District of Columbia.
Earl D. Mannoia, of Virginia.
Stanley F. Parkill, of California.
James L. Pavitt, of Virginia.
Albert L. Ramos, of Rhode Island.
Line R. Rosen, of the District of Columbia.
Inez L. Sawyer, of North Carolina.
John Sherry, of Maryland.
Christopher J. Szymanski, of Virginia.
Lorraine Takahashi, of California.
Joanne M. Thompson, of Illinois.
Frank L. Trippett, of the District of Columbia.
Donn A. Weaver, of Florida.
Ernestine Wilson, of the District of Columbia.

Foreign Service reserve officers to be Secretaries in the Diplomatic Service of the United States of America:

Janet Petronis, of New Jersey.
Thomas A. Pettit, of Ohio.

Foreign Service staff officers to be Consular Officers of the United States of America:

Richard L. Corbin, of Virginia.
Theresa E. Denlinger, of Illinois.
Nancy Duncan, of Illinois.
Homer P. Foster, of Washington.
James L. Larkin, of Texas.
John F. Purinton, of Maryland.
David T. Worth, of North Carolina.
Williard J. Wynne, of New York.

IN THE AIR FORCE

The following officer under the provisions of title 10, United States Code, section 8066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 8066, in grade as follows:

To be lieutenant general

Maj. Gen. Andrew B. Anderson, Jr., [redacted]FR (major general, Regular Air Force). U.S. Air Force.

HOUSE OF REPRESENTATIVES—*Tuesday, June 22, 1976*

The House met at 10 o'clock a.m.

Rev. James K. Mathews, bishop of the Washington Area of the United Methodist Church, offered the following prayer:

God of the founders of this Republic and our God, be our strength, our guide, our refuge.

We acknowledge You to thank You.

We thank You to honor You.

We honor You to obey You, and so respond to Your purpose for this good land.

Constantly renew us by the memory of the leaders of this Nation, whose wisdom has saved us, whose integrity and devotion have chastened us, whose characters have inspired us.

When we have turned to our own way, may we turn again to You to be refreshed by Your goodness and mercy.

As the third century of our Nation dawns, help us to grasp anew the torch of justice and freedom which is our heritage, that our foundations may continue sure and the hope of coming generations lively.

In Your name. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 391. An act to amend the Mineral Leasing Act of 1920, and for other purposes.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 3168) entitled

"An act to authorize fiscal year 1977 appropriations for the Department of State, the U.S. Information Agency, and the Board for International Broadcasting, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Sparkman, Mr. Mansfield, Mr. Church, Mr. Symington, Mr. Pell, Mr. Case, Mr. Javits, and Mr. Hugh Scott to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 9019) entitled "An act to amend title XIII of the Public Health Service Act to revise and extend the program for the establishment and expansion of health maintenance organizations," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Kennedy, Mr. Williams, Mr. Nelson, Mr. Eagleton, Mr. Cranston, Mr. Pell, Mr. Mondale, Mr. Hathaway, Mr. Durkin, Mr. Schweiker, Mr. Javits, Mr. Beall, Mr. Taft, Mr. Stafford, and Mr. Laxalt to be the conferees on the part of the Senate.

REV. JAMES K. MATHEWS

(Mr. BRADEMAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BRADEMAS. Mr. Speaker, I take this time to pay a word of tribute to the distinguished citizen and outstanding church leader who offered the invocation this morning, the Reverend James K. Mathews, bishop of the Washington Area of the United Methodist Church.

Mr. Speaker, I have known Bishop Mathews for many years, most particularly by virtue of our work together on the Central Committee of the World Council of Churches. He has been one of the outstanding leaders in the world in the ecumenical movement as well as having been the bishop of the Boston Area of the Methodist Church and now the bishop of the United Methodist Church here in the Nation's Capital.

Mr. Speaker, Reverend Mathews is a clergyman who is sensitive not only to the individual needs of persons but also to the importance of bringing a religious dimension to bear on social and economic problems. I am well pleased to welcome Reverend Mathews here today.

PERMISSION FOR COMMITTEE ON THE JUDICIARY TO MEET TODAY BETWEEN 10 A.M. AND 12 NOON DURING 5-MINUTE RULE

Mr. DANIELSON. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary be permitted to meet today during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, I wonder if the gentleman would confine his request to between the hours of 10 a.m. and 12 noon.

Mr. DANIELSON. Yes, surely. Mr. Speaker, if the gentleman will yield, I will confine the request to between 10 a.m. and not later than 12 o'clock noon.

Mr. BAUMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON SPACE SCIENCE AND APPLICATIONS OF COMMITTEE ON SCIENCE AND TECHNOLOGY TO MEET TODAY BETWEEN 10 A.M. AND 12 NOON DURING 5-MINUTE RULE

Mr. FUQUA. Mr. Speaker, I ask unanimous consent that the Subcommittee on Space Science and Applications of the Committee on Science and Technology be permitted to meet today between 10 o'clock a.m. and 12 o'clock noon during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection?

DEMOCRATS 5—REPUBLICANS 4

(Mr. DAVIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DAVIS. Mr. Speaker, I take this time to officially inform the House that once again the Democrats have proved supreme. Last night at Baltimore the final score was 5 to 4.

I note this morning that after 11 appearances the gentleman from Massachusetts (Mr. Conte) has not shown up yet. I am not sure whether he is still crying in his towel or arguing with the umpires.

Mr. Speaker, I believe you said it best when you said last night, "This marks the beginning of another Democratic year, from the baseball diamond to the White House." That is the way we are going.

I would like to take this opportunity to congratulate the gentleman from Ohio (Mr. Mottl), who was our winning pitcher for the second consecutive year and our most valuable player. I also want to congratulate the players on the Republican team, who gave their all, despite lack of leadership, despite lack of inspiration, and despite the absence of that secret pitch that was supposed to come forward. I am afraid the "X-ray" pitch was lost in the development stage.

Again I would say, gentlemen, next year, when you are in even a smaller minority, you can try again.

Mr. BAUMAN. Mr. Speaker, will the gentleman from South Carolina yield?

Mr. DAVIS. Mr. Speaker, if I may correct the gentleman, the gentleman from South Carolina will yield to the gentleman from Delaware.

Mr. BAUMAN. Mr. Speaker, in the absence of the gentleman from Massachusetts (Mr. Conte), I did not want the record to go totally naked as far as a response.

Mr. DAVIS. The gentleman makes an excellent substitute coach.

Mr. BAUMAN. In the absence of the gentleman from Massachusetts, some response is in order, and I do want to compliment the gentleman on the prowess of the Democratic team in winning the game. I think the majority Members have shown amply in the last few weeks that they are very good at playing games.

REPUBLICAN HOPES FOR NEXT YEAR SEEN AS IMPROVED

(Mr. FREY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FREY. Mr. Speaker, in the absence of our venerable leader, "Diamond Dust" Conte, who probably is crying in his towel, I just want to say that the comments of the gentleman from South Carolina (Mr. Davis) do deserve some reply. I would like to congratulate the Democratic team for the good game they played and for the sportsmanship exhibited. It was a lot of fun, although it is not much fun losing. The record is now Republicans 13 to Democrats 3, which is better than we are doing in a lot of other areas.

I just want to inform the House that we are recruiting heavily. The scholarships that the Democrats have given have proven very effective, I want to say to the gentleman from South Carolina, my good friend Mr. Davis.

I would just like to inform the gentleman that Wilmer Mizell and his strong left arm will be back. We are bringing in a second baseman to go in our infield, a fellow who played a little bit of baseball; that is a fellow named Bobby Richardson. I do not know if he can make the team, but he is going to have an opportunity to try.

So I would advise you next year to bring your batting helmets. I have talked to Wilmer, and he is still mad about the 1974 election. I am looking forward to next year's game.

Mr. DAVIS. Mr. Speaker, will the gentleman yield?

Mr. FREY. I yield to the gentleman.

Mr. DAVIS. Mr. Speaker, I think it is appropriate to take this time also to say that congratulations are in order to the gentleman from Florida (Mr. Frey), who for the third consecutive year won the most valuable player award, along with the gentleman from Texas (Mr. Steelman), for the Republican side.

I am sure, speaking as a citizen of the State of South Carolina, that we will keep our head baseball coach at the University of South Carolina. Mr. Richardson will be sure to stay there come next year.

I wish you good luck next year, and I hope you have enough money laundered to get out your baseball scholarships.

Mr. FREY. We will see you next year.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. MATSUNAGA. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Hawaii?

There was no objection.

HAWAIIAN KONA COFFEE FESTIVAL QUEEN SERVING KONA COFFEE IN HOUSE RESTAURANT TODAY

(Mr. MATSUNAGA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MATSUNAGA. Mr. Speaker, we are privileged to have in our midst in Washington today the Kona Coffee Festival Queen, Cheryl Matsuoka. She is accompanied by the president of the Chamber of Commerce of Kona, Hawaii, Mrs. Julie Honda.

Mr. Speaker, Queen Cheryl will be serving coffee in the House restaurant to all Members who would like to taste the best cup of coffee in the world. Members are invited to drop in at the House restaurant for a drink of gourmet coffee and there will be no charge for it.

Mr. Speaker, under the sponsorship of the Kona Chamber of Commerce and the Superior Tea & Coffee Co., we will be introducing the Members to the coffee which is grown in Hawaii, and which is the only coffee grown in the United States commercially. Members will be pleased to know, too, that they are now privileged to drink Kona coffee. Prior to 1893, only those of the royal family could drink Kona coffee. It was by decree of King Kamehameha II that Kona coffee could be served only to the royalty, and it was not until the overthrow of Queen Liliuokalani in 1893 that Kona coffee was made available to us commoners.

Mr. Speaker, and Members of the House, it is appropriate, therefore, that you join Queen Cheryl in the House restaurant and partake of that delicious Royal Kona coffee.

CONFERENCE REPORT ON S. 3184, THE COMPREHENSIVE ALCOHOL ABUSE AND ALCOHOLISM PREVENTION, TREATMENT, AND REHABILITATION ACT AMENDMENTS OF 1976

Mr. STAGGERS submitted the following conference report and statement on the bill (S. 3184) to amend the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 94–1285)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3184) to amend the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment to the text of the bill insert the following: That this Act be cited as the "Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act Amendments of 1976".

Sec. 2. Section 2(b) of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970 (hereinafter in this Act referred to as "the Act") is amended to read as follows:

"(b) It is the policy of the United States and the purpose of this Act to approach alcohol abuse and alcoholism from a comprehensive community care standpoint, and to meet the problems of alcohol abuse and alcoholism through—

"(1) comprehensive Federal, State, and local planning for, and effective use of, Federal assistance to States, and direct Federal assistance to community-based programs to meet the urgent needs of special populations, in coordination with all other governmental and nongovernmental sources of assistance;

"(2) the development of methods for diverting problem drinkers from criminal justice systems into prevention and treatment programs; and

"(3) increased Federal commitment to research into the behavioral and biomedical etiology of, the treatment of, and the mental and physical health and social and economic consequences of, alcohol abuse and alcoholism.".

Sec. 3. (a) Section 301 of the Act is amended (1) by striking out "and" after "1975" and (2) by inserting after "1976," the following: $70.000,000 for the fiscal year ending September 30, 1977, $77,000,000 for the fiscal year ending September 30, 1978, and $85,000,000 for the fiscal year ending September 30, 1979.".

(b) Section 302(a) of the Act is amended by adding at the end thereof the following new sentence: "In determining the extent of a State's need for more effective prevention, treatment, and rehabilitation of alcohol abuse and alcoholism, the Secretary shall (within 180 days after the date of enactment of this sentence) by regulation establish a methodology to assess and determine the incidence and prevalence of alcohol abuse within the States.".

Sec. 4. (a) Section 304(b) of the Act is amended by striking out the last sentence thereof.

(b) Effective July 1, 1976, section 304(c) of the Act is amended by—

(1) striking out "10 per centum" and substituting "20 percent"; and

(2) striking out "$100,000" and substituting "$150,000".

(c) Effective July 1, 1976—

(1) sections 304(d) and 311(d) of the Act are repealed,

(2) section 304 of the Act (A) is transferred to part B of the Act, (B) is inserted before section 311, and (C) is redesignated as section 310, and

(3) part B of the Act is amended by inserting after section 311 the following new section:

"AUTHORIZATIONS OF APPROPRIATIONS

"Sec. 312. For purposes of sections 310 and 311, there are authorized to be appropriated $85,000,000 for the fiscal year ending September 30, 1977, $91,000,000 for the fiscal year ending September 30, 1978, and $102,500,000 for the fiscal year ending September 30, 1979.".

(d) Section 310(a) of the Act (as so redesignated) is amended (1) by striking out "September 30, 1977" and inserting in lieu thereof "September 30, 1979", and (2) by striking out "three grants" and inserting in lieu thereof "six grants".

Sec. 5. (a) Section 303(a)(3) of the Act is amended by inserting "and at least one representative of the Statewide Health Coordinating Council established pursuant to section 1524 of the Public Health Service Act," after "alcoholism,".

(b)(1) Section 303(a) of the Act is further amended by striking out "and" at the end of paragraph (10), by redesignating paragraph (11) as paragraph (16) and by inserting after paragraph (10) the following:

"(11) contain, to the extent feasible, a complete inventory of all public and private resources available in the State for the purpose of alcohol abuse and alcoholism treatment, prevention, and rehabilitation, including but not limited to programs funded under State and local laws, occupational programs, voluntary organizations, education programs, military and Veterans' Administration resources, and available public and private third-party payment plans;

"(12) provide assurance that the State agency will coordinate its planning with local alcoholism and alcohol abuse planning agencies and with other State and local health planning agencies;

"(13) provide assurance that State certification, accreditation, or licensure requirements, if any, applicable to alcohol abuse and alcoholism treatment facilities and personnel take into account the special nature of such programs and personnel, including the need to encourage the development of nonmedical modes of treatment and the need to acknowledge previous experience when assessing the adequacy of treatment personnel;

"(14) provide reasonable assurance that prevention or treatment projects or programs supported by funds made available under section 302 have provided to the State agency a proposed performance standard or standards to measure, or research protocol to determine, the effectiveness of such prevention or treatment programs or projects;

"(15) provide that the State agency will review admissions to hospitals and outpatient facilities to assist the Secretary in determining the compliance of such hospitals and facilities with the requirement of section 321 and shall make periodic reports to the Secretary respecting such review; and".

(2) The amendments made by paragraph (1) shall apply with respect to State plan requirements for allotments under section 302 of the Act after June 30, 1976.

(c)(1) Section 303 of the Act is further amended by inserting at the end thereof the following new subsection:

"(c) The Secretary shall by regulation require, as a condition to the approval of the State plan, that the State for which such plan was submitted report to the Secretary (in such form and manner as the Secretary shall prescribe) an assessment of the progress of the State in the implementation of its State plan. After making an initial such report, a State shall make additional reports every third year thereafter in which it receives an allotment under this part. The reporting requirement shall first apply with respect to State plans submitted for allotments for fiscal years beginning after September 30, 1977.".

(2) Section 303(a)(4) of the Act is amended by inserting "(A)" after "(4)" and by inserting after such section the following:

"(B) include in the survey conducted pursuant to subparagraph (A) an identification of the need for prevention and treatment of alcohol abuse and alcoholism by women and by individuals under the age of eighteen and provide assurance that prevention and treatment programs within the State will be designed to meet such need;".

Sec. 6. (a) Section 311(a) of the Act is amended to read as follows:

"Sec. 311(a) The Secretary, acting through the Institute, may make grants to public and nonprofit private entities and may enter into contracts with public and private entities and with individuals—

"(1) to conduct demonstration and evaluation projects, including projects designed to develop methods for the effective coordination of all alcoholism treatment, training, prevention, and research resources available within a health service area established under section 1511 of the Public Health Service Act.

"(2) to provide treatment and prevention services, with special emphasis on currently underserved populations, such as racial and ethnic minorities, native Americans, youth, female alcoholics, and individuals in geographic areas where such services are not otherwise adequately available.

"(3) to provide education and training, which may include additional training to enable treatment personnel to meet certification requirements of public or private accreditation or licensure, or requirements of third-party payors, and

"(4) to provide programs and services, including education and counseling services, in cooperation with law enforcement personnel, schools, courts, penal institutions, and other public agencies,

for the prevention and treatment of alcohol abuse and alcoholism and for the rehabilitation of alcohol abusers and alcoholics.".

(b) Section 311(b) of the Act is amended by redesignating clause (2) as clause (3) and inserting a new clause (2) after "individuals;" as follows: "(2) where a substantial number of the individuals in the population served by the project or program are of limited English-speaking ability, utilize the services of outreach workers fluent in the language spoken by a predominant number of such individuals and develop a plan and make arrangements responsive to the needs of such population for providing services to the extent practicable in the language and cultural context most appropriate to such individuals, and identify an individual employed by the project or program, or who is available to the project or program on a full-time basis, who is fluent both in that language and English and whose responsibilities shall include providing guidance to the individuals of limited English speaking ability and to appropriate staff members with respect to cultural sensitivities and bridging linguistic and cultural differences;".

(c) Section 311(c) of the Act is amended by adding after paragraph (3) the following new paragraphs:

"(4) The Secretary shall give special consideration to applications under this section for programs and projects for prevention and treatment of alcohol abuse and alcoholism by women and for programs and projects for prevention and treatment of alcohol abuse and alcoholism by individuals under the age of eighteen.

"(5) Each applicant upon filing its application with the Secretary for a grant or contract to provide prevention or treatment services, shall provide a proposed performance standard or standards to measure, or research protocol to determine, the effectiveness of such services.".

SEC. 7. The Act is further amended by redesignating title V and references thereto as title VI and by inserting after title IV the following:

"TITLE V—RESEARCH

"ENCOURAGEMENT OF RESEARCH

"SEC. 501. (a) The Secretary, acting through the Institute, shall carry out a program of research, investigations, experiments, demonstrations, and studies, directly and by grant or contract, into—

"(1) the behavioral and biomedical etiology of,

"(2) treatment of,

"(3) mental and physical health consequences of, and

"(4) social and economic consequences of, alcohol abuse and alcoholism.

"(b) In carrying out the program described in subsection (a) of this section, the Secretary, acting through the Institute, is authorized to—

"(1) collect and make available through publications and other appropriate means, information as to, and the practical application of, the research and other activities under the program;

"(2) make available research facilities of the Public Health Service to appropriate public authorities, and to health officials and scientists engaged in special study;

"(3) make grants to universities, hospitals, laboratories, and other public or nonprofit institutions, and to individuals for such research projects as are recommended by the National Advisory Council on Alcohol Abuse and Alcoholism;

"(4) secure from time to time and for such periods as he deems advisable, the assistance and advice of experts, scholars, and consultants from the United States or abroad;

"(5) promote the coordination of research programs conducted by the Institute, and similar programs conducted by other agencies, organizations, and individuals, including all National Institutes of Health research activities which are or may be related to the problems of individuals suffering from alcoholism or alcohol abuse;

"(6) conduct an intramural program of biomedical and behavioral research, including research into the most effective means of treatment and service delivery, and including research involving human subjects, which is—

"(A) located in an institution capable of providing all necessary medical care for such human subjects, including complete 24-hour medical diagnostic services by or under the supervision of physicians, acute and intensive medical care, including 24-hour emergency care, psychiatric care, and such other care as is determined to be necessary for individuals suffering from alcoholism and alcohol abuse; and

"(B) associated with an accredited medical or research training institution;

"(7) for purposes of study, admits and treat at institutions, hospitals, and stations of the Public Health Service, persons not otherwise eligible for such treatment;

"(8) provide to health officials, scientists, and appropriate public and other nonprofit institutions and organizations, technical advice and assistance on the application of statistical methods to experiments, studies, and surveys in health and medical fields;

"(9) enter into contracts under this title without regard to sections 3648 and 3709 of the Revised Statutes (31 U.S.C. 529; 41 U.S.C. 5); and

"(10) adopt, upon recommendation of the National Advisory Council on Alcohol Abuse and Alcoholism, such additional means as he deems necessary or appropriate to carry out the purposes of this section.

"SCIENTIFIC PEER REVIEW

"SEC. 502. The Secretary, acting through the Institute, shall, by regulation, provide for review of all research grants and contracts, training, treatment, and prevention activity grants, and programs over which he has authority under this Act by utilizing, to the maximum extent possible, appropriate peer review groups, composed principally of non-Federal scientists and other experts in the field of alcoholism.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 503. There are authorized to be appropriated for carrying out the purposes of section 501 and 502 $20,000,000 for the fiscal year ending September 30, 1977, $24,000,000 for the fiscal year ending September 30, 1978, and $28,000,000 for the fiscal year ending September 30, 1979.

"NATIONAL ALCOHOL RESEARCH CENTERS

"SEC. 504. (a) The Secretary acting through the Institute may designate National Alcohol Research Centers for the purpose of interdisciplinary research relating to alcoholism and other alcohol problems. No entity may be designated as a Center unless an application therefor has been submitted to, and approved by, the Secretary. Such an application shall be submitted in such manner and contain such information as the Secretary may reasonably require. The Secretary may not approve such an application unless—

"(1) the application contains or is supported by reasonable assurances that—

"(A) the applicant has the experience, or capability, to conduct, through biomedical, behavioral, social, and related disciplines, long-term research on alcoholism and other alcohol problems and to provide coordination of such research among such disciplines;

"(B) the applicant has available to it sufficient laboratory facilities and reference services (including reference services that will afford access to scientific alcohol literature);

"(C) the applicant has facilities and personnel to provide training in the prevention and treatment of alcoholism and other alcohol problems;

"(D) the applicant has the capacity to train predoctoral and postdoctoral students for careers in research on alcoholism and other alcohol problems; and

"(E) the applicant has the capacity to conduct courses on alcohol problems and research on alcohol problems for undergraduate and graduate students, and for medical and osteopathic students and physicians;

"(2) the application contains a detailed five-year plan for research relating to alcoholism and other alcohol problems.

"(b) The Secretary shall, under such conditions as the Secretary may reasonably require, make annual grants to Centers which have been designated under this section. No annual grant to any Center may exceed $1,000,000. No funds provided under a grant under this subsection may be used for the purchase or rental of any land or the rental, purchase, construction, preservation, or repair of any building. For the purposes of the preceding sentence, the term 'construction' has the meaning given that term by section 702(2) of the Public Health Service Act (42 U.S.C. 292a).

"(c) There are authorized to be appropriated to carry out the purposes of this section $6,000,000 for the fiscal year ending September 30, 1977, and for each of the next two succeeding fiscal years.".

SEC. 8. Section 201 of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act Amendments of 1974 is amended by adding at the end thereof the following new subsection:

"(d) The Secretary of Health, Education, and Welfare, acting through the Administration, shall evaluate and make recommendations regarding improved, coordinate activities, where appropriate, for public education and other prevention programs with respect to the abuse of alcohol and other substances.".

SEC. 9. The first sentence of section 217(d) of the Public Health Service Act (42 U.S.C. 218) is amended by adding before the period at the end thereof the following: ", including policies and priorities with respect to grants and contracts".

SEC. 10. (a)(1) Section 400(e)(5) of the is amended by inserting "(A)" after "(5)" and by inserting after such section the following:

"(B) include in the survey conducted pursuant to subparagraph (A) an identification of the need for prevention and treatment of drug abuse and drug dependence by women and by individuals under the age of eighteen and provide assurance the prevention and treatment programs within the State will be designed to meet such need;".

(2) The amendment made by paragraph (1) shall apply with respect to State plans submitted for grants under section 401 of the Drug Abuse Office and Treatment Act of 1972 after June 30, 1976.

(b) (1) Section 409(c) (1) (A) of such Act is amended by striking out "an allotment for a fiscal year in an amount not less than $150,000, the allotment for such State for such fiscal year may not be less than $150,000 multiplied by such fraction" and substituting "a minimum allotment in excess of $100,000, multiplied by such fraction, the minimum allotment for such State may be increased by up to 50 percent in accordance with such demonstrated need".

(2) The amendment made by paragraph (1) shall apply with respect to allotments under section 409(c) of the Drug Abuse Office and Treatment Act of 1972 after June 30, 1976.

(c) (1) Section 410 of such Act is amended by redesignating subsection (d) as subsection (e) and by adding after subsection (c) the following:

"(d) The Secretary shall give special consideration to applications under this section for programs and projects for prevention and treatment of the drug abuse and drug dependence by women and for programs and projects for prevention and treatment of drug abuse and drug dependence by individuals under the age of eighteen.".

(2) The amendment made by paragraph (1) shall apply with respect to applications submitted for grants or contracts under section 410 of the Drug Abuse Office and Treatment Act of 1972 after June 30, 1976.

SEC. 11. (a) Section 321(a) of the Act is amended by inserting ", or outpatient facility (as defined in section 1633(6) of the Public Health Service Act)" after "hospital".

(b) Section 321(b) (1) of the Act as amended by—

(1) inserting "and outpatient facilities" after "hospitals";

(2) inserting "or outpatient facility" after "hospital" each time it appears; and

(3) striking out "is authorized to make regulations" in the first sentence and inserting in lieu thereof "shall issue regulations not later than December 31, 1976".

(c) (1) The heading for part C of the Act is amended by striking out "HOSPITALS" and inserting in lieu thereof "HOSPITALS AND OUTPATIENT FACILITIES".

(2) The heading for section 321 of the Act is amended by striking out "HOSPITALS" and inserting in lieu thereof "HOSPITALS AND OUTPATIENT FACILITIES".

SEC. 12. (a) Section 311(c) (2) of the Act is amended by inserting at the end thereof the following: "Each application for a grant under this section shall be submitted by the Secretary to the National Advisory Council on Alcohol Abuse and Alcoholism for its review. The Secretary may approve an application for a grant under this section only if it is recommended for approval by such Council.".

(b) The amendment made by subsection (a) shall apply with respect to applications for grants under section 311 of the Act after June 30, 1976.

And the House agree to the same.

That the House recedes from its amendment to the title of the bill.

HARLEY O. STAGGERS,
PAUL G. ROGERS,
DAVID E. SATTERFIELD,
RICHARDSON PREYER,
JAMES W. SYMINGTON,
TIM LEE CARTER,
JAMES T. BROYHILL,
Managers on the Part of the House.

W. D. HATHAWAY,
HARRISON A. WILLIAMS, Jr.,
JENNINGS RANDOLPH,
EDWARD M. KENNEDY,
WALTER F. MONDALE,
ALAN CRANSTON,
JOHN A. DURKIN,
RICHARD S. SCHWEIKER,
JACOB K. JAVITS,
J. GLENN BEALL, Jr.,
PAUL LAXALT,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3184) to amend the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, and for other purposes submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for the Senate bill and the House amendment. The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

CONGRESSIONAL FINDINGS

The Senate bill amended the statement of Congressional findings to include an increased emphasis on planning, coordination, and research.

The House amendment contained no comparable provision.

The conference substitute conforms to the Senate bill.

The managers believe that the revised Congressional findings could be effectively addressed through a White House Conference on Alcohol Abuse and Alcoholism and encourage the President to convene such a conference early in 1977. Such a conference would, in the view of the managers, increase knowledge and public awareness of the extent of alcohol-related problems and would significantly contribute to the development of a national consensus as to the definition and solution of these critical problems.

AUTHORIZATIONS OF APPROPRIATIONS FOR FORMULA GRANTS TO STATES

The Senate bill extended the program of State formula grants for three years, and authorized appropriations of $90,000,000 for fiscal year 1977, $100,000,000 for fiscal year 1978, and $110,000,000 for fiscal year 1979 for such program.

The House amendment also extended the State formula grant program for three years, and authorized appropriations of $15,000,000 for the period July 1, 1976 through September 30, 1976, $60,000,000 for fiscal year 1977, $66,000,000 for fiscal year 1978, and $73,000,000 for fiscal year 1979 for such programs.

The conference substitute extends the State formula grant program for three years with authorizations of appropriations for such program as follows: $70,000,000 for fiscal year 1977, $77,000,000 for fiscal year 1978, and $85,000,000 for fiscal year 1979.

ESTABLISHMENT OF METHODOLOGY TO DETERMINE STATE NEED FOR SERVICES

Under existing law, allotments to States under the formula grant program are to be determined on the basis of the relative population, financial need, and the need for more effective prevention, treatment, and rehabilitation of alcohol abuse and alcoholism.

The Senate bill required the National Institute on Alcohol Abuse and Alcoholism to establish, within one hundred and eighty days of the enactment of the bill, a methodology for determining the incidence and prevalence of alcohol abuse to be used in determining State need for more effective services.

The House amendment contained no comparable provision.

The conference substitute conforms to the Senate bill.

REVISIONS IN STATE PLAN REQUIREMENTS

Under existing law, in order to be eligible to receive allotments under the State formula grant program, States are required to submit for approval a State plan for carrying out the program. Existing law sets forth various requirements respecting the content of State plans.

The Senate bill contained the following additions and revisions to the State plan requirements:

It required that at least one representative of the Statewide Health Coordinating Council established pursuant to section 1524 of the Public Health Service Act be included in the State advisory council required to be designated in the State plan.

It added a requirement that each State plan contain an inventory of public and private resources available in the State for the purpose of alcohol abuse and alcoholism treatment, prevention, and rehabilitation.

It added a requirement that each State plan provide assurances that the State agency designated for the administration of the plan will coordinate its planning with other State and local planning agencies.

It added a requirement that each State plan provide assurances that any certification, accreditation, or licensure requirements applicable to alcohol abuse and alcoholism treatment facilities and personnel in the State encourage the development of nonmedical modes of treatment and acknowledge previous experience of treatment personnel.

It added a requirement that each State submit a report every three years, commencing October 1, 1977, containing an assessment of the progress of the State in implementing the State plan.

The House amendment contained the following additions and revisions to the State plan requirements:

It required that the survey of need for the prevention and treatment of alcohol abuse and alcoholism which must be set forth in State plans include an identification of the need for the prevention and treatment of alcohol abuse and alcoholism by women and by individuals under the age of eighteen and that each State plan provide assurances that prevention and treatment programs within the State will be designed to meet such need.

It required that each State plan provide that the State agency designated to supervise the plan review admissions to hospitals and outpatient facilities to determine their compliance with the requirements of section 321 of the Act (relating to nondiscrimination against alcohol abusers and alcoholics in admission or treatment policies) and make periodic reports to the Secretary respecting such review.

The conference substitute adopts the provisions of both the Senate bill and the House amendment except that it clarifies the intent of the House amendment with respect to nondiscrimination to make it clear that State agencies are to review admissions policies to assist the Secretary in determining compliance. The managers are aware that there are many instances in which the State agency responsible for submitting the plan to NIAAA under this section is also responsible for submitting a similar plan to the National Institute on Drug Abuse under the Drug Abuse Office and Treatment Act of 1972. In such instances, the managers feel it would be appropriate for the Alcohol, Drug Abuse, and Mental Health Administration to arrange with such State agencies a common filing date for both plans.

REVISIONS IN PROGRAM FOR GRANTS TO STATES FOR IMPLEMENTATION OF THE UNIFORM ALCOHOLISM AND INTOXICATION TREATMENT ACT

Under existing law, the Secretary is required to make annual grants to States, which have adopted the basic provisions of the Uniform Alcoholism and Intoxication Treatment Act, for implementation of the Act. Existing law requires that no State may receive more than three such grants and provides that the amount of such a grant may not exceed the sum of $100,000 and an amount equal to 10 percent of the State's allotment under the formula grant program. Annual authorizations of $13 million through fiscal year 1977 are provided.

The Senate bill increased the maximum amount of a grant which a State may receive for implementation of the Act to the sum of $100,000 and an amount equal to 20 percent of the State's allotment under the formula grant program, and authorized appropriations of $15 million for fiscal year 1978 and $17 million for fiscal year 1979 for such grants. In addition, the Senate bill authorized an increase, from $200,000 to $300,000, in the minimum allotment States are to receive under the State formula grant program for States which have adopted the basic provisions of the Uniform Act and required, in instances in which the annual appropriations for formula grants reach $70 million, that the amount allotted to States which have adopted the basic provisions of the Uniform Act be increased by the sum of $100,000 and an amount equal to 20 percent of such a State's formula grant allotment.

The House amendment combined the authorization of appropriations for grants to States which have adopted the basic provisions of the Uniform Act with the authorization of appropriations for special project grants and increased the number of grants that States may receive from three to six.

The conference substitute conforms to the House amendment, except that the maximum amount that a State which has adopted the basic provisions of the Uniform Act may receive is increased to the sum of $150,000 and an amount equal to 20 percent of the State's allotment under the formula grant program.

AUTHORIZATIONS OF APPROPRIATIONS FOR GRANTS AND CONTRACTS FOR THE PREVENTION AND TREATMENT OF ALCOHOL ABUSE AND ALCOHOLISM (SPECIAL PROJECT GRANTS AND CONTRACTS)

The Senate bill extended the program of special project grants and contracts for an additional three years, with authorizations of appropriations of $100,000,000 for fiscal year 1977, $105,000,000 for fiscal year 1978, and $110,000,000 for fiscal year 1979.

The House bill also extended the special project grant and contract authority for an additional three years, and authorized appropriations of $17,500,000 for the period July 1, 1976, through September 30, 1976, $70,000,000 for fiscal year 1977, $77,000,000 for fiscal year 1978, and $85,000,000 for fiscal year 1979 for special project grants and contracts, including the program of grants to States which have adopted the basic provisions of the Uniform Act.

Under the conference substitute, the following amounts are authorized to be appropriated for special project grants and contracts, including the program of grants to States which have adopted the basic provisions of the Uniform Act: $85,000,000 for fiscal year 1977, $91,000,000 for fiscal year 1978, and $102,500,000 for fiscal year 1979.

REVISIONS TO THE PURPOSES FOR WHICH SPECIAL PROJECT GRANTS AND CONTRACTS MAY BE AWARDED

The Senate bill revised the provisions of existing law with respect to the purposes for which special project grants may be awarded to include emphasis on projects for the coordination of treatment, training, prevention and research resources; treatment and prevention services for underserved populations; and education and training program to enable personnel to meet certification requirements. In addition, the Senate bill required that, where a substantial number of persons served by a project or program for which a special project grant or contract is made are of limited English-speaking ability, special services of persons fluent in the language spoken by a predominant number of such individuals be utilized.

The House amendment required that the Secretary give special consideration to applications for special project grants or contracts for programs and projects for the prevention and treatment of alcohol abuse and alcoholism by women and individuals under the age of eighteen.

The conference substitute adopts the provisions of both the Senate bill and the House amendment.

EXPANDED AUTHORITY OF THE NATIONAL INSTITUTE ON ALCOHOL ABUSE AND ALCOHOLISM

Under existing law, the Secretary is required, in carrying out the purposes of sections 301 and 303 of the Public Health Service Act, to conduct comprehensive research programs for the prevention and treatment of alcohol abuse and alcoholism. There is no line-item authorization in existing law.

The Senate bill added a new title to the Act specifically authorizing an expanded research program by the National Institute on Alcohol Abuse and Alcoholism, including authority for intramural research, and authorized appropriations of $22,000,000 for fiscal year 1977, $26,000,000 for fiscal year 1978, and $30,000,000 for fiscal year 1979 for the NIAAA research program.

The House amendment contained no comparable provision.

The conference substitute conforms to the provisions of the Senate bill, except that the authorizations of appropriations are reduced to $20,000,000 for fiscal year 1977, $24,000,000 for fiscal year 1978, and $28,000,000 for fiscal year 1979.

The Committee reports on both the Senate bill and the House amendment urged the Secretary to direct that the NIAAA intramural research program be moved to the NIH campus by the beginning of fiscal year 1977. The managers believe that a minimum of 5,000 square feet of contiguous space should be set aside for a distinct alcoholism clinical research unit of at least 8 beds under the aegis of NIAAA. The managers also urge that an additional 15,000 square feet in the proposed Ambulatory Care Facility, at the National Institutes of Health, be reserved for NIAAA laboratory clinical research and support activities.

COORDINATION OF SUBSTANCE ABUSE PROGRAMS

The Senate bill required the Secretary, acting through the Alcohol, Drug Abuse, and Mental Health Administration, to evaluate and make recommendations for improved coordination of education and prevention programs for alcohol with such programs for other substances of abuse.

The House amendment contained no comparable provision.

The conference substitute conforms to the Senate bill.

REVISIONS TO AUTHORITY OF ADVISORY COUNCIL

The Senate bill granted the National Alcoholism Advisory Council authority over policies and priorities with respect to grants and contracts.

The House amendment required the submission of each application for a special project grant to the advisory council for its review, and provided that the Secretary may approve an application for such grant only if it is recommended for approval by the Council.

The conference substitute adopts the provisions of both the Senate bill and the House amendment except that the managers intend that such requirement apply to all initial grant applications, and with respect to renewal applications, to those applications which are for noncompeting grant awards.

INCREASE IN SECTION 208(G) POSITIONS

The Senate bill increased the number of special positions for which the Secretary is authorized to establish and fix compensation pursuant to section 208(g) of the Public Health Service Act from 150 to 155, and designated five of such positions for the NIAAA.

The House amendment contained no comparable provision.

The conference substitute conforms to the House amendment.

SPECIAL PROVISIONS WITH RESPECT TO DRUG ABUSE AND DRUG DEPENDENCE BY WOMEN AND YOUTH

The House amendment amended section 409 of the Drug Abuse Office and Treatment Act of 1972 (relating to formula grants to States for drug abuse programs) to require that State plans which are required to be submitted by States in order that they be eligible to receive such formula grants include an identification of the need for prevention and treatment of drug abuse and drug dependence by women and by individuals under the age of 18 and provide assurance that prevention and treatment programs within each State will be designed to meet such needs. In addition, the House amendment amended section 410 of the Drug Abuse Office and Treatment Act of 1972 (relating to special project grants and contracts for drug abuse programs) to require that in considering applications for such programs, the Secretary give special consideration to programs for prevention and treatment of drug abuse and drug dependence by women and for programs and projects for prevention and treatment of drug and drug dependence by individuals under the age of 18.

The Senate bill contained no comparable provision.

The conference substitute conforms to the House amendment, with a technical amendment clarifying the intent of Congress with respect to section 409(c) of the Drug Abuse Office and Treatment Act of 1972.

HARLEY O. STAGGERS,
PAUL G. ROGERS,
DAVID E. SATTERFIELD,
RICHARDSON PREYER,
JAMES W. SYMINGTON,
TIM LEE CARTER,
JAMES T. BROYHILL,
Managers on the Part of the House.

W. D. HATHAWAY,
HARRISON A. WILLIAMS, Jr.,
JENNINGS RANDOLPH,
EDWARD M. KENNEDY,
WALTER F. MONDALE,
ALAN CRANSTON,
JOHN A. DURKIN,
RICHARD S. SCHWEIKER,
JACOB K. JAVITS,
J. GLENN BEALL, Jr.,
PAUL LAXALT,
Managers on the Part of the Senate.

CALL OF THE HOUSE

Mr. CHARLES H. WILSON of California. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 420]

Anderson, Ill.
Ashbrook
Badillo
Beard, Tenn.
Bolling
Breaux
Burke, Calif.
Burton, John
Burton, Phillip
Byron
Clay
Conlan
Conyers
Dellums
Diggs
Eckhardt
Esch
Eshleman

Fraser
Ginn
Gude
Hanley
Hays, Ohio
Hébert
Helstoski
Hinshaw
Howe
Jenrette
Johnson, Pa.
Jones, Ala.
Karth
Leggett
Litton
Lott
McCormack
McDonald
McKinney
Maguire
Metcalfe
Michel
Milford
Mink
Mollohan
Murphy, N.Y.
Nix
O'Hara
Ottinger
Pepper
Riegle
Rosenthal
Rousselot
Roybal
Russo
Scheuer
Solarz
Spellman
Stanton, James V.
Stark
Steiger, Ariz.
Steiger, Wis.
Stephens
Stuckey
Teague
Udall
Wright
Wydler
Zeferetti

The SPEAKER. On this rollcall 364 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

APPOINTMENT OF CONFEREES ON H.R. 11670, COAST GUARD AUTHORIZATION

Mrs. SULLIVAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill—H.R. 11670—to authorize appropriations for the Coast Guard for the procurement of vessels and aircraft and construction of shore and offshore establishments, to authorize for the Coast Guard a year-end strength for active duty personnel, to authorize for the Coast Guard average military student loads, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and request a conference with the Senate thereon.

The SPEAKER pro tempore (Mr. McFALL). Is there objection to the request of the gentlewoman from Missouri? The Chair hears none, and appoints the following conferees: Mrs. SULLIVAN and Messrs. ASHLEY, BIAGGI, DOWNING of Virginia, ROGERS, RUPPE, and DU PONT.

AMENDING THE FEDERAL BOAT SAFETY ACT OF 1971

Mrs. SULLIVAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill—H.R. 5630—to amend the Federal Boat Safety Act of 1971 in order to increase and extend the authorization for appropriations for financial assistance for State boating safety programs, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert: That the Federal Boat Safety Act of 1971 (46 U.S.C. 1451 et seq.) is amended as follows—

(1) Section 27 is amended by adding a new subsection (e) as follows:

"(e) The Secretary may expend funds appropriated for the program of financial assistance to the States under this Act for audit expenses incurred by him in the administration of that program. Expenditures made in any fiscal year under this subsection shall not exceed 1¼ per centum of the total funds appropriated for such fiscal year.".

(2) Section 28(a) is amended by striking the period at the end of the first sentence and inserting in lieu thereof the following: ", the fiscal transition period of July 1, 1976, to September 30, 1976, and each of the two succeeding fiscal years.".

(3) Section 30 is amended by striking out "for the fiscal year ending June 30, 1972, and $7,500,000 for each of the four succeeding fiscal years," and inserting in lieu thereof the following: "for each of the fiscal years beginning with fiscal year 1972 through fiscal year 1976; $2,500,000 for the fiscal transition period of July 1, 1976, through September 30, 1976; and $10,000,000 for each of the fiscal years 1977 and 1978,".

The SPEAKER pro tempore (Mr. McFALL). Is there objection to the request of the gentlewoman from Missouri?

There was no objection.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. McFALL). The Chair desires to make an announcement.

Pursuant to the provisions of clause 3(b) of rule XXVII, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to, under clause 4 of rule XV.

After all motions to suspend the rules have been entertained and debated and after those motions to be determined by "nonrecord" votes have been disposed of, the Chair will then put the question on each motion on which the further proceedings were postponed.

HONORING JAMES SMITHSON

Mrs. SCHROEDER. Mr. Speaker, I move to suspend the rules and pass the Senate joint resolution (S.J. Res. 196) providing for the expression to Her Majesty, Queen Elizabeth II, of the appreciation of the people of the United States for the bequest of James Smithson to the United States, enabling the establishment of the Smithsonian Institution, as amended.

The Clerk read as follows:

S.J. RES. 196

Whereas James Smithson, British subject, scholar and scientist, bequeathed his entire estate to the United States of America "to found at Washington under the name of the Smithsonian Institution an establishment for the increase and diffusion of Knowledge among men;"; and

Whereas the Congress of the United States in 1836 accepted the bequest and pledged the faith of this Nation to the execution of this trust, and in 1846 provided for the establishment of the Smithsonian Institution; and

Whereas the Smithsonian Institution, since the time of its founding, has been mindful of the charge stated in the will of James Smithson and has, through research and publication, through the collecting of natural history specimens and objects of art, culture, history, and technology, and through the creation of museums for the display and interpretation of these collections, been privileged to share its resources, not only with the people of the United States, but with the world community, for purposes of education, enlightenment, and betterment; and

Whereas the generous and inspiring bequest of James Smithson continues to enrich the lives of citizens of every nation: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That on the occasion of the visit of Her Majesty, Queen Elizabeth II, during this year of the Bicentennial of the United States, the people of this Nation make known their appreciation and gratitude for the gift of James Smithson, a gift whose significance grows with the passage of time and remains a lasting symbol of the indivisible cultural bonds which link Great Britain and the United States of America.

SEC. 2. The Secretary of the Senate shall make available to the Secretary of the Smithsonian Institution a copy of this resolution for presentation to Her Majesty, Queen Elizabeth II.

The SPEAKER pro tempore (Mr. McFALL). Is a second demanded?

Mr. DERWINSKI. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentlewoman from Colorado (Mrs. SCHROEDER) and the gentleman from Illinois (Mr. DERWINSKI) will each be recognized for 20 minutes.

The Chairman now recognizes the gentlewoman from Colorado (Mrs. SCHROEDER).

Mrs. SCHROEDER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, Senate Joint Resolution 196 would extend the appreciation and gratitude of the people of the United States to Her Majesty, Queen Elizabeth II, upon her visit to the United States during this Bicentennial Year for the bequest of James Smithson to the United States which enabled the establishment of the Smithsonian Institution.

As the Members of this body know, it is the policy of the Committee on Post Office and Civil Service that legislation providing for designation of commemorative days or other periods shall be considered only three times each year—during the months of February, June, and October.

Only one proposal, House Joint Resolution 949, the House companion measure to Senate Joint Resolution 196, has met the committee criteria this month of demonstrating national appeal and significance by receiving the endorsement of a majority of the Members of the House. The total count indicates that 232 Members of the House have endorsed House Joint Resolution 949, and therefore, the committee's requirements have been fulfilled.

Mr. DERWINSKI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, with the Bicentennial visit of Queen Elizabeth II a little more than 2 weeks away, final action on this joint resolution is a most appropriate way for Congress and the American people to say "thank you" for the philanthropy of a British subject.

When James Smithson bequeathed his estate to the United States, he made it possible for the establishment of an institution dedicated to the diffusion of knowledge among men. Since its establishment in 1846, the Smithsonian Institution has had an unbroken commitment to that goal.

It has provided millions of Americans and citizens of the world with a panoramic view of history, culture, art, and technology. As this year's Bicentennial visitors already have discovered, the Smithsonian is where the action is. Every Smithsonian museum is featuring major Bicentennial exhibits or has opened new halls.

As we prepare to head into our third century, the lives of all our citizens and the citizens of the world will be assured of a continuing cultural enrichment program because of the generosity of James Smithson.

When Queen Elizabeth visits the Smithsonian on July 8, she will be presented with an appropriately inscribed copy of this resolution. It will be a meaningful demonstration of our gratitude and appreciation for a gift of inestimable value.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Colorado (Mrs. Schroeder) that the House suspend the rules and pass the Senate joint resolution (S.J. Res. 196), as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate joint resolution, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mrs. SCHROEDER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks in the Record on Senate Joint Resolution 196, just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Colorado?

There was no objection.

REVISION OF THE EXCISE TAX STRUCTURE ON LARGE CIGARS

Mr. ULLMAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 8125) to amend section 5701(a)(2) of the Internal Revenue Code of 1954 so as to change the bracket tax on cigars to an ad valorem tax, as amended.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) so much of section 5701(a) of the Internal Revenue Code of 1954 (relating to the manner of taxation and the rates of tax on cigars) as follows paragraph (1) is amended to read as follows:

"(2) Large cigars.—On cigars weighing more than 3 pounds per thousand, a tax equal to 8½ percent of the wholesale price, but not more than $20 per thousand.
Cigars not exempt from tax under this chapter which are removed but not intended for sale shall be taxed at the same rate as similar cigars removed for sale."

(b) Section 5702 of such Code is amended by adding at the end thereof the following new paragraph:

"(m) Wholesale Price.—'Wholesale price' means the manufacturer's, or importer's, suggested delivered price at which the cigars are to be sold to retailers, inclusive of the tax imposed by this chapter or section 7652, but exclusive of any State or local taxes imposed on cigars as a commodity, and before any trade, cash, or other discounts, or any promotion, advertising, display, or similar allowances. Where the manufacturer's or importer's suggested delivered price to retailers is not adequately supported by bona fide arm's length sales, or where the manufacturer or importer has no suggested delivered price to retailers, the wholesale price shall be the price for which cigars of comparable retail price are sold to retailers in the ordinary course of trade as determined by the Secretary or his delegate."

Sec. 2. (a) Section 5741 of the Internal Revenue Code of 1954 is amended to read as follows:

"Sec. 5741. Records To Be Maintained.

"Every manufacturer of tobacco products or cigarette papers and tubes, every importer, and every export warehouse proprietor shall keep such records in such manner as the Secretary or his delegate shall by regulation prescribe. The records required under this section shall be available for inspection by any internal revenue officer during business hours."

(b)(1) The heading of subchapter D of chapter 52 of such Code is amended to read as follows:

"Subchapter D—Records of Manufacturers and Importers of Tobacco Products and Cigarette Papers and Tubes, and Export Warehouse Proprietors"

(2) The table of subchapters for such chapter 52 is amended by striking out the item relating to subchapter D and inserting in lieu thereof the following:

"Subchapter D. Records of manufacturers and importers of tobacco products and cigarette papers and tubes, and export warehouse proprietors."

Sec. 3. The amendments made by this Act shall take effect on the first day of the first month which begins more than 90 days after the date of enactment of this Act.

The SPEAKER pro tempore. Is a second demanded?

Mr. SCHNEEBELI. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Oregon (Mr. Ullman) will be recognized for 20 minutes, and the gentleman from Pennsylvania (Mr. Schneebeli) will be recognized for 20 minutes.

The Chair now recognizes the gentleman from Oregon (Mr. Ullman).

Mr. ULLMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the principal purpose of H.R. 8125 is to reform the structure of the cigar tax by changing it from a bracket tax to an ad valorem tax.

At present, the manufacturer's excise tax is imposed on the basis of a bracket system. That is, a specific dollar amount of tax is imposed on cigars intended to sell at a range of prices which fall within a given bracket. The tax effect of this bracket system is regressive since cigars selling at the top price in each bracket range are taxed less heavily than cigars selling at the bottom price in the same bracket range. In other words, the lower the price of the cigar in a given bracket, the higher the tax. This bracket system gives widely varying rates of tax ranging among popularly priced cigars all the way from 6⅔ to 12 percent of retail prices. Also, a slight increase in price could result in a very large increase in tax, when the price change moves a cigar into a higher tax bracket.

This bill eliminates the bracket system and substitutes a tax based on a uniform percentage of the wholesale price, but retains the present ceiling limiting the tax to no more than $20 per thousand. This means that all popularly priced cigars will be taxed at the same percentage rate of tax. To prevent increases in tax for most cigars requires a rate of no more than 8½ percent, based upon the intended wholesale price of cigars. This is the rate which this bill provides.

In addition, the bill makes it substantially easier to administer the tax. This is because present law bases the tax on the retail price, which is often difficult to determine as a result of the variations in markups among retailers. The bill bases the tax on wholesale price, which varies much less than retail price and is more easily determinable because of the much smaller number of wholesalers than retailers.

In summary, I would like to say that this bill is truly a tax reform measure. First, it eliminates the regressive nature of the present cigar tax by eliminating the bracket system of rates. Second, it does so with relatively little revenue loss—only about $7.5 million a year. Finally, the bill makes it easier to administer the tax.

Mr. Speaker, I urge the House to approve H.R. 8125.

Mr. SCHNEEBELI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 8125, which would amend the Internal Revenue Code of 1954 to change the present bracket tax on large cigars to an ad valorem tax. At present, the excise tax on large cigars is imposed under a bracket system with the tax rate being dependent upon the cigar's retail price. This system is an arbitrary one in the sense that it produces widely varying effective tax rates depending upon retail price.

On cigars intended to retail for 20 cents or less apiece, the tax rate is dependent upon a combination of the rate of tax for the given bracket and the point within the bracket where the retail price for the particular cigar falls. For example, in the bracket applicable to cigars retailing for over 8 cents and less that 15 cents, the rate of $10 tax per 1,000 cigars results in a tax which varies from a maximum of 12 percent of the intended retail price, on cigars priced at three for 25 cents, to 6.7 percent on cigars selling for 15 cents apiece.

While it is impossible to determine exactly how the burden of the present cigar tax is distributed between consumers and manufacturers, the present tax system is certainly a discriminatory one.

Under this bill, the tax be changed to an ad valorem tax of 8½ percent of the intended wholesale price of the cigar, but not more than $20 per thousand cigars. The committee believes that this change will make administration of the tax easier and avoid a number of the present problems associated with using as the tax base the intended retail price of the cigar in that cigar's principal market. Wholesalers traditionally sell the same cigar at the same price to different retailers, while retail cigar prices do not have that consistency.

I believe the bill to be worthwhile and urge its enactment.

Mr. ULLMAN. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. SCHNEEBELI. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Oregon (Mr. ULLMAN) that the House suspend the rules and pass the bill H.R. 8125, as amended.

The question was taken.

Mr. MIKVA. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to the provisions of clause 3(b) of rule XXVII and the prior announcement of the Chair, further proceedings on this motion will be postponed.

Does the gentleman from Illinois withdraw his point of order that there is no quorum?

Mr. MIKVA. Mr. Speaker, I withdraw the point of order.

EXTENSION OF TIME TO AMEND CHARITABLE REMAINDER TRUST GOVERNING INSTRUMENT

Mr. ULLMAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 9889) to amend section 2055(e) (3) of the Internal Revenue Code.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 2055(e) (3) of the Internal Revenue Code of 1954 (relating to the allowance of deductions in certain cases) is amended by striking out "December 31, 1975" wherever it is found therein and by substituting therefor "December 31, 1977".

(b) The amendment made by this Act shall apply in the case of decedents dying after December 31, 1969.

The SPEAKER pro tempore. Is a second demanded?

Mr. CONABLE. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Oregon (Mr. ULLMAN) will be recognized for 20 minutes, and the gentleman from New York (Mr. CONABLE) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Oregon (Mr. ULLMAN).

Mr. ULLMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the bill now before the House, H.R. 9889, extends for 2 years the time by which the governing instrument of a charitable remainder trust may be amended so as to permit the remainder interest to qualify for an estate tax charitable contribution deduction.

The Tax Reform Act of 1969, in order to protect charities, set up rules for charitable remainder trusts. In order to qualify for an estate tax charitable contribution deduction, the trust has to meet standards for unit trusts, annuity trusts, or pooled income funds.

It seems that a significant number of trust instruments that have already been drawn and put into effect still do not meet these rules. The failure to meet these rules first comes to light after the person dies and the executor of the estate realizes that no deduction is available. In some cases the executor, the charity, and the heirs are willing to amend the trust document or will to qualify the charitable remainder interest.

Normally, the tax laws do not permit this sort of estate planning after the person has died. However, because of the substantial changes that would have to be made in many wills and because this sort of postdeath amendment provides greater assurance that charity will benefit, the Congress initially delayed the effective date of these new rules for 3 years, and the Internal Revenue Service allowed wills to be changed retroactively for short periods of time.

In 1974, Congress allowed the deduction if the governing instrument were amended to conform to the new rules by December 31, 1975. This bill extends that date for another 2 years, until December 31, 1977.

The committee report makes it clear that this is the last time that this correction period should be extended. The committee is directing the Internal Revenue Service to make every effort to publicize the requirements of the 1969 act. This publicity should be directed to taxpayers' attorneys, trust companies, State bar associations, and anyone else responsible for preparing such wills and trust documents. The committee report also asks commercial tax services to similarly publicize these requirements.

By the end of this period, which is 8 years after the enactment of the 1969 act, the people responsible for drafting and reviewing wills and trust documents should have conformed all these instruments to the laws we enacted in 1969. Then we can go back to the regular rule of not allowing this type of estate tax planning after the person has already died.

Mr. Speaker, in urging the House to approve this bill, the Ways and Means Committee is not cutting back on the reforms made in this area to protect charity. The bill, in effect, merely extends a type of transition rule. The Committee on Ways and Means was unanimous in ordering the bill reported favorably. I urge the House to pass H.R. 9889.

Mr. CONABLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 9889, which would extend to December 31, 1977, the time by which governing instruments of charitable remainder trusts could be amended in order to permit the remainder interests to qualify for purposes of the estate tax charitable contribution deduction.

The Tax Reform Act of 1969 contained several new requirements regarding charitable remainder trusts and qualification for the estate tax deduction for charitable contributions on the transfer of a remainder interest. Generally, the 1969 act required that in order for a remainder interest to qualify for the estate tax charitable deduction, the remainder interest had to pass in the form of a charitable remainder annuity trust, unitrust or pooled income fund.

The effective dates regarding these requirements and the instruments to which they apply have been extended several times since passage of the 1969 act, in order to give taxpayers and their advisers adequate time to meet the requirements of the act. In 1974, Congress extended the date for changes with regard to amendment of governing instruments of trusts created after July 31, 1969, and before September 21, 1974, or pursuant to wills executed before September 21, 1974, to December 31, 1975.

The committee believes that in spite of the extension provided by the 1974 legislation, there are still a number of wills becoming effective which include disposition of charitable remainders in a way which would not meet the new requirements of the Internal Revenue Code. Therefore, the committee believes it appropriate to extend for 2 more years the time by which amendments may be made in governing instruments of charitable remainder trusts to comply with the requirements of the 1969 act for qualification for the estate tax charitable contribution deduction. It is also the committee's belief that this should be the final extension of time and that the Internal Revenue Service should make the maximum effort to publicize the requirements of the 1969 act in this regard, so that taxpayers, their attorneys and trust representatives may act accordingly.

I urge the passage of the bill.

Mr. CONABLE. Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore (Mr. McFALL). The question is on the motion offered by the gentleman from Oregon (Mr. ULLMAN) that the House suspend the rules and pass the bill H.R. 9889.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

TAX TREATMENT OF CERTAIN DISTRIBUTIONS OF LIFE INSURANCE COMPANIES

Mr. ULLMAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 10051) to amend section 815 of the Internal Revenue Code to allow a life insurance company to disregard—for purposes of that section—a distribution during the last month of its taxable year, determined to have been made out of the policyholders surplus account, if such distribution is returned to the company not later than the due date for filing its income tax return—including extensions thereof—for that year, as amended.

The clerk read as follows:

H.R. 10051

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 815(d) of the Internal Revenue Code of 1954 (relating to special rules for distributions to shareholders) is amended by adding at the end thereof the following new paragraph:

"(6) RESTORATION OF AMOUNTS DISTRIBUTED OUT OF POLICYHOLDERS SURPLUS ACCOUNT.—Notwithstanding any other provision of this subchapter, no amount shall be subtracted from a taxpayer's policyholders surplus account with respect to a distribution made during the last month of the taxable year which, without regard to this paragraph, would be treated in whole or in part as a distribution out of the policyholders surplus account, to the extent that amounts so distributed are returned to the taxpayer no later than the time prescribed by law (including extensions thereof) for filing the taxpayer's return for the taxable year in which the distribution was made. For purposes of this paragraph, amounts returned to a taxpayer with respect to a distribution shall be first applied to the return of amounts which, without regard to this paragraph, would have been treated as distributed out of the policyholders surplus account. This paragraph shall not apply if, at the time such distribution was made, the taxpayer intended to avail itself of the provisions of this paragraph by having its shareholders return all or a part of such distribution. Nothing in this paragraph shall affect the tax treatment of the receipt of the distribution by any shareholder, and the basis to a shareholder of his stock in the taxpayer shall not be increased by reason of amounts returned under this paragraph to the extent that a dividends received deduction or exclusion was allowable in respect of the distribution of such amount under any provision of this title.".

(b) The amendment made by this section shall apply with respect to taxable years ending after December 31, 1957.

CALL OF THE HOUSE

Mr. HANSEN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

Mr. ROSTENKOWSKI. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 421]

Anderson, Ill.
Badillo
Beard, Tenn.
Brown, Calif.
Burke, Calif.
Byron
Cederberg
Chisholm
Conlan
Conyers
Devine
Diggs
Edwards, Calif.
Esch
Eshleman
Evins, Tenn.
Fraser
Ginn
Harsha
Hays, Ohio
Hébert
Helstoski
Hinshaw
Howe
Jarman
Jenrette
Jones, Ala.
Karth
Leggett
Litton
McDonald
Melcher
Metcalfe
Michel
Milford
Mosher
Nix
O'Hara
Pepper
Riegle
Rosenthal
Roybal
Russo
Scheuer
Solarz
Spellman
Stanton, James V.
Steelman
Steiger, Ariz.
Stuckey
Udall
Wydler
Young, Alaska
Young, Ga.
Zeferetti

The SPEAKER pro tempore. On this rollcall 376 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

TAX TREATMENT OF CERTAIN DISTRIBUTIONS OF LIFE INSURANCE COMPANIES

The SPEAKER pro tempore. At the time of the point of order of no quorum, the gentleman from Oregon (Mr. ULLMAN) had moved to suspend the rules and pass the bill (H.R. 10051), as amended.

Is a second demanded?

Mr. ARCHER. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Oregon (Mr. ULLMAN) will be recognized for 20 minutes, and the gentleman from Texas (Mr. ARCHER) will be recognized for 20 minutes.

The Chair now recognizes the gentleman from Oregon (Mr. ULLMAN).

Mr. ULLMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the bill we are now considering, H.R. 10051, prevents imposition of a special tax on life insurance companies—the so-called "phase-III tax"—when a company distributes money to the stockholders but it turns out that this money was inadvertently distributed from the policyholders surplus account. The relief under the bill applies only when the amount distributed is promptly returned to the company and put back into the policyholders surplus account.

The present system for imposing income taxes on life insurance companies dates from the Life Insurance Company Tax Act of 1959, which set up a 3-phase tax for that industry. The phase-III tax is imposed on amounts that are distributed by the company out of certain categories of income that had not previously been taxed. The law equates this situation as nearly as possible with the tax treatment of regular corporations, which generally distribute money to shareholders only out of after-tax earnings. Under the law, the calculations are required to be made as though the company had earned enough to pay both the distribution to its shareholders and the tax on this theoretical earning. As a result, with a 48-percent corporate tax rate, the tax is just about as much as the amount of the distribution to the shareholders.

Rarely will any company deliberately make a distribution that will incur a phase-III tax. When such a distribution is made inadvertently and is returned promptly to the company, it seems to your committee that the situation has been sufficiently restored so that the life insurance company should not be required to pay this extraordinarily heavy tax.

The bill does not give relief to the shareholders who return the distribution. In other words, those shareholders are treated as having received taxable dividends.

Mr. Speaker, this bill provides relief in situations where it appears to be needed, the bill provides safeguards so that this relief will not be abused, the committee was unanimous in ordering the bill favorably reported, and I urge the House to pass H.R. 10051.

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 10051, which would prevent imposition of the so-called phase III tax in the case of a life insurance company which inadvertently made distributions from its policyholders surplus account to shareholders, and the distributed amounts were promptly returned to the company.

At present, taxable income of a stock life insurance company consists of three parts, generally referred to as phase I, phase II, and phase III. The IRS has interpreted the present law as requiring the phase III tax to be paid by a life insurance company even, first, on an unintentional distribution from the policyholders surplus account; second, where the shareholders promptly returned the distribution upon learning that it was inadvertently made from that account and, third, where the company had a policy of not making distributions from policyholders surplus and had so stated repeatedly in its public financial statements.

In the opinion of the committee, this is an undesirable result. At present, it is possible for a potentially very heavy phase III tax to be triggered irrevocably following a distribution which resulted solely from error in making fairly complex computations with regard to the amounts properly in various company accounts.

Therefore, H.R. 10051 provides that there shall be no subtraction from a company's policyholder surplus account in connection with a distribution made during the final month of the company's taxable year, in cases where the distribution would otherwise be treated as having come from that account, to the extent that the distributed amounts are returned to the company no later than the prescribed time for filing the company's tax return for the taxable year in which the distribution took place.

This bill would provide relief for the Business Men's Assurance Co. of America in connection with a distribution made in December 1969, in the amount of almost $5½ million. When the error in computation was discovered, the company's principal shareholder promptly returned the distribution to the company.

I believe that this bill is a meritorious one and should be enacted.

Mr. VANIK. Mr. Speaker, among the suspensions that the House is considering today are several bills reported by the Ways and Means Committee that deserve the close attention of my colleagues. They are examples of special interest, revenue losing legislation that we all profess to oppose.

Perhaps the most objectionable of the bills is H.R. 10051, Tax Treatment of Certain Distributions of Life Insurance Companies. While it is conceivable that similar circumstances may occur in the future, the bill as currently written effects one and only one company, the Business Men's Assurance Co. of America—BMA.

Through absolutely no fault of the Federal Government or the Internal Revenue Service, BMA mistakenly made a funds "distribution" to shareholders that they later discovered was taxable. Forgiveness of this mistake will cost the Federal Treasury approximately $6 million.

Mr. Speaker, while I sympathize with the mistake of the Business Men's Assurance Co., I am not willing to pass legislation that is intended solely to make up for their bad judgment or incompetence. American business is fond of citing their allegiance to the "free enterprise system," but that system includes accepting everyday business risks as well the profits. If a company makes a business mistake of any size, they must suffer the consequences. The U.S. Congress cannot be in the business of bailing out companies with inadequate management.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Oregon (Mr. ULLMAN) that the House suspend the rules and pass the bill, H.R. 10051, as amended.

The question was taken.

Mr. MOTTL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to the provisions of clause 3, rule XXVII, and the Chair's prior announcement, further proceedings on this motion will be postponed.

SUSPENSION OF DUTY ON CERTAIN BICYCLE PARTS AND ACCESSORIES

Mr. ULLMAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 12254) to suspend the duties on certain bicycle parts and accessories until the close of December 31, 1979, as amended.

The Clerk read as follows:

H.R. 12254

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) item 912.05 of the Appendix to the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by inserting the words "and parts thereof" immediately after "Generator lighting sets for bicycles".

(b) Item 912.10 of the Appendix to the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by inserting the words "coaster brakes, alloy butted frame tubing, frame lugs, alloy cotterless crank sets, alloy rims and parts of all the foregoing" immediately after "multiple freewheel sprockets".

(c) Items 912.05 and 912.10 are each amended by striking out "12/31/76" and inserting in lieu thereof "6/30/78".

(d) The amendments made by this Act shall apply with respect to all articles entered, or withdrawn from warehouse, for consumption after the date of enactment of this Act.

The SPEAKER pro tempore. Is a second demanded?

Mr. CONABLE. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Oregon (Mr. ULLMAN) and the gentleman from New York (Mr. CONABLE) each will be recognized for 20 minutes.

The Chair recognizes the gentleman from Oregon (Mr. ULLMAN).

Mr. ULLMAN. Mr. Speaker, I yield such time as he may consume to the ranking majority member of the Subcommittee on Trade, the gentleman from Florida (Mr. GIBBONS).

Mr. GIBBONS. Mr. Speaker, the purpose of H.R. 12254 is to improve the ability of domestic producers to compete with foreign bicycle manufacturers by extending and enlarging the existing duty suspension on bicycle parts, thereby reducing the landed cost of certain imported bicycle parts and accessories which are not available from domestic sources. The great bulk of imported bicycles are subject to rates of duty substantially lower—11 and 5.5 percent ad valorem—than the parts covered by the duty suspension. Imports of complete bicycles have steadily increased their share of the domestic market from 18 to over 28 percent between 1965 and 1974.

Sections (a) and (b) of the bill would amend the provisions of the tariff schedules providing for the existing duty suspension on bicycle parts and extend the suspension to generator lighting sets for bicycles and to coaster brakes, alloy butted frame tubing, frame lugs, alloy cotterless crank sets, alloy rims, and parts of all items covered by amended item 912.10.

Section (c) as reported by the committee extends the existing duty suspension which would terminate on December 31, 1976, to June 30, 1978.

Section (d) applies the above amendments to all articles entered, or withdrawn from warehouse, for consumption after the date of enactment.

Only column 1 rates of duty—applicable to imports from countries accorded nondiscriminatory, MFN, tariff treatment—are suspended; the column 2 rates are not changed. The column 1 rate of duty on generator lighting sets under TSUS item 653.39 is 19 percent ad valorem; imports from eligible developing countries are subject to duty-free treatment under the generalized system of preferences. The column 1 rate of duty on other bicycle parts under TSUS item 732.36 is 15 percent ad valorem; the duty-free rates under the generalized scheme of preferences does not apply to this item.

Imports of bicycle parts covered by the duty suspension have increased dramatically from $15 million in 1971, to $49 million in 1972, $76.6 million in 1973, and $85.1 million in 1974. There has been some shifting of trade among the statistical categories of imports. Imports of generator lighting sets decreased from about $5.3 million in 1973 to less than $3 million in 1974; imports of three-speed hubs also declined from about $12.4 million in 1973 to $9.1 million in 1974.

On the other hand, total imports of other parts, which are not reported separately, greatly increased from $59 million in 1973 to $73 million in 1974. Imports of parts in the first 9 months of 1975 fell sharply, however. This is consistent with almost a 50-percent decline in domestic production of bicycles due primarily to the economic recession and the consumer product safety code regulations, which went into effect in May. Domestic bicycle production is expected to increase somewhat in 1976.

Most parts subject to the duty suspension are not produced in the United States. There is one sole domestic producer of derailleurs. Of the parts that would be added to the bill, there is no domestic production except probably of bulbs for generator lighting sets and possible minimal production of alloy rims and parts.

The bicycle manufacturers strongly support continuation of the duty suspension and expansion of the product coverage on the grounds that it removes the competitive price advantage for foreign bicycle producers inherent in the normal rates of duty on assembled bicycle and component parts.

Public hearings were held by the Subcommittee on Trade of the Committee on Ways and Means on February 19 and 20, 1976, on duty-free entry and temporary duty suspension bills. During these hearings favorable testimony was received on H.R. 12254. No objection to enactment of H.R. 12254 was received from any source by the Subcommittee on Trade prior to March 8 when the bill was favorably reported to the Committee on Ways and Means. Subsequently, the Subcommittee on Trade received objection to H.R. 12254 from the American Bicycle Importers Association of America, Inc. That association objected to the enactment of H.R. 12254 on the grounds that the suspension of duties on bicycle parts normally dutiable at 15 percent ad valorem would place American importers of bicycles at a competitive disadvantage since such importers must pay duty ranging from 5½ to 11 percent ad valorem on imports of complete bicycles.

The committee unanimously reported this bill and recommends its passage by the House.

Mr. CONABLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I support H.R. 12254, to suspend the duties on certain bicycle parts and accessories until June 30, 1977.

Although a temporary suspension on bicycle parts has been passed over the last several years, H.R. 12254 makes certain additions to the definition of bicycle parts. Other items to be included under the suspension would be coaster brakes, alloy-butted frame tubing, frame logs, alloyed cotterless wrench sets, and alloyed rims. None of these items are presently produced in the United States.

Current U.S. tariff schedules reflect a 5-percent duty on finished bicycles and a 15-percent duty on parts. As a consequence, imported bicycles have increased their share of the market in this country by 10 percent. Until this discrepancy can be rectified, the suspension is necessary to improve the competitive position of domestic bicycle manufacturers who strongly support this bill.

Only a small percentage of bicycle parts are made domestically; however, there is a possibility that the manufacture of such parts in this country will expand. The temporary nature of H.R. 12254 will allow its effect on producers of bicycle parts to be reviewed periodically. It is estimated that enactment of this bill would incur a customs revenue loss of no more than $300,000 annually.

Mr. Speaker, the committee heard no objection to H.R. 12254 from any source and reported the bill unanimously. I recommend passage by the House at this time.

Mr. MIKVA. Mr. Speaker, will the gentleman yield?

Mr. CONABLE. I yield to the gentleman from Illinois.

Mr. MIKVA. Mr. Speaker, let me say, I have been troubled by the procedure on this bill, not because of anything the manager or the sponsor or the Members of the committee have done, but because I think there has been at least some confusion about how much of an opportunity some of the people who have an interest in this bill have had in order to testify.

The procedure was a little unusual in that hearings were held on February 19 before the bill was even introduced. It was referred to the Subcommittee on Trade on March 4. On March 8 there was a markup. On March 10 all bicycle importers filed their objections. There are still others that I heard from, and I think the gentleman from Virginia (Mr. FISHER) also heard of some objectors subsequently to these hearings.

Mr. Speaker, I do not know enough about the bicycle industry to know whether this is a good bill or not. I normally vote in favor of reducing tariffs. I do not like the idea of maintaining high tariffs, whether or not there are domestic manufacturers able to provide these parts; but in light of all the confusion, I earnestly hope our counterparts in the other body will provide ample opportunity for anyone that wants to be heard on this bill, so if there is any reason not to continue this suspension, they can be heard and there will not be the kind of uncomfortable feeling I had expressed to me, that this was somewhat ramrodded through the House and we did not give people a chance to be heard.

Mr. CONABLE. Mr. Speaker, I thank the gentleman from Illinois for his comments.

The basic facts are, however, we do have a bicycle industry in this country which does not manufacture a lot of parts abroad under a very high tariff, which then has to become a component part of American bicycles. It does reduce the competitiveness of the American bicycle unit with those foreign bicycles that can be imported at a lower tariff duty as a total unit.

Mr. GONZALEZ. Mr. Speaker, will the gentleman yield?

Mr. CONABLE. I yield to the gentleman from Texas.

Mr. GONZALEZ. Mr. Speaker, I thank the distinguished gentleman for yielding to me. I just have a question.

Since we have had the suspensions of the duty on these parts, do the statistics indeed show that our domestic bicycle producers have competed successfully? Has the record of their sales, as compared to the imported bicycles, increased?

Mr. CONABLE. No. I suspect that there has been an increase in recent years of the sale of foreign made and assembled bicycles in our market. The reason is that entire bicycles can be imported at a 5-percent duty under our tariff schedules, while bicycle parts have to pay a 15-percent duty. Thus, the foreign bicycle is put together with parts that our domestic manufacturers have to import subject to the 15 percent duty. This places our manufacturers at a competitive disadvantage. If the parts were being made in this country, it would be quite a different thing.

Mr. GONZALEZ. I do not question the wisdom of this request. It is just that it seems to me that, statistically, we might be able to show that some of these importing countries importing these parts have also artificially raised their base price in their home market on these parts in order to overcome the reduction of the tariff and still make our domestic producers, our manufacturers, pay a little bit more than they should.

Mr. CONABLE. That is always a possibility. I must say that we are vulnerable if we are not able to make the parts in this country.

Mr. GONZALEZ. I thank the gentleman.

Mr. ROSTENKOWSKI. Mr. Speaker, I rise today in strong support of the suspension of duty on bicycle parts such as brakes, hubs, and sprockets and derailleurs which are not manufactured domestically in sufficient quanity or quality to satisfy the needs of our domestic bicycle industry. The basic purpose of this duty suspension is to improve the ability of domestic producers to compete with foreign bicycle manufacturers by reducing the landed cost of certain bicycle parts not available from domestic sources.

Many of our domestic bicycle manufacturers are forced, because of the absence of American-made component parts, to rely on foreign sources of supply for essential parts. One such company is the Schwinn Bicycle Co. of Chicago which is located entirely within the confines of my congressional district. Unless the continued suspension of the duties is effected, our manufacturers will be assessed a duty of 15 percent on imported parts while their foreign competitors will be able to bring assembled bicycles made from the very same parts into this country at a duty rate of only 5.5 percent. This tariff differential represents a competitive advantage that is enjoyed by foreign manufacturers.

According to the Bicycle Manufacturers Association of America in their testimony before the Subcommittee on Trade of the House Ways and Means Committee, in the last 10 years imports have increased their share of the market in this country from 18 percent in 1965 to more than 28 percent in 1974. The domestic production of bicycles has suffered its sharpest decline in shipments in nearly 100 years during 1975. Prospects for the future look only slightly more promising.

The bicycle manufacturers strongly support continuation of the duty suspension and expansion of the product coverage on the grounds that it removes the competitive price advantage for foreign bicycle producers inherent in the normal rates of duty on assembled bicycle and component parts.

A representative from the Department of Commerce told the Subcommittee on Trade during public hearings that the Department saw no objection to an 18-month extension. The Department of Labor's report was also supportive of this legislation.

I introduced this bill on the 2d of March of this year and I would like to commend both the capable chairman of the Trade Subcommittee and the chairman of the Ways and Means Committee for the expeditious manner in which they scheduled hearings and approved this legislation. I urge my colleagues to support the bill.

Mr. CONABLE. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. ULLMAN. Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Oregon (Mr. ULLMAN) that the House suspend the rules and pass the bill H.R. 12254, as amended.

The question was taken.

Mr. ASHBROOK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to the provisions of clause 3, rule XXVII, and the Chair's prior announcement, further proceedings on this vote will be postponed.

GENERAL LEAVE

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on this bill and the three previous bills just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon?

There was no objection.

SMALL POST OFFICE CLOSINGS

Mr. HANLEY. Mr. Speaker, I move to suspend the rules and agree to the resolution (H. Res. 1216) expressing the sense of the House regarding the closing of post offices.

The Clerk read as follows:

H. RES. 1216

Whereas mail service in the United States has been the mode of communication most accessible to the greatest number of citizens; and

Whereas the mail has played, and is playing, a role of incalculable importance in the economic, cultural, and social life of this country; and

Whereas the post office is an important factor in the community life of small towns throughout America, serving as a communication center, stimulator of local business, and, in many cases, the principal source of community identification, as well as a center for the distribution and collection of the mail; and

Whereas new policies and guidelines regarding the closing of small post offices were promulgated by the United States Postal Service without the benefit of comment by the public, affected employee organizations, or Members of Congress; and

Whereas section 101(b), title 39, United States Code, states that: "No small post office shall be closed solely for operating at a deficit, it being the specific intent of Congress that effective postal services be insured to residents of both urban and rural communities;" and

Whereas service cuts in other areas of

postal activity have been recently implemented, as in the case of the reductions of deliveries in business districts, or are being actively considered, as in the case of reduction of delivery days from six to five; and

Whereas both actual and proposed reductions in postal services, combined with increases in postal rates, have caused the public to lose confidence in the United States Postal Services; and

Whereas section 2401, title 39, United States Code, provides authorization for annual appropriations "as reimbursement to the Postal Service for public service costs incurred by it in providing a maximum degree of effective and regular postal service nationwide, in communities where post offices may not be deemed self-sustaining, as elsewhere, . . ."; and

Whereas the Congress of the United States is currenty considering legislation which would, among other things, temporarily increase levels of funding to the Postal Service for the public service functions while a complete study of Postal Service finance is conducted: Now, therefore, be it

Resolved, That it is the sense of the House of Representatives that the United States Postal Service shall not close or otherwise suspend the operation of any post offices, unless there is a clear and compelling need to do so, or implement any major reductions in service during the one-year period following the adoption of this resolution; and be it further

Resolved, That the House of Representatives urges the United States Postal Service to continue cost-cutting programs which do not affect levels of service.

The SPEAKER pro tempore. Is a second demanded?

Mr. TAYLOR of Missouri. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from New York (Mr. HANLEY) will be recognized for 20 minutes, and the gentleman from Missouri (Mr. TAYLOR) will be recognized for 20 minutes.

The Chair recognizes the gentleman from New York (Mr. HANLEY).

Mr. HANLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, last month, the Postal Service Subcommittee held 2 days of hearings on small post office closings and other actual and proposed reductions in mail service.

Testifying were 26 Members of the House and one Senator. An additional 38 Members submitted statements for the record.

The universal message included in all of these statements was clear. Closing of small post offices and other service cuts have seriously eroded public confidence in the U.S. Postal Service. This erosion of confidence has reached such a point that more and more constituents are demanding that something be done about the Postal Service.

In 1970, we hoped that the deterioration in the quality of mail delivery could be halted through a series of legislative and administrative reforms. Many good things were achieved by the Postal Reorganization Act of 1970. Improvement in service was not one of them.

Somewhere along the way, the idea that the Postal Service was created primarily as a service to the people has grown flabby through disuse. The preoccupation with breaking even, with meeting a series of financial crises, with making the Postal Service look like its corporate brothers in the private section has caused many to give only perfunctory attention to determining and serving our needs.

The resulting actual and contemplated service cuts have severely crippled the Postal Service in the eyes of the average citizen. These cuts have been made or proposed in a good faith effort to improve the financial posture of the Postal Service. They have not done so.

Why? Because they have struck at the very heart of the Postal Service. In management's preoccupation with other problems, the managers have failed to see that the cutting of important services will erode seriously the bedrock of support by the people and Congress necessary for the successful operation of any public entity.

Many of you are aware that H.R. 8603 is currently pending in the Senate, and the Senate Post Office and Civil Service Committee has just completed its markup.

As approved by the Senate, the measure, which I sponsored in the House, would temporarily increase levels of public funding for the Postal Service and at the same time enact temporary moratoriums on closing of post offices serving 35 customers or more, substantial service cuts and increases in postal rates.

This House knows my stand on increased funding for the Postal Service. I believe that it is essential for a smoothly functioning postal service designed to fill the needs of the public. But the resolution pending before us today should not be judged solely in the context of H.R. 8603.

Even most of those who might oppose H.R. 8603 have other ideas about reforming the Postal Service. The point is that long-range solutions are more difficult to achieve in an atmosphere of apprehension and district. A reasonable hesitation on the part of the Postal Service to cut service dramatically in the next year would go a long way toward cooling a superheated atmosphere. Should H.R. 8603, as amended by the Senate committee, be enacted there should be adequate funding to cover the expense of a moratorium. Even if the bill does not pass, the minimal amount the Postal Service could save in the first year through additional post office closings and new service cuts would be more than offset by the reduction of public hostility toward the Postal Service.

House Resolution 1216 was scheduled for committee action on Thursday, June 17. Due to a lack of a quorum, the committee did not vote on the resolution nor issue a report.

However, many of the Members with whom I have spoken consider it a matter of some urgency that the House take a stand on the issue. In view of the fact that a large majority of the committee and of the House are cosponsors of the resolution, we felt it would be appropriate to bring it directly to the floor under suspension of the rules.

House Resolution 1216 simply expresses the sense of the House that the Postal Service should not close small post offices, unless there is a compelling need to do so, nor institute substantial new service cuts for 1 year. It is not a joint resolution because the Senate will have an opportunity to express itself in H.R. 8603 in the near future. I put it in the form of a House resolution in order to give the Members a chance to go on record quickly as favoring a strong and service-oriented postal service, and to dramatize to the Senate and the administration the strong feelings held by a large number of Members of this House. I am personally hopeful that H.R. 8603 will be passed by the Senate very soon, and that the House will approve it should the conference be successful. It is through that vehicle that we stand our only chance of enacting any moratoriums this year.

Finally, I would like to point out to the Members that the resolution has already been cosponsored by 300 Members. I strongly urge support of House Resolution 1216.

Mr. TAYLOR of Missouri. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to take this opportunity to rise in support of the resolution and commend the distinguished chairman of the Subcommittee on Postal Service. I commend him for his efforts in this very important matter that has aroused the concern of people throughout this Nation and certainly of our colleagues here in the Congress who have expressed themselves in support of this very important resolution, one that is so important to the ongoing Postal Service of our Nation in providing that traditional service that has been a very important part of our country.

Mr. Speaker, at this time I yield 5 minutes to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Speaker, I do not think any of us have any problems with the last resolve in this resolution, the one that says that the House of Representatives urges the U.S. Postal Service to continue cost-cutting programs which do not affect the levels of service. I do not think there is one Member of Congress who wants to lower the levels of service of the postal department, whatever this "monster" is that we created and for which I did not vote.

I now find my colleague, the gentleman from New York (Mr. HANLEY), interestingly enough, back-watering from all the great things that were going to happen under this so called Postal Service reform passed in 1970—things that have not happened.

But the thing that bothers me in this resolution is that what we say with one hand we take away with the other. Are we, by another portion of this resolution putting a chilling effect on the ability of the Post Office Department to close those facilities that really are not either needed and/or may be easily consolidated with others. Let me quote what some of us consider to be the confusing portion of this resolution:

Resolved, That it is the sense of the House of Representatives that the United States

Postal Service shall not close or otherwise suspend the operation of any post offices, unless there is a clear and compelling need to do so, or implement any major reductions in service during the one-year period following the adoption of this resolution; and be it further

I just want to make the record clear by saying that many of us do agree with the General Accounting Office, in some of its recent recomendations regarding small offices. Maybe we do not agree with the suggestion of closing 12,000 of these installations. We certainly feel that some of them can be closed. Some have been closed over the past several years—on the average of about 300 a year. Other offices can be opened or expanded to cover those areas.

Mr. Speaker, I do not want this action to be interpreted that we are favoring the concept of closing nothing. I think that would be a mistake. I hope that my colleague, the gentleman from New York (Mr. HANLEY), who constantly supports the idea of providing more and more subsidies to make the post office less efficient, will listen to what I have to say.

Mr. HANLEY. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I will yield in a minute after I have finished my comments.

My colleague, the gentleman from New York (Mr. HANLEY), by previous actions wants to add a deficit of almost $2 billion a year out of the Treasury to make the post office less efficient. Fortunately I do not believe that is the purpose of this resolution. At least I hope it is not.

I want to make it clear that there will be many of us who may vote for this resolution because we do believe in the second part of this resolve, and that is to have the Postal Service continue its cost-cutting program so that we do not have to dip into the Treasury to the tune of a $2 billion subsidy. I think it is interesting now to note that my good colleagues who supported turning all this authority over to the Postal Service now want to retract some of that authority. I think the Members who supported that law have made a horrendous mistake, and I hope they recognize it.

What many of us are saying in supporting this resolution is that we do not necessarily support H.R. 8603, because that will allow the same problems to remain and increase the deficit. We are clearly not indicating our support of H.R. 8603 by supporting this resolution, although as the last paragraph of the resolution states we do want better service and we want more efficiency.

Mr. Speaker, I will be delighted now to yield to my colleague, the gentleman from New York (Mr. HANLEY), a strong supporter of the biggest deficit in the history of the Postal Service.

Mr. HANLEY. Mr. Speaker, I thank the gentleman for yielding. I only regret the gentleman's gross misunderstanding.

Mr. ROUSSELOT. Mr. Speaker, there is no misunderstanding on my part. I sit on the same committee with the gentleman. I have the same facts available as he does, and I clearly did not support this boondoggle Postal Service program in the first place.

Mr. HANLEY. Mr. Speaker, obviously the gentleman did not intend to yield to me, so I will use my own time.

Mr. ROUSSELOT. No, I will be glad to yield to the gentleman. The gentleman can go ahead, if he wishes comment.

What speech does the gentleman wish to make about anything that he and I have not already debated in the committee? I ask the gentleman to go ahead.

Mr. HANLEY. Mr. Speaker, I thank the gentleman, but I will use my own time.

Mr. SKUBITZ. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Kansas.

Mr. SKUBITZ. Mr. Speaker, I voted against the establishment of the Postal Authority, and it is the one vote I cast, about which I have no doubts.

Certainly all of us have misunderstood the real purpose of the Postal Service. We cannot operate it as a business enterprise. It is a service enterprise and in the past it was one Government program that every employer could see that from its operation, he received a personal benefit.

The sooner we get the Post Office Authority out of business and get the Post Office back under the control of the Congress, the better off we are going to be. Better it should be under the Congress and the Civil Service than under departmental politics and the "cronyism" that exists today.

We talk about deficits and try to solve them by closing little post offices all over the country. I called the Post Office one day to seek information as to how many post offices in the country operated on a profit basis. If we take all of the charges attributed to a post office, 95 percent of them would be forced to close their doors. I shall support the measure before—I am opposed to the appropriation of funds for the present set up and will soon introduce a bill to bring it to an end.

Mr. TAYLOR of Missouri. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. KETCHUM).

Mr. KETCHUM. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I think it would be the understatement of the year if I were to say that the Postal Service is probably the most controversial subject that we deal with in the Congress.

I doubt that there is a Member in the House who does not receive at least 5 or 10 or 20 letters a week condemning the Postal Service as it now exists.

It seems rather odd to me that creating the Postal Service in an effort to create a more efficient service seems to have done the diametrical 180-degree opposite, and now we come to the closure or proposed closure of the small, rural post offices of America.

I know that my good friend, the gentleman from California (Mr. ROUSSELOT), who has served part of the district that I now serve, certainly would not go, for a minute, along with the consolidation of, say, the Randsburg Post Office with the Boron Post Office, along with the Weldon Post Office, because these small post offices serve very small and very isolated communities. They are most important to the individuals in those areas.

Mr. Speaker, I am totally in favor of the resolution; and I am not at all sure, Mr. Speaker, that it might not be a good idea to return the Postal Service back to the way it was. Then maybe we would have a little more efficient service than we now have.

Mr. Speaker, I rise in support of House Resolution 1216, which expresses the sense of the House against the closing of any post office or major reductions in postal service for a one year period.

This resolution is particularly significant to the many rural residents who are concerned and dismayed that the small post offices which serve their communities may be closed. Last June, the General Accounting Office issued a report recommending the closing of 12,000 small rural post offices and the issue has been a great source of controversy ever since.

The GAO foresees a savings of $100 million annually if the Postal Service follows this course of action. There is no doubt that the Postal Service is in financial trouble—very serious trouble. However, while I commend the GAO for its conscientious effort to look for ways to cut costs, I must protest any wholesale closing of small post offices as false economy.

The Potal Service has set, as a condition in deciding which post offices will be closed, that an equivalent or improved level of postal service be provided to the affected customers more efficiently. It is my contention that it would be impossible to provide the same level of service to which rural residents have become accustomed if their post offices were closed.

The post office plays a particularly significant role in the life of rural America. It is much more than a place to buy stamps and pick up mail. It serves as a meeting place for the community residents, providing a forum for the exchange of news and information and a chance to socialize. The postmaster or postmistress, who generally knows all his or her customers by name, can be depended upon to perform some extra little service, whether it be assistance in filling out forms or a sympathetic ear to individual problems.

Many rural residents have expressed their concern that if their post office is closed, their town will lose its identity. Others fear for their community's economic life. The post office brings people to town and local businesses would surely suffer a loss of trade if there is no longer a post office to insure daily visits from scattered residents.

Senior citizens would be particularly hard hit by the closing of these small post offices. They would, of course, miss the social aspects of the post office. In addition, they would be deprived of the security of knowing their social security checks and other pension benefits were safe in a locked box.

There is another important role played by the post office in rural areas. Often, it is the only Federal installation thereabouts, providing information on a host of Government functions, including taxes, social security and civil service. It is hard to imagine an RFD carrier or a contract agent stopping at every box along the route to give the personal and varied advice and assistance that our rural residents have come to depend on.

By expressing the House's concern for the closing of small post offices, House Resolution 1216 takes into account the many special conditions which must be given consideration in this matter. I therefore commend the resolution to my colleagues for their support and affirmative vote.

Mr. HANLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. PICKLE).

Mr. PICKLE. Mr. Speaker, I thank the gentleman for yielding.

I rise in support for this resolution.

Mr. Speaker, all of us recognize that the Postal Department has serious problems. However, those people who are served by third- and fourth-class post offices have even bigger community problems. Those problems are real, if not fearsome.

Mr. Speaker, the resolution before us gives us the protection we need. It says that no post office should be closed unless for a clear and compelling reason and that no major reduction in service be implemented.

Mr. Speaker, this does not take away from the postal authorities their right to take action if it is absolutely warranted, but it would give these people served by the third- and fourth-class post offices the feeling that their offices would not be closed unless there were very compelling reasons.

Mr. Speaker, I think we ought to give them that assurance. If we close down all or most of the fourth-class post offices in this country, we would not effect a saving of one-half of one-half of one-half of 1 percent in the budget because the service is going to have to be given one way or the other. The Postmaster General recently said that closing 153 fourth-class offices will save—potentially—$2 million a year. That is approximately the cost of running the Post Office for 15 minutes.

Mr. Speaker, there is going to be talk about this resolution being a budget buster. The fact of the matter is that this resolution would not constitute any kind of busting, and it would give the people the assurance that their little post office would be kept open.

Mr. Speaker, in the past few months I appointed an advisory committee in my district. We compiled a history of all of the post offices and postmasters of the 10th Congressional District of Texas. We went back 100 to 150 years since the days of the Republic of Texas. We had great fun in doing it.

The postmasters and the people connected with those offices had great spirit in helping compile that information. We have published it in book form as a bicentennial project and I believe it is a very worthwhile project. These people have pride and we ought to help them. This resolution would go a long way toward doing just that.

Mr. HANLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. GONZALEZ).

Mr. GONZALEZ. Mr. Speaker, I thank the very able, very competent, and very efficient chairman of the subcommittee for yielding to me. I think that we can hardly find anything to quibble about in this resolution. I rise because I feel that in the heat of the remarks made by our fellow Member, the gentleman from California (Mr. ROUSSELOT), that I think the able gentleman from California, in sober and calm deliberation, which I am sure the gentleman is capable of at some time would, upon careful reflection, reconsider what I consider the ad hominem attack on the chairman of the subcommittee by calling him the author or the creator of a multimillion-dollar deficit, which was an obvious reference to a bill that had been presented before in the Congress as the result of a committee's recommendation and not the sole and exclusive work of one man, the distinguished chairman of the subcommittee, the gentleman from New York (Mr. HANLEY). So that I think it is important, contrary to those Members who from time to time feel they need to have a scapegoat, that we do not overlook the real issue. I would further point out that to those who feel that they must make these ad hominem attacks also want to have the best of two worlds; that is, they want to have a self-sufficient postal service and they want it to be competitive like an ordinary business but then they demand service which, in effect, it never was intended to be under the constitutional injunction of setting up a postal service. I would point out that it is called "a service" in the Constitution and we cannot have that other than through a subsidized service. We cannot have it any other way.

I do not see any record when we were debating the first surplus appropriation over and above what had been allocated when the so-called reform package went through, of the gentleman from California getting up to vote or to argue against it because it was necessary to get three-quarters of a billion dollars in order to keep the newspapers and the magazine publishers from having to pay a little bit more in order to be competitive.

Mr. ROUSSELOT. Will the gentleman yield?

Mr. GONZALEZ. If the gentleman will permit me to conclude, I will in a moment.

That was the first deficit spending reform of the Congress, and everybody was jumping up and down saying that they were for it.

The SPEAKER pro tempore (Mr. MCFALL). The time of the gentleman has expired.

Mr. HANLEY. I yield 2 additional minutes to the gentleman from Texas.

Mr. GONZALEZ. Mr. Speaker, I appreciate the gentleman yielding me this additional time.

We come back and we find that the reported debate had as its main thrust that the Postal Service was going to be self-sufficient, that it would get way from the politicking of the Congress. But what do we find in the first few years? We find that the "nonpoliticking" first Postmaster, the ex-political Postmaster from Alabama, had a little bit of a conflict of interest in the construction of not a quarter of a million dollars, but many millions of dollars of what has turned out to be, by some, on the committee and off the committee, boondoggles. There is a strange science about demanding an investigation of this obvious conflict of interest. We ought to get an accounting of the exact amount of money that we have had to make up in additional appropriations for the Postal System in order to keep the American people from having to pay an increase in postage before the end of this year.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. GONZALEZ. I will be glad to yield to the gentleman from California, who I am sure has had ample opportunity to soberly reflect on the thrust of his attack on the Postal System.

Mr. ROUSSELOT. I thank the gentleman for yielding.

Mr. Speaker, I certainly have soberly thought about this subject of postal problems for several years. If the gentleman will recall, in 1970 I spoke with the gentleman from Iowa, Mr. Gross, against turning all of this power over to postal management—that authority has been abused—and now those same members come back to complain about it. I have also participated in the debates on the appropriations that have continued to give such large subsidies to the Postal Service. In committee I have been very concerned about the subsidies relating to publications. So I appreciate the gentleman's bringing up those several items because I have not only "soberly" considered them but I do not think the Post Office should be any less exempt from close scrutiny by Congress on the delivery of services and maintaining efficiencies than any other agency.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. HANLEY. Mr. Speaker, I yield 30 additional seconds to the gentleman from Texas.

Mr. GONZALEZ. I thank the gentleman.

Mr. DUNCAN of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. HANLEY. I yield to the gentleman from Tennessee.

Mr. DUNCAN of Tennessee. I thank the gentleman for yielding.

I want to commend the chairman for the hard work he has put forth on this legislation.

I agree with the gentleman from Texas (Mr. PICKLE) that closing post offices certainly does not always save money, but the question I would like to propound to the chairman is, what assurances do we have that the Postal Department will adhere to and abide by this resolution?

Mr. HANLEY. I appreciate very much the gentleman's kind remarks. With regard to his question, as the gentleman realizes, this is but a sense-of-the-House resolution which does not bear the impact of law. We are urging the Postal Service to follow the will of the Congress as representatives of the people. As I mentioned earlier, the executive branch is also in agreement with the language of this resolution, so I think with this rather emphatic message being transmitted to the Postal Service, we are sure it will concur.

I would add to what I have said this, that last week the Postal Service issued a directive stating that the 59 rural post offices slated for closing would be closed on June 18. However, from that point on, technically as of July 1, any further closings would be held in abeyance, so the message has already gotten through, and I am confident that again when the U.S. Postal Service takes a reading of the vote that will be cast here today, it will understand what the people want and what this Congress wants.

Mr. DUNCAN of Tennessee. Do I understand the gentleman to indicate that if they have not been already closed by June 18 that they have already placed a moratorium on the closings?

Mr. HANLEY. I would like to correct the RECORD to state that it was as of June 19. At that time there were 59 closings slated. These closings would be implemented, and then from that point on, but technically as of July 1, any further closings would be held in abeyance.

Mr. DUNCAN of Tennessee. Mr. Speaker, I support House Resolution 1216. The ten factors listed in the resolution amply justify the proposed moratorium on the closing of small post offices and other service reductions.

As I indicated in my testimony before the Post Office and Civil Service Committee's Postal Service Subcommittee on May 4, 1976, the people I represent are not convinced that closing these small post offices would result in significant savings to the postal service. They are convinced that these closings would deprive them of an important and basic Government service to which they are as much entitled as people who live in more heavily populated areas.

I am pleased to be listed as a cosponsor of an identical bill, and I urge my colleagues to show the sense of the House that this body supports a service-oriented postal service for all citizens of the United States.

Mr. CONTE. Mr. Speaker, will the gentleman yield?

Mr. HANLEY. I yield to the gentleman from Massachusetts.

Mr. CONTE. I thank the gentleman for yielding.

I want to commend the gentleman later on, but at this time I want to make this point. I have served on the Appropriations Committee handling Post Office Appropriations for some 12 years. Would it be the gentleman's feeling that if the Post Office ignored this resolution with a good substantial vote here, a two-thirds vote, that it would not be too long before this Congress would take that service back again?

Mr. HANLEY. I would agree with what the gentleman said. Very frankly, I cannot see the U.S. Postal Service walking away from the will of the Congress as we expect it is going to be expressed in the record vote that will be taken here today.

Mr. FINDLEY. Mr. Speaker, will the gentleman yield?

Mr. HANLEY. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Speaker, I represent an area with many small post offices and over the years a number of these have been closed of course and a number will be in the future. My constituents in these small communities of course regret the disappearance of the post office as a center of the community but they regret even more the disappearance of their address.

I have often wondered why the post office does not retain the name of the community where a post office is removed instead of redesignating that address as Rural Route 5 or Rural Route 18 from some other city. Has this been explored? Can the gentleman tell me whether the post office is now shifting its policy on the identification of addresses for post offices which are closed?

Mr. HANLEY. Again that was an administrative mandate ignoring the will of the people. We believe the action we are taking today, the action that the Senate is hopefully taking this week, and the subsequent House-Senate conference report that we will be dealing with here reasonably soon, will transmit the type of message that most of the Members of the Congress want transmitted to that agency. So the action the gentleman refers to, yes, throughout America so many people were horribly disappointed when that identification was removed from them. That disappointment was transmitted by their respective Member of Congress. However, the message, the plea on the part of the Members of Congress to the U.S. Postal Service fell upon the proverbial duck's back and went unheeded.

I believe we are on the threshold of changing all of that. Through the action today and the overtures that this Congress will be making in the course of the next month or so, will ultimately get the U.S.P.S. back on the track, we expect it will then be responsive to the electorate.

Unfortunately we have had people sitting in the ivory tower and doing exactly as they please and as such totally unresponsive to the will of the people.

Mr. FINDLEY. If the gentleman will yield further, I have a small community in my district where some of the homes have been in the same households for generations, and suddenly overnight they receive notification that they have a new address. They have not moved a bit but they have a new address and then all the people with whom that family communicates now have to be notified that there is a new address.

I would hope the Postal Service would go to every possible extent to retain the same mailing address in those circumstances where they find they must close a post office. I do not think many of us want to perpetuate any post offices which cannot be maintained on economic terms but I do hope they will maintain the mailing addresses.

Mr. HANLEY. I thank the gentleman for his comments.

Mr. TAYLOR of Missouri. Mr. Speaker, I yield such time as he may consume to the gentleman from Iowa (Mr. GRASSLEY).

Mr. GRASSLEY. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I rise in support of the resolution now pending before this body. It will give the U.S. Postal Service some much-needed guidance and direction, specifically with regard to the closing of smaller post offices.

Last autumn the General Accounting Office suggested that approximately 12,000 small post offices should be closed. Those of us in Congress who were concerned with the impact of such a move were told that no action of this kind would be taken.

Then, early this year the Postal Service began doing what we had been assured would not come to pass. It began closing down post offices. The people I am here to represent know where we stand from day to day on this important matter. It occurs to me that the Postal Service is attempting to pressure the Congress into increasing its power and is using this very inappropriate and damaging vehicle to do so.

My office receives a great deal of mail from constituents expressing their views on legislation and also detailing problems encountered in dealing with the Federal Government. I can honestly state here and now that my office has received more complaints regarding the U.S. Postal Service than all of the other various and sundry agencies combined. It seems like we Congressmen can do less to tame the Postal Service and make it do its job; yet, it causes us more grief with each passing day.

Mr. Speaker, this resolution will give us Congressmen and our citizens some time to breathe. We will know exactly where we stand. It will allow us to get a handle on the situation and assess our position. The next time that Congress must deal with the problem of mail delivery and the Postal Service we will be able to move in the right direction. Therefore, I vigorously urge the adoption of this resolution.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. GRASSLEY. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Speaker, I rise in support of House Resolution 1216. As a cosponsor of companion legislation which would force the postal system to suspend the closings of rural post offices I have been keenly aware of the great hardship current postal policies are imposing on rural areas.

The pending resolution should serve as a clear expression of the will of Congress on this problem and the postal system had better recognize this fact.

I am disturbed by the highhanded manner in which this entire matter has been handled. The regional post office in my area sent a survey to the immediately threatened areas, a survey listing only three options. Omitted was the possibility of maintaining present services. Moreover, those surveyed were given, in some cases, only 1 day to indicate their selection from the carefully limited choices. I can only conclude that the decision regarding the local post offices may have already been made, and the "survey" was only a sham to head off any criticism. I quite frankly cannot see how the U.S. Postal Service can provide the necessary level of service in rural areas by any of the proposed substitutes, since the primary factors of convenience and availability will be denied to rural postal patrons.

The essential point in the postal situation must be "is this service necessary?" and "are there other ways we can operate within the budget?" That postal service is needed in rural districts is as obvious as the fact that there are many other areas where abuse has rendered the system vulnerable to reform and more justifiable cutbacks. The bulk of the abuses occur in the operation of the big city post offices where employee arrangements are exorbitant and encourage gross inefficiency. If the postal system administration is sincere in its efforts to clean up its act, I recommend that it start where the mess is most evident, rather than penalize the rural patrons for the problems of their urban counterparts.

Mr. TAYLOR of Missouri. Mr. Speaker, I yield 1 minute to the gentleman from Indiana (Mr. Myers).

Mr. MYERS of Indiana. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I rise to ask a question of the chairman of the committee. I certainly support the intent of this resolution, but there is wording in the resolve that worries me a little bit, on line 4, page 3, where it says: "unless there is a clear and compelling need to do so."

Would it not be possible for the U.S. Postal Service to go ahead with their plans to close these numbers of small post offices by sending up a letter to the Congress saying there was a clear and compelling need to do so? Would they not comply with the intent of this resolution by merely making that statement in this letter despite the resolution?

Mr. HANLEY. Mr. Speaker, if the gentleman will yield, I really do not think we are going to have that kind of problem. Through this resolution today we will express a mandate. Through the years dating back to 1970, and if I might take a second to clarify the record, I would say my friend, the gentleman from California (Mr. Rousselot), has made a statement the implication of which is that I created the dilemma the U.S. Postal Service now endures.

Well, let the record clearly indicate that I was not chairman of this committee at the time postal reorganization was considered. In fact I was not at all an enthusiastic supporter of it.

Let the record further indicate that the Reform Act of 1970 was a creature of the Nixon administration and enjoyed a top priority, so let us put it into perspective.

Mr. Rousselot condemns the Congress for the Postal Service deficit, when in fact the Congress under present law has no authority whatsoever in the management of the Postal Service. And as a member of the committee he is indeed most aware of this.

Mr. MYERS of Indiana. Mr. Speaker, the important thing is that is it the intent of this legislation to permit or to allow the U.S. Postal Corporation to have this out? I realize that some small offices will have to be closed. I shall vote for this resolution in hopes it will cause the Postal Corporation to examine the economics of alternatives to closing many of these small offices as well as the impact these closings will have on local service. I am afraid, however, that this resolution will be ineffective and we well may be only offering false hopes to many.

Mr. HANLEY. Mr. Speaker, if the gentleman will yield further, I say to the gentleman from Indiana, I am certain that the U.S. Postal Service understands the intent of this resolution, which incidentally also enjoys the support of the Senate as well as that of the President.

Mr. TAYLOR of Missouri. Mr. Speaker, I yield 2 minutes to the distinguished ranking minority member of the full committee, the gentleman from Illinois (Mr. Derwinski).

Mr. DERWINSKI. Mr. Speaker, I have no quarrel with the thrust of the resolution authored by the gentleman from New York, but I do have grave reservations about the timing and the approach to the problem.

After protracted negotiations involving ranking majority and minority members of the House and Senate Post Office Committees and representatives of the Office of Management and Budget, an agreement was forged on amendments to the Postal Reorganization Act of 1970. On the basis of that agreement, the Senate Post Office Committee, on June 11, voted 8 to 1 to send the bill to the Senate floor.

One of the main provisions of the compromise bill is a moratorium on post office closings, reductions in service and postal rate increases pending a report from a special Postal Study Commission. As now drafted, the Commission would submit its report February 15, 1977, so the moratorium would be in effect until then. Realistically, I think there is a chance the Commission may be given additional time on its reporting date, so that would add to the length of the moratorium.

Unlike the resolution, the compromise bill would be legally binding on the Postal Service. Obviously, a clear majority of the Members of this body are ready to support a moratorium on service cutbacks and rate increases, so I would urge the Members to wait until we can make our action binding by voting on meaningful legislation.

Furthermore, on general principles I am opposed to the procedure by which this resolution was brought to the floor. In bypassing the House Post Office Committee, the gentleman from New York does violence to the orderly procedures for considering legislation.

I hope the membership will keep its powder dry until it can fire a meaningful shot.

Mr. Speaker, I would just sum this issue up this way. You should understand this resolution is meaningless and you are just giving gratuitous advice to the Postal Service. But since there is so much being said for the record in such a noble fashion, I would like to set a few things straight.

First of all, if the Postal Service is a problem around the country, and I will grant that it is, it is not something that has just happened in the last 5 years. The roots were there for years and years before that. If the postal reform that we have developed has not worked in large part because of the restrictions put in the law, not because of mismanagement or stupidity. There have been some management mistakes. There is overcompensation of some top personnel. There has been a breakdown of effective communication between some of the employees, especially at the supervisory level and management, but there is not anything that in and of itself is because the law is bad. There have been some bad management decisions. There is overcompensation of personnel at a time productivity is going down.

Now, if you want to take the position that no postal facility in the country should be closed down, then you ought to take the position and advise the gentleman from Washington (Mr. Adams) and the members of the Committee on the Budget that you favor an open draw on the Treasury any time the Postal Service needs a few more dollars. If you want to take that position, fine and dandy.

The facts of life are that the position we have to take is whether or not we are going to give the Postal Service some emergency funding to get them through the next 9 months or a year. We are willing to take a hard look at their operations to see where they can achieve economies. We are willing to take a hard look at the cost of delivery for all classes of mail to see where there might be a logical adjustment in rates, because if you take the position that the taxpayers should bear the full burden of the Postal Service, in that case, just open up the Treasury.

The SPEAKER pro tempore. The time of the gentleman from Illinois has expired.

Mr. TAYLOR of Missouri. Mr. Speaker, I yield 2 additional minutes to the gentleman.

Mr. DERWINSKI. Mr. Speaker, unless you take the position that the mail user should pay the entire cost of the Postal Service, and since you are not going to take either position, you have to take the middle position. The middle position is a need for an obvious streamlining of the service, but what we do not want is a huge draw on the Treasury. Do not drag politics into this, it does not help a bit, because the seeds of the postal problem were planted 30, 40, 50 years ago and are not something that developed in the last 6 or 7 years.

Mr. Speaker, this present Postal Service law is a better structure than the old system that preceded it, because politics has been removed.

Now, if we want to go back to the business of appointing political cronies and using the influence of Members of Congress to get them promoted, then play that game. We know that was part of the problem. There are a lot of people buried in management positions today who got their positions because of political clout.

Mr. Speaker, let us address the problem logically. I will support the gentleman from New York when we go to conference, but let nobody be mislead that this resolution is a utopia. It is just a piece of paper.

Mr. KAZEN. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Texas.

Mr. KAZEN. I thank the gentleman for yielding to me.

Mr. Speaker, I think the main question is ethics. When we passed that reorganization bill, we said that the Post Office was going to pay its way. There is only one way the Post Office or the Postal Service is going to pay its own way and that is by raising the postage of the people who use it. It was never intended to pay its own way, it never had. It was always a service organization.

So it stands to reason, if it is going to pay its way, postal rates must go up. Those people that voted for that reorganization knew exactly what they were doing. Now, they regret that. As a coauthor of this resolution, I urge its adoption.

Mr. DERWINSKI. I do not think they regret it. I think the trouble is that they are trying to have the best of both worlds. They are trying to please the professional mail user and please the patron and they cannot do both without resolving the current situation.

Mr. TAYLOR of Missouri. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Indiana (Mr. Hillis).

Mr. HILLIS. Mr. Speaker, I thank the gentleman for yielding to me. I am a cosponsor of this resolution, one of the many, and I am most happy to rise in support of House Resolution 1216, the small post office closing resolution. I compliment the chairman of the committee and the work that has been done.

Mr. Speaker, I think what we have here is a situation that could be comparable to what happened to the passenger railroad service a few years ago, where we saw decisions being made from time to time where this little depot was closed, that line was shut down. The problem was attacked down at the bottom rather than going to the major issues, and as the little depot went, it was gone in nostalgia and forever, and eventually so did rail passenger service, a victim of many wrong small decisions.

That is what is happening here. They are attacking the problem at the bottom rather than taking an overall view. That is why I think we need to stop this sort of thing until a complete study is conducted. I am happy to hear that the chairman is on that route. I think it will bring us positive solutions to bring the situation under control, and not someday soon find the whole system in jeopardy because of too many small but wrong decisions.

Mr. TAYLOR of Missouri. Mr. Speaker, I yield 1 minute to the distinguished gentlewoman from Nebraska (Mrs. Smith).

Mrs. SMITH of Nebraska. Mr. Speaker, before beginning my remarks, I would like to take a moment to commend the Post Office and Civil Service Committee, and to express my appreciation to its chairman and its ranking minority member for the timely consideration of the plight of our small post offices. It frequently seems that because of the lack of votes from rural districts we feel our problems are overlooked. I would like to point out to the Members that this is certainly not the case today.

Mr. Speaker, as a sponsor of similar legislation, joined by 75 of our colleagues, I rise in strong support of House Resolution 1216, to declare a year's moratorium on post office closings and other service cutbacks. The adverse impact of the proposed closures on rural areas cannot be overstated.

By recommending all-but-wholesale closure of rural post offices, the Postal Service is doing exactly what it claims private mail carriers would do if we allowed them to handle first-class mail. They are skimming off the cream and leaving the rural areas without adequate service. The current policy really establishes two classes of citizenship, rural and urban, in the distribution of mail service, and of course, we all know that such a policy is unfair and contrary to law.

But the Postal Service says that service will be provided those communities losing their post office that is equal or superior to that they have with a post office. That is simply not possible. A contract post office is a catch-as-catch-can operation running from year to year and using people to handle the mail who have no experience or training for the job. Nor is the patron any better served if service is switched to a postal facility which is miles away. I understand that several towns are being considered for service by a facility more than 50 miles away. That is not good service, and we know it is not. Switching service to a rural carrier is an equally poor substitute. When the carrier comes is he going to be able to provide IRS forms or passport applications? Is the rancher or farmer going to stand by the mailbox waiting for hours for the carrier to come?

I understand that the Postmaster General's main reason for saying he wants to close all these post offices is that great amounts of money could be saved. The General Accounting Office, in a study last fall, concluded that if all 12,000 rural post offices were closed, the resulting savings would be $100 million each year. While such a claim makes a nice press release, it does little, if anything, to reduce the $1.5 billion Postal Service deficit for this year alone. In other words, by closing all rural post offices we could cut the deficit by a mere one-fifteenth. Surely the cure is worse that the ill.

Clearly, more effective methods of dealing with the shaky financial position the Postal Service finds itself in are needed. I am hopeful that enactment of a moratorium on postal closings will create a climate in which a search for those alternatives can be made.

I urge my colleagues to support this effort by voting for House Resolution 1216.

Mr. TAYLOR of Missouri. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from Kansas (Mr. Sebelius).

Mr. SEBELIUS. Mr. Speaker, I want to take this opportunity to express my strong support for House Resolution 1216 in regard to small post office closing. I am a cosponsor of this resolution and on behalf of the many rural patrons in my congressional district, I wish to thank the distinguished chairman of the Postal Service Subcommittee, the Honorable Jim Hanley from New York, for his leadership in sponsoring this resolution.

Let me simply say I have the privilege of representing 57 rural and small communities counties within the First Congressional District of Kansas. Within the Wichita Postal District, the majority of which is in my congressional district, there are 454 third-class and 133 fourth-class post offices.

Mr. Speaker, I do not know of any issue that has caused as much concern in terms of affecting the daily lives of citizens in my district as the problem of continued deterioration of rural postal service. I would not be so wary of proposal to change postal policy were it not for the fact that what has been promised in the past has been so contrary to practical results in our rural areas.

The plain fact of the matter is that rural service has been cut to the marrow of the bone. Cost dictates filter down through regional, district, and sectional center offices with success measured by how much costs can be cut and standardized. Service has deteriorated regardless of what the USPS tests say. Window service has been curtailed and limited. Lobby access has been reduced. Rural routes have been consolidated and route patrons now receive their mail in the late afternoon as opposed to early morning. Box rents have increased. And, postal employees have had to face retirement or the choice of moving many hundreds of miles. Finally, some of our small post offices have been closed and approximately 12 more are slated for closing or have been selected for study for possible closing.

I want to emphasize I am not talking about the small post office situation where one postmaster serves 35 or fewer patrons. I am talking about small community post offices that serve a surviving business community and patrons within that community. In fact, deteriorating postal service has already cost rural areas severe personal, business and community losses contrary to what postal authorities would have us believe.

Little consideration is given to the fact that when a community loses its post office, it also loses its identity. There is no road back. For business and industry to locate in rural and small town America, there must be a foundation of basic community services. The community post office is the cornerstone of this foundation.

It is my understanding the Postmaster General is in the process of issuing a directive that will comply with this resolution; namely, that a moratorium will be put into effect, effective July 1, that no further reductions in postal service, including the closing of small post offices, will take place.

Mr. Speaker, for the past 6 years we have witnessed a steady deterioration of postal service in our rural areas. Prior to the introduction of this resolution and the postal reform legislation now pending before the Congress, we had little hope for restoration and improvement of service. This resolution will give that hope to rural patrons. I urge my colleagues to join me in support of the resolution.

Mr. TAYLOR of Missouri. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Colorado (Mr. ARMSTRONG).

Mr. ARMSTRONG. Mr. Speaker, I am concerned about this resolution because I am not sure whether the intent is to obtain further information so that Congress may straighten out the postal mess, which I hope is intended or whether it is simply a way to sweep postal problems under the rug until after election day.

We are putting almost $2 billion into the Postal Service this year, and not coming to grips with rising costs, declining mail volume, antiquated physical plant, costly and reportedly unsuccessful attempts to mechanize, a work force which continues to generate complaints of relatively low pay, adverse working conditions, lack of career opportunities and poor morale.

I would like to ask the chairman of the committee if he can assure us that legislation to correct these basic difficulties will be forthcoming. Or will we face mounting deficits which will be $5, $6, and $7 billion per year within a short period. Will we have legislation soon?

Mr. HANLEY. Yes, we will. The legislation was marked up in the Senate committee about a week ago. Senator McGEE attempted to get it on the Senate floor last week. Unfortunately, other measures had priority. He is very hopeful to have that up over there either this week or next.

Mr. ARMSTRONG. May I ask the chairman, will it be the kind of legislation that will enable us to operate the postal system without these mounting deficits in the future?

Mr. HANLEY. Hopefully.

Mr. Speaker, let me put it this way: I think we are all in agreement that the entire institution is in shambles, so to speak.

A fundamental intent of the legislation is to put together a study commission, an outside objective force, whose toes will be held to the burner by a tight time frame.

The SPEAKER pro tempore. The time of the gentleman from Colorado has expired.

(On request of Mr. HANLEY, and by unanimous consent, Mr. ARMSTRONG was allowed to proceed for 1 additional minute.)

Mr. HANLEY. If the gentleman will yield further, as I mentioned earlier, the responsibility of the study commission will require the entire agency to go under the microscope, report back to the Congress and to the President its findings, its recommendations and, at that point, then the Congress and the President will move in the direction of implementing the recommendations, if deemed appropriate.

Mr. ARMSTRONG. In the brief time remaining, I would like to address two questions to the chairman:

First, what is the meaning of the language on page 3, line 4: "a clear and compelling need to do so".

Second, I would like to ask the chairman if he can cite some examples of cost-cutting programs that do not cut levels of service, as suggested by the resolution.

Mr. HANLEY. In response to the gentleman's question, this, for instance, in the case of a rural post office, or perhaps that postmaster died——

The SPEAKER pro tempore. The time of the gentleman from Colorado has expired.

Mr. HANLEY. Mr. Speaker, I ask unanimous consent to proceed for 1 additional minute to respond to the gentleman's question.

The SPEAKER pro tempore. The gentleman from Missouri (Mr. TAYLOR) has the time.

Does the gentleman from Missouri desire to yield further time?

Mr. TAYLOR of Missouri. Mr. Speaker, how much time do I have left?

The SPEAKER pro tempore. One minute.

Mr. TAYLOR of Missouri. Mr. Speaker, I would have to decline. I have two more speakers.

PARLIAMENTARY INQUIRIES

Mr. ARMSTRONG. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. ARMSTRONG. Mr. Speaker, I understood the chairman was asking unanimous consent of the House to address the House for 1 minute.

Is that a proper request?

The SPEAKER pro tempore. The Chair will observe for the gentleman from Colorado that the time is controlled by the gentleman from Missouri. The 20 minutes allotted to the gentleman from New York has expired and, under the rules, his time may not be extended.

Mr. ARMSTRONG. Mr. Speaker, may I address a further parliamentary inquiry?

The SPEAKER pro tempore. The gentleman will state it.

Mr. ARMSTRONG. Mr. Speaker, at the conclusion of the scheduled debate, that is, when the additional 1 minute remaining has been consumed by the gentleman from Missouri, at that time would a unanimous-consent request be in order?

The SPEAKER pro tempore. No. Such a request would not be entertained by the Chair.

Mr. ARMSTRONG. I thank the Speaker.

Mr. TAYLOR of Missouri. Mr. Speaker, do I understand I have only 1 minute remaining?

The SPEAKER pro tempore. That is correct.

Mr. TAYLOR of Missouri. Mr. Speaker, I yield 30 seconds to the gentleman from Massachusetts (Mr. CONTE).

Mr. CONTE. Mr. Speaker, I rise in support of this resolution expressing the sense of the House of Representatives that the U.S. Postal Service may not close down or suspend the operation of any post office without compelling need, or implement any major service reductions. This resolution also urges the U.S. Postal Service to continue cost-cutting programs which do not affect service levels.

Mr. Speaker, because of my interest and concern over attempts by the Postal Service to cut costs by cutting service and closing small post offices, I was pleased to cosponsor this resolution calling for a 1-year moratorium on further service reductions of this kind. Mr. Chairman, it seems to me that the Postal Service is trying to make the small post offices of this country the scapegoats for more fundamental inefficiencies in the postal system, and I do not believe that such scapegoating is either justified or helpful.

Mr. Speaker, the community post office has played an integral role in the development of this country. Not only has mail service in the United States been the mode of communication most accessible to the greatest number of citizens, but the post office has been a vital part of the community life of small towns, serving as a communications center, stimulator of local business, and a principal source of community identification. Like the rest of my colleagues with smalltown post offices in their districts, I am concerned that this integral community institution may become nothing more than a distant memory.

Mr. Speaker, there are several reasons for imposing a 1-year moratorium on small post office closings. New policies and guidelines regarding the closing of small post offices were promulgated by the U.S. Postal Service without the benefit of comment by the public, affected employee organizations, or the Congress. It is the declared intent of Congress that effective postal services be insured to residents of both urban and rural communities, and that small post offices may not be closed simply because they may operate at a deficit.

Finally, Mr. Speaker, the Congress is currently considering legislation which would temporarily increase levels of funding to the Postal Service while a complete study of Postal Services finances is conducted. While this study is going on, it would be unwise to permit the Postal Service to continue with its proposed reductions in service—reductions which the congressional study may well find are unjustified. I urge my colleagues to support this resolution.

The SPEAKER pro tempore. The gentleman from Missouri (Mr. TAYLOR) has 30 seconds remaining.

Mr. TAYLOR of Missouri. Mr. Speaker, I yield myself the balance of my time.

Mr. ROUSSELOT. Mr. Speaker, will the gentelman yield?

Mr. TAYLOR of Missouri. I yield to the gentelman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Speaker, I want to respond to my colleague from Massachusetts.

My point was that my colleagues on the other side of the aisle have constantly voted to increase the deficit in the post office. I was complaining about that problem, not about solving the problems of better service and efficiency. That we should do soon.

I do not believe we have really addressed those questions properly when we allow the post office to sign nonlayoff contracts for 700,000 workers. That is not cost efficiency, and it further enlarges the deficit of almost a billion dollars, while the postal patron is still required to pick up ever-increasing postal rates.

Mr. Speaker, I thank my colleague, Mr. TAYLOR, for yielding.

Mr. ANDERSON of California. Mr. Speaker, I rise in support of this legislation that directs the Postal Service not close or otherwise suspend the operation of any post offices, unless there is a clear and compelling need to do so, or implement reductions in service during the 1-year period following the adoption of this resolution." I am also a co-sponsor of an identical resolution House Resolution 1299.

Mr. Speaker, on October 30 of last year the House passed its postal reform bill. I supported this legislation, and I am pleased to note that the Senate Post Office and Civil Service Committee has reported out a bill.

Considering our Postal Service continues to experience rising costs, antiquated facilities, lack of effective mechanization, and employee dissatisfaction, I hope the Congress can complete work on the problem before adjournment.

However, a reduction in service is not the answer. After all, the post office sole function is service.

In our area of southern California, Saturday service at nine branch offices in Long Beach, Calif., were closed. Additional offices in Harbor City, Lomita, San Pedro, Torrance and Wilmington, Calif., were affected.

The average person who works from 9 to 5, Monday to Friday, makes a regular trip to the post office on Saturday. The people in my District are asking why something cannot be done, short of cutting back on their use of the post office. I think that one important step is to pass this bill; the Senate should pass their postal reform bill, and the differences can be worked out in conference.

Mr. MONTGOMERY. Mr. Speaker, I rise in strong support of House Resolution 1216 and urge its unanimous adoption by my colleagues. As author of a similar measure and co-sponsor of another resolution identical to the one under consideration, I feel very strongly that the House of Representatives should speak loudly and clearly on the matter of arbitrary closing of small rural post offices.

What disturbs me most about U.S. Postal Service efforts to close small post offices is the fact that people living in rural areas are being forced to share the major burden, if not the entire burden, of so-called cost-saving actions. The Postal Service alleges that the level of service in rural areas will not be adversely affected by these proposed closings. I fail to see how they can make statements like this when rural postal patrons are forced to travel several additional miles in order to conduct their mail service. For many poor and elderly people in rural areas this is, indeed, a hardship and one they should not be forced to endure.

There is another intangible element to small post office closing that we almost lost sight of. That is the fact that the rural post office is the center of community activity. When the post office is closed, this action effectively kills the community in most rural areas. It should be noted that this would be indirect contradiction of most other Federal programs whereby we are trying to encourage people to leave the overcrowded metropolitan areas and move to the rural areas. Yet, the Postal Service wants to eliminate mail service in these rural areas.

Mr. Speaker, I also question why small post offices in metropolitan areas have not also been targeted for closure. I can point to examples right here in the Washington, Maryland, and Virginia area where you can actually find branch post offices within several blocks of each other. I am sure large cities throughout America have similar examples, but I have heard nothing about these small post offices being closed down. It still remains for the rural area to share the burden of decreased postal service.

Mr. Speaker, in view of the fact that the Postal Service is coming to us year after year for increased subsidies, I think it is only proper that we should call for a moratorium on these small post office closings until we have had a full and factual explanation of the matter.

By passing this sense of the House resolution, we will be speaking on behalf of the American people and asking for a full justification of these rural post office closings and also asking for what other steps the Postal Service is taking to save money that will not affect the level of service to rural areas.

Mr. Speaker, I urge my colleagues to consider this bill carefully and to vote unanimously for its passage.

Mr. EVANS of Indiana. Mr. Speaker, I strongly support House Resolution 1216, expressing the sense of the House of Representatives that the U.S. Postal Service shall not close or otherwise suspend the operation of any post office unless there is a clear and compelling need to do so, or implement any major reductions in service during the 1-year period following the adoption of this resolution. Our postal system, especially the existence of our small post offices, plays an important role not only in providing our rural and small communities with important mail service, but also in acting as a catalyst for community identification.

The public confidence and support of our postal service has waned in recent years and every effort must be used to regain support and confidence in our mail service. Yet, the U.S. Postal Service is once again planning to close small community post offices and trim its services to the public. This will further erode the tenuous position of the postal service in our communities.

In the Sixth District, the U.S. Postal Service is giving serious consideration to the closing of post offices in Cartersburg, Eminence, and Gwynneville. I have heard from may residents of these communities who have expressed their concern and dedication to do all they can to keep their post offices in operation. If this was not such a serious issue, it would be a gratifying experience to see all of these people take such a dedicated interest in the identification and preservation of their communities and the postal service.

As these small communities cannot formulate a strong front against the Postal Service and their proposed closing, it is the responsibility and obligation of their Representatives to place their desires into action. I strongly urge my colleagues to adopt this resolution and, in doing so, urge the Postal Service to continue to cut those programs which are costly and do not affect levels of service.

Mr. SIKES. Mr. Speaker, I fully support House Resolution 1216, a resolution calling on the Postal Service to declare a moratorium on post office closings and service cuts for 1 year.

The small post offices of the Nation provide a unique and important service. This service should not be eliminated in the way that has recently been proposed. Reductions in the past have been gradual, but the Comptroller of the United States has suggested the elimination of every fourth-class post office and one-half of the third-class post offices all at once. This should not be allowed. Undoubtedly, there are some post offices which should be closed; by the same token, there are offices which should be opened or reopened.

Despite claims to the contrary, many patrons prefer going to the local post offices rather than have the mail brought to their homes by carriers. In rural communities this is true for most patrons. The post office is a focal center of the community, a place where neighbors meet, exchange views, and sometimes do business together.

From the time of their existence, the post office has been a uniquely American institution. Congress should not permit it to be destroyed in areas where it is most appreciated.

Mr. Speaker, it is time for the Congress to reassure the American people that service is still the main purpose, if not the only reason for its existence, of a nationwide mail system. We must take whatever steps are necessary to see that a viable system continues in operation.

Mr. ASHBROOK. Mr. Speaker, I rise in support of House Resolution 1216, which urges a 1-year moratorium on the closing of small post offices and other service cuts. This resolution is similar to a bill that I introduced on June 2, House Resolution 1236.

A moratorium is certainly needed. Unless such action is taken many small post offices in Ohio and throughout the Nation will soon be forced to close their doors.

This would be extremely unfortunate. Post offices perform an important role in the community. People need and depend on their small post offices.

A moratorium seems especially appropriate at this time. According to the chairman of the Committee on Post Office and Civil Service, the committee has been working on legislation to temporarily increase the funding level for the Postal Service. Furthermore, a commission would define the public service functions of the Postal Service and recommend adequate levels of public funding.

Congress, however, needs to do far more than just pass House Resolution 1216. What is needed is a change in postal policies that has led to present closings of some small post offices and threatened closings of others.

In my opinion many of the present problems could have been avoided if the so-called Postal Reform Act was never enacted into law. That bill destroyed the traditional congressional role and responsibility in the Post Office. The result is that the Congress can go on record against the closing of small post offices but cannot actually stop them as could have been done previously.

Mr. BALDUS. Mr. Speaker, I rise in support of the resolution. A 1-year moratorium on the closing of small post offices will give the Congress the time that we need to see to it that a new and more proper procedure for considering the closing of small post offices is created which involves the participation of affected persons and which bears the seal of approval of their elected officials.

Our current procedure for closing small post offices represents Government at its worst: A faceless and nameless bureaucracy which operates out of the dark to disrupt a long-established order within a community without even giving the residents of that community the chance to present their arguments in an orderly fashion. It is not enough to tell the residents that their post office is going to be closed and ask them which type of alternative service they would prefer. It is especially not enough when the results of that survey are used by the bureaucrats to demonstrate that citizen objections to a change in service have been overcome.

As post office after post office in my rural district has been considered for closing, I have been profoundly affected by the feelings of frustration on the part of the area residents. They find it impossible to trace from day to day the status of their post office. There is no avenue open to them to meaningfully argue their cause. They turn to me and I help them as much as I can, but what can I really say? The Congress did not establish this procedure. Indeed, the Congress did quite specifically state that "no small post office shall be closed solely for operating at a deficit." It will take a very glib talker to convince me that some of these post offices are being closed for any other reason.

In the past I have argued extensively before committees of the House on reasons why small post offices should not be closed. Today I will not reiterate those arguments because I do not feel that they are of central concern while considering this resolution.

The real central concern today is the question of how to go about the consideration of closing a small post office. Our current procedure has been developed by bureaucrats without and, perhaps, in spite of congressional mandates. It promotes a spreading feeling of frustration with governmental processes. It must be replaced by a congressionally mandated procedure which considers all aspects of the question and which involves the active participation of the local people. If alternative services really are so much better, then let us convince the local people of it so that they may accept them willingly.

Bills have been introduced by several of our colleagues which would establish such a new procedure. When I testified at a recent Postal Service Subcommittee hearing I urged the immediate passing of a moratorium bill followed by the passage of a bill creating a new procedure. I specifically endorsed the Kastenmeier bill, of which I am a cosponsor. I would like to express my appreciation to Chairman HANLEY for taking the first step by bringing this resolution to the floor today. I hope that it will be passed by a very large margin.

Before closing, I would like to address a few remarks specifically to my colleagues who represent more urban areas. You may feel unaffected by this whole question. It is easy to think of this only in terms of dollars and cents, particularly when you are finding it more and more difficult to procure Government funding for programs to help your constituents. But you are affected. You are affected by the spreading malaise of discontent with the Government. And you may soon be directly affected by the procedure itself.

I have in my district the city of La Crosse, an SMSA, population in excess of 50,000, and a sectional center for the postal service. The North La Crosse branch post office has been closed and replaced by community post offices located in stores. There has been resentment on the part of competing businessmen and resistance on the part of patrons of that post office. If it can happen in a neighborhood within a city of 50,000 people, what is to stop it from happening in a neighborhood of New York City, Chicago, or Los Angeles? What about your district?

The vote today only expresses the sense of the Congress. When H.R. 8603 comes out of conference, we will have an opportunity to more directly deal with the problem. The vote today will be a signal to the Postal Service. If it passes by a large margin, they must listen. If it is defeated, we will be giving them carte blanche approval to proceed as they have been doing. I urge each and every one of you to support this resolution.

Mr. RAILSBACK. Mr. Speaker, while I can appreciate the constraints imposed on the Postal Service by their present financial problems, I can appreciate the concerns of postal patrons just as well. In my own district, it has become necessary to close two post offices, with a third under consideration. I know well the problems the citizens of these towns face in light of these closings. The town risks losing its identity. Sometimes, businesses are disadvantaged. In some towns, a social gathering spot is lost when the office is closed. From a personal perspective, the loss of a local post office is a very serious concern.

Yet I realize that the Postal Service cannot spend and spend forever. Certain inefficient mail operations should be tailored. Whenever costs can be cut without a reduction or deterioration in service, I would support them.

But what can we do when the cases are not that cut and dried? When it is not outright wrong to close an office and a less expensive alternative is possible? This is where timing becomes an important factor. The Postal Service must take the time to consider thoroughly the impact both financially and socially. Citizens must have the opportunity to become informed of the reasons for consideration of closing, to express their own opinions, to object if they so desire, and to adequately participate in the selection of alternatives.

To say that the Postal Service must make no changes is impractical, but to insist that they take the necessary time and follow a proper procedure is our responsibility.

I encourage my colleagues to support House Resolution 1216.

Mr. STEIGER of Wisconsin. Mr. Speaker, House Resolution 1216 is badly needed. We have to impress upon postal officials the clear intent of Congress that the quality of mail service in the United States not be reduced.

By strongly affirming the sense of Congress that the Postal Service may not close or suspend operation of any post offices, without compelling need, or implement any major service reductions within a year of adoption of this resolution, we can do just that. I commend Postal Service Subcommittee Chairman HANLEY for his leadership in bringing this message of the Postal Service.

This 1-year moratorium would give Congress time to deal with the Postal Service's financial problems. More important, it would assure continued mail service to smaller communities and thereby help to restore public confidence in the Postal Service.

The talk of closing smaller post offices and reducing service, in smaller communities particularly, has justifiably caused many in those communities to conclude the Postal Service is insensitive to their needs. Many of us have written and talked with postal officials, testified before JIM HANLEY's subcommittee and introduced legislation to maintain quality mail service to smalltown America.

Yet, the Postal Service has given no indication it will respond to these expressions of concern. Right now, while legislation is pending to provide the needed public service appropriation for the Postal Service, postal officials have stepped up the rate of post office closings. I have received thousands of letters and signatures on petitions from Sixth District residents protesting service cutbacks. Several communities in my district could face diminished mail service unless we can impress postal officials that they are providing a public service that must not be eliminated.

The amount of money the Postal Service can save by closing small post offices in the next year is minuscule compared to the possible consequences of public reaction against it. Yet, it sometimes seems that postal officials, aware that Congress is working on subsidy legislation, wants to get as many post offices closed before that funding is approved as they can. All this can do nothing but further diminish the confidence in and good will toward the Postal Service on the part of the American people.

America has rightly been able to take pride since the beginning of our Nation in quality, low-cost mail service superior to that of almost all, if not all, of our world neighbors. The local postmaster or mail carrier has always been someone for whom there has been a high community regard.

Unfortunately, there has been an increasing feeling in recent years that those in the Postal Service hierarchy have lost sight of the public service aspects of the Postal Service. The reports of wasteful contracts, high salaries at postal headquarters and expensive, poorly conceived mechanization efforts such as the bulk mail handling machines have caused many people in my district to indicate to me that larger areas of waste and inefficiency seem to go unnoticed while reductions are made at the expense of those in rural communities.

The strength of this resolution is that it urges the Postal Service to continue cost-cutting programs which do not affect service levels. At the same time, it clearly spells out the consensus of Congress that post offices not be closed and service not be reduced. The 1-year moratorium is needed to prevent irreversible actions on the part of the Postal Service as we seek solutions to its financial problems.

This resolution is of great importance to those in Brooks, Manchester, South Byron, and other communities where surveys have been taken and reductions in service are contemplated. It is equally important to those in other towns and villages who may soon be surveyed and have their post offices closed unless the Postal Service responds to the will of Congress and properly recognizes its service responsibilities. I hope this resolution is approved by an overwhelming margin so that our intent is unmistakable.

Mr. SHRIVER. Mr. Speaker, I rise in support of House Resolution 1216—the resolution that would urge the U.S. Postal Service to effect a 1-year moratorium on any further service reductions, including the closing of small post offices.

It was with improved service in mind that Congress relinquished control of postal operations, but from all reports to my office consumer service has declined as steadily as rates have increased since the Postal Service took over.

Not a week passes that I do not receive at least one complaint about the Postal Service from someone in my district. Delayed mail deliveries, lost packages, the cost of postage, the closing of small post offices—the list goes on and on. Something must be done, and—like it or not—it is going to be up to Congress to decide what action must be taken.

But just as we cannot allow the Postal Service to obliterate rural postal service in the interest of "cost-effectiveness," neither can we allow ourselves to make a hasty decision on the course postal service in America should take. A 1-year moratorium would give Congress sufficient time to reach agreement on how the Postal Service can best continue to be a public service.

If we must eventually close small post offices, or otherwise cut back postal operations then we must find alternative ways of providing high quality postal service. Some day we may need no postal service. All our written communications may be transferred electronically, and our parcels delivered by private services. But until that day is here, the overriding concern of Congress in Postal Service deliberations should be to maintain a maximum level of public service. That goal would not be served by the indiscriminate closing of small post offices.

Mr. BROYHILL. Mr. Speaker, I rise in support of House Resolution 1216 which urges a 1-year moratorium on post office closings, unless a "clear and compelling" need for such closings is first proven. This resolution also expresses the sense of Congress that the Postal Service implement no major reductions in service for that period of time.

Every day, more and more complaints about our postal system pour into my office, with comments on such issues as postal rates, postal worker salaries, poor mail delivery service, proposed post office closings, and the list goes on and on. Clearly, this is a complex situation which involves a diverse population and a myriad of issues. Neither the Congress, the Postal Service, nor the American public should act too hastily when contemplating the future of an institution so engrained in our American heritage.

I believe this 1-year, cooling-off period is vital to the solution of one of our country's most pressing problems, and is necessary to ensure that all possible solutions are explored in full. Last fall, the House enacted legislation calling for a study commission to review the financial situation of our Postal Service and to recommend changes needed to improve the system. And, a few days ago the Senate Post Office and Civil Service Committee ordered reported legislation with a similar provision. I hope that Senate action is completed shortly on this subject.

When Congress passed the Postal Reorganization Act in 1970, it specifically provided that no small post office be closed solely for operating at a deficit, as it was the specific intent of Congress that an "effective" Postal Service be insured to residents of small and large communities alike. Small post office closings would not seem to be congruous with the intent of that legislation. Our small post offices provide so much more to rural communities than just a place to buy stamps; they are symbols of the longstanding traditions in an area, they are, in a sense, the local community itself.

Other cuts in vital services have been proposed by Postal officials. They have suggested cutting back on the number of days of delivery per week. They have suggested cutting back on the number of deliveries per day. At the same time, they are cutting back the public's confidence in a time-honored tradition, as our mail delivery grows slower and slower.

We in the Congress must set the wheels in motion to insure that our postal tradition steams full ahead into the future, rather than becoming derailed in the present. I would urge my colleagues today to support House Resolution 1216.

Mr. BAUCUS. Mr. Speaker, I rise to express my support for House Resolution 1216. This resolution, sponsored by the gentleman from New York (Mr. HANLEY) who is the able chairman of the Post Office and Civil Service Subcommittee, calls for a moratorium on closing rural post offices by the U.S. Postal Service.

On a number of occasions, I have expressed my concern on the plight of rural post offices. On March 11, 1976, I introduced a bill, H.R. 12409, which, in effect, would provide a veto power to rural postal patrons over proposed closings of their post offices by the Postal Service. Subsequently, as a further step to express my opposition to rural post office closings, I had the opportunity of cosponsoring the resolution under consideration at this time.

In my district over the past 6 months, post offices have closed in the towns of Essex, Jeffers, and Potomac. I can tell you from talking with constituents in those towns that it is more difficult for them to carry on the everyday responsibilities of life. Moreover, I believe they lost a vital community institution which is as important to them as the community centers, town halls, and other vital public institutions that are available to people who have the opportunity live in the suburban and urban areas of our country.

I am pleased, therefore, that we are given an opportunity today to vote to prohibit temporarily further post office closings. This will come as especially good news to constituents of mine in the following 25 towns where post offices are now under consideration for closing by the U.S. Postal Service. Those towns are:

LIST OF TOWNS

Blackfoot, Canyon Creek, Elmo, Ferdig, Fort Harrison, Fortine, Garrison, Grantsdale, Hall, Huson, Lothair, Maudlow.

McAllister, Milltown, Norris, Pony, Ravalli, Rexford, Santa Rita, Stryker, Trego, Trident, Trout Creek, West Glacier, Whitlash, Willow Creek.

Mr. Speaker, I am also pleased to report that the Senate Committee on Post Office and Civil Service yesterday reported out H.R. 8603, a bill which we passed on October 30, 1975, and has been pending in the Senate committee since November 3, 1975. As I understand the status of that bill, it has now been referred to the Senate Budget Committee pending a special waiver, since it was not reported prior to the May 15 budget deadline for new budget authorizations for fiscal year 1977.

The significant feature of the Senate version of H.R. 8603, for the purposes of the debate on the resolution under consideration, is that it includes a special provision prohibiting the closing of rural post offices serving 35 or less patrons, unless those patrons agree with the proposed closing.

The General Accounting Office in earlier reports on rural post offices has stated that as many as 90 percent of patrons served in areas where post offices have been closed are generally pleased with the replacement service provided by the U.S. Postal Service. If it is clear that the replacement service will be as good as that provided by post offices that are now in jeopardy of being closed, then I think it should not be difficult for the Postal Service to obtain the assent of rural patrons to a proposed closing.

Once again, I would like to commend the chairman of the subcommittee for his efforts on behalf of rural postal patrons. I trust that the future of rural post offices will be preserved through the passage of this legislation or the ultimate enactment on H.R. 8603.

Mr. CARTER. Mr. Speaker, for those of us who represent rural areas, the Postal Service situation, which this resolution aims to alleviate, is particularly distressing.

So many times our rural areas are the last to receive essential and quality services which urban areas expect and receive as a matter of course. While some urban residents complain about the cost of transportation systems, health care, housing programs, even water and sewer service, it is too often forgotten that for many people in rural areas these amenities remain but a dream.

Now we see one service which our rural people have had, their mail service, swiftly eroding under the actions of the independent Postal Service. And what the Postal Service seems to ignore is that for rural people their local post office is indeed a service. In areas such as Kentucky where many homes are without a telephone, the mails are the only means of communicating with distant relatives and friends as well as Government and business. In addition, the local post office is truly the heart of many communities. It is a community center where people congregate when they pick up their mail. It is where individuals unable to read can get help by having someone, usually the postmaster, read their letters to them.

Between July 1974 and July 1975, 285 post offices were terminated in the United States. Of that total, 84 were in Kentucky, and I regret to say that 41 of those were in the Fifth Congressional District which I represent. In the 6 months between July and December last year, another 28 post offices in Kentucky were closed, with almost half of those in the Fifth District. Since then plans have been announced for closing many more post offices.

Each closure of a small post office diminishes service to the people. While the Postal Service may argue that it is cheaper to put people on rural route service, no saving of dollars and cents can make up for the loss of service. And the impact of these "cost-cutting" procedures is on people; we must keep that in mind. One woman in my district wrote me recently to tell of her troubles with rural route service. She told me how, in order to receive an expected shipment of chicks by mail, she had to stand in the rain beside her mailbox for 2 hours, 2 days in a row while her small children were at home unattended. This is the kind of impact on people that Postal Service cutbacks mean.

The Postal Service situation is a very complex one, and I want to make clear that I favor attempts to be fiscally responsible. But it is irresponsible to consider only dollars and cents and not impact on people. I urge my colleagues to join in supporting this resolution so that we at least can "buy time" while a more permanent solution is worked out.

Mr. DODD. Mr. Speaker, I rise in support of House Resolution 1216, which I cosponsored, and which we have before us today for consideration. This resolution calls for a 1-year moratorium on the closing of small, rural post offices by the U.S. Postal Service.

Our long-range efforts must be toward establishing guidelines which the Postal Service must follow in determining what post offices may be closed without jeopardizing the quality of service, and in cases where this can be accomplished, what type of alternative service will best provide for the customers' needs.

From the letters I have received from many of my constituents in towns where post offices are scheduled to be closed, I am convinced that the Postal Service has not been adequately responsive to local needs when making these kinds of decisions. It is clear that guidelines to insure quality mail service are essential.

I am pleased to say that I have cosponsored a bill introduced by the gentleman from Wisconsin (Mr. KASTENMEIER) to establish such guidelines. Although I feel this bill, the Small Post Office Preservation Act, and others dealing with the guidelines approach, are ultimately the best way to deal with the problem of protecting customer service and still allowing the Postal Service to economize where possible, it will take time to work out the specifics of this legislation. In the meantime, we must take measures to protect those communities where post offices are currently threatened with possible closing.

The resolution we have before us will accomplish this purpose, by calling for a 1-year moratorium on the closing of small post offices. This delay will allow Congress the necessary time to work out the details on guidelines for the closing of post offices. It is essential that we call for this moratorium in order to prevent the mail service in many of our small, rural communities from being seriously damaged. I strongly urge all of my colleagues to join me in voting favorably on House Resolution 1216.

Mr. TAYLOR of Missouri. Mr. Speaker, in our efforts to cut the cost of government and increase public confidence in Government, we have, perhaps, lost sight of the importance of the word "service."

I am referring, of course, to the U.S. Postal Service and the various House resolutions expressing the sense of the House that the U.S. Postal Service shall not close or otherwise suspend the operation of any post office, unless there is a clear and compelling need to do so, or implement any major reductions in service during a 1-year period.

In my 18-county district in the Missouri Ozarks, the U.S. Postal Service has recently closed three small post offices, and has surveyed about 20 others for potential service reductions. Now I am sure the closing of these small post offices, in such places as Neck City, Brookline Station, and Tunas, saved the country a great deal of money, but I really wonder what the people who were being served by a nearby post office think of the savings.

The House resolution (H. Res. 1216) is identical to one I cosponsored earlier this month, and I truly feel that we must call the proper amount of attention to the fact that this House is very concerned about the erosion of public confidence in the U.S. Postal Service precisely because they have lost sight of the word "service."

The sense of the House needs to be expressed in terms of encouraging the Postal Service to continue those cost-cutting programs which do not affect levels of service.

Mr. CLEVELAND. Mr. Speaker, the American public is losing confidence with each passing day in the reliability and trustworthiness of the Postal Service. As rates go up and new announcements of reductions and closures are made, what little confidence that remains is steadily eroding into cynicism, ridicule, and distrust.

The Congress is currently in the midst of legislation which would temporarily increase the funding of the Postal Service while providing for a blue ribbon study of the public service functions of the Postal Service. At this critical point in trying to formulate a responsible and comprehensive policy regarding the Nation's mail service, therefore, it is vitally important that we not let the public's confidence dwindle further. For any new scheme the Congress develops, however meritorious on paper, will be of little value if the American public does not believe the Postal Service can work.

Consequently, House Resolution 1216 is an essential first step in keeping the public's trust, by imposing a moratorium of 1 year on any reduction of Postal Service, including the closing of small post offices. I am proud to be a cosponsor of this resolution, and as a resident of a small town in New Hampshire, I well know that the value of a rural post office cannot be measured in dollars and cents. They are very often the focal point of a community's social life, and as such serve a function far outweighing economic factors.

The Postal Service has declared that it can save in the neighborhood of $100 million by closing some 12,000 small post offices around the country. But, Mr. Speaker, if these and other proposed cuts by the Postal Service have the crippling effect on public confidence that I think they will, then no amount of reorganization and refinancing will be able to make up the potential loss of customer revenue. That $100 million will be only a drop in the bucket by comparison.

I urge my colleagues to help prevent the complete loss of public support for the Postal Service by passing this resolution.

Mrs. PETTIS. Mr. Speaker, I call upon my colleagues to vote in favor of House

Resolution 1216—a resolution expressing the sense of the House that the Postal Service shall not close or otherwise suspend the operation of any post offices, unless there is a clear and compelling need to do so, or implement any major reductions in service for 1 year.

I cosponsored this resolution because I represent an area of southern California which contains a number of small and rural post offices that have been slated to close. Such announced closures and reductions in service have seriously eroded public confidence in the U.S. Postal Service and threaten to impose upon many of my constituents the hardship of long distance travel to utilize such postal services as mailing and receiving large packages; and obtaining money orders, as well as insured, registered, and certified mail. To quote from several of the dozens of letters I have received regarding this matter:

> While my wife and I realize the necessity of cost reductions by the Postal Service to help restrain the already expensive postal service, many of the people served by these small post offices are elderly and/or retired with minimal incomes and/or limited travel capabilities. Closing of the Whitewater (California) post office would require a 15–20 mile trip to the nearest post office. Forcing such a journey hardly seems justifiable or economical.

Another constituent writes:

> Closing of the Newberry Springs Post Office would require driving to Barstow (50 miles round trip). We have many elderly people here that depend on others for transportation and consequently would be badly handicapped by this proposed action. Residents of Ludlow (26 miles east of Newberry Springs) that now use our Post Office will then be driving over 100 miles for these services. Their Post Office was closed down several months ago.

The closing of small post offices will also affect other members of the community, as one constituent pointed out:

> Many of the cattle ranchers and miners live many miles away and drive for their mail once or twice a week. . . . Should Cima and Kelso Post Offices eventually be closed we would have no alternative but to drive to Baker or Nipton, a distance of 40 miles.

Mr. Speaker, the importance of these small post offices is clearly noted in the language of House Resolution 1216:

> The post office is an important factor in the community life of small towns throughout America, serving as a communication center, stimulator of local business, and in many cases, the principal source of community identification, as well as a center for the distribution and collection of the mail. . . ."

Mr. Speaker, the House can indicate its concern and regard for the contribution of the small post office by calling for a 1-year moratorium on the proposed closings.

As one of my constituents from Fawnskin so aptly pointed out:

> People in the large metropolitan areas are so used to getting home delivery that they forget about people like us in a very small community.

Hopefully, Mr. Speaker, the House will remember when it comes time to vote today.

Mr. JOHNSON of California. Mr. Speaker, the House of Representatives has before it today a resolution of major importance to rural America. House Resolution 1216 would express the support of the House of Representatives for a 1-year moratorium on the closing of small post offices across our Nation. I have been quite shocked at the large number of post offices which are currently being considered for closing. Furthermore, I fear the consequences that this will bring to many of the rural areas of our Nation.

It is my privilege to represent here in the Congress the northernmost district of the State of California. My congressional district covers some 13 counties and a land area of over 34,000 square miles. Within my district alone, there are approximately 250 post offices. I have had an opportunity to work closely with people in rural areas who depend heavily on rural post offices. I feel that I can provide a special insight to my colleagues on the dire consequences of eliminating many of these small post offices.

Since the earliest settlement of northern California, small post offices have been established in frontier towns. As these communities grew in size, postal service was extended to them. These rural post offices often serve as the communications center for a town. In some of the smaller villages, the post office is also the general store. This is the one center in town where people can come and carry on the town's business.

Many of my constituents live miles off the main road and their mail would most certainly have to sit in a rural box unprotected until they could reach the box to pick up their mail if a rural route delivery system were imposed by the Postal Service. In our part of the country, it is not unusual to have a snow storm lasting several days, meaning that the mail could not be picked up for possibly a week or longer. One of the many benefits of having a small rural post office is the assurance that the mail would be protected from the elements at a central location.

Another consequence of eliminating small post offices would be the added discomfort and inconvenience for many postal customers who would have to travel significant distances to a post office in order to obtain such postal services as money orders, package wrapping, and sending and receiving registered mail.

It is my belief that it is very important to maintain the identity of our small post offices. A local address provides a great psychological boost to small communities and gives them an identity all their own rather than lumping them in with a more metropolitan area. Fortunately, the Postal Service is taking a step in this direction by restoring town names to the Postal Service cancellation marks.

Mr. Speaker, these are just some of the problems which would surface if the Postal Service proceeds further with its plans to close many of our small post offices. While I strongly support efficiency in government, I think the key word in this situation is service. The Congress of the United States has created the U.S. Postal Service, an organization designed primarily to deliver mail and provide postal service to the people of this Nation. To cut off rural and small post offices would seriously hamper the ability of the Postal Service to provide service to our rural areas. By closing small and rural post offices, we would effectively seal off the last personal touch of the Federal Government with individuals at the community level in these backwoods areas.

I encourage my colleagues to support this resolution so that the House may be officially on record as opposing proposed actions of the Postal Service, and on record as supporting service to our rural citizens.

The SPEAKER pro tempore. The time of the gentleman from Missouri (Mr. TAYLOR) has expired. All time has expired.

The question is on the motion offered by the gentleman from New York (Mr. HANLEY) that the House suspend the rules and agree to the resolution (H. Res. 1216).

The question was taken.

Mr. HANLEY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to the provisions of clause 3, rule XXVII, and the Chair's prior announcement, further proceedings on this motion will be postponed.

PERMISSION TO FILE CONFERENCE REPORT ON S. 3295, HOUSING AMENDMENTS OF 1976

Mr. REUSS. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the Senate bill (S. 3295) to amend and extend laws relating to housing and community development.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

BRETTON WOODS AGREEMENTS ACT AMENDMENT

Mr. REES. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 13955) to provide for amendment of the Bretton Woods Agreements Act, and for other purposes, as amended.

The Clerk read as follows:

H.R. 13955

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Bretton Woods Agreements Act (22 U.S.C. 286–286k–2) is amended by adding at the end thereof the following new sections:

"SEC. 24. The United States Governor of the Fund is authorized to accept the amendments to the Articles of Agreement of the Fund approved in resolution numbered 31–4 of the Board of Governors of the Fund.

"SEC. 25. The United States Governor of the Fund is authorized to consent to an increase in the quota of the United States in the Fund equivalent to 1,705 million Special Drawing Rights.".

SEC. 2. Section 3 of the Bretton Woods Agreements Act (22 U.S.C. 286a) shall be amended as follows:

(1) section 3(c) shall be amended to read as follows:

"(c) Should the provisions of Schedule D of the Articles of Agreement of the Fund apply, the Governor of the Fund shall also serve as councillor, shall designate an alternate for the councillor, and may designate associates.";

(2) a new section 3(d) shall be added to read as follows:

"(d) No person shall be entitled to receive any salary or other compensation from the United States for services as a Governor, executive director, councillor, alternate, or associate.".

SEC. 3. The first sentence of section 5 of the Bretton Woods Agreements Act (22 U.S.C. 286c) is amended to read as follows: "Unless Congress by law authorizes such action, neither the President nor any person or agency shall on behalf of the United States (a) request or consent to any change in the quota of the United States under article III, section 2(a), of the Articles of Agreement of the Fund; (b) propose a par value for the United States dollar under paragraph 3, paragraph 4, or paragraph 10 of schedule C of the Articles of Agreement of the Fund; (c) propose any change in the par value of the United States dollar under paragraph 6 of schedule C of the Articles of Agreement of the Fund, or approve any general change in par values under paragraph 11 of schedule C; (d) subscribe to additional shares of stock under article II, section 3, of the Articles of Agreement of the Bank; (e) accept any amendment under article XXVIII of the Articles of Agreement of the Fund or article VIII of the Articles of Agreement of the Bank; (f) make any loan to the Fund or the Bank; (g) approve the establishment of any additional trust fund, for the special benefit of a single member, or of a particular segment of the mebreship, of the Fund.".

SEC. 4. The first sentence of section 17(a) of the Bretton Woods Agreements Act (22 U.S.C. 286e-2(a)) is amended to read as follows: "In order to carry out the purposes of the decision of January 5, 1962, of the Executive Directors of the International Monetary Fund, the Secretary of the Treasury is authorized to make loans, not to exceed $2,000,000,000 outstanding at any one time, to the Fund under article VII, section 1(i), of the Articles of Agreement of the Fund.".

SEC. 5. The Special Drawing Rights Act (22 U.S.C. 286n-r) is amended by:

(1) deleting "article XXIV" in section 3(a) and inserting in lieu thereof "article XVIII";

(2) deleting "article XXVI, article XXX, an article XXXI" in section 3(b), wherever it appears, and inserting in lieu thereof "article XX, article XXIV, and article XXV";

(3) deleting "article XXIV" in section 6 and inserting in lieu thereof "article XVIII";

(4) deleting "article XXVII(b)" in section 7 and inserting in lieu thereof "article XXI(b)".

SEC. 6. Section 2 of the Par Value Modification Act (31 U.S.C. 449) is hereby repealed.

SEC. 7. Section 10(a) of the Gold Reserve Act of 1934 (31 U.S.C. 822a(a)) is amended to read as follows:

"SEC. 10. (a) The Secretary of the Treasury, with the approval of the President, directly or through such agencies as he may designate, is authorized, for the account of the fund established in this section, to deal in gold and foreign exchange and such other instruments of credit and securities as he may deem necessary to and consistent with the United States obligations in the International Monetary Fund. The Secretary of the Treasury shall annually make a report on the operations of the fund to the President and to the Congress.".

SEC. 8. Section 14(c) of the Gold Reserve Act of 1934 (31 U.S.C. 405b) is amended to read as follows: "The Secretary of the Treasury is authorized to issue gold certificates in such form and in such denominations as he may determine, against any gold held by the United States Treasury. The amount of gold certificates issued and outstanding shall at no time exceed the value, at the legal standard provided in section 2 of the Par Value Modification Act (31 U.S.C. 449) on the date of enactment of this amendment, of the gold so held against gold certificates.".

SEC. 9. The amendments made by sections 2, 3, 4, 5, 6, and 7 of this Act shall become effective upon entry into force of the amendments to the Articles of Agreement of the International Monetary Fund approved in Resolution Numbered 31-4 of the Board of Governors of the Fund.

The SPEAKER pro tempore. Is a second demanded?

Mr. J. WILLIAM STANTON. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from California (Mr. REES) and the gentleman from Ohio (Mr. J. WILLIAM STANTON) will each be recognized for 20 minutes.

The Chair now recognizes the gentleman from California (Mr. REES).

Mr. REES. Mr. Speaker, I yield such time as he may consume to the distinguished chairman of the Committee on Banking, Currency and Housing, the gentleman from Wisconsin (Mr. REUSS).

Mr. REUSS. Mr. Speaker, today we consider legislation, H.R. 13955, to amend the articles of agreement of the International Monetary Fund—IMF. While these amendments have been described by some as reforming the international monetary system, their actual impact is more modest. International monetary reform is an evolutionary process, and the amendments of the IMF articles before us for consideration allow for future change. But the reforms of greatest immediate impact have already occurred.

After the President of the United States decided in August 1971, to suspend convertibility of dollars into gold, the dollar was allowed to float in exchange markets. The external value of the dollar was determined not by official edict reinforced by the monetary authorities' intervention, but was determined day to day by the interaction of private demand for and supply of dollars in exchange for foreign currencies. Two attempts were subsequently made to reinstitute fixed dollar exchange rates. Both of these attempts failed.

A regime of managed floating between the dollar and the currencies of other major industrial countries is now generally accepted. But the original IMF articles adopted at Betton Woods at the end of World War II were based on a par value exchange rate system rather than on managed floating. The immediate need for the amendments that the legislations before us endorses, therefore, is to bring the charter of the IMF into conformity with existing practice.

Representative REES, chairman of the Subcommittee on International Trade, Investment, and Monetary Policy of the House Committee on Banking, Currency, and Housing, who has done such an informed and painstaking job, will explain the details of the legislation under consideration. I emphasize a few of its most salient aspects.

The amended IMF articles will permit member countries to choose individually whatever type of exchange rate regime they each prefer to adopt. If a particular member wants to state a par value in terms of SDR's, that is permissible. If a country wants to stabilize the external value of its currency with respect to another currency, or with respect to a group of currencies, that also is possible.

The United States has chosen neither of these options. Instead, this Government has decided to let the external value of the dollar be determined primarily by the interaction of private supply and demand in exchange markets. Official intervention in exchange markets by U.S. monetary authorities is to be confined to combating evident disorder in these markets.

The legislation before us provides that if the United States is to adopt a par value for the dollar, the Executive must first come to the Congress for authorization of such a step. Nor will the International Monetary Fund be provided with the authority to direct the United States to once again stabilize the value of the dollar around a specific SDR parity. This is a decision that will remain entirely the prerogative of the U.S. Government. Some years ago I became convinced that, under current circumstances, allowing the dollar to float in exchange markets is the only workable exchange rate policy for the present for the United States. Consequently, I support the exchange rate arrangements specified in the proposed amendments to the IMF articles.

In addition to adopting a laissez-faire attitude toward the exchange rate preferences of member countries, the proposed amendments to the fund articles include a step toward phasing out gold as a reserve asset held by the International Monetary Fund. The only amendment to the articles required to initiate this process is abolition of the official price of gold. But in addition, the fund has resolved to liquidate one-third of its gold holdings over the next 4 years. Recently, the first sale of IMF gold occurred as part of the liquidation arrangements. A consequence of phasing out gold as a reserve asset, it is hoped, will be to increase use by monetary authorities of special drawing rights or "paper gold" created by the IMF.

Under the amended articles, the International Monetary Fund will assume expanded responsibilities for surveillance of the exchange rate polices and practices of member countries. Among the Fund's responsibilities will be to insure that member states do not manipulate their exchange rates to prevent balance-of-payments adjustment or to gain an unfair competitive advantage. One of the problems with the old system was that other countries tended to undervalue their currencies with respect to the dollar, and thus to promote their own exports and domestic employment to the disadvantage of the United States. If the IMF effectively discharges its responsibilities in the future, a repetition of this problem should not occur.

The Committee on Banking, Currency and Housing added two amendments to the legislation submitted to us by the

Treasury. Both of these amendments I support as strengthening the proposed changes in the IMF articles.

One amendment eliminated from the Gold Reserve Act of 1934 the obsolete policy directive that the Secretary of the Treasury shall use the Exchange Stabilization Fund "for the purpose of stabilizing the exchange value of the dollar." Today the United States has no particular exchange rate target for the dollar, and no specific balance-of-payments objective. The language in the statute is a vestige of Bretton Woods fixed-rate ideology, and should be eliminated. No new policy goal is specified in the committee's amendment; instead, the Secretary of the Treasury is authorized to use the Exchange Stabilization Fund in a fashion "consistent with the U.S. obligations in the International Monetary Fund." This amendment has the support of the Treasury.

The second amendment relates to the role of Congress.

The profits from part of the gold sales that have been initiated by the fund are being placed in a special trust to be used for the benefit of developing country members. Arrangements for the establishment of this trust fund, and the liquidation of one-third of fund gold stocks, were concluded without adequate consultation with the Congress. Consequently, the second amendment requires the approval of the Congress for the establishment of any new or additional trust fund that is to be established for the benefit of a segment of the fund's membership. This amendment is intended to help insure that the Congress is fully consulted about any plans to liquidate the remainder of fund gold, whatever the method of disposition, and particularly that we have an opportunity to express ourselves on the establishment of any facility benefiting particular members.

The amendments to the IMF articles of agreement that this legislation endorses are essential to modernize the International Monetary Fund. The rules of that institution must be brought into conformity, into existing realities. Passing the legislation before us is a necessity for continuing international monetary cooperation, and for protecting the external financial interests of the United States. It deserves the endorsement of every Member of the House.

Mr. REES. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this bill represents perhaps the most major change we have had in the original Bretton Woods agreement, which was established in 1944.

The purpose of the Bretton Woods agreement was to try to bring some order to international money markets. One of the great problems that we had in the 1930's during the great depression was that there was no parity among the various international currencies. We did very well under the Bretton Woods agreement until about 1971. Under the Bretton Woods agreement we had a system of par values, and every currency was tied into a fixed par value in relation to the price of gold, which at that time was $35 an ounce.

In about 1971 we found that the United States was in a very difficult position, because the dollar was used as a reserve for other currencies, along with the pound sterling and special drawing rights, and we found that the dollar, if others maintained their par value, would be over-valued. By 1973, because of this terrible pressure on the dollar, the dollar was coated, and it more or less reached its own level.

It is estimated by the experts at the Brookings Institution that the par value system resulted in over-valuing the dollar, which meant that we were exporting less, and probably lost between 500,000 and 750,000 jobs in this country. Once we were able to float the dollar and the dollar was allowed to reach a logical level, a market level in the international monetary system, we found that our balance of payments took a dramatic turn for the better. We have now been in balance, and, of course, this has certainly helped our U.S. economy and has done a great deal in terms of developing more jobs, because our exports are now very competitive on the international market.

During the past 3 or 4 years, two committees of the International Monetary Fund have been meeting in order to amend the Bretton Woods articles which created the International Monetary Fund. Our purpose was to get away from the fixed par-value system.

Mr. Speaker, by the agreements in this legislation, we authorize the U.S. Executive Director, the Secretary of the Treasury, to approve the agreements that were made by the Interim Committee in Jamaica this last January.

What this would do would be to allow currencies to float so that they would really represent a more realistic value. It also takes gold out of the international monetary system, and the International Monetary Fund no longer requires gold payments from the member nations. One-third of the gold is to be sold. Of this, one-half, or one-sixth of the total, of the gold is sold back to the members in proportion to what they put into the International Monetary Fund. This is sold back to them at the price of about $42 an ounce. Mr. Speaker, the other one-sixth of the gold is being sold; to the private market and these funds are put into a special trust fund for the benefit of those poorest nations, nations that have a per capita income less than 300 SDR a year, to help them in their very serious balance-of-payments problems, most of the balance-of-payments problems being caused by the 400-percent increase in the price of petroleum.

Mr. Speaker, we also have an increase in the amount of capitalization in the International Monetary Fund. The U.S. share goes from something like 20.75 percent of the voting power down to about 19.9 percent.

Mr. Speaker, in terms of the new subscriptions, the major part of the subscriptions is by the OPEC nations, which have had a very good balance-of-payments situation, because of the dramatic increase in the cost of petroleum.

We also change the articles of the International Monetary Fund so that there has to be an 85-percent approval for major decisions in the IMF.

This means that the United States will still continue to have essentially a veto power over any change of the articles.

Mr. Speaker, if the Members will look at the bill, it restricts our Executive Director of the Fund in terms of the agreements that he might make. If there is to be a change in the quota, if there is to be a change in gold and in the sale of gold, if there is to be a change in floating arrangements, these have to first be approved by the Congress before our Executive Director can vote on these.

We also changed the Par-Value Modification Act, because no longer is there any relationship between the price of the dollar and the price of gold.

Mr. Speaker, I think that the Interim Committee and the Committee of Twenty of the International Monetary Fund have done an excellent job in recognizing what the realistic situation is today in the international money marketplace.

Our committee voted overwhelmingly, with only one dissenting vote, in favor of this legislation. It is legislation sponsored by the administration.

Mr. Speaker, I know of no active opposition to the amendments, and I would ask for the approval of this bill by the House.

Mr. J. WILLIAM STANTON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, my support for H.R. 13955, amendments to the Bretton Woods Act, is unqualified. The reform amendments that are incorporated in this bill are of vital importance to the world's economy and are in the best interests of the United States.

Since 1973 world trade has been conducted within an ad hoc framework. The devaluations of the dollar in 1971 and in 1973 led to the collapse of the Bretton Woods system and to the evolution of an international monetary system which complicated international trade and finance. Our approval of H.R. 13955 represents a major step toward the end of this situation. This legislation authorizes the U.S. representaitve to the International Monetary Fund to approve a package of reform measures which replaces the current ad hoc system with a comprehensive international monetary system. The major features of the legislation are U.S. approval of new international exchange rate system, approval of a reduction in the role of gold within the international monetary system, and approval of an increase in the U.S. quota share to the IMF.

The new exchange rate arrangement: Under the present IMF charter member countries are obliged to maintain exchange rates on the basis of fixed but adjustable par values. In 1971 and 1973, however, this par value system proved to be too inflexible and it fell apart. The proposed amendments recognize this inflexibility of the par value system and provide that all member countries of the IMF will have the right to maintain exchange rate arrangements of their own choice. This amendment will allow some countries to have floating rates, others to float jointly, and still others to be pegged to another currency. The amendment reflects the belief that a more flexible, pragmatic, market-oriented system is the best approach to today's world economy.

A reduction in the role of gold: For years gold has been the basis for the international monetary system. Recent developments, however, have undermined the position of gold and dictated a move away from gold as the major reserve asset. For example, the world's demand for capital for industrial development has begun to outpace the world's gold supplies. Similarly, pressures and price differences have emerged between the controlled official gold market and the private gold market which have led to official efforts to influence the gold market, to reductions in the world's monetary stock, and to unneeded interference in world monetary policies. In response to these developments the IMF has proposed the following provisions: First, the removal of the official price of gold; second, the removal of the requirement that gold be used in IMF transactions; third, the authorization for the sale of IMF gold; and fourth, the introduction of the special drawing right—SDR—as the primary reserve asset of the international monetary system.

The SDR is a reserve asset which was created by the IMF in the early 1970's to help meet the world's capital needs. Since it is nothing more than a balance on the books of the International Monetary Fund it does not suffer from the same physical limitations that inhibit the supply of gold. The SDR is also free from the price pressure that influence gold. The value of an SDR is equivalent to a combination of specified amounts of the currencies of the 16 countries that had a share of world exports of goods and services in excess of 1 percent during 1968–72. The current composition of the SDR "basket" is listed below:

COMPOSITION OF SDR CURRENCY BASKET

Currency	Weight (in percent)	Amount (in units of each currency)
U.S. dollar	33.0	0.40
Deutsche mark	12.5	.38
Pound sterling	9.0	.045
French franc	7.5	.44
Japanese yen	7.5	26
Canadian dollar	6.0	.071
Italian lira	6.0	47
Netherlands guilder	4.5	.14
Belgian franc	3.5	1.60
Swedish krona	2.5	.13
Australian dollar	1.5	.012
Danish krone	1.5	.11
Norwegian krone	1.5	.099
Spanish peseta	1.5	1.10
Austrian schilling	1.0	.22
South African rand	1.0	.0082
Total	100.0	

U.S. quota share increase: The final major provision of H.R. 13955 is the approval of an increase in the U.S. quota share to the IMF of 1,705 million SDR's. The current U.S. contribution to the IMF is 6,700 million SDR's or 22.93 percent of the Fund's 29 million SDR's. The proposed quota increase follows a quota review which is required every 5 years and it represents a total increase in the Fund's SDR holdings from 29 to 39 million SDR's. The increase in the U.S. quota of 1,705 million SDR's is equivalent to approximately $2 billion and pushes our total contribution to 8,405 million SDR's.

This increase in the U.S. quota share is money well spent—especially since it has no impact on our budget. U.S. payments to the IMF are not outlays. The U.S. quota payment represents an exchange of assets with the IMF, while our holdings of dollars decrease, our SDR account with the IMF simultaneously increases by the same amount.

In conclusion, I wish to reemphasize my support for this legislation. The United States has played a vital role in negotiating these reforms and it is in our best interests to act promptly and positively on them. The reforms incorporated in this legislation create an international monetary system that will aid U.S. jobs and production through the establishment of greater flexibility and practicality within the international monetary system.

Further, Mr. Speaker, as the gentleman from California (Mr. REES) has explained, there was only one vote in opposition in our committee to this legislation. For that reason, Mr. Speaker, I would like at this time to yield 3 minutes to the gentleman from Texas (Mr. PAUL).

Mr. PAUL. Mr. Speaker, I find it most amazing that such a major piece of legislation could come up in 1 week and be passed within 5 or 6 days under a procedure such as we are following today under suspension of the rules.

Mr. Speaker, today the House is being asked to pass the first major revision of the Bretton Woods agreement in over 30 years. In my opinion, we are going ahead much too fast and without sufficient consideration of this extremely important piece of legislation.

We are all aware, I am sure, that for several years now, the U.S. dollar has been floating against foreign currencies. This bill would, in effect, legalize this arrangement and tend to institutionalize it. The Congress, therefore, is really nothing more than a rubberstamp in this case, since even if we reject this bill—as I believe we should—the arrangement would continue unabated.

I believe it would be significant, however, for the Congress to reassert some authority over the autonomous operations of the International Monetary Fund, which was set up by Bretton Woods. The IMF was set up to stabilize international currency fluctuations by buying and selling currenices against each other. For this purpose, the United States and other members of the IMF contributed large amounts of gold which could be used as reserves. Now we are told that gold is no longer important to the international monetary system and has no monetary value. The IMF, rather than simply returning its gold to the contributor nations, has decided to sell it off and give away the profits. At the very least this is clearly outside the function of the IMF and most probably illegal.

The Congress has, in the past, been strongly accused of abrogating much of its authority to the executive branch. I believe that this is one more case in which we have not only abrogated our responsibility, but actually delegated it to an autonomous international organization.

We should not be deluded into believing that the IMF is really necessary, either. Take note, Switzerland, for example, has never been a member. Nor does Switzerland suffer from the inflation and wild swings of its exchange rates which have plagued the United States.

I, therefore, urge my colleagues to reject H.R. 13955.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. PAUL. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I wish to compliment my friend and colleague, the gentleman from Texas (Mr. PAUL), who I know has spent a great deal of time in thinking about this legislation and in preparing and writing very thorough and complete dissenting views. The views by the gentleman are very scholarly and well thought out showing deep and total understanding of the international monetary system. For an individual who has just come to the Congress, the gentleman from Texas (Mr. PAUL) shows a deep insight into the financial problems this country faces. He has done a good job on the Committee on Banking, Currency and Housing, and very specifically on informing the Members about this bill.

Again I want to compliment the gentleman for his dissenting views.

Mr. J. WILLIAM STANTON. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I would be remiss if I did not point out that in the consideration of this legislation the gentleman from California (Mr. ROUSSELOT) had an amendment which the committee adopted. The essence of this amendment was that in the future any particular trust funds would have to have the approval of Congress. I want to compliment the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. J. WILLIAM STANTON. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate the gentleman's yielding, and I appreciate his comments concerning my amendment in committee. It was an attempt to involve Congress in having a voice in any additional special trust funds that are set up by the International Monetary Agency, since under this legislation we are potentially exposing the U.S. Treasury on a guarantee basis to $1,900,000,000. That is a tremendous amount of exposure, and I believe that we do have the responsibility to make sure that these so-called soft window special trust funds are not set up without the involvement of Congress. This House needs to have an understanding of how that might eventually expose our Treasury under the guarantee system.

Mr. Speaker, it is with considerable concern that I rise to discuss H.R. 13955, the Bretton Woods Agreements Act amendments. The major provisions of this bill ratify actions which have already been taken by the International

Monetary Fund to phase gold out of the international monetary system and to establish a new "reserve asset" called the special drawing right, SDR, also known as paper gold based on a basket of currencies of major trading nations.

The crucial concern with any international monetary system, in my judgment, must be that the system, whether it is based upon gold of SDR's, not become an engine of inflation. The prevention of widespread international inflation requires sustained discipline on the part of central banks and treasuries. Although inflation can be avoided despite the absence of gold as an anchor for the system, if there is the will to do so, other aspects of the recent operations of the IMF give rise to serious doubts that the international monetary authorities will effectively resist the demands to inflate coming primarily from the so-called lesser developed countries—LDC's.

As a major product of the agreement reached at the Jamaica and Ramboulliet meetings, the leading industrial countries agreed to the establishment of a trust fund with the profits from the sale of one-sixth of the IMF's gold at market prices. The major portion of these profits will be available for the provision of special balance of payments assistance to the poorest of the lesser developed countries. The remainder will be distributed among the LDC's in proportion to their IMF quotas, which will mean that these intermediate LDC's, many of which have substantial natural resources, will not be contributing to the trust fund. An additional one-sixth of the IMF's gold will be restituted to all member nations of the IMF in accordance with their quotas, an action which this Member believes should have been taken with respect to the entire 50 million ounces of gold which the IMF had decided to sell.

There are three major reasons for my objection to the establishment of the trust fund:

First. Concessional loans. The terms of the loans to be made from the trust fund will be extremely "soft"—a 5-year grace period followed by repayment in 10 semiannual installments, with interest at one-half percent. Thus, the conditions applied to the loans are the same as those applied to the first credit branch of the IMF, but the interest will be much less than the 4 to 6 percent which the IMF charges in its normal operations. The result will be that LDC's will have less incentive than previously to manage their balance of payments in such a manner as to avoid having to borrow from the fund and that the degree of discipline in the international monetary system will be correspondingly reduced.

Second. Violation of principle of uniformity. The establishment of the trust fund for the LDC's violates a fundamental principle of traditional IMF operations, that all nations are to be treated uniformly in their dealings with the IMF. This principle was violated in advance of ratification of amendments to the articles of agreement. The IMF also evaded the charter prohibition against selling gold at other than the official price by creating the trust fund as a conduit for the market sale and as a depository for the proceeds. The willingness of the IMF to flagrantly violate its own charter, most dramatically illustrated in the agreement to float prior to the present charter amendments does not auger well for the maintenance of international monetary discipline.

Third. Lack of congressional authorization. The provision of balance-of-payments assistance to the LDC's in violation of the principle of uniformity constitutes an evasion of the congressional appropriations process. The IMF has contended that since it has title to the gold, it may dispose of it and apply the proceeds to the benefit of a particular group of nations in violation of the principle of uniformity established in its charter. It is my contention, however, that if the IMF had determined not to use the gold which we had contributed to provide balance-of-payments assistance in accordance with its traditional purposes and methods of operation, it should have restructured all of the gold in question so that Congress could determine whether it should be used to provide a form of foreign aid to the lesser developed countries, a development which could have been most unlikely in the present climate and in view of the vast sums that Congress has already committed.

This problem was stated most effectively in testimony by Mr. Fraza B. Wilde, chairman emeritus of Connecticut General Life Insurance Co., when he testified before the Joint Economic Committee:

> Frustration among developing countries over their unstable commodity earnings and over the reluctance of developed countries to appropriate what are believed to be adequate development funds, has caused the developing countries to seek alternatives for bypassing this Congress and other legislative bodies. We deposited a portion of our national savings in the IMF in the form of gold and currencies to contribute to a world transaction and exchange system. The World Bank and the IDA rather than the IMF, were established as development agencies. To transfer and convert the increase in value of assets, which we contributed, from a transaction and exchange system to a foreign aid program by executive agreement seems to bypass the constitutional prerogatives of this Congress to control our domestic monetary system and to appropriate and authorize the spending of our national resources. Our share in that distribution to developing countries would be approximately $500 million, a larger sum than many of the disputed sums before the new Budget Committee. The final determination and appropriation in the case of AID programs should come from Congress. The present project would appear to be a simplified version of finding some money you didn't know you had and giving it to the first charity that seems worthy to you. Foreign aid to me is too big a subject and too important to be treated in any way except by the full legislative process and by careful, very thorough consideration. (Hearings: "IMF Gold Agreement," pp. 50–51.)

It is to prevent this form of "back door" foreign aid from taking place in the future that I offered an amendment, which the committee adopted, which requires that the establishment of any additional trust funds "for the special benefit of a single member, or of a particular segment of the membership, of the fund" would require congressional authorization. With respect to further disposition of IMF gold, I have sponsored House Joint Resolution 793, which calls upon the Secretary of the Treasury, as U.S. Governor of the IMF, to insist that proceeds of such sale be applied in accordance with the traditional balance-of-payments adjustment purposes of the IMF. The committee report of this bill also contains language calling for congressional consultations concerning further disposition of the remaining 100 million ounces of IMF gold.

In addition to the objections to the trust fund which are discussed above, every Member can find additional objections in the list of 61 countries eligible for trust fund assistance, which includes the notorious Gen. Amin's Uganda, the Communist Government of South Vietnam, and a number of other unworthy recipients. The complete list of eligible countries is attached following the conclusion of these remarks.

To summarize, it is my strong belief that a stable international monetary system requires the exercise of a tremendous amount of discipline and probity on the part of the international monetary authorities. Effective participation and oversight by the Congress and by the Secretary of the Treasury, as U.S. Governor of the Fund, will be essential to responsible management of the new system which is ratified by the passage of this legislation.

The list of eligible countries follows:

LIST OF MEMBERS ELIGIBLE FOR TRUST ASSISTANCE

Countries	IMF quota	
	In millions of SDR's	As percent of total of quotas of eligible members
1. Afghanistan	37	0.984
2. Bangladesh	125	3.325
3. Benin, People's Republic of	13	.346
4. Bolivia	37	.984
5. Botswana	5	.133
6. Burma	60	1.596
7. Burundi	19	.505
8. Cambodia	25	.665
9. Cameroon	35	.931
10. Central African Republic	13	.346
11. Chad	13	.346
12. Congo, People's Republic of	13	.346
13. Egypt	188	5.000
14. El Salvador	35	.931
15. Equatorial Guinea	8	.213
16. Ethiopia	27	.718
17. Gambia	7	.186
18. Ghana	87	2.314
19. Grenada	2	.053
20. Guatemala	36	.957
21. Guinea	24	.638
22. Haiti	19	.505
23. Honduras	25	.665
24. India	940	25.000
25. Indonesia	260	6.915
26. Ivory Coast	52	1.383
27. Jordan	23	.612
28. Kenya	48	1.277
29. Laos	13	.346
30. Lesotho	5	.133
31. Liberia	29	.771
32. Madagascar, Democratic Republic of	26	.692
33. Malawi	15	.399
34. Mali	22	.585
35. Mauritania	13	.346
36. Mauritius	22	.585
37. Morocco	113	3.005
38. Nepal	14	.372
39. Niger	13	.346
40. Nigeria	135	3.590
41. Pakistan	235	6.250
42. Papua New Guinea	20	.532
43. Paraguay	19	.505
44. Philippines	155	4.122

Countries	IMF quota: In millions of SDR's	IMF quota: As percent of total of quotas of eligible members
45. Rwanda	19	.505
46. Senegal	34	.904
47. Sierra Leone	25	.665
48. Somalia	19	.505
49. South Vietnam	62	1.649
50. Sri Lanka	98	2.606
51. Sudan	72	1.915
52. Swaziland	8	.213
53. Tanzania	42	1.117
54. Thailand	134	3.564
55. Togo	15	.399
56. Uganda	40	1.064
57. Upper Volta	13	.346
58. Western Samoa	2	.053
59. Yemen Arab Republic	10	.266
60. Yemen, P.D.R	29	.771
61. Zaire	113	3.005
Total	3,760	100.000

Source: International Monetary Fund.

Mr. REES. Mr. Speaker, I yield 8 minutes to the gentleman from Texas (Mr. GONZALEZ).

Mr. GONZALEZ. Mr. Speaker, I am very grateful to my distinguished colleague. In fact, there is no question that I respect no one higher than I do the gentleman from California. He and I have worked on the same committee over the course of our careers here in the Congress.

However, I would like to say that I rise in respectful opposition. I did not get a chance during the hearing in the full committee—I am not a member of the subcommittee—other than to raise the point about the creation of a new council within the IMF arrangement. It would create a new council where we do not know what the role of the United States is going to be, and yet by virtue of that amendment this council will in reality have the decisionmaking power within the world of the Monetary Fund. I thought the committee had agreed that we would have until today to file additional supplemental or dissenting views. When I called yesterday, I was denied that privilege, saying that the deadline was yesterday, that the committee was ordering a report to be printed, and that it would come up on the Suspension Calendar today.

So if the Members will look at the report, it is dated June 21. No report was available to us for all intents and purposes really until today.

This is very important legislation. This is the first amendment to the Bretton Woods Agreement in 32 or 33 years. That in itself should not cause us to be against anything, but what is it that we are giving our stamp of approval to? I do not think every implication of this agreement has been either discussed or even fully considered.

For example, the question of this council is, what is going to be its role? This inner council is going to have the power to oversee the so-called float. It is in effect going to determine what the value of our money is going to be. Yet we do not know what the role of the United States is going to be.

The Bretton Woods Amendments Act is the first formal agreement on the international monetary system in three decades. The Bretton Woods Agreement itself is a dead letter, and has been since the latter part of 1971. All this being the case, the bill we have before us must be of some importance and significance. Yet here we have it on the suspension calendar, sandwiched between a bill on bike parts and another on fat cigars.

This placement may be correct, of course. After all, no one claims that the agreement reached at Jamaica several months ago, which gave rise to this bill, represents much real progress toward reform of the monetary system. One observer called it "non-reform."

World financial ministers have a complex task. They, after all, have to define what money is and how one currency is going to be valued against another. It is a tricky business. The present arrangement, embodied in the Jamaica agreement, which this bill authorizes, is a nonsolution. We should ask, is this the best that we can do? How long will it take before we can expect another step toward monetary reform? When can we expect to see some answers to the questions that remain unaddressed?

The House has some responsibility here. The very least that we can do is insist that the administration press forward with reform efforts. The United States alone can provide the leadership that is needed to revolve monetary questions and establish a new system; yet we have seen very little insistence from the United States that progress be made. We have seen no effort at leadership. Yet we here in Congress are prepared to approve this bill without a murmur, with only a scant hearing, and as far as I know not even a written report available. The report on this bill was filed less than 24 hours ago, and at that was filed a day in advance of schedule. Such haste would indicate that this is a matter of great importance; but its placement on the calendar, in the midst of a number of less important bills, argues that it is insignificant. Which is it? If it is unimportant, there is no need for all this haste. If it is important, it has no place on the suspense calendar.

Be all that as it may, the bill is here, and we can only vote it up or down.

The best that can be said for the Jamaica agreement is that it is probably a step in the right direction. I do not believe this is sufficient.

I am disturbed that the present monetary arrangements seem to be working with considerably less than success. What we have now is a so-called float, in which currency values are not set and maintained by agreement, but by market forces. Supposedly a float keeps values alined more or less automatically. A country that has a trade deficit will start finding its currency value depreciating; it ought to take corrective action on its own. The discipline of Bretton Woods is supposed to be replaced by the discipline of the marketplace.

But we have seen that Britain has had its currency drop below anything resembling a rational value. We can expect that this will create a tremendous surge of inflation in that country, which already is beset by a persistent and destructive inflation. The problem is so serious that Britain has been given a multibillion dollar credit to use in operations to support the pound, and keep its value from falling further.

There is reason to believe that Japan has deliberately intervened in the market to keep the value of the yen lower than it should be, in order to gain a certain trade advantage.

In other countries, currencies continue to diverge in value despite various support operations. Whereas we were told a few years ago that the float would automatically correct economic problems, we can see today that this is not so. The float in the first place is not clean—as evidenced by Japanese trading operations—and it does not automatically correct anything—as the case of Great Britain proves.

Beyond this, I do not believe that any nation believes that the float is more than a temporary expedient; it is certainly not a free market operation. We are seeing interventions in the market now as a routine thing, an ordinary event. Three and 4 years ago we were assured that the float would be free. Now we know that this is not so, and perhaps that it is not even possible to maintain a free float.

What we are beginning to see is the emergence of a managed float. The question is, managed by whom, and for what purpose, and for whose benefit? All this is unanswered. The bill we have today merely endorses the idea of a managed float that would be drawn up in detail by a yet to be created council within the International Monetary Fund.

Behind all this shadowy business of setting and maintaining currency values in relation to one another is the endless question of what money really is, what its basis is. That brings up the oldest question of all: gold.

Certain governments, notably France and Switzerland, believe that national currencies ought to be based on something other than faith and credit; they believe that money should have its basis in something tangible, like gold. Governments have accumulated gold for centuries, and they hold more of it than anybody else. Yet governments no longer settle their debts in gold; this bill eliminates any references to a set value for the dollar in terms of gold or anything else; our Government and the IMF are selling off gold; and yet—and yet, it is still uncertain what the part of gold in world money will be in the future.

It is quite possible that this IMF agreement we are being asked to endorse today will in fact strengthen the part of gold, even though it is intended to do just the opposite.

First, there is the problem that official stocks of gold are so great that they can't be disposed of readily, except by and large through sales to official bodies. In other words, all that gold is not going to be sold to individuals; it probably is going to be sold mostly to governments. To those governments, gold is going to be more, not less important. They must have some expectation that gold is not finished, for otherwise they would not buy.

Second, governments that own gold are now permitted to value their gold reserves at market rates, not the official value. Governments that do this, as France already has, get a sudden tripling in their gold-held reserves. This creates excess liquidity in the monetary system. At a time when international liquidity is supposed to be based on the very rational allocation of IMF "paper gold" we are witnessing the very irrational creation of liquidity by members who revalue their gold stocks.

Those same members are not about to sit idly by, if the gold price starts to slide. Gold is not any more in the free market today than it was 6 or 10 years ago; it is still a powerful force among those governments who are devoted to it, no matter how much wishful thinking there is at the Treasury and at the IMF.

Third, gold may become more important because of the IMF sales of gold themselves. The profits of certain gold sales are to be allocated to the poor members of IMF; those members are going to want to see a high price for gold, and to them, gold today is less important than it will be tomorrow, or 5 years from now. Governments that want a high profit from the IMF sales will naturally seek to support the price of gold and join with those who want to restore the ancient metal to its monetary throne.

When all is said and done, we have in this bill an authorization to agree to a most modest monetary agreement—modest in its progress toward a more orderly world economy, but unfortunately muddled in its treatment of the key issues, namely what to do about exchange rates and what to do about gold. With regard to exchange rates, the agreement merely hopes for better days. With regard to gold, the agreement takes what may be a fateful backward step. We ought to expect more and better; we have waited for Executive leadership, and now perhaps we should provide some of our own. A good starting point for congressional leadership might be to vote "no" on this bill and begin making recommendations for a new agreement.

Mr. J. WILLIAM STANTON. Mr. Speaker, I have no further requests for time.

Mr. REES. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, there have been several statements made that I would like to clarify on the factual situation surrounding this bill. We have floating currency rates now. We have had floating currency rates for 4 years. This is what exists, a currency float. There is no way to force the United States, Great Britain, France, or Japan, to go back and fix the rates. The currency floats, technically, are in violation of the Bretton Woods agreement; so the reason for these amendments is to set down some criteria and to give the International Monetary Fund some discipline in trying to govern and set down basic rules on the currency float.

There are lots of different floats. We have a clean float where the currency fluctuates without interference. We have what is called a dirty float where an agency, such as the Federal Reserve, goes in and buys currency to stabilize and make the currency go one way or the other; but in this legislation we have stated, both in the report and in the new amendments to the articles of agreement, that it is the duty of the International Monetary Fund to supervise this float, so we will not have a situation, which can exist today, in which the yen is kept too low in relation to the dollar; so we do not have a situation where a currency can be kept artificially low in order to stimulate exports of a country.

In the Bretton Woods amendments, we have the requirement, that the countries should avoid manipulating exchange rates or the international monetary system in order to prevent effective balance-of-payments adjustment or to gain an unfair competitive advantage over other members.

This is what we do when we modify the Bretton Woods agreement. We recognize that we do have a float and the float is there to stay; but we also give the International Monetary Fund the authority to go in and make sure that we do not have chaos in floating, that we have a float of currencies that has some relationship to the domestic economy of the country whose currency is being discussed.

Mr. Speaker, there is one other statement made by my very good friend, the gentleman from Texas, about the council. The council is more or less a board of directors. The Board of Governors of the IMF is about 130 members. It is very difficult on a continuing basis to deal with the terms of the international monetary system when we have 130 members. What we have had in the past few years is a Committee of 20 as an informal committee and then we had an Interim Committee. It was the Interim Committee and the Committee of 20, one succeeded the other, that came up with these basic agreements. If we are going to have informal committees like that, we might as well legalize them and have specific language saying that we can have a council. We do not have a council now, and it will take 85 percent of the vote of the members to have a council. It is merely a part of the amendments to the IMF articles.

Mr. PAUL. Mr. Speaker, the case against the International Monetary Fund and, therefore, against H.R. 13955, a bill which would amend the Bretton Woods agreements—1944—that established the IMF, can be stated very simply: The organization is at best superfluous and at worst a contributing factor to the problems of international trade that it is supposedly intended to alleviate. With sufficient time, money, and staff, it would be possible to produce a massive indictment of the IMF's policies, complete with footnotes, graphs, equations, computer printouts, and references to the scholarly journals. But even if such resources were available, they would not result in the production of substantive arguments any better than this one: The reduction of government intervention in free markets, whether domestically or internationally, is the absolutely necessary foundation of any economic policy that seeks to reduce the problems of the world economy. The IMF is part of the problem, not part of the cure.

One of the chief difficulties in deciphering the proposed amendments to the IMF, which Congress has been asked to ratify in their entirety, is the enormous complexity of the IMF and the issues which the IMF hopes to deal with. Much of this complexity is unnecessary. Instead of starting with the conceptual problems of a world economy, we should begin with individual producers and consumers. If a man has produced a scarce economic resource and hopes to exchange it for another scarce resource, he attempts to find a buyer. If someone else wishes to enter into a voluntary exchange with the first man, and if both men believe they can profit from the exchange, they will trade. If they use a common medium of exchange, and others in their circle of acquaintances also use this same medium of exchange—money—the market is enlarged, the division of labor can be intensified, and the resulting specialization of production increases everyone's output. If there are two or more accepted forms of money, such as gold and silver, then the free market can adjust the exchange rates of the two forms of money in terms of the purchasing power of each of the two monetary units. This is the system known as the parallel standards. There is no need for the domestic government to fix the exchange rates between monetary units of one metal and another. In fact, if the government does establish a fixed exchange rate between them, as in bimetalism, one or the other of the two money metals will wind up in private domestic hoards or exported, as the artificially overvalued currency drives the artificially undervalued currency out of circulation. What is true for the exchange rate between gold and silver is equally true of the exchange rates among all forms of money that are accepted in exchange transactions in the world markets. The so-called crisis in international payments is nothing more than the predictable, inevitable result of the creation of fiat money supplies in the various nations and the subsequent attempt of government officials, both in domestic governmental positions and in international organizations, to cover up the fiat nature of their inflationary monetary policies with price controls—in this case, price controls on the exchange rates among the various fiat currencies. Bad money—artificially overvalued by government decree—drives out of circulation good money—artifically undervalued by government decree.

The heart of the problem, therefore, is not any problem with the willingness of men to trade, whether inside a national border or across borders. The problem is basically a problem created by government officials who have imposed price controls in restraint of trade. As the late Ludwig von Mises wrote a quarter of a century ago:

> What those governments who complain about a scarcity of foreign exchange have in mind is, however, something different. It is the unavoidable outcome of their policy of price fixing. It means that at the price arbitrarily fixed by the government demand exceeds supply. If the government, having by means of inflation reduced the purchasing

power of the domestic monetary unit against gold, foreign exchange, and commodities and services, abstains from any attempt at controlling foreign exchange rates, there cannot be any question of a scarcity in the sense in which the government uses this term. He who is ready to pay the market price would be in a position to buy as much foreign exchange as he wants.

But the government is resolved not to tolerate any rise in foreign exchange rates (in terms of the inflated domestic currency). Relying upon its magistrates and constables, it prohibits any dealings in foreign exchange on terms different from the ordained maximum price.

EXCHANGE RATES: FIXED OR FLEXIBLE?

In an era of fiat currencies, when political leaders attempt to impose the invisible tax of inflation upon their constituents rather than calling forthrightly for increased taxes to cover increased expenditures, few economists, and fewer politicians ask the risk questions. The question of fixed versus flexible exchange rates, while important, is far less important than the ultimate question: Should governments have a legal monopoly over the control of money? Until this question is faced clearly, the "fixed versus flexible rates" question will not be understood properly.

Governments have asserted a monopoly over money for about as long as governments have existed. The leaders cannot resist the temptation to clip the coins, debase the coins by adding cheaper metals, print up paper money that is unbacked by specie—gold or silver, and in modern times, create money by "monetizing debt," that is, create government certificates of indebtedness and then have the nation's "independent" central bank create sufficient credit to purchase these certificates. In short, governments enjoy spending new, fiat money into circulation to buy up the public's scarce economic resources at yesterday's—or this morning's—prices—prices based on a less expansionary money supply. Wealth is transferred to governments by means of monetary inflation. But monetary inflation leads to price inflation, and this is a politically unpopular result. Governments are always tempted to impose price controls, and among these controls are controls over the exchange of money. The effects of such controls are shortages. As Mises wrote, the "shortage of foreign exchange" is a controls-induced phenomenon.

The traditional gold standard which operated in the half century prior to World War I did not rely upon any international organization such as the IMF to achieve the goals of expanding international trade and the liquidity necessary to finance net trade imbalances. On the contrary, it was understood that the free market, not some agency of international government, would serve as the disciplining power. Instead of fixing exchange rates between currencies by means of fiat government decree, political authorities in the gold standard nations imposed limits on the domestic money supply, and the most crucial of these self-imposed limits was the establishment of a fixed relationship between gold and the Nation's currency. This limit, like all legal limits, was a paper limit. It could be broken by law. But when governments abided by their decision to allow free convertibility between paper and gold—a full gold coin standard—international trade could be far less expensive simply because exchange-rate stability was imposed by the market. Any nation which adopted policies of "taxation through inflation" found itself faced with the prospects of a "gold rush," a kind of bank run on the Treasury, and this could be initiated either by local citizens or foreigners. Any nation experiencing a "bank run" had very few options. First, it could "close the gold window" at the treasury and abolish convertibility of currency into gold. This would have been seen as a declaration of insolvency—a violation of contract by the political authorities. Second, the authorities could devalue, declaring that in the future, less gold would be given out by the treasury for each currency unit. This would have been seen as partial insolvency—a violation of contract. Third, the authorities could adopt a policy of monetary deflation, thereby reducing the number of paper bills—or quantity of credit—that serve as claims against gold. This would have been seen as the honorable policy—meeting one's contractual obligations.

The legal foundation of the gold standard was full convertibility of the domestic currency. The political pressure which impelled politicians to meet their monetary contracts, domestically and internationally, was based on a definite view of morality. All law is legislated morality, and the gold standard of the late 19th century and early 20th century rested on a distinctly moral attitude toward contracts. It was that attitude which undergirded the free trade policies of those years, as well as the international gold standard which increased the stability of monetary exchange. When the First World War destroyed the moral, political, and economic foundations of that earlier period, the era of inflation and price controls arrived. Therefore, apart from shared moral principles among those who wish to trade, no piece of paper—a treaty among nations, articles of agreement among central banks, or a "gold certificate" dollar bill—can guarantee the stability of relationships over time. And it is our age which has seen the radical, disastrous decline of concern over the legal inviolability of contracts.

For free trade to flourish, domestically and internationally, we need policies of stable money. Internationally we need greater predictability of exchange rates. By reducing the uncertainty of monetary obligations between nations, all citizens in each trading nation can be benefited, as the division of labor increases and men can specialize on those tasks that they do best and most efficiently. But we must recognize that the stability of exchange rates in the late 19th century was the product of two factors: First, the self-restraint of contract-abiding governnments in the sphere of monetary policy, and second the international free market. Exchange rates were stable precisely because each gold standard nation defined its monetary unit in terms of a fixed weight and fineness of gold. The stability was, therefore, in theory an identity: Gold versus gold. It was the full convertibility of paper money into gold on both sides of any border that guaranteed exchange-rate stability between currencies. This was a free market-imposed stability, not the stability imposed by international agreements and agencies of international government. The market-imposed stability of the gold standard era required only one kind of agreement: A contract between a government and all holders of the government's currency, whether foreign or domestic, guaranteeing to redeem a specified quantity and quality of gold for each monetary unit. No international bureaucracy was required to enforce that contract, and no international agency can be designed to enforce such a contract without a terrifying loss of sovereignty by the contracting nations. Without an international government with the power—monopoly—of coercion over citizens and politicians of each nation, all contracts between men of different nations are self-enforced.

The system of fixed exchange rates imposed by the Bretton Woods agreements was doomed from the beginning. Announced in 1944, ratified in 1945, and set up in 1947, the IMF was a stopgap measure. It was a transitional institution in a transitional era. The First World War had been financed by "taxation through inflation," and the full gold coin standard died with the advent of the "new morality" of the post-war period. Fiat money is the money of wartime, and the old stability of exchange rates could not be restored without the necessary policies of monetary deflation and post-war economic recession. World War I destroyed the political and monetary institutions of that earlier era, for it destroyed much of the morality of that era. Contracts were no longer thought to be legally inviolable. Uncertainty in monetary affairs, like uncertainty in marital affairs, is the product of a moral system which takes contracts lightly.

The IMF served from 1947 to 1971—or possibly to early 1973—as a kind of economic "marriage of convenience." It ought to impose stable exchange rates by fiat decree. The fiat currencies of each nation made a joke of the fiat stability of IMF-imposed fixed exchange rates. Between 1954 and 1971, there were over 500 full or partial devaluations in over 100 nations. The IMF's authority was ignored whenever convenient by the less-developed nations, just as the stability of exchange rates and full convertibility of currency into gold were ignored by many nations in the era of the gold standard. What the gold standard established was stable—relatively fixed—exchange rates among national currencies whose governments abided by the rule of full convertibility. It never established stable exchange rates between the currency of two fiat-standard nations, nor between a gold standard nation and a fiat standard nation. Similarly, the IMF's authority was and is limited by the willingness of participating nations to abide by IMF rules. In our era of loose attitudes toward contracts, it should not be surprising that IMF rules were ignored from the beginning by most of the participants. It was only when the major trading nations began to defect from the system—Canada was the first in 1970 to adopt floating exchange rates—that the weakness of the IMF was admitted by its previous defenders.

Stable exchange rates are highly desirable. Without the rediscovery of an older morality—one which affirms the validity or legally inviolable contracts—there can be no long-term stability of exchange rates. The IMF attempted to impose a fiat stability on a world trading community which is plagued with fiat instability of the domestic monetary policies of most Western nations. The IMF tried for a quarter of a century to mimic the more stable world of pre-1914. It tried to substitute price controls for convertible currencies, but it failed. The IMF was a sickly child from its birth; it died in 1971 or 1973, when floating exchange rates—the market's time bomb that had been ticking beneath the IMF for years—finally blew apart the Bretton Woods agreements.

THE TRANSFORMATION OF THE IMF

The IMF is dead. This is announced by H.R. 13955. What the Congress is being asked to affirm is the creation of a wholly new organization with far different functions. Naturally, this new organization will be staffed by the same bureaucratic officials and clerks who failed to achieve the stated goals of the old organization. In other words, the Congress is being asked to ratify agreements that will permit the most important goal of the IMF's bureaucracy: Survival. The bureaucrats are determined to survive, and they are asking the taxpayers of this Nation to subsidize their very expensive survival. We are being asked to breathe new life into a dead corpse, and the employees of the IMF, like Dr. Frankenstein, assure us that this time the monster will behave.

The bureaucrats of the IMF have announced that the goal of fixed exchange rates between fiat currencies is no longer attainable. These high-paid experts do not call for a restoration of domestic gold standards, the only possible foundation of a successful restoration of exchange-rate stability. On the contrary, we are told that what the world needs is the abolition of anything resembling a gold standard and even greater monetary inflation. Indeed, the IMF's proposed amendments specifically call for greater monetary inflation:

> (a) In all its decisions with respect to the allocation and cancellation of special drawing rights the Fund shall seek to meet the long-term global need, as and when it arises, to supplement existing reserve assets in such manner as will promote the attainment of its purposes and will *avoid economic stagnation and deflation* as well as *excess demand and inflation* in the world.
>
> (b) The first decision to allocate special drawing rights shall take into account, as special considerations, a *collective judgment that there is a global need to supplement reserves*, and the attainment of a better *balance of payments equilibrium*, as well as the likelihood of a better working of the adjustment process in the future.—(Article XVIII, Sec. 1 emphasis added.)

The underlying assumption of this woefully inaccurate policy is that the world needs more "reserves"—special drawing rights—SDR's—sometimes referred to as "paper gold"—in order to facilitate international trade. Even if this were correct, which it is not, it would only be true, because governments will not permit monetary stability and its product, a steady, continuing decline of the price level within their borders. The concept of downward price flexibility is not taken seriously by contemporary economists. While most people would be able to understand that it is beneficial to the consumer to have color televisions that sell for $450 today instead of $1,600 in 1956—far superior products today and far less reliable dollars—or to have pocket calculators that sell for $10 rather than $100 in 1970, most voters, politicians, and economists cannot conceive of a similar decline in the prices of most commodities and services. This general decline in prices is so feared that the proposed IMF agreements actually state that one goal of the new IMF is to prevent "economic stagnation and deflation." Yet one of the most productive periods in American economic history was the period of the gold standard, 1870–1910, when prices declined by about 60 percent, the population doubled, and real output quadrupled.

There is never any "shortage of money." Very often there is a shortage of economic freedom; namely, the freedom to compete for jobs or sales by means of price competition. When unemployment of either men or resources occurs as a direct result of the loss of economic freedom—legal barriers to price competition create unemployed resources—modern economists, following the lead of John Maynard Keynes, advocate policies of monetary expansion. They believe that this will create price inflation, and in this they are usually correct; in the long run, it will always create price inflation. Price inflation lowers "real wages," meaning the purchasing power of incomes, and this supposedly can restore the economic boom and full employment. The foundation of modern economic growth theory is, therefore, the belief that reception is productive. Its corollary is that laborers and those selling other resources will not catch on and demand even higher wages or prices, thereby continuing the period of unemployment. So modern economists worry about the so-called shortage of money. They think the Government needs this money in order to deceive its citizens and get them back to work.

The IMF is unnecessary. There is no shortage of international reserves or international liquidity. We do not need the IMF to create such liquidity. A decade ago, most of the so-called experts in the field of international trade were worried about the coming shortage of dollars—liquidity—now the world is drowning in dollars. The excess liquidity created by our own policies of monetary inflation from 1964 through 1973 created the strains that destroyed the IMF's program of fiat fixed exchange rates. The problem was not a shortage of international liquidity in 1965, and it is not a problem today. The problem is a lack of economic freedom.

Prof. Patrick Boarman, writing in the Wall Street Journal, May 10, 1965, made a point which the defenders of the IMF have not taken into consideration:

> The function of international reserves is NOT to consummate international transactions. These are, on the contrary, financed by ordinary commercial credit supplied either by exporters or importers, or in some cases by international institutions. Of such commercial credit there is in individual countries normally no shortage, or internal credit policy can be adjusted to make up for any untoward tightness of funds. In contrast, international reserves are required to finance only the inevitable net differences between the value of a countrys total imports and its total exports; their purpose is not to finance trade itself, but net trade imbalances.

The underdeveloped nations, like the developed nations, have to face reality. There is no free lunch. An increase of international liquidity merely serves as another source of price inflation. It is true that recipient nations can buy goods and services in the international markets at yesterday's prices, thereby gaining in relationship to those who have not yet gained access to the fiat money, but this only can be paid for by those who must restrict their purchases in the face of higher prices. By creating added liquidity, the IMF can indeed redistribute wealth, but it cannot create new wealth. The net trade imbalances of the nations that import more than they export can be met by gifts of new liquidity of IMF reserves, at least for as long as such reserves are honored by the producing nations. But this is simply a giveaway program. In effect, it steals resources from one group of citizens and gives them to another group. This is the true meaning of the IMF's phrase:

> The need to supplement reserves, and the attainment of a better balance of payments equilibrium. . . . (Art. XVIII, Sect. 1 [b]).

Thus, concludes Howard S. Piquet, senior specialist in international economics of the Legislative Reference Service of the Library of Congress, in his 1966 book, "The U.S. Balance of Payments and International Reserve":

> The pressures that are being exerted for increased liquidity are particularly strong among those underdeveloped countries that have chronic deficits in their international accounts. In some of them interest indebtedness on existing foreign borrowing is already so large that it consumes funds that could otherwise be used to purchase imports.
>
> Additional international borrowing by such countries will aggravate their reserve problems more than it will solve them. Borrowed reserves will not result in additional owed reserves unless they help the borrowing countries make their economies viable.
>
> What most of the underdeveloped countries need is assistance in increasing the quantity and variety of their production. They need capital equipment from abroad, and they need training in agricultural and industrial skills. They need better education, better government, and a better appreciation of the relationship between population growth and standards of living. Their primary problem is economic development, not international liquidity.
>
> Simply to provide such countries with additional reserves, in the name of expanding international liquidity, would be to lend, or give funds to them with a vague hope that, somehow or other, fundemental economic

> weaknesses will be overcome. It has been amply demonstrated that merely pouring funds into an undeveloped country is not the way to bring about economic development. To be effective, development aid funds must be spent with extreme care, with emphasis on technical and administrative skills, and with genuine understanding of the economic, sociological, political, and other reasons why the economies of the countries in question have failed to generate productivity.

Under the proposed revisions of the IMF charter, the agency will become just one more bureaucracy in the field of foreign aid. The wealth of middle-class citizens of the nations of the West will wind up subsidizing the grossly inefficient programs of the elitist, socialist, envious, and bureaucratized Third World nations. The middle classes of the West will have to support the educated elite of the less developed nations. We will rob from the middle class to finance the powerful, only we will do it across borders.

What we have seen again and again during the past 30 years is that the guilt-ridden voters of the West—unnecessarily guilt-ridden—have allowed their governments to transfer their hard-earned resources to the State planning bureaucracies of the Third World. Government-to-government aid strengthens the economics of socialism. This kind of aid is nothing less than a weapon—a weapon used by Western-educated socialist bureaucrats in the Third World to suppress economic freedom in their own countries. The IMF now plans to enter this world of government-to-government foreign aid programs. Since the old IMF failed in its attempt to create international economic stability in a world of interventionist national programs of wealth redistribution—programs guaranteed to create economic instability—it is being redesigned to make it possible for IMF bureaucrats to finance the Third World in the latter's attempt to imitate Western socialism. If the IMF is successful in its proposed policies, we will see even greater disruption of international economic cooperation. The IMF may have failed in its attempt to create a world of price-controlled stability; it will not fail in its attempt to subsidize uncertainty-producing socialist regimes in the Third World. Why should the Congress ratify the provisions that will facilitate the IMF's new goals?

THE ILLEGAL SALES OF GOLD

The source of funds for the proposed trust funds that will be used to create "liquidity" for the IMF to redistribute will be the gold stored by the IMF. The proceeds from the sales of gold will be used to make low-interest loans to those nations that are least likely to repay them. If these nations were credit-worthy, they could borrow the funds necessary to finance short term trade imbalances. Since these are the high-risk borrowers in the world's capital markets, the IMF intends to subsidize them in their policies of domestic socialism—the very economic policies that make them high-risk borrowers. Initially, 25 million ounces of gold stored by the IMF—or under the IMF's tag in the vault of the New York Federal Reserve Bank—will be sold at free-market prices. This is supposed to take place every 6 weeks for the next 4 years. Initial sales have already begun, despite the fact that the rules by which the IMF has sold the gold have not yet been approved by the U.S. Congress. We are being asked to ratify a de facto policy, just as we are being asked to ratify the floating exchange rate system that is presently in direct violation of IMF rules. In short, the IMF does what it pleases, member nations do what they please, and the whole mess is called "the rule of international law." An additional 25 million ounces will be returned to the members who are not in deficit positions to the IMF and who originally put their gold into the IMF. Finally, over 100 million ounces of gold are to be held by the IMF to be used as the IMF's hierarchy determine in the future. Technically, the United States retains a veto over the IMF's use of the gold, but we have demonstrated repeatedly that we will go along with gold sales, trust funds, floating exchange rates, and almost anything else that will enhance the autonomy of the IMF.

Treasury Secretary Simon, in his testimony before the Banking Committee, asked us to believe that—

> Establishment of the Trust Fund does not mean the IMF is becoming an "aid agency."

For some reason apparent only to his speech writer, his next sentence was supposed to explain why the obvious is not true:

> The Trust Fund will be an entirely separate entity, in no way subjecting the IMF to liability, but controlled and managed by the IMF, thus taking advantage of the technical expertise and sound practices of the institution.

We are asked to trust the experts of an institution which has finally announced its failure to achieve its goals of exchange-rate stability, an announcement which comes several years after the IMF's failure was obvious even to Government economists. What has the expertise of the IMF's bureaucrats have to do with the question of whether or not the IMF is about to become a new foreign aid institution? There seems to be only one reasonable answer: The IMF has always been a foreign aid institution, passing along below-market loans to those nations that were unwilling to abandon their policies of domestic taxation through monetary inflation. Now, however, the primary beneficiaries are supposed to be the Third World nations. And the West's gold will finance it, or more accurately, money raised by selling gold which belongs to Western nations to citizens and—secretly and quietly—to those central banks that are run by directors who do not share Secretary Simon's opinions about the role of gold in domestic and international monetary affairs.

Contrary to the assurances of the IMF and the administration, the sales of the gold stored by the IMF are illegal, even in terms of IMF rules. The IMF pays as little attention to its own bylaws as its member nations paid when they floated their currencies. A closely argued opinion from the American Law Division of the Library of Congress's Research Service, which was sent to Representative JOHN CONLAN on June 10, 1976, makes the illegal nature of the gold sales clear. The Governors of the IMF have sold the gold without seeking ratification of this decision from the member nations under their interpretation of article VII(2) (ii) of the Bretton Woods agreement. There is no evidence that indicates that such a sale was ever contemplated by the founding nations in 1944. While the research staff has not attempted to offer a definitive interpretation of the IMF's actions, nevertheless the basic outline presented by the staff provides the crucial arguments.

The sales are based on the so-called scarce currency clause of the IMF. Secretary Simon, in a letter to Congressman REUSS, January 26, 1975, stated that—

> It is important to note, in this regard, that it is the IMF which has legal title to the gold to be sold.

The research staff at the Library of Congress concludes the opposite:

> There is no authority, either directly or indirectly, outside of a scarce currency situation, for the IMF to sell gold on and for its own account under that clause. Particularly would this seem to be the case for the use of proceeds to set up a trust fund for the developing nation members. There are no provisions in the Articles of Agreement that draw a distinction between developed and developing countries, and there is a legal principle that governs the activities of the IMF known as the principle of uniformity.

It is this rule, among others, that is being violated by the very idea of a trust fund or funds to be used to finance the Third World nations.

The IMF has never invoked the "scarce currency clause" to justify its sales of the gold. It simply sold the gold and plans to continue to sell the gold. The gold belongs to the member nations, and the profits from the sale of that gold should go into the treasuries of the member nations that own the gold. Instead, the profits from the sales—the market price of gold minus the official price of $42.22 per ounce multiplied by the number of ounces sold—will go to set up the trust fund or funds, and these will be used to finance the high-risk loans to the underdeveloped nations—with "underdeveloped" left undefined, thereby allowing arbitrary decisions by IMF bureaucrats concerning the beneficiaries of the loans. The Congress is being asked by the administration to ratify these illegal sales, thus making the whole operation politically acceptable.

CONCLUSION

Congress should reject any ratification of the IMF's proposed revisions in its articles. The IMF operates autonomously anyway. It no longer can control exchange rates. It never could enforce its decisions on other nations. It can sell the gold belonging to the member nations only if those nations capitulate to the dictates of the IMF. The IMF is lawless. Congress should not sanction this lawlessness. The IMF has failed in its original tasks, however, ill-conceived those tasks were. Congress should acknowledge its awareness of this massive, multibillion-dollar failure by refusing to ratify the proposed articles. The U.S. Government should cease its subsidies to a bureaucratic international agency that has openly admitted its own failure.

Once the ratification is voted down, Congress should then pass legislation calling for the return of all gold held by the IMF to the contributing nations. Since the IMF's bureaucrats, in conjunction with the administration, have decided that gold has no future in the international monetary system—at least in that system which government officials think they can control—then the gold should be sent back to the original owners; namely, the member governments. Then any future sales of gold to the free market will help to reduce the massive deficits of all the West's industrialized nations, or more accurately, the deficits of those nations' central governments. Or let these nations restore full gold convertibility of their currencies. But in any case, get the gold out of the IMF. If other nations refuse to follow our advice, then let us demand our gold and then permanently withdraw from the IMF. In short, we should take our money—gold—and run.

Should anyone believe that the United States needs the IMF to achieve its supposed goals of monetary reliability, price stability, and economic growth, let him consider this fact: Switzerland has never belonged to the IMF, does not suffer from price inflation, and did not contribute its gold reserves only to see its gold sold off to finance the financial follies of the Third World Socialists. Switzerland, always skeptical about bureaucratic schemes to replace the free market in international monetary affairs, stayed out. Switzerland won; we lost. Let us cut our losses and get out.

Mr. JOHNSON of Pennsylvania. Mr. Speaker, I want to express my strong support for H.R. 13955, a bill to amend the Bretton Woods Agreements Act and authorize an increase in the U.S. quota in the International Monetary Fund. This legislation represents the accomplishment of key U.S. international monetary objectives pursued over nearly 5 years of negotiations. The IMF articles of agreement constitute the formal rules of the system. The changes in those rules—the amendments to the IMF articles of agreement—that this legislation would authorize will be of major benefit to the United States both directly and indirectly. The United States will benefit generally through broad improvements in the functioning of the IMF and of the international monetary system; and the United States will benefit directly because the dollar and the U.S. economy will no longer be subject to the strains and rigidities of the par value/gold convertibility exchange rate arrangements of the Bretton Woods system.

The issue of exchange arrangements is basic to U.S. economic interests and was central to the monetary reform negotiations. Behind the theoretical discussions lay the fact that the exchange rate is the single most important price in the economy—the exchange rate represents the competitiveness of one country's products in comparison with another's and the attractiveness of investment in one country in comparison with another.

Under the old par value system, the fact that most other countries maintained par values for their currencies through market intervention in dollars meant that the dollar exchange rate was pinned down at the center of the system—in effect, that the international value of the dollar was determined by the exchange rate decisions of others. In practice, exchange rate action was not available to the United States to correct imbalances in its external accounts: the effects of any change in par value the United States might initiate could be nullified by the actions of other countries if they considered a different rate of exchange more appropriate or more advantageous to their domestic or international economic situation; and any change the United States might initiate could, by breaking the fixed link between the dollar and gold, trigger a collapse of the entire system.

Thus, as the world economy evolved toward the end of the 1960's, the U.S. dollar became increasingly overvalued and the American economy less and less competitive in world markets. The result for the United States was continued loss of export markets, increased penetration of the U.S. domestic market by foreign producers, and transfer of U.S. productive facilities to more competitive locations abroad. In financial terms, the cost of failure to adjust was reflected in the accumulation of huge U.S. short-term debt abroad. The real costs were felt in terms of U.S. jobs, production, and growth. Ultimately, that system collapsed. The United States and other countries have been negotiating for several years on a new constitution for the system that eliminates the rigidities of the old system and helps to assure the maintenance of a free and open world economy.

Under the revised IMF articles, the subject of the legislation before us today, the United States can never again be forced by the rules of the game to accept an unfair competitive position. Present flexible exchange rate arrangements—which today are outside the rule of law—will be made legal. We will have a veto over any fund decision to move away from floating rates to some other system. And even if a general system of fixed rates and par values were to be introduced in the future, the United States would remain free to allow the dollar to float. This is a system in which the United States can compete fairly. I am fully confident that the Congress will further the interests of all the American people—workers, business, consumers—in approving this legislation promptly, so that we can move to implement this basic reform.

The SPEAKER pro tempore (Mr. ROUSH). The question is on the motion offered by the gentleman from California (Mr. REES) that the House suspend the rules and pass the bill H.R. 13955, as amended.

The question was taken.

Mr. GONZALEZ. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to the provisions of clause 3(b) of rule XXVII and the prior announcement of the Chair, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. REES. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous material, on the bill H.R. 13955.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

SMITHSONIAN ADDITIONAL AUTHORIZATION

Mr. NEDZI. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 12505), to amend the act of October 15, 1966 (80 Stat. 953; 20 U.S.C. 65a), relating to the National Museum of the Smithsonian Institution, so as to authorize additional appropriations to the Smithsonian Institution for carrying out the purposes of said act.

The Clerk read as follows:

H.R. 12505

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2(b) of the National Museum Act of 1966 (20 U.S.C. 65a) is amended to read:

"(b) There are hereby authorized to be appropriated to the Smithsonian Institution $1,000,000 each year for fiscal years 1978, 1979, and 1980.".

The SPEAKER pro tempore. Is a second demanded?

Mr. FRENZEL. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Michigan (Mr. NEDZI) will be recognized for 20 minutes, and the gentleman from Minnesota (Mr. FRENZEL) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Michigan (Mr. NEDZI).

Mr. NEDZI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the enactment of the National Museum Act in 1966 was an effort by the Congress to reaffirm the traditional role of the Smithsonian Institution in assisting local museums with continuing studies of museum problems and opportunities, in providing training in museum practices, in the preparation of museum publications, in research into museum techniques and in encouraging cooperation between local museums and Federal agencies concerned with museum programs.

The first 3 years of the program were a critical success and the Congress acted in 1970 to reauthorize the program for an additional 3 years. However, because of budgetary constraints, an appropriation was not approved until fiscal year 1972, when $600,000 was provided. Subsequently, $798,000 was appropriated for fiscal year 1973 and $901,000 was provided for fiscal year 1974.

Since that time, the act has been reauthorized for another 3 years, in 1974 with a provision that a minimum of $200,000 be allocated annually for research on and development of museum conservation programs and techniques.

Funds appropriated under the National Museum Act are made available by the Smithsonian to museums, professional associations, and individuals through grants and contracts. Funding commitments are made only after a careful review undertaken by the National Museum Act Advisory Council. The Advisory Council is appointed solely for this purpose by the Secretary of the Smithsonian, and its membership both encompasses the principal museum disciplines and is broadly representative of the various geographic regions of the United States. The Council is guided in its determinations by the principle that every proposed project must clearly improve the museum profession, its techniques, methods, and approaches.

The Smithsonian regularly meets with the National Endowments for the Arts and for the Humanities in order to prevent any duplication in programs. However, duplication of effort is not a major problem in this area since the Endowments' focus on the public aspects of museums, such as exhibitions, renovations, catologues, and purchases, while the Smithsonian, via the National Museum Act, seeks to meet the needs of the museum professional generally.

As an example of the kinds of activities which are supported by the National Museum Act, one can look to the valuable contribution made by the National Conservation Advisory Council. The Council, whose members are among the leading figures in the conservation field, has conducted a series of studies on the current status of museum conservation in America. The Council's report focuses on the training of conservators and need for additional scientific support, standards, and facilities. The report also includes recommendations for long-range planning for national conservation needs.

At a time when museums are faced with the realities of limiting their growth, conservation of their collections is the best of the alternatives. In this effort, the National Museum Act provides vital technical assistance to museum conservators. For the first time, on a systematic and national basis, museum professionals have the opportunity to receive training in the techniques which will keep their institutions viable during the difficult years ahead.

Mr. FRENZEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the distinguished gentleman from Michigan, the chairman of the Library and Memorial Subcommittee, has described the bill accurately. There was no objection to the bill by the minority in committee or subcommittee. I hope the bill is promptly passed.

Mr. NEDZI. Mr. Speaker, I have no further requests for time.

Mr. FRENZEL. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. McFall). The question is on the motion offered by the gentleman from Michigan (Mr. Nedzi) that the House suspend the rules and pass the bill H.R. 12505.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

Mr. NEDZI. Mr. Speaker, I ask unanimous consent that the Committee on House Administration be discharged from the further consideration of the Senate bill (S. 2945) to amend the act of October 15, 1966 (80 Stat. 953; U.S.C. 65a), relating to the National Museum of the Smithsonian Institution, so as to authorize additional appropriations to the Smithsonian Institution for carrying out the purposes of said act, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 2945

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2(b) of the National Museum Act of 1966 (20 U.S.C. 65a) is amended to read:

"(b) There are hereby authorized to be appropriated to the Smithsonian Institution $1,000,000 each year for fiscal years 1978, 1979, and 1980.".

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 12505) was laid on the table.

GENERAL LEAVE

Mr. NEDZI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous matter on the bill H.R. 12505, just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

EMERGENCY FOOD STAMP VENDOR ACCOUNTABILITY ACT OF 1976

Mr. FOLEY. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 2853) to amend the Food Stamp Act of 1964 to insure a proper level of accountability on the part of food stamp vendors.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Emergency Food Stamp Vendor Accountability Act of 1976".

Sec. 2. Section 7(d) of the Food Stamp Act of 1964, as amended, is amended by inserting "(1)" immediately after "(d)", and adding at the end thereof new paragraphs (2) through (7) as follows:

"(2)(A) The Secretary shall by regulation prescribe the manner in which funds derived from the distribution of coupons (charges made for coupon allotments) shall be deposited by coupon vendors. The regulations shall contain provisions requiring that coupon vendors promptly deposit such funds in the manner prescribed by the Secretary: *Provided,* That such regulations shall, at a minimum, require that such deposits be made weekly: *Provided further,* That such regulations shall, at a minimum, require that upon the accumulation of a balance on hand of $1,000 or more, such deposits be made within two banking days following the accumulation of such amount.

"(B) Any coupon vendor, or any officer, employee, or agent thereof, convicted of violating the regulations issued under subparagraph (A) of this paragraph shall be fined not more than $3,000, or imprisoned not more than one year, or both.

"(3)(A) Coupon vendors receiving funds derived from the distribution of coupons (charges made for coupon allotments) shall be deemed to be receiving such funds as fiduciaries of the Federal Government, and such coupon vendors shall immediately set aside all such funds as funds of the Federal Government. Funds derived from the distribution of coupons (charges made for coupon allotments) shall not be used, prior to the deposit of such funds in the manner prescribed by the Secretary, for the benefit of any person, partnership, corporation, association, organization, or entity other than the Federal Government.

"(B) Any coupon vendor, or any officer, employee, or agent thereof, convicted of violating subparagraph (A) of this paragraph shall be fined not more than $10,000, or a sum equal to the amount of funds involved in the violation, whichever is the greater, or imprisoned not more than ten years, or both: *Provided,* That if the amount of such funds is less than $1,000, such vendor shall be fined not more than $3,000, or imprisoned not more than one year, or both.

"(4)(A) The Secretary shall by regulation require that upon the deposit, in the manner prescribed by the Secretary, of funds derived from the distribution of coupons (charges made for coupon allotments), coupon vendors shall immediately send a written notice to the State agency, accompanied by an appropriate voucher, confirming such deposit. In addition to such other information deemed by the Secretary to be appropriate, such regulations shall require that the notice contain—

"(i) the name and address of the coupon vendor;

"(ii) the total receipts of such coupon vendor derived from the distribution of coupons (charges made for coupon allotments) during the deposit period;

"(iii) the amount of the deposit;

"(iv) the name and address of the depository; and

"(v) an oath, or affirmation signed by the coupon vendor, or in the case of a corporation or other entity not a natural person, by an appropriate official of the coupon vendor, certifying that the information contained in such notice is true and correct to the best of such person's knowledge and belief.

"(B) Any coupon vendor, or any officer, employee, or agent thereof, convicted of failing to provide the notice required under subparagraph (A) of this paragraph shall be fined not more than $3,000, or imprisoned not more than one year, or both.

"(C) Any coupon vendor, or any officer, employee, or agent thereof, who knowingly provides false information in any notice required under subparagraph (A) of this paragraph shall be fined not more than $10,000, or imprisoned not more than ten years, or both.

"(5)(A) The Secretary shall by regulation require each coupon vendor at intervals prescribed by the Secretary, but not less often than monthly, to send to the Secretary, or his designee, a written report of the vendor's operations during such period under the food stamp program. In addition to such other information deemed by the Secretary to be appropriate, the regulations shall require that the report contain—

"(i) the name and address of the coupon vendor;

"(ii) the total receipts of the coupon vendor derived from the distribution of coupons (charges made for coupon allotments) during the report period;

"(iii) the total amount of deposits made by the vendor of funds derived from the distribution of coupons (charges made for coupon allotments) during such period;

"(iv) the name and address of each depository receiving such funds from such vendor; and

"(v) an oath, or affirmation, signed by the coupon vendor, or in the case of a corporation or other entity not a natural person, by an appropriate official of the coupon vendor, certifying that the information contained in the report is true and correct to the best of such person's knowledge and belief.

"(B) Any coupon vendor, or any officer, employee, or agent thereof, convicted of failing to provide any notice required under subparagraph (A) of this paragraph shall be fined not more than $3,000, or imprisoned not more than one year, or both.

"(C) Any coupon vendor, or any officer, employee, or agent thereof, who knowingly provides false information in any notice required under subparagraph (A) of this paragraph shall be fined not more than $10,000, or imprisoned not more than ten years, or both.

"(6) The Secretary may by regulation require State agencies to provide periodic reports to the Secretary, or his designee, containing a consolidation of the respective coupon vendor's notices to such State agencies at intervals as the Secretary in his discretion deems appropriate.

"(7) The Secretary and the United States Postal Service shall jointly arrange for the prompt deposit of funds collected by the Postal Service on behalf of a State from charges made for coupon allotments.".

SEC. 3. Section 6 of the Food Stamp Act of 1964, as amended, is amended by redesignating subsections (b) and (c) as subsections (d) and (e), respectively, and inserting new subsections (b) and (c) as follows:

"(b)(1) The Treasury shall by regulation develop an appropriate procedure for determining and monitoring the level of coupon inventories in the hands of coupon vendors for the purpose of insuring that such inventories are at proper levels (taking into consideration the historical and projected volume of coupon distribution by such vendors). Any such regulations shall contain procedures to insure that coupon inventories in the hands of coupon vendors are not in excess of the reasonable needs of such vendors taking into consideration the ease and feasibility of resupplying such coupon inventories. The Secretary may at his discretion, require periodic reports from such coupon vendors respecting the level of such inventories.

"(2) Any coupon vendor, or any officer, employee, or agent thereof, convicted of failing to provide a report required under paragraph (1) of this subsection shall be fined not more than $3,000, or imprisoned not more than one year, or both.

"(3) Any coupon vendor, or any officer, employee, or agent thereof, who knowingly provides false information in any report required under paragraph (1) of this subsection shall be fined not more than $10,000, or imprisoned not more than ten years, or both.

"(c)(1) The Secretary shall by regulation prescribe appropriate procedures for the delivery of coupons to coupon vendors and for the custody, care, control, and storage of coupons in the hands of coupon vendors in order to secure such coupons against theft, embezzlement, misuse, loss, or destruction.

"(2) Any coupon vendor, or any officer, employee, or agent thereof, convicted of violating any regulations issued under paragraph (1) of this subsection shall be fined not more than $3,000, or imprisoned not more than one year, or both.".

SEC. 4. Section 3 of the Food Stamp Act of 1964, as amended, is amended by adding at the end thereof a new subsection (o) as follows:

"(o) The term 'coupon vendor' means any person, partnership, corporation, organization, political subdivision, or other entity with which a State agency has contracted for, or to which it has delegated administrative responsibility in connection with, the issuance of coupons to households.".

The SPEAKER pro tempore. Is a second demanded?

Mr. WAMPLER. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Washington (Mr. FOLEY) will be recognized for 20 minutes, and the gentleman from Virginia (Mr. WAMPLER) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Washington (Mr. FOLEY).

Mr. FOLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I seek support today for S. 2583, the Emergency Food Stamp Vendor Accountability Act of 1976. This bill is designed to remedy the defects in the process of transmitting food stamp cash receipts from food stamp issuance agents to Federal Reserve Banks that have resulted in considerable fraud and abuse that went undetected until the Department of Agriculture started a nationwide audit of the food stamp program in October 1975 upon discovering irregularities at one of the 14,254 food stamp issuance outlets around the country. A special task force of auditors began checking the records of the vendors who, pursuant to contracts with State agencies, sell food stamps to persons who qualify for participation in the program—except for the 2,115 post office centers which are reviewed periodically by postal auditors.

The task force established that the records of more than 10,000 of the vendors were in apparent order. However, the task force found that about 1,300 of the vendors apparently were not making timely deposits of money they had collected on food stamp purchases as required by the Department's instructions. About 1,000 of the cases involved vendors who had failed to deposit small amounts of funds for a week or more; the vendors usually had the funds in separate food stamp accounts. What appeared to be shortages with respect to about 100 of the remaining 300 vendors were caused by errors in the system used to account for the deposits from the issuance agents through the Federal banks to the Department of Agriculture.

The final results of the audit indicated serious conditions in 79 cases with about $6.4 million in nondeposits and $18.5 million in late deposits.

These defects in the system, whether the result of negligence or abuse, demand correction. The Committee on Agriculture heard considerable testimony on the matter during 10 full days of hearings on the food stamp program this year and decided to report the bill passed by the Senate on April 8.

This bill amends the Food Stamp Act of 1964 to place strict controls on vendors of food stamps.

It specifies that funds received by vendors from the sale of food stamps are Federal funds and vendors receive such funds as fiduciaries of the Federal Government.

It requires that vendors deposit funds from food stamp sales at least once a week and that any vendor accumulating over $1,000 in food stamp funds must deposit the money within 2 banking days. The failure to timely deposit funds received from the sale of food stamps would subject a vendor to a fine of not more than $3,000, or imprisonment for not more than 1 year, or both.

It prohibits vendors from using food stamp funds for any private purpose. Any vendor violating this provision would be subject to a fine of not more than $10,000—or a sum equal to the amount of funds involved in the violation, whichever is greater—or imprisonment for not more than 10 years, or both. However, if the amount of funds involved in the violation was less than $1,000, the vendor would be subject to a fine or not more than $3,000 or imprisonment for not more than 1 year, or both.

It requires vendors to send periodic reports on their operations to the Secretary of Agriculture and documentation of each deposit of funds to the State agency responsible for administration of the food stamp program.

It requires the Secretary of Agriculture to prescribe appropriate procedures for the delivery of food stamps to vendors and for the custody, care, control, and storage of food stamps by vendors in order to secure them against theft, embezzlement, misuse, loss, or destruction.

It requires the Secretary of Agriculture and the U.S. Postal Service to jointly arrange for the prompt deposit of funds collected by the Postal Service from charges made for food stamps.

This bill, S. 2583, which was reported by a unanimous voice vote of the Committee on Agriculture on June 17, was sponsored in the committee by my distinguished colleague, Mr. JONES of North Carolina. I urge the House to support it so that we may commence our efforts to reform proven abuses in the food stamp program.

Mr. Speaker, the gentleman from North Carolina (Mr. JONES) has been particularly concerned that there be prompt and adequate response to what is an apparent need for reform in the manner in which the sale of food stamps is being carried out under the existing law. I want, as chairman of the committee, to compliment him on his diligence and concern, and I urge that all Members of the House support this needed legislation.

Mr. WAMPLER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of S. 2853—the Emergency Food Stamp Vendor Accountability Act of 1976. On April 9, 1976, this bill was passed by the other body by a vote of 71 to 0. On June 17, 1976, the same bill was passed without amendment in the House Committee on Agriculture on a unanimous voice vote. Given the urgency and importance of this legislation, I urge my colleagues in the House to act with similar resolve today.

Under current law and regulations, food stamp households pay a prescribed amount of their own money in order to receive an allotment of food stamps approximating what they need to buy a nutritionally adequate diet. The Federal Government pays for the difference between the amount the family pays and the total coupon allotment.

The so-called food stamp vendors are the organizations and agencies that collect the required purchase price and issue the food stamps to participating households. Records of the Department of Agriculture show that of the 14,239 vendors, 7,312 are banks, 2,115 are post offices, 3,706 are either State or county government offices, and 1,106 consist of a variety of agents such as check cashers, currency exchanges, community action agencies, credit unions, and the like.

Based on audit findings of the Department of Agriculture, vendor irregularities were in excess of $34 million: $27.6 million of this amount was due to late deposits, $6.6 million resulted from vendors failing to make deposits, and $130,000 was due to coupon shortages.

All available evidence points to deficiencies in the Food Stamp Act. Food stamp vendors simply are not made sufficiently accountable for the Federal funds they handle. The act contains no penalties, for example, with respect to vendors who abuse the program. Under the existing Food Stamp Act, if a vendor fails to make timely deposits to the Federal Government for the money it collects from food stamp purchasers, the Department of Agriculture's only recourse is to proceed against the State agency in whose jurisdiction the practice is occurring. Moreover, the existing Food Stamp Act does not state specifically that the funds received by vendors from the sale of coupons are Federal funds, or provide specific penalties for a vendor's misuse of the funds.

It has been found that States, by and large, have not become aggressively involved in issuance and accountability systems. Nor has the Department of Agriculture provided the States with the information necessary to adequately monitor the practices of vendors.

Legislation therefore is essential for two reasons: the absence of necessary legislative controls on vendor activities; and the demonstrated failure of program administrators to come to grips with the vendor problem on their own.

The administration supports the passage of S. 2853.

Mr. Speaker, the emergency nature of S. 2853 is demonstrated on the merits of the vendor issue. I would like to stress that food stamp vendors are not recipients. Yet their abuse of the program also has discolored the participation of the many deserving people on food assistance. Prolonging the vendor problem is a disservice to recipients. Any misuse of Federal funds, on the other hand, is an equal disservice to the taxpaying public. The enactment of S. 2853 will solve these problems.

I feel that S. 2853 probably contains sufficient internal flexibility so that any technical problems that may arise at the State level can be resolved administratively. We are also faced with the reality that this is 1-year legislation. Even if the Congress does not produce a comprehensive reform bill this year, funding authority for the food stamp program expires in fiscal year 1977. This means that the Congress will have food stamp legislation next year, at which time any technical deficiencies can be cleaned up.

Enacted on an emergency basis, S. 2853 will make an immediate contribution to restoring integrity to the Food Stamp program. I respectfully urge my colleagues to follow the examples already set by the other body and by the House Committee on Agriculture, and send S. 2853 to the President without delay.

Mrs. FENWICK. Mr. Speaker, will the gentleman yield?

Mr. WAMPLER. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Speaker, I thank the gentleman for yielding.

I think all of us are troubled by the food stamp program, which does not seem to be proceeding very satisfactorily.

I wondered whether in committee or in conference or anywhere else, any reference has been made to the report of the Senate Committee on Agriculture which estimated that if we get rid of the purchase price, we would save $100 million. In other words, all the problems of the administrative costs of handling the money amount, according to the report that I have been given, to $100 million a year. I wondered whether the Committee on Agriculture of the House had considered this.

I know that there are thoughts that if we eliminate the purchase price, the whole program might be innundated with people who would join because it was made easier; but if the regulations are written simply and clearly, without the tremendous minutiae that now appear on 165 pages, it seems to me that the income level could be set more clearly. We would be able to make sure that food stamps or the equivalent are going to the people who need them, and we would not risk this tremendous influx of new applicants that is feared.

How can we not at least try to save $100 million a year in administrative costs?

In one State report written by a very able man, the amount of error in the food stamp program in 1974 was 74 percent, and the amount of error in 1975 was 69.6 percent, many of the errors caused quite innocently by the administrators themselves, who find it almost impossible to follow the guidelines.

Mr. WAMPLER. Mr. Speaker, if I may respond to my distinguished colleague, the gentlewoman from New Jersey (Mrs. FENWICK), let me say that there are a number of so-called reform bills pertaining to food stamps that have been referred to the House Committee on Agriculture. For some weeks the committee was involved in hearings on the various bills. At the present time we are engaged in markup procedure, and I am not prepared to say today when we will conclude that process. However, a number of bills contemplate eliminating the purchase requirement for food stamps.

The legislation that is before us today, I think, in no way is in conflict with the thoughts of those who would bring that about in the nature of reform.

Therefore, what this legislation addresses itself to is existing law; and it seems to me that the point has been made that we can pass this legislation forthwith, and in no way would this prejudice the right of any member of the House Committee on Agriculture or of any Member of the House to offer an amendment to eliminate the purchase requirement, either in the committee or on the floor.

Mr. Speaker, I know that the gentlewoman from New Jersey (Mrs. FENWICK) is concerned about this matter. She has discussed it with me personally on a number of occasions. She was kind enough to give me a very thoughtful memorandum involving a number of suggested reforms in the food stamp program, for which I am most grateful.

Mrs. FENWICK. Mr. Speaker, I thank the gentleman.

Mr. FOLEY. Mr. Speaker, I yield such time as he may consume to the gentleman from North Carolina (Mr. JONES).

Mr. JONES of North Carolina. Mr. Speaker, first, I want to thank the gentleman from Washington (Mr. FOLEY) for his very kind remarks a few moments ago.

I merely rise to point out what I think are two important features.

The first is that here we are dealing with Federal tax dollars to the tune of some $5 billion to $6 billion a year; and those who are directly involved in handling the cash loans are under no criminal restraints or penalties whatsoever.

To me, it is totally unbelievable, and that is why this legislation is here today, to correct evils which have been written into the record.

The Senate report states that some 12 vendors at one point in time, for want of a better word, defrauded the U.S. Treasury of some $6 million and no action of a criminal nature could be carried out, only civil penalties.

So I submit to the Members, Mr. Speaker, that this is much needed legislation. This is the identical Senate language. If the House should approve this under suspension of the rules, then it will go directly to the White House and become almost immediately one of our laws.

Mr. FOLEY. Mr. Speaker, I have one further request for time. I yield such time as he may consume to the gentleman from South Carolina (Mr. JENRETTE).

Mr. JENRETTE. Mr. Speaker, I want to commend the chairman of the subcommittee, the gentleman from North Carolina (Mr. JONES), the chairman of the full committee, the gentleman from Washington (Mr. FOLEY), and the minority member, the gentleman from Virginia (Mr. WAMPLER) for the fine work they have done on this legislation.

I believe that what the gentleman from Virginia (Mr. WAMPLER) said needs some further reiteration and that is that the recipient of the food stamps is often blamed for the abuses that occur whereas the evidence was very clear that in many instances it has been the vendor who has caused the greatest abuse. I commend the committee for the speed in which it acted upon this legislation.

Mr. Speaker, I serve on the committee, and I commend the members of that committee on their active daily work in trying to bring forth a comprehensive reform bill for the food stamp program. I believe that most Members of this body and the American public believe that the food stamp program is an ideal program to help the needy—not the lazy, not the greedy—but the needy. It is a very complicated matter, and we are working daily in trying to see that the food stamps will be given to those who are truly in need but that, in addition, we also provide some incentive for work, so that work will be done rather than just being dependent upon the Federal Government.

So again I commend the chairman of the full committee, the gentleman from Washington (Mr. FOLEY), the gentleman from North Carolina (Mr. JONES), and the gentleman from Virginia (Mr. WAMPLER) for bringing out this legislation.

This is a short-term program, but I believe it is one that will be encompassed in our overall reform legislation.

The gentlewoman from New Jersey (Mrs. FENWICK) has really hit the point that changes are needed. In fact, I believe that the American public demand some changes. I believe that the full Committee on Agriculture, as well as the subcommittee has concentrated on this, and, as slowly as it might seem to some of the American public, they are working with all deliberate speed to see that the necessary reforms can be made.

Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. WAMPLER. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from North Carolina (Mr. MARTIN).

Mr. MARTIN. Mr. Speaker, having testified on this subject before both House and Senate committees, I am pleased to speak in favor of this bill, S. 2853. We have before us today the partial beginnings of food stamp reform. The food stamp program is a complex creation. Debate over it is normally rancorous. Though reform is badly needed, emotions cause reform in this area to be quite difficult. This reform bill deals with the problem probably least likely to generate a flood of adrenalin, namely, fiscal accountability.

To the extent the food stamp program provides a nutritious diet for those who would otherwise go wanting, it is an excellent program. It provides what is needed and, by virtue of the stamps' nature, does so in kind. And, the recipient exercises his or her freedom of choice as to dietary components. To the extent the food stamp program provides goods other than nutritious food for the recipients and to the extent the financial benefits accrue to other than intended recipients, it is in need of reform.

This bill appears on the way to correcting a serious defect in the program. Recent investigations have revealed extended delays between the sale of stamps by vendors and payment by the vendors to Government. That means a vendor can carry bloated bank balances, on which he earns interest, while the Government is paying interest on its swollen debt. Worse yet, such aggrandized balances distort the vendor's financial appearance to any inquiring creditor or potential lender.

The bill, in requiring weekly deposits to the Government's account, will cut down on the "float" that has wrongfully benefited some food stamp vendors. It may not be able to wipe out all abuses, and it may not be able to deal in advance with lost funds, but the bill will provide penalties which should deter vendors who otherwise might be tempted to misuse the program.

I believe this bill merits bipartisan support. It is directed to one of many glaring abuses in what could be a sound program.

Mr. WAMPLER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to commend the gentleman from North Carolina (Mr. MARTIN) and the gentleman from North Carolina (Mr. JONES) for the part that they played in bringing this legislation to the floor today. My colleague, the gentleman from North Carolina (Mr. JONES) has been particularly active in pursuing this legislation in committee, and I commend him for it because, as I indicated in my earlier remarks, I think this is indeed timely legislation. I do not believe it would prejudice any Member from having an opportunity to offer additional amendments in the nature of reform of the food stamp program.

I commend the chairman of our committee, the distinguished gentleman from Washington (Mr. FOLEY) for helping to bring this legislation to the floor, and I hope that it will pass.

Mr. FISHER. Mr. Speaker, I would like to express my support for the bill S. 2853, the Emergency Food Stamp Vendor Accountability Act of 1976. This bill is designed to insure a proper level of accountability for moneys received by food stamp vendors. This seems to be the first positive step in tightening up the administrative end of the food stamp program. There has been increasing concern over the effectiveness of food stamp administration in dealing with criminal activities on the part of the vendors, such as failure on the part of the vendors to deposit promptly sums received from the sale of food coupons and use of that money for private gain. This legislation attempts to deal with this one aspect of the problem of food stamp reform by making the vendors directly accountable to the Federal Government for the funds they receive and providing for strong penalties for violations of the requirements in the bill. Prompt and accurate reporting is essential to enable States to oversee the vendor activities properly. This bill is an important step toward curbing this abuse in the food stamp program and will help to restore public confidence in its effectiveness.

The food stamp program is necessary if we want to continue to insure adequate food for those individuals who find themselves unable to obtain this basic necessity. However, some reform is called for in order to prevent abuses of the program and lower the cost of the program to the American taxpayer. The House Agriculture Committee is currently considering comprehensive food stamp reform legislation. I will be most interested in examining the proposal they put forth looking for provisions designed to meet the needs of the underprivileged while assuring that our tax dollars are not supporting those individuals who can and should support themselves.

Mrs. HECKLER of Massachusetts. Mr. Speaker, the legislation before us addresses the pressing problem of vendor fraud in the food stamp program. This issue is of paramount concern to all who seek an administratively effective program geared toward matching all possible program dollars with those in greatest need of a nutritionally adequate diet. While the House Agriculture Committee continues to grapple with the more complex and controversial aspects of the program, few food stamp experts would disagree that his particular area of the program cries out for drastic reform and renovation. I welcome the opportunity to act now.

H.R. 13698 sets the structure for this desperately needed change. The bill states that funds received by vendors for the sale of food stamps are Federal funds and that vendors are fiduciaries. Vendors are required to deposit funds at least once a week, or within 2 banking days, whenever $1,000 is accumulated, and violators are subject to possible fines and imprisonment. In addition, vendors are prohibited from using food stamp funds for private purposes and violators are again subject to fines or imprisonment.

These provisions should prevent the gross irregularities discovered in a recent Department of Agriculture audit of the food stamp program.

While the records of 10,000 food stamp vendors were in apparent order, approximately 1,300 were not making timely deposits of the money collected on food stamp purchases. Most failed to deposit small amounts of funds for a week or more. In the remaining 300 cases, errors were reported in the accounting system or major cash shortages were suspected and an investigation ensued. A small number of these accounted for well over $5 million in cash paid by recipients but not received by USDA. Though the money is being recovered, the abuses remain. A very few vendors were able to collect money from recipients and use it, interest free, for long periods of time.

Existing law does not specifically state that the funds received from vendors from coupon sales are Federal funds, nor are specific penalties for vendor misuse of funds outlined. This legislation corrects that major fault in the program.

Additional provisions require periodic vendor reports to USDA and documentation of all bank deposits of funds to the responsible State agency. Further, the Secretary of Agriculture is directed to set up procedures for delivery, control, and care of food stamps by vendors.

As a package, these measures address the vendor abuses we all know exist and of which we have been made acutely aware. I commend this bill to my colleagues as a major step in making the food stamp program more responsive and more efficient. This is truly a bill whose time has come.

Mr. FITHIAN. Mr. Speaker, I rise in support of the Emergency Food Stamp Vendor Accountability Act of 1976.

This can be the first step in much-needed reform of the Federal food stamp program. Unless we begin to demand accountability of food stamp vendors, we are likely to see repeated the current, deplorable situation—at least $19 million in Federal tax funds lost, stolen, or misused by food stamp issuing offices.

The American public is demanding changes in the food stamp program. This is not because Americans are hard-hearted or wish to allow their neighbors to go hungry. It is because so many of the abuses in the food stamp program are so visible, casting doubt on the integrity of the entire program.

Unless we act to sustain that integrity by passage of this legislation, we risk losing the program entirely as a result of rising public pressure. In the best interests of our elderly, our handicapped and our needy, we must not allow that to happen.

I urge my colleagues to join me in support of the Jones bill.

Mr. GRASSLEY. Mr. Speaker, I rise in support of S. 2853—the Emergency Food Stamp Vendor Acocuntability Act of 1976. My colleagues have demonstrated well the need for such legislation to be enacted on an emergency basis. I join them in the hope that the vote of the House on this bill will reflect the unanimity previously expressed both in the other body and in the House Committee on Agriculture.

At this time I would offer only certain additional material from Senate hearings on the vendor issue, to supplement and extend the report of the House Agriculture Committee. It is my hope that this additional material will be of use to my colleagues with respect to the breakdown of food stamp vendors by State. I also have included for your consideration a Washington Star article, dated January 4, 1976, which presents an interesting perspective on the initial reaction of certain Federal officials to the vendor abuse problem.

The major portion of the "vendor accountability" bill establishes reporting and prompt depositing requirements for the collection and deposit of food stamp purchase prices by food stamp "vendors" (issuing agents). I might say parenthetically that as defined in the bill, provisions relating to food stamp vendors apply to all entities issuing food stamps—except that, in the case of post offices, the Secretary of Agriculture and the Postal Service shall arrange jointly for the prompt deposit of food stamp purchase price funds. The bill also establishes criminal penalties for vendors who fail to meet reporting and depositing requirements. Using February 1976 data, it can be estimated that food stamp vendors collect roughly $72 million a week in purchase prices from food stamp recipients.

Another portion of the "vendor accountability" bill requires the establishment of appropriate procedures for the shipment and handling of food stamps themselves to insure against theft, embezzlement, misuse, loss, or destruction. Again using February 1967 data, it can be estimated that food stamp vendors issue about $187 million worth of food stamps each week, some $72 million of which represent purchase prices paid by recipients:

Total food stamps issued:	
Per week	$187,000,000
Per month	749,000,000
Per year	8,988,000,000
Purchase prices collected:	
Per week	72,000,000
Per month	287,000,000
Per year	3,444,000,000
"Bonus" (benefit) granted:	
Per week	116,000,000
Per month	462,000,000
Per year	5,544,000,000

NOTE.—Based on February 1976 data.

This information defines, in dollar terms, the "universe" of potential abuse—potential for nondeposit of purchase price funds, potential for delayed deposit, "lapping," of purchase price funds, and potential for theft or other abuses of the food stamps themselves.

As for the "universe" of food stamp vendors to which the bill directs itself, the attached tables indicate the types of issuing agents used in the food stamp program. These tables were presented to the Senate Committee on Agriculture and Forestry during its January 1976 hearings on "Food Stamp Vendor Fraud."

Under existing food stamp program rules, States are basically responsible for arranging for the issuance of food stamps and monitoring cash deposits. They are also responsible for any losses of funds in the issuance process.

In addition, the Federal Government monitors confirmed cash deposits of purchase price funds and compares these to reported collections in order to determine if there has been a loss for which the State should be billed.

However, if funds collected by food stamp vendors are not promptly deposited, the Federal Government currently has no recourse other than to proceed against the State to recover any losses. On the other hand, although States have the responsibility and liability when vendors fail to fulfill their responsibilities, they have not, by-and-large, become aggressively involved in monitoring issuance activities and pursuing offending vendors.

In essence, existing rules delegate responsibility over the issuance process including collection of purchase price funds, Federal money, to the States. But, if a State fails to live up to that responsibility, the Federal Government has little direct ability to correct the situation and no ability to impose penalties against offenders—except to recover dollar losses—nondeposited funds—from the State involved. Moreover, under existing reporting procedures, neither States nor the Federal Government are likely to find out about losses until long after the fact.

The most current available data on vendor abuse are from February 1976. At that time, the U.S. Department of Agriculture reported that preliminary figures from an incomplete survey of vendors—excluding post offices—indicated that—

Some 1,300 vendors apparently were not making timely deposits of money they had collected as purchase prices;

About 1,000 of these vendors had simply failed to deposit small sums for a week or more—though rules require deposits at least weekly;

About 100 cases of nontimely deposit were accounting errors; and,

Among the remaining 200 significant cases—108 reviews completed—auditors found 12 vendors unable to account for about $5.7 million and found another 14 vendors slow in making deposits totaling some $6.8 million. About $3.8 million of this total of $12.5 million has been subsequently deposited and further recoveries are expected.

The overall loss to the Federal Government is the lost interest on the money not deposited—whether embezzled or simply delayed in deposit—assuming that vendors, in the end, deposit the money or States make up deposit losses.

The attached Washington Star article for January 4, 1976, gives some examples of the specific cases of abuse identified by the USDA in the early stages of its preliminary survey.

The most substantial case involved Moneytown, Inc. of St. Louis, Mo. In that case, first identified in the fall of 1975, over $2 million in food stamp purchase price funds were found to have not been deposited.

The attached tables taken from hearings held by the Senate Committee on Agriculture and Forestry on January 21, 1976, provide a breakdown of the types of food coupon issuance agents in each State and a separate table for a breakdown on other than government, bank, and post office issuance.

ATTACHMENT 1.—BREAKDOWN OF THE TYPES OF FOOD COUPON ISSUANCE AGENTS IN EACH STATE

State	Government issuance	Bank issuance	Post office issuance	Other	Total for State
Northeast:					
Connecticut		311			311
Delaware		102			102
District of Columbia	1	39		14	54
Maine	106	73		11	190
Maryland	49	26		7	82
Massachusetts	1	52	104		157
New Hampshire	16	68			84
New Jersey		677			677
New York	8	2,150			2,158
Pennsylvania		1,493			1,493
Puerto Rico	92				92
Rhode Island		164		5	169
Vermont	131				131
Virginia	57	186		5	248
Virgin Islands	1			1	2
West Virginia	49	44			93
Total	511	5,385	104	43	6,043
Southeast:					
Alabama	136	1		5	142
Florida	93	1		9	103
Georgia	130	134	59	4	327
Kentucky	2	15	160		177
Mississippi	181			2	183
North Carolina	61	126	189	2	378
South Carolina	87	5	31	31	154
Tennessee	157	3		2	162
Total	847	285	439	55	1,626
Midwest:					
Illinois	73	22		451	546
Indiana	129	7			136
Iowa	260	6			266
Kansas	[1] 1				1
Michigan	183	106	128	12	429
Minnesota	241	126		8	375
Missouri	3	558		3	564
Nebraska	209	23		10	242
Ohio	43	416		11	470
Wisconsin	193	8			201
Total	1,335	1,272	128	495	3,230
West-Central:					
Arkansas	215				215
Colorado	110				110
Louisiana	185				185
Montana	49	5	8	2	64
New Mexico	63			63	126
North Dakota	83	11		34	128
Oklahoma	25		207	15	247
South Dakota	89	46		115	250
Texas			635	17	652
Utah	9				9
Wyoming	1	23	11		35
Total	829	85	861	246	2,021
Western:					
Alaska	20		4	4	28
Arizona	15		12	7	34
California	56	68	142	92	358
Guam		1			1
Hawaii		136			136
Idaho	7	61	10	2	80
Nevada			40		40
Oregon	11		165	1	177
Samoa, American					
Trust Territory					
Washington	75	19	210	41	345
	184	285	583	147	1,199
National total	3,706	7,312	2,115	986	14,119

[1] Mail issuance.

ATTACHMENT 2.—

Breakdown of "other" issuance agents

Community action agencies	81
Currency exchanges	446
Credit unions	23
Drug stores	20
Armored car companies	7
Farmers market	1
Gas station	1
Manufacturing firm	1
Cold storage firm	1
Investment and loan companies	11
Check cashers	2
Tax service	1
Employment service	1
YMCA	1
Hotel	1
Salvation Army	1
Chamber of commerce	2
Card shop	1
College bookstore	1
Hardware store	1
Churches	2
Furniture store	1
Accounting service	1
Department store	1
Housing development agency	2
Miscellaneous	16
Total	627

FOOD STAMP VENDORS $8.7 MILLION IN ARREARS

(By Michael Satchell)

Government auditors and FBI agents are uncovering evidence of massive and illegal misuse of government funds among some of the 6,700 banks, credit unions, check cashing outfits and other agencies nationwide that sell food stamps to the public.

The dimensions of the situation are anyone's guess at this early stage, but in a preliminary survey that officials say only skims the surface, Agriculture Department investigators have located 18 food stamp vendors with undeposited receipts totaling $8,788,983. A portion of this initial $8.7 million seems to have been embezzled, either spent or salted away. "Some of the money will never be recovered; the rest should be," a source close to the investigation said. "At this point, no one really knows."

During fiscal year 1975 the 6,700 vendors took in $2.6 billion cash in food stamp sales.

"The potential of this is enormous, just enormous," a high official at Agriculture said. 'Just the first quick check has turned up a handful of vendors owing $8.7 million. Imagine what it could amount to when the entire program is audited. How much of the money has vanished? And how long has this been going on? You have millions of federal dollars floating around in the inner cities? What's it been used for? Has it financed illegal activities? Why is it only now being uncovered?"

Some of the vendors, investigators say, have been using the money for their own purposes for several months before depositing it in federal reserve banks, although at this stage they have little idea to what use the money has been put.

This free use of government money is called "lapping." Food stamp vendors are required by law to deposit receipts of $1,000 or more from food stamp coupon sales within 24 hours.

Twelve of the initial 18 offending institutions are located in the District of Columbia. Sources say that in two instances, credit unions selling the food stamps used the receipts to pay operating expenses and others made loans with the money.

St. Phillips Pentecostal Church at 4201 Wheeler Road, S.E., was $900,000 short in its deposits, according to investigative documents. The Xavier furniture store, 1401 North Capitol Street, which quit selling food stamps last July, was found to owe the government $200,000 when the records were checked in November. Eight, possibly nine neighborhood credit unions or financial institutions in the District had $2,514,946 in undeposited funds when auditors began checking their books.

Others include a White Plains, N.Y., check cashing business, ($1,062,000); a Baltimore credit union ($250,000); a Cleveland money exchange, ($555,000); a Columbus, Ohio, check cashing outfit, ($105,428); and a Pittsburgh credit union ($250,000).

How much of this money has been deposited in federal reserve banks since investigators began checking the books in November and December, and how much has simply disappeared, will not be known until an Agriculture Department audit of the initial 18 vendors is completed in mid-January. So massive and complex is the food stamp program that a hound's tooth check of accounting records for all 6,700 vendors could take well over a year.

The biggest alleged offender and the spur for the current investigation is a St. Louis business called Moneytown, Inc., which cashed checks and sold food stamps and money orders. It halted business recently when the FBI seized its records and apparently is bankrupt. A St. Louis grand jury is scheduled to examine its tangled finances.

Moneytown, according to preliminary investigative reports, had taken in $2,001,609 in food stamp sales but had deposited nothing in the federal reserve bank for six months. Confronted by auditors in October, the company was able to come up with only $1,166,215.

Where is the remaining $835,394?

"That's what we'd like to know," said a high official at Agriculture. "I wouldn't be surprised if it's in a Swiss bank account by now."

The Nation's $6 billion food stamp program has been under intense congressional and public scrutiny in recent months. There is a virtual consensus that the mammoth program is so plagued with errors, poorly administered by the federal government and the states, and so vulnerable to cheating that strict accounting is impossible. Quality control studies suggest, for example, and program officials confirm that about one food stamp dollar in six is misspent.

Treasury Secretary William Simon, in a recent lengthy report to Congress, contended that: "The system for discovering fraud and error is weakly structured and the programs of investigation, prosecution and retrieval of funds vary tremendously between the states and are loosely coordinated at the national level."

Agriculture Secretary Earl Butz told Congress during recent hearings that he would be happy to unload the program on the Department of Health, Education and Welfare which administers the bulk of the nation's income transfer programs. HEW, however, declined the offer.

A sheaf of food stamp legislation from both houses of Congress and from the administration is currently bogged down in committee and speedy reform at this point appears unlikely.

Agriculture officials seem to be genuinely surprised—and worried—about the latest revelations of apparent financial shenanigans by the food stamp vendors. In the past, investigators and auditors have concentrated almost exclusively on profiteering by grocery stores, on uncovering food stamp theft and forgery rings, and on individuals who cheat by getting stamps they are not entitled to or more than they're entitled to.

In fiscal year 1975, the nation's 6,700 vendors, who are contracted by the states, took $2.6 billion in cash over the counter from the 29.4 million people who purchased food stamps. Buyers plunk down $40 or $60 cash to receive, say, $100 worth of stamps with the formula depending on their income and family circumstance. The difference between the cost of the stamps and their face value is the "bonus dollar" amount.

For selling the stamps, the vendors receive a small fee, usually 50 cents, for each transaction.

In theory, the accounting procedure is simple: Balance receipts deposited in the federal reserve banks with the cost of the food stamps sold. In practice, it isn't that simple.

Agriculture's Food and Nutrition Service, which administers the program, places the primary responsibility for monitoring it on the states although the FNS is also supposed to keep everyone honest.

The system, however, just hasn't worked and the Agriculture Department admitted as much in July in a report to the Senate.

"The present system has provided state agencies with little administrative incentive to monitor reporting point activity," the department conceded. "In the absence of state monitoring and timely reconciliation by FNS, discrepancies such as manipulation of funds and/or embezzlement of cash and coupons have gone undetected, in some instances, for long periods of time."

Although the states are supposed to be the first line of defense against fraud, there is actually a disincentive for the states to ferret out wrongdoing. For one thing, it is federal money—not state dollars—that pay for the bonus value of the food stamps which amounted to 4.4 billion dollars in fiscal 1975. The states must pay half the cost of administering the program and if a vendor comes up short on receipts, the state has to make up the difference.

Each month the 6,700 vendors must report to the state food stamp office the value of the stamps they sold. However, the individual states have the option of requiring the vendors to provide proof of deposit in the federal reserve banks. Many jurisdictions, including the District of Columbia, use an honor system and simply take the vendor's word for how much food stamp receipt money has been deposited instead of asking to see a copy of the bank deposit slip.

"We have no way of validating deposits," insisted Jacqueline Johnson, administrator of the District's food stamp program which is part of the D.C. Department of Human Resources. "We have to take the word of the vendors at face value. If there's any discrepancy, the Department of Agriculture should be monitoring it, not us. How can we? Our vendors send their financial receipts directly to Agriculture."

The Food and Nutrition Service gets monthly returns from each state on the coupon transactions but the sheer size and complexity of the program, officials insist, make it difficult to flag major discrepancies such as the current situation.

There is no centralized data base, for example, because attempts in the past to place the entire food stamp program's transactions on a single computer system have drawn the ire of civil libertarians in Congress who see "Big Brother" implications in a central register of the nation's poor. The food stamp program was scheduled to be part of the planned government-wide "FEDNET" data system that fell victim to the "right to privacy" forces on Capitol Hill.

FNS boss Edward Hekman was hard put to explain exactly how these 18 vendors could accumulate $8.7 million in undeposited funds without someone in the FNS finance office finding out through the routine checks of the monthly reports submitted by the state agencies.

"It's the state's responsibility to check for these things," Hekman said. "Anyway, we caught this, didn't we?"

This latest food stamp problem was not caught by auditors in Hekman's office, but by a tip last summer from someone in St. Louis who became suspicious of Moneytown, Inc., and passed on these doubts to an Agriculture Department official in the city.

Government auditors went first to the federal reserve bank and discovered that Moneytown, which was taking in an average of $430,000 a month in food stamp sales, hadn't made a deposit for six months. They checked the books and found the company owed the government over $2 million.

Moneytown, until it went out of business, had six outlets in the inner city areas of St. Louis and three in Kansas City, offering food stamps, money orders, check-cashing, notary and Western Union services. It was started in 1974 by Lee Lanier, a St. Louis pharmacist, and last week Lanier was asked what had gone wrong with his business.

"I can't discuss details on legal advice," he replied. "We had 100 employes and these people are now out of a job. We were providing a vital service for poor black people. Now the government has closed us down."

Where is the missing $835,394, Lanier was asked.

"I don't have it," he said. "If I did, I sure would be outside the United States by now."

As word of the Moneytown problem reached Washington, a tip was received that things looked fishy at a White Plains, N.Y., check cashing business and an audit began there. Investigators in Washington then went to the finance office of the Food and Nutrition Service and made a fast scan of some of the monthly returns from the 50 states. They pulled the records on 16 vendors that, in the words of an investigator, "didn't look right." Audits were started on these vendors and are continuing.

Food stamps are currently sold in the District at 56 different outlets operated by 12 banks, 8 credit unions, St. Phillips Pentecostal church, a check cashing outfit called Financial Transactions Corporation at 1317 9th Street N.W., and the D.C. Department of Human Resources.

No banks in the District are presently being audited by the Agriculture Department. The DHR Food Stamp office provided this list of neighborhood credit unions in D.C. that sell food stamps:

Friendship House, 536 8th street S.E.; Armstrong, 1502 North Capitol; Anacostia, 1348 Good Hope road S.E.; Far East, 622 Division avenue, N.E.; Hospitality House, 1114 H street, N.E.; Southwest House, 401 M street S.W.; Fides, 1722 7th street, N.W.; American Federation, 2436½ 18th street, N.W.

The president of one of these credit unions resigned 10 days ago. Officials of some of the others were contacted, but said either that they did not want to discuss the matter, or acknowledged only that their books were being checked.

Attempts to contact officials at St. Phillips church were unsuccessful. The manager of Xavier furniture, who would identify herself only as "Miss Henry," refused to talk about the matter.

All of the vendors here and in other states—with the exception of Moneytown—are continuing to sell food stamps.

As the audit continues on the initial 18 vendors, a so-called special task force has been formed within the Agriculture Department to try to learn the extent of this latest misuse of food stamp money.

Who is to blame for the current situation?

"Ultimately, it has to be the Food and Nutrition Service and the Department of Agriculture" said a high official. "I've got to say that the basic system, the way we manage the program, is wrong.

"FNS's system of balancing receipts has been notoriously poor. The FNS growth has been enormous but they haven't been able to back up the program with administrative support.

"And the mental set of the people in that agency is that they are basically welfare people. They are not so much concerned about good management of the program as getting the bucks out. They have been more interested in expanding the program rather than in how to run it properly. And this is the result."

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Washington (Mr. FOLEY) that the House suspend the rules and pass the Senate bill S. 2853.

The question was taken.

Mr. HILLIS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to the provisions of clause 3, rule XXVII, and the prior announcement made by the Chair, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

FEDERAL ENERGY ADMINISTRATION ACT EXTENSION

Mr. DINGELL. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 14394) to extend the Federal Energy Administration Act of 1974 until September 30, 1976.

The Clerk read as follows:

H.R. 14394

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 30 of the Federal Energy Administration Act of 1974 is amended by striking out "June 30, 1976" and inserting in lieu thereof "September 30, 1976".

(b) The amendment made by subsection (a) of this Act to the Federal Energy Administration Act of 1974 shall take effect on June 30, 1976.

The SPEAKER pro tempore. Is a second demanded?

Mr. BROWN of Ohio. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Michigan (Mr. Dingell) will be recognized for 20 minutes, and the gentleman from Ohio (Mr. Brown) will be recognized for 20 minutes.

The Chair now recognizes the gentleman from Michigan (Mr. Dingell).

Mr. DINGELL. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, the bill H.R. 14394 is justified for only one reason, and it has been called before the House for only one reason. The House should overwhelmingly pass it for precisely the same reason: Without the enactment of this legislation the Federal Energy Administration will terminate at the end of this month. The facts are that the FEA Act and the existence of the Federal Energy Administration expire June 30, 1976. The House has approved an 18-month extension of the FEA Act. The Senate has approved a 15-month extension. As my colleagues will recall, I sought to carry forward the Administration's position that we should have a 39-month extension but was unsuccessful in that position.

The Senate has added a large number of complex amendments to the House bill, some 17 of which are nongermane. The conference on the extensions of FEA involves two House committees, four Senate committees, 38 conferees, some 17 nongermane Senate amendments. This conference will take an enormous amount of time and will be extremely difficult.

The successful completion of a conference between differing House and Senate versions in time for both Houses to act prior to the June 30, 1976, deadline is well nigh impossible. The conference on a longer-term, 15- to 18-month, extension is complicated, as I have indicated to my colleagues, by the participation of 38 conferees from four Senate and two House committees who must confer upon a wide range of controversial but substantive important issues, including, as I have indicated to my colleagues, 17 nongermane Senate amendments to the original House bill.

It is important that the Senate conferees be afforded an opportunity to consider several provisions of the House version of the bill which were added as floor amendments and which are without corollary in the Senate bill. Similarly, the House conferees should not dismiss, out of hand and without adequate analysis, all of the nongermane Senate amendments. Therefore, while resolution of these issues is being pursued in conference, a short-term extension of the FEA Act's expiring authorities is the responsible legislative remedy to an otherwise unavoidable situation.

Some have read Machiavellian motives into this extension. I want my colleagues in this House to understand very clearly there are no hidden, devious, or Machiavellian motives in this matter. Some have seen this extension as political maneuvering for partisan gain. I assure my colleagues there is nothing of that sort here. Some have used convoluted reasoning to attack it as being obstructive of a needed longer-term extension of the FEA Act. I assure my colleagues that I will work to get such an extension for the FEA but we must do so through a conference which will be difficult and time consuming.

In reality, I suggest that it is the organized opposition to this short-term extension which is motivated by a misplaced sense of power and seeks partisan gain through irresponsible political maneuvering. This opposition is guilty of convoluted reasoning necessitated by an abrupt, logically unsupportable, switch in position which seeks to maintain support for longer-term extension of the FEA act while opposing the short-term extension necessary to obtain final congressional action on the longer-term extension.

It is necessary to work out the differences in the widely varying House and Senate versions of the bill. I urge my colleagues to vote for the bill because that is the responsible legislative course. I urge my colleagues out of concern for good government, for rational legislative process, for continuity and efficiency, to recognize that the national interest requires that the FEA be extended and I point out the only way that that can be done is through the enactment of the legislation which is now before the House.

Mr. Speaker, I reserve the balance of my time.

Mr. BROWN of Ohio. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois (Mr. Anderson).

Mr. ANDERSON of Illinois. Mr. Speaker, I rise in strong opposition to this bill which would merely extend for 90 days beyond its current statutory expiration date of June 30 the Federal Energy Administration.

My friend, the gentleman from Michigan (Mr. Dingell), in his very stirring peroration a moment ago accused those of us who oppose a simple 90-day extension, of convoluted reasoning and irresponsibility. I would return the charge. I think the House today will be acting most irresponsibly and for reasons which are very difficult to perceive if they should concur in this limited extension.

Let me point out that during the 90 days that the gentleman speaks of this House is going to be in extended recess on two different occasions, for the Democratic and the Republican Conventions. That is scarcely going to afford the time and the calm reasoned atmosphere within which to deal with a series of very complex amendments that were adopted, many of them without hearing.

The sensible course for this House today is to tell the conferees, who are already scheduled to meet on Wednesday of this week and on Friday, to go to work and agree on an 18-month extension of the FEA.

I supported an extension of that organization when it was before the House just several weeks ago and I support it today.

Let me point out very briefly in the time that I have some of the difficulties that are going to be faced by the conferees unless they strip away some of the extraneous provisions that were adopted on the floor of this body and in the Senate in the form of nongermane amendments.

For example there is the provision that no regulation issued by the FEA can go into effect unless it sits here in the Congress 60 days to give the Congress an opportunity to prepare a concurrent resolution of disapproval.

Now, is that consistent with the timely and efficient and reasonable execution of the responsibilities that were given to the FEA in H.R. 7014?

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. I have very little time; but I will, of course, yield to the gentleman from Michigan.

Mr. DINGELL. Mr. Speaker, let me advise the gentleman that my good friend, the gentleman from Ohio, the Republican floor leader, in handling that bill voted for the proposal about which the gentleman now complains. I opposed it actively.

Mr. ANDERSON of Illinois. Mr. Speaker, the gentleman was right on that occasion and I wish the gentleman were right this afternoon.

Mr. Speaker, there have been things added, like a $4 billion loan guarantee program. There are some Members that see red literally when we talk about loan guarantees for a synthetic fuel program or in connection with the energy program in other areas and here we have $4 billion in loan guarantees to industry to purchase already proven conservation equipment. That is quite different and distinct from the idea of providing loan guarantees to technologies that are developing and have not yet been demonstrated.

I have not time to go on and point out all the complex provisions that have been added to this bill that I think are going to make it administratively impossible for the FEA to carry out the varied duties and the varied responsibilities that were mandated to it by this Congress.

Mr. Speaker, to suggest that there is some magic in providing a 90-day extension is an illusion. All that is going to do, and I think there are enough experienced legislators around the hall this afternoon to realize that with that added time and given the two recesses that I referred to, it is going to make it impossible for that conference to come to an agreement.

The quickest way to resolve this whole issue, the quickest way to send a message to the conferees of the House and the Senate that we want an 18-month extension of the FEA, we want it quickly and done responsibly, is to send them a message to turn down the legislation that is before us under a suspension of the rules today.

I urgently request and hope that the Members will join me in defeating this bill.

The letter referred to read as follows:

Federal Energy Administration,
Washington, D.C., June 22, 1976.

Hon. Carl Albert,
The Speaker, House of Representatives,
Washington, D.C.

Dear Mr. Speaker: The purpose of this letter is to urge strongly that Conferees meet quickly on bills that have passed the House (H.R. 12169) and the Senate (S. 2872) to extend the life of the Federal Energy Administration (FEA), that highly objectionable provisions of those bills be dropped, and that the Congress pass quickly a bill which extends the FEA for a reasonable time beyond its current expiration date of June 30, 1976.

In January 1976, the President proposed

that the FEA be extended for 39 months. His proposal would have provided the continuity needed to insure FEA's ability to implement the complex programs contained in the Energy Policy and Conservation Act of 1975 (EPCA) and adequately administer oil price controls until their termination in 1979. Although the Administration continues to favor a simple 39-month extension, we recognize that Congress cannot now pass such an extension by June 30. It can, however, pass an acceptable simple extension of FEA for 18 months.

These two bills which have passed the House and Senate include a large number of provisions which are highly controversial. Many are not necessary to the extension of FEA, have not been considered adequately in public hearings, and are strongly opposed by the Administration. It is unrealistic to expect that agreement can be reached on such provisions by June 30, within 90 days, or perhaps, by the end of the current session of Congress. These provisions should be dropped so that the 18-month extension can be enacted into law by June 30.

The provisions in H.R. 12169 and S. 2872 to which the Administration objects most strongly include those outlined below.

1. The requirement for 60 days while Congress is in session for Congressional review of all FEA regulations is unrealistic and of doubtful constitutionality.

H.R. 12169 requires FEA to submit major rulemakings to the Congress. These rulemakings can only go into effect if Congress fails to pass a concurrent resolution rejecting the rulings after they have sat in Congress for 60 legislative days. This provision would be entirely inconsistent with the timely, efficient, and responsible execution of programs which FEA must implement under existing law, including such programs as the 150 million barrel early storage program, reform of its price and allocation control programs, appliance efficiency labels and targets, and conversion of oil and gas fired utility boilers to coal. In addition, there is substantial legal doubt as to the constitutionality of this provision which subjects actions by the Executive pursuant to existing law to Congressional veto by means other than enactment of another law. There were no hearings on this requirement in either House.

2. The $6.8 billion Energy Conservation loan guarantee and insurance programs are unnecessary, duplicative in some respects, and would not achieve the intended results.

The need for, and effectiveness of, the proposed $4.0 billion in loan guarantees to industry to purchase and install already proven conservation equipment—as distinct from assisting the development of emerging technologies—have not been demonstrated. In addition, large, energy intensive firms—which account for over 80 percent of industrial sector energy use—with adequate financial ratings would not find the program attractive or useful, particularly with some of the provisions contained in the bill. Most such firms already have conservation programs. Firms with inadequate financial footings, on the other hand, might utilize the program, but the default rates of the program could be high if it only appealed to the least credit worthy firms. No assessment of the energy savings of this provision has been conducted; consequently, the economic wisdom of this program has not been determined.

The proposal for loan subsidies and insured loans for homeowner energy conservation improvements, with commitments totalling about $2.5 billion, would not be as effective as tax proposals now being actively considered by the Congress.

The proposal for loans totalling about $300 million and subsidies for small business firms would entail considerable administrative and default costs. The procedural requirements are likely to make it unattractive to small business firms in any case. Energy savings have not been estimated but are likely to be small.

The proposal for state energy conservation implementation plans is duplicative of existing programs and would unnecessarily involve the Federal Government in matters that should be left to the discretion of States.

Hearings were not held in the Senate on the current version of these provisions and there have been no House hearings.

3. Many of the provisions of the independent Office of Energy Data and Analysis would duplicate existing law and have adverse impacts on the government's data collection efforts.

FEA has already separated its energy policy and energy data activities. However, there are other serious problems with this provision, including the duplication of financial reporting systems provided for in the EPCA, and possible adverse effects on the statistical efforts of agencies such as BLS that collect considerable voluntary information from organizations that have been assured that it will be protected from disclosure.

4. The requirement that separate proposals be submitted for decontrol of prices and removal of allocation is burdensome and violates an understanding reached in the agreement leading to the Energy Policy and Conservation Act.

This requirement of H.R. 12169 would make even more burdensome the complex task of streamlining the FEA regulatory program, which streamlining was mandated by the Energy Policy and Conservation Act. It would also alter one of the essential elements of the compromise between the Administration and the Congressional leadership that resulted in approval of the EPCA. No hearings were held in either House on this proposal.

5. The provision for the transfer of FEA programs to other agencies is premature.

The provisions of S. 2827, immediately transferring the appliance labelling program to Commerce and scattering FEA functions to seven other agencies if FEA is not extended is premature, not adequately thought through, and unacceptable. Furthermore, it is inconsistent with another provision of the bill which requires a study of Federal energy organization by December 31, 1976. No hearings have been held on this proposal in the House and only limited hearings, with inadequate opportunity for Administration testimony, were held in the Senate.

6. Expansion of the Coal Loan Guarantee program to abandoned and existing mines is premature.

Because there has been no experience with the coal loan guarantee program established last December, expansion in coverage to abandoned and existing mines is premature. This amendment was added on the floor, has not been subjected to adequate analysis or review and could lead to a subsidy for inefficient operators.

7. The Weatherization Assistance grant program provision divides up the program in a way that would increase administrative burdens and costs.

The provision of S. 2872 would require that FEA seek concurrence of the Community Services Administration (CSA) on regulations and that 50 percent of funds be allocated to community action agencies. This would increase the administrative burden and costs and divert funds from actual insulation of homes and achievement of the energy conservation goals of this legislation. (The Administration strongly favors Title I of H.R. 8650 which has already passed the House and provides weatherization assistance.)

8. The requirement that FEA provide computer services to the public and the Congress is unnecessary and would result in an uncontrollable burden.

H.R. 12169 would require that FEA provide computer services to the public and Congress, at its request, for processing the FEA Project Independence Model. FEA is making the Project Independence Model available through the National Technical Information Service—the organization designated by the Congress to make such information available to the public. To make an exception for the Project Independence Model would be an undesirable precedent and place an uncontrollable workload on FEA's computer facilities and limited personnel resources.

9. The amendment providing special entitlements for refiner-constructors is unacceptable.

This amendment is unacceptable on grounds that it would not achieve the purposes for which it is intended and would require some companies to subsidize their competitors through direct payments. Any effort to move the entitlements program beyond its narrow objective of equalizing crude oil costs for all refiners has serious implications for public policy and should be rejected.

10. The authorization for FEA to establish voluntary rate guidelines for State regulatory commissions, and to fund consumer agencies which can then challenge these before these commissions is unacceptable.

FEA is now conducting voluntary rate structure demonstrations. Evaluation of their results is underway to see if innovative structures are effective and if State regulatory commissions and utilities would be willing to adopt them. This authorization is therefore premature.

The Administration recommends strongly that these and other objectionable provisions of the two bills be dropped in conference and that a bill extending FEA for 18 months be reported promptly and then passed by both the House and Senate. I would be pleased to provide additional information on the objectionable features outlined above and on other provisions of the two bills.

Sincerely,

JOHN A. HILL,
Acting Administrator.

Mr. BROWN of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. KETCHUM).

Mr. KETCHUM. Mr. Speaker, the gentleman from Michigan (Mr. DINGELL) has indicated that to oppose this bill would be irresponsible. Quite frankly, I take the opposite view. To have ever passed and created an FEA was about the most irresponsible thing we ever did in this country. I opposed it then and I oppose it now. I oppose an extension as proposed in this resolution.

The FEA, contrary to what the gentleman said, is not good government. It is not efficient. It has not produced one barrel of oil in this country in all its existence. It has, on the other hand, confused the industry that attempts to supply energy to the United States.

Mr. Speaker, let me just call attention to one marvelous thing that they have done just in the recent past. We spent months, almost a year, as a matter of fact, in getting the Elk Hills Naval Petroleum Base open. Those bids were let about a month ago. Now we are in the process of recalling those bids simply because the FEA in its limitless wisdom has not yet arrived at a decision on the entitlements; so now we are going to do it all over. If this is efficiency, if this is good government, if creating yet another controlling and regulatory agency is good for this country, then I do not think that we are listening to our constituents. The committees involved in the extension of the FEA have had plenty of time to operate. Do not extend it for this short period of time. Let them, if they will, bring that bill back to the floor as a conference report and let us then vote that up or down.

Mr. Speaker, I earnestly urge a no vote on this most irresponsible resolution.

Mr. DINGELL. Mr. Speaker, in response to the comments made by the gentleman from Illinois (Mr. ANDERSON), I want the gentleman to appreciate what is going on.

It should be known that we have initiated steps to schedule a conference on the FEA authorization bill at the earliest opportunity. I want my colleagues to know that I intend to move the bill through conference as expeditiously as it can be done. As I have pointed out, this is a conference comprised of 38 legislators from four Senate committees and two House committees; involving 17 nongermane Senate amendments. It has been suggested that the House conferees reject many of those amendments but as my colleagues know, no conferee, not even a senior member of the conference, can lightly reject the amendments which are put forward by the other body. The legislative process does not tolerate that.

Mr. RHODES. Mr. Speaker, will the gentleman yield?

Mr. DINGELL. I yield to the distinguished minority leader, the gentleman from Arizona.

Mr. RHODES. Mr. Speaker, I thank my good friend for yielding to me.

Mr. Speaker, I am pleased to note that the conference will occur soon, because I am sure that the gentleman joins me in my hope that we will have a bill extending the FEA as rapidly as possible. Since there will be a conference, I am wondering if it is wise to adopt this bill today. Is there not some truth to the argument that people do get together in conference better if there is some pressure? The pressure would be, of course, that the FEA would end its existence at the end of this month if something is not done.

Is it not better to leave that situation while the conference is occurring, rather than to pass this bill now for a 90-day extension?

Mr. DINGELL. No, I fully disagree with my good friend. Let me tell the gentleman—and I say this with all respect for him—that we cannot expect a conference of this physical size facing issues of the complexity of those before this conference to successfully complete its work quickly. I must point out to my good friend that many of the Senate adopted amendments are, in my view, technically deficient and require considerable staff analysis and should be perfected before they can be fairly considered by the two bodies.

I happen to be a friend of FEA, and I intend to try to see to it that its existence continues, and to see to it that they have the mechanisms in hand to do the job they are supposed to do, but I simply cannot do that before June 30. I would point out that under the rules of the House, if the conferees want to come back with a proposal which will be considered by the House prior to the July recess, we must have a conference report on the Clerk's desk no later than Monday next. That is less than 5 legislative days hence, and there is no way on God's green earth that can be done.

Mr. RHODES. Will the gentleman yield further?

Mr. DINGELL. I yield to my good friend.

Mr. RHODES. I want my good friend from Michigan to know that I appreciate his position, and nothing that I am saying should at all indicate that I have anything but the utmost confidence that the gentleman from Michigan will proceed as rapidly as he possibly can. The reason for my query was that next week, undoubtedly, we will have various days in which we will have suspensions before the House. I was wondering if we could not put this legislation off today, and perhaps bring it up on one of the suspension days which will undoubtedly occur next week, if indeed we have not been able to resolve anything in conference.

Mr. DINGELL. I would point out to my good friend that according to my understanding, this is the last suspension day that will occur previous to adjournment. I want my good friend to know that I am not playing games with anybody or that I am being devious in sponsoring this bill. I categorically deny that I am being devious.

Mr. RHODES. I am not accusing the gentleman of being devious. I am sure he is not being devious.

Mr. DINGELL. I want to deal openly with the gentleman. This bill is not sponsored by me alone. It is sponsored by the chairman of the committee, the gentleman from West Virginia (Mr. STAGGERS); by myself as chairman of the Subcommittee on Energy and Power; by the gentleman from Ohio (Mr. DEVINE), who is the senior Republican member of the Committee on Interstate and Foreign Commerce; and by my good friend, the gentleman from Ohio (Mr. BROWN), with whom I have worked very closely on energy legislation, who is the senior minority member of the Subcommittee on Energy and Power.

We are not playing games. We are trying to give the House an opportunity to legislate in a responsible fashion. I hope that this will be possible, because even under the very best of circumstances, if we pass this extension, we will have only about 2 weeks at the end of July during which the conferees may work and about 2 weeks during August. That is a total, during the next 2 months, of about 28 days, and when we take weekends out, we are down to about 20 working days.

That leaves the last month during which the extension would apply. We might have 30 days in September, during which time we are going to be enormously busy, during which only 20 days will be legislative days.

I can tell the minority leader, for whom I have the greatest affection and respect, that we will get this legislation back to the House just as quickly as we can. I will try to work with the gentleman and the minority members on this legislation, to try to come up with a responsible bill on which the Members can come to an agreement.

Mr. RHODES. I thank the gentleman for his assurance.

Mr. DINGELL. Mr. Speaker, I reserve the balance of my time.

Mr. BROWN of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from Idaho (Mr. SYMMS).

Mr. SYMMS. Mr. Speaker, I take the well this afternoon to oppose this legislation, this 90-day extension, for exactly the same reasons that when the 18-month extension was on the House floor I took the well on that day and opposed the extension of FEA for 18 months.

I have listened to all of this debate with a great deal of interest. Yet this year, or even back in the past years when we have had this legislation before us and authorization, I have never heard the argument made yet that made it worthwhile for the American taxpayer to have a group of bureaucrats over at the Federal Energy Administration or for any good they have done this country. I challenge anybody here to show me what they have done.

Mr. Speaker, if we just take a look at the record, in 1973, when the FEA was set up, we imported 30 percent of our petroleum. After 3 years of operation, we are now up to where we are importing 50 percent of our petroleum products, and we are 20 percent farther away from energy self-sufficiency than we were at that time, with respect to petroleum.

We can ask the question: Does the FEA produce anything?

Obviously not. They produce nothing.

The only thing the FEA does is allocate scarcities. It would be much better for the taxpayers of this country to have that money left in the private sector that it takes to pay those bureaucrats and those regulators down there, so that they could take this money and use it for something worthwhile, for something that might do some humanitarian good for American citizens. It is just an expansion of bureaucracy, it is needless, it is wasteful, it is of no value to the American people.

I would urge the committee to vote this down, and I would hope the gentleman from Michigan (Mr. DINGELL) would be unable to get the Senate conferees together and we will let FEA die a natural death. The closest thing to eternal life that anybody will see on this earth is a Government agency. We never get rid of them. The Members of Congress become advocates for some of the people down there, and it goes on and on. The taxpayers have to pay for it. It interferes with the free market system, the system which made America the greatest nation on this earth.

I urge the defeat of this bill and other bills that pertain to the FEA.

Mr. DINGELL. Mr. Speaker, I yield myself 3 minutes in order to engage in colloquy with the minority leader and the distinguished gentleman from Illinois (Mr. ANDERSON).

Mr. Speaker, I have a copy of the letter from the Federal Energy Administration, which has just been cited. I would point out to my colleagues that nowhere—I repeat, nowhere—in that letter is there anything which indicates that the administration is opposed to the 90-day extension of the FEA Act. The language of the letter will speak quite clearly for itself.

I would point out further, for the benefit of my good friends, both the gentleman from Illinois (Mr. ANDERSON) and the distinguished minority leader, the gentleman from Arizona (Mr. RHODES), that with respect to many of the objections which the FEA properly finds to the bill, I happen to be in full accord or full agreement.

Mr. Speaker, I now yield to my good friend, the gentleman from Illinois (Mr. ANDERSON).

Mr. ANDERSON of Illinois. Mr. Speaker, I thank my good friend, the gentleman from Michigan, for yielding.

In the concluding paragraph of the letter to which the gentleman refers and which a few minutes ago I ask permission to include in the RECORD, there appears this language:

> The Administration recommends strongly that these and other objectionable provisions—

And he is referring to the 10 paragraphs of the letter outlining their objection to specific amendments that have been adopted to the two bills—

> of the 2 bills be dropped in conference and that a bill extending FEA for 18 months be reported promptly and then passed by both the House and Senate.

It seems to me implicit in that is a recognition of the argument I tried to make from the well a few minutes ago that this is the logical, sensible way to achieve that goal of getting an extension of the agency for which my friend, the gentleman from Michigan (Mr. DINGELL) is seeking an extension. The gentleman says he is a friend of the agency. I do not know how friendly he is being when he puts it under a 90-day death sentence.

Just think of the instability that creates among the personnel of the agency when they know the life of the agency is extended for a mere 90 days.

So, Mr. Speaker, I think the letter makes it clear that the only alternative would be an 18-month extension.

Mr. DINGELL. Mr. Speaker, the gentleman is proceeding on my time, and I wish to respond.

Let me point out to the gentleman that the FEA is under a death sentence as of June 30. I am trying to get the agency a 3-month extension, and that would give them an additional 90 days. If they are to be under a death sentence, they would certainly fare better under a 90-day extension than facing expiration in one week as anyone who ever sat on death row well knows. Under the proposal I placed before the House, which was also sponsored by the gentleman from Ohio (Mr. DEVINE), the gentleman from Ohio (Mr. BROWN) and the gentleman from West Virginia (Mr. STAGGERS). These are the circumstances in which we find ourselves today.

I must say to the gentleman that I tried to get an extension of 39 months. I propose to do my level best to get an 18 month extension when we get to conference, but we are not going to conclude a conference, we are not going to get the matter resolved prior to June 30. The FEA will die on the 30th of June, just as surely as God made little green apples, if we do not pass this bill.

The SPEAKER pro tempore. The time of the gentleman from Michigan (Mr. DINGELL) has expired.

Mr. DINGELL. Mr. Speaker, in fairness to the gentleman from Illinois (Mr. ANDERSON), I yield myself 1 additional minute so that he may reply. I yield to the gentleman from Illinois.

Mr. ANDERSON of Illinois. Mr. Speaker, I thank the gentleman for yielding. I will, of course, be brief.

I can only say in response to the gentleman from Michigan (Mr. DINGELL) that he is much more optimistic than I am and much more sanguine than I can possibly be.

After reading this particular letter and noting the detailed objections that FEA has to some of the amendments that have been adopted here in the Senate and on the floor of this House, I doubt that we are going to have the time during the gentleman's proposed extension to deal with all these matters and report back an extension of FEA. I think the minority leader made the point that when we have a self-imposed discipline, as we have in this case of an expiration date coming up on the 30th of June, the real message to send to the Senate conferees by a vote of this House today is that we turn down the idea of a short-term extension. We want them to get to work and report out an 18-month extension and do it properly.

Mr. DINGELL. Mr. Speaker, if the gentleman will permit me to reply, he has never labored under the time constraints by which I have been afflicted. I have had the misfortune to labor under such disadvantages. I find them extremely objectionable. In such a situation our ability to produce responsible legislation becomes well nigh impossible.

The SPEAKER pro tempore. The time of the gentleman from Michigan (Mr. DINGELL) has expired.

Mr. DINGELL. Mr. Speaker, I reserve the balance of my time.

Mr. BROWN of Ohio. Mr. Speaker, how much time do I have remaining?

The SPEAKER pro tempore. The gentleman from Ohio (Mr. BROWN) has 9 minutes remaining.

Mr. BROWN of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. COLLINS).

Mr. COLLINS of Texas. Mr. Speaker, in weighing this issue of FEA, we seem to overlook the whole matter of natural economics, and that is the problem we have with our energy reserves in this country today.

At the time we first went into the consideration of this energy bill we had a 20-percent import situation, and today we have a 44-percent import situation. In other words, when we came in, we were 20 percent dependent upon foreign energy, and today we are 44 percent dependent.

During that period of time we have passed some rather unusual legislation. In this country we pay $5.25 for a barrel of old American crude oil. We are paying $5.25 for American, and yet we are paying $12.50 for the same old foreign oil we get from the Arabs. Anyone who understands basic economics knows who is going to produce the most oil and who is going to eventually control the entire oil market.

Mr. Speaker, we are paying $12.50 for foreign oil and $5.25 for domestic oil. Let us stop Government price controls.

They talked a great deal about how domestic production needed controls. I want to tell the Members that American oil and gas production can achieve anything if we will just leave the marketplace open.

We checked on the major oil companies to see how well they had done in meeting the challenge of drilling and exploration development. Over the past 10-year period it was brought out that they had made $75 billion in profits; but when we went back and checked the figures, we also found that the major companies had spent $111 billion in drilling, exploration, development, and going out and bringing in new oil and gas.

Mr. Speaker, there has never been any business in the history of our country that has had an achievement record comparable to what the major oil companies have made in producing energy.

Yet, what do we do but come in here and also talk about divestiture? We try to find some kind of artificial rules and regulations.

Mr. Speaker, no one can beat natural economics. If we want to get gas, the best way to get more gas is to go in and drill for secondary recoveries on our old gas fields. But the price is higher because costs are higher. But gas is clean energy. We need to get the Btu energy equivalent so gas will be equitably priced with Arab oil.

Remember oil and gas is basic. Seventy-six percent of America's energy is from oil and gas.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the situation is this: The House passed the FEA extension on June 1 after extensive debate. It was a fairly good bill, although the administration now objects to House provisions for the 60-day review by Congress of all FEA regulations and for the separation of deregulation proposals under the provisions of EPCA so that decontrol of price and decontrol of allocation will be voted on independently of the requirement that FEA provide computer services for the public.

Mr. Speaker, the Senate passed the FEA extension on June 16, but added several significant amendments, many of which established massive new programs costing billions of dollars and others of which would significantly change aspects of the Energy Policy and Conservation Act administered by FEA to regulate prices and allocations of petroleum products.

The gentleman from Illinois (Mr. ANDERSON) has outlined some of the Senate proposals to which the administration most vigorously objects. These include the creation of the $6.8 billion Energy Conservation Loan Guarantee and Insurance program; the provisions for an independent Office of Energy Data and Analysis, which duplicates what is provided for in EPCA; the provisions for the transfer of FEA programs to other agencies; the extension of the coal-loan guarantee program to abandoned and existing mines; the weatherization assistance grant program provisions, which would be under the authority of the Committee on Banking, Currency and Housing; and the authorization for FEA to establish voluntary rate guidelines for State regulatory commissions in the future.

Mr. Speaker, with this degree of controversy to be resolved by the conference between the House and Senate, a conference to which members of at least two House committees, those on Banking, Currency and Housing and Interstate and Foreign Commerce, have been named, it is evident that we may have some difficulty in reaching agreement. As a matter of fact, all 16 members of the Subcommittee on Energy and Power of the House Committee on Interstate and Foreign Commerce have been named to the conference.

The question of whether we can get conference results by June 30, when the FEA is now set to expire, is open to argument. I personally think it could be easily accomplished by the end of July.

The administration has suggested that we undertake, however, to set up an 18-month extension of the FEA in order to take care of the whole problem.

Mr. Speaker, what happens if June 30 comes and goes and there is no FEA extension by conference agreement or by this legislation now before us?

If FEA expires, the authorities of that agency vest back to the President, to whom they were originally given by the Emergency Petroleum Allocation Act and the Energy Policy Conservation Act.

The President could then create, by Executive order, the Federal Energy Office within the Office of the White House, which would take over the duties and the personnel authority of the FEA.

Mr. Speaker, we will recall that the President originally established the FEO by Executive order before the Congress established by law the present FEA.

The top officials of FEA, that is, the Administrator, Deputy Administrators, and the Assistant Administrators, could serve in the new office without any difficulty, although there is some prospect that some of the subordinate supergrades may have to take a salary cut in order to continue serving.

If FEA and its administration were subsequently reconstituted by congressional act, those officials would be subject to confirmation by the Senate at that time.

What happens to all the controls and the regulations that Congress enacted for FEA to administer under the Energy Policy and Conservation Act and the Emergency Petroleum Allocation Act EPCA specifically provides for what happens in case FEA is terminated. This is covered in section 527 of the law, and it says:

TRANSFER OF AUTHORITY

SEC. 527. In accordance with section 15(a) of the Federal Energy Administration Act of 1974, the President shall designate, where applicable and not otherwise provided by law, an appropriate Federal agency to carry out functions vested in the Administrator under this Act and amendments made thereby after the termination of the Federal Energy Administration.

So, this would continue under some other authority.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I would be delighted to yield to my chairman, the gentleman from Michigan (Mr. Dingell).

Mr. DINGELL. Mr. Speaker, I thank my good friend, the gentleman from Ohio (Mr. Brown) for whom I have the greatest respect, for yielding.

Mr. Speaker, I would simply like to emphasize the point which the gentleman from Ohio has made. If this matter is not settled, and an extension of the FEA Act is not sent to the White House prior to the expiration of the FEA Act, we will find a great shortage of supergrade positions. Who will handle the administration of the FEA if, in fact, there are not enough supergrade positions?

Further, if we have to reconstitute the FEA, we will find that we may have to go through a whole series of reconfirmation hearings in the Senate on all of the top FEA people. I cannot believe that any Member in this House or in the Senate, or any of the people in the country, wants such an inefficient, wasteful result.

Mr. BROWN of Ohio. I would suggest to my colleagues that the decision that we have to make today is whether or not we can reach agreement between the conferees of the House and the Senate as to an extension of FEA. If we fail to do that, we have legislation before us that will extend FEA until the 30th of September.

Mr. KETCHUM. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from California.

Mr. KETCHUM. Mr. Speaker, I want to make sure that I did not understand the gentleman from Ohio. Did the gentleman say that one of the provisions that the administration objects to is the 60-day review by Congress of regulations?

Mr. BROWN of Ohio. The 60-day review by Congress of regulations, was part of the House language and is one of the approximately 10 or 11 provisions in both the House and Senate measures that the administration finds objectionable.

Mr. KETCHUM. If the gentleman will yield further, that is the same administration that tells us that they want regulatory reform and yet would undo the work that the House has done?

Mr. BROWN of Ohio. That is the same administration.

Mr. DINGELL. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I want the House to understand what is going to happen if we reject this bill. There is no way that we can complete the conference on a longer term extension. I can tell my colleagues that the issues before the conferees are extremely complex and controversial, as pointed out in the letter that has already been inserted in the Record by my good friend, the gentleman from Illinois (Mr. Anderson).

I would point out that if this bill is rejected, then the FEA will expire and the President will have to reconstitute it. We will find a distinct shortage of supergrade positions and we will probably find that if we have to reconstitute the statute, after it has expired, we will have to go through the wasteful, inefficient process of reconfirming those people who have been working and trying to do a good job.

Mr. Speaker, this is a complex issue. There are 38 conferees. There are 17 nongermane Senate amendments. There are 38 conferees from 4 different committees in the Senate and 2 in the House. I would point out that a long-term extension of FEA is something that cannot be quickly handled.

I would hope that my colleagues will support the legislation extending the FEA Act for 3 months during which the conference on a longer-term extension may take place. This is the responsible legislative course.

Those who contribute to the defeat of this extension should be held accountable for the consequences of their irresponsible, misguided action.

Mr. SKUBITZ. Mr. Speaker, I rise to oppose H.R. 14394 under consideration this afternoon. The Interstate and Foreign Commerce Committee of the House appointed conferees on June 16 to work out our differences with the Senate passed bill extending the operating authority of the Federal Energy Administration. I believe the conferees should proceed and not be sidetracked by this proposed 90-day extension.

Under normal circumstances I would fully support the House position in a conference with the Senate; however, in this legislation the Senate included two meritorious provisions to S. 2872, and it is my intention to urge the House conferees to accept the Senate position in the instance of these two amendments which vitally affect the small stripper oil producers in this country.

One amendment by Senator Bartlett exempts stripper wells from the onerous price controls imposed upon these small producers by the passage of the Energy Conservation and Conversion Act last December. I opposed this provision in our committee last year and therefore I am consistent in supporting the Senate amendment to S. 2892, which freed these small independent operators from the economic restrictions on their production.

The second amendment which I support was added to the Senate bill by Senator McIntyre, and exempted these same small producers from extensive, unnecessary, and expensive reporting requirements insisted upon by the FEA.

Because of my support for the House bill which can be modified by these Senate amendments in conference, I rise to oppose an unnecessary extension of the Federal Energy Administration, as proposed in H.R. 14394.

Mr. Speaker, we will be faced with the same situation at the end of 90 days as we are today, and it is in the public interest to urge the conferees to meet and to resolve the differences between these two measures between now and June 30.

I urge my colleagues to vote "no" on H.R. 14394.

The SPEAKER. The question is on the motion offered by the gentleman from Michigan (Mr. DINGELL) that the House suspend the rules and pass the bill H.R. 14394.

The question was taken.

Mr. KETCHUM. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER. Pursuant to the provisions of clause 3 of rule XXVII, and the prior announcement made by the Chair, further proceedings on this motion will be postponed.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. Debate has been concluded on all motions to suspend the rules.

Pursuant to clause 3, rule XXVII, the Chair will now put the question on each motion on which further proceedings were postponed in the order in which that motion was entertained.

Votes will be taken in the following order:

H.R. 8125 (de novo);
H.R. 10051, by the yeas and nays;
H.R. 12254, by the yeas and nays;
H. Res. 1216, by the yeas and nays;
H.R. 13955, by the yeas and nays;
S. 2853, by the yeas and nays; and
H.R. 14394, by the yeas and nays.

The Chair will reduce to 5 minutes the time for any electronic vote after the first such vote in this series.

REVISION OF EXCISE TAX STRUCTURE ON LARGE CIGARS

The SPEAKER. The unfinished business is the question of suspending the rules and passing the bill H.R. 8125, as amended.

The Clerk read the title of the bill.

The SPEAKER. The question is on the motion offered by the gentleman from Oregon (Mr. ULLMAN) that the House suspend the rules and pass the bill H.R. 8125, as amended.

The question was taken.

Mr. DRINAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 269, nays 138, not voting 24, as follows:

[Roll No. 422]

YEAS—269

Abdnor
Addabbo
Alexander
Allen
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Ashbrook
Ashley
Bafalis
Baldus
Bauman
Beard, R.I.
Bennett
Bevill
Biaggi
Biester
Boggs
Boland
Bolling
Bonker
Bowen
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Burgener
Burke, Mass.
Burleson, Tex.
Butler
Byron
Carney
Carter
Cederberg
Chappell
Chisholm
Clancy
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conte
Conyers
Corman
Cotter
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Davis
Delaney
Dent
Derrick
Devine
Dickinson
Dingell
Dodd
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
du Pont
Edgar
Edwards, Ala.
Eilberg
Erlenborn
Eshleman
Fary
Fascell
Fenwick
Findley
Fisher
Flood
Flowers
Flynt
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Goldwater
Gonzalez
Goodling
Gradison
Green
Gude
Guyer
Haley
Hammerschmidt
Hansen
Harsha
Hawkins
Hébert
Hefner
Heinz
Henderson
Hicks
Hightower
Hillis
Holland
Holt
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jeffords
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kazen
Kelly
Kemp
Ketchum
Kindness
Krueger
LaFalce
Landrum
Latta
Leggett
Lehman
Lent
Levitas
Long, La.
Long, Md.
Lott
McCloskey
McCollister
McDade
McFall
McKinney
Madden
Madigan
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Meeds
Michel
Miller, Ohio
Mills
Mineta
Minish
Mink
Mitchell, N.Y.
Moffett
Mollohan
Montgomery
Moore
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Natcher
Neal
Nedzi
Nichols
Nix
Nowak
O'Brien
O'Neill
Passman
Patten, N.J.
Paul
Perkins
Pickle
Pike
Poage
Preyer
Price
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Rinaldo
Risenhoover
Roberts
Robinson
Rodino
Roncalio
Rooney
Rose
Rostenkowski
Rousselot
Runnels
St Germain
Sarasin
Sarbanes
Satterfield
Schneebeli
Schulze
Shipley
Shriver
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steed
Steiger, Wis.
Stephens
Sullivan
Symms
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thornton
Treen
Vander Veen
Vanik
Vigorito
Waggonner
Wampler
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, Tex.
Winn
Wright
Wydler
Yatron
Young, Alaska
Young, Fla.
Young, Tex.
Zablocki
Zeferetti

NAYS—138

Abzug
Adams
Ambro
Anderson, Calif.
Armstrong
Aspin
AuCoin
Badillo
Baucus
Bedell
Bell
Bergland
Bingham
Blanchard
Blouin
Brademas
Buchanan
Burke, Calif.
Burke, Fla.
Burlison, Mo.
Burton, John
Burton, Phillip
Carr
Clausen, Don H.
Clay
Collins, Ill.
Cornell
D'Amours
Danielson
de la Garza
Dellums
Derwinski
Diggs
Downey, N.Y.
Drinan
Early
Eckhardt
Edwards, Calif.
Emery
English
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fish
Fithian
Florio
Foley
Fraser
Gilman
Grassley
Hagedorn
Hall
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Holtzman
Jacobs
Jarman
Johnson, Colo.
Kastenmeier
Keys
Koch
Krebs
Lagomarsino
Lloyd, Calif.
Lloyd, Tenn.
Lujan
Lundine
McClory
McCormack
McEwen
McHugh
McKay
Maguire
Melcher
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mitchell, Md.
Moakley
Moorhead, Calif.
Mosher
Mottl
Myers, Pa.
Nolan
Oberstar
Obey
Ottinger
Patterson, Calif.
Pattison, N.Y.
Pettis
Peyser
Pritchard
Richmond
Roe
Rogers
Rosenthal
Roush
Roybal
Russo
Ryan
Santini
Scheuer
Schroeder
Sebelius
Seiberling
Sharp
Shuster
Simon
Solarz
Spellman
Staggers
Stark
Stokes
Stratton
Studds
Symington
Talcott
Thone
Traxler
Tsongas
Udall
Van Deerlin
Walsh
Waxman
Wilson, C. H.
Wirth
Wolff
Wylie
Yates
Young, Ga.

NOT VOTING—24

Beard, Tenn.
Conlan
Esch
Ginn
Hays, Ohio
Helstoski
Hinshaw
Howe
Karth
Litton
McDonald
Metcalfe
Milford
O'Hara
Pepper
Pressler
Riegle
Ruppe
Stanton, James V.
Steelman
Steiger, Ariz.
Stuckey
Ullman
Vander Jagt

The Clerk announced the following pairs:

Mr. Helstoski with Mr. Metcalfe.
Mr. Ullman with Mr. McDonald.
Mr. Ginn with Mr. Esch.
Mr. Pepper with Mr. Hays of Ohio.
Mr. O'Hara with Mr. Karth.
Mr. Milford with Mr. Pressler.
Mr. Litton with Mr. Ruppe.
Mr. James V. Stanton with Mr. Steelman.
Mr. Stuckey with Mr. Steiger of Arizona.
Mr. Riegle with Mr. Vander Jagt.
Mr. Conlan with Mr. Beard of Tennessee.

Messrs. FLORIO, OBERSTAR, and FISH, Mrs. BURKE of California, Mr. ENGLISH, Mrs. COLLINS of Illinois, Messrs. AMBRO, HANLEY, and STRATTON, and Mrs. LLOYD of Tennessee changed their vote from "yea" to "nay."

Messrs. TAYLOR of Missouri, FASCELL, LEHMAN, and McCLOSKEY changed their vote from "nay" to "yea."

So (two-thirds not having voted in favor thereof) the motion was rejected.

The result of the vote was announced as above recorded.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. Pursuant to the provision of clause 3(b)(3), rule XXVII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device may be taken on all the additional motions to suspend the rules on which the Chair has postponed further proceedings.

TAX TREATMENT OF CERTAIN DISTRIBUTIONS OF LIFE INSURANCE COMPANIES

The SPEAKER. The unfinished business is the question of suspending the rules and passing the bill H.R. 10051, as amended.

The Clerk read the title of the bill.

The SPEAKER. The question is on the motion offered by the gentleman from Oregon (Mr. ULLMAN) that the House suspend the rules and pass the bill H.R. 10051, as amended, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 339, nays 66, answered "present" 6, not voting 20, as follows:

[Roll No. 423]

YEAS—339

Abdnor
Addabbo
Alexander
Allen
Ambro
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Aspin
AuCoin
Bafalis
Baldus
Bauman
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Butler
Byron
Carter
Cederberg
Chappell
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Conable
Conte
Corman
Cornell
Cotter
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Derrick
Derwinski
Devine
Dickinson
Diggs
Dingell
Downey, N.Y.
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Eshleman
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Ford, Mich.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Goldwater
Goodling
Gradison
Grassley
Green
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harris
Harsha
Hawkins
Hébert
Heckler, Mass.
Hefner
Heinz
Henderson
Hicks
Hightower
Hillis
Holland
Holt
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKay
McKinney
Madden
Madigan
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Michel
Mills
Mineta
Mink
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Natcher
Neal
Nedzi
Nichols
Nix
Nowak
Oberstar
Obey
O'Brien
O'Neill
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Paul
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Rinaldo
Risenhoover
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rostenkowski
Rousselot
Runnels
Ruppe
Ryan
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spellman
Spence
Staggers
Stanton, J. William
Steed
Steiger, Wis.
Stephens
Stratton
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vigorito
Waggonner
Wampler
Weaver
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wright
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, Tex.
Zablocki
Zeferetti

NAYS—66

Abzug
Adams
Anderson, Calif.
Badillo
Baucus
Beard, R.I.
Bedell
Bingham
Burlison, Mo.
Burton, John
Burton, Phillip
Carney
Carr
Chisholm
Clancy
Collins, Ill.
Conyers
Dellums
Dent
Dodd
Drinan
du Pont
Early
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Foley
Ford, Tenn.
Fraser
Gude
Harkin
Harrington
Hayes, Ind.
Hechler, W. Va.
Holtzman
Koch
Lehman
Maguire
Mikva
Miller, Calif.
Miller, Ohio
Minish
Mitchell, Md.
Moakley
Moffett
Moss
Mottl
Myers, Pa.
Nolan
Ottinger
Reuss
Richmond
Rosenthal
Roush
Roybal
Russo
St Germain
Solarz
Stark
Stokes
Studds
Vanik
Waxman
Whalen
Yates
Young, Ga.

ANSWERED "PRESENT"—6

Collins, Tex.
Gonzalez
Rhodes
Sikes
Walsh
Wolff

NOT VOTING—20

Beard, Tenn.
Conlan
Esch
Ginn
Hays, Ohio
Helstoski
Hinshaw
Howe
Karth
Litton
McDonald
Metclafe
Milford
O'Hara
Pepper
Riegle
Stanton, James V.
Steelman
Steiger, Ariz.
Stuckey

The Clerk announced the following pairs:

Mr. Ginn with Mr. Helstoski.
Mr. Pepper with Mr. Riegle.
Mr. McDonald with Mr. O'Hara.
Mr. Milford with Mr. Hays of Ohio.
Mr. Litton with Mr. Esch.
Mr. Beard of Tennessee with Mr. Karth.
Mr. Stuckey with Mr. Metcalfe.
Mr. Steelman with Mr. James V. Stanton.

Messrs. MOSS, KOCH, MIKVA, BINGHAM, MOAKLEY, OTTINGER, ROSENTHAL, MOFFETT, WAXMAN, FOLEY, ADAMS, RICHMOND, FRASER, and LEHMAN changed their vote from "yea" to "nay."

Mr. GOODLING changed his vote from "nay" to "yea."

So (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

SUSPENSION OF DUTY ON CERTAIN BICYCLE PARTS AND ACCESSORIES

The SPEAKER. The unfinished business is the question of suspending the rules and passing the bill H.R. 12254, as amended.

The Clerk read the title of the bill.

The SPEAKER. The question is on the motion offered by the gentleman from Oregon (Mr. ULLMAN) that the House suspend the rules and pass the bill (H.R. 12254), as amended, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 370, nays 41, not voting 20, as follows:

[Roll No. 424]

YEAS—370

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Aspin
AuCoin
Bafalis
Baldus
Baucus
Bauman
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Butler
Byron
Carr
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Corman
Cornell
Cotter
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dent
Derrick
Devine
Dickinson
Diggs
Dingell
Downey, N.Y.
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Esch
Eshleman
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fraser
Frenzel
Frey
Fuqua
Gibbons
Gilman
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harkin
Harris
Harsha
Hayes, Ind.
Hébert
Heckler, Mass.
Hefner
Heinz
Henderson
Hicks
Hightower
Hillis
Holland
Holt
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKinney
Madden
Madigan
Maguire
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Michel
Mikva
Miller, Ohio
Mills
Mineta
Mink
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Paul
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Rinaldo
Risenhoover
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Runnels
Ruppe
Russo
Ryan
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schneebeli
Schulze
Sebelius
Seiberling
Sharp
Shriver

Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stark
Steed
Steiger, Wis.
Stephens
Stratton
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Ullman
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, Tex.
Winn
Wolff
Wright
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—41

Anderson, Calif.
Badillo
Beard, R.I.
Bingham
Burke, Calif.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney
Chisholm
Clay
Dellums
Derwinski
Dodd
Drinan
Fountain
Gaydos
Giaimo
Harrington
Hechler, W. Va.
Holtzman
Jenrette
Lujan
Lundine
McHugh
McKay
Miller, Calif.
Minish
Mitchell, Md.
Moss
Mottl
Richmond
Roybal
St Germain
Schroeder
Shipley
Stokes
Van Deerlin
Wilson, C. H.
Wirth
Wydler

NOT VOTING—20

Beard, Tenn.
Conlan
Ginn
Hawkins
Hays, Ohio
Helstoski
Hinshaw
Howe
Karth
Litton
McDonald
Metcalfe
Milford
O'Hara
Pepper
Riegle
Stanton, James V.
Steelman
Steiger, Ariz.
Stuckey

The Clerk announced the following pairs:

Mr. Pepper with Mr. Beard of Tennessee.
Mr. Helstoski with Mr. James V. Stanton.
Mr. Hays of Ohio with Mr. Conlan.
Mr. Milford with Mr. Riegle.
Mr. O'Hara with Mr. Steiger of Arizona.
Mr. Metcalfe with Mr. Hawkins.
Mr. Ginn with Mr. Steelman.
Mr. Litton with Mr. Stuckey.
Mr. McDonald with Mr. Karth.

Mr. RUSSO and Ms. ABZUG changed their vote from "nay" to "yea."

So (two-thirds having voted in favor thereof) the rules were suspended, and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

The title was amended so as to read: "A bill to suspend the duties on certain bicycle parts and accessories until the close of June 30, 1978."

A motion to reconsider was laid on the table.

SMALL POST OFFICE CLOSINGS

The SPEAKER. The unfinished business is the question of suspending the rules and agreeing to the resolution, House Resolution 1216.

The Clerk read the title of the resolution.

The SPEAKER. The question is on the motion offered by the gentleman from New York (Mr. HANLEY) that the House suspend the rules and agree to the resolution, House Resolution 1216, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 399, nays 14, not voting 18, as follows:

[Roll No. 425]

YEAS—399

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Ashbrook
Ashley
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Corman
Cornell
Cotter
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Devine
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Esch
Eshleman
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Goldwater
Gonzalez
Goodling
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harkin
Harris
Harsha
Hawkins
Hayes, Ind.
Hébert
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Henderson
Hicks
Hightower
Hillis
Holland
Holt
Holtzman
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Paul
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Rinaldo
Risenhoover
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stark
Steed
Steelman
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—14

Armstrong
Clancy
Derwinski
Duncan, Oreg.
du Pont
Erlenborn
Gradison
Harrington
Hyde
Mosher
Mottl
Roybal
Treen
Wiggins

NOT VOTING—18

Beard, Tenn.
Conlan
Ginn
Hays, Ohio
Helstoski
Hinshaw
Howe
Karth
Litton
McDonald
Metcalfe
Milford
O'Hara
Pepper
Riegle
Stanton, James V.
Steiger, Ariz.
Stuckey

The Clerk announced the following pairs:

Mr. Ginn with Mr. Beard of Tennessee.
Mr. Pepper with Mr. Steiger of Arizona.
Mr. O'Hara with Mr. Metcalfe.
Mr. Stuckey with Mr. Hays of Ohio.
Mr. Milford with Mr. Conlan.
Mr. McDonald with Mr. James V. Stanton.
Mr. Helstoski with Mr. Litton.
Mr. Riegle with Mr. Karth.

Mr. JOHN L. BURTON changed his vote from "nay" to "yea."

So (two-thirds having voted in favor thereof) the rules were suspended and the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

BRETTON WOODS AGREEMENT ACT AMENDMENT

The SPEAKER. The unfinished business is the question of suspending the rules and passing the bill H.R. 13955, as amended.

The Clerk read the title of the bill.

The SPEAKER. The question is on the motion offered by the gentleman from California (Mr. REES) that the House suspend the rules and pass the bill H.R. 13955, as amended, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 264, nays 147, not voting 20, as follows:

[Roll No. 426]

YEAS—264

Abzug
Addabbo
Alexander
Ambro
Anderson, Ill.
Annunzio
Ashley
Aspin
AuCoin
Badillo
Baldus
Baucus
Beard, R.I.
Bedell
Bell
Bergland
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Bolling
Bonker
Brademas
Breckinridge
Brodhead
Broomfield
Brown, Calif.
Brown, Mich.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burton, John
Burton, Phillip
Carney
Carr
Cederberg
Chisholm
Clay
Cleveland
Cohen
Collins, Ill.
Conable
Conte
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniels, N.J.
Danielson
Delaney
Dellums
Dent
Derrick
Diggs
Dingell
Dodd
Downey, N.Y.
Drinan
Duncan, Tenn.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
Erlenborn
Esch
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Flood
Florio
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fraser
Frenzel
Frey
Gaydos
Giaimo
Gibbons
Gilman
Goldwater
Gradison
Green
Gude
Hagedorn
Hall
Hamilton
Hanley
Hannaford
Harrington
Harris
Hawkins
Hayes, Ind.
Heckler, Mass.
Heinz
Henderson
Hillis
Holland
Holtzman
Horton
Howard
Hubbard
Hughes
Hutchinson
Hyde
Jacobs
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, Tenn.
Jordan
Kastenmeier
Keys
Koch
Krebs
LaFalce
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Long, La.
Long, Md.
Lundine
McClory
McCloskey
McCormack
McDade
McEwen
McFall
McHugh
McKinney
Madden
Madigan
Maguire
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Michel
Mikva
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murtha
Neal
Nedzi
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Perkins
Pettis
Peyser
Pickle
Preyer
Price
Pritchard
Quie
Railsback
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Rinaldo
Rodino
Roe
Roncalio
Rooney
Rosenthal
Rostenkowski
Roybal
Ruppe
Russo
Ryan
St Germain
Sarasin
Sarbanes
Scheuer
Schneebeli
Seiberling
Sharp
Shipley
Simon
Sisk
Slack
Solarz
Spellman
Staggers
Stanton, J. William
Stark
Steelman
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Symington
Talcott
Thompson
Traxler
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Walsh
Wampler
Waxman
Weaver
Whalen
Wiggins
Wilson, Bob
Wilson, C. H.
Wirth
Wright
Wylie
Yates
Yatron
Young, Alaska
Young, Ga.
Zablocki
Zeferetti

NAYS—147

Abdnor
Adams
Allen
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Bafalis
Bauman
Bennett
Bevill
Bowen
Breaux
Brinkley
Brooks
Brown, Ohio
Broyhill
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carter
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cochran
Collins, Tex.
Conyers
Crane
Daniel, Dan
Daniel, R. W.
Davis
de la Garza
Derwinski
Devine
Dickinson
Downing, Va.
English
Eshleman
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fithian
Flowers
Fountain
Fuqua
Gonzalez
Goodling
Grassley
Guyer
Haley
Hammerschmidt
Hansen
Harkin
Harsha
Hébert
Hechler, W. Va.
Hefner
Hicks
Hightower
Holt
Hungate
Ichord
Jarman
Jones, N.C.
Jones, Okla.
Kasten
Kazen
Kelly
Kemp
Ketchum
Kindness
Krueger
Lagomarsino
Landrum
Latta
Lloyd, Tenn.
Lott
Lujan
McCollister
McKay
Mahon
Mann
Martin
Mathis
Miller, Calif.
Miller, Ohio
Moffett
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, N.Y.
Myers, Ind.
Myers, Pa.
Natcher
Nichols
Passman
Paul
Pike
Poage
Pressler
Quillen
Randall
Risenhoover
Roberts
Robinson
Rogers
Rose
Roush
Rousselot
Runnels
Santini
Satterfield
Schroeder
Schulze
Sebelius
Shriver
Shuster
Sikes
Skubitz
Smith, Iowa
Smith, Nebr.
Snyder
Spence
Steed
Sullivan
Symms
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Treen
Waggonner
White
Whitehurst
Whitten
Wilson, Tex.
Winn
Wolff
Wydler
Young, Fla.
Young, Tex.

NOT VOTING—20

Beard, Tenn.
Boland
Conlan
Duncan, Oreg.
Ginn
Hays, Ohio
Helstoski
Hinshaw
Howe
Karth
Litton
McDonald
Metcalfe
Milford
O'Hara
Pepper
Riegle
Stanton, James V.
Steiger, Ariz.
Stuckey

The Clerk announced the following pairs:

On this vote:

Mr. Pepper and Mr. Boland for, with Mr. Ginn against.

Until further notice:

Mr. O'Hara with Mr. Beard of Tennessee.
Mr. Helstoski with Mr. Conlan.
Mr. Milford with Mr. Hays of Ohio.
Mr. Metcalfe with Mr. Karth.
Mr. Litton with Mr. Steiger of Arizona.
Mr. McDonald with Mr. James V. Stanton.
Mr. Duncan of Oregon with Mr. Stuckey.
Mr. Riegle with Mr. Howe.

Messrs. THORNTON, MONTGOMERY, WINN, BYRON, PASSMAN, DERWINSKI, HIGHTOWER, GUYER, PRESSLER, LAGOMARSINO, DAVIS, and ALLEN changed their vote from "yea" to "nay."

So (two-thirds not having voted in favor thereof) the motion was rejected.

The result of the vote was announced as above recorded.

EMERGENCY FOOD STAMP VENDOR ACCOUNTABILITY ACT OF 1976

The SPEAKER. The unfinished business is the question of suspending the rules and passing the Senate bill S. 2853.

The Clerk read the title of the Senate bill.

The SPEAKER. The question is on the motion offered by the gentleman from Washington (Mr. FOLEY) that the House suspend the rules and pass the Senate bill S. 2853, on which the yeas and nays are ordered.

The vote was taken by electronic device and there were—yeas 407, nays 0, not voting 24, as follows:

[Roll No. 427]

YEAS—407

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Corman
Cornell
Cotter
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Derwinski
Devine
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Esch
Eshleman
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Goldwater
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harkin
Harrington
Harris
Harsha
Hayes, Ind.
Hébert
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Henderson
Hicks
Hightower
Hillis
Holland
Holt
Holtzman
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mahon
Mann
Martin
Mathis
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Paul
Perkins
Pettis

Peyser
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Rinaldo
Risenhoover
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stark
Steed
Steelman
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—0

NOT VOTING—24

Beard, Tenn.
Boggs
Conlan
Ginn
Gonzalez
Hawkins
Hays, Ohio
Helstoski
Hinshaw
Howe
Karth
Kemp
Litton
McDonald
Matsunaga
Metcalfe
Milford
O'Hara
Pepper
Riegle
Stanton, James V.
Steiger, Ariz.
Stuckey
Young, Alaska

The Clerk announced the following pairs:

Mr. Pepper with Mr. O'Hara.

Mr. Ginn with Mr. Matsunaga.

Mr. Hawkins with Mr. Riegle.

Mr. Helstoski with Mr. Conlan.

Mr. Young of Alaska with Mr. Steiger of Arizona.

Mr. Litton with Mr. Karth.

Mrs. Boggs with Mr. Metcalfe.

Mr. Gonzalez with Mr. Milford.

Mr. Kemp with Mr. James V. Stanton.

Mr. Hays of Ohio with Mr. Stuckey.

Mr. Beard of Tennessee with Mr. McDonald.

So (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

FEDERAL ENERGY ADMINISTRATION ACT EXTENSION

The SPEAKER. The unfinished business is the question of suspending the rules and passing the bill, H.R. 14394.

The Clerk read the title of the bill.

The SPEAKER. The question is on the motion offered by the gentleman from Michigan (Mr. DINGELL) that the House suspend the rules and pass the bill, H.R. 14394, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 194, nays 216, answered "present" 1, not voting 20, as follows:

[Roll No. 428]

YEAS—194

Abzug
Adams
Addabbo
Alexander
Allen
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
AuCoin
Baldus
Beard, R.I.
Bedell
Bennett
Bergland
Bevill
Biaggi
Bingham
Blanchard
Blouin
Boland
Bolling
Bonker
Brademas
Breckinridge
Brodhead
Brown, Calif.
Brown, Mich.
Brown, Ohio
Buchanan
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, Phillip
Carney
Carr
Carter
Clay
Conte
Conyers
Corman
Cornell
Cotter
Daniels, N.J.
Danielson
Delaney
Dellums
Dent
Derrick
Diggs
Dingell
Dodd
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edwards, Calif.
Eilberg
Emery
Evans, Colo.
Evins, Tenn.
Fary
Fenwick
Fisher
Flood
Florio
Foley
Ford, Mich.
Fountain
Fraser
Giaimo
Green
Hall
Hamilton
Harrington
Harris
Hayes, Ind.
Hébert
Hechler, W. Va.
Hefner
Henderson
Hicks
Holland
Holtzman
Howard
Hughes
Hungate
Jeffords
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jordan
Kastenmeier
Keys
Koch
LaFalce
Leggett
Lloyd, Calif.
Lloyd, Tenn.
McCormack
McFall
McHugh
McKay
Madden
Maguire
Mann
Matsunaga
Meeds
Meyner
Mezvinsky
Mineta
Minish
Mitchell, Md.
Moakley
Moffett
Moorhead, Pa.
Morgan
Moss
Murphy, N.Y.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Neill
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Perkins
Pike
Pressler
Preyer
Price
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Ryan
St Germain
Santini
Sarbanes
Scheuer
Seiberling
Sharp
Sikes
Simon
Sisk
Smith, Iowa
Solarz
Spellman
Staggers
Stanton, J. William
Stark
Stokes
Stratton
Studds
Sullivan
Symington
Taylor, N.C.
Thompson
Traxler
Tsongas
Udall
Ullman
Van Deerlin
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Wilson, Bob
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Abdnor
Ambro
Anderson, Calif.
Anderson, Ill.
Archer
Armstrong
Ashbrook
Badillo
Bafalis
Baucus
Bauman
Bell
Biester
Boggs
Bowen
Breaux
Brinkley
Brooks
Broomfield
Broyhill
Burgener
Burke, Fla.
Burleson, Tex.
Burton, John
Butler
Byron
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Davis
de la Garza
Derwinski
Devine
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Downing, Va.
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Fish
Fithian
Flowers
Flynt
Ford, Tenn.
Forsythe
Frenzel
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Fuqua
Gaydos
Gibbons
Gilman
Goldwater
Gonzalez
Goodling
Gradison
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Gude
Guyer
Hagedorn
Haley
Hammerschmidt
Hanley
Hannaford
Hansen
Harkin
Harsha
Hawkins
Heckler, Mass.
Heinz
Hightower
Hillis
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Jarman
Jenrette
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Kasten
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Lagomarsino
Landrum
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Lehman
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Levitas
Long, La.
Long, Md.
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Lujan
Lundine
McClory
McCloskey
McCollister
McDade
McEwen
McKinney
Madigan
Mahon
Martin
Mathis
Mazzoli
Melcher
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mills
Mink
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mosher
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Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
O'Brien
Passman
Paul
Pettis
Peyser
Pickle
Poage
Pritchard
Quie
Railsback
Randall
Rangel
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Rhodes
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Roberts
Robinson
Roush
Rousselot
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Slack
Smith, Nebr.
Snyder
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Stephens
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Talcott
Taylor, Mo.
Teague
Thone
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Treen
Vander Jagt
Waggonner
Walsh
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, C. H.
Wilson, Tex.
Winn
Wright
Wydler
Yatron
Young, Fla.
Young, Ga.
Zeferetti

ANSWERED "PRESENT"—1

Young, Tex.

NOT VOTING—20

Beard, Tenn.
Conlan
Downey, N.Y.
Ginn
Hays, Ohio
Helstoski
Hinshaw
Howe
Karth
Litton
McDonald
Metcalfe
Milford
O'Hara
Pepper
Riegle
Stanton, James V.
Steiger, Ariz.
Stuckey
Young, Alaska

The Clerk announced the following pairs:

On this vote:

Mr. Helstoski and Mr. Pepper for, with Mr. Ginn against.

Mr. O'Hara and Mr. Metcalfe for, with Mr. Stuckey against.

Mr. Riegle and Mr. James V. Stanton for, with Mr. Young of Alaska against.

Until further notice:

Mr. Milford with Mr. McDonald.

Mr. Hays of Ohio with Mr. Karth.

Mr. Downey of New York with Mr. Beard of Tennessee.

Mrs. BOGGS, Mrs. HECKLER of Massachusetts, and Messrs. WHITEHURST, MOLLOHAN, RUNNELS, MICHEL, McCLORY, QUIE, and LENT changed their vote from "yea" to "nay."

Mr. RUSSO changed his vote from "nay" to "yea."

So (two-thirds not having voted in favor thereof) the motion was rejected.

The result of the vote was announced as above recorded.

AUTHORIZING DREDGING OPERATIONS FOR OPERATION SAIL

Mr. JONES of Alabama. Mr. Speaker, I call up from the Speaker's table the Senate joint resolution (S.J. Res. 201) to authorize and direct the Secretary of the Army, acting through the Chief of Engineers, to undertake dredging operations for Operation Sail, and ask unanimous consent that it be considered in the House.

The Clerk read the title of the Senate joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. HARSHA. Mr. Speaker, reserving the right to object, I do so for the purpose of asking the distinguished chairman of the full committee, the gentleman from Alabama (Mr. JONES) to explain to the House the necessity for this resolution.

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. HARSHA. I will be happy to yield to the distinguished chairman.

Mr. JONES of Alabama. Mr. Speaker, on July 3, 1976, not less than 40 vessels will be berthed in the harbor of the Port of New York. This is a ceremony for the Bicentennial and there will be a vast number of sailing vessels that will come into the harbor. In order to berth these ships on coming into the harbor of New York, there is going to have to be, of necessity, further dredging of the slips where they are going to be berthed in the harbor. This will require $100,000, which has already been appropriated for operation and maintenance to the Corps of Engineers. This resolution provides the necessary authority for the Corps of Engineers to enable them to perform the work.

Mr. HARSHA. Mr. Speaker, further reserving the right to object, I would ask the distinguished chairman of the full Committee on Public Works a question, and that is it correct that it will take the Corps of Engineers about 10 days to do this dredging and because of this the legislation has to be approved today; otherwise the harbor will not be in condition to receive the ships to commemorate our Bicentennial celebration?

Mr. JONES of Alabama. That is the purpose of this resolution.

Mr. HARSHA. Mr. Speaker, I would like to ask our distinguished chairman a further question. This resolution came up on such short notice that I hope we will not be establishing a precedent for this type of specialized endeavor. I realize that there is an emergency here, but I think a matter of this kind should have adequate notice and we should have comments from the agencies involved, as well as hearings by the committees involved. Can the gentleman from Alabama assure us that this will not be establishing a precedent?

Mr. JONES of Alabama. I want to state that I have notified the sponsors of this resolution not to attempt to do or follow such a procedure in the future. We cannot tolerate these situations unless the sponsors of such a resolution were to give us ample notice of what they seek to accomplish so that the proper procedure can be followed. Although in this situation I can say that I am most appreciative of the situation and of their endeavors and their objectives.

Mr. HARSHA. If the gentleman will further yield, is my understanding correct that this resolution does nothing to abrogate any of the requirements of the National Environmental Policy Act?

Mr. JONES of Alabama. Absolutely.

Mr. HARSHA. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. ASHBROOK. Mr. Speaker, further reserving the right to object, I have noted a rather restrained tone in the able gentleman's consternation over the legislative state of affairs we find ourselves in. Was an environmental impact study filed on this report?

Mr. JONES of Alabama. No. The environmental impact statement was made on the general development of the New York Harbor area. This would not invoke any differences between the environmental impact statements that have been made heretofore and the future development of the harbor and seashore developments of that community.

Mr. ASHBROOK. Is this a part of our continuing piecemeal aid to New York City? Is that what is involved here?

Mr. JONES of Alabama. I do not know what the gentleman is talking about.

Mr. ASHBROOK. It is located in New York City; is it not? The public works will be done in New York City; will it not?

Mr. JONES of Alabama. As I understand it, it will be. It is being done as part of "Operation Sail," part of our Bicentennial celebration. The money is already available, so this just designates how the money is to be utilized.

Mr. ASHBROOK. Further reserving the right to object, when this big race started, did the participants know this was going to happen? Why is an emergency confronting us? What is the situation? I cannot believe that we must rush into this project in the manner suggested here.

Mr. JONES of Alabama. If the gentleman in the well wants to propound a question, I will be glad to answer it.

Mr. ASHBROOK. Then, Mr. Speaker, I will object.

Mr. MURPHY of New York. If the gentleman will yield, will the gentleman withhold his objection?

Mr. ASHBROOK. Yes, I will.

Mr. MURPHY of New York. Mr. Speaker, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentleman from New York.

Mr. MURPHY of New York. I thank the gentleman for yielding.

The area to be dredged is in the vicinity of the South Street Seaport Museum in the lower part of Manhattan on the East River. The problem is very complex. I think somebody measured the water depth at high tide, and when the tide went out they did not have enough water left to bring 30 or 40 major ships in. As a consequence, an emergency piece of legislation is necessary.

Mr. ASHBROOK. Does the gentleman mean that water is leaving New York City, too?

Mr. MURPHY of New York. That is one of the problems that we have. Everything seems to be departing New York City.

Mr. Speaker, on or about July 3 no less than 40 of the world's most magnificent sailing vessels will be arriving in New York Harbor to commemorate the American Bicentennial.

These ships will be berthed in basins and marinas throughout the New York/New England area for public display. Four of the most historic ships will be harbored in the South Street Seaport Museum area of downtown New York City which is the focal point for this Bicentennial event. Unfortunately, it has been recently discovered that some of the docking areas for these ships are of inadequate depth. It is for this reason that Senate Joint Resolution 201 is on the floor of the House today.

This resolution authorizes appropriate officials to take action to dredge these waters to a depth of 18 feet thereby providing adequate docking facilities for these ships.

The Secretary of the Army, acting through the Chief of Engineers, has the authority to use any funds presently available to him for the operation and maintenance of these waters and is therefore capable of authorizing the work requested by this resolution presently estimated at $100,000. The U.S. Army Corps of Engineers currently maintains New York Harbor and the surrounding waters for navigation purposes and has the capability and the expertise to accomplish this particular task.

The funds are there, the skill is there, now it is up to the Congress to authorize the work to be done. This event is the product of over 4 years of international cooperation and planning. It will command an audience of thousands, including the President of the United States and the Queen of England. It is a spectacular which in all likelihood shall not be witnessed again.

I therefore urge the passage of this resolution to authorize the work which needs to be done, and done quickly, in order to allow these vessels to dock safely at the end of their journey. They have been sailing for months to reach our shores on the date of the Bicentennial. It is now in our power to give them a safe place to rest. I ask for your support of Senate Joint Resolution 201.

Mr. ASHBROOK. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read the Senate joint resolution as follows:

S.J. RES. 201

Whereas the Congress finds that—

(a) Operation Sail is a major Bicentennial activity and an international undertaking involving almost every fourmasted sailing ship in the world plus many smaller vessels and a display and review of United States and foreign naval vessels. The President of the United States and the Queen of England are scheduled to participate in this activity;

(b) on or about July 3, 1976, approximately two hundred unique sailing ships representing many nations of the world are scheduled to arrive in New York Harbor and surrounding waters to commemorate the United States Bicentennial;

(c) the sailing ships will be berthed in basins and marinas throughout the New York/New England area for public display and visits. Four of the most significant sailing vessels are scheduled for berthing in the South Street Museum area of downtown New York City which is the focal point of this major Bicentennial event;

(d) some docking areas for the ships participating in Operation Sail are of inadequate depth;

(e) the United States Army Corps of Engineers currently maintains New York Harbor and surrounding waters for navigation purposes and has the capability of providing adequate docking depths for the ships of Operation Sail; and

(f) the United States Army Corps of Engineers has extensive knowledge of the technical and environmental aspects of dredging in the New York area and can apply this expertise to the dredging required in the areas proposed for the docking of the ships of Operation Sail: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Army, acting through the Chief of Engineers, is hereby authorized and directed to dredge New York Harbor in the vicinity of the South Street Seaport Museum, Manhattan, New York, to an authorized depth of eighteen feet for the purpose of providing adequate docking depth for ships of Operation Sail.

The Secretary of the Army, acting through the Chief of Engineers, is authorized to use any funds presently available to him for operation and maintenance of navigation in New York Harbor and surrounding waters to carry out the work authorized by this resolution presently estimated to cost $100,000.

Mr. ROBERTS. Mr. Speaker, "Operation Sail" is a major Bicentennial activity and an international undertaking involving almost every four-masted sailing ship in the world plus many smaller vessels and a display and review of U.S. and foreign naval vessels. The President of the United States and the Queen of England are scheduled to participate in this activity. On July 3 of this year about 200 unique sailing ships from many nations are scheduled to arrive in New York Harbor and surrounding waters to commemorate the Bicentennial. The ships will be berthed in basins and marinas throughout the New England area for public display. Four of the ships will be berthed in the South Street Museum area of downtown New York. The docking areas for these ships are of inadequate depth and require dredging. The estimated cost of the dredging is $100,000.

The joint resolution would authorize the Corps of Engineers to perform the required dredging. The corps has the necessary equipment in the area and is prepared to get started as soon as the authorization is provided. I urge the passage of this joint resolution so that this unique and important part of our Bicentennial celebration can take place.

Ms. ABZUG. Mr. Speaker, I rise in support of Senate Joint Resolution 201. Perhaps the most spectacular and historic event which will occur on July 4 of this year is "Operational Sail" in New York City—200 tall ships from 21 countries throughout the world will be converging and meeting in our Nation's greatest harbor for a sail into New York Bay. The event will be witnessed in person by millions of persons; President Ford and Queen Elizabeth are scheduled to make visits to see these remarkable crafts.

These ships will be berthed in basins and marinas throughout the New York/New England area. Four berths in downtown Manhattan, the focal point of the event, have been determined to be of inadequate depth, according to the Army Corps of Engineers. These berths are the only sights designated by the Federal, State, and local governments as points at which the public will be able to go on these remarkable ships and see them firsthand. There will be no charge for this access. The corps has indicated that this minor, but critical work can be completed within 5 days—which will be ample time before this Bicentennial event in early July. The Senate yesterday passed a unanimous-request motion to provide the funds necessary. By passing a similar motion today, the House will enable work to start immediately, and will prevent any hinderance to the success of this undertaking.

This event will be a most fitting Bicentennial salute to our Nation's maritime heritage, and tradition of open harbors to all the world's nations. I urge passage of this resolution to guarantee that it will be a most memorable event.

The Senate joint resolution was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. JONES of Alabama. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate joint resolution just passed.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

CONFERENCE REPORT ON H.R. 13680, INTERNATIONAL SECURITY ASSISTANCE AND ARMS EXPORT CONTROL ACT OF 1976

Mr. MORGAN. Mr. Speaker, I call up the conference report on the bill (H.R. 13680) to amend the Foreign Assistance Act of 1961 and the Foreign Military Sales Act, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the statement.

(For conference report and statement see proceedings of the House of June 16, 1976.)

Mr. MORGAN (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MORGAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the conference report on H.R. 13680 will assure the Congress a more active role in the field of military sales and security assistance.

The committee has worked long and hard under great pressure, to come back this soon with a bill that we feel is a good honest compromise—a compromise which retains the most essential and worthwhile reforms of S. 2662—but which also takes into consideration the most valid of the President's objections.

But while we have considered the objections of the President carefully, the committee firmly believes that the Congress has a legitimate interest, and a duty, to take a more active role in shaping foreign policy in this very important area.

We hope that the House adopts this conference report as it overwhelmingly adopted H.R. 13680 by a vote of 255 to 140.

The major provisions of the conference report are as follows:

First, on funds, the conference report authorizes the appropriation of $3.2 billion for security assistance for fiscal year 1976, and $2.97 billion for fiscal year 1977.

The conference report makes a substantial investment in peace in the Middle East. Of the total program in fiscal year 1976, Israel will receive $2.2 billion. Of this, $1.5 billion is for military sales credits and $730 million is security supporting assistance.

For fiscal year 1977, the conference report earmarks about $1.8 billion for Israel. Of this amount $1 billion is for military sales credit and $785 million for security supporting assistance.

Second, on issues raised in President Ford's veto message of S. 2662, the committee of conference terminates grant military assistance programs effective September 30, 1977. After that date, they will have to be specifically authorized by the Congress for specific countries.

The conference report also provides for the termination of military assistance advisory groups effective October 1, 1977 unless specifically authorized by the Congress for specific countries.

On the subject of U.S. arms sales, the committee of conference agreed that U.S. arms sales should have a ceiling—that they should not exceed the current level. The President was invited to submit a report to the Congress with respect to putting a more firm ceiling on arms sales.

It also reforms the military sales program by strengthening the reporting provisions of the law, and by giving the Congress a more effective voice in decisions involving sales of major defense articles under the new arms Export Control Act.

The conference report reaffirms U.S. policy of opposing discrimination by countries receiving U.S. arms aid, against U.S. citizens, for reasons of race, religion, national origin, or sex. The President is required—upon request from the proper House and Senate committees—to report cases of discrimination to the Congress. The Congress can then, by a joint resolution terminate aid and sales to such countries.

On the subject of human rights, the conference report emphasizes the concern of the Congress over the violation of human rights around the world. It goes on to establish a joint resolution procedure through which the Congress can terminate security assistance to any government which engages in a consistent pattern of violation of human rights.

The conference report also establishes a new position of Coordinator of Human Rights and Humanitarian Affairs in the Department of State. This new officer will assist the Secretary of State in complying with the intent of Congress with respect to human rights.

In the case of Chile, the conference report terminates security assistance to Chile and places a $27.5 million ceiling on economic assistance to that country in fiscal year 1977. If Chile makes substantial progress in the observance of human rights, and the President so certifies, additional assistance would be available to that country.

On the subject of nuclear transfers, the conference report prohibits furnishing of assistance, and military sales, to countries which deliver or receive nuclear reprocessing materials, equipment or technology unless they adhere to IAEA or other international safeguards. The President, if he determines that U.S. vital interests are involved, and if he gets assurances that no nuclear weapons will be made, could waive this prohibition on a base-by-case basis.

The conference report also provides an authorization of $25,000,000 for disaster relief for Italy for fiscal year 1976, in order to help assist the Italians to meet the requirements generated by the earthquake.

Now, Mr. Speaker, both the Managers on the part of both Houses have worked very hard under pressure to come up with a reasonable compromise which would protect the most important reforms of S. 2662. I think that we have succeeded. At the same time, as I have described, the conference committee did delete or soften some of the provisions which the President had the most serious objections to.

I hope, therefore, that this conference report will be approved and I urge the House to take that action.

Mr. SEIBERLING. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Speaker, I notice that the conference report on pages 49 and 50 states that the committee agreed to adopt the Senate provision which requires that the export of major defense equipment valued at $7 million or more be reported to the Congress, but agreed to delete the provision that Congress would have 30 calendar days to disapprove the issuance of the licenses.

However, it is my understanding that, the conference report retains the provisions of the bill as it passed the House which would require that all military sales in excess of $25 million go through the government-to-government sales procedure, which would, in effect, give the Congress the right to disapprove the sale, if in its judgment it would be unwise.

I just wonder if the chairman could confirm the correctness of that understanding?

Mr. MORGAN. Mr. Speaker, the gentleman is correct. The old Bingham-Nelson provision—section 36(b) of the Foreign Military Sales Act—has not only been retained but it has been strengthened in two ways. First, the reporting requirement has been reduced from $25 million to $7 million. This means that all sales of major defense equipment valued over $7 million will be subject to congressional review and possible veto by concurrent resolution.

Second, all sales of major defense equipment valued over $25 million must be sold under the Foreign Military Sales Act. Congress again has 30 days to disapprove the sale by concurrent resolution.

Mr. SEIBERLING. Mr. Speaker, if the gentleman will yield further, I presume that means there will be an increased flow of reports of such transactions coming to the House Committee on International Relations in the future, if this bill becomes law; is that correct?

Mr. MORGAN. That is correct.

Mr. SEIBERLING. Mr. Speaker, if the gentleman will yield further, I presume the committee will be staffed and equipped to monitor all those reports adequately?

Mr. MORGAN. I want to assure the gentleman from Ohio that the committee not only monitors the reports, they notify each member of the committee that the reports have been received and, of course, all Members of the Congress have the right to review the reports.

Mr. SEIBERLING. Mr. Speaker, if the gentleman will yield for one more question, there is no way effectively—except by a discharge petition, which usually does not work—to require the committee to report out to the House a concurrent resolution disapproving a particular sale. I just wonder if the chairman could tell us at this point what the committee policy is likely to be with respect to giving the House a chance to work its will on any major or controversial item?

Mr. MORGAN. Well, earlier this year when the Hawk missile sale was announced to Jordan, a concurrent resolution disapproving the sale was introduced and the committee acted on the resolution immediately. This has been the practice in those few cases where resolutions disapproving sales have been introduced as it will continue to be in the future.

Mr. SEIBERLING. Mr. Speaker, if the gentleman will continue to yield, I would like to commend him for having stayed with this issue all the way from last fall and stuck with his commitment to make sure that Congress was given a veto over arms sales. I think he has performed a great service to the cause of peace.

Mr. HARKIN. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Iowa.

Mr. HARKIN. Mr. Speaker, I appreciate the gentleman yielding to me. I am a little concerned about some of the language in the report, the conference report accompanying this bill. In section 406 of the bill itself, pertaining to economic assistance to Chile, it says:

> For purposes of this subsection, economic assistance includes any assistance of any kind which is provided directly or indirectly to or for the benefit of Chile by any department, agency or other instrumentality of the United States Government * * *

And so forth.

I think the language of section 406 is quite clear, that it does cover indirect assistance that might be given to Chile through various organizations which are not, let us say, directly linked with the U.S. Government. However, on page 56 of the report, in the third paragraph down, it says:

> The ceiling on economic assistance is also intended to extend to other concessional aid activities by the U.S. Government, such as extended risk guaranties by OPIC and similar activities by the Export/Import Bank. It is not intended to apply to usual commercial-type, non-concessional OPIC insurance, Export/Import Bank loans, guaranties and insurance and credits through CCC.

It seems to me that the language of the report is in conflict with the clear language and intent of section 406 of the bill. It seems to me that when it came out of the Committee on International Relations and came to the floor, that language was adopted quite clearly. I am wondering if, in fact, we are going to stick by the language of section 406.

Mr. MORGAN. Let me point out to the gentleman that the language of the conference report—which is the same as the House bill with respect to limitations on economic aid to Chile—governs with respect to the prohibitions on concessional assistance.

The statement of managers is explanatory only. It tries to stress the point that all concessional assistance to the Government of Chile is prohibited.

This includes concessional loans by Export-Import Bank and OPIC. They are prohibited.

Assistance to the people of Chile, like Peace Corps and food donations through private voluntary agencies, are not prohibited.

Also, commercial transactions and private trade are not prohibited.

I want to stress that the conference report is stronger than the bill which the House approved.

It cuts off all commercial military sales to Chile.

It also cuts off all cash military sales.

These provisions were not in the House bill—so the conference report is tougher than the House bill.

Mr. HARKIN. Export/Import Bank is covered under the language of section 406 of the bill.

Mr. MORGAN. It is with respect to concessional transactions.

Mr. HARKIN. But it says in section 406 quite clearly—

> Economic assistance includes any assistance of any kind which is provided directly or indirectly to or for the benefit of Chile.

Mr. MORGAN. What line is the gentleman reading from?

Mr. HARKIN. That is in the bill, section 406.

Mr. MORGAN. Is it in the conference report?

Mr. HARKIN. I can find it. I have the bill here. It is page 34.

Mr. MORGAN. Of course, the conference report adopted the language of the House bill with respect to the limitation on economic assistance to Chile.

Mr. HARKIN. Yes, it is on page 34 of the conference report, about the 17th line down.

Mr. FASCELL. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Florida.

Mr. FASCELL. Mr. Speaker, I think part of the problem, if I might respond to the gentleman's inquiry, is that the term "assistance" as used in the statute is the term which has been generally considered to mean concessional aid to the government. It does not cover other types of assistance. That is what the language in the report is referring to when it says that the prohibition in section 406 does not apply to those programs which are not concessional in nature, to the government, but rather programs which go directly to the people and do not go government-to-government.

Mr. HARKIN. I would ask the gentleman if, in fact, assistance which is given, let us say through the Export/Import Bank or through Overseas Private Investment Corporation, which is guaranteed by the U.S. Government, does this not inure to the benefit of the Chilean Government?

Mr. FASCELL. All concessional assistance is prohibited. There is no question about that. I would say that if there is any real argument, in that technical sense, as the gentleman raised, notwithstanding the language of the report, the language of the statute must govern. There is no doubt about that, obviously. But obviously, also, the language in the report was intended to give some meaning by the conferees as to what they were talking about. The language in the statute is going to control. All I am saying is that the language has been defined to mean concessional assistance, government-to-government, and is not intended to mean other assistance. That is all I was saying.

Mr. HARKIN. What I am still trying to clarify is the language on page 34, where it says:

> . . . economic assistance includes any assistance of any kind which is provided, directly or indirectly, to or for the benefit of Chile by any department, agency, or other instrumentality. . .

Mr. FASCELL. All I can repeat is what I said when I started. The term "assistance," as used in the statute has come to mean concessional assistance, concessional assistance government-to-government, notwithstanding that other language.

Mr. HARKIN. I would say to the gentleman that it seemed when the Committee on International Relations passed this, and when we voted on it in the House, we knew exactly what we were doing with this language, because we were trying to cover at that time all of these other little instrumentalities of the U.S. Government that provide some type of benefit to Chile other than just direct government-to-government assistance. That was debated on the floor of the House.

Mr. FASCELL. All people programs, in other words. That is covered.

CALL OF THE HOUSE

Mr. BELL. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 429]

Andrews, N.C.
Annunzio
Beard, R.I.
Beard, Tenn.
Bolling
Cederberg
Conlan
Conyers
Daniel, Dan
Diggs
Drinan
Esch
Evins, Tenn.
Fraser
Ginn
Harsha
Hays, Ohio
Hébert
Helstoski
Hinshaw
Horton
Howe
Jones, Ala.
Karth
Kemp
Leggett
Litton
Long, Md.
Lundine
McCollister
McDonald
Mathis
Melcher
Metcalfe
Milford
Mosher
Moss
Murphy, N.Y.
O'Hara
Pepper
Rees
Reuss
Riegle
Rose
Santini
Scneuer
Shuster
Stanton, James V.
Steiger, Ariz.
Stephens
Stuckey
Sullivan
Thompson
Udall
Waxman
Young, Alaska

The SPEAKER. On this rollcall 375 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

CONFERENCE REPORT ON H.R. 13680, INTERNATIONAL SECURITY ASSISTANCE AND ARMS EXPORT CONTROL ACT OF 1976

The SPEAKER. When the point of no quorum was made, the gentleman from Pennsylvania had consumed 18 minutes.

The Chair recognizes the gentleman from Michigan (Mr. BROOMFIELD).

Mr. BROOMFIELD. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it has taken a great deal of time and effort, a Presidential veto, and a universal willingness to compromise important differences, but after several false starts we have at last produced security assistance legislation that meets both our domestic and our international requirements. We finally have a bill that should be acceptable both to Congress and to the executive branch.

H.R. 13680 provides tangible evidence that, given effective, responsible, and determined leadership, Congress and the President can reach accommodation on even the most sensitive and important issues of foreign affairs. The legislation before us is a tribute to the leadership of Doc MORGAN, and I deeply regret that this will be his last security assistance bill; I am not sure Doc shares this regret.

H.R. 13680, in its present form, is also a tribute to the leadership of President Ford, who last month had the courage to reject crippling encroachments on his power to conduct American foreign policy. Finally, the bill before us is evidence that Congress has recognized and accepted the urgent requirement for a program of security assistance—a requirement that is particularly obvious in the Middle East—and has the wisdom and courage to resolve important issues in a manner that effectively protects our vital national interests.

Mr. Speaker, I do not pretend that the most recent conference with our colleagues in the other body has somehow rendered this legislation acceptable to those among us who traditionally oppose foreign aid as a matter of principle. While H.R. 13680 is fiscally responsible and authorizes approximately $400 million less than originally requested by the administration over 2 years, the major improvements achieved in conference do not pertain to the cost of the program—slightly more than $6 billion over 2 years—but focus instead on the manner in which the congressional assault on the powers of the Presidency has been arrested.

Many of the more obnoxious and constitutionally questionable resorts to the "legislative veto" have been deleted from this legislation. While Congress continues to express clearly its concern on a number of critical issues—an arms export ceiling, discrimination against American citizens, respect for universally recognized human rights, and nuclear proliferation among them—we have belatedly come to appreciate that Congress cannot legislate effectively in the field of foreign affairs, and that no President—Republican or Democrat—would countenance such a congressional power grab. H.R. 13680 as amended by the Committee on International Relations, on the floor of this House, and in conference, strongly suggests a diminished fervor for using urgently required security assistance authorizations to dragoon this or future Presidents into accepting a vastly enlarged congressional role in foreign policy.

Mr. Speaker, I commend the changes made in H.R. 13680 since we last debated it in this forum. To my mind, the bill is now sound legislation, sound policy, and worthy of our support and the support of the President. I again salute the leadership and statesmanship of Doc MORGAN, and I take this opportunity to express to him my personal thanks for a creative, bipartisan, and arduous effort on behalf of this legislation.

Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. DERWINSKI).

Mr. DERWINSKI. Mr. Speaker, the chairman, the gentleman from Pennsylvania (Mr. MORGAN), has very effectively explained the conference report. I would like to emphasize my belief that this bill is in much better shape than the bill previously vetoed by the President. There is one little item I would like to call to the attention of the Members and that is there have been some of our colleagues who have been concerned at what they claimed was CIA support of the Christian Democratic Party in Italy. There is a provision in the bill for $25 million for disaster relief for Italy. I want every Member to understand that this is not CIA money for the Christian Democratic Party, this is $25 million for the victims of the earthquake disaster that struck Italy. I say that only because some people find it difficult to believe the facts.

But, this is a good conference report. I think it solves most of the objections the President had. Like any other piece of legislation, there are imperfections.

The Members should be reminded that the original authorization bill passed 2 months ago was vetoed by the President on the grounds that it prevented him from carrying out his responsibilities as Chief Executive to conduct foreign policy.

Recognizing that the President was justified in his veto, the majority party leaders did not even attempt an override of the veto. The conference report before us now is a tremendous improvement on the original bill—it is acceptable by the President and will be signed into law.

In the conference meetings there was no real controversy over the funds authorized. The major discussions centered around the ceiling on armed sales—which was removed—a Senate amendment affecting nuclear technology, and the House and Senate amendments relating to southern Africa. These issues were satisfactorily resolved in my judgment.

The conferees were successful in achieving a satisfactory resolution of the outstanding issues which threatened the acceptability of this legislation. This is an extremely important piece of legislation providing vital support to U.S. foreign policy interests abroad, particularly in the Middle East, and with the approval of this conference report, by Congress, we can move forward to implement our security assistance program.

Mr. BROOMFIELD. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois (Mr. CRANE).

Mr. CRANE. Mr. Speaker, I thank my distinguished minority leader on the International Relations Committee for this time.

I would like to raise a question or two with the distinguished chairman of the International Relations Committee with respect to a rather minor amendment that I secured passage of back on June 2 to the amendment introduced by the gentleman from New York (Mr. RANGEL). It had to do with the question of guaranteeing that none of the funds under this act would be used for Mozambique, and in conference that particular provision was stricken. I would like to have the distinguished chairman engage in a brief colloquy with me to attempt to establish some legislative history.

I do not think it was the intent certainly of the Representatives in the conference from this body to turn their backs on that position; was it?

Mr. MORGAN. Mr. Speaker, will the gentleman yield?

Mr. CRANE. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. I thank the gentleman for yielding.

The gentleman is correct. The language between the House and Senate bill was different and, of course, compromised in the committee of conference with no attempt to single out just one country. The problem was to work in the Senate provision that contained language prohibiting the use of funds for military, paramilitary, or guerrilla activity in Zambia or Zaire.

The House conferees felt that this language should be in there, and, of course, that was one of the reasons why the language relating to the country of Mozambique was deleted.

Mr. CRANE. If the chairman will elaborate further, the language of section 501 makes reference exclusively to Zaire and Zambia but makes no reference to Mozambique. Is there any money authorized under this bill for any kind of assistance, even nonmilitary or paramilitary assistance to Mozambique?

Mr. MORGAN. If the gentleman will yield further. There is no money earmarked for Mozambique in this bill. The funds for Zambia and Zaire, were reduced with a specific prohibition against the use of such funds for military, paramilitary, or guerrilla activity in either country.

Mr. CRANE. Could the chairman explain to me the accuracy of a report contained in a New York Times article of Monday, June 21, by a Leslie Gelb? I would like to read this paragraph briefly and then if the chairman could comment on it, I would appreciate it. The article says:

> Congress is expected to approve $75 million in economic aid for the frontline black countries in the Rhodesian war, including $27.5 million for Zambia. In a deal worked out behind closed doors, liberal legislators and the Administration agreed to use $10 million in transitional budget funds for Mozambique plus $4 million in food aid.
>
> This $14 million constitutes almost 25 percent of the projected trade damage to Mozambique and is regarded as an important element in associating the United States with the black liberation cause without actually paying the black guerrillas directly.
>
> The White House let it be known that the President did not want much visibility on this issue.

Mr. MORGAN. I can assure the gentleman that none of that was discussed in the conference behind closed doors. I was there every minute of the conference both days, and I can assure the gentleman that there was no discussion in that conference along those lines.

Mr. CRANE. If I can just ask one more question of the chairman. Is the chairman aware of any conversations with the administration, because presumably this article is referring to that period from June 30 until October 1 while we are under the transitional budget? Is the gentleman aware of any discussion between his side of the aisle and representatives from the administration that is consistent with the contents of this paragraph?

Mr. MORGAN. No. The chairman has no information whatsoever. There was no such discussion and the chairman understands that when we knocked out the earmarking for southern Africa, an agreement of that kind would not be possible.

Mr. CRANE. So it is the chairman's understanding, then, that it is still the position of the House that no aid, including nonmilitary aid, shall be authorized by this body to be expended in Mozambique?

Mr. MORGAN. That is my understanding. There is no money authorized in this bill with an allocation for expenditure in Mozambique.

Mr. CRANE. I thank the chairman for those answers.

Mr. DERWINSKI. Mr. Speaker, will the gentleman yield?

Mr. CRANE. I am happy to yield to my distinguished and internationally renowned friend, the gentleman from Illinois.

Mr. DERWINSKI. I thank the gentleman for yielding.

I would like to support the answers that the chairman just provided the gentleman. That article the gentleman quoted was not, in my judgment, accurate. I am not aware of any contact with the administration during the conference.

The SPEAKER. The time of the gentleman has expired.

Mr. BROOMFIELD. Mr. Speaker, I yield 2 additional minutes to the gentleman from Illinois (Mr. CRANE).

Mr. DERWINSKI. If the gentleman will yield further, as the gentleman knows, we did cut the funds for both Zambia and Zaire. We did not allocate authorization funding for Mozambique. What we did was work within the perspective Senate and House provisions to approach the compromise.

May I note that earlier the gentleman in his modesty had referred to his amendment as being a "modest" amendment. It was not. It was a very timely amendment at the time and the adoption of it was a tribute to the gentleman's legislative skill. I do not believe the gentleman should be quite as modest as he has been this afternoon.

Mr. CRANE. I thank my friend for his laudatory remarks. Could I persuade the gentleman to respond to another paragraph in this same newspaper article, and this would derive from the expertise the gentleman gained from having served in the United Nations representing this body. I know the gentleman won accolades internationally for that.

The paragraph says:

> The administration is quietly preparing to allow the Soviet-backed Angolan Government into the United Nations. The State Department is now bargaining with United Nations officials to defer a vote once again, until after the Republican Party convention in August with the understanding that when one is taken, the United States will not exercise its veto.

Is the gentleman through his international connections aware of the accuracy of that statement?

Mr. DERWINSKI. Mr. Speaker, first I would point out to the gentleman that the New York Times is not the Bible. The gentleman would retain his purity far more if he would read the Chicago newspapers than obviously falling into the trap of reading the Eastern establishment press.

Last but not least, many foreign policy decisions are made—and I emphasize this point—which have nothing to do with the timing of the Republican Convention. As a matter of fact, major decisions at the U.N. must be made during the fall in the General Assembly session which, by coincidence, is the time of our Presidential campaign. I know the gentleman would want our diplomats at the U.N. to be looking after our long-term international interests and not be interested in the immediate pressures of the campaign.

Mr. CRANE. That is precisely why I raised those questions.

Mr. DERWINSKI. I thank the gentleman for yielding.

Mr. BROOMFIELD. Mr. Speaker, I yield 5 minutes to the gentleman from Maryland (Mr. BAUMAN).

Mr. BAUMAN. Mr. Speaker, the gentleman from Illinois (Mr. CRANE) has presented a very thoughtful and I think very helpful discussion involving the leadership on both sides of the aisle making clear the House position taken earlier this year against aid to Mozambique. I would hope however he might consider the possibility of offering a motion to recommit so we could make sure the substance in the New York Times article he quoted is not carried out. Despite the assurances we have just heard, I have no confidence that the State Department will adhere to mere expressions of hope. Secretary Kissinger has already made his intent all too clear. Many of us in this House were greatly concerned when no Member of the congressional leadership on either side of the aisle was consulted on the so-called new African policy. I do not think many of us oppose the legitimate aspirations of the majority in any nation of Africa to govern their own affairs. I think Rhodesia and other nations realize this is the American position and has been. But the announced Kissinger policy will lead inevitably to bloodshed, not peaceful attainment of our stated goals.

It concerns me a great deal that we have a Secretary of State who has announced a willingness to finance revolution at the cost of peace in one of the most explosive areas of the world. Indeed he has come to this Congress asking for taxpayers' funds to further that mistaken policy.

I would rather see the Secretary of State go to the negotiating table, where he is said to be so adept, and negotiate with the heads of these governments, possibly even including President Ford, in a sincere attempt to work out a settlement that will protect all parties.

Some of my friends on the other side of the aisle wanted to and did forbid U.S. aid to Angola with such fervor a few months ago, but now they want to send aid to other African countries that are willing to turn the continent into a flaming revolution. This policy certainly will not help the blacks or the white minority in Rhodesia or elsewhere.

I think we can trace the violence now occurring in Rhodesia directly to the Lusaka statement of the Secretary of State a few months ago. His remarks were an open invitation to guerrilla violence and he even offered to have the U.S. Treasury finance his folly. If he does not already do so, I think the Secretary will live to regret it.

If we are going to help the blacks achieve justice all over Africa, we will have to do it by peaceful means. For us to finance an African-Marxist war alongside the Soviet Union is certainly not the way to do it; so I hope the gentleman from Illinois (Mr. CRANE) will consider the possibility of a motion to recommit. Without such a prohibition written into this bill we really have no assurance that Mr. Kissinger will not follow his announced intentions to have American tax dollars finance war in Africa.

Mr. DERWINSKI. Mr. Speaker, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Illinois.

Mr. DERWINSKI. Mr. Speaker, I want to make it clear that I do not spend my time defending the Secretary. What I would like to point out is that the gentleman is correct in criticizing the Secretary for traveling to Africa to make certain pronouncements without clearing with legislative leaders, which is exactly why the Secretary has problems on Capitol Hill.

I think it should be understood, too, that the Secretary's promises are subject to the budgetary action of Congress.

I think the gentleman is properly alerting us to those issues. I am convinced the Congress will not go along with many of the Secretary's grandiose proposals. That is one of the reasons that I believe his term in office will eventually be concluded.

Mr. BAUMAN. Mr. Speaker, I thank the gentleman from Illinois.

Mr. FRASER. Mr. Speaker, Members of the House can take general satisfaction in the foreign assistance bill which has been reported back to the House by the conferees. As the sponsor of the amendment to the foreign assistance legislation contained in section 406 of the bill, I think the House can be reasonably satisfied with the dollar amounts set forth there as a ceiling on economic assistance to Chile. Those amounts represent a compromise with the amounts that had been proposed by the Senate.

However, the joint statement of the House and Senate conferees accompanying the bill contains one element that is entirely inconsistent with the language of the bill and that does not represent the views of the House as this bill went to Conference. I am referring to the sentence in the Joint Statement that reads:

> It [the ceiling on dollar amounts of economic assistance] is not intended to apply to usual commercial-type, non-concessional OPIC insurance, Export-Import Bank loans, guaranties and insurance, and credit through CCC.

The sentence I have just quoted would attempt to change substantially the effect of the plain language of section 406, which reads, in relevant part:

> For purposes of this subsection, economic assistance includes any assistance of any kind which is provided, directly or indirectly, to or for the benefit of Chile by any Department, agency, or other instrumentality of the United States Government (other than assistance provided under Chapter 2, 4 or 5 of Part II of the Foreign Assistance Act of 1961 or credits or guaranties extended under the Arms Export Control Act), but does not include commodities furnished under Title II of the Agricultural Trade and Assistance Act of 1954.

It is clear also from the report of the International Relations Committee that the language of section 406 covers and does not exempt from the ceiling OPIC insurance, Export-Import Bank loans, guaranties and insurance, and CCC credits. Moreover, the inconsistent sentence was not proposed by the Senate conferees in order to take care of concerns arising from the Senate version of the bill.

Accordingly, it will be understood by the House in voting to accept the conference report that the House stands on the language of the bill itself and does not accept the inconsistent matter contained in the sentence I have quoted from the joint statement.

Mr. BROOMFIELD. Mr. Speaker, I have no further requests for time.

Mr. MORGAN. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

MOTION TO RECOMMIT OFFERED BY MR. CRANE

Mr. CRANE. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the conference report?

Mr. CRANE. Yes; I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

> Mr. CRANE of Illinois moves to recommit the Conference Report on the bill, H.R. 13680 to the Committee on Conference, with instructions that the Conferees insist on the language contained in the House passed bill as follows:
>
> "None of the funds authorized by this section may be used for Mozambique."

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. CRANE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 128, nays 279, not voting 24, as follows:

[Roll No. 430]

YEAS—128

Abdnor
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
AuCoin
Bafalis
Bauman
Bennett
Bevill
Bowen
Breaux
Brinkley
Brown, Mich.
Burgener
Burleson, Tex.
Butler
Byron
Carter
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Crane
Daniel, Dan
Daniel, R. W.
Devine
Dickinson
Downing, Va.
Duncan, Tenn.
du Pont
Edwards, Ala.
Emery
English
Esch
Eshleman
Evans, Ind.
Evins, Tenn.
Flowers
Flynt
Fountain
Frey
Fuqua
Goldwater
Grassley
Hagedorn
Haley
Hammerschmidt

Hansen
Hechler, W. Va.
Hefner
Hightower
Holland
Holt
Hubbard
Hutchinson
Ichord
Jenrette
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kasten
Kazen
Kelly
Kemp
Ketchum
Kindness
Lagomarsino
Latta
Levitas
Lloyd, Tenn.
Lott
Lujan

Mahon
Mann
Martin
Mathis
Melcher
Miller, Ohio
Mitchell, N.Y.
Montgomery
Moore
Moorhead, Calif.
Mottl
Myers, Ind.
Nichols
O'Brien
Passman
Paul
Pettis
Pickle
Pike
Poage
Pressler
Quillen
Randall
Robinson
Rose

Roush
Rousselot
Runnels
Santini
Satterfield
Schulze
Sebelius
Shipley
Shuster
Smith, Nebr.
Snyder
Spence
Stratton
Symms
Talcott
Taylor, Mo.
Thone
Treen
Waggonner
Wampler
Whitehurst
Whitten
Wilson, Bob
Young, Alaska
Young, Fla.
Young, Tex.

NAYS—279

Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Andrews, N.C.
Annunzio
Ashley
Aspin
Badillo
Baldus
Baucus
Beard, R.I.
Bedell
Bell
Bergland
Biaggi
Biester
Bingham
Blanchard
Blouin
Boland
Bolling
Bonker
Brademas
Breckinridge
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Buchanan
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney
Carr
Cederberg
Chisholm
Clay
Cohen
Collins, Ill.
Conable
Conte
Conyers
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Derwinski
Diggs
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Erlenborn
Evans, Colo.

Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fraser
Frenzel
Gaydos
Giaimo
Gibbons
Gilman
Gonzalez
Goodling
Gradison
Green
Gude
Guyer
Hall
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Harsha
Hawkins
Hayes, Ind.
Heckler, Mass.
Heinz
Henderson
Hicks
Hillis
Holtzman
Horton
Howard
Hughes
Hungate
Hyde
Jacobs
Jarman
Jeffords
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jordan
Kastenmeier
Keys
Koch
Krebs
Krueger
LaFalce
Leggett
Lehman
Lent
Lloyd, Calif.
Long, La.
Long, Md.
Lundine
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKay
McKinney
Madden
Madigan

Maguire
Matsunaga
Mazzoli
Meeds
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Mills
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Pa.
Natcher
Neal
Nedzi
Nix
Nolan
Nowak
Oberstar
Obey
O'Neill
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Perkins
Peyser
Preyer
Price
Pritchard
Quie
Railsback
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Rinaldo
Risenhoover
Roberts
Rodino
Roe
Rogers
Roncalio
Rooney
Rosenthal
Rostenkowski
Roybal
Ruppe
Russo
Ryan
St Germain
Sarasin
Sarbanes
Scheuer
Schneebeli
Schroeder
Seiberling
Sharp
Shriver
Sikes
Simon
Sisk

Skubitz
Slack
Smith, Iowa
Solarz
Spellman
Staggers
Stanton, J. William
Stark
Steed
Steelman
Steiger, Wis.
Stephens
Stokes
Studds
Sullivan

Symington
Taylor, N.C.
Teague
Thompson
Thornton
Traxler
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Walsh
Waxman

Weaver
Whalen
White
Wiggins
Wilson, C. H.
Wilson, Tex.
Winn
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Ga.
Zablocki
Zeferetti

NOT VOTING—24

Anderson, Ill.
Beard, Tenn.
Boggs
Conlan
Dingell
Ginn
Hays, Ohio
Hébert
Helstoski

Hinshaw
Howe
Karth
Landrum
Litton
McDonald
Metcalfe
Milford
O'Hara

Pepper
Riegle
Stanton, James V.
Steiger, Ariz.
Stuckey
Wirth

The Clerk announced the following pairs:

On this vote:

Mr. McDonald for, with Mrs. Boggs against.

Mr. Ginn for, with Mr. Wirth against.

Mr, Landrum for, with Mr. Helstoski against.

Mr. Conlan for, with Mr. Pepper against.

Mr. Steiger of Arizona for, with Mr. Litton against.

Mr. Stuckey for, with Mr. Metcalfe against.

Until further notice:

Mr. Hébert with Mr. Anderson of Illinois.

Mr. Dingell with Mr. Beard of Tennessee.

Mr. Riegle with Hays of Ohio.

Mr. O'Hara with Mr. Karth.

Mr. Milford with Mr. James V. Stanton.

Mr. PASSMAN and Mr. LUJAN changed their vote from "nay" to "yea."

Messrs. DERRICK, WHITE, and SCHEUER changed their vote from "yea" to "nay."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. BROOMFIELD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 258, nays 146, not voting 27, as follows:

[Roll No. 431]

YEAS—258

Abzug
Adams
Addabbo
Alexander
Ambro
Anderson, Calif.
Annunzio
Archer
Armstrong
Ashley
Aspin
AuCoin
Badillo
Beard, R.I.
Bell
Bergland
Biaggi
Biester
Bingham
Blanchard
Boggs
Boland
Bolling
Bonker
Brademas

Breaux
Breckinridge
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Buchanan
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burton, John
Burton, Phillip
Carney
Carr
Cederberg
Chisholm
Clancy
Cohen
Collins, Ill.
Conable
Conte
Corman
Cotter
Coughlin
D'Amours

Daniels, N.J.
Danielson
Delaney
Dent
Derrick
Derwinski
Diggs
Dingell
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Erlenborn
Esch
Evans, Colo.
Fary
Fascell
Fenwick
Findley
Fish
Fisher

Fithian
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fraser
Frenzel
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Goldwater
Gradison
Green
Gude
Guyer
Hall
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Heckler, Mass.
Heinz
Hicks
Hillis
Holland
Holtzman
Horton
Howard
Hughes
Hyde
Jarman
Jeffords
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jordan
Kasten
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Long, La.
Long, Md.
Lujan
Lundine
McClory
McCloskey

McCormack
McDade
McEwen
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Matsunaga
Mazzoli
Meeds
Meyner
Mezvinsky
Michel
Mikva
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Nedzi
Nix
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Peyser
Pickle
Preyer
Price
Pritchard
Quie
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Rinaldo
Rodino
Roe
Rogers

Roncalio
Rooney
Rosenthal
Rostenkowski
Roybal
Ryan
St Germain
Sarasin
Sarbanes
Scheuer
Schneebeli
Schroeder
Schulze
Seiberling
Sharp
Sikes
Simon
Sisk
Smith, Iowa
Solarz
Spellman
Stanton, J. William
Stark
Steelman
Steiger, Wis.
Stokes
Stratton
Studds
Symington
Talcott
Thompson
Traxler
Treen
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Walsh
Waxman
Whalen
White
Whitehurst
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wolff
Wright
Wydler
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Tex.
Zeferetti

NAYS—146

Abdnor
Allen
Andrews, N.C.
Andrews, N. Dak.
Ashbrook
Bafalis
Baldus
Baucus
Bauman
Bedell
Bennett
Bevill
Blouin
Bowen
Brinkley
Brown, Ohio
Broyhill
Burgener
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carter
Chappell
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Conyers
Cornell
Crane
Daniel, Dan
Daniel, R. W.
de la Garza
Dellums
Devine
Dickinson
Downing, Va.
Duncan, Tenn.

du Pont
Edwards, Ala.
Emery
English
Eshleman
Evans, Ind.
Evins, Tenn.
Flowers
Flynt
Fountain
Frey
Gonzalez
Goodling
Grassley
Hagedorn
Haley
Hammerschmidt
Hansen
Harsha
Hechler, W. Va.
Hefner
Henderson
Hightower
Holt
Hubbard
Hungate
Hutchinson
Ichord
Jacobs
Jenrette
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness

Latta
Lloyd, Tenn.
Lott
McCollister
Mahon
Mann
Martin
Mathis
Melcher
Miller, Calif.
Miller, Ohio
Mills
Moffett
Montgomery
Moore
Moorhead, Calif.
Mottl
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nichols
Passman
Paul
Perkins
Pettis
Pike
Poage
Pressler
Quillen
Risenhoover
Roberts
Robinson
Rose
Roush
Rousselot
Runnels
Ruppe
Russo
Santini
Satterfield

Sebelius
Shriver
Shuster
Slack
Smith, Nebr.
Snyder
Spence
Staggers
Steed
Stephens
Sullivan
Symms
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Waggonner
Wampler
Weaver
Whitten
Wylie
Young, Fla.
Zablocki

NOT VOTING—27

Anderson, Ill.
Beard, Tenn.
Clay
Conlan
Davis
Ginn
Hays, Ohio
Hébert
Helstoski
Hinshaw
Howe
Karth
Landrum
Litton
McDonald
Metcalfe
Milford
Nolan
O'Hara
Pepper
Riegle
Shipley
Skubitz
Stanton, James V.
Steiger, Ariz.
Stuckey
Wirth

The Clerk announced the following pairs:

On this vote:

Mr. Pepper for, with Mr. Ginn against.

Mr. Helstoski for, with Mr. Landrum against.

Mr. Beard of Tennessee for, with Mr. Shipley against.

Mr. Litton for, with Mr. Stuckey against.

Mr. Wirth for, with Mr. Conlan against.

Mr. Metcalfe for, with Mr. Steiger of Arizona against.

Mr. Davis for, with Mr. McDonald against.

Mr. Anderson of Illinois for, with Mr. Skubitz against.

Until further notice:

Mr. Clay with Mr. O'Hara.

Mr. Hays of Ohio with Mr. Nolan.

Mr. Hébert with Mr. James V. Stanton.

Mr. Milford with Mr. Riegle.

Mr. Karth with Mr. Howe.

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report on the bill H.R. 13680 just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON FORESTS OF COMMITTEE ON AGRICULTURE TO MEET AT 2 P.M. ON WEDNESDAY AND THURSDAY NEXT DURING 5-MINUTE RULE

Mr. DUNCAN of Oregon. Mr. Speaker, I ask unanimous consent that the Subcommittee on Forests of the Committee on Agriculture be permitted to meet at 2 p.m. on Wednesday and Thursday of this week while the House is in session under the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—INDEPENDENT AGENCIES APPROPRIATION BILL, 1977

Mr. LONG of Louisiana. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1286 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 1286

Resolved, That during the consideration of the bill (H.R. 14233) making appropriations for the Department of Housing and Urban Development, and for sundry independent executive agencies, boards, bureaus, commissions, corporations, and offices for the fiscal year ending September 30, 1977, and for other purposes, all points of order against the following provisions in said bill for failure to comply with the provisions of clauses 2 and 6, Rule XXI are hereby waived: beginning on page 2, line 5 through page 4, line 24; beginning on page 7, line 10 through line 25; beginning on page 11, line 14 through page 13, line 12; beginning on page 14, line 3 through line 13; and beginning on page 17, line 17 through page 19, line 16. It shall also be in order to consider without the intervention of any point of order an amendment adding the following paragraph on page 14 after line 18:

"No part of any budget authority made available to the Environmental Protection Agency by this Act or for the fiscal year 1976 and the period ending September 30, 1976, shall be used for any grant to cover in excess of 75 per centum of the total cost of the purposes to be carried out by such grant made pursuant to the authority contained in section 208 of the Federal Water Pollution Control Act (Public Law 92-500)."

The SPEAKER. The gentleman from Louisiana (Mr. Long) is recognized for 1 hour.

Mr. LONG of Louisiana. Mr. Speaker, I yield 30 minutes to the distinguished gentleman from Mississippi (Mr. Lott), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1286 provides that during the consideration of H.R. 14233, a bill making appropriations for the Department of Housing and Urban Development, points of order against certain provisions in the bill for failure to comply with the provisions of clauses 2 and 6 of rule XXI are waived. Clause 2, rule XXI prohibits the appropriation of funds which are not authorized by law. All authorizing legislation supporting the appropriations in the bill against which points of order have been waived has passed the House and is either in the other body pending consideration or is in conference. Clause 6 of rule XXI prohibits the reappropriation of unexpended balances. One or two of the provisions of the bill violate this rule and the waiver was thus recommended.

Mr. Speaker, in addition to the waivers, the rule specifically makes in order a legislative amendment. Under rule XXI, clause 2, it is not in order to offer legislative amendments to general appropriation bills. The Committee on Appropriations specifically requested that this amendment be made in order so that the intent of the agreement reached by the House in considering the Federal Water Pollution Control Act Amendments of 1976 could be carried out.

Mr. Speaker, I urge the adoption of House Resolution 1286 to permit the orderly consideration of H.R. 14233.

Mr. LOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1286 is the rule waiving points of order against certain parts of H.R. 14233, the Department of Housing and Urban Development and independent agencies appropriation bill for 1977. The waiver is necessary because the following provisions in the bill do not comply with clauses 2 and 6 of rule XXI, which relate to unauthorized appropriations and reappropriations, respectively:

First. Housing and Urban Development—the appropriating paragraphs entitled "Annual Contributions for Assisted Housing," "Housing for the Elderly or Handicapped," "Payments for Operation of Low-Income Housing Projects," "Comprehensive Planning Grants," and "Rehabilitation Loan Fund."

Second. Environmental Protection Agency—the appropriating paragraphs entitled "Research and Development," "Abatement and Control," "Enforcement," "Scientific Activities Overseas—Special Foreign Currency Program," and "Agency and Regional Management."

Third. National Science Foundation—the appropriating pargaraphs entitled "Research and Related Agencies," "Science Education Activities," and "Scientific Activities—Special Foreign Currency Program."

This rule further makes it in order to consider an amendment to the bill under waiver of clause 2, rule XXI pertaining to legislation changing existing law in an appropriations bill. The purpose of the amendment, as previously read by the clerk, is to carry out the intent of an agreement made on June 3, 1976, when the House had under consideration H.R. 9560, the Federal Water Pollution Control Act Amendments of 1976.

Mr. Speaker, H.R. 14233 includes $42,993,930,000 in new budget authority for the Department of Housing and Urban Development and 13 independent agencies and offices. This figure is $2,297,668,000 below the budget requests for these activities. I support the rule and urge its adoption at this time.

Mr. LONG of Louisiana. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. BELL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 399, nays 5, not voting 27, as follows:

[Roll No. 432]

YEAS—399

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashley
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Ill.
Conable
Conte
Conyers
Corman
Cornell
Cotter
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
de la Garza
Delaney
Dellums
Dent
Derrick
Derwinski
Devine
Dickinson
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Esch
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harkin
Harrington
Harris
Harsha
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Henderson
Hicks
Hightower
Hillis
Holland
Holt
Holtzman
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Latta
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Rinaldo
Risenhoover
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stark
Steed
Steelman
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—5

Ashbrook
Collins, Tex.
Edgar
Paul
Weaver

NOT VOTING—27

Beard, Tenn.
Clay
Conlan
Davis
Diggs
Dingell
Eshleman
Ginn
Hays, Ohio
Hébert
Helstoski
Hinshaw
Howe
Karth
Landrum
Litton
McDonald
Metcalfe
Milford
O'Hara
Pepper
Riegle
Stanton, James V.
Steiger, Ariz.
Stuckey
Sullivan
Wirth

The Clerk announced the following pairs:

Mr. Davis with Mr. O'Hara.
Mr. Milford with Mr. Riegle.
Mr. Pepper with Mrs. Sullivan.
Mr. Dingell with Mr. Landrum.
Mr. Stuckey with Mr. Conlan.
Mr. Wirth with Mr. Metcalfe.
Mr. Clay with Mr. James V. Stanton.
Mr. Beard of Tennessee with Mr. Eshleman.
Mr. Diggs with Mr. Hays of Ohio.
Mr. Ginn with Mr. Hébert.
Mr. McDonald with Mr. Steiger of Arizona.
Mr. Helstoski with Mr. Karth.
Mr. Litton with Mr. Howe.

Mr. MORGAN changed his vote from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. BOLAND. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 14233) making appropriations for the Department of Housing and Urban Development, and for sundry independent executive agencies, boards, bureaus, commissions, corporations, and offices for the fiscal year ending September 30, 1977, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to not to exceed 1½ hours, the time to be equally divided and controlled by the gentleman from California (Mr. TALCOTT) and myself.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Massachusetts (Mr. BOLAND).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 14233, with Mr. BERGLAND in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Pursuant to the unanimous-consent agreement, the gentleman from Massachusetts (Mr. BOLAND) will be recognized for 45 minutes, and the gentleman from California (Mr. TALCOTT) will be recognized for 45 minutes.

The Chair recognizes the gentleman from Massachusetts (Mr. BOLAND).

Mr. BOLAND. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, we bring before the committee today the HUD-independent agencies appropriation bill for 1977. The bill provides funding for 13 independent agencies and for the Department of Housing and Urban Development.

As you all know, this is the first year we have fully operated under the new budget procedures. It has been a tough schedule. We began hearings 4 weeks earlier on our bill this year. We marked up almost 6 weeks earlier. The above schedule has demanded some long hours and hard work—but we have met the timetable—and I believe, more importantly, that we have produced a fair, reasonable, and responsible bill.

In summary, Mr. Chairman, the committee recommends a total of $42,993,930,000 in new obligational authority for the agencies covered by the bill for the fiscal year 1977. This is $2,297,668,000 below the budget request for these activities. Without going into too much detail, let me explain briefly the reason for that decrease. We reduced the new annual contract authority for assisted housing programs under HUD by $175 million. But as you may recall, each of these annual assistance contracts represents a commitment on the part of the Government to make payments over a period from 15 to 40 years. So when we make a reduction of $175 million in annual contract authority—the actual budget authority reduction is almost $2 billion—that explains why we are substantially under the President's budget request.

Mr. Chairman, I also want to touch for just a minute on how this bill compares with the first concurrent budget resolution adopted by the Congress.

Section 307 of the Congressional Budget Act of 1974, requires the Appropriations Committee, to report to the House, a comparison of each subcommittee's recommendations within the allocation of budget totals contained in the first concurrent resoluion. When that comparison is made, we find that this bill is $12,944,489,000 under the targets set forth in the resolution.

Now before you get too excited, let me quickly point out that the bulk of that excess authority is assumed to be available for a number of major program thrusts. For example, $4 billion is available in the natural resources-environment-energy category for the next funding phase of the major waste water treatment program administered by the Environmental Protection Agency. This committee has included no funds for the extension of that program in this bill, because the legislative committee has yet to authorize the extension, and because we want to take a look at the bottom line of that authorization and hold our own hearings before we move to release any additional funds.

There is an excess of about $3 billion that has been targeted for the Ginny Mae Tandem plan that we may or may not have to release during the fiscal year, depending upon relative housing conditions.

Also, the target resolution includes about $3.8 billion of excess budget authority for the assisted housing programs. Part of that excess represents a $2 billion reduction I explained earlier.

Finally, the target resolution includes about $1.2 billion in excess authority for anticipated cost-of-living increases for veterans benefits programs.

So when all those assumptions are plugged in, I think you will find the committee's recommendations as contained in this bill are very close to the total allocated in the first budget resolution.

Let me turn now and discuss the individual programs—beginning with the Department of Housing and Urban Development.

Mr. Chairman, the section 8 program has now been with us almost 2 years. It was proposed by the administration and the Congress embraced it and enacted it into law. Frankly, I cannot think of any legislation that has consumed more of our time, to which we have devoted more discussion and thought, and which has produced more frustration than our efforts in this House to find a workable subsidized housing solution.

Two years ago this summer, we were engaged in a long debate on a new housing bill. That debate produced the section 8 subsidized housing program as embodied in the Housing and Community Development Act of 1974.

On paper, the section 8 program looked good. In a nutshell, it was sold to Congress as a program that would involve the private sector—as a program that could reach the lowest income families—as a program that would avoid the heavy concentrations of assisted households in a few locations—as a program that could achieve some income mix—and as a program that was less costly.

We do not know what the bottom line is on each of those promises—but we do know that the section 8 program is not less costly. It is more costly. In fact, the Library of Congress recently compared section 8 costs with section 236 and conventional public housing programs and found that when all expenses are considered, both direct and indirect, new construction under the conventional public housing program is still the least expensive approach to housing low-income people.

Without bragging, I want to point out that this is not news to our committee. We warned in our 1975 report, before the section 8 program was finally adopted, that it would be more expensive than the existing programs suspended on January 5, 1973.

But cost is not the only problem associated with the section 8 program. As a vehicle for new construction, it has been very slow in getting off the ground. In short, State finance agencies have found it next to impossible to fund new construction projects. And private developers understandably are leery of a program that may require 30 or 40 years financing with only a 20-year subsidy commitment.

But the committee believes it is still too early to prejudge the success or failure of this program. We know it has problems. We know that it is costly. We know as a new construction vehicle it may not work. But the committee believes it is too early to give up on the program. Rather, what we have done in this bill is to recognize the fact that section 8 does have problems—and to try and compensate for them.

First, within the $675 million of new annual contract authority recommended, we have earmarked a maximum of 25 percent for new and substantially rehabilitated construction under the section 8 program. We believe that any limitation requiring that a minimum of new contract authority be devoted to new construction is both unrealistic and contrary to the original concept of the section 8 program. You will recall that the program was conceived to allow communities flexibility to decide whether new or existing housing units were necessary—depending on actual local economic conditions. Also, with the problems section 8 new construction has had in getting underway, it just does not make sense to tie up great chunks of contract authority that may not be used.

Second, within the $675 million, a minimum of $120 million, including not less than 15 percent for new construction in nonmetropolitan areas is earmarked for the low-rent public housing program. We are recommending this approach because we believe that the public housing program can fill an important role in meeting housing needs not reached by the section 8 program. We recognize that this program has also had its problems. There have been some sensational stories—often too real—about how high density, low rent public housing has been a disaster in some of the larger cities of this country. But there are over 4 million people living in public housing units today—and I feel that the program does offer a workable and viable alternative to section 8—particularly since that program has not been able to stimulate new construction.

As I indicated, we are reopening the new construction phase of the public housing program in nonmetropolitan areas. Because these areas generally have a very limited supply of vacant, decent housing units of the size and type necessary today, and because we know that the public housing program works in rural areas, we believe that is the right place to establish this program.

Finally, including the carryover of unused contract authority from 1976, we are providing $549 million in annual contract authority for existing section 8 contracts and property disposition and loan management functions. A rose by any other name is still a rose, and a section 8 existing program, by any other name, is a housing allowance or housing stamp program. When you compare the cost of section 8 existing contracts with a section 236 rent supplement unit, you find that it compares favorably at an average annual subsidy of about $2,800.

But there are one or two things we need to remember about the section 8 existing program. When we add up all the contract authority provided for this program in 1975 and 1976, and recommended in this bill for 1977, we have only begun to scratch the surface of providing assistance to those families that are eligible under the section 8 program. The problem is, that if we provided more contract authority than is recommended in this bill for any type of housing program, we run the real risk of driving up rents throughout the country—because there simply are not enough multifamily units available today.

So, on balance, when you look at the committee's recommendations in the assisted housing area, I think we have done what is both sensible and responsible, given the very real limitations of existing law, and current economic conditions.

Before leaving housing, I want to mention one other program. I refer to the section 235 homeownership assistance concept.

Last October the Secretary activated a revised homeownership assistance program. It requires a substantially higher downpayment, ranging from $1,500 to $2,000, than the old section 235 homeownership program required. It subsidizes the interest on a mortgage down to 5 percent rather than 1 percent as was the case with the program which was suspended by HUD on January 5, 1973.

The Department plans to reserve 50,000 units under the revised 235 program in 1976, 25,000 units in the transition quarter, and 100,000 units in 1977. Because the committee is concerned about the need for new construction and because we believe that the new program offers distinct advantages over the old, we are urging the Department to add an additional 50,000 units in the next fiscal year, making a total of 150,000 units in fiscal year 1977.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to the gentleman from Ohio.

Mr. ASHLEY. I appreciate the gentleman's yielding.

The gentleman was, of course, covering the actual position taken by his distinguished subcommittee with regard to section 8 housing, and it was on that subject that I wanted to ask a question or two. It was my understanding in reviewing the conference report that the approach the gentleman has taken is to set a maximum amount of funds which may be used for new or substantially rehabilitated construction under the section 8 program; is that right? Do I understand him correctly?

Mr. BOLAND. Did the gentleman say the conference report? It is not the conference report but this bill.

Mr. ASHLEY. I beg the gentleman's pardon. I meant the bill before us, yes.

Mr. BOLAND. Within the $675 million of new annual contract authority recommended, we have, indeed, earmarked a maximum—a maximum—of 25 percent for new and substantially rehabilitated construction under the section 8 program. The gentleman is correct.

Mr. ASHLEY. If the gentleman will yield further, I would have to say to my good friend that as one of the chief authors of the 1974 act, it very much was the intent of the Congress with regard to the section 8 program that the determination as between new and substantially rehabilitated housing and the use of existing housing, would rest with the local community and not the Congress and not the administration or HUD, regardless of who controls that Department. It was our thinking, if I may say very briefly to the gentleman, that it really is the responsibility of each local community to assess for itself its own peculiar housing needs, and to shape a housing assistance plan based upon those needs.

We have taken a very firm view in the legislative committee that there should not be set-asides or maximums or minimums established with respect to new as against existing housing in the section 8 program.

Mr. BOLAND. Neither the Housing Subcommittee nor the Banking and Currency Committee has taken such views with regard to set-asides.

Mr. ASHLEY. No, against set-asides. We did this on the floor of the House by an overwhelming vote, I might say. The Brown amendment, which was offered 2 weeks ago when the housing authorization bill was considered, passed by a substantial margin.

Mr. BOLAND. I would like to say to the gentleman from Ohio we would like to get on with this. We have plowed this ground before when the gentleman had his Housing Bill before the House just a couple of weeks ago——

Mr. ASHLEY. But if the gentleman will yield further, this is what the gentleman said on the occasion of the debate on May 26 of this year—the gentleman in the well:

> What I am saying, Mr. Chairman——

This is the gentleman speaking—

> Is that we ought to leave to local communities the question of whether or not new construction or major alterations are needed.

Mr. BOLAND. Let me say that is exactly the position I have taken. That is exactly what I said. That is exactly what I contend, and that is exactly what the bill provides. That is exactly what the report says.

We believe that any limitation requiring that a minimum of new contract authority be devoted to new construction is both unrealistic and contrary to the original concept of the section 8 program.

What the gentleman's subcommittee came to the floor with, and by a vote of 260 to 110 the House knocked out, was a provision providing for a 50-percent minimum of new construction under the section 8 program. Am I right or wrong?

Mr. ASHLEY. That is exactly right. But explain to me what is the difference between a minimum and a maximum. Why do we have either one?

Mr. BOLAND. Would not the gentleman like to have some new construction? How do we know whether or not HUD is going to achieve any new construction? The bill provides funds for a maximum of 25 percent for new construction.

We have been over all this, I will say to the gentleman from Ohio (Mr. ASHLEY). He and I are very good friends. This was resolved when we had the debate on the floor just a couple of weeks ago.

We remember last year when the Senate put earmarkings on public housing and on section 8 new construction when we had nothing in our bill. I am repeating the same argument I made a couple of weeks ago, but for the sake of emphasis, we did not have anything in our bill with reference to earmarking. The Senate did and we had to recede in conference, and got criticized up and down by members of the gentleman's subcommittee for what we did.

The gentleman cannot have it both ways. He cannot have it one way 1 year and another way the next year.

Mr. ASHLEY. Will the gentleman yield for a brief question, and he can answer it with a yes or a no? In the conference report on the bill there is this language.

Mr. BOLAND. The gentleman is talking about the conference report agreed to just yesterday, or whenever the conference was held on the authorization?

Mr. ASHLEY. The gentleman really did not have the opportunity, I am sure, to study it.

Mr. BOLAND. No. As a matter of fact I do not know what is in the conference report.

Mr. ASHLEY. The gentleman will know in a second. That relates to the question and the gentleman will find this language in the section where it says this:

> The Secretary shall, in utilizing the additional authority to enter into contracts for annual contributions provided on October 1, 1976, make assistance available under this Act as among newly constructed, substantially rehabilitated, and existing housing units in any community in the same proportion as is specified by that community with respect to assistance under this Act in its housing assistance plan pursuant to section 104(a)(4)(B) of the Housing and Community Development Act of 1974.

Mr. BOLAND. Mr. Chairman, if I understand it correctly what the gentleman is saying is that he is going to apportion the number of section 8 units that are going to be made to particular communities based on their housing assistance plans. Am I correct?

Mr. ASHLEY. That is correct.

Mr. BOLAND. If we ever arrive at that point the Department of Housing and Urban Development will never be able to administer the program. I would think it would be a nightmare for the Department to try to administer a program in that fashion.

Beyond that, even though the number of section 8 units to be prorated to a particular community that has filed HAP's—housing assistance plans—some of them may get only half a dozen units and some may get many more than that. But one thing I do know: If we are going to make an effort to supply the demand for all the section 8 units and applications that are going to be filed under the housing assistance plans from every community in the United States we will never be able to pay for it—at least not with the funds in this bill.

If we ever arrive at that point, the cost of the section 8 program, which is a terribly expensive program, but it is the only game in town, outside of the revised section 235 program, if we ever get to that point, we will find some of the housing programs the gentleman and I would want, and programs of housing assistance we believe in, are going to go down the drain. That is the way I see it.

What the gentleman wants me to do, I presume, and I am going to anticipate the question—will the gentleman agree in conference to the particular conference language that the gentleman from Ohio is about to read to me on the section 8 housing and take a number of units for new construction if they are allocated on the basis of the housing assistance plans?

Mr. ASHLEY. No.

Mr. BOLAND. What is the question then?

Mr. ASHLEY. I simply do not find it possible to reconcile what the gentleman said. He seems to be coming in two different directions. Is he saying he does agree the local community would want to determine the new and existing housing as far as section 8 programs are concerned? He said that earlier.

Mr. BOLAND. The gentleman will recall that back in 1974 the program was conceived to allow the community some flexibility to decide whether new or existing housing units are necessary.

I agree, that is exactly what we are doing here. But if we are going to earmark a great number of units for new construction, we are getting away from that concept.

Mr. ASHLEY. Mr. Chairman, if the gentleman will yield further, the gentleman misunderstood. This language says that it is up to each local community to decide for themselves between new and existing housing for section 8, but it should not be done by the Secretary of HUD, nor should it be done by Congress.

Mr. BOLAND. Let me say, I do not know who else is going to do it. If we are going to have hundreds and hundreds of housing assistance plans coming to the Department of Housing and Urban Development, there is not enough money to satisfy all of them.

I do not know what position the gentleman is placing the Department in or the Secretary. It seems to me the target ought to be nationwide. We have to make some judgments and that ought to be a decision that is left to the Secretary. If we do not like it, that is fine. I am sure a lot of them do not like it, but I thought we settled this 2 weeks ago.

Mr. Chairman, I do not like to disagree with my friend, the gentleman from Ohio (Mr. ASHLEY), because the gentleman is a good friend and I respect the gentleman as well as any man in this House.

As the gentleman knows, we did try to accommodate the gentleman's subcommittee. We will work together on this and if we can work it out, we will make an effort to do so.

Mr. Chairman, I am taking too much time, but would like to turn to the other areas of funding in the bill.

We have provided $5 million to initiate a new housing counseling assistance program which could ultimately save $5 in declining mortgage defaults for every dollar invested in counseling.

We have continued the section 202 housing for the elderly program at $750 million in 1977. This is identical to the 1976 level of effort and should provide approximately 30,000 additional units of elderly housing.

We are providing $3,248,000,000 for the community development block grant program. This includes $100 million that is targeted directly at the small towns within metropolitan areas that could, because of problems with the existing community development formula, come up empty handed. We did this last year and we did it in the supplemental 2 years ago in order to protect the small SMSA communities that would come up empty handed, because the priorities are established by a formula which gives to cities and urban counties the major share, perhaps all the share, of CD funds. We have to make provision for smaller communities. Everybody agrees with this.

Then we provide $25 million to continue the important rehabilitation loan program which was authorized in section 312 of the Housing Act of 1964. No money was provided in the budget for this. We provided $25 million. That $25 million with a $30 million carryover will enable the Department to move ahead on a $55 million basis for fiscal year 1977.

Turning to the Veterans' Administration, the committee recommends a total for these programs of $18,380,181,000 in new budget authority for veterans' programs for fiscal year 1977.

I want to point out, however, that this level of funding includes no money for anticipated increases in cost-of-living payments under the various benefit programs. When those are finally enacted, we expect the bill for veterans' benefits will be at least $1 billion higher than is recommended in this appropriation bill now.

The funds recommended in this bill will provide benefits and services to 29,500,000 veterans, to 63 million members of their families, and to 3,800,000 survivors of deceased veterans. More than 96 million people comprising about 46 percent of the total population of the United States are potential recipients of benefits provided through the Veterans' Administration by the Federal Government.

In addition, the bill includes more than $4.2 billion to continue the operation of the largest health care system in the country. The VA operates 171 hospitals and numerous nursing homes and outpatient facilities. We have included $50 million above the budget request to insure that the quality of care goals achieved in the past 2 years will not be compromised in 1977.

The bill also provides almost $400 million for the construction, modernization, alteration, and improvement of VA facilities. This amount includes $268,316,000 for eight new hospitals to be built at Richmond, St. Petersburg, Martinsburg, W. Va., Seattle, Little Rock, Baltimore, Camden, N.J., and Portland/Vancouver.

So by any measure, the Veterans' Administration, and the programs it operates, are both large and costly.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to the gentleman from Washington.

Mr. McCORMACK. Mr. Chairman, I would like to ask a couple questions concerning material in the report on page 42. In the report accompanying this legislation there is a discussion of the committee's position relative to the eight new Veterans' Administration hospitals. I would like to speak directly to the one in the Portland, Oreg.-Vancouver, Wash., area. The report says:

> The Committee is recommending in the bill the full request for these eight hospital projects. However, the provision of funds to design the new Portland, Oregon, hospital does not represent Committee approval of any proposal to close the Vancouver, Washington, VA hospital and to locate all of the planned new VA health care facilities for that area in Portland, nor of any particular site in Portland. The Committee suggests that the VA fully assess the possibility of building some of the required new facilities (e.g. extended care and nursing home facilities) on the site of the present Vancouver hospital. The VA should submit a detailed report on that assessment together with its Portland site selection justification to the Committee together with its fiscal year 1978 budget request so it can be used by the Committee in making its decisions on any requests for construction funds for new facilities in the Portland/Vancouver area.

I take it from this, then, that the chairman and the subcommittee will be deciding next year on the basis of information collected and organized this year by the Veterans' Administration and presented to the committee in the interim, or at the latest next spring, that the committee then will make its recommendations on the location of new facilities in the Portland/Vancouver area; and that it could be one or two or three facilities in the general area, depending upon the facts at that time.

Mr. BOLAND. The gentleman from Washington is exactly correct. I might say to him that we are delighted that he brought this matter to our attention. It is a matter that was brought to the committee's attention by the gentleman from Washington and also by our colleague who serves, not on this subcommittee, but on the Appropriations Committee, the gentleman from Oregon (Mr. DUNCAN). We are delighted that there is an opportunity to resolve this problem, which is a pretty difficult problem for veterans in that area. It relates to receiving the kind of service they are now provided at Vancouver, and which they hope to get if new facilities are built.

Mr. McCORMACK. Mr. Chairman, I want to thank the chairman, and also thank my colleagues from the State of Oregon, Mr. DUNCAN and Mr. AUCOIN, for their cooperation. We will be looking forward to working with the chairman in order to provide the best possible service in this area. Again, I thank the gentleman.

Mr. BOLAND. Mr. Chairman, before leaving the Veterans' Administration, I want to discuss one problem. The committee has made what we believe is a responsible and cost-saving recommendation. Last year, as the Members may recall, the committee included in the report a recommendation that the committee was concerned about the growing impact of overpayments of the GI bill. We decided to get a good look at how extensive and serious this problem was.

I do not have to remind everybody here that it is serious, it is extensive. Since fiscal year 1972, when overpayments were about $51 million—think of it—since fiscal year 1972, when overpayments of readjustment benefits were $51 million, they have grown to almost a billion dollars—a billion dollars—in 1976. The committee asked its investigative staff to look at what was behind this extraordinary increase. Their report suggested to us a number of problems, but the primary cause of the sharp increase in overpayments was clearly targeted as the prepayment and advance payment of educational assistance benefits.

We are not the only ones to look at the question. The General Accounting Office and the Veterans' Affairs Committee under the able direction of the gentleman from Texas (Mr. ROBERTS) have looked at it also. The investigative subcommittee chaired by the distinguished gentleman from Ohio (Mr. MOTTL) has looked at it.

The committee has recommended ending the prepayment of those benefits because it does not believe that such a policy can be justified on merit. The bill purposely does not require the change until June 1 of next year—which is timed for summer school enrollments. The shift from the prepayment of benefits, to the postpayment of benefits, will require some substantial administrative adjustments on the part of the VA. The committee has recognized that fact in delaying this change until next summer—when enough time will have passed to insure, that it gets done efficiently, and without any veterans missing checks.

In the last analysis, not only will this change save the Federal Government hundreds of millions of dollars—but we believe that it is in the best interest of the veteran.

Mr. ROBERTS. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to the gentleman from Texas.

Mr. ROBERTS. Mr. Chairman, I thank the distinguished chairman for yielding to me. I want to commend him on his view. I think it is something that is needed, and I thank the gentleman for helping us keep down the cost.

Mr. BOLAND. I thank the gentleman.

Mr. MOTTL. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I am delighted to yield to the gentleman from Ohio, who chairs the Investigative Subcommittee of the Committee on Veterans' Affairs, which has taken a long and hard look at this matter.

Mr. MOTTL. Mr. Chairman, I thank the gentleman from Massachusetts for yielding to me at this time.

Mr. Chairman, I, like my colleague, the distinguished chairman of the Committee on Veterans' Affairs, commend the gentleman from Massachusetts (Mr. BOLAND), the subcommittee chairman, for this action in this area.

Mr. Chairman, I rise in support of the provisions to make veterans' education payments payable at the end of the month in which entitlement is earned effective June 1, 1977, and to pay advance educational payments upon request of the veteran.

It is my privilege to have been elected to serve during this 94th Congress on the Committee on Veterans' Affairs and, more specifically, as a member of its Subcommittee on Education and Training. As you know, the Subcommittee on Education and Training is chaired by Mr. OLIN E. "TIGER" TEAGUE who was chairman of the full Veterans' Affairs Committee for almost 25 years. Because of the press of other duties, Mr. TEAGUE asked me to serve as chairman of a special Subcommittee on Veterans' Educational Overpayments for the purpose of determining why and how these overpayments had reached such alarming proportions. I am pleased to report that our subcommittee held 5 days of hearings. In addition, the staff has made investigations of a number of schools and the subcommittee has received a tremendous volume of information from both veterans and schools from across the Nation regarding the veterans' overpayment problem.

The General Accounting Office made an indepth study of a number of schools furnishing veterans' education and training in the Los Angeles, Calif., area. General Accounting Office officials were the lead-off witnesses at our oversight hearings and were followed by officials of the Veterans' Administration responsible for the veterans' education program. In addition, our subcommittee heard testimony from representatives of a number of associations and organizations who participate in or are allied with veterans' education and training. In the latter category, for example, are the State approving agencies which act as agents for the Veterans' Administration for approving courses and training for veterans at schools and establishments.

Our special subcommittee has completed its hearings, and is preparing a comprehensive measure to tighten up the GI bill program and halt veterans' education overpayments.

Evidence presented to my special subcommittee leads to the overwhelming and inescapable conclusion that a principal cause of the overpayment problem is the advance and prepayment of veterans' educational payments. For this reason, I support the two provisions in the appropriation bill under consideration (H.R. 14233) which will end prepayments of veterans' readjustment benefits and limit advance readjustment payments upon the specific request of the veteran.

By way of clarification, a veteran going to school under the GI bill is entitled to both an advance payment and a prepayment. Advance and prepayments were established by Congress. The advance payment went into effect in August 1973 and the prepayment in 1972. Under the advance payment provision, the Veterans' Administration can pay a veteran up to almost 2 months of advance educational assistance allowance prior to the date the veteran's education program is to begin upon receiving notice of a veteran's enrollment for training or education. In addition, his first month's check is paid at the beginning of the month rather than after he has completed his first month's training which is called a prepayment. Under the advance/prepayment provisions now in effect, some veterans can receive almost up to 3 months in advance money before actually setting foot in a school or taking a seat at a classroom desk.

In the meantime, if a veteran changes his course, drops out or, as the subcommittee discovered in many instances, never went to school at all, the veteran not only keeps his advance and prepayment readjustment checks but continues to receive a check until the computers are given the signal to halt sending the checks each month. Since it takes over 2 months for notice of a veteran's change in the status to reach the VA, it is no wonder the General Accounting Office found that 41 percent of the cases sampled resulted in overpayments because veterans and schools had not promptly reported to the VA when a veteran had dropped out or changed his status.

In addition, according to the Veterans' Administration, about 23 percent of the overpayments have been caused by advance and prepayments.

Because of advance and prepayments and the failure of veterans and schools to report much more swiftly to the Veterans' Administration when a veteran does not attend or drops out of school, overpayments now exceed more than $1.7 billion. More shocking, however, is that the overpayments are running at the present rate this fiscal year 1976 between $800 million and $1 billion. Next fiscal year the Veterans' Administration estimates that there will be a decrease in the number of veterans enrolled under the GI bill, but even then the overpaymet situation will continue at a rate of around $600 to $700 million.

So that all Members will be accurately informed, the Veterans' Administration has recovered about 75 percent of these overpayments. Most of the recoveries occur when the veteran who has been erroneously overpaid continues or reenrolls, at which time the Veterans' Administration recoups or offsets the overpayment. The most recent statistic indicates that even with the recovery efforts of the Veterans' Administration, there is about $379 million of outstanding veterans' educational overpayments.

Mr. Chairman, our subcommittee plans to make a recommendation to the full committee regarding both overpayments and prepayments.

In the meantime, however, the evidence presented to our subcommittee indicates that the administrative change in the prepayment of readjustment benefits to payment only at the end of the month in which the entitlement is earned is very desirable and a most meritorious provision, and would be a money-saving procedure.

The report on the bill under consideration strongly urges the Veterans' Administration to use advance payments only upon the specific request of individual veterans. I concur with that recommendation for these reasons. In addition to being a principal element to the overpayments problem, the subcommittee was advised that when the advance payments were authorized in 1973, the Veterans' Administration made advance payment at that time only upon the specific request of the veteran. The following year, however, the Veterans' Administration began to automatically authorize the advance payment without any specific request upon learning that a veteran would be enrolling in a veterans' educational program. As a result of this more liberal policy, educational overpayments almost doubled the following year increasing from $269 million in 1974 to $446 million during the same period in 1975. As a General Accounting Office witness told our subcommittee—

> The Veterans' Administration's routine issuance of large numbers of advance payments without ascertaining the veteran's desire or financial need for these payments is contributing to the growing number of overpayments.

It has been a great honor for me to chair a special Subcommittee on Veterans' Educational Overpayments. This has furnished me a unique opportunity to gain much insight regarding both overpayments and unwarranted payments under the veterans' education and training program. This is the reason that I strongly support the provisions in the appropriation bill to end veterans' educational prepayments and automatic advance payments which should serve to sharply reduce educational overpayments beginning June 1, 1977. My only regret is that this change in payment procedure does not begin earlier.

Mr. BOLAND. I thank the gentleman.

With respect to some of the agencies in this bill, for the National Aeronautics and Space Administration, we are recommending a total of $3,694,515,000 to carry out the space program. This is about $2.5 million below the budget estimate and about $142 million above the amounts appropriated in the current fiscal year. However, nearly all the increase above 1976 can be attributed to the second of two peak funding years for the Space Shuttle.

The National Science Foundation requested a total of $802 million for 1977. This bill provides $750 million, which is an increase of $34,750,000 above the level provided for in 1976. The report accompanying the bill explains in detail the reasons for this increase, and I urge you to take a moment to examine them.

For the programs of the Environmental Protection Agency, we are recommending a total of $1,000,705,000 in 1977. That is about $229 million above the level provided last year, and $282 million above the budget request.

We are providing increases for the following activities: $15 million to continue the clean lakes program at the 1976 level; $35 million for the section 208 planning grant program; $4 million for academic training, and a number of other areas. There is $200 million to reimburse those cities which began construction of waste water treatment facilities between June 30, 1966, and July 1, 1972, when the Federal Water Pollution Control Act amendments were adopted.

Mr. Chairman, at the proper time, I intend to offer an amendment as a general provision on the EPA chapter of this bill which will limit to 75 percent the Federal contribution for grants made under the section 208 program in both 1976 and 1977. In approving $53 million for this program last year and $50 million in 1977, the committee acted on the basis that the grants would be made with a 75 percent Federal contribution and a 25 percent local contribution. Subsequent to our action, the legislative committee changed the formula for both 1976 and 1977 to a 100 percent Federal contribution. We believe that the local community should make some contribution on a matching basis because it is an important indication that the locality accepts its responsibility and is serious about implementing the decisions which are made in the planning process. When I offer the amendment I will go into more detail in support of our position.

Mr. CLEVELAND. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I am delighted to yield to the gentleman from New Hampshire, who serves on the Committee on Public Works, and who has given so much of his time and effort to the Water Pollution Control Act of 1972 and the amendments which flow from it.

Mr. CLEVELAND. I thank the gentleman for yielding.

I understand that $50 million is included in the appropriation to the Environmental Protection Agency for making operating grants to State and interstate water pollution control agencies. This is $10 million over the amount requested. EPA has now proposed regulations setting down the conditions under which the pollution control grants are to be made. But this was at the lesser level of $40 million, and this figure anticipates only the total appropriation of $40 million and thus contains no guidelines for the distribution and sharing of the additional $10 million contained in the bill. The interstate agencies are in need of the additional funding, as are the States, and are anxious to receive the additional funds. Can the sponsor relate the intent of the committee with regard to this additional $10 million?

Mr. BOLAND. I appreciate the question that the gentleman has propounded to the committee, and the committee is cognizant that the funds in this program are intended to benefit the areas and programs served by interstate water pollution control agencies, just as they are the States. It is the committee's intention that the interstate agencies that are part of this program shall share in the additional $10 million in the same proportion that they are allotted funds under the basic $40 million grant program. The committee will take another look at the situation if additional funds are provided or if sound reasons for a policy change are propounded and recommended.

Mr. CLEVELAND. I thank the gentleman.

Mr. EARLY. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I am pleased to yield to my distinguished colleague, the gentleman from Massachusetts, a member of the Committee on Appropriations.

Mr. EARLY. I thank the gentleman for yielding.

Mr. Speaker, I would like to briefly ask the chairman a question. In the report, on page 26, with regard to NASA funding, it is stated that within the funds recommended, the committee directs that an appropriate memorial to the late Dr. Robert H. Goddard be provided, as authorized in Public Law 89–320.

This, in accordance with the law, would allow NASA to erect a statue to the late Dr. Goddard, at Clark University.

I would like to ask the chairman if it is the intention of the subcommittee and the chairman that the statue or sculpture be erected in the fiscal year 1977, and also if it is the intention that Clark University shall assign the site for the sculpture on the Clark campus without transfer of property to the Federal Government?

Mr. BOLAND. That is certainly my intention, and I think that I reflect the intention of the subcommittee. Public Law 89–320 does provide for an appropriation of $150,000 for a memorial to Dr. Goddard, who is the father of rocketry, on the grounds of Clark University, in Worcester. The report instructs NASA to accomplish that objective under that public law. The answer to the gentleman's question is yes.

Mr. Chairman, I also want to commend the gentleman for bringing this to the committee's attention. It has been lying dormant since 1965, when this law was enacted. It is time that we give the kind of recognition to Dr. Goddard that he so rightly deserves because of the great part he has played in our space effort.

Dr. Robert Hutchings Goddard was the American physicist and engineer who laid the foundations for most of today's developments in long range rockets, missiles, Earth satellites, and space flight. His contributions are recognized as among the most important technical achievements of modern times. He was born in Worcester, Mass., on October 5, 1882. After earning a bachelor of science degree at the Worcester Polytechnic Institute in 1908, he received a master of arts degree at Clark University in 1910, and a doctor of philosophy degree in physics in 1911. Clark honored him with a doctor of science degree in 1945.

He served as instructor in physics at the Worcester Polytechnic Institute in 1908–9 and as an honorary fellow in physics at Clark University in 1911–12. The next year he was a research instructor in physics at Princeton University. Thereafter his teaching career at Clark University advanced from instructor in physics in 1914–15, to assistant professor 1915–20, professor, 1920–43, and director of the physical laboratories, 1923–43. This recognition has been a long time in coming. I commend the gentleman from Massachusetts for his sponsorship and for his question.

Mr. EARLY. I would like to thank the gentleman for his comments.

Mr. ROUSH. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to my colleague on the subcommittee, the gentleman from Indiana.

Mr. ROUSH. Mr. Chairman, I thank the gentleman for yielding.

First of all, I would like to commend the gentleman in the well for the work he has done on this particular bill. This is not an easy bill to manage. The subcommittee deals with some 17 departments, offices, agencies, and boards.

The gentleman from Massachusetts (Mr. BOLAND) is fair with the members of the subcommittee. He shares the responsibilities and duties of the subcommittee with the members, and that is something I myself appreciate. He has just done one great job with the bill at hand.

Second, I would like to call the attention of the members of the committee to this fact: I shall at the appropriate time offer an amendment which will reduce the amount of the appropriations for the Selective Service System from $18 million to $6.8 million, the amount requested by the administration.

I have the feeling that the subcommittee might have acted somewhat hastily in accepting the recommendation of the Committee on Armed Services which would set the level of funding at $18 million. As for myself, after having had a chance to read the letter from that committee and after having had a chance to review the hearings held before that committee, I concluded that the $6.8 million requested by the administration was the more prudent and appropriate amount, and I will accordingly offer an amendment at the appropriate time.

Mr. BOLAND. Mr. Chairman, I appreciate the gentleman's remarks. May I say also, believe me, that in handling this bill and also in the work of the committee, it would not be possible to bring this bill to the floor, with the consensus that we have in that subcommittee, if it had not been for the kind of work and for the kind of expertise and knowledge that other members of the subcommittee have given to this bill, including that of the gentleman from Indiana (Mr. ROUSH).

With respect to the amendment that the gentleman will offer, I will agree to accept that amendment, and I think the gentleman knows that I have talked with all the members of the subcommittee. I have talked to them within the last week or 10 days and indicated to them this is the route we perhaps ought to take, for a number of reasons.

Although the gentleman said that perhaps we too hastily included $18 million in the bill for Selective Service, I think rather that the amount of $18 million was predicated upon the fact that we did have a report from the Committee on Armed Services after that committee had looked at the matter. However, after reading and re-reading the letter from the Committee on Armed Services, we decided we ought to go back to the Office of Management and Budget and also to the Department of Defense and find out whether or not there had been any rethinking on their part with respect to the $6.8 million contained in the President's request. They did not change their position; they favor $6.8 million. Since they favor it, that is perhaps the proper figure, and there is no way in the world that we could get registration without a proclamation by the President of the United States anyhow.

So as far as the $6.8 million provided by the amendment is concerned, thus reducing the amount to the budget request, I agree with that figure, and I would be willing to accept it. I believe that the members of my subcommittee are willing to accept it, and I would yield to the gentleman from California (Mr. TALCOTT).

Mr. TALCOTT. Mr. Chairman, I thank the gentleman for yielding.

I agree with the gentleman from Massachusetts (Mr. BOLAND) in his statement that the subcommittee has agreed to accept the amendment.

Mr. DRINAN. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I am delighted to yield to the distinguished gentleman from Massachusetts.

Mr. DRINAN. Mr. Chairman, I thank the gentleman for yielding.

I would like to associate myself with the remarks of my distinguished colleague, the gentleman from Massachusetts (Mr. BOLAND), and I wish also to commend him for his work on this bill as chairman of the subcommittee.

Mr. Chairman, at the appropriate time later this afternoon, I intend to support an amendment on behalf of myself and the gentleman from Wisconsin (Mr. STEIGER) to reduce funding for the Selective Service System from the $18 million approved by the Committee on Appropriations to the $6.8 million requested by the administration. This amendment, cosponsored by 22 of our colleagues on both sides of the aisle, would maintain the Agency in a "deep standby" status without wasting millions of taxpayer dollars on the continuation of activities which are superfluous to our national security needs.

It is incredible to me, Mr. Chairman, that the House has before it a proposal to appropriate $18 million to a draft agency 3 years after the Agency's authority to induct expired on June 30, 1973. Nothing could better exemplify the proclivity of a bureaucracy to endure at excessive cost long after its legitimate functions have diminished or disappeared.

The evidence is overwhelming that the continued registration of young men by the Selective Service System is irrelevant to our national defense readiness requirements. Historical data reveal no correlation between the existence of an active draft bureaucracy and the time required to induct men into the Armed Forces. Induction was accomplished more rapidly in 1940, starting from scratch, than in 1950 when young men were being registered, classified, and examined on an ongoing basis.

More importantly, even if a "deep standby" Selective Service would mobilize less rapidly than a more active agency, the Department of Defense has determined that such a delay in the delivery of untrained men "is not significant." In a short-term conflict, we would depend solely upon our 2 million Active Forces and 1,500,000 Ready Reserves for defense, not upon untrained draftees or volunteers. According to the Pentagon's recent contingency study, draftees inducted through a Selective Service System in deep standby would be trained and available quickly enough to meet projected manpower needs in a long-term conflict.

In summary, Mr. Chairman, there is absolutely no justification to continue registration and other superfluous activities which would be funded by the $18 million budget approved by the Appropriations Committee. The more prudent $6.8 million budget requested by the administration contains sufficient funding to operate the agency's national headquarters, 5 regional mobilization headquarters, 51 State headquarters, a "special program" involving approximately 800 Reserve and National Guard forces trained to carry out an emergency mobilization, and its remaining responsibilities under the President's reconciliation program.

The $6.8 million provided for Selective Service in the amendment I will offer is more than sufficient to fund this agency at an appropriate level. I hope that this fiscally responsible amendment will be adopted by the House.

Mr. MITCHELL of Maryland. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to the gentleman from Maryland.

Mr. MITCHELL of Maryland. Mr. Chairman, I thank the gentleman for yielding.

As the distinguished gentleman knows, I had planned to offer an amendment which was printed in the RECORD. It is my understanding that a point of order would be raised against that amendment, and, frankly, I do not think that I could successfully defend against that point of order.

I asked the gentleman to yield to me because he understands some of my zealousness in trying to attack this problem which is addressed by the amendment I intended to offer. The problem essentially is that these agencies covered under this appropriation bill do literally billions of dollars—and these are procurement dollars—worth of business annually in Federal goods and services.

Their record in minority enterprise is absolutely abyssmal.

Mr. Chairman, if the gentleman will yield further, I want to just make two points and put my question to him.

First, the Environmental Protection Agency in 1975 spent $180 million in procurement. Of that sum, 3.3 percent went to minorities. In fiscal year 1976 the EPA spent $140 million, and of that sum, 5 percent went to minorities in terms of procurement.

This is also true with respect to NASA. In 1974 there was a total of $2.3 billion spent, with nothing going to minority contractors or entrepreneurs; and in fiscal year 1975 a total of $2.4 billion was spent, with a pitiful sum of 1.2 percent going to minority contractors.

Mr. Chairman, the question I want to put to the gentleman, and I know this is a problem of the committees that have jurisdiction; I know it is a problem, let us say, for the Committee on Small Business; but I am convinced that we are not going to get any significant benefit for minority entrepreneurs in the governmental procurement process unless all of the committees come together and help out on this—my question is this: Specifically what, if any, role does the gentleman assume the Committee on Appropriations can play in helping to turn around this miserable record of ignoring or almost excluding minority contractors and entrepreneurs from the flow of Federal procurement dollars?

Mr. BOLAND. Mr. Chairman, I agree with the gentleman's statement. Let me say that it is an eloquent statement. I think he states the problem correctly.

There is no doubt in my mind and, I am sure, in the minds of the vast majority of the Members of the House of Representatives that in all of the billions of dollars that are spent across the whole spectrum of Federal governmental activities, a paucity of sums are reserved for minorities. There is no doubt about that.

How do you improve on this performance? The gentleman has suggested that one way is through activities on the part of the legislative committees such as the Committee on Small Business, and also other committees that would have jurisdiction.

That is fine. However, if we cannot reach it that way, how else can we do it? Maybe it is through communication with the departments and saying that we have qualified minority entrepreneurs that ought to be given a fair shake in the contracts.

Mr. Chairman, the gentleman from Maryland (Mr. MITCHELL) makes a valid point. Perhaps those of us you have some influence, and I sometimes think that I do not have any——

Mr. MITCHELL of Maryland. I would differ with the gentleman.

Mr. BOLAND. I think I really do not. In any event, with respect to those of us who think we have some influence, I would be delighted to try to restore a bit of balance here, so that those qualified minority entrepreneurs can get a share of the tax dollars that all Americans have to pay.

Mr. MITCHELL of Maryland. Mr. Chairman, I thank the gentleman for his comments.

Mr. Chairman, my amendment was obviously designed to spur greater minority business activity in the area of Government procurement. It is time this was accomplished.

As every Member of this House knows, there are strong pressures in the country to reduce Government spending. As a result of those pressures, many human welfare/social welfare programs are threatened. Some have been reduced. It is important to realize that these programs constitute an integral part of the life support system for millions of Americans. In my opinion, most of the programs will be under attack for many years to come, therefore, it is imperative that this Nation build programs which can become equally as important in the life support systems for minorities in this country. One such approach would be to build a viable, meaningful, strong system of minority enterprise in America.

During the last 12 years, the executive branch of Government has "addressed" the issue of minority enterprise; Executive orders have been issued urging the departments of Government to step up their working relationships with minority entrepreneurs.

Of course some progress has been made but all of us will be forced to agree that the progress has been pitifully slow and the gains pitifully small. When one reviews the staggering sums in billions of dollars spent annually by the Government in procurement contracts, it is shocking to realize that minority firms get less than 1 percent of the annual flood of procurement dollars. Let us just look at two agencies' answer in this bill:

FEDERAL GOODS AND SERVICES PROCUREMENT DOLLARS

Environmental Protection Agency (EPA):

Fiscal 1975: (a) total—$180.4 million; (b) awarded minority—$6 million or 3.3 percent.

Fiscal 1976: (a) total—$140 million (amount as of May 30th, only); (b) awarded minority—$7 million or 5.0 percent.

National Aeronautics and Space Administration (NASA):

Fiscal 1974: Total—$2.3 billion.

Fiscal 1975: Total—$2.4 billion.

(a) Small Business—18 percent or $0.4 billion.

(b) Minority business—1.2 percent or $0.03 billion (30 million).

There are many minority firms which have the capability, the competence and the desire to become a part of this vast segment of economic life in America. They do not participate, because, far too often, the middle management thicket of the agencies, the procurement officers can always find a thousand reasons why a minority firm cannot be considered. Minority firms do not get a just, fair share of the action because there are few if any agencies of Government which are truly advocates for the development and growth of minority entrepreneurship.

My colleagues, the situation I have just outlined obtains and will continue to obtain until we in the Congress, through legislative action, show that we are sincere in our desire to create in America a strong minority enterprise system.

My amendment is one way in which this Congress can begin to demonstrate its sincerity.

Your choices are very simple. You can elect to keep minorities as consumers not producers in America; you can elect to continue present costly support programs ad infinitum; or you can elect to perpetuate a kind of parasitic existence which is forced on many minorities because of the present exclusion of us from significant areas of America's economic life.

On the other hand, you can begin tonight to start the steady sustained growth and development of minority entrepreneurship, recognizing that as that growth and development occurs, we shall reap increased revenues, we shall begin to reduce chronic, systemic unemployment and we can begin to reduce Government spending.

Mr. STEIGER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to the gentleman from Wisconsin (Mr. STEIGER).

Mr. Chairman, I know that the gentleman from Wisconsin has expressed in the past some concern about the Selective Service System. No man has been more eloquent in behalf of the establishment of a volunteer service than the gentleman from Wisconsin (Mr. STEIGER).

Mr. Chairman, I know that he has had a special interest in this area, and I am pleased to yield to him.

Mr. STEIGER of Wisconsin. Mr. Chairman, I very much appreciate the fact that the gentleman from Massachusetts (Mr. BOLAND) has yielded to me. I am grateful to him and am especially grateful with respect to his willingness to support the Roush amendment.

Mr. Chairman, the adoption of the Roush amendment will bring not only significant savings but also an important public policy victory.

I want to share with my colleagues at this point a portion of a letter I received from the acting director of the Office of Management and Budget, Paul O'Neill:

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., June 18, 1976.

Hon. WILLIAM A. STEIGER,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. STEIGER: The success of the All-Volunteer Force has eliminated any foreseeable need to draft men into the military services during peacetime. In the event of a mobilization, for all but the most demanding planning contingencies, reserve force activations and voluntary enlistments will satisfy anticipated personnel needs during the period required to reinstitute a draft registration and commence inductions. In an intense, rapidly developing conflict of short duration, draftees, whether pre-registered or not, could not be trained in sufficient time to expand our forces or to provide additional battlefield replacements. This is precisely why our deterrent posture requires that we maintain a sizeable active duty and reserve force in peacetime.

The Selective Service System will retain adequate staff to carry out its continuing responsibilities for reserve training and mobilization planning. Emerging from a similar posture just prior to World War II, the System was able to commence inductions within 50 days of mobilization. Within 180 days, 363,000 men had been inducted in addition to 142,000 who had enlisted directly in the military services.

The President remains committed to maintaining our standby draft posture in a state of readiness sufficient to meet national security needs. His FY 1977 budget request for the Selective Service System is designed to assure that adequate peacetime funding is provided to sustain the required capability at minimum cost.

Sincerely yours,

PAUL H. O'NEILL,
Acting Director.

Mr. STEIGER of Wisconsin. The coalition of Members on both sides in support of this effort to cut the selective service appropriation is impressive and I want to include the full text of the letter sent by this group:

JUNE 18, 1976.

DEAR COLLEAGUE: For the fourth time since the military draft ceased on June 30, 1973, the House is about to act on the annual appropriation for the Selective Service System. Since that date, this agency has remained in existence as a self-proclaimed "standby organization" with little purpose but to await the day when its power to induct might be reinstituted by Congress. It cost $45 million to operate Selective Service in FY '75 and $37.5 million in FY '76.

The Administration has recognized that the perpetuation of this agency in an active role is wasteful and unnecessary. The budget request from the Director of Selective Service for FY '77 was $6.8 million. This economical figure would cover the cost of operating the agency's national headquarters, computer center, 5 regional mobilization headquarters, 51 state headquarters, and its remaining responsibilities under the President's Reconciliation Program.

The reduced budget request was submitted following the completion of a study on defense manpower contingencies conducted by the Department of Defense. According to Assistant Defense Secretary for Manpower Affairs, William K. Brehm, the conversion of Selective Service to a "deep standby" posture will permit our military forces to respond adequately to all prospective confrontations. As the Assistant Secretary testified before the Armed Services Subcommittee on Investigations earlier this year, "if this proposal would emasculate the Selective Service System so it could not be responsive, then it would be entirely unacceptable to me and, I am sure, everyone else in the Department of Defense."

It is now clear, even to the Pentagon, that the perpetuation of registration and other costly activities by the Selective Service System is totally irrelevant to our national security needs. The budget of $6.8 million proposed by the President and supported by Defense Secretary Rumsfeld would ensure that the agency could swiftly spring into action should a military draft ever again be authorized by Congress.

Despite the overwhelming case for accepting the Administration's proposed FY '77 Selective Service budget, the Appropriations Committee has approved an excessive appropriation of $18 million, nearly 3 times the amount requested. We intend to offer an amendment to reduce the Selective Service appropriation to $6.8 million when the HUD-Independent Agencies Appropriation bill (H.R. 14233) comes to the House floor on June 22nd. We urge your support for this money-saving amendment. To ignore the facts and provide excessive funding to an outmoded agency would unjustly reward the proclivity of a bureaucracy to endure even when its legitimate functions have diminished or disappeared. If you desire additional information concerning this amendment, please contact Jim Sultan at 55931 or Jim Dykstra at 52476.

Cordially yours,

Robert F. Drinan, Berkley Bedell, James C. Corman, Philip H. Hayes, Ken Hechler, Edward I. Koch, Abner J. Mikva, Bella S. Abzug, William A. Steiger, John B. Anderson, Edward G. Biester, Jr., John Buchanan.

Thad Cochran, John N. Erlenborn, Marvin L. Esch, Millicent Fenwick, Bill Frenzel, Barry Goldwater, Jr., Willis Gradison, Jr., Albert H. Quie, John E. Moss, Charles B. Rangel, Edward R. Roybal, Morris K. Udall.

Mr. **SATTERFIELD**. Mr. Chairman, will the gentleman yield?

Mr. **BOLAND**. I yield to the gentleman from Virginia.

Mr. **SATTERFIELD**. Mr. Chairman, in fiscal year 1975, Congress appropriated funds to the Veterans' Administration to initiate special planning studies for eight major construction projects. The Veterans' Administration engaged eight consulting firms to assemble applicable information relating to the possible continued use, renovation, or replacement of eight selected Veterans' Administration health care facilities.

The consultants' studies were completed and submitted to the Veterans' Administration in early 1976. After receiving the consultants' recommendations, the Chief Medical Director and the Administrator of Veterans' Affairs made their recommendations to the President. On May 11, 1976, the President announced the approval of VA's recommendations which included a funding request of $268,316,000 for fiscal year 1977 for eight hospital projects. The 1977 request will provide complete funding for hospitals in Richmond, Va., and Bay Pines, Fla. In addition, design funds are included for the remaining six facilities at Martinsburg, W. Va.; Portland, Ore.; Seattle, Wash.; Little Rock, Ark.; Baltimore, Md.; and Camden, N.J.

Present plans call for construction funds to be scheduled at the rate of two hospitals per year for the next four years in the above-mentioned order.

Mr. Chairman, I want to commend the Appropriations Committee for appropriating funds in prior years—funds which permitted the consultants' studies to be completed and enabled the Congress to proceed to fund these vital construction projects to care for our Nation's sick and disabled veterans.

Mr. Chairman, the Subcommittee on Hospitals, which I am privileged to chair, of the House Veterans' Affairs Committee has held hearings to review the recommendations which have been made by the Veterans' Administration and approved by the President. For the benefit of my colleagues and for future reference, I would like to summarize the need for and the scope of each project which will be funded in full or in part as a result of congressional action on H.R. 14233.

VAH RICHMOND, VA., REPLACEMENT HOSPITAL

The existing VA hospital is located on a 132-acre site on the south side of Richmond, 5 miles from the Medical College of Virginia, with which it is affiliated. It was activated by the Army in July 1944, and acquired by the Veterans' Administration in April 1946.

The hospital is made up of five permanent 3-story buildings and approximately 75 1- and 2-story buildings and the connecting corridors are chiefly of wood frame floor and roof construction. Less than one-half of the hospital is protected by automatic sprinklers and this among other life safety codes deficiencies presents a serious fire hazard. Maintenance of the physical plant is costly and the dispersed nature of the buildings necessitates excessive traveltime for patients, staff and delivery of materials. Many clinical and clinical support functions are operating with significant space deficiencies.

The VA has recommended construction of a 700-bed replacement hospital at an estimated cost of $111,440,000 and a 120-bed nursing home at an estimated cost of $4,560,000 on the existing site. The total estimated cost is $116,000,000.

VAC BAY PINES, FLA., REPLACEMENT HOSPITAL

The Bay Pines VA center is located adjacent to St. Petersburg on Florida's gulf coast (Boca Ciega Bay) approximately 5 miles north of the main business district of St. Petersburg. This center was built by the VA in the early 1930's with some additions in 1937 and 1939.

In 1945 construction of temporary wood frame buildings on concrete block pillars and quonset huts were provided for badly needed space. These temporary buildings are still occupied by administrative and supportive services.

Existing buildings are old antiquated structures that do not meet functional and space requirements for medical facilities or safety and construction code requirements. Patient ward areas and clinical support areas are grossly overcrowded.

Also, there is a 322-bed domiciliary constructed in the 1930's, and in April 1973, a new 120-bed nursing home care building was activated. The center has no medical school affiliation at the present time.

The VA recommended construction of a 520-bed replacement hospital at an estimated cost of $97,220,000, a 120-bed nursing home—supplement to existing 120 NHC—at a cost of $4,780,000, and a 200-bed domiciliary to replace the existing 322 domiciliary beds at an estimated cost of $8,000,000.

Existing building No. 22 will be renovated for 190 psychiatric beds and buildings No. 1 and No. 23 will be renovated for administration and ambulatory care purposes.

VAC MARTINSBURG, W. VA., REPLACEMENT HOSPITAL

The existing Martinsburg facility was built in 1943 by the U.S. Army as a temporary hospital. It was transferred to the VA in 1946. The present center has a limited affiliation with George Washington Medical School in Washington, D.C.

The present hospital is of the cantonment type design. It consists of one- and two-story wood and brick veneer buildings connected by means of an extensive corridor system.

Nursing and treatment clinic areas are generally undersized, poorly located, and inadequate. The total health care delivery system within the center is restricted and impeded by the overwhelming distances to be traversed by patients, staff, and supplies. Based on modern standards of patient care facilities, the hospital can be classed as archaic with many fire and safety deficiencies and should be replaced with new construction.

The VA recommended construction of a 370-bed replacement hospital at an estimated cost of $62,110,000, a 120-bed nursing home at an estimated cost of $5,220,000 and a 200-bed domiciliary on existing site at an estimated cost of $8,670,000. The 200-bed domiciliary will replace 200 existing domiciliary beds.

VAH PORTLAND, OREG., REPLACEMENT HOSPITAL

The VAH Portland is a general hospital situated on 25 acres of land atop Marquam Hill adjacent to and affiliated with the University of Oregon's Health Sciences Center. The first buildings of this complex were constructed in 1928. Another support building was added in 1932. A tuberculosis building was erected in 1949. Several quonset huts were added from the late 1940's to mid-1950's. Existing buildings are grossly inadequate in space needs and functional requirements. Numerous life safety code deficiencies exist. The patient ward areas and clinical support areas are grossly overcrowded.

The VAH Vancouver was constructed in 1941 as a cantonment type Army hospital with a life expectancy of 10 years. The hospital is composed of over 75 wood frame buildings all typically 150 feet long and 25 to 30 feet wide. The buildings are widely dispensed on the site with the majority joined by a corridor system. These buildings do not meet acceptable standards or codes.

The VA has recommended construction of a 770-bed replacement hospital at an estimated cost of $148,700,000, a 120-bed nursing home at an estimated cost of $5,900,000 at Marquam Hill and parking facilities for 1,600 cars in a ramped multidecked building would be provided as well as 400 spaces on available land facilities. The cost of the parking facilities is included in the cost targets previously stated. This new facility will be located in Portland, Oreg.

VAH SEATTLE, WASH., REPLACEMENT HOSPITAL

The VAH Seattle is affiliated with the University of Washington School of Medicine, located on a 33.8 acre tract of land, 3½ miles south of the main business district. The main hospital and five support buildings were completed in 1951. Six additional small buildings and two trailers have been added and the most recent construction is a preengineered metal building completed in 1972. The hospital has major inadequacies such as: Bed shortages, seismic deficiencies, poor functional relationships between services and departments, shortage of required program space and substandard utilities, air-conditioning, ventilation, electrical systems, and life safety code deficiencies.

The VA has recommended construction of a major addition for 455 hospital beds and 60 nursing home care beds, and inpatient diagnostic and support services. The existing hospital will be renovated for ambulatory care, administration research, education and other nonbed functions.

The total estimated cost for this project is estimated to be $90,000,000.

VAH LITTLE ROCK, ARK., REPLACEMENT HOSPITAL

The VAH Little Rock is affiliated with the University of Arkansas Medical School and is composed of two separate divisions under single management. Acute medical and surgical care is provided at the Little Rock division. Psychiatric, intermediate, and nursing home care facilities are provided at the North Little Rock division.

The Little Rock division, constructed and activiated in 1950, does not have adequate facilities for the current and projected mission and workload of the hospital. In addition, extensive improvements are required to meet current construction and safety codes and parking facilities also are critically deficient. The modernization and expansion of this facility to provide necessary space and functional arrangement is economically not feasible.

The North Little Rock division was constructed in 1896. The patient and support buildings being utilized were constructed between 1923 and 1958. Improvements have been made through the years; however, the buildings require improvements and alterations to meet current space and functional requirements and to correct life safety code deficiencies.

The VA has recommended construction of a 460-bed replacement hospital at the University of Arkansas Medical Center. In addition, at the present location in North Little Rock, 13 existing patient care buildings will be modernized and a therapy building will be constructed.

The estimated cost of this project is $65,400,000, and $50,200,000 at North Little Rock.

VAH, BALTIMORE, MD., REPLACEMENT HOSPITAL

The Loch Raven VA Hospital is located on a 15-acre site within an established and well-maintained residential neighborhood. It is a five-story, brick structure originally constructed in 1952 as a tuberculosis hospital. It has many life safety code deficiencies and functional and space deficiencies for its current mission as a teaching, acute G.M. & S. hospital. A study conducted by the Veterans' Administration indicated that vertical additions to the main hospital building are not feasible, and an analysis of the site discloses many constraints for horizontal expansion. The Fort Howard Hospital was constructed in 1942 and is very poorly located from both a staffing and patient accessibility standpoint.

The VA has recommended construction of a 400-bed acute hospital next to University of Maryland University Hospital in Baltimore.

To do this will require our relocating the University of Maryland parking garage presently on part of the new site, construction of new parking facilities for VA and correction of code deficiencies at Loch Raven and conversion to an extended care facility. Under this plan, Fort Howard would ultimately be closed and Perry Point would be modernized. The estimated cost for this project is $87,000,000.

VAH, CAMDEN, N.J., REPLACEMENT HOSPITAL

The 700,000 veterans residing in the Philadelphia/south New Jersey area are now being predominantly served by the 490-bed hospital in Philadelphia, Pa. Additional beds and outpatient facilities are required to meet the health care needs of these veterans.

The VA has recommended construction of a new 360-bed hospital and 120-bed nursing home on the Camden-Cooper Hospital site in Camden, N.J.

The estimated cost for this project is $70,150,000 for the hospital and $5,150,000 for the 120-bed nursing home care unit.

Mr. Chairman, I have briefly outlined the scope and cost of each of the major hospital projects which the President has requested Congress to fund in this appropriation. Future appropriations of about $532 million are required to complete these projects according to current estimates. The Chief Medical Director of the Veterans' Administration also stated in testimony before the Hospital Subcommittee that a task force was created last year to develop a future methodology for identifying space and functional deficiencies and determining priorities for replacement or total modernization of VA health care facilities.

During the next year VA expects to apply the space and functional deficiency identification system to all the health care facilities in the VA system to evaluate their structural, space, and functional deficiencies which will enable the VA to recommend the replacement and modernization of VA health facilities and the priorities of each project within the system, thus establishing long-range construction plans and goals for the future.

Mr. NOWAK. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to the gentleman from New York.

Mr. NOWAK. Mr. Chairman, I testified earlier this spring before Chairman BOLAND's subcommittee to request approval of a $400 million appropriation for the reimbursement program under section 206(a) of the Federal Water Pollution Control Act Amendments of 1972. The reimbursement program was established to pay communities the difference between what they had received under the "old law" and the new 55 percent they were eligible to receive.

Congress appropriated $1.9 billion in 1972 and this was generally expected to cover most of the eligible projects. However, EPA delays in setting up the program and beginning payments, the high cost escalation occurring during this time period, and inaccurate estimates of how many projects were actually eligible all contributed to reducing the dollar value of the original appropriation and making it insufficient to reimburse all promised costs. To date, projects have been reimbursed only 68.7 percent of the money they are eligible for, and the eligible costs for projects still under construction continue to climb while awaiting full reimbursement.

About half of the money needed for full reimbursement is for projects which are not yet completed. The continued failure to provide for total reimbursement under section 206(a) will jeopardize their completion.

My own community of Buffalo, N.Y., is constructing a secondary treatment plant in compliance with environmental responsibilities and Federal mandate. Construction may be halted, however, because of the inability to borrow money at a reasonable interest rate and the absence of an assured commitment from the Government for total reimbursement of the Federal share.

The Buffalo Sewer Authority has been forced to borrow $35 million at a 10.58-percent interest rate to continue construction and is faced with borrowing more money this summer. We have a responsibility to assure that the limited resources we have available for the program will be directed into actually controlling and abating pollution in our rivers, lakes, and streams and not be misdirected into excessive debt service. My loan guarantee provision in the House-passed water pollution control legislation will help assure that communities will be able to borrow money at a reasonable cost to construct these treatment works, but a firm commitment from the Government to live up to its responsibility would be valuable in attempting to borrow the money to prefinance the Federal share.

Approximately 4,500 cities, towns, municipalities, and rural areas participated in the program. They relied on the commitment of the Federal Government to reimburse them. They borrowed money and are paying interest on their debts. They should not be penalized for having taken responsible action to prefinance the Federal share. This is an issue of good faith in a period when people are losing faith in institutions.

I commend the chairman for including an appropriation for this program in the bill, and hope that this foreshadows the committee's continued commitment to reimbursing communities which have responsibly undertaken these projects and prefinanced the Federal share.

The CHAIRMAN. The Chair will advise the gentleman from Massachusetts that the gentleman has 2 minutes remaining.

Mr. TALCOTT. Mr. Chairman, I yield the gentleman from Massachusetts (Mr. BOLAND) 8 minutes.

Mr. BOLAND. I thank the gentleman for yielding me this time.

I would ask the gentleman from New York to state his question.

Mr. NOWAK. I commend the gentleman from Massachusetts for including an appropriation for this program in the bill and would hope that this foreshadows the committee's continued commitment to all of these communities who have taken this step of borrowing these funds in prefinancing the Federal share.

Mr. BOLAND. As the distinguished gentleman from New York knows, we cannot commit the next Congress. But I want to say that insofar as this particular program, the 206(a) program is concerned, I think there is an obligation to reimburse these communities who had entered into the construction of waste water treatment plants between June 30, 1966, and July 1, 1972.

The Congress has previously appropriated about $1.9 billion of the total authorization of $2.6 billion to reimburse such communities. The $200 million in the bill will bring reimbursements higher. I understand the authorizing committee may increase the $2.6 billion to $2.9 billion. And as long as I chair the subcommittee, the gentleman from New York can rest assured that I would consider provisions to assist those communities who are entitled to be reimbursed under the program.

Mr. NOWAK. Could the chairman state if he would anticipate further appropriations for these reimbursed projects in the near future?

Mr. BOLAND. I believe that such provisions will be made. One of the problems we have, and I think the gentleman from New York understands it, is whether or not there is a veto of the bill if it is too far over the budget request.

That is a problem we could have this year, and I think we have to arrive at what the committee determines to be a reasonable amount for reimbursement. Next year we may have to provide additional funds to satisfy the obligation that the Federal Government has to these communities.

Mr. NOWAK. I thank the gentleman.

Mrs. BURKE of California. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I am delighted to yield to the gentlewoman from California (Mrs. BURKE).

Mrs. BURKE of California. Mr. Chairman, I thank the gentleman for yielding me this time. I would like to commend the chairman, the gentleman from Massachusetts (Mr. BOLAND), upon the authority he has provided for money in the housing program.

I have a question on the modernization of our present public housing stock. I notice on page 5 of the report in subsection (2) it is stated that there is within the $675 million of new annual contract authority a maximum of $25 million earmarked for modernization of public housing projects. Over the past year, since 1968 there has been approximately $20 million in contract authority per year for modernization, but certainly with inflation based upon the Department of Commerce's construction cost index, which has risen from 106 in 1968 to 192 in December 1975, it would take something like $36 million to carry out $20 million of actual modernization. I notice that in both the House and the Senate the 1977 authorization bill modernization is at a level of $60 million. The Senate says $60 million, the House says $60 million per year for 5 years. In view of the authorization in the 1977 bill, does the gentleman feel that this $25 million maximum will be sufficient to meet the modernization needs of our present public housing stock?

Mr. BOLAND. I think the answer really has to be hedged a bit. No, I do not suppose that $25 million earmarked for modernization is going to meet all the modernization needs of the public housing units that are built throughout the Nation. There are some 1,200,000 public housing units. Many do require modernization; they do require new equipment; they do need renovation. The problem we have, of course, is a budgetary problem. If we increase the amount for modernization from $25 million to $60 million, a $35 million increase, that is in annual contract authority. We have to multiply that by a factor of some 21 years, which is the duration of the contracts to bring it up to about $700 million in budget authority. That is not provided for in the budget resolution.

The gentlewoman will note that as of June 30, HUD has approved over $1 billion in capital costs for modernization. However, only $675,500,000 has been disbursed by local public housing authorities.

It would seem to me that where the budget request for modernization of public housing units is only for $20 million, and we increase it by $5 million to $25 million it would seem a fair increase, and I think perhaps a wise one rather than going to the $60 million maximum that I understand has been agreed to in conference.

I agree that the maintenance and operation, the upkeep and modernization, of public housing units is absolutely essential if we are going to provide the kind of safe, sanitary, decent housing that public housing is supposed to provide for the people who live there.

Mrs. BURKE of California. I thank the gentleman very much. I hope this does provide a sufficient amount to keep our present stock modernized so that we will not allow it to come into a state of disrepair.

Mr. BOLAND. I thank the gentlewoman.

Mr. BAUCUS. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to my distinguished colleague, the gentleman from Montana, whose knowledge and expertise has been of great benefit to the subcommittee. I do not say that because he is standing here; I say it because most of the things in the bill he advocates.

Mr. BAUCUS. I thank the gentleman for yielding. I also thank him for agreeing to some of the matters which I advocate.

I would like to ask the Chairman a question to clear up what otherwise might be a misunderstanding. In the committee report on page 5 it is stated that $675 million is set aside for new contract authority, and further on the same page in paragraph (3) that a minimum of $120 million is earmarked for traditional public housing construction. Further in that paragraph the words appear:

> Within this amount, . . . an appropriate level of annual contract authority should be reserved for Indian housing.

I would like to ask the Chairman if my assumption is correct that the words "within this amount" refer to the $675 million in new contract authority and not to the $120 million that we are setting aside for traditional public housing construction.

Mr. BOLAND. The gentleman is exactly correct. It does refer to the $675 million in the new contract authority. The gentleman is correct.

Mr. BAUCUS. If the gentleman will yield further, so the appearance of the words "within this amount" is really misplaced in that sense and probably should appear in another paragraph to avoid confusion?

Mr. BOLAND. As I say, I wish to make it perfectly clear that that is the intention of the subcommittee.

Mr. EDGAR. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to the gentleman from Pennsylvania.

Mr. EDGAR. I thank the gentleman for yielding.

I should like to draw the gentleman's attention away from housing into the veterans section of the bill, namely, on page 21 of the bill and pages 35, 36, and 37 of the report, specifically the section which deals with readjustment benefits. I read with interest the information in the report about the GAO report.

As a member of the authorizing committee I sat through many hearings on the prepayment problem. I note in the appropriation bill the gentleman has placed language doing away with the prepayment program. I have several questions. The first question is: Why is the gentleman waiting until next June, 1977, to do away with a program which he admits in the report was something he brought to the attention of the Congress a year ago?

Mr. BOLAND. The reason why we are waiting until next June to change the program and correct abuses that have resulted in the overpayment of many millions due to the prepayment provisions is that, in our judgment, it is only fair to the veterans receiving the well-earned benefits.

Notice to the Veterans' Administration is necessary. They will have to set up their computer programs and alert veterans as to this change so that they will be prepared when it becomes effective next June.

Mr. EDGAR. Is it not true the Veterans' Administration already has the mechanism to go back to a program that was instituted a few years ago in providing benefits on a postpayment basis and it is a matter of administrative procedure so that 3 or 4 months would be sufficient?

Mr. BOLAND. In the judgment of the committee that is not sufficient time. We were in contact with the Veterans Administration with respect to whether or not this recommendation, if it becomes effective, could be made within a short period of time, instead of June 1977. They felt that it would present administrative problems, and that is how we arrived at that date, June 1, 1977.

I do not want to cut off the gentleman from Pennsylvania, but of course there will be an opportunity when we get to the amendment stage to pursue the matter further. Frankly, I have taken about 1 hour and I would like to have someone else take the floor for a while.

Mr. EDGAR. If I could just make one additional comment.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired. The Chair must insist on regular order.

Mr. TALCOTT. Mr. Chairman, I yield and additional 2 minutes to the gentleman from Massachusetts.

Mr. EDGAR. Mr. Chairman, if the gentleman will yield further, Mr. Rufus Wilson appeared before our authorizing committee and he indicated the Veterans' Administration was opposed to doing away with prepayment altogether. I am concerned about information that the Veterans' Administration might be providing the gentleman, because in my understanding, in calling Mr. Wilson, he indicated they were not interested in doing away with the prepayment program at all.

Mr. BOLAND. Of course, I cannot speak for Mr. Wilson because I was not in touch with him. Mine is a general observation on the part of people within the Veterans' Administration that their position on prepayment and postpayment really had changed, and that they now really favored it. I cannot tell the gentleman who the "they" are, whether it was Mr. Wilson or Mr. Roudebush. It is my understanding also that the Veterans' Administration does not plan to appeal the decision of the House to the other body.

When was the last time the gentleman spoke to them?

Mr. EDGAR. Within the last 2 weeks.

Mr. BOLAND. I think we spoke with them in the last couple of days, and there seems to be a feeling in the agency that they have to change this to correct overpayments.

Mr. TALCOTT. Mr. Chairman, I yield 1 minute to the gentleman from Massachusetts (Mr. BOLAND).

Mr. BOLAND. Mr. Chairman, I am pleased to yield to the gentleman from New York (Mr. LAFALCE).

Mr. LAFALCE. Mr. Chairman, today's bill provides nearly $43 billion in new budget authority for HUD, the Environmental Protection Agency, the Veterans' Administration, NASA and other independent agencies. I want to take this opportunity to commend the Appropriations Committee for its judicious approach to the programs included in this bill and for coming up with responsible recommendations consistent with our very tight budget situation.

It includes funding for housing assistance, including $750 million for the section 202 housing for the elderly program, over $3 billion for the community development block grant program, and a number of other appropriations for other HUD programs.

But in addition it is important to note that this bill contains major funding for other agencies important to the Nation and to the western New York area where my congressional district is located.

For the Environmental Protection Agency it is relevant to point out the funding for the clean lakes program—$15 million; the section 208 wastewater planning grant program—$35 million—which has been a major program of the Erie-Niagara Counties Regional Planning Board; and $200 million to help reimburse municipalities, like Buffalo, which began to build their wastewater treatment plants and prefinance them prior to the enactment of the Federal program.

I am deeply distressed at the situation Buffalo found itself in, having to pay exhorbitant interest rates on borrowed funds while the Federal Government has proved unable to carry out its commitment to pay for 55 percent of the cost of the plant. I hope that the Appropriations Committee will take further steps in future years to appropriate funds for these communities so that the Federal percentage will ultimately match, if not exceed, the 55 percent so solemnly promised and so grudgingly delivered.

The portion of the bill dealing with the Veterans' Administration is also worthy of note, in my view. It funds traditional VA programs but it also has provided $6,628,000 for the construction of a new out-patient ambulatory care unit for the VA hospital in Buffalo, N.Y., which serves the entire Niagara frontier.

This much-needed facility will serve the 150,000 patient visits already being handled by that hospital in a far better way than present facilities can. The existing hospital was not designed for a high volume out-patient load. The addition has been designed—by the Cannon Partnership, a fine architectural firm from Grand Island—and could be put into construction before the end of the year, providing jobs for the beleaguered construction industry in the Buffalo area.

On the whole, then, I believe that this bill is one which addresses and responds to the needs of the Nation without providing unnecessary "fat" in the budget, and I urge all of my colleagues to join me in supporting it.

Mr. BOLAND. Mr. Chairman, I thank the gentleman from California (Mr. TALCOTT) for yielding me so much time.

Mr. TALCOTT. Mr. Chairman, I yield myself 7 minutes.

Mr. Chairman, I would like to commend the gentleman from Indiana (Mr. ROUSH) on the laudatory remarks the gentleman made about the gentleman from Massachusetts (Mr. BOLAND), for his leadership and chairmanship of this committee. I am rather proud to be on this committee. I think the committee does an extraordinary job with the very diverse set of agencies and we have a very diverse committee. I think it is to the committee's credit that we can bring out a bill that the Congress can support. I think this is what our committee tries very conscientiously to do. I want to thank the other Members of the committee and the staff for their good work.

Mr. Chairman, as one who has made an earnest commitment to fiscal responsibility I am pleased to be associated with the bill which we are recommending for approval today. This is a most complicated, diverse bill involving a wide variety of agencies, from space exploration to cemeteries, from hospital care to public housing. Our committee represents a broad spectrum of this Congress, and we have worked conscientiously to produce a bill which the Congress can conscientiously support. Our committee has often subordinated their personal, parochial views to achieve a representative bill.

For many years the Congress has added to the budgets proposed by the Presidents without regard to the economic and fiscal consequences which such irresponsible actions imposed upon our national economy and especially upon future generations of taxpayers. The consequences of those actions were inevitable and they have been nearly disastrous to the average American. After several years of tottering on the brink of complete collapse, the economy is starting to show signs of positive recovery, and the responsible actions of our subcommittee can help the Congress, at last, to demonstrate that the time of sober reckoning has arrived. A careful reading of our report would be instructive and helpful in explaining this diverse labor and important appropriation.

Our bill this year has several interesting totals about which I believe all Americans will be glad to know. The first, and perhaps most important, is that not only are we $2,297,668,000 below the President's budget on "new obligational authority" for fiscal year 1977; we are also $10,479,026,000 below the comparable amount for the current year. The great majority of these reductions are related to long term, "run-out" costs of our assisted housing programs, many of which have contracts which run up to 40 years. However, we can point with some pride to the fact that we are also $345,158,000 below the budget estimates for appropriations for the fiscal year.

In a moment I will discuss the various accounts in detail, but first permit me to digress to say that I believe that our committee has done a job which deserves the commendation of all Americans. We have considered requests which cover the broadest spectrum, and we have attempted to allocate scarce financial resources where they would do the greatest good, and bring the greatest return, for the greatest number of Americans. We have paid heed to the user and beneficiaries of the Federal programs and also to the most important individual, the taxpayer.

The real values of many of the programs in this bill are difficult to judge because few of them are productive. Some, such as the housing programs, have been at a virtual standstill for several years because of a combination of problems. The Congress has changed and rechanged basic authorizing laws spasmodically. The programs were designed for failure. Bureaucratic indifference has created tremendous inertia which must be overcome. Others, such as the veterans programs reach out to large numbers of citizens, but the good done by the Federal payments, and the effectiveness of the programs, are impossible to judge fiscally or socially.

Much progress has been made over the past several years in the effort to clean up our environment; but it is impossible to prove if that progress has been made because of, or in spite of, the EPA. Testimony before our committee, and personal experience of some committee members, have indicated that EPA is one of the strong candidates in Washington for first place honors in the field of bureaucratic indifference, intransigence, and incompetent management.

The committee has been more than generous with this agency because of the importance we attach to the work that they have been charged to accomplish, as well as the popular and emotional appeal concerning our environment. However, it is impossible to ignore repeated reports of serious mismanagement within the agency. All officials of the Government, be they elected or appointed, have a sworn duty to protect the best interests of every American, which should include their tax dollars and their livelihood. That duty extends throughout the rank and file in Government and encompasses each and every expenditure from the Federal Treasury and that same special responsibility must be exercised by we who appropriate the taxpayers' dollars, and by those in the executive who expend them.

Having taken to task those who have been less than productive, let me take a moment to praise the two agencies included within this bill which have earned special commendation because of their particular contributions to productivity within the country. The first, and most spectacular, has been NASA, which has just celebrated the 15th anniversary of America's first manned space flight.

In those short years since Al Shepard flew America's first suborbital flight we have escaped the Earth, flown to the Moon and returned in safety, learned to live and work in the weightlessness of space, developed monumental amounts of new knowledge benefiting all mankind, and are well on our way to inaugurating man's first real space transportation system which will make space flight routine.

All of these accomplishments were made within the short span of a decade and a half. Such progress would have been impossible without the special dedication of each and every NASA employee. NASA performance over the years should serve as a guide for other agencies.

AMERICAN BATTLE MONUMENTS COMMISSION

I had the great pleasure, and distinct honor, to spend several days last year visiting a number of the American cemeteries dedicated to our honored dead who fell defending liberty and freedom in Europe in the past two world wars.

Rarely do we feel the overwhelming sense of dedication which pervades our battle monuments. The individuals who administer these shrines to those Americans who have paid the full price to maintain our freedom are among the most dedicated civil servants I have ever met. The monuments are immaculate and serve as a perpetual reminder that two generations of American youth have not hesitated to fight, and to die if necessary, to prevent tyrants from enslaving our free world.

As I stood among those orderly rows of headstones, and recalled those who had fought, and died, at my side, I experienced a feeling of great pride and humility. Our countrymen have been called upon repeatedly to defend peace with freedom and they have never refused their duty. But we sometimes forget the truth that wars are begun by old men, and fought by the young.

In those fields of monuments, where my compatriots would be forever young, I was reminded, with particular impact of the price that they and their loved ones had paid. In a time when patriotism had become unpopular it was a feeling to be cherished, and it was an experience which I wish that all Americans someday have the opportunity to share. I urge everyone to visit these monuments, and to pause to reflect on our American heritage. I commend those who are maintaining our monuments and cemeteries so beautifully and so fondly for our posterity.

TITLE I

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The committee spent a great deal of time and care this year in examining the budget submission of the Department of Housing and Urban Development.

We are deeply concerned because of continued charges that HUD has not been productive, and that the various housing programs enacted by the Congress have not been effective and that section 8 has not been timely implemented. I hope that section 8 will provide adequate shelter for our poor and needy, but the jury is still out on section 8. My own view is that there is more than enough blame for the problems within HUD that must be shared by both the Congress and people within HUD itself. There has been great turmoil in the Department in recent years as Secretaries have come and gone. Policies have changed; programs have been enacted, then canceled by the Congress. Finally, we in the Congress have been quick to cast blame; but we have been slow to provide the necessary legislative guidance and funding. In any case, I am pleased to report that the new Secretary is moving firmly, and with dispatch to lead the Department out of the confusion which we have all complained about. She has not promised miracles, but she does seem to be achieving solid results. Nevertheless, the gentleman from Colorado (Mr. ARMSTRONG) is mostly correct in his minority views.

Our committee report goes into great detail on the various programs of the Department, and our distinguished chairman has done his usual excellent job of outlining the issues, but I would like to take a few moments to highlight several of the important programs contained in the bill.

HOUSING FOR THE ELDERLY OR HANDICAPPED

The section 202 housing for the elderly or handicapped program has been one of the most successful of all assisted housing programs established by the Congress. The committee is deeply interested in the problems of older Americans, and is particularly sensitive to the housing needs of this segment of our population. The budget estimate for this program would have reduced our effort in this area by more than 50 percent from last year's program. The need in this sector is so great, and the moral obligation is so compelling that we feel that no reduction can be supported. Furthermore, this program is more appreciated by its beneficiaries than any other I know. A Federal investment in housing which is well cared for by its beneficiaries is much better than one which is not. Therefore, we have provided a program level of $750,000,000 for the coming year which should provide approximately 30,000 new units of elderly housing.

COMMUNITY DEVELOPMENT GRANTS

This year we are providing $3,248,000,000 for community development block grants under title I of the Housing and Community Development Act of 1974. These grants are a significant share of the Federal effort to allow local community leaders to set local priorities and to address local problems without strangling, frustrating bureaucratic guidance and control from Washington. These grants were designed to replace seven narrow categorical grant and loan programs including urban renewal, model cities, grants for neighborhood facilities, open space land, rehabilitation loans, public facility loans, and grants for basic water and sewer facilities.

Members of the committee have learned that, due to a number of unanticipated circumstances, the smaller communities within the various standard metropolitan statistical areas—SMSA's—have not been receiving expected funds for community development. For that reason we have directed that at least $100,000,000 of the total be made available to these smaller communities.

We have also directed the Secretary to review departmental policies concerning the allocation of non-SMSA funds to reduce the possibility that all, or nearly all, of the funds available in a State might go to a handful of communities. In the past this has happened, and the effect has been to disenfranchise many of the small, rural communities which are the backbone of the Nation and suffer needs which the program and appropriations were intended to assist.

TITLE II

INDEPENDENT AGENCIES

One of the major decisions made by the committee this year was to include $200 million for EPA construction grants for wastewater treatment facilities which were built by local governments between June 30, 1966 and July 1, 1972. These facilities were built with an implied moral obligation of the Congress that the communities would be reimbursed in the future. These communities were among the front runners in our effort to clean up America's waterways. These communities were repayed for their early wisdom and initiative by receiving less than the full statutory share of Federal reimbursement received by some communities which responded more tardily under Federal persuasion. We have acted to provide funds to correct that inequitable situation.

SELECTIVE SERVICE SYSTEMS

Mr. Chairman, we anticipate that an amendment will be offered to reduce the funding for the Selective Service System. This issue will be a popular one this year, as it has been in years past, and I suspect that there are more than enough votes to carry the proposal. In hopes of expediting the passage of this bill I have agreed, with some reluctance, to support this amendment. I have no wish to prolong the debate here today, but our vote on Selective Service may have more far reaching consequences than any other vote in this Congress. Defending the committee position may not be popular, and I realize that this item is pregnant with opportunities for political comment and advantage. Nevertheless, I am compelled to express a view of some foreboding.

Over the past few years our committee has cut Selective Service from $83 million only 4 years ago to $37,500,000 last year; from 2,300 people to 170 people—without guidance from the Armed Services Committee, against the recommendations of the administration and the Department of Defense. We tried to reflect and comply with the mood and desires of the House. The judgment of our committee held up.

Today we have no draft—which has wide popular appeal, especially among families with teenagers. The Volunteer Army is succeeding beyond our expectations in numbers, quality, and national satisfaction. Both conditions have been achieved because of our withdrawal from a miserable and unpopular war, a growing mood of isolation, a genuine craving for peace without vigilance, an intentional misrepresentation of our policy of détente, our being lulled into a false sense of security by the conduct of our enemies, and by our own congenital national short-sightedness regarding the threats to our national security.

After every war we have compulsively wound down, withdrawn too quickly, and tried to divert our attention away from the horrible price and memories. We also tried to recoup the losses too rapidly.

The administration, when it was preparing this budget more than a year ago, accurately reflected the mood of the country and the Congress and thereupon proposed a budget of $6.8 million, a "deep standby" posture of only 100 people, to keep a skeletal planning organization in our defense and national security closet.

There would be no registration, by lottery or otherwise; no classification; no inventory of personnel; no current records; no examinations; no induction procedure. But circumstances, attitudes, and knowledge have changed significantly since this skeletal budget was proposed.

This budget proposal would be alarmingly similar to the predraft misjudgment of 1940. Mobilization time would be stretched from the present 30 days to more than 120 days. The excuse for this posture is that we expect no war; but then if war happens, we would rely on our Regular Forces, a quick callup of our Reserves and National Guard, and the support of our NATO allies. This narrow premise, of course, is that any war will end quickly through nuclear holocaust or an overwhelming ground and air blitzkrieg westward across north or central Europe before we could staunch it.

Neither I nor many others agree with this premise, nor with the potential scope of our responsibility or involvement, nor the nature, intensity, locale, or duration of the potential hostilities. Remember, we are a Pacific nation as well as an Atlantic and that during the "Atomic Age" we have endured two conventional wars of a 10 year duration on the opposite side of the planet from Europe.

I hope and pray that we, and the rest of the world, can escape, or prevent, war—and that we can maintain and enjoy peace with freedom for generations to come. But we were not elected only to hope and pray for these wondrous circumstances. We have some obligations, even a duty, to prevent this war or to organize this "peace with freedom."

Experts will generally agree on our mobilization capabilities given certain figures. I accept the expert advice with considerable trepidation because I am convinced that we will not initiate a war but that we will be caught by a certain amount of surprise. No nation could expect to defeat us now, or in the near future, except by surprise—and the necessary concomitant deception. Regrettably we are setting ourselves up for just this deception and surprise by trusting, by permitting our attention to be diverted, by the serious damage which we permitted to be done to our intelligence systems by the unwarranted exposures and criticisms, and by our rapid drawdown of defense forces everywhere except in the Middle East.

Any surprise attack will cost us heavily in destruction of strategic forces, personnel, equipment and weapons—as well as in disarray and despondency. To survive, we will be required to absorb general losses of up to 15 or 20 percent of our people and industrial capacity and then manage to regroup and fight back in various highly unpredictable ways. Organized personnel will be required. Plans, registration, classification, assignments, even training, may be necessary for our survival, but also beneficial for greater or lesser occurrences.

Our committee report gives the figures. $18 million would maintain 500 to 600 paid positions which, along with many able and dedicated volunteers, could provide an annual registration which would reduce mobilization time from 120 to 50 days. Seventy days is critical under most predictable contingencies.

The Armed Services Committee, after a comprehensive and thorough study, unanimously—which is quite unusual—recommends the $18 million figure

I am one who has begged the Armed Services Committee to make this study for years. Our committee has always believed the authorizing committee had the authority and the responsibility to continue or discontinue the Selective Service System. Our committee has tried to demur for the last 2 years. I was one who agreed that if the Armed Services Committee recommended termination of the Selective Service System, I would support their proposal.

But now the authorizing committee has acted in good faith under an entirely new and different factual situation and clear threats to world peace and freedom.

Like everyone in this Chamber, I wish we lived in a peaceful world, in freedom, without enemies or marauders—personal or national. I wish we needed no Armed Forces or even no police forces; but, of course, we do. And for the foreseeable future, we will.

If we intend to defend ourselves, we should do it effectively—as responsibly, and with as much commonsense as we can muster. Of course, we should do it with the least dollars, personnel, and turbulence as possible.

Our committee gave this matter considerable time and attention. We understand the emotions and apprehensions involved. We all recognize the popular appeal to be garnered in an election year by reducing the Selective Service System appropriation, by terminating induction, classification and registration—and by even relieving the personal apprehensions of young men, women, and their families, concerning possible conscription. Every member of our committee gave this budget item their conscientious consideration as well as their budgetary evaluation. Money was not the only significant factor in this budget item.

I suggest that if we are to err in a matter of such critical importance to our national security we should err on the side of appropriating $18 million instead of $6.8 million. The difference in dollars is small but it could be the most critical of any budget item in fiscal year 1977.

I hope you will bear in mind several points:

Under many possible contingencies we will need the most rapid and orderly mobilization possible. Every previous war has proved that we needed an immediate capability to fairly register, classify, organize, induct and assign our personnel. We could have shortened every war and saved many lives if we had had a better Selective Service capability. The capability does not mean the induction of one man or woman prematurely or inequitably. But we should not deny our Nation this insurance.

The $6.8 million "deep standby" is really nothing. It means no Selective Service System. We might as well appropriate nothing, zero dollars. With no appropriation, we do several disastrous and dangerous things.

We must have some Selective Service System. It should continue under civilian control and management. If we appropriate $6.8 million, or nothing, some kind of a Selective Service System will certainly be transferred to, or established anew, in the Pentagon. This would be a dangerous, albeit necessary, turn of events. I urge this House to keep Selective Service clearly civilian. One way to maintain the civilian status of our Selective Service System is to maintain the present structure by appropriating $18 million.

If we close down our patent civilian Selective Service System we send numerous signals to our own citizens, our allies, and our ever-watchful enemies. We confirm our complacency, our apathy, our drift toward isolationism. We telegraph to our allies that we do not intend to respond to any attack which will continue beyond 30 days. We admit capitulation under some of the most likely contingencies. It is difficult to explain the enormity of the impact of such decision upon our citizens and our allies.

Simply put, we will be signaling a definitive, even conclusive, acceptance of a policy of isolationism and all that that portends to our allies, including abandonment, under broadening contingencies. I urge you not to take this road to quickening disaster. It could be a grievous mistake for our children and grandchildren.

Our allies would immediately perceive that we intend to pull back closer to our own shores and a more compact, selfish defense position. This would force each of them to begin making loathsome unilateral accommodations with the imperialists and expansionists. This would accelerate the deterioration of free, democratic nations which have managed to survive with our material, military, commercial and moral assistance for decades. Dismantling our Selective Service System would signal dismay to our allies and delight to our enemies immediately. The enormity of this calamity may not be readily apparent to the unsophisticated, but it should be clear to us. We should appreciate how heartening such action would be in the war councils of our enemies.

Additionally, if after dismantling our Selective Service System, the necessity should later recur to reinstate some sort of a Selective Service System we would send out another even more shocking signal to our enemies. If later we concluded that world developments necessitated reinstatement of a Selective Service System for our own national preparedness—as happened in 1940—the action, no matter how quietly initiated, would be interpreted as "saber rattling" at the very least. Worse, such action could precipitate hostilities, or an earlier preemptive attack, by an enemy who hastily concluded that they must strike suddenly before we could mobilize. Precious time would be required to reorganize and recruit personnel for a Selective Service System itself; and then to notify, register, examine, classify, induct, train, assign, and transport inductees to appropriate duty stations.

Any future response would have to be many times more rapid than in 1940 or 1950. A delayed, or slow, mobilization might be tantamount to no mobilization under present or future circumstances.

Even if we escape war, for which we could only thank God, we may have other needs for mobilizing manpower and womanpower.

If we suffer a nuclear confrontation, and lose, we will need organized forces to bury our dead, rebuild communities, deradiate the debris, to plant and harvest new crops and build an industrial infrastructure. Time in such events, may or may not be critical, but perception now is that time factors are becoming quantitatively shorter in all our activities.

We can imagine many more pleasant reasons for registering and knowing precisely our manpower resources—universal public service for all high school graduates, or other programs useful to society, perhaps.

In many dreadful and pleasant circumstances we would need a civilian Selective Service System that is immediately prepared for any contingency.

The small increase in expenditure is one of our best assurances of adequate preparation and one of the most effective deterrents to potential enemy scenarios for attacking our Nation. Selective Service may be one of the most effective, cost beneficial chinks in our national security armor. Defense and deterrence are multifaceted and require an array of complementary, coordinated components. Selective Service is a prerequisite along with sophisticated and accurate intelligence; modern weapons and armaments; trained, dedicated personnel; competent industrial capability; skillful diplomacy; a unified citizenry with a common will; loyal and ready allies.

These are a few reasons why some would support maintaining our Selective Service System at an effective level which has been recommended by the experts to be $18 million for fiscal year 1977 and I believe that it is important that they be addressed by the House.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

It seems significant to me that this year we are celebrating the 50th anniversary of the first liquid fueled rocket flight. In 1926 Dr. Robert Goddard flew man's first liquid fueled rocket, and thus paved the way for man to reach beyond the Earth. Only 49 years ago, man had yet to fly the Atlantic, and an American named Lindbergh would win lasting fame piloting the fragile Spirit of St. Louis into history.

Many Americans, including several of our colleagues, have lived the full span of manned flight—from Kittyhawk to the Moon—from horse and buggy to the thunder of Apollo. Each year we find new knowledge, each year we discover new technology, and each year we are greeted by some new mystery which when disclosed will lead us forward and greatly help mankind everyday here on Earth.

Scientific curiosity distinguishes man from other primates, and that some curiosity has propelled us beyond our native Earth. It took millions of years for man to cast off the bounds of gravity and to achieve those first faltering leaps into the air. But in less than 50 years we have sent man to the Moon, and brought him back in safety. This year we will celebrate our Nation's 20th anniversary by soft landing two spacecraft on Mars. Man's reach has always exceeded his grasp, but science and technology extends that grasp in great and growing magnitudes. I hope that Congress will continue to support our basic research in space.

NATIONAL SCIENCE FOUNDATION

This year there has been some special suggestion that our committee has been remiss in not providing more funding for the National Science Foundation.

We do not doubt that the Foundation could spend more money; but then again, most agencies of government, both Federal and local, would also spend more money if it were handed to them. I, along with other members of the committee, agree that we have made reasonable, if not the best possible, decisions in allocation of funds in this year's bill. We also believe that our committee and the Congress have been more than generous with the Foundation over the years. We believe strongly in basic research and scientific education. We still have confidence in the NSF. But we also believe that researchers, scientists, and educators want to improve their track records for using tax moneys.

As many Members know, serious questions have been raised in the past years about the management of basic research within the Foundation. A series of investigations have been launched. Some of these investigations are still underway. Our committee feels that it would be prudent to await final reports before we commit any additional funding through the Foundation.

There are several points which should be made a part of the record so that our actions will be clearly understood. The first is that our committee is recommending an increase of $34,750,000 above the 1976 level of funding. The $750,000,000 which we have provided represents an increase of 18 percent—or $84,800,000—above what was provided for basic research only 2 years ago in 1975. We also want to clarify the point that we did not cut basic research, the fact is that we have increased it. Not only did we increase the NSF budget by nearly $35 million over last year, we also added large amounts for high energy accelerator programs in ERDA, solar and energy technology research in NASA, and critical research and development in EPA.

We also are constrained to point out that some have charged that our earmarking of $14,070,000 in 1977 for additional logistics support of our research effort in Antarctica represents a reduction in basic research effort. This charge is not true. The facts are that last year there was a nonrecurring cost of $18,000,000 for replacement of an LC–130–R aircraft for use in Antarctica, and, therefore, the net result is an increase of nearly $4 million which will be available for basic research.

Over the past decade our committee has strived to maintain a strong and growing thrust in basic research, and we have accomplished this by either maintaining—or expanding—in terms of actual current dollars our efforts in basic research. In fact, Dr. Stever, the Director of the National Science Foundation, testified before our committee this year that the United States is "still the strongest in the world in research and development." We intend to improve this superior position.

SUMMARY

Mr. Chairman, I do not want to recover the same ground that is so well covered in our committee report, and which has been comprehensively explained by our chairman, the gentleman from Massachusetts (Mr. BOLAND). I do say that I am proud to be associated with this appropriations bill. To my knowledge it represents the best possible decisions for the allocation of the taxpayer's dollar. We have examined each and every request. We have weighed them individually, and we have compared them against each other, and against the common good. The result is a bill which we feel will contribute the most to our society, and do it at a tolerable cost to the taxpayer. This bill represents a reduction of $2,297,668,000 below the budget request in "new obligational authority"—the largest cut in any budget proposal this year—and will result in reductions in appropriations below the budget of $345,158,000 in the next fiscal year alone. I commend the work of the members of the committee, and our staff, and I urge passage of the bill.

Mr. Chairman, I now yield 3 minutes to the gentleman from Florida (Mr. YOUNG).

Mr. YOUNG of Florida. Mr. Chairman, I thank the gentleman for yielding to me.

I rise in support of this bill. I want to say that it is very gratifying to be a member of this subcommittee, working under the very able leadership of the gentleman from Massachusetts (Mr. BOLAND) and the gentleman from California (Mr. TALCOTT), the ranking minority member. It is somewhat surprising to see so many different ideologies and philosophies, and so many different subjects, melded together and forged into one clean bill which was supported enthusiastically by all the members of the subcommittee.

Mr. Chairman, the President transmitted a budget amendment in May providing total funding to construct a new veterans hospital at Bay Pines. The appropriation—$110 million—includes $108,220,000 in this bill, with $1,780,000 which is already available.

Mr. Chairman, Presidential approval of the Bay Pines project on May 11, 1976, culminated nearly 2 years of intensive effort on my part toward this goal—an effort that began when I convened a hearing of interested parties on May 31, 1974, at Bay Pines, in order to bring together those concerned with a replacement hospital and to compile the information necessary as input for the decision to go ahead with the project.

This hearing provided expert testimony which enabled me to prepare a well-documented, comprehensive report to substantiate the need for the construction of a new hospital at Bay Pines.

My report was personally presented to President Ford on September 19, 1974. During our discussion, the President telephoned newly appointed VA Administrator, Richard Roudebush, and directed Mr. Roudebush to visit the Bay Pines VA Center as his first official trip as Administrator—to personally assess the situation my report described.

Mr. Roudebush joined me in a visit to Bay Pines on October 29, 1974, and on November 1, 1974, reported to the President that—

> Facility is old and obsolete; overcrowded and faced with extremely heavy demand. When the new Tampa Hospital opened in 1972, we had hoped that significant relief would be provided Bay Pines. Our experience has proven the contrary. The hospital continues to run at 96% occupancy with a waiting list for each category of beds.

Mr. Roudebush advised the President—as a result of his inspection—that an architect-engineering evaluation of how best and where to build a replacement hospital at Bay Pines had been ordered. The necessary steps were taken and a consultant was contracted by the Veterans' Administration to carry out the architect-engineering evaluation.

That evaluation was submitted to the VA early in January of this year, and confirmed both Mr. Roudebush's findings and the information provided in my detailed report to the President. My report contained several significant findings which are restated below:

> Lending special urgency to the need for a replacement hospital at Bay Pines is the fact that approximately 44 percent of the veterans in the Bay Pines service area are aged 45 and older—undeniable evidence that World War II era veterans will, because of approaching old age, experience more numerous and more serious medical problems in the near future . . .
>
> Population figures provide an ominous forecast of steadily increasing demand on the Bay Pines facility . . .
>
> The medical care requirements for older veterans have been sharply increased for the future, as a result of the Veterans Health-Care Expansion Act of 1973 . . .
>
> The physical plant at Bay Pines is both inadequate and obsolete . . . so overcrowded that it must concentrate largely on service-connected cases only. Waiting lists for admission average as high as 150 veterans per month, and often a veteran must wait weeks or even months for treatment.
>
> The rate at which Florida VA hospitals can move patients in and out and thereby provide timely service to those in medical need is generally high—except at Bay Pines, where the rate drops to half the Florida average.
>
> Many of . . . [the] 703 beds [at Bay Pines] are located on converted porches, and have window air conditioners blowing directly over them. The air conditioners drip condensation on the floors, creating health hazards. The beds are so closely spaced that they do not even meet VA space standards . . .

The preceding findings were pointed up in my report to the President of September 19, 1974, and are confirmed by the analysis and evaluation made by the consultants, the major conclusions of which are stated below:

> Both the size of the patient population and the numbers of veterans seeking care at Bay Pines Hospital will increase.
>
> The percentage of veteran population in the service area is higher than any other comparably sized area in the United States.
>
> An increased demand for geriatric patient care will be experienced over the next ten years.
>
> The emphasis on outpatient and ambulatory care will continue to increase.
>
> The need for beds may be greater than is recommended by the demographic study.
>
> There are significant space shortages. The present overall space is approximately one-half of that which is recommended in VA planning criteria.
>
> The mechanical systems are aged and inefficient.
>
> There are numerous life-safety code deficiencies.
>
> Both the size of the patient population and the numbers of veterans seeking care at Bay Pines Hospital should increase.
>
> The overall population of the service area is expected to increase from 1,754,000 to 2,413,000 or an increase of slightly over 37%. It should be noted that the greatest increase in terms of absolute numbers is expected to occur in Pinellas and Hillsborough Counties.
>
> The majority of the veteran population in the service area is in the age range seeking services more frequently. For example, over three-quarters of the veteran population in Pinellas County is within the period of service which includes the 1st and 2d World Wars and the Korean war.
>
> Over 84% of the patients seeking care at Bay Pines are 50 years of age or older. It is significant to note that the average for all VA hospitals is approximately 75%, or almost 10% less than Bay Pines.
>
> The percentage of population of Pinellas County which is fifty years of age or older is 100% greater than the United States as a whole.

The recommendation of the consultants to the VA was that a replacement hospital should be constructed at Bay Pines. Therefore, a final presidential decision was absolutely necesary as the next step. In that connection, I wrote to the President on January 21, 1976—advising him of the recommendation and urged that a decision be made as quickly as possible. At the same time, I invited the President to visit Bay Pines personally. My invitation was endorsed by VA Administrator Richard Roudebush, and on February 14, 1976, President Ford inspected the Bay Pines facility. On May 11, he approved the construction—the subcommittee and full Committee on Appropriations have approved the funding and the bill is before us today.

Mr. Chairman, the replacement hospital at Bay Pines will provide 840 new beds—520 general medical and surgical beds; 120 nursing care beds; and 200 domiciliary care beds. In addition, two of the present buildings will be renovated to provide 190 psychiatric beds, plus administrative offices. The present 120 bed nursing care facility will be retained, for a total of 1,150 beds, in new, up-to-date facilities.

SECTION 202 HOUSING

In addition, Mr. Chairman, included in this bill is an important appropriation for the section 202 housing for the elderly or handicapped program; $750,000,000 is recommended to finance this program for fiscal year 1977—the same level as fiscal year 1976. This amount will provide approximately 30,000 additional units of elderly housing.

The section 202 program is particularly important because the elderly population is growing faster than the population at large. And the housing need of this growing proportion of the population is increasing. This need was quantified by the White House Conference on Aging in 1971 at 120,000 new units a year, although this goal has never been met nor even approached. The result is a tremendous, growing demand for this housing—resulting from the phaseout of the old 202 program in 1969 and the subsequent moratorium on other subsidized housing programs.

During a 3-month period which ended on December 15, 1975, the Department of Housing and Urban Development received 1,527 applications for a total of 231,623 housing units for the elderly and handicapped. The total cost of the units applied for was over $6 billion.

The demand for funding under the 202 program is gigantic. For example, in region IV, which includes my home State of Florida, there were 199 applications for a total of 32,504 units—while only 2,350 units had been allocated. Of the nine applications approved in Florida, one was in my district for 30 units. One hundred additional units now on the backup list are expected to be approved for my district sometime in August, as a result of the second supplemental appropriation which became law on June 1, 1976.

Mr. Chairman, you and I know that the elderly of this Nation have a great need for decent, safe, available housing. Our senior citizens should not be made to wait for additional studies, more debate, and additional hesitation on this question. The need has been demonstrated, the demand is overwhelming, and Congressional intent has been expressed through the 202 program.

This appropriations bill—while containing some items that I do not support—contains much more good than bad and I support its passage.

Mr. TALCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from Colorado (Mr. ARMSTRONG).

Mr. ARMSTRONG. Mr. Chairman, I am grateful to my colleague from California for yielding to me.

Mr. Chairman, when this bill was before us last year, I engaged the chairman of the subcommittee, the gentleman from Massachusetts, in a colloquy to discuss the section 8 program. I was very much concerned at the potential for abuse of this program, about the huge unfunded liability of the program, which was then less than a year old. I am wondering if the gentleman from Massachusetts would again respond to some questions which I should like to raise about the section 8 housing program and the appropriation for that program contained in this bill.

Mr. Chairman, the bill, as I understand it, contains an appropriation of some 500 plus million dollars for the section 8 program, but could the gentleman verify for me whether or not, in addition to the amount appropriated to be spent as a result of this bill, there is also authority for the expenditure in future years of some $14 billion for this housing subsidy program?

Mr. BOLAND. The gentleman is correct.

Mr. ARMSTRONG. I appreciate that confirmation. A year ago, Mr. Chairman, when we discussed this matter, I inquired whether it is true that the General Accounting Office conducted a survey of Peoria, Ill., which raised the prospect that perhaps as may as two-thirds of the renters in Peoria might be eligible for rent subsidies under this rental program. I believe the gentleman told me that was true.

I am wondering, since that time has there been any basic reform in the authorizing legislation, or do we face the possibility that perhaps 10 million, or 15 million, or 17 million Americans might be eligible? Has there been any change in that estimate?

Mr. BOLAND. We have no additional information which would change that particular statement, and I think that would hold true today also.

Mr. ARMSTRONG. I am wondering if the subcommittee has had testimony on the number of people who might be eligible if this program is fully implemented. I did discuss it, not in the setting of subcommitte hearings, but with Secretary Hills. I was given to understand that as many as 17 million Americans might be eligible for this program if it were fully implemented. Is that within the realm of possibility?

Mr. BOLAND. I believe that figure is correct.

Mr. ARMSTRONG. If that is the case, I am wondering about the annual cost of a fully implemented program if we had 17 million people on the program, and the subsidies range from $2,200 per year to a maximum of $8,100 per year. Are we talking about a rent subsidy program which might ultimately reach a level of $40 or $50 billion annually?

Mr. BOLAND. The gentleman is quoting a range of about $2,500 to $8,000 annually for the fair market rent, depending upon whether it is existing or new construction. For existing housing, the average subsidy would run about $2,700. This is the current estimate.

Mr. ARMSTRONG. The average would be about $2,700?

Mr. BOLAND. Yes, the average for existing housing is, of course, cheaper than new construction. For new construction, the subsidy could possibly run—and I think we could use the same figure we used last year—for one who does not pay any rent at all, it could run as high as $8,000, for a new construction, two bedroom elevator unit in New York.

Mr. ARMSTRONG. By simple arithmetic, if we were to find, as Secretary Hills said on at least one occasion, that 17 million would be eligible for the program, if the actual amount were not $8,000 or $7,000 or $5,000, but were only $3,000, as I multiply that out that would imply a total subsidy of $51 billion a year, and in an ultimate runout cost, it might be $500 or $600 billion.

Do I misunderstand the import of this?

Mr. BOLAND. Figures are very interesting. One can get them to prove almost any case. But that is not what we want to do, and that is not what we are doing in this bill. If we did provide a $3,000 subsidy for 17 million people, we could arrive at the figure that the gentleman suggests.

Mr. ARMSTRONG. I appreciate that explanation. In the chairman's response, there is some implication that we are not going to fully implement this program and, of course, I am relieved to hear that. There is just one more fact I would like to confirm. It is my understanding that in the 2 years of this program, since August 1974, we will have authorized the Department of HUD the sum of $49 billion, including the authority that is granted in this bill. It seems to me a figure of $500 to $600 billion is not impossible over a period of time.

The CHAIRMAN. The time of the gentleman has expired.

Mr. TALCOTT. Mr. Chairman, I yield an additional 2 minutes to the gentleman from Colorado.

Mr. BOLAND. If the gentleman will yield further, the figure the gentleman uses is correct, if we use a 40-year runout period.

Mr. ARMSTRONG. It is correct to say, is it not, that in the first 24 months of this program, including this legislation, if enacted, that Congress has authorized HUD to commit in ultimate runout cost some $49 billion?

Mr. BOLAND. Will the gentleman give me that figure again?

Mr. ARMSTRONG. $49 billion.

Mr. BOLAND. That figure is correct.

Mr. ARMSTRONG. I appreciate the gentleman's explanation. It seems to me that if in 2 years we have authorized a commitment of $49 billion, it is not outlandish to think that in the next several years it may range to that much at an annual rate in the future. We are looking at a program of enormous scope. The reason I call this to the attention of the Members is that at the proper moment I intend to offer an amendment, the effect of which will be to strike section 8 from the bill, so that we could have some drastic reform. This program could be brought back to the floor and, after proper hearing, we could help those who need help, without such an enormous future obligation for our children and grandchildren to pay.

Mr. TALCOTT. Mr. Speaker, I yield myself 2 minutes.

Mr. Chairman, in response to the remarks of the gentleman from Colorado may I say that his dissenting views make a lot of sense. I think most of us can agree with them.

I would like to take exception to one thing. I hope nobody will vote for his amendment to eliminate section 8. That is the basic housing program that Congress has supported. We want to make it work and make it efficient and economical. We do not want these runout costs that he speaks of. I am sure we also have some of these runout costs on sections 235, 236, and even section 202. Some of these programs work very well.

We do not, of course, want to obligate future generations to this extent so that we will bankrupt them. However, this is a program that I think deserves some opportunity; it should be given some chance to work. We ought to give them a chance to make it work. The authorizing committee will have opportunities to control the program, but we should not stop it suddenly here.

Mr. ARMSTRONG. Mr. Chairman, will the gentleman yield for just one moment?

Mr. TALCOTT. I yield to the gentleman from Colorado.

Mr. ARMSTRONG. Mr. Chairman, I would not want to leave the implication—and I am sure the gentleman did not intend to do that—that these runout costs are a theoretical possibility or something that can be adjusted in future years.

I just want to call the attention of the gentleman to page 2 of the bill, specifically line 16. In this legislation we are creating an additional $14.6 billion in authority and in ultimate runout costs, and that is on top of the $35 billion previously authorized. These are not hypothetical amounts or something that may not happen if we do not mend our ways by some future date. We are today adding this amount of $14 billion on top of previous authorizations, and somebody has got to pay for it in the future.

Mr. TALCOTT. Mr. Chairman, the gentleman is correct. We have been doing this for years, and I could not thank the gentleman more for calling our attention to these runout costs.

I reiterate that what this committee has been trying to do for years is to call this to the attention of the taxpayers and the American people and point out that these programs do cost a lot of money and we ought to consider the runout costs. We only got them in the budget in the last year or so.

Mr. Chairman, I think it is quite salutary to have this discussion, but still we do not want to end this program now.

Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. PAUL).

Mr. PAUL. Mr. Chairman, I would like to explain my reasons for opposing passage of H.R. 14233, the bill appropriating funds for the Department of Housing and Urban Development and 13 independent agencies and offices.

The cost of the bill is nearly $43 billion. Some Members of this legislative body may find it easy to spend $43 billion of other people's money, but not I. I believe it was Calvin Coolidge who once remarked that he favored economy in Government because he was concerned with preserving human life. That is also my concern. This money that Congress spends so lavishly belongs to the people who earned it. They have spent their time—a large portion of their lives—earning it, but it takes Congress only a few hours on a summer afternoon to waste it. Were we spending the money on something that could be constitutionally justified, I would have no objection to supporting this bill. But that is not the case.

This bill contains $1 billion for the Environmental Protection Agency, an agency that has caused the American people one headache after another. In the name of protecting the environment, the EPA has decreed rules and regulations that have caused economic disruption, wasted expensive fuels, and put workers out of their jobs. The Environmental Protection Agency, which was not even created by Congress, but by Executive order, has tried to regulate the use of our land, and it is not unlikely that given another year of tenure, the EPA may try for such a power grab again. I could, under no circumstances, vote for giving $1 billion of the taxpayers' money to the EPA.

Second, the bill contains $41 million for the Consumer Product Safety Commission, another bureaucracy that has proposed regulations on match safety, proposed outlawing many firecrackers, and warned us that swimming pools, steps, and beds may be dangerous if not used properly. I personally do not happen to think, as the bureaucrats at the CPSC apparently do, that the American people are children in need of a guardian. Aside from wasting the taxpayers' money, the CPSC insults them with its condescending regulations and advice.

Third, this bill appropriates almost $19 billion for the Department of Housing and Urban Development. In his dissenting views printed in the committee report, my colleague from Colorado, BILL ARMSTRONG, warned that if the subsidized housing programs administered by HUD are allowed to continue as at present, the cost could be $600 billion in the next 35 to 40 years. Over $49 billion has been or will be spent in the 2 years since the section 8 subsidized housing program was first enacted. The General Accounting Office has indicated that under the provisions of these programs, two-thirds of all tenants in certain selected cities could be eligible for housing subsidies. The subsidy paid to a single family might total $8,100 per year. The Government ought to begin to realize that one reason for the skyrocketing cost of housing is its subsidy programs. The Government is simply bidding the price of housing up, thereby denying desirable housing to those taxpayers who cannot afford to buy a house and pay their Federal taxes, too.

The fourth reason that I will mention is the $18 million included in the bill for the Selective Service System. Even though we have established the voluntary army and ended conscription, the Selective Service System is still with us. I cannot believe that the System performs any function that is worth $18 million. It seems to me that the taxpayer could be saved a few million dollars here by drastically cutting the appropriations for the System, if it is necessary to retain it at all.

Finally, H.R. 14233 would give $750 million to the National Science Foundation, an organization that has recently afflicted the Nation's schools with its multimillion-dollar MACOS program, and which is daily devising other means to reeducate the children of the taxpayers. Quite frankly, I do not believe it is the job of the Federal Government to subsidize school textbooks. I have seen nothing in the Constitution about Federal financing of curriculum development. We can do the taxpayers a big favor if we will simply stop taxing and spending their money, and teaching their children things their parents do not want them taught.

I favor economy in Government for the same reason Calvin Coolidge did; he was concerned with preserving human life. Money is time, and when the Government spends it wastefully, it is stealing portions of our lives.

Mr. TALCOTT. Mr. Chairman, I yield such time as he may consume to the gentleman from Washington (Mr. ADAMS).

Mr. ADAMS. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, I take this time to advise the Committee of the Whole House on the impact of the pending HUD-independent agencies bill (H.R. 14233) on the first concurrent resolution for the fiscal 1977 budget.

If the House were to pass the bill as reported by the Appropriations Committee, $12,944 million in budget authority and $2,573 million in outlays would remain with the portions of the 12 budget targets assigned to the HUD-Independent Agencies Subcommittee. However, there are $8,990 million in budget authority and $2,230 million in outlays for various activities assumed in the first budget resolution which have not yet been considered by the subcommittee. These items not considered include $3,900 million for the EPA construction grant program, $3 billion for the GNMA tandem housing mortgage credit program, and $1,397 million for veterans compensation and benefits.

In addition, as a result of the Appropriations Committee decision not to provide $691 million of the amount requested by the administration to reimburse FHA's general and special risk insurance funds, the Budget Committee expects this amount to be charged against the commerce and transportation function budget target in the form of a permanent appropriation as is allowed under current law.

Thus, after accounting for the items assumed in the budget resolution but not yet considered in this bill, there remains $3,954 million in budget authority and $343 million in outlays allocated to the HUD-Independent Agencies Subcommittee. Of this projection below the subcommittee target, $3,853 million is due to the subcommittee's recommended decrease in the amount of budget authority to become available for HUD's assisted housing activities. This decrease results from both a $175 million reduction in assisted housing contract authoritiy and a change in the mix of assisted housing to be supported as between new construction and existing housing.

With the foregoing information as background, Mr. Chairman, I rise at this time to place before the House some of the problems in the pending HUD-independent agencies appropriation bill on the fiscal year 1977 budget. We have given in the early warning report the amounts that are left within the budget target and the amounts that are provided from the target in this bill, and that indicates that there is a substantial amount of budget authority remaining and a substantial amount remaining in outlays.

This can be very misleading due to the fact, as has been brought out very well in the debate here, that the committee has not appropriated a substantial amount of money allocated to the housing program, which because of the great multiplier effect which occurs when this reduction has reduced the budget authority for housing by over $3 billion.

The point I wish to bring to the attention of the Members of the House today, however, is the danger of amendments to this bill that would raise the total. Because of the interaction in the veterans' functions between entitlements and appropriations we must carefully calculate what is being spent in entitlement programs and be certain the appropriations that this subcommittee has recommended when added to the entitlements do not exceed the target. For example, the Appropriations Committee gave approval to the President's late budget request of $268 million for the construction of certain veterans' hospitals, which is all well and good but it reduces the amount remaining in the target. That is a good program, and I commend the committee for it. However, this item was not in the first budget resolution, and so the new initiatives of the Veterans' Committee are reduced by this amount.

The budget resolution provided an assumption of $1 billion, 397 million for these two kinds of programs for veterans: entitlement programs, which include veterans' cost-of-living increases, and other new initiatives. The $268 million must come out of this, less any savings achieved in other programs.

If the Committee on Veterans' Affairs and the House subsequently provide through entitlement programs the full amounts originally assumed in the budget resolution for other new initiatives and the entitlement caseloads rise as anticipated in the resolution, the target for the veterans' function may ultimately be exceeded by $251 million in budget authority. This comes from our actions yesterday when we approved two veterans' bills, H.R. 14298, the Veterans' Payment Adjustment Act of 1976, and H.R. 14299, which provides for an 8-percent cost-of-living increase for veterans with service-connected disabilities.

Mr. Chairman, I am not at all critical of these actions of the House. I just want to point out that we have at this point very little margin left in this bill, in spite of the very good work that has taken place in the committee, because the allocation has been used up, and there is very little left for the veterans' function.

Mr. Chairman, I thank the gentleman for yielding this time to me at this point.

Mr. TALCOTT. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois (Mr. O'BRIEN).

Mr. O'BRIEN. Mr. Chairman, I thank the gentleman for yielding.

I wish to ask the gentleman from California (Mr. TALCOTT) a question.

I was rather impressed with the remarks made by the gentleman from Colorado (Mr. ARMSTRONG) with regard to the extravagant possibilities of this bill.

However, directing the gentleman's attention to page 24, lines 13 and 15, if I might read from the bill, it says:

> $534,000 for design of nursing home care facilities . . . $500,000 for design of a new blind rehabilitation center.

Mr. Chairman, it strikes me that for design purposes that is an extraordinary sum of money. I wonder whether the gentleman would comment on that. It is on page 24, and the lines are 13 and 15.

Mr. TALCOTT. My understanding is that this is for the design and the early specifications for preconstruction. The $534,000 is based on the scope of the project.

Mr. O'BRIEN. If the gentleman will yield further, it strikes me that a half million dollars for the design of something is an extraordinary extravagance.

Mr. TALCOTT. All I can say is that it is a rather large facility and an important facility. This was the information that was given to us. We thought it was factual.

Mr. YOUNG of Florida. Mr. Chairman, will the gentleman yield?

Mr. TALCOTT. I yield to the gentleman from Florida.

Mr. YOUNG of Florida. Mr. Chairman, I think we can say to the gentleman from Illinois (Mr. O'BRIEN) that the amount of the design cost is actually determined by the cost of the project itself, and the figure is not just pulled out of the air, but it is based on the actual construction cost.

Mr. TALCOTT. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio (Mr. MILLER).

Mr. MILLER of Ohio. Mr. Chairman, I thank the gentleman for yielding.

Last year in the report that we had on the HUD bill, I had made some remarks. I was concerned about one particular item. That was section 8 of the housing bill. In the report it indicated that a family that had two bedrooms could be subsidized up to $622 a month.

If I could have the attention of the chairman, I would like to find out what has been paid. What is the maximum amount that has been paid by the Federal Government as a subsidy to any one family this past year?

Mr. TALCOTT. If I may answer the question, we are only dealing with the HUD programs. We do not have food stamps and welfare and all the other welfare programs. I doubt that we can give the gentleman that information.

Mr. MILLER of Ohio. My concern is not that. My concern is the direct rent subsidy that would be paid under the bill that is before us and which was before us last year.

Last year it was indicated that in New York City there was the possibility of paying one family $622. I wonder whether families actually receive $622.

In the city of Washington, D.C., there was a possibility that a family could receive $374 per month. My question is, What was the maximum amount that was paid to any one family in the United States under the rent subsidy program?

Mr. TALCOTT. The only answer I can give the gentleman from Ohio (Mr. MILLER) is that I do not have the answer. We do not have it here, but it is possible, we think.

Mr. MILLER of Ohio. Mr. Chairman, I thank the gentleman.

Mr. KELLY. Mr. Chairman, I rise to extend my personal congratulations to my friend and colleague, Hon. BILL YOUNG of Florida, for his tenacity and determination in connection with this appropriation bill which includes funds for construction of a new veterans hospital at Bay Pines, Fla.

BILL and I have been personal friends for many years—long before my election to Congress in 1974. And I can say to you today that the ability he has demonstrated in working for approval of a replacement hospital is why his constituents continue to elect him by large margins.

BILL YOUNG knows the needs of his constituents—many of whom are veterans—and he works around the clock to try and provide their needs. In this particular instance, it has been a fact for years that the Bay Pines medical facility for veterans is obsolete and inadequate. Yet, it was not until BILL started his campaign for a new hospital that the powers that be in Washington began to take any official notice of that need.

BILL's persistence is responsible for the Presidential decision to give the green light to the Bay Pines construction project, and I am convinced that had he not been persistent, Bay Pines would still be at the bottom of the Veterans' Administration's construction priority list.

As a former constituent of BILL's—he was my Congressman during his first term—I join with the veterans of Florida in the accolades he deserves for this fine effort.

Mr. SIKES. Mr. Chairman, as a member of the House Appropriations Committee, I am well aware of Congressman Bill Young's diligent efforts to secure the funds contained in the HUD-independent agencies appropriations bill for construction of a replacement hospital at Bay Pines.

For those unaware of the long, hard hours put in by Bill Young over the past 2 years to gain approval of this project—first by the President and then by the Appropriations Committee—I would like to take this time to express my sincere appreciation for his determination not to give up when, at times, the lengthy and bumpy road to final approval seemed unending. The untiring efforts employed by my good friend from Florida to gain Presidential approval of the Bay Pines project are worthy of special praise for, in my opinion, Bill's persistent endeavors on behalf of the veterans of Florida had a significant impact on Presidential approval of modification and/or construction funds for the other seven VA hospitals included in this bill.

Bill Young rightfully deserves special recognition by all veterans for his determination to have the "proposed" Bay Pines project become a reality—others have failed where only he has succeeded—and I join many of my colleagues in commending Bill for his outstanding achievement.

Mr. McDADE. Mr. Chairman, I rise in support of H.R. 14233, appropriations for the Department of Housing and Urban Development and independent agencies, and urge its adoption by the House.

I wish to commend subcommittee chairman, Edward P. Boland, and ranking minority members, Burt L. Talcott, for their cooperation and for the very fair manner in which this bill has been handled.

Mr. Chairman, I am very pleased that the subcommittee accepted a new amendment providing $534,000 to begin planning and design work on a new extended care wing for the Wilkes-Barre Veterans' Administration Hospital. There is a tremendous need in northeastern Pennsylvania for nursing care facilities. The State as a whole has the third largest veterans population in the Nation. The present occupancy rate of existing nursing beds in northeastern Pennsylvania is nearly 99 percent. My offices are repeatedly contacted with pleas from veterans and their families to locate nursing care facilities, yet today eligible veterans wait months for admission to private homes in my area.

The Veterans' Administration has admitted the need for this facility but has yet to get the project underway. Approval of these planning funds by the House today will be a major step in making this critically needed extended care facility available to veterans in northeastern Pennsylvania.

Mr. KEMP. Mr. Chairman, I rise in support of the $200 million for payment of reimbursement claims to cities which began construction of wastewater treatment facilities between June 30, 1966, and July 1, 1972. This $200 million would be appropriated to the Environmental Protection Agency through title II, the Independent Agencies Appropriations Act for 1977, of the bill now before us. The city of Buffalo is such a city.

I am fully aware, especially as a member of the Committee on Appropriations, that there are many different priorities among Members of Congress, that what is my priority is not necessarily that of another Member and vice versa, and that the Federal Government does not have enough tax dollars to take care of all priorities. The Congress and the Federal Government cannot do everything. But it seems to me that more could have been done here, although I am deeply grateful to the chairman of the Subcommittee on HUD and independent agencies, Mr. Boland of Massachusetts, to the ranking Republican member, Mr. Talcott of California, and to the other members of that subcommittee for having provided this $200 million. This is the figure contained in the appropriations bill now working its way through the Senate too, but the administration requested no funding for reimbursement claims.

At a time when the Federal Government ought to maximize the impact of every dollar it spends, these appropriations take on a critical character. How much more intelligent it is and how much more beneficial to our communities and their residents it is to spend money for these permanent works of improvement—which leave lasting, physical benefits in the community and help us fight pollution of our waters—than to spend the same amount of money on make-work, public service jobs.

Calling a job a job does not make it a job. To be a real job, as defined by economists, it must be productive. I do not subscribe to the notion that Government ought to address the problem of high unemployment by automatically putting people on its own payroll. Instead, I believe Government ought to remove the disincentives to jobs creation in the private, productive sector of our economy—disincentives found in our tax laws, our regulatory policies, et cetera. But, as long as Government is going to address the problem of high unemployment by using its dollars to create employment and that is the present policy, then I firmly believe we should use those dollars for activities which leave, as I indicated just a second ago, permanent, physical benefits within the community.

It makes more sense to me as a matter of policy, economics, and even politics—and to the vast majority of taxpayers as well—to use Federal dollars to complete a sewage treatment facility than it does to conduct a dog census, the former being somewhat more possible through the bill and the latter being a specific example from the Federal public service, CETA jobs program in the Buffalo area.

Let me be more specific.

The qualifying reimbursement claims under section 206(a) of the Federal Water Pollution Control Act total $665 million. After the administration requested zero-funding for these claims for fiscal year 1977, it took substantial courage to ask for anything, but testimony before the subcommittee supported a funding level of $400 million, a reasonable compromise. The subcommittee and committee approved the $200 million to which I have referred, an understandable but less reasonable compromise. Yet, Congress will spend nearly $6 billion—13 times the additional $465 million over the $200 million to be provided here—for various public service, make-work jobs programs this year. It just does not make sense to spend a $1 to help create jobs which do not leave the community with permanent benefits, when we could spend the same $1 to help create jobs which do provide such benefits. Given the choice between public works on one hand and public service on the other, logic alone tells us we get more for our money by going heavily in the direction of public works.

Jobs are indeed what is at stake here, and let me use the example of Buffalo to discuss the way in which the problem here arose, and it applies to many cities and towns across the country.

Among other things, the Federal Water Pollution Control Act amendments in 1972 did two things of relevance here. It changed the Federal share on construction projects of this nature from 40 to 55 percent, and it allowed payment for reimbursement claims to cities which began construction of wastewater treatment facilities between June 30, 1966, and July 1, 1972, of which there were nearly 4,500 projects, ranging from very small to very large. This reimbursement provision applied retroactively, paying the communities for work already performed and consistent with the objectives of the Federal water pollution control program. In contrast with this type of payment we have the more customary commitment to projects yet to be built, the type of commitment strongly supported by the two most recent administrations and the administering agency, EPA.

We ought not to forget that the 1972 legislation was debated in atmospheres of very strong differences of opinion between the administration and the Congress and of confusion caused by impoundment of funds, lawsuits, threats of veto, and so forth. The 1972 law went onto the books, but that did not guarantee its implementation. As a matter of fact, the administration just more or less took the position that the specific provisions in the legislation which it opposed when it was working its way through the legislative mill would find no support within the administration once they were on the statute books.

Congress, on its own initiative, appropriated $1.9 billion for these types of payments, but all of that has now been spent, only reimbursing the communities up to approximately two-thirds of eligibility. No new budget authority for these payments was requested by the administration this year. The authorizing committee, the Committee on Public Works and Transportation, made provision for up to $400 million for these reimbursement claims in its report to the Committee on the Budget for preparation of the first concurrent resolution on the budget, and the Committee on the Budget accepted this level.

My friend and colleague, Congressman Henry Nowak, who represents the area where the Squaw Island sewage treatment plant is being constructed and the city of Buffalo which it will serve when completed, testified before the Subcommittee on HUD and independent agencies in support of this funding. The subcommittee provided the $200 million in the title now before us. He and I have discussed the possibility of offering a floor amendment to the title now before us, an amendment to increase the appropriation beyond the $200 million mark, but we have decided not to offer such an amendment in deference to the subcommittee's decision and because we do not want the probable failure of the amendment to jeopardize the $200 million already provided in the title as it works its way through the process of becoming law. We remain both deeply concerned over the inadequate funding for this project and fully committed to trying to keep the plant construction from grinding to a halt.

This $169 million secondary treatment plant was started in 1970 and is about 35 percent complete. It is scheduled to be in operation in 1980. The Federal share of the project is presently $93 million, rising to that level from the $67 million Federal commitment prior to the 1972 amendments. The problem here, as I have indicated, is that EPA does not prefinance this type of project. The Buffalo Sewer Authority must first pay for the construction of the project, and then obtain reimbursement for the Federal share. This means that in order to keep this project from closing—wiping out 400 jobs directly and jeopardizing as many as 3,500—bonds will probably now have to be sold to finance the plant's construction, and marketing bonds issued by public authorities in New York State is now not the easiest of ventures. This may be made somewhat easier if an amendment to the environment protection authorization bill to permit the Federal Financing Bank within the Department of the Treasury to guarantee such bonds if they are at percentage variance with the national norm becomes law, an amendment offered by Congressman Nowak, a member of the committee which reported the measure.

Appropriations provided to date for these reimbursement claims have brought the Federal matching share to about 42 percent. What this measure now before us would do is to increase it to about 45 percent. Thus, we still have a long way to go to honor the Federal commitment of 55 percent, and I would hope that in determining its priorities for the President's proposed budget for fiscal year 1978, which will be submitted this coming January, that the administration moves in the direction of more fully honoring this commitment without increasing total budget expenditures.

In the meantime we will work by whatever means possible to keep this plant from closing down and these jobs from being jeopardized.

Mr. CHAPPELL. Mr. Chairman, the appropriation bill now before this House contains a measure which will mean much to the veterans of our country, in particular our veterans living in the State of Florida. The section to which I refer is that one providing for the funds for the design and construction of a replacement hospital at the Veterans' Administration facility at Bay Pines, Fla. This new installation is one which has been sorely needed for many years, and it is through the diligent and determined efforts of my distinguished colleague from Florida, Bill Young, that this new hospital will no longer be a hoped for dream but within the span of a few short years, a living reality. After holding extensive hearings in his congressional district, Bill Young presented President Ford with a detailed and exact report as to the need for a new hospital, which resulted in a personal visit by the Administrator of the Veterans' Administration to the existing facility at Bay Pines. Later fortified with the Administrator's favorable recommendations, Bill Young persuaded the President to pay a personal visit to the Bay Pines Hospital and evaluate the need for himself. In the ensuing months he worked closely with the Executive on this project and on May 11, 1976, after nearly 2 years of intensive effort on his part, he received the announcement of formal Presidential approval for the construction of the new hospital. Today, as the appropriation of the necessary funds are voted through the House, seems to me the appropriate time to congratulate Bill Young on the success of his efforts, and to commend and thank him on behalf of all of the veterans of the United States for this new and very great benefit which has been provided for them because of his diligent and dedicated work. It is proper to say well done—and thank the distinguished gentleman from Florida, Bill Young.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, I rise to restate the concern so ably expressed by the gentleman from Ohio (Mr. Ashley), the chairman of the Housing Subcommittee.

In conference on the housing bill, we grappled with this issue of minimum and maximum set-asides for new construction of section 8 housing, examining various formulas and percentage figures before coming to the realization that not only the most practical but most equitable course of action was not to set either a minimum or maximum but to let the communities affected decide just how much new construction they wanted.

The Committee on Appropriations said they agreed with this process, but then they did something very different. On page 5 of the report, they said:

> The original concept of the Section 8 program, which was conceived to allow communities flexibility to decide whether new or existing housing units were necessary, depending on actual local economic conditions.

The clear message contained in first-year housing assistance plans reveals that communities want three new units for every two existing units requested or 60 percent new construction.

I would only urge the gentleman from Massachusetts, for whom I have the greatest respect, to be guided by the spirit of the authorization legislation and take the necessary steps in conference with the Senate to do away with this low maximum allowance for new construction of section 8 housing and rely on the requests of the local communities.

Mr. FLORIO. Mr. Chairman, I was very pleased with the inclusion of $3.7 million in the fiscal year 1977 HUD-independent agencies appropriations bill in order to conduct design and architectural studies for the planned construction of a Veterans' Administration Hospital in Camden, N.J.

For too long, veterans in South Jersey have been forced to seek medical assistance outside our State placing an emotional and financial strain on themselves and their families. Thus this appropriation marks a very important first step in the delivery of health care services to South Jersey veterans. However, I have recently been informed by the Veterans' Administration that the selection of an architect/engineer to conduct these design studies will not take place until program requirements for the proposed hospital have been completed.

Since these funds will become available in October of this year, I hope that the development of program requirements and selection of an architect/engineer will not serve as an obstacle to construction beginning at the earliest possible date.

Mr. HALEY. Mr. Chairman, I wish to take this opportunity to commend the gentleman from Florida (Mr. Young) for his outstanding efforts in securing the funds necessary for construction of a much-needed replacement hospital at Bay Pines, Fla.

I will not go into the details regarding the extensive reports gathered by Mr. Young and other interested parties in support of constructing this new facility; I believe Bill has clearly documented the need for a replacement hospital in his earlier statement.

I wish only to express my sincere gratitude to Bill for his untiring efforts to secure this long sought after facility. Presidential approval of the Bay Pines project in May of this year, as well as approval by the House Appropriations Committee, culminated nearly 2 years of concentrated efforts on Bill's part to secure such funds. Because of his steadfast dedication and perseverance, Bill Young has accomplished what others have unsuccessfully tried to accomplish for many years. The State of Florida and its increasing veteran population owe a debt of gratitude to Bill Young for his achievements in this important area and I, for one, wish to be included among those expressing thanks for a job well done.

Mr. BAFALIS. Mr. Chairman, the concept of medical care benefits for our veterans stems from 1866, when the Congress established the National Home for Disabled Volunteer Soldiers. Since that time, the responsibility to care "* * * for those who * * * have borne the battle * * *" has been indelibly imprinted in the American conscience. Our colleague, Congressman Bill Young, has effectively demonstrated here today what one man's commitment to this concept really means through his efforts in leading to passage the VA appropriations bill which contains the necessary funds to construct a replacement VA hospital at Bay Pines, Fla.

I want to commend Bill for his tireless efforts in achieving this goal, efforts that began 2 years ago and succeeded while others tried and failed. Bill knew that he would need a Presidential OK before the VA could move ahead with plans for a new facility at Bay Pines and he also knew that he would need to get an appropriation approved.

With these goals in mind, Bill put the wheels in motion to accomplish them. The first was achieved when, on May 11, President Ford gave his stamp of approval to the project. Then, on June 1, the Appropriations Committee approved the construction funds for Bay Pines and today, the full House has given assent to this project.

A new hospital for veterans will now be built at Bay Pines and I know that veterans everywhere join with me in saying to Congressman Bill Young, a hearty "thank you."

Mr. FREY. Mr. Chairman, I would like to take this opportunity to commend the gentleman from Florida, Congressman Bill Young for his work in getting a replacement veterans hospital at Bay Pines. Bill has worked many long and arduous hours in insuring that the necessary studies, surveys, and recommendations of various architectural and engineering evaluation reports were not done in vain.

Bill initiated action in every step of the long process necessary to get the Presidential approval which was needed for this project. He was determined that a new veterans hospital would be built and not just talked about, as had been the case for so many years. Bill promised his constituents a new hospital and if you know Bill like I do then you know he is a man who keeps his word. Bill has this reputation in Congress, if he promises you his support, you can count on it—for he has never as long as I have known him gone back on his word.

Since 1974 when Bill first started working on this project, he has worked very hard in contacting the appropriate officials, following through on all the main phases in the appropriation process and insuring that things kept moving in an orderly and timely manner—the final result comes today when the House approves funds to construct the veterans hospital at Bay Pines.

I join with the thousands of veterans throughout the State of Florida in bestowing a "well done" to Congessman Bill Young.

Mr. RIEGLE. Mr. Chairman, today we are considering 1977 appropriations for the Department of Housing and Urban Development. I believe this is an appropriate time to consider what the Federal Government's commitment to the cities should be in the future. I have taken a hard look at the problems common to many cities in America and have consulted with mayors, city councilmen, and other officials of government and other community leaders in major metropolitan areas of Michigan. At this time, I would like to outline my proposals for a new strategy for our cities.

THE PLIGHT OF THE CITIES

Everyone knows that our Northern industrial cities are in deep trouble. The fiscal disaster threatening many cities is the latest symptom of this urban crisis.

Across Michigan, virtually all our cities are experiencing severe budgetary problems. Detroit faces a projected fiscal year 1977 deficit of $103 million, is raising property taxes 22 percent, and may lay off 825 policemen this July 1. In order to meet a $4.4 million deficit, President Ford's home town of Grand Rapids is raising property taxes, and proposing that city employees work only a 36-hour week—in effect, a 10-percent pay cut. Saginaw is considering budget cuts in police, drug abuse, affirmative action, and recreation programs. Lansing is raising taxes by 1.9 mills and 23 of 40 departments are being cut. Warren is raising taxes by 1.8 mills and laying off 67 employees to meet a projected $4.3 million deficit in a budget of $25 million.

Behind these budget problems is a familiar, vicious cycle of urban decay. People and jobs flee the cities as urban taxes and social problems increase. This population and economic decline weakens municipal governments' tax base. And financially strapped city governments are then forced to raise taxes, and cut important city services—which only adds to urban problems, causing the loss of more people and jobs. Left to itself, this cycle of decay can only accelerate and worsen—as is happening now.

The 10 years I have represented the city of Flint in Congress, and my 6 years on the District of Columbia Subcommittee of the House Appropriations Committee have given me a first-hand grasp of urban problems. Many of the problems of city residents are not unique. They are the same as the problems faced by all Americans: High unemployment and skyrocketing inflation, inadequate health care and education, and rapidly increasing crime. As national problems, they require a major new problem-solving commitment by all levels of government, by the private sector, and by individual citizens.

Past Washington programs to help the cities have been inadequately funded, poorly managed, and sometimes deliberately sabotaged for political purposes. With some exceptions, urban renewal programs have often not produced the results hoped for—while people have been displaced from established neighborhoods often the replacement housing have been high rise public housing units where the same endemic problems persist. Brick and mortar revitalization is important, but by itself is not the answer to our urban crisis. All future urban renewal efforts must be part of a comprehensive plan that addresses all aspects of the urban dilemma.

The model cities program which began with such promise in 1966, was expanded for political "pork barrel" purposes to 150 cities without any increase in the already inadequate funding level. And, as Detroiters well know, mismanaged and corrupt housing subsidy programs of the Department of Housing and Urban Development—HUD—have led—in Detroit alone—to over 25,000 foreclosures, 10,000 boarded-up or destroyed homes, and over 200 convictions of former HUD officials and real estate speculators.

I believe fixed deadlines should be established for HUD to clean up the HUD mess in Detroit and other cities. If HUD fails to perform, I would propose that HUD-owned properties then be automatically deeded to the city involved—with 90 percent of the cost of clean-up billed to the Federal Government for payment.

During my years in Congress, I have fought against the attempts of President Nixon—and now President Ford—to dismantle or sabotage programs that help people in our cities. Presidents Nixon and Ford have tried to destroy the Office of Economic Opportunity and other programs to help the poor—they have consistently tried to cut funding for urban programs—they have impounded funds for child nutrition, employment and job training, economic development, and alcoholism and drug abuse programs. It should be no surprise that this Nixon-Ford administration has also consistently mismanaged programs to help our cities—it has never shown real commitment to the cities.

We need new national leadership to turn this country's priorities around. The Federal Government must be seriously committed to a new partnership to help our cities, combining the best efforts of the private and the public sector, of Federal, State, and local government. The Government must be committed to a new strategy for our cities, a strategy that will emphasize the needs of urban residents and not the enrichment of bureaucrats or grandiose construction programs.

Here are the most important initial steps that must be the basis for a new strategy for the cities:

First. The Federal Government must begin by fixing up the damage it has done—starting with the HUD disaster. HUD has already destroyed whole neighborhoods, and cost every citizen in Detroit 20 percent on his or her house; 500 Detroit homes a month come into HUD's possession—and it still takes HUD's Detroit office an average of 21 months to dispose of a house once it is repossessed.

HUD must live up to its responsibilities and clean this mess up on a priority basis. And if HUD continues to prove its incompetence, then perhaps Washington should give the city of Detroit enough money and technical assistance, and let the city repair the disaster. The money is there if HUD would stop wasting it: nationwide, HUD has already lost $2.1 billion on foreclosed mortgages, and is spending over $410,000 per day just to keep its repossessed houses empty.

Second. The Federal Government would give up a small proportion of its vast tax revenue by offering positive incentives to attract private investment that can begin to revitalize our cities. By means of an "Urban Development Tax Credit," the Federal Government could offer a corporate income tax credit for any industry or business capital invested in a core city area. A declining percentage of the original investment would be credited against the corporation's Federal taxes over a period of years. The tax credit would include rehabilitation and renovation as well as credits for new construction. And this tax credit should vary according to the unemployment rate and other indicators of urban problems in a particular city.

Additional tax credit incentives should be established that could help finance the training and hiring of the structurally unemployed. We need active job creation and job-training programs if we are to stabilize and revitalize our major urban centers.

Third. The impending bankruptcy threatening our cities could be turned around if the Federal Government assumed the total costs of welfare services. Welfare cost State and local governments a total of $7.9 billion in 1975. Cities simply do not have the tax base to support these massive expenditures, especially with the many welfare standards being dictated by Washington.

This can be accomplished with full employment policies, trimming down the cost of Government with executive branch reorganization and a shift in national spending priorities.

Fourth. General revenue sharing must be renewed and expanded, and reformed to give more money to local governments in needy areas. Revenue sharing would then be better able to alleviate some of the fiscal disadvantages facing our older industrial cities.

We should also adopt a new countercyclical revenue sharing program to help out areas with high unemployment during national recessions. Because of the current recession, local governments have been forced to raise taxes and cut needed services—yet this recession was caused by inept, destructive national economic policies. Again, the Federal Government must accept the financial responsibility for the damage it has done.

Fifth. The Federal Government should give full support to innovative, locally developed proposals such as the "Moving Detroit Forward" plan for Detroit's economic revitalization. "Moving Detroit Forward" would combine the efforts of the Federal, State, and local governments, and the private sector, in a comprehensive approach that would provide jobs and industrial-commercial development, improve housing and transportation, and help reduce crime.

Our cities need this kind of new approach. But so far, the administration has turned a cold shoulder to Detroit's self-help efforts.

By adopting the above five proposals, Washington would simply be giving urban areas the financial ability to solve their own problems. Because the Federal Government has effectively preempted the most efficient revenue source, the progressive income tax, only the Federal Government possesses the financial resources needed to solve the cities' problems. Local officials can only be imaginative if we give them the chance to think beyond next month's budget.

We must also continue to foster the creation and strengthening of local community-based citizens' organizations, block clubs, civic associations, and organizations like Focus Hope, the Wayne County Equal Justice Committee, Women's Concerned Council, and others like them which need encouragement and active support. The people of our cities must have a major say in the development and in the plans for revitalizing our cities and an active and direct operational involvement in implementing these plans. Ultimately, we must rebuild our cities from within—and the people of the cities must have the chance to regain control over their own destiny.

But the Federal Government must go beyond giving urban areas a chance, and take new initiatives in national priority areas. These initiatives must focus on the real needs of all Americans, including urban residents, and not on grandiose HUD construction schemes. These priority initiatives include:

1. JOBS

Nothing will do more to reduce urban crime, raise real incomes, revitalize the economic base of cities, and give ghetto residents a new sense of power, then to create meaningful, productive jobs for all Americans. This requires a national full employment goal, and the use of monetary and fiscal policy to achieve that goal.

In addition, job-creation efforts must be targeted toward the cities in order to help these regional pockets of unemployment.

2. TRAINING

Structural unemployment is a serious problem in our cities, particularly among young people. This situation could be helped by special tax credits for job training by private employers, and Federal support for nonprofit job training programs controlled by local communities. In addition, we should place more emphasis on area and regional trade schools to provide training in the evermore sophisticated skills required by today's job market. I favor national tuition-free trade-school training for 2 years beyond high school—and the commitment of Federal resources needed to make this possible.

3. ADEQUATE HEALTH CARE

Adequate, affordable health care is often unavailable to those Americans who need it most—including city residents. I have long advocated a national program of health insurance which must include certain basic fundamentals: Coverage should be universal, benefits should be comprehensive, it must provide for cooperation between the medical community and the public, and it must be readily available at a reasonable cost. We are the only industrialized Nation in the world which does not provide basic health services as a universal right—and that has to change.

4. A GOOD EDUCATION

Education is the traditional American road to opportunity. Yet in too many inner cities, public schools have broken down, violence and drug abuse in the schools are on the increase, and police patrol the corridors.

Part of the problem is financial. Currently, the Federal Government only pays for 4 percent of education costs in Michigan. I have consistently fought to increase Federal support for education.

But in addition, we must seek to increase local community involvement in and support for the schools. Since my election in 1966, I have been the major advocate in Congress for the community school concept. I introduced the Community School Center Development Act in 1971 and again in 1973, and continued to fight until the final version of the bill, establishing a national community school concept, and believe it has great potential for making our inner-city schools into true learning centers within strong local communities.

5. CRIME

Rising crime is turning our inner-cities into war zones where people are forced to live in fear. Every resident of a metropolitan area has a chance of 1 in 125 each year of being a victim of homicide, rape, assault, or robbery. And in a recent national survey, half of the women and one-fifth of the men said they were afraid to walk outdoors at night.

Swift, certain punishment for violent crimes must become a priority. We must commit more resources to our court systems to acquire additional judges, prosecutors, and defense attorneys, and thus insure speedy, fair trials. The police must work to develop greater community cooperation.

But that is not enough. Crime will not be much reduced unless we are willing to take the additional steps I have outlined above, and provide people with jobs, decent schools, and adequate housing.

Our major urban centers are facing a whole new kind of transportation problem that is not being adequately addressed. It involves the growing reliance on daily commuter traffic in private automobiles and the absence of efficient and accessible mass transportation alternatives. New technological breakthroughs have to be achieved to provide a balanced transportation system in highly concentrated metropolitan areas. With Michigan's long-standing national dominance in the field of car and truck design and production, I feel we possess the capability within our State to take the lead in designing and building the mass transportation systems of the future. I believe we have within the management and labor force of the automobile industry in our State the talents and vision that can let us be the transportation capital of the United States and the world. I intend to do all I can to advance this concept as we work to plan our economic future, as a State and as a nation.

By taking all these initiatives, we can enhance the capability of urban areas to deal with their own problems, and improve the quality of urban life. But nothing will happen unless we develop a sustained national commitment to our cities—and for that we need national leaders who speak out on behalf of the people in our cities.

The one-third of all Americans who live in cities are a vital cross-section of our country: senior citizens struggling to make ends meet, World War II veterans thrown out of work by the current recession, young people who cannot find a job or a good education, families living in inadequate housing, ethnic communities—both black and white—with their own rich cultures and ways of life.

All of us are Americans. All of us face similar problems. The excessive antagonism between city and suburb, industrial centers and rural areas, black and white, the middle class and the poor, has poisoned our national life too frequently in the past. We must all work together, for the common interest of all, if we are to accomplish anything.

I believe that the strategy I propose for the cities is a good starting point for such a partnership. By combining Federal support with local effort and private initiative—by helping people at a grassroots level, both in and outside of our cities—we can unite in support of a common program that includes all of us, and invites everyone's best efforts. We must move in this direction without delay. For the price of delay is only more division and bitterness in our country, and a slow death to the hopes we all hold for America.

Mr. CONTE. Mr. Chairman, I rise in support of this bill making appropriations for the Department of Housing and Urban Development and some 13 independent agencies and offices. This bill covers a wide range of programs and agencies and I will, therefore, confine my remarks to those areas which are of particular interest and concern.

This bill provides $750 million for loans to finance housing for the elderly or handicapped. This sum will provide about 30,000 additional units of housing for the elderly. I was pleased that the committee recommended placing this program back on budget beginning next year. As needed and worthwhile as this program is, there is no justification for excluding a program of this size from the budget.

Another worthwhile program provided for in this bill covers community development grants. The bill provides $100 million to insure that smaller communities in standard metropolitan areas receive community development support.

This earmarking of funds is the least expensive, most direct and effective way to achieve some measure of equitability among community development recipients—a matter of special importance to districts such as mine containing metropolitan areas with small towns. While particularly serious urban problems must continue to be addressed according to their priority, the participation of small rural communities in the community development program must also be provided for.

Another excellent program covered in this bill is the rehabilitation loan program. This program has proven itself to be an effective approach to the problem of urban decay by encouraging the rehabilitation of the inner cities. This appropriation of $25 million, when added to an estimated $30 million in loan repayments, will provide an adequate level of funding for on-going activity under this program.

Among the independent agencies, I would like to draw my colleagues' attention to the provision of $200 million to the Environmental Protection Agency for construction of municipal wastewater treatment plants. This will provide reimbursement to these cities which began such construction between 1966 and 1972, but received less than the full statutory share of reimbursement authorized by the Federal Water Pollution Control Act.

These funds will provide needed assistance to these communities in which wastewater treatment works are currently under construction, as well as those in which construction has already been completed.

This bill also contains funds for the Veterans' Administration, which administers benefits for about 29.5 million veterans, 63 million family members of living veterans, and 3.8 million survivors of deceased veterans. More than 96 million people, comprising about 46 percent of the total population of the United States are potential recipients of veterans' benefits provided by the Federal Government.

The programs funded in this bill are among the most comprehensive and generous any nation in the world provides for its veterans—programs which I enthusiastically support because I believe we owe a tremendous debt to those who have so gallantly given of themselves for the defense of our country.

The 171 hospitals and other medical facilities in the VA system comprise the Nation's largest organization for health care delivery. Direct and guaranteed housing loans have been issued to date to more than 9 million veterans and servicemen.

The life insurance programs administered or supervised for the benefit of servicemen, veterans, and their beneficiaries provide coverage exceeding $99 billion to some 8.2 million policyholders.

Mr. Chairman, the funds provided in this bill for veterans demonstrate our continuing commitment to the security and well-being of our men and women in uniform.

In short, Mr. Chairman, the funds in this bill are for a variety of worthwhile and much-needed programs and I urge my colleagues to adopt this measure.

Mr. TALCOTT. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. There being no further requests for time, the Clerk will read.

The Clerk read as follows:

Housing Programs

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

The additional amount of contracts for annual contributions, not otherwise provided for, as authorized by section 5 of the United States Housing Act of 1937, as amended (42 U.S.C. 1437c), entered into after September 30, 1976, shall not exceed $675,000,000 including not more than $25,000,000 for the modernization of existing low-income housing projects, which amounts shall be in addition to balances of authorization heretofore made available for such contracts: *Provided*, That the total new budget authority obligated under such contracts entered into after September 30, 1976, shall not exceed $14,608,390,000, which amount shall not include budget authority obligated under balances of authorization heretofore made available: *Provided further*, That of the total for contracts other than for modernization provided by this Act, not more than 25 per centum shall be allocated to contracts to make assistance payments with respect to new or substantially rehabilitated housing: *Provided further*, That of the total herein provided, excluding funds for modernization, not less than $120,000,000 shall be used only for contracts for annual contributions to assist in financing the development or acquisition of low-income housing projects to be owned by public housing agencies other than under section 8 of the above Act: *Provided further*, That of the amount set forth in the third proviso, not less than 15 per centum shall be used only with respect to new construction in nonmetropolitan areas.

Mr. ARMSTRONG. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

The CHAIRMAN. A quorum of the Committee of the Whole has not appeared.

The Chair announces that a regular quorum call will now commence.

Members who have not already responded under the noticed quorum call will have a minimum of 15 minutes to record their presence. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 433]

Adams
Alexander
Andrews, N.C.
Annunzio
Ashley
AuCoin
Badillo
Beard, Tenn.
Bolling
Burton, John
Byron
Clay
Conlan
Conyers
Daniel, Dan
Dent
Derrick
Devine
Diggs
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
Edwards, Calif.
Eshleman
Evins, Tenn.
Flynt
Fraser
Ginn
Harsha
Hawkins
Hayes, Ind.
Hays, Ohio
Hébert
Heinz
Helstoski
Hinshaw
Howe
Jarman
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Karth
Kastenmeier
Kazen
Kemp
Landrum
Leggett
Litton
Long, La.
McDade
McDonald
McEwen
McKinney
Mathis
Matsunaga
Mazzoli
Metcalfe
Mikva
Milford
Minish
Moorhead, Pa.
Mosher
Murphy, N.Y.
Neal
Nichols
O'Hara
O'Neill
Pepper
Rees
Reuss
Riegle
Roe
Rosenthal
Santini
Sarbanes
Scheuer
Schneebeli
Shuster
Solarz
Staggers
Stanton, James V.
Steiger, Ariz.
Stephens
Stuckey
Sullivan
Teague
Tsongas
Udall
Ullman
Waxman
Wiggins
Wirth
Wright
Young, Alaska
Young, Tex.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. PRICE) having assumed the chair, Mr. BERGLAND, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 14233, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 335 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the journal.

The Committee resumed its sitting.

AMENDMENT OFFERED BY MR. ARMSTRONG

Mr. ARMSTRONG. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ARMSTRONG: On page 2, line 10, strike out "$675,000,000" and insert "$145,000,000"; and

On page 2, line 16, strike out "$14,608,390,000" and insert "$5,325,000,000".

Mr. ARMSTRONG. Mr. Chairman, the purpose of this amendment is to strike from this appropriation bill the funding for the section 8 housing program. Some of the Members may recall that 1 year ago I engaged the subcommittee chairman in the colloquy to ascertain certain basic facts about this program which, frankly, seemed so farfetched and shocking, to me, that I could scarcely believe the information furnished to me by staff.

I want to report to the Members that I have just engaged the chairman in a similar colloquy immediately prior to the quorum call, and the information I am about to give the Members regarding the rent subsidy program is, therefore, officially confirmed.

First of all, section 8 is a rent subsidy program that rests on the idea that we ought to subsidize people who cannot afford to pay their rent.

How much is the subsidy?

It depends upon the so-called fair market rental value in each city, but it ranges from $2,200 per year to $8,100 per year.

Who can qualify for this program?

Nobody knows for sure, but the indication is, from a study done in Peoria, Ill., that up to two-thirds of all renters could qualify. The Secretary of HUD indicated to me that perhaps 17 million Americans could qualify for subsidy under this program. If 17 million people qualify, and the average annual costs were, say, $3,000 per year for subsidized rental units, we would be talking about a program that would cost, up to $50 billion a year. Indeed, in just 2 years since this program came into existence, we have authorized the Department of HUD to commit over $49 billion in ultimate runout costs.

Let me explain that this is not one of those programs where they go out and spend the money and then come back a year later and say, "Here is how we did it," and give the Congress the chance to review the expenditure to see whether or not it is wise, to see whether or not it is necessary and to see whether or not it is a good idea in the first place, whether it should be continued.

This is a program in which the Congress of the United States has authorized the Department of HUD to make commitments 35 years at a crack. Again let me say that in 2 years, with the passage of this bill, we would have authorized nearly $50 billion in ultimate runout costs.

It seems to me that this is not only an unfair program that lacks fundamental justice—and I would like to explain why—but it is simply a program that is so large that we cannot begin to afford it. And from the standpoint of justice, how can it be fair to tax the people of this country to pay subsidies on a scale of $8,000 a year for rent, bearing in mind that many of the same people who receive subsidies under this program are also receiving subsidies under AFDC, food stamps and other programs?

We already have in this country a class of people who are receiving subsidies in excess of $10,000 a year. There is a substantial number, although a small percentage, who are receiving subsidies as large as $20,000 a year.

I say to my colleagues that the average family income of taxpayers in this country is $12,836 per year. It just does not make sense to ask people who are paying taxes on income of $12,000 to support subsidies to people who do not work and get $10,000, $12,000, $15,000, $18,000, $20,000 a year. That is simply unjust.

But the ultimate problem with this program is that if we let it go on at its present pace, it will quickly begin to be the kind of program that we have in social security, an enormous unfunded liability. On its present basis, no one can deny that if we permit to be committed $50 billion in less than 2 years it will come to $400 billion or $500 billion within the next decade or so.

Mr. Chairman, the purpose of my amendment is to strike all of the funding out of the bill for this program.

Is this a drastic solution?

Some may think so. But it seems to me that since the committee has had the opportunity to bring reform legislation to us since last year, it is a perfectly responsible answer to the problem.

Indeed if my amendment should prevail, I assume that the response would be to quickly hold hearings and bring out reform legislation that would permit us to help those people who truly need and deserve our help while eliminating the excessive costs and the abuses inherent in this program.

So, Mr. Chairman, I hope that my amendment will be adopted.

Mr. BOLAND. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, we are plowing the same ground that we have plowed before. A similar amendment was offered last year by the gentleman from Colorado (Mr. ARMSTRONG). I appreciate his remarks, and I understand his feeling. One is either for the section 8 program or one is opposed to it.

The section 8 program happens to be about the only subsidized housing program we have. It was conceived and it was born in the 1974 Housing Act, and it was supposed to be the answer to a lot of problems that we had in the public housing, rent supplement, section 235 home ownership assistance, and section 236 rental housing assistance programs. Those programs were suspended as of January 5, 1973, and in 1974 the Congress at the behest of the administration adopted this new section 8 program. That was to be the answer, as I say, to all the problems that had been afflicting the subsidized programs that we had been engaged in for many, many years.

So the gentleman is correct. What he does here with his amendment is to kill the section 8 program. The section 8 program again is devised for low- to moderate-income families and what the gentleman says about it is correct in many aspects. It is an expensive program.

Is it worth it? We ought to give it a chance. It has only been in existence now for a couple of years. We do not have a very great number of units that were constructed under it.

The section 8 program also comprises subsidies for existing housing, housing that is already in existence, and the subsidy for that particular type of housing is lower. It does not run to $8,000 a year. It provides an average subsidy of about $2,700 a year.

Under the section 8 program those who are participating are paying between 15 and 25 percent of their annual income toward the rent, and the subsidy is the difference between what they pay and what the fair market rent is. It is high in New York for new construction, 2-bedroom apartments with elevators. The fair market rent in New York is about $8,200 for that type of unit. But it is not the same in all sections of the United States. I do not know what point the least common denominator would reach, but it would be smaller.

I am aware that someone can be subsidized to the extent of $8,200, but that is the exception. When we talk about the 17 million people who could participate in this program, that is also theoretically true, but the fact is the program will never be that large.

This bill does not come close to providing for all those units that could be eligible for the section 8 program.

Mr. Chairman, I note on his feet on the other side is the gentleman from Michigan (Mr. BROWN), who was instrumental in the passage of the 1974 Housing and Community Development Act. He supported it then, and I am sure he supports it now. I am sure he opposes this amendment, and I would be delighted to get his assistance on this matter.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I do yield.

Mr. BROWN of Michigan. Mr. Chairman, I quite concur with what the gentleman from Masssachusetts (Mr. BOLAND) has said.

The argument that has been made by the gentleman from Colorado (Mr. ARMSTRONG) can be made against the food stamp bill, against the ADC program, and against every welfare program we have. That argument can be made against every type of subsidization of the indigent.

The whole point is that of all these programs I would respectfully suggest that the section 8 program is an ideal program from the standpoint both of governmental fiscal commitment and equity among people. It is better than any of those other programs.

We must also remember that the section 8 program is not just a replacement for the old 236 program which was directed at the "cream," so to speak, the upper-lower income groups. The section 8 program subsidizes people with zero incomes. Of course, then it becomes an expensive program. However, I respectfully suggest it is cheaper than public housing. It is cheaper than public housing or 236, which is what we had before we passed the 1974 Housing and Community Development Act.

Mr. Chairman, I oppose the gentleman's amendment.

Mr. BOLAND. Mr. Chairman, I appreciate the gentleman's remarks.

Mr. TALCOTT. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I just want to make it clear that this committee has tried very hard to keep this program in line.

The budget request was $850 million. We cut it to $675 million.

If there was a problem with this program, it was in the authorization which this Congress approved overwhelmingly.

Mr. Chairman, this is a housing program to provide shelter for people and to provide jobs for people. It was overwhelmingly approved by the House.

The gentleman from Colorado (Mr. ARMSTRONG) has said the cost is high. The cost is high. We tried to make the point in our earlier discussion concerning this bill that $8,208 is the maximum subsidy in New York City for a family, with nobody working in the family, but that is not the typical case. This is high, but I think that the program must not be terminated; the program can be reduced.

Mr. Chairman, we are proposing a program that we think will work, and we would like to see it have an opportunity to work. It has not really gotten off the ground.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. TALCOTT. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Chairman, I had a colloquy in this connection with the gentleman from Massachusetts (Mr. BOLAND).

In any event, Mr. Chairman, in this same connection, I would like to applaud the action of the Committee on Appropriations in basically setting a maximum on new or substantially rehabilitated units because that is really where the high cost of the subsidy comes in. The section 8 program is about half as much when it is paid for an existing unit as when it is paid for a new unit.

Therefore, Mr. Chairman, contrary to what we did in the authorization bill as it is now going to come out of conference, not what the House did, but what the Senate has imposed upon us in the authorization bill, where we insisted upon 50 percent in new construction, the Committee on Appropriations, I think, is going in the right direction in seeking to hold down the cost of the subsidy insofar as the Federal Government is concerned.

Mr. ARMSTRONG. Mr. Chairman, will the gentleman yield?

Mr. TALCOTT. I yield to the gentleman from Colorado.

Mr. ARMSTRONG. Mr. Chairman, I appreciate the gentleman's yielding.

I am particularly grateful to the gentleman from Michigan for comparing this program to the food stamp program, because whether we like section 8 or not, it is an apt analogy.

The food stamp program started out at $250 million per year 8 years ago. It is now costing us $6 billion a year. There are now 20 million Americans receiving food stamps; and in every county of this country almost without exception local agents are out recruiting people to put on the food stamp program. It is estimated that by 1977 there will be 60 million Americans eligible for the food stamp program. That is exactly the kind of program we have here.

Mr. Chairman, the gentleman from Massachusetts (Mr. BOLAND) says, yes, there are 17 million Americans eligible, but all of them will never take advantage of it. I suggest that if we make 17 million Americans eligible for a subsidy, there are going to be 17 million Americans who will ultimately get that subsidy; and the cost will be, as I discussed earlier, something in the neighborhood of $50 billion a year.

Let us send this program back to committee for reform, to develop the kind of program we need, which will help the people who deserve our help without this kind of extravagance.

Mr. MILLER of Ohio. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, in the report last year for the Department of Housing and Urban Development, it listed the fair market renting value and also stated that it was for new two-bedroom units, with a family in New York getting a rent subsidy of $622 per month.

This year we have a report stating that the annual fair market rate is $8,208 for a family in New York that would have a two-bedroom elevator apartment. That means that the Federal Government would be paying them $8,208 if no one in the family is working.

I would like to ask the chairman this question: Is it true that the regional director could increase that amount 10 percent?

Mr. BOLAND. If the gentleman will yield, I think if we look at the figures for last year, we will see provision for $622 per month in New York. That is correct.

Since that time, the Secretary has probably increased the fair market rent by 10 percent in New York. The Secretary does have the discretion to adjust the fair market rent annually. We had a restriction in our bill last year which held the Secretary to a 10 percent total increase in the fair market rent.

I think it is rather unfair to imply that everybody will receive a rent subsidy of $8,208. That is the annual fair market rent in the city of New York but everybody is not being paid that $683 a month for a new two-bedroom elevator unit.

Mr. MILLER of Ohio. Let me state that many families in my district would like to be paid a rent subsidy of $683 per month.

Mr. BOLAND. One family might be costing that, but the average annual subsidy in New York runs about $5,400. It is an expensive program.

Mr. MILLER of Ohio. Also if the $8,208 per year is the annual fair market rent, then it means that it could go up 10 percent and we would come up with a rent subsidy of $9,028 a unit that the Federal Government would pay for, and that means $752 a month for one family with two bedrooms in New York.

I feel the amendment should be approved.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado (Mr. ARMSTRONG).

The question was taken; and the chairman announced that the noes appeared to have it.

Mr. ARMSTRONG. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

REHABILITATION LOAN FUND

For the revolving fund established pursuant to section 312 of the Housing Act of 1964, as amended (42 U.S.C. 1452b), $25,000,000, which amount shall be augmented by any previously appropriated funds which would otherwise become unavailable after August 22, 1976: *Provided*, That the aggregate amount of commitments for loans made from the fund for the fiscal year 1977 shall not exceed the total of loan repayments and other income available during such period, less operating costs, plus the aggregate amount provided herein.

AMENDMENT OFFERED BY MR. LA FALCE

Mr. LAFALCE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LAFALCE: Page 7, line 18, strike "$25,000,000" and insert "$70,000,000."

Mr. LAFALCE. Mr. Chairman, we have just heard considerable debate concerning the section 8 program. I think we might be able to engage in great debate about the wisdom or efficacy of many programs administered by HUD, except perhaps for one, and that is the section 312 program which is not an appropriation program, it is not an outright grant of money, it is a loan program.

This is a loan program for individuals who could not otherwise obtain loans from the private lending market. It is a loan program for the rehabilitation of homes and that perhaps is the best way to go about coping with the great housing problem that we have in the United States today.

The committees on housing in the House of Representatives and in the U.S. Senate considered the appropriate amount of money that should be made available for this and the conferees last week agreed to compromise between the House version and the Senate version. This would compromise it at a figure of $100 million.

This amendment is not a grant. This is $100 million that would be used for loan purposes. Yet in this appropriation bill, we are only going to appropriate $25 million for loan purposes, $75 million short of that which was authorized.

I know the argument will be advanced that there are presently in existence $30 million of unobligated moneys. That is the reason, taking that $30 million that is unobligated, that I have offered an amendment to increase the $25 million that we would make available in this bill to $70 million. Therefore, taking $30 million and $70 million, we would reach the full authorization figure of $100 million. This would clearly and safely be within the budget authority of the first budget resolution that we adopted without any difficulty whatsoever.

An interesting statistic in the history of the section 312 loan program is that we have made in the United States approximately 48,000 loans—48,000 loans. Of all those loans, HUD has had to write off only 20—only 20. So I think the Members can see the efficacy of the program, and I recommend this increase, not in grant, but in loan appropriation authority to the Members.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MITCHELL of Maryland. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the gentleman's amendment. I do not know of any housing program we have developed in Congress that has been more successful than the section 312 program. All the others seem to get bogged down into endless bureaucracy. As has been attested to on the floor of the House, the section 8 program is tediously slow in delivery. Under section 312 the rehabilitation of structurally sound housing, brought up to local code specifications, has been a success all over the country. It is not a costly program.

My colleague, the gentleman from New York, has pointed out that the repayment rate under the section 312 program is excellent. In addition, it is quite clear that the modest increase that he wants to put in for the 312 loan program is clearly within the budget authority established by the Budget Committee for housing for this year. There can be no real objection to a workable program that does not cost the Government anything but that, most importantly, provides housing for people who desperately need it.

Mr. Chairman, I urge support of the gentleman's amendment.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of Maryland. I yield to the gentleman from Ohio.

Mr. ASHLEY. I thank the gentleman for yielding.

Mr. Chairman, it is very seldom that I disagree with the distinguished gentleman from Massachusetts (Mr. BOLAND) who has headed the Appropriations Subcommittee with such distinction, but I really think that a great deal of merit rests with the amendment offered by the gentleman from New York and supported by the gentleman from Maryland.

The fact of the matter is that when we support the section 312 rehabilitation loan program, we are supporting stronger neighborhoods in the cities which we represent. Absent this kind of rehabilitation effort, believe me, our neighborhoods begin to deteriorate, as we know from our own personal experience. What we have got to do is make use in this country of ours of the existing stock of housing. Why? Because new construction has risen at so much greater a pace than has average family income that more and more Americans have simply been priced out of the private housing market. So we must support a substantial rehabilitation program, there simply is no alternative.

I must say in all deference to the work of the Appropriations Subcommittee that $25 million, less than half of the amount necessary if we were to fund the program at $1 million per State, is really just a drop in the ocean, which does not begin to give us the resources that we need to attack the problems of our cities and to make use of existing housing as decent shelter for people who need it.

So, Mr. Chairman, with all respect I would urge adoption of the amendment that has been offered by the gentleman from New York (Mr. LAFALCE).

Mr. MITCHELL of Maryland. Mr. Chairman, the last point I want to make is, what is the logic of cutting down the appropriations for modernization of housing and at the same time cutting down the money for the rehabilitation of housing?

The gentleman cannot have it both ways. If he is going to cut modernization for low-income public housing, then he should give us a shot at rehabilitation under 312.

Mr. Chairman, I urge adoption of the gentleman's amendment.

Mr. BOLAND. Mr. Chairman, I rise in opposition to the amendment.

In response to the gentleman from Maryland, I will say we did not cut out modernization in housing. We put in $25 million for that program. That is $5 million above the budget request. No one is a better champion of public housing than the gentleman now speaking. I do not think it is a disastrous program. It is a success. It is allowing almost 5 million people to be housed in over one million units of public housing in the United States.

We provide more than the administration requested in the section 312 rehabilitation loan program. It is a loan program—that is correct—but it is also a subsidy program. The loans are made at 3 percent.

Interestingly enough I should point out to the Members of the House that this program was intended to expire August 22, 1975. That was a provision in the 1974 Housing and Community Development Act. So it was the committee of the gentleman from Ohio, my friend, Mr. ASHLEY, that ended the program as of August 22, 1975. However, last year, in the Emergency Housing Act, it was extended for an additional year, to August 22 of this year. But the fact is the rehabilitation loan program was one of the seven categorical grant programs that was wrapped up in the new community development program. It is one of the seven categorical grant programs that now becomes a block grant program—and the local communities can use this money to establish their own rehabilitation loan program.

But above and beyond that, there was no money in the budget for this program. I am a firm believer in it. We did put in $25 million. I think the gentleman ought to applaud us rather than ask us to increase this to $70 million. With a carryover of $30 million that will make $100 million available for 1977. The Department says that level of funding could be counterproductive.

Let me also say this, that a $70 million addition to this program, in my judgment, will invite a rescission. Nothing has been more detrimental or harmful to this program than the stop and go policies that have been adopted by the administration. That is what happened to the program. It starts and stops—it starts and stops.

I favor the program and our subcommittee favors it too. But if we add to this and make this a $70 million appropriation in addition to the $30 million that is available as a carryover, I am afraid we are going to invite rescission.

What happens if we invite rescission? Assume the bill is signed into law and the funds are apportioned by October 1 of 1976. Then they have 15 days to transmit the rescission and that brings us to October 15 of 1976, and then we begin counting 45 days. Congress will not be in session for 45 days, even if there is a lame duck session, before the end of the Congress. Therefore, the 45-day period must begin again with a new Congress. Any rescission could be in effect until early March of 1977, and that is precisely the problem we are trying to avoid.

It has been a stop and go program. This is not the way to do it really. As I said, I think the gentleman ought to applaud us for putting in the $25 million.

There was no recommendation in the President's budget for the rehabilitation program. We think it is a good program. I have defended it. I will defend it any time. But I think $70 million is too much to add at this time.

Mr. J. WILLIAM STANTON. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to the gentleman from Ohio, a member of the Banking, Currency and Housing Committee.

Mr. J. WILLIAM STANTON. Mr. Chairman, I appreciate the gentleman yielding, because the emphasis behind the proponent of this amendment was the fact that we did have a conference and had supplied $100 million to the rehabilitation program. As I say, when we had completed that conference, we did not have a conference report, because some did not sign it and it was because of a dispute of this particular type that I can tell this House honestly and truly, I presume we will get a veto of this bill. So do not rely on the fact there was $100 million in this program.

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. BOLAND) has again expired.

(By unanimous consent, Mr. BOLAND was allowed to proceed for an additional 2 minutes.)

Mr. LAFALCE. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to the gentleman from New York.

Mr. LAFALCE. Mr. Chairman, so far as the section 312 program is concerned, it is my distinct recollection that the majority and the minority members of the committee supported the $100 million authorization compromise completely.

Mr. J. WILLIAM STANTON. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to the gentleman from Ohio.

Mr. J. WILLIAM STANTON. Mr. Chairman, I just point out the fact that the basis for the $100 million is in the conference report. That alone certainly would not be the basis of a veto; but just because it is in the conference report does not mean this House will pass it and if we have the $55 million, the Department itself will not necessarily support it.

Mr. LAFALCE. Mr. Chairman, if the gentleman will yield further, there is no disagreement about the $100 million compromise figure. It will either pass in this bill or some future authorization bill.

Mr. Chairman, a second point, as far as the remarks of the gentleman from Massachusetts are concerned and the fact this is a program intended to be incorporated in the CD money, the very fact the gentleman said this is not to be a stop-and-go program, that it is to be a permanent program so far as the gentleman is concerned, that we are clearly making it the express intent of Congress that it be a permanent program, the question is not whether it should be separate from the CD, but the extent of funding we give to it separate from that.

Mr. BOLAND. Mr. Chairman, in response to the gentleman, let me say that a number of communities are now engaged in a rehabilitation program. They set up their own rehabilitation program. If they can do it, why add the Federal Government on to it?

The question is whether or not we want to appropriate $25 million above the President's budget, which the subcommittee recommends, or $70 million above the budget which is the amount recommended by the gentleman from New York.

Mr. TALCOTT. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

Mr. Chairman, I just want to say that I completely concur with the gentleman from Massachusetts (Mr. BOLAND).

Mr. Chairman, we are surprised that anybody would want to do this to this program. This committee has been a friend of this program. There was nothing in the budget. We put in $25 million, with a $30 million carryover. It was supposed to be part of the community development program. We all voted for it this way. Most cities are funding the rehabilitation program from the community development block grant program.

One of the things I must reiterate is that if we add more to this program now, we are going to get a rescission, that this is going to do more damage than any of the rhetoric we give here.

Mr. Chairman, I urge that we vote no on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. LAFACE).

The question was taken; and on a division (demanded by Mr. LAFALCE) there were—ayes 12, noes 32.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

POLICY DEVELOPMENT AND RESEARCH

RESEARCH AND TECHNOLOGY

For contracts, grants, and necessary expenses of programs of research and studies relating to housing and urban problems, not otherwise provided for, as authorized by title V of the Housing and Urban Development Act of 1970, as amended (12 U.S.C. 1701z–1 et seq.), including carrying out the functions of the Secretary under section 1(a)(1)(1) of Reorganization Plan No. 2 of 1968, $53,000,000, to remain available until September 30, 1978.

AMENDMENT OFFERED BY MR. BINGHAM

Mr. BINGHAM. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BINGHAM: Page 8, line 14, strike out "$53,000,000" and insert in lieu thereof "$55,500,000".

Mr. BINGHAM. Mr. Chairman, this amendment would make a very modest increase of $2.5 million in the amount appropriated by the Subcommittee for Policy Development and Research. This would make possible a substantial increase in a small program which has only recently come to my attention. It is the program of the Urban Reinvestment Task Force. This is one of the most successful programs that has been developed in the housing field in an effort to prevent what is happening in my district and what is happening in many other districts—serious deterioration of the housing stock. I wish members of the committee could see how many basically sound apartment buildings are being abandoned in my district.

The task force is a joint effort of the heads of the financial regulatory agencies and the Secretary of the U.S. Department of Housing and Urban Development to stimulate the development of local partnerships committed to a coordinated neighborhood reinvestment strategy. Perhaps because it is such a small program—only $2.5 million a year—and because it is not specifically authorized by the Congress—HUD funds the task force under the general research and development authority provided in title V of the HUD Act of 1970—very few Members of Congress have heard much about it. It did not come to my attention until last week, when 2,000 community activists from 63 cities across the country came to Washington to plead for more Federal help in stopping the deterioration of our central cities. An impressive parade of these people testified before Senator PROXMIRE and the Senate Banking Committee about the kinds of programs that are needed to combat the forces that are choking our cities. Every one of these witnesses was enthusiastic about the Urban Reinvestment Task Force.

This task force operates with a small staff of about 30 people and is involved in two separate programs. Neighborhood housing services and neighborhood preservation projects. Both programs involve the creation of a local partnership bringing together neighborhood residents, the private sector and local government to develop reinvestment, rehabilitation, and preservation strategies that can reverse the tide of decay in urban areas.

The partnerships have boards of directors of which a majority are community residents with significant representation from local financial institutions. A small staff provides rehabilitation counseling, loan referrals, loan servicing, budget counseling, supplies tools, supervises and controls construction work. The neighborhood preservation projects include multifamily rehabilitation financing, neighborhood business district revitalization, programs to stabilize neighborhoods undergoing transition, real estate marketing practices, purchase, rehabilitation and marketing of foreclosed and vacant properties, and intervention strategies to prevent default and foreclosure. The most remarkable aspect of both of these efforts is that they use small amounts of Federal funds to leverage much larger amounts from private lenders, foundations, neighborhood residents and local governments. The task force programs are catalysts which stimulate local initiative and credit to revitalize deterioriating urban neighborhoods. Usually no more than $50,000 of Federal funds are involved in any one program, but the programs perform the key function of restoring confidence in the ability of city neighborhoods to reverse the process of decline.

The problem with the urban reinvestment task force is that it is too puny a program. Only 24 cities have neighborhood housing service programs in operation now, and only another 16 are budgeted. There will only be 30 neighborhood preservation programs, even though this year alone some 80 local areas applied for help. The task force considers its role to be purely a demonstration one—developing models for neighborhood preservation programs which can then be replicated in other places. The flaw in this strategy is that while the models are being developed in a handful of lucky neighborhoods, the rest of urban America is left to continue sliding down the very well greased track of decline and decay.

I propose that the funding for this vital set of programs be increased to a level which will permit more of such projects to be established. The amount involved is small—I propose only a $2.5 million increase in the funds appropriated for the urban reinvestment task force. I am certain the task force will be able to employ these funds as well and as quickly as they have the previous funds allotted to them, and I would hope that most of these funds can be used to beef up the paltry $500,000 now used for the neighborhood preservation programs.

All of this is only just beginning, but it offers great promise in an area of great need. It seems to me that an additional $2.5 million would be a very modest price to pay for encouraging the Department to carry on and expand this extremely promising program. I know how hard the chairman of the subcommittee and the subcommittee have worked to keep this entire program in balance, but in the overall picture I would hope that this modest amount of $2.5 million in the area of policy development and research could be accepted by the chairman.

Mr. BOLAND. Mr. Chairman, I rise reluctantly in opposition to the amendment.

Mr. Chairman, this is an amendment which goes to the policy development and research item in this bill, for which we provide $53 million. As the gentleman from New York has indicated, one of the programs with which the policy development and research activity of HUD concerns itself is with community development research. Indeed, the Urban Reinvestment Task Force, which is a part of community development research, is doing a splendid job in demonstration programs throughout the United States.

What the gentleman from New York wants—and what I would like to do for him but do not think this is the place to do it—is to expand this program.

I believe the purpose of the program is to preserve communities and areas within large cities so that they do not go down the drain. I might say to the gentleman from New York that there is $2.5 million budgeted in 1976 and 1977 for this program.

Also planned for 1978 is another $2.5 million for the urban reinvestment task force.

I would be delighted to suggest to the Department of Housing and Urban Development that perhaps this is an area where HUD should determine whether or not it is a program that ought to be extended beyond the nine cities that the gentleman from New York suggested.

Mr. BINGHAM. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to the gentleman from New York.

Mr. BINGHAM. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I appreciate very much the gentleman's comments about the program, and I understand that what he is suggesting is that possibly the Department might find funding for expansion of this particular program within the overall limits of the policy development and research area.

Mr. BOLAND. Mr. Chairman, I would hope that it would do so, because I am as convinced as is the gentleman from New York that it is a program that does offer a tremendous potential payoff for the communities that are involved.

My only problem is that, if we add $2.5 million here and $2.5 million there, and $6 million here, we start to get up into figures that are rather substantial.

The policy development and research activity of HUD is engaged in a number of planning and demonstration activities. We believe they ought to attach the highest priority to those programs that are the best. Since they are engaged in the process of trying to save some of our cities from deterioration and debilitation, this perhaps is an area in which they ought to concentrate their money, give it the higher priority, and we can meet the problem that is presented.

Mr. BINGHAM. Mr. Chairman, will the gentleman yield further?

Mr. BOLAND. I yield to the gentleman from New York.

Mr. BINGHAM. I thank the gentleman for yielding.

Mr. Chairman, I appreciate the gentleman's remarks.

Let me just add this: If this total program, the policy development and research program, should be increased, an increase voted in the other body, I would ask that the gentleman look sympathetically to that increase in the conference.

Mr. BOLAND. Mr. Chairman, I can assure the gentleman that we will look carefully at any action the other body takes.

Mr. BINGHAM. Mr. Chairman, in light of the gentleman's remarks and his cooperative attitude, I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

CONSTRUCTION GRANTS

For liquidation of obligations incurred pursuant to authority contained in section 203 of the Federal Water Pollution Control Act, as amended, $3,800,000,000, to remain available until expended.

For payment of reimbursement claims pursuant to section 206(a) of the Federal Water Pollution Control Act, as amended, $200,000,000, to remain available until expended.

AMENDMENT OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BOLAND: On page 13, after line 22, insert:

For an additional amount for liquidation of obligations, "Construction grants", for the period July 1, through September 30, 1976, $200,000,000, to remain available until expended.

Mr. BOLAND. Mr. Chairman, this amendment is to provide cash to liquidate contract obligations in the transition quarter by the Environmental Protection Agency for the construction of municipal sewage treatment facilities. These additional funds are necessary because the demand to liquidate obligations in the transition quarter will be greater than was originally estimated. An appropriation of $600 million is presently available for the transition period.

This was provided in the bill last year. Construction is progressing faster than expected on projects throughout the country, and it is evident that the $200 million will be needed so that contract payments can be made without delay.

Mr. Chairman, these funds were requested in a budget amendment that was received after the committee had marked up the bill, and its purpose is to make payments on contracts.

Mr. TALCOTT. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to my distinguished friend, the gentleman from California.

Mr. TALCOTT. Mr. Chairman, we concur with the gentleman's amendment to the committee bill. It is a proper amendment as far as we are concerned.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. BOLAND).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

GENERAL PROVISIONS

Not to exceed 7 per centum of any appropriation made available to the Environmental Protection Agency by this Act (except appropriations for "Construction Grants") may be transferred to any other such appropriation.

AMENDMENT OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BOLAND: On page 14, after line 18, add the following paragraph:

No part of any budget authority made available to the Environmental Protection Agency by this Act or for the fiscal year 1976 and the period ending September 30, 1976, shall be used for any grant to cover in excess of 75 per centum of the total cost of the purposes to be carried out by such grant made pursuant to the authority contained in Section 208 of the Federal Water Pollution Control Act (P.L. 92-500).

Mr. BOLAND. Mr. Chairman, this amendment is in line with the amendment which was provided for in the rule. What it does essentially is to provide for a 75-percent limit on section 208 grants to communities for fiscal years of 1976 and 1977. That is the grant level currently authorized in the Federal Water Pollution Control Act of 1972.

The legislation which was brought to the floor amending that act would have changed the Federal share to 100 percent in both 1976 and 1977.

In a colloquy with the distinguished chairman of the Committee on Public Works and Transportation, the gentleman from Alabama (Mr. JONES), I indicated that for fiscal year 1976 we had provided some $53 million for this program and for 1977 some $50 million has been recommended. I also suggested that they were appropriating in their legislative bill—because the Federal share for 1976 was being changed from 75 percent to 100 percent. The full Committee on Public Works and Transportation agreed with this, and they agreed to the amendment. We offered the amendment to the Committee on Rules, and the Committee on Rules put this particular amendment in the rule so that it could be offered during the consideration of the HUD-independent agencies appropriation bill.

Mr. TALCOTT. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to the gentleman from California.

Mr. TALCOTT. Mr. Chairman, I would just like to say that we concur with the gentleman's amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. BOLAND).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

NATIONAL SCIENCE FOUNDATION

RESEARCH AND RELATED ACTIVITIES

For expenses necessary to carry out the purposes of the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861-1875), title IX of the National Defense Education Act of 1958 (42 U.S.C. 1876–1879), and the Act to establish a National Medal of Science (42 U.S.C. 1880–1881); services as authorized by 5 U.S.C. 3109; maintenance and operation of aircraft and purchase of flight services for research support; hire of passenger motor vehicles; not to exceed $5,000 for official reception and representation expenses; not to exceed $43,500,000 for program development and management; uniforms or allowances therefor, as authorized by law (5 U.S.C. 5901–5902); rental of conference rooms in the District of Columbia; and reimbursement of the General Services Administration for security guard services; $681,400,000, to remain available until September 30, 1978: *Provided*, That receipts for scientific support services and materials furnished by the National Research Centers may be credited to this appropriation: *Provided further*, That if an institution of higher education receiving funds hereunder determines after affording notice and opportunity for hearing to an individual attending, or employed by, such institution, that such individual has, after the date of enactment of this Act, willfully refused to obey a lawful regulation or order of such institution and that such refusal was of a serious nature and contributed to the disruption of the administration of such institution, then the institution shall deny any further payment to, or for the benefit of, such individual.

AMENDMENT OFFERED BY MR. ASHBROOK

Mr. ASHBROOK. Mr. Chairman, I offer an amendement.

The Clerk read as follows:

Amendment offered by Mr. ASHBROOK: Page 18, line 9, strike out $681,400,000 and insert in lieu thereof, $639,100,000.

Mr. ASHBROOK. Mr. Chairman, H.R. 14233 appropriates $565.3 million to the National Science Foundation for basic research project support. This is $42.3 million more than the amount appropriated by Congress for this purpose in fiscal year 1976.

My amendment will cut $42.3 million from the fiscal year 1977 appropriation for NSF basic research. This will still leave the Foundation with more than enough, from any standpoint.

Most Members of Congress have received numerous complaints from taxpayers about the extent and nature of many Federally-funded research projects. Despite these complaints, however, Congress continues to increase Federal spending in this area.

The Federal Government's budget for research and development has increased almost 80 percent since fiscal year 1969. This is a $1.16 billion increase in current dollars.

In constant 1969 dollars, using a Consumer Price Index deflator to adjust for inflation, Federal R. & D. support at colleges and universities has increased from $1.70 billion in fiscal year 1969, to an estimated $1.88 billion in fiscal year 1977. This is a $175 million increase in constant dollars—or a 10.3 percent increase after a Consumer Price Index deflator has adjusted the actual dollar increase for inflation.

The National Science Foundation's support for basic research at colleges and universities has also skyrocketed far beyond the demands of inflation. Between fiscal year 1969 and fiscal year 1976, NSF spending for basic research has more than doubled—increasing 111 percent in just 8 years.

NSF support for astronomy research has increased 74 percent since fiscal year 1969.

Atmospheric sciences research has risen 80 percent.

Social sciences research has increased 72 percent.

Chemistry research has jumped 122 percent.

And Earth sciences research has increased 72 percent.

It is important to use fiscal year 1969 as a base year for projecting these increases, rather than fiscal year 1967, which is the year used by the Foundation. Federal support for the space program peaked and dropped dramatically in fiscal year 1969, so that increases for basic research after that year are all the more substantial. NSF's use of fiscal year 1967 as the base year to chart Federal R. & D. support is deceiving, since it obscures giant increases for all R. & D. support outside the space category that have occurred since fiscal year 1969.

I would like to include tables in the RECORD at this point to document these large increases in Federal R. & D. and NSF basic research project support.

FEDERAL R. & D. SUPPORT FOR COLLEGES AND UNIVERSITIES, FISCAL YEARS 1969–77

[In millions of current and constant dollars]

	Amount in current dollars (actual) [1]	Percent increase (current dollars)	Amount in constant 1969 dollars	Percent increase/decrease
1969	$1,471		$1,707	
1970	1,479	+1	1,627	−4.7
1971	1,747	+18	1,828	+12.4
1972	1,868	+7	1,868	+2.2
1973	1,888	+1	1,807	−3.3
1974	2,259	+20	2,007	+11.1
1975	[2] 2,399	+6	1,929	−3.9
1976	[2] 2,407	+0	1,826	−5.3
1977	[2] 2,635	+9	1,882	+3.1
Total	[3] 1,164	+79	[4] 175	10.3

[1] Special Analysis Sections of Federal Budgets of the President, fiscal years 1969–77.

[2] Estimate.

[3] Current dollar change, 1977/1969.

[4] Constant (1969) dollar change, 1977/1969.

TABLE III—NATIONAL SCIENCE FOUNDATION

BASIC RESEARCH BY MAJOR FIELD OF SCIENCE—FISCAL YEARS 1969–76

[In millions of dollars]

	Fiscal year—		1976–69 percent increase
	1969	1976	
Astronomy research project support	6.8	11.8	+74
Atmospheric sciences research project support	8.2	14.8	+80
Social sciences research project support	15.2	26.1	+72
Chemistry research project support	17.8	39.5	+122
Earth sciences research project support	7.9	13.6	+72
Total NSF basic research	247.6	523.1	+111

Source: NSF fiscal year 1971 budget to Congress (fiscal year 1969 actual column), NSF fiscal year 1977 budget to Congress, Federal funds for science.

Mr. Chairman, we are all aware of the National Science Foundation's funding of questionable, low-priority research projects.

During the May 11 through June 11 period alone, NSF awarded the following questionable grants at a time when money is tight. Taken as a whole, these amount to more than $1.17 million.

The sum of $56,700 to the University of California at Santa Cruz for another in the series of NSF studies entitled "Interpersonal Attraction in the Laboratory and Other Educational Settings." There was $81,600 to Florida State University and Ohio State University for "Collaborative Research on Sources of Political Dissatisfaction in Japan." The sum of $84,600 to Cornell University for a study of the "Relation Among Schooling, Culture, and Mathematical Thinking in Two African Societies." And $172,700 to the University of Michigan for a study of "The Birth and Development of Representative Political Institutions." The amount of $777,200—also to the University of Michigan—for "The Study of the American Electorate in 1976."

There was $57,000 to Yale University to research the "Effectiveness of Social Influence on Commitment and Adherence to Stressful Decisions."

The sum of $18,900 to Princeton University for "A History of Science and Policy in France." And $16,200 to Harvard University for "A Commentary and New Translation of Newton's Principia."

There are probably many other questionable research projects in this same 30-day period that cannot be readily identified by their titles alone. Since NSF has implemented its so-called Action Review Boards, the nature of research being done is now obscured with bland titles to ward off possible criticisms, rather than giving Congress and the public more complete information to make NSF accountable for its spending.

I am sure that all the studies I just mentioned will be interesting, even though many of them duplicate work that is being done—or has already been done—by other scholars, often with Federal funding. The key point here however, is that working American men and women—the taxpayers of our country—should not be made to subsidize the ever-increasing academic hobbies of individual researchers.

My amendment cutting $42.3 million will still provide NSF with more for research project support than the Foundation really deserves.

I believe this is a reasonable amount in a tight budget year. I urge passage of my amendment.

Mr. BOLAND. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this reduction would go to the basic research activities of the National Science Foundation.

Actually, Mr. Chairman, this subcommittee did reduce research by $52 million. I must say that I have received more letters from people throughout the United States and from industry with respect to the cut in basic research than with respect to almost any other activity in this bill.

The gentleman from Ohio (Mr. ASHBROOK) suggests that his amendment would reduce it further by $42 million.

I might say that the President's request for basic research was about $620 million. That was the administration's request for basic research. It actually increased basic research for fiscal year 1977.

Mr. Chairman, that is all very good and fine. We are increasing the amount of basic research over 1976, but reducing the amount requested by the President.

Mr. BAUMAN. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Chairman, quite often in the last few years when the NSF appropriations came up, I have made the comment that we do not have the running of a tight ship, particularly in this department.

I know that in the other body the Senator from Wisconsin has said that the way to deal with that extravagance is not to limit them by various legislative restrictions of their activities, but to cut their budget and make them live within reduced expenditures.

This year NSF appropriations have been raised over last year by roughly 5 percent, even though it is below the budget request.

Every year we are always told that this agency does a great deal of good. Also, in my opinion, it does some things that the agency should not be doing.

Furthermore, we are told that the appropriation is going to be cut back, and every year the committee comes in with higher expenditures than the year before. That is the case this year. It is up 5 percent.

Mr. Chairman, I see no reason that we could not have some effort made toward slightly greater austerity than perhaps we have had in the past.

Mr. BOLAND. Mr. Chairman, as the gentleman from Maryland (Mr. BAUMAN) well knows, other factors, of course, including inflation, have driven the NSF budget up. It is not the the easiest budget, let me say, to deal with because it is spread over a lot of activities in many universities.

Believe me, the cut in basic research, I think, has created a stir within the academic community that gives us some cause for concern—not me too much, but some others.

I think the fact that we are holding NSF's feet to the fire with respect to basic research is good. They would like to have us reduce efforts with respect to educational activities.

So, if we look at the overall thrust, the gentleman will probably agree that we have done a good job here.

Now I yield to my friend the gentleman from California (Mr. TALCOTT).

Mr. TALCOTT. Mr. Chairman, I would like to join the gentleman from Massachusetts in opposition to this amendment. Basic research is just as essential to the survival of our Nation as anything I can think of. We need basic research. The National Science Foundation has done some extraordinarily good things.

We have tried to conform with the wishes of the Congress. In fact, I think our committee has bitten the bullet in behalf of the whole Congress on many occasions because we have helped to cut out some of the programs the Congress disagrees with. I think we have done as much as we can to make the National Science Foundation toe the line.

I am really surprised, because we have had a whole lot more pressure to increase basic research. Yet in view of all these things we reduced the budget request by $52 million. I think we have done an extraordinarily good job.

Mr. ASHBROOK. Mr. Chairman, if the gentleman will yield still further, as I said earlier in the discussion with the chairman, my friend the gentleman from Massachusetts, I do not think we need to take a great amount of time on this amendment. I think the Committee on Appropriations in most cases generally has done a good job this year. But I would point out that there is $565 million in the National Science Foundation request that we are authorizing here and appropriating here.

I also recognize that the gentleman from Massachusetts is also at the point where is is getting a great deal of pressure for more spending. I would just simply maintain that cutting $40 million out of an amount that is $565 million, is not a great amount.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. BAUMAN, and by unanimous consent, Mr. BOLAND was allowed to proceed for 2 additional minutes.)

Mr. ASHBROOK. I thank my friend for his consideration and for yielding and in the way this amendment has received consideration. I recognize the extreme pressures for spending that are being forced upon the gentleman and upon the committee, but I also think we ought to reduce the pressure on the overall budget, and the taxpayers back home and I think this is one of the areas where we can well cut this money. Many people may disagree.

Mr. BOLAND. Mr. Chairman, let me say that I am glad the gentleman from Ohio offered his amendment but I hope we vote it down for the reasons I have already given.

Let me say, Mr. Chairman, that this is the first time in a long time that the National Science Foundation—and you can read about this in the report, I think it is a good one—has committed itself to try to restructure some of its programs and policies, particularly with reference to those grants that have raised some concern. It is only because of the activities by the Committee on Science and Technology, the Committee on Appropriations, and by individual Members like the gentleman from Ohio, the gentleman from Colorado, the gentleman from Maryland, and some of the gentlemen on our side of the aisle, and the distinguished chairman of the full Committee on Appropriations that we have really indicated to the National Science Foundation that—

> You cannot continue the way you have been going. If you do, your budget is going to be cut by the Congress because of certain program activities in which you have been engaging.

So the National Science Foundation really has, in my judgment, and in the judgment of members of the subcommittee made and is making an effort now to restructure itself so that it will not get into the same difficulties it has gotten into for lo these many years, because of grants it has made and because of the poor management.

Mr. ASHBROOK. Mr. Chairman, if the gentleman will yield further, I realize that, and I think I speak for most of the Members that we respect the sound judgment of the gentleman from Massachusetts and also that of the gentleman from California (Mr. TALCOTT). We appreciate the work that you have done. I would only hope that the gentleman does not feel that I am an ingratiate if I say I would hope we could cut a little bit more.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. ASHBROOK).

The question was taken; and on a division (demanded by Mr. ASHBROOK) there were—ayes 19, noes 54.

So the amendment was rejected.

The Clerk will read.

The Clerk read as follows:

SELECTIVE SERVICE SYSTEM

SALARIES AND EXPENSES

For expenses necessary for the Selective Service System, including expenses of attendance at meetings and of training for uniformed personnel assigned to the Selective Service System, as authorized by law (5 U.S.C. 4101–4118) for civilian employees; and not to exceed $1,000 for official reception and representation expenses; $18,000,000: *Provided*, That during the current fiscal year, the President may exempt this appropriation from the provisions of subsection (c) of section 3679 of the Revised Statutes, as amended, whenever he deems such action to be necessary in the interest of national defense: *Provided further*, That none of the funds appropriated by this Act may be expended for or in connection with the induction of any person into the Armed Forces of the United States.

AMENDMENT OFFERED BY MR. ROUSH

Mr. ROUSH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROUSH: On page 19, line 24, strike out "$18,000,000" and insert "$6,800,000".

Mr. ROUSH. Mr. Chairman, the amendment I offer at this time reduces the amount for the Selective Service System from the $18,000,000 included in the bill to $6,800,000 as proposed in the budget estimate submitted by the administration. The sum of $800,000 will be used to continue the management and supervision of the reconciliation service program which will terminate near the end of fiscal year 1977. Six million dollars will be used to keep a Selective Service System in a "deep standby" status. The fact is that it is in a deep standby now. It has no power to induct. The local boards have been closed. The staff is already down to 200 and is scheduled to go down to 100. I have been impressed with the systematic transition the Selective Service System has made from that of playing a major role in providing manpower for the armed services to that of a standby service in the event of an emergency. This was occurring while the Armed Forces were being converted to career services with liberal enlistment bonuses, higher pay, and other incentives. No one was sure the volunteer concept would work. Now this had been achieved with substantial success.

It is time for a clear decision on the role of the reserve program of the armed services and the place for Selective Service. The capability of the reserve program should be clear and it should be weaned from dependence on a duplicate or ineffective Selective Service System. It is obvious that a very different kind of Selective Service System will be provided in the future if a need for it is demonstrated.

The original recommendation of the subcommittee for $18 million has been the subject of continued examination—by our subcommittee, by Selective Service, and by the Department of Defense.

The future role of the Selective Service System has been the subject of deep soul searching in the Congress for several years.

It is now obvious that the reserve forces of the Department of Defense must be our first line of defense in an emergency. The Selective Service System role will be passive, whether it is funded at $6.8 million or $18 million.

Last year I argued against a drastic cut, but as time has passed, as the orderly phase down has proceeded—it has become increasingly clear that $6.8 is all that can now be justified. The following would be the result:

First. Annual registration would be terminated.

Second. A nucleus organization would be maintained for manpower procurement planning only.

Third. Detailed plans to perform registration, to commence selection of registrants for examination, commence classification and processing of registrants, to reassemble the State headquarters and the local and appeal board structure and be prepared to react to any Department of Defense calls for processing registrants and Standby Reservists would be maintained.

The judgment that $6.8 is all that is needed is not a judgment that I make, it is a judgment arrived at after careful deliberation by the Selective Service System, the Department of Defense, the Office of Management and Budget, and the administration. Each says $6.8 million is a proper and prudent amount. I urge that the amendment be accepted.

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. ROUSH. I yield to the gentleman from Massachusetts.

Mr. BOLAND. I thank the gentleman for yielding.

Let me also say it is a decision which was arrived at by the judgment of the members of the subcommittee. We discussed this amendment within the last 10 days or so, and we had asked the Department of Defense and the Office of Management and Budget whether or not it had changed its position with respect to the Presidential request of $6.8 million. It had not. The Secretary of Defense favors the $6.8 million; the Department of Defense favors it; the Office of Management and Budget favors it; and I guess about everybody on this committee favors it. I favor it.

Mr. WYLIE. Mr. Chairman, will the gentleman yield?

Mr. ROUSH. I yield to the gentleman from Ohio.

Mr. WYLIE. I thank the gentleman for yielding.

What about the Committee on Armed Services of the House? Does it favor your amendment?

Mr. ROUSH. The Committee on Armed Services would prefer the $18 million level. However, the subcommittee and I have, in offering the amendment, I must say, very carefully examined not only the recommendation as it was set forth in a letter to the subcommittee, but also have examined the hearings held before the Subcommittee on Investigations of the Committee on Armed Services of the House, and it is my opinion that the justification for the $18 million figure is not contained within those hearings.

As the gentleman from Massachusetts (Mr. Boland) has stated, it is the judgment of the Office of Management and Budget, the Selective Service System, and the judgment of the Secretary of Defense that the $6.8 million figure is the appropriate figure.

Mr. WYLIE. Mr. Chairman, will the gentleman yield further?

Mr. ROUSH. I yield to the gentleman.

Mr. WYLIE. I call the gentleman's attention to the language on page 33 of the report accompanying this bill.

> After holding extensive hearings in January, the Armed Services Committee reported its conclusions on future budget requirements for the Selective Service System. In short, it indicated that the President's proposed budget was an unacceptable risk—particularly in view of the uncertain nature of the reserve force. This position was also supported by Dr. Curtis W. Tarr, Chairman of the Defense Manpower Commission, who stressed the continuing need for a Selective Service System that would provide for annual registration.

I might also add that Dr. Tarr is a former Director of the Selective Service so he is in a position to know the defense manpower needs as relates to the manpower needs of the Selective Service System. This appropriation request of $18 million now in the bill is more than a 50-percent cut in the present budget. The budget for the Selective Service System for fiscal year 1976 is $37.5 million. I am very reluctant to support the gentleman's amendment.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. WYLIE. Mr. Chairman, I move to strike the last word.

It just seems to me we might be making too deep a cut in the appropriation for Selective Service for fiscal year 1977; $6 million would employ only about 100 people for recordkeeping purposes.

I can recall in 1941 when the Selective Service program was continued by only one vote in this House and less than 4 months later we were at war. It was a good thing that we had an ongoing Selective Service program at the time the Japanese attacked Pearl Harbor.

I am apprehensive that with only about 100 people in the Selective Service program for recordkeeping purposes only, we could not be responsive in time in case of an emergency and insure the national defense.

I think this amendment suggests a posture in our defense which we cannot risk at the present time and I, therefore, oppose the amendment offered by the gentleman from Indiana (Mr. Roush).

Ms. ABZUG. Mr. Chairman, as a cosponsor of this amendment, I am gratified that it will be accepted because the $11 million added by the committee was an excessive and wasteful funding for an agency which, in my view, should not exist.

The $11 million we are striking today would have been used to fund an annual Selective Service registration for our Nation's youth. There is absolutely no justification for this whatsoever. We have just ended our longest war and the Nation is at peace. We have no combat troops abroad actively engaged and, I hope, we do not contemplate sending any.

Therefore, these funds would simply be wasted moneys used to perpetuate a bureaucratic agency which has no reason to exist. By continuing to register American youth, we would be giving an impression to the world that we are preparing for war or for intervention. It would only highlight the militarization of our foreign policy. I think we must give the opposition impression—that after a decade of war, this Nation is moving to reconsider the policies and institutions which led us to fight an immoral war in Indochina.

Certainly the draft was a major institution which enabled a series of administrations to unilaterally commit this Nation to war. Under modern warfare, it is unrealistic to expect a callup of young people to play any real role in a major conflict. A modern war would last hours, not the months which are required to call up, train, mobilize and prepare a combat army. So it is really only another Vietnam-type war which an annual registration would keep us prepared for. But there must not be any more Vietnams. And there must not be any further Selective Service System.

Mr. Chairman, I have been and continue to be unalterably opposed to military conscription. I believe the Selective Service System should be dismantled. I think we can all be grateful today that we have avoided adding new funds for polishing the dangerous weapon of conscription.

Mr. TALCOTT. Mr. Chairman, I move to strike the last word.

I would like to say your committee is in agreement upon this Roush amendment. I agree with some foreboding, I have to tell Members because I share some concern about possible contingencies which may not be able to be met with a deep standby Selective Service System.

I am concerned about registration. There is no way we can implement the registration system without the consent and direction of the President and we do not have that. So there is really no necessity for appropriating any more than $6.8 million, which is in conformance with the Roush amendment, and also with the budget request.

The gentleman from Missouri (Mr. BURLISON) has been a leader in this area, and I want to commend him for his efforts.

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. TALCOTT. I yield to the gentleman from Massachusetts (Mr. BOLAND).

Mr. BOLAND. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, may I also make the point that this subcommittee previously recommended $18 million based on the fact that there would be an annual registration. But later we learned that in order to have annual registration a proclamation would have to be issued by the President. It is our understanding, and this came to me from the Selective Service System, that the administration is not willing to make that proclamation and may not make it in the future, with the result that $18 million is not necessary because the annual registration is not possible.

So consequently, a reduction to the amount requested by the administration of $6.8 million, appears to be a reduction the committee ought to accept.

Mr. TALCOTT. Mr. Chairman, at one time I was one of those who supported $18 million in the appropriation, but the support of the President is also needed. We do not have it. For that reason I support the amendment offered by the gentleman.

Mr. BURLISON of Missouri. Mr. Chairman, I move to strike the last word.

Mr. Chairman, this amendment was offered in the full committee by the gentleman from Missouri. The distinguished chairman of the subcommittee and the distinguished ranking minority member made very forceful and convincing speeches against the amendment. By a vote of 27 to 10 my amendment was defeated. To the best of my knowledge the gentleman from Massachusetts and the gentleman from California and the gentleman from Indiana as well as the other subcommittee members all voted in opposition to my amendment.

My separate and dissenting views may be found on page 55 of the report.

At the proper time I will ask unanimous consent to insert those remarks at this point in the RECORD.

> I am constrained to dissent from the committee specifically in its recommended addition of $11.2 million to the budget request for operation of the Selective Service System. This issue attracted my notice in the course of hearings of the Subcommittee on Defense with respect to military personnel. My feelings are based upon consideration of the manpower mobilization dilemma we face if and when the requirement to mobilize should arise. We should be mindful of the fundamental requirement to get the most national defense for the dollars spent.
>
> In past major conflicts such as WWII, Korea and Vietnam, we have started from a small peacetime military force and used the draft as well as some Reserve mobilization to build up. In Vietnam, we had virtually no Reserve mobilization. We built up from a larger peacetime force than we had before Korea, but we used the draft as the instrument of expansion.
>
> The President's proposal would cause a delay in delivering draftees of about sixty (60) days over the present system. In a short intensive war, there is no time to train even those trainees that are in the force when M-day occurs. We must rely on the force that exists in peacetime, the Active forces plus the National Guard and Reserve. In a more conventional longer war, a sixty (60) to ninety (90) day period is relatively insignificant and there will be time to organize a draft from the standby status and train the inductees.
>
> My aim in opposing this additional $11.2 million is twofold:
>
> (1) There is a chance to save millions of dollars each year by adopting the deep standby selective service, and
>
> (2) We point out to the National Guard and the Reserves that we expect them to play a definite part in future conflicts. I would also point out that the Defense Appropriations Bill contains over $4 billion in personnel and operating cost to maintain the Guard and Reserve. If we mean what we say in advocating a total force concept, then we must rely on the Guard and Reserve Forces more and the untrained pool of prospective draftees to a lesser degree.

Mr. Chairman, neither the gentleman from Massachusetts, nor the gentleman from California, nor the gentleman from Indiana, informed me that they were accepting my amendment and that Mr. ROUSH was going to offer it on the floor today. Please let me commend the subcommittee for their conversion and acceptance of my amendment. It buttresses my confidence in my own good judgment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana (Mr. ROUSH).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk concluded the reading of the bill.

Mr. BOLAND. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BERGLAND, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 14233) making appropriations for the Department of Housing and Urban Development, and for sundry independent executive agencies, boards, bureaus, commissions, corporations, and offices for the fiscal year ending September 30, 1977, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. MILLER OF OHIO

Mr. MILLER of Ohio. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. MILLER of Ohio. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

> Mr. MILLER of Ohio moves to recommit H.R. 14233 to the Committee on Appropriations, with instructions to that committee to report the bill back to the House forthwith, with the following amendment: On page 34, after line 21, add the following paragraph:
>
> SEC. 409. Of the total budget authority provided in this Act for payments not required by law, five per centum shall be withheld from obligation and expenditure: *Provided*, That of the amount provided for each appropriation account, activity, and project, for payments not required by law, the amount withheld shall not exceed ten per centum.

Mr. MILLER of Ohio. Mr. Speaker, I do not intend to take the full 5 minutes. This is the amendment that has been offered on six previous appropriation bills. It is to reduce by 5 percent those items that are not mandated by law.

Mr. Speaker, every day last week, we had an appropriation bill, and we had comments concerning every appropriation bill. Before I go to the comments that were made about the other bills, I would like to state first that 5 percent on this bill would be $1,354,308,000. It would reduce the bill by that amount.

But, with every bill that we had last week, some Member made comments such as this:

> I agree with the member of the Committee on Appropriations. Perhaps it should have been offered in some of the other bills, another bill.

Lifted out of the CONGRESSIONAL RECORD are these remarks:

> I certainly concur that this House, this government of ours, has to cut back this expenditure, but—

And on another bill, when it came time to vote on the amendment of reducing it by 5 percent. This remark was made and it is in the CONGRESSIONAL RECORD:

> This amendment would do irreparable harm to this particular bill.

Another—and I want to show the Members a sign that is very pertinent to what we have here and that is, "There are 1,000 other programs that could be cut. Don't cut this one."

I have that in my office. I show it to the constituents. Now I want to show it to the Members because of the remarks that have been made in the CONGRESSIONAL RECORD.

Another remark that is lifted out of the CONGRESSIONAL RECORD is:

> I share the thoughts of my colleagues about holding the line on the budget, but this is one place where we just cannot trim these amounts back by 5 percent.

There are others in the RECORD. I will read them to the Members another day.

Mr. Speaker, I urge the Members to vote for the 5-percent reduction.

Mr. BOLAND. Mr. Speaker, I rise in opposition to the motion to recommit ofered by the gentleman from Ohio (Mr. MILLER).

The motion was offered and defeated, I think, in nearly every appropriation bill before this House last week. I believe the committee will act in a similar manner today.

Actually, this does touch some controllable items that I think are important to the Members of the House who are sitting here. Let me point out a few of those that would be touched by this amendment. Incidentally, we have already decreased this bill by 5 percent. So the motion offered by the gentleman from Ohio (Mr. MILLER) will increase that to 10 percent. I think that is too deep a cut.

Over $211 million would be cut from the operation of Veterans Administration hospitals. That translates into 7,200 less operating beds and 100,000 less veteran patients being treated.

Fifteen hundred units of housing for the elderly or handicapped would not be provided.

Approximately 11,000 low income families will not receive safe, sanitary and decent housing.

I could go on and on, with other programs.

Mr. Speaker, I urge the Members to oppose the motion to recommit.

Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. MILLER of Ohio. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 98, nays 294, not voting 39, as follows:

[Roll No. 434]

YEAS—98

Abdnor
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Bauman
Beard, Tenn.
Bell
Bennett
Brinkley
Brown, Ohio
Broyhill
Burgener
Burke, Fla.
Clawson, Del
Collins, Tex.
Coughlin
Crane
Derwinski
Devine
Duncan, Tenn.
du Pont
English
Eshleman
Evans, Ind.
Findley
Fithian
Forsythe
Frenzel
Goldwater
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hamilton
Hansen
Harkin
Hechler, W. Va.
Hefner
Ichord
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Kasten
Kelly
Kemp
Ketchum
Kindness
Lagomarsino
Latta
Levitas
Lujan
McCollister
Madigan
Maguire
Martin
Michel
Miller, Ohio
Moore
Moorhead, Calif.
Mottl
Myers, Ind.
Neal
O'Brien
Patterson, Calif.
Paul
Pettis
Pressler
Pritchard
Rogers
Rousselot
Runnels
Russo
Schneebeli
Schulze
Sebelius
Sharp
Shriver
Shuster
Skubitz
Smith, Nebr.
Snyder
Spence
Steelman
Steiger, Wis.
Taylor, Mo.
Taylor, N.C.
Treen
Vander Jagt
Wiggins
Wilson, Bob
Wilson, Tex.
Winn
Wydler
Wylie
Young, Alaska

NAYS—294

Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Annunzio
Ashley
Aspin
AuCoin
Bafalis
Baldus
Baucus
Beard, R.I.
Bedell
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bonker
Brademas
Breaux
Breckinridge
Brodhead
Brooks
Broomfield
Brown, Mich.
Buchanan
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cornell
Cotter
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Derrick
Dickinson
Diggs
Downing, Va.
Drinan
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
Erlenborn
Esch
Evans, Colo.
Evins, Tenn.
Fary
Fascell
Fenwick
Fish
Fisher
Flood
Florio
Flowers
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gonzalez
Green
Gude
Hall
Hammerschmidt
Hanley
Hannaford
Harrington
Harris
Harsha
Hayes, Ind.
Heckler, Mass.
Henderson
Hicks
Hightower
Hillis
Holland
Holt
Holtzman
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, Tenn.
Jordan
Kastenmeier
Kazen
Keys
Koch
Krebs
Krueger
LaFalce
Leggett
Lehman
Lent
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lundine
McClory
McCloskey
McCormack
McDade
McEwen
McFall
McHugh
McKay
McKinney
Madden
Mahon
Mann
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Pa.
Natcher
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Neill
Ottinger
Passman
Patten, N.J.
Pattison, N.Y.
Perkins
Peyser
Pickle
Pike
Poage
Preyer
Price
Quie
Quillen
Railsback
Randall
Rangel
Regula
Reuss
Rhodes
Richmond
Rinaldo
Risenhoover
Roberts
Robinson
Rodino
Roe
Roncalio
Rooney
Rose
Rostenkowski
Roush
Roybal
Ruppe
Ryan
St Germain
Sarasin
Sarbanes
Satterfield
Scheuer
Schroeder
Seiberling
Shipley
Sikes
Simon
Sisk
Slack
Smith, Iowa
Solarz
Spellman
Staggers
Stanton, J. William
Stark
Steed
Stokes
Stratton
Studds
Sullivan
Symington
Talcott
Teague
Thompson
Thone
Thornton
Traxler
Tsongas
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wilson, C. H.
Wolff
Wright
Yates
Yatron
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—39

Badillo
Bolling
Bowen
Brown, Calif.
Conable
Conlan
Dent
Dingell
Dodd
Downey, N.Y.
Flynt
Gilman
Ginn
Hawkins
Hays, Ohio
Hébert
Heinz
Helstoski
Hinshaw
Howe
Jacobs
Karth
Landrum
Litton
McDonald
Metcalfe
Milford
O'Hara
Pepper
Rees
Riegle
Rosenthal
Santini
Stanton, James V.
Steiger, Ariz.
Stephens
Stuckey
Symms
Wirth

The Clerk announced the following pairs:

On this vote:

Mr. McDonald for, with Mr. Hawkins against.

Mr. Jacobs for, with Mr. Dent against.

Until further notice:

Mr. Badillo with Mr. Conable.

Mr. Wirth with Mr. Hays of Ohio.

Mr. Rosenthal with Mr. Riegle.

Mr. Helstoski with Mr. Hébert.

Mr. Bowen with Mr. Rees.

Mr. Stuckey with Mr. Conlan.

Mr. Litton with Mr. James V. Stanton.

Mr. Dodd with Mr. Gilman.

Mr. Dingell with Mr. Steiger of Arizona.

Mr. Flynt with Mr. Heinz.

Mr. Ginn with Mr. Symms.

Mr. Pepper with Mr. Landrum.

Mr. O'Hara with Mr. Stephens.

Mr. Milford with Mr. Karth.

Mr. Metcalfe with Mr. Santini.

Messrs. QUILLEN, HUGHES, EDGAR, LOTT, and FOUNTAIN changed their vote from "yea" to "nay."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. TALCOTT. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 369, nays 18, not voting 44, as follows:

[Roll No. 435]

YEAS—369

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
AuCoin
Bafalis
Baldus
Baucus
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bonker
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Davis
de la Garza
Delaney
Dellums
Derrick
Derwinski
Devine
Dickinson
Diggs
Dingell
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery

English
Erlenborn
Esch
Evans, Colo.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Goldwater
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harrington
Harris
Harsha
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Hefner
Hicks
Hightower
Hillis
Holland
Holt
Holtzman
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Latta
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Passman
Patten, N.J.
Pattison, N.Y.
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Regula
Reuss
Rhodes
Richmond
Rinaldo
Risenhoover
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rostenkowski
Roush
Roybal
Runnels
Ruppe
Ryan
St Germain
Sarasin
Sarbanes
Satterfield
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Sikes
Simon
Sisk
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stark
Steed
Steelman
Steiger, Wis.
Stokes
Stratton
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—18

Archer
Armstrong
Ashbrook
Bauman
Collins, Tex.
Crane
Eshleman
Evans, Ind.
Gonzalez
Hansen
Kindness
Miller, Ohio
Paul
Rousselot
Russo
Schneebeli
Shuster
Skubitz

NOT VOTING—44

Andrews, N.C.
Badillo
Bolling
Bowen
Brown, Calif.
Conable
Conlan
Daniels, N.J.
Dent
Dodd
Downey, N.Y.
Flynt
Gilman
Ginn
Hawkins
Hays, Ohio
Hébert
Heinz
Helstoski
Henderson
Hinshaw
Howe
Jacobs
Karth
Landrum
Litton
McDonald
Metcalfe
Milford
Mills
O'Hara
Patterson, Calif.
Pepper
Rees
Riegle
Rose
Rosenthal
Santini
Stanton, James V.
Steiger, Ariz.
Stephens
Stuckey
Symms
Wirth

The Clerk announced the following pairs:

On this vote:

Mr. Hawkins for, with Mr. McDonald against.

Until further notice:

Mr. Dent with Mr. Andrews of North Carolina.
Mr. Dominick V. Daniels with Mr. Conable.
Mr. Rosenthal with Mr. Gilman.
Mr. Pepper with Mr. Heinz.
Mr. Hébert with Mr. Karth.
Mr. Brown of California with Mr. Conlan.
Mr. Litton with Mr. Metcalfe.
Mr. Stuckey with Mr. Mills.
Mr. Rose with Mr. Rees.
Mr. Henderson with Mr. Steiger of Arizona.
Mr. Bowen with Mr. Landrum.
Mr. Badillo with Mr. Stephens.
Mr. Dodd with Mr. Riegle.
Mr. Flynt with Mr. James V. Stanton.
Mr. Milford with Mr. Symms.
Mr. Jacobs with Mr. Wirth.
Mr. Santini with Mr. Downey of New York.
Mr. Patterson of California with Mr. Ginn.
Mr. O'Hara with Mr. Helstoski.
Mr. Hays of Ohio with Mr. Howe.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BOLAND. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed, and to include tables, charts and other extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

APPOINTMENT OF CONFEREES ON S. 3168, FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEAR 1977

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 3168) to authorize fiscal year 1977 appropriations for the Department of State, the U.S. Information Agency, and the Board for International Broadcasting, and for other purposes, with the House amendments thereto, insist on the House amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin? The Chair hears none, and appoints the following conferees: Messrs. MORGAN, ZABLOCKI, FASCELL, and DIGGS, Mrs. MEYER, Mr. BROOMFIELD, and Mr. BUCHANAN.

HOUR OF MEETING ON WEDNESDAY, JUNE 23, 1976

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at noon tomorrow, Wednesday, June 23, 1976.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. KETCHUM. Mr. Speaker, reserving the right to object, I would ask the majority leader, for what reason? We came in at noon yesterday, worked only 2 hours; we came in at 10 today, worked until 8:30. Tomorrow, as I understand it, we have the HEW appropriation bill.

Would the majority leader kindly tell us why?

Mr. O'NEILL. Mr. Speaker, if the gentleman will yield, I will be happy to respond.

This matter has already been discussed with the leadership on that side of the aisle, and I am sure that the leadership and a number of the Members on that side are aware of the fact that the Democratic Members have a caucus set for tomorrow at 9 o'clock. We have four items, which we feel will clean up, in our opinion, some of the inequities that exist in the integrated system of benefits that we have. History shows that since 1793, we paid for travel, and during the period of years there are now 14 different methods by which the House draws benefits on the Clerk of the House.

We have some ideas, and due to the fact that there has been a great deal of publicity recently about the Committee on House Administration, we are going to caucus in order to act on a resolution that also has had considerable publicity in recent days.

This is a courtesy we are asking of the gentleman's side. I am sure that if the same courtesy were asked of us, we would gladly extend to the gentleman the same kind of courtesy. Originally, we had called the meeting for 10 o'clock, but we ask for the privilege, notwithstanding the fact that we had already set the time at 10 o'clock for the convening of the House. We ask that the request made previously be voided and that we come in at noon tomorrow.

Mr. RHODES. Will the gentleman yield?

Mr. KETCHUM. Mr. Speaker, further reserving the right to object, I yield to the distinguished minority leader.

Mr. RHODES. I thank the gentleman for yielding.

Mr. Speaker, certainly I would hope that the unanimous consent request would be agreed to, although I have my doubts as to whether or not even the Democratic Caucus could clear up the problems that this House has, so far as accounts are concerned, in 3 hours, in 3 days, or even 3 weeks. But nevertheless I do certainly respect the effort which is being made, and it would be my hope that the Members would accede to the request of the majority leader.

Mr. KETCHUM. Mr. Speaker, recognizing the problems of the majority party, I object.

The SPEAKER. Objection is heard.

MOTION OFFERED BY MR. O'NEILL

Mr. O'NEILL. Mr. Speaker, I move that when the House adjourns today it adjourn to meet at noon tomorrow.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. KETCHUM. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 180, nays 43, not voting 208, as follows:

[Roll No. 436]

YEAS—180

Abzug
Addabbo
Allen
Ambro
Anderson, Ill.
Andrews, N.C.
Ashley
Aspin
Beard, R.I.
Bennett
Bergland
Bevill
Biaggi
Bingham
Blanchard
Boggs
Boland
Brademas
Brinkley
Broyhill
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Carney
Clancy
Clausen, Don H.
Clawson, Del
Cochran
Cohen
Corman
Cornell
D'Amours
Daniel, Dan
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Devine
Dingell
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Evans, Ind.
Fary
Fascell
Fenwick
Fish
Fithian
Flowers
Foley
Forsythe
Fountain
Fraser
Frenzel
Fuqua
Gaydos
Giaimo
Gibbons
Grassley
Green
Gude
Guyer
Haley
Hall
Hanley
Harkin
Harris
Hayes, Ind.
Hechler, W. Va.
Hefner
Hightower
Hillis
Holtzman
Horton
Hubbard
Hughes
Hungate
Hutchinson
Ichord
Jacobs
Johnson, Colo.
Jones, Okla.
Jordan
Kasten
Kazen
Keys
Krebs
Latta
Leggett
Levitas
Lloyd, Calif.
Lujan
McCormack
McEwen
McFall
McHugh
McKay
Madigan
Maguire
Matsunaga
Meeds
Meyner
Mezvinsky
Mikva
Miller, Ohio
Minish
Mink
Moakley
Mollohan
Moore
Moorhead, Pa.
Murphy, Ill.
Murtha
Natcher
Neal
Nix
Oberstar
Obey
O'Neill
Ottinger
Perkins
Pickle
Pike
Price
Pritchard
Quie
Railsback
Randall
Regula
Reuss
Rhodes
Rinaldo
Risenhoover
Rodino
Roncalio
Rose
Roush
Runnels
Russo
Sarasin
Sarbanes
Scheuer
Seiberling
Sisk
Skubitz
Slack
Smith, Iowa
Solarz
Spellman
Spence
Staggers
Stark
Steed
Steiger, Wis.
Stokes
Stratton
Studds
Symington
Talcott
Thompson
Thone
Vander Veen
Vigorito
Waggonner
Weaver
White
Wolff
Wright
Wylie
Young, Alaska
Young, Fla.
Young, Ga.
Zablocki
Zeferetti

NAYS—43

Abdnor
Anderson, Calif.
Ashbrook
Bauman
Brown, Mich.
Brown, Ohio
Buchanan
Cleveland
Conte
Crane
Daniel, R. W.
Downing, Va.
Edwards, Ala.
Emery
Goldwater
Gonzalez
Hammerschmidt
Hansen
Holland
Jeffords
Kemp
Ketchum
Kindness
LaFalce
Lott
McCollister
Martin
Melcher
Michel
Montgomery
Mottl
O'Brien
Patten, N.J.
Robinson
Satterfield
Shriver
Snyder
Taylor, Mo.
Wampler
Whitehurst
Wilson, Bob
Wydler
Yatron

NOT VOTING—208

Adams
Alexander
Andrews, N. Dak.
Annunzio
Archer
Armstrong
AuCoin
Badillo
Bafalis
Baldus
Baucus
Beard, Tenn.
Bedell
Bell
Biester
Blouin
Bolling
Bonker
Bowen
Breaux
Breckinridge
Brodhead
Brooks
Broomfield
Brown, Calif.
Burgener
Burke, Calif.
Burleson, Tex.
Burton, John
Burton, Phillip
Butler
Byron
Carr
Carter
Cederberg
Chappell
Chisholm
Clay
Collins, Ill.
Collins, Tex.
Conable
Conlan
Conyers
Cotter
Coughlin
Dellums
Dent
Derrick
Derwinski
Dickinson
Diggs
Dodd
Downey, N.Y.
Early
English
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Findley
Fisher
Flood
Florio
Flynt
Ford, Mich.
Ford, Tenn.
Frey
Gilman
Ginn
Goodling
Gradison
Hagedorn
Hamilton
Hannaford
Harrington
Harsha
Hawkins
Hays, Ohio
Hébert
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hinshaw
Holt
Howard
Howe
Hyde
Jarman
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Karth
Kastenmeier
Kelly
Koch
Krueger
Lagomarsino
Landrum
Lehman
Lent
Litton
Lloyd, Tenn.
Long, La.
Long, Md.
Lundine
McClory
McCloskey
McDade
McDonald
McKinney
Madden
Mahon
Mann
Mathis
Mazzoli
Metcalfe
Milford
Miller, Calif.
Mills
Mineta
Mitchell, Md.
Mitchell, N.Y.
Moffett
Moorhead, Calif.
Morgan
Mosher
Moss
Murphy, N.Y.
Myers, Ind.
Myers, Pa.
Nedzi
Nichols
Nolan
Nowak
O'Hara
Passman
Patterson, Calif.
Pattison, N.Y.
Paul
Pepper
Pettis
Peyser
Poage
Pressler
Preyer
Quillen
Rangel
Rees
Richmond
Riegle
Roberts
Roe
Rogers
Rooney
Rosenthal
Rostenkowski
Rousselot
Roybal
Ruppe
Ryan
St Germain
Santini
Schneebeli
Schroeder
Schulze
Sebelius
Sharp
Shipley
Shuster
Sikes
Simon
Smith, Nebr.
Stanton, J. William
Stanton, James V.
Steelman
Steiger, Ariz.
Stephens
Stuckey
Sullivan
Symms
Taylor, N.C.
Teague
Thornton
Traxler
Treen
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Walsh
Waxman
Whalen
Whitten
Wiggins
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Yates
Young, Tex.

Mr. LLOYD of California and Mr. RUSSO changed their vote from "nay" to "yea."

Mr. HOLLAND changed his vote from "yea" to "nay."

So the motion was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

VIGIL ON SOVIET JEWRY

(Mr. DODD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DODD. Mr. Speaker, all the nations which signed the Helsinki Final Act, including the Soviet Union, pledged to do everything possible to reunite families separated by political boundaries.

Unfortunately, Mr. Speaker, the Soviet Union is not living up to commitments toward human rights it made when it initialed the accord in Helsinki. The U.S.S.R. continues to discriminate against its minority citizens, especially Soviet Jews.

Because the U.S.S.R. has failed in its responsibilities toward human rights, Members of Congress are conducting a vigil on behalf of those families which remain separated by the discriminatory will of the Soviet state.

The case histories of these families have been gathered into a volume entitled "Orphans of the Exodus."

This volume dramatically details this tragic problem, and I commend it to my colleagues.

At this time, I would like to bring to my colleagues attention the plight of the family of Moisey Polonsky. Moisey Polonsky, 28, his wife Ella, and two children Arkady and Isaac, live in Kishinev, a city in the southwest U.S.S.R.

For them life means great financial hardship. Official harassment plus the pain of separation from his parents, who live in Israel, take their toll in suffering on this young man, and on his own small family.

Moisey applied for visas in 1973, but was refused because 5 years had not elapsed since he served in the Soviet Army. To date, it is now 7 years since he was in the army, and he still waits for his exit visas.

Yet Moisey's parents, Esther and Wolf Polonsky, were allowed to emigrate to Israel in 1974. The separation from their son, daughter-in-law, and grandchildren also is taking its toll on these brave old people.

Grandmother Polonsky recently wrote to this country asking for help for her separated family, and I would like to share her words with my colleagues. These words communicate far better than I can the true depths of this tragedy. I quote:

> As a mother deprived of my children and grandchildren for no cause whatever, I suffer very much and miss them sorely. It seems to us that no one is doing anything to help bring about a reunion of our broken separated family. I very much ask that all be done to help get my children and grandchildren to our motherland—Israel.
>
> They also live in very difficult economic conditions. I know it too well and take it very much to heart. I am ailing and worrying about them. I ask you to be kind enough and let me know about any action taken on behalf of our dear ones.

Mr. Speaker, we who live in freedom cannot ignore these pleas. We must continue to speak out against Soviet repression until this family, and all the other families separated by the U.S.S.R. are once again united and living in peace.

SOCIAL SECURITY COST-OF-LIVING INCREASES AND OTHER BENEFITS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. WHALEN), is recognized for 5 minutes.

Mr. WHALEN. Mr. Speaker, over 100 bills have been introduced during the 94th Congress to provide that when a general cost-of-living increase in social security occurs, other Federal or federally assisted benefits which are based on income will not be automatically cut back.

These bills have been referred to a myriad of congressional committees and, indeed, some positive steps have been taken. The Veterans' Affairs Committee, recognizing what can be expected to happen year in-year out, recommended a 6.5-percent increase in income limitations. This is a crucial provision as 75 percent of those who receive veterans' benefits also receive social security. The House promptly passed this measure on June 21, before the social security increases will be received.

And in May an amendment was made on the House floor to the Housing Bill exempting social security cost-of-living increases in computing the rent paid by senior citizens in public housing. This provision will be included in the conference report on this measure which will be considered soon by both Houses.

Yet, on July 3, when 33 million social security recipients realize the anticipated 6.4 percent adjustment, they may be sure that if they live in public housing, their rental payments will increase. If they receive medicaid, Aid for Families With Dependent Children, supplemental security income, food stamps or other Federal assistance programs, in many instances their benefits will be reduced.

This was certainly not the intent of the Congress when enacting automatic cost-of-living increases for recipients of social security based on annual increases in the Consumer Price Index. All Americans have been hurt by continuing economic pressures, but those who suffer most are the elderly, the blind, the disabled, and the poor who must live on incomes which are not expanding with the economy. The few dollars represented by an increase in the monthly social security check are badly needed to cope with ever-increasing prices for the essentials of life.

In an effort to focus attention upon this recurring injustice, I have joined with several of my colleagues in introducing a House concurrent resolution which is designed to surmount the dilemma of jurisdictional problems, as well as the difficulties raised by the all-encompassing, nonspecific legislation which has been proposed in the past to address this problem. A similar resolution will be introduced in the Senate tomorrow. The text follows:

H. Con. Res. 660

Whereas 33,000,000 recipients of social security benefits, along with 1,185,000 recipients of railroad retirement benefits, are expected to receive a 6.4 percent cost-of-living increase on July 3, 1977; and

Whereas past cost-of-living increases in social security benefits have resulted in cutbacks in other Federal and federally-assisted programs and reductions in the benefits otherwise available thereunder; and

Whereas dealing with this problem on an overall basis is particularly difficult because the Federal and federally-assisted programs involved fall within the jurisdictions of a number of different congressional committees: Therefore be it

Resolved by the House of Representatives (the Senate concurring), That it is declared to be the sense of the Congress that no individual whose social security benefits are increased (whether as the result of an automatic cost-of-living adjustment or by the enactment of a law) should suffer, by reason of such increase, a loss of or reduction in any benefits which he or she (or the family or household of which he or she is a member) is otherwise entitled to receive under any Federal or federally assisted program.

Sec. 2. In order to implement the declaration contained in the first section of this resolution, each committee of the House of Representatives or the Senate which has jurisdiction over any Federal or federally-assisted program providing benefits subject to loss or reduction as described in such section should without delay consider and report legislation eliminating the possibility of any such loss or reduction to the extent that such benefits are concerned.

TRIBUTE TO DONALD D. MOYER, PROMINENT CITIZEN OF NORTHEASTERN PENNSYLVANIA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. McDade) is recognized for 5 minutes.

Mr. McDADE. Mr. Speaker, I take this opportunity to pay tribute to a prominent citizen of northeastern Pennsylvania, Donald D. Moyer, whose boss will be keenly felt. He recently left his post as vice president of the Greater Scranton Chamber of Commerce, where he served with distinction, and accepted the position of vice president of civic affairs for the J. L. Hudson Co. in Detroit, Mich.

Don's contributions to Lackawanna County have been manifold and reflect the goal he set as vice president of the chamber of commerce, of bringing industrial and economic vitality to Lackawanna County. Realizing the crucial problem of unemployment in the area, he was a key initiator of numerous programs and through tireless effort created over a thousand jobs in Lackawanna County. His management abilities, recognized by many, are exemplified by his positions of authority in local organizations including health care management, Blue Cross of Northeastern Pennsylvania, and the board of trustees at the University of Scranton. In conjunction with former Pennsylvania Governor, William Scranton, Don was instrumental in organizing the Railroad Task Force, which assisted in the passage of the Rail Reorganization Act; legislation vital to the continuation of railroads in northeastern Pennsylvania.

A former Lutheran minister, Don deserves great commendation for his many professional and personal services to the people of the Scranton area. His good humor and kind spirit, coupled with an incisive mind and broad experience, made Don very effective. The entire community will feel the impact of his absence but all agree that Lackawanna County was truly fortunate to have the benefit of his skill. With sadness at his departure, we wish him well.

THE COALITION TO RUIN REVENUE SHARING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. Ashbrook) is recognized for 30 minutes.

Mr. ASHBROOK. Mr. Speaker, the most persistent question I get back home from the average solid citizen who is not knowledgeable in Washington ways is: "Who supports those crazy proposals?" or "Who passed a law like that?" Well, the answer is usually clear. There is a liberal coalition which will gather around anything ranging from amnesty to socialized medicine and they are in dead earnest. Sad to say for the country, they are usually successful.

Recently I put in the Record the liberal coalition which is pushing favored-nation trade treatment of our enemies, the Soviet Union, including taxpayer subsidies. I also detailed the coalition which is pushing for complete amnesty. A similar coalition developed to change revenue sharing into a totally different program that we originally intended. Their goals were simple: Make it primarily a civil rights bill, gradually shift it to the cities and alleged centers of social need, tie labor's Davis-Bacon provisions on all construction so costs would be jacked up in areas like ours and put more redtape and reporting requirements on local officials. For a topper, they would have started in motion the process of reform—that is their word, not mine because I know it means getting rid of local government as we know it now—of State and local government.

Here is the memo which I found on my desk when the bill came up for a vote:

Washington, D.C., *June 7, 1976*.

Re Revenue sharing (on floor Wednesday, June 9).

Dear Colleague: We ask that you vote for the full committee bill, H.R. 13367.

It contains:

(1) Extension of the present formula for each recipient at current level of $6.5 billion.

(2) Additional supplemental assistance of $150 million for all recipients who qualify on basis of need.

(3) Reforms in civil rights, citizen participation, governmental modernization, and Davis-Bacon provisions.

The Committee bill is supported by the U.S. Conference of Mayors. Attached is a list of other major groups supporting the Committee bill's supplemental assistance and reform provisions.

We ask that you vote against the Subcommittee substitute (H.R. 14000) or any weakening amendments seeking to strike provisions of the Full Committee bill, if offered. These amendments would strike out the $150 million in supplemental assistance for needy areas and other vital reforms contained in the Full Committee bill.

You may have seen computer printouts or other information purporting to show that some cities would "lose" funds under the supplemental assistance provision. Obviously, this is incorrect since all jurisdictions would be held harmless at the current year's level of spending, $6.5 billion. In fact, unless the committee provision for $150 million of supplemental assistance is kept in the bill, some 13,000 jurisdictions will lose funds and all funds would be spread among 40,000 jurisdictions with the result of no significant gain going to any jurisdiction.

John Burton, John Conyers, Dante Fascell, Barbara Jordan, William Moorhead, John Moss, Benjamin Rosenthal, James Stanton, Edward Mezvinsky.

Organizations Supporting the Supplemental Assistance and Reform Provisions of H.R. 13367, Revenue Sharing Legislation

Amalgamated Clothing Workers of America.

Amalgamated Meat Cutters and Butcher Workmen of North America, AFL–CIO.
Americans for Democratic Action.
Americans for Indian Opportunity.
American Jewish Committee.
Center for Community Change.
Center for National Policy Review.
Common Cause.
Friends' Committee on National Legislation.
International Ladies' Garment Workers Union.
League of Women Voters of the United States.
Movement for Economic Justice.
National Association of Social Workers.
National Center for Urban Ethnic Affairs.
National Congress of Hispanic American Citizens.
National Council of Churches.
National Council of Jewish Women.
National Council of Laraza.
National Council of Negro Women.
National Council on the Aging.
National Organization for Women.
National Urban Coalition.
National Urban League, Inc.
Southern Regional Council.
United Auto Workers International Union.
United Steelworkers of America.

Note the liberal groups. They are all there. Unions, National Council of Churches, Americans for Democratic Action, organizations like Common Cause and League of Women Voters which profess to be nonpartisan always seem lined up with this gaggle of advocates of big government and socialism.

The letter writing chorus begins after the coalition does its job in the congressional committee. Here is the letter I got from a local chapter of the League of Women voters:

JUNE 2, 1976.

Re Reforms in H.R. 13367.

Hon. JOHN ASHBROOK.
House of Representatives,
Washington, D.C.

DEAR MR. ASHBROOK: The League of Women Voters of (deleted), Ohio urges your consideration of reforms in the State and Local Fiscal Assistance Act. We feel it is essential that the General Revenue Sharing program be not merely extended.

Our chief concerns are:

(1) that there be strengthened public participation procedures to assure adequate public hearings prior to budgetary decision making by local and state governments.

(2) civil rights provisions need to be strengthened so that jurisdictions will not be allowed to prevent cutoffs through prolonged administrative or judicial proceedings or other loopholes.

(3) that the original intent of Congress to direct funds to the localities with the greatest need be better met. The *Fascell formula* (to substitute the percentage of people below the poverty level for the per capita income factor) would help accomplish this.

(4) there needs to be greater accountability to Congress by states and localities through expanded reporting requirements.

The League of Women Voters is aware that House floor consideration is expected soon on HR 13367 and we are anxious to convey our concern that reforms be included.

Sincerely yours,

———— ————.

Common Cause took enough time out from its efforts to cut back the strategic defensive forces of our Nation to lobby with the coalition for their antilocal government proposals. Here is what that liberal group had to say:

COMMON CAUSE,
Washington, D.C., June 8, 1976.

DEAR REPRESENTATIVE: Later this week the House of Representatives will begin consideration of H.R. 13367, the Fiscal Assistance Amendments of 1976. This legislation, which continues and modifies the General Revenue Sharing (GRS) program, was reported by the Government Operations Committee on May 15 and the Appropriations Committee on May 27.

With two important exceptions noted below, Common Cause strongly supports H.R. 13367 as reported by the Government Operations Committee. Of particular interest to us are four reform provisions which the full committee added to the bill. These reforms deal with:

(1) *Fund Distribution on Basis of Need.* In Committee Rep. Dante Fascell sought to revamp the formula for allocating GRS funds so that *all* funds would be directed to recipient jurisdictions on the basis of need. A committee compromise was worked out, resulting in all "new money", i.e. any beyond that distributed to recipient jurisdictions at the 1976 funding level of $6.5 billion, being allocated on the basis of need. The Committee accepted this modest proposal along with a "hold harmless" mechanism to insure that the funding levels of past recipients would not be cut due to the proposal. Thus, under the Committee bill, which proposes $6.65 billion in GRS funds for 1977—$150 million more than current levels—the additional $150 million would be distributed on the basis of the needs formula. As the Committee reported states, this key provision makes it possible "to target some additional funding to those jurisdictions that have the greatest service needs and very limited fiscal capacity to meet those needs. Central cities and poor rural communities are intended to be its main beneficiaries."

(2) *Nondiscrimination.* In the full Government Operations Committee, Rep. Barbara Jordan succeeded in strengthening the bill's nondiscrimination provisions in two important respects. First, an amendment she offered succeeded in deleting the requirement that individuals alleging discrimination exhaust all administative remedies. The Committee thus accepted the principle traditionally followed in civil rights legislation that individuals alleging discrimination may go directly to court. Second, the full Committee added a provision allowing a prevailing plaintiff to be awarded attorney fees, as done in other areas of civil rights litigation. In the absence of such a provision, suits to challenge discriminatory practices in jurisdictions receiving GRS funds would be greatly impeded.

(3) *Citizen Participation.* The full Committee accepted provisions to strengthen assurances that citizens are given an adequate role in helping to determine how GRS funds are to be used by their state and local government. To aid citizens in monitoring their government's planned or actual use of GRS funds, the new provisions require specific line item reporting of uses of funds, recipient governments to notify the public of the expected receipt of funds, and the holding of at least two open and well-publicized hearings on the use of GRS funds.

(4) *Govermnent Modernization.* The bill as reported, contains a strong statement of congressional policy urging modernization and revitalization of state and local governments. It establishes a goal that each state government should prepare a plan and timetable for modernization. This provision can provide important impetus toward meeting the criticism that the revenue sharing funds are used ineffectively due to the ineffectiveness and inefficiency of recipient jurisdictions.

Concerted efforts will be made on the House floor to eliminate all four of these important reforms. First, an attempt will be made to substitute H.R. 14000, the subcommittee bill—which contains none of these reforms—for the bill reported by the full Government Operations Committee. If that effort fails, individual attempts will be made to knock out each of the reforms. Common Cause strongly opposes the substitute and all amendments undercutting the four reforms discussed above.

In addition, in two respects, Common Cause would like to see the bill strengthened. H.R. 13367 as reported by Government Operations, makes revenue sharing an entitlement program. This would remove it from the normal appropriations and budget process and thus eliminate the possibility of effective Congressional oversight. As such, it would be the first government program not involving assured individual benefits which would be taken out of the appropriations process. Common Cause shares the Appropriations Committee's view that the entitlement approach "must be rejected if the Congress is to honor its stated objective of achieving better legislative budget control." We therefore support the expected amendment to return revenue sharing to the regular appropriations and budget process. To assure recipient governments ample lead time to plan on the basis of anticipated receipt of GRS funds, we favor advance funding, i.e. Congress would appropriate each year for one, two, or three years in advance.

Finally, we support the amendment to be offered by Rep. Rosenthal to deal with the problem of census undercount in order to allow the formula for distributing revenue sharing funds to be as accurate as possible. Failure to allow use of reliable undercount figures as they become available in order to adjust the population factor in the distribution formula would result in discrimination against central cities and rural areas where minorities and poor—those most frequently missed by census takers—reside.

Common Cause therefore urges you to oppose all amendments to weaken the Government Operations Committee bill and to support the amendments to place revenue sharing within the appropriations/budget process and to utilize census undercount data.

Sincerely,

DAVID COHEN,
President.

The usual bevy of union leaders—I use the word "leaders" because I am sure the rank and file would not go along with their position—add their weight to the growing chorus. Strangely enough this antilocal government trend comes at a time that most taxpayers, including union members, want less big government in Washington and more autonomy at the local level. Never mind that, rank and file member, your leaders have a position and they stick to it. So here come their letters pouring in:

AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington, D.C., June 8, 1976.

Hon. JOHN M. ASHBROOK,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN ASHBROOK: The AFL–CIO opposed general revenue sharing when first enacted more than five years ago. Unfortunately, since that time many of the problems which we foresaw materialized, indicating that general revenue sharing must be modified.

However, local governments at the present time need the kind of continuing assistance which they have been receiving through revenue sharing. The AFL–CIO therefore endorses continuation of the program with improvements to assure more effective civil rights protection, adequate Davis-Bacon safeguards, citizen participation and adjustments in the formula for allocating funds so that they will be distributed on the basis of need.

The bill reported by the full Government Operations Committee improves the program in these significant respects. The amendments approved by the Government Operations Committee will be offered as a substitute for H.R. 13367. The AFL–CIO urges your support for this substitute. The substitute amendment makes adjustments in the formula to provide, after a "hold harmless" to present funding levels, that the revenue sharing money—some $150 million a year—would be distributed based upon need and poverty factors. The bill also contains provisions to encourage modernization and revitalization of state and local governments.

We still believe there is a great need to improve congressional oversight of the revenue sharing program. Rather than continue revenue sharing as an entitlement program, we would prefer to see it funded through the appropriations process with a system of advanced funding so that governmental units receiving assistance would still have adequate time to plan.

For this reason, the AFL–CIO also supports an amendment that provides a limited entitlement for 1.75 years and forward funding combined within a 3.75 year authorization.

In summary, the AFL–CIO urges you to support H.R. 13367, with the adoption of the amendments approved by the Government Operations Committee and an amendment providing both a limited entitlement and the forward-funding of appropriations.

Sincerely,

ANDREW J. BIEMILLER,
Director,
Department of Legislation.

AMERICAN FEDERATION OF STATE,
COUNTY, AND MUNICIPAL EMPLOYEES,
Columbus, Ohio, June 1, 1976.

Mr. JOHN M. ASHBROOK,
U.S. Representative,
House Office Building,
Washington, D.C.

DEAR REPRESENTATIVE ASHBROOK: During the first three weeks in June, three pieces of legislation that are critically important to AFSCME Members in the State of Ohio will go to the floor of the U.S. House of Representatives for vote. I am taking this opportunity to furnish you with the views of the 30,000 plus members of AFSCME in Ohio regarding these very important pieces of legislation.

H.R. 10210, the Unemployment Compensation Amendments, will be considered on the House floor before June 14. It is important to note that AFSCME opposes any attempts to delete public employees from the Committee Bill. AFSCME supports a Corman amendment to provide a federal weekly benefit amount standard. Two vital points to remember in regard to this bill are: (1) ⅔ of public employees are not now covered under the permanent program . . . H.R. 10210 provides equity for these public employees for the first time; (2) U.S. Department of Labor data indicates the cost of public employee coverage is 70% less than the cost of private sector coverage.

Secondly, the House will consider a Conference Report on Public Works legislation for the second time. The Conference Report will include a section containing Emergency (Counter-Cyclical) Financial Assistance for state and local governments. AFSCME Membership urges you to support the Conference Report on Public Works and its section containing Emergency (Counter-Cyclical) Financial Assistance for state and local governments. It is important to remember that funding for counter-cyclical assistance is included in Congress' First Concurrent Budget Resolution. Also, Counter-Cyclical aid has four major advantages:

1. It provides a speedy means of getting the money out;

2. It targets assistance to those places most in need;

3. It is designed to phase itself out automatically and completely as the economy recovers; and

4. It complements other Congressional programs by reducing the need for state and local governments to increase taxes or cut employment, purchases and services.

The third major piece of legislation before the floor in the first part of June is the *General Revenue Sharing Program.* The five-year program is now due to end on December 31, 1976. It set up a trust fund to make automatic payments to more than 38,000 state and local governments on a complex formula which considers population, tax effort and per capita income. Revenue Sharing affects all citizens; public employees and public officials alike across the nation. AFSCME supports the renewal of general revenue sharing but urges the following reforms:

1. Targeting towards areas of greatest need;
2. Stronger civil rights enforcement;
3. More long-term stability in funding to facilitate efficient budget planning; and
4. Incentives for tax reform by state and local governments.

Remember, General Revenue Sharing means jobs for public employees in your district.

The membership of AFSCME in Ohio strongly urges your support of the above pieces of legislation with the recommended reforms as indicated above.

Respectfully,

CHARLES J. GIAMMONA,
Acting Area Director.

AMERICAN FEDERATION OF TEACHERS,
Washington, D.C., June 7, 1976.

To all Members of the U.S. House of Representatives.

DEAR REPRESENTATIVE: It is my understanding that the House of Representatives is scheduled to consider H.R. 13367, the extension of the general revenue sharing program, on Wednesday. It is important to the members of the American Federation of Teachers that a general revenue sharing program be passed since it is estimated that 40 percent of the state share is used for education. We do, however, have several reservations about the program as it is now constituted.

We understand that a substitute bill will be offered by the Chairman of the Committee that meets many of the objectives of the AFT in regard to the revenue sharing program. The substitute would provide for better civil rights oversight, increased citizen participation, and a different formula which we feel is based more on need than the current revenue sharing distribution formula. We urge you to vote for the substitute amendment when the bill is before you.

It is also our information that an amendment will be offered to make revenue sharing funding contingent on the appropriations process rather than an entitlement as it currently exists. Education programs are currently forward funded through the appropriations process, and this method gives school boards, whose functions are very similar to that of general units of local government, adequate opportunities for planning efficient use of Federal funds. We do not believe that a similar provision would entail any great difficulty for general units of local government. We, therefore, urge that you vote for an amendment to move revenue sharing on the appropriations process.

General revenue sharing is an important program that has become vital to the economic stability of state and local governments. We urge its swift passage.

Sincerely,

GREGORY A. HUMPHREY,
Co-Director of Legislation.

PUBLIC EMPLOYEE DEPARTMENT
AFL–CIO,
Washington, D.C., June 8, 1976.

DEAR REPRESENTATIVE: This is with reference to H.R. 13367 reported by the Government Operations Committee, with regard to the continuation of the revenue sharing program.

When it was inaugurated over 5 years ago, many of us in the labor movement had serious reservations about revenue sharing. While some of our concerns have been confirmed, there is no question but that it has become a vital aid to the local governments and their necessary operations.

We need not repeat here the details that are summed up by the truism that our cities are in crisis. Among the factors contributing to the problems of our urban centers are an inadequate tax base, problems of administration, relocations of industries and the inability or unwillingness of states to provide adequate assistance. The greatest problem of course has been the general recession which we have experienced and which has increased demands for local services, particularly social services, at the same time that the ability to meet these with local revenues has been drastically curtailed. Accordingly, we support the position of our parent AFL–CIO that there must be continuing assistance through revenue sharing.

We hope that there will be improvement in the program through civil rights protections, adequate Davis-Bacon requirements, allocation of funds on the basis of needs, and sufficient citizen participation in the use of the funds. We understand amendments to accomplish these improvements, approved by the Government Operations Committee will be offered as a substitute for H.R. 13367. We hope you will support the substitute motion.

Provisions to encourage modernization and strengthening of state and local governments are also important. In too many cases the administrations are inadequate and antiquated. The financial quandary of the cities has increased unemployment among their public employees to record highs. The whole developing process of collective bargaining by state and local employees and their earned benefits, to insurance, retirement annuities and otherwise, are being impaired. Clearly, continuing assistance through revenue sharing is required.

Your consideration of our views on these questions, as House floor action is imminent, will be appreciated.

Respectfully,

W. HOWARD MCCLENNAN,
President.

This was one of the few battles in recent months which was won against the liberal forces of centralization, controls, bureaucracy and dictation to local governments. I have taken this time to show the folks back home, from the viewpoint of the legislator, where these crazy ideas come from and who promotes them.

THE HUMPHREY-HAWKINS BILL WILL BE FAR MORE PROBLEM THAN SOLUTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. FRENZEL) is recognized for 30 minutes.

Mr. FRENZEL. Mr. Speaker, the Humphrey-Hawkins bill, which is supposed to miraculously reduce unemployment to 3 percent by 1980 is an expression of understandable frustration and political rhetoric, but it is also a statement of incomprehensible naivete. Humphrey-Hawkins is based on the idea that we can spend ourselves into prosperity and full employment, but it opens the door to runaway inflation, ineffective use of the taxpayers' money, and excessive intervention of the Federal Government into our free market economy.

Humphrey-Hawkins would require the President to submit within 90 days the solutions to the Nation's unemployment problems, a feat Congress has been trying to accomplish since the Employment Act was first passed in 1946. Obviously it is easier for Congress to direct the President to make the miracle than to do something sensible itself.

Specifically, the President would have to develop a comprehensive economic plan including fiscal and monetary policies in coordination with massive public employment programs designed to reduce unemployment to 3 percent by 1980. The President's policies would be established to meet the single, magical goal of 3 percent unemployment, regardless of the effect upon any other economic problems such as inflation, an ever-growing Federal deficit, and stifled economic growth. The independent authority of the Federal Reserve system and the responsibility of Congress to devise solutions to the Nation's economic and employment problems would be usurped by the President and his bureaucratic advisors. Every element in our society would be dominated by the Federal master plan.

To reach the goal of 3-percent unemployment, Humphrey-Hawkins would guarantee every adult American a job, with Uncle Sam being the employer of last resort. Individuals employed in public service jobs would be guaranteed a wage at least as high as the prevailing private sector wage or the existing minimum wage. To handle the development and administration of this act, Humphrey-Hawkins would, of course, further expand the already bloated bureaucracy, but nowhere in this vast process is included any input, or consultation with the general public.

In other words, Humphrey-Hawkins would establish a fixed numerical goal of 3-percent unemployment to be achieved at any cost through centralized, national economic planning and control. What may seem at first glance to be a fine idea and a commendable goal is not only economically unwise but realistically unattainable. Humphrey-Hawkins is a monument to obsolete New Deal economics which have been proved ineffective time and again.

There are a lot of reasons why Humphrey-Hawkins would not work. Only once since World War II has the unemployment rate dropped to 3 percent. To achieve a maximum rate of 3 percent would require a sustained growth in GNP of 7.5 percent. The United States has never achieved such a high sustained rate of growth, and it is very doubtful we ever could.

An essential aspect of Humphrey-Hawkins which has drawn considerable criticism is the nearly total reliance on public service jobs. The concept of the Government as the employer of last resort is an attractive one, and a potentially effective one, if the program is closely controlled and used in emergencies.

But unfortunately, public employment programs have not created new jobs, reduced unemployment, or reached the disadvantaged or hard-core unemployed, as was intended. The dismal fact is that only about 24 percent of the more than 300,000 public service jobholders have come off the unemployment or welfare roles. What has happened is that State and local governments have simply shifted ongoing State, county or municipal jobs onto the Federal payroll. These statistics alone are a serious indictment of the public service jobs theory. In other words, the program has become a sort of revenue sharing which switches municipal employees to the Federal payroll.

Furthermore, public service jobs have not contributed to providing any new services, increasing productivity, or stimulating economic growth. Since public service jobs have little economic basis, they cannot produce much economic gain beyond a salary. A salary for a job which produces nothing has no more economic benefit than unemployment compensation or a welfare payment. But that "make work job" has some disadvantages which unemployment compensation does not have. It gives the recipient a false sense of jobholding, takes him or her out of the job market, and keeps him or her from seeking a permanent, productive job in the private sector, or from getting training for a new job.

A more searching look into public service jobs reveals that it is not easy to place unemployed people in temporary and low-paying jobs, especially if those people are laid off and have any expectation of recall. They simply do not take low pay, unskilled jobs exist, and sometimes abound, even in a recessed or depressed economy, laid off, jobseeking employees do not want to be dishwashers, fry cooks, car wash attendants, gardeners, or nursing home janitors. They usually don't take real jobs which are low pay, and likewise, would not take make work, low pay jobs either. If the public service is a high paying one, the jobholder has no incentive to return to a productive job in the private sector.

Therefore, from our experience with public service jobs, it is apparent enough that Humphrey-Hawkins puts too many eggs into too small a basket. But, actually there is a far more dramatic example of the failure of Humphrey-Hawkins logic. It is called the city of New York. It did not work. Putting nearly 150,000 people of that city on the public payroll did nothing except give public employees control of the governmental machinery which ran the town. It will take several generations of belt tightening to repair the carnage wrought by that single experiment.

The proposed proliferation of public service jobs under Humphrey-Hawkins would have to be paid for through higher taxes and increased government borrowing. This would transfer our very limited resources from private sector activities, such as capital investment and the creation of productive jobs, into centrally controlled public sector job programs, such as fruitless, make work jobs. Once in a public service or public works job under Humphrey-Hawkins, a person would have no incentive to seek, or even accept, a private sector job since the individual would already be guaranteed a wage at least as high as the prevailing private sector wage.

Put another way, a person could voluntarily quit a job in the private sector for a higher paying job paid for by the American taxpayers. The resulting decline in employment in the private sector would cause acute labor shortages in certain crucial areas, unrestrained wage demands, a stifling of real economic growth, and uncontrolled inflationary pressure.

Many leading economists, including Charles Schultze and Arthur Okun of Brookings Institute, James Tobin of Yale, Sar Levitan of George Washington University, Otto Eckstein of Harvard, and Michael Wachter of the University of Pennsylvania, have sharply criticized the bill as being potentially highly inflationary. Not even these supposedly "liberal" stalwarts can support it.

Wachter estimates that to reach 3 percent unemployment by 1980 "could cause inflation of 15 percent or more." Since most people consider inflation our No. 1 public enemy, asking it to run wild would seem to be at least poor public policy, at worst, economic suicide.

The only way to prevent a return to double digit inflation under Humphrey-Hawkins would be rigid wage and price controls. It is of particular interest to note that the few economists, like John Galbraith, who have endorsed Humphrey-Hawkins have done so with the condition that it include rigid wage and price controls.

The possibility of total economic control by the Federal Government is to me even more frightening a prospect than inflation. The national economic planning mechanism proposed by Humphrey-Hawkins would restrict the basic individual and marketplace freedoms which have been essential to the U.S. economic growth and prosperity.

Humphrey-Hawkins is really more than just a jobs bill. It is an elaborate scheme for excessive government intervention in our free enterprise system and a major encroachment on our individual freedoms. Few Americans find this alternative acceptable. Most of us learned our lesson in 1972 and 1973.

Just because Humphrey-Hawkins is a political mistake, it does not mean that the country should abandon its search for more jobs. It is just as silly to sit back and accept 7.3 percent unemployment as it is to pretend that Humphrey-Hawkins can help. For the past 40 years and more, we have looked exclusively to the public sector for relief from unemployment in times of recession. Those public sector efforts have been noble and sometimes massive, but invariably they have been less successful than their expectations.

Instead of blasting broadsides of taxpayers' money indiscriminately across the land, we ought to pinpoint the areas of greatest need. We need to examine and revise the existing public employment programs for controlled use during periods of crisis. We also need to target these programs toward those individuals who are most hard hit by unemployment, that is youth, women, and minorities, and we must target the geographical areas of highest unemployment.

Most importantly, I believe it is time to look to the private sector where capital formation incentives, if broadly structured, can create new job opportunities. Increased capital investment in private industry is essential right now in order to promote continued economic expansion and to provide permanent and productive jobs both now and in the future. Incentives can be structured to be most effective in sectors of highest unemployment.

It is also time to look at laws and regulations which stifle the creation of jobs. Many of these laws were passed in the name of good ideas, like public health and safety, minimum wages, and fair labor standards. They were useful in other times, and many of them are still useful today. But they need a searching review, because we have found that some of them are counterproductive and have served to inhibit the growth of full and permanent jobs.

Government is not always the solution. Often we have found to our dismay that it is the biggest part of the problem. The Humphrey-Hawkins bill will surely be far more problem than solution.

Congress and the administration must pointly assume the responsibility to determine realistic and attainable goals for continued economic growth and full employment. The Humphrey-Hawkins approach offers nothing more than simplistic and unrealistic solutions to very real and complex problems. We can ill afford to indulge in such idealistic flights of fancy.

TIME TO REASSESS OUR COMMITMENT TO SYNFUELS

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. VANIK) is recognized for 5 minutes.

Mr. **VANIK**. Mr. Speaker, for some time I have been reviewing the specific details of H.R. 12112, legislation to authorize a $2 billion program of loan guarantees for the construction and operation of synthetic fuels plants. These synthetic fuels include conversion of oil shale to synthetic petroleum, the conversion of coal to gas and clean boiler fuel, and the conversion of solid waste to oil, gas, and other fuels.

The goal of this legislation is laudable: We need to reduce our reliance on imported oil by adopting radical new initiative to reform and restructure our national energy system. But after a careful review of H.R. 12112, I have become convinced that this legislation is simply not wise.

OIL SHALE—THE MAJOR QUESTION MARK

Of principle concern to me is the special provision this legislation makes for the development of oil shale conversion plants. On November 7, 1973, I proposed the establishment of a Federal oil shale corporation designed to explore the same environmental and economic questions this bill seeks to answer. I continue to believe that this proposal has merit and should receive serious and careful consideration by the relevant committees of the Congress.

What concerns me about H.R. 12112 is that this bill loads the financial burden and risk of oil shale development on the public, but appears to reserve any return from this development to the private sector. Let me be more specific.

H.R. 12112 authorizes the Administrator of ERDA to guarantee loans to finance the construction and startup costs of demonstration plants for the manufacture of synfuels. Generally, these loans may not exceed 75 percent of the project cost, except during the startup period where they may account for 90 percent of project cost. Generally speaking, this loan arrangement is available for coal gasification and liquefaction as well as biomass conversion. Oil shale development gets special treatment.

In its consideration of this legislation, the House Science Committee decided to adopt a special provision to promote oil shale development. Rather than proceed directly with a commercial-size facility of 50,000 barrels per day, the committee decided to authorize the administration to proceed with a smaller, modular plant of 10,000 barrels per day. Should this size plant prove feasible, it will be scaled up to a normal commercial size facility.

In order to encourage the development of this smaller sized facility, the committee authorized the Administrator to enter into cost-sharing agreements with an interested private developer. These agreements may provide for the Federal Government to subsidize up to 75 percent of the capital and operating costs of this facility. This provision does not appear to preclude the loan guarantees which are established in other sections of the bill. In addition, we must consider other incentives to oil shale development which have already been passed by the House. All of this leads me to a frightening scenario of massive governmental stimulus to the development of a dubious technology. In the interest of being cautious, we may be touching off a stampede.

A HYPOTHETICAL EXAMPLE OF OIL SHALE DEVELOPMENT

I will illustrate my concern by way of a hypothetical example. With a $200 million oil shale facility, H.R. 12112 would authorize the Federal Government to assume up to 75 percent of this cost, or $150 million. The remaining required capital would have to be supplied by the private investor. However, H.R. 12112 would also enable the Administrator to guarantee a loan equivalent to the $50 million contribution by the private investor. In other words, the private company could finance its contribution with virtually no risk to the shareholders.

But H.R. 12112 does not stop there. The private investor could also benefit from a cost sharing arrangement with ERDA to cover 75 percent of the operating costs of this new facility. For a 50,000 barrel-per-day plant ERDA assumes the variable costs of operation—feedstock, operating, and maintenance costs—at $4.38 per barrel. With a smaller facility, these costs will undoubtedly be higher, say, $5 per barrel. These variable costs do not include fixed items of expense such as depreciation and interest payments.

If the Federal Government subsidizes the operating costs of this facility by 75 percent or $3.75 per barrel, the private company will incur only an expense of about $1.25 per barrel for each barrel processed. The company will have the difference between the selling price of its product and the variable cost of production to cover all fixed charges of the project—interest and depreciation, primarily—and provide a contribution to profit.

It is likely that the selling price of this oil will be in the neighborhood of $13 per barrel—the current price of new domestic oil. In other words, the variable costs of production for the company will be $1.25 per barrel which the company will sell for $13. With the difference between the sales price and the variable cost, the company will cover its fixed costs. The following table breaks down the financial situation of our hypothetical plant:

REVENUE	*Millions of dollars*
Revenue: 10,000 bbls per day times 365 times 13	47.45
LESS: VARIABLE OPERATING COSTS	
Less variable operating costs: 10,000 bbls per day times 365 times 5	18.25
Equals contribution to fixed costs and profit	29.20
LESS: FIXED COSTS	
Interest: 9 percent times $50,000,000	4.5
Depreciation (Assume 10-year straight line)	5.0
Profit before tax	19.70
Tax (25 percent)	4.93
Net profit after tax	14.78

It is conceivable by this example, that H.R. 12112 will provide an enormous return to the private investor. This example results in a return on investment of 30 percent.

MORE TAX ADVANTAGES

But our consideration of my example does not stop here. Last session, the House passed two tax measures which have direct bearing on this example. First, Congress enacted the 10 percent investment tax credit in the Tax Reduction Act. Second, the House passed as our provision of H.R. 6860, the Energy Conservation and Conversion Act, an amendment to the tax code which provides for a rapid 5-year amortization of oil shale facilities.

If we consider the effects of both provisions, the advantage of investing in a modular oil shale facility is enormous. The value of a rapid amortization and an investment tax credit is that it provides cash to the company by reducing the company's tax liability. Whereas the tax credit represents a dollar-for-dollar reduction in tax liability, the value of the amortization deduction depends on a taxpayer's tax rate. Both, however, generate cash for the company.

To understand more completely the value of these tax breaks to the company, I have requested my staff to analyze my hypothetical example from the standpoint of the cash flows generated. Employing some simplifying assumptions, my staff determined that a $50 million investment by a company could realistically generate a discounted rate of return of over 25 percent. That is an outrageously high return for a risk-free capital investment.

PRICE GUARANTEES: ANOTHER INCENTIVE

I have not even mentioned, thus far, the fact that any oil shale development may be eligible for price guarantees. ERDA already claims authority for such guarantees under the Federal Non-nuclear Energy Research and Development Act. Certainly, any program of price guarantees is not precluded under H.R. 12112. In fact, ERDA contemplates the use of this incentive approach, as outlined in its submission to Congress, "Proposed Synthetic Fuels Commercial Demonstration Program: Fact Book." With price guarantees, the last element of risk for the private investor will be squeezed out of this investment decision.

TIME FOR A REASSESSMENT OF THE INCENTIVE PROGRAM FOR SYNFUELS

H.R. 12112 represents a dangerous precedent. With this bill we are systematically transferring the risk which properly belongs in the private sector to the public sector. Risk is an important concept to understand when evaluating this legislation, for it is through the operation of the risk/return relationship that investors efficiently allocate resources in our economy. As soon as Government intervenes to minimize artificially the risk attached to any particular investment decision, a misallocation of resources occurs.

This legislation is dangerous because it goes way beyond prudent incentives. I have used a hypothetical example to illustrate this point. To summarize, consider the incentives that will likely be available, if H.R. 12112 is enacted:

Ten percent investment tax incentive;

Five year amortization of facilities (assuming passage of H.R. 6860);

Price guarantees;

Loan guarantees, and

Cost sharing.

Make no mistake. The technology of synfuels is available. We can have synfuels if we are willing to pay a high price. Chalmer G. Kirkbride, Science Advisor to ERDA Administrator Robert Seamans estimates that synfuels will cost $23 a barrel by 1980 and $30 a barrel by 1985. This bill represents the first big step in the direction of a major new industry subsidized heavily by the Federal Government.

Mr. Speaker, I have attempted to demonstrate what could happen if H.R. 12112 were enacted. None of the subsidies I mentioned—tax breaks, cash grants, loan guarantees—are mutually exclusive. All can interact. But Congress has not considered the implications of this haphazard framework of subsidies on the development of synfuels.

Clearly, we have overstretched our commitment to the private sector in this bill.

SPECULATION THAT CHICAGO IS HEADED FOR SAME CRITICAL FISCAL PROBLEMS THAT AFFLICT NEW YORK IS STRONGLY DISPUTED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. Rostenkowski) is recognized for 5 minutes.

Mr. ROSTENKOWSKI. Mr. Speaker, on June 9 my distinguished colleague, the Honorable Herman Badillo of New York, inserted into the Congressional Record a Sunday, June 5, New York Times article. In his introduction, my distinguished colleague seems to strongly infer that Chicago is no beter off than many other urban communities, including New York City. After reading the New York Times article, I must admit that I was disturbed by many of its conclusions.

In a letter to the editor, dated June 10, my good friend Alderman Michael A. Bilandic, the chairman of the Chicago City Council's Finance Committee, comments on many of the "facts" mentioned in the Sunday Times story. I am inserting a copy of this letter into the Record and would commend it to all of my colleagues, including my distinguished friend from the Bronx.

I would also like to include in the Record an article on the same subject from the Chicago Daily News dated June 14, 1976.

The articles follow:

City Council,
City of Chicago,
June 10, 1976.

Letters to the Editor,
The New York Times,
New York, N.Y.

Dear Editor: We take serious issue with the credibility of your Page One story in Sunday, June 6, dealing with Chicago.

Your reputation for publishing "All the News That's Fit to Print", is highly suspect when you report, "Chicago, it is beginning to appear, is no better or worse than New York or Philadelphia or a score of big cities . . .".

It is significant that during this period of crisis for urban governments, the City of Chicago has achieved the highest financial rating in its history. The recent sale of $134 million in Tax Notes drew two bids of under 4 percent interest from New York banks. The successful bidder was Morgan Guaranty, Salomon Brothers, and Ehrlich-Bober Company, all of New York. They bid 3.9898 percent.

The reasons that New York banks have so much confidence in the ability of the City of Chicago to pay its debts can be evidenced by cold, hard, fiscal facts. It is a fact that the City of Chicago, including all seven governmental entities, has the third lowest debt per capita of the nation's ten largest cities. The City of Chicago debt per capita is $378 compared to $725 for San Francisco and a high of $983 for the City of New York. These figures are obtained from the April 30, 1976 Standard and Poors, Bond Selector. From the same source it is also shown that the City of Chicago has the lowest per capita debt as a percentage of per capita income of the nation's largest cities—7.3 percent compared to a high of 20.4 percent in New York and 9.9 percent for Philadelphia.

While financial analysts have difficulty in ascertaining fiscal facts from other municipalities, the City of Chicago was awarded the coveted Certificate of Conformance for financial reporting from the Municipal Finance Officers Association of the United States and Canada.

During the past five years, property taxes have been escalating throughout the country. During the same period, the City of Chicago reduced its property tax levy by 10 percent.

A Congressional Budget Office study shows the City of Chicago with 352.5 public employees per 10,000 residents. This figure is compared to 528.2 in New York, 488.3 in San Francisco, 410.5 in Philadelphia.

The article also refers to matters not involving the government of the City of Chicago. Your statements failed to realize that the Chicago Board of Education is a separate municipal corporation and not part of the government of the City of Chicago. Under the State of Illinois' constitution, the state has the primary responsibility for school funding.

Regarding your comment about Cook County Hospital and their overdue Medicaid patient bills, it is to be noted that Cook County Hospital also is a separate entity. Its problems will be relieved when the Federal and State governments expedite their welfare, medicaid and medicare payments. Mayor Daley's testimony before U.S. Senate Finance Subcommittee on Health on June 7 was very persuasive in offering solutions to this problem, that is faced by not only public hospitals, but also private hospitals.

Our view that revenue sharing funds should be released is supported by such prestigious groups as the Chicago Bar Association, the Civic Federation, the Chicago Crime Commission and the Southeastern Chicago Commission. The Chicago Police Department has the best ratio of black police to black citizens according to the Race Relations Information Center in Nashville, Tennessee which studies the 35 largest metropolitan police forces. Chicago's performance in the area of minority employment is, as you are aware, superior to that of the United States Government in the area of law enforcement.

The reference to Chicago Urban League racial data created a real distortion. Even the Chicago Urban League was embarrassed by its "innocent mistake" in using 15 year old information.

The vitality and future prospects of our City are bright. Investor confidence is evidenced by physical improvements such as, Sears Tower, John Hancock, Standard Oil, First National Bank Plaza, Ritz Carlton Hotel and many others. Chicago is rapidly becoming the financial capital of the Country with the growth and stability of our local banks, the opening of many important foreign banks, the commodities and option exchanges and the Midwest Stock Exchange. The Chicago 21 Plan is one of the boldest and most imaginative housing developments in the Country.

Like everyone else Chicago has problems, but we are working on practical and realistic solutions. The creation of the Commercial District Development Commission, the Economic Development Commission, Urban Homesteading, development of in-city shopping centers, and progress toward the construction of the Crosstown Expressway are major steps toward solving many of our problems. In 1975, crime statistics show an improvement as do recent reading scores from our school system. Our Pension Funds are actuarily sound.

These monumental accomplishments are the result of a successful joint venture between the administration headed by Mayor Daley, the business, labor, religious, academic, ethnic communities and other citizens.

We forgive the New York Times for missing the point. Even the great Babe Ruth, pride of the New York Yankees, occasionally struck out!

Very truly yours,
Alderman MICHAEL A. BILANDIC,
Chairman, Committee on Finance.

CITY'S FUTURE BRIGHT: BILANDIC

(By Jay McMullen)

Speculation that Chicago is headed for the same critical fiscal problems that afflict New York is strongly disputed by a top spokesman for City Hall.

"The vitality and future prospects of our city are bright," Ald. Michael A. Bilandic (11th), City Council finance committee chairman, declared in a "white paper" issued to the press.

Bilandic, who is also City Council floor leader, responded to a recent New York Times article suggesting that Chicago is "no better or worse off" than New York or Philadelphia.

New York City is having trouble selling bonds at any interest rate, Bilandic said. Chicago recently drew two bids of under 4 per cent interest from two New York banks for $134 million in tax notes.

"It is significant that during this period of crisis for urban governments, the City of Chicago has achieved the highest financial rating in its history," Bilandic declared.

"The reasons that New York banks have so much confidence in the ability of the City of Chicago to pay its debts can be evidenced by cold, hard, fiscal facts," he continued.

He outlined these points:

Debt: The city, including all seven governmental entities, has the third lowest debt per capita of the nation's 10 largest cities—$378 per capita compared to $725 for San Francisco and $983 for New York.

Real estate taxes: During the past five years, while real estate taxes were escalating in the rest of the country, Chicago reduced its property tax levy by 10 per cent.

Financial reporting: While financial analysts have difficulty in ascertaining fiscal facts from other municipalities, the Chicago was awarded the coveted Certificate of Conformance for financial reporting from the Municipal Finance Officers Association of the U.S. and Canada.

Payrollers: A Congressional budget office study shows that Chicago has only 352 public employes per 10,000 residents compared to 528 in New York, 488 in San Francisco and 410 in Philadelphia.

THE HONOR SYSTEM AT WEST POINT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. DOWNEY) is recognized for 30 minutes.

Mr. DOWNEY of New York. Mr. Speaker, on Sunday, May 23, I began my personal investigation of the situation at the Academy, accompanied by my legislative assistant, Fred Kass. I met Sunday evening for 3 hours with many of the prosecution and defense counsel who are involved in the present administrative hearings. On Monday morning, I met with the Superintendent of the Academy, the Commandant of Cadets, the Dean of Students, and six members of the Cadet Honor Committee.

The press of legislative business forced me to return to Washington on Monday afternoon; however, Mr. Kass remained at the Academy until Wednesday afternoon to conduct additional interviews.

In the course of the investigation, we conducted nearly 40 hours of interviews, talking to dozens of cadets and officers at the Academy. We took great pains during that time to insure that our selection of cadets and officers enabled us to obtain a wide sampling of opinion. I have asked Mr. Kass to join me here today in the event that you have any questions regarding the interviews which he conducted.

Mr. Speaker, I regret to say that my investigation leads me to the conclusion that cheating and toleration of cheating occur at West Point far more frequently and pervasively than Academy officials have been willing to concede. Indeed, I believe that within many segments of the Corps of Cadets cheating has become, in a word, commonplace.

I base this belief, in part, on the following:

First. The 171 cadets presently charged with cheating represent only a portion of the total number of cadets who cheated on this exam.

Although 171 cadets have thus far been formally charged with cheating on this exam, a substantial portion of those who collaborated on this exam and virtually all of those who tolerated such collaboration have not been and probably will never be charged with an honor violation.

This is not to say that the Academy has not vigorously pursued those who collaborated. Indeed, Academy officials are to be congratulated for the extremely thorough and sophisticated methods which they have used to examine 823 exam papers for similarities.

However, by virtue of the fact that the Academy has depended entirely upon obvious similarities in exam answers to identify those who cheated, their inquiry has been necessarily limited.

As a result, the search for cheating conducted by Academy officials has, to date, identified only the unsophisticated and unimaginative cheater at West Point. They have not and probably will never expose those who took a minimum amount of care to disguise their cheating. Nor have they even begun to discover the numbers of those who "informally" collaborated—those who provided advice and assistance to one another without actually solving the problems together, or who proofread each other's papers for mistakes. And never, I am convinced, will Academy officials ever determine how many cadets are in some way guilty of tolerating any of the cheating.

Second. Cheating at West Point can easily go undetected.

The cadets who cheated knew that this particular electrical engineering exam was only a quiz, worth about 5 percent of their grade in the course. They also knew the consequences of cheating: separation from the Academy and 2 years' active service in the Army as an enlisted man.

Yet not only did these cadets cheat, they cheated freely and openly, often copying the test papers of others verbatim. This kind of carefree cheating on so vast a scale can only tell us one thing: It is easy to cheat at West Point and get away with it.

These cadets certainly possessed the imagination necessary to disguise their cheating. Men who are preparing to fight the technologically complex wars of the future are surely intellectually capable of disguising their cheating on an engineering exam—provided that there was any incentive to do so.

Unfortunately, there was no such incentive. Cadets knew that they could cheat and get away with it. They knew that each of the 15 electrical engineering instructors would mark only the papers of the 60 or 65 students in their sections. Cadets could copy the papers of others with confidence, so long as those papers came from a section which their particular instructor was not scheduled to grade.

Third. The "scandal" occurred because of the unusual intensity of the search for cheating and not because there was an unusual amount of cheating.

The phrase "I got help," written at the bottom of one conscience-stricken cadet's test paper was the first bit of evidence that juniors at the Academy had cheated on this exam. The search for collaborators began to escalate in stages as increasing numbers of comparisons were made and ever-growing numbers of violators discovered. Then, in an extraordinary effort, the engineering instructors began to trade papers. In an extremely complex and sophisticated procedure, they began to compare cadets' papers with those of their roommates, their companymates and even their teammates, rather than simply with the papers of those who were in their sections.

It was solely through this unique procedure that the broader extent of the cheating began to be discovered. The instructors broke tradition and went hunting for honor violators—something that cadets clearly thought that they would never do.

I hesitate to speculate about what we would find if previous take-home exams were examined in the same manner and with the same energy. One thing, however, is clear. There was nothing unique about this exam. In fact, I believe that it defies logic to assert that those who cheated on this exam cheated for the first time.

Why, Mr. Speaker, would a cadet who had never cheated on an exam in 3 years at West Point suddenly decide to jeopardize his entire career over a quiz that would probably have no effect whatsoever on his letter grade in the course?

We found no one at the Academy who could provide us with an answer to this question.

Sadly, Mr. Speaker, I am left to conclude that this incident of widespread cheating was not an aberration, but evidenced instead a pattern of behavior which probably repeats itself more often than any of us here in this room would like to imagine.

This is a conclusion which has been reached not only by myself, but also by many in the Corps of Cadets. Those who admitted to us in confidence that they were aware of the cheating acknowledged that for many cadets it had become an accepted practice.

Mr. Speaker, it is understandable that Academy officials are reluctant to recognize the severity of this problem. They are the caretakers of 174 years of one of the finest traditions this country knows. But regrettably, Mr. Speaker, the facts do not lie.

Fourth. Cadets often have enormous difficulty applying the honor code, as presently implemented, to their daily experiences.

At yesterday's hearings, Mr. Speaker, you examined many of the weaknesses inherent in the present honor system at West Point. There was a great deal of discussion about the difficulties which cadets who attempt to comply strictly with the honor code often encounter. I believe that it was you, Mr. Speaker, who raised the point that the severity of the single sanction makes it extremely difficult for cadets to comply fully with the provisions of the code which prohibit toleration. And I have noted that this is especially true in cases where cadets observe violations of the code which they do not believe indicative of lack of integrity.

The basic proscriptions in the honor code against lying, cheating and stealing are as fundamental to human integrity as the Ten Commandments. They are lofty values to which all military officers should be required to aspire.

But at West Point such values are imposed upon cadets in a manner which artificially elevates many of the daily vicissitudes of cadet life to the level of great moral dilemmas. Too often, I believe, relatively minor transgressions committed by young men at the Academy are converted by the system into great failings of character. As a result, many men of great potential are needlessly expelled; and those that remain are left confused and discouraged by the apparent unfairness of the system.

Take, for example, the rule which prohibits a cadet writing a term paper from asking a fellow cadet how to spell a word. Imagine, if you will, the dilemma which three cadets working in a room together would face if one of the cadets were to ask another for assistance in spelling a word. If his friend complies with the request, and the third cadet does not report the incident, all three cadets must, under the present rules be expelled from the Academy. The first cadet would be separated for requesting such assistance, the second for offering it, and the third for tolerating the conduct of the first two—all because of a single word.

The problem is even more evident in the following example. There is a pizza stand near the middle of the campus, at which plebes are not allowed to eat after 8 p.m. If a plebe is found in the area after hours he has not committed an honor code violation, but has simply broken one of the regulations. As a result he may be "slugged"; that is, he may be required to march around one of the buildings in full dress uniform for some established number of hours as punishment. However, if a cadet is found at that pizza stand after hours dressed in a sweatsuit rather than his regular uniform he may be charged with an honor violation on the theory that he wore his sweatsuit in an effort to disguise his identity, and therefore is guilty of having the "intent to deceive."

A similar situation arises in connection with the regulation which prohibits most cadets from leaving the grounds of West Point. Those who sneak off risk getting "slugged"—they could spend weeks marching off the resulting demerits. But if a cadet who decides to sneak off at night also stuffs his bed with pillows so that an officer performing a bed check does not discover his absence, he risks separation from the Academy for an honor code violation. He is guilty, they say, of an intent to deceive.

Such rulings have caused a great deal of resentment among the Corps of Cadets. Many feel that the Academy is using the honor system as a "club" with which to obtain compliance with difficult-to-enforce regulations. Several cadets with whom we talked were of the opinion that such rulings "cheapen" the honor code.

In this regard, many cadets complained to us that they have difficulty determining the precise point at which mere violations of regulations end and honor offenses begin. Frequently, our discussions with cadets about where each "drew the line" became reminiscent of age-old debates about the number of angels who could dance in the head of a pin.

We talked with a great many cadets. But no two cadets seem to have the same understanding of the requirements which the honor code imposed. Some cadets described themselves as "hard line," frequently admitting that under their own standards most of their friends at one point or another had committed honor code violations. Others felt that they were more "liberal" in their positions, believing that honor code violations should be reserved for conduct which was truly reflective of moral character.

Of one thing I am sure: cadets are not nearly so familiar with "the rules of the game" as the Commandant of Cadets yesterday proposed. Some are "liberal"; some are "hard line." Some are just confused. But none, as far as I can determine, have precisely the same interpretation of what is expected of them as a member of the Corps of Cadets.

However, when General Ulmer referred to the honor code as "the rules of the game," he may inadvertently have placed his finger on one of the real sources of the Academy's current honor problems. To many cadets and officers at West Point the honor code is just that—a game. It is no doubt an extremely treacherous game, as the stakes are quite high. But whether the case involves a second classman stuffing his bed so that he can sneak into Highland Falls for a beer or a young plebe trying to get a slice of pizza late at night, the underlying problem remains: The results which the system frequently produces have caused a great deal of resentment among the Corps of Cadets and have significantly lessened the esteem in which many cadets hold the honor system.

Moreover, these problems are frequently exascerbated by the actions of officers at the Academy who, themselves, appear to be guilty of making haphazard judgments about the type of conduct which constitutes an honor violation. For example, take the case of Cadet Timothy Ringgold. One evening, he was asked by the chairman of the Cadet Honor Committee, Cadet Andersen, to discuss a conversation which he had with Under Secretary Norman Augustine during which he said that cheating was pervasive at the Academy. Cadet Ringgold was hesitant to talk about the conversation. As encouragement, Andersen assured him that he was not under investigation. Ringgold was not convinced and declined to talk about the conversation. At 8 a.m. the next morning Ringgold was formally charged by Andersen with toleration of cheating. He asserted that Ringgold had known of cheating and failed to report it. The evidence against him was his conversation with Augustine.

When Ringgold complained to the Deputy Commandant that Andersen had committed an honor violation by lying to him when he said that Ringgold was not under investigation, the Deputy Commandant responded by saying that Andersen had used a "poor choice of words."

Ringgold, who has never been accused of cheating, now faces expulsion for trying to bring out the facts about the current cheating, while Andersen recently received his commission of a second lieutenant in the U.S. Army.

Fifth. The Honor Code, as presently implemented will only hinder the Academy's attempt to get the truth.

The Ringgold incident brings me to my final point. The Academy cannot ask for the truth, and concurrently punish men for telling the truth.

I am not surprised that the leadership of the Academy questions my assertions. They do not have access to the same sources.

Cadets at West Point cannot afford to come forward and tell the truth. To expose cheating at West Point is to admit toleration of it. The penalty for telling the truth—expulsion from the Academy.

The only people who know the full extent of cadet dishonesty at West Point are the cadets themselves. Unless and until there is a forum—such as this subcommittee or the independent blue-ribbon panel which legislation I have introduced would create—to which cadets can tell their stories without fear of punishment, we shall never learn the truth.

Sixth. The honor code does not necessarily affect the integrity of Academy graduates once they leave West Point.

Mr. Speaker, let me add mention of one other point in response to some questions raised yesterday by yourself and Senator CULVER. With regard to the application of the honor code to the daily lives of officers in the U.S. Army, I believe that it would be worthwhile for this subcommittee to examine a series of seminars conducted by General Cushman out at the Army Command and Staff College at Fort Leavenworth last year. During the course of these seminars, the officers at the college were called upon to discuss officer integrity in the Army. They considered at that time examples of the 25 or so most often-repeated situations in which officers were under pressure, either from their superior officers or others, to lie. Most all of the officers participating conceded that they had lied during their career in one or more of the situations outlined.

But one of the most important lessons which emerged from that series of seminars was the fact that West Point graduates are apparently as susceptible to the pressures to lie in the U.S. Army as other officers. For all we invest in the honor code, these graduates of the Academy were apparently no more or less dishonest than other officers of similar rank and experience.

I believe that someday we are going to have to face the fact that whatever West Point does for an officer in the U.S. Army, it does not make him any more honest. The experience may strengthen his commitment to make the Army a career, but it does not bolster his integrity under battlefield conditions.

AMENDMENT TO IMPROVE POSSIBILITIES FOR AN MIA ACCOUNTING

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. ABZUG) is recognized for 15 minutes.

Ms. ABZUG. Mr. Speaker, during consideration of the Foreign Aid Appropriations (H.R. 14260) on Thursday, I will move to amend section 108 to read:

> None of the funds appropriated or made available pursuant to this Act shall be used to provide assistance to any country in Southeast Asia which is not accounting to the United States for United States personnel listed as Missing-In-Action or Prisoner-Of-War in such country.

Obtaining an accounting of our men listed as missing-in-action is one of the most important items on the agenda of unfinished business from the Indochina war. Congress has a responsibility to find policies which will insure a speedy accounting. I am concerned, however, that section 108 as reported will have the opposite effect, impeding an accounting and resolution of other postwar issues as well.

Direct negotiations between the United States and Vietnam are widely recognized to be the most logical and realistic approach for obtaining the MIA accounting we all seek. The Select Committee on Persons Missing in Southeast Asia, the National League of Families and Secretary Kissinger have all proposed direct negotiations. That is why I feel it would be self-defeating and shortsighted for us to deny our negotiators the flexibility required to arrive at an agreement. Yet this would be the consequence of imposing legislative prohibitions, such as those contained in section 108, against the possibility that the United States would contribute to postwar reconstruction in Indochina as part of an agreement on the overall modalities for the fullest possible MIA accounting.

In essence, section 108 as reported shuts the door on the widely supported approach of direct negotiations for achieving the accounting.

My amendment would seek to give impetus to these negotiations by opening that door enough to demonstrate congressional support for this process. No aid would flow to Vietnam as a result of my amendment. It merely acknowledges that there is a potential linkage between the two issues, as the major parties have recognized. I believe that Congress should acknowledge this linkage in a positive way in the hope of achieving an MIA accounting rather than in a negative way which looks only to the past.

An important factor in my decision to introduce this amendment was the support for it expressed by the National League of Families, the organization which represents the families of those missing in action. I am inserting their letter of endorsement for the consideration of my colleagues.

NATIONAL LEAGUE OF FAMILIES OF AMERICAN PRISONERS AND MISSING IN SOUTHEAST ASIA,
Washington, D.C., June 22, 1976.

Hon. BELLA S. ABZUG,
House of Representatives,
Washington, D.C.

DEAR MS. ABZUG: On behalf of the National League of Families of American Prisoners and Missing in Southeast Asia, I would like to express our sincere appreciation for your expressed concern and support for the League's efforts in resolving the prisoners of war and missing in action problem.

I have reviewed the amendment to H.R. 14260 which you are proposing to introduce when that bill comes up for a floor vote in the House next Thursday. I find there is no contradiction in your amendment with the policies of the National League of Families.

The policy of the National League of Families is that no aid, trade or recognition be granted to the Communist governments of Southeast Asia without safeguards built-in which will assure the fullest possible accounting of our prisoners and missing men and the return of the remains of those brave Americans who were killed. Your amendment is in concert with this policy and complements it in every way. The National League of Families endorses and strongly supports your proposal for its introduction.

I wish to commend you for taking time from your very busy schedule and for the concern you have consistently expressed for the plight of our missing men, as well as the support you have continued to give their families in their efforts to obtain an honorable accounting of their loved ones.

With best wishes,
Sincerely,
EARL P. HOPPER, Sr.,
Colonel, AUS-Ret. Executive Director.

INTRODUCTION OF THE RESOURCE CONSERVATION AND RECOVERY ACT OF 1976

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. ROONEY) is recognized for 30 minutes.

Mr. ROONEY. Mr. Speaker, I would like at this time to introduce for consideration of the House the Resource Conservation and Recovery Act of 1976 which addresses the disposal of hazardous waste materials on the land and provides Federal assistance to stimulate the conservation of our natural resources by recovering them from our waste.

Although the problem of land population has, over the past few years received less public attention than the pollution of our air and of our water, it is no less important.

This country is the most productive society in the history of the world; a fact reflected in the amount of materials which need to be disposed of after their intended use. Unfortunately much of this discarded material is disposed of on the land without sufficient planning, and without the safeguards necessary to protect our health and our environment from the danger posed by improper disposal of discarded materials on the land.

The volume of these discarded materials generated each year is in excess of 4 billion tons and is increasing at about 4 percent per year. The growth rate of hazardous wastes, those wastes which cause damage on contact, through accumulation in the body, those wastes which can cause poisoning, cancer and death, is somewhere between 5 and 10 percent per year.

Not only are the volumes of waste increasing but our ability to dispose of them on the land is decreasing. Nearly 50 major metropolitan areas and many small communities have projected an end of landfill capacity within 10 years. If we are to avoid the very real possibility of having to use our parks as landfills in the next decade, we must act now to encourage other means of disposing of our discarded materials.

There presently exist a number of alternatives to abandoning our waste which will not only provide an environmentally sound method of disposal but also hold the additional benefit of a new source of energy and raw materials.

It is the purpose of the Resource Conservation and Recovery Act to provide the technical and financial assistance needed to speed the development of safe methods of disposal for our hazardous wastes and for all other discarded materials, and to assist the communities of America to recover the energy and valuable materials contained in our waste.

I would now like to briefly outline the provisions of this bill which I believe will achieve the goals of safe discarded material disposal and the conservation of our natural resources through the recovery of valuable materials from our waste:

TITLE BY TITLE SUMMARY OF THE RESOURCE CONSERVATION AND RECOVERY ACT OF 1976

The main provisions of this act are:

1. The establishment of a statutory office of Discarded Materials as opposed to an administrative creation within the Environmental Protection Agency. This office would have regulatory power as well as guideline authority.

2. The creation of federal, state and local cooperative effort for finding methods of discarded materials management which protect the environment and human health, and at the same time utilizes the resources to their maximum extent either through materials or energy recovery.

3. The development of markets for recovered materials by using federal purchasing power and the bureau of standards to determine when recovered materials can be substituted for virgin materials.

4. The creation of a Federal Regulatory System for Hazardous Waste Disposal.

5. The provision of Federal Assistance to state and local communities that comply with state plans. The financial assistance will be in two forms. Loan guarantees, for the construction of resource recovery facilities, and waste supply contract guarantees for such systems.

TITLE I—GENERAL PURPOSE SECTION

Definition, integration with other acts and government cooperation. Title I states the objectives and findings of the act. Land is a scarce resources and it has constantly and continuously disposed on its discarded materials.

Materials can be recovered from discarded materials and discarded materials can be used to produce energy.

The technology exists to recovery energy and materials from the discarded materials.

TITLE II OFFICE OF DISCARDED MATERIALS

The general purpose of this title, is to create a statutory Office of Discarded Materials within EPA.

The present administrative office is changed to one having statutory authority and direction to carry out the purposes of this act and those of the Solid Waste Disposal Act of 1965. The office would be required to establish resource recovery outreach panels. Each panel would consist of four persons; a technical expert in discarded materials, a financial expert, a marketing expert, and an expert familiar with the legal and institutional barriers to solid waste recovery. The main purposes of the panels, would be to provide technical assistance to communities, helping them to understand and develop a resource recovery system. The other purpose of the panels will be to assist the U.S. Resource Recovery Corporation in evaluating facilities applying for federal financial assistance. In addition to establishing the Resource Recovery Panels, the office will also be responsible for having guideline and regulatory authority for assisting the State discarded materials programs and state planning. It will administer hazardous waste programs and will conduct studies in the discarded materials and hazardous waste area.

TITLE III—HAZARDOUS WASTE MANAGEMENT

Under this title, the Federal Government will be preempting the field of hazardous waste, however, the states will be given, if they choose, the power to enforce such a system. To do so they must have a system that substantially complies with the regulations promulgated by the Administrator.

4. The state must have a hazardous waste disposal program in compliance with federal regulations as provided in Title III.

5. The state can not prohibit any local community from entering into any long-term contract with the resource recovery facilitiy.

If these provisions are complied with, then the state is automatically granted approval of its plan. Seeking approval in the first year, the state only has to file a detailed summary of what it intends to do to comply with the objectives in the minimum requirements of this title. To receive assistance in the second year the state must file a detailed progress report, and for any state to receive any further assistance it must have its plan approved.

If by the second year the state has not complied with the necessary requirements to receive financial assistance, local governments will be permitted to cooperate with each other to form a region and receive the planning and implimentation money.

For the first year, there will be $30 million authorized; the second year $40 million, and for the third year $50 million.

TITLE V—DUTIES OF THE SECRETARY OF COMMERCE IN RESOURCE RECOVERY

The department of commerce is being brought in principally because of its bureau of standards, and relationship to private industry.

Its primary function will be to develop standards for secondary materials and to develop a substitution index as to when secondary materials can be used in lieu of virgin materials. Further, the department of commerce is directed to identify potential markets for recovered materials.

It is also directed to promote resource recovery technology as it promotes other technology, and to act as a forum for information exchange within the industry.

TITLE VI—THE UNITED STATES RESOURCE RECOVERY CORPORATION

This title establishes a new government corporation with a 10 year life whose purpose is to increase access to the capital markets of municipalities and private companies for the construction of resource recovery facilities. The corporation would do this by issuing loan or bond guarantees backed by the credit of Federal Government.

To reduce the operating risk to resource recovery facilities and to participating municipalities supplying waste to such facilities such guarantees would keep the facility from closing of one or more discarded materials supplies breached a supply agreement. The guarantees would be similar to insurance with the facility paying a premium to the corporation for coverage.

No guarantee would be issued on a loan with a maturity of more than 30 years or 90 per cent of the life of the facility which ever was less. Contract insurance would be provided in conjunction with a private surety company, and only if such insurance was not available elsewhere.

All guarantees would be made on the basis of whether or not the same benefit could be attained on reasonable terms without corporation assistance; appropriate geographic distribution of facilities; and the risk to the corporation. At termination of the corporation, assets and liabilities are turned over to the treasury. Facilities receiving corporation assistance must be consistent with an approved state plan.

TITLE VII—FEDERAL RESPONSIBILITIES

This title provides that with regard to discarded materials management the law of the state in which any federal facility is located is the law that governs. Federal procurements agenices are directed to review and revise their specifications using the index of substitutability developed by the Bureau of Standards and to eliminate arbitrary discrimination against any recovered materials. All federal agencies particularly ERDA, the bureau of mines and the department of commerce are directed to cooperate with the EPA in regard to discarded materials management.

TITLE VIII—MISCELLANEOUS PROVISIONS OF THE ACT

This title basically protects any employee who reports any violation of this law.

It permits citizen suits, and in the event of eminent hazard to health permits the administrator to take the proper remedial legal action in any federal court of competent jurisdiction.

It permits private rulemaking in the case of a person wants to take an action either in the hazardous material area, or discarded material area, or any other provision of the bill, which complies with the basic purposes of the bill, but does not fit within the administrators rule making. The purpose is to seek a rule stating that the proposed activity fits within the act, complies with all health, safety and environemtnal aspects and permit such regulations to be promulgated.

Mr. SKUBITZ. Mr. Speaker, I am happy to cosponsor the Resource Conservation and Recovery Act of 1976 along with the chairman of the Transportation and Commerce Subcommittee (Mr. ROONEY). There are some specific matters in the bill which I am not altogether satisfied with, but I am sure these differences can be worked out once the bill is analyzed and considered by the subcommittee.

A little over a year ago we on the subcommittee began consideration of legislation which could bring about better results in this Nation's treatment of discarded materials. At that time nearly 2 weeks of hearings were held and witnesses from Government, private industry, and environmental groups gave us the benefit of their expertise.

This spring the chairman and I sponsored a 2-day symposium on resource conservation and recovery which again brought together those most knowledgeable in the field.

During the last several months members of both the majority and minority staffs have been working with the administration, States, local governments, private industry, and environmental groups in order to produce a bill which would give a new impetus to solid waste management and resource recovery.

As I have said, Mr. Speaker, the bill we are introducing today goes a long way toward achieving our goal. First of all, it creates an Office of Discarded Materials in the Environmental Protection Agency. That office will have a primary responsibility for prescribing new rules and regulations with respect to hazardous waste management and approval of State or regional discarded materials plans. States are given 2 years to come up with plans which must include, among other things, strict standards for landfills and a phaseout of unsightly and unhealthy open dumps.

The Secretary of Commerce is given a new role in resource conservation and recovery. Among the tasks that will be given to his department are the development of specifications for secondary materials; development of markets for recovered materials; and the promotion of new technologies available for converting garbage, trash, and junk into useful energy.

A small new group is set up—the United States Resource Recovery Corporation—which will be the chief source of funds for the development of modern resource recovery facilities throughout the country. Those funds will be in the form of loan guarantees and can never exceed 50 percent of the total cost of a project.

The bill also establishes resource recovery panels within EPA which will be extremely useful for prompt project evaluation and will form the primary basis for the approval of loans by the corporation.

The bill also includes a number of requirements with respect to Federal procurement and Federal-State cooperation.

Mr. Speaker, I will not take the time now to explain all of the parts of the bill in detail, but let me conclude by pointing out that each year we in America discard millions and millions of tons of material which have a useful life. This bill will extend the useful life of all of those products. It can be the beginning of a new era of conservation by Americans and can through energy conversion contribute significantly toward easing our dependence on petroleum products.

GENERAL LEAVE

Mr. HAYES of Indiana. Mr. Speaker, I ask unanimous consent that all Members may be permitted to extend their remarks and to include extraneous material on the special order today of the gentleman from Pennsylvania (Mr. ROONEY).

The SPEAKER pro tempore. (Mr. DANIELSON). Is there objection to the request of the gentleman from Indiana?

There was no objection.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. HARKIN) is recognized for 5 minutes.

Mr. HARKIN. Mr. Speaker, I was unable to be present in the House of Representatives for the legislative session of Monday, June 14, 1976, due to the occurrence of tornadoes and severe weather storms which destroyed the town of Jordan and caused substantial damage to other areas in my district, requiring my attendance to the needs of my affected constituents.

Had I been here, I would have voted "nay" on rollcall No. 367, an amendment to H.R. 14261 which affected funds for the IRS informer program. I would have voted "yea" on rollcall No. 368, an amendment to H.R. 14261 which concerned total budget authority for payments not required by law. I would have voted "nay" on rollcall No. 369, an amendment to H.R. 14261 which affected funds for compiling records of congressional contacts with the IRS, and I would have voted "nay" on rollcall No. 370, final passage of H.R. 14261, appropriations for Treasury and Postal Service.

I would have voted "yea" on rollcall No. 371, House Resolution 1279 which granted a rule for consideration of H.R. 14114, and I would have voted "nay" on rollcall No. 372, final passage of H.R. 14114, which would increase the temporary public debt limitation. Lastly, I would have voted "nay" on rollcalls Nos. 374, 375, and 376, which concerned amendments to H.R. 6218, Outer Continental Shelf Lands Act Amendments of 1976.

Due to previous commitments in my district, I was forced to absent myself from the Chamber before the conclusion of legislative business on Friday, June 18, 1976. Had I been able to remain, I would have voted "yea" on rollcall No. 410, an amendment to H.R. 14239 which would add $138 million to the appropriation for the LEAA. I would have voted "nay" on rollcall No. 411, a motion to recommit H.R. 14239 to committee, and I would have voted "yea" on rollcall No. 412, final passage of H.R. 14239, appropriations for State, Justice, Commerce, and the judiciary.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. PATTISON) is recognized for 5 minutes.

Mr. PATTISON of New York. Mr. Speaker, I was unable to be present in the House of Representatives for the session of Monday, June 21, 1976.

Had I been present I would have voted in favor of the passage of all resolutions considered by the House under suspension of the rules.

This includes support for the student loan program (rollcall 414), veterans' disability and pensions (rollcalls 415 and 416), codification of United States flag rules (rollcall 417), and extention of the Horse Protection Act of 1970 as revised.

HOUSE RESOLUTION 1295 AND 1324, RESOLUTIONS OF INQUIRY DIRECTING THE PRESIDENT TO PROVIDE TO THE HOUSE OF REPRESENTATIVES CERTAIN INFORMATION WITH RESPECT TO ANY PAYMENT MADE BY THE UNITED STATES TO INFLUENCE ITALIAN POLITICS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. MORGAN) is recognized for 5 minutes.

Mr. MORGAN. Mr. Speaker, on June 22, 1976, the Committee on International Relations met in open session to consider House Resolutions 1295 and 1324, resolutions of inquiry directing the President to provide to the House of Representatives certain information with respect to any payment made by the United States to influence Italian politics.

By a vote of 15 to 8 the committee adopted a motion to lay the resolutions on the table.

House Resolution 1295 was introduced by the Honorable MICHAEL HARRINGTON on June 11, 1976, and referred to the Committee on International Relations.

An identical resolution, House Resolution 1324, was introduced on June 18, 1976, by Mr. HARRINGTON and five cosponsors.

On June 14, I wrote the President requesting his comments on the original resolution. The executive branch reply was received on June 16.

On June 22, the committee met to consider the resolution and to review the executive branch reply.

In the course of the committee's discussion of the resolutions the following points were made:

First. The committee noted executive branch comments in opposition to the original resolution, asserting that making available information requested under the format of the resolutions would be contrary to the public interest.

Moreover, the committee noted that the appropriate mechanism for furnishing such information to the Congress has been designated by section 662 of the Foreign Assistance Act and other arrangements between the Congress and the executive branch. Under these provisions the Subcommittee on Oversight of the Committee on International Relations, and several other designated committees or subcommittees, receive information with respect to U.S. operations in foreign countries other than activities intended solely for obtaining necessary intelligence.

Second. It was further noted that House Resolutions 1295 and 1324 are drafted in such a manner as to cast doubt on their standing as bona fide privileged resolutions of inquiry under the Rules of the House of Representatives on two counts.

First, paragraph 857 of the Rules states that "to enjoy the privilege a resolution should call for facts rather than opinions * * *."

In at least two instances, the resolutions would require the President to express an opinion. For example, paragraph (1)(b) inquires whether any person acting on behalf of the U.S. Government paid or offered to pay any funds "to any newspaper, radio, television, advertising, or other media-related company or entity which was within its primary area of impact any part of Italy." A statement which would characterize a newspaper or other media-related company as having a certain geographic region as its primary area of impact would clearly be based on an opinion rather than fact.

The resolutions also would require the expression of an opinion in paragraph (3) where they inquire whether any representative of the U.S. Government participated in any meeting with any national of Italy concerning the use of "extraconstitutional means" to solve the Italian political crisis.

Second, paragraph 857 of the Rules also stipulates that, to be accorded privileged status, a resolution of inquiry must not require an investigation.

Although House Resolutions 1295 and 1324 request certain information "if known," they do not specify specific sources. Therefore, the mere identification of individuals who may be knowledgeable of the requested information would require an investigation.

Further, the resolutions request information covering a 5-year period, involving two administrations, unnamed individuals acting on behalf of unidentified U.S. Government agencies, unspecified U.S. and multinational corporations, Italian nationals, and foreign news media. The accumulation of such information would clearly require investigative procedures on the part of the executive branch.

Moreover, due to its ambiguous nature, the requested information would require much longer to produce than the 10 days called for in the resolution.

Mr. Speaker, I am making this statement in order to apprise the House of what has transpired in the Committee on Internal Relations on June 22, and to draw attention to the major issues which motivated the committee to table House Resolutions 1295 and 1324.

At this point, I include in the Record the texts of the two resolutions and the exchange of correspondence with the executive branch:

H. Res. 1295

Resolved, That not later than ten days after the date of adoption of this resolution, the President shall furnish to the House of Representatives the following information:

(1) Within five years preceding the date on which information is furnished pursuant to this resolution and if known, has any person (including any civilian employee, member of the Armed Forces, or persons under contract) acting on behalf of the United States Government or any agency or other instrumentality of the United States Government paid or offered to pay any funds, directly or indirectly—

(A) to the Italian Christian Democratic Party or any member thereof, to any other political party or any other political organization in Italy or any member of any such party or organization, or to any government official or any candidate for any local or national political office in Italy; or

(B) to any newspaper, radio, television, advertising, or other media-related company or entity (or any employee or agent thereof) which has within its primary area of impact any part of Italy?

If so, for each such instance, furnish the following information to the extent known: the amount of funds involved; the date on which payment of such funds was offered and if such funds were paid, the date on which such payment was made; the identity of any person to whom payment was made and of the intended recipient of such payment; the instrumentality of the United States Government responsible for such payment; and the circumstances surrounding such payment.

(2) If known, were any individuals (A) assigned or otherwise attached to any United States Embassy or other diplomatic mission, or (B) employed by any United States or multinational corporation, involved in any way in any payment or offer described in paragraph (1) of this resolution? In addition, if known, were any funds which were involved in any such payment illegally exchanged for foreign currency either before or after any payment of such funds?

(3) Within five years preceding the date on which information is furnished pursuant to this resolution and if known, has any person (including any civilian employee, member of the Armed Forces, or person under contract) acting on behalf of the United States Government or any agency or other instrumentality of the United States Government participated in any meeting, discussion, or other contact with any national of Italy concerning the use of any extraconstitutional means to solve the Italian political crisis? If so, for each such instance, furnish the following information to the extent known: the identity of any person taking part in any such contact with an Italian national; the date on which such contact was made; the instrumentality of the United States Government responsible for such contact; and the circumstances surrounding such contact.

(4) Within five years preceding the date on which information is furnished pursuant to this resolution and if known, has any person (including any civilian employee, member of the Armed Forces, or person under contract) acting on behalf of the United States Government or any agency or other instrumentality of the United States Government (other than any person acting in the course of an investigation of possible violations of any law of the United States) discussed, orally, or in writing, with any United States or multinational corporation, or any employee or agent thereof, any payment or the offer of any payment of any funds, directly or indirectly, to any individual or entity described in subparagraph (A) or (B) of paragraph (1) of this resolution?

H. Res. 1324

Resolved, That, not later than ten days after the date of adoption of this resolution, the President shall furnish to the House of Representatives the following information:

(1) Within five years preceding the date on which information is furnished pursuant to this resolution and, if known, has any person (including any civilian employee, member of the Armed Forces, or person under contract) acting on behalf of the United States Government or any agency or other instrumentality of the United States Government paid or offered to pay any funds, directly or indirectly—

(A) to the Italian Christian Democratic Party or any member thereof, to any other political party or any other political organization in Italy or any member of any such party or organization, or to any government official or any candidate for any local or national political office in Italy; or

(B) to any newspaper, radio, television, advertising, or other media-related company or entity (or any employee or agent thereof) which has within its primary area of impact any part of Italy?

If so, for each such instance, furnish the following information to the extent known: the amount of funds involved; the date on which payment of such funds was offered and if such funds were paid, the date on which such payment was made; the identity of any person to whom payment was made and of the intended recipient of such payment; the instrumentality of the United States Government responsible for such payment; and the circumstances surrounding such payment.

(2) If known, were any individuals (A) assigned or otherwise attached to any United States Embassy or other diplomatic mission, or (B) employed by any United States or multinational corporation, involved in any way in any payment or offer described in paragraph (1) of this resolution? In addition if known, were any funds which were involved in any such payment illegally exchanged for foreign currency either before or after any payment of such funds?

(3) Within five years preceding the date on which information is furnished pursuant to this resolution and, if known, has any person (including any civilian employee, member of the Armed Forces, or person under contract) acting on behalf of the United States Government or any agency or other instrumentality of the United States Government participated in any meeting discussion, or other contract with any national of Italy concerning the use of any extraconstitutional means to solve the Italian political crisis? If so, for each such instance, furnish the following information to the extent known: the identity of any person taking part in any such contact with an Italian national; the date on which such contact was made; the instrumentality of the United States Government responsible for such contact; and the circumstances surrounding such contact.

(4) Within five years preceding the date on which information is furnished pursuant to this resolution and, if known, has any person (including any civilian employee, member of the Armed Forces, or person under contract) acting on behalf of the United States Government or any agency or other instrumentality of the United States Government (other than any person acting in the course of an investigation of possible violations of any law of the United States) discussed, orally or in writing, with any United States or multinational corporation, or any employee or agent thereof, any payment or the offer of any payment of any funds, directly or indirectly, to any individual or entity described in subparagraph (A) or (B) of paragraph (1) of this resolution?

June 14, 1976.

Hon. Gerald R. Ford,
President of the United States,
The White House, Washington, D.C.

Dear Mr. President: I am writing to request your comments on a resolution of inquiry which was introduced in the House on Friday, June 11, 1976, and referred to the Committee on International Relations.

Enclosed are two copies of the resolution, H. Res. 1295, directing the President to provide the House of Representatives certain information with respect to any payment made by the United States to influence Italian politics.

As you know, the Committee must act on this resolution within 7 legislative days beginning today. We will appreciate receiving your comments as soon as possible but no later than Thursday, June 17, 1976.

Sincerely yours,

Thomas E. Morgan,
Chairman.

The White House,
Washington, D.C., June 16, 1976.

Hon. Thomas Morgan,
House of Representatives,
Washington, D.C.

Dear Mr. Chairman: This letter is in response to your request for comments on H. Res. 1295.

It is our view that this resolution is an inappropriate instrument for considering the kinds of activities set forth in H. Res. 1295. We believe that, regardless of the country involved, information on any activities such as those mentioned in H. Res. 1295 should be dealt with only by the appropriate committees of Congress with due consideration for protecting against public disclosure of information which could be harmful to the nation's foreign policy and national security. In addition, the adoption of H. Res. 1295 would be wholly inconsistent with the purpose of Section 662 of the Foreign Assistance Act of 1961, as amended. That provision, which resulted from the work of your Committee, was enacted specifically to keep Congress advised of any information such as that sought in the resolution of inquiry. If the resolution is now adopted, it would vitiate the procedures set up for this very purpose.

Eased on the above consideration, it is our belief that approval of the H. Res. 1295 by the Committee on International Relations and the House of Representatives would be incompatible with the public interest.

BRENT SCOWCROFT.

THE PRESIDENT'S "ALTERNATIVES" TO BUSING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. PREYER) is recognized for 5 minutes.

Mr. PREYER. Mr. Speaker, from what Attorney General Levi has said, the "alternatives to busing" legislation which he and the President are considering makes the same mistake that characterizes much other legislation in this area: It addresses the remedy applied by the courts and not the underlying problem.

Because of our separation of powers, Congress is always treading on dangerous ground when it seeks to stop the courts from granting certain remedies or to limit judicial decrees in an area in which the courts are applying the Constitution. Thus, the proposal of Attorney General Levi and President Ford inevitably raises questions of constitutionality. These questions can be easily avoided if Congress uses its legislative power to reduce the need for busing, rather than creating false hopes by attempting to foreclose the remedies of the court.

As the late Alexander Bickel, distinguished professor of constitutional law at Yale Law School, put it in testimony before the House Committee on Education and Labor:

> If . . . instead of trying to order the courts to stop granting a remedy, we attack the problems that they are attempting to deal with, we address the reality to which the courts are reacting, and manage to present courts in the future with school districts embarked on concerted long-range efforts of educational reform, then, without needing to renege on prior decisions and without any impairment of the general function of judicial review, courts will be able to say that they are now confronting a new reality, which no longer calls for the old remedies. In sum, trying to ward off busing by lashing out against it negatively can at best be only partly effective—and then at the cost of damage to our educational system—because busing is only a symbol of what we wish to ward off and change. What is needed is the affirmative provision of constructive alternatives to busing.

In the controversy over school desegregation, much criticism has been leveled at the judiciary, particularly at U.S. District Court judges who are ordering desegregation plans to be implemented by local school boards.

As a former Federal District Court judge, I can appreciate the dilemma facing these judges.

Courts are poor instruments for bringing about specific reforms in education. When confronted with racial isolation in a school district that is doing little on its own to attack the problem, a court will order busing because there is little else it can do that will have much impact. A court may well decide that it is foolhardy to insist on racial balance—which busing promises but all too often fails to achieve—as the means of solving the problem of racial isolation in a particular school district. But what else is the court to do? We need to assist the courts by offering them alternatives to busing rather than just "prohibiting" the use of busing by legislation, a prohibiting which the courts could accept only by permitting a major impairment of their power first recognized in Marbury against Madison.

We do not need any "antijudiciary" bills.

Rather what we need is a recognition, on the part of Congress, of its obligation to enunciate national policy and to provide mechanisms and resources with which to carry out this policy.

Much is heard these days about the failure of this or that court-ordered busing plan to improve the quality of education the students receive; in point of fact, it is not the obligation of the courts to issue orders designed to improve the quality of education, although many judges wisely recognize the need for upgrading the quality of education in the atmosphere of desegregation. The obligation of our Federal courts in the context before them has been to guarantee equality of education, as this is enunciated in the 14th amendment and in decisions of the Supreme Court. We will gain little from spending our time attacking the courts; instead we should remove the courts from the education business by removing the issue that put them there. It is for us, the Congress, to affirmatively establish a nexus between these two concepts—equality of education and quality of education. I have joined with a number of Members of Congress in introducing H.R. 10146 which provides this linkage between equality and quality of education and in doing so neither adds to nor detracts from the constitutional authority of the judiciary. It would, however, expand the mechanisms and resources available to our State and local educational agencies in establishing and maintaining unitary school systems. In doing so, it will provide incentives and assistance in bringing about voluntary compliance and should reduce the incidence of resort by the parties to the courts for resolution of disputes.

The Democratic Platform Committee has adopted this approach as its alternative to busing rather than the futile "limit the judiciary" approach of President Ford and Attorney General Levi. The platform section on busing reads:

> The essential purpose of school desegregation is to give all children the same educational opportunity. We will continue to support that goal. The Supreme Court decision of 1954 and the aftermath were based on the recognition that separate educational facilities were inherently unequal. It is clearly our responsibility as party and citizens to support the principles of our constitution.
>
> The Democratic Party pledges its concerted help through special consultation, matching funds, incentive grants and other mechanisms to communities which support education, integrated both in terms of race and economic class, through equitable, reasonable and constitutional arrangements. Mandatory transportation of students beyond their neighborhood for the purpose of desegregation remains a judicial tool of last resort for the purpose of achieving school desegregation. The Democratic Party will be an active ally of those communities which seek to enhance the quality as well as the integration of educational opportunities.
>
> We encourage a variety of other measures, including redrawing of attendance lines, pairing of schools, use of the magnet school concept, strong fair housing enforcement and other techniques for the achievement of racial and economic integration.

STATION WHAR—CLARKSBURG, W. VA.—FCC RULING

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Hawaii (Mrs. MINK) is recognized for 5 minutes.

Mrs. MINK. Mr. Speaker, in a decision made June 8—but officially released on June 16—the Federal Communications Commission ruled unanimously that radio station WHAR in Clarksburg, W. Va., had not met its public responsibilities by "failing to cover the issue of strip mining, an issue which clearly may determine the quality of life in Clarksburg for decades to come." The FCC acted on a complaint filed by the Media Access Project law firm on behalf of a resident of Clarksburg, the Environmental Policy Center, and myself.

Since the FCC decision was first reported by the press, it has evoked considerable discussion. On June 10, Senator PROXMIRE took the floor in the other body to criticize the decision, raising the question of whether the Commission would have acted similarly if some other complainant had been involved and terming the decision one which was in violation of the first amendment and depicting a specter of governmental intrusion into free speech. Mr. Speaker, I believe that the Senator, and others who have been "spooked" by the same shadows, are needlessly alarmed. Now that the full decision—and not just a necessarily terse press account—is available, I recommend that they read it—because, Mr. Speaker, when they do they will find their fears to be ill-founded. The decision does not strike at the values which the first amendment is designed to protect; rather, it supports those values.

The Commission's decision is unusual, it is true, but only because it is the first one in which the agency enforced what is known as the first part of the fairness doctrine; that is, that stations have an affirmative obligation to provide coverage of critical issues of importance to their communities. The FCC has previously enforced, although on only a handful of occasions, the second half of the fairness doctrine which states that once stations decide to air programing addressing a controversial issue of public importance, opposing viewpoints must be presented.

Mr. Speaker, a review of the facts in this case will show that the city of Clarksburg sites in Harrison County, W. Va. According to an independent study commissioned by the West Virginia Legislature, as of 1967 Harrison County produced more coal by strip mining than any other West Virginia county. Harrison County also leads all other counties in the State in terms of the amount of land disturbed by strip mining. The environmental, economic, and psychological impact of strip mining on the communities in Harrison County is enormous—devastation of once beautiful mountainsides, destruction of once pristine and fishfilled rivers and lakes, and even the excavation of homesites has occured. In Clarksburg, for example, the residents of Suan Terrace at one point were organized and ready to mobilize against strip mining interests which threatened to take their homesites in search for "black gold."

In spite of these facts, which are by no means all of the ravages wrought upon Harrison County, radio station WHAR in Clarksburg was shown to have failed to broadcast any programing on the local effects of strip mining, or the controversy about whether the economic benefits made up for those effects. It totally omitted any reporting on the many voices in the community which had risen up against the strip mining interests. During the time that Congress was considering legislation to impose strict controls on strip mining, and West Virginia was used as one of the prime examples of the need for such laws, WHAR's only treatment of the issue consisted of receiving over the Associated Press wire a number of stories which made terse general references to unidentified bills in Congress; and even in connection with these stories, WHAR could not say that they were actually broadcast on the station. Faced with these facts, there was little that the FCC could do but to find WHAR in violation of the fairness doctrine.

Mr. Speaker, when Congress passed the Communications Act in 1934, it ordered the FCC to distribute licenses "among the several States and communities so as to provide a fair, efficient, and equitable distribution of radio service * * * ." As mandated by this act, the keystone of our broadcasting system is its reliance on local service; otherwise, we could hook all 6,000 radio stations up to a central computer in New York City which would feed identical broadcasts to every hamlet in America. Furthermore, our licensing system is based on the premise that there are far more people who want to speak than there are frequencies available; hence, every station holds a license as a public trust pursuant to which, as the U.S. Supreme Court said in 1969:

> It is the right of viewers and listeners, not the rights of broadcasters, which is paramount . . . It is the right of the public to receive suitable access to social, political esthetic, moral and other ideas and experiences which is crucial here.

In the same Red Lion case, the Court continued:

> The first Amendment confers no right on licensees to prevent others from broadcasing on "their" frequencies and no right to an unconditional monopoly of a scarce resource which the Government had denied others the right to use.

The Congress, through the Communications Act, has laid upon the FCC the responsibility for insuring that these "paramount" rights of the public are made effective. As far back as 1949, and frequently since, the Commission has stressed the responsibility of licensed broadcasters to devote a reasonable amount of air time to the presentation of news and programs devoted to discussion of public issues of interest in the particular community which a station serves. That principle is embodied in the "first half" of the fairness doctrine; and the Commission has stressed to broadcasters that it regards strict adherence to the fairness doctrine as "the single most important requirement of operation in the public interest."

The failure of WHAR to report on the devastating local effects of the admittedly critical issue of strip mining was a fairness doctrine violation which cannot be sanctioned unless we are willing to eviscerate the citizenry's first amendment rights to be informed on important local issues. It is fair to say that the WHAR decision was mandated by the facts, the Communications Act, and even the first amendment.

Mr. Speaker, while comment on the recent FCC action has been swift and mixed, perhaps the most telling response was that given by the WHAR station manager as reported by Broadcasting magazine. Referring to strip mining, he said:

> We're used to it, so it's no problem. So we didn't think it was worth putting on.

But when the station manager asked someone in town "What would happen if we put on something about strip mining?" and the local resident replied that "you'd probably be run over by a truck," the manager "took that as a joke." Perhaps people do accept certain cancers in the community, be they strip mining, air pollution, or organized crime. But it is the duty of the broadcasting media as a public trustee to discuss and engender hard thinking about these cancers. There is at least one journalist, now buried in Arizona, who might just have disagreed with WHAR's conception of its obligation to the Clarksburg community.

THE STATE DEPARTMENT IS BEING MISLED BY OUR EMBASSY IN URUGUAY

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, this week the House is scheduled to consider the foreign assistance appropriations bill for fiscal year 1977. Contained in that bill is a cutoff of all military assistance to Uruguay, adopted by the Subcommittee on Foreign Operations and accepted without dissent by the full House Appropriations Committee. I argued successfully within the subcommittee that the harsh and widespread repression there, equal to that in Chile, coupled with the lack of legitimate justification for military assistance for Uruguay compelled the Congress to end all such assistance. I expect that this cutoff will pass the House without any significant opposition, and I hope that the Senate will concur.

Last week Mr. Wilson Ferreira Aldunate, a leading democratic leader in Uruguay who won a plurality of votes in the last Presidential election but lost to the now deposed Juan Bordaberry, testified before the House International Relations Committee's Subcommittee on International Organizations. He spoke in detail and with authority about the demise of democracy in Uruguay and the tragic status of human rights in his country. He also charged that the United States must bear a great proportion of the responsibility for the situation in Uruguay today.

In particular he attacked our military assistance programs and our Embassy's constant meddling in the internal affairs of Uruguay. I am appending his testimony before the subcommittee because, more than any other single document, it is a compelling indictment of our policy toward Uruguay.

I urge that his speech be read; it is a moving depiction of barbarism and torture now practiced as a way of life by the Government of Uruguay.

I believe Mr. Ferreira when he says that the repression has grown worse in the last few years. The State Department asserts that "the situation is clearly better" than it was 2 or 3 years ago. I believe Mr. Ferreira when he says that the military has effectively run the country since 1973. The State Department asserts that "it is inaccurate to describe the Uruguayan government as a military dictatorship." Regrettably, I am caused to believe Mr. Ferreira more than our own State Department. Mr. Speaker, loss of confidence in the State Department's credibility by Members of Congress and the public at large is damaging to our country. Credibility is not automatic and must be reaffirmed constantly, but the State Department seems bent on throwing its own credibility away.

What then has gone awry at the State Department? I have spoken with several State Department officials who admit that the human rights situation in Uruguay is reprehensible, yet the official position of the State Department remains in direct contradiction with the facts. I suspect that Mr. Ferreira is correct to some degree when he decries the role our Embassy in Montevideo is playing. Some have charged that Ambassador Siracusa is intimately involved in the running of the Uruguayan Government. I do not know if this is true or not. However, my own experience with the U.S. Embassy in Uruguay demonstrates that at least one of its officials is either living in a fantasy world or deliberately distorting the truth. And he is one of the people the State Department relies on for its information.

This past April I began expressing my concern about the human rights situation in Uruguay by inserting a series of background papers prepared by Amnesty International into the CONGRESSIONAL RECORD. On April 9, Mr. Don Guerriero, the labor attache at our Embassy in Uruguay wrote to his Congressman, ANDREW MAGUIRE, attacking Amnesty International and myself. Mr. Guerriero asserted that there may be "a few political prisoners around." In fact, State Department officials admitted to me that there were at least 2,500 political prisoners in Uruguay.

Mr. Guerriero included an article—which he considered authoritative—that charged that Amnesty International is a Communist-front organization. No State Department official here that I have talked to would agree with that assessment.

I shudder to think that the State Department is relying on this man for their information about the situation in Uruguay. Certainly the man is entitled to have and speak his opinions. I do not propose that he should lose his right to free speech and comment because of his official position. On the other hand, his line of argument is so close to that of the Uruguayan Government and in such contradiction to the accepted facts that one must wonder how valid his judgments, as reflected in this letter, are in his regular reports to the State Department.

I believe that the United States must withdraw its support for the military dictatorship in Uruguay. The Congress can eliminate the direct military aid we supply Uruguay, but only the State Department can withdraw the support that our Embassy gives daily to Uruguay. If the State Department does not act to put its Embassy in Uruguay in order, it will tarnish its image of nonpartisan professionalism and further strain relations with Congress on the issue of human rights.

The testimony of Mr. Wilson Ferreira Aldunate is appended, followed by the correspondence of Mr. Don Guerriro and Amnesty International.

STATEMENT OF WILSON FERREIRA-ALDUNATE TO THE SUBCOMMITTEE ON INTERNATIONAL ORGANIZATIONS OF THE COMMITTEE ON INTERNATIONAL RELATIONS OF THE UNITED STATES CONGRESS HOUSE OF REPRESENTATIVES

My name is Wilson Ferreira-Aldunate. I am Uruguayan, 57 years old; I have been Deputy Minister and Senator since 1954, representing the Partido Nacional (or 'blanco'), a traditional political party born nearly a century and a half ago at the same time as independence was proclaimed. As candidate to the Presidency of the Republic in the last election, held in 1971, the percentage of votes that I obtained exceeded by 18% the percentage of Juan M. Bordaberry—who until a few days ago held the presidency. I am a senator of my country and as such, a member of parliament which was dissolved by force in 1973. As a Uruguayan and as a member of my party I believe that human dignity can be preserved only in an independent country where freedom prevails. And I say this because it is often said that allegations of the violation of human rights and of torture are an integral part of a sort of "marxist conspiracy" aimed at destroying the basis of Western Christian civilization founded on representative democracy and freedom. He who is with you today to denounce these crimes does not belong to any sector of the traditional left but rather to an established centrist political party founded precisely in support and defence of that civilization and those values.

It has been no easy task for Uruguayans to denounce the crimes that occur every day both in Uruguay and to fellow countrymen abroad, nor have the voices of Uruguayan democrats been widely attended. This is in part because our country is small and unknown to many and because the death of democracy in Uruguay has not been sudden, nor was it marked by any dramatic event. Rather, the loss of democratic rights has developed slowly and progressively. In addition, in a Latin America that is overwhelmingly ruled by military governments, we have the appearance—the false appearence—of having a civilian president, who, in the case of the now deposed President Bordaberry, claimed to rule on the basis of an electoral mandate. Lastly, Uruguayan democratic voices are not widely attended because many of those who knew my country in the past hold to their image of the formerly pluralistic Uruguay, an image that is so strong that it is difficult for them to believe my country's transformation into what it is today.

Geographically, Uruguay is the smallest country of South America with a population of 2,700,000 inhabitants. Under democracy, we had the lowest rates of infant mortality and illiteracy on the continent. Schooling was obligatory both at elementary and secondary levels; and free at all levels, including higher education. We were proud of the normality in which our democratic processes developed, proud of our systems of constitutional guarantees and protection for the individual, proud of our freedom, which as our Constitution expresses, "No one can be obliged to do what the Law does not ordain nor prevented from doing what it does not prohibit."

What happened in Uruguay to destroy all this? Many in the United States believe that a confrontation exists today between the government and guerrilla groups, where both unfortunately commit deplorable excesses. It is not difficult, in the light of this argument, for many to assume attitudes of neutrality or even indifference.

But this analysis is not true. The subversive movement which shook Uruguay until 1972 was completely dismantled. In the last four years not a single death, injury or kidnapping has occurred as a result of guerrilla activities. The guerrillas have not taken part in a single action, nor has the government accused them of carrying out any propaganda activities. The members of the Tupamaro movement are either jailed or dead. The only people who kidnap, torture and kill today in Uruguay are the government.

It is difficult to make an accurate estimate as to how many citizens are at present in jails, accused of offences against the security of the State, or of "attempting to undermine the morale of the Armed Forces", or simply not accused of anything at all. This is due to absence of information on arrests, but their numbers can be safely calculated at between 5,000 and 6,000. If taken in relation to its population, these statistics make Uruguay the country with the largest per capita proportion of prisoners accused of political offences in the world. Comparatively speaking, it is as if half a million citizens in the United States were imprisoned, accused of political offences. Always excluding those accused of common offences, I would estimate that, since the beginning of the dictatorship, between 50,000 and 60,000 Uruguayans have been imprisoned or interrogated for supposed been subjected to judiciary procedures, and a political offences. Returning to our comparison: had it occurred in the United States, it would correspond to five million men and women.

Of all the prisoners, only a minority have been convicted by the courts. Others have been subjected to judiciary procedures, and a high percentage of them have never been notified of the reasons for their imprisonment.

It is often stated that approximately half of those detained have been subjected to torture. Yet while making this statement, we reserve the expression "torture" to define only the more sadistic and inhuman forms of treatment of prisoners, because all, absolutely all, have suffered prolonged blindfolding, forced standing (often resulting in loss of consciousness), and abuse with no consideration of age or sex. The more brutal forms of torture include the use of the electric prod; tying the prisoner to a horse or a vehicle and dragging him or her across the field; the "submarine" (the prisoner is immersed head down in a tank of water and held down until he is nearly drowned), etc. This and many other forms are described in detail by Amnesty International in the attached document.

The inhuman methods of repression were initially directed against members of subversive movements. And it was as a result of the application of the entire apparatus of repression, including torture, that the government was largely successful. Torture was used to make the subversives confess; torture was used to force the denunciation of other members of subversive movements; torture was used to find out whether they were Tupamaros, and as is natural, they all confessed to be Tupamaros, whether they were so or not. Thousands of citizens were imprisoned; they were abused, humiliated and ill treated, many times to death; women and children were raped; all guarantees of proceedings were abolished, and in the attempt "to defend our freedoms and life-style" (or so it was said) both were destroyed. The rigorous internal logic of this system of struggle leads necessarily to inexorable consequences. This system is incompatible with a freely elected parliament, the protector of the respect for public liberties. So the House of Representatives and the Senate were dissolved and replaced by a complacent "Council of State" appointed by the President of the Republic from among a group of individuals who were often either unknown or of dubious reputation.

The system is also incompatible with the existence of democratic political parties. Therefore, some of them were banned and the activities of the others have been prohibited. The logical consequence of this prohibition is that in fact it mainly affects the democratic political parties, for these do not know how to conduct or cannot adapt themselves to clandestine activities, whereas the prohibition only partially affects those who are used to this form of activity.

It is also incompatible with the existence of an informed public opinion: the press is subjected to rigid censorship, restricted by receiving precise indications from the government as to subjects which cannot be dealt with or statements which must be obligatorily published. The censorship is extended to books; thousands of books which do not coincide with the "national doctrine"—which has never been defined or explained—have been burned. Included among those to be incinerated on orders of the Director of Secondary Education were books on mathematics and pure sciences which did not adjust to the "doctrine". Even language is subjected to scrutiny. When a simple carnival took place in which groups sang satirical rondelets reflecting popular musical and literary inventiveness, following an old Uruguayan tradition, the use of such words as "military", "budget", "government" and curiously "aurora" (dawn) were prohibited.

A repressive system such as the one applied in Uruguay cannot allow any form of privacy in communications: more than 5,000 telephones are permanently tapped, and all communications carried through them are recorded as are others selected at random. All internal correspondence is subjected to censorship, and the decree of 6 June 1975 expressly authorizes the opening of all correspondence both to and from foreign countries. One of my sons, detained by the police, was extensively interrogated about correspondence addressed to him by Senator Edward Kennedy, which never reached him.

The possibility of exercising the right of association (derecho de reunion) is nonexistent in a police state. Not only is any kind of political meeting prohibited, but family celebrations, even birthday parties, must be reported and approved beforehand by the police, for "they could hide political purposes". Engineers, lawyers, doctors, etc., cannot freely elect the authorities of their organizations without first submitting the lists of candidates to the police, who proceed to eliminate a large number of candidates with no justification. The control goes as far as to include the appointment of the representatives of housing estates. What occurred to my friends and relatives who, wishing to celebrate my birthday at a mass on 28 January 1974 in the Church of Saint John the Baptist (our local parish), is illustrative of the extent of control. The entire group who went to the mass, including priests, choir boys and the unfortunate passers-by, were taken to jail.

In a similar way, penal law is a luxury that such a regime cannot allow itself. I leave in your hands documentation on this subject and simply anticipate, for example, that the prevailing "legislation" decrees the confiscation and sale of goods and property of the accused before sentence is passed, although it generously admits that if declared innocent, the money obtained from the sale of his belongings can be returned to him. It will probably be quite difficult to convince a United States citizen that in Uruguay today there are citizens for whom the military prosecutor demands 23 months of prison and who are condemned to 24 years of jail. Or that many prisoners despite finishing their term in prison do not regain their freedom, remaining jailed in the same prison at the disposal of the Executive Power. Or, as it has occurred in several specific cases, those indicted have been offered freedom on bail by the military courts, but the bail is fixed at an exorbitant sum; when the family of the prisoners, after tremendous sacrifices, has managed to obtain the money, the military court has taken it without freeing the prisoners.

I mentioned earlier that initially this entire system was devised to persecute the subversive movements. Even so, it lacked both a moral and even a political basis precisely because it consists in destroying that which it purports to defend. For immediately, under the impulse of its own dynamics, terror was aimed at the whole population. When there were no more "Tupamaros" left to be tortured, it was focussed on very small sectors of the "Maoist" left and from there it was extended to the Communist Party, whose leaders and militants suffered savage persecution; it then turned against any citizen who had ever had any link with workers' syndicates or trade unions and eventually against the entire population, anyone, "just in case".

Members of my party have been persecuted, punished, abused and tortured. Their leaders have been indicted. Legislators elected for the National Party have been savagely beaten up in jail, and some have been subjected to brutal and sophisticated torture without being interrogated at all. That is, the torture was intended simply at punishing or terrifying. And I emphasize this once again: my party does not have and has not had any relation with guerrilla movements or with marxism, a theory which it does not share. But of course, we demand respect for the dignity of all human beings, as the creatures of God, whatever their ideology.

I believe it unnecessary to continue with this painful enumeration, and I leave in the hands of all Representatives the documents and reports, which corroborate my testimony. Yet before I finish I feel I have the duty of referring to the murder a month ago in Buenos Aires, Argentina of two brilliant parliamentarians, genuine trustworthy representatives of my people: Zelmar Michelini and Hector Gutierrez Ruiz. The efforts of many men and women of good will throughout the world were not enough to save the lives of these great citizens, my friends who waited for three days after their kidnapping for the fulfillment of their death sentences dictated by the murderous Uruguayan government and executed in Buenos Aires by murderers associated with the Argentinian government. I request your authorization to include among the documents for the records a copy of a letter I sent to the President of Argentina before taking asylum in the Austrian Embassy in Buenos Aires; it is a brief and objective account of the events which demonstrates in its tragic simplicity where the culprits are and how the murderers did not even attempt to hide their responsibility.

In a way, it is a public recognition of the lack of sensitivity of those who, while claiming human rights as central in their speeches, do nothing to defend them. I have the supreme hope that the death of my two friends—one my political colleague, the other my admirable adversary—may serve as an appeal to the responsibility of all and particularly to that of your colleagues, members of a parliament emanating from the will of the people.

Until recently, the Uruguayan regime sought to hide the fact that people died as a result of its repressive policies—death was a by-product of torture, a "technical error" in its application. There were, of course, some who were directly assassinated, but this was not the rule. Today, with the growing feeling of impunity, they have started to kill openly. To the 29 cases of death under torture documented by Amnesty International, we can add today the Uruguayans who are abducted in Buenos Aires, only to appear later dead in their own country. We can add the bodies washed on to our shores by the River Plate, hands tied, burned bodies, hands cut off, referred to by the Uruguayan government bulletins as "bodies of an oriental race", because the sea has turned their skins yellow, their swollen features stretching their eyes. In a tragic, macabre joke the people of my country say that for once the truth has been said, for as you may know, the official name of my country is the Oriental Republic of Uruguay, and we refer to ourselves both as "uruguayos" and as "orientales". We ignore the fate of many others who in the last few weeks have left their homes in Buenos Aires and have never returned. Their bodies have not been found.

The Uruguayan repressive apparatus was built up with the assistance of abundant material and technical aid from the United States. Uruguayan military personnel had and still have prolonged periods of instruction in several places in your country, especially in the Canal Zone in Panama. Now, when all of this has been transformed into an enterprise aimed at destroying a small country, a small country which must exist, because the world would be worse off if it did not exist, those who helped install the infernal machine now have the obligation to contribute to its dismanteling.

The gravest consequence of this process is that it is leading to the destruction of the very basis of the nation. Uruguay operates today as if supporting an occupying army which as commonly occurs in such cases, attempts to undermine the values and spiritual basis of those it conquers. And parallel to this, the increasing vulnerability of the country and the ever-growing external dependence are putting in jeopardy the entire destiny of the nation.

Uruguay has the highest external debt per capita in the world. Since the beginning of our independent history until ten years ago the country contracted obligations with foreign countries aimed both at covering the cost of building its communication, transport, energy and public services systems and at facing periodic crises in our foreign trade. In this way we reached before the dictatorship a debt varying between 720 and 740 millions of dollars. Today the foreign debt represents—if we include both state obligations and those contracted directly by banks and import firms—more than 1.5 billion dollars.

The last ten years represent the highest cost in our history, and during those years not a single cent has been invested; to the contrary, the rate of investment has proved negative. Which is to say the future of generations to come and of the country itself is being jeopardized in an attempt to pay the budget deficit, that is, to pay for the police. Uruguay has the highest proportional budget in the world for maintaining its security services: 45% of the authorized budget, and in practice 60% of the total expenditures. The percentage of the Gross National Product that it represents is three times higher than in Chile. The budgetary deficit varies between a third and a fourth of the total figure, and it is covered in the form of external debt. In other words, whatever each dollar may be earmarked for, each unit of foreign currency injected in the Uruguayan budgetary system cannot be used for any purpose other than for the payment of the army and the police. Or, simply, of the police, because, unfortunately the Armed Forces in Uruguay act as a police force.

Uruguay is the scene of the most tragic problem of de-population in modern history: it is reported that out of a population of three million inhabitants, 300,000 have had to seek elsewhere freedom, work and protection. I believe that the figures for emigration are even higher, based particularly on the number of my countrymen currently living in Argentina. A technical mission of the OAS, extrapolating from an earlier census and taking into consideration our low rate of population growth, estimated that the population was about 3,500,000. However, this figure exceeds by 800,000 the result of the recent population census. It is probable that the real number of emigrants leaving Uruguay is closer to the 500,000 who represent the most valuable and necessary citizens: those with initiative, the professional people, artisans, skilled workers, artists and, above all our youth. As a direct consequence, nobody could recognize the Uruguay of yesterday in the Uruguay of today. Since four years ago in my country, month after month, more people die than are born, because the children of our young citizens have started to be born in other countries.

So much in the name of anti-subversion.

We do not come—and I am sure I am speaking on behalf of all my countrymen—to ask for your help or the intervention of the government of the United States to overthrow the dictatorship oppressing our people. In this respect, the United States Executive Branch of government did not even make on humanitarian grounds the kind of diplomatic intervention that might have saved the lives of our outstanding countrymen and parliamentarians recently assassinated in Buenos Aires. What we do request, however, is an end to the present policy of interference in the internal affairs of the country, supporting the dictatorship openly and publicly and sustaining those sectors responsible for the most diabolic forms of repression—represented until a few days ago by President Bordaberry and his close collaborators including, among others, the Sub-Department of the Ministry of the Interior.

The United States Embassy in Montevideo gives direction, counsel and opinion about the course of Uruguayan politics, and goes so far as giving its seal of approval to specific institutional formulas which would bring about the abolition of the right of the Uruguayan people to a self-elected government.

The United States Embassy in Montevideo acts as a public relations agent for the Uruguayan government in that it publicizes throughout the world false information about the situation of the country, where consistent allegations and evident facts are denied, it supports and claims that subversion cannot be without the suppression of liberties and it gives currency to the lie that in Uruguay "only a handful of communists" have been arrested.

It is this direct and unmasked form of interference in my country's affairs that we strongly protest. In the same way, we object to the financial and technical aid which adds to the daily growth and increased sophistication of the repressive apparatus, and we protest against the direct or indirect forms of economic aid which keep power artificially in the hands of the dictatorship.

All we want is to be left alone. Our countrymen are struggling in all possible ways for the defence of the principles, ideals and way of life that our country took from the Constitution of the United States. Not one of us could ever understand that the immense weight of the same nation that defined those ideals 200 years ago, and today celebrates them with joy, could continue to be given in support for the enemies of our people.

I pray God that this will not happen. I am sure it will not.

I thank you very much for your kind attention.

AMERICAN EMBASSY URUGUAY,
New York, N.Y., April 9, 1976.

Mr. ANDREW MAGUIRE,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN MAGUIRE: I am a labor/political officer in the U.S. Embassy in Montevideo, but I am writing to you as a voter and resident of Ridgewood.

The Congressional Record on April 5 published remarks by Congressman Koch very critical of Uruguay and apparently included material prepared by Amnesty International as well. Unfortunately, much of what Congressman Koch said is untrue and the AI report is demonstrably false. In my opinion it would be a real injustice to this country if the record only shows one side of the story.

I do not want to take issue with every statement of the Congressman, but some cry out for an answer. He says, "As trade Union and student movements become systematically persecuted . . ." The Trade Union movement is not persecuted for being a trade union movement and in fact is not persecuted at all. The fact of the matter is that labor had come largely under the control of the Communist Party of Uruguay in the late 1950's and early 1960's. They were able to completely ruin the democratic labor confederation and lead workers into political activities which were harmful to the workers' own interests. Today the communist labor central is outlawed, yet never once have workers made the slightest effort to show any solidarity with that central. And on more than one occasion the communists tried to get such support. The Congressman mentions the names of Catholic Priests who were allegedly tortured. I don't know if they were or not, but I notice in the statement that he includes one who was tortured in 1970. Well, that was when Uruguay had a liberal democratic government. He also neglects to mention that the Tupamaroes tortured to death Dan Mitrione, a devout Catholic who was working here to teach the police modern investigative methods so they would not have to torture people to find terrorists.

A few days ago a young Uruguayan, democratically oriented, told me that many Uruguayans are worried that if the Democrats win in the States, Uruguay is in for some trouble because they will cut any financial aid or trade there is with this country. I graduated in 1953 from Ridgewood HS and still have vivid memories of being about the only Democrat in the class (or so it seemed), so it really gripes me when I hear that man with the backing of the Democratic Party contributes to the worry of a young Uruguayan who believes in democracy as much as I do.

One last thing. The Congressman refers to ". . . the thousands of political prisoners. . . ." There may be a few political prisoners around here, depending on one's definition of the term, but most people in jail here are in for crimes like murder, rape, bank robbery, kidnapping, and the like. Some of those people might consider themselves innocent because they did not participate directly in the crimes. They only helped in the recruiting, organizing, and financing of the people who did the dirty work.

In this topsy-turvy world I sound like an unreconstructed "cold warrior," I know. But I'm not, and I hope you understand that I am writing with the hope that both sides of this story will be known to you.

Thank you for your attention to this matter and I include an article from the *Review of the River Plate* which says what I want to say much better.

Sincerely yours,
DON GUERRIERO,
Labor Attaché
American Embassy Uruguay.

AMNESTY INTERNATIONAL VS. URUGUAY

(By our Montevideo Office)

On February 19th the private organisation calling itself Amnesty International decided once more to launch a world-wide campaign against Uruguay, more specifically against the Uruguayan government. A-1 representatives visited the Uruguayan Embassy in London, to take one example, requesting an interview and threatening with economic reprisals against the country which, they said, through their connections they would be able to bring about.

It is not the first time that Amnesty International attacks Uruguay. A 200-page report on torture issued by the organisation in 1973 begins with three "first-hand accounts" by torture victims in Turkey, the Soviet Union and Uruguay. Whether or not cases of torture have occasionally occurred in Uruguayan prisons, it is certainly beside the point to compare such isolated happenings with the practice in the Soviet Union's concentration camps and psychiatric institutions. Nobody who lived in Uruguay during the anxiety-filled days between 1968 and 1972, when hardly a day passed without some crime being committed by the Tupamaros, will forget the public discussions on streets and parks as to the advisability of the police administering drugs or similar treatment to captured Tupamaro terrorists in order to force them to reveal the hiding places where innocent kidnap victims were awaiting their "execution." The authorities decided against this kind of treatment, because of its inhumanity as well as its unreliability. In all civilised Western countries (and under this heading we include most Latin American nations) torture is not only not an approved method of dealing with prisoners, but it is forbidden by law, and transgressors—who certainly exist—are punished with prison sentences.

In July 1973 the communist-dominated trade federation CNT was dissolved; in October the likewise communist dominated University was "intervened," and in December the Communist, Socialist and other Marxist parties and groups were forbidden. Several hundred communist activists were arrested, the majority however released within a few days. As a direct consequence, at the beginning of 1974 Amnesty International started circulating rumours about arrests "for political motives" in Uruguay. A telegram was sent to President Bordaberry and the military authorities accusing them of treating the imprisoned Tupamaro leaders (Raúl Sendie and eight others convicted for murder, kidnapping, etc.) as "hostages." A–I said that the captured guerrilla leaders had been threatened by the prison authorities with being shot one at a time for every terrorist act carried out by the Tupamaros. By that time, however, the Tupamaros were already practically moribund, and such a threat would have been pointless. Besides, the nine Tupamaro leaders mentioned had already been arrested two years before.

As part of the same campaign, in February 1974 A–I appealed to UN Secretary General Kurt Waldheim about the fate of six members of the staff of the ultraleft weekly paper *Marcha,* who had been arrested on suspicion of taking part in or actively aiding and abetting terrorist activities. One of the six was a well-known writer, a fact that was made use of to accuse the Urugayan authorities of "repression of intellectuals" as well as attacking the freedom of the press. The six, by the way, were released a short time afterwards for lack of sufficient proof to convict them of subversive activities, and they left the country. The weekly *Marcha,* known as an ultra-left and pro-Soviet publication on the entire American continent, had repeatedly and unmistakably shown its support of the Tupamaro cause and for this reason it was finally precluded from appearing.

In April 1974 a combined delegation of A–I and the International Commission of Jurists (with headquarters in Geneva) arrived in Uruguay and was allowed freely to inspect prisons and talk to the arrested men and women as well as their lawyers. The delegation members stated that they could detect no signs of torture or maltreatment. They did not find the Uruguay jails and detention centres in class A condition, but this was hardly surprising, in view of the fact that the funds that had been earmarked for improving the prisons had to be used to construct additional detention camps to house the hundreds (not thousands!) of Tupamaro felons and convicts. The IJC made several recommendations of a legal nature, concerning the speed of the trials and other technical details, which the Uruguayan government promised to take into account. Nevertheless, in June 1974 Amnesty International made public in New York and other large cities of the Western world a report in which it accused the Uruguayan authorities of systematic torture and maltreatment of political prisoners between 1972 and 1974 (See THE REVIEW OF THE RIVER PLATE of April 10, 1975, page 490: "Is A–I Impartial?"—Part II).

Amnesty International furthermore stated that 90 lawyers were imprisoned in 23 different countries (including the Soviet Union), more than half of them in Latin America: 25 in Argentina alone had been found bound hand and * * * Paraguay, Bolivia and Brazil. These lawyers, claims A–I, were arrested for no other reason than that of exercising their profesison to the best of their ability. A–I purposely ignored the well-known fact that Latin American terrorists, especially Tupamaros, took great pains to recruit over the years a relatively large number of lawyers and physicians, not only because in view of their prestige they would appear to be above suspicion to most people, but especially in order to be able to make use of their professional services later on, if necessary.

Such recruited professionals evidently are guilty of aiding and abetting subversives even if they did not actively participate in the terrorists' activities, as they usually did: lawyers smuggled secret messages in and out of jail, helped prisoners escape when on the way to or from the courthouse, etc. A number of *Tupamaro* lawyers escaped abroad. One of them, Alejandro Artucio Rodriguez, is at present and has been for some time nothing less than a member of the International Jurists Commission!

In November 1974 Amnesty International accused the Argentine police of negligence because it had not solved the murder of three Uruguayan *Tupamaro* exiles who had been found bound hand and foot and riddled with bullets. "Many political refugees and exiles in Argentina are now living in fear of their lives," A–I continued in its report. The murders, it said, added weight to existing evidence of international collaboration in Latin America in pursuit and persecution of political exiles. The "political exiles" being, of course, escaped terrorists. In intervening on behalf of these criminals, A–I breaks its own code of excluding political prisoners who have engaged in crimes of violence from the organization's care.

In April 1975 the Uruguayan authorities dissolved the teachers' organization called *Federación Nacional de Profesores de Enseñanza Secundaria,* after having found ample evidence and proof of its links with the prohibited Communist Party and other subversive Marxist groups—something of which everybody had been aware of before then because all the organisation's leaders were well-known communists. Several of these were arrested. Immediately A–I urged the Uruguayan government to "guarantee the physical safety and legal rights of dozens of teachers, trade unionists and students who have been detained in the latest wave of arrests." What had particularly irked A–I this time was the incriminating circumstance that among the piles of communist and subversive propaganda Amnesty International literature had been discovered on the teacher federation's premises.

During the last weeks of 1975 and the first weeks of 1976 the Police and Armed Forces of Uruguay carried out a number of successful search operations, which led to the destruction of the greater part of the subversive apparatus of the forbidden Uruguayan Communist Party. Among other discoveries was the fact that the Uruguayan CP had been maintaining for many years—even during the time it was a legal Party—a clandestine military arm which was at least as well supplied as, if not better than, the *Tupamaros* in weapons, secret hiding places, a trained "people's army," logistical support, etc.

Apart from the military apparatus, which included medical, communications and international relations sectors, the Uruguayan authorities also discovered and destroyed a significant part of the CP's clandestine financial and propaganda apparatus. Approximately 200 persons were arrested, not a large number when taking into account the impressive amount of evidence of subversion uncovered. Of course, several of the more important subversives wanted by the Police are safely abroad.

It follows from the above that A-I accuses and attacks Uruguay—as well as other Western countries—whenever the communists or the Marxist guerrilla organizations receive a significant blow. In the Western countries, A-I's preoccupation is exclusively with Marxist and other leftist prisoners, and only anti-communist governments are the objects of its campaigns. For example. A-I never asked to inspect Chile's jails during the Allende regime, although there were quite a few political prisoners at the time. Neither did it interview Chilean exiles during that time.

It is true that A-I has intervened or pretends to intervene—on behalf of a few Soviet dissidents, and it has published a report on conditions in Soviet labour camps. But this was after Solzhenitzyn's "GULAG-Archipelago" had become a best-seller all over the world and nothing could be lost by admitting there were camps for political prisoners in the USSR. But A-I has mentioned by name only a few, well-known political dissidents; it has never mentioned the names of those responsible for the conditions existing in prison camps and it has never organised a campaign against the Soviet, or any other communist, government.

Looking over the A-I reports on the Soviet Union in the past year, which smack so much of alibi that it is difficult to conceive of them as being anything else, one finds among the most-stressed hardships found in Soviet concentration camps the lack of food and the number of sucides. If it is announced in a Western prison that a detainee has committed suicide, A-I invariably describes the death as resultant of torture. In Soviet camps, on the other hand, A-I insists that many prisoners pretend to escape in order to be shot, thus committing suicide, A-I's reports on alleged torture of political prisoners in the West, on the other hand, bristle with lurid and shocking details to such a degree that one cannot help wondering where reality ends and phantasy begins, or, indeed, if anything but phantasy is involved.

Speaking of phantasy, the press campaign begun by A–I on February 19th against Uruguay includes such manifestly absurd figures as 6,000 political prisoners and 220,000 members belonging to the Armed Forces. Regarding political prisoners, A–I in its own report of April 1974 mentioned that between July 1972 and the date of the investigation nearly 4,000 cases of persons detained for politically motivated crimes had come up before the military courts and that 1,000 additional ones were still pending. A–I did not explain how it had arrived at these figures nor did it mention how many of the accused were released for lack of proof or after a short sentence. A–I has inspected the Uruguayan jails and detention centres and knows their capacity. If it accuses Uruguay of maintaining 6,000 political prisoners, it is therefore purposely lying and not making statements out of ignorance. What calls attention is that this same exaggerated figure was quoted by the former Uruguayan Senator Zelmar Michelini, a philocommunist and Tupamaro protector and promoter who has not been in Uruguay for several years. Whereas some of his eleven children are in Montevideo prisons as convicted Tupamaro terrorists, they are hardly in a position to know the exact number of their fellow prisoners. Michelini was chief "prosecutor" against the Uruguayan government at the so-called Russell Tribunal when it held its second session in Rome in April 1974.

The Uruguayan Armed Forces consist of approximately 22,000 persons (soldiers, officers and civilian employees) in a population of 2.7 million, and the Police forces in the entire country number 25,000 (including women, traffic police and civilian employees). The total of 17,000 (up by about 20 per cent since 1968) corresponds to less than 1.7 per cent of the population and not 10 per cent as claimed by A–I.

Taking into account the untruth of the first two statements in the latest A–I campaign against Uruguay, the third one, i.e. that 24 persons have been killed by torture, can hardly be taken seriously.

The press release introducing the anti-Uruguay campaign also claims that there is an "increasing tension between the authorities and the Catholic Church" and that there has been observed "the clear intention of persecuting the Church." It is hardly surprising that no mention has been made of the evidence found by the Uruguayan police during their recent strike against the clandestine apparatus of the Communist Party, proving that the Church had been infiltrated by communist clements, especially members of the UJC (*Unión de la Juventud Communista*) and that the intention existed on the part of the Party leadership to further strengthen and deepen this infiltration, making use of the fact that many Church dignitaries are convinced of the parallel aims of Marxism and Christianism. In this respect it is interesting to note that the bishop of Salto, Mons, Marcelo Mendiharat, fearing that he had been unmasked as *Tupamaro* supporter, abandoned his church and his parish to vanish without a trace. For several years it was known that Mons. Mendiharat was on very good terms with his nephew, the priest Jean-Paul Bidegain, who in turn was an intimate friend of the *Tupamaro* priest Juan Carlos Zaffaroni. However, definite proof of the Bishop's active participation in subversive activities was only found recently among the many notes and documents confiscated in communist and *Tupamaro* hideouts.

Unfortunately, in the rest of the world, even in Latin America, people are not generally aware of the reality in Uruguay (or Chile, for that matter) and many of them believe even the most absurd allegations of the communist front organization called Amnesty International.

AMNESTY INTERNATIONAL U.S.A.,
New York, N.Y., May 28, 1976.

Representative ANDREW MAGUIRE,
Longworth House Office Building,
Washington, D.C.

DEAR CONGRESSMAN MAGUIRE: On April 9, Mr. Don Guerriero, the Labor Attache at the American Embassy, Montevideo Uruguay wrote to you concerning material on Uruguay which Congressman Koch had inserted in the CONGRESSIONAL RECORD. Mr. Guerriero also enclosed an article from the *Review of the River Plate*. These materials have been forwarded to me and I hope you permit me to respond to several allegations in both Mr. Guerriero's letter and the *Review* article.

Mr. Guerriero allows that there "may be a few political prisoners around here, depending on one's definition of the term . . ." In terms of imprisonment, Amnesty International's concern is with those men and women who have been imprisoned because of their racial background, or religious or political beliefs provided they have not used nor advocated violence. Amnesty remains convinced that there are approximately 5,000 political prisoners in Uruguay, a country with a population of 2,500,000.

The *Review* article asserts that Amnesty's "campaign is against Uruguay and more specifically against the Uruguayan government". This is not so. Amnesty's campaign is against the systematic and widespread practice of torture in Uruguay. In regards to torture, Amnesty opposes its use anywhere under any circumstances. The basis of Amnesty International's campaign against torture in Uruguay is the list of 22 cases of death by torture (enclosed). Tragically since this list was published in February, there have been 6 more cases of death by torture. Material on them is enclosed.

The *Review* article, totally misconstrues the findings of the Amnesty International and International Commission of Jurists report of April 1974. The report is enclosed.

Because such gross violations of human rights as widespread as torture and political imprisonment do not take place in a social vacuum I have also enclosed background material on the position of trade unions, academic institutions and political parties in Uruguay.

The *Review* article denigrates Amnesty International work on the problem of human rights in the Soviet Union and asserts that Amnesty International is preoccupied with "Marxists other leftists prisoners and only anti-Communist governments are the objects of its campaigns." I believe the enclosed publications of Amnesty International will show the diversity and non-partisan nature of our concerns and efforts.

Lastly, the *Review* article concludes by referring to Amnesty International as a "communist front organization." If the issues that confront us here were not so serious, one could put this allegation in the same category with Ugandan President Amin's attack at the U.N. General Assembly on Amnesty International "a tool of colonial and imperialist powers". However, the primary response of the Uruguayan authorities to Amnesty's efforts in Uruguay has been a series of various attacks on Amnesty in general and AIUSA in particular in the Uruguayan press. In response to one of these attacks in "El Pais", a leading Uruguayan paper, Mr. Leonard Garment, United States representative to the U.N. Commission on Human Rights, wrote,

"I declare without any reservations that Amnesty International is not an 'instrument' of the Communist countries, any more than one of its recent publications, a 150-page report on human rights violations in the U.S.S.R., is a 'vulgar falsification and defamation on Soviet reality and socialist legitimacy', as it has been described by the Soviet Lawyers' Association."

I have enclosed a copy of Mr. Garment's letter, expressing his own personal views.

May I apologize for sending you so much material. But the situation in Uruguay is dreadful and it is not improving. Needless to say, Amnesty would greatly appreciate any help you could provide in bringing the tragic situation there to public attention.

Thank you for your consideration.

Sincerely,

DAVID HAWK,
Executive Director.

TRUBIN, SILLCOCKS, EDELMAN & KNAPP,
New York, N.Y., April 6, 1976.

Re: Amnesty International, February 19 and 21, 1976, articles in "El Pais."

SR. DIRECTOR,
"El Pais"
Montevideo, Uruguay.

ESTEEMED SIR: I have read (in translation) with great interest the long articles on Amnesty International published in your distinguished newspaper on February 19 and 21, 1976. I should like to comment on your description of that organization as an "instrument" of Communism.

In my capacity as representative of the United States of America to the United Nations Commission on Human Rights I have become well acquainted with Amnesty International and have met a number of its members and officers. As you may know, the Human Rights Commission met recently for a period of five weeks in Geneva. I have just returned from that meeting. Amnesty observers were present in Geneva and participated in the activities of the Commission. In addition, Amnesty International has been active at the United Nations in New York where my official duties have repeatedly brought me into contact with its representatives. I have also read some of the organization's literature.

I therefore believe I have had an opportunity to obtain sufficient knowledge of and experience with Amnesty International and its personnel to form opinions about this organization, which I may note, has frequently criticized the United States.

I declare without any reservations that Amnesty International is not an "instrument" of the Communist countries, any more than one of its recent publications, a 150-page report on human rights violations in the U.S.S.R., is a "vulgar falsification and defamation on Soviet reality and socialist legitimacy", as it has been described by the Soviet Lawyers' Association.

In my opinion, based upon what I know of the organization, it is apolitical, it works for the freedom of prisoners of conscience and against torture and the death penalty irrespective of geographic or political considerations. Its humanitarian activity has embraced virtually all the countries of the world. At the recent meeting of the International Commission on Human Rights, Amnesty supported no political positions except, if indeed such is a political position, to affirm the International Declaration of Human Rights and the United Nations conventions against torture and the mistreatment of prisoners.

I do not say that the organization is perfect or that it is always right, and valid criticisms can be made of some of its practices and procedures. But its only bias is a prejudice favoring humane and ethical government, a prejudice of which, I trust, the editors of "El Pais" are also guilty.

This letter is not intended to represent the official position of my Government, but only my own personal views.

I remain,

Sincerely yours,

LEONARD N. GARMENT.

SYNFUELS BILL IS "BURP, JR." ACCORDING TO WALL STREET JOURNAL

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the RECORD, and to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, the editorial reprinted below appeared in the Wall Street Journal today—June 22 and I surely recommend it to my colleagues.

I urge all to note that the Journal has again, as it did last winter, correctly placed into perspective the Synfuels Loan Guarantee program as an "hors d'oeuvre in the $100 billion banquet of loan guarantees, grants, and price supports proposed by Vice President ROCKEFELLER in his Energy Independence Authority."

The article follows:

BURP, JR.

Last December, when Newsweek carried a picture on its cover of a bloated Uncle Sam, we editorialized on how he gets that way. At the time, the House of Representatives was considering a $6 billion government boondoggle to develop synthetic fuels, a bill the Senate had already gobbled 80 to 10 with almost no debate.

Supporters and opponents of the plan informed us that our editorial, entitled "Burp," actually influenced the outcome of the House vote, which rejected the Synfuel scheme by 263 to 140. Since then, a steady parade of Synfuel supporters has marched through our offices trying to persuade us to change our mind. And the Ford administration is still trying to slip it through the House, possibly next week.

The original $6 billion proposal was really only an hors d'oeuvre in the $100 billion banquet of loan guarantees, grants and price supports proposed by Vice President Rockefeller in his Energy Independence Authority. Even a Rockefeller knows that Uncle Sam can't digest $100 billion in one sitting, but bite-size mouthfuls of $6 billion can add up to an equivalent meal.

Now, the bill that has cleared the House Science and Technology Committee offers further such illusions of economy by giving the Energy Research and Development Administration a tasty $4 billion in loan guarantees. But ERDA testimony leaves absolutely no doubt that this is an open-ended scheme which, once begun, would hit the Rockefeller target of $100 billion over several years.

The arguments advanced on behalf of spending these colossal amounts of money have not improved in six months. The public has to develop synthetic fuels, we're told, because the private sector knows they are uneconomic. Companies and their bankers are not going to take the chance of building coal gasification or liquefaction plants or shale-oil refineries as long as they look like surefire money losers. In order to move toward energy "independence," the government has to take the commercial risks.

For roughly $11.1 billion in loan guarantees, grants and price supports, ERDA reckons that the United States could be producing 350,000 barrels a day in synthetic fuels by 1985. Since we now import seven million barrels a day, a number that will rise considerably by 1985, it certainly doesn't seem the nation would be getting much insurance for its otherwise uneconomic investment.

Prof. Martin Zimmerman of MIT pointed out during the hearings this year that if the synthetics are only about $5 a barrel more expensive than imported crude, rather than the $6 to $12 that seems likely, a program to yield one million barrels a day would cost $1.8 billion a year in price subsidies. A stockpile of 365 million barrels would allow an equivalent consumption rate during a one-year embargo, at far less cost. This disposes of the national security argument, which is the only one the Synfuel advocates offer that makes any sense at all.

Once it is admitted that the private sector can't justify an investment in a commercial enterprise, it has to be conceded that the economic costs outweigh the economic benefits. Otherwise, the government is asking us to believe that a bureaucrat is better able to spot a profit opportunity than is a businessman.

As doctrinaire as we are on this point, we've always conceded that there is room for government support of pure research and development. But the taxpayers are already coughing up roughly $500 million a year for ERDA grants of this nature, that is, for exotic technology currently beyond commercial development. But in the current bill Congress is being asked to finance existing, uneconomic Synfuel technology. Once the government gets involved in directly allocating capital to energy, a long line of capital-starved industries will be close behind.

The House acted admirably in December when it refused to swallow the first $6 billion morsel of the Rockefeller scheme. If and when it spurns the $4 billion tidbit now being offered, perhaps the administration will get the message and stop coming back for more. Our overweight Uncle Sam is supposed to be dieting.

ORPHANS OF THE EXODUS

(Mr. GUDE asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. GUDE. Mr. Speaker, I rise today in support of the many Soviet Jewish families who wish to emigrate to the country of their choice.

All of the nations which signed the

Helsinki Final Act, including the Soviet Union, pledged to do everything possible to reunite families separated by political boundaries.

Because the Soviet Union is not living up to that promise, Members of Congress are conducting a vigil on behalf of the families which remain separated.

I had planned to speak on behalf of Grigori and Natasha Yoffe—a Leningrad couple with whom I have been communicating over the last several years. However, it was recently brought to my attention that the Yoffes have been granted permission to emigrate to Israel. I am pleased with the news. I wish the same outcome to all our Jewish friends who choose to leave the Soviet Union.

Today, I will address the situation of another Leningrad family, the Rabinovs, who are friends of the Yoffes.

Lena and Arkady Rabinov have been struggling to obtain an exit visa for approximately 4 years. Their petitions have been denied on the grounds that Arkady, through his job, was privy to secret information; Arkady is a radio engineer. However, on December 20, 1975, the family was informed that they were no longer considered threats to national security. In light of this information, they refiled their visa petition; their petition was denied on April 19, 1976.

As a result of the December decision by Soviet authorities, which essentially cleared the Rabinovs for emigration, Arkady's sister and parents filed visa applications. They were granted permission to leave the U.S.S.R. and were required to leave the country within 3 weeks.

The following account of the Rabinovs' experience during the past several years was written by Arkady, and included in a letter which he sent to one of his friends in the United States. I would like to bring it to the attention to my colleagues:

> LENINGRAD, *April 18, 1976*.
>
> On February 23rd, 1973 my wife and I applied for permission to emmigrate to Israel. On the 10th of May that year the Ovir of Leningrad denied us permission to depart under the pretext that during the course of work in my former office which I had left on Oct. of 1972, I had become acquainted with State secrets. In June of 1974 I again applied for permission to enter Israel and in July of that year was again refused permission for the same reason. On the 20th of Dec. 1975 I was summoned to the Headquarters of the KGB where the Assistant Director of the Regional Office, Bolushun said he no longer considered me a carrier of State secrets. On 29th of Jan. he reported that a specially created commission in my former place of work had decided that information that I could possess was no longer secret.
>
> The above reported information reportedly came to my parents in a telephone conversation. Appropos of this it was suggested to me that I give to Ovir documents necessary for completion of formalities connected with the release of exit visas. This was done on Jan. 9, 1976. In spite of the fact I was not a carrier of State secrets, my application for this visa was denied on 19th of April, 1976. This decision of the Leningrad Ovir strongly contradicts the repeated declaration of the Soviet Government concerning freedom of emigration of Jews not carrying secret information. This decision of the Leningrad Ovir also contradicts the Declaration of Human Rights signed by the Soviet Government.
>
> The decision of the Leningrad Ovir creates a dangerous precedent because after this time the only official reason for denial is for possession of State secrets, but now a new and more abrasive form of refusal is appearing for any person now desiring to emigrate even if this person has in no way been connected with classified work. For me and my wife this third denial is especially difficult for the following reasons. When learning about my possible departure, my sisters and her family made an application for visas on the very same day as I did; and after a short while my parents also applied to emigrate They all received permission and were required to leave the Soviet Union within the course of three weeks. My application was again refused with no explanation. They left irrespective of my denial. This denial not only makes impossible the reunion of the family, but marks the destruction separation of close family and relatives.
>
> It was reported by the Leningrad Ovir that on the 10th of Jan. 1976, one month was required for the inspection of documents and for the receipt of official visas. Therefore we expected permission by the 9th Feb. My wife left her job on the 28th of Jan., 1976 and at this time has been out of work for 2 months. She left her job thinking permission was going to be granted, however it was again denied which left her out of work for 2 months. This statement will be sent to the Ovir.

Lena and Arkady Rabinov are truly "Orphans of the Exodus," stranded within their own country. I call upon the Soviet Union to relieve their situation, and, follow the words of the final act of the Helsinki agreement.

CONFERENCE REPORT ON S. 3295

Mr. REUSS submitted the following conference report and statement on the bill—S. 3295—to extend the authorization for annual contributions under the U.S. Housing Act of 1937, to extend certain housing programs under the National Housing Act, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 94–1291)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3295) to extend the authorization for annual contributions under the United States Housing Act of 1937, to extend certain housing programs under the National Housing Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Housing Authorization Act of 1976".

AMENDMENTS TO THE UNITED STATES HOUSING ACT OF 1937

SEC. 2. (a) Section 5(c) of the United States Housing Act of 1937 is amended—

(1) by striking out the first sentence and inserting in lieu thereof the following new sentence: "The Secretary is authorized to enter into contracts for annual contributions aggregating not more than $1,524,000,000 per annum, which limit shall be increased by $965,000,000 on July 1, 1974, by $662,300,000 on July 1, 1975, and by $850,000,000 on October 1, 1976, except that the additional authority to enter into contracts for annual contributions provided on or after July 1, 1975, shall be effective only in such amounts as may be approved in appropriation Acts."; and

(2) by inserting immediately after "on July 1, 1975," in the fourth sentence thereof the following: "and by not less than $17,000,000 per annum on October 1, 1976,".

(b) (1) Effective on October 1, 1976, the second and third sentences of section 5(c) of such Act are amended to read as follows: "Of the additional authority to enter into contracts for annual contributions provided on October 1, 1976, and approved in appropriation Acts, the Secretary shall (A) make available at least $60,000,000 for the modernization of low-income housing projects, and (B) make available at least $140,000,000 to assist in financing low-income housing projects for ownership by public housing agencies other than under section 8, of which not less than $100,000,000 shall be available only for the purpose of financing the construction or substantial rehabilitation of low-income housing projects. The Secretary shall, in utilizing the additional authority to enter into contracts for annual contributions provided on October 1, 1976, make assistance available under this Act as among newly constructed, substantially rehabilitated, and existing housing units in any community in the same proportion as is specified by that community with respect to assistance under this Act in its housing assistance plan pursuant to section 104(a) (4) (8) of the Housing and Community Development Act of 1974.".

(2) Effective on October 1, 1976, the fourth sentence of section 5(c) of such Act is amended by striking out "to the amount of contracts for annual contributions required to be entered into by the Secretary under the second sentence of this subsection".

(c) Section 9(c) of such Act is amended to read as follows:

"(c) There are authorized to be appropriated, for the purpose of providing annual contributions pursuant to this section not to exceed $535,000,000 on or after July 1, 1975, not to exceed $80,000,000 on or after July 1, 1976, and not to exceed $576,000,000 on or after October 1, 1976.".

(d) Section 8(c) (4) of such Act is amended by striking out the period at the end thereof and inserting in lieu thereof the following: ", and, subject to the provisions of the following sentence, such payments may be made, in the case of a newly constructed or substantially rehabilitated project, after such sixty-day period in an amount equal to the debt service attributable to such an unoccupied dwelling unit for a period not to exceed one year, if a good faith effort is being made to fill the unit and the unit provides decent, safe, and sanitary housing. No such payment may be made after such sixty-day period (i) if the unoccupied unit is in a project insured under the National Housing Act, except pursuant to section 244 of such Act, or (ii) if the Secretary determines that the dwelling unit is in a project which provides the owner with revenues exceeding the costs incurred by such owner with respect to such project.".

(e) Section 8(f) of such Act is amended by striking out "and" at the end of paragraph (4), by striking out the period at the end of paragraph (5) and inserting in lieu thereof "; and", and by adding the following new paragraph at the end thereof:

"(6) the term 'debt service' means the required payments for principal and interest made with respect to a mortgage secured by housing assisted under this Act.".

(f) The third sentence of section 3(2) of such Act is amended by striking out the word "and" before "(C)" and inserting before the semicolon the following: "and (D) other single persons in circumstances described in regulations of the Secretary: *Provided*, That in no event shall more than 10 percent of the units under the jurisdiction of any public housing agency be occupied by single persons under this clause (D): *Provided further*, That in determining priority for admission to housing under this Act the Secretary shall give preference to those single persons who are elderly, handicapped, or displaced before those eligible under this clause (D)".

(g) Section 8(e)(1) of such Act is amended by inserting after "State or local agency" the following: "or the Farmers' Home Administration".

(h) Notwithstanding any other provision of law, the value of any assistance paid with respect to a dwelling unit under the United States Housing Act of 1937, the National Housing Act, section 101 of the Housing and Urban Development Act of 1965, or title V of the Housing Act of 1949 may not be considered as income or a resource for the purpose of determining the eligibility of, or the amount of the benefits payable to, any person living in such unit for assistance under title XVI of the Social Security Act. This subsection shall become effective on October 1, 1976.

SECTION 235 HOMEOWNERSHIP PROGRAM

SEC. 3. (a) Section 235(m) of the National Housing Act is amended by striking out "June 30, 1976" and inserting in lieu thereof "September 30, 1977".

(b) The last proviso in section 235(b)(2) of such Act is amended by striking out "$21,600", "$25,200", "$25,200", and "$28,800" and inserting in lieu thereof "$25,000", "$29,000", "$29,000", and "$33,000", respectively.

(c) Section 235(i)(3)(B) of such Act is amended by striking out "$21,600", "$25,200", "25,200", and "$28,800" and inserting in lieu thereof "$25,000", "$29,000", "$29,000", and "$33,000", respectively.

(d) Section 221(d)(2)(A) of such Act is mended—

(1) by striking out "$21,600" and "$25,200" in the matter preceding the first proviso and inserting in lieu thereof "$25,000" and "$29,000", respectively; and

(2) by striking out "$25,200" and "$28,800" in the second proviso and inserting in lieu thereof "$29,000" and "$33,000", respectively.

(e) Section 235(h)(2) of such Act is amended by striking out "80 per centum" wherever it appears and inserting in lieu thereof "95 per centum".

(f)(1) Section 235(a) of such Act is amended—

(A) by inserting "(1)" immediately after "(a)"; and

(B) by adding at the end thereof the following:

"(2)(A) Notwithstanding any other provision of this section, the Secretary is authorized to make periodic assistance payments under this section on behalf of families whose incomes do not exceed the maximum income limits prescribed pursuant to subsection (h)(2) of this section for the purpose of assisting such families in acquiring ownership of a mobile home consisting of two or more modules and a lot on which such mobile home is or will be situated, except that periodic assistance payments pursuant to this paragraph shall not be made with respect to more than 20 per centum of the total number of units with respect to which assistance is approved under this section after January 1, 1976. Assistance payments under this section pursuant to this paragraph shall be accomplished through payments on behalf of an owner of lower-income of a mobile home as described in the preceding sentence to the financial institution which makes the loan, advance of credit, or purchase of an obligation representing the loan or advance of credit to finance the purchase of the mobile home and the lot on which such mobile home is or will be situated, but only if insurance under section 2 of this Act covering such loan, advance of credit, or obligation has been granted to such institution.

"(B) Notwithstanding the provisions of subsection (e) of this section, assistance payments provided pursuant to this paragraph shall be in an amount not exceeding the lesser of—

"(i) the balance of the monthly payment for principal, interest, real and personal property taxes, insurance, and insurance premium chargeable under section 2 of this Act due under the loan or advance of credit remaining unpaid after applying 20 per centum of the mobile homeowner's income; or

"(ii) the difference between the amount of the monthly payment for principal, interest, and insurance premium chargeable under section 2 of this Act which the mobile homeowner is obligated to pay under the loan or advance of credit and the monthly payment of principal and interest which the owner would be obligated to pay if the loan or advance of credit were to bear interest at a rate derived by subtracting from the interest rate applicable to such loan or advance of credit the interest rate differential between the maximum interest rate plus mortgage insurance premium applicable to mortgages insured under subsection (i) of this section at the time such loan or advance of credit is made and the interest rate which such mortgages are presumed, under regulations prescribed by the Secretary, to bear for purposes of subsection (c)(2) of this section."

(2) Section 235(e) of such Act is amended by inserting "(a)(2)(B)," immediately before "(c)".

SECTION 236 AMENDMENTS

SEC. 4. (a) Section 236(n) of the National Housing Act is amended by striking out "June 30, 1976" and inserting in lieu thereof "September 30, 1977".

(b) Section 236(f)(2) of such Act is amended—

(1) by inserting "(including the amount allowed for utilities in the case of a project with separate utility metering)" immediately after "basic rentals" in the first sentence thereof and by striking out everything in such sentence which follows "of their income" and inserting in lieu thereof a period; and

(2) by inserting "(including the amount allowed for utilities in the case of a project with separate utility metering)" immediately after "rental payment" in the second sentence thereof and by striking out everything in such sentence which follows "tenant's income" and inserting in lieu thereof a period.

FHA SUPPLEMENTAL LOANS FOR HOSPITALS

SEC. 5. Section 241(a) of the National Housing Act is amended—

(1) by inserting ", hospital," immediately after "multifamily project" in the first sentence thereof;

(2) by inserting ", hospital," immediately after "such project" in the material preceding the proviso in the second sentence thereof; and

(3) by inserting ", hospital," immediately before "or a group practice facility" and immediately before "or facility" in the proviso in the second sentence thereof.

CO-INSURANCE

SEC. 6. (a) Section 244 of the National Housing Act is amended by inserting at the end thereof the following new subsection:

"(g)(1) Where the mortgagee is a public housing agency or an insured depository institution and the mortgage covers a multifamily housing project, the co-insurance contract may provide that the mortgagee assume (i) the full amount of any loss on the insured mortgage up to an amount equal to a fixed percentage of the outstanding principal balance of the mortgage at the time of claim for insurance benefits, or (ii) the full amount of any losses on insured mortgages in a portfolio of mortgages approved by the Secretary up to an amount equal to a fixed percentage of the outstanding principal balance of all mortgages in such portfolio at the time of claim for insurance benefits on a mortgage in the portfolio, plus a share of any loss in excess of the amount under clause (i) or (ii), whichever is applicable.

"(2) The second sentence of subsection (d) shall not apply to mortgages made to public housing agencies, but for purposes of such second sentence such mortgages shall not be counted in the aggregate principal amount of all mortgages insured under this title.

"(3) The Secretary may make loans, from the applicable insurance fund, to public housing agencies in connection with mortgages which have been insured pursuant to this subsection and which are in default.

"(4) The Secretary may insure and make a commitment to insure in connection with a co-insurance contract pursuant to this subsection (A) a mortgage on a project assisted under the second proviso in the first sentence of section 236(b) of this Act, and (B) a mortgage or advance on a mortgage made to a public housing agency on a project under construction which is not approved for insurance prior to construction.

"(5) As used in this subsection, the term 'public housing agency' has the same meaning as in section 3(6) of the United States Housing Act of 1937, and the term 'insured depository institution' means any savings bank, savings and loan association, commercial bank or other such depository institution whose deposits are insured by the Federal Deposit Insurance Corporation, by the Federal Savings and Loan Insurance Corporation, or by an agency or instrumentality of a State.

"(6) Notwithstanding any other provision of this Act, the Secretary may include in the determination of replacement cost of a project to be covered by a mortgage made to a public housing agency and insured pursuant to this subsection, such reserves and development costs, not to exceed 5 per centum of the amount otherwise allowable, as may be established or authorized by the public housing agency consistent with such agency's procedures and underwriting standards.".

(b) Section 244(a) of such Act is amended by adding the following new sentence at the end thereof: "A mortgagee which enters into a contract of co-insurance under this section shall not by reason of such contract, or its adherence to such contract or applicable regulations of the Secretary, including provisions relating to the retention of risks in the event of sale or assignment of a mortgage, be made subject to any State law regulating the business of insurance.".

EXPERIMENTAL FINANCING

SEC. 7. Section 245 of the National Housing Act is amended by striking out "June 30, 1976" and inserting in lieu thereof "September 30, 1977".

MULTIFAMILY MORTGAGE LIMITS

SEC. 8. (a) The National Housing Act is amended by striking out "by not to exceed 75 per centum in any geographical area" where it appears in sections 207(c)(3), 213(b)(2), 220(d)(3)(B)(iii), 221(d)(3)(ii), 221(d)(4)(ii), 231(c)(2), and 234(e)(3) and inserting in lieu thereof in each such section "by not to exceed 50 per centum in any geographical area".

(b)(1)(A) Section 207(c)(3) of the National Housing Act is amended by striking out "$13,000", "$18,000", "$21,500", "$26,500", "$30,000", and "$3,250" in the matter preceding the first semicolon and inserting in lieu thereof "$19,500", "$21,600", "$25,800", "$31,800", "$36,000", and "$3,900", respectively.

(B) Section 207(c)(3) of such Act is further amended by striking out "$15,000", "$21,000", "$25,750", "$32,250", and "$36,465" in the matter following the first semicolon and inserting in lieu thereof "$22,500", "$25,200", "$30,900", "$38,700", and "$43,758", respectively.

(2) (A) Section 213(b) (2) of such Act is amended by striking out "$13,000", "$18,000", "$21,500", "$26,500", and "$30,000" in the matter preceding the first proviso and inserting in lieu thereof "$19,500", "$21,600", "$25,800", "$31,800", and "$36,000", respectively.

(B) Section 213(b) (2) of such Act is further amended by striking out "$15,000", "$21,000", "$25,750", "$32,250", and "$36,465" in the first proviso and inserting in lieu thereof "$22,500", "$25,200", "$30,900", "$38,700", and "$43,758", respectively.

(3) (A) Section 220(d) (3) (B) (iii) of such Act is amended by striking out "$13,000", "$18,000", "$21,500", "$26,500", and "$30,000" in the matter preceding "except" where it first appears and inserting in lieu thereof "$19,500", "$21,600", "$25,800", "$31,800", and "$36,000", respectively.

(B) Section 220(d) (3) (B) (iii) of such Act is further amended by striking out "$15,000", "$21,000", "$25,750", "$32,250", and "$36,465" in the matter following "except" where it first appears and inserting in lieu thereof "$22,500", "$25,200", "$30,900", "$38,700", and "$43,758", respectively.

(4) Section 221(d) (3) (ii) of such Act is amended—

(A) by striking out "$11,240", "$15,540", "$18,630", "$23,460", and "$26,570" and inserting in lieu thereof "$16,860", "$18,648", "$22,356", "$28,152", and "$31,884", respectively; and

(B) by striking out "$13,120", "$18,630", "$22,080", "$27,600", and "$32,000" and inserting in lieu thereof "$19,680", "$22,356", "$26,496", "$33,120", and "$38,400", respectively.

(5) (A) Section 221(d) (4) (ii) of such Act is amended by striking out "$12,300", "$17,188", "$20,525", "$24,700", and "$29,038" in the matter preceding the first semicolon and inserting in lieu thereof "$18,450", "$20,625", "$24,630", "$29,640", and "$34,846", respectively.

(B) Section 221(d) (4) (ii) of such Act is further amended by striking out "$13,975", "$20,025", "$24,350", "$31,500", and "$34,578" in the matter following the first semicolon and inserting in lieu thereof "$20,962", "$24,030", "$29,220", "$37,800", and "$41,494", respectively.

(6) (A) Section 231(c) (2) of such Act is amended by striking out "$12,300", "$17,188", "$20,525", "$24,700", and "$29,038" in the matter preceding the first semicolon and inserting in lieu thereof "$18,450", "$20,625", "$24,630", "$29,640", and $34,846", respectively.

(B) Section 231(c) (2) of such Act is further amended by striking out "$13,975", "$20,025", "$24,350", "$34,500", and $34,578" in the matter following the first semicolon and inserting in lieu thereof "$20,962", "$24,030", "$29,220", "$37,800", and "$41,494" respectively.

(7) (A) Section 234(c) (3) of such Act is amended by striking out "$13,000", "$18,000", "$21,500", "$26,500", and "$30,000" in the matter preceding the first semicolon and inserting in lieu thereof "$19,500", "$21,600", "$25,800", "$31,800", and "$36,000", respectively.

(B) Section 234(e) (3) of such Act is further amended by striking out "$15,000", "$21,000", "$25,750", "$32,250", and "$36,465" in the matter following the first semicolon and inserting in lieu thereof "$22,500", "$25,200", "$30,900", "$38,700", and "$43,758", respectively.

CORRECTION OF DEFECTS

SEC. 9. (a) (1) Section 518(b) of the National Housing Act is amended by striking out "not more than nineteen months after the date of enactment of the Housing and Community Development Act of 1974" in the first sentence thereof and inserting in lieu thereof "not more than four months after the date of enactment of the Housing Authorization Act of 1976".

(2) Section 518(b) of such Act is amended by striking out the last sentence and inserting in lieu thereof the following: "Expenditures pursuant to this subsection shall be made from the insurance fund chargeable for insurance benefits on the mortgage covering the structure to which the expenditures relate. There are hereby authorized to be appropriated such sums as may be necessary to cover the costs of such expenditures not otherwise provided for.".

(b) Section 518 of the National Housing Act is amended by adding at the end thereof the following new subsections:

"(d) The Secretary is authorized to make expenditures to correct or to reimburse the owner for the correction of structural or other major defects which so seriously affect use and liveability as to create a serious danger to the life or safety of inhabitants of any one-, two-, three-, or four-family dwelling which is more than one year old on the date of issuance of the insurance commitment, is located in an older, declining urban area, and is covered by a mortgage insured under section 203 or 221 on or after January 1, 1973, but prior to the date of enactment of this subsection if (1) the owner requests assistance from the Secretary not more than one year after the date of enactment of this subsection, and (2) the defect is one that existed on the date of the issuance of the insurance commitment and is one that a proper inspection could reasonably have been expected to have disclosed. The Secretary may require from the seller of any such dwelling an agreement to reimburse him for any payments made pursuant to this subsection with respect to such dwelling. Expenditures pursuant to this subsection shall be made from the insurance fund chargeable for insurance benefits on the mortgage covering the structure to which the expenditures relate. There are hereby authorized to be appropriated such sums as may be necessary to cover the costs of such expenditures not otherwise provided for.

"(e) The Secretary of Housing and Urban Development is authorized and directed to conduct a full and complete investigation and study and report to Congress, with recommendations, not later than March 1, 1977, with respect to an effective program for protecting home buyers from hidden or undisclosed defects seriously affecting the use and livability of the home, which would be applicable to existing homes financed with mortgages insured under this Act. In the study and report the Secretary shall particulary investigate the need for, cost and feasible structure of a national home inspection and warranty program, with respect to such homes, to be operated by the Federal Government out of fees assessed on the home buyer and amortized over a period of two years. The Secretary's report shall also present an analysis of alternative Federal programs to meet these needs, and the cost and means of financing such programs. In the report the Secretary shall also outline administrative steps which can be taken to provide disclosure to purchasers of existing homes financed with mortgages insured under this Act of the actual condition of the home and the types of repairs or replacements likely to be needed within a period of two years, such as repairs or replacement of furnace, roof or major appliances, based on $age and useful life expectancy of such appurtenances."

GENERAL INSURANCE FUND AUTHORIZATION

SEC. 10. Section 519 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(f) There are authorized to be appropriated to cover losses sustained by the General Insurance Fund not to exceed $500,000,000.".

HOUSING FOR THE ELDERLY

SEC. 11. (a) Section 262(a) (4) (B) (i) of the Housing Act of 1959 is amended—

(1) by striking out "$800,000,000" in the first sentence and inserting in lieu thereof "$1,475,000,000, which amount shall be increased to $2,387,500,000 on October 1, 1977, and to $3,300,000,000 on October 1, 1978"; and

(2) by inserting the following new sentence at the end thereof: "The Secretary may not issue notes or other obligations to the Secretary of the Treasury pursuant to this section in an aggregate amount exceeding $800,000,000 except as approved in appropriation Acts.".

(b) Section 202(d) (4) of such Act is amended by adding the following new sentence at the end thereof: "Notwithstanding the preceding provisions of this paragraph, the term 'elderly or handicapped families' includes two or more elderly or handicapped persons living together, one or more such persons living with another person who is determined (under regulations prescribed by the Secretary) to be essential to their care or well-being, and the surviving member or members of any family described in the first sentence of this paragraph who were living in a unit assisted under this section, with the deceased member of the family at the time of his or her death.".

(c) Section 202(a) (3) of such Act is amended by striking out all that follows "and shall bear interest at a rate" up to "plus an allowance" and inserting in lieu thereof "of 7 per centum per annum.".

REHABILITATION LOAN PROGRAM

SEC. 12. (a) Section 312(d) of the Housing Act of 1964 is amended—

(1) by striking out "and not to exceed $100,000,000 for the fiscal year beginning on July 1, 1975" and inserting in lieu thereof "not to exceed $100,000,000 for the fiscal year beginning on July 1, 1975, and not to exceed $100,000,000 for the fiscal year beginning on October 1, 1976"; and

(2) by adding at the end thereof the following new sentence: "The amount of commitments to make loans pursuant to this section entered into after August 22, 1976, shall not exceed amounts approved in appropriation Acts.".

(b) Section 312(h) of such Act is amended to read as follows:

"(h) No loan shall be made under this section after September 30, 1977, except pursuant to a contract, commitment, or other obligation entered into pursuant to this section prior to October 1, 1977.".

EMERGENCY HOUSING

SEC. 13. (a) Section 109(b) of the Emergency Homeowners' Relief Act is amended by striking out "June 30, 1976" and inserting in lieu thereof "September 30, 1977".

(b) The first sentence of section 110(a) of such Act is amended—

(1) by striking out "Until one year from the date of enactment of this title, each" and inserting in lieu thereof "Each";

(2) by inserting "prior to October 1, 1977," immediately after "(1)"; and

(3) by inserting "until one year from the date of enactment of this title," immediately after "(2)".

(c) Section 111 of such Act is amended by striking out "July 1, 1976" and inserting in lieu thereof "October 1, 1977".

(d) Section 3(b) of the Emergency Home Purchase Assistance Act of 1974 is amended by striking out "July 1, 1976" and inserting in lieu thereof "October 1, 1977".

(e)(1) Section 313(b) of the National Housing Act is amended by striking out the period at the end thereof and inserting in lieu thereof "; and", and by inserting the following at the end thereof:

"(D) such mortgage involves a principal residence the sales price of which does not exceed $48,000 ($52,000 in high-cost areas as determined by the Secretary) per family residence or dwelling unit, except that such sales price in Alaska, Hawaii, and Guam may not exceed $65,000.".

(2) The amendment made by paragraph (1) shall apply only with respect to mortgages purchased pursuant to commitments made after the date of the enactment of this Act.

FLOOD INSURANCE

Sec. 14. (a) Section 202(b) of the Flood Disaster Protection Act of 1973 is amended by striking out all that follows "shall not apply to" and inserting in lieu thereof the following: "(1) any loan made to finance the acquisition of a residential dwelling occupied as a residence prior to March 1, 1976, or one year following identification of the area within which such dwelling is located as an area containing special flood hazards, whichever is later, or made to extend, renew, or increase the financing or refinancing in connection with such dwelling, (2) any loan, which does not exceed an amount prescribed by the Secretary, to finance the acquisition of a building or structure completed and occupied by a small business concern, as defined by the Secretary, prior to January 1, 1976, (3) any loan or loans, which in the aggregate do not exceed $5,000, to finance improvements to or rehabilitation of a building or structure occupied as a residence prior to January 1, 1976, or (4) any loan or loans, which in the aggregate do not exceed an amount prescribed by the Secretary, to finance nonresidential additions or improvements to be used solely for agricultural purposes on a farm.".

(b) Section 1336(a) of the National Flood Insurance Act of 1968 is amended by striking out "December 31, 1976" and inserting in lieu thereof "September 30, 1977".

(c) Section 1376 of the National Flood Insurance Act of 1968 is amended by adding at the end thereof the following new subsection:

"(c) There are authorized to be appropriated for studies under this title not to exceed $100,000,000 for the fiscal year 1977.".

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Sec. 15. (a) Section 103(a)(2) of the Housing and Community Development Act of 1974 is amended by inserting ", and $200,000,000 for the fiscal year 1977, not more than 50 per centum of which amount may be used under section 106(d)(1)," immediately after "1976".

(b) Paragraph (2) of section 105(a) of such Act is amended by inserting immediately after "neighborhood facilities," the following: "centers for the handicapped,".

(c) Section 107(a)(1) of such Act is amended by inserting the following immediately before the semicolon at the end thereof: "or in behalf of new community projects assisted under title X of the National Housing Act which meet the eligibility standards set forth in title VII of the Housing and Urban Development Act of 1970 and which were the subject of an application or preapplication under such title prior to January 14, 1975".

(d) Section 116 of such Act is amended by adding at the end thereof the following new subsection:

"(h) In the event that the total amount available for distribution in fiscal year 1977 in metropolitan areas is insufficient to meet all basic grant and holdharmless entitlement needs, as provided by section 106(a), and funds are not otherwise appropriated to meet such deficiency, the Secretary shall meet the deficiency, first, from amounts available for use under section 107 and, if such amounts are exhausted, through a ratable reduction of all entitlements under section 106(a).".

COMPREHENSIVE PLANNING

Sec. 16. (a) The first sentence of section 701(e) of the Housing Act of 1954 is amended by striking out "and not to exceed $150,000,000 for the fiscal year 1976" and inserting in lieu thereof "not to exceed $150,000,000 for the fiscal year 1976, and not to exceed $100,000,000 for the fiscal year 1977".

(b) No eligible recipient under section 701 of the Housing Act of 1954 may be excluded from qualifying for funds under such section solely on the basis of participation or nonparticipation under such section prior to fiscal year 1977.

CONFIRMATION OF GOVERNMENT NATIONAL MORTGAGE ASSOCIATION PRESIDENT

Sec. 17. (a) The National Housing Act is amended by striking out the third sentence of section 308(a) and inserting in lieu thereof the following: "There is hereby established in the Department of Housing and Urban Development the position of President, Government National Mortgage Association, who shall be appointed by the President, by and with the advice and consent of the Senate. The Secretary shall select and effect the appointment of qualified persons to fill the offices of vice president, and such other offices as may be provided for in the bylaws. Persons appointed under the preceding sentence shall perform such executive functions, powers, and duties as may be prescribed by the bylaws or by the Secretary, and such persons shall be executive officers of the Association and shall discharge all such executive functions, powers, and duties.".

(b) Section 309(d) of such Act is amended by striking out the word "The" immediately preceding "Secretary" in the first sentence and inserting in lieu thereof "Subject to the provisions of section 308(a), the".

(c) Section 5315 of title 5, United States Code, is amended by adding at the ending thereof the following new paragraph:

"(108) President, Government National Mortgage Association, Department of Housing and Urban Development.".

(d) Section 7(c) of the Department of Housing and Urban Development Act is amended by striking out "seven" in the proviso and substituting in lieu thereof "six".

(e) Notwithstanding the amendment made by subsection (a), the rights, powers, and duties of the position of President, Government National Mortgage Association, as in effect on the day preceding the date of enactment of this Act shall remain in effect until the position established hereunder has been filled in accordance with the terms of this Act.

SPECIAL ASSISTANT FOR COOPERATIVE HOUSING

Sec. 18. The first sentence of section 102(h) of the Housing Amendments of 1955 is amended—

(1) by inserting after "section 221(d)(3)" a comma and the following: "section 235, section 236, section 241, section 243, section 246, and section 203(n)";

(2) by inserting after "Housing and Urban Development Act of 1965" the following: "or section 8 of the United States Housing Act of 1937"; and

(3) by inserting before the period the following: "and Assistant Secretary for Housing Management".

NEW COMMUNITIES

Sec. 19. Section 720(a) of the Housing and Urban Development Act of 1970 is amended by striking out "June 30, 1975" and inserting in lieu thereof "October 1, 1977".

URBAN HOMESTEADING

Sec. 20. Section 810(g) of the Housing and Community Development Act of 1974 is amended by striking out "and not to exceed $5,000,000 for the fiscal year 1976" and inserting in lieu thereof "not to exceed $6,250,000 for the fiscal year 1976, and for the transition quarter, not to exceed $5,000,000 for fiscal year 1977, and not to exceed $5,000,000 for the fiscal year 1978".

DAY CARE

Sec. 21. Section 7 of the Department of Housing and Urban Development Act is amended by adding at the end thereof the following new subsection:

"(n) Notwithstanding any other provision of law, the Secretary is authorized by contract or otherwise to establish, equip and operate a day care center facility for the purpose of serving children who are members of households of employees of the Department. The Secretary is authorized to establish or provide for the establishment of appropriate fees and charges to be chargeable against the Department of Housing and Urban development employees or other who are beneficiaries of services provided by such a day care center.".

HOME OWNER'S LOAN ACT

Sec. 22. The twelfth undesignated paragraph of section 5(c) of the Home Owner's Loan Act of 1933 (12 U.S.C. 1464(c)) is amended by adding in the first sentence immediately after the words "made pursuant to either of such sections" and before the period the following language: "and in the share capital and capital reserve of the Inter-American Savings and Loan Bank".

RESEARCH AUTHORIZATION

Sec. 23. (a) Section 501 of the Housing and Urban Development Act of 1970 is amended by striking out the second sentence and inserting in lieu thereof the following: "There are authorized to be appropriated for activities under this title not to exceed $65,000,000 for the fiscal year 1977.".

(b) Section 504(b) of such Act is amended by striking out the first, third, and fourth sentences.

(c) Section 502(f) of such Act is amended by striking out the period at the end of the second sentence and inserting in lieu thereof the following: "and such departments and agencies are hereby authorized to execute such contracts and grants.".

NATIONAL INSTITUTE OF BUILDING SCIENCES

Sec. 24. Section 809(h) of the Housing and Community Development Act of 1974 is amended by inserting ", and $5,000,000 for each of the fiscal years 1977 and 1978" immediately after "fiscal year 1976".

RURAL HOUSING

Sec. 25. (a) Section 521(a)(1) of the Housing Act of 1949 is amended by striking out "rate determined annually by the Secretary of the Treasury" and inserting in lieu thereof "rate determined by the Secretary of the Treasury upon the request of the Secretary".

(b) Section 520(3(B) of such Act is amended by inserting "for lower and moderate-income families" immediately after "has a serious lack of mortgage credit".

(c) Section 510 of such Act is amended by redesignating subsections (f) and (g) as subsections (h) and (i), respectively, and by inserting the following new subsections immediately after subsection (e):

"(f) continue processing as expeditiously as possible applications on hand received prior to the time an area has been determined by the Secretary not to be 'rural' or a 'rural area', as those terms are defined in section 520, and make loans or grants to such applicants who are found to be eligible on the same basis as though the are were still rural;

"(g) notwithstanding that an area ceases, or has ceased, to be 'rural', in a 'rural area', or an eligible area, make assistance under this title available in connection with transfers and assumptions of property security any loan made, insured, or held by the Secretary or in connection with any property held by the Secretary under this title on the same basis as though the area were still rural;".

COUNSELING

SEC. 26. Title V of the Housing and Urban Development Act of 1970 is amended by adding at the end thereof the following new section:

"COUNSELING TO MORTGAGORS

"SEC. 508. (a) In carrying out activities under section 501, the Secretary is directed to undertake programs of studies and demonstrations within at least three standard metropolitan statistical areas to determine the extent of need for and cost effectiveness of providing pre-purchase, default and deliquency counseling and related services to owners and purchasers of single-family dwellings insured or to be insured under the unsubsidized mortgage insurance programs of the National Housing Act.

"(b) Within one year from enactment of this section, the Secretary shall submit an interim report to the Congress with respect to the progress made under such studies and demonstrations, including an estimate as to the date when a final report on the results of such demonstrations will be made available to the Congress.".

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the Senate bill and agree to the same.

HENRY S. REUSS,
THOMAS L. ASHLEY,
LEONOR K. SULLIVAN,
WILLIAM S. MOORHEAD,
ROBERT G. STEPHENS, Jr.,
FERNAND J. ST GERMAIN,
HENRY GONZALEZ,
PARREN J. MITCHELL,
JERRY M. PATTERSON,
JOHN J. LAFALCE,
LES AUCOIN,
Managers on the Part of the House.

WILLIAM PROXMIRE,
JOHN SPARKMAN,
HARRISON A. WILLIAMS, Jr.,
ALAN CRANSTON,
ADLAI E. STEVENSON,
JOHN TOWER,
EDWARD W. BROOKE,
JAKE GARN,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3295) to extend the authorization for annual contributions under the United States Housing Act of 1937, to extend certain housing programs under the National Housing Act, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment to the text of the bill struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for the Senate bill and the House amendment. The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

HOUSING ASSISTANCE AUTHORIZATIONS

General

The Senate bill authorized $696,000,000 in additional contract authority on October 1, 1976, for the public housing and section 8 programs. The House amendment authorized $850,000,000. The conference report contains the House provision.

Mix of new, rehabilitated, and existing units

The Senate bill required the Secretary of HUD to make at least $465,000,000 of the additional contract authority provided on October 1, 1976, available only for newly constructed and substantially rehabilitated housing units.

The House amendment did not specify a minimum level of funding for new and rehabilitated units under the public housing and section 8 programs. Thus, the House amendment did not alter the requirements of existing law that the proportion of new, rehabilitated, and existing units assisted be determined in accordance with approved housing assistance plans in those communities which submitted such plans. Section 104(a)(4) of the Housing and Community Development Act of 1974 requires each community, as a prerequisite to receiving a community development block grant, to prepare a housing assistance plan which assesses the housing assistance needs of lower-income persons and specifies an annual target for meeting those needs.

With respect to the latter, section 104(a)(4)(B) of the 1974 Act requires the community to "specify a realistic annual goal for the number of dwelling units or persons to be assisted, including (i) the relative proportion of new, rehabilitated, and existing dwelling units. . . ."

In order to ensure that the proportion of new, rehabilitated, and existing units specified in a housing assistance plan would be followed, section 213(a) of the 1974 Act gave each community with an approved housing assistance plan a veto, in effect, of applications for housing assistance which were inconsistent with the community's housing plan.

The conferees on the 1974 Act expected that the Secretary of HUD would take the appropriate steps to assure fulfillment of the intent of Congress that local communities, not the Federal Government, determine the mix of new and existing units. The importance of this objective is clearly recognized in the comments in the House committee report (Report No. 93-1114) on section 104:

"The requirement that housing assistance plans specify the relative proportion of new, rehabilitated, and existing dwelling units to be assisted in the community introduces a much-needed flexibility in the provision of Federal housing assistance. These determinations would govern the use of housing assistance funds allocated to communities under title II of the bill. Communities with an ample supply of housing but with many older run-down units may wish to concentrate a substantial portion of their funds on rehabilitating and repairing the older units.

"Other communities, with expanding populations and vacant lands, may well allocate most of their funds toward the construction of new units. The committee believes this opportunity for communities to make such judgments is an extremely important innovation in Federal housing policy." (Page 7)

Again, the House committee report, in commenting on the allocation of housing assistance funds by HUD clearly states the same objective:

"The committee intends that the Secretary will allocate funds under all HUD housing programs which are funded and intended to be operative by the Congress. The proportion of such funds to be utilized with respect to each of the categories of newly constructed, substantially rehabilitated, or existing housing will be determined, of course, by local governments through their housing assistance plans." (Page 23)

Unfortunately, the Secretary of HUD has avoided carrying out the terms and intent of the 1974 Act by putting pressure on communities to stress existing housing over new and rehabilitated housing, by disregarding the contents of housing assistance plans in allocating housing assistance, by establishing national and area targets for the number of assisted new, rehabilitated, and existing units which bore no relationship to the contents of housing assistance plans, by failing to use the traditional public housing program to provide needed new housing units, and by structuring and administering the section 8 program in a way to make it a virtual nullity as a useful tool to assist newly constructed and rehabilitated units.

The conferees felt that the Senate bill, in mandating a minimum level of new construction, was an inappropriate response to HUD's failure to carry out the 1974 Act provisions since it merely substituted a Congressional determination of housing mix for an executive determination. In either case the framework of the 1974 Act's reliance on local determination would be violated. The conference report accordingly reiterates the existing requirement that housing funds be allocated for new, rehabilitated, and existing units in a community in the proportion specified in that community's housing assistance plan. Thus, if a housing assistance plan provides for an annual target of 50 new units, 20 rehabilitated units, and 30 existing units, available funds, whether sufficient to support 100 units, 50 units, or some other number, generally should be allocated in a manner estimated to permit 50 percent of the units to be new, 20 percent to be rehabilitated, and 30 percent to be existing. The conferees expect the Secretary of HUD to adopt procedures to permit communities to modify the part of their housing assistance plans relating to the mix of housing units in order to reflect changed conditions or priorities or for the purpose of recapturing unused allocations.

Where the amount of housing assistance funds allocated to a particular community is not sufficiently large to make the proportionate use of each category of housing feasible, the community and HUD may informally work out a modification of the mix of housing units provided for in the community's housing assistance plan. It is not the intent of the conferees that every community with a housing assistance plan must necessarily receive some allocation of funds, and, therefore, current procedures in allocating housing assistance funds need not be modified for the purpose of assuring an allocation for each such community. However, the conferees expect HUD, in allocating funds, not to penalize any community because it has a housing assistance plan, and not to favor one community over another solely because of the mix of housing units called for in the community's housing assistance plan. With respect to the approval or disapproval of housing assistance plans as part of community development block grant applications, the Secretary of HUD would continue to have the same authority pursuant to section 104(c) of the Housing and Community Development Act of 1974 which the Secretary currently has.

Again, the conferees recognize that the success of the local determination policy contained in the conference report will depend on the performance of HUD in implementing that policy. The conferees have identified several abuses by HUD over the past 18 months but by no means should those which are identified here be considered as exhaustive.

The practice by HUD of establishing national targets for the number of assisted new, rehabilitated, and existing units is inconsistent with local determination of housing mix. These national targets have been translated into areawide targets. As a result, communities which have provided for new construction in their housing assistance plans and have sponsors interested in developing that housing have been required by HUD to accept existing housing units instead because the area's target for new construction had been reached.

It is apparent to the conferees that HUD is quite aware of the conflict between HUD targets and the contents of local housing assistance plans because it has attempted to pressure communities into preparing housing assistance plans which more nearly conform to HUD's targets for the mix of new and existing housing. The following letter and a HUD official is but one example:

DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT, PHILADELPHIA AREA OFFICE,
February 23, 1976.

To All Community Development Block Grant Applicants.

Subject: Section 8 Housing and CDBG Applications.

For the foreseeable future, it appears that developers and state agencies will continue having difficulties in obtaining needed financing for Section 8 New Construction. We at HUD are concerned that communities and HUD work together to make maximum use of communities' existing housing stock—a priority of both HUD and the Congress.

When you are preparing your Second Year Housing Assistance Plan, therefore I urge you to seriously consider emphasizing the Section 8 Existing program—rather than New Construction or Substantial Rehabilitation in your three year goal. The Section 8 Existing program can be used either as a "finders keepers" program in which households find and move into units meeting Housing Quality Standards or as an "in place" program to subsidize households living in units meeting Housing Quality Standards but now paying an excess of their incomes for rent. Either method can meet the housing needs of many elderly households and families.

In addition, I would like to encourage you to further consider the use of CDBG rehabilitation and code enforcement activities, rather than the use of CDBG funds for acquisition of sites for subsidized housing. In general, Section 8 New Construction projects do not require a financial write down in land costs or site improvements. Given limited resources at local and federal levels, you should utilize your CDBG dollars in other ways which still address your pressing housing and community development needs.

I recognize, of course, that not all communities can effectively utilize a Section 8 Existing Program. In addition, extraordinary local conditions may determine that Section 8 New Construction is the only strategy which addresses local housing needs and that CDBG monies should be spent for advance site acquisition and preparation. You should be aware, however, that all Section 8 sites must meet specified site and neighborhood criteria and that CDBG approval by HUD does not necessarily imply HUD approval of the cleared sites for Section 8 units. You should be prepared for a wait of perhaps three to five years for new Section 8 units to become available.

In general, I strongly urge you to consider the thrust of this message—to conserve the existing housing stock—in your housing planning for your CDBG applications.

Sincerely,

PAUL T. CAIN,
Area Director.

The reference in the above letter to the difficulties in developing new housing units under section 8 points up another aspect of HUD's performance. The conferees, in fashioning the 1974 Act, did not believe they were providing for a housing program for lower-income persons which was cyclical in nature, and which therefore could not produce housing when interest rates were high and when financing for multifamily units was generally tight. The unwavering housing policy of the Congress has been to provide programs and funds to produce a high volume of units for lower-income persons regardless of market conditions. When the new section 8 program was authorized in 1974, the conferees made clear that should HUD emphasize this program and should it not produce units in a timely manner, other programs, such as public housing and section 236, should be utilized.

Not only has HUD kept all its eggs in the section 8 basket, it has made that program, through numerous policies and administrative directives, unattractive for the development of new and substantially rehabilitated housing units. One of the major HUD-imposed stumbling blocks to section 8 development has been the contract rent ceilings determined by HUD on the basis of "comparable" rents being charged in the community in existing rental projects. The conferees wish to reaffirm the statements in the House and Senate committee reports which direct HUD to establish contract rents which result in sound development rather than non-development. The conferees expect that in the future HUD will not discourage the development of new and rehabilitated section 8 projects because market or other conditions make unassisted apartment development unattractive.

PUBLIC HOUSING

The Senate bill required that at least $200,000,000 of the new contract authority provided on October 1, 1976, be used under the traditional public housing program for newly constructed and substantially rehabilitated low-income projects. The House amendment left to the discretion of HUD the relative allocation of the new authority as between section 8 projects and traditional public housing projects, and also left open the relative use of funds to finance the development of new public housing projects and the acquisition of existing units.

The conference report directs HUD to allocate at least $140,000,000 in contract authority for traditional public housing, at least $100,000,000 of which must be used for the provision of additional new or rehabilitated low-income projects. Thus, the conference report both reduces the size of the public housing set-aside contained in the Senate bill and moves closer to the House provision which provided greater discretion in the use of the additional contract authority.

INDIAN HOUSING

The Senate bill required that at least $17,500,000 in contract authority be made available on July 1, 1976, for public housing for members of Indian tribes. The House amendment required that at least $17,000,000 of the additional contract authority provided on October 1, 1976, be made available for public housing for members of Indian tribes. The conference report contains the House provision.

PUBLIC HOUSING MODERNIZATION

The Senate bill required that at least $60,000,000 of the additional contract authority provided on October 1, 1976, be made available for the modernization of existing public housing projects. The House amendment contained no similar provision. The conference report contains the Senate provision.

PUBLIC HOUSING OPERATIN SUBSIDIES

The Senate bill authorized $576,000,000 for fiscal year 1977, and the House amendment authorized $575,000,000 for grants to public housing authorities to meet deficits arising because operating costs exceed rental incomes. The conference report contains the Senate provision.

The conferees note that HUD testified that, in calculating the need for $576 million in operating subsidies, the Department has presumed implementation of a revised and improved Performance Funding Formula developed for HUD by the Urban Institute. The conferees expect the Department to implement this revised formula as soon as possible and to report its progress to both committees within 30 days.

Outstanding appropriations

The Senate bill contained a provision, not in the House amendment, which required that any appropriations for public housing and section 8 available after October 1, 1976, be used for new construction and rehabilitation and for public housing in the same ratio as the additional authority provided on October 1, 1976, was required to be used. The conference report does not contain the Senate provision.

ELIGIBILITY FOR TRADITIONAL PUBLIC HOUSING AND SECTION 8

The Senate bill contained a provision, not in the House amendment, which makes single non-elderly persons eligible for occupancy of public housing and section 8 units in up to 10 percent of a public housing agency's units, provided that single persons who are elderly, handicapped or displaced get preference for admission. The conference report contains the Senate provisions. The conferees expect the Secretary of HUD to limit the applicability of this provision to situations involving the rehabilitation of an existing structure, the conversion of an existing project to a public housing or section 8 project, the filling of vacant efficiencies which are not appropriate for occupancy by elderly or handicapped, and any other similar situation where it would be appropriate for single persons to receive assistance.

DEFINITION OF ASSISTANCE PAYMENTS AS INCOME

The Senate bill contained a provision which provided that subsidies under the public housing or section 8 programs would not be considered as income in determining eligibility for, or the amount of assistance under, the Social Security Act or any other federal law. The House amendment contained a similar provision, but applicable to supplemental security income payments of beneficiaries of assistance payments under any federal housing program. The House amendment also contained a provision, not in the Senate bill, which excluded social security increases occuring after May 1976 from the income of occupants of subsidized housing units for purposes of determining the rentals to be paid by such occupants. The conference report contains the House provision only with respect to the exclusion of housing assistance payments in the determination of supplemental security income payments.

CONTRACTS FOR SECTION 8 PAYMENTS IN FARMERS HOME PROJECTS

The Senate bill contained a provision, not in the House amendment, which authorized section 8 housing assistance contracts of up to 40 years in cases of projects financed by the Farmers Home Administration. The conference report contains the Senate provision.

PAYMENTS WITH RESPECT TO VACANT SECTION 8 UNITS

The House amendment contained a provision, not in the Senate bill, which authorizes the Secretary of HUD to make section 8 payments with respect to vacant units beyond the current 60-day period, but only for up to 12 months in the amount of the debt service attributable to the unit, and subject to other limitations. The conference report contains the House provision.

ASSISTANCE PAYMENTS TO FHA PROJECTS

The Senate bill contained a provision, not in the House amendment, which authorized $154,000,000 to provide section 8-type assistance payments with respect to FHA-insured projects threatened with foreclosure, or where the projects are currently owned by

HUD or subject to mortgages held by HUD. The conference report does not contain the Senate provision. Instead the conferees expect that any assistance provided by HUD for this purpose will be made available from the $850,000,000 in additional contract authority provided by the conference report on October 1, 1976, for the public housing and section 8 programs, but only to the extent, in any community with an approved housing assistance plan, that the community has provided for such use in its housing assistance plan. The conferees intend that the local communities with housing assistance plans, not HUD, will identify the projects for which such assistance could be made available.

SECTION 235 HOMEOWNERSHIP ASSISTANCE

The Senate bill contained a provision not in the House amendment increasing the contract authority for sec. 235 by $200 million. The conference report does not contain the Senate provision.

The Senate bill contained a provision not in the House amendment which would require that the mortgage insurance premium under sec. 235 not exceed the premium under 203(b). The conference report does not contain this provision.

The House amendment contained a provision not in the Senate bill which would raise the income limit for eligibility for sec. 235 assistance from 80 percent of median to 95 percent of median. The conference report contains the House provision.

Both the House amendment and the Senate bill contained provisions increasing the mortgage limits for sec. 235. The conference report contains the House provision which increased the mortgage limits for families with less than 5 persons from $21,600 to $25,000 (and from $25,200 to $29,000 in high-cost areas) and for families with five or more persons from $25,200 to $29,000 (and from $28,800 to $33,000 in high-cost areas).

SECTION 236 RENTAL ASSISTANCE

The Senate bill contained a provision not in the House amendment extending the Section 236 program to September 30, 1977. The conference report contains this provision.

The House amendment contained a provision not in the Senate bill stipulating that, in 236 projects with separate utility metering, an amount allowed for utility costs should be included in determining whether a tenant is paying 25 percent of income toward rent. The conference report contains this provision. The conferees expressed their intent, however, that the management of these projects should strongly discourage tenants from the over-use of utilities, and should work to promote energy conservation in the project.

FHA MORTGAGE LIMITS IN MULTIFAMILY HOUSING

The Senate bill increased the mortgage limits for FHA insured mortgages on multifamily housing by 50 percent for 0 bedroom units and 20 percent for 1 bedroom units. The House amendment provided an across-the-board 20 percent increase in mortgage limits, but reduced the allowable high-cost area increment from 75 percent to 50 percent. The conference report contains the House provision modified to include the Senate provision with respect to 0 bedroom units.

FHA INSURANCE FUNDS

The Senate bill authorized the transfer of all insurance obligations for Section 221 projects from the general insurance fund to the special risk insurance fund. The House amendment authorized appropriations of $500 million to cover general insurance fund losses. The conference report contains the House language.

FHA INSURANCE FOR MILITARY HOUSING

The House amendment contained a provision not in the Senate bill which authorized FHA mortgage insurance for military personnel and others in housing markets impacted by military installations. The provision permitted HUD to waive any requirement in the National Housing Act, including economic soundness requirements, but excluding labor standards, if inconsistent with the objectives of the section. The conference report does not contain this provision.

CO-INSURANCE

The Senate bill contained a provision increasing HUD's authority to allow flexibility in risk-sharing between HUD and any co-insuring lender. The House amendment allowed this increased flexibility only for multifamily projects where the co-insurer is a public housing agency or insured depository institution. The conference report contains the House language, with an amendment extending this flexibility to State-insured depository institutions.

The Senate bill contained a provision allowing HUD to make loans to mortgages with respect to co-insured projects in default. The House amendment contained a similar provision, but restricted these loans to projects co-insured by a public housing agency. The conference report contains the House language.

The Senate bill contained a provision not in the House amendment allowing HUD to charge a higher premium on loans co-insured by a public housing agency than on loans insured under regular FHA programs. The conference report deletes this provision. The conferees wish to make clear, however, that public housing agencies are not prohibited under section 244 from charging an additional premium of their own, over and above the premium charged by FHA.

The House amendment contained a provision, not in the Senate bill, allowing an increase of up to 5 percent in the HUD-determined replacement cost reserve for a project if such an increase is allowed by the co-insuring public housing agency. The conference report contains this provision.

The House amendment contained a provision not in the Senate bill exempting co-insured loans from State insurance regulation. The conference report contains this provision.

COMPENSATION FOR DEFECTS IN EXISTING FHA HOUSING

The Senate bill contained a provision not in the House bill extending the application deadline for requesting defect compensation under Section 518(b) of the National Housing (covering certain FHA Section 203 and 221 homes purchased between 1968 and 1973) until 4 months after enactment of the bill. The conference report contains this provision.

The Senate bill contained a provision not in the House bill creating an interim compensation program under Section 518(b) for homes purchased between 1973 and enactment and covered by mortgages insured under sections 203 and 221, allowing one year from the date of enactment to apply. The conference report contains this provision.

The Senate bill contained a provision not in the House bill creating a new, permanent defect compensation program for all 1–4 family existing housing purchased with FHA insured loans. This new program applied to all existing homes purchased with FHA-backed financing after the date of enactment. The conference report contains the Senate provision with an amendment directing a study and report by HUD, instead of a new permanent program at this time, of the need for and feasibility of an inspection, buyer information and warranty against defect program for all existing homes purchased with FHA-backed financing. The conferees urge the Secretary to expand the study required by this provision to include homes purchased under other financing methods.

The Senate bill contained a provision not in the House bill providing that the interim 1973–76 compensation program created by the bill would differ from the current Section 518(b) program in that it would not be restricted to older, declining urban areas and would use a more liberal definition of an eligible defect. The conference report does not contain this provision.

SECTION 202 LOANS FOR HOUSING FOR ELDERLY AND HANDICAPPED

The Senate bill continued a provision which would increase the borrowing authority for section 202 loans by $2.5 billion on July 1, 1976. The House amendment would increase the authority from $800 million to $1.475 billion upon enactment, to $2,387,500,000 on October 1, 1977, and to $3.3 billion on October 1, 1978. The conference report contains the House provision.

The House amendment contained a provision not in the Senate bill which would require approval in appropriations acts of all borrowing authority under section 202 in excess of $800 million. The conference report contains the House provision.

The Senate bill contained a provision not in the House amendment which would establish the interest rate on loans under section 202 on the basis of the average interest rate on all interest bearing obligations of the United States forming a part of the public debt, to be computed at the end of the fiscal year preceding the date on which the loan is made. Under current law, the 202 interest rate is established on the basis of the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans. The conference report contains the Senate provision insofar as the Senate provision lowers the interest rate on 202 loans, with an amendment which would establish the interest rate at 7 per cent.

The conferees feel that the 7 per cent rate is a good compromise between the interest rates established under the Senate bill and House amendment. The interest rate under the Senate provision for fiscal year 1976 is 6.35 per cent. The rate as computed as of April 30, 1976, is 6.38 per cent. The interest rate under the current formula was most recently calculated at 8.25 per cent. The interest rate calculated on the basis of the Senate bill has historically never been higher on a fiscal year basis than 6.56 per cent. The interest rate calculated on the basis of the formula in current law has never been as low on a calendar basis as 7 per cent since the time long-term obligations have been freed from statutory interest rate limitations.

The House amendment contained a provision not in the Senate bill which would delete statutory language excluding the receipts and disbursements of the section 202 fund from the Budget of the United States. The conference report does not contain the House provision. It is anticipated that the Congress will be receiving the recommendations of its Budget Committees on this subject in the near future in the light of which this issue should be carefully reconsidered.

The House amendment contained a provision not in the Senate bill which would change the definition of an eligible elderly family to include two or more persons living together, one such person and another providing care to the first, or a surviving member of the family who was living in the unit at the time another member died. The conference report contains the House provision.

The conferees are concerned that the comparability test used to determine contract rents for section 8 projects may provide an obstacle to the feasibility of 202 projects. There are simply no comparable units to the housing and related facilities contemplated by the Housing Community Development Act of 1974. Therefore, the conferees direct HUD to use actual development cost in determining the section 8 contract rents for 202 projects.

SECTION 312 REHABILITATION LOANS

The Senate bill contained a provision increasing the authorization for Section 312 by $150 million for July 1, 1976 to September 30, 1977. The House amendment contained authorization of $100 million for FY 1977. The conference report contains the House provision.

The Senate bill contained a provision not in the House amendment creating a two-tiered interest rate structure for Section 312 loans, continuing the current 3 percent rate for low-income borrowers and allowing HUD to set a higher rate, up to the Treasury borrowing rate plus administrative costs, for higher income borrowers. The conference report does not contain this Senate provision.

EMERGENCY HOMEOWNERS RELIEF ACT

The Senate bill contained a provision not in the House amendment extending until October 1, 1977, the current requirement that Federal supervisory agencies and HUD encourage forbearance in residential mortgage foreclosures and that mortgagees notify the supervisory agency and mortgagor 30 days before starting foreclosure proceedings. The conference report contains this provision, with an amendment deleting the 30-day reporting requirement.

The Senate bill contained a provision not in the House amendment extending until October 1, 1977, the current requirement that HUD report every 2 months on mortgage foreclosures, forebearance and delinquencies. The conference report contains the Senate provision.

PURCHASE PRICE LIMIT ON HOUSING WITH GNMA TANDEM MORTGAGES

Both the Senate bill and the House amendment provided for purchase price limits for housing acquired with GNMA tandem plan mortgages authorized under the Emergency Home Purchase Assistance Act. The Senate bill provided that the purchase price limit would be the median purchase price in the local market area. The House amendment set a purchase price limit of $52,000 ($68,750 in Alaska, Hawaii and Guam). The conference report sets the purchase price limit at $48,000, with an increment to $52,000 in high cost areas and $65,000 in Alaska, Hawaii and Guam.

ELIGIBLE COMMUNITY DEVELOPMENT ACTIVITIES

The House amendment contains a provision not in the Senate bill which authorizes the use of community development block grant funds for the provision of centers for the handicapped. The conference report contains the House provision.

PARTICIPATION OF NEW COMMUNITY PROJECTS

The House amendment contains a provision not in the Senate bill which makes certain new community projects carried out under Title X of the National Housing Act eligible for discretionary fund assistance of the community development block grant program if such projects meet the same eligibility criteria as new community projects being carried out under Title VII of the 1970 housing act. The conference report contains the House provision.

SUPPLEMENTAL BLOCK GRANT UNEMPLOYMENT PROGRAM

The House amendment contains a provision not in the Senate bill authorizing a program of supplemental community development block grants in areas of high unemployment. The conference report does not contain this provision.

HUD RESEARCH AUTHORIZATION

The House amendment contains provisions not in the Senate bill which establish a $65 million authorization level for HUD research activities for fiscal year 1977, delete the separate authorization for the housing allowance experiment, and allow certain delegations of contract authority to other Federal agencies. The conference report contains the House provision.

FARMERS HOME ADMINISTRATION

The House amendments contain provisions not in the Senate bill which (1) make the determination of the Treasury going rate (as the basis for the FmHA rate) upon request of the Secretary of Agriculture rather than annually and (2) permit FmHA to continue processing loan applications and other actions received before an area is redesignated from rural to non-rural. The conference report contains the House provision.

NATIONAL INSTITUTE OF BUILDING SCIENCES

The House amendments contain a provision not in the Senate bill which authorizes $5 million in each of fiscal years 1977 and 1978 as startup funding for the National Institute of Building Sciences. The conference report contains the House provisions.

HUD COUNSELING TO MORTGAGORS

The House amendments contain a provision not in the Senate bill which would require HUD to carry out a study on the need for and the effectiveness of unsubsidized mortgagor counseling. The conference report contains the House provision.

FLOOD INSURANCE

The Senate bill contained a provision not in the House amendment extending the emergency flood insurance program, which allows flood insurance in areas awaiting rate map studies, from December 31, 1976, to September 30, 1977. The conference report contains this provision.

The Senate bill contained a provision exempting from the program's lending sanctions under Section 202(b) loans for acquisition or refinancing for residences completed and occupied prior to January 1, 1976. The House amendment exempted loans for acquisition or refinancing of residences occupied before March 1, 1976, or within 1 year after designation of area as a flood hazard area, whichever is later. The conference report contains the House provision.

The Senate bill contained three other provisions not in the House amendment allowing exemptions from the program's Section 202(b) lending sanctions:

(1) Loans for improvement or rehabilitation up to $10,000 for residences occupied before January 1, 1976. The conference report contains this Senate provision, with an amendment reducing the maximum loan to $5,000. It is the intention of the conferees that such home improvement loans permitted by this provision could not be used for major additions to the property.

(2) Loans for acquisition of buildings occupied by small business concerns before January 1, 1976. The conference report contains this provision, with an amendment authorizing the Secretary of HUD to define small businesses for the purposes of this exemption and to establish the maximum loan amounts.

(3) Loans up to a HUD-determined amount for non-residential additions or improvements to a farm. The conference report contains this provision, with an amendment restricting the exemption to loans for additions and improvements to buildings that are to be used solely for agricultural purposes. It is the intention of the conferees in this provision to enable farmers to obtain financing in order to assist them in making necessary improvements for the non-residential agricultural structures on their farms.

The House amendment contained a provision not in the Senate bill authorizing $100 million for FY 1977 for flood insurance maps and surveys. The conference report contains this provision.

The Senate bill contained a provision not in the House amendment allowing communities not participating in the flood insurance program to receive certain Federal assistance for disasters not involving flooding. The conference report does not contain this provision.

COMMUNITY DEVELOPMENT GRANT ALLOCATION

The Senate bill contained a provision not in the House amendment clarifying the priority of funding under the Community Development Act in the event that the funds available are insufficient to meet total entitlements specified in the Act. The conferees agreed to the Senate provision amended to establish that, in the event that the amount appropriated for block grants is insufficient to meet formula and hold harmless entitlements as specified in the law, the Secretary shall make proportional reductions in such entitlements. In adopting this amendment, the conferees intend to make clear that all entitled communities would absorb any shortage of fundings in amounts proportional to their entitlements.

SECTION 701 COMPREHENSIVE PLANNING

The Senate bill contained a provision authorizing $100 million for fiscal year 1977 for section 701 planning. The House amendment contained an authorization of $75 million. The conference report contains the Senate provision.

The House amendment contained a provision not in the Senate bill prohibiting HUD from allocating section 701 assistance funds on the basis of an applicant's prior participation in the program. The conference report contains this House provision.

The conferees also expressed their intent that HUD administer the program in a manner consistent with the provisions of section 701(a) which permit assisted governments to engage private planning consultants where they deem such services appropriate.

CONFIRMATION OF THE FEDERAL INSURANCE ADMINISTRATOR

The Senate bill contained a provision not in the House amendment requiring that the FIA Administrator be appointed by the President and confirmed by the Senate, effective January 1, 1977. The conference report does not contain this provision.

CONFIRMATION OF GOVERNMENT NATIONAL MORTGAGE ASSOCIATION PRESIDENT

The Senate bill contained a provision not in the House amendment requiring that the President of GNMA be appointed by the President and confirmed by the Senate. The conference report contains this provision.

SPECIAL ASSISTANT FOR COOPERATIVE HOUSING

The Senate bill contained a provision not in the House amendment updating the duties of the HUD Special Assistant for Cooperative Housing. The conference report contains this provision.

PLANNING ASSISTANCE FOR NEW COMMUNITIES

The Senate bill contained a provision not in the House amendment extending the new community planning assistance program until October 1, 1977. The conference report contains this provision.

URBAN HOMESTEADING

The Senate bill contained a provision not in the House amendment increasing the authorization for the HUD urban homesteading program to $6.25 million for FY 1976 and the transition quarter, and by $5 million in both FY 1977 and FY 1978. The conference report contains this provision.

HUD DAY CARE CENTER

The Senate bill contained a provision not in the House amendment authorizing HUD to operate a day-care facility for children of employees. The conference report contains this provision. The conferees direct that HUD provide no funds for the operation or equipment of the facility but merely prepare and provide the space for the facility, and initial equipment on a reimbursable basis.

INTER-AMERICAN SAVINGS AND LOAN BANK

The Senate bill contained a provision not in the House amendment which would allow Federal savings and loan associations to invest up to 1 percent of assets in the Inter-American Savings and Loan Bank without requiring that such investments be guaranteed by AID. The conference report contains this provision.

Henry S. Reuss,
Thomas L. Ashley,
Leonor K. Sullivan,
William S. Moorhead,
Robert G. Stephens, Jr.,
Fernand J. St Germain,
Henry Gonzalez,
Parren J. Mitchell,
Jerry M. Patterson,
John J. LaFalce,
Les AuCoin,
Managers on the Part of the House.

William Proxmire,
John Sparkman,
Harrison A. Williams, Jr.,
Alan Cranston,
Adlai E. Stevenson,
John Tower,
Edward W. Brooke,
Jake Garn,
Managers on the Part of the Senate.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Grassley) to revise and extend their remarks and include extraneous matter:)

Mr. Whalen, for 5 minutes, today.
Mr. McDade, for 5 minutes, today.
Mr. Ashbrook, for 30 minutes, today.
Mr. Frenzel, for 30 minutes, today.

(The following Members (at the request of Mr. Hayes of Indiana) to revise and extend their remarks and include extraneous material:)

Mr. Gonzalez, for 5 minutes, today.
Mr. Annunzio, for 5 minutes, today.
Mr. Vanik, for 5 minutes, today.
Mr. Blouin, for 5 minutes, today.
Mr. Rostenkowski, for 5 minutes, today.
Mr. Downey of New York, for 30 minutes, today.
Ms. Abzug, for 15 minutes, today.
Mr. Rooney, for 30 minutes, today.
Mr. Baucus, for 10 minutes, today.
Mr. Harkin, for 5 minutes, today.
Mr. Pattison of New York, for 5 minutes, today.
Mr. Morgan, for 5 minutes, today.
Mr. Preyer, for 5 minutes, today.
Mr. Dodd, for 5 minutes, today.
Mrs. Mink, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Koch, and to include extraneous matter, notwithstanding the fact that it exceeds 3¼ pages of the Record and is estimated by the Public Printer to cost $930.

Mr. Broyhill to revise and extend his remarks and include extraneous matter during consideration of House Resolution 1216 today.

Mr. Anderson of Illinois, and to include extraneous material, in his remarks on H.R. 14394 today.

Mr. Burlison of Missouri to revise and extend his remarks and include extraneous material on the HUD appropriations bill today (H.R. 14233).

Ms. Abzug to revise and extend her remarks in connection with the Roush Selective Service amendment on H.R. 14233 today.

Mr. Steiger of Wisconsin to revise and extend his remarks and include extraneous material during consideration of the HUD appropriation bill today (H.R. 14233).

Mr. Grassley to revise and extend his remarks during debate on S. 2853, food stamp vendor accountability.

(The following Members (at the request of Mr. Grassley) and to include extraneous material:)

Mr. Ashbrook in two instances.
Mr. Archer.
Mr. Kasten in two instances.
Mr. Wiggins
Mr. Pressler.
Mr. Symms in two instances.
Mrs. Pettis in five instances.
Mr. Carter.
Mr. Anderson of Illinois in two instances.
Mr. Broyhill.
Mr. Taylor of Missouri.
Mr. Derwinski.
Mr. Collins of Texas in three instances.
Mr. Johnson of Pennsylvania.
Mr. Steelman in two instances.
Mr. Kemp.
Mr. Whalen.
Mr. Esch.
Mr. Frenzel in three instances.
Mr. Rousselot.
Mr. Skubitz.
Mr. Lent.

(The following Members (at the request of Mr. Hayes of Indiana) and to include extraneous matter:)

Mr. Gonzalez in three instances.
Mr. Anderson of California in three instances.
Mr. Richmond.
Mr. Karth in two instances.
Mr. Hawkins.
Mr. Hannaford.
Mr. Brodhead.
Mr. Mazzoli.
Mr. Traxler.
Mr. Vanik in two instances.
Mr. Wolff.
Mr. Downey of New York.
Mr. Teague.
Ms. Abzug in five instances.
Mr. Rooney.
Mr. Baucus.
Mr. Pattison of New York.
Mr. Matsunaga.
Mr. Jacobs.
Mr. Roe.
Mrs. Collins of Illinois.
Mr. Fary.
Mr. Russo in two instances.
Mrs. Meyner.
Mr. Gaydos.
Mr. Eilberg.
Mr. Danielson.
Mr. Mitchell of Maryland.
Mr. Moakley.
Mr. Badillo.
Mr. Rangel.
Mr. Conyers.
Mr. Zablocki in two instances.
Mr. Bedell.
Mr. Scheuer.

SENATE ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to enrolled bills and a joint resolution of the Senate of the following titles:

S. 391. An act to amend the Mineral Leasing Act of 1920, and for other purposes;

S. 2847. An act to amend section 318 of the Communications Act of 1934, as amended, to enable the Federal Communications Commission to authorize translator broadcast stations to originate limited amounts of local programing, and to authorize frequency modulation (FM) radio translator stations to operate unattended in the same manner as is now permitted for television broadcast translator stations; and

S.J. Res. 203. A joint resolution to amend the Higher Education Act of 1965, and for other purposes.

BILL PRESENTED TO THE PRESIDENT

Mr. HAYS of Ohio, from the Committee on House Administration, reported that that committee did on June 21, 1976 present to the President, for his approval, a bill of the House of the following title:

H.R. 12384. An act to authorize certain construction at military installations and for other purposes.

ADJOURNMENT

Mr. HAYES of Indiana. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 9 o'clock and 5 minutes p.m.), under its previous order, the House adjourned until tomorrow, Wednesday, June 23, 1976, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3534. A letter from the Comptroller General of the United States, transmitting a report on the progress and outlook for U.S. security assistance to the Republic of Korea; jointly, to the Committees on Government Operations and International Relations.

3535. A letter from the Comptroller General of the United States, transmitting a report relative to Department of Defense management and congressional overview of new requirements for field Army air defense; jointly, to the Committees on Government Operations and Armed Services.

3536. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of Council Act No. 1-131, "To organize the Board of Elections and Ethics of the District of Columbia, and for other purposes," pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

3537. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of Council Act No. 1-133, "To amend the subdivision Regulations for the District of Columbia relating to the subdivision of historic sites," pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

3538. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the intention of the Department of State to consent to a request by the Government of Jordan for permission to transfer certain U.S.-origin defense articles to Mauritania, pursuant to section 3(a) of the Foreign Military Sales Act, as amended; to the Committee on International Relations.

3539. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to section 112(b) of Public Law 92–403; to the Committee on International Relations.

3540. A letter from the Acting Administrator, Federal Energy Administration, transmitting the views of the Administration on bills which have passed the House and the Senate to extend the life of the FEA; jointly, to the Committees on Interstate and Foreign Commerce, and Banking, Currency and Housing.

RECEIVED FROM THE COMPTROLLER GENERAL

3541. A letter from the Comptroller General of the United States, transmitting a report on opportunities for improving the management of the military services' flying-hour programs; jointly, to the Committees on Government Operations, and Armed Services.

3542. A letter from the Comptroller General of the United States, transmitting a report on opportunities for Federal agencies with management responsibilities in the water resources area to promote more efficient use of irrigation; jointly, to the Committees on Government Operations, Agriculture, and Interior and Insular Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. STAGGERS: Committee of Conference. Conference report on S. 3184 (Rept. No. 94–1285). Ordered to be printed.

Mr. FLOWERS: Committee on the Judiciary. H.R. 11149. A bill to amend section 2 of the act entitled "An Act to incorporate the National Society of the Daughters of the American Revolution" (Rept. No. 94–1286). Referred to the Committee of the Whole House on the State of the Union.

Mr. MATSUNAGA: Committee on Rules. House Resolution 1340. Resolution providing for the consideration of H.R. 4634. A bill to amend title 5, United States Code, to improve the basic workweek of firefighting personnel of executive agencies, and for other purposes (Rept. 94–1287). Referred to the House Calendar.

Mr. MOAKLEY: Committee on Rules. House Resolution 1341. Resolution providing for the consideration of H.R. 7743. A bill to amend the Pennsylvania Avenue Development Corporation Act of 1972 (Public Law 92–578), as amended (Rept. No. 94–1288). Referred to the House Calendar.

Mr. MATSUNAGA: Committee on Rules. House Resolution 1342. Resolution providing for the consideration of H.R. 12882. A bill to amend chapter 83 of title 5, United States Code, to discontinue civil service annuity payments for periods of employment as a justice or judge of the United States, and for other purposes (Rept. No. 94–1289). Referred to the House Calendar.

Mr. MOAKLEY: Committee on Rules. House Resolution 1343. Resolution providing for the consideration of H.R. 13876. A bill to provide for Federal regulation of participation by foreign banks in domestic financial markets (Rept. No. 94–1290). Referred to the House Calendar.

Mr. REUSS: Committee of conference. Conference report on S. 3295 (Rept. No. 94–1291). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CORMAN:

H.R. 14484. A bill to make permanent the existing temporary authority for reimbursement of States for interim assistance payments under title XVI of the Social Security Act, to extend for 1 year the eligibility of supplemental security income recipients for food stamps, and to extend for 1 year the period during which payments may be made to States for child support collection services under part D of title IV of such act; to the Committee on Ways and Means.

By Mr. FINDLEY (for himself and Mr. PRICE):

H.R. 14485. A bill to authorize the construction of a lock and dam project on the Mississippi River near Alton, Ill., to revoke authority for 12-foot channel studies on the upper Mississippi River and its tributaries, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. HARSHA:

H.R. 14486. A bill to amend the Streambank Erosion Control Evaluation and Demonstration Act of 1974 to provide protection against streambank erosion on the Ohio River; to the Committee on Public Works and Transportation.

By Mr. GIBBONS:

H.R. 14487. A bill to name the Veterans' Administration Hospital located at Archer Road, Gainesville, Fla., the D. R. (Billy) Matthews Veterans Administration Hospital; to the Committee on Veterans' Affairs.

By Mr. KASTENMEIER (for himself, Mr. EDWARDS of California, Mr. MIKVA, and Mr. COHEN):

H.R. 14488. A bill to codify, revise, and reform title 18 of the United States Code; to make appropriate amendments to the Federal Rules of Criminal Procedure; to make conforming amendments to criminal provisions of other titles of the United States Code; and for other purposes; to the Committee on the Judiciary.

By Mr. KETCHUM (for himself, Mr. COHEN, Mr. HARRINGTON, Mrs. HECKLER of Massachusetts, Mr. HOWARD, Mr. KREBS, Mr. LAGOMARSINO, Mr. MIKVA, and Mrs. SPELLMAN):

H.R. 14489. A bill to amend the Federal Property and Administrative Services Act of 1949 to provide that occupants have priority in the purchase of surplus Government housing; to the Committee on Government Operations.

By Mr. McDADE:

H.R. 14490. A bill to amend the Tariff Schedules of the United States to repeal the special tariff treatment accorded to articles assembled abroad with components produced in the United States; to the Committee on Ways and Means.

By Mr. MOSHER (for himself, Mr. GOLDWATER, Mr. BEDELL, Mr. BRECKINRIDGE, Mr. GILMAN, Mr. HAYES of Indiana, Mr. MCCORMACK, Mr. OTTINGER, Mr. PATTERSON of California, and Mr. SIMON):

H.R. 14491. A bill to establish a national program of earthquake hazards reduction; to the Committee on Science and Technology.

By Mr. MOAKLEY (for himself and Mr. JEFFORDS):

H.R. 14492. A bill to restore and promote competition in the petroleum industry, and for other purposes; to the Committee on the Judiciary.

By Mr. NATCHER:

H.R. 14493. A bill to amend title 38 of the United States Code in order to extend under certain circumstances the delimiting period for completing veterans' education programs and to provide a teach-down period for veterans who have committed themselves to furthering their education; to the Committee on Veterans' Affairs.

By Mr. PATTEN:

H.R. 14494. A bill to amend title II of the Social Security Act to permit the payment of benefits to a married couple on their combined earnings record where that method of computation produces a higher combined benefit; to the Committee on Ways and Means.

By Mr. PICKLE (for himself, Mr. CHAPPELL, Mr. STUDDS, Mr. HOWARD, Mr. SIMON, Mr. MANN, Mr. LOTT, Mr. MONTGOMERY, and Mr. BOWEN):

H.R. 14495. A bill to amend part B of title XI of the Social Security Act to assure appropriate participation by optometrists in the peer review and related activities authorized under such part; jointly, to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. ROONEY (for himself and Mr. SKUBITZ):

H.R. 14496. A bill to provide technical and financial assistance for the development of management plans and facilities for the recovery of energy and other resources from discarded materials and for the safe disposal of discarded materials, and to regulate the management of hazardous waste; to the Committee on Interstate and Foreign Commerce.

By Mr. SCHEUER:

H.R. 14497. A bill to establish a national system of maternal and child health care; jointly, to the Committees on Interstate and Foreign Commerce, and Ways and Means.

By Mr. SLACK:

H.R. 14498. A bill to amend title 38 of the United States Code in order to extend under certain circumstances the delimiting period for completing veterans' education programs and to provide a teach-down period for veterans who have committed themselves to furthering their education; to the Committee on Veterans' Affairs.

By Mr. STAGGERS (for himself and Mr. DEVINE) (by request):

H.R. 14499. A bill to enable the Secretary of Health, Education, and Welfare, to alter the services provided at, transfer control of, or close hospitals of the Public Health Service identified in section 818 of Public Law 93–155; to the Committee on Interstate and Foreign Commerce.

By Mrs. SULLIVAN (for herself, Mr. FORSYTHE, Mr. LEGGETT, Mr. LENT, Mr. ANDERSON of California, Mr. DE LA GARZA, Mr. EMERY, Mr. BREAUX, Mr. D'AMOURS, and Mr. GINN):

H.R. 14500. A bill to amend section 7 of the Fishermen's Protective Act of 1967, as amended; to the Committee on Merchant Marine and Fisheries.

By Mr. WIRTH (for himself, Ms. CHISHOLM, and Mr. PATTERSON of California):

H.R. 14501. A bill to regulate commerce to assure increased supplies of natural gas at reasonable prices for consumers, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. CORMAN:

H.R. 14502. A bill to permit a State which no longer qualifies for hold harmless treatment under the supplemental security income program to elect to remain a food stamp cash-out State upon condition that it pass through a part of the 1976 cost-of-living increase in SSI benefits and all of any subsequent increases in such benefits; to the Committee on Ways and Means.

By Mr. CARNEY:

H.R. 14503. A bill to name the new post office in Youngstown, Ohio, the Michael J. Kirwan Post Office; to the Committee on Public Works and Transportation.

By Mr. KEMP (for himself and Mr. Howard):

H.R. 14504. A bill to incorporate the National Ski Patrol System, Inc.; to the Committee on the Judiciary.

By Mr. KEMP (for himself, Mr. Breaux, Mr. Levitas, Mr. Michel, and Mr. Whitehurst):

H.R. 14505. A bill to accelerate the formation and accumulation of the investment capital required to expand both job opportunities and productivity in the private sector of the economy; to the Committee on Ways and Means.

By Mr. McCORMACK:

H.R. 14506. A bill to provide for the alleviation of high ground-water conditions in and adjacent to the town of Moses Lake, Wash., and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. REGULA (for himself, Mr. Robinson, and Mr. Treen):

H.R. 14507. A bill to amend the Congressional Budget Act of 1974 to establish in the Congress a zero-base budgeting process, with full congressional review of each Federal program at least once every 6 years; to the Committee on Rules.

By Mrs. SPELLMAN (for herself, Mr. Beddell, Mr. Bingham, Mrs. Chisholm, Mr. Fauntroy, Mr. Matsunaga, Mrs. Mink, Mr. Murphy of New York, Mr. Oberstar, Mr. Pepper, Mr. Reuss, Mr. Richmond, Mr. Roybal, Mr. Simon, Mr. Stark, Mr. Stokes, Mr. Waxman, Mr. Charles H. Wilson of California, and Mr. Charles Wilson of Texas):

H.R. 14508. A bill to amend title VIII of the act commonly called the Civil Rights Act of 1968 with respect to the awarding of attorney's fees and the authority of the Department of Housing and Urban Development to initiate a civil action to enforce the provision of such title; to the Committee on the Judiciary.

By Mr. WOLFF (for himself, Ms. Abzug, Mr. Badillo, Mr. Baucus, Mr. Bedell, Ms. Collins of Illinois, Mr. Delaney, Mr. Duncan of Tennessee, Mr. Flood, Mr. Gilman, Mr. Hechler of West Virginia, Ms. Heckler of Massachusetts, Mr. Howard, Mr. Lehman, Mr. Mann, Mr. McHugh, Mr. Moakley, Mr. Richmond, Mr. Roybal, Mr, Stark, Mr. Waxman, Mr. Whitehurst, and Mr. Charles Wilson of Texas):

H.R. 14509. A bill to provide that elderly persons residing in dwelling units receiving Federal assistance shall be provided with certain rights in the lease agreements between the elderly persons and the owners of the units; to the Committee on Banking, Currency and Housing.

By Ms. ABZUG (for herself, Mrs. Boggs, Mrs. Burke of California, Mrs. Chisholm, Mrs. Collins of Illinois, Mrs. Fenwick, Mrs. Heckler of Massachusets, Ms. Holtzman, Ms. Jordan, Ms. Keys, Mrs. Meyner, Mrs. Mink, Ms. Schroeder, and Mrs. Spellman):

H.J. Res. 996. Joint resolution designating August 26, 1976, as Women's Equality Day; to the Committee on Post Office and Civil Service.

By Mr. BADILLO (for himself, Mr. Bingham, Mr. Carney, Mr. Diggs, Mrs. Meyner, Mr. Murphy of New York, and Mr. Rodino):

H.J. Res. 997. Joint resolution to pay tribute to the contributions of Hispanics, to establish an Office of Hispanic Affairs in the various executive agencies, and for other purposes; to the Committee on Government Operations.

By Mr. STEELMAN (for himself, Mr. Cleveland, Mr. Conte, Mr. Dodd, Mr. Hammerschmidt, Mr. Heinz, Mr. Howard, Mr. Jones of North Carolina, and Mr. Traxler):

H.J. Res. 998. Joint resolution authorizing the President to proclaim the week beginning on November 7, 1976, as National Respiratory Therapy Week; to the Committee on Post Office and Civil Service.

By Mr. WHALEN (for himself, Mr. Bedell, Mr. Conte, Mr. Seiberling, and Mr. Thompson):

H. Con. Res. 660. Concurrent resolution expressing the sense of the Congress in favor of eliminating the reduction in other Federal benefits which results when cost-of-living increases in social security benefits occur; to the Committee on Ways and Means.

By Mr. ANDERSON of Illinois:

H. Res. 1332. Resolution to authorize the Speaker and minority leader, as a select committee of two, to hire an outstanding management consultant firm for the purpose of studying the personnel policies and practices of the House, of recommending any improvements and standardization in such policies and practices, and of formulating a model "House Personnel Practices Code" for the guidance of Members and committees; to the Committee on Rules.

By Mr. BRADEMAS:

H. Res. 1333. Resolution authorizing the printing of additional copies of the program relating to the presentation of the Magna Carta; to the Committee on House Administration.

By Mr. HANLEY (for himself, Mr. Jeffords, Mr. Howe, Mr. Kelly, and Mr. Mathis):

H. Res. 1334. Resolution expressing the sense of the House regarding the closing of post offices; to the Committee on Post Office and Civil Service.

By Mr. MOAKLEY:

H. Res. 1335. Resolution creating a House Commission on Administrative Services and Facilities; to the Committee on Rules.

By Mr. RUSSO:

H. Res. 1336. Resolution to require the adoption of a resolution by the House of Representatives to carry out the establishment or adjustment of certain allowances to Members, officers, and standing committees of the House of Representatives; to the Committee on House Administration.

By Mr. WOLFF (for himself, Mr. Rodino, Mr. Rangel, Mr. Gilman, and Mr. Murphy of Illinois):

H. Res. 1337. Resolution providing for the establishment of a Select Committee on Narcotics Abuse and Control; to the Committee on Rules.

By Mr. HECHLER of West Virginia:

H. Res. 1338. Resolution to disapprove the proposed exemption of No. 2 heating oil and No. 2–D diesel fuel from the mandatory petroleum allocation and price regulations (energy action No. 3); to the Committee on Interstate and Foreign Commerce.

H. Res. 1339. Resolution to disapprove the proposed exemption of middle distillates from the mandatory petroleum allocation and price regulations (energy action No. 4); to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. PHILLIP BURTON:

H.R. 14510. A bill for the relief of Benjamin Sandoval Paglinawan; to the Committee on the Judiciary.

H.R. 14511. A bill for the relief of Kwong Lam Yuen; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

The SPEAKER presented a petition of Darrell Gene Randall, Jefferson City, Mo., relative to redress of grievances, which was referred to the Committee on the Judiciary.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 14231

By Mr. McCORMACK:

Page 34, line 15, after "FOSSIL FUELS" insert "AND ENERGY CONSERVATION RESEARCH, DEVELOPMENT AND DEMONSTRATION,"

Page 34, line 23, strike out "$488,125,000" and insert in lieu thereof "$544,275,000, including $127,350,000 for expenses related to energy conservation,".

Page 35, line 19, after "appropriated" insert "for expenses related to fossil fuels".

Page 35, line 23, after "FOSSIL FUELS" insert "AND ENERGY CONSERVATION RESEARCH, DEVELOPMENT AND DEMONSTRATION".

Page 36, line 6, strike out "$57,220,000" and insert in lieu thereof "$68,570,000, including $13,350,000 for expenses related to energy conservation".

H.R. 14232

By Ms. ABZUG:

Page 30, line 25, strike "$1,873,514,000," and insert in lieu thereof the following: "$1,893,514,000,"

By Mr. FINDLEY:

On page 7, after line 25, add the following:

"None of the funds provided by this act shall be used to formulate or carry out a program under which first-instance citations for violations must be issued against firms employing 25 or fewer persons."

By Mr. MITCHELL of Maryland:

On page 2, line 19 under Title I—Department of Labor, Employment and Training Administration, Employment and Training Assistance, strike out "$3,245,250,000" and insert in lieu of "$3,311,831,000".

H.R. 14234

By Mr. ANDERSON of California:

Page 26, strike out lines 11 through 14, inclusive, and renumber succeeding sections accordingly.

H.R. 14260

By Ms. ABZUG:

On page 10, line 3, strike out "the Democratic" and all that follows through the period at the end of line 4 and insert in lieu thereof the following: "any country in Southeast Asia which is not accounting to the United States for United States personnel listed as Missing-In-Action or Prisoner-Of-War in such country."

FACTUAL DESCRIPTION OF BILLS AND RESOLUTIONS INTRODUCED

Prepared by the Congressional Research Service pursuant to clause 5(d) of House rule X. Previous listing appeared in the Congressional Record of June 21, 1976, page 19538:

HOUSE BILLS

H.R. 13976. May 24, 1976. Interstate and Foreign Commerce. Provides that the provisions of the Railroad Retirement Act of 1937 shall govern annuity, supplemental annuity, and benefit claims currently governed by the Railroad Retirement Act of 1974 for those individuals who did not become eligible for such benefits until after December 31, 1974.

H.R. 13977. May 24, 1976. Post Office and Civil Service. Prohibits the United States

Postal Service from closing any post office which serves a rural area or small town unless: (1) a majority of the persons regularly served by such post office approve the closing; (2) it establishes a rural station or branch which provides the same postal services as the post office and does not result in any change on the address of persons served by such post office; or (3) it establishes a rural route to serve the area. Allows the Postal Service to establish a rural route as a substitute for an existing post office upon making specified determinations.

H.R. 13978. May 24, 1976. Banking, Currency and Housing. Amends the Home Owners' Loan Act to authorize the Federal Home Loan Bank Board to provide for the organization, operation, and regulation of associations which may be known as Federal Savings and Loan Associations or Federal Savings Banks. Allows for the chartering of such associations and permits them to offer checking accounts.

Amends the Federal Deposit Insurance Act to provide for the conversion of State-chartered mutual savings banks into Federal savings banks.

H.R. 13979. May 24, 1976. Banking, Currency and Housing. Amends the Home Owners' Loan Act to authorize the Federal Home Loan Bank Board to provide for the organization, operation, and regulation of associations which may be known as Federal Savings and Loan Associations or Federal Savings Banks. Allows for the chartering of such associations. Permits mutual savings banks located in New York to offer checking accounts to the extent that similar State-chartered institutions in New York are permitted to do so.

Amends the Federal Deposit Insurance Act to provide for the conversion of State-chartered mutual savings banks into Federal savings banks.

H.R. 13980. May 24, 1976. Interstate and Foreign Commerce; Judiciary; Banking, Currency and Housing; Ways and Means. Amends the Comprehensive Drug Abuse Prevention and Control Act of 1970 to impose minimum penalties for specified opiate-related offenses. Amends the Federal Rules of Criminal Procedure to require a hearing to determine whether a term of imprisonment and parole eligibility is mandatory for an opiate-related offense.

Establishes considerations for judicial officers setting conditions for release of any person charged with an opiate-related offense. Makes proceeds of such offenses subject to forfeiture to the United States.

Requires persons exporting or importing monetary instruments in amounts exceeding $5,000 to file a report of such transport.

H.R. 13981. May 24, 1976. Interstate and Foreign Commerce; Judiciary; Banking, Currecny and Housing; Ways and Means. Amends the Comprehensive Drug Abuse Prevention and Control Act of 1970 to impose minimum penalties for specified opiate-related offenses. Amends the Federal Rules of Criminal Procedure to require a hearing to determine whether a term of imprisonment and parole eligibility is mandatory for an opiate-related offense.

Establishes considerations for judicial officers setting conditions for release of any person charged with an opiate-related offense. Makes proceeds of such offenses subject to forfeiture to the United States.

Requires persons exporting or importing monetary instruments in amounts exceeding $5,000 to file a report of such transport.

H.R. 13982. May 24, 1976. Public Works and Transportation. Stipulates that canal maintenance, repair, or reconstruction projects costing $4,000,000 or more shall not be undertaken without specific authorization by the Congress.

H.R. 13983. May 24, 1976. Judiciary. Amends the Omnibus Crime Control and Safe Streets Act of 1968 to emphasize crime prevention as a major purpose of Title I of such Act. Requires that States applying for Federal crime prevention, law enforcement, and criminal justice grants under such Act include in their required comprehensive plans a program for the prevention of crime against the elderly.

H.R. 13984. May 24, 1976. Judiciary. Replaces Federal criminal statutory provisions penalizing "rape" and "carnal knowledge of females under 16" with provisions penalizing "sexual assault." Designates guilty of sexual assault any person who knowingly engages in sexual contact or penetration of another person without such person's consent.

H.R. 13985. May 24, 1976. Armed Services. Makes permanent the special pay provisions for reenlistment and enlistment bonuses for members of the uniformed services. Terminates such payments upon failure to maintain the qualifications in skill for which the member became entitled to the bonus or failure to complete the term of enlistment.

H.R. 13986. May 24, 1976. Armed Services. Eliminates certain restrictions relating to travel and transportation allowances for mobile dwellings or house trailers for members of the uniformed services.

H.R. 13987. May 24, 1976. Armed Services. Extends until June 30, 1977, the authority to pay variable incentive pay to medical officers in the Armed Forces and in the Public Health Service.

H.R. 13988. May 24, 1976. Armed Services. Provides for the use of margarine as part of the Navy ration.

H.R. 13989. May 24, 1976. Armed Services; Merchant Marine and Fisheries. Adjusts the pay of cadets at the U.S. Military Academy, the U.S. Air Force Academy, and midshipmen at the U.S. Naval Academy. Grants the same pay to members of, or applicants for, the Senior Reserve Officers Training Corps while attending field training or practice cruises.

H.R. 13990. May 24, 1976. Ways and Means; Interstate and Foreign Commerce. Amends the professional standards review program of the Social Security Act to assure the participation by registered professional nurses in the peer review and related activities authorized under such program.

H.R. 13991. May 24, 1976. Education and Labor. Establishes regional employment councils to administer a program for individuals aged 40 or over who are unemployed or underemployed. Directs the Secretary of Labor to undertake a program of grants and contracts for research to develop data which will assist such individuals to enter, remain in, or advance in the labor force.

H.R. 13992. May 24, 1976. Judiciary. Confers jurisdiction upon the U.S. District Court for the Northern District of Ohio to adjudicate a certain claim arising from medical treatment received at a U.S. Army facility.

H.R. 13993. May 25, 1976. Education and Labor. Directs the Secretary of Health, Education, and Welfare to establish a multiservice program for displaced homemakers designed to assist them in obtaining employment and educational opportunities.

Authorizes a study of existing Federal programs to determine the feasibility of participation by displaced homemakers.

H.R. 13994. May 25, 1976. Ways and Means. Amends the Internal Revenue Code to allow an additional tax exemption for each mentally retarded dependent of the taxpayer.

H.R. 13995. May 25, 1976. Ways and Means. Amends the Internal Revenue Code to deny a tax deduction as an ordinary and necessary business expense for any amount paid or incurred in connection with lobbying expenses with respect to legislation or proposed legislation before Congress or any legislative body of a State.

H.R. 13996. May 25, 1976. Government Operations. Abolishes the Department of Health, Education, and Welfare and transfers its functions to the Department of Health, the Department of Education, and the Department of Welfare created by this Act.

H.R. 13997. May 25, 1976. Judiciary. District of Columbia. Grants judicial officers the power to deny pretrial release to persons charged with the commission of violent crimes if there is reason to believe that such persons would flee or pose a danger to others or the community.

H.R. 13998. May 25, 1976. Judiciary. District of Columbia. Grants judicial officers the power to deny pretrial release to persons charged with the commission of violent crimes if there is reason to believe that such persons would flee or pose a danger to others or the community.

H.R. 13999. May 25, 1976. Post Office and Civil Service. Sets the postage rate for a postal card mailed to the official address of a Member of Congress by a constituent of such Member at an amount equal to the cost of the manufacture, printing, and delivery of such card.

H.R. 14000. May 25, 1976. Government Operations. Permits the use of revenue sharing funds paid under the State and Local Fiscal Assistance Act of 1972 for nonpriority expenditures and projects for which the Federal Government will provide matching funds. Extends the Act until September 30, 1980.

Requires that recipients of such funds hold hearings to give the public an opportunity to comment on the proposed use of such funds. Prohibits discrimination in the use of such funds on the basis of age or handicap status.

Prohibits the use of such funds for lobbying purposes.

EXTENSIONS OF REMARKS

THE 13TH ANNIVERSARY OF CONGREGATION SHAARE SHAMAYIM

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. EILBERG. Mr. Speaker, on Friday evening, June 4, 1976, I had the pleasure of attending commemorative services marking the celebration of the bar mitzvah year—the 13th anniversary—"the beginning of the mature years"—of Congregation Shaare Shamayim, 9768 Verree Road, Philadelphia, Pa. At this time I enter into the RECORD a history of the congregation, written by Dr. Ruth Horwitz and Dr. Helaine Mashioff.

The article follows:

Congregation Shaare Shamayim was conceived in the summer of 1962 by a group of ten families who recognized the need for a place of worship to serve the growing Jewish community of Greater Northeast Philadelphia. Feverish activity in the summer of 1962 by 21 founding families resulted in the purchase of a 2½ acre plot at 9768 Verree Road. Chartered as Greater Northeast Jewish Congregation, architectural plans for a multipurpose building were developed. This consisted of a sanctuary/auditorium, Rabbi's study, office, kitchen, daily chapel, lobby, lounge, library and 11 classrooms.

The Greater Northeast Jewish Congregation began functioning immediately. A Hebrew School was organized, over 100 children were enrolled and religious services were held. The first High Holiday services in September 1962 were celebrated at the auditorium of the Bethesda Presbyterian Church with Dr. Nathan Lander of New York serving as Rabbi.

The first offices and Board of Directors were elected in December 1962 and, under their guidance, the arms of the Congregation were established. Sisterhood, Men's Club and PTA became vital, hardworking realities. In keeping with the needs of the community, a youth program was organized—Scout troops, including Cub Packs and Brownies found a permanent home.

In February 1963, Rabbi Arnold H. Feldman became the spiritual leader. Rabbi Feldman came to GNJC after serving at Congregation B'nai Yitzhok, Phila. He had earned his B.A. at Yeshiva College, and attended Dropsie College and Columbia University for postgraduate studies.

The physical reality of GNJC materialized when a grateful congregation attended High Holiday services in September 1963 in a then unfinished, but soon to be magnificent, auditorium.

The Dedication of the original building took place during the weekend of June 12 to 14, 1964. Friday evening services featured honorial dedications. Forty-seven families dedicated memorial name plates. Saturday morning, the congregation participated in special religious services. The Gala Dedication Ball was held on Saturday evening. The culmination of the weekend was the formal Dedication Program on Sunday, June 14, at 3 p.m. Participants in the program included GNJC religious leaders and representatives of all rabbinical groups.

Continuity and history are integral parts of Judaism, and GNJC was honored when the trustees of the original Congregation Shaare Shamayim of 23rd and Wharton Streets, selected GNJC to perpetuate its Hebrew name. The original Congregation Shaare Shamayim had been in existence for sixty years, and the Hebrew initials of the name, "Shin Shin," are the root of the Hebrew word for sixty. The literal translation of Shaare Shamayim is "Gates of Heaven," from the Neilah Service of Yom Kippur. On Saturday, September 30, 1967, at Selichos services, the name Congregation Shaare Shamayim/GNJC was adopted—a name rich in meaning and history.

The growth and activities of the congregation progressed at a rapid pace and it became evident that expansion was necessary. GNJC had purchased a 1½ acre lot and house adjacent to their property in April, 1965. Further needs dictated the contemplation of a new building to serve as a Sanctuary-Youth Complex. On Sunday, March 23, 1968, groundbreaking ceremonies for the "shul" took place with more than 1,000 people present.

The completion of the new building was the culmination of years of effort and devotion on the part of many. The magnificent Sanctuary-Youth Complex was dedicated on September 10, 1971, with the Torah March Ceremony, the Ark opening, the Ner Tamid lighting, the Key presentation and the Mezuzzah placement. Congregation welcomed an array of dignitaries to celebrate our accomplishments.

Shaare Shamayim continued to be a community leader over the years. It has been a center for activities such as Israeli Bond drives, Blood banks, inter-faith religious services, scholarship program to promote post-Hebrew school education. All segments of the community have found a home with Shaare Shamayim—from the Nursery School child through the Senior Adult.

Nineteen seventy-six (5736) is a momentous year in the life of Congregation Shaare Shamayim—the Bar Mitzvah Year. In this year, the Sanctuary has been beautified by the installation and illumination of thirty stained glass (clerestory) windows. These windows that surround the Sanctuary are entitled "The Jew in Civilization" and are testimony to the Jewish heritage. The main foyer had been adorned with a magnificent "Tree of Life" that is dedicated to record present and future congregation "simchas." The Bar Mitzvah year will close with services marking the synagogue's Bar Mitzvah on the shabbat of June 4 to 5, 1976.

A TRIBUTE TO MAJ. BRUCE GARDNER JOHNSON

HON. BOB TRAXLER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. TRAXLER. Mr. Speaker, on Saturday, the 26th of June, the people of Harbor Beach, Mich., will honor Maj. Bruce Gardner Johnson by dedicating a community recreational field in his name. It is with great pride that I invite my colleagues in the U.S. House of Representatives to join with me and the people of Harbor Beach in recognizing and honoring Bruce Gardner Johnson.

Major Johnson has been missing in action in South Vietnam since June 10, 1965, making him one of the longest missing MIA's on record from the Vietnam war. He served with valor and excellence, but these were but two facets of a man who continually distinguished himself, his family, his community, and his country. Those who knew him will not forget him, but the dedication of this field will serve as a memorial that will tell those who did not know Major Johnson, who he was and what he stood for.

Bruce Johnson was born on July 15, 1937, in Harbor Beach, Mich. His parents were Claire and Lucille Johnson. Throughout his early years and into young adulthood, Bruce distinguished himself in all his endeavors. During his high school years he made his mark both academically and athletically, demonstrating leadership qualities and a high level of personal integrity in all of his undertakings.

Bruce went on to Wheaton College in Illinois, to pursue the study of education. In addition to his academic curriculum and the ROTC program in which he was enrolled, Bruce found the time to coach a youth basketball team. This too he did with the degree of excellence that typified all of his activities, as he led the team to the Chicago city championship in 1957.

Following his graduation from college, Bruce was commissioned a second lieutenant. Even before this, though, he married Kathleen Weiss. So as Lieutenant Johnson embarked upon his military career, he was also beginning a family. The first of their children was born in 1959, a son also named Bruce. Another son was born in 1961, he was named Bryan. Their third child was a daughter named Colleen Joy, born in 1962.

Lieutenant Johnson served at Forts Benning and Riley until November of 1963 when he was ordered by President Kennedy to serve as a military adviser to the South Vietnamese Government. Following language training and preparatory briefing, Bruce Johnson began his tour of duty in South Vietnam. Just prior to the time he was to have returned to the United States, Captain Johnson was reported missing in action when on June 10, 1965, the helicopter in which he was riding was shot down over Dong Xoai, South Vietnam.

One of the tragedies of the war in Indochina is that literally hundreds of those who were listed as missing in action have yet to be accounted for. It is hard enough for families to bear the loss of a loved one, but it is harder yet to not know the fate of a husband, father, son, or brother after so many years. It is some consolation, however, that those who knew and loved Bruce Johnson have not given up hope and continue to think of him often. The dedication of this field is a testimonial to that.

While classified as an MIA, Bruce Johnson has been promoted to the rank of major. Currently, the U.S. Army has Major Johnson under consideration for another promotion to the rank of lieutenant colonel. Here again, Bruce Johnson has not been forgotten.

Mr. Speaker, the dedication of this recreational field to Bruce Gardner Johnson will serve not only as a stirring reminder of his presence to those who knew and loved him, but will also serve as an inspiration to the young men and women who will use this field. They too will learn who Bruce Johnson is, as have all those who have ever encountered him, and moreover, they will learn what he stands for. For the family and friends of Maj. Bruce Gardner Johnson, and for the people of Harbor Beach, Mich., the presence of this man will be everlasting.

GEORGE H. SUPPLE

HON. MARK W. HANNAFORD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. HANNAFORD. Mr. Speaker, I have in my congressional district an outstanding retirement community, Leisure World in Seal Beach, Calif. The community is governed by the Golden Rain Foundation Board of Directors. Residents of the community volunteer their time to serve on the board of directors. George H. Supple, retired vice president of the Mobil Oil Corp., is president of the board of directors.

Mr. Supple is a fine example of what dedicated and enthusiastic volunteers can accomplish. He puts in longer hours now than he ever did when working for the Mobil Oil Corp. to guarantee a properly run and enjoyable community for his fellow residents.

Following is an article from the Leisure World newspaper, the Golden Rain News, regarding Mr. Supple's contribution to the community. I know I express the views of my constituents when I thank Mr. Supple for his efforts in their behalf.

The article follows:

A Retiree From the Executive Suite

(By Marj Shippey)

In the approximately 18 months I have observed him at open meetings of the Golden Rain Board of Directors, I have learned something about President George H. Supple.

I know of the admiration of his fellow board members and I know this admiration is not given lightly. For they are all hard-headed people from many professions, not easy to impress.

I knew he was brilliant and had retired from the top echelon of Mobil Oil Corporation executives.

He was careful and did his homework. He was analytical and his speech last June at the Board's annual open meeting would do credit to any economist in the nation. Every public act bespoke the leader.

He seemed to be firmly disciplined and marshalled his facts so clearly even the veriest tyro could understand.

But there was more than that. There had to be. And I wanted to find that "more." So I made an appointment to tape an interview. It was to be an exploration of sorts.

I will try to set forth here a few of the things the interview revealed.

George Supple retired in 1960 as vice president and director of transportation of Mobil Oil. He had started with that company, then General Petroleum, as an accountant. That was a long way to go.

The acuteness of his vision was revealed at an early age. (The News ran a picture of him as an infant last fall. And the child of that picture had a bright, questing look. A "What's-behind-that-chair?" kind of look.)

He apparently has never lost that curiosity nor his love of "discovery."

He graduated magna cum laude, Phi Beta Kappa, from the University of Kansas in 1922, majoring in economics, with a minor in mathematics—his favorite subject.

He was a mature student, despite his youth, when he enrolled at KU in the fall of 1919 as he had already experienced the battlefields of France in World War I.

He had enlisted as a volunteer in April, 1917, serving with the 35th Division of the Kansas and Missouri National Guard.

The 19-year-old boy from Kansas, and thousands of others like him, were thrown into the gap the Germans had just made between the French and British Armies.

"At that time," Supple explained, "there was no American Army in France. The 35th Missouri and Kansas Volunteer Division fought where needed with the British and the French Armies until Pershing formed the American Expeditionary Forces."

The youthful Kansan learned many things on those bloody battlefields that would remain with him forever. Especially the value of teamwork.

Supple's reasons for enlisting in World War I were unique.

"When Germany resumed unrestricted submarine warfare against unarmed ships in 1917, I was convinced I had to do something. If the United States didn't go to war, I was going to Canada to enlist," he said.

"The reason that I felt that I had to do something wasn't that I had had all the advantages and that I ought to pay society back. You couldn't base it on that for we led a pretty austere life.

"My grandfather had a family of children in the Civil War and couldn't serve. My father had children and he couldn't serve in the Spanish American War.

"And here I was in 1917—I had been thinking about it since 1914—my older brothers had dependents and I was the right age with no dependents," Supple explained.

To understand George Supple, his life, and the things he stands for, it is necessary to understand his formative years on a Kansas farm. The years that also produced many other great Americans.

Supple's family had come to Kansas in the 1866's, shortly after the end of the Civil War.

"Both sides of my family came to Kansas at that time. My father's farm was purchased from the man who homesteaded it."

Supple also describes Michigan Valley, Kans., where he grew to manhood as "austere." A place where a man's word was as good as his signature. No contract was ever necessary.

It was this background that disciplined and formed George H. Supple.

At the University of Kansas, Supple met a pretty girl, Murzelle Morgan, a French major. That was September, 1919. They were married in California two years after graduation.

"Murzelle taught French for two years in Kansas. My last year at Kansas U, and the year I spent studying economics, statistics and labor relations at the University of Chicago with a group of nationally known professors," Supple explained.

By the time of his marriage, Supple had joined Southern California Edison Co. as an accountant. "In those days, you got a job first and married later," Supple smilingly commented.

Edison was only a "way stop" and he left a year and a half later to go with General Petroleum, later to be Mobil, also as an accountant.

But Supple had his eye on line management. "I had the feeling that I was on the right track. My eyes were always open to my long-range goals. I felt that I had the background.

"I wanted to go just as far as I could, but I was not ambitious to push my way through or push other people aside. I did not have that strong urge.

"I felt that you prepared yourself and put yourself in the hands of a good organization and the rest would take care of itself. I did not try to run over others."

From his studies and work as an accountant, Supple is able to read and interpret corporate balance sheets and statistics.

"I have never had to rely on staff members for this."

The Supples moved to Leisure World in 1970. "I had no dreamy ideas of moving into a community and having anything to do with (governing) it. In fact, I had no real comprehension of how the community was governed."

But he lived next door to a keen-eyed lady, who was Mutual Two's secretary. It was that alert person who interested him in joining the Golden Rain board, in June 1972.

"I have not accepted one penny for my work since I retired in 1960 with one exception, my work as a juror.

"By law, I had to accept these fees, and I turned them right over to charity. So there can never be a conflict of interest in what I do," smiled Supple.

In his work as president of the Golden Rain Board, Supple attends between 20 and 25 meetings a month.

He will not state the exact number of hours he spends in the board office on board business, but fellow board members estimate it to be somewhere between 50 and 70 hours a week, depending upon the time of year.

Supple himself will say only that he approaches his job as if it were "full time." He usually can be found in his office between 8 a.m. and 5 p.m. unless he is at a board meeting.

Teamwork has been the foundation of all Supple's efforts. "When I first became a supervisor, I wanted my little group to be a good group to be with.

"No man can go it alone. I learned that early on the battlefield. I believe the group adds up to more than the sum of the individuals.

"I feel so strongly about teamwork that I would sacrifice something in talent to get a team built up. Because a team is more important.

"You have to have talent, I wouldn't deny that. But you could have a group of specialists, and if they didn't work together, it wouldn't add up to the total of the individuals. If they work together it will add up to a lot more."

Supple declares that he is not the promoter type. "I can't look at a piece of desert land and visualize a city in 25 years. But I can take what is there and improve it.

"You need the dreamer and you need the executioner," a pause and a laugh, "I'm the executioner, the executive, I take a group, a situation, and improve it."

Because of his wife's interest in travel, the Supples have traveled the world, visiting nearly a hundred countries.

They are the parents of three: two sons, George of Beaumont, Tex., and Rodney of Santa Rosa; and a daughter, Helen of Honolulu. They have eight grandchildren.

George and Murzelle Supple spend much time in the mountain home they own in the San Bernardinos. They are both interested in the environment.

"After fulfillment of the requirements for my major, I took classes in geology, botany, ornithology, and shore life," said Supple.

He likes to work with wood, and the only thing he can't do well is take good pictures. "I'm really not a very good photographer," he laughs. "It would be a mistake to buy an expensive camera for me."

In answer to the question: "What do you hope for Leisure World?"

Supple replied: "Our guiding light here has been for us on the Board to adopt a scale that is within the means of the great majority.

"I don't think our decisions ought to be based on the upper two percent of the wealthiest—what they want or could afford. Nor should it be based on the lowest two percent—what they say they could or could not afford.

"You can't form policies for the 96 percent from the desires and the wants of the upper and the lower two percent," he stated.

How does Supple approach a problem? Let him tell it:

"Get the facts. Analyze them. Be sure you are working with facts. That's basic. Sometimes you can't be sure that you have all of them . . .

"Interpret the facts into the situation, whatever situation you are dealing with. Then, you have a good chance of getting a good decision.

"Of course, life is full of compromises. Not everything is black, not everything is white.

"A good many of the decisions here are business decisions. They may have a business element that is so strong it outweighs everything else.

"But there are a lot of social elements here too. So it is a good combination, really."

Supple gives a lot of credit to the assistance given him by his directors. He praises them highly for their guidance and help.

But there is one surety in all his work: he will plow here in Leisure World the same straight, true furrow that he plowed in those Kansas plains so long ago.

LIFESAVING RECOGNITION

HON. WILLIAM J. HUGHES

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. HUGHES. Mr. Speaker, the American National Red Cross has advised me that it is naming three south Jersey residents as recipients of the Red Cross

Certificate of Merit and accompanying pin for the quick and alert action each took last summer in saving a life in the waters off Strathmere, N.J.

Permit me to commend to my colleagues for recognition Patrolman Albert F. Wilson of Ocean View, N.J., Ms. Dorothy M. Fean of Sea Isle City, N.J., and Ms. Edna A. Hammond who lives in Congressman JIM FLORIO's district.

The award they are to receive is the highest conveyed by the American National Red Cross to a person or persons who save or sustain a life by using skills and knowledge learned in a volunteer training program offered in first aid, small craft, or water safety. The certificate bears the original signatures of the President of the United States, who is the honorary chairman; and Frank Stanton, chairman of the American National Red Cross.

President George M. Elsey of the American National Red Cross related to me the event that led to the issuance of this award:

> On August 13, 1975, Ms. Hammond, Patrolman Wilson and Ms. Fean, trained in Red Cross first aid, were in Strathmere when a drowning victim was reported on Patrolman Wilson's radio. Arriving at the beach, Patrolman Wilson was the first of the three to reach the victim and assisted immediately in the artificial respiration procedure. Ms. Hammond and Ms. Fean then arrived and assisted by giving mouth-to-mouth resuscitation. They also accompanied the victim in the ambulance en route to the hospital, providing assistance in the revival efforts. Without doubt, the prompt and concerted efforts of Ms. Hammond, Patrolman Wilson, and Ms. Fean were responsible for sustaining the victim's life until medical treatment could be obtained.
>
> This meritorious action exemplifies the highest ideals of the concern of one human being for another who is in distress.

I heartily concur, Mr. Speaker, and commend Patrolman Wilson, Ms. Fean, and Ms. Hammond for the action they took and the American National Red Cross for the action it is taking.

THE DELAWARE AND HUDSON RAILWAY CO.

HON. FRED B. ROONEY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. ROONEY. Mr. Speaker, the Delaware and Hudson Railway Co., chartered in 1823 and the oldest continually operated transportation business firm in the United States has again won the Harriman Gold Medal Safety Award for outstanding employee safety in 1975. This is the fourth consecutive year that the Delaware and Hudson has won the rail industry's most coveted award in its size category. Obviously, this represents an outstanding employee-safety accomplishment.

The E. H. Harriman Memorial Awards were founded in 1913 by the late Mrs. Mary W. Harriman in memory of her husband, a pioneer in the railroad industry. The awards are presented for outstanding performance in railroad safety and as a continuing stimulus for the conservation of human life. This program has been carried forward for the years under the sponsorship of two sons, the Honorable W. Averell Harriman, former Ambassador at Large and Governor of New York State, and Mr. E. Roland Harriman, former chairman of the American National Red Cross and of the Union Pacific Railroad.

The U.S.R.A. recently designated the Delaware and Hudson Railway Co., a solvent, taxpaying northeastern rail carrier, to extend its rail transportation lines to Buffalo and Niagara Falls, N.Y., Harrisburg, Bethlehem and Philadelphia, Pa., Newark, N.J. and Alexandria, Va., under the 1973 Regional Rail Reorganization Act requirements for the preservation of competitive rail service in the Northeastern United States.

I would like to take this opportunity to extend my most sincere good wishes for continued success to the Delaware and Hudson Railway Co. and its employees and also to give encouragement to and foster emulation by others to attain similar results in their public and personal health safety endeavors stimulated by the private enterprise initiative and voluntary teamwork action so essential to the preservation of our free society.

INGERSOLL RAND CO. CUTS ENERGY USE 8.6 PERCENT WHILE BOOSTING PRODUCTION BY 19.5 PERCENT

HON. HELEN S. MEYNER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mrs. MEYNER. Mr. Speaker, at a time when all of us are closely examining the critical problem of coping with a diminishing fuel supply and a rapidly increasing energy consumption rate, I would like to call attention to the commendable efforts of a company in my district, the Ingersoll Rand Co. of Phillipsburg, N.J. Ingersoll Rand's highly successful energy saving program has resulted in an 8.6 percent reduction of fuel consumption in their 44 plants over a 2-year period. This saving of 435 billion Btu's is particularly impressive in light of a 19.5 percent production increase over the same time. Theoretically, the rate of energy consumption should have increased in direct proportion to the rate of increase in the production level. Yet, through a conscientious and comprehensive program, energy consumption was actually reduced. To put this accomplishment into perspective, the Ingersoll Rand energy savings could sustain the energy needs of a community of 2,000 typical single family homes for a full year. In addition, it represents a financial savings of over $1 million for the company which, in turn, can be passed on to the consumer.

Mr. Speaker, I offer these facts to my colleagues so that the experience of Ingersoll Rand may serve as an example to us all. I am proud to have this opportunity to express my sincere appreciation to this company for its efforts in coping with a most serious situation. The following is an article from Energy Saving News, a company newsletter, that contains the details of this impressive record:

> INGERSOLL-RAND CUTS ENERGY USE 8.6% WHILE BOOSTING PRODUCTION BY 19.5%
>
> Ingersoll-Rand's domestic plants have continued to cut back on energy use and during 1974 and 1975 reduced fuel consumption by 8.6% or 435 billion Btus. In terms of 1975 energy costs, the cut of 435 billion Btus saved the company $1,372,527.
>
> In terms of what the energy saved by Ingersoll-Rand's plants is capable of doing, 435 billion Btus is considered sufficient to sustain all the energy needs of a community of 2,000 typical single family homes for a full year.
>
> Calling Ingersoll-Rand's energy saving program an unqualified success, M. William Grant, Vice President, said, "The 1974 and 1975 savings of 8.6% in fuel consumption by our plants is all the more remarkable because during the two years that we cut 435 billion Btus from our energy needs, we were in fact increasing our production levels. In fact," said Mr. Grant, "if we were to factor in the energy needed because of our increased production levels, the dollar saving becomes more like $4.5 million instead of $1.4 million.
>
> Ingersoll-Rand has since 1973 undergone a total production increase of 19.5% and in theory, energy use should have gone up by an equal amount, but because of the company's vigorous energy saving campaign, Ingersoll-Rand's energy use has actually been cut by 8.6%.
>
> In 1973 the company with 44 plants reporting used 5,077,443,000,000 (five trillion) Btus. With no energy saving program, the Corporate facilities department estimates that this figure would have grown to 6,067,544,000,000 by Dec. 31, 1975. Instead the actual energy used by the company to produce 19.5% more goods actually decreased to 4,642,790,000,000 Btus.
>
> At $3.16 per million Btus (up from $1.69 in 1973), that amounts to a saving of $4,498,946 that we would have spent if we had continued to use energy the way we did in 1973.
>
> The table shows energy use in millions of Btus as reported by Ingersoll-Rand plants for three years: 1973 through 1975. The remaining 17 Ingersoll-Rand plants in the U.S. either joined the Ingersoll-Rand family of plants or were newly constructed.

OSHA FARM FOOLISHNESS

HON. JOE SKUBITZ

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. SKUBITZ. Mr. Speaker, recently proposed Occupational Safety and Health Administration—OSHA—regulations for farm operations have created quite a stir in the agricultural State of Kansas. Quite typical of the reaction of these ludicrous regulations is the following article by Rolla Clymer, editor and publisher of the El Dorado Times, which appeared in the Times on June 11, 1976:

> OSHA FARM FOOLISHNESS
>
> Government agencies seem to be engaged in a contest to see which one can come forth with the silliest regulations.
>
> So far, the U.S. Labor Department's Occupational Safety and Health Administration (OSHA) is leading the field by a good ten lengths.

This department, spurred by a noble impulse to "promote basic sanitation and hygiene" for agricultural workers proposes to pass rules requiring farmers to set up toilets and handwashing facilities in the fields.

So far, these are merely suggestions by high-domed "experts" who want to bring bushels of happiness and hygiene into the world.

"I think it is just next to ridiculous," says Junior Armstrong, president of the Kansas Farm Bureau. He's wrong. It's not "next to ridiculous," it's far beyond any limits of ridiculous.

Hearings on the proposals will begin July 8. If Kansas farmers spoke their true minds at these sessions, they might set the building afire.

The OSHA folk are quite thorough in their coverage. Their proposals, as outlined in the Federal Register, cover three areas:

Toilet and handwashing facilities must be provided for all agricultural employees engaged in field work. The facilities "must be within a 5-minute walk of the place of work."

Clean water must be provided for all employees in the field, and the water must be "potable"—whatever that is.

If food service is provided in the field it "must be carried out in accordance with sound hygienic principles. The food must be wholesome, free from spoilage and processed, prepared, handled and stored in such a manner as to be protected against contamination."

Did the OSHA wise men ever see the kind of food the farmers' wives prepare for the men in the field? No food on earth could beat it for the purpose for which it is contrived.

If these outlandish rules were put into effect at the instigation of the preposterous OSHA crowd, they would just create unnecessary expense and frustrations for the farmers.

We doubt if any one of the OSHA tribe ever was on a farm in his life, or knows the slightest bit about the farmer's labor. All this hog wash that is now coming out in the guise of protective legislation is just designed to cost the farmer more money, and to make the OSHAites feel more noble.

We never expected to live to see the day when a mess of foolishness like these proposed rules was seriously spread before the sturdy farmer—who is totally devoid of any need for such patty-cake procedures.

DO NOT LET FIREWORKS ACCIDENTS RUIN THE BICENTENNIAL

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. DERWINSKI. Mr. Speaker, it is my hope that every effort will be made where State laws are progressive to effectively limit the availability of fireworks to youngsters. The State of Illinois has an effective law on this subject. Too many other States, such as Virginia where my family resides while we are in session, do not.

One of the distinguished public officials of my district, Mayor John Fitzgerald of Burbank, has made it a special point to warn his constituents of the dangers of accidents caused by fireworks. An editorial on Mayor Fitzgerald's warning which appeared in the Suburbanite Economist newspapers serving Cook County, Ill., speaks for itself.

DON'T LET FIREWORKS ACCIDENTS RUIN THE BICENTENNIAL

We don't want to be spoilsports, but a suggestion called to mind by Mayor John Fitzgerald, of Burbank, is one that seems to deserve a second.

In making his report to the City council last week Mayor Fitzgerald suggested that in their fervor to celebrate the nation's bicentennial, citizens may be a little more apt than usual to acquire illegal fireworks and shoot them off. In view of this the mayor urged that special effort be put forth to enforce the fireworks ban. He noted that adults are bringing fireworks in from out of state and selling them to children.

We hope this reminder will be taken to heart by parents and every responsible citizen in every community. Fireworks are all right in their place—a well-supervised public display—but they are not only illegal but pose a serious threat to public safety when used indiscriminately.

There have been and will continue to be numerous bicentennial celebrations throughout the area so that everyone will have full opportunity to participate in these glorious events, which we support wholeheartedly. But it would be folly indeed to let the bicentennial be an excuse for a reckless fireworks explosion that could end up as a terrible tragedy. The unhappy memories of such a disaster would, unfortunately, far out-weigh the pleasant recollections of the bicentennial.

We are sure that other mayors in addition to Mayor Fitzgerald are issuing similar suggestions to their constituency. Now, with less than three weeks until the Fourth of July, is a good time to begin the precaution.

PUBLIC EMPLOYMENT BILL

HON. MARVIN L. ESCH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. ESCH. Mr. Speaker, at the end of January when the $6.2 billion public employment appropriation was before the House, the Wall Street Journal wrote an outstanding article dealing with the public employment concept, which is applicable in its entirety to the Humphrey-Hawkins bill, H.R. 50. They noted that Senator HUMPHREY had said that even if H.R. 50's proposals cost $35 billion, they would still be a "bargain" for the economy because of increased economic activity. The Journal then pointed out,

> Anyone who believes that would also have to believe that economic growth can be stimulated by robbing Peter to pay Paul, with Paul doing something less useful than Peter for his pay.

The writers further showed that public employment is largely redistribution instead of increased productivity. And as they succinctly said,

> There is an end to all this. It is an economy that degenerates into low productivity, high taxes, and high inflation.

Mr. Speaker, this is where the implementation of the Humphrey-Hawkins concept will take us. Rather than leading to full employment, a goal concurred in by everyone in both Houses of Congress, H.R. 50 would lead to a permanently depressed economy, achieving the opposite of its stated goal.

The Wall Street Journal's analysis of this issue demands careful consideration by all Members, and for this purpose it is herewith inserted in the RECORD.

[From the Wall Street Journal, Jan. 29, 1976]

THE PUBLIC EMPLOYMENT BILL

The outcome of today's scheduled House vote to reconcile differences between House and Senate versions of a public-works employment bill is just about a foregone conclusion. The conference agreement is almost certain to pass by a wide margin, but the question is whether it will pass by enough votes to make President Ford think twice about his threatened veto. Yet what is at issue beyond the usual test of wills, and beyond the $6.2 billion appropriation intended to stimulate construction and provide anti-recession cash grants for state and local treasuries, is a contest over vastly different political philosophies.

Both parties to the argument agree that unemployment is too high, wasteful in human and financial terms. Moreover, unemployment represents a special handicap to an incumbent President in an election year. Yet the Ford administration insists that the surest, most lasting way to cure unemployment without sowing the seeds of future recession is by restoring the health of the private sector. The Democratic congressional majority, by contrast, continues to put its faith in the federal government's ability to intervene directly in the economy and thereby generate growth and production.

It is quite clear that the Democrats see the jobs issue as a major battleground in this election year and one where it is relatively easy to cast themselves as the good guys. In that role they are prepared to conduct some major assaults on ordinary logic. Senator Humphrey said on "Issues and Answers," for example, that even if his own jobs proposals cost $35 billion, as some have alleged they would, they would be a "bargain" because of the economic activity they would generate.

Anyone who believes that would also have to believe that economic growth can be stimulated by robbing Peter to pay Paul, with Paul doing something less useful than Peter for his pay. It also would be difficult to justify claims that the proposed $6.2 billion bill will produce work for up to 800,000 people. A study last year by Allan Fechter, senior research economist at The Urban Institute, found that job-creation programs create at best no more than about 60,000 jobs for each $1 billion expenditure. This suggests that the proposed bill would actually generate far fewer than half the number of jobs being claimed for it. Moreover, the study found that in the long run 60% to 90% of public employment program funds would merely displace state and local funds. Concludes Mr. Fechter: "It appears that, given what we now know, a large public employment program, while attractive politically, would be an undesirable use of public resources."

Public employment is largely redistribution—that is, taking from the employed and giving to the unemployed. Unemployment insurance programs are already available for such purposes, and they have the major virtue of leaving workers free to seek jobs that have economic usefulness. Make-work invented by government does not have that merit.

The remarkable thing about the Democrats' program is that it ignores the dramatic lesson of New York City. The city's leaders for years felt that it made perfect economic sense to continue creating public sector jobs of marginal utility even if their creation involved ever larger taxation and debt. That bubble finally burst, but it obviously has not impressed Congressmen with responsibility for a federal government running a deficit close to $80 billion.

There is an end to all this. It is an economy that degentrates into low productivity, high taxes and high inflation. It should indeed be the government's goal to improve opportunities for the jobless but they should be real opportunities, not illusory ones.

U.S. ARMS TRADE

HON. CARDISS COLLINS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mrs. COLLINS of Illinois. Mr. Speaker, I wish to offer to my colleagues an extremely timely and interesting article that appeared in the New York Times on June 20, 1976. The article concerns the role of the Defense Department as an international arms salesman and raises a serious question about the Department's self-perceived task of advancing the sale of American conventional weapons throughout the world.

The worldwide spread of sophisticated conventional weapons is a very serious problem that is frequently overlooked. The United States, I am sad to say, is a leading purveyor of arms to foreign countries. At the current time the Congress can exercise only limited checks on government-to-government arms transactions and no control over private sales. In effect, the American people can have little to say about arms transactions if the Congress is not permitted to play an active role in reviewing these policies. The net result is, of course, the perpetuation of the arms race.

The article is particularly timely because we recently have learned of several executive branch proposals to sell substantial amounts of armaments to Saudi Arabia, Kenya, and Zaire. One cannot help but think that this news exemplifies a foreign policy that is based more on establishing a dependence on U.S. arms supplies than on economic assistance, humanitarian aid, shared democratic principles, or just plain friendship.

Mr. Speaker, I offer this article by John W. Finney to my colleagues and highly commend it to them:

SELLING ARMS IS A PENTAGON 'MISSION'

(By John W. Finney)

WASHINGTON.—Earlier this year, Deputy Defense Secretary William P. Clements Jr., who is emerging as the executive manager of the Defense Department, held his first "foreign military sales breakfast meeting" in his Pentagon office. It turned into a kind of pep meeting, the kind that business executives give to a sales team that is not producing.

To the assembled officials, as recounted later by an admiral, Mr. Clements, who retains the unsubtle directness of his days as a Texas businessman, deplored the impression that he found among Pentagon officials that foreign military sales are "not our mission." He said that the Pentagon would be deeply involved in foreign military sales for the next 15 years, that it was a high priority mission and, if necessary, military personnel should be "pulled off" lower proiorty jobs to support the sales program.

Defense Secretary Donald H. Rumsfeld himself carried the "mission" to Africa last week when he arranged to sell F-5 fighters to Kenya and trainer aircraft, armored personnel carriers, trucks and rifles to Zaire.

The Defense Department, in one way or another, has been involved in the global distribution of arms, either by gift or sale ever since World War II. Psychologically, however, something happens to a military establishment, which is reared on roles and missions, when told it has "a mission." It gives on official sanction to what is being done and promotes a certain gung-ho attitude to carry out the mission.

It was little wonder, therefore, that a few months later, in the name of the Secretary of Defense, the Defense Department should set out to rescue a Lockheed plane sale to Japan that had been cancelled because of the political storm raised in Tokyo by the disclosure that Lockheed had paid commissions and bribes to Japanese officials to promote past sales. The "mission" apparently justified a Defense Department offer either to guarantee the economic viability of the company or to step in to make the transaction a government-to-management sale in which Lockheed would become a detached contractor to the Pentagon.

Mr. Rumsfeld could protest that he had not seen the telegram making those offers, which he said was drafted by some "fifth level functionary" in the Pentagon. That may have removed Mr. Rumsfeld from personal responsibility for the proposed intervention. What is more important, however, was that such a telegram was apparently sent out because the new sense of "mission" had percolated down to the fifth level in the Pentagon hierarchy.

At least outwardly, the situation is not as unseemly as it was a decade ago when Defense Secretary Robert S. McNamara had competing sales teams, complete with charts showing which team was ahead in selling arms abroad. But gradually the Pentagon is returning to a more aggressive sales posture, which James R. Schlesinger sought to keep in check when he was Defense Secretary.

CHANGED PROGRAMS

In some ways the "mission" reflects a shift in the way arms have been provided foreign countries. In the 15 years following World War II, the arms were largely given away as part of a program at least outwardly designed to enhance the security of American allies. As the allies—and other nations—became more wealthy, there was a shift from grant assistance to sales of the arms, either for cash or more often on easy credit extended by the United States Government. The sales, however, were not straight commercial transactions in which an American manufacturer arranged to sell arms to a foreign country. Rather, the "foreign military sales," as they are called around the Pentagon, became largely government-to-government transactions.

Such government-to-government sales have shot up from a level of $1.5 billion a decade ago to the current $9 billion to $10 billion a year. Meanwhile, military grant assistance has fallen to around $750 million, while commercial sales, which have been gradually growing, are around $600 million a year.

The Pentagon has become the middleman in promoting and arranging foreign military sales. In its military advisory groups in 54 countries, the Pentagon has its sales teams advising the foreign countries on what arms are available and should be bought. Once the foreign country has picked an item off the shopping list, the Pentagon becomes the contractor, arranging with an American manufacturer to produce and deliver the weapons.

It is an arrangement that most foreign countries prefer. They avoid the possible pitfalls of dealing directly with "Yankee businessmen," and the Defense Department can be held responsible if something goes wrong. For its services, the Defense Department charges the foreign country a 2 percent administrative fee and sometimes seeks to recover part of its research costs.

In principle, this arrangement permits the Pentagon to restrain a foreign country from buying a weapon that it does not need. In practice, however, the Pentagon becomes something like the car salesman dealing with a potential customer. If the customer's eyes light up over the new XYZ fire control system on the latest model, the Pentagon is not inclined to tell him he really does not need that extra.

SOPHISTICATION GROWS

As a result, as the Stockholm International Peace Research Institute points out in its latest yearbook, not only is there an increase in the volume of arms sales but aslo there "has been a steady progression in the modernity of the weapons traded." It is a trend that is beginning to bother some officials in the executive branch, if only because as the foreign countries acquire more sophisticated arms, it becomes more difficult for the United States—or for the Soviet Union—to impose its military will as a superpower peacemaker. In a recent speech, Dr. Fred C. Ikle, director of the Arms Control and Disarmament Agency, expressed concern over how "increasingly we are exporting our newest and most advanced weapons. Uncontrolled arms sales can fuel conflicts and erode the United States influence for peace," Dr. Ikle said. ". . . we do not want to increase the chances and violence of warfare. Not just altruism, but our own self-interest tells us we must use restraint."

The same sentiments are echoed in the speeches prepared for Pentagon policymakers. The only difficulty is that once a bureaucratic momentum has been generated by a mandated "mission," it becomes difficult for the Pentagon to exercise restraint.

HAPPY BIRTHDAY, AMERICA

HON. GENE TAYLOR

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. TAYLOR of Missouri. Mr. Speaker, in a few weeks we will celebrate the 200th birthday of our existence as an independent Nation. I would like to include in the RECORD the winning Bicentennial poem from a poetry contest held at the Missouri capital city, Jefferson City, by Angie Davidson Bass. This piece of writing has recently received a certificate of award and also a Harry S. Truman gold colored medal.

The poem follows:

HAPPY BIRTHDAY, AMERICA

Happy birthday America! Let's have a great party,
While the whole world marvels that you're still hale and hearty
After two hundred years of struggle and strife,
You're still young and gay—full of vigor and life.
You're a kaleidescope of races and creeds,
You're a magnificant nation of valorous deeds.
You've opened your arms to the world's oppressed,
And have given comfort to the homeless, distressed.
You're a nation whose word is as good as gold,
With principles of greatness to have and to hold.
You've seen many governments topple and fall,
You've seen men enslaved, and you've answered the call
To settle disputes—lend a helping hand
As you built a great nation—a wonderful land.

America, you're wonderful, and we proudly boast
That, on this gay birthday, as we offer a toast
We'll shower confetti upon the crowd
While bugles are blaring, and drums beating loud.
We'll hold Old Glory aloft in the sky
And cheer with the crowd as it proudly goes by.
As patriotism blossoms anew, may there be many more
Happy birthdays like this, for our nation in store.
Keep in step, America, keep young and gay
As true patriots applaud you on this happy birthday!

—Angie Davidson Bass.

THE DIVESTITURE BILL

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. ARCHER. Mr. Speaker, despite recent inflammatory rhetoric and unsubstantiated charges blaming a mysterious entity entitled "Big Oil" for our energy crisis, clearer heads are beginning to prevail in the debate over what should be done in the energy area.

The recent vote by the Senate Judiciary Committee to report out a bill to bring about divestiture of the large oil companies was unfortunate. However, it should be a warning not only to the oil companies but all businesses that Government regulators are intent on interfering with the economic market place identifying mere "bigness" as something to be attacked and destroyed. The eventual result would be to destroy our free enterprise economy by taking a major step backward in industrial organization.

I commend to the Members of the House an excellent editorial in the Washington Star, June 17, 1976, which punctures the myths of the proponents of divestiture and reveals the political shallowness and economic ignorance of their position. It is time that the truth be known of the harm oil divestiture would bring to our economy and to the American consumer.

The editorial follows:

BUSTING UP BIG OIL

The so-called Petroleum Industry Competition Act, which the Senate Judiciary Committee reported to the floor this week, is a doctrinaire trust-busting exercise that may prove academic as well. The House has no parallel bill before it, and even if such a bill were moving through the other chamber, a Senate filibuster or presidential veto would probably be oil divestiture's eventual fate.

What we have, then, is not a dire threat to "restructure" the American oil industry, but an opportunity for Sen. Birch Bayh and other tribunes of the people to conduct a sort of ritual flagellation of Big Oil. Big Oil in Senator Bayh's words—the senator is not given to understatement—is "a symbol of the establishment ripping off the people of this country."

That is probably a popular view. The colossi of American oil, whose top 18 would be splintered by the act if it ever passed, are not to be sentimentalized over. As their $1 million self-defense fund suggests, they have the power and solvency to protect themselves against rash legislation. Moreover, at least one of the Big Oil mastodons, Gulf, has compiled a record of unlawful distribution of political largesse that is hardly calculated to put the dangers of bigness out of mind.

Yet it seems to us that if legislation so sweeping—ramifying into every part of the American economy—is to be seriously debated by the Senate, the leaders of the lynching bee must build their case on more than a populistic distaste for bigness and anti-establishment rhetoric. And so far they have failed to do so. Insofar as the divestiture act is a response to the public's irritation with higher fuel prices, it may be an irrational response.

The real conspiracy against the U.S. consumer's budget, if there is one, is not American Big Oil; it is the Organization of Petroleum Exporting Countries (OPEC), the cartel whose successful embargo of 1973 was directly responsible for jacking up oil prices.

Those who say—or imagine—that the way to break the OPEC cartel is to splinter the American oil industry, reducing its bargaining power as a buyer of foreign crude oil, should be asked to explain to the Senate just how that hat trick will work. If divestiture is a sound response to the exactions of OPEC, why are a number of other oil-using industrial countries (Italy, France, Japan) now encouraging concentration in their domestic oil industries? Do Senator Bayh and Company really think that the way to lower prices on these shores is to bust up the big oil companies?

That is, however, only one of many important questions the Senate bill raises.

Another is the question of timing. Even if there were, on antitrust grounds, a strong case for forced divestiture, would it be wise to toss the American oil industry into an uproar of reorganization and restructuring precisely when there is so much talk about—and need for—"energy independence"? Would it be wise to pluhge the management of the industry into labors of divesture that could preoccupy the industry for decades, just when their energies are needed in the search for greater national self-sufficiency? (The last legislated divestiture of such scope—the New Deal's Holding Company Act—took some 40 years to consummate.)

And what about the problems of capital formation? One demonstrable advantage of "vertical" concentration in the oil industry majors is the efficient use of capital for drilling and exploration. And the best guessing not only of the industry itself but of the Departments of Commerce and Treasury is that legislated divestiture would immensely lessen access to new capital and its efficient use.

Finally, would the act achieve "vertical" divestiture (forcing each of the 18 largest companies to restrict itself to either production, or transport, or refinining-and-marketing of oil) at the cost of greater "horizontal concentration? This seems probable; and if probable, a strange victory for antimonopolistic principles.

When you get right down to it, there are two great questions of national interest in the divestiture issue. One is whether the oil companies are simply too big, too powerful, too unwieldy to be policed by ordinary antitrust measures, and to be tolerated in a democrattic society. The other is whether, on balance, the big oil companies are so noncompetitive as to make outlandish profits and to keep prices of gas and oil artificially high for the consumer.

On the first question, Forbes magazine is probably right: "Americans have never given a clear-cut answer. . . . The Sherman Antitrust Act and the whole line of laws and court decisions that followed in its Jeffersonian train was one response. But in many other areas (telephone service, food retailing, labor unions, big government) we permitted concentrations of power for economic efficiency. . . . Whatever tradition may say, Americans are ambivalent about concentration of economic power: In theory, they dislike it; in practice they enjoy its fruits."

As for the second question, which is for the moment central, it would appear on the best available information that the myth of outlandish profitability in the American oil industry as now structured is simply that—a myth. Return on stockholders' equity for Big Oil has averaged 10.2 per cent in the last two decades, less than the overall average for American industry. Until the OPEC embargo gave the oil companies a profit-boosting windfall on pipeline inventory three years ago, you could indeed have argued that fuel prices in the U.S. were too low for our long-range good.

We return, then, to the proposition with which we set out—that the oil divestiture bill is at best a doctrinaire approach to a very complex issue: one that offers scapegoat-hunters a highly visible scapegoat and a largely imaginary demon to exorcize.

There may be a case for oil company divestiture. If there is, Senator Bayh and Company have not yet bothered to make it clearly. They are operating, for the most part, on hot air—of which, unlike oil, there is an eternal supply.

TRIBUTE ON THE RETIREMENT OF FREDERICK C. SCHROEDER

HON. ROBERT W. KASTEN, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. KASTEN. Mr. Speaker, it is an honor and a privilege for me to saulte State Representative Schroeder on the occasion of his retirement. For 25 years he has served Wisconsin and the 12th assembly district with dedication and integrity.

In these days when we are told that confidence in Government has dropped to an all-time low, we can take heart from the example of Fred Schroeder's outstanding public service. Since he was first elected to office, he has inspired the confidence, respect and admiration of both his colleagues and his constituents. No one could have served his district and his State more ably or more faithfully.

Fred's example reminds us that the vast majority of elected officials are decent, honest, honorable men and women who have made considerable sacrifices of their time, money and privacy in order to seek and hold office in the legislature. The fact that such people continue to do so bears witness to the basic strength of our democratic system and the faith that the vast majority of Americans have in it.

Fred's achievements in the legislature have had a lasting impact on the State of Wisconsin. His work on the agriculture and commerce and consumer affairs committees has been of incalculable benefit, both to his own constituents and to the State as a whole. He will be greatly missed by his constituents and by his colleagues, and his many friends throughout the State wish him good health and good fortune in the years to come.

It has been an honor for me to know Fred and to work with him. I congratulate him on his 25 years of outstanding service to the people of Wisconsin and of the 12th district, and I hope that he and his lovely wife will enjoy every happiness in their retirement.

ILLINOIS HOUSE SUPPORTS H.R. 50

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. HAWKINS. Mr. Speaker, it pleases me to call the attention of the Members to House Resolution 803, which was adopted June 2, 1976, by the House of Representatives of the Illinois General Assembly. The resolution urges the passage of H.R. 50 and S. 50, the Full Employment and Balanced Growth Act of 1976. The resolution follows:

HOUSE RESOLUTION 803 OF THE 79TH GENERAL ASSEMBLY, STATE OF ILLINOIS

Whereas, There is legislation currently pending in the Congress of the United States which would establish the right and opportunity to obtain useful paid employment at fair rates of compensation for all adult Americans able, willing and seeking to work; and

Whereas, The Full Employment and Balanced Growth Act of 1976 (H.R. 50 and S. 50) would create a permanent institutional framework whereby the President, the Congress and the Federal Reserve Board would develop and establish economic policies and programs to provide for full employment, with a clearly established goal of an unemployment rate of less than three per cent within four years; and

Whereas, If this bill becomes law, government policy would encourage the private sector to hire the unemployed, and the President would be required to articulate anti-inflation policies and make recommendations for increasing productivity in the private sector; and

Whereas, The bill also establishes countercyclical programs, with the government as the employer of last resort, to combat the invidious effect of recession upon unemployment such as the people of Illinois have been experiencing recently, including programs such as public service employment, standby public works, anti-recession grants for State and local governments, skill training in both the public and private sectors, and special youth employment programs; and

Whereas, These countercyclical programs created by the Full Employment and Balanced Growth Act of 1976 would be implemented automatically only during a time of rising unemployment and would be phased out automatically during periods of economic recovery as unemployment is reduced, and which programs, along with the provisions in the bill for systematic review of federal regulations and programs to determine their efficiency and continued value, will assure that only such governmental assistance is provided as is genuinely necessary to combat the personal hardships and tragedies for the people of this State and Nation caused by rising unemployment and recession; therefore, be it

Resolved, By the House of Representatives of the Seventy-ninth General Assembly of the State of Illinois, that we respectfully petition the Congress of the United States to enact the Full Employment and Balanced Growth Act of 1976, and that we encourage all of the members of the Illinois Congressional delegation to support the enactment of this legislation, H.R. 50 or S. 50, without amendment which would weaken it; and, be it further

Resolved, That copies of this preamble and resolution be forwarded by the Illinois Secretary of State to the President pro tempore of the United States Senate and the Speaker of the House of Representatives, to the Honorable Yvonne B. Burke, Chairperson of the Congressional Black Caucus, and to each of the members of the Illinois Congressional delegation.

Adopted by the House, June 2, 1976.

WCKT-TV HONORED FOR JOURNALISTIC ACHIEVEMENT

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. FASCELL. Mr. Speaker, the news department of WCKT-TV in Miami, Metropolitan Dade County Award by Mayor Stephen P. Clark for winning this year's "triple crown" of national broadcasting awards and bringing recognition to Greater Miami through its achievements in journalism. Accepting the plaque was Edmund N. Ansin, president and general manager of the station.

This special honor to WCKT was preceded by the winning of nine major national broadcast awards so far this year, including the "triple crown." The "triple Crown" of broadcasting's most coveted awards include the George Foster Peabody Award, the National Headliner Award and the Sigma Delta Chi Distinguished Service Award. WCKT is the first nonnetwork TV station to have ever won these three awards in the same year.

The number of awards earned by the WCKT news department rose to 152 after its near sweep of all of broadcasting's 1975 major national awards.

WCKT is the only Florida broadcast news operation in the 36-year history of the Peabody Award to ever win this prestigious honor 2 years in a row. One of the news series earning WCKT the Peabody also earned the station Sigma Delta Chi's 1975 Distinguished Service Award for Television Public Service. The series, entitled "You Can Have an Abortion Even if You don't Need One," was commended for its "splendid execution, specific documentation and its stunning impact." Richard Whitcomb was the commentator and Carmel Cafiero was the reporter.

In addition, this series also earned the station the National Headliners Award "for consistently outstanding TV reporting—cities over 500,000." It was the fifth Headliner Award WCKT News, under news director Gene Strul, has won in 8 years—more than any other nonnetwork TV station. WCKT was also the big winner at the Broadcast Industry Conference in California. At the ceremony, the news department won three awards—one for the abortion series and the others for the news series "The Seminoles and the Miccosukees" and the news/commentary series "The Courts: The Bar to Television Reporting."

The large number of awards won by the station this year prompted Broadcasting magazine, in its June 14 issue, to feature news director Gene Strul in a special profile section. I think our colleagues will find the article of interest and include it for the RECORD:

NATIONAL ATTENTION IS ON STRUL'S LOCAL OPERATION

Gene Strul and his news department at WCKT(TV) Miami have been on a hot streak this year, winning a triple crown of sorts in news broadcasting: Peabody, Sigma Delta Chi and National Headliner awards. Those honors will be added to the 152 others the department has picked up in the 19 years Mr. Strul has been in charge.

Not that Gene Strul wears his medals on his chest. He concedes the awards are "fine," but he stresses that the main mission of his department is to provide Miami-area viewers with a well balanced package of news, documentaries and editorial comment.

Mr. Strul, at 49, has spent virtually his entire professional career in broadcast journalism. He began in radio in 1947 with a station that was run on a shoestring and now he heads a large staff with the latest in electronic gadgetry.

Mr. Strul is low on flamboyance and high on diligence, seriousness and persistence. One close associate said, "Gene is not one for dramatics. He works hard and goes after a story with dogged stubbornness. He's a taskmaster, but he's hard on himself as well as his colleagues. And they respect him and even like him."

Miami has been home to Eugene Meyer Strul for 40 years. His family moved there from Brooklyn when he was 9 and he's never been seriously tempted to leave. Early in his broadcast career, he recalls, he discussed news opportunities in the North "but for some reason or other they didn't materialize." He pauses for a moment, and confesses, "It's funny, I really don't even like the sunshine very much."

As a youngster, Mr. Strul was preoccupied with reading and writing. At 13, he and two young friends published their own neighborhood newspaper, the *Miami-American*, which reached a circulation of 2,000. In high school, he edited the campus newspaper and also served as a sports writer for the *Miami News*. Following graduation in 1945, he served in the U.S. Army briefly—and again he was editor of the camp newspaper.

Following his discharge from the Army in 1946, Mr. Strul embarked briefly on a freelance writing career. His articles were published in *This Week* magazine, the *Philadelphia Inquirer*, the *Christian Science Monitor* and various Miami newspapers. During this period he enrolled at the University of Miami, restricting himself to journalism courses.

In 1947, at the recommendation of Howard Smith, a Pulitzer Prize-winning reporter for the *Miami News*, Mr. Strul landed a job as a reporter for WIOD(AM) Miami. He was the station's first street reporter. "We had no tape recorders in those days," he says. "We covered a story, wrote it and delivered it on the air."

After a year and a half as a reporter he was named news director of the station. He remained in that post until 1956 when he shifted to television as assignment editor and news producer at WCKT. In 1957, he was promoted to news director of the NBC-affiliated station.

Reporting to Mr. Strul are the hard news, documentary and sports units. He is a staunch advocate of on-the-scene coverage and his philosophy extends beyond Miami and Florida. From time to time the station has sent crews to the Soviet Union, Latin America, Cuba, Israel, Great Britain and the islands of the Caribbean.

"It's an on-and-off situation because expenses are high," he says "But in any instance, we only take on stories that can be localized."

WCKT carries over two hours of news per day. This covers periods from 12:30-1 p.m., 6-7 p.m., 11-11:30 a.m. and two-to-five-minute cut-ins on NBC-TV's *Today* program.

Mr. Strul is high on investigative reporting and stories of this type are carried regularly within news programs and occasionally as fullblown documentaries. The station has tackled as investigative reporting projects such issues as phony auto repairs, discrimination in housing, crime and police involvement, and slum clearance programs.

Mr. Strul is convinced that TV journalism must accentuate investigative journalism. "You hear a lot about investigative reporting, but most of it is routine reporting," he says. "It's hardly the kind that shakes up a community.

"I also feel there is a lack of strong commentary on the air. Most of the commentary talks in generalities. You must name names and place the blame where it belongs. Richard Whitcomb is our news commentator and I appear on this segment too from time to time."

Because of his involvement with commentary and news coverage, Mr. Strul avoids membership in municapal and community groups and organizations. "It's better to be on the outside so you'll have no reluctance if you have to be critical," he says.

The advent of electronic news gathering provides a boost to TV coverage, he believes, but, he stresses, "it is important not to overplay gadgets." He points out that WCKT has an ENG unit and has a second one on order, but adds:

"We try not to fall into the trap of using the ENG just for the sake of using it. We have a rule: A story must be very important before we'll break into another story. We have used ENG on fast-breaking stories like a major fire or a shoot-out in which police officers were killed."

Though station managers may disagree, Mr. Strul beieves that television networks do need extra time for their evening newscasts.

"I see the longer newscast coming," he says, "but I'm not sure whether it should be 15 or 30 minutes longer. I would hope, however, that networks would use the added time to do some hard-hitting investigative reporting. With the clout that networks have, solid reportage on key issues would make television so much more important than newspapers."

Mr. Strul used to work six or seven days a week, but now limits himself to a five-day stint, starting at about 8 a.m. and running through 7:15 p.m. Outside of his job, his main interest is his family and he is proud of his three children. Rick is a graduate electrical engineer pursuing his master's degree in business administration at the University of Miami; Gary is a graduate of the U.S. Naval Academy, and recently completed training as a flight officer at Pensacola, Fla., and Eileen was a June graduate of Florida International University, where she majored in music and science.

Mr. Speaker, I commend Gene Strul and the entire WCKT news operation for its outstanding achievements in the field of broadcast journalism.

PERSONAL ANNOUNCEMENT

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. MAZZOLI. Mr. Speaker, due to family responsibilities, I was not present to vote on certain matters coming before this body on June 18. Had I been here I would have voted as follows:

Roll No. 411, motion to recommit H.R. 14239 to the Committee on Appropriations—"no."

Roll No. 412, final passage of H.R. 14239—"yea."

A HEARTWARMING TALE

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. SYMMS. Mr. Speaker, the Wall Street Journal of June 21, 1976, contains an article that so perfectly describes something that Government ought not to be doing that I must share it with my colleagues in Congress. It reads as follows:

A Heartwarming Tale

How nice of Sen. Jacob Javits of New York and Sen. James Allen of Alabama. In travels among their constituents, they came upon a hardworking black businessman who was having a little trouble making a go of his plans. They talked it over and decided he was a worthy fellow, and got their chums in the United States Senate to give him a helping hand.

The lucky man is Charles Wallace, 42, owner and operator of Wallace & Wallace Chemical & Oil Co., a New York City heating oil distributor. Mr. Wallace wants to build a refinery in Macon County, Ala., but has had a little trouble raising the necessary $300 million.

It should be easier now. At the behest of Mr. Wallace's senatorial godfathers, the Senate last week accepted an amendment to the Federal Energy Administration legislation that gives Mr. Wallace $1 million a month in government subsidies. The amendment cuts him in on the petroleum allocation program as if his refinery were already built and producing 10,000 barrels a day.

While Mr. Wallace does not have the $300 million, he does have an agreement with Venezuella for à supply of 10,000 barrels a day of high-cost crude. Refiners who refine high-cost crude are entitled to an "allocation" of domestic crude, which the government keeps priced at $5.25 a barrel. In practice, this means refiners who refine domestic crude make out a check to refiners who refine imported crude. The new amendment allows Mr. Wallace to import his 10,000 barrels a day, run them through a Mobil Oil Co., refinery, and collect his checks for the alloction.

How fortunate for Mr. Wallace that the federal government, for the good of the country, is fixing domestic oil prices and allocating petroleum. When the marketplace alone is doing this work, politicians can't indulge their compassionate natures so easily by instructing the bureaucracy to assist the needy. But once the government is involved in running an industry, all kinds of opportunities present themselves. While we know nothing about Mr. Wallace, we feel safe in assuming he is especially deserving; at least, that is usually the case with the first beneficiary of such largess.

According to The Washington Post, Senator Javits was said to have acted out of concern "that small enterprises without large reserves of cash or credit find it difficult to break into businesses like refining that require a lot of money."

Isn't this a heartwarming tale? If you hear of any other deserving, earnest entrepreneurs who would have a better chance of success if only someone would give them $1 million a month, send their names along to Senators Javits and Allen. Two nice guys.

I think we should ask ourselves, Mr. Speaker, just how many more incidents like this one are going on? Could this be why our economy is suffering from inflation, capital shortages, production disincentives, and high consumer prices?

CONGRESSIONAL BICENTENNIAL SALUTE OF EXCELLENCE TO THE REVEREND MICHAEL SLONECKI, O.F.M. CONV. EXEMPLARY CLERGYMAN—OUTSTANDING AMERICAN—NATIONAL AND INTERNATIONAL AMBASSADOR OF THE ROMAN CATHOLIC CHURCH

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. ROE. Mr. Speaker, as we celebrate our Bicentennial Year and reflect upon the good deeds of our people that have placed our representative democracy second to none among all nations throughout the world, I am pleased and privileged to call your attention to the outstanding good works of an esteemed member of the clergy, exemplary spiritual adviser, community leader, and good friend, the Reverend Michael Slonecki, O.F.M. Conv., whose standards of excellence as a member of the Order of Conventual Franciscans, have truly enriched our community, State, and Nation.

On Saturday, June 26, residents of my congressional district, State of New Jersey, will join with the pastor, Rev. Martin Dombrowski, O.F.M. Conv., and the congregation of St. John Kanty R.C. Church, Clifton, N.J., in honoring Father Slonecki upon the 35th anniversary of his consecration into the Sacrament of Holy Orders.

Father Slonecki is the associate pastor of St. John Kanty R.C. Church, where he served as a young curate for 5 years in his first ecclesiastical assignment after ordination.

Mr. Speaker, there is so much that can be said of the love, affection, and reverence with which Father Slonecki is held by all who have had the good fortune to know him. He was born in New York City on January 30, 1916, the son of Francis and the late Joanna Slonecki. Upon completion of grammar school he came to New Jersey and graduated from Don Bosco Prep School, Ramsey, N.J., in 1933. He then worked for 1 year as a machinist before dedicating himself to the noble calling of the priesthood.

Father Slonecki entered the Franciscan Fathers Novitiate in Ellicott City, Md., and commenced his studies at St. Hyacinth's Seminary, Granby, Mass. While pursuing his theological studies at Seraphic College, Rome, Italy, the holocaust of war expanded in Europe and on June 1940 he returned to the United States with other Americans who had been studying abroad on the last ship to leave Italy before World War II.

On July 5, 1941, Father Slonecki was ordained to the priesthood in St. Stanislaus Church, Chicopee, Mass., and was immediately assigned to St. John Kanty R.C. Church, Clifton, where his personal commitment to the Almighty and to our people earned him the respect and reverence of all of his parishioners.

In 1946, Father Slonecki's ecclesiastical duties were fully committed for over two decades in conducting missions, novenas, 40-hour devotions, and priests' retreats for the thoughtful meditation, prayer, and spiritual renaissance of our people throughout the United States and abroad. He served in the States of Maine, Pennsylvania, New York, New Jersey, Michigan, Maryland, West Virginia, and in 1960 the Franciscan Fathers assigned him to Italy as confessor and guide for American pilgrims at the Shrine of St. Anthony in Padua, Italy, and as substitute apostolic confessor of Polish, Slovak, Italian, and English at St. Peter's Basilica, Rome, Italy. For 5 years prior to returning to St. John Kanty R.C. Church as assistant pastor, he was the Vicar-Burser at St. Adalbert's Church, Elmhurst, Long Island, N.Y.

Mr. Speaker, we are so proud to have Father Slonecki back with us in Clifton, N.J. He is now also moderator of the Holy Name Society where the richness of his wisdom and direction have developed strength of character and a bond of friendship in faith, hope, and charity among the men of the parish, young and adults alike, that has truly added to the quality of the cultural heritage of the people of our community.

During this Bicentennial Year I appreciate the opportunity to present this brief profile of a distinguished man of God who has dedicated his life's purpose and fulfillment to helping others and guiding them in their pathway of life. The quality of his leadership mirrored in the security and dignity that his parishioners and the Americans who sought his guidance and counsel in foreign lands have found in the comfort and aid he unselfishly and willingly gives to those in need and those who seek his helping hand and spiritual guidance.

Mr. Speaker, as Father Slonecki celebrates the 35th anniversary of his ordination to the priesthood I know that you and all of our colleagues here in the Congress will want to join with me in extending our warmest greetings and felicitations for the excellence of his service to his church, our Nation, and all mankind. We do indeed salute the Reverend Michael Slonecki, O.F.M. Conv.—esteemed clergyman, national and international ambassador of goodwill and brotherly love, and great American.

TWO HUNDRED YEARS AGO TODAY

HON. CHARLES E. WIGGINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. WIGGINS. Mr. Speaker, 200 years ago, on June 28, 1776, a draft of the Declaration of Independence was submitted to the Continental Congress by the committee appointed for that purpose. The draft was read and ordered to lie on the table.

The credentials of the newly appointed New Jersey Delegates were presented to Congress. These Delegates were authorized "to join with the Delegates of the other Colonies in Continental Congress, in the most vigorous Measures for supporting the just Rights and Liberties of America; and, if you shall judge it necessary or expedient for this Purpose, we empower you to join with them in declaring the United Colonies independent of Great Britain, entering into a Confederacy for Union and common Defense, making Treaties with foreign Nations for Commerce and Assistance, and to take such other Measures as may appear to them and you necessary for these great ends . . ."

VETERANS PENSIONS AND DISABILITY BENEFITS

HON. MARTIN A. RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. RUSSO. Mr. Speaker, I am pleased that the House yesterday passed two bills, H.R. 14298 and H.R. 14299, providing for needed increases in veterans disability pension benefits.

H.R. 14298 makes permanent the interim 8 percent increase in nonservice-connected pension payments to veterans, widows, and children, and in payments to parents receiving dependency and indemnity compensation. In addition, the legislation provides a 7 percent increase to the same beneficiaries effective January 1, 1977. Most significantly, the bill would increase the amount of income a beneficiary may earn without jeopardizing his or her pension as a result of cost-of-living increases in social security benefits. This is most important to those beneficiaries who have experienced cutbacks in their veterans pension every time their social security check is increased.

I also applaud the work of the Veterans Committee in providing a 25 percent increase in all benefits for those veterans aged 80 or over; increasing the pension housebound rate for vets from $53 to $57 a month; increasing the aid and attendance allowance for widows and dependent parents and widows receiving death compensation under superseded law, from $69 to $74 a month; and increasing the aid and attendance allowance for veterans from $133 to $155 a month. Mr. Speaker, it is estimated that these changes will benefit almost 1 million veterans and approximately 1.25 million widows, children, and dependent parents.

I am also gratified that the House has passed overwhelmingly H.R. 14299, the Veterans Disability and Survivors Benefits Act. This bill increases disability com pensation rates for service-connected disabled veterans and the rates of dependency and indemnity compensation—DIC—for widows and children by 8 percent. It would also provide compensation to qualifying veterans—those 50 percent or more disabled—whose spouse is helpless and requires nursing home care or the assistance of another person, and would grant increases in clothing allowances for veterans whose service-connected disabilities require the wearing or the use of prosthetic or orthopedic appliances.

Mr. Speaker, I am proud to support our Nation's veterans in voting for both of these important pieces of legislation.

THE DOMINGUEZ RANCH: RANCHO SAN PEDRO

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. ANDERSON of California. Mr. Speaker, southern California is an area of our country that is rich in history and cultural tradition. From its earliest days, when Native American tribes lived on the land, through the coming of the first Europeans, our land has inherited an interesting history that is unique among the States in our Union.

Spain was the first European nation to colonize California, establishing a series of pueblos, or towns, that tended to center around missions established by Franciscan padres. Presidios, or military settlements, were also set up, the first two being in present day San Diego and Monterey. Later, great ranchos—huge sprawling land grants covering areas greater than most cities—were given to soldiers and public servants.

Between the cities of Compton and Carson, one of the few reminders of those days still exists, preserved for the enjoyment and education of modern residents who often have only a dim understanding of the days of the California ranchos. The Dominguez Ranch Adobe is a living reminder of California's past.

On May 24, 1976, the Dominguez Adobe was declared a national historical monument, certainly a fitting honor for a site dating back as far as 1769.

For it was in that year that Juan Jose Dominguez, veteran soldier, guide, and interpreter, marched into San Diego on June 29 as a member of a pioneering expedition arriving from Loreto in Baja, Calif. Later that same year, Dominguez took part in the first exploratory expedition to the North, under the command of Capt. Gaspar de Portola.

For the next 13 years, Juan Jose Dominguez was one of the soldiers charged with protecting Junipero Serra and other Franciscan missionaries as they founded the California mission chain. He retired in 1782, and in that year was given a sizable tract of land by Governor Pages. This was the first Spanish land grant in southern California, and it was to become Rancho San Pedro.

"Sizable" is perhaps an understatement. Originally, the rancho consisted of 75,000 acres of land, including all of the harbor area south of the Pueblo de Los Angeles.

In the fall of 1784, Dominguez drove his 200 head of cattle, his horses, and his household from San Diego to a spot near the mouth of the Los Angeles River. It was there that he established the first great southern California rancho. As finally surveyed, his holdings consisted of

43,000 acres stretching roughly from what is now Los Angeles proper to the ocean. Rancho Los Palos Verdes, a 31,000-acre land holding, was separated from the Dominguez property at that time.

Juan Jose Dominguez was a bachelor, 65 years of age at the time of his retirement. Following his death, the rancho passed into the hands of his nephew, Cristobal. In 1825, his son, Don Manuel Dominguez, inherited the ranch.

That same year, Don Manuel began construction of a new house for the rancho. The site is located on a low knoll just below the east brow of Dominguez Hill, overlooking the Los Angeles River. In 1927, shortly after his marriage to Maria Engracia Cota, Don Manuel moved into the new adobe home.

Originally, the house consisted of six rooms, was built one story, and was shaped like an "L." Water was supplied by a number of artesian springs that flowed nearby.

During the more than 55 years that Don Manuel Dominguez lived in the adobe, California went through some of its pivotal moments in history. In many of them, civic-minded Don Manuel played an important part. During the Mexican-American War, the home was occupied for 2 days by a company of the U.S. Marines, during the running fight since known as the Battle of Dominguez Ranch. Earlier that same year, 1846, at least three military councils of Spanish Californians were held at the Dominguez home.

When California became part of the United States in 1848, Dominguez was one of seven delegates from southern California to the convention at Monterey which drew up the first State constitution. This was not his first responsibility in public office. Don Manuel was one of the few men ever to serve in the three governments of California: Spanish, Mexican, and United States. Among other early positions, he served as Alcalde, or mayor, and judge of the First Instance for El Pueblo de Los Angeles, being elected on three separate occasions. His public career came to an end in 1857, after he had completed one term as a supervisor for Los Angeles County.

The Dominguez home became well known throughout the Nation, as Don Manuel entertained visitors on business and political matters. Until the completion of the Los Angeles-San Pedro Railroad in 1869, the home was also a stopping point for travelers between Los Angeles and the then small ports of Long Beach and San Pedro.

Don Manuel died in 1882, on October 11. Dona Engracia, his wife, passed away 6 months later. Although they had 10 children, 2 daughters and 2 sons had died in infancy. Therefore the ownership of the rancho, known by then as the Dominguez Ranch, passed to their surviving six daughters.

Although their parents' home and the surrounding 17 acres were now held in joint ownership by the family, they disliked the idea of selling the land and seeing it used as commercial property, with their birthplace being destroyed. Thus, on January 22, 1922, that portion of the homestead tract which included the home, together with the surrounding 17.4 acres, was deeded by the Dominguez family to the Congregation of Sons of the Immaculate Heart of Mary—a Roman Catholic order more commonly known as the Claretian Missionary Fathers.

As for the Dominguez sisters, they were able to live out their lives in the knowledge that their home would be preserved and used for a good purpose. Their names were: Ana Josefa de Guyer, deceased 1907; Guadalupe, who passed away the same year; Maria Victoria Carson, who died in 1916; Dolores Simona Watson, 1924; Susana Del Amo, who passed away in 1931; and Marie de Los Reyes de Francis, who died in 1933.

The Claretians used the Dominguez Ranch as a seminary for many years, training candidates for the priesthood. Currently the program is aimed at lay vocations, and the home is still owned by the order.

On April 25, 1945, the homesite of Dominguez Ranch was officially dedicated as California State Landmark No. 152. A plaque on the south front of the home commemorates the Battle of Dominguez Ranch, October 8–9, 1846.

To commemorate the Bicentennial, as well as the 150th anniversary of the adobe itself, the original six rooms of the adobe have been set aside and are being used as an historical museum display, which is open to the public. Renovation on half of the area is complete: The rest is expected to be ready by September 12, 1976.

Mr. Speaker, the Dominguez Home of Rancho San Pedro is an important memento from one of our Nation's most colorful historic eras. The ranchos of old California were an important phase in the development of our State, and still recall images of a gracious, relaxed lifestyle that would be the envy of most of us today. In addition, the home serves as a monument to Don Manuel Dominguez, one of the more important figures in California's history.

Our State's heritage from the rancho years is visible in many places, but the source of that heritage has all too often been the victim of urbanization and modern change. That is why the Dominguez home is so important: It serves as a highly visible link to our past.

TERRORIST ACTS ARE DEPLORABLE

HON. CLEMENT J. ZABLOCKI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. ZABLOCKI. Mr. Speaker, on June 9 a bomb exploded at the Yugoslav Embassy in Washington causing extensive property damage and injuring two members of the Embassy staff. It was another serious incident involving terrorist acts against official Yugoslav installations and representatives in the United States in recent years.

Such deeds must be condemned both as criminal acts and as contrary to the policy of the United States, which is one of friendship and good relations with Yugoslavia.

I have been advised that a formal expression of regret has been extended to Yugoslavia by the U.S. Government concerning the bombing, and that a vigorous investigation by Federal and local authorities into the incident is underway.

Together with many of my colleagues and fair-minded Americans everywhere, I urge appropriate Government agencies to do all they can to apprehend and prosecute the perpetrators of this crime and to prevent the recurrence of such senseless and deplorable violence in the future.

THE SWISS VOTE DOWN A GIVEAWAY

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. GAYDOS. Mr. Speaker, the tiny nation of Switzerland, most of its countryside tilted up the Alps, its agriculture devoted to dairy herds, and its manufacturers noted for watch-making precision, happens to be the most solid economically in the world.

The Swiss franc is the rock of Europe, the currency sought everywhere and the one to which others rush when their money gets into trouble. And how, some may ask, has such a little country with a population of less than 7 million become so important?

The answer is implied again, perhaps, in what took place the other day at the Swiss voting booths. Given the opportunity to vote on a proposed giveaway program costing $80 million and supported by the nation's various political parties, the people said, "No."

The Associated Press reported the count from Bern. The referendum produced 713,855 votes against the measure to only 550,557 in favor. Some 34.5 percent of the eligibile voters turned out, but it is safe to say that even a total response would not have changed the margins much. The Swiss are not a giveaway people.

Rather, the Swiss are practical. Everything they do shows that. They believe in fiscal soundness. No Swiss paper flips or flops in the world's monetary markets. The Swiss consider their own interests first before turning to the interests of others. This policy held firm in the rejection of $80 million foreign aid program.

And this leads to the question of what might happen to our own multibillion giveaways if they could be submitted in a referendum to our people. Would the voters have approved the hundreds of billions we have scattered to little avail all over the surface of the globe?

Would the American people, if given the chance, authorize the billions we still are ladling out annually despite our runaway budgets and staggering deficits, money which, indeed, the Government is borrowing at high interest rates to give to others? I suspect that the vote against this here would be as lop-sided as that in Switzerland which has no deficits, or money troubles.

It seems to me that we in Washington, in handing away the earnings of our people, have assumed for ourselves a false wisdom—a feeling of "father knows best" raised to a very high degree. Have we known best? Has foreign aid and all the other drains upon our economy produced the results which the advocates predicted? Are we loved for our generosity? Have others reciprocated for the billions we have bestowed upon them? A look at the U.S. position abroad today supplies the answer.

Switzerland is small. But Switzerland has given us a lesson in true democratic decision that we ought to ponder. The people spoke there against a giveaway. Never since the giveaways began here more than a quarter century ago, have we given our people a chance to express their will.

A REPORT FROM CONGRESSMAN LESTER WOLFF

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. WOLFF. Mr. Speaker, on a regular basis I distribute a newsletter to my constituents to keep them up to date on congressional activities and to ask their views on the issues of the day. I would like to share with my colleagues my most recent newsletter, the text of which follows:

A REPORT FROM CONGRESSMAN LESTER WOLFF

DEAR FRIEND AND CONSTITUENT: Endless days of anguish, far too often, are the harsh and cruel reality for millions of older Americans living on Social Security, fixed incomes or life-time savings, who suffer prolonged illnesses requiring ongoing medical or nursing care.

Few options for adequate health care, at prices the aging and the disabled can afford, are available to this neglected segment of our society who should have the right to live their autumn years with a sense of dignity and security, not deprivation and fear.

As a co-author of the original Medicare legislation, I am well aware of the urgent need to upgrade service programs to keep pace with rising medical and health care costs. The staggering price older Americans must pay for medical and health services today is wiping out their savings and assets, already shriveled in purchasing power by the current inflationary state of our economy. The "out of reach" costs either are immersing them into a well of debt from which they can never emerge or forcing them onto welfare rolls.

Medicare, I believe, must be expanded to provide essential health care assistance for the chronically ill, aged and those stricken with a catastrophic long-term illness. These reforms are long overdue, particularly those aspects calling for expanded coverage for the cost of prescription medicine, health care aids and broader nursing care for the totally infirmed. I also am co-sponsoring legislation to provide viable alternatives to institutional care in nursing homes and hospitals by increasing benefits for home health care to the aging and disabled.

To further address the immediate problems, I have set up a Citizen Health Advisory Committee in my 6th Congressional District, comprised of leading New York area health field specialists, to provide me with pertinent information on local and regional conditions concerning the health needs of the community and the delivery and cost of services. This committee of dedicated men and women is an able resource to help me analyze the complex problems in terms of new legislative proposals.

However, the health care reforms now under consideration by Congress are only half measures for they do not come to grips with the overall problem of adequate health and medical care for all segments of our society.

Perhaps it is time for us to learn a lesson from those nations around the world that far surpass the United States in providing medical and health care coverage for their citizens—a reminder that government has the sworn obligation to administer programs geared to assist the best interests of its people.

The enduring answer, I feel, is enactment of a comprehensive system of national health insurance to provide every American with access to equitable health services at reasonable costs.

I believe American families want a program of health care that assures their needs will be met promptly and efficiently. They want high quality medical treatment without threat of undue financial hardship, yet wish to retain their freedom to select their own physicians and hospital facilities.

National health insurance is a critical issue today, only because the existing health financing arrangements are unable to meet or contain the rising costs sustained by both consumer and provider. Health related costs have soared at an annual rate of 18 percent since 1974 alone, with the result that Americans are reluctant to take proper care of their health problems for they simply cannot afford the present methods of paying the costs.

It is time all Americans—the young, the old, the disabled and the wage-earning middle income family—receive a greater return for their health dollar, not bigger medical bills.

Sincerely,

LESTER WOLFF.

WOLFF ACTS TO RESTORE FUNDS FOR ESSENTIAL VETERANS PROGRAMS

Our nation's veterans recently were caught in an economic squeeze when the Administration submitted a budget request for all veterans programs that fell far short of actual need. It was no less than a half a billion dollars short of what the Veterans' Administration testified it needed just to maintain existing disability and pension benefits.

No funds were included for cost-of-living increases for disabled or retired vets or for young vets enrolled in school under the GI Bill. The budget posed a real threat to the VA hospital system. It lacked sufficient funds for the VA to maintain existing hospital caseloads or to replace and modernize essential hospital equipment, such as emergency generators. Congressional measures to improve veterans programs in the areas of pension, hospital, and education reforms were in effect "vetoed" by the lack of sufficient funds in the budget.

By failing to submit a legitimate budget, the Administration used Congress as the "fall guy" to absorb charges of "fiscal irresponsibility," knowing that Congress would have to increase the budget to meet the real need in the VA system. On the House Floor, the Veterans Affairs Committee on which I serve as a ranking member, restored funds for cost of living increases. I then offered an amendment to insure that the VA would not have to cut hospital, education and other vital services.

As a result of our efforts, veterans programs will not be cut and cost-of-living increases will be provided, but important legislative initiatives remain in doubt. The irresponsibility is on the part of the Administration which would short-change veterans to compensate for overspending in other areas of its budget request. It is a sad commentary when the same Administration that requests unprecedented spending for defense would treat as second class citizens those who served as the guardians of our defense.

TESTIMONY BEFORE SUBCOMMITTEE ON PUBLIC ASSISTANCE

HON. WILLIAM M. BRODHEAD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. BRODHEAD. Mr. Speaker, on June 18 the Public Assistance Subcommittee of the House Ways and Means Committee held hearings on two proposed changes to supplemental security income law which would encourage the establishment of community group homes for the retarded, the developmentally disabled, and other persons. I would like to share with my colleagues my testimony on these changes:

TESTIMONY OF WILLIAM M. BRODHEAD

Mr. Chairman, I thank you for the opportunity to be here today. I have come to express my strong support for the two changes in current SSI law which you are now considering. The important effect of these changes would be to encourage the establishment of community group homes for many of our citizens who are needlessly forced to live in large institutions. One change would enable residents of public group homes to receive SSI benefits on the same basis as residents of private group homes. The second would eliminate the present reduction in SSI benefits for those individuals who live in private group homes which receive state or local subsidies.

The crippling effects of life in large institutions which these group home amendments seek to remedy are very much in evidence. A close and living example has been given us by the Washington Post series on Forest Haven, a large residential facility for the retarded just a few miles from Washington. These articles and other studies show how institutional isolation permits, even demands, passivity from residents and withdrawal from even the most trifling responsibilities. Such isolation destroys any hope for growth of the skills which allow a recognizably human way of life.

Institutions are also very expensive in dollar terms. A recent survey of a number of midwestern states by the Minnesota Department of Public Welfare shows the median cost for maintaining a person in a public institution for one year runs well over $10,000—much of which goes for operating and administering an enormous physical plant.

For those persons who need constant and complete care, these costs must be paid. However, institutions today have become the only option for persons who, with some assistance and guidance, could succeed at many activities in the outside world. For such persons, private group homes provide better care at a much lower cost. For these reasons, the Administration has stated its commitment to achieving a one-third reduction by 1980 in the population of state institutions for the mentally retarded.

A movement to investment in alternatives to institutional care has begun in my own district and in the State of Michigan, and I believe our accomplishments have been substantial. In Detroit, the Michigan State Housing Development Authority has joined forces with an organization called Housing for Exceptional People in creating community group residences for the mentally retarded. These homes provide a family-like atmosphere where residents can get the support they need to live and work in the community. In seeking to help each resident reach his own potential, group homes mobilize adult education opportunities, churches, libraries, and the resources of the entire community.

The results have been extraordinary. Residents of these homes have learned the skills involved in caring for themselves, preparing their meals, and maintaining the home. They have learned to use public transportation and to choose and purchase personal necessities. In sheltered workshops, they have sheltered workshops, they have learned marketable skills which allow many to obtain employment—for the first time in their lives. Thousands of retarded people have been given a new and better life at a savings of millions of tax dollars. Private group homes promote learning, independence, and dignity. In short, they constitute a small but promising step toward the goal of deinstitutionalization which has been endorsed by the Administration, Congress and the private sector.

Unfortunately, the present law has made financing of community group homes in Michigan and elsewhere so complicated and uncertain that their growth has been severely constrained. The result is that there are many good homes, but many more are needed.

Mr. Chairman, with the two minor amendments offered by Representative Keys, the development and use of group homes would be greatly simplified and stimulated, and a healthy mix of public and private support for group homes would be made possible. Perhaps most important, these changes would permit state and local governments to invest more heavily in community alternatives without being penalized for doing so.

Surely this is the sort of business we in Congress should be about. We here today have the opportunity to help realize a widely shared goal to provide more humane and less expensive alternatives to life in an institution.

I urge that the Subcommittee act favorably on the proposed changes.

Thank you.

ANNOUNCEMENT OF WAYS AND MEANS OVERSIGHT SUBCOMMITTEE ACTIVITIES

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. VANIK. Mr. Speaker, following is an announcement of activities scheduled by the Ways and Means Oversight Subcommittee for the next several weeks:

First. A hearing on HEW efforts to reduce welfare errors, July 1, 1976, 10 a.m. to 12 noon, in the main Ways and Means Committee Room, to receive testimony from administration officials.

Second. A hearing on the administration of the supplemental security income program for the aged, blind, and disabled, July 19, 10 a.m. to 12 noon, in the main Ways and Means Committee Room, to receive testimony from citizens and welfare organizations.

Third. A hearing on the administration of the SSI program to be held in New York City, Representative RANGEL, chairing; date and time to be announced.

In addition, on Monday, June 28, at 9 a.m. in the Congressional Room of the Quality Inn, 415 New Jersey Avenue NW., Washington, D.C., the Office of Technology Assessment will be sponsoring a panel to provide guidance on how to respond to a request from Chairman ULLMAN and the Oversight Subcommittee for an evaluation of the IRS' proposed new computer system known as TAS—tax administration system.

EVIDENCE OF SOVIET VIOLATIONS OF HELSINKI PACT

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. KEMP. Mr. Speaker, it has become increasingly apparent that the Soviet Union has no intention of complying with the guarantees of universal respect for human rights central to the Helsinki agreement. This treaty, which recognized Soviet domination over the Eastern European Captive Nations in return for more humanitarian treatment of citizens, has been systematically and deliberately violated by the Soviet Union, which has apparently used yet one more international treaty to solidify its hold on the weaker nations of the world.

Over a year ago, former Presidential advisor and now columnist, William Safire, warned that the United States must make certain demands upon the Soviet Union if we are to insure the eventual establishment of human rights within the Soviet-controlled countries. In an article in the New York Times, Mr. Safire said:

> President Ford, who plans to attend a NATO meeting soon, did not refer to the European Security Conference in his State of the World address; perhaps he felt that ignoring the problem—as he did Portugal—would make it go away. But if he is serious about making détente a "two-way relationship," Mr. Ford should put a high price on any legitimization of Soviet victories.
>
> First, no European security summit conference should be convened until the Soviets agree to much more than a token reduction of troops in Europe and a timetable for future withdrawals.
>
> Next, a subject we should insist be put on the agenda for debate is the Brezhnev Doctrine, under which the Soviets claim the right to put in their tanks to crush uprisings against their puppet regimes. If that is not a matter of concern to "European Security" and relevant to the "Inviolability of Borders," what is?
>
> Finally, the Soviets should be made to understand that their deeds—in providing North Vietnamese with the means of victory and extremist Arabs with hopes for a "final solution" to the Israelis—speak louder than any protestations of détente. Linkage should live again: no deal in the Middle East, no deal in Europe. * * *
>
> Thirty years have passed since V–E Day. America's power has dwindled from days of dominance through an era of parity to a stage of uncertainty. Why, at this worst moment, are we allowing ourselves to be drawn into a Supersummit at which the only purpose is to declare the Russians the victors of World War II?

Mr. Speaker, 1 year and 2 months after this column was run, none of these provisions have been met. Adhering to his policy of "quiet diplomacy" so as not to put the Kremlin on the spot, Secretary Kissinger secured not one guarantee of Russian troop reduction, halting of subversive, covert international activities, or nonintervention into so-called wars of liberation in Portugal, Angola, or a growing number of countries in sub-Saharan, black Africa.

Now, Washington Post columnists Rowland Evans and Robert Novak have revealed the contents of a confidential cable from the U.S.-NATO mission in Brussels which reads,

> There is no evidence that the Soviet Union has altered its basic, highly repressive approach to human rights since the East-West agreement was signed in Helsinki last summer.

Rather, quote Evans and Novak,

> The Kremlin is conducting worldwide propaganda to disguise its refusal to live up to Helsinki.

I would like to bring this article to the attention of my colleagues and of the public, so that we may reflect on the true Soviet interpretation of détente, as is now being revealed and documented:

[From the Washington Post, June 21, 1976]

(By Rowland Evans and Robert Novak)

MOSCOW VERSUS HELSINKI

While President Ford was publicly praising the humane impact of the Helsinki's security accord, his own diplomats were secretly reporting systematic, blatant violations by the Soviet Union.

A confidential cable to Washington from the U.S. NATO mission in Brussels on April 2 disclosed that "there is no evidence that the Soviet Union has altered its basic, highly repressive approach to human rights" since the East-West agreeement was signed in Helsinki last summer. Rather, charged the report, the Kremlin is conducting worldwide propaganda to disguise its refusal to live up to Helsinki. In short, Moscow is simply not liberalizing Eastern Europe in return for Western recognition at Helsinki of Communist-drawn boundaries.

In the two months since the comprehensive truth was received by the State Department, not one word of this has been publicly released. Rather, Secretary of State Henry Kissinger continues his overall detente strategy on Helsinki as on other questions: Use "quiet diplomacy" to nudge the Kremlin into compliance rather than subject detente to strains caused by public accusations.

Mr. Ford and Dr. Kissinger have had little to say in public about the aftermath of Helsinki. A rare exception occurred April 2 when the President's campaigning took him before ethnic leaders in Milwaukee. Asked whether Uncle Sam is losing his shirt in negotiations with Moscow, Mr. Ford replied with an uninhibited defense of Helsinki:

'The Helsinki conference was the greatest political liability, propaganda loss to the Soviet Union, period. The net result is that we have forced the Soviet Union . . . to give far more humane treatment—the getting together of families, the movement of press personnel back and forth across the borders."

The President either was ignoring or was unaware of reality. His euphoria in Milwaukee was contradicted by the voluminous report from Brussels later that month signed by Dr. Robert Strausz-Hupe, U.S. ambassador to NATO.

Its language about what Communist East Europe had done to implement the promises of Helsinki was undiplomatically blunt: "The few minor procedural changes on human contacts and information have so far had only a very modest beneficial effect, and the general practice in these fields remains highly restrictive . . . in the important fields of human contacts and information, these measures have been largely procedural in nature and their real significance is still unclear."

That does not mean the Kremlin is just forgetting about the accord as in Stalinist days. Rather, said the report, Helsinki is "used as an instrument in pursuing such major Soviet goals as legitimization of the status quo in Europe . . . certain principles are stressed, especially inviolability of frontiers and non-interference in internal affairs, while others, such as respect for human rights, are ignored."

Moreover, while President Ford calls Helsinki a propaganda liability for the Soviets, the Kremlin wages propaganda warfare. The Brussels report charged that Moscow is trying to "build up a plausible case for compliance" with the overall accord "while diverting attention from the minimal nature of their concessions in the human rights field." The Soviets have "launched a considerable propaganda campaign which combines an overstatement of their own implementation with strong counterattacks on the West for alleged noncompliance."

The target: another East-West Conference at Belgrade in 1977 which would climax the Communist propaganda campaign. This "diverting (of attention) from the East's poor performance," said the report, shows "the need for considerable caution on the part of the West."

The specific charges reported to Washington reveal the sad truth of what has flowed from the Helsinki accord: inadequate notification and inspection of Warsaw Pact maneuvers, little progress on the economic negotiations stressed by the Kremlin, unavailability of Western newspapers in Moscow, restrictions on Western journalists, and attempts to limit Western radio broadcasts beamed at Eastern Europe.

Saddest of all is the pessimism of the Brussels report about freer emigration from the Soviet Union. "Indeed, the tightening of Soviet regulations on financial remittances from abroad could add to the difficulties of emigration," the report added. Nor has there been any increase in personal travel from Eastern Europe since Helsinki, thanks to continued difficulty in getting passports.

This thick report updating the cynical Soviet outlook toward agreements is a classified document, not intended for public view. But that approach may soon change. On June 3, President Ford—overruling State Department objections after intense pressure from conservative Republicans—signed into law, without comment, a bill creating a 15-member commission to monitor adherence to the Helsinki agreement. "Quiet diplomacy" having failed to tame the Kremlin, the truth about Helsinki may now become common knowledge.

PERSONAL EXPLANATION

HON. ALBERT W. JOHNSON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. JOHNSON of Pennsylvania. Mr. Speaker, yesterday, because of circumstances beyond my control, I missed several rollcall votes. I would like the RECORD to show that had I been present, I would have voted as follows:

"Yea" on rollcall No. 414 on Senate Joint Resolution 203, Emergency Technical Provisions to Higher Education Act;

"Yea" on rollcall No. 415 on H.R. 14299, Disability Compensation for Disabled Veterans;

"Yea" on rollcall No. 416 on H.R. 14298, Veterans and Survivors Pension Adjustment Act of 1976;

"Yea" on rollcall No. 417 on Senate Joint Resolution 49, Codification of Rules and Customs of American Flag;

"Yea" on rollcall No. 418 on H.R. 9689, Translator Broadcast Station Operations; and

"Yea" on rollcall No. 419 on H.R. 13711, Horse Protection Act Amendments of 1976.

I ask that the RECORD show my support for these bills.

H.R. 12112

HON. JAMES T. BROYHILL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. BROYHILL. Mr. Speaker, the Interstate and Foreign Commerce Committee today voted out its version of H.R. 12112, a bill to provide industry with Federal loan guarantees for the production of synthetic fuels.

Private industry realizes that such production is not feasible because of Government overregulation, and this legislation would further involve the Government in a venture which could be financed by the private sector in a free market situation.

Several articles have appeared to point out the arguments against this legislation, and I would like to take this opportunity to reprint in full an editorial which appeared in the Wall Street Journal of Tuesday, June 22:

BURP JR.

Last December, when Newsweek carried a picture on its cover of a bloated Uncle Sam, we editorialized on how he gets that way. At the time, the House of Representatives was considering a $6 billion government boondoggle to develop synthetic fuels, a bill the Senate had already gobbled 80 to 10 with almost no debate.

Supporters and opponents of the plan informed us that our editorial, entitled "Burp," actually influenced the outcome of the House vote, which rejected the Synfuel scheme by 263 to 140. Since then, a steady parade of Synfuel supporters has marched through our offices trying to persuade us to change our mind. And the Ford administration is still trying to slip it through the House possibly next week.

The original $6 billion proposal was really only an hors d'oeuvre in the $100 billlion banquet of loan guarantees, grants and price supports proposed by Vice President Rockefeller in his Energy Independence Authority. Even a Rockefeller knows that Uncle Sam can't digest $100 billion in one sitting, but bitesize mouthfuls of $6 billion can add up to an equivalent meal.

Now, the bill that has cleared the House Science and Technology Committee offers further such illusions of economy by giving the Energy Research and Development Administration a tasty $4 billion in loan guarantees. But ERDA testimony leaves absolutely no doubt that this is an open-ended scheme which, once begun, would hit the Rockefeller target of $100 billion over several years.

The arguments advanced on behalf of spending these colossal amounts of money have not improved in six months. The public has to develop synthetic fuels, we're told, because the private sector knows they are uneconomic. Companies and their bankers are not going to take the chance of building coal gasification or liquefaction plants or shale-oil refineries as long as they look like surefire money losers. In order to move toward energy "independence," the government has to take the commercial risks.

For roughly $11.1 billion in loan guarantees, grants and price supports, ERDA reckons that the United States could be producing 350,000 barrels a day in synthetic fuels by 1985. Since we now import seven million barrels a day, a number that will rise considerably by 1985, it certainly doesn't seem the nation would be getting much insurance for its otherwise uneconomic investment.

Prof. Martin Zimmerman of MIT pointed out during the hearings this year that if the synthetics are only about $5 a barrel more expensive than imported crude, rather than the $6 to $12 that seems likely, a program to yield one million barrels a day would cost $1.8 billion a year in price subsidies. A stockpile of 365 million barrels would allow an equivalent consumption rate during a one-year embargo, at far less cost. This disposes of the national security argument, which is the only one the Synfuel advocates offer that makes any sense at all.

Once it is admitted that the private sector can't justify an investment in a commercial enterprise, it has to be conceded that the economic costs outweigh the economic benefits. Otherwise, the government is asking us to believe that a bureaucrat is better able to spot a profit opportunity than is a businessman.

As doctrinaire as we are on this point, we've always conceded that there is room for government support of pure research and development. But the taxpayers are already coughing up roughly $500 million a year for ERDA grants of this nature, that is, for exotic technology currently beyond commercial development. But in the current bill Congress is being asked to finance existing, uneconomic Synfuel technology. Once the government gets involved in directly allocating capital to energy, a long line of capital-starved industries will be close behind.

The House acted admirably in December when it refused to swallow the first $6 billion morsel of the Rockefeller scheme. If and when it spurns the $4 billion tidbit now being offered, perhaps the administration will get the message and stop coming back for more. Our overweight Uncle Sam is supposed to be dieting.

UNAVOIDABLE ABSENCE

HON. ROBERT W. KASTEN, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. KASTEN. Mr. Speaker, due to a prior commitment in my congressional district, I was unavoidably absent for part of the proceedings of the House on Friday, June 18. For the record, I would like to take this opportunity to state my position if I had been present and voting.

Record vote No. 407—I would have voted for H.R. 13589, a bill to authorize the funding of the U.S. Information Agency for fiscal year 1977.

Record vote No. 408—I would have voted for House Resolution 1290, the rule providing for the consideration of H.R. 14239, making appropriations for the Departments of State, Justice, Commerce and Judiciary for fiscal year 1977.

Record vote No. 410—I would have voted for the amendment to H.R. 14239 which increased the funding for the Law Enforcement Assistance Administration for fiscal year 1977.

Record vote No. 411—I would have voted for an amendment to reduce the entire appropriations provided for in H.R. 14239 by 5 to 10 percent.

Record vote No. 412—I would have voted for final passage of H.R. 14239, making appropriations for fiscal year 1977 for the Departments of State, Justice, Commerce and Judiciary.

THE NEED TO DEAL WITH THE PROBLEM OF NUCLEAR PROLIFERATION

HON. SPARK M. MATSUNAGA

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. MATSUNAGA. Mr. Speaker, along with Congressman CLARENCE LONG of Maryland and 134 of my other colleagues, I have introduced House Resolution 1241, which provides for the establishment of a Select Committee on Nuclear Proliferation and Nuclear Export Policy. The proposed new select committee would be charged with studying the problem of nuclear proliferation and reporting to the House on its findings and recommendations—after which it would go out of business. The cosponsors of the resolution believe that the select committee approach offers an excellent means for Congress to concentrate its attention on the issue of nuclear proliferation, which is surely one of the most perplexing and potentially dangerous problems of our time.

We are passing into a new age of nuclear power. Just 31 years ago the United States alone possessed the knowledge and the means to produce nuclear weapons. For virtually decades only the two superpowers, the Soviet Union and the United States, had nuclear capability. The world balance of power came to be understood in those terms. With only two opposing major powers with a monopoly on nuclear destructive capability, and the awareness of both nations that nuclear attack would spell multilateral holocaust, nuclear capability was, effectively, a deterrent to a major war.

In dealing with nuclear power, both as an energy source and as a means of destruction, it has always been assessed with reference to world in which superpowers maintain a nuclear monopoly. We now live with a different configuration of knowledge and means of producing nuclear power and destructive capability. Just in the past decade a number of nations have acquired nuclear capability; yet this new situation has not been effectively dealt with. It is our responsibility, as a leader of the Western nations and initiator of the use of nuclear energy, to confront the new situation. Instead of dealing with nuclear energy only with interest in its use as an energy source and as a weapon, we must also assess the consequences of nuclear proliferation from the marketing of nuclear reactors to other nations to be used for peaceful and constructive purposes.

The Honolulu Adviser, in an editorial published on June 9, 1976, called attention to the new crisis developing with respect to nuclear proliferation. The complexities of the situation are immense and if we wish to limit the extent of nuclear proliferation, a condition which we all certainly desire, a concentrated effort must be made. We must study nuclear energy not in terms of the world in which we have lived for the past 3 decades, but must deal with the widened scope of nuclear power. The view that deterrence will rule due to the resultant holocaust of a nuclear attack might not hold when pletora of nations, some of them for more unstable than the United States or the Soviet Union, possess a nuclear capability. We must assess the new situation and the new problems which it presents—the "doors and windows"—to which the editorial admonishes us to pay heed. The editorial follows:

[From the Honolulu Advertiser, June 9, 1976]

ON NUCLEAR CONTROL

In at last ratifying the Nuclear Nonproliferation Treaty of 1968, Japan has called on all nations to sign and has urged worldwide atomic disarmament.

Unfortunately, the laudable goal of a planet without threat of nuclear war is farther from realization than ever.

Although Japan signed the agreement more than six years ago, the Diet ratified it only last month. The formal exchange of "instruments of ratification" with other nations, which finally took place yesterday, may be the international high point of Prime Minister Takeo Miki's administration.

Japan, the only country to have been atom-bombed, understandably has the world's strongest case of "nuclear allergy." That it took so long for even Japan to ratify the treaty indicates how hard it is to contain nuclear danger as technology grows more complicated.

Three nations which have exploded nuclear devices—France, China and India—are not even treaty signatories.

Non-nuclear nations would agree under the treaty not to acquire nuclear weapons, but many have not signed, including Pakistan, Brazil, South Africa, Israel and many Arab and African nations.

While the treaty commendably bans the transfer of nuclear weapons, it does nothing to reduce the danger from sale and transfer of peaceful nuclear technology and equipment that can be made into weapons.

The first chairman of the U.S. Atomic Energy Commission, David E. Lilienthal, has gone so far as to propose the U.S. stop exporting "peaceful" nuclear materials and equipment pending effective international safeguards to prevent recipient countries from using them to build nuclear weapons.

Developing a bomb from a peaceful nuclear reactor is not easy, but with the right technology and plants, it can be done. The U.S. does not export the necessary uranium reprocessing plants, but France and West Germany do. The United States, the Soviet Union, Canada and Japan are among the nations pushing export of their nuclear technology.

The energy crisis has increased the desire of many countries, especially of the Third World, for nuclear power plants. Many of these nations are also suspected of having an interest in nuclear weapons and more than a few are located in volatile areas of possible regional conflict.

Many would argue that nuclear proliferation is inevitable given the insecurity and nationalism of many Third World countries and the poor example for cooperation and arms reduction set by the U.S. and the Soviet Union. It is also said that even if the U.S., alone or with the Soviet Union, stopped exporting nuclear plants, other countries would fill the gap.

A study indicates that widespread use of nuclear reactors in Third World countries could produce enough material for 3,000 small atomic bombs a year.

Even so, the United States and the Soviet Union should agree bilaterally to stop the spread of nuclear equipment and technology until there are adequate systems for monitoring their use. Such an agreement might be used as leverage on other nuclear exporters to join in a safeguard system.

Japan's signing of the nonproliferation treaty, as well as the recent signing of a limited peaceful nuclear test ban treaty with on-site inspections between the U.S. and the Soviet Union, is encouraging but only symbolic of the basic need to eliminate nuclear threat. Sadly, the nuclear house of horrors has many doors and windows.

AMERICAN ASSOCIATION FOR RESPIRATORY THERAPY

HON. ALAN STEELMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. STEELMAN. Mr. Speaker, I am reintroducing today, House Joint Resolution 782, to proclaim the week of November 7, 1976, "National Respiratory Therapy Week" and I would like to bring to my colleagues' attention an article concerning respiratory therapists which appeared in the May 1976 Bulletin of the American Association for Respiratory Therapy:

Respiratory Therapy is an allied health specialty employed under medical supervision in the treatment, management, control, diagnostic evaluation, and care of patients with deficiencies and abnormalities associated with the cardiopulmonary system.

The respiratory therapist employs the therapeutic use of medical gases, administration apparatus, environmental control systems, humidification, aerosols, medications, ventilatory support, bronchopulmonary drainage and exercises, respiratory rehabilitation, the assistance with cardiopulmonary resuscitation, and maintenance of natural, artificial, and mechanical airways.

Specific testing techniques are employed in respiratory therapy to assist in diagnosis, monitoring, treatment, and research. This includes measurement of ventilatory volumes, pressures, flows, blood gas analysis, and other related physiologic monitoring.

Recognizing the need for establishment of standards in practice in this most important allied health specialty, the American Association for Respiratory Therapy (AART) was founded in April, 1947 by a small group of dedicated technicians (50) and physicians (9) in Chicago, Illinois for the express purpose of advancing the science, technology, ethics, and art of respiratory therapy through institutes, meetings, lectures, publications, and other materials; encouraging, developing and providing educational programs for those persons interested in the field of respiratory therapy; and facilitating cooperation between respiratory therapy personnel and the medical profession hospitals, service companies, industry, governmental oragnizations, and other agencies interested in respiratory therapy.

The Association has shown a steady and continuous growth since its inception in 1947 with the current membership in excess of twenty-five thousand (25,000) throughout the United States and its possessions. To assist in meeting the needs of therapists at the local level, the Association is organized into 49 chartered affiliates at the state level who hold monthly meetings to discuss educational topics relating to the practice of respiratory therapy.

In addition to the chartered affiliates, the national structure is such that there are over 40 voluntary committees working on a wide variety of subjects, such as the scientific basis for specific clinical procedures, patient home management, neonatal-pediatrics respiratory therapy, out-patient home care, and other subjects of this nature that are of current interest in the delivery of quality respiratory therapy. Additionally, continuing education and competence of the individual is of major emphasis of the Association on a continuing basis. Further, the Association is advised by a Board of Medical Advisors consisting of four representatives each from the American College of Chest Physicians, American Society of Anesthesiologists, and the American Thoracic Society, while two representatives each are from the American Academy of Pediatrics, the American College of Allergists, and the Society of Thoracic Surgeons. The major duties of the Board of Medical Advisors is to consult with the AART's governing body and committees in all matters pertaining to medical policy.

The AART has been instrumental in establishment of the National Board for Respiratory Therapy, which is specifically designed to "prepare, conduct and control investigations and examinations to test the qualifications of voluntary candidates for certification," and "to grant and issue certificates to qualified respiratory therapists and technicians." To date, over 3,300 individuals have completed the requirements to become registered respiratory therapists and over 13,000 have successfully completed the examination requirements for certified respiratory therapy technicians. These credentials attest the administrative capabilities of the individual as well as their educational and experience background, thereby providing a voluntary system of quality assurance to practitioners in the field.

Additionally, in a collaborative effort with the American College of Chest Physicians and the American Society of Anesthesiologists, the AART sponsors the Joint Review Committee for Respiratory Therapy Education which functions under the auspices of the Council on Medical Education of the American Medical Association in accrediting formal educational programs in respiratory therapy. The AART has been a principle in developing essentials for these educational programs, thereby assisting greatly in the upgrading and standardization of respiratory education in the United States. There are currently over 200 educational programs that have been accredited throughout the nation with a student capacity of over five thousand (5,000).

The AART has worked very closely with the Joint Commission on Accreditation of Hospitals (JCAH) in developing standards for respiratory care services in the hospital setting, thereby giving further assurance of quality care to those individuals requiring respiratory therapy. In a series of articles dealing with specialized hospital services entitled "Administrative Profiles" published in the "Journal of the American Hospital Association" in the May 16, 1973 edition, it states, "... inhalation (respiratory) therapy reflects one of the major improvements in hospital care in the past decade." This recognition can be traced directly to the efforts of the American Association for Respiratory Therapy in establishing educational and professional standards for the field of endeavor.

BEYOND SPACE—THE HIDDEN REVOLUTION

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. TEAGUE. Mr. Speaker, the June 1976, issue of Popular Science magazine featured an article entitled "Beyond Space—the Hidden Revolution." James L. Schefter, author of the article and well known writer and commentator on our space program has brought an unusual perception and a better understanding of the importance of our space program to the public. Because of this, I am including excerpts from the article in the RECORD for the benefit of my colleagues:

BEYOND SPACE—THE HIDDEN REVOLUTION

(By Jim Schefter)

"If we can land men on the moon, how come we can't:

a. End poverty?

b. Improve health care?

c. Stop pollution?

d. Etc., etc., etc.?"

How many times have you heard such complaints? And how many times have you shrugged your shoulders and given the universal answer: "I dunno."

Ask another question, "Can you name 10 down-to-earth benefits from the space program?"

Most people will say "no." Some might be able to list Teflon, weather and communications satellites, handheld computers, or electronic wristwatches.

Some critics will argue that space exploration brought no benefits worth the cost, and, a very few at the other extreme will credit it with every technological advance in two decades. Is either version right?

"There's no way you can spend tens of billions of dollars for something as purely technological as the space program without having some transfer," says Senator William Proxmire of Wisconsin, a long-time critic of space spending. "You'd think, having been in this program in a big way for more than 18 years, that there would be more to show."

The trouble for Proxmire—and for almost everyone else who isn't working with aerospace technology day-to-day—is that the benefits are difficult to identify. If they're too technical, most people don't care. If they're in the news, they tend to be gadgets or gimmicks. And if they're in between, where are they?

Part of the blame rests with the National Aeronautics and Space Administration itself. The agency was flush with success during the glory days of Mercury, Gemini, and Apollo. Newsmen beat down NASA's doors to get stories of high adventure. NASA didn't see the need to justify itself beyond that. So, instead of explaining what good space exploration could achieve, NASA settled for a policy of "responding to query."

In other words, if you didn't ask, NASA wouldn't tell. And if you asked about benefits, they'd tell you about Teflon and communications satellites.

By the time NASA's leaders woke up to declining public interest, it was too late. Even its more aggressive information program in recent years has done little to convince most Americans that space exploration is worth the time and money it takes.

NASA discovered what any good politician already knew: It's hard to play catch-up with public opinion.

IN SEARCH OF AN ANSWER

That leaves the big question: How has space exploration changed our lives? I determined to find out.

Cool dim light surrounded us in the glass-walled visitor's booth overlooking NASA's Mission Control Center in Houston. Forty feet away, beyond the soundproof window, past the lighted executive consoles, through the trench where flight-dynamics officers do magic with their remote computers, the forward wall glowed.

Soyuz wobbled on the big color screen. The picture was coming from a television camera aboard Apollo. The man next to me was George Low, assistant administrator of NASA.

From our ringside seat to history, we probed into that long-standing question: "What is space exploration doing for us?"

"I wish I had any easy answer," Low began. "Space flight is an accelerator for technology. Computers got a major push. Electronics got a push. So did education and ecology, and medicine, materials, miniaturization, meteorology, management, communications, aviation . . ."

"We're looking at a perfect example of space benefits that nobody thinks about," Low said, pointing at the screen. "There are thousands, maybe millions, of parts in the Apollo and Soyuz, vehicles. Every part had to work to get those things up.

"Look back 10, 15, 20 years at the electronics around your home. There are a lot more of them today and they work a lot better. Space exploration forced companies to learn how to make better products."

"There has been a communications explosion from satellites," Low was saying. "Ten years ago there was no TV to let us see the first Gemini rendezvous. Now here we are, looking at an American and a Russian space-craft flying over the Mediterranean. Global communications are routine."

Low's enthusiasm was as broad as space itself.

TIP OF THE ICEBERG

But one fact quickly became obvious. There are too many applications of space technology—"benefits" for want of a better word—for any one of us to understand.

Only the barest tip of the iceberg is visible. The electronic watches, handheld computers, freeze-dried food, live television from Europe, satellite weather maps, and liquid-crystal gadgets are the tiniest fraction of the benefits around us.

Here's the biggest block to understanding what has happened: More than 99 per cent of the identifiable space benefits are hidden from public view. Worse, the majority of them are dull, technical, and esoteric: manufacturing techniques and procedures, computer programming, specialized instruments and sensors, and the like.

Such benefits are adding billions of dollars to the American economy, providing jobs, saving lives, and making things nicer for all of us. Most of the benefits aren't exciting. They're just there.

They're hidden in your home appliances (lubrication and quality-control techniques that extend service life), in your golf clubs (shafts with greater strength and more spring), in your workshop (battery-powered tools), in your car (advanced electronics, tire design and manufacture), in hospitals (monitoring systems), on streets and highways (traffic-signal controls, pavement grooves), and thousands more places; even a simple list would fill this magazine.

The Dallas Cowboys wear helmets lined with a foam padding developed for NASA that reduces impact shock and head injuries. High schools and colleges across the nation have bought similar helmets. The same padding, marketed under the name Temper Foam by Becton, Dickinson & Co., lets wheelchair patients sit more comfortably, tripling the time they can safely stay confined.

The Chrysler Corp. adapted its experience in working on Saturn booster systems to automobile production lines and testing. Among the results are a more durable car radio, an accurate dashboard digital clock, and an ignition retarder to reduce pollution. But the most important space-triggered advance is Chrysler's electronic ignition, which a Senate report calls "a major improvement" that "reduces emissions and lowers maintenance cost."

Heat pipes manufactured by McDonnell Douglas Corp. are installed in pylons along the Alaskan pipeline. Heat-pipe theory pre-dates satellites, but it took the space program to put theory into practice. Such pipes transfer heat from place to place by evaporating and condensing a fluid. In Alaska, they will prevent warm crude oil from thawing frozen tundra, which would buckle the pipeline and spew oil onto a fragile landscape.

Your ski parka or sleeping bag may be insulated with the aluminized mylar materials used in the Echo I satellite and for insulation in later spacecraft and space suits. Many hunters and campers carry pocket-size emergency blankets of the same material.

Sirloins that melt in your mouth may have come from the cow that jumped over the moon. In one of the strangest applications of space technology, the Armour Company adapted an electronic strain gauge used in rocket engines to test and accurately predict beef tenderness. The company now sells more than 20 million pounds of premium-priced, guaranteed-tender beef each year.

Every major petroleum and mining company uses data, pictures, and other images from Skylab and the two Landsat earth-resources satellites to seek new mineral deposits. A Colorado mining executive, Dr. H. LeRoy Scharon, of NL Industries, recently told a Congressional committee that such techniques are paying off in reduced exploration time, money saved, and new mineral discoveries.

Customers of a utility in Lincoln, Nebraska, can see thermographs of their homes, thanks to space-developed sensors that spot residential heat losses caused by inadequate insulation. The CENGAS Division of the Central Telephone and Utilities Corp. uses an airborne thermal scanner to check rooftop temperatures.

NASCAR race driver Richard Petty wears a liquid-cooled helmet called Cool Head that's a spinoff from the cooling systems built into space suits. This helmet keeps Petty's head and neck temperatures down, significantly cutting his fatigue during auto races.

Atomic power plants are safer because of fracture toughness tests and fatigue analysis methods developed by NASA. These procedures now are routine in designing and building new plants. John Deere and other farm-implement manufacturers use similar tests to build bigger and stronger plows now appearing on American farms. The plows can be pulled faster because of the reduced likelihood of ruining them on rocks.

Fire fighters are benefitting from the lightweight and efficient air packs that have replaced the older, more cumbersome ones. The new Scott Air Pak 4.5 units evolved from astronaut backpacks used in space walks and on the moon.

Remember when the astronauts' facemasks fogged, shortening Gene Cernan's space walk on Gemini 9 and causing problems for Alan Shepard and Ed Mitchell on their Apollo 14 lunar excursion? NASA came up with an anti-fog compound used today by firemen, skiers, skin divers, and pilots.

Early in manned-spacecraft design, somebody realized that there was no foolproof way to keep spacecraft windows from popping out into the outside vacuum. The solution was a new silicone sealant, which is now used on auto windshields, for home bathroom repairs, and—to the delight of thousands of tropical fish hobbyists—as the stickum that finally made all-glass aquariums a reality.

Transportation: Whether you're flying to Honolulu, Hartford, or Houston, the odds are that the guidance system aboard your commercial jetliner has a grandfather that flew to the moon.

More than 500 commercial jets rely on a navigation system called "Carousel" developed for Apollo, "Carousel" is inertial; that is, it takes its readings from its own internal gyros and accelerometers. It doesn't need radio input and it isn't affected by weather.

After nearly 15 million hours of use in commercial flight, the system continues to score navigational accuracies of better than 99.5 percent. It makes flying just a little safer for all of us.

We're safer on the ground, too. NASA investigated the idea of cutting grooves in runways to prevent airplanes from skidding in the rain. It worked so well that many states now groove dangerous stretches of highway, stopping car tires from hydroplaning. There is no way to know how many of us are alive and well today because of that tiny technology transfer.

Car tires got another boost from the space program. NASA asked Goodyear to develop a tire that would stay bouncy at nearly 200° F below zero. The tires were for that Apollo 14 pull-cart dragged over lunar hills by Al Shepard and Ed Mitchell. Goodyear came up with a flexible tire that didn't turn rockhard in the moon's frigid temperatures. Shepard and Mitchell unlimbered their "rickshaw" and rolled unhindered, but slightly sweaty, upcrater and down.

In an obvious next step, Goodyear incorporated the new flexible stuff into winter radial tires, increasing traction and eliminating the need for studs, which some states ban anyway. But Goodyear still wasn't through putting aerospace into that car tire. Company researchers found that Du Pont had developed a super-strong shroud line, five times stronger than steel, for the yet-to-come Viking lander parachute. When the parachute deploys in that thin Martian air, three of the new straps will snap taut to hold Viking's 2300 pounds dangling below. The fiber was perfect for the cords of Goodyear's new radial tire and the company expects drivers to get an extra 10,000 miles wear because of it.

And you don't need to be a landlubber to benefit from space technology. Consider the Boeing hydrofoil from Hong Kong to Macao, or between islands in the Hawaiian chain. The waterjet system that sends them skimming along at nearly 50 knots came straight from the Saturn rockets that sent men to the moon.

"Those waterjet pumps are driven by gas turbines we developed for Saturn," says Rockwell's Joe McNamara, whose eyes light up every time he talks about rockets. "They pump better than 22,000 gallons per minute at about 3700 horsepower."

Rockwell has delivered other units for new crew boats being built for offshore oil rigs in Louisiana. And even better waterjets may be on the way.

Medicine: Medical shows on TV have exposed most of us to complex systems that monitor patients in intensive care or provide on-the-spot telemetry for heart-attack victims lucky enough to live in an area with paramedics on call.

But how many have heard about the liquid-cooled brassiere, or the "auto-refractor"?

The liquid-cooled bra emerged from research into space suits and ways to keep astronauts comfortable. The bra is now being tested as a cancer-screening device. It would precool a woman's breast, and thermal pictures would be made, which could show heat-radiating tumors that might otherwise be missed.

Developed by Aerotherm Acurex Corp. of Mountain View, California, these bras could lead the way to computerized cancer screening. Tests are underway at several research centers, including the National Cancer Institute.

Another amazing medical device is the "auto-refractor," an automated machine invented to measure the vision of airplane pilots. Perfected and marketed by Acuity Systems of Reston, Virginia, it measures the eye's focus and reads out a prescription for glasses in just four seconds. Hundreds of the machines are already in use.

Diplomacy: Even the high-level world of international relations has felt the push. Key U.S. embassies are equipped to transmit and receive on private channels through the Department of Defense's satellite communications system. The transmissions are secure and can't be tapped by foreign agents.

But the most exciting diplomatic aspect of space technology—surveillance from space—remains masked by DOD secrecy. There are satellites that supply high-resolution photography, electronic eavesdropping, and sensor-monitoring capabilities to the military and the State Department.

The Defense Dept. allows NASA to use only inferior equipment, though; whatever NASA has, the military has better. Yet enlargements from "inferior" Skylab photos can show aircraft and other items clearly on the ground.

Among known applications of the spy photos are maps that accurately show every usable road in countries where U.S. forces could fight, real-time monitoring of major foreign troop movements, tracking of foreign ships and fleets, and surveillance of major construction projects such as missile silos and dams.

Environment: "The ecology movement got its biggest push from Apollo 8," says George Low without hesitation. "When the world saw the pictures those guys brought back—our fragile little earth hanging there in the dark—people suddenly woke up to our environmental problems."

Low might get an argument from Sierra Clubbers and others whose concern predated Apollo by a generation. But his argument is strong. Until we saw those pictures, ecology was just a word to most of us. Since then, environmentalists have been talking about "spaceship earth", while making substantial use of space technology. A carbon-dioxide sensor developed for Skylab, and now sold by Beckman Instruments, is a standard pollution-monitoring device in many U.S. cities.

Photos from Landsat-1, the first earth-resources satellite (then called ERTS), helped settle a pollution suit between the states of New York and Vermont. The photos, accepted as legal evidence after a Supreme Court-approved review, clearly showed pollution dispersing across Lake Champlain from a New York paper mill. The suit was a legal landmark.

Landsat and Skylab photography continues to spawn new environmental projects. Ohio, Georgia, and Utah have used the photos to site power plants, take inventory of forests, assess wildlife, prepare state maps, and check farm ponds and dams. The other 47 states aren't sitting on their old attitudes; they're using the photos in equally productive ways.

A recent NASA report says: "Crop identification now is performed routinely by satellite . . ." The agency, for example, is involved in a massive agriculture test called the Large-Area Crop Inventory Experiment, designed to give food planners accurate advance information on harvests. Think about that the next time you hear the Russians may be in the market for U.S. wheat.

THE BOTTOM LINE

Nobody knows, nor ever will know, how much money, how many jobs, how many lives, space benefits mean to you and me.

But in 1975, Dr. Oskar Morgenstern tried. Morgenstern is chairman of the board of Mathematica, Inc., in Princeton, New Jersey. He looked at just four space benefits and presented his findings to the U.S. Congress.

Integrated circuits, those tiny masses of transistors and other components that make handheld computers work and can be found in automobiles, telephones, TV sets and almost everything else that can be called electronic, will have added more than $5-billion to the economy by 1982, counting from 1963. Gas turbines developed for jets and now used in dozens of electrical-generating plants will save more than $110-million in fuel costs by 1982.

A computer program developed to help design spacecraft, and now used by other industries to design complex jobs ranging from skyscrapers to bridges to railroad cars, will save its users more than $700-million by 1984.

Finally, an obscure benefit like cryogenic insulation now available for hospitals, heavy industries, and other places where super-cold liquids are used, will add $1-billion to the economy by 1983.

Yet how does cryogenic insulation affect *me?* Or a computer program for skyscrapers affect *you?* Where does RCA's pioneering work on weather satellites and domestic communications satellites fit in? Or the fireproof cloth developed by Owens-Corning in response to the Apollo tragedy? Or the many, many other items, large and small, that are part of the picture? Do they not benefit our society as a whole?

I thought about something Sen. Proxmire said before we parted:

"It was enormously satisfying to everybody to succeed in the Apollo program. But if we'd done it 30 years later, would it really have mattered?"

What do you think?

CONGRESSIONAL REMARKS

HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. RICHMOND. Mr. Speaker, the Congress just recently approved the fiscal year 1977 Energy Research and Development Administration authorization bill, and within a few weeks will consider the corresponding appropriations measure. The bill provides over $2 billion for nuclear fission and nuclear weapons. This budget is biased toward nuclear fission, a yet imperfect energy source.

Nuclear research and development obviously deserves part of the ERDA budget, but by no means should it be emphasized to the exclusion of other energy technologies. In funding nuclear, we must especially allot money to safety programs, for unless nuclear powerplants are safe, they are useless.

We in the Congress have the grave responsibility not to lead the United States down the nuclear path unless we have total confidence in both the technology itself and the men who operate it. Many of us lack that confidence because of nuclear's record.

Nuclear power is a social, as well as economic issue. The important questions are how great are the risks, who bears them, and are they worth it?

The risks involved in nuclear power have been the subject of much dispute recently. The Rasmussen report seemed to indicate that nuclear powerplants are comparatively safe. However, I cannot understand why, given their apparent harmlessness, the total liability of the utilities is limited to $560 million in the case of any nuclear accident.

The risks of nuclear power are increasingly borne by all of us as powerplants spread across the country. Yet because of the difficulty and reluctance to build nuclear facilities in large cities and because of the plants' requirements for large amounts of cooling water, most nuclear powerplants are upriver or along the coast from those of us from urban areas. I don't think it's fair for urban dwellers to ask our rural residents to bear nuclear risks so that we may enjoy the benefits.

Finally, the risks just are not worth it. If we had complete confidence in nuclear power, or if we had no alternate energy sources, then we would have to adopt it. Until we are sure of nuclear safety, let us wait. In the meantime, let us push for solar energy and conservation; our two safe, labor-intensive answers for the future, and the present.

Recently, I had the opportunity to participate in a roundtable discussion sponsored by the Brooklyn Heights Chapter of SANE. At that meeting I offered my thoughts on this controversial energy source, and I would like to include those remarks in today's CONGRESSIONAL RECORD.

For the past year, Members of Congress have been grappling with the question of what direction our Nation's energy research and development program should take. Should we follow the lead of the Ford administration and go full steam ahead into nuclear power?—or—should energy conservation become a reality and not just a public relations gimmick for the Federal Energy Office? Should solar energy projects and experiments be given the complete funding they demand? What are the realistic prospects for electrical power supply given the new and possible technological developments in the fields of coal gasification and liquefaction shale oil reclamation, the harnessing of tidal energy or the fusion process?

If we leave those decisions up to the administration and President Ford's proposed $100 billion energy independence authority—the nuclear industry's Christmas present—we will undoubtedly be led down the primrose path toward nuclear powerplant proliferation.

Let me tell you about nuclear power.

It is not the panacea we were led to believe.

Currently there are 54 nuclear powerplants operating throughout the United States. And if President Ford and Vice President ROCKEFELLER have their way we will have more than 200 nuclear powerplants by the end of the decade.

However there are signs that the nuclear industry is in trouble. Construction has slowed down to a snails pace at powerplant sites across the Nation as building costs have escalated. In fact last year General Electric which along with Westinghouse supply most of the Nation's nuclear reactors, sold only one new reactor.

Nuclear fuel prices have skyrocketed during the past 3 years—from between $8 and $10 a pound for uranium oxide to $26 and $30. But the consumer never hears of these increases in cost, because Con Ed and the other utilities are advocates of nuclear power. They attribute our increased bills to skyrocketing oil prices and not to higher uranium fuel prices.

The nuclear industry is riddled by inefficiency and waste. Last year nuclear plants averaged only 50 percent of operating capacity against predictions of 80 percent by the industry.

According to a well known critic of nuclear power, Mr. David Dinsmore Comey, cost overruns for nuclear powerplants totaled $30.2 billion in 1974 and if the same performance standards are maintained in 1990 the industry would have a $121.2 billion overrun.

But "Why Worry?" say the nuclear power profiteers, Uncle Sam will come and bail us out.

The spectacular overruns for construction have only been exceeded by poor performance and high incidence of accidents at many plants. In particular a fire, which experts predicted could never happen, struck the Browns Ferry Nuclear Power facility in Alabama in March, 1975. The blaze incapacitated all of the plant's vital emergency core cooling systems and forced the shut down of the reactor for almost a year.

In fact, 6 of the 17 major nuclear powerplants in the United States have been forced to close for several months because of defects in their pipe cooling systems, and most recently three prominent physicists quit their jobs at the Nuclear Regulatory Commission because they could no longer support the Commission's decision to permit the Con Ed Indian Point Power Plant to continue to produce electricity in spite of safety hazards. But the problems of nuclear power do not rest solely with economies nor with plant reliability. There are enormous dangers of nuclear waste contamination which has aroused widespread public outrage.

The dangers stem mostly from plutonium contamination.

For plutonium, which is an artificial element produced as a normal consequence of a nuclear reaction, is the most carcinogenic substance known to man.

Indeed, the Union of Concerned Scientists states that 1 millionth of a gram of plutonium if inhaled will cause cancer. Moreover scientists have estimated that if even distributed among the world's population only two pounds of plutonium would be necessary to contaminate each and every one of us with a lethal dosage.

Each large reactor in the world annually produces 600 pounds of plutonium. By 1985 if the nuclear industry gets its way we will be producing 140 tons of plutonium and by the year 2000 some 1,700 tons of the substance. If the plutonium were to be used as a fuel, a proposal fathered by the administration and the large energy companies such as Exxon, Kerr-McGee, Atlantic Richfield and General Electric, then we will see large quantities of plutonium in transit, storage and in use. The commercialization of plutonium would place an intolerable strain on our society and its institutions. For our technology will outstrip the ability of our institutions to deal with and manage the plutonium.

Provisions have not yet been established to safeguard the transportation of the plutonium, to store it or to protect our citizens from nuclear blackmail.

And what, may you ask has been the response of the Federal Government and the Congress to the unreliability of the performance of nuclear power, to the enormous costs incurred and to the environmental and health hazards posed by a full scale commitment to nuclear power?

Unfortunately not very positive, because the consciousness of the Congress has not yet reached the level of awareness of the general public.

Rather the 1977 Energy Research and Development Administration budget continues the Federal Government's emphasis on nuclear power development. Approximately 50 percent of ERDA's proposed research and development budget is allocated to fission power development. The administration has presented the Congress with a 52 percent increase in funding for fission projects. The administration would have us spend one billion 170 million dollars on fission development. While only 160 million for solar; 100 million for geothermal; 477 million for fossil fuel development; 120 million directed toward end use conservation and technology to improve efficiency; and 392 million for the development of fusion.

ERDA's priorities and those of many Members of Congress remain the expansion of our nuclear power capacity. I believe those priorities are misplaced. During the past year I have offered solar energy amendments to the ERDA appropriation and authorization bills seeking to increase funding for solar development. Again, during this session I will join with other Members of Congress, such as RICHARD OTTINGER, MORRIS UDALL, and LES ASPIN in attempting to reshape our development priorities towards useful and safe sources of energy which will be safer, cleaner and cheaper than nuclear power.

In addition, as a cosponsor of the Fish-Pattison 5 year nuclear moratorium bill, I believe that the questions posed by nuclear power must be answered before we commit this Nation to a course of action which, as Ralph Nader has so aptly suggested, may well indeed be our technological Vietnam.

CONFUSION IN FEDERAL AGENCIES IN TAX RETURN DISCLOSURE

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. VANIK. Mr. Speaker, at the opening of the Ways and Means Committee's January 26 hearing on tax return confidentiality, my Ways and Means Oversight Subcommittee staff reported significant discrepancies between the Internal Revenue Service and other Federal agencies concerning the number of tax returns supplied by the IRS to those Federal agencies.

Recently, I received a lengthy analysis from the IRS on the "reasons" for the differences in data between the IRS and the other agencies. Commissioner Alexander's letter reveals a number of important points:

First, the IRS is making new efforts to maintain the confidentiality of tax returns.

Second, nevertheless, a number of Federal agencies apparently do not know what returns they have requested or treat the matter of a request so lightly that their records are sloppy.

Third, the effort to maintain tax confidentiality must be a constant one, for the opportunity for abuse or disclosure is ever present.

The confidentiality sections in the Senate tax bill provide a most important opportunity to provide new privacy safeguards.

The last point is particularly important. The IRS often seems to be in the position of holding its thumb in the dyke against a flood of requests for tax information. Yet, many agencies have a legitimate need for tax information, and I believe it would cripple some agencies to flatly prohibit their access to data. Indeed, such a prohibition might simply lead to those agencies soliciting such information directly from individuals or businesses, thus further compounding the Federal paperwork burden imposed on citizens.

There is a point of balance between administrative efficiency—which is good for the taxpayer—through the use of tax returns and the issue of total confidentiality and privacy for taxpayer returns. It is still not clear where that point of balance is—but I believe we should make greater efforts for tax return confidentiality.

It should be noted that the struggle for tax return confidentiality is becoming more difficult. For example, due to the practice of some States to request the submission of detailed Federal tax data with an individual's State tax return, Federal tax information is opened up to a wider and wider group of public officials. We must not pretend to the American people that their tax returns are always kept confidential, and only through continuing congressional oversight can we insure that the Federal Government is doing its very best to maintain confidentiality.

The major points in Commissioner Alexander's letter to me are as follows:

> First, there is apparent confusion of casualness among some agencies about the number of requests for tax data.

Following are quotes from the IRS letter to me:

> The Small Business Administration reported that it did not request any returns during the past three years. Our records indicate that while they did not make any requests during 1974, the year for which you have been making comparisons, they did request 3 returns of one taxpayer in 1973 and 4 returns of 2 taxpayers in 1975.
>
> With respect to the Department of Agriculture, it appears that their records were incomplete and that they may have reported the number of requests (letters) which they were able to identify without specifying the number of taxpayers or returns involved.
>
> Our records show that while the Federal Trade Commission made no requests during calendar year 1974 for copies of returns, they did request 45 returns of 11 taxpayers during calendar year 1975. They stated in their response to your questionnaire that as to the requests "we have discovered", they asked for 18 returns in fiscal year 1974 and 3 returns in fiscal year 1975. In this case, of course, the difference may be due to the difference between calendar years and fiscal year accounting.

Second, there may be discrepancies between the number of tax returns reported as supplied by the IRS and the number an agency reports requesting. Therefore, the discrepancies described in my previous report may be partially explainable:

> The number of returns actually furnished could vary considerably from the number authorized. In some instances, files may be in active use and are unavailable for a variety of reasons. And, particularly in the case of Strike Force requests, the Department of Justice may request and be authorized access to several years' returns of named taxpayers but may find it necessary to inspect returns or tax information for only one or two years. The foregoing reason may explain why responses from some of the agencies indicated that they were not supplied all of the returns which they requested. However, we are developing new reporting procedures for our field offices, and we will be receiving and compiling more data than in the past, including the number of returns actually furnished.

The Commissioner's response on a question relating to the Customs Bureau and the Bureau of Alcohol, Tobacco, and Firearms indicates that there is a free flow of tax data between the IRS and these Bureaus. We know from the Watergate hearings that there was considerable White House influence in at least one of these agencies. Thus, the unrecorded flow of tax data from the IRS to these agencies could constitute a potential political abuse in the future. I believe this is a whole new area of disclosure problems which should be reviewed by the Congress. Quoting from the Commissioner's letter:

> In your statement you referred specifically to differences in the number of returns furnished to the Bureau of Alcohol, Tobacco, and Firearms, and pointed out that the U.S. Customs Service and the Secret Service admitted to receiving tax information in verbal form. These three agencies are a part of the Treasury Department. Treasury regulations 26 CFR 201.6103(a)–1(e) provide that "Officers and employees of the Department of the Treasury whose official duties require inspection of returns made in respect of any tax described in paragraph (a) (2) of this section may inspect any such returns without making written application therefore". Accordingly, requests from these three agencies for copies of returns to be used for tax administration purposes may be made to our field offices, and any such requests made for tax administration purposes would not be included in the statistics prepared by the Disclosure Staff.
>
> However, requests by these agencies for returns or data from returns for use in nontax matters must be in writing and signed by the head of the agency. Such requests are included in the Disclosure Staff statistics.

The Commissioner reported on changes he is making in providing returns to the Department of Justice:

> During the past several years, we have taken a number of steps to tighten up on disclosures, one being to require more detailed reasons (for requesting the return). During 1974 and 1975, meetings were held with Department of Justice officials and it was agreed that, in order to aid the U.S. Attorneys in meeting all our requirements for disclosure, an information document, including sample request letters which would be acceptable to the Service, would be prepared for distribution to the U.S. Attorneys. In April, 1975, a letter was sent to all U.S. Attorneys by Attorney General Scott Crampton, summarizing the requirements under 26 CFR 301.6103 (g) and (h), pointing out the most common shortcomings, suggesting

that requests be made for specific information rather than copies of returns, and asking that tax returns be requested only as a last resort if the desired information could not be obtained elsewhere. . . . We also asked for the cooperation of attorneys of the Department of Justice in supplying all the required information in their requests for tax data in nontax matters, as shown in the attached letter dated January 16, 1976.

Even though some U.S. Attorneys did not follow these procedures immediately, the Disclosure Staff maintained close contact with them, telephoning or writing them for additional information as to reasons why the returns were being requested and how the information would be used. We adopted the practice of not honoring these requests until satisfactory answers to our inquiries are received in writing. In instances where these supplemental letters are not received within the time specified in our letter or phone call, the request is closed without further action. We are now receiving a high degree of cooperation from the U.S. Attorneys. Their requests have been refined to the point where it is seldom necessary to ask for additional information or to deny the requests. In addition, when a reason indicates that complete returns may not be needed, we inquire whether specific information, such as an address, a figure from the return, an audit report, or other selected data, will serve their purpose. As a result, we are now receiving a substantial number of requests for address information in certain situations where returns were previously being requested, and we are also receiving a greater number of requests for specific information only.

A similar approach for tightening up on disclosure is being used with other Federal agencies on a case-by-case basis, and the agencies generally are responding favorably to our suggestions.

COXSACKIE DECLARATION OF DEPENDENCE

HON. EDWARD W. PATTISON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. PATTISON of New York. Mr. Speaker, on May 17, 1775, more than a year before the Declaration of Independence was signed, the townspeople of Coxsackie, N.Y., issued a declaration of protest against the British tax proposals for the Colonies. They objected to the arbitrary increases that Parliament had passed without consulting them, and resolved to oppose these oppressive acts. Two hundred and twenty men signed this stirring document.

In 1923, a copy of the Coxsackie Declaration was discovered in an old trunk. It was verified as authentic and is now preserved in the Albany Institute. In this declaration, the colonists said:

> Persuaded that the Salvation of the Rights and Liberties of America, depends, under God, on the firm Union of its Inhabitants, in a vigorous prosecution of the Measures necessary for its Safety, and convinced of the necessity of preventing the Anarchy and Confusion which attend a Dissolution of the Powers of Government: We the Freeholders and Inhabitants of the Cocksakie District in the County of Albany, being greatly alarmed at the avowed Design of the Ministry to raise a Revenue in America, and shocked by the bloody Scene acting in the Massachusetts Bay; DO in the most solemn Manner, resolve never to become Slaves; and do associate under all The Ties of Religion, Honour, and Love to our Country, to adopt and endeavor to Carry into Execution, whatever Measures may be recommended by the Continental Congress, or resolved upon by our Provincial Convention for the purpose of preserving our Constitution, and opposing the Execution of several arbitrary and oppressive Acts of the British parliament, until a Reconciliation between Great Britain and America, on constitutional principles (which we most ardently desire) can be obtained; and that we will, in all Things, follow the advice of our general Committee, respecting the purposes aforesaid, the preservation of peace and good Order, and the safety of Individuals and private property. Dated at Cocksakie the Seventeenth Day of May in the year of our Lord One Thousand seven hundred and seventy-five.

In the same spirit of freedom, the Coxsackie Township American Revolution Bicentennial Committee met recently to discuss how they could contribute to our 200th anniversary celebration. Inspired by their motto, "Freedom under God," they decided to write, not a declaration of independence but a Declaration of Dependence.

The committee formulated such a declaration, and circulated it throughout the area. Since then it has been signed by more than 500 New Yorkers. It is my pleasure to submit this declaration for your consideration:

> Believing that our Nation was founded as a nation under God, that our freedom and other blessings are made possible by a God who rules and overrules in the affairs of men and nations, and believing that our continuance as a free people and a free nation is dependent upon His sovereign mercy and care, we solemnly request our President and our Congress to formulate and pass a resolution re-affirming our faith in God, and further request that such a resolution be made a vital part of the celebration of our founding as a nation.

HOPE FOR MOROZ

HON. EDWARD I. KOCH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. KOCH. Mr. Speaker, today's Washington Post reported that Valentyn Moroz, the Ukrainian writer and historian, has been transferred to a Moscow prison after doctors at the Servsky Psychiatric Institute decided that he was sane, according to Moroz' wife. Moroz has already served 6 years in Russian prisons for alleged "anti-Soviet propaganda." I do not know if the Koch-Fenwick "Free Moroz Resolution"—with 99 cosponsors—and the letters to the Soviet leaders—cosigned by 79 Members—caused Moroz' release from the psychiatric hospital, but world opinion can be a strong force; our actions may have had an effect.

But we must not think that our work is complete. Indeed, this progress should spur us on to further efforts. Prison for Moroz is equally unacceptable, and we must continue to act until this freedom fighter is released from the U.S.S.R.

Mrs. FENWICK, of New Jersey, Mr. DODD, of Connecticut and myself have just today sent letters to each Member of this body asking support for a resolution to confer "honorary citizenship" on Valentyn Moroz. We were prompted to act when Moroz renounced his Soviet citizenship last week, an action which places him in great danger. By the symbolic gesture of honorary citizenship, we hope to focus even more attention on this very important case, a case which it now appears within our means to affect.

HOUSE PERSONNEL PRACTICES: PROPOSAL FOR MANAGEMENT STUDY

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. ANDERSON of Illinois. Mr. Speaker, I am today introducing a resolution to authorize and direct the Speaker and minority leader, as a select committee of two, to hire an outstanding management consultant firm for the purpose of studying the personnel policies and practices of Members and committees of the House, of recommending any improvements and standardization of those policies and practices, and of formulating a model "House Personnel Practices Code" for the guidance of Members and committees. The firm would report back its findings and recommendations, together with the proposed code, to the Speaker and minority leader no later than October 31, 1976, and the Speaker and minority leader would transmit that report, together with their comments, recommendations for change and further action, to the House, no later than November 30, 1976.

Mr. Speaker, given some of the recent revelations about certain irregularities and abuses in the personnel practices of individual Members and committees, I think it is important that we turn to outside professional assistance in reviewing those policies and practices and recommending any improvements and possible standardization. While the subject of this study would ordinarily be within the purview and jurisdiction of one of our standing committees, I think the nature of the allegations which have been made and the public mood call for a more dispassionate and detached examination of these matters by a professional management consultant firm. House Members, officers, and employees would be required to cooperate fully with the study, subject to rules, regulations, and directives set down by the Speaker and minority leader. The recommendations of the consultant firm would in no way be binding on the House. The Speaker and minority leader would be responsible for commenting on the report and making any recommended changes and advising on further action by the House.

Mr. Speaker, I appreciate the fact that our personnel policies and practices, particularly those of individual Members' offices, are a very sensitive matter, not subject to any easy or uniform solution. Each Member has a different constituency, set of responsibilities, priorities, and needs, and must have the flexibility to fashion his office accordingly. At the same time, I think it can be charged that we perhaps have too much flexibility and too little guidance in designating job titles and functions and setting salaries. We now have an overall staff allowance and a designated number of slots we can use, and we have a statutory ceiling on how much we can pay the top aide in our offices. But, beyond that, we are pretty much left to our own devices. Our committees, on the other hand, have more guidance under the law and our rules in how many professional and clerical employees they may have, as do our subcommittees.

In addition to the problem of office titles, functions, and salaries, in individual Members' offices, we have no standards, procedures, or guidelines governing such things as handling grievances, allegations of discrimination in violation of clause 9 of rule XLIII, vacations, sick leave, or maternity leave, grounds for discharging employees, the proper and improper use of House personnel, standards governing salary increases, hiring procedures, et cetera. I am not suggesting that all of these matters can be regulated by fixed and uniform rules given the differing needs and priorities of various individual offices. Some things, such as job titles, functions, and outside salary ranges may be subject to more uniform regulation. Other matters are more properly left to the discretion of individual Members. For that reason, my resolution also requires the outside management consultant firm to formulate a modal "House Personnel Practices Code" for the guidance of House Members and the committees. I think it would be especially useful for new Members to have such a code to turn to in setting up their offices since they are not familiar with House personnel policies and often do not have experienced staffers to turn to for such guidance. But, moreover, I think such a code would be beneficial to new and old Members alike. I am not recommending that such a code be made a part of our House rules so that any departure from it would be in violation of the Rules of the House. But rather, I would envision that Members would want to subscribe to such a code so that both they and their employees have a mutual understanding of the various groundrules and conditions of employment in an office.

Mr. Speaker, I would hope this House could take speedy action on my resolution or some similar proposal in this session so that any new personnel policies and practices as well as the proposed code will be in place when the 95th Congress convenes.

MR. AARON B. COHEN

HON. HERMAN BADILLO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. BADILLO. Mr. Speaker, recently, Mr. Aaron B. Cohen, the executive director of the Daughters of Jacob Geriatric Center, passed away. His was a life devoted to the service of others and to his community. He was beloved and respected by the residents and staff of the center, and his death was an occasion of great sorrow. He was memorialized most eloquently by Rabbi Nathan Taragin, the center's chaplain, and I include his eulogy to Aaron Cohen as a tribute to the spirit of a man who brought light and hope to the lives of so many others:

Excerpts From a Eulogy Delivered by Rabbi Nathan Taragin, Rabbi of the Morris Park Hebrew Center, Bronx, N.Y., and Chaplain, Daughters of Jacob Geriatric Center, on May 9, 1976, at the Riverside Memorial Chapel

Today, on Mother's Day, 1976, we have assembled to pay our final honor and tribute to Mr. Aaron B. Cohen, a beloved husband, dedicated father, grandfather and brother, who was Executive Director of the Daughters of Jacob Geriatric Center for the past 24 years. He was summoned to eternity on Friday, May 7, 1976, two days after the 28th Anniversary of the Independence of the State of Israel. Those of us who were privileged to be associated with him know that he was not only the Father of the Daughters of Jacob Geriatric Center, but also rendered Motherly and personal care and attention to all residents, patients and staff alike with deep devotion and dedication. Whenever I visited in my role as chaplain, he always had a list of patients and regular residents who required pastoral guidance, especially the Rabbis and Rebetzins who graced the Center. I happily visited with them and reported back our conversations.

Yes, indeed, today, on Mother's Day, we are complying with Fifth Biblical commandment, which states "Honor thy father and thy mother" and its rabbinic interpretation to honor them while they are alive, and moreso following their departure to eternity.

Mr. Cohen was summoned to eternity Erev Shabbos. Emor tells us that only the righteous, serene and pure depart on the Jewish Sabbath, or on Festivals or the eve of the Sabbath, because "Shabbos" to Jews in a day of peace, purity and serenity. I strongly believe that Mr. Cohen's life was the symbol of Shabbos. He was at peace with God, with his loving family, with his associates and with all children of God.

His Hebrew name was Aaron Dov (Ber) ben Mordecai ha-Kohen and in the Ethics of our Fathers, Chapter 1, Mishnah 12, we read, regarding Aaron the High Priest: "Be a disciple of Aaron," says the great sage Hillel, "to pursue peace and to love peace; to love all children of God and to inspire them to be closer to God." Mr. Cohen faithfully practiced and cherished these noble virtues. He was a Hebraic and Talmudic scholar, loved Judaism and instilled the spirit of peace and harmony in all who knew him.

He was the son of Mordecai, whom the Book of Esther describes as "Ish-Yehuda" a man and a Jew. "Ish" is the highest type of man in the Hebrew language, and Mr. Cohen's noble character and benevolent heart made him the personification of the perfect Jew. Before the funeral service, I personally covered him with a full-sized woolen talith, for the prayer shawl sybolizes the blue skies, and Mr. Cohen truly synthesized his earthly materialism with heavenly spiritualism.

Mr. Cohen was a "Kohen", a priest. In Avot, Chapter 4, Mishnah 17, we read: "Rabbi Simon says that there are three crowns in Judaism: the crown of the Torah, Priesthood and the crown of a good name." Mr. Cohen possessed all three of these crowns. And again, in Chapter 6, Rabbi Meir says "Who is the finest and noblest person in Judaism, the one who is beloved by God and all the children of God." Mr. Cohen was beloved by God and by all children of God, for he cheered God and mankind with his kindness, humility and cheerful spirit. I recall the many visits I made to his bedside before his death, and although he could not speak, he always took my hand and cheerfully we prayed together for Divine intervention to grant him a "Refuah Shleimab." (A speedy recovery).

Mr. Cohen was good mate to his loving wife Flora to whom he was blissfully married for 34 years. A very devoted and dedicated father to his three children, Judith, Gerald and Susan, he was an affectionate grandfather to his four grandchildren, and a loving brother to Nathan Cohen.

The Talmudic sages tell us that when a righteous man departs from our midst, three groups of angels escort his soul (Neshamah) from the earthly world to the heavenly abode, and these angels are chanting "May he come in peace, it goes in front of him, and may he rest in peace." All of us who are here are joining the heavenly hosts and chanting with them in escorting Reb Aaron Ber ben Mordecai ha-Kohen to his heavenly abode, for his mission on earth has been fully realized and fulfilled. May his family and all of us be comforted among all the mourners of Zion and Jerusalem. Amen.

WHY THE BILLIONS?

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. ROUSSELOT. Mr. Speaker, just last week this body approved a $73 billion increase in the Federal debt ceiling, thereby moving the ceiling to the incredible level of $700 billion through September 30, 1977.

Unfortunately, this was not the first time this year we were asked to rule upon this matter. Just last February 25, less than 4 months ago, the House voted to increase the ceiling to its present level of $627 billion. And there were four other debt ceiling increases that were passed in the year previous to the February action.

The $700 billion debt ceiling that is now in effect represents a growth in the size of Government and Federal spending that is intolerable. It was a short 5 years ago that the size of the national debt was about half of what it is today. The U.S. Budget was a little over $211 billion, compared to the anticipated fiscal year 1977 budget total of over $413. That is almost a 100-percent increase in Federal spending and corresponding national debt in a period of only 5 years. Placed in a different perspective we can look at the totals this way: It took this country 195 years to reach its first $200 billion budget in 1971, and it has taken only 5 more years to double it.

Last March 31, an editorial appeared in one of my home district newspapers, the South Pasadena Review, that asked a question which, in my opinion, is timely for all of us: What good have we accomplished, particularly in the social welfare areas, by spending these billions? The author points out that in spite of the continued allocation of Federal dollars into programs such as welfare, food stamps, health, et cetera, the problems that are meant to be solved by these programs still largely remain. Instead of eliminating poverty, welfare spending only seems to encourage slothfulness.

Instead of solving the malnutrition problem, food stamps end up buying cigarettes and liquor. And instead of improving the quality of education, federally subsidized busing programs only promote social unrest.

As this House continues to consider Federal spending and appropriations in the coming several days, I would encourage my colleagues to carefully ponder the timely questions outlined in the thoughtful editorial on congressional spending priorities that follows:

WHY DO WE?

We have spent, and are still spending, millions yearly for the welfare of our residents on the lower rungs of the economic ladder. We have paid rent subsidies in many localities. In spite of all that, a recent survey has shown that there is a wider difference between the economic levels now than there was 20 years ago and the distance is widening.

We have spent millions for food stamps so that no one need be hungry and we have spent millions to improve health of the poor. A just-completed survey shows that there has been little improvement. They are still having mental health problems; they are still undernourished and the death rate of their infants remains about constant. All this in spite of free health clinics.

We have spent millions yearly on education for the underprivileged minorities, besides what we spend on busing to improve education by the Osmosis System. We have lowered the standards to enable otherwise unacceptable students to be admitted to colleges and universities. The only result is that everyone is getting a poorer education than they did 20 years ago, as all tests have proved.

All this means that we have literally thrown away billions of dollars while actually lowering the standard of living for every one, even those we were presumably trying to help. By trying to give our poor everything they want as well as what they need, we have robbed them of their incentive and their ambitions, making sure that they will continue to need our help.

Apparently the amount of money expended on the have-nots has little or nothing to do with their improvement in life if they fail to make an effort to help themselves. We have done the same thing with the nations of the world, with the same results. We have given them aid until they have become dependent upon us, hating us because they owe us, and wanting no part of us except our money and our food. Yet they are demanding more and more as their Right. The nations despise us a nation, and the poor in our country hate the corporations and the wealthy, from which they get most of their support.

Why do we Continue this give-a-way? Is it because the politicians need the votes? Is it because it makes us feel benevolent; or because we get shamed into it even though we know it is wrong? Once we get our motives straightened out, maybe it won't be too late to take care of the welfare of our nation. Just maybe.

PERSONAL EXPLANATION

HON. PARREN J. MITCHELL

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. MITCHELL of Maryland. Mr. Speaker, I have been listed as a cosponsor H.R. 13456, a bill to amend title 18, United States Code, and title 23, District of Columbia Code, to grant to courts power to deny pretrial release to persons charged with the commission of certain crimes of violence introduced by Representatives DODD and TSONGAS.

I would like to make it known that this is an error and my name should not have appeared on this legislation. I am neither a sponsor nor a supporter of this proposal.

PERSONAL EXPLANATION ON H.R. 14298 AND 14299

HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Ms. ABZUG. Mr. Speaker, on Monday afternoon, June 21, 1976, I was unavoidably absent for the votes on H.R. 14298, the Veterans' and Survivors Pension Adjustment Act of 1976 and H.R. 14299, the Veterans' Disability Compensation and Survivor Benefits Act of 1976, and could not express my support for them at that time. Both of these bills recognized our obligation to those who served their Nation in time of conflict, and, had I been here, I would have voted "aye" on both.

Mr. Speaker, pension history in the United States starts with the Revolutionary War. Last year, we enacted legislation which included an 8 percent increase in pension rates for eligible veterans and their survivors in addition to raising the maximum annual income limitations. Under the terms of the legislation, such action is effective only through September 1976. H.R. 14298 would not only make this interim step permanent but, effective January 1, 1977, would provide for a further cost-of-living increase of 7 percent with appropriate increases in annual income limitations. I am especially gratified by the action of the Committee on Veterans' Affairs which entitles eligible veterans 80 years and older to an added differential of 25 percent on their basic pension rates. Although this is not the straight pension desired by many World War I veterans, it is a step toward helping those World War I veterans in the greatest need.

Our Nation's disability compensation program has sought to provide relief to veterans disabled as the result of their military service for their impaired earnings capacity. The rates for such compensation were last increased on August 1, 1975. In 1957 the current program of benefits for survivors of veterans who have died as the result of service-related disorders was established. Benefits for eligible spouses and children under this program were also last increased almost 2 years ago. Mr. Speaker, all of us are aware of the economic hardships facing disabled veterans, veteran pensioners, their survivors, and dependents as a result of the erosion of their benefits by inflation. Periodic cost-of-living adjustments are essential to the well being of these individuals. Yet, in his budget message, the President requested no funds for these increases. Fortunately, during floor consideration of the first concurrent budget resolution, an amendment was accepted to add $1.2 billion in new budget authority and outlays to cover action designed to insure that disabled veterans and their survivors at least keep pace with the cost of living. To achieve this goal, the legislation provides an increase of approximately 8 percent across the board in existing compensation disability rates. Likewise the rates for dependency and indemnity compensation are also increased by 8 percent.

FORTY-TWO EMINENT ECONOMISTS ENDORSE HAWKINS-HUMPHREY FULL EMPLOYMENT ACT

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. CONYERS. Mr. Speaker, as the Hawkins-Humphrey Full Employment and Balanced Growth Act proceeds to debate and decision in the House, it was a source of great pleasure to receive today a statement of support of this absolutely vital legislation endorsed by 42 eminent economists and social scientists across the Nation.

At a press conference called by Prof. Charles Killingsworth, the distinguished labor economist at Michigan State University and chairman of the National Council on Employment Policy, and by Mr. Robert Nathan, the well-known consulting economist, the statement of support was introduced to the news media. "I have spoken with many economists who have studied closely the provisions of the Full Employment Act," Dr. Killingsworth told the press, "and there is virtually unanimous agreement that the policy mechanisms in this legislation, which include the appropriate safeguards to guide the economy toward full employment and price stability, are more than adequate to accomplish the economic goals that this Nation has dedicated itself to since the Employment Act of 1946." Pointing out that his distinguished fellow economist, Chairman Arthur Burns of the Federal Reserve Board, stated in a speech last September that "whatever may have been true in the past, there is no longer a meaningful tradeoff between unemployment and inflation," Dr. Killingsworth asserted the bill with its strengthened anti-inflation provisions fulfills the legislative criteria laid down by Dr. Burns when he said "the ultimate objective of labor market policies should be to eliminate all involuntary unemployment. This is not a radical or impractical goal."

Mr. Speaker, I wish to introduce at this point in the RECORD the statement of support for H.R. 50 and a partial list of the endorsers:

STATEMENT OF SUPPORT OF THE FULL EMPLOYMENT AND BALANCED GROWTH ACT

The Full Employment and Balanced Growth Act of 1976, introduced by Senator Hubert Humphrey and Representative Augustus Hawkins, is an important and vital piece of legislation which should be passed by this Congress. The Act builds upon and strengthens the Employment Act of 1946 and, more importantly, provides the foundation for sound full employment planning in the years ahead.

To be sure, no single piece of legislation can even pretend to deal exhaustively with a problem as complex as that of balanced growth and full employment. It is a promising framework for salutary economic change and, of course, will require additional enabling legislation in the future.

But recognizing the need for further refinements and the inevitable and necessary changes as it is implemented, we feel that the essential foundation laid down by the proposed Act is a crucial step forward for this country's employment and economic policies. We urge the Congress to pass, and the President to sign, this legislation into law as soon as possible.

PARTIAL LIST OF ENDORSERS OF HAWKINS-HUMPHREY FULL EMPLOYMENT AND BALANCED GROWTH ACT

Dr. Clark Kerr, Former President, University of California; Carnegie Commission on Higher Education; Labor Economist.

Prof. Charles Killingsworth, Chairman, National Council on Employment; Labor Economist, Michigan State University.

Prof. Ray Marshall, Economist, University of Texas at Austin.

Prof. Gerald Somers, Former Chairman, Economics Department, University of Wisconsin at Madison.

Prof. Robert Eisner, Economist, Northwestern University.

Prof. Howard Wachtel, Chairman, Economics Dept., American University.

Dr. Norman D. Aitken, Chairman, Economics Dept., Univ. of Massachusetts.

Dr. Thomas A. Barocci, Economist, Sloan School of Management, MIT.

Dr. Helen Ginsberg, Economist, Sidney Hillman Foundation, New York.

Dr. Solomon Barkin, Economist, Univ. of Mass. at Amherst.

Dr. David Warner, Economist, LBJ School of Public Affairs, Austin, Tex.

Dr. R. L. Oaxaca, Economist, Univ. of Mass. at Amherst.

Robert Nathan, Consulting Economist, Pres., Robert Nathan Assoc.

Dr. Vaclav Holesovsky, Economist, University of Massachusetts.

Dr. Leon Keyserling, Consulting Economist, Washington, D.C.

Dr. Steven D. Soderlind, Economist, University of Massachusetts.

Dr. Curtis Aller, Economist, San Francisco State College.

Dr. Bertram Gross, Political Scientist, Hunter College, New York.

David T. Bazelon, University Professor, State University of New York at Buffalo; author, *The Paper Economy*.

Dr. Gar Alperovitz, Director, Exploratory Projects for Economic Alternatives.

Dr. Emile Benoit, Emeritus Professor, Columbia University.

Dr. Seymour Melman, Chairman, Dept. of Management and Industrial Engineering, Columbia University.

Prof. Charles Hamilton, Political Scientist, Columbia University.

Prof. L. Eudora Pettigrew, Political Economist, Michigan State University.

Prof. S. M. Miller, Chairman, Sociology Department, Boston University.

Dr. Arthur Pearl, Educator, Univ. of California at Santa Cruz.

Prof. Sam Popkin, Political Scientist, Univ. of Calif. at San Diego.

Prof. Mark Solomon, Historian, Simmons College, Boston, Mass.

Dr. Elliot Liebow, Social Scientist, National Institutes of Mental Health; author, *Tally's Corner*.

Michael Harrington, Author, *The Other America, Socialism, The Twilight of Capitalism;* Chairman, Democratic Socialist Organizing Committee.

Prof. George Wald, Nobel Laureate; Biologist, Harvard University.

Dr. William Spring, Economist; Director, Regional Institute on Employment Policy, Boston University.

The Hon. Wilbur J. Cohen, Former Secretary, Health, Education, and Welfare.

Dr. Harold Sheppard, Director, American Institute for Research, Wash. D.C.

Frank Riessman, Editor, *Social Policy*.

Frederick S. Jaffe, Planned Parenthood, New York.

Eleanor Holmes Norton, Commissioner, New York City Commission on Human Rights.

Peter B. Edelman, Director, New York State Division for Youth.

Prof. Phyllis Wallace, Economist, Sloan School of Management, MIT.

Prof. Glen Cain, Economist, University of Wisconsin.

Prof. Bruno Stein, Economist, New York University.

Prof. Bernard E. Anderson, Economist, Wharton School, University of Pennsylvania.

DAYTON'S UNIQUE DO-IT-YOURSELF GOVERNMENT

HON. CHARLES W. WHALEN, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. WHALEN. Mr. Speaker, a recurrent popular theme is the need to "return government to the people." The city of Dayton, Ohio, which has enjoyed a reputation for innovation in local government ever since it became the first large community in the United States to adopt the city manager form of government, is a pioneer in reducing citizen alienation through increasing citizen participation in the local government decision-making processes at the community and neighborhood levels.

In the June 1976, edition of Reader's Digest, James H. Winchester discusses the steps Dayton has taken to cut back on the bureaucracy and make city government more accessible and responsive to citizen input.

As Mayor James H. McGee of Dayton is quoted in the Winchester article:

> People really do care about where they live and how they live. What we are doing in Dayton can be of value to cities and people throughout the country.

With Mayor McGee's remarks in mind, I commend "Dayton's Unique Do-It-Yourself Government" to the attention of my colleagues:

DAYTON'S UNIQUE DO-IT-YOURSELF GOVERNMENT

(By James H. Winchester)

Dayton, an industrial city of 208,000 in southwestern Ohio, is where the airplane, the cash register and the automobile self-starter were developed. Back in 1914, it was also the first large community in America to adopt the city-manager form of government.

Today, once again a pioneer, Dayton is showing other cities how citizens can *genuinely* participate in local rule. While the residents of many cities are alienated from their institutions and leaders, the people of Dayton are actively involved in forming the policies and goals that shape their lives. Public leaders are recognizing the willingness and competence of the people to play a responsible part in policy-making. And the people of Dayton are discovering that bureaucrats and officials can be reached, persuaded, even overruled. Conflict, cynicism and suspicion are lessening on both sides. Consider these joint achievements of community and city hall:

Before the city commission put a raise in the local income tax to a vote last year, people were polled on how they wanted the new revenues spent. More than 100 neighborhood meetings were held to let officials hear from the man in the street. Five demands from the public surfaced: 100 new policemen; the relocation of fire stations for better protection, and the restoring of some fire crews that had been cut back because of financial problems; better park maintenance; regular pickup and sweeping of alley trash; the opening of city recreation centers on Saturdays. The city commission didn't just promise to do these things; it enacted a resolution to guarantee the new tax money would be spent only for these improvements. With this assurance, the voters passed the new levy by a 60-percent majority.

The families of two separate homicide victims were outraged when the local prosecutor's office decided not to charge those arrested for the killings. They protested to Dayton's Joint Office of Citizens' Complaints. This city- and county-financed agency, which receives additional support from the School Board and the United Way, acts with absolute independence as the people's impartial ombudsman against red tape and injustices.

Looking into the cases, the ombudsman found that all decisions to dismiss charges, even in murders, rested with one individual in the prosecutor's office. The ombudsman's investigation lasted a month. As a result of her intervention, officials decided to prosecute in one murder, and to explain personally to the family the reasons for not doing so in the other case. The prosecutor's office also dropped its one-man-decision policy. Now, when a citizen or a policeman wants to complain about the way a case is handled, he goes before a three-man panel in the prosecutor's office, with appeals and review allowed.

Police seldom ask those they serve how they prefer to be served. But in Dayton, when a law-enforcement problem surfaces, a task force composed of citizens and police officers is set up to work it out. Half of each group represents an ethnic, social and economic cross section of the city's population. Lower-income minorities predominate. If the question involves juveniles, the task force includes teen-agers from the city's high schools.

When a 1973 survey showed that one-third of all homicides in Dayton, as well as most deaths and injuries to policemen, were the result of family disputes, a police-citizen panel held 18 meetings over a period of 14 months, and from this exchange a new police-department policy was adopted: mediation rather than arrest. Arrangements were made for 14 of the 32 agencies in the city qualified to deal with marital or family-related discord to remain staffed 24 hours a day. In the majority of cases now, police on the scene, after quelling any violence, call in one of these agencies to work out peaceful settlements with the people involved. Only in rare cases is anyone hauled off to jail. In the first year of this new approach, the number of repeat calls to the same household has been cut by half, the number of killings related to family disputes has dropped one-third, and injuries and deaths of policemen responding to such calls have been sharply reduced.

Moreover, Dayton police officers are usually assigned permanently to the areas where they live. Dealing with neighbors as neighbors, they handle everything from cats in trees to robberies. The more sophisticated crimes (*e.g.,* homicides) are handled by a specially trained, central squad.

Civilians help the Dayton police as Neighborhood Assistance Officers (NAOs). Over one-quarter of this 140-member volunteer corps are women. They work without pay, have their own uniforms and receive eight weeks of special training, with heavy emphasis on first aid. They cannot make arrests, carry guns or conduct searches. Patrolling their own neighborhoods, officers check doors and windows at stores and schools; report broken street lights; direct traffic in emergencies; soothe citizens with small complaints, and keep full-time police free for more serious calls. Response time by regular police radio cars has been cut 40 percent because the NAOs now handle 80 percent of all requests to the department.

Citizen participation in Dayton government grew out of potentially serious problems about ten years ago. Racial tension began heightening in Inner West, a rundown small-business and residential area near downtown, long recognized as a home for minorities, mostly blacks. Fights and disturbances spread. In 1969, Dayton was guaranteed $20 million in federal funds to improve conditions in Inner West. After many debates and much deliberation, Graham Watt, then city manager, came up with the idea of establishing by ordinance an equal partnership between the section's residents and the city. Watt's argument: "Improvements must represent what the people really want, not just what city hall thinks is best."

Inner West citizens were skeptical, but agreed to try. In a neighborhood election they selected a 27-member local panel to work with the city commission to determine how the money would be spent. One of the first citizen ideas put into effect was to build new single-family dwellings instead of low-income apartment blocks. These subsidized homes were then let at low rents or sold to low-income residents. Minibuses were arranged to carry Inner West senior citizens to health centers and social halls throughout the city. To cut down on the area's juvenile delinquency, 4-H clubs were established. A one-stop city office was set up in the heart of Inner West so that people in need of social services no longer had to travel to widely scattered agencies. Black and white patrolmen walked together in teams. Troublemakers and problems remained, of course, but frustration and discontent began to fade.

The Inner West program was so successful that, three years later, it was installed throughout the city. The result: six Neighborhood Priority Boards, now the cornerstones of Dayton government. Boards vary between 23 and 32 members, elected for one- or two-year terms by their neighbors. Members serve without pay.

Each board meets at least once a week to discuss neighborhood needs. The city provides over $8 million a year to carry out the wishes of these local boards, most of which are over and beyond regular municipal services.

Throughout Dayton today, tangible results from such wholesome community communications are evident. Several neighborhoods buy and repair old homes for resale to those who ordinarily couldn't get mortgages. To conserve energy and help cut down on fuel bills, one board is making $200,000 available to its residents in six-percent home-improvement loans for such things as insulation, storm windows and doors. Another board is spending $250,000 to raze deteriorating buildings. Several youth recreation centers have been opened. New parks have been built, with emphasis on facilities for the elderly. Cleanup programs are widespread.

City department heads and their subordinates attend neighborhood meetings and listen to complaints. In addition, City Manager James Alloway now has each department head sign a performance contract, which spells out goals and deadlines to be met. All terms are made public. If these contracts are not fulfilled, the jobholder is subject to dismissal. Says the city manager: "Citizens are no longer in a vacuum. They know *exactly* what to expect for their taxes. The city *has* to perform and deliver."

Dayton still has major problems, including deteriorating housing, unemployment and a rising welfare burden. But there is now a feeling throughout the city that things are changing for the better. With a bigger voice in local government, and the increased efforts and willingness of elected officials and bureaucrats to listen and respond, people are less alienated and antagonistic.

Mayor James H. McGee, addressing the U.S. Conference of Mayors, said: "Citizens do not want to change our structure of government. They do, however, want more opportunity to propose and examine policy alternatives, and to press for corrections. People really do care about where they live and how they live. What we are doing in Dayton can be of value to cities and people throughout the counrty."

COMMUNICATING THROUGH ART

HON. ANDREW JACOBS, JR.

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. JACOBS. Mr. Speaker, Indiana has much of which to be proud, nothing more than the genius of Joni Johnson.

This article appeared in the Indianapolis Star Magazine last Sunday:

Communicating Through Art—Joni Johnson's Works Are Admired and Purchased Throughout The Country

(By Susan Lennis)

Both of Joni Johnson's parents were deaf. Because she didn't know sign language, Joni would paint pictures to communicate with her mother and father.

Today at 41, Joni still communicates through artwork to an audience that has far surpassed her immediate family.

She is considered by many to be the most popular watercolor artist in this part of the country. Her works also are sold in galleries in Massachusetts and Cincinnati, Ohio.

"Joni will set up a booth at the Talbot Street Art Fair and her works will all be sold shortly," a fellow artist observed enviously.

Even Miss Johnson admits she has obtained a "nice following" over the years.

"I seem to be very successful in shows," she says, "selling most of my paintings. I guess that's why I never have too many of them around the house to show visitors."

Miss Johnson's commercial success can probably be attributed to two factors. Many of her paintings combine faces with poems or sayings, giving them a contemporary character. Secondly, compared to today's inflated art prices her paintings are extremely reasonable—under $125.

The blond-haired artist started working in watercolors as a youngster ("I used a box of Prang watercolors," she recalls in Swayzee, Ind., and took her first art lessons when she was 8.

"Because my parents couldn't hear I became terribly aware of looking at things," she says, "and grew up learning to observe more than the average person."

Miss Johnson's mother wrote book reviews for the local newspaper. Her father loved to travel and often left the family for long stretches of time, hopping boxcars to get from one place to another.

"One time my father returned covered with tatoos," remembers Miss Johnson. "He had been working in a circus and all our relatives were very upset. My parents were such interesting people, I'm hoping to do a book on them some day."

She attended Tech High School and the John Herron School of Art in Indianapolis and then went to the Chicago Modern Museum of Art School. She later returned to Herron to obtain a bachelor's degree in fine arts.

Though watercolors hadn't become popular in the 1940s when Miss Johnson began studying art, her instructors encouraged her to go into that medium, believing she had the talent to handle it.

Now she works almost exclusively in watercolors and pen and ink. She occasionally uses acrylics.

Probably one of the most amazing features of the personable artist is her productivity. In a "good day" she can produce from 12 to 14 paintings.

"I'm basically an undisciplined person," she muses. "So over the years I have to hammer a tough schedule into myself to get as much done as I do."

She begins painting about 1 p.m. in a small area in her near westside apartment and works until 4:30 p.m. when she takes a break. After she finishes dinner with her husband Merle Griggs, and young son, Merle Vincent (named after artist Vincent Van Gogh), she may paint until 2 or 3 a.m.

"I'll sleep until 11 the next morning, she explains, "Surprisingly, my son fits well into my schedule and he's very good about not bothering me. Of course that will all change when he starts to school."

The elder Merle is particularly supportive of his wife's ability and interests.

"Every once in awhile he'll check my paint drawer and notice that I am a little low on a color or paper," she says. "He'll stop in at the store on the way home and pick up what I need without my saying anything about it."

Besides doing her paintings Miss Johnson often works in a hardbound book she has filled with sketches, watercolors, notes and some humorous references.

During the last year she has received a number of honors for her watercolors, including top prizes at the Brooklyn Heights Museum Show in New York, the Chicago Watercolor Drawing and Paint Show and the Los Angeles Watercolor Festival.

Although she admits she has no idea where all of her paintings go, she does know that there have been in the homes of Vincent Price, Harry Bellafonte and the late Agnes Moorehead.

Along with her painting, Miss Johnson enjoys dabbling in other areas, particularly set designing and costumes. She worked on the sets for a Butler University ballet production of "To Kill a Mockingbird."

THE NEED TO CONTROL THE FBI

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. RANGEL. Mr. Speaker, during recent months we have been made painfully aware of a variety of covert operations by this country's intelligence agencies. The following editorial from a recent edition of the New York Times brings to light further activities on the part of the FBI indicative of their seemingly unceasing efforts to undermine the work of various civil rights groups. The import of the select committee's findings reported therein is great, and speaks, as do countless similar charges, for the immediate institution of the strictest guidelines for the intelligence agencies.

I would like to insert at this point in the Record the complete text of the editorial for my colleagues thoughtful review. The editorial follows:

F.B.I.'s Deadly Games

It is axiomatic, but easily forgotten, that a suspension of the liberties of even the most reviled group in a society will dilute the liberties of all since each discretionary suspension of rights leads more easily to the next one. This truth is brought to mind by the release of a study, by the staff of the Senate Select Committee on Intelligence, of the Federal Bureau of Investigation's counterintelligence programs against the Black Panther Party and other "black nationalist-hate groups."

While revelations about Cointelpro activities against Dr. Martin Luther King Jr. have elicited widespread concern and comment, little has been made of the program against the Panthers and other black groups, even though the evidence indicates that those programs may well have been responsible for the death of a number of individuals charged with no crime. That is a large accusation, but three events drawn from committee records suffice to sustain it.

At U.C.L.A. in 1969, the Black Panthers and US, another black group, were engaged in a violent conflict that had already caused two deaths. The F.B.I. exacerbated the struggle by sending the Panthers inflammatory material, ostensibly from US. After further deaths, the bureau's San Diego office made the following appraisal of its efforts: "Shootings, beatings, and a high degree of unrest continues to prevail in the ghetto area of southeast San Diego. Although no specific counterintelligence action can be credited with contributing to this overall situation, it is felt that a substantial amount of the unrest is directly attributable to the program."

The F.B.I. sent an anonymous letter to a Chicago gang leader whose organization it characterized as one to which "violent type activity, shooting and the like are second nature." The letter advised the gang leader that the Panthers intended to have him killed, which, according to the F.B.I., was designed to "intensify the degree of animosity between the two groups" and cause "retaliatory action which could disrupt the BPP or lead to reprisals against its leadership." This project apparently failed; there is no record of any violence flowing from it.

In December 1969 a special unit of Cook County police raided the headquarters of the Illinois chapter of the Black Panther Party. When the raid was over, according to a Federal grand jury which investigated the matter, the police had fired between 82 and 99 shots and the occupants only one. Two Panthers, including Fred Hampton, chairman of the Illinois chapter, were dead. Although the raid was ostensibly carried out to find illegal weapons, F.B.I. internal memorandums indicate both that the bureau took credit for being the sole source for information that led to the raid and that it believed the weapons inside the apartment were purchased legally.

Such reckless endangerment of human life was justified neither by violent rhetoric nor by the fact that while some of the Panthers were undoubtedly idealistic, others were undoubtedly thugs. Yet the Cointelpro activities had no sanction in law and represent the ultimate in governmental lawlessness and arrogance.

F.B.I. Director Clarence M. Kelley asserts that under his direction the bureau has been "purged" of its rancid past, but there is no record that the agents who directed and engaged in such programs were prosecuted for their crimes or even faced administrative discipline. In the absence of any visible internal effort by the bureau to make officials accountable, it is difficult to be entirely comfortable either about the F.B.I. or the liberties of American citizens.

COMMISSION ON ADMINISTRATIVE SERVICES AND FACILITIES

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. MOAKLEY. Mr. Speaker, there would appear to be general agreement in the House that there is a need to establish a commission to study the operations of the House of Representatives.

I have today introduced a resolution to create such a commission. It is my expectation that the majority party caucus, at a meeting scheduled tomorrow, will discuss the concept of such a commission.

I would hope that the Committee on Rules will be able to act on this—or a similar resolution—before the next recess.

The resolution I propose is largely modeled after section 404 of the resolution introduced in the last Congress as part of the recommendations of the Select Committee on Committees.

I would like to insert, at this point in the Record, the text of the proposed resolution:

Resolution

Resolved, That there shall be in the House of Representatives a Commission on Administrative Services and Facilities (hereinafter in this section referred to as the "Commission"), which shall be composed of fifteen members appointed by the Speaker, as follows:

(1) Eight Members of the House, and

(2) Seven members from the general public who have demonstrated ability in administrative services and space utilization.

The Speaker shall designate one of the members of the Commission as chairman. Any vacancy occurring in the membership of the Commission shall be filled in the manner in which the original appointment was made.

It shall be the function of the Commission to conduct a thorough and complete study with respect to the administrative services, facilities, and space requirements of the Members and committees of the House, including staff personnel, administration, accounting, and purchasing procedures, office equipment and communication facilities, recordkeeping, space utilization, parking, and the organization, responsibility, and supervision to provide adequate, efficient, and economical services, space utilization, emoluments and allowances.

The Commission shall make semiannual reports to the House, and such additional reports and recommendations with respect to matters within its jurisdiction as it deems necessary or appropriate. The final report of the Commission shall be submitted no later than January 2, 1979.

In carrying out its functions, the Commission may meet at such times and places as it deems necessary. A majority of the members of the Commission shall constitute a quorum for the transaction of business.

Members of the Commission appointed under subsection (a)(2) (except those who are already full-time Federal employees) shall receive compensation at the daily rate provided by law for persons in grade GS-18 for each day actually engaged in the performance of the Commission's functions; and all members of the Commission shall be entitled to receive actual and necessary travel expenses, including per diem in lieu of subsistence.

The Commission shall appoint and provide for the compensation of such staff as may be necessary for the performance of its functions.

The contingent fund of the House is made available to carry out the purposes of this section.

Mr. Speaker, I would also like to place in the Record the text of the report of the Select Committee on Committees (H. Rept. 93-916) concerning this section:

Commission on Administrative Services and Facilities

The committees of the House depend upon a wide variety of "housekeeping" or administrative services. These services are provided by various offices, committees, and agencies, such as Committee on House Administration, Clerk of the House, Architect of the Capitol, Government Printing Office, etc.

If the characteristics of the environment in which the administrative services operate are understood, there is much evidence that existing services for committees are of high quality; indeed, some are exceptional. Furthermore, responsible committees and offices are constantly seeking improvement. Even so, that there are problems, current or possible in the future, is generally recognized. Some of these are the following:

(1) Lack of a comprehensive personnel program for committee staff.

(2) Consideration of additional centralized services to provide temporary personnel when workloads so demand (typing, duplicating, audiovisual, consultants, etc.).

(3) Continual review of space utilization.

(4) Additional advisory service for assistance in purchasing and efficient use of equipment, in office layout, workflow and office procedures, etc.

(5) Centralized services for orienting new personnel, providing training courses, and improving staff communication: meetings, newsletters, etc.

(6) In general, more staff and better working conditions.

(7) Review of record keeping policies and procedures.

(8) A centralized service for selected media needs.

(9) Review of policymaking and administrative units responsible for administrative services and space.

One of the most serious handicaps to committee operations is that of inadequate space. Not only is there an inadequate amount of floor space for committee staff, but hearing rooms are in short supply and often not equipped to meet the requirements of the hearing or meeting. Testimony of the Architect of the Capitol and a special study by the select committee staff (see pages 165-92 of Volume III of the select committee's hearings) prove conclusively that more space is needed. The staff study concludes as follows: ". . . the existing office space of 117,000 square feet would have to be increased by 65 percent (or in excess of 76,000 square feet) just to meet minimum working space requirements for current committee staff."

The select committee recommends that a new commission make a comprehensive survey of existing services and space utilization, and recommend changes. Although some improvements in services and facilities available to House committees could be achieved without such a commission, the problem, is much bigger than just committee operations. Many of the services are provided as part of services generally available for Members and their offices, and for the House. Furthermore, such problems as parking and additional office space are related to the need for a long-range plan for all of Capitol Hill.

The select committee is aware of those committees which have been studying some of the problems associated with administrative services and space, such as the Committee on House Administration and the

Joint Committee on Congressional Operations. It is expected that there will be much cooperation between these committees and the new commission, including the possibility of joint staff projects, and shared committee membership. Furthermore, some services are shared with the Senate and as such are best handled by a joint committee. There is much merit, however, in periodically having "outside" participation in such practical matters as studying the space and administrative services of the House; the users of such services often do not have the time and/or expertise to constantly upgrade the quality of operations and their recommendations may appear to the public to be self-serving. A commission consisting of seven Members who are familiar with the special needs of the House, and six members from the general public who have demonstrated ability in administrative services and space utilization would be an ideal group to examine in a thorough and independent manner what can be done to bring the House the maximum in services and adequate space.

PATH TO BETTER GOVERNMENT

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. SYMMS. Mr. Speaker, my constituent, Charles Eastman of Kingston, Idaho, recently addressed some thoughtful testimony to me regarding the need for a return to constitutional government. I feel that my colleagues and the readership of the CONGRESSIONAL RECORD could stand to benefit from his comments.

THE PATH TO BETTER GOVERNMENT

(By Charles Eastman)

I am Charles A. Eastman, a native born citizen of the United States of America, and proud of it. I reside in Kingston, Idaho.

My statement, which follows, is intended to support (HR–10164) (S–2258) as interim relief of a situation; but also suggests a permanent remedy to this situation, which must be corrected, and quickly, if we are to survive as a Constitutional government. The situation referred to is that of 'rule by regulation rather than govern by law.'

I assure you that what I have to say here is as unpleasant for me to say as it is for you to hear. Moreover, it does need airing. I fervently hope and pray that it will contribute to remedial action that will permanently correct the undesirable practices now in existence.

My capacity at this time is one of We, the People. This, as you are certainly aware, is the group which has ordained and established the Constitution for the United States of America. Inasmuch as this Great Document was ordained and established for our posterity, it follows that those of us who succeed our predecessors must defend this Constitution as much as they did.

Provided any of you take the view that I am a self-appointed spokesman for We, the People, I can only say that to my knowledge no one to date has addressed to the situations alluded to in this statement. Thus, in my view, and in the view of many of my associates and acquaintances, these matters must be faced if our Republic is to survive as a Constitutional government.

I do not come here as a learned scholar of law. I have not been trained, educated, or experienced in the practice of the legal profession. Rather, I appear here as one who has had a far greater learning experience. You see, as one of We, the People, I am a provider of the power of the government as specified in the Constitution. At the same time, I am a direct recipient of the results of that power, and of its misuse and abuse. It is in the latter two capacities on which I base this factual presentation.

I must add one more qualification for my presence at this hearing. As part of We, the People, I am also a member of the electorate which hires and fires all of you with our vote. As a member of this constituent employer, I am in no way your inferior. Thus, I find it my duty to address you in direct, firm, and respectful language; void of arrogance, but forthright in nature. In this light, I shall ask, as well as answer questions cogent to this entire presentation.

So much for the introductory remarks.

I intend to address to the following matters of concern, which, in many instances are interlocking, and thus each may apply to one or more of the other:

1. The appropriate and salient contents and intents of the Constitution; particularly concerning the roles of We, the People, and the Legislative, Executive, and Judicial Branches of our government.

2. The current trends within the government to violate and circumvent the spirit and the content of the Constitution, without amendments as required by that Great Document.

3. The seeming trends in government to subtly replace the specific mandates of the Constitution, as contained in the Preamble, with more contemporary and fabricated mandates, which for the most part are founded primarily on orchestrated emotions.

4. To analyze the deplorable economic condition of Our United States of America.

At the outset, lets look at some of the salient features of Our Constitution; never forgetting that this supreme Law is ordained and established, not by the government or any of its branches, but by We, the People. Also remember that it is Supreme to any act you have or may pass.

1. The Constitution is written in very positive, plain, and simple English, for the most part; and leaves very little room for valid interpretative changes. For example, the verb 'shall' is used generously (278 times) in the Constitution. Even the most basic law student can tell you that the word "shall" in legal jargon, is the most direct mandate that can be expressed. Other less mandated words, such as 'may" are used far less frequently. I point this out to emphasize the direct and positive theme expressed in the Constitution.

2. The only words used in the Constitution that are not English are five Latin words or phrases (ex post facto, habaes corpus, pro tempore, proviso, and quorum), and in only six instances. It appears then that the authors very wisely decided that this Law, ordained and established by the people, must be written in terms and language fully understood by them.

3. The very 'rule' is not to be found in the Constitution. The noun 'rules' is used on 27 occasions, usually when it was necessary to state who has the power to make them. The reasons for the absence of the verb 'rule' is interesting to ponder. It would appear that the authors, with the oppressive rule of the Crown fresh in their minds, and having successfully terminated this oppression with the American Revolution, chose to avoid this verb in this Great Document. I sense that they reasoned that if they did use this verb, it would give some faction of future generations a base for 'rule' rather than government of the people.

4. The Preamble to Our Constitution establishes a very strong basis for its contents and intents as contained in the succeeding Articles and Amendments. These mandates are written in very specific and clear terms, as follows:

To form a more perfect Union;

To establish justice;

To insure domestic tranquility;

To promote the general welfare;

To secure the blessings of liberty to ourselves and our posterity; and

To provide for the common defense.

5. The first three Articles of the Constitution establishes and empowers the three branches of our government; the legislative, the executive, and the judiciary, respectively. The powers as expressed in these Articles are in very definite and precise terms as to what each is empowered to do or not to do. It is interesting to note that the first two Articles concern the two elective branches of the government, while the third concerns the only fully appointed branch of the government. One might ponder that the authors intended to emphasize the elective qualities of our government over the unelected. Just an interesting thought.

6. The remaining four Articles have to do with the several states of the Union; the methods by which the Constitution is to be amended; debts, Supremacy of the Constitution, treaties and laws, oaths required, prohibition of religious test as qualification for holding office; and the basis for ratification of the Constitution.

7. In the main, Amendments to Our Constitution add to, rather than alter the original Articles. Of course, there are some changes, but none which change effectively the powers of the three branches of the government.

So much for this, my studied but admittedly cursory analysis of Our Constitution.

Now I shall get down to the purpose for this presentation.

Along with many other of We, the People, I have noted in recent years a subtle, but drastic change in the direction of our government from that of a true Constitutional government of the people with its three equal branches, to one with an additional and ominous element of a ruling clique of regulators—none of which are elected.

On the surface, the theoretical organization of these regulatory agencies are seemingly under the Executive Branch, which is established and empowered under Article II of the Constitution. However, let us analyze the reality and see if this theory is correct.

For the purpose of this analysis, I shall cite to you two experiences, one of which I have personally undergone with dire results, and another which seems to be developing along the same harsh and unjust manner.

The first experience is directly related to Titles XVIII and XIX (Medicare and Medicaid, respectively) of the Social Security Act.

Despite the provisions of the Constitution vesting the Executive powers in a President of the United States (Article II, Section 1), and specifying the manner in which a President may utilize his cabinet, or the principal officers in the several executive departments (Article II, Section 2), the Congress, in this case along with others, has circumvented the President and his vested powers, by assigning the execution of these Titles directly to the Secretary of Health, Education, and Welfare. See Section 1871 of that Act, for example. In addition to this circumvention, the Congress gave the Secretary of HEW the power to promulgate such rules and regulations as he deems necessary to implement these Titles.

Speaking as one of the victims of this awesome power, I shall attempt to display to you the dire results of the transfer of this rulemaking power from the Congress to an agency which is not elected by the people, and which enjoys an inviolable sanctuary.

First, let's look at this transfer of rulemaking power by the Congress in terms of the Constitution.

1. Article I, Section 8, of the Constitution states that the Congress shall have the power to make the rules for the government.

2. The same Article and Section states that Congress shall have the power to make all of the laws which shall be necessary for carrying into execution its powers and all other powers vested by this Constitution in the government of the United States, or any department or officer thereof.

3. Article II, Section 1, clearly states that the Executive power shall be vested in a President of the United States of America. There is nothing in the Constitution as written or amended that vests any power in any Cabinet officer, or other officers of the Executive Branch.

In light of the aforementioned specifics of the Constitution, the question arises as to how the Congress can pass its rule-making powers to others. This question is deepened further when the Congress passes such power to Cabinet officers or other officers who have no vested powers under the Constitution. The Constitutional fact that the President alone is vested with the powers of the Executive Branch seems to be overlooked in this and other cases by the Congress.

It would be refreshing to We, the People, to have the President veto any act passed by the Congress which assigns the power to execute such act to other than the President.

Except to say that due to the whimsical, capricious, and ever changing content and interpretations of rules, regulations, guidelines, codes, ad mauseum, of the two previously cited Titles, the nursing home that I administered finally succumbed to the will of the regulators. They had to resort to extreme degrees of use of their ill-gotten powers to accomplish this, but they succeeded. The hardships caused by this capricious action, as well as the sordid details of this demise is contained in my book. "The Sin of Caring"; a copy of which I leave each of you, as well as one for the record, as part of this statement.

So much for this sad experience.

Now for an experience that is not yet over; but which even more exemplifies the omnipotent power of the regulators.

I reside in an area of North Idaho which is abundant with rich ores containing the needed metals of lead, zinc, and silver, among others. This area has produced these metals since the late 1800's.

At least one company so engaged in this needed production operates necessary smelting and refining operations to convert the extracted ores to useable metals and chemicals.

I would be the first to admit that the operations of this company in the past appears to have caused certain adverse effects on the land, water, and air of this area. However, this same company started, at their expense, in the middle sixties, actions to correct these adverse conditions.

In a very short period of time after the company initiated these corrective actions, the land showed remarkable improvement in the native vegetation; the river cleared up; and the air quality improved immeasureably. This company spared no expense to add to these improvements as proven technical means became available to them. They have constantly been in search of all means to improve the appearance, health, and environment of the area.

Then the Clean Air Act of 1970 was enacted; and the EPA came into being.

Then the rhetorical ranting and raving started; with the usual tirade and catchy cliches about the mean, insensitive, profit-hungry corporate establishment being the culprit responsible for this rape of the land, its environment, and its people. This crescendo reached its peak when the national media depicted the area as being the dirtiest in the United States; and one in which the people were dropping like flies, and in which no pet or other animal life could survive.

Having placed the seed of adversity in the minds of the people that their welfare and well being were in jeopardy, the press, continued their onslaught by demanding that corrective action be taken. This persistent chant was taken up by the environmental purists, who demanded that the regulators, with their awesome power, move in. The regulators readily obeyed.

With timely and massive media releases, the so-called surveys of the health of the people, the conditions of the land, water, and air caused a massive influx of the Federal and State regulators. Through very precisely planned and orchestrated "hearings", the company was very harshly criticized and chastised with an abundance of emotional tirades.

With this series of charades, government began setting "standards." It did not matter to these omnipotent regulators whether or not it was technically possible for these standards to be met, by the date these regulators set; these rulers took the position that: "we have spoken, you comply, or else."

After the dust settled after these developments, the company and the regulators sat down to lay each of their positions 'on the table.' The company fully cooperated with the regulators and subsequent scientific studies to determine the true quality of the health of the people of the area that may have been affected by the pollution caused by the company's operation. That study continues. To date the findings have not been conclusive or final, but it did totally discount the distorted excesses of the media as to those conditions.

The company, in order to demonstrate their full cooperation with the regulators, started position actions to further improve the quality of the area's environment. These actions were to immediately plan for the installation of the latest equipment, technology has advanced to improve the ambient air standards; as well as to cease smelting operations when the atmospheric conditions were such that continuing operations would adversely effect the ambient air.

Although at first approving these means, the EPA withdrew its approval in favor of an 'upgrading' of their standards. The state Health and Welfare Department subsequently followed suit.

At this writing the company has had to resort to judicial action to restrain the EPA from their enforcement of their newer standards; and to force a court review of the state H & W actions.

It must be pointed out that this company, long before the birth of either EPA or CAA-70, was cognizant of, and took action to correct adversities their operations could have been causing in the area. It should further be pointed out that the company continues to search for further means of causing such improvement, and is willing to go to any expense to install any devices to accomplish this objective when such devices become available to them on a technically proven basis.

Apparently, this willingness on the part of the company is not satisfactory to the omnipotent and untouchable rulers within the EPA. So the company must spend vast sums of money to seek the justice of the courts, while the EPA will use vast sums of the taxpayers' money to justify their powerful existence.

The vain arrogance of the EPA was exemplified by one of their number, in a recent appearance before a local civic body, stating that he has no concern for the economic well being of the company, the area and its people, or of the industry. Clean air, water, and land were his only concern.

So what do we have here. On the one hand we have a people and an area, which are still living and improving in environment, respectively, despite the outcries of the environmental purists and their accommodating media to the contrary; a company, who despite their continuing willingness to improve all qualities of the area's environment as proven technology permits, is faced with seemingly impossible demands of omnipotent regulators; and the unelected regulators wielding their ill-gotten rule-making power, which properly belongs to the Congress.

And so it goes. Where it stops, nobody knows.

At this time, I shall proceed to a matter which, to a large degree has been caused by the transfer of the powers of the Congress to these unelected, hired regulators; that matter being the deplorable condition of our Nation's Treasury.

On March 11, 1975, which happens to be the Anniversary of our marriage, I noted that our Nation's Federal Debt, for the first time surpassed $500 billion. I decided that at this time I would start a day-by-day running account of the increase or decrease of this debt. The details of the debt, on a daily basis, is published in one of the local newspapers. In continuing this study, I found that exactly one year later that debt had increased to over $599 billion. Simple grocery store arithmetic revealed to me that we are going further in debt at the rate of over $3,000 per second.

Now, as awesome as this may seem, this is only a part of this dire situation.

Another aspect of this critical situation is the deterioration and demeaning of our currency, coinage, and the lessening of our gold, a historical collateral for our money. Our currency has been reduced to backing by the Federal Reserve, which theoretically is backed only by the same reserve note currency. Our coinage is demeaned to that of sandwiched monetary tokens. Our gold reserves at $11.6 billion represents much less than token backing of our money.

To soothe our troubled anxieties about our economic situation, we are constantly barraged by the so-called free press with such reassuring remarks that we should not worry about our debt for the GNP is the real basis for our economy; that so long as the GNP continues to grow, the size of the debt is immaterial. What rubbish!

That philosophy is not dissimilar to a man saying to his debtor, "don't worry about what I owe you, I have the ability to earn more money, and if you just loan me more of your money, I'll prove it to you."

Article I of the Constitution gives the Congress the power to borrow money against the credit of the United States of America. It appears that this is one power that the Congress exercises with gusto. I only wish that same Congress would take their other powers as seriously.

One needs only to look at the regulatory agencies, with their unlimited ruling authority and virtually the same spending authority to see just how this economic mess has evolved. I suppose that at that early future date when the rate of the growth of the Nation's debt surpasses the rate of growth of that mystique GNP, the economic soothsayers will then advise the Congress to include the spending of the government as part of GNP; and thus double GNP and remove worry over the debt.

I suppose that at that time, Congress will buy this philosophy, and ease the anxiety of We, the People; and accelerate the exercise of their debt making powers.

So, gentlemen, here we are. A Nation literally ruled by the unelected; drowning in an economic morass, and whose People-ordained-and-established Constitution, is being consistently perverted by illogical, unfounded interpretation of courts and Congress to accelerate our departure from the mandates of that Great Document.

What to do?

First, I recommend that the Congress start immediately to guard jealously its powers that have been given them by We, the People. Provided that Congress persists in transferring these powers to others, it will soon find that it has no more powers to pass out.

Second, the Congress must respect the powers vested in the other branches of the government, and refrain from circumventing these powers; thus restore the equal balance of this Constitutional Republic.

Thirdly, Congress must, even in the face of political and economic hardship, reduce this terrible burden of the Nations debt; thus restore the faith that we all must have in our economic strength.

You must all recognize and appreciate that We, the People have mandated and prefer a Constitutional government as specified in Our Constitution, rather than a "Peoples Republic" as appears to be so vogue.

Unless and until the Congress, as well as the other constituted branches, makes a determined effort to fully recognize, honor, and restore the vested powers each have been given by the Constitution for the United States of America, as well as the mandated objectives as specifically defined in the Preamble, the course of this Republic toward a more perfect Union is in dire and perilous jeopardy.

EXPLORING ALTERNATIVE WORK PATTERNS

HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Ms. ABZUG. Mr. Speaker, in order to promote America's continued productivity growth the 94th Congress created the National Center for Productivity and Quality of Working Life (Public Law 94–136) as an independent agency within the executive branch. The new center superseded the National Commission on Productivity and Work Quality.

Congress gave the center broad responsibilities for a national productivity improvement effort:

To focus public attention on the importance of productivity and quality of working life to the Nation's economic strength;

To stimulate the active cooperation of labor, industry, and Government agencies in voluntary productivity growth programs;

To work with others in Government to establish a national policy for continued productivity growth; and

To review the impact of Government regulations on productivity and efficiency.

The Committee for Alternative Work Patterns represents a broad based coalition of groups and individuals interested in humanizing work, maintaining productivity growth, and improving access to the labor market for groups which have been unable to compete effectively under traditional work schedules. The committee has set as its objectives:

To stimulate and expand research to provide data on the implementation of alternative work schedules through a variety of experimental designs;

To encourage the development of guidelines, based upon the gathered research and data, for the optimal implementation of flexible hours, compressed workweek, permanent part-time employment, and other innovative schedules;

To contribute to the expansion of alternative schedules for workers and thereby encourage more continuous participation in the labor force by individuals throughout fluctuations in their personal lives and in the economy; and

To publicize the availability of alternative work patterns through conferences, workshops, and expanded coverage of the subject in newspapers, consumer magazines, and trade journals.

On April 8, 1976, these two organizations jointly sponsored a conference here in Washington on "Implementing Alternative Work Patterns: Some Public and Private Experiences With Flexible Working Hours and Part-Time Employment." The response to the conference was enthusiastic, with 250 participants from private corporations, labor, Federal, State, and county governments, business and public administration schools, as well as personnel, continuing education, senior citizen and women's groups. The conference was made possible, in part, by a contribution from the Jewel Co., Inc., Chicago, Ill.

The following list of the conference's organizing committee testifies as to the broad range of interest which are concerned with this issue:

CONFERENCE CO-ORDINATORS

Gladys Egge Henrikson, and Gail S. Rosenberg.

COMMITTEE FOR ALTERNATIVE WORK PATTERNS

Advisory committee members

Hon. Midge Miller, Honorary Chairperson, State Representative, Wisconsin.

Barbara Bode, President, The Children's Foundation.

Carol Burris, President, Women's Lobby.

Gloria Caoile, Convention Coordinator, American Federation of State, County and Municipal Employees.

Jane Roberts Chapman, Co-Director, Center for Women's Policy Studies.

Dottie Bruce Cook, President, Job Market, Inc., Cook/Cavenough Management Consultants.

Dr. Salvatore Divita, Associate Dean of External Affairs, School of Government and Business Administration, George Washington University.

Stuart F. Feldman, Consultant on Veterans Programs, National League of Cities and U.S. Conference of Mayors.

Dee Fensterer, Executive Vice President, Catalyst National Headquarters.

Daisy Fields, Executive Director, Federally Employed Women.

Barbara Fiss, Project Officer, Flexible Work Hours, Bureau of Pay Policies and Standards, U.S. Civil Service Commission.

Patsy L. Fryman, Assistant to the President, Communications Workers of America.

Cynthia Gurne, Assistant Director, Student and Alumni Career Services Offices, George Washington University.

Dorothy Haener, International Representative, Women's Department, United Automobile Workers.

Jo Hartley, Federation of Organizations for Professional Women.

Richard J. Hilles, Manager, Compensation Research, Smith Kline Corporation.

Mary Lib Hoinkes, Assistant Director, International Labor Office, Washington Branch.

John Holcomb, Director, Urban Affairs, Publics Affairs Council.

Catherine McDermott, Personnel Director, Carnegie Corporation.

Dr. Carl Madden, Chief Economist, Chamber of Commerce of the U.S.A.

Madeleine Marcouyeux, Administrative Officer, International Personnel Management Association.

Clarence J. Martin, Executive Director and General Counsel, Association for the Advancement of Psychology.

Virginia Hider Martin, Researcher, Georgetown University, School of Business Administration.

Sondra Match, Staff Associate, National Association of Social Workers.

Frank Mensel, Executive Director, College and University Personnel Association.

Dr. Stanley Nollen, Assistant Professor, Georgetown University School of Business Administration.

Dr. Ruth H. Osborn, Assistant Dean of College of General Studies, Continuing Education for Women, George Washington University.

Marjorie M. Parks, Director of Evaluation Services, Continuing Education for Women, George Washington University.

Judith Paulus, Deputy Project Director, National Council of Senior Citizens.

Betty Plack, American Society for Personnel Administrators.

Stuart Schuck, Director, Division of Adjustment Operations, U.S. Social Security Administration.

Mary Sears, National Women's Political Caucus.

Louise Smothers, Director, Department of Women's Affairs, American Federation of Government Employees.

C. R. Sommerstad, Marketing Manager, Education Products, HRMS, Control Data Corporation.

Dr. Carolyn Suber, Administrative Officer, Professional Affairs, American Psychological Association.

Nancy Tenney, Committee on Women in Public Administration, American Society for Public Administration, National Capital Area Chapter.

Eileen Thornton, Employment Chair, Women's Equity Action League.

Thomas Walsh, Executive of Education and Manpower Development Committee, Chamber of Commerce of the U.S.A.

Jon Weintraub, Legislative Representative, National Association of Counties.

By all accounts the conference was a tremendous success. Plans are now underway by the Committee on Alternative Work Patterns and George Washington School of Government and Business Administration for a 3-day national conference in March 1977.

The following article, by Susan Fogg, which appeared in the Jersey Journal of April 14, 1976, describes some of the topics that the conferees reviewed. I urge my colleagues to review this article, particularly in light of our own action on flexible hours in the Federal Government:

FLEXIBLE WORKTIME CAN ALTER MAN, INDUSTRY

(By Susan Fogg)

The eight hours a day millions of Americans spend on the job may have as much impact on their values and lifestyles as that basic building block of society and primal shaper of personality—the family.

It is this pervasive influence of the job—noted by several of the dozens of speakers at a recent two-day conference here on alternative work patterns—that makes seemingly innocuous changes in work schedules, such as allowing workers to set their own hours, enormously significant to big labor, big business and big government.

The impact the new movement away from rigid 9-to-5, 40-hour weeks could have on family life and society at large was discussed and sometimes heatedly debated at the conference, which included two days of Senate hearings and a full afternoon of panel discussions.

Work is central to the identity of most

Americans, from the children who want to grow up to be nurses or firemen to the adults who identify themselves as doctors or housewives, lawyers or cops, teachers or plumbers, librarians or bartenders.

According to Dr. Elliot Liebow, chief of the National Institute of Mental Health's (NIMH) Center for Metropolitan Studies:

"We look to our jobs not only for what wė do, but for the health care we receive, the neighborhood we live in, the schools we send our kids to, the leisure time pursuits and vacations we can afford or find the time for, out circle of friends and acquaintances, and the time we can spend with our families."

In a panel discussion of experiments with altered work patterns in private industry, Liebow said: "The way work is structured and allocated determines the shape of society."

He explained, "It produces not only goods and services, but economic and social classes, racism, sexism, poverty, crimes, broken families and a whole host of social problems."

Liebow said that in seeking a common denominator for these social ills, his staffers at the NIMH center had found that work—the nature of it and whether it is available—is the key.

"Moreover, its my personal observation that of all the institutional settings in our society, with the exception of prisons and the military, the workplace is the most authoritarian and anti-democratic in which we spend a significant portion of our lives," he said.

"If we look at the jobs people do as a form of problem solving, as an opportunity to learn how to deal with problems, what do we see? We learn a model of problem solving which is authoritarian and hierarchical, with everybody telling the person below him what to do."

This affects how workers relate to their families, friends, and neighbors and how they regard society in general.

What if this command style in the workplace is changed?

"To a lot of people flexitime and other changes in the work structure such as more part-time jobs or staggered hours is a lot of Mickey Mouse," said Liebow. "But I see it as a real invasion of the authoritarian style of the work place."

Dr. Barry Stein, associate director of the Center for Social Policy and Evaluation Research in Boston, Mass., disagreed with Liebow's logic, but not with his conclusion on the potentially far-reaching effects of such experiments.

"What flexitime does that excites me, is that it treats people like adults," Stein said. "The workplace has, in my view, duplicated the authoritarian structure of the family. Workers are treated like children who have to be told when to come and go, what to do. By letting workers set their own hours we are treating them like adults who can make their own decisions and take the consequences for those decisions."

If in theory this expansion of political democracy into the workplace would make flexitime and other adhered work patterns seem a natural cause for labor unions to be fought tooth and nail by management, quite the opposite has proved true in practice.

Responding to Liebow's warning that "if companies buy flexitime they may find they're buying a lot more than that; it's dangerous if what they want is domesticated workers," a representative of Smith-Kline, the drug manufacturers said.

"It doesn't have to work that way. Management can find that their employees are more productive, that morale improves, and the employer may want to go further."

The Smith-Kline representative, Richard J. Hilles, along with a string of speakers and witnesses from private industry, testified to the benefits a continuing experiment in flexitime has brought to the company's productivity and efficiency—despite some minor drawbacks, in terms of scheduling meetings or keeping track of hours.

Smith-Kline's flexitime schedule allows employees in its Philadelphia division to come to work between 7:15 a.m. and 9 a.m. and to leave between 3 p.m. and 6 p.m. Employees may work a few extra hours on Monday in order to work a short day Friday, in what is known as banking or borrowing time.

Cornelia F. Eldridge of Massachusetts Mutual Life Insurance Co. shared the view of the social scientists of the potential benefits of flexitime and part-time work to the family life of workers.

Ms. Eldridge's company has instituted a program of permanent part-time jobs scheduled for what are called "mothers hours." The women work a 9 a.m. to 2 p.m. shift during the school year and are replaced for the summer months by high school students.

All but 3 per cent of the mothers return with many of them moving into full-time positions at ages 40 to 46 as their children leave home. This program helps the women keep up their career skills and their families' income, while freeing their husbands from the strain of a second job. It also has helped Massachusetts Mutual meet its affirmative action goals for hiring of women and minorities she said.

Part-time employment represents a potent force for changing family life and the stereotyped sex role lamented by feminists.

Stein, Liehow, Ms. Eldrige, and Janice Hedges of the Federal Bureau of Labor Statistics agreed that part-time work could open up new employment horizons for those who now have only a marginal grip on the world of jobs and are the most troublesome for the employer to place.

"Mothers and students are a significant part of the workforce, making part-time jobs a logical development in the structure of the workplace," Ms. Hedges said. "The single parent or egalitarian family that seeks to share child-rearing and housekeeping tasks can benefit from the availability of part-time work. The handicapped who may not be able to work more than part-time, benefit. The older worker trying to make the transition from full-time work to * * *.

"We've got to get away from the notion that women have the responsibility to take care of the kids," Liebow said. "Men have to assume some of this responsibility. There's no reason men can't do an excellent job at raising children."

Stein said that part-time work could also help distribute jobs throughout the work force, giving the young a chance to develop work skills and build up work experience, either while going to school or training for other jobs.

But in so noting, Stein put his finger on much of organized labor's misapprehensions about alternative work patterns.

Patsy Fryman of the Communication Workers of America, explaining that neither her union nor any other has taken an official stand on part-time or flexitime, said that part-time jobs could "mean sharing the poverty, not the wealth, for women and minorities."

Government-funded day care centers are a better alternative than part-time jobs, which may deprive those searching for full-time jobs of work while relegating women and blacks to low-level, low-paying positions with reduced fringe benefits.

Ms. Fryman said flexitime, while seen as giving workers greater autonomy, also poses potential problems for unions that fought long and hard for the worker protection embodied in the eight-hour day. In addition to considerations of overtime, flexitime could be detrimental to the physical well-being of workers who might work a 12-hour day.

Isabel Sawhill, an econmist with the Urban Institute, a foundation supported think tank, said there are legal obstacles to widespread adoption of part-time and flexitime programs in private industry.

Social Security and unemployment compensation taxes paid by employers on any salary up to $15,300 a year can create barriers to the hiring of part-time workers. Lifting these ceilings would be one step the federal government could take toward encouraging work schedule innovations, she told a Senate subcommittee that shared subsidized through tax incentives. Ms. Sawter for Productivity and Quality of Work and the Committee for Alternative Work Patterns.

The costs of recruiting and training more new workers for part-time jobs could be subsidized through tax incentives, Ms. Sawhill said.

Ms. Sawhill also urged more research and experimentation with flexitime and part-time work within the federal bureaucracy itself to overcome resistance to such innovations.

Some employers tend to regard flexitime and part-time work with suspicion said Brenda Eddy and Stanley Nollen, who are researching the subject at Georgetown University.

Part-timers may be regarded as poorly motivated or lazy amateurs in the work world, while reluctance to try flexitime appears to arise from the too-human tendency to distrust anything new, as long as the old way seems to be working okay, they said.

Dr. Michael Maccoby, a psychiatrist at Harvard University, told the conference, "The nature of work is changing as a function of new technology the automation of factories and the emergence of computerized offices."

Maccoby said such technologies are eliminating the need for rigid work schedules, while at the same time workers are showing greater resistance to routined assembly line jobs.

Maccoby worked closely with Harmon International Industries Bolivar, Tenn., plant to draw up new work schemes that encourage employees to set their own schedules and plan their own distribution of work in small groups—in cooperation with the UAW union local.

It is a plan that lets workers finish up their assigned tasks in five hours, leaving them free to take on job training, or to spend the time with their families, without losing pay.

But even more crucial than the desire to meet human needs through an atmosphere of mutual trust are the economic realities of a changing work force and the need for economical use of energy and preservation of the environment, according to John Owens, a Wayne State University (Detroit) economist.

Staggered and flexible work hours could vastly reduce commuter time, cutting down on waste of gasoline. Altered work patterns could encourage fuller use of public transit on work days and recreational facilities on days off.

There are well-established trends in the nature of work—away from manufacturing and toward service industries—that also make altered work patterns merely a matter of time, Owens said.

Services such as health care, police and fire protection, auto repairs, retail merchandising, food preparation, and legal counseling must be available when most workers are not on the job, Owens said.

HORSE PROTECTION AMENDMENTS ACT OF 1976

HON. MARTIN A. RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. RUSSO. Mr. Speaker, I was pleased to support the Horse Protection Amendments Act of 1976 which passed earlier this week. I feel that these amendments are necessary if we are to eliminate the cruel practice of "soring" horses.

Soring is a process whereby an ordinary horse can be "trained" to walk in a high-stepping gait. Many times this "training" consists of applying blistering agents, such as oil or mustard, or heavy chains to the forelimbs of the horse. These artificial devices cause these forelimbs to become extremely tender and thus the horse "picks up his feet" to avoid the harsh pain. Reputable horse trainers breed horses for this high-stepping gait characteristic and spend long hours training their animals to perform in horse shows, whereas disreputable horse trainers resort to the short-cut of soring.

In an effort to correct the practice of soring, Congress enacted the Horse Protection Act of 1970. Unfortunately, the legislation needs strengthening to achieve its goals. In testimony before the Subcommittee on Health and the Environment, witnesses stated that because the Department of Agriculture lacks the manpower and equipment to effectively supervise the more than 3,500 annual horse shows, soring has continued unabated. Also, stronger penalties were recommended—especially one to prevent persons convicted of soring from entering animals in events for a time after conviction—to act as a deterrent.

These amendments are designed to correct the shortcomings of the 1970 law. Any horse that is "sore" cannot compete in a show, sale or auction, the Secretary will be authorized to detain a horse for 24 hours so that he can thoroughly inspect the animals for soring. In addition, the Secretary can confiscate any equipment that can be used for soring. Perhaps the most important addition to the existing law is the section prohibiting anyone convicted of soring from entering a horse in an event for 1 year. This should prove an effective deterrent to anyone who makes his livelihood entering a horse in animal shows.

The Secretary of Agriculture also reported that because the funding was so small he could not purchase the most effective equipment for detecting soring, or hire enough men to cover the numerous annual horse events. Thus, the amendments raise the authorization to $500,000 per year in order to aid enforcement of this law.

These stringent measures are necessary to protect defenseless animals from cruel treatment by owners who think only of their financial gain. Breeding and training coupled with love and care, can accomplish the same goal—beautifully trained show horses who will give pleasure to anyone who watches them perform.

RACIAL VIOLENCE AND SOUTH AFRICA

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. ANDERSON of California. Mr. Speaker, the recent rioting and racial violence in South Africa have left 140 people dead, and 1,128 injured.

Since the first incident was reported to have occurred in the Soweto township outside Johannesburg, South Africa, I felt the other Members of Congress might be interested in a first-person look at this area.

The editorial appeared in the June 22, 1976 edition of the Los Angeles Times:

SOWETO: A PREVIEW OF THINGS TO COME?—VIOLENCE LIKELY TO MOUNT IN SOUTH AFRICA AS BLACKS RISE AGAINST APARTHEID

(By Norman Sklarewitz)

What is Soweto? In locating the township where South Africa's bloody student riots started last week, the press variously described it as a "black ghetto" or as a "segregated suburb of Johannesburg."

I managed to get a look at seldom-seen Soweto a few weeks ago during an extensive fact-gathering trip to South Africa, and I know that neither of these two labels really fits.

But then words fail me, too, when I try to find a way to describe Soweto so that the place can be fully comprehended. However, the fact that it became the setting for violence and death came as no surprise. It is exactly the kind of place that breeds both.

News reports said the rioting was touched off by black youths protesting mandatory courses in Afrikaans, a variation on Dutch. It is one of the two official languages of South Africa; English is the other, and the one preferred by blacks.

Yet opposition to classroom study was only the spark that sent teen-agers up against paramilitary police who shot to kill. A far greater injustice was behind such fury, and I can infer what it was—even from the short time I spent in Soweto.

Though an African-sounding name, Soweto is merely an acronym for "Southern and Western Township." It is not on any tourist itinerary, yet Soweto happens to be the third largest city in South Africa and the fifth largest in the Southern Hemisphere. Covering 35 square miles, it has a population of at least 900,000.

So many things make Soweto unpleasantly different that it cannot simply be called a "ghetto" or a "segregated suburb," or given any other conventional designation. The problem is not just the generally abysmal living conditions—I have seen much worse in Calcutta and in the shantytowns of Rio de Janeiro. Even parts of the United States offer scenes of comparable squalor.

In fact, I was somewhat surprised to see a flow of new cars driven by blacks going bumper to bumper along the two-lane road from Soweto to Johannesburg during a morning rush hour. Soweto has its wealthy blacks and a number of solid, expensive homes. But such affluence is the exception.

What makes the place different is not its general lack of sewerage, street lights, electricity in homes and paved streets. Its inhabitants suffer most from a lack of freedom. This must have far more to do with the riots than the paucity of public services. Or the imposition of a hated language.

Residents of Soweto live there for one reason: They have to. Under the national Group Areas Act, which is a part of the country's apartheid policy, each race—including the white—is told where it can reside. No blacks, for example, may live in major cities such as Johannesburg, except for servants who reside in the homes of their masters—and "master" is indeed the term still used.

In Soweto, thousands of men live in eleven government-owned "hostels"—huge, dreary dormitories. Many have spouses who work as live-in maids in the plush northern suburbs of Johannesburg, but the law forbids these men from staying overnight with their wives in the city, even if employers would permit such visits.

Each day the tens of housands of Soweto residents not lucky enough to own cars pour onto trains and buses for the 12-mile journey to Johannesburg. Blacks must use separate coaches on the trains and depart by separate stairways; on the return trip, they must enter through separate ticket gates. Those who travel by bus must use a line reserved exclusively for "non-Europeans." By either mode, fares for blacks are considerably lower than those charged whites, because of a subsidy plan which whites point out is a benefit blacks enjoy at their expense.

As for Soweto itself, outsiders cannot enter without permission—a prohibition enforced at police checkpoints along the roads leading there. Obtaining permission to visit requires application to the semigovernmental agency which administers Soweto. Usually, such requests must be made weeks in advance, ruling out casual visits by tourists.

When I made such a request, I suspected there would not be enough time for a followthrough. But permission came within a week, along with an offer of a ride through Soweto with an administrative staff official.

He picked me up on his way to work and, as we drove along, was frank to admit the community's shortcomings. My guide made no attempt to hide anything from my eyes; indeed, he drove me through some of the worst parts of Soweto, which were on his regular route.

When I took note of heaps of garbage rotting alongside the muddy streets, he said trash barrels were provided but seldom used. Efforts to start neighborhood self-help projects failed, he said: "The blacks just won't do anything to help themselves. They need to be cared for, just like children."

Wires dangled from electric poles, and most streetlights had been smashed. My companion explained that administrators had given up replacing broken bulbs; instead, they were now installing tall steel towers with widearea floodlights, such as those used in American railroad yards.

Crime in the area is appallingly high: Strong-arm robbery is common and so is murder of blacks by blacks. As we drove along, I could see that many residents had responded by installing heavy steel bars over windows and by putting up high wire fences around their homes.

Despite its size and population, Soweto is by no means an independent "suburb," in the sense that most Americans know the term. The township has more than 100,000 houses (all on "leased" land), but only two banks and one produce market. Of necessity, residents must do their shopping in the city in businesses owned by whites. Three movie theaters in Soweto serve the entire population, but efforts are being made to provide more recreational facilities, such as swimming pools, athletic fields and tennis courts.

Some progress has been recorded in the past couple of years, concurrent with a dramatic, almost-undreamed-of improvement in the living standard of South Africa's blacks as a whole. Nowadays they have far greater opportunity than ever for education and good jobs; better housing and health care are also available. But the underlying policy of apartheid remains unchanged.

Indeed, the South African government plans to take apartheid a step further by eventually forcing most blacks to become citizens of a number of scattered areas known as Homelands, which will be independent territories within South Africa's borders. (The first, the Transkei, comes into existence later this year.) Blacks could continue to work, if they so wish, in white areas, but would have no rights in South Africa and, more important, the white government would not have to provide for their welfare as if they were citizens.

The riots in Soweto, then, may only provide a foretaste of what the Homelands concept offers: even greater separation of the dual populations of South Africa, and even greater potential for violence.

So what is Soweto? The best description is neither "segregated suburb" nor "black ghetto." Rather, Soweto is a state of mind on both sides that is destined to unleash ever-greater bloodletting.

PRIVATE ENERGY CONSERVATION

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. FRENZEL. Mr. Speaker, while Congress has failed to enact anything resembling a comprehensive energy conservation program, there are some signs that private industry is beginning to realize that the conservation ethic can be both good business and good for the country.

One such company is Litton Microwave Cooking Products, a division of Litton Industries which is located in my district. Led by 33-year-old president William George, it is the world's largest producer of microwave ovens.

Recently the company announced that it was beginning a program to show yearly energy consumption and cost of use for its products compared with conventional electric ranges. In addition, the company has pledged to increase the energy efficiency of their products 20 percent by 1980. Today microwave ovens use between one-fourth and one-half as much energy as conventional electric ranges.

The industry predicts that by 1985, half the homes in the United States will have a microwave oven or range. If this goal is met, the savings in both dollars and reduced energy consumption could be substantial. This is a fine example of what can be done through private and individual initiatives to conserve our dwindling energy supplies. All that is needed is will and dedicated leadership. If only the Congress had similar qualities.

LABOR DEMANDS IN CITIES BRING HAVOC

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. ASHBROOK. Mr. Speaker, cities like New York and San Francisco are beginning to reap the whirlwind. For years, their mayors have been patsies to the municipal unions and Mr. and Mrs. Taxpayer have been hit with the deluge. Fortunately, the people are waking up. Everyone can take heart from the resistance to union demands in San Francisco and even New Yorkers are retrenching.

The New York Times has never really learned how to say "no" to liberal demands or liberal policies but in this isolated case they even had to blow the whistle. That paper recently pointed out what it called "shocking facts about New York's incomparable and unsupportable employee benefits as documented in a carefully researched report."

And what are these facts. Just look at some of these fringes. Did you know that for every $3 New York City spends on base pay, it contributes another $2 in fringe, leave, and retirement benefits—roughly twice the amount that other large cities spend on such supplemental emoluments?

That the city is spending $292 million this year for the most extensive and expensive employee health program in the country—as much as $1,177 annually for a single employee and his family?

That the city continues to pay health benefits after retirement, even when an employee retires young enough to begin a second career which also provides health benefits?

That the city provides uniform allowances to 93,000 employees, including many who are required to wear no uniforms such as detectives and puppeteers? New York has 11 puppeteers on its payroll who receive $105 a year for uniforms.

That municipal employees are granted 4 weeks annual leave from the time they go to work, 5 weeks after 7 years; that policemen get 2 days off for each pint of blood they donate and that firemen are given time off to attend the annual conventions of veterans organizations?

Just think of that and this is only the tip of the iceberg. The pension benefits are figured so that most retirees can claim close to their full pay. That is the part of the iceberg below the surface, the future cost time bomb which will explode.

We recently had a good example of the way the union leaders connive to get more, more, more—the only word they really seem to understand. The House was considering a civil service bill which would have allowed staggered shifts on a trial basis. I have no real objection to that if sound management can justify a man working 4 10-hour days rather than 5 8-hour days. There was one hooker, however. The unions insisted that the Federal worker be paid for 8 hours of overtime. Think of that.

I recently pointed out the situation at the Chelsea pier in New York City where 450 longshoremen were being paid for doing nothing except reporting to work that did not exist. Why? Because they had negotiated a work agreement which called for full pay whether they worked or not. They had not worked at that pier since 1968 but their union contract lived on. Who paid for their salaries over the years? You did. Public service unions want the same thing—guaranteed salaries. The postal unions are well on the way to achieving their goal of no layoffs.

What municipal workers are doing to the big cities, teacher unions are now in the process of doing to our schools. It is time that the taxpayer call a halt.

SOCIAL SECURITY BENEFITS

HON. BERKLEY BEDELL

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. BEDELL. Mr. Speaker, I am pleased to join with the distinguished gentleman from Ohio (Mr. WHALEN) in introducing a House concurrent resolution expressing the sense of the Congress that an individual whose income is enhanced by reason of a general cost-of-living increase in social security benefits should not, because of such increase, suffer a loss or a reduction in the benefits that that individual and family has been receiving under certain other Federal or federally assisted programs. It also urges all congressional committees which have jurisdiction over any Federal or federally assisted program providing benefits subject to loss or reduction as a result of a social security cost-of-living increase to report legislation eliminating the possibility of any such loss or reduction in benefits until such time as there is a general adjustment in said program.

This resolution addresses a very serious problem which has been affecting social security recipients for some time now. Under existing law, social security cost-of-living increases often push recipients into a higher income bracket. If an individual is receiving any other type of Federal pension when this occurs, for example SSI, AFDC, public housing or veterans, the social security increase will result in a decrease in that pension. Oftentimes, the end result of this adjustment process is that a person loses as much or even more than he gains by his social security increase. This was clearly not the intent of the law.

This flaw in current law has a very real human impact. On July 3, 1976, 33 million social security recipients and 1,185,000 recipients of railroad retirement will receive a 6.4 percent cost-of-living increase in their benefits.

This increase, which is intended by Congress to offset inflation, will once again result in a loss of total benefits for some individuals. For others, it will mean that they will not realize the full 6.4 percent increase.

In my judgment, it is imperative that the Congress address and remedy this problem. It is evident that many Members of this body share this view. In February 1975, I introduced legislation which would correct this situation by requiring that social security cost-of-living increases be disregarded as a factor in determining allowable income for those receiving benefits from any other Federal or federally assisted program until such time as there is a general adjustment in said program. Fifty-nine of my colleagues cosponsored this measure. In addition, a total of 112 separate bills have been introduced in the 94th Congress which would prevent reduction in other Federal benefits as a result of a social security cost-of-living increase.

Despite this impressive display of congressional concern, the House has not yet acted on this problem. One obstacle to House action has apparently been the fact that several different committees have jurisdiction over the various Federal programs affected by social security increases. There also seems to be some disagreement among the various committees involved as to the best means of resolving the problem.

As a result, Representative WHALEN and I are today trying a new approach to break this impasse. Rather than promoting specific legislation to resolve the problem presented by the social security cost-of-living increases, we are introducing a House concurrent resolution which urges all Senate and House Committees with jurisdiction over Federal programs affected by social security cost-of-living increases to draft legislation which would insure that, in the future, social security cost-of-living increases would be disregarded when computing income under a means-tested program, until such time as there is a general adjustment in said program.

For too many American senior citizens, the social security cost-of-living increase is a cruel hoax. I hope that the resolution which we are introducing today will focus Congress' attention on this problem, and will stimulate a responsible and effective response to it by the committees involved.

A copy of the resolution follows:

CONCURRENT RESOLUTION

Expressing the sense of the Congress in favor of eliminating the reduction in other Federal benefits which results when cost-of-living increases in social security benefits occur.

Whereas 33,000,000 recipients of social security benefits, along with 1,185,000 recipients of railroad retirement benefits, are expected to receive a 6.4 percent cost-of-living increase on July 3, 1977; and

Whereas past cost-of-living increases in social security benefits have resulted in cutbacks in other Federal and federally-assisted programs and reductions in the benefits otherwise available thereunder; and

Whereas dealing with this problem on an overall basis is particularly difficult because the Federal and federally-assisted programs involved fall within the jurisdictions of a number of different congressional committees: Therefore be it

Resolved by the House of Representatives (the Senate concurring), That it is declared to be the sense of the Congress that no individual whose social security benefits are increased (whether as the result of an automatic cost-of-living adjustment or by the enactment of a law) should suffer, by reason of such increase, a loss of or reduction in any benefits which he or she (or the family or household of which he or she is a member) is otherwise entitled to receive under any Federal or federally-assisted program.

SEC. 2. In order to implement the declaration contained in the first section of this resolution, each committee of the House of Representatives or the Senate which has jurisdiction over any Federal or federally-assisted program providing benefits subject to loss or reduction as described in such section should without delay consider and report legislation eliminating the possibility of any such loss or reduction to the extent that such benefits are concerned.

WHY FAMILY PLANNING PROGRAMS SHOULD BE EXPANDED

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. SCHEUER. Mr. Speaker, today, Wednesday, Congressman JOHN HEINZ and I are offering two amendments to the fiscal year 1977 Labor-HEW appropriations bill to restore funds for family planning services and population research, to bring these programs to the same real dollar level at which they were established. Funding for these programs has remained static for the past 4 years, resulting in effect in a 30-percent cut since 1973 due to the erosion of inflation. Our amendments would merely restore the real value to our family planning dollars. I am providing for my colleagues some background information detailing why they should support these amendments.

The 1970 Family Planning and Population Research Act, of which I author, was the principal House, mandated the Department of Health, Education, and Welfare to draw up a 5-year plan for family planning services. The plan issued by HEW in 1971 set a noble goal: the provision of family planning services to all who need and want them by 1975.

Needless to say, that goal has not been met. In fact, nearly 40 percent of low and marginal income women—3.5 million across the country—still are without access to services. Additionally while almost three-quarters of low-income women from large metropolitan areas have access to birth control services, less than half of those living in rural areas and small towns do. Indeed, one-third of our counties offer no family planning services at all, of any kind.

Four years ago, the bipartisan Commission on Population and the American Future, on which I served, recommended that the full cost of all health services related to fertility be paid by public and private health financing mechanisms. As a first step, the Commission recommended that the Federal Government subsidize family planning services at the level of $400 million. The level of support for family planning project grants recommended by the Appropriations Committee for the upcoming fiscal year is one-fourth that amount.

The reason often cited for this low level of funding is the need to practice economy in Government. Yet, reducing funds for family planning services simply will not save the Government money. In fact, the reverse is true. For $1 spent by the Government for family planning in a given year, $2 are saved in the following year alone, in terms of unneeded medicaid and welfare payments. This more than two-to-one cost-to-benefit ratio measures immediate, direct savings to the Government in the first year alone. It does not even take into account other long-range costs to the Government, such as feeding, housing, educating, and providing medical care for the children of low-income women, costs which would be obviated by effective family planning. It seems clear, then, that if for no other reason, fiscal responsibility demands that the Federal family planning effort be expanded.

Here are some stark facts to which I would like to call attention:

There are 3½ million women of low and marginal income who are still without access to family planning services;

Between 20 and 25 percent of all births are unplanned or unwanted by the parents at the time of conception. The proportion is much higher among the poor and young;

At least one million young women below age 20 become pregnant each year;

One-fourth of these pregnancies result in births out-of-wedlock.

Two-thirds of births in wedlock were conceived premaritally, and nearly a third of all teenage pregnancies result in abortions;

There were nearly one million legal abortions in 1974 reflecting the failure of society to provide contraceptive information and services to all who need them;

An increase in appropriations to $122.5 million would permit an extension of family planning services to an additional 300,000 women—currently 3.5 million are enrolled in federally subsidized family planning programs; and

This increase would result in savings of a minimum of $40 million in public expenditures in fiscal year 1978. Cost benefits studies project short term, 1 year, benefits ranging from 1.8:1 to 2.5:1 or, in other words, $2 for $1 spent. These estimates do not include longer term Government savings in programs like AFDC, medicaid, food stamps, low-income housing, and so forth.

Mr. Speaker, the need, then for continued and expanded support on the part of the Federal Government of family planning services is clearly indicated. Yet, funding for family planning services is clearly indicated. Yet, funding for family planning has remained static since 1973, resulting, in effect, in about a 30 percent cut due to the erosion of inflation. Today, Wednesday, when the Labor-HEW appropriations bill is considered on the floor, we will have an opportunity to reverse this situation.

Congressman HEINZ and I will be offering an amendment to increase the appropriations for family planning services project grants from $100.6 million to $122.5 million. This increase will allow for the extension of family planning services to about 300,000 additional persons—or an 8 percent increase in the total caseload, surely a modest goal.

ONE HUNDRED AND NINETEEN-YEAR-OLD ST. JOHN'S LUTHERAN CHURCH OF COLLEGE POINT, N.Y., PLANS GALA BICENTENNIAL EVENT

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. BIAGGI. Mr. Speaker, I will have the pleasure on Sunday, June 27 of attending what I expect to be one of the more unique Bicentennial events planned in the city of New York. The occasion will be the dedication of a 100-year-old time capsule which will highlight the religious and educational history of the community of College Point which I am proud to say is in the Queens portion of my congressional district.

The sponsor of this event, the St. John's Evangelical Lutheran Church is one of the oldest and most respected churches in the entire city of New York. It celebrated the 119th anniversary of its founding on March 15. It is fitting that such a gala event given in honor of our Bicentennial will be held at St. John's whose service to the College Point community has been almost as long and fruitful as this Nation's 200-year history.

I would like to recall for my colleagues some of the many highlights of the St. John's Lutheran Church. The official founding of the church was March 15, 1857, after years of planning by local residents of the community of Flammersburg—now College Point. The lot for the church was purchased for the seemingly unbelievable price of $140. It is worthy to note that this same lot houses the present St. John's Church building.

Throughout its long history, St. John's Church has been fortunate in having outstanding men as leaders. Rev. H. Brohm was instrumental in the founding of the church and provided its initial leadership. The first official pastor of the St. John's Church was August Heitmueller who was named in 1858. He helped guide the church through its early and difficult years. He was followed by Reverend Renz who served as pastor until 1863.

For the next 46 years, the St. John's Lutheran Church was under the exceptional and dedicated leadership of Rev. August Abendick who saw the church through the 19th century and carried it through the first full decade of the 20th. During these years, the church grew in size and stature and began to be recognized as one of the foremost houses of worship in the entire city of New York. Certainly the almost half century of selfless service and leadership provided by Pastor Abendick was an integral reason for the success and longevity of the church.

The next pastor of the St. John's Church was Rev. Arthur Halfmann who served for more than a quarter century including the traumatic years of the Great Depression when churches and spiritual leaders were called upon more than ever to provide assistance and solace for the many who suffered poverty and despair during this tragic era in our Nation's history. Reverend Halfmann continued to assist in the growth and development of St. John's. His legacy of leadership and service has been carried on most ably by his son Walter who presently serves as the president of the St. John's Lutheran Church congregation.

From 1938 to 1951, the church was under the very capable leadership of Rev. Clifford Meyer. It was during Pastor Meyer's term that the long-anticipated plans for the St. John's Lutheran School reached their fruition with the opening of the first school building in 1949.

Rev. Herbert Dick followed as pastor and served from 1951 to 1973. These were tremendously active and important years for the St. John's Church.

Among the key events of these years was the opening of the new St. John's Lutheran School in 1958. Also, the celebration of the 100th anniversary of the founding of the church in 1957 when extensive renovations were made to the interior of the church which helped make St. John's one of the most beautiful houses of worship in the city of New York. In addition in 1958, the St. John's Church became a member of the Lutheran Church of Missouri Synod which is one of the three largest synods of the American Lutheran Church. Certainly the St. John's parish owes a great deal to the tireless efforts of Pastor Dick. His retirement in 1973 was a sad moment for all of the St. John's community.

Since 1973, the St. John's Church has been led with distinction by Rev. Arthur L. Gillespie. Reverend Gillespie has continued the fine tradition of service established by his predecessors and today heads up a congregation of some 1,000 persons ranging in age from 1 to 93. He has also worked to extend the church's work into the community with great success. The St. John's Church and school offers not only good education for some 170 students but also provide valuable recreational programs for young people under the directorship of Robert C. Muller. In addition a Scouting program is offered to provide young men with important training for their later lives.

The success of this Bicentennial celebration on Sunday will be due in large part to the support and guidance of Pastor Gillespie. According to the Pastor the purpose of the centennial time capsule is to preserve for present and future generations of College Point, the many and unique events which make up the history of this fine community. I hope the capsule is large enough, for the mere history of St. John's Church could amply fill it.

I congratulate and wish to pay special tribute at this time not only to Pastor Gillespie but Edward C. Heinz, principal of the St. John's Lutheran School. These two men have provided and will continue to provide important leadership to the parishioners and students of the St. John's Church.

During out Bicentennial Year, we should remember that America is a nation of communities, whose people have grown strong through the close personal interaction which is characteristic of community life. College Point, N.Y. is one of these communities which has helped make and keep America the great Nation she is. We also are aware of the importance of religion to the American Nation, and the people of College Point have been fortunate to have a fine house of worship in their community for more than 100 years. Sunday will be a proud day for the people of College Point, for the parishioners, students and friends of St. John's Lutheran Church which I am pleased to consider myself. But above all it will be a proud moment for all of us as Americans.

WILLIAM J. UERKWITZ—TORRANCE CITY COUNCILMAN

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. ANDERSON of California. Mr. Speaker, next Wednesday the city of Torrance will honor, with a retirement dinner and words of highest respect and admiration, William J. "Bill" Uerkwitz.

A native of Little Rock, Ark., Bill Uerkwitz was born in 1923. Who would have known that he would run fullback against Purdue, dodge Japanese suicide planes, and serve two terms on Torrance's City Council?

Bill began his education at Little Rock High School, turned down an offer to play football at UCLA, and ended up going to Santa Monica City College. But soon the Navy's pilot training program caught his attention. He passed the entrance exam but had his flying career cut short when he suffered a knee separation in a game against Purdue.

Even though his flying career was over, Bill applied for sea duty and was assigned as quartermaster on the U.S.S. *Pritchett*. Stationed on a protection vessel 40 miles off the coast of Japan, Uerkwitz and the *Pritchett* saw plenty of action. In one battle he sustained an injury for which treatment was to make medical history. A blow on the head from a cannon that spun off its track left him with a brain tumor on the left side of his skull.

The operation to correct the tumor had been tried only twice before; both patients had died. Nevertheless, Bill chose to take the operation with its hope of complete recovery and also the risk of death, rather than the "safer" operation that would leave one side of his face paralyzed.

On January 27, 1976, nearly 30 years later, Bill Uerkwitz was still dealing with this injury as he addressed the Torrance City Council:

> Dr. Bill House, a brilliant Los Angeles surgeon invented a method of removing these kinds of tumors but because of the sensitive location mine could only be partially removed and has now grown back. Using a new computerized machine, a photograph of the tumor was taken last week at the Otological Institution of Los Angeles, and Dr. House decided that it should be removed on an emergency basis. So tomorrow afternoon I will report to St. Vincent's Hospital and the surgery will start at 7:00 A.M. Thursday morning and should take about 6–7 hours.

The operation was performed and Bill Uerkwitz fought for his life just like he fought for Little Rock High's baseball team. My wife Lee joins me in congratulating Bill on his recovery and on his highly productive years on the council.

Bill has always been a firm believer in honest, efficient, and effective city programs. He is a dynamic leader in developing public safety programs and a well-balanced city structure.

Lee and I join with the city of Torrance in wishing both he and his lovely wife Pat a happy and well-earned retirement.

DANGERS OF FARMWORK

HON. JOE SKUBITZ

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. SKUBITZ. Mr. Speaker, the Washington Post on June 18, 1976 printed a news article detailing a startling new discovery made by the Occupational Safety and Health Administration. The article was headlined, "Manure Slippery, U.S. Warns." I thought my colleagues would be interested in reading of this discovery. The text of the article follows:

MANURE SLIPPERY, U.S. WARNS—FARMERS BELITTLE FEDERAL SAFETY ADVICE

(By Don Kendall)

Government pamphlets explaining the dangers of farm work to farmers are sparking controversy because of language one critic says must have been written "for a New Yorker about to visit a farm for the first time."

The half-million dollars worth of pamphlets, prepared by the Occupational Safety and Health Administration, are designed to help farmers and farmhands understand new federal safety rules.

One pamphlet, "Safety With Beef Cattle," declares in large, bold print that "hazards are one of the main causes of accidents" and explains, "You can make your work area safe by finding hazards and removing them."

Sen. Carl T. Curtis (R-Neb.) says the language is "so incredibly arrogant and insulting that it nearly leaves me speechless." He said OSHA material for other industries is not so childish and that apparently only farmers have been singled out for such treatment.

The beef cattle booklet has the American National Cattlemen's Association "laughing with tears in our eyes," an association official said, with such advice as: "When floors are wet and slippery with manure, you can have a bad fall. You could also trip over junk or trash."

The pamphlets are being distributed in cooperation with the Extension Service in the Agriculture Department. New federal rules affecting farmers who hire outside labor have been announced by the agency.

One cluster of regulations affecting protective shields around machinery was to have gone into effect June 7 but was delayed until Oct. 25, partly because the informational materials, including the pamphlets, were not ready.

Rep. Thomas M. Hagedorn (R-Minn.) said, "The material in these pamphlets seems to be written for a New Yorker about to visit a farm for the first time." He said 1,550,000 copies of 28 pamphlets are being printed at a cost of $347,220 and the government paid experts at Purdue University $119,500 to develop the material.

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., June 22, 1976.

Hon. JOE SKUBITZ,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. SKUBITZ: The American Farm Bureau Federation is the nation's largest farm organization, organized in 49 states and Puerto Rico. Farm Bureau has over 2½ million member families. At our most recent annual meeting, held in St. Louis, Missouri, January, 1976, the voting delegates of the member State Farm Bureaus adopted the following policy statement:

"We believe the Occupational Safety and Health Act is a failure. We have seen no evidence that it has in any significant way reduced hazards to safety or health at places of employment.

"We favor a wholesale rewrite of this Act to place greater emphasis on the educational and incentive approach rather than the bureaucratic and legal penalty approach that dominates the present Act."

Farm Bureau has long been interested in improving the safety and health of the agricultural work force. This concern has been manifested in the form of safety education programs conducted by State Farm Bureaus across the country. The Department of Agriculture's Extension Service, as well as many other public and private institutions, has participated in individual and cooperative educational safety programs. These combined programs have reduced the death and accident rates in agriculture.

Unfortunately, this costly federal experiment called OSHA has made very little contribution to the improvement of the safety and health of farm workers.

In light of the obvious failure of this costly five-year experiment, your amendment to H.R. 14232, which proposes to exempt farms with ten or fewer employees, would afford the small farmer much needed and welcome relief from OSHA—while providing time for the needed wholesale rewrite of this law.

We thank you for your concern for production agriculture and wholeheartedly endorse your proposal.

Sincerely,

JOHN C. DATT,
Director, Washington Office.

PERSONAL EXPLANATION

HON. ALAN STEELMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. STEELMAN. Mr. Speaker, on June 15, on rollcall No. 380, amendment to strike $12.6 million for the Garrison Diversion project from H.R. 14236 I was incorrectly listed as paired against the amendment. Had I been present, I would have voted "aye."

THE HARBOR CHAPTER OF IMAGE

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 22, 1976

Mr. ANDERSON of California. Mr. Speaker, I would like to take this opportunity to commend an organization that has become an effective, important force in the struggle for equal employment. The Los Angeles Harbor Area Chapter of Image has become a well-recognized and respected community action group since it was founded in Wilmington on May 11, 1973.

The national organization of Image is aimed at increasing the number of Spanish-surnamed Americans in government jobs. In the harbor area, which lies in my congressional district, the local chapter shares this goal, and has done much to advance it. But their activities have not stopped there, allowing Image to become an active and involved community force.

Image's harbor chapter was started by two area residents, Joe Sanchez and Manuel Trujillo. The organization they envisioned was, in their own words:

> To serve as a voice of the Spanish Speaking Constituency in the Harbor Area in reference to all levels of government employment. The National Organization of IMAGE and its objectives fulfilled this role and consequently the Harbor Chapter geared toward this organization.

The main objective of the organization is unchanged: help Spanish-surnamed Americans find meaningful careers in government service. To this end, Image has sponsored annual employment information fairs since 1974. In addition, the harbor chapter has conducted a workshop to acquaint students on how to enter into Federal employment, and representatives of the chapter have participated in career day activities at local 4- and 2-year colleges.

A scholarship committee, formed in March of 1974, began to award scholarships in June of that same year. The number of awards given by the local IMAGE chapter has grown from three in 1974, and six in 1975. On June 26, 1976, nine scholarships will be awarded to Harbor area youths.

Under the leadership of Presidents Joe Sanchez—during the organizing of the chapter, Manuel Trujillo—1973 to 1975, and Frank Morales—1975 to 1976; IMAGE has constantly grown and increased the scope of its activities. Meeting with various branches of the Federal Government, Harbor Chapter members have opened lines of communications and expressed strong interest in the hiring and promotion of Hispanic-American citizens. State and local governments have also been contacted by the group.

Community service has been a vital part of the IMAGE program. The group has supported fundraisers for Teen Post 108 of Wilmington, Calif.; joined other Hispanic organizations in the Los Angeles-Long Beach Harbor areas as a member of the Council of Raza Organizations—CORO; been active in voter registration drives in the Spanish-speaking community; and made a cash donation to the South Bay Striders, a young women's track and field club in the South Bay and Harbor areas.

Mr. Speaker, I strongly feel that the Harbor Chapter of IMAGE has been a strong and vital force in the community. Its main goal of increasing Government employment of Spanish surnamed Americans is one that will be of definite benefit, and the larger scope of its activities has given it a broad base of support and recognition.

My wife, Lee, joins me in congratulating this outstanding organization for its achievements to date. I am sure that the future will bring many more accomplishments by this dedicated group of individuals.

SECOND BISHOP OF ROCKVILLE CENTRE DIOCESE

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 21, 1976

Mr. LENT. Mr. Speaker, I want to take this opportunity to extend my congratulations and best wishes to the second Bishop of the Rockville Centre, N.Y., Diocese of the Roman Catholic Church. Bishop John E. McGann has succeeded Bishop Walter Kellenberg, who is retiring after 19 years that marked the formation and spectacular growth of the Rockville Centre Diocese.

Bishop McGann comes to his new position after 26 years as a priest, most recently as vicar for Suffolk County. He has already distinguished himself as a "man of the people" for his close working relationship with both priests and lay members of the Suffolk County community.

Bishop Kellenberg's shoes will indeed be hard to fill. In the past 19 years he has served the more than 1 million Long Island Roman Catholics in 129 parishes with great distinction, and the Long Island community owes him a debt of gratitude. But I am certain that Bishop McGann will make his mark, as well. I wish him good fortune as the spiritual leader of the Long Island Roman Catholic community.

SENATE—*Wednesday, June 23, 1976*

(Legislative day of Friday, June 18, 1976)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by Hon. RICHARD STONE, a Senator from the State of Florida.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

The law of the Lord is perfect, converting the soul: the testimony of the Lord is sure, making wise the simple. The statutes of the Lord are right, rejoicing the heart: the commandment of the Lord is pure, enlightening the eyes.—Psalms 19: 7, 8.

Almighty God, whose word is eternal and unchanging, write Thy law upon our hearts that we may live this day in obedience to Thy law. Guide us by Thy spirit that we may labor to make Thy statutes our statutes, Thy ways our ways, and in all we do bear testimony to "one nation under God."

Move us to a deeper commitment to Thee and a more sensitive response to Thy spirit that what we do here may set forward Thy kingdom on Earth.

We pray in the Redeemer's name. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., June 23, 1976.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. RICHARD STONE, a Senator from the State of Florida, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. STONE thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Tuesday, June 22, 1976, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees except the Committee on Banking, Housing and Urban Affairs may be authorized to meet until 1 p.m. today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD subsequently said: Mr. President, I ask unanimous consent that the Committee on Banking, Housing and Urban Affairs be allowed to meet on the same basis as other committees.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations on the calendar beginning with "New Reports."

There being no objection, the Senate proceeded to the consideration of executive business.

AMBASSADOR

The second assistant legislative clerk read the nomination of Shirley Temple Black, of California, to be an Ambassador during her tenure of service as Chief of Protocol for the White House.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

DEPARTMENT OF STATE

The second assistant legislative clerk read the nomination of Henry E. Catto, Jr., of Texas, to be the representative of the United States of America to the European Office of the United Nations, with the rank of Ambassador.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

DEPARTMENT OF JUSTICE

The assistant legislative clerk read the nomination of Frank S. Spies, of Michigan, to be U.S. attorney for the western district of Michigan for the term of 4 years.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to, and the Senate resumed the consideration of legislative business.

COMMUNITY SERVICES ACT TECHNICAL AMENDMENTS OF 1976

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of

H.R. 12188, the Community Services Act Technical Amendments of 1976. This has been cleared all around.

The ACTING PRESIDENT pro tempore laid before the Senate H.R. 12188, an act to amend the Community Services Act of 1974 to make certain technical and conforming amendments.

The ACTING PRESIDENT pro tempore. Without objection, the bill will be considered as having been read twice and the Senate will proceed to its immediate consideration.

The bill was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I desire no time.

Mr. McCLURE. Mr. President, I desire no time.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business, not to extend beyond 10 minutes, with statements limited therein to 2 minutes each.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(Routine morning business transacted today is printed later in the record of Senate proceedings.)

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

PUBLIC WORKS FOR WATER AND POWER DEVELOPMENT AND ENERGY RESEARCH APPROPRIATION ACT, 1977

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of H.R. 14236, which the clerk will state.

The assistant legislative clerk read as follows:

> A bill (H.R. 14236) making appropriations for public works for water and power development and energy research, including the Corps of Engineers—Civil, the Bureau of Reclamation, power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commisisons for the fiscal year ending September 30, 1977, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

The ACTING PRESIDENT pro tempore. Debate on this bill is limited to 1 hour, to be equally divided between and controlled by the Senator from Mississippi (Mr. STENNIS) and the Senator from Oregon (Mr. HATFIELD), with 30 minutes on each amendment, and 20 minutes on any debatable motion, appeal, or point of order.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum with the time to be taken from both sides.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CHURCH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR

Mr. CHURCH. Mr. President, I ask unanimous consent that Mr. Ben Yamagata be accorded the privilege of the floor during the consideration of the public works appropriation bill.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. CHURCH. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. Is the quorum call being instituted under the same circumstances as before?

Mr. CHURCH. Mr. President, I ask unanimous consent that this quorum call be instituted under the same circumstances as before.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. STENNIS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. STENNIS. Mr. President, what is the pending matter now before the Senate?

The ACTING PRESIDENT pro tempore. H.R. 14236, with debate limited to 1 hour, of which slightly more than 10 minutes have been used, divided equally, with 30 minutes for amendments and 20 minutes for debatable motions, appeals, or points of order, the time to be divided between the Senator from Mississippi (Mr. STENNIS) and the Senator from Oregon (Mr. HATFIELD).

Mr. STENNIS. And the time on the amendments is 30 minutes total, equally divided; is that correct?

The ACTING PRESIDENT pro tempore. The Senator is correct.

Mr. STENNIS. Mr. President, this is an important bill, obviously. It contains the money for all of our public works programs or civil function programs, we sometimes say, of the U.S. Army Engineers, the Bureau of Reclamation, various regional power agencies, and on to the highly important ERDA. Most of the activities for ERDA are for research and development authorized through an authorization bill from the Joint Committee on Atomic Energy and the Committee on Interior and Insular Affairs.

Mr. President, as a general overall outline, this bill is already somewhat above the President's budget. It already approaches but does not exceed the ceilings of our allocations under the first concurrent resolution on the budget. I ask the membership to bear that in mind when we get to consideration of these matters. We have to bear it in mind.

We have here in this bill $200 million of the most urgent importance to take care of the Teton Dam breakage and flooding of the area out there, to the great loss and detriment of the people who are directly affected. Other items in the bill are the Tennessee Valley Authority, the Appalachian Regional Commission, Nuclear Regulatory Commission, Federal Power Commission, and various other agencies.

At the front of the report appear the sums of money that are involved as they relate to the budget, to the House bill, and to the increases made by the Senate committee, which were relatively small, but we did weigh and consider carefully these matters.

As I say, Mr. President, speaking for the Committee on Appropriations, the bill it is my pleasure to present to the Senate, the Public Works for Water and Power Development and Energy Research Appropriations bill for fiscal year 1977, is a highly important and significant bill which provides funds for research and development for a number of promising alternative sources of energy under the Energy Research and Development Administration, title I of the bill; and provides funds for the well known and needed water resources program of the U.S. Army Corps of Engineers, also known as civil works or civil functions, which has meant and continues to mean so much to our Nation, which is title II of the bill; title III provides funds for the work of the Bureau of Reclamation and the various power agencies, which are under the Department of the Interior; and then there are appropriations to carry out the activities of the independent and related agencies such as The Appalachian Regional Commission and its programs, the Federal Power Commission, the Nuclear Regulatory Commission, the Tennessee Valley Authority, and the Water Resources Council among others in title IV of the bill.

The grand total of new budget obligational authority recommended by the committee in the bill is $9,694,785,000. This is an increase of $295,890,000 over the amended budget estimates of $9,398,895,000 that were considered by the committee. The increase recommended by the committee over the bill as passed by the House is $49,176,000. The House passed bill provides $9,645,609,000 which is an increase of $425,514,000 over the budget estimate of $9,220,095,000 that were considered by the House. The total fiscal year 1977 appropriation as compared to 1976 appropriations reflects an increase of $2,180,628,000, of which about $1.7 billion is the increase for the highly important energy research and development efforts.

Mr. President, let me point out at this time that the amounts that I have just given do not include the President's budget request of June 11 to provide $200,000,000 in new budget authority for the payment of claims related to the

Teton Dam failure. This amount was added to this bill on the House floor as requested, and will become available immediately upon enactment of the bill as it now stands. Members are familiar with this disaster and the urgency for these funds to be made available as soon as possible. This amount of $200,000,000 will undoubtedly be charged against the fiscal year 1976 transition quarter appropriation and that is why we have not included them within the fiscal year 1977 amounts. Additionally, because of the need to alleviate and to help with the tremendous damage and suffering in southeastern Idaho, expeditious action is requested on this bill today in order that we may take it to conference with the House before the end of the week, pass the conference report through both Houses and send it on to the President before the upcoming recess.

Now, Mr. President, I do not intend to elaborate on the various items and projects included in the bill inasmuch as the committee action and the report accompanying the bill have been available to the membership since the committee met and reported this bill last Thursday, June 17. I will highlight a number of areas very briefly.

TITLE I—ERDA

The committee recommendation for title I, the Energy Research and Development Administration, provides $5,734,771,000 for both operating expenses and plant and capital equipment. This is an increase of $6,488,000 over the House passed bill and $32.1 million under the budget estimates considered by the committee. The increase over fiscal year 1976 is $1.7 billion in round numbers. Title I contains more than half the funds in the bill and Members can see from the report beginning on page 5 the many items and activities included under the ERDA appropriation. Let me mention a few of these in order to understand the magnitude of the energy R. & D. program. For solar energy, the committee recommendation would provide a total of $261,900,000 as compared to the President's budget of $160,000,000. This is an increase of 128 percent over last year. Solar energy holds great promise for the future and the committee wants to see that all required funds needed for fiscal year 1977 are made available. Just a few days ago, Dr. Seamans, the Administrator of ERDA, testified before the committee that it is simply not practical to expand this amount on solar energy research at this stage of the R. & D. program. For geothermal energy, the committee recommends $54,900,000 compared to the budget estimate of $50,100,000. For the fusion program the committee recommendation provides $428,800,000 compared to the budget estimate of $395,900,000, and for nuclear energy R. & D., the committee action provides $958,847,000 compared to the budget request of $953,347,000. For the national security responsibilities of ERDA—this is the nuclear weapons and naval reactors research program, the committee action of $1,958,461,000 provides a slight increase over the estimate of $1,943,291,000. If Members would refer to the report, all of these amounts in addition to the other programs which I have not specifically mentioned are fully shown.

The estimated revenues for fiscal year 1977 as a result of the uranium enrichment services provided by the Government enriching facilities is $661,900,000. These revenues are applied to the total program approved, thereby reducing the appropriation required by ERDA to finance the total program. The estimate on revenues includes an additional $122,800,000 as a result of the proposed authorizing action by the joint committee to increase the charges for enrichment services.

Mr. President, the committee recommendation for ERDA provides a balanced and generous appropriation in line with the proof and burden of testimony for the various energy programs. These programs are the foundation of our high priority national goals for energy self-sufficiency and we believe the levels recommended by the committee are required to meet this high national priority. These R. & D. programs are required to help solve the energy situation confronting us and I urge the Senate to support the committee on these generous funding levels, and at the same time, not insist on providing large sums over and beyond these amounts. Now, there is one language request of the President that had to be deferred for later action, having to do with the Nuclear Fuels Assurance Act, which is a separate bill from the ERDA authorization bill. This language provision would be to carry out that act and enable ERDA to enter into contracts with private industry up to the $8 billion limit which would be the contingent liability of the Government.

Because of the fact that this Nuclear Fuel Assurance Act has not been considered in either the House or the Senate and because of the apparently strong disagreement on how to count this $8 billion in our new budget process, the committee just had to defer this matter. We wanted to cooperate as far as we could but the committee is faced with a difficult situation without anything at this point to stand on, so we have to defer that matter for later consideration. I wanted to apprise those interested in this matter as to this situation, which I know the Budget Committee will have to help resolve.

TITLE II, ARMY CORPS OF ENGINEERS

For the civil works program of the U.S. Army Corps of Engineers, the committee recommends a total of $2,467,076,000 to carry out the important water resources investigations, planning, construction, operation and maintenance, and other related activities. The increase over the budget estimate is $292,729,000 for all of the various activities. Under the budget estimate, many ongoing construction projects, completion schedules and dates would be delayed and slipped, thereby causing the total project costs to increase and delaying the much-needed benefits. In addition, the backlog of deferred maintenance, such as high priority dredging in our busy ports and harbors continues to accumulate affecting our trade and commerce and our economy. The increased funding by the committee provides, to the extent possible, maintaining ongoing work on construction projects, initiating a small number of important new projects, both planning and construction, and to increase the O. & M. activities in order to better maintain and protect the investment of completed projects. The committee report lists all the studies and projects by States with the amounts recommended for each and I would refer the members to the report beginning on page 29.

Mr. President, the important water resources program simply cannot be allowed to wither and dry up due to the lack of adequate funding. These investments, together with other types of public works investments, are the Nation's primary capital investments in the assets needed to maintain and improve the American economy and our society. Though a relatively small cost as a part of the total Federal budget, these corps water resources projects have beneficial effects that impact and touch almost every facet of American life. These projects help to make up an integral part of the physical web needed to provide both the necessities and the luxuries Americans enjoy today.

TITLE III—DEPARTMENT OF THE INTERIOR—BUREAU OF RECLAMATION AND POWER MARKETING AGENCIES

Just as with the corps civil functions program and its contributions and importance to our Nation, the work of the Bureau of Reclamation and its programs have proven to be of enormous benefit to the people and the development of the 17 western States. The committee recommends a total amount of $745,000,000 for the Bureau to continue its work for the upcoming fiscal year. This is an increase of $21.9 million over the budget and $3.5 million over the House. Likewise, these funds will provide for the general investigations, construction and rehabilitation, and operation and maintenance of Bureau projects and programs. I have already mentioned the additional fiscal year 1976 transition quarter amount of $200 million included in the bill associated with the failure of the Teton Dam. That distressing disaster has, of course, been on the minds of all of us, I am sure. The failure of this dam is extremely regrettable and I might mention that it is the first failure during the almost 75-year history of the Bureau or, for that matter, of any Federal dam.

As most Senators probably know, a thorough, independent investigation as to the cause of the failure is getting underway. I am sure there will be those who will use this failure to try to stop the needed reclamation works and projects, but I would like at the same time to call attention to the tremendous work of the Bureau and what it has meant to the western States of our Nation. If members would refer to page 66 of the committee report, a number of statistics and data of the benefits of the reclamation program are cited.

TITLE IV—INDEPENDENT AGENCIES

An amount of $736,270,000 is recommended for the several independent agencies included in the bill, such as the Appalachian Regional Commission and its development programs, the Tennessee Valley Authority, the Federal Power Commission, and the Nuclear Regulatory

Commission. The amount for these independent agencies includes an increase of $13.7 million over the budget and $14.4 million over the House allowance. Again the report will show the specific details of each recommendation, by agency, including the increases and decreases recommended by the committee.

Now, Mr. President, this has been just a brief summary review of the bill. I know the Members realize the importance of this bill which will provide benefits many times over the amounts included in the bill for this year, including substantial returns to the Treasury and in benefits to our people, our society, and to our economy. The energy R. & D. efforts and the water resources development efforts will provide enduring, not temporary benefits—income producing benefits—and there will be dividends for generations to come from these wise investments in our future. The bill carries the title, Public Works for Water and Power Development and Energy Research—and that title sums up in those few words the very lifeblood of our country today and tomorrow—water and related land resources and energy resources.

Mr. President, I yield to the Senator from Oregon.

Mr. HATFIELD. Mr. President, I commend the distinguished chairman of the Public Works and Energy Research Appropriations Subcommittee for his customary courtesy, fairness, and fiscal restraint in developing this bill. With the assistance of his able subcommittee staff, he has seen to it that this bill addresses the vital national needs within its scope in a manner that is both responsive and responsible.

The subcommittee chairman has already discussed the bill in some detail. I would like to add just a few remarks of my own to emphasize several concerns which arose repeatedly in our hearings and which I feel are particularly noteworthy.

The need to develop alternatives to oil as an energy source is self-evident. Solar, geothermal, and fusion energy are three potential power producing alternatives which I have advocated, but which have received too little attention and support until just recently. The subcommittee has been particularly responsive to this need in this year's bill. By far the largest increase the subcommittee made in title I, ERDA's portion of the bill, was the $137 million increase in operating expenses and plant and capital equipment for ERDA's Solar, Geothermal, and Advanced Energy Systems Division. In the solar research and development program alone, the bill provides a total of $261.9 million which is 128 percent higher than the amount provided for fiscal year 1976 and which is several million dollars above the amount the agency testified it could productively use for solar research and above the amount the agency requested from the Office of Management and Budget.

The major title I items offsetting these increases are a $20 million reduction in the geothermal loan fund and a $123 million increase in anticipated offsetting revenues from uranium enrichment.

Title II of the bill provides funding for civil works projects by the Corps of Engineers. The bill provides for a $210 million increase above the budget request for planning and construction. The subcommittee recommended this magnitude of an increase in order to correct the administration's inefficient and costly fiscal strategy of stretching-out ongoing construction work and in order to restore funding for the corps important small projects programs. These programs give the corps discretionary funds to construct certain types of small projects according to priority of need and ability to proceed. The subcommittee has wisely avoided earmarking projects within these small projects programs in order to preserve the principle of funding such small projects on the basis of need as objectively determined by the corps.

Included within the corps planning and construction account are funds for hydropower development at suitable projects. The subcommittee has reaffirmed its commitment to the utilization of this clean, efficient power source wherever it is economically feasible and environmentally sound.

The other major increase in title II of the bill is for operation and maintenance activities at completed projects. We have been falling farther and farther behind in this area: the current O. & M. backlog is $300 million, of which $120 million is navigation channel maintenance dredging. Such maintenance dredging is vital to the commerce of this country. It must not continue to be put off. The $65 million increase above the budget provided in this bill makes a credible start at the task of reducing this backlog.

One other item in title II warrants special mention here. The committee has taken steps in this bill to prevent further decline in the nation's hopper dredging capacity by providing $6.6 million for the construction of two corps hopper dredges and continued design on another. The committee's action is wholly consistent with the desire to have the private dredging industry enter the specialized field of hopper dredging since the O. & M. backlog I just described is so great that both industry and corps hopper dredges are desperately needed.

Title III of this bill provides funding for the Department of the Interior agencies dealing with water and power. The major increase in this title is for an $18 million add-on for the Bureau of Reclamation's loan program. These funds will be fully repaid to the Treasury.

Title IV of the bill provides funding for the Nuclear Regulatory Agency, TVA, the Water Resources Council, and several commissions. The total increase above the budget for this title is less than $14 million.

In total, this bill is $295,890,000 over the administration's budget request and $2,178,788,500 over the amount appropriated in the fiscal year 1976 bill. These are alarmingly large increases. But I believe they are warranted in view of the urgent need for the intelligent use and development of our water and energy resources. However, I also believe that significant increases beyond the amounts already provided would not accelerate such intelligent use and development of these resources and would, indeed, be contrary to the wise use of our fiscal resources.

Again, I commend the distinguished Senator from Mississippi for his outstanding work on this bill, and I join him in urging the Senate to pass this bill as reported by the Appropriations Committee.

Mr. CHURCH. Mr. President, I would like to ask the senior Senator from Oregon (Mr. HATFIELD), who is the ranking minority member of the Public Works Appropriations Subcommittee and also the ranking minority member of the Subcommittee on Energy Research and Water Resources of the Senate Interior Committee, what the additional $2 million added to the hydrothermal subprogram in the ERDA geothermal program will be used for?

Mr. HATFIELD. This additional $2 million, which I requested be added to the appropriations, is to be utilized in the ERDA program to develop moderate-temperature geothermal resources. Specifically, this addition will allow ERDA to fund additional projects utilizing moderate-temperature resources in nonelectric applications and to assure that electric generation projects in low and moderate temperature, low-salinity geothermal resources will remain on schedule toward early completion.

Mr. CHURCH. I thank the Senator for this information. Am I correct, then, in assuming that these additional moneys will be used for projects like those found in Klamath Falls, Oreg., and Raft River, Idaho?

Mr. HATFIELD. That was certainly my intent in proposing this amendment. As the Senator knows, the ERDA program for moderate-temperature resources was the only geothermal subprogram in ERDA which was actually decreased by $1,630,000 over funding outlays in fiscal year 1976.

Mr. CHURCH. I am well aware of this decrease in funding and I know you share my concern over this apparent deemphasis in effort on ERDA's part. Liquid dominated geothermal resources have a very large potential toward alleviating our energy shortfall, if this resource can be successfully developed. That job will not get done, in my estimation, so long as ERDA persists in addressing the development of low and moderate temperature, low salinity resources in this on-again, off-again manner which has typified the agency's hydrothermal program. I want to commend the Senator from Oregon for his leadership in assuring that this program has adequate appropriations. Both Oregon and Idaho have a potential to contribute to our energy supplies if low and moderate temperature geothermal resources can be developed.

Mr. HATFIELD. The senior Senator from Idaho is to be congratulated for his efforts on behalf of the development of geothermal energy. As chairman of the Senate subcommittee with oversight jurisdiction over ERDA's geothermal program, he has provided the impetus needed to assure a strong and aggressive geothermal program.

Mr. STENNIS. Mr. President, I yield 2 minutes to the distinguished Senator from North Dakota, who is a valuable member of our committee and subcommittee.

Mr. YOUNG. Mr. President, I believe that the relatively small attendance on the floor of the Senate today indicates the great confidence that all the Members of the Senate have in how this bill will be handled by the distinguished Senator from Mississippi, the chairman of the subcommittee, and the distinguished Senator from Oregon (Mr. HATFIELD). They have done a superb job in handling one of the most difficult bills. Only a few years ago, this bill consisted of only Corps of Engineers civil works projects, the TVA, and the various power agencies. Now it contains projects of the Bureau of Reclamation and ERDA, which are highly complicated, involving atomic energy.

We have some new serious problems now. While we have had a large number of witnesses on behalf of these water projects, at least a thousand or more, there is strong opposition from many who want no more progress in the area of reclamation and water projects. Therefore, it does become a very difficult bill to handle.

I again commend those who handled the bill, as well as Proctor Jones, who is one of the best staff members any committee ever had.

Mr. STENNIS. I thank the Senator very much for his help on the bill and for his remarks.

Mr. President, before we take up amendments, the Senators from Idaho are here. Each has been very helpful and very constructive in his attitude about this item for the Teton Dam break. Before we get to amendments, if it is agreeable to them and the Chair, we might proceed with that matter.

I yield now 5 minutes to the Senator from Idaho (Mr. CHURCH).

TETON DAM SUPPLEMENTAL APPROPRIATIONS

Mr. CHURCH. Mr. President, I commend the members of the Senate Committee on Appropriations and the chairman of the Appropriations Subcommittee on Public Works (Mr. STENNIS) for the action they have taken to provide a supplemental appropriation of $200 million for disaster relief assistance to victims of the Teton Dam failure. President Ford sent the request for these supplemental appropriations to Congress on June 11. The House of Representatives responded quickly and favorably by attaching the request for $200 million to the public works appropriations bill now before the Senate (H.R. 14236). Favorable action by the Senate on this bill will provide the first increment of funds needed to establish a program designed to compensate those who were injured or damaged by the rupture of the dam.

Reports from Idaho already indicate that damages may exceed $1 billion. Therefore, in my estimation, this supplemental appropriation request represents a downpayment to insure the rapid implementation of an assistance program. It is to be expected that additional appropriations may be required. During a hearing on June 15, before the Subcommittee on Energy Research and Water Resources, which I chair, representatives of the Ford administration assured the subcommittee that the President will request further funding for the disaster assistance program, as needed.

This action by the Appropriations Committee complements actions the Senate Committee on Interior and Insular Affairs has already taken in favorably reporting authorizing legislation sponsored by Senator McClure and me (S. 3542) to provide compensation for disaster victims. I am pleased that this legislation passed the Senate on June 8, 1976, and I am hopeful that the House of Representatives will act quickly and favorably on the bill. By seeking passage of both the appropriation, with language which will permit the initiation of payments for damages, and separate authorizing legislation, we can be sure that nothing is overlooked in our efforts to see that assistance is forthcoming to Idahoans in such desperate need.

Mr. President, this past weekend, I again toured the flood-damaged area. The devastation wrought by the failure of the dam is almost incomprehensible: Homes and businesses have been razed; prime agricultural land may never again be productive; human suffering abounds. Yet, in the midst of all this rubble and destruction, Idahoans are digging themselves out and they are rebuilding lives that were suddenly and tragically shattered less than 3 weeks ago. Neighbor has pitched in to help neighbor, the Church of Jesus Christ of Latter-Day Saints has taken reins in hand in helping to direct an effective relief program. It is this spirit and will that is to be applauded and it is this determination that must be supported and augmented through increased Federal assistance.

This supplemental appropriation is a significant first step in providing just compensation for the calamity precipitated by the June 5 failure of the dam. I support this request. I thank the distinguished Senator from Mississippi for his help in including this provision in the bill. I hope the Senate will act quickly and favorably upon the appropriation bill.

Mr. STENNIS. Again, Mr. President, we thank the Senators from Idaho for their cooperation. I appreciate the Senator's remarks, too, in what he said about the people of Idaho and their attitude, that they are going to rebuild. That is the old grit it takes to rebuild.

I yield to the junior Senator from Idaho (Mr. McCLURE).

Mr. McCLURE. I thank the Senator from Mississippi for yielding me this time, and I take this opportunity to commend the members of the Appropriations Committee and the ranking Republican on the subcommittee, the Senator from Oregon (Mr. HATFIELD), for the help they have given us in expediting the passage of this request from President Ford for the $200 million for relief funds.

My colleague from Idaho has made reference to the determination and willingness of the people in that area to dig out and rebuild. I, too, was in that area this last weekend, as we both had been 2 weeks earlier, immediately after the breaking of the dam. The devastation is almost indescribable. It is beyond words; it is beyond description. It has an emotional impact that has to be sensed, rather than described.

There was absolute destruction of communities, the little community of Wilford, in which very few buildings remain standing—over a hundred homes completely destroyed, with almost no sign of their ever having been there. It is not simply the destruction of the houses; they are totally gone. You cannot see a tree or a shrub or a foundation in some places, not a mark that a family lived there, not a sign remaining that houses existed at one time in that community. The need is very great.

I want also to describe, if I may, the efforts that we are undertaking now to get the regulations written under which this money will be spent in compensation for the damages and to express the hope that the regulations, when finally published, will permit a payment to put these people, as nearly as possible, back in the condition they were in before the dam burst.

We have a number of problems that will have to be confronted. We had meetings with the staff yesterday and with representatives of the administration trying to point up some of the problem areas in the regulations that will be published very soon, hopefully today or tomorow, because it is necessary to get these claims people in the offices out there, procesing the claims of the victims of the disaster so that they can, as soon as possible, be assisted by the Federal Government, the owner of that dam, in the rebuilding of their lives.

But no discussion of the rebuilding would be complete without some reference to the great organization, the great strength of the LDS Church, because they have been in there in ways that the Federal Government agencies have never seen before. This is one instance where the disaster relief people are coming in after the fact. They are trying to assist and clean up after the cleanup has been started. The organization is so good, the cooperation is so great, with thousands of people in that area this last weekend from as far south as Salt Lake City coming in by the busload to help the people dig out of the disaster that struck them.

I thank the administration very much for having sent this request up as promptly as they did, the House of Representatives for having acted as rapidly as they did, and particularly my colleagues on the Committee on Appropriations for the sensitive concern for our needs and the rapid action that they have taken in bringing this matter to the floor at this time. The people of Idaho are very grateful for, despite their self-reliance, their need is very, very great.

Mr. STENNIS. It is a pleasure, Mr. President, to help people who are helping themselves. That is what those people are doing.

The Senator from Oregon may want to comment on this.

Mr. HATFIELD. Mr. President, the only thing I can say is to comment on the extraordinary resiliance of the people of Idaho in responding to this disaster. We in Oregon were especially conscious of this great tragedy. We have many dams of similar construction—that is, earth-fill dams—throughout our entire Pacific Northwest region. We could easily identify with that particular catastrophe.

I think it is a national responsibility, and it is only right that we respond the way we have. We are grateful for the leadership of the Senators from Idaho in bringing this to our attention and going through the details necessary to bring it to culmination this morning. I know the committee has been sympathetic and responsive because of the overwhelming evidence showed that this was the right action to take.

Mr. CHURCH. Mr. President, will the Senator yield?

Mr. HATFIELD. I am happy to yield.

Mr. CHURCH. I thank the Senator from Oregon, not only for his interest but for his typical service. He has always been a good neighbor to the State of Idaho, and in this instance we are especially indebted to him for his help.

Also, as a Member of the Committee on Foreign Relations, I have been keenly aware of the billions of dollars put out through the years for the various forms of foreign aid. Here is a case where we have responded to the needs of our own people. For that, I am most appreciative.

Mr. STENNIS. We thank the Senator.

One more point about this sum. We want to try to have an early conference on this bill, and the House has the same sentiment, so as to take care of the emergency part of this Teton Dam matter.

Now, Mr. President, requesting the attention of the Senator from Oregon—I feel he will join in this unanimous-consent request—I ask unanimous consent that the committee amendments be agreed to en bloc, and that the bill as thus amended be regarded for the purpose of amendment as original text; provided, of course, that no point of order shall be considered to have been waived by agreeing to this request.

The ACTING PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

The amendments agreed to en bloc are as follows:

On page 2, in line 22, strike out "$4,172,783,000" and insert "$4,096,586,000".

On page 3, in line 4, strike out "not to exceed $738,000,000,".

On page 3, in line 16, after "appropriation", insert a colon and the following: "*Provided further*, That this appropriation shall be available only upon the enactment into law of authorizing legislation".

On page 4, in line 5, strike out "$1,525,500,000" and insert "$1,608,185,000".

On page 4, in line 10, after "appropriation", insert a colon and the following: "*Provided further*, That this appropriation shall be available only upon the enactment into law of authorizing legislation".

On page 4, in line 18, after "That" insert "the indebtedness guaranteed or committed to be guaranteed shall not exceed the aggregate or $200,000,000: *Provided further*, That".

On page 5, in line 21, strike out "$70,110,000" and insert "$72,180,000".

On page 5, in line 22, strike out "$1,800,000" and insert "$231,497,000".

On page 6, in line 12, strike out "$1,416,477,000" and insert "$1,436,559,000".

On page 6, in line 13, after the comma, strike out "of which $200,000 is for advanced planning of the Vancouver Lake Area, Washington project, and $1,000,000 for the Dalles Additional Units project, Washington,".

On page 7, in line 8, strike out "$227,667,000" and insert "$281,497,000".

On page 8, beginning with line 7, insert:

REVOLVING FUND

For the design and construction of hopper dredges, $6,600,000, to remain available until expended.

On page 8, in line 14, strike out "$30,000,000" and insert "$22,140,000".

On page 9, in line 25, strike out "$285,000,000" and insert "$291,000,000".

On page 10, in line 14, strike out "$24,487,000" and insert "$24,762,000".

On page 11, in line 5, strike out "$351,386,000" and insert "$347,811,000".

On page 12, at the end of line 16, insert a colon and the following: "*Provided further*, That of funds available to the Bureau of Reclamation pursuant to Public Law 94–180 under this appropriation title, not to exceed $300,000, to remain available until expended, may be transferred without reimbursement, with the approval of the Secretary of the Interior, to "Salaries and Expenses," Office of the Secretary, to provide for expenses related to investigations of the structure failure, the expenditure of which funds shall not be subject to the limitation on services as authorized by title 5, United States Code, section 3109, as contained in section 104 of Public Law 94–165."

On page 14, in line 4, strike out "$44,700,000" and insert "$44,680,000".

On page 15, in line 4, strike out "$22,209,000" and insert "$28,495,000".

On page 15, in line 16, strike out "$400,000" and insert "$1,000,000".

On page 23, in line 2, strike out "$300,500,000" and insert "$306,000,000".

On page 25, in line 24, strike out "$120,930,000" and insert "$127,130,000".

On page 26, in line 12, strike out "$11,965,000" and insert "$14,665,000".

On page 26, in line 14, strike out "$1,524,000" and insert "$1,648,000".

On page 26, in line 15, strike out "$3,172,000" and insert "$3,248,000".

On page 26, in line 20, strike out "$2,500,000" and insert "$5,000,000".

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. STENNIS. Mr. President, it should now be in order for Senators who have any amendments to call them up.

Mr. MUSKIE and Mr. GLENN addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Ohio.

AMENDMENT NO. 1912

Mr. GLENN. Mr. President, I call up my amendment No. 1912.

The ACTING PRESIDENT pro tempore. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Ohio (Mr. GLENN) for himself and Mr. DOMENICI and Mr. HUMPHREY proposed amendment No. 1912:

On page 2, line 22, strike "$4,096,586,000" and insert in lieu thereof "$4,105,386,000".

Mr. GLENN. Mr. President, I am happy to join with our colleague from New Mexico (Mr. DOMENICI) in offering this amendment. We are extremely concerned that much of our appropriations for energy come to naught if we do not have adequate means for storing energy. This is of particular concern for solar energy because, obviously, the sun shines only during the day. If we cannot store solar energy for use at other periods, then it will mean little no matter how well developed our solar energy conversion devices may be.

Energy storage is not only for the field of solar energy. Hydroelectric power, for instance, can waste energy as water runs over the dam and is not used to develop electrical power. Some of this energy could be saved by energy storage measures.

What this amendment proposes to do is bring the money for direct research in energy storage systems back up to what I feel would be a bare minimum acceptable level.

Originally ERDA felt they could use constructively $41.84 million for energy storage research. That was chopped down when it came through OMB to $20.84 million. In other words, it was cut by more than half down to $20.84 million.

In the Committee on Interior and Insular Affairs, we were successful in bringing the amount back up to the ERDA original request level of $41.84 million. The House of Representatives in its bill has brought it back up to $34.64 million, but the Senate Appropriations Committee has cut it back to $25.84 million.

Mr. President, what we are proposing here is to add $8.8 million to bring the total up so that we would be even with the House authorization level.

Mr. President, these funds would be used specifically, for example, to fund research on utility load leveling and storage for solar and wind energy conversion. If electrical automobiles are ever to become realities, we certainly need better methods of storing energy for them. ERDA estimates that about a half million barrels of oil per day could be saved by 1985 with an active program in energy storage.

I could get into a considerable amount of detail here, if we wished to do so, on particulars of storage systems, but I think, with our time limitations on each amendment, it would not be wise to do that. Suffice it to say that it would cover such diverse things as a phase change storage program. It would include research in solar liquid heating collector conversion of energy to heat storage tanks. It would look into closed loop chemical systems for solar energy storage. It would carry out research on solar energy storage subsystems utilizing latent heat of phase changes of certain organic materials.

In the battery areas it would look into lithium sulphur batteries, which have a considerably higher energy capacity—I believe, if I am not mistaken, up to something like 5 times that of the normal lead acid batteries that we have now.

It would look into what happens when we put 10 percent hydrogen in with natural gas, which appears to be feasible. It would also include the flywheel energy storage program as well as a flywheel regenerative braking system for automobiles for recovery of the tremendous amount kinetic energy which goes to waste every day when we stop and start our automobiles.

So, Mr. President, this would be a very broad program. It is one that is desperately needed. It is one that I think we would be doing only a minimum in coming back to the House level of $34.64 million. It would add $8.8 million to the figure that the Senate Appropriations Committee came out with.

The figure of $34.6 million that the House came up with does fit within our first concurrent budget resolution, so we are not breaking the self-imposed budget limits that we have set here within the Senate.

So, Mr. President, rather than spend any more time, when time is limited in debate, I would gladly yield to the Senator from New Mexico if he wishes to comment on this matter.

Mr. DOMENICI. I thank my good friend from Ohio. I, too, will be brief.

Mr. STENNIS. Mr. President, will the Senator from New Mexico—is the Senator going to speak on the amendment?

Mr. DOMENICI. Yes, and I will be very brief. I am going to speak on the pending amendment.

I first wish to commend the distinguished chairman of the subcommittee and the ranking Republican Member. This is a very difficult appropriation bill because it covers so many diverse matters. I compliment them on the tremendous job they did in the area that the Senator from Ohio and I have addressed, the overall area of research and development in alternate sources of energy.

Obviously, there is a disagreement, though not a major disagreement, we must say at the outset. We compliment the Senators for the rather significant increases this budget reflects in the areas of basic research and development in geothermal and solar energy. However, we do believe there is just reason for disagreeing on this one point.

As the Senator from Ohio and I see this, scientists disagree, various administrators disagree, and we just think if you are going to err that you ought to err on the side of being generous in a field such as this.

What we are talking about here is one of the basic tools for ultimately utilizing types of energy like wind, solar, or geothermal, and applying them to some extent in our daily lives.

We are in quicksand in this country in terms of basic energy dependence, and we are concerned that while we are moving ahead with vast research efforts in solar, geothermal, and the like, research in one of the basic needs, how you store that new kind of energy that you produce must move along simultaneously. I believe, the Senator from Ohio joins me in saying again that we compliment you for the basic thrust, but we could certainly hate to be wrong down the line a few years and to have the application of some new basic thrust delayed because we have not kept pace in the field of storing so that you can make this new energy a part of the utility and everyday life, be it in transportation or the delivery of energy in some other more conventional use in our daily lives.

So we ask you to seriously consider adding to this bill that which ERDA originally requested, that which the House put in, and which we think can justifiably be spent. We will be sorry in a couple of years if we lag in this one and it delays the application of some major new innovation or application in the solar, geothermal, and other fields.

I thank my friend from Ohio for asking me to cosponsor this amendment, and I commend him again for finding a significant area, though it be small, where we want to do parity with the various R. & D. fields that are moving downstream and make sure we are not caught short because of an oversight.

Mr. GLENN. I thank the Senator from New Mexico. The Senator from Minnesota (Mr. HUMPHREY) would also like to be a cosponsor of this amendment. I ask unanimous consent that his name be added.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GLENN. I hope the distinguished chairman and floor manager of the bill can see fit to accept this amendment since it does fit within our first concurrent resolution.

Mr. STENNIS. Mr. President, I will respond when the Senator finishes. I wish to make a statement. Has the Senator from Ohio finished his remarks?

Mr. GLENN. Yes, I have.

Mr. STENNIS. Mr. President, I am pleased that this amendment was brought up first. I followed the arguments closely. But I did not see the Senator from Maine in the Chamber before debate on the amendment started—if he was here, I just failed to see him. I want to yield him 5 minutes to see just where we are with respect to the budget before we pass on any of these amendments.

So I yield 5 minutes on the bill, Mr. President, to the Senator from Maine, and then we will proceed with the consideration of amendments.

The ACTING PRESIDENT pro tempore. The Senator from Maine.

Mr. MUSKIE. Mr. President, I thank my good friend from Mississippi, the floor manager of this bill, for his courtesy. I will say I arrived a little later than expected, and I apologize for that.

I would like to comment generally on H.R. 14236, the fiscal year 1977 public works/energy appropriation bill which provides funds for the Corps of Engineers, the Bureau of Reclamation, the Energy Research and Development Administration, the Tennessee Valley Authority and several other smaller agencies.

This is the first fiscal 1977 appropriation bill to be considered by the Senate. In the next few weeks we will be taking up the 12 remaining regular appropriation bills. As we take up this first bill, I want to congratulate the Senate Appropriations Committee, and particularly its distinguished chairman, Senator McCLELLAN, for laying out a schedule for consideration of appropriation bills that will help the Senate meet the deadlines established by the Congressional Budget Act. This schedule is considerably accelerated compared to previous years.

The Budget Act provides a basis for judging how appropriations compare to the amounts contemplated for spending in the first budget resolution. Under this system, the Budget Committee informs the Appropriations Committee and other committees which have spending jurisdiction of the portion of the total amount of spending contemplated by the budget which is allocable to those committees. Those committees in turn divide the amount allocated to each by subcommittee in the case of appropriations and by program in the case of other committees. This is the so-called crosswalk procedure under the Budget Act. It is being implemented for the first time this year. Through it, we will be able to tell for the first time whether each appropriation bill is "within the budget" when we consider it. The crosswalk does not prevent supplemental requests from coming before the Senate at a later date. These supplementals, if appropriated, could exceed the amounts contained in the budget resolution. But we note that the Appropriations Committee has held a considerable amount of the funds allocated to it under this crosswalk process in reserve for supplementals.

All in all, this newly implemented part of the budget process would eliminate much of the uncertainty and frustration we faced last summer in dealing with spending bills and trying to compare them to the Congressional budget.

Unfortunately, a number of standing committees have yet to make their crosswalk reports to the Senate. This has resulted in some inconvenience to the leadership, since entitlement bills cannot be taken up in the Senate until the amounts allocated to these bills, which are really spending bills, can be determined through the crosswalk process of the committees which report those bills. The Appropriations Committee is setting the pace. It has reported its crosswalk. It is thorough and complete. It will be an invaluable aid to the Senate in assuring adherence to the congressional budget we have adopted.

I want now to comment on the relationship between this bill and the targets set out in the first concurrent resolution for fiscal year 1977.

H.R. 14236 provides budget authority in fiscal 1977 of $9.7 billion with outlays estimated to be $5.6 billion. In addition there will be outlays of $3.1 billion arising from previous public works/energy appropriations so that total outlays in the programs covered by this bill are estimated to be $8.7 billion.

The funds provided in this appropriation bill are within the totals allocated by the Committee on Appropriations to the Subcommittee on Public Works pursuant to section 302(b) of the Budget Act. That allocation was $9.8 billion in budget authority and $8.9 billion in outlays. By providing $9.7 billion in budget authority and $8.7 billion in outlays, H.R. 14236 stays within the amounts allocated.

This bill provides $200 million for relief to the victims of the Teton Dam disaster, an appropriation that I fully support. The funds will become available immediately upon enactment of the bill, which I assume will occur prior to the beginning of fiscal 1977. Hence they are not part of the $9.7 billion budget authority total that I have indicated this bill provides for fiscal 1977.

Were H.R. 14236 to be signed by the President in fiscal year 1976, the $200 million will be classified as 1976 money. The fiscal year 1976 second concurrent budget resolution we enacted last December contains sufficient room to accommodate this amount. The same is true with the budget ceilings for the transition quarter. Were the $200 million classified as transition quarter money the budget ceilings for the transition quarter would accommodate the amount provided.

The funds provided in this appropriation bill fall into four of the budget's functional categories. In three of these functional categories—defense, general science, and community and regional development—the amounts in H.R. 14236 are entirely consistent with the assumptions of the budget resolution. In the fourth functional category—natural resources environment and energy—the amount in the bill is slightly above what is assumed in the resolution. But the new budget process is not a line-item process and the Budget Committee is not a line-item committee, and since the amounts in this appropriation bill fall within the section 302(b) allocations of budget authority and outlays to the Subcommittee on Public Works and since we do not anticipate any major new funding demand for the amount allocated but not used, this bill is entirely within the guidelines of the budget resolution and I am therefore happy to support it.

Mr. President, I want to comment now on the provision in this bill which appropriates $170 million to begin work on a new Federal uranium enrichment plant. I support this provision because it seems evident that the Nation needs additional enrichment capacity, though exactly how soon and how much capacity is needed by the year 2000 is not at all clear.

I am aware that the administration's bill to allow ERDA to guarantee the entry of private ventures into the uranium enrichment business is now on the calendar. It is my understanding that as revised by the Joint Committee on Atomic Energy, that bill (S. 2035) provides that each contract ERDA plans to enter into with these private enrichment ventures will have to be approved by Congress. If S. 2035 is enacted, several of these contracts will be submitted shortly thereafter. The parameters of the first of these contracts have been disclosed and the contemplated contract can be described as exceedingly generous.

The Federal enrichment facility authorized to be started in the pending bill offers an alternative to at least the first of these guaranteed private ventures, an alternative that should be utilized if ERDA is unable to negotiate a contract that protects the interests of the United States.

I thus support this $170 million appropriation as an important feature of the congressional energy policy. It represents a start toward needed expansion of our enrichment capability. It also represents a means to encourage ERDA to negotiate firmly with the private enrichment ventures.

Let me congratulate the distinguished chairman, Senator McClellan, and members of the Appropriations Committee for bringing a bill to the floor that is within the guidelines of the budget resolution. I commend them all for their careful review of the programs in this bill and for helping to maintain the discipline of the budget process.

The amounts reported out by the Committee on Appropriations are about $100 million in budget authority and $200 million in outlays, below the crosswalk amount that was allocated to the Public Works Appropriations Subcommittee under Section 302(5) of the Budget Act. So on its face, there appears to be some room here for amendments.

But let me make some points. Among other things, there is provided as I've said before, budget authority of $200 million to be available immediately for the Teton Dam disaster. This may well be just a first claim for funds. No funds were assumed in the first concurrent resolution because it relates to a disaster which occurred subsequently, but there happens to be at this point, before the conference with the House, room of $100 million to accommodate additional needs provided we do not use up that room for other purposes.

Second, the mix in the House bill and the mix in this bill are different, and to accommodate both bills may well require increasing the amount of the bill above the dollar amounts that have been reported to the Senate today. The Appropriations Committee understandably sees the need for some flexibility which will enable the conference to accommodate the House as well as the Senate priorities.

As I understand it, the Senator from Mississippi may want to comment further on that point.

Mr. STENNIS. Yes, if the Senator will yield to me for just 20 seconds, I will comment on it.

Mr. President, the Senator has correctly described what we will be up against. We cannot just take our figures and say, "That's it." We have to go to conference on this bill.

They have their ideas and they will naturally fight for them. We just have to keep our eyes on that now as a fact of life.

I really do not want the responsibility of this bill, Mr. President, on the floor here, unless we come within reaching distance, I will say, of our Budget Committee's resolution.

It is the Senate's resolution. We agreed to it ourselves, so we are bound by it, as I see it.

I thank the Senator.

Mr. MUSKIE. I make the second point that as I understand it, $7 million of the amount proposed by the current amendment is included in the House bill, so that this amendment would be in conference.

Let me mention again now that additional Senators are in the Chamber, if I have a minute or two left, about the fact that this is the first appropriation bill that is to be considered by the Senate for fiscal 1977. So it is the first one to implement what is called the crosswalk procedure which is provided in the Budget Reform Act.

What that means is that the Appropriations Committee has allocated to it by the Budget Committee the amount that is available to it from the totals of the budget resolution conference for distribution among the various appropriations subcommittees.

The amount in fiscal year 1977 which has been allocated to the Appropriations Committee in budget authority is $292.9 billion, in outlays, $273.1 billion, but that is the total amount.

The ACTING PRESIDENT pro tempore. The Senator's time has expired.

Mr. STENNIS. Mr. President, I am glad to yield 2 additional minutes to the Senator.

Mr. MUSKIE. Now, the Appropriations Committee has distributed all of this budget authority to its subcommittees except an amount for contingencies. It is described as "undistributed amounts for contingencies, pay raises and savings." That amounts to $6.2 billion out of $292.9 billion of budget authority, and $2.2 billion out of $273.1 billion for outlays.

Percentagewise, that is a very small contingency account to take care of supplementals that come down the legislative road in the next year and unexpected developments, like the Teton Dam disaster, that require a response by the Congress.

So I think we ought to be very careful about dipping into that contingency fund. I think we ought to leave it, by and large, to the Appropriations Committee to control, and that we ought not be dipping into it by floor amendments.

If the Senate accepts that all there is left available in the amount allocated to this committee is about $100 million in budget authority, about $200 million in outlays, and if we begin to nibble away at that margin by floor amendments here, we will leave the Appropriations Committee very little flexibility in conference to accommodate the priorities which I am sure will be asserted by the House in conference.

I simply wanted to give that background so that Members will understand there is very little room—very little room, if any—for floor amendments which would have the effect of narrowing the margin that is available for flexibility in conference.

I wanted the distinguished floor manager of the bill and other Senators to understand those budget facts pertaining to this bill at this time.

I thank the Senator from Mississippi for giving me this opportunity of making the record.

Mr. STENNIS. Mr. President, I want to be sure the Senator from Maine hears what I am going to say. For the Senate, I want especially to thank him for his appearance here and for his analysis of the situation, which I think is correct and will be quite helpful to us.

He makes the point, of course, that the House is entitled to consideration at conference. We cannot say that we go by this figure here and by that alone. We have to take into consideration their matters, and that is not trying to detract from this particular amendment.

I thank him again for his courtesy, because what he said will be helpful to the Senate, not just to the Senator from Mississippi and the Senator from Oregon, but to the Senate, and I especially thank him.

Several Senators addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Oregon.

Mr. HATFIELD. Mr. President, what is the time situation on the bill, and who controls the time on the amendment?

The ACTING PRESIDENT pro tempore. The Senator from Ohio has 6 minutes remaining on his amendment. The Senator from Mississippi has 14 minutes remaining on the Glenn amendment. The Senator from Oregon has 18 minutes left on his time on the bill.

Mr. HATFIELD. Mr. President, I wonder if the Senator will yield 2 or 3 minutes on the amendment.

Mr. STENNIS. Yes, Mr. President.

Mr. President, I yield 2 minutes to the Senator from Oregon.

Mr. HATFIELD. Mr. President, I would like to speak briefly to the amendment because the ERDA representatives before our subcommittee discussed this matter at some length. They expressed less than great enthusiasm for this increase. As a matter of fact, they have recommended that any increases we make in the conservation programs funded by this bill be in the electric energy systems program. I am not sure who at ERDA the amendment sponsors have been talking with, but I would be surprised if it was someone with responsibility for maintaining overall balance and fiscal control within the agency. I am sure that it is easy to find some branch chief who thinks that his project is the most promising and, therefore, that his empire should be a little larger. That may be a source of such interest in this program within the Agency. But based on energy savings in the near term, the best place to put increases for conservation items in this bill would be the electric energy systems program. This program seeks to develop more efficient electricity transmission systems, and ERDA estimates that this program could bring about energy savings amounting to 1 to 1.5 million barrels of oil per day by 1985, more than double the energy saving potential deemed possible through the energy storage program. However, I do not think it is an either/or proposition. I think it ought to be a matter of record that we have already added $5 million for each of these areas. I think we need to recognize that continued large increases are not likely to be absorbed and are, therefore, unnecessary at this time.

I think we need to have, as the Senator from Maine indicated, a concern about the budgeting ceilings we are moving toward.

Mr. GLENN. Mr. President, I have discussed amendment No. 1912 with the distinguished floor manager of the bill Mr. STENNIS. He has suggested, and I would agree, that we accept a compromise in the interest of doing every little bit we can to help balance this budget. The distinguished Senator from Maine has played a vital role in this, and we have all been working with him this past year. We will reduce the amount from the $8.8 million increase over what the committee recommended back to a $5 million amount. That figure would appear to the Senator from New Mexico and myself to be a reasonable amount. This does cover the basic areas that are needed in the thrust of this amendment. On the basis of that being acceptable, we would be happy to proceed with a voice vote.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HATHAWAY). The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. STENNIS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HARRY F. BYRD, JR.). Without objection, it is so ordered.

Mr. STENNIS. Mr. President, I ask recognition.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. STENNIS. Mr. President, we have a situation now where this amendment is about to be disposed of, and the Senator from Colorado (Mr. GARY HART) has an amendment on the same subject matter, to the same area of the bill. If we adopt the Glenn amendment now, it would make the Hart amendment out of order, as the Senator from Mississippi understands. The Senator from Tennessee is in the same situation.

My unanimous-consent request is that we be permitted to go ahead and pass on the Glenn amendment now, but that if it is adopted, the amendment in that field by the Senator from Colorado and the amendment by the Senator from Tennessee would still be in order.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. STENNIS. Do the Senators understand that makes their amendments in order after we dispose of the Glenn amendment?

The PRESIDING OFFICER. The Senator is correct.

Mr. STENNIS. I thank the Chair.

Mr. GLENN. Mr. President, unless someone else has further discussion on this amendment, I am prepared to vote. We do not have to have the yeas and nays since the compromise has been worked out.

Mr. STENNIS. The modification. Does the Senator modify his amendment?

Mr. GLENN. Yes, as modified.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified.

Will the Senator send the modification to the desk?

The amendment, as modified, will be stated.

Mr. STENNIS. May we have order, Mr. President, so we can hear?

The PRESIDING OFFICER. The well must be cleared.

The legislative clerk read as follows:

AMENDMENT NO. 1912—AS MODIFIED

On page 2, line 22, strike "$4,096,586,000" and insert in lieu thereof "$4,101,586,000".

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified.

The amendment, as modified, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment as modified was agreed to.

Mr. GLENN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1930 (AS MODIFIED)

Mr. GARY HART. Mr. President, I call up printed amendment No. 1930, which is at the desk, and ask for its immediate consideration.

I have a parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. GARY HART. The numbers contained in the amendment have to be adjusted by virtue of the amendment, as modified, which was just accepted. I ask the Chair how the Senator from Colorado should proceed in terms of revising his amendment to make it appropriate.

The PRESIDING OFFICER. The Chair will state that by unanimous consent the amendment offered by the Senator from Colorado is in order. If the Senator from Colorado wishes to change figures such changes should be sent to the desk.

Mr. GARY HART. Mr. President, I will send those changes to the desk then, if I may.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Colorado (Mr. GARY HART) proposes amendment No. 1930, as modified.

On page 2, line 22, strike out "$4,101,586,000" and insert in lieu thereof "$4,115,686,000".

On page 4, line 5, strike out "$1,608,185,000" and insert in lieu thereof "$1,610,485,000".

Mr. GARY HART. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator may proceed.

Mr. GARY HART. I wish to thank the Senator from Mississippi for obtaining the unanimous-consent agreement that would permit this amendment to be in order now with changed circumstances.

Mr. President, my amendment would add $16.4 million to the ERDA appropriations, for funds to carry out the national solar program.

To put this number in perspective, the House of Representatives in early May, authorized $345.6 million for ERDA solar programs and very recently appropriated $309 million. Our own Committee on Interior and Insular Affairs authorized $278.3 million, but the Committee on Appropriations has recommended $261.9 million. Very simply, my amendment would increase the Senate appropriations to the level recommended by the Committee on Interior and Insular Affairs, adding to the $261.9 million presented today by the Committee on Appropriations an additional $16.4 million. This would bring that figure up to the $278.3 million recommended originally by the authorizing committee. The level of funding is still substantially under what the House of Representatives has appropriated for ERDA's solar energy programs, by roughly $30 million.

Mr. President, the principal question before us is as to the state of solar technology. Many of us from States where there has been application of solar technologies in practical use realize that solar is not a futuristic energy source. The fact of the matter is that we now know how to harness solar energy. With adequate Federal assistance through ERDA, FEA, and other agencies, that technology can be made available to the people of the country, and we can be well on our way to supplying a substantial portion of our total energy needs in the future.

There are those who believe that solar will only yield its true potential many decades in the future, and that money spent now is more or less wasted and should not be given much attention.

This additional funding up to the level recommended by the authorizing committee would permit ERDA to move forward on solar technologies and make them available to the people of the country. By stimulating inventors and businessmen to get into solar development and solar production we would assure that within the next few years, by 1985, solar energy would be available on a widespread basis.

There seems to be some disagreement within the administration as to how ready this technology is; although lip-service is being paid by many officials in the administration to solar energy, there is still a tone of reservation in the statements made by those officials that solar is not quite here yet, and that we should not spend very much money on it. Yet the branch chiefs in the ERDA solar division who have the responsibility for solar energy projects state that they can wisely and profitably spend $471 million in the next fiscal year for solar energy.

Mr. President, individual Senators such as Senator HUMPHREY have made a tremendous effort to increase the solar budget. Senator HUMPHREY's bill, S. 3227, which has 32 cosponsors, recommended a funding level in excess of the sort that we are suggesting here. Other Senators have carried the load in educating our colleagues and the people of this country about this new alternative nonpolluting source of energy which is available today if the Federal Government will get behind it. This small increase of less than $16.5 million, would go for solar heating and cooling technologies, agricultural and construction and capital equipment.

Mr. President, I ask unanimous consent that certain figures be printed in the RECORD along with an excerpt from the report of the Committee on Interior and Insular Affairs:

There being no objection, the table and the excerpts from the report (No. 94-879) were ordered to be printed in the RECORD, as follows:

Differences in authorization and appropriation

Increases:	*Million*
Solar heating and cooling	$0.8
Agricultural	3.3
Solar thermal	4.5
Photovoltaic	8.0
Construction and capital equipment	2.4

Overall increase of $16.4 million.

[Excerpts from report No. 94-879]

TITLE II—NONNUCLEAR PROGRAMS

OPERATING EXPENSES

SEC. 201. For "Operating expenses" for the following programs, a sum of dollars equal to the total of the following amounts:

OPERATING

(d) Solar Energy:

(1) Direct thermal applications:

Costs, $73,800,000.

Changes in selected resources, $7,700,000.

(2) Technology support and utilization:

Costs, $8,500,000.

Changes in selected resources, $2,500,000.

(3) Solar electric applications:

Costs, $113,000,000.

Changes in selected resources, $20,500,000.

(4) Fuels from biomass:

Costs, $6,500,000.

Changes in selected resources, $1,500,000.

6. On page 11, strike line 21 and insert a new subsection (b) as follows:

PLANT'S CAPITAL EQUIPMENT CONSTRUCTION FUNDS

(b) Solar Energy Development:

Project 77-18-a, OTEC sea test facility, $1,000,000.

Project 77-18-b, 500kW wind energy facility, $600,000.

Project 77-18-c, 1.5 mW high velocity wind plant, $1,000,000.

Project 77-18-d, 10 mW wind energy facility, $1,000,000.

Project 77-18-e, total solar energy plant, $1,000,000.

Project 77-18-f, 5 mW solar thermal demonstration for small community, $2,500,000.

Project 77-18-g, 5mW solar thermal demonstration for agricultural use, $2,500,000.

Project 77-18-h, 5 mW solar electric hybrid (photovoltaic and coal), $2,500,000.

(c) Conservation Research and Development:

Project 77-17-a, combustion research center, $8,500,000.

(d) Capital Equipment, not related to construction:

(1) Fossil energy development, $1,020,000.

(2) Solar energy development, $17,200,000.

(3) Geothermal energy development, $1,500,000.

(4) Conservation research and development, $13,000,000.

SOLAR ENERGY DEVELOPMENT PROGRAM

General.—The overall goal of the National Solar Energy Development Program is to develop and demonstrate at an early date those solar energy systems and applications that are economically attractive and environmentally acceptable for significantly supplementing U.S. energy resources. In meeting this goal the solar energy program has been organized in four major subprograms, including three technology subprograms involving R & D on specific solar technologies and their applications. These subprograms are (1) Direct Thermal Applications, (2) Solar Electric Applications, (3) Fuels from Biomass, and (4) Technology Support and Utilization.

MAJOR PROGRAM AREAS: SOLAR ENERGY DEVELOPMENT

	Fiscal year 1977 estimate		Committee authorization	
	Budget authority and obligations	Budget outlays	Budget authority and obligations	Budget outlays
OPERATING EXPENSES				
1. Direct thermal applications:				
(a) Solar heating and cooling of buildings	$45,300	$34,500	$72,800	$66,400
(b) Agricultural and process heat applications	3,900	2,500	8,700	7,400
Subtotal	49,200	37,000	81,500	73,800
2. Technology support and utilization	4,000	3,000	11,000	8,500
3. Solar electric applications	84,300	67,500	133,500	113,000
4. Fuels from biomass	4,300	3,000	8,600	6,500
Total operating expenses	141,800	110,500	234,000	201,800
PLANT AND CAPITAL EQUIPMENT				
Capital equipment:				
1. Direct thermal application	$0	$0	$500	$275
2. Technology support and utilization	0	0	600	330
3. Solar electric applications	5,700	2,800	14,600	8,070
4. Fuels from biomass	0	0	1,500	825
Total capital equipment	[1] 5,700	2,800	17,200	9,500
Construction projects	15,000	2,650	27,100	13,600
Total plant and capital equipment	20,700	5,450	44,300	23,100

[1] Authorization basis.

	Budget authority	Budget outlays
ERDA request:		
Operating expenses	$49,200,000	$37,000,000
Capital equipment	0	0
Construction projects	0	0
Total	49,200,000	37,000,000
Committee authorization:		
Operating expenses	81,500,000	73,800,000
Capital equipment	500,000	275,000
Construction projects	0	0
Total	82,000,000	74,075,000

OPERATING EXPENSES

This subprogram consists of two major efforts: (1) heating and cooling of buildings and (2) agriculture and process heat.

Public Law 93-409 stipulates that: solar heating and cooling systems be installed in a substantial number of residential dwellings; in a sufficient number of different geographical areas, under varying climatic conditions to constitute a realistic and effective demonstration; plus a similar program to be conducted in the commercial sector on a variety of structures; including office buildings, factories, public and other non-residential buildings. The law also provides for the conduct of research and development with respect to solar heating and cooling technologies and development in support of solar heating and cooling systems for residential and commercial demonstration.

The objective of the program in Agriculture and process heat is to investigate and develop technologies which will permit the economical and competitive use of solar energy in grain drying, crop curing, animal shelters, greenhouses, agricultural food processing and to supply a significant fraction of the energy requirements of industry.

(a) Solar Heating and Cooling of Buildings—

The overall goal of the Solar Heating and Cooling of Buildings program element is to stimulate the development of an industry to produce, distribute, and service solar hardware for hot water heating and space heating and cooling for residential and commercial buildings. The program is structured to demonstrate the practical use of solar heating technology by the end of 1977 and to demonstrate the practical use of combined heating and cooling technology by the end of 1979. This will be accomplished by a series of demonstration projects applicable to new and existing buildings, and by research and development to advance solar technology. The R&D program should yield components having lower cost, greater durability and improved performance, as well as a significant advance in the ability to predict the performance of solar systems. The first two cycles of demonstration projects will concentrate on space heating and hot water supply for both residential and nonresidential buildings, and subsequent cycles will emphasize combined space heating and cooling and hot water supply.

The demonstration projects will establish the technical feasibility of solar heating and cooling equipment and investigate the economic viability of near-term applications of such equipment. Industry, including small business, will be involved to the maximum extent possible in the planning and implementation of these projects to facilitate the development of an industrial capability.

The R&D strategy is to support those key tasks that are critical to one or more high priority systems. The R&D effort is based on a definition of these key tasks via systems studies, a parallel approach to achievement of these key tasks, and early involvement of industry and the user. The priorities of the R&D program are: improvement of collector performance and cost effectiveness; development of phase change thermal energy storage subsystems; development of low temperature cooling machines; and continued progress towards valid systems design and optimization methods.

The demonstration effort will be supported by the development of an inventory of acceptable solar hardware; development of a data collection, processing and dissemination capability; the integration of components and subsystems based on existing solar technology; the development of improved systems; and a number of system studies. Research and development projects will attempt to provide improved thermodynamic performance, long service life, higher reliability, and better cost effectiveness of solar heating and cooling systems through the development of new components and materials, better system optimization, or by research on new and innovative systems.

1. *Residential and Commercial Demonstrations.*—During fiscal year 1976 Cycle I of the commercial and residential demonstration projects was initiated.

The first demonstration cycle began with the issuance of solicitations by ERDA and HUD for commercial and residential demonstration projects, respectively as well as solar heating, cooling, hot water and combined systems for use in the demonstrations. Responses have been evaluated with HUD announcing $1 million in grants for installing solar units in 143 residential units, and ERDA announcing selection of 34 commercial projects and $7.5 million to fund the solar systems portion. In addition, the ERDA has announced its identification of solar systems that are technically acceptable for use in the demonstration programs. Additional systems may be added to the list with the resolution of technical shortcomings which are in some cases disputed by the manufacturers. This last milestone has put the Government in a position to select from a variety of solar energy systems with high probability of successful operation in new or retrofit demonstrations.

Discussion.—The Committee's recommendation for the fiscal year 1977 ERDA authorization for heating and cooling provides for the fulfillment of the requirements of Public Law 93-409. Under the budget requested by the Administration the trend line of the fiscal year 1977 plan leads to a 5-year total of about 1300 residential units and 200 commercial units. This number of units is unacceptable to the Senate Interior Committee, and an authorization level has been approved which would provide for approximately 60 commercial and 350 residential demonstration awards to be made in fiscal year 1977. This number of demonstrations is considered to be the minimum necessary to maintain a straight line number of demonstrations that maximizes use of the fixed costs. This proposed budget increase is based on compliance with the National Plan for Solar Heating and Cooling (ERDA-23A) and sustains the momentum developed in the first cycle demonstration awards made in fiscal year 1976.

2. *Research and Development.*—Research and development in solar heating and cooling will sharply increase in fiscal year 1977. Previous research, development and demonstrations have more clearly defined technical problems which must be solved before widespread commercialization of solar heating and cooling can occur. One urgent requirement is the reduction of first costs in solar heating systems. Research and development programs directed toward this goal include the improvement of passive systems and air system for near-term, low first cost applications, and the development of efficient solar cooling systems which can be retrofitted at lower costs than are presently possible. The fiscal year 1977 authorization will also expedite the solution of technical problems arising during the course of the demonstrations.

The proposed program for research and development in fiscal year 1977 will (1) allow the momentum to be recovered in essentially every R&D program and (2) allow the initiation of new efforts in many critical areas that were not supported in previous years. These actions are essential to the objectives of the solar heating and cooling research and development program and consistent with ERDA's program implementation plan (ERDA-48), the National Solar Heating and Cooling Program (ERDA-23A), Project Independence (FEA-Nov. 1974) and many other such plans.

The success of the solar heating and cooling demonstration program and the ensuing wide scale adoption of solar heating and cooling for buildings throughout the Nation rests, to a very large extent, on an effective research and development program. The primary goal of the fiscal year 1977 research program is to substantially enhance the economic performance of these devices by lowering costs through new technology and/or manufacturing technique changes, and improving the thermodynamic performance—again through new technology. The need for Federal support of a research and development program in this area has been clearly documented in ERDA-23A. The advance in the technology that must be made will require not only improved components and systems but new components and systems which, in turn, will necessitate some long-term high risk activities which industry is not likely to support on its own. Industry is unlikely to develop absorption air-conditioners which are compatible with solar systems. Neither is it likely that Rankine-cycle turbines will be built for the purpose of powering vapor-compression air conditioners. Industry does research only when it is convinced that the market for the intended product will justify the expense.

Discussion.—The increase in authorizations approved by the Committee will provide for research and development for collectors, thermal energy storage, heat pumps, and air conditioning. To date almost all Federally supported solar research, development and demonstration activities have involved water systems (hydronic) although air systems hold the records for longevity and dependability. Simplicity of design, lighter roof loadings, elimination of freezing problems, freedom from corrosion and leakage and lower costs of thermal rock storage makes the air system very attractive in many cases. In order that all feasible alternatives be given a chance to develop, air systems should be given an emphasis at least as great as that afforded flat-plate water systems.

3. *Development in Support of Demonstrations.*—This development in support of the demonstration program, under this direction of the NASA/Marshall Space Flight Center, will utilize available technology and technology emerging from the research program to bring solar energy systems and subsystems to the point that they are ready for demonstration and testing in the residential and commercial demonstration program. As systems and subsystems complete this process, they will be referred to the appropriate demonstration program for evaluation and qualification testing and, if found acceptable, will be included in demonstration projects. During the course of the development programs, factors that will be considered are: cost optimization in components, subsystems and systems design; capability for volume production; efficient packaging techniques for installation that will result in minimum impact on the building structure.

b. Agricultural and Industrial Process Heat—

The objective of this program is to provide direction and incentives for applying solar state-of-the-art components and technology to agricultural and industrial heat processes. The basic strategy will be to use R&D developments of the Solar Heating and Cooling of Buildings and the Solar Thermal Energy program elements in a series of experiment and demonstration projects. It is expected that at least 0.2 Quad will be obtained by 1985 via low (<100° C) and intermediate (100°-176°C) temperature ranges. Estimates of significantly greater savings beyond 1985 are expected from applications studies now underway in the low and intermediate temperature applications as well as high (>176°C) temperature applications.

SUBPROGRAM: TECHNOLOGY SUPPORT AND UTILIZATION

	Budget authority	Budget outlays
ERDA request:		
Operating expenses	$4,000,000	$8,000,000
Capital equipment	0	0
Construction projects	0	0
Total	4,000,000	3,000,000
Committee authorization:		
Operating expenses	11,000,000	8,500,000
Capital equipment	600,000	330,000
Construction projects	0	0
Total	11,600,000	8,830,000

Discussion.—Over 1 billion gallons of LP gas or equivalent are used to dry and cure the nation's crops and feeds. This use is rapidly increasing. ERDA estimates that as much as half of the energy necessary to do this job can be derived from solar energy. Experiments are presently being conducted which would provide information needed for the design of solar systems adaptable to agricultural processes such as heating for animal shelters; the drying of corn and other grains; and the use of solar energy in greenhouses to reduce dependence on fossil fuels.

Many of the present agricultural projects will be completed during fiscal year 1976. The next, and most important, phase will be the demonstration of cost-competitive systems. Unfortunately however the Presidential funding request for fiscal year 1977 ($900,000), would only provide for one or two demonstration projects based on the fiscal year 1976 agricultural R&D programs. Additional agriculture and commercial-scale demonstrations are needed and could be initiated by ERDA in fiscal year 1977 if the original ERDA request were restored.

The increase in authorizations made by the

Committee will allow ERDA to continue and initiate several more demonstrations in both agriculture and industrial process heat applications. The Committee believes that agricultural and process heat demonstrations show greater potential than originally anticipated for near-term large projects. The success of this program depends to a large extent upon the widespread demonstration of applicable technology. It is therefore anticipated that the increase in funding will be used primarily to assure complete nationwide coverage. To this end, the Committee notes that several geographic locations in the country will not be covered under present plans by ERDA; this is especially true of projected agriculture projects for the Pacific Northwest where crop drying is especially important.

The Technology Support and Utilization subprogram supports the technical subprograms included in this budget request. It is the assessment, promotion and marketing element in collating and communicating all aspects of solar RD&D, its resources and its potential economic viability in the energy marketplace. The subprogram consists of the following categories:

a. Resource Assessment—

As there is currently no adequately defined resource base for all the solar energy technologies under development, the Committee feels that a major expansion of these activities is vital, and this is provided for in the fiscal year 1977 authorization.

As a part of the increase in authorizations for this subprogram the Committee directs that activities funded for Solar Energy Resource Assessment include a comprehensive study of the potential for integrating solar electric plants with the 17-state Federal hydroelectric facilities operated by the Bureau of Reclamation. It is understood that approximately $500,000 would be needed for this study.

b. SERI—

The Solar Energy Research Institute (SERI) to be established under the terms of Public Law 93-473 (The Solar Energy Research, Development and Demonstration Act of 1974) will perform such research, development, and related functions as necessary to support the National Solar Energy Program. In fiscal year 1976 the role and mission for SERI have been identified and published and the site selection process has been conducted. In fiscal year 1977 the Management Board and the Director of the Institute will be selected and staffing of the Institute will be started. The fiscal year 1977 request provides for costs associated with start-up activities and partial conceptual design of facilities that may be required as a part of SERI. The programmatic costs of the SERI are included under the technical subprograms.

The Committee believes that the additional funding for this institute will help insure that further delays in the implementation of this important laboratory will not occur.

c. Technology Utilization and Information Dissemination—

The Technology Utilization and Information category is the communication and market support arm of the solar energy RD&D program. Solar energy alternatives will be compared with other energy sources in implementing the acceleration and commercialization of the solar energy industry. As required by both the Solar Heating and Cooling Demonstration Act of 1974 (Public Law 93-409) and the Solar Energy RD&D Act of 1974 (Public Law 93-473), the Solar Energy Data Bank has begun interim operation at the ERDA Technical Information Center, Oak Ridge, Tennessee. Fiscal year 1977 will see an increasing level of information dissemination activities. Newsletters, pamphlets, films and conferences will be developed. Technical reports will be repackaged for consumer use. Special materials are planned to meet the needs of small businesses and innovators. Many innovations in solar energy have been produced by unknown and isolated inventors. Attempts will be made to reach these individuals so that their ideas may be evaluated and, if warranted, incorporated into the solar energy marketplace.

Discussion.—The increased authorizations for this subprogram will allow ERDA to continue plans for a homeowners solar life cycle cost manual, an active incentive and barriers program aimed at developing a legislative package of solar incentives, a solar code for state implementation and development of comprehensive regional strategies including cost-shared training and demonstration programs. In addition, a number of public awareness programs will be initiated.

SUBPROGRAM: SOLAR ELECTRIC APPLICATIONS

	Budget authority	Budget outlays
ERDA request:		
Operating expenses	$84, 300, 000	$67, 500, 000
Capital equipment	5, 700, 000	2, 800, 000
Construction projects	15, 000, 000	2, 650, 000
Total	105, 000, 000	72, 950, 000
Committee authorization:		
Operating expenses	133, 500, 000	113, 000, 000
Capital equipment	14, 600, 000	8, 070, 000
Construction projects	27, 100, 000	13, 600, 000
Total	175, 200, 000	134, 670, 000

The Solar Electric Application Subprogram includes those technologies whose principal outputs can be electrical power but which can also produce other forms of energy like thermal, mechanical, etc. The subprogram is divided into four categories: Solar Thermal Energy, Photovoltaic Energy, Wind Energy, and Ocean Thermal Energy. The main objective of this subprogram is to develop and demonstrate these technologies for collection and conversion of solar energy to electrical energy.

a. Solar Thermal Electric Conversion.—

The objective of this program is to provide a technological base for the generation of heat at high temperature, from solar energy, and the subsequent utilization of the heat for the generation of electricity at central power stations, for combined electrical and thermal systems (total energy systems), for solar heat augmentation of conventional power plants, for process heat to industry, and for irrigation and other pumping needs.

Because of the large area requirement of the central power plant concept, emphasis will be placed on evaluation of the total ecological/environmental impact. Federal laboratories are to be utilized predominently for project management and for the development and operation of test facilities.

Two generic approaches to central power stations have been identified, namely central receiver and distributed collector. A central receiver project leading to a 10 MWe pilot plant is underway. One specific total energy application project has also been initiated. This project is aimed at supplying a significant fraction of heat and electricity used by a 1600-man barrack complex at Fort Hood, Tex.

Test facilities for both the central receiver project and a total energy project are being developed. Conceptual design of a Solar Thermal Test Facility has been completed and detailed design and construction is being initiated. Sandia Laboratory's Radiant Heat Facility is to be utilized to test prototype receivers of up to 5 MW thermal rating prior to testing in the Solar Thermal Test Facility. A small cavity receiver will be tested in the Radiant Heat Facility prior to testing at the French furnace at Odeillo, France. This receiver is also to be tested in the Solar Thermal Test Facility. A smaller solar facility of about 400 kw is being procured. This will permit low cost testing of small receivers, in the United States, prior to scaling these units in size for testing in the Solar Thermal Test Facility.

The total energy test bed has parabolic trough distributed type concentrators and a 40 kWe organic Rankine turbine. Three other quadrants with different distributed collector concepts are to be added in fiscal year 1977. The test bed is aimed at testing components and subsystems at a suitable scale. Single collector test facilities will be utilized for low cost testing of prototype of novel and innovative concept or materials.

Discussion.—The Committee's recommended increase in funding will provide for an expanded scope of this program and will allow for the initiation of parallel programs of development in central receiver concepts. It is contemplated that this funding increase will permit the testing of second generation central receiver prototype hardware, the initiation of distributed collector solar thermal systems for early application (irrigation, small communities, agricultural, desalination, secondary resource recovery), evaluation of advanced systems, and the research and development support necessary in receivers and engine development for application described above including research work transferred from the National Science Foundation. The added funds will also provide for additional distributed collector projects for irrigation, and small community systems, as well as distributed collector technology work. Also included will be advanced solar thermal systems and other related research and development. In addition, the Committee has authorized $5 million for an ERDA supported/NASA managed feasibility study on satellite solar power.

CONSTRUCTION PROJECTS

In addition to other construction projects authorized last fiscal year the Committee recommends authorization of several new projects. The two projects authorized last year were:

(Project No. 76-2-a)

Five mW solar thermal test facility

Total estimated cost	21, 250
Funded through fiscal year 1976	5, 000
Estimated obligations transition quarter	1, 250
Estimated obligations fiscal year 1977	[1] 10, 000
Future funding required to complete project	5, 000

[1] Full funding ($15,000,000) to complete this project is requested in fiscal year 1977.

This project is to provide a solar thermal test facility having approximately 5 MW thermal of solar energy. It will have capabilities for testing solar energy components and subsystems, and solar energy thermal research.

The test facility is planned around an experimental tower and field of heliostats with supporting structures consisting of an administration and control building, assembly building, boiler building, pump house, and guard post. Land area will be approximately 100 acres because of the problems associated with storage of high pressure, high temperature steam. Gross building area is estimated at 38,000 square feet providing for laboratories, office space, computer facilities, experiment control, shop, equipment assembly, and mechanical and electrical building equipment.

This project will establish a 5 MW solar thermal test facility to be built at the ERDA facility operated by Sandia Laboratories in Albuquerque, New Mexico, as part of ERDA's Solar Thermal program. The facility will provide the unique capability to test solar system components or materials where high solar flux density and power are desired. On completion, this facility will be the world's largest in terms of solar power collection capability. It is ERDA's intent that this facility be designed with the capabilities and flexibility required to support the continuing development of solar thermal systems.

(Project No. 76–2–b)

Ten mW central receiver solar thermal power plant (A–E only)

Total estimated cost	5,500
Funded through fiscal year 1976	0
Estimated obligation transition quarter	0
Estimated obligations, fiscal year 1977	2,500
Future funding required to complete project	3,000

This project will provide a solar thermal central receiver electric generating facility of sufficient size to explore the problems of the technology including those associated with the integration into a utility grid.

As currently conceived, the pilot plant will consist of any array of heliostats capable of focusing solar energy on a tower mounted central receiver which will collect and convert solar energy to thermal energy, an energy storage system to store excess thermal energy, an electrical generation system to convert thermal energy to electricity, and a cooling tower for the condenser and for heat rejections. The pilot plant will also have the necessary control and power conditioning equipment so that it can be integrated with a utility grid. The fiscal year 1977 obligation of $2,500,000 will be used to initiate Title I engineering. Presently, four parallel conceptual design studies are in progress.

The pilot plant is necessary to establish a technology baseline and gain experience with fabrication and performances of components, subsystems and systems on a large scale and with operation of the plant tied to a utility. It is intended that the pilot plant be operated by a utility thereby overcoming institutional reservations and will also assist in the transfer of technology to the utility industry. The solicitation for site selection was issued in February 1976.

The estimated cost of architect-engineering for this plant in fiscal year 1977 is $2,500,000. The preliminary total estimated cost of the project is about $80,000,000 to $90,000,000.

Discussion.—The Committee has specifically authorized four additional solar thermal facilities. While the Committee is aware that funds are available for these programs within the "operating expenses" account, it is anticipated that these specific construction authorizations will allow the Committee to specifically follow progress on these projects.

(1) *Total Solar plant.*—ERDA is currently participating in a project jointly proposed by American Technological University and Ft. Hood, involving the design and installation of a solar total energy system for a 1600-man barracks. This project originated as a contract between the NSF and ATU/Ft. Hood. Efforts in fiscal year 1976 were concentrated on further development of the conceptual design for this project. Architectural and engineering design would have begun in fiscal year 1977 if sufficient funds were available. The Committee has specifically authorized a capital item so that a project similar to the ATU/Fort Hood concept can be funded for A–E design work in fiscal year 1977. Additional funding is also available from operating expenses for furthering the total solar energy system concept.

(2) *Solar Thermal Demonstration Plant for a Small Community, Electric Cooperative or Municipal Utility.*—This project would consist of the following phases: (a) Optimal baseline design of a 5 megawatt solar thermal power plant consistent with the needs of the community selected for participation in the project. This design will include evaluation of potential sites, design for interconnection to an existing electric power grid and resolution of general and specific siting questions as well as selection of a specific design for subsequent construction. The system design would be other than the central receiver concept, thus providing for a evaluation of alternative concepts. (b) Construction, operation and evaluation of the plant. This would serve as a comprehensive demonstration of the technical and economic feasibility of solar thermal power generation for small communities, rural areas, and industrial and commercial facilities. It would provide rapid assessment of the potential for decentralized solar power systems. The proposed plant would also be connected into the existing electric grid and would generate electric power for use in residences, business and commercial facilities, and educational institutions.

(3) *Solar Electric Hybrid Demonstration Power Plant.*—The proposed 10 megawatt hybrid solar power plant will consist of four phases: baseline design, construction, operation and evaluation. This facility will utilize photovoltaic energy production subsystems in conjunction with a conventional coal-burning power plant to provide electrical power at a constant demand level. The solar portion of the system will provide electrical energy during hours of sunlight or light cloud cover and the conventional plant will make up demand deficiencies as they exist from coal-generated power. The proposed plant will thus serve to solve the complex switching required for commercial hybrid plant operation and so address the critical question of how solar energy can be utilized in areas with less than maximum availability of sunlight. In short, the hybrid plant will serve as a prototype for systems which would make use of our nation's most plentiful energy reserves—coal and sunlight—to produce economical electric energy.

(4) *Solar Thermal Electric Demonstration Powerplant for Agricultural Use.*—The proposed 5 megawatt system would generate electrical power for irrigation, pumping, crop drying, and other agricultural applications. The program's initial phase would consist of an optimal baseline design to be followed by actual construction.

The system design would be of non central receiver concept and would thus serve as a means to evaluate still another solar thermal power system concept. Design, construction, operation and evaluation of this solar agricultural facility will serve to demonstrate the technical and economic feasibility of utilizing solar thermal energy to meet the needs of our nation's agricultural regions. The success of this project could well lead to the replacement by solar energy of scarce natural gas as a power source for irrigation, crop drying, and other farm uses.

b. Photovoltaics—

The overall objective of the Photovoltaic Energy category is to provide the technical developments which will lead to low cost, reliable, safe and environmentally acceptable photovoltaic systems and to stimulate the creation of a viable industrial and commercial capability to produce and distribute these systems for widespread use in residential and commercial applications.

At the present time, the principal emphasis is being placed on the development of low-cost silicon solar arrays. The efforts include investigation of solar grade silicon production, large area silicon sheet production, modular encapsulation, and automated array assembly. Another area of development is in concentrator subsystems. The use of optical concentrators will reduce the cost of photovoltaic power systems by reducing the number or size of solar cells.

The research and development efforts will be concentrated on: new methods of single crystal and thin film growth; development of alternate low-cost solar cell materials and devices; methods of improving basic cell efficiencies; improved encapsulation for longer lifetimes; and improved high-volume, automated material and cell fabrication techniques. In addition, efforts are underway to develop the Photovoltaic System Test and Standards Facility which will perform exposure and life tests on arrays and materials, and establish failure mechanisms and accelerated endurance tests. This will lead to the establishment of industry standards and testing procedures for photovoltaic energy systems.

During fiscal year 1976, tests will be underway for up to 30 kW of military applications of photovoltaic systems in cooperation with DOD. In addition, the design of residential prototype systems in the civilian sector will be undertaken. The operation and tests will follow in fiscal year 1977. These will be followed by load-center demonstrations ranging from a few hundred thousand watts to 3 MW capacity. Studies will be performed to analyze the question of ownership and liability of experimental system demonstration equipment, modification of labor practices, building codes, and architectural designs. Technology transfer will be accomplished through conferences, workshops, press releases, manuals, and technical and trade publications.

The major accomplishments include: completion of program organization; initiation of 35 contracts under the low-cost Silicon Solar Array Project (Jet Propulsion Laboratory); purchase of solar cell modules at an average price of $20.50 per watt; production of silicon solar cells for concentrators with 10 percent efficiency under an intensity equivalent to 40 times sun's normal insolation.

The major milestones to be accomplished in fiscal year 1977 include: (1) Delivery of the first 170 kW of silicon solar arrays ordered during fiscal year 1976; (2) Initiation of additional field experiments; (3) Initiation of test of a residential prototype system; (4) Selection of baseline systems for large-scale tests and applications; and (5) Fabrication of prototype cells for concentration systems and field testing of first generation concentrating systems.

In addition, continued emphasis in fiscal year 1977 for the high-priority silicon (Si) array technology development will include: (1) the initiation of design for scaled-up manufacturing processes for solar grade silicon, to reduce the cost of silicon cell material by factors of 3 to 5; (2) The initiation of scale-up process studies of advanced Si sheet growth processes based on techniques such as ribbon growth, dendritic web, vapor deposition, and other novel sheet growth approaches; (3) The initiation of development of improved solar cell encapsulants that will satisfy the interim design requirements established in fiscal year 1976; (4) The definition and analysis of the high-production methods for junction formation, electroding, and on-line testing of an integrated and automatic array assembly production line to produce cells of approximately 13 percent efficiency to meet the annual production rate goal of 500 MWe (peak) at $500 per peak kWe by 1986; and (5) The procurement of 150 kW (peak) of advanced design solar cells for use in tests and applications.

The emphasis in systems engineering and analysis in fiscal year 1977 will be on initiating the detailed systems analysis of Solar Photovoltaic Conversion systems for applications ranging from multikilowatt on-site residential systems to multimegawatt central station power plants. In addition, the use of solar concentrators for photovoltaic generation systems and total energy systems will be analyzed. Several concentrating photovoltaic panels with silicon and gallium arsenide solar cells will be built and tested at Sandia Laboratories at Albuquerque in fiscal year 1977. The storage and power conditioning studies during fiscal year 1977 will concentrate on resolving problem areas identified in the systems analyses conducted in fiscal year 1976. Specific engineering and product development may be conducted as the need arises. System economics, institutional problems, and environmental impacts will continue to be assessed.

During fiscal year 1977, the test and applications element will continue to stress the testing of Solar Photovoltaic Conversion systems in applications that have the potential of early user acceptance and industry participation. Up to 60 kW (peak) of arrays will be deployed in fiscal year 1977; this will complete the 90 kW buy for DoD applications which are expected to establish the technical feasibility of using Solar Photovoltaic Conversion systems to supply power to an electric grid on isolated military bases. An additional 35 kW (peak) for solar arrays will be used to initiate the first ERDA tests of residential prototype systems and other special purpose applications that show promise of early cost-effectiveness such as remote weather stations (NOAA), navigational aids (Coast Guard), radio beacons (FAA), and ranger station communications (Forest Service).

Accelerated testing will be continued to determine the long-term environmental effects. Detailed solar cell and panel performance requirements will be specified in fiscal year 1977.

Discussion.—The increased budget provided for by the Committee will greatly enhance the assurance of meeting the program's objective of developing low cost reliable photovoltaic systems for widespread use in residential, industrial, and commercial applications by the mid-1980s. It expands the program associated with novel materials and devices, increases the studies on cadmium sulfide and other thin-film materials, including the expansion of a cadmium sulfide production experiment; and expands the activities associated with the analysis of those devices.

The increased funds will also be utilized to further the research and development on concentrating subsystems by increasing the development funds provided for gallium arsenide solar cells and the inclusion of further medium size concentration prototype experiments. The funds will also be utilized to increase the activities in tests and standards permitting it to go forward more rapidly by developing low cost standard hardware for insolation measurements.

It is also expected that the additional funds would provide for accelerating the program to achieve earlier large scale implementation of silicon material and automated array pilot lines in cooperation with industry. It would provide for the systems studies to support an earlier and larger implementation plan, including early demonstrations of selected applications. Finally, further expansion of the concentrator and photovoltaic total energy systems would be allowed.

c. Wind Energy Conversion—

The general objectives of the Wind Energy program are to advance the technology and accelerate the development of reliable and economically viable wind energy systems that are capable of rapid commercial implementation to provide a significant portion of the nation's future energy requirements.

The implementation approach for achievement of the objectives consists of the development, test and demonstration of a series of wind energy systems of increasing size and economic performance capabilities, supported by technology and meteorological research and development (R&D) projects and mission and supporting studies including environmental and institutional constraints. Pilot plants and demonstrations, consisting of multiples of individual units, as well as demonstration programs of the smaller agricultural systems will be used in future years, along with recommended incentive programs to stimulate commercial adoption. The development effort in fiscal year 1976 will proceed from Model 0–100 kW system to Model 1–MW system. These experimental units will be installed at climatically different utilities to obtain early operational information in a user environment in fiscal year 1977 and fiscal year 1978. The systems studies and application analyses are being conducted to determine requirements, goals, and relative potential to base plans and resource allocations.

R&D efforts are directed toward methods of improving performance to cost ratios of WEC systems, and toward development of advanced system designs using alternative concepts. The first R&D area will address rotor dynamics, aerodynamics, fabrication techniques and system economics, while latter R&D efforts will concentrate on advanced system designs using such devices as vertical axis rotors and diffusers, to be incorporated into second and third generation systems. In addition, the capability to rapidly locate and assess sites with sufficiently high average wind velocities for Wind Energy systems will be developed through analytical and empirical techniques. Projects will be undertaken, in cooperation with the Department of Agriculture (USDA), to examine and develop possible rural home and agricultural applications for small size Wind Energy systems; applications include the use of small systems for on-site fertilizer manufacture by electrolyzing water to produce hydrogen, direct space heating, crop drying, and irrigation.

During fiscal year 1977 testing of the Model 0, 100 kW wind turbine generator system at Plumbrook, Ohio, will continue and the machine will be utilized as a test bed for components and subsystems being developed in other research projects. There has been an upsurge of interest in wind energy in other nations, and ERDA contemplates utilizing this machine to test components developed in other nations under suitable cooperative agreements. Components for two upgraded versions (Model 0A) of this machine are currently being fabricated and construction will be completed and testing started in fiscal year 1977. These systems will be rated at approximately 200 kW and will be installed at, and connected to electric service organizations, such as utility companies, to obtain information about interface and user requirements under operational conditions at the earliest possible time. The site selection process for determining the location of these machines has been initiated.

Design studies in fiscal year 1976 confirmed that the two-bladed down-wind rotor configuration such as the Plumbrook machine and a size range greater than 1 MWe was optimum. For this reason, a 1.5 MWe system of approximately 200 feet in diameter has been selected for the MW scale model (refer to discussion on "plant and capital equipment").

During fiscal year 1977, the detailed design of the MW scale system will be com;pleted and fabrication initiated on two systems to be tested under different climatic and operational situations. The first unit tests commence in early fiscal year 1978 and the second unit tests commence in mid fiscal year 1978. The final site selection will take place in fiscal year 1977. While these systems will be experimental and the largest ever constructed, they will also be installed on electric service organization sites to maximize involvement of the user early in the program and to test these systems under real conditions. The preliminary designs predict that these systems, if produced in quantity and installed at 18 mph average wind sites could produce electricity at from 20 to 30 mills per kilowatt hour. Such sites, while not rare, represent exceptionally favorable conditions, and thus considerable research and development is being undertaken, particularly to develop lower cost and larger rotors. In fiscal year 1977, rotor blades of composite materials will be tested on the Model 0 Plumbrook system. Investigation of alternate fabrication techniques will be examined and a "teetered" rotor hub, which reduces blade stresses, will be developed. Research on structural dynamic response characteristics, the key technical problem area of large systems, will be expanded.

In addition to improving the conventional systems, several advanced and innovative concepts will be taken from the laboratory to the small-scale field testing stage. In fiscal year 1977, fabrication will be completed of a 50 foot diameter "Darrieus" rotor system and tests will commence to determine the competitiveness of this approach for both small commercial machines as well as scaling up to larger systems. Wind tunnel tests of the open vortex concept have shown the potential for obtaining several times the power from a given size rotor. In fiscal year 1977, research will include the testing of an 18 foot long unit to determine feasibility under true wind conditions.

In fiscal year 1977, the investigation of small systems for a variety of applications will be continued and expanded to determine their economic viability.

In the context of the overall wind energy mission analysis studies, presently under way, the possible contribution of offshore wind energy systems is being addressed. Based on the technical information and analytical tools developed during the Model 1 preliminary designs, a separate design study of offshore systems will commence in calendar year 1976.

Discussion.—The additional authorizations provided for by the Committee is intended for the design and fabrication of three types of first generation systems: two at the 100 kW scale and one at the MW scale for modest and high wind zones and the accelerated development of second generation systems for both these wind zones. This increase will also provide for studies of regional wind applications, design and long lead work leading to a 10 MW pilot plant. It is also contemplated that second generation systems for modest wind zones and significant expansion of the USDA application of 10–30 kW machines for irrigation, rural distributed power production and other agricultural uses will be initiated with these increased funds.

The Committee has specifically authorized three wind energy facilities. While the Committee is aware that funds for two of the authorized projects are available within the "operating expenses" account, it is anticipated that specific authorizations will permit the Committee to more easily follow the progress of these projects.

The ERDA/NASA approach to developing the large wind turbine systems, to produce electrical power for direct feed into a utility, was planned to be an essentially dual path of effort. This program, designated MOD 1, began with the issuance by NASA of two identical study contracts to Kaman and General Electric. These were completed in late 1975. As the follow-on to this effort, two nearly simultaneous design and fabrication programs were planned, called MOD 1A and 1B, for a 1500 kW system and 500 kW system respectively. However, as a result of recent FY 76 funding cutbacks, the MOD 1B system will not now be pursued; instead, only one wind turbine, the MOD 1A 1500 kW system will be carried out. An RFP for this program was issued on 1 March 1976.

The original MOD 1A/1B plan was to produce two classes of machines. Wind turbine design, using modern technology, is still in the very early stages of development and is by no means ready to be "frozen". Yet, narrowing the effort to only one design/fabrication program at this stage will effectively limit the approach to that of only one company.

From the standpoint of providing America's utilities with the most economical and efficient wind turbine systems covering the widest range of sites available, the dual MOD 1A/1B approach is justified. NASA's Kaman/GE study phase determined that the best approach is to develop two different wind turbine systems, one optimized for a low wind site, the other for a high wind site. One or the other of these two designs may then be employed at a wide range of sites with almost no loss of efficiency. The three wind energy construction projects are:

(1) 1.5 MW high velocity wind plant—analyses conducted by ERDA has led to the selection of a 190 foot diameter, 1.5 MW system as being the cost optimum design for a high wind site. $3.6 million is available in the operating expenses account to proceed with the development of this project. The Committee has authorized this project as a specific line item in order that more careful tracking of the project might be made by the Committee.

(2) 500 kW moderate wind energy facility—as noted in the above discussion, initiation of this facility will insure that all wind zones are addressed, thereby expanding the possible scope of territory for utilizing wind energy conversion systems.

(3) 10 MW wind energy facility—this authorization will provide for the design and long lead work leading to a 10 MW pilot plant.

d. Ocean Thermal Energy.—

The objective of the Ocean Thermal Energy category is to develop technology, demonstrate and provide the stimulus for implementation of commercial offshore power plants capable of economically converting ocean thermal energy into substantial quantities of usable electrical energy and/or products derivable from electricity, such as ammonia, hydrogen, aluminum and magnesium. Ocean Thermal Energy Conversion (OTEC) offers the Nation a renewable source of base-load electric power that has not been previously utilized. Conservative estimates of ocean thermal energy contributions are forecast as 20 gigowatts by 2000.

The OTEC Program Plan is now evolving from system studies into a hardware development phase. Several parallel paths are being followed. First, the efforts are being directed towards hardware development of the critical components, such as heat exchangers, and the control of biofouling and corrosion. A second technical area consists of studies and analyses of components and subsystems that are closer to state-of-the-art. In addition, studies will be conducted for investigation of possible constraints, such as environmental impact and international law-of-the-sea considerations. Concurrently, the program is determining testing requirements and test program definition for establishing engineering test facilities for hardware and system development, including one or more pilot plants.

The major milestones to be accomplished in fiscal year 1977 include: (1) Implementation of a significant test program in heat exchangers and biofouling. (2) Site selection, conceptual design, and initial contracting for an engineering and/or floating test facility. (3) Initiation of environmental monitoring at the selected test facility sites. (4) Completion of the initial phase of OTEC mission analyses, to determine energy utilization and marketability opportunities. (5) Initiation of conceptual design of the offshore 25 MWe pilot plant.

Discussion.—The Committee recommends increased funding of this innovative concept to permit the present theoretical and small scale research efforts to move rapidly from conceptual design to experimental design in subsystem performance testing.

The Committee intends to accelerate the efforts to obtain answers to a number of fundamental questions such as biofouling and heat exchanger performance. These answers will in turn determine whether the future parts of this program should be greatly increased to an early pilot plant, or shifted to more fundamental studies if problems of extreme difficulty should be identified.

This increase will expedite component development test and advanced heat exchanger concepts. It will permit the testing of sufficient parallel approaches to be able to proceed with the most efficient configurations in the subsequent fiscal year to a much larger scale experiment. It will also permit the initiation of testing of other critical power cycle components including pumps, turbines, and cold water pipes. It will permit the implementation of the conceptual design of an offshore 25 MWe plant. Success in these developmental activities may permit an ocean thermal plant demonstration of about 25 megawatts by the early 1980's.

OTEC Sea Test Facility.—The Committee authorizes the design and construction of a floating test facility. It is the Committee's belief that a floating facility is the only way to test deployment of the cold water pipe and its dynamic response. Furthermore, the behavior of the discharged water in the ocean and the question of selective withdrawal can be determined only through ocean tests. Because a floating facility could be sited almost anywhere biofouling data on different sites could also be gathered.

Subprogram: Fuels from biomass

	Budget authority	*Budget outlays*
ERDA request:		
Operating expenses	4,300	3,000
Capital equipment	0	0
Total	4,300	3,000
Committee authorization:	8,000	6,500
Operating expenses	0	0
Capital equipment	1,500	825
Total	9,500	7,325

The objectives of the fuels from Biomass subprogram are to develop and demonstrate the economic and technical feasibility, and environmental acceptability of utilizing essentially inexhaustible agricultural and forestry residues, producing terrestrial and marine biomass and converting these organic materials to clean fuels, petrochemical substitutes, food, and other energy-intensive products. This subprogram is focusing its activities on three sources of materials for energy conversion, namely, agricultural and forestry residues, new terrestrial plant growth, and new marine plant growth. The major R. & D. areas needing emphasis to achieve large-scale cost competitive energy production are: biomass specie selection and production; high efficiency conversion processes; and distribution and utilization of resultant fuels. The optimum combination of source, conversion process and type of fuel will be investigated through intensive research studies and experiments.

The three conversion technologies which are equally applicable to all biomass sources are being investigated at the present time: Anaerobic digestion, fermentation, and thermochemical processes. The current studies and experiments will be continually reviewed and new ones undertaken in support of the subprogram objectives. The specific source related activities are divided into two categories: Terrestrial and Marine Biomass; and Agricultural and Forestry Residue.

For Terrestrial Biomass Production, system studies are being conducted on alternative concepts of energy farming. The three concepts under investigation are: sucrose agriculture, silviculture, and grain and grass crops. These studies will assess the present state of technology, develop conceptual designs for pilot plants, and define needed exploratory and advanced research. Pilot plants are proposed for wood plantation and intensive agriculture in fiscal year 1978.

The preliminary studies on Marine Biomass are being conducted by the U.S. Naval Undersea Center and California Institute of Technology. The technology for Marine Biomass production and conversion is in only the formative stages. The results of the studies will be reviewed in April 1976. The decision to proceed with pilot plants will be made in fiscal year 1978, after completion of environmental studies.

The activities related to Agricultural and Forestry Residue are concentrated on materials that are currently available and can be exploited most readily to provide near-term fuels. Studies are underway to assess the quantities of animal and forest residues. A feedlot experimental facility is being constructed by USDA and Hamilton Standard which will be operational in July 1976. In addition, the wood-waste-to-oil (Syncrude) pilot plant, being constructed in Albany, Oregon, is scheduled to begin operation in October 1976. The following pilot plants are planned in the near-term: feedlot animal residue in fiscal year 1977; dairy-farm, animal and agricultural residue in fiscal year 1978; and crop residue in fiscal year 1978.

Discussion.—Increased funding for this program will assure that parallel work will begin in three major areas. First, the terrestrial and marine biomass program will continue studies initiated in FY * * * ing construction of the Albany, Oregon, wood plantation pilot plant. The agricultural and forest residue program will initiate procurement of equipment for the crop residue and feedlot pilot plants and a third major area will be towards research and development work directed toward optimizing plant growth. Funds added to this program will also assure the operation of the wood-waste-to-oil pilot plant.

Mr. GARY HART. Mr. President, it is my strong feeling, as well as the feeling of others in the Senate who have championed the cause of solar energy, that the goal we are attempting to reach by this additional funding level will demonstrate that the contribution of solar energy to our national energy demands can be significant by 1985 and not somewhere down the road in 1990 or the year 2000.

Mr. President, I reserve the remainder of my time and yield the floor to the Senator from Mississippi for his comments and observations about this amendment.

Mr. STENNIS. Mr. President, I yield to the Senator from Oregon such time as he wishes to use on the amendment.

The PRESIDING OFFICER. The Senator from Oregon (Mr. HATFIELD) is recognized.

Mr. HATFIELD. Mr. President, I know that solar energy has a lot of appeal and we have heard all sorts of projections as to what it might or might not do. I have been a strong supporter of solar energy. I think the Senator from Colorado knows that I have supported the work of the Committee on the Interior and Insular Affairs in this as well as geothermal, wind, and other exotic areas of energy development.

But I must say we have grown up, over a long period of time, with the thought that if we throw enough money at some problem we can solve it; that money is the only key to solving any problem we may face.

I think it has to be very clearly pointed out that we have to maintain certain fiscal restraints in these areas, as enthusiastic as we may be about any one particular program over another.

I point out to the Senator from Colorado we are 128 percent over the 1976 appropriations. We are not being miserly at all about the appropriations for these programs.

But let me say, in talking to the ERDA officials, they say we can only absorb so much money at a time. The idea that if we double the appropriation or add another $5 million or another $10 million to the appropriation we are going to get to our goals that much sooner is totally illogical. There is a point beyond which further appropriations cannot be utilized wisely and cannot be absorbed. We are not dealing with an engine. We are dealing with human beings in the research programs.

Let me simply say that, according to the April 24 Congressional Quarterly, when John Teem testified before the Committee on Science and Technology of the House of Representatives, during the ERDA budget review, he outlined what he felt would be an appropriate level for the solar program.

It was $205.5 million. He said, however, that the Science and Technology Committee's $229.2 proposal would be acceptable. Teem is the former ERDA Administrator for solar, geothermal, and advanced energy systems. He resigned earlier this year, partially because he felt that the solar program was being short-shrifted by the OMB. But he lists his top at $229 million, as to what they actually can use.

There has been no testimony—absolutely no testimony—in support of, and there is no demonstrated justification for, funding beyond the level we have provided. The Senator from Colorado has offered no evidence that this can be utilized wisely. We can find some branch chief down the line who wants to build his empire, but if we look at the testimony and the evidence provided by ERDA—and we talked to them about what they had recommended to OMB before OMB cut—the top level for this program should be around $220 million. In fact, the committee went beyond that. We are at $261.9 million.

To have all these amendments come in here at this time, adding money for the sake of adding money, because we sort of have the idea that by adding money you automatically get to a goal faster, is not logical and is not responsible. I think this committee will have to take a position of holding the line.

An appealing and as politically sexy as all these proposals may appear on the surface, we have no basic evidence that has been provided here this morning to warrant changing the level this committee has most generously provided for 1977.

Mr. FANNIN. Mr. President, will the Senator from Colorado yield?

Mr. GARY HART. I yield.

Mr. FANNIN. Mr. President, I commend the Senator from Oregon for wanting to hold the line and for his fiscal responsibility. In most instances I have been in agreement with the distinguished Senator from Oregon. We have worked together on many of these energy issues, and on many other matters involving the Committee on Interior and Insular Affairs.

As to this particular issue, I feel that ERDA has been very negligent in presenting its case. They have stated that with the personnel they have, they cannot carry forward certain programs. My feeling is that solar energy is so important that we should provide the additional personnel so that they are able to carry forward some of these additional programs. The amount involved, $278.3 million, which is in the Interior Committee authorization, was given very careful study.

We also had hearings before the Joint Economic Committee, which is under the chairmanship of Senator HUMPHREY, and we had testimony that I think explicitly presented what could be done if funds were provided.

I believe that timing is important. What we face if we delay funding for some of these programs is simply holding up for another year—or 2 or 3—programs that could be carried forward.

I do not like to be in disagreement with the distinguished Senator from Oregon, because I know that he has studied many of these issues thoroughly; but in this instance, from the standpoint of timing, from the standpoint of initiating the programs that can be carried forward, I disagree with him.

I have had some disappointing comments from some of the ERDA officials about solar capability, but I also know that there is a great need for personnel in ERDA so that they can carry forward some of these programs.

So I feel that the amount involved, an increase from $261.9 to $278.3 million, can be justified and supported with increased personnel. Then parallel approaches that are not being carried forward today may be undertaken.

I support the Senator from Colorado, because I feel that ERDA can adequately and beneficially expend this amount of money and that it will assist in doing today—or within this year—what might otherwise be delayed for another 1, 2, or 3 years. The big problem we have had in solar energy has been delay after delay.

So I support the Senator from Colorado.

Mr. GARY HART. I thank the Senator from Arizona for his support and his leadership on this issue.

In response to the Senator from Oregon, I point out that he said there are no facts. Obviously we are operating under time constraints and we cannot during this debate review the record on this.

But I would point out to the Senator that in the Interior Committee's report, on pages 78 through 98, a very strong and detailed case is made as to where and how this money can be spent. If we had the time, we could go through paragraph after paragraph, line after line, justifying this amount of money.

I understand that this was the same authorization proposed by the Interior Committee, which the Senator from Oregon supported.

I hope he will support the report which he signed and will find his way clear to support the Senator from Arizona and the others of us who think there is ample justification in the committee findings to support this level of funding. It is still more than $30 million under what the House has appropriated. It is at the exact level recommended by the Interior Committee.

ERDA officials, in the judgment of many of us, have not taken the kind of lead in solar energy that is required. I think this money can be used, under the direction and supervision of Congress, to move a technology which is not futuristic and is not exotic, as the Senator from Oregon has called it, but which is here today, to help solve this country's energy needs.

If we underfund this, as we have been doing for the last few years, we are never going to make progress in solar energy. This is a modest request. It is not throwing money away. It is a moderate level which in the past the Senator from Oregon has supported.

Mr. HATFIELD. Mr. President, I respond to the Senator from Colorado by saying that I do not think there is anything at all inconsistent about supporting such authorization levels, because we do not expect to start a program at the levels we authorize. We have to move this program with intelligence, with some kind of order, some kind of proper development. These do not happen overnight. So there is no inconsistency whatsoever.

I also indicate to the Senator from Colorado that this committee has supported solar energy in the past and it supports solar energy today. But I have not heard one suggestion as to where this extra money should be expended.

We are now at $261.9 million. We have gone higher than what ERDA says they could utilize intelligently.

If we do not like the way ERDA is operating, let us go back to the authorization level and make some corrections. We are not going to reform the bureaucracy through the budgetary process by forcing money upon an agency which says, "We cannot utilize that level of spending."

Mr. STENNIS. I yield myself 3 minutes.

Mr. President, this is a highly important matter. It is tragic that with such an important program being discussed—with great sincerity on the part of the author of the amendment—only 7 or 8 or maybe 12 Members of the Senate are in the Chamber.

I ask those who are present to listen to these figures. ERDA originally requested $255 million for the solar energy program in this field. OMB cut that down to $160 million, the President's request, for the same field. The bill came from the House with $309 million.

There is $309 million now in the House

bill for this field of activity. The bill our committee is considering carries $261.9 million.

I repeat for emphasis: $261.9 million. That is more than ERDA requested of OMB—more than they ever requested. The House bill is not too far from twice what the OMB recommended in this field of solar energy. So we have a House bill that goes to conference with us with $309 million in it, and we have $261.9 million in this bill for this field. So the difference between those figures will all be in conference. To call it in round numbers altogether, that is $49 million difference between us.

Mr. MUSKIE. Mr. President, will the Senator yield?

Mr. STENNIS. I yield an additional 1 minute. Yes, I yield myself an additional 2 minutes, and then I shall yield to the Senator from Maine.

Let me complete the sentence: We shall have that much in conference and we will seek the advice in conference of the Senator from Colorado, and anyone else interested in the matter, and try to reach agreement with the House. But we need a little latitude.

I yield to the Senator from Maine.

Mr. MUSKIE. The $261 million that the Senator mentioned, does that include the $5 million that has already been agreed to on the Glenn amendment?

Mr. STENNIS. No, it does not include that. That is not classified as entirely solar.

Mr. MUSKIE. Well, part of that is solar, in any case?

Mr. STENNIS. Yes.

Mr. MUSKIE. As I said before, when there were fewer Senators on the floor, there is only $100 million leeway in budget authority, according to the crosswalk allocation that the Committee on Appropriations made to the Senator's subcommittee. The differences between the House and the Senate require some latitude if the Senator from Mississippi is to be able to do a good job in the Senate. It seems to me that the objectives of the Senator from Colorado can be served by leaving the final resolution of the dollar amount to the Senate committee and conference. There is not too much latitude as it is. It seems to me that that is a sensible approach.

I commend the Senator from Mississippi and the committee for raising the amounts available for solar energy development to the extent that they have in the bill that is before the Senate, some $100 million above what OMB allowed in the President's budget.

Mr. STENNIS. I thank the Senator. The committee is for solar energy, too. Do not forget us when naming those folks interested in it.

I yield to the Senator from Rhode Island.

Mr. PASTORE. Mr. President, I quite agree that in the atmosphere in which we live today, with the peril of a shutoff again of oil, maybe, out of the Middle East, and with all of the attendant problems that we have with reference to energy, we ought to explore to the best of our ability every avenue of achieving independence.

It sometimes mystifies me, however, that those who are for all these other exotic forms and channels of energy research are usually opposed to the one practical commercial use we have today, nuclear power. We find it is the same people who are so anxious about cultivating a solution with reference to solar energy or geothermal energy or thermonuclear energy.

We have been working on this for the last 25 years. As a matter of fact, when I became a member of the Joint Committee on Atomic Energy in 1952—that is a long time ago—we were talking about the tremendous power in the ocean's water. Thermonuclear power—that was to be the answer to all of our problems. Yet we are no closer to the solution of that today, after all these years, than we were at that time.

I do not think that money ought to be the gauge of whether or not we ought to explore solar energy with all steam ahead on a crash program. But the question here is, can this money be wisely spent? Every time that question comes up before my committee—the Joint Committee on Atomic Energy—the one question that I always ask the witness is, "If we give you this additional money, can you spend it wisely and can you spend it prudently?"

The answer usually comes back either yes or no, depending upon the amount or money.

Now, the question that I ask of the Senator from Colorado this morning is, does he have any evidence that if we do increase this amount, if we do adopt the House figure, if we do go over the budget, this money can be wisely spent?

I have had those people before my committee and they say, "No; as a matter of fact, you are pushing too much money to us, we cannot handle it." And sometimes that is more dangerous; more money than is necessary is much more dangerous, sometimes, than less money than is necessary, because that leads to waste, it leads to neglect, and it leads to all of these kinds of fandangled ideas about what we should do.

The PRESIDING OFFICER. Mr. HATHAWAY). All time is expired.

Mr. STENNIS. I yield the Senator from Rhode Island an additional minute.

The PRESIDING OFFICER. All the time of the opponents has expired. The Senator from Colorado has 6 minutes remaining.

Mr. GARY HUNT. Will the Senator yield so I may ask for the yeas and nays on this amendment?

Mr. PASTORE. Yes.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. PASTORE. Mr. President, I ask the Senator from Colorado a question: Does he have any testimony or any assurance from Dr. Seamans that if we give him this additional money, he can spend it wisely? Do we have that assertion?

Mr. GARY HART. Dr. Seamans has testified that he does not want the additional money.

Mr. PASTORE. That is right, and he is the man who is going to get the money, so the Senator is giving somebody money that he does not want. That is where the waste comes in.

Mr. GARY HART. There are those in the agency, who have direct responsibility for solar energy, who have testified that they can use twice this amount. This is not an exotic energy source. It is being used in the State of Colorado to heat homes, to heat office buildings and to heat manufacturing plants. It is not futuristic. It is working now, so we ought to provide the commitment needed for an aggressive program.

Mr. PASTORE. Does the Senator know why it is working now? Because we put money in it; because we have been conducting research. We have not been sleeping. We have not been resting on our oars.

What are we talking about here? The Office of Management and Budget says $160 million. They cut down the request that was made by ERDA. So what happens? The committee made it $261 million. The House made it $309 million. All we are saying here is, take it back to conference and, somewhere between the 261 and the 309, it may come out of it with more than $16 million.

Mr. GARY HART. We would start with a much strengthened hand if we went in at $278 million.

Mr. PASTORE. Maybe the Senator would and maybe he would not, because after all, Mr. STENNIS has to be at that conference. And once the Senator puts the $16 million here, he has already adjudicated his proposition.

I say very frankly to my good friend from Colorado, I am with him 100 percent. If we can spend this money wisely, OK. But the man who is going to be responsible is Dr. Seamans, not somebody under him. If we throw too much money at these people, we usually find that they do a lot more traveling, they do a lot more visiting the universities, they do a lot more of this and a lot more of that. Oh, they will use the money. But will they use it effectively? That is the question.

Mr. STENNIS. Mr. President, I yield myself a half minute.

I say this: The case here, as far as it goes, that the Senator has made, will certainly be considered by the Senate conferees in our negotiation with the House at this conference, because there is the latitude of $49 million there.

Mr. HATFIELD. Mr. President, I yield myself 2 minutes on the bill.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. HATFIELD. I yield myself 2 minutes on the bill.

Mr. President, in further response to the Senator from Rhode Island, when he asked the Senator from Colorado what kind of efforts he had made to find out about the ability of the agency to spend additional money, the Senator from Rhode Island quite rightly pointed out that Dr. Seamans is the man in command of this agency and is responsible for utilizing the money.

But let us drop one echelon below Dr. Seamans to the Division of Solar, Geothermal, and Advanced Energy Systems, which is headed by Dr. Hirsch. I would like to quote from the record of our committee hearings on this very point of adding additional moneys to the solar energy budget:

> Dr. HIRSH. They [the branch chiefs] were proponents for their own particular technologies. They very much wanted to go out and push those technologies and develop them as rapidly as possible, and so they came forward with absolutely unconstrained numbers. . . .
>
> Senator HATFIELD. But with no relation to personnel or equipment or facilities.
>
> Dr. HIRSCH. With relatively little consideration of the real world problems, yes, sir.

Mr. President, this testimony from the record shows that even Dr. Hirsch, who is the Director of the Solar, Geothermal, and Advanced Energy Systems Division, has indicated they cannot affectively utilize additional funds over and above those which we were discussing in the committee, and do it wisely.

Mr. President, I would say to the Senator from Colorado, if I may have his attention for the moment—may I have the attention of the Senator from Colorado, please? I would like to say to the Senator from Colorado again that the House figure is $304.8 million on solar energy. Our figure is $261.9 million. Therefore, when we go to conference we are going to have to compromise the Senate figure upward in order to meet a resolution of this differential. And I would say to the Senator from Colorado that in all probability, based upon my past experience in conference, we are going beyond the level of his $6 million requested increase this morning.

Mr. GARY HART. $16.4 million.

Mr. HATFIELD. $17 million, excuse me. Because by the time we finish compromising, we usually split the difference. So I would say to the Senator that is probably about the figure we will end up with in conference anyway.

I would urge the Senator to let the Senate go in with this lower figure so we could at least keep the budget within the realm of reason.

Mr. STENNIS. Mr. President, I yield myself a half minute. I think the Senator from Rhode Island gave such a splendid summary, if it is recorded in the cloakroom, I hope at the right time to ask unanimous consent that we play it back to the Senators after they come in here to vote and let them hear a fine summary of this situation.

I do not think I have any more time.

Mr. GARY HART. Mr. President, I yield 2 minutes of the remaining 4 to to the Senator from Arizona and the last 2 minutes to myself.

Mr. FANNIN. Mr. President, Senator PASTORE has mentioned nuclear energy. The Senator from Arizona has been a strong supporter of nuclear energy. But, at the same time, the Senator from Arizona is a strong supporter of solar and geothermal, especially solar.

The question is, Can this increase be spent efficiently? The Senator from Colorado and I have many letters in our offices with respect to what progress is being made to test solar hardware and equipment to be sure it will perform and take care of the needs we have in this great country of ours.

I know that we now have a need, for instance, to know how long this equipment will last. In the tax bill we have a provision for a credit for solar energy. We have called to find out how long this equipment will last and what the requirements are as far as the construction of the equipment goes in order to meet the Federal financing requirements; and we cannot make that determination.

These are studies that should be made. There should be money available for that. There should be money available for many other tests that could be made around the country.

We now have calls in to different manufacturers for their ideas as to life expectancy. I just called a Richmond manufacturer in the home State of Senator HARRY F. BYRD, JR., to try to make this determination because these studies have not been made. We need the personnel to do this work, and it is a great loss and a great delay in not having the people available to carry these testing programs forward.

If we do not do the proper testing, if we do not carry forward, we are going to have many black eyes on the solar energy record. We want to have equipment that will work. We have had failures in the past, and they have certainly not helped to carry the solar energy development program forward.

We are not going at a fast enough pace today. We are not developing in a way that we even visualized 20 years ago.

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

The Senator from Colorado has 2 minutes.

Mr. FANNIN. So I trust we will make the necessary money available for this program.

Mr. GARY HART. Mr. President, the Senator from Rhode Island, unfortunately, has left. We are not talking about throwing money away. The people of this country want to move forward in solar energy, and they are asking why Congress is not keeping pace with the people of this country. We are spending $105 billion on defense. Yet we cannot find $16 million for solar energy. No wonder people question our sense of priorities.

I do not know what is going on in the Office of Management and Budget; I do not know whether there is anyone over there who understands that this is an energy supply whose time has arrived now and not 20 or 40 years in the future. But I think it is time that the Congress of the United States sent a message to the administration and told them that we are behind these new, clean alternative energy supplies. Whether Dr. Seamans is on board or not I do not know, but Congress has an obligation to send him a message also, to tell him that there are a majority of us here in both Houses who want to see this energy source developed.

I think $16 million is a very low price to pay. I move the adoption of the amendment.

Mr. HATFIELD. Mr. President, I yield myself 1 minute on the bill. I cannot let the record go unanswered at this point because there is perhaps no one who stood here on the floor and fought military spending longer and more diligently than I. But I think the Senator from Colorado is mixing up oranges and apples. He is talking about Congress getting in tune with the people.

Let me give you some of the statistics that are very fundamental on this issue. This year we increased solar energy 128 percent over last year, and in the last 5 years we have increased solar energy funding by over 1,000 percent. That gives a pretty good indication of the attitude of Congress toward solar energy.

When you start comparing it with military spending, you get into another area. We are not talking about getting bubble gum or oranges in the marketplace. We are talking about cranking up R. & D., and you do not do it overnight. With this kind of increase and the level of spending we have provided in this year's budget, ERDA's solar energy development program can only absorb so much and do it wisely; otherwise we are following that foolish old canard that if you throw money at the problem it disappears. It is not a reasonable, logical, or intelligent use of the people's money.

What the people are talking about in this country is Federal spending. The Federal spending is one of the big issues that people are concerned about in this Nation, and they do not want foolish spending on solar energy any more than they want foolish spending on military weapons.

The kind of logic we are asked to follow today is the kind of logic I have heard from the military spenders for too long, and that is that all you have to do is spend more money and automatically you get an increase in national security. You do not automatically get a security increase by spending money. I reject that logic on the military front and I reject it this morning on the solar front.

Mr. STENNIS. Mr. President, if the Senator will yield 1 minute to me, according to the actual figures here year by year, in answer to the charges of Congress limping along, we increased it in 1974 275 percent over fiscal 1973; in fiscal 1975 it went up 186 percent, again over; in 1976, 167 percent over; in 1977, 128 percent over; and the House bill has $49 million above that in it. That is where the latitude is that we will have to consider the matter.

I hope the amendment, under those conditions, is not voted mandatorily on us for this conference.

The PRESIDING OFFICER. Is all time on the amendment yielded back?

PRIVILEGE OF THE FLOOR

Mr. HELMS. Mr. President, I ask unanimous consent that Dick Bryan and George Dunlop of my staff be accorded the privileges of the floor during the discussion of this entire bill and any votes thereon.

The PRESIDING OFFICER. Without objection, it is so ordered.

All time has expired. The question is on agreeing to the amendment of the Senator from Colorado. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Maryland (Mr. MATHIAS), and the Senator from Virginia (Mr. SCOTT) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

The result was announced—yeas 54, nays 41, as follows:

[Rollcall Vote No. 320 Leg.]

YEAS—54

Abourezk
Allen
Bayh
Biden
Brooke
Burdick
Byrd, Robert C.
Cannon
Case
Church
Clark
Cranston
Domenici
Durkin
Eagleton
Fannin
Ford
Garn
Glenn
Gravel
Hansen
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hathaway
Hollings
Humphrey
Inouye
Jackson
Javits
Kennedy
Laxalt
Leahy
Magnuson
Mansfield
McGee
McGovern
McIntyre
Metcalf
Mondale
Morgan
Nelson
Pell
Percy
Randolph
Schweiker
Stafford
Stevenson
Stone
Tunney
Weicker
Williams
Young

NAYS—41

Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Bumpers
Byrd, Harry F., Jr.
Chiles
Culver
Curtis
Dole
Eastland
Fong
Griffin
Hatfield
Helms
Hruska
Huddleston
Johnston
Long
McClellan
McClure
Montoya
Moss
Muskie
Nunn
Packwood
Pastore
Pearson
Proxmire
Ribicoff
Roth
Scott, Hugh
Sparkman
Stennis
Stevens
Taft
Talmadge
Thurmond
Tower

NOT VOTING—5

Buckley
Goldwater
Mathias
Scott, William L.
Symington

So Mr. GARY HART's amendment was agreed to.

Mr. GARY HART. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOMENICI. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STENNIS. Mr. President, if we might have quiet, we might be able to finish this bill in a few minutes.

The PRESIDING OFFICER (Mr. BUMPERS). The Senator will suspend until the Senate is in order.

Mr. STENNIS. If I may, Mr. President, I would like to call to the attention of the present occupant of the chair there was an understanding that the Senator from Tennessee——

The PRESIDING OFFICER. Will the Senator suspend until the Senators have taken their seats?

Mr. STENNIS. The amendment the Senator from Tennessee had in mind would be in order, notwithstanding the ordinary rule, because unanimous consent was requested and obtained.

So, I hope the Senator from Tennessee is ready to proceed with his amendment.

AMENDMENT NO. 1913 (AS MODIFIED)

Mr. BAKER. Mr. President, I call up my amendment No. 1913, as modified, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Tennessee (Mr. BAKER) proposes amendment No. 1913, as modified.

On page 2, line 22, strike out "$4,115,686,000" and insert in lieu thereof "$4,121,686,000".

Mr. BAKER. Mr. President, I yield myself such time as I may utilize.

Mr. President, this amendment proposes to add $6 million to the appropriation bill for the so-called energy Doubler/Saver at the Fermilab in Batavia, Ill.

The Joint Committee on Atomic Energy in its report on the authorizing legislation for appropriations for the Energy Research and Development Administration for fiscal year 1977 authorized $6 million to be appropriated in budget authority for use in expediting the design development and component procurement for the energy doubler/saver.

Fermilab is this Nation's most advanced high energy physics research installation, its most important component is the high particle beam accelerator. The accelerator uses a substantial amount of electrical power, the increasing cost of which has a very important bearing on the availability of the accelerator for the conduct of useful basic research. The energy doubler/saver project, if completed by 1980, would yield savings of more than $5 million per year in electrical power cost for operation of the accelerator. At the same time it will permit more than a doubling in accelerator energy—from 400 to 1,000 GeV—thereby opening a whole new field of research. The money authorized by the Joint Committee would permit the procurement of components which will expedite the eventual completion date of the project. Expedition of that completion date will not only hasten the day when the much needed benefits of the energy doubler/saver system will be available but will also avoid a likely cost in that project due to escalation.

In other words, this program will permit taxpayers to receive benefits from their tax dollars considerably in excess of the modest investment to be required. This is quite simply an economy measure which will permit the obtaining of maximum accelerator returns for minimum costs.

Mr. President, I ask unanimous consent that a letter explaining the need for the doubler/saver from Norman F. Ramsey, the president of the Universities Research Association, Inc., a group of university users of the accelerator which serves as a policy directing group for the operation of Fermilab, be printed in the RECORD. Also I request that the balance of my formal remarks be included in the RECORD.

There being no objeciton, the material was ordered to be printed in the RECORD, as follows:

UNIVERSITIES RESEARCH ASSOCIATION, INC.,
Washington, D.C., February 24, 1076.
Hon. MELVIN PRICE,
House of Representatives,
U.S. Congress,
Washington, D.C.

MY DEAR MR. PRICE: The Energy Doubler/Saver is a project to add a superconducting ring of magnets in the existing accelerator tunnel at Fermilab. It was first described to the Joint Committee by Dr. Wilson, the Fermilab Director, in 1971. Since then there have been major advances in the technology required for the Doubler/Saver.

In the energy saver mode, this device could save more than $5 million dollars per year in electrical power and the savings would be even more if there were a major increase in the electrical rates. These savings are urgently needed since the productivity of the Fermilab is now dominantly limited by the availability of operating funds. The accelerator, for example, had to be closed for significant periods last year to save electricial bills and the same thing will be required this year.

As an energy doubler, the Doubler/Saver will provide protons at 1000 GeV energy which should open a whole new field of research. The discoveries at Fermilab and elsewhere during the past year have clearly demonstrated the value of high energies and there is every reason to expect further exciting discoveries when the accelerator energy is increased from 400 to 1000 GeV. In addition, the existence of the two rings in the same tunnel at Fermilab may open the possibility for some low luminosity colliding beam experiments at much higher energies than possible elsewhere. Now that the CERN 400 GeV proton accelerator is about to come into operation with a much larger operating and research budget than at Fermilab, the exciting quality of the U.S. particle physics program can be assured by providing at Fermilab a unique higher range of energy.

As a result of the Doubler/Saver's developmental nature, its value in advancing technology and its use of existing buildings, it is being treated as a research and development project and is explicitly designated for increased funding in the President's FY 1977 Budget. In the Justification By Subprogram of the High Energy Physics Program, the Doubler/Saver is "considered of critical importance." However, in the development of the budget the designated increase in funds for the Doubler/Saver was reduced to an inadequate $2 million to provide a total FY 1977 level of $6 million, which permits progress at only a slow rate on this urgently needed development.

There are many reasons for which a rapid time scale is essential. The project becomes more costly if it is stretched out over a long period; thus the total cost is estimated at $35 million if a rapid schedule is followed, but this could rise to $50 million on an excessively stretched out schedule. The benefits of saving energy and operating costs can only begin when the Doubler/Saver is compelted, so the longer the delays the less the savings. The scientific field at the highest energy is now proving to be even more fruitful and exciting than anticipated. The Doubler/Saver, as the first large superconducting project, can contribute much to the development of the superconducting technology needed in many of the means for alleviating the national energy crisis. Finally, the Doubler/Saver must be completed before Dr. Robert Wilson retires as the Director of Fermilab if the country is to benefit once more from his unique talents in obtaining the maximum accelerator returns for minimum costs.

For these reasons, I very much hope that Congress will increase the funds for the Energy Doubler/Saver to $20 million for FY 1977 and if that can not be done, that the funds at least be increased as much as possible. We would greatly appreciate your help in achieving this objective.

Sincerely yours,

NORMAN F. RAMSEY,
President.

Mr. BAKER. Mr. President, the amendment I have offered is a unique one in a number of ways. It is most unique at the appropriations level in that it will actually save the Government money.

I am requesting that the Senate appropriate $6 million in budget outlay for Fermilab, ERDA's largest high-energy physics laboratory. Fermilab was originally authorized by Congress for $250 million in costs; and when completed, it was $6.5 million under budget. Also, it will operate at 400 gigaelectronvolts of energy, twice the designed 200 gigaelectronvolts range.

Fermilab is now fully operational with nearly 20 experiments taking data simultaneously and nearly 30 detector stations available for experimental use. Machine utilization planned for this year is 57 percent. The principal deterrent to achieving higher levels of utilization are the electrical costs, currently at a level of somewhere around $5 million.

Fermilab in the past couple of years has developed and tested superconducting prototype magnets which, if installed as another ring in the machine, would accomplish three significant benefits:

First. Permit accelerator operation at 1,000 GeV, opening up an entirely new regime in probing the interior structures of elementary particles as well as searching for new and stronger forces in nature.

Second. Allow colliding beam experiments to take place where one beam circulating in the existing magnet system collides with another beam circulating in the new superconducting magnet system. The energy available for studying physical phenomenon in this mode is orders of magnitude higher than anywhere in the world, extending U.S. leadership in this field for many years.

Third. Most importantly, these new frontiers of physics would be accessible at a substantially lower level of electrical power costs. Since the magnets are superconducting, they require very little electricity to operate compared with conventional magnets. Today Fermilab consumes nearly $5 million in electricity. It could go as high as $8 million if the machine were fully utilized. And operating plans for the future show the electrical power costs nearly doubling as more and more operation at higher energies takes place and power costs continue to increase.

Operating the machine by accelerating the particles in the superconducting magnets would permit acceleration ot 1,000 GeV but would reduce the power bill by some $5 million per year. Thus the new operation would cost essentially the same as what we are paying now but with two entirely new features available for experimenters, 1,000 GeV and colliding beams.

The total cost for the Doubler/Saver is estimated ot be $20 million for about 1,000 main ring magnets and about $15 million to finish the project in installation, testing, electronics, power supplies, and so forth, assuming that the project is completed quickly. Stretchouts could increase this amount, possibly to as much as $50 million overall.

The Joint Committee on Atomic Energy has recommended this $6 million increase in budget outlay by unanimous action. The course I am recommending would:

First. Permit the construction of about 300 magnets of the 1,000 that will finally comprise the facility.

Second. Permit completion of the project about 2 years earlier and would result in savings of nearly 2 year's worth of equivalent electrical costs.

Third. Place immediate demand on the superconducting materials industry, permitting them to increase their production capabilities to a level that would phase in very well with the demands that will be forthcoming when the fusion program starts in 1979–80.

Mr. President, the Fermilab Doubler/Saver will insure U.S. preeminence in this field for many years and will do so for a very small investment on the part of the U.S. taxpayer. I respectfully request that the Senate appropriate these funds in the best interests of the American public.

Mr. President, this is not an amendment calculated to add to the research and development budget for a new piece of machinery or a new project. This is indeed an effort to maximize the utilization of the existing project and to conserve on utilization of electricity.

The Joint Committee on Atomic Energy felt very strongly that it should be authorized and we should go forward with it.

I think, Mr. President, it would be an extraordinarily wise thing for us to authorize this money.

I might say one final word, Mr. President, in this respect. The Fermilab is the last big fundamental basic research unit that Congress has authorized. I think there is substantial danger that the United States in the last few years has fallen behind and most assuredly we will fall behind Western Europe and other countries in fundamental basic research, particularly research in heavy particle physics and in high energy physics, if we do not go forward with full speed wtih the full utilization of our existing equipment and at some early future time with the development of other research machines, even larger and more powerful than the Fermilab machine.

Mr. STENNIS. Mr. President, if the Senator has concluded, may I now have the attention of the Senator from Tennessee?

Mr. President, the Senator from Tennessee has made a contribution here. This is an item that is already in the House bill. It is different from the general money that we have been talking about. It is for the specific purpose of expediting the design, development, and component procurement.

So, we left it open. We did not know enough about it. We are going to be in conference.

For 1977, if the Senator would modify the amendment to the $2.5 million already here in the House amount we believe that that would make a real start on what it will be and be all sealed up then at that amount and that would be a real start on what he wishes to accomplish. We would support the amendment for that purpose.

Mr. BAKER. Mr. President, I am delighted to hear that from the distinguished chairman of the committee. As far as I am concerned I think that is probably as good as we can do at this time.

I do think $6 million would be highly useful, but I think with the $2.5 million that the House appropriated we could go forward with the project, and I must tell our colleagues that we will ask for other appropriations next year, but I am most happy to accept your suggestion.

Mr. STENNIS. Mr. President, I have conferred with the Senator from Oregon, and we both agree on this amount of $2.5 million.

Will the Senator so modify his amendment?

Mr. BAKER. Mr. President, I modify my amendment to correspond with that figure, to change the numbers, striking and inserting figures so they reflect the decrease to $2.5 million instead of $6 million.

Mr. President, I ask the clerk to state the new figures for us.

The PRESIDING OFFICER. The amendment as modified will be stated.

The assistant legislative clerk read as follows:

> On page 2, line 22, strike out "$4,115,686,-000" and insert in lieu thereof "$4,118,186,-000."

Mr. BAKER. Mr. President, I yield back my remaining time.

Mr. STENNIS. I yield back my remaining time.

Mr. HATFIELD. I yield back my remaining time.

The PRESIDING OFFICER. All remaining time is yielded back.

The question is on agreeing to the amendment, as modified, of the Senator from Tennessee.

The amendment was agreed to.

Mr. STENNIS. Mr. President, I move to reconsider the vote by which the amendment, as modified, was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STENNIS. Mr. President, I understood the Senator from California had a very small amendment. If he is available we shall consider it at this time. Otherwise, there is a request for a colloquy between the two Senators from Michigan, Mr. PHILIP A. HART and Mr. GRIFFIN.

Mr. BAKER. Mr. President, if the Senator will yield for a moment, I have a few brief remarks on the bill in general that I am glad to make before third reading or after third reading. It will not take very long.

Mr. STENNIS. The Senator may make those remarks after third reading, if he does not mind.

Mr. President, there was to be a colloquy at this point.

The PRESIDING OFFICER. Who yields time?

Mr. STENNIS. I yield time, Mr. President.

The PRESIDING OFFICER. The Senator from Mississippi has no time remaining. The Senator from Oregon has time remaining.

Mr. STENNIS. Maybe the Senator from Oregon would yield time.

Mr. HATFIELD. Mr. President, how many minutes do I have remaining?

The PRESIDING OFFICER. The Senator from Oregon has 9 minutes remaining.

Mr. HATFIELD. Mr. President, I yield 2 minutes on the bill to Senator PHILIP A. HART and Senator GRIFFIN.

Mr. PHILIP A. HART. Mr. President, if I may have the attention of the manager of the bill, the distinguished Senator from Mississippi, Senator GRIFFIN and I have discussed with Senator STENNIS a problem as it relates to the ERDA appropriation.

As I understand it, with respect to laser fusion, the committee has increased the amount of $6.3 million over the ERDA request. It had been our hope that additional money would be understood, as I believe it was in the joint committee, to be earmarked for a private firm doing civilian research, KMS.

In our discussion with Senator STENNIS he pointed out that there are other activities which might well have been included in that $6.3 million add-on.

Senator GRIFFIN and I express the hope that the chairman would indicate that at least half of that sum was intended for the only private nonmilitary ongoing effort of substantial research in this field.

I believe I have stated correctly Senator GRIFFIN's concern.

Mr. STENNIS. Does the junior Senator from Michigan have a comment?

Mr. GRIFFIN. Mr. President, I join in what my senior colleague has said. I think he has explained it as concisely and as directly as possible, and if I have any time remaining in my 2 minutes I yield to the Senator from Tennessee, who serves on the authorizing committee and knows a great deal about this.

Mr. BAKER. Mr. President, the president of KMS was testifying before the Joint Committee on Atomic Energy last year when he died of a stroke. He keeled over and was dead before the doctors reached our hearing room.

KMS is an important part of our fusion research, and the joint committee shares the point of view that has been expressed by the Senators from Michigan. We hope some sort of accord can be reached.

Mr. STENNIS. Mr. President, I ask unanimous consent that I may have 2 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS. Mr. President, this is an important matter. It does not involve new money. At the full committee markup, we had a colloquy with the Senator from Rhode Island regarding this matter and agreed to some language. The roof was falling in there with amendments, and I got the idea that the agreement we had there about the Pastore proposal included a settlement of the money. To that extent, I was in error.

What I am going to say does not involve new money but money that is already in the bill, where we do have some latitude.

I state and pledge that we will hold $3 million to be added to the $7 million that is in here already for that purpose, making a total of $10 million that will go for the purpose that the Senator has in mind. I that way, as a practical matter, I believe we can settle the entire matter. I promise that and so state, and I hope the Senator from Oregon understands and agrees to that.

Mr. HATFIELD. That is correct.

Mr. GRIFFIN. I thank the Senator from Mississippi.

Mr. PHILIP A. HART. I thank the Senator, also.

Mr. STENNIS. As I understand, that settles the matter, without the addition of any money, and we will try to put that $7 million in that direction in conference.

UP AMENDMENT NO. 76

Mr. TUNNEY. Mr. President, I send an amendment to the desk and ask for its consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from California (Mr. TUNNEY) proposes unprinted amendment numbered 76:

On page 6, line 13, in lieu of "$1,436,559,000" insert "$1,436,759,000".

Mr. TUNNEY. Mr. President, today I am proposing an amendment to the Public Works Appropriations Act so that an urgently needed and worthwhile flood control project in Richmond, Calif., will not be delayed for another year. I am referring to the Wildcat-San Pablo Creeks flood control project which was recently authorized under section 201 of the Flood Control Act of 1965. The $200,000 that I propose be added to the general construction fund will enable the Corps of Engineers to begin advanced engineering and design work on the project.

The project is one which I find of special interest not only because it provides essential flood protection, but because it also includes a trail-based recreation area for the residents of Contra Costa County. It is a commendable example of how necessary public works projects can have both functional and esthetic qualities.

If the funds for preliminary planning are not appropriated, a one-year delay will significantly increase the overall cost of the project by as much as $900,000. Not only is there public works money at stake, but the Federal Government has already expended approximately $5 million in Model Cities funds. The flood control project is part of a redevelopment effort undertaken by the city. Work already completed in the area, such as a major sewer system, is dependent upon completion of the flood control project in order to function at optimum capacity.

I would also add that the city of Richmond is bearing its fair share of the cost of this project. Local officials will contribute more than $7 million of the total project cost of $15 million.

Aside from the economic arguments for beginning this project as soon as possible, it should be noted that the city of Richmond cannot ignore the imminent threat of flooding in the area. The project report for Wildcat-San Pablo Creek indicates that 1,680 acres will benefit from flood protection provided by this project. In flood damage figures this means an annual flood control benefit of $1,441,000.

I therefore urge the Senate to include the $200,000 for this vitally needed flood control project. Appropriating the money this year will guarantee us a much higher return on our investment both in terms of flood protection for Contra Costa County as well as the millions of Federal dollars already committed to the area and linked to the project.

I have had an opportunity to discuss this matter with the staff of the subcommittee, and I ask the chairman for his views on this project.

Mr. STENNIS. Mr. President, this is a small project as of now, involving $200,000 to initiate planning only of a project that was approved after the subcommittee and the committee had passed on this bill. This planning is a necessary step, and this is a very reasonable amount. The committee feels that we can agree to that amount, under the circumstances. Under those conditions, we will be glad to accept the amendment.

Mr. TUNNEY. I thank the chairman.

Mr. President, I yield back the remainder of my time.

Mr. STENNIS. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from California.

The amendment was agreed to.

Mr. STENNIS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HATFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STENNIS. I ask for third reading, Mr. President.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read a third time.

Mr. CRANSTON. Mr. President, the public works appropriations bill passed by the House and now before the Senate contains $40,914,000 for the construction of the Auburn Dam on the American River in California. Included in this total is $15 million for the award of the main dam contract and $3 million in associated non-contract costs. The contract presently is scheduled to be advertised in January 1977 and to be awarded in June 1977.

The proposed thin, double curvature high arch dam will be the first in California, and the largest of its kind in the world, measuring 685 feet high and 4,150 feet wide at the crest. All other dams in the State are earth-fill dams or concrete gravity dams.

Since the Oroville earthquake in August 1975, new questions have been raised about the seismicity of this area of northern California. In addition, there is growing scientific opinion that the introduction of a large reservoir may itself be a causative factor in inducing or increasing seismic activity. The Bureau of Reclamation itself now acknowledges the gravity of the matter and has hired a private engineering firm to study the safety and reliability of the Auburn Dam design. The findings will be submitted to an outside board of consultants.

I feel that until these studies are completed the Bureau of Reclamation should refrain from any commitment to proceed with the construction of the Auburn Dam as presently designed.

I would think especially in light of the recent Teton Dam disaster in Idaho the Senate would want to take all possible precautions against another disaster. I would like to know what assurances the committee has received from the Bureau of Reclamation that the Federal Government will not take any action or let the main dam contract until the results of the two studies are in and experts are satisfied that the design is adequate.

Mr. STENNIS. I understand the concern of the Senator from California regarding this Auburn Dam for which funds to award the prime construction contract are included in the bill. Because of the location of the Auburn Dam in that area of the country where earthquakes occur and the testimony received, including the testimony of the Senator from California at our hearings earlier this year, the committee questioned the Bureau on this point during the recall hearings held just about 2 or 3 weeks ago, May 26 and 27. Those hearings have not been printed as of now, but I will quote the pertinent parts from the official transcript.

When questioned about this, Mr. Gilbert Stamm, Commissioner of the Bureau of Reclamation, responded as follows:

> We have probably made a more comprehensive analysis of the foundation geology for that structure—meaning the Auburn Dam—than we have for any dam that we have ever built in our 73 years history, and it is because of the seismic situation in California. We felt that the dam that we had designed for that location—and it was a double curvature, thin arch concrete dam—would be fully adequate to withstand any shock that we could anticipate at that point. Because of the earthquake near Oroville, which is the dam constructed by the State of California on the Feather River, and the natural concern of residents in California, and particularly downstream from Auburn, we felt we should double check our findings.

And Commissioner Stamm continues:

> We have done two things. We have contracted with a private consulting firm, Woodward-Clyde Consultants headquarters in San Francisco, to perform geologic and seismologic studies to determine the size, location and design response spectrum of the maximum credible earthquake at Auburn Dam. This firm of consultants has done work of this type for the State of California and also for the Corps of Engineers in California, and we feel that it is probably the best qualified firm that we could contract with to do this job.

Commissioner Stamm goes on to say:

> In addition to that, we are assembling a board of consultants which will include recognized experts in mathematical structural analysis, arch dam design, earthquake engineering, geology, and seismology. This will be a five-man board. We are selecting what we believe are the best experts in the world. Four of them will likely come from the United States and one from Europe. The Board will not only review the work that we have done in foundation exploration since 1966, but will also review the work that will be done by Woodward-Clyde.

Commissioner Stamm then stated the following:

> If those findings confirm our design, we would then proceed and expect to award a construction next year in the Spring of 1977. If these additional studies reveal that the design should be modified, we will make the modification and the award of contract may be delayed a few months. But in any event, we have no doubt in our minds but what a satisfactory structure can be designed. It is simply a matter now of confirming whether our present design is fully adequate in the circumstances, or whether we should modify it in light of these two recent actions.

Commissioner Stamm was then asked, for the Committee:

> Then, in any event, the contract will not be awarded until all of those steps have been taken and subsequently reported to the Congress—and the Committees?

The response by Commissioner Stamm was as follows:

> We certainly could report to the Congress, the Committees of the Congress, the Committees chose and requested us to do so. We certainly will make available to the public or to the Congress the study that will be provided to us by Woodward-Clyde, and also any recommendation of the Board of Consultants.

Now, that is the testimony of the Bureau of Reclamation at the recall hearing of May 26. This was prior to the Teton Dam disaster that the Senator mentions, although I do not know of any relationship or similarities at this point, nor does anyone I would say, since the investigation and studies on the Teton Dam failure are just getting underway now. In any event, the testimony clearly shows that the Bureau recognized on its own the potential seismic situation as it relates to Auburn Dam and is doing the studies and work described.

So the specific response is that the committee has received this testimony from the Bureau that the award of the construction contract for Auburn Dam will not proceed until the results of the studies and the recommendations from the experts are completed and reviewed. While the committee report did not contain words directing to that effect—it was not felt necessary based on the testimony already received—it is certainly our intent that the Congress be informed of the results on this matter through its committees. We will convey that intent to the Bureau, not only by this discussion, but also will write them a letter pointing to this. I had no doubt that the Bureau would follow-up on it as a result of the testimony at the hearing.

Mr. CRANSTON. Mr. President, I thank the distinguished chairman for his clarification of this important matter. I would like to share with my colleagues my recent correspondence with the Bureau of Reclamation, my April 1 testimony before the Senate Appropriations Committee, my subsequent letter to the subcommittee chairman, a June 13 article in the Sacramento Bee, and several California newspaper editorials regarding Auburn Dam. I ask unanimous consent that these pieces appear at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR ALAN CRANSTON

APRIL 1, 1976.

Mr. Chairman, both the President's budget request and the California Water Commission agree on recommending a total of $38 million for Auburn Dam in fiscal year 1977. Included in this total is $15 million for the award of the main dam contract, now scheduled to go to bid in January and to be awarded in June of 1977. If the main dam contract is not awarded, an additional $3 million included in the President's budget would not be needed.

I am recommending that this $18 million item be deleted from the 1977 budget, thus postponing until fiscal year 1978 the date for awarding the main dam contract. As a long-time advocate of Auburn Dam, I do not make this recommendation lightly. However, serious questions have been raised about the design of the dam with respect to its ability to withstand an earthquake. These questions must be resolved before we make a major financial commitment to construct it as now designed. The total cost of construction of Auburn Dam is estimated to be $302 million.

As I understand it, the high arch design chosen for Auburn is quite unusual for a wide canyon site. Generally, high arch dams have been built in narrow canyon sites. The configuration of Auburn Dam is thus of unique character, measuring 685 feet high and 4,150 feet wide at the crest.

Since the Oroville, California, earthquake of August 1, 1975, new questions have been raised about the seismicity of this area of the Northern Sacramento Valley. Even more significant are the concerns that the Oroville earthquake may have been induced by the very existence of the Oroville dam and reservoir. While no definitive scientific judgment has yet been made as to whether the Oroville earthquake was dam-induced, it is quite possible that the introduction of a major new reservoir may cause an incremental increase in the potential seismicity of an area. Further study on this point is urgently needed.

I personally have not made any determination about whether or not the current Auburn Dam design is earthquake-safe. I do believe, however, that as long as the experts are questioning Auburn's ultimate safety, it would be irresponsible to award the main dam contract. I therefore strongly urge this Committee to delete—for FY 1977 only—the $3 million in non-contract costs and the $15 million now slated for the award of the Auburn Dam contract. Certainly, by the time the 1978 budget estimates are being prepared, we will have a better analysis of the safety and reliability of the Auburn Dam design in this earthquake-prone region.

If we are to err, Mr. Chairman, it should be on the side of caution. Much is at stake. The consequences of a future dam failure could be so staggering—to human life and to property—that we must not move precipitously to construct this dam until we are reasonably satisfied that it can withstand future earthquakes.

U.S. SENATE,
Washington, D.C., March 19, 1976.
Mr. GILBERT G. STAMM,
Commissioner, Bureau of Reclamation, Department of Interior, Washington, D.C.

DEAR COMMISSIONER STAMM: It has been brought to my attention that there is growing concern among engineers and public officials about the ultimate safety of Auburn dam.

Specifically, there is concern that the high arch design may not be appropriate for the dam's location in view of the underlying geological characteristics and the magnitude and intensity of possible future earthquakes.

I have made no personal evaluation of the relevant safety issues involved here, but felt it appropriate to bring these concerns to your attention.

I would very much appreciate your review of the Auburn dam arch design in view of its ability to withstand future earthquakes that can be expected in the region. Your report to me on this matter would be appreciated.

With best regards,
Sincerely,
ALAN CRANSTON.

U.S. DEPARTMENT OF THE INTERIOR,
BUREAU OF RECLAMATION,
Washington, D.C., March 26, 1976.
Hon. ALAN CRANSTON,
U.S. Senate, Washington, D.C.

DEAR SENATOR CRANSTON: This will acknowledge your letter of March 19, 1976, regarding the ultimate safety of Auburn Dam, Central Valley Project.

Since the points of concern mentioned in your letter are rather involved, we are preparing a detailed report for you. You may expect a further reply in about 2 weeks.

Sincerely yours,
(SGD) E. F. SULLIVAN,
Acting for:
G. G. STAMM,
Commissioner.

DEPARTMENT OF THE INTERIOR,
BUREAU OF RECLAMATION,
Washington, D.C., April 2, 1976.
Hon. ALAN CRANSTON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CRANSTON: This is in further response to your letter of March 19, 1976, concerning the safety of Auburn Dam, Auburn-Folsom South Unit, Central Valley Project, California. The selection of a thin-arch, double curvature concrete dam for the Auburn site was made based on comprehensive studies of different types of dam structures. The decision to design and build a concrete arch was made with careful consideration of the economical and environmental aspects of the project and with special consideration for its structural feasibility and integrity.

The fact that Auburn Dam will be the world's longest thin-arch concrete dam and that geologically its foundation is complex has become well known. We appreciate the genuine interest and concern that is being expressed by the public and within the engineering and scientific community. Such concerns are justifiable and deserve consideration in the design and construction of any major project and, particularly, in the case of a structure as significant as Auburn Dam. We have shared in those concerns and have sought to find sound solutions to the design problems throughout the last 10 years, since work on the designs for Auburn began in 1966.

You pointed out that concerns have been raised as to the appropriateness of a thin-arch design in light of the foundation geology and earthquake history in Northern California. Of any Reclamation project to date, we have expended our greatest effort in those very areas of concern at Auburn—the foundation and the potential earthquake hazard. To our knowledge, the foundation exploration and testing program at Auburn is the most comprehensive and exhaustive investigation of a dam foundation ever undertaken. The work has been written about and discussed internationally, and the site has been visited by hundreds of engineers and geologists from around the world. We have developed entirely new procedures, criteria, and methods of analysis to properly evaluate the effects of earthquakes on Auburn.

All known information concerning the geology and seismicity of the Auburn area, including the results of our own detailed investigations, has been used in the design of Auburn. As new discoveries and observations are made in any scientific field, they must be incorporated into the total body of knowledge, and the same is true of the seismicity study of Auburn. In response to the August 1, 1975, Oroville earthquake, which introduced new seismicity and geologic information, the Bureau formed a special team to evaluate the significance of the new data currently being gathered. To maintain an objective posture in this evaluation, we are now negotiating with an independent private consulting engineering firm to collect and study the existing and new seismic and related geologic information and to determine whether the present design earthquakes for Auburn Dam should be modified.

Our additional studies are to be completed before the end of calendar year 1976, at which time revisions, if any, in the design earthquakes will be made. An outside board of consultants will be convened to review all studies and results and render an independent judgment as to the thoroughness of the investigations and the adequacy of the conclusions. Any changes in the magnitude or location of potential earthquakes which cause loads on the dam that are larger than the original design loads will be the basis of new analytical studies.

Based on all work completed to date, we feel unequivocally that a safe and proper structure can be designed for the Auburn damsite. Please let us know in the event you wish additional information.

Sincerely yours,
JAMES J. O'BRIEN,
(Acting for G. G. Stamm, Commissioner).

DEPARTMENT OF THE INTERIOR,
BUREAU OF RECLAMATION,
Washington, D.C., May 26, 1976.
Hon. ALAN CRANSTON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CRANSTON: As requested, we are submitting additional information on the selection of the type of dam for the Auburn site. This supplements the information sent to you by our letter of April 2, 1976.

The original basic investigation for Auburn Dam was for a 500±-foot-high earthfill dam to provide a 1 million acre-foot reservoir. Feasibility grade estimates for this size dam were made in 1959 and were submitted to Congress in January 1962. In 1962, the Secretary of the Interior requested that the Bureau review the estimates and report by October 1, 1962, whether the 1 million acre-foot capacity was sufficient to meet the foreseeable water demands. Subsequent studies indicated that future demands would require a reservoir of about 2.3 million acre-feet. The design and estimate finally used in the authorizing document was for a 700±-foot-high earthfill dam which would provide about 2.3 million acre-feet of storage.

Comparative designs for an earthfill dam with an underground and/or surface powerplant and a double-curvature, thin concrete arch dam with a surface powerplant at a site approximately 3,000 feet upstream from the earthfill damsite were made following authorization of the project. Also, additional design requirements for the dam including a larger inflow design flood and multilevel intakes to permit selective releases for water quality improvement were used in the designs. These studies were prepared primarily as a basis for selection of the best possible type of dam.

As a result of extensive engineering, environmental, geologic, and economic studies, the best type of structure for the Auburn damsite was determined to be the concrete double-curvature arch dam. One of the most important considerations in the decision to change to a concrete dam was the difficulty of obtaining sufficient fill material to construct the earth dam. Obtaining materials for an earth embankment would have entailed stripping 4 to 7 square miles of land being developed for suburban living and small acreage developments near the town of Auburn without a practical economical means for restoration. Aggregate for a concrete dam would be readily available within the reservoir area and construction roads would also be confined to this area. This area would eventually be inundated by the reservoir.

An additional strong point favoring the concrete dam over the earth dam was more effective power regulation because of shorter penstocks. A shorter column of water in the penstocks can be accelerated faster resulting in more effective power system regulation and control which permits the large generators to respond quickly to the changing energy demands of the power system. This is especially important for a "peaking plant" that usually operates only during the heavy demand periods of the day. A secondary advantage of shorter penstocks is less friction loss, which increases the overall efficiency of the generating units.

Post authorization studies indicated that the ultimate size of the powerplant with the concrete dam should be much larger than indicated in the original analysis utilizing the earth dam. This led to the decision to install two 150-megawatt (MW) units initially with provisions for the future installation of three additional units for an ultimate capacity of 750 MW. The original studies indicated an initial capacity of about 240 MW and an ultimate capacity of 400 MW.

Another factor was the shorter overall construction time for the concrete dam and power facilities over the earth dam and power facilities allowing the probability of earlier power generation, for which an immediate demand exists. At the present time, consideration is being given to seeking congressional authorization for installation of the three additional 150-MW units.

The comparative studies made in 1967 showed the estimated costs for the concrete arch dam to be slightly less than for the earth dam. The four alternatives studied were:

1. Earth dam with surface powerplant.

2. Earth dam with underground powerplant and surge chamber.

3. Earth dam with underground powerplant and surge tunnel.

4. Concrete dam with surface powerplant.

The 1967 comparative costs are attached and have been indexed to reflect April 1976 prices. They are not total project costs and include only sufficient project facilities to make a comparison of dam and powerplant alternatives. No attempt was made in the studies to determine the costs associated with restoration of borrow areas for the earth dam alternatives or costs to achieve parity among the alternatives relative to power regulation. It was recognized that these additional costs, necessitated by the earth dam alternatives, were multimillion dollar expenditures which would further enhance the selection of the concrete dam as the proper concept.

Sincerely yours,
G. G. STAMM,
Commissioner.

U.S. SENATE,
Washington, D.C., June 4, 1976.
Hon. JOHN C. STENNIS,
Chairman, Subcommittee on Public Works, Committee on Appropriations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is to supplement the testimony I presented to the Appropriations Committee regarding funding for the construction of Auburn Dam in California.

As you undoubtedly know, since the Committee's April 1 hearing on California public works projects, the Bureau of Reclamation has agreed to conduct additional studies on the design of Auburn Dam and its ability to withstand an earthquake and to submit the findings to an independent board of consultants.

It is possible that the outcome of these new safety studies will be a recommendation for design modifications of sufficient magnitude to make the award of the main dam contract in fiscal year 1977 impossible. I, therefore, suggest that the Committee consider including appropriate report language clarifying that any appropriations for Auburn's main dam contract in FY 1977 be contingent upon the complete resolution of the earthquake safety issues.

I wish to reiterate my basic support for Auburn Dam and my desire to see an early resolution of the critical safety questions that have been raised. However, until the public safety is fully assured, I believe it would be improper to go forward with the funding for the main dam construction.

Your consideration of this matter will be deeply appreciated.

Sincerely,

ALAN CRANSTON.

[From the Sacramento Bee, June 13, 1976]

REPEATED WARNINGS SHUNNED—AUBURN DAM COULD CRACK

(By George L. Baker)

WASHINGTON.—Auburn Dam would be unsafe and could crack and fail under a strong earthquake, a retired Bureau of Reclamation engineer has told bureau officials for several years, The Bee has learned.

Dr. George C. Rouse of Denver who helped design dams, has raised complaints within the bureau for many years about the proposed huge dam on the American River, contending "it does not meet the usual bureau specifications for a well-designed dam."

Documents made available to The Bee document a long-standing correspondence between Rouse and the bureau.

His former boss, Harold G. Arthur, the bureau's director of design in Denver, conceded that if built to the bureau's current design the dam could crack. But he said it would not fail.

In a telephone interview, Arthur said a bureau analysis shows that "under a maximum earthquake, we have the dam cracking."

He contended, however, that cracking would occur only under the most severe conditions and that the bureau would have time to repair the structure before another quake of equal or greater magnitude occurred.

"If you had this maximum earthquake, we would have time to fix it," he said.

"To design a dam not to crack would be very uneconomical. The odds against a maximum earthquake happening are high. It is important that the dam be safe, but that doesn't mean it can't be damaged," Arthur commented.

"It's acceptable engineering design," he continued. "The risk is only to the structure."

But in letters to Arthur two years ago, Rouse raised numerous questions about the safety and public reaction to a dam with cracks in it.

(The Los Angeles Times reported this week that the project engineer for the ill-fated Teton Dam in Idaho reported to his superiors that cavelike cracks, some large enough for a man to walk through, had been found in a natural rock abutment intended to help contain the reservoir's 80 billion gallons of water.

(When the fissures were reported, the Bureau of Reclamation "did not consider halting construction," the Times quoted Gilbert Stamm, commissioner of the bureau, as saying. Instead, an attempt was made to fill the cavities.

(The fissures were found on the right side of the dam, the section that collapsed last Saturday, killing nine persons, leaving scores missing and causing about $1 billion in damage.)

According to a Bureau of Reclamation report, earthquake-caused cracks in the Auburn Dam would be less than .01 of an inch wide. But that assumes there is only one maximum earthquake during the life of the dam and there are no assurances this will be the case, Rouse wrote.

"Following a strong earthquake, engineers will inspect Auburn Dam for damage. If they find extensive cracking and leaks on the downstream face and in the gallery system, they will have to decide on the spot whether the dam is safe or unsafe," Rouse said in a July 1, 1974, letter.

"If the engineers judge the dam to be unsafe, then an evacuation order would be issued," for residents in Sacramento, he said.

"In the event that Auburn Dam is cracked during an earthquake will engineers from the bureau's Denver design office be able to reach the dam in time to participate in the initial discussions on the safety of the structure?" Rouse asked.

In that same letter, Rouse raised the possibility that bureau engineers were under great pressure to justify the unique design of the dam.

"Working under pressure to devise some way to justify the present design, engineers are attempting now to prove by mathematical 'gymnastics' that the cracked dam is stable," Rouse wrote.

In an earlier letter, Rouse pointed out that the design of earthquake-safety factors had been "controversial" within the bureau and suggested an outside review board look at the dam's design.

This is being done now, after engineers in California also questioned the dam's safety. The Association of Engineering Geologists said in April the dam should be designed with a "higher factor for earthquake safety."

Since then, the bureau has named a consulting engineering firm to investigate seismic activity in the Auburn area and is putting together an independent board of review to oversee the firm's findings.

According to the geologists' association, failure of the dam would send its 2.3 million acre-foot reservoir down the American River in a 100-foot wall of water, topping the Folsom and Natomas Dams and flooding Sacramento.

A report obtained by the Bee a week ago, written by the Seismic Hazards Committee of the Association of Engineering Geologists, contends that there are three faults in the general area where shaking greater than the dam was designed to withstand could occur.

They include what the report termed a "presently unknown Sierra Nevada foothills fault like that which caused the Oroville earthquake of Aug. 1, 1975."

Another fault is said to be 60 to 70 miles northeast of Auburn, and the third is 80 to 90 miles southeast of Auburn, according to the report.

Although the faults in the Auburn area have not shown movement for what the dam's project engineer Donald Alexander calls a "long, geological time," AEG report, signed by Oakland geologist Gordon B. Oakeshott, says that the lesson of the Oroville earthquake is: "Earthquakes equal to, or greater than, the design earthquake for the Auburn Dam can originate in the Sierra foothills region."

Rouse's complaints, which date back many years, were brushed aside by bureau officials.

In a letter last year to Ron Robie, director of the California Department of Water Resources (DWR), Bureau Commissioner Gilbert G. Stamm concluded "our design of Auburn Dam is entirely appropriate for a safe structure."

Rouse, who is a structural engineer, could not be reached for comment.

The proposed dam is the largest of its kind in the world, a thin, double-curvature arch dam. It would be 685 feet high and 4,150 feet wide at the crest. Other dams in California are earth-fill dams or concrete gravity spill.

Cantilever arches at the top of the dam would support much of its weight.

In an analysis of the dam, given to the bureau last year, Rouse wrote, "Auburn Dam as presently designed does not meet the usual bureau specifications for a well-designed dam; that is, it is not strong enough to carry the applied loads with stresses."

In canyon areas as wide as that at Auburn other types of dams are usually built, Rouse stressed. "There is practically no available information on the responses of arch dams to earthquake(s)," he said.

Rouse apparently confined his criticism within the bureau until last July when he raised the safety issue with John R. Teerink, former director of the State Department of Water Resources.

"The results of my investigations indicate that a thin double-curvature arch dam is not a suitable structure for the site when earthquake loadings are considered, and that the cracked dam could fail," he said.

In 1973, Rouse presented a paper on "An Arch Dam Design Method for Seismic Loadings" to the World Conference on Earthquake Engineering in Rome.

Documents obtained by The Bee, show that the bureau's concern for the dam was heightened after the Aug. 1 earthquake last year near Oroville Dam.

Several times, officials of the DWR and bureau officials met to discuss the dam's design.

A memorandum written March 23 of this year by acting State Geologist Thomas E. Gay Jr., indicated state officials were concerned about a number of things, including the bureau's willingness to have open discussions, and whether safety factors reached by the "consultant satisfy state geotechnical experts."

Moreover, Gay raised the question of "How much the (bureau's) inflexible schedule to get contracts and work going by January 1977 will force the consultant into a hasty investigation?

A memo written the next day by Gorden W. Dukleth, director of dam safety in the DWR noted. "It is the bureau's intention to hold to the original schedule, which provides for advertising for dam construction in January, 1977."

In response, Arthur said the bureau would like to let the main contract for the dam in January but that nothing will happen until all the safety questions are answered.

Noting the failure of the Teton Dam in Idaho last week, Arthur said, "After that we're not going to push ahead recklessly to get something started. If we had another accident I'm afraid we would lose all credibility.

[From the San Francisco Chronicle, June 8, 1976]

A WARNING FROM THE IDAHO DAM

Collapse of the newly-constructed Teton Dam in eastern Idaho evokes immediate concern for those caught in the consequences of this considerable tragedy. It also arises the question of what caused a comparatively new structure such as this to break. And for Californians particularly, it serves to underscore the tremendous care that must be taken in planning and putting up these great water barriers.

The importance of this caution has been compounded by a recent report from the Association of Engineering Geologists, an international organization of over 2500 professional geologists, on the construction of Auburn Dam, a 685-foot-high concrete arch dam on the American river expected to impound 2.3 million acre-feet of water at a height about 1100 feet above the city of Sacramento.

Professional opinion on the design of Auburn Dam is divided along a number of lines, the report notes, but one school holds the dam as presently shaped will not be able to resist even a single mild earthquake shock and will crack. Failure of this dam would send a 100-foot wall of water down the river, topping the Folsom and Natomas dams and crossing metropolitan Sacramento.

The geologists' concern with the adequacy of the earthquake safety factor in Auburn Dam must be heeded. It's important to remember, too, that only last August Oroville Dam was struck by a sizable temblor that rolled through Butte county. The mammoth earthen walls of Oroville held during the unexpected shaking. California dams have just got to be built with such an event in mind.

Thanks to some prodding from U.S. Senator Alan Cranston, the Bureau of Reclamation has pledged an independent study of possible earthquake danger to the proposed Auburn Dam. As Senator Cranston says, the dam "will be built—and with my support"—but he wants the bureau to show greater concern so that what happened in Idaho can't happen here.

[From the Sacramento Bee, June 8, 1976]

GUARDING AGAINST QUAKES . . .

There should be absolutely no question now of the necessity for the government to undertake the most serious review of the design for Auburn Dam to make certain it can withstand a major earthquake.

If any further testimony was needed, it was supplied by the sudden collapse of Teton Dam in Idaho. An earthquake was not involved there. Human error was. It should have been avoided.

Fears about Auburn Dam were first publicized several months ago after a fairly heavy quake jarred the vicinity of Oroville Dam. As a result, the U.S. Bureau of Reclamation hired an independent consulting firm to evaluate seismic and geological data to determine whether to modify the present design.

The alarm was raised principally by Don Rose, a Palo Alto civil engineer, who said the bureau's own analysis in May of 1974 predicted the dam would crack in many places after less than three seconds of shaking. Later, he warned failure of Auburn Dam, with a planned capacity of 2.4 million acre-feet, could result in a wall of water 100 feet high rushing toward Sacramento. On a smaller scale, the wall of water nightmare became a reality in the Upper Snake River Valley. Teton Dam, filled for the first time, held only 315,000 acre-feet of water.

Concerns over Auburn's safety have now been amplified by a report by the Association of Engineering Geologists. It called the earthquake safety factor far too low and urged additional studies before construction is allowed. As yet, only work on the foundation of the 685-foot high concrete dam has started.

The Bureau of Reclamation has acted responsibly in promptly seeking expert opinion from outside its own ranks to determine what, if anything, needs to be done at Auburn and how best to proceed. There can be no such thing as too much caution to ensure the structural integrity of the dam and the security of thousands of people living in the wide area below its site.

. . . AND HOW TO COPE WITH THEM

Sen. Alan Cranston can take a bow for his persistence. After trying for four years, he has won Senate passage of a bill to step up efforts to develop an early warning system for earthquakes.

Relatively little is being spent now on research in this field. The California senator's bill directs $150 million toward studies over the next three years to perfect scientific know-how in predicting the time, place and magnitude of earthquakes.

The legislation calls for research as well into the feasibility of modifying, perhaps even controlling, major quakes. Another goal is to improve earthquake-resistant design and construction of dams, bridges, homes and high-rise buildings.

The recent devastating earthquakes in Guatemala, Italy, and the Soviet Union brought home the need to do everything possible to avoid unnecessary loss of life when such disaster strikes.

Cranston's bill has been promised an early hearing by a House subcommittee. Its approval will contribute importantly to man's knowledge of how to cope with the dangers and consequences of earthquakes.

Mr. MOSS. Mr. President, in a relatively dry State like Utah, water resources are enormously important. Even before the increased current demand for the water needed to develop Utah's vast energy resources, water planning and allocation was a vital ingredient of our long-term economic strategy.

BUREAU OF RECLAMATION

The central Utah project being developed by the Bureau of Reclamation is a massive and complex system for diverting and redistributing water to areas in the State of Utah where it is most needed. The project was authorized 20 years ago and is still being constructed.

Development has been disastrously slow. The project has suffered from chronic underfunding. It has been further delayed by often unrealistic environmnetal demands. Funding is still required to allow the project to catch up on the construction time which was lost on the Bonneville unit while the preparation of the environmental impact statement was being completed, and while several court challenges by environmental groups were being resolved.

Further delay can only add to the ultimate cost of this project. The entire project must move ahead at a faster rate if Utah is to avoid serious long-range water shortages and if financial difficulties are to be overcome.

A potential crisis in municipal water supply has been steadily increasing in the Uintah Basin, Utah Valley, and Salt Lake Valley. Communities in the Uintah Basin, a major source of new energy supplies for the Nation, have already exceeded the capabilities to meet their needs. A large number of people have moved into the basin to assist in the development of oil, gas, oil shale, and tar sands. Even greater increases in population lie ahead, as development of the Altamount-Bluebell oil field continues and as construction commences on prototype oil shale plants outside Vernal.

In Salt Lake Valley, if more water is not made available there, a dry year of below average water supply—and such years are not rare in the West—could turn off the water in many Salt Lake Valley homes. Even without a dry year, Salt Lake Valley could run out of water within 3 or 4 years. Therefore, I am not being over-dramatic when I stress the present importance of these projects.

BONNEVILLE UNIT

Of the four authorized units of the Central Utah project, the Bonneville unit is the largest and probably the most important. It is presently 18 percent complete.

The administration has requested $20,300,000 for fiscal year 1977 for the Bonneville unit. I had hoped to see a substantial acceleration in the pace of funding. Personnel and construction capability presently exists for $800,000 in additional expenditures for fiscal 1977. This $800,000 would be spent as follows:

Provo Reservoir Canal rehabilitation	$300,000
Alpine Aqueduct	500,000

Given the size of the project and the past history of delay, this additional expenditure should be appropriated. Certainly, no lower level of funding should be considered inasmuch as the funding levels of the last few years have all been fairly low. The requested amount represents an absolute minimum of expenditure if the project is to be built in time to fulfill its intended purposes. Certainly a $450 million project like the CUP, so crucially important to fully half of Utah residents, justified expenditures at least equal to last year's fiscal request.

UINTAH BASIN UNITS

The Uintah Basin of northeast Utah is the site of one of the largest onshore oil discoveries in recent years. The Altamont-Bluebell field is estimated to contain a billion barrels of recoverable reserves.

The Uintah Basin also contains several billion barrels of oil locked in tar sands, and in addition, literally hundreds of billions of barrels of shale oil. Technology to produce usable fuels from both of these sources is developing in the basin, and these developments, together with the oil field, are bringing large numbers of people to what has been heretofore a sparsely settled region. This process has put severe strain on every community's water supplies, and the crunch is worsening. New water sources must be developed or the rich energy promise of this region will ultimately go unfulfilled.

The only water plan which will solve this shortage, involves the construction of the reservoirs in the Jensen, Upalco, and Uintah units of the Central Utah project. Construction must start as quickly as possible on these units.

The Jensen unit will provide supplemental irrigation water to 3,640 acres of land and 18,000 acre feet of municipal and industrial water from Tyzack Dam. The administration has requested $6,300,000 for fiscal 1977. This amount is adequate.

The Upalco and Uintah units require crucial preliminary work in order that construction can begin in fiscal 1978. This preliminary work has been delayed much too long, and so I am happy to see that the administration's requests call for expenditures of $800,000 for Upalco and $860,000 for Uintah in fiscal 1977. These funds will allow the studies necessary to the projects to begin without further cost-increasing delay.

The administration has also requested $653,000 for feasibility investigation during fiscal 1977 of the Ute Indian unit. The Ute Indian Tribe has supported the construction of the CUP, partly on the promise of access to supplemental water for Indian lands. The tribe has rights to water from the Upalco and Uintah units and a delay of any of these projects would postpone the benefits to which the tribe is legally and morally entitled.

Final appropriation requests for the CUP include the $560,000 necessary to complete drainage necessary for the Vernal unit, and $140,000 for the drainage program of the Emery unit. With these two requests, the Vernal unit will be complete and the Emery unit will be ready for completion next year.

The administration has also requested $1,921,000 for the recreational and fish and wildlife activities of the project. This amount is in line with past requests.

COLORADO RIVER SALINITY

I support the request of the administration for additional funds for salinity control of the Colorado River. Controlling salinity levels of the river is one of our most urgent problems. It takes many years from the time of the original investigations to the time when actual salt reduction can occur. If considerable funding is not immediately approved, the return flows of irrigation, municipal, industrial, and additional consumptive uses of water, will concentrate such quantities of salt in the river that our future task will be even more difficult. We cannot afford to delay. I urge the committee to approve the administration's request.

SMALL RECLAMATION PROJECTS—LOAN PROGRAM

ROY WATER CONSERVANCY SUBDISTRICT

Under the Small Reclamation Projects Act, loans and/or grants can be made to non-Federal organizations for construction or rehabilitation and betterment of small water resource projects. Roy Water Conservancy Subdistrict has construction underway on a pressurized irrigation system. Construction costs have risen from what they were in 1969 when the project was approved and now a supplemental loan will be required from the Bureau of Reclamation to cover these increased construction costs. This will increase the total loan obligation from $4.8 million to approximately $7.8 million. No increase in scope or purpose of the project has been made. The increased costs are due solely to construction inflations.

This project has been given top priority by the Bureau of Reclamation. Approximately two-thirds of the project is already under construction, and plans for the remaining portions are ready for bidding. All phases of the project will be under construction within 2 months if funds are made available. However, the initial loan will be fully expended by August of 1976. That is why the supplemental loan is needed now.

It is extremely important to the area that delivery of water through the system begin with the start of the irrigation year in April of 1977. Another year's delay will add further inflationary costs, some $287,000—with 5 percent inflation—at present interest costs and operating expenses.

I urge the committee to grant this supplemental loan request.

WASTEWATER TREATMENT PROGRAM

The Utah wastewater treatment program has 72 projects on its list. Only the residue of fiscal 1976 funds is currently available. The administration has asked Congress not to appropriate additional funds for the program in fiscal 1977. The House, however, has already passed a bill which would include $22.5 million for the Utah projects in fiscal 1977.

I urge the Senate to fully fund the wastewater treatment program.

Mr. McINTYRE. Mr. President, I would like to call my colleagues attention to a small but significant part of this bill. The sum of $20,000 is included in this year's public works appropriations bill to allow the Army Corps of Engineers Coastal Development Branch to act on an April 1970 resolution of the Public Works Committee. That resolution called for a review of Portsmouth Harbor and Piscataqua River at Portsmouth Harbor, New Hampshire and Maine, in order to learn whether any modifications of the existing project were advisable.

Mr. President, we Granite Staters are proud of the fact that during the last 10 years the waterborne commerce on the Piscataqua River and Portsmouth Harbor has grown steadily. In that period, the transport of refined petroleum products and bulk items, limestone and salt, for instance, has increased from 1½ to 2½ million tons. And all indications point to continuation of this increase in the use of the waterway.

What is especially germane, however, is the fact that the size of the vessels using the waterway has increased apace with the commerce. Modern vessels are longer and deeper tan those of another era and, therefore, need much more room in which to navigate. This, in turn, points up the increased risk of damage to wharves and bridges, grounding of vessels on ledge rock, and collision between vessels, and the understandable concern is heightened by the fact that a large proprotion of the material carried on the waterway is refined petroleum products. The subsequent danger of oil spills, fire, and resulting personal injury or loss of life, and damage to property makes preventive action all the more imperative for it is certainly more responsible and prudent to deal with these problems before they occur.

Local interests and persons who know and use the waterway have identified at least three high priority areas in which the waterway could be improved and made safer. The appropriation of $20,000 this year will enable the Army Corps of Engineers Coastal Development Branch to hold a public hearing where these concerned and knowledgeable parties will be able to detail the specific improvements they believe are necessary. The corps will then conduct a preliminary study to weigh the projected costs against the projected benefits and issue a recommendation.

This is just the beginning of a long-range plan to improve the quality and safety of waterborne commerce on this waterway. Mr. President, but it represents an outstanding example of cooperation between government and citizens at every level.

Local groups have worked closely with both the Congress and the Army Corps of Engineers. Within the Senate, the Public Works Committee and the Appropriations Committee have cooperated closely with me to make these funds available. And I would like to take this opportunity to express my appreciation to my distinguished colleague from West Virginia, the chairman of the Public Works Committee; to the senior Senator from Arkansas, the chairman of the Appropriations Committee; and to my esteemed colleague, from Missisippi, the chairman of the Appropriations Subcommittee on Public Works, for their understanding of the situation in New Hampshire and their willingness to help.

The Office of the Chief, Coastal Development Branch of the Northeast Division of the Army Corps of Engineers, competently and efficiently led by Mr. Oscar Arpin, also deserves special commendation for its close work with local New Hampshire interests, and for information I was able to use in persuading the Appropriations Committee to vote for these funds.

Most of all, however, this money represents the triumph of the persistent and constructive efforts of interested parties at the local level—both government officials and private citizens.

Out of concern for the safety and future productivity of this waterway, members of the Portsmouth Propeller Club organized an ad hoc committee named the Portsmouth Harbor-Piscataqua River Safety Improvement Committee.

Frank Chadwick, vice president of the Atlantic Terminal Corp., serves as chairman of the committee, and members are: George Gilman, commissioner of the New Hampshire Department of Resources and Economic Development; Melvin Clark, of the New Hampshire Port Authority; Edward Mossman, of the Kittery Port Authority; Malcolm Chase, of the New Hampshire Oceanographic Foundation; Richard Holt, chief pilot of Portsmouth Harbor; A. Dickson Smith, of the Portsmouth Propeller Club; and David Mahoney, of Granite State Minerals.

This committee worked very hard with the Army Corps of Engineers and myself to obtain the funding needed to study the harbor's needs for safety improvement.

I commend this group for their efforts in seeing that improvements are made before accidents occur, rather than, as Commissioner Gilman said, "getting into a crash program of harbor improvements after an accident."

Mr. DOLE. Mr. President, the public works appropriation bill for fiscal year 1977 has reached the Senate floor for consideration, and I would like to make a few observations about this legislation. The bill, H.R. 14236, has already passed the House of Representatives. The Senate Appropriations Committee has generally recommended identical amounts for the projects underway in Kansas, and in most cases these amounts appear adequate for maintaining the momentum of flood control and water supply in our State.

The conservation of land and water resources in the State of Kansas, and the implementation of flood control measures, have long been matters of primary importance to the people of my State. With the encouragement and assistance of the Federal Government, we have seen tremendous accomplishments in these areas in the past. We look forward to continued cooperation, and to further resource improvement in years ahead.

Earlier this year, requests were made before the Senate Appropriations Committee for adequate funding to enable the Army Corps of Engineers and the Bureau of Reclamation to begin or to continue several resource projects throughout the State of Kansas. Variable extremes of weather conditions make adequate preparation necessary to both the lives and livelihoods of our residents. As testimony by local residents indicated last spring, seasonal flooding in many areas of Kansas make it particularly important to proceed with levee and channel improvements at an uninterrupted pace. The well-considered plans for flood control prepared by these communities in conjunction with the Corps of Engineers must achieve realization if dramatic losses in life and property are to be avoided in the future.

At the same time, efforts should continue toward insuring the adequate supply of water for both private and industrial use. Significant strides have already been made in the planning and construction of State reservoirs and irrigation units in Kansas. In an area which experiences severe droughts and heavy usage of natural water resources, such projects have proven themselves to be of immeasurable aid at present and valuable insurance for the future. Similarly, those projects designed to implement road improvements, river navigation, and protection against streambank erosion will reflect the wisdom of the investment both now and in the years to come.

The importance of all these public works projects to the economic and the civic growth of Kansas communities needs little further comment. As inducements to greater employment opportunity, and as attractions for business and families, these projects are, without question, good investments for local dollars. As a means for reducing a portion of the national unemployment situation, and of preserving our precious natural resources, the Kansas projects are sound capital investments for Federal dollars as well. Implementation of the flood control programs, furthermore, promises to save the Government millions of dollars in disaster relief funds in the future.

GYPSUM FLOOD CONTROL

I am especially pleased to see that the Senate Appropriations Committee has recommended $13 million for the section 205 flood control program for the next fiscal year. This is $3 million more than had been included in the House appropriations bill. The administration's budget had included no request for the program. However, the importance of this program for small flood control projects cannot be overstated. It has proved its value in the past and should be maintained for the future.

We have a particularly distressing situation in Gypsum, Kans., where the people have worked for 25 years to obtain a flood control project under the section 205 program. Initial studies are complete, and the project narrowly missed funding during fiscal year 1976. In fact, I understand that the Corps of Engineers may be able to provide some money to initiate construction in Gypsum from the 1976 supplemental appropriations, if necessary right-of-way acquisition is completed. But additional funding would be needed for fiscal year 1977 to complete the project.

There is no earmarking for specific projects in this appropriation of section 205 funding. The decision for allocation of available funds rests with the corps itself. But I want to make it clear at this time that I have strongly supported the inclusion of section 205 funds in this appropriations bill with the expectation that the corps will at last provide necessary funding for Gypsum, and with the intention to follow through during the next several months in urging that the corps cooperate in this manner. The Corps of Engineers has, itself, admitted the need for the project in Gypsum, and its relative priority among competing applications. This should be the year, then, for making the Gypsum flood control project a reality.

OTHER PROJECTS

The Senate Appropriations Committee has recommended an equal or greater amount of funding for construction and planning of nearly all Kansas projects for which the corps had indicated a capability. Although not every single reservoir project desired by myself and by residents of the State could be included in this year's appropriations bill, it nevertheless is a very favorable piece of legislation for Kansas.

The committee, after weighing various factors, has not included money for Fort Scott, Grove, or Towanda Reservoirs. I had expressed my support for all three of these projects during committee hearings earlier this year, with the knowledge that a low benefit-cost ratio threatened funding for Fort Scott, and that budgetary considerations could threaten "new starts" on reservoir projects. There is still a possibility that the conference committee may approve money for Grove and Towanda. I plan to contact the conferees to urge that approval, as I do feel that both of these reservoir projects would prove to be valuable water resource aids for Kansas.

Mr. President, I appreciate the many efforts of those Kansans who have worked hard to advance these and other projects. Many traveled to Washington to present testimony, and the fruits of their efforts are apparent in the appropriations bill we have before us today—especially with respect to El Dorado Lake, Hillsdale Lake, and Big Hill Lake. I hope the Senate will give prompt and favorable support to passage of H.R. 14236 so that these projects can reach fruition.

Mr. NELSON. Mr. President, H.R. 14236, the public works fiscal year 1977 appropriations bill, is pending before the Senate this morning. I would like to ask the distinguished chairman of the Public Works Appropriations Subcommittee (Mr. STENNIS) a few questions.

It is my understanding that the committee has provided $1 million in general construction funds for the La Farge Lake and channel improvement project located on the Kickapoo River in southwestern Wisconsin. Is that correct?

Mr. STENNIS. The Senator from Wisconsin is correct.

Mr. NELSON. It is my understanding that these funds may only be used by the corps after the current controversy is resolved. Is my understanding correct?

Mr. STENNIS. The Senator is correct.

Mr. NELSON. In other words, this $1 million is being appropriated into a contingency fund that may only be used after a final decision is made on the future of this project. Is this understanding correct?

Mr. STENNIS. The Senator from Wisconsin is correct.

Mr. NELSON. I want to thank the distinguished chairman for his time and cooperation in this most important project.

Mr. McCLURE. Mr. President, our colleague from New York, Senator BUCKLEY, was recently admitted to Bethesda Naval Hospital and, therefore, cannot be present for today's debate. He has a particular interest in this bill. I ask unanimous consent to submit on his behalf certain remarks for the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT OF SENATOR BUCKLEY

I wish to state my support for H.R. 14236, the 1977 Public Works Appropriations bill.

In particular, I would like to point out two provisions that are included in this legislation as a result of amendments I sponsored in Committee, provisions that will serve to benefit greatly the people of New York and the nation.

The first of these changes involves $60,000 to initiate engineering on the project on the Saw Mill River at Elmsford and Greenburgh, N.Y. If the House accepts this amendment in conference, it will initiate work in the upcoming fiscal year on a local flood protection project that has just won Congressional authorization.

The second involves funding for a project on Scajaquada Creek in the Town of Cheektowaga in Erie County, New York. An appropriation of $400,000 to initiate construction on this urban flood control project was included in the House's bill at the request of Congressman Jack Kemp. The Senate Appropriation Committee agreed to my request to retain this provision in the Senate version, thus assuring its approval by the conference committee.

In addition, there are a number of other increases that were agreed upon that will bring spending more closely to the capability of the Corps.

The bill raises funds for the New York Harbor Collection and Removal of Drift project to $2,500,000, up from $790,000 in the Budget. This is an important project because it will eliminate the sources of debris that often clogs the navigational channels in the harbor and must be removed at great expense from the maintenance budget each year. This project also will lead to a great improvement in the urban environment, improvement that I hope to extend through adoption eventually of a national program under the direction of the Corps of Engineers.

Possibly most important of all are the increases in spending on two dam projects in Pennsylvania, but which control flows into the State of New York in the area of Corning and Elmira. Funding on the Cowanesque Dam is increased to $15,000,000, up from $12,600,000, while the recommendation on the Tioga-Hammond Dam project to $40,000,000, compared with $35,500,000, in the Budget. I am particularly pleased by these increases, because I believe there are no more important on-going flood control projects in the nation.

They are so important that we are moving toward passage of an increase in the river basin monetary authorization in advance of the normal pattern of inclusion in the Omnibus Rivers and Harbors Bill. This urgency is needed because of the need to move quickly on the Cowanesque and Tioga-Hammond projects which aim to prevent a recurrence of the devastating floods caused by Hurricane Agnes in 1972 which destroyed much property along the Southern Tier of New York.

In conclusion, I wish to express my support for this bill, which is within the Budget resolution. I want to say a particular word of thanks to my colleagues in the Senate and on the Committee on Appropriations.

My particular appreciation goes to the distinguished chairman of the subcommittee (Mr. Stennis) and to the ranking Republican on the Committee (Mr. Hatfield) for their consideration and support for these projects.

Mr. BURDICK. Mr. President, I wish to commend the members of the Senate Appropriations Committee for their work in the fiscal year 1977 budget for water and power development and energy research. I am particularly pleased that Senator STENNIS' subcommittee recommended and the full committee approved several items of importance for my own State of North Dakota.

Particularly, the appropriation of $23.5 million for continued construction of the Garrison Diversion Unit shows an awareness and support for a continued strong Federal role in the delivery of water for municipal and agricultural purposes. The commitment to the Garrison Diversion project in North Dakota is, I believe, both a boon to my State and an investment for this country.

Also, I am pleased to note that the committee has appropriated $930,000 for continued planning of the Burlington project to provide flood control to Minot and other parts of North Dakota lying along the oft-flooded Souris River. This figure represents the full capability of the corps and should speed up the beginning of construction of a flood control project. I am also glad that the committee has expressed itself so directly on the need for fast completion of the project.

Also, of special interest to the water-short city of Dickinson, the bill provides $100,000 for final planning of the municipal water supply improvement project and $30,000 for a feasibility investigation of long-term water supply alternatives.

Too, the committee endorsed the continuation of the corps' small flood control project authority. This program is of real use in rural areas where flood control projects are often small, and I am glad that the committee did not let funding lapse, as was recommended by the administration.

Finally, the committee made funds available for a continuation of the study of the Kindred Lake project. There is some concern in North Dakota for the efficacy of this project. The corps study to enter its second year should answer a lot of the questions that are now being raised concerning it.

Mr. HUMPHREY. Mr. President, this appropriations bill contains $262 million for solar energy for fiscal year 1977. The committee, and especially its chairman, Senator McCLELLAN, is to be congratulated for providing a level of funding appropriate for an aggressive solar program. The administration requested only $160 million. The committee has clearly imposed its own priorities on the administration.

Among other things, the bill contains close to $46 million for heating and cooling demonstration projects using solar energy—about $30 million is for nonresidential buildings.

Mr. President, I am concerned that ERDA, in establishing these nonresidential projects, must follow the priorities established for such demonstrations in the Solar Heating and Cooling Demonstration Act of 1974 (88 stat. 1069).

Specifically, I am concerned that ERDA must fund a greater proportion of projects which involve cost sharing with State and local governments. The act establishes such projects as priority ones in section 15.

Mr. McCLELLAN. I am very familiar with the Solar Demonstration Act, and particularly section 15 which establishes the priorities and criteria Congress intended that ERDA use in evaluating and undertaking solar heating and cooling projects. I am especially impressed by the affirmation of congressional intent that solar heating and cooling demonstration projects should be developed at a variety of locations, under different climatic conditions, and that priorities should be given to projects which involve local cost sharing with the Federal Government. These are priorities which should be applicable to ERDA's total energy program.

Mr. HUMPHREY. This past spring, ERDA funded 34 solar heating and cooling demonstration projects for nonresidential buildings. Yet, despite this congressional intent, only 14—less than one-half—were on a cost-sharing basis with State or local governments. That is not good enough.

It was, and is now, congressional intent that demonstration projects using public and commercial buildings on a cost-sharing basis with State and local governments be given priority over commercial and private demonstration projects.

An excellent example, in fact, of the type of project envisioned for these cost-sharing demonstrations involving local or State government is one being proposed by Mankato, Minn., involving an enclosed, solar heated and cooled mall.

The city has put up $1.5 million, and is requesting some $383,000 on a cost-sharing basis from ERDA to install solar equipment.

Mankato has been testing its proposed system since January on a reduced scale. These are indications that by utilizing heat from a sewer intercept, they will be able to rely 100 percent on the solar system for heat.

This summer, they are using the same system to cool the test building. In fact, it appears that Mankato's proposed system will be 100-percent efficient year round—supplying all the energy to heat and cool the mall. It is a remarkable and innovative proposal.

Mr. McCLELLAN. I am not as familiar with this project in Mankato as I would like. It is clear to me, however, that as a cost-sharing project, it is of the type which Congress intended to receive priority attention by ERDA. I have been working with public officials in my State to complete the architectural design of a new community college in Mississippi County, Ark., with a total solar heating and cooling system.

As a public educational institution in a cost-sharing partnership with the Federal Government, it represents a similar opportunity for ERDA to comply with the intent of Congress while undertaking solar heating and cooling projects.

Mr. HUMPHREY. I agree. ERDA should not be funding solar heating and cooling projects for commercial or private interests when similar cost-sharing proposals like Mankato's, involving public entities, go unfunded.

I hope as a result of the increases provided for solar energy in this year's budget, that ERDA will follow congressional intent more closely—and fund a greater proportion of demonstration projects, like the one in Mankato, which involve cost sharing by a State or local government.

I again want to congratulate Senator McCLELLAN and his committee for aggressively funding solar energy. They have taken a big step which will greatly accelerate the time when we will have limitless energy, cheaply available from the Sun.

Let me review now in more detail the Mankato proposal.

The city of Mankato, Minn., has developed a proposal for heating and cooling a shopping mall for the central business district. It is designed to cover an area 1⅓ blocks long and some 80 feet wide. The solar heating and cooling system will feature reflectors to direct and concentrate solar heat for collection and storage in rock-filled structural columns.

The supplemental heat source for cloudy or extremely cold days uses waste water from a sewer intercept. During the cooling season, the relatively cool waste water, plus the city water mains, will be utilized for cooling.

Because of the supplemental energy arrangement, the proposed system will climatize the mall without using any conventional energy except for lighting and air circulation. The result: an energy savings estimated at 800 barrels of oil per year.

The city has had a test building utilizing this system since January 1976. Since then, Mankato has experienced outside temperatures ranging from minus 18 degrees to 94 degrees fahrenheit. During the heating season, the test-facility maintained an average temperature in the mid-fifties even without using heat from the supplemental waste water system. Using this supplemental system now during the cooling season, the test building's temperature has not exceeded 73 degrees even on several days when it attained 92 and 94 degrees outside.

According to calculations by Mr. William Bassett, city manager, the proposed system would have saved 660 million Btu's over existing heating systems during the February–April quarter. And the city continues to collect additional data and make minor modifications in the test facility to improve maintenance performance and make the facility as energy self-sufficient as possible.

The city of Mankato has requested research and development money from ERDA of $383,000. An additional $270,000 was requested from the Environmental Protection Administration—making the total project cost about $2.15 million—70 percent being local funds.

The EPA funds were to be used for development of the sanitary sewer interceptor component of the system. It appears reasonable, however, for ERDA to fund that portion of the proposal also—which is simply designed to markedly improve the efficiency of the total system.

In sum, it appears that the city of Mankato, and especially Mr. Bassett and Mr. Paul Baker, public works director, has developed a new, innovative solar heating and cooling system. In concept, it is consistent with the priorities Congress established for solar heating and cooling demonstrations. And I hope that it and other qualified cost-sharing projects will receive the priority Congress intended for them when it passed the Solar Heating and Cooling Demonstration Act of 1974.

Mr. BROOKE. Mr. President, to my disappointment today the Senate passed an appropriation of $2.5 million for continuing studies and design work on the St. John's River dam project which we in New England know as the Dickey-Lincoln Dam. Both last year and this year I have tried unsuccessfully to persuade my colleagues in the Appropriations Committee that this project will not deliver all the energy we are promised by its advocates. Only a tiny fraction of New Englanders will have a chance to use the expensive power that will come from this mammoth edifice, and these benefits will only be available for a few hours a day. Such vast expenditures will only be available for a few hours a day. Such vast expenditures for New England's energy future would be far better invested in alternative energy sources.

Unfortunately, few are willing to put an end to any expenditure which is labeled an "environmental study." In this case, we will have spent $5 million in 2 years, and begun the engineering work for the dam. Furthermore, when I opposed an identical expenditure last year, colleagues in both the House and Senate Appropriations Committees were of the opinion that last year's money would be the last large expenditure. Yet here we have an identical sum proposed for this year's budget.

It is my belief that if the analysts produce an honest, critical study of the project, it will be clear that the huge costs do not justify the benefits involved. And when those results are available, I look forward to addressing those basic issues. I ask unanimous consent that two articles, "Dickey-Lincoln: Large Dams, Larger Promises, and Even Larger Debts," by Stephen Whitney and Paul Swatek, and "A Reporter at Large: The Keel of Lake Dickey," by John McPhee, be reprinted in the Record following my remarks.

There being no objection, the material was ordered to be printed in the Record, as follows:

DICKEY-LINCOLN—LARGE DAMS, LARGER PROMISES, AND EVEN LARGER DEBTS

(By Stephen Whitney and Paul Swatek)

The St. John River rises in eastern Quebec, flowing into a northern corner of Maine before pushing north and then east in a 400-mile arc to the Bay of Fundy in New Brunswick. Although many miles of lower river are punctuated with small power dams, the water above the town of Dickey, Maine, is free-flowing, a powerful, virgin stretch that is easily among the longest segments of wilderness river in the eastern United States. The river runs through the heart of the most remote section of Maine's famed "North Woods." In the midst of this wild area, the U.S. Army Corps of Engineers, aided and abetted by a host of politicians panicked by the so-called "energy crisis," proposes to construct the mammoth Dickey-Lincoln Hydroelectric Project. The proposal calls for two dams—a 760-megawatt hydropower facility at the town of Dickey, Maine, and a seventy-megawatt regulating structure located eleven miles downstream at the site of the former Lincoln School.

The project is not new. The prospect of building the dams, thereby flooding 90,000 acres of the upper river valley, has loomed over the St. John for more than ten years. The Corps originally proposed the dams in the early sixties as part of a package deal, along with a tidal-power facility for Passamaquoddy Bay, nearly 200 miles southeast on the Maine coast. Ultimately, the tidal generator proved unfeasible, but the St. John River dams were then touted for their own merits, earning congressional authorization, but no funding. Thus the project was stalled until the spring of 1974, when the energy panic of that winter and the public fury at the utility industry for rising electricity prices created a golden opportunity for supporters of the Dickey-Lincoln dams to resurrect the moribund project. They dusted off the ten-year-old plans and peddled them to a receptive press and public as New England's own solution to the Arab oil boycott, an environmentally benign source of endless renewable energy. And as fate would have it, May of 1974 brought record floods on the St. John, which did substantial damage to Fort Kent, the nearest community downstream from the proposed dams. The Dickey-Lincoln Project would solve that problem too.

In June, 1974, despite energetic lobbying by a handful of environmentalists and sportsmen, and residual opposition from fiscal conservatives in Congress, an attempt to delete $800,000 in preconstruction planning funds from the Public Works Appropriation Bill failed in the House of Representatives by a close 201-185 vote. The money was endorsed by the Senate late that summer.

In 1975, the issue is jobs. Powerful Senate Budget Committee Chairman Edmund Muskie said he wanted the dam, so the Corps received another $1.46 million allotment from Congress to continue advanced engineering and planning and to develop an environmental impact statement following guidelines drafted by a private firm under contract to the Corps. The Army claims that the impact statement "will identify all significant environmental, social, and economic impacts induced by the project, and recommend methodology for measuring and evaluating these impacts." Pressure to go ahead with the project is expected from Maine senators William Hathaway and Edmund Muskie, whose concerns about the state's ailing economy have led them in this case to abandon their normally conscientious environmental positions.

The dam at Dickey would rise 340 feet above the present streambed of the St. John. Sixty-five million cubic yards of material would be used to construct an earthfill dam almost two miles wide at the top. It would be the sixth largest dam in the United States and the eleventh largest in the world, surpassing the Aswan Dam in size. The Lincoln School Dam, by comparison, would be only eighty-seven feet high and 1,290 feet long. Some of the aggregate and facing stone would be quarried from the nearby wild Deboulie Mountain region. Additional construction would be needed at five additional sites to build dikes to keep the 80,000 acre Dickey Dam lake from spilling into adjacent watersheds.

The main factor responsible for persuading Congress to proceed with the Dickey-Lincoln Project has been its appeal as a nostrum for the complaints of New England consumers, whose electricity bills have soared over the past few years because of increased fuel costs. But one thing is certain: whatever the magnitude and specific character of what is popularly known as the "energy crisis," it is not going to be met through such expedients as dams. The Dickey-Lincoln Project, for example, would not even begin to provide electricity until 1986, and then not in amounts that would significantly alter the energy picture in New England. Yet Congress seems to favor such projects if only because they give the appearance of decisive action. They are tangible, if dubious, achievements that can be shown to voters in place of more elusive long-range solutions.

The revival of the project in 1974 sparked environmentalists, canoeists, and sportsmen to form a coalition to muster support for what the United States Fish and Wildlife Service has called the Northeast's "only remaining wilderness of its type, by present-day standards." Under the name "Friends of the St. John," the Sierra Club, Appalachian Mountain Club, Maine Natural Resources Council, American Canoe Association, Trout Unlimited. The Wilderness Society, Friends of the Earth, and twenty-five other supporting groups from Maine to Rhode Island have worked to inform congressmen, senators, and citizens throughout the Northeast about the patent disadvantages of the proposed Dickey-Lincoln dams.

Supporters of the project have advanced four arguments to justify their position:

First, that New England needs the additional generating capacity that the Dickey-Lincoln dams would supply;

Second, that the project would provide jobs for the region;

Third, that the dams would control the annual spring flooding of the St. John River, thereby protecting the vulnerable floodplain community of Fort Kent; and

Fourth, that Dickey-Lincoln, as a public power project, would provide cheaper electricity than that generated by private utilities.

As rhetoric, these arguments can be persuasive in the absence of facts. Everybody wants more power for less money; everybody wants more jobs; everybody wants to be protected from floods. Those who oppose the Dickey-Lincoln Project also want these things. The point, however—and the only ponit—is that the two dams will not fulfill these functions in any significant way. There are, in fact, better and cheaper alternatives.

PROMISE OF POWER

Of the total 830 megawatts of installed capacity that would be generated from the Dickey-Lincoln dams, only 105 megawatts would go to Maine. This electricity would be sold to the state for use as intermediate (or cycling) power and it would go to Maine's preferred customers—federal installations and municipal utilities—rather than to the private utilities that serve most of the region's households. Since ninety-seven percent of the consumers in the recipient area are already served by private utilities, they would receive no electricity from the dams. Only three percent of the consumers would benefit, and as we shall see later, this benefit would be minimal.

The remaining 725 megawatts of power would be transported more than 450 miles to southern New England in order to provide supplemental electricity during greater Boston's six-hour period of daily peak use. But the Dickey-Lincoln dams would in all provide only two and a half hours of peaking power. If the generators were to operate twenty-four hours a day, the reservoir would virtually go dry within a few months. The St. John's modest flow could not possibly supply turbines for full-time generation in spite of the huge size of the proposed dams. So the project's contribution to Boston's peak-power needs is only fractional; additional generators would have to be constructed in the region to meet the remainder of the city's demand during the daily peak period. Although the total output of the Dickey-Lincoln dams would be nearly 1.1 billion kilowatt-hours per year, demand is growing at a rate that would set consumption in New England at 100 billion kilowatt-hours per year by the mid- to late-1980's. At the very most, the dams could contribute only one percent of that projected requirement.

In other words, the claim that the Dickey-Lincoln Project will in any significant way alleviate New England's energy shortage now or in the future is simply untrue. Its contribution—in Maine, in all of New England—would be marginal.

PROMISE OF JOBS

In a time of recession, make-work projects are big sellers at the legislative box office because of the many jobs they are supposed to provide. Dams, especially, have always been popular with Congress, though it has been estimated that they provide fewer jobs per dollar spent than most alternative ways to spend government money. Of course, unemployment is now high everywhere, and Maine's Aroostook County is also feeling the pinch. In response, supporters of the Dickey-Lincoln Project have represented it as one answer to high unemployement in the area. In fact, it will provide no answer at all.

First, the worst unemployment in the area occurs during the winter months, when the two main industries—logging and potato farming—must cut way back. Dickey-Lincoln will not alleviate this seasonal unemployment because dam construction will also have to virtually cease during Maine's fierce and abiding winters.

Second, since construction would not begin until 1978, the project cannot help unemployment now. A Corps of Engineers' employment scale reveals further that a significant number of jobs would not be provided until 1981. Even then, at the time of maximum employment on the proposed dams, the unemployment rate in Maine would be reduced by only one-half of one percent, and then if, and only if, the anticipated maximum of 1,800 jobs *all* went to Maine residents, an unlikely possibility judging from experience elsewhere. Many of the jobs, for example, are technical and will probably be filled from out of state. Those that aren't are more likely to be filled by nearby Canadian labor than by Mainers.

Third, there would be very few permanent jobs. Dam construction would provide jobs for only a few years, so the project offers no long-range solution to anybody's unemployment.

PROMISE OF FLOOD CONTROL

The St. John River has overflowed its banks ten times in the past thirty-five years, as it flushed out winter ice each spring, and if anything, the floods, for uncertain reasons, have grown worse. In the spring of 1974, the waters inundated the floodplain town of Fort Kent (population 4,575), the largest community in the upper St. John watershed. Naturally, flood control became a prominent issue. However, in the past when the Corps proposed to build a series of dikes to protect the city, the town fathers were never willing to appropriate Fort Kent's share of the cost. Instead, they heralded the regulatory capability of the Dickey-Lincoln Project as the savior for vulnerable floodplain communities, even though the dams would provide no more protection and would cost the public anywhere from 250 to 500 times as much. Last year's floods broke this resistance, and with conservationists' blessings construction on the dikes is scheduled to begin in 1977, and will be completed eighteen months later. By comparison, the Dickey-Lincoln dams would not begin to provide protection for another decade. The Corps' final environmental impact statement for the dike admits that Dickey-Lincoln is not a practical solution to the floods at Fort Kent because the project "could not possibly be built quickly enough to solve Fort Kent's immediate problem."

PROMISE OF CHEAP POWER

Perhaps the most politically potent argument used by supporters of the Dickey-Lincoln Project is that it would provide cheaper electricity than alternate sources. The Corps' January, 1974, analysis claimed that Dickey-Lincoln's energy would be available for twenty-seven percent less than the private alternative (2.5c per kilowatt-hour versus 3.4c per kilowatt-hour) and that this would save consumers $11.7 million annually. It also claimed a benefit-cost ratio of 2.6 to 1. Like most of the other claims made for Dickey-Lincoln, however, the economic arguments for the project fall apart under analysis.

Estimates of the total cost of the project vary according to who is making them and what assumptions they are using. The 1965 authorization estimate for the dam alone was $218.7 million and had grown to $356 million in 1974. But critics of the project refer to Dickey-Lincoln as a "billion dollar boondoggle." The actual cost is likely to be much closer to $1 billion because the Corps' estimate conveniently ignores any inflation in the price of materials or labor during the period of construction. It also factors in no profit for the construction firm that would build the dams.

When calculating annual "costs," the Corps assumed a 3.25 percent borrowing rate for the Dickey-Lincoln Project and 8.75 percent for the privately financed alternative. It counted in taxes for the alternative project but not for their publicly subsidized project. It also assumed that it could cut the $123 million additional cost of transmission lines in half, when the nearest 345 kilovolt transmission line is 150 miles away and is expected to be at capacity by the time Dickey-Lincoln power would be available.

The Corps' benefit-cost calculation completely ignores the loss of annual timber production from the 88,000 acres that would be flooded by the reservoirs. The new lakes would totally disrupt existing logging operations in the area. These have coexisted for many years with other uses and account for a large part of the activity in the local economy.

Although more than ninety-five percent of the claimed "benefits" for Dickey-Lincoln relate to its role as a power project, the Corps cannot resist claiming flood control, employment, and recreational benefits as well. How the Corps could figure that Dickey-Lincoln could produce a net recreational "benefit" is hard to believe. According to the Appalachian Mountain Club's *New England Canoeing Guide*, the upper 120 miles of the St. John have "no equal in the Eastern United States in the number and diversity of wilderness canoe trips which can be made." Replacing this unusual recreational opportunity with a large flatwater lake can hardly be termed a "benefit" in a state already blessed with some 3,000 natural lakes. Furthermore, the water level of the lake would necessarily fluctuate over the course of the seasons and there would not be time to rid the bottom of the lake of the stumps of the forest that would have to be clearcut. Fishermen who now enjoy one of the finest brook trout fisheries in the United States would have fun catching snags while trolling for lake fish.

In fact, the wildlife impacts from the immense lake would be severe. There would be a loss of 17,600 acres of deer-yard essential to the survival of white-tailed deer in northern Maine's severe winter. The Corps plans to spend $2.3 million to *move wildlife;* however, as a Massachusetts wildlife official noted, "One does not 'move' wildlife laundry fashion; there is a little matter of available room." He continued, "Perhaps this is the most telling clause in the entire proposal for it underlines the environmental illiteracy of the people who have allowed Dickey-Lincoln to progress this far.

If all the actual costs and benefits had been figured into the Corps' calculations, it is extremely doubtful that Dickey-Lincoln would even begin to justify itself economically. Accepting all of the Corps' assumption, the total consumer savings would be only $11.7 million annually—less than one percent of the $1.6 billion that one percent of the $1.6 billion that New England consumers paid for electricity in 1972. When the Corps' questionable assumptions are knocked out, this modest saving is likely to evaporate completely. There should be no misunderstanding: Dickey-Lincoln power would be expensive power in both dollar costs and environmental costs.

But the most telling economic argument against building the dams is that for the same money, alternate facilities could be built and other programs pursued that would yield greater savings on every New Englander's electricity bill, as well as other tangible benefits. The public money now allotted to the project could be applied more practicably and economically to a variety of other public projects that would be of much greater value in both the short and long term—expanding and modernizing the existing rail systems in the region, stimulating construction of waste-water treatment plants, promoting solid-waste recycling centers, and subsidizing the cost of home insulation and storm windows, to name only a few. Indeed, using Oak Ridge National Laboratory figures, it can be estimated that an investment of only $100–150 million for retrofitting homes with insulation and storm windows would produce energy savings equal to those anticipated for Dickey-Lincoln. Furthermore, this project, along with others mentioned above, would produce far more long term jobs, better pollution control, and more efficient energy use than Dickey-Lincoln.

New England's avowed energy needs can be met in an economical, innovative way by constructing solid-waste-disposal facilities such as the one scheduled to start operation outside. Boston in 1975. The Dickey-Lincoln dams would cost thirty times as much as this facility but produce only three times as much power. In other words, neither the American taxpayer nor the New England consumer are getting their money's worth at Dickey-Lincoln, and in the bargain they are losing one of the finest wild rivers left in the eastern United States.

When a dike shields Fort Kent from spring floods, the St. John should be allowed to continue the course it had cut when Champlain first encountered it on the feast day of St. John the Baptist in 1604. The old clatter of woodsmen's tools and the sounds of wilderness share the majesty found in its uninterrupted length, breadth, and varying moods. One traveler has reflected that "the St. John gradually came to have an ominous presence that grew almost palpable. The mighty river swept inexorably on to the sea as it had done for centuries, a primitive force against which man seemed insignificant."

A Reporter at Large—the Keel of Lake Dickey

We have been out here four days now and rain has been falling three. The rain appears to be ending. Breaks of blue are opening in the sky. Sunlight is coming through, and a wind is rising.

I was not prepared for the St. John River, did not anticipate its size. I saw it as a narrow trail flowing north, twisting through balsam and spruce—a small and intimate forest river, something like the Allagash, which is not many miles away. The river I imagined would have been river enough, but the real one, the actual St. John, is awesome and surprising. How could it, unaltered, be here still in the northeastern United States? There is nothing intimate about it. Cities could be standing beside it. It's a big river.

I call to the next canoe. "How wide is it now, Sam?" I asked him that yesterday, and he said it was eight chains, he guessed, there, approaching Seven Islands. Sam—Sam Warren—is a timber cruiser up here, and when he looks through the woods or across the river he thinks in chains. When he is cruising—walking by compass through the forest—he never wears raingear and he wears none now. He has been paddling three days soaking wet, and he doesn't seem to mind. The air temperature is fifty degrees. He has cruised the woods at minus thirty. He says he thinks the river is ten chains wide now—six hundred and sixty feet.

We are a bend or two below the Priestly Rapid, and we can see more than a mile ahead before the river turns from view. Bank to bank, the current is running fast. It is May 28th. The ice went out about a month ago. We have seen remnant snow in shadowed places on the edges of the river. The hardwoods are just budding, and they are scattered among the conifers, so the riverine hills are bright and dark green, streaked with the white stems of canoe birch. The river is potable, God knows, for it rises here in the Maine woods, and almost nothing stands near it except hundreds of millions of trees. The only structures we have seen were three logging bridges and a few cabins—one in use by a game warden, another the fishing camp of a timber-management company, the others, for the most part, roofless and moldering.

John Kauffmann, in the stern of a red Royalex canoe, has come from Alaska to go down the St. John. We are four canoes and eight people. Kauffmann has been here before. He is the author of a book on Eastern rivers and, in part of his time, is a professional canoe traveller—a planner with the National Park Service, going out from his office, in Anchorage, to study, from water level, wilderness rivers that might one day be part of the national-park system. A big man, tall, he has finished pushing fifty. He wears a dark broad-brimmed hat. Twenty years in the National Park Service—he looks like a smoked bear. Here, there, he has seen a lot of rivers.

"What rivers remind you of this one, John?"

Kauffmann thinks awhile, paddling. "Oh, I don't know. I guess there's some flavor of it in the upper Androscoggin," he says, and he lets it go at that for a hundred yards. "It has more presence than the Penobscot," he adds. "It's not a second-string, minor waterway—and it's not another Allagash, close as it is. Its dimensions are so much grander. Just look at it. It has stature, character. It's a majestic, noble river. It's something like the upper Hudson, but not much. I am groping for comparisons, but I can't think of a river like this one—not in the United States. It's a wild river, not a scenic river in the Shenandoah sense. Or the Connecticut or Housatonic Valleys. You have reminiscences of it in the Delaware, high up, and even, in a way, in the Kobuk—but you can't compare a taiga river to a Maine river. This one is unique. It's like some rivers in eastern Canada, but of our rivers it is unto itself. It's the St. John."

Time soon to put things away and look over the Big Black Rapid. Ahead we hear the coal-chute white-water sound, even though the wind is blowing stiffly behind us in squalls. Running before them, we fairly scud downriver. We pull over and, from the left bank, study the rapid. It is not a particularly long one. In on the left, out on the right appears to be the driest way to do it. One does not have to be a limnologist to see that.

One does not have to be cocky, either. Any rapid can be trouble—bad luck, bad guesses—and, looking at this one, I feel adrenalin run. Twenty years ago, on a fairly cold October day, Kauffmann and I turned over in a gorge of the upper Delaware, having gone there in a time of near flood, and we washed down at least a mile before we were able to get the canoe out of the big, chocolate river. I'm sure we will never be fools enough to do that again, but, together and separately, we have had canoes capsize under us in less dangerous places. So a little adrenalin ruins. The rapids beautiful, bouldery, and bending—the forest rising steeply from the two sides. It is called the Big Black Rapid because it is near the mouth of the Big Black River, which flows into the St. John a mile downstream. There is nothing black about the rapid. It is blue and mostly white, running over big rocks and ledges, with standing waves on long diagonals, like ranges of hills. The wind is so stiff now it is tearing spray off the tops of the waves. The rapid curves left, then right. If I thought I had one chance in ten of going into the river, I wouldn't run the rapid. I would line it—let the canoe down slowly on ropes—or carry around it. If I do get a thrill out of missing a rock and flying along on racing water, that is not what I came for. The rapid is only a part of the river—of a hundred and some miles of this trip and this part of the St. John—and the highest pleasure I can derive from running it is to get from the beginning to the end of the stretch of white water with canoe and cargo sound and, if possible, dry. This is a canoe trip, not a rodeo. When the Canadian *voyageurs,* in the eighteenth and nineteenth centuries, came to rapids in their bark canoes, they did not seek out the deepest souse holes and the highest standing waves. With their four-ton cargoes of furs, they looked for the *fil d'eau*—the safest, surest route through the rapid. For us, just being out here—in this country, on this river—is the purpose of the journey, and not shooting like spears to hit God knows what and where. A test of courage is not the point—not my point, anyway. I have too little courage to waste any on a test. In our own fashion, with our own bulging gear lashed into the four canoes, we had better think like the *voyageurs*.

The plan is that I will lead (paddling an eighteen-foot Grumman), with Mike Moody, John Kauffmann will follow, with Tom Cabot. Lev and Dick Byrd, in their fifteen-foot Grumman, will go next. And Dick Saltonstall, with Sam Warren, in a big E.M. White canoe with mahogany gunwhales, will sweep.

We shove off. One by one, the four canoes describe an easygoing, bobbing S down the rapid. The Byrds hit a rock and added a deep, tympanic bass to the contralto of the rapid, but they do not stick (as aluminum canoes too often will). No one else comes even close to buying the river. At the foot of the rapid, the aggregate water in all the canoes is maybe five or ten quarts.

"I've poled up worse rapids than that one," says Tom Cabot.

No one doubts him. Tom wrote the first of the Appalachian Mountain Club's New England canoeing guides. Also, with others, he designed the Grumman canoe.

I have been remembering all day that less than two weeks ago a canoer died in the river—in, as I thought I had understood it, the Big Black Rapid. Looking back up the steps of white water, ordered and unmenacing, I mention it. "I just don't see how anyone could have died here—could have had such an accident in this place. What do you suppose happened?"

"It didn't happen here," Saltonstall says. "This is the Big *Black* Rapid. It happened forty miles below here, just above Dickey, in the Big Rapid."

Last night, I slept nine hours, rain thunking on the tent. Each night out here has been much the same. At home, I am lucky if I get five. Preoccupations there chase each other around and around, the strong ones fighting for the lead; and at three-thirty or four I get up and read, preferring the single track in the book to the whirling dozens in the brain. It's a chronic—or, at least, consistent—annoyance, and nights almost without exception are the same for me until I come to the woods, stretch out on the ground, and sleep nine hours.

We flew in here this time—in three float planes from Greenville, at the foot of Moosehead Lake. I was in the third plane. In the air, the two in front seemed to hang without motion, pontoons pendent—canoes tied to the pontoons. In the shallows of Moosehead we could see clearly the rocks of the bottom. There were whitecaps over the deeps. Off to the right, with more altitude, we saw Allagash Mountain, Caucomgomoc Lake, Chesuncook Lake, the West Branch of the Penobscot River, and, beyond all, the Katahdin massif, aglint with ice and snow. Moving north-northwest, we flew about sixty miles over streams and forest, and set down at the south end of Baker Lake, downstream a few miles from the string of ponds that are the headwaters of the St. John River.

I had never before taxied in an airplane up to a campsite, and when the last plane was gone I felt as if the towns and cities behind were somehow just over the trees, and I felt, too, a certain dismay with myself for not having worked my way out here with a paddle in my hands. Given all that, I thought it would take at least a day for things to simplify, for the checklist of current concerns to reduce itself sufficiently to lengthen sleep—but it took less time than the sun used going down. None of this is a matter of exercise. I get almost as much of that at home as here. Physical labor as a bringer of sleep doesn't seem to do much for me. But the woods do, where thoughts of weather, of food, and of the day's journey so dominate the mind that everything else subsides. The rise and fall of temperature and of wind, the beginning and the end of rain matter here in a way that is irrelevant elsewhere. With the right gear, it is a pleasure to live with the weather, to wait for sun and feel the cool of rain, to watch the sky with absorption and speculation, to guess at the meaning of succeeding events. I hate feeling miserably wet and cold. But with boots, heavy wool socks, rain pants, rain parka, and a wide-brimmed hat I have been dry and warm through all the downpours, on and off the river.

Saltonstall calls himself "a mail-order freak." He says I am one, too. His desk at home is piled deep with catalogues from the premier woods-equipment houses of the land: L. L. Bean, of Freeport, Maine; Eddie Bauer, of Seattle; Recreational Equipment, of Seattle; Gokey, of St. Paul; Moor & Mountain, of Andover, Massachusetts; Herter's, of Mitchell, South Dakota; Kirkham's AAA Tent & Awning, Salt Lake City; the Great World of Ecology Sports, West Simsbury, Connecticut and on down to the surface of the desk, a foot below. We had scarcely hit the beach at Baker Lake when he and I had an equipment shootout, which he seemed to think he was winning. He put up his new tent, an ice-blue JanSport with glass wands and a three-quarter-length fly, the whole affair a subtle compromise—in breathing and impermeable nylons—between the statistical probabilities of incoming water and air. Round, repulsive, mycophane, it appeared to be a model of the Houston Astrodrome, its ceiling four feet high. I put up my tent, a tall pavilion in traditional canvas, by Eureka, of Binghamton, New York, with a six-foot-six-inch ceiling—instant Camelot. (John Kauffmann meanwhile removed from his pack two small bags that contained enough onionskin nylon to cover an Alp. On a framework of slender, elastic-filled aluminum rods he then constructed a villa. He mentioned that his architect had been Barry Bishop, of the south col of Mt. Everest, and that Bishop's name for the tent was Bishop's Ultimate. Lighting his pipe, Kauffmann sat down in his foyer and watched Saltonstall and me with apparent amusement.) Saltonstall got out his Uncle Sam's Canoe Bags, sold by Moor & Mountain—rubber, goverment surplus, and supposedly waterproof. He handed one to me, saying he was sure I would need it, less for the rain than for the river. He also got out his new twenty-five-cup, porcelain, enameled Old-Fashioned Coffee Pot, dark blue with white spatters, and his new wide-mesh Allagash Dishwasher's Bag—both from the Great World of Ecology Sports. In the logging camps of the Maine woods, utensils were put in bags and shaken dry. I flicked chips into the fire with my Buck knife, an instrument of such hard steel that the manufacturer agrees to have it back for sharpening whenever necessary throughout the owner's life. Saltonstall drew attention to the sewn-in tumpline on his new Duluth pack, from Gokey. I then took from a canvas bag my new thirteen-inch reflector oven from L. L. Bean, and set it, shining, at his feet.

Saltonstall has a minor speech impediment. He cannot say "L. L. Bean." Nor can he say the variants "Bean" and "Bean's." Instead, he refers to the place as "Leon's." Saltonstall, in Maine, is more seasoned than seasonal. He is not a native, but neither is he—and this is the point—a summer parvenu. He grew up near Boston and now lives in Virginia, but he owns a house and several hundred acres on a lake in Lincoln County, Maine, and he intends to settle there before long for the rest of his life. He is a sailor and has cruised the Maine coast since his youth. He is a writer, and the title of his most recent book is "Maine Pilgrimage." People of his ilk—old Maine hands from other states—seek ways of distinguishing themselves from run-of-the-summer tourists, and one curious way is not to admit to patronizing L. L. Bean.

Among outdoor-equipment suppliers in the United States, Bean's is more or less the source pond—a business begun in 1912, when the Maine Hunting Shoe was developed by a noted woodsman, Leon Leonwood Bean. Boots with leather tops and rugged bottoms, they are of considerable utility in the quagmires of the north woods, and Bean's still sells them—eighty-eight thousand pairs a year. Bean's boot simulacra are in the mail-order catalogues of nearly all the other outdoor suppliers in the country. Adding item after item over the years, Bean, who died in 1967, built a national reputation. In recent times, the company has further expanded, somewhat disturbingly to become a kind of balsam-scented department store, but, for all its Japanese pot holders and Seventh Avenue jumpers, it still has truly serviceable woods equipment in sufficient variety to hold position in the field. Most transactions are by mail, but the home store, in Freeport, in Cumberland County, is open twenty-four hours a day seven days a week. I know people who have gone shopping at Bean's at four o'clock in the morning and have reported themselves to have been by no means the only customers there. The store is a rampant mutation of New England connective architecture—an awkward, naive building, seeming to consist of many wooden boxes stacked atop one another and held together by steel exterior trusses. There is nothing naive about the cash register. Sometimes it is necessary to go off to the woods for indefinite periods to recover from a visit to Bean's. John Kauffmann and I have stopped there at nine in the morning, fanned out for boots, mink oil, monoculars, folding scissors, Sven saws, fishing gear, wool shirts, met at noon by the windproof-match bin, gone out to lunch (lobsters—four—on the wharf at South Freeport), and returned to Bean's for a good part of the afternoon. Saltonstall, in his travels, makes regular visits to Bean's and, among trusted friends, is not too shy to admit it.

"Dick, where did you get that canoe-repair kit?"

"Leon's."

"What do you think of this Eddie Bauer down jacket?"

"I guess I like Leon's little better."

Going to Leon's, though, is second-best to buying from Leon by mail, for a mail-order freak on the Saltonstall level needs to savor merchandise in his imagination in a way that is impossible in a store. Mail-orderphrenia will not happen to just anyone. It requires a yeasty imagination. Long zip gaiters, bacon ironers, folding buckets seem more magical to Saltonstall on the printed page than ever they could in a store. The mail-order freak also prefers not to deal with hortatory clerks and the pressures of commercial time. He wants his decision to arrive at leisure. He does not want to cave in before a sales pad. So he hits the mails.

Tom Cabot, of Boston, is, in Maine, more seasoned by far than Saltonstall. On the way into Maine for this trip, Cabot's car broke down in Freeport, and he called to tell Saltonstall that he would be a little late. Saltonstall understood, and told the rest of us that Cabot had stopped at Leon's. Cabot, when he arrived, emphatically denied the charge.

Nowd, in that first campsite, on Baker Lake, Saltonstall opened one of three pack baskets and removed a jug of wine, a ten-pound slab of steak, and an earthenware crock full of perking sourdough, its lid secured in a web of cord. He had organized the trip—done all the planning, and the chartering of planes—and now he was laying out his credentials as guide. Professional guides still work in Maine, but the day has passed when canoers, by custom, would not go into the woods without them. The guides of old did all the cooking and, often, all the paddling. Their customers were known as "sports." Saltonstall was hardly going to be paddling us down the river, but around the fire from the start we have been his sports. He is a skillful cook and a master builder of fireplaces, not to mention fires, and he seems by inclination to want to take charge of things over the heat. He is a tall man, thirty-eight, with a handsome, round, ceramic face, and curly hair and Wedgwood-blue eyes—a bit of a woods dude, with his straw hat, his Glenplaid shirt, and his Sierra Club cup hooked onto his belt. He once worked as a reporter in the Pacific Northwest and Alaska, and he once taught sailing at the United States Naval Academy. One can do worse than be a Saltonstall sport. He is surely as hard-working as any guide the woods have known. He has also dedicated himself to the interests of this terrain, and he has put this trip together to expand his knowledge of it, and ours. The St. John is Maine's remotest river, and it is essentially unknown, somewhat mysterious, even to the people of Maine. In Congress each year, a debate takes place about the fate of the St. John, and whether the Army Corps of Engineers can or cannot have another year's funds for the advancement of a project that would backflood the river from a dam at Dickey, the first village one encounters after going downriver through the woods. Almost no one in Congress has ever seen the St. John—least of all from water level, in the woods. Only two people in the Corps of Engineers have canoed the river. There is a conservationist coalition called the Friends of the St. John, few of whose members have seen the river, either.

Wine, steak, and to bed at nine. At midnight, some of us got up for a while and got out of our tents to stare at the full moon. The night was cold for this time in spring. No clouds. No wind. Millions of stars spread over the sky. We could blow our breath at them and cloud them for an instant before they came back bright as before. Slowly, the shadow of the earth began to move across the moon. We watched the shadow grow, and sipped bourbon or drank chocolate. The temperature fell to the high thirties. Lev Byrd had on nothing but a cotton sweatshirt that said "Property of D H A" (Harvard Department of Athletics). He had played hockey there (1972–73–74) and was a star at it, and between practices he must have slept on the ice. At any rate, while I was shivering in a down jacket and a Scottish sweater, he seemed unaffected—as well might a grandson of Richard E. Byrd. The shadow continued to cover the moon until just a small brightness, like a spot of yolk, remained; and then that, too, was gone. In the crystal sky, the moon was totally eclipsed, and appeared to be hanging there in parchment. When the last of its bright light was cut off, millions and millions of additional stars seemed to come falling into the sky. The Milky Way became as white as a river. Sam Warren said skies were like that up here on clear, moonless nights in winter. With the passing of the shadow and the return of the light, the stars of lesser magnitude evanesced as quickly as they had come into view. The air was down to freezing now. In the morning, there was frost over the ground, mist curling up from the lake, and ice solid in our cups.

Spilling out of Baker Lake, the St. John runs white for five miles in light and uncomplicated rapids, for the most part unobstructed by protruding rock: regular waves, gentle bends. Most rivers are toughest near the source, but the St. John, as it gathers itself together and develops from a forest stream into a big river, presents a kind of introductory course in white-water canoeing, beginning with easy runs, then featuring long days of well-spaced scholastic examples (a rock here with a good practice eddy, a chute there well illustrating the formation and nature of the standing wave), and then offering two or three days of assembled and more difficult rapids that culminate with the Big Rapid itself, the final exam. The first five miles out of Baker Lake were gone too quickly—the canoes flying along.

The river grew strikingly as tributaries came in—Turner Brook, Brailey Brook—and was a ten-lane turnpike by the end of the day, just below the confluence of its Baker and Southwest branches. The upper St. John drains an immense watershed—more than two thousand square miles—with a high proportion of streams to ponds. Water drains quickly here after it falls or ice melts. A day comes in the spring when the river's frozen surface, which has been solid four or five months, breaks into giant floes, and they begin to move downstream. Weighing many tons, they grind and screech and, in bends of the river, jam up until backrising water explodes them free. Downriver move hills of avalanchine ice, pale green, crashing, tumbling, tearing the banks, splitting the sunlight into rainbows. Great pieces skid off the edges and come to rest on the forest floor. All the way down, we have seen trees, high above the river, with sapwood glistening, big blazes of bark having been torn away by the ice. The temperature of the river now is forty-six degrees—cold still, but on the way to summer. Cold enough to hold down the catch of trout, which do not really get with it until the water warms to fifty-five degrees. Two-thirds of the St. John's annual runoff occurs in April and May. In summer, the rapids are bony, and the water is so shallow over some stretches of rock and gravel that canoers have to frog their canoes—walk in the water beside them. The St. John is hardly an intermittent stream, but it is more like one than any other river in Maine. After its high season, it is a small river in a large bed. Such is the natural year of a river—an unusual pattern now, because there are so few natural rivers. The St. John is the only Maine river of any size that has not been dammed. From its highest source—First St. John Pond, above Baker Lake—the St. John goes free for two hundred miles, until it breaks out into Canada, where it has been both dammed and, in places, polluted on its way through New Brunswick to the sea. It ends, incidentally, with a flourish, a remembrance of its upper waters—a phenomenal rapid. The phenomenon is that the rapid turns around and thunders back toward the source. The white water flows alternately in two directions—down with the river and up with the tide. In June of 1604, on the day of the feast of John the Baptist, Samuel de Champlain and the Sieur de Monts sailed into the river mouth on the voyage of discovery. They could have named it the Reversible River. Instead, they called it St. John.

We are sharing the St. John with many other canoes, and the river, to say the least, can accommodate them—ample campsites all the way. At first in a hot and blistering sun and then in the cool, steady rain, we have done as little as nine miles in a day and as much as twenty-seven. We have been eating even faster than we have been paddling—M&M's, cashews, raisins, peanuts, prunes, apricots, soybeans, sunflower seeds, hardtack, peanut butter, devilled ham, strawberry jam, and, in the campsites, sourdough pancakes, biscuits, raisin bread, gingerbread, eggs, bacon, and six or seven varieties of freeze-dried cud. Getting out of the rain, we had lunch one day (near the Ledge Rapid) on the porch of an old ranger cabin that, while still standing, was gradually settling into the forest in an attractive way. Its walls—peeled logs, notched and overlapping—were covered with a thin green film of moss. The roof, dark brown, was of arm-length cedar splits, and now, in its last seasons, had become a garden, with moss growing on it, and British soldiers (bright-red tiny flowers), and, most prominently, a sapling birch. The tree had somehow established roots in the cedar splits, and it had a trunk two inches thick reaching up to a parasol of new green leaves. It was a lovely scene—the old, long-abandoned cabin, with its colors of Harris tweed, melting into the forest on that damp day. I looked at some notes in a register there. "Liked the blackflies, gnats, and three bull moose. J. P. Hemmings, C. B. Metzler, New York, N.Y. 8–24–72." (The flies and gnats drive the moose to the river; in our cool May weather, no insects have hatched.) "Beautiful water and rain. One cow moose and two calves. Some deer and plenty of rocks. Bernard Prue. 6–17–74." There were no winter notes, but Saltonstall said that people do sometimes make their way to the St. John River in winter—in snowmobiles, God apparently willing. Saltonstall refers to such people as "toads" and gives their home town as "Toadville." He says he knows one toad who bought an antique sleigh so he could haul it behind his snowmobile.

We rotate from canoe to canoe, and I moved on from the ranger cabin with Dick Byrd. He told me that he was still a small child in 1957 when his grandfather the Admiral died but that he remembered him as a great old guy who supplied him with penny candy—and demanded the pennies in return. Once a year, Admiral Byrd dressed up as a spook and tried, without much success, to scare the hell out of Dickie. Now twenty-five, Dick is red-headed and strongly built, and has a quick sense of humor. Like his brother Lev, he is recently out of Harvard, and he is enrolled in the forestry school of the University of Maine. He told me that his father and mother had long ago been divorced, and that as a result he had been particularly close through his youth to his other grandfather, Leverett Saltonstall, who is Dick Saltonstall's uncle. Sam Warren, as it happens, is Saltonstall's brother-in-law. When Saltonstall goes on a canoe trip, he likes to load it up with clan.

We camped that night at Nine Mile Bridge, so named because it is nine miles above Seven Islands, so named by someone who may not have been able to count the thirteen islands in the river there. Our tents at Nine Mile were strung out like a tribal parliament on smooth grass under big birches and white pines—all on a bluff near a spring. The grass had once been the lawn of a young warden, Curly Hamlin, and his wife, Helen, who lived at Nine Mile, winter and summer, in the nineteen-thirties, soon after the logging bridge was constructed. In "Nine Mile Bridge," a book published in 1945, Helen left behind her a rich and simple record of life in isolation in the woods. Their cabin was made of unsplit logs, and its door was scarcely five feet high. There was plenty of room inside, though—a big kitchen, a big living room with a bulldog stove—and they passed the long winter belting each other with pillows and eating four meals a day. Their only companions were a team of huskies and other dogs that Curly used on his forays against crime, covering many hundreds of square miles of deep snow and forest in his twelve-foot racing sled. Illegal trappers were his quarry, and he arrested few, but he made his presence known—tossed traps away and left a calling card, of all things, where trappers would return. Just by being there in the woods, he kept the number of poachers down. On his days off, he fixed his equipment or stretched out on his back and studied the rafters for traversing mice. He had a gun in his hand. When a mouse put his nose out, he fired. In summer, he specialized in houseflies, giving them rides through the roof on bullets. The Hamlins' furniture was laced with rawhide, and they made incense of the bark of quaking aspen. They also used aspen bark to worm the dogs. Trout swarmed the river and its tributary streams. To fish for togue, the Hamlins went up to Chemquassabamticook Lake. They were careful to keep fish out of contact with their canoe, because a bear that smells fish on a canoe will destroy it, imagining that fish are somehow inside. The Nine Mile Bridge was part steel, and in deep cold it hummed—set up a mournful wailing in the winter night, interfering with sleep at forty below.

There would be half an inch of beautiful, lacy frost on the windowpanes, and a red-hot fire had to be kept burning all night. Forty degrees below zero sounds cold. It is cold—a dry suffocating cold. The coldest I ever experienced was fifty-four below, when I had to breathe through a woolen scarf. But I would rather see forty below in Aroostook County than ten below near the seacoast where a damp wind cuts through woolen clothes as though they were gauze."

Helen Hamlin remembered the ice going out as early as March and as late as the tenth of May. After ice-out, the Hamlins travelled the rivers, shot the rapids, went down the St. John, and—once—went up the Allagash in the middle of the night. ("It's a funny sensation not to see the rough places until you're in them and feel the canoe rocking in the swells.")

The Allagash River—Allagash means hemlock bark—is tranquil and quiet compared to the St. John River. The land is flat, and there are channels through rocky and rough places. The river is so controlled by logging dams that it no longer pounds furiously down the waterways, a characteristic that gave it its reputation.

"Each quarter mile of the upper St. John River produces whitewater, and few men have run Big Black Rapids at its highest pitch. The river is wild and rocky, practically untouched by the hand of man, and still in its natural, boisterous state. It is unhampered by logging dams, and the water level rises and falls with every slight rainfall or spell of dry weather."

Life in the woods was eventful enough, and seldom drove them "woods queer." When they did go out—to the border and across to Québecois towns or down the big river to the village of Allagash and the town of Fort Kent—their sudden immersion in society was not wholly agreeable. "I could never shake off the feeling," Helen wrote, "that the world was crowded and that people were odd."

The big wall of ice in 1970 was too much for Nine Mile Bridge, and only its piers stand in the river now. The Hamlins' cabin is a heap of splintered, twisted logs and rubble, behind where it once stood. A ponderous machine has come along and crushed it, ramming it as debris into a small ravine.

We were up at six in the morning at Nine Mile Bridge, and were soon eating trout for breakfast—trout and freeze-dried eggs, mixing in our stomachs the sublime and the ridiculous. The trout were browns, and their flesh was firm and pink as salmon's. Every hatchery trout I've ever eaten was as white as halibut. These had had a life in the cold river. The rain was light, after falling heavily through the night. The Uncle Sam's Canoe Bag that Saltonstall gave me is authentically waterproof. I keep in it my change of clothes—the things I care most to keep dry—and in the night, in the interest of sleeping space, I toss it out in the rain, because not a drop will penetrate the bag. The morning temperature was fifty-three, the sky was gray, and the air felt raw. We had come into Sam's terrain now—the one million seven hundred thousand acres managed by the Seven Islands Land Company, his employer. Somewhere in the distance we heard an engine, and we looked questioningly at Sam.

"Skidder," he said.

The skidder, which vaguely resembles a pair of tractors coupled together and is flexible in its motions through the forest, replaced the horse not long ago as the means of "twitching" a tree (lugging it through the woods) from the cutter to the truck. Skidders do the job remarkably well, but they have an unsavory reputation for tearing up the ground and beginning an all too swift process of erosion.

"How far away, Sam?"

"It's hard to tell. On a clear day, you can hear a skidder for sixty miles." Sam is dark-haired and ruddy, and heavyset, like a football lineman, which he once was, and he has a sober manner that is belied by his quickness to laugh. With his shirt soaking wet, as always, and rain pebbling his glasses, he went on, "the forest industry is slow to catch on to things. The chain saw, for example, was invented in the late nineteenth century. It got into general use in the north Maine woods in the late nineteen-forties. We are already thinking, though, of getting new machinery to replace the skidder. Small tractors, maybe. Or we may try aerial logging."

The company virtually never clearcuts land, he said—only in strips, occasionally, to remove "decaying old stuff." On the whole, it takes trees selectively—about three hundred and fifty thousand cords a year—cutting annually on about thirty thousand of its million seven hundred thousand acres. The logging crews, who are independent contractors, go where the timber manager tells them to, and the timber manager is Sam, cruising the woods with his prisms and his angle gauges, pausing in selected spots to do variable plot samplings, boring into trees for core samples, and emerging with a sense of just how much wood is where and how ready it is for the saw. Yanked from the woods of late and set at a desk in Bangor, he has been trying to put into a computer a total inventory of Seven Islands' land, including not only the timber but the ponds, lakes, streams, and rivers, too, because hunters, fishermen, and canoe people will come whether the company likes it or not, so they have to be "managed" along with the trees.

All this has given Sam a perspective of his own in the group in which he is now traveling. The rest of us, to one extent or another, are wilderness romantics—tipsy on the drafts of Mudjekeewis, the West Wind. "I don't want to take anything from the feeling you may have," Sam has said. "But this is not wilderness. Every square foot of this country is managed land."

"Yes," I said, "but what you are managing is wilderness."

Sam said that could be, but he had trouble seeing things that way when the forest was his place of work. He said, moreover, that he thought it a shame that the law setting up the Allagash Wilderness Waterway had specified that a strip of woods reaching four hundred to eight hundred feet back from the water must be left permanently uncut. "The wood there is like pick-up-sticks," he told me. "It's just rotting timber, and in its decay it is using oxygen at the same rate oxygen is being produced. The wood should be cut. The way Seven Islands handles streams, ponds, and lakes—we leave plenty of standing trees; we don't cut steep banks; we make it a point to be careful. If you cut too heavily, you slow down your total rate of growth. A tree is unique in that it is the machine as well as the product. The tree makes the fibre. So you want to cut it when the machine becomes inefficient, and have it replaced by a faster-growing or younger tree. You get the tree when it slows down. Trees that we're not cutting are *dying*. You want to get the fibre as it grows."

The St. John in Maine is a wild river because timber companies have owned its surroundings for upward of a hundred and fifty years—a fact that can be taken, or not, as *ironic*.

I asked Sam how he felt about the Dickey dam.

He shook his head in dismay. "Trees renew themselves," he said. "Destroying something forever is unnerving."

Nine miles from Nine Mile, we moved out of a corridor of confining, high-wall, riverine forest and into a great range of open space, with long river views, and big islands, and long lateral views across fields of grass to hills distant from the river. This was Seven Islands—sweeping, isolated, abandoned. Far up a slope beyond the left bank stood five log cabins, roofless but with walls intact. We walked up there to those dark cabins, elevated and sombre on the plains of grass, and I almost expected to walk through a door and see dead soldiers, their rifles awry, their necks bent as if, in vigil, they had fallen asleep. No soldiers. Only porcupine skeletons inside the cabins, and the drumming, like distant artillery, of grouse in the near woods. The horses that once worked the forest with the loggers were fed from these fields and others like them, dispersed along the rivers—the Penobscot, the Kennebec, the Allagash, the St. John. More or less by squatters' rights, Seven Islands was a French settlement. Québecois farmers came and cleared the land, and, in their custom, piled all the rocks in the center of the fields, not building walls of them, as New Englanders would do. There were, in any case, no neighbors to fence out. The rocks, of course, remain—a great loaf of them, six feet high and sixty feet long, a memorial to Seven Islands' vanished lumberjacks and a cairn to French Canada.

We spent the rest of the day at Seven Islands, fishing, looking around—in light rain that stopped and started all afternoon. We joined a couple of other campers there—Richard Barringer and Herbert Hartman, who, together happen to be Maine's Bureau of Public Lands. They had a big twenty-foot, exquisite, forty-year-old wood-and-canvas E. M. White canoe, and in it they were looking over terrain to which they might lay claim. They shared their lunch with us—a bit of cheese, some cucumbers, raw potatoes, a bowl of fiddleheads, an expansive drop of wine.

Maine is half of New England, and half of Maine is unorganized. The state is completely divided into something like a thousand townships, and only four hundred and forty of them have—so far in history—been settled and incorporated as towns. Almost all the others are nameless—carry only numbers and letters in squares that dominate the official map. T 16 R 9. T 16 R 10. Township Sixteen, Range Nine. Township Sixteen, Range Ten. There are as many of these as there are Kennebunks and Arundels. And most of the unorganized townships are in the north woods. A township is twenty-two thousand acres, and by constitutional provision a thousand acres of each township is public land, reserved for parsonages, churches, and schools in the nonexistent towns. Land and timber companies own the woods, own hundreds of unorganized townships, but what about the so-called "public lots"? In aggregate, the state has claim to some four hundred thousand acres in the unorganized townships. In recent times, the state legislature passed a bill that (never mind the parsonages in Maine's unborn cities) allowed the public lots to "float"—by decreeing, in effect, that it would be all right if deals were made whereby any number of public lots could be assembled in one place, creating a large hunk of permanent public land. Hartman and Barringer had been dubbed the Bureau of Public Lands and were sent out to scout the best places to be claimed for the state. Trading off with the timber people, they had already acquired half a dozen swatches of terrain, including Gero Island, on Chesuncook Lake; Little Squaw Mountain, on Moosehead Lake; and the margins of Holeb Pond, on the Moose River. Inevitably, they were contemplating Seven Islands and other sections of the banks of the St. John.

Barringer—wiry, athletic, in a wool shirt and a battered red hat—appeared to have been left over from a log drive that had long since gone down the river. Before taking his job in Augusta, though, he had taught economics at Harvard. Hartman, son and grandson of Bowdoin professors, was an emeritus grad student who had spent many summers and autumns as a full-time north-woods guide. He said that when he gave up trying to write his doctoral thesis—on pre-Islamic Bedouin poetry—he had become for a time a beaver trapper near Jackman (one of the few organized townships in the north Maine woods). Like Barringer, Hartman was in his thirties. He was a tall man with narrowly set, quizzical eyes behind steel-rimmed glasses, and he had a lot of talent around a canoe. He had a black-spruce setting pole, full of spring and glistening with boiled linseed oil, and with it he could move his big twenty-footer at a handsome clip upstream, even against a stiff current. Standing in the stern, the twelve-foot pole in his hands, he looked like a gondolier, with the difference that he was jabbing his pole against the bottom of the pure St. John and not sculling the cess of Venice. To move the canoe, he reached forward, set the pole (point on the bottom), and then seemed to climb it like a gymnast on a rope. Sometimes—waxing fancy—he twirled it, end over end, on the recovery. To correct his course, he now and again poled behind his back. He said that when searching the woods for a new pole it was important always to cut a dead one, because green wood will dry out and check. In his guiding days, he used to tell his sports that he would never cut a pole on which a moose had not urinated.

"Why?"

"Because you have to tell people stories to keep them amused."

Poking around the six plus seven islands (I went with them as they explored), Hartman dropped anchor occasionally, picked up a bamboo rod with an English reel, and began to massage the air with sixty feet of line. From either bank, everywhere on the river, small brooks spit nutrients into the St. John, and trout will wait there like bums for a handout. Hartman drew streamers across the mouths of these brooks and provoked strikes despite the cold.

Hartman said there was among guides an age-old practice that would always help a sport feel better about his fishing. Sooner or later, inept as he may be, the sport will catch a fish. The guide nets the fish. Placing a shoulder between the fish and the sport, the guide works studiously, apparently to extricate the book. What he is really doing is stuffing buckshot down the trout's throat. The guide, all the while, much admires the fish. "Yes, sir, that's a fish, that is quite a fish." The fish, ultimately, is weighed. Three pounds, "Ay-uh, well, I guess so, quite a fish." When it's time for the guide to clean the fish, he slips the shot back into his pocket.

"Did *you* ever know anybody who did that, Herb?"

"Oh, well, I guess so."

Hartman said that guides liked to coat the bottom of a canoe with dark shellac, so it would look to a fish like a floating log. He said, too, that it was characteristic of guides to assimilate the manner of the sports they worked for—becoming quite high-nosed, like butlers and chauffeurs. Guides' fishing equipment escalated accordingly, and they spent large chunks of their pay for tackle like the sports'—English reels, for example, and bamboo rods. Hartman's mentor was an old guide named Myron Smart, from Milo, and Hartman remembered his saying, "Out in the woods, you live different, and you do different. You know, I've been in the woods all my life, and I think I get more enjoyment out of the trips than the sports."

In a bogan near the campsite, we stopped to pick fiddleheads—enough for all ten of us for supper. A bogan is a pocket of still water projecting from a river. In other parts of New England, the term is "logan." A fiddlehead is the new leaf of certain ferns—ostrich ferns, cinnamon ferns, hay-scented ferns, evergreen wood ferns. When the leaf first develops, it is coiled like the head of a violin, and, in this young state, is crunchy in texture, sweet in flavor, bland, and succulent—incredibly delicious. We drew up the canoe and loped through the woods, excited by the colonies of ferns. The fern tops are fiddleheads for several days. It is a maxim of the woods that blackflies do not appear and trout are reluctant to bite until the fiddleheads are gone. We have seen damned few trout and no blackflies. When blackflies hatch, said Hartman, he repels them with fly dope—a mixture of citronella, penny-royal, and tar. It makes him smell like a new driveway. Sometimes, fighting blackflies or mosquitoes, Hartman builds a fire in a bucket, throws green grass into it, and sets the bucket upwind. And no-see-ums, the all but invisible insects that mass on the skin and eat it as if they were acid—what does he do about them?

"I use Vicks Vaporub," he said. "It's the only thing that works."

We saw two beaver swimming in the bogan, cutting long wakes across the still water. On shore, we found the scat of fox and bear.

It rained all night at Seven Islands—heavily and steadily—but tapered in the early morning to drizzle and mist. Hartman was up at four-thirty, in the first light, in a sleeveless undershirt, beneath a balsam, shaving. The air temperature was forty-eight degrees. In the low light and mists of that early morning, Seven Islands was even more beautiful than it had been the afternoon and evening before. The bottoms of clouds were touching the plains of grass. I though of all the water that had fallen in the night, and of the engineered flood that would stop the river. Seven Islands, not far from the head of Lake Dickey, would at times be under fifteen feet of water. At other times, as the dam made its electricity and coped with the river's irregular contributions of water, the surface of the lake would go down as much as forty vertical feet, and Seven Islands would then emerge, like the engulfed cathedral, coated with mud.

After a breakfast of trout and fresh hot raisin bread, we moved on down-stream to Prestly Bridge, a loggers' crossing—part bridge, part gravel causeway. Barringer and Hartman had to leave the river there, as they had planned, although they would have liked to stay—would have liked to go with us through the Big Black Rapid. Barringer explained that Maine is "a banana republic" and they had to hurry back to Augusta to see if their bureau was still there.

The spring ice had not been kind to the causeway. The big floes had plowed into it and carried hundreds of tons of it some distance downriver. A bulldozer had been hauled in on the logging road to reclaim the gravel from the river, and the bulldozer was there now, downstream, gathering the gravel spillage and slowly hunkering it upstream. Back and forth the dozer grunted. The dozer belched, coughed, and wheezed. In what was now approaching a hundred miles of the St. John, the only inhabited cabin we had seen was a warden's near Baker Lake, and the only person we had seen (other than travellers in canoes) was a man in a bulldozer in the middle of the river.

Six miles below the Big Black Rapid, we stop for the night on a grassy ledge that was once a logging road—cut into a steep hillside, twenty feet above the river. Down the hillside we tumble rocks and build a fireplace. Building the fire itself takes longer, in part because the rain has returned and—for dinnertime—is inconveniently heavy, and in part because I do a hurried and slovenly job of putting the fire together. With added shavings, added bark, and a lot of blowing, I eventually have a blaze that can shrug off the falling water. The Byrds and Mike Moody set up a rig of flying tarps—wide sheets of blue nylon held high with cut saplings and rope. Moody departs for the mouth of a brook. A year out of Nasson College, in Springvale, Maine, he apparently got his degree in fly-fishing, for he stays at it six, seven hours a day. The fireplace, hissing away, is just outside the shelter of the tarps, and we are now clustered inside—six of us, anyway—variously sipping gin, rum, and bourbon, and watching Saltonstall boil water. In all the mail-order catalogues in Saltonstall's collection, thre is nothing approaching rum in the rain. Certainly, gin has good loft and weather repellence. But this rum—a hundred and fifty-one proof—is watertight.

The St. John, framed in spruce, with big rock ledges protruding, bends from view a mile down, and Saltonstall—never too wet to sell the river—says the scene reminds him of anchorages on the Maine coast, of fjord-like bays that penetrate the islands there. He says, "Don't you think so, Tom?"

Tom Cabot—who is a connoisseur of maritime islands and has many Maine ones in his private collection, who has slept in hundreds of Maine anchorages in his yawl, Avelinda—does not seem to be under the illusion that he is looking out from the shelter of the blue tarpaulins through the smoke of our fire at a piece of Penobscot Bay. He nods agreement, though, and smiles, and toasts the river with a gesture of his cup.

In the morning, big rips of blue appear in the eastbound clouds. On the river again, Tom is with me, and we are bound for Chimenticook Stream. A bend or two, and Sam Warren sees a yearling moose. He gets out of his canoe and goes after it, on a dead run up the riverbank. He learns that he is slower than the moose. He wanted to ride it. We have seen otters, ospreys, black ducks, mergansers, loons. No bears. There is ice this morning in the river—small chunks from big pieces on the bank, near trees with shredded bark. It is sixty hours to June.

"How many chains now, Sam?"

"Oh, fifteen, at least, I'd guess."

A thousand feet. Wide enough, surely, for four canoes. But gradually we string out in a long tandem—out of earshot, and even out of sight. Tom tells me about March, 1923, when he was twenty-five years old and shipped these canoes (wood-and-canvas) to the Quaboag River, in central Massachusetts. With five others, he planned to go eighty miles in a day and a half—down the Quaboag to the Chicopee and down the Chicopee to the Connecticut and down the Connecticut to Hartford. The water seemed fast enough to make that possible. Perhaps it was, but Tom and his friends would never know. In the first twenty miles, they totalled the three canoes. One broke completely in half. The two others came through irreparable, while Cabot and company, hanging on to the gunwales, washed down among cakes of ice. Somehow, all this inspired Cabot's affection, and he wrote an article for the journal of the Appalachian Mountain Club on the joys of white-water canoeing. It helped build interest in the nascent sport, and it led as well to Tom's collaboration (with John Phillips) on "Quick Water and Smooth," the first guidebook to New England canoeing. Because northern Maine was the professionals' exclusive terrain, northern Maine was not included. This is Tom's first look at the St. John River.

Tom is about five feet ten, a trim and athletic man, with dark eyebrows, weathery skin, and a prominent nose in a somewhat narrow face. He wears black rubber nautical boots; an old, thin down jacket; a perky white hat with a blue-and-yellow band. His rucksack, stencilled "T. D. Cabot," must be fifty years old. His paddle is maple and is dark and scarred. He strokes steadily and smoothly as he talks, telling one story after another, and conserving himself, he does not dig up the river. Statistically, he is old and decrepit. He's seventy-eight, and he has had several operations for abdominal cancer. But he looks sixty and acts forty, and to the question "How could an old man like that go down a wild river anytime, let alone when ice is still on the ground?" the answer seems to be that Tom's infirmities may have crossed his body but may never cross his mind.

With Julius Caesar and Chief Crazy Horse, Tom is one of few people whose names have appeared in the line index to Bartlett's "Familiar Quotations." The familiar quotation, of course, is what John Bossidy sardonically said in giving a toast, in Boston, at the 1910 midwinter dinner for the alumni of the College of the Holy Cross. He said:

And this is good old Boston,
The home of the bean and the cod,
Where the Lowells talk only to Cabots
And the Cabots talk only to God.

Bossidy was paraphrasing. Five years earlier, on an analogous occasion, a member of the Harvard Class of 1880 had said:

Here's to old Massachusetts,
The home of the sacred cod,
Where the Adamses vote for Douglas,
And the Cabots walk with God.

Tom Cabot, who has been everything from a Harvard Overseer to Director of International Security Affairs in the Department of State, will walk and talk with anybody. Especially talk. Listening to him is like listening to a ballgame on the radio, and in the canoe he makes the hours fly. He tells of an expedition he once led to the Sierra Nevada de Santa Marta, in Colombia, the highest coastal mountain mass in the world, and of a day in 1927 when he climbed Mt. Katahdin on skis. He was the first person (and possibly the last) ever to do that. He often mentions Harvard and his wife, Virginia, to each of whom he has been married for more than fifty years. Qualified to be at least a dozen kinds of snob, he appears to be only one kind: in the way that English people refer to "red-brick" and "glass" universities, he talks about "freshwater colleges" in the U.S.A. He was once, briefly and unhappily, president of the United Fruit Company. (Saltonstall says that Tom "refused to bribe the Costa Ricans, and the bananas never got out on time.") But primarily he worked in his family's business, the making of carbon black. He is an engineer, and aggressive, and he developed and internationalized the company so that it became the world's foremost in its field. Made from aromatic petroleum residuals, carbon black is used to color things black, including printer's ink, but mainly it goes into rubber tires. Carbon black is about a third, by weight, of every tire that rolls on the roads.

"So why are you telling *me* all this, Tom? You're a Cabot. You're supposed to talk only to God."

Tom grins, and tells me what his father, Godfrey Lowell Cabot, used to say when asked that question. A look of shock and horror would come over old Cabot's face, and, backing away, he would say, "But I thought you *were* God."

We stop for the day near the mouth of Chimenticook Stream, setting up our tents on the edge of what was once a logging camp. A few clearings are all that remain, and some big logs that form a kind of sitting-frame around our fireplace. This was the settlement of the Castonian lumberjacks, reputed to have been the toughest, wildest, unruliest on the river, their axes, their cross-cuts, and even their cabins long since obviated by the chain saw, the truck, the skidder. Chimenticook Stream is wide and fast—is in itself a river—and is white with high turbulence from bank to bank, pouring down from the west and into the St. John. I wade out into the mouth to fish, and in five minutes have a trout on the line. Fifteen minutes later, I have another, and tomorrow's breakfast is gaining weight. Unfortunately, though, my legs are numb, and I can no longer feel the river bottom through my shoes. I drop a thermometer into Chimenticook—forty-three degrees. It is apparently not too cold for these remarkable trout, but it's too cold for me, and I retreat to the campfire.

The air grows colder, too, falling into the thirties, and we build up the fire. We'll be shooting the Big Rapid tomorrow, and the thought of it comes to mind from time to time. The person who died there twelve days ago was an airman from Loring Air Force Base, which is in Limestone, Maine, about eighty miles east of the river. He was twenty-one years old and—ironically—was a native of Maine. With three other airmen, he rented a twenty-foot Grumman canoe, and all four—two too many for safety—were in it on the river. They had no life jackets (which are required by state law). When the canoe turned over, near the head of the Big Rapid, all four left it and tried to swim to safety—a literally fatal error. There is almost no reason to leave a canoe when it overturns, and there are any number of reasons to stay with it, the first of which is that it floats. It's a life raft. If it is pointed downstream—as it should be, so it has a more favorable mean free path through the boulders—the swimmers should place themselves on either side of the upstream end and wash on down to calm water. If the canoe is across the current and resists being turned around, then the swimmers should cling to the upstream side—a terribly important matter to remember, because when a canoe happens to press a person into a rock and pin a person there, it does so with a force of some ten thousand pounds.

John Kauffmann, knocking his pipe on one of the big logs, pulls his field jacket up closer about his neck. He is disturbed by the death in the river, and dismayed by the foolishness that caused it. If four people get into a canoe and break every rule of sense and practice, and one of them dies, canoeing in general takes a loss. Some people think that anyone who goes down a white river is a suicidal fool—even if the rapids, as here, are far between. Kauffmann is not a white-river competitor—a wild-water or slalom racer. He is a canoe traveller—analogous to a cross-country skier—but he knows what the racers do and how they do it, and to learn their techniques he has been to school. "What we're trying to do with the white water on this trip is to get through it," he says. "A rapid is a problem, and we solve it. But we are not really involved with the white water. If you want to understand it, you have to get in there and wrestle with it, deal with it on its own terms, literally immerse yourself in it, as the racers do. That is the best training for this kind of tripping, because if you have it you know what white water is. The person who can most peacefully walk down the streets of New York is someone who has a black belt in karate. Under wilderness conditions, you just don't shoot a rapid unless you are certain of success. The primary rule in wilderness is: When in doubt, carry. Sometimes you misjudge. There's an eye for white water—like the eye in any other sport—and if you are away from rivers for a time you can lose your eye. From shore, standing waves can look smaller than they actually are. After a few rapids, you warm up, and your eye comes back. In the first place, though, you have to know what you're looking at. You must know what an eddy is. There is one below every ledge and behind every rock—with water flowing gently upstream—but look out for souse holes. I just don't understand the hydraulics of the souse hole. You must know how to make an eddy turn. It's easy to do, but you have to learn it. The eddy is your emergency landing field. You spin into it—through the eddy wall. If the bowman turns too soon and leans upstream, you dump. You can also go into the eddy with a back ferry. Once you're in the eddy, the canoe just nuzzles up to the rock and sits there, as still as if it were on a pond. Another major rule is: Never lean upstream. You lean upstream and the gunwale lowers, and then the rapid gets its paws on the upstream gunwale and pulls it down.

Skiers learn to lean away from the mountain. In standard, open canoes like ours, you have to hit an adroit compromise between paddling too hard and not paddling hard enough. If you paddle too soft, the standing waves will rock you and may roll you over. If you paddle too hard, you may take in a lot of water. Remember: there is a critical limit to the amount of water you can take in. You have to stop and bail or dump the water. Or you'll just eat the river. So drive—but don't drive in too deeply. Talk a lot to each other. It helps things go right. Sometimes the deepest water, the main chance, is too damned rough. Say you've got heavy water. You've got big waves in there. You've got buddhas. You back-ferry. Face forty-five degrees off the direction of the current and paddle backward. You move sideways, across the current, like a ferry, and you avoid that vacuum pull that tends to drag you into the heaviest water. These skills should be practiced and practiced, like shooting baskets. Every one of these skills is applicable to saving your canoe and your cargo and getting through with a whole skin. You don't have to be a slalom racer, but if you immerse yourself for a while in the white-water sport you get to know some hydraulics and you get to know what the river can do not only against you but for you. Those white-water people really know what they are doing. In all the competitions ever held in this country, no one has died.

Tom Cabot says he thinks he'll go through the Big Rapid with John Kauffmann. He has the dibs, and rightly so. He doesn't know that John Kauffmann owns an old aluminum canoe that looks like foil in which a turkey has been roasted.

Toward five in the morning, there is a veil of mist from sky to river and in it hangs the moon. Half gone now, gradually eclipsing itself, it tells us how long we have travelled. Half a moon.

Breakfast at six. Strong tea. "Sheep dip" was what the lumberjacks called their tea. We need it. The air is just above the freeze point. We do not eat light. Trout. Fried potatoes. Sourdough pancakes. Big red boiled "logging berries"—the lumberjacks' term for beans.

Tom Cabot returns from a walk in the woods. "I just saw a cow moose," he says. "I looked up, and there was the ass of a moose."

By nine, the sky is blue around big clouds. The day looks good on the river. Easing through the morning, we drop ten miles—Schoolhouse Rapid, Fox Brook Rapid, Poplar Island Rapid—and hunt around for a place to have lunch. For Saltonstall, as guide, any old sandspit will not do. He looks over a brook mouth fringed with adlers, crinkles his nose, and keeps paddling.

"Why didn't we stop there?"

"He didn't think it was aesthetic enough, and, being an aesthete, he thought we had better move on," Cabot explains.

Tom is part aesthete, part Wall Street, and he can take his scenic settings or leave them alone. He knows both sides of the wilderness argument, and he is not always with nature in its debate with man. He has seen Lake Powell in Utah, the result of the dam in Glen Canyon, and while he knows what was lost in Glen Canyon, he is (for reasons of public recreation) not sorry the lake exists. Glen Canyon is sometimes brought into discussions about the St. John, because Glen Canyon was remote and few people knew it was there until it wasn't there anymore.

Saltonstall finally picks a luncheon site under three big white pines—symbols of Maine, the Pine Tree State. There were far-reaching stands of them here once, throughout the north Maine woods. They were cut for the masts of navies. These above us are among the few left. Old-growth eastern white pine, they're up there a hundred feet—their kind the tallest trees in Eastern America. If the lake fills over this point in the riverbed, these pines will reach up like masts from a shipwreck, and even their skysail branches will be twenty-five fathoms down.

The Big Rapid is three miles below. We move toward it—all crews the same as for the Big Black Rapid—with everything trebly lashed. Moody and I have the eighteen-foot Grumman, and have again been designated by the guide to go first. If we find trouble, our problem will suggest alternatives to the others. We are the refectory slaves, testing the food of kings.

The four canoes stop on the left bank, and we study the rapid. It does not look borbidding or, for the most part, fierce. It will not be like crossing a turnpike on foot. It is a garden of good choices. Overwhelmingly, it is a spectacular stretch of river—big and white for a full mile before, continuing white, it bends from view. The river narrows here by about a third, pressed between formations of rock, but it is still hundreds of feet wide—big boulders, big submarine ledges, big holes, big pillows, big waves, big chutes, big eddies. Big Rapid. About two-thirds of a mile down, on the left shore, a lone birch leans crazily toward the river. Below the birch, there appears to be a bank-side eddy. Shouting above the sound of the rapid, we form our plan. Moody and I are to get into that eddy, and bail, and wait there for everybody else.

"Are you ready?"

"What did you say?"

"All set?"

"Yes, it's lovely here. Possibly we could stop here for another lunch."

"Get going, you sarcastic bastard."

"See you there."

And so we're in it. We make choices, and so does the river. We shout a lot, above the roar. Words coordinate the canoe. My eye is certainly off the mark. I underestimated the haystacks. They are about as ponderous as, for this loaded canoe, they can safely be. I look steeply down at Moody in the bottoms of the troughs. But the route we picked—generally to the left, with some moves toward the center, skirting ledges—is, as Kauffmann would say, solving the problem. We are not playing with the Big Rapid. We are tiptoeing in and hoping it won't wake up. Under the slanting birch, we swing into the eddy and stop. Two. Three. Four. Everybody home, and we bail many quarts.

The river now bends almost ninety degrees to the right, and we can see around the bend to another anchorage, under an isolated maple with an ovate crown.

The run this time is more difficult—the bow kicking high into the air and returning to the surface in awkward slaps. We dig for momentum, sidestep rocks, but not nimbly, for the canoe is sluggish with shipped water. Anxious to get into the calm below the maple, I try a chute that is just about as wide as the beam of the canoe. It's a stupid and almost unsuccessful move, and I get out of the canoe and climb up on a boulder to wave the others around the chute. We bail a few gallons. Everybody is dry.

We relax and joke and look down the rest of the rapid. Less than a mile below we can see flat, and much wider, water. We're so full of ourselves now it's as if we were already there. We do and do not want to be there, for after the end of the rapid the run is smooth and short to Allagash and the end of the wilderness river. The St. John after that is another river—a borderland, farmland, potatoland river—and then a Canadian, developed river, and not what we think of when we think of the St John. So we look back upstream, at the whiteness of the river here in big display, coming out of a hundred miles of forest.

A canoe appears, bouncing in the waves. Half a mile above us, it rolls over and begins to wash down. Tom Cabot grabs a rope and runs up the bank, jumping from ledge to boulder, boulder to ledge. Everybody follows, but as we get nearer to the capsized canoe we realize there is nothing we can do. It is near the middle of the rapid. We can't throw a rope two hundred feet. The two paddlers are afloat and are hanging on, but the canoe—a fifteen-foot Grumman—is broadside to the current and they are on the downstream side. They are missing rocks, fortunately, but they are apparently oblivious to the danger of being caught between a rock and the canoe. We shout at the top of our lungs, "Get on the other side! Get on the upstream side!" But they don't look around. They can't hear us.

We watch them helplessly, and we return to our canoes. Because the water in the river is little more than ten degrees above freezing, the two in the river could have a greater problem with cold than with rock. When they reach our level, Kauffmann and Cabot move into the rapid in their canoe, Moody and I in ours. Cabot throws them a rope. One of them appears to be shaking but assures us that he is all right. Backpaddling, we wash along with them until the force of the rapid begins to decline, and then we haul in tandem and bring them and their canoe ashore.

One is tall, bearded, and, so it seems, physically unaffected. Relief is the last thing he is about to feel. It has apparently not crossed his mind that the river could have kept him. Instead, he shows fury, frustration, disappointment—like an athlete who has had his big chance and blown it. All the way to the north woods he has come, and has paddled a hundred miles downriver to dump in the Big Rapid, and, kneeling by his canoe, he pounds his fist into palm in disgust, saying, "Damn! Damn! Oh, God damn!"

The other paddler is short and thin, and is shaking deeply from cold. He minimizes it, tries to be nonchalant, but does not seem disappointed to be standing on the bank. His T-shirt is dark gray, and above the left breast are small black letters—"YALE."

Tom Cabot questions him about the shirt, asking if it means that he's a student there.

"Yes. I'm there now."

"And how far along are you?"

"I'm '78."

Over Tom's face comes a small-world smile, and he says, "How about that! I'm seventy-eight, too."

We move down the wide, placid, but still powerfully flowing river, and around a big island to Dickey. Looked at from our point of view, it is the beginning of the constructed world; approached the other way—to the end of U.S. 1 and then to the end of Maine 161—it is the utter end of the line. It's a hamlet, miscellaneously spread up the river slopes: frame houses, house trailers, overturned automobiles, general store, a single gas pump (Shell), over which hangs a giant rack of antlers—bull moose. Under wet laundry strung on someone's porch sits a snowmobile. There's a skidder on a lawn. The river draws us downstream, and Dickey recedes from view.

With low ground on the right and steep-rising forest to the left, we go down the final corridor, three miles or so of straightness, and come to the many-islanded mouth of the Allagash River. The Allagash rushes into the St. John, chopping the current, dumping nutrients into the big river, like all the other feeder streams. On the largest island—Gardner—we end our trip. Allagash, Maine, even smaller than Dickey, is across the way. We pitch our tents on high ground, facing back upriver—a view through the channels among the islands and on up the long wooded passage we have just come through. The river is framed in hills, the one on the right rising steeply some eight hundred feet above the St. John, the one on the left set back a mile from the river across the low, marshy ground at the end of the Allagash. The scene is a big one, but nothing of the size of what the imagination now superimposes on it. Outlined in the air between the hills and above the rivers is the crestline of Dickey Dam. It is more than three hundred feet above us, and it reaches from hill to hill. The dam is two miles wide. It plugs the St. John. It seals the Allagash marshland. Smaller than Oroville, bigger than Aswan, it is the twelfth-largest dam on earth. It contains what were once "Arostook mountains (Township Fifteen, Range Nine), blasted to shards and reassembled here. Its long downstream slope—the classic profile of the earth-fill dam—moves up before us to the crest. If we could put our canoes on our backs and portage up that slope, we'd see fifteen miles of whitecaps in the wind—a surging sea, but just a bay of Lake Dickey, whose main body, bending around a point to the left, reaches fifty-seven miles over the improved St. John. Paddles dipping, we fly the Big Rapid at three hundred feet, and, where the native trout have departed, we fish—thirty-five fathoms above Chimenticook Stream—for stocked Confederate bass. Chimenticook Bay is a five-mile reach, and Big Black Bay is thirty. In all, the lake bottom includes some ninety thousand acres of stumps, and, because Lake Dickey is one to three miles wide and no bridge is contemplated or economically feasible, two hundred thousand acres of standing timber are isolated from the rest of Maine. The lake fills up in spring, and the water is mined for power during the rest of the year, gradually revealing—along three hundred and fifty miles of shore—thirty thousand acres of mud. From the dam, and through the St. John-Allagash north Maine woods, runs a transmission line, continuing for four hundred and fifty miles, to southern New England, and carrying seven hundred and twenty-five megawatts of electricity for two and a half hours a day. That's all. That is the purpose of the Dickey Dam. It is a SoupCon, but anything more would drain the lake.

Many decades ago, the United States and Canada considered developing a tidal electric power source in Passamaquoddy Bay. It seemed a pretty good idea—pump-storage, with the tide as pump—but its daily output would be so erratic that another source would be needed to smooth out the curve of power. A conventional dam could do this, on the upper St. John. The Passamaquoddy project was eventually abandoned, but it had put the St. John dam in the book of public works, and dams are not recorded there in delible ink. For some years, though, few people were much interested in spending hundreds of millions of dollars for so small an amount of electricity—for a "peaking power" dam that could supply its power only during roughly a third of each day's peaking time. With the oil embargo of 1973, the situation changed, and the so-called Dickey and Lincoln School Lakes Multiple Purpose Project came back into the conversation. (To even out the flow from the big dam's irregular releases, a small dam would have to be built as well, a few miles downstream, at a place called Lincoln School.) New England power is largely derived from oil—seventy million barrels a year—and the dam at Dickey would save a million and a half barrels each year. Never mind that it would give New England roughly one per cent of its electricity. Never mind that it would almost surely cost, in the end, a billion dollars. It would provide pollution-free, Arab-free, indigenous New England power. The Corps of Engineers came through with a handsome benefit-to-cost ratio, indicating the shrewd Yankee good sense of building the dam, with computations based on a three-and-a-quarter-per-cent interest rate and zero future inflation. Additional cogent arguments were conjured as well—including flood control for villages downriver (dikes, built for a small fraction of the cost of the dam, would do), an upwelling and employment in the depressed environs of Dickey (never mind that the employment would be gone in a few years, when the construction jobs had vanished and a few people with clipboards had come from somewhere else to run the dam). It was felt, finally, that Maine, a state of two thousand lakes, needed a new one for summer recreation, and in the benefit-to-cost computations the recreational value of Lake Dickey was set at one million two hundred and fifty thousand dollars, while, on the other side of the ledger, the St. John River in its natural state was assigned no value at all.

Panic about the Arabs brought all this on, but deeper than the panic is an apparent belief that it is the right of people to have all the electric power they can afford to buy, with the subsidiary right of squandering it when and how they please and of buying it at the same rate at any time of day. We throw away more power than a Dickey Dam could ever give us, by ten times ten times ten. We throw it away in kilowatt-years. And anyone who would do that would throw away a river.

John Kauffmann, packing up his gear, winces in the direction of the damsite and says of Lake Dickey that it would be "like an artificial mountain in the Rockies." He says that he thinks there are plenty of technical arguments sufficient to prove the foolishless of the building of the dam but that in this case one point is really enough: "It would be a sin to murder that beautiful river." Tom Cabot, in his carbonblack boots, says he sees no benefit that would justify the cost.

Each year, when the public-works-appropriations bill rolls out on the floor of Congress, Congress takes a vote on the St. John. Before the energy crisis, when the environmental movement was still going forward, the vote went against the dam, but since then, by a widening margin, the vote has gone the other way, getting up a few hundred thousand dollars here, a million there, to move the Corps through its studies toward the days of construction. The vote on construction funds—the vote that will settle it all—is coming soon, and the barrel seems to be rolling in favor of the dam. There will be winners and losers, all of whom, in a few years, will be dead like the river. The St. John, it is said, was traded for the Allagash, at the time that the Allagash was preserved in legislation. If so, it was an uneven trade. When the guides of the Allagash take their vacations, they load their canoes and go down the St. John.—John McPhee.

Mr. STENNIS. Mr. President, the Senator from Tennessee has some remarks on the bill.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BAKER. Mr. President, I thank the distinguished Senator from Mississippi. I have only a few brief remarks.

To begin with, I commend the distinguished managers of the bill for their excellent work on a very complex bill that is important to the country.

There is one point I should like to note for the record and for the future reference of our colleagues. The appropriations bill does not include language to implement the private industry segment of the Nuclear Fuel Assurance Act. I understand that this is due to the fact that the Senate has not yet passed the Nuclear Fuel Assurance Act which has been reported unanimously by the Joint Committee on Atomic Energy.

I further understand that the proper language necessary to implement the private portions of the bill can and will be put into a subsequent appropriations bill after the Nuclear Fuel Assurance Act is acted on by the Senate, it now having been reported by the Joint Committee on Atomic Energy.

I wanted to note this so that those who examine this record or hear this debate will know that our failure to include money for the Nuclear Fuel Assurance Act was because of that procedural point, not because of a substantive point.

Mr. President, a number of important improvements are also provided in this bill for the Corps of Engineers and for the TVA. The committee has increased funding for the West Tennessee Tributaries project, the Tennessee-Tombigbee Waterway, the channel improvement of the Mississippi River, and for Reelfoot Lake.

I am also pleased by the increase in support for the strip mine reclamation program of TVA, as well as the additions for work on the Columbia Dam and the TVA fertilizer research and development program.

Mr. President, I ask unanimous consent that a list of these projects, indicating their budget and the Senate action, be printed in the Record.

There being no objection, the list was ordered to be printed in the Record, as follows:

	Budget	Senate
West Tennessee tributaries ----	$2,710,000	$3,200,000
Tennessee-Tombigbee ----	84,000,000	104,000,000
Channel improvement --	36,225,000	40,000,000
Reelfoot Lake ----	1,500,000	2,100,000
Strip mine demonstration--	3,200,000	5,900,000
Columbia Dam --	17,000,000	20,000,000
Fertilizer research-	8,008,000	9,508,000

Mr. BAKER. Mr. President, I point out that this bill also contains $350,000 for design of the Big South Fork National River and Recreation Area. The present level of corps capability is at that figure. However, I am informed that when the authorization is revised, as I expect it will be now that we have an understanding of the more complete plans for this national river and recreation area, the corps will have an increased 1977 capability. I hope that the Appropriations Committee at that time will be able to make a supplemental appropriation for the Big South Fork.

I thank the managers of the bill for the opportunity to make these additional remarks, and I thank the distinguished floor manager (Mr. Stennis) and the Senator from Oregon (Mr. Hatfield) for their interest and cooperation.

Mr. STENNIS. Mr. President, I thank the Senator from Tennessee.

I yield back the remainder of my time.

Mr. HATFIELD. I yield back the remainder of my time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

On this question the yeas and navs have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT BYRD. I announce that the Senator from Missouri (Mr. Symington), is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. Goldwater), the Senator from Maryland (Mr. Mathias), and the Senator from Virginia (Mr. Scott), are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley), is absent due to illness.

The result was announced—yeas 94, nays 1, as follows:

[Rollcall Vote No. 321 Leg.]

YEAS—94

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Eastland
Fannin
Fong
Ford
Garn
Glenn
Gravel
Griffin
Hansen
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Helms
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—1

Proxmire

NOT VOTING—5

Buckley
Goldwater
Mathias
Scott,
  William L.
Symington

So the bill (H.R. 14236) as amended, was passed.

Mr. STENNIS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MOSS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STENNIS. Mr. President, this will take just a moment. I ask unanimous consent that the Secretary of the Senate be authorized to make technical corrections in the engrossment of the Senate amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS. Mr. President, I move that the Senate insist on its amendments and request a conference with the House of Representatives on the disagreeing votes thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. Stennis, Mr. Magnuson, Mr. Pastore, Mr. Montoya, Mr. Johnston, Mr. Huddleston, Mr. McClellan, Mr. Randolph, Mr. Hatfield, Mr. Young, Mr. Hruska, Mr. Schweiker, and Mr. Bellmon conferees on the part of the Senate.

Mr. STENNIS. May I say, Mr. President, that due to the emergency need for this money on the Teton Dam we are going to try if we can to start these conferences tomorrow afternoon at 1 o'clock.

Mr. President, just half a minute to say one word. I want to especially thank the members of the staff of our subcommittee, Mr. President: Proctor Jones, Dave Gwaltney, Dave Lohman, and Mrs. Gloria Butland.

Mr. President, it is customary to thank and compliment the staff members, and that is very fine. I believe we have a staff here that can be put up against any. They are highly, exceptionally, qualified, with years of dedicated experience here, and something the country as a whole does not realize is just how much they contribute to our work and to the strength of the Nation.

I want to officially thank them and personally thank them for their continued fine service.

ORDER FOR CONSIDERATION OF H.R. 14235 ON SATURDAY AND S. 3105 ON FRIDAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent—and this is for the information of the Senate—that instead of the ERDA authorization bill coming up on Saturday, it come up on Friday, and that the military construction bill, which was supposed to come up on Friday, come up on Saturday.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. It has been cleared on both sides.

May I say on Saturday we will have three appropriation bills so there will be votes.

The PRESIDING OFFICER. Does the Senator just want to reverse the position of those two?

Mr. MANSFIELD. That is right.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF MEASURES ON SATURDAY, JUNE 26, 1976

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the positions of the HUD appropriation bill and the Interior appropriation bill, both of which are clocked for Saturday, be reversed; Interior first, HUD second.

The PRESIDING OFFICER. Without objection, it is so ordered.

AGRICULTURE AND RELATED AGENCIES APPROPRIATIONS, 1977

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to the consideration of H.R. 14237, which the clerk will state by title.

The assistant legislative clerk read as follows:

A bill (H.R. 14237) making appropriations for Agriculture and related agencies programs for the fiscal year ending September 30, 1977, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Appropriations with amendments.

The PRESIDING OFFICER. Debate on this bill is limited to 1 hour to be equally divided and controlled by the Senator from Wyoming (Mr. McGEE) and the Senator from Hawaii (Mr. FONG); 30 minutes on any amendment in the first degree, 20 minutes on any amendment in the second degree, debatable motions, appeals or points of order.

Mr. McGEE. Mr. President, I ask unanimous consent, as a routine procedure, that the committee amendments be agreed to en bloc, and that the bill, as thus amended, be regarded for the purpose of amendment as original text, provided that no point of order shall be waived by reason of the agreement to this request.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments agreed to en bloc are as follows:

On page 4, in line 20, after "$100," insert:

Except that the foregoing limitation shall not apply to the acquisition of lands for the U.S. Sugarcane Laboratory, Houma, Louisiana, at a cost not to exceed $450,000;

On page 4, in line 23, strike out "$267,570,000" and insert "$277,170,000".

On page 5, in line 8, strike out "$10,526,000" and insert "$12,026,000".

On page 5, beginning in line 10, after the colon, insert:

Provided further, That $450,000 of this appropriation shall remain available until expended for the purchase of land for the U.S. Sugarcane Laboratory at Houma, Louisiana:

On page 6, in line 21, strike out "$5,000,000" and insert "$10,000,000".

On page 7, in line 15, strike out "$401,530,000" and insert "$412,817,000".

On page 7, beginning in line 16, strike out "apportioned for use pursuant to section 3679 of the Revised Statutes, as amended," and insert "available".

On page 8, in line 24, strike out "$3,800,000" and insert "$4,300,000".

On page 10, in line 5, strike out "$7,462,000" and insert "$8,462,000".

On page 10, in line 8, strike out "$16,652,000" and insert "$20,492,000".

On page 10, in line 20, strike out "$124,702,000" and insert "$129,542,000".

On page 11, in line 6, strike out "$164,964,000" and insert "$169,964,000".

On page 11, beginning in line 16, after the semicolon, insert "payments for Forestry Extension work under section 3(d) of the Act, $5,000,000;".

On page 11, in line 21, strike out "$231,289,000" and insert "$241,289,000".

On page 13, in line 4, strike out "$33,459,000" and insert "$33,827,000".

On page 14, in line 5, strike out "$26,080,000" and insert "$26,555,000".

On page 15, in line 8, after "law," strike out "and for administration and coordination of payments to States;".

On page 15, beginning with line 19, strike out:

PAYMENTS TO STATES AND POSSESSIONS

For payments to departments of agriculture, bureaus and departments of markets, and similar agencies for marketing activities under section 204(b) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1623(b)), $1,600,000.

On page 18, in line 15, strike out the period and insert a colon and the following: "*Provided further*, That notwithstanding any other provision of law, employees of the Agricultural Stabilization and Conservation County Committees may be utilized for part-time and intermittent assistance to the Farmers Home Administration in carrying out its programs and this appropriation shall be available to finance such intermittent and part-time services to the extent that ASCS program administration is not impaired."

On page 20, in line 9, strike out "$189,053,000" and insert "$898,652,000".

On page 21, in line 26, strike out "$3,091,000,000" and insert "$3,496,000,000".

On page 22, in line 5, strike out "$500,000,000" and insert "$200,000,000".

On page 23, in line 18, strike out "$6,000,000" and insert "$7,500,000".

On page 24, beginning with line 15, strike out:

RURAL DEVELOPMENT SERVICE

For necessary expenses, not otherwise provided for, of the Rural Development Service in providing leadership, coordination, and related services in carrying out the rural development activities of the Department of Agriculture and for carrying out the responsibilities of the Secretary of Agriculture under section 701 of the Housing Act of 1954, as amended (40 U.S.C. 461), $1,324,000: *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $3,000 shall be available for employment under 5 U.S.C. 3109.

On page 25, in line 15, strike out "$166,502,000" and insert "$170,000,000".

On page 26, beginning with line 11, insert:

RURAL DEVELOPMENT SERVICE

For necessary expenses, not otherwise provided for, of the Rural Development Service in providing leadership, coordination, and related services in carrying out the rural development activities of the Department of Agriculture and for carrying out the responsibilities of the Secretary of Agriculture under section 701 of the Housing Act of 1954, as amended (40 U.S.C. 461), $1,433,000: *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $3,000 shall be available for employment under 5 U.S.C. 3109.

On page 28, in line 5, strike out "$21,350,000" and insert "$21,376,000".

On page 32, in line 10, strike out "$20,379,000" and insert "$22,379,000".

On page 33, in line 17, strike out "$190,000,000" and insert "$175,000,000".

On page 36, in line 15, strike out "$2,720,507,000" and insert "$2,753,557,000".

On page 36, in line 16, strike out "$731,000,000" and insert "$1,059,000,000".

On page 36, in line 21, strike out "$11,150,000" and insert "$16,200,000".

On page 37, in line 15, strike out "$144,000,000" and insert "$155,000,000".

On page 39, in line 22, strike out "$38,599,000" and insert "$39,599,000".

On page 40, in line 25, strike out "$236,771,000" and insert "$2,249,905,000: *Provided*, That funds made available by this section for the Food and Drug Administration tea inspection program shall not exceed the amount of fees collected during the same period in accordance with the Tea Import Act (21 U.S.C. 41), as amended."

On page 41, in line 9, strike out "$3,125,000" and insert "$5,625,000".

On page 41, in line 17, strike out "$11,615,000" and insert "$13,500,000".

On page 43, in line 10, strike out "$50,000,000" and insert "$52,733,000".

On page 44, beginniing in line 16, insert:

SEC. 612. No part of any appropriation contained in this Act shall be available for paying to the Administrator of the General Services Administration standard level user charges in any amount in excess of the amount provided in this Act for space and services.

PRIVILEGE OF THE FLOOR

Mr. McGEE. Mr. President, I ask unanimous consent that the following members of the staff of the Committee on Agriculture and Forestry, the legislative committee involved here, be permitted the privileges of the floor: Michael R. McLeod, Henry J. Casso, and James C. Webster; and further that the staff members of the occupant of the chair, Senator HUDDLESTON, Bill Seale, and Carolyn Fuller, be allowed floor privileges for the duration of this appropriation bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McGEE. Mr. President, I ask unanimous consent that Harold Edwards of Senator MORGAN's staff be granted privilege of the floor.

The PRESIDING OFFICER (Mr. HUDDLESTON). Without objection, it is so ordered.

Mr. FORD. Mr. President, I ask unanimous consent that Bill Hamilton of my staff be granted privilege of the floor during the debate and vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McGEE. Mr. President, this bill provides new obligational authority of $12,179,709,000 for fiscal year 1977. This is $1,426,958,000 less than the appropriation for fiscal 1976; $476,271,000 more than the House bill and $714,817,000 more than the budget estimate for fiscal 1977.

The substantial reduction from the appropriation for fiscal 1976 is represented primarily by the reduction in appropriation necessary for the commodity support programs. In fiscal 1976, we appropriated $2,750,000,000 to reimburse the Commodity Credit Corporation. The fiscal year 1977 budget estimate, and the amount recommended by the Senate committee is $898,652,000, a reduction of $1,851,348,000. This reduction is partially offset by some increases. But as one can readily see, the reduction of approximately $1.5 billion is represented in this item.

The details of the bill are set forth in the committee report that is available to all, and I shall not go into the bill in detail at this time. As that report indicates, however, the reported bill is slightly more than $700 million in excess of the budget estimate for fiscal 1976. This includes what the subcommittee estimated would be needed when the preliminary analysis of the budget was made in February of this year, plus $100 million added during committee consideration for rural water and sewer grants.

Even with this $700 million increase over the budget, I can assure Senators that this is a barebones, hold-the-line appropriations bill. There are very few program increases provided in the bill. The committee has directed its primary attention to restoring several highly important programs that were scheduled for complete elimination in the President's budget estimates for fiscal 1977. The bill restores the following programs: Agricultural conservation program, Water Bank Act program, forestry incentives program, rural water and sewer grants, domestic farm labor grants, and mutual and self-help housing grants.

These are all programs which have been authorized by congressional action and which have received the consistent support of the Congress in the face of persistent administration opposition. The committee is at a loss to comprehend the administration's recommending that these vital programs, which are the very heart of land conservation and rural development, be eliminated. It should come as a surprise to no one that the committee has recommended funds for the continuation of these programs.

In addition to the programs that the budget estimates scheduled for complete elimination, several others were the targets of significant reductions. These included almost all of the programs within the Soil Conservation Service. The committee feels this is the wrong time to be reducing our conservation efforts. This country should have learned a bitter and expensive lesson as to the cost of ignoring the condition of our land and other natural resources. In many areas of the Nation, a return of the Dust Bowl conditions of the midthirties is threatening. We must not allow that to occur. For that reason, the several conservation programs have been restored substantially to their fiscal year 1976 level.

Mr. President, this bill is presented in five separate titles, in order to show the various interests that are represented in the bill. While this is generally described as the "agricultural appropriations bill," it is much broader and goes much deeper than that. Within the five titles are programs that touch the life of almost every citizen.

Title I, for which an appropriation of $2,321,877,000 is recommended, provides funding for most of the general agricultural programs within the Department of Agriculture. These include departmental management, the research and educational agencies, and the regulatory agencies, as well as the commodity program management and financing. The recommended bill is $57,302,000 over the budget estimates for title I. Most of the net increase is for the research and educational agencies—the Agricultural Research Service, Cooperative State Research Service, and Extension Service.

Our land resources are limited. It is generally agreed that the hope for any significant improvement in agricultural production must come through research efforts. While the budget estimate for fiscal year 1977 requests some increases for research, the committee did not feel that the requested increases are sufficient. For that reason, some modest and selective increases have been recommended. These are set out in detail on page 5 of the accompanying report.

Title II, rural development and assistance programs, represent the largest increases recommended by the committee. For title II programs, a total of $1,440,825,000 is recommended. This is $480,188,000 over the budget. As indicated previously, most of this increase comes from the restoration of programs that were scheduled for complete elimination by the administration's budget estimates.

Title III provides funding for the domestic food programs and constitutes the major portion of the funds in the recommended bill. The total recommended for this title is $6,939,123,000—almost $7 billion out of a total bill of slightly more than $12 billion. The recommended increases in title III are very modest. As usual, the administration proposed to eliminate the special milk program which provides milk to millions of schoolchildren throughout the country. The proposed elimination of this program by the administration and its restoration by Congress has become an annual ritual. Both parties adhered to the script again this year. The bill contains $155 million for the special milk program. Another addition to title III was $5,050,000 for increased State administrative expenses.

So that no one may be misled, I must again remind my colleagues that in the opinion of the committee, the appropriations for title III, particularly the food stamp program, might not be sufficient for the entire fiscal year. The committee believes that the budget estimate for food stamps might be understated. But only time will tell if that is an accurate opinion and if so, the degree of the shortage.

The food stamp program is currently legislative changes, in addition to litigation. Until all of the matters are resolved one way or another, it will be impossible for anyone to make an accurate prediction of the needs of this program in the months ahead. For example, just a few days ago and following subcommittee action on the bill, a judicial decision was made which could significantly effect program levels. Other judicial decisions will follow. The legislation which is pending in the Congress will necessarily determine the size or scope of the program. These decisions, along with changing economic conditions, will determine program costs. The Department is expected to keep abreast of these changing circumstances and submit appropriate supplemental estimates as, and if, necessary.

The two remaining titles—international programs and related agencies—contain some modest but significant increases. The Food and Drug Administration, in particular, has been provided an increase which will allow it to meet the responsibilities that have been placed upon it by new legislation.

Mr. President, so far I have discussed the bill only in terms of new obligational authority and those programs which are funded by direct appropriations. The bill, however, also provides loan authority in excess of $7 billion. These various loan programs play a vital role in the further development of agriculture and rural America.

The highly successful Rural Electrification Administration is included in the loan programs, with a total insured loan level of $1 billion. In addition to the insured loan program, REA also has access to the guaranteed loan program with no specific ceiling being recommended. The program has operated very successfully on that basis in the past, and the committee sees no reason to impose specific guaranteed loan levels, although we were requested to do so in the administration's budget proposals.

The various housing programs of the Department are operated through loans, and the committee has recommended some modest increases in some of these loan programs.

Mr. President, the foregoing discussion presents but a few highlights of this bill. Very shortly, I shall welcome any questions that any members might have regarding the bill or the accompanying report. Before doing so, however, I would like to say that this has been a difficult year. At a time when the eyes of the world are upon the ability of the United States to increase world food production, we have had to restrict the appropriations for agricultural research. At a time when agricultural exports have been called upon to assume a significant role in our international balance of payments problem, the budget proposed a reduction for some of our important foreign activities. At a time when people throughout the country—agricultural and nonagricultural alike—are demanding more effective resource conservation programs, the budget proposed severe cutbacks. In the face of the urgent need for additional rural housing, the budget proposed reductions.

As a result of all of these matters, Mr. President, the subcommittee was faced with requests to increase the budget estimates by more than $3,185,000,000 in new spending authority and $2,845,000,000 for loan programs. Individually, most of these requests for additional funding appeared to be meritorious and justified. Collectively, of course, they became impossible. So I presume that this bill completely satisfies no one. There are those, I am certain, who will say that we have included too much, that we should not report a bill more than $700 million over the budget estimate. There will also be some who will contend that we have not done enough.

The committee has attempted to strike a responsible balance, Mr. President, and on that basis I recommend this bill to the Senate. As I indicated earlier, the committee has attempted to keep many vital programs alive. In so doing, we have exceeded the budget estimates by more than $700 million. This did not allow for any dramatic or imaginitive program expansion.

Mr. President, on page 105 of the committee report is a table showing the budgetary impact of this bill. This table contains data on comparative amounts of new budget authority and outlays with the amounts in the bill and the Appropriations Committee allocations to its subcommittees of amounts in the first concurrent resolution for 1977.

The bill, as reported by the Senate committee, exceeds the subcommittee's target allocation in terms of both new obligational authority and outlays for fiscal year 1977. The bill exceeds that allocation by $80 million in new obligational authority and $140 million in 1977 outlays.

The explanation for the additional new obligational authority figure is of course quite simple. The committee added money that exceeds the target allocation total. The bill recommended by the subcommittee was about $20 million below the allocation figure of $12.1 billion. An amendment of $100 million was added in full committee thereby raising the total to a figure about $80 million in excess of the subcommittee's allocation under the Budget Act.

The explanation for the outlay figure is somewhat more complicated. The outlay figure is determined by projecting what actual fiscal year outlays will result, not only from this annual appropriations bill, but also from unexpected balances available from prior years' funding. The accumulation and sale of commercial paper through the various insured loan programs also plays a prominent role in determining annual net outlays in this bill.

It is significant to note also that the outlay projections change from time to time during the course of the fiscal year as these various programs are being administered. So while the new obligational authority is a definite and precise figure, the projected outlay is but an estimate that can and does vary depending on who does the estimating, the time of the estimation and many assumptions that have to be made as a basis of any projection. I point this out Mr. President, to indicate that the excess over the outlay allocation results not so much from additions we made to the bill over our earlier projections but from these variable factors to which I have made reference.

Even with these variables, however, the bill is quite close to the target allocations on outlays when one considers the magnitude of the figures we are discussing. The bill is $140 million over the outlay target in a bill totaling more than $12 billion. In other words, the difference is slightly more than 1 percent.

Before yielding, I would like to pay particular tribute to our committee chairman, the Senator from Arkansas (Mr. McCLELLAN). This has been a most hectic and challenging year for the Appropriations Committee. Under the new budget legislation, the committee has many new responsibilities and it has been placed under strict and demanding schedules and deadlines. Under the leadership of Senator McCLELLAN, the committee has met these responsibilities, including the schedules and deadlines. It is always toughest to plow new ground for the first time, and that is precisely what the chairman has been called upon to do this year. He has done, and continues to do, a magnificent job and the entire Senate should be grateful to him.

The same can be said of the committee's ranking members, the senior Senator from North Dakota (Mr. YOUNG). He has discharged his responsibilities well. Finally, Mr. President, I would like to take this opportunity to express my appreciation to the ranking member of the subcommittee, the retiring Senator from Hawaii (Mr. FONG). Since the Senator from Hawaii has announced his retirement at the end of this term, this will be the last regular annual appropriations bill on which he and I will work as the chairman and ranking member. The Senator has always been extremely helpful and cooperative during the years we have worked together in our respective capacities, and he has always been very helpful on this bill.

I might add, Mr. President, that the committee and the subcommittee will lose another valued member at the end of this term with the announced retirement of the senior Senator from Nebraska (Mr. HRUSKA). At one time, he served as the ranking minority member of this subcommittee and after he relinquished that role he remained as a highly valued and respected member of the subcommittee. We shall miss him and I wish him well in his retirement.

Mr. President, I yield to the ranking member of the subcommittee, Mr. FONG.

Mr. FONG. Mr. President, the distinguished Senator from Wyoming, chairman of the Agriculture and Related Agencies Subcommittee, has done an excellent job in leading the subcommittee through its deliberations on the measure we have before us today. In large measure we have him to thank for the sound approach provided in the bill he has just described.

It is important to note that this is the first year of full implementation of the Budget Reform Act. Provisions of that law have accentuated the need for broadly based decisions on program evaluations and resource allocations. I am pleased that the measure we have before us reflects much of the elements which were sought in the Budget Reform Act.

Earlier this year during the consideration of the first concurrent resolution on the budget, it was made very clear that Congress recognized and supported increased outlays for agricultural research and extension.

Responsive to this need, the committee recommends increases of nearly $14 million for the Agricultural Research Service; $7 million for State agricultural research; and $28 million for the Extension Service over those amounts proposed in the executive budget for fiscal year 1977.

Mr. President, agricultural research and extension are the vital components which have made the American farmer the most productive and successful in the world. All Americans share in the renewable wealth which the farmers of our country harvest. We cannot allow the needed technological flow, on which American agriculture is based, to run dry. The bill we have before us reaffirms that commitment.

Another aspect of protecting our Nation's agricultural base is the increase of $13 million recommended for the Animal and Plant Health Inspection Service for programs on plant and animal pest and disease control as well as increased meat and poultry inspection.

The committee is also recommending a change in the treatment of the $2.5 million contingency fund. Previously, releases from this fund were routed through the Agency, the Department, and the Office of Management and Budget. The committee's change will allow funds for emergency programs to be released after only departmental review so that these sums will be more expeditiously handled.

The committee has also taken major steps to assure the delivery of needed governmental assistance in rural housing and development. Rural America has been neglected too long: remedial steps must be taken to provide decent shelter and job opportunities to the growing proportion of our people in these areas. This bill provides an increase of nearly $1 billion in insured and guaranteed housing loans administered by the Farmers Home Administration. Also included in this bill are restorations for the farm labor housing program, the mutual and self-help housing program, the rural community fire protection grant program, and the rural development grant program. The committee is also recommending an appropriation of $200 million for urgently needed rural water and waste disposal grants though no funds were requested by the Department.

These increases along with an increase of $7.8 million for the Farmers Home Administration personnel account bring the total appropriation for that agency to $242 million over the budget request.

One of the primary missions of the Department of Agriculture is the protection and enhancement of our natural resources. This is fitting in that our Nation's farmers were conservationists long before we established Federal agencies to do the job. The Soil Conservation Service and the Agricultural Stabilization and Conservation Service are deep engaged in providing technical assistance and financial incentives to landowners for the conservation of our land and water resources.

I am pleased that the bill recommended by the committee calls for restoration of USDA conservation programs proposed for termination and for the strengthening of others which otherwise would be crippled by inadequate funding. Specifically, the committee recommends appropriations of $175 million for the agricultural conservation program, $22 million for the Great Plains conservation program, and $146 million for the small watersheds program.

Another important activity of the Department of Agriculture is the domestic food program. Included under this heading is $4.8 billion for the food stamp program and $2.8 billion for the child nutrition program. The committee exercises very little control over these entitlement programs but is responsible for those sums required for their operation. The only major change recommended by the committee is the appropriation of $155 million for the special milk program which the Department proposed for termination.

Mr. President, in all, the bill as reported by the committee provides $12,179,709,000 in new budget authority. This is $476,271,000 more than was provided by the House and is $714,817,000 more than the budget estimates. The bill is also $1,426,958,000 less than was provided for fiscal year 1976.

I believe it meets those needs directed by Congress within the constraints of our Nation's delicate fiscal position. I urge my colleagues to support it.

Mr. MONTOYA. Mr. President, will the distinguished floor manager yield?

Mr. McGEE. I yield to the Senator from New Mexico.

Mr. MONTOYA. As the Senator is already aware, I have received a steady stream of mail from farmers and ranchers in my own State of New Mexico concerning the growing infestation of range caterpillars in New Mexico's rangelands.

According to the New Mexico Department of Agriculture, NMDA, the problem has grown from a 200-acre infestation of one county in 1960, to a 7.4 million acre infestation in four States in 1976. This spread has not been because the individual landowners have been lax in their control efforts, but rather that the segmented national grasslands, and in the southern counties, the national resource lands, have provided the breeding grounds for further propagation of this insect.

Studies conducted by the NMDA show that two caterpillars per square yard can reduce the capacity for livestock grazing by one-third of that area. With an infestation rate of nearly 60 caterpillars per square yard expected this year, total destruction of the grass production is expected.

The economic impact of such an infestation is staggering in its implications to the State of New Mexico. Nearly $30 million in the past 10 years has been lost due to the loss in forage and livestock gains. When this is coupled with the cost of controlling this infestation; the reduction in weight gain of cattle; and the increased soil erosion of denuded areas by wind and rain, these economic losses are almost unrecoverable.

On the basis of this information, I requested report language for the fiscal year 1977 agriculture appropriations which the Senator from Wyoming, (Mr. McGEE) was gracious enough to grant. This language directs the Animal and Plant Health Inspection Service to develop and make available the necessary pesticides to control and eradicate the Range Caterpillar.

Yet despite this report language, the growing infestation, and numerous letters to both the Secretary of Agriculture and the Director of APHIS; this Agency still contends that they are unable to cooperate in a spray program to control this insect. I fail to understand this negative response in light of the many years of cooperation APHIS has displayed for this program beginning as early as 1966 and continuing up through last year. But while this argument continues here in Washington, hundreds of farmers throughout the Southwestern United States are unable to spray their lands and thus avoid economic disaster.

This bureaucratic hedging must be corrected if the needed funds are to be funneled to the desperate ranchers. They are willing to pay for their share of a cooperative effort to eradicate this menace. All they are asking is for APHIS; the Federal agency designed to handle these concerns, to do their job in an effective manner.

I understand that last evening, President Ford ordered the Department of Agriculture to begin a cooperative spray program with the State of New Mexico and the ranchers and farmers who have already invested their money in such a program. While I am delighted to see that the solution to this problem is finally in sight, I still maintain that an executive intervention should not be necessary in order to persuade a Federal agency to do their job correctly.

Mr. President, I hope that with the passage of this bill APHIS will not only begin to intensify their efforts to make this summer's spray program a success, but will also recognize their long range obligation to the ranchers and farmers of the Southwest to assist them in finding the proper means to control the Range Caterpillar. I thank the distinguished floor manager.

Mr. JOHNSTON. Mr. President, during consideration of the agriculture appropriations bill, the distinguished subcommittee chairman and I discussed language for the committee report that would strongly urge the inclusion of infant formula in the supplemental food program in New Orleans, La. As Members of the Senate may be aware, infant formula is more nutritious than the evaporated milk now used in the program. Moreover, the infant formula will not be more expensive. For these reasons, participants in the program are interested in making the change. I might add, parenthetically, that infant formula is now used in the WIC program, which is the major national nutrition program for infants and pregnant mothers.

I believe that the subcommittee chairman agreed that we would include report language ending with this sentence:

> The Committee is unable to find any basis for failing to provide the infant formula and the Committee strongly urges the Secretary to include infant formula in New Orleans' program without further delay.

However, I note in the print of the committee report for this bill that the words "without further delay" are not included. I wanted to inquire of the subcommittee chairman if we had agreed that this would be part of our direction to the Agriculture Department.

Mr. McGEE. The Senator from Louisiana (Mr. JOHNSTON) is correct. The report language upon which we agreed did include the words "without further delay," and I have been informed that these words are omitted only through an inadvertent and unintended printing error. The record should reflect the committee's intent that these three words be included at the appropriate place in the report.

I have every expectation that the Secretary of Agriculture will act expeditiously on this matter. I can understand the concern of the Senator from Louisiana about the food package provided in New Orleans under the SFP program. This change to infant formula appears reasonable and consistent with the policy in the WIC program, and I want to assure Senator JOHNSTON that the subcommittee will closely oversee the Agriculture Department's action on this matter.

Mr. JOHNSTON. I thank the Senator from Wyoming.

The PRESIDING OFFICER (Mr. CULVER). The Senator from Wyoming.

Mr. McGEE. Mr. President, I agreed to yield time to the Senator from Utah for the presentation of an amendment.

UP AMENDMENT NO. 77

Mr. MOSS. Mr. President, I send to the desk an unprinted amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

> The Senator from Utah (Mr. MOSS) for himself and Mr. BROOKE proposes unprinted Amendment No. 77.

The legislative clerk proceeded to read the amendment.

Mr. MOSS. Mr. President, I ask unanimous consent that further reading be dispensed with, since I will discuss that in my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> At the end of the bill, in the appropriate place, insert the following new section as follows:
>
> SEC. . None of the funds appropriated by this Act may be expended for the purpose of (1) carrying out a price-support program for tobacco, (2) paying an export subsidy to any person for the export of tobacco, (3) advertising or otherwise promoting the sale of tobacco, (4) financing directly or indirectly the sale of tobacco in any foreign country under the Agricultural Trade Development and Assistance Act of 1954, as amended, or (5) inspecting or grading tobacco.
>
> This section shall not apply to tobacco planted and in process prior to the date of this Act.

The PRESIDING OFFICER. If the Senator will yield, it is the Chair's understanding that there will be 30 minutes on this amendment, 15 minutes to each side.

Mr. MOSS. Mr. President, I agreed that I would yield to the Senator from Massachusetts for him to propound a question, provided it is not taken out of my time, which is so limited.

The PRESIDING OFFICER. Does the

Senator ask unanimous consent to do that?

Mr. MOSS. I ask unanimous consent.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McGEE. I am glad to yield to the Senator from Massachusetts (Mr. KENNEDY).

Mr. KENNEDY. Mr. President, I thank the Senator from Utah as well as the Senator from Wyoming for being willing to yield on a point which is of great interest to the people of my State and which I think should be of interest to the Senate.

Mr. President, I want to raise with the chairman a serious issue concerning the administration of Farmers Home Administration programs. As the committee report itself notes, because of the traditional focus of the Department of Agriculture on farm programs, the Farmers Home Administration has been organized in a way that results in inadequate attention to Massachusetts and certain other States with large rural populations but relatively small numbers of farms.

As a result, the State of Massachusetts, which has some 210 rural towns with a substantial population of some 878,000 individuals, has not received the full benefits of Farmers Home programs. In fact, Massachusetts has a larger rural population than 23 other States; yet we are 47th in terms of Farmers Home-assisted substandard households. And we are one of only nine States without a State officer.

Essentially very little concentration on Massachusetts needs has occurred, and the absence of a State office is most unfortunate. As a result, approvals of applications for the rural housing program or the central facilities improvement program cannot be made in Massachusetts. They have to travel to Vermont, which has perhaps one-third the rural population of Massachusetts.

And while the number of applications for programs in Massachusetts was 1,920 at the end of last year—more than any other State in the 5-State area covered by the Vermont State office, we had less than one-fifth of the Farmers Home staff in the region. One example of the lack of attention to Massachusetts is that while we have three times the rural population as Vermont, we have one-third the FmHA-assisted housing.

For all of these reasons, I believe it is essential that the Farmers Home Administration establish a State office in Massachusetts and provide adequate personnel to meet our State's needs.

I was wondering whether the chairman of the subcommittee would join me in writing to the director of this program to ask him if he would consider the establishment of a State office in the Commonwealth of Massachusetts. The discretion is with the director. The request would be to establish such a program so that the rural families in my own State are able to participate more fully in what I consider extremely useful and worthwhile programs that are essential to improving the quality of life in rural communities.

We have more rural families in Massachusetts than 23 other States and yet we have not been able to participate in this program the way we should be.

I am sure it is the intention of the manager of the bill to insure that different States and different regions of the country are going to be treated fairly and equitably under this program. I wonder if he would join with me in urging that a State office be established so that we would be able to participate with the other 41 States. I understand 41 other States have State offices. We in Massachusetts would also like similar treatment. I am just wondering whether the chairman of the subcommittee, recognizing this particular problem, would join with me and urge that such a State office be developed.

Mr. McGEE. I appreciate the Senator's comments. We discussed this matter, and I have been impressed with the dimensions of the problem, and the lack of the problem having been coped with on the part of the responsible administrative agencies. I would be delighted to join with the Senator to urge the Administrator to take a very serious look at the dimensions of the question in Massachusetts so that we might make an equitable judgment. I think that is called for.

Mr. KENNEDY. I thank the chairman of the subcommittee, and I appreciate his willingness to work closely with us.

I will submit for the RECORD more detailed information which I think warrants and justifies this section.

There being no objection, the information was ordered to be printed in the RECORD, as follows:

VERMONT STATE OFFICE AREA—IMPACT OF HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974: COMPARISON BY STATE

	Total State population	No. rural comm./No. rural pop./percent of total pop. that is rural	Percent of total 5-State area that is rural	Staff: Percent by State of total 5-State area	No. rural poor/percent of tot. Vt. area/percent in State with income less than $10,000	As of December 1, 1975 Undup. caseload/percent of total caseload	Apps. on hand/percent of total	Total comb. cases and apps. on hand/percent of total
Massachusetts	5,431,000	221/976,658/18 percent (+11 communities).	41	15	81,731/35 percent/73.9 percent	2,865/18 percent	1,920/39 percent	4,785/23 percent.
Connecticut	2,951,000	120/664,467/23 percent (+1 community).	28	13	41,054/18 percent/67.1 percent	2,698/17 percent	1,247/25 percent	3,945/19 percent.
Rhode Island	883,000	17/141,280/16 percent (no increase).	6	6	16,092/7 percent/76.0 percent	917/6 percent	244/5 percent	1,161/6 percent.
Vermont	424,000	247/280,389/66 percent (+2 communities).	12	39	58,592/25 percent/77.2 percent	6,258/39 percent	911/18 percent	7,169/34 percent.
New Hampshire	699,000	250/327,911/47 percent (+2 communities).	14	27	36,913/16 percent/77.6 percent	3,222/20 percent	630/13 percent	3,852/18 percent.
Total	10,388,000	Population: 2,390,705			Total rural poor: 234,382	15,960	4,952	20,912.

[Dollar amounts in thousands]

	FmHA production in the major housing programs by State for fiscal years 1969–76	Total number of substandard households in FmHA areas (rank by percent)	Percent of FmHA assisted substandard households, fiscal years 1969–75	FmHA sec. 502 with interest credit funds obligated as a percent of total sec. 502 funds obligated fiscal year 1975	FmHA total housing dollars in fiscal year 1975 in FmHA served areas, per substandard household	Housing dollars per substandard household (rank)	FmHA total loans and grants for fiscal year 1975	Total sec. 502 dollars for fiscal year 1975	Total sec. 515 dollars for fiscal year 1975	Total number sec. 5_2 loans for fiscal year 1975	Total number sec. 502 interest credit loans for fiscal year 1975	Total number sec. 504 loans for fiscal year 1975	Total number sec. 515 units for fiscal year 1975	Total number of rural households in FmHA served areas	Authorized FmHA staff positions (includes student trainees) [1]	Number of county offices
Vermont	6,421	13,500 (4)	47.6	56.7	17,348	1,285 (8)	959	15,520	1,652	945	454	3	114	87,524	37	11
New Hampshire	4,041	15,380 (13)	26.3	40.7	15,405	1,001 (16)	539	8,818	6,582	524	187	1	382	96,313	25	7
Connecticut	3,349	17,500 (26)	19.1	42.9	20,001	1,142 (12)	587	12,824	7,176	571	238	0	462	195,953	11	4
Rhode Island	768	4,160 (28)	18.5	71.5	4,933	1,186 (11)	221	4,928	0	218	150	3	0	32,211	5	1
Massachusetts	2,575	28,580 (47)	[2] 9.0	[3] 45.7	14,152	[4] 533 (31)	568	1,1902	2,019	562	254	1	104	251,016	15	4

[1] Vermont—4 student trainees; New Hampshire—2 student trainees; Massachusetts—2 student trainees.

[2] Less than ½ of national average of 18.5 percent.

[3] National average 61.5 percent.

[4] National average $565, Massachusetts is the only New England State ranking below the national average.

Mr. KENNEDY. I look forward to working with the chairman of the subcommittee and other members of the committee in trying to assure the rural families in my State the opportunities to participate fully in this program.

I thank the Chair, and I thank the Senator from Utah for yielding.

Mr. MOSS. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. McGEE. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. McGEE. Mr. President, it is appropriate that I state that a point of order will be made in regard to the applicability of the pending amendment on an appropriation bill. I wanted the Senator to be aware that such a point of order will be made.

Mr. MOSS. I may want the yeas and nays on that.

Mr. McGEE. I understand. As long as we have the full picture laid out, that is the important thing.

Mr. MOSS. Mr. President, this is a relatively simple amendment which has a far-reaching impact. We are caught in a catastrophic inflationary spiral caused in part by Government spending. Many of our citizens are suffering from the burdens of inflation, particularly from escalating food costs. To the extent that we can cut spending, we should. To the extent that we can increase food production, we should.

Yet, in the bill before us today, funds are appropriated for carrying out price support programs for tobacco, funds are appropriated for paying export subsidies for tobacco, funds are appropriated for advertising the sale of tobacco overseas, and funds are appropriated for inspecting or grading tobacco. How can we, when dealing with an austerity budget, and dealing with shortages in world food supply, so wantonly appropriate funds for programs which will not only add to the inflationary impact of the budget, but also undermine the health of people?

Just think of it—some Americans are going hungry. Americans in general are finding their earnings eaten up by skyrocketing prices for food, for shelter, and for clothing. Yet in this bill we are appropriating millions and millions of dollars to support the growth, export, advertising, promotion, and grading of a deadly plant which will result in the death of more than 50,000 of our countrymen during the next year from lung cancer, not to mention the additional thousands of deaths which will occur from heart disease, from other cancers, and from chronic lung diseases such as the dreaded crippler emphysema.

Mr. FORD. Mr. President, if the Senator will yield for a question at that point, is he blaming tobacco for 50,000 deaths? Is that what he just said?

Mr. MOSS. I just said that. I do not wish to yield at this time. I will yield further at the conclusion of my statement.

That is right. Fifty thousand deaths.

How can we face our young people and tell them of the virtues of our form of Government when we are pouring out money for the sole purpose of developing a crop which will cripple our people.

I, for one, am not willing to go to the American people and tell them that I supported an Agriculture appropriations bill which provided millions of dollars to be spent in support of tobacco when, several weeks ago, I supported the HEW appropriation bill, which contains a modest amount to dissuade people from smoking, to develop methods to help those who wish to stop smoking, and to provide funds for research on smoking.

I do not in any way wish to hurt the farmers who are already suffering greatly. But I believe that by adjustment to marketing orders and through the excellent work of the Agricultural Extension Service, funds appropriated in this bill can be better used for the development of crops which will benefit the public—crops which will help to cut the cost of food and develop those lands for the growth of crops which will benefit all.

I know already the arguments that will be offered here by the skeptics. There are those who will say that "there is no scientific evidence of the health hazards of using tobacco." Of course, this is completely fallacious. Congress has long since accepted the fact that cigarettes are a health hazard and acted upon this fact. Congress must now take a second step and cut off funding of this hazard by the Federal Government. The time has come to say "Enough," and I trust that our colleagues who have the interests of all the people at heart will join me in support of this amendment.

The amendment would preclude the use of any of the funds appropriated under the act for: First, carrying out a price support program; second, paying an export subsidy; third, advertising or promoting the sale of tobacco; fourth, financing the foreign sale of tobacco under the Agricultural Trade Development and Assistance Act of 1954; and, fifth, inspecting or grading tobacco.

Mr. President, the split in Government activities between supporting the deadly crop and encouraging people not to use it is a clear-cut case of Government schizophrenia. When we are talking about a health bill, we spend money to educate people not to use tobacco. We spend money on research on how to deal with the diseases caused by tobacco. We spend money to develop systems to help people who have become addicted to tobacco to break the habit. Now, we have a bill before us to spend money to grow the deadly weed. It does not make sense.

The time has come for us to withdraw our money for support of tobacco and move that money into an area that will encourage those who make their livelihoods from tobacco to shift to some other kind of farming or some other kind of business. The time has come for us to put this land which is being wasted by growing tobacco to beneficial use through developing or growing other food products.

Mr. President, on previous occasions I have introduced an essentially similar amendment but it has not been adopted. I have made many efforts to get legislative committees to consider this matter and to make it a part of authorizing legislation, but I have been unsuccessful. If we are going to deal with the problems of inflation, if we are going to deal with the problems of food shortages, the time to deal with them is here and now, in the appropriations bill for the Department of Agriculture.

On a number of occasions in recent years, I have attempted to strike the subsidies from the Agriculture appropriations bill, and I am encouraged by the increased support from my colleagues as well as the outpouring from well-wishers from all parts of the country.

Another supporter speaking up about our Government schizophrenia which results in massive expenditures for both health care and crop subsidies, The Journal of the American Medical Association, has editorially endorsed the elimination of crop supports for tobacco. Additionally, the same December 16, 1974, issue also contains an article by Dr. Weldon Walker entitled "Government Subsidized Death and Disability." Dr. Walker cites the decline in ischemic heart disease which has accompanied the decline in the amount of tobacco consumed since 1963, and criticizes the continued Government subsidies in the face of this evidence.

Various arguments have been put forth by proponents of tobacco subsidies to insure their continuation. The only arguments that we, the opponents of tobacco subsidies, have is simple: continued subsidization of tobacco is Government subsidization of death and disability.

We cannot continue with this unconscionable practice. I urge Congress to stand up for what is right. We must terminate crop supports for tobacco, plow that investment into food crops, and help the tobacco farmer adjust to a new crop and a new way of doing business. In the absence of congressional action, we are in contempt of our responsibilities to the American people.

I am happy now to yield to any Senator who has a question.

Mr. HELMS. Mr. President, it is with regret that I note that the distinguished Senator from Utah (Mr. Moss) has renewed his attack upon the very heart of the economy of my State.

The distinguished Senator from Utah again proposes to terminate the price support program with respect to tobacco.

With all respect to the Senator from Utah, this matter has been before the Senate on numerous occasions in the past. The facts have been made clear, time and time again, concerning the nature of the tobacco support program, its remarkably small cost to the Government far more than offset by the substantial contribution to the Treasury occasioned by the sale of the manufactured product, and the role played by tobacco in relation to our international balance-of-payments position.

Again with due respect to the Senator from Utah, it should be emphasized that many scientists and Senators have taken issue with the major premises of the Senator from Utah.

More than 182,000 families in my State earn their living from the production of tobacco. They are dedicated, hard-working citizens who, in my judgment, deserve to be encouraged, not hindered, in their constructive labors to support their families.

I would hope, of course, that my people could be spared the anxiety of wondering whether their vital tobacco program is to be placed in peril. Needless to say, I implore Senators to study carefully all of the facts related to this subject which is of such vital concern to the people and the economy of North Carolina and many other States.

Mr. President, I ask unanimous consent that a statement of the U.S. Department of Agriculture, Tobacco Division—ASCS, entitled "Tobacco in the National Economy," dated October 1975, be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

TOBACCO IN THE NATIONAL ECONOMY

Tobacco is a major agricultural commodity that several hundred thousand farm families depend on for most or a significant part of their livelihood. About 400,000 farms in the United States produce about 2 billion pounds of tobacco on about one million acres each year. Although tobacco uses only 0.3 percent of the Nation's cropland, it is usually the fourth or fifth most valuable crop and accounts for about 4 percent of cash receipts from all U.S. crops. U.S. farmers received $2.1 billion from tobacco sales during the 1974 calendar year. On many farms more than one family depends on the income from tobacco sales. So about 600,000 farm families share in the proceeds from the sale of tobacco. Tobacco is one of the few crops that can still utilize family labor and provide a reasonable income on a small farm. To produce and market an acre of tobacco requires about 275–300 man-hours.

The United States leads the world in both tobacco production and exports. During the 1975 fiscal year (July 1974-June 1975), U.S. exports of unmanufactured tobacco were valued at $861 million. In addition, exports of manufactured tobacco products were valued at $373 million. Thus, our total tobacco exports in fiscal year 1975 were valued at $1,234 million. Since tobacco exports substantially exceed imports, they make a sizeable contribution to our balance-of-payments position.

A limited export payment program designed to regain and expand foreign markets for U.S. tobacco by making our tobacco more competitive pricewise was instituted in 1966. Expenditures under this program during the 1975 fiscal year were $3.1 million. This program was terminated effective with the 1973 crop.

For a number of years, the Department has been working with U.S. agricultural and trade groups to help expand sales to foreign countries of such U.S. farm products as tobacco, wheat, feed grains, soybeans, cotton, and fruits. For the 1975 fiscal year, the Department authorized expenditures of $55,000 (dollar equivalent in foreign currencies) for cooperative tobacco market development. This program operated in countries, which have government monopoly control of the manufacture and distribution of tobacco products. These projects were undertaken at the request of and in cooperation with these foreign governments, and were designed to expand the use of U.S. grown tobacco in the products they manufacture. This program was terminated in September, 1975.

The U.S. also imports large quantities of tobacco. During fiscal 1975 our imports of leaf and manufactured tobacco were valued at $243 million. These imports are used for blending with U.S. leaf in the manufacture of cigarettes and cigars. The supplying countries are principally Turkey, Greece and Yugoslavia for cigarette leaf, and the Philippine Republic, Dominican Republic, Brazil and Colombia for cigar leaf.

During the 1975 fiscal year, U.S. consumers spent an estimated $15 billion on tobacco products, of which about $5.7 billion were received by Federal, State and local Governments as excise tax revenue. Thus, taxes represent about 38 percent of consumer expenditures for tobacco products, and are nearly three times the amount U.S. farmers received from their tobacco sales.

The demand for tobacco by many million people continues even though confronted with health issues and other repressive influences. Manufacturers will obviously strive to satisfy this demand and will obtain their tobacco requirements either from domestic producers or from suppliers of foreign grown leaf. U.S. producers naturally feel they have every right to continue to earn their livelihood by producing tobacco to supply this demand.

For many years, the Department of Agriculture has administered programs to stabilize U.S. tobacco production and assure fair prices to growers. Marketing quotas are in effect for most types of tobacco. In most referendums, more than 90 percent of the growers voting have favored marketing quotas. It is generally agreed that because of the production control program, less tobacco is produced in the United States than would likely be the case if there were no Government programs.

When growers approve marketing quotas, price supports are mandatory for that kind of tobacco under existing legislation. Under the price support program, Commodity Credit Corporation (CCC) loans are made available through producer associations with the tobacco as collateral. The associations handle and sell the tobacco, and repay the loans as the tobacco is sold. The realized cost of the tobacco price support program from 1933 to date totals $57.8 million, about 0.13 percent of the cost for all farm commodity price support operations.

Under the cropland adjustment program, provided by the Food and Agriculture Act of 1965, farmers are paid, under contracts ranging up to 10 years, to divert cropland acres to non-agricultural and conserving uses. During fiscal year 1975, approximately $1.4 million was paid to producers for diverting tobacco acreage under old contracts. No contracts for the diversion of tobacco acreage have been approved since 1967.

The Department provides an inspection service to grade all tobacco before it is sold on the auction markets. Government grade standards affixed by USDA inspectors are the basis for CCC price support loans. Daily market news reports inform growers of prices and market conditions. The tobacco inspection and market news services cost $5.3 million during the 1975 fiscal year.

Expenditures for tobacco under Public Law 480 (The Agricultural Trade Development and Assistance Act of 1954) during the 1975 fiscal year totaled $17.7 million, which represented the sale of leaf tobacco and tobacco products for U.S. dollars on credit terms. No tobacco is donated under Public Law 480.

The Department conducts major research on tobacco in cooperation with the State Agricultural Experiment Stations and other agencies. In fiscal year 1975, $5.8 million were programmed for tobacco research. Following the issuance of the Surgeon General's Report on "Smoking and Health" in 1964, the Department expanded and redirected its research in an effort to ascertain what, if any, element of tobacco or its smoke, may be injurious to health.

The following table shows the cash receipts from tobacco, percentages of all crops and all farm commodities, and the number of farms and families producing tobacco in the 16 leading tobacco producing States in 1974.

		Tobacco cash receipts as proportion of those from:			
States	Cash receipts from tobacco 1974 (million)	All crops (percent)	All farm commodities (percent)	Number of farms producing tobacco	Number of families associated with tobacco farms
North Carolina	$838	48.9	31.9	80,000	182,000
Kentucky	470	51.9	31.6	135,000	147,000
South Carolina	179	31.2	21.6	13,000	33,000
Virginia	147	28.4	15.2	28,000	48,000
Tennessee	123	22.5	12.2	74,000	94,000
Georgia	168	15.6	8.0	10,000	30,000
Florida	37	2.1	1.6	2,300	10,000
Maryland	29	11.2	4.6	3,000	6,000
Connecticut	28	31.7	13.0	100	4,600
Pennsylvania	11	2.2	.7	3,000	3,700
Ohio	21	1.3	.9	9,500	11,000
Indiana	18	.9	.6	8,300	9,400
Massachusetts	10	9.9	4.8	100	1,500
Wisconsin	12	2.1	.5	2,900	5,200
Missouri	6	.4	.2	1,200	1,600
West Virginia	2	5.3	1.6	3,300	4,400
United States	2,146	4.1	2.3	373,700	591,400

Source: U.S. Department of Agriculture, Tobacco and Peanut Division—ASCS, October 1975.

Mr. BROOKE. Mr. President, it would be both wrong and irrational to give more subsidies to tobacco producers, as their product is clearly a dangerous, carcinogenic drug. The taxpayer is spending over a billion dollars this year to fight cancer, coronary disease, and respiratory disease. It makes no sense at all to subsidize the production of this plant which directly causes 30 percent of all fatal cancers of the throat, bladder, and respiratory systems, which causes half the deaths from heart disease and which is implicated in countless other series illnesses. Tobacco is a health hazard, to the smoker and nonsmoker, alike. It is a major public health menace. It would be right, I believe, to devote even more public resources to helping those addicted to tobacco kick their habit. But it makes no sense whatsoever to support tobacco producers with taxpayers' money.

In October the President wisely vetoed an increase in these subsidies. The President has said his administration favors reduced public payments to farmers in order to lower consumer costs and encourage a free market. I argued that he should not veto money for grain farmers and then spend the tens of millions of dollars, which this bill would have mandated, to support the growers of a product with no public benefit. And I was delighted that he shared my point of view.

Most people do not realize that the Agriculture Department spends hundreds of millions of dollars to keep the price of tobacco high. I think tobacco farmers should stand on their own. The Nation as a whole will not suffer. The vast majority of Americans do not smoke. If they feel that without subsidies, they can no longer grow tobacco, I think it would serve the public purpose to help them start farming alternate crops.

We have many Massachusetts tobacco

farmers in the Connecticut Valley. In some years, tobacco is nearly 15 percent of our State's agricultural output. But I do not say anything different when I meet with them than when I met with the President of the United States or when I speak on the floor of the U.S. Senate.

Tobacco subsidies are a good example of the protective, special interest legislation which this country can no longer afford. Our national goals of improving public health and producing high quality food grain at reasonable prices are supported by all Americans. Laws which help particular groups subvert these purposes must be repealed.

The PRESIDING OFFICER. The Senator from Utah has the floor.

Mr. MOSS. Mr. President, I am happy to yield if our colleague has a question. If not, I shall reserve the remainder of my time.

Mr. TALMADGE. Mr. President, will the distinguished floor manager of the bill yield to me at this point?

Mr. McGEE. Yes, I yield whatever time he may require to the distinguished chairman of the legislative committee, the Committee on Agriculture and Forestry.

Mr. TALMADGE. I thank my distinguished friend.

Mr. President, I make the point of order that the amendment is not in order, that it is legislation on the appropriations bill.

Mr. MOSS addressed the Chair.

The PRESIDING OFFICER. The Chair advises the Senator from Georgia that the point of order is not in order at the present time because the mover of the amendment still has time left.

Mr. TALMADGE. I will make the point of order at the appropriate time. If the Senator is prepared to yield back the remainder of his time we will yield back the remainder of our time and let the Chair rule on it now.

Mr. MOSS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MOSS. Is there debate on a point of order? Is there time allotted for that in the unanimous-consent agreement?

The PRESIDING OFFICER. The point of order is only debatable if the Chair seeks edification in terms of making a ruling on the point of order, or if the Chair submits the point of order to the Senate.

In this case, the Chair is prepared to rule, so it will not be debatable.

Mr. McGEE. Mr. President, in view of the circumstances here, it is up to the Senator from Utah as to how he prefers to proceed. But I would think that perhaps there ought to be a test of the point of order ruling, to see whether we are in business or not. It is up to the Senator from Utah, however.

Mr. HUDDLESTON. Mr. President, will the Senator yield for a question?

Mr. MOSS. Yes, I am glad to yield for a question?

Mr. HUDDLESTON. In the event the point of order is not sustained, would there then be additional time for debate on the amendment itself?

Mr. McGEE. It is my understanding the time allocated to the amendment would not be penalized. Is that correct?

The PRESIDING OFFICER. Time on the amendment would be gone, having been used or yielded back, but if an appeal is taken from the ruling of the Chair there would be a debate time limited to 20 minutes, 10 minutes on each side.

Mr. McGEE. I thank the Chair.

Mr. MOSS. On that basis, I will gladly yield back the remainder of my time if the Senator will yield back the remainder of his time.

Mr. TALMADGE. Does the Senator from Wyoming yield back the remainder of his time?

Mr. McGEE. Yes. I yield back the manager's time on this proposal.

Mr. President, have the yeas and nays been requested?

Mr. MOSS. I have not appealed yet.

The PRESIDING OFFICER. All time has been yielded back.

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senate will be in order.

Does the Senator from Georgia reaffirm his point of order?

Mr. TALMADGE. I reaffirm the point of order I made, that the amendment is not in order. It is legislation on an appropriation bill.

The PRESIDING OFFICER. The Chair rules that a further determination to be made in the Executive Department being required by the amendment, it is therefore legislation on an appropriation bill, and the point of order is sustained.

Mr. MOSS. Mr. President, I appeal from the ruling of the Chair, and I should like to discuss it. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MOSS. Mr. President, I think the ruling of the Chair is erroneous, because it does not add anything to the bill. It simply says that funds shall not be expended for certain purposes.

If I recall correctly, I have seen 100 times or 200 times when this was done in appropriation bills. I can recall some appropriation bills which singled out an individual by name and said that no funds shall be paid to that individual for whatever reason Congress felt some person should not be getting any appropriated funds.

This does not require any additional action. It is simply putting a block on certain of these funds. Since the appropriation bill contains funds designated for certain purposes, it is easy to identify. All this does is to say that those funds shall not be paid out under the appropriation bill.

This is so simple and straightforward that there should be no question about it. If Congress thinks that the funds should not be paid out, it can, in its action on this bill, by amendment, say they shall not be paid out. For that reason, I think the ruling is erroneous, and I do take an appeal from the ruling of the Chair.

Mr. TALMADGE. Mr. President, will the Senator from Wyoming yield to me?

Mr. McGEE. I yield to the Senator from Georgia.

Mr. TALMADGE. Mr. President, the issue before the Senate at this time is not the amendment of the Senator from Utah but whether or not the distinguished occupant of the chair ruled correctly on a parliamentary question.

The Senator mentioned the fact that from time to time there have been amendments prohibiting the financing of certain programs. That is a limitation on payments, which is in order.

However, in the Senator's amendment, item number 4, "financing directly or indirectly," provides for a determination downtown, which would make it legislation on an appropriation bill. Therefore, it clearly is not in order.

I remind Members of the Senate that the precedents of the Senate are binding on future Presiding Officers of the Senate. If we get our rules so mixed up that no Senator knows what is going on in this body, this body cannot legislate effectively.

I hope the Senate sustains the ruling of the Chair.

Mr. MOSS. Mr. President, the language referred to by the Senator from Georgia is as follows:

> Financing directly or indirectly the sale of tobacco in any foreign country under the Agricultural Trade Development and Assistance Act of 1954, as amended.

It does say "directly or indirectly." If "indirectly" is the offending word, I shall be glad to modify it. But I do not believe it prejudices the amendment.

The Senator from Georgia's appeal that we have certainty and therefore know where we are going points exactly where we have been. We have been through this exercise again and again in this body. The reason why we have to come in on the appropriation bill is that we cannot get anything done in the authorizing committee. I have introduced measures and other colleagues have sought to have them introduced and heard, and nothing will be done in the authorizing committee. If we could go that way and could get assurance that we could get something on the floor for the Senate to look at, I would be content to do that. I think this is the only way open to us for the Senate to express its will on a very crucial problem.

I can see all the economic problems of those engaged in it, but I also see the terrible health problems on which we spend money and time and effort in trying to correct them for our people.

I do not believe that the ruling of the Chair is correct, and I do not believe that the amendment is invalidated simply by the word "indirectly" being in there.

The PRESIDING OFFICER. Who yields time?

Mr. McGEE. Do we have to yield back time, Mr. President?

Mr. THURMOND. Mr. President, is there time to discuss the merits of the amendment at this time, or is this on the point of order?

The PRESIDING OFFICER. This debate is on the appeal on the point of order.

Mr. McGEE. Mr. President, I am prepared to yield back the remainder of my time, if the Senator from Utah is.

Mr. MOSS. I yield back the remainder of my time.

Mr. TALMADGE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TALMADGE. A vote of "aye" would be to sustain the Chair?

The PRESIDING OFFICER. That is correct. An "aye" vote would be to sustain the ruling of the Chair on the point of order.

The question is: Shall the decision of the Chair stand as the judgment of the Senate?

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Missouri (Mr. Symington) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Utah (Mr. Garn), the Senator from Arizona (Mr. Goldwater), the Senator from Maryland (Mr. Mathias), and the Senator from Virginia (Mr. William L. Scott) are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

The result was announced—yeas 76, nays 18, as follows:

[Rollcall Vote No. 322 Leg.]

YEAS—76

Allen
Baker
Bayh
Beall
Bentsen
Brock
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Chiles
Church
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Eastland
Fannin
Fong
Ford
Glenn
Gravel
Griffin
Hansen
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Helms
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Laxalt
Leahy
Long
Magnuson
Mansfield
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Muskie
Nelson
Nunn
Pearson
Percy
Proxmire
Randolph
Sparkman
Stennis
Stevens
Stevenson
Stone
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—18

Abourezk
Bartlett
Bellmon
Biden
Brooke
Cannon
Case
Clark
Kennedy
Moss
Packwood
Pastore
Pell
Ribicoff
Roth
Schweiker
Scott, Hugh
Stafford

NOT VOTING—6

Buckley
Garn
Goldwater
Mathias
Scott, William L.
Symington

So the ruling of the Chair was sustained as the judgment of the Senate.

Mr. McGEE. Mr. President, I agree to just yield for a very few seconds to the distinguished Senator from South Carolina and then to the Senator from Utah.

Mr. THURMOND. Mr. President, I commend the chairman of the subcommittee and the ranking minority member, and the members of the Appropriations Committee, for providing in this bill $1.7 million to undertake a trial boll weevil eradication program.

These funds will be used by USDA to cover the 40 percent Federal share of the cost of this experimental program. Cotton farmers themselves will pay 50 percent of the program costs, with the participating States bearing the remaining 10 percent of the total program expense.

Mr. President, with the cancellation of the pesticide registration for DDT, the cotton boll weevil and bollworm have become progressively more serious as a pest problem for cotton farmers in the Southeast. It is estimated that these insect pests cause annual cotton crop losses of $200 million a year. Furthermore, cotton producers are forced to spend an additional $75 million annually for less effective, more expensive insecticides to attempt to control these pests. These insecticides constitute almost one-third of the total amount of insecticides released into the environment each year. Thus, eradication of the boll weevil would have enormous economic and environmental benefits.

I am advised that recent research breakthroughs have strongly suggested that it is now technologically and economically feasible to eradicate these pests, using a combination of chemical, biological, and cultural control measures in a precisely timed program. Furthermore, all of the affected States either have passed or will enact legislation enabling them to fully cooperate with USDA in this program. I am pleased to report that Gov. James B. Edwards of South Carolina signed the bill authorizing our State's participation on June 18, 1976.

Thus, Mr. President, I see no reason for the restrictive language in the House committee report, which stated:

> The requested $1.7 million for boll weevil eradication shall be made available for such program only when the Director of boll weevil research at the Boll Weevil Laboratory certifies to appropriate Congressional Committees that a substantial and sufficient scientific breakthrough has been achieved, and that he recommends the program be initiated; and that each of the three States to be involved has passed and implemented the necessary legislation and has demonstrated to appropriate Congressional Committees that they are legally and financially prepared to fulfill their responsibilities under the program.

I am pleased that the Senate Agriculture Appropriations Subcommittee has seen fit to recommend that this trial boll weevil eradication program proceed expeditiously next year. There is no reason to unduly delay this effort. When this bill goes to conference with the House, I suggest that it would be appropriate and very helpful if the conferees could also include positive language in their report, so that there will be no doubt that Congress desires for this program to go forward promptly. I hope the distinguished chairman of the subcommittee, Senator McGee, and the other Senate conferees will work toward this end.

Mr. President, I would like to again emphasize that these insects annually do some $200 million damage to the cotton crop, and also that farmers spend an additional $75 million annually for less effective, more expensive, insecticides to attempt to control these pests.

Thus, I am very anxious to see this program expedited as much as possible, on account of the great damage the boll weevil and bollworm are doing. I would hope, too, that the Senate position would be retained in conference and that the restrictive language included by the House in its committee report will not be the basis under which this important program will be conducted.

I would be very pleased to have a comment by the chairman of the subcommittee and by the ranking Member, if they would care to make a statement.

Mr. McGEE. Mr. President, let me say to my colleague, the committee not only recommended the full budget estimate for this purpose, but we have always supported this purpose. We include in the report on the bill that the committee fully backs this pilot eradication program and we hope that it will be undertaken and fully implemented without delay. That is the emphatic point.

Mr. THURMOND. And as promptly as possible.

Mr. McGEE. As promptly as possible.

Mr. THURMOND. Mr. President, I thank the distinguished chairman of the subcommittee for those remarks.

Mr. FONG. Mr. President, I want to say to the distinguished Senator from South Carolina that we eliminated the restrictive language of the House and in our language we stated as follows:

> The committee recommends the full budget estimate for the proposed boll weevil eradication program. It is the opinion of the committee that this pilot eradication program may be undertaken and fully implemented without undue delay.

As a member of the conference committee, I will do my best to try to sustain the Senate's position.

Mr. THURMOND. Mr. President, I commend the able ranking member of the subcommittee, and express my appreciation to both the chairman (Mr. McGee) and the ranking member (Mr. Fong) for their splendid efforts in this worthwhile cause.

UP AMENDMENT NO. 78

Mr. MOSS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

> The Senator from Utah (Mr. Moss), for himself and Mr. Brooke, proposes an unprinted amendment No. 78:
>
> At the end of the bill, in the appropriate place, insert the following new section as follows:
>
> Sec. . None of the funds appropriated by this Act may be expended for the purpose of (1) carrying out a price-support program for tobacco, (2) paying an export subsidy to any person for the export of tobacco, (3) advertising or otherwise promoting the sale of tobacco.

Mr. MOSS. Mr. President, as will be recognized, this is essentially the amendment that was before the Senate previously with the elimination of the clause that had to do with financing directly or indirectly the sale of tobacco in a foreign country under the Agriculture Trade Development and Assistance Act of 1954, as amended, and also eliminating the saving clause saying that this would not apply to tobacco planted, or in the process, prior to the date of the act.

I would like to illustrate how very fine is the ruling to say that to put those two added things in or out makes a difference of whether this is legislation on an appropriation bill. In consultation with the Parliamentarian, I was advised that this fully complies and could be voted on as an amendment.

Mr. President, I do not intend to keep the Senate any length of time. That is not the way I operate. I usually want to move on and get a vote up or down without a lot of delay and palaver.

But I point out that for years we have been trying to get an authorization bill and cannot even get a hearing, let alone an authorization bill reported, and that goes on year after year after year.

Second, I have to come in here and try to do it on an appropriation bill, and this time they raised a point of order. The matter was then put to the Senate and, of course, many Senators voted affirmatively simply because they believed in sustaining the Chair, and it was not on the issue of whether or not we ought to be subsidizing tobacco.

Mr. President, the Senate has gone on record, and we have in the past required warnings to be put on a package of cigarettes, which is now the law of the land. Warnings are placed in all display advertising for tobacco, pointing out that tobacco is injurious to a person's health. Of course, we all know that advertising of cigarettes has been banned from television and radio. I point out that we are not alone. Many countries of the world are doing this, and some of them much more stringently than we, in their fight against what has become a scourge in our time.

I had the very sad duty of delivering a euology at the funeral of a great fellow whom we all knew, Clyde Webber, President of the Federation of Government Employees, AFGE, who was buried on Monday last, who died of lung cancer at the age of 56. I had known Clyde for 25 years. He was a chain smoker. There was just no way we could talk him out of it.

I know my friends will say, "You might as well do away with sugar or something else." But that just gets off the issue.

It has been made again and again and again, and every time we get a report from the medical sections of this Government it reinforces the fact that the smoking of tobacco is a cause of disease, including lung cancer, emphysema, and vascular circulatory disease.

Yet we here in this body continue to appropriate money to encourage the growing of tobacco, process it, and sell it, and all these other things. I do not know how long the schizophrenia can go on.

I know there is an economic factor here. Many farmers grow tobacco and there are great companies that manufacture cigarettes and tobacco products of other kinds, and there are billions of dollars involved in it.

But must we crouch and cower before all that money and simply say, "OK, we will go ahead and encourage the growing of tobacco so more people will be sick, lose time from work, many of them will die, and we will take on the extra burden of medical care for these people"?

I just think it is time we woke up and faced up to the issue.

I am glad to yield to the Senator from Massachusetts.

Mr. BROOKE. Mr. President, let me say that I cannot allow my distinguished colleague to stand alone while he courageously fights for what he knows is right and what many of us know is right.

I have great respect for my colleagues who have to represent their States which have tobacco industries. I have some tobacco industry in my own State of Massachusetts.

But my colleague from Utah is exactly right. We have been hypocritical.

In the HEW bill, we have appropriated $850 million for research for cancer, we are trying to do the best we can to cure cancer, including lung cancer and the many other kinds of cancer excelebrated by cigarette smoke which claim the lives of so many of our people.

Yet, at the same time, we are subsidizing an industry that does not need subsidy and spending money to advertise at home and abroad to encourage more people to smoke more.

How long are we going to tolerate such two-faced policies, such hypocrisy?

I think it is time for more Senators to support the Senator from Utah. His amendment is a good amendment. I have proposed it myself in the past. I believe in it.

I know that every American would like to see us get rid of cancer in this country, and today there is no doubt that cigarette smoking has caused lung cancer.

We have shown recognition of this by requiring a health warning on the packaging of cigarettes. We are trying to do whatever we can on television to encourage people not to smoke. Yet at the same time, here we are subsidizing that industry and encouraging it by adding appropriation of money for the advertising of tobacco abroad.

I think that is a hypocritical act on our part. I hope that the Senator's amendment will be supported. I intend to vote for it, and I hope there will be more Senators who will stand up and support the Senator from Utah.

He has dealt with the economics of tobacco. He is trying to do the best he can. This is not as strong an amendment as we would like, but at least this amendment would cut out the appropriation for advertising of cigarettes, for which the Federal Government is paying. The industry should be paying for it. Why should American taxpayers have to pay to advertise cigarettes and at the same time spend $850 million of their tax money to try to find a cure for cancer. If that is not irrational public policy I do not know what is. I hope the amendment of the Senator from Utah will be agreed to.

Mr. MOSS. Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER (Mr. MORGAN). Who yields time?

Mr. McGEE. Mr. President, what is the parliamentary situation?

The PRESIDING OFFICER. There is an amendment pending.

Mr. MOSS. There is an amendment pending and there is time on the other side if they wish to use it.

I indicated I did not want to prolong this because I felt that having had a vote, even though it was not directly on the basic issue, it was rather overwhelming and perhaps I would not force another vote. I am certainly willing to let the opposition have their say if they wish to.

Mr. McGEE. I am glad to yield to the Senator from Georgia.

Mr. TALMADGE. I will make my remarks very brief. Now that we have a substantial number of Senators present, I would like to say this: about 600,000 farm families receive a major portion of their income from tobacco in the United States. Those tobacco farms are the smallest farms in the United States, with very low incomes. If they were not producing tobacco, the majority would be on welfare. Last year, tobacco paid $5,900 million in local, State, and Federal taxes for the operations of Government.

Last year, we exported $1.2 billion worth of tobacco for cash to foreign countries. This helped us immeasurably in our balance of payments and also in our export trade.

One final thing: We tried prohibition. All Senators remember what a disaster it was. If we were not producing tobacco in the United States of America we would be importing it. If we were importing it, rather than gaining $1 billion from export sales, we would be paying out $1 billion or more to import tobacco.

As to the cost of the program to the Government, it is minimal. We have had a tobacco program since the 1930's, and the cost to the Government has been infinitesimal. It is one of the least expensive agricultural programs that we have. It is really that simple.

We are not going to stop people from smoking any more than we stopped them from drinking. We are not going to stop them from dying from overweight because they ate food with too much sugar.

We are dealing with human nature here. We are dealing with the economics of the Government of the United States, its trade, its sources of taxation, and the livelihood of 600,000 American people.

If the Senator does not withdraw it—and we have voted on it time after time after time as it has always been submitted—and if it is submitted to a vote, I hope it will be rejected.

I yield to the Senator from Massachusetts.

Mr. BROOKE. I would not argue with the figures which the distinguished Senator from Georgia has given, but I ask the Senator why should the Federal Government pay for the advertising of a health hazard instead of food products for our foreign friends to buy? Why not have the money for tobacco advertising at least come from the industry?

Mr. TALMADGE. Is the Senator talking about advertising abroad?

Mr. BROOKE. Yes.

Mr. TALMADGE. That is part of our Public Law 480 program where we have tried to build up agricultural sales, and we have. Last year, as I pointed out, we exported over $1 billion worth of tobacco. We exported $22 billion worth of agricultural commodities last year and we imported $10 billion worth. That gave us a favorable balance of trade on agricultural commodities of $12 billion. Without that, our trade reports would be an absolute fiasco. Agricultural commodities and sophisticated equipment are about the only advantage we have in foreign trade. That small expenditure for $12 billion in favorable trade balance is well spent.

I yield the floor.

Mr. THURMOND. Mr. President, I wish to express my strong opposition to the amendment proposed by Mr. Moss to the agriculture and related agencies appropriations bill. The amendment by the senior Senator from Utah would, in effect, cut off all Government price supports for tobacco programs after the current crop. The Senate has made clear its position on this matter numerous times in recent years, rejecting similar Moss amendments by substantial votes.

While I understand and appreciate that this amendment is motivated out of a concern for the health of all Americans, I have stated many times that I do not think it is the province of Government to dictate to its citizens what they can and cannot consume, so long as the products involved have not been proven to be criminally dangerous to society. This amendment comes perilously close to an attempt to legislate morality.

My own view is that a substantial number of Americans are going to continue to smoke no matter what the Surgeon General warns, and I do not think it is the Goverment's job to forcefully shape personal habits. Certainly this Nation's half million tobacco farmers should not be penalized for producing a legal product that is much in demand throughout the world.

As a matter of fact, U.S. tobacco farmers make a great contribution to our national economy, and tobacco leaf and product exports greatly improve our balance of payments. The farm value of tobacco produced in this country amounted to some $2.24 billion last year, of which some $852 million was exported. Total exports of tobacco products in calendar year 1975 reached an all-time high of $1.25 billion. Allowing for imports of some $263 million, this particular commodity made a positive contribution of nearly $1 billion to the U.S. balance of payments. It is estimated that over 1 million persons are involved in tobacco production in the United States, either as farm operators or farm laborers.

Yet, the Senator from Utah persists in trying to discourage the growing of this tremendously valuable agricultural crop. If we deter our farmers from producing tobacco, then surely other countries will expand their production, and we will end up importing large amounts of this commodity. Thus, this amendment could turn an economic plus into a minus for the United States.

I am particularly concerned about what termination of USDA tobacco programs would mean to South Carolina. Tobacco was the leading money crop in South Carolina in both 1974 and 1975, bringing in some $171 million in 1974, and a record $188 million last year, for South Carolina farmers. Furthermore, many of the tobacco growers in South Carolina are very small, family-type farmers, and they would be especially hurt by a termination of production and marketing assistance.

Additionally, the State of South Carolina receives a substantial amount of tax revenues each year from taxes levied on the sale of tobacco products, as do other States.

It should also be pointed out that present tobacco price support programs are not costly to American taxpayers. Last year the average price received by tobacco farmers was about $1.02 per pound—above the price support level. In 1973 and in 1974, tobacco prices were also well above support levels. Furthermore, stocks of tobacco under Commodity Credit Corp. loans have been declining, although there was some increase last year. In recent years, repaid loans and tobacco leaf sold out of CCC stocks have usually been adequate to cover any loan charge-offs. In fiscal year 1975, these loan losses amounted to only $200,000—a small price to pay for farm price stability in the industry.

In short, I believe the amendment offered by the distinguished Senator from Utah is inappropriate, misleading, and counter-productive. Rather than promoting the physical health of our citizenry, this amendment, if adopted, would be detrimental to our Nation's economic health and financially disastrous to our many fine tobacco farmers. I urge that it be defeated.

Mr. President, I ask unanimous consent that a summary prepared by the Tobacco Institute, which describes the economic importance of the tobacco industry, be printed in the RECORD at this point.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SOME FACTS ABOUT TOBACCO

(All data for 1974, unless otherwise stated)

CONSUMPTION

Total U.S. consumption including overseas armed forces was:

Over 610.4 billion cigarettes—an historic high;

about 6.4 billion cigars and cigarillos;

about 59.6 million pounds of pipe and roll-your-own tobacco;

about 79.2 million pounds of chewing tobacco; and

about 25.0 million pounds of snuff.

The output of cigarettes from U.S. factories was 635 billion.

Of the total, 10.4 billion cigarettes were shipped to overseas forces, 1.9 billion to Puerto Rico and U.S. islands and 46.9 billion to other countries.

Per capita U.S. cigarette consumption, based on the whole population 18 and over, was 4,150, compared with the record 4,345 in 1963 and the recent low 3,985 in 1970.

EXPENDITURES

U.S. expenditures for tobacco products were estimated to total almost $14.5 billion, a record high and an increase of more than $965 million over 1973.

About $13.3 billion was for cigarettes, $705 million for cigars and $475 million for pipe and roll-your-own tobacco, chewing tobacco, and snuff.

WORLD PRODUCTION

Total world production of tobacco is estimated at a record 11.4 billion pounds, about 7 percent more than in 1973.

Major tobacco producing nations were: Peoples' Republic of China (2,224,993,000 pounds), United States (1,962,634,000), India (973,110,000), Russia (663,578,000), Brazil (479,498,000), Turkey (386,242,000), Japan (327,599,000), Bulgaria (308,642,000), Indonesia (276,446,000) and Canada (262,830,000).

UNITED STATES TOBACCO PRODUCTION

Tobacco Growers.—Tobacco is grown in 23 states on 400,000 farms. There were 530,858 allotments to grow tobacco issued by the federal government.* The acreage harvested was about 962,000 with an average yield of 2,036 pounds per acre.

Tobacco growing requires a great deal of labor. There are about 600,000 farm families involved in producing tobacco in the U.S., aided by additional seasonal workers. About 300 man-hours of labor are needed to harvest 1 acre of tobacco. In comparison, it takes about 3 man-hours to harvest an acre of wheat.

Auctions.—About 96 percent of the nation's tobacco is sold at auction in 175 markets in 12 states. About 4 percent, largely cigar leaf, is sold directly from the farms or by farmers' cooperatives.

There were 865 warehouses at the markets in Virginia, North Carolina, South Carolina, Georgia, Florida, Maryland, Kentucky, Tennessee, West Virginia, Ohio, Indiana and Missouri. They handled 13 types of tobacco leaf.

Crop Income.—Tobacco was the fifth largest cash crop, behind corn, soybeans, wheat and cotton. The crop was worth about $2.1 billion, representing about 2.2 percent of the total for all agricultural commodities. The estimated value of the crop in 16 major tobacco states was:

	[Millions]
North Carolina	$817
Kentucky	474
Virginia	172
South Carolina	171
Georgia	170
Tennessee	125
Florida	34
Maryland	29
Connecticut	17
Indiana	15
Ohio	14
Pennsylvania	11
Wisconsin	11
Massachusetts	6
Missouri	5
West Virginia	4

To a lesser extent, tobacco is also grown in Alabama, Arkansas, Illinois, Kansas, Louisiana, Minnesota and New York.

GOVERNMENT RECEIPTS FROM TAXES

Total excises.—Federal, state and local governments collected about $5,887,995,000 in direct taxes on tobacco products. 98.5 percent represented taxes on cigarettes—some $5,801,198,000. Taxes on other tobacco products totaled about $86,797,000.

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*The allotment total is larger than the number of farms because some farms are allotted growth of more than one type of tobacco.

Federal.—The federal government's share was $2,437,005,000, with cigarette taxes, at 8 cents per pack, accounting for 97.8 percent or $2,383,038,000. About $53,967,000 in taxes were collected for other tobacco products, mostly cigars.

State and Local.—State taxes on all tobacco products totaled an estimated $3,340,678,000. Of the total, $3,308,000,000, or 99 percent, represented cigarette taxes and $32,678,000 were collected from sales of other tobacco products. 300 city and county government tobacco taxes came to $110,312,000. Of that amount, $110,160,000, 99.9 percent, represented taxes on cigarettes. Local governments also collected $152,000 in taxes on other tobacco products.

Since 1863, when cigarettes were added to the tobacco products taxed by the federal government, governments at all levels have collected more than $107 billion in tobacco taxes. Cigarettes have accounted for 93.1 percent of that figure or about $99.7 billion.

Because of increased sales and higher cigarette taxes in many states, smokers paid 4.3 percent more in state cigarette taxes than in 1973. Nearly 50 percent of the proceeds of domestic retail sales of cigarettes to civilians went to federal, state and local government treasuries in the form of cigarette excises.

GOVERNMENT TOBACCO PROGRAMS

Farm Quotas.—The Department of Agriculture administers laws to stabilize tobacco production and assure fair prices. Most tobacco farmers, through periodic referenda, have continually favored marketing quotas. Because of the production controls, less tobacco is produced at higher prices than would likely be the case without them.

Loans.—When growers approve marketing quotas for a certain type of tobacco, price supports for it are mandatory. Under the price support program the Commodity Credit Corporation (CCC) makes loans to farmers through their associations with the tobacco as collateral. The associations handle and sell the tobacco and repay the loans as the tobacco is sold. The realized cost of the price support program since its start in 1933 has been about 0.13 percent of the cost for all farm commodity price support operations.

Grading.—The Department of Agriculture also grades all tobacco before it is sold. Government grade standards are the basis for CCC loans. Daily market news reports inform growers of prices and market conditions. The 1974 fiscal year inspection and market news service costs were $5.6 million.

Foreign programs.—Sales of tobacco abroad with very reasonable credit terms under Public Law 480, the "Food for Peace Program," amounted to $30.9 million.

MANUFACTURING

Factories.—There are about 170 tobacco products factories with federal permits and some 37 other facilities, large and small, in 24 states. They manufacture cigarettes, cigars, chewing, pipe, roll-your-own tobacco and snuff.

North Carolina leads in cigarette production, followed by Virginia and Kentucky.

Employment.—Tobacco manufacturers employ about 75,000 men and women representing hundreds of millions in payroll dollars.

Industry and Employees

Cigarette	46,000
Cigar	14,000
Chewing, pipe, roll-your-own & snuff	3,500
Stemming and redrying	11,500

Related industries.—Uncounted other persons are employed by oragnizations that serve the tobacco industry; flax-straw fiber for cigarette paper; factory machinery; plastics, paper, foil, cardboard and printing; trucking, shipping and advertising.

DISTRIBUTION

Retail.—There are an estimated 1.5 million retail outlets distributing tobacco products, with more than 5 million employees.

Wholesale.—There are also an estimated 2,145 primary tobacco wholesalers. The 1974 trade estimate of the wholesale value of tobacco and related products is $7,846,859,785.

Wholesale value

Cigarettes	$7,104,377,407
Cigars	497,417,534
Tobacco (chewing, pipe, roll-your-own & snuff)	147,745,328
Pipes	34,361,162
Other smokers' articles	62,958,354

EXPORTS AND IMPORTS

The United States is the leading tobacco exporter and the third largest tobacco importer. In recent years about one-third of the U.S. tobacco crop has been exported. In 1974, U.S. exports of leaf tobacco and manufacturer products totaled some $1.2 billion, a record high. Imports came to approximately $215 million. The difference represents a positive net contribution of nearly $1 billion to the U.S. balance of payments in calendar 1974.

Leaf.—These totals include 651.4 million pounds of exported unmanufactured leaf tobacco. Value of the leaf exported was $832 million, compared with $681 million in 1973.

Imports of unmanufactured leaf came to 300 million pounds valued at $182.5 million. The quantity represents a record high and a 10 percent increase over the 273 million pounds imported in 1973 when the value was $157 million.

The majority of the leaf imported, 188 million pounds, was destined to be used in domestic cigarette manufacture. Most of this leaf came from Turkey, Greece and Yugoslavia.

Products.—The value of exported manufactured products was $360.5 million.

The value of imported manufactured products was $32.6 million compared with $24.4 million in 1973.

Cigarettes.—About 46.9 billion cigarettes, 13 percent more than in 1973, and valued at $301 million, up 20 percent over the previous year, went to over 100 countries. The leading importers were Hong Kong, Belgium-Luxemburg, Spain, Netherlands, Antilles, Lebanon, Saudi Arabia, Panama, Ecuador, Kuwait, Japan and Mexico.

About 257.7 million foreign cigarettes, valued at $1,693,000, were imported.

Other Products.—Cigar exports fell to 86.4 million units and were valued at about $3.9 million. The quantity represents a 20 percent decrease from 1973.

About 74,712,000 foreign cigars were imported with a value of about $13.5 million.

Exports of pipe and roll-your-own tobacco in bulk were 38.5 million pounds and in packages 1.3 million pounds. Their value was $53.4 million and $2.2 million respectively. Exports also included 122,000 pounds of snuff and chewing tobacco worth $206,000.

Imports of smoking and other manufactured tobaccos came to 10.9 million pounds valued at $17.4 million.

Shipping.—About 97 percent of all the leaf tobacco exported was shipped from east coast ports. The five major ports were:

	Pounds	*Value*
Norfolk	310,000,000	$384,000,000
Wilmington, N.C.	256,000,000	338,000,000
Baltimore	13,000,000	19,000,000
New Orleans	13,000,000	11,000,000
New York City	12,700,000	23,000,000

Cigarettes accounted for 83 percent of the total value of the exported manufactured tobacco. The five major ports shipping cigarettes overseas were Baltimore, Miami, New York, Nolfolk and San Francisco.

TOBACCO AND HEALTH RESEARCH

In the interest of absolute objectivity, the tobacco industry has provided hundreds of totally independent research grants. This completely nonrestrictive funding has resulted in publication of thousands of scientific papers on smoking and health in leading medical journals.

The combined commitment by the tobacco industry for these projects amounts to more than $54 million. In many years the tobacco industry's commitment in this area has exceeded that of any government agency and substantially exceeds the research expenditures on smoking and health reported by all the voluntary health associations combined.

SOURCES

U.S. Department of Agriculture: *Annual Report on Tobacco Statistics*, Agricultural Marketing Service; *The Tobacco Situation*, issued quarterly by the Economic Research Service; *Foreign Agriculture Circular*, Foreign Agriculture Service.

U.S. Department of Labor, *Employment and Earnings Statistics for the United States*.

U.S. Department of the Treasury; Bureau of Alcohol, Tobacco and Firearms, *Alcohol and Tobacco Summary Statistics*.

Tobacco Tax Council, *The Tax Burden on Tobacco*, 5407 Patterson Ave., Richmond, Virginia 23226.

National Association of Tobacco Distributors, *The Coordinator*, 58 East 79th Street, New York, N.Y. 10021.

Mr. MOSS. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator has 7 minutes remaining.

Mr. MOSS. I will use 2 or 3 minutes, Mr. President.

I do appreciate the recitation of my colleague from Massachusetts.

Mr. President, I agree with the Senator from Georgia that there is a great economic investment here and, of course, we will disturb that somewhat if we withdraw government subsidy. But as the Senator from Georgia pointed out, if tobacco is so lucrative a business that it has to pay billions of dollars in taxes, certainly there is not any reason to subsidize or encourage it in any way from the governmental level. To do that I call schizophrenia, because we are spending money to try to get people not to use tobacco.

Mr. TALMADGE. It is not a lucrative business, I say to the Senator, but the high rate of taxes it carries has provided $5.9 billion to local, State, and Federal Governments.

Mr. MOSS. I do not dispute the figures. The tobacco companies, however, have grown so large and wealthy they have diversified into many things. We all know they are among the corporate giants of this country now.

Therefore, I believe we are in an untenable position if we continue to subsidize this product. I do not know how long we can continue to ask for appropriations for tobacco, give appropriations to the Surgeon General's office, or whatever it is now called, to continue his program of research and advertising the evils of tobacco, and then say, "We are putting out more money than that in encouraging the growth of tobacco."

It is a very critical condition. I am trying to say let us pull the Federal Government back.

This is not a prohibition bill. I agree with the Senator, we are not going to stop the smoking of tobacco. We are not making it illegal. We are just stopping giving out Federal money to encourage it. That is all the amendment does.

Mr. President I indicated that I did not think we needed to put the Senate through another rollcall vote, even though the other vote was not a direct one. With the consent of my cosponsor from Massachusetts I would be willing to withdraw this modified amendment now. I think we have made our point on the Record, and I do not think we need a rollcall vote.

Mr. BROOKE. I agree, but I think we ought to serve warning that we will be back again and again, because we just ought not to be spending Federal money for this purpose. Especially not when we are spending all this money for cancer research to combat the effects of tobacco.

Mr. HUDDLESTON. Mr. President, will the Senator yield?

Mr. MOSS. I will yield for a question or a brief comment.

Mr. HUDDLESTON. Mr. President, I do not intend to belabor the point but tobacco is a major agricultural commodity in the United States that several hundred thousand farm families depend on for most or all of their livelihood. Over 400,000 farms in this country produce about 2 billion pounds of tobacco on about 1 million acres each year. Tobacco uses only 0.3 percent of the Nation's cropland but is usually the fourth or fifth most valuable crop and accounts for about 4 percent of cash receipts from all U.S. crops. U.S. farmers received over $2 billion from tobacco sales during the 1975 calendar year.

On many farms more than one family depends on the income from tobacco so about 600,000 farm families share in the proceeds from the sale of tobacco. Tobacco remains one of the few crops that still utilizes family labor and provides a reasonable income on a small farm.

U.S. tobacco exports are increasing and are expected this year to total about 500 million pounds, valued at $915 million. Of the tobacco types, the biggest increase has been in burley shipments which are currently 9 million pounds ahead of fiscal 1975.

Flue-cured leaf exports, which traditionally account for about two-thirds of total U.S. exports, have increased by 4.7 million pounds.

Mr. President, U.S. agricultural exports are now expected to total about $22 billion in fiscal 1976. U.S. agricultural imports during the same period are estimated at $10 billion. Thus, the U.S. agricultural trade balance will reach about $12 billion during fiscal 1976 and tobacco and tobacco products will contribute substantially to our surplus position.

The wisdom of having a tobacco production control and price support program, in my judgment, is not to be questioned. Congress has debated the issue and the tobacco program is provided for in permanent legislation already on the books.

The realized costs of the price support program have been extremely small over the years. And in 1973 and 1975 the price support program actually produced a net gain to the Federal Government.

Mr. President, any amendment to the legislation under consideration today that would impair the tobacco growers cooperatives from carrying out their price support activities would impoverish hundreds of thousands of farm families in the United States.

There are over 140,000 burley tobacco quotas in Kentucky, 7,600 fire-cured quotas and 16,000 dark air-cured quotas. In testimony before the Senate Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, which I chair, the leading tobacco policy economists in the Nation have repeatedly testified that the support price of tobacco approximates cost of production.

In my judgment, it would be wrong for the Congress to abandon the hard-working small tobacco farmer by striking down the tobacco program. If this were to happen there is no doubt the tobacco market would be faced with ruination. I urge the Senate to defeat the proposal of the Senator from Utah and permit the current tobacco price support-production control program to continue.

Mr. President, in addition I would like to make a couple of brief points relating, first of all, to the concern which has been expressed with reference to spending money abroad for the purpose of promoting exports. Tobacco promotion funds are a miniscule part of a program which involves all agricultural commodities. This program attempts to create new markets in order to continue to increase the agricultural productivity that we have in this country. This in turn provides our citizens the best supply of quality foodstuffs in the world at the least cost.

Second, the tobacco support program is a growers' program. It is not a program designed for the benefit of the big tobacco companies, the producers of cigarettes. It benefits the thousands of small farmers in this country who grow tobacco and use the cash income from tobacco to stay on the farm. Further, these farmers produce not just tobacco but all the foodstuffs that our people need.

As the distinguished Senator from Georgia has pointed out, the Federal Government and the various State and local governments, the taxing authorities of this country, already receive two-and-a-half times as much income from tobacco as the farmer who grows it. So I think the economic aspects have been under-emphasized and the participation of the Government in the program has been overemphasized in this debate.

I think it is well to have this on the Record, and I appreciate the fact that the Senator from Utah is willing to withdraw his amendment at this time.

Mr. MOSS addressed the Chair.

Mr. MAGNUSON. Mr. President, will the Senator yield for 10 seconds for an emergency matter?

Mr. MOSS. I am glad to yield to the Senator from Washington.

ADVANCED AUTOMOBILE PROPULSION SYSTEMS

Mr. MAGNUSON. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 13655.

The PRESIDING OFFICER (Mr. Morgan) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H.R. 13655) to establish a 5-year research and development program leading to advanced automobile propulsion systems, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. MAGNUSON. I move that the Senate insist upon its amendment and agree to the request of the House for a conference, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. Morgan) appointed Mr. Magnuson, Mr. Moss, Mr. Tunney, Mr. Baker, and Mr. Stevens conferees on the part of the Senate.

COMMERCIAL FEASIBILITY OF ELECTRIC VEHICLES

Mr. MAGNUSON. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 8800.

The PRESIDING OFFICER (Mr. Morgan) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H.R. 8800) to authorize in the Energy Research and Development Administration a Federal program of research, development, and demonstration designed to promote electric vehicle technologies and to demonstrate the commercial feasibility of electric vehicles, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. MAGNUSON. I move that the Senate insist upon its amendment and agree to the request of the House for a conference, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. Morgan) appointed Mr. Magnuson, Mr. Moss, Mr. Tunney, Mr. Baker, and Mr. Stevens conferees on the part of the Senate.

AGRICULTURE AND RELATED AGENCIES APPROPRIATIONS, 1977

The Senate continued with the consideration of the bill (H.R. 14237) making appropriations for Agriculture and related agencies programs for the fiscal year ending September 30, 1977, and for other purposes.

The PRESIDING OFFICER. The Senator from Utah.

Mr. MOSS. Mr. President, before I withdraw my amendment, I echo what our colleague from Massachusetts said. We will be back again and again.

I hereby withdraw the amendment that is before the Senate.

Mr. FORD. Mr. President, has the amendment been withdrawn?

The PRESIDING OFFICER. The amendment has been withdrawn.

Mr. FORD. Mr. President, when you are ahead you are supposed to quit. I intended to stop now that the Senator from Utah has withdrawn his amendment, but I shall first make a brief statement for the Record.

However well intentioned the Senator's amendment might be, he continues to overlook the economic chaos which would result from pulling the tobacco price-support program out from under the farmer overnight.

First. It would guarantee foreign imports at the expense of thousands of farmers;

Second. It would guarantee synthetic substances; and

Third. It would result in the demise of the family farm dependent on income from raising tobacco—again, over a half million families.

The Senator calls the price-support program an "unconscionable activity, one which the Congress must terminate." Here again, the social issue is overshadowing the plain and simple fact that tobacco is a legal product, legally raised and legally sold. The social issue has overshadowed the plain and simple truth—that infringement on individual rights is a two-way street. No one is forced to smoke.

The fact remains that one way or another the use of tobacco will continue. The question is whether or not they will use American products, raised, manufactured, and sold in America, or something less desirable—and very possibly more dangerous—from foreign countries.

Unless this effort is defeated, we will be heading for imports, and toward synthetic substances and in my opinion far more medical problems than even the strongest critics of today realize. We are heading toward economic disarray—perhaps not next week or next year, but if this amendment is adopted, it will be forthcoming.

When the agricultural economy is good, the economy of this country is strong. But when the agricultural economy is bad, the Nation's economy grows weak.

The case before us today revolves around jobs, around personal income, around the survival of family farms, and most certainly around the maintenance of economic strength in agriculture.

This is the issue now confronting us, and I urge my colleagues to join in opposing such proposals because of the consequences of such an action to our own society.

The PRESIDING OFFICER. The bill is open to further amendment.

UP AMENDMENT NO. 79

Mr. DOLE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. Dole) proposes UP amendment No. 79:

On page 44, after line 20, add a new section as follows:

Sec. 613. No part of any appropriation contained in this Act shall be used to formulate or carry out a program for the 1977 crop year under which producers who plant a nonconserving crop on cotton allotment acreage will be eligible for payments under the second sentence of section 103(e)(2) of the Agricultural Act of 1949, as amended.

Mr. DOLE. Mr. President, let me discuss this amendment very briefly and quickly. I think perhaps the amendment is subject to a point of order.

I wish to point up what I think is a fallacy of the present farm law. The Agricultural and Consumer Protection Act of 1973 includes a provision for disaster relief payments to farmers who are prevented by adverse weather from planting cotton, wheat, or feedgrains. Eligible farmers are entitled to disaster relief payments amounting to about one-third of the value of the crop they would otherwise have harvested.

However, we have a very serious discrepancy in the program, and I think it is an inequity. While wheat or feed grain farmers are rendered ineligible from receiving disaster payments if they plant a cash or nonconserving crop later in the season, cotton producers remain eligible.

If we look at the provision, the language applying to wheat and feed grains is identical language. But the language applying to cotton omits several key words. The words are "or other nonconserving crop."

By omitting these words insofar as the cotton section is concerned, we permit the cotton farmer to receive the disaster payments and then plant a cash crop and receive money from that crop.

This discrepancy has cost the taxpayers so far, I think, about $39 million. It is going to be another $15 million this year and perhaps another $15 million in the 1977 crop year.

There was called to my attention most recently a very good story of May 10, written by Dan Morgan and published in the Washington Post, called "Cotton Lands Producing Cash, Beans." In other words, they have received a disaster payment for not having a crop and then they planted soybeans or some other cash crop. In addition to the normal disaster payment they sometimes received a greater income from the cash crop. They reaped, in effect, a dual harvest, a harvest of soybeans and another cash crop, a harvest from the U.S. Treasury.

If Senators have not seen the May 10 article in the Washington Post, I think it very clearly sets forth the need for some remedial legislation in this area.

Looking back at the history of the 1973 farm bill, I can recall no discussion about treating cotton producers different from wheat or feedgrain producers. Therefore, I assume the inequity may have been unintentional but it is there. I hope sooner or later, Congress will correct this situation.

If the amendment offered by the Senator from Kansas is subject to a point of order, we have a couple of other avenues available. We can appeal the ruling of the Chair, or we have some assurance that there will be some corrective legislation passed. But we can save at least up to $15 million during the 1977 crop year if we act now.

Let me emphasize, as a member of the Committee on Agriculture and Forestry, that it is not an amendment dreamed up to penalize cotton producers. Producers who are unable to plant any cash crop on their cotton acreage will still be eligible for payments.

I might add that in the same May 10 story Dan Morgan pointed out another deficiency in the program which probably should be tightened up all across the board, for many people who never planned to plant cotton collected payments. I think we ought to take a look at that not only insofar as cotton is concerned, but wheat, and feed grains, or whatever.

If one is not going to plant, he should not collect because of some alleged disaster.

My amendment simply brings cotton producers on the same basis as wheat and feed grains for the purposes of "prevented-planting" payments.

Mr. President, I ask unanimous consent that the May 10 Washington Post article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Washington Post, May 10, 1976]

Cotton Lands Producing Cash, Beans

(By Dan Morgan)

Osceola, Ark., May 9.—Thousands of Southern farmers who grew soybeans on their land in 1974 and 1975 also received a bonus in the form of government "disaster" payments for not being able to plant cotton on the same acreage.

The payments, totaling $39 million in those two years, went to farmers who filed indemnity applications at county agricultural offices claiming that bad weather kept them from seeding the cotton.

Later, on the same land, most of the 32,866 farmers who qualified for the relief planted soybeans or some other cash crop, U.S. agricultural officials said last week.

Interviews with county officials, farmers, and senior aides at the Department of Agriculture in Washington also produced assertions that some farmers cheated the government by taking the payments even though they had no intention of planting cotton.

In Washington, Kenneth E. Frick, administrator of the Agricultural Stabilization and Conservation Service, said local farmer committees that pass on eligibility for such payments had been placed in an "impossible situation" by the law.

Special provisions of current farm legislation permit farmers who grow a summer crop to collect a relief payment if they can prove they were thwarted from planting cotton earlier, and officials say such claims are hard to assess.

Frick said he wasn't sure whether any farmers had cheated on the program. But he asserted that "some farmers got money who didn't deserve it, and the solution is to clean up the law."

Richard Rose, a Blytheville, Ark., cotton producer who serves as chairman of the farmers committee in this Mississippi County cotton region, said he believed fewer than 10 per cent of those receiving benefits had lied in order to qualify for the relief.

Last June and July the committee held hearings on applications for cotton planting relief and approved payments totaling $1,702,389.68 for 566 of 606 farms in the county seeking the aid.

Rose said his three-member committee did considerable "soul searching" over the deluge of relief applications from local farmers. "We decided finally to accept what the farmers told us as the truth. We are not investigators and we assumed that most farmers are honest."

He said county employees were sent to each farm to evaluate the applications. The evaluations checked whether the farmer had purchased seed and fertilizer—an indication that he intended to plant. They also tried to verify that a long period of wet weather and flooding in the spring of 1975 actually had prevented the producer from seeding cotton.

Rose said he himself received a relief payment for some 500 acres.

A farmer receives benefits calculated on a formula that pays him 12.7 cents per pound multiplied by the average pound-yield on the unplanted acreage. The benefits usually total about a third of what the farmer would net from a cotton crop on the same land.

Special provisions enabling cotton farmers to get the payments even if the land produces another cash crop later in the same year have been in farm legislation since 1970.

Frick said the Agriculture Department tried unsuccessfully to have the cotton provisions removed when Congress enacted a new farm legislation in 1973. Under that legislation, grain farmers who are unable to plant corn, wheat or sorghum because of poor weather are ineligible for the government disaster payments if they plant a cash crop later.

"I think the reason that [cotton] provision is in there is that cotton is king," said a House aide last week.

The cotton provisions were inserted in the 1973 legislation by the House, and were later accepted by the Senate. At the time, Rep. W. R. Poage (D-Tex.), whose congressional district ranks ninth in the nation in cotton acreage, was chairman of the House Agriculture Committee.

Rep. David R. Bowen (D-Miss.), now chairman of the cotton subcommittee, represents the nation's sixth-ranking cotton district, and Rep. George H. Mahon (D-Tex.), chairman of the House Appropriations Committee, comes from the country's largest cotton growing region.

Cotton is grown in more than 750 counties, including those in most states along the southern tier from California to Georgia.

Last spring, a combination of factors in the cotton economy complicated the work of the elected farmer committees that rule on eligibility for federal agricultural payments, according to officials here and in Washington.

Because prices were depressed during a worldwide textile slump then, many cotton growers had decided to switch to soybeans, in hopes of a better return.

At the same time, flooding and heavy rains made conditions for planting cotton extremely unfavorable during the April and May seeding season. Conditions improved in time for the soybean planting season in June.

Mr. DOLE. Mr. President, I reserve the remainder of my time.

Mr. FONG. Mr. President, there is much substance to the distinguished Senator's amendment, but we are now discussing an appropriations bill. I am, therefore, compelled to make a point of order against the Senator's amendment as being legislation on an appropriations bill.

The amendment imposes additional duties on a department and would call for the department to make additional determinations to implement the provisions of the amendment. The amendment properly belongs before the authorization committee.

Therefore, I make the point of order.

The PRESIDING OFFICER. The Chair rules the amendment does require a determination be made by the executive branch and thus is legislation, and the point of order is sustained.

Mr. DOLE. Mr. President, I do not see the distinguished Senator from Georgia, the chairman of our committee, in the Chamber. I do not want to put the Senate through a rollcall vote.

At this time, we have a situation in which the taxpayers are paying the farmers $15 million more per year, without any justification. There is a great deal of clamor these days about wasting the taxpayers' money.

I recall that in the argument on the food stamp bill, there was a great cry about making certain that only those eligible received food stamp benefits, and I think the same should apply to those in agriculture. I hope there will be some assurance that we will take care of this in a legislative authorization proposal.

Mr. President, I suggest the absence of a quorum.

Mr. HUMPHREY. Mr. President, will the Senator withhold that, so that I may make a brief statement on the bill?

Mr. DOLE. Yes. But let me add that while I do not appeal the Chair's ruling, I think that I have raised a substantive point that merits further consideration. I, therefore, plan to introduce a bill in the near future to correct the situation that has been described, and I hope the Senator from Georgia will help in facilitating this legislation and bringing it to a final vote.

Mr. HUMPHREY. Mr. President, I have spoken to the distinguished Senator from Wyoming, the chairman of the Subcommittee on Appropriations for the Department of Agriculture, relating to a couple of items on which I wish to comment at this time.

We have had difficulty getting the administration to utilize the full $250 million appropriated for what is known as the WIC program—the women, infants, and children's feeding program. The Federal court again has intervened and has told the administration to obey the law.

Mr. President, this is the second or third time that the court has had to be called in. When this program was first authorized on a pilot basis, the Department of Agriculture refused to spend any money. I had to take the Secretary of Agriculture to court, in a lawsuit, and the court found that the secretary was violating the law, that it was necessary for him to obey the law and to expend the funds that were appropriated for the feeding program for women, infants and children.

The court again has made clear that the administration practice of not utilizing these funds as directed must stop. We need to look beyond this problem, however.

In settling on the $250 million for the WIC program, we felt this would mean meeting the needs of the nutritionally vulnerable people. Now we are beginning to find evidence that there are more than roughly 800,000 women, infants, and children who would be covered under the $250 million in this program. Accordingly, I am asking the U.S. Department of Agriculture to carry out an in-depth study, using current standards of eligibility and risk, to determine the cost and number of recipients who would be eligible to participate in this program. For this purpose, I am suggesting that the department utilize $50,000 in section 32 funds. These funds are available now. There is no need for any increased appropriation. It is merely a matter of proof.

I have discussed this matter with the chairman of the committee. It is a matter that has been of great importance to the legislative Committee on Agriculture and Forestry. What we are trying to determine here is the number of participants who would be eligible under existing law and, second, the cost that would be involved.

I ask that when this legislation is finally adopted, this appropriation, with this intervention on my part, urging the utilization of existing funds in a modest amount, be applied for the purposes I have outlined. I hope and pray that the Department of Agriculture will see fit to comply with the court order and do it on a continuing basis. It is ridiculous to have to go to court in order to get the Secretary of Agriculture to comply with a law of Congress that has been passed time after time. As a matter of fact, the Department of Agriculture is so far in arrears on its administration of this program that I regret to say to the Senate that a great deal of waste undoubtedly will take place because of the delays that have been encountered.

On a second matter, Mr. President, I submit for the RECORD a letter I have sent to Senator McGEE, chairman of the Subcommittee on Agriculture and Related Agencies of the Committee on Appropriations, concerning the possibility of the Farmers Home Administration charging a service fee on loans for rural housing. The letter of self-explanatory. I understand that the FHA is not making that charge now. I hope it will continue its present practice and not go forth with what has been mentioned as a possibility of a service charge.

One other item, Mr. President: The State of Minnesota presently has 40 counties designated as disaster areas due to the drought. The Farmers Home Administration has a great deal to do in helping our farm families not only with disaster relief but also with the whole rural development program and with the operating loans, crop loans. It is a very important agency for our rural people.

Mr. President, the Farmers Home Administration is understaffed for these requirements. They work hard. I have no complaints about the quality of the work of the agency and its employees. I think they do a good job. But our people are going to need help, and we do not need it next year; we need it now.

I rise in the Senate at this moment to state what I have stated and will state again to the Secretary of Agriculture: the importance of prompt service by the Farmers Home Administration to those who are eligible for disaster relief and to those who are eligible for different types of loan programs which are authorized under existing law for our rural families and for our family farmers.

We have had problems such as this before. Some years back, instead of a drought, in certain parts of Minnesota we had very devastating floods, particularly in the extreme western part of the State. Some of my farm families in that area had to wait a year and a half or 2 years before they were given any relief whatsoever. If you have a large income, if you have a considerable amount of savings, you might be able to do that, but these families are not in that situation.

Now we have a drought that has seriously affected our croplands, where our pastures are dry, and our dairy herds are being liquidated.

There is a terrible shortage of hay. Many of our small grain crops have not come into any condition for harvest, and animals are being put into those fields for forage purposes.

There is going to be a need for prompt economic assistance under the disaster relief program. Also, there is a need for hay to be brought into our State. In addition, the emergency feeding program, the oats program for our cattle, livestock, and fowl, is important.

I urge the Farmers Home Administration to recruit employees wherever it can from other agencies for this emergency, because it is an emergency. It is not going to satisfy this Senator to be told, "We do not have the personnel"; because there are other employees under the jurisdiction of the Department of Agriculture, in other agencies, who could be shifted on a temporary basis to the Farmers Home Administration. If that is not possible, if per chance there are constraints that make that impossible, then I hope that the Department of Agriculture will come forth and ask for additional personnel to meet these emergency needs.

Mr. President, I ask unanimous consent that the letter that I referred to, concerning the housing program, be printed in the Record as part of my remarks. I also ask unanimous consent that a letter that I sent to the chairman of the Committee on Appropriations (Mr. McClellan), relating to rural rental programs, be printed in the Record.

There being no objection, the letters were ordered to be printed in the Record, as follows:

U.S. Senate,
Washington, D.C., June 22, 1976.

Hon. Gale W. McGee,
Chairman, Subcommittee on Agriculture and Related Agencies, Committee on Appropriations, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: I want to congratulate you and the other members of the subcommittee for your work in producing an appropriations bill for the Department of Agriculture. It is obvious that this bill will not please everybody. However, I believe that—in the face of concerted efforts by the Administration to emasculate many programs and the pressures of the new budget process—you have done admirably.

Under the pressure of time and our volume of work, we sometimes miss items which may have long term implications. Mr. Chairman, it is just such a situation which I must bring to your attention now.

The Farmers Home Administration programs were designed to provide credit for low and moderate income families who could not secure it anywhere else. Inflation has made it increasingly difficult for the agency to serve low and moderate income families.

The income levels served by the programs have been raised periodically to meet the inflationary pressures. It is obvious, however, that raising the levels does not solve any problems for those at the lower end of the income scale.

It was with extreme concern, then, that I learned that the FmHA is planning for the first time to impose a one-half percent interest charge for borrowers using the agency's housing programs. At a time when securing decent housing has become extremely difficult, to make it more costly for those most in need is shameful. I would have thought the agency would be looking for ways to lower costs, not raise them.

The Farmers Home Administration was created to be a lender of last resort and it was never envisioned that it would be self sustaining. This is especially true when that self-sufficiency is to be at the expense of those who can least afford any higher costs.

I am concerned that there seems to be a preoccupation by this Administration with how best to frustrate the intent of our housing laws. I do not question the authority of the agency to impose additional charges. But, I do question the propriety of instituting such charges when the cost of administration has historically been absorbed by Congressional appropriations.

Surely, the very small amount gained will not materially affect the budget. What it may do, however, is slow down the growth in the housing programs at a time when our nation generally and rural areas specifically, can not afford such losses. The FmHA housing programs have been the only bright spot in an otherwise bleak national housing picture. If anything is done, it should be directed at making the programs more accessible to the lowest income people, not less accessible.

Mr. Chairman, in the past when the agency has been asked to implement new legislation or develop a new approach, the agency has been asked to provide the subcommittee with an indication as to its likely impact.

I feel that the request of the Administration to institute a loan service charge on housing programs deserves careful study by the Congress. And I would urge that such a study be requested of the FmHA and that any action by the agency be deferred until the Congress has had an opportunity to review the results of such a study.

I ask you consideration of this request in the interest of maintaining an effective rural housing program.

Sincerely,

Hubert H. Humphrey.

U.S. Senate,
Washington, D.C., June 21, 1976.

Hon. John L. McClellan,
Chairman, Appropriations Committee, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: On June 17th I inserted a brief statement in the Congressional Record outlining some of the failures of the Administration to fulfill the requirements of Public Law 93-383 in terms of implementing the congressional intent on the rental assistance program.

I suggested that language should be included in the Appropriations language requiring the implementation of this program. While rumors persist that arrangements may be worked out to combine Section 8 and Section 515 programs, this possibility holds out little hope for meeting the problems of our rural citizens. I am including a copy of my statement of June 17th, and I urge that your committee include language mandating the use of the rural rent supplement program as enacted in Section 514, Title V of the Housing and Community Development Act of 1974.

With best wishes.

Sincerely,

Hubert H. Humphrey.

[From the Congressional Record, June 17, 1976]

Meeting Our Rural Housing Needs

Mr. HUMPHREY. Mr. President, the Housing and Community Development Act of 1974 (Public Law 93-383) renewed the national commitment to "a decent home in a suitable environment." For rural people this had special significance because more than half of the substandard housing in our country is in nonmetropolitan areas, while only 30 percent of the people reside there. In addition such communities have higher levels of elderly and low-income people.

For the first time, Congress established a percentage of housing resources which were to be allocated to nonmetropolitan areas. In addition, Congress provided several important programmatic changes in the Farmers Home Administration housing programs. These were enacted to enable better service to those most in need of decent housing. Most of these changes were basically designed to provide FmHA with the same tools long possessed by HUD. I believe that the most important of these programmatic additions to the authority of the FmHA was section 614 which established a rental assistance—rent supplement—program to be used in tandem with the rental programs of the Agency.

Mr. President, I take this opportunity to describe this program and its history because it is a classic study in frustration and deliberate dereliction by a Federal agency. The rental assistance program parellels a HUD program which has been successfully used since 1967 to serve over 80,000 families whose incomes are too low to meet the regular subsidized program, such as 236, 221(d)(3) and 202.

The rise in production and operating costs has required rents which in most cases could only serve moderate income people. This was true in the HUD urban programs as well as in the FmHA rural program. However, until the 1974 Housing and Community Development Act, the FmHA did not have the authority to serve lower income families through a rental assistance program.

After some 10 years, equity to rural areas finally was provided. As the House report language stated:

"The higher incidence of poverty and generally lower median incomes in rural areas, coupled with the critical need for additional housing serving very low income families, provide adequate justification for this special assistance. Enactment of this important authority is long overdue. (HR 93-1114)."

The enactment of a rural rent supplement program was an important step forward for rural areas and had wide support both in and out of Congress. It was with a great degree of anticipation that many people looked forward to its implementation. For many communities, a much-needed housing resource was finally available.

If I were operating the FmHA I would have welcomed this new aid as a way to serve low-income elderly and families as mandated by the law.

But Mr. President, it should not surprise anyone that an administration which proposed to end most of the FmHA subsidy programs through a moratorium in January of 1973, would be violently opposed to a rental assistance program in August of 1974. And what has happened since is a sad history of duplicity, footdragging, doubletalk, and contempt of Congress by this administration.

I am compelled to chronicle this record because I believe that Congress should not accept this affront to its authority and just as importantly, thousands of rural people are losing an opportunity to live in decent housing as a result of the refusal of the FmHA to implement the rural rental assistance program.

The following is a brief chronicle of attempts by Congress to get the FmHA to implement the rural rental assistance program:

First. On November 21, 1974, 3 months after the passage of the 1974 Housing and Community Development Act, the Senate Subcommittee on Housing and Urban Affairs held oversight hearings on rural housing programs. During those hearings, Deputy Assistant Secretary James Bostic was asked by Senator HATHAWAY when the rental assistance program would be implemented and when regulations would be promulgated. Mr. Bostic indicated that the Agency was waiting for a signal from Congress that it was serious and really wanted the rental assistance program implemented. In answer to a question on when regulations would be available for use of the rental assistance program, the Agency indicated that procedures and instructions were being developed. Mr. President, may I advise you that to date, some 19 months later, no regulations have been issued.

Second. On November 25, 1974, Senator HATHAWAY engaged Senator McGEE in a colloquy regarding the implementation of the rental assistance program with the hope that some action could be taken in an upcoming supplemental appropriations bill. The distinguished chairman of the Subcommittee on Agriculture Appropriations suggested the need for information from the Agency on the cost and need for the programs. Senator McGEE indicated that such a letter had been sent. Mr. President, the Agency did not respond to Senator McGEE's letter for 2 months, and when they did they ignored the questions raised; that is, the need and the cost of the program.

Third. It was only after prodding by Senator McGEE that FmHA responded with the requested information. Even in this response there was an attempt to inflate the projected cost of a rent supplement program confusing the amounts involved with those of the interest credit portion of the section 515 program. In addition, the Agency claimed that a large increase in staff would be required to administer such a program. However, studies I requested showed these estimates of staff needs to be highly inflated.

Fourth. The fiscal year 1976 Appropriations Act for the Department of Agriculture and Related Agencies (Public Law 94–116) contains language in the act which provides reaffirmation of congressional intent for the Department to implement the rental assistance program. The conference report 94–528 which accompanies H.R. 8561, the appropriation act for agriculture and related agencies is very explicit when it states—

"The conferees will expect this program (rent supplement) to be carried out so that residents of towns of under 200,000 in population will receive comparable treatment to those who reside in our major metropolitan areas."

Mr. President, it must be clear, except to those who will not see, that Congress intended that the rural rent supplement program be implemented at the earliest possible moment. The Agency has yet to take the first step in developing procedures and regulations and now is attempting to confuse everyone by saying that they are meeting the intent of Congress by using the HUD section 8 program in combination with the FmHA 515 rural rental program. This is nonsense, Mr. President. If Congress had wanted only the section 8 program to operate we would have stated this. Just the opposite is true and no fancy double-talk by the administration will change this.

The FmHA and HUD have been negotiating for almost 2 years now on how best to use the two programs in tandem. There is still no agreement on how best to accomplish this, although I am told that some agreement is imminent. We have been hearing these promises now for almost 2 years, and the much vaunted section 8 program used in tandem with section 515 has produced the tremendous grand total of 774 approvals as of June 1, 1976.

This parallels the miserable record section 8, new construction, is having in all parts of the country. The administration claims that section 8 is the answer to America's housing problems. We know better. In the meantime, thousands of needy rural persons—particularly the elderly—could be benefiting from the use of the rural rent supplement program are denied this resource because of this illegal action of the FmHA.

Mr. President, the Senate is now considering the fiscal year 1977 appropriation for the Department of Agriculture. Several important issues emerge on the question of rural rent supplements and I want to summarize these now.

First. Congress mandated the use of the rural rent supplement program as enacted in section 514, title V of the Housing and Community Development Act of 1974.

Second. The administration continues, illegally, to ignore this congressional mandate.

Third. The rural rent supplement program would be a more effective program to operate because it would not require the combining of two Federal agencies and the attendant problems which have emerged.

Fourth. The rent supplement concept is a proven method of providing decent housing for low-income elderly and families.

Fifth. According to a report of the Congressional Research Service prepared for Congressman FRANK EVANS, the rent supplement program would be less expensive than section 8.

Sixth. Millions of rural people continue to suffer from substandard housing because of low income and the use of both section 8 and rent supplements are needed to make a dent in this area of obvious need.

While the administration continues to tinker with the section 8 program and the lives of people, Congress must demand an immediate end to this reprehensible action by FmHA. Mr. President, I urge that language mandating the implementation of the rural rental assistance program be included in the agriculture appropriations bill now being considered by the Senate.

UP AMENDMENT NO. 80

The PRESIDING OFFICER. Who yields time?

Mr. PHILIP A. HART. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The assistant legislative clerk read as follows:

The Senator from Michigan (Mr. PHILIP A. HART) proposes an unprinted amendment No. 80:

On page 39, line 7, strike the period and add a comma and, insert the following:

be used for administrative expenses incurred by each State and local agency administering the commodity supplemental food program.

Mr. PHILIP A. HART. Mr. President, point No. 1: This does not add more be to add 20 percent of the funds that money to the bill. My first desire would have been appropriated through September 1977 to purchase commodity food for the purpose of providing local administrative units with a means of meeting their administrative expense. That simply is not feasible under the circumstances at the moment. I have discussed this amendment with the able manager of the bill. This amendment takes 20 percent of the $17 million that is authorized for the commodity supplemental food program, and requires that it be made available for administrative expenses incurred by the local agencies who are administering the commodity supplemental food program.

Again, it does not increase the money to be appropriated by the bill, but it does provide a means whereby administrative costs incurred by the local units can be met. This, indeed, reduces by that amount the sum that is available for the purchase of the foods, but, because of the attractiveness of the WIC program, there is a slight decline in the demand made upon the commodity supplemental food program, so it is likely that we can, in this case, have our cake and eat it too.

Mr. President, I ask unanimous consent that a brief explanation of the commodity supplemental food program, which is part of a publication by the Select Committee on Nutrition, be printed in the RECORD at this point in my remarks.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

EXPLANATION

The Commodity Supplemental Food Program was established in 1968 by the Department of Agriculture in order to provide iron and protein rich food to low-income pregnant women, nursing or post-partum mothers, and children under six. Although primarily the responsibility of USDA, the program operates in conjunction with Federal, State, and local health clinics which issue "food prescriptions," and with various administrative agencies which handle transportation, warehousing, outreach, and distribution. Mothers receive surplus poultry and meat, peanut butter, farina, fruit, egg mix, dry milk, vegetables, juice, evaporated milk and corn syrup at an average per-person value of between $9 and $12.50 per month. This cost has remained constant over a period of many years.

Prior to 1971, the program operated as a subprogram under the same statutory authority as the Commodity Distribution Program (see Section 612c of the Agricultural Adjustment Act of August 24, 1935, 40 Stat. 750, 774, 7 USC 612.) In 1971, the legal basis of the Supplemental Food Program was altered in that the amended Food Stamp Act provided for simultaneous operation of the Food Stamp and Direct Distribution to Needy Persons Programs in the same area under certain conditions. Also, Public Law 92–32 provided explicitly for USDA payment of administrative expenses of the program during fiscal year 1972. Regulations for the program are found in Title 7, Section 250.14 of the Code of Federal Regulations.

The Supplemental Food Program as developed under the Commodity Program is not specifically authorized under any law, except for funding legislation. This means that changes in the program can be made by regulation and need not go through the congressional process.

Fiscally, the program is a patchwork. USDA pays for the food and for its transportation to the State warehouse but not for local operating expenses. USDA has declined to provide any funds for storage, distribution of foods, outreach, clerical costs, or any other administrative costs—nor would HEW provide the funds. All administraitve costs have been placed on the already overburdened county and local governments.

In many of the supplemental programs in operation in 1976, the Community Food and Nutrition Program of the Community Services Administration covered those administration costs. In other locales, other sources of funds both private and public, have been found.

The actual operation of the Commodity Supplemental Food Program allows for variance depending on the local situation. A combination of county health departments, hospitals, clinics, and county and local commodity program personnel, are usually involved.

The potential recipient must have a certificate or note of medical need from a doctor or a doctor's authorized medical representative. The income status of the mother is usually certified by the local welfare agency. If the woman meets these tests, she then receives either documents entitling her to pick up the supplemental food package at the distribution place, or the actual food package if it is kept near the place of certification.

Mr. FONG. Mr. President, will the Senator yield?

Mr. PHILIP A. HART. I yield.

Mr. FONG. I note that the amendment is worded to allow $3.4 million to be used for administrative expenses incurred by each State and local agency. Does the Senator really mean that, "by each State and local agency?" I think the Senator wants to add $3.4 million, is that correct?

Mr. PHILIP A. HART. What we are seeking is a means of insuring that each local program will be provided administrative costs.

Mr. FONG. Then the Senator is really asking for $152 million.

Mr. PHILIP A. HART. As I understand it—and if the language as drafted fails to make this point, I, of course, shall promptly respond by modifying it——

Mr. FONG. I wish the Senator would.

Mr. PHILIP A. HART. It is my understanding that on page 39, under the caption, "Food Donations Program," we are appropriating $17 million for commodity supplemental food programs. Our amendment intends that each of the programs be provided with administrative expenses in a total not to exceed $3.4 million.

Mr. FONG. I think it would be clearer if the Senator wants to amend his amendment by striking the word, "each", and use the word "the", the amendment would read "of which would not more than $3.4 million shall be used for administrative expenses incurred by the State and local agencies."

Mr. PHILIP A. HART. Mr. President, may I so modify the amendment?

The PRESIDING OFFICER. The amendment is modified.

The amendment, as modified, is as follows:

UP AMENDMENT 80

On page 39, line 7, strike the period and add a comma and insert the following:

"and of which not more than $3,400,000 shall be used for administrative expenses incurred by the state and local agencies administering the Commodity Supplemental Food Program.

Mr. FONG. Mr. President, the chairman of the committee has agreed to accept this, and I have no objection.

The PRESIDING OFFICER. Will the Senator from Michigan send the modification to the desk so we may be sure what it is?

Mr. PHILIP A. HART. Is the modification clear?

The PRESIDING OFFICER. Yes, the modification is clear.

Mr. PHILIP A. HART. I yield back the remainder of my time. I thank the Senator from Hawaii and the Senator from Wyoming.

The PRESIDING OFFICER. The question is on agreeing to the amendment as modified.

The amendment, as modified, was agreed to.

UP AMENDMENT NO. 81

Mr. FORD. Mr. President, I have an amendment at the desk. I ask that it be called up and considered at this time.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kentucky (Mr. FORD) proposes an unprinted amendment numbered 81:

On page 11, line 6, strike out "$169,964,000" and insert in lieu thereof "$171,487,000.".

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on passage.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. FORD. Mr. President, I shall not take too much time to discuss this amendment with the able floor leader and others. I am hopeful that it will be accepted. I am offering this amendment to add an additional $1,523,000 to the agricultural appropriations bill which we are now considering, H.R. 14237. This is to increase the funding for the Cooperative Extension Service. The funds would be added under section 3(b) and section 3(c) of the Smith-Lever Act for administrative functions of the Extension Service. The Appropriations Committee has recommended $153,719,000 under section 3(b) and 3(c) and retirement and compensation costs. My amendment would increase this amount by $1,523,000.

As I say, I am offering an amendment today to add an additional $1,523,000 to increase funding for the Cooperative Extension Service. The funds would be added under section 3(b) and 3(c) of the Smith-Lever Act for administrative functions of the extension service. The Appropriations Committee has recommended $153,719,000 under sections 3(b) and 3(c) and retirement and compensation costs. My amendment would increase this amount to $155,242,000. This figure is based on the projected 6.3 percent increase in the cost-of-living index. This modest increase is requested to assist the States in meeting high-priority needs in such areas as energy conservation, environmental concerns and requirements, and financial management affecting agricultural and family living programs while continuing ongoing State efforts in food and fiber production, family education, 4–H youth and community resource development.

In summarizing I want to emphasize that this amendment does not add new programs nor expand present programs. It simply adds money to maintain the purchasing power of the Extension Service at the same level as last year. These funds support our county agents, home demonstration agents, and youth programs such as 4–H. I believe it is one of our wisest expenditures, and it would be a serious mistake for us to require a cut in this program.

The cost of my amendment is based on the projected 6.3 percent increase in the cost-of-living index. This modest increase is requested to assist the States in meeting high-priority needs in such areas as energy conservation, environmental concerns and requirements, and financial management affecting agricultural and family living programs, while continuing ongoing State efforts in food and fiber production, family education, 4–H youth and community resource development.

I emphasize that this amendment does not add any new program nor expand present programs. It simply adds money to maintain the purchasing power of the Extension Service at the same level as last year.

Mr. FONG. Will the Senator yield?

Mr. FORD. Yes, I yield.

Mr. FONG. Is the total sum $171,487,000?

Mr. FORD. $171,487, yes, sir

Mr. FONG. I am informed that the total on line 21 has to be changed also to add that $1.5 million.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. FORD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FORD. Mr. President, I wish to modify my amendment by adding "On page 11, line 22, strike out $241,289,000 and insert in lieu thereof $242,812,000."

Mr. FONG. $789?

Mr. FORD. Let me agree with the Senator on that figure before I modify my amendment.

Mr. FONG. I am sorry, $242,812,000.

Mr. FORD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. FONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FORD. I modify my amendment as follows: "On line 22, strike $241,289,000 and insert in lieu thereof $242,812,000."

Mr. FONG. We are ready to accept that amendment.

Mr. FORD. I yield back the remainder of my time, Mr. President.

The PRESIDING OFFICER. Will the Senator send the modification to the desk?

UP AMENDMENT 82

The amendment, as modified, is as follows:

On page 11, line 6, strike out "$169,964,000" and insert in lieu thereof "$171,487,000.".

On page 11, line 22, strike "$241,289,000" and insert in lieu thereof "$242,812,000".

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, of the Senator from Kentucky.

The amendment, as modified, was agreed to.

The PRESIDING OFFICER. If there are no further amendments, the question is on the engrossing of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed for a third reading, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. Is all remaining time yielded back?

Mr. McGEE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR

Mr. HANSEN. Mr. President, I ask unanimous consent that my staff man, Nolan McKean, be granted the privileges of the floor during debate on H.R. 10612 and any votes taken thereon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HANSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, I had not expected that this discussion would take place so late in the day. When possible, I like to give the Budget Committee reaction to the appropriation bills, so that Senators may give that consideration, as early as possible. Other matters, however, intervened, and I was not able to get to it.

It is my intention, Mr. President, to discuss this bill in the context of the overall procedure which this year, under the Budget Act, governs the consideration of appropriation bills. I do so with a distinct impression, Mr. President, that maybe I am wearing out my welcome around this place. I do want to point out a change in procedure relative to last year that is well-illustrated by the bill before us.

Last year, as Senators will recall, the first concurrent budget resolution had simply one overall spending ceiling that governed all the functions of the budget. This year we have 17. As a part of that procedure, the conference report on the budget, which comes out of the conference between the House and Senate Budget Committees, allocates budget authority and outlays to the Appropriations Committee and other appropriate committees. The Appropriations Committee allocates from its allocation to the subcommittees.

Now, every Senator has received a 4-page pamphlet that the Appropriations Committee has distributed which shows the breakdown, and I ask unanimous consent that the pertinent part be printed in the RECORD at this point. It is not long, and yet I think it might be very useful.

There being no objection, the excerpt from the report (No. 94–933) was ordered to be printed in the RECORD, as follows:

ALLOCATION OF BUDGET TOTALS TO SUBCOMMITTEES

The Committee on Appropriations submits the following report in compliance with Sec. 302(b) of the Congressional Budget Act of 1974.

The Budget Act requires that as soon as practicable after a concurrent resolution on the budget is agreed to, the Committee on Appropriations shall submit to the Senate a report subdividing among its subcommittees the allocation of budget outlays and new budget authority allocated to the Committee in the joint explanatory statement accompanying the conference report on such concurrent resolution.

AMOUNTS CONTAINED IN BUDGET RESOLUTION

The conference report on the First Concurrent Resolution on the Budget—Fiscal Year 1977 (revised version approved by unanimous consent on May 12, 1976) provides total budget authority in the amount of $454.2 billion of which $292.9 billion is allocated to the Senate Committee on Appropriations. With respect to outlays, the conference agreement provides $413.3 billion of which $273.1 billion is allocated to the Senate Committee on Appropriations.

ALLOCATION TO SUBCOMMITTEES

In developing its recommended allocations to the subcommittees, the Committee took into account:

(1) Committee recommendations in the March 15 report;

(2) Recent changes in the budgetary environment (such as budget amendments, action on the Second Supplemental Appropriations bill for 1976, and revised economic forecasts); and

(3) Recommendations deriving from adoption of the First Concurrent Resolution.

Following these guidelines, the Committee has subdivided budget authority and outlays among its subcommittees as follows:

SUBCOMMITTEE BUDGET TARGETS

[In billions of dollars]

Subcommittee and Chairman	Budget authority	Outlays
Agriculture and Related Agencies (McGee)	$12.1	$12.0
Defense (McClellan)	107.0	96.2
District of Columbia (Chiles)	0.4	0.5
Foreign Operations (Inouye)	5.5	6.2
HUD-Independent Agencies (Proxmire)	53.2	37.2
Interior and Related Agencies (Byrd)	6.7	6.1
Labor-HEW (Magnuson)	65.9	69.3
Legislative (Hollings)	1.0	1.0
Military Construction (Mansfield)	3.5	3.2
Public Works (Stennis)	9.8	8.9
State, Justice, Commerce (Pastore)	7.0	7.4
Transportation (Bayh)	6.1	14.4
Treasury, Postal Service (Montoya)	8.5	8.5
Undistributed amounts for contingencies, pay raise, and savings	6.2	2.2
Total	292.9	273.1

CONTROLLABILITY

The Congressional Budget Act further specifies that the Committee must divide its allocations of budget authority and outlays to subcommittees between uncontrollable and other amounts. The following table is submitted in accordance with this requirement:

[In billions of dollars]

Subcommittee	Budget authority	Outlays
Agriculture and related agencies:		
Mandatory under existing law	$9.2	$9.9
Other	2.9	2.1
Total	12.1	12.0
Defense:		
Mandatory under existing law	8.6	31.3
Other	98.4	64.9
Total	107.0	96.2
District of Columbia:		
Mandatory under existing law	-----	0.1
Other	0.4	0.4
Total	0.4	0.5
Foreign Operations:		
Mandatory under existing law	0.1	4.1
Other	5.4	2.1
Total	5.5	6.2
HUD—Independent Agencies:		
Mandatory under existing law	20.9	29.5
Other	32.3	7.7
Total	53.2	37.2
Interior:		
Mandatory under existing law	0.1	1.9
Other	6.6	4.2
Total	6.7	6.1
Labor-Health, Education, and Welfare:		
Mandatory under existing law	39.6	49.4
Other	26.3	19.9
Total	65.9	69.3
Legislative:		
Mandatory under existing law	-----	0.1
Other	1.0	0.9
Total	1.0	1.0
Military Construction:		
Mandatory under existing law		2.3
Other	3.5	0.9
Total	3.5	3.2
Public Works:		
Mandatory under existing law		2.9
Other	9.8	6.0
Total	9.8	8.9

Controllability—Continued

Subcommittee	Budget authority	Outlays
State-Justice-Commerce-Judiciary:		
Mandatory under existing law	$0.3	$2.8
Other	6.7	4.6
Total	7.0	7.4
Transportation:		
Mandatory under existing law	0.3	10.1
Other	5.8	4.3
Total	6.1	14.1
Treasury-Postal Service-General Government:		
Mandatory under existing law	2.0	2.3
Other	6.5	6.2
Total	8.5	8.5
Undistributed at present:		
Mandatory under existing law	[1]0.8	[1]0.7
Other	5.4	1.5
Total	6.2	2.2
Grand total:		
Mandatory under existing law	81.9	147.4
Other	211.0	125.7
Total	292.9	273.1

[1] Assumes 5 percent pay cap on military and civilian Federal salaries.

UNDISTRIBUTED AMOUNTS

Portions of the amounts allocated to the Committee as part of the First Concurrent Resolution have been set aside for contingencies, the Federal pay raise (October 1976), and for savings. If possible, the Committee would prefer not to utilize most of these amounts in order to permit some reduction in proposed Federal spending and in the resulting fiscal year 1977 deficit. However, if the undistributed amounts need to be allocated, the Committee intends that, aside from the pay raise, these funds be utilized for programs which are unforeseen at this time and which are not yet authorized.

Mr. MUSKIE. If Senators will turn to page 2 of that document they will find that the Appropriations Committee was allocated by the conference report on the budget, budget authority in the amount of $292.9 billion, and outlays in the amount of $273.1 billion. That, in turn, was distributed by the Appropriations Committee to its subcommittees, the first listed of which is that on Agriculture and Related Agencies chaired by the distinguished Senator from Wyoming, Senator McGEE.

That subcommittee was allocated $12.1 billion in budget authority and $12.0 billion in outlays.

Now, the bill before us exceeds those amounts by $80 million in budget authority and by about $140 million in outlays. I will yield to the Senator from Wyoming in a moment to explain that.

There is another thing I want to say about this document. The Appropriations Committee reserved in the last two lines of this table for undistributed amounts for contingencies, the pay raise, and savings a total of $6.2 billion in budget authority and $2.2 billion in outlays. I take it that the Appropriations Committee did that for the purpose of building in some flexibility for itself down the line as the appropriation process proceeds.

That $6.2 billion in budget authority and $2.2 billion in outlays is not earmarked specifically in this report for any particular purpose.

Conceivably, it could be used to cover the overages in the pending bill.

There is another item which the distinguished Senator from Wyoming mentioned this morning that should be covered.

The pending bill provides $4.8 billion for food stamps. The Congressional Budget Office's estimate is that $6 billion will be required. As the Senator from Wyoming pointed out, the food stamp bill, which the Senate considered earlier and which the House is considering now, has the potential for changing the amount that may be required for food stamps.

I take it that the Appropriations Committee has included implicitly in the amount for contingencies some amount for supplemental appropriations to the food stamp program.

Am I correct in that?

Mr. McGEE. It is my understanding that this reserve was provided to accommodate any contingencies which might arise. Food stamps are not specified in this contingency reserve but if a need arises for additional food stamp money this might be a source for additional funds.

The intangibles that are associated with what the food stamp drawdown may finally have to be changed, because of a number of factors. We have to make an educated guess, which was made at the beginning of the year, but that has to be adjusted as the year progresses.

Mr. MUSKIE. There is another item that conceivably will have to come out of that undistributed amount of contingencies, and that is an amount for pay raises.

That, I take it, has not been allocated to subcommittees. If the President's anticipated formula comes to the Congress, it will amount to about $700 million that will be required to come out of this contingency account for pay raises throughout the Government.

Am I correct on that?

Mr. McGEE. That is correct. We will not know that until the President's decision at the end of August, under the present formula. That will still depend upon what percentage he were to recommend and, likewise, whether Congress will accept that.

Those are all unknowns yet.

Mr. MUSKIE. I wanted to draw that out in order to demonstrate how tight this budget is.

The amount for contingencies that is listed at the bottom of this document is not really free money. We can already see almost $2 billion on the outlay side that will be a claim against that contingency account. Senators who are tempted to offer amendments with respect to any of the appropriations bills ought not to be looking at that undistributed amount in contingencies as a way of passing those amendments.

Am I correct?

Mr. McGEE. The Senator is absolutely correct.

Mr. MUSKIE. I say to the Senator, the way the tax bill is going at the present time, it is very clear there is a potential for pressure against the ceiling on the deficit. If we do not provide the revenues that were anticipated in the budget resolution, and if we do not provide those revenues, we may well have to turn to the spending side of the budget in order to hold the deficit down.

The only place to which we can turn, conceivably, to pick up some savings on expenditures is the undistributed amount in contingencies. That is already pretty well nailed down, as I gather from our colloquy here, in things that are uncertain as to amount, but certain to come somewhere down the line.

The table on page 2 of this document, which shows amounts that I think the Appropriations Committee has most appropriately distributed, is an indication of how tight this budget is.

If we increase any of the appropriation bills, the pending one or the public Works appropriation which we considered earlier this morning, above the amounts allocated by the Appropriations Committee itself, we are in danger of breaching the overall ceiling on spending.

I simply wanted to get the reaction of the Senator from Wyoming to that conclusion.

Mr. McGEE. I say to the distinguished chairman of the Senate Budget Committee that he is not an unwelcome visitor as far as this subcommittee chairman is concerned. I think what he has been doing with his committee has been most responsible, and it has given a credibility to the sense of responsibility on the part of this particular body.

I have to report that the Agriculture Subcommittee on Appropriations made every effort to weigh the equities and the inequities and try to sort out the priorities. We were allocated $12,100,000,000 as our proportion of the appropriating process. The subcommittee, doing the best it could with the variables of judgment, came up with a figure $20 million under that—under that—and we felt we lived up to our responsibility.

In the full committee, other things happened. An excellent measure was submitted, most excellent, to increase the rural water and sewer grants, because of the attitude downtown, where they had asked for none of it. So the amendment was proposed in the full committee to increase that by $100 million.

We had already put in $100 million from zero, and we had an $85 million carryover from the last budget. We felt that was a responsible way to approach it. But, in the wisdom of the full committee, another $100 million was added on to that. That put us over.

I opposed that, dear as the program is to me and out our way. It is an extremely valuable program, good, needed, desperately needed. But we were trying to meet our responsible commitment and we exceeded it because of full committee action. I regret it.

Mr. MUSKIE. I understand what took place.

Mr. McGEE. But it was done. The conference may cause us to make adjustments in the totals, which would bring us under the target.

But I could not underscore more strongly the importance of the kind of responsibility that the chairman of the Budget Committee has been living up to in his unpopular, but not unwanted, role.

Mr. MUSKIE. I thank the Senator.

May I just say in closing, I understand what took place in the full committee.

Mr. McGEE. I still do not believe it, but it did.

Mr. MUSKIE. I understand.

I want to make it very clear—I think I have tried to make it clear over and over again—that the Budget Committee is not a line item committee. We make certain assumptions as we put together the totals to submit for the first concurrent resolution. We are not line-iteming it. We are simply trying to characterize the nature of the decisions we took in reaching a total.

But I gather that in the full committee the action taken was by way of suggesting that the Budget Committee had taken a line item decision.

Without characterizing it further, I just say again for the RECORD that the Budget Committee is not a line item committee. It is for the Appropriations Committee to establish those line items. If they appear to differ from some of the assumptions the Budget Committee made in its deliberations, it is the Appropriations Committee recommendation that counts and it is their responsibility to live within their own allocations.

I hope that this colloquy might be useful to the Senator as it comes out against similar problems in the future.

Mr. McGEE. It has been very useful. I thank my colleague from Maine (Mr. MUSKIE) for having made it possible.

Mr. President, I ask unanimous consent to correct a printing error in the bill. On page 21, lines 14 and 15 have been transposed in the reported bill. I ask unanimous consent that these lines be properly printed so that the reported bill will conform to the referred bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BELLMON. Mr. President, will the Senator yield for a question?

Mr. McGEE. I will be glad to yield to the Senator from Oklahoma, a distinguished member of the subcommittee.

Mr. BELLMON. I thank the chairman. I listened with great interest to the colloquy between the Senator from Wyoming and the Senator from Maine, the distinguished chairman of the Budget Committee. I have a dual interest in this bill, first as a member of the Appropriations Committee and then as a member of the Budget Committee.

To understand precisely what is happening here, we are, in this bill, funding the food stamp program at the level of $6.2 billion, and we are assuming that we can save——

The PRESIDING OFFICER. The time of the Senator has expired. The Senator from Hawaii is the only Senator with time.

Mr. FONG. I yield the Senator 5 minutes.

Mr. BELLMON. Let me restate it. We are funding at the level of $4.8 billion, which is the administration request.

Mr. McGEE. That was the budget request.

Mr. BELLMON. Unless the program went on in the way it is now being administered, it will cost $6.2 billion during fiscal 1977?

Mr. McGEE. That is the estimate being made now.

Mr. BELLMON. It appears realistic that some money, maybe a couple of hundred million dollars, will represent the COB savings. It looks like this food stamp program is underfunded by some $1.2 billion; is that the chairman's conclusion?

Mr. McGEE. That is pretty close. In round numbers, yes.

Mr. BELLMON. The Appropriations Committee has a reserve, after allocating all the money in the resolution, of some $2 billion; is that correct?

Mr. McGEE. That is correct.

Mr. BELLMON. So this means we are using in this bill some $1.2 billion of that $2 billion reserve fund?

Mr. McGEE. If we need it and if it is made available. Those are big "ifs." We do not know.

Mr. BELLMON. It seems to me the danger is we are not going to keep track of how much of this $2 billion we have used up. If we use it over and over again we will wake up later on in the appropriations process and discover that we have spent much more than the reserve would allow.

Mr. McGEE. The danger is that it may be overextended, which would require either hoping that there may be some programs underextended in other areas which would even out, or the Senate will have to address itself to whatever the overage is. We have been trying to avoid that by keeping it down.

Mr. BELLMON. It seems to me that we will have to keep track of how much of that $2 billion we have used. One of these days we will be needing not $2 billion but perhaps $5 billion because we will be using the same money over and over again.

Mr. McGEE. That is right.

Mr. BELLMON. It seems to me we will have to look for places where we can cut back in some other bills because this bill does appear to be $1.2 billion over. That is to say, the actual spending will be $1.2 billion more than the bill shows.

Mr. McGEE. We do not know that yet, may I say to the Senator. That is one of the possibilities that may confront us. But we do not know that yet because of the imponderables that are still there.

Mr. BELLMON. Based on what happened on the Senate floor, it looks as though the food stamp program may cost more than $6.2 billion rather than less. I wanted to get that into the RECORD. It does appear that we are likely to have a shortage on this appropriation.

Mr. CHURCH. Mr. President, the surpluses of U.S. agricultural commodities which we have relied upon in the past, have recently been exhausted. A world population growth rate which is increasing exponentially, a quadrupling of the price of petroleum based chemical fertilizers, and poor world-wide harvests have combined to empty our granaries.

In the years directly following World War II increases in world population growth were matched with increased food production. Localized shortages of food were alleviated by U.S. and Canadian grain exports. Today, however, it takes 25 million tons of additional grain just to keep up with a single year's growth of world population.

The figures on world hunger and population compiled by the United Nations' Food and Agriculture Organization paint a sad picture:

> 460 million people in Asia, Africa, and Latin America currently suffer from malnutrition;
>
> World population which is now about 4 billion is expected to climb to 6 billion by the year 2000; and
>
> Population growth in many developing countries is as high as three percent per year (meaning the population of these nations will increase 19-fold in a hundred years).

Mr. President, the Senate is today considering H.R. 14237, the Agriculture and related agencies appropriations bill. Title I of that bill contains funds for the Agricultural Research Service within the Department of Agriculture. The Senate Agriculture Appropriations Subcommittee during consideration of this legislation recommended an increase in ARS funding of $14 million over the President's budget. If this increase is accepted, it will represent a substantial raise over the fiscal year 1976 research level.

I applaud the Appropriations Committee for their foresight in increasing these research funds. In a world filled with poverty, want, and a scarcity of resources, the United States must continue to do everything possible to increase domestic agricultural production.

In a recent report to the President, the National Academy of Sciences' National Research Council stated that to postpone worldwide famine, food production in the developing countries should be increased about 3.5 percent a year over the next 20 years. This report also recommended that the United States increase production to meet growing domestic and foreign demands.

The NRC report concluded that substantial American and worldwide food research is needed because "increased acreage is unlikely to account for more than a 1 percent annual production increase and it could be substantially less."

By increasing the funds available to the Agricultural Research Service, many worthwhile research efforts can be undertaken or continued.

One such project which is currently ongoing at the USDA's Western Regional Laboratory in Albany, Calif., is the development of a concentrate derived from alfalfa which could provide cost savings for animal producers. The concentrate is formed into pellets by treating fresh alfafla with ammonia, chopping and then grinding the resulting compound, pressing out the liquids and dehydrating the residue. USDA researchers at the Western Regional Laboratory claim these pellets are more nutritious than an equal weight of soybean meal and may save livestock producers substantial sums of money.

Another area which could benefit from increased agricultural research is the reclamation of whey residues left over in the manufacture of cheese.

In the February 11 issue of Chemical Week Gordon M. Graff reports on the status of whey research:

> Tightened pollution regulations have given cheese manufacturers an incentive to reclaim some of the 30 billion lbs. of whey—a protein containing residue—they generate each year. Formerly, the whey was dumped into sewer systems, but treatment regulations have made it more economical for some large-scale producers to process their whey into high-protein products for humans and animals.
>
> Fluid whey, combined with soy flour, is an ingredient in a beverage developed by USDA. The beverage, obtained by mixing water with a dry powder derived from the whey-soy mixture, has the nutritional value of whole milk. Since April 1974, five U.S. food companies have produced the whey-soy beverage for shipment by the U.S. government to Central and South America and to Pakistan.
>
> USDA researchers are also studying other ways to utilize whey. At the Eastern Regional Center in Wyndmoor, Pa., heat-coagulated protein obtained from cottage cheese whey has been added to durham flours to produce enriched pasta flours with no change in manufacturing procedures. The resulting macaroni is 13-20 percent protein enriched.

Mr. President, I note that the Senate Appropriations Committee has followed my suggestion and recommended a $500,000 addition for research on the quality of forage crops and grazing lands. Given the importance of forages and ruminant livestock—the chief consumers of such crops—to our economy, I am heartened to see this increase. Research on forage crops has proven to have a significant effect on both food production and costs.

The importance of continued vigorous research in all segments of the American agricultural system cannot be overstated. I urge my colleagues to approve these much needed research increases so that we can continue to fill the world's expanding breadbasket.

The PRESIDING OFFICER. Is all time yielded back?

Mr. McGEE. I yield back the remainder of my time.

Mr. FONG. I yield back the remainder of my time.

The PRESIDING OFFICER. All remaining time has been yielded back.

The bill having been read the third time, the question is, Shall it pass? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Missouri (Mr. SYMINGTON), is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Maryland (Mr. MATHIAS), and the Senator from Virginia (Mr. SCOTT) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER) would vote "yea."

The result was announced—yeas 90, nays 5, as follows:

[Rollcall Vote No. 323 Leg.]

YEAS—90

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Brooke
Bumpers
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Eastland
Fannin
Fong
Ford
Garn
Glenn
Gravel
Griffin
Hansen
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Helms
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Schweiker
Scott, Hugh
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—5

Biden
Brock
Byrd,
Harry F., Jr.
Ribicoff
Roth

NOT VOTING—5

Buckley
Goldwater
Mathias
Scott,
William L.
Symington

So the bill (H.R. 14237), as amended, was passed.

Mr. McGEE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MANSFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. McGEE. Mr. President, I move **that the Senate insist upon its amendments**, request a conference with the House of Representatives thereon, and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to; and the Chair appointed Mr. McGEE, Mr. McCLELLAN, Mr. STENNIS, Mr. PROXMIRE, Mr. ROBERT C. BYRD, Mr. TALMADGE, Mr. FONG, Mr. HRUSKA, Mr. YOUNG, and Mr. HATFIELD conferees on the part of the Senate.

Mr. McGEE. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of the Senate amendments to the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

MODIFIED PROGRAM FOR SATURDAY

Mr. ROBERT C. BYRD. Mr. President, the present order of business for Saturday is the Interior appropriation bill, the HUD appropriation bill, and the military construction appropriation bill. I ask unanimous consent that the order be modified in this way: that the military construction bill be up first, the Interior appropriation bill second, and the HUD appropriation bill third.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HANSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAX REFORM ACT OF 1976

The PRESIDING OFFICER (Mr. FANNIN). Under the previous order, the Senate will now resume consideration of the unfinished business, H.R. 10612, which will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 10612) to reform the tax laws of the United States.

COMMITTEE AMENDMENT NO. 12—AMENDMENT NO. 1925

The PRESIDING OFFICER. The pending question is on agreeing to amendment No. 1925, proposed by the Senator from Massachusetts (Mr. KENNEDY), to committee amendment No. 12.

Mr. HARRY F. BYRD, JR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BELLMON). Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, the amendment which I am proposing provides a limitation on the interest deduction. I should like to explain briefly what the present law is, what the problem is as I see it, what the House bill does, what our Senate floor amendment would do, and then a brief word about the abuse under the current situation and how we expect to remedy it by this amendment.

I understand that present law allows deductions for one-half of investment interest in excess of investment income plus $25,000. The limit that has been set in the existing law has proved completely ineffective in achieving its purpose of preventing taxpayers from using the interest deduction to convert ordinary income into capital gains.

That is the issue that we are talking about here this afternoon: the ability of those with very generous incomes, in the highest, the 60 and 70 percent, tax brackets to take ordinary income and convert it into capital gain, which is taxed at half the rate that it would be if it were taxed as ordinary income.

They thereby create a major tax loophole, which is available only to very wealthy individuals in our society. Thus, a taxpayer can borrow large sums to buy stock or other assets and deduct the interest payments currently against his ordinary income. Later, when he sells the assets, he pays tax only at capital gains rates, which are half the normal rates. The technique is another example of the capital gains conversion machine available to investors.

Now, what does the House bill do? The House bill allows interest to be deducted but only to the extent of investment income plus $12,000. This amendment raises the House figure. What we do is to raise the exemption from $12,000 to $20,000 in investment income.

This would mean that anybody who owned a home, for example, where there was an 8-percent rate of interest on the mortgage, the mortgage would have to be $250,000 before he could be affected. If he had investment income, he could deduct any additional interest payments.

Mr. NELSON. Mr. President, will the Senator yield for a question?

Mr. KENNEDY. Yes.

Mr. NELSON. On this last point, do I understand the Senator to be saying that the deductibility of interest paid on a residence, a home, is not affected until the value of that home—it would have to be a mortgage, would it not?

Mr. KENNEDY. The Senator is correct.

Mr. NELSON. Until the mortgage reached $250,000?

Mr. KENNEDY. Well, that basically depends upon what the interest rate would be. But that would be the factor. Eight percent of $250,000 would be $20,000, which would be exempt under this amendment.

Mr. NELSON. The Senator is saying that up until that level that interest remains deductible as it now is?

Mr. KENNEDY. The Senator is correct. Then, of course, for any additional income, if he had any in addition to that, his interest payments would be deductible to the extent that he had other investment income. But if he did not have any other, he would still be allowed the $20,000 deduction.

The IRS reported recently that over 3,000 individuals with adjusted gross incomes over $50,000 paid no tax in 1974, including 244 persons with incomes over $200,000.

The Secretary of the Treasury has recently provided additional information giving the reasons why these 3,000 wealthy individuals paid no Federal income taxes, and why other wealthy individuals paid very low income taxes. The Treasury report indicates that the interest deduction is the single biggest reason why wealthy Americans pay little or no Federal income tax.

This Treasury study was not just an isolated look at a few unusual returns—it was based on the IRS and Treasury tax models that represent the 80 million tax returns filed each year. The study shows that the interest deduction was the single biggest tax deduction on 75 percent of the 244 zero tax returns.

How do wealthy individuals parlay an interest deduction into a tax avoidance device?

A 70-percent tax bracket investor borrows money to buy an asset he expects to appreciate in value.

He takes interest deductions against ordinary income over the years the asset is held. This income would otherwise be taxed at 70-percent rates.

Then, when he later sells the property, the gain is taxed only at capital gains rates—35 percent or one-half of the ordinary rates.

So the investor has obtained interest deductions against ordinary income, but paid tax on the gain at only capital gains rates.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. KENNEDY. In just a moment I will be glad to. I will just make an additional 3- or 4-minute comment and then I will be glad to yield.

Section 206 of the House bill solved this problem by:

Allowing interest deductions in full up to $12,000 plus investment income—interest, dividends, capital gains, rents, royalties, et cetera.

Deductions for interest paid in excess of this amount would be deferred until later years and then deducted against investment income received in those years.

The House bill covers all kinds of interest, except interest incurred in a trade or business. The $12,000 exemption is designed to exempt home mortgage interest and consumer interest from the limitation. We raise that $12,000 up to $20,000.

The House bill approach is the correct one to end this "ordinary deduction-capital gains" switch. It requires investment interest to be deducted against investment income. It will stop the interest deduction from being used to avoid tax on ordinary income and to obtain capital gain tax rates.

The amendment increases the exemption from $12,000 to $20,000, to insure that home mortgage interest and consumer interest are not affected by the provision. With the $20,000 exemption, indebtedness up to $200,000—at 10 percent interest—or $250,000—at 8 percent interest—would not be affected.

Now, I will be glad to yield to the Senator.

Mr. CURTIS. The distinguished Senator has described a situation wherein certain wealthy taxpayers avoid paying taxes, and one of the factors alleged relates to the payment of interest. My question is this: Is the amendment offered by the distinguished Senator limited to that group of taxpayers?

Mr. KENNEDY. Well, it is obviously applicable to every taxpayer uniformly.

Mr. CURTIS. It is not placed in the minimum tax that is intended to deal with people who, by other means, have avoided tax. It is rather put in the code, and relates to all taxpayers?

Mr. KENNEDY. It relates to all taxpayers; the Senator is correct.

Mr. CURTIS. Yes.

It would relate to an individual who has all of his income from wages and is paying taxes on every bit of it, would it not?

Mr. KENNEDY. It would if they fell within the terms that are prescribed in the amendment.

Mr. CURTIS. Yes. If someone whose income depended entirely upon his earnings borrowed money in sufficient amounts to exceed the limit set forth in the Senator's proposal, this amendment would curtail his deductions; is that right?

Mr. KENNEDY. The Senator is correct. We are following the same approach on this measure as we did on sports franchises, as we did on the movies, as we did on real estate, and on the other provisions of the bill that was reported out of the Finance Committee.

The Senator is quite correct in finding this position consistent with the position taken by the Finance Committee in those other areas, and which makes it applicable to all taxpayers. The Senator would be correct.

Mr. CURTIS. It seems to me that where this is an erroneous method of reaching an alleged loophole. For example, young men and women who have no income except that which they earn, if they have the capacity and the ability to launch on a big endeavor and must borrow the money to do it, they can no longer borrow the money and have a full deduction on the interest payments; is that not correct?

Mr. KENNEDY. The Senator is correct.

The fact is, that everyone is eligible to go on out and drill an oil well and get a deduction through an oil depletion allowance or a deduction on intangible drilling costs, rapid depreciation, or other kinds of tax preferences.

The only question is that there are only a very few people who are able to play those particular loopholes and are able to avoid payment of substantial amounts of tax.

The case that the Senator from Nebraska is pointing out is, "Well, will this not affect the blue collar worker who is working in a laundry in Boston. They are going to wipe out his dream."

That is true if he borrows more than $250,000 a year, in which case this particular provision is going to be applicable to him.

We know quite clearly the kind of people who are able to use this particular technique and avoid payment of taxes. The fact is that the worker in that laundry has to pay a good deal more of his own taxes because this loophole exists.

(At this point, Mr. BELLMON assumed the Chair as Presiding Officer.)

The amendment is not going to affect that blue collar worker, it is not going to affect that middle-income person, because before this is even applicable, they must borrow the equivalent of $250,000 a year, with no other investment income coming in.

This amendment will make sure that those individuals using this kind of loophole pay some income tax.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield just for a question.

Mr. CURTIS. Is it not also true that a man of individual wealth, who has a great amount of investment income, can go ahead and borrow and take his deduction and not be hurt at all by the Senator's amendment?

Mr. KENNEDY. The Senator is correct. This amendment does not apply to that case.

Mr. BROCK. Why not?

Mr. KENNEDY. This amendment does not close all the loopholes used by all the wealthy persons who use the interest deduction. But it closes a major part of those loopholes.

Mr. HASKELL. Will the Senator yield first for a comment and then for a question?

Mr. KENNEDY. Yes.

Mr. HASKELL. I might comment that the Senator has pointed out quite rightly that what is involved here is converting ordinary income into capital gains and, basically, bootstrapping investment.

There is another aspect which I think might be involved, and that is the practice of borrowing money, paying interest, deducting the interest and buying municipal bonds, which are tax free.

We are all aware that there is a section in the Internal Revenue Code that says we cannot deduct interest when the purpose of the borrowing is to buy tax free municipal bonds. But the Commissioner of Internal Revenue was before the Finance Committee and he said that that prohibition was meaningless; it was impossible to prove that that was the purpose of the borrowing.

I think the Senator's amendment here would have two very salutary effects. One in the area that it spells it out, and one in the area that the Commissioner of Internal Revenue spoke of.

I would also like to pose this question to the Senator.

The Senator's amendment, at least in my view, would be unnecessary if all income were taxed alike. If we did not have capital gains and special capital gains rates, really, there would not be any need for the Senator's amendment, and if we did not have certain types of income that were tax free.

But since we do give people a special break and we do not tax them on municipal income, and we only tax one-half of all capital gains this is what makes the Senator's amendment necessary.

Would the Senator concur in that?

Mr. KENNEDY. I would concur in the Senator's analysis.

We are not considering at this particular time the proposal that the Senator from Colorado, I know, has advanced on other occasions. But the obvious conclusion is affirmative.

Mr. HASKELL. I was observing the effect.

Mr. KENNEDY. Yes; quite correct.

Mr. HASKELL. I thank the Senator very much.

I think this is a very worthwhile amendment, when we think that by borrowing money against, let us say, raw land which has done nothing but appreciate, and we get no income from the raw land whatsoever. The Treasury, by which I mean all the taxpayers in this country, pays maybe 70 percent of costs carrying that raw land through these interest deductions then we turn around and sell it and only pay half the regular rate.

I think the Senator's amendment would prevent that type of operation.

Mr. KENNEDY. I would like to ask this: The Senator has obviously given this a good deal of attention, as well, in the Finance Committee. I know he represents a State which is diversified in terms of small farmers. Does the Senator feel if we pass this amendment that this is going to work to the disadvantage of blue-collar workers of Colorado?

I know that will be an argument that will be made, that this really works against the Horatio Algers of tomorrow. But for every individual who is able to go out and borrow $250,000—that is what we are talking about in terms of a year—there are tens of thousands of different tax forms that are submitted that cannot take advantage of this kind of loophole. As a result, million of workers and farmers pay more in taxes, because many of those who are the richest and most powerful and wealthy are able to avoid paying their taxes under fair share of provisions like this.

Mr. HASKELL. I agree with the Senator. I say that not only would this amendment not in any way adversely impact the farmers of my State, not only would it not adversely impact the blue collar workers in Pueblo, but it would not impact 99.9 percent of the people who live in the suburbs around Denver, because they do not have the capacity to borrow more than $250,000.

Mr. KENNEDY. One other point, since we were talking about individuals in businesses, it is worthwhile to point out that this amendment does not affect businessmen at all.

Mr. HASKELL. That is correct.

Mr. KENNEDY. The small businessman could go out and borrow any amount he possibly can. He can take a small car wash and, if he can, turn that and pyramid it into a General Motors.

That is fine under this particular amendment.

We are not affecting the small business that is trying to expand. What we are talking about in this amendment is only nonbusiness interest.

Mr. HASKELL. Right.

I would add, as a postscript to the Senator's comments, that we are not impacting the small businessman nor are we impacting the large businessman because the Senator has specifically excluded interest paid on money borrowed for business purposes.

I also point out to the Senator, the Senator's amendment allows $20,000 deductible as interest even if the borrowing is used for nonbusiness purposes. I point out that this $20,000 is probably twice the average income of people in my State.

So the Senator is not really affecting anybody except perhaps the top .1 percent.

Mr. BURDICK. Will the Senator yield?

Mr. KENNEDY. I thank the Senator.

I think it is only a tiny percent of the taxpayers, of all taxpayers, who make as much as $20,000 a year.

I yield to the Senator from North Dakota for a question.

Mr. BURDICK. I would like to further develop the question propounded by the Senator from Colorado.

Do I understand that interest from municipal bonds is included?

Mr. KENNEDY. No, that is not touched in this amendment.

Mr. BURDICK. I thank the Senator.

Mr. KENNEDY. There is already existing law on that. We do not reach that at all.

I think if we moved into the area, it would be absolutely devastating in terms of permitting any mayor to try to improve the city. I think that is not included in it, although the Senator is quite correct in the suggestion that was made by the Senator from Colorado. He has a view about that particular equitable issue, but that is really not the matter we are considering now.

Mr. HASKELL. If the Senator will yield, all I was pointing out was that a wealthy person now could borrow a great deal of money and invest it in municipal bonds which are tax free and the interest on the loan is deductible. The Commissioner of Internal Revenue says that the statute which disallows the interest on borrowing for municipal bonds basically was unenforceable; that he had had a very poor success rate. Therefore, I thought the Senator's amendment, which limits it to $20,000, almost twice what the House allowed, had really two purposes: Preventing someone from going out and borrowing money to buy the municipals, and also the effect of preventing them from leveraging capital gain acquisition.

Mr. BUMPERS. Will the Senator yield for an observation?

Mr. KENNEDY. Yes.

Mr. BUMPERS. In response to the inquiry of the Senator from Nebraska, the Treasury Department has issued statistics which partially answer the question. This information may have been stated before I arrived: In 1972, there were 23.8 million tax returns filed which included interest deductions of some amount. That included business deductions, investment, personal interest on homes, and so on. Of that 23.8 million returns which deducted some amount of interest, only 235,000 of those returns deducted more than $5,000. That is business interest; that is all interest. It is all kinds of interest. So we can see that even among the 235,000 of the returns which claimed some kind of an interest deduction, less than 1 percent, and of that amount only a very small portion, would be affected by this amendment.

I happen to agree with the Senator from Colorado, I believe the Senator has been rather liberal in raising the limit from the House $12,000 to $20,000. I cannot conceive of any taxpayer who is not in that top 1 percent, which the Senator has referred to time and time again here in the Chamber, being affected through this amendment.

To walk through a hypothetical case, if a person had $50,000 in that income, he would have $20,000 additional and he would still be home free, is that correct?

Mr. KENNEDY. It would be $70,000.

Mr. BUMPERS. I really do not think we are getting to anybody on this amendment. I intend to support the amendment because I support the concept, but I do think we are being unduly generous.

Mr. KENNEDY. I would favor going down lower. This amendment does raise approximately $160 million, even at that $20,000 level of exemption. I hope, once we get this concept accepted, we might be able to make some progress on this issue in the future.

Obviously, this is the fishnet approach toward trying to get something done. We can establish an important principle with this amendment.

Mr. BUMPERS. One other statistic which might be of interest to our colleagues is that of that 23,800,000 tax returns filed in 1972 which included an interest deduction, the total amount of interest deducted was $27,347,000,000. It is anticipated that in the year 1976 that figure will be a little over $39 billion. So that is a figure which is going up, which is accelerating at a rapid rate, for reasons which I think are apparent.

Mr. KENNEDY. I thank the Senator for his very helpful remarks. The figures are extremely revealing. I just want to mention one final point and then I will be glad to yield the floor or yield for a question.

As I am sure the other Members of this body were, I was enormously impressed by the statements made by the Senator from Louisiana yesterday in his exchange with the Senator from Missouri about sports franchises. The Senator from Louisiana could not have made our case more eloquently if he had been speaking about this particular amendment. He was talking in that case about how owners of various franchises were able to take depreciation on the one hand and then obtain capital gains on the other. They were able to take what might otherwise be considered ordinary income, use the depreciation deduction, and then obtain capital gains treatment when the property is sold. That is a very favorable result.

This amendment deals with the same problem. An investor can take the deductions early, transfer that into capital gains later on, and get a more favorable tax rate. What we are really attempting to do is follow what I think has been an extremely important and useful step which has been taken by the Finance Committee in the other areas that have been outlined, to avoid this kind of abuse in the interest deduction area.

Mr. LONG. Mr. President, will the Senator yield?

Mr. KENNEDY. Yes.

Mr. LONG. Mr. President, I do not know anybody who would be affected by the amendment. I know a lot of people who, at first blush, might appear to be affected, but I realize on reflection they would not be. Most people I know who have a large interest expense have a lot of investment income. In fact, if they have a big interest expense they have to borrow a lot of money. Most people I know who borrow a lot of money have a lot of investment income coming from one place or another. So the Senator's amendment really creates no problem for them because it would permit them to offset the income from investments with the income that is coming from interest.

Consider, for example, a man wanted to buy a $1 million piece of property and had $100,000 a year in interest expense. Most people I know who have done that kind of thing have some investment assets somewhere that would bring in the offsetting income. They would have $100,000 of investment income coming to them and this amendment would not bother them.

The kind of people it would bother, and whom it would hit and hit hard, would be the kind of person who does not have the investment income, who did not inherit anything, who does not have a lot of wealth he has generated in the past and who is trying to make it.

For those people, if they borrowed money—and I guess the assets they could give as security would be their homes or their earnings potential because they might have some earnings from their salary—who were trying to get ahead and make something out of themselves, who did not have that earned income, they would be hit by this amendment. Is that correct?

Mr. KENNEDY. If that is the Senator's position, that he really does not think it will impact very much, we will welcome his support for the amendment.

Our information is that it is going to have an effect. Our study would indicate that it is the wealthy individual who has the substantial income, perhaps $100,000 or $200,000, and then, in addition to that, has about $250,000 to $300,000 in interest payments, who is able, even with the formula that exists in the current law, to parlay those interest payments into a very considerable reduction of his taxes.

Those are the ones whom we are attempting to reach in our amendment and the statistics show that with this amendment we would make a very substantial change.

Mr. LONG. Let us assume two cases because it seems to me that this affects very few people, but it is extremely unfair to those whom it does affect. I could be wrong and I could be convinced, perhaps. I would like to find out. Let us look at two situations.

Here is one man who is working very hard to be a success, and he is doing very well. He is making $100,000 a year of earned income. If that fellow were to borrow a million dollars and have $100,000 a year interest expense to buy a piece of land which he hopes can be developed and which in the long run he hopes will prove to be a very good investment, it might very well be where he hopes some day to make his fortune. This land would be perhaps the one big investment of his lifetime with which he hopes to make his stake. In his case he could not deduct that interest expense over and above this $20,000 that the Senator has in mind, could he?

Mr. KENNEDY. The Senator is correct.

Mr. LONG. All right. Here is another man who is not plagued with having to earn his money. He inherited it, got it from his father. So he receives $100,000 a year of income from these investments he inherited from old Papa. Even though he had not earned a penny of that, this amendment would not give him any problem at all, would it?

Mr. KENNEDY. This amendment would not give him any trouble at all?

Mr. LONG. Would not cost him a penny, would it? It would not cost him a cent?

Mr. KENNEDY. The Senator, as I understand the last part, it was the earned income——

Mr. LONG. I am talking about the second man, who inherited a lot of wealth from his father.

Mr. KENNEDY. That is right.

Mr. LONG. And who was receiving $100,000 a year of income from these assets, that is, from the wealth that he inherited from his father. If he is receiving that $100,000 for which he is not working, that he simply inherited, then, the Senator's amendment would not give him any difficulty at all nor cost him a penny, would it?

Mr. KENNEDY. The Senator is correct. But obviously, as to the money that was inherited, taxes were paid on that, probably at ordinary income rates.

Mr. HASKELL. Mr. President, will the Senator from Massachusetts yield?

Mr. KENNEDY. The Senator is correct in stating what the factual impact would be in terms of this amendment. But I fail to see why someone who otherwise would be paying at the rate of the 60 or 70 percent should be able to transform that particular tax liability into capital gain, paying at half that percent. We may not stop all the abuse, but we stop a big part of it.

Mr. LONG. It seemed to me the Senator could answer that question yes or no. I do not think he wants to because it is so easy to answer it categorically.

Let me get to it again: this second man, let us say, inherits $2 million worth of stocks after estate taxes from his father or his grandfather. So, he has an income of more than $100,000 from dividends from those stocks. He has not worked for a penny of it, but I would concede, in this example, that whatever inheritance tax might have been owed was paid.

Mr. KENNEDY. Did his father pay taxes on that money?

Mr. LONG. I agree to any way the Senator wants to make the example. I do not care how his father got it. The point is that this man is receiving over $100,000 a year as dividend income. If that is the case, if I understand the Senator's amendment correctly, in view of the fact he has the great good fortune and because he does not work for any of his money, he would not have to pay one penny of additional tax under the Senator's amendment. Is that correct?

Mr. KENNEDY. The Senator is quite correct. If he has acquired money through whatever means, he has paid ordinary income tax or paid capital gains tax or has taken money through inheritance and estate taxes have been paid. Someone has paid taxes before, and he has acquired that through some legitimate means. The provisions of this particular amendment would not apply. I fail to see how that changes the fact many wealthy persons are using this loophole to convert ordinary income into capital gains.

This is a major provision by which wealthy individuals are able to reduce dramatically or to nothing their payment of taxes under the Internal Revenue Code.

I yield to the Senator from Colorado.

Mr. HASKELL. I wonder if the Senator from Massachusetts would be interested in inquiring of the Senator from Louisiana if he would propose a perfecting amendment to the Senator's amendment to eliminate the exclusion of investment income, in other words, limit the deduction to $20,000 of interest, whether the man has inherited from poppa, as the Senator from Louisiana said, or whether he is only starting to make $100,000 a year.

Mr. LONG addressed the Chair.

Mr. HASKELL. I am trying to address this to the Senator from Massachusetts.

Mr. KENNEDY. Excuse me.

Mr. HASKELL. I was suggesting the Senator from Louisiana said——

Mr. KENNEDY. Why does the Senator not get the reaction of the Senator from Louisiana to adjust the amendment?

Mr. HASKELL. That is all right. The Senator from Louisiana made the point that your amendment discriminates against the man who suddenly found himself earning $100,000 a year, whereas the poor fellow who inherited from Papa and had $100,000 a year of investment income really could borrow more money and get more of a deduction. So I was wondering if the Senator wanted to equalize those two situations by offering an amendment which simply limited personal interest to a flat figure, say, $20,000.

Mr. LONG. I would be delighted to offer an amendment that would treat everyone alike. But if I did the Senator would not get 10 votes for his amendment. If the Senator wants an example, I would be happy to offer an amendment to strike the $20,000 exemption he is offering in his amendment. That would be fine with me. Simply let everyone get in on it. I would be willing to go along with the Senator in amending his amendment to provide that a man cannot even deduct interest on his home mortgage. That is all right with me. If I do that, the Senator is not going to get five votes in the Chamber for his amendment.

Mr. HASKELL. That is right; and he will not get mine.

The Senator put up a hardship case of this poor fellow who suddenly started to earn $100,000 a year, and he said he was discriminating against the gentleman or lady who inherited from Papa. I wonder if he wanted to put them in the same position?

Mr. LONG. I do not know how to patch up a bad amendment. I showed one way he could patch it up to make it a little more consistent with regard to every taxpayer. But, I know he would go down in ignominious defeat if he did. If he is consistent in this principle, he is going to be ignominious in defeat on it. The Senator can patch up that amendment but I do not know how to patch it up to get 51 votes for it.

I am satisfied that if anybody believes in GEORGE McGOVERN's argument, and I am not sure I do—I was not sold at the time, but it sounded very good, that you should not give any more favorable tax treatment to money that is earned passively from investments than you should give to money that is earned by work—if that is the case, the Senator is moving in the opposite direction. The man who is getting his money that is earned on investments does not have to bother about this, but if he is getting his money by the sweat of his brow, the Senator's amendment will tax the eyeballs off him. That does not make any sense to me. If that is the effect of the Senator's amendment, I would have to be a GEORGE McGOVERN man.

There are some things about GEORGE McGOVERN's tax proposals I have not agreed with. Some of them I find myself at variance with. But, I must concede that in this case, GEORGE McGOVERN seems to be as right as rain. I think I should have shouted, "Hallelujah!" when GEORGE spoke.

[Laughter.]

I think that if Richard Nixon advocated this amendment, he would have received a lot less votes than he did, because this is the kind of discrimination that favors the rich, who make their money by their money, over the Horatio Alger type, who make it by dint of dedicated, hard, honest work. I do not think the people of this country would approve of that kind of discrimination.

I think that if most folks are going to accumulate anything, they have to do it by hard work, and that is the kind of people this amendment would discriminate against.

Some fellow may inherit a lot of money. I am for the guy who inherits money. It has been by good fortune to inherit some, and I wish everybody could inherit something. If I could make it that way, I would let everybody inherit something. But the difficulty is that for the poor soul who does not inherit money, who has to make it all himself, this amendment hit awfully hard on him. If he has to borrow a lot of money to try something, there would be a number of cases in which this amendment would penalize him.

Let us take a simple situation. Here is a fellow who hopes to develop a piece of real estate. He is sure this piece of property has fantastic potential. So he borrows the money to buy the property. It is the most beautiful piece of property he ever laid his eyes on. It is not ready to develop quite yet. So he borrows money, buys the property, pays the interest and expenses, and thinks he can deduct the interest. He has some earnings. So he thinks everything is fine, until the Kennedy amendment comes along, and under the Senator's amendment he cannot deduct the interest expense.

The new tax has doubled the burden of carrying the property, and the investor suffers. He cannot move forward with his plans. He cannot develop the property. He cannot borrow the money to go forward at this point. He is hit with a very high tax expense on the interest, and he is not making enough money so that he can live and carry on his other activities and continue to pay that interest. This amendment could very well destroy that fellow because he cannot deduct the interest expense for which he now has no choice. He has the debt; he has his name on the note. He is liable 100 percent for it, and he cannot move with it. He is just hanging there, with this new, big tax on him. And this amendment—and its tax—penalizes him because he is one of those souls who works for his money.

If he had inherited his money, there would be no problem. He would not be taxed a penny. But since he is working to make it, he is really hung, and he is hanging there, with the carrying costs doubled on him by virtue of this tax. His only chance is to try to find some way to get out of his investment; maybe to sell it at a sacrifice.

Mr. BELLMON. Mr. President, will the Senator yield?

Mr. KENNEDY. Mr. President, I think I still have the floor.

The PRESIDING OFFICER. The Senator from Massachusetts took his seat, and the Senator from Louisiana was recognized.

Mr. BELLMON. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, the point I want to make here, after listening to the Senator from Louisiana, is that if one accepts his argument and his reasoning, he would say that those people who have $100,000 in income, even though they are supposed to be taxed under the progressive tax system of up to 60 percent or 70 percent, which has been universally accepted by Congress, are able to go out and cut the income tax in half by converting ordinary income to capital gains. That is not available to any farmer or blue collar worker. They cannot do this if they are making $5,000 and paying 14 percent of their income. They cannot convert their income to capital gains and pay only 7 percent.

But if we accept the argument of the Senator from Louisiana, they can. They can take the $100,000, borrow the interest, take the deductions, get the capital gains, and virtually cut their income tax in half.

We have a progressive tax system—and it is supposed to go up to the 60- or 70-percent rate—and we are going to permit them a device to cut their taxes in half.

That is not going to be available to the laundry worker or the blue collar worker or the textile worker in New Bedford or Falls River, Mass. We say to him, "You can forget about that. You can only do it if you can borrow $100,000."

Realistically, as a real opportunity for any working people, the loophole just does not exist.

We cannot get away from the fact that that particular mechanism and means is being used today time and time and time and time again by a very small, select group of American taxpayers—and that is a misnomer, because most of them end up paying no taxes—as a way of avoiding taxes under the present system.

If the Senator is going to argue that we should permit that because we need new shopping centers or new azalea bushes or movies, whatever we want to do, that is one case, and we can get back to whether this is the best way to do it, but we cannot get around the facts of the abuse. The effort we are making in terms of this amendment is to relate investment income and deductions. We are providing a significant exemption of $20,000, which will insure that no blue collar worker or housewife or farmer is going to be affected. They have to borrow $200,000 or so before they would be covered.

Mr. BELLMON. Mr. President, will the Senator yield?

Mr. LONG. The Chair has ruled that I have the floor. I shall yield shortly to the Senator from Oklahoma.

Since the Senator from Massachusetts almost suggested that I wanted to favor the pornographic movies, I wish to make it clear that I want to tax pornographic movies. If someone can show me how I can tax them more than the other movies, I will sponsor the amendment. If somebody can show me how I can zero in on the pornographic movies or on organized crime, I will be happy to sponsor the amendment.

[Laughter.]

I yield to the Senator from Oklahoma.

Mr. BELLMON. Mr. President, I wish to ask a question of the distinguished Senator from Louisiana.

I have heard a great deal of talk about farming, and I have a feeling that I may know as much about farming as most of the other Members of the Senate.

In the area I know, and in most of the farm country, land is costing $800 to $1,000 an acre, and a family will have about 1,000 acres.

So this figures out that for a young farmer getting into the farming business, he is going to have to have available between $800,000 and a million dollars of capital, most of which he will have to borrow, unless he happens to be rich or have a rich father-in-law. If he goes to the Farmers Home Administration or the Federal Home Loan Bank Board and borrows this money, his interest is going to run around $100,000 or $80,000 a year. He also is going to have to buy machinery, fertilizer, feed, seed, other types of things. Usually, income to a young farmer like that in the first few years is low. The question is would this $80,000 to $100,000 interest be deductible under the terms of the Kennedy amendment, or would it not?

Mr. LONG. I am not sure whether that is the case or not. The Senator from Massachusetts might be able to respond. I am not sure.

Mr. BELLMON. The point here is, if the Senator will yield, unless young farmers can deduct that interest, there is no way they can get into the farming business. We are going to run out of farmers at a very rapid rate.

Mr. LONG. All I am saying about that is this: If this amendment applies to them, they are getting a raw deal. That is all I am saying. Whomever this amendment applies to is getting a raw deal.

I am told that the amendment would not apply to them, and thank the merciful Lord that it does not.

Mr. BELLMON. How would they be exempt is the question I am asking.

Mr. LONG. The only good thing I can say about the amendment is that it leaves some people out. Maybe that is the only good thing.

Mr. KENNEDY. The point is that the farmer would not be included if it is interest incurred in his trade or business. This quite clearly would be a business, and it would not be included.

If the Senator will permit me to go on for 1 more minute, it seems to me that the Senator from Louisiana is saying that because we cannot close the loophole on everyone, we should not close it on some areas in which there are notorious abuses. This is one area where there is extraordinary abuse. With the Senator's support on this particular loophole, we will hope to reach those with inherited wealth in the next reform.

Mr. LONG. All I know is I am not here to draft the Senator's amendment for him. It was not my idea in the beginning. I did not bring the whole thing up. I am saying that this is a complete injustice. The amendment says to one man who is working for his money, who tries to buy a piece of land out here, and who hopes that in the future, he is going to be able to develop it and make something out of it, although he does not have the resources to do it now, that we are going to double his cost by denying him the right to deduct his interest expense. We shall double his carrying cost, and maybe double it again. But while we are doing that to him, we would not do that to the fellow who had the good fortune of having a lot of assets, having income coming from other land or from stocks or bonds or other investments like that. That is very unfair.

I yield to the Senator from Arkansas.

Mr. BUMPERS. I thank the Senator for yielding. I want to take the very case that we talked about a moment ago and that the Senator came back to just now. We used the illustration a moment ago of the person who inherited some money or a piece of property which he wanted to develop. Let us take a hypothetical case and assume the property is worth a half-million dollars. Assume further that he goes and borrows a million dollars for the purpose of developing it. Assume finally that he is going to pay 10 percent interest. That is a nice round figure, easy to calculate.

First of all, he borrows a million dollars to develop this tract of land. It is going to cost him $100,000 a year in interest. There are two ways that we might might look at this.

First, if this is his ordinary trade or business, he can deduct the entire $100,000.

Mr. LONG. No problem.

Mr. BUMPERS. If it is not and he is developing a piece of property, he is obviously developing it to sell off lots and homes on which he will take a capital gain. First of all, admittedly, under the Kennedy amendment, he can only deduct $20,000 of that $100,000 in interest, assuming everything else is not a factor in the equation. He can deduct $20,000 but he does not actually lose the other $80,000. It is simply deferred. When he starts selling off the lots and taking capital gains on it, he can then take any amount of that additional $80,000 that he has not done previously, so he does not lose it at all.

Mr. BROCK. Will the Senator yield?

Mr. LONG. Let us just change the figures slightly.

Mr. BROCK. I wish to tell the Senator, first, that he does not get capital gains when he sells that property. He is paying ordinary income tax. The minute he starts selling lots, he is a dealer and he pays ordinary income tax and we still get into it because he cannot deduct the interest.

Mr. KENNEDY. I do not think the Senator from Tennessee is stating the law accurately. I think the law is as suggested by the Senator from Arkansas.

Mr. BUMPERS. If he considers this his normal trade or business, he does have to treat it as ordinary income, but at the same time, he is also entitled to deduct the entire amount of interest.

Mr. BROCK. But he does not get a capital gain.

Mr. BUMPERS. He does not lose anything on the interest, either, I say to the Senator.

Mr. GRAVEL. Will the Senator yield?

Mr. LONG. Let us just change the figures for interest. The Senator from Arkansas is talking about one more situation where somebody is not affected by it. Let us talk about a situation where he is.

Let us assume that he borrowed $1 million rather than $500,000 to buy the tract of land. Let us assume that the development is going to cost a second million dollars. He is paying $100,000 on what he borrowed to buy the tract of land. He goes down to the bank and the bank says, "Well, someday we think you can develop that land, but not now."

He had thought that because he had some earnings, he would make enough money to carry the interest expenses. But, now, the bank will not make the second loan to go forward with the development. So he is stuck. He cannot develop the land. So it is not a trade or business. In that situation, he must pay taxes, on $100,000. Let us say, he is paying about $60,000 in taxes. That leaves him $40,000 for interest expense and living. It is only by borrowing more money that he can hope to even hold on to the property. About all he can do in this situation is get rid of what he bought.

That is one situation. I do not know anybody who is affected by the amendment, but anybody who is affected by it, I can see, is in for a bad time.

That is just one of the situations which occurred to me, because I recall a situation like that some years ago. The people in the situation which I recall finally came out losing some money. But under this amendment, I suppose they would have had to file bankruptcy.

Now, when we look at the people that we would affect, it looks to me as though it would be very unfair. Furthermore, let us take the Senator's reference to the laundry worker. He said it is not fair to the laundry worker to do business this way. Suppose we did not have this $20,000 exemption involved here, so that this same principle applies to that laundry worker. That man is working in the laundry and he is hoping to get ahead. He sees a chance to borrow some money, to take the money he has borrowed and invest in something which he hopes to develop, but which will not make any money immediately. Maybe he wants to buy a piece of real estate that he feels in time will be very valuable, or buy a piece of property on which he hopes to put a business someday. That person would not be permitted to deduct the expense of the interest that he is paying. But someone else, who had an amount of money equal to that interest expense coming from something they inherited or from stock and bonds that they own, would be permitted to deduct the interest expense. The first person would feel that he had been treated very badly. He would feel discriminated against.

Mr. BUMPERS. I cannot believe there are many laundry workers in this world who are going to be able to borrow enough money to pay $20,000 in interest expenses. The Senator might as well use welfare cases.

Mr. LONG. That is exactly the point I am talking about, the principle. The Senator would not want to apply that principle if we struck the $20,000 exemption and let this thing apply to everybody in the country. There is no way we would vote for that, because it would be very unfair.

Mr. BUMPERS. It is difficult for me to get very sympathetic with anybody who has the ability to go down to a bank and borrow $200,000. That is asuming a 10-percent interest rate.

Mr. LONG. I am informed that if a person bought a company by buying stock in the company, he would be hurt under this amendment. That would be an unintended consequence. We would, in effect, say, "Don't ever get caught in that trap; don't ever buy a company by buying stock in the company; you have to find some other way of buying a company." People would find some way of getting around it.

All I say is I think the Senator would feel sorry for anybody who got caught by this amendment.

Mr. BUMPERS. Let me make one other observation. I am sure the Senator heard the statistics awhile ago, which were not mine. They came from the Department of the Treasury.

The Treasury Department says that of all the income tax returns in the country on which there is interest deduction of any kind, business and nonbusiness, only 235,000 of them or less than 1 percent deduct interest in excess of $5,000.

It is sort of an indictment of the Treasury Department that they do not even keep statistics on returns that deduct any amount in excess of $5,000. We do not know how many of them deducted $10,000, $15,000, $20,000. All we know is there are 235,000 of them who deducted more than $5,000.

The Senator's amendment allows a $20,000 deduction. I cannot believe that more than 1 percent of even those 235,000 returns are going to be affected by this.

Mr. LONG. Mr. President, I do not know of anybody who would be affected by it, but all I know is anybody who is affected is being done an outrageous injustice. That is all I am saying.

If one man has his money by inheriting a lot of money from his papa or his grandfather, and this money comes to him as dividends or interest or any other kind of investment income, and he never worked a day for any of it, by virtue of his good fortune in inheriting that money, under the Senator's amendment this man can deduct the interest expense, which might be a very large amount of money, perhaps $100,000.

Now consider the other guy, who is trying to make it. He works 16 hours a day trying to get ahead, dedicated, zealously risking a heart attack every day trying to get ahead for himself and his family, and to make a future in the American tradition. Now that fellow in the same situation cannot deduct his interest expense. He is crucified by this amendment.

I do not know anybody who is in this situation, but if you read those Horatio Alger stories, those are the kind of people you are talking about whom you would crucify with this amendment.

I do not see the point in it. Show me anybody, just name somebody or find somebody, who is affected, and I will say that there is a man who is being done an injustice. He is being treated unfairly because he is working for his money. And these good, fine, wonderful, well-educated people, who know how to pick up the right spoon and the right fork, and never spit on the floor, they do not have to worry about anything like that because they did not work for their money. But the guy who did work for it, that poor fellow is being discriminated against, and that to me is not right.

Several Senators addressed the Chair.

Mr. BENTSEN. Mr. President, I rise in opposition to this amendment which would impose a $20,000 limit on nonbusiness interest deductions such as home mortgages and investment interest.

Mr. President, after careful study the Senate Finance Committee rejected this approach and as a substitute decided to include as new preference items in the minimum tax the excess of investment interest over investment income and the excess of itemized deductions over 60 percent of adjusted gross income.

Mr. President, adoption of this amendment would set a bad precedent with respect to home mortgages. True, a $20,000 limit would only apply to a $200,000 home mortgage at a 10-percent rate. However, what may appear to affect only the rich today may affect millions of homeowners tomorrow. If this unprecedented action is taken today inevitably there will be efforts to reduce the $20,000 limit in the future. At least one of my colleagues would like to set the ceiling at $12,000 now.

I believe that the problem presented by taxpayers who use the interest deduction and other itemized deductions excessively to reduce their tax liability can be handled adequately by treating the amount of itemized deductions in excess of 60 percent of adjusted gross income and the excess of investment interest over investment income as preference items in the minimum tax.

Mr. President, I want new entrepreneurs in this Nation to continue to have the opportunity to borrow money—with the benefit of interest deductions—to invest in new and risky ventures. I want younger investors to have the opportunity to "bootstrap" their way up. This opportunity would be seriously hindered by the amendment before us. It would be difficult for individuals to enter new businesses and I think this would be very poor policy.

I want a reasonable tax policy to encourage economic growth and particularly the development of venture or risk capital.

Our economy has been experiencing a scarcity of investment capital for smaller sized businesses with major growth potential. This capital is sometimes referred to as venture capital. This amendment would aggravate the shortage of venture capital to the detriment of the entire economy.

Few people realize the importance of venture capital in financing new business and industry, promoting healthy competition, and spurring noninflationary economic growth.

Without a ready source of venture capital, many of today's industrial and commercial giants may have never gotten off the ground.

And, we may never know how many potential "Xeroxes" or "Polaroids" have failed to get started over the past few years for a lack of venture capital. We may never know how many jobs were never created, how much economic growth was never realized.

It is pretty basic, though, that we cannot maintain a healthy, competitive and growing economy unless there is enough capital available for the risk takers and entrepreneurs who want to develop their ideas into businesses.

That capital—venture capital—is in very short supply these days.

Let us look at some examples of the importance of venture capital to our entire economy.

Venture capital was essential to the creation of transistors. It is the transistor which made possible the large central computer industry and the military instrumentation industry.

The development of the minicomputer industry depended on the availability of venture capital. The minicomputer industry not only provides substantial jobs and tax revenues but has also been a major factor in improving the productivity of industry.

Everyone is familiar with pocket calculators. Pocket calculators are solely the product of American technology and venture capital.

A venture capital enterprise funded by risk investments developed the know-how for miniaturized semiconductors called MOS's. With this know-how and technology, an entire new industry was created and America still leads the world in the field. The total initial risk capital investment was relatively small, especially when compared to recent total industry sales.

Indeed, venture capital has had an important impact on any number of high-growth industries—semiconductors, minicomputers, all kinds of other computer-related products, hand-held calculators, automatic editing typewriters, CATV, hi-fi's, new medical instruments, and a wide variety of others.

Even frozen orange juice was developed through venture capital. A great many jobs have been brought back to the United States from Japan through the development of the small chips that are used now in hand-held calculators, and this type of advance is now being applied to electronic watches. These were developments by small companies that were not subject to the restrictions of a large, company environment and that could attract the bright young scientist, production manager, and marketing people to move the production into the marketplace. And it was also the result of venture capitalists who were willing to risk their capital to build new companies to better serve the public.

We should reject the amendment presently before the Senate because of its adverse impact on risk capital and economic growth.

Mr. CURTIS. Mr. President, I would like to point out the fallacy of the argument that has been advanced here that it does not affect people in ordinary operations.

It is entirely possible that an interest obligation that is business related can become investment related.

Take the case of a young farmer or a young rancher who has a $30,000 interest obligation. He dies. The widow is his beneficiary. She is not in a position to carry on as an active operator of the business, but she becomes a landlord. In other words, this could well be classified as investment interest. At such time she could be subject to the $20,000 interest limitation and have $10,000 interest that she could not deduct. That is not an unreasonable assumption when you stop to think how so many transactions are construed in order to collect the maximum amount of taxes.

There could be other situations where something starts out as a business deduction, and due to a change in circumstances the individual is no longer an active participant, and it can become an investment and, therefore, it would be subject to this limitation. Nobody knows what the limitation will be when we come out of conference.

I thank my friend.

Mr. LONG. Frankly, I understand that the tax situation which the Senator has described—and I am now relying on the staff's advice—that this type situation would be excused from the tax which the Senator is proposing. This, of course, gets us to a point where it is all right to exclude certain people. But if you exclude certain people, you ought to exclude everybody, because otherwise the whole thing is just nothing but discrimination to apply this amendment only to particular people. How are we going to decide about how we are going to do it? But the person it is going to apply to is the fellow who is going to get his money by working for it rather than the fellow who does not get his money by working for it.

I can understand why you do not apply it to the fellow who gets his money by working for it because it is a well-established principle that you ought to offset an interest expense with interest income or vice versa, and it makes little sense if you do it in another way.

Frankly, it would be ridiculous to do it another way. If you tried to extend it to that other man, as the Senator suggests he would be willing to do, that man would just sell his assets and pay the debt, so he would be even. But when you do that you tend to stop the channels of commerce. You just put a monkey wrench into the machinery, and things will not move. So, obviously, you would not want to do that.

If you are not going to do that when you leave yourself in the ridiculous situation of discriminating against the fellow who works for his money.

I yield to the Senator.

Mr. KENNEDY. On the point the Senator makes now and made just a few minutes ago, it would appear that if you follow the logic of that position you would say that because you have not achieved equity between two different rich people, therefore, you should eliminate the equity between a great many rich people and a lot of poor people. That is effectively what the Senator is saying when he says that this amendment is not going to affect people who inherit wealth. They would still be able to take advantage of this opportunity, even with the passage of this amendment. Equal treatment for the rich, the Senator says, when what we want is to end some of the abuses that prevent equal treatment between the rich and the low- and middle-income groups. Do not close a loophole, he says, unless you can close it so tight that no one can still get through.

The fact of the matter is, we can eliminate some serious abuses. The Senator from Louisiana is suggesting that because we cannot equalize this problem in terms of extremely rich people, therefore, we should not eliminate any of the abuse which is available to many rich people, at the expense of a great many people who do not have the opportunity to take advantage of it.

I fail to see the logic of that position. I hope that we could enlist the chairman's help in eliminating this loophole for all groups who are able to take advantage of it, rather than saying, "Well, if you accept this particular amendment there are still going to be a few wealthy people who are not going to be caught, and so, it is going to be discriminatory between some rich people and other rich people.

Mr. LONG. Mr. President, there is only one way you are going to eliminate the discrepancy between the rich and the poor—actually there are two ways, neither with this amendment, but there are two ways you can do it.

Mr. KENNEDY. You are not going to do it with the present Internal Revenue Code.

Mr. LONG. Hold on a moment. I have the floor, and I want to suggest it. I have heard the Senator's approach. I want to suggest my approach.

Here are our two possibilities of how we could eliminate the discrepancy between the rich and the poor. Either make the poor rich or make the rich poor. That is the only way you can do it. [Laughter.] That is your potential.

I yield to the distinguished Senator from Alaska.

Mr. GRAVEL. I would like to ask one question. Is it not a fact that under this amendment all a person would have to do—we are talking about this very small percentage of wealthy people, who are generally sophisticated enough to have an attorney to advise them—all they have to do is to incorporate, and they would be a corporation, and they would not pay any tax in this deal.

Mr. LONG. Yes, that is right.

Mr. GRAVEL. What would you accomplish? All the people you are trying to get at with a $80 fee, incorporation fee, can set up a corporation and dodge the entire burden of this proposal.

Mr. KENNEDY. The Senator is familiar with the holding company restrictions that would make it impossible to do that. The elaborate procedures already in the law would not permit it.

Mr. GRAVEL. What would be wrong if I have a home, a chief executive of a major corporation, and I sold my house, took cash to the corporation, then turned around and had the corporation let me live there as part of remuneration, or just charged me some rent? Where would the Senator be getting at that individual?

Mr. KENNEDY. As I understand it, the rules provided the Senator would be paying ordinary income rates.

We are just saying if one gets ordinary income, treat it as such and pay the taxes, but close out the opportunity of turning it into capital gains.

Mr. GRAVEL. Then the corporation could keep the mortgage I acquired and deduct it as an expense?

Mr. KENNEDY. As I understand it, that is not possible.

Mr. GRAVEL. Well, wait a second, if there is a mortgage on a house, that house pays interest, we can deduct that interest.

Mr. KENNEDY. I understand the Senator. My understanding is that the Senator is not correct on that.

Mr. GRAVEL. I would like——

Mr. KENNEDY. And there is case law which would substantiate the position I take, and I would be glad to get it.

Mr. GRAVEL. I think it would be very important to see that for the RECORD. I would like to see where a corporation pays interest and cannot deduct it as an expense.

Mr. BENTSEN. Let me say, there is one thing that should be emphasized during this debate.

The Senate Finance Committee examined this proposal very carefully and we decided against taking the unprecedented stand of putting an arbitrary limitation on home mortgage interest deductions, even at a very high level where it would affect very few people, because we knew the next step would be to reduce that level and we would see ourselves in a situation where perhaps millions of homeowners would be affected.

So the Finance Committee chose to remedy the problem with the minimum tax. We said that anyone who is using investment interest deductions excessively, which is the problem that the Senator from Massachusetts is talking about, would be subjected to the minimum tax.

In effect, what we are saying to that person who uses excess interest is that he is going to be paying a materially higher interest charge on that mortgage than he would otherwise because of the impact of the minimum tax.

We used the minimum tax approach rather than set an arbitrary ceiling on nonbusiness interest deductions which would have deterred the entrepreneur from risk investments which would create jobs, new technology, and new industry in this country.

Mr. LONG. I yield to the Senator from Tennessee.

The PRESIDING OFFICER (Mr. BROOKE). The Senator from Tennessee.

Mr. BROCK. I have listened with a great deal of interest, I will admit with some surprise, to the comments that have been made.

I think the Senator from Arkansas fails to understand the existing tax law.

Senator Kennedy made a statement, this bill is designed to get at the individual who borrows money in order to get a capital gain, and the very illustration the Senator from Arkansas uses does now allow for capital gain treatment, but requires ordinary income tax.

So there is no change in the situation other than penalizing someone for borrowing money.

Second, his statement that he had trouble being sympathetic with anybody who could borrow this much money, really, has very little to do with this debate. I do not know who is sympathetic and why, and I frankly do not care. But I do care that there is equity in the law and I think that is what we are talking about.

I would like to read a little bit of our committee testimony from a Chevrolet dealer in east Tennessee, up in Bristol.

He says that he started out after graduation $12,000 in debt, working in a bank for 6 months. He borrowed $25,000 and went into the automobile business, a Volkswagen agency. After 4 years in the automobile business, he was $350,000 in debt. He borrowed $200,000 and went in with a group that purchased control of a bank, he had purchased 20 acres of land, he bought a home, and there was no way he could have deducted the interest on that if the proposed legislation had been in effect last year, for 1975. He will pay almost that much in Federal income tax, personal and corporate.

So he thinks the Government has got a pretty good dividend out of allowing him the opportunity to deduct the interest.

That is what we are talking about and that is all we are saying, that interest is nothing more or less than an expense that Americans have to pay, big and little, short and fat, all of us, it is part of our way of life.

The Senator's amendment does one very specific thing—two things as the Senator from Colorado said.

It keeps the rich, rich and it keeps the poor, poor. It does not allow anybody the opportunity to go out and make it in this kind of a situation.

The Mr. Gattons of the United States are going to get crucified by a Government that does not understand what it means when we borrow money and have to pay it back, and by a Government that says to us, "I do not care if you are paying back $25,000 a year, we do not consider this an expense to you, we, by some law, are going to hand down an edict that the fact you pay that banker that $25,000 does not mean you pay it because we do not think it is being paid, we are going to say it is not paid at all, just by some executive edict we will say that interest does not cost you anything." That is what we are saying.

We are saying they cannot be innovative, they cannot be creative, stay in their closet, do not go out and try to do something, do not be constructive or try to build anything of value, do not try to create jobs, just sit back and take it and everything will be all right. Uncle Sam will take care of them. Do not dream, do not buy McDonald's franchise, do not buy a small business, do not put up that business as collateral against the purchase of the stock, because we will not recognize the fact that the interest he is paying, the actual dollars that come out of his pocket, are interest.

We will pass a law and say, "We do not think it is interest at all and we are not going to allow those same expenses to any other person in the United States. We will give it to corporations. Yes, we will take care of the corporations. We are going to take care of the wealthy, we are going to take care of those who inherit the money, but we will not let anybody build anything, create anything."

That is the upside down logic in this amendment. It is ridiculous.

Mr. LONG. I will yield to the Senator from Hawaii, who asked first, and then I will yield to the Senator from Arizona.

Mr. FONG. Mr. President, I have listened with great interest to the debate on this amendment. Let us analyze this amendment.

This amendment says that we cannot deduct more than $20,000 in interest. For the man who borrows $200,000 at 10 percent, that is all he can borrow, and if he had to pay 15 percent, he can only borrow $144,000. If he borrows at a credit card interest rate of 18 percent, he can only borrow $111,000. Otherwise, he cannot take the interest deduction in the year in which it was paid.

The average home in this city, I think, runs around $60,000 to $80,000. In my State of Hawaii, it runs about $88,000.

Now, if a man bought a home costing $88,000 and had to pay 10 percent interest, he has only a little more he can borrow.

If a man had a $200,000 home in this city—we find many $200,000 homes and many $150,000 homes—if this man had to pay his mortgage of 10 percent, he actually cannot borrow any more money—if he wants to deduct the interest.

If he wants to buy a car, the interest on his car cannot be deducted. If he wants to borrow some money to send his children to school, he cannot deduct the interest for that.

We talked about borrowing money from a bank.

When we buy a piece of property, we do not have to go to a bank and borrow money. We can buy it on an agreement of sale. The man referred to by Senator BELLMON who wants to buy a farm buys a farm under an agreement of sale. If he buys a $400,000 farm and if he were a Government worker, then he would not be entitled to this deduction because he derives his main income from being a Government worker. If he lets his son-in-law or his brother or his brother's family or someone run the farm and he runs up an interest debt of $30,000 or $40,000, he cannot deduct that interest indebtedness.

Mr. President, there are many reasons why this amendment should not go through.

First, this amendment is a bonanza—in fact this whole bill really is a bonanza—for lawyers, for tax lawyers, and especially for the accountants. I dare anyone to prepare his own taxes under this bill or the amendments in the tax amendment bill we passed last year.

Let us look at what this amendment says: Let us tell Members what this amendment provides.

Under this amendment 1925 proposed by the distinguished Senator from Massachusetts, we would limit personal interest deductions to $20,000 for nonbusiness purposes.

Investment interest deductions would be limited under a most complicated formula. The excess, if any, of $20,000 over the personal interest for the year, plus the net investment income, which is defined as the excess of investment income over investment expenses, plus the amount, if any, by which deductions allowed under this section and 3 other sections—sections 162, 164(a) 1 or 2, and 212—attributable to property of the taxpayer subject to a net lease exceeds the rental income produced by such property, plus the net capital gain for the taxable year, considering only gains and losses attributable to the disposition of investment property.

I have lost you already, Mr. President. It goes further:

There are special rules for property subject to net lease, under certain conditions. Special conditions and rules are applicable to partnerships, to shareholders of electing small business corporations, to interest on installment payments of estate taxes, to indebtedness incurred before December 17, 1969, to indebtedness incurred before September 11, 1975, to capital gains, to real property leases, to trusts and, there is provision for coordination with LAL and certain other provisions.

The section would become applicable to taxable years beginning after December 31, 1976. Maybe by that time we will have a Treasury form devised for us to follow—whether we understand the provisions of this amendment or the form or neither.

Mr. President, under the last tax bill we passed I tried to figure out my taxes. I want to say I know something about accounting. I know something about taxes. It took me a long, long time to figure my taxes. I was not able to say whether I was right or wrong. I called my accountant and I asked my accountant to tell me what were the reasons back of this and the reasons back of that. He said, "Just follow the form."

I obtained the form and I looked at it, but I could not understand what it said. I followed the form, exactly what my accountant told me to do, and when I came to the last line, I sent it to my accountant and he said, "Yes, you did it right."

I did it right following the form but I did not know what I was doing.

This tax bill and this amendment is really an exercise in obfuscation, I say. It really boggles the mind. As one who is familiar with tax law and tax accountancy, it really boggles my mind.

What will this amendment do? This amendment will kill investments. Who is going to invest? This bill is throwing a lot of obstacles in the way of investments. If a man invests and makes money, Uncle Sam says, "25 percent of that, at least, is mine." If he makes more than $50,000, Uncle Sam says, "35 percent of that is mine." Over and above that, under the minimum tax law, Uncle Sam will say, "We were going to tax you another 10 percent under the old law, but now you have raised it to 15 percent."

If an investor loses money, Uncle Sam says, "Too bad, you have lost your money."

Under those circumstances, tell me, which sane man is going to invest in risk capital?

As a businessman, I know the hardest thing to do is to get capital. A man may trust you with a lot of things, with his automobile, with this home, maybe his friends, but he will never trust you with his money. Money is the hardest thing to get. To raise capital is one of the hardest things in business. Here we are telling a man who can really raise capital by using his credit based on a big income, whether he is in an agreement of sale or whether he is going to a bank and borrowing money that: "If you invest we will not allow you to deduct more than $20,000 in interest."

This is going to kill a lot of investments. What is this going to do? The bank will not be able to lend money.

For example, a man wants to borrow $1 million and the interest rate is 10 percent. The interest is $100,000. If he is in the 50-percent bracket, according to our friends, he has cheated Uncle Sam by $50,000 because he has converted $100,000, which should be taxable at 50 percent, and he has used $50,000 of that $100,000 as part of an investment. Suppose the bank has loaned him $1 million at 10 percent interest. Then, the bank has received the $100,000. From the $100,000, let us say, the bank makes 4 percent, because it costs the bank 6 percent to get that money. So the bank has made $40,000 out of the $1 million investment. The bank pays tax on $40,000. It must be in the 48 or 50 percent bracket, so the bank pays over $20,000 on that.

So out of the $50,000 which we say he has avoided in paying his taxes, the bank has already paid $20,000 in additional taxes to Uncle Sam.

This $1 million is placed in an investment. That $1 million pays the salary of the carpenter; it pays the salary of the plumber; it pays the salary of the laborer. The laborer gets that money and pays taxes on his income. Uncle Sam gets its tax back many times over. The laborer goes home and the carpenter goes home and they give the money they earned because of the $1 million investment to their wives. Their wives go to the butcher, to the baker, to the candlestick maker and they buy things.

The baker will have to pay a tax on his profit; the candlestick maker will have to pay a tax on his profit, and the butcher will have to pay a tax on his profit. Then the butcher buys the calf; he buys the pig; he buys all the things he needs from the cattleman, and the cattleman makes money then we tax the cattleman.

We can see how this $1 million rolls and rolls and rolls. It may roll five times, it may roll six times, it may roll seven times. It creates an economy of $6 million, $7 million, $8 million, and from that stimulus to our economy Uncle Sam collects its tax money.

So when we say this man is evading his taxes, he is really creating taxes which Uncle Sam collects.

Mr. BUMPERS. Will the Senator yield?

Mr. FONG. May I finish?

If we do not allow him to borrow the $1 million to invest, there will be no buying from the baker; there will be no buying from the butcher. The laborer will not receive his salary, and the carpenter will not receive his salary. If they have no work, where do they go? They go on unemployment insurance. If an unemployed worker exceeds the number of weeks that he is allowed to receive unemployment insurance, Uncle Sam will pay the extra weeks that he will get.

Mr. President, you can see that this creates a problem in which we are killing investments and, at the same time, we are creating a lot of unemployment.

This amendment works in a fashion contrary to what our tax laws have attempted to do all these years. We have given investment tax credit to business so that they could deduct from their taxes 10 percent of what they paid for machinery and for other things. Why did we do that? We did it because we said there was a lot of unemployment; that we want to get the people working; if an investor buys a piece of machinery, he will get men working in the factories. This will create jobs so that we will get people employed.

On one hand, our tax laws give an investment credit of 10 percent; on the other hand, we kill investment. Indeed, we are working counter to what we have done before.

Last but not least may I say, Mr. President, that this amendment is good for the rich man. This amendment makes him a preferred investor. We are preferring a type of individual who has the money, who need not go and borrow the money, who already has dividends, interest, and rentals, and if he has all this amount of money he can borrow money and offset the interest that he pays to the bank from the rentals, dividends, and interest.

We are preferring him over the individual who is working hard, saving his money and trying to get ahead. Once we give a preference to individuals who already have money, we will knock out everyone who is trying to get up in the world. And, the rich will get richer. And, there will be no opportunity for the man who is independent, coming up, and trying to get into investments to really make a dollar.

So I say that this amendment is a very bad amendment. It will destroy the initiative that is truly creating jobs in our country. It will discourage people from investing because there is no reason for them to invest. It will do a great injustice to the American public.

I thank the Senator.

Mr. LONG. I thank the Senator.

I said I did not know anyone affected by this. Now that the Senator made his speech I can see I guess I do know some people who are affected by this, that is, some people who buy a home, perhaps a $200,000 home or $250,000 home and borrow the money. I can see how other people would be affected by it. I think, as the Senator said, it would be unfair.

I also think the Senator is right that for every lawyer who wants to advise some client about it, particularly if the lawyer has not had the same problem before, there is one extra day's work to study this if only to find out that his client is not affected by it. I guess 99 times out of 100, clients would not be affected. But any good lawyer would try to do a good job and try to protect his clients from these unforeseen pitfalls, so there would be an extra day's work for every lawyer to look at one of these cases. "Hold on just a minute. Here is some section. I better read it. My client might be affected by that. I want to be sure he is not affected."

I yield to the Senator from Arizona.

Mr. FANNIN. I thank the distinguished Senator from Louisiana.

The Senator from Arizona is very much in agreement with what has been brought out by the distinguished Senator from Hawaii as to the great inequities this particular amendment will bring about. It is discriminatory. Certainly the illustrations he has given are illustrative of what can happen.

With the distinguished Senator from Louisiana now saying he does understand the instances where this would be very unfair——

Mr. LONG. Mr. President, if I might interject there.

Mr. FANNIN. I had an illustration.

Mr. LONG. We in the Finance Committee put a 15-percent minimum tax on excess interest deductions. We did that, a 15-percent minimum tax. But the Senator in some extreme cases would put a 70 percent tax on excess interest deductions. Even if somewhere down the road someone might get some of that back, it might be better to prevent a wrong that never should be done to begin with. I can forsee situations—I think the Senator can, too—extreme cases where someone can be destroyed. A man can start out on the basis that he could afford to carry a piece of land that he had bought, or something in which he had decided to invest his money. He may have thought he could carry his investment with the income he was earning. If this amendment would go into effect he would find out he could not carry it and he would then be forced to sell at a sacrifice.

Mr. FANNIN. The Senator from Louisiana is correct. He illustrated that.

I will give another illustration which I think would be extremely unfair. Say a widow has inherited 50-percent ownership in a piece of property that because of inflation today is valued at $500,000 or $600,000. She has a 50-percent ownership in the property, and her brother-in-law decides that he wants to get rid of his interest, but she wants to retain hers. So, the only thing she can do is go to the bank to borrow the money to buy him out so she can retain that 50-percent interest in a piece of property that her husband has worked hard to be able to own 50 percent in it, and she wants to keep that piece of property. But if she goes to the bank and borrows the money to buy out her brother-in-law, she cannot even deduct the interest on that money because it is not a piece of property——

Mr. BUMPERS. Mr. President, will the Senator yield?

Mr. FANNIN. Yes.

Mr. BUMPERS. I want to make one observation.

Mr. FANNIN. I wish to simply finish this illustration first and then I will be glad to yield.

Mr. BUMPERS. It is on the illustration that I want to make a point, though.

Mr. FANNIN. I have not completed the illustration. If the Senator from Arkansas will simply forebear for a moment I will be glad to yield for a question from him.

But this would not be a business, in other words, the operation of the land is not a business, and so it would not be subject to deductions. Consequently, she is in a position where she is being treated very unfairly. Perhaps would lose the land or lose the opportunity to have her interest in the land retained, if her brother-in-law is going to sell off his interest. So this is a very serious matter.

If there is a specific instance which the Senator from Arkansas wants to utilize to stage some statement concerning what I have stated, I will be glad to yield to him. Evidently he does not.

Mr. BENTSEN. Mr. President, will the Senator yield for a question?

Mr. FANNIN. Does the Senator want me to yield the floor or yield for a question?

Mr. BENTSEN. No, I wish to make a point.

Mr. FANNIN. I yield.

Mr. BENTSEN. Really not enough attention was paid to one of the comments that was made earlier by the chairman of the committee. When he talks about some of these people having made these commitments, having these mortgages on their hands now, and having to meet those mortgages, they are also complicated by the fact that we had a real depression hit the real estate market, and we have a lot of people hanging on by their fingernails today. If we change the rules of the game this dramatically and this drastically we are going to wipe out a lot of those people and they are all going to try to sell their real estate at the same time. When we think real estate has been depressed up to now, watch how narrow that gate gets as they all try to go out through it at the same time, and we will see a real depression in real estate in this country with that kind of dramatic change in the way we handle interest deductions. I think it would be a very serious mistake.

As to the other problem we have, again we get to the situation talking about a $200,000 home or a $200,000 mortgage on a home. People do not get very concerned about that. But if we are talking about the $12,000 limit that they are talking about in the House of Representatives and that some of the Members of this Senate have stated they were for, then on 10 percent we are talking about a $120,000 mortgage. The average family home being built today in this country is $43,000. That is what has happened because of inflation. If we cut it from $200,000 to $120,000 why not cut it to $60,000? That is what we are going to see once we set the precedent that we are going to put a limitation on the deduction of interest on a home mortgage. We will finally see millions of homeowners in this country threatened. As long as they stay in the minority they will not get down to 51 percent of them because that would be politically unfeasible. But they would finally get down to something that they thought they could do and still prevail.

Mr. FANNIN. I thank the distinguished Senator.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. FANNIN. The Senator illustrates why so many Senators are opposed to this particular amendment.

Yes, I am pleased to yield to the Senator.

Mr. CURTIS. I thank my distinguished friend. This amendment, if enacted into law, could very well be a bar to the door of opportunity for many, many people. It cannot be justified on the ground of bringing in more revenue for two reasons: the distinguished Senator from Hawaii told about how in the normal function of business the borrowing of money puts into motion a lot of activity and receiving revenue from a great many people.

He illustrates that the borrowing of money actually increases revenue for the Treasury. But there is something else. Every time someone pays $1,000 in interest, somebody has $1,000 in income, and that is reportable income. It is ordinary income. So if one man borrows money and pays the lender $1,000 interest, the borrower has reduced his taxable income by $1,000, but the lender's income has been increased by $1,000.

I do not know, but I would guess that lenders are in a higher bracket than borrowers. If that be the case, we will go through quite a process of redistributing wealth, of closing the door of opportunity for those individuals who have nothing but intelligence, character, determination, and ambition. We will close the door to them from ever being in the ownership class.

I thank the Senator for yielding.

Mr. FANNIN. The Senator is correct. The results of this amendment could be devastating in starting a circle of events that, as has been illustrated by the Senator from Nebraska, could be tremendously costly.

We all must realize that as this happens, we are talking about the effect it has had so far as the interest is concerned; and we are also talking about what effect it is going to have so far as risk capital is concerned. When risk capital is not available, we are talking about the jobs that are going to be lost.

If this amendment were necessary, it would be different. But the committee amendment deals adequately with the problem of high-income individuals who pay little or no tax. The excess of investment interest over investment income is included in the minimum tax reported by the Finance Committee. This is taken care of by adding to the base of the minimum tax all of the important tax shelters as well as itemized deductions in excess of 60 percent of adjusted gross income.

So this problem that we have had in the past no longer will be the same problem if the committee amendment is adopted and it is in the bill.

As to the idea that we can just pick some figure out of the sky, that the House bill used $12,000, that the Kennedy amendment used $20,000, and that it is $10,000 if a person is single, none of the figures can be justified, because there is no logic to what is happening so far as the application of this amendment is concerned.

Mr. President, it seems certain to me that we would be spending all this time on an amendment that is going to be derogatory and, as I stated earlier, very discriminatory as to what should result.

I yield to the Senator from Massachusetts.

Mr. KENNEDY. I will obtain the floor on my own.

Mr. FANNIN. I yield the floor, Mr. President.

Mr. KENNEDY. Mr. President, I think we are getting close to a time to vote.

We have talked about this amendment during the afternoon, and the one thing that has troubled me in following the position of the Senator from Louisiana and others is in questioning the approach of this amendment.

Actually, what we are building on is the very ground that was built on by the Finance Committee in 1969. The current law allows deductions for one-half of investment interest in excess of investment income plus the $25,000. As I understand it, it was the judgment of the Finance Committee back in 1969 to relate the allowable deductions to investment interest, because they had seen where, in their judgment, there had been abuses. So they limit it to one-half of investment interest in excess of investment income. All we are really doing, in effect, is building upon that concept and eliminating the one-half of excess investment interest and lowering the cut-off from $25,000 to $20,000.

Actually, we are simply following the first steps that were taken by the Finance Committee in 1969 and carrying forward what has been accepted in other provisions of the Finance Committee bill. We are reaching an abuse that has been readily used by the richest people of this country, a device by which ordinary income is transformed into capital gains.

Mr. LONG. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. LONG. Mr. President, the Senator states correctly what we provided. We provided in 1969, as I understood, that we would disallow one-half of an interest deduction of the type he mentions, to the extent that it exceeded $25,000. That was disallowing one-half and only to the extent that it exceeded $25,000 over the investment income.

What we had there, of course, as the Senator makes clear, is a proposal that was far different from the one he has here, although it did move in that direction.

We ourselves, having looked at what we did along that line, have abandoned that, because we did not think it was a very good approach. We think it would be far better to go for the minimum tax on this excess interest, rather than taxing it at 70 percent.

Mr. KENNEDY. I understand. I know the point.

Mr. LONG. In my judgment, I say to the Senator, his argument best relates to a situation in which a person borrows a lot of money and buys a growth stock, especially a high-income person, and that person gets the benefit of an interest deduction against his earned income and he is not receiving much income from the growth stock, but he hopes that over a period of years it will gain in value and he will be able to sell it at a capital gain. That is the Senator's best case.

On the other hand, the amendment fails to distinguish between that case, where the Senator's argument is best, and those situations where I think the argument does not apply very well. The Senator's argument is best in a situation such as that in which they started manufacturing the Winnebago camper. Those people saw their chance to make a once-in-a-lifetime gain. They borrowed money, bought stock in the company, and they hoped for a dream come true. If it came true, it was a chance of a lifetime. The stock has gone down and now has begun to go up, and maybe it will be a case of a dream come true, where people saw a chance to invest money in something. They borrowed the money, and it turned out to be a very good thing for them. So there still are some situations the Senator would like to get at.

The difference is that the Senator would penalize that transaction with a 70-percent tax, and we would penalize it with a 15-percent tax. We think his maximum 70-percent tax is far too punitive and that the 15-percent tax would be far more appropriate.

Mr. KENNEDY. Mr. President, the point I wanted to mention is that the amendment I had offered had built upon what the Finance Committee did in 1969; and in carrying that concept forward, in reaching these particular deductions, it would have raised about $160 million by ending these loophole deductions.

The problem with the minimum tax is that you are taking the income under this particular amendment, which would be taxed at 70 percent, and passing it over into the minimum tax, where they will only be paying 15 percent.

There is not anybody in the country who is paying at a 70-percent rate who would not like that deal, even under the minimum tax of 15 percent.

Mr. President, a final comment: As we saw in the various illustrations during the course of the afternoon, we just cannot get away from the fact that there were 244 Americans with $200,000 income or more in 1974 who did not pay 1 cent in terms of taxes last year. There are more than 3,000 Americans who had $50,000 of income or more who did not pay a cent of income tax last year. The Internal Revenue Service has estimated that for 75 percent of these persons the interest deduction was the largest deduction. People can raise strawmen all they want, we can talk about the inequities between various rich groups and how, if we pass this, we are going to be treating certain rich groups unfairly and inequitably or giving bonanzas to other groups. The fact of the matter is that with this amendment, I believe we are reaching one of the most important loopholes that exists in the Internal Revenue Code at the present time. I hope that we can have this amendment accepted.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. HELMS). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. LONG. Mr. President, the Senator made a statement which has been misunderstood and misunderstood again. I believe we should understand that there is an error as to how it applies. The Senator said that 244 people made over $200,000 income and paid no taxes. What he should have said is that they made $200,000 adjusted gross income and paid no taxes.

A study was made of 100 persons who meet that same description some years ago under the same tax law that we have today. It was found that, of those people, 55 percent owed us no tax because their interest expense exceeded their adjusted gross income. That is an actual, out-of-pocket interest expense.

Fifteen percent of those people owed us no tax because they had paid taxes to State and local governments that exceeded the $200,000.

One can say, how could someone have $200,000 of income and possibly pay $200,000 of taxes to a State government on that amount of income? The reason that happened is something that does not meet the eye. If someone has sold his lifetime endeavor, let us say his business that he worked for a lifetime to build, at perhaps $5 million and paid a capital gains tax on it to both the Federal and State governments, he does not pay the State government in the year he makes the sale; he pays it the following year, about April in the following year. So the tax paid to the State government appears on his income tax in the year after he made the sale rather than the year of the sale.

That being the case, the State tax can easily exceed his income for the following year, even though he did have a large amount of income that following year. So if he had a capital gain in 1973 and then he paid the tax in 1974 to the State government, it might very well be that the tax he paid the State government in 1974, on the 1973 transaction would exceed all the income he had in 1974. So that accounts for 15 percent of those people.

Then there are about 7 percent of those people who paid a tax to a foreign government which exceeded the tax that they paid to the American Government and, under the foreign tax credit provision, they were entitled to a credit; therefore, they owed us no tax.

There was another group who had high charitable contributions of perhaps 50 percent, which, when taken together with the interest deductions and the taxes they paid and casualty losses and high medical expenses, caused those people to have more than $200,000 of deductible expenses.

The last time that such a list was studied, it was found that it did not present a case of tax abuse. So here we are looking at a case where people did not make $200,000 income in the sense that everybody thinks of $200,000 income. I am sure every Senator knows the difference between gross and net.

My good friend from Nebraska (Mr. CURTIS) gave the best example of the difference between gross and net. He said there were two of his associates—or acquaintances, I should say—in Nebraska who went into the cattle feeding business and one of them stole all the cattle and the other one stole all the feed. Yet, notwithstanding that, they lost $100,000 that year. So there is a difference between gross and net. You might have a lot of gross income and no net income at all. That is what that figure, that 244, failed to take into account.

It is unfortunate that some of our friends in the press have referred to $200,000 of income without making clear that that was gross income and did not refer to net income; that, in most cases, the people had no net income and therefore, owed no taxes because they had no income after they took into account their expenses, particularly the expenses that one would deduct on his income tax returns.

Mr. CURTIS. Will the distinguished chairman yield?

Mr. LONG. I yield to the Senator from Nebraska.

Mr. CURTIS. Also, adjusted gross income is a figure before charitable contributions.

Mr. LONG. I mentioned that.

Mr. CURTIS. We have some wonderful people in the country who give all, or nearly all, of their income away. They do not hide it in some private, alleged charity. They give it to schools, colleges, and hospitals, all of which is a saving, in the final analysis, to taxpayers.

I thank the Senator.

Mr. LONG. As the Senator knows, when we started out to see that everybody paid some taxes, or as many as we could logically and conscientiously put under a tax system, the largest single group of people that were making a lot of money and paying us no taxes were accounted for by the unlimited charitable contribution that existed at that time. At that time, they could deduct 100 percent of what they gave to charity, so people gave to private foundations enough each year so they would owe us no taxes. Some would give it to public foundations.

I am not knocking the private foundations; some of them do a lot of good. But the point is that even in that case, when we would use the figure of these people who made the millions of dollars and paid no taxes, the reason most of them paid no taxes was that they made a big charitable contribution and that contribution exceeded their adjusted gross income.

Those things should be considered in context. As I say, in most cases, where they pay no tax as of now, it is because of the interest deduction. But there are cases that involve charitable contributions, State and local taxes, high medical expenses and things of that sort.

Mr. KENNEDY. Mr. President, I want to make a brief response to the points that have been made. Then I hope we can get to a vote.

At my request, the Internal Revenue Service analyzed the tax returns of 244 individuals who had over $200,000 in adjusted gross income. Adjusted gross income, obviously, is the net after many tax preferences are deducted—the depletion allowance, capital gains and a variety of others. But, at least, it represents a figure widely used.

Added to that, we have heard the Senator from Nebraska talk about those wealthy people who make a lot of charitable contributions. Of the 244 people, there are only 5.7 percent who had that as their largest item, using that as a way to get down to zero taxes.

Another example that was raised by the Senator from Louisiana, the deduction for taxes, that is only 3.3 percent; miscellaneous deductions 11 percent; deductions for net casualty or theft loss 1.2 percent; foreign tax credit 3.7 percent; but interest deduction, 74.6 percent. That is the deduction the 244 listed as the largest item in their ability to reduce their taxes to zero. Quite clearly this is the area we are trying to reach.

Mr. LONG. Mr. President, will the Senator yield?

Mr. KENNEDY. Yes.

Mr. LONG. If the Senator knew all the time these 244 people had no net income why did he not say that to the press rather than lead people to believe this was net income he was talking about rather than gross income? If 70 percent of those people had an interest expense paid out of pocket then why did not the Senator tell the press that so that they could have conveyed the right impression to the American people rather than the wrong impression that has been going on for so long around here?

Mr. KENNEDY. I was not the Senator who released the particular figures. But the $200,000 of adjusted gross income is the starting point. After using all their tax preferences, these 244 individuals ended up paying zero taxes. Yet, they started with adjusted gross income of $200,000 or more.

Mr. LONG. May I say to the Senator the difference was that this Senator from the beginning, even before those figures came out, tried to make it clear that that was a gross figure. Now it was the Senator from Massachusetts who tried to make it sound like a net figure.

Mr. KENNEDY. Well, the point about it is that the net is zero after tax preferences are used. Within that group the interest deduction is the largest item in 74 percent of the cases. That is the area we are trying to reach with this amendment.

Mr. MONDALE. The Senator from Louisiana points out that the Treasury Department figures indicate that 244 taxpayers with adjusted gross income of $200,000 or more paid no Federal income taxes; the Senator from Louisiana suggests that this data may be misleading to some extent because there are certain deductions from adjusted gross income that would reduce the net income figure. I think he is technically correct.

But it also has to be said that there are many, many sources of income that do not appear in adjusted gross income, so that the Treasury Department figures probably understate the economic income flowing to these taxpayers.

For example, many wealthy taxpayers have municipal bonds with tax-exempt interest. None of that interest shows up in adjusted gross income.

The excluded half of capital gains—which amounts to billions of dollars and, of course, is found disproportionately in incomes of wealthy Americans—does not show up in adjusted gross income at all.

Moreover, tax shelter losses from partnerships serve to reduce artificially the amount of an individual's adjusted gross income. So I think, first of all, it must be conceded that the adjusted gross income figure is not a precise expression of how much economic income a person has at the end of a year.

But, when you consider all items excluded from adjusted gross income, the Treasury Department figure probably understates rather than overstates the actual economic income of those taxpayers.

Mr. KENNEDY. Mr. President, we are prepared——

Mr. LONG. The yeas and nays have been ordered?

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. LONG. Let me make this clear: Where a person has paid an interest expense out of his pocket that is money that he did not make. That is an expense. We realize that if he had borrowed that money and had bought a growth stock with it that somewhere down the line, if the growth stock holds up and if it appreciates in value, it might wind up being a good transaction for him. We, in this bill, propose to tax that person 15 percent on the interest deduction insofar as it exceeds his interest income.

A penalty of as much as 70 percent, as proposed by the Senator from Massachusetts, would be cruel and unusual punishment for the crime of borrowing money to buy a growth stock.

I am pleased that the Senator mentioned that more than 55 percent—today it is more than 70 percent, about 74 percent, he said—and I am glad to have the figure. The Treasury Department communicates with him rather than with me. I would be glad to have the figure, but I did not have it, and that is good enough—74 percent of those people who paid no income tax, did so because they had an interest expense that exceeded their adjusted gross income.

Now, every one of those people who had an excess—so-called excess—interest expense or an interest expense that exceeded investment income of as much as $25,000 would all be paying taxes. They would not be coming in here as people who paid no taxes under this law we have got here. This would tax all of them.

Mr. President, I am sure you will find among that number that there are a lot of very good, proper, legitimate cases of people who should not be paying any substantial taxes just because they did not make much on a net income basis by any fair standard of what their economic income was.

But, in any event, we have in this bill the provision to close that so-called loophole, and we close it as harshly as we think we should close it with a 15 percent add-on tax in addition to any other tax the person owes. We think that is plenty enough. We think that to tax somebody for the privilege of deferring a tax at a 70 percent tax rate is far too severe, and we think a 15 percent tax for the privilege of, in effect, deferring some taxes would be far more reasonable.

The PRESIDING OFFICER. The question is on agreeing to Mr. KENNEDY's amendment (No. 1925). The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. HARTKE), the Senator from Arkansas (Mr. McCLELLAN), and the Senator from Montana (Mr. METCALF), are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON), is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Virginia (Mr. WILLIAM SCOTT), and the Senator from Connecticut (Mr. WEICKER), are absent on official business.

I further announce that the Senator from New York (Mr. BUCKLEY), is absent due to illness.

The result was announced—yeas 41, nays 51, as follows:

[Rollcall Vote No. 324 Leg.]

YEAS—41

Abourezk
Bayh
Biden
Bumpers
Burdick
Cannon
Chiles
Clark
Cranston
Culver
Durkin
Eagleton
Ford
Glenn
Hart, Gary
Hart, Philip A.
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Kennedy
Leahy
Magnuson
Mansfield
McGovern
McIntyre
Mondale
Morgan
Moss
Muskie
Nelson
Pastore
Pell
Proxmire
Ribicoff
Stevenson
Tunney
Williams

NAYS—51

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Brooke
Byrd, Harry F., Jr.
Byrd, Robert C.
Case
Church
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Garn
Gravel
Griffin
Hansen
Hatfield
Helms
Hruska
Javits
Johnston
Laxalt
Long
Mathias
McClure
McGee
Montoya
Nunn
Packwood
Pearson
Percy
Randolph
Roth
Schweiker
Scott, Hugh
Sparkman
Stafford
Stennis
Stevens
Stone
Taft
Talmadge
Thurmond
Tower
Young

NOT VOTING—8

Buckley
Goldwater
Hartke
McClellan
Metcalf
Scott, William L.
Symington
Weicker

So Mr. KENNEDY's amendment (No. 1925) was rejected.

AIRPORT AND AIRWAY DEVELOPMENT ACT AMENDMENTS OF 1976—CONFERENCE REPORT

Mr. CANNON. Mr. President, I submit a report of the committee of conference on H.R. 9771 and ask for its immediate consideration.

The Presiding Officer (Mr. GRAVEL). The report will be stated by title.

The assistant legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 9771) to amend the Airport and Airway Development Act of 1970, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

The conference report is printed in today's RECORD of House proceedings.

Mr. CANNON. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order. Senators will take their seats. Aides will retire to the rear of the Chamber.

Mr. CANNON. Mr. President, I am pleased to report that the conferees have reached agreement on H.R. 9771, the Airport and Airway Act Amendments of 1976.

I say to my colleagues in the Senate that we have reached a compromise with the House which in large measure preserves the important features of the Senate bill.

Basically, we have agreed to a 5-year program for airport and airway development which will continue the program begun in 1970. The conference report on H.R. 9771 will assure a continuous flow of funds from the Airport and Airway Trust Fund—user tax funded—to continue to modernize and improve the national air transportation system.

I am pleased to report that the Senate and House conferees have worked closely with the administration to come up with a package that will be signed by the President, a package that all of us in Congress can take pride in in meeting our responsibilities for the continued development of our national air transportation system.

Mr. President, I urge the adoption of the conference report.

Mr. PEARSON. Mr. President, the Senate now must consider the conference report on the Airport and Airway Development Act Amendments of 1976. After extensive negotiations by the managers on the part of both Houses of Congress, the committee of conference has recommended a 5-year extension of the landmark 1970 act. While the conference report contains significant changes in existing law, the fundamental structure of the 1970 act has been maintained and strengthened.

I urge the Senate to approve this legislation. It will carry forward the long-term commitment of the Congress to promote airport and airway development through the equitable allocation of trust fund revenues to priority projects and system needs.

Mr. President, the Aviation Subcommittee, under the able leadership of the distinguished Senator from Nevada (Mr. CANNON), has conducted ongoing and effective oversight hearings on the administration of the Airport and Airway Development Act throughout its 5-year history. The conference report before the Senate today reflects not only the strengths of the 1970 act, as they have been recognized over the years, but also certain remedial action required to provide more effective allocation and expenditure of airport development funds.

The conference report recognizes the simple fact that inflation has eroded the value of the dollar and that more funds are needed by airport sponsors to accomplish their development programs. Thus, the Secretary of Transportation, under this legislation, is authorized to incur obligations for airport development grants to sponsors of air carrier airports in the amount of $435 million for fiscal year 1976, including the transition quarter; $440 million for fiscal year 1977; $465 million for 1978; $495 million for 1979 and $525 million for 1980. Grants for general aviation airport development will be equal to $65 million for 1976, including the transition quarter; $70 million for 1977; $75 million for 1978; $80 million for 1979 and $85 million for 1980.

Of the amounts authorized for obligation to air carrier airports, not less than $15 million annually will be made available to "commuter air service airports," a newly defined class of airports served by noncertified air carriers on the basis of a suspension/substitution arrangement ratified by the CAB. Of the amounts authorized for obligation to general aviation airports, not less than $15 million annually will be made available for reliever airport development.

Mr. President, the annual allocation of $250 million for airways facilities and equipment is continued under this legislation. Subject to the appropriations process, there is authorized $109.35 million for fiscal year 1976, including the transition quarter, for research, development and demonstration projects. For these purposes, the conference report authorizes $85.4 million for fiscal year 1977, and not less than $50 million for each of the succeeding 3 fiscal years. Fifteen million annually is reserved for airport master planning grants and airport system planning grants.

Under this legislation, Congress for the first time since 1971 specifically authorizes the use of trust fund revenues for operations and maintenance of the airways system. This use is strictly limited for costs of air navigation services provided under international agreements and direct costs incurred to flight check and maintain air navigation facilities as provided for in the Senate passed bill (S. 3015). Although I personally oppose the use of any trust fund assets for these purposes, the conference report properly reflects the decision of a majority of both Houses of Congress that such limited uses of trust fund moneys be authorized.

Mr. President, it is most significant to note that the conference report guarantees a minimum annual allocation of $150,000 in enplanement funds to each air carrier airport, provided that such airport in recent years has received certificated service by air carriers operating aircraft in excess of 12,500 pounds gross takeoff weight. Those airports that traditionally have received certificated service by small aircraft would be guaranteed $50,000 in annual enplanement funds. The maximum allowable annual enplanement entitlement for an air carrier airport is $10 million.

Up to two-thirds of all airport development funds reserved for air carrier airports will be allocated based upon the enplanement formula set forth in the legislation. The remaining one-third will be allocated at the discretion of the Secretary, after the set-aside of $15 million for commuter air service airports.

The formula for distribution of general aviation airport development funds remains the same as under the 1970 act. Seventy-five percent of all general aviation development funds would be allocated on the basis of State area and population, 24 percent on the basis of the Secretary's discretion and 1 percent to the territories. Of course, the reliever airports, which for the first time are classed, for purposes of fund distribution, assured not less than $15 million annually.

Mr. President, the distribution formula, in my judgment, is fair and equitable. The overall scheme is generally related to the usage of airport facilities by passengers in scheduled and charter air transportation and in general aviation. Under the distribution of funds in this legislation, all sectors of aviation can expect support from the trust fund and adequate moneys to proceed with high priority development projects.

In recognition of the financial limitations under which airport sponsors operate, this legislation provides for an increase in the U.S. share of an approved project. The U.S. share for fiscal years 1976–78 will be 90 percent for small hubs, general aviation airports, reliever airports, and commuter air service airports. These airports will receive an 80-percent Federal share in 1979 and 1980. Medium and large hubs will receive a 75-percent Federal share for all years.

Mr. President, an airport sponsor will continue to have the opportunity to carry over his enplanement funds if they are not used entirely within the fiscal year of distribution. In addition, a sponsor will have the opportunity to secure DOT approval for a multiyear project, provided that the project is to commence in the fiscal year in which approval is sought. This new multiyear authority will provide the sponsor with the necessary flexibility to plan his overall development. It will provide him with the needed security of future commitment of Federal funds to accomplish the plan.

Mr. President, among the other noteworthy features of the conference report is the new authority to provide matching funds for certain limited aspects of airport terminal construction and improvement. United States-flag air carriers in international service will be compensated for their direct costs in performing security screening at overseas points. Also, the conference report provides that FAA may exempt small hub and nonhub air carrier airports from the crash, fire, and rescue equipment requirement of airport certification if the administrator finds that such requirements are unreasonably burdensome or impractical.

Mr. President, on balance the conference report is an excellent product. I urge its adoption by the Senate today.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

Mr. CURTIS. Mr. President, I move to reconsider the vote by which the last amendment was rejected.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

HEW REPORTS SOUTHERN SCHOOLS LEAST SEGREGATED

Mr. ALLEN. Mr. President, I wish to commend the distinguished Senator from Massachusetts (Mr. BROOKE) and the distinguished Senator from New York (Mr. JAVITS) for asking HEW for a progress report on the desegregation of public schools throughout the Nation. I commend them further on making public the statistics obtained after they received them.

I ask unanimous consent, Mr. President, at the conclusion of my brief remarks, to have printed in the RECORD a newspaper account published in the Montgomery Advertiser of June 20, entitled "Southern Schools Leading Nation in Desegregation; Northeast Last."

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. ALLEN. Mr. President, this report from the Department of HEW, which was made public by Mr. JAVITS and Mr. BROOKE, points out:

> Racially imbalanced schools, while decreasing in Southern and border states, have been increasing steadily in the Northeast during the 1970s, new government statistics revealed Saturday. Northeast and Midwest public schools are now, in effect, the most segregated in the nation, and those in the South the least segregated, the survey said.

Mr. President, I must also commend the people of the South for the manner in which they have followed the dictates of the Department of HEW and the Supreme Court in desegregating their public schools. For a long time—to a lesser extent now—the Federal Government had a twofold policy regarding the desegregation of the public schools, demanding the immediate desegregation of the public schools in the South, whereas the policy was to foster and encourage the continuation of segregated schools in the North. Through the years that the Senator from Alabama has been in the Senate, he has called for a uniform policy on the part of the Federal Government with regard to the desegregation of the public schools; and whereas segregation in the public schools is increasing in the Northeast, it has been substantially wiped out in the South.

Mr. President, the people of the South are law-abiding. They have followed the dictates of the Supreme Court and of the Department of HEW. The public schools in the South are desegregated, and other areas of the country are now experiencing some of the problems which the Southern schools have experienced in the last 22 years.

I am deeply appreciative to the distinguished Senator from Massachusetts and the distinguished Senator from New York for making this report available, and I am hopeful that we will in time see a uniform policy on the part of the Federal Government regarding the desegregation of the public schools throughout the country.

EXHIBIT 1

SOUTHERN SCHOOLS LEADING NATION IN DESEGREGATION; NORTHEAST LAST

WASHINGTON. — Racially imbalanced schools, while decreasing in Southern and border states, have been increasing steadily in the Northeast during the 1970s, new government statistics released Saturday show.

Northeast and Midwest public schools are now, in effect, the most segregated in the nation and those in the South the least segregated, the survey said.

The West has changed little since 1970, it added.

In what was called the first tabulation of Latino "segregation trends," the study also said segregation of Spanish-surnamed pupils increased in the 1970s in all regions of the nation.

The data was compiled by the Department of Health, Education and Welfare at the request of Sens. Jacob K. Javits, R-N.Y., and Edward W. Brooke, R-Mass.

In releasing an independent analysis of the data done by a Brookings Institution researcher, the two senators said the information demonstrates "how few children have been affected by desegregation plans outside the South."

Although the Supreme Court declared school segregation unconstitutional in 1954, in the 1974–75 school year roughly six of every 10 black pupils in the Northeast, Midwest and border states were attending "intensely segregated" schools, the study said.

In the West, nearly half of the black students continued to attend intensely segregated schools. Figures for individual states were not listed.

By contrast, it said, in the South during the same school year slightly over two of every 10 black pupils were attending such schools.

In 1964, when Congress passed the Civil Rights Act, about 98 per cent of the black pupils in the South were attending all-black or mostly black schools.

"Within a decade the region where complete school segregation prevailed has become the pioneer in desegregated education," Javits and Brooke said.

Enrollment records from school districts that encompass an estimated 92 per cent of the nation's black enrollment and 75 per cent of its Latino enrollment were used as the basis of the survey.

The study showed that in 1970, 64.2 per cent of Latino children were attending "predominantly minority" schools and 29 per cent were attending "intensely segregated" schools. By the 1974–75 school year, these levels had increased to 67.4 per cent and 30 per cent, respectively.

An "intensely segregated" school was defined as one with more than a 90 per cent minority enrollment.

These increases were reflected in all regions of the country.

They said the most intense cases of all-minority or mostly minority schools now occur "in the big cities where the busing conflict is most severe."

Gary Orfield, the Brookings researcher who put together the statistics, called the findings on the Latino children "particularly shocking."

"We weren't surprised with the statistics on blacks. They followed pretty well established trends. But those on Latinos were unexpected," he said in an interview.

He said the highest degree of Latino segregation occurs in schools in Texas and New York.

Unlike the figures for Latinos, those for black pupils showed a general nationwide decrease for black segregation in all areas except the Northeast.

In 1970 the nationwide average for blacks attending "predominantly minority" schools was 70.6 per cent, and it was 46.4 per cent for "intensely segregated" schools. By 1974 the averages had fallen to 66.8 per cent and 40.5 per cent, respectively.

Javits and Brooke said the "momentum of change" that led to improved racial mixes in public schools in the South came about from a decade of strict enforcement of the 1964 Civil Rights Act in the rural South and through a succession of court-ordered desegregation plans—many of which involved busing—in urban areas of the South.

Mr. JAVITS. Mr. President, I shall answer very briefly.

Everything that the Senator from Alabama says is true, but one must add by way of addendum that it is precisely because we passed the Civil Rights Act of 1964, and precisely because we have advised the Department of Justice and the Department of HEW, on the whole, in their activities, and precisely because we have fought off absolutely paralyzing amendments to education bills, that our efforts did eventually result in a new climate, a totally new frame of reference, a totally new output from the South, which is of course what we intended all along would be the effect.

We have always said, Mr. President, that no set of policemen could enforce a law like this, but that the moral strength and the belief in law and order of the South itself—and there is great constitutional conviction there on this subject—would assert itself once a pattern of law were established.

That is exactly what happened, and I congratulate the South. I believe it vindicates the very struggle that we waged on the law in order to set this new pattern. We predicted, I might say to Senator Allen, that it would result in a more prosperous, more stable, and healthier South than the effort to continue the social order which, in effect, ended with the Supreme Court's decision of 1954.

Mr. RIBICOFF. Mr. President, will the Senator yield?

Mr. JAVITS. I will if I may finish first.

Mr. ALLEN addressed the Chair.

Mr. JAVITS. I take very great satisfaction—I think I have the floor. Do I not, Mr. President?

The PRESIDING OFFICER. The Senator from New York has.

Mr. JAVITS. Yes.

I take great satisfaction in the results that have been achieved, and it is noteworthy that Senator Brooke and I reported it, and I take great satisfaction in the success of our section of our country. I shall, as I have always promised to do, move heaven and Earth and use my utmost efforts to bring about an equal amount of compliance and success in any area of the country, including my own New York. I never stood against judicial actions, and other actions, in parts of New York City itself. And I still do not.

But I do point out that I think it also vindicates those of us like myself who fought the civil rights struggle in the late fifties and the sixties.

I yield.

Mr. ALLEN. I might say before I yield to the distinguished Senator——

The PRESIDING OFFICER. The Senator from New York had the floor.

Mr. JAVITS. I yield to whichever colleague wishes to ask a question.

Mr. RIBICOFF. I appreciate the Senator yielding. I came in toward the end of this.

I remember the controversy that whirled in the emotion of this body during the Stennis amendment when many years back I pointed out and predicted that the South would solve its problem of desegregation before the North, and that it was only fair if we were going to have rules and procedures and incumbent upon us to treat all sections of the country in exactly the same way, and the predictions have come out. I commend the Senator from New York and the Senator from Massachusetts for disclosing this study.

But I do recall the bitterness of that debate and the bitterness, of course, involved the Senator from Connecticut, the Senator from New York, and the Senator from Massachusetts.

So it behooves all of us not to be so cocksure that we have all the answers. It behooves all of us in the Chamber to recognize that we are in a swirl of deep economic, political, social, and racial problems, and we have to look at these problems with understanding, with the other man's point of view as well as our own, and also assume the obligations in our own sections of the country before we condemn other sections of our Nation.

Mr. ALLEN addressed the Chair.

Mr. JAVITS. I yield to the Senator for a question.

Mr. ALLEN. No, I would rather have the floor in my own right.

Mr. JAVITS. I shall finish then by pointing this out, also.

The reason why Senator Brooke, I and others, have undertaken the busing battle was in order to abate what might have inundated ourselves and the court and has been also attributable to the fact that this we believe might tend to inhibit the same results in the North, the West, and the Middle West which were obtained in the South by setting this frame of law, and I emphasize that.

It was not some doctrinaire concept but the proven record which we believe is vindicated.

Beyond that, Mr. President, I might say, because I have sat in on a number of meetings lately about the busing question, of course, we are dealing with a minority of the country. At the most we are dealing with 20 percent of the population in terms of the minorities and their children who are affected by segregated situations which are contrary to the Constitution.

I might emphasize, again, that I have never pleaded for anything but the legal action that is the law against de jure segregation, and I have always tried to avoid any implication of social expression in this:

> You can have dinner with anyone you please; you can have visits with anyone you like, or anything tantamount to that.

The question was only in the eyes of the law.

As we are dealing with the minority of the country, naturally the majority is irked and irritated, and that is where our duty comes in. We must enforce the Constitution because that is essentially what we are sent to the Senate for and even those people, who are often annoyed and irritated, in their calmer moments realize that is what this country is all about. The fact they send us here means that it is we who have to be solicitous of these rights, and we cannot be storm-tossed by the irritations and frustrations which may affect the majority in these particular instances, but our duty is to see that the minority, too, has the rights of the individual which preserves them for all.

I thank our colleague, and I yield the floor.

Mr. ALLEN. Mr. President, I thank the distinguished Senator from New York.

I had intended originally merely to have this item printed in the Record, commend the distinguished Senator from New York and the distinguished Senator from Massachusetts for getting the survey, and then commenting on it and releasing it.

But inasmuch as other matters have been brought into play, I shall comment just a little bit more on the situation.

If I did not misunderstand the distinguished Senator from New York, he attributed to the passage of the Civil Rights Act the progress in school desegregation in the South, and I assume, however, the Civil Rights Act had application in sections other than the South. It was not a law that only had regional application. I assume it has a national application.

I recall in 1974 on the 20th anniversary of the decision of Brown against the Board of Education, the NAACP had a ceremony celebrating the 20th anniversary of that decision, and one of the ladies in charge of the NAACP made the statement that apparently some thought that the Brown decision had application only in the South. Well, that is not quite right. It is supposed to have national application. No one in the South objects to, I assume—I know I do not—the reasoning and the law of the Brown case in 1954 because what it said was that that State or the board of education cannot make assignments to public schools of students based on race. That is fine. We agree with that. They should not make assignments based on race.

But the Supreme Court has changed course 180 degrees and says now that the State or the school board must make assignments on the basis of race in order to desegregate the schools. So if we go back to Brown and say that the State cannot make assignments then we would not have any busing controversy. That would not be an issue any more.

So, the distinguished Senator from New York was talking about de jure segregation, which is desegregation of the type that has been said to exist in the South, as against de facto segregation in sections outside the South, but the Federal courts have wised up to a certain extent now and they do not require that there be a statute on the books providing for separate schools in order for it to be unconstitutional segregation. They say that zoning ordinances, anything having an official stamp would be sufficient to bring that type of segregation under the de jure classification or at any rate hold that it would be unconstitutional.

As a result, the Federal courts are applying the desegregation mandate in sections outside the South where they never did have a dual system on account of the fact that there has been official action

On a number of occasions, I have commended the distinguished Senator from Connecticut (Mr. Ribicoff) on the floor of the Senate—and I commend him again—for his statesmanship in this area; because he had the courage, when it was not popular in his State, to stand on the floor of the Senate and say that the Stennis amendment should be adopted, that we should have the same rule for desegregation of schools throughout the country, and that he would stand behind that. He had the courage to take that stand.

Several weeks ago, in talking about the race for the Democratic Presidential nomination, he said that the South should not be barred from furnishing a Presidential candidate or from furnishing a President. That is the first time that theory has been advanced on the floor of the Senate by any Member of the Senate outside the South.

I again commend the distinguished Senator from Connecticut (Mr. RIBICOFF) for his unfailing statesmanship in this entire area, and I want him to know that it is appreciated by our people.

I am proud of the people of the South for responding to the dictates of the Supreme Court. We find that the desegregation of the schools in the South has worked well. If it were not for the busing mandates, moving children from one end of a county to the other, from one end of a city to the other, we would have no quarrel with the desegregation of our schools. I am hopeful that the people in other sections of the country will respond with the same good spirit as the people of the South have responded to this mandate of the Supreme Court.

I say again that there is no argument against the Brown I case. What we object to is the departure from that holding and the requirement that children be bused from their neighborhood schools to schools far removed from their homes, moving past schools where they might better attend.

ORDER FOR H.R. 10051 TO BE HELD AT THE DESK

Mr. DOLE. Mr. President, I ask unanimous consent that H.R. 10051 may be held at the desk.

This has been cleared with the distinguished majority leader and the distinguished minority whip.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

Mr. DOLE. Mr. President, I ask unanimous consent that Mark Doty, of Senator BENTSEN's staff, may have the privilege of the floor during the debate of the tax bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER. Who yields time?

AMENDMENT NO. 1923

Mr. HATHAWAY. Mr. President, I call up my amendment No. 1923.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Maine (Mr. HATHAWAY) proposes an amendment numbered 1923.

Mr. HATHAWAY. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 117, after line 6, insert the following:

SEC. 212. GAIN FROM DISPOSITION OF INTEREST IN OIL OR GAS PROPERTY.

(a) RECAPTURE RULES.—Part IV of subchapter P (relating to special rules for determining capital gains and losses) is amended by adding at the end thereof the following new section:

"SEC. 1254. GAIN FROM DISPOSITION OF INTEREST IN OIL OR GAS PROPERTY.

"(a) GENERAL RULE.—

"(1) ORDINARY INCOME.—If oil or gas property is disposed of after December 31, 1976, the lower of—

"(A) the aggregate amount of expenditures after December 31, 1976, which are allocable to such property and which have been deducted as intangible drilling and development costs under section 263(c) by the taxpayer or any other person and which (but for being so deducted) would be reflected in the adjusted basis of such property, or

"(B) the excess of—

"(i) the amount realized (in the case of a sale, exchange, or involuntary conversion), or the fair market value of the interest (in the case of any other disposition), over

"(ii) the adjusted basis of such interest, shall be treated as gain which is ordinary income. Such gain shall be recognized notwithstanding any other provision of this subtitle.

"(2) DISPOSITION OF PORTION OF PROPERTY.—For purposes of paragraph (1)—

"(A) In the case of the disposition of a portion of an oil or gas property (other than an undivided interest), the entire amount of the aggregate expenditures described in paragraph (1)(A) with respect to such property shall be treated as allocable to such portion to the extent of the amount of the gain to which paragraph (1) applies.

"(B) In the case of the disposition of an undivided interest in an oil or gas property (or a portion thereof), a proportionate part of the expenditures described in paragraph (1)(A) with respect to such property shall be treated as allocable to such undivided interest to the extent of the amount of the gain to which paragraph (1) applies.

This paragraph shall not apply to any expenditures to the extent the taxpayer establishes to the satisfaction of the Secretary that such expenditures do not relate to the portion (or interest therein) disposed of.

"(3) OIL OR GAS PROPERTY.—The term 'oil or gas property' means any property (within the meaning of section 614) with respect to which any expenditures described in paragraph (1)(A) are properly chargeable.

"(4) SPECIAL RULE FOR PARAGRAPH (1)(A).—In applying paragraph (1)(A), the amount deducted for intangible drilling and development costs and allocable to the interest disposed of shall be reduced by the amount (if any) by which the deduction for depletion under section 611 with respect to such interest would have been increased if such costs incurred (after December 31, 1976) had been charged to capital account rather than deducted.

(B) section 301(b)(1)(B)(ii);
(C) section 301(d)(2)(B);
(D) section 312(c)(3); and
(E) section 453(d)(4)(B).

(2) Section 341(e)(12) is amended by striking out "and 1252(a)" and inserting in lieu thereof "1252(a), and 1254(a)".

(d) CLERICAL AMENDMENT.—The table of sections for part IV of subchapter P of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 1254. Gain from disposition of interest in oil or gas property."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to taxable years ending after December 31, 1976.

Mr. HATHAWAY. Mr. President, I suppose that, first of all, I should say what this amendment does not do. It is related to the gain from the disposition of interest in oil and gas properties. What it does not do is that it does not knock out intangible drilling costs altogether. It does not force capitalization of intangible drilling costs, nor does it knock out the deferral element that is present in intangible drilling costs.

What the amendment does is simply to recapture the excess of deductions resulting from intangible drilling costs at a time when and if the well is sold. Intangible drilling costs are the costs that are incurred in connection with producing an oil or gas well that are not paid out for tangible items, such as the pump and machinery that are purchased to bring up the oil. Intangibles include the labor, the fuel, the hauling of supplies, and other such costs. They are the kinds of costs that should be capitalized and actually are capitalized by the oil and gas companies for everything except tax purposes. However, under the Internal Revenue Code, they are allowed to be deducted when incurred.

As I said at the outset of my remarks, I am not trying to change that system of deduction. The reason why they should be capitalized is that they represent an investment in an income-producing asset that has a useful life extending over a period of years, and they should be depreciated over that useful life, so that the deductions would be taken against the income as it occurred in the later years.

If one were building an apartment house, for example, the labor costs would be intangibles. The cost of the products would be considered tangible. But in this situation, as in others, both the labor cost and the cost of the product would be capitalized and depreciated over the useful life of the building.

If accelerated depreciation is used in the case of an apartment house or any other building or equipment, there are recapture rules that apply when the building is sold. Allowing intangibles to be deducted immediately when incurred is, in effect, allowing accelerated depreciation, and it should be subject to recapture rules, just as other kinds of accelerated depreciation are. Recapture rules simply require the gain from assets that received accelerated depreciation to be treated as ordinary income when they are sold, just to the extent the accelerated depreciation they received reduced their basis.

This prevents the taxpayer from converting his ordinary income, which was reduced by the accelerated depreciation deductions, into a capital gain which, as we all know, is taxed at a lower rate.

There are no recapture rules for the disposition of an interest in an oil or gas property, and the Finance Committee bill does not provide any. The House bill does provide for a recapture rule. This means that, to the best of my knowledge, it is the only area of tax shelters in which a taxpayer can still take deductions against ordinary income and convert those losses into capital gains when he sells the property.

The provisions contained in the amendment I have offered provide that intangible deductions shall be recaptured as ordinary income to the extent that those deductions exceed the amounts that would have been deducted had they been capitalized and depreciated over the life of the property.

In other words, under present law, if you had $100 in intangibles on a 10-year well, the intangible deduction allows you to take the $100 as a deduction, all in the first year. In capitalizing, it would mean deductions of $10 a year for that 10-year period. Under the amendment I am proposing, you can still take the entire deduction in the first year, as under the present law; but if you sold the property after, say, 5 years, then $50 would be subject to recapture as ordinary income.

Opponents of this measure, of course, will argue that it will discourage the exploration of new gas and oil. If that is the case, we can provide more direct means for helping the oil and gas industry, if it is needed. As a matter of fact, I think we have pending on our calendar right now a gas deregulation bill.

Recapture rules should apply to intangible drilling deductions, just as they do to any other accelerated depreciation. This is, I think, a very important amendment in that it closes up the only loophole left that I know of with respect to recapture on depreciable property.

Mr. President, the effect of this on revenue is not a very major one, I think. The revenue saving in the first year is only $5 million. Nevertheless, I think that, in order to do equity and tax justice, such a recapture rule should be adopted. It is applied to all other property where accelerated depreciation is used and intangible drilling costs are, in effect, accelerated depreciation. I see no reason whatsoever why that same rule of recapture should not apply to oil and gas wells as it does to all other real and personal property.

Let me close my remarks by explaining what happens with respect to recapture. If the life of the oil well, let us say, is about 10 years and intangible drilling costs are used—and, of course, they are all deducted in the year they are incurred—and the person kept the well for the full 10-year period, then there would be nothing to recapture.

The reason that intangible drilling costs are allowed, as well as accelerated depreciation, is that the Government feels that it is all right to allow the individual or the business to take additional depreciation in the first few years, thereby paying less income tax than if straight line depreciation were used because, since the individual or business has taken a large chunk of the depreciation in the first few years, later on that individual can take less and less, coming right down to zero at the end of the life of the property. In that way, the Government makes back the taxes that it lost in the first few years when the individual or business was able to take a large depreciation deduction.

This, in effect, gives to the individual or business a deferral, because the business does not have to pay the taxes until later on. The evil comes about when the business or individual has used the benefit of the accelerated depreciation and then sells the asset shortly after he has purchased it and long before the life of the asset has expired. All this amendment does is the same as what it does with respect to accelerated depreciation. It just says to that individual, "That is all right, you can sell the property any time you want, but when you do, the excessive depreciation over what would have been on a straight line basis we are going to tax at the ordinary income tax rate, because, since you sold the asset early, the Federal Government is unable to get back the income tax it would have received in later years when the depreciation went down and approached zero." So on that excess, the individual or business would be taxed at the ordinary income tax rate and the remainder, of course, would be taxed at the favorable capital gains rate.

In conclusion, Mr. President, I say simply that this amendment, although it does not raise an awful lot of revenue in the first year, does do tax justice and does close up the last remaining loophole with respect to recapture.

Mr. DOLE addressed the Chair.

Mr. LONG addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. I shall address myself to this matter at length, but I want to say now to the Senator that this is a significant amendment. I was looking at the absentees on the last rollcall vote. I regret to say that those of us who undoubtedly will vote against the amendment have many more absentees at the moment than those who will vote for it have among their ranks. That being the case, I think we probably ought to try to agree that we shall vote on this amendment at a later date.

I have suggested to those who have been in support of the same position taken by the Senator from Maine (Mr. HATHAWAY) that we ought to agree to pair on those absentees. I suggested that before. Otherwise, what happens is that any good manager of a bill or any good manager on the other side, when he sees that his side has more absentees than the other side, will delay matters a while until his troops are back in town. The other side tends to do the same thing.

I recall one time when we were fighting the first battle on the campaign finance proposal—it was not the first battle, it was the second battle. It was already on the statute books and Mr. GORE and certain others wanted to repeal it, Mr. John Williams of Delaware being one of those who wanted to repeal it.

We fought that battle for 6 long weeks because each time one side would win, the other side would look at those absentees and conclude that if everybody had been in town, he might have won, so he would fight the battle a while longer and the next time, his side would win. Then the other side would look at it and say, "Hold on a minute, those people caught up with some troops out of town and if we hold on a little longer, our troops will be back in town and then we can win it." Then the other side would wait until their troops would be back in town. Every second vote, my side would win. It went on for 6 weeks and we voted on it seven times before I finally became convinced that my side was not going to prevail, that with everybody there, it was almost a tie vote.

So, knowing how those things can be, what we really ought to do is agree to accommodate one another and to pair at least enough absentees so the vote will come out with the same result that it would if we had 100 Senators here. If that proposition had been agreed to on the first big vote on this tax bill, the other side would have had seven more votes than they had, the way I read it. When Mr. BELLMON made his motion to table, he had seven more troops out of town than my side had out of town. He probably had not carefully checked out the absentees at that time, because if he had, he would have tried to postpone that motion for a while.

I would like to get that kind of thing agreed to so as to expedite the flow of legislation, but I will address myself to this amendment.

Mr. HATHAWAY. Will the Senator yield for a question in that regard?

Mr. LONG. Yes, I yield.

Mr. HATHAWAY. I think it is easier for the Senator to count those supporting him than it is for our side to count those supporting us, because they have voted on both sides of the amendments we have had so far. I think it might be easier if we set a time, say 2 o'clock tomorrow afternoon or 10 o'clock in the morning, so all Senators would be on notice that that is when the vote is going to take place. Then they could be here. I think it would be difficult for us to pair. We are not sure which ones would support this amendment. As I have indicated, some who supported our previous amendments might not support this. We might get some who would support this who have not supported others. I think the best approach is if we could set some time when we are sure we are going to vote, the Senators interested will be here to vote. Many Senators feel that they want to vote today and go home and we do not have some of this information as to just how they are going to vote, when we have the absenteeism that we have.

Mr. LONG. The Senator well knows that both sides—and I am not complaining about it, I just recognize it as a fact of life, and sometimes it benefits one side and sometimes it benefits the other, but both sides—have it within their capability to prevent a vote from occurring when they do not want it to occur, and to at least try to make it occur when they do want it to occur. Both sides have the potential, especially under the Senate rules to delay a matter indefinitely if they do not want—I do not mean to say indefinitely, but to delay a matter for days on end. And I know this, too, if we vote on something and then one side wins because the other side has troops out of town, then what happens? The other side looks over those absentees, checks out how the absentees would have voted, and then they come back and insist on fighting the same battle all over again because they are convinced that they lost based on someone being absent.

What we ought to do—and I am not seeking to do it tonight, that is all right—I will just tell the Senator I just do not think we are going to vote tonight on this amendment just because, while I admit there are some doubtful Senators, I can look at about nine absentees and say, "Well, there are six votes that I lost, and if the other three"—and we are all assuming that the other three might be with me, and I do not think they are, I think they would vote the other way, then there is a net loss of three votes on an amendment where I do not think we can spot the Senator—at least I put it this way. In that kind of a ball game I do not think we ought to be giving points.

[Laughter.]

So I do not ask a favor from the other fellow and I do not demand one for myself. I just think we ought to try to work these things out. The only way I know how to work them out, the only thing that ever made any sense to me—and this is the way they used to do it back in the days when my father served here—was, "Well, let us agree that we will pair your absentees or agree we will pair enough of them," so that the outcome of this vote will not depend on somebody's being sick or someone being in the hospital or someone being necessarily absent to look after some pressing family matter that keeps him from being here at the time.

As I say, it may be that the outcome might be the same, but I think it would be unwise to proceed on that basis at this point.

Mr. NELSON. Mr. President, will the Senator yield?

Mr. LONG. Yes, I yield for the Senator.

Mr. NELSON. Obviously, there is not going to be any vote on the amendment tonight.

Mr. LONG. Not unless we can work something out there is not going to be.

Mr. NELSON. Well, at least I could not guarantee the appropriate number of pairs because it is easier for the Senator from Louisiana to count those who support his position because those who support his position are more consistently wrong than those who support our position. [Laughter.]

Mr. LONG. I am glad to hear the Senator say that because the numbers are more—that more people would be on my side of the absentees than on the Senator's side. But I am at least pleased the Senator expressed his view on that.

Mr. NELSON. Speaking only for myself, I have no objection to the concept the Senator advocates because I know that it does go along, and the issue is much longer than it should be.

Of course, if enough absentees are missing so that it could be a close vote, the next time somebody will have refined an amendment, and we will be back again. The next time the other side will have some missing, so as far as I am concerned that concept is sound. I do not know whether it will work or not, but I do not have any objection to it.

It does seem to me that since we are not going to vote tonight that we ought to have an agreement on one or two things: either a time certain where the gamble on our side is as great as the gamble on the Senator's side or to adjourn at a set hour and then assemble tomorrow morning.

Mr. LONG. Why do we not do this? Why do we not take up some other amendments which, I think, we could dispose of. For example, the Senator from Massachusetts (Mr. BROOKE) had an amendment he wanted to offer which, I think, we could agree to very easily.

There is another amendment or two that we could agree to here very easily at this time to accommodate Senators.

There are some of these amendments I think really we can deal with very well one way or the other. It will be either something we agree to unanimously or something where the vote would not be too close anyway, and then we could vote on this amendment, resume consideration of this amendment, and take a look at where we stand.

I would very much hope that those who were supporting the amendment would consider my suggestion that we try to pair off the difference in absentees because I think it would be good for both sides. I think we can go right out and seek some pairs for one or two of our absentees if we have more than one or two than the other side. I personally do not like the idea of making the decision to go by the fact that someone is out of town or someone is sick, and think we would do best to let someone in the hospital stay there. For example, one of our dear friends, one of the great Senators is in the hospital, and he could be brought down in a stretcher to vote, but I do not think that is a good way to do business.

I think we just ought to say we ought to pair absentees. Let us agree that here is one of the absentees we ought to pair. I would not even ask for a pair for that Senator if the other side had an equal number of absentees. I feel that if the absentees are even we ought to just go ahead and vote to do business. But if one side has more absentees on a close vote, I think we ought to try to work it out.

Mr. NELSON. To carry out the Senator's proposal for pairs then he and I could stay here and pair out the other 98, and they could stay home.

[Laughter.]

Mr. LONG. I wish we could do that for our colleagues, but the rules do not allow us. Once someone suggests the absence of a quorum, 51 Senators have to show up.

Mr. HATHAWAY. I want to suggest the absence of a quorum so that we can talk some more.

Mr. LONG. Fine.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. MORGAN). Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the pending amenment by Mr. HATHAWAY be temporarily laid aside and that on tomorrow, when the Senate resumes the consideration of the unfinished business, the Hathaway amendment then be the pending question before the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. If the Senator will yield, there is no time limitation on the Hathaway amendment, is that correct?

Mr. ROBERT C. BYRD. That is correct.

Mr. TOWER. No agreement of the time certain to vote?

Mr. ROBERT C. BYRD. Right.

Mr. LONG. Mr. President, I ask unanimous consent that the Senator might offer his amendment at this point.

The PRESIDING OFFICER. Without objection, it is so ordererd.

UP AMENDMENT NO. 83

Mr. BROOKE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Massachusetts (Mr. BROOKE) proposes an unprinted amendment No. 83:

On Page 103, line 18, after the word "contract", add the following sentence:

"For purposes of this section, gain realized by the transferor on the transfer of such contract, but not recognized by reason of section 337(a), shall be treated as recognized to the extent recognized by the shareholders of the transferor."

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator yield?

Mr. BROOKE. Yes.

Mr. ROBERT C. BYRD. Mr. President, I would not want the Senate to be under the possibly wrong impression that by virtue of our having laid aside the Hathaway amendment there will be no further rollcall votes tonight.

It is my understanding in talking with the distinguished managers of the bill, it is the intention, after disposing of the amendment by Mr. BROOKE, to move to title V and hopefully dispose of title V before the day is over.

So there may be further rollcall votes. I thank the Senator.

Mr. BROOKE. Mr. President, this is a technical amendment to section 209(a)(1) relating to sports franchises.

Section 209(a)(1) seeks to require the buyer and seller of a sports team to specify the portion of the purchase price to be allocated to player contracts—an allocation which will be binding on both parties. The purpose of this rule is to prevent an inappropriate allocation by the buyer. However, the language used to achieve this goal creates an adverse and discriminatory result if the seller is a corporation in the process of liquidating under section 337 of the Code.

As drafted, section 209(a)(1) allows a buyer from a noncorporate seller a basis for his player contracts equal to the full amount he paid for them. However, because of the technical provisions of section 337, when applied to corporate sellers section 209(a)(1) limits the buyer's basis in the purchased contracts to his seller's basis plus depreciation recapture. This limitation applies even though the buyer may have actually paid a good deal more for the contracts.

Mr. President, this inconsistent result arises from the intersection of two quite separate policies. Section 337 was enacted over 20 years ago to provide a uniform tax result when a corporation sells its assets pursuant to a winding up of its affairs. As such, this section is completely unrelated to the tax reform issues considered in the pending bill. It would make no sense, therefore, to penalize corporate sellers of sports teams and their buyers merely because the sale falls under this provision.

My amendment seeks to reverse this inequitable and unjustified result. It provides that gain realized by the seller on the sale of player contracts, but not recognized by reason of section 337, is to be treated as recognized for purposes of this section. This amendment allows buyers from corporate sellers a basis in the purchased players contracts equal to their seller's adjusted basis plus realized gain—the same treatment as is afforded buyers from noncorporate sellers under section 209(a)(1) as currently drafted.

This amendment will not dilute the revenue impact contemplated by the adoption of section 209(a)(1). However, it will result in section 209(a)(1) applying to all taxpayers in an equitable manner.

Mr. President, I have discussed this with the distinguished chairman of the Finance Committee, the floor manager of the bill, and the staff. It is my understanding they will have no objection to this.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. LONG. Mr. President, in my judgment there is no reason that I should object to the amendment or that anyone else should object. I believe the Senator makes a good point. In my judgment the amendment has merit and should be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

COMMITTEE AMENDMENT NO. 29

Mr. LONG. Mr. President, just by way of getting on with business and reducing the workload that we are going to have to deal with, I suggest we move to title XIX in this bill, known as the deadwood provision. That is the amendment I introduced the other day which would clarify, simplify, and reduce the burden on everyone by removing obsolete and little-used sections of the Internal Revenue Code. It is title XIX in the bill.

I ask unanimous consent that we might turn to title XIX. I would hope that we could agree to it by a unanimous vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. I am speaking of the committee amendment on title XIX.

The PRESIDING OFFICER. Is the committee amendment No. 29?

Mr. LONG. It is committee amendment 29; yes.

Mr. HASKELL. Has a unanimous-consent request been made, Mr. President?

The PRESIDING OFFICER. Yes.

Mr. HASKELL. I would reserve the right to object until I know what we are agreeing to.

The PRESIDING OFFICER. The unanimous-consent request was granted.

Mr. HASKELL. I object, and I suggest the absence of a quorum.

The PRESIDING OFFICER. It was already granted——

Mr. LONG. I am willing to undo it, if the Senator is at all concerned.

Mr. HASKELL. I want to know what title we are talking about. Here in the table of contents it says title XIII. Is that what we are talking about?

Mr. LONG. Let me refer the Senator to the bill. The language I am speaking to starts on page 1244 of the bill.

Mr. HASKELL. And then goes from section 1300 down through section 1352? Is that what the Senator is referring to?

Mr. LONG. Yes. What I am speaking of is also the one voluminous amendment which is on the desk.

Mr. HASKELL. I would have no objection, Mr. President, if the Senator is referring to sections 1300 through 1352.

For the record, Mr. President, I am informed that those numbers should be section 1900. I am reading from the table of contents, but it is a printing error. It should be section 1900 through 1952.

Mr. LONG. The heading on that section is "Repeal and Revision of Obsolete, Rarely Used Provisions of the Internal Revenue Code of 1954."

Mr. HASKELL. That is what I am looking at.

Mr. LONG. Page 1244.

In order to take care of a technical problem, I ask unanimous consent that we take out title XIX and not title XX.

The PRESIDING OFFICER. Is there objection?

Mr. HASKELL. Reserving the right to object, and I do not believe I will object, we are referring to——

The PRESIDING OFFICER. Will the Senator suspend until we can get clarification?

Is it the Senator's request that we strike title XIX from the House bill, and insert a new title, but not title XX?

Mr. LONG. But not title XX, that is right.

The PRESIDING OFFICER. Is there objection?

Mr. HASKELL. Reserving the right to object, and I do not believe I wil object, we are referring, Mr. President, to what should be title XIX but through printing error is referred to as title XIII of the bill. Am I correct?

Mr. LONG. That is right.

Mr. HASKELL. I have no objection.

Mr. HATHAWAY. Reserving the right to object, Mr. President—it is labeled title XIII by mistake.

Mr. LONG. It is a printing error.

Mr. HASKELL. Reserving the right to object——

Mr. HATHAWAY. I have no real objection, except this one, and I have no personal objection whatsoever. I think title XIII in the Finance Committee bill is an excellent one to replace this one. Many Members are under the impression that we are taking this up one title at a time. They know we are on title II at the present time. I do not know what amendments other Members might have to this. I cannot conceive that they would have any, but I would like some wording in the unanimous-consent request to protect Members who might possibly have amendments.

Mr. LONG. Mr. President, I ask unanimous consent that if the Senate agrees to this we reserve the right of any Senator for this to remain subject to amendment.

The PRESIDING OFFICER. Is there objection?

Mr. HASKELL. Mr. President, reserving the right to object again, we are referring to a unanimous-consent request to take up title XIX which is labeled title XIII in the bill?

The PRESIDING OFFICER. And insert a new title XIX.

Mr. HASKELL. Insert a new title XIX which in fact will be what is labeled title XIII in the committee amendment.

The PRESIDING OFFICER. That is correct.

Mr. HASKELL. I have no objection.

The PRESIDING OFFICER. The new title XIX will be considered as original text for the purpose of further amendment.

Without objection, the request is granted.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. LONG. Mr. President, I believe that we can make progress if we proceed to consider, for simplification, the sections which are much less controversial.

Mr. President, can we vote on title XIX?

The PRESIDING OFFICER. The question is on agreeing to the amendment striking title XIX from the House bill and inserting a new title XIX, to be considered as original text.

The amendment was agreed to, as follows:

COMMITTEE AMENDMENT NO. 29

On page 1014, strike all through page 1243, line 16, and insert in lieu thereof:

TITLE XIX—REPEAL AND REVISION OF OBSOLETE, RARELY USED, ETC., PROVISIONS OF INTERNAL REVENUE CODE OF 1954

Subtitle A—Amendments of Internal Revenue Code Generally

Sec. 1900. Amendment of 1954 Code.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

Sec. 1901. Amendments of Subtitle A; Income Taxes.

(a) In General.—

(1) Amendment of section 2.—Subsection (c) of section 2 (relating to certain married individuals living apart) is amended to read as follows:

"(c) Certain Married Individuals Living Apart.—For purposes of this part, an individual shall be treated as not married at the close of the taxable year if such individual is so treated under the provisions of section 143(b)."

(2) Amendment of section 11.—Subsection (c) of section 11 (relating to the surtax imposed in corporations) is amended to read as follows:

"(c) Surtax.—The surtax is equal to 26 percent of the amount by which the taxable income exceeds the surtax exemption for the taxable year."

(3) Repeal of section 35.—Section 35 (relating to partially tax-exempt interest received by individuals) is repealed.

(4) Amendment of section 37.—Section 37(a) (relating to credit for retirement income) is amended by striking out "17 percent, in the case of a taxable year beginning in 1964, or 15 percent, in the case of a taxable year beginning after December 31, 1964," and inserting in lieu thereof "15 percent".

(5) Amendment of section 39.—Section 39 (relating to certain uses of gasoline, special fuels, and lubrication oil) is amended by striking out subsections (b) and (c) and inserting after subsection (a) the following new subsection:

"(b) Exception.—Credit shall not be allowed under subsection (a) for any amount payable under section 6421, 6424, or 6427, if a claim for such amount is timely filed and, under section 6421(i), 6424(f), or 6427(f), is payable under such section."

(6) Amendments of section 46.—

(A) The second sentence of section 46(a) (3) is amended by striking out "section 408 (e)" and inserting in lieu thereof "section 408(f)".

(B) The first sentence of section 46(b) (1) (relating to carryback and carryover of unused investment credit) is amended by striking out ", except that such excess may be a carryback only to a taxable year ending after December 31, 1961".

(C) (i) Section 46(b) (relating to the investment credit) is amended by striking out paragraph (4) (relating to carrybacks of an unused credit to certain taxable years beginning before 1962), and by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(ii) Section 46(b) (5) (B), as redesignated by clause (i), is amended by striking out "paragraph (5)" and inserting in lieu thereof "paragraph (4)", and by striking out "paragraphs (1), (2), and (5)" and inserting in lieu thereof "paragraphs (1), (2), and (4)".

(D) Clause (iii) of section 46(c) (3) (B) (relating to public utility property is amended by striking out "47 U.S.C., sec. 222 (a) (5)" and inserting in lieu thereof "47 U.S.C. 222(a) (5)".

(7) Amendments of section 48.—

(A) Section 48(a) (2) (B) (vi) (relating to section 38 property used outside the United States) is amended by striking out "; 43 U.S.C., sec 1331)" and inserting in lieu thereof "(43 U.S.C. 1331))".

(B) Section 48(a) (2) (B) (viii) is amended by striking out "47 U.S.C., sec. 702" and inserting in lieu thereof "47 U.S.C. 702".

(8) Amendment of section 50A.—The second sentence of section 50A(a) (3) (relating to liability for tax) is amended by striking out "section 408(e)" and inserting in lieu thereof "section 408(f)".

(9) Repeal of section 51.—Subchapter A of chapter 1 is amended by striking out part V (relating to tax surcharge).

(10) Amendment of section 56.—Section 56(c) (relating to tax carryover) is amended by striking out "to which excess may be carried" and inserting in lieu thereof "to which such excess may be carried".

(11) Amendments of section 57.—

(A) Section 57(a) (relating to items of tax preference) is amended by striking out paragraph (1) (relating to excess investment interest for taxable years before 1972).

(B) Section 57(a) is amended by striking out the last two sentences and inserting in lieu thereof the following: "Paragraph (3) shall not apply to a corporation other than an electing small business corporation (as defined in section 1371(b)) and a personal holding company (as defined in section 542)."

(C) Section 57 is amended by striking out subsection (b) (relating to rules regarding excess investment interest) and redesignating subsection (c) as subsection (b).

(12) Amendments of section 62.—

(A) Section 62 (relating to definition of adjusted gross income) is amended by redesignating paragraph (11), as added by the Act of October 26, 1974 (Public Law 93-483), as paragraph (12).

(B) Section 62(12), as redesignated by subparagraph (A) of this paragraph, is amended by striking out "trade or business to the extent" and inserting in lieu thereof "trade or business, to the extent".

(13) Definition of ordinary income and ordinary loss.—Part I of subchapter B of chapter 1 (relating to definitions of gross income, adjusted gross income, and taxable income) is amended by adding at the end thereof the following new sections:

"SEC. 64. ORDINARY INCOME DEFINED.

"For purposes of this subtitle, the term 'ordinary income' includes any gain from the sale or exchange of property which is neither a capital asset nor property described in section 1231(b) and any other gain which, under other provisions of this subtitle, is to be treated as gain from the sale or exchange of property which is not a capital asset nor property described in section 1231(b).

"SEC. 65. ORDINARY LOSS DEFINED.

"For purposes of this subtitle, the term 'ordinary loss' includes any loss from the sale or exchange of property which is not a capital asset and any other loss which, under other provisions of this subtitle, is treated as loss from the sale or exchange of property which is not a capital asset."

(14) Amendments of section 72.—

(A) Section 72(d) (1) (relating to employees' annuities) is amended by striking out "(whether or not before January 1, 1954)" and by striking out "(under this paragraph and prior income tax laws)".

(B) Section 72(m) (4) (A) (relating to assignments or pledges) is amended by striking out "an individual retirement amount" and inserting in lieu thereof "an individual retirement account".

(15) Repeal of section 76.—Section 76 (relating to mortgages made or obligations issued by joint stock land banks) is repealed.

(16) Amendment of section 83.—Section 83(b) (2) (relating to election to include the value of restricted property in gross income) is amended by striking out "(or, if later, 30 days after the date of the enactment of the Tax Reform Act of 1969)".

(17) Amendment of section 101.—Section 101 is amended by striking out subsection (f) (relating to effective date of section).

(18) Amendments of section 103.—

(A) Section 103(a) (relating to tax-exempt interest) is amended to read as follows:

"(a) General Rule.—Gross income does not include interest on the obligations of a State or a possession of the United States, or any political subdivision of any of the foregoing, or of the District of Columbia."

(B) Section 103 is amended by striking out subsection (b) (relating to certain exceptions) and by redesignating subsections (c), (d), and (e) as subsections (b), (c), and (d), respectively.

(C) Section 103(b) (1) (relating to industrial development bonds), as redesignated by subparagraph (B) of this paragraph, is amended to read as follows:

"(1) Subsection (a) not to apply.—Except as otherwise provided in this subsection, any industrial development bond shall be treated as an obligation not described in subsection (a)."

(D) Section 103(b) (6) (G) (relating to limitation on loss of tax exemption), as redesignated by subparagraph (B) of this paragraph, is amended by striking out "subsection (a) (1)" and inserting in lieu thereof "subsection (a)".

(E) Section 103(c) (1) (relating to arbitrage bonds), as redesignated by subparagraph (B) of this paragraph, is amended to read as follows:

"(1) Subsection (a) not to apply.—Except as provided in this subsection, any arbitrage bond shall be treated as an obligation not described in subsection (a)."

(F) Section 103(c) (2) (A) (relating to definition of arbitrage bonds), as redesignated by subparagraph (B) of this paragraph, is amended by striking out "subsection (a) (1)" and inserting in lieu thereof "subsection (a)".

(G) Section 103(d) (relating to certain cross references), as redesignated by subparagraph (B) of this paragraph, is amended to read as follows:

"(d) Cross References.—

"For provisions relating to the taxable status of—

"(1) Puerto Rican bonds, see section 3 of the Act of March 2, 1917, as amended (48 U.S.C. 745).

"(2) Virgin Islands insular and municipal bonds, see section 1 of the Act of October 27, 1949 (48 U.S.C. 1403).

"(3) Certain obligations issued under title I of the Housing Act of 1949, see section 102(g) of title I of such Act (42 U.S.C. 1452(g))."

(19) Amendments of section 104.—

(A) Section 104(a) (4) (relating to exclusion of compensation for injuries or sickness) is amended by striking out "; 60 Stat. 1021".

(B) Section 104(b) (2) is amended to read as follows:

"(2) For exclusion of part of disability retirement pay from the application of subsection (a) (4) of this section, see section 1403 of title 10, United States Code (relating to career compensation laws)."

(20) Amendment of section 115.—Section 115 (relating to income of States, municipalities, etc.) is amended to read as follows:

"Sec. 115. Income of States, Municipalities, Etc.

"Gross income does not include—

"(1) income derived from any public utility or the exercise of any essential governmental function and accruing to a State or any political subdivision thereof, or the District of Columbia; or

"(2) income accruing to the government of any possession of the United States, or any political subdivision thereof."

(21) AMENDMENT OF SECTION 116.—Subsection (a) of section 116 (relating to partial exclusion of dividends received by individuals) is amended by striking out "Effective with respect to any taxable year ending after July 31, 1954, gross income" and inserting in lieu thereof "Gross income".

(21) AMENDMENT OF SECTION 124.—Section 124 (relating to cross references to other Acts) is amended to read as follows:

"SEC. 124. CROSS REFERENCES TO OTHER ACTS.

"(a) For exemption of—

"(1) Adjustments of indebtedness under wage earners' plans, see section 679 of the Bankruptcy Act (11 U.S.C. 1079).

"(2) Allowances and expenditures to meet losses sustained by persons serving the United States abroad, due to appreciation of foreign currencies, see section 5943 of title 5, United States Code.

"(3) Amounts credited to the Maritime Administration under section 9(b)(6) of the Merchant Ship Sales Act of 1946, see section 9(c)(1) of that Act (50 U.S.C. App. 1742).

"(4) Benefits under laws administered by the Veterans' Administration, see section 3101 of title 38, United States Code.

"(5) Earnings of ship contractors deposited in special reserve funds, see section 607(d) of the Merchant Marine Act, 1936 (46 U.S.C. 1177).

"(6) Income derived from Federal Reserve banks, including capital stock and surplus, see section 7 of the Federal Reserve Act (12 U.S.C. 531).

"(7) Railroad retirement annuities and pensions, see section 12 of the Railroad Retirement Act of 1935 (45 U.S.C. 2281).

"(8) Railroad unemployment benefits, see section 2(e) of the Railroad Unemployment Insurance Act (45 U.S.C. 352).

"(9) Special pensions of persons on Army and Navy medal of honor roll, see 38 U.S.C. 562(a)–(c).

"(b) For extension of military income-tax-exemption benefits to commissioned officers of Public Health Service in certain circumstances, see section 212 of the Public Health Service Act (42 U.S.C. 213)."

(23) AMENDMENT OF SECTION 143.—Section 143 (relating to determination of marital status) is amended by striking out "this part" each place it appears and inserting in lieu thereof "this part and part V".

(24) AMENDMENT OF SECTION 151.—Section 151(e)(4) (relating to definitions of student and educational institution) is amended to read as follows:

"(4) STUDENT DEFINED.—For purposes of paragraph (1)(B)(ii), the term 'student' means an individual who during each of 5 calendar months during the calendar year in which the taxable year of the taxpayer begins—

"(A) is a full-time student at an educational organization described in section 170(b)(1)(A)(ii); or

"(B) is pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of an educational organization described in section 170(b)(1)(A)(ii) or of a State or political subdivision of a State."

(25) AMENDMENTS OF SECTION 152.—

(A) Section 152(a) (relating to definition of dependent) is amended—

(i) by inserting "or" at the end of paragraph (8),

(ii) by striking out ", or" at the end of paragraph (9) and inserting in lieu thereof a period, and

(iii) by striking out paragraph (10).

(B) Section 152(b)(3) (relating to rules concerning the definition of dependent) is amended to read as follows:

"(3) The term 'dependent' does not include any individual who is not a citizen or national of the United States unless such individual is a resident of the United States or of a country contiguous to the United States. The preceding sentence shall not exclude from the definition of 'dependent' any child of the taxpayer legally adopted by him, if, for the taxable year of the taxpayer the child has as his principal place of abode the home of the taxpayer and is a member of the taxpayer's household, and if the taxpayer is a citizen or national of the United States."

(26) AMENDMENTS OF SECTION 164.—Section 164(d)(2) (relating to apportionment of taxes on real property between the seller and purchaser) is amended by striking out subparagraphs (B) and (C), and by redesignating subparagraph (D) as subparagraph (B).

(27) AMENDMENTS OF SECTION 165.—Section 165 (relating to deduction of losses) is amended by striking out subsection (i) (relating to property confiscated by Cuba), and by redesignating subsection (j) as subsection (i).

(28) AMENDMENTS OF SECTION 167.—

(A) Section 167(d) (relating to agreement as to useful life for depreciation) is amended by striking out "after the date of enactment of this title" and inserting in lieu thereof "after August 16, 1954".

(B) Section 167(e) (relating to change in method of depreciation) is amended to read as follows:

"(e) CHANGE FROM DECLINING BALANCE METHOD.—In the absence of an agreement under subsection (d) containing a provision to the contrary, a taxpayer may at any time elect in accordance with regulations prescribed by the Secretary to change from the method of depreciation described in subsection (b)(2) to the method described in subsection (b)(1)."

(C) Section 167(f)(2) (relating to definition of personal property) is amended by striking out "the date of the enactment of the Revenue Act of 1962" and inserting in lieu thereof "October 16, 1962".

(D) Section 167(l)(4)(A) (relating to election as to increased-capacity property) is amended by striking out "within 180 days after the date of the enactment of this subparagraph" and inserting in lieu thereof "before June 29, 1970,".

(29) AMENDMENTS OF SECTION 170.—

(A)(i) Section 170 (relating to charitable deductions) is amended by striking out subsections (f)(6) and (g) (relating to unlimited charitable deductions allowed for taxable years beginning before January 1, 1975), and by redesignating subsections (h), (i), and (j) as subsections (g), (h), and (i), respectively.

(ii) Section 170(b)(1) (relating to percentage limitations on deductions for individuals) is amended by striking out subparagraph (C) (relating to unlimited deductions), and by redesignating subparagraphs (D), (E), and (F) as subparagraphs (C), (D), and (E), respectively.

(iii) Section 170(b)(1)(A)(vii) is amended by striking out "subparagraph (E)" and inserting in lieu thereof "subparagraphs (D)".

(iv) section 170(b)(1)(B)(ii) is amended by striking out "subparagraph (D)" and inserting in lieu thereof "subparagraph (C)".

(v) Section 170(c) (relating to definition of charitable contribution) is amended by striking out in the last sentence "subsection (h)" and inserting in lieu thereof "subsection (g)".

(vi) Section 170(e)(1)(B)(ii) (relating to certain contributions of ordinary income and capital gain property) is amended by striking out "subsection (b)(1)(E)" and inserting in lieu thereof "subsection (b)(1)(D)".

(B) Section 170(d)(1)(A) (relating to carryover of excess charitable contributions) is amended by striking out "(30 percent, in the case of a contribution year beginning before January 1, 1970)".

(C) Section 170(h) (relating to disallowance of deductions in certain cases), as redesignated by subparagraph (A)(i) of this paragraph, is amended by striking out "64 Stat. 996;".

(D) Section 170(i) (relating to cross references), as redesignated by subparagraph (A)(i) of this paragraph, is amended to read as follows:

"(i) OTHER CROSS REFERENCES.—

"(1) For charitable contributions of estates and trusts, see section 642(c).

"(2) For nondeductibility of contributions by common trust funds, see section 584.

"(3) For charitable contributions of partners, see section 702.

"(4) For charitable contributions of nonresident aliens, see section 873.

"(5) or treatment of gifts for benefit of or use in connection with the Naval Academy as gifts to or for the use of the United States, see section 6973 of title 10, United States Code.

"(6) For treatment of gifts accepted by the Secretary of State under the Foreign Service Act of 1946 as gifts to or for the use of the United States, see section 1021(e) of that Act (22 U.S.C. 809(e)).

"(7) For treatment of gifts of money accepted by the Attorney General for credit to the 'Commissary Funds, Federal Prisons' as gifts to or for the use of the United States, see section 2 of the Act of May 15, 1952, as amended by the Act of July 9, 1952 (31 U.S.C. 725s–4)."

(30) AMENDMENTS OF SECTION 172.—

(A)(i) Section 172(b)(1) (relating to years to which loss may be carried) is amended by striking out subparagraph (E) and by redesignating subparagraphs (F) and (G) as subparagraphs (E) and (F), respectively.

(ii) Clause (i) of section 172(b)(1)(A) is amended by striking out "(F), and (G)" and inserting in lieu thereof "and (F)".

(iii) Subparagraph (B) of section 172(b)(1) is amended by striking out ", (D), and (E)" and inserting in lieu thereof "and (D)".

(iv) Section 172(b)(3) is amended by striking out subparagraphs (E) and (F).

(B) Section 172(c) (relating to definition of net operating loss) is amended by striking out "(for any taxable year ending after December 31, 1953)".

(C)(i) Section 172 (relating to net operating loss deduction) is amended by striking out subsections (f), (g), and (i), and by redesignating subsections (h), (j), (k), and (l) as subsections (f), (g), (h), and (i), respectively.

(ii) Section 172(b)(1)(C) (relating to regulated transportation corporations) is amended by striking out "subsection (j)(1)" and "subsection (j)", and inserting in lieu thereof "subsection (g)(1)" and "subsection (g)", respectively.

(iii) Paragraphs (1)(D) and (3)(C)(i) of section 172(b) (relating to net operating loss carryovers and carrybacks) are each amended by striking out "subsection (k)" and inserting in lieu thereof "subsection (h)".

(iv) Section 172(b)(2) (relating to amount of carrybacks and carryovers) is amended by striking out "subsections (i) and (j)" and inserting in lieu thereof "subsection (g)".

(D) Section 172(e) (relating to law applicable to computations) is amended by striking out the last sentence.

(E) Section 172(g)(2) (relating to certain regulated transportation corporations), as redesignated by subparagraph (C) of this paragraph, is amended by striking out paragraph (4).

(31) AMENDMENTS OF SECTIONS 174 AND 175.—Section 174(a)(2)(A)(i) (relating to research and development expenditures) and section 175(d)(1)(A) (relating to soil and

water conservation expenditures) are each amended by striking out "the date on which this title is enacted," and inserting in lieu thereof "August 16, 1954,".

(32) Amendment of section 219.—Section 219 (b)(2)(A)(iv) (disqualifying governmental plan participants from contributing to individual retirement accounts, etc.) is amended by striking out "division" and inserting in lieu thereof "subdivision".

(33) Repeal of section 242.—Section 242 (relating to partially tax-exempt interest received by corporations) is repealed.

(34) Amendments of section 243.—

(A) Section 243(a)(2) (relating to the dividend received deduction) is amended by inserting after "Small Business Investment Act of 1958" the following: "(15 U.S.C. 661 and following)".

(B) Section 243(b)(2)(A) (relating to dividends received by a member of an affiliated group) is amended by striking out "(except that in the case of a taxable year of a member beginning in 1963 and ending in 1964, if the election is effective for the taxable year of the common parent corporation which includes the last day of such taxable year of such member, such election shall be effective for such taxable year of such member, if such member consents to such election with respect to such taxable year)".

(35) Amendment of section 247.—Section 247(b)(2) (relating to preferred stock) is amended to read as follows:

"(2) Preferred stock.—

"(A) In general.—The term 'preferred stock' means stock issued before October 1, 1942, which during the whole of the taxable year (or the part of the taxable year after its issue) was stock the dividends in respect of which were cumulative, limited to the same amount, and payable in preference to the payment of dividends on other stock.

"(B) Certain stock issued on or after October 1, 1942.—Stock issued on or after October 1, 1942, shall be deemed for purposes of this paragraph to have been issued before October 1, 1942, if it was issued to refund or replace bonds or debentures issued before October 1, 1942 or to refund or replace other preferred stock (including stock which is preferred stock by reason of this subparagraph or subparagraph (D)), but only to the extent that the par or stated value of the new stock does not exceed the par, stated, or face value of the bonds or debentures issued before October 1, 1942, or the other preferred stock, which such new stock is issued to refund or replace.

"(C) Determination under regulations.—The determination of whether stock was issued to refund or replace bonds or debentures issued before October 1, 1942, or to refund or replace other preferred stock, shall be made under regulations prescribed by the Secretary.

"(D) Issuance of stock.—For purposes of subparagraph (B), issuance of stock includes issuance either by the same or another corporation in a transaction which is a reorganization (as defined in section 368(a)), a transaction to which section 371 (relating to insolvency reorganizations) applies, or a transaction subject to part VI of subchapter O (relating to exchanges in SEC obedience orders), or the respectively corresponding provisions of the Internal Revenue Code of 1939."

(36) Amendment of section 248.—Section 248(c) (relating to organizational expenditures) is amended by striking out "the date of enactment of this title" and inserting in lieu thereof "August 16, 1954".

(37) Amendment of section 265.—Section 265 (2) (relating to tax-exempt interest) is amended by striking out "(other than obligations of the United States issued after September 24, 1917, and originally subscribed for by the taxpayer)".

(38) Amendment of section 269.—Section 269 (relating to acquisitions made to evade or avoid income tax) is amended by striking out subsection (c) (relating to presumption in the case of disproportionate purchase price).

(39) Amendment of section 275.—Section 275(a)(1)(C) (relating to nondeductible taxes) is amended by striking out ", and corresponding provisions of prior revenue laws".

(40) Amendment of section 278.—Section 278(b) (relating to exceptions to capital expenditures incurred in planting and developing citrus and almond groves) is amended to read as follows:

"(b) Exception.—Subsection (a) shall not apply to amounts allowable as deductions (without regard to this section), and attributable to a citrus or almond grove (or part thereof) which was replanted after having been lost or damaged (while in the hands of the taxpayer), by reason of freeze, disease, drought, pests or casualty."

(41) Amendments of section 281.—

(A) Section 281(d)(1)(A) (relating to definition of terminal railroad corporation) is amended by inserting after "Interstate Commerce Act" the following: "(49 U.S.C. 1 and following)".

(B) Section 281 (relating to terminal railroad corporations and their shareholders) is amended by striking out subsection (e) (relating to taxable years ending before October 23, 1962) and by redesignating subsection (f) as subsection (e).

(42) Amendment of section 301.—Section 301 (relating to distributions of property) is amended by striking out subsection (e) (relating to certain distributions by personal service corporations).

(43) Amendments of section 311.—

(A) Section 311(d)(1) (relating to appreciated property used to redeem stock) is amended by striking out "then again shall be recognized" and inserting in lieu thereof "then a gain shall be recognized".

(B)(i) Section 311(d)(2) (relating to exceptions and limitations) is amended by striking out subparagraph (C) (relating to certain distributions before December 1, 1974) and by redesignating subparagraphs (D), (E), (F), and (G) as subparagraphs (C), (D), (E), and (F), respectively.

(ii) The amendments made by clause (i) shall apply with respect to distributions after November 30, 1974.

(C) Section 311(d)(2)(C), as redesignated by subparagraph (B) of this paragraph, is amended by striking out "26 Stat. 209;" and "38 Stat. 730;".

(44) Amendments of section 312.—

(A) Section 312(d)(1) (relating to certain distributions of stock and securities) is amended by striking out "this Code" each place it appears and inserting in lieu thereof "this title".

(B) Section 312 (relating to earnings and profits) is amended by striking out subsection (h) (relating to personal service corporations) and by redesignating subsections (i) and (j) as subsections (h) and (i), respectively.

(C) Subsection (i) of section 312 (relating to distribution of proceeds of certain loans), as redesignated by subparagraph (B) of this paragraph, is amended to read as follows:

"(i) Distribution of Proceeds of Loan Insured by the United States.—If a corporation distributes property with respect to its stock and if, at the time of distribution—

"(1) there is outstanding a loan to such corporation which was made, guaranteed, or insured by the United States (or by any agency or instrumentality thereof), and

"(2) the amount of such loan so outstanding exceeds the adjusted basis of the property constituting security for such loan,

then the earnings and profits of the corporation shall be increased by the amount of such excess, and (immediately after the distribution) shall be decreased by the amount of such excess. For purposes of paragraph (1), the adjusted basis of the property at the time of distribution shall be determined without regard to any adjustment under section 1016(a)(2) (relating to adjustment for depreciation, etc.). For purposes of this subsection, a commitment to make, guarantee, or insure a loan shall be treated as the making, guaranteeing, or insuring of a loan."

(D) Section 312(j)(3) (relating to foreign investment companies), as redesignated by subsection (b)(31)(B), is amended to read as follows:

"(3) Partial liquidations and redemptions.—If a foreign investment company (as defined in section 1246) distributes amounts in partial liquidation or in a redemption to which section 302(a) or 303 applies, the part of such distribution which is properly chargeable to earnings and profits shall be an amount which is not in excess of the ratable share of the earnings and profits of the company accumulated after February 28, 1913, attributable to the stock so redeemed."

(45) Amendment of section 333.—Section 333(a) (relating to election as to recognition of gain in certain liquidations) is amended to read as follows:

"(a) General Rule.—In the case of property distributed in complete liquidation of a domestic corporation (other than a collapsible corporation to which section 341(a) applies), if—

"(1) the liquidation is made in pursuance of a plan of liquidation, and

"(2) the distribution is in complete cancellation or redemption of all the stock, and the transfer of all the property under the liquidation occurs within some one calendar month,

then in the case of each qualified electing shareholder (as defined in subsection (c)) gain on the shares owned by him at the time of the adoption of the plan of liquidation shall be recognized only to the extent provided in subsections (e) and (f)."

(46) Amendment of section 334.—Section 334(b)(2)(A) (relating to liquidation of subsidiary) is amended to read as follows:

"(A) the distribution is pursuant to a plan of liquidation adopted not more than 2 years after the date of the transaction described in subparagraph (B) (or, in the case of a series of transactions, the date of the last such transaction); and".

(47) Amendments of section 337.—

(A) Section 336(a) (relating to nonrecognition of gain or loss on certain liquidations) is amended to read as follows:

"(a) General Rule.—If, within the 12-month period beginning on the date on which a corporation adopts a plan of complete liquidation, all of the assets of the corporation are distributed in complete liquidation, less assets retained to meet claims, then no gain or loss shall be recognized to such corporation from the sale or exchange by it of property within such 12-month period."

(B) The first sentence of section 337(d) (relating to certain minority stockholders) is amended by striking out "on or after January 1, 1958".

(48) Repeal of section 342.—Section 342 (relating to the liquidation of certain foreign personal holding companies) is repealed.

(49) Amendments of section 351.—

(A) Section 351(a) (relating to transfer to corporation controlled by transferor) is amended by striking out "(including, in the case of transfers made on or before June 30, 1967, an investment company)".

(B) Section 351(d) (relating to application of June 30, 1967, date) is amended to read as follows:

"(d) Exception.—This section shall not apply to a transfer of property to an investment company."

(C) The amendments made by this paragraph shall take effect with respect to transfers of property occurring after the date of the enactment of this Act.

(50) REPEAL OF SECTION 363.—Section 363 (a cross reference to other sections) as repealed.

(51) AMENDMENTS OF SECTION 371.—Section 371(a)(1) (relating to certain reorganization exchanges by corporations) is amended—

(A) by striking out "49 Stat. 922;" and

(B) by striking out "(52 Stat. 883–905; 11 U.S.C., chapter 10) or the corresponding provisions of prior law" and inserting in lieu thereof "(11 U.S.C. 501 and following)".

(52) AMENDMENT OF SECTION 372.—Section 372 (a) (relating to basis in connection with bankruptcy proceedings) is amended by striking out "54 Stat. 709;".

(53) REPEAL OF SECTION 373.—Section 373 (relating to nonrecognition of loss in certain railroad reorganizations) is repealed.

(54) AMENDMENT OF SECTION 374.—Section 374(a)(1) (relating to nonrecognition of gain or loss in certain railroad reorganizations) is amended by striking out "49 Stat. 922;".

(55) AMENDMENT OF SECTION 381.—Section 381(c) (relating to items carried over in certain corporatae acquisitions) is amended by striking out paragraph (20).

(56) REPEAL OF SECTIONS 391 THROUGH 395.—Subchapter C of chapter 1 (relating to corporate distributions and adjustments) is amended by striking out part VII (relating to effective dates of subchapter C).

(57) AMENDMENTS OF SECTION 401.—

(A) Paragraphs (12) and (13) of section 401(a) (relating to requirements for qualification) are each amended by striking out "the date of the enactment of the Employee Retirement Income Security Act of 1974" and inserting in lieu thereof "September 2, 1974".

(B) Paragraph (15) of section 401(a) is amended by striking out "the date of the enactment of the Employee Retirement Income Security Act of 1974" and inserting in lieu thereof "September 2, 1974,".

(C) Paragraph (19) of section 401(a) is amended by striking out "enactment of the Employee Retirement Income Security Act of 1974" and inserting in lieu thereof "September 2, 1974".

(D) The last sentence of section 401(a) is amended to read as follows: "Paragraphs (11), (12), (13), (14), (15), (19), and (20) shall apply only in the case of a plan to which section 411 (relating to minimum vesting standards) applies without regard to subsection (e)(2) of such section."

(58) AMENDMENTS OF SECTION 402.

(A) Section 402(a)(4) (relating to distributions made to non-resident alien individuals) is amended by striking out "basic salary" each place it appears therein and inserting in lieu thereof "basic pay", and by amending the last sentence in such paragraph to read as follows: "In the case of distributions under the civil service retirement laws, the term 'basic pay' shall have the meaning provided in section 8331(3) of title 5, United States Code."

(B) Section 402 (relating to taxability of beneficiary of employees' trusts) is amended by striking out subsection (d) (relating to certain trust agreements made before October 21, 1942).

(C)(i) So much of the third sentence of section 402(e)(4)(A) (relating to definition of lump sum distributions) as precedes "a distribution of an annuity contract" is amended to read as follows: "Except for purposes of subsection (a)(2) and section 403(a)(2),".

(ii) The amendment made by clause (i) shall apply with respect to distributions or payments made after December 31, 1973, in taxable years beginning after such date.

(59) AMENDMENT OF SECTION 403.—The last two sentences of section 403(a)(4) (relating to taxation of employee annuities) are amended to read as follows: "For purposes of this title, a transfer described in subparagraph (B)(i) shall be treated as a rollover contribution described in section 408(d)(3). Subparagraph (B)(ii) does not apply in the case of a transfer to an employees' trust, or annuity plan if any part of a payment described in subparagraph (A) is attributable to an annuity plan under which the employee was an employee within the meaning of section 401(c)(1) at the time contributions were made on his behalf under the plan.".

(60) AMENDMENT OF SECTION 404.—Section 404 (relating to deduction for contributions to pension plans, etc.) is amended by striking out subsection (d) (relating to carryover of pre-1954 unused deductions).

(61) REPEAL OF SECTION 406.—Section 406 (relating to certain employees of foreign subsidiaries) is repealed.

(62) AMENDMENT OF SECTION 409.—Section 409(b)(3)(C) (relating to tax-free rollovers of individual retirement bonds) is amended by striking out "section 403(d)(3)." and inserting in lieu thereof "section 408(d)(3)."

(C) Paragraph (2) of section 410(c) is amended by striking out "the day before the date of the enactment of this section" and inserting in lieu thereof "September 1, 1974".

(64) AMENDMENTS OF SECTION 411.—

(A) Subsection (a) of section 411 (relating to minimum vesting standards) is amended by striking out "subsection (a)(8)" and inserting in lieu thereof "paragraph (8)".

(B) Subsection (a)(3)(D)(iii) of section 411 is amended—

(i) by striking out "the date of the enactment of the Employee Retirement Income Security Act of 1974" and "the date of the enactment of such Act" and inserting in lieu thereof in both such places "September 2, 1974", and

(ii) by striking out "the date of the enactment of the Act" and inserting in lieu thereof "September 2, 1974,".

(C) The heading for subparagraph (C) of section 411(a)(7) is amended to read as follows:

"(C) Repayment of subparagraph (B) distributions."

(D) Subsections (b)(1)(D)(i) and (e)(1)(C) of section 411 are each amended by striking out "the date of the enactment of the Employee Retirement Income Security Act of 1974" and inserting in lieu thereof "September 2, 1974".

(E) Subsection (e)(2) of section 411 is amended by striking out "the date before the date of the enactment of the Employee Retirement Income Security Act of 1974" and inserting in lieu thereof "September 1, 1974".

(65) AMENDMENTS OF SECTION 412.—

(A) Subsection (h) of section 412 (relating to minimum funding standards) is amended by striking out "the day before the date of the enactment of the Employee Retirement Income Security Act of 1974" and inserting in lieu thereof "September 1, 1974".

(B) Subsection (h)(5) of section 412 is amended by striking out "the date of the enactment of the Employee Retirement Income Security Act of 1974" and inserting in lieu thereof "September 2, 1974".

(66) AMENDMENTS OF SECTION 414.—

(A) Section 414(f) (relating to multiemployer plans) is amended by striking out "Mulitiemployer" and inserting "Multiemployer" in the caption thereof.

(B) Section 414(l) (relating to mergers and consolidations of plans or transfers of plan assets) is amended by striking out "the date of the enactment of the Employee Retirement Income Security Act of 1974" and inserting in lieu thereof "September 2, 1974".

(67 AMENDMENTS OF SECTION 415.—

(A) Section 415(b)(2)(A) (relating to adjustments for certain forms of benefits) is amended by striking out "and 409(b)(3)(C)" and inserting in lieu thereof "and 409(b)(2)(C)".

(B) Section 415 (b)(2)(B) is amended by striking out "(as defined in section 401(a)(11)(H)(iii))" and inserting in lieu thereof "(as defined in section 401(a)(11)(G)(iii))".

(68) AMENDMENTS OF SECTION 453.—

(A) Section 453(c)(3) (relating to adjustment in tax for amounts previously taxed) is amended by striking out "corresponding provisions of the Internal Revenue Code of 1939" and inserting in lieu thereof "corresponding provisions of the Internal Revenue Code of 1954".

(B) Section 453(d)(4)(B) (relating to liquidations to which section 337 applies) is amended by striking out "or section 617(d)(1)" and inserting in lieu thereof ", 617(d)(1)".

(69) AMENDMENT OF SECTION 455.—Section 455(c)(3)(B) (relating to prepaid subscription income) is amended by striking out "for his first taxable year (i) which begins after December 31, 1957, and (ii) in which he receives prepaid subscription income in the trade or business" and inserting in lieu thereof "for his first taxable year in which he receives prepaid subscription income in the trade or business".

(70) AMENDMENT OF SECTION 456.—Section 456(c)(3)(B) (relating to election without consent with respect to treatment of prepaid dues) is amended by striking out "for its first taxable year (i) which begins after December 31, 1960, and (ii)" and inserting in lieu thereof "for its first taxable year".

(71) AMENDMENTS OF SECTION 461.—

(A) Section 461(c) (relating to accrual of real property taxes) is amended by striking out paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(B) Section 461(c)(2) (relating to elections without consent), as redesignated by subparagraph (A), is amended by striking out "his first taxable year which begins after December 31, 1953, and ends after the date of enactment of this title in which the taxpayer" and inserting in lieu thereof "his first taxable year in which he".

(72) AMENDMENTS OF SECTION 481.—

(A) Section 481(b) (relating to limitation on tax where substantial adjustments are required by a change in accounting method) is amended by striking out paragraphs (4), (5), and (6) (relating to pre-1954 adjustments).

(B) Section 481(b)(1) and (2) are each amended by striking out ", other than the amount of such adjustments to which paragraph (4) or (5) applies," each place it appears.

(73) AMENDMENTS OF SECTION 508.—

(A) Subsections (a) and (b) of section 508 (relating to special rules relating to 501(c)(3) organizations) are each amended by striking out the last sentence therein.

(B) Section 508(e)(2) (relating to special rules for existing private foundations) is amended by striking out subparagraph (A) (relating to taxable years beginning before 1972), by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively, and by striking out "(B)" in subparagraph (B) (as so redesignated) and inserting in lieu thereof "(A)".

(C) Section 508(d)(2)(A) (relating to disallowance of deductions for certain charitable gifts or bequests) is amended by striking out "(e)(2)(B) and (C)" and inserting in lieu thereof "(e)(2)".

(74) AMENDMENTS OF SECTION 514.—

(A) Section 514(c)(1) (relating to definition of acquisition indebtedness) is amended by striking out the comma at the end of subparagraph (C) and all that follows, and inserting in lieu thereof a period.

(B) Section 514 (relating to unrelated debt-financed income) is amended by striking out subsection (f) (relating to definition of business lease), by striking out subsection (g) (relating to definition of business lease indebtedness), and by redesignating subsection (h) as subsection (f).

(C) Section 514(b)(3)(C)(iii) (relating to definition of debt-financed property) is amended to read as follows:

"(iii) shall not apply to property subject to a lease which is a business lease (as defined in this section immediately before the enactment of the Tax Reform Act of 1975)."

(D) Section 514(f) (relating to personal property leased with real property), as redesignated by subparagraph (B) of this paragraph, is amended by striking out "and the term 'premises' include" and inserting in lieu thereof "includes".

(75) AMENDMENTS OF SECTION 534.—

(A) Section 534(b) (relating to mailing notices of deficiency) is amended by striking out the last sentence.

(B) Subsection (e) of section 534 (relating to effective date of section) is repealed.

(76) AMENDMENT OF SECTION 535.—Section 535(b)(1) (relating to adjustments in computing accumulated taxable income) is amended by striking out "(other than the excess profits tax imposed by subchapter E of chapter 2 of the Internal Revenue Code of 1939 for taxable years beginning after December 31, 1940)".

(77) AMENDMENTS OF SECTION 537.—

(A) Section 537(b)(2) (relating to definition of excess business holdings redemption needs) is amended by striking out ", with respect to taxable years of the corporation ending after May 26, 1969,".

(B) Section 537(b)(4) (relating to inferences as to prior years) is amended by striking out "or (2)".

(78) AMENDMENTS OF SECTION 542.—

(A) Section 542(a)(2) (relating to definition of personal holding company) is amended by striking out the last sentence.

(B) Section 542(b)(2) (relating to ineligible affiliated group) is amended by striking out ", other than an affiliated group of railroad corporations the common parent of which would be eligible to file a consolidated return under section 141 of the Internal Revenue Code of 1939 prior to its amendment by the Revenue Act of 1942,".

(C) Section 542(c)(2) (relating to financial institutions) is amended by striking out "without regard to subparagraphs (D) and (E) thereof".

(D) Section 542(c)(8) (relating to small business investment companies) is amended by inserting after "Small Business Investment Act of 1958" the following: "(15 U.S.C. 661 and following)".

(79) AMENDMENTS OF SECTION 545.—

(A) Section 545(b)(1) (relating to deduction of taxes in computing undistributed personal holding company income) is amended—

(i) in the first sentence, by striking out "(other than the excess profits tax imposed by subchapter E of chapter 2 of the Internal Revenue Code of 1939 for taxable years beginning after December 31, 1940)"; and

(ii) by striking out the last two sentences (relating to deduction of taxes).

(B) Section 545(b) (relating to adjustments in computing undistributed personal holding company income) is amended by striking out paragraph (7) (relating to payment of indebtedness incurred before 1934).

(C) Section 545(c)(2)(A) (relating to corporations to which special adjustment applies) is amended by striking out "the date of enactment of this subsection" and inserting in lieu thereof "February 26, 1964".

(80) AMENDMENT OF SECTION 547.—Section 547 (relating to the deduction of deficiency dividends) is amended by striking out subsection (h) (relating to the effective date).

(81) AMENDMENT OF SECTION 551.—Section 551(c) (relating to foreign personal holding company income tax returns) as redesignated by subsection (b)(2)(G) of this section, is amended by striking out "taxable income, foreign personal holding company," and inserting in lieu thereof "taxable income, foreign personal holding company income,".

(82) AMENDMENT OF SECTION 556.—The first sentence of section 556(b)(1) (relating to deduction of taxes in computing undistributed foreign personal holding company income) is amended by striking out "(other than the excess profits tax imposed by subchapter E of chapter 2 of the Internal Revenue Code of 1939 for taxable years beginning after December 1, 1940)".

(83) AMENDMENT OF SECTION 564.—Section 564 (relating to dividend carryovers) is amended by striking out subsection (c) (relating to carryovers from pre-1964 years).

(84) REPEAL OF SECTION 583.—Section 583 (relating to deduction of dividends paid on certain preferred stock by banks or trust companies) is repealed.

(85) REPEAL OF SECTION 592.—Section 592 relating to the deduction by mutual savings banks for repayment of certain loans) is repealed.

(86) AMENDMENTS OF SECTION 593.—

(A) Section 593(b)(2) (relating to additions to bad debt reserves for mutual savings banks, etc.) is amended by striking out, in the table in subparagraph (A), the following:

"1969	60 percent.
1970	57 percent.
1971	54 percent.
1972	51 percent.
1973	49 percent.
1974	47 percent.
1975	45 percent."

(B) Section 593(c) (relating to reserves for mutual savings banks) is amended by striking out paragraphs (2), (3), (4), and (5), by redesignating paragraph (6) as paragraph (3), and by inserting immediately after paragraph (1) the following:

"(2) CERTAIN PRE-1963 RESERVES.—Notwithstanding the second sentence of paragraph (1), any amount allocated pursuant to paragraph (5) (as in effect immediately before the enactment of the Tax Reform Act of 1975) during a taxable year beginning before January 1, 1976, to the reserve for losses on qualifying real property loans out of the surplus, undivided profits, and bad debt reserves (determined as of December 31, 1962) attributable to the period before the first taxable year beginning after December 31, 1951, shall not be treated as a reserve for bad debts for any purpose other than determining the amount referred to in subsection (b)(1)(B), and for such purpose such amount shall be treated as remaining in such reserve."

(C) Section 593 is amended by striking out subsection (d) (relating to taxable years beginning in 1962 and ending in 1963), and by redesignating subsections (e) and (f) as subsections (d) and (e), respectively.

(D) Section 593(b)(2)(E)(i) is amended by striking out "subsection (f)" and inserting in lieu thereof "subsection (e)".

(87) REPEAL OF SECTION 601.—Subchapter H of chapter 1 (relating to banking institutions) is amended by striking out part III (relating to special deduction for bank affiliates).

(88) AMENDMENTS OF SECTION 613A.—

(A) Section 613A(b)(1)(C) (relating to exemption for certain domestic gas wells) is amended by striking out "within the meaning of section 613(b)(1)(A)".

(B) Section 613A(c)(6)(i) (relating to limitations on percentage depletion is case of oil and gas wells) is amended by striking out "determined with" and inserting in lieu thereof "determined without".

(89) AMENDMENTS OF SECTION 614.—

(A)(i) Section 614(c) (relating to aggregation of mineral interests in mines) is amended by striking out paragraph (4) (relating to special rule as to exploration deductions prior to aggregation).

(ii) The amendment made by clause (i) shall apply with respect to elections to form aggregations of operating mineral interests made under section 614(c)(1) of the Internal Revenue Code of 1954 for taxable years beginning after December 31, 1975.

(B) The third sentence of section 614(c)-(2) (relating to election to treat a single interest as more than one property) is amended to read as follows: "A separate property so formed may, under regulations prescribed by the Secretary, be included as a part of an aggregation in accordance with paragraphs (1) and (3)."

(C) Section 614(c)(3) (relating to manner and scope of election) is amended to read as follows:

"(3) MANNER AND SCOPE OF ELECTION.—The elections provided by paragraphs (1) and (2) shall be made, in accordance with regulations prescribed by the Secretary, not later than the time prescribed for filing the return (including extensions thereof) for the first taxable year—

"(A) in which, in the case of an election under paragraph (1), any expenditure for development or operation in respect of the separate operating mineral interest is made by the taxpayer after the acquisition of such interest, or

"(B) in which, in the case of an election under paragraph (2), expenditures for development or operation of more than one mine in respect of a property are made by the taxpayer after the acquisition of the property. An election made under paragraph (1) or (2) for a taxable year shall be binding upon the taxpayer for such year and all subsequent taxable years, except that the Secretary may consent to a different treatment of any interest with respect to which an election has been made."

(90) REPEAL OF SECTION 615.—Section 617(a)(2)(B) (relating to time and scope of election to deduct certain mining exploration expenditures) is amended by striking out "may not be revoked after the last day of the third month following the month in which the final regulations issued under the authority of this subsection or published in the Federal Register, unless" and inserting in lieu thereof "may not be revoked unless".

(92) REPEAL OF SECTION 632. Section 632 (relating to tax in case of sale of oil or gas properties) is repealed.

(93) REPEAL OF SECTION 683.—Section 683 (relating to application in 1954 of part I of subchapter J to estates and trust) is repealed.

(94) AMENDMENT OF SECTION 691.—Section 691(c)(1)(B) (relating to deduction for estate tax) is amended by striking out the last sentence.

(95) AMENDMENT OF SECTION 692.—The heading of section 692 (relating to income taxes of members of Armed Forces who die in a combat zone) is amended by striking out "ON" the first time it appears in the section heading and inserting in lieu thereof "OF".

(96) AMENDMENT OF SECTION 751.—Section 751(c) (relating to unrealized receivables) is amended by striking out "1245 (a), or 1250(a)," and inserting in lieu thereof "1245(a), 1250(a),".

(97) REPEAL OF SECTION 771.—Part IV of subchapter K of chapter 1 (relating to effective date in 1954 of subchapter K) is repealed.

(98) AMENDMENTS OF SECTION 802.—

(A) Section 802(a)(1) (relating to tax imposed on life insurance companies) is amended by striking out "beginning after December 31, 1957,".

(B) section 802(a)(2) (relating to alternative tax in case of capital gains) is amended by striking out "beginning after December 31, 1961,".

(C) Section 802(a) is amended by striking out paragraph (3) (relating to special rules for 1959 and 1960).

(99) AMENDMENTS OF SECTION 804.—

(A) Section 804(a) is amended by striking out paragraph (6) (relating to certain exceptions).

(B) Section 804(b)(2) (relating to short-term capital gains) is amended by striking out "In the case of a taxable year beginning after December 31, 1958, the" and inserting in lieu thereof "The".

(100) AMENDMENTS OF SECTION 805.—

(A) Section 805(b)(3)(B) (relating to average earnings rate) is amended to read as follows:

"(B) SPECIAL RULE.—For purposes of subparagraph (A), the current earnings rate for any taxable year of any company which, for such year, is an insurance company (but not a life insurance company) shall be determined as if this part applied to such company for such year."

(B) Section 805(b)(4)(B) (relating to basis of assets) is amended by striking out "(determined without regard to fair market value on December 31, 1958".

(C) Section 805(d) (relating to pension plan reserves) is amended to read as follows:

"(d) Pension Plan Reserves.—For purposes of this part, the term 'pension plan reserves' means that portion of the life insurance reserves which is allocable to contracts—

"(1) purchased under contracts entered into with trusts which (as of the time the contracts were entered into) were deemed to be (A) trusts described in section 401(a) and exempt from tax under section 501(a), or (B) trusts exempt from tax under section 165 of the Internal Revenue Code of 1939 or the corresponding provisions of prior revenue laws;

"(2) purchased under contracts entered into under plans which (as of the time the contracts were entered into) were deemed to be plans described in section 403(a), or plans meeting the requirements of sections 165(a) (3), (4), (5), and (6) of the Internal Revenue Code of 1939;

"(3) provided for employees of the life insurance company under a plan which, for the taxable year, meets the requirements of sections 401(a) (3), (4), (5), (6), (7), (8), (11), (12), (13), (14), (15), (16), (19), and (20);

"(4) purchased to provide retirement annuities for its employees by an organization which (as of the time the contracts were purchased) was an organization described in section 501(c)(3) which was exempt from tax under section 501(a) or was an organization exempt from tax under section 101(6) of the Internal Revenue Code of 1939 or the corresponding provisions of prior revenue laws, or purchased to provide retirement annuities for employees described in section 403(b)(1)(A)(ii) by an employer which is a State, a political subdivision of a State, or an agency or instrumentality of any one or more of the foregoing; or

"(5) purchased under contracts entered into with trusts which (at the time the contracts were entered into) were individual retirement accounts described in section 408(a) or under contracts entered into with individual retirement annuities described in section 408(b)."

(101) AMENDMENTS OF SECTION 809.—

(A) Section 809(b) (relating to definition of gain and loss from operations) is amended by striking out paragraph (4).

(B)(i) Section 809(d) (relating to life insurance company deductions) is amended by striking out paragraph (11) (relating to mutualization distributions before 1963), and by redesignating paragraph (12) as paragraph (11).

(ii) Section 809(e) is amended by striking out "subsection (d)(12)" and inserting in lieu thereof "subsection (d)(11)".

(C) Section 809 (relating to computation of gain and loss from operations) is amended by striking out subsection (g) (relating to deduction for certain mutualization distributions before 1963).

(102 AMENDMENT OF SECTION 812.—Section 812(b)(1) (relating to years to which operating losses of an insurance company may be carried) is amended to read as follows:

"(1) YEARS TO WHICH LOSS MAY BE CARRIED.—The loss from operations for any taxable year (hereinafter in this section referred to as the 'loss year') shall be—

"(A) an operations loss carryback to each of the 3 taxable years preceding the loss year,

"(B) an operations loss carryover to each of the 5 taxable years following the loss year, and

"(C) subject to subsection (e), if the life insurance company is a new company for the loss year, an operations loss carryover to each of the 3 taxable years following the 5 taxable years described in subparagraph (B)."

(103) AMENDMENTS OF SECTION 817.—Section 817 (relating to rules applicable to certain gains and losses) is amended by striking out subsection (c) (relating to treatment of pre-1959 capital losses) and subsection (e) (relating to certain 1958 reinsurance transactions).

(104) AMENDMENT OF SECTION 818.—Section 818 (relating to life insurance accounting provisions) is amended by striking out subsection (e) (relating to certain rules applicable to taxable years 1957, 1958, and 1959), and by redesignating subsections (f) and (g) as subsections (e) and (f), respectively.

(105) AMENDMENTS OF SECTION 819.—

(A) The first sentence of section 819(a)(2)(A) (relating to definition of minimum figure for foreign life insurance companies is amended to read as follows: "The minimum figure is the amount determined by multiplying the taxpayer's total insurance liabilities on United States business by a percentage for the taxable year to be determined and proclaimed by the Secretary."

(B) The second sentence of section 819(a)(2)(A) is amended by striking out "under clause (ii)" and inserting in lieu thereof "under the preceding sentence".

(C) Clause (i) of section 819(b)(2)(B) (relating to distributions pursuant to certain mutualizations) is amended to read as follows:

"(i) the minimum figure for 1958 determined under subsection (a)(2)(A) computed by using a percentage of 9 percent in lieu of the percentage determined and proclaimed by the Secretary, or".

(106) AMENDMENTS OF SECTION 820.—

(A) Section 820(c) (relating to optional treatment of certain reinsured policies) is amended by striking out paragraph (6) (relating to reimbursement for 1957 income taxes), and by redesignating paragraph (7) as paragraph (6).

(B) The last sentence of section 820(c) is amended by striking out "(5), and (6) and the rules prescribed under paragraph (7)" and inserting in lieu thereof "and (5) and the rules prescribed under paragraph (6)".

(107) AMENDMENTS OF SECTION 821.—

(A) Section 821(a) (relating to imposition of tax on certain mutual insurance companies) is amended by striking out "beginning after December 31, 1963,".

(B) Section 821(c)(1) (relating to alternative tax for certain small insurance companies) is amended by striking out "In the case of taxable years beginning after December 31, 1963, there is" and inserting in lieu thereof "There is".

(C) Section 821 (relating to tax on certain mutual insurance companies) is amended by striking out subsection (e) (relating to 1962 transitional rules) and by redesignating subsection (f) as subsection (e).

(108) AMENDMENTS OF SECTION 822.—

(A) Section 822(c)(5) (relating to deduction of interest) is amended by striking out "(other than obligations of the United States issued after September 24, 1917, and originally subscribed for by the taxpayer)".

(B) The last sentence of section 822(d)(2) (relating to amortization of premium and accrual of discount) is amended by striking out "For taxable years beginning after December 31, 1962, no accrual" and inserting in lieu thereof "No accrual".

(109) AMENDMENTS OF SECTION 825.—Section 825(g) (relating to unused loss deduction of certain insurance companies) is amended by striking our paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(110) AMENDMENT OF SECTION 831.—Section 831(a) (relating to tax on certain insurance companies) is amended by striking out "or the taxable income" and inserting in lieu thereof "on the taxable income."

(111) AMENDMENTS OF SECTION 832.—Paragraphs (1) and (6) of section 832(b) (relating to definitions of insurance company taxable income) are each amended by striking out "Convention" and inserting in lieu thereof "Association".

(112) AMENDMENTS OF SECTION 851.—

(A) Section 851(a)(1) (relating to definition of regulated investment company) is amended by striking out "54 Stat. 789;".

(B) Section 851(b)(1) (relating to regulated investment companies) is amended by striking out "which began after December 31, 1941".

(113) AMENDMENTS OF SECTION 852.—

(A) Subparagraph (C) of section 852(b)(3) (relating to method of taxation of regulated investment companies and their shareholders) is amended by striking out the third sentence.

(B)(i) Section 852(b)(3)(D)(iii) is amended by striking out "by 75 percent of so much of such amounts as equals the amount subject to tax in accordance with section 1201(a)(1)(A) and by 70 percent (72 percent in the case of a taxable year beginning after December 31, 1969, and before January 1, 1971) of so much of such amounts as equals the amount subject to tax in accordance with section 1201(a) (1)(B) or (2)" and inserting in lieu thereof "by 70 percent of so much of such amounts as equals the amount subject to tax in accordance with section 1201(a)".

(ii) The amendment made by clause (i) shall not be considered to affect the amount of any increase in the basis of stock under the provisions of section 852(b)(3)(D)(iii) of the Internal Revenue Code of 1954 which is based upon amounts subject to tax under section 1201 of such Code in taxable years beginning before January 1, 1975.

(C) Section 852(d) is amended by inserting after "Investment Company Act of 1940" the following: "(15 U.S.C. 80a–1 and following)".

(114) AMENDMENTS OF SECTION 856.—

(A) Section 856(c)(1) (relating to real estate investment trusts) is amended by striking out "which began after December 31, 1960".

(B) Section 856(c)(6)(D) (relating to definition of other terms) is amended by inserting after "Investment Company Act of 1940, as amended" the following: "(15 U.S.C. 80a–1 and following)".

(115) AMENDMENT OF SECTION 857.—Section 857(b)(3)(C) (relating to the taxation of capital gains in the case of real estate investment trusts) is amended by striking out the last sentence.

(116) AMENDMENTS OF SECTION 864.—

(A) Section 864(a) (relating to definitions) is amended to read as follows:

"(a) PRODUCED.—For purposes of this part, the term 'produced' includes created, fabricated, manufactured, extracted, processed, cured, or aged."

(B) Clauses (i) and (iii) of section 864(c)(4)(B) and subparagraph (C) of section 864(c)(5) (relating to effectively connected income) are each amended by striking out "sale" each place it appears and inserting in lieu thereof "sale or exchange".

(C) Section 864(c)(4)(B)(iii) (relating to effectively connected income) is amended by striking out "sold" and inserting in lieu thereof "sold or exchanged".

(117) AMENDMENTS OF SECTION 904.—

(A) Section 904(b)(1) (relating to the limitation on foreign tax credit) is amended to read as follows:

"(1) IN GENERAL.—A taxpayer may elect the limitation provided by subsection (a)(2) for any taxable year. An election under this paragraph for any taxable year shall remain in effect for all subsequent years, except that it may be revoked with the consent of the Secretary with respect to any taxable year."

(B) Section 904(b)(2) (relating to election after revocation) is amended by striking out "Except in a case to which paragraph (1)(B) applies, if" and inserting in lieu thereof "If".

(C) Section 904(d) (relating to carryback and carryover of excess foreign taxes) is amended by striking out "beginning after December 31, 1957,", and by striking out the last sentence (relating to taxable years before 1958).

(D) Section 904(f) (relating to limitation on foreign tax credit) is amended by striking out paragraph (4) (relating to certain 1962 transitional rules) and by redesignating paragraph (5) as paragraph (4).

(118) AMENDMENT OF SECTION 905.—Section 905(b) (relating to proof of foreign tax credits) is amended by striking out the last sentence (relating to the treatment of certain royalty payments).

(119) AMENDMENT OF SECTION 911.—Section 911(c) (relating to earned income from sources without the United States) is amended by striking out paragraph (7) (relating to taxable years ending in 1963, 1964, or 1965).

(120) AMENDMENT OF SECTION 921.—Section 921 (relating to definition of Western Hemisphere Trade Corporation) is amended by striking out the last sentence (relating to taxable years before 1954).

(121) AMENDMENTS OF SECTION 931.—Section 931 (relating to income from sources within possession) is amended by striking out subsection (h) (relating to certain persons taken as prisoners of war while working in a possession), and by redesignating subsection (i) as subsection (h).

(122) AMENDMENT OF SECTION 934.—Section 934(b) (relating to gross income received by a corporation from the Virgin Islands) is amended by striking out the last sentence.

(123) AMENDMENT OF SECTION 951.—Section 951(a)(1) (relating to treatment of subpart F income) is amended by striking out "beginning after December 31, 1962".

(124) REPEAL OF SECTION 972.—Section 972 (relating to consolidation of export trade corporations is repealed.

(125) AMENDMENTS OF SECTION 981.—

(A) Section 981(a) (relating to election with respect to income subject to foreign community property laws) is amended by striking out "beginning after December 31, 1966".

(B) Section 981 is amended by striking out subsection (c) (relating to election for pre-1967 years) and by redesignating subsections (d) and (e) as subsections (c) and (d), respectively.

(C) Section 981(c) (relating to time for making election), as redesignated by subparagraph (B) of this paragraph, is amended by striking out "or (c)" each place it appears in paragraphs (1) and (2), and by striking out paragraphs (3) and redesignating paragraph (4) as paragraph (3).

(D) Section 981 (d)(2) relating to open years), as redesignated by subparagraph (B) of this paragraph, is amended by striking out "or (c), as the case may be".

(E) Section 981(d)(4) (relating to special rules), as redesignated by subparagraph (B) of this paragraph, is amended by striking out "and in determining under subsection (c)(2) which spouse has the greater income for a taxable year,".

(126) AMENDMENT OF SECTION 1001.—Section 1001(c) (relating to recognition of gain or loss) is amended to read as follows:

"(c) RECOGNITION OF GAIN OR LOSS.—Except as otherwise provided in this subtitle, the entire amount of the gain or loss, determined under this section, on the sale or exchange of property shall be recognized."

(127) AMENDMENTS OF SECTION 1015.—

(A) Subparagraph (A) of section 1015(d)(1) (relating to increased basis for gift tax paid) is amended by striking out "the date of the enactment of the Technical Amendments Act of 1958" and inserting in lieu thereof "September 2, 1958".

(B) Subparagraph (B) of section 1015(d)(1) is amended by striking out "the date of the enactment of the Technical Amendments Act of 1958" and inserting in lieu thereof "September 2, 1958,".

(128) AMENDMENT OF SECTION 1016.—Section 1016(a) (relating to adjustments to basis) is amended by striking out paragraph (19).

(129) AMENDMENT OF SECTION 1018.—Section 1018 (relating to adjustment of capital structure before September 22, 1938) is amended by striking out "54 Stat. 709;".

(130) REPEAL OF SECTION 1020.—Section 1020 (relating to election in respect of depreciation allowed before 1952) is repealed.

(131) REPEAL OF SECTION 1022.—

(A) Section 1022 (relating to the basis of certain foreign personal holding company stock) is repealed.

(B) The repeal made by subparagraph (A) shall apply with respect to stock or securities acquired from a decedent dying after the date of the enactment of this Act.

(132) AMENDMENT OF SECTION 1023.—Section 1023 (containing cross references) is amended by striking out paragraph (4).

(133) AMENDMENTS OF SECTION 1033.—

(A) Section 1033(a) (relating to involuntary conversions) is amended by striking out paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(B) Section 1033(a)(2) (relating to conversion into money), as redesignated by subparagraph (A) of this paragraph, is amended—

(i) by striking out "WHERE DISPOSITION OCCURRED AFTER 1950" in the paragraph heading,

(ii) by striking out "and the disposition of the converted property (as defined in paragraph (2)) occurred after December 31, 1950," in the text; and

(iii) by adding at the end thereof the following new subparagraph:

"(E) DEFINITIONS.—For purposes of this paragraph—

"(i) CONTROL.—The term 'control' means the ownership of stock possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote and at least 80 percent of the total number of shares of all other classes of stock of the corporation.

"(ii) DISPOSITION OF THE CONVERTED PROPERTY.—The term 'disposition of the converted property' means the destruction, theft, seizure, requisition, or condemnation of the converted property, or the sale or exchange of such property under threat or imminence of requisition or condemnation."

(C) Section 1033 (relating to involuntary conversions) is amended by striking out subsection (b) (relating to certain conversions occurring before 1954) and by redesignating subsections (c), (d), (e), (f), (g), and (h), as subsections (b), (c), (d), (e), (f), and (g), respectively.

(D) The first sentence of section 1033(b) (relating to basis of a property acquired through involuntary conversions), as redesignated by subparagraph (C) of this paragraph, is amended by striking out "or (2)" and inserting in lieu thereof "or section 112(f)(2) of the Internal Revenue Code of 1939".

(E) Section 1033(f)(2) (relating to condemnation of real property), as redesignated by subparagraph (C) of this paragraph, is amended to read as follows:

"(2) LIMITATION.—Paragraph (1) shall not apply to the purchase of stock in the acquisition of control of a corporation described in subsection (a)(2)(A)."

(134) AMENDMENTS OF SECTION 1034.—

(A) Section 1034(a) (relating to gain on sale of residence) is amended by striking out "after December 31, 1953,".

(B) Section 1034(b) (relating to definition of adjusted sales price) is amended by striking out paragraph (3) (relating to effective date of subsection (b)).

(C) Section 1034(d) (relating to certain limitations) is amended by striking out "or section 112(n) of the Internal Revenue Code of 1939".

(D) Section 1034(i) (relating to involuntary conversions) is amended to read as follows:

"(i) SPECIAL RULE FOR CONDEMNATION.—In the case of the seizure, requisition, or condemnation of a residence, or the sale or exchange of a residence under threat or imminence thereof, the provisions of this section, in lieu of section 1033 (relating to involuntary conversions), shall be applicable if the taxpayer so elects. If such election is made, such seizure, requisition, or condemnation shall be treated as the sale of the residence. Such election shall be made at such time and in such manner as the Secretary shall prescribe by regulations."

(E) Section 1034(j) (relating to statute of limitations) is amended by striking out "after December 31, 1950,".

(135) AMENDMENT OF SECTION 1037.—Section 1037(b)(1) (relating to certain exchanges of United States obligations) is amended by striking out "section 1232(a)(2)(A)" and inserting in lieu thereof "section 1232(a)(2)(B)".

(136) AMENDMENT OF SECTION 1051.—Section 1051 (relating to property acquired before 1929 during affiliation) is amended by striking out the last two sentences.

(137) AMENDMENTS OF SECTION 1081.—

(A) Subsection (c) of section 1081 (relating to distributions required by the SEC) is amended to read as follows:

"(c) DISTRIBUTION OF STOCK OR SECURITIES ONLY.—If there is distributed, in obedience to an order of the Securities and Exchange Commission, to a shareholder in a corporation which is a registered holding company or a majority-owned subsidiary company, stock or securities (other than stock or securities which are nonexempt property), without the surrender by such shareholder of stock or securities in such corporation, no gain to the distributee from the receipt of the stock or securities so distributed shall be recognized."

(B) Section 1081(f) (relating to conditions for application of section) is amended by striking out "Except in the case of a distribution described in subsection (c)(2), the provisions" and inserting in lieu thereof "The provisions", and by striking out "49 Stat. 820;".

(C) Section 1081(g) (relating to applicability of other provisions) is amended by striking out "If a distribution described in subsection (c)(2), or an" and inserting in lieu thereof "If an", and by striking out the comma after "Commission".

(138) AMENDMENTS OF SECTION 1083.—

(A) Section 1083(a) is amended by striking out "49 Stat. 820;".

(B) Section 1083(b) is amended by striking out "49 Stat. 804;".

(C) Section 1083(e)(4) is amended by striking out "49 Stat. 820;".

(139) Repeal of section 1111.—Part IX of subchapter O of chapter 1 (relating to distributions pursuant to orders enforcing the antitrust laws) is repealed.

(140) Amendments of section 1201.—

(A) Section 1201(a) (relating to the alternative tax on capital gain) is amended to read as follows:

"(a) Corporations.—If for any taxable year a corporation has a net capital gain, then, in lieu of the tax imposed by sections 11, 511, 821(a) or (c), and 831(a), there is hereby imposed a tax (if such tax is less than the tax imposed by such sections) which shall consist of the sum of—

"(1) a tax computed on the taxable income reduced by the amount of the net capital gain, at the rates and in the manner as if this subsection had not been enacted, plus

"(2) a tax of 30 percent of the net capital gain."

(B) Section 1201(c) (relating to computation of alternative tax) is amended to read as follows:

"(c) Computation of Tax Where Capital Gain Exceeds $50,000.—The tax computed for purposes of subsection (b)(3) shall be the amount by which a tax determined under section 1 or 511 on an amount equal to the taxable income (but not less than 50 percent of the net capital gain) for the taxable year exceeds a tax determined under section 1 or 511 on an amount equal to the sum of (A) the amount subject to tax under subsection (b)(1) plus (B) an amount equal to 50 percent of the sum referred to in subsection (b)(2)(A)."

(C)(i) Section 1201 is amended by striking out subsection (d) (relating to the definition of subsection (d) gain) and by redesignating subsection (e) as subsection (d).

(ii) Section 1201(b)(2)(A) (relating to alternative tax on noncorporate taxpayers) is amended by striking out "the amount of the subsection (d) gain" and inserting in lieu thereof "the sum of the long-term capital gains for the taxable year, but not to exceed $50,000 ($25,000 in the case of a married individual filing a separate return)".

(iii) Section 1201(b)(3) is amended by striking out "the amount of the subsection (d) gain" and inserting in lieu thereof "the sum referred to in subparagraph (A)".

(141) Amendments of section 1222.—

(A) Paragraph (9) of section 1222 (relating to definition of terms applicable to capital gains and losses) is amended to read as follows:

"(9) Capital gain net income.—The term 'capital gain net income' means the excess of the gains from sales or exchanges of capital assets over the losses from such sales or exchanges."

(B) Paragraph (11) of section 1222 (relating to definition of terms applicable to capital gains and losses) is amended to read as follows:

"(11) Net capital gain.—The term 'net capital gain' means the excess of the net long-term capital gain for the taxable year over the net short-term capital loss for such year."

(142) Amendment of section 1233.—Section 1233(c) (relating to certain options to sell) is amended by striking out "the date of enactment of this title" and inserting in lieu thereof "August 16, 1954".

(143) Amendment of section 1237.—Section 1237 (relating to real property subdivided for sale) is amended by striking out subsection (d) (relating to effective date).

(144) Amendment of section 1239.—Section 1239 is amended by striking out subsection (c) (relating to effective date).

(145) Repeal of section 1240.—Section 1240 (relating to taxability to employee of certain termination payments) is repealed.

(146) Amendment of section 1245.—Section 1245(b)(7)(B) (relating to transfer to tax-exempt organization where property will be used in unrelated business) is amended by striking out "such organization acquiring such property,".

(147) Amendment of section 1246.—Section 1246(f) (relating to gain on foreign investment company stock) is amended by striking out "beginning after December 31, 1962".

(148) Amendment of section 1311.—Paragraphs (2)(A), (2)(B), and (3) of section 1311(b) (relating to mitigation of effect of limitations) are each amended by striking out "Tax Court of the United States" and inserting in lieu thereof "Tax Court".

(149) Repeal of section 1315.—Section 1315 (relating to effective date of part II of subchapter Q of chapter 1) is repealed.

(150) Repeal of section 1321.—Part III of subchapter Q of chapter 1 (relating to involuntary liquidation of LIFO inventories) is repealed.

(151) Repeal of sections 1331 through 1337.—

(A) Part IV of subchapter Q of chapter 1 (relating to war loss recoveries) is repealed.

(B) The repeal by subparagraph (A) shall apply with respect to war loss recoveries in taxable years beginning after December 31, 1976.

(152) Amendment of section 1341.—Section 1341(b)(2) (relating to claim of right) is amended by striking out the last sentence.

(153) Repeal of section 1342.—Section 1342 (relating to computation of tax on certain amounts recovered as a result of a patent infringement suit) is repealed.

(154) Repeal of section 1346.—Section 1346 (relating to recovery of unconstitutional Federal taxes) is repealed.

(155) Amendments of section 1348.—

(A) Paragraphs (1) and (2) of section 1348 (a) (relating to 50-percent maximum rate on earned income) are amended to read as follows:

"(1) the tax imposed by section 1 on the highest amount of taxable income on which the rate of tax is not more than 50 percent,

"(2) 50 percent of the amount by which his earned taxable income exceeds the amount of taxable income specified in paragraph (1) of this subsection, and".

(B) Section 1348(a) is further amended by striking out the last sentence thereof.

(156) Amendments of section 1372.—

(A) Section 1372(b)(1) (relating to effect of election under subchapter S) is amended by striking out "(other than the tax imposed by section 1378)" and inserting in lieu thereof "(other than as provided by section 58(d)(2) and by section 1378)".

(B) Section 1372(c) (relating to subchapter S elections by small business corporations) is amended to read as follows:

"(c) Where and How Made.—An election under subsection (a) may be made by a small business corporation for any taxable year at any time during the first month of such taxable year, or at any time during the month preceding such first month. Such election shall be made in such manner as the Secretary shall prescribe by regulations."

(C) Section 1372 is amended by striking out subsection (g) (relating to certain elections for years beginning before 1961).

(157) Amendments of section 1374.—

(A) Section 1374(b) (relating to net operating losses of subchapter S corporations) is amended by adding at the end thereof the following new sentence: "The deduction allowed by this subsection shall, for purposes of this chapter, be considered as a deduction attributable to a trade or business carried on by the shareholder."

(B) Subsection (d) of section 1374 (relating to treatment of net operating losses of subchapter S corporations) is repealed.

(158) Amendments of section 1375.—

(A) The heading of subsection (b) of section 1375 is amended by striking out "Received Credit Not Allowed" and inserting in lieu thereof "Not Treated as Such for Certain Purposes".

(B) Section 1375(f) (relating to elections as to certain distributions) is amended by striking out paragraph (3).

(159) Amendment of section 1378.—Section 1378(b) (relating to the taxation of capital gain in the case of electing small business corporations) is amended by striking out the last sentence.

(160) Amendments of section 1388.—

(A) Section 1388(c)(2)(B)(i) (relating to patronage dividends) is amended by striking out "the date of the enactment of the Revenue Act of 1962" and inserting in lieu thereof "October 16, 1962".

(B) Section 1388(h)(2)(B)(i) (relating to per-unit retain certificates) is amended by striking out "the date of the enactment of this subsection" and inserting in lieu thereof "November 13, 1966".

(161) Amendments of section 1401.—

(A) Section 1401 (a) (relating to rate of tax on self-employment income) is amended to read as follows:

"(a) Old-Age, Survivors, and Disability Insurance.—In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax equal to 7.0 percent of the amount of the self-employment income for such taxable year."

(B) Section 1401(b) (relating to rate of tax on self-employment income for hospital insurance) is amended by striking out paragraphs (1) and (2) and by redesignating paragraphs (3), (4), (5), and (6), as paragraphs (1), (2), (3), and (4), respectively.

(162) Amendments of section 1402.—

(A) Paragraph (1) of section 1402(b) (relating to definition of self-employment income) is amended to read as follows:

"(1) that part of the net earnings from self-employment which is in excess of (i) an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for the calendar year in which such taxable year begins, minus (ii) the amount of the wages paid to such individual during such taxable year; or".

(B) Section 1402 is amended by striking out subsection (g) (relating to treatment of self-employment income for years prior to 1962), and by redesignating subsections (h) and (i) as subsections (g) and (h), respectively.

(C) Section 1402(g)(2) (relating to self-employment income of members of certain religious faiths), as redesignated by subparagraph (B) of this paragraph, is amended to read as follows:

"(2) Time for filing application.—For purposes of this subsection, an application must be filed on or before the time prescribed for filing the return (including any extension thereof) for the first taxable year for which the individual has self-employment income (determined without regard to this subsection or subsection (c)(6)), except that an application filed after such date but on or before the last day of the third calendar month following the calendar month in which the taxpayer is first notified in writing by the Secretary that a timely application for an exemption from the tax imposed by this chapter has not been filed by him shall be deemed to be filed timely."

(163) Repeal of section 1465.—Section 1465 relating to definition of withholding agent) is repealed.

(164) Amendments of section 1481.—

(A) Section 1481(a)(1)(A) (relating to mitigation of effect of renegotiation of Government contracts) is amended by striking out "within the meaning of the Federal renegotiation act applicable to such transaction" and inserting in lieu thereof "within the meaning of the Renegotiation Act of 1951, as amended (50 U.S.C. App. 1211 and following)".

(B) Section 1481(a)(1) (relating to renegotiation) is amended by striking out subparagraph (D).

(C) Subparagraphs (B) and (C) of section 1481(a)(1) are each amended by striking out "applicable Federal renegotiation act" and inserting in lieu thereof "Renegotiation Act of 1951, as amended".

(165) Amendment of section 1551.—Section 1551(a) (relating to disallowance of surtax exemption) is amended by striking out "determined under subsection (d)" and inserting in lieu thereof "determined under subsection (c)".

(166) Amendment of section 1552.—The first sentence of section 1552(a) (relating to earnings and profits of an affiliated group) is amended by striking out "beginning after December 31, 1953, and ending after the date of the enactment of this title,".

(b) Conforming and clerical amendments.—

(1) Amendments conforming to repeal of sections 35 and 242.—

(A) Section 36 is amended by striking out "32, 33, and 35" and inserting in lieu thereof "32 and 33".

(B) Section 37(a) is amended by striking out ", section 33 (relating to foreign tax credit), and section 35 (relating to partially tax-exempt interest)" and inserting in lieu thereof "and section 33 (relating to foreign tax credit)".

(C) Section 41(b)(2) is amended by striking out "section 35 (relating to partially tax-exempt interest),".

(D) Section 46(a)(3) is amended by striking out subparagraph (B), by inserting "and" at the end of subparagraph (A), and by redesignating subparagraph (C) as subparagraph (B).

(E) Section 50A(a)(3) is amended by striking out subparagraph (B) and redesignating subparagraphs (C), (D), and (E), as subparagraphs (B), (C), and (D), respectively.

(F)(i) The heading of paragraph (1) of section 171(a) is amended to read "(1) Taxable bonds.—".

(ii) The heading of paragraph (2) of section 171(a) is amended to read "(2) Tax-exempt bonds.—".

(iii) Section 171(a) is amended by striking out paragraph (3) and by redesignating paragraph (4) as paragraph (3).

(iv) Section 171(b)(1)(B)(ii) is amended by striking out "subsection (c)(1)(B)" and inserting in lieu thereof "subsection (a)(1)".

(v) So much of section 171(c) as precedes paragraph (2) is amended to read as follows:

"(c) Election as to Taxable Bonds.—

"(1) Eligibility to elect; bonds with respect to which election permitted.—In the case of bonds the interest on which is not excludable from gross income, this section shall apply only if the taxpayer has so elected."

(G) Section 172(d)(5) is amended by striking out "under section 242 (relating to partially tax-exempt interest) or".

(H)(i) Section 551 is amended by striking out subsection (c), and by redesignating subsections (d), (e), (f), and (g), as subsections (c), (d), (e), and (f), respectively.

(ii) Section 1016(a)(13) is amended by striking out "section 551(f)" and inserting in lieu thereof "section 551(e)".

(I) Section 584(c)(2) is amended to read as follows:

"(2) Dividends received.—The proportionate share of each participant in the amount of dividends received by the common trust fund and to which section 116 applies shall be considered for purposes of such section as having been received by such participant."

(J)(i) Section 642(a) is amended by striking out paragraph (1), and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(ii) Section 41(d) is amended by striking out "section 462(a)(3)" and inserting in lieu thereof "section 642(a)(2)".

(iii) Section 901(g)(3) is amended by striking out "section 642(a)(2)" and inserting in lieu thereof "section 642(a)(1)".

(K)(i) Section 702(a) is amended by striking out paragraph (7) and by redesignating paragraphs (8) and (9) as paragraphs (7) and (8), respectively.

(ii) Section 702(b) is amended by striking out "paragraphs (1) through (8)" and inserting in lieu thereof "paragraphs (1) through (7)".

(iii) Section 704(b) is amended by striking out "section 702(a)(9)" and inserting in lieu thereof "section 702(a)(8)".

(iv) Section 1402(a) is amended by striking out "702(a)(9)" each place it appears and inserting in lieu thereof "702(a)(8)".

(L)(i) Section 804(a) is amended by striking out paragraph (3), and by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

(ii) Section 243(b)(3)(C)(iii), as redesignated by paragraph (19)(A) of this subsection, is amended by striking out "sections 804(a)(4)" and inserting in lieu thereof "sections 804(a)(3)".

(iii) Section 804(a)(2) is amended by striking out "paragraph (5)" and inserting in lieu thereof "paragraph (4)", and by striking out "paragraph (4)" and inserting in lieu thereof "paragraph (3)".

(iv) Section 809(d)(10) is amended by striking out "section 804(a)(4)" and writing in lieu thereof "section 804(a)(3)".

(v) Section 1561(a)(3) is amended by striking out "sections 804(a)(4)" and inserting in lieu thereof "sections 804(a)(3)".

(vi) Section 1564(a)(1)(C) is amended by striking out "sections 804(a)(4)" and inserting in lieu thereof "section 804(a)(3)".

(M) Section 804(a)(2)(A) is amended by striking out clause (ii), by inserting "and" at the end of clause (i), and by redesignating clause (iii) as clause (ii).

(N)(i) Section 809(d)(8)(A) is amended by striking out clause (ii), by inserting "and" at the end of clause (i), and by redesignating clause (iii) as clause (ii).

(ii) Section 809(d)(8)(B) is amended by striking out "subparagraph (A)(iii)" and inserting in lieu thereof "subparagraph (A)(ii)".

(O) Sections 804(a)(1), 804(a)(2), 809(a)(1), 809(b)(1)(A), and 809(b)(2)(A) are each amended by striking out ", partially tax-exempt interest,".

(P) Section 809(e) is amended by striking out paragraph (6), and by redesignating paragraph (7) as paragraph (6)

(Q) Section 815(b)(2)(A)(iii) is amended by striking out "the deduction for partially tax-exempt interest provided by section 242 (as modified by section 804(a)(3))," and by striking out the comma after "809(d)(8)(B))".

(R) Section 822(c)(2) is amended by striking out "partially tax-exempt interest and".

(S) Section 822(c)(6)(A) is amended by striking out "or to the deduction provided in section 242 for partially tax-exempt interest".

(T) Section 822(c)(7) is amended by striking out "partially tax-exempt interest and to".

(U) Section 822(d)(2) is amended by striking out ", the deduction provided in subsection (c)(1), and the deduction allowed by section 242 (relating to partially tax-exempt interest)" and inserting in lieu thereof "and the deduction provided in subsection (c)(1)".

(V) Section 832(c)(5)(A) is amended by striking out "or to the deductions provided in section 242 for partially tax-exempt interest".

(W) Section 832(c)(12) is amended by striking out "partially tax-exempt interest and to".

(X) Sections 852(b)(1) and 857(b)(1) are each amended by striking out the last sentence.

(Y) Section 1244(c)(1)(E) is amended by striking out "sections 172, 242, 243" and inserting in lieu thereof "sections 172, 243".

(Z) Section 1402(a)(2) is amended by striking out "(other than interest described in section 35)".

(AA) Section 1503(b)(3) is amended by striking out subparagraph (C).

(BB) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by striking out the item relating to section 35.

(CC) The table of sections for part VIII of subchapter B of chapter 1 is amended by striking out the item relating to section 242.

(2) Amendment conforming to repeal of section 51.—The table of parts for subchapter A of chapter 1 is amended by striking out the item relating to part V.

(3) Amendments conforming to amendments of section 57.—

(A) Section 48(d)(4)(D) is amended by striking out "section 57(c)(2)" and inserting in lieu thereof "section 57(b)(2)".

(B) Section 703(b) is amended by striking out "section 57(c)" and inserting in lieu thereof "section 57(b)".

(4) Amendments conforming to additions of sections 64 and 65.—

(A) Paragraphs (1)(C), (5)(A), (6)(D), and (12) of section 341(e) are each amended by striking out "gain from the sale or exchange of property which is neither a capital asset nor property described in section 1231(b)" each place it appears and inserting in lieu thereof "ordinary income".

(B) Section 483(f)(3) is amended by striking out "no part of any gain on such" and inserting in lieu thereof "all of the gain, if any, on such" and by striking out "gain from the sale or exchange of a capital asset or property described in section 1231" and inserting in lieu thereof "ordinary income".

(C) Section 707(b)(2) is amended by striking out "as gain from the sale or exchange of property other than a capital asset" and inserting in lieu thereof "as ordinary income".

(D) Paragraphs (1) and (2) of section 735(a) are each amended by striking out "gain or loss from the sale or exchange of property other than a capital asset" and inserting in lieu thereof "as ordinary income or as ordinary loss, as the case may be".

(E) Section 1234(d)(2) is amended by striking out "other than gain from the sale or exchange of a capital asset" and inserting in lieu thereof "ordinary income".

(F) Section 1236(b) is amended by striking out "loss from the sale or exchange of property which is not a capital asset" and inserting in lieu thereof "ordinary loss".

(G) Sections 1242 and 1243 are each amended by striking out "a loss from the sale or exchange of property which is not a capital asset" each place it appears and inserting in lieu thereof "an ordinary loss".

(H) Section 1244 is amended by striking out "a loss from the sale or exchange of an asset which is not a capital asset" each place it appears and inserting in lieu thereof "an ordinary loss".

(I) Section 1248 (f)(3)(B) is amended by striking out "gain from the sale of an asset which is not a capital asset" and inserting "ordinary income".

(J) The following provisions are each amended by striking out "gain from the sale or exchange of property which is not a capital asset" each place it appears and inserting in lieu thereof "ordinary income": sections 341(a), 871(a)(1)(C) (i) and (ii), 881(a)(3) (A) and (B), 996(d) (1) and (2), 1037(b)(1)

(A), 1232(a) (2) (A) and (B), 1232(c), 1246 (a), and 1385(c) (2) (C).

(K) The following provisions are each amended by striking out "gain from the sale of property which is not a capital asset" and inserting in lieu thereof "ordinary income": sections 306(a) (1) (A), 306(a) (1) (B), and 306(f).

(L) The following provisions are each amended by striking out "gain from the sale or exchange of property which is neither a capital asset nor property described in section 1231" each place it appears and inserting in lieu thereof "ordinary income": sections 80(c) (1), 163(d) (3) and (5), 613(a), 617 (d) (1), 995(b) (1) (C), 1238, 1239(a), 1245 (a) (1), 1249(a), 1250 (a), (f), and (g), 1251 (b) (3) (B), (c) (1), and (c) (2), and 1252(a) (1).

(M) The table of sections for part I of subchapter B of chapter 1 is amended by adding at the end thereof the following new items:

"Sec. 64. Ordinary income defined.
"Sec. 65. Ordinary loss defined."

(5) AMENDMENT CONFORMING TO REPEAL OF SECTION 76.—The table of sections for part II of subchapter B of chapter 1 is amended by striking out the item relating to section 76.

(6) AMENDMENT CONFORMING TO AMENDMENT OF SECTION 103.—Section 6049(b) (2) (A) is amended by striking out "section 103 (a) (1) or (3)" and inserting in lieu thereof "section 103(a)".

(7) AMENDMENTS CONFORMING TO AMENDMENT OF SECTION 143.—

(A) (i) Part V of subchapter B of chapter 1 is amended by striking out section 153 (relating to determination of marital status) and by redesignating section 154 as section 153.

(ii) The table of sections for part V of subchapter B of chapter 1 is amended by striking out the items relating to sections 153 and 154 and inserting in lieu thereof the following:

"Sec. 153. Cross references."

(B) Section 152(a) (9) is amended by striking out "section 153" and inserting in lieu thereof "section 143".

(C) Section 153, as redesignated by subparagraph (A) of this paragraph, is amended by adding at the end thereof the following new paragraph:

"(5) For determination of marital status, see section 143."

(8) AMENDMENTS CONFORMING TO AMENDMENT OF SECTION 151.—

(A) The following provisions are each amended by striking out "educational institution (as defined in section 151(e) (4))" each place it appears and inserting in lieu thereof "educational organization described in section 170(b) (1) (A) (ii)": sections 117 (a) (1) (A) and (b) (1), 152(d), 170(g) (1) (B) (as redesignated by subsection (a) (29) (A) (i) of this section), and 403(b) (1) (A) (ii).

(B) Section 103(c) (3) (A), as redesignated by subsection (a) (18) of this section, is amended by striking out "educational institution (within the meaning of section 151 (e) (4))" and inserting in lieu thereof "educational organization described in section 170(b) (1) (A) (iii)".

(C) Section 163(b)1 is amended by striking out "educational institution as defined in section 151(e) (4)) and which is provided for a student of such institution" and inserting in lieu thereof "educational organization described in section 170(b) (1) (A) (ii)) and which is provided for a student of such organization".

(D) (i) Subparagraphs (A), (B), and (C) of section 415(c) (4) are each amended by striking out "educational institution" each place it appears and inserting in lieu thereof "educational organization".

(ii) Subparagraph (D) (ii) of section 415 (c) (4) is amended to read as follows:

"(ii) For purposes of this paragraph the term 'educational organization' means an educational organization described in section 170(b) (1) (A) (ii)."

(iii) Section 415(c) (4) is amended by striking out "EDUCATIONAL INSTITUTIONS" from the paragraph heading and inserting in lieu thereof "EDUCATIONAL ORGANIZATIONS".

(E) Section 508(c) (2) (A) is amended to read as follows:

"(A) educational organizations described in section 170(b) (1) (A) (ii), and".

(F) Section 512(b) (15) (B), as redesignated by section 1351(b) (8) (A) of this Act, is amended by striking out "educational institution (as defined in section 151(e) (4))" and inserting in lieu thereof "educational organization described in section 170 (b) (1) (A) (ii)".

(G) Section 1303(d) is amended by striking out "educational institution (as defined in section 151(e) (4))" each place it appears and inserting in lieu thereof "educational organization described in section 170 (b) (1) (A) (ii)".

(H) Sections 4941(d) (2) (G) (ii) and 4945 (g) (1) each are amended by striking out "educational institution described in section 151(e) (4)" and inserting in lieu thereof "educational organization described in section 170(b) (1) (A) (ii)".

(9) Amendments conforming to the amendments of section 152.—Section 2(b) (3) (B) is amended by striking out clause (ii), by adding "or" at the end of clause (i), and by redesignating clause (iii) as clause (ii).

(10) Amendments conforming to the repeal of section 342.—

(A) Section 551(f), as redesignated by paragraph (1) (H) of this subsection, is amended by striking out paragraph (3).

(B) The table of subparts for part II of subchapter C of chapter 1 is amended by striking out the item relating to subpart C and inserting in lieu thereof:

"Subpart C. Collapsible corporations."

(C) The table of sections for subpart C of part II of subchapter C of chapter I is amended by striking out the item relating to section 342.

(D) The heading of subpart C of part II of subchapter C of chapter 1 is amended to read as follows:

"Subpart C—Collapsible Corporations"

(11) Amendment conforming to the repeal of section 363.—The table of sections for subpart C of part III of subchapter C of chapter 1 is amended by striking out the item relating to section 363.

(12) Amendments conforming to the repeal of section 373.—

(A) Section 372(b) (1) is amended by striking out "373(b) or".

(B) Section 374(b) is amended to read as follows:

"(b) Basis.—

"(1) Railroad corporations.—If the property of a railroad corporation, as defined in section 77(m) of the Bankruptcy Act (11 U.S.C. 205(m)), was acquired after December 31, 1938, in pursuance of an order of the court having jurisdiction of such corporation—

"(A) in a receivership proceeding, or

"(B) in a proceeding under section 77 of the Bankruptcy Act,

and the acquiring corporation is a railroad corporation (as defined in section 77(m) of the Bankruptcy Act) organized or made use of to effectuate a plan of reorganization approved by the court in such proceeding, the basis shall be the same as it would be in the hands of the railroad corporation whose property was so acquired, increased in the amount of gain recognized under subsection (a) (2) to the transferor on such transfer.

"(2) PROPERTY ACQUIRED BY STREET, SUBURBAN, OR INTERURBAN ELECTRIC RAILWAY CORPORATION.—If the property of any street, suburban, or interurban electric railway corporation engaged as a common carrier in the transportation of persons or property in interstate commerce was acquired after December 31, 1934, in pursuance of an order of the court having jurisdiction of such corporation in a proceeding under section 77 of the Bankruptcy Act (11 U.S.C. 501 and following), and the acquiring corporation is a street, suburban, or interurban electric railway engaged as a common carrier in the tranportation of persons or property in interstate commerce, organized or made use of to effectuate a plan of reorganization approved by the court in such proceeding, then, notwithstanding the provisions of section 270 of the Bankruptcy Act (11 U.S.C. 670), the basis shall be the same as it would be in the hands of the corporation whose property was so acquired."

(C) Section 1232(b) (2) is amended by striking out "section 371, 373, or 374" and inserting in lieu thereof "section 371 or 374".

(D) The table of sections for part IV of subchapter C of chapter 1 is amended by striking out the item relating to section 373.

(13) AMENDMENT CONFORMING TO REPEAL OF SECTIONS 391 THROUGH 395.—The table of parts for subchapter C of chapter 1 is amended by striking out the item relating to part VII.

(14) AMENDMENT CONFORMING TO REPEAL OF SECTION 406.—The table of sections for part I of subchapter D of chapter 1 is amended by striking out the item relating to section 406.

(15) AMENDMENT CONFORMING TO THE AMENDMENTS OF SECTION 481.—Section 381 (c) is amended by striking out paragraph (21).

(16) AMENDMENT CONFORMING TO THE AMENDMENTS OF SECTION 545.—Section 381 (c) (15) is amended by striking out "subsections (b) (7) and (c)" and inserting in lieu thereof "subsection (c)".

(17) AMENDMENT CONFORMING TO THE REPEAL OF SECTION 583.—The table of sections for part I of subchapter H of chapter 1 is amended by striking out the item relating to section 583.

(18) AMENDMENT CONFORMING TO THE REPEAL OF SECTION 592.—The table of sections for part II of subchapter H of chapter 1 is amended by striking out the item relating to section 592.

(19) AMENDMENTS CONFORMING TO THE REPEAL OF SECTION 601.—

(A) Section 535(b) is amended by striking out paragraph (8).

(B) (i) Section 545(b) is amended by striking out paragraph (6), and by redesignating paragraph (8) as paragraph (6).

(ii) Section 545(b) (2) is amended by striking out "paragraph (8)" and inserting in lieu thereof "paragraph (6)".

(iii) Section 545(c) (5) is amended by striking out "subsection (b) (8)" and inserting in lieu thereof "subsection (b) (6)".

(C) The table of parts for subchapter H of chapter 1 is amended by striking out the item relating to part III.

(20) AMENDMENTS CONFORMING TO THE REPEAL OF SECTION 615.—

(A) (i) Section 243(b) (3) (C) is amended—

(I) by striking out clauses (ii) and (iii) and inserting in lieu thereof the following:

"(ii) $400,000 limitation for certain expenditures under section 617(h) (1),", and

(II) by redesignating clauses (iv) and (v) as clauses (iii) and (iv), respectively.

(ii) Section 1564(b) (2) (C) is amended by striking out "section 243(b) (3) (C) (v)" and inserting in lieu thereof "243(b) (3) (C) (iv)".

(B) Section 81(c) (10) is amended to read as follows:

"(10) TREATMENT OF CERTAIN MINING DEVELOPMENT AND EXPLORATION EXPENSES OF DISTRIBUTOR OR TRANSFEROR CORPORATION.—The acquiring corporation shall be entitled to deduct, as if it were the distributor or transferor corporation, expenses deferred under section 616 (relating to certain development expenditures) if the distributor or transferor corporation has so elected. For the purpose of applying the limitation provided in section 617(h), if, for any taxable year, the distributor or transferor corporation was allowed a deduction under section 617(a), the acquiring corporation shall be deemed to have been allowed such deduction."

(C) Section 617(h) (1) is amended by striking out "and section 615(a) and the amounts which are or have been treated as deferred expenses under section 615(b)" and inserting in lieu thereof "and subsection (a) of section 615 (as in effect before the enactment of the Tax Reform Act of 1975)".

(D) Section 617(h) (3) is amended to read as follows:

"(3) Application of paragraph (2) (B).—Paragraph (2) (B) shall apply with respect to all amounts deducted before the latest such transfer from the individual or corporation to the taxpayer. Paragraph (2) (B) shall apply only if—

"(A) the taxpayer acquired any mineral property from the individual or corporation under circumstances which make paragraph (7), (8), (11), (15), (17), (20), or (22) of section 113(a) of the Internal Revenue Code of 1939 apply to such transfer; or

"(B) the taxpayer acquired any mineral property from the individual or corporation under circumstances which make section 334 (b), 362 (a) and (b), 372(a), 374(b) (1), 1051, or 1082 apply to such transfer."

(E) Section 617 is amended by adding at the end thereof the following new subsection:

"(i) Certain Pre-1970 Exploration Expenditures.—If—

"(1) the taxpayer receives mineral property in a transaction as a result of which the basis of such property in the hands of the transferee is determined by reference to the basis in the hands of the transferor,

"(2) an election made by the transferor under subsection (e) of section 615(e) (as in effect before the enactment of the Tax Reform Act of 1975) applied with respect to expenditures which were made by him and which were properly chargeable to such property, and

"(3) the taxpayer has made or makes an election under subsection (a),

then in the application of this section with respect to the transferee, the amounts allowed as deductions under such section 615 to the transferor, which (but for the transferor's election) would be reflected in the adjusted basis of such property in the hands of the transferee, shall be treated as expenditures allowed as deductions under subsection (a) to the transferor."

(F) Section 703(b) is amended by striking out "under section 615 (relating to pre-1970 exploration expenditures),".

(G) Section 1016(a) is amended by striking out paragraph (10).

(H) The table of sections for part I of subchapter I of chapter 1 is amended by striking out the item relating to section 615.

(21) Amendments conforming to the repeal of section 632.—

(A) The table of sections for part III of subchapter I of chapter 1 is amended by striking out the item relating to section 632.

(B) Section 5(b) is amended by striking out paragraph (1).

(22) Amendment conforming to repeal of section 683.—The table of sections for subpart F of part I of subchapter J of chapter 1 is amended by striking out the item relating to section 683.

(23) Amendment conforming to the repeal of section 771.—The table of parts for subchapter K of chapter 1 is amended by striking out the item relating to part IV.

(24) Amendment conforming to the amendment of section 802.—Section 815(c) (3) (B) is amended by striking out "(determined without regard to section 802(a) (3))".

(25) Amendment conforming to the amendment of section 812.—Section 844(b) (2) is amended by striking out "section 812 (b) (1) (A) (iii)" and inserting in lieu thereof "section 812(b) (1) (C)".

(26) Amendment conforming to the amendments of section 864.—

(A) Paragraphs (5) and (6) of section 861 (a) (relating to items treated as income from within United States) are each amended by striking out in the heading "SALE" and inserting in lieu thereof "SALE OR EXCHANGE", and by striking out "sale" in the text and inserting in lieu thereof "sale or exchange".

(B) Section 861(e) (1) (relating to income from certain aircraft and vessels) is amended by striking out "sale or other disposition" and inserting in lieu thereof "sale, exchange, or other disposition".

(C) Paragraphs (5) and (6) of section 862 (a) (relating to items treated as income from without the United States) and paragraphs (2) and (3) of section 863(b) (relating to sources of income) are each amended by striking out "sale" and inserting in lieu thereof "sale or exchange".

(D) Paragraph (2) of section 863(b) (relating to sources of income) is amended by striking out "sold" each place it appears and inserting in lieu thereof "sold or exchanged".

(27) Amendments conforming to the repeal of section 972.—

(A) Section 970(b) (1) (relating to inclusion of certain previously excluded amounts of subpart F income) is amended by striking out "application of section 972" and inserting in lieu thereof "treatment (under section 972 as in effect before the date of the enactment of the Tax Reform Act of 1975 of two or more controlled foreign corporations which are export trade corporations as a single controlled foreign corporation".

(B) The table of sections for subpart G of part III of subchapter N of chapter 1 is amended by striking out the item relating to section 972.

(28) Amendments conforming to the amendment of section 1001.—

(A) Subsection (c) of section 331 is amended to read as follows:

"(c) Cross Reference.—

"For general rule for determination of the amount of gain or loss recognized, see section 1001."

(B) (i) Section 1002 (relating to recognition of gain or loss) is repealed.

(ii) The table of sections for part I of subchapter O of chapter 1 is amended by striking out the item relating to section 1002.

(29) Amendments conforming to the repeal of section 1020.—

(A) The third sentence of subsection (a) of section 1016 is amended by striking out "under section 1020" and inserting in lieu thereof "under section 1020 (as in effect before the date of the enactment of the Tax Reform Act of 1975)".

(B) The table of sections for part II of subchapter O of chapter 1 is amended by striking out the item relating to section 1020.

(30) Amendments conforming to the repeal of section 1022.—

(A) Section 1016(a) is amended—

(i) by striking out paragraph (21), and

(ii) by redesignating paragraphs (20) and (22) as paragraphs (19) and (20), respectively.

(B) The amendment made by subparagraph (A) (i) shall apply with respect to stock or securities acquired from a decedent dying after the date of the enactment of this Act.

(C) The table of sections for part II of subchapter O of chapter 1 is amended by striking out the item relating to section 1022.

(31) Amendments conforming to amendments of section 1033.—

(A) Section 1250(d) (4) (B) is amended by striking out "1033(a) (3) (A)" and inserting in lieu thereof "1033(a) (2) (A)".

(B) Section 1250(d) (4) (C) and (D) are each amended by striking "1033(a) (3)" and inserting in lieu thereof "1033(a) (2)".

(C) Section 6212(c) (2) (B) is amended by striking out "1033(a) (3) (C) and (D)" and inserting in lieu thereof "1033(a) (2) (C) and (D)".

(D) Section 6504(4) is amended by striking out "1033(a) (3) (C) and (D)" and inserting in lieu thereof "1033(a) (2) (C) and (D)".

(E) Sections 1071(b) and 1250(d) (4) (D) are each amended by striking out "1033(c)" and inserting in lieu thereof "1033(b)".

(32) Amendments conforming to the repeal of section 1111.—

(A) Section 301 is amended by striking out subsection (f), and by redesignating subsection (g) as subsection (e).

(B) (i) Section 312 is amended by striking out subsection (k), and by redesignating subsections (l) and (m) as subsection (j) and (k), respectively.

(ii) Section 1246(g) is amended by striking out "312(l)" and inserting in lieu thereof "312(j)".

(iii) Sections 964(a) and 1248(c) (1) are each amended by striking out "312(m) (3)" and inserting in lieu thereof "312(k) (3)".

(C) Section 535(b) is amended by striking out paragraphs (9) and (10).

(D) Section 543(a) (1) is amended by inserting "and" at the end of subparagraph (A), and by striking out subparagraphs (B) and (C) and inserting in lieu thereof the following:

"(B) interest on amounts set aside in a reserve fund under section 511 or 607 of the Merchant Marine Act, 1936 (46 U.S.C. 1161 or 1177)."

(E) Section 545(b) is amended by striking out paragraphs (10) and (11).

(F) Section 553(a) (1) is amended to read as follows:

"(1) Dividends, etc.—Dividends, interest, royalties, and annuities."

(G) Section 556(b) is amended by striking out paragraphs (7) and (8).

(H) Section 561(b) is amended to read as follows:

"(b) Special Rules Applicable.—In determining the deduction for dividends paid, the rules provided in section 562 (relating to rules applicable in determining dividends eligible for dividends paid deduction) and section 563 (relating to dividends paid after the close of the taxable year) shall be applicable."

(I) The table of parts for subchapter O of chapter 1 is amended by striking out the item relating to part IX.

(33) Amendments conforming to amendment of section 1222.—

(A) Section 57(a) (9) (A) is amended by striking out "the amount by which the net long-term capital gain exceeds the net short-term capital loss" and inserting in lieu thereof "the net capital gain".

(B) So much of the first sentence of section 57(a) (9) (B) as precedes "by a fraction" is amended to read as follows: "In the case of a corporation having a net capital gain for the taxable year, an amount equal to the product obtained by multiplying the net capital gain".

(C) Section 163(d) (1) (C) is amended by striking out "the amount by which the net long-term capital gain exceeds the net short-term capital loss" and inserting in lieu thereof "the net capital gain".

(D) Section 527(b) (2) is amended by striking out "net section 1201 gain" and inserting in lieu thereof "net capital gain".

(E) Sections 535(b) (6) and 545(b) (5) are each amended—

(i) by striking out from the paragraph heading "LONG-TERM" and inserting in lieu thereof "NET".

(2) by striking out from the text "the excess of the net long-term capital gain for the taxable year over the net short-term capital loss for such year" each place it appears and inserting in lieu thereof "the net capital gain for the taxable year", and

(3) by striking out from the text "such excess" each place it appears and inserting in lieu thereof "such net capital gain".

(F) Section 802(a)(2) is amended—

(i) by striking out "the net long-term capital gain of any life insurance company exceeds the net short-term capital loss" and inserting in lieu thereof "any life insurance company has a net capital gain", and

(ii) by striking out "such excess" each place it appears and inserting in lieu thereof "such net capital gain".

(G) Section 804(a)(2) is amended by striking out "by which the net long-term capital gain exceeds the net short-term capital loss" and inserting in lieu thereof "of the net capital gain".

(H) Sections 809(b)(1)(B) and 809(b)(2)(B) are each amended by striking out "by which the net long-term capital gain exceeds the net short-term capital loss" and inserting in lieu thereof "of the net capital gain".

(I) Section 815(b)(2)(A)(ii) is amended by striking out "by which the net long-term capital gain exceeds the net short-term capital loss" and inserting in lieu thereof "of the net capital gain".

(J)(i) Section 852(b)(2)(A) is amended by striking out "the excess, if any, of the net long-term capital gain over the net short-term capital loss" and inserting in lieu thereof "the amount of the net capital gain, if any".

(ii) Section 852(b)(3)(A) is amended to read as follows:

"(A) Imposition of tax.—There is hereby imposed for each taxable year in the case of every regulated investment company a tax, determined as provided in section 1201(a), on the excess, if any, of the net capital gain over the deduction for dividends paid (as defined in section 561) determined with reference to capital gain dividends only."

(iii) The second sentence of section 852(b)(3)(C) is amended by striking out "excess of the net long-term capital gain over the net short-term capital loss" each place it appears and inserting in lieu thereof "net capital gain".

(K)(i) Section 857(b)(2)(A) is amended by striking out "the excess, if any, of the net long-term capital gain over the net short-term capital loss" and inserting in lieu thereof "the amount of the net capital gain, if any".

(ii) Section 857(b)(3)(A) is amended to read as follows:

"(A) Imposition of tax.—There is hereby imposed for each taxable year in the case of every real estate investment trust a tax, determined as provided in section 1201(a), on the excess, if any, of the net capital gain over the deduction for dividends paid (as defined in section 561) determined with reference to capital gain dividends only."

(ii) The second sentence of section 857(b)(3)(C) is amended by striking out "excess of the net long-term capital gain over the net short-term capital loss" each place it appears and inserting in lieu thereof "net capital gain".

(L) Section 1201(b) is amended by striking out "net section 1201 gain" each place it appears and inserting in lieu thereof "net capital gain".

(M) The first sentence of section 1202 is amended to read as follows: "If for any taxable year, a taxpayer other than a corporation has a net capital gain, 50 percent of the amount of the net capital gain shall be a deduction from gross income."

(N) Sections 381(c)(3)(B), 381(c)(3)(C), 852(d), 4940(c)(1), and 4940(c)(4) are each amended by striking out "net capital gain" and inserting in lieu thereof "capital gain net income".

(O) Section 1212(a)(1) is amended by striking out "net capital gain" each place it appears and inserting in lieu thereof "capital gain net income", and by striking out "net capital gains" and inserting in lieu thereof "capital gain net income".

(P) Section 1247(a)(1)(B) is amended by striking out "the excess (determined as if such corporation were a domestic corporation) of the net long-term capital gain over the net short-term capital loss" and inserting in lieu thereof "the amount (determined as if such corporation were a domestic corporation) of the net capital gain".

(Q)(i) Section 1375(a)(1) is amended by striking out "the excess of the corporation's net long-term capital gain over its short-term capital loss" and inserting in lieu thereof "the corporation's net capital gain".

(ii) The second sentence of section 1375(a)(1) is amended by striking out "such excess" and inserting in lieu thereof "such net capital gain".

(iii) Section 1375(a)(3) is amended by striking out "the excess of an electing small business corporation's net long-term capital gain over its net short-term capital loss" and inserting in lieu thereof "an electing small business corporation's net capital gain".

(R) The following provisions are each amended by striking out "the excess of the net long-term capital gain over the net short-term capital loss" and inserting in lieu thereof "the net capital gain": Section 1247(a)(2)(A)(i), 1247(a)(2)(C), 1247(d) (1) and (2), 1378(a)(1), 1378(b)(1), and 1378(c)(3).

(34) Amendments conforming to the repeal of section 1240.—The table of sections of part IV of subchapter P of chapter 1 is amended by striking out the item relating to section 1240.

(35) Amendment conforming to repeal of section 1315.—The table of sections for part II of subchapter Q of chapter 1 is amended by striking out the item relating to section 1315.

(36) Amendments conforming to repeal of section 1321.—

(A) Section 472 is amended by striking out subsection (f).

(B) Section 6422 is amended by striking out paragraph (2), and by redesignating paragraphs (3) through (13) as paragraphs (2) through (12), respectively.

(C) Section 6504 is amended by striking out paragraph (1).

(D) Section 6515 is amended by striking out paragraph (1).

(E) The table of parts for subchapter Q of chapter 1 is amended by striking out the item relating to part III.

(37) Amendments conforming to the repeal of sections 1331 through 1337.—

(A) The third sentence of section 901(a) is amended by striking out "under section 1333 (relating to war loss recoveries) or".

(B) Section 6212(c)(2) is amended by striking out subparagraph (D).

(C) Section 6504 is amended by striking out paragraph (6).

(D) Section 6515 is amended by striking out paragraph (2), and by redesignating paragraphs (3), (4), (5), (6), and (7) as paragraphs (1), (2), (3), (4), and (5), respectively.

(E) The table of parts for subchapter Q of chapter 1 is amended by striking out the item relating to Part IV.

(38) Amendment conforming to the repeal of section 1342.—The table of sections for part V of subchapter Q of chapter 1 is amended by striking out the item relating to section 1342.

(39) Amendments conforming to the repeal of section 1346.—

(A) The table of sections for part VI of subchapter Q of chapter 1 is amended by striking out the item relating to section 1346.

(B) Section 6504 is amended by striking out paragraph (7).

(40) Amendment conforming to amendment of section 1372.—Section 58(d)(2) is amended by striking out ", notwithstanding the provisions of section 1371(b)(1),".

(41) Amendment conforming to the repeal of section 7465.—The table of sections for subchapter C of chapter 3 is amended by striking out the item relating to section 1465.

(c) Amendments to Provisions Referring to Territories.—

(1) Section 37(f) is amended by striking out "a Territory,".

(2) Sections 105(e)(2), 273, and 454(b)(2) are each amended by striking out ", a Territory,".

(3) Section 117(b)(2)(A)(iv) is amended by striking out "a territory,".

(4) Section 162(a) is amended by striking out "Territory,".

(5) Section 273 is amended by striking out "Territory,".

(6) Section 581 is amended by striking out ", of any State, or of any Territory" and inserting in lieu thereof "or of any State", and by striking out ", Territorial,".

(7) Section 801(b)(3) is amended by striking out "or Territorial".

(8) Section 861(a)(1) is amended by striking out ", any Territory, any political subdivision of a Territory,".

(9) Paragraphs (6) and (7) of section 1014(b) are each amended by striking out "Territory,".

(10) Section 1221(5) is amended by striking out "or Territory,".

(d) Effective Date.—Except as otherwise expressly provided in this section, the amendments made by this section shall apply with respect to taxable years beginning after December 31, 1976.

Sec. 1902. Amendments of Subtitle B; Estate and Gift Taxes.

(a) In General.—

(1) Amendment of section 2001.—Section 2001 (relating to the rate of the estate tax) is amended by striking out "dying after the date of enactment of this title".

(2) Amendments of section 2012.—

(A) Section 2012(b) (relating to credit for gift tax) is amended—

(i) by striking out "(b) In applying," and inserting in lieu thereof "(b) Valuation Reductions.—In applying,", and

(ii) by striking out in paragraphs (2) and (3) "deduction)—then" and inserting in lieu thereof "deduction), then".

(B) Section 2012(c) (relating to gift by spouse to third party) is amended by striking out "(c) Where the decedent" and inserting in lieu thereof "(c) Where Gift Considered Made One-Half by Spouse.—Where the decedent".

(C) Section 2012(d)(1) (relating to computation of amount of gift tax) is amended by striking out "(d)(1) For purposes of" and inserting in lieu thereof the following:

"(d) Computation of Amount of Gift Tax Paid.—

"(1) Amount of tax.—For purposes of".

(D) Section 2012(d)(2) (relating to credit for gift tax) is amended by striking out "(2) For purposes" and inserting in lieu thereof: "(2) Amount of gift.—For purposes".

(3) Amendments of section 2013.—

(A) Section 2013(b) (relating to computation of credit for tax on prior transfers) is amended by striking out ", or the corresponding provisions of prior laws," and by striking out ", or corresponding provisions of prior laws,".

(B) Section 2013(d)(3) is amended by striking out ", or the corresponding provision of prior law,".

(4) Amendment of section 2038.—Section 2038 (relating to revocable transfers) is amended by striking out subsection (c) (relating to effect of disability in certain cases).

(5) Amendments of section 2055.—

(A) Section 2055(b) (relating to powers of appointment) is amended to read as follows:

"(b) Powers of Appointment.—Property includible in the decedent's gross estate under section 2041 (relating to powers of appointment) received by a donee described in this section shall, for purposes of this section, be considered a bequest of such decedent."

(B) Section 2055(f) (relating to cross references) is amended to read as follows:

"(f) Cross References.—

"(1) For option as to time for valuation for purpose of deduction under this section, see section 2032.

"(2) For exemption of gifts and bequests to or for the benefit of Library of Congress, see section 5 of the Act of March 3, 1925, as amended (2 U.S.C. 161).

"(3) For treatment of gifts and bequests for the benefit of the Office of Naval Records and History as gifts or bequests to or for the use of the United States, see section 7222 of title 10, United States Code.

"(4) For treatment of gifts and bequests to or for the benefit of National Park Foundation as gifts or bequests to or for the use of the United States, see section 8 of the Act of December 18, 1967 (16 U.S.C. 191).

"(5) For treatment of gifts, devices, or bequests accepted by the Secretary of State under the Foreign Service Act of 1946 as gifts, devises, or bequests to or for the use of the United States, see section 1021(e) of that Act (22 U.S.C. 809(e)).

"(6) For treatment of gifts or bequests of money accepted by the Attorney General for credit to 'Commissary Funds, Federal Prisons' as gifts or bequests to or for the use of the United States, see section 2 of the Act of May 15, 1952, as amended by the Act of July 9, 1952 (31 U.S.C. 725s–4).

"(7) For payment of tax on gifts and bequests of United States obligations to the United States, see section 24 of the Second Liberty Bond Act (31 U.S.C. 757e).

"(8) For treatment of gifts and bequests for benefit of the Naval Academy as gifts or bequests to or for the use of the United States, see section 6973 of title 10, United States Code.

"(9) For treatment of gifts and bequests for benefit of the Naval Academy Museum as gifts or bequests to or for the use of the United States, see section 6974 of title 10, United States Code.

"(10) For exemption of gifts and bequests received by National Archives Trust Fund Board, see section 2308 of title 44, United States Code."

(6) Amendment of section 2101.—Section 2101(b) (relating to property held by alien property custodian) is amended by striking out "60 Stat. 929;".

(7) Amendments of section 2106—

(A) Section 2106(a)(2)(F) (relating to cross references concerning the charitable deduction for estate tax purposes) is amended to read as follows:

"(F) Cross References.—

"(1) For option as to time for valuation for purposes of deduction under this section, see section 2032.

"(2) For exemption of certain bequests for the benefit of the United States and for rules of construction for certain bequests, see section 2055(f)."

(B) Section 2106 (relating to taxable estate of nonresidents) is amended by striking out subsection (c) (relating to treatment of United States bonds).

(8) Amendment of sections 2107 and 2108.—Section 2107(a) (relating to estate tax on expatriates) and section 2108(a) (relating to application of pre-1967 estate tax provisions) are each amended by striking out "the date of enactment of this section" and inserting in lieu thereof "November 13, 1966."

(9) Amendment relating to section 2201.—

(A) Section 6(b)(1) of the Act of January 2, 1975 (Public Law 93–597; 88 Stat. 1950) is amended by striking out "Section 2210" and inserting in lieu thereof "Section 2201".

(B) The amendment made by subsection (A) is effective July 1, 1973.

(10) Repeal of section 2202.—Section 2202 (relating to missionaries in foreign service) is repealed.

(11) Amendment of section 2204.—The last sentence of section 2204(b) (relating to the discharge from personal liability of a fiduciary other than the executor) is amended by striking out "has not been" and inserting in lieu thereof "has been".

(12) Amendment of section 2501.—Section 2501(a)(1) (relating to imposition of gift tax) is amended to read as follows:

"(1) General rule.—A tax, computed as provided in section 2502, is hereby imposed for each calendar quarter on the transfer of property by gift during such calendar quarter by any individual, resident or nonresident."

(13) Amendment of section 2522.—Subsection (d) of section 2522 (relating to cross references) is amended to read as follows:

"(d) Cross Reference.—

"For exemption of certain gifts to or for the benefit of the United States and for rules of construction with respect to certain gifts, see section 2055(f)."

(14) Amendments to sections referring to territories.—

(A) The following provisions are each amended by striking out "Territory,": sections 2055(a)(1), 2056(c)(2)(B), and 2106(a)(2)(A)(i).

(B) The following provisions are each amended by striking out "or Territory": sections 2011(a), 2011(e), and 2053(d).

(C) Section 2016 is amended by striking out "Territory or".

(D) Sections 2522(a)(1) and 2522(b)(1) are each amended by striking out "Territory,".

(E) Section 2523(f)(1) is amended by striking out "Territory, or".

(b) Conforming and Clerical Amendments.—

(1) Amendment conforming to repeal of section 2202.—The table of sections for subchapter C of chapter 11 is amended by striking out the item relating to section 2202.

(2) Amendments conforming to amendment of section 2055.—

(A) Section 6503 is amended by striking out subsection (e), and by redesignating subsections (f), (g), (h), and (i) as subsections (e) (f), (g), and (h), respectively.

(B) Section 6167(h)(2) is amended by striking out "section 6503(f)" and inserting in lieu thereof "section 6503(e)".

(c) Effective Dates.

(1) Estate tax amendments.—The amendments made by paragraphs (1) through (10), and paragraphs (14) (A), (B), and (C), of subsection (a), and by subsection (b) shall apply in the case of estates of decedents dying after the date of the enactment of this Act, and the amendment made by paragraph (11) of subsection (a) shall apply in the case of estates of decedents dying after December 31, 1975.

(2) Gift tax amendments.—The amendments made by paragraphs (12), (13), and (14) (D) and (E) of subsection (a) shall apply with respect to gifts made after December 31, 1976.

Sec. 1903. Amendments of Subtitle C; Employment Taxes.

(a) In General.—

(1) Amendments of section 3101 and 3111.—

(A) Section 3101(a) (relating to rate of tax on employees for old-age, survivors, and disability insurance) and section 3111(a) (relating to rate of tax on employers for such insurance) are each amended by striking out paragraphs (1), (2), (3), and (4), and by redesignating paragraphs (5) and (6) as paragraphs (1) and (2), respectively.

(B) Section 3101(b) (relating to rate of tax on employees for hospital insurance) and section 3111(b) (relating to rate of tax on employers for such insurance) are each amended by striking out paragraphs (1) and (2), and by redesignating paragraphs (3), (4), (5), and (6) as paragraphs (1), (2), (3), and (4), respectively.

(2) Repeal of section 3113.—Section 3113 (relating to application of social security tax on District of Columbia credit unions) is repealed.

(3) Amendments of section 3121.—

(A) Section 3121(b), relating to employment, is amended—

(i) by striking out "performed after 1936 and prior to 1955 which was employment for purposes of subchapter A of chapter 9 of the Internal Revenue Code of 1939 under the law applicable to the period in which such service was performed, and any service, of whatever nature, performed after 1954" and inserting in lieu thereof ", of whatever nature, performed", and

(ii) by striking out ", in the case of service performed after 1954,".

(B) Section 3121(b)(1) is amended by striking out "65 Stat. 119;".

(C) Section 3121(b)(6)(B)(v) is amended by striking out "Secretary of the Treasury" and inserting in lieu thereof "Secretary of Transportation".

(D) Section 3121(g)(3) (relating to agricultural labor) is amended by striking out "46 Stat. 1550, § 3;".

(E) Section 3121(k)(1) (relating to exemption of certain organizations) is amended by striking out subparagraphs (F) and (H) and by redesignating subparagraph (G) as subparagraph (F).

(F) Section 3121(l)(2) (relating to employees of foreign subsidiaries) is amended by striking out ", but in no case prior to January 1, 1955".

(G) Section 321(m)(1) (relating to service in the uniformed services) is amended by striking out "after December 1956".

(4) Amendments of section 3122.—The last sentence of section 3122 (relating to Federal service) is amended by striking out "Secretary" each place it appears and inserting in lieu thereof "Secretary of Transportation".

(5) Amendment of section 3125.—Section 3125(c) (relating to returns in the case of Governmental employees in the District of Columbia) is amended by striking out "Commissioners of the District of Columbia or such agents as they may designate" and by inserting in lieu thereof "Mayor of the District of Columbia or such agents as he may designate".

(6) Amendment of section 3201.—Section 3201 (relating to rate of tax on railroad employees) is amended—

(A) by striking out "of the Internal Revenue Code of 1954" each place it appears;

(B) by striking out "of such Code";

(C) by striking out "after September 30, 1973, as is" and inserting in lieu thereof "as is"; and

(D) by striking out "any month after September 30, 1973" and inserting in lieu thereof "any month".

(7) Amendments of section 3202.—

(A) The second sentence of section 3202(a) (relating to reduction of tax by railroad employer) is amended—

(i) by striking out "after September 30, 1973," each place it appears;

(ii) by striking out "after September 30, 1973 and the aggregate" and inserting in lieu thereof "and the aggregate";

(iii) by striking out "of the Internal Revenue Code of 1954" each place it appears; and

(iv) by inserting a comma immediately after "for any month" each place it appears.

(B) Section 3202(b) (relating to indemnification of employer) is amended by striking out "made".

(8) AMENDMENTS OF SECTION 3211.—Section 3211(a) (relating to rate of tax on railroad employee representatives) is amended—

(A) by striking out "3111(a), 3111(b)" and inserting in lieu thereof "3111(a), and 3111(b)";

(B) by striking out "of the Internal Revenue Code of 1954" each place it appears;

(C) by striking out "rendered by him after September 30, 1973," and inserting in lieu thereof "rendered by him"; and

(D) by striking out "after September 30, 1973".

(9) AMENDMENTS OF SECTION 3221.—

(A) The first sentence of section 3221(a) (relating to rate of tax on railroad employers) is amended—

(i) by striking out "after September 30, 1973," each place it appears;

(ii) by striking out "after September 30, 1973; except that" and inserting in lieu thereof ", except that";

(iii) by striking out "after September 30, 1973 of the aggregate" and inserting in lieu thereof "of the aggregate";

(iv) by striking out "of the Internal Revenue Code of 1954" each place it appears; and

(v) by inserting a comma immediately before "the tax imposed".

(B) Section 3221(b) (relating to rate of tax on railroad employers) is amended to read as follows:

"(b) The rate of tax imposed by subsection (a) shall be increased by the rate of tax imposed with respect to wages by section 3111(a) plus the rate imposed by section 3111(b)."

(C) Section 3221(c) (relating to additional railroad retirement tax) is amended—

(i) by striking out "(1) at the rate of 2 cents for the period beginning November 1, 1966, and ending March 31, 1970, and (2) commencing April 1, 1970," and

(ii) by striking out "commencing with the quarter beginning April 1, 1970".

(10) AMENDMENTS OF SECTION 3231.—

(A) Section 3231(a) (relating to definition of employer) is amended by striking out "44 Stat. 577:".

(B) Section 3231(b) (relating to definition of employee) is amended by striking out "50 Stat. 312;".

(C) Section 3231(c) (relating to definition of employee representative) is amended by striking out "44 Stat. 577;".

(D) Section 3231(d)(7) (relating to definition of service) is amended by striking out "50 Stat. 308;".

(11) AMENDMENTS OF SECTION 3301.—Section 3301 (relating to Federal unemployment tax rate) is amended—

(A) by striking out "the calendar year 1970 and each calendar year thereafter" and inserting in lieu thereof "each calendar year", and

(B) by striking out the last sentence.

(12) AMENDMENTS OF SECTION 3302.—

(A) Section 3302(a) (relating to credits against tax) is amended by striking out "(10-month period in the case of October 31, 1972)".

(B) Section 3302(b) (relating to additional credit) is amended—

(i) by striking out "(10-month period in the case of October 31, 1972)", and

(ii) by striking out "12 or 10-month period, as the case may be," and inserting in lieu thereof "12-month period".

(C)(i) Section 3302(c) (relating to limitation on credits against unemployment tax) is amended by striking out paragraph (2) and the unnumbered paragraph immediately following such paragraph (2) (relating to advances made to a State unemployment account before September 13, 1960), and by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(ii) Section 3302(c)(2) (relating to advances made to a State unemployment account after September 12, 1960), as redesignated by clause (i) of this subparagraph, is amended by striking out "on or after the date of the enactment of the Employment Security Act of 1960", and by striking out "paragraphs (1) and (2)" and inserting in lieu thereof "paragraph (1)".

(iii) Section 3302(c)(3) (relating to reductions with respect to certain agreements under the Trade Act of 1974), as redesignated by clause (i) of this subparagraph, is amended by striking out "paragraphs (1), (2), and (3)" and inserting in lieu thereof "paragraphs (1) and (2)".

(iv) Section 3302(d)(3) (relating to effect of repayment of advances) is amended by striking out "or (3)".

(v) Section 3302(d) (4), (5), and (6), (relating to special rules) are each amended by striking out "subsection (c)(3)" each place it appears and inserting in lieu thereof "subsection (c)(2)".

(vi) Section 3302(d)(7) (relating to determination and certification of percentages) is amended by striking out "subsection (c)(3) (B) or (C)" and inserting in lieu thereof "subsection (c)(2) (B) or (C)".

(D) Section 3302(d) (relating to special rules for credits against the unemployment tax) is amended by striking out paragraph (8) (a cross reference).

(13) AMENDMENTS TO SECTION 3303.—Section 3303(b) (relating to certification with respect to additional credit allowance) is amended—

(A) by striking out "(10-month period in the case of October 31, 1972)" each place it appears,

(B) by striking out "12 or 10-month period, as the case may be," each place it appears in paragraphs (1) and (2), and inserting in lieu thereof "12-month period", and

(C) by striking out "12 or 10-month period, as the case may be," in paragraph (3) and inserting in lieu thereof "12-month period,".

(14) AMENDMENTS TO SECTION 3304.—

(A) Section 3304(a)(3) (relating to requirements) is amended by striking out "49 Stat. 640; 52 Stat. 1104, 1105;".

(B) Section 3304(c) (relating to certification) is amended by striking out "10-month period in the case of October 31, 1972)".

(15) AMENDMENTS TO SECTION 3305.—

(A) Section 3305(g) (relating to vessels operated by general agents of the United States) is amended by striking out "on or after July 1, 1953,".

(B) Section 3305(h) (relating to certain contributions to States) is amended by striking out "on or after July 1, 1953, and".

(C) Section 3305(j) (relating to denial of credits in certain cases) is amended by striking out "after December 31, 1971,".

(16) AMENDMENTS OF SECTION 3306.—

(A) Section 3306(c)(9) (relating to the exclusion of service performed by certain employees and employee representatives from the definition of employment) is amended by striking out "52 Stat. 1094, 1095;".

(B) Section 306(c)(18) (relating to the exclusion of certain service performed by nonresident aliens from the definition of employment) is amended by inserting after the "Immigration and Nationality Act, as amended" the following: "(8 U.S.C. 1101(a)(15)(F) or (J))".

(C) Section 3306(f) (relating to the definition of an unemployment fund) is amended by striking out "49 Stat. 640; 52 Stat. 1104, 1105;".

(D) Section 3306(n) (relating to vessels operated by general agents of the United States) is amended by striking out "on or after July 1, 1953,".

(17) AMENDMENT OF SECTION 3402.—Section 3402(l)(3)(B) (relating to marital status) is amended by striking out "section 2(b)" and inserting in lieu thereof "section 2(a)".

(b) AMENDMENT CONFORMING TO THE REPEAL OF SECTION 3113.—The table of sections for subchapter B of chapter 21 is amended by striking out the item relating to section 3113.

(c) AMENDMENTS TO PROVISIONS REFERRING TO TERRITORIES.—Sections 3401(c) and 3404 are each amended by striking out "Territory," each place it appears.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to wages paid after December 31. 1976, except that the amendments made to chapter 22 of the Internal Revenue Code of 1954 shall apply with respect to compensation paid for services rendered after December 31, 1976.

SEC. 1904. AMENDMENTS OF SUBTITLE D; MISCELLANEOUS EXCISE TAXES.

(a) IN GENERAL.—

(1) AMENDMENTS OF CHAPTER 31.—

(A) So much of chapter 31 (relating to retailers excise taxes) as precedes section 4041 is amended to read as follows:

CHAPTER 31—SPECIAL FUELS

"Sec. 4041. Imposition of tax."

(B) Section 4041(g) (relating to exemptions from fuel taxes) is amended to read as follows:

"(g) OTHER EXEMPTIONS.—Under regulations prescribed by the Secretary, no tax shall be imposed after this section—

"(1) on any liquid sold for use or used as supplies for vessels or aircraft (within the meaning of section 4221(d)(3));

"(2) with respect to the sale of any liquid for the exclusive use of any State, any political subdivision of a State, or the District of Columbia, or with respect to the use by any of the foregoing of any liquid as a fuel;

"(3) upon the sale of any liquid for export, or for shipment to a possession of the United States, and in due course so exported or shipped; and

"(4) with respect to the sale of any liquid to a nonprofit educational organization for its exclusive use, or with respect to the use by a nonprofit educational organization of any liquid as a fuel.

For purposes of paragraph (4), the term 'nonprofit educational organization' means an educational organization described in section 170(b)(1)(A)(ii) which is exempt from income tax under section 501(a). The term also includes a school operated as an activity of an organization described in section 501(c)(3) which is exempt from income tax under section 501(a), if such school normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on."

(C) Section 4041 (relating to tax on fuels) is amended by adding at the end thereof the following new subsection:

"(i) SALES BY UNITED STATES, ETC.—The taxes imposed by this section shall apply with respect to liquids sold at retail by the United States, or by any agency or instrumentality of the United States, unless sales by such agency or instrumentality are by statute specifically exempted from such taxes."

(D) Chapter 31 is amended by striking out section 4042 (a cross reference) and subchapter F (special provisions applicable to retailers taxes).

(2) AMENDMENTS OF SECTION 4216.—

(A) Section 4216 (relating to definition of price) is amended by redesignating subsections (e), (f), and (g) as subsections (d), (e), and (f), respectively.

(B) Paragraphs (3), (4), and (5) of section 4216(b) (relating to constructive sales price) are each amended by striking out "subsections (a) and (f)" each place it appears and inserting in lieu thereof "subsections (a) and (e)".

(3) AMENDMENT OF SECTION 4217.—Section 4217(d) (relating to lease treated as sale)

is amended by striking out paragraph (4) (relating to certain 1958 transitional rules).

(4) Repeal of Section 4226.—Section 4226 (relating to floor-stock taxes imposed before 1967) is repealed.

(5) Amendment of Section 4227.—Section 4227 (relating to cross references) is amended to read as follows:

"Sec. 4227. Cross Reference.

"For credit for taxes on tires and inner tubes, see section 6416(c)."

(6) Amendment of Section 4253.—Section 4253 (relating to exemptions from the tax on communications services) is amended by adding at the end thereof the following new subsections:

"(i) State and Local Governmental Exemption.—Under regulations prescribed by the Secretary, no tax shall be imposed under section 4251 upon any payment received for services or facilities furnished to the government of any State, or any political subdivision thereof, or the District of Columbia.

"(j) Exemption for Nonprofit Educational Organizations.—Under regulations prescribed by the Secretary, no tax shall be imposed under section 4251 on any amount paid by a nonprofit educational organization for services or facilities furnished to such organization. For purposes of this subsection, the term 'nonprofit educational organization' means an educational organization described in section 170(b)(1)(A)(ii) which is exempt from income tax under section 501(a). The term also includes a school operated as an activity of an organization described in section 501(c)(3) which is exempt from income tax under section 501(a), if such school normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on."

(7) Amendment of Section 4261.—

(A) Subsections (a) and (b) of section 4261 (relating to tax on transportation of persons by air) are each amended by striking out "which begins after June 30, 1970,".

(B) Section 4261(c) is amended by striking out "and begins after June 30, 1970".

(8) Amendment of Section 4271.—Section 4271(a) (relating to tax on transportation of property by air) is amended by striking out "which begins after June 30, 1970,".

(9) Repeal of Section 4292.—Section 4392 (relating to State and local governmental exemption from the tax on communications services) is repealed.

(10) Repeal of Section 4294.—Section 4294 (relating to exemption of nonprofit educational organizations from the tax on communications services) is repealed.

(11) Repeal of Section 4295.—Section 4295 (a cross reference) is repealed.

(12) Amendment of Chapter 34.—Chapter 34 (relating to documentary stamp taxes) is amended to read as follows:

"CHAPTER 34—POLICIES ISSUED BY FOREIGN INSURERS

"Sec. 4371. Imposition of tax.
"Sec. 4372. Definitions.
"Sec. 4373. Exemptions.
"Sec. 4374. Liability for tax.

"Sec. 4371. Imposition of Tax.

"There is hereby imposed, on each policy of insurance, indemnity bond, annuity contract, or policy of reinsurance issued by any foreign insurer or reinsurer, a tax at the following rates:

"(1) Casualty insurance and indemnity bonds.—4 cents on each dollar, or fractional part thereof, of the premium paid on the policy of casualty insurance or the indemnity bond, if issued to or for, or in the name of, an insured as defined in section 4372(d);

"(2) Life insurance, sickness and accident policies, and annuity contracts.—1 cent on each dollar, or fractional part thereof, of the premium paid on the policy of life, sickness, or accident insurance, or annuity contract, unless the insurer is subject to tax under section 819; and

"(3) Reinsurance.—1 cent on each dollar, or fractional part thereof, of the premium paid on the policy of reinsurance covering any of the contracts taxable under paragraph (1) or (2).

"Sec. 4372. Definitions.

"(a) Foreign Insurer or Reinsurer.—For purposes of section 4371, the term 'foreign insurer or reinsurer' means an insurer or reinsurer who is a nonresident alien individual, or a foreign partnership, or a foreign corporation. The term includes a nonresident alien individual, foreign partnership, or foreign corporation which shall become bound by an obligation of the nature of an indemnity bond. The term does not include a foreign government, or municipal or other corporation exercising the taxing power.

"(b) Policy of Casualty Insurance.—For purposes of section 4371(1), the term 'policy of casualty insurance' means any policy (other than life) or other instrument by whatever name called whereby a contract of insurance is made, continued, or renewed.

"(c) Indemnity Bond.—For purposes of this chapter, the term 'indemnity bond' means any instrument by whatever name called whereby an obligation of the nature of an indemnity, fidelity, or surety bond is made, continued, or renewed. The term includes any bond for indemnifying any person who shall have become bound or engaged as surety, and any bond for the due execution or performance of any contract, obligation, or requirement, or the duties of any office or position, and to account for money received by virtue thereof, where a premium is charged for the execution of such bond.

"(d) Insured.—For purposes of section 4371(1), the term 'insured' means—

"(1) a domestic corporation or partnership, or an individual resident of the United States, against, or with respect to, hazards, risks, losses, or liabilities wholly or partly within the United States, or

"(2) a foreign corporation, foreign partnership, or nonresident individual, engaged in a trade or business within the United States, against, or with respect to, hazards, risks, losses, or liabilities within the United States.

"(e) Policy of Life, Sickness, or Accident Insurance, or Annuity Contract.—For purposes of section 4371(2), the term 'policy of life, sickness, or accident insurance, or annuity contract' means any policy or other instrument by whatever name called whereby a contract of insurance or an annuity contract is made, continued, or renewed with respect to the life or hazards to the person of a citizen or resident of the United States.

"(f) Policy of Reinsurance.—For purposes of section 4371(3), the term 'policy of reinsurance' means any policy or other instrument by whatever name called whereby a contract of reinsurance is made, continued, or renewed against, or with respect to, any of the hazards, risks, losses, or liabilities covered by contracts taxable under paragraph (1) or (2) of section 4371.

"Sec. 4373. Exemptions.

"The tax imposed by section 4371 shall not apply to—

"(1) Domestic agent.—Any policy, indemnity bond, or annuity contract signed or countersigned by an officer or agent of the insurer in a State, or in the District of Columbia, within which such insurer is authorized to do business; or

"(2) Indemnity bond.—Any indemnity bond required to be filed by any person to secure payment of any pension, allowance, allotment, relief, or insurance by the United States, or to secure a duplicate for, or the payment of, any bond, note, certificate of indebtedness, war-saving certificate, warrant, or check, issued by the United States.

"Sec. 4374. Liability for Tax.

"The tax imposed by this chapter shall be paid, on the basis of a return, by any person who makes, signs, issues, or sells any of the documents and instruments subject to the tax, or for whose use or benefit the same are made, signed, issued, or sold. The United States or any agency or instrumentality thereof shall not be liable for the tax."

(13) Amendments of Section 4493.—

(A) Section 4493(b)(1) (relating to certain persons engaged in foreign air commerce) is amended by striking out "beginning on or after July 1, 1970".

(B) Section 4493(b)(2) is amended by striking out the last sentence.

(14) Amendment of Chapter 37.—So much of chapter 37 as precedes section 4501 (relating to tax on sugar) is amended to read as follows:

"CHAPTER 37—SUGAR

"Sec. 4501. Imposition of tax.
"Sec. 4502. Definitions.
"Sec. 4503. Exemptions for sugar manufactured for home consumption."

(15) Repeal of Sections 4591 through 4597.—Chapter 38 (relating to import taxes on oleomargarine) is repealed.

(16) Repeal of Sections 4801 through 4806.—Subchapter B of chapter 39 (relating to tax on white phosphorus matches) is repealed.

(17) Repeal of Sections 4811 through 4826.—Subchapter C of chapter 39 (relating to tax on adulterated butter) is repealed.

(18) Repeal of Sections 4881 through 4886.—Subchapter E of chapter 39 (relating to tax on circulation other than of national banks) is repealed.

(19) Amendment of Section 4901.—Section 4901 (relating to payment of occupational taxes) is amended by striking out subsection (c).

(20) Amendment of Section 4905.—Section 4905(a) (relating to liability for occupational taxes in case of death or change of location) is amended by striking out "wife" and inserting in lieu thereof "spouse".

(21) Repeal of Sections 4911 through 4931.—

(A) Chapter 41 (relating to interest equalization tax) is repealed.

(B) The repeal made by subparagraph (A) shall apply with respect to acquisitions of stock and debt obligations made after June 30, 1974.

(22) Amendments of Section 4942.—Section 4942(e)(3) (relating to minimum investment return with respect to private foundations) is amended—

(A) by striking out the first sentence, and

(B) by striking out in the second sentence "The applicable percentage for any taxable year beginning after 1970" and inserting in lieu thereof "For purposes of paragraph (1)(B), the applicable percentage for any taxable year".

(23) Amendments of Section 4973.—

(A) So much of section 4973(a) (relating to tax on excess contributions) as follows "of any individual," in paragraph (3) thereof is amended to read as follows:

"there is imposed for each taxable year a tax in an amount equal to 6 percent of the amount of the excess contributions to such individual's accounts, annuities, or bonds (determined as of the close of the taxable year). The amount of such tax for any taxable year shall not exceed 6 percent of the value of the account, annuity, or bond (determined as of the close of the taxable year). In the case of an endowment contract described in section 408(b), the tax imposed by this section does not apply to any amount allocable to life, health, accident, or other insurance under such contract. The tax imposed by this subsection shall be paid by such individual."

(B) Section 4973(c) is amended by striking out "subsection (a) (3)" and inserting in lieu thereof "subsection (a) (2)".

(b) CONFORMING AND CLERICAL AMENDMENTS.—

(1) AMENDMENTS CONFORMING TO AMENDMENT OF CHAPTER 31.—

(A) Section 6416(a) (1) is amended by striking out ("retailers taxes)" and inserting in lieu thereof "(special fuels)".

(B) Section 6416(e) is amended by striking out "subchapter E of".

(2) AMENDMENT CONFORMING TO AMENDMENT OF SECTION 4216.—Section 6416(b) (1) is amended by striking out "section 4216(f) (2) and (3)" and inserting in lieu thereof "section 4216(e) (2) and (3)".

(3) AMENDMENT CONFORMING TO THE REPEAL OF SECTION 4226.—The table of sections for subchapter G of chapter 32 is amended by striking out the item relating to section 4226.

(4) AMENDMENT CONFORMING TO THE REPEAL OF SECTIONS 4292, 4294, AND 4295.—The table of sections for subchapter E of chapter 33 is amended by striking out the items relating to sections 4292, 4294, and 4295.

(5) AMENDMENTS CONFORMING TO THE AMENDMENT OF CHAPTER 34.—

(A) Section 7270 is amended by striking out "the affixing of stamps on insurance policies, etc." and inserting in lieu thereof "liability for tax on policies issued by foreign insurers".

(B) Section 6808 is amended by striking out paragraph (4).

(6) AMENDMENTS CONFORMING TO THE AMENDMENT OF CHAPTER 37.—

(A) Section 7240 is amended by striking out "subchapter A of".

(B) Section 7655(a) is amended—

(i) by striking out "Subchapter A of chapter 37" in paragraph (5) and inserting in lieu thereof "Chapter 37", and

(ii) by redesignating paragraph (5) as paragraph (3).

(7) AMENDMENTS CONFORMING TO REPEAL OF SECTIONS 4591 THROUGH 4597.—

(A) Section 6808 is amended by striking out paragraph (7).

(B) (i) Section 7234 (relating to violations of laws concerning oleomargarine or adulterated butter operations) is repealed.

(ii) The table of sections for part II of subchapter A of chapter 75 is amended by striking out the item relating to section 7234.

(C) (i) Section 7265 (relating to other offenses concerning oleomargarine or adulterated butter operations) is repealed.

(ii) The table of sections for subchapter B of chapter 75 is amended by striking out the item relating to section 7265.

(D) Section 7609(a) is amended by striking out paragraph (1).

(E) The table of chapters for subtitle D is amended by striking out the item relating to chapter 38.

(8) AMENDMENTS CONFORMING TO REPEAL OF SECTIONS 4801 THROUGH 4806.—

(A) Section 4905(b) is amended to read as follows:

"(b) REGISTRATION.—

"For registration in case of wagering, see section 4412."

(B) Section 6808 is amended by striking out paragraph (12).

(C) Section 7012 is amended by striking out subsection (e).

(D) (i) Section 7239 (relating to violations of laws concerning white phosphorus matches) is repealed.

(ii) The table of sections for part II of subchapter A of chapter 75 is amended by striking out the item relating to section 7239.

(E) (i) Sections 7267 and 7274 (relating to offenses and penalties concerning white phosphorus matches) are each repealed.

(ii) The table of sections for subchapter B of chapter 75 is amended by striking out the items relating to sections 7267 and 7274.

(F) Section 7272(b) is amended by striking out "4804(d),".

(G) Section 7303 is amended by striking out paragraph (6).

(H) (i) Part II of subchapter C of chapter 75 (relating to provisions common to forfeitures) is amended by striking out section 7328 (relating to confiscation of white phosphorus matches), and by redesignating section 7329 (relating to cross references) as section 7328.

(ii) The table of sections for part II of subchapter C of chapter 75 is amended by striking out the last two items and inserting in lieu thereof the following:

"Sec. 7328. Cross references."

(9) AMENDMENTS CONFORMING TO REPEAL OF SECTIONS 4811 THROUGH 4826.—

(A) Section 6808 (relating to cross references) is amended by striking out paragraph (10).

(B) (i) Section 7235 (relating to violations of laws concerning adulterated butter and process or renovated butter) is repealed.

(ii) The table of sections for part II of subchapter A of chapter 75 is amended by striking out the item relating to section 7235.

(C) (i) Section 7264 (relating to offenses concerning renovated or adulterated butter) is repealed.

(ii) The table of sections for subchapter B of chapter 75 is amended by striking out the item relating to section 7264.

(D) Section 7303 is amended by striking out paragraphs (3), (4), and (5), and by redesignating paragraphs (7) and (8) and paragraphs (2) and (3), respectively.

(E) Section 7609(a) is amended by striking out paragraph (2), and by redesignating paragraphs (5) and (6) as paragraphs (1) and (2), respectively.

(10) AMENDMENTS CONFORMING TO THE REPEAL OF SECTIONS 4911 THROUGH 4931.—

(A) (i) (I) Section 263 is amended by striking out subsections (a) (3) and (d) (relating to the allowance of deductions for payment of interest equalization tax), and by redesignating subsections (e) and (f) as subsections (d) and (e), respectively.

(II) Section 263(d), as redesignated by clause (i) (I) of this subparagraph, is amended by striking out "subsection (f)" and inserting in lieu thereof "subsection (e)".

(ii) Section 6011 (relating to requirement of return, statement, or list) is amended by striking out subsection (d) (relating to interest equalization tax returns, etc.), and by redesignating subsections (e) and (f) as subsections (c) and (d), respectively.

(iii) (I) Section 6076 (relating to time for filing interest equalization tax returns) is repealed.

(II) The table of sections for part V of subchapter A of chapter 61 is amended by striking out the item relating to section 6076.

(iv) Section 6611 (relating to interest on overpayments) is amended by striking out subsection (h) (relating to overpayments of interest equalization tax) and by redesignating subsection (i) as subsection (h).

(v) Section 6651 (relating to failure to file tax return or to pay tax) is amended by striking out subsection (e) (relating to certain interest equalization tax returns).

(vi) (I) Section 6680 (relating to failure to file interest equalization tax returns) is repealed.

(II) The table of sections for subchapter B of chapter 68 is amended by striking out the item relating to section 6680.

(vii) The amendments made by this subparagraph shall apply with respect to acquisitions of stock or debt obligations made after June 30, 1974, except that the repeal of paragraph (2) of section 6011(d) under clause (ii) shall apply with respect to loans and commitments made after such date.

(B) Section 861(a) (1) (G) (relating to income from sources within the United States) is amended—

(i) by striking out "4912(c)" and inserting in lieu thereof "subsection (c) of section 4912 (as in effect before July 1, 1974)"; and

(ii) by striking out "4912(c) (2)" and inserting in lieu thereof "subsection (c) (2) of such section".

(C) The second sentence of section 1232 (b) (2) (relating to the definition of the issue price of bonds and other evidences of indebtedness) is amended by striking out "section 4911" and inserting in lieu thereof "section 4911, as in effect before July 1, 1974,".

(D) Section 6103(a) (2) (relating to publicity of returns) is amended by striking out "chapter 41" and inserting in lieu thereof "chapter 41 (as in effect before July 1, 1974)".

(E) (i) Section 6681 (relating to false equalization tax certificates) is repealed.

(ii) The table of sections for subchapter B of chapter 68 is amended by striking out the item relating to section 6681.

(iii) The amendments made by this subparagraph shall apply with respect to actions occurring after June 30, 1974.

(F) (i) Section 6689 (relating to failure by certain foreign issuers and obligors to comply with United States investment equalization tax requirements) is repealed.

(ii) The table of sections for subchapter B of chapter 68 is amended by striking out the item relating to section 6689.

(iii) The amendments made by this subparagraph shall apply with respect to stock or debt obligations issued after June 30, 1974.

(G) (i) Section 7241 (relating to penalty for fraudulent equalization tax certificates) is repealed.

(ii) The table of sections for part II of subchapter A of chapter 75 is amended by striking out the item relating to section 7241.

(iii) The amendments made by this subparagraph shall apply with respect to statements and certificates executed after June 30, 1974.

(H) The table of chapters for subtitle D is amended by striking out the item relating to chapter 41.

(c) AMENDMENTS TO PROVISIONS REFERRING TO TERRITORIES.—

(1) Section 4102 is amended by striking out "or Territory".

(2) Section 4482(c) (1) is amended by striking out ", a Territory of the United States,".

(d) EFFECTIVE DATE.—Except as otherwise provided, the amendments made by this section shall take effect on the first day of the first month which begins more than 90 days after the date of the enactment of this Act.

SEC. 1905. AMENDMENTS OF SUBTITLE E; ALCOHOL, TOBACCO, AND CERTAIN OTHER EXCISE TAXES.

(a) IN GENERAL.—

(1) AMENDMENT OF SECTION 5005.—Section 5005(c) (2) (relating to transfers in bond of distilled spirits) is amended by striking out the last two sentences and inserting in lieu thereof the following: "Such relief from liability shall be effective from the time of removal from the transferor's bonded premises, or from the time of divestment of interest, whichever is later."

(2) AMENDMENTS OF SECTION 5008.—

(A) Section 5008(b) (1) (relating to abatement, remission, refund, and allowance for loss of destruction of distilled spirits) is amended by inserting immediately after "the tax imposed by this chapter" the following: "or by section 7652".

(B) Section 5008(b) (2) is amended by striking out "the taxes imposed under section 5001(a) (1)" and all that follows and inserting in lieu thereof the following: "the taxes imposed under section 5001(a) (1), under subpart B of this part, or under section 7652 on the spirits so destroyed, to the proprietor of the distilled spirits plant who withdrew the distilled spirits on payment or determination of tax."

(C) Subsections (c)(1) and (d)(1) of section 5008 are each amended by inserting immediately after "under section 5001(a)(1)" the following: "or under section 7652".

(D) Section 5008(d)(1) is amended by striking out ", on or after July 1, 1959,".

(3) AMENDMENT OF SECTION 5009.—Section 5009(b)(3) amended by striking out "46 Stat. 694;".

(4) AMENDMENT OF SECTION 5025.—Section 5025(j) (relating to stabilization of distilled spirits) is amended by striking out "the bottling of distilled spirits," and inserting in lieu thereof "the bottling of distilled spirits, or preparatory to exportation,".

(5) AMENDMENT OF SECTION 5054.—Section 5054 (relating to determination and collection of tax on beer) is amended by striking out subsection (c) (relating to stamps or other devices as evidence of payment of tax) and by redesignating subsection (d) as subsection (c).

(6) AMENDMENTS OF SECTION 5061.—

(A) Section 5061(a) (relating to collections of alcohol taxes) is amended by striking out the last sentence.

(B) Section 5061(b) (relating to methods of collection) is amended to read as follows:

"(b) EXCEPTIONS.—Notwithstanding the provisions of subsection (a), any taxes imposed on, or amounts to be paid or collected in respect of, distilled spirits, wines, rectified distilled spirits and wines, and beer under—

"(1) section 5001(a) (5), (6), or (7),
"(2) section 5006(c) or (d),
"(3) section 5026(a)(2),
"(4) section 5041(d),
"(5) section 5043(a)(3),
"(6) section 5054(a)(3) or (4), or
"(7) section 5505(a),

shall be immediately due and payable at the time provided by such provisions (or if no specific time for payment is provided, at the time the event referred to in such provision occurs). Such taxes and amounts shall be assessed and collected by the Secretary on the basis of the information available to him in the same manner as taxes payable by return but with respect to which no return has been filed."

(C) Section 5061(c) (relating to applicability of other provisions of law) is amended to read as follows:

"(c) IMPORT DUTIES.—The internal revenue taxes imposed by this part shall be in addition to any import duties unless such duties are specifically designated as being in lieu of internal revenue tax."

(7) AMENDMENT OF SECTION 5113.—Section 5113(f)(1) (relating to retail dealers in liquors) is amended by striking out "wines or beer" and inserting in lieu thereof "distilled spirits, wines, or beer".

(8) AMENDMENTS OF SECTION 5117.—Section 5117 (relating to prohibited purchases by dealers) is amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b) LIMITED RETAIL DEALERS.—A limited retail dealer may lawfully purchase distilled spirits for resale from a retail dealer in liquors."

(9) AMENDMENT OF SECTION 5121.—Section 5121(c) (relating to limited retail dealers) is amended to read as follows:

"(c) LIMITED RETAIL DEALERS.—Every limited retail dealer shall pay a special tax of $4.50 for each calendar month in which sales are made as such dealer; except that the special tax shall be $2.20 for each calendar month in which only sales of beer or wine are made."

(10) AMENDMENT OF SECTION 5122.—Section 5122(c) (relating to definition of limited retail dealer) is amended by striking out "beer or wine" each place it appears and inserting in lieu thereof "distilled spirits, wine, or beer".

(11) AMENDMENT OF SECTION 5131.—Section 5131(a) (relating to eligibility for drawback) is amended by striking out "produced in a domestic registered distillery or industrial alcohol plant and withdrawn from bond, or using distilled spirits withdrawn from the bonded premises of a distilled spirits plant,".

(12) AMENDMENT OF SECTION 5142.—Section 5142(c) (relating to payment of occupational taxes) is amended to read as follows:

"(c) HOW PAID.—

"(1) PAYMENT BY RETURN.—The special taxes imposed by this part shall be paid on the basis of a return under such regulations as the Secretary shall prescribe.

"(2) STAMP DENOTING PAYMENT OF TAX.—After receiving a properly executed return and remittance of any special tax imposed by this subpart, the Secretary shall issue to the taxpayer an appropriate stamp as a receipt denoting payment of the tax. This paragraph shall not apply in the case of a return covering liability for a past period."

(13) AMENDMENT OF SECTION 5171.—Section 5171(b) (relating to permits for operation of businesses as distillers, etc.) is amended—

(A) in paragraph (1), by striking out "49 Stat. 978;", and

(B) by striking out paragraph (3) (relating to continuance of business after June 30, 1959, pending application for permit).

(14) AMENDMENTS OF SECTION 5174.—Section 5174(a)(2)(A) (relating to withdrawal bonds for distilled spirits) is amended by striking out "such spirits" and inserting in lieu thereof "distilled spirits from bond".

(15) AMENDMENT OF SECTION 5232.—Section 5232(a) (relating to transfer of imported distilled spirits) is amended by striking out "and the importer" and inserting in lieu thereof "and the importer, or the person bringing such distilled spirits into the United States,".

(16) AMENDMENT OF SECTION 5233.—Section 5233(b)(4) (relating to bottling requirements) is amended by striking out "49 Stat. 977;".

(17) AMENDMENT OF SECTION 5234.—The first sentence of section 5234(a)(2) (relating to the mingling of distilled spirits) is amended by striking out "8 years" and inserting in lieu thereof "20 years".

(18) AMENDMENT OF SECTION 5314.—Section 5314(a)(2) (relating to application of certain provisions to Puerto Rico) is amended by striking out "section 5001(a)(4)" and inserting in lieu thereof "section 5001(a)(10)".

(19) REPEAL OF SECTION 5315.—Section 5315 (relating to the status of certain distilled spirits on July 1, 1959) is repealed.

(20) AMENDMENTS OF SECTION 5368.—

(A) The heading of section 5368 is amended to read as follows:

"SEC. 5368. GAUGING AND MARKING."

(B) Section 5368(b) (relating to removal of wines) is amended to read as follows:

"(b) MARKING.—Wines shall be removed in such containers (including vessels, vehicles, and pipelines) bearing such marks and labels, evidencing compliance with this chapter, as the Secretary may by regulations prescribe."

(21) AMENDMENT OF SECTION 5392.—Section 5392(f) (defining own production) is amended by striking out "49 Stat. 990;".

(22) AMENDMENT OF SECTION 5601.—Section 5601(b) (relating to presumptions in the case of criminal penalties) is amended to read as follows:

"(b) PRESUMPTION.—Whenever on trial for violation of subsection (a)(4) the defendant is shown to have been at the site or place where, and at the time, the business of a distiller or rectifier was so engaged in or carried on, such presence of the defendant shall be deemed sufficient evidence to authorize conviction, unless the defendant explains such presence to the satisfaction of the jury (or of the court when tried without jury)."

(23) AMENDMENTS OF SECTION 5685.—

(A) Section 5685(a) (relating to penalty for possession of devices for emitting gas, smoke, etc.) is amended by striking out "section 5848" and inserting in lieu thereof "section 5845".

(B) Section 5685(c) (relating to forfeiture of firearms, devices, etc.) is amended by striking out "section 5862" and inserting in lieu thereof "section 5872".

(C) Section 5685(d) (relating to the definition of machine gun) is amended to read as follows:

"(d) DEFINITION OF MACHINE GUN.—As used in this section, the term 'machine gun' means a machinegun as defined in section 5845(b)."

(24) AMENDMENT OF SECTION 5701.—Section 5701(e) (relating to imported tobacco products, etc.) is amended by striking out "such articles" and inserting in lieu thereof "such articles, unless such import duties are imposed in lieu of internal revenue tax".

(25) AMENDMENTS OF SECTION 5703.—

(A) Section 5703(a)(2) (relating to transfer of liability for tobacco taxes) is amended by adding at the end thereof the following new sentence: "All provisions of this chapter applicable to tobacco products and cigarette papers and tubes in bond shall be applicable to such articles returned to bond upon withdrawal from the market or returned to bond after previous removal for a tax-exempt purpose."

(B) The second sentence of section 5703(b) (relating to method of payment of tobacco taxes) is amended by striking out ", except that the taxes shall continue to be paid by stamp until the Secretary or his delegate provides, by regulations, for the payment of the taxes on the basis of a return".

(C) Section 5703 is amended by striking out subsection (c) (relating to stamps to evidence tobacco taxes) and by redesignating subsections (d) and (e) as subsections (c) and (d), respectively.

(26) AMENDMENTS OF SECTION 5704.—Subsections (c) and (d) of section 5704 (relating to exemptions from tobacco taxes) are each amended by inserting immediately after "to a manufacturer of tobacco products or cigarette papers and tubes" the following: "or to the proprietor of an export warehouse".

(27) AMENDMENT OF SECTION 5712.—Section 5712 (relating to application for permit) is amended by striking out the last sentence.

(28) AMENDMENTS OF SECTION 5723.—

(A) The heading of section 5723 is amended by striking out "NOTICES, AND STAMPS" and inserting in lieu thereof "AND NOTICES".

(B) Section 5723(b) (relating to marks, and so forth, on packages) is amended to read as follows:

"(b) MARKS, LABELS, AND NOTICES.—Every package of tobacco products or cigarette papers or tubes shall, before removal, bear the marks, labels, and notices, if any, that the Secretary by regulation prescribes."

(b) CONFORMING AND CLERICAL AMENDMENTS—

(1) AMENDMENTS CONFORMING TO AMENDMENT OF SECTION 5054.—

(A) Section 5676 (relating to beer stamp penalties) is repealed.

(B) The table of sections for part III of subchapter J of chapter 51 is amended by striking out the item relating to section 5676.

(2) AMENDMENTS CONFORMING TO THE AMENDMENTS OF SECTION 5061.—

(A) Section 5007(b)(1) is amended by striking out the second sentence.

(B) Section 5026(b) is amended by striking out "Except as provided in subsection (a)(2), the taxes" and inserting in lieu thereof "The taxes".

(C) Section 5043(b) is amended by striking out "Except as provided in subsection (a)(3), the taxes" and inserting in lieu thereof "The taxes".

(D) Section 5662 is amended by striking out "stamp," each place it appears.

(E)(i) Section 5689 (relating to penalty and forfeiture for tampering with a stamp machine) is repealed.

(ii) The table of sections for part IV of subchapter J of chapter 51 is amended by striking out the item relating to section 5689.

(iii) Section 5061 is amended by striking out subsection (d).

(3) Amendments conforming to amendment of section 5142.—

(A)(i) Section 5104 (relating to method of payment of tax on stills) is repealed.

(ii) The table of sections for subpart C of part II of subchapter A of chapter 51 is amended by striking out the item relating to section 5104.

(B) Section 5111(a) is amended by striking out the second sentence.

(C) Section 5121(a) is amended by striking out the second sentence.

(D)(i) Section 5144 (relating to supply of stamps) is repealed.

(ii) The table of sections for subpart G of part II of subchapter A of chapter 51 is amended by striking out the item relating to section 5144.

(E) Section 5148(3) is amended by striking out "penalties" and inserting in lieu thereof "penalties, authority for assessments,".

(4) Amendment conforming to the repeal of section 5315. The table of sections for part III of subchapter E of chapter 51 is amended by striking out the item relating to section 5315.

(5) Amendment conforming to the amendment of section 5368.—The item relating to section 5368 in the table of sections for part II of subchapter F of chapter 51 is amended to read as follows:

"Sec. 5368. Gauging and marking."

(6) Amendments conforming to the amendment of section 5601.—

(A) Section 5105(b)(2) is amended by striking out ", 5601(b)(1),".

(B) Section 5177(b)(2) is amended by striking out "5601(b)(2)," and inserting in lieu thereof "5601(b),".

(C) Section 5179(b)(1) is amended by striking out ", 5601(b)(1),".

(D) Section 5222(d) is amended by striking out "5601(b)(3), 5601(b)(4),".

(E) Section 5505(i) is amended by striking out "5601(b)(1),".

(7) Amendments conforming to the amendment of section 5723.—

(A) Paragraphs (2) and (3) of section 5751(a) are each amended by striking out "notices, and stamps" and inserting in lieu thereof "and notices".

(B)(i) Section 5752 is amended to read as follows:

"Sec. 5752. Restrictions Relating to Marks, Labels, Notices, and Packages.

"No person shall, with intent to defraud the United States, destroy, obliterate, or detach any mark, label, or notice prescribed or authorized, by this chapter or regulations thereunder, to appear on, or be affixed to, any package of tobacco products or cigarette papers or tubes, before such package is emptied."

(ii) Section 5762(a) is amended by striking out paragraphs (6), (7), (8), (9), (10), and (11) and inserting in lieu thereof the following:

"(6) Destroying, obliterating, of detaching marks, labels, or notices before packages are emptied.—Violates any provision of section 5752;".

(iii) The item relating to section 5752 in the table of sections for subchapter E of chapter 57 is amended to read as follows:

"Sec. 5752. Restrictions relating to marks, labels, notices, and packages."

(C)(i) Section 5763(a)(2) is amended by striking out "notices, and stamps" and inserting in lieu thereof "and notices".

(ii) Section 5763(b) is amended by striking out "internal revenue stamps,".

(D) The item relating to section 5723 in the table of sections for subchapter C of chapter 52 is amended to read as follows:

"Sec. 5723. Packages, marks, labels, and notices."

(c) Amendments to Provisions Referring to Territories.—

(1) Section 5114(b) is amended by striking out "or Territory" each place it appears and by striking out "Territories,".

(2) Section 5214(a)(2) is amended by striking out "or Territory" each place it appears.

(3) Section 5272(b) is amended by striking out "and Territories".

(4) Section 5362(c)(9) is amended by striking out "and Territories".

(5) Section 5551(b)(2) is amended by striking out "Territory, or".

(6) Section 5685(a) is amended by striking out "Territory or".

(d) Effective Date.—The amendments made by this section shall take effect on the first day of the first month which begins more than 90 days after the date of the enactment of this Act.

Sec. 1906. Amendments of Subtitle F; Procedure and Administration.

(a) In General.—

(1) Amendments of section 6013.—

(A) Section 6013(b)(2)(C) (relating to petition to the Tax Court) is amended by striking out "of the United States".

(B) The heading of section 6013(d) is amended to read as follows:

"(d) Special Rules.—".

(C) Section 6013(d)(1) (relating to joint return after death of one spouse) is amended by striking out "and" at the end of subparagraph (A) and inserting in lieu thereof "or", and by striking out "and" at the end of the subparagraph (B).

(2) Amendment of section 6015.—Section 6015 (relating to declaration of estimated tax by individuals) is amended by striking out subsection (j) (relating to an effective date provision).

(3) Amendment of section 6037.—Section 6037 (relating to returns of subchapter S corporations) is amended by striking out "section 1371(a)(2)" and inserting in lieu thereof "section 1371(b)".

(4) Amendment of section 6046.—Section 6046(e) (relating to information as to organization of foreign corporation) is amended to read as follows:

"(e) Limitation.—No information shall be required to be furnished under this section with respect to any foreign corporation unless such information was required to be furnished under regulations which have been in effect for at least 90 days before the date on which the United States citizen, resident, or person becomes liable to file a return required under subsection (a)."

(5) Amendment of section 6051.—Section 6051(a) (relating to information required to be furnished to employees) is amended by striking out "and" where it appears at the end of paragraph (6).

(6) Amendment of section 6065.—Section 6065 (relating to verification of returns) is amended by striking out subsection (b) (relating to verification by oath), and by striking out in subsection (a) the following: "(a) Penalties of Perjury.—".

(7) Amendments of section 6403.—

(A) Section 6103(a)(2) (relating to publicity of tax returns) is amended by striking out ", subchapter B of chapter 37".

(B) The amendment made by subparagraph (A) shall take effect on the first day of the first month which begins more than 90 days after the date of the enactment of this Act, except that it shall not apply to returns made with respect to taxes imposed by subchapter B of chapter 37 of the Internal Revenue Code of 1954 before the first day of such month.

(8) Repeal of section 6105.—Section 6105 (relating to compilation of data for certain excess profits tax cases) is repealed.

(9) Amendment of section 6110.—Section 6110 (relating to cross references) is amended to read as follows:

"Sec. 6110. Cross Reference.

"For inspection of records, returns, etc., concerning gasoline or lubricating oils, see section 4102."

(10) Amendment of section 6152.—Section 6152(a)(1) (relating to installment payments by corporations) is amended to read as follows:

"(1) Corporations.—A corporation subject to the taxes imposed by chapter 1 may elect to pay the unpaid amount of such taxes in two equal installments."

(11) Amendments of section 6154.—

(A) Section 6154(c)(1)(B) (relating to definition of estimated tax) is amended—

(i) by adding "and" after the comma at the end of clause (i), and

(ii) by striking out clauses (ii) and (iii) and inserting in lieu thereof the following:

"(ii) in the case of a taxable year beginning before January 1, 1977, the amount of the corporation's temporary estimated tax exemption for such year."

(B) 6154(c)(2)(A)(ii) (relating to temporary estimated tax payments) is amended by striking out "clauses (ii) and (iii)" and inserting in lieu thereof "clause (ii)".

(C) Section 6154(c)(2)(B) (relating to estimated tax) is amended by striking out the following:

"1968, 1969, 1970, 1971, and 1972	100 percent
1973	80 percent
1974	60 percent".

(D) Section 6154(c) (relating to estimated tax) is amended by striking out paragraph (3) (relating to transitional exemption for taxable years beginning before 1972).

(12) Amendments of section 6157.—

(A) Section 6157 (relating to payment of Federal unemployment tax) is amended by striking out subsection (c) (relating to special rules for 1970 and 1971), and by redesignating subsection (d) as subsection (c).

(B) Section 6157(a) is amended by striking out "subsections (c) and (d)" and inserting in lieu thereof "subsection (c)".

(13) Repeal of section 6162.—Section 6162 (relating to payment of tax on gain on liquidation of certain personal holding companies) is repealed.

(14) Amendments of section 6166.—

(A) So much of section 6166(i) (relating to extension of time for payment of estate tax) as precedes paragraph (2) is amended to read as follows:

"(1) Treatment of Deficiency.—

"(1) In general.—If a deficiency in the tax imposed by section 2001 is assessed, and the estate qualifies under paragraph (1) or (2) of subsection (a), the executor may elect to pay the deficiency in installments. This subsection shall not apply if the deficiency is due to negligence, to intentional disregard of rules and regulations, or to fraud with intent to evade tax."

(B) Section 6166(i) is amended by striking out paragraph (4) (relating to a taxable year ending before 1960).

(15) Amendment of section 6205.—Section 6205(a)(4) (relating to District of Columbia as employer) is amended by striking out "Commissioners of the District of Columbia and each agent designed by them" and inserting in lieu thereof "Mayor of the District of Columbia and each agent designated by him".

(16) Amendment of section 6207.—Section 6207 (relating to cross references) is amended by striking out paragraph (7).

(17) Amendment of section 6213.—Section 6213(a) (relating to time for filing petition with the Tax Court) is amended by striking out "States of the Union and the District of Columbia" and inserting in lieu thereof "United States".

(18) Amendment of section 6215.—Sec. tion 6215(b)(5) (a cross reference) is amended by striking out "60 Stat. 48;".

(19 Amendment of section 6302.—Section 6302(b) (relating to collection of certain excise taxes) is amended by striking out "sections 4501(a) or 4511 of chapter 37, or sections 4701 or 4721 of chapter 39" and inserting in lieu thereof "section 4501(a) of chapter 37".

(20) Repeal of section 6304.—Section 6304 (relating to a cross reference) is repealed.

(21) Amendmdent of section 6313.—Section 6313 (relating to fractional parts of a cent) is amended by striking out "not payable by stamp".

(22) Amendments of section 6326.—

(A) Paragraph (2) of section 6326 (cross references) is amended by striking out "52 Stat. 851;".

(B) Paragraph (3) of section 6326 is amended by striking out "52 Stat. 867;".

(C) Paragraph (4) of section 6326 is amended by striking out "52 Stat. 867–877;".

(D) Paragraph (5) of section 6326 is amended by striking out "52 Stat. 938;".

(23) Amendment of section 6365.—Section 6365(b) (relating to definition of governor) is amended by striking out "Commissioner of the District of Columbia" and inserting in lieu thereof "Mayor of the District of Columbia".

(24) Amendment of section 6412.—Section 6412(a) (relating to floor stock refunds) is amended by redesignating paragraphs (2) and (4) as paragraphs (1) and (2), respectively.

(25) Amendments of section 6413.—

(A) Section 6413(a)(4) (relating to District of Columbia as employer) is amended by striking out "Commissioners of the District of Columbia and each agent designated by them" and inserting in lieu thereof "Mayor of the District of Columbia and each agent designated by him".

(B)(i) Section 6413(c)(1) (relating to refunds of certain employment taxes) is amended to read as follows:

"(1) In general.—If by reason of an employee receiving wages from more than one employer during a calendar year the wages received by him during such year exceeded the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year, the employee shall be entitled (subject to the provisions of section 31(b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 3101 or section 3201, or by both such sections, and deducted from the employee's wages (whether or not paid to the Secretary), which exceeds the tax with respect to the amount of such wages received in such year which is equal to such contribution and benefit base. The term 'wages' as used in this paragraph shall, for purposes of this paragraph, include 'compensation' as defined in section 3231(e)."

(ii) So much of section 6413(c)(2)(A) (relating to Federal employees) as follows "and the term 'wages' includes" is amended to read as follows: "for purposes of this subsection the amount, not to exceed an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) for any calendar year with respect to which such contribution and benefit base is effective, determined by each such head or agent as constituting wages paid to an employee."

(iii) The amendments made by clauses (i) and (ii) shall apply with respect to remuneration paid after December 31, 1976.

(C) Section 6413(c)(2)(F) (relating to government employees in the District of Columbia) is amended by striking out "Commissioners of the District of Columbia and each agent designated by them" and inserting in lieu thereof "Mayor of the District of Columbia and each agent designated by him".

(D) Section 6413(c)(3) (relating to special refunds) is amended by striking out "after 1967".

(26) Amendments of section 6416.—

(A) Section 6416(a)(3) (relating to special rules for refund of overpayment of tax) is amended by redesignating subparagraphs (C) and (D) as subparagraphs (A) and (B), respectively.

(B)(i) Section 6416(b)(2) (relating to overpayments of certain excise taxes) is amended by striking out subparagraphs (G), (H), (I), and (J), and by redesignating subparagraphs (F), (K), (L), (M), (R), and (S) as subparagraphs (E), (F), (G), (H), (I), and (J), respectively.

(ii) The repeals made by clause (i) shall apply with respect to the use or resale for use of liquids after December 31, 1976.

(27) Repeal of section 6417.—Section 6417 (relating to coconut and palm oil) is repealed.

(28) Amendments of section 6420.—

(A) Section 6420(b) (relating to time for filing refund claims on gasoline) is amended to read as follows:

"(b) Time for Filing Claims; Period Covered.—Not more than one claim may be filed under this section by any person with respect to gasoline used during his taxable year, and no claim shall be allowed under this section with respect to gasoline used during any taxable year unless filed by such person not later than the time prescribed by law for filing a claim for credit or refund of overpayment of income tax for such taxable year. For purposes of this subsection, a person's taxable year shall be his taxable year for purposes of subtitle A."

(B) Section 6420(e)(1) (relating to applications of other laws) is amended by striking out "apply in in respect" and inserting in lieu thereof "apply in respect".

(C)(i) Section 6420 is amended by striking out subsection (g) (relating to effective date) and by redesignating subsections (h) and (i) as subsections (g) and (h), respectively.

(ii) Section 6420(a) is amended by striking out "subsection (h)" and inserting in lieu thereof "subsection (g)".

(D) Section 6420(g) (relating to income tax credit in lieu of gas tax refund), as redesignated by subparagraph (C)(i) of this paragraph, is amended by striking out "with respect to gasoline used after June 30, 1965," and "for gasoline used after June 30, 1965".

(29) Amendments of section 6421.—

(A)(i) Subsections (a) and (e)(3) of section 6421 (relating to nonhighway use of gasoline) are each amended by striking out "after June 30, 1970,".

(ii) The amendments made by clause (i) shall only apply with respect to gasoline used as a fuel after June 30, 1970.

(B) Section 6421(c) (relating to nonhighway use of gasoline) is amended to read as follows:

"(c) Time for Filing Claims; Period Covered.—

"(1) In general.—Except as provided in paragraph (2), not more than one claim may be filed under subsection (a), and not more than one claim may be filed under subsection (b), by any person with respect to gasoline used during his taxable year; and no claim shall be allowed under this paragraph with respect to gasoline used during any taxable year unless filed by such person not later than the time prescribed by law for filing a claim for credit or refund of overpayment of income tax for such taxable year. For purposes of this subsection, a person's taxable year shall be his taxable year for purposes of subtitle A.

"(2) Exception.—If $1,000 or more is payable under this section to any person with respect to gasoline used during any of the first three quarters of his taxable year, a claim may be filed under this section by such person with respect to gasoline used during such quarter. No claim filed under this paragraph shall be allowed unless filed on or before the last day of the first quarter following the quarter for which the claim is filed."

(C) Section 6421(h) (relating to effective dates) is amended by striking out "after June 30, 1956, and".

(D) Section 6421(i) (relating to income tax credit in lieu of refund) is amended—

(i) by striking out, in paragraph (1), "with respect to gasoline used after June 30, 1965,",

(ii) by striking out, in paragraph (2), "subsection (c)(3)(B)" and inserting in lieu thereof "subsection (c)(2)", and

(iii) by striking out, in paragraph (3), "for gasoline used after June 30, 1965".

(30) Amendments of section 6422.—

(A) Paragraph (9) of section 6422 (cross references), as redesignated by section 1301 (b)(35)(B), is amended by striking out "60 Stat. 48;".

(B) Paragraph (11) of section 6422, as so redesignated, is amended by striking out "47 Stat. 1516;".

(31) Amendments of section 6423.—

(A) Section 6423(b) (relating to filing of refund claim in case of alcohol and tobacco taxes) is amended to read as follows:

"(b) Filing of Claims.—No credit or refund of any amount to which subsection (a) applies shall be allowed or made unless a claim therefor has been filed by the person who paid the amount claimed, and unless such claim is filed within the time prescribed by law and in accordance with regulations prescribed by the Secretary. All evidence relied upon in support of such claim shall be clearly set forth and submitted with the claim."

(B) Section 6423 is amended by striking out subsection (c) (relating to suits barred from allowance on April 30, 1958) and by redesignating subsections (d) and (e) as subsections (c) and (d), respectively.

(C) Section 6423(c) (relating to application of section), as redesignated by subparagraph (B) of this paragraph, is amended by adding "and" at the end of paragraph (1), by striking out ", and" at the end of paragraph (2) and inserting in lieu thereof a period, and by striking out paragraph (3).

(32) Amendments of section 6424.—

(A) The last sentence of section 6423(b) (1) (relating to refund claims with respect to lubricating oil) is amended by striking out ", except that a person's first taxable year beginning after December 31, 1965, shall include the period after December 31, 1965, and before the beginning of such first taxable year".

(B) Section 6424 (relating to lubricating oil not used in highway motor vehicles) is amended by striking out subsection (f) (relating to effective date of section), and by redesignating subsections (g) and (h) as subsections (f) and (g), respectively.

(33) Amendments of section 6427.—

(A) Subsections (a), (b), and (c) of section 6427 (relating to fuels not used for taxable purposes) are each amended by striking out ", after June 30, 1970,".

(B) The amendments made by subparagraph (A) shall apply only with respect to fuel used or resold after June 30, 1970.

(34) AMENDMENTS OF SECTION 6504.—

(A) Section 6504 (relating to cross references) is amended by striking out paragraphs (13) and (14) and inserting in lieu thereof:

"(13) Assessments to recover excessive amounts paid under section 6420 (relating to gasoline used on farms), 6421 (relating to gasoline used for certain nonhighway purposes or by local transit systems), 6424 (relating to lubricating oil not used in highway motor vehicles), or 6427 (relating to fuels not used for taxable purposes) and assessments of civil penalties under section 6675 for excessive claims under section 6420, 6421, 6424, or 6427, see section 6206."

(B) Section 6504, as amended by this Act, is further amended by redesignating paragraphs (2), (3), (4), (5), (9), (10), (11), (12), (13), and (15) as paragraphs (1), (2), (3), (4), (5), (6), (7), (8), (9), and (10), respectively.

(35) AMENDMENTS OF SECTION 6511.—

(A) Section 6511(d)(2)(A)(ii) (relating to net operating loss carryback) is amended by striking out "September 1, 1959, or" and by striking out ", whichever is the later".

(B) Section 6511(d)(5) is amended by striking out "the later of the following dates: (A)", and by striking out ", or (B) December 31, 1965".

(36) AMENDMENT OF SECTION 6601.—Section 6601(h) (relating to interest on estimated tax payments) is amended by striking out "(or section 59 of the Internal Revenue Code of 1939)".

(37) AMENDMENT OF SECTION 6654.—Section 6654 (relating to payment of estimated income tax) is amended by striking out subsection (h) (relating to applicability of section).

(38) AMENDMENT OF SECTION 6802.—Section 6802(2) (relating to supply and distribution of stamps) is amended by striking out the semicolon at the end and inserting in lieu thereof a period.

(39) AMENDMENT OF SECTION 6803.—Section 6803 (relating to accounting and safeguarding) is amended to read as follows:

"SEC. 6803. ACCOUNTING AND SAFEGUARDING.

"(a) BOND.—In cases coming within the provisions of paragraph (2) of section 6802, the Secretary may require a bond, with sufficient sureties, in a sum to be fixed by the Secretary, conditioned for the faithful return, whenever so required, of all quantities or amounts undisposed of and for the payment monthly for all quantities or amounts sold or not remaining on hand.

"(b) REGULATIONS.—The Secretary may from time to time make such regulations as he may find necessary to insure the safekeeping or prevent the illegal use of all adhesive stamps referred to in paragraph (2) of section 6802."

(40) AMENDMENT OF SECTION 6863.—Section 6863(b)(3) (relating to stay of sale of seized property pending Tax Court decision) is amended by striking out subparagraph (C) (relating to effective date).

(41) AMENDMENT OF SECTION 7012.—Section 7012 (relating to cross references), as amended by section 1304(b)(8)(C) of this Act, is amended to read as follows:

"SEC. 7012. CROSS REFERENCES.

"(1) For provisions relating to registration in connection with firearms, see sections 5802, 5841, and 5861.

"(2) For special rules with respect to registration by persons engaged in receiving wagers, see section 4412.

"(3) For provisions relating to registration in relation to the production or importation of gasoline, see section 4101.

"(4) For provisions relating to registration in relation to the manufacture or production of lubricating oils, see section 4101.

"(5) For penalty for failure to register, see section 7272.

"(6) For other penalties for failure to register with respect to wagering, see section 7262."

(42) AMENDMENT OF SECTION 7103.—Section 7103 (relating to cross references regarding bonds) is amended by striking out subsection (d).

(43) AMENDMENTS OF SECTION 7271.—Section 7271 (relating to penalties for offenses concerning stamps) is amended by striking out paragraph (2), and by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(44) AMENDMENT OF SECTION 7272.—Section 7272(b) (relating to cross references) is amended by striking out "4722, 4753,".

(45) AMENDMENTS OF SECTION 7326.—Section 7326 (relating to disposal of forfeited property) is amended—

(A) by striking out "section 5862(b)" and inserting in lieu thereof "section 5872(b)", and

(B) by redesignating subsection (c) as subsection (b).

(46) AMENDMENTS OF SECTION 7422.—Section 7422(c) (relating to suits against collection officers) is amended by striking out "instituted after June 15, 1942,", and by striking out "where the petition to the Tax Court was filed after such date".

(47) AMENDMENTS OF SECTION 7427.—

(A) Paragraph (1) of section 7427 (cross references) is amended by striking out "52 Stat. 851;".

(B) Paragraph (2) of section 7427 is amended by striking out "52 Stat. 867;".

(C) Paragraph (3) of section 7427 is amended by striking out "52 Stat. 876–877;".

(D) Paragraph (4) of section 7427 is amended by striking out "52 Stat. 938;".

(48) AMENDMENT OF SECTION 7448.—

(A) Subsection (a)(6) of section 7448 (relating to annuities to widows and dependent children of tax court judges) is amended—

(i) by striking out "The term 'widow' means a surviving wife of" and inserting in lieu thereof "The term 'surviving spouse' means a surviving spouse of"; and

(ii) by striking out "the mother of issue" and inserting in lieu thereof "a parent of issue".

(B) Section 7448(h) is amended—

(i) by striking out "surviving widow or widower" and inserting in lieu thereof "surviving spouse";

(ii) by striking out "such widow" each place it appears and inserting in lieu thereof "such surviving spouse";

(iii) by striking out "a widow" each place it appears and inserting in lieu thereof "a surviving spouse":

(iv) by striking out "widow's" each place it appears and inserting in lieu thereof "surviving spouse's"; and

(v) by striking out "surviving her" and inserting in lieu thereof "surviving such spouse".

(C) Sections 7448 (h) and (o) are each amended by striking out "she" and inserting in lieu thereof "such spouse".

(D) Section 7448(o) is amended by striking out "her" and inserting in lieu thereof "such spouse's".

(E) Sections 7448 (d), (j), (m), (n) (o), and (q) are each amended by striking out "widow" each place it appears and inserting in lieu thereof "surviving spouse".

(F) The section heading for section 7448 is amended by striking out "WIDOWS" and inserting in lieu thereof "SURVIVING SPOUSES".

(49) AMENDMENTS OF SECTION 7471.—

(A) Subsection (a) of section 7471 (relating to Tax Court employees) is amended by striking out "is authorized in accordance with the civil service laws to appoint, and in accordance with the Classification Act of 1949 (63 Stat. 954; 5 U.S.C. chapter 21), as amended, to fix the compensation of," and inserting in lieu thereof "is authorized to appoint, in accordance with the provisions of title 5, United States Code, governing appointment in the competitive service, and to fix the basic pay of, in accordance with chapter 51 and subchapter III of chapter 53 of such title,".

(B) Subsection (b) of section 7471 is amended by striking out "as provided in the Travel Expense Act of 1949 (63 Stat. 166; 5 U.S.C. chapter 16)." and inserting in lieu thereof "as provided in chapter 57 of title 5, United States Code."

(50) AMENDMENT OF SECTION 7476.—Section 7476(a) (relating to declaratory judgments) is amended by striking out so much thereof as follows paragraph (2)(B) and inserting in lieu thereof the following:

"upon the filing of an appropriate pleading, the Tax Court may make a declaration with respect to such initial qualification or continuing qualification. Any such declaration shall have the force and effect of a decision of the Tax Court and shall be reviewable as such."

(51) AMENDMENT OF SECTION 7502.—Section 7502(b) (relating to timely mailing treated as timely filing and paying) is amended by striking out "United States Post Office" and inserting in lieu thereof "United States Postal Service".

(52) AMENDMENTS OF SECTION 7507.—Paragraphs (2) and (3) of section 7507(c) (relating to insolvent banks) are each amended by striking out "after May 28, 1938,".

(53) AMENDMENTS OF SECTION 7508.—

(A) The heading of section 7508 (relating to time for performing certain acts) is amended by striking out "BY REASON OF WAR" and inserting in lieu thereof "BY REASON OF SERVICE IN COMBAT ZONE".

(B) Section 7508(a) (relating to time to be disregarded) is amended by striking out "States of the Union and the District of Columbia" each place it appears and inserting in lieu thereof "United States".

(54) AMENDMENTS OF SECTION 7509.—Section 7509 (relating to expenditures incurred by the Post Office Department) is amended—

(A) in the section heading, by striking out "POST OFFICE DEPARTMENT" and inserting in lieu thereof "UNITED STATES POSTAL SERVICE";

(B) by striking out "Post Office Department" each place it appears and inserting in lieu thereof "United States Postal Service";

(C) by striking out "such Department" and inserting in lieu thereof "such Service"; and

(D) by striking out ", together with the receipts required to be deposited under section 6803(a),".

(55) AMENDMENT OF SECTION 7621.—Section 7621(b) (relating to boundaries of internal revenue districts) is amended to read as follows:

"(b) BOUNDARIES.—For the purpose mentioned in subsection (a), the President may subdivide any State or the District of Columbia, or may unite into one district two or more States."

(56) REPEAL OF SECTION 7641.—Subchapter C of chapter 78 (relating to supervision of operations of certain manufacturers) is repealed.

(57) AMENDMENTS OF SECTION 7652.—Section 7652(b)(3) (relating to disposition of internal revenue collections) is amended—

(A) by striking out subparagraph (B) and by redesignating subparagraph (C) as subparagraph (B),

(B) by striking out "approved emergency relief purposes and essential public projects as provided in subparagraph (B)" and inserting in lieu thereof "emergency relief purposes and essential public projects, with the prior approval of the President or his designated representative", and

(C) by striking out ", including payments under subparagraph (B),".

(58) AMENDMENT OF SECTION 7653.—Section 7653(d) (a cross reference) is amended by striking out "c. 512, 64 Stat. 392, section 30;".

(59) Amendments of section 7701.—

(A) Section 7701(a)(11) (relating to definition of Secretary) is amended to read as follows:

"(11) Secretary of the Treasury and Secretary.—

"(A) Secretary of the Treasury.—The term 'Secretary of the Treasury' means the Secretary of the Treasury, personally, and shall not include any delegate of his.

"(B) Secretary.—The term 'Secretary' means the Secretary of the Treasury or his delegate."

(B) Section 7701(a)(12)(A) (relating to definition of Secretary or his delegate) is amended to read as follows:

"(A) In general.—The term 'or his delegate'—

"(i) when used with reference to the Secretary of the Treasury, means any officer, employee, or agency of the Treasury Department duly authorized by the Secretary of the Treasury directly, or indirectly by one or more redelegations of authority, to perform the function mentioned or described in the context; and

"(ii) when used with reference to any other official of the United States, shall be similarly construed."

(60) Amendment of section 7803.—Section 7803 (relating to other personnel) is amended by redesignating subsection (d) as subsection (c).

(61) Amendment of section 7809.—Section 7809(a) (relating to deposit of collections) is amended by striking out "4735, 4762,".

(b) Conforming and Clerical Amendments.—

(1) Amendment conforming to the repeal of section 6105.—The table of sections for subchapter B of chapter 61 is amended by striking out the item relating to section 6105.

(2) Amendment conforming to amendment of section 6110.—The item relating to section 6110 in the table of sections for subchapter B of chapter 61 is amended to read as follows:

"Sec. 6110. Cross reference."

(3) Amendments conforming to amendments of section 6154.—

(A) Paragraph (1)(B) of section 6655(e) is amended:

(i) by adding "and" at the end of clause (i), and

(ii) by striking out clauses (ii) and (iii) and inserting in lieu thereof the following:

"(ii) in the case of a taxable year beginning before January 1, 1977, the amount of the corporation's temporary estimated tax exemption for such year."

(B) Paragraph (2)(B) of section 6655(e) is amended by striking out "clauses (ii) and (iii)" and inserting in lieu thereof "clause (ii)".

(C) (i) Section 6655(e) is amended by striking out paragraph (3) and by redesignating paragraph (4) as paragraph (3).

(ii) Section 243(b)(3)(C)(iv), as redesignated by section 1301(a)(19)(A) of this Act, is amended by striking out "sections 6154(c)(2) and (3)" and inserting in lieu thereof "section 6154(c)(2)", and by striking out "sections 6655(e)(2) and (3)" and inserting in lieu thereof "section 6655(e)(2)".

(4) Amendment conforming to the repeal of section 6162.—The table of sections for subchapter B of chapter 62 is amended by striking out the item relating to section 6162.

(5) Amendment conforming to the repeal of section 6304.—The table of sections for subchapter A of chapter 64 is amended by striking out the item relating to section 6304.

(6) Amendments conforming to the amendment of section 6416.—

(A) Subparagraph (A) of section 6420(c)(3) is amended to read as follows:

"(A) by the owner, tenant, or operator of a farm, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife, on a farm of which he is the owner, tenant, or operator; except that if such use is by any person other than the owner, tenant, or operator of such farm, then for purposes of this subparagraph, in applying subsection (a) to this subparagraph, the owner, tenant, or operator of the farm on which gasoline or a liquid taxable under section 4041 is used shall be treated as the user and the ultimate purchaser of such gasoline or liquid;".

(B) The amendments made by subparagraph (A) shall apply with respect to the use of liquids after December 31, 1976.

(7) Amendment conforming to the repeal of section 6417.—The table of sections for subchapter B of chapter 65 is amended by striking out the item relating to section 6417.

(8) Amendment conforming to amendment of section 6420.—Section 39(a)(1) is amended by striking out "section 6420(h)" and inserting in lieu thereof "section 6420(g)".

(9) Amendment conforming to amendment of section 6424.—Section 39(a)(3) is amended by striking out "section 6424(g)" and inserting in lieu thereof "section 6424(f)".

(10) Amendment conforming to amendment of section 7448.—The item relating to section 7448 in the table of sections for part I of subchapter C of chapter 76 is amended to read as follows:

"Sec. 7448. Annuities of surviving spouses and dependent children."

(11) Amendment conforming to amendment of section 7508.—The item relating to section 7508 in the table of sections for chapter 77 is amended to read as follows:

"Sec. 7508. Time for performing certain acts postponed by reason of service in combat zone."

(12) Amendment conforming to amendment of section 7509.—The item relating to section 7509 in the table of sections for chapter 77 is amended to read as follows:

"Sec. 7509. Expenditures incurred by the United States Postal Service."

(13) Amendment conforming to repeal of section 7641.—The table of subchapters for chapter 78 is amended by striking out the item relating to subchapter C.

(14) Amendments conforming to amendments of section 7701.—

(A) The Internal Revenue Code of 1954, as amended by this Act, is amended by striking out "Secretary or his delegate" each place it appears and inserting in lieu thereof "Secretary".

(B) The following provisions are each amended by striking out "Secretary" each place it appears and inserting in lieu thereof "Secretary of the Treasury": sections 405(b), 1037(a), 4293, 4483(b), 4975(e)(2), 5551, 6057(f)(1), 6103(d), 6802(1)(B), 7801(b), 7802(a), 9006(a), 9006(b), 9006(c), and 9007(d).

(C) The following provisions are each amended by striking out "to the Secretary" each place it appears and inserting in lieu thereof "to the Secretary of the Treasury": sections 3121(b)(12)(B), 3303(b), 3304(a)(3), 3304(c), 3305(j), 3306(c)(12)(B), 9905(a), 9007(b), 9010(b), and 9012(e)(3).

(D) Section 31(b(1) is amended by striking out "(or his delegate)".

(E) The last sentence of section 3304(c) is amended by striking out "the Secretary shall" and inserting in lieu thereof "the Secretary of Labor shall".

(F) Section 3310(d)(2) is amended by striking out "the Secretary's action" each place it appears and inserting in lieu thereof "the Secretary of Labor's action".

(G) Section 3221(a) and 3221(c) are each amended by striking out "of the Treasury" each place it appears.

(H) Section 3310(e) is amended by striking out "of the Secretary" and inserting in lieu thereof "of the Secretary of Labor".

(I) Section 4412(c) is amended by striking out "he or his delegate" and inserting in lieu thereof "the Secretary".

(J) Section 5845(f) is amended by striking out "of the Treasury or his delegate".

(K) Section 6047(c)(2) is amended by striking out "to the Secretary (or to such person as the Secretary" and inserting in lieu thereof "to the Secretary of the Treasury (or to such person as the Secretary of the Treasury".

(L) Section 6402(b) is amended by striking out "(or his delegate)".

(M) Section 7458 is amended by striking out "nor his delegate".

(N) Section 7514 is amended by striking out "functions of the Secretary" and inserting in lieu thereof "functions of the Secretary of the Treasury".

(c) Amendments to Sections Referring to Territories.—

(1) Section 6871(a) is amended by striking out "or Territory".

(2) Section 7622(b) is amended by striking out ", Territory,".

(3) Section 7701(a)(4) is amended by striking out "or Territory".

(d) Effective Date.—

(1) General rule.—Except as otherwise expressly provided in this section, the amendments made by this section shall take effect on the first day of the first month which begins more than 90 days after the date of the enactment of this Act.

(2) Amendments relating to income tax.—The amendments made by this section, when relating to a tax imposed by chapter 1 or chapter 2 of the Internal Revenue Code of 1954, shall take effect with respect to taxable years beginning after December 31, 1976.

Sec. 1907. Amendments of Subtitle G; The Joint Committee on Internal Revenue Taxation.

(a) In General.—

(1) Amendment of section 8001.—Section 8001 (relating to creation of the Joint Committee) is amended by striking out "Joint Committee on Internal Revenue Taxation" and inserting in lieu thereof "Joint Committee on Taxation".

(2) Amendment of section 8004.—Section 8004 (relating to compensation of staff) is amended by striking out "compensation of a clerk" and inserting in lieu thereof "compensation of the Chief of Staff of the Joint Committee".

(3) Amendment of section 8021.—Section 8021(d) (relating to authority to make expenditures) is amended to read as follows:

"(d) To Make Expenditures.—The Joint Committee, or any subcommittee thereof, is authorized to make such expenditures as it deems advisable."

(4) Amendment of section 8023.—Section 8023(c) (relating to reorganization plans) is amended to read as follows:

"(c) Application of Subsections (a) and (b).—Subsections (a) and (b) shall be applied in accordance with their provisions without regard to any reorganization plan becoming effective on, before, or after the date of the enactment of this subsection."

(5) All references in any other statute, or in any rule, regulation, or order, to the Joint Committee on Internal Revenue Taxation shall be considered to be made to the Joint Committee on Taxation.

(b) Amendments Conforming to the Amendment of Section 8001.—

(1) So much of section 6103(d)(2) (relating to inspection of returns) as precedes "and to inspect returns" is amended to read as follows:

"(2) Joint committee on Taxation.—The

Joint Committee on Taxation shall have the same right to obtain data".

(2) Section 6405(a) is amended by striking out "Internal Revenue".

(3) The heading of subtitle G is amended by striking out "Internal Revenue".

(4) The table of subtitles for the Internal Revenue Code of 1954 is amended by striking out the item relating to subtitle G and inserting in lieu thereof the following:

"Subtitle G. The Joint Committee on Taxation."

(c) Effective Date.—The amendments made by this section shall take effect on the first day of the first month which begins more than 90 days after the date of the enactment of this Act.

Subtitle B—Amendments of Code Provisions With Limited Current Application: Repeals and Savings Provisions

Sec. 1951. Provisions of Subtitle A.

(a) References to Internal Revenue Code.—Except as otherwise expressly provided, whenever in this section a reference is made to a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

(b) Amendments.—

(1) Amendment of section 72.—

(A) Repeal.—Section 72 (relating to annuities) is amended by striking out subsection (i) (relating to joint and survivor annuities where first annuitant died in 1951, 1952, or 1953).

(B) Savings provision.—Notwithstanding subparagraph (A), if the provisions of section 72(i) applied to amounts received in taxable years beginning before January 1, 1977, under an annuity contract, then amounts received under such contract on or after such date shall be treated as if such provisions were not repealed.

(2) Amendments of section 108.—

(A) Repeal.—Section 108 (relating to income from discharge of indebtedness), is amended by striking out subsection (b) (relating to certain railroad corporations) and by striking out of subsection (a) the following: "(a) Special Rule Exclusion.—".

(B) Savings provision.—If any discharge, cancellation, or modification of indebtedness of a railroad corporation occurs in a taxable year beginning after December 31, 1976, pursuant to an order of a court in a proceeding referred to in section 108(b) (A) or (B) which commenced before January 1, 1960, then, notwithstanding the amendments made by subparagraph (A), the provisions of subsection (b) of section 108 shall be considered as not repealed with respect to such discharge, cancellation, or modification of indebtedness.

(3) Amendments of section 164.—

(A) Repeal.—Section 164 (relating to taxes) is amended by striking out subsection (f) (relating to payments for municipal services in atomic energy communities) and by redesignating subsection (g) as subsection (f).

(B) Savings provision.—Notwithstanding subparagraph (A), any amount paid or accrued in a taxable year beginning after December 31, 1976, to the Atomic Energy Commission or its successors for municipal-type services shall be allowed as a deduction under section 164 if such amount would have been deductible by reason of section 164(f) (as in effect for a taxable year ending on December 31, 1976) and if the amount is paid or accrued with respect to real property in a community (within the meaning of section 21 b. of the Atomic Energy Community Act of 1955 (42 U.S.C. 2304(b))) in which the Commission on December 31, 1976, was rendering municipal-type services for which it received compensation from the owners of property within such community.

(4) Repeal of section 168.—

(A) Repeal.—Section 168 (relating to amortization of emergency facilities) is repealed.

(B) Savings provision.—Notwithstanding the repeal made by subparagraph (A), if a certificate was issued before January 1, 1960, with respect to an emergency facility which is or has been placed in service before the date of the enactment of this Act, the provisions of section 168 shall not, with respect to such facility, be considered repealed. The benefit of deductions by reason of the preceding sentence shall be allowed to estates and trusts in the same manner as in the case of an individual. The allowable deduction shall be apportioned between the income beneficiaries and the fiduciary in accordance with regulations prescribed under section 642(f).

(5) Amendment of section 171.—

(A) Repeal.—

(i) Section 171(b)(1)(B) (relating to amount of bond premium) is amended by striking out clause (iii) (relating to certain bonds acquired before 1958).

(ii) Section 171(b)(1)(B)(i) is amended by striking out "clause (ii) or (iii) applies," and inserting in lieu thereof "clause (ii) applies, or", and by inserting "and" at the end thereof.

(iii) Section 171(b)(1)(B)(ii) is amended by striking out ", or" and inserting ", and" in lieu thereof.

(iv) The second sentence in section 171(b)(2) is amended by striking out "or (iii)".

(B) Savings provision.—Notwithstanding the amendments made by subparagraph (A), in the case of a bond the interest on which is not excludable from gross income—

(i) which was issued after January 22, 1951, with a call date not more than 3 years after the date of such issue, and

(ii) which was acquired by the taxpayer after January 22, 1954, and before January 1, 1958,

the bond premium for a taxable year beginning after December 31, 1975, shall not be determined under section 171(b)(1)(B)(i) but shall be determined with reference to the amount payable on maturity, and if the bond is called before its maturity, the bond premium for the year in which the bond is called shall be determined in accordance with the provisions of section 171(b)(2).

(6) Amendment of section 333.—

(A) Repeal.—Section 333 (relating to election as to recognition of gain in certain liquidations) is amended by striking out subsection (g) (relating to the liquidation of certain personal holding companies).

(B) Savings provision.—Notwithstanding subparagraph (A), if any corporation meets all the requirements of section 333(g)(2)(B), as in effect before its repeal by this Act, the liquidation of such corporation shall be treated as if paragraphs (2), (3), and (4) of section 333(g) had not been repealed.

(7) Amendment of section 453.—

(A) Repeal.—Section 453(b)(2) (relating to limitation on use of installment sales method) is amended to read as follows:

"(2) Limitation.—Paragraph (1) shall apply only if in the taxable year of the sale or other disposition—

"(A) there are no payments, or

"(B) the payments (exclusive of evidences of indebtedness of the purchaser) do not exceed 30 percent of the selling price."

(B) Savings provision.—Notwithstanding subparagraph (A), in the case of installment payments received during taxable years beginning after December 31, 1976, on account of a sale or other disposition made during a taxable year beginning before January 1, 1954, subsection (b)(1) of section 453 (relating to sales of realty and casual sales of personalty) shall apply only if the income was (by reason of section 44(b) of the Internal Revenue Code of 1939) returnable on the basis and in the manner prescribed in section 44(a) of such Code.

(8) Amendments of section 512.—

(A) Repeal.—Section 512(b) (relating to unrelated business taxable income) is amended by striking out paragraphs (13) and (14) and by redesignating paragraphs (15), (16), and (17) as paragraphs (13), (14), and (15), respectively.

(B) Savings provision.—Notwithstanding subparagraph (A) income received in a taxable year beginning after December 31, 1975, shall be excluded from gross income in determining unrelated business taxable income, if such income would have been excluded by paragraph (13) or (14) of section 512(b) if received in a taxable year beginning before such date. Any deductions directly connected with income excluded under the preceding sentence in determining unrelated business taxable income shall also be excluded for such purpose.

(9) Amendment of section 545.—

(A) Repeal.—Section 545(b) (relating to adjustments in computing undistributed personal holding company income) is amended by striking out paragraph (9) (relating to deductions on account of certain liens in favor of the United States).

(B) Savings provisions.—Notwithstanding subparagraph (A), if any amount was deducted under paragraph (9) of section 545(b) in a taxable year beginning before January 1, 1978, on account of a lien which is satisfied or released in a taxable year beginning on or after such date, the amount so deducted shall be included in income, for purposes of section 545, as provided in the second sentence of such paragraph. Shareholders of any corporation which has amounts included in its income by reason of the preceding sentence may elect to compute the income tax on dividends attributable to amounts so included as provided in the third sentence of such paragraph.

(10) Amendments of section 691.—

(A) Repeal.—Section 691 (relating to income in respect to decedents) is amended by striking out subsection (e) (relating to certain installment obligations transmitted at death) and by redesignating subsection (f) as subsection (e).

(B) Savings provision.—Notwithstanding subparagraph (A), any election made under section 691(e) to have subsection (a)(4) of such section apply in the case of an installment obligation shall continue to be effective with respect to taxable years beginning after December 31, 1976. Section 691(c) shall not apply in respect of any amount included in gross income by reason of the preceding sentence. The liability under bond filed under section 44(d) of the Internal Revenue Code of 1939 (or corresponding provisions of prior law) in respect of which such an election applies is hereby released with respect to taxable years to which such election applies.

(11) Amendments of section 817.—

(A) Repeal.—Section 817 is amended by striking out subsection (d) (relating to certain gains occurring before 1959).

(B) Savings provision.—Notwithstanding subparagraph (A), if any gain in a taxable year beginning after December 31, 1976, from any sale or other disposition of property prior to January 1, 1959, would be excluded or not taken into account for purposes of part 1 of subchapter L of chapter 1 if subsection (d) of section 817 of such Code were still in effect for such taxable year, such gain shall be excluded for purposes of such part.

(12) Repeal of section 1347.—

(A) Repeal.—Section 1347 (relating to certain claims filed against the United States before January 1, 1958) is repealed.

(B) Savings provision.—Notwithstanding subparagraph (A), if amounts received in a taxable year beginning after December 31, 1976, would have been subject to the provisions of section 1347 if received in a taxable year beginning before such date, the tax imposed by section 1 attributable to such receipt shall be computed as if section 1347 had not been repealed.

(13) REPEAL OF SECTION 1347.—

(A) REPEAL.—Subchapter A of chapter 4 (relating to recovery of excessive profits on certain Government contracts) is repealed.

(B) SAVINGS PROVISION.—If the amount of profit required to be paid into the Treasury under section 2382 or 7300 of title 10, United States Code, is not voluntarily paid, the Secretary of the Treasury or his delegate shall collect the same under the methods employed to collect taxes under subtitle A. All provisions of law (including penalties) applicable with respect to such taxes and not inconsistent with section 2382 or 7300 of title 10 of such Code, shall apply with respect to the assessment, collection, or payment of excess profits to the Treasury as provided in the preceding sentence, and to refunds by the Treasury of overpayments of excess profits into the Treasury.

(14) AMENDMENT OF SECTION 1481.—

(A) REPEAL.—Section 1481 (relating to mitigation of effect of renegotiation of government contracts) is amended by striking out subsection (d) (relating to renegotiation for years prior to 1954).

(B) SAVINGS PROVISION.—If, during a taxable year beginning after December 31, 1976, a recovery of excessive profits through renegotiation which relates to profits of a taxable year subject to the Internal Revenue Code of 1939, the adjustments in respect to such renegotiation shall be made under section 3806 of such Code.

(c) CONFORMING AND CLERICAL AMENDMENTS.—

(1) AMENDMENT CONFORMING TO THE AMENDMENT OF SECTION 108.—Section 1017 is amended by striking out "section 108(a)" each time it appears therein and inserting in lieu thereof "section 108".

(2) AMENDMENTS CONFORMING TO REPEAL OF SECTION 168.—

(A) Section 1238 is amended by striking out "(relating to amortization deduction of emergency facilities)" and inserting in lieu thereof "(as in effect before its repeal by this Act)".

(B) Sections 642(f) and 1082(a)(2)(B) are each amended by striking out "168,".

(C) Sections 1245(a)(2) and 1250(b)(3) are each amended by striking out "168," each place it appears and inserting in lieu thereof "168 (as in effect before its repeal by this Act),".

(D) The table of sections for part VI of subchapter B of chapter 1 is amended by striking out the item relating to section 168.

(3) AMENDMENTS CONFORMING TO THE REPEAL OF SECTION 1347.—

(A) Section 5(b) is amended by striking out paragraph (5) and by redesignating paragraphs (2), (3), and (4), as paragraphs (1), (2), and (3), respectively.

(B) The table of sections for part VI of subchapter Q of chapter 1 is amended by striking out the item relating to section 1347.

(C) The heading of part VI of subchapter Q of chapter 1 is amended to read as follows: "PART VI—MAXIMUM RATE ON EARNED INCOME."

(D) The table of parts for subchapter Q of chapter 1 is amended by striking out the item relating to part VI and inserting in lieu thereof the following:

"Part VI. Maximum rate on earned income."

(4) AMENDMENT CONFORMING TO THE REPEAL OF SECTION 1471.—The table of subchapters for chapter 4 is amended by striking out the item relating to subchapter A.

(d) EFFECTIVE DATE.—Except as otherwise expressly provided, the amendments made by this section shall apply with respect to taxable years beginning after December 31, 1976.

SEC. 1952. PROVISIONS OF SUBCHAPTER D OF CHAPTER 39; COTTON FUTURES.

(a) SHORT TITLE.—This section may be cited as the "United States Cotton Futures Act".

(b) REPEAL OF TAX ON COTTON FUTURES.—Subchapter D of chapter 39 (relating to tax on cotton futures) is repealed.

(c) DEFINITIONS.—For purposes of this section—

(1) COTTON FUTURES CONTRACT.—The term "cotton futures contract" means any contract of sale of cotton for future delivery made at, on, or in any exchange, board of trade, or similar institution or place of business which has been designated a "contact market" by the Secretary pursuant to the Commodity Exchange Act and the term "contract of sale" as so used shall be held to include sales, agreements of sale, and agreements to sell.

(2) FUTURE DELIVERY.—The term "future delivery" shall not include any cash sale of cotton for deferred shipment or delivery.

(3) PERSON.—The term "person" includes an individual, trust, estate, partnership, association, company, or corporation.

(4) SECRETARY.—The term "Secretary" means the Secretary of Agriculture of the United States.

(5) STANDARDS.—The term "standards" means the official cotton standards of the United States established by the Secretary pursuant to the United States Cotton Standards Act, as amended.

(d) BONA FIDE SPOT MARKETS AND COMMERCIAL DIFFERENCES.—

(1) DEFINITION.—For purposes of this section, the only markets which shall be considered bona fide spot markets shall be those which the Secretary shall, from time to time, after investigation, determine and designate to be such, and of which he shall give public notice.

(2) DETERMINATION.—In determining, pursuant to the provisions of this section, what markets are bona fide spot markets, the Secretary is directed to consider only markets in which spot cotton is sold in such a volume and under such conditions as customarily to reflect accurately the value of middling cotton and the differences between the prices or values of middling cotton and of other grades of cotton for which standards shall have been established by the Secretary; except that if there are not sufficient places, in the markets of which are made bona fide sales of spot cotton of grades for which standards are established by the Secretary, to enable him to designate at least five spot markets in accordance with subsection (f)(3), he shall, from data as to spot sales collected by him, make rules and regulations for determining the actual commercial differences in the value of spot cotton of the grades established by him as reflected by bona fide sales of spot cotton, of the same or different grades, in the market selected and designated by him, from time to time, for that purpose, and in that event differences in value of cotton of various grades involved in contracts made pursuant to subsection (f) (1) and (2) shall be determined in compliance with such rules and regulations. It shall be the duty of any person engaged in the business of dealing in cotton, when requested by the Secretary or any agent acting under his instructions, to answer correctly to the best of his knowledge, under oath or otherwise, all questions touching his knowledge of the number of bales, the classification, the price or bona fide price offered, and other terms of purchase or sale, of any cotton involved in any transaction participated in by him, or to produce all books, letters, papers, or documents in his possession or under his control relating to such matter.

(3) WITHHOLDING INFORMATION.—Any person engaged in the business of dealing in cotton who shall, within a reasonable time prescribed by the Secretary or any agent acting under his instructions, willfully fail or refuse to answer questions or to produce books, letters, papers, or documents, as required under paragraph (2) of this subsection, or who shall willfully give any answer that is false or misleading, shall, upon conviction thereof, be fined not more than $500.

(e) FORM AND VALIDITY OF COTTON FUTURES CONTRACTS.—Each cotton futures contract shall be a basis grade contract, or a tendered grade contract, or a specific grade contract as specified in subsections (f), (g), or (h) and shall be in writing plainly stating, or evidenced by written memorandum showing, the terms of such contract, including the quantity of the cotton involved and the names and addresses of the seller and buyer in such contract, and shall be signed by the party to be charged, or by his agent in his behalf. No cotton futures contract which does not conform to such requirements shall be enforceable by, or on behalf of, any party to such contract or his privies.

(f) BASIS GRADE CONTRACTS.—

(1) CONDITIONS.—Each basis grade cotton futures contract shall comply with each of the following conditions:

(A) CONFORMITY WITH REGULATIONS.—Conform to the regulations made pursuant to this section.

(B) SPECIFICATION OF GRADE, PRICE, AND DATES OF SALE AND SETTLEMENT.—Specify the basis grade for the cotton involved in the contract, which shall be one of the grades for which standards are established by the Secretary, except grades prohibited from being delivered on a contract made under this subsection by subparagraph (E), the price per pound at which the cotton of such basis grade is contracted to be bought or sold, the date when the purchase or sale was made, and the month or months in which the contract is to be fulfilled or settled; except that middling shall be deemed the basis grade incorporated into the contract if no other basis grade be specified either in the contract or in the memorandum evidencing the same.

(C) PROVISION FOR DELIVERY OF STANDARD GRADES ONLY.—Provide that the cotton dealt with therein or delivered thereunder shall be of or within the grades for which standards are established by the Secretary except grades prohibited from being delivered on a contract made under this subsection by subparagraph (E) and no other grade or grades.

(D) PROVISION FOR SETTLEMENT ON BASIS OF ACTUAL COMMERCIAL DIFFERENCES.—Provide that in case cotton of grade other than the basis grade be tendered or delivered in settlement of such contract, the differences above or below the contract price which the receiver shall pay for such grades other than the basis grade shall be the actual commercial differences, determined as hereinafter provided.

(E) PROHIBITION OF DELIVERY OF INFERIOR COTTON.—Provide that cotton that, because of the presence of extraneous matter of any character, or irregularities or defects, is reduced in value below that of low middling, or cotton that is below the grade of low middling, or, if tinged, cotton that is below the grade of strict middling, or, if yellow stained, cotton that is below the grade of good middling, the grades mentioned being of the official cotton standards of the United States, or cotton that is less than seven-eighths of an inch in length of staple, or cotton of perished staple, or of immature staple, or cotton that is "gin cut" or reginned, or cotton that is "repacked" or "false packed" or "mixed packed" or "water packed", shall not be delivered on, under, or in settlement of such contract.

(F) PROVISIONS FOR TENDER IN FULL, NOTICE OF DELIVERY DATE, AND CERTIFICATE OF GRADE.—Provide that all tenders of cotton under such contract shall be the full number of bales involved therein, except that such variations of the number of bales may be permitted as is necessary to bring the total weight of the cotton tendered within the provisions of the contract as to weight; that, on the fifth business day prior to delivery, the person making the tender shall give to the person receiving the same written notice of the date of delivery, and that, on or prior to the date so fixed for delivery, and in advance of final settlement of the contract, the person making the tender shall furnish to the person receiving the same a written notice or certificate stating the grade of each individual bale to be delivered and, by means of marks or numbers, identifying each bale with its grade.

(G) Provision for tender and settlement in accordance with government classification.—Provide that all tenders of cotton and settlements therefor under such contract shall be in accordance with the classification thereof made under the regulations of the Secretary by such officer or officers of the Government as shall be designated for the purpose, and the costs of such classification shall be fixed, assessed, collected, and paid as provided in such regulations. The Secretary is authorized to prescribe regulations for carrying out the purposes of this subparagraph and the certificates of the officers of the Government as to the classification of any cotton for the purposes of this subparagraph shall be accepted in the courts of the United States in all suits between the parties to such contract, or their privies, as prima facie evidence of the true classification of the cotton involved.

(2) Incorporation of conditions in contracts.—The provisions of paragraph (1) (C), (D), (E), (F), and (G) shall be deemed fully incorporated into any such contract if there be written or printed thereon, or on the memorandums evidencing the same, at or prior to the time the same is signed, the phrase "Subject to United States Cotton Futures Act, subsection (f)."

(3) Delivery allowances.—For the purpose of this subsection, the differences above or below the contract price which the receiver shall pay for cotton of grades above or below the basic grade in the settlement of a contract of sale for the future delivery of cotton shall be determined by the actual commercial differences in value thereof upon the sixth business day prior to the day fixed, in accordance with paragraph (1)(F), for the delivery of cotton on the contract, established by the sale of spot cotton in the spot markets of not less than five places designated for the purpose from time to time by the Secretary, as such values were established by the sales of spot cotton, in such designated five or more markets. For purposes of this paragraph, such values in the such spot markets shall be based upon the standards for grades of cotton established by the Secretary. Whenever the value of one grade is to be determined from the sale or sales of spot cotton of another grade or grades, such value shall be fixed in accordance with rules and regulations which shall be prescribed for the purpose by the Secretary.

(g) Tendered Grade Contracts.—

(1) Conditions.—Each tendered grade cotton future contract shall comply with each of the following conditions:

(A) Compliance with subsection (f).—Comply with all the terms and conditions of subsection (f) not inconsistent with this subsection; and

(B) Provision for contingent specific performance.—Provide that, in case cotton of grade or grades other than the basis grade specified in the contract shall be tendered in performance of the contract, the parties to such contract may agree, at the time of the tender, as to the price of the grade or grades so tendered, and that if they shall not then agree as to such price, then, and in that event, the buyer of said contract shall have the right to demand the specific fulfillment of such contract by the actual delivery of cotton of the basis grade named therein and at the price specified for such basis grade in said contract.

(2) Incorporation of conditions in contract.—Contracts made in compliance with this subsection shall be known as "subsection (g) Contracts". The provisions of this subsection shall be deemed fully incorporated into any such contract if there be written or printed thereon, or on the memorandum evidencing the same, at or prior to the time the same is signed, the phrase "Subject to United States Cotton Futures Act, subsection (g)".

(3) Application of subsection.—Nothing in this subsection shall be so construed as to authorize any contract in which, or in the settlement of or in respect to which, any device or arrangement whatever is resorted to, or any agreement is made, for the determination or adjustment of the price of the grade or grades tendered other than the basis grade specified in the contract by any "fixed difference" system, or by arbitration, or by any other method not provided for by this section.

(h) Specific Grade Contracts.—

(1) Conditions.—Each specific grade cotton futures contract shall comply with each of the following conditions:

(A) Conformity with rules and regulations.—Conform to the rules and regulations made pursuant to this section.

(B) Specification of grade, price, dates of sale and delivery.—Specify the grade, type, sample, or description of the cotton involved in the contract, the price per pound at which such cotton is contracted to be bought or sold, the date of the purchase or sale, and the time when shipment or delivery of such cotton is to be made.

(C) Prohibition of delivery of other than specified grade.—Provide that cotton of or within the grade or of the type, or according to the sample or description, specified in the contract shall be delivered thereunder, and that no cotton which does not conform to the type, sample, or description, or which is not of or within the grade specified in the contract shall be tendered or delivered thereunder.

(D) Provision for specific performance.—Provide that the delivery of cotton under the contract shall not be effected by means of "set-off" or "ring" settlement, but only by the actual transfer of the specified cotton mentioned in the contract.

(2) Incorporation of conditions in contract.—The provisions of paragraph (1) (A), (C), and (D) shall be deemed fully incorporated into any such contract if there be written or printed thereon, or on the document or memorandum evidencing the same, at or prior to the time the same is entered into, the words "Subject to United States Cotton Futures Act, subsection (h)".

(3) Application of subsection.—This subsection shall not be construed to apply to any contract of sale made in compliance with subsection (f) or (g).

(i) Liability of Principal for Acts of Agent.—When construing and enforcing the provisions of this section, the act, omission, or failure of any official, agent, or other person acting for or employed by any association, partnership, or corporation within the scope of his employment or office shall, in every case, also be deemed the act, omission, or failure of such association, partnership, or corporation, as well as that of the person.

(j) Regulations.—The Secretary is authorized to make such regulations with the force and effect of law as he determines may be necessary to carry out the provisions of this section and the powers vested in him by this section.

(k) Violations.—Any person who knowingly violates any regulation made in pursuance thereof, be fined not less than $100 nor more than $500, for each violation thereof, in the discretion of the court, and, in case of natural persons, may, in addition be punished by imprisonment for not less than 30 days nor more than 90 days, for each violation, in the discretion of the court except that this subsection shall not apply to violations subject to subsection (d)(3).

(l) Applicability to Contracts Prior to Effective Date.—The provisions of this section shall not apply to any cotton futures contract entered into prior to the effective date of this section or to any act or failure to act by any person prior to such effective date and all such prior contracts, acts or failure to act shall continue to be governed by the applicable provisions of the Internal Revenue Code of 1954 as in effect prior to the enactment of this section. All designations of bona fide spot markets and all rules and regulations issued by the Secretary pursuant to the applicable provisions of the Internal Revenue Code of 1954 which were in effect on the effective date of this section, shall remain fully effective as designations and regulations under this section until superseded, amended, or terminated by the Secretary.

(m) Authorization.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

(n) Conforming and Clerical Amendments.—

(1) Section 6808 (relating to cross references) is amended by striking out paragraph (2), and by redesignating paragraphs (3), (6), and (11) as paragraphs (1), (2), and (3), respectively.

(2)(A) Section 7233 (relating to failure to pay tax on cotton futures) is repealed.

(B) The table of sections for part II of subchapter A of chapter 75 is amended by striking out the item relating to section 7233.

(3)(A) Section 7263 (relating to penalties concerning cotton futures) is repealed.

(B) The table of sections for subchapter B of chapter 75 is amended by striking out the item relating to section 7263.

(4)(A) Subchapter E of chapter 76 (relating to miscellaneous provisions regarding cotton futures contracts) is repealed.

(B) The table of subchapters for chapter 76 is amended by striking out the items relating to subchapter E.

(5) Chapter 39 (relating to regulatory taxes) is amended by striking out the chapter heading and the table of subchapters.

(6) The table of chapters for subtitle D is amended by striking out the item relating to chapter 39.

(o) Effective Date.—The provisions of this section shall take effect on the 90th day after the date of the enactment of this Act.

Mr. LONG. Mr. President, I believe that we are going to have at least one significant amendment with regard to title V, but perhaps we could deal now with the matters involved in title XVIII of this measure.

Title XVIII, section 1801, deals with special credit for home garden tools. The amendment is to strike that first section.

Mr. HASKELL. Mr. President, reserving the right to object, I cannot follow the Senator. In the table of contents I have, I cannot find title XVIII.

Mr. LONG. The reason the Senator cannot find it is because it was in the House bill, but not in the Senate bill. It was the judgment of the Senate committee that we ought to strike that one.

Mr. HASKELL. Mr. President, may I ask the Senator on what page of the House bill it appears?

Mr. LONG. It is just a special 7 percent credit in the House bill for home committee had any interest in the mat- garden tools, and no one in the Senate ter, and we did not——

Mr. HASKELL. Mr. President, I say to the Senator I am not against a credit for home garden tools; if that is all it does, I have no objection.

Mr. LONG. We just thought that was one other little item we could take care of now.

Mr. HATHAWAY. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. HATHAWAY. I think we should, in view of the fact that Senators are relying on taking it up seriatim, take action on amendments in order, as we understood previously.

Mr. LONG. I ask unanimous consent that it be considered as original text—no, we are striking this.

Mr. HATHAWAY. Yes.

Mr. LONG. I ask unanimous consent that if anyone wants this provision reconsidered, the Senate be able to reconsider it.

The PRESIDING OFFICER. For the benefit of those at the desk, will the Senator restate his last proposition?

Mr. LONG. Yes. I ask unanimous consent that if anyone wants to reconsider the decision we just made with regard to that matter, the Senate agree that it will be reconsidered.

The PRESIDING OFFICER. We at the desk do not understand the Senator's amendment. What is the amendment?

Mr. LONG. It is title XVIII, dealing with some garden tools, in the House bill.

Mr. BROCK. The motion is to strike title XVIII of the House bill.

Mr. LONG. The motion is just to strike it, and not insert anything to take its place.

The PRESIDING OFFICER. And is the Senator now proposing another amendment to take its place?

Mr. LONG. No, just to strike it and not put anything in its place.

The PRESIDING OFFICER. The question is on agreeing to the amendment to strike title XVIII of the House bill.

The amendment was agreed to.

The amendment agreed to is as follows:

COMMITTEE AMENDMENT 28

On page 1014, beginning with line 1, strike all through page 1016, line 8;

Mr. LONG. Mr. President, let us make it clear that anyone who might object to that motion, which was agreed to by unanimous consent, can move to reconsider the vote, and as far as I am concerned, it will be reconsidered. I would be happy to agree that, by unanimous consent, we will reconsider it. I do not think anyone will move to reconsider, but if they do, we will do so.

Mr. HATHAWAY. Mr. President, did the Chair rule on the unanimous-consent request?

The PRESIDING OFFICER. Will the Senator from Louisiana suspend just a moment? What was the Senator's request?

Mr. HATHAWAY. Did the Chair rule on the unanimous-consent request?

The PRESIDING OFFICER. What unanimous-consent request?

Mr. HATHAWAY. The unanimous-consent request of the Senator from Louisiana.

The PRESIDING OFFICER. The Chair ruled.

Mr. LONG. Mr. President, the next proposition I think will have the strong support of the Senator from Colorado; at least he has worked on it very hard. That is to agree to title XII, which is administrative provisions.

Mr. HASKELL. Mr. President, reserving the right to object, I do object. We do have amendments to the administrative provisions.

Mr. LONG. I do not know why we should not take them up now, then. We might just want to agree with them.

Mr. HASKELL. There may be some other Senators who have amendments. Is the Senator from Kansas (Mr. DOLE) on the floor? Does the Senator from Kansas have any amendments to title XII?

Mr. KENNEDY. Mr. President, I think I will have an amendment to title XII.

Mr. LONG. Well, why do we not consider it?

Mr. HASKELL. Mr. President, I would hope that the Senator from Louisiana would, having disposed of the obviously noncontroversial deadwood matters and the home garden tools, the striking of which I would think would be noncontroversial, would revert to what we have been planning on for the last week, continuing with the bill in an orderly, section-by-section fashion. I think a great many Senators probably are counting on that, and for that reason I would hope we would not go to any of the substantive sections out of order.

Mr. LONG. Maybe we could—I was just thinking we would see if we could dispose of some of these matters that would have a minimum of controversy to them, rather than trying to proceed to some we might have difficulty disposing of tonight.

I would like to ask Senators if we could dispose of title XIII, by this table of contents, which is described as "Miscellaneous provisions." It deals with tax treatment of certain housing associations, treatment of certain disaster payments, tax treatment of certain 1972 disaster losses, tax treatment of certain debts owed by political parties, regulations relating to tax treatment of certain prepublication expenditures of authors and publishers, tax-exempt bonds for student loans, interest of original issue discount on certain obligations, personal holding company income amendments, and so on.

Maybe we could dispose of those.

Mr. KENNEDY. No, those are troublesome areas. Mr. President, with reluctance I have to object to consideration of these areas now. I would like to expedite the consideration. As far as I am concerned, I would be glad to urge that we make some time limitation agreements on the principal amendments, to try to expedite the business of the Senate. But I do think we ought to try to follow the announced pattern of amendments, and I think, as to title XIII, I have some reservations. I hope we can continue to follow the pattern we have been following.

Mr. LONG. That is fine, but I think we are reaching a point where we are not going to be able to—for reasons, as we have discussed here tonight—that one side or the other side does not want to vote on a particular matter at the moment. If we can find portions of the bill where there is a minimum of controversy, if we can get that much settled, it seems to me we will be that much nearer completing consideration of the bill.

Let me see if there might be some inclination to agree to, or at least consider and possibly dispose of title XVI, dealing with real estate investment trusts.

Mr. HASKELL. I will have to interpose an objection there. I do not see any amendment of my own under that, I say to the Senator from Louisiana, but I do so basically on behalf of other Senators who have been counting upon proceeding through this bill section by section. Here we are at 6:30 in the evening and I do not know where all these other Senators are, if they are even in the vicinity. But I would have to interpose an objection.

The PRESIDING OFFICER. Objection is heard.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. HASKELL. I yield.

Mr. MANSFIELD. I wonder, in view of the difficulty which seems to have arisen, if it would not be possible to give serious consideration now to a time limitation from tomorrow on out. Would the manager of the bill——

Mr. LONG. It could not be done right now. There is no way we could do that at this point. Later on we can but right now we cannot.

Mr. MANSFIELD. Will the Senator then consider finishing title II tonight? I understand there is only one amendment remaining. If the Senator will recall, he did meet with a group of people who had various positions on the bill before the Senate and it was his suggestion, as I remember, that we take up the first four titles in sequence, and that when we got to title IV then we would take up the so-called coalition amendments. Does the Senator recall that?

Mr. LONG. I have had requests from other Senators that we not dispose of the Hathaway amendment tonight. The sequence appeals to me. I am all for it, but when we are going in sequence we reach a point where someone says to us, "Well, fellows, we have too many of my troops out of town tonight."

Mr. MANSFIELD. No. We have 94 or 95 Members. What was the latest? The latest was 92. So it has been from 95 down to 92, and I am sure the troops are in town, as they had been on previous occasions.

Will the Senator give consideration to the possibility of voting at a time certain tomorrow on the Hathaway amendment?

Mr. LONG. I am happy to agree. We already have agreed that the Hathaway amendment will be the pending business tomorrow and when we meet tomorrow I may be very happy to agree to that.

At a time when the majority leader was not here, I suggested that we ought to try to reach a gentlemen's agreement, which I proposed before, that we do business the way the old Senate used to do business back in my father's days, which was, simply we agree to pair enough of the absentees on one side or the other so that the vote would reflect what the outcome would be if we had 100 Senators present. I suggested that to begin with, and I could not sell it, but I noticed on the first major vote it looked to me as though when the other side moved to table, they had seven more absentees than my side had, and that cost them. They would have had seven more votes on the outcome if they had taken me up on the proposition. I would propose it again.

But we cannot get that agreed to. So if we cannot get that agreed to the only thing I see to do is meet tomorrow and see where we stand. Tomorrow the other side might be asking us to pair. If that is the case, I will try to accommodate them.

But I simply think, I say to the leader, that we waste a great deal of time around here where we have to fight a battle over and over again because at the time we vote one side has more absentees than the other, and the other side is not supposed to pair those absentees, and the result is that some Senator comes up with an amendment to fight the battle all over again.

One time we wasted 6 weeks that way at a time when I was in charge of leading the fight for my side of the campaign financing issue, and we had seven votes over a 6-week period, and my side won three votes and the other side won four votes before we finally concluded that I was not going to win, and I finally threw in the towel.

I really think that the best way to expedite consideration is for both sides to agree: "We will just pair your absentees and you will pair our absentees, or at least enough of them so we can take care of the result."

No one has been more generous than the majority leader. I have seen him sometimes even vote contrary to the way he wanted to vote in order to accommodate a Senator with a pair, which is the utmost generosity a Senator can provide another.

But tonight, I do not think it would be a good idea to vote on the Hathaway amendment. I simply think, to use the illustration I have expressed before, if we compare it to a football game, we have no business spotting points in that close a ball game. I just think that we best take that amendment up tomorrow.

I say to the leader that I personally would be willing to vote on everything else in the bill tonight. But there will be some difference of opinion about some of these things. So I think we ought to come back tomorrow and take up that part unless we can now take some of the parts that are less controversial.

Mr. MANSFIELD. The Senator is aware of the fact that we are working against a time factor on both the tax bill and the debt ceiling, and I do not believe the Finance Committee has set any hearings yet on the debt ceiling.

The end of this month comes just before we go out for the 4th of July recess, a very short one, and then we have the Democratic Convention. When we go out we will be out I think for 18 days. I would hate to see the Senate fail in its responsibility to pass this bill by the end of this month and not give consideration to the debt ceiling, because if we fail in that particular aspect of our responsibility I am afraid that reaction will be difficult for most of us to face up to.

I would like to see the legislative mill function a little more expeditiously. As everyone is aware, we have a tremendous workload facing us. Following the Democratic Convention we take 10 or 12 days off within 2 weeks for the Republican Convention, and then we take 3 or 4 days off for the Labor Day recess, so-called, and then we are going to try to finish by the second of October, and if we do not finish in that general area we will be coming back after the elections. So I would hope that there would be some way that we could reach an agreement by means of which this process could be speeded up.

As far as deliberate consideration is concerned, I think that has been going on quite well, but there has been no agreement.

Mr. President, I suggest the absence of a quorum.

Mr. PASTORE. Mr. President, before the majority leader does so, may I ask him a question?

The PRESIDING OFFICER. Does the Senator withhold his suggestion of the absence of a quorum?

Mr. MANSFIELD. Yes.

Mr. PASTORE. I direct this to all parties concerned: What happens if by June 30 we have not resolved this issue? What happens to the worker in Rhode Island, Louisiana, or Massachusetts? Do we have to increase the take on his withholding?

Mr. LONG. His withholding would be increased unless we do something to prevent it from happening. There is nothing new about that kind of problem. When that sort of thing happens what we traditionally do is simply adopt a temporary extension. I would assume we will pass a temporary extension of the tax cut that is presently in effect, and we would also pass this debt limit, and then let the Democrats go to their convention. Then when they return from the convention we would continue to act on this important bill.

As much as I like to get on with the business, there are some very important things to be decided, and I really think that the significance of these matters is such that we would be very much blamed, not only the side from which I speak, but also the side that the other side represents. I think either side would be blamed if they gave away the ball game for lack of diligence. So I think both sides owe the duty of seeing that when these matters come to a decision they do not lose them on absentees.

Mr. PASTORE. That being the case, does not the Senator think it would be advisable if we could reach a unanimous-consent agreement on limitation of debate and have these issues voted up or down, whatever they happen to be? Naturally we have to go back to conference no matter what we do, but I think it would be a sad reflection on the Senate of the United States if we allowed this thing to pass beyond June 30 and go away, let us say, for 19 days to the Democratic Convention or the Republican Convention without at least having resolved this very important question.

Mr. LONG. Mr. President, there is more than one question involved in this bill. There are 200 questions involved in this bill, and some of them involve $1 billion a throw.

So that there are tremendous stakes involved here and enormously important votes.

In view of the significance of these issues to be decided, each Senator should see that his side is fully understood. He should see that when he offers his amendment, it is voted on at a time when those who favor it will be here, so that he does not lose on his amendment because some of his people were out of town or someone was in the hospital. The other side should do the same.

The easy way to solve that is what I have been suggesting—that we say we will just pair enough of the other side's absentees, if they have more absentees than we do, so that the result would be what the case would be if a hundred Senators were present. I have been suggesting that, and so far it would have been to the advantage of the other side. Tomorrow it may be to my advantage.

Mr. PASTORE. In my experience—and it goes over a long period of time—I practiced law and I prosecuted cases, and I felt that unless people were listening, there was no need to talk. I never knew of an issue that could not be explained in 15 or 20 minutes, if it was simplified and stated rationally. Why we need all this time, why we need 2 or 3 hours to state a position, is beyond me.

I think we should get an agreement so that we can decide these issues one way or the other. But if we are trying to outmaneuver one side as against the other, then we are in an entirely different ball game.

It strikes me that if I had anything to say and I could not say it in 15 minutes, it was not worthy of being said. I think that is absolutely true. I believe that the questions that have arisen here can be stated very simply. As a matter of fact, I can give an example, a hypothetical question, if you will, but at least we should reach an understanding.

The only thing that bothers me is this: How do I go home to my people in Rhode Island after June 30 and tell them that we in the Senate of the United States, after haggling for almost 2 or 3 weeks, could not decide an issue? I think that is a sad commentary on our democratic process.

If the Senator from Louisiana feels that he will stiffen up on his maneuverability as against the Senator from Massachusetts, or if the Senator from Massachusetts does the same to the Senator from Louisiana, I would fault them both, because I do not think it is fair to the public interest.

I do think we should get together here, put our heads together. Let us rationally, conveniently, and simply state the problems that confront the American people at this crucial time and bring about a result. If we cannot do that, I am afraid it will be a bad reflection on the democratic process. That is all I have to say.

It is a quarter to 7, and we have taken one vote on this tax bill. We went on this tax bill almost at 2 o'clock, and it is a quarter to 7, and we have had one vote. Frankly, I have listened to the debate back and forth, and the more you talk, the more you confuse. [Laughter.] Maybe that is the purpose of it. I do not know.

It strikes me that if we simplify the issues and vote them up or down, we should take it to conference and let the majority rule prevail.

Mr. LONG. We have agreed to a number of things. We have agreed to more than 200 pages of language in the bill while the Senator was looking after other important matters. Frankly, 200 other decisions could be agreed to tonight, so far as this Senator is concerned, but to which objection was heard.

I am not complaining about the other fellow objecting. I hope he will object any time he thinks that his interest or the good of the country—or whatever reason—dictates. I hope the Senator will realize that I have a right to object and so does everybody else, if I do not want to vote on a particular thing at a particular time, if only because I have a lot more troops out of town on that particular issue, at that moment, than the other side has. There is nothing new about that.

There have been times in the history of the Senate when people have held the floor for days on end because their side had troops out of town and the other side was not willing to pair them, and they said, "We will wait until they get back."

Before Mr. Pastore arrived on the scene, we had the displaced persons bill up, and I think there was about a 1-week debate, when the matter was not decided until Pat McCarran got back. The other side did not agree, and it was debated until Pat McCarran got back about a week later.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. MANSFIELD. Will the Senator agree to a unanimous-consent request that we vote tomorrow on both the Hathaway amendment and the minimum tax amendment and stay in as long as necessary to dispose of both those amendments tomorrow night?

Mr. LONG. I do not think we are going to need a unanimous-consent agreement tomorrow to vote on those amendments.

I have a request by the Senator. I do not see him in the Chamber at the time; but when he is in the Chamber, I suppose he will be willing to state the request, when he can protect his rights, if he wishes to. I have been requested by one of my fellow Senators not to give unanimous consent to vote on that.

Mr. PASTORE. Who is he?

Mr. LONG. He can identify himself.

Mr. PASTORE. Now we have a phantom Senator. That is the trouble here. We are in phantom area.

Mr. LONG. I protect the rights of Senators, and I think others should. When someone tells me something under circumstances that I do not know whether he would want me to state his name, I would suggest that he do it.

Mr. President, I suggest the absence of a quorum.

Mr. CURTIS. Mr. President, will the Senator withhold that?

Mr. LONG. Yes.

Mr. CURTIS. Mr. President, we should keep in mind the magnitude of the task we have before us. There are occasions when it is important to save time. This is not one of them. There is in this big tax bill the potential for good or evil toward our economy. There are broad issues involving the economy of this country: capital accumulation, employment, energy, conservation of energy, and other matters.

It will be no disgrace on the Senate if we are 2 days or 3 days or 14 days late. But if we pass a tax bill that is bad for our economy, that destroys employment, that upsets some of the traditional business practices we have had in this country that have worked, that have given opportunity to people, it would be a mistake. We can afford to be late, but we cannot afford to pass a destructive tax bill.

In defense of the Finance Committee, I remind Senators that a great deal of work went into this bill for weeks and months before it was reported. Witnesses were heard from every sector, representing every point of view, including professional witnesses.

Mr. PASTORE. Mr. President, will the Senator yield for a question?

Mr. CURTIS. In just a moment.

The Finance Committee is entitled to some support, as a committee. Any Senator or group of Senators has a perfect right to challenge it and bring it here at that time, but when they do, because it is a complex and difficult plan, the time for the Finance Committee not only to present its case but also, if possible, to prevail, should not be curtailed.

I yield.

Mr. PASTORE. What is constructive or destructive is a point of view, is it not?

Mr. CURTIS. That is correct.

Mr. PASTORE. The fact remains that in the ultimate, in order to achieve the perfect process of the democratic system, we have to reach a majority view. The point here is, and all I am saying is, that we do not have to argue these issues ad infinitum. The issues are understandable. All we need to do is vote on them so that we may decide them. That is all the majority leader is asking for, that we have a time limitation, removing all of the maneuverability, all of the strategy, all of the obstructionism, in order to get down to a vote.

I do not want to shut anybody off from stating his position, but at some point, there has to be a decision. Otherwise, the democratic process becomes ineffectual. That is all I am saying. I do not want to shut Senator Curtis off, I do not want to shut Mr. Long off, I do not want to shut Mr. Kennedy off; I do not want to shut anybody off. All I am saying is for Heaven's sake, after you have stated your case, let us vote. That is all I am saying.

Mr. CURTIS. I have understood that that is what the Senator stated two or three times.

Mr. PASTORE. And I will say it ad infinitum, because the fact still remains——

Mr. CURTIS. I am for you.

Mr. PASTORE (continuing). That unless we make the process work, we have to be ashamed of ourselves.

Mr. CURTIS. No, we should be ashamed of a poor job. If it takes a few days more, we should still be proud of that.

Mr. PASTORE. Who has to say that the majority is doing a poor job? The minority? Is the Senator going to make that judgment in the minority?

Mr. CURTIS. No, no, I do not judge my fellow man. No.

Mr. PASTORE. Well, the Senator had better judge himself.

Mr. CURTIS. I thank the Senator; I shall.

Mr. KENNEDY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from Louisiana has the floor.

Mr. LONG. I yield the floor.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. NELSON. Mr. President, so far as our proposed amendments are concerned, the minimum tax and the maximum tax, gift deferral and the rest, we would be agreeable to a time limitation of an hour, 2 hours—an hour per side—on each one of these amendments that we are proposing if the other side will agree to it.

Mr. LONG. We have not gotten to that yet. When we get to it, maybe we can get the agreement. Is the Senator asking for it now? If he is, I think Senators interested in that matter might want to know about it before he makes the request.

Mr. NELSON. We can agree, I assume, on a time limitation on the Hathaway amendment. Then we would propose a time certain on that and agree to 2 hours to a side on each of the rest of the amendments.

Is that enough time for the Senator from Minnesota?

Mr. MONDALE. Yes. I have an amendment on the minimum tax and the maximum tax. I should think 2 hours would be plenty.

Mr. NELSON. Two hours on each one?

Mr. PASTORE. It is too much.

Mr. MONDALE. Or 4 hours, whatever they want.

Mr. MANSFIELD. Will the Senator yield the floor to me?

Mr. NELSON. Yes, I yield.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. (Mr. STONE). Without objection, it is so ordered.

Mr. MANSFIELD. I ask unanimous consent that the Senator from West Virginia be recognized for a unanimous-consent request.

The PRESIDING OFFICER. The Senator from West Virginia.

UNANIMOUS-CONSENT AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow when the Senate resumes consideration of the unfinished business, the amendment by Mr. HATHAWAY be in a temporarily laid-aside status and that it remain in a temporarily laid-aside status until Monday, that instead the Senate proceed to the consideration of the minimum tax aspects, and that a final disposition of the minimum tax occur no later than 6 hours after the Senate resumes consideration of the unfinished business tomorrow.

Mr. LONG. I would suggest that the consent agreement be amended to agree that Mr. MONDALE will be recognized to offer his amendment and that it be in order to amend the Mondale amendment. He will offer the committee amendment, as I understand it, and an amendment to that amendment will lie. It will be regarded as an amendment in the first degree rather than the second degree.

The PRESIDING OFFICER. Is there objection?

Mr. JAVITS. Reserving the right to object, the 6-hour limitation without taking care of amendments to the amendment can shut people out. I would wish that the leader would ask that any amendments to the amendment may have 30 minutes equally divided and if that takes it beyond the 6 hours, it will have to. Otherwise, if we fix that firmly, many of us who have an amendment may have no opportunity to discuss it.

Mr. ROBERT C. BYRD. It was my impression that Senators were going to work out the details on tomorrow, that if we could just get a basic understanding at this time——

Mr. LONG. Leave the 6 hours out of it.

Mr. JAVITS. Just have it that we will finish it tomorrow.

Mr. ROBERT C. BYRD. All right. Mr. President, I so modify my request, to wit, that the Senate on tomorrow, when it resumes consideration of the unfinished business, will proceed with the minimum tax, that it dispose of the minimum tax before it recesses tomorrow, and that it be no later than 11 o'clock tomorrow night.

Mr. MONDALE. Will the Senator yield?

Mr. JAVITS. Mr. President, will there be a half hour on amendments to the amendment equally divided?

Mr. ROBERT C. BYRD. Pardon?

Mr. JAVITS. That there be a half hour——

Mr. LONG. I am not sure that we should agree to that. It seems to me when the amendments come in tomorrow we can see what the significance of them is and we can decide. If the Senator is willing to settle for a half hour, as far as I am concerned, I would be willing to settle for a half hour, too, on the amendments, almost sight unseen. But there may be some amendments come in which will require more time or less time. I would hope we could try to work that out.

Mr. JAVITS. I understand, Mr. President, but that does not assure other Members of their time. We cannot be dependent solely upon the good will of the manager, much as I love him. I think we ought to be assured for every Member of a half-hour on any amendment.

Mr. LONG. He will have at least a half-hour. How about that?

Mr. JAVITS. All right. I take a gentleman's understanding.

Mr. MONDALE. Can it be agreed that I will be recognized to call up the underlying amendment?

Mr. ROBERT C. BYRD. Yes, Mr. President, the proposal by Mr. LONG that Mr. MONDALE be recognized to call up the minimum tax amendment is part of the agreement.

The PRESIDING OFFICER. Is there objection?

Mr. PACKWOOD. I want to make sure I understand the agreement and what Senator JAVITS has proposed. Is it the agreement that each Senator who does have an amendment will get a half-hour, and if we get to 6 or 7 o'clock and it is time to vote and that Senator's amendment has not been considered the Senator will still have the time?

Mr. ROBERT C. BYRD. Every Senator will have the opportunity to offer his amendment.

Mr. PACKWOOD. I know what will happen in debate. We will get to 6 o'clock just considering one amendment, or 7 o'clock or 8 o'clock, and we will talk more than we realize. I have no concern about this particular amendment, but I can think of what could happen at 9 o'clock tomorrow night.

Mr. JAVITS. As I understand it, it is 11 o'clock, not 6 or 7 o'clock. But the gentleman's understanding is that any Senator who has an amendment to any amendment will get 15 minutes affirmatively and 15 minutes on the negative side, and that we will work it out.

Mr. PACKWOOD. I am willing.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

ADDITIONAL STATEMENT SUBMITTED

Mr. MOSS. Mr. President, I welcome this opportunity to comment again on the pending tax bill. This is an important bill which concerns every American in some way. Development of effective tax legislation in the face of so many varying and conflicting interests always presents a real challenge to the Congress.

I think there is general agreement that Congress acting through the new congressional budget process, has played a significant role in turning around the economy and putting the Nation back on the road to recovery from its worst economic crisis in the last 40 years.

I believe that the budget process is the most significant, positive measure which Congress has taken in decades toward improving the management of the Nation's financial affairs. These results have only been possible because of the discipline shown by all members in a sincere effort to make the new process work and to bring the Federal budget under control.

It is clear that we have a long way to go in achieving all the objectives of the Budget Act and returning the Nation to a sound fiscal basis and economic prosperity. However, I believe that we have made a significant beginning and that it is essential to preserve the integrity of the new congressional budget process which we have worked to establish for so many years.

As Members know, the Budget Act requires, among other things, the establishment of a ceiling on spending and a floor on revenues. Concerning revenues, the Budget Act requires the concurrent resolutions to not only set an aggregate revenue figure but it requires the Budget Committee to indicate revenues by major source, to list tax expenditures and recommendations thereon and finally to formulate and to make recommendations on an appropriate fiscal policy.

In developing the first concurrent budget resolution for fiscal 1977 the Budget Committee was concerned to recommend fiscal policies which together with monetary policies would continue the economic recovery, move the Nation closer to full employment and restore full economic prosperity.

For example, the report accompanying the budget resolution which the Senate approved a few weeks ago indicated that "the interest of the people of the United States—economic, social, and national—will best be served during fiscal 1977 by a budget which: Continues the economic recovery begun this year at a steady pace so that the Nation can keep moving toward full employment and a balanced budget; avoids actions, such as increases in payroll taxes, that will increase the rate of inflation."

In adopting the congressional budget for fiscal 1977 Congress contemplated two major revenue measures. First, extending the 1975 tax reduction "at least through fiscal 1977" which would reduce revenue by $17.3 billion, to maintain the economic recovery in 1977; and second, tax reform—"enactment of legislation concerning tax expenditures and related provisions that will result in a net of $2 billion in fiscal 1977 revenue collections" to help restrain the deficit.

This rationale is also embodied in the conference report approved by the Congress last month regarding the fiscal 1977 Federal budget. The conference report "provides for Federal revenues in the amount of $362.5 billion; and to achieve that level it provides that revenues should be decreased by $15.3 billion" and "assumes, as did both Houses, realization of a net $2 billion increase in revenues through tax reform." While the details of the tax cut extension or the components were not spelled out, it is obvious that the congressional budget is based on the assumption of this aggregate tax reduction—$15.3 billion—and this tax reform—$2 billion. I do not think it too much to expect a $2 billion reform out of the tax expenditure budget which currently totals about $105 billion. In reviewing the list it is clear that we can and should act to close loopholes to tighten the system.

In enacting the Budget Reform Act, I believe that the Congress acted wisely in including a requirement to examine tax expenditures. Tax expenditures are instruments of public policy and generally can be viewed as alternatives to other fiscal actions such as direct outlays or credit programs. They are important from an economic and budgetary viewpoint and carry significant social considerations which must not be overlooked. We should impose the same kind of restraint on tax expenditures and tax loopholes that we do on spending.

In short, economic and fiscal policies included in the budget resolution were based on assumption of full extension of the tax reduction through 1977 to maintain current withholding rates and a "net $2 billion increase in revenues" by tax reform in fiscal 1977.

But the bill before us would raise only about $1 billion net additional revenues from tax expenditures legislation and thus would fall short of the assumptions in the resolution regarding net revenue gains from tax reform. The bill further would extend the $35 tax credit per dependent—a principal provision of the 1975 temporary tax reduction—only 9 months—until June 30, 1977, rather than the full fiscal year. This would mean an increase in revenues in fiscal 1977 by $1.8 billion. However, it would also mean an increase in revenues in fiscal 1977 by $1.8 billion. However, it would also mean an increase in the withholding taxes of individual taxpayers starting in July 1977. The average family would have to pay about $180 more taxes annually. This would be an added and, I believe, unnecessary burden. It means consumers will have this much less money to spend on other items. If the tax cut terminates, as it will under the bill as presently written, it could jeopardize economic recovery by reducing economic activity which means a lower GNP. Thus, we will find ourselves with a short fall in tax reform which will add about $1 billion to the fiscal 1977 deficit. Moreover, pressure on the deficit will increase in future years because of the shrinkage—in the "reform" part of this bill as now written. In other words, the changes considered "reform" which provide about $1 billion increase in revenues in 1977 will result in a net loss of $80 million in fiscal year 1978 and grow to a net loss of $263 million in 1981.

Frankly, I believe that extension of the tax cut through the entire period of fiscal 1977 is essential to maintain consumer purchasing power, to stimulate business activity, to enhance productivity to continue real economic growth and to maintain the economic recovery which is underway. I believe that we should not raise withholding rates or act in a way which would threaten the recovery. We should be realistic and responsible and not play politics with the Nation's budget or its economy.

To those who say we can act later to extend the tax cut if it is needed, I say let us not hold the individual taxpayer hostage. The consumer has a key role in this recovery. Let us not add to his burdens. We should not add to the uncertainty of economic recovery. We should act in concert with the actions already taken in adopting the budget resolution and extend the tax cut through all of fiscal 1977.

As Members know, the bill before us contains both revenue gainers and losers and there are other amendments to be introduced which if adopted will modify the end product. I reserve the right to vote on parts of the overall bill together with the amendments that are introduced as consideration of the bill proceeds. However, I want to make it clear that I plan to consider such proposals in light of the budget resolution revenue target. I believe that it is essential to preserve the integrity of the new Congressional budget process.

Progress to date under the new budget system has been encouraging. It is one of the most significant congressional accomplishments in years. But its future depends on our continuing to exercise the necessary discipline to make it work. It's success is not automatic. We must be willing to live within the budget targets we have set. Failure to do so means a return to the somewhat irresponsible system that we labored so long to overcome, in enacting budget reform.

I support tax reform and I think it is important to close tax loopholes, to exercise the same kind of fiscal responsibility and discipline in tax legislation that we are attempting to exercise in spending legislation. And I urge members to vote in a way which will satisfy the requirements of the budget resolution Congress passed last month, meet both the fiscal policies and the revenue objectives of that concurrent resolution, further our efforts to improve control over the Federal budget, and continue moving toward a balanced budget and full economic prosperity.

Mr. ROBERT C. BYRD. Mr. President, there will be no further votes today. I suggest the absence of a quorum.

The PRESIDING OFFICER The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate?

The ACTING PRESIDENT pro tempore. The Senate will be in order. Senators conversing will kindly withdraw to the cloakroom.

ROUTINE MORNING BUSINESS

(The following routine morning business was transacted today.)

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

APPROVAL OF BILLS AND JOINT RESOLUTION

A message from the President of the United States announced that on June 21, 1976, he approved and signed the following bills and joint resolution:

S. 532. An act to authorize the Secretary of Agriculture to amend retroactively regulations of the Department of Agriculture pertaining to the computation of price support payments under the National Wool Act of 1954 in order to insure the equitable treatment of ranchers and farmers.

S. 2760. An act to amend the Indochina Migration and Refugee Assistance Act of 1975 to provide for the inclusion of refugees from Laos.

S. 3187. An act to extend the authorization of appropriations for the National Commission on New Technological Uses of Copyrighted Works to be coextensive with the life of such Commission.

S.J. Res. 168. Joint resolution to provide for the reappointment of James E. Webb as a citizen regent of the Board of Regents of the Smithsonian Institution.

MESSAGES FROM THE HOUSE

At 1:36 p.m., a message from the House of Representatives delivered by Mr. Hackney, one of its reading clerks, announced that the House has passed the following bills in which it requests the concurrence of the Senate:

H.R. 9889. An act to amend section 2055 (e)(3) of the Internal Revenue Code.

H.R. 10051. An act to amend section 815 of the Internal Revenue Code to allow a life insurance company to disregard (for purposes of that section) a distribution during the last month of its taxable year, determined to have been made out of the policyholders surplus account, if such distribution is returned to the company not later than the due date for filing its income tax return (including extensions thereof) for that year;

H.R. 12254. An act to suspend the duties on certain bicycle parts and accessories until the close of June 30, 1978;

H.R. 14233. An act making appropriations for the Department of Housing and Urban Development, and for sundry independent executive agencies, boards, bureaus, commissions, corporations, and offices for the fiscal year ending September 30, 1977, and for other purposes; and

H.R. 14299. An act to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their survivors; and for other purposes.

The message also announced that, pursuant to the provisions of section 2 (b) Senate Concurrent Resolution 44, 94th Congress, the Speaker has appointed as a member of the Joint Committee on Arrangements for the Commemoration of the Bicentennial of the United

States of America the following Member on the part of the House: Mr. McDade, vice Mr. Esch, resigned.

The message further announced that the House insists upon its amendment to the bill (S. 3168) to authorize fiscal year 1977 appropriations for the Department of State, the U.S. Information Agency, and the Board for International Broadcasting, and for other purposes, disagreed to by the Senate; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Morgan, Mr. Zablocki, Mr. Fascell, Mr. Diggs, Mrs. Meyner, Mr. Broomfield, and Mr. Buchanan were appointed managers of the conference on the part of the House.

The message also announced that the House has passed, with amendment, the joint resolution (S.J. Res. 196) providing for the expression of Her Majesty, Queen Elizabeth II, of the appreciation of the people of the United States for the bequest of James Smithson to the United States, enabling the establishment of the Smithsonian Institution, in which it requests concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message further announced that the Speaker has signed the following enrolled bills:

S. 2853. An act to amend the Food Stamp Act of 1964 to insure a proper level of accountability on the part of food stamp vendors;

S. 2945. An act to amend the Act of October 15, 1966 (80 Stat. 953; 20 U.S.C. 65a), relating to the National Museum of the Smithsonian Institution, so as to authorize additional appropriations to the Smithsonian Institution for carrying out the purposes of said Act;

S.J. Res. 201. A joint resolution to authorize and direct the Secretary of the Army, acting through the Chief of Engineers, to undertake dredging operations for Operation Sail.

The enrolled bills and joint resolution were subsequently signed by the President pro tempore (Mr. Eastland).

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The **PRESIDING OFFICER** laid before the Senate the following letters, which were referred as indicated:

Secret Report of the Comptroller General

A letter from the Comptroller General transmitting a secret report entitled "Analysis of the Field Army Air Defense" (with an accompanying report); to the Committee on Government Operations

Report of the Comptroller General

A letter from the Comptroller General transmitting, pursuant to law, a report entitled "Better Federal Coordination Needed To Promote More Efficient Farm Irrigation" (with an accompanying report); to the Committee on Government Operations.

Report of the Secretary of Transportation

A letter from the Secretary of Transportation transmitting, pursuant to law, a report on the utilization of authority to pay special pay to certain officers (with an accompanying report); to the Committee on Commerce.

Proposed Legislation by the Department of State

A letter from the Assistant Secretary of State transmitting a draft of proposed legislation to amend the International Claims Settlement Act (with accompanying papers); to the Committee on Foreign Relations.

REA Loan to Raft River Rural Electric Cooperative, Inc., Malta, Idaho

A letter from the Acting Administrator, Rural Electrification Administration, Department of Agriculture, reporting, pursuant to law, approval of an REA insured loan in the amount of $1,608,000 to Raft River Rural Electric Cooperative, Inc., of Malta, Idaho (with accompanying papers); to the Committee on Appropriations.

Legislative Action by the Council of the District of Columbia

A letter from the Chairman, Council of the District of Columbia, transmitting, pursuant to law, an act adopted by the Council on June 1, 1976, and signed by the Mayor on June 18, 1976, to amend the subdivision Regulations for the District of Columbia relating to the subdivision of historic sites (with accompanying papers); to the Committee on the District of Columbia.

A letter from the Chairman, Council of the District of Columbia, transmitting, pursuant to law, an act adopted by the Council on May 18, 1976, and signed by the Mayor on June 18, 1976, to organize the Board of Elections and Ethics of the District of Columbia, and for other purposes (with accompanying papers); to the Committee on the District of Columbia.

General Accounting Office Reports

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a list of reports of the General Accounting Office issued or released in May 1976 (with an accompanying document); to the Committee on Government Operations.

Views of the Consumer Product Safety Commission Relative to S. 2715

A letter from the Vice Chairman, Consumer Product Safety Commission, transmitting, pursuant to law, a copy of a letter to the Director, Office of Management and Budget, who requested the views of the Commission on Senate Report 94–863, a report to accompany S. 2715, a bill to amend Chapter 5 of title 5, United States Code (commonly known as the Administrative Procedure Act), to permit awards of reasonable attorney's fees and other expenses for public participation in proceedings before Federal agencies, and for other purposes (with accompanying papers); to the Committee on Government Operations.

Report of the General Services Administration

A letter from the Deputy Administrator, General Services Administration, transmitting, pursuant to law, the 1975 status report of the General Services Administration covering public buildings projects authorized for construction, alteration and lease in accordance with the Public Buildings Act of 1959 (with an accompanying report); to the Committee on Public Works.

PETITIONS

The **PRESIDING OFFICER** laid before the Senate the following petitions, which were referred as indicated:

A resolution by the Board of Directors of the American Society for Industrial Security (ASIS), Washington, D.C., relating to terrorism; to the Committee on the Judiciary.

A resolution by the Board of Directors, Kiwanis Club of Miami, Miami, Florida, relating to sex discrimination; to the Committee on the Judiciary.

HOUSE BILLS REFERRED

The following bills were read twice by title and referred as indicated:

H.R. 9889. An act to amend section 2055(e)(3) of the Internal Revenue Code; to the Committee on Finance.

H.R. 12254. An act to suspend the duties on certain bicycle parts and accessories until the close of June 30, 1978; to the Committee on Finance.

H.R. 14233. An act making appropriations for the Department of Housing and Urban Development, and for sundry independent executive agencies, boards, bureaus, commissions, corporations, and offices for the fiscal year ending September 30, 1977, and for other purposes; to the Committee on Appropriations.

H.R. 14299. An act to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their survivors; and for other purposes; to the Committee on Veterans' Affairs.

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, June 23, 1976, he presented the following enrolled bills and joint resolution to the President of the United States:

S. 2853. An Act to amend the Food Stamp Act of 1964 to insure a proper level of accountability on the part of food stamp vendors.

S. 2945. An Act to amend the Act of October 15, 1966 (80 Stat. 953; 20 U.S.C. 65a), relating to the National Museum of the Smithsonian Institution, so as to authorize additional appropriations to the Smithsonian Institution for carrying out the purposes of said Act.

S.J. Res. 201. A joint resolution to authorize and direct the Secretary of the Army, acting through the Chief of Engineers, to undertake dredging operations for Operations Sail.

ECONOMIC PROBLEMS CONFRONTING THE FISHERIES INDUSTRY—

REPT. No. 94–973

Mr. **HATHAWAY**. Mr. President, from the Select Committee on Small Business, for Mr. Nelson, the chairman, I submit a report entitled, "Economic Problems Confronting the Fisheries Industry."

This report is the result of 4 days of hearings held in Tampa, Fla., Portland and Presque Isle, Maine, and Mobile, Ala. Testimony received from local fishermen, government agencies, and private industry revealed the lack of adequate financial assistance available to the fishing industry through the existing programs in the Small Business Administration and the National Marine Fisheries Service.

The three main problems confronting the fisheries industry are:

First, the lack of long-term, low-interest loans to help finance the purchase of new boats, or the repair of used boats and new or used shoreside facilities.

Second, the dumping of foreign imports on the American markets; and

Third, the spiraling cost of fuel on our balance of payments by the importation of fisheries products can be eliminated by increasing the support for the commercial fishing industry. A stronger fishing fleet will create the competitive edge presently needed to increase the domestic harvesting of edible fish.

The committee report recommends certain remedial action that can be accomplished through legislation; to rectify the existing problems with the Fisheries Loan Fund, the Fishing Vessel Obligation Guarantee Fund, and the Capital Construction Fund. Recommendations include amending these programs to accommodate vessels and boats under 5 net tons, allowing for long-term, low-interest loans—for terms of 15 years or more at lower than the Government's cost of money—for the development of the fishing fleet as well as the shoreside facilities in under-utilized fisheries and in existing fisheries.

The committee membership has unanimously approved this report.

The PRESIDING OFFICER. The report will be received and printed.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PROXMIRE, from the Committee on Appropriations, with amendments:

H.R. 14233. An Act making appropriations for the Department of Housing and Urban Development, and for sundry independent executive agencies, boards, bureaus, commissions, corporations, and offices for the fiscal year ending September 30, 1977, and for other purposes (Rept. No. 94–974).

AIRPORT AND AIRWAY DEVELOPMENT ACT AMENDMENTS OF 1976—CONFERENCE REPORT (REPT. NO. 94–975)

By Mr. CANNON, from the committee of conference, submitted a report on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 9771) to amend the Airport and Airway Development Act of 1970.

By Mr. CANNON, from the Committee on Rules and Administration, without amendment:

S. Res. 445. A resolution authorizing the printing of the annual report of the National Forest Reservation Commission (Rept. No. 94–976);

S. Res. 459. A resolution to amend Senate Resolution 91, 94th Congress, first session, to increase the fiscal year limitation on expenses which may be incurred by the Committee on Foreign Relations to facilitate the interchange and reception of certain foreign dignitaries (Rept. No. 94–977);

S. Res. 475. A resolution authorizing supplemental expenditures by the Temporary Select Committee To Study the Senate Committee System (Rept. No. 94–978);

S. Res. 479. An original resolution authorizing supplemental expenditures by the Committee on Rules and Administration for inquiries and investigations (Rept. No. 94–979);

H. Con. Res. 623. A concurrent resolution providing for the printing of a booklet entitled "Duties of the Speaker" (Rept. No. 94–980).

H. Con. Res. 624. A concurrent resolution providing for the printing of a walking tour map of the area surrounding the United States Capitol (Rept. No. 94–981); and

S. Res. 480. An original resolution to pay a gratuity to Betty R. Kite.

By Mr. CANNON, from the Committee on Rules and Administration, with an amendment:

S. Res. 472. A resolution authorizing the printing of the report entitled "Progress in the Prevention and Control of Air Pollution in 1975" as a Senate document (Rept. No. 94–982).

By Mr. CANNON, from the Committee on Rules and Administration, with amendments:

S. Res. 467. A resolution entitled "History of the Committee on the Judiciary, 1816–1976" (Rept. No. 94–983).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. PROXMIRE, from the Committee on Banking, Housing and Urban Affairs:

The following-named persons to be members of the Board of Directors of the National Institute of Building Sciences:

For a term of 1 year:
Robert J. Brungraber, of Pennsylvania.
Leo J. Cantor, of Virginia.
Jodie R. Johnson, of Mississippi.
Joseph H. Newman, of New Jersey.
Charles H. Pillard, of Maryland.
Robert F. Schmitt, of Ohio.
For a term of 2 years:
William F. Floyd III, of Georgia.
Jasper S. Hawkins, of California.
Warner Howe, of Tennessee.
Charlene F. Sizemore, of West Virginia.
S. Peter Volpe, of Massachusetts.
Jeremiah T. Walsh, of New York.
For a term of 3 years:
O. M. Mader, of Pennsylvania.
Robert A. Georgine, of Maryland.
Rudard A. Jones, of Illinois.
David S. Miller, of Ohio.
Glen R. Swenson, of Utah.
Herbert H. Swinburne, of Pennsylvania.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. WEICKER:

S. 3607. A bill to provide financial assistance for the improvement of the quality of education in the public elementary and secondary schools of the United States, and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. EAGLETON (for himself, Mr. CHILES, and Mr. MATHIAS):

S. 3608. A bill to provide certain improvements in the financial planning, reporting, accounting, control, and operating procedures of the government of the District of Columbia.

By Mr. TOWER:

S. 3609. A bill to provide for the study of certain lands to determine their suitability for designation as wilderness. Referred to the Committee on Interior and Insular Affairs.

By Mr. BEALL:

S. 3610. A bill for the relief of Seyed A. Ghotbi. Referred to the Committee on the Judiciary.

By Mr. DOLE:

S. 3611. A bill to provide an alternative to the salary equivalence standard for determining the reasonable costs of services furnished by independent practitioners of physical therapy to medicare beneficiaries. Referred to the Committee on Finance.

By Mr. BELLMON:

S. 3612. A bill to amend the Agricultural Trade Development and Assistance Act of 1954. Referred to the Committee on Agriculture and Forestry.

By Mr. DOMENICI (for himself, Mr. CANNON, Mr. TOWER, Mr. HASKELL, Mr. JACKSON, and Mr. DOLE):

S.J. Res. 205. A joint resolution to pay tribute to the contributions of Hispanics, to establish an Office of Hispanic Affairs in the various executive agencies, and for other purposes. Referred to the Committee on Government Operations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTION

By Mr. WEICKER:

S. 3607. A bill to provide financial assistance for the improvement of the quality of education in the public elementary and secondary schools of the United States, and for other purposes. Referred to the Committee on Labor and Public Welfare.

QUALITY EDUCATION ASSISTANCE ACT OF 1976

Mr. WEICKER. Mr. President, the bill I am introducing today aims to correct the sad reality of American education—that depending where you live and your income, your child will get slum or super education.

Unfortunately, in the Congress, as in many parts of this Nation, the education issue is busing. Rather than devising programs to build a quality school system, elected officials find finger-pointing at the courts more attractive.

Yet, people forget that the courts are the last actors in the constitutional drama. They act as the final protectors of constitutional rights, and it was a violation of those rights that forced the courts to order the busing of schoolchildren. I have and will continuue to oppose efforts to undermine the headway the courts have made to make equal education opportunity a reality for all Americans. The courts have done their duty. It is long past time for the legislative and executive branches to do theirs.

We know too well, quality education will not come from a bus, a judge, or an angry parent. It will come only by means of local initiative, parental guidance, and financial support from a legislature with children's betterment uppermost in mind. Equal educational opportunity is a matter of constitutional law. The development of a quality educational system rests with Federal, State, and local officials.

Thus, the question that remains is how best to provide quality education for our young.

For years this Senator has proposed and supported legislation to make the hard choices for better education. In May 1974, I proposed an amendment authorizing $2.5 billion per year for 5 years for States to develop and implement programs to build quality education for all children and to increase the equality of educational opportunity. Yet, when I mentioned that we had to finance this program with increased taxes, support for the amendment evaporated. Like other Congresses, that Congress windowshopped for better education, but shied away from the cash register.

The legislation I am introducing today, entitled "The Quality Educational

Assistance Act of 1976," carries forward the principles of this original proposal. The bill would authorize an additional $1.5 billion a year for the next 5 years in grants to States, to distribute to local school districts for the purpose of improving the quality of education and to increase the equality of educational opportunity for all.

The funds would be allocated to the State based on the ratio of the number of public schoolchildren aged 5 to 17 years to the total number of such children nationwide.

The State educational agency would apply to the Federal Commissioner of Education within HEW for grants under a comprehensive plan of proposed programs, procedures, and reports. Before receiving any Federal assistance, the Commissioner would have to approve a statewide education plan that will insure an equitable distribution of funds within the State.

Procedures for disapproval by the State educational agency of local agency applications include notice and opportunity of hearing. Likewise, State educational agencies would be entitled to notice and opportunities for hearing in the case of disapproval by the Commissioner of a State's application for assistance. There also exists provision for State and local educational agencies to file for judicial review of any action of the Commissioner.

In approving this plan, the Commissioner will consider two principal factors:

First. The population of children aged 5 to 17 in each school district within the State.

Second. The relative need of local educational agencies within the State.

These will guarantee a more equitable distribution of resources to the public elementary and secondary schools of our Nation. Particular emphasis will be placed on the communities with greatest need—where children need all the more of a helping hand up—especially in our Nation's innercity and rural areas.

States will have a wide range of options to choose from; their State program can be suited to their State's needs. Where there are difficult problems to solve, I hope that States and localities will work together to find new creative solutions. Among possible options are increased use of basic skills programs to increase language and mathematical ability and bilingual programs, more preschool programs could familiarize children with the school environment and develop needed work and discipline habits at an early age.

States and cities could upgrade school facilities, build better and more attractive libraries, and improve equipment and textbook quality. Money could be used to attract first-rate teachers with salary bonuses and adequate staffing and protection. The magnet school concept could be used to attract students of different backgrounds to a top quality school in an economically varied area. All these suggestions, and others, should be considered. The goal of this legislation is top quality schooling for America's young. The specific techniques can vary. The product is what counts—young Americans who can read, write, add, subtract; young Americans who are prepared for the realities of life.

By Mr. TOWER:

S. 3609. A bill to provide for the study of certain lands to determine their suitability for designation as wilderness. Referred to the Committee on Interior and Insular Affairs.

TEXAS WILDERNESS ACT OF 1976

Mr. TOWER. Mr. President, it is my privilege today to propose to the Senate five areas of the national forests in Texas for study to determine their suitability for designation as wilderness under the Eastern Wilderness Act.

These areas within the Davy Crockett, Sabine, and Sam Houston National Forests contain many examples of forest species which once covered much of east Texas. The five areas—Big Slough, Chambers Ferry, Four Notch, Little Lake Creek, and Winters Bayou—are likewise home of endangered species of the animal kingdom which have sought the refuge of these pristine forests.

I believe that ultimately all five areas ought to be designated as wilderness under the proper statutory authority. Today I represent the citizens of Texas in taking the first step in accomplishing that goal.

We are proud of our national forests in Texas. We believe that if managed properly they will bring forth abundance and pleasure for many generations. And you cannot have proper management of national forests without attention to protection of those areas which through the years have maintained a primitive state, which have escaped the notice of man.

Mr. President, the national forest system was established and has been maintained through the principles of multiple use of the forest lands of the United States. The Forest Service is charged by the Congress with managing the national forests with regard to this principle.

Our forests contain resources both for natural enjoyment, recreation, and economic purposes. These are all legitimate purposes, and I believe we ought to continue to manage those forests in Texas to extract the maximum possible benefits of all three.

In order to bring some balance, however, to past forestry management by the Forest Service in Texas, we need to concentrate on studies and designations of these eastern wilderness areas. To do otherwise is to fall prey to single-purpose land use in the national forests, a practice inconsistent with the laws of this country.

Last session, in the 93d Congress, this body passed an eastern wilderness bill which was to have included two of the five areas proposed for study in my bill which I introduced today—Chambers Ferry and Big Slough.

Unfortunately, the House did not agree with our judgment in this regard, although I believe it may have been a case of not having sufficient time remaining in the session to fully consider the potential of these two areas.

In any event, it is my understanding today that the House Members who have an interest in Big Slough and Chambers Ferry are willing to reconsider the decision made in the last Congress. This is most gratifying to me and to the citizens of Texas who believe in a truly balanced forestry program.

The three additional areas proposed for study in my bill—Winters Bayou, Little Lake Creek, and Four Notch—have not been previously considered by the Senate. Nevertheless, these areas are, in my estimation, prime candidates for wilderness designation. The district forester has told my staff that there are areas within each which are of critical importance and of unique character.

The Sierra Club has studied all these areas, and I believe they concur that each qualifies for study and ultimate designation.

Furthermore, the Texas Committee on Natural Resources, headed by my good friend Ned Fritz, has endorsed these five proposals and recommends prompt Senate and House action.

Mr. President, my bill contains two sections not usually included in proposed legislation of this type. I would like to spend a few minutes discussing these sections because they are critical to successful implementation of this legislation if it is passed.

Section 3 directs the Secretary of Agriculture, in considering the feasibility of designating the Four Notch area as a wilderness, to consider as well the feasibility of techniques to enhance the wilderness character of the Four Notch area.

The situation which exists with regard to Four Notch is that, within the approximately 7,000 acres, there exist some areas which have recently been managed for the purpose of extracting commercial forest resources. In short, Mr. President, there are some several hundred acres in scattered sites which have been clearcut to obtain the timber.

These cutting sites do not in any way qualify for designation as wilderness, and that is not what the bill I have introduced intends. What I do intend is that the Forest Service study the possibility of a special designation or special management technique to enhance the recovery of these recently cut sites to restore them as closely as possible to the surrounding wild areas of forest.

I think most of us realize that the reforestation which is carried out by the Forest Service following clearcutting is not designed to truly restore the primitive nature of the forest before it was cut. Generally, fast-growing species suitable for further cutting are planted, rather than a duplication of the numerous species which existed prior to harvesting the timber.

This is fine and good if the Forest Service intends to continue to manage those areas for harvesting purposes. However, when such areas exist within or near areas suitable for inclusion in the wilderness system, I think the Forest Service ought to do more. I think the Forest Service has an obligation to take extraordinary steps to restore the harvest site to as nearly its original state as possible, so that eventually—in 20 or 30 or 40 years—little if nothing will remain as evidence of man's intrusion.

And let me say this, Mr. President, because I tend to have a very short fuse about such matters: I do not want to hear the Forest Service up here on the Hill telling me and telling the Committee on the Interior that the Forest Service could not perform such a task. I am informed by my staff that such noises are beginning to be heard, and I want to insure at this date—on the day I introduce this legislation—that such noise ceases.

The Forest Service can do it. I want to know, and I would expect the committee would want to know, how it can be done to accomplish our purposes here.

I would hope that my anticipation of some slight unwillingness on the part of the Forest Service is unfounded. I will be at the committee hearings on my bill to find out.

The provision in section 3 then, is a charge to the Forest Service to innovate, and I have confidence the Forest Service retains that capability. I would hope the committee agrees with me that designating recently cut areas within otherwise wild forests as wilderness revegetation areas is a sound proposal. With such a proposal, the time will more quickly arrive that these areas will resemble their original state, and because of the restoration of the intergity of such areas, they may be more quickly included in the wilderness designation as well.

Section 4 of the Texas Wilderness Act contains a provision that sums appropriated as necessary may not be used to purchase inholdings without the owner's consent.

This simply affirms, Mr. President, the long-standing practice in Texas by the Forest Service not to condemn land for inclusion in the National Forest System.

It is a historical practice and a good one. Although there are circumstances which I can envision in which a case could be made for condemnation, I do not believe it is the case here. Just so there is no misunderstanding, and in order to protect the owners of inholdings within the Four Notch area, I believe it is essential to retain such language.

Mr. President, I began my remarks concerning the Texas Wilderness Act, as I have termed this bill, by saying that I am privileged to introduce such legislation. It is a privilege, Mr. President, for there are few opportunities available to a public servant which afford us the chance to preserve a part of our State's natural heritage as does this bill.

I would hope that before we conclude our business in this 94th Congress we will have taken this step to begin the journey to our goal of preserving these five areas in their wilderness state.

By Mr. DOLE:

S. 3611. A bill to provide an alternative to the salary equivalence standard for determining the reasonable costs of services furnished by independent practitioners of physical therapy to medicare beneficiaries. Referred to the Committee on Finance.

Mr. DOLE. Mr. President, the bill I am introducing today would amend section 1861(v)(5) of the Health Insurance for the Aged Act to establish an alternative method for determining the reasonable, and hence reimbursable, costs of services furnished by independent practitioners of physical therapy to medicare beneficiaries. I am doing so in an effort to generate further thought as to a means of recognizing increased productivity by such practitioners furnishing services under arrangement with providers, while at the same time helping to hold health care cost increases to a minimum.

The basic payment authority for physical therapy services under medicare stipulates that reimbursement not exceed the reasonable cost of those services to the provider. The 1972 amendments to the Medicare Act further qualified that the amount paid to independent physical therapists rendering services under an arrangement with a provider "shall not exceed an amount equal to the salary which would reasonably have been paid for such services" if they had been performed in an employment relationship with the provider.

Accordingly, at the present time, the sole criterion for evaluating the reasonableness of the cost of physical therapy services furnished by independent contractors to medicare beneficiaries is the salaries paid to employed physical therapists. This is the so-called salary equivalence standard.

The language in my bill is not intended to abrogate or replace that standard, but rather to complement it by offering a second, more flexible reimbursement test. Specifically, this option would permit payment for physical therapy services furnished under arrangement to be made on a per patient visit basis, provided the amount does not exceed the professional personnel cost per patient visit for physical therapy services furnished in a comparable employment setting.

The primary purpose of this alternative is to create a means for compensating productivity—more efficient delivery of physical therapy services—in the medicare program. The "professional personnel cost" per patient visit is simply the cost to the provider for the salary of physical therapists and physical therapists' assistants over a particular period of time, divided by the number of patient visits for the same period. This, then, would represent the maximum amount that could be paid to physical therapists for each patient visit performed under arrangement in comparable employment settings.

I would expect my proposal to be implemented by HEW in a manner that will provide safeguards to insure that each patient visit is necessary and is performed in accordance with the highest professional standards. At the same time, however—unlike the current salary equivalence guidelines—it would allow physical therapists to be rewarded for improved productivity. Although such an alternative might, of course, result in some instances in greater reimbursement to some therapists, it would do so only as a result of their increased efficiency in the delivery of needed services under the program—something that certainly merits our encouragement.

The principal difficulty with the current legislative provision is that it fails to consider the fact that some physical therapists are more efficient than others and that often an independent therapist may have more of an efficiency incentive than one who is salaried. By way of analogy, the salary equivalence concept applied to the agriculture community would mean that a person who farms for himself could make no more—no matter how hard he worked or how effective or efficient he were—than the salaried manager of the big corporate farm located in the adjoining county. That approach works no better in physical therapy than it would in farming.

I am aware that certain unscrupulous independent physical therapists may, in the past, have perpetrated abuses by having mass physical therapy sessions for which individual rates were charged. Indeed, it was just such practices which led to the enactment of the present provision regarding physical therapy reimbursement.

To preclude the possibility of similar abuses recurring under my proposal, it is intended that any implementing regulations insure that the personnel cost theory be applicable only where the physical therapist treats patients individually. While the value of group physical therapy sessions in some circumstances is not in question, I do feel at this juncture that any unfortunate practices of the past must be guarded against—and this may be the only way to accomplish that.

Any potential for abuse beyond the group treatment situations could be minimized, I believe, by a Professional Standards Review Organization, PSRO, review of physical therapy services—mandated under other provisions of the Health Insurance for the Aged Act. If a PSRO should find, for example, that there has been gross and continued overuse of the program; inadequate quality of services; or use of the services in an unnecessarily costly manner, it could recommend that the Secretary terminate or suspend medicare payments to the offending provider or practitioner. Moreover, an offender could be assessed an amount reasonably related to the excessive costs the abuse has precipitated. In those areas where the PSRO program is not fully implemented and operative, the integrity of the program could be further protected by using physical therapy auditors or utilization review committees.

Understandably, the bill I am introducing leaves a number of details for determination by HEW. However, in developing regulations and procedures for implementing the proposal, I would fully expect the Department to consult with representatives of those physical therapists directly affected.

I would point out again, Mr. President, that the main justification for this proposal is that we need a fair and realistic means for encouraging greater productivity and efficiency among the physical therapy profession. Since all services furnished would still have to be necessary, performed in a manner meeting all professional standards, and provided at labor costs per patient visit equal to or below those incurred when such services are rendered at a provider site where the physical therapists are employees and not independent contractors, I am convinced it can provide that incentive and improve the overall delivery of the programs at very little, if any, additional cost.

My colleague chairing the Health Subcommittee of Senate Finance, the senior Senator from Georgia (Mr. TALMADGE), introduced earlier this spring comprehensive medicare-medicaid administration and reimbursement reform legislation—hearings on which may be held later this summer. With that in mind, it is appropriate that my proposal be available for review by the Senate, the administration, the health care industry, consumer groups, and other interested parties well in advance of any committee action on S. 3205.

I believe that this bill will serve to prevent the abuses that led to the 1972 salary equivalence amendment, while at the same time insure the availability of high quality physical therapy services and encourage their delivery in the most efficient manner possible. My longstanding interest in physical therapy and firsthand knowledge of the contribution it can make to the well-being of persons undergoing medical treatment leave no doubt in my mind that the modification I am recommending today will significantly enhance the service which those important allied health professionals are able to provide.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD at this point, for the benefit of all my colleagues.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3611

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Section 1861(v)(5) (42 U.S.C. 1395x(v)(5)) of the Health Insurance for the Aged Act is amended by adding at the end thereof the following new subsection:

"(C) Notwithstanding the provisions of subsection (A), the amount included in the payment to a provider or other organization specified in the first sentence of subsection (p) of this section as the reasonable cost of physical therapy services furnished under arrangement may be made in an amount per patient visit which shall not exceed the professional personnel cost per patient visit for physical therapy services furnished in a comparable employment setting. For the purposes of this subsection a 'comparable employment setting' shall mean a hospital, home health agency, or skilled nursing facility located in the same geographic area as the hospital, home health agency, or skilled nursing facility in which the physical therapy services furnished under arrangement are rendered. The professional personnel cost per patient visit for comparable employment settings shall be determined in accordance with regulations prescribed by the Secretary."

By Mr. BELLMON:

S. 3612. A bill to amend the Agricultural Trade Development and Assistance Act of 1954. Referred to the Committee on Agriculture and Forestry.

Mr. BELLMON. Mr. President, the decision announced by the USDA on June 22 to suspend food grain shipments to Bangladesh until reasonable assurances that adequate storage exists is one that I heartily commend. It makes absolutely no sense for the U.S. Government under Public Law 480 to ship grain into countries where an abundance already exists and where, due to inadequate storage, heavy loss of food has already occurred through spoiling, insect damage, and loss to rodents.

Even more important, Mr. President, is the fact that when the U.S. ships—or dumps—food grains into a country whose farmers have already produced an abundant crop, the result is a devastating break in the market in grain prices causing low production in following years. Farmers who have borrowed at high interest rates to obtain fertilizer, seeds of improved varieties or other production inputs and then are unable to pay their debts because of a break in the market, are reluctant or unable to go through the same experience.

Either our existing law is inadequate or the administrators of the Public Law 480 programs are insensitive to local conditions. I am confident that it is not the intent of Congress to use the Public Law 480 program as a system of dumping surplus food grains into countries where there is neither the need for food nor storage facilities to keep it from spoiling. Undoubtedly, foreign governments do, on occasion, request American grain shipments for the specific purpose of reducing domestic grain prices or producing revenue for the Government Treasury. This shortsighted policy should not and must not be aided by American Public Law 480 shipments. Such policies are a deadly mistake in that they debilitate domestic food growers, reduce the ability of countries to produce their own foods and add to the growing imbalance between the world's population and food supply.

The Bangladesh situation this year is a case in point. Current surveys by responsible American officials have discovered large quantities of domestically produced food grains are already stored in unsatisfactory, temporary warehouses where spoilage, serious loss to rodents, and insect damage are prevalent. Nevertheless, additional American grain shipments were being planned apparently at the request of the Bangladesh Government. Present law makes no strict requirement of American officials to make judgments related to the adequacy of in-country storage or effects that American grain shipments would have upon grain prices in the recipient country. This deficiency must be corrected and I am today introducing legislation to attain that objective. The bill is short and self-explanatory. I ask unanimous consent that it be printed in full at the conclusion of my remarks.

Mr. President, the hard facts are that the world is rushing headlong into a population-food imbalance that will make the present energy crisis seem insignificant by comparison. It is unrealistic to conclude that the remarkable productivity of American farmers or the generosity of the American taxpayer can be looked to as a permanent solution to world food needs. The solution, if found at all, must come from the full development of the agricultural resources of the developing world.

Whether due to shortsighted misunderstanding of the problem or due to intentional dumping of unwanted grain, if this country's aid programs destroy the ability or the incentive of farmers in developing countries to produce food, we will have done an inexcusable injustice to the human race.

Clearly, there will be times when due to floods, droughts, civil disturbances, or other emergencies, large quantities of American food grains will be needed by other countries under Public Law 480. Under those conditions, adequate suitable storage should be available and no adverse impact should be felt in the recipient countries' markets.

The mistaken notion that the United States is somehow benefiting recipient countries when our grain shipments rot or wreck local markets needs to be clearly and permanently removed from our minds. Further, our laws need to be changed to prevent acts of this kind, whether intentional or inadvertent.

As a representative of a grain growing state, I am totally convinced the American farmers, as eager as they are for export markets, are totally opposed to seeing the products of their fields and labor spoil in foreign warehouses or be devoured by rodents and insects. Our food policy must include sending grain to places it is needed for food and not to places where it will rot.

By Mr. DOMENICI (for himself, Mr. CANNON, Mr. TOWER, Mr. HASKELL, Mr. JACKSON, and Mr. DOLE):

Senate Joint Resolution 205. A joint resolution to pay tribute to the contributions of Hispanics, to establish an Office of Hispanic Affairs in the various executive agencies, and for other purposes. Referred to the Committee on Government Operations.

OFFICE OF HISPANIC AFFAIRS

Mr. DOMENICI. Mr. President, I am extremely pleased today to be joined by five distinguished Senators in the introduction of a Senate joint resolution primarily intended to pay tribute to the contributions of Hispanics and to establish an Office of Hispanic Affairs in various agencies within the Executive Branch. My distinguished colleagues joining in introducing this joint resolution are the Senators from Nevada (Mr. CANNON), Texas (Mr. TOWER), Colorado (Mr. HASKELL), Kansas (Mr. DOLE), and Washington (Mr. JACKSON).

There can be no doubt, Mr. President, and there is none, that Hispanic-Americans have been instrumental in the settlement and development of the Western Hemisphere and that their heritage is a significant cultural factor in the New World. In fact, this Nation's Hispanic heritage and the proud and beautiful culture associated with it dates back more than 400 years. The influence of Hispanics, whether people of Mexican American, Puerto Rican, Cuban American, or other Spanish origin Americans has been especially enduring and enriching.

Hispanics have traditionally been in the forefront as guardians of the freedom this Nation created for itself and offered to people from the entire world. Attesting to the devotion of Americans of Spanish origin are those Hispanics who have earned the Congressional Medal of Honor in numbers greatly in excess of their representation in the population.

The resolution we introduce today recognizes these noteworthy facts regarding the contributions of Hispanics to the many areas of strength enabling this country to continue to be the greatest in the world with abundant blessing beyond any other.

Our resolution also recognizes, however, that the benefits and blessings this country and its form of government have made possible for the general population have not been made equally available to Hispanics. In other words, at this point in our history, we who propose this resolution are convinced that as to the Americans of Spanish origin, the scales of contribution and benefit are presently out of balance. By this resolution we seek to achieve a better balance by giving special attention to the needs of Hispanic Americans.

Congress over the years has created many assistance programs with the notion that every minority or underprivileged group ought to have equal access to those programs and benefit equally from them. Certain facts indicate that the unique needs of Hispanics have either been overlooked or have failed to achieve as high a priority in these programs as the needs of other minority groups.

As a consequence, and in spite of the many contributions cited earlier, Hispanics continue to be this Nation's most disadvantaged group in terms of education, health, housing, employment, and economic development.

Another facet of Government activity of potential benefit to Americans, is the opportunity to be employed. In this regard we are of the opinion that Hispanics have not been employed to such an extent that their capacity for achievement can be fully utilized. As a consequence, the Nation fails to have the benefit of their efforts and, as a group, Hispanics are not able to participate equally with other minority groups from public employment. Under such circumstances, Mr. President, both the Nation and the Spanish-American population are the losers and the promise of equal opportunity falls far short of accomplishment.

The legislation we propose would create an Office of Hispanic Affairs in specific agencies of the Federal Government for the purpose of insuring that the needs and problems of Hispanics are considered and addressed in the administration of laws and programs within the area of responsibility of each such agency. In addition, the resolution would insure that such matters are also considered and addressed in the Federal Government's relations with State and local governments.

We fully realize, Mr. President, that the introduction of this resolution is only the initiation of the legislative process and that during that process many factors other than those cited here and in the resolution will be considered. Our purpose is to get that consideration under way since the lack of equality of Government assistance for Hispanics is a reality deserving attention and redress by the Congress.

I, for one, fully realize that there may be other effective approaches for achieving the objective of equality of opportunity for Government employment and participation in Government programs. The important factor, Mr. President, that we begin in earnest to develop the most effective and reasonable legislative vehicle for that worthwhile purpose.

I ask unanimous consent that the joint resolution be printed in its entirety at this point in the RECORD:

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 205

Whereas Hispanics, people of Mexican-American, Puerto Rican, Cuban-American, and other Spanish-origin Americans, have been involved in the development of the Western Hemisphere, and our country's Hispanic heritage reaches back more than four centuries;

Whereas Hispanics have served the cause of democracy since before the Revolutionary War and have Congressional Medal of Honor recipients far in excess of their representation in the population; and

Whereas the Hispanic contribution has been a consistent and vital influence in our country's cultural growth; and

Whereas almost 20 million Americans of Hispanic ancestry, today add meaningfully to our national diversity, enriching the quality of our daily lives; and

Whereas, despite their early arrival to these shores, Hispanics continue to be the most disadvantaged in the areas of education, health, housing, employment, and economic development; and

Whereas the Government of the United States for years has recognized that Hispanics have not received the full benefit of its programs, neither as participants nor as employees: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) The President shall within 120 days of the date of the enactment of this joint resolution take such measures as he determines are necessary to insure that an Office of Hispanic Affairs is established and maintained in the Departments of Agriculture, Commerce, Defense, Health, Education, and Welfare, Housing and Urban Development, Interior, Justice, Labor, Transportation, Treasury; the Community Services Administration, the Veterans' Administration, Federal Communications Commission, the Small Business Administration, the Energy Research and Development Administration, National Aeronautics and Space Administration, National Science Foundation, Federal Home Loan Bank Board, and such other departments or agencies as the President may designate. The Director of this office, who shall be designated by the head of such department or agency, shall also serve as Special Assistant for Hispanic Affairs to the head of such department or agency.

(b) The Special Assistant for Hispanic Affairs designated within each department or agency may participate in all policy planning and development for all programs within each of the executive departments and agencies to insure the consideration of factors impacting on the various Hispanic communities. The head of each executive department and agency shall insure the participation of the Special Assistant for Hispanic Affairs in the review of all pertinent and relevant rules, regulations and guidelines and other management directives to assure that the laws, policies, and practices of the Federal Government are providing equal opportunities for Hispanics in all areas; including education, health, housing, and community development, economic development, grant and contract procurement, and employment. The Special Assistant shall, under the direction of the head of each executive department and agency, make recommendations to the head of the executive department or agency related to problems and special needs that are unique to Hispanics, and shall be available to advise and assist Hispanic groups and individuals who seek assistance or services from the department or agency.

SEC. 2. The President may also take such measures as he determines are necessary to instruct the chairpersons of the ten Federal regional councils (established pursuant to E.O. 11647 of February 10, 1972), to insure that the problems and needs of Hispanics are taken into consideration in decisions related to Federal assistance to State and local government made by the Federal regional offices. Member agencies of the ten Federal regional councils shall provide available data and information, and generated through their Hispanic Liaison function, to the Federal regional councils, in order to insure equitable consideration of Hispanic needs in pertinent council decisions.

SEC. 3. The Secretary of Commerce shall take necessary steps to insure that existing information clearing house functions within the department shall encompass collection and dissemination of Hispanic information in easily accessible form concerning the social, economic, employment, health and housing needs and conditions of the Hispanic population of the Nation.

SEC. 4. The Special Assistant to the President for Hispanic Affairs shall provide leadership and coordination for all departments and agencies of the executive branch and such guidance as the President determines is appropriate in implementing this joint resolution. Each department and agency shall issue appropriate rules and regulations to further the purposes of this joint resolution. Furthermore, the head of each executive department and agency is directed to cooperate fully in assuring equal opportunity to Hispanic Americans.

ADDITIONAL COSPONSORS

S. 3182

At the request of Mr. Taft, the Senator from Pennsylvania (Mr. HUGH SCOTT) and the Senator from Florida (Mr. STONE) were added as cosponsors of S. 3182, a bill to amend the Occupational Safety and Health Act of 1970.

S. 3393

At the request of Mr. FANNIN, the Senator from Nevada (Mr. LAXALT) was added as a cosponsor of S. 3393, the Voting Right Act Repealer Amendments Act.

AMENDMENT NO. 1930

At the request of Mr. GARY HART, the Senator from Massachusetts (Mr. KENNEDY), the Senator from Vermont (Mr. LEAHY), and the Senator from New Hampshire (Mr. DURKIN) were added as cosponsors of amendment No. 1930, proposed to H.R. 14236, the Public Works Appropriations Act, 1977.

SENATE RESOLUTION 478—SUBMISSION OF A RESOLUTION TO RECOGNIZE AND HONOR REVOLUTIONARY WAR DEAD WHO HELPED BUILD THE STATE OF OHIO

(Referred to the Committee on Interior and Insular Affairs).

Mr. TAFT (for himself and Mr. GLENN) submitted the following resolution:

Whereas Fort Laurens, Bolivar, Ohio is the only fort built in Ohio during the American Revolution; and

Whereas at least twenty-three men died at the site and were buried; and

Whereas many veterans of the Revolutionary War purchased land and settled in Ohio:

Now, therefore, be it

Resolved by the Senate of the United States of America in Congress assembled, That the tomb at Fort Laurens, in Bolivar, Ohio is to recognize and honor those who served and gave their lives here in the struggle for American Independence.

Mr. TAFT. Mr. President, on June 26 a ceremony will be held in Bolivar, Ohio, to commemorate the siege of Fort Laurens during the American Revolution. The body of an unknown soldier who died during that siege will be reinterred in a tomb to honor all those who gave their lives in the struggle for American independence.

Fort Laurens is the only military site in Ohio that was constructed during the Revolutionary War. It was erected in November 1778 and abandoned in August 1779. The fort was built to be the first link in a chain of forts that was to extend from Pittsburgh to Detroit in an attempt to check British activity in the area north of the Ohio River.

The Ohio American Revolution Bicentennial Advisory Commission helped to sponsor an archaelogical excavation in 1972 and 1973. During the excavation, the graves of several soldiers were discovered. It is known that 23 young men died at the site and were buried. The bodies found could not be identified.

Ohio has more Revolutionary War veterans buried within its borders than any other State in the Union except Massachusetts. Soldiers used their land bounties, given by the Continental Congress in lieu of payment, to purchase land in Ohio. Many of them migrated to Ohio and settled there following the Revolution's end.

Today, Senator GLENN and I are submitting a resolution commemorating the site of Fort Laurens, Bolivar, Ohio, as a place to honor all those who gave their lives there in the drive for American freedom, and those early settlers in Ohio who contributed so much to the growth of our great State.

SENATE RESOLUTION 479—ORIGINAL RESOLUTION REPORTED AUTHORIZING SUPPLEMENTAL EXPENDITURES BY THE COMMITTEE ON RULES AND ADMINISTRATION

Mr. CANNON, from the Committee on Rules and Administration, reported the following original resolution, which was placed on the calendar:

S. RES. 479

Resolved, That S. Res. 358, Ninety-fourth Congress, agreed to January 29, 1976, is amended as follows:

(1) In section 2, strike out the amount "$522,000" and insert in lieu thereof "$572,000".

(2) In section 4, strike out the amounts "$321,900" and "$50,000" and insert in lieu thereof "$371,900" and "$100,000", respectively

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SENATE RESOLUTION 480—ORIGINAL RESOLUTION REPORTED TO PAY A GRATUITY

Mr. CANNON, from the Committee on Rules and Administration, reported the following resoluton, which was placed on the calendar:

S. RES. 480

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Betty R. Kite, widow of Guy J. Kite, Jr., an employee of the Senate at the time of his death, a sum equal to seven and one half months' salary at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

SENATE CONCURRENT RESOLUTION 124—SUBMISSION OF A CONCURRENT RESOLUTION ENCOURAGING FLYING THE AMERICAN FLAG TO COMMEMORATE THE BICENTENNIAL

(Referred to the Committee on the Judiciary.)

Mr. BROOKE submitted the following concurrent resolution, which was referred to the Committee on the Judiciary:

S. CON. RES. 124

Resolved by the Senate (the House of Representatives concurring),

Whereas the Congress has established the twenty-one days between Flag Day and Independence Day each year as a period to honor America; and

Whereas this is the Two Hundredth Anniversary of the Independence of the United States of America: now therefore be it

Resolved by the Senate (the House of Representatives concurring), That Congress urges all American citizens to fly the flag daily during this period to honor America and to commemorate the bicentennial of our Independence.

SENATE CONCURRENT RESOLUTION 125—SUBMISSION OF A CONCURRENT RESOLUTION RELATING TO COMMISSION IN THE U.S. ARMY

(Referred to the Committee on Armed Services.)

Mr. BROOKE (for himself and Mr. KENNEDY) submitted the following concurrent resolution, which was referred to the Committee on Armed Services:

S. CON. RES. 125

Resolved by the Senate (the House of Representatives concurring),

Whereas Cadet Peter Burke successfully and honorably completed the prescribed curriculum of the United States Military Academy at West Point, and was in fact graduated from that institution on June 2, 1976; and

Whereas Cadet Burke, while pursuing his studies at the Academy did contract Hodgkin's disease which later went into remission; and

Whereas Cadet Burke was permitted to pursue his studies with the reasonable expectation of receiving a commission in the United States Army upon graduation; and

Whereas the Department of the Army has denied Cadet Burke a commission: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that Cadet Peter Burke should receive a commission in the United States Army with the same date of rank as that accorded his classmates in the class of 1976.

Mr. BROOKE. Mr. President, Mayor Fiorello LaGuardia of New York's classic confession of error, "when I make a mistake, it's a beaut," has a 1976 counterpart.

Except that the Department of the Army will not admit its error.

That is why I have today submitted a Senate concurrent resolution which would make it the sense of the Congress that Cadet Peter Burke should receive a commission in the U.S. Army with the same date of rank as that accorded his classmates in the class of 1976. This concurrent resolution is similar to the concurrent resolution my friend and colleague, Congressman CARL PERKINS, has already introduced in the House of Representatives.

The facts support the passage of this resolution. Peter Burke of Marlborough, Mass., was admitted to West Point through Presidential appointment in 1972. Peter studied hard and successfully performed the tasks required of all cadets.

Tragedy came to him after his first year at the academy in the form of Hodgkin's disease. The Academy responded by giving him the most excellent treatment and therapy at the Walter Reed Army Medical Center. Notwithstanding his illness, Peter completed all of the Academy's requirements for graduation this June and, in accordance with Academy custom, was given permission to select the branch of service in which he wished to serve after graduation.

Late this spring, only about a month before his graduation, Peter Burke's commission as a 2d lieutenant in the U.S. Army was rejected by the Secretary of the Army on the recommendation of the Surgeon General—on the grounds that Peter has a "proven recurring malignant disease."

There is a great deal of credible evidence which disputes that finding. Indeed, Peter's Army physician, Dr. Edwin Stuebner, states that he "has no physical limitations that would interfere with his performing the duties of an Army officer except for severe physical exercise" and recommends that he "be granted a waiver to proceed to active duty as an officer."

But there is also a stark moral issue involved in the Peter Burke case. He has dedicated himself to his country and to the Army. He has worked diligently and achieved high scholastic honors at West Point.

It is unthinkable that the Department

of the Army should now deny this young man his commission after he has given so much with so much loyalty and bravery.

Although I truly hope that this matter can be satisfactorily resolved by the Secretary of the Army, I do not feel that Congress should be silent on the matter. And that is why I am introducing a concurrent resolution on this subject today.

Mr. President, I ask unanimous consent that Dr. Stuebner's letter regarding Mr. Burke's health and fitness for active duty be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WEST POINT, N.Y.,
June 14, 1976.

To whom it may concern:

Peter Burke has been under my care at the United States Army Hospital, West Point, New York, since May 1975.

Mr. Burke was first found to have Hodgkins Disease in the spring of 1973, after he was found to have an enlarged cervical lymph node (histological type was lymphocyte predominant). After an extensive workup at Walter Reed Army Medical Center, including staging laparotomy and splenectomy, he was classified as stage 1A and received Cobalt irradiation to the neck and mediastinal areas.

Mr. Burke did well until the winter of 1975 when he began to experience malaise, weight loss and fever. A biopsy of an enlarged cervical node again revealed Hodgkins Disease. Mr. Burke again underwent extensive evaluation at Walter Reed. On the basis of an abnormal appearance of the liver on peritonoscopy and slightly elevated liver function studies, Mr. Burke was classified stage IVB, although liver biopsies were negative.

Mr. Burke then received a total of eight courses of combined chemotherapy consisting of nitrogen mustard, vincristine, procarbazine and prednisone. He was re-evaluated in January 1976 at Walter Reed. All tests, including peritonoscopy and liver biopsy were negative. No evidence of disease was found. The only abnormal findings were weakness of the lower leg muscles, with abnormal sensation due to vincristine toxicity, and anemia secondary to the chemotherapy.

Throughout the course of his illness, Mr. Burke was the subject of three medical board proceedings. The first, in the spring of 1973, found Mr. Burke unfit for retention at the United States Military Academy, but recommended a waiver to let him continue. The second, dated July 31, 1976, recommended continuation at the academy with re-evaluation in the winter of 1976. Specific recommendations in regard to commissioning were to be made at that time. The last medical board was dated February 2, 1976. It found Mr. Burke unfit for commissioning but recommended a waiver to allow him to proceed with the selection of a service branch. He was to be re-evaluated in May, 1976 at which time he was expected to be fully capable for commissioning.

All the medical boards were approved by the hospital commander of the U.S. Army Hospital, West Point. The third medical board was approved by the Superintendent of the United States Military Academy. The recommendations of the third board, however, were disapproved by the Department of the Army on advice from the Surgeon General's office and Mr. Burke was denied commission.

The regulation pertaining to Mr. Burke's case is AR 40-501, chapter 2-4a (5) which sets standards for commissioning, and specifically states that Hodgkins Disease is grounds for denying commission.

In many cases involving cadets, however, the provisions of AR40-501, chapter 2-2e are applied (this states that any person who first develops an illness while a cadet, can have the provisions of AR40-501, chapter 3 applied to him. Chapter 3 pertains to retention on active duty, and is generally more lenient than chapter 2). The section of chapter 3 which pertains to Mr. Burke is section 3-38 which states that malignancies of the lymph tissues (which includes Hodgkins Disease) generally render an individual unfit for further service.

This, strictly adhering to the regulations, would seem to prohibit Mr. Burke from advancing to active duty. However, I have personally cared for two officers who became ill with malignancies of the lymph system (one with Hodgkins Disease) while on active duty and who were granted waivers to continue on active duty.

The question as to the prognosis of Mr. Burke's disease is clouded by two factors:

(1) There is a definite question as to the validity of the stage IVB classification made in April of 1975. This was made purely on presumptive evidence. It is my feeling, and, as stated in a recent letter, the feeling of the oncology section at Walter Reed that Dr. Burke's classification is more appropriately IIB.

(2) The fact that Mr. Burke has recurrent disease, and recurrence in an area of previous treatment, is a situation that the statistics do not adequately deal with. In cases of initial disease, the chances for cure in stage IIB Hodgkins Disease have been reported to be as high as 75–80%. As in all cases of Hodgkin's Disease, at least five years must elapse before permanent remission can be considered.

At the present time, Mr. Burke's only limiting physical condition is weakness of the muscles controlling his feet. This has been steadily improving since his vincristine therapy was discontinued. In my opinion, Mr. Burke has no physical limitations that would interfere with his performing the duties of an Army officer except for severe physical exercise. As such, Mr. Burke, at this time, would be best restricted to non-combat arms branches, although there is every reason to expect that, in the near future, he would be able to perform even those physical exertions expected of a combat arms officer.

In addition, Mr. Burke's motivation to become an Army officer can not be questioned. He was able to keep up with and complete on schedule his cadet studies even though he was suffering the most adverse conditions brought on both by his disease and the therapy he received.

I personally have recommended that this young man be granted a waiver to proceed to active duty as an officer.

Sincerely,
ERWIN A. STUEBNER, Jr., M.D.

AMENDMENTS SUBMITTED FOR PRINTING

TAX REFORM AMENDMENTS OF 1976—H.R. 10612

AMENDMENT NO. 1931

(Ordered to be printed and to lie on the table.)

Mr. TAFT submitted an amendment intended to be proposed by him to the bill (H.R. 10612) to reform the tax laws of the United States.

AMENDMENT NO. 1932

(Ordered to be printed and to lie on the table.)

Mr. BROOKE (for himself, Mr. RIBICOFF, Mr. JAVITS, Mr. MCINTYRE, Mr. PELL, Mr. CASE, Mr. DOMENICI, Mr. BAYH, Mr. MONTOYA, and Mr. HUGH SCOTT) submitted an amendment intended to be proposed by them, jointly, to the bill (H.R. 10612), supra.

AMENDMENT NO. 1933

(Ordered to be printed and to lie on the table.)

Mr. BROOKE submitted an amendment intended to be proposed by him to the bill (H.R. 10612), supra.

AMENDMENT NO. 1934

(Ordered to be printed and to lie on the table.)

Mr. BROOKE (for himself and Mr. CASE) submitted an amendment intended to be proposed by them, jointly, to the bill (H.R. 10612), supra.

Mr. BROOKE. Mr. President, the benefits to be derived from a national energy conservation program have been established by a wealth of testimony before several committees in the Senate and the House. Thirty-five million American homes, because of inadequate insulation, waste the equivalent of 130 million barrels of oil each year that could be saved through proper retrofit of the building. Thirty-one million gas- and oil-fired home heating systems waste the equivalent of 91.6 million barrels of oil which could be saved if the furnaces were retrofitted with more efficient components.

This is not new information. Many of my colleagues have heard me cite this information before. The idea of utilizing our national tax system for the purpose of achieving energy conservation is not new. The House of Representatives wisely passed a tax credit for home insulation as part of the Energy Conservation and Conversion Act of 1975 which was sent to the Senate last summer. In July of last year, I testified before the Senate Finance Committee on the provisions of that act, as well as on energy conservation measures of my own that I hoped would be included.

The committee version of H.R. 10612 does indeed include a tax credit for insulation as well as for residential solar heat equipment, and I applaud these policies. I was, however, saddened to learn that the bill reported out of the Finance Committee contains two serious deficiences in the energy conservation area.

First, no provision has been made for the retrofitting of oil- and gas-fired burners which heat millions of the homes which may be trying to maximize their conservation potential.

Mr. President, no controversy exists over the benefits that can be achieved by the retrofit of these systems that burn our precious fossil fuels. Estimates of fuel savings range from 5 percent to 35 percent, but my own study of the figures leads me to believe that 10 percent to 15 percent of oil and gas heating fuels can be saved by introduction of such marginal equipment improvements as new nozzles, heat exchangers or ducts for oil furnaces or electronic igniters for gas furnaces.

It is with this in mind that I offer an amendment to add to the insulation tax credit a tax credit for homeowners who wish to upgrade their existing oil- and gas-fired systems with technological improvements that have been clearly identified, as to their established reliability and efficiency, and which will specifically result in meaningful energy conservation.

Second, although the committee did not deal with the problems of oil and gas heating equipment, it did adopt a generous tax credit for heat pumps. The credit applies to expenditures of up to $7,400. But reliable industry figures show that the actual costs of a heat pump unit probably will not exceed $2,000. If a residence is rewired, all of the ducting replaced, and additional controls installed, the cost could approach $6,400, which is still $1,000 less than the figure the committee envisioned. Furthermore, the heat pump tax credit as written would not be limited to supplementing or replacing electric resistance space heating, but rather, would be available to homeowners choosing to supplement or replace existin goil- and gas-fired heat systems.

My own information is that there is little or no dispute over the fact that the heat pump can operate more efficiently than electric resistance space heating installations. However, there is considerable debate over the efficiency of the heat pump when it is compared with oil and gas-fired systems, taking into account the fuel used to generate the electricity on which the heat pump must depend. The effect of the committee language, as it is presently drawn, could be to increase energy use by the substitution of less efficient systems for more efficient systems. To my knowledge, there have been no substantive hearings on the energy issues related to heat pump, including their reliability, their relative efficiency or their relative cost as opposed to alternative heat systems.

I also understand that neither FEA nor ERDA have been consulted or requested to offer their advice as to the wisdom of this provision. Indeed, FEA has just released a report which raises serious questions about this technology.

Because of this, I believe that the heat pump credit provision should be given closer scrutiny by the Senate Finance Committee with an opportunity for qualified industry groups, engineers and technicians, as well as FEA and ERDA officials to testify on the reliability, the cost, and the limitations imposed by this relatively new technology.

Since our common objective is to promote energy efficiency and not to create incentives that would achieve the opposite result, we must be certain of the impact. For example, it is possible that the massive introduction of heat pumps could exacerbate the peak load requirements of summer-peaking utilities. Because heat pumps have the dual capability of providing cool as well as warm air, a household that previously had electric resistance heating only, would now be drawing power during peak periods in the summer for air conditioning over and above the existing peak load. This unfortunate circumstance would require the building of additional capacity for peak usage which, at a minimum, would result in increased costs to consumers, and, at the maximum, would result in greater costs plus the use of more oil for the oil-fired generators traditionally used during peak periods. These questions should be explored fully before action is taken to create incentives for this technology.

Mr. President, the Congress has taken several major steps toward enacting a national policy of energy conservation. Some of them were contained in the amendments to the FEA extension, which provide for positive incentives to households and businesses undertaking energy conservation improvements. Parts of other important provisions are contained in the Finance Committee tax bill. However, I believe that the amendments I offer today would perfect and complete those provisions which the Senate is about to take up. I strongly urge the adoption of these additional measures.

Mr. President, I ask unanimous consent that the text of my amendments be printed in the RECORD.

There being no objection, the amendments were ordered to be printed in the RECORD, as follows:

AMENDMENT No. 1932

On page 1470, line 1, strike out "OF RESIDENCE" and insert the following: "AND OTHER ENERGY-CONSERVING ALTERATION OF PRINCIPAL RESIDENCE".

On page 1470, line 10, insert after "insulation" the following: "and other energy-conserving component".

On page 1471, line 13, insert immediately after "insulation" the following: "and other energy-conserving component".

On page 1471, line 22, insert after "lation" the following: "and other energy-conserving component".

On page 1471, insert immediately after line 24, the following:

"(4) CERTAIN NEW EQUIPMENT.—No credit shall be allowed under subsection (a) for any amount paid or incurred for the installation of any entirely new heating system or for the installation of equipment designed to permit the burning of alternative fuels."

On page 1472, strike out lines 3 through 11, and insert in lieu thereof the following:

"(1) QUALIFIED INSULATION AND OTHER ENERGY-CONSERVING COMPONENT EXPENDITURES.—The term 'qualified insulation and other energy-conserving component expenditures' means any amount paid or incurred by an individual for insulation and other energy-conserving components (including amounts paid or incurred for the original installation of such insulation but not including amounts paid or incurred for insulation and other energy-conserving components in connection with any reconstruction of a dwelling unit) installed after June 30, 1976, and before January 1, 1979, in a dwelling unit located in the United States which is—

"(A) used by the taxpayer as his residence, and

"(B) in existence on May 25, 1976."

On page 1473, between lines 2 and 3, insert the following:

"(3) OTHER ENERGY-CONSERVING COMPONENT.—The term 'other energy-conserving component' means any item, fixture, equipment, or material including, but not limited to, a heat exchanger, combustor, ducting, piping, and control which—

"(A) is capable of increasing in a cost effective manner thermal efficiency in a residential structure or improving the operating efficiency of a heating system already installed in such structure;

"(B) meets such performance and safety standards as the Secretary may prescribe by regulations after consultation with the Administrator of the Federal Energy Administration, the Secretary of Housing and Urban Development, and the director of the National Bureau of Standards.

"(C) the original use of which commences with the taxpayer; and

"(D) has a useful life of at least 3 years.

"(4) HEATING SYSTEM.—The term 'heating system' means any item, fixture, equipment, or material which is designed, when installed in or on a building, to contribute to the heating of such building, to contribute to the heating of water for use within such building, or to control the automatic cycling of such hardware. Such term includes, but is not limited to, all necessary fittings and related installations.

On page 1,473, line 3, strike out "(3)" and insert in lieu thereof "(5)".

On page 1473, line 9, insert after "insulation" the following: "and other energy-conserving component".

On page 1474, line 1, strike out "(4)" and insert in lieu thereof "(6)".

On page 1474, line 11, insert after "insulation" the following: "and other energy-conserving component".

On page 1474, line 15, insert after "insulation" the following: "and other energy-conserving component".

On page 1475, line 1, insert after "insulation" the following: "and other energy-conserving alteration".

On page 1475, line 13, insert after "insulation" the following: "and other energy-conserving alteration".

On page 1475, strike out the matter between lines 17 and 18 and insert in lieu thereof the following:

"Sec. 44A. Insulation and other energy-conserving alteration of principal residence."

AMENDMENT No. 1933

On page 1,477, strike out lines 1 through 8.

On page 1,479, lines 2 and 3, strike out "(other than qualified heat pump equipment expenditures)".

On page 1,480, strike out lines 11 through 17.

On page 1,480, line 18, strike out "(4)" and insert in lieu thereof "(3)".

On page 1,481, line 9, strike out "(5)" and insert in lieu thereof "(4)".

On page 1,482, strike out lines 1 through 11.

On page 1,482, line 12, strike out "(7)" and insert in lieu thereof "(5)".

On page 1,483, line 9, strike out "(8)" and insert in lieu thereof "(6)".

On page 1,484, line 3, insert a closed quotation mark after the period.

On page 1,484, strike out lines 4 through 8.

AMENDMENT No. 1934

On page 1,480, strike out lines 11 through 17, and insert in lieu thereof the following:

(3) QUALIFIED HEAT PUMP EQUIPMENT EXPENDITURES.—The term "qualified heat pump equipment expenditures" means any amount paid or incurred by an individual for any installation which occurs after June 30, 1976, and before January 1, 1979, of heat pump equipment in any dwelling unit located in the United States which is occupied or habitable on May 25, 1976, but only if such installation is in connection with the replacement or supplementation of existing electric resistance space heating where such space-heating equipment is an integral part of the structure of such dwelling unit and constitutes the principal source of heat for such dwelling unit.

AMENDMENT NO. 1935

(Ordered to be printed and to lie on the table.)

Mr. McINTYRE (for himself, Mr. DURKIN, and Mr. CASE) submitted an amendment intended to be proposed by them jointly, to the bill (H.R. 10612), supra.

AMENDMENT NO. 1936

(Ordered to be printed and to lie on the table)

Mr. McINTYRE (for himself, Mr. DURKIN, and Mr. CASE) submitted an amendment intended to be proposed by them, jointly, to the bill (H.R. 10612), supra.

Mr. McINTYRE. Mr. President, on behalf of my colleagues, Senators DURKIN, CASE, and myself, the purpose of the amendments we offer today is to prevent the Federal Government from imposing a 20-percent withholding tax on State lottery winning over $1,000. This requirement is currently a part of the tax reform bill as reported by the Finance Committee.

The New Hampshire sweepstakes program is one of the most popular and successful revenue-producing operations in our history. Millions of dollars each year are collected by the State to improve the education of our children, thus slowing the rise in local property taxes.

The State of New Hampshire was the first State in the Nation to develop such a lottery program, and since that time, 12 other States have adopted similar lottery programs and have found them to be useful sources of much-needed revenue.

We believe the proposed withholding requirement on lottery winnings is unnecessary. The Internal Revenue Service already admits that 85 percent of all Federal income taxes owed on lottery winnings is being collected. It is doubtful that any additional Federal law would improve that collection, but it surely would add thousands of dollars in administrative costs to New Hampshire and other States while dampening the enthusiasm for buying sweepstakes tickets.

No one wants to see more bureaucratic paperwork being added to such a successful State-run operation, and no one likes getting only 80 percent of a prize they have won.

Therefore, we hope the Senate will reject the committee's proposal and the burden it imposes on legitimate State revenue-raising activities.

AMENDMENT NO. 1937

(Ordered to be printed and to lie on the table.)

Mr. NELSON (for himself, Mr. HOLLINGS, Mr. MATHIAS, Mr. BROOKE, Mr. CLARK, Mr. GARY HART, Mr. PHILIP A. HART, Mr. HARTKE, Mr. HASKELL, Mr. HATHAWAY, Mr. HUDDLESTON, Mr. HUMPHREY, Mr. KENNEDY, Mr. MONDALE, and Mr. PROXMIRE) submitted an amendment intended to be proposed by them, jointly, to the bill (H.R. 10612), supra.

Mr. NELSON. Mr. President, I am submitting on behalf of our group of 15 Senators an amendment dealing with the extension of the tax cuts for individuals, deferral of tax on U.S. controlled foreign subsidiaries, DISC, the foreign tax credit for oil and gas, and the retirement income credit for the elderly.

Because of the broad interest in the amendment, I ask unanimous consent that it be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 1937

In lieu of the matter proposed to be inserted, insert the following:

TITLE IV—EXTENSIONS OF INDIVIDUAL INCOME TAX REDUCTIONS; PROVISIONS AFFECTING MULTINATIONAL CORPORATIONS; REVISION OF RETIREMENT INCOME CREDIT

SEC. 401. EXTENSIONS OF INDIVIDUAL INCOME TAX REDUCTIONS.

(a) TAXABLE INCOME CREDIT.—

(1) IN GENERAL.—Subsection (a) of section 42 (relating to taxable income credit) is amended to read as follows:

"(a) ALLOWANCE OF CREDIT.—

"(1) GENERAL RULE.—In the case of an individual, there is allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the greater of—

"(A) 2 percent of so much of the taxpayer's taxable income for the taxable year as does not exceed $9,000, or

"(B) $35 multiplied by each exemption for which the taxpayer is entitled to a deduction for the taxable year under subsection (b) or (e) of section 151."

(2) NINE-MONTH RULE FOR 1977.—Notwithstanding the provisions of paragraph (1), in the case of taxable years ending after December 31, 1976, and before January 1, 1978, the percentage "1.5 percent" shall be substituted for the percentage "2 percent" in subparagraph (A) of such paragraph and the amount "$26.25", shall be substituted for the amount "$35" in subparagraph (B) of such paragraph.

(3) TECHNICAL AMENDMENTS.—

(A) Section 56(a)(2) (relating to imposition of minimum tax), as in effect on the day before the date of the enactment of the Tax Reduction Act of 1975, is amended by striking out "and" at the end of clause (iv), by striking out "; and" at the end of clause (v) and inserting in lieu thereof ", and", and by inserting after clause (v) the following new clause:

"(vi) section 42 (relating to taxable income credit); and".

(B) Section 56(c)(1) (relating to tax carryovers), as in effect on the day before the date of enactment of the Tax Reduction Act of 1975, is amended by striking out "and" at the end of subparagraph (D), by striking out "exceed" at the end of subparagraph (E) and inserting in lieu thereof "and", and by inserting after subparagraph (E) the following new subparagraph:

"(F) section 42 (relating to taxable income credit), exceed".

(C) Section 6096(b) (relating to designation of income tax payments to Presidential Election Campaign Fund), as in effect on the day before the date of enactment of the Tax Reduction Act of 1975, is amended by striking out "and 41" and inserting in lieu thereof "41, and 42".

(4) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1, as in effect on the day before the date of enactment of the Tax Reduction Act of 1975, is amended by striking out the item relating to section 42 and inserting in lieu thereof the following:

"SEC. 42. Taxable income credit.".

(b) STANDARD DEDUCTION.—

(1) LOW INCOME ALLOWANCE.—Subsection (c) of section 141 (relating to low income allowance) is amended to read as follows:

"(c) LOW INCOME ALLOWANCE.—The low income allowance is—

"(1) $2,100 in the case of—

"(A) a joint return under section 6013, or

"(B) a surviving spouse (as defined in section 2(a)),

"(2) $1,700 in the case of an individual who is not married and who is not a surviving spouse (as so defined), or

"(3) $1,050 in the case of a married individual filing a separate return."

(2) PERCENTAGE STANDARD DEDUCTION.—Subsection (b) of section 141 (relating to percentage standard deduction) is amended to read as follows:

"(b) PERCENTAGE STANDARD DEDUCTION.—The percentage standard deduction is an amount equal to 16 percent of adjusted gross income, but not more than—

"(1) $2,800 in the case of—

"(A) a joint return under section 6013, or

"(B) a surviving spouse (as defined in section 2(a)).

"(2) $2,400 in the case of an individual who is not married and who is not a surviving spouse (as so defined), or

"(3) $1,400 in the case of a married individual filing a separate return.".

(3) TECHNICAL AMENDMENTS.—

(A) Subsection (a) of section 3402 (relating to income tax collected at source) is amended to read as follows:

"(a) REQUIREMENT OF WITHHOLDING.—Except as otherwise provided in this section, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables prescribed by the Secretary.". Until September 30, 1977, the tables so prescribed shall be the same as the tables in effect on June 18, 1976. With respect to wages paid after September 30, 1977, the Secretary shall prescribe new tables which are the same as the tables in effect on January 1, 1975, but modified to the extent necessary to reflect the amendments made by section 401(b) of the Tax Reform Act of 1976. "For purposes of applying such tables, the term 'the amount of wages' means the amount by which the wages exceed the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b)(1).".

(B) Paragraph (6) of section 3402(c) (relating to wage bracket withholding), as such paragraph existed on the day before the date of enactment of the Tax Reduction Act of 1975, is amended by striking out "table 7 contained in subsection (a)" and inserting in lieu thereof "the table for an annual payroll period prescribed pursuant to subsection (a)".

(C) Subparagraph (B) of section 3402(m)(1) (relating to withholding allowance based on itemized deduction) is amended to read as follows:

"(B) an amount equal to the lesser of (i) 10 percent of his estimated wages, or (ii) $2,800 ($2,400 in the case of an individual who is not married (within the meaning of section 143) and who is not a surviving spouse (as defined in section 2(a)))).".

(D) So much of paragraph (1) of section 6012(a) (relating to persons required to make returns of income) as precedes subparagraph (C) thereof is amended to read as follows:

"(1)(A) Every individual having for the taxable year a gross income of $750 or more, except that a return shall not be required of an individual (other than an individual referred to in section 142(b))—

"(i) who is not married (determined by applying section 143), is not a surviving spouse (as defined in section 2(a)), and for the taxable year has a gross income of less than $2,450,

"(ii) who is a surviving spouse (as so defined) and for the taxable year has a gross income of less than $2,850, or

"(iii) who is entitled to make a joint return under section 6013 and whose gross income, when combined with the gross income of his spouse, is, for the taxable year, less than $3,600 but only if such individual and his spouse, at the close of the taxable year, had the same household as their home. Clause (iii) shall not apply if for the taxable year such spouse makes a separate return or any other taxpayer is entitled to an exemption for such spouse under section 151(e).

"(B) The amount specified in clause (i) or (ii) of subparagraph (A) shall be increased by $750 in the case of an individual entitled to an additional personal exemption under section 151(c)(1), and the amount specified in clause (iii) of subparagraph (A) shall be increased by $750 for each additional personal exemption to which the individual or his spouse is entitled under section 151(c);".

(c) EARNED INCOME CREDIT.—

(1) IN GENERAL.—Subsections (a) and (b) of section 43 (relating to earned income credit) are amended to read as follows:

"(a) ALLOWANCE OF CREDIT.—In the case of an eligible individual, there is allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 10 percent of so much of the earned income for the taxable year as does not exceed $4,000.

"(b) LIMITATION.—The amount of the credit allowable to a taxpayer under subsection (a) for any taxable year shall be reduced (but not below zero) by an amount equal to 10 percent of so much of the adjusted gross income (or, if greater, the earned income) of the taxpayer for the taxable year as exceeds $4,000".

(2) ELIGIBLE INDIVIDUAL.—Section 43(c)(1)(A) is amended by striking out "with respect to whom he is entitled to claim a deduction under" and inserting in lieu thereof the following: "if such child meets the requirements of".

(3) CONFORMING AMENDMENT.—Section 209(b) of the Tax Reduction Act of 1975 is amended by striking out ", and before January 1, 1977." and inserting in lieu thereof "and before January 1, 1978".

(d) EFFECTIVE DATES.—The amendments made by subsection (a) apply to taxable years ending after December 31, 1975 and before January 1, 1978. The amendments made by subsection (b) apply to taxable years ending after December 31, 1975. The amendment made by subsection (c) takes effect on the date of enactment of this Act.

(e) REFUNDS OF EARNED INCOME CREDIT DISREGARDED IN THE ADMINISTRATION OF FEDERAL PROGRAMS AND FEDERALLY ASSISTED PROGRAMS.—

(1) Subsection (d) of section 2 of the Revenue Adjustment Act of 1975 is amended by striking out "or any month thereafter which begins prior to July 1, 1976,".

(2) Subsection (g) of section 2 of such act is amended to read as follows:

"(g) EFFECTIVE DATES.—The amendments made by this section (other than by subsection (d)) apply to taxable years ending after December 31, 1975, and before January 1, 1977. Subsection (d) applies to taxable years ending after December 31, 1975.".

SEC. 402. TAXATION OF EARNINGS AND PROFITS OF CONTROLLED FOREIGN CORPORATIONS.

(a) GENERAL.—Part III of subchapter N of chapter 1 (relating to income from sources without the United States) is amended by inserting after subpart II thereof the following:

"Subpart I—Controlled Foreign Corporations

"Sec. 983. Amounts included in gross income of United States shareholders.
"Sec. 984. Definitions.
"Sec. 985. Rules for determining stock ownership.
"Sec. 986. Exclusion from gross income of previously taxed earnings and profits.
"Sec. 987. Adjustments to basis of stock in controlled foreign corporations and of other property.
"Sec. 988. Records and accounts of United States shareholders.
"Sec. 989. Election by individuals to be subject to tax at corporate rates.
"Sec. 990. Records and accounts of United States shareholders.
"Sec. 990A. Transition rules for period before subpart I is completely phased in.

"SEC. 983. AMOUNTS INCLUDED IN GROSS INCOME OF UNITED STATES SHAREHOLDERS.

"(a) AMOUNT INCLUDED.—

"(1) IN GENERAL.—If a foreign corporation is a controlled foreign corporation for an uninterrupted period of 30 days or more during any taxable year, every United States shareholder of such corporation which owns (within the meaning of section 985(a)) stock in such corporation on the last day in such year on which such corporation is a controlled foreign corporation shall include in its gross income, for its taxable year in which or with which such taxable year of the corporation ends, a percentage (determined under paragraph (3)) of its pro rata share of the corporation's earnings and profits for such year.

"(2) PRO RATA SHARE OF EARNINGS AND PROFITS.—A United States shareholder's pro rata share referred to in paragraph (1) is the amount—

"(A) which would have been distributed with respect to the stock which such shareholder owns (within the meaning of section 985(a)) in such corporation if on the last day, in its taxable year, on which the corporation is a controlled foreign corporation it had distributed pro rata to its shareholders an amount (i) which bears the same ratio to its earnings and profits for the taxable year, as (ii) the part of such year during which the corporation is a controlled foreign corporation bears to the entire year, reduced by

"(B) an amount (i) which bears the same ratio to the earnings and profits of such corporation for the taxable year, as (ii) the part of such year described in subparagraph (A)(ii) during which such shareholder did not own (within the meaning of section 985(a)) such stock bears to the entire year.

"(3) DETERMINATION OF PERCENTAGE.—The percentage referred to in paragraph (1) shall be determined in accordance with the following table:

"For taxable years of foreign corporations beginning in calendar year—	The percentage is—
1977	50
1978	60
1979	78
1980	80
1981	90
1982 or later	100.

"(b) EARNINGS AND PROFITS.—For purposes of this subpart, under regulations prescribed by the Secretary, the earnings and profits of any foreign corporation, and the deficit in earnings and profits of any foreign corporation, for any taxable year—

"(1) except as provided in section 312(m)(3), shall be determined according to rules substantially similar to those applicable to domestic corporations,

"(2) shall be reduced by the amount, if any, by which the sum of the deficits in earnings and profits of such corporation for any prior taxable years beginning after December 31, 1976, exceed the sum of the earnings and profits of such corporation for such prior taxable years,

"(3) shall not include any item of income which is effectively connected with the conduct by such corporation of a trade or business within the United States unless such item is exempt from taxation (or is subject to a reduced rate of tax) pursuant to a treaty obligation of the United States, and

"(4) shall not include any amount of earnings and profits which could not have been distributed by such corporation because of currency or other restrictions or limitations imposed under the laws of any foreign country but any such amounts shall be included in earnings and profits for the first taxable year in which such restrictions or limitations are terminated or modified to permit distribution of such amounts.

"(c) COORDINATION WITH ELECTION OF A FOREIGN INVESTMENT COMPANY TO DISTRIBUTE INCOME.—A United States shareholder who, for his taxable year, is a qualified shareholder (within the meaning of section 1247(c)) of a foreign investment company with respect to which an election under section 1247 is in effect shall not be required to include in gross income, for such taxable year, any amount under subsection (a) with respect to such company.

"(d) COORDINATION WITH FOREIGN PERSONAL HOLDING COMPANY PROVISIONS.—In the case of a United States shareholder who, for his taxable year, is subject to tax under section 551(d) (relating to foreign personal holding company income included in gross income of United States shareholders) on income of a controlled foreign corporation, the amount required to be included in gross income by such shareholder under subsection (a) with respect to such company shall be reduced by the amount included in gross income by such shareholder under section 551(b).

"(e) SPECIAL RULE IN CASE OF INDIRECT OWNERSHIP.—For purposes of subsection (b), if—

"(1) a United States shareholder owns (within the meaning of section 985(a)) stock of a foreign corporation, and by reason of such ownership owns (within the meaning of such section) stock of any other foreign corporation, and

"(2) any of such foreign corporations has a deficit in earnings and profits for the taxable year,

then the earnings and profits for the taxable year of each such foreign corporation which is a controlled foreign corporation shall, with respect to such United States shareholder, be properly reduced to take into account any deficit described in paragraph (2) in such manner as the Secretary shall prescribe by regulations.

"(f) CONSOLIDATION OF EARNINGS AND PROFITS FROM MULTIPLE FOREIGN CORPORATIONS.—Under regulations prescribed by the Secretary setting forth rules substantially similar to the rules contained in section 963(c) (relating to amounts to which section applies) as such section existed on the day before the date of enactment of the Tax Reduction Act of 1975, subsection (a) shall be applied to a United States shareholder who owns stock in more than one controlled foreign corporation, or who owns stock in other foreign corporations (whether controlled foreign corporations or not) through stock owned by a controlled foreign corporation, by taking into account the aggregate earnings and profits of all such foreign corporations.

"SEC. 984. DEFINITIONS.

"(a) UNITED STATES SHAREHOLDER DEFINED.—For purposes of this subpart, the term 'United States shareholder' means, with respect to any foreign corporation, a United States person (as defined in section 957(d) who owns (within the meaning of section 985(a)), or is considered as owning by applying the rules of ownership of section 985(b), 1 percent or more of the total combined voting power of all classes of stock entitled to vote of such foreign corporation.

"(b) Controlled Foreign Corporation Defined.—For purposes of this subpart, the term 'controlled foreign corporation' means any foreign corporation—

"(1) of which more than 50 percent of the total combined voting power of all classes of stock entitled to vote is owned (within the meaning of section 985(a)), or is considered as owned by applying the rules of ownership of section 985(b), by United States shareholders on any day during the taxable year of such foreign corporation, or

"(2) over which United States shareholders exercise actual control, as determined by the Secretary, from all facts and circumstances in the case.

"(c) Limitation on Actual Control Determination.—In the case of a foreign corporation of which not more than 25 percent of the total combined voting power of all classes of stock entitled to vote is owned (within the meaning of section 985(a)), or is considered as owned by applying the rules of ownership of section 985(b), by one or more United States shareholders on any day during the taxable year of such foreign corporation, the burden of proof in respect of the issue, for purposes of subsection (b)(2), as to whether such United States shareholders exercise actual control shall be upon the Secretary.

"Sec. 985. Rules for Determining Stock Ownership.

"(a) Direct and Indirect Ownership.—

"(1) General rule.—For purposes of this subpart, stock owned means—

"(A) stock owned directly, and

"(B) stock owned with the application of paragraph (2).

"(2) Stock ownership through foreign entities.—For purposes of subparagraph (B) of paragraph (1), stock owned, directly or indirectly, by or for a foreign corporation or foreign estate (within the meaning of section 7701(a)(31)) or by or for a partnership or trust shall be considered as being owned proportionately by its shareholders, partners, or beneficiaries. Stock considered to be owned by a person by reason of the application of the preceding sentence shall, for purposes of applying such sentence, be treated as actually owned by such person.

"(b) Constructive Ownership.—For purposes of section 984, section 318(a) (relating to constructive ownership of stock) shall apply to the extent that the effect is to treat any domestic corporation as a United States shareholder within the meaning of section 984(a), or to treat a foreign corporation as a controlled foreign corporation under section 984(b), except that—

"(1) In applying subparagraphs (A), (B), and (C) of section 318(a)(2), if a partnership, estate, trust, or corporation owns, directly or indirectly, more than 50 percent of the total combined voting power of all classes of stock entitled to vote of a corporation, it shall be considered as owning all of the stock entitled to vote.

"(2) In applying subparagraph (C) of section 318(a)(2), the phrase '10 percent' shall be substituted for the phrase '50 percent' used in subparagraph (C).

"Sec. 986. Exclusion From Gross Income of Previously Taxed Earnings and Profits.

"(a) Exclusion From Gross Income.—For purposes of this chapter, the earnings and profits for a taxable year of a foreign corporation attributable to amounts which are, or have been, included in the gross income of a United States shareholder under section 983(a) shall not, when such amounts are distributed directly or indirectly through a chain of ownership described under section 985(a), to—

"(1) such shareholder (or any person which acquires from any other person any portion of the interest of such United States shareholder in such foreign corporation, but only to the extent of such portion, and subject to such proof of the identity of such interest as the Secretary may by regulations prescribe), or

"(2) a trust (other than a foreign trust) of which such shareholder is a beneficiary,

be again included in the gross income of such United States shareholder (or of such domestic corporation or of such trust).

"(b) Exclusion From Earnings and Profits of Certain Foreign Subsidiaries.—For purposes of section 983(a), the earnings and profits for a taxable year of a controlled foreign corporation attributable to amounts which are, or have been, included in the gross income of a United States shareholder under section 983(a), shall not, when distributed through a chain of ownership described under section 985(a), be also included in the earnings and profits of another controlled foreign corporation in such chain for purposes of the application of section 983(a) to such other controlled foreign corporation with respect to such United States shareholder (or to any other United States shareholder who acquires from any person any portion of the interest of such United States shareholder in the controlled foreign corporation but only to the extent of such portion, and subject to such proof of identity of such interest as the Secretary may prescribe by regulations).

"(c) Allocation of Distributions.—For purposes of subsections (a) and (b), section 316(a) shall be applied by applying paragraph (2) thereof, and then paragraph (1) thereof—

"(1) first, to earnings and profits attributable to amounts included in gross income under section 983(a), and

"(2) then to other earnings and profits.

"(d) Distributions Excluded From Gross Income Not To Be Treated as Dividends.—Any distribution excluded from gross income under subsection (a) shall be treated, for purposes of this chapter, as a distribution which is not a dividend.

"Sec. 987. Adjustments to Basis of Stock in Controlled Foreign Corporations and of Other Property.

"(a) Increase in Basis.—Under regulations prescribed by the Secretary, the basis of a United States shareholder's stock in a controlled foreign corporation, and the basis of property of a United States shareholder by reason of which it is considered under section 985(a)(2) as owning stock of a controlled foreign corporation, shall be increased by the amount required to be included in its gross income under section 983(a) with respect to such property, as the case may be, but only to the extent to which such amount was included in the gross income of such United States shareholder.

"(b) Reduction in Basis.—

"(1) In general.—Under regulations prescribed by the Secretary, the adjusted basis of stock or other property with respect to which a United States shareholder or a United States person receives an amount which is excluded from gross income under section 986(a) shall be reduced by the amount so excluded.

"(2) Amount in excess of basis.—To the extent that an amount excluded from gross income under section 986(a) exceeds the adjusted basis of the stock or other property with respect to which it is received, the amount shall be treated as gain from the sale or exchange of property.

"Sec. 988. Special Rules for Foreign Tax Credit.

"(a) Taxes Paid by Foreign Corporation.—

"(1) First tier foreign subsidiary.—For purposes of subpart A of this part, if there is included, under section 983(a), in the gross income of a domestic corporation any amount attributable to earnings and profits of a foreign corporation at least 1 percent of the voting stock of which is owned by such domestic corporation then, under regulations prescribed by the Secretary, such domestic corporation shall be deemed to have paid the same proportion of the total income, war profits, and excess profits taxes paid (or deemed paid) by such foreign corporation to a foreign country or possession of the United States for the taxable year on or with respect to the earnings and profits of such foreign corporation which the amount of earnings and profits of such foreign corporation so included in the gross income of the domestic corporation bears to the entire amount of the earnings and profits of such foreign corporation for such taxable year.

"(2) Second tier foreign subsidiary.—If the foreign corporation described in paragraph (1) (hereinafter in this subsection referred to as the 'first foreign corporation') in the gross income of which there would be included (under section 983(a) applied as if the first foreign corporation were a domestic corporation) any amount attributable to the earnings and profits of a second foreign corporation in which it owns 10 percent or more of the voting stock the first foreign corporation shall be deemed to have paid the same proportion of any income, war profits, or excess profits taxes paid or deemed to be paid by the second foreign corporation to any foreign country or to any possession of the United States for the taxable year on or with respect to the earnings and profits of the second foreign corporation as the amount of earnings and profits of the second foreign corporation included (under rules similar to the rules prescribed under paragraph (1)) in the gross income of the first foreign corporation bears to the entire amount of the earnings and profits of the second foreign corporation for such taxable year.

"(3) Third tier foreign subsidiary.—If the first foreign corporation owns 10 percent or more of the voting stock of a second foreign corporation in the gross income of which there would be included (under section 983(a) applied as if the second foreign corporation were a domestic corporation) any amount attributable to the earnings and profits of a third foreign corporation in which it owns 10 percent or more of the voting stock, the second foreign corporation shall be deemed to have paid the same proportion of any income, war profits, or excess profits taxes paid by such third foreign corporation of any foreign country or to any possession of the United States for the taxable year on or with respect to the earnings and profits of the third foreign corporation as the amount of earning and profits of the third foreign corporation included (under rules similar to the rules prescribed under paragraph (2)) in the gross income of the second foreign corporation bears to the entire amount of the earnings and profits of the third foreign corporation for the taxable year.

"(b) Taxes Deemed Paid.—

"(1) Taxes previously deemed paid by domestic corporation.—If a domestic corporation receives a distribution from a foreign corporation, any portion of which is excluded from gross income under section 986, the income, war profits, and excess profits taxes paid or deemed paid by such foreign corporation to any foreign country or to any possession of the United States in connection with the earnings and profits of such foreign corporation from which such a distribution is made shall not be taken into account for purposes of section 902, to the extent such taxes were deemed paid by a domestic corporation under subsection (a) for any prior taxable year.

"(2) Taxes paid by foreign corporation and not previously deemed paid by domestic corporation.—Any portion of a distribution from a foreign corporation received by a domestic corporation which is excluded from gross income under section 986(a) shall be treated by the domestic corporation as a dividend solely for the purposes of taking into account under section 902 any income, war profits, or excess profits taxes paid to any foreign country or to any possession of the United States, on or with respect to the accumulated profits of such foreign corporation from which such distribution is made, which were not deemed paid by the domestic corporation under subsection (a) for any prior taxable year.

"(c) Special Rules for Foreign Tax Credit in Year of Receipt of Previously Taxed Earnings and Profits.—

"(1) Increase in section 904 limitation.—In the case of any taxpayer who—

"(A) either (i) chose to have the benefits of subpart A of this part for a taxable year in which he was required under section 983(a) to include in his gross income an amount in respect of a controlled foreign corporation, or (ii) did not pay or accrue for such taxable year any income, war profits, or excess profits to any foreign country or to any possession of the United States, and

"(B) chooses to have the benefits of subpart A of this part for the taxable year in which he receives a distribution or amount which is excluded from gross income under section 986(a) and which is attributable to earnings and profits of the controlled foreign corporation which was included in his gross income for the taxable year referred to in subparagraph (A), and

"(C) for the taxable year in which such distribution or amount is received, pays, or is deemed to have paid, or accrues income, war profits, or excess profits taxes to a foreign country or to any possession of the United States with respect to such distribution or amount,

the applicable limitation under section 904 for the taxable year in which such distribution or amount is received shall be increased as provided in paragraph (2), but such increase shall not exceed the amount of such taxes paid, or deemed paid, or accrued with respect to such distribution or amount.

"(2) Amount of increase.—The amount of increase of the applicable limitation under section 904(a) for the taxable year in which the distribution or amount referred to in paragraph (1)(B) is received shall be an amount equal to—

"(A) the amount by which the applicable limitation under section 904(a) for the taxable year referred to in paragraph (1)(A) was increased by reason of the inclusion in gross income under section 983(a) of the amount in respect of the controlled foreign corporation, reduced by

"(B) the amount of income, war profits, and excess profits taxes paid, or deemed paid, or accrued to any foreign country or possession of the United States which were allowable as a credit under section 901 for the taxable year referred to in paragraph (1)(A) and which would not have been allowable but for the inclusion in gross income of the amount described in subparagraph (A).

"(3) Cases in which taxes not to be allowed as deduction.—In the case of any taxpayer who—

"(A) chose to have the benefits of subpart A of this part for a taxable year in which he was required under section 983(a) to include in his gross income an amount in respect of a controlled foreign corporation, and

"(B) does not choose to have the benefits of subpart A of this part for the taxable year in which he receives a distribution or amount which is excluded from gross income under section 986(a) and which is attributable to earnings and profits of the controlled foreign corporation which was included in his gross income for the taxable year referred to in subparagraph (A),

no deduction shall be allowed under section 164 for the taxable year in which such distribution or amount is received for any income, was profits, or excess profits taxes paid or accrued to any foreign country or to any possession of the United States on or with respect to such distribution or amount.

"(4) Insufficient taxable income.—If an increase in the limitation under this subsection exceeds the tax imposed by this chapter for such year, the amount of such excess shall be deemed an overpayment of tax for such year.

"Sec. 989. Election by Individuals To Be Subject to Tax at Corporate Rates.

"(a) General Rule.—Under regulations prescribed by the Secretary or his delegate, in the case of a United States shareholder who is an individual and who elects to have the provisions of this section apply for the taxable year—

(1) the tax imposed under this chapter on amounts which are included in his gross income under section 983 (a) shall (in lieu of the tax determined under section 1) be an amount equal to the tax which would be imposed under section 11 if such amounts were received by a domestic corporation, and

"(2) for purposes of applying the provisions of section 988 (relating to foreign tax credit) such amounts shall be treated as if they were received by a domestic corporation.

"(b) Election.—An election to have the provisions of this section apply for any taxable year shall be made by a United States shareholder at such time and in such manner as the Secretary or his delegate shall prescribe by regulations. An election made for any taxable year may not be revoked except with the consent of the Secretary or his delegate.

"(c) Surtax Exemption.—For purposes of applying subsection (a)(1), the surtax exemption provided by section 11(c) shall not exceed, in the case of any United States shareholder, an amount which bears the same ratio to the surtax exemption as the amounts included in his gross income under section 983(a) for the taxable year bears to his pro rata share of the earnings and profits for the taxable year of all controlled foreign corporations with respect to which such United States shareholder includes any amount in gross income under section 983(a).

"(d) Special Rule for Actual Distributions.—The earnings and profits of a foreign corporation attributable to amounts which were included in the gross income of a United States shareholder under section 983(a) and with respect to which an election under this section applied shall, when such earnings and profits are distributed, notwithstanding the provisions of section 986(a)(1), be included in gross income to the extent that such earnings and profits so distributed exceed the amount of tax paid under this chapter on the amounts to which such election applied.

"Sec. 990. Records and Accounts of United States Shareholders.

"(a) Records and Accounts To Be Maintained.—The Secretary may by regulations require each person who is, or has been, a United States shareholder of a controlled foreign corporation to maintain such records and accounts as may be prescribed by such regulations as necessary to carry out the provisions of this subpart.

"(b) Two or More Persons Required To Maintain or Furnish the Same Records and Accounts With Respect to the Same Foreign Corporation.—Where, but for this subsection, two or more persons would be required to maintain or furnish the same records and accounts as may by regulations be required under subsection (a) with respect to the same controlled foreign corporation for the same period, the Secretary may by regulations provide that the maintenance or furnishing of such records and accounts by only one such person shall satisfy the requirements of subsection (a) for such other persons.

"Sec. 990A. Transition Rules for Period Before Subpart I Is Completely Phased In.

"In the case of a United States shareholder whose taxable year ends within or with the taxable year of a foreign corporation which begins after December 31, 1976, and before January 1, 1982, the amount which such shareholder shall include in his gross income under this part (to the extent such inclusion is determined under this subpart) shall, notwithstanding any other provision of this subpart or subpart F, be an amount equal to the greater of—

"(1) the amount such shareholder would be required to include in his gross income for the taxable year under subpart F (as such subpart was in effect on the day after the date of enactment of the Tax Reform Act of 1976), or

"(2) the amount such shareholder would be required to include in his gross income under this subpart (determined without regard to this section).".

(b) Technical and Conforming Amendments.—

(1) Section 864(c)(4)(D) is amended to read as follows:

"(D) No income from sources without the United States shall be treated as effectively connected with the conduct of a trade or business within the United States if it consists of dividends, interest, or royalties paid by a foreign corporation in which the taxpayer owns (within the meaning of section 958(a)), or is considered as owning (by applying the ownership rules of section 958(b)), more than 50 percent of the total combined voting power of all classes of stock entitled to vote."

(2) Section 951 is amended by adding at the end thereof the following:

"(e) Taxable Years Beginning on Enactment of This Act.—No amount shall be required to be included in the gross income of a United States shareholder under subsection (a) (other than paragraph (1) of such subsection) with respect to a taxable year of a controlled foreign corporation beginning after December 31, 1976, to the extent that such amount is required to be included in the gross income of a United States shareholder under section 983(a).".

(3) Section 1016(a)(20) is amended by striking out "section 961" and inserting in lieu thereof "sections 961 and 987".

(4) Section 1246(a)(2)(B) is amended by inserting "or 983" after "section 951" and by inserting "or 986" after "section 959".

(5) Section 1248 is amended—

(A) by amending subsection (d)(1) to read as follows:

"(1) Amounts included in gross income under section 951 or 953.—Earnings and profits of the foreign corporation attributable to any amount previously included in the gross income of such person under section 951 or 983, with respect to the stock sold or exchanged, but only to the extent the inclusion of such amount did not result in an exclusion of an amount from gross income under section 959 or 986.";

(B) by striking out in subsection (d)(3) "section 902(d)" and inserting in lieu thereof "subsection (h)", and by adding at the end of such subsection "No amount shall be excluded from the earnings and profits of a foreign corporation under this paragraph with respect to any United States person which is a domestic corporation for any taxable year of such foreign corporation beginning after December 31, 1976."; and

(C) by adding at the end thereof the following:

"(h) Less Developed Country Corporation Defined.—For purposes of this section, the term 'less developed country corporation' means—

"(1) a foreign corporation which, for its taxable year, is a less developed country corporation within the meaning of section 955(c) (1) or (2), and

"(2) a foreign corporation which owns 10 percent or more of the total combined voting power of all classes of stock entitled to vote of a foreign corporation which is a less developed country corporation within the meaning of section 955(c)(1), and—

"(A) 80 percent or more of the gross income of which for its taxable year meets the requirement of section 955(c)(1)(A); and

"(B) 80 percent or more in value of the assets of which on each day of such year consists of property described in section 955 (c)(1)(B)."

( ) Section 78 (relating to dividends received from certain foreign corporations by domestic corporations choosing foreign tax credit) is amended by striking out "or under section 960(a)(1)(C) (relating to taxes paid by foreign corporation)" and inserting in lieu thereof the following: ", under section 960(a)(1)(C) (relating to taxes deemed paid by foreign corporation), or under section 988(b) (relating to taxes deemed paid by corporations)".

(c) Effective Date.—The amendments made by this section shall apply with respect to taxable years of foreign corporations beginning after December 31, 1976, and to taxable years of United States shareholders which end within or with such taxable years of such foreign corporations.

Sec. 403. Limitation of Foreign Tax Credit for Taxes Paid in Connection With Foreign Oil Related Income.

(a) General Rule.—Section 901(e) (relating to foreign taxes on mineral income) is amended by adding at the end thereof the following:

"(3) Limitation of credit for foreign taxes on oil related income.—

"(A) General rule.—No credit is allowed under this subpart for income, war profits, or excess profits taxes paid or accrued during the taxable year to any foreign country or possession of the United States with respect to foreign oil related income from sources within such country or possession to the extent that such taxes—

"(i) are imposed at a rate in excess of 48 percent of such income, or

"(ii) constitute royalty payments.

"(B) Foreign oil related income.—The term 'foreign oil related income' means the taxable income derived from sources outside the United States and its possessions from—

"(i) the extraction (by the taxpayer or any other person) of minerals from oil or gas wells,

"(ii) the processing of such minerals into their primary products,

"(iii) the transportation of such minerals or primary products,

"(iv) the distribution or sale of such minerals or primary products, or

"(v) the sale or exchange of assets used in the trade or business described in clause (i), (ii), (iii), or (iv).

"(C) Dividends, partnership distributions, etc.—The term 'foreign oil related income' includes—

"(i) dividends from a foreign corporation in respect of which taxes are deemed paid by the taxpayer under section 902,

"(ii) amounts with respect to which taxes are deemed paid under section 960(a), and

"(iii) the taxpayer's distributive share of the income of partnerships,

to the extent such dividends, amounts, or distributive share is attributable to foreign oil related income.

"(D) Certain losses.—If for any foreign country for any taxable year the taxpayer would have a net operating loss if only items from sources within such country (including deductions properly apportioned or allocated thereto) which relate to the extraction of minerals from oil or gas wells were taken into account, such items shall be taken into account in computing foreign oil related income for such year.

"(E) Disregard of certain posted prices, etc.—For purposes of this chapter, in determining the amount of taxable income in the case of foreign oil and gas extraction income, if the oil or gas is disposed of, or is acquired other than from the government of a foreign country, at a posted price (or other pricing arrangement) which differs from the fair market value for such oil or gas, such fair market value shall be used in lieu of such posted price (or other pricing arrangement). For purposes of this subparagraph, the term 'foreign oil and gas extraction income' means foreign oil related income described in subparagraph (B)(i) and income derived from sources without the United States and its possessions from the sale or exchange of assets used in connection with the foreign oil related income described in subparagraph (B)(i).".

(b) Denial of Credit for Royalty Payments.—

(1) In General.—The text of section 903 (relating to definition of creditable taxes) is amended to read as follows:

"(a) In General.—For purposes of this subpart and sections 164(a) and 275(a), the term 'income, war profits and excess profits taxes' means a tax paid in lieu of a tax on income, war profits, or excess profits otherwise generally imposed by any foreign country or by any foreign possession of the United States.

"(b) Royalties.—

"(1) In General.—For purposes of this subpart and sections 164(a) and 275(a), in the case of taxes paid or accrued to any foreign country with respect to income derived from the extraction, production, or refining of oil or gas in such country, the term income, war profits, and excess profits taxes' does not include any amount paid as a royalty.

"(2) Determination by Secretary.—The Secretary shall determine, in accordance with the provisions of paragraph (3), with respect to payments made to any foreign country in connection with income from the extraction, production, or refining of oil or gas in such country, what portion (if any) of that payment constitutes the payment of a royalty.

"(3) Basic Rules.—In the case of any foreign country which imposes an income, war profits, or excess profits tax on income from activities other than the extraction, production, or refining of oil, gas or other natural resources in that country, any part of a payment made to that country as an income, war profits, or excess profits tax which is not reasonably similar (in terms of the rate of tax, or of the amount of tax paid for the income or profits involved) to the amount payable with respect to income or profits arising out of other activities, as determined by the Secretary, is considered to be a royalty payment. In the case of any foreign country, any part of a payment made to that country as an income, war profits, or excess profits tax which is determined by the Secretary, on account of the manner in which it is determined, the rate or amount involved, or any other reason, to constitute the payment of a royalty is considered to be a royalty payment.".

(2) Treatment of carryovers.—Section 904(f)(4) (relating to transitional rules for carrybacks and carryovers) is amended by adding at the end thereof the following new subparagraph:

"(C) Carryovers to years beginning after December 31, 1976.—

"(i) Whenever pre-1977 taxes are, under the provisions of subsection (d), deemed to be post-1976 taxes, the pre-1977 taxes shall be redetermined in accordance with the provisions of section 901(e)(3) (relating to limitation of credit for foreign taxes on oil-related income) and section 903(b) (relating to royalties) as if those provisions applied to the taxable year in which the pre-1977 taxes were paid or accrued.

"(ii) For purposes of this subparagraph, the term 'pre-1977 taxes' means taxes paid or accrued to any foreign country or possession of the United States in any taxable year ending before January 1, 1977, and the term 'post-1976 taxes' means taxes paid or accrued to any foreign country or possession of the United States in any taxable year beginning after December 31, 1976.".

(c) Effective Date.—The amendments made by this Act apply with respect to taxable years beginning after December 31, 1976.

Sec. 404. Amendments Affecting DISC.

(a) In general.—Section 995 (relating to taxation of DISC income to shareholders) is amended—

(1) in paragraph (1) of subsection (b) thereof, by redesignating subparagraphs (D) and (E) as subparagraphs (E) and (F), respectively, by striking out "and (C)" in subparagraph (E) (as so redesignated) and inserting in lieu thereof "(C), and (D)", and by inserting after subparagraph (C) the following new subparagraph:

"(D) the taxable income for the taxable year attributable to base period export gross receipts (as defined in subsection (e)),";

(2) in paragraph (2)(B) of subsection (b) thereof, by striking out "more than the number" and inserting in lieu thereof "more than twice the number"; and

(3) by adding at the end thereof the following new subsections:

"(e) Definitions and Special Rules Relating to Computation of Taxable Income Attributable to Base Period Export Gross Receipts.—

"(1) Taxable income attributable to base period export gross receipts.—For purposes of this section, the taxable income attributable to base period export gross receipts shall be an amount equal to that portion of the taxable income of a DISC which—

"(A) the amount of the adjusted base period export gross receipts, bears to

"(B) the amount of the export gross receipts of the DISC for the taxable year.

"(2) Adjusted base period export gross receipts.—For purposes of this section, the term 'adjusted base period export gross receipts' means 75 percent of the average of the export gross receipts of the DISC for taxable years during the base period (as defined in paragraph (4)). For purposes of the preceding sentence, if any property would not qualify during the taxable year as export property by reason of section 993(c)(2), gross receipts from such property shall be excluded from export gross receipts during the taxable years in the base period.

"(3) Export gross receipts.—For purposes of this section, the term, 'export gross receipts' means qualified export receipts described in subparagraphs (A), (B), (C), (G), and (H) of section 993(a)(1).

"(4) Base period.—For purposes of paragraph (2), the base period for any taxable year is any 3 of the taxable years designated by the DISC from among the taxable years beginning in the fourth, third, second, and first calendar years preceding the calendar year in which the taxable year begins.

"(5) No base period year.—If a DISC did not have a taxable year beginning in a calendar year specified in paragraph (4), then for purposes of computing the adjusted base period export gross receipts such DISC is deemed to have such a taxable year and export gross receipts of zero for that year.

"(6) Short taxable year.—The Secretary shall prescribe such regulations as he deems necessary with respect to a short taxable year for purposes of computing base period export gross receipts of a DISC, or a short taxable year in which deemed distributions (as described in subsection (b)) are made, including the circumstances under which the short taxable year shall be annualized, and the proper method of annualization.

"(7) Controlled group.—If more than one member of a controlled group (as defined in section 993(a)(3)) for the taxable year qualifies as a DISC, then subsection (b)(1)(D), this subsection, and subsection (f) shall each be applied in a manner provided by regulations prescribed by the Secretary by aggregating the export gross receipts and taxable income of such DISCs for the taxable year and by aggregating the export gross receipts of such DISCs for each taxable year in the base period.

"(8) Special rule where the ownership of DISC stock and the trade or business giving rise to export gross receipts of the DISC are separated.—

"(A) In general.—If, at any time after the beginning of the base period, there has been a separation of the ownership of the stock in the DISC from the ownership of the trade or business which (during the base period) produced the export gross receipts of the DISC, then the persons who own the trade or business during the taxable year shall be treated as having had additional export gross receipts during the base period attributable to such trade or business.

"(B) Exceptions.—Subparagraph (A) shall not apply—

"(i) where the stock in the DISC and the trade or business are owned throughout the taxable year by members of the same controlled group, and

"(ii) to the extent that the taxpayer's ownership of the stock in the DISC for the taxable year is proportionate to his ownership during the taxable year of the trade or business.

"(9) DISC base period attributed through shareholders in certain cases.—

"(A) In general.—If—

"(i) any person owns 5 percent or more of the stock of a DISC (hereinafter in this paragraph referred to as 'first DISC'), and

"(ii) such person at any time during the base period of the first DISC owned 5 percent or more of the stock of a second DISC, then, to the extent provided in such regulations as the Secretary may prescribe to prevent circumvention of the application of subsection (b)(1)(D), an amount equal to such shareholder's share of the base period export gross receipts of the second DISC shall be added to the base period export gross receipts of the first DISC.

"(B) Ownership of stock.—For purposes of subparagraph (A), the ownership of stock shall be determined under section 318.

"(f) Small DISC's.—

"(1) Adjusted taxable income of $100,000 or less.—If a DISC has adjusted taxable income of $100,000 or less for a taxable year, subsection (b)(1)(D) shall not apply with respect to such year.

"(2) Special rule.—If a DISC has adjusted taxable income of more than $100,000 for a taxable year, then the amount taken into account under subsection (b)(1)(D) shall be deemed to be an amount equal to the excess (if any) of—

"(A) the amount which would (but for this paragraph) be taken into account under subsection (b)(1)(D), over

"(B) twice the excess (if any) of $150,000 over the adjusted taxable income.

"(3) Adjusted taxable income.—For purposes of this subsection, the term 'adjusted taxable income' means the income of a DISC for the taxable year, reduced by the amounts described in subparagraphs (A), (B), and (C) of paragraph (1) of section 995(b).

"(g) Certain Transfers of DISC Assets.—If a corporation owns, directly or indirectly, all of the stock of a subsidiary and a DISC, the subsidiary has been engaged in the active conduct of a trade or business (within the meaning of section 355(b)) throughout the 5-year period ending on the date of the transfer and continues to be so engaged thereafter, and, during, the taxable year of the subsidiary in which its stock is transferred and its preceding taxable year, such trade or business gives rise to qualified export receipts of the subsidiary and the DISC, then, under such terms and conditions as the Secretary by regulations shall prescribe, transfers of assets, stock, or both will be deemed to be a reorganization within the meaning of section 368, a transaction to which section 355 applies, an exchange of stock to which section 351 applies, or a combination thereof. The preceding sentence shall apply only to the extent that the transfer or transfers involved are for the purpose of preventing the separation of the ownership of the stock in the DISC from the ownership of the trade or business which (during the base period) produced the export gross receipts of the DISC."

(b) Amendment of Section 993(c)(2).—Section 993(c)(2) (relating to property excluded from export property) is amended—

(1) by striking out "or" at the end of paragraph (B),

(2) by striking out "under section 611, or" at the end of subparagraph (C) and inserting in lieu thereof "under section 613 or 613A,",

(3) by striking out the period at the end of subparagraph (D) and inserting in lieu thereof ", or", and

(4) by inserting after subparagraph (D) the following new subparagraph:

"(E) property which, at the time of sale, is an arms, ammunition, or implement of war designated in the munitions list published pursuant to the Mutual Security Act of 1954 (22 U.S.C. 1934), other than property which is to be used solely for nonmilitary purposes.".

(c) Amendment to Section 993(d).—Paragraph (2) of section 993(d) (relating to definition of producer's loan) is amended by inserting immediately after "of property which would be export property" the following: "(determined without regard to subparagraph (C), (D), or (E) of subsection (c)(2))".

(d) Recapture of Accumulated DISC Income on Disposition of Stock in a DISC or Former DISC.—

(1) Section 995(c) is amended to read as follows:

"(c) Gain on Disposition of Stock in a DISC.—

"(1) In general.—If—

"(A) a shareholder disposes of stock in a DISC or former DISC any gain recognized on such disposition shall be included in gross income as a dividend to the extent provided in paragraph (2),

"(B) stock of a DISC or former DISC is disposed of in a transaction in which the separate corporate existence of the DISC or former DISC is terminated other than by a mere change in place of organization, however effected, any gain realized on the disposition of such stock in the transaction shall be recognized notwithstanding any other provision of this title to the extent provided in paragraph (2),

"(C) a shareholder distributes, sells, or exchanges stock in a DISC or former DISC in a transaction to which section 311, 336, or 337 applies, then an amount equal to the excess of the fair market value of such stock over its adjusted basis in the hands of the shareholder shall, notwithstanding any provision of this title, be included in gross income of the shareholder to the extent provided in paragraph (2).

"(2) Amount included.—The amounts described in paragraph (1) shall be included in gross income as a dividend to the extent of the accumulated DISC income of the DISC or former DISC which is attributable to the stock disposed of and which was accumulated in taxable years of such corporation during the period or periods the stock disposed of was held by the shareholder which disposed of such stock."

(2) Interest in a partnership holding stock in a DISC.—The last sentence of section 751(c) (relating to unrealized receivables) is amended—

(A) by striking out "(as defined in section 617 (f)(2))," and inserting in lieu thereof "(as defined in section 617(f)(2)), stock in a DISC (as described in section 992(a))," and

(B) by striking out "617(d)(1), 1245(a)," and inserting in lieu thereof "617(d)(1), 995(c), 1245(a)."

(e) Rules for Allocating Distributions Made to Meet Qualification Requirements.—Paragraph (2) of section 996(a) (relating to rules for actual distributions and certain deemed distributions) is amended by adding at the end thereof the following new sentence: "In the case of any amount of any actual distribution made pursuant to section 992(c) which is required to satisfy the condition of section 992(a)(1)(A), the preceding sentence shall apply to one-half of such amount, and paragraph (1) shall apply to the remaining one-half of such amount."

(f) Amendment of Section 603(b) of Tax Reduction Act of 1975.—Section 603(b) of the Tax Reduction Act of 1975 (relating to effective date) is amended to read as follows:

"(b) Effective Dates.—

"(1) In general.—Except as provided in paragraph (2), the amendments made by subsection (a) shall apply to sales, exchanges, and other dispositions made after March 18, 1975, in taxable years ending after such date.

"(2) Binding contract.—The amendments made by subsection (a) shall not apply to sales, exchanges, and other dispositions made after March 18, 1975, but before March 19, 1980, if such sales, exchanges, and other dispositions are made pursuant to a fixed contract. The term 'fixed contract' means a contract which was on March 18, 1975, and is at all times thereafter binding on the DISC or a taxpayer which was a member of the same controlled group (within the meaning of section 993(a)(2) of the Internal Revenue Code of 1954) as the DISC, which was entered into after the date on which the DISC qualified as a DISC and the DISC and the taxpayer became members of the same group, and under which the price and quantity of the products sold, exchanged, or otherwise disposed of cannot be increased."

(g) Effective Dates.—

(1) For subsection (a).—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 1975.

(2) For subsection (b).—

(A) In general.—Except as provided in subparagraph (B), the amendments made by subsection (b) (other than paragraph (2)) shall apply to sales, exchanges and other dispositions made after October 2, 1975, in taxable years ending after such date.

(B) Certain fixed contract sales.—The amendments made by subsection (b) (other than paragraph (2)) shall not apply to sales, exchanges and other dispositions made after October 2, 1975, but before October 3, 1978, if such sales, exchanges and other dispositions are made pursuant to a fixed contract. The term "fixed contract" means a contract which was, on October 2, 1975, and is at all times thereafter binding on the DISC or a taxpayer which was a member of the same controlled group (within the meaning of section 993(a)(2) of the Internal Revenue Code of 1954) as the DISC, which was entered into after the date on which the DISC qualified as a DISC and the DISC and the taxpayer became members of the same group, and under which the price and quantity of the products sold, exchanged, or otherwise disposed of cannot be increased.

(C) For subsection (b) (2).—The amendments made by paragraph (2) of subsection (b) shall apply to sales, exchanges, and other dispositions made after March 18, 1975, in taxable years ending after such date.

(3) For subsection (c).—The amendment made by subsection (c) shall apply to taxable years ending after March 18, 1975.

(4) Proration of base period in case of fixed contracts.—For purposes of determining adjusted base period gross receipts (under section 995(e) (2) of the Internal Revenue Code of 1954, as amended by this section), if any DISC has export gross receipts from export property by reason of paragraph (2) (B) of this subsection or paragraph (2) of section 603(b) of the Tax Reduction Act of 1975, then the export gross receipts of such DISC for the taxable years of the base period shall be increased by an amount equal to the amount of gross receipts which were excluded from export gross receipts during each taxable year of the base period by reason of the last sentence of section 993(e) (2) multiplied by a fraction, the numerator of which is the amount of the gross receipts in the taxable year which are export gross receipts by reason of paragraph (2) (B) of this subsection or paragraph (2) of section 603(b) of the Tax Reduction Act of 1975 and the denominator of which is the amount of total gross receipts which are excluded from export gross receipts in the taxable year by reason of subparagraph (C), (D), (E), or (F) of paragraph (2) of section 993(c) (determined without regard to paragraph (2) (B) of this subsection and paragraph (2) of section 603(b) of the Tax Reduction Act of 1975).

SEC. 405. REVISION OF RETIREMENT INCOME CREDIT.

(a) In General.—Section 37 (relating to retirement income) is amended to read as follows:

"SEC. 37. CREDIT FOR THE ELDERLY.

"(a) General Rule.—In the case of an individual who has attained age 65 before the close of the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 15 percent of such individual's section 37 amount for such taxable year.

"(b) Section 37 Amount.—For purposes of subsection (a)—

"(1) In general.—An individual's section 37 amount for the taxable year is the applicable initial amount determined under paragraph (2), reduced as provided in paragraph (3) and in subsection (c).

"(2) Initial amount.—The initial amount is—

"(A) $2,500 in the case of a single individual,

"(B) $2,500 in the case of a joint return where only one spouse is eligible for the credit under subsection (a),

"(C) $3,750 in the case of a joint return where both spouses are eligible for the credit under subsection (a), or

"(D) $1,875 in the case of a married individual filing a separate return.

"(3) Reduction.—The reduction under this paragraph is an amount equal to the sum of the amounts received by the individual (or, in the case of a joint return, by either spouse) as a pension or annuity—

"(A) under title II of the Social Security Act,

"(B) under the Railroad Retirement Act of 1935 or 1937, or

"(C) otherwise excluded from gross income.

No reduction shall be made under this paragraph for any amount excluded from gross income under section 72 (relating to annuities), 101 (relating to life insurance proceeds), 104 (relating to compensation for injuries or sickness), 105 (relating to amounts received under accident and health plans), 402 (relating to taxability of beneficiary of employees' trust), or 403 (relating to taxation of employee annuities).

"(c) Adjusted Gross Income Limitation.—If the adjusted gross income of the taxpayer exceeds—

"(1) $7,500 in the case of a single individual,

"(2) $10,000 in the case of a joint return, or

"(3) $5,000 in the case of a married individual filing a separate return,

the section 37 amount shall be reduced by one-half of the excess of the adjusted gross income over $7,500, $10,000, or $5,000, as the case may be.

"(d) Definitions and Special Rules.—For purposes of this section—

"(1) Married couple must file joint return.—Except in the case of a husband and wife who live apart at all times during the taxable year, if the taxpayer is married at the close of the taxable year, the credit provided by this section shall be allowed only if the taxpayer and his spouse file a joint return for the taxable year.

"(2) Marital status.—Marital status shall be determined under section 143.

"(3) Joint return.—The term 'joint return' means the joint return of a husband and wife made under section 6013.

"(e) Election of Prior Law With Respect to Public Retirement System Income.—

"(1) In general.—In the case of a taxpayer who has not attained age 65 before the close of the taxable year (other than a married individual whose spouse has attained age 65 before the close of the taxable year), his credit (if any) under this section shall be determined under this subsection.

"(2) One spouse age 65 or over.—In the case of a married individual who has not attained age 65 before the close of the taxable year but whose spouse has attained such age, this paragraph shall apply for the taxable year only if both spouses elect, at such time and in such manner as the Secretary shall by regulations prescribe, to have this paragraph apply. If this paragraph applies for the taxable year, the credit (if any) of each spouse under this section shall be determined under this subsection.

"(3) Computation of credit.—In the case of an individual whose credit under this section for the taxable year is determined under this subsection, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 15 percent of the amount received by such individual as retirement income (as defined in paragraph (4) and as limited by paragraph (5)).

"(4) Retirement income.—For purposes of this subsection, the term 'retirement income' means—

"(A) in the case of an individual who has attained age 65 before the close of the taxable year, income from—

"(i) pensions and annuities (including, in the case case of an individual who is, or has been, an employee within the meaning of section 401(c) (1), distributions by a trust described in section 401(a) which is exempt from tax under section 501(a)).

"(ii) interest,

"(iii) rents,

"(iv) dividends,

"(v) bonds described in section 405(b) (1) which are received under a qualified bond purchase plan described in section 405(a) or in a distribution from a trust described in section 401(a) which is exempt from tax under section 501(a), or retirement bonds described in section 409, and

"(vi) an individual retirement account described in section 408(a) or an individual retirement annuity described in section 408(b), or

"(B) in the case of an individual who has not attained age 65 before the close of the taxable year, income from pensions and annuities under a public retirement system (as defined in paragraph (8) (A)).

to the extent included in gross income without reference to this subsection, but only to the extent such income does not represent compensation for personal services rendered during the taxable year.

"(5) Limitation on retirement income.—For purposes of this subsection, the amount of retirement income shall not exceed $2,500 less—

"(A) the reduction provided by subsection (b) (3), and

"(B) in the case of any individual who has not attained age 72 before the close of the taxable year—

"(i) if such individual has not attained age 62 before the close of the taxable year, any amount of earned income (as defined in paragraph (8) (B)) in excess of $900 received by such individual in the taxable year, or

"(ii) if such individual has attained age 62 before the close of the taxable year, the sum of one-half the amount of earned income received by such individual in the taxable year in excess of $1,200 but not in excess of $1,700, and the amount of earned income so received in excess of $1,700.

"(6) Limitation in case of married individuals.—In the case of a joint return, paragraph (5) shall be applied by substituting '$3,750' for '$2,500'. The $3,750 provided by the preceding sentence shall be divided between the spouses in such amounts as may be agreed on by them, except that not more than $2,500 may be assigned to either spouse.

"(7) Limitation in the case of separate returns.—In the case of a married individual filing a separate return, paragraph (5) shall be applied by substituting '$1,875' for '$2,500'.

"(8) Definitions.—For purposes of this subsection—

"(A) Public retirement system defined.—The term 'public retirement system' means a pension, annuity, retirement, or similar fund or system established by the United States, a State, a possession of the United States, any political subdivision of any of the foregoing, or the District of Columbia.

"(B) Earned income.—The term 'earned income' has the meaning assigned to such term by section 7701(a) (36), except that such term does not include any amount received as a pension or annuity.

"(f) Nonresident Alien Ineligible for Credit.—No credit shall be allowed under this section to any nonresident alien."

(b) Technical Amendments.—

(1) Section 904 (relating to limitation on foreign tax credit) is amended by redesignating subsection (g) as subsection (h), and by inserting after subsection (f) the following new subsection:

"(g) Coordination With Credit for the Elderly.—In the case of an individual, for purposes of subsection (a) the tax against which the credit is taken is such tax reduced by the amount of the credit (if any) for the taxable year allowable under section 37 (relating to credit for the elderly)."

(2) Section 6014(a) (relating to tax not computed by taxpayer) is amended by striking out the last sentence thereof.

(3) Section 6014(b) is amended—

(A) by striking out paragraph (4),

(B) by redesignating paragraph (5) as paragraph (4), and

(C) by inserting "or" at the end of paragraph (3).

(4) Sections 41(b) (2), 46(a) (3) (C), and 50A(a) (3) (C) are each amended by striking

out "retirement income" and inserting in lieu thereof "credit for the elderly".

(5) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by striking out the item relating to section 37 and inserting in lieu thereof the following:

"Sec. 37. Credit for the elderly."

AMENDMENT NO. 1938

(Ordered to be printed and to lie on the table.)

Mr. KENNEDY submitted an amendment intended to be proposed by him to the bill (H.R. 10612), supra.

AMENDMENT NO. 1939

(Ordered to be printed and to lie on the table.)

Mr. JAVITS submitted an amendment intended to be proposed by him to the bill (H.R. 10612), supra.

AMENDMENT NO. 1940

(Ordered to be printed and to lie on the table.)

Mr. JAVITS submitted an amendment intended to be proposed by him to the bill (H.R. 10612), supra.

AMENDMENT NO. 1941

(Ordered to be printed and to lie on the table.)

Mr. HATHAWAY submitted an amendment intended to be proposed by him to the bill (H.R. 10612), supra.

DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY AND RELATED AGENCIES APPROPRIATIONS ACT, 1977—H.R. 14239

AMENDMENT NO. 1942

(Ordered to be printed and to lie on the table.)

Mr. DOLE (for himself and Mr. BIDEN) submitted an amendment intended to be proposed by them, jointly, to the bill (H.R. 14239) making appropriations for the Departments of State, Justice, and Commerce, the judiciary, and related agencies for the fiscal year ending September 30, 1977, and for other purposes.

Mr. DOLE. Mr. President, during consideration of the State-Justice-Commerce appropriation bill tomorrow, the Senator from Delaware (Mr. BIDEN) and myself intend to offer an amendment that will extend to the Department of Justice the established policy restrictions against busing now imposed on HEW.

Our proposal combines the language of a similar amendment offered to the 1976 bill with that of the finally enacted busing provision in last year's Labor-HEW appropriation bill.

We believe it is a timely and appropriate clarification of the Attorney General's role in litigation involving the transportation of public school students, and ask unanimous consent that it be printed in the RECORD for review by all our colleagues who are concerned about this important issue.

Mr. President, I ask unanimous consent that the amendment be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 1942

SEC. 209. No part of the funds contained in this title may be used to institute against any school or school district, or, except on that school or school district's behalf, intervene in or provide assistance for, any proceeding which has as a stated objective, a desegregation remedy or order which would require, directly or indirectly, the transportation of any student to a school other than the school which is nearest the student's home and which offers the courses of study pursued by such student, in order to comply with title VI of the Civil Rights Act of 1964.

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION APPROPRIATIONS AUTHORIZATION—S. 3105

AMENDMENT NO. 1943

(Ordered to be printed and to lie on the table.)

Mr. TUNNEY (for himself, Mr. ABOUREZK, Mr. CASE, Mr. CRANSTON, Mr. GRAVEL, Mr. PHILIP A. HART, Mr. HATHAWAY, Mr. LEAHY, Mr. MCGOVERN, Mr. METCALF, Mr. HASKELL, Mr. DURKIN, and Mr. STAFFORD) submitted an amendment intended to be proposed by them, jointly, to the bill (S. 3105) to authorize appropriations to the Energy Research and Development Administration in accordance with section 261 of the Atomic Energy Act of 1954, as amended, section 305 of the Energy Reorganization Act of 1974, and section 16 of the Federal Nonnuclear Energy Research and Development Act of 1974, and for other purposes.

Mr. TUNNEY. Mr. President, when the ERDA authorization (S. 3105) is considered on the floor of the Senate, I intend to offer an amendment which will significantly improve the licensing procedure for the Clinch River breeder reactor. As you know, the Clinch River reactor is the final demonstration breeder reactor project that will be conducted in anticipation of widespread commercialization of breeder reactors. For this reason it is essential that we now establish a licensing procedure for breeder reactors that will afford the greatest assurances of protecting public health and safety.

I am not opposed to nuclear power as an interim source of electricity for the immediate future. My membership and work on the Joint Committee on Atomic Energy is strong testimony to this fact. In my own State of California, and throughout the Nation, we must preserve the nuclear power option. We simply cannot afford the economic and environmental chaos that would result from a premature and unplanned shutdown of existing nuclear plants. This is precisely the reason that I did not support proposition 15, a State initiative on the June 8 ballot in California that has attracted national attention. As you know, if this initiative had been approved, nuclear power production in California would have ground to a halt.

At the same time, I am convinced that we must avoid unnecessary commitments to nuclear power and "putting all of our eggs in the nuclear basket." I fear the grave implications of a "plutonium economy." We must aggressively pursue a national policy to implement energy conservation measures. We must also expedite the development of alternative energy sources such as solar, geothermal, and fusion.

The Congress has shown leadership in this direction. Federal funding to support solar-related research has increased dramatically in the last several years. When the House passed the ERDA authorization for fiscal year 1977 several weeks ago, an amendment was passed authorizing an additional $116.2 million for solar energy research and development. Between 1971 and 1976 the Federal solar budget increased by a factor of over 100. However, this increase is somewhat deceiving when you consider that for every dollar spent on solar energy there are over $30 Federal dollars spent on nuclear energy research and development. Furthermore, within the ERDA budget of approximately $6 billion for fiscal year 1977, over 81 percent goes to nuclear energy, and the remaining 19 percent is divided among all alternative energy sources.

Mr. President, many serious problems have arisen as a result of the decision to embark on the Clinch River liquid metal fast breeder reactor demonstration program—CRBR. Since 1972, the cost of the project to the Federal Government has spiraled upward from $699 million to $1.95 billion. Private utilities have displayed an obvious lack of enthusiasm for assuming a proportional share of these projected cost overruns.

Arguments for fiscal responsibility notwithstanding, I am particularly concerned with another problem that is associated with the Clinch River project. I believe that the CRBR project poses very grave implications for public safety and health. My amendment addresses the need to answer some unresolved questions about the safety of the CRBR plant design. The breeder reactor program in this country has enjoyed a tarnished history. I have conducted extensive research into the safety record of the breeder program, and as a result I am convinced that we must require greater assurances of safety prior to the issuing of a construction for the Clinch River reactor.

I am convinced that we must have a much better idea of just what it is we are purchasing with $1,950,000,000 before the money is spent. We must be assured by a finding of safety that the Clinch River facility is not going to create public health and safety hazards. It makes sense to make a finding of safety as early as possible in the development program so that inertia does not bring an unsafe plant into operation.

After the resignation of William Pollard from the Nuclear Regulatory Commission, 61 Commission documents were made available for public review. One of these documents is an internal memorandum prepared by Dr. Stephen H. Hanauer, a senior technical expert on the staff of the NRC. Dr. Hanauer's memorandum describes the possibility for "core nuclear explosions" in the proposed Clinch River breeder reactor. I would like to enter in the RECORD a summary of Dr. Hanauer's memorandum which appeared in the New York Times on February 16, 1976.

Mr. President, I ask that a letter from Robert Pollard to Congressman FRASER also be included in the RECORD. Mr. Pollard is a former Nuclear Regulatory Commission employee who has first-hand knowledge of the potential problems of breeder reactors.

The opponents of my amendment argue that it will "kill the breeder." There is absolutely no way that this amendment will "kill the breeder." This amendment insures that the breeder program will progress with adequate assurances that public health, safety, and welfare will not be jeopardized. It is not a cleverly disguised attempt to terminate the breeder program.

In addition, the opponents of my amendment argue that it will delay the breeder program. This allegation is also without merit. This amendment insures that we are not "buying a pig in a poke." If a slight delay in the CRBR timetable does occur as a result of this amendment, it seems to me that it would be more desirable to have it at the outset rather than after billions of dollars and thousands of man-hours have been committed. Clearly, the costs of midcourse modifications would be far greater than appropriate preconstruction design improvements.

The amendment does not preclude the integration of new and improved technology as construction progresses. It simply requires that a construction permit be granted after it is determined that the best available design has been approved. The initial finding of safety required by my amendment will not delay any preconstruction activities allowed under a limited work authorization. Furthermore, the amendment does not eliminate the requirement of a definitive finding of safety at the time that an application is filed to operate the Clinch River facility.

This amendment is neither frivolous nor unnecessary. It has been endorsed by Common Cause, the National Council of Churches, the United Mine Workers, Ralph Nader's Congress Watch, Friends of the Earth, and other public interest groups. I encourage my colleagues to join me in support of this amendment. Mr. President, I ask that the text of the amendment which I am submitting be printed in the RECORD.

There being no objection, the amendment and material were ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 1943

On page 29, between lines 8 and 9, insert the following new section:

SEC. 410. Section 106(a) of Public Law 91–273 is amended by inserting immediately at the end thereof the following: "Notwithstanding any other provisions of law, prior to the issuing of any permit authorizing the commencement of Construction of the Clinch River Breeder Reactor Demonstration Plant, the Nuclear Regulatory Commission shall find that the operation of this facility will be in accord with the common defense and security and will provide adequate protection to the health and safety of the public."

SAFETY OF BREEDER REACTORS QUESTIONED

(By David Burnham)

WASHINGTON, February 15.—A leading Government expert has said that possible "core nuclear explosions" in experimental reactors that the Government expects to be built all over the United States "is creating great uncertainty regarding their design requirements".

The discussion of the possibility of such an accident in the fast breeder reactor, a source of power that the Ford Administration and most nuclear officials feel is essential to the continued growth of nuclear energy, was contained in a report written last March 13 by Dr. Stephen H. Hanauer, one of the most senior technical experts on the staff of the Nuclear Regulatory Commission.

"This would be nothing like an atomic bomb but would involve a vast release of energy," Dr. Hanauer said when asked to comment on his report, entitled, "Important Technical Reactor Safety Issues Facing the Commission Now or in the Near Future."

Other experts, both favoring and opposed to nuclear energy, agreed that the kind of accident referred to by Dr. Hanauer would not lead to the physical destruction of the area surrounding a fast breeder reactor.

Such an accident, however, most agreed, could lead to the breaching of the reactor's massive containment capacity and the injection into the atmosphere of vaporized plutonium. A further concern was that liquefied plutonium might somehow reach underground sources of drinking water.

CANCER FEARS INVOLVED

Extremely small amounts of plutonium, the basic fuel of the fast breeder, have been shown to cause lung and other types of cancer.

Dr. William Hannum, a senior official in the Energy Research and Development Administration, which as of June will have spent $2.69 billion developing the fast breeder, said in an interview that Dr. Hanauer's use of the term "core nuclear explosion" was "technically incorrect—we call it an energetic core disruption."

Dr. Hannum added that the fast breeder reactor's design was such that scientists in his agency were convinced that "core dispersal could be contained without violating the seals of the reactor vessel."

In a recent paper calling for more research on this question, however, four scientists at the agency's Los Alamos scientific laboratory wrote: "Present methods for analyzing hypothetical core disruptive accidents cannot show conclusively that such accidents do not lead to the rupture of the pressure vessel."

"Plutonium is so toxic that the accidental release to the atmosphere of several hundred grams of this material would be a matter of serious concern," the scientists said. Noting that each liquid metal fast breeder reactor may contain more than 2,000 pounds of plutonium, they argued that the release of as little as "0.01 percent of the available plutonium may be cause for alarm."

Because the fast breeder is designed to create more fuel than it burns, it is seen as essential to the long-term use of nuclear reactors.

"Without the breeders," Dr. Hannum said, "we can tap only 10 percent of the potential of uranium, and uranium thus would be equivalent to our oil reserves, which are running out. With the breeder, the power potential within existing uranium reserves can be increased 50 to 80 times."

Dr. Hannum said the Government believed that within 50 years the United States would be dotted with "hundreds of breeder reactors." Ground leveling for the first demonstration model of the fast breeder reactor is scheduled to begin at a site on the Clinch River in Tennessee later this year.

Dr. Hanauer, in his March 13 report to Victor Gilinsky, a member of the Nuclear Regulatory Commission, wrote that "the potential for autocatalytic positive feedback leading to core nuclear explosions in liquid metal fast breeder reactors is creating great uncertainty regarding their design requirements."

Dr. Hanauer's memorandum was one of 61 reports placed in the commission's public document room last week after it had been cited by Robert A. Pollard, a commission project manager, to support his argument that the commission "suppresses the existence of unresolved safety questions and fails to resolve these problems prior to allowing reactors to operate."

Mr. Pollard has submitted his resignation to the commission to go to work for the Union of Concerned Scientists, an organization opposed to present nuclear policy.

In his report, Dr. Hanauer discussed a number of questions that have been raised recently by critics outside the commission, such as three nuclear officials of the General Electric Company who quit two weeks ago to work against nuclear power in California.

The three men stressed their concern that nuclear reactors were unforgiving of human failure. Dr. Hanauer made the same point when he said that present reactor "designs do not make adequate provisions for the limitations of people."

"Means must be found," he said, "to improve the performance of the people on whom we depend and to improve the design of equipment so it is less dependent on human performance."

He added that "the potential for internal and external sabotage constituting a public safety hazard, and the degree to which design and operation need to take sabotage into account, need to be delineated."

On the subject to where reactors could be safely situated Dr. Hanauer said many of the commission's guidelines "are indefinite at best."

"We have some vague words about the nuclear reactor licensee's responsibility to stay informed about subdivisions, ammunition plants, liquefied natural gas terminals and other post-construction materialization of things that could make a site unacceptable if known before licensing," Dr. Hanauer wrote.

"Some day some operating reactor is going to have a new neighbor of a really abominable kind and we are going to have trouble coping with it."

MAY 4, 1976.

Congressman DONALD M. FRASER,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN FRASER: This is in response to your letter of April 30, 1976.

The current licensing practices of the Nuclear Regulatory Commission (NRC) are such that a finding of "adequate protection to the health and safety of the public" may be postponed until after construction of a nuclear plant is substantially complete. In fact, construction permits are routinely issued even when neither the NRC staff nor the applicant knows the design details of the nuclear plant to be constructed. The theory is that if design modifications are needed to provide adequate safety, such modifications can be ordered during the evaluation of the application for an operating license. Unfortunately, once construction is substantially complete, the cost of modifications is so high that they are frequently not ordered.

Based on my experience on the NRC staff, I believe that one of the most needed reforms is to require a finding of adequate protection to the health and safety of the public prior to granting a construction permit. Such a change in the licensing process would require a thorough evaluation of the safety aspects of a proposed nuclear power plant when any necessary design changes can be made at the least cost. Since it appears that most of the cost overruns on the Clinch River fast breeder reactor project will be born directly by the taxpayers, it certainly seems logical for the Congress to attempt to keep those costs as low as possible by enacting the amendment you and Mr. Roncalio intend to offer.

In addition to holding down costs, I also believe that the amendment would enhance the level of safety. I have seen firsthand the effects of economic pressures to accept "as built" designs that probably would not have been accepted if only design drawings rather than actual equipment had to be changed. In addition, once a design has been accepted, the quasi-judicial nature of the NRC licensing process is a very effective barrier to future design changes that could provide adequate safety because an admission of inadequate safety of previously approved designs is seldom, if ever, forthcoming from the NRC.

In addition to reducing costs and increasing safety, the intended amendment to the Clinch River appropriation could also, in the long run, speed up the licensing process. If a finding of adequate protection to the health and safety of the public were required prior to granting a construction permit and that finding was based on an evaluation of the actual design proposed rather than on only proposed design criteria, then the operating license review would be simply a matter of verifying that the plant had been constructed in accordance with the design approved at the construction permit stage.

I have often heard the counter argument that to require approval of design details prior to granting a construction permit would prevent the incorporation of design improvements developed during the years of plant construction. Although superficially appealing, this argument is without substantive merit because the current rules provide for applications for amendments to construction permits.

I hope that my assessment of your intended amendment is helpful. This assessment is based on my experience on the NRC staff and the knowledge of the nuclear licensing process I gained during that time. A copy of my letter and reports to the former Chairman of the Nuclear Regulatory Commission are enclosed. Since I was not assigned responsibilities directly related to the Clinch River project, my assessment of the intended amendment is based on my experiences with other projects as detailed in the enclosures.

Sincerely,

ROBERT D. POLLARD.

SOLID WASTE UTILIZATION ACT OF 1976—S. 2150

AMENDMENT NO. 1944

(Ordered to be printed and to lie on the table.)

Mr. HATFIELD (for himself, Mr. McGovern, Mr. Leahy, Mr. Abourezk, Mr. Packwood, and Mr. Metcalf) submitted an amendment intended to be proposed by them, jointly, to the bill (S. 2150), to amend the Solid Waste Disposal Act to authorize State program and implementation grants, to provide incentives for the recovery of resources from solid wastes, to control the disposal of hazardous wastes, and for other purposes.

Mr. HATFIELD. Mr. President, today I am offering an amendment to S. 2150, the Solid Waste Utilization Act of 1976, designed to encourage the reuse and recycling of beverage containers. This amendment, the "Beverage Container Reuse and Recycling Act of 1976," is very similar to my bill, S. 613, introduced last year.

The purpose of this amendment is to signal an end to the trend toward a "no deposit-no return" attitude toward our energy and natural resources—an attitude which this country just simply cannot afford. This amendment would prohibit the sale in interstate commerce of a soft drink or beer container which does not have a refundable deposit, and would also ban all "flip-top" cans.

It should be clearly understood, Mr. President, that what I am advocating here today is nothing new. Indeed, until relatively recently nearly all of the beverages this amendment would affect were sold in returnable containers. In 1959, for example, 15.4 billion beverage containers were consumed. In the following 13-year period, when per capita consumption of these beverages increased 33 percent, the consumption of beverage containers increased 221 percent, to 55.7 billion by 1972.

This transition is clearly a "counter-ecological growth pattern" which has serious implications for our total resource picture. While nonreturnables were promoted because of their added convenience to the consumer, I believe that the overall impact on the consumer has, in fact, been negative.

First, the obvious fault of the nonreturnable container is that too many of them end up along the Nation's roads and highways. By volume, beverage container litter amounts to between 54 and 70 percent of the litter in Oregon, according to a 1969 study of the problem. During hearings before the Senate Commerce Committee on this subject, John Quarles, Deputy Administrator of the Environmental Protection Agency, testified that—

> We find that approximately 8.2 million tons of beer and soft drink containers were produced and discarded in the U.S. in 1972. This figure represents 21 percent of all packaging wastes and approximately 8 percent of the total product waste generated by business and commercial establishments, households and institutions. Beverage containers are the most rapidly growing segment of all municipal waste with a growth rate of approximately 8 percent per year.

It is estimated that 4½ billion containers will become litter in 1980 if present trends continue. The cost of dealing with such litter and municipal waste is, of course, borne by the taxpaying consumer.

A second cost of nonreturnable beverage containers is the energy they waste. Dr. Bruce Hannon, assistant professor of general engineering and a staff member with the Center for Advanced Computation at the University of Illinois at Urbana, has conducted an excellent study on this subject. He concludes that the energy required to deliver a unit of beverage to the consumer is about three times more in a throwaway glass container than in returnable bottles. He estimates that 19,640 British thermal units—Btu's—are necessary to bottle a gallon of beer in 12-ounce returnable bottles and while 59,800 Btu's are necessary for nonreturnable bottles and 59,190 for nonreturnable cans. There are those who would argue that these figures are irrelevant because the entire beverage packaging industry does not utilize a significant amount of energy. I would only remind them that this waste is the energy equivalent of about 5 million gallons of gasoline per day.

Mr. President, in view of the legitimate concern currently being expressed about the cost of living, it is important to also note that when an individual purchases a beverage in a nonreturnable container, that consumer bears the entire cost of manufacturing that container. When refillable containers are used, however, that cost is shared by as many as 20 other individuals who also use the same container. In Oregon, where legislation banning nonreturnables became effective in October of 1972, prices have increased somewhat, but these increases must be viewed in the context of higher production and raw material costs for many beverages and containers. A study on the economic impact of the Oregon law conducted by two business professors at Oregon State University, concluded that—as beer prices in Oregon are 2.4 to 3.7 percent above those in Washington, whereas soft drink prices are 4 percent below—the effect of the bottle bill on beverages is not apparent.

Concern about the employment impact of this legislation must also be viewed seriously. In this regard, more jobs were created in Oregon following adoption of the bottle legislation than were lost. This is consistent with the findings of various studies which indicate that more jobs will be created in the area of container handling. In order to minimize any economic dislocation, however, I have provided for a 5-year transition period following enactment of the Beverage Container Reuse and Recycling Act of 1976, to allow time for a smooth conversion. "Flip-top" cans would be banned 1 year after enactment.

It is not necessary to act on this issue without the test of experience. As I have indicated, my State of Oregon adopted legislation to ban nonreturnable containers and "flip-top" cans in October of 1972. The law has worked and the people of Oregon strongly support it. In fact, it was strengthened during the 1974 legislative session. The beverage container share of litter has been reduced by 80 to 90 percent, energy is being saved, and these accomplishments have taken place without the economic dislocations forecast by some.

I realize, Mr. President, that this legislation is strongly opposed by some segments of the beverage and packaging industries. In fact, an article which appeared in the Washington Star during the fall of 1974 indicates that about $20 million per year is being spent to defeat legislation of this nature throughout the Nation. All of my colleagues here in the Senate can be expected to be browbeaten with predictions of widespread unemployment, higher prices, and little impact on the litter problem or energy conservation. I hope, however, that my colleagues will consider such statements keeping in mind the record of success evidenced by the Oregon bottle bill.

Throwaway containers should be repugnant reminders of how little society cares about wanton depletion of its energy resources, or a measure of the disdain for helping to curtail the staggering litter and solid waste problems we face. While a laundry list exists of areas where blind obedience to technology has created a host of problems, the beverage container area provides the Congress and the Nation with a clear opportunity to reject the throwaway ethic spawned by the reckless idolatry of technology. We can reject this attitude in favor of one which reduces energy consumption and helps solve our litter and solid waste problems.

Mr. President, I sincerely hope that as the Senate considers the Solid Waste Utilization Act next week, my colleagues will give careful consideration to adopting this amendment. If we truly want to take effective action in reducing our solid waste problem in this country, then I suggest that we begin now, through passage of this amendment, to recognize how useful new production and consumption patterns—in this case the reuse and recycling of beverage containers—can be in coping with some of the urgent environmental problems we face today.

I ask unanimous consent that two publications prepared by Environmental Action testifying to the success of the Oregon bottle law over the last 3½ years be included in the Record along with the "Beverage Container Reuse and Recycling Act of 1976."

There being no objection, the amendment and material were ordered to be printed in the Record, as follows:

Amendment No. 1944

At the end of the bill insert a new section as follows:

Sec. 3. (a) This section may be cited as the "Beverage Container Reuse and Recycling Act of 1976".

(b) The Congress finds and declares that:

(1) The failure to reuse and recycle empty beverage containers represents a significant and unnecessary waste of important national energy and material resources.

(2) The littering of empty beverage containers constitutes a public nuisance, safety hazard, and aesthetic blight and imposes upon public and private agencies unnecessary costs for the removal and collection of such containers.

(3) Empty beverage containers constitute a significant and rapidly growing proportion of municipal solid waste, whose disposal imposes a severe financial burden on municipal governments.

(4) The reuse and recycling of empty beverage containers would eliminate these unnecessary burdens on individuals, local governments, and the environment.

(5) A uniform national system for requiring a refund value on the sale of all beverage containers would result in a high level of reuse and recycling of such containers when empty.

(c) For purposes of this section—

(1) The term "beverage" means beer or other malt beverage, mineral water, soda water, or a carbonated soft drink of any variety in liquid form and intended for human consumption.

(2) The term "beverage container" means a container designed to contain a beverage under pressure of carbonation.

(3) The term "consumer" means a person who purchases a beverage in a beverage container for any use other than resale.

(4) The term "distributor" means a person who sells or offers for sale in interstate commerce beverages in beverage containers for resale.

(5) The term "interstate commerce" means commerce among the several States or with any foreign country, or in the District of Columbia, or in any Territory of the United States.

(6) The term "State" includes the District of Columbia and Territories of the United States.

(7) The term "retailer" means a person who purchases from a distributor beverages in beverage containers for sale to a consumer or who sells or offers to sell in interstate commerce beverages in beverage containers to a consumer.

(d) (1) No distributor may sell or offer for sale a beverage in a beverage container unless there is clearly and prominently embossed, stamped, labeled, or otherwise securely affixed to such container a statement of a refund value of not less than five cents for such container.

(2) No retailer may sell or offer for sale a beverage in a beverage container unless there is clearly and prominently embossed, stamped, labeled, or otherwise securely affixed to such container a statement of a refund value of not less than five cents for such container.

(e) (1) A retailer shall pay to a person the amount of the refund value affixed, in accordance with subsection (d) to any empty and unbroken beverage container which is tendered by such person to such retailer and which contained the brand of beverage being sold by such retailer.

(2) A distributor shall pay to a retailer the amount of the refund value affixed, in accordance with subsection (d), to any empty and unbroken beverage container which is tendered by such retailer to such distributor, and which contained the brand of beverage being sold by such distributor.

(f) No State may place a tax or other levy for the sale or transfer of property on the collection or return of the amount of any refund value established under this section.

(g) No distributor or retailer may sell or offer for sale a beverage in a metal beverage container a part of which is designed to be detached in order to open such container.

(h) Whoever violates any provision of subsection (d), (e), or (g) shall be fined not more than $1,000, or imprisoned for not more than sixty days, or both, for each violation.

(i) (1) The Administrator of the Environmental Protection Agency shall monitor, before and after the effective dates of subsections (d), (e), and (g), the rate of reuse and recycling of beverage containers, and shall evaluate and report to Congress periodically on the impact of the provisions and of this section on—

(A) conservation of energy and material resources;

(B) reduction of solid waste; and

(C) the economy.

(2) The Administrator of the Environmental Protection Agency shall establish such regulations as are necessary for the purpose of this section, and shall provide such technical assistance and information to distributors, retailers, and consumers, and to manufacturers of beverage containers as is necessary to carry out the provisions and purposes of this section.

(j) (1) Except as otherwise provided in paragraphs (2) and (3), this section shall take effect on the date of enactment of this Act.

(2) The provisions of subsections (d) and (e) shall apply only with respect to beverages in beverage containers sold or offered for sale in interstate commerce on or after five years after the date of enactment of this Act.

(3) The provisions of subsection (g) shall apply only with respect to beverages in beverage containers sold or offered for sale in interstate commerce on or after one year after the date of enactment of this Act.

Bottles and Sense

(Researched and written by Patricia Taylor)

The returnable bottle is a wonderful invention whose time has come—again. We didn't fully appreciate the returnable 15 years ago when it was the only way to buy beer and soft drinks. So nobody raised a fuss when the container manufacturers and brewers shifted to throwaway bottles and cans.

Over the past five years, however, the returnable bottle has looked better and better to Americans who are tired of seeing throwaways littering their landscape. And it's not only the possibility of reducing litter that makes the returnable look good: it's a great money saver for the consumer, as well as an energy and materials saver.

The consumer doesn't buy a deposit bottle—he borrows it. No wonder returnables are cheaper than throwaway cans and bottles! A returnable bottle can be refilled an average of 15 times. No wonder returnables are more energy saving and materials conservative than throwaways. (We could save 115,000 barrels of oil a day and 7 million tons of reusable materials each year if we returned to returnables nationwide.)

The refillable bottle is making a comeback across the country as more and more cities, counties and states pass laws which require a deposit on all beverage containers. It's only a matter of time before refillable cans and bottles will be as fully available and in use as they were before the throwaway ethic began. Returnables make sense for today: they're a simple way to save energy, money and materials at a time when all of these resources are scarce.

The proliferation of one-way, throwaway beverage containers places a heavy and unnecessary burden on our national energy resources. According to the U.S. Environmental Protection Agency (EPA), we waste 224 trillion BTU's of energy each year manufacturing throwaway beer and soft drink cans and bottles.[1] That's enough energy to furnish all the electrical energy needs of New York and Chicago residents for an entire year. And it would be enough energy to meet the combined yearly requirements of 185 million people living in Asia, Africa and Central America.[2]

The Citizen's Advisory Committee on Environmental Quality recognized the need for federal leadership in effective energy conservation. Therefore, the Committee recommended to the President that national legislation be enacted to require a refundable deposit on all beverage containers. Citing the energy shortage as "a critical national problem," the Committee reported that "refillable" beverage containers provide an inexpensive, . . . and energy-saving alternative to . . . energy-wasting disposable beer and soft drink containers."[3]

John Sawhill, former Administrator of the Federal Energy Administration, has said: "there are few other instances . . . where energy savings of this magnitude could be achieved as easily in terms of required capital investment and employment dislocations. . . ."[4] Despite findings by government and private researchers of the potential for dramatic energy savings from nationwide returnable can and battle use, we continue to produce billions of throwaways each year. So many, in fact, that one percent of our total national energy consumption is used solely to package "leisure beverages" we drink.

Although some industry officials promote volunteer recycling and municipal resource recovery facilities as effective ways to reduce energy loads in the beverage industry, their claims are not borne out in fact. While re-

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Footnotes at end of article.

cycling containers in some cases does use less energy than manufacturing new ones, refilling returnable containers uses much less energy than recycling. One throwaway can or bottle requires three times more energy to deliver the same amount of beverage than a returnable glass bottle used 10 times, less than the national average number of returns.

Energy use of different containers

Environmental impact:	Energy (*million BTU's*)
15 trip glass (returnable)	15
All steel	35
Bimetallic can	54
1-way glass	63
Aluminum can	89

Source: Midwest Research Institute under EPA contract.

Throwaway cans and bottles are an energy luxury we can no longer afford. With a nation-wide all-returnable system, we could easily cut energy consumption in the beverage industry by 50 percent. Through a dramatic change in driving habits, Americans recently succeeded in saving 200,000 barrels of oil a day under the 55 mph speed limit conservation measure. By simply returning to returnables, we could save an additional 115,000 barrels of oil each day.[5]

MATERIALS

Manufacturing throwaways is a wasteful and expensive habit. One throwaway can or bottle uses four to six times more raw materials than one returnable bottle refilled 15 times, the current national average. Millions of tons of potentially useful materials end up discarded as garbage or litter.

In 1975, the U.S. beverage container industry used 7 million tons of glass, 2 million tons of steel and 500,000 tons of aluminum to make beer and soft drink containers, most of which were used once and thrown away. These materials represent a phenomenal 45 percent of all glass, six percent of all aluminum and two percent of all steel produced in the United States.[6] As William Coors, president of the nation's fourth largest brewery, recently testified, "We aren't going to have the materials in which to market our product if we don't start getting our containers back."[7]

Unless the "throwaway ethic" is reversed, the need for raw materials imports will continue to grow. Scientist Glenn T. Seaborg recently called for better planning of materials policy. "As economic growth and industrialization accelerate over much of the world, the competition for mineral supplies will increase and the developing countries will exert more control over . . . their mineral resources. This situation has the seeds for crisis. . . ."[8]

Dependence on overseas suppliers for materials is especially critical in the aluminum industry. The U.S. currently imports 85 percent of its aluminum and bauxite, the raw material used to make aluminum. When bauxite prices rose recently, Alcoa cut back production of aluminum for housing, construction materials, airplanes and household foil. Aluminum was still available, however, for beer can manufacture, one of the top three categories of aluminum consumption in the United States.[9]

It is time to recognize the folly of using precious imported materials to make throwaway beverage containers. Returning to returnables would safeguard these limited materials and more sensibly allocate our nation's resources.

LITTER

In 1973, over 60 billion beer and soft drink containers were manufactured in the United States. That figure will climb to 80 billion in 1985.[10] One beverage container in four ends up as litter on our landscape.[11] The ugliness of littered beer cans and broken pop bottles along roadsides, in parks and on beaches prompted the passage of beverage container legislation in the states of Oregon, South Dakota and Vermont. In addition, Oberlin, Ohio; Bowie and Montgomery County, Maryland; Berkeley, California; Cayuga County, New York; Fairfax and Loudon Counties, Virginia have all passed legislation curbing throwaways.

Beverage containers make up between 60 and 80 percent of litter by volume and 20 and 40 percent by item count (when one beer can equals one gum wrapper).[12] The efforts of container manufacturers and the brewing and soft drink industries to educate the public against littering have had little impact. Anti-litter laws around the country have proven unenforceable.

Beverage container legislation has been in effect in Oregon and Oberlin, Ohio since 1972 and in Vermont since 1973. Litter surveys in both states have shown substantial reductions in total litter and in beverage container litter (see chart). Of the littered beverage containers found by the Vermont State Department of Highways, only 25 percent were sold in Vermont; the rest were brought in by out-of-state tourists.[13]

The economic incentive of a deposit has now been shown to effectively reduce beverage container litter. About $535 million is currently spent each year for litter pick-up around the country.[14] A deposit on beverage containers provides a financial incentive not to litter, as well as a financial incentive to clean up littered containers. People will once again collect beer and soft drink containers along the roadsides and return them for extra spending money.

Buying returnables is a vote against litter and a positive action for a more beautiful America.

SOLID WASTE

The growth rate of throwaways is astronomical. The manufacture of throwaway cans and bottles has grown eight times faster than actual consumption of beer and soft drinks. Between 1955 and 1973, the number of containers produced skyrocketed 488 percent, while consumption of beer and soft drinks increased only 58 percent.[15]

Cutting down on wastes is a critical problem for cities and counties responsible for solid waste collection and disposal. Beverage containers are the fastest growing category of municipal solid waste, increasing eight percent annually. Although some states and localities have enacted their own legislation to control throwaways, the growing solid waste burden must ultimately be dealt with by the nation as a whole. Endorsing this philosophy, the National League of Cities/U.S. Conference of Mayors resolved that, "Unless we reduce the total volume of solid waste generated nationally, local governments will continue to be overburdened with the flow and financing of the nation's solid waste."

As the flow of materials increases, we can expect continued expansion of the amount of waste requiring disposal, according to the National Commission on Materials Policy. The Commission recommends that "the amount of solid waste be increasingly reduced where possible by methods of recycling, reuse and recovery."[16]

Recycling centers have been set up in many communities around the country in an attempt to recover some of the aluminum, glass and steel wasted in throwaway beverage container production. Facilities to mechanically recover aluminum and glass from solid waste are now being developed. Voluntary centers have been particularly encouraged by those in the beverage container business. Rather than curtail their expanding production of throwaway cans and bottles these industries are eager to promote the image of citizens as litter-collectors.

However, only one in seven aluminum cans is actually recycled; 10 billion of them continue to find their way onto refuse piles and road sides every year. In 1973, only three percent of the steel cans were recycled.[17] Most steel cans can't even go through the recycling process because their aluminum fliptops contaminate the steel, making recovery uneconomical.

Mechanical systems for the separation of glass and aluminum have not yet been demonstrated on a commercial scale. Even if the technology is successfully developed, most municipalities will not be able to afford these facilities and their construction will take many years. Therefore, resource recovery of a substantial portion of the country's throwaway cans and bottles in the near future is impossible.

It has been argued that a nationwide returnable system would reduce the aluminum can content and hence lower the market value of municipal waste available for recycling. Energy researcher Bruce Hannon of the University of Illinois has said that this logic is like having "each person swallow a little platinum to increase the value of sewage" so that the sewage treatment plant can operate efficiently.[18] In fact, there is no conflict between resource recovery systems and a nationwide returnable system. According to the EPA, "changing the composition of municipal waste through mandatory deposit legislation would not significantly affect the economics of most resource recovery plants."[19]

Our first priority should be to get rid of what we don't need; then when the technology is available, we should recover the rest. In the meantime, manual separation of recyclable materials by citizens is a viable alternative to expensive, energy-intensive resource recovery operations. With a nationwide deposit system, we could ensure that six to seven million tons of materials would be returned for reuse and recycling each year.

THE CONSUMER

Buying beer and soft drinks in returnable glass bottles instead of throwaways is a good way to save money. In New York state alone, consumers could save close to $40 million each year under mandatory deposit legislation.[20] That's how much extra they now spend for the "convenience" of throwaway containers. On the average, equivalent amounts of beverage sell for two or four cents more in a throwaway can or bottle than in returnables.

The reason for the higher prices is that the major expense in throwaway container production goes for packaging—not for labor, ingredients or transportation. According to a survey conducted by market analysts Sanford C. Bernstein & Co., "packaging is the major factor in the production of beer," accounting for as much as 56 percent of the costs while the ingredients account for only 12 percent.[21] But with returnable bottles, the consumer saves money by borrowing the expensive packaging.

Currently it is difficult for consumers who want to save money to find returnables on store shelves. In Washington, D.C., for example, an Environmental Action survey found that less than 15 percent of the 361 liquor stores surveyed carried beer in returnables. And where beer was available in returnables, it was sold only in 24-bottle cases in one or two brands. The situation is similar—and often worse—in other communities around the country.

In January, 1975 the Falstaff Brewing Co. launched the first marketing of returnables in 12-bottle cases. According to Falstaff Vice-Chairman Joseph Griesedick, "Returnable bottles are the most economical for the consumers and the brewer." He noted that consumers would pay only $2.50 for a 12-bottle case of returnables as compared with $3.13 for the same amount of beer in cans—a 5-cent-per-bottle savings.[22]

Returnable savings hold true in the soft drink industry as well. The president of

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Footnotes at end of article.

Coca-Cola, USA, testified before the Senate Judiciary Committee: "Coke sold in food stores in nonreturnable packages is priced, on the average, 30 to 40 percent higher than Coca-Cola in returnable bottles. The difference lies essentially in the different costs of packaging. The cost of returnables is spread over many uses; the cost of the nonreturnable package is absorbed in one use." [23]

Obviously many beverage-related industries prefer to continue this upwardly spiraling system of more throwaways and higher prices. Such industries no longer have to pay the costs of refilling and reusing beverage containers which are higher than the cost of the beverage ingredients. And as taxpayers, consumers must also foot the bill for collection and disposal of throwaways.

Attitude surveys and the experiences of Oregon and Vermont have shown that consumers are more than willing to forego "convenience" packaging for a return to returnables. The first nationwide poll on the issue of returnables was recently conducted by the Opinion Research Corporation for the Federal Energy Administration (FEA). An overwhelming 73 percent of those polled favored a law requiring that all soft drinks and beer be sold in returnable bottles and cans.

In Michigan, a private poll conducted for Governor William Milliken found that 73.3 percent of the people favored a state law banning the sale of non-returnable bottles and cans.[24] And, in the state of Oregon, an opinion poll taken one year after enactment of that state's law found 91 percent of the people approved, while only five percent voiced any disapproval at all.[25]

Consumers have found other reasons, in addition to saving money, for returning to returnables. The safety hazards of throwaway cans and bottles are a source of serious concern to consumers. In its spring, 1975 hearings, the Consumer Product Safety Commission verified that throwaway bottles break more easily than returnables. The Commission pointed out that splintering or exploding glass beverage bottles were responsible for 11,000 hospital emergency cases in one year. Detachable, "flip-top", "pull-top" tabs on metal cans are also a safety hazard to people who step on them or swallow them, according to the *Journal of the American Medical Association*.[26] The state of California recently passed legislation prohibiting the use of detachable openings on beverage cans, and detachable flip-tops would also be outlawed under national beverage container legislation.

Nationwide use of returnables would shift the cost of litter collection and container disposal back to the manufacturers and consumers of beverages, relieving the growing burden being placed on the general public. Returning to returnables would also mean a healthy financial boost for the nation's consumers.

EMPLOYMENT IMPACT

Thousands of workers have lost their jobs in the brewery and soft drink industries because of throwaways, according to Anthony Sapienza, president of Brewery and Soft Drink Workers Union Local 1164. "It requires fewer workers to process these containers than returnable bottles," Sapienza said in announcing his union's support of beverage container legislation. He added that "steelworkers make the throwaway cans, glass workers make the bottles, but we lose the jobs." [27]

Twenty-six thousand three hundred workers lost their jobs in the brewing industry between 1958 and 1974.[28] Concentration and consolidation in the beverage industry, along with the shift to throwaway containers, have led to the shutdown of many brewing and soft drink bottling companies. In 1935, for example, there were 765 brewing plants in the U.S. but by 1974, only 99 plants remained. These are owned by 55 companies, six of which control 68 percent of the market. This trend is also being followed in the soft drink industry. Seven thousand nine hundred workers lost their jobs in the soft drink industry between 1970 and 1974. Coca Cola plans to phase out 900 franchised bottling plants across the country and replace them with 78 centralized plants by 1980.

A recent development in beverage containers will mean even greater job loss in the future. The plastic bottle is already being used by soft drink manufacturers and is expected to capture 10 percent of the throwaway container market by 1980. The rapid introduction of this container will mean job losses for workers in the glass and can industries, as manufacturers in the brewing and soft drink industries switch to plastics.

A report commissioned by the Environmental Protection Agency predicts that continued expansion of the throwaway beverage container system will lead to further loss of jobs.[31] The job losses which have already occured in the beverage container industry were the result of "natural" free market forces. Clearly, if we allow these market forces to prevail, thousands more workers in the soft drink, brewing and container manufacturing industries are bound to suffer major job loss and dislocation.

Passing national mandatory deposit legislation will affect the jobs of workers now manufacturing throwaway cans and bottles. Although the proposed legislation does not ban the manufacture of throwaway bottles and cans, it is expected that there will be a shift to the use of refillable bottles and recyclable cans. Thus the production of throwaway bottles and cans would be reduced. The Research Triangle Institute has estimated that after a five-year implementation period for the proposed law, about 90 percent of the containers sold would be refillable and 10 percent would be cans. During this period, the Institute estimated that 39,000 jobs would be lost; [32] yet at the same time, using RTI's methodology, approximately 107,000 new jobs would be created for small bottlers, distributors, truckers and retail clerks.

In every study conducted on the employment impact of federal or state beverage container legislation, there has been a net increase in employment. However, many of the jobs generated by a returnable system can not be substituted for jobs under a throwaway system, although many are of equal pay rate. Therefore, provision should be made for retraining and relocating displaced workers, while those presently unemployed gain the thousands of new jobs created by a shift to returnables.

It's true that there will be some job dislocations with a shift aways. But by going back to returnables, jobs will be created instead of lost.

STATE AND LOCAL REPORTS

Connecticut

Impacts of Beverage Container Legislation on Connecticut and a Review of the Experience in Oregon, Vermont and Washigton State, Carlos Stern, Emma Verdieck, et.al., Department of Agricultural Economics, College of Agriculture and Natural Resources, University of Connecticut, Storrs, Conn. 06268.

Florida

Summary Report: Dade County Bottle Ordinance, Robert J. Brandt, FAU-FIU Joint Center for Environmental and Urban Problems, Florida International University, Tamiami Trail, Miami, Florida 33144.

Illinois

Employment Effects of the Mandatory Deposit Regulations, Illinois Institute for Environmental Quality, 309 W. Washington St., Chicago, Illinois 60606.

Maryland

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2. *Environmental Action*, 1346 Connecticut Ave. NW, Room 731, Washington, D.C. 20036. See particularly August 10, 1973; May 25, 1974; July 19, 1975.
3. *Environment Action Bulletin*, Rodale Press, 33 E. Minor St., Emmaus, Pa. 18049. See particularly Nov. 1, 1973; July 27, 1974; Nov. 3, 1975.

Also, *Beverage Industry Annual Manual*, 777 Third Ave., New York, N.Y. 10017. ($12.00) Annually updated almanac of beverage information.

NATIONAL ORGANIZATIONS WITH INFORMATION ON BEVERAGE CONTAINERS

The Crusade for a Cleaner Environment, 2000 L Street NW., Washington, D.C. 20036.

The Can Manufacturers Institute, 1625 Massachusetts Ave., NW., Washington, D.C. 20036.

Environmental Action, Inc., 1346 Connecticut Ave., NW., Room 731, Washington, D.C. 20036.

Glass Container Manufacturers Institute, 1800 K Street NW., Washington, D.C. 20006.

League of Women Voters of the U.S., 1730 M Street NW., Washington, D.C. 20036.

National Soft Drink Association, 1101 16th Street NW., Washington, D.C. 20009.

U.S. Brewers Association, 1750 K Street NW., Washington, D.C. 20009.

ABOUT ENVIRONMENTAL ACTION FOUNDATION

Environmental Action Foundation is a non-profit public interest organization engaged in environmental research and education. The Foundation's work is in five major areas: electric utilities, solid waste, transportation, the B–1 bomber and nuclear energy.

A number of publications, including citizen's handbooks and research reports, for each of the Foundation's project areas are available for nominal fees.

Members of the Foundation's Advisory Board include:

Robert Rienow, chairperson.

Walter Boardman, Harry Caudill, Herman Daly, Michael Frome, John Gofman, LaDonna Harris, Denis Hayes, Hazel Henderson, Margaret Mead, Glenn Paulson, Victor Reuther, Alvin Toffler.

ABOUT EAF'S SOLID WASTE PROJECT

The Solid Waste Project has established a citizens' communication network among solid waste activists and formed a national coalition on solid waste to disseminate information within each state. The project staff also researches and publishes the *Garbage Guide*, a series of fact sheets on solid waste issues such as source reduction and packaging, source separation, plastic bottles and hazardous wastes. In addition, the staff is preparing a major report evaluating the technology of resource recovery systems.

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ALL'S WELL ON THE OREGON TRAIL

A REFUTATION

In late 1975 the Aluminum Company of America (Alcoa) produced the pamphlet *Trouble on the Oregon Trail*. This publicity piece which angered environmentalists across the country is an effort to convince citizens and government representatives that the bottle bill in Oregon is a failure. Alcoa would have us believe that Oregon's litter has increased since passage of the bottle bill and that the bill is causing serious economic problems.

The truth is that Oregon's experience has been almost entirely positive. Increased employment, reduced consumer costs, less litter, lowered energy consumption and improved quality of life have all followed the law. Let's look at the facts.

"A RIP ROARING SUCCESS!"

Oregon's bottle bill became effective in October 1972. Under the law, all carbonated beverage conainers (cans and bottles) carry a refund value. Dealers are required to pay a refund for any container they stock in that particular type and size. Soft drink and beer cans with detachable pull-tab openers were banned. Certified containers which can be reused by different bottlers carry a 2-cent deposit rather than the usual 5-cents.

The constitutionality of the law was challenged in Oregon courts and upheld. Oregon's ex-governor Tom McCall refers to it as a "rip-roaring success!" And polls have shown that 91% of the consumers in Oregon favor the bill.

LESS LITTER UNDER THE LAW

Alcoa presents a chart entitled "Last of the Oregon Littre Counts" in which they compare the average number of litter items found during the summer of 1973 (the first year after the bill) to the average number found in the following year. This chart shows a 52% increase in beverage container litter.

Alcoa draws its figures from a study prepared by George Wagner (an independent consultant) of the Oregon Highway Department's litter counts. Wagner's data has been found to be "inaccurate" for many reasons by the U.S. Environmental Protection Agency (EPA). In his study Wagner compared a significantly under-estimated recount of litter for the first year after the bill was passed to an over-estimated litter count for the second year.

Furthermore, EPA has stated that "since litter data is available for the entire three-year period (before enactment, first and second year after) it is not necessary, nor is it advisable to depend upon a comparison for one three-month period in two successive years after the law's enactment . . .", as Alcoa has done in its chart.

According to EPA, the Oregon Environmental Council's study of the highway department litter collection, "provides the most complete and reliable information on the impact of the bottle bill on litter in the State of Oregon."

There were twice as many returnables sold after the bill than before and yet there was a 26% reduction in the number of returnables found in litter. And, the 83% reduction in total beverage container litter after two years of the law is most significant.

Alcoa would like to give credit for any litter reduction to an "all out effort" made by citizens and government in Oregon and not to the bill.

Alcoa claims that the state highway department quadrupled expenditures on litter clean-up. In fact, funds expended by the highway department on litter clean-up have remained almost constant from 1970 to 1974.

Alcoa's figures on litter citations are also misleading. They use figures which include citations for recreational vehicle sewage, stream pollution and boat violations.

Alcoa also refers to "hundreds of young people" on patrol picking up litter in Oregon as a possible explanation for litter reduction. They refer to the Youth Litter Corps, SOLV (Save Oregon from Litter and Vandalism) and KOL (Keep Oregon Livable). These programs could not have had any effect on state litter surveys. The state surveys too place on 30 randomly selected one-mile sections of highways which were surveyed and picked-up early each month. No other litter crew was permitted to clean these test sections.

The fact that beverage container litter decreased by 82% in the first two years of the bottle bill while other litter only decreased by 21% shows that the bottle bill with is financial incentive has been more effective than general anti-litter programs in Oregon.

Trouble on the Oregon Trail states that bottle bills do not ". . . even propose to deal with all the sources of litter." This is true. The bottle bill in Oregon does not attempt to deal with gum wrappers, cigarette butts or any other type of litter except beer and soft drink containers. However, the results of a survey conducted in three Oregon cities before the bill took effect showed that beverage containers comprised 56% by volume of all littered items. They are the most visible and the most dangerous portion of litter.

The container industry is fond of using "piece-count" litter surveys in order to prove that their products do not represent a large portion of litter. Piece-count surveys often include non-manmade items, such as dead animals, leaves and twigs. Such surveys give every item the same value, implying that a gum wrapper is as much of an eye sore as a can or bottle.

BOTTLES AND CENTS

Earnings

Alcoa claims "earnings were down." They are referring to beverage industry earnings which they claim were down by $7 million. Alcoa's data came from a study prepared by Applied Decision Systems (ADS), a Massachusetts consulting firm. Alcoa erroneously calls the ADS report "Oregon's official study." Although ADS was paid by the state for their study, its conclusions have not been endorsed or supported by the state.

Another study prepared by Professors Gudger and Bailes of Oregon State University (OSU) found that business experienced a $4 million increase in operating revenue after the bottle bill. Included is the substantial saving to malt brewers and soft drin bottlers who no longer found it necessary to buy as many cans and bottles.

Consumer prices

Alcoa asserts that consumers in Oregon are paying more for beer and soft drinks due to the bottle bill. However, both ADS and OSU conclude that although some beverage prices have increased there is no reason to attribute any price to the law. Beer and soft drink prices in Oregon remain comparable to prices in neighboring Washington where there is no bottle bill.

Sales

In claiming "sales were down", Alcoa states that sale of private label and warehouse soft drinks dropped 40%. Private label and warehouse soft drinks are the "house brands" which comprised only about 20% of the market before the bottle bill. These beverages were packaged almost entirely in throwaways.

ADS found no change in soft drink sales for the first two years of the bill.

It is true that most stores in Oregon no longer carry as many brands, or as many different kinds and sizes of containers as they did before the law went into effect. But every major domestic beer, and most foreign beers remain on the market. ADS surveyed Oregon consumers and found that only 7% thought the bottle bill had limited their choice of soft drink brands. In addition only 4% expressed negative sentiments. toward this brand limitation.

Costs

Stating "costs were up", Alcoa refers to the capital investments paid by industries to switch from throwaways to returnables. This is true but it should be remembered that capital investments were also required when industry switched from returnables to throwaways in the first place. In addition, these extra investment costs are invariably passed on to consumers and do not necessarily constitute a loss to industry.

Employment

Alcoa cites job losses ranging from 165 to 227 in the first year of the bottle bill. This information came from ADS. Alcoa neglects to report that since ADS received little cooperation from retailers, the extensive job gains in retail operations were not calculated. ADS did estimate that there was an addition of a "potentially large number of jobs and overtime hours in retail stores . . ." as a result of the bill.

OSU went into employment impacts in more detail. They found that 350 jobs were gained for truck driving and 575 jobs gained for warehouse and handling giving a balance of 365 additional jobs. They also noted additional employment increases for industries supplying new capital for returnables, such as machinery and trucks.

Small businesses

It is true that storing and handling returnables can create some problems for retailers but grocers can pass on increases in handling costs to the consumer. Innovations such as the interchangeable "stubby" bottle are making the returnable system more convenient for retailers. The "stubby" is being refilled by all brands of beer interchangeably and its standard size and shape make it easy to stack and handle.

There is no Oregon store, large or small, that has gone out of business as a result of the bottle bill.

Alcoa claims that eight of Oregon's 29 bottlers have sold out within two years of the bill. This is proportional to the number of independent small bottlers selling out to large concerns nationwide, regardless of legislation. It should be noted that selling out is different from going out of business. No bottling plant in Oregon has shut down since the bottle bill was passed.

WHAT ALCOA DIDN'T TELL US

In addition to litter reduction, Oregon has experienced other environmental benefits from the bottle bill.

Energy

Don Waggoner of the Oregon Environmental Council has estimated that Oregon is saving approximately 1,400 billion BTU's each year as a result of the law. This is equivalent to the gas used for home heating by approximately 50,000 people in Oregon annually.

Solid waste

The OSU study concluded that Oregon has experienced a significant reduction of beverage containers in garbage. Before the bill's enactment, 436,922,500 soft drink and beer containers contributed to Oregon's solid waste every year. After the bottle bill only 51,433,400 containers per year became waste—a reduction of 88%.

PROMISING ALTERNATIVES?

It's no surprise that Alcoa suggests resource recovery technology and the Action Research Model from Keep America Beautiful (KAB) as alternatives to bottle bills.

KAB's Action Research Model (ARM), which Alcoa wholeheartedly endorses, is another attempt to draw public attention away from the materials and energy wastefulness of throwaway containers.

KAB's approach is two-pronged. First: convince the public that the only problem with containers is litter and since cans and bottles make up only a small percentage (they use piece-count litter surveys), bottle bills do not help litter reduction. Second: convince the public that litter reduction is achieved by programs such as ARM. They do not, however, show any concrete evidence that ARM is working.

Represented on the Board of Directors of the National Center for Resource Recovery are most of the same corporations that make up KAB—including Alcoa. Resource recovery is a high technology, expensive process of recovering materials and/or energy from solid waste. Although it is a technology that is still in the experimental stage, great hopes are seen for it in the future.

Oregon believes that there is no inherent conflict between their bottle bill and resource recovery. The Oregon State Solid Waste Management Plan, in its effort to achieve 90% recycling by 1982, includes the building of at least a half dozen resource recovery facilities.

There is no trouble on the Oregon Trail—but there is a great deal of misinformation. For more facts contact: Environmental Action Foundation, 724 Dupont Circle Building, Washington, D.C. 20036.

NOTICE OF HEARING

Mr. **EASTLAND.** Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Tuesday, June 29, 1976, at 9:15 a.m., in room 2228 Dirksen Senate Office Building, on the following nomination:

J. Waldo Ackerman, of Illinois, to be U.S. district judge for the southern district of Illinois, vice Harlington Wood, Jr., elevated.

Any persons desiring to offer testimony in regard to this nomination, shall, not later than 24 hours prior to such hearing, file in writing with the committee a request to be heard and a statement of their proposed testimony.

The subcommittee consists of the Senator from Arkansas (Mr. McCLELLAN); the Senator from Nebraska (Mr. HRUSKA) and myself as chairman.

HEARINGS SCHEDULE

Mr. **JACKSON.** Mr. President, in accordance with the rules of the Senate Interior and Insular Affairs Committee, I wish to advise my colleagues and the public that the following hearings and business meetings have been scheduled before the committee for the next 2 weeks:

June 24, Indian Affairs Subcommittee, 10 a.m., room 3110, Hearing, Quechan Indian Tribe land issue.

June 24, House-Senate Conference, 2:00 p.m., EF-100, Capitol, S. 327, to amend Land and Water Conservation Fund Act.

June 25, Full Committee, 10 a.m., Room S-208, Capitol, Bus. Mtg., Pending calendar business.

June 29 and 30, Energy Research and Water Resources Subcommittee, 10 a.m., room 3110, Hearing, Oversight hearing on ERDA long-range plan.

D.C. COMMITTEE TO HOLD HEARINGS ON AUDIT BILLS

Mr. **EAGLETON.** Mr. President, on behalf of the District of Columbia Committee I wish to announce that the committee will hold hearings on H.R. 11009 and S. 3608, which I introduced today, to implement the Andersen report on the need for an audit of the District of Columbia books. The hearing will be held on Monday, June 28, 1976 at 9:30 a.m. in room 6226 Dirksen Senate Office Building. Persons wishing to submit statements for the record should do so at the committee office 6222 Dirksen Office Building by 12 noon on Monday.

ADDITIONAL STATEMENTS

EDITING RADIO STATIONS

Mr. PROXMIRE. Mr. President, in its lead editorial on Monday, June 21, the Washington Star warned of the Federal Communications Commission becoming "super-editors of broadcast news."

The Star's warning is a real one. Just ask WHAR of Clarksburg, W. Va.—the subject of the editorial.

Some undoubtedly will question the Star's right to warn of the dangers of FCC control over broadcast content. They might point out that the Star itself, because of new ownership, must divest itself of its broadcast properties. The FCC says so. It is no secret that broadcast profits have kept the Star from folding, and thus have kept Washington, D.C., a two-newspaper town.

If the Star does have to close, regardless of the reasons—and I hope that does not happen—Washington would have but one daily, metropolitan newspaper. And it would have five commercial television stations and several times that number of radio stations—all of which could not exercise the first amendment fully. Only the remaining newspaper would be left to fight Government.

Where would that leave the free press in the Capital City of the United States?

The first amendment's guarantee of a free press was meant as a restraint on Government. That is the purpose of the first amendment.

The "people's right to know" is just a way of paraphrasing the single purpose of a free press. To repeat, that purpose is to keep the Government from running hog wild with the rights of the governed.

If there are no competitive voices in the dissemination of information and opinion—and there would be no true competition with but one newspaper and any number of governmentally controlled broadcasters—the losers would be the people of this metropolitan area. And the same could be said of other areas of the country with similar circumstances.

We, all of us, are the losers when we do not stand up and object to the Government controlling broadcasting.

It is not in the public's interest for the Government to be able to tell a broadcaster what to put on the air, as has been done in the WHAR case.

The next step is to tell broadcasters what not to put on the air.

The next step is complete censorship of broadcasting.

And the final step is to argue that if the Government can completely control broadcasting, then it can control newspapers because the writers of the Bill of Rights did not know what the United States would be like in its third century.

We cannot let that happen.

Mr. President, I ask unanimous consent that the Star's editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

EDITING THE RADIO STATIONS

The U.S. Supreme Court has resolutely refused to impose any First Amendment notion of "fair play" on newspapers and magazines. But the nation's broadcasters continue to labor under the so-called Fairness Doctrine of the Federal Communications Commission.

It is a doctrine of marvelous elasticity, capable of stretching and shrinking as occasion demands, although most broadcasters view it as requiring them to give more or less balanced presentation of both sides of any public controversy.

Probably none had thought the doctrine so elastic as the FCC found it to be when it ruled recently in a Fairness Doctrine complaint against radio station WHAR of Clarksburg, W. Va.

In July 1974, WHAR refused to play for its listeners an 11-minute broadcast tape proffered by Rep. Patsy Mink, who was replying to a prostrip mining spiel by the U.S. Chamber of Commerce. WHAR, it developed, had not broadcast the Chamber's views on strip mining either. It would not, thanks very much, use Representative Mink's reply. In fact, although the Clarksburg area is said to be the most heavily strip-mined area in all West Virginia, the station had broadcast "no programming on the strip mining controversy," and had no plans to do so. Associated Press wire stories had been read on the air from time to time; and the station thought maybe some of the network interview programs which it regularly airs had touched on the issue.

Whatever else the record shows, in the FCC's memorandum and order in the WHAR case, it shows that the station, like so many others around the nation, takes only the most casual interest in covering economic and ecological issues vital to its broadcasting area.

Under the Fairness Doctrine, as laid out in various precedents and handbooks, the Commission customarily leaves it very much to the broadcaster's discretion how to serve his listeners' "need to be informed." But, the FCC now declares, "that discretion is not absolute . . . and we have previously advised licensees that 'some issues are so critical or of such great public importance that it would be unreasonable for a licensee to ignore them completely.'" Strip mining, it found, is such an issue for the Clarksburg listening public; and since the FCC, as the Supreme Court put it in the *Red Lion* case, "is not powerless to insist that (licensees) give adequate and fair attention to public issues," it insists that WHAR get with it on strip mining. The Commission has given the station 20 days to say "how it intends to meet its fairness obligations with respect to adequate coverage" of strip mining.

Naturally, this case has caught the eye (and the breath) of the broadcasting industry and others interested in the vicissitudes of the First Amendment. It is thought to be the first instance in which the FCC has discovered in the words of the Fairness Doctrine an affirmative duty to handle a public controversy in a certain depth and has, accordingly, second-guessed the station's own judgment on an issue of newsworthiness.

The decision was unanimous, but Commissioner Glen O. Robinson, a persistent foe and critic of the Fairness Doctrine, warns that "I shall not be surprised if . . . the Commission soon finds itself involved more deeply in program judgments than it presently desires or even foresees."

We share the commissioner's reservations—and his apprehensions. Few blood vessels will be strained, we suppose, when the FCC admonishes a small station in West Virginia to pull up its socks on the coverage of strip mining. But will we soon have a case in which some major metropolitan radio or television outlet—or network—is alleged to be scanting a controversy deemed by others newsworthy to its listerners? Will the FCC find itself handing out 20-day notices wholesale? And if it does, what will that practice portend for broadcasters' news and editorial rights under the First Amendment?

Justified as the strictures may be in WHAR's case, the decision seems to take broadcasting further in the direction of second-class status under the First Amendment.

If the decision means—as it could—that the Fairness Doctrine requires Federal Communications commissioners to set themselves up as super-editors of broadcast news, then there will be others who join Commissioner Robinson in thinking it a "mischievous doctrine."

VERTICAL DIVESTITURE: A BLUEPRINT FOR ENERGY DISASTER

Mr. FANNIN. Mr. President, as our colleagues are aware, the Committee on the Judiciary has voted, 8 to 7, to report out favorably to the Senate floor S. 2387, the so-called Petroleum Industry Competition Act of 1976. Because of the importance of this legislation and the significance that vertical divestiture in the petroleum industry would have on our Nation's economy and energy supplies, I bring to the attention of the Senate statements on this subject by a number of leading specialists in the energy field. Of particular interest is the testimony before the Committee on the Judiciary during its hearings on S. 2387.

Mr. President, I point to the excellent statement of Frank Zarb, head of the Federal Energy Administration, in opposition to this bill. The FEA Administrator makes a number of important points that should be kept in mind during the forthcoming debate on this legislation.

First, there is no clear evidence that vertical integration will result in more abundant and secure oil available to consumers at reduced prices. In fact, "the disruption to industry operations caused by the divestiture process itself—will tend to reduce supplies and place upward pressures on prices."

Second, in Mr. Zarb's view, vertical divestiture will greatly weaken the international position of the United States in negotiating for oil, with terrible consequences to energy exploration and development and to domestic supplies.

Third, because of the drawn out process involved in divestiture, accompanied by litigation and uncertainty, "major alterations in capital spending programs would be expected, and industry management efforts would be diverted away from energy supply development activties and toward the administrative problems associated with vertical divestiture. The net result could be reduced domestic energy supplies and increased dependency on foreign supplies."

Fourth, available statistics do not support the assumption made by those favoring this legislation that there is a higher degree of concentration in the petroleum industry than other major U.S. industries or that there is declining competition.

Ffith, available statistics do not support the view of divestiture advocates that the petroleum industry is characterized by higher prices or higher profits which result from insufficient competition. Neither is there conclusive evidence showing that vertical integration has resulted in anticompetitive behavior or that "existing practices represent an abusive exploitation of market power by the larger firms."

Mr. Zarb concludes that special remedial action is not needed to promote competition in the petroleum industry. In fact, radical measures such as divestiture would be untimely and counterproductive to their proponents' objectives. In the opinion of Mr. Zarb and of this Senator, higher prices would result from enactment of this legislation. In Mr. Zarb's words:

> The divestiture process itself could be so disruptive as to preclude the United States attainment of energy independence in the next decade.

Mr. President, those who favor divestiture have a heavy burden of proof which I do not believe they can satisfy. I hope that my colleagues will give serious consideration to Mr. Zarb's brief but compelling testimony as well as to the other statements which I shall offer for the Record in the days ahead.

Mr. President, I ask unanimous consent that the text of Mr. Zarb's statement of June 3 before the Committee on the Judiciary be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Testimony of Frank G. Zarb

Mr. Chairman, members of the committee, I am pleased to appear before you to discuss the proposed Petroleum Industry Competition Act of 1976 (S. 2387). This bill would recognize the petroleum industry by requiring that the assets of the largest 18 vertically integrated oil companies in the United States be divided into separately owned and controlled production, transportation and refining/marketing segments. Many smaller petroleum companies would also be affected due to the prohibition on the ownership of other functional assets by pipeline companies. Through this divestiture, proponents of the bill seek to increase competition in the petroleum industry, and thereby to contribute significantly to reducing prices.

I want to state at the outset that I have no interest in simply defending the status quo or resisting changes to the structure of the petroleum industry. I also have no interest in justifying current practices used by the industry at any functional level, or in defending the petroleum industry in any way. However, I am keenly interested in determining whether the existing structure or some other is best suited to the delivery of oil to consumers as securely as possible, in the greatest quantities and at the most reasonable prices.

The effects of a change in the petroleum industry structure on meeting our goal of energy independence for this country are a vital consideration. Intensive studies performed over the last several years have shown us that it is possible to obtain energy independence within the next decade provided certain government actions are taken, given the existing organization of the petroleum industry.

There is no evidence that a new structure, specifically one in which vertical integration is prohibited, would result in more abundant and more secure oil, at more reasonable prices. In fact, some argue that the ultimate effects or vertical divestiture would be counterproductive to the objectives of this legislation—that the benefits of increased competition would not outweigh the loss of efficiencies achieved through vertical integration.

Specifically, it is not at all clear that vertical divestiture in the petroleum industry would result in reduced prices of petroleum products. Any direct cost advantages obtained through reducing inefficiencies and achieving economies inherent in large scale operations would obviously be lost. Such losses would tend to increase prices. In addition, the disruption to industry operations caused by the divestiture process itself, which I will describe more fully later, will tend to reduce supplies and place upward pressures on prices.

There is also no evidence that U.S. petroleum companies, weakened and reduced in size by divestiture, could bargain with the OPEC cartel more effectively than the larger. vertically integrated firms, and thereby bring more secure supplies at lower prices. OPEC's control of prices results from the cartel's ability to limit production to the level of demand at the price set by the cartel, and to maintain surplus production capacity within its membership. Since vertical divestiture will not favorably affect the supply and demand outlook for OPEC oil, it will not weaken OPEC's control over prices. the prorationing of production among OPEC members could become a severe problem for the OPEC cartel only if faced with a long-term declining market. Therefore, the only way the United States might exert downward pressure on the world price of oil is to create alternative domestic sources of supply and reduce demand for imports.

I also want to point out that vertical divestiture could result in a weakened position for the United States in negotiating for oil in the international market. Vagueness in the language of the bill precludes a precise determination of the way in which international operations are impacted by the divestiture. However, there is good cause to believe that an attempt to divest and weaken U.S. international oil companies could lead to the following consequences:

Strengthened non-U.S. companies in the international energy market, since these could not be affected by a U.S. imposed divestiture.

Friction with foreign governments since existing contracts with them would be affected, and the divestiture itself might be viewed as an opportunity for further nationalization of oil company assets.

A reaction by U.S. based international companies to move abroad, and thereby to reduce their concern for the United States and their ability to insulate the United States from the targeted effects of an embargo.

A reduction in investments for oil exploration and development in less developed countries since, in many instances, the high risks and the returns on these investments can only be economically justified by the integrated companies.

These potential international consequences of divestiture will be described more fully by the State Department later in these hearings. However, these consequences would tend to weaken the U.S. position in the international market and thereby could provide to the OPEC cartel more upward flexibility on prices. The net result could be less secure foreign supplies and higher petroleum prices.

Of particular interest to this committee, however, should be the transitional effects of vertical divestiture, including the potential impact on domestic oil exploration activity. The divestiture process itself involves both heavy costs and severe risks in meeting our domestic supply goals. It is very unlikely that divestiture could be implemented within five years. We estimate that perhaps a decade of litigation might result among the numerous interests who have a direct stake in the outcome of divestiture.

In addition, major alterations in capital spending programs would be expected, and industry management efforts would be diverted away from energy supply development activities and toward the administrative problems associated with vertical divestiture. The net result could be reduced domestic energy supplies and increased dependency on foreign supplies. The following anticipated effects illustrate the significance of problems expected during the transition period:

The incentives of affected companies to make capital investments during the transition period would likely be curtailed due to uncertainties over: Future cash requirements, the ability of divested companies to refinance outstanding debt, and the ability to sell-off assets at reasonable prices during divestiture.

The ability to raise external capital would be reduced due to uncertainty over the ownership of assets which serve as collateral for long-term loans. Also, it might be impossible for some of the divested corporate entities to sell long-term unsecured debt securities since many institutional investors require demonstrated operational profitability. It is possible that these divested segments would require government subsidies or government loan guarantees in order to obtain sufficient capital to remain viable for a three to five year period after independent operations have begun.

The abrogation of existing debt due to the divestiture process would most likely result in its renegotiation at higher rates, yielding higher costs of operating the divested segments.

Lenders could put great pressure on affected companies to curtail capital investment programs so as to provide cash to repay the outstanding debt over the shortest period of time, resulting in the postponement of capital investments for the exploration and development of new energy supplies.

As a result of these transitional effects, new investments in all except the most extremely profitable areas would likely be curtailed for several years, foregoing the opportunity to achieve energy independence within the next decade.

These conclusions are based on a study of the transition process and its effects performed by an interagency task force established by the energy resources council in March of the year. The task force objectives are to develop and collect information relating to the degree of both horizontal and vertical integration within the petoleum industry, and to assess the effects of integration on competitive behavior, petroleum prices, industry profits and the strength of the OPEC cartel. The Departments of Treasury, State, Justice, and Commerce and the

FEA are participating in this effort. It is anticipated that a year or more will be necessary to complete this study and develop conclusions which can be supported quantitatively. However, this task force has produced an interim discussion paper on vertical divestiture which I will submit for the Record today. It includes a description of the potential problems in implementing vertical divestiture as provided for in S. 2387, a preliminary analysis of both the short- and long-term financial implications of divestiture and a summary of relevant statistical information.

As shown in this paper, those who would argue for industry reorganization based on concentration levels or other available measures of market power have not been able to make a compelling case. Available statistics do not support the conclusion that there is a higher degree of concentration in the petroleum industry than other major U.S. industries, or that there is declining competition, as illustrated by the following:

Concentration levels in the refining and marketing areas of the petroleum industry have not changed significantly in the last 20 years. For the largest eight firms, the concentration ratio for refinery capacity declined by 1% between 1955 and 1974, and the ratio for gasoline marketing remained constant over this period.

Although concentration levels in crude production have increased significantly in the past 20 years, only modest increases have been observed in the last 10 years. For the eight largest firms, crude production concentration levels increased from 31% in 1955 to 39% in 1965, but only an additional 2 percentage points in the last 10 years to 41% in 1974.

Concentration levels for petroleum refining are less than the average for all U.S. manufacturing. The 4-firm petroleum refining concentration level was 33% in 1970, as compared to 40% for all U.S. industry.

Refiner sales concentration levels for motor gasoline, middle distillate fuel and residual fuel oil have, in general, been decreasing in recent years. For the top eight refiners between 1972 and 1975, concentration levels for gasoline fell from 54 to 53%, for middle distillate from 58 to 56%, and for residual oil from 77 to 71%.

New entry, expansions and acquisitions by independent refiners have been appreciable in the past 15 years. Between 1951 and 1975, eight firms entered the U.S. refinery market, and 22 refiners grew to achieve a capacity greater than 50,000 barrels a day. One of these refiners has grown sufficiently to be considered a small major oil company today. These 22 firms represented 20% of total refinery capacity at the end of 1974.

There is no adequate measure available to compare the degree of vertical integration in the petroleum industry with other industries. However, while vertical integration is used widely as a form of corporate organization in the petroleum industry, it is also observed commonly in many other American industries, including steel and metal fabricating, food retailing, the tire cord and fabric industry, and the drug and health industry.

Available statistics also do not support the contention that the petroleum industry is characterized by higher prices or higher profits which result from insufficient competition, as shown by the following:

Petroleum firms have experienced an after tax return on net worth comparable to that found in other industries, and less than that of the chemical industry and the drug and health related industry.

Gasoline prices in real terms are roughly the same as they were 25 years ago. In constant 1967 dollars, gasoline sold for 35 cents per gallon in 1951, while in 1975 the price was only 35.6 per gallon.

In addition, no conclusive evidence has been found indicating that vertical integration in the petroleum industry has resulted in anticompetitive behavior, or that existing practices represent an abusive exploitation of market power by the larger firms. Instead, available statistics show an appreciable level of open market transactions in both crude oil and refined products, and an ability of independent marketers to obtain access to refined products from the major integrated companies. To illustrate:

Seventeen of the eighteen refiners which would be divested under the proposed bill are significant net crude buyers. These firms import or purchase on the domestic market, on the average, over 40% of the crude used in their refinery runs, implying that the existing market for crude is quite extensive.

Refiners sold over 82% of their gasoline to independent marketers in 1975, a share that has remained constant over the last four years.

Refiners have increased the share of distillate and residual fuel oil sales to independent marketers between 1972 and 1975, increasing from 55% to 58% for distillate and from 18% to 19% for residual oil.

Refinery processing agreements amount to only 2 percent of total refinery runs, indicating no significant degree of implied control via these arrangements.

Thus, available statistics do not support the claim that there is insufficient competition in the petroleum industry or that special remedial action is needed to promote competition within this industry. Further study of all available information will be performed by FEA in the next year and additional data will be collected to shed more light on the competitive and economic implications of vertical integration in the petroleum industry.

I also believe this divestiture proposal is premature because pending antitrust proceedings are addressing these issues in detail with the development of a full evidentiary record. Both the Federal Trade Commission and the Interstate Commerce Commission have ongoing investigations of specific practices used within the industry. Indeed, the process of antitrust litigation is slow because the issues to be resolved are extremely complex. However, justice is not served if the process is shortcut. Divestiture legislation would attempt to fashion a sweeping structural panacea to individual alleged problems, even though no convincing case in its favor has been made.

In summary, there is no conclusive evidence that vertical divestiture of the petroleum industry would result in more abundant and more secure energy supplies, at more reasonable prices to consumers. Instead, the effects of divestiture could be counterproductive to the objectives of this proposed legislation. There is good cause to believe that higher prices would result, and the divestiture process itself could be so disruptive as to preclude the United States attainment of energy independence in the next decade.

Those who support divestiture have not been able to make a compelling case that it can be justified based on concentration levels or other available statistical information. The burden is clearly on the proponents of this bill to show conclusively that divestiture is warranted and that consumers would somehow benefit.

All things considered, I will have to oppose the bill at this time.

I will be happy to answer any questions you may have.

COMMITTEE PRINT ISSUED ON COMPUTER ABUSES

Mr. RIBICOFF. Mr. President, computer crime and computer security are the subjects of a committee print issued today by the Committee on Government Operations.

The committee print was assembled in connection with the committee's preliminary staff inquiry into problems associated with computer technology in Federal programs and private industry.

The committee print, which has the Government Printing Office jacket number of 72-538, contains three General Accounting Office reports on computer problems in Federal programs and a series of articles by experts in computer technology. These articles were selected for the committee by the Science Policy Research Division of the Congressional Research Service of the Library of Congress. Additional articles were selected for the committee print by the committee staff.

PLEASE GOD, I'M ONLY 17

Mr. BROCK. Mr. President, I commend the following article to the attention of parents and children alike.

I ask unanimous consent that the article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Please God, I'm Only 17

(By Abigail Van Buren)

Dear Abby: Now that summer is here, I notice so many teenagers driving much too fast and recklessly.

Two years ago I clipped the enclosed editorial from our local newspaper and showed it to our teenage son and daughter, and after they read it they became two of the most sensible drivers alive.

Please print it, Abby. It may do the same for others.

Daily Reader.

Dear Reader: It's well worth an entire column. Who wrote it? And for which newspaper? I want to credit the author.

PLEASE GOD, I'M ONLY 17

The day I died was an ordinary school day. How I wish I had taken the bus! But I was too cool for the bus. I remember how I wheedled the car out of Mom. "Special favor," I pleaded, "All the kids drive." When the 2:50 bell rang, I threw all my books in the locker. I was free until 8:40 tomorrow morning! I ran to the parking lot, excited at the thought of driving a car and being my own boss. Free!

It doesn't matter how the accident happened. I was goofing off—going too fast. Taking crazy chances. But I was enjoying my freedom and having fun. The last thing I remember was passing an old lady who seemed to be going awfully slow. I heard the deafening crash and felt a terrific jolt. Glass and steel flew everywhere. My whole body seemed to be turning inside out. I heard myself scream.

Suddenly I awakened: it was very quiet. A police officer was standing over me. Then I saw a doctor. My body was mangled, I was saturated with blood. Pieces of jagged glass were sticking out all over. Strange that I couldn't feel anything.

Hey, don't pull that sheet over my head. I can't be dead. I'm only 17, I've got a date tonight. I am supposed to grow up and have a wonderful life. I haven't lived yet. I can't be dead.

Later I was placed in a drawer. My folks had to identify me. Why did they have to see me like this? Why did I have to look at Mom's eyes when she faced the most terrible ordeal of her life? Dad suddenly looked like an old man. He told the man in charge, "Yes, he is my son."

The funeral was a weird experience. I saw all my relatives and friends walk toward the casket. They passed by, one by one, and looked at me with the saddest eyes I've ever seen. Some of my buddies were crying. A few of the girls touched my hand and sobbed as they walked away.

Please . . . somebody . . . wake me up! Get me out of here. I can't bear to see my Mom and Dad so broken up. My grandparents are so racked with grief they can barely walk. My brother and sisters are like zombies. They move like robots. In a daze, everybody! No one can believe this. And, I can't believe it either.

Please don't bury me! I'm not dead! I have a lot of living to do! I want to laugh and run again. I want to sing and dance. Please don't put me in the ground. I promise if you give me just one more chance, God, I'll be the most careful driver in the whole world. All I want is one more chance. Please, God, I'm only 17!

JUNE GOLDEN FLEECE AWARD GOES TO NATIONAL CENTER FOR HEALTH SERVICES RESEARCH

Mr. PROXMIRE. Mr. President, my "Golden Fleece of the Month Award" for June goes to the National Center for Health Services Research. An examination of over $20 million of their grants and demonstration contracts indicates that routinely they were not completed on time, cost up to five times the original contract, and contained low quality and highly questionable results.

Some time back I asked the General Accounting Office to examine how the National Center for Health Services Research managed its research and demonstration projects. The Center is charged with improving health care delivery by providing funds for research in this field. The results of the audit were staggering. Here are some of them:

(1) The information bought and paid for with over $10 million of taxpayers' money under one contract was not only unavailable to the public but much of it was essentially unavailable to the National Center itself.

The purpose of the project was to develop a comprehensive computer system to include both the medical and billing records of patients.

When the General Accounting Office audited the project, officials of the National Center asked the GAO to give them any information the auditors could get from the contractor because the Center was having trouble getting the information itself.

This is an example of an uncompleted, seven year old project in which the government is having to pull teeth to get the data it paid for.

(2) A one year study originally costing $325,000 to compare the costs of different types of medical arrangements, such as group practice, solo fee for services, use of paramedic personnel, etc., ballooned into a four year, $1.25 million project.

An evaluation in the third year, but AFTER the contract was increased by $930,000 and extended to four years, found that ". . . the work had generally been of low quality . . . of 48 papers (produced), only one had been published, and that was in a journal of generally low technical quality," and that the work would neither ". . . contribute to or expand the existing body of . . . knowledge . . . or be particularly useful for policy formulation."

In other words, the agency blindly shovelled out money and extended the time for an essentially worthless project.

(3) After spending $1.6 million to study how to make hospitals, clinics, and other health care institutions more efficient, a group of experts found the data provided by the study was of low quality and of questionable value and that the project director was relatively uninformed in the health services field.

What they found, essentially, was that the contractor who was paid to study efficiency was inefficient. The project was finally cancelled—after spending $1.59 million—because of "poor productivity."

(4) After spending about $1 million to study how computers could be used to strengthen health services, expert reviewers stated that they had ". . . no confidence in the project director's ability to administer and complete the project."

In addition to the problems connected with these specific studies, the GAO found that:

"The Center lacks the ability to determine whether goals are being achieved.

"Of 94 contracts awarded in 1974, 37 were sole-source awards. The July 1974 report showed that 67 percent of all Center contracts active as of March 30, 1974, were noncompetitive awards.

"Of the 22 contracts (the GAO reviewed), 21 had from 2 to 17 modifications after award. Many of the modifications were for increases in time and contract amount and for changes in scope."

Here is an agency and a program designed to improve health care delivery—one of the most costly aspects of American life and one vital to the well-being of every American citizen.

The examination by the GAO of a representative number of grants and awards indicates to this Senator that the Center more than rivals the Pentagon in cost overruns, modified contracts, and late deliveries.

THE NEED FOR FEDERAL REGULATORY REFORM

Mr. HUGH SCOTT. Mr. President, the need for Federal regulatory reform is becoming increasingly important as more and more attention is being focused on it. I have always been aware of such a need because often well-intentioned legislation hinders private business instead of helping it. Small business in particular has suffered from this burden of overregulation. Instead of stimulating the economy, this regulatory legislation has resulted in the proliferation of Government bureaucracy which often stifles private initiative. Therefore, I welcome and shall continue to support the views expressed so effectively by the Vice President in the speech he recently delivered before the National Conference on Regulatory Reform in Washington, D.C., on May 26, 1976. I have introduced, with Senator Brock, President Ford's Agenda for Regulatory Reform, S. 3428. The Vice President underscores the need for quick action on the bill.

I ask unanimous consent that his remarks be printed in the Record, and I commend them, Mr. President, to the thoughtful consideration of our colleagues.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Remarks of the Vice President

I am delighted to welcome all of you to this National Conference on Regulatory Reform. The subject with which you will be dealing is crucial to the growth and strength of our economy, and thus of the Nation itself.

Regulatory reform is an area of special interest and concern to me. As many of you may know, I have the pleasure of serving as Chairman of the National Center for Productivity and the Quality of Working Life. And in carrying out its legislative mandate to help increase this Nation's productivity, the Center has chosen regulatory reform as an area for major concentration of its efforts.

Industry by industry, the Center is organizing task forces made up of management, labor, government regulators and economic and other experts involved in a particular industry. These task forces will identify the industry's major problems stemming from regulation, document the impact of regulation on the industry, and make recommendations for regulatory reform to improve productivity in that industry. Because these task forces will be made up of the people directly dealing with government regulation, the people on the regulatory front-line in a particular industry, I have great confidence in the realism and the relevance of the recommendations they are going to make.

Today, I would like to approach this whole issue of regulatory reform in terms of an historical perspective—in terms of the forces which have shaped America's growth. Two hundred years ago, brave men signed a landmark manifesto not only for civil liberty but also for economic freedom. Important as it is to commemorate the Declaration of Independence as a landmark for civil rights, it is equally important to recognize it as a charter for economic freedom and opportunity.

The Founding Fathers recognized that individual liberty required economic freedom, that these two were wholly interrelated, and that one could not exist truly without the other. They knew that human dignity is destroyed not alone by suppression of civil rights but also by economic bondage. Our forefathers struggled against a system which sought to regulate their industry and commerce to a design set in London for the benefit of the British. They fought efforts to subject the vast American domain and its people to plans that subordinated America's growth and American aspirations to the service of an oligarchy in far-off England.

The American Declaration of Independence, and the American Constitution that followed 13 years later, were not only historic milestones of a political revolution. They signified a major economic revolution as well, one that challenged government domination of trade, that broke the bonds of British mercantilism, that wiped out the remnants of feudal land laws imposed upon this country, and set loose the forces that ended indentured labor services and ultimately ended human slavery.

Two hundred years of human liberty and economic freedom produced an American enterprise and social system that has given ordinary individuals the widest possible opportunity under which their drive and productivity have achieved the highest standard of living in the history of man. In these accomplishments, the United States developed a pragmatic balance between personal freedom and the common good.

A realistic examination of the history of the American enterprise system reveals that it was by no means a totally private enterprise endeavor. Government has always played not only a significant but a crucial part in American economic life. The role involved not alone the negatives of restraints but the positives of promotion as well.

This system achieved a productive balance between autonomy in enterprise and governmental direction and restraints in economic activity. These relationships between government and the public have been dynamic—not static—a continuing evolution politically and economically.

How does that balance stand today? Are the basic concepts set forth by the Declaration of Independence as sound today as they were 200 years ago? The Federal government has played an extraordinarily constructive and essential role throughout our economic history. The tremendous dedication of loyal civil servants has made government work. And, the need for Federal leadership and creative initiatives continues.

Nevertheless, there are growing and legitimate claims that a dominant central government in Washington is already placing impediments and nonproductive restraints upon individual activity, voluntary association and economic enterprise. There are those who see a danger that this central government and its bureaucracy—remote from the great productive regions of industry and commerce, remote from the farms, factories, mines and markets, remote from communities and their governments—is enacting laws and laying down edicts that unnecessary stifle growth and bear little relevance to the actual scene.

There are those who warn that designs set in Washington are stifling individual and corporate initiative, thereby constraining growth, productivity, and the necessary increase in job opportunities. And so we must ask ourselves: Is there a threat to human liberties today because economic freedoms are being restricted, initiative discouraged and individual creativity thwarted?

Here in our own land, we run the risk of falling into the trap of thinking that human liberties and economic freedoms can exist one without the other. They never have. They never will. Throughout the world, the thrust for individual liberty has been challenged and blunted by doctrinaire assertions that economic security must be the prime object of society. It is held by some that only centrally-adopted and centrally-directed planning and programming, and implementation by an all-powerful government, can achieve economic security.

The risk here in America is not so much that we will take up the worship of the false gods of totalitarian ideologies. It is more that we may drift into Statism by government's progressively legislating such overwhelming and detailed responsibilities for the ordering of society that liberty will be surrendered in the process.

It was clear in the hearings on domestic policy, that I held on behalf of President Ford around the country, that there is a growing concern on the part of people in all walks of life—that due to a great deal of well-intentioned but hastily-enacted legislation, enormous authority has already been delegated to a proliferating governmental bureaucracy—under myriads of statutes, administrative rules and regulations, resulting in a maze of red tape.

To comply with this ever-changing complex of laws, rules, regulations and orders has already become an ever-growing burden. It perplexes and inhibits individuals. It stymies small business. It stifles initiative and compounds the costs of large and small enterprises alike. Even determining the proper legal mode of conduct is becoming so complex as to be unintelligible.

More and more, the citizen, or his lawyer, or both, must go to the bureaucracy for the answers, and hope that the answers are not contradictory when more than one agency or one level of government is involved. We run the danger of reaching that stage, at which too many other nations have already arrived, where one must go to the offices of the particular ministries to find out what the laws are and how they are being interpreted, and to do this periodically to be sure that the interpretations are still the same.

The genius of the American system lay in the fact that government established a broad framework of policy and law within which individuals, groups and enterprises could operate with great flexibility. It is time to reemphasize this essential concept—to foster a climate within which enterprise, individual and voluntary group endeavors are stimulated for the productive benefit of all Americans. This does not mean a retreat into the past, a scrapping of social progress, nor abandonment of goals of equity, fairness and progress. It means the development of a framework of law and enlightened regulation geared to today's needs and tomorrow's challenges, that will call into play the energies of the American enterprise system, the dynamism of our industry, the creativity of our labor, the ingenuity of our science and technology. It means that government regulations should not only achieve national social goals but should also promote productivity and increasing job opportunities, rather than hinder them.

Toward that end, I specifically recommend that:

1. The executive and legislative branches of government together with labor and management, science and technology, should in each area of regulation:

(a) Establish clear national objectives and criteria for regulations to achieve them;

(b) Determine the effects of regulation, both intended and unintended;

(c) And change, where necessary, existing laws, rules and procedures to assure that they are promoting, not hindering, the attainment of our overall national objectives.

2. In the future, any proposed new laws or regulations should be made in light of our broad objectives, instead of the piecemeal, ever-changing process of the past which has hindered productivity and progress.

Twelve days ago the President sent legislation to the Congress that would make a major contribution towards achieving these ends. This legislation called "The Agenda for Government Reform Act requires the President and the Congress to jointly consider and act on reform proposals in each of the next four years. The President would analyze the total effects of government regulation on major sectors of the economy and the Congress would commit to act upon these proposals.

By setting forth an agenda for action, we will encourage individual Americans in all walks of life—businessmen, workers, consumers, teachers—to work in concert with their Government to build a more rational regulatory environment. The question is not, and should not be whether government should play an economic role. The question is how government should be creatively involved in protecting and promoting the freedom, well-being and opportunity of American citizens as individual as well as protecting our environment and assuring our national security.

In the Declaration of Independence, the Founding Fathers proclaimed the revolutionary truth that human liberty and economic freedoms are inseparable. They saw that expanding economic opportunity in a boundless America would not only provide better living but would be a principal guarantee of human freedom. They saw an America that would not mandate the life style of its people, but encourage them to develop their own. They saw an America that looked to dynamic economic growth for the future well-being of all.

At this Bicentennial, let us rediscover this America. At this conference, you can make an important contribution toward that rediscovery.

ECONOMIC FREEDOM: THE NEW FRONTIER IN CIVIL RIGHTS

Mr. HUMPHREY. Mr. President, it was my privilege to address the annual freedom fund dinner given by the Southside Chicago Branch of the NAACP on June 11.

I share with our colleagues the text of my prepared remarks, in which I explored the major components of an economic agenda for black Americans in this Bicentennial election year.

The civil rights movement in America has been very successful in many respects. The Civil Rights Act of 1964, the Voting Rights Act of 1965 and its extensions, and the Fair Housing Act are among the milestones we have reached in the struggle to guarantee full and equal opportunity for all Americans in our national life.

But much remains to be done. It is my firm belief, as I stressed in these remarks, that—

> The unfinished task is to secure once and for all a place for black Americans in the economic life of this Nation. Because today, more than ever, real freedom is in the market place. Economic freedom and the self-determination it brings is the most challenging frontier that the civil rights movement must now cross.

Mr. President, I ask unanimous consent that the text of my remarks be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS OF SENATOR HUBERT H. HUMPHREY, NAACP ANNUAL FREEDOM FUND DINNER, CHICAGO, ILL., JUNE 11, 1976

It is wonderful to be with you again to share the warmth of your friendship and the spirit of your fellowship.

I always feel as though I've come home. My association with this organization has been one of the most rewarding aspects of my public life, as we have worked together for the cause of civil rights, human rights—human justice.

In this Bicentennial year, Americans are celebrating, in every conceivable fashion, the 200th anniversary of the signing of the Declaration of Independence.

But there is another milestone to celebrate, and that is the 67 year-long life of the NAACP.

With the possible exception of organized religion, no organization has made more of an impact on the course of American history in this century. No organization has given more in love, compassion—in philosophical guidance, leadership, and downright hard work to the cause of justice than the NAACP.

You have been the backbone of leadership in the struggle for human rights. Since your earliest days, you have pricked the conscience of America.

You have defined the issues. You have shown us the way. And, in the Bicentennial mode, let me say that you pointed out in the most unmistakable terms—that the Declaration of Independence had to mean what it said when it proclaimed the self-evidence of the truth that "All men are created equal."

This meeting takes place at a crucial time in the history of our land.

While Americans everywhere celebrate the anniversary of the founding of our nation, they simultaneously are selecting a person to provide national leadership for the first portion of our third century.

This is a critical election—not only because it offers the American people a chance to restore majority government. It is critical because of the opportunity it provides to establish new priorities to determine the course of our third century.

What a golden opportunity! We have an open invitation to seize the future—to guide our fate and make solid realities of the dreams on which this nation was founded.

This should be a time of probing, of self-examination.

We must challenge the traditional ways of doing things. We must focus on the tasks before us to make this country what it ought to be.

We've come a long way. No one can deny that. We will never forget the moving, haunting cry of Martin Luther King, who shook this Nation to its foundations because he had a dream.

It was a simple dream of justice and dignity for our brothers and sisters across this land.

We shared that dream. And let us never forget that we have been well on the way to making much of that dream come true.

With the hope, prayers, and common efforts of those who understand justice, we were able to turn this Nation around.

We went into the churches, and the political organizations—into every corner of American life, and we brought together a great coalition that struck the conscience of this Nation.

I don't have to remind you that the product of that struggle included the Civil Rights Act of 1964—which guaranteed to every American equal access to public accommodations, to educational opportunity, to participation in programs receiving Federal assistance, and a fair chance to get a good job.

The Voting Rights Act of 1965 was born of that struggle, and it is widely regarded as the most successful civil rights bill ever enacted.

By 1972, 64 percent of the age-eligible black citizens in the South were registered to vote. Some 3,324,000 black Americans voted in the 1972 elections, and since the 1974 elections, there are now some 94 black State Legislators in the South. The Voting Rights Act, which has been extended by Congress, has removed the last remaining obstacle to full participation by all Americans in the electoral process.

Another milestone was the Fair Housing Act of 1968, which began the demanding task of reversing years of official policies and economic practices that had fostered residential segregation.

These efforts made dreams come true for millions of Americans who had been shut out of the American system. We won because we were willing to labor against great odds. We won because we had the courage to do what had to be done—because it was right.

Our efforts helped to bring to fruition the promises laid down in the Constitution.

For the first time in American history, we gave meaning to the phrase, "We the People"—not we the whites, or we the middle-class, or we the property owners—but "We the People." There are no more beautiful words in our heritage.

It is one of the greatest joys of my life to have been involved in that great effort. We achieved an historic consensus of the American people by persuasion, and with preservance, and with the gospel truth of justice and equality among the races.

No, we won't forget these victories. But neither can we be fooled into thinking the work is done.

The unfinished task is to secure once and for all a place for black Americans in the economic life of this Nation. Because today, more than ever, real freedom is in the market place.

Economic freedom and the self-determination it brings is the most challenging frontier that the civil rights movement must now cross.

Economic integration is every bit as vital to the well-being of this country as political participation. For only with the full and equal participation of all our citizens will the United States be able to be as productive and as progressive in the market place as competition in a world market requires.

But as I come to you tonight, I am seriously concerned about the prospects for attaining this goal.

As Chairman of the Joint Economic Committee of the Congress, I have conducted a two-year intensive examination of all aspects of the U.S. economy.

There is good news, and there is some that is not so good.

I am encouraged by what I believe to be the basic strength of our economic system. U.S. participation in world markets is increasing, and we have a basically healthy system for economic growth and stability.

But what disturbs me—and it should disturb you—is that millions of Americans are not benefiting from our economic system. This undermines this basic strength that I see in our economy.

The ultimate strength of our economy will depend on the participation of all our citizens. The people are the strength of our economic system—their labor, their ingenuity, and their expertise. And our failure to allow some to participate robs all Americans of the kind of economic future that is within our grasp if we but make the effort.

I am convinced that we have the tools to bring about total economic integration and participation in this country.

I want to share with you what I believe to be the necessary components of an economic agenda for black Americans in the last quarter of the 20th century.

It is an agenda addressed to the urgent problems of all our people—but one that recognizes that these urgent problems have crisis proportions for black people.

First, we must demand from our leaders a commitment to save America's cities.

Our great cities are in danger of financial and spiritual ruin—these vital, throbbing centers of commerce, communications, transportation and entertainment that have supported this nation and made us great.

In recent years, an unthinking Administration has allowed our cities to come to the brink of disaster, and the response has been, at best, benign.

Our cities simply can't wait any longer for a positive commitment. I have said before that neglect of the cities works a terrible discrimination against the millions of people who live there. Worse yet, it is a form of national blindness because the city is America's tomorrow.

Make no mistake about it: by the end of this century this nation will have over 250 million inhabitants. And 85 percent of them will be living in cities with populations of 50,000 or more. We are talking about the future of more than four out of five American citizens.

We are talking about the future of almost all our children and grandchildren—black and white alike. And yet there are some who want to retreat and say to the cities, in effect: "You're on your own."

I have an entirely different message.

I believe that a massive commitment to our cities is needed—a commitment that possesses all the scope, the vision, the financial backing, and the spirit of the Marshall Plan. In that program, we put our strength and our resources on the line, and we rebuilt the cities of Germany, Italy, and England—to the wonder and admiration of the world.

Now, do you mean to tell me that we can't make the same effort to rebuild our own cities, right here in the United States?

Of course we can. Through a three-part program of economic recovery, physical rehabilitation, and institutional reform, we can make our cities livable and prosperous.

We can make them symbols of hope and opportunity, instead of despair and indifference.

Where they have been crumbling and dying, we can build and prosper.

Where there has been filth and infestation, we can make them clean and healthy.

Where our people are intimidated by crime and vandalism, we can recapture a sense of community and brotherhood.

We can accomplish these things—and we must have them as primary goals for our economic agenda.

The second major point of our economic civil rights agenda must be the further encouragement of black-owned business.

There have been some hopeful signs in this area. For example, the Office of Minority Business Enterprise projects that the gross receipts of minority-owned business will reach $37 billion in 1977—up from $16 billion in gross receipts in 1972. By 1982, these receipts are expected to reach $67 billion.

In fiscal 1977, minority business receipts are projected to account for 2.1 percent of total business receipts—up from 1.5 percent in 1972.

It is also encouraging to note that the largest growth in minority-owned business is taking place in the areas of distribution, or wholesaling, and transportation, manufacturing and construction.

But there is a discouraging side to this picture. Figures for minority business are very inadequate, but it has been loosely estimated that in the period between December 1973 and December 1974 the failure rate among black business may have been as high as 30 percent. And 14 of the top 100 black businesses failed in that period.

The causes most frequently stated for minority business failures are, first, a poor credit cushion. Because so many minority business enterprises are relatively new and untested, a cash bind creates a critical situation when additional credit cannot be obtained.

Second, new companies—as many of these are—tend to have less solid relations with suppliers. So, in periods of material shortage, like the critical period we witnessed two years ago, minority businesses are the first to suffer.

Government policies can affect significantly the future of minority business. We must take a careful look at the need for tax incentives—changes in the tax structure which can make it possible for minority business to have the additional equity that is necessary to survive a sustained slump. And we should look to the need for promoting management training for minority-owned companies. This might include a tax credit for established companies which are willing to lend executives for training programs.

These are some of the policies which we must pursue. But central to all these goals—and vital to the economic health of all Americans—must be the establishment of a national full employment policy that guarantees to every American who is willing and able to work a decent job at a decent wage.

Full employment will be the cornerstone of any program to revitalize central city economies.

Without full employment the resources simply will not be available.

There can be no hope for the cities with persistent high unemployment rates.

There can be no fiscal stability with burning high unemployment. The Joint Economic Committee has estimated that each one percent reduction in the unemployment rate would reduce welfare costs to the Federal government by $1.5 to $2 billion and save $2.5 to $3 billion in unemployment compensation benefits.

If we moved from an unemployment rate of 7.5 percent to even 4 percent, we could reduce expenditures by as much as $17 billion at the Federal level alone.

For each one percent of unemployment you lose $14 billion in revenues. That's the problem in our Federal Budget.

Once you clear away all the bunk and the political diatribe, the central fact is that lost revenues because of joblessness are the major cause of Budget deficits.

In 1975, state and local governments lost $27 billion because of unemployment.

And it is estimated that by 1980, we will have lost $1 trillion in lost production.

That is money that will never appear in anyone's paycheck—money that cannot be taxed—money that cannot be used to buy goods and services that can keep business alive and the economy thriving.

But this is just the formal economic aspect of unemployment.

What concerns me for the spiritual, emotional and civil health of our nation is the social cost of sustained high unemployment.

It is this aspect that threatens our nation from within. Unemployment and benign government attitudes toward joblessness are a cancer in America that must be arrested.

Until every American can expect to have a part to play in this society—until each citizen can be involved through the sweat of his own work—he or she will not feel a part of our national life.

I am convinced that most Americans who are able to work would rather have a paycheck than a welfare check.

Time and time again—in our hearings before the Joint Economic Committee, I have been touched by the sad, anguished stories related to us by people who want so much to contribute to our Nation.

It is no mere coincidence that the number of Americans living in poverty in the 1960's was reduced by 14 million while the unemployment rate dropped from an average of 6.7 percent in 1961 to 3.6 percent in 1968. We worked hard to achieve those goals.

But in 1974, the number of individuals living in poverty increased by 1.3 million. I shudder to think what the 1975 figures will show with the jobless rate last year jumping upwards to 9 percent.

The facts are clear. Welfare reform must be considered in the context of full employment. And you will not bring about a reduction in crime until you put people to work.

You will not see any improvement in mental health or a reduction in alcoholism and drug abuse until people are working.

And no matter how well big business fares, you won't find real economic stability until the majority of Americans are working and producing—able to buy goods and services and purchase homes.

Congressman Augustus Hawkins and I have introduced legislation that I believe to be among the most critical of my legislative career. The Full Employment and Balanced Growth Act of 1976 can help to move us toward true economic freedom for black Americans and economic stability for all.

I call this bill the Magna Carta of free enterprise. The major emphasis of this bill is on restoring full production and job opportunities in the private sector.

It would define as full employment a jobless rate of 3 percent of the adult labor force.

Under our bill, the goals of full employment would be achieved first by better management of fiscal and monetary policy, and then, if necessary, through a variety of programs to attack specific stubborn pockets of unemployment. These would include a youth training and employment program, a regional economic development program, expanded adult job training and counter-cyclical or anti-recession grants to state and local governments.

For those unable to find employment through any of these means, there would be a job reservoir, administered by the Department of Labor, which would create a limited number of federal jobs.

The points I have outlined constitute a portion of the civil rights agenda for the future.

Some of our political leaders seem to believe there are no issues of special concern to black voters in 1976.

Some are satisfied with the successes we gained in the sixties. Overpromising is the sin of the 70's, they tell us—and they seem committed to only one thing—doing less.

Well, our people won't buy the shoddy theory that less is more!

Black Americans won't believe that a little is enough!

You know we must dream—we have to promise—for it is the effort to fulfill promises that has brought progress under the constitutional system whose longevity we celebrate in 1976.

I believe you can tell a great deal about a society by looking at the nature of its promises.

And the American promise is a reaffirmation of the God-given rights to life, liberty and the pursuit of happiness.

Our government was created to secure these rights, not to equivocate or bargain them away. The government exists not to do the minimum for its citizens—but to guarantee by every means necessary that citizens have the opportunity to do everything of which they are capable.

We can make good on these promises. We can make the future ours. But the struggle is not for the faint-hearted.

The new arena of American endeavor is not for timid souls. It is not for those with failing hearts and finite hopes.

We will stay on course. We will keep the faith of those who have gone on before.

The economic barriers to genuine freedom for all our people must and shall be overcome.

MRS. WILLIAM FRANK BUCKLEY, SR., MOTHER OF THE YEAR FOR 1976

Mr. THURMOND. Mr. President, a concurrent resolution, H. 4189, was introduced in the South Carolina House of Representatives under the sponsorship of J. Clator Arrants and the Kershaw County delegation which congratulates Mrs. William Frank Buckley, Sr., on her selection as South Carolina's "Mother of the Year" for 1976.

By this resolution, the General Assembly of South Carolina recognizes the outstanding contributions that Mrs. Buckley and her distinguished children have made in the fields of politics, journalism, literature, and the arts. She is a humanitarian whose warmth and inspiration is that of a truly great lady.

Mr. President, I ask unanimous consent that this most deserving and justifiable tribute to Mrs. William Frank Buckley, Sr., of Camden, S.C., be printed in the Record.

There being no objection, the concurrent resolution was ordered to be printed in the Record, as follows:

A Concurrent Resolution

To congratulate Mrs. William Frank Buckley, Sr., of Camden on her selection as South Carolina "Mother of the Year" for 1976 and recognize the outstanding contributions that she and her distinguished children have made in the fields of journalism, politics, literature and the arts

Whereas, Mrs. William Frank Buckley, Sr., of Camden has been selected as South Carolina's "Mother of the Year" for 1976; and

Whereas, this gracious lady, mother of ten, grandmother of fifty and great-grandmother of ten, richly deserves this honor both in her own right and because of the distinguished careers of creative service of her children; and

Whereas, those highly talented sons and daughters include the late Mrs. Benjamin V. Heath; John Buckley, president of the Catawba Corporation in New York; Priscilla Buckley of New York, who is managing editor of the National Review; James Buckley, United States Senator from New York and a nationally recognized author; Mrs. Jane Buckley Smith of Sharon, Connecticut; William F. Buckley, Jr., publisher of the National Review and host of the popular and informative television show "The Firing Line"; Mrs. Brent Bozell of Huntly, Virginia, who with her husband publishes a Catholic magazine; F. Reid Buckley of Camden, a nationally recognized author-lecturer; the late Mrs. Gerry (Maureen) O'Reilly; and Mrs. Raymond (Carol) Learsey of New York City; and

Whereas, Mrs. Buckley has been further recognized in a most ecumenical manner by her selection as National "Catholic Mother of the Year" for 1976 and has been previously selected as "Mother of the Year" by the Second Presbyterian Church of Camden; and

Whereas, it is only reasonable to assume that the philosophy and humanitarian warmth of this truly great lady has inspired the eminent accomplishments of her children and made her indeed the mother of the year for 1976 or any other year; and

Whereas, the General Assembly wishes to join with others on behalf of the people of

South Carolina to salute Mrs. Buckley on her highly merited award.

Now, therefore, be it resolved by the House of Representatives, the Senate concurring:

That the General Assembly by this resolution congratulates Mrs. William F. Buckley, Sr., on her selection as South Carolina's "Mother of the Year" for 1976; recognizes the outstanding contributions that she and her distinguished children have made in the fields of journalism, politics, literature and the arts; and extends to her best wishes from the people of South Carolina for many additional years of happiness.

Be it further resolved that copies of this resolution be forwarded to Mrs. Buckley at Camden, South Carolina, to William F. Buckley, Jr., at 150 East 35th Street in New York with a request that it be inserted in the "National Review", to the Honorable Strom Thurmond in Washington, D.C., with a request that it be published in the Congressional Record and to the Camden Chronicle at Camden, South Carolina.

THE ROLE OF THE INTERNATIONAL COURT IN GENOCIDE

Mr. PROXMIRE. Mr. President, a common complaint against the passage of the Genocide Convention is that the "international penal tribunal" mentioned in article VI poses a threat to the constitutional rights of American citizens. People often say that this could force Americans into being tried in a foreign court where our sixth amendment rights to trial by jury are not safeguarded.

The actual text of article VI poses no threat to our guaranteed rights:

> Persons charged with Genocide . . . shall be tried by a competent tribunal of the State in the territory of which the act was committed, or by such international penal tribunal as may have jurisdiction with respect to those Contracting Parties which have accepted its jurisdiction.

Since no such tribunal exists at present, those accused would be tried in an American court with all constitutional privileges. And, if the United Nations did in the future adopt a treaty providing for a tribunal, there is nothing in the convention which mandates our participation in that tribunal.

This objection is as shaky as the rest which have been presented by the convention's opponents. There is absolutely no reason to believe that after signing the convention a U.S. citizen will be deprived of his constitutional rights in a foreign country any more than already happens today. A person can today be tried and imprisoned in a foreign country, and our Government can do nothing about it. At least if we signed the convention, other countries would feel that we could be trusted. There might even develop a degree of reciprocity, where it does not exist today—further protecting U.S. rights.

Surely, it is time for us to sign the Genocide Convention, thereby reaffirming our support on an international scale of the basic human rights guaranteed in our Constitution.

MIXING DOWN AN ECONOMY

Mr. BROCK. Mr. President, the recent fluctuation of the British pound, and the subsequent shoring up of the pound through foreign dollars, including our own, is reason for concern. An editorial in the Wall Street Journal addressed this subject, and additionally addressed the idea that we may again be forced to answer calls for help, financial help, from Great Britain. Therefore, I ask unanimous consent that the Journal's editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

MIXING DOWN AN ECONOMY

We're told that Prime Minister Callaghan was "jubilant" about the new $5.3 billion credit line the United Kingdom has just received from its friends to help prop the pound.

Since the United States is buying $2 billion worth of the jubilation, it would seem to be time to ask some questions about the longer term prospects for the British economy. We ourselves would be more jubilant if we could see some clearer signs that Mr. Callaghan's government perceives the fundamental ailments and has serious intent to do something about them.

Those ailments were dramatized by the near brawl in the House of Commons a few weeks ago over the government's high-handed attempts to ram through yet another nationalization bill. We understand that further attempts to nationalize aircraft output and shipbuilding are being postponed while England tries to behave itself for its creditors. But the push from the Labor Party's left for nationalization long ago gained unwarranted respectability from a general acceptance of the concept of the "mixed economy." The concept deserves reexamination.

A mixed economy is, of course, one that falls somewhere in between state and private capitalism. Render unto Ceasar the price of a ton of coal and to ICI 200 pence for a ball of yarn. Admirers find it an enlightened compromise. That might be true if there were some point at which the balance could be stabilized. But that, unfortunately, does not appear to be the case. At some point, the balance becomes dangerously unstable, and that may well be happening in England.

Now it should be said at the outset that all economies, including even the Soviet economy, are mixed in the sense that neither state nor private enterprise is ever entirely missing. The real question arises not over whether a little bit of state enterprise can survive in a predominantly private economy, or the converse, but over whether the two are compatible when each has a major role.

The test, as it boils down in England, is whether the state enterprises feed upon and ultimately destroy private industry. There would seem to be a plausible argument that this is in fact what happens.

The fundamental problem with state enterprises is an inadequate capacity to adapt to changing times and changing needs. Nowhere is that more evident than in the Soviet Union. Since there is no real profit goal—no matter how hard the Socialist economies have labored to synthesize one—the only goal of the organization is self-perpetuation. Demand for its goods may be falling, its losses may be piling up, it may be overstaffed, but it just keeps rolling along. And the state, itself concerned more about employment than efficiency, encourages it in its course.

The British Socialist left, for example, has just nailed up the scalp of an ambitious manager who dared to attempt to pare the swollen employment rolls of British Steel Corp. The company's losses totalled some $600 million in the latest fiscal year.

The British Labor government has attempted to address this problem by requiring state enterprises to charge a "commercial" price that obviates state subsidy. As the British Steel experience indicates, it hasn't helped much: With foreign competitors already more efficient, raising prices is a good prescription for expanding losses.

Losses, in this context, mean state subsidy, draining capital and resources from efficient producers in order to subsidize inefficient production. It is, in essence, an economy operating in reverse.

And as this process weakens the efficient producers they too soon become "troubled industries," in danger of laying off workers and thus candidates for state takeover. The shipbuilding industry, which the U.K. had attempted to nurse along before proposing nationalization, is a good example.

The British government has a superficial plan for reversing this process. It recently introduced a "new industrial strategy" which intends to allocate investment into the most "promising" industries. This suggests some understanding of the problem but it fails to recognize that various British governments have attempted similar masterminding efforts for 15 years or so to little avail. The companies selected for special help are more likely than not to find the government's ministrations a kiss of death, simply because the government will undoubtedly load them with policy baggage along with its aid.

The prospect then is for a continuing tilt towards state ownership. British workers can look forward to a relative poverty, working for the state the Fabians have told them they would someday dominate. We would hope we are wrong, but there is every appearance that in Britain the balance has tipped against a significant private role in the "mixed economy" of the future. Unless it can find some way to change that, we can expect more calls for help.

WATERGATE REFORM—S. 495

Mr. RIBICOFF. Mr. President, I am pleased that the majority leader has scheduled S. 495, the Watergate Reorganization and Reform Act, for floor consideration as soon as the Senate returns from its July 4 recess.

S. 495 is based upon the legislative recommendations of the Senate Watergate Committee and the Watergate Special Prosecution Task Force. The bill would establish a mechanism for dealing with misconduct by high-level Government officials, by creating a new division within the Justice Department, and by providing for the appointment of a temporary special prosecutor in cases where one is necessary. The bill would also provide Congress, for the first time, with its own legal counsel, so that Congress would not have to regularly rely on outside sources for representation. And finally, the bill would require financial disclosure for high-ranking officials in all three branches of Government.

S. 495 was unanimously reported out of the Government Operations Committee in early May, and was subsequently referred for review to the Judiciary Committee. The bill was placed on the Senate calendar on June 16.

Mr. President, in this connection, I am very pleased to have received today a letter from a majority of the members of the Judiciary Committee expressing support for S. 495.

Such support is invaluable, Mr. President, in light of the Judiciary Committee's experience and expertise with respect to matters contained in this legislation. In addition, a number of members of the Judiciary Committee have made significant suggestions for improving the legislation for which I am very grateful. These suggestions will be incorporated in amendments which I hope will be adopted on the floor of the Senate when S. 495 is considered.

Mr. President, I ask unanimous consent that the letter to Senators Percy and myself, dated June 21, 1976, be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Committee on the Judiciary,
Washington, D.C., June 21, 1976.

Hon. Abraham Ribicoff,
Chairman,
Hon. Charles H. Percy,
Ranking Minority Member, Committee on Government Operations, Washington, D.C.

Dear Senators Ribicoff and Percy: By unanimous consent S. 495, the Watergate Reorganization and Reform Act of 1976, was referred to the Judiciary Committee for a period of time which expired on June 16. The Committee was then automatically discharged from its consideration of the bill. We appreciate your recognition of the interest of the Judiciary Committee in considering this legislation after it was reported unanimously by the Government Operations Committee.

We especially appreciate the cooperation of the Government Operations Committee in supporting a unanimous consent agreement to grant a reasonable extension of the original thirty-day referral time so that the Judiciary Committee would have ample oportunity to act on S. 495. Although the Committee on May 26 held a hearing on the bill and the question of reporting was raised at the Committee's June 15 meeting, we were unable to secure a vote on reporting S. 495 before the referral time had expired.

For the record, we want to state that if the Committee had voted on S. 495, we would have voted to report the bill favorably.

Sincerely,

Philip A. Hart, Edward M. Kennedy, Birch Bayh, Quentin N. Burdick, John V. Tunney, James Abourezk, Hugh Scott, Charles McC. Mathias, Jr.

OIL COMPANY DIVESTITURE

Mr. GARN. Mr. President, one of the arguments made for oil company divestiture is that divestiture will have a positive impact on the nature of the international oil industry. For that reason, any information that we can get on that subject is important. I have previously inserted in the Record a summary of a study made by the energy policy research project of George Washington University. The authors of that study, Dr. William A. Johnson and Dr. Richard E. Messick, have now completed an analysis of the international implications of vertical divestiture.

The authors conclude that there is no community of interests between the oil-producing countries and the oil companies, that OPEC succeeds as a cartel through price allocation, rather than formal prorationing of production, and that vertical divestiture will result in increased vulnerability of the United States in the event of a future Arab-Israeli conflict, with a related embargo. Specifically, they observe that "the U.S. Government's price and allocation controls appear to have encouraged the very actions of the oil companies which vertical divestiture legislation is supposed to correct."

This is not the first time that Government action is proposed to correct problems caused by Government action in the first place; but it is among the most serious examples of this kind of thinking.

Mr. President, I ask unanimous consent that the Johnson and Messick study be printed in the Record, and urge all Senators to read it.

There being no objection, the study was ordered to be printed in the Record, as follows:

The International Implications of the Vertical Divestiture of U.S. Oil Companies

(By William A. Johnson and Richard E. Messick[*])

The United States Congress is now considering legislation that would require the separation of the major oil companies into producing, transporting, and refining-marketing firms. At the moment it appears that a principal justification for divestiture legislation is that it would weaken the OPEC cartel. Because the international oil companies are vertically integrated, many critics of the industry believe that the companies have several interests in common with the oil producing nations and are, in effect, allies of these nations in their efforts to maintain oil prices far in excess of costs of production. For example, Senator Philip Hart of Michigan, one of the principal sponsors of divestiture legislation, asserts that "the major oil companies are 'going along' with the OPEC cartel because it is in their corporate interests to."[1] Advocates of divestiture legislation contend that breaking up the companies will dissolve the community of interests between the international oil companies and the oil producing countries. This, in turn, will make it much more difficult for the countries to sustain the current high world price for oil.

We examine this argument in depth. In doing this, we discuss how the OPEC countries have managed to maintain relatively high prices. We also discuss how divestiture would affect OPEC's ability to function as an effective cartel, as well as the Arab producing countries' ability to influence U.S. foreign policy through the imposition of another oil embargo.

1. Is There a Community of Interests Between OPEC and the International Oil Companies?

The notion that the international oil companies and the oil producing countries have a common set of interests, and that this explains the continued viability of OPEC as a cartel, appeared over a year ago in a report by the Senate Subcommittee on Multinational Corporations.[2] Subsequently, it has been adopted by the staff of the Senate Antitrust and Monopoly Subcommittee as a principal justification for vertical divestiture legislatiton.[3] Anthony Sampson, a British investigative journalist, has popularized it in his best selling book on the international oil companies, articles in the popular press, and testimony before Congress.[4]

According to this argument, OPEC faces two basic problems as a cartel. The first is to keep prices up by developing a system for allocating production among its members in a way that balances world oil supply with demand. But because experience shows that this is an inherently divisive task for the members of a cartel to undertake themselves, OPEC would be much more likely to continue as an effective cartel if a third party were to do the actual production prorationing for it.

OPEC's other problem is to insure continued outlets for its members' oil. Because no OPEC member's national oil company is capable of marketing all of its crude oil at present, OPEC must depend on foreign firms to distribute its oil in the consuming countries. However, OPEC's members do not want to sell to just any firm. There is a danger that aggressive buyers of crude, seeking the lowest price, would trigger a price war among OPEC members by playing one country off against the other. Thus, OPEC seeks to deal only with those companies that have little or no interest in lower prices and are willing to establish long-term relationships under which they become tied to particular member countries.

The interests of the international oil companies, it is argued, mesh perfectly with the needs of OPEC. Each company operates in more than one country. And, because each company wishes to protect its interests in the countries in which it operates, it balances its production in such a way that no country is so dissatisfied with production rates that it will sever its ties to the company. The net effect of this system, as all the companies simultaneously balance their liftings, is that production is allocated more or less equitably among OPEC members. This is done without the necessity of OPEC's members having to face up to the potentially divisive issue of agreeing on output levels among themselves.

OPEC's problems of finding buyers willing to sign long-term contracts and unwilling to try to bargain down crude prices is also solved by dealing with the international companies. Because each company wants long-term supply guarantees to insure that its refineries will operate at full capacity, each is willing to enter into long-term purchase agreements with individual countries. Furthermore, the companies will not try to bid down prices because they have sizeable oil reserves outside OPEC that increase in value whenever OPEC raises its price. Therefore, companies also benefit from OPEC's successes as a cartel.

Perhaps the best way to analyze this argument is to begin by reviewing the nature of the oil company-host government relationships. Originally, a company or consortium of companies negotiated a concession agreement with a country that gave it the exclusive right to all oil discovered in the concession area. In return, the government usually received an advance payment and royalties based on production rates. However, the countries eventually became dissatisfied with these concession agreements.

Beginning in 1968, OPEC members called for a revision of the concession contracts. In September 1971 OPEC met in Beirut and passed Resolution 139 calling for the achievement of "effective participation" in the assets of the producing companies by OPEC's members.

Under the participation agreements negotiated subsequent to the Beirut Resolution, the countries received a share of the oil produced in their territory. During this period, the companies and the countries, as joint owners of oil concessions, had a common interest in price and production levels. This did not last for long, however.

The producing countries found during 1974, after the Arab oil embargo ended, that the companies were reluctant to buy back country-owned or "participation" oil because its price was substantially higher than the cost of company-owned or "equity" oil. In September 1974 OPEC met in Vienna to resolve this problem. This meeting resulted in a new formula lowering the price of participation oil, as well as company profits on equity oil, in order to increase sales of country-owned crude.[5] The main purpose of the Vienna decision was to increase incentives for the companies to lift participation oil. However, it accomplished this by reducing substantially any advantage the companies realized from their remaining equity positions. The net result was that the common interest between the companies and the countries in price and output levels was largely dissolved. Today, the companies' primary interest lies in buying crude as cheaply as possible in order to be in a better competitive position downstream.

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[*] The authors are associated with the Energy Policy Research Project at the George Washington University, Washington, D.C.

Footnotes at end of article.

Moreover, by 1976, most OPEC countries had either fully nationalized or were about to nationalize oil company properties within their borders. (See Table 1.) This is true of OPEC's most important members, Iran, Iraq, Kuwait, Libya, Venezuela, and Saudi Arabia, Only Ecuador, Gabon, and Nigeria, all minor producers, seem content to allow the companies to retain significant equity holdings, at least for the time being.

As a result, the companies are now acting essentially as service contractors, producing oil and maintaining the logistical systems necessary to sustain production in the individual countries. For this, the companies are paid a fee of 22¢ a barrel. Proponents of divestiture believe this fee perpetuates the common interest of the companies and the countries.

TABLE 1.—*Producing countries' share in the ownership of oil industry assets, April 1976*

Country, government participation rate, and comments.

Saudi Arabia, 60, sixty percent participation since 1974. Discussions for 100 percent takeover of ARAMCO's holdings nearing completion. Effective date of nationalization retroactive to January 1, 1976.

Iran, 100, nationalization in 1951.

Iraq, 100, almost total nationalization since 1973.

Kuwait, 60,100, Gulf-BP holdings totally nationalized in March 1976; Sixty percent participation for other foreign companies. However, their properties are to be nationalized soon.

United Arab Emirates, 60, 100 percent takeover under consideration.

Qatar, 60, 100 percent takeover is imminent.

Libya, 51,000, BP, Bunker, Hunt, Amoseas, ARCO and Shell's share of OASIS group totally nationalized; government owns a 51 percent share of Occidental's and remainder of OASIS group's holdings.

Algeria, 100, nationalization of all but Getty, CFP and ERAP production since 1971, or approximately 80 percent of total.

Nigeria, 55, 55 percent participation in production of oil since 1974. Nigerian government has subsequently announced that it will assume complete ownership and control as soon as sufficient skilled local manpower is available.

Gabon, 25, although government participation is limited, Gabon has insisted on other, stringent concessions from the oil companies.

Venezuela, 100, total nationalization in early 1976.

Ecuador, 25, all petroleum is the property of the state. 25 percent of Texaco/Gulf's operations taken over in 1974; government now plans to go to 51 percent.

Indonesia, 100, nationalization between 1963 and 1968.

Source: Federal Energy Administration, *The Relationship of Oil Companies and Foreign Governments,* Washington, D.C., U.S. Government Printing Office, 1975, supplemented by discussions with various government and oil company officials.

Footnotes at end of article.

While [the 22¢ fee] is low compared to their historic profit, it is quite high by any other standard and is nothing they would want to lose. Moreover, this special relationship enables the companies to remain as marketers of OPEC crude despite nationalization. In effect, it enables them to preserve their vertical integration even after losing their equity interest in OPEC production."[6]

There are several flaws in this reasoning. First, the margins allowed the oil companies by several OPEC countries are much lower than 22¢ per barrel. In Venezuela the latest tax law changes will allow a margin of only 19¢.[7] In Iran the effective margin, according to a representative of the Iranian Consortium, the group of companies that has produced and marketed Iranian oil since 1954, is now about 12¢. The 22¢ margin is a theoretical norm more honored in the breach than in practice.

Moreover, a 22¢ margin is low when compared to the profits the companies can make on production outside OPEC. For example, despite the fact that "new" oil prices have been rolled-back under the Energy Policy and Conservation Act, oil companies are realizing a substantially greater profit on production of "new" oil in the United States. In some instances, the profits are measured in dollars, not cents.

If, in fact, the margin allowed on production in OPEC countries is attractive, one would expect the companies to be increasing their investment in exploration and development in OPEC relative to other areas of the world. This pattern of investment did, in fact, exist prior to 1971, when OPEC first began to exercise its newly discovered power over the oil companies and production in the OPEC countries was highly profitable. At that time, the U.S., Canadian, and European share of total company investment in exploration and production fell steadily each year, while the share of the other non-Communist countries, primarily the OPEC countries, rose. (See Table 2.) Since 1971, however, this trend has been reversed. OPEC's share of total investment has fallen, while the non-OPEC countries' share has increased year after year. In short, OPEC's squeeze on company profits has had the effect one might anticipate. Rather than the oil companies' continuing to tie their futures to the producing countries, there has been a noticeable shift in investment in exploration and development from OPEC to the United States and other non-OPEC countries.

In other words, the international oil companies appear to be shopping around for crude oil in at least one important way—through their exploration and development program. Before the international oil companies can produce crude oil outside OPEC, they must first explore for and develop it. Unfortunately, this takes time, perhaps as long as a decade, to accomplish.

TABLE 2.—*Share of investment in exploration and production in non-Communist countries, 1967 through 1974*

[percentage of total]

Year	(1)	(2)	(3)
1967	64	80	20
1968	64	77	23
1969	61	76	24
1970	58	75	25
1971	48	67	33
1972	57	74	26
1973	57	76	24
1974	58	77	23

[1] U.S.A.

[2] U.S.A., Canada and Europe.

[3] Rest of the Non-Communist World (Primarily OPEC).

Source: Computed from Chase Manhattan Bank, Energy Economics Division, *Capital Investments of the World Petroleum Industry,* 1968 through 1975.

It is also argued that the companies want to continue as service contractors in the various producing countries to assure access to limited crude supplies. As a result, the companies are balancing off production curtailments in these countries and, in this way, are prorationing production for the OPEC countries. It is correct that the companies are anxious to have assured supplies of crude oil. No refiner relishes uncertainty over the supply of its principal raw material. Mobil, for example, is seeking to expand its share of Saudi crude oil and to become involved with the Saudi government in the development of various downstream activities. However, Mobil's motivation stems from a conviction that Saudi Arabia is where much of the world's future crude oil supply will be found and, whether we like it or not, the world will have to depend heavily on Saudi Arabia for its future needs. Mobil may well be correct. If it is, there is probably relatively little that the U.S. government can do to limit demand for Saudi oil. The problem lies, however, with the uneven generosity of nature rather than integration of the oil companies.

Even so, does this special relationship really guarantee a market for Saudi Arabia's crude oil? The answer is no. Mobil is no more guaranteeing a market for Saudi crude than the New York Stock Exchange is guaranteeing a market for Mobil's stock. Rather, the consuming nations of the world are assuring the market for Saudi oil. As long as the consuming countries demand energy, and are unable or unwilling to find less expensive alternatives, Saudi Arabia, and other members of OPEC for that matter, will be able to sell their oil at whatever price the market will bear.

Some critics of vertical integration believe that the companies are indifferent to price increases by OPEC because they have sizeable reserves elsewhere. At first sight, this seems to be an important shared interest between OPEC and the oil companies. Not so. Oil reserves are best thought of as inventories. Because a certain level of inventories is necessary to maintain a desired level of output, the companies will have to replace their reserves as they are used. When they do, they will have to pay higher prices. No oil company will distribute dividends based on inventory profits for this reason unless, of course, it is planning to liquidate its assets and to return these assets to its investors in the form of dividend checks.

The argument that higher crude oil prices benefit the integrated oil companies fails for another reason as well. All but one of the largest U.S. oil companies that would be affected by divestiture legislation are crude deficit. In other words, they must purchase a part of their crude oil from outside sources, generally independent oil producers, to meet the needs of their refineries.[8] In the absence of the government's price controls, an increase in the price of oil purchased by the OPEC countries also raises the price the oil companies must pay to independent producers in the United States. A company policy encouraging increases in the world price of oil would be extremely short-sighted.

As proof of this unwholesome link between the companies and the countries, critics of the companies point to the fact that they have not varied their liftings from one country to another in order to maximize pressures on OPEC's price level. However, this assertion is not borne out by recent events, particularly events since OPEC's October 1974 price formula change.

In February 1975 Libya cut its prices to make its crude oil more competitive. Several days later, Abu Dhabi also cut its prices to bolster sagging markets. In both countries the companies had not been lifting the amounts of crude oil that had been expected, largely because Libya had placed an unrealistic transportation cost premium and

Abu Dhabi, an unrealistic quality premium on their oils.[9]

In March 1975 Algeria cut its crude price slightly to bring it into line with the price of Arabian light oil. In April 1975 both Libya and Abu Dhabi again reduced their crude oil prices in an attempt to reverse a steady decline in their output.[10] Abu Dhabi's price cut was reported to be a concession to the companies for using their "best efforts" to reach the government's production target for the year.[11] On June 1 Libya again cut the price of its crude oil to give the companies an incentive for further liftings. Meanwhile, Indonesia was holding its prices firm and, as a result, was losing markets.[12]

Nigeria also reduced its prices during the first two quarters of 1975, but not by enough to increase company liftings. According to the Petroleum Intelligence Weekly, "The only customers really seeking Nigerian crude are U.S. companies that don't seem to care that the oil is 'overpriced' . . . Apparently, the workings of the U.S. government's cost equalization program and the availability of low cost domestic oil make this possible." [13] In other words, the U.S. government's price and allocation controls appear to have encouraged the very actions of the oil companies which vertical divestiture legislation is supposed to correct.

Several of the OPEC countries have, in effect, reduced their prices by providing more favorable credit terms and various under-the-table price reductions. Iraq has been especially notorious for its surreptitious price competition. Indeed, Iraq is the only country whose exports have risen steadily over the past five years. By July 1975, price shaving among certain OPEC countries had become so widespread that Algeria was driven to criticize publicly "unjustified" price cuts by Nigeria, Iraq, and Libya.[14] At the beginning of 1975, Libya had been producing at about 38 percent of its capacity; by year's end it had raised its production for the fourth quarter of 1975 to 72 percent of capacity, largely because of its price shaving. A fall-off in Nigerian production was also slowed primarily because of that country's price cuts.[15]

By the fall of 1975 it was Kuwait's and Saudi Arabia's turn. Pressures began to mount on Persian Gulf crudes, with some price erosion in spot markets. In November, both Kuwait and Saudi Arabia shaved the official sales prices of their heavy crude by a modest 10¢ per barrel to align them with the prices of their light crude oil.[16] Kuwait's reduction in the price of heavy oil, although extremely modest, was bitterly criticized by Iraq.[17] This, in turn, worsened a potentially explosive problem in the Persian Gulf region because of Iraq's claims on Kuwait as an integral part of its own territory.

In early 1976 Iran began to feel the effect of Kuwait's and Saudi Arabia's cut in the price of heavy oil.[18] Iran had also expected a 10 percent increase in the prices of both its heavy and light crude oils as a result of OPEC's December 1975 decision to increase the price of Saudi Arabian market crude by 10 percent. However, Saudi Arabia and several other OPEC countries increased the prices of their heavier crudes by a smaller amount with the result that Iranian heavy crude could not compete and company liftings fell.

The oil companies have begun buying elsewhere. The Iranian government alleges that the Consortium has violated a contractual obligation to produce a specified minimum amount of oil. The Consortium denies that it ever made such a commitment. In effect, if Iran is to set the price of oil, then the companies must reserve the right to determine how much they will buy. In February, Iran was forced to pare the price of its heavy oils by 9½¢. However, according to the oil companies, this is not enough to bring Iranian heavy crude prices into line with prices charged by other countries in the region.[19] The Consortium continue to resist Iranian government efforts to force increased liftings of heavy crude oil.

There is concern among some members of the Consortium that the pressure on Iran to lower its price may actually be eased by the United States government. There is support, particularly in the State Department, for U.S. actions to stabilize Iranian prices and production at relatively high levels. This might be accomplished by U.S. government purchases from Iran for storage under provisions of the Energy Policy and Conservation Act of 1975. There have also been reports that U.S. suppliers of military hardware are being encouraged by the U.S. government to accept hard-to-sell Iranian heavy oil as payment for aircraft, this oil to be purchased, in turn, by the U.S. government for strategic storage.[20]

Support for U.S. efforts to maintain Iranian oil revenues is rooted in the belief that Iran, because it is non-Arabic, will continue to supply oil to the U.S. regardless of developments in the Arab-Israeli conflict. Iran is also thought essential to the maintenance of U.S. interests in the region. Without Iran, the United States might have to place a substantial military capability in the Persian Gulf. There is, in other words, a shared interest between the United States and Iran. The U.S. government, by maintaining a strong and friendly Iran, is also helping to assure stability in the Persian Gulf and to prevent disruption in U.S. oil supplies obtained from the area.[21]

All things considered, this may or may not prove to be the right policy. Even if it is, it involves a cost to the United States and other consuming countries in the form of higher prices for oil. Yet, to allege that the companies are at fault for not applying sufficient pressures on Iran misses the mark. The problem is not shared interests between the companies and Iran, but shared interests between the U.S. government and Iran.

In passing, it is worth noting that, at least once before, the structure of the world oil market and the relationship between the companies and the OPEC countries was believed to be the key to OPEC's survival. No less an authority than Shiek Zaki Yamani, the Saudi Arabian petroleum minister, predicted that if the taxation system in effect in the late sixties and early seventies were changed, and the companies' holdings in the OPEC countries nationalized, oil prices would "collapse." [22] The taxation system has been changed and nationalization has occurred. Yet, OPEC's prices have not collapsed.

In short, the internationals have shifted from one source of crude to another in response to changes in price, a fact that other analysts of the world oil market have also observed.[23] This shopping around suggests that the companies are no longer making production decisions solely or even largely with an eye towards protecting their residual interests in particular producing countries.

In summary, we have seen that the companies no longer have an equity position in the majority of OPEC countries. They have become, instead, service contractors, lifting oil for a fee that is insufficient by itself to keep the companies tied to OPEC over the long run. Furthermore, we have argued that it is not the oil companies but the consuming nations that are guaranteeing a market for OPEC's oil. Finally, we have shown that the companies are clearly responding to price incentives in programming production levels in each country, and that they do not have an interest in higher crude prices. Hence, the notion that the structure of the world oil market has created a community of interests between the international companies and the oil producing countries is incorrect.

2. How Does OPEC Succeed As A Cartel?

If the companies are not maintaing the cartel, what makes OPEC work in the absence of a formal plan for prorationing? The answer is that OPEC is a managed cartel or what economists sometimes call a "structured oligopoly." A few countries have been willing to assume most of the production curtailments necessary to maintain an artificially high price for oil. Most important has been Saudi Arabia.

The periodic price increases by OPEC have, in fact, been increases in the price of Saudi Arabian light crude oil, or what has come to be known as "benchmark" or "marker" crude. In effect, OPEC meets periodically to persuade the Saudis to raise the price of their benchmark crude. The other OPEC countries, at least in theory, are supposed to raise the prices of their oils by like amounts. However, many have not or, if they have, have shaved the prices of their crude oil by various means, such as lower transportation and quality differentials.

Those countries that have an interest in maximizing production of crude oil have been able to do so under the system established by OPEC simply by adjusting the prices of their crude oil by a small amount relative to Saudi marker crude. What makes the system work is, essentially, the willingness of Saudi Arabia, and certain other member countries, to accept lower levels of output to maintain the cartel price.

The effect on lifting of crude oil is evident in data assembled in Table 3. In 1975 OPEC as a whole produced at 70 percent of its estimated capacity. However, Sauri Arabia produced at 62 percent, while Kuwait, Libya, and Qatar produced at 59, 61, and 63 percent, respectively. All other OPEC countries achieved much higher levels of capacity utilization.

Interestingly, those countries that have a need for additional foreign exchange, and therefore an interest in higher liftings of crude oil, have operated at the highest rates of capacity utilization. Algeria produced at 92 percent of its capacity; Iran at 89 percent.[24] On the other hand, those countries that have little need for additional foreign exchange have shown the greatest inclination to allow reductions in their rates of utilization. Saudi Arabia, Kuwait, Libya, and Qatar, together, absorbed about 60 percent of OPEC's excess capacity in 1975.

The division between the various OPEC countries becomes even starker when one examines changes in capacity utilization during 1975. (See Tables 4 and 5.) In both the first half and fourth quarter of 1975, capacity utiliaztion was 68 percent for all OPEC countries. During the first six months of the year, about half of OPEC's members operated at or below 68 percent of capacity. During the fourth quarter, only three OPEC countries fell below the OPEC average: Saudi Arabia, Kuwait, and, by a small amount, Venezuela. By contrast, all other OPEC countries had substantially higher rates of capacity utilization.

Of all OPEC members, Venezuela has probably been the most stubborn in its refusal to cut prices. Venezuela has also imposed some of the most stringent taxes on the oil companies and, as a result, has lost its share of the market to other members of the cartel.[25] Venezuela has good reason to do this. Its conventional oil reserves are in absolute decline for want of new discoveries. Unlike most other members of OPEC, its reserves are now projected to last only a little more than a decade at current rates of production. For this reason, Venezuela has sought to extend the life of its revenues by

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Footnotes at end of article.

lowering output. At the same time, it has tried to maximize revenues by setting prices and taxes as high as possible.

TABLE 3.—*Capacity and production for various producing countries*

	(1)	(2)	(3)
Saudi Arabia	11.50	7.08	62
Kuwait	3.50	2.08	59
Libya	2.50	1.52	61
Iraq	3.00	2.25	75
Abu Dhabi	2.00	1.40	70
Algeria	1.00	0.92	92
Qatar	0.70	0.44	63
Egypt	0.35	0.25	71
Syria	0.20	0.16	80
Total OAPEC[4]	24.75	16.17	65
Iran	6.80	6.07	89
Venezuela	3.00	2.35	78
Nigeria	2.50	1.78	71
Indonesia	1.70	1.31	77
Dubai	0.30	0.25	83
Gabon	0.25	0.21	84
Ecuador	0.25	0.17	68
Sharjah	0.04	0.04	100
Total OPEC[5]	39.04	27.16	70

[1] Mid-1975 capacity (million barrels per day).

[2] 1975 production (million barrels per day).

[3] Production as a percent of capacity.

[4] Excludes Bahrain.

[5] Includes all OAPEC countries except Bahrain, Egypt and Syria.

Source: Data supplied by the U.S. Treasury Department.

TABLE 4.—*Production as a percentage of capacity for various producing countries, first half 1975*

	(1)	(2)
Saudi Arabia	6.82	59
Kuwait	2.13	61
Libya	1.14	46
Iraq	2.18	73
Abu Dhabi	1.20	60
Algeria	.93	93
Qatar	.45	64
Egypt	.24	69
Syria	.15	75
Total OAPEC[3]	15.30	62
Iran	5.43	80
Venezuela	2.53	84
Nigeria	1.71	68
Indonesia	1.24	72
Dubai	.25	83
Gabon	.21	84
Ecuador	.14	56
Sharjah	.04	100
Total OPEC[4]	26.40	68

[1] Production (million barrels per day).

[2] As a percentage of capacity.

[3] Excludes Bahrain.

[4] Includes all OAPEC countries except Bahrain, Egypt and Syria.

Source: Data supplied by the U.S. Treasury Department.

TABLE 5.—*Production as a percentage of capacity for various producing countries, fourth quarter 1975*

	(1)	(2)
Saudi Arabia	6.80	59
Kuwait	1.82	52
Libya	1.80	72
Iraq	2.23	74
Abu Dhabi	1.56	78
Algeria	0.93	93
Qatar	0.52	74
Egypt	0.27	78
Syria	0.18	92
Total OAPEC[3]	16.18	65
Iran	4.86	72
Venezuela	2.02	67
Nigeria	1.95	78
Indonesia	1.40	82
Dubai	0.27	91
Gabon	0.20	81
Ecuador	0.18	73
Sharjah	0.04	92
Total OPEC[4]	26.60	68

[1] Production (million barrels per day).

[2] As a percentage of capacity.

[3] Excludes Bahrain.

[4] Includes all OAPEC countries except Bahrain, Egypt and Syria.

Source: Preliminary fourth quarter data supplied by the U.S. Treasury Department.

Iran's capacity utilization also declined significantly during the fourth quarter of 1975. Iran, like Venezuela, has been relatively intransigent on prices, at least until the first quarter of 1976 when, because of reduced liftings by the oil companies, it made a small 9½¢ cut in the price of its heavy oils.

Capacity utilization for all other OPEC members either remained the same or increased throughout 1975. Especially noteworthy were sharp rises in production as a percentage of capacity for those countries most active in price cutting during the year. This was particularly true of Libya, Abu Dhabi, Qatar, and Nigeria.

However, in Kuwait and Saudi Arabia capacity utilization was significantly lower during the fourth quarter of 1975. Together, Kuwait and Saudi Arabia accounted for 54 percent of OPEC's underutilized capacity during the last three months of 1975. Why? Both countries are limited in their ability to spend the foreign exchange earned from additional sales of oil. Additional foreign exchange earnings simply add to their petrodollar accumulations and will be invested, for the most part, in bank deposits and short-term securities in Europe and the United States, a use of funds not assigned a particularly high priority by either country.

By early 1976, some Kuwaiti officials began to question that country's policy of shutting in oil production, partly because of concern about possible deterioration in the long-run value of oil and, perhaps more important, loss of associated natural gas production needed to fuel the Kuwaiti economy. Some increase in output to about 2 to 2.2 million barrels per day now seems likely, possibly through price shaving. If so, barring any significant change in total demand for oil, Saudi Arabia would be left to absorb most of OPEC's surplus productive capability on its own.

The Saudi role is not especially unique. Several observers have noted that small nations often fail to pull their own weight in a common effort, leaving to the larger nations a disproportionate share of the costs of making an alliance work.[26] Over the long-run, OPEC will most likely continue to be Saudi Arabia's special burden.

Saudi Arabia's peculiar role in OPEC has been noted by others as well. For example, Mabro states: "Allowing for necessary compromises made for the sake of solidarity within OPEC, it is fair to say that the price of oil is as high as Saudi Arabia is prepared to let it be."[27] Mabro also notes that Saudi Arabia is not restricting output to maintain price. Rather, Saudi Arabia is prepared to sell substantially higher amounts of oil at the price determined by OPEC.

This is where many critics of the international oil companies have gone wrong. Because classical cartel theory holds that output must be restricted to maintain price, the critics have searched for a prorationing mechanism. Realizing that the countries themselves are not programming output, they have seized on the idea that the companies are doing it for them.[28] In fact, OPEC sets the price for Saudi marker crude. Other OPEC countries then adjust the prices for their own crude oils to reflect differences in transportation costs and quality and, if they wish, to stimulate production at high levels.

Transportation charges and quality premiums fluctuate significantly over time. For this reason, there is a continual search for the correct price, i.e., that price which accurately reflects the actual quality and transportation differentials between a country's oil and Saudi benchmark crude. Because prices are continually changing at the margin, as some countries set their price too high and others too low, attention is focused on making marginal adjustments to price, rather than the infinitely more difficult and potentially divisive task of setting output levels for each of the cartel's members.

OPEC's members are aware of the danger of production prorationing. The minutes of the OPEC meeting in September 1974 show that the countries, for the most part, refused to discuss output restrictions, fearing "a dangerous race of price cuts as every producer tries to maintain his share in a limited market."[29]

Saudi Arabia's unique position in OPEC as the only country that must maintain the price for its benchmark crude gives it awesome power over the other members of the cartel.

"The only course of action open to Saudi Arabia if she wishes to regain control over the volume of her exports is to vary the marker price. But this is tantamount to dissolving OPEC. After all, the only significant function of the organization at present is to fix the reference price . . . Saudi Arabia is the linchpin of OPEC. One could almost say without too much exaggeration that OPEC is Saudi Arabia."[30]

How long will Saudi Arabia continue to bear most of OPEC's burden? Probably as long as Saudi Arabia is unable to absorb all of the revenues it earns or will earn from its production of oil through its domestic development programs and assistance to other countries. Because production is declining or has peaked in most of the other OPEC countries, and also in such non-OPEC countries as the United States and Canada, the demand for Saudi oil will almost certainly increase, not decrease, over the next decade. The likelihood that Saudi Arabia will be compelled by its need for foreign exchange to undermine or destroy the system that sustains OPEC is very low indeed.

This appears to be borne out by the fact that, during the first quarter of 1976, Saudi production rose by over a million barrels per day. This reflects, to some extent, Saudi Arabia's failure to increase the prices of its other crude oils by the ten percent increase in the price of its marker crude, as decreed by OPEC in December 1975.[31] The major reason, however, was revival of demand for oil in Europe and an increase in consumption and fall in production in the United States. Both trends should continue and both will work against any efforts by the consuming nations to apply pressures on Saudi Arabia to increase output in order to lower prices. In short, OPEC is here to stay as a viable, effective cartel for a long time to come. It does not prorate production among its members because it does not have to.

It should be clear from how OPEC has functioned that the oil companies' equity

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Footnotes at end of article.

and other interests in producing countries have had very little to do with the pattern of prorationing established through the price mechanism by the OPEC countries. The oil companies have had no equity position in Algeria and Iran for years. Yet their liftings from Algeria and, until recently, Iran have been fairly high. Until 1976 they had substantial equity positions in Saudi Arabia and Kuwait. Yet their liftings of Saudi and Kuwaiti oil have been relatively low.

In fact, the international oil companies have been shopping around for crude oil, increasing liftings from those countries willing to shave prices in order to maximize output and to satisfy their foreign exchange earnings. By contrast, those countries that have ample foreign exchange earnings have been less willing to shave their prices and, for this reason, the companies have had less incentive to purchase their crude oil. Price is the prorationing mechanism that has been adopted by OPEC and, as long as Saudi Arabia is willing to play the game, OPEC will remain intact.

Critics have faulted the international oil companies for not having made "massive" shifts in demand from one producing country to another in response to the limited price competition that has occurred. This, they conclude, must reflect the anticompetitive effects of the international oil companies' relations with the producing countries. As we have shown, the companies have shifted liftings to a degree. However, the ability of the companies to make major changes in oil suppliers is limited by technology, at least in the short-run. Because refineries are set up to operate on a particular type of crude oil, substitution of one type for another is restricted.

More important, because Saudi Arabia has been willing to hold the line on the price of its marker crude, price adjustments by the other OPEC countries have been modest. There has been no reason for the other OPEC countries to make sharp reductions in their prices to assure sales of oil at desired levels. And because the other OPEC countries have not made major cuts in their own crude oil prices, there have not been major incentives to the companies to make "massive" shifts in their sources of supply. Are the companies to be blamed? We would think, rather, that it is the structure of the OPEC cartel and, above all, the fact that only one country can break OPEC as an effective cartel in the near future. That country, Saudi Arabia, has neither intention nor incentive to do this.

3. What will be the Impact of Vertical Divestiture on the World Oil Market?

What is likely to occur if the proponents of vertical divestiture succeed? Will divestiture result in lower oil prices? The consuming nations' experience in 1973–74 can hardly be encouraging. When in October 1973 the Arab nations imposed their oil embargo, several companies panicked. In December 1973 an auction in Iran netted prices in excess of $17 per barrel.[32] Several days later, an auction yielded $22.60 per barrel for Nigerian crude.[33] These auction prices encouraged OPEC to raise the price of Saudi marker crude fourfold. In each case, the major reason these companies bid excessive prices was panic. Significantly, those refiners bidding extraordinary prices were, without exception, independents lacking a substantial amount of their own crude oil supply.

Parenthetically, some of these same companies walked away from purchase agreements calling for extraordinarily high prices after the U.S. government established its crude oil program early in 1974. Why should a crude-short refiner buy Iranian oil at $17 per barrel when the U.S. government was providing it at $7 per barrel? Because many independents defaulted on agreements with the producing countries during this period, some of these countries now have little or no desire to enter into future supply arrangements with independent oil companies. This fact is often seized upon by proponents of divestiture as one more indication of the community of interests that exists between the producing countries and the integrated oil companies.[34]

Would the break-up of the integrated oil companies weaken OPEC? This is not very probable. What, in fact, seems likely is that it would, by definition, result in the proliferation of crude-short refineries which, during the next embargo or supply shortage, may also engage in panic bidding in an effort to assure continued access to their principal raw material. Whether the existence of a standby allocation program or a "more equitable" distribution of crude oil supplies would lessen this panic buying remains to be seen.

It is particularly difficult to justify the divestiture of domestic U.S. refining and marketing from domestic U.S. production if the primary objective of the Congress is to reduce ties between the international oil companies and the producing countries. If anything, the retention of integration in the domestic industry, while eliminating whatever equity position may still remain in foreign producing countries, should encourage maximum development of U.S. productive capability at the expense of the OPEC countries. This has, in fact, been recognized by Anthony Sampson, one of the more vocal critics of the international oil companies, in testimony before the Senate Antitrust and Monopoly Subcommittee.[35]

Divestiture would almost certainly put the United States in a weaker position relative to other consuming nations. We have argued elsewhere that, if a divestiture law were passed, at least some integrated companies would be likely to move their headquarters abroad and focus on foreign operations.[36] These newly created foreign integrated oil companies would then be competing in the world oil market with weaker, non-integrated U.S. companies. The foreign companies would almost certainly be in a better position to obtain crude should another interruption in supply occur.

Once again, the experience during the last embargo is instructive. In October 1973 the Arab countries curtailed totally oil shipments to the United States, as well as to Canada and countries in the Caribbean which have historically shipped large amounts of refined products to the United States. Most Arab producers also embargoed the Netherlands and a few other countries in Europe whose policies were not sufficiently supportive of Arab interests. However, all other countries were to continue to receive Arab oil, and a few, including France, Spain, and the United Kingdom, were to receive all the Arab oil they needed.

It is now clear that the Arabs' intentions were frustrated. The primary reason for this was the actions of the international oil companies. The companies followed a policy of "equal suffering." All countries, whether embargoed or not, were to share more or less equally in the crude oil that was available. This was accomplished through the mechanism of swapping. For example, Iranian oil destined for France might have been diverted by the companies to the United States. Meanwhile, Saudi oil that would have been shipped to the United States in the absence of the embargo was shipped instead to France.

There is now general agreement that the companies managed to share the shortages remarkably well under the circumstances. According to a report by the Senate Subcommittee on Multinational Corporations:

"The U.S. international oil companies individually decided that each would attempt to meet the requirements of the embargoed nations while strictly complying with the Arab directives. Essentially, U.S. companies decided that 'the pain should be evenly spread' to all major consuming regions—that the reduction in supplies should not be 'targeted' against individual countries. This decision was taken at the highest corporate levels. . . .

"Once the allocation base had been established, each company sought to distribute supplies as evenly as possible to consuming nations. Thus a supply cutback of 10% would ideally result in each consuming nation receiving 90% of its base demand. Actual supply redistribution, however, was hampered by a variety of political, economic, technical and legal factors. In addition to Arab destination restrictions, several consuming nations imposed restrictions which hampered trans-shipments as well as re-exportation of petroleum imported solely for refining on export account." [37]

The Federal Energy Administration, in assessing the embargo experience, concluded that, "it is difficult to imagine that any allocation plan would have achieved a more equitable allocation of reduced supplies." [38] Robert Stobaugh also found that shortages were equalized in all countries with no one country experiencing significantly greater shortages than the others.[39] And, finally, the European Economic Community released a report in December 1975 which reached similar conclusions.[40]

What motivated the international oil companies to ship more oil to the embargoed countries than the Arabs' intentions or historic patterns of distribution would have dictated? One reason was a desire to minimize frictions with the various consuming countries that would otherwise experience disproportionate shortages. The policy of equal suffering was least likely to result in adverse reactions by these countries against the oil companies.

Perhaps more important, however, was the fact that the international oil companies have major investments in refining and marketing in precisely those countries that were totally embargoed, particularly in the United States. The policy of equal suffering, in effect, allowed more crude oil to flow to the companies' downstream investments and, in this way, minimized potential financial hardships of the embargo. Put differently, because of the vertical integration of the international oil companies, the companies actually had a shared interest with the United States that served to dampen the impact of the embargo on the U.S. public.

At the beginning of the 1973 Arab-Israeli war, the U.S. Treasury Department estimated that a fully effective embargo would deprive the United States of about 2.8 million barrels of oil per day out of a total consumption of 16 million barrels per day. In fact, the U.S. shortfall was about half this amount. This was due, very largely, to the oil companies' policy of equal suffering.

What would happen in the event of another embargo if the international oil companies were prohibited by a divestiture law from owning significant downstream investments in the United States? Clearly, they would have less incentive to follow a policy of equal sharing of oil shortages. Particularly if these companies reincorporated as European firms, the result could well be far greater susceptibility to pressures by those countries not targeted by the Arabs.

Several foreign governments have actually concluded from the embargo experience that their oil companies must integrate upstream into the world petroleum market, rather than continue to rely heavily upon U.S.-based international oil companies for crude oil. For example, the Japanese Ministry of International Trade and Industry recently announced plans for "streamlining" Japanese oil companies in order to develop integrated operations ranging from the development of

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Footnotes at end of article.

oil resources to the sale of final products.[41] Various European countries have also established state oil companies intended to challenge the domination of U.S.-based integrated oil companies in the producing countries.

The distintegration of the U.S. international companies could also weaken the International Energy Agency and undermine the solidarity of the consuming nations. The European countries and Japan were willing to join IEA primarily because of their concern that five of the seven sisters were U.S. firms. This, they thought, gave the United States a potentially advantageous position relative to other consuming countries. One way to assure that the U.S.-based internationals do not discriminate against Europe and Japan in the event of another supply shortage would be to formalize oil sharing programs under the IEA umbrella. This has now been accomplished in Chapter III of the Agreement on an International Energy Program, initialed by the 17 nations that are members of the IEA.

What would happen if the United States unilaterally dissolved its special relationship with the international oil companies? What would happen, in particular, if these companies changed their home base from the United States to Europe or Japan? Europe and Japan would have much less incentive to remain in the oil sharing plan and might even set in motion procedures for terminating their participation. This would, in turn, make the next embargo far more effective. The Arab producing countries would then be able to pinpoint another embargo against their intended victim, the United States, and would have less reason for concern that the embargo is hurting other consuming countries that have generally been supportive of Arab interests. With the IEA sharing plan dissolved and the U.S.-based oil companies destroyed, the United States would be in a highly exposed position in the event of another embargo.

It almost appears that Congress has become an unwitting ally of the Arab producing countries. Divestiture would play not only into the hands of OPEC, making likely still higher prices, but also into the hands of OAPEC, making it far easier for the Arab producing countries to target an embargo against the United States. As a result, these countries would be better able to bring pressures on the United States to reduce its support for Israel. This, in turn, could lead to a Middle East settlement far more favorable to the Arab cause than now seems likely.

FOOTNOTES

[1] Press Release, Office of Senator Philip Hart, April 15, 1976.

[2] U.S. Senate, Committee on Foreign Relations, Subcommittee on Multinational Corporations, *Multinational Oil Corporations and U.S. Foreign Policy*, 93d Cong., 2d Sess., January 1975, pp. 10–13. Some suggest the argument was foreshadowed, at least, in U.S. Senate, Committee on Foreign Relations, Subcommittee on Multinational Corporations, Prepared Statement of Morris Adelman, *Hearings on Multinational Corporations and United States Foreign Policy*, 94th Cong., 1st Sess., pt. 11, 1975. However, Adelman has rejected current divestiture proposals. See M. A. Adelman, "Splitting the Oil Companies Won't Help," *Washington Post*, May 1, 1976, p. A–14.

[3] Senate Antitrust and Monopoly Subcommittee, Majority Staff, *Vertical Divestiture in the Petroleum Industry*, undated, pp. 13–15; see also *Hearings on the Petroleum Industry before the Subcommittee on Antitrust and Monopoly of the Senate Judiciary Committee*, 94th Cong., 1st Sess., pt. 1, November 1975.

[4] Anthony Sampson, *The Seven Sisters: The Great Oil Companies and the World They Shaped*, New York: Viking Press, 1975, pp. 299–307; Anthony Sampson, "How the Oil Companies Help the Arabs Keep Prices High," *New York Magazine*, September 22, 1975; Anthony Sampson, "U.S. Oil Companies: Accomplices of OPEC?" *The Washington Post*, November 11, 1975, p. A14; "Seven Sisters Author Talks of Big Oil," Interview with Anthony Sampson, *Washington Star-News*, November 3, 1975, p. 1; Anthony Sampson, Statement before the Subcommittee on Antitrust and Monopoly of the Senate Judiciary Committee, February 3, 1976. See, also, Paul Lewis, "Is It Time to Sob For the Seven Sisters? Not Yet," *New York Times*, September 21, 1975, Section IV, p. 4.

[5] *Oil and Gas Journal*, September 1974, p. 108. See, also, William A. Johnson, "Trends in World Oil Prices and Production," unpublished paper, George Washington University, Energy Policy Research Project, October 8, 1974.

[6] Memorandum from Walter S. Measday to Charles Bangert, both of the Senate Antitrust and Monopoly Subcommitee, "Companies Affected by Proposed Divestiture Legislation," March 30, 1976, p. 2.

[7] *Petroleum Intelligence Weekly*, April 12, 1976, p. 3.

[8] On average, the large U.S. integrated oil companies are about sixty percent self-sufficient in crude. William A. Johnson, Richard E. Messick, Samuel Van Vactor, Frank R. Wyant, *Competition in the Oil Industry*, George Washington University, Energy Policy Research Project, Occasional Papers on Energy Policy, Vol. I, 1976, p. 43.

[9] *Petroleum Intelligence Weekly*, February 10, 1975, pp. 3–4, and February 17, 1975, pp. 5–6. For a more thorough discussion of price cutting practices by the various OPEC members in late 1974 and early 1975 see Ray Vicker, "Some Oil-Producing States Shave Prices, But No General Reductions Are Expected," *Wall Street Journal*, January 29, 1975, p. 28 and James Tanner and James Carberry, "As An OPEC Summit Nears, Price Shaving is More Widespread," Wall *Street Journal*, February 28, 1975.

[10] *Petroleum Intelligence Weekly*, March 10, 1975, p. 1, March 31, 1975, p. 5, and April 21, 1975, pp. 1–3.

[11] *Ibid.*, April 21, 1975, p. 3.

[12] *Ibid.*, May 5, 1975, p. 6, May 26, 1975, p. 7, and June 16, 1975, pp. 1–2.

[13] *Ibid.*, July 14, 1975, p. 1, and July 7, 1975, pp. 5–6.

[14] Ibid., May 26, 1975, pp. 1–2, and July 14, 1975, p. 3.

[15] *Ibid.*, July 21, 1975, pp. 1–2, and August 4, 1975, p. 1. See, also, Table 5.

[16] *Ibid.*, October 27, 1975, pp. 1–2, and November 17, 1975, pp. 1–2.

[17] See "Kuwait Price Cut Stirs New OPEC Controversy," *Oil and Gas Journal*, November 24, 1975, p. 21.

[18] *Petroleum Intelligence Weekly*, January 26, 1976, pp. 1–2.

[19] *Ibid.*, February 1, 1976, pp. 5–6.

[20] For example, see *Ibid.*, April 5, 1976, pp. 1–2, and *Wall Street Journal*, May 12, 1976, p. 8.

[21] This is, of course, not the first time that the U.S. government has been concerned with the amount of oil lifted in and the revenues paid to Iran. After the Shah's return to power in Iran, the State Department made sure that oil liftings were increased. See, for example, *Multinational Oil Corporations and U.S. Foreign Policy*, Chapter 3. See, also, Frances Fitzgerald, "Giving the Shah Everything He Wants," *Harper's*, November 1974.

[22] See M. A. Adelman, "Is the Oil Shortage Real? Oil Companies as OPEC Tax-Collectors," *Foreign Policy*, Winter 1972–73, p. 88. At the time, Adelman also believed this would occur in the event of nationalization.

[23] See, for example, Douglas Bohi and Milton Russell, *U.S. Energy Policy: Alternatives for Security*, Baltimore: Johns Hopkins University Press, 1975, p. 60.

[24] Production at between 90 and 95 percent of capacity is the maximum feasible for any country. This allows for adverse weather, transportation bottlenecks, well maintenance, earthquakes, and other natural phenomena, all of which have slowed or halted operations in the various producing countries at one time or another.

[25] *Petroleum Intelligence Weekly*, December 29, 1975, p. 1, and January 5, 1976, pp. 3–4.

[26] For example, see Mancur Olson, Jr., and Richard Zeckhauser, "An Economic Theory of Alliances," *The Review of Economics and Statistics*, Cambridge, Massachusetts, August 1966, pp. 266–279.

[27] Robert Mabro, "OPEC After the Revolution," *Journal of International Studies*, London School of Economics, Vol. 4, No. 3, Winter 1975–76, p. 192.

[28] "OPEC, like any cartel, . . . must agree on how the members will apportion the necessary production cutback among themselves. . . . Even during its recent high point, it has been unable to reach agreement. It has, however, found a substitute . . . decision[s] have been left to the international companies." *Vertical Divestiture in the Petroleum Industry*, p. 14.

[29] Cited in Louis Kraar, "OPEC is Starting to Feel the Pressure," *Fortune*, May 1975, p. 187.

[30] Mabro, p. 196.

[31] See *Quarterly Economic Review: Saudi Arabia, Jordan*, No. 1—1976, The Economist Intelligence Unit, London, 1976, p. 3.

[32] *Petroleum Intelligence Weekly*, December 17, 1973, pp. 1–2.

[33] *Ibid.*, December 31, 1973, p. 5.

[34] For example, see the comments by Charles Bangert, General Counsel of the Senate Antitrust and Monopoly Subcommittee, *Hearings on the Petroleum Industry before the Subcommittee on Antitrust and Monopoly of the Senate Judiciary Committee*, 94th Cong., 1st Sess., Part 1, November 1975, pp. 376–377.

[35] Statement by Anthony Sampson, p. 13.

[36] *Competition in the Oil Industry*, pp. 50–51.

[37] *Multinational Oil Corporations and U.S. Foreign Policy*, p. 147.

[38] U.S. Senate, Committee on Foreign Relations, Subcommittee on Multinational Corporations, *U.S. Oil Companies and the Arab Oil Embargo: The International Allocation of Constricted Supplies*, a report prepared by the Federal Energy Administration's Office of International Energy Affairs, Comm. Print, 94th Cong., 1st Sess., January 27, 1975.

[39] Robert B. Stobaugh, "The Oil Companies in the Crisis," *Daedalus*, Fall 1975, pp. 179–202. See, especially, pp. 198–199.

[40] Commission of the European Communities, *Report by the Commission on the Behavior of the Oil Companies in the Community During the Period from October 1973 to March, 1974*, Brussels, December 1975, pp. 57–75.

[41] *The Japan Economic Journal*, January 20, 1976, p. 6.

ADMINISTRATION AGAIN ORDERED BY COURT TO OBEY THE LAW ON WIC

Mr. HUMPHREY. Mr. President, once again the courts have stepped into the breach and forced the administration to obey the law on spending the full funding appropriated by Congress for nutritionally vulnerable women, infants and children—WIC.

I initiated the legislation to get this program started. We documented how important it was to have an adequate diet for mental development—both before and after birth.

The administration tried to thwart this program by simply ignoring the law and refusing to get started. I had to go to court, with orders, to get the program underway.

Since then, the record of delay, foot-dragging and obfuscation has continued. How any program, operating under such a handicap, could be successful amazes me. But the program has been a success and is still very much needed today.

Judge Oliver Gasch's decision, in effect, tells the administration that it cannot hold back funds in order to reduce the size of the program and the WIC funding needs.

Because of this foot dragging, the administration has claimed that it will not need the $62.5 million in funding for the transition quarter July 1, 1976 to September 30, 1976.

The court's decision was that the $62.5 million should be spent along with $125 million in earlier appropriated but unspent funds. With $500 million to be available over the next 2 fiscal years, this will mean a total availability of $687.5 million for the next 27 months.

Judge Gasch also has ordered the USDA to report quarterly on its spending, reflecting a concern over the administration's past lax record.

Mr. President, this is a callous and sorry record. I hope that at a minimum the administration will be embarrassed into doing a better job in running WIC. Ideally, they should seize the opportunity to help the nutritionally vulnerable women, infants and children as we intended in developing the program.

Mr. President, I ask unanimous consent that a June 23 Washington Post article, "Food Aid Spending Ordered," by Timothy Robinson, be printed in the RECORD. It details this sorry story on how WIC has been handled.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FOOD AID SPENDING ORDERED

(By Timothy S. Robinson)

U.S. District Court Judge Oliver Gasch yesterday ordered the Department of Agriculture to spend $687.5 million over the next 27 months to feed mothers and children who are deemed "nutritional risks."

The money involved in Gasch's ruling includes $125 million in funds appropriated for the Women, Infants and Children (WIC) program but unspent over the last two years, $62.5 million in appropriated funds for three months beginning on July 1, and $500 million for the next two fiscal years beginning on Oct. 1.

Gasch also ordered the USDA to report to him quarterly on its expenditures of the funds, tracing in his opinion their past history of failure in spending the money once it was cleared by Congress.

He made it clear in his ruling that he felt the USDA had been lax in administering the program, and told the agency to act immediately on pending applications that would clear the way for more than 500,000 persons to become eligible for the program.

". . . The court is of the opinion that the actions of the defendants are contrary to the congressional mandate enunciated in the statutes implementing and amending the WIC program," Gasch said in a written opinion.

The ruling was made in a suit brought by the New York-based Food Research and Action Center, which has long been critical of the USDA's handling of the WIC program.

Ronald Pollack, director of the center and the attorney in the case before Gasch, said the Agriculture Department's "recalcitrance" in implementing the program has directly resulted in the court's orders increasing the program's size.

He said after the ruling that he expected additional applications for the WIC program, and that the 500,000 pending possible recipients represented "the absolute bottom line" of the number of additional persons eligible for the program.

"This has been an ongoing pattern where the USDA has tried to make sure the program didn't get off the ground," Pollack said. "Each time poor people have suffered. Our hope is that the Department of Agriculture has learned it can't get away with this."

Government attorneys declined to comment on the ruling.

The WIC program is funded by the federal government, but administered by local and state health departments. Under the program, local health clinics apply for funds from their state health departments to feed women and children whom they identify as "nutritional risks" who need high-nutrient foods.

Once approved by the state health department, the local health clinics can issue vouchers to identified "nutritional risks" for the supplemental food. The vouchers can be redeemed at certified stores for specific foods such as high-nutrient baby formula, cheese, cereal, and juices.

The Food Research and Action Center first filed suit over the USDA's handling of the program in June, 1973, and won a court order at that time requiring the department to spend $20 million in appropriated funds for the program. It has since gone to court successfully three other times to require that the department spend WIC funds.

Agriculture Department officials have testified before Congress that the department is not spending all of the appropriated money for the program because "our major intent is to see that the program is well administered, that it builds smoothly." There are about 800,000 persons already participating in the program, according to department officials.

SELLING REGULATORY REFORM

Mr. BROCK. Mr. President, Congress as an institution has in recent years lost the esteem of the American people. There are many reasons for this loss of confidence. However, I firmly believe that one of the major contributors has been the inability of Congress and the Government itself, to meet and solve the needs of the people. We are more and more hearing comments that Government interferes more than it helps.

There are several efforts underway to correct this situation, and I have had the privilege of sponsoring some of these efforts. They range from regulatory reform to the so-called sunset law. Regardless of the name, these reform efforts are vital if we are to restore the ability of Congress and Government to function.

In separate articles, the New York Times and the Wall Street Journal have pointed to these efforts. I ask unanimous consent that both of these articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

SELLING REGULATORY REFORM

One of President Ford's basic shortcomings on the hustings has been his failure to convey to the public the importance of his administration's major economic initiative, regulatory reform.

He has been attempting, against formidable odds, to set in motion processes that would systematically dismantle those activities of government that inhibit competition. It is an effort that is responsive to the very evident public concerns over the impacts of big government. Why, then, is the President having so much trouble persuading the public of the worth of his efforts?

The immediate answer, which we have touched on here before, is that he has not demonstrated sufficient dedication to it himself. He committed a primary error last December by not vetoing the Energy Policy and Conservation Act, which continued the costly, wasteful and anti-competitive federal regulation of the oil industry. Few better opportunities present themselves for a President to make a bold and dramatic stroke in defense of the market principle.

But some things should also be said in the President's defense. His initiatives in the direction of deregulation have been considerable, however low the yield in terms of political visibility and substantive results. For example, he managed to introduce more flexibility into the ICC's control over rail freight rates as part of the rail modernization bill earlier this year. He is seeking legislation that would reduce federal restraints on price competition in aviation and trucking.

Federal agencies have been asked to find ways to cut paperwork and regulatory delays, apparently with some results. The administration backed such other successes as the repeal of federal "fair trade" laws, which had allowed some manufacturers to fix retail prices, and the introduction of price competition among stock brokers.

And last week, the President asked Congress to enact a comprehensive agenda for further such attempts. It calls for a four-year national effort to identify areas where the cost of government regulation exceeds benefits and to formulate new laws to reduce regulatory interference. If Congress adopts the measure, the agenda would begin next year with transportation and agriculture, continue in 1978 into mining, heavy manufacturing and public utilities, then in 1979 into light manufacturing and construction and finally in 1980 into communication, finance, insurance, real estate, trade and services.

It is interesting that the general effort towards regulatory reform has attracted bipartisan support in Congress. Senator Kennedy, for example, has introduced his own bill to require federal agencies to promote competition as part of their decision-making processes. Senator Muskie is also taking a tougher line towards the problem of regulatory agency proliferation by promoting a "sunset" bill that would require agencies to justify their existence or shut down.

But the President is leading the movement. Why isn't he getting more credit for it?

The inarticulateness of his campaign generally is partly to blame. Further, it always is difficult to dramatize deregulatory efforts and to forecast their public benefits, even though there can be little doubt that increased market competition yields benefits. Finally, special interest groups are working mightily to try to undermine the deregulatory thrust by attempting to generate public fears about its consequences.

One of the myths the President has exploded through the deregulatory drive is the broad assumption that there is a strong resentment among businessmen of federal regulation. The airlines and trucking companies have demonstrated through their lobbying efforts that some of the strongest support for anti-competitive regulation comes from regulated industries. As one White House official notes, the proregulation constituencies are far more vocal in Washington than any anti-regulation lobbies.

Since deregulation is an effort conducted on behalf of the public and often against the wishes of special interests it requires some political courage. The President has not always been bold enough. But he deserves more credit and support than he has received for the boldness he has demonstrated. What he is attempting is far more important than has so far been perceived.

Caging the Elephant

In trying to approach the reform of the regulatory agencies, Congress in the past has been rather like the group of blind men in the fable, each of whom gave a different description of the elephant. There are many different committees and subcommittees, each of them concerned about a particular regulatory agency and a particular set of problems. "Reform" in general means something different to each of them, while reform in particular sets alarm bells ringing and awakens a covey of lobbyists.

President Ford has now proposed a simple way to look at the problem comprehensively. In effect, he suggests that the first task is to cage the elephant and then go over all of it systematically. His proposal is that Congress adopt a mandatory four-year schedule by which the President would be required to recommend and Congress to accept or reject proposals for reform of the Federal regulations covering most of the economy.

Beginning in 1977, the White House would submit proposals covering transportation and agriculture, followed in successive years by recommendations on mining, energy and heavy manufacturing; then on construction, light manufacturing, and occupational health and safety, and finally on white-collar areas such as finance, insurance, and communications. It is an ambitious yet orderly and attainable schedule.

There is already considerable support for this approach in Congress. Senators Percy, Illinois Republican, and Byrd, West Virginia Democrat, and a bloc of ten other Senators from both parties introduced last year a bill providing for a complete overhaul on a five-year cycle. Under their plan, if any deadline were missed—depending on who missed it—either a given agency would lose its authority or the President's proposed changes would automatically become law.

Forty Senators are backing a parallel bill sponsored by Senator Muskie, Maine Democrat, that would establish a shutoff date for virtually every Federal program, agency and commission. Unless specifically re-authorized by Congress, each would go out of existence after five years. The objective of this so-called "sunset bill" is to do away with the the natural Congressional and bureaucratic inertia that permits programs and agencies to continue simply because they are there.

Congress and the White House sooner or later will have to make some hard choices and some unpopular decisions. Regulatory reform is never going to become automatic. But if President Ford's proposal or something like it is put into effect, there will at least be a time-table forcing both branches of Government to debate those issues and face up to those decisions.

A CITY SPEAKS ITS MIND ABOUT FEDERAL REDTAPE

Mr. BROCK. Mr. President, there is a city in my State of Tennessee that is unique. It lives by the motto "Washington Can't Do It All." As so eloquently pointed out in a special report in the recent issues of U.S. News & World Report, Kingsport, Tenn., is a city of people who believe they can best solve their problems without the restrictions and regulations of the Federal Government. I am proud of this fine community—more should consider its example.

I ask unanimous consent that the article, "A City Speaks Its Mind About Federal Redtape" be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

"Washington Can't Do It All"—A City Speaks Its Mind About Federal Redtape

Kingsport, Tenn.—In this northeastern Tennessee city of 32,000, people have a reputation for "going it alone."

So it's not surprising that they're particularly enthusiastic about one campaign issue that nearly every major candidate is stressing this year: the need to halt the growth of Government regulations and redtape.

People in this southern Appalachia region have never enjoyed being told what to do—especially by outsiders. In 1784, the area's pioneers set up the independent State of Franklin and governed themselves for four years. Later, as part of Tennessee, the region refused to join the Confederacy along with the rest of the State.

In this century, too, the area has been sensitive to Government controls. Kingsport grew up as a planned industrial city, largely with the help of private funds. And when other cities rushed to cash in on the "Great Society" programs of the 1960s, the community turned away from most of that aid. To this day, says one observer, city leaders continue to look on federal funds with a "jaundiced eye."

Now, this same "backlash" against big government is sweeping much of the country. To find out what's behind it, U.S. News & World Report visited Kingsport and talked to a variety of businessmen.

Their observations provide one measure for gaging the impact of a growing State and federal bureaucracy on local economies.

MANUFACTURING

"Unless they threaten to fine us or put us in jail, I won't fill out a form."

Visitors to Kingsport can't miss the Mead Corporation paper plant. The sprawling buildings, steep smokestacks and piles of logs waiting for processing are only a couple of blocks from the heart of downtown.

Certainly, few Government inspectors have bypassed the mill, and their visits have brought some big changes to the 55-year-old plant that employs 1,150 area residents.

For the most part, Foster Park, industrial-relations director and a veteran of 35 years with the company, sees the merits of many of the changes. Yet he observes:

"It's the uncertainty about the investigations and the extent to which Government inspectors can apply the edictorial aspect of the law that bothers me. You develop a complex about Big Brothers in trying to prove you're not guilty."

One of the biggest turnabouts has been in hiring practices. Feeling pressures from the Equal Employment Opportunity Commission (EEOC), the plant has opened up more jobs to minorities and hired women at about the same pace as men since 1973.

The problem, according to Mr. Park, is that the union seniority system prevents promoting such employes at a fast enough pace to please EEOC.

It takes three full-time people, plus a part-timer, about three weeks to prepare the annual affirmative-action plan that EEOC requires. That wouldn't be so bad, says Mr. Park, but the company must reassemble the employment information in an entirely different form for the General Services Administration, which also reviews Mead's hiring record because the company sells to a prime Government contractor.

Probably the biggest worry over Government rules concerns a new proposal by the Occupational Safety and Health Administration (OSHA) that would force companies to lower the maximum noise level in factories to 85 decibels.

For the Mead plant in Kingsport, that measure would mean an added investment of more than half a million dollars. Just recently, the mill sank 6 million dollars into two precipitators to cut down on air pollution.

Despite all the effort, Paul Lacy, the plant's health and benefits specialist, contends that it's almost impossible to comply with all of the Government standards, especially the "hundreds and hundreds" of OSHA rules.

In fact, there are 4,400 safety rules, covering 800 pages in the Code of Federal Regulations.

Says Mr. Lacy: "We had one OSHA inspector here for five days and he found 42 violations. We corrected these, but I'm sure he could come back next week and find 42 more."

Across town, at the Kingsport Foundry, many of the same frustrations exist, but the small family-owned company has fewer people to contend with them.

William E. Ring III, president, figures it would take him about an hour and a half each day to fill out all of the Government forms sent to him.

"I've just about given up," he says. "Unless they threaten to fine us or put us in jail, I won't fill out a form."

The foundry had to drop a training program for veterans in January because employes refused to provide the information needed for Veterans Administration forms.

There have been no problems with the 1974 federal pension law which has dramatically increased the reporting requirements for business. The company retirement plan is administered by an insurance company. Says Mr. Ring: "If we had to handle the pension plan ourselves, we'd probably be like the many companies that dropped the plan after the federal law was passed."

Gardner Hammond, company treasurer, is annoyed by many of the forms sent to manufacturers by the Commerce Department, most of them seeking information on materials used and the items produced. He notes that such forms are constantly changing and that the custom products that his firm produces don't fit neatly into Government categories. He adds: "If everyone has the same trouble we do, the statistics gathered from these forms aren't worth the paper they're written on."

The foundry also has had its problems with safety and environmental rules. It recently spent $150,000 on special booths to cut down on the noise in its grinding operation. Another $250,000 has been spent on a device to catch fly ash from the melting furnace. For that installation, the company had to spend an extra $5,000 to get early delivery on structural steel in time to meet a State deadline for air quality, a fruitless investment because delivery of the pollution-control device was delayed.

What bothers Mr. Ring is that, after all the effort to comply with federal and State standards, the company's accident rate has actually increased since 1970. There have been some problems with employe morale, too, because the company has had to threaten people with dismissal for not complying with new safety rules. It's OSHA's normal practice to fine an employer, even if a worker willfully violates a rule.

As for the future, Mr. Ring sees "little hope" for putting a lid on the growth of regulation—"not unless Congress passes some wild law that would force agencies to justify their existence."

MINING

"Our safety record is worse now than before all the new standards."

Getting mine operators from coal fields in the Kingsport area to talk frankly about

Government regulation isn't easy. Barely 50 miles to the north, in Letcher County, Ky., 26 men were killed in two March explosions at mines operated by the Scotia Coal Company.

The memory of that disaster is still fresh in people's minds, and because mine safety is such an emotional issue, operators know that most complaints they voice will fall on deaf ears.

William Thomas, a health and safety director for the Westmoreland Coal Company, which operates 10 mines in nearby southwestern Virginia, insists that he's "100 percent" behind most of the provisions of the 1969 federal law, which set up the Mining Enforcement and Safety Administration. He contends that the law's requirement of tougher standards on roof support, dust control and ventilation was sorely needed.

COST OF "SAFETY"

Still, he estimates that the many new rules have cut per-hour coal production by at least 25 percent and added "tremendously" to the price of coal.

Charles Tosh, mine superintendent for the Apache Coal Company, a small Kingsport-based firm that sells coal to Westmoreland, believes that prices may have tripled because of regulation. Yet he, too, refuses to condemn the new standards. He adds: "Sure, we could probably boost production by 50 percent, if we went in there and mined it any way we could get it. But we'd also have a lot of people killed or maimed."

One of his men, Lacy Winebarger, a miner for 36 years, affirms that the mines are "much safer than they used to be." He adds:

"I really don't know what else they could do."

Privately, however, companies complain that some of the regulations offer no real protection to miners and merely add to costs. They say that the 1969 act was "hastily formed" and that many mine inspectors are less knowledgeable than the operators they're supposed to be monitoring.

There's a feeling, too, that the emphasis on combing mines for violations takes away time that inspectors used to give to training—something that operators say is needed badly today when so many young men are taking mine jobs.

Says one operations chief: "Our safety record is worse now than it was prior to the act."

Mr. Thomas of Westmoreland asserts that a few of the new rules have added to injuries. He points to the metal-roofed canopies which cover the continuous-mining machines and the shuttles that transport the men, are supposed to protect miners from cave-ins. However, the height of many shafts is less that 3 feet, and the men sometimes strike their heads on the canopies as they ride along the bumpy mine floor or, in trying to avoid that, they will move their heads to the side of the car and be injured by mine walls.

Mr. Tosh of Apache says that his company was required to spend $50,000 to construct a banked berm along a dirt road leading down from one of its mines. The purpose is to stop a runaway coal truck, yet the mine superintendent contends that the berms are useless.

"You couldn't get a driver to take a truck up against that berm for anything," he says.

Others are upset by a new federal proposal, already passed by the House, that would award automatic black-lung benefits to miners with long years of service, even if medical evidence shows no trace of that respiratory disease.

BLOCKING THE GOAL?

Criticism is also leveled at the string of permits and environmental standards that operators believe make the nation's goal of doubling coal production by 1985 "almost impossible to meet."

Virginia operators don't face as much paper work as companies in States such as West Virginia and Pennsylvania, which have long-established mining departments. One Pennsylvania operator, complaining of overlapping State and federal standards, says that he had to get 40 permits to open one major mine.

Still, there's the feeling that the State of Virginia is requiring more and more reports, and that the tougher standards are discouraging people from getting into the business.

One Westmoreland engineer, who specializes in quality control, complains that the Environmental Protection Agency, which prescribes pollution controls, and the Federal Energy Administration, which has been urging more use of coal, "seem to be working for two different countries."

He argues that federal air-quality standards should be modified until more economical technology can be developed to cut down on sulphur dioxide emitted from coal-burning power plants.

Mr. Tosh agrees that more coal has to be burned to save on gas and oil. But he sees a good deal of inconsistency in public attitudes.

"The Government worries about the levels of sulphur in the air," he says, "but people do more harm to themselves when they smoke a cigarette."

RETAILING

"Regulation is behind much of the rise in prices."

To a great extent, retailers here have learned to live with the long agenda of Government-related tasks that they're required to perform. Among them: the collection of State sales taxes, the withholding of employee wages for Social Security and income taxes, and the parade of reports on taxes, unemployment compensation, safety and other matters.

It's the future that they're really worried about. There are fears that the growing controls will not only place a greater burden on their own operations but will limit the kinds of products that they can offer to consumers.

Wallace Alley, owner of a Plymouth dealership on the outskirts of the city, believes that rising prices, resulting from more regulation, will force many car buyers to settle for models that they really don't want.

He claims that Federal standards have increased the cost of the average car by at least $700 over the last five years and that another $800 will be tacked on by 1978 with the addition of more sophisticated pollution-control devices.

It's his feeling that too many of the safety devices added to cars in recent years have been adopted without proper testing. He cites the seat-belt interlock system, which has been discontinued because of large public protest.

The heavier bumper and door-frame systems, also required in the name of safety, have not only added to costs but have hurt fuel economy, Mr. Alley asserts. He insists, too, that parts and maintenance costs are up, because of engine modifications brought on by tougher federal standards on air quality.

"What we have in Washington are unqualified agency people playing God and ignoring the facts in the name of protecting the consumer," he says.

WASTING ENERGY?

More low-keyed in his criticism of the bureaucracy is the owner of Sobel's men's store, a fixture in downtown Kingsport for 53 years. Says Norman Sobel: "Regulation costs us a tremendous amount of energy, and that's disturbing, because we could be doing other things. But we have to remember that we created the monster in the first place."

It's his view that businessmen too often use government at all levels as a scapegoat for their own shortcomings.

Still, even Mr. Sobel worries that a continuing growth in Government rules could "cut into profits."

He's upset, too, with some specific standards, such as the minimum-wage requirement, which keeps him from hiring more young people "because they're not going to pay their way at first." He'd also like to add a pension plan for his employes, but remains "totally confused" by the federal pension laws.

Pharmacist Carl Marcum, who owns a small drugstore that sits in the shadow of the community hospital, has hired an accountant to handle most of the paper work in his business. However, he can't farm out the many Government forms connected with the dispensing of drugs. A pharmacist has to handle that.

With the passage of the Controlled Substances Act of 1970, prescription drugs were classified under several schedules, each with specific regulations on record keeping and labeling, as well as on the number of refills permitted.

As a result, Mr. Marcum estimates that he spends about 15 per cent of his time with paper work relating to federal drug controls. He adds that the Substances Act not only has boosted the price of drugs but also has clamped controls on many medicines that have no possibility of being abused.

"When a woman calls me up at midnight and wants some paregoric for a sick baby, I'm now not allowed to give it to her, unless she has a prescription," he observes.

Marcum's Medical Arts Pharmacy is typical of the traditional corner drugstore. People come in and greet Mr. Marcum by his first name and ask what to buy for a cold or fever blister.

Mr. Marcum wonders how long his kind of small, personal establishment can stay in business. He's worried that even more small druggists will be undercut by the chain stores and will "fall by the wayside" if the Federal Trade Commission forces pharmacists to post their prices. The Supreme Court recently ruled that drug prices can be advertised.

In his way of thinking, the consumer would be the loser because the chain stores are not prepared to give enough personal service. He points out that Marcum's offers 24-hour service, delivers free and keeps a record on drugs dispensed to each family to help them with tax and insurance forms.

Asks Mr. Marcum: "What price can you put on all that?"

BANKING

"The Government has set up financial institutions as policing agents."

Cham Percer and Bill Greene are the president and the chairman of the two-year-old bank of Tennessee, now operating in temporary quarters while work goes on next door on a new building.

What they're finding is that government rules are one of the biggest roadblocks in making a fledgling bank grow. One Tennessee law, passed in 1907, taxes banks on capital raised from stockholders. For a new facility, like the Bank of Tennessee, that tax is particularly burdensome. Much of its assets are from stock, since there has been little time to raise money from loans and deposits.

Says Mr. Percer: "You've got federal and State laws requiring banks to have strong capitalization in order to grow. Then they tax it away from you."

The bank officers are upset, too, with another Tennessee statute—this one passed in 1870—that limits bank interest rates to a maximum of 10 per cent. In the credit crunch of 1974 and early 1975, when the new bank was just getting on its feet, the interest ceiling had the effect of forcing large depositors to take their money out of State to places where they could get higher yields.

Federal laws prompt other objections. A prime target is the Real Estate Settlement Procedures Act, a measure that is designed to give consumers specific information on the closing costs that go along with the purchase of a home. The law proved so confusing and caused so many delays that many of its provisions were dropped or amended. Mr. Greene, who is also president of the nearby Carter County Bank, blames RESPA's problems on a lack of planning and foresight. He adds: "We attended seminars and ordered $8,000 worth of forms that we can't even use."

Mr. Greene says the paperwork burden is "astronomical."

"For every 10 million dollars in deposits, we need another two people just to handle all the State and federal forms," he says, "and that eats up our capital. Much of this information could be gathered by government bank examiners."

Mr. Percer adds that, when the Bank of Tennessee was first formed, a veteran of 30 years in the industry was called in to serve as president. He left after one year, saying he was "too old" to keep up with all the changes, particularly the government rules.

Says Mr. Percer: "The Government has set up federally insured financial institutions as policing agents, and we don't feel that is our role."

CREDIT RISKS

He's particularly disturbed about a new Federal Trade Commission rule that could leave lenders holding the bag when there are defects in products bought under installment contracts covering purchases from car dealers, appliance stores and other retailers. He believes the measure may lead to a tightening of credit.

Mr. Greene points to other problems caused by mushrooming safety and environmental requirements. He explains that a bank, after lending a company money initially, sometimes feels compelled later to make additional loans for the purchase of safety or pollution-control equipment—even though the company may be having a tough time just paying off the first loan. The alternative is that a firm might be shut down by the Government, depriving people of jobs and jeopardizing the original loan.

"It used to be that when a company came to a bank for a loan, you would look at its cash flow and track record," he recalls. "Now we have to say, 'Has EPA been to see you yet and what's the price tag?' "

The bankers have no arguments with the system for examining banks. They find the federal and State inspections valuable, and they're opposed to current proposals to consolidate the agencies that supervise banking. Says Mr. Greene: "That idea is typical of the feeling that Washington can do it all."

They insist, however, that many of the regulations on banking should not be applied uniformly across the nation but to specific areas where most of the abuses take place.

Notes Mr. Greene: "Someone up there in big Government thinks banks are making a lot of money. But if they keep encroaching on this industry, there's no way we'll have enough capital to support the nation's growth."

TRIBUTE TO ANTHONY SALAMONE

Mr. EAGLETON. Mr. President, today, as never before in her history, America is deeply concerned about the welfare of her older citizens, seeking ways to enrich their lives in their later years and to provide the kind of care which will permit them to live out those years in dignity and serenity.

One of those who has worked most earnestly in behalf of the aged and the aging is a distinguished Missourian, Anthony A. Salamone. Mr. Salamone, who is known to his many friends of all ages and in all walks of life as "Tony," but who, as accurately, could be called "Mr. Senior Citizen," recently has been given two exceptional honors in recognition of his work.

The American College of Nursing Home Administrators, an organization whose goal is the achievement of quality care in long-term facilities—nursing homes—has chosen him as the recipient of its highest educational honor, the "Educator of the Year" award.

More recently, the Kansas City chapter of UNICO International presented to him the prestigious "Service Above Self" award.

A man of deep civic concern and involvement in the development of programs for the aging and the aged, Mr. Salamone can truly be said to be a pioneer among Americans who feel compassion for our older people and who translate that compassion into bold action. Long before most of the country was worried about the plight of older people, Tony Salamone was in the thick of their battle.

Now executive director and a member of the board of directors of Villa Capri—a professional nursing home in Maryland Heights, Mo., a suburb of St. Louis—Mr. Salamone is writing another chapter to his already distinguished career in education and social work.

His efforts on behalf of older Americans, he believes, combine the best of both, for he is a trailblazer in education for adults as well as an innovator in programs to benefit those who can no longer take advantage of such enriching and stimulating activities.

He was the first director of adult education at St. Louis University, developing one of the largest noncredit adult education programs in the Midwest and especially tailored programs for business and industry. He was the first to organize off-campus adult education programs in parish schools and to develop preparation-for-retirement studies for senior citizens.

The list of organizations in which he has been a guiding force is long and distinguished. First ever elected for two terms as president of the Missouri Valley Adult Education Association; former vice president of the National Catholic Adult Education Association; founder of the first St. Louis Center for Senior Citizens; chairman of the advisory council of the National Golden Age and Senior Citizens Clubs of the USA for 6 years; member of the Adult Education Association's National Committee on Aging, and of the Missouri Committee for the White House Conference on Aging.

A nationally known lecturer on gerontology and adult education, he is author of "Retiring Into a Fuller Life"—a title which puts into a few words his abiding philosophy on the opportunities facing our older Americans. He is a fellow in the Gerontological Society, and as chairman of the Education Committee of the Missouri Nursing Home Association has developed numerous programs and workshops for those who care for the aging.

In this Bicentennial Year, we realize that our beloved Nation is marking an important milestone as she grows older. And because our population is also growing older, all of us face many challenges in the years ahead.

The statistics alone are startling. Today there are some 200 million people in the world over the age of 65. By the end of the decade there will be 250 million. The greatest increase will be in the developed countries.

By the year 2000, the average life expectancy the world over will have increased by 13.5 years—but much less in the developed countries.

In just 24 years from today, with 250 million older people, will science have found the answer to a longer lifespan, and will we, as concerned human beings, have found the answer to humane enrichment of that longer life?

Some biologists hope they will have achieved the great breakthrough of controlling the aging process. Clinicians expect to have achieved by then many gains in the conquest of disease. Psychologists anticipate more vigorous, alert, active, contributing older people.

Someday, we will have "successful aging." We talk a great deal about the "plight" of the elderly, the problems of old age, the inadequacy of nursing homes, the sordid conditions in some of those nursing homes. But with the interest and responsible leadership of such concerned Americans as Anthony Salamone, who continuously strive for quality nursing home care, these challenges will be overcome.

Many are truly concerned about improving the lot of the elderly and have naturally responded to revelation of their problems with a deep sense of pity. But pity alienates, it separates generations, with both sides the losers.

Our problem then becomes an educational one. Since education is a process by which we change thinking, we should be proud of those who seek new methods of education, who work for ever-improving thought that will give status to nursing homes and, in turn, provide better care for the older citizens who are so important in the fabric of our society.

Mr. President, Anthony Salamone is in the vanguard of this battle and I am pleased to have this opportunity to pay tribute to him.

CLEAN AIR AND SPACE

Mr. MOSS. Mr. President, the Clean Air Act Amendments reported out by the Public Works Committee in S. 3219 are scheduled for floor action in July, I believe the 22 and 23 of July. Section 16 of S. 3219 deals with the protection of the stratospheric ozone layer and it does so in what I consider an appropriate and proper manner.

This section of the bill deals with the chlorofluorocarbon issue, and more specifically, with the issue of chlorofluorocarbons being released into the atmosphere from aerosol spray containers, refrigeration, air-conditioning, and from other sources. The release of these chemicals into the atmosphere has been one of considerable concern among our Nation's scientists, the public, and the news media. The concern exists because of a hypothesis that the released chlorofluorocarbons cause a reduction of stratospheric ozone. The ozone in the stratosphere is a trace gas present at less than eight parts per million. However, this ozone shields the Earth's surface from some of the sun's ultraviolet rays which are inimical to life. Therefore, if the hypothesis is correct, the fluorocarbons released into the atmosphere are injurious to the health and welfare of the world's people. The underlying cause of this concern is the chlorine atoms in the chlorofluorocarbons.

The Committee on Aeronautical and Space Sciences first began an inquiry into the effects of chlorine on the upper atmosphere early in 1974 as part of its review of the environmental aspects of the space shuttle. Later in 1974 I ordered the committee staff to look specifically into the effects of the chlorofluorocarbons on the upper atmosphere and held a hearing on this matter in January 1975. We worked on this problem during the spring of 1975 and, in fact, recommended to the Senate that NASA be given additional authority for carrying out a research, technology, and monitoring program of the upper atmosphere with initial emphasis on the stratosphere. This amendment to the fiscal year 1976 NASA authorization act was accepted by the Congress and is currently the law of the land.

Since that time, I have appointed a Subcommittee on the Upper Atmosphere, which is chaired by the very able Senator from Arkansas (Mr. BUMPERS) with the equally able ranking minority member, the Senator from New Mexico (Mr. DOMENICI). This subcommittee has conducted extensive hearings into this matter.

The chlorofluorocarbons are extraordinarily useful chemicals. In fact, our entire refrigeration and air-conditioning industries are dependent upon them. This means that, in turn, our food processing, building, and many other industries are dependent upon the chlorofluorocarbons. Many of the things we take for granted are possible only because man has invented these chemicals.

The chlorofluorocarbons are so extremely useful, because of their unique physical properties and because they are chemically and biologically inert and nontoxic. The concern about some of the chlorofluorocarbon chemicals is that because of their extreme chemical inertness, they remain in the atmosphere for a very long period of time, therefore, becoming thoroughly mixed worldwide in the atmosphere, slowly diffusing upward and eventually entering the stratosphere. This mixing and diffusion process carrying the chlorofluorocarbon molecules into the stratosphere, according to the theory, takes at least 10 years.

The stratosphere is a region of the upper atmosphere above our weather. It is a region where the temperature remains essentially constant or increases with altitude. It begins anywhere from 5 to 11 miles above the Earth's surface, depending on latitude and time of year, and extends up to about 30 miles.

On reaching the upper part of the stratosphere, chlorofluorocarbon molecules are acted upon by ultraviolet radiation which splits the molecule apart, releasing a chlorine atom that quickly reacts with a molecule of stratospheric ozone to form chlorine oxide. The chlorine oxide reacts with other trace constituents in the atmosphere and the chlorine atom is again released. So, according to the theory, the reaction is cyclical until the chlorine atom eventually collides with a hydrogen atom to form a molecule of hydrogen chloride which might diffuse downward and be washed out of the lower atmosphere by rain. That is the hypothesis which scientists are striving now to determine whether it is correct or incorrect.

The hearing records of the committee and the subcommittee make it clear that what is needed is a properly coordinated and funded research effort aimed at developing the much-needed information on the numerous processes and reactions that occur in the upper atmosphere, and that there should be a clearly defined jurisdiction within the executive branch of the Government to handle the regulatory aspects of this matter. Mr. President, section 16 of the bill as reported by the Public Works Committee does exactly that. The bill strengthens the research, technology, and monitoring effort needed—in fact it builds on earlier legislation recommended by the Committee on Aeronautical and Space Sciences. The legislation reported by that committee provides that the Administrator of the Environmental Protection Agency must issue regulations by January 1, 1978, if he finds that chlorofluorocarbons, or as the bill calls them, halocarbon emissions, from aerosol containers may reasonably be anticipated to cause or contribute to the endangerment of the public health or welfare in any way.

These recommendations of the Public Works Committee are in full conformity with the recommendations of the Federal Task Force on the Inadvertent Modification of the Stratosphere, more popularly known as the IMOS Task Force. The IMOS report of June 1975 recommends that the scientific data needed to guide the regulatory agencies be provided by January 1, 1978, and that is being provided for. In fact, NASA, the lead agency on this matter, is committed to providing the best available information in a report to the regulatory agencies and Congress by September 1977.

Mr. President, I do not want to mislead my colleagues in the Senate. The scientific questions surrounding this matter are not getting any simpler. In fact, I think if anything, the hypothesis is more cloudy than it was 6 months ago. But the scientific community is doing the best it knows how to get the information needed and the available information will be reported in the report due September 1977. But that will not be the final word. The research program will have to continue, I am sure, after that period.

However, the bill recommended by the Public Works Committee adheres to the recommended IMOS time table and further strengthens the research and monitoring effort. In fact, the bill reported by the Public Works Committee places additional responsibility on a number of Federal agencies and the National Academy of Sciences and places specific responsibility for the regulatory aspects in the Administrator of the Environmental Protection Agency.

Mr. President, the Public Works Committee did an outstanding job in writing the legislation contained in section 16 of S. 3219. It provides for an informed regulatory decision based on the best scientific information available and I am happy to announce my full support for that section of the bill.

A LETTER TO JIMMY CARTER

Mr. TUNNEY. Mr. President, my friend and colleague, ALAN CRANSTON, has unequivocally removed himself from consideration as a Vice Presidential nominee. I think ALAN would make a superb Vice President, but his reasons for not wishing to be considered provide an excellent insight into his philosophic view about the importance of service in the Senate.

I want to share Senator CRANSTON's letter to Governor Carter with you since ALAN's own words can best convey his commitment to working within the Senate to improve and strengthen it. I ask unanimous consent that the text of Senator CRANSTON's letter to Governor Carter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C.,
June 23, 1976.

Hon. JIMMY CARTER,
Plains, Ga.

DEAR JIMMY: I respectfully request that you remove my name from the list of those you are considering for the Vice Presidency.

Because General Sherman's famous statement would sound presumptuous coming from me, I cannot bring myself to use his words. But please consider this letter as having all the force of a Sherman-like statement.

I delayed writing to you because of the awkwardness of turning down a high honor that has not been offered. But to help simplify the task of selecting a Vice-Presidential candidate, I want make my position clear to you at this time.

I have the highest respect for the office of Vice President. Many great men have served in that capacity. Many more great men and women will.

But most people who seek the Vice Presidency can see themselves as President. Frankly, I find it difficult to envisage almost anyone, let alone myself, exercising the awesome powers of the Presidency.

I simply don't want to relinquish my present work as a Senator, with all the independence and the substantive opportunities that role offers, for the alternatives provided by the Vice Presidency. I really look upon myself as a "Senate man". My life, my hopes and my ambitions lie in the Senate and this is where I hope to remain and serve our country for as long as I and the people of California feel that I am serving wisely and well.

The most important thing I can do in my

life, I believe, is to continue to contribute to the restoration of the strength and vitality of Congress so that it, and particularly the Senate, may fulfill its Constitutional role in the separation—and hence the limitation—of power in our government. Along with the Bill of Rights, our system of checks and balances is the principal guarantor of our individual freedoms.

I can serve this cause best as Senator.

I could do even more to further this cause as Assistant Senate Majority Leader, and 16 weeks ago I announced my candidacy for that position.

I believe it is counterproductive to run for—or even to be considered for—two offices at once. And I've become convinced that even speculation about my interest in the Vice Presidency is not helpful to my Whip candidacy.

Our party is blessed with many outstanding men and women, any of whom could fill the position of Vice President most ably. The list you gave to Pat Caddell for polling purposes is a good sample of the possibilities.

The importance of the West and of California with its 45 electoral votes may well make the selection of a Californian desirable. There are a number of eminently qualified Californians, notably Mayor Tom Bradley of Los Angeles and Governor Jerry Brown, both of whom have been prominently mentioned.

Both men have amply demonstrated not only their high character and remarkable ability, but their great vote-getting capacities as well. I highly recommend them both.

But whomever you pick should you become the nominee—as seems so probable—I want to assure you of my full and active support in the campaign and to pledge that I will do everything I can to help you, especially in California.

I look forward with great hope and eagerness to an era of productive cooperation between Congress and President Carter.

Cordially,

ALAN CRANSTON.

SOUTH AFRICA AND SECRETARY KISSINGER'S MEETING WITH PRIME MINISTER VORSTER

Mr. TUNNEY. Mr. President, on the eve of Secretary Kissinger's meeting with South African Prime Minister Vorster to discuss, among other things, the strategy for black majority rule in Rhodesia, the appropriateness of that meeting has come increasingly into question. Recent events in South Africa cast a shadow of doubt on the seriousness of purpose with which the South African Government views that meeting. Just yesterday Prime Minister Vorster was quoted as saying that he would not let the upcoming talks with Dr. Kissinger deter him from taking the necessary steps to quell disturbances in black areas of South Africa. Those "necessary steps" have already resulted in the deaths of over 120 black South Africans and the wounding of over a thousand others in the still unsettled wake of South Africa's worst race riots in 16 years.

This latest development reflects but one aspect of the ongoing domestic strife confronting the beleaguered South African Government and only underlines the position that black African leaders have taken from the beginning of Dr. Kissinger's African trip—that it is not enough to talk about majority rule in Rhodesia without focusing in on the even more fundamental problem of majority rights in South Africa.

Black students being fired upon while protesting the compulsory teaching in black schools of "Afrikaans" is only one manifestation of a complex process of officially sanctioned discrimination in South Africa. Yet another example of the white government's deprivation of the majority's rights concerns the decision by Mr. Vorster's government to deny all Xhosa people, regardless of where they live, of their South African citizenship when the Transkei becomes independent in October. For the 1 million or more Xhosa living outside the Transkei, many of whom, born in South Africa proper, have never experienced any real connection with the homelands, this means deciding between Transkei citizenship and statelessness. Whatever one might think of the policy of creating independent "Bantustans," their creation should not be used as an excuse for the further denial of basic rights to blacks living elsewhere in South Africa. For those who regard South Africa—not the Transkei—as their home, and who now demand participation in their government as South African citizens this represents the ultimate abrogation of their political rights.

I am not questioning here, Mr. President, the right of a nation to preserve order, but as we in this country have learned all too well in recent years, law and order without justice is a sham and the line between preservation of the peace and the deprivation of political freedom is often an exceedingly thin one. In South Africa today the question is not just one of quelling civil disturbances; the question is as much whether or not, in contravention of the expressed feelings of the international community, the aspirations of black South Africans and the dictates of fundamental human rights, the Government of South Africa should by default be encouraged in its program of creating independent black states within the sphere of South African influence while denying black tribespeople in South Africa itself their citizenship and forcing them to learn a language at once alien to their culture and inappropriate to their needs.

This is not to say that South Africa is the only state in the world violating human rights. It is not. Nor is it the only state in Africa violating such rights. I believe it is incumbent upon us to recognize this. But as a nation whose cultural and ethnic heritage in part originated in black Africa, as a nation that has had to face similar problems, I think we in the United States have a particular responsibility to encourage change in southern Africa. As President Truman so carefully pointed out in his state of the Union message in 1948:

> The United States has always had a deep concern for human rights. Religious freedom, free speech, and freedom of thought are cherished realities in our land. Any denial of human rights is a denial of the basic beliefs of democracy and of our regard for the worth of each individual.

It is against this backdrop that Secretary Kissinger has chosen to embark for West Germany so that he might counsel and be counseled on the peaceful transition to black majority rule in neighboring Rhodesia by the architect of South African policy, Prime Minister Vorster. How this visit will be perceived in the light of recent events by millions of anguished blacks in South Africa and her neighboring African states remains to be determined. Two things are certain, however. First, it would be a grave mistake for Dr. Kissinger to appear to be associating this country in any way with the policies of Prime Minister Vorster which have led inexorably to bloodshed, as, for example, by signaling any change in American Ex-Im Bank loan policy or lifting the arms embargo. Second, as much as the South African Government might wish to paint the picture that South Africa's own racial problems are well on their way to solution and that it is Rhodesia, therefore, that is the prime and proper subject of concern, the events of the past week should have dispelled that illusion completely.

In conclusion, Mr. President, I ask unanimous consent that copies of editorials that appeared over the last week in the Los Angeles Times on the subject of political rights in South Africa be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

A SIGNAL, BUT NO TRIUMPH

Violence has broken through the crust of apartheid in South Africa, leaving many dead and injured in clashes between the races. It is another dramatic signal in the rush of events below the equator of Africa that its black majority will not remain quiescent and subservient to a white minority.

Ostensibly, the violence flared over a decision by South Africa's government to require black students to learn some subjects in Afrikaans, a modification of the language brought by Dutch settlers in the 17th century. To the students, Afrikaans symbolizes white supremacy and black suppression.

As such, the language requirement brought the smoldering resentments of the nation's black inhabitants to the flash point. White authorities were surprised at the reaction—and overreacted. Police, many of them blacks themselves, fired indiscriminately into the rampaging crowds, and the firing heightened both the death toll and the fury of the rioters.

What is equally surprising is the government's decision to impose the language requirement at this time, a move that handed black activists and their white supporters a great opportunity to dramatize opposition to white rule.

Southern Africa has been in a state of increasing racial tension since the victory of a black Marxist movement in Angola, heightened black guerrilla activity against the white-supremacist regime in Rhodesia and the U.S. decision to take a more active, but nonmilitary, role on behalf of African blacks seeking political reform.

Then, too, there is the scheduled meeting this week in West Germany of Secretary of State Kissinger and South African Premier John E. Vorster, an encounter that was perhaps in the minds of some of the rioters.

The riots represent a serious diplomatic setback for Vorster. They belie his contention that apartheid, South Africa's version of the separate-but-equal doctrine, promotes racial harmony.

They also bring into question his country's stance that the main threat to the Afrikaners' rule lies outside its borders.

The riots will probably reinforce the U.S. opposition to apartheid at the Kissinger-Vorster meetings, and stiffen resistance to any tendencies for U.S. concessions, such as lifting the U.S. arms embargo against South Africa.

Yet the riots could also undermine the efforts of the United States and other nations to achieve orderly and peaceful change in the volatile area. They could shore up South African resistance to entreaties to cut economic and other ties with Rhodesia in an effort to prod that neighbor into agreeing to a formula for black rule.

Thus the riots represent no triumph for the moderation and orderly change that should be the hallmarks for a just settlement of differences between southern Africa's blacks and whites.

Depriving a Majority of Its Rights

The white government of South Africa has served notice that all Xhosa people, regardless of where they live, will lose their South African citizenship when the Transkei becomes independent in October.

That will force more than a million Xhosa living outside the Transkei to choose between Transkei citizenship and statelessness.

The move ostensibly is designed to support the nationhood of the Transkei, the Xhosa homeland and the first of South Africa's ethnic reserves to be granted its sovereignty.

But it is a move opposed by the head of the Transkei, Chief Kaiser Matanzima, who has argued forcefully that Xhosa living outside the Transkei should have the option of keeping their South African citizenship. It is also opposed by most leaders of the other eight homelands, who see it as part of a device to deny South African citizenship progressively to all blacks living outside the homelands and in the white areas of South Africa.

It is, for a majority of the whites, however, a perfect instrument for implementing apartheid.

In the long run, the policy could affect all 8 million blacks who live outside the homelands, most of whom are part of the white-run economies of the great cities of South Africa. Many have no real connections with the homelands. Many were born in the urban areas, and have never been to a homeland. They see South Africa as their home, and are increasingly asserting a claim for participation as citizens of South Africa.

So extreme is the new measure that it has brought both opposition white parties, the United Party and the Progressives, into joint action to oppose it.

An estimated 1.3 million Xhosa living outside the Transkei now face a terrible choice. Unless they voluntarily accept Transkei citizenship, they will be denied leaseholds on the homes and shops they now occupy in the black areas of white South Africa. They will also be stateless. But if they accept Transkei citizenship, they will be conceding any claim of rights as citizens of South Africa, and will be accepting citizenship in a country unknown to many of them.

This further abrogation of the fundamental rights of the majority in South Africa is another reason for the nations of the world to withhold recognition of the Transkei when it comes to nationhood in four months.

However much the Transkei may contribute to some sense of self-determination for Xhosas living within its borders, it is evident that its sovereignty is also a device to deprive, more effectively than ever before, South Africa's majority of its rights.

Soweto: A Preview of Things to Come?—Violence Likely to Mount in South Africa as Blacks Rise Against Apartheid

(By Norman Sklarewitz)

What is Soweto? In locating the township where South Africa's bloody student riots started last week, the press variously described it as a "black ghetto" or as a "segregated suburb of Johannesburg."

I managed to get a look at seldom-seen Soweto a few weeks ago during an extensive fact-gathering trip to South Africa, and I know that neither of these two labels really fits.

But then words fail me, too, when I try to find a way to describe Soweto so that the place can be fully comprehended. However, the fact that it became the setting for violence and death came as no surprise. It is exactly the kind of place that breeds both.

News reports said the rioting was touched off by black youths protesting mandatory courses in Afrikaans, a variation on Dutch. It is one of the two official languages of South Africa; English is the other, and the one preferred by blacks.

Yet opposition to classroom study was only the spark that sent teen-agers up against paramilitary police who shot to kill. A far greater injustice was behind such fury, and I can infer what it was—even from the short time I spent in Soweto.

Though an African-sounding name, Soweto is merely an acronoym for "Southern and Western Township." It is not on any tourist itinerary, yet Soweto happens to be the third largest city in South Africa and the fifth largest in the Southern Hemisphere. Covering 35 square miles, it has a population of at least 900,000.

So many things make Soweto unpleasantly different that it cannot simply be called a "ghetto" or a "segregated suburb," or given any other conventional designation. The problem is not just the generally abysmal living conditions—I have seen much worse in Calcutta and in the shantytowns of Rio de Janeiro. Even parts of the United States offer scenes of comparable squalor.

In fact, I was somewhat surprised to see a flow of new cars driven by blacks going bumper to bumper along the two-lane road from Soweto to Johannesburg during a morning rush hour. Soweto has its wealthy blacks and a number of solid, expensive homes. But such affluence is the exception.

What makes the place different is not its general lack of sewerage, street lights, electricity in homes and paved streets. Its inhabitants suffer most from a lack of freedom. This must have far more to do with the riots than the paucity of public services. Or the imposition of a hated language.

Residents of Soweto live there for one reason: They have to. Under the national Group Areas Act, which is a part of the country's apartheid policy, each race—including the white—is told where it can reside. No blacks, for example, may live in major cities such as Johannesburg, except for servants who reside in the homes of their masters—and "master" is indeed the term still used.

In Soweto, thousands of men live in seven government-owned "hostels"—huge, dreary dormitories. Many have spouses who work as live-in maids in the plush northern suburbs of Johannesburg, but the law forbids these men from staying overnight with their wives in the city, even if employers would permit such visits.

Each day the tens of thousands of Soweto residents not lucky enough to own cars pour onto trains and buses for the 12-mile journey to Johannesburg. Blacks must use separate coaches on the trains and depart by separate stairways; on the return trip, they must enter through separate ticket gates. Those who travel by bus must use a line reserved exclusively for "non-Europeans." By either mode, fares for blacks are considerably lower than those charged whites, because of a subsidy plan which whites point out is a benefit blacks enjoy at their expense.

As for Soweto itself, outsiders cannot enter without permission—a prohibition enforced at police checkpoints along the roads leading there. Obtaining permission to visit requires application to the semigovernmental agency which administers Soweto. Usually, such requests must be made weeks in advance, ruling out casual visits by tourists.

When I made such a request, I suspected there would not be enough time for a follow-through. But permission came within a week, along with an offer of a ride through Soweto with an administrative staff official.

He picked me up on his way to work and, as we drove along, was frank to admit the community's shortcomings. My guide made no attempt to hide anything from my eyes; indeed, he drove me through some of the worst parts of Soweto, which were on his regular route.

When I took note of heaps of garbage rotting alongside the muddy streets, he said trash barrels were provided but seldom used. Efforts to start neighborhood self-help projects consistently failed, he said: "The blacks just won't do anything to help themselves. They need to be cared for, just like children."

Wires dangled from electric poles, and most streetlights had been smashed. My companion explained that administrators had given up replacing broken bulbs; instead, they were now installing tall steel towers with wide-area floodlights, such as those used in American railroad yards.

Crime in the area is appallingly high. Strong-arm robbery is common and so is murder of blacks by blacks. As we drove along, I could see that many residents had responded by installing heavy steel bars over windows and by putting up high wire fences around their homes.

Despite its size and population, Soweto is by no means an independent "suburb," in the sense that most Americans know the term. The township has more than 100,000 houses (all on "leased" land), but only two banks and one produce market. Of necessity, residents must do their shopping in the city in businesses owned by whites. Three movie theaters in Soweto serve the entire population, but efforts are being made to provide more recreational facilities, such as swimming pools, athletic fields and tennis courts.

Some progress has been recorded in the past couple of years, concurrent with a dramatic, almost-undreamed-of improvement in the living standard of South Africa's blacks as a whole. Nowadays they have far greater opportunity than ever for education and good jobs; better housing and health care are also available. But the underlying policy of apartheid remains unchanged.

Indeed, the South African government plans to take apartheid a step further by eventually forcing most blacks to become citizens of a number of scattered areas known as Homelands, which will be independent territories within South Africa's borders. (The first, the Transkei, comes into existence later this year.) Blacks could continue to work, if they so wish, in white areas, but would have no rights in South Africa and, more important, the white government would not have to provide for their welfare as if they were citizens.

The riots in Soweto, then, may only provide a foretaste of what the Homelands concept offers: even greater separation of the dual populations of South Africa, and even greater potential for violence.

So what is Soweto? The best description is neither "segregated suburb" nor "black ghetto." Rather, Soweto is a state of mind on both sides that is destined to unleash ever-greater bloodletting.

NATIONAL FOREST PRODUCTS ASSOCIATION "RAVE AND RANT" SESSIONS

Mr. METCALF. On June 22, 23, and 24 the National Forest Products Association is sponsoring a series of cocktail hour wine and cheese parties which they call "Rave and Rant" sessions.

I am told that the purpose of these gatherings is to warn consumers of "certain bills now before Congress" which "threaten to put ridiculous price tags on all wood and paper products."

This sounds like the wildcat telling the rabbit to watch out for the cougar.

NFPA does not identify what "certain bills" they are raving and ranting about. However, I am sure that S. 3091, which has been reported to the Senate by unanimous vote of the Committees on Agriculture and Forestry and Interior and Insular Affairs is not among them. S. 3091 will provide better management of our national forests so that all their renewable resources can be enjoyed by all Americans. It will assure that there will be a sustained yield of timber for the use of all the citizens in these United States in perpetuity. The bill also is designed to increase the yield of clean water from the 187 million acres in the national forests, to protect and expand the game population for hunter, fisherman and bird watcher, and to provide greater outdoor recreational opportunity for all.

I urge all groups interested in the wise conservation and use of our national forest resources on a multiple-use and sustained yield basis to review S. 3091 carefully and read the report of the Committee on Agriculture and Forestry, report No. 94–893 and the Interior and Insular Affairs Committee report, No. 94–905.

I ask unanimous consent that there be printed at the conclusion of my remarks the report of the Comptroller General on the allegations made by the National Forest Products Association about S. 3091 in a paper dated May 10, 1976, which was widely circulated to Senators.

I will not comment on the GAO report other than to note that the Comptroller General concluded that—

> The basis for the Association's estimate of a possible 20-percent reduction in timber supply from Forest Service lands is not documented and is somewhat conjectural.

There being no objection, the report was ordered to be printed in the Record, as follows:

Comptroller General
of the United States,
Washington, June 15, 1976.

Hon. Herman E. Talmadge,
Chairman, Committee on Agriculture and Forestry, U.S. Senate.

Dear Mr. Chairman: Your letter of May 26, 1976, confirmed an earlier informal request that our Office review the back-up data supporting the National Forest Products Association's discussion paper of May 10, 1976, in opposition to S. 3091—the proposed National Forest Management Act of 1976—as reported out of your Committee and the Committee on Interior and Insular Affairs. Insofar as time permitted, we were to analyze the Association's documented data and inform you of the results within 4 weeks. It was agreed that the analysis would address the Association's contentions that:

(1) Timber supply from national forests lands will decrease by 20 percent over the next decade.

(2) The ability to meet housing goals will be decreased by approximately 200,000 homes each year.

(3) The non-declining sustained timber yield policy will result in the waste of an estimated 180 billion board feet of timber worth more than $9 billion in terms of 1976 dollars.

(4) The decline in timber supply will increase wood product prices enough to add $1,200 to $1,400 to the cost of an average new home.

(5) Many regional economies would be adversely affected by irregular or reduced national forest harvest levels.

On May 14, 1976, we asked representatives of the Association to provide us with back-up documentation supporting its May 10 discussion paper, especially the contentions listed above. We were told that some of the statements in the paper had been made on the basis of the Association's experience, professional judgment, and long working relationship and association with the Forest Service. Other statements were said to have been based on notes and pieces of scattered data that would have to be pulled together for us. We were asked to wait a week for this information and agreed to do so.

On May 21 the Association advised us that its back-up documentation was still incomplete. When we would not agree to wait any longer because of the reporting deadline we had to meet, the Association furnished us with a copy of the information it had compiled and said that additional information would be furnished to us as it became available.

An Association representative told us that, based on a reading of the Senate report (Report No. 94–893) accompanying S. 3091, the Association believed that some of its problems with the bill had been eliminated but that some new problems had arisen. We were told that the Association no longer believed that the May 10 discussion paper accurately represented its views. It was not made clear to us, however, whether a revised discussion paper would be prepared.

At various times during the ensuing 3 weeks, Association representatives discussed their views with us by telephone and furnished us material on various matters relating to their stated problems with S. 3091.

Our observations on the data furnished us by the Association on the five points listed above are presented in the enclosed summary of observations. We trust this will satisfy the purpose of your request.

Sincerely yours,

Elmer B. Staats,
Comptroller General of the United States.

Enclosure.

Summary of Observations

TIMBER SUPPLY

The Association estimated that the timber supply provided by national forests—presumably the Forest Service lands in the national forests—would decrease by 20 percent over the next decade if S. 3091 were enacted in its present form. Association representatives told us that several provisions of S. 3091 would contribute to a timber supply reduction by restricting timber production. S. 3091 would amend the Forest and Rangeland Renewable Resources Planning Act of 1974 in several respects and redesignate the present sections of the act.

(1) Redesignated section 6(d)(H)(iii) would require the Forest Service to assure that timber production is not a management goal on lands where the estimated cost of production will exceed estimated return. Production costs are to include only direct timber production costs and not access, protection, revegetation, and administrative costs for multiple-use purposes. The Association thinks it likely that this provision would curtail timber management and production in areas where land is of comparatively low productivity, such as the Southwest and Rocky Mountains.

(2) Redesignated section 6(d)(H)(iv) would provide that increases in allowable harvests based on intensified management practices shall be made only upon demonstration that such practices justify increased allowable harvests and that the outputs projected are being secured. The Association explained that, depending on the point in time when credit would be taken for increased timber yields resulting from intensified management practices, reduced harvest levels might have to be established by the Forest Service.

(3) Sections 18 and 20 of S. 3091 would amend existing legislation to facilitate forestry resource management programs. The Association stated that under these changes, multipurpose roads and other forest improvements could be funded entirely from timber receipts.

The Association said that this could increase the burden on timber purchasers and discourage them from buying timber in areas where timber values would be insufficient to cover road building, logging, and other requirements. It believes the impact would be greatest in the Southwest and Rocky Mountain areas where timber stands have a lower value and access costs are often high.

GAO OBSERVATIONS

Association representatives explained that the estimated 20-percent decrease in timber supply from Forest Service lands was not documented but was based on its experience, professional judgment, long association with the Forest Service, and its understanding and interpretation of the bill language. They said that the estimate resulted from a quick analysis of the bill to provide some idea of what the reduction might be and that it was a preliminary figure which could change after a more thorough analysis of the bill and the language of the Committee report on the bill. (The effect of a 20-percent reduction in national forest timber on the nation's total timber supply is discussed in a subsequent section under "Housing Costs".)

From our reading of the material furnished by the Association, its primary concerns with the provisions of the bill listed above seem to stem from uncertainties as to how the provisions might be interpreted and implemented and how potential timber purchasers might react to various possible interpretations, rather than from the results of an economic analysis of clearly defined parameters and constraints. The Association believes that some clarification of these provisions is needed to clear up such uncertainties. For example, it is not clear to the Association which specific costs and values are to be considered under redesignated section 6(d)(6)(H)(iii), and at what point in time or over what period of time they should be compared.

In this connection, the Association gave us a paper showing possible implications of two different methods of relating production costs to economic return—the capitalizing method and the expensing method. However, although paper raised questions regarding different interpretations of how the Association thought redesignated section 6(d)(6)(H)(iii) could be applied, the data shown seems to relate to hypothetical situations and not specifically to how the timber supply would be affected by that section of the bill.

In summary, the basis for the Association's estimate of a possible 20-percent reduction in timber supply from Forest Service lands is not documented and is somewhat conjectural. We note that the Committee report on S. 3091 states that it is not the intent of the bill to prevent the sale of marketable timber. Even if it could be shown that some undetermined amount of timber would not be available from Forest Service lands because of some provisions of S. 3091, the Association seems to assume that other sources of supply will not be utilized more intensively. This is doubtful. In the case of Forest Service lands and harvest levels, reallocations or more effective applications of management resources to productive timber areas could offset, partially or fully, the adverse effects on harvest levels which the Association envisions. Moreover, as the supply of timber falls behind demand and prices increase, it seems reasonable to assume that more timber would be harvested from non-Forest Service lands, imports would be increased, exports decreased, etc.

Because the unsupported 20-percent factor also was used in estimating the impact of S. 3091 on the nation's ability to meet its housing goals and on the price of houses, the Association's estimates of those impacts are also questionable.

HOUSING GOALS

The Association estimated that the decline in national forest timber supply that would be caused by enactment of S. 3091 would decrease the nation's ability to meet housing goals by 200,000 new homes a year. We were not furnished any documentation to support this contention, but were told that it was a quick estimate based on—

The assumption that national forest timber supply would decrease 20 percent,

Application of the 20 percent to a stated 10 billion board feet annual harvest level for national forest timber, and

Dividing the result by the amount of lumber (10,000 board feet) estimated to be in an average house.

GAO OBSERVATIONS

There is no valid support for the contention that 200,000 less homes would be built each year if S. 3091 were enacted.

First, the estimate is based on the unsupported premise that national forest timber supply would decrease by 20 percent.

Second, the estimate is based on the unrealistic assumption that all of the timber that would not be harvested would have been used for housing construction. Timber is used for a wide variety of purposes on which a reduction in the supply of timber could be expected to impact. It seems reasonable to assume that the available supply of timber would be used for the purposes that generated the greatest demand—one of these purposes could very well be housing.

Third, some idea of the impact that an assumed increase in lumber prices (resulting from an assumed decrease in supply) might have on the demand for new houses can be obtained from using information contained in testimony by the National Association of Home Builders during hearings on S. 3091 in March 1976. According to this testimony, the average sales price of a single family house built during the first 9 months of 1975 was approximately $38,500, and the average cost of lumber and other wood products used in the construction of this type of house was $5,262—or 13.7 percent of the sales price. The testimony also indicated that housing starts for 1976 would only reach a range of around 1.4 to 1.5 million units.

If one were to assume that the price of construction lumber and wood products would increase by an unusually large amount—say 25 percent [1]—the price of a new house would go up by 3.4 percent. If one also were to assume that annual housing starts would be near what they were in 1974—1.4 million—the National Forest Products Association's estimate of a 200,000-unit decrease would represent a 14 percent drop in housing starts. It seems unlikely that a 3.4 percent increase in the price of a new house would cause the demand for housing to decrease that much.

TIMBER HARVEST POLICY

The Association stated that adoption of section 11 of S. 3091 would require the Forest Service to follow the principle of non-declining sustained timber yield and would result in the waste of 180 billion board feet of old-growth timber worth over $9 billion.

GAO OBSERVATIONS

Section 11 of S. 3091 would establish in law what has been, and is, the general policy and practice of the Forest Service; namely, the establishment of timber harvest levels at a rate no higher than can be maintained from one decade to the next in perpetuity on a sustained-yield basis. It would be inaccurate to say that this results in a waste of $9 billion of national forest timber. Under the Forest Service policy, old-growth timber on Forest Service commercial timber lands will eventually be harvested except for losses from death and decay and from fire and other disasters. However, the harvest of old-growth timber stands is spread over a longer period of time than the Association believes to be proper.

The Forest Service recognizes that cutting old-growth timber stands on an accelerated schedule and replacing them with healthy young trees would provide opportunity for increased timber growth on national forest lands. However, because the implications of any change in this Forest Service policy would have major consequences on timber supply and price, the environment, economic stability of timber-dependent communities and businesses, multiple-use forestry management, and other important considerations, we believe it essential that there be a mechanism to assure that the Congress consider and specifically approve any policy change in this area. Section 11 of S. 3091 would provide such assurance.

HOUSING COSTS

The Association estimated that enactment of S. 3091 would increase wood product prices enough to add $1,200 to $1,400 to the cost of an average new house. This estimate was based on the following:

Testimony by the National Association of Home Builders during hearings on S. 3091 included information on the construction costs of an average single family house built during the first 9 months of 1975. Costs of lumber and other wood products were said to total $5,262.

Forest Service data shows that Federal national forest lands account for about 25 percent of the nation's annual harvest of softwood sawtimber—the major raw material for construction lumber and plywood. Assuming a 20 percent reduction in national forest timber supply, the Association computed a 5-percent reduction in the nation's total timber supply.

Using simulations of the Adams' model [2] of softwood lumber and plywood markets, the Association estimated that a 5-percent supply reduction (during the period 1976–1980) would result in a 20-percent increase in the softwood lumber price index and a 38.5-percent increase in the plywood price index during that period.

Assuming the above, a 20-percent price increase in softwood lumber would increase the price of lumber in the average single family house by $1,052 ($5,262 × .20 = $1,052), and a 38.5-percent price increase in plywood would increase the price of the same house by $2,026 ($5,262 × .385 = $2,026). According to the Association, if each type of wood product were weighted according to the volumes used in constructing the average house, the price increase would probably fall within the range of $1,200 to $1,400.

GAO OBSERVATIONS

The central factor in the housing cost increase estimated by the Association is the assumption that timber supply from Forest Service lands will drop 20 percent and will reduce the nation's total supply by 5 percent. As previously discussed, this assumption is undocumented and open to question.

Beyond this, the Association's price elasticity estimate is based on a model that we have not seen. We would have to study it in order to judge whether it is adequate for projecting the effects that changes in supply have on price. We noted, however, that the Association did not use the model's estimates of demand elasticity directly to estimate the price changes for the period 1976–1980. Rather, it extrapolated the values based on the model's price changes for two other periods (1980–1990) and 1990–2000). In doing so, the Association introduced a bias which tended to overestimate the response of price to change in supply.

On the matter of price elasticity, we noted (without study) that a Forest Service document entitled "An Assessment of the Impact of S. 2926 on Forest Service Timber Programs and the National Economy" includes a preliminary estimate that a 50-percent reduction in national forest softwood timber supply would increase wholesale lumber prices by an estimated 15 percent or more and wholesale plywood prices by a larger percent for the period 1980–1990. This differs considerably from the Association's estimate that a 20-percent reduction in national forest softwood timber would increase lumber prices by an estimated 14.3 percent for the same period. It would not be reasonable to believe that a 50-percent reduction and a 20-percent reduction in national forest timber supply would have about the same impact on the price of lumber—an increase of 15 percent compared with 14.3 percent. This raises a further question as to what impact an assumed reduction in timber supply would have on the cost of a house.

REGIONAL ECONOMIES

The Association stated that enactment of the present version of S. 3091 would cause many regional economies to be adversely affected by irregular or reduced national harvest levels, particularly in 11 western states where national forests are said to comprise approximately 50 percent of the total land area and to supply a high percentage of the commercial timber harvest to dependent industries. The Association was also concerned that the bill would cause a negative effect on the ability of western areas to serve eastern markets.

GAO OBSERVATIONS

Association representatives did not provide any specific documentation in support of these contentions. Instead, they furnished us a listing of six regional studies which were described as discussing the importance of timber resources and forest products industries to local employment and the economic base of selected counties. Two of the studies were made by the Forest Service's Pacific Northwest Experiment Station, three were made by universities, and one was made by the Washington Forest Protection Association. Three of the studies were made in the 1970's, one was made in 1963, one was made in 1957, and one was undated.

We did not attempt to obtain and analyze these studies because they did not relate specifically to the provisions of S. 3091. Whether the circumstances and assumptions on which these studies were based would result from enactment of S. 3091 seems purely conjectural. As a point in fact, the listed description of one of the studies indicates that it was predicated on the assumption that clearcutting would be banned. One of the major purposes of S. 3091 is to allow clearcutting as a timber management practice when warranted.

CAREFREE KIWANIS RESOLUTION ON FREE ENTERPRISE

Mr. FANNIN. Mr. President, I call to the attention of my colleagues a Bicentennial resolution adopted by the Carefree, Arizona Kiwanis Club. It urges nonpartisan service clubs to join in a return to the free enterprise system and warns that a large bureaucracy, massive giveaway programs, and over regulation of business are threatening our freedom and cheapening the dollar. I ask unanimous consent that this Bicentennial resolution be printed in the RECORD.

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[1] The approximate figure used by the Association in estimating the impact of a timber supply reduction on housing costs.

[2] This is an econometric model developed by Darius M. Adams of the Forest Service to obtain estimates of the response of softwood stumpage and wood end-product prices to changes in national forest timber harvest schedules.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

A Bicentennial Resolution

By unhappy coincidence our nation's Bicentennial finds us sinking deeper into a quagmire of troubles threatening our freedoms and cheapening the dollar.

The stifling bureaucracies are largely concerned with give-away programs. These hordes of payrollers also press the invasions of our factories, our laboratories, our shops, our farms, our schools and most other activities.

Burdens of rising taxes and interference in productive operations now block the traditional rise in real living standards.

Even the ablest management and researchers of private enterprise cannot overcome the effects of the crushing loads imposed by government.

Free enterprise is the result of freedom, as well as the basis for freedom. A citizen who spends a third or more of his working time just to pay taxes has lost a large part of his freedom.

Politicians in both major parties have gone along with the boast heard so often during 40 years: "We will spend and spend, tax and tax, elect and elect."

Now we see a parallel threat: The surge of union control among government employees with the desertion of duty even by police officers, firemen, postal and sanitation workers, escalates the dangers to emergency status.

The threat is: "We will strike and strike, inflate and inflate, collect and collect." This nation cannot ever survive a conspiracy based on the pretense that unionized labor has rights superior to that of other citizens.

Therefore be it Resolved that we urge the thousands of nonpartisan service clubs to help celebrate this Bicentennial in a drive for intelligent and just correction of misgovernment.

We commend for current attention the words of Edward Everett Hale (1822–1909): "I am only one, but I am one. I cannot do everything, but still I can do something. And because I cannot do everything, I will not refuse to do the something that I can do."

GREECE, TURKEY AND NATO

Mr. BARTLETT. Mr. President, I ask unanimous consent to have printed in the RECORD a series of three newspaper articles entitled "Greece, Turkey and NATO," which appeared in one of Greece's leading newspapers the Vradini, in three installments on April 27, 28, and 29, 1976. The author, Lt. Gen. John Sorokos, retired, is a Greek citizen living in Athens. He has served with NATO, has been Deputy Chief of staff of the Greek Army, Ambassador to Great Britain, and Ambassador to the United States.

These articles, by General Sorokos, present an indepth, analytical point of view of the respective strategic importance and potential contributions of Greece and Turkey to the North Atlantic Treaty Organization and the role of the United States.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[Three articles reprinted from the Vradini]

Greece, Turkey and NATO—The Eastern Mediterranean and the Turkish Geographical Area

With the conclusion of the recent United States-Turkish military agreement various sources in Ankara, NATO and Washington have presented the strategic military importance of Turkey in order to support the American interest for maintaining the function of the U.S.A. bases in Turkey. Some of the arguments used were not limited to a presentation of the significance of the Turkish area but attempted to provide comparative data with Greece's geographical importance.

Because of the above it is considered advisable to give to the Greek public an opportunity to be informed about this complex subject and its many facets, free from political considerations. In the meantime and "in order to correct the upset balance in the Aegean" the U.S.A. has granted through another agreement corresponding military aid to Greece.

The important question is whether the present Greek-Turkish crisis can be controlled through a competition in armaments or possibly by other means and if so, which ones.

First, it is an indisputable fact that the eastern Mediterranean area, both land and sea, and in the past fifty years, air, has throughout history been a bone of contention and a crossroads of varying civilizations and pursuits. This area has always attracted the interest of the "great powers" of each historical era. In this area is included Greece, her Dodecanese and Archipelago islands; Cyprus; Turkey with Eastern Thrace, the Dardanelles and her Asiatic territory; the countries of the Middle East from Syria, Lebanon and Israel to Egypt with its strategic Suez Canal.

A second line of countries in vital contact with the above are Iraq, Jordan, Saudi Arabia, the Persian Gulf Emirates, and further southeast, Iran. This enumeration of countries comprises the eastern Mediterranean area and has been given to stress the serious political, economic and strategic importance of the area.

A vivid evidence of this importance is shown by the civil war imposed on Greece (1946–49), the thirty year old struggle between Arabs and Israel and its tragic extension to Lebanon, and the over twenty year struggle of the Cypriot people for their independence.

Greece, Turkey and Cyprus constitute the western and northern support of this important area. Turkey since the time of her entry in NATO in 1952, has been of vital strategic importance to the Atlantic alliance because of her natural control of the Dardanelles and the possibilities of development in the Asia Minor hinterland of a "network of surveillance and early warning". This "network" was created by the Americans along the Black Sea and up to the Turkish-Soviet frontier in the Caucasus range with a series of radar stations and other relative equipment with the aim of observing within the deepest possible range, the military activities on Soviet territory.

In other words, this was an electronic "spying network" required during the cold war period in the decade 1950–1960 when the western world defenses were being organized against the possibilities of a Soviet attack. A parallel adjunct of this network in the event of an enemy air attack is the early warning and alert systems within the allied defense organization.

This "early warning and alert system" extends westward to Greek territory and from these through the Adriatic and Italy and connects with central and northern Europe up to Norway, Greenland and Iceland in the North Sea, thus creating a half circle facing the Iron Curtain, behind which the enormous strength of the Warsaw pact forces has been organized and developed.

The above is only a "warning and alert" system designed to warn in the event of pending danger and was not designed for defensive purposes. Therefore, through persistent and costly endeavours, a defensive system was built up from Norway to Turkey with the main aim of deterring and/or confronting an eventual Soviet attack. Specifically, the Turkish armed forces were strengthened and the necessary military installation set up which would permit the deployment of the armed forces for the conduct of a successful defense. For the reinforcement of this Turkish military power, a number of military installations and other additional means were envisaged and undertaken to be organized and manned by the United States on behalf of NATO. After that, a network of miltiary bases was developed on Turkish territory manned by American personnel, a fact which increased the strategic importance of Turkey.

No one discussing the matter in good faith could doubt that Turkey as a NATO member did not contribute during the past 25 years with her armed forces and vital territorial position her share for the reinforcement of the defensive strength of NATO and for the full use of its military deterrant. Such was the state of things when, in June, 1967, the Middle East was set afire with the tragic six-day war which brought Israel to the Suez and closed the canal to shipping.

After 1967 the Arab world went on the alert and through a consecutive series of crisis' came the new conflict of October 1973 during which the combined Arab forces tried—and partially succeeded—to recover the lost territory using for the first time their oil as an economic weapon.

During this entire period, the United States, because of its "special ties" with Israel, sought "supports" with which they could directly or indirectly press the Arabs and relieve Israel while having also the possibility of exercising control over the oil producing countries of this area. With this end in view, the United States strengthened the military power of Iran whose armed forces as is generally known, have now developed well beyond the defensive requirements of the Country. At the same time the United States is relying on the use of the bases in Turkey for the reinforcement of Israel should the necessity arise. In the meantime the Turkish armed forces and the bases in Turkey constitute a steady pressure on the northern flank of the Arab countries.

The conclusion of all of the above, is that Turkey has, in the eyes of NATO, and especially in the eyes of the United States, an important position because she (1) safeguards the Dardanelles; (2) participates in the surveillance and early warning systems, and (3) with her armed forces, participates in the defense organization of NATO. Beyond the above and apart from her NATO obligations, Turkey constitutes a "prop" of American policy in the Middle East.

The Value of Greek Territorial Space

Examining now with equal objectivity the Greek territorial area, it shall be seen that, taking into consideration respective areas and population, Greece did not fall behind in her contribution to NATO and to the United States. Greece has contributed to both the intelligence and the early warning network and has strengthened the defensive shield of NATO by providing well equipped and well trained armed forces.

For the casual observer, this is the immediate and most significant contribution of Greece to NATO, and, when it is compared superficially to the contribution of Turkey, leads one to the over-simplified and dangerous conclusion that Turkey's importance is more significant than that of Greece.

In our opinion it is a clearly wrong approach to provide a comparison of the numerical strength of Greece and Turkey; for instance, how many divisions does each country have, how many tanks, aircraft, warships, etc. If we are truly interested in the welfare of NATO and Greece and Turkey we must look upon all of the data as rivalry between them.

What truly matters is that the Greek contribution to NATO is not limited to just the points of comparative military strengths because there are special parts of the Greek contribution which must not be forgotten or underrated in the joint evaluation and correlation of Greece and Turkey.

First is the question of Yugoslavia whose political and strategic importance cannot be disregarded. It is reasonable to expect that if this country is threatened she will count on help from the West. Such help can only be provided through Greece. Should the communication lines from Greece to Yugoslavia be cut, the latter, no matter how heroic her efforts to resist aggression, is doomed to failure. It is only the natural and steady contact between Greece and Yugoslavia which encourages Yugoslavia to maintain an independent policy which best serves her interests and deters those who would conspire against her independence. It would be a most naive and dangerous policy for the West not to take into consideration what may happen after the departure of the present Yugoslav leader. This is a problem in which Turkey cannot be of help due to her geographical position.

Another factor to be considered and which is particularly affected by the Greek territorial space is the U.S. 6th Fleet which is deployed in the Mediterranean as a defense and attack arm of NATO. No confidential information is being divulged if the fact is stated that the more advanced eastern bases of the 6th Fleet are to be found along the eastern coast of Greece, southward to Crete. Crete, with her naturally protected ports, excellent harbor facilities and internal military organization should be considered as an ultra-modern aeronautical base. It is a natural defense area but at the same time an attack point in the center of the eastern Mediterranean. It is an unsinkable aircraft carrier, (as was Malta in World War II) having its range the Dardanelles, the coastal countries of the Middle East, the Suez Canal and eastward to Libya.

Turkey, in the matter of the 6th Fleet with the exception of her ability to warn NATO of an attack from the northeast, can offer nothing more because of her proximity to the Soviet bases and the danger of the NATO naval units becoming confined in the closed waters of Asia Minor and the added disadvantage of the absence of suitable harbour and other required facilities. It should be noted here also that the Turkish airfields are not feasible for any continued operational use by NATO due to the fact that they are within range of light Soviet missiles.

Looking closely at the Dardenelles, it is logical to conclude that the value they had in 1950–60 has considerably decreased, the Soviet Fleet having for some years now penetrated from the south and has organized the "Soviet Fleet of the Mediterranean", as a result of which the Dardanelles are now outflanked. The technological development of the various military means has also had a negative influence on the previous strategic value of the Dardanelles. There is another point of particular interest in the study of the Greek-Turkish territorial space which must be taken into consideration. By definition NATO is a defensive organization to be activated only in the event of an enemy attack. However, wars are not won by continous defense. After checking the attacker, a counter-attack of the NATO forces should be foreseen.

From this viewpoint, the area of the Southern Theatre of Operations (Italy, Greece, Turkey) presents serious difficulties for planning such a counter attack. It is obvious that the Italian territory with the mountainous massif of the Alps in the north is not suitable for large scale offensive operations. The Turkish territory also, apart from the narrow strip of European Turkey, is considered militarily unsuitable for organizing and launching offensive operations. This is because the water obstacle of the Black Sea would require a large scale landing operation, a risky and rather difficult task, to which one would resort only in the absence of another solution. The eastern Turkish border is equally prohibitive due to the Caucasus mountain range and the unsuitability of local communications.

Consequently, for this phase of a war, the Greek peninsula extending eastward to Turkish Thrace is the area best suited as a basis for the organization of an offensive action.

A reduced scale picture of such an operation is the offensive launched in 1918 by the Allies on the Solonica front and the eventual breakthrough in Macedonia.

All the above points have been duly noted in order to complete this analysis of facts without attempting to unduly minimize the strategic value of the Dardanelles and the Turkish territorial space in general.

Turkey has her significance as well as her weaknessess. The same applies to all countries including Greece.

CORRELATIONS AND COMPARISONS
THE DUTY OF NATO

Turkey, being geographically positioned at the easternmost point of the NATO responsibility, must of necessity have a close connection and co-operation with Greece. Greece, because of her nature and position constitutes the indispensible link through which communication lines between the West and Turkey are controlled. The significance of Greece's territorial position becomes more obvious if we imagine what Turkey's position would be if Greece did not participate in NATO. Turkey would be completely cut off from the West. NATO also would not be able to rely on a lone lever which would be left dangling in mid-air.

Viewed from a narrower military frame, the Greek territorial area with its natural eastward connection via Greek Thrace, and south of it, via the sea area, gives the Dardanelles the missing geographical depth and permits the conduct of a successful defense manuevre according to the modern concept of combined Army, Navy and Air Force operations by NATO.

It is therefore not an exaggeration to support the idea that the significance of the Turkish territorial area remains worthwhile so long as Turkey is connected with Greece, and this significance diminishes if this connection is broken. Of course, there remains Turkey's role as a pressure level directed at the Middle East. But we must realize how little Turkey, geographically isolated from NATO, could influence, directly or indirectly, developments in the Middle East. Turkey would find herself in a difficult position and will be forced to look, for the sake of her security, for alternative support. Besides this, it must be remembered that the "oil valve" is in the hands of the Arab World and no great imagination is required to foresee that Ankara's diplomacy will be guided by raw realism. It appears that this simple realism has not been well assessed by those who have placed hopes on Turkish pressure against the Arab World!

The general conclusion from this analysis should be easily drawn by the careful reader and is the following: Turkey can indeed be useful to NATO and the United States as long as she is connected with Greece. Otherwise, she becomes a burden for NATO which burden will certainly be jettisoned at the first difficulty or crisis. Subsequent to this comes the other conclusion that NATO has equal need of both Greece and Turkey in order to be able to effectively accomplish its role.

It is obvious that ties between countries are not just General Staff lines drawn on military charts according to the plans of NATO. They reach this form only when the respective people are linked spiritually and believe in the same principles of international law, morality, national liberty and human dignity. It is left to the unbiased reader to judge whether these principles have been applied during the last two years in the Eastern Mediterranean.

From the answer to this main question will depend the future fate of NATO in this vital Greek-Turkish territorial area. However, despite the justification of bringing into discussions the events which have transpired in this area, a persistent effort has been made to limit the analysis of the Greek-Turkish role in NATO to matters "technical and military", and to meticulously avoid the discussion of other factors which also seriously affect the strategic importance of the two countries.

Of prime importance are the very people who give flesh and bones to the natural and artificial characteristics of their respective countries. The qualities, the characteristics, the strong and weak points of the living people who inhabit elements which should carry a great deal of weight in the overall evaluation of a country, often much more than the dry estimate of the geographical, economic and political facts.

Elements such as personal dignity, human rights, individual freedom, the concept of justice, morality and democracy, the cultural level of the citizen, have a great influence on the behavior of a people in relation to their duty to the Fatherland and, by extension, to the allies of the Fatherland. Also, one must not ignore the "techno-economic" elements which greatly and directly influence the will or rather the potential of a people to become an active factor in the defense of their country. These "techno-economic" factors are the production of goods and services, the gross national product and per capita income, the living standard of the people, the foreign exchange reserves and international credit rating of a country, the technological level of the people with its direct effect on the quality level of the Armed Forces, and in general, the educational level of the population.

Finally, in the case of Greece, one cannot overlook the importance of her overseas merchant navy which contributed so much during the Second World War and is expected to offer much more in any future contingency of NATO.

All the above factors were not included in the preceding analysis only because a comparison in this vital area of the behavior and productivity of a people, the past contributions of Greece to the West, would clearly weigh against Turkey. The purpose of this analysis was and remains to show that both countries, Greece and Turkey, by supplementing and supporting each other can promote their good and just pursuits and at the same time consolidate NATO.

It is therefore the duty of the responsible thinking political leadership of both countries to weigh today's wrong and dangerous course of their relations in order to prevent an eventual conflict which will inevitably lead, either purposely or accidently, to a continued tense situation and a disastrous armaments race.

The Western leadership, especially the United States has the duty for the protection of the well intended interests of the

West and they must intercede in a positive specific and mitigating manner, leaving aside the useless language of the diplomatic "prayer-book," in order to solve the deadlock caused by the Greco-Turkish relations in Cyprus and the Aegean Sea. Wishes and curses solve nothing. Bold initiative is needed in order to cope with this crisis. Only the United States can offer this bold initiative as the leader of the West. Prudent Turks would also welcome this intercession because they realize that they have become involved in a vicious circle and they know not what to do in order to avoid the oncoming disaster.

Here is the leader's role for the U.S. Government and the Congress—to indicate in specific terms that Turkey must conform to the resolutions of the United Nations Organization. Only then will NATO be consolidated in the Eastern Mediterranean.

SIR ANTHONY EDEN'S BICENTENNIAL MESSAGE

Mr. MATHIAS. Mr. President, Maryland became independent 200 years ago today. On June 23, 1776 Sir Robert Eden, the last proprietary Governor of Maryland left his capital in Annapolis and surrendered the last vestige of power. British dominion had come to an end 11 days before independence was formally declared in Philadelphia on the Fourth of July.

The event was commemorated today in Annapolis at St. John's College under the last surviving Liberty Tree in America. Among those who participated in the ceremony were the British Ambassador, Sir Peter Ramsbotham, the Governor of Maryland, Marvin Mandel, and Governor Eden's descendant Sir Robert Eden, 7th Baronet of Maryland and a member of the House of Commons.

A unique feature of the day was a recorded message from Sir Anthony Eden, Earl of Avon and former Prime Minister of Great Britain. Although the message was addressed to the people of Maryland it carries profound meaning for all Americans. The conclusion, in particular, is so significant for the America of 1976 that I think it should be quoted here and read in every part of the land.

I ask unanimous consent that an excerpt from Lord Avon's speech be printed in the Record.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

Excerpt

> The practise of self-government by a free people is the most exacting exercise of which the human mind is capable. Yet to succeed in it is an inescapable condition of happiness. Material gains for the massed millions across the world are not to be despised, but to you and we who have once tasted and enjoyed freedom and equality before the law, they can never take first place. It is because you have understood this and have set us an example in the practise of open and virile democracy, against all trials and hazards across this vast continent, that I say to you that your success in the art of government is vital to its success throughout the free world. There can be no future for any of us otherwise. Yours is a record which has nowhere been surpassed in the long and checkered history of this restless planet. I pray that the United States will continue to grow in strength and kindliness and lead us all into those conditions of freedom and peace upon which the true progress of the world depends.

THE IDS LABYRINTH PROFILE OF A MUTUAL FUND COMPLEX

Mr. METCALF. Mr. President, IDS Tower appropriately dominates the skyline of downtown Minneapolis. Investors Diversified Services, with headquarters in this 57-story structure, is a mammoth investment company complex.

IDS and its subsidiaries and associates sell and issue investment certificates. They manage and distribute nine mutual funds. They conduct insurance, securities brokerage, and financial operations—including commercial financing and mortgage banking. They provide investment advisory services to pension funds, pools of privately-owned capital, a real estate investment trust, and themselves. They sell limited partnership interests in oil and gas exploration programs. And they own and operate real properties.

In 1974 and 1975 a major part of IDS earnings came from what Forbes magazine in its March 15, 1976, issue called the "3-percent money tree." It worked this way, according to Forbes:

> Company salesmen rang doorbells peddling so-called face-amount certificates to individuals who paid for them in monthly installments. Twenty-two years later the individuals got their money back—with interest: 3% compounded annually on which, of course, the investors then had to pay taxes. Or they might get their money back in 15 years collecting just 2.5% in compounded annual interest. This in a time when U.S. Treasury bonds yielded 8% or more and savings banks were paying the equivalent of 8% for four-year deposits. Worse, customers who wanted to drop out of the plan couldn't get their full investment back unless they kept making payments for at least eight years. And then they got no interest. Over half of those who tried this deal, according to the prospectus filed with the Securities and Exchange Commission, dropped out early, losing up to 20% of their principal.

This was obviously not a good deal for customers of IDS, whose engaging salesmen have been selling their sundry packages to Montanans and the citizens of many other states for years. But it was legal, as Forbes points out, because IDS complied with the regulations of the Securities and Exchange Commission.

Net assets under IDS management totalled $7.8 billion at the end of 1975. IDS life insurance—which also sells health insurance—had $5.6 billion of life insurance in force at the end of 1974. Investments certificates in force at the end of 1974, issued through IDS' Investors Syndicate of America, totaled $2.2 billion. The nine IDS mutual funds managed assets totalling almost $6 billion as of last month. The IDS mutual funds include investors mutual, investors stock fund, investors selective fund, investors variable payment fund, IDS new dimensions fund, IDS progressive fund, IDS growth fund, the IDS bond fund and the new IDS cash management fund.

The largest of these is Investors Mutual, which characterizes itself as the world's largest mutual fund. At the end of last year this fund had more than $2 billion in assets, including $1,146,568,088 in common stock, under management.

Let us take a look at that management, as reported in the Investor's Mutual's prospectus of December 30, 1975.

The president is Hamer H. Budge. He is also president of the eight other funds. He is described as a former executive of a Federal agency and—head of such agency from February 1969 until January 1971. That unmentioned agency of course was the Securities and Exchange Commission, which is charged with regulation of mutual funds. Previously Mr. Budge served as a Member of Congress from Idaho.

Another director is Melvin R. Laird who is described as the Reader's Digest senior counsellor for National and International Affairs. The prospectus also notes his previous service as Secretary of Defense and Counsellor to the President of the United States for Domestic Affairs, but does not mention his service as a Member of Congress from Wisconsin. He is a director of five of the IDS funds. He also is on the board of Communications Satellite Corp., Metropolitan Life, Purolater, Chicago Pneumatic Tool and Northwest Airlines. Two of the IDS funds of which Mr. Laird is a director, Investors Stock Fund and IDS Progressive Fund, together hold 1,210,000—5.6 percent—shares of Northwest Airlines stock. This substantial investment makes the IDS group represented by Director Laird the major stockholder in the airline.

A third director of Investor's Mutual is Paul W. McCracken, identified as a professor of business administration at the University of Michigan and former chairman—1969–72—of the Council of Economic Advisors. McCracken is also a director of five of the other IDS funds plus Texas Instruments Consolidated Foods, Lincoln National and Hoover Ball & Bearing.

Another director is John W. Byrnes, a former colleague of mine on the House Ways and Means Committee. Now a partner in the Washington office of the Milwaukee law firm of Foley, Lardner, Hollabaugh & Jacobs, he is also a director of three other IDS funds and American Realty Trust.

One of the few other outside directors of Investors Mutual and other IDS funds is Donald M. Kendall, chief executive officer of Pepsi Company. He is also on the board of Atlantic Richfield and Pan American. His service on IDS boards goes back to the mid-Sixties, when his close friend, Richard Nixon, was a part of this politically potent mutual fund operation.

Mr. Nixon joined the boards of investors Mutual and Investors Variable Payment Fund on December 8, 1964. On May 12, 1965 he joined the boards of Investors Stock Fund and Investors Selective Fund. His service on all four terminated on February 1, 1968.

During 1965, his first full year on the boards, he attended eight meetings of two of the boards and six meetings of the other two. During 1966 he attended three meetings of each board; in 1967 he attended two meetings of each of the four.

IDS does not maintain records as to the duration of its funds' meetings. I gather, however, that President Budge is the second fastest gavel from the West. All nine funds are going to hold their 1976 annual meetings on July 7 on the fourth floor of the Multifoods Building in Minneapolis. They will start at nine with Investors Mutual, allot an hour for each meeting, then, as the day wears on shorten the meetings to half an hour, so everybody can be free by five.

The brevity of at least some IDS fund meetings and the scheduling of meetings of various funds on the same day is worth noting in considering the workload of directors and their compensation. In Mr. Nixon's case it appears that the fewer meetings he went to the more valuable his services became.

During 1965, when he was recorded as being present at six meetings of two boards and eight of two others, he received $14,343.17 in fees and travel expenses from the various funds. Mr. Nixon's law firm, Nixon, Mudge, Rose, Guthrie, Alexander and Mitchell, was hired by Investors Mutual and Investors Stock Fund to handle matters relative to a stockholder's derivative action, with subsequent billings by the firm in 1965 totaling $15,510. During 1966, when he made three meetings of the four boards, Mr. Nixon received $16,214.82. During 1967, when he attended two meetings of the four boards, he was paid $16,650.07. He attended no meetings of the four boards during the one month in 1968 before his resignation from them, yet was paid $2,000. Perhaps we should ask Peat, Marwick and Mitchell, the accounting firm for the IDS complex, whether that kind of a fee schedule conforms with generally accepted accounting principles.

Unfortunately for investors, the SEC does not require parent funds such as IDS to consolidate the total compensation of directors with multiple, cushy positions within the complex. Nor does the SEC require aggregation of the voting rights of parent and subsidiaries in portfolio companies, despite the authority Congress gave it to do so. Nor does the SEC aggregate the information, which it could, from the reports it receives from the funds.

To the contrary, while proclaiming in press releases its full disclosure program, the Commission has backed away from its own proposals to obtain more information about the burgeoning economic and political force which the mutual funds constitute.

Last month the Commission quietly withdrew its own proposal to require mutual funds to disclose with greater specificity their policies of involvement in the affairs of their portfolio companies—SEC file S7-415. The case for such disclosure was well made by the SEC in its March 10, 1971 letter to Congress accompanying the institutional investor study report. I quote from the Commission's letter, appearing on pages 30–31 of House Document 92–64, part 8:

> ### DISCLOSURE OF POLICIES TOWARD CORPORATE MANAGEMENT
>
> While it does not appear appropriate for the Commission to attempt to advise institutions how or whether to become involved in the affairs of portfolio companies, it would be desirable for both portfolio companies and institutional beneficiaries, including investment company shareholders, to be informed of the policies of the institutional financial manager on such matters. Presently most investment companies disclaim in their statement of policy that it is their intention to become involved in management of portfolio companies. Consideration should be given to requiring all institutions to state their policies on involvement in corporate affairs and with more specificity than now required of investment companies, including: their procedures for considering proxy materials, any general policy regarding supporting management, any general policy of abstaining from voting, any general policy on voting for or against (or not voting on) certain types of proposals, any general policy of participating or not participating in corporate transfer situations, and any policies regarding other business relationships, personnel relationships and informal participation or consultation with portfolio companies in corporate affairs.
>
> This type of public disclosure would focus the obligation of institutions to act in the interests of their beneficiaries and lead to their setting up procedures for systematic attention to questions of stockholder voting. As a number of institutions responding to the Study's questionnaires indicated, the beneficiary should be able to choose the institutional manager whose policies on investment management appear to him most appropriate. The only way in which this can be done is to give beneficiaries full information about the policies followed, including policies regarding relationships with portfolio companies. The public nature of such information would also serve to inform corporate management and other shareholders of any general policies of the institution.

In rejecting on May 20 the regulations it has proposed to accomplish these objectives, the SEC said that 13 letters of comment had been received, a majority of which were critical. A close reading of the file shows that some of the letters were critical because the proposal did not go far enough.

Among them was a letter signed by Professors Donald E. Schwartz and Roy A. Schotland of the Georgetown University Law Center, Charles Halpern and Roger Foster of the Center for Law and Social Policy and Philip W. Moore of the project on corporate responsibility. They urged the Commission to go beyond collection of expressions of policy, and require funds to describe instances where they voted against management recommendations, or where the institution participated in the affairs of a portfolio company.

The Commission also rejected evidence available to it that investment companies band together to urge mergers, and that some funds place their selectees as officers or directors of portfolio companies. Instead, the Commission was persuaded by arguments such as those made by none other than IDS, which in its negative comments told the SEC:

> We believe that any disclosure of an investment company's instructions for considering proxy materials should be generalized rather than specific . . . Any implication of a requirement to solicit instructions from shareholders of the investment company as to how to vote portfolio securities (such a requirement was not proposed by the SEC) is unfortunate.

The Commission's decision last month no doubt pleased its former chairman, IDS Chairman Budge. It probably pleased President Ford, whose zeal for reduction in the number of Federal reports overrides concern for their content. The net result for investors is yet another gap in information which they ought to have about institutions which handle other people's money.

Mr. President, IDS is not the top of the pyramid. The parent of IDS and numerous other enterprises, the grandparent of the world's largest mutual fund—Investors Mutual—and its eight brothers is the Alleghany Corporation. It owns 44.9 percent of the outstanding voting stock of IDS.

Alleghany is the financial-transportation-real estate conglomerate formerly controlled by O. P. and M. J. Van Sweringen, who organized it in 1929. From them control went to Mid-America Corporation, then the George and Frances Ball Foundation, then to R. R. Young, F. F. Kolbe, and A. P. Kirby. In the early 1960's the Murchison interests won all the board seats in a proxy contest, but Kirby subsequently regained control.

His estate and heirs now own more than 50 percent of Alleghany's voting stock. The principal block—20.4 percent of the Alleghany common stock, as well as 2.5 percent of the voting shares in IDS—is controlled by the executors. They are F. M. Kirby, Allan P. Kirby, Jr., William G. Rabe, and Manufacturers Hanover Trust.

Mr. President, I have chosen to profile the IDS family because it is the largest of the investment company families, about which the Congress and the investing public know too little. I do this with the hope that it will encourage others to make similar and followup studies.

The IDS example also suggests other areas of inquiry for both the SEC and the Congress.

On how many boards should a director be permitted to serve? Brandeis, before he began his great service on the Supreme Court, told the U.S. Commission on Industrial Relations he doubted whether anybody who is himself engaged in any important business has time to be a director in more than one large corporation.

And how many layers of expensive boards of directors, parent companies, and subsidiary companies should investors in mutual funds subsidize? The inside directors, including the firms' management, ought to be knowledgeable about investment matters. In the case of Investors Mutual, the firm buys additional financial, as well as political, acumen through its busy outside directors—provided they have time to devote to the job.

But that is just the beginning. Investors Mutual hires IDS as its investment adviser. IDS has requested an increase in the investment advisory and services fee. Not surprisingly, Investors Mutual agrees with IDS. So, at the July 7, 1976, meeting of these and the seven related funds the stockholders of Investors Mutual will be voting on a proposal to increase IDS fees, which netted the parent company $8,467,633 last year.

On to the next layer. IDS itself has an investment advisory and services agreement with a subsidiary, Investors Syndicate of America. It also has another subsidiary, IDS Advisory Corp., to act as its investment adviser for pension funds and pools of privately owned capital. I quote from the notice of the annual meeting of Investors Mutual stockholders, to be held July 7, 1976, in Minneapolis:

> IDS also manages investments for its own account and has an investment advisory and services agreement with a subsidiary, Investors Syndicate of America, Inc. (ISA) (a face amount certificate company having total assets of approximately $1,000,000,000). The current advisory agreement between IDS and ISA provides for a graduated scale of fees equal on an annual basis to .75% of the first $250 million of total book value (cost) of assets of ISA, .65% on the next $250 million, .55% of the next $250 million, .50% on the next $250 million, and .45% on the value in excess of $1 billion. Excluded from assets for purposes of this computation are mortgages, real estate, property improvement loans and other assets on which ISA pays a service fee, leaving a balance of approximately $828,000,000. IDS receives indirectly through another subsidiary servicing fees or other compensation with respect to other operations of that company. Among other subsidiaries of IDS is IDS Life Insurance Company with total assets of approximately $406,000,000. IDS has an agreement to furnish investment advice to IDS Life Insurance Company relative to investments of IDS Life Variable Annuity Fund A (with a portfolio of $56,000,000) and IDS Life Variable Annuity Fund B (with a portfolio of $134,000,000). Fund A and B each has an Investment Management Agreement with IDS Life pursuant to which each Fund pays IDS Life a fee equal on an annual basis to .4% of the average net assets of each Fund. For services provided by IDS, IDS Life pays IDS a fee equal to .35% on an annual basis of the average net assets of Fund A and Fund B. In addition to the charges under the management agreement IDS Life charges Fund A and Fund B a fee equal on an annual basis of 1% of each Fund's average net assets for mortality and expense assurances. IDS also has a subsidiary, IDS Advisory Corp. (with assets under management of approximately $320,000,000), which acts as investment adviser for pension funds and pools of privately-owned capital.

Mr. President, the IDS complex is one of the major forces in many giant corporations. The study published by the Subcommittee on Reports, Accounting and Management last November, "Corporate Ownership and Control," showed that as of the beginning of last year IDS and its affiliates were the largest voting stockholder in Northwest Airlines and the second largest in the Anaconda Co. and Montana Power. It was fourth and sixth largest, respectively, in Northwest Bancorporation and First Bank System, the two giant bank holding companies headquartered in Minneapolis.

The IDS group is also a major voting interest in other corporations outside the northern plains. This point is documented in the subcommittee's study released last month, "Institutional Investors' Common Stock," which includes Prof. Robert M. Soldofsky's listing of individual mutual fund, insurance company, and bank trust department holdings in 146 corporations.

Yet you will rarely see any mention of IDS on ownership forms collected by Federal regulatory commissions from firms in which IDS or its affiliates hold, buy, sell and vote stock. Nor will you see most other mutual funds identified, even if they are the major stockholders of a company. The reason for this huge reporting gap is that the commissions permit these holdings of the funds—which are empowered to buy, sell, and vote the stock—in the name of nominees or bank custodial accounts.

For example, if you look at the ownership report filed last year by the major utility in my State, Montana Power, you read that the security holder having the highest voting powers in the company is Carothers & Clark, Box 1910, Wilmington, Del., and that the second and third largest holders are Ferro & Co., and Edal & Co., both at 35 Congress Street, Boston. That is all that is said about them.

Carothers & Clark is a nominee for the Bank of Delaware. It holds IDS and Investors Mutual funds, in the name of Carothers & Clark, in a custodial account.

Similarly, Edal and Ferro are nominees for National Shawmut Bank of Boston, for the Puritan and Fidelity Fund, both of which are part of the Fidelity fund family. Together these two fund groups, IDS and Fidelity, control more than 7 percent of the company's stock. The holdings of another mutual fund—United Income Fund—and an insurance company group—State Farm—bring the holdings and voting power of the four major investors in Montana Power to more than 12 percent. Yet these four principal voting interests are not even mentioned in the report filed with the Federal Power Commission, which meekly accepts without question and displays in its public files a meaningless jumble of nomineee names which are purported to be the major holders of voting stock.

The SEC, FPC, and other commissions have had before them, for 17 months now, uniform reporting requirements developed by an inter-agency committee. Yet none of the commissions has acted on this proposal, which would provide the commissions and the public with accurate ownership data.

If the Wall Street Journal is correct, the SEC is not likely to act favorably on the inter-agency committee's suggestion that the 30 major voting interests in corporations be identified.

Some of the other commissions are deferring action on their proposals until the SEC has done whatever it decides to do on this important corporate disclosure matter. Thus the prospect is that the financial empires of former SEC Chairman Budge and his IDS associates, the Fidelity family and the other major mutual fund complexes will not be revealed by the tail-wagging watchdogs at the regulatory commissions.

The commissions are busy looking for reports to abolish. But a severe case of regulatory lag—or is it the election year jitters?—afflicts the proposal to adopt a uniform report which would permit the commissions, the Congress, stockholders and the public to identify the major voting interests in publicly held corporations.

Mr. President, I ask unanimous consent to print in the Record a list of the subsidiaries of IDS, as reported by Alleghany Corp. to the Interstate Commerce Commission last year, correspondence between the Congressional Research Service and IDS concerning Mr. Nixon's former membership on the boards of some of the funds and related matters, and the schedule of meetings in Minneapolis, on July 7, of the nine IDS fund subsidiaries.

There being no objection, the list was ordered to be printed in the Record, as follows:

Subsidiaries of Investors Diversified Services, Inc.

(As Reported to ICC by Alleghany Corporation in 1975)

WHOLLY OWNED SUBSIDIARIES

Central Heating Company.
IDS Advisory Corporation.
IDS Escrow Corporation.
IDS Financial Corporation.
IDS International b.v.
IDS International S.P.A.
IDS Leasing Corporation (until 11/29/74).
IDS Life Insurance Company.
IDS Life Insurance Company of New York.
IDS Marketing Corporation.
IDS Mortgage Corporation.
IDS Mortgage Development Corporation.
IDS Oil Programs, Inc.
IDS Properties, Inc.
IDS Properties Management Company.
IDS Realty Services, Inc.
IDS Securities Corporation.
Investors Accumulation Plan, Inc.
Investors Syndicate Development Corp.
Investors Syndicate of America, Inc.
Investors Syndicate, Inc.
Investors Syndicate Title & Guaranty Co.
John Neveen & Co., (Inc.) (until 2/22/74).
No. 2 Holding Company.
Nuveen Realty Corporation.
Relco-Bo, Inc.
Relco-Pa, Inc.
SLC Leasing Corporation.
Southland Mortgage Company.

OTHERS

Amherst Realty Joint Venture.
Aspen Village I.
BID.
DIDCO.
Evergreen Development Company.
Hamlet Properties, Inc.
IDH.
IDH #2.
IDS/McCulloch Oil Exploration Program—1969.
IDS/McCulloch Oil Exploration Program—1970.
IDS/McCulloch Oil Exploration Program—1970–71.
IDS/McCulloch Oil Exploration Program—1971.
IDS/McCulloch Oil Exploration Program—1972.
IDS/McCulloch Oil Exploration Program—1973.
IDS/McCulloch Oil Exploration Program—1974.
Mankato Ventures.
Meadow Oaks.
MID.
Mission Industrial Parks.
Missouri Properties.
Mount Ashland Corporation.
Northcreek.
Omaha Ventures.
Parkaire.
Park Boulevard Estates West
River Front.

St. Cloud Ventures.
The Mall.
Third Avenue Development Company.
Village Hills.
Westbelway-8-Venture.

MAJORITY OWNED SUBSIDIARIES

Eight Eighteen Nicollet Avenue, Inc.
Peninsular Properties, Inc.
SWIDS.
Trans-Pacific Holding Company.
Windtree.

SUBSIDIARIES OF MSL INDUSTRIES, INC.

MSL Industries (Canada) Ltd.
American Bonded Fiber (until 2/1/74).

ALLEGHANY CORP.,
New York, N.Y., March 11, 1976.

Reference: ACR-AR, A# 21435-CD

Mr. JAMES H. BAYNE,
Chief, Section of Reports, Bureau of Accounts, Interstate Commerce Commission, Washington, D.C.

DEAR MR. BAYNE: In reply to your letter dated March 3, 1976, further identification of certain subsidiaries listed in Alleghany Corporation's 1974 Annual Report follows:

BID: A joint venture of BHC Housing, Inc., a wholly-owned subsidiary of Butler Housing Corporation, and IDS Mortgage Development Corporation. Address: 1691 Kettering Street, Irving, California 92705.

DIDCO: A joint venture of W. W. Dean & Associates and IDS Mortgage Development Corporation. Address: 4545 Wornall Road, Kansas City, Missouri 64111.

Very truly yours,
JARED C. HORTON.

THE LIBRARY OF CONGRESS,
CONGRESSIONAL RESEARCH SERVICE,
Washington, D.C., February 26, 1976.

Mr. WILLIAM HERBERT,
Mutual Funds Board Secretary, Investors Diversified Services, Inc., IDS Tower, Minneapolis, Minn.

DEAR MR. HERBERT: The Congressional Research Service provides research and information to Members and committees of Congress. In meeting this need, we often find it necessary to seek the assistance of other institutions. A member of our staff, Mr. Arnold Solomon, recently contacted your office by telephone and was informed that we should present our request by letter.

We have been asked by the Senate Reports, Accounting, and Management Subcommittee of the Senate Government Operations Committee to obtain the following information:

1. The amount of fees and payments to Richard Nixon from 1964–68 as a member of the boards of four mutual funds of IDS.

2. The amount of IDS payments, if any, to Mr. Nixon's law firm—Nixon, Mudge, Rose, Guthrie, Alexander and Mitchell—or other enterprises with which he was associated from 1964–68.

3. The number of board meetings held, and the number that Mr. Nixon attended, during 1964–68.

Kindly address your reply to:

Mr. Arnold Solomon, Congressional Research Service—CRD, Room MB-115E, Library of Congress, Washington, D.C. 20540, Telephone: (202) 426-5744.

A prompt reply will be greatly appreciated since the subcommittee needs this information as soon as possible.

Thank you for your cooperation in this matter.

Sincerely,
NORMAN BECKMAN,
Acting Director.

INVESTORS GROUP OF COMPANIES,
Minneapolis, Minn., March 9, 1976.

Mr. ARNOLD SOLOMON,
Congressional Research Service—CRD, Library of Congress, Washington, D.C.

DEAR MR. SOLOMON: Pursuant to the request made in letter dated February 26, 1976, from Mr. Norman Beckman, Acting Director of The Library of Congress, I am enclosing answer sheets in response thereto.

Please advise if I can be of any further service.

Sincerely yours,
WILLIAM C. HERBER.

Enclosures.

QUESTION 1

Fund	1964	1965	1966	1967	1968
Investors Mutual, Inc.:[1]					
Annual fees	$387.10	$6,000.00	$6,333.34	$6,500.00	$812.50
Travel expense[2]		500.00	150.00	100.00	
Investors Stock Fund, Inc.:[1]					
Annual fees		2,220.43	4,166.67	4,500.00	562.50
Travel expense[3]		300.00	150.00	100.00	
Investors Selective Fund, Inc.:[1]					
Annual fees		951.61	1,833.34	2,000.00	250.00
Travel expense[2]		300.00	150.00	100.00	
Investors Variable Payment Fund, Inc.:[1]					
Annual fees	$129.03	2,000.00	2,666.67	3,000.00	375.00
Travel expense[2]		500.00	150.00	100.00	
Investors Diversified Services, Inc. (IDS): Reimbursement for hotel accommodations, air fare, taxis, tips		1,571.13	614.80	250.07	
Total (added to IDS submission)	516.13	14,343.17	16,214.82	16,650.07	2,000.00

[1] Investors Mutual, Inc., elected Dec. 8, 1964; resigned Feb. 1, 1968. Investors Stock Fund, Inc., elected May 12, 1965; resigned Feb. 1, 1968. Investors Selective Fund, Inc., elected May 12, 1965; resigned Feb. 1, 1968. Investors Variable Payment Fund, Inc., elected Dec. 8, 1964; resigned Feb. 1, 1968.

[2] An additional compensation of $200 is paid to any director who travels outside his State where living or staying at the time the fund meetings are held and the $200 is a maximum for 1 or more meetings of these funds held the same day.

Note: Grand total: $49,724.19.

QUESTION 2

IDS has reported that no payments were made to Mr. Nixon's law firm, Nixon, Mudge, Rose, Guthrie, Alexander and Mitchell, during the period 1964–68.

Mr. Nixon's firm was hired by Investors Mutual, Inc. and Investors Stock Fund, Inc. to handle matters relative to a stockholder's derivative action.

Billing dated July 28, 1965:

Investors Mutual, Inc	$9,983.79
Investors Stock Fund, Inc	5,526.29

QUESTION 3

Fund, Investors Mutual, Inc.—Elected 12-8-64; resigned 2-1-68:

Year	Number of meetings held	Number of meetings attended
1964	1	0
1965	9	8
1965	11	3
1967	9	2
1968	1	0

Fund, Investors Stock Fund, Inc.—Elected 5-12-65; resigned 2-1-68:

Year	Number of meetings held	Number of meetings attended
1965	6	6
1966	10	3
1967	9	2
1968	1	0

Fund, Investors Selective Fund, Inc.—Elected 5-12-65; resigned 2-1-68:

Year	Number of meetings held	Number of meetings attended
1965	6	6
1966	10	3
1967	9	2
1968	1	0

Fund, Investors Variable Payment Fund, Inc.—Elected 12-8-64; resigned 2-1-68:

Year	Number of meetings held	Number of meetings attended
1964	1	0
1965	9	8
1966	10	3
1967	9	2
1968	1	0

THE LIBRARY OF CONGRESS,
CONGRESSIONAL RESEARCH SERVICE,
Washington, D.C., March 24, 1976.

Mr. WILLIAM C. HERBER,
Secretary-Treasurer, Investors Group of Companies, Roanoke Building, Minneapoplis, Minn.

DEAR MR. HERBER: The Senate Reports, Accounting, and Management Subcommittee of the Senate Government Operations Committee has once again asked us to obtain additional information concerning IDS board meetings.

1. Please provide the place, date and duration of each of the meetings of the four mutual fund companies on the enclosed list.

2. Please provide the number of meetings held by each of the four mutual fund companies in the periods of 1960–1963 and 1969–1975.

3. Please provide the names and principal business affiliations of each officer and director of the four mutual fund companies during each of the following years 1964, 1965, 1967, and 1968.

Kindly address your reply to:

Mr. Arnold Solomon, Congressional Research Service—CRD, Room MB-115E, Library of Congress, Washington, D.C. 20540, Telephone: (202) 426-5744.

A prompt reply will be greatly appreciated since the subcommittee needs this information as soon as possible.

Thank you for your cooperation in this matter.

Sincerely,

NORMAN BECKMAN,
Acting Director.

INVESTORS GROUP OF COMPANIES,
Minneapolis, Minn., April 28, 1976.

Mr. ARNOLD SOLOMON,
Congressional Research Service—CRD, Library of Congress, Washington, D.C.

DEAR MR. SOLOMON: In reply to the questions reflected in your letter of March 24, 1976, I have enclosed the following information:

Sincerely yours,

WILLIAM C. HERBER.

Enclosures.

QUESTION NO. 1

No record was maintained as to the duration of the meetings.

INVESTORS MUTUAL, INC.

Year, date, and place:
1964, January 16, Minneapolis, Minnesota.
March 18, Fort Lauderdale, Florida.
April 16, Minneapolis, Minnesota.
May 21, Minneapolis, Minnesota.
June 17, Minneapolis, Minnesota.
July 9, Minneapolis, Minnesota.
September 14, Minneapolis, Minnesota.
November 5, Minneapolis, Minnesota.
1965, January 21, Minneapolis, Minnesota.
March 26, Charleston, South Carolina.
April 15, Minneapolis, Minnesota.
May 20, Minneapolis, Minnesota.
June 15, Minneapolis, Minnesota.
July 15, Wilmington, Delaware.
September 16, Minneapolis, Minnesota.
October 21, Minneapolis, Minnesota.
November 23, Minneapolis, Minnesota.
1966, January 20, Minneapolis, Minnesota.
February 17, Minneapolis, Minnesota.
March 17, Delray Beach, Florida.
April 7, Minneapolis, Minnesota.
April 21, Minneapolis, Minnesota.
May 19, Minneapolis, Minnesota.
June 15, Minneapolis, Minnesota.
August 18, Minneapolis, Minnesota.
September 15, Minneapolis, Minnesota.
October 20, Minneapolis, Minnesota.
November 17, Minneapolis, Minnesota.
1967, January 17, Minneapolis, Minnesota.
February 16, Minneapolis, Minnesota.
March 16, Fort Lauderdale, Florida.
April 20, Minneapolis, Minnesota.
May 18, Minneapolis, Minnesota.
June 15, Minneapolis, Minnesota.
August 16, Minneapolis, Minnesota.
September 21, Minneapolis, Minnesota.
November 16, Minneapolis, Minnesota.
1968, January 18, Minneapolis, Minnesota.
February 15, Minneapolis, Minnesota.
March 21, Marco Island, Florida.
April 18, Minneapolis, Minnesota.
May 16, Minneapolis, Minnesota.
June 20, Minneapolis, Minnesota.
August 15, Minneapolis, Minnesota.
September 19, Minneapolis, Minnesota.
November 21, Minneapolis, Minnesota.

INVESTORS STOCK FUND, INC.

Year, Date, and Place:
1965, January 21, Minneapolis, Minnesota.
March 26, Charleston, South Carolina.
April 15, Minneapolis, Minnesota.
May 20, Minneapolis, Minnesota.
June 15, Minneapolis, Minnesota.
July 15, Wilmington, Delaware.
September 16, Minneapolis, Minnesota.
October 21, Minneapolis, Minnesota.
September 23, Minneapolis, Minnesota.
1966, January 20, Minneapolis, Minnesota.
February 17, Minneapolis, Minnesota.
March 17, Delray Beach, Florida.
April 21, Minneapolis, Minnesota.
May 19, Minneapolis, Minnesota.
June 15, Minneapolis, Minnesota.
August 18, Minneapolis, Minnesota.
September 15, Minneapolis, Minnesota.
October 20, Minneapolis, Minnesota.
November 17, Minneapolis, Minnesota.
1967, January 17, Minneapolis, Minnesota.
April 20, Minneapolis, Minnesota.
February 16, Minneapolis, Minnesota.
March 16, Fort Lauderdale, Florida.
April 20, Minneapolis, Minnesota.
May 18, Minneapolis, Minnesota.
June 15, Minneapolis, Minnesota.
August 16, Minneapolis, Minnesota.
September 21, Minneapolis, Minnesota.
November 16, Minneapolis, Minnesota.
1968, January 18, Minneapolis, Minnesota.
February 15, Minneapolis, Minnesota.
March 21, Marco Island, Florida.
April 18, Minneapolis, Minnesota.
May 16, Minneapolis, Minnesota.
June 20, Minneapolis, Minnesota.
August 15, Minneapolis, Minnesota.
September 19, Minneapolis, Minnesota.
November 21, Minneapolis, Minnesota.

INVESTORS SELECTIVE FUND, INC.

Year, Date, and Place:
1965, January 21, Minneapolis, Minnesota.
March 26, Charleston, South Carolina.
April 15, Minneapolis, Minnesota.
May 20, Minneapolis, Minnesota.
June 15, Minneapolis, Minnesota.
July 15, Wilmington, Delaware.
September 16, Minneapolis, Minnesota.
October 21, Minneapolis, Minnesota.
November 23, Minneapolis, Minnesota.
1966, January 20, Minneapolis, Minnesota.
February 17, Minneapolis, Minnesota.
March 17, Delray Beach, Florida.
April 21, Minneapolis, Minnesota.
May 19, Minneapolis, Minnesota.
June 15, Minneapolis, Minnesota.
August 18, Minneapolis, Minnesota.
September 15, Minneapolis, Minnesota.
October 20, Minneapolis, Minnesota.
November 17, Minneapolis, Minnesota.
1967, January 17, Minneapolis, Minnesota.
February 16, Minneapolis, Minnesota.
March 16, Fort Lauderdale, Florida.
April 20, Minneapolis, Minnesota.
May 18, Minneapolis, Minnesota.
June 15, Minneapolis, Minnesota.
August 16, Minneapolis, Minnesota.
September 21, Minneapolis, Minnesota.
November 16, Minneapolis, Minnesota.
1968, January 18, Minneapolis, Minnesota.
February 15, Minneapolis, Minnesota.
March 21, Marco Island, Florida.
April 18, Minneapolis, Minnesota.
May 16, Minneapolis, Minnesota.
June 20, Minneapolis, Minnesota.
August 15, Minneapolis, Minnesota.
September 19, Minneapolis, Minnesota.
November 21, Minneapolis, Minnesota.

INVESTORS VARIABLE PAYMENT FUNDS, INC.

Year, Date, and Place:
1964, January 16, Minneapolis, Minnesota.
March 18, Fort Lauderdale, Florida.
April 16, Minneapolis, Minnesota.
May 21, Minneapolis, Minnesota.
June 17, Minneapolis, Minnesota.
July 9, Minneapolis, Minnesota.
September 14, Minneapolis, Minnesota.
November 5, Minneapolis, Minnesota.
December 8, Minneapolis, Minnesota.
1965, January 21, Minneapolis, Minnesota.
March 26, Charleston, South Carolina.
April 15, Minneapolis, Minnesota.
May 20, Minneapolis, Minnesota.
June 15, Minneapolis, Minnesota.
July 15, Wilmington, Delaware.
September 16, Minneapolis, Minnesota.
October 21, Minneapolis, Minnesota.
November 23, Minneapolis, Minnesota.
1966, January 20, Minneapolis, Minnesota.
February 17, Minneapolis, Minnesota.
March 17, Delray Beach, Florida.
April 21, Minneapolis, Minnesota.
May 19, Minneapolis, Minnesota.
June 15, Minneapolis, Minnesota.
August 18, Minneapolis, Minnesota.
September 15, Minneapolis, Minnesota.
October 20, Minneapolis, Minnesota.
November 17, Minneapolis, Minnesota.
1967, January 17, Minneapolis, Minnesota.
February 16, Minneapolis, Minnesota.
March 16, Fort Lauderdale, Florida.
April 20, Minneapolis, Minnesota.
May 18, Minneapolis, Minnesota.
June 15, Minneapolis, Minnesota.
August 16, Minneapolis, Minnesota.
September 21, Minneapolis, Minnesota.
November 16, Minneapolis, Minnesota.
1968, January 18, Minneapolis, Minnesota.
February 15, Minneapolis, Minnesota.
March 21, Marco Island, Florida.
April 18, Minneapolis, Minnesota.
May 16, Minneapolis, Minnesota.
June 20, Minneapolis, Minnesota.
August 15, Minneapolis, Minnesota.
September 19, Minneapolis, Minnesota.
November 21, Minneapolis, Minnesota.

QUESTION NO. 2

FUND: INVESTORS MUTUAL, INC.

Year	Number of Meetings Held
1960	9
1961	13
1962	10
1963	10
1969	11
1970	10
1971	10
1972	10
1973	10
1974	10
1975	10

FUND: INVESTORS STOCK FUND, INC.

1960	9
1961	11
1962	10
1963	10
1964	9
1969	11
1970	10
1971	10
1972	10
1973	10
1974	10
1975	10

FUND: INVESTORS SELECTIVE FUND, INC.

1960	9
1961	11
1962	9
1963	9
1964	9
1969	10
1970	10
1971	10
1972	10
1973	10
1974	10
1975	10

FUND: INVESTORS VARIABLE PAYMENT FUND, INC.

1960	9
1961	11
1962	9
1963	9
1969	10
1970	10
1971	10
1972	10

FUND: INVESTORS VARIABLE PAYMENT FUND, INC.—continued

Year	Number of Meetings Held
1973	10
1974	10
1975	10

QUESTION No. 3

Biographical information for the listed Directors and Officers is attached hereto.

INVESTORS MUTUAL, INC.

Year: 1964

Directors

Harold K. Bradford.
W. Grady Clark.
Robert J. Bulkley.
Gen. Mark W. Clark.
John C. Cornelius.
Randall F. Fullmer.
Laurence M. Gould.
Frederick L. Hovde.
Thomas W. Moses (resigned 8-1-64).
Harlan K. Nygaard.
Robert C. Reed.
Robert J. Stallman.
Richard M. Nixon (elected 12-8-64).

Officers

John W. Callender.
George E. MacKinnon.
George A. Mahon.
Norman B. Waag.
Robert S. Ersted.

Year: 1965

Directors

Harold K. Bradford.
W. Grady Clark.
Robert J. Bulkley (deceased 5-12-65).
Gen. Mark W. Clark.
John C. Cornelius.
Randall F. Fullmer.
Laurence M. Gould.
Frederick L. Hovde.
Richard M. Nixon.
Harlan K. Nygaard (deceased 8-16-65).
Robert C. Reed
Robert J. Stallman (resigned 5-12-65).
Lewis L. Crosby (elected 5-12-65).
Stuart F. Silloway (elected 5-12-65).

Officers

John W. Callender.
George E. MacKinnon.
George A. Mahon.
Norman B. Waag.
Robert S. Ersted.

Year: 1976

Directors

Harold K. Bradford.
Clifford H. Anderson (elected 5-11-66).
W. Grady Clark.
Gen. Mark W. Clark.
John C. Cornelius.
Lewis L. Crosby.
Randall F. Fullmer.
Laurence M. Gould.
Frederick L. Hovde.
Richard M. Nixon.
Robert C. Reed.
Stuart F. Silloway.

Officers

George E. MacKinnon.
George A. Mahon.
Norman B. Waag.
Robert S. Ersted.

Year: 1968

Directors

Harold K. Bradford.
Clifford H. Anderson.
Grady Clark.
Gen. Mark W. Clark.
John C. Cornelius.
Lewis L. Crosby.
Randall F. Fullmer.
Laurence M. Gould.
Frederick L. Hovde.
Richard M. Nixon (resigned 2-1-68).
Robert C. Reed (resigned 5-15-68).
Stuart F. Silloway.
Donald M. Kendall (elected 5-15-68).
Earl T. Winget, Jr. (elected 5-15-68).

Officers

George E. MacKinnon.
George A. Mahon.
Norman B. Waag.
Robert S. Ersted.

INVESTORS STOCK FUND, INC.

Year: 1964

Directors

Harold K. Bradford.
W. Grady Clark.
Gen. Mark W. Clark.
John C. Cornelius.
Clarence E. Drake.
Randall F. Fullmer.
Laurence M. Gould.
Eugene B. Hanson.
Frederick L. Hovde.
John N. Peyton.
Robert C. Reed.
Stephen Rooth (resigned 5-13-64).

Officers

John W. Callender.
George E. MacKinnon.
George A. Mahon.
Norman B. Waag.
Robert S. Ersted.

Year: 1965

Directors

Harold K. Bradford.
W. Grady Clark.
Gen. Mark W. Clark.
John C. Cornelius.
Clarence E. Drake (resigned 5-12-65).
Randall F. Fullmer.
Laurence M. Gould.
Eugene B. Hanson.
Frederick L. Hovde.
John N. Peyton (resigned 5-12-65).
Robert C. Reed.
Lewis L. Crosby (elected 5-12-65).
Richard M. Nixon (elected 5-12-65).
Stuart F. Silloway (elected 5-12-65).

Officers

John W. Callender.
George E. MacKinnon.
George A. Mahon.
Norman B. Waag.
Robert S. Ersted.

Year: 1967

Directors

Harold K. Bradford.
W. Grady Clark.
Gen. Mark W. Clark.
John C. Cornelius.
Lewis L. Crosby.
Randall F. Fullmer.
Laurence M. Gould.
Eugene B. Hanson.
Frederick L. Hovde.
Richard M. Nixon.
Robert C. Reed.
Stuart F. Silloway.

Officers

George E. MacKinnon.
George A. Mahon.
Norman B. Waag.
Robert S. Ersted.

Year: 1968

Directors

Harold K. Bradford.
W. Grady Clark.
Gen. Mark W. Clark.
John C. Cornelius.
Lewis L. Crosby.
Randall F. Fullmer.
Laurence M. Gould.
Eugene B. Hanson.
Frederick L. Hovde.
Richard M. Nixon (resigned 2-1-68).
Robert C. Reed (resigned 5-15-68).
Stuart F. Silloway.
Russell T. Lund (elected 5-15-68).
Donald M. Kendall (elected 5-15-68).

Officers

George E. MacKinnon.
George A. Mahon.
Norman B. Waag.
Robert S. Ersted.

INVESTORS SELECTIVE FUND, INC.

Year: 1964

Directors

Harold K. Bradford.
W. Grady Clark.
Gen. Mark W. Clark.
John C. Cornelius.
Randall F. Fullmer.
Laurence M. Gould.
Eugene B. Hanson.
Frederick L. Hovde.
John N. Peyton.
Robert C. Reed.
Eckley P. Schooley.
Stephen Rooth (resigned 5-13-64).

Officers

John W. Callender.
George E. MacKinnon.
George A. Mahon.
Norman B. Waag.
Robert S. Ersted.

Year: 1965

Directors

Harold K. Bradford.
W. Grady Clark.
Gen. Mark W. Clark.
John C. Cornelius.
Randall F. Fullmer.
Laurence M. Gould.
Eugene B. Hanson.
Frederick L. Hovde.
John N. Peyton (resigned 5-12-65).
Robert C. Reed.
Eckley P. Schooley (resigned 5-12-65).
Lewis L. Crosby (elected 5-12-65).
Richard M. Nixon (elected 5-12-65).
Stuart F. Silloway (elected 5-12-65).

Officers

John W. Callender.
George E. MacKinnon.
George A. Mahon.
Norman B. Waag.
Robert S. Ersted.

Year: 1967

Directors

Harold K. Bradford.
W. Grady Clark.
Gen. Mark W. Clark.
John C. Cornelius.
Lewis L. Crosby.
Randall F. Fullmer.
Laurence M. Gould.
Eugene B. Hanson.
Frederick L. Hovde.
Richard M. Nixon.
Robert C. Reed.
Stuart F. Silloway.

Officers

George E. MacKinnon.
George A. Mahon.
Norman B. Waag.
Robert S. Ersted.

Year: 1968

Directors

Harold K. Bradford.
Grady Clark.
Gen. Mark W. Clark.
John C. Cornelius.
Lewis L. Crosby.
Randall F. Fullmer.
Laurence M. Gould.
Eugene B. Hanson.
Frederick L. Hovde.
Richard M. Nixon (resigned 2-1-68).
Robert C. Reed (resigned 5-15-68).
Stuart F. Silloway.
Claude S. Richardson (elected 5-15-68).
Donald M. Kendall (elected 5-15-68).

Officers

George E. MacKinnon.
George A. Mahon.

Norman B. Waag.
Robert S. Ersted.

Investors Variable Payment Fund, Inc.

Year: 1964

Directors

Harold K. Bradford.
W. Grady Clark.
Gen. Mark W. Clark.
John C. Cornelius.
Randall F. Fullmer.
Laurence M. Gould.
Eugene B. Hanson.
Frederick L. Hovde.
Thomas W. Moses (resigned 8-1-64).
Harlan K. Nygaard.
John N. Peyton.
Robert C. Reed.
Richard M. Nixon (elected 12-8-64).

Officers

John W. Callender.
George E. MacKinnon.
George A. Mahon.
Norman B. Waag.
Robert S. Ersted.

Year: 1965

Directors

Harold K. Bradford.
W. Grady Clark.
Gen. Mark W. Clark.
John C. Cornelius.
Randall F. Fullmer.
Laurence M. Gould.
Eugene B. Hanson.
Frederick L. Hovde.
Richard M. Nixon.
Harlan K. Nygaard (resigned 8-16-65).
John N. Peyton (resigned 5-12-65).
Robert C. Reed.
Stuart F. Silloway (elected 5-12-65).
Claude S. Richardson (elected 9-16-65).

Officers

John W. Callender.
George E. MacKinnon.
George A. Mahon.
Norman B. Waag.
Robert S. Ersted.

Year: 1967

Directors

Harold K. Bradford.
W. Grady Clark.
Gen. Mark W. Clark.
John C. Cornelius.
Randall F. Fullmer.
Laurence M. Gould.
Eugene B. Hanson.
Frederick L. Hovde.
Richard M. Nixon.
Robert C. Reed.
Claude S. Richardson.
Stuart F. Silloway.

Officers

George E. MacKinnon.
George A. Mahon.
Norman B. Waag.
Robert S. Ersted.

Year: 1968

Directors

Harold K. Bradford.
Grady Clark.
Gen. Mark W. Clark.
John C. Cornelius.
Randall F. Fullmer.
Laurence M. Gould.
Eugene B. Hanson.
Frederick L. Hovde.
Richard M. Nixon (resigned 2-1-68).
Robert C. Reed (resigned 5-15-68).
Claude S. Richardson.
Stuart F. Silloway.
Russell T. Lund (elected 5-15-68).
Donald M. Kendall (elected 5-15-68).

Officers

George E. MacKinnon.
George A. Mahon.
Norman B. Waag.
Robert S. Ersted.

DIRECTORS AND THEIR BUSINESS AFFILIATIONS—1964, 1965, 1967 AND 1968

(NOTE.—This information was compiled from the various Funds prospectuses which information includes their principal occupations covering the five years prior thereto.)

Harold K. Bradford, 1000 Roanoke Building, Minneapolis, Minn., Chairman of the Board of Directors and President, Chairman of the Board, President and Director, Investors Mutual, Inc., Investors Selective Fund, Inc., Investors Variable Payment Fund, Inc. and Investors Stock Fund, Inc.

Clifford H. Anderson, 2388 W. Lake of the Isles Blvd., Minneapolis, Minn., Director, Chairman of the Board and President, Crown Iron Works Co.

Robert J. Bulkley, 520 Bulkley Building, Cleveland, Ohio, Director, Mr. Bulkley has been engaged in the practice of law from 1906 and is at present a member of the law firm of Bulkley & Butler. He is President and Treasurer of the Bulkley Building Company, and a Director of the Chesapeake and Ohio Railway Company.

Grady Clark, Investors Building, Minneapolis, Minn., Director, Retired; Mr. Clark served as President of Investors Diversified Services, Inc. from July, 1960 to February, 1963 and thereafter as Chairman of the Board of that Company until he retired at the end of 1964. He is a Director of Investors Diversified Services, Inc., Investors Syndicate of America, Inc., Investors Syndicate Life Insurance and Annuity Company, Investors Mutual, Inc., Investors Selective Fund, Inc., Investors Stock Fund, Inc. and Investors Variable Payment Fund, Inc.

Gen. Mark W. Clark, U.S.A., Retired, Charleston, S.C., Director, President Emeritus, The Citadel, the Military College of South Carolina. Director, Investors Mutual, Inc., Investors Selective Fund, Inc., Investors Stock Fund, Inc., Investors Variable Payment Fund, Inc., Consolidated Foods Corp. and Dayco Corporation. Prior to his retirement from active duty with the Army, General Clark was, among other things, Chief of Staff of the Army Ground Forces and commanding general of the U.S. 5th Army during World War II, and commanding general of the U.S. Army Forces in the Far East during the Korean War.

John C. Cornelius, Northwestern Bank Building, Minneapolis, Minn., Director, retired executive vice president of and now senior consultant to the advertising firm of Batten, Barton, Durstine & Osborn. Mr. Cornelius is a Director of Investors Mutual, Inc., Investors Selective Fund, Inc., Investors Stock Fund, Inc., Investors Variable Payment Fund, Inc., Rexall Drug & Chemical Company and Doughboy Industries.

Lewis L. Crosby, 1104 Roanoke Bldg., Minneapolis, Minn., director, retired as Vice President of Cargill, Inc. in 1964; now a Director, member of Executive Committee and Consultant to Chicago Great Western Railway. Director, Investors Mutual, Inc., Investors Stock Fund, Inc., and Investors Selective Fund, Inc.

Clarence E. Drake, 736 Northwestern Bank Bldg., Minneapolis, Minn., Director, Mr. Drake was associated with the Northwestern National Bank, Minneapolis, Minnesota, as a Vice President for seven years preceding 1945, at which time he retired. Since his retirement, he has been engaged in the practice of law. He is a Director of the Pioneer Rim & Wheel Company, of Minneapolis.

Randall F. Fullmer, 1140 Terminal Tower, Cleveland, Ohio, Director, Partner in the law firm of Burgess, Fullmer, Parker & Steck, Cleveland, Ohio. Mr. Fullmer, a Director of Investors Mutual, Inc., Investors Selective Fund, Inc., Investors Stock Fund, Inc. and Investors Variable Payment Fund, Inc., is also a Director of the Bulkley Building Company, Director of the Counsel for Duplex Manufacturing and Foundry Company.

Laurence M. Gould, Tucson, Ariz., Director, Geologist. President Emeritus, Carleton College. Mr. Gould is a Director of Investors Mutual, Inc., Investors Selective Fund, Inc., Investors Stock Fund, Inc. and Investors Variable Payment Fund, Inc.

Eugene B. Hanson, Roanoke Building, Minneapolis, Minn., Director, Chairman of the Finance Committee and Director of Northern Finance Corporation of Minneapolis (industrial, consumer and commercial financing). Mr. Hanson is a Director of Investors Selective Fund, Inc., Investors Stock Fund, Inc., Investors Variable Payment Fund, Inc. and Minn. National Life Ins. Co. He is also Vice President and Director of Kapak Industries, Inc. (commercial packaging).

Frederick L. Hovde, Purdue University, Lafayette, Ind., Director, President, Purdue University. Mr. Hovde is a Director of Investors Mutual, Inc., Investors Selective Fund, Inc. Investors Stock Fund, Inc., Investors Variable Payment Fund, Inc., General Electric Company and Inland Steel Company.

Donald M. Kendall, 500 Park Ave., New York, N.Y., Director, Chairman, Executive Committee, President, Chief Executive Officer and Director, PepsiCo, Inc.; Director, Investors Mutual, Inc., Investors Selective Fund, Inc., Investors Stock Fund, Inc., Investors Variable Payment Fund, Inc., Daytona International Speedway Corp. (automobile race track), McCulloch Oil Co. and Sinclair Oil Corp.

Russell T. Lund, 4814 Lakeview Drive, Minneapolis, Minn., Director, President, Lunds, Inc. (supermarkets) and Edina Properties, Inc. (real estate). Director, Investors Stock Fund, Inc., Investors Variable Payment Fund, Inc., IDS Progressive Fund, Inc., Doughboy Industries, Inc. (feeds, plastics, mechanical) and Security National Life Ins. Co. of America.

Thomas W. Moses, Investors Building, Minneapolis, Minn., Director, Mr. Moses was elected Executive Vice President of Investors Diversified Services, Inc. on June 19, 1962 and President on February 13, 1963. Prior to that time he was President, Indianapolis Water Company and Philadelphia Suburban Water Company. He is a Director of Investors Syndicate of America, Inc., Investors Syndicate Life Insurance and Annuity Company, Investors Variable Payment Fund, Inc. and Investors Inter-Continental Fund, Ltd.

Richard M. Nixon, 20 Broad Street, New York, N.Y., *Director*, Partner in law firm of Nixon, Mudge, Rose, Guthrie, Alexander & Mitchell, New York, N.Y., 1963 to present. From January 1, 1961 to January 1, 1963 Counsel to law firm of Adams, Duque & Hazeltine, Los Angeles, California. Vice President of United States from 1953 to 1961. Mr. Nixon is a Director of Investors Mutual, Inc., Investors Selective Fund, Inc., Investors Stock Fund, Inc., Investors Variable Payment Fund, Inc., Harsco Corporation and The Mutual Life Insurance Company of New York.

Harlan K. Nygaard, 215 N.E. Fifth Street, Minneapolis, Minn., *Director*, Mr. Nygaard has been associated with The Photoplating Company of Minneapolis, Minnesota, since 1933. He is now Director, President and Treasurer of that company, President of The Automobile Club of Minneapolis and a Director of Investors Variable Payment Fund, Inc.

John N. Peyton, 2829 E. Lake of the Isles Blvd., Minneapolis, Minn., *Director*, Mr. Peyton was President of the Federal Reserve Bank of Minneapolis until his retirement in July, 1952. Since then, he has served on special missions abroad for the Mutual Security Administration, the International Bank for Reconstruction and Development, and the Foreign Operations Administration. Mr. Peyton is a Director of Investors Selective Fund. Inc., Investors Stock Fund, Inc. and Investors Variable Payment Fund, Inc.

Robert C. Reed, 339 E. Foster Place, Lake

Forest, Ill., *Director*, Personal investments. Director of Investors Mutual, Inc., Investors Selective Fund, Inc., Investors Stock Fund, Inc. and Investors Variable Payment Fund, Inc.

Claude S. Richardson, Q.C., Royal Bank Building, Montreal, Quebec, Director, Advocate, Barrister and Solicitor. Partner in law firm of Cate, Ogilvy, Bishop, Cope, Porteous & Hansard. Chairman of Board of Pirelli Cables Limited (electrical products), St. Johns, Quebec. President BASF Canada, Ltd. (chemicals). Director, Beneficial Finance Co. of Canada, Standard Brands Limited (food products) and other companies.

Stephen Rooth, 1201 Main Street, Dallas, Texas, Director, Vice President, Investments Management Corporation. Mr. Rooth is a Director of Investors Selective Fund, Inc., Investors Stock Fund, Inc., and of other companies.

Eckley P. Schooley, P.O. Box 249, Dover, Delaware, Director, Treasurer the Allan Corporation (a personal holding company). Mr. Schooley is a Director of Investors Syndicate of America Inc., Investors Syndicate Title & Guaranty Company and Investors Selective Fund, Inc.

Stuart F. Silloway, 800 Investors Building, Minneapolis, Minn., Director, President and director of Investors Diversified Services, Inc. and Investors Syndicate of America, Inc. Chairman of the Board of Directors of Investors Syndicate Life Insurance and Annuity Company. Mr. Silloway was President of the investment banking firm of Harriman, Ripley & Co., Inc. until September, 1963 and then a partner of Brooks, Harvey & Co., mortgage bankers, until July, 1964 when he became President of Investors Diversified Services, Inc. Director, Investors Mutual, Inc., Investors Stock Fund, Inc., Investors Selective Fund, Inc., Investors Variable Payment Fund, Inc. and other companies.

Robert J. Stallman, 4259 Linden Hills Blvd., Minneapolis, Minn., Director, Stallman Distributing Company, manufacturers agents. He was asscociated as an executive officer of Wells-Dickey Company, Minneapolis, Minnesota, for thirty-five years prior to 1943. He was thereafter successively employed by American Gas Machine Company, Albert Lea, Minnesota. Minneapolis-Honeywell Regulator Company, Minneapolis, Minnesota, and O. B. McClintock Company, Minneapolis, Minnesota.

Earl T. Winget, Jr., 5112 Scriver Road, Edina, Minn., Director, President, Midwest Corporate Services, Inc. (financial consultants). Formerly, Chairman of the Board of Directors, Farnham's Inc. (office supplies).

Officers and Their Business Affiliations—1964, 1965, 1967 and 1968

(Note.—This information was compiled from the various Funds prospectuses which information includes their principal occupations covering the five years prior thereto.)

George E. MacKinnon, 1000 Roanoke Building, Minneapolis, Minn., General Counsel and Vice President, Lawyer in Minneapolis since 1929; Assistant Counsel Investors Syndicate 1929–1942; Minnesota State Representative 1934–1942; U.S. Navy 1942–1946; Member of Congress 1947–1948; U.S. District Attorney—Minnesota 1953–1958; Special Assistant to U.S. Attorney General 1960; General Counsel and Vice-President of Investors Mutual, Inc., Investors Selective Fund, Inc., Investors Stock Fund, Inc. and Investors Variable Payment Fund, Inc. 1961 to date.

George A. Mahon, Investors Building, Minneapolis, Minn., Vice President, Vice President, Investors Diversified Services, Inc., Investors Snydicate of America, Inc., Investors Mutual, Inc., Investors Selective Fund, Inc., Investors Stock Fund, Inc. and Investors Variable Payment Fund, Inc.

Norman B. Waag, Investors Building, Minneapolis, Minn., Vice President, Vice President, Investors Diversified Services, Inc., Investors Syndicate of America, Inc., Investors Mutual, Inc., Investors Selective Fund, Inc., Investors Stock Fund, Inc. and Investors Variable Payment Fund, Inc. Director, Investors Syndicate of America, Inc. and Investors Syndicate Life Insurance and Annuity Company.

Robert S. Ersted, 1000 Roanoke Building, Minneapolis, Minn., Secretary and Treasurer. Mr. Ersted became Secretary and Treasurer of Investors Mutual, Inc., Investors Selective Fund, Inc., Investors Stock Fund, Inc. and Investors Variable Payment Fund, Inc. in June 1962. During the preceding five years he was a practicing lawyer in Minneapolis.

John W. Callender, Investors Building, Minneapolis, Minn., Vice President, Vice President, Investors Mutual, Inc., Investors Selective Fund, Inc., Investors Stock Fund, Inc., Investors Variable Payment Fund, Inc., Investors Inter-Continental Fund, Ltd. and Investors Diversified Services, Inc.

Annual Meeting of Shareholders

The annual meetings of Investors Group mutual fund shareholders are scheduled to be held on Wednesday, July 7, 1976, in the Minnegasco Auditorium, which is located on the fourth floor of the Multifoods Building (733 Marquette Avenue) in Minneapolis. The scheduled time for each meeting is listed below.

You are encouraged to personally attend these meetings. However, if you cannot attend please sign and return your proxy as soon as it arrives in the mail.

The proxy card, when signed and returned by you, will cast your vote according to your instructions. The proxy card and the Notice of Annual Meeting are scheduled to arrive in the mail approximately 60 days before the date of the annual meeting.

It is important to you and your company that all shareholders exercise their right to vote in person or by proxy.

Investors Group Annual Meetings, July 7, 1976

(From The Investor, Spring-Summer, 1976, published by IDS)

Investors Mutual, Inc., 9:00 a.m.
Investors Stock Fund, Inc., 10:00 a.m.
Investors Selective Fund, Inc., 11:00 a.m.
Investors Variable Payment Fund, Inc., 1:00 p.m.
IDS New Dimensions Fund, Inc., 2:00 p.m.
IDS Progressive Fund, Inc., 3:00 p.m.
IDS Bond Fund, Inc., 4:00 p.m.
IDS Cash Management Fund, Inc., 4:30 p.m.
IDS Growth Fund, Inc., 5:00 p.m.

BRITAIN'S ECONOMIC DIFFICULTIES

Mr. BROCK. Mr. President, last fall in the Sunday Times—London—on consecutive weeks from November 2–30, a series of articles appeared that are well worth reading by a broad audience in the United States. R. W. Bacon and W. A. Eltis, fellows at Oxford, have presented, in this series, a recital of Britain's economic difficulties. In addition, economists and government ministers "who have been responsible for policy" in Great Britain present their views. The juxtaposition of these presentations result in valuable lessons for citizens as, well as economic managers in America.

The series is in fact a debate between the people who have managed the British economy, or advised the managers. Two types of managers are identified: Tinkerers and structuralists. Close reading of the series points out the incredible circumstances and actions that have resulted in the present state of the British economy. In my mind, this is a lesson well worth learning.

I ask unanimous consent that this series be printed in the Record.

There being no objection, the articles were ordered ot be printed in the Record, as follows:

Beginning a Major Investigation Into the British Economy—Part I: A Diagnosis

The recital of Britain's economic difficulties is painfully familiar—more than a million people out of work, inflation, balance of payments deficits, and falling living standards. Next week the Prime Minister calls a summit conference at Chequers of Ministers, advisers, CBI and trade union leaders to assess how the latest strategy is working. But why is it that year after year, effort after effort, government after government with the best intentions, has so far failed to produce the British economic miracle? Is there some deep-rooted ailment? A major Sunday Times series is launched today by two Oxford economists who believe there is a chronic, structural weakness in the British economy. They offer a penetrating and original diagnosis, and will next week test it against our recent history. In succeeding weeks of the series, The Sunday Times has invited other economists and Government Ministers and advisers who have been responsible for policy to join in the debate, in an attempt to give a fresh perspective to our problems.

THE AUTHORS: R. W. Bacon is a fellow of Lincoln college, Oxford, and W. A. Eltis is a fellow of Exeter college, Oxford. They are general editors of Oxford Economic Papers and joint authors of a NEDO research monograph, the Age of US and UK Machinery (1974). Mr. Bacon an econometrician, has been a consultant to Unctad and the British Airports Authority. Mr. Eltis has been a consultant to NEDO. He is author of Growth and Distribution (1973) and recent articles on Adam Smith and Francois Quesnay.

How We Went Wrong—The Spiral That Leads Only to Collapse

(By Robert Bacon and Walter Eltis)

The people who manage economies or advise the managers are either tinkerers or structuralists. Tinkerers believe economic ills can be cured by adjusting demand, the exchange rate or the money supply, or by wage restraint. Treasury civil servants are always tinkerers; they have a natural faith in the instruments, such as the Budget, which they control.

Many politicians are also tinkerers, and they are not wrong if they are German, Japanese or French politicians, since in these countries for the last 15 years the industrial structure of the economy has been such that tinkering with budgets and demand has been all that has been needed for prosperity.

The structuralists say tinkering with tax and exchange rates and money supply is useless if the underlying structure of the economy is wrong; and we believe that British policticians who say this—ranging from Tony Benn to Sir Keith Joseph—are overwhelmingly right.

Tinkering has let us down. That great nostrum, devaluation, failed. Virtually every new tax that anyone of repute advocated in the last 10 years has been tried—and discarded. Crisis has followed crisis. The charts on these pages tell much of the story.

What is not so generally realised is that the economic performance we worried about in the Fifties has become incredibly worse in the last decade. Industrial output increased 35 per cent in the 1955–65 decade. It increased less than half as much (15 per cent) in 1965–75. Only part of this can be blamed on the world recession. The other economic goals thought desirable are price stability, full employment and balance of payments equilibrium. Each got much worse in 1965–75—and industrial disputes have become increasingly virulent with twice as many days lost through strikes in 1976–74 as in 1955–56. No other major nation has suffered such failure to achieve these economic objectives.

An epitaph for this disastrous decade can be found in examination papers set in Oxford University in 1965. "Can economies," undergraduates were asked, "have simultaneously zero growth, rapid inflation, substantial unemployment and a balance of payments deficit?" Most answered that this combination of failure was possible only in an underdeveloped country. It has now been achieved in Britain.

Two culprits are commonly identified for our failures: destructive trade unions and poor industrial productivity. Neither explanation stands up to examination. Take the unions first. Militancy and obstructionism have certainly grown—but they are a consequence of Britain's economic failures, not a cause of them.

What came first was a halving of the rate of growth of industrial output, which has meant there has been less available to raise living standards. Expectations have been progressively disappointed. Coupled with this there has been a big increase of income tax and social security payments, shown in Chart 2 for workers and salary earners on average earnings.

These, admittedly, may have contributed to a higher "social wage" but they have left most workers with noticeably less than they would have had to spend in the shops. The average living standard in these terms has riven only 1.3 per cent a year since 1961—and since 1972 it has actually fallen. The mere maintenance of car and home ownership, whose prices have risen far more than prices in general, has impelled better off workers to press aggressively for more money. Perhaps they should have been more restrained in appreciation of the higher social wage represented by greater public spending, locally and nationally, but they have not been and the increased tax take has aggravated frustration.

Workers and salary earners with just average earnings now suffer deductions of nearly 30 per cent from their pay packets, which is more than bank managers and university professors had to pay in taxes and national insurance in 1961. Only manual workers have managed siginificantly to increase their living stadards in take-home pay.

The underlying causes of Britain's troubles must lie elsewhere, therefore, than in the attempt by the bulk of the working population to increase its living standards at relatively modest rates.

The second explanation has more surface plausibility. British industry, it is said, is over-manned. If only we could get our industrial productivity to improve, all would be well. The evidence of the two decades does not, surprisingly, support this common view. In the second decade, 1965–75, we actually did well enough in productivity to produce the British "economic miracle" that so many have expected for so long. But it never came.

Our economic performance in 1965–75, as we saw, compared badly with 1955–65,—yet in the second decade output per man-hour in manufacturing was increasing at 4 per cent a year, a full one per cent up on 1955–65. There was much more competition, less protection for inefficiency, and millions of pounds of new machinery to give the lie to myth that the British workman typically had to put up with clapped-out equipment. The present authors published a study in 1974 which showed that by 1971 the service life and average age of British machine tools were almost exactly the same as in the USA over a very wide range of machine tool categories and user industries.

Certainly Britain's improvement of industrial productivity, in terms of output per man-hour, was still low by international rates, after 1965, but it was not all that low. Germany, France and Italy achieved an average increase of 6 per cent against Britain's 4 per cent, but 4 per cent was still high by historical standards. It was high enough to set the foundation for an acceleration of our output which would have provided the extra resources for higher living standards, for increasing the capital stock, for exports and, in due course, for the improvement in welfare services that successful economies have achieved.

This increased productivity, for which so many in government and industry had worked so intensively, produced none of these things. Our great opportunity was wasted. Industrial production increased less than half as fast as productivity. We did not, by greater efficiency, produce more goods. We sacked workers. Higher productivity did not mean a rising standard of life or capital renewal. It simply meant more redundancies and reduced working hours.

This was not true of all industries but it was true in the great majority. A 40 per cent increase in productivity in 10 years could have allowed the same number of men to produce 40 per cent more in the same number of hours. In the event more than half the potential increase in output was lost because the number of men employed in industry fell 14 per cent and hours of work also fell substantially.

It is from this basic fact that our troubles stem. Here is the root of the structural maladjustment of the British economy. "End overmanning" is the universal cry today. If we do, productivity will advance still more rapidly than in the recent past, and the reduction in overmanning will produce still faster falls in industrial employment and hours of work. How did we get into this disastrous position?

The first thing to grasp is that a revolution, a great structural shift in employment, has occurred in the British economy since about 1962. The simplest way of looking at the shift is the one that the present authors outlined in an article in The Sunday Times in November, 1974. We pointed out that in just ten years employment outside industry increased by almost one-third relative to employment in industry, and that this increase was predominantly in the public sector.

The crucial facts are set out again in Chart 3. There is no parallel in any other major Western developed economy for this dramatic move. To say that people have been walking out of industry and into services is to understate it. People have been leaving factories at an accelerating rate. Virtually all modern economies increase their service sector as efficiency rises and aspirations grow for education and welfare. But they do it gradually. A 30 per cent shift in one decade is striking. It cannot be achieved without strain.

Chart 3B shows what has happened to the former factory workers. Services like retail distribution, banking, finance, insurance, entertainment and so on, have increased employment by only 7 per cent. The bulk of the industrial workers have got jobs with local authorities. There has been an increase of no less than 53 per cent in local authority employment, and 14 per cent in central government. The kind of bizarre consequence is this: Oxfordshire County Council now employs more workers in Oxfordshire than British Leyland.

We would not argue that the extra jobs in education and health and welfare services are undesirable in an ideal world, and certainly not that these changes have been due to any one political party. They have been as rapid under Conservative as under Labour government. Jobs were created more rapidly in education while Mrs. Thatcher was Secretary of State than in 1964–70; Sir Keith Joseph was Minister of Health in a period when health and welfare work grew 7.5 per cent more than employment in general.

What we would assert is that there is no reason why these changes should have happened with such speed in Britain. There is nothing in the population and age structure to justify the changes. The statistics for staff-pupil ratios in primary and secondary education; for doctor-patient ratios and for hospital beds per head of the population show that many countries achieved similar or better improvements in education and welfare without such a huge and sudden shift of people into the public service sector as a whole. There may have been benefits of a more than peripheral kind for our huge extra costs. This is an area where more research is required. But, whatever the social benefits, the shift had a profound influence on our economy.

The extent to which this shift occurred in times of recession if revealing (and more will be said in the next article on missed opportunities). What happened typically is that governments spent more in recession—mainly to mitigate unemployment—and took steps which led directly to increased employment with local authority and central government.

Had this happened on one occasion or temporarily the consequences might not have been so serious. But the increased employment became permanent and the workers taken on in recession were not available for industry in subsequent booms, so that shortages of labour helped to bring these to an end sooner than otherwise. In the following recessions, the Government created still more jobs in the public sector and these, too, became permanent.

It is easy now to see how it all happened. It was so simple to give people jobs in public services. No extra capital investment was needed at first—in contrast to industry where extra men can be profitably employed only if there is additional machinery which they can work. Secondly, the workers displaced from industry were often taken on in unskilled, ancillary jobs where pay was relatively low and the policy therefore seemed a cheap way both of countering recessions and improving social services.

Since then, however, wage settlements have been particularly high in the public sector. Houghton gave large increases to teachers; administrative grade civil servants have had increases of almost 100 per cent in three years; some of the worst-paid National Health workers had rises of 70 per cent in one year. The original cheap labour has become a major element in the costs of local and central government and has had much to do with the subsequent explosive rate and tax increases.

So much for the movement of people. The consequences for the British economy have now to be traced; and we contend that a strong case can be made for saying that our appalling economic performance is due to this growth of public sector employment.

The deterioration occurred in this way. Industrial production must supply the entire investment needs of the nation; a very high part of its consumption of durables like cars, TV and clothing; and even quite a large part of what workers nowadays spend on food. In addition, we must have a large export surplus of industrial production to pay for our food and raw materials from abroad, and imported industrial products. The various private sector service industries, such as insurance, make a valuable net contribution to our balance of payments but it has never been enough, and is never likely to be enough to finance even food and raw material imports.

Now if non-industrial employment grows by one third, as happened after 1962, there must be added pressures on industrial production. With more workers outside industry, more industrial production is required for the consumption of those who play no direct part in producing it. Similarly, more investment outside industry is needed and that also has to be provided from industrial output.

These needs can be met if industrial production increases rapidly but we have not been able to do that. Most of the extra goods for the consumption of the armies of teachers, social workers and civil servants, and the extra buildings for them, could be supplied only by building fewer factories; by allowing industrial workers to consume a smaller fraction of what they produced; and by exporting less or importing more. Chart 4A shows that this is exactly what happened. In 1961, 58 per cent of industry's total sales was consumed and invested outside industry. By 1974 nonindustry took 70 per cent, leaving just 30 per cent for industry and the balance of payments.

What matters crucially is that the proportion of industrial production that was exported (less imports of manufactures) fell from 12 per cent to 5 per cent and the proportion that was invested in industry, net of capital consumption, fell by about one-third to a mere 5.3 per cent of industrial production. The upsurge in non-industrial employment robbed the balance of payments and robbed industrial investment—precisely what Britain could least afford to sacrifice if we were ever to escape from the trap of an industrial sector too small to provide all that is required of it.

The claims of the public sector workers also reduced the amount available for industrial workers and these, as we have remarked, responded with more trade union militancy to protect their living standards. The wages increases they obtained squeezed profits, so the brunt of the burden of sustaining the nonindustrial sector has fallen on net exports and on investment in industry. Government, moreover, has squeezed industry by making deflationary periods, predominate to an increasing extent in the stop-go cycle.

The squeeze on industrial investment is perhaps the most serious effect of all because it influences our future so much. As a fraction of industrial production, industrial investment fell from levels of 7½ to 8 per cent in the mid-sixities to 2.8 per cent in 1972, 3.6 per cent in 1973 and 5.3 per cent in 1974. About half the increase from '73 to '74 was investment for North Sea oil.

This collapse is having devastating consequences. First, our industrial growth rate is imperilled. Until the mid-sixities we were investing enough to raise output by 3 per cent a year or 35 per cent in a decade. Today the rate of growth of industrial capacity is probably only about two-thirds of this. The plant was not just there to meet the countrys' need for goods during recent expansion periods in the stop-go cycle. Things normally made in Britain had to be imported and so attempts to move to full employment produced, and will in future produce, vast balance of payments deficits which make continued expansion impossible.

The Treasury's expansion plans are now based on growth rates of 2.5 to 3.5 per cent. They will have to be revised downwards drastically when the consequences of investment failure have worked themselves through.

The second nightmare is that the declining industrial investment is producing structural unemployment. This is the kind of unemployment due to insufficient factories from which under-developed countries suffer, and it will undermine the whole fabric of our society. Prolonged unemployment for more than one million people is a waste, and an injustice, but it is also pernicious for the health of the country. Nobody can predict what might happen in a society which fails so signally for so long, and the trend is ominous.

Output per man hour has been rising about 4 per cent a year in manufacturing since 1965. If this continues, and there is only enough capacity to raise industrial production 2 per cent a year, the number of men that firms employ must fall 2 per cent every year, or hours of work must fall 2 per cent each year.

In practice both have been falling sharply and the signs are that things will get worse. The paradox is that we are being threatened by technical progress. It is raising productivity more quickly than it did, and producing redundancies faster because the new processes require fewer men. That would be a good thing if the men displaced got jobs producing new and better goods or jobs resulting from the expanded production of old goods. We would all be better off. But the jobs are not there because the creation of them requires capital investment and net investment in industry has fallen as a share of output since 1966. No wonder trade unions obstruct technical progress in so many cases: they can see that the consequence of advanced technology and declining investment is unemployment.

That is the tragedy: all the work that is being done to raise efficiency in our workshops, and the little Neddies, the restrictive practices court, and so on, have raised Britain's growth rate of productivity to two-thirds the Western European rate but instead of increasing the rate of growth of output, they have saddled us with the structural unemployment of an under-developed country.

How all this has come about is obviously vital to an understanding of our plight. It is something that ought not to happen according to the economic theories of either Britain's Cambridge economists or the orthodox United States economists. Yet it has happened. Cambridge economists, if they accepted Lord Kaldor's theory of income distribution, believe that if industrialists increase investment, they will, at the same time, increase the share of profits so that there will be automatic financing for this higher level of investment. It will not matter, on this theory, how much profits are taxed. Firms will recoup profits' taxes in higher prices, and a mechanism which must raise national savings in line with national investment will ensure that business saving, net of tax rises in line with investment.

Chart 4B shows how profits net of tax, capital consumption and stock appreciation have fallen as a share of manufacturing output since 1964. Manufacturing profits were 17 per cent of manufacturing output in 1964, 7 per cent in 1970, 1971 and 1972 and only 3 per cent in 1973. Out of this companies had to provide for dividends as well as finance for capital investment; there was no year after 1969, as a glance at the chart shows, when industrialists could have set in motion a sequence where substantially higher investment produced subsequently higher profits.

The profit was not there to pay for more investment for two reasons. First, Governments (and here Mr. Heath's Government is especially to blame) have not allowed companies to obtain the kind of profit margins needed. Prices and incomes policies have often forced companies to cut profit margins when they wished to increase them. Second, foreign competition sets an upper limit to margins. Third, the high taxes that have followed higher public spending have made trade unions more militant with two results: a bitter disinclination to see more of the national income go to profits and inflationary wage pressure which provoked the introduction of the prices policies so damaging to profits.

Devaluations gave home firms a temporary competitive edge and higher profits but these have vanished in the wake of wage inflation. Profit margins in Britain, therefore, have been much more determined by Government prices policies, by trade unions and by foreign competition than by the saving-investment mechanism that is crucial to the Cambridge theory. Hence businessmen have not been able to pass higher company taxation on to the consumer through wider profit margins.

The opposite has happened. Company taxation has been increased. disastrously, at a time when profit margins have been squeezed. Companies have just not been able to afford to invest the amount the country has needed.

Orthodox United States economists would have a different prediction. A big fall of investment, they would say, should cause capital to be spread more thinly so that new factories would be built which used a lot of men and less capital. The difficulty with this approach is that it will happen only if labour is cheap compared with capital. In theory structural unemployment should make labour cheap—but this has just not happened in Britain. Employment taxes have risen very steeply; the unions have succeeded in doing still more to raise the cost of labour, so companies have had no inducements at all to build new factories which use more workers than the factories they displace. In consequence the impossible has happened. A major developed economy is suffering from growing structural unemployment that is the result of too little industry to provide work for more than a declining fraction of the labour force.

The accelerating spiral we are on is sobering to contemplate. As investment falls, the unemployment totals rise. Extra jobs can be provided only outside industry and only the Government can provide jobs where there is no prospect of profits. Hence governments create still more jobs in the public services and raises taxes to pay for them. This, in turn, still further squeezes company profits and workers living standards and the workers, reacting, bring still more pressure on the declining profits. Industry therefore invests less, and the cycle begins again. More industrial workers become redundant, and the Government tries again to find them work by inflating the public sector.

The spiral leads nowhere except to total economic collapse. And it is precisely the sequence that the British economy has been following for the past decade. No amount of tinkering will rescue us.

To summarize, there is therefore a basic explanation of a structural kind for the succession of crises; that have become increasingly severe in Britain. Successive governments have allowed vast numbers of workers to move out of industry and into various service occupations where they still consume and invest industrial products and produce none themselves.

Their needs have, therefore, been met at the expense of the balance of payments, the export surplus of manufacturers and investment in industry. Once the effect of taking away an increasing proportion of what workers produce is recognised the great acceleration of wage inflation also becomes readily explicable and with it the call for tougher and tougher incomes policies (which other major developed economies have not needed) to contain inflation. In monetary terms, the unemployment rate that is compatible with stable prices (produced by a money supply that grows at the same rate as production) has risen drastically. In other words there has been a great increase in what Professor Milton Friedman calls the "natural" rate of unemployment. A country that rejects this high rate will be forced to choose between hyper-inflation or draconian incomes controls. That today is true of much of Latin America—and Britain.

Our explanation for Britain's decline needs to be refined somewhat. Last century, Adam Smith said this: "The labour of some of the most respectable orders in society is . . . unproductive of any value, and does not fix or realise itself in any permanent subject or vendible commodity . . . The sovereign, for example, with all the officers both of justice and all who serve under him, the whole army and navy, are unproductive labourers. They are the servants of the public. Their service, however honourable, how useful, or how necessary soever, produces nothing for which an equal quantity of service can afterwards be procured."

He was right thus far, but he included in the same class "men of letters of all kinds . . . opera singers, opera dancers, etc. . . ." and we must not make the same mistake of assuming that only physical goods represent tradeable wealth. It is not only industry that exports. A British opera singer who stars at the New York Met and brings home the dollars is an exporter. So, more substantially, are the bankers, insurers, shippers and other specialists for whom Britain is famous. Unlike most industrial production, we do these things better than a great many of our competitors.

These invisible exports of services, including tourism here, have risen massively since 1967 and there is scope for them to rise further. These service sectors also sell increasing amounts to workers for more is spent on leisure as incomes grow. Moreover, all industrial production must pass through shops to reach consumers, and it must be transported, and this represents a high part of the total cost of turning raw material into finished goods in the homes of those who want them. It would therefore be a great mistake to suppose that only smoky industry creates wealth.

Many service activities make virtually no contribution—but some industrial work also is a drain on us. Concorde, for instance, has taken far more resources out of the economy in the form of consumer goods for the workers who make it, and plant and machinery specifically needed for it, than will ever be recovered when it starts to be sold. Other successful firms, including even some in the City of London, have therefore had to give up some of the results of their fruitful activities to make it possible for the workers who make Concorde to continue to produce something that will hardly sell enough to recover more than a small fraction of its costs. The fact that it is industrial does not mean that it relieves pressures on the remainder of the economy; it has created them instead.

This means that an argument like Mr. Wedgwood Benn's based solely on the need for adequate resources in industry is incomplete. It leaves open the possibility that a government could apparently correct the imbalances of the economy by curtailing services that are essential to its functioning and substitute industrial products that people will buy only if there is no alternative. With sufficient errors by the Government and the Civil Service, the crude pro-industry policy which increased the output of the wrong products at the expense of services that sold heavily overseas could make the balance of payments still worse, curtail investment still further, and leave still greater shortages of the goods that workers actually want.

It is unlikely that an interventionist government working to expand industry on these lines would do as much damage as this, but it could conceivably do so (particularly when the appalling record of mismanagement of Civil Service interventions in the aircraft industry is examined). A crude pro-industry and antiservice approach to the deterioration of Britain's economic structure is not enough.

There is fortunately an alternative approach which gets round these difficulties, and it has been outlined in an article on inflation in the June 1975 Economic Journal by Professor J. Johnston of the University of Manchester. Instead of dividing economic activities into industrial and non-industrial, they can be divided instead between those that produce marketed outputs and those that do not.

Almost everything that industry produces is marketed—that is, sold to someone. Services in the private sector (such as insurance) are sold, so they too are marketed outputs. On the other hand, defence is not marketed. One cannot shop around for a regiment of Guards. What the Health Service provides is not marketed, nor is the work of State schools, and the services provided by policemen and civil servants.

All the people working in non-marketed areas must spend their incomes on the marketed products of the rest of the community.

These cases are clear cut. Others are less so. The Post Office, for instance, markets only part of its output because it makes substantial losses. If revenue from sales covered half its total costs, one could say that its output was half marketed, like an industrial company, while the other half would correspond to the nonmarketed output of a Civil Service department. Concorde will cost Britain £1,000 millions, but it will probably produce marketed outputs of only £100 million, so its effect on the economy will resemble those that would be produced by a second University of Bristol located at Filton (with money to spend greater than ten ordinary universities).

These distinctions enable us to calculate a very important total in any economy: the total of its marketed output. It will consist of all the industrial products that are sold, and all the services that are sold.

A country has to live on the total of its marketed output. All exports are marketed so the economy's entire exports of goods and services must be drawn from the total pool of marketed output. All investment is marketed so this must also come from that pool. Finally, all the money that workers, salary earners and pensioners spend must necessarily go to buy marketed output. Hence, *the marketed output of industry and services taken together must supply the total private consumption, investment and export needs of the whole nation.*

Since 1961 Britain has suffered from this difficulty: that the proportion of the nation's labour force producing marketed output has fallen year by year. At the same time, those who have had to rely on others to produce marketed output for them—civil servants, social workers, and most teachers and medical workers—have become increasingly numerous They have had to satisfy their requirements by consuming goods and services that diminishing numbers of market sector workers are producing. In addition, loss-making firms in the public and private sectors have been taking more out of the economy's pool of marketed output than they have been putting into it. Finally, pensioners and all those who receive money from the Government are entitled to consume marketed output and produce none.

In 1961, as chart 4c shows, those who did not produce marketed output directly could claim 44 per cent of it (before tax). By 1974 their entitlement and the government's had risen to 61 per cent, so nearly 17 per cent less remained for those who actually produced Britain's entire marketed output.

This diminished share had to satisfy the consumption needs of the people in the marketed sector, plus our export needs and the resources for investment in the market sector.

There is no problem about this increased entitlement if everyone agrees that it is a good thing. Those who produce the marketed output may think it right that they should consume less of what they produce. If taxes are raised sharply to pay for more civil servants, teachers, social workers and subsidies, and workers are content to get a higher "social wage" and less to spend in the shops all will be well. If, however, they do not acquiesce, they will try to make up for what they are losing with higher wage demands and these can lead to explosive wage inflation. If militant manual workers preserve their living standards in terms of marketed output in this way the Government will only be able to get its extra marketed output (for its civil servants, subsidies and so on) at the expense of investment or the balance of payments. There is nowhere else that enough can come from.

That is precisely what has happened in Britain. The growth of non-marketed expenditure as a ratio of marketed output from 44 per cent to 61 per cent (pretax) has produced:

wage inflation;

a squeeze on investment in the marketed sector.

a decline in the balance of payments.

This is the same argument as before but it can now be presented without any kind of qualification. All exports and everything on which money is spent must be produced by an economy's market sector.

Two things must be emphasized. The distinction is between marketed and non-marketed not between industry and services. Industry does provide most of the consumption needs and most of the exports but not all of them so a crude pro-industry and anti-services policy could go wrong. Secondly, the distinction between market and non-market sectors of the economy is not the same as the distinction between public and private sectors. A profitmaking nationalised industry is in the public sector but its entire output is marketed. If council houses are let at rents which cover costs, they also provide marketed output. In reality, of course, much of nationalised industry makes a loss, and council house rents cover only a fraction of costs, so perhaps half the amount spent on them is non-market expenditure.

Chart 5 shows exactly where the great increase in non-market expenditure in Britain has come from. Education, health, health subsidies to industry both private and nationalised, subsidies to housing and entitlements to buy marketed output by the old, the sick, and the unemployed, have all grown sharply. These are all immensely desirable activities, as are many of the non-marketed activities of a modern society. Both Covent Garden and Glyndebourne cover only a fraction of their costs by selling tickets; universities, schools, art galleries, libraries and hospitals produce outputs which are almost entirely non-marketed. Yet these civilised activities lead inevitably to trouble if people are not prepared to part with as much of their marketed output as the government wants. Wages and prices will be pushed up sharply; investment in the market sector will be curtailed or the balance of payments will deteriorate.

There are two clear ways out of the difficulty and these will be subject of a later article. First our market sector can be made larger compared to our non-market sector by cutting public spending and nationalised industry losses and subsidies. This is the solution which some members of the Labour Party and present Government appear to be moving towards, and it is also the solution of the new leadership of the Conservative party. As Mrs. Thatcher said on September 15: "The private sector creates the goods and services we need both to export to pay for our imports and the revenue to finance public services. So one must not over-load it. Every man switched from industry and into government will reduce the productive sector and increase the burden on it at the same time."

Alternatively, there are politicians like Mr. Benn, who seem to believe that we can achieve a viable industry-based economy with a large public sector by financing this at the expense of private services and the better off. This, in its extreme form, is the solution of the Peoples Democracies of Eastern Europe—but something similar may be compatible with social democracy. As we have said, none of the large Western economies usually compared with Britain has had a shift into public services as fast as Britain, but Sweden has. Its shift, indeed, has been still faster, yet it has not suffered from Britain's difficulties.

There are therefore two possible democratic solutions which will be examined in a later article, but next something must be said about Britain's past: to understand where we are going we must see how we got where we are. Britain's experience in the various attempts to put things right by Mr. Maudling, Mr. George Brown, Mr. Jenkins and Mr. Barber will be set out in the next article. Much can be learned from their important initiatives.

THE CHANCES WE MISSED—BOOM THAT HALTED TOO SOON WHEN EVERY HOPE WENT DOWN

The outstanding fact to emerge from our diagnosis last week was this: that everything that had been hoped from the British economy—even by the most optimistic—could actually have been achieved. In this second article we explore in more detail the main attempts of recent years to solve our economic ills: by Mr. Reginald Maudling in 1962–64, Mr. George Brown in 1964–66, Mr. Roy Jenkins in 1967–70, and Mr. Anthony Barber in 1970–74. It is a sad story of opportunities thrown away, and of initiatives abandoned before they had time to take effect.

What determines the *potential* for economic growth is productivity—the output per man-hour in the economy. There is no power on earth that can produce long-term economic growth at a rate faster than the increase of productivity, given a work-force of fixed size. If productivity is rising at 2 per cent a year, then the upper limit to long-term growth is 2 per cent a year.

Yet, as last week's analysis showed, our poor growth has *not* been due to a failure to increase *industrial* productivity. The technological revolution, heralded in the first publications of Neddy (1963/4) and vaunted in Mr. Wilson's 1964 election speeches, did in fact take place. And because of technical progress, labour productivity, which had been rising by a mere 2.2 per cent a year from 1951 to 1962, has since been rising by 4.2 per cent a year. As a result, the average worker in manufacturing today produces one-and-two-thirds times as much an hour as he did in the early Sixties.

Such a productivity increase, though modest by other European standards, could have been enough to support the growth targets of George Brown's National Plan of 1965. The aspect of the Plan that raised most scepticism was that it presumed we could increase productivity by 4.1 per cent a year. We now know that in this respect the National Plan was spot on. George Brown's planners calculated a 3.8 per cent rate of growth of total output could result—and with it all the eventual benefits in personal consumption and improved public services displayed in Chart One. In the event, actual growth of much less than half the hoped-for level has been achieved. In last week's article we suggested why.

Increased productivity provides the potential for growth. But it can be translated into actual growth only if enough of the nation's resources are available for industrial investment—that is for increasing industrial capacity. Otherwise increased productivity merely produces shorter working hours and redundancies. This is exactly what has happened.

We demonstrated how, in the process, a spiral has developed. The workers shed by industry have been encouraged to move into the public services and particularly into "non-marketed" employment. As a result there has been an even greater squeeze on the resources available for industrial investment, because of the increasing claims made by the non-marketed sector. And so the spiral becomes self-sustaining.

Ironically, the process has not even resulted in improved public services. The National Plan projections in Chart One show how much greater public sector consumption might by now have been if its expansion had been a consequence of, rather than a rival to, economic growth.

The most important criterion by which we must judge the economic initiatives of Maudling, Brown, Jenkins and Barber must therefore be their record in diverting resources into industrial investment.

But first it is crucial to realise a general point: that the resources for industrial investment can only grow markedly if something else is temporarily sacrificed, either:

Consumption by industrial workers

Investment outside industry

Consumption by the public sector, or

The balance of payments.

At least one of these must give way for a few years if more resources are to go into industrial investment, unless a particularly clever transition can be organised whereby the economy's spare capacity is used to provide the extra resources. (The Treasury, in practice, never came anywhere near to organising this kind of Keynesian export-led boom, nor even attempted it.)

For most of the last decade it is true to say that sacrifices in consumption need not have been draconian to generate sufficient investment. It is easy to construct models which demonstrate that fractional restraints on the growth of real consumption, if continued for five years or so, would have expanded the economy sufficiently to allow a rapid catching-up process then to take place—provided that all the diverted resources had gone into industrial investment. Chart Two, one such model, shows that even if the politically unpopular decision to finance industrial development entirely from consumption had been made in 1962, everyone could have started to become far better off within a decade.

The tragedy has been that each successive "sacrifice" has either not been continued for long enough to generate the required investment, or the released resources have been squandered on other things. Mr. Maudling's gamble to sacrifice the balance of payments in favour of growth—in other words to generate industrial investment at the expense of foreigners—might well have succeeded if it had been continued longer. But that, as we shall see, did not happen.

MAUDLING'S BOOM

The foundations for a new attempt to solve Britain's problems were laid in 1962 when Mr. Selwyn Lloyd set up "Neddy," the National Economic Development Office and Council, with Sir Robert Shone as its first Director General. This performed the groundwork for Britain's first attempt at indicative planning. Neddy brought together industrialists, trade unionists, civil servants and academic economists to work out a programme for growth.

Detailed enquiries, including a close study of 17 important industries, suggested that a growth rate of 4 per cent was practicable. It fell to Mr. Maudling, who succeeded Mr. Selwyn Lloyd as Chancellor in 1962, to put the programme into effect. The Maudling boom was set off in autumn 1962.

For the three previous years there had been no growth at all in industrial production, but net investment had continued. This meant that there was considerable spare capacity in the economy. Unused plant was there. The men were there (unemployment stood at 612,000). So Mr. Maudling had the opportunity of picking up the slack and getting 10 per cent extra output merely by raising demand.

Mr. Maudling created demand in the first instance by increasing investment in the public sector at a most extraordinary rate. This was actually 25 per cent higher in real terms in the first quarter of 1964 than it had been 15 months earlier. This great boost to public investment created extra jobs for workers on the projects in question, and the rapid expansion spilled over into the private sector which supplied plant and machinery.

The workers on the new projects had more money to spend in the shops, but Mr. Maudling took other steps to raise general demand. In his 1963 budget, he slashed personal income tax. Purchase tax on cars and other consumer durables had been almost halved in October 1962 and a consumer boom superimposed on a public investment boom sent growth beyond what the economy could be expected to achieve in the long run. More cars and commercial vehicles were produced and sold in 1964 than in any year since.

Meanwhile, there was an underlying trend in the economy of which many were unaware. The Neddy planning document envisaged that from 1961 onwards industrial employment would rise at an annual rate of about 0.5 per cent and non-industrial employment at about 1.0 per cent—representing a relative shift of men from industry to services of perhaps 5 per cent in a decade, the sort of level typical of the development of West Germany and Japan.

But in Britain the relative shift into non-industrial employment was 5.7 per cent between 1961 and 1964 alone—nearly four times the expected rate. The public sector accounted for a substantial and irreversible part of the shift: 145,000 extra jobs were created in education, 90,000 in health and 26,000 in central and local government administration—in total about three times the expected increase.

This was a small foretaste of what was to come. If the public sector pre-empts much of the available labour at the start of a boom, less is available for industry as its demands grow. Full employment is reached sooner and growth slows down. This was to happen again and again whenever the economy was expanded in the next decade.

With this background the story of Mr. Maudling's boom can move towards its climax. We have said nothing yet about industrial investment, the lynch-pin of any attempt to transform the economy, and that is because it started to expand very late in the boom. Industrial investment was only 1 per cent higher in 1963 than in 1962, but in 1964 it grew 14 per cent and it rose a further 6.5 per cent between 1964 and 1965. There was thus considerable lagging of industrial investment behind everything else. Public investment, consumption and public sector employment all started to grow earlier.

The experience suggests a vital lesson about the behavior of industrialists. Although investment incentives had been substantially increased long before 1964, it was not until this year of great expansion that they started seriously to invest in new plant. It is only when new orders were actually coming in that could not be met with existing plant that industrial investment suddenly surged upwards. This pattern was to recur again and again. It is why it was so crucial that booms should not end too soon. And why the pre-empting of available labor by the public sector, bringing booms to an early end, was so disastrous.

By the second quarter of 1964, industrial resources were already at full stretch. Industrial production had risen 13 per cent since the boom began so all the initial spare capacity had been absorbed, and the express of unemployed over job vacancies was down to small levels. Consumption and public sector investment were running high, and this was the crucial moment when industrial investment was moving into a higher bracket.

In this situation only one thing could happen. Simple laws of arithmetic (see Chart 3) indicated that the goods needed to meet all the pressures could only come from abroad. Imports of manufactured goods increased £146 million from 1962 to 1963, then by £458 million in 1964. Although the trade gap widened by about £500 million.

In 1968, a deficit of this size appeared to matter, puny though it was by 1975 standards. Even so, if Mr. Maudling had remained Chancellor (the Conservatives lost the election in October, 1964) he would have attempted to ignore the deficit and continue to expand albeit at slower rates. (Mr. Maudling's 1964 budget was already mildly deflationary). Each year of expansion would have persuaded industrialists to raise investment further, and a near to doubling of net investment might have been achieved by 1968 or 1969. The balance of payments might well have remained in deficit until then, and would have needed to be financed through borrowing. Would this have been possible? Mr. Wilson's first Government incurred short-term foreign debts of more than £3,000 millions by 1967. Mr. Maudling could have borrowed £3,000 millions if Mr. Wilson could, and it would have more than financed the rest of the boom.

So Mr. Maudling's boom might have led to the long-term restructuring of the economy that was needed if Sir Alec Douglas Home had won the 1964 election, which he very nearly did. Chart 3 shows that Mr. Maudling's immediate contribution appeared to be little more than a shuffling of ½ per cent of exports (less imports of manufactures) into industrial investment, but there was of course further investment in the pipeline which helped his successors.

In terms of the fraction of marketed output that the market sector of the economy could itself consume and invest, which is also of great importance, Mr. Maudling again left the economy in a slightly stronger state than he found it. In 1962 the nonmarket sector had a pre-tax entitlement to invest and consume 43½ per cent of marketed output, and by 1964 its entitlement had fallen to 43 per cent.

It can be concluded that Mr. Maudling left the structure of the economy slightly better placed to produce growth than it was when he took over. This is more than it will be possible to say of some of his successors.

BROWN'S PLANNING

When Labour took office in October 1964, promising to exploit the "white heat of the technological revolution," hopes were exceptionally high that Britain's economic problems would be solved. A new planning ministry, the Department of Economic Affairs, was set up to ensure that economic policies would serve the country's long-term interests, and Mr. George Brown was appointed its first Minister.

The Department expanded the work that Neddy had started, and economists under Sir Donald MacDougall, formerly of Neddy, worked to produce an elaborate planning document. More industrial enquiries were made, and the 3.8 per cent growth target was set.

We have already pointed out that subsequent events have shown the plan's assumptions about productivity to be wholly realistic, so there was no fundamental technical obstacle to its fulfillment. The problems were two: first a 55 per cent increase in industrial investment in 1964–70 was required; second, the fact that a Labour Government could be blown off course by the balance of payments, more easily than a Conservative one because of foreign confidence. A Labour Government could not, therefore, rely on Mr. Maudling's strategy of raising industrial investment at the expense of foreigners. Also, raising industrial investment at the expense of the public sector presented obvious problems for a Labour Government. So the sacrifice would have to come from personal consumption, and the plan envisaged that this would increase at an annual rate of one per cent less than the National Product.

The new government attempted to deal with the immediate balance of payments problems by introducing a 15 per cent tax on manufactured imports and the deficit fell for this and other reasons from £395 millions in 1964 to £77 million in 1965. Despite some tax increases, there was virtually no net deflation in 1965. The Maulding boom was simply allowed to roll on with slight modifications to the pattern of demand.

It has been widely argued that the new government should have devalued the pound at once; the apparent failure of recent devaluations makes this less clear. The account of Mr. Maudling's boom suggested that the balance of payments was in deficit in 1964 because every component of demand had been expanded rapidly, with the result that some of the country's net requirements had *necessarily* to be met from overseas. There is no exchange rate at which Mr. Maudling could have balanced trade, given the extent of his demand expansion policies. Likewise, the Labour Government, committed to greater public expenditure and needing more industrial investment for the National Plan, could have substantially bettered its balance of payments performance only by more drastic taxation to reduce private consumption.

As it was, the momentum of expansion was maintained through the early months of 1965 and there appeared to be no particular reason to do more to improve the balance of payments. Unemployment fell to less than vacancies, industrial production grew nearly 4 per cent and industrial investment grew faster than industrial production as a result of delayed benefits from Mr. Maulding's expansion.

In September 1965 the National Plan was published. Investment decisions generally precede the availability of new plant by two or three years and it was hoped that a knowledge of what the Government intended would give industrialists the confidence to spend more than they otherwise would in the firm expectation that the Government would see to it that the extra markets were there. During 1965 all went smoothly.

But again, under the surface, unplanned changes in the work force were developing that were soon to produce difficulties. The plan had foreseen a substantial rise during 1964–70 of 460,000 extra workers in "professional and scientific services"—which included health and education—but these were expected to come out of an estimated increase of 789,000 in the total work force.

The reality proved very different. Between 1964 and 1967 total employment actually fell by 65,000. But far from this inhibiting recruitment into these mainly public sector categories, there was a massive increase. With the new government only three years old the extra jobs in education, health and government administration had already topped 400,000. The rest of the economy was left with nearly half a million fewer workers.

So, as we have described before, the spiral took effect. The resources available for industrial investment—which had remained healthy through to 1966—began to be threatened. To pay for the burgeoning public sector without reducing investment, it became clear that the growth of private consumption would need to be restrained far more than the modest amounts originally proposed in the Plan. Otherwise there would be an inevitable return to Mr. Maudling's deficit.

By the summer of 1966 overall pressure on resources seemed to be too great. The balance of payments appeared to be in deficit (subsequent figures show that the deficit, associated with a seamen's strike, was not as great as appeared at the time) and there was a sterling crisis. Faced by this, Mr. Brown and his advisers wanted to devalue. This would have achieved the desired result if there had also been drastic cuts in private and public consumption so that extra resources could have gone to exports without damaging investment. (Without cuts in consumption a devaluation would not have made much impact on the balance of payments because the economy did not have very much excess capacity to exploit it.) The Department of Economic Affairs therefore had a viable strategy for maintaining full employment and the sort of expansion rate that would persuade businessmen to continue to raise investment in line with the Plan's projections.

Sadly the Department of Economic Affairs failed to make out its case for the politices it wanted. There were severe expenditure cuts—the notorious "July measures"—and no devaluation. Expansion therefore ceased, the National Plan was abandoned, and nothing was done to make it possible for the spare resources released to go to exports where they could lay a foundation for the future.

The businessmen who had co-operated with the Plan by investing ahead of demand on the expectation that the Government would fulfill its commitments were at the same time badly let down. Mr. George Brown left the Department of Economic Affairs over the July measures and the abandonment of the National Plan. In retrospect this was to prove the decisive turning point after which the structure of the British economy deteriorated almost without interruption.

Chart 4, which shows what happened to industrial production in 1964-66, confirms that this was a period when the economy was on the whole adjusting, albeit slowly, in the right direction. Nineteen sixty-six proved to be the peak year for net industrial investment when it accounted for 8 per cent of sales of industrial production. The proportion of industrial production exported net also rose 1 per cent from 1964 to 1966 so this was a period in which both the industrial structure of the economy and the underlying balance of payments improved.

Understandably with a Labour Government in power the proportion of marketed output that the non-market sector was entitled to buy increased—from 43 per cent to 46 per cent before tax. But the economy's structure was in general terms moving in the right direction, and for this, the favourable long-term effects of Mr. Maudling's boom must take some of the credit. A further few years of growth at near to full employment, with investment in industry rising at the 1964-66 rate and consumption being held back correspondingly, would have been enough to transform the economy and allow it to expand at unprecedented rates from about 1970 onwards. But this was not to be: virtually all the sensible initiatives of the 1962-66 period were to be abandoned very rapidly.

JENKINS' BALANCE

Mr. Brown's immediate successor at the Department of Economic Affairs was Mr. Michael Stewart, but the Treasury, where Mr. Callaghan was Chancellor, had clearly won the policy debate of 1966, and it held power over the country's economic affairs from that point onwards.

The Treasury's policy of deflation meant that growth of industrial production ceased entirely while it was hoped that the inflationary pressures in the economy would gradually run down. Businessmen no longer had reason to invest except to meet actual current orders.

The balance of payments should have improved with this deflation and in one month early in 1967 there was actually a small surplus in the trade figures. But the Middle East war of 1967 produced some very bad figures, the pressure on sterling became intolerable and the pound was at last devalued in November 1967. Mr. Callaghan felt obliged to leave the Treasury where Mr. Roy Jenkins was appointed to succeed him. There followed three years in which attention was focused above all on the balance of payments.

Devaluation made Britain's exports highly competitive and Mr. Jenkins raised taxes severely enough in 1968 to release resources to exploit this opportunity. The result until the end of 1968 was export-led growth. Exports expanded 14 per cent in the 15 months after devaluation and this provided the growth in demand that kept the economy expanding. Investment was also allowed to grow a little outside industry, but the proportion of industry output invested began to decline steadily from its 1966 peak.

This was to have major implications. By 1969 the stimulus of devaluation on exports had worked its way through and exports were no longer growing rapidly. But by moving towards a balanced budget in 1970 Mr. Jenkins allowed no other component of demand to increase to take the place of exports. Hence there was no increase at all in industrial production during 1969 and 1970.

Chart 5 shows what happened to industrial production in the period of Mr. Jenkins' Chancellorship. It shows that 1 per cent of industrial production was diverted to the balance of payments, Mr. Jenkins' primary aim, but that industrial investment fell by 2 per cent of industrial production.

In fact it was the public sector component of industrial investment that fell sharply from 1967 to 1970, while private investments rose. The Treasury was sensibly asking the nationalised industries to apply more stringent criteria. The share of net investment in manufacturing industry, which is predominantly in the private sector, actually rose by about 1 per cent of sales of manufactures, while the share of net investment in the rest of industry, mining and quarrying, gas, electricity and water, and construction, fell by two-thirds.

During Mr. Jenkin's Chancellorship, the phenomenon continued of public employment increasing while total employment was falling. Employment in education grew by 122,000, in health by 45,000 and in public administration by 3,000. The increase was slower than in the Maudling and Brown periods but given the 423,000 fall in total employment it meant that there were 593,000 fewer workers available to the rest of the economy—which must support the material needs for all the growing armies of social workers, teachers, doctors and civil servants.

The alternative way of examining the changing structure of the economy is to see what happens to the fraction of marketed output that the non-market sector is allowed to invest and consume. On a pre-tax basis, this increased from 46 per cent in 1966 to 51½ per cent in 1970, a much sharper rate of increase than in 1964–66.

This meant that there was a reduction of one-tenth in just four years in the fraction of marketed output actually available to workers and companies, and investment and consumption were bound to suffer. So with workers dissatisfied with the slow growth of their real incomes, aggressive wage demands were bound to ensue. The period culminated in the wages explosion of 1969, which though puny by present-day standards first put wage increases at around the 10 per cent level.

In June 1970, the electorate's dissatisfaction with the economy was a central reason for Mr. Wilson's defeat. Mr. Jenkins could claim one achievement, the transformed balance of payments (though maverick trade figures published in June clouded even this) and while the share of industrial investment had fallen, more of it was in the right places. But inflation had accelerated, there had been two years of slow growth and the Government no longer even pretended to be planning the future course of the economy.

This time the election campaign made no mention of any "technological revolution." The restructuring of the economy to take advantage of technical development had, since July 1966, been abandoned in favour of Treasury tinkering. And this, under Mr. Jenkins, had succeeded in shuffling resources from industrial investment to exports when the country needed more of *both* of these.

BARBER'S BUBBLE

Up to June 1970 each administration could claim some successes as well as failures. Mr. Maudling and Mr. Brown had increased industrial investment. Mr. Jenkins had transformed the balance of payments. What was unique about Mr. Heath's 1970–74 administration was that failure was total.

World prices are often blamed for this, but it will soon become evident that it was the weakness of domestic policy that was fundamentally to blame.

Chart 6 outlining the shift of resources between 1970 and 1973 shows just how serious the deterioration in the underlying structure of the economy was in this three-year period. First the export surplus of manufactured goods—a crucial component in the balance of payments—fell by no less than 5 per cent of industrial production. As this export surplus does not include oil, this had nothing directly to do with the quadrupling of its price. Deterioration at this rate was quite without precedent.

Under Mr. Maudling, the deterioration of the balance of payments at least produced the important return of improved industrial investment. Under Mr. Barber there were no similar benefits. In just three years a full 2½ per cent of industrial production was diverted from investment in industry and 5 per cent from the balance of payments.

So out of every £100 of industrial production, 27.50 less went to pay for imports or for industrial investment, and was instead consumed and invested outside industry. Of this roughly £5 went to extra consumption, and £2.50 to the boom of non-industrial investment that followed from the property boom that Mr. Barber inadvertently created in 1971–72.

And on top of all, the adverse pressure on the economy from increasing public sector employment surpassed all previous levels. Employment in education increased by 232,000, in health by 89,000 and in public administration by 128,000. This added burden of nearly half a million public employees exceeded any previous increase within a three-year period, and represented a very great relative shift. As total employment fell, the work-force available to provide goods for all these extra public sector workers dwindled by a further 671,000.

Largely as a result of these changes in the pattern of employment the proportion of marketed output that the nonmarket sector was allowed to consume and invest increased on a pre-tax basis from the already high 51½ per cent that Mr. Jenkins allowed it in 1970, to 53 per cent in 1973. Thus, in spite of the ideological facade in the other direction—such as changes for museums and school milk—the net effect of Mr. Heath's Government was to make the market sector of the economy smaller and to use more of its production in government-financed activities.

A consequence of this and exploding commodity prices was that average living standards were lower in 1974 than in 1972, but those with industrial muscle managed to preserve their position with industrial action of unprecedented militancy. The consequences of this are well known.

That the economic policies of Mr. Heath's government should have failed in every direction requires explanation. How did Mr. Barber manage to do so much damage in so short a time? Admittedly he was bequeathed from Mr. Jenkins a low level of industrial investment, though it was not low in manufacturing. And he inherited a balanced budget and a sound balance of payments as a foundation for a return to better things. There were also 600,000 unemployed (soon to approach a million) which meant that once Mr. Barber decided to initiate a new boom it could be a long one.

But Mr. Barber's boom was paced wrongly. Between 1972 and 1973, industrial production rose by 8.4 per cent, so capacity limits were reached long before any beneficial effects on investment could come through. Also, since he had allowed such a high fraction of the economy's spare labour to be drawn into national and local government employment, mainly the latter, labour became scarce in the South of England and the Midlands extraordinarily quickly with the result that the output of many products could not meet demand. Consequently imports surged upwards long before industrial investment began to increase. Public consumption increased very sharply at the start of the boom and as taxes were also cut substantially, the budget moved rapidly to a huge deficit.

The budget deficit was much larger than Mr. Maudling's, and it had monetary effects of a most unfortunate kind. It had the effect of pumping money into the economy and simultaneously, as a result of the Bank of England's new "competition and credit control" regulations which were introduced in 1971, the commercial banks were allowed to raise their deposits from about four to nearly seven times their liquid assets.

Money was consequently easy to borrow and portfolio holders had much higher ratios of money to real assets than they considered ideal. They therefore used their surplus money to buy into property (which was considered more likely to keep pace with inflation than shares) and the price of land and every kind of building soared in consequence. This raised the cost of living (for the cost of housing is part of this) and led to an upsurge in investment outside the industrial sector.

Some of the investment was not a response to real need. People expected to make large paper profits even on empty property. In 1970–73 private sector investment in building of all kinds (including houses) increased 83 per cent in current money terms while investment in new plant and machinery, which Britain vitally needed to solve long-term problems, increased only 25 per cent, which meant no real increase when inflation is allowed for.

Meanwhile industrial investment was considered risky in the city, and with reason after the Rolls-Royce collapse. A stagnant industrial sector was therefore carrying both a growing educational and health superstructure and a growing bureaucracy—plus a growing output of empty and under-utilised buildings thrown up by the property boom.

It fell to Mr. Heath to attempt to pick up the pieces with phases one, two and three of his prices and incomes policy. These were tragically constructed to cut profit margins and seriously weaken industrial liquidity and hence industry's ability to finance investment (A handicap Conservative governments suffer from is that they must attack company profits if they need trade union good will.) Not surprisingly, the City lost confidence in British industry and foreign capital inflows were also damaged.

Therefore, industry's ability to increase its output fell drastically at the very time when unprecedented demands were being placed on it by Mr. Barber's boom. Exporters wanted more goods because the pound was undervalued after 1971. Property developers wanted extra resources. Teachers, doctors and civil servants wanted more goods, because there were more of them every year. Workers of all kinds wanted more goods, and these included the miners who, unlike the others, actually had the power to get them and bring Mr. Heath's administration to an end.

WILSON'S CRISIS

Mr. Wilson's third and fourth administrations inherited a balance of payments deficit of nearly £4,000 million, a share of net industrial investment in industrial production which had fallen to less than 4 percent, and a massive frustrated desire for improved living standards that the economy was wholly unable to meet. Policy has moved in several directions at the same time. A world recession has fed unemployment and public expenditure has increased by more than 40 percent in just one year, accentuating all the unfavorable trends which have been outlined. The fundamental problems of the economy are now still more difficult to solve.

The fact that it is the structure of the economy and not the level of demand or the exchange rate that is wrong is now increasingly being recognized. The structure of the economy has been deteriorating slowly since 1970 and it can only be corrected at a rate of 1 percent or 2 percent per annum, the rate at which it deteriorated. The strategies for putting it right, which have a variety of social implications, will be discussed by us and others in future articles in this series.

What We Should Do

Three broad political groups now question the policies which have led to the present impasse.

Mr. Wedgwood Benn and his associates appreciate the relevance of investment to the preservation of jobs in industry. They also know that other jobs depend on these. They appreciate that industry will fail to undertake the investment that Britain needs in the absence of government intervention. Accordingly they are evolving one set of policies to get industry out of the trap of insufficient investment, inadequate profits and continually declining employment which will destroy the economy. They may of course put the economy and society into a quite different trap, but they are at least trying to meet the principal economic problems.

Secondly there are members of the Labour Party, including many in the present Government, who though they distrust some of the policies of Mr. Benn and the Left, believe that Britain's manufacturing and service industries are no longer productive enough to support a public sector of the present size. They therefore favour shifting resources from the public sector and finding work for the unemployed in the profit-making industries. Once the economy was restored they would favour expanding public services again, but they realise that building up a prosperous market sector must come first.

Thirdly there are Mrs. Thatcher and her colleagues who believe even more strongly that the market sector should be strengthened relative to the public sector. Their initial remedies might have much in common with the views now taking shape within the Labour Government, but once the productive base was sufficiently strong policies could diverge significantly. The Conservatives might be expected to give greater priority to increasing private consumption though they could also be expected to improve social services from greater resources like the successful fast-growing West European economies.

Both a Left and a pro-market sector government would need to solve the immediate problem of rapidly growing unemployment (already about one and a quarter million and still rising monthly). The world recession should reach its turning point during 1976, and with the rate of inflation now slowing down any government will soon come under overwhelming political pressure to cure the social evils that unemployment creates.

But in addition either kind of government would need to reflate in a way that will increase the economy's long-term capacity to provide jobs. The mistake has been made repeatedly, as we have described in our previous articles of solving short-term employment problems by weakening our long-term productive capacity. It could be fatal if this error was repeated once more.

A LEFT SOLUTION

The British left maintains, and with reason, that industry and the stock market will not undertake the investment that the country needs in present circumstances. New institutions, they say, must be set up to provide industrial finance on a massive scale.

Mr. Tony Benn, the most passionate advocate of a Left policy for industry, wrote in April 1975 that the investment programme that is needed "would involve us as a nation in spending about £6 billion a year on capital investment in manufacturing, double what we have been spending."

The National Enterprise Board and other similar new institutions would therefore have to make very large sums available to industry. This huge expenditure would increase employment at once and create still more jobs in the future. But there would be a number of attendant problems.

Where would the money come from? The answer, say the Left, is simple. Any government in power in 1976 will need to reflate because no responsible government could stand aside and simply watch unemployment grow. The only point at issue is the form reflation will take. In the past, governments have reflated by creating more public sector jobs and by encouraging consumers to buy cars, television sets and houses. If Left policies were followed, extra factories would be built instead of extra houses; extra machines and not extra cars; and the new jobs would be for industrial workers.

One difficulty in any reflation, be it in favour of industrial investment or social spending, is that it must add to the government's already vast borrowing requirement. Once the government is unable to sell enough bonds to the public to finance this, it must sell Treasury Bills (three-month IOUs) which would raise the money supply and produce a return to Mr. Barber's inflation of property values. A Left solution to this difficulty could be a return to the use of "Special Deposits" on a wartime scale. In 1945, 40 per cent of bank deposits were compulsorily frozen in the Bank of England, and the banks received low interest rates for this money. What was done in 1945 can be done again. It would not work indefinitely but the government would buy time.

The Left has also said that it would oblige life insurance and pensions funds to invest a fraction of their money in industry, using direct intervention if necessary.

How would the money be usefully spent? The Left contends that the market often gets investment decisions wrong. They believe that a National Enterprise Board which could take social benefits into account, avoid polluting the environment, avoid directing the nation's capital to the areas of maximum monopoly power, and think ahead, should have advantages over the market.

With more money to lend than any present financial institution, it should have companies flocking to borrow, and after detailed and expert appraisal it could decide which projects should be encouraged and supported.

However, a pragmatic Left government could hardly believe that so soon as 1976–77 it would be in a position to allocate the nation's finance better than the market. There would not be the qualified personnel to make detailed cost-benefit appraisals over the expenditure of an extra £3,000 million in time for the next crucial reflationary period.

If a Left government is to attempt a quick expansion of industrial investment, its main hope will therefore have to be that the projects industrialists themselves put forward make sense. The danger of poor projects being hastily approved must be compared with the still more damaging long-term effects if different kinds of expenditure increase in 1976–77. The extra jobs created even by ill-considered industrial investment at least have some chance of being selfsustaining, while social spending is necessarily a total charge against our national production.

What would industry have to give in exchange for public money? If a Left government actually provided £3,000 million a year for extra industrial investment from 1976 onwards, it would certainly expect something in return from the companies which benefited. It could not however acquire ownership of a large slice of industry or worker control because only near-bankrupt companies would come forward to borrow on the required scale if they had to accept this.

So, a National Enterprise Board which wanted viable companies to come to it on a massive scale would at first have little bargaining power. It could not exact any measure of State ownership, and all it could ask for would be "planning agreements." Companies could agree to expand investment at particular rates (if the Government paid) to cooperate with the Government on location policy (where plant was financed from public funds), and to attempt to export particular fractions of output. These are the sort of undertakings which have often been associated with the provision of public money in countries like France and Japan.

A further point to note is that the money would have to be lent at extremely low interest rates if it were to attract industry on a massive scale. The state would therefore get little in exchange. This might appear unsocialist to some on the Left, but it would bring substantial benefits to the workers of Britain in terms of secure jobs, and rising living standards.

Some on the Left would also object that this channelling of public funds to the private sector would result in making the rich richer. This need not follow. Control of dividends could be maintained so that they did not outpace inflation. In the absence of real dividend growth equity prices would remain low (provided the Government was able to control the growth of the money supply) so there would be neither higher real dividends nor real capital gains. It is industry's workers who would benefit.

It is interesting to note that there is a country which has had Labour governments for over 30 years which has adopted measures fairly similar to those set out. In Sweden in 1960–70, non-industrial employment actually grew 41 per cent in relation to industrial employment, still faster than in Britain, and a welfare state was built up more quickly and successfully than ours. Undistributed profits fell drastically, as in Britain, from 14.9 per cent of the National Income in 1950 to 4.5 per cent in 1969. Despite all this, industrial investment was maintained.

In 1966–70, over one-third of industry's external finance came from Swedish government insurance institutions, a source that provided no finance at all in 1951–55. By such means a profit squeeze was not allowed to prejudice industrial investment.

How would the balance of payments be affected? This is the only real obstacle to an industrial investment upsurge in 1976. The balance of payments would start in deficit, and hitherto booms of any kind have always produced soaring imports.

Special measures to protect the balance of payments would therefore be required. The orthodox would prefer to use a falling exchange rate, but the short-term effect of devaluation will actually be to make the balance of payments worse—because higher import prices precede the expansion of exports. Also if the Left was without an exceedingly tough incomes policy, wages would explode upwards as food and raw material prices went up as a result of the falling exchange rate.

So a Left government would undoubtedly consider import restrictions. Controls on imports of luxury consumer goods would no doubt be the prime target. Middle class living standards would be reduced but this is where a Left government would prefer to place the cost of correcting the balance of payments. Import controls are permissible under EEC rules where a country is in chronic deficit.

If import controls were imposed early in 1976 and investment was expanded sharply at the same time, the rest of the world would sell no less to Britain than in 1975. Other countries would earn less in Britain from sales of consumer goods, but they would earn more from sales of machinery and raw materials. If they appreciated that Britain wished to change merely the pattern of imports there might be little retaliation.

With the steps that have been outlined, a Left government could start to after the structure of the economy in favour of industry. It is, however; only for a time that extra investment could easily be obtained by using the economy's spare capacity. Once full employment was reached, perhaps in 1978, the pattern of resource use would need to be planned so that the improvement in industrial investment could be sustained.

The pattern a Left government might aim for is outlined in Chart One. This assumes a near-doubling of industrial investment and a return of the industrial export surplus to the sort of levels Mr. Jenkins found necessary to restore the balance of payments in 1969.

Additionally we must assume that under a Left government public sector consumption, investment and transfer payments will increase. This is partly to allow for the burden of extra interest payments on government debt, which the Left strategy will already have incurred. It also allows for some increase in public provision for the needy, a high priority of the Left.

So, if all these things are to increase—industrial investment, net exports and public spending—something has to be sacrificed. It is on the details of exactly what should be cut that the Left has been less than convincing. The allocation of shares in total resources is a question of simple addition, but so far the Left has not made the sums add up.

As can be seen from the chart, the simple Leftist answer that the extra resources would all come from squeezing private rent, interest and dividends is a nonsense. In 1974 their share of total sales of industrial production was only 2.8 per cent. The ability to squeeze these further is limited by the fact that a considerable fraction of non-state pensions derive their income from this source. Our chart assumes that a Left government would squeeze dividends, etc., to the maximum possible extent, but that by this method it would achieve only a 1 per cent diversion of total industrial production, rather than the 11.5 percent it would need.

So where does the remaining 10.5 per cent sacrifice come from? The only places it *can* come from are the private sector service industries (shown on the chart as investment and consumption by producers of marketable services), and from consumption by industrial workers themselves.

Our chart assumes a considerable squeeze on the former—a diversion of 7.5 per cent of total sales of industrial production. This would have to be achieved by new measures, like, for instance, Sweden's 25 per cent tax on non-industrial investment. Any greater reduction in the share in resources for these profit-making services would be highly dangerous. This sector is not widely regarded as inefficient and excessive cuts in the shops, transport, communications and banks, which comprise much of the sector, would threaten the viability of the whole economy. There are some who would regard the assumed reduction by a quarter in the share of resources available to the service industries as already excessive, but it is an inevitable consequence of Left expansion proposals.

Even so, the Left would still have to find a final 3 per cent diversion of resources, and this could only come from the consumption of the industrial workers themselves. This is understandably a delicate subject for the Left, and one that has been absent from the Left's public pronouncements. However, two considerations give hope that a Left government might gain acceptance for measures to restrain consumption.

First, it should be remembered that all our figures have been expressed as *percentage shares* of total sales of industrial production. Since we would expect industrial production to start growing rapidly as a result of expansion and investment policies, it may not follow that the real wages of industrial workers would fall in *absolute* terms. The workers would simply be taking a thinner slice of a larger cake. After a few years of high-investment policies, real after-tax wages would be growing rapidly along with the rest of the economy.

Secondly, although increased taxation rates (the device by which in practice consumption would be restrained) have in the past added fuel to explosive wage demands, it is arguable that a Left government would be well placed to prevent this from happening. The Left's special affinity with the trade union movement and its desire to sponsor a greater degree of worker participation in management decisions, could produce the necessary understanding and discipline.

Such expectations might, of course, be over-optimistic. The British trade union movement, for example, does not have a central committee with the power to commit member unions. In Sweden, for example, there is strong trade union leadership at a national level, and without at least equivalent institutions it is hard to see how the Left could expect a sense of worker responsibility in industry which would need to match that in our wartime economy of 1940–51.

The society that resulted may not be the preferred choice of the majority in Britain. Is there a viable alternative?

A MARKET SECTOR SOLUTION

All Conservatives, most Liberals and many members of the Labour Party will be deeply suspicious of elements of the solution outlined above. Apart from political and social reservations, many will have doubts about its effect on economic efficiency.

A prime concern is whether leaving the allocation of an increasing proportion of the nation's investable resources to civil servants, rather than to rely on the checks and balances of the market, is sensible given the past record of bureaucrat-dominated undertakings.

It is also not clear that giving resources to private industry by taking them away from private services makes economic sense. Britain is a world leader in internationally marketed services, which provided exports of £6,319 million in 1974, and squeezing resources in this area might harm the balance of payments.

The pro-market strategy for curing the ills of the economy would be achieved, to put it simply, by enforcing a sharp reduction in the proportion of the resources taken up by the non-market sector.

The change in resource allocation that would result from this is shown in Chart Two. The chart showing the "Left" solution was also drawn using the market versus non-market distinction (though the Left argument is not usually put in those terms) so that the contrasting patterns can be directly compared. As can be seen, the biggest sacrifice implied by Left policies was a necessary reduction in the marketable services sector. Believers in pro-market sector policies would do their utmost to keep such services intact.

The "Left" chart assumes a greater requirement for net industrial exports in 1978 compared with the alternative strategy and also a greater requirement for industrial investment. This is because the Left's reduction of marketed services (some of which are exported) increases what is required from industry both domestically and in exports.

Pro-market sector advocates are now to be found increasingly in the Labour Party including many in the present Government. The feeling is developing among them that the non-marketed public sector has *at present* grown too large for a healthy economy (though they would later wish to restore public service spending once it could be afforded). They would disagree with the Right, however, on some of the means by which the shift of resources from non-marketed to marketed should be achieved.

In particular, they would not go along with the most fundamental way proposed by the Right-Wing of the Conservative Party for achieving the shift: to use the price mechanism to allocate resources which are now given away. A reduction in the range of functions of the state would automatically make the market sector larger, and the non-market sector smaller.

But even without such fundamental changes, much can be done to reduce the non-market sector in favour of those who produce directly. Control of employment in health and education, and cuts in the size of the Civil Service, *or in the relative salaries of civil servants*, would be moves in this direction. So too would be cuts in subsidies to both private and nationalised firms. Council house rents, many argue, should cover a higher fraction of their cost. Indeed, any reduction in public expenditure of any kind would help to ease the adverse pressures on the economy provided that the output of the market sector does not fall at the same time.

However, the great difficulty that any government, Labour or Conservative, which attempts to cut public expenditure in 1976–78 will have to face is that most workers who lose their jobs in the public sector will not immediately be able to find alternative work in the market sector. There will at first be insufficient industrial plant and office space for many displaced workers. More investment in the private industries and services must therefore precede any substantial switch of labour from the public sector.

A government that sought to out public expenditure would therefore need an investment boom no less than a Left government before it could start to alter the structure of the economy as it wished. The aim of stimulating investment would be the same, but the devices use would be different.

A pro-market-sector government might wish to use tax incentives, making investment in new plant and office space (for marketed services) a bargain that would not be repeated. Thus for tax purposes the whole United Kingdom could be regarded as a development area in 1976–78 alone. Even this might not be enough, because of low business confidence. So the Government might have to offer to lend all companies money at very low rates—say around 6 percent—for investment, providing that each pound of government finance was matched by a pound of money from the company's own resources. This way, an element of the market mechanism would remain in investment decisions, unlike the Left solution.

Alternatively, companies could be allowed to borrow one pound for every pound by which investment in 1976 to 1978 exceeded the 1975 level, due allowance being made for inflation.

With bargains like these available from the Government for a limited period only, companies could be expected to snap them up. Moreover they would have incentives to spend the extra money in the most profitable directions. Concorde would not have attracted the British Aircraft Corporation for it would have bankrupted the company even at 5 percent. There would be an absence of outside interference in company decisions. It is true that particular companies might get too much and others too little, but any state-engineered investment boom in 1976–78 must involve some distortion of market forces.

As with a Left solution, the investment boom would have balance of payments' consequences that would need to be dealt with and also have implications for the Government's "borrowing requirement."

The orthodox answer would be to rely on the exchange rate coupled with increased taxation to ensure that expansion was export and investment led, not consumption led. These policies would in theory raise employment, improve the balance of payments and reduce the "borrowing requirement" at the same time. However such exchange-rate policies which would raise prices at once and exports much later would depend on the Government's ability to convince workers of the need to accept lower consumption, and a tough incomes policy becomes necessary. A Labour government with union support might hope to achieve this, but a Conservative government, lacking union goodwill might find widespread acceptance difficult to obtain.

So a Conservative government might well attempt to ride out a balance of payments deficit as in 1964 and 1973, though devaluing slightly (to prevent excessive deterioration of net exports in the long term) and expanding more slowly. It should be able to live with a moderate deficit longer than a Left government, and this would eventually be corrected if the structure of the economy was being altered in favour of productive employment.

It cannot be claimed that the axing of public expenditure could be as easy, massive and quick as some of the Right suppose, and really large economies could only start when work was found for former public sector workers in the private sector. There would be the immediate opportunity of stopping some of the public sector development plans that are already in train, but the sums involved would be relatively small. Nor would more than a small minority of the electorate be prepared to tolerate a wholesale dismemberment of complete areas of the welfare state.

However, that there are very substantial areas for potential saving cannot be doubted. Despite the great increases in non-market expenditure (which has gone up from a pre-tax 44 per cent of marketed output in 1962 to 61 per cent now) the social benefits do not appear to have been great. Few believe that the sick or the old are better looked after in Britain than in West Germany, or that children are better educated in Britain than in France, but Britain spends relatively more in the public sector than most other countries. Complaints have grown about almost every aspect of the Health Service. Elementary literacy and numeracy have not obviously improved despite the 74 per cent employment increase in education. The housing situation and post office, railway and bus services have to say the least failed to improve despite immense subsidies.

There have evidently been great management inefficiencies in the public sector, and this is supported by many Reports of the House of Commons Public Accounts and Expenditure Committees. But to identify them and to investigate all the areas of overmanning—why, for example, are only 51 per cent of the 1,453,000 employed in Local Authority education actually teachers?—is a major task that would require systematic inquiry, including detailed manpower comparisons with the world's successful economies.

If expert inquiry found that no significant saving could be made without seriously reducing the quality of services, an economizing government would face a real dilemma, and might be forced into controversial policies such as introducing charges for public services that are now free. But it is overwhelmingly likely that substantial overmanning or overpayment would be uncovered and could be corrected.

Such benefits, however, cannot be expected to be immediate, and the early years would be the dangerous ones in the promarket sector strategy that has been set out. All the extra pressures from an investment boom superimposed on an unsound balance of payments and a budget already in deficit, would need to be met with discipline. The present situation is not unlike the period of post-war reconstruction from 1951, when six years went by even under a Conservative government before taxes could significantly be reduced and affluence tasted.

But once the risky phase was over and profit-making industries and services were selling enough to support the public sector at full employment, a new economy could emerge with growth in industry and in private and public services at rates which actually exploited the country's potential.

THE PROBLEM FOR BRITAIN

Britain's problem can be solved if a radical solution to promote the economy's productive activities is chosen and implemented. Either of the two proposals above, the Left or the pro-market sector, could achieve this aim, and with increasing awareness of the problem other viable policies will be put forward by those with administrative experience.

The danger is that the British people will prefer to avoid a solution of any kind. A choice to drift and tinker would be disastrous.

The economically ungovernable nations of the world are those which combine high public expenditure and low investment. They have chosen to spend on welfare or defense and failed to ensure that there will also be sufficient production. In consequence their productive sectors have become too small for what is required of them. The result is chronic inflation, structural employment and requests for aid and loans from the rest of the world. This all too often leads to "strong" governments which either preside over chaos or use their powers to repress the living standards of all but those who keep them in power.

Since 1962 Britain has unwittingly been developing into such an economy.

In a 3-Week Series of Articles, Oxford Economists Robert Bacon and Walter Eltis Have Diagnosed the Central Malaise in Britain's Economy and Outlined Possible Remedies. Today Leading Economists and Policy-Makers Join the Debate

A TOO-EASY ALIBI FOR EVERYBODY

It is true that employment in British industry has been declining since 1966. So has total employment. Both trends have been accentuated by the slump and the consequent disappearance of job opportunities. But over the long run neither trend in the absence of large-scale unemployment, is intrinsically bad. It all depends on what is happening to labour supply (which has been falling) and to the pattern of demand (which has shifted towards services). It does *not* depend, as Bacon and Eltis seems to suggest, on the rate at which productivity improves—the acceleration in productivity of the 1960s was common to nearly all industrial countries, and left Britain lagging further behind in the Seventies.

Much more important, this pattern of demand (with its high public expenditure component) is not sustainable because it requires a level of taxation widely felt to be excessive, but which yet leaves a budget deficit; and heavy overseas borrowing, which cannot continue for very long. If the shift in domestic demand between manufactured goods and the services on which public money is spent presents a problem it is because it does not express a consistent choice. People do not feel that public expenditure is giving them value for money. A universal reluctance to meet the rising tax costs of the welfare state helps to aggravate inflation.

But it is overseas borrowing that is the nub of the matter. It is not easy to adjust to a doubling of import costs without inflation, or to accept the cuts in living standards that a 25 per cent shift in the terms of trade imposes. The budget deficit, and overseas borrowing, are both expressions of our failure to make the adjustments required.

Chief among those adjustments should be an expansion in British exports. The Bacon and Eltis articles neither focus on this issue nor throw much light on it. Any diagnosis should start and finish with Britain's declining share of world trade in manufactures. Bacon and Eltis approach this theme in terms of old slogans about investment, without a single word about industrial innovation. They canvas solutions—such as import restrictions, increased Government intervention, and increased borrowing—that could hardly fail to have perverse effects on exports and innovation.

The authors subscribe to what I regard as a semi-magical view of industrial investment. There is very little hard evidence that a shortage of industrial plant has ever played an important part in Britain's post-war troubles, and plenty of evidence that these troubles have more to do with failure to invest in the right plant or to make good use of what there is. The stock of industrial capital has all along more than kept pace with the growth of output. If economists want to know why industrial investment has been inadequate, they should give up juggling with aggregates and start quoting cases (and looking at profits). The one specific case quoted is the aircraft industry, which is explicitly treated as exceptional. Its difficulties were certainly not due to inadequate investment. What about the motor industry? Or the steel industry? Or electric power generation (which in the mid-Sixties accounted for half as much investment as the whole of manufacturing industry)? In each case, one can think of more important reasons for comparatively low productivity.

The peculiarly English passion for simple solutions to economic problems—especially the passion for higher investment—is itself one of the main expansions of these problems. It provides an alibi for everybody else and diverts attention from the really significant failures; bad industrial relations, bad investment decisions, an insufficient flow of the highest talent into engineering and industrial management, and a preoccupation with fair shares rather than a bigger cake. If we make it harder than elsewhere to innovate in industry, why should we be surprised by comparatively low industrial growth of which low investment is merely a symptom?

INVESTMENT HABITS OF INDUSTRY

I agree with Bacon and Eltis that the fundamental failure of our economy in recent years has been our inability to grow fast enough or steadily enough. For years, each attempt to establish a trend of vigorous growth ran into a road-block. This was the era of so-called "stop-go" policies, and it was frustration with them which led Selwyn Lloyd to establish the National Economic Development Corporation (NEDC), seeking the cooperation of employers and unions in a common policy of sustained expansion.

It was a brave try. Alas, since then, and particularly in recent years, things have gone much worse, and the problems grown even greater.

The authors' analysis of what I was trying to do as Chancellor between 1962 and 1964 is perceptive. We agreed, in the NEDC, that the economy could achieve a growth rate of 4 per cent, based on a 3.2 per cent increase in productivity, and 0.8 per cent increase in the working population. The 1963 Budget, based very much on the NEDC's recommendations, was designed to remove obstacles from the path of progress. It was bound to cause balance-of-payments difficulties in the initial stages, as I made absolutely clear—and I am glad to see confirmation that, had we won the 1964 Election, we would have had time to carry the policy through.

Two important matters have been raised. First, the fact that in the 1960s much of the increase in productivity was offset by a sharp reduction in hours worked. Second, that industrial investment was the last element to expand in the "Maudling boom." The underlying reasons for this lie at the heart of all our economic problems. People were at that time consciously or subconsciously choosing greater leisure rather than greater output, in the sad belief that somehow or other they would be able to enjoy the same increase in their living standards as our continental neighbours, without the same efforts.

It was summed up to me by one distinguished trade unionist, who said at a meeting of the NEDC: "Reggie, I have come to the conclusion that if greater output means getting up half an hour earlier in the morning, I am against it."

As for industrial investment, the problem has always been that the bulk of British industry invests only on a boom and not in a slump. We examined many cures, we tried a variety of investment incentives, we looked at schemes from Sweden, and suggestions from the machine tools industry, but bitter experience led us to the conclusion that no incentive would work until manufacturers realised that they needed more capacity to meet a booming demand. We are still looking for an answer to this problem.

AWAITING A DOSE OF MEDICINE

The British economy is like a sick man with a raging fever (inflation), increasing paralysis (rising unemployment), and a body (public sector), too gross to be supported by his inadequate legs (private sector). His current account (balance of payments) is in the red and only kept going by increasing his chronic indebtedness to the various European, Arab and United Nations doctors who pay brief visits to his bedside. There he lies awaiting apprehensively yet another dose of the medicine that, over the years, has almost killed him. There is clearly no single cause of his unfortunate condition, nor any simple magic cure. However, certain crucial features of his situation deserve emphasis and, if treated, may lead to a gradual improvement.

First, many unions now have the power to secure inflationary wage increases, which exceed any feasible rise in productivity in their industry.

This is not to say that unions are greedy, militant and the cause of all our troubles. Each union is rightly concerned with the living standards of its members. If the general inflation rate is running at 20 per cent, a union which negotiates a productivity increase of, say, three per cent is voting a 17 per cent reduction in its members' standard of living. Thus once significant inflation rates get established, there are strong institutional pressures in our present system of sequential and partial wage bargaining leading to the continuation—and acceleration—of such rates.

Second, a relatively new feature of wage bargaining in the past decade is that unions are almost certainly influenced, not just by inflation but by significant movements in tax and national insurance rates, which adversely affect take-home pay. Thus a tax-financed increase in the size of the non-market sector can have inflationary impacts via the wage and salary bargaining process in both the private and public sectors.

Third and most important, an increase in the size of the non-market sector has *direct* inflationary consequences for the price level of the output produced by the market sector. This is the major point in the Bacon-Eltis thesis.

Bacon and Eltis argue that the unprecedented growth of the non-market sector has been largely caused by the attempt of the public authorities to alleviate unemployment in each cyclical recession. I suspect the truth goes deeper than this—and right to the dilemma at the heart of our political democracy: the separation between decisions to spend, and the necessary financing of the resultant programmes.

Political parties present electoral programmes, which mostly involve extensions of public (non-market) spending, but do not, at the same time, offer any detailed and systematic exposition of the taxation and other financial implications of these programmes. The mass of the electorate is often led to believe that by some appropriate redistribution of income and wealth someone else will, in effect, shoulder the burden. The brutal truth of the past decade is that public expenditure on our scale puts a significant tax burden on *all* shoulders in the economy.

The major solution must be a steady and progressive decline in the relative size of the non-market sector, with the emphasis on pruning excessive administrative growths and other activities with little direct relaton to the amenities of life or the efficiency of the market sector. The tax reductions that then become feasible and would eliminate the inflationary effect on wages. At the same time the market sector must be strengthened and the fact accepted that jobs and living standards depend on investment, which in turn depends on profits.

There would still remain the problem of general wage inflation, continually fueled by unions attempting to keep abreast, if not ahead, of current inflation rates. In an era when public expenditure was no longer growing explosively, wage inflation would lead to rising unemployment, which might moderate subsequent wage settlements. The only alternative to such a painful and wasteful process is further developments on the lines of the social contract, which has effectively set a ceiling far below the current inflation rate for this year's round of wage negotiations.

Future social contracts would be facilitated by annual planning and budgeting which kept the balance and structure of the *whole economy* under review. This process would monitor the size, efficiency and profitability of the market sector, and the size of the non-market sector that could then be supported without undue strain. This would replace the present system, where the main emphasis is on the spending programme in the public sector.

SWEDEN HAS ITS PROBLEMS

The Declining Britain analysis is a competent application of orthodox economic theory, in terms of factor returns (low and falling net profits) and composition of demand (the pull of resources to the public sector). Bacon and Eltis have probably identified some important factors behind the decline of the UK economy, although I see no point in labeling these factors "structuralist."

What they have perhaps explained less well is why rather similar developments in other countries have not yet created similarly severe problems. Their answer is no doubt that the same combination of sharply falling profits and an exceedingly rapid pull of resources to the public sector has as yet hardly happened elsewhere (though Uruguay probably was a pioneer in both respects). Similarly, they do not really explain why this development of profits and public sector demands has been more pronounced in Britain than in most other countries.

In both respects there is, of course, at least a possibility that specific circumstances in the British society have played a part—such as attitudes to manual work and to industrial entrepreneurship, a poor integration of the working class on different levels in society, and so forth.

What I would like to emphasize is the rather general tendency in Western societies today for profitability in the private sector to be simultaneously too low for rapid growth, and to high to satisfy ideological goals. This is certainly not a sustainable situation, as demonstrated by the British experience.

It is no doubt possible to keep up the total level of investment in the market sector, at least for a while, by heavy public investment in manufacturing, an ample supply of long-term credit from the Government, and a proliferation of various kinds of selective subsidies to private firms. However, this is not an efficient long-run solution if we want to keep a large private enterprise sector. Private firms, in particular those which do not receive many subsidies, will not go on investing indefinitely on small profits and falling solvency (a reduced margin between equity capital and borrowed funds).

The policy would also lead to a concentration of industry within rather arbitrarily chosen sectors and firms—at the cost of a decline in small, new and innovative firms, which play an important part in creating the "pluralism" needed for economic growth. Another outcome would, of course, be an accumulation of strong powers in a small class of civil servants and politicians with minimal competence to operate enterprises.

The only viable alternative to state capitalism (as in Eastern Europe) or a private enterprise system strongly regulated from the centre (as in Germany in the Thirties) is in my judgment to accept a somewhat higher level of net profits than has existed in the UK during the last decade. Perhaps such a situation can be socially accepted only if a more even distribution of equity capital is established in society—so that broad groups of citizens take part, individually and/or collectively, in the ownership of equity capital. If such changes in the structure of ownership were brought about in collective rather than individual forms, it is probably crucial for the survival of a pluralistic society that decentralised forms of collective ownership, in the context of an operating capital market, are chosen (such as a large number of independent funds of equity capital—managed by representatives of broad groups of citizens).

Incidentally, the authors' belief that the problems besetting the UK do not exist in Sweden is hardly correct. A development along the same lines, though less drastic, took place in Sweden during the second half of the Sixties. Some of the reasons why the effects on the Swedish economy were less devastating are probably that the fall in profits of private firms was perhaps less drastic, that the market for long-term credit was expanded (partly because of bond purchases by the collective pension funds) and that a dramatic increase in profits took place during the first half of the Seventies. However, a system of public investment allocations, on the lines envisaged by Tony Benn, has certainly not been created in Sweden. Investment allocations are made "by the market"—that is, by individual firms operating in tough international competition.

SAVE US FROM OUR SAVIOURS

The title—How We Went Wrong—chosen for the first of the Bacon and Eltis articles was somewhat unfortunate; it might be taken, with some justification, to refer to later analysis by the authors of their own ideas.

The first task is to disentangle three different notions involved in their general proposition that the UK economy is suffering from fundamental structural weakness. One is the alleged maldistribution of our labour force between different industries and occupations; and most especially, between manufacturing industry and all the rest. A second is that the country has been devoting too little of its expenditure to investment and too much to consumption. A third is the overblown size of the non-market sector; this is not very clearly defined but seems to amount to something like the ratio of public expenditure, net of charges and fees, to total expenditure. Other things being equal, it will therefore increase if public expenditure increases, except in so far as there is a quid pro quo in the form of additional charges.

Causes, consequences and cures clearly differ, and sometimes even conflict, in the three cases; but the authors fail to acknowledge or explain such differences and so inevitably diminish the credibility of their hypothesis.

If we look at each of the three ideas separately, some of the sweeping generalisations must be heavily qualified. Previous attempts to demonstrate that growth has been held back by an inadequate supply of labour to manufacturing industry have not been convincing; and the authors totally ignore the frequent contention that there is much overmanning today in industry. The proposition that the growth rate depends inevitably on the level of investment is controverted by much previous research. And while there are some very good reasons for arguing that there has been overexpansion of the nonmarketed sector over the years, it is not clear how the authors reconcile this idea with their proposal for larger public support of investment in 1976. By itself, this would expand the nonmarketed sector still further.

It would seem all too likely that these grandiose notions of a big push to cure fearsome structural weaknesses will get us into even worse trouble than has arisen from the derided tinkering of the past. The failure of the authors to analyse the meaning of the crude unemployment figures, and their obliviousness to the fact that we are likely to be facing a substantial rate of price inflation for some time to come, make one deeply suspicious of their prescriptions.

All this no doubt sounds very negative. But what service is likely to be rendered by jumping out of the bathtub, Archimedes-fashion, and proclaiming to the world that one has found a simple clue to deep-seated and persistent questions which have baffled many people for many years (and not just, as might be thought from these articles, since the 1950s)? It is indeed a matter for despondency that people can still delude themselves in this way, and not ask, for instance, whether we have not suffered from a surfeit of self-appointed do-gooders, whether of the tinkering or the structuralist variety. God save us from our saviours.

Another Couple of Tinkerers

(Prof. Maurice Peston, Queen Mary College, London)

Until recently in approaching economic problems, I have been—along with many other economists—what Bacon and Eltis somewhat pejoratively call a tinkerer. I now believe that events since 1969 necessitate a more fundamental reconsideration of the nature and purpose of economic activity and the role of economic policy. What I fail to see is that this is what Bacon and Eltis provide.

They seem just as much tinkerers as those they criticise. Indeed, it is difficult to see the connection between their analysis and their policy prescriptions. Plenty of people would accept the latter while rejecting the former; and to advocate greater priority for industrial investment while holding back public sector employment can scarcely be regarded as revolutionary doctrine.

I am also a trifle worried about the authors' interpretation of what has been happening to manufacturing. As I work it out, the picture is not that gloomy, at least where manufacturing is concerned; the ratio of investment to value added rose from 5.7 per cent to 6.5 per cent in the past ten years, and the ratio of investment to Gross Domestic Product (GDP) also rose, albeit slightly, from 22 per cent to 23 per cent.

A tinkerer would argue as follows. Real GDP has not grown less rapidly in the second decade than in the first. What has happened is that we have used rather less of our productivity capacity in the more recent period, and run the economy with a higher unemployment rate. The reasons for this were partly to do with the balance of payments and partly to do with (oil and trades unions) cost-push inflation.

There have also been two key mistakes of timing, both understandable and possibly even excusable. Expansion at the beginning of the 1970s was delayed, perhaps because of the inexperience of the then Chancellor. The boom of 1973 was as a result somewhat excessive. The pay restraint required for 1974 was then delayed until late 1975—again for obvious reasons that need no further discussion.

The present position is one in which GDP is between five and ten per cent below its full employment level, and is being kept there for balance of payments and inflation reasons. The tinkerer would then conclude, without the benefit of the Bacon and Eltis theory, that the best way forward will be export-led growth (following a world recovery); reduction in the growth rate of public expenditure (possibly to zero); support for industrial investment; an incomes policy; and a faster increase in real private consumption if that is what the unions want.

Of these, nobody (tinkerer or structuralist) can guarantee either the exports or the industrial investment. Certainly, it is impossible to believe that holding back employment in the public sector will actually *cause* all these other things to happen. (The evidence that labour scarcity, in the Bacon and Eltis sense, has held back industrial investment is flimsy, to say the least. I myself believe that far too much *high level* manpower is in the public sector, which accounts for the low quality of industrial management—but that is another story altogether.) Thus, we are left waiting for the upturn in world trade.

But let us be optimistic. Suppose it happens. What then is the point of it all, especially the increased industrial investment? It cannot be for its own sake. To some extent it can be justified by a higher flow of private consumption. But equally it must provide more leisure, an improved quality of working life, including greater stability of employment, and greater public consumption.

For many of us, it must also be to divide the social dividend more equally and to democratise industrial life. Eltis and Bacon hardly touch on any of this, and where they do, they are unconvincing. Is it not at least distinctly likely that the effect of the policies they are advocating will be a self-sustaining system continuously raising the industrial base and allowing higher private consumption, but making it more difficult to expand the public sector and ameliorate life in general?

This leads me to a final technical comment on causation. Bacon and Eltis say: "Since 1962 Britain has unwittingly started to become one of the world's high-public expenditure, low- investment economies." As far as public expenditure on goods and services is concerned this is surely not so. In 1962 the ratio of public expenditure on goods and services to GDP at factor cost was 27.2 per cent. In 1974 it was 33 per cent. But the price of public services has risen compared with general prices by 24 per cent. Thus, the percentage volume of resources used by the public sector has hardly risen at all.

Three other points are worth noting. First, public expenditure in its broadest sense—including pensions, unemployment benefit, family allowances, etc.—equalled about 50 percent of GDP from the mid-Sixties to the early Seventies. Second, in the past decade employment in the public sector rose from 24 per cent of the total working population to 27 per cent. It is difficult to see this as excessive, unless you regard Government expenditure intrinsically as a bad thing. Third, in the longer term the most noteworthy element of public expenditure to increase has been transfer payments (pensions, unemployment pay, etc.) which have to a considerable extent substituted one type of private consumption for another.

If the tax-transfer system is used to promote more equality in society it is inevitable that this figure remains high or increases, but it does not represent resources absorbed by the public sector. None of these factors suggest that the underlying cause of our problem is excessive public spending.

VITAL TO BOOST OUR EXPORTS

According to Bacon and Eltis, Britain's economic problems are the result of simultaneous growth of public spending and decline of exports and industrial investment. But they are not clear whether the one has been a cause or a consequence of the other. Their confusion arises because while they grasp the first of the two essential conditions for successful expansion in a market economy—that adequate resources should be available for export and investment—they ignore the second equally important condition: that there should be an expanding and profitable market for industrial products so that the expansion of sales, investment and capacity actually takes place.

In Britain it is essential to revive demand for industrial products, and the revival must come, as it has not in the past, through expansion of exports or replacement of imports. Whatever the state of world demand for industrial products, we must increase our share, which has been squeezed too low (in the terminology of the 1930s, we are "importing unemployment"). The possible policy instruments are devaluation and import restriction. These should be seen as means of generating industrial demand which is indeed how industrialists and workers see them, not as crutches for the foreign balance which you apply after resources have been wrongly deployed and a financial crisis has occurred.

The question how best to combine devaluation and protection is a controversial one which historically has cut across party lines. In fact, a mixture has been applied since the end of the 1960s, when both devaluation and subsidisation of bankrupt firms became respectable politically.

When minor adjustments are needed, economists have considered devaluation to be preferable to protection. But recent international experience of exchange rate changes has been disappointing and Britain now needs a major improvement in her external position. It therefore looks as if very large effective devaluation (i.e. reduction in relative costs) would be needed if devaluation alone were to reverse the trend of industrial decline. Large devaluations, however, initially cause a large deterioration in the foreign balance and they raise costs and prices sharply, so aggravating the wage-price problem.

Free traders and monetarists will no doubt suggest that these adverse effects on the foreign balance and on the wage-price spiral could be counteracted by a sufficiently tight fiscal and monetary policy. But that means the Government must calculatedly cause much more unemployment in the hope of thereby reducing imports temporarily, checking the inflationary impact of devaluation and sustaining foreign confidence—without at the same time bankrupting too much of the industry which the policy is supposed to sustain. With unemployment over a million, it is doubtful whether any government would follow that route with much vigour. And an attempt to devalue heavily without vigorous accompanying measures might destroy what little remained of foreign confidence in sterling.

Industrial protection has its cost too. It is formally against international rules (unless introduced too late where the balance of payments has already collapsed). If introduced on the large scale necessary to bring a decisive reversal of past trends, it would cause a row and perhaps some retaliation. Like devaluation it raises prices, but it does so across a limited field (excluding food and materials); it does not have a short-run adverse effect on the foreign balance which need be offset by extra deflation; and it can be applied in forms that are more or less selective, according to the industrial strategy adopted. The objection that protection causes an "inefficient" allocation of resources cannot be sustained as regards the short-term, when the alternative is for resources to be unemployed.

The long-term effect depends on how industry responds to the combination of protection and whatever other industrial policies are applied. All our major industrial rivals—France, Germany, Japan, the US—used protection successfully to foster their industrialisation. It is an obvious instrument for preventing de-industrialisation and trying to revive industry.

If demand is revived by some mixture of devaluation, protection and one hopes, world recovery will reappear. It will be necessary to have a lower Budget deficit, and although considerable extra revenue will be provided automatically by higher taxable income and lower unemployment, the Government will also have to act. The first step is to get expenditure, on which there has been no cash limit, under control again. The remainder must be found by a mixture of spending cuts or tax increases.

Here Bacon and Eltis have a point when they argue that less public expenditure means lower tax, more private consumption and hence perhaps lower wage claims. But one should not adopt their distinction between marketable and non-marketable goods indiscriminately. Most people will not find lower food subsidies to be a significant net gain to their living standard, let alone a gain on a par with, say, lower taxes matched by cutting Concorde or military expenditure. Yet that is what follows from their approach.

Moreover, no one should forget that while our tax structure is extraordinarily distorted by inflation, our ratio of tax revenue to national income is not particularly high compared with that in other Western industrial countries.

A CRITICAL ENGINE OF CHANGE

Many points made in Eltis and Bacon's valuable analysis echo what the TUC and the unions have been saying, with increasing force but as yet with little serious attention from the economic establishment.

We agree, for example, on the total failure of the present system to direct anything like sufficient investment towards the productive industries; on the rapid increase in productivity leading, not to the production of more goods but rather to the sacking of more workers; and on the diagnosis that wage inflation and increased trade union militancy are the effect, not the cause, of the chronic failure of our economy.

Eltis and Bacon proclaim their neutrality between the public and the private sectors. They cite the (strongly State directed) Swedish experience as one in which social expenditure has risen, company profitability has declined and yet investment has continued to increase. They cite Sweden but they do not explain it.

Britain has shared the experience of increased social expenditure and diminished company profitability with Sweden, but not the higher investment. Why not? Perhaps because we have lived with too loose a definition of productive investment. Far too large a proportion of our financial resources has gone to manifestly profitable but nevertheless unproductive activities like property. The private sector's social failure is a greater cause of our difficulties than public sector mismanagement.

The performance of the financial sector makes the Eltis and Bacon "market" solution seem, to say the least, unworkable. In recent years the supposedly automatic beneficence of market forces have been twice tested. First, the 1966 Selective Employment Tax was supposed to shift workers into productive manufacturing industry; but its introduction coincided with the start of the rapid decline in manufacturing employment that Eltis and Bacon describe. Second, the Barber strategy raised company funds by some 117 per cent which was matched by an increase in investment of only 33 per cent.

When the authors turn to a "left" solution they miss a number of crucial points. They concentrate on the quantity of investment rather than its quality. But the whole of Labour's industrial policy is to do with selective investment. That is what the National Enterprise Board and the planning agreements strategy is all about. The Chequers talks, tentative though they were, gave a significant boost to that way of thinking. And it is the trade unions that have been most active in promoting this new framework.

The unions are a critical engine of change which Eltis and Bacon have failed to recognise. It is the unions that have described the chronic nature of our problems. It is the unions that have put forward radical solutions to those problems. And they have accepted the sacrifices that must follow.

Diagnosis, recommendation, action: these are the things the trade unions have demanded. Taken together, they spell the Social Contract which, contrary to much popular propaganda, is not simply a question of wages. The Social Contract is a method of obtaining change by consent. The change must be radical. As Eltis and Bacon say: "No amount of tinkering will do."

CONTINUING THE GREAT ECONOMIC DEBATE: POLITICIANS, ACADEMIES AND BUSINESS MEN EXAMINE THE REASONS AND REMEDIES FOR BRITAIN'S PROBLEMS, DIAGNOSED BY OXFORD ECONOMISTS ROBERT BACON AND WALTER ELTIS

What are the reasons for Britain's poor industrial performance? Do we need to cut expenditure on public services to enable the marketable sector to move ahead? These are some of the questions raised in a further selection of opinions on the recent articles by Robert Bacon and Walter Eltis. Readers' comments have included reactions from business men and today we also publish the first of their contributions.

"OVER-RIDING IMPORTANCE OF EXPECTED SALES"

(By Lord Armstrong, Head of the Home Civil Service, 1968–74. Now chairman, Midland Bank)

The question, whether over the last decade public expenditure has grown too fast in relation to Gross National Product is one which statistics are more apt to confuse than to answer. For example, central and local government current expenditure on goods and services at constant prices, as a proportion of the Gross Domestic Product, changed little between 1964 and 1974, and was lower than in 1954. But the approach Eltis and Bacon use, introducing the idea of "marketed output," whether of goods or services, could turn out to be valuable, despite the difficulty of applying it to the public sector.

The authors have to admit that output of the nationalised industries is "marketed" whenever production does not incur loss; and would agree that public housing might go into the marketed section if rents covered costs. So we must make these mental adjustments when we consider their crucial sentence "the marketed output of industry and services taken together must supply the total private consumption, investment and export needs of the whole nation." But although public health and education are not included in private consumption, their supply does meet a need which would still exist and might not be very different in size, if meeting it were turned over from the public to the private sector. In treating the resources which go to these services as a "government claim" on total resources, one has to remember that national health dentists do not pull teeth simply to make a necklace for Mrs. Castle.

Statistics apart, however, the pressures to raise public expenditure remain strong. Throughout my experience Treasury officials were urging Ministers to slow down and I do not suppose things have changed.

Eltis and Bacon come nearer to the truth when they say "there is no problem about the increased entitlement if everyone agrees that it is a good thing." That is the real reason why it is possible to say that public expenditure has risen too fast: because it has risen faster than people are prepared to pay for it, in taxes and other imposts—as illustrated by the growth of the public sector deficit, tax avoidance and the evidence that wage demands may be influenced by the incidence of taxes on the real value of the money gains which result from them. Unfortunately, there is no way I know of measuring the public's reluctance to pay; so one cannot quantify the growth in the public sector above the level of what the public will pay for.

There may be some sense in which industrial investment has not grown as fast as it should but the trend in gross fixed investment in the private sector (excluding housing) as a percentage of GDP has been distinctly upward in the last two decades. This suggests that attempts by successive governments to introduce investment incentives may have had some success. The disappointing thing is that in real terms the growth of industry's capital stock has not been matched by the growth of its output, apart from cyclical fluctuations—hence the declining trend of profitability.

Policy makers still know too little about what influences company decisions to invest or not; and I was particularly sorry that a plan which Mr. Maudling formulated in 1964 for a thorough inquiry into this was jettisoned by the Labour Government on the grounds that they already had the answer in investment grants. But the question of getting adequate return from the investment is at least equally important, as the Government's "industrial strategy" now recognizes. Some would say it is paramount.

The ability to set adequate profit margins is vital to successful, sustained investment; but most of the proposed solutions overlook the over-riding importance of expected sales. If you can't see a reasonable possibility of selling enough of the output at suitable profit margins, then you don't start. This means inquiring why customers prefer to buy foreign goods—and this involves quality, service and delivery dates, as well as price. There are plenty of examples of success in these areas—and at least until the present recession such firms had a first class record of increasing output and capacity—in spite of the overall climate which Bacon and Eltis describe.

"OUR TASK IS TO PROTECT WORKING PEOPLE"

(By Norman Atkinson, Labour M.P. for Haringey and Tottenham since 1964)

Rising unemployment, confirmed by last week's figures, underlines the urgent need to stimulate the economy and create jobs, fast. Even the chance of the dole queue reaching two millions next year threatens both the economic strategy and the political credibility of the Labour movement.

Such a disaster would mean butchering our industry, cutting our living standards and welfare services even more and wrecking all our plans for a more prosperous and socially just Britain. For what? Simply to maintain our credit-rating with foreign bankers who see Britain as a balance sheet, checking to make sure that the columns add up on both sides of the page.

Those who share such outdated orthodoxy in the City and the Treasury insist that the downward spiral be made even steeper by cuts in Government spending on the public services. Their demands must be resisted. The public sector is heavily labour-intensive and a key to maintaining employment.

Have we forgotten that policies based on dole queues, high interest rates and low public expenditure offer no long-term solution to our chronic condition of low investment and low productivity?

In this crisis, we in the Labour movement have to recover our confidence and say that if someone has to get hurt: it is not going to be our people. Our task is to protect working people and not a bankrupt capitalism which has run out of money. We must develop a different strategy able to keep inflation in check while creating new industrial stimulus.

We need import restraint brought about by planning agreements with the major companies to ensure that they buy British whenever they can. The Government's decision not to buy American nuclear reactors for the Atomic Energy Authority is the kind of restraint I would like to see. We ordered British equipment instead without any of the present talk of foreign retaliation.

If British Railways bought £40 of German rolling stock, there would be a public uproar. Yet private industry can buy foreign machine tools worth much more and nothing is said.

We must, however, be more selective about import controls than before. Import deposits, for example, did not work because they were too blunt in their across-the-board application. And if foreign countries talk about retaliation, they can do so only if they themselves introduce import planning, which surely must help international trade.

We should have talks with industry about a five-year programme to get it on its feet and say that licences to import will only be made under conditions which satisfy that programme.

Price agreements are essential if this recovery programme is to work. Wage bargaining in the second stage of the incomes policy must take place against a background of price ceilings or agreed prices. This will restrain inflation and encourage unions to develop productivity bargaining on a wider scale.

The third part of our new strategy must be to raise new funds by internal borrowing and use them for the capital development of our manufacturing industry. Price agreements and a more sophisticated Prices Commission will prevent this new money from fanning inflation. While demand builds up, we can stockpile by placing contracts for future needs. Instead of building one power station, for example, we could build two and put one into stock.

Our present situation is understandable. We have an inflation rate worthy of a banana state and its enormity has distorted Labour thinking. But unemployment is not the answer. After all, what is the economic difference between the man paying out the dole and the man receiving it? More unemployment only means a bigger public sector—at the labour exchanges.

"FAILURE TO BOOST OUTPUT PER MAN-HOUR CRUCIAL"

(By Dr. Stanislaw Gomulka, Senior Lecturer in Economics, London School of Economics)

There are three key facts which have characterised Britain's manufacturing sector since the war.

Employment was rising until 1966 but has since declined.

A strong acceleration in the growth of output per man-hour occurred almost universally in Europe about 1950. But the UK's acceleration came only in the early 1960s.

British output per man-hour grew at 4% per annum from 1961 to 1974—still 1.5% below the corresponding rate for West Germany, France and Italy between 1950 and 1974.

The post-1966 outflow of workers from manufacturing into community services has had a considerable destabilising effect on the whole economy, especially by stimulating imports at the expense of exports. To that extent, I fully agree with the Bacon and Eltis analysis.

But stability should not be confused with growth. A structural imbalance of the kind described by Bacon and Eltis has little to do with growth, or with the impact of relative economic failure on living standards.

The relative unimportance of the structural factor can be demonstrated as follows. Suppose the level of employment in manufacturing after 1966 could have been kept at the 1966 level. Output in 1974 would then have been higher by 8.6%. Secondly, if manufacturing productivity had been increasing at 4.0% per annum from 1950 on (instead of at the actual 2.1%), rather than attaining this rate only after 1961, the 1974 output would be higher by 21.8%. Finally, if new products, technologies and organisational methods had been introduced at the same speed on both sides of the English Channel since 1950, so that the average annual productivity gain had been 5.5%, instead of the actual 3.2%, 1974's output would have been 70% higher than it was.

Had that 5.5% annual gain been achieved, moreover the economy could withstand a further outflow of manpower from manufacturing. After all, the share of that manpower in the economically active population (about 33% in 1973) is still one of the highest in the world—higher than the U.S., Japan, France, Sweden and Italy.

The keys to a successful growth strategy are economic and political measures which increase at rate at which British manufacturing adopts the world's best products, technologies and organisational methods. Its primary objective would have to be an increase in labour productivity.

This will not be easy. Professor Norman Dudley's major study on labour and machine utilisation, based on 1968–74 data from 85 Midland companies, found that operatives use 16% of their working time for "waiting," and machines are idle for about 50% of the time. So-called "attending" and "handling" activities amount to as much as 31% of the operative's working day, making, in the study's view, a "strong case for low-cost automation equipment." The study concludes: "More tangible incentives or immediate pressure are needed to encourage senior and middle managements to be more enterprising and more progressive."

I strongly disagree with Mr. Healey's recent assertion in *Newsweek* that "the main problem is we don't have enough investment." When the utilisation rate for machines is as low as 50%, are firms likely to believe that higher investment is what they need? All three post-1962 investment booms, as Bacon and Eltis make clear, were arrested by a shortage of workers, especially skilled ones, and not by unwillingness to invest or lack of finance. It is therefore crucial that industry not only keeps its workforce undiminished, but above all invests in labour-saving plant.

Meantime, the Government should shorten the present slump and improve long-run prospects by reflating the economy through an investment assistance programme to firms using their capital to full capacity and by launching large-scale retraining programmes for the unemployed to acquire the right skills.

(By A. G. Fathers, Export Director, Bovril, Ltd.)

Import restrictions encourage manufacturers to sit at home. In addition, there is a grave risk of provoking reprisals all round the world. What is needed is a policy of incentives to export. The tax charged on a UK property deal, which does little for employment and nothing for the balance of payments, is the same as on an export sale which is helpful to both. What we should do is:

Grant a tax holiday, until 1990, on the profits of all export business. This is what the Republic of Ireland has done for years, and it is no coincidence that on the very day when woe and gloom is Britain's portion, the Irish announce a balance of payments surplus.

The Government should greatly increase the help given for research into, travel to and even advertising new products in, overseas markets.

Even a simple piece of research can cost £10,000. To send an executive to the Far East for three or four weeks will not yield much change from £3,000. A small company may think twice about such sums in times like these. As for a repeat consumer product in a large EEC country, the launch cost cannot be less than, and will probably greatly exceed £100,000. With cash flow problems as they are, the cost of borrowing money and inflation, it is not so much extra investment that business needs as incentives towards opening new markets.

"UNIONS DID NOT ACCEPT HEATH'S GROWTH POLICIES"

(By Brendon Sewill, Adviser to the Chancellor of the Exchequer, 1970–74)

If growth is God, and the prime purpose of government is to check the (historically inevitable?) decline in the British economy, one still unexplained paradox is why the Heath administration, which aimed so much higher in terms of radical growth policies than any British government this century, fell so hard.

The Bacon and Eltis thesis that public sector employment has increased too fast is incontrovertible; their theory that this is the sole cause of our present problems is doubtful.

In particular, it is misleading to imply that public expenditure has increased steadily under all governments. The net result of policy decisions—both up and down—under Anthony Barber's Chancellorship amounted in real terms to minus £500m: policy decisions under Denis Healey have put public spending up £3,500m.

Misleading, also, to draw attenton to low investment in 1973 (the result of conditions several years earlier) without recognising the more significant fact that investment intentions were at a record level. Unscholarly to put too much blame on monetary policy. One statistical yard-stick by which money supply is measured did show too fast an increase; the other, probably the more reliable did not.

With hindsight, it is fair game to lambast the growth targets of 1971 and 1972. But the truth is that, if there had been no rise in world prices in 1973 and no coal strike in 1974, the strategy might well have succeeded, and the decline in the British economy would by now have been reversed.

It seems a little too simple to dismiss trade union pressure merely as a consequence of frustrated expectations. In fact from 1970 to 1973, partly as a result of massive tax reductions at all income levels, the average standard of living—Real Disposable Personal Income—rose 13 per cent, compared with 8 per cent in the entire preceding six-year period.

The real reason the Heath Government failed was that the trade unions did not accept the growth policies it pursued. They disliked the cuts in public spending; they disliked the attempt to provide a coherent framework for industrial relations; they disliked the creation of incentives through greater inequality; and they rejected the challenge of Europe. They therefore saw no reason to restrain the use of their industrial strength. From the coal and rail strikes of 1972 onwards, Heath and Barber had to compromise to secure union acquiescence in the control of inflation. Eventually, however, the country was brought to a standstill, and a Government elected which agreed with the unions in giving greater priority to equality than to growth. That is the root cause of our present malaise.

Looking ahead it seems naive of Bacon and Eltis to recommend a vast increase in industrial investment, with no guarantees that the unions in general will accept the necessary reduction in real incomes, or that the workers concerned will operate the new equipment. If the relative decline in British fortunes is to be reversed, the first essential is that the British people should wish it so.

"HOW NEAR WE CAME TO THE RIGHT ANSWERS 10 YEARS AGO"

(By Lord George-Brown, Secretary of State for Economic Affairs, 1964–66)

I was surprised last Sunday by the nature and tone of a number of the contributions to the debate initiated by Bacon and Eltis. Too many were not only concerned to justify their own part in the past catalogues of trials and errors and near misses—a temptation I too find it hard to avoid!—but also showed in some cases an obvious resentment at being put under the microscope at all. That temptation I find it very easy to resist. And all the easier because it seemed to me astonishingly clear, from the authors examination of 1965–6, how very near we came to getting the answers right and providing the appropriate array of instruments, tools and general apparatus for the job.

The ultimately fatal mistake was so clearly the July 1966 decision to maintain the parity of sterling above all else; and the economic and financial "measure" which this decision made inevitable.

One of the many valuable contributions by Bacon and Eltis to any useful debate on "The Way Ahead" is to enable us to make a fresh evaluation of the errors and draw a better moral. Had that been done at or shortly after 1966, successive governments—both Labour and Conservative—would not have effectively thrown the baby out with the bathwater by demolishing all the economic machinery. Ironically enough, in the light of the present devolution atmosphere, only the English regional economic and planning bodies, together with their Scottish and Welsh counterparts, the National Economic Development Office, and the little Neddies actually survived.

Much of that essential planning, forecasting and implementational infrastructure is, 10 years later, being painfully restored. Always, of course, suitably renamed and sometimes in a frighteningly aggrandised manner—but to get it back at all is a much needed plus.

The thing now is to try to get the priorities for the short-term and the longer term growth of productive industrial development as near right as we can: get them accepted (even if not universally agreed) and *stick by them for long enough to take effect*—which does in fact mean a five-year rolling plan.

I still think the Treasury is the wrong place for the innovators and motivators to be. I don't *insist* on the magnificent title, Department of Economic Affairs, being restored, but that rose too by any other name would smell as sweet!

I agree pretty wholeheartedly with the authors' own choices of what we should do now. Basically what they call a "Left" solution seems to me—perhaps unsurprisingly—to contain more of the essentials than what they call the "Market Sector" solution. But, labels apart, the two approaches are not all that contradictory.

One thing there can be no disputing: We must have really massive cuts in Government expenditure on non-productive items, however desirable that expenditure may be on other social grounds. But as I came to understand in 1964–66 such cuts, even if announced *now*, will make little impact and therefore release few resources or funds for productive purposes until 1977. So new investment in productive effort in 1976 must be found somehow else; which leads me back to another of my old favourite economic ideas. Why do we not have a two-tiered system of interest rates? One for the things we need that are productive—and one much higher for the things we could, at a pinch, do without.

"HOPELESSLY DISTORTED INCENTIVES FOR SAVERS"

(By Prof. Maurice Scott, Fellow of Nuffield College, former World Bank consultant)

Enlarged public expenditure at the cost of both investment and the balance of payments has undoubtedly jeopardised Britain's future. Had the burden fallen on private consumption, and had we willingly accepted it, we could have been in a much stronger position today. Bacon and Eltis have, however, missed out some crucial elements from their very stimulating diagnosis, and underemphasised others.

Private consumption would have been more willingly sacrificed for investment if private savers had been offered a reasonable reward for their sacrifice. Secondly, low growth has resulted not just from low investment but at least equally from a low yield on the investment. This has been due partly to mistaken investment decisions by the Government itself (over aircraft or energy, for example) and partly to the hopelessly distorted pattern of incentives for private savers. The authors mention the property boom, but the web of controls and regulations relating to housing is also a complication and the attractiveness of such relatively unproductive investments as gold and other metals or consumer durables is another. Because of dividend control, price control and taxation, investment in companies results in the savers' returns being far lower than the social returns.

The articles rightly point out that the level of real wages may have been too high to allow sufficient employment-increasing investment in the marketed sector. This was largely due to an over-valued exchange rate and to overmanning, which made labour expensive even though, by West European standards, wages were low.

The yield on all investment was low because management's drive to increase sales or cut costs (to increase profits) was too weak. This in turn was partly attributable to widespread restrictive practices by labour. Alert management or keen labour were not encouraged by high tax rates, by differentials being squeezed, and by job security being given such priority over efficiency. Low yields were probably the main reason companies did not want to invest very much and why their flagging appetities had to be stimulated by subsidies, tax remissions or by boosting domestic demand.

The main objective of both solutions described by Bacon and Eltis is to increase productive investment substantially. However, the "Left" solution could hardly stimulate private investment much and, to the extent that it did, the yield might well be low. The "Right" solution, emphasising individual incentives and choices, and with a relatively smaller public sector, would deliver more private and public goods in the long run. Whichever solution was adopted, it would not be possible to increase private investment quickly.

There may have to be a choice between high unemployment for a considerable time, and high, accelerating inflation. There may have to be "structural" changes in the system of wage-fixing before any combination of policies can be found which will give us higher investment and sustained, faster growth.

"INDUSTRIAL GROWTH WITH A DIMINISHING WORK FORCE"

(By Sir Geoffrey Howe, Former Minister of Trade, now Conservative Shadow Chancellor)

It is certainly within Britain's capacity to reverse the prospect of continuing economic decline. Tinkering and further drift would be disastrous. So would a policy that is entirely unambiguous.

Yet ambiguity is the central feature of the policies of the present Government—caught as it is between those who wish to follow purist "Left" policies, and those who shrink from the implications; increasing centralisation; diminished economic efficiency; and further curtailment of freedom and order.

What seems likely is a continuation of these ambiguities with Mr. Healey feeling obliged to reflate in the Spring—and to do so by a further step in the wrong direction; by expanding the non-tradeable sector.

I have no doubt that we need to proceed broadly in the direction of the "Right" solution, foreshadowed by Bacon and Eltis. The most important lesson to be learned is that the solution will need to be applied with patience.

Bacon and Eltis have probably over-emphasised the importance of the purely industrial sector. In a modern economy, successful industrial activity can and should be sustained by a diminishing labour force. More and more people can be usefully employed in the generation of marketable services, which have made such a significant contribution to our balance of payments.

It must be the business of any government to create the conditions for profitable, and increasingly efficient expansion of marketable goods and services. This must imply a very substantial reduction in the size of the non-marketable public sector. The rate at which that has grown since the present Government came to power is still not fully appreciated. Since March, 1974, total national wealth has remained precisely static—but public spending has increased by no less than 67 per cent in money terms, and the share of resources handled by government has grown in real terms from 53 to 61 per cent.

The switch of human and financial resources back into marketable activities can only be achieved gradually. But we need to start the process immediately. Subsidies will have to be phased out, further nationalisation must be dropped. A really determined government could secure a reduction in the size of the public sector through natural wastage.

Simultaneous expansion of productive job opportunities in the private sector will need to be encouraged by restoring the prospect of profitability for private investment. Certainly such investment—as Sweden's experience tells us—is much more likely to be sensibly directed than any which depends upon allocation by governmental agencies. But there is certainly a case for designing tax incentives which would encourage firms already on a sound profitable basis to invest.

It will then be possible to tackle, in the marketable as well as in government sectors, the huge over-manning which is the other reason for Britain's poor performance.

Reduction in public spending is necessary to curtail the inflationary implications of the present huge borrowing requirement. It will also enable us first to avoid the threat of higher taxes, and later to reduce the tax burden. This will be essential if employees are to be persuaded to accept the very modest increases in real disposable personal income that will initially be available.

These policies must be patiently applied and continually explained. "Democracy," said Balfour, "is government by explanation."

AN INDUSTRIALIST'S VIEW—"FIRMS NEED FORMULA FOR PRODUCTIVITY"

(By Peter Tillotson, Industrial corporate planner)

What is needed is a simple expansion of what causes inflation at the level of the firm. which can be clearly understood by everybody and from which a measure can be developed to make those responsible accountable.

Inflation occurs whenever wage increases (paid for by increases in the money supply) are negotiated in excess of increases in productivity, since companies can pay for the balance and maintain their profit margins only by putting up their prices. These price increases then erode the value of the wage increases. So real increases in the wages are, and can only be, equal to productivity gains.

From this it is possible to construct the concept of a free productivity market which holds that the essence of the free market economy lies not, as is commonly supposed, in a free market of money wages or prices but in a free market of productivity which can be measured by real productivity per employee.

My first major economic corrective would thus be the abolition of the £6 a week pay policy at the next Budget in favour of a return to free collective bargaining with management and unions being required to negotiate increases in productivity (real wages) instead of increases in money wages.

Productivity gains in the U.K. have been averaging only some 3% per annum. Since wage increases of 8% would appear politically achievable, a policy should be built up around this figure paid for the raising increases in productivity to 5% per annum and companies paying the balance by putting up their prices by 3%.

At the time of the annual negotiation, companies would have to work out with unions plans to increase productivity over the ensuing year measured by value added per employee, that is by sales, less all bought-in materials and services.

However, since a nil inflation is unrealistic at present it is necessary to rule out real value added as the measure of productivity and to settle instead upon an allowable value.

Price increases, therefore, should not be allowable as a contribution to value added beyond 40 per cent of the percentage increase in average wages and 60 per cent of wage increases would be expected to come from increased productivity.

Dividends, too, should not be allowed to increase by a greater percentage than the increase in average wages.

It might be that to provide even more retained profits for capital re-equipment, wages could take a slightly lower increase than the appropriate increase in valued added, say 95 per cent of it. In this way, vitally needed profits would assume a slowly increasing proportion of value added over the years. Given that dividends were not allowed to increase more than wages, this increasing share of profits would be locked into the company, available only for reinvestment and, therefore, further productivity gains.

To the extent that this pattern was repeated throughout industry—including the productive elements of the public sector, such as steel, the railways, electricity and the Post Office—inflation would be reduced in the economy as a whole.

Although the proposals could be embodied in a Code, I do not suggest that any sanctions be applied at present. However, performance must be monitored in a professional manner and it would have to be mandatory for companies to publish in their annual accounts such information as the average value added per employee and its percentage increase over the previous year.

There appears to be only one major problem for the accountancy profession to overcome, namely to determine the percentage of price increases included in value added, but this would not present an insurmountable difficulty compared with those it faces over the Sandilands Report. Indeed, because overcoming inflation is a higher priority than merely accounting for it, solving this difficulty should take precedence over Sandilands.

My second corrective would be to transfer Corporation Tax from profits to costs. Any tax which taxes profits must penalise them and this must be bad since profits are much needed to supply the bulk of the funds necessary for investment. The existing tax also discourages cost consciousness, making, as it does, wage and other cost increases easier for management to allow than should be the case. It is thus working against productivity by subsidising cost increases.

All costs other than depreciation, including wages, interest and dividends, should be taxed.

In this way cost increases would be penalised, cost savings and therefore productivity gains encouraged.

Where the economists have so far failed is in showing how their global theories affect us at the level of the individual firm. It is only at this level that we can effectively combat inflation.

UNITED NATIONS DETERIORATION

Mr. FANNIN. Mr. President, I call to the attention of my colleagues an editorial from the June 14 edition of the Douglas, Ariz., Daily Dispatch. This editorial astutely points out the deterioration of the International Labor Organization into an anti-American forum financed in great part at American expense.

At the same time, it underlines the parallel deterioration of the United Nations. This editorial is further commendable in that it calls attention to a recent U.N. report recommending giving millions of dollars to help Vietnam "resettle" 8 million persons in the Mekong Delta and highlands.

The idea of a forced population shift in Vietnam is reminiscent of the brutal and bloody forced migrations that the Cambodian Communist Government has been inflicting on large segments of its population. Yet, it would be financed in part by the United States. This recommendation is not only absurd, but is typical of the programs emanating from this unworthy organization. What is even more absurd is that the American taxpayer is required to fund them. I ask unanimous consent that this editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

MORE EROSION AT UN

If the U.S. entertained any doubts about the wisdom of last year's decision to withdraw from the International Labor Organization, they surely are being erased at the current ILO World Employment Conference in Geneva. After initially barring the Palestine Liberation Organization and saying the decision was not subject to review or appeal, delegates buckled under to Arab and African threats to boycott the conference. So a new vote was hastily taken, with the result that the PLO and those "liberation" organizations recognized by the Arab League and the Organization of African Unity were given observer status and the right to speak.

The U.S. delegates decided to remain, although its delegates announced they would walk out whenever Palestinians addressed the conference. That's better than grinning and bearing it, of course, but it hardly seems an adequate protest when the U.S. pays approximately 25 per cent of the ILO budget and will continue to do so until it formally withdraws from the organization sometime before the end of next year.

What is especially regrettable about the ILO's deterioration into an anti-American forum is that at one time the organization was actually concerned with the cause of the working man rather than propaganda. The change reflects the erosion of democratic influences in the UN generally.

For example, a recent UN report recommends giving millions of dollars to help Vietnam resettle eight million persons, or slightly more than a third of South Vietnam's entire population, in the Mekong Delta and highlands. The program is chillingly suggestive of the brutal forced repatriation being carried out in Cambodia. Hanoi has the conqueror's power to impose any solution it wished on South Vietnam, and certainly it can be as draconian as it wishes without having to worry that the General Assembly will object. But it takes more than the usual amount of gall to expect the U.S. to pay part of the cost of this exercise in human bondage.

While Americans have become inured to almost any absurdity at the UN, the seeming indifference is deceptive. The UN's political capital is slowly drifting away. The two latest incidents don't help. And some day, the organization will find that the capital is gone and there is nothing left but a shadow of what the founders envisioned in San Francisco.

NATIONAL ENERGY FORUM IV

Mr. McCLURE. Mr. President, the United States National Committee of The World Energy Conference held its Fourth National Energy Forum this week here in Washington. The theme of this year's Forum was "Energy and the Public: Information and Concerns." Special efforts were made to reach a larger segment of the public with the facts about our national energy picture and the consequences of an energy shortage.

I was pleased to have participated on a congressional panel which explored national energy issues and policies. With me on the panel was Representative MIKE McCORMACK of Washington. His remarks were of particular interest, especially with regard to a decreased energy growth rate. I ask unanimous consent that the full text of his statement be printed in the RECORD, so that my colleagues will have the benefit of his analyses.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

COMMENTS BY CONGRESSMAN MIKE McCORMACK

The subject of our panel today is "National Energy Issues and Policies".

There are, of course, many facts which must be understood and policies which must be established with regard to the energy crisis.

One of the most dangerous aspects of the energy crisis is that a large portion of our fellow citizens still do not understand it. Indeed, a surprising number of Americans deny that an energy crisis even exists, and many who recognize that it is real, believe that it has been contrived by evil forces which could, if they wished, simply decide to make the crisis go away. This is our first issue, and it is overwhelmingly important because our nation is truly in mortal danger. Our national security and the stability of our economic systems, and even the freedom of our political institutions may well depend on our ability to develop responsible energy policies and to implement rational programs to produce the energy that the people of America must have in the future if our society and our nation is to survive.

This leads us directly to other issues. The first of these has to do with how much energy we will consume in the future.

Perhaps only one concept is universally accepted with respect to the energy crisis. That is that we must not waste our energy; that we must reduce our national annual energy growth rate. What isn't yet apparent, however, even to many sincere and concerned policy-makers is that the total energy consumption of our nation must continue to increase for as far as we can see into the future, even if we establish extraordinarily successful spartan conservation programs.

The report of the Ford Foundation Energy Policy Project assumes, as a reasonable scenario for the future, limiting the growth of total energy consumption for this nation to 2% per year. This would be a dramatic reduction from 3.6%, our nominal growth rate up until the current recession, but it may be a long-range attainable goal which might not seriously harm the economy.

It is important to understand, however, that a 2% growth rate would mean doubling our energy consumption in about 35 years. Moreover, we can't possibly shift instantly, and without serious social disruption, to the new lifestyles that a 2% growth rate would require, and we will, therefore, almost certainly double our energy consumption by about the end of the century. Within this overall growth, there will surely be a dramatic shift from the use of petroleum and natural gas to the production of electricity from coal and nuclear fission. Here the annual growth rate must be about 5% per year, just to maintain an overall growth rate of 2%. This means doubling electric energy generation about 1990.

We will need more energy for more jobs, more homes, more cars, more environmental protection, more efficient agriculture, and more competitive industry.

We will need additional energy to improve the standard of living of millions of Americans, including especially, low-income groups, senior citizens and minority groups. Additional energy will be required as millions of American women achieve the independence and freedom to which they aspire, and to which they have a right.

This dramatic increase in demand would, in itself, constitute a challenge of threatening proportions, even if the supplies of energy to which we were accustomed earlier in this century were available to us for the next 25 years. The reality, of course, is just the opposite. Although it may seem to be boring repetition for those of us who are close to the subject, it is most constructive to reiterate that this nation has, since 1970, truly passed from one major historical era into another.

We have passed from an era of cheap, abundant fuels, energy, and materials into an era of shortages and high costs which will, at best, be with us for many decades.

That reality is exceedingly difficult to accept, for us who have lived all our lives in a culture built on cheap mobility and the assumption of limitless American affluence. Nevertheless, we must face the fact that we have, almost certainly, already burned up more than half of all the petroleum, and almost half of all the natural gas we have ever discovered, or ever will discover, on this continent or off its shores, and that it will be gone, insofar as a significant supply of fuel is concerned, by about the end of this century, no matter what price—within reason—we pay for it today.

Remember this will be happening while our demand for energy is doubling, even with a successful and spartan conservation program.

Unfortunately, there are those to whom even these dire circumstances do not pose a compelling threat. The rationale that has developed for this sanguine approach seems to be based on two lines of thought. The first is that "something will come along," such as a new technology, to provide needed energy; and the second is that energy shortages really don't matter anyway and that we can all get by if we simply consume less.

The first of these two general misconceptions plagues us in Congress as we fund programs for future energy sources. This idea, simply stated, is that research and development, lavishly supported, can solve this nation's energy problems in the very near future. Nothing could be further from the truth, as those of you with experience in science and engineering know.

Even with a crash program the time required between the successful laboratory demonstration of a concept for the conversion of an energy source to a usable form and the actual significant implementation of this technology, varies from ten to thirty years, and it's usually closer to thirty. There is no way, for instance, that a tidal wave of Federal funds could make solar or geothermal energy a significant resource for this nation before the year 1990, or nuclear fusion before the year 2000.

So while we must support an aggressive, imaginative, well-funded program for energy research, development, and demonstration in every area of energy conversion, distribution, storage, consumption, and conservation, we must at the same time recognize that the benefits of a research and development program are long range benefits, and that this nation must proceed for the immediate and short range future with energy sources which are available to us today.

The second of these two misconceptions—that energy shortages really don't matter anyway—is even more dangerous. Several studies have been completed examining the relationship between energy consumption and employment levels. They indicate that, with much of the waste in energy consumption in industry and residential uses eliminated, and with more efficient cars on the highways, as will be the case by 1985, then a shortfall in energy production of a million barrels a day—about 2%—could mean the loss of 900,000 jobs.

This may be a pessimistic estimate, but it is based on thirty years of accurate data and is the most conservative of the three studies we have seen. This inter-relationship between energy consumption and employment levels makes sense to those who have ever considered it seriously. Now, however, it should sound a warning against our accepting the idea that we can solve our energy problems simply by cutting back on energy consumption.

We obviously can and must eliminate wasteful practices in energy consumption. However, there is a point beyond which further reduction will seriously impact the job market. Obviously, there is no moral justification for policies that would cause increased unemployment because of energy shortages. So, while energy waste can and must be eliminated, we must never allow one man's concept of conservation to be the cause of another man's unemployment.

High unemployment leads to political and social instability, to Federal deficit spending, to higher state taxes, and to a further eroding of this nation's relative strength in the international community. All relate directly to adequate energy production.

Other nations have learned this lesson, and this is the reason for the heavy emphasis on nuclear energy development throughout the world.

Having stated these problems, I'd like to suggest some key elements of an energy policy in an ultrasimplistic form, recognizing that the energy crisis and solutions to it are really incredibly complex, and that each element of a policy involves hundreds of issues and questions which must themselves be answered.

I believe we must undertake aggressive programs for energy conservation in everything we do in our lives. We must do our best to eliminate waste and to recycle waste products, or convert them to energy or energy-intensive materials. We must undertake aggressive programs for exploration and drilling for petroleum and natural gas, onshore and off, providing adequate incentives for private industry to drill, transport, process, and retail petroleum and natural gas and their products, and to do so at a reasonable profit.

We must make every attempt to triple this nation's coal production by the end of the century, and to convert to coal or to clean synthetics produced from coal all base-load electric generation stations and large industrial facilities which are now consuming petroleum and natural gas for the generation of electricity or process heat. We must undertake programs to make the mining, processing, and burning of coal as safe as the production of electricity from nuclear fission. This will be very difficult and expensive, but we must rely heavily on coal for the next 50 years.

We must institute programs to explore our oil shale and similar resources, and we must foster and exploit new and increased technologies for secondary and tertiary recovery of oil.

We must eliminate unnecessary delays in, and provide the construction capital for getting our nuclear plants on the line in an orderly manner, about 2 to 4 per month, 225 plants by 1985, and 600 to 1000 by the year 2000. We must complete and license reprocessing and waste management systems. The nuclear breeder must be made available for commercialization by or before 1990, and we must plan to have several hundred breeders on the line early in the 21st Century.

We must provide responsible programs of research, development and demonstration for solar and geothermal energy, and for energy transmission and storage. We must develop electric cars, and have ten million of them on the road before 1990.

We must push the nuclear fusion program and plan to have the first commercially competitive fusion electric demonstration plant on the line between 1995 and 2000.

If we do create such energy policies and if we implement the programs which will carry them into effect, the people of this country can have adequate energy, environmental protection, and economic stability. If we fail, the inevitable result, I am convinced, will be economic, societal, and political catastrophe, both domestic and international.

Mr. McCLURE. Mr. President, our colleague from Tennessee, Senator HOWARD BAKER, Jr., was the main dinner speaker at the forum. I have found his remarks to be most helpful. As usual, he has accurately analyzed the energy issues and policies before us today and has reached a disturbingly realistic evaluation. As he so correctly states, almost 3 years after the Arab oil embargo "we still do not have a national energy policy."

Mr. President, I ask unanimous consent that the full text of Senator BAKER's remarks be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS OF SENATOR HOWARD H. BAKER, JR.

On November 2, 1976, some 90 million Americans will go to the polls to choose a President for the next four years. When each of those individual levers is pushed or ballot is marked, every person who does so will be voicing his opinion of the two people who will have been chosen by their respective parties as standard-bearers. Every voter will have been influenced by his perception of the issues, his analysis of the personalities involved, and his participation in one of America's two great political parties.

While I do not profess to be a seer, nor to bring together in a profound manner all of the major issues of the current campaign, I do believe at least one major item that must be appropriately addressed by any reasonable candidate is America's continuing energy crisis and our lack of response to it.

Almost three years after the Arab oil embargo severely crippled this country's economy and set off our most damaging inflationary spiral in years, we still do not have a national energy policy. Our nation's oil and coal production has remained constant, if anything, and probably diminished. Our necessarily open intervenor process, coupled with cost increases and unattractive capital prospects, has crippled the nuclear industry. Our importation of Arab oil continues unabated even today, and we are importing some 40 percent of our domestic supply from foreign sources at this very moment. And to cap it all off, some of the more renowned thinkers and analysts in our society are crisscrossing the land speaking in glowing terms of wind, geothermal, and solar power as if we could push a button and have these future resources at our disposal tomorrow.

At the same time, the American Congress has, at best, casually addressed the problem, crouching behind an ill-conceived energy bill of last November, which I opposed and still feel does not really address our problem. We have not begun to move effectively on matters like synthetic fuel development, the limiting of licensing time for nuclear plants, and the repricing of available fuels in a manner to reduce demand while limiting unreasonable profits.

Lest we throw too many stones at Congress, however, let me casually note that big cars are what are selling, speed limits are being ignored, and energy efficiency is a struggling concept. The Congress nor the public yet fully appreciates the dimensions of the problem.

Some are now suggesting, with considerable validity, that we must "write off" energy progress in this politicized Bicentennial year, hopeful that an elected Administration and a rejuvenated Congress will act more forcefully in 1977. While I must openly confess that the prospect for additional energy progress is dim in 1976, I must say even further that recent statements by some presidential candidates and other leading politicians in the entire energy area are even more disturbing. It is imperative that, in the heat of presidential debate, we do not become lulled to the acceptance of easy or popular solutions to what will be difficult and somewhat negative situations. My friends, there are no easy answers.

I want to point specifically today to several lines of thought currently being popularized concerning the failings and shortcomings of nuclear energy. The first is that atomic energy is highly dangerous, and most atomic energy plants are poised mushrooms waiting for a moment to ascend.

Nothing could be further from the truth. It has almost become a cliche; but it is still a verity that, with over 20 years of continuous reactor operation, there has never been a death related to a commercial reactor accident. America's peacetime nuclear industry has been more closely scrutinized and had more stringent safety requirements attached to it than any industry in the history of mankind.

No one can conclusively guarantee that a harm-producing accident will never occur, but the odds against regular major negative occurrences are so remote that the odds are bearable. MIT Professor Norman Rasmussen writes on page 1 of the Executive Summary to his Reactor Safety Study, "the results from this study suggest that the risks to the public from potential accidents in nuclear power plants are comparatively small." This is based on the following conclusions:

a. The possible consequences of potential reactor accidents are predicted to be no larger, and in many cases much smaller, than those of non-nuclear accidents. The consequences are predicted to be smaller than people have been led to believe by previous studies which deliberately maximized estimates of these consequences.

b. The likelihood of reactor accidents is much smaller than that of many non-nuclear accidents having similar consequences. All non-nuclear accidents examined in this study, including fires, explosions, toxic chemical releases, dam failures, airplane crashes, earthquakes, hurricanes and tornadoes, are much more likely to occur and can have consequences comparable to, or larger than, those of nuclear accidents.

Furthermore, I might note that the serious accidents which have occurred, such as the one at Browns Ferry, have been adequately contained, and have not been nuclear accidents at all. Though ruinous and expensive, no harmful personal injury occurred; and, if anything, Browns Ferry proved that our backup systems do work. This accident and previously less severe ones will, I believe, prove to be "blessings in disguise," since they have instructed us how to better anticipate and control what could occur. The outgrowth of all nuclear-related accidents so far has been a clear demonstration that our safety systems do work and that a reasonable level of built-in system response has been beneficial.

I believe that the recent California Proposition 15 referendum proved that the voters are now perceiving the safety and economic benefit of nuclear reactors, as they defeated the ill-conceived shutdown measure by a margin of two-to-one. We must continue the effort of explanation and understanding so that the public can fully appreciate the problems that are before us and the positive contribution to solving them that nuclear energy can make.

A second line of analysis being promulgated is that America's energy needs can be met through conservation and other more exotic fuels than through the nuclear and coal resources that the Congress and the Energy Research and Development Administration have emphasized. I would not for a moment neglect the potential long-term impact of solar, geothermal, fusion, or other forms; but practical application is still decades away. Bob Seamans is right when he asserts "our two alternatives to oil for the foreseeable future are coal and nuclear."

Coal and nuclear are not only our best available alternative fuels, they are also our most economical. In 1975, average costs of electricity generation per kilowatt hour were 1.2 cents for nuclear, 1.7 cents for coal, and 3.3 cents for oil (Philadelphia Electric Economic Study).

These are averages and would vary from region to region, but still illustrate the point I am making. Not only are coal and nuclear our best economic alternatives, but they contribute dramatically to our reduction in foreign energy dependence. Nuclear energy is estimated to have saved 300 million barrels of oil and 55 million tons of coal in 1975 alone!

Third and finally, some opponents of peaceful nuclear energy generation are painting a bleak picture regarding foreign nuclear proliferation, as if the Congress and the American atomic industry are riding roughshod over the better interests of foreign powers. While I know that major American sales have come mainly following expressions of interest from foreign governments, I do feel this is one area in which the Administration and Congress must begin to exercise more effective oversight. We simply must begin to study more closely the potential negative impact reactor sales, fuel shipments, and particularly enrichment and reprocessing services could have on world peace. At the same time, the State Department and other Federal agencies must exercise reasonable American prerogatives to inhibit proliferation by our neighbors in the world community. I am encouraged by some recent Congressional initiatives and hope we will continue to move forcefully on this front.

Both the Senate and the House increasingly have shown a reluctance recently to continue any policy that might contribute to nuclear proliferation. Representatives John Anderson and Melvin Price of Illinois offered an amendment to the 1977 ERDA authorization bill that will delay either fuel or nuclear reactor exports to countries that have not signed the NPT (Nuclear Proliferation Treaty) until Congress has discussed and approved such export. This measure would inhibit American participation in any action that might contribute to making plutonium or other deadly fuels available to countries or terrorist groups for malicious purposes.

A growing realization throughout the Congress and the world is that, unless we apply appropriate safeguards to nuclear technology, we will put ourselves in the compromising position of "being cremated equally." The problems arise, however, when one acknowledges that the economic and laudable financial pursuits of many countries deem competition rather than cooperation the watchword of the day. Some of the most successful countries in recent nuclear sales negotiations have been those who are not party to either the NPT or, in some cases, full participation in the International Atomic Energy Agency.

I do not know what final form Congressional initiatives to inhibit proliferation could or should take at this time, but I do know we must actively pursue every reasonable avenue to update and strengthen our current positions.

I am becoming increasingly convinced in my own mind that a fresh new approach to the problem of international proliferation must be created. One must honestly admit that, if we fail on the proliferation front, all of our other laudable foreign policy efforts will be to no avail. This fall I will be a member of the United States delegation to the United Nations during the fall session of the General Assembly. I intend to spend a considerable amount of time studying and formulating additional positions on proliferation matters at that time. It might be that we need another worldwide organization to deal simply with the proliferation problem alone.

Finally, tonight, I want to add a personal word of encouragement to those of you who are actively involved in discussions and deliberations here this week. Much of what we are now hearing regarding America's energy picture is negative and bleak. There are problems to be sure, but problems that I think, with your help, we will overcome. Perhaps our greatest problem is a problem of spirit at the moment, a problem I know we will overcome.

Throughout our history, the American will and strength has responded with imagination to the problems that beset us. I believe we will continue to do so. With your help and your encouragement, the Congress, the business community, and the American public can form a successful coalition to solve our energy needs.

I value your advice. I seek your help. I know your concern. I know that together we will be successful.

UNCTAD IV AND THE NEW DIPLOMACY OF INTERDEPENDENCE

Mr. RIBICOFF. Mr. President, I ask unanimous consent to have printed in the RECORD my report to the Committee on Finance entitled "UNCTAD IV and the New Diplomacy of Interdependence."

There being no objection, the report was ordered to be printed in the RECORD, as follows:

UNCTAD IV AND THE NEW DIPLOMACY OF INTERDEPENDENCE

At the request of Russell Long, Chairman of the Senate Finance Committee, and Henry Kissinger, Secretary of State, last month I traveled to Nairobi, Kenya, to attend the Fourth Session of the United Nations Conference on Trade and Development (UNCTAD) as a Senate delegate. I went to Africa to learn more about the economic problems that have divided the rich and poor nations of the world. While I was there, I also had the opportunity to talk with the leaders of many nations, both rich and poor, and to gain new insights into the conduct of international economic diplomacy—ecopolitics as I have called it for the last several years.

The meeting in Nairobi was the fourth major session of UNCTAD to be held since the organization was founded in 1964. This conference was meant to be a stock-taking of what had been going on around the world in promoting the economic development of the poorer nations. It was also intended to serve as a springboard for new proposals to cope with the predicament of the two-thirds of the world's population who live in the developing world.

UNCTAD IV dealt with economic and political questions. For the leaders of poor countries, the politics and the economics are the same, for they are working with feelings of frustration and national pride in the face of extremes of wealth in other parts of the world.

During the last 20 years the leaders of the developing nations have become skeptical over the ability of the present system to narrow the gap between rich and poor countries. More specifically, the leaders of these nations have become increasingly concerned over the instability of their countries' export earnings and the steady decline in their countries' share of world trade.

The leaders of the developing nations realize that the era of geopolitics, of alliances and defense agreements, is over. They know that we have moved into a new historical period in which ecopolitics has center stage. They are trying to narrow the gap between their nations and the wealthy developed countries by coordinating the economic policies and perspectives of their countries. Because they are economically weak, the developing nations have tried to follow a collective bargaining approach. This "trade union of the poor" has worked hard over the last several years to develop a common line. Their ideas and demands—fueled by longstanding frustration—have gained momentum as they have met together in Santiago, Lima, New York, Manila, Nairobi, and other major cities of the world. By the time they came to Nairobi, they had in hand several unanimously agreed upon position papers hammered out in Manila three months earlier. Their goals included specific proposals with respect to commodity policy, trade in manufactures and semi-manufactures, indebtedness, and transfer of technology.

To me it is very significant that, in seeking a new international economic order, the developing countries are primarily addressing their demands to the United States. We are their objective, and not the communist countries. The reason is simple: the communists have little, aside from guns, to offer the developing world. In a recent New York Times article,[1] Bernard Gwertzman wrote: "Although Communist ideology focuses on aiding the downtrodden to break their shackles, Moscow and Peking have avoided most international efforts to do just that." He continued by saying "Communist aid has always had more strings attached to it than Western aid."

The poor nations of the world have received ideological support from the Communist world, but that kind of support is an extension of geopolitics that has little value in current ecopolitics. So, because of the potential for real economic growth, the developing countries want to enter our economic system; they want a piece of our action. The historic significance of this new reality cannot be underestimated.

We cannot sit by and ignore the calls of the developing countries for economic gains. The reasons are, I believe, compelling. They are rooted in morality, our national security, and our national economic interest. The developing nations are so much poorer than we are. In a world of proliferating nuclear weapons and potentially catastrophic confrontations inequity breeds instability. We must help them because they are our economic partners in a world of increasing economic interdependence. We all know that we depend upon the developing countries as suppliers of basic resources to our economy. But many people are less aware of the fact that they are also a major market for our exports. Developing countries already purchase one quarter of our exports and their potential as a market for our products is enormous. We must help developing countries because by doing so we help ourselves and help insure stability, progress and freedom for mankind.

During the last year, the U.S. has begun to respond to the calls of the poorer nations of the world for a new international economic balance. I believe the U.S. has taken the lead among the developed countries in addressing these issues, largely because of Secretary Kissinger's growing understanding of the economic interdependence of all nations, rich and poor, developed and developing. I find this turn in American policy very encouraging, and I commend Dr. Kissinger for the role he has played in bringing it about.

In Nairobi, Secretary Kissinger outlined a new, comprehensive plan for development. Detailed proposals were made to deal with the crucial issues of commodity policy, trade in manufactures and semimanufactures, the transfer of technology to developing nations and the indebtedness of the poorest nations. At the center of Dr. Kissinger's speech was a proposal for the creation of an international resource bank that would foster investment and help finance the development of new resources in poor nations. Many of these U.S. proposals were well received by the delegations attending UNCTAD IV. Secretary Kissinger's initiatives in Nairobi answered the criticisms of those who questioned the U.S. commitment to helping the developing nations. Our willingness and our desire to welcome those nations into the western economy as partners was clearly demonstrated at UNCTAD IV. Unfortunately, the proposal to create the international resources bank was not fully understood by all of the delegations in Nairobi and was rejected by a vote of 33–31, with almost two-thirds of the delegations abstaining or absent.

Frankly, I think the ideas put forward in Secretary Kissinger's speech in Nairobi were good ideas. I think the fact the U.S. had constructive proposals at UNCTAD IV was due to the efforts of the Secretary of State. The ideas did not flounder because they were bad ideas, or politically untimely ideas. They ran into trouble because we had not done our homework, and because we had not tried to build consensus before formalizing our thinking.

Nonetheless, I do not think that anything was really lost. The U.S. proposals specifically called for further discussions in the Paris Conference on International Economic Cooperation, and in new institutions to be established for discussions of technology. The U.S. idea for a new world resources bank was put forward with the explicit suggestion that the Paris group discuss it first, and then that it be taken up in the World Bank framework in Washington. This was an entirely logical approach.

So I think most of the delegations that abstained or took a walk in Nairobi understood this, and decided to opt out. Otherwise they would have been in a position of committing themselves to something that would be developed in other forums and not at UNCTAD. They would have had to endorse the resources bank without knowing all the details.

So the fact the vote seemed to go against the U.S. doesn't concern me very much, if we are serious about pursuing the concept elsewhere. Patience and understanding of the implications of our own tactics and internal disagreements is what we need. Visible irritation is never good diplomacy in ecopolitics.

We must avoid recriminations, and look instead to the future. This is a long, historical process. The outcome will not be determined in a single meeting. We must continue to help the developing countries become full partners in the Western World's economy.

There is a lesson for the United States in the developments which took place in this important conference—especially a lesson in how to conduct ourselves in the new international diplomacy.

The U.S. Delegation arrived with the expectation that Secretary Kissinger's speech would be of historic importance, but the details of the Secretary's proposals were not known, even by the American team, until the very last minute. The State Department briefed many of our trading partners on the U.S. proposal in advance, but my conversations with representatives of other countries suggested that our consultations had been too little, too late, and too selective, with many nations left out. Not surprisingly, no one had time to give the U.S. ideas the same kind of thought that had gone into the position of the developing countries, the product of several years' work.

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[1] Reprinted in its entirety in this pamphlet, as an appendix.

The day is long past when any nation can attend a major international conference and, with minimal advance preparation or consultation unveil a proposal and expect it to be adopted. To attempt this as the U.S. did in Nairobi is simply not to comprehend the process by which a consensus is nurtured and a common policy agreed upon.

We must learn to consult with others about our ideas before our position becomes final, and we must make much more of an effort to work with and credit the ideas of leaders of other nations. In a world of interdependent nations, every country should have an opportunity to make an input into policies that will affect them. We must take it upon ourselves to try to create an atmosphere in which other nations know their ideas and views are considered.

To reorient the United States towards the process of consensus, we must also overhaul the decision-making mechanism of U.S. foreign economic policies here at home. The manner in which foreign economic policy is formulated is chaotic and confused. This is obvious to other nations. It was brought to my attention repeatedly by officials of many other nations in Nairobi. It is proper that major policy issues should be the subject of intensive debate and discussion within the Executive Branch and between the Congress and the Administration. But it is inexcusable that the U.S. Government should approach a major international conference, as happened in the case of UNCTAD IV, with its internal differences unresolved and its agencies squabbling. It reflects a breakdown in policy formulation at the highest levels of our Government. No longer can we afford to permit policy disputes to go down to—and beyond—the wire. Most importantly, we must start sooner next time, do more homework, and nail down more of the details in advance. We must make sure that there is strong, innovative, decisive leadership at the highest levels of our Government, both in the Executive and in Congress.

I do credit Secretary Kissinger for realizing this. He has conferred with Members of Congress and other foreign leaders and has developed a good understanding of the requirements of ecopolitical diplomacy.

We are entering a creative period in the evolution of the world economy. It is a time of opportunity. To achieve a new and enduring economic system, I believe we must realize and learn to deal with the economic interdependence of all nations.

The events of the past few years have taught us that we are no longer insulated from developments in other parts of the world. For better or worse, the nations of the world are finding their economies increasingly subject to events in other countries such as civil war, drought, recession and economic growth.

Our economic system is the greatest economic system in the world. But we must stop kidding ourselves about how it works. It is a free market system, but a free market system subject to extensive government regulations. Are there really any totally free markets, in which governments do not intervene in any way whatsoever? The answer is obviously no. Governments insist on setting the rules of the game—and they should. There is more political intervention in the economies of most other nations than in the United States. Even if we want to maintain a high degree of freedom from governmental influence at home, we must still deal with the political reality that in other nations the people do want some degree of intervention. We must interact with a real world where "free market forces" in the pure sense do not exist, a world in which public policy and private decisions together influence the flow of goods and services throughout the world.

We can learn to manage the problems of economic interdependence and to gain from this new economic relationship between nations, but it will require a coherent foreign economic policy and an unprecedented degree of international economic cooperation. The need to reform the world economic system so that our economies can co-exist through communication and cooperation is clear to all. The question is how and where to begin.

We must find ways of coordinating the process of rich-poor, North-South economic relations. No nation alone can undertake to reshape the relationship between developing countries with any hope of success.

In recent times, our diplomats have continually placed too much emphasis on the "U.S. position," on what the United States wants, or thinks, or says to its economic partners. It is not necessary that the U.S. always be the first to advance a proposal. We must listen more. We must learn that all countries have something to contribute to shaping a new international economic order. We must realize that a new international framework of cooperation can only succeed if all countries have a sense of participation in its creation and contribution to its development. We must learn to listen to others, to seek domestic and international consensus, to credit the ideas of others, and above all to seek multilateral solutions to international problems.

For a new international economic order to emerge there must first be international consensus. Each nation must come to understand that a new world economic system will serve its long term interest better than the status quo. This will be a difficult realization for many, and it will require patience, persuasion and understanding. If this consensus fails to develop, the world will continue on its present course toward growing crisis and confrontation.

In this context, my impression from my discussions in Nairobi was that the time has come for a European initiative to develop an international approach of collective responsibility for Africa. Since then, President Valery Giscard d'Estaing of France has visited Washington. I gather that in his discussion with President Ford he proposed such a new policy approach for Africa, to be led by Europe but involving the political and economic support of the U.S. as well.

Apparently, our policy makers in Washington, lacking an understanding of the forces of ecopolitics, have been cool in their response to the proposals of the President of France. Consequently, President Ford has been hesitant, which is a great pity. The French have offered to lead at the very time when such leadership is needed by everyone. I believe we should have responded with enthusiasm and support, while leaving the details to be worked out in the months ahead. It was an opportunity to make headway towards creating policies of international collective responsibility for Africa at a time when an initiative of this sort is most needed. This is no time for timidity.

Africa is a vast continent—and its problems are on a comparable scale. Each nation, each region has its own historical roots, its own social and cultural difficulties, its own natural resources and climatic conditions, and its own record of relationships with other parts of the world, especially with Europe. The only policy which can make sense for our country is one which combines common sense, morality, and an appreciation for the inexorable course of history. To understand and to deal with such a widely varying continent, we must have more patience and a greater capacity to listen. We must recognize the historic relationships and emphasize in our own approach the need for collective responsibility.

This is a vital point. The big power confrontation that loomed a short time ago in Africa must be tamped down. The responsibility for political and economic change cannot be carried by any one outside power. It is neither possible nor desirable for one country to determine Africa's political evolution, shape its destiny or solve all its problems. Those who undertake to do so will soon fail. What we must now do is find a way for all the developed countries to join in a common approach, with collective responsibility, for assisting the African nations. But we must remember our own origins—our nation too was once a colony.

I see in the recent U.S.-African initiatives, the beginnings of a new policy of realism towards Africa and the developed nations as a whole, a policy based on the fundamental elements of ecopolitics—interdependence, consensus, cooperation and understanding.

In my conversations with African leaders, it became strikingly clear that Secretary Kissinger's speech in Lusaka, Zambia, regarding the problems of Southern Africa, had scored a great moral victory for our countryy among black Africans. There is no doubt that this new position has enhanced the prestige of our country in that part of the world and kept our country true to its national ideals of political independence, self-determination, humanitarianism, and human freedom.

Despite embarrassing quarrels at home, the proposals made in Nairobi by Secretary Kissinger represents a major effort by the United States. They did not meet all the requests of the developing world. Nonetheless, the response of the developing countries has not been a discouraging one, in fact, I believe it offers every reason to be greatly encouraged. The U.S. proposals represent a starting point, not a stopping point, for the process of international negotiations. They recognize the political realities that governments are being called on to do something. I support the proposals contained in the Secretary's speech, and I believe that the value of the historic process of negotiation which he has set in motion cannot be overestimated.

The recent African initiatives by the United States represent a new realism about economics and politics. They represent a shift in our foreign policy away from the geopolitics of yesterday and towards the ecopolitics of today and tomorrow. I believe the Secretary of State has recognized the new direction of historical forces, and his recent efforts to innovate in our foreign economic policy should be applauded by all of us.

Thus I have concluded that the developments in UNCTAD, and in Southern Africa, are symptoms of our time—they are part of the new ecopolitics with which we must learn to live, and which we must learn to manage, not alone, but in cooperation with other nations.

SOVIETS WIDEN GAP IN ATTACK SUBMARINES

Mr. TAFT. Mr. President, I have noted recent allegations that the United States is closing the gap in numbers of nuclear-powered attack submarines, compared with the Soviet Union. These allegations are based on taking the totals built during certain time periods, and projecting present building rates from those totals. This is highly misleading. In fact, the gap is widening. Not only do the Soviets now outnumber us in nuclear-powered attack submarines by 80 to 65, but they are building attack submarines—SSN/SSGN—at a rate of about 5 per year, compared to the planned U.S. rate of 2½ per year.

According to Department of Defense testimony before the Armed Services Committee, the U.S. Navy plans to request authorization of nuclear submarines at a rate of five every 2 years. According to the 1975–76 edition of Jane's Fighting Ships, the Soviet Union is building about three "Charlie" class SSGN plus two "Victor"-class SSN each year, for a total of about five nuclear attack submarines per year.

Contrary to some assertions, testimony before the Armed Services Committee and other evidence shows that the Soviets lead the United States in many key aspects of submarine technology. Soviet submarines are substantially faster than their U.S. counterparts, and several of our most noted authorities have stated that the Soviets are about a decade ahead of us in developing high-powered submarine propulsion plants. Only the Soviets now have submarines which can launch antiship missiles.

The Soviets appear to lead us in tactical communication with submerged submarines, which is a key element in targeting. Soviet—but not American—submarines have an anechoic coating which may seriously degrade the effectiveness of certain antisubmarine systems.

Furthermore, in 2 years at the current rate of construction, the Soviets will reach the SALT limit on ballistic missile submarines. Soviet total submarine building capacity is officially estimated at 20 to 24 per year on a single-shift basis. If the Soivet Union shifts the building capacity now devoted to ballistic missile submarines to attack submarines on only a one-for-one basis, they could build an additional 6 boats per year, for a total of 11. It should be noted that the material required for a ballistic missile submarine is almost double that needed for a smaller attack submarine, so that the Soviets could actually construct more than one attack sub for each ballistic missile boat not built. In contrast, the United States today has the capability of building seven submarines a year, without opening new shipyards.

The total Soviet capacity of 20 to 24 submarines per year on a single-shift basis easily gives them the ability to increase greatly their building rate and at the same time undertake a program of refueling existing boats.

Finally, the Soviets outnumber us 217 to 12 in diesel-powered attack submarines. Diesel-powered submarines remain an extremely effective weapons system in confined or coastal waters, such as the Mediterranean and the Atlantic approaches to Europe. A diesel-powered submarine submerged and running on batteries is quieter, and therefore harder to detect, than even the quietest nuclear-powered submarine. Interestingly, during the past decade the Soviets have introduced at least two new classes of advanced diesel submarines, which indicates their understanding of the continued usefulness of these boats.

The Soviet Union today has a fleet of about 335 submarines of all types. The rest of the countries of the world put together have about 444. To attempt to minimize the Soviet submarine capability or distort the trends in submarine construction is neither useful nor credible.

IOWANS EXPRESS VIEWS ON TITLE XX SOCIAL SERVICES PROGRAM

Mr. CLARK. Mr. President, for the last four decades, a major objective of the Federal Government has been to meet the social and economic needs of what Franklin D. Roosevelt named the "forgotten people"—those who live in poverty or on the fringes of it. Poverty itself is a combination of factors, and its causes and solutions will often differ among groups, geographic areas, and cultures.

With this objective in mind, I solicited the opinions of those involved in the planning, administration, and provision of human services in Iowa.

Approximately 175 of those contacted responded to my request for views on Federal spending for social services. I feel that their thoughtful and concerned replies will be extremely helpful during congressional debate on the Federal role in providing human services.

This year, President Ford is recommending three major modifications in the title XX social services program. First, the requirement of State matching funds would be eliminated; second, three-quarters of the Federal funds would go to individuals with incomes below the poverty line; and third, most Federal requirements and prohibitions on the use of Federal funds would be eliminated.

Concerned about the impact of these recommendations, I solicited comments from those in Iowa who are closest to, and most active in, the human services area. These are the people whose programs will be most affected by the modifications.

Two-thirds of the respondents predicted that President Ford's modification to eliminate the State matching funds would have undesirable consequences. They asserted that the change would destroy the State and local commitment to social services, because greater community interest resulted from greater input.

A spokesman from a Dubuque agency providing services for the mentally retarded said:

> I feel the elimination of the 25% State matching provision would not enhance services to Iowans. As long as the State patricipates financially, it will better recognize its responsibility in the delivery systems and subsequently strive toward accountability and better service to eligible clients. There is no assurance that the State will, if afforded the chance, re-allocate Title XX monies into other human service areas.

On the other hand, the executive director of an Iowa City drug abuse treatment center heartily endorsed the elimination of State matching funds. He contended that this proposal would allow States to maintain those agencies already in existence at a level appropriate to keeping pace with inflationary costs. He also felt that it would make it possible for State legislators to provide some relief to taxpayers.

Fifty-seven percent of those who responded felt the second modification—requiring that three-quarters of the Federal funds go to individuals with incomes below the poverty line or who receive Federal welfare program benefits—would be self-defeating.

Numerous individuals just above the poverty level need assistance, such as day care, counseling, and nutritional guidance. These marginally poor individuals would be forced on the welfare rolls were it not for assistance from social services programs. To withdraw services from marginally poor, working households totally disregards the fact that in many cases, these are where the most acute needs exist. A title XX planner from the State of Iowa Department of Social Services in Des Moines stated:

> If the mandatory Federal Regulations would require that 75% of human services funds be provided for individuals who have income below the poverty line, I believe we will be losing some of the preventative aspects of Social Services. We need to be able to reach people with services before problems cause family disruptions which may lead to family break-up, loss of employment and any other situation that is an indirect or direct cause of plunging families into poverty.

A spokesman from a community action agency in Creston said:

> At some future date, 75% of the funds to be used for individuals below the poverty guidelines would be fine but not at this time.

Comments from those in favor of the second modification were made with reservations. One person expressed approval for a concentration of social services on sub-poverty households, except in child care services. A Des Moines administrator of a child development center echoed this view by stating:

> I would like to see the Federal funds going to low-income individuals below poverty line if it doesn't cut the Child Care Programs because most of the clients in Child Care Programs are poverty or low income families.

Question also were raised as to whether there is a realistic definition of a poverty line, whether it should be defined annually, and whether cost-of-living differentials between areas should be taken into consideration.

Regarding the third modification proposed by the administration, only one-quarter of those commenting felt Federal requirements and prohibitions should be removed. A general fear existed that if there are no Federal controls over standards for facilities, many substandard facilities will receive Federal funding.

Many respondents feared that lifting the restrictions on Federal funds would allow States to shift these funds to previously State-funded programs, resulting in an even greater reduction in human services. Speaking for a Planned Parenthood service in southeast Iowa, the director stated:

> Any change would open the fund up for a complete reallocation at the whim of the Department of Social Services.

Many other respondents concluded that the removal of restrictions would operate against the best use of title XX money.

The views of those favoring the President's proposal can be summarized by an executive director of a Sioux City social services agency:

> Many of us favor strongly the elimination of federal government stipulations. It may be true that some areas cannot be trusted to behave in mature, reasonable ways and that local communities may not always have the expertise or the research capability to make the best decisions, but I still believe that Iowa can and will develop and carry out those programs which are most needed in our State if given the opportunity.

Another topic of major concern to the respondents was an operational problem, namely, the amount of paperwork required. Strong feelings were expressed about increased number of forms that have greatly diminished the ability to provide efficient, effective services to the people. The bureaucracy and redtape involved are strangling departments and services, thus preventing accountability to the people.

The director for a county department of social services had this to say:

> Far and away our largest problem in the operation of a small county office is the amount of paper work we are required to do. Our current estimation is that 40% of the paid staff time goes to completing forms; either to explain what we have done, what we should have done, what we will be doing and what we might be doing. Many of these forms are generated as the direct result of the accountability problem between the Federal government and State government.

Several respondents mentioned their dissatisfaction with the Federal social service spending level of $2.5 billion set in 1972. Iowa's allocation of $33.8 million makes no allowance for the inflation factor reducing the level of social services with each increase in the cost of providing those services.

The executive director of Dubuque County Services for the Mentally Retarded strongly recommended that the $2.5 billion Federal ceiling be lifted, increasing the $33.8 million allocation in Iowa for fiscal 1977. He stated:

> The present limitation creates a losing battle for expanding or even maintaining current programs and services. Increased costs due to inflation and wage increases will eventually force cutbacks of services to clients.

Generally, the 175 respondents were hesitant to recommend a clear direction in restructuring title XX program requirements. They felt that States do need broader flexibility and latitude, and that the total dollars available should be increased; however, any Federal action should be done with a genuine concern for improved services to the client group. They felt that insufficient time has passed to make factual judgments on drastic changes in the social service program. Opening it up to sweeping amendments at this particular time could jeopardize current and future programs.

I want to thank those involved in the planning and provision of human services in Iowa for sharing their opinions with me. Their suggestions and criticisms will aid Congress in developing legislation to improve the quality and expand the scope of human services. I know that I have benefited greatly from their comments, which will better prepare me to evaluate the proposals to modify the title XX program.

BICENTENNIAL GRANT WINNER MANUS HAND

Mr. HANSEN. Mr. President, today it is my privilege to report on a young man from Wyoming who has embarked on a journey of goodwill through 15 States.

Manus Hand, 12-year-old son of Mr. and Mrs. James Hand of Laramie, Wyo., has worked for 2 years on a Bicentennial project that is climaxing this month. He was able to get Federal funds from the Wyoming Bicentennial Commission and a matching grant from the State totaling $1,200. Manus is using this money to visit towns, counties, and historical sights called Wyoming to discover the name's origin.

Wyoming's Gov. Ed Herschler gave Manus plaques to present to the officials in each town and county named Wyoming. These will give them honorary citizenship from the State for the Bicentennial Year.

The Hand family's itinerary includes a stop in Washington, D.C., June 24 and 25, where they will meet with the Wyoming congressional delegation. They also hope to meet with some of the White House staff and Nellie Tayloe Ross, Wyoming's first woman Governor.

After the trip, Manus will present a log of his journey to the State archives. He is planning to send copies of this journal to officials of each Wyoming locality.

CORPORATE DISCLOSURE AT SEC

Mr. METCALF. Mr. President, last February the Securities and Exchange Commission announced formation of an Advisory Committee on Corporate Disclosure. It was charged with examining "the entire corporate disclosure system that has developed in this country."

This advisory committee consists largely of representatives of large investment or industrial firms, present or past members of multinational accounting partnerships and professors. The work of this advisory committee so far has been directed primarily toward the interests and concerns of institutional investors.

The SEC has, however, solicited public comment in areas which are of interest to stockholders generally and those parties inside and outside the Congress who are concerned about deficiencies in access to corporate information, proxy rules, the corporate electoral process, and corporate disclosure objectives. For example, the Commission is seeking comment on these questions:

What should the objectives of a corporate disclosure system be?

What information not presently required in SEC corporate filings would be useful to investment decisions?

What revisions could be made to the disclosure requirements of the SEC proxy rules and regulations to assist shareholders in making voting decisions?

How could the proxy rules be revised to improve the process by which shareholders participate in the corporate electoral process?

How could the corporate disclosure system be improved to make information regarding companies available to all interested persons on a more equitable basis?

Comments can be submitted in this proceeding up to September 30, 1976. So that interested parties who do not read the Federal Register are aware of this opportunity to make their views known, I ask unanimous consent to have printed in the Record the brief notice of this request, which appeared in the May 25 issue of the Federal Register.

There being no objection, the notice was ordered to be printed in the Record, as follows:

[Release Nos. 33–5707 and 34–12454]

CORPORATE DISCLOSURE

REQUEST FOR COMMENTS ON ISSUES

At the request of the Advisory Committee on Corporate Disclosure (the "Committee"), the Securities and Exchange Commission today published the Committee's "Solicitation of Public Comments on Issues to be Addressed."

The Commission wishes to note that this solicitation is being made by the Committee and that the Commission is merely providing its facilities to assist the Committee in soliciting public comment.

By the Commission.

GEORGE A. FITZSIMMONS,
Secretary.

MAY 18, 1976.

On February 2, 1976, Chairman Roderick M. Hills of the Securities and Exchange Commission announced the appointment of an Advisory Committee on Corporate Disclosure to examine the "corporate disclosure system that has developed in this country." As a result of formal public meetings held on February 24th and April 20th of this year, the Advisory Committee authorized a questionnaire case study of thirty public companies and the disseminators, financial analysts and investment decision-makers that utilize and process information regarding those companies. The case study, which has been announced, will be conducted through the use of detailed questionnaires (copies of which are available to interested persons or organizations) and followup interviews by members of the staff of the Advisory Committee.

The Advisory Committee believes it is most important that it be apprised of the viewpoints on corporate disclosure of all persons and entities associated with and affected by the corporate disclosure system, including members of the general public, individual investors, publicly owned companies, interested professionals, members of the investment community, members of the financial media and associations. At various stages in the course of its study, the Advisory Committee intends directly to solicit the views of all interested parties. This constitutes the first such invitation of written views on certain specific issues the Advisory Committee intends to address in the course of its study.

Accordingly, the Advisory Committee hereby invites all interested parties to submit their views, in writing, on any or all of the issues set forth below or, indeed, on any other corporate disclosure matter which the writer would care to address. To the extent feasible within its limited budget, the Advisory Committee will provide multiple copies of the release to organizations wishing to distribute it to their members. Because of time constraints affecting the Committee's work schedule, it is requested that the position statements be submitted not later than September 30, 1976.

If at all possible, the written response to any particular issue should begin on a new sheet of paper. All responses should be submitted to: Mary E. T. Beach, Staff Director, Advisory Committee on Corporate Disclosure, Securities and Exchange Commission, 500 North Capitol St., Washington, D.C. 20549.

Issues To Be Addressed in Position Statements

1. What should the objectives of a corporate disclosure system be?

2. How should the standard of "materiality" be defined under the federal securities laws?

3. Should the SEC require corporate filings to set forth more forward-looking and analytical information regarding the company's business operations? (Please consider the legal liability and competitive problems associated with such a requirement, and whether such information should be reviewed by auditors.)

4. Should the SEC require corporate filings to set forth more information regarding general economy and industry factors that relate to the company's business operations? (Please consider the possibility of requiring this information in a statistical and/or analytical format.)

5. Should the SEC require corporate filings to contain more information regarding environmental and other socially-significant matters not traditionally considered of direct relevance to investment or shareholder voting decisions? (Please consider what criteria should be utilized by the SEC in determining which such information to require in corporate filings.)

6. Should the concept of "differential disclosure" be further incorporated into the federal securities laws, for example, by requiring SEC corporate filings to be bifurcated into "summary" and "detailed" portions with the "summary" portion being the document distributed to the public, such "summary" portion containing an undertaking by the company to furnish at its expense the "detailed" portion to investors who request it? (Please consider the legal liability problems that may be associated with such a requirement, and the kinds of information that should be included in the "summary" portion of the respective filings.)

7. Should the SEC put more emphasis on the continuous reporting obligations of companies under the 1934 Act so that when a security offering is made under the 1933 Act, the registration statement would incorporate by reference all documents on file with the SEC and contain only data regarding the particular offering and such other information as is necessary to make the documents incorporated by reference not misleading?

8. What information does the SEC presently require in corporate filings that is not useful to investment or shareholder voting decisions? (You may wish to examine typical corporate filings such as 10–K Annual Report to Shareholders, Proxy Statement, 1933 Act Registration Statement and 10–Q Quarterly Report, and mark those sections of the filings you do not consider useful to investment decisions and those sections you do not consider useful to shareholder voting decisions.)

9. A. What information not presently required in SEC corporate filings would be useful to investment decisions?

B. What revisions could be made to the disclosure requirements of the SEC proxy rules and regulations to assist shareholders in making voting decisions?

10. How could the proxy rules be revised to improve the process by which shareholders participate in the corporate electoral process ("corporate democracy")? You may wish to consider matters such as how stockholders participate in routine and contested elections of directors and stockholder and management proxy proposals.

11. How could the corporate disclosure system be improved to make information regarding companies available to all interested persons on a more equitable basis? (Please consider both the kinds of information available and the timing of information availability.)

12. How could the federal securities laws be revised to improve the corporate disclosure system?

[FR Doc.76–15200 Filed 5–24–76;8:45 am]

U.S. POLICY IN THE MIDDLE EAST

Mr. MATHIAS. Mr. President, last Thursday, our colleague Senator Javits, delivered a speech at the National Press Club on "United States Policy in the Mideast."

No Member of this body, Mr. President, has devoted more time, or expended greater energy, in seeking a solution to the anguish that has racked the Middle East since 1948, than the senior Senator from New York.

His grasp of the issues at stake and his ceaseless search for viable answers are reflected in his remarks. His awareness of the risks involved in the current crisis in Lebanon and its relationship to the broader Middle East picture eloquently reflect the sense of the situation as I observed it when I visited the area recently.

No single solution appears readily available to the range of problems involved in the complex Middle East situation. Senator Javits' speech, however, outlines a moderate and sensitive approach to this vital area of American foreign policy and I commend it, strongly, to the attention of my colleagues.

I ask unanimous consent that the Senator's speech be printed in the Record.

There being no objection, the speech was ordered to be printed in the Record, as follows:

Address by Senator Jacob K. Javits

U.S. POLICY IN THE MIDEAST

At a time when the United States is increasingly preoccupied with its Presidential election, the situation in the Mideast has once again assumed crisis proportions. The role of the PLO in Lebanon has become the focus of a bloody struggle of diverse dimensions, and has momentarily replaced Israeli settlements on the West Bank as the major issues in respect of peace in the area. Indeed, the outcome of the struggle in Lebanon is likely to have far reaching consequences for war or peace in the Mideast as a whole. The initiative which the United States seized so boldly and imaginatively following the 1973 Yom Kippur war, having done its part, is momentarily eclipsed. Today, the United States and its western allies have been reduced to the role almost of bystanders, observing events in Lebanon from the sidelines.

The shift of focus in the Mideast from the disturbances on the West Bank which followed the first democratic elections ever successfully conducted in the Mideast, to the gruesome bloodshed in Lebanon has had at least one salutary effect. It has broadened the perspective of some who had focused their attention too narrowly on but one aspect of the Mideast problem—the ultimate disposition of the vost-197 Arab territories. The religious overtones of the Lebanese civil war, with Moslem pitted against Christian, has exposed the hollowness of the PLO proposal to create a unified "secular" state in all of the territory of the British-mandated Palestine.

In view of the current line-up of forces respecting Lebanon and the Mideast, I would like to take this opportunity to do the following:

1. Restate the importance and mutuality of self-interest underlying the special relationship between the United States and Israel;

2. State the present opportunities for movement toward peace in the area as I see them; and

3. Suggest policies which the United States should pursue to enhance these opportunities.

The special relationship between the United States and Israel—existing since the creation of Israel in 1948—is sometimes taken for granted these days and thus, like so many old and familiar events, its historic importance tends to be overlooked.

The United States and Israel are bound together essentially for the same reasons that the United States is bound inextricably to its allies in Western Europe. Indeed, Israel today is to the United States and the Atlantic Alliance what West Berlin was to NATO in the decades of greatest intensity of the Cold War. The credibility of the United States rests in just such a real sense upon the national integrity of Israel, as it did—and does—upon the survival and integrity of West Berlin during the years when the Soviet Union was pursuing every method short of open war to erase that outpost of freedom and democracy from Central Europe.

The Soviet Union has made the Mideast a prime target for expansion and control. It has expanded its naval forces in the eastern Mediterranean many fold and has sought and obtained its first foreign naval bases in Arab ports on the Mediterranean and along the Red Sea littoral. The radical socialist forces which have seized control of a number of Arab states have closely aligned themselves internationally with the Soviet Union; and, the Soviet Union—in the most irresponsible way—has placed billions upon billions of rubles worth of sophisticated military equipment in the hands of Arab governments whose avowed aim has been to drive Israel into the sea.

Fortunately, Israel is a nation of very great determination and self-reliance, and of legendary valor and skill on the battlefield. There is no doubt that the military capability of Israel and the will to use that capability in defense of its national existence is a significant politico-military and strategic asset of the free world in the Mideast today. Certainly the capability of Israel to intervene has been a major restraining factor on Syria and the other Arab nations, as well s the Soviet Union.

So long as Israel's and the United States interests are linked, the lines of oil supply to Western Europe and to ourselves cannot be closed if we choose to keep them open. It is for this reason, I believe, that serious consideration should be given to including Israel within the NATO umbrella. For Western Europe, too, has a vital interest in the existence of Israel as a viable political community.

Ironically, Israel even acts as a guarantor of the integrity of the hierarchical Arab regimes against outside attack or subversion by their aggressive radical Arab neighbors.

But, transcending the military significance of Israel to the West is the bond of shared freedom, shared culture, shared history and shared destiny.

Peace in the Middle East is a vital objective despite the many times its promise has been broken, and certainly the place is strewn with broken promises. Let us inventory some of these, going back to the withdrawal of Israel from Sinai in 1956.

Despite promises that Israeli cargo would be permitted to sail through the Suez Canal on third party ships, a Danish ship carrying Israeli cargo was detained for 262 days. A Greek ship was seized and detained for 4 months. From 1959 until the Canal was closed in 1967, Israeli cargo was excluded from passage. And, as recently as the aftermath of the Sinai One agreement, Israel was confronted again with unkept agreements. Assurances given to Secretary Kissinger in January 1974 that Israeli cargo would be permitted through the Canal on third party ships were once again not honored. The Canal opened in 1975, but further Israeli concessions were extracted in the Sinai Two agreement before Israeli cargo was permitted access to the Canal.

The Sinai Two agreements provide for a cessation of hostile propaganda but the PLO's voice on a Palestinian radio station was reopened in Cairo and the Zionist-racist resolutiion was endorsed in the United Nations by the Egyptian government in 1975. The return of the bodies of Israeli soldiers killed in action was a condition of the first disengagement agreement, yet it was not until March 29, 1975—fourteen months after the agreement was signed—that Egypt announced that it would return the bodies of Israel's soldiers.

The broken promises and the increasing suspicions that accompany them go back as far as 1949, when it was agreed under the terms of the general armistice that "no warlike act or act of hostility shall be conducted from the territory of one of the parties to this agreement against the other party." Little wonder after almost 28 years of terrorist raids from across its borders that Israelis are reluctant to risk their future on the promises of their adversaries.

Yet, there seems to be little reluctance in the United Nations to make moral judgments as to Israel's obligation to bring an end to the hostility of her Arab neighbors; there is ready willingness in the United Nations majority to accept the premise that efforts for peacemaking in the Middle East must be made by Israel unilaterally, and Israel alone.

Unrelenting pressure has been brought to bear on Israel to concede territory gained in wars of self-defense that cost the blood of thousands of the best of her youth, without the promise of peace. There is no corresponding pressure on the Arabs to negotiate with Israel face to face; to make those commitments which imply readiness to live and let live . . . to restore a semblance of normality to an area too long racked by the pain of war. Any peace arrangement and any final border must reinforce security and provide an inducement to peace, and not be an inducement to renewal of war.

Memory has failed those who have witnessed the aftermath of four wars in which Israel has engaged. On every occasion—in 1948, in 1956, in 1967, in 1973—Israel responded to acts of aggression, to attempts to extinguish her national life. Each time at harrowing cost, she survived. In each case, and each time from strengthened positions won in a war, Israel offered to negotiate face to face with her Arab opponents. Each time Israel has sought to exchange a "piece of territory for a piece of peace." Yet, each time the offer was rejected and communication was limited to discussion via third parties and to military disengagement on the battlefield. That is, each time until the second disengagement with Egypt, to which I will hereafter refer.

Only last March, when Prime Minister Rabin visited the United States, he asked our Government to transmit a series of proposals to Egypt's government which would encourage the peacemaking process to continue and to accelerate and to avoid a renewal of war on an increasingly tragic scale. As far as I know, the United States has yet to receive an answer from Egypt on Israel's proposals. I don't know whether those particular proposals are acceptable to Egypt or not. But I do know that they are on the table and that we have reached a point where it is vital to get an answer.

The war in Lebanon exemplifies the problem that the world faces. Today the PLO and the Syrian Army are shedding each other's blood. Tomorrow morning there may be a deal. But recent events tell us that even during—let alone after—every truce there is an escalation. There is an escalation in war and participation in the conflict that has widened instead of narrowed. An increasing number of Arab states has come onto the scene in varying combinations. Alliances shift almost as rapidly as the shell fire increases; shedding the blood of innocents, and all the while the government of Israel must look on its northern border with apprehension as to what tomorrow will bring. An internal Arab conflict may bring temporary surcease for Israel. But ultimately silent guns offer the only hope for an end to the turmoil for both Israel and her neighbors.

Lebanon, in addition, teaches that the Arab-Israel struggle is by no means the only key to stability and peace in the Middle East for the latter has nothing to do with the leftist Moslem and rightist Christian controversy in Lebanon. But Lebanon does show the shuddering instability of the area which stems also from the attitude of radical Moslems to the hierarchical governments of the area and emphasizes further the stabilizing element of Israel's presence there.

The enormous tragedy that has engulfed Lebanon stands as a symbol of the anguishing frustration of efforts to bring stability to that part of the world. For a generation, Lebanon was a model of the comity, the beauty, and the prosperity to which all of the Middle East could look as a splendid evocation of the possibilities of tomorrow.

And now there are 20,000 dead, refugees scattered across the international landscape and heightened hostility along the borders of her bleeding statehood. Why hasn't the United Nations focused its attention on bringing respite to Lebanon's people? Why instead are we confronted in the United Nations with a series of almost weekly resolutions that focus on Israel's alleged iniquities—mainly phony—and the minutiae of Israel-Arab relationships—rather than the sustained attempt to stanch the bloodshed in Lebanon? Why hasn't the international community attempted actively to work for a settlement that could bring an end to the devastation and a restoration of hope for some settlement? Why have even United States efforts seemed tenuous?

I think that the answer to all those questions lies in the fact that there is a feeling of hopelessness about the anarchy in Lebanon and the discord in the Arab world; and that we live in a world in which our allies the great industrial organizations continue to be fearful of the use of the Arab oil weapon and, therefore, reluctant to articulate any cause and any view that may give offense to those who wield that weapon.

I sometimes feel that we suffer a moral blindness that stems from a paralysis of will. We are a long way from the days of 1958, when a direct intervention of U.S. troops prevented just such bloodshed in Lebanon as we witness today. Such intervention is both impossible and undesirable in 1976. But the world is none the less obliged to bring the influence of the nations to bear in helping to solve the Lebanon problem.

One other factor which I consider to be of primary importance in the area is that the accepted nature of the second Israeli-Egyptian disengagement was not in the course of the hot pursuit of war, but was deliberately arrived at after the forces were separated and, indeed, separated by United Nations forces. This resulted in definitive civilian type arrangements like the cession of the Abu Rudeis oil fields to Egypt, the rebuilding and resettlement of Ismalia and Suez, and the installation of the United States Truce Observers to supplement the United Nations forces in Sinai. This, therefore, is truly the first step toward peace and hence, the importance with which it was considered in the Senate and the Congress and by the President.

In view of all of these factors, I believe the time has come to declare that no elections in the United States, or elsewhere, should be permitted to stand in the way of the effort to resolve the Middle East peace dilemma and that we must survey it in ongoing terms and take a new look at the possibilities for solutions.

I cannot conceive of any President of the United States feeling any differently considering the critical dangers the world faces in the Mideast. All nations have an obligation to contribute to the easing of tensions there in whatever way they can without reference to national elections. For these reasons, I make the following proposals:

1. the United Nations pay increasing attention to encouraging a solution;

2. an international consortium make available financial assistance to restore what has been destroyed by war once it is over in Lebanon;

3. the United States do all possible to bring about a response by the government of Egypt to Israel's peace proposals made in March of 1976;

4. the Geneva Conference process be reconvened on a two stage basis; the first stage to consider an agenda and the parties to be invited to attend;

5. immediate steps be taken by the parties to the Arab-Israel conflict to ease tensions on the ground as follows:

a. face to face negotiations;

b. enhancing Egyptian economic reconstruction and development;

c. negotiations to bring about reconstruction and resettlement of Kuneitra along the model of the Suez Canal cities;

d. a widening of economic contracts between Jordan and Israel and on a time phased basis with Egypt, Syria and Lebanon;

6. exclusion of the PLO as a political force unless and until it accepts the responsibility of United Nations Resolutions 242 and 338.

Item 6 perhaps offers the greatest possibility of all, for a solution to the Palestinian problem is inherent in a resolution of the 1967 border conflict.

It is my view that peace in the sense of a thriving political, cultural and economic relationship among the parties to the conflict is a number of years away—ten or more—but that a beginning can be made now by establishing a pattern of relationships and behavior that will make later more productive developments more likely.

As an example, the question of Israeli settlements on the West Bank may well be susceptible to a mutually satisfactory solution when both parties are ready to negotiate face to face. Israel itself has stated that everything can be negotiated face to face. Nothing can be settled until the parties themselves sit down to settle. It should be noted that Israel has been steadfastly committed to such negotiations. President Sadat himself has indirectly acknowledged this in an interview with the London Times in which he was quoted as follows: "We could have achieved something this year, but unfortunately it is the Arab position which is hindering this, not one of the two superpowers." The Egyptian President has expressed a willingness to examine those elements within the conflict that may lead to settlement. I believe that the factors which underline a real peace must be phased in gradually and persistently and, if possible, on a timetable which, hopefully, can be developed as a result of the second stage of a Geneva Conference.

Almost as many possible West Bank solutions have been offered as there are leaders in each of the countries involved—whether it be the Allon Plan, the Goldman Plan, whether it be Federation or Condominium or any one of a dozen variations. The search must continue.

The road to peace in the Middle East is more dangerous than ever but the stakes are higher; and we in the United States must do our best to assure Arabs and Israelis alike, by our words and by our actions, that we are committed to their mutual security, to their survival as thriving national, social and cultural entities; and to the belief that out of the present pain and anguish can come growth, stability and peace.

TOWARD PEACE IN THE MIDDLE EAST

Mr. JAVITS. Mr. President, on June 16, 1976, my good friend and colleague, Senator MATHIAS, of Maryland, gave a speech entitled "Toward Peace in the Middle East," at the Frederick Rotary Club in Frederick, Md.

Senator MATHIAS is highly respected by his colleagues in the Senate. We have learned to listen to his words carefully. In addition to his many other duties as a Senator, he has taken a very active interest in foreign affairs. He is the author of a number of important initiatives in the Senate on foreign policy matters. It has been my pleasure to work closely with him on some of these initiatives. On most issues our thinking runs on parallel lines, in foreign policy as well as domestic matters.

One of the key foreign policy questions during Senator MATHIAS' years in the Senate has been the security of Israel and United States foreign policy respecting the Middle East. As a staunch friend of Israel, Senator MATHIAS has been particularly active on Mideast questions in his capacity as a member of the Appropriations Committee. In that capacity, he recently traveled to the Middle East to gain firsthand knowledge of the fast-moving situation there which is so important to world peace and United States security interests. The speech which he gave in Frederick on June 16 is a product of that trip.

As we have come to expect of him, this speech is a very thoughtful and thought-provoking one. I have read it carefully and I think that it should be available in its full text to all of our colleagues in the Senate. Accordingly, Mr. President, I ask unanimous consent that the text of Senator MATHIAS' speech be printed in the RECORD at the conclusion of my remarks.

While I welcome the very thoughtful approach of Senator MATHIAS, I am not prepared to endorse the five points which he identifies as "the ingredients essential to any Arab-Israel settlement." The second point specified is:

> Israel must withdraw to the June 5, 1967 lines with only those modifications that may be mutually acceptable.

I agree that the final boundaries between Israel and its neighbors must be arrived at by negotiation and mutual agreement. That is implicit in U.N. Resolutions 242 and 338, which are verbally accepted by Israel and the leading Arab States as the basis for a settlement. But, I think it is a mistake to require Israel to withdraw to the June 5, 1967, demarcation lines with only "mutually acceptable" modifications. Those lines were not negotiated international borders, but rather cease-fire lines. And, as such, history showed that they were lines which seemed to invite war rather to buttress peace. This is a far cry from the "secure and recognized borders" of U.N. Resolution 242.

In my view, a final peace settlement must be reinforced by mutually agreed borders which in themselves promote security and thus enhance peace and this cannot be advanced by a required Israeli withdrawal which gives the neighboring Arab states a veto on "modifications." For this reason, I think it is a mistake to place as a condition the precise alinements prevailing on June 5, 1967. Moreover, I do not think that is what Senator MATHIAS meant to convey on this point.

Their being no objection, the text was ordered to be printed in the RECORD, as follows:

REMARKS BY SENATOR CHARLES McC. MATHIAS, JR.

TOWARD PEACE IN THE MIDDLE EAST

No matter how often I come back to Frederick I am always struck by the pastoral beauty of the countryside. These environs must surely impart a feeling of peace to even the most care-worn traveler.

To the native son, who returns frazzled from Capitol Hill, Frederick with its good friends and neighbors has a uniquely restorative effect. Being here makes me want to relax, to reminisce, to enjoy good company rather than to discuss serious things.

But some things today are so serious that they insist on disturbing even the peace of this place. I have brought one of them—the Middle East—here with me.

Not long ago I returned from my second trip to that troubled area in less than two years. I have since given a good deal of thought to what I saw and heard during my two weeks in Egypt, Israel, Jordan and Syria and now, far from the madding crowd in Washington, I'd like to explore my impressions with you.

During the trip I met with two Presidents—Assad of Syria and Sadat of Egypt; with one prime minister—Rabin of Israel; with one king—Hussein of Jordan, and with a man named Yassir Arafat, the head of the Palestine Liberation Organization, who doesn't fit any of those categories but is a power nonetheless. I also met with countless lesser officials and traveled to many out-of-the-way places to get as broad an exposure as possible to the area and to the forces that shape its destiny.

I must confess I returned from my trip with a feeling of foreboding. It seems to me that attitudes in the Middle East are hardening and that the scope for negotiations might be shrinking.

I came back convinced that the United States, the countries of the Middle East and, indeed, the world can ill afford to let the process of negotiation and compromise stagnate while our national elections take place. Failure to press on actively now in search of peace greatly increases the chance of escalating tensions that, if unchecked, will lead again to war.

Lebanon shows so clearly the tragedy that can occur when the will to peace is lost. This idea was constantly in my mind during my visit and, I believe, on the minds of most of the people I met.

But, for one evanescent moment, there is, I think, a will to peace in the Middle East, lurking somewhere behind the terrible events of Lebanon.

Syria appears to have acted with some restraint during the current crisis in Lebanon and, I believe, this fact is not lost on Tel Aviv. The calm response of Israel to Syrian incursions in Lebanon suggests that possibilities may exist for negotiation between the two nations.

The positive aspects of Egypt's movement away from the Soviet Union and the Israeli-Egyptian accord in the Sinai are also hopeful developments. President Sadat's break with the Soviet Union offers a rare opportunity for the United States and the West to befriend Egypt and to work with the Egyptians toward settlement of the differences with Israel.

The strongest impression that I brought away with me is that the time has passed—if it ever existed—for a settlement imposed from the outside. I do not think the United States and the Soviet Union, even if we could act in concert, are in any position to dictate terms to the parties in the area.

What we can do and what we must do now is to use our resources and our good will to shape possible alternatives and to provide a setting in which the countries of the Middle East can reach their own accord.

The basic element of U.S. Middle East policy is, of course, the continued existence of an independent and secure Israel. This is the fundamental premise from which we must proceed in seeking a solution to the Arab-Israeli conflict.

To say this, however is not to discount the importance of other U.S. interests in the Middle East. Clearly, these too must be taken into account in any formulation of policy for the area.

What then is the totality of our interests in the Middle East and how do we deal with them?

Before World War II, our interests were relatively limited—the oil business, some cultural and religious contacts. But after World War II, two major new elements emerged. The first was the state of Israel which our government recognized within hours of its creation. The second new ingredient in the Middle East mix was the coincidence of the cold war, (when we worked to block Soviet efforts at global dominance), with the rise of nationalist and anti-colonialist sentiment on the part of the Arabs.

The military explosions that have punctuated Arab-Israeli relations since 1948 have increasingly menaced U.S. interests for they not only threaten Israel's security but they also enable the USSR to seek its own advantage in troubled waters. Soviet involvement on the Arab side and U.S. involvement on the Israeli side have raised the specter of direct great-power confrontation in the area which won't be laid to rest until some settlement is reached.

The October 1973 Arab-Israeli hostilities brought home to us, as never before, just how important the Middle East really is to us. The war dramatized the fact that both the danger of great power confrontation and the threat to Israel's long-term security are escalating with the passage of time.

The ensuing Arab-imposed oil embargo revealed unmistakably that the United States, its allies in Western Europe, and Japan have a major economic stake in the stability of the Middle East and in good relations there.

I am sure none of us has forgotten the embargo winter of '73-'74, with its long lines of cars waiting for gas that all too often wasn't there; with its cold houses, its shortages of heating oil and its sky-rocketing petroleum prices. But consider this: When the Arabs imposed the oil embargo, we were importing only a little over a third of our oil, now we are importing almost half of it. Worse still, according to the Federal Energy Administration, a one year Arab oil embargo next year would shear from $78 to $112 billion from our gross national product, and put more than two million people out of work.

These figures show clearly that our national interest requires us to take a more active role in the Middle East. We are involved in that troubled area from necessity.

Since October 1973, the United States has had a coherent Middle East policy based on three mutually reinforcing objectives:

1. Continued strong support for Israel's security and well-being as a nation,
2. Improved relations—both political and economic—with moderate Arab states,
3. Continued search for peaceful settlement of the Middle East conflict based on U.N. Security Council resolutions 242 and 338.

By consistently pursuing these objectives we can best maintain our commitment to Israel, serve the cause of international justice, sustain the economic strength of the United States, its allies and major trading partners, and avoid confrontation with the USSR.

We adopted a step-by-step approach to a solution as exemplified in the two disengagement agreements and in the Sinai II agreement, in order to let the parties in the area adjust to their new relationships.

But, since the Sinai II agreements, progress toward peace has been stalled. The longer we go without forward movement toward settlement, the more explosive the situation becomes.

Any day now the Lebanese civil war could spill over and engulf the entire area.

Time is not on the side of Israel—indeed, time is running out. The only real security for Israel will come from a permanent settlement with her Arab neighbors. The only secure boundaries will be those that are freely accepted and respected by Israel and her neighbors.

In this aspect, there is a modest hope. The Arab States bordering on Israel all have publicly indicated a guarded readiness to recognize Israel's existence and have shown willingness, under certain specific conditions, to negotiate a permanent settlement.

How to give reality to this fragile hope for peace is the great challenge that confronts us now.

It seems quite clear that the parties to the Arab-Israeli dispute will never reach agreement without outside help. In all the countries concerned there are powerful parochial political and psychological factors at work that cannot easily be overcome within the national context, but which might be overcome within some larger, international context.

Isaiah speaks lyrically of "how beautiful on the mountains are the feet of him that publisheth peace". But the role of peacemaker is never without its pitfalls, and, in this case, no solution will fully satisfy the demands of both sides. Like a doctor's prescription, the medicine will be bitter, even though it is essential to the patient's recovery.

As I said earlier, neither the United States nor any other power can impose a settlement on the parties to the Arab-Israeli conflict. But, among the outside powers, we seem to be in the best position to give a little push in the right direction. Therefore, we must use our good offices as soon as possible to promote negotiations between the parties.

The situation is too fraught with danger to permit the present stalemate to continue. The momentum toward a settlement which was revived after the 1973 war and continued through the Sinai agreement of September 1975, must be maintained. And, if the momentum is to be maintained, future peacemaking must focus on the negotiation of an overall settlement rather that a piecemeal one.

What can the United States do to move the nations involved toward an overall settlement?

First, we can assure Israel of our unwavering support and of our determination to help guarantee her security as she takes the steps that will move her closer to peace. Then, we have an obligation, as a staunch friend, to speak candidly to the Israelis about the need to face up to some difficult decisions, for Israel's security and economic viability cannot forever depend solely on American assistance.

The ingredients essential to any Arab-Israeli settlement, it seems to me, are these:

1. The Arab nations and the Palestinians must recognize Israel's boundaries and respect her sovereignty, independence and territorial integrity and refrain from all hostile actions, direct or indirect, against her.

2. Israel must withdraw to the June 5, 1967, lines with only those modifications that may be mutually acceptable.

3. Israel must accept the existence of either an independent Palestinian state or of a Palestinian entity voluntarily federated with Jordan. Concurrently, the Palestinians must accept the existence of Israel.

4. Part and parcel of any settlement, must be guarantees for Israel's security, as suggested in a recent Brookings Institution study on the Middle East, these might take the form of multilateral guarantees endorsed by the U.N. Security Council, the United States and the U.S.S.R. and providing for demilitarized zones supervised by U.N. forces or observers who could not be withdrawn by unilateral action (as was previously the case).

5. Should Israel consider such guarantees inadequate, the United States then must be prepared to consider supplementing them with unilateral guarantees against major violations of the agreements which would constitute a threat to world peace and to the existence of Israel. Any such guarantees, obviously, could not be undertaken without careful examination and full public understanding and support.

I am under no illusion that these steps toward peace will be easily taken. But what are the alternatives?

I returned from my Middle East trip convinced that such a comprehensive peace settlement is still possible but that time is of the essence. Failure to move ahead promptly now will, I believe, lead to increasing radicalization and frustration among the Arab States. They may conclude that the 1975 Sinai agreement was the final U.S. peace effort in the Middle East. Such a conclusion could have the most dire consequences for all the parties in the Middle East and for the United States as well.

Every delay in the resumption of the peace process plays into the hands of the least responsible elements in the Arab world. Radicalization of the area would almost certainly bring changes in leadership or basic policy, or both, in Egypt, Jordan or even Saudi Arabia which would be inimical to U.S. interests.

U.S. economic interests would surely be affected by any leftward trend in the area. There probably would not be another oil embargo short of hostilities, but the impact would almost certainly be felt in such areas as oil prices, production capacity and trade.

But by far the most important single consideration to bear in mind is this: Every day that does not move the Middle East closer to peace moves it inexorably closer to war. There is no middle ground, no equilibrium in that troubled arena. If war breaks out again, there is little reason to believe that it will be limited to the Middle East.

CONSERVATIVES BALKING AT FORD'S AFRICA POLICY

Mr. HARRY BYRD, JR. Mr. President, the House and the Senate have refused to provide $12.5 million in economic aid for Mozambique as promised by Secretary of State Kissinger on his recent trip to Africa.

In the Senate, the able Senator from Alabama (Mr. ALLEN) led the fight in opposition to the Kissinger proposal.

The Senator from Alabama told the Senate that:

> I strongly object to the American taxpayers financing guerrilla activities, revolutionary movements and violence.

Senator ALLEN pointed out that:

> Mozambique is Communist controlled and that the government of President Samora Machel had conducted an anti-religion campaign throughout the nation.
>
> The current state of affairs in Mozambique reveals a megalomaniac directing the government . . . a secret police possessing all the characteristics of the Soviet KGB.

Senator ALLEN concluded:

> That is the country (the administration) is talking about helping.

I ask unanimous consent to print in the RECORD an article from The Congressional Quarterly dealing with Secretary Kissinger's proposal.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CONSERVATIVES BALKING AT FORD'S AFRICA POLICY

Congressional Quarterly

WASHINGTON.—Capitol Hill conservatives are not buying the Ford administration's new African policy.

Already, the House and Senate have refused to provide $12.5-million in economic aid for Mozambique promised by Secretary of State Henry A. Kissinger. And Congress is moving cautiously in the overall question of actively supporting black nationalist movements in southern Africa.

In serious jeopardy, too, is the administration's call for repeal of the 1971 Byrd amendment, which authorizes the United States to import chrome from Rhodesia despite United Nations sanctions against trade with the white minority Salisbury government.

In Lusaka, Zambia, April 27, Kissinger pledged that the United States would "support self-determination, majority rule, equal rights and human dignity for all peoples of southern Africa."

Specifically, Kissinger promised support for those nations that opposed the racist Rhodesian government. The United States, he said, "is willing to provide $12.5-million of assistance" to Mozambique, "whose closing of its borders (with Rhodesia) had imposed upon it great additional economic hardship."

But conservatives complain that the African pledges were made without consulting Congress. And Mozambique, they maintain, is ruled by a repressive Communist government, albeit black.

Leading the fight in the Senate against the administration policy is James B. Allen, the Alabama Democrat. "I take strong exception to his (Kissinger's) policy, which would reward nations in Africa seeking to topple (Rhodesia) one of the two or three stable regimes in this entire continent of chaos," he told his colleagues.

Objecting to U.S. intervention in the internal affairs of African states, Allen reminded the Senate that the United States had strongly opposed the involvement of the Soviet Union and Cuba in the recent Angolan civil war.

In the House, Philip M. Crane (R-Ill.) faulted Kissinger's African promises. "I find it highly offensive that the Secretary of State would be going around any continent and making commitments of this nature without first having touched base with Congress."

Although the House June 2 approved an amendment by Crane to deny any assistance to Mozambique, the Senate the same day rejected a similar plan offered by Allen. The Senate's action, however, was reversed June 11.

Backers of the administration's policy insisted that if the United States did not follow through on Kissinger's commitments, the nation would have made a greater mistake than if no policy had been presented. The Africans, said Sen. Dick Clark (D-Iowa), feel Washington "talks a good game, but plays a different one." Addressing Allen's arguments, Clark said Rhodesia "is a regime that not a single country in the world recognizes" because of its racist policies.

Allen's opponents also pointed out that there was no language in the pending foreign assistance bill that specifically earmarked $12.5-million for Mozambique. Before the funds were distributed, explained Hubert H. Humphrey (D-Minn.), it would be the responsibility of the administration and Congress to determine if a proposed recipient violated human rights provisions contained in other sections of the foreign aid bill.

This language prohibits U.S. assistance to any nation that engages in a consistent pattern of gross violations of internationally recognized human rights, which Allen maintained Mozambique had done.

Allen's objections to aiding Mozambique had centered on three main arguments: The nation was "Communist controlled." The government of President Samora Machel had conducted an "anti-religion" campaign throughout the country. And "whites are leaving at a breakneck speed" because of repressive government policies.

"The current state of affairs in Mozambique reveals a megalomaniac directing the government . . . a secret police possessing all the characteristics of the Soviet KGB," Allen concluded. "That is the country (the administration) is talking about helping."

After turning back the Allen proposal, the Senate did adopt a Humphrey amendment barring the use of any African assistance funds "to finance directly or indirectly military or paramilitary activities by any government outside its borders."

Approved by a 61–12 vote, the proposal was drafted to allay the fears of Senate conservatives that the economic assistance might be used to underwrite military actions and guerrilla warfare against Rhodesia.

This action, however, did not reassure Allen, who later proposed that the entire $24-million aid package for nations opposing Rhodesia be dropped. Threatening to filibuster the bill, Allen quoted a June 10 Associated Press story, which stated that black nationalist guerrillas from Zambia and Mozambique had entered Rhodesia.

"I strongly object to the American taxpayers financing guerrilla activities, revolutionary movements and violence," Allen asserted.

Although Clark, chairman of the Senate's African Affairs Subcommittee, reminded Allen that no economic aid funds could be used "directly or indirectly" for military purposes, no other senators raised opposition this time to the Allen proposal. By voice vote, the Senate then joined the House in turning down the first part of the administration's new African policy to face congressional examination.

ONE HUNDRED TOP TAX EXPERTS CALL FOR REPEAL OF DISC

Mr. KENNEDY. Mr. President, one of the major issues facing Congress in the current tax bill is the so-called DISC tax subsidy for exports.

In recent weeks, a number of studies have analyzed DISC and found it to be a grossly inefficient tax windfall for some of the Nation's largest corporations.

Originally enacted as an export incentive in the area of fixed exchange rates, DISC has outlived whatever questionable value it once might have had.

Indeed, in the current era of floating exchange rates, DISC may actually be counterproductive, encouraging imports of labor-intensive products into the United States and causing a net loss of American jobs.

Recently, "Taxation With Representation," a public interest taxpayers' lobbying organization, published a survey of more than 100 leading tax experts, calling for repeal of DISC.

In announcing the survey, Mr. Thomas J. Reese, legislative director of Taxation With Representation, said:

> Those who are in a position to know the effects of this subsidy are overwhelmingly opposed to it. DISC can now be sustained only by the raw lobbying power of the big multinational corporations who are its principal beneficiaries. A tax subsidy that rests on such a foundation is totally unjustified.

Mr. President. I believe that all of us who will be considering DISC on the tax bill will be interested in this survey, and I ask unanimous consent that it may be printed in the RECORD.

There being no objection, the survey was ordered to be printed in the RECORD, as follows:

TAXATION WITH REPRESENTATION AND THE TAX ACTION CAMPAIGN—A PUBLIC INTEREST TAXPAYERS LOBBY

(Suite 201, 732 Seventeenth St., N.W., Washing, D.C. 20006, (202) 337–5530, June 17, 1976)

LEADING TAX EXPERTS CALL FOR REPEAL OF DISC EXPORT SUBSIDY

More than a hundred of the nation's leading tax experts have called on the U.S. Senate to end the tax subsidy for exports provided by the Domestic International Sales Corporation (DISC) mechanism. The fate of the DISC scheme is likely to be decided in Senate floor debate during the next two weeks.

Included among those calling for repeal of DISC are a substantial number of tax economists who supervised research on DISC during their employment at Treasury. In this category are Oswald H. Brownlee, now of the University of Minnesota; George S. Tolley, of the University of Chicago; and Gerard M. Brannon of Georgetown University, all of whom have headed the Treasury's Office of Tax Analysis in recent years. Also in this category are Nathan N. Gordon, who retired this year from his post as the Treasury's Deputy for International Tax Policy, and George Kopits, now with the International Monetary Fund, who did much of the Treasury's original economic research with respect to the DISC program.

"The result," said Thomas J. Reese, Taxation with Representation's legislative director, "is an overwhelming vote of 'no confidence' by those who are most intimately familiar with the way in which the DISC program works."

Other prominent experts calling for full repeal of the DISC tax subsidy were C. Fred Berksten of the Brookings Institution; Emil M. Sunley, Jr., who resigned this year as Associate Director of the Treasury's Office of Tax Analysis; Stanley S. Surrey, Assistant Secretary of the Treasury for Tax Policy from 1961 to 1969; Walter W. Heller and Gardner Ackley, both former Chairmen of the Council of Economic Advisors; and Peggy B. Musgrave of Northeastern University, who is a leading U.S. expert on international tax matters.

The list of those calling for repeal of DISC also includes scores of other teachers of tax law and public finance economics at universities throughout the United States. "What this petition means," said Reese, "is that Treasury has failed in its efforts to promote DISC as a rational part of U.S. tax policy. Those who are in a position to know the effects of this subsidy are overwhelmingly opposed to it. DISC can now be sustained only by the raw lobbying power of the big multinational corporations who are its principal beneficiaries. A tax subsidy that rests on such a foundation is totally unjustified."

The DISC tax scheme, which became law in 1971, permits corporations to escape Federal tax on up to half their export income. The original idea was to stimulate U.S. exports. But the new system of floating exchange rates makes export subsidies like DISC unnecessary and ineffective.

Meanwhile, the cost of DISC has risen from the originally estimated $200 million to more than $1.4 billion annually. Furthermore, the benefits of DISC are amazingly concentrated: more than half the $1.4 billion tax savings goes to the very largest U.S. corporations, those with assets of $250 million or more.

Supporters of DISC claim that it helps to create jobs, but the Treasury's recent DISC report (p. 33) and the recent statements of Treasury officials before the Senate Finance Committee make it clear that DISC-induced imports destroy jobs in the import industries just about as fast as DISC-induced exports create jobs in the export industries. "The result is massive economic dislocation," said Reese, "accompanied by huge revenue loses, with no overall gain for the U.S. economy as a whole."

Even in the export industries, DISC is woefully inefficient when it comes to creating new jobs. Perhaps the best available recent study, completed in the spring of 1976 by the House Budget Committee, shows that DISC creates, at the very most, only 15,960 jobs. According to the Budget Committee, the $1.4 billion in revenue lost through DISC would, in the form of direct Federal expenditures, generate 112,500 jobs in defense, 120,000 jobs in health, 150,000 jobs in education, and about 240,000 public service jobs.

"Public finance economists and other tax experts see the adverse effects of DISC very clearly," said Reese, "and I think that accounts for the overwhelming response that they've given to our DISC repeal petition."

The names, addresses, and supplemental comments of each of those signing the DISC repeal petition are attached. The names of institutions are shown for identification purposes only.

Henry H. Abrams, 11 Riverside Drive, New York,, NY 10023.

Shirley S. Abrahamson, 222 W. Washington Avenue, Madison WI.

Gardner Ackley, Department of Economics, University of Michigan, Ann Arbor, MI 48109.

Kenneth G. Ainsworth, 306 Meadow Street, Meadville, PA. "It seems to have turned out to be much more costly than estimated at the outset—decisions based on those estimates must be re-examined."

Michael Asimow, School of Law, UCLA, Los Angeles, CA 90024.

Hugh J. Ault, Boston College Law School, Newton, MA.

C. Fred Bergsten, Brookings Institution, Washington, D.C. "There is no justification whatsoever for DISC under the system of flexible exchange rates which is with us for the indefinite future. Any addiitonal exports induced by DISC strengthen the dollar, which in turn *discourages* U.S. exports (and adversely affects other components of our balance of payments.) Hence DISC is self-defeating even on its own terms."

Robert Eisner, Department of Economics, Northwestern University, Evanston, Ill. "DISC constitutes a major and unwarranted interference with the free flow of capital and trade by the special tax advantages it conveys."

Allan R. Ferguson, Public Interest Economics Center, 1714 Massachusetts Ave NW., Washington, D.C. 20036.

Stuart J. Filler, Hofstra University Law School, Hempstead, N.Y. 1150.

Malcolm Getz, Department of Economics and Business Administration, Vanderbilt Univeristy, Nashville, Tenn. 37235. "The tax system is quite generous to firms engaged in international trade without the DISC provisions. Repeal of DISC will improve the equity of the tax law, simplify the law, and the revenue gains can be used to lower rates elsewhere in the tax system."

Steven Gold, Economics Department, Drake University, Des Moines, Iowa 50311.

Nathan N. Gordon, 5215 N. 31st Road, Arlington, Va.

Daniel Halperin, U. of Pa. Law School, Philadelphia, Pa. 19174.

Donald D. Hester, Dept. of Economics, University of Wisconsin, Madison, WI 53706.

Daniel J. Sullivan, Co-op Health Information Center, 100 Dorset Street, S. Burlington, VT 05401.

Nicholas Tomasulo, Law Professor, Wayne State University, Detroit, MI 48202.

Donald C. Shoup, University of California, Los Angeles, CA 90024.

Lester C. Thurow, E52-252D, MIT, Cambridge, MA 02139.

Gerard M. Brannon, Georgetown University, Washington, DC.

Professor George S. Tolley, University of Chicago, Chicago IL.

Richard K. Darr, Professor of Economics, Department of Economics, University of Wisconsin, River Falls, WI 54022.

Walter W. Heller, University of Minnesota, Department of Economics, Minneapolis, MN 55455.

Jerome H. Hellerstein, New York University Law School, New York, NY.

William F. Hellmuth, 3117 Bute Lane, Richmond, VA 23221. "1. Factors other than DISC have been more important in the recent growth of U.S. exports. These factors include devaluation of the dollar (in 1971 and 1973), floating exchange rates, and the recent lower inflation rates in the U.S. compared to most other major industrial countries. 2. To the extent DISC may be effective, it is very expensive in that under present law it costs about $3,300 per job each year, in terms of tax subsidy from the U.S. Treasury. 3. Through DISC, the U.S. is providing tax subsidies to exports, probably in violation of GATT, and contrary to the practices the U.S. expects other countries to follow."

Dr. Robert E. Hicks, Department of Economics & Finance, Florida Tech. University, Orlando, FL 32816

Frederick L. Hofrichter, United Church of Christ Center for Social Action, 110 Maryland Avenue NE, Washington, DC 20002. "I testified on this last July before the Ways and Means Committee."

Joseph Horton, Department of Economics & Business, Slippery Rock State College, Slippery Rock, PA 16057.

William T. Hutton, 29 Washington, Square W, New York, NY 10011.

Hirschel Kasper, Department of Economics, Oberlin College, Oberlin, OH.

William A. Klein, UCLA Law School, Los Angeles, CA 90024.

George Kopits, 1914 Franklin Avenue, McLean, VA 22101. "DISC is obsolete and anachronistic in a world of flexible exchange rates—especially today after approval of the IMF Articles' Amendments. Repeal of DISC would be a consistent measure with Congress' ratification of those Amendments."

Paul R. McDaniel, Professor of Law, Boston College Law School, 885 Centre Street, Newton Center, MA 02159.

Michael McIntyre, University of Virginia School of Law. "See my testimony before W&M, July 1975, reprinted in *Tax Notes* and letter to *N.Y. Times*."

Elliott R. Morss, 1255 N.H. Ave. NW Washington, DC 20036.

Peggy B. Musgrave, 56 Village Hill Rd., Belmont, MA 02178.

Robert R. Nathan, 1200 18th Street NW, Washington, DC 20036.

William B. Neenan, Department of Economics, University of Michigan.

Richard Nevins, Member, California State Board of Equalization, 333 E. Walnut Street, Pasadena, CA. 91101.

Oliver Oldman, 15 Buckingham Street, Cambridge, MA. "I am concerned about the ill will DISC has bred among governments—developed and developing—which are otherwise friendly to the U.S."

Attiat F. Ott, Clark University, Worcester, MA 01609.

Joseph A. Pechman, 7112 Wilson Lane, Bethesda, MD.

Wallace C. Peterson, Department of Economics, University of Nebraska-Lincoln, Lincoln, NE 68588.

Ralph W. Pfouts, Dept. of Economics, University of North Carolina, Gardner Hall, Chapel Hill, NC 27514.

Daniel Q. Posin, Hofstra University, Hempstead, NY 11550.

Jonathan Ratner, Citizens for Tax Justice, 183 Bradley Street, New Haven CT.

Ralph S. Rice, Connell Professor of Law, School of Law, UCLA, 405 Hilgard, Los Angeles CA 90024.

Stanford G. Ross, 25 Campbelton Circle, Princeton, NJ 08540.

Walter S. Salant, 2335 California Street NW, Washington, DC 20008. "The change in international monetary arrangements from fixed exchange rates to floating or flexible rates deprives the DISC of the little and feeble justification that it originally had. Under fixed exchange rates there was little if any acceptable ability to improve the U.S. balance of payments position, and DISC had some plausibility, although even then it was largely a gift to those who would have exported as much without it as with it. Under flexible rates, the exchange rate itself solves the problem of the balance of payments and special devices are deprived of any reason for being. DISC is now merely a gift to the parent corporations."

Alan Schenk, Associate Dean and Professor, Wayne State University Law School, Detroit MI 48202.

Richard Schramm, Visiting Associate Professor, City and Regional Planning Dept., Cornell University, Ithaca, NY.

James D. Smith, 444 E. College, State College, PA 16801.

Lawrence M. Stone, Professor of Law, University of California, Berkeley, CA 94720.

Professor William P. Streng, School of Law, Southern Methodist University, Dallas, TX.

Clara K. Sullivan, 336 Pensacola Road, Venice, FL 33595.

Emil M. Sunley, Jr., The Brookings Institution, Washington, DC. "The Treasury report defending DISC assumes a fixed exchange rate. Given the changes in exchange rates since August 1971 (the most recent example being the sharp decline in the pound and the lira), assuming fixed exchange rates is about as realistic as assuming 'If my grandmother had wheels, she would be a wagon.'"

Stanley S. Surrey, Harvard Law School, Cambridge, MA.

John Y. Taggart, 200 6th Avenue, New York, NY 10013. "As a tax matter: DISC is an indefensible subsidy to our largest exporters for doing what they would do in any event without the subsidy. As a tariff matter: By subsidizing exports we are engaging in the kind of activity to which we object when done by countries exporting to the U.S."

James Tobin, Yale University, Box 2125 Yale Station, New Haven, CT 06520.

William Vickrey, Columbia University, New York, NY 10027. "DISC now serves no useful purpose other than to provide lucrative but unproductive employment for tax lawyers and accountants."

Dr. Charles Waldauer, Widener College, Chester, PA 19013. "I believe that DISC should be repealed. I don't think that it serves any overriding national interest to be continued. The existence of DISC results in: loss of tax revenues; unfair tax advantages compared to firms that produce for domestic markets only; and a possible loss of jobs for American workers as DISC firms might shift their operations abroad."

James E. Wheeler, Professor of Accounting, Graduate School of Business Administration, University of Michigan. "A paper plate has more substance."

Melvin A. White, Economics Department, Brooklyn College, Brooklyn, NY 11210.

Aaron Wildavsky, Graduate School of Public Policy, University of California, Berkeley.

Bernard Wolfman, University of Pennsylvania Law School, 3400 Chestnut Street, Philadelphia, PA 19174.

Arthur W. Wright, Economics Department, University of Massachusetts, Amherst, MA.

Jerry Wurf, President, American Federation of State, County and Municipal Employees, 1625 L Street NW, Washington, DC 20036. "Obviously, repeal of DISC—while important—is only a beginning. There is a terrible need for broad reform of our federal income tax and payroll tax structures. I think tax reform is probably the most important problem facing the country today."

J. Nelson Young, 2024 So. Race Street, Urbana, IL 61801.

Geoffrey J. Lanning, Professor of Law, Wayne State U. Law School, Detroit, MI 48013. "A typical loophole serving a powerful list of special interests, which slightly veiled in the usual specious claims that it serves some public interest. A standard example of the hypocrisy of a tax system that claims to be progressive and is quite regressive."

Robert H. Haveman, University of Wisconsin, Madison, WI.

Kul B. Bhatia, Department of Economics, University of Western Ontario, London, Canada.

Francis M. Boddy, University of Minnesota, 4102 Linden Hills Blvd., Minneapolis, MN 55410.

William G. Harris, Associate Professor of Economics, Georgetown University, Washington, DC 20057.

Barry Bosworth, 407 Schuyler Road, Silver Spring, MD.

Dr. Abdul Q. J. Shaikh, North Adams State College, North Adams, MA 01247.

Harold W. Watts, University of Wisconsin, Madison, WI.

O. H. Brownlee, 1943 East River Road, Minneapolis, MN 55414. "DISC was introduced initially to correct a supposed overvaluation of the dollar. Even if this were a good way to make such a correction, the need for such action vanished with the advent of a flexible exchange rate. DISC can only result in both too much being exported and imported under present circumstances."

George F. Break, 1844 Yosemite Road, Berkeley, CA 94707.

Joseph H. Crown, 100 Park Avenue, New York, NY 10017. "DISC makes little sense in a world of floating exchange rates, for the

DISC export subsidy would tend to increase the value of the dollar and consequently imports would become relatively cheaper. The inflow of these imports would depress employment in industries, like automobile manufacturing, which compete with the foreign products. Hence the net result would be to lower net employment if the domestic industries hurt by imports were more labor intensive than industries connected with exports."

A. Myrick Freeman III, Department of Economics, Bowdoin College, Brunswick, ME.

Philip M. Raup, Department of Agriculture and Applied Economics, University of Minnesota, St. Paul, MN 55108.

Jack Scholl, P.O. Box 524, Hayti, MO. 63851.

Frank L. Smith, 123 Highland Lane, Mill Valley, CA 94941. "DISC, as well as Public Law 480, has probably accounted for some of the biggest ripoffs of the public in modern times. Subsidies meant for struggling farm and non-farm businesses have gone instead to the oligopolists whose questionable profits, over and above the undeserved subsidies, are themselves the object of current investigation. The public is robbed blind, as it always is, with special interest legislation. As with the infamous Corn Laws, so it is now. (I'm sorry, but I don't feel free to speak for fellow academics—only for myself.)"

Professor David Whipple, Naval Postgraduate School, Monterey, CA 93940.

Timothy M. Smeeding, Department of Economics, Bowdoin College, Brunswick, ME 04011 (after September 1, U. of Utah). "A horrendously complicated and unjust corporation tax shelter. A good deal of tax revenues which would normally accrue to the U.S. Treasury are instead remaining with multinational corporation and/or their tax lawyers and tax accountants who find their way through this complex maze. Clearly a number 1 'tax-expenditure' mistake!"

Edward Foster, Department of Economics, University of Minnesota, Minneapolis, MN 55455.

Arthur Bayer, 5920 Grosvenor Avenue, Memphis, TN 38138.

Milton Taylor (Professor), Department of Economics, Michigan State University, East Lansing, MI.

Stanley H. Ruttenberg, President, Ruttenberg, Friedman, Kilgallon, Gotchess & Associates Inc., 1211 Connecticut Avenue NW., Washington, D.C. 20036.

Byron L. Johnson, 2451 Dahlia Lane S., Denver, CO 80222. "The United States should be supportive of economic development overseas. Half the cost of our present economic development assistance could be financed, it now appears, out of the revenue proceeds of the repeal of the DISC exemption. We cannot plead for an end of foreign subsidies to exports while DISC remains, if we have any conscience whatsoever."

Sanford V. Berg, Department of Economics, University of Florida.

Philip Friedman, Department of Economics, University of Florida.

Dr. Thomas Riddell, Dept. of Economics, Bucknell U., Lewisburg, PA.

Dr. Robert E. Berney, Department of Economics, Washington State University, Pullman, WA 99163.

Kenneth R. Biederman, City Federal Savings, Elizabeth, NJ.

Alan S. Blinder, Princeton University, Princeton, NJ.

Roger Evan Brinner, Assistant Professor, Harvard University, Senior Economist, Data Resources, Inc.

Glen G. Cain, Department of Economics, University of Wisconsin.

Robert M. Coen, Economics Department, Northwestern University, Evanston, IL 60201.

George Cooper, Columbia Law School, New York, NY 10027.

Paul H. Douglas, 2909 Davenport Street, NW., Washington, DC 20008.

John F. Due, University of Illinois, Department of Economics, Urbana, IL 61801.

John V. Craven, Middlebury College, Middlebury, VT.

James N. Morgan, 1217 Bydding Road, Ann Arbor, MI.

Calvin H. Johnson, Rutgers Law School, 180 University Avenue, Newark, NJ 07102.

Benjamin A. Okner, Washington, DC.

T. Nicholas Tideman, Economics Department, VPI & SU, Blacksburg, VA 24061.

Robert Browne, Black Economic Research Center, 112 W. 120th Street, New York, NY 10027.

Richard D. Pomp, Harvard Law School, Cambridge, MA.

Professor Haynes C. Goddard, Department of Economics, University of Cincinnati, Cincinnati, OH 45221.

Dr. John Park, Chairman, Department of Economics and Business Administration, Frostburg State College, Frostburg, MD 21532.

THE NEED FOR FEDERAL HIGHWAY PROGRAM FLEXIBILITY

Mr. PELL. Mr. President, the Interstate Highway System and its trust fund are nearly 20 years old. During this time, the system has achieved 87 percent completion, but its total cost has risen to an estimated sum of $40 billion. The intended date of completion has now been extended from June 30, 1979, to September 30, 1990. While I believe that completion of the entire system is a desirable national goal, I have strongly supported recent efforts to find alternative uses for trust fund moneys more consistent with local transportation needs. I was therefore pleased with the inclusion of the transferability section in Public Law 94–280 as a further step in this direction.

Since the trust fund will be with us for some time, it is essential that these moneys be used, to the greatest extent possible, to the maximum benefits of localities. It is unfortunate indeed when States are unable to use their allotments, or when they must undertake unneeded projects, because of Federal program inflexibility.

The State of Rhode Island is exactly in this type of quandary. Its Interstate Highway System, including high-priority intercity portions, is nearly completed. Its citizens must still pay the same Federal gasoline taxes as drivers in other States, but the money can no longer be used for Rhode Island roads unless narrow, federally ordained guidelines are followed which do not meet the State's priorities.

Rhode Islanders are particularly upset by current federally-spawned highway construction projects tearing up the roads and impeding the flow of traffic which merely duplicate existing safety factors, such as the concrete road dividers now replacing satisfactory guard rails.

Other Federal construction projects, such as the "forgiving roadsides", may or may not be needed, but clearly they are not Rhode Island's priority highway need.

Mr. President, Rhode Island's director of transportation, Robert J. Rahill, has recently written most cogently to Secretary Coleman about the frustrations of this type of inflexible Federal program. I believe that there might be other States in the same situation which might benefit from Mr. Rahill's thoughts, and I ask unanimous consent that his letter be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Department of Transportation,
Providence, R.I., April 20, 1976.

Hon. William T. Coleman, Jr.,
Secretary, U.S. Department of Transportation, Seventh Street, S.W., Washington, D.C.

Dear Secretary Coleman: Both as Director of the Rhode Island Department of Transportation and as a consumer of transportation services, I have developed a keen interest in the concept of the "forgiving roadside".

In my latter role, I travel regularly through two "forgiving roadside" projects in neighboring Massachusetts and through one such project here in Rhode Island. Putting myself in the place of my fellow consumers, I had been puzzled that they too did not develop an interest in these projects. It is, after all, perplexing to perceive a "highway" project that in no way alters the highway itself.

Over the past several months, however, several people have begun to share my interest. The term "forgiving roadside" has thus begun to gain notoriety on several fronts here in Rhode Island.

In November, one of our prominent environmentalists criticized the way in which "forgiving roadside" projects are developed. His feeling was that they should be subjected to public hearings and to some kind of environmental assessment.

In February, a Providence Journal writer editorialized on the subject, his primary concern being the cost of these projects. As a taxpayer, his feeling was that the benefits derived from them do not justify the costs that are involved.

This feeling was immediately echoed by a Barrington resident in a letter he wrote to Governor Noel. The writer stated that it made him sick to see how his money was being wasted and after noting "the overall general conditions on Rhode Island roads," he suggested that his money could be put to better use.

The newspaper article also inspired a local student of landscape architecture to write a paper on the subject. Her feeling is that rolling, heavily treed highway medians are much more attractive than the flat and barren medians that are being created. Aesthetics has thus entered the debate.

In my official capacity, I have of course listened to these people with great interest and I have also discussed the "forgiving roadside" concept at length with several members of my staff. I have reached two conclusions.

First of all, I do not question the utility of "forgiving roadside" projects. The thirty feet of unencumbered roadside recovery areas that these projects create have unquestionably prevented numerous injuries and deaths.

I have also concluded, however, that while "forgiving roadside" projects are beneficial in and of themselves, the fact that we have even developed such projects is symptomatic of one of the most serious and frustrating problems facing my department—the inflexibility of federal highway funding.

There is highway safety work in our state that our citizens are almost begging us to undertake. As one example, I cite the 150 high accident locations throughout the state where almost 2000 accidents occurred during 1974. Furthermore, about 10% of our 1974 highway deaths occurred at these locations.

Improvements at almost all of these locations are eligible for Title II funding under either Section 209 or Section 230. The tragic fact, however, is that we currently have projects underway at only nine of these locations. Responsible for our dismal record is a federal funding structure that has apportioned us less than a combined total of $850,000 for the current fiscal year under these two categories. Furthermore, our record would be even worse if we had not used money apportioned to us under Title I categories to finance some of these projects. Lest you argue that such an action demonstrates a certain flexibility, I need only to point out that by using Title I funds for this work, we have had to delay the initiation of other important projects. The flexibility thus rings hollow.

As a second example of work that needs to be done in Rhode Island, I cite the twenty bridges throughout our state that have been classified as being either functionally obsolete or structurally deficient. All of these bridges need to be replaced and all are eligible for federal funding, but only five of them are under study or design. Again, the reason is a lack of money in certain federal funding categories.

The major problem lies with interstate funding policies. Rhode Island has more money available to it under the interstate category than it can possibly use and it is prohibited from using this money for non-interstate projects. It is this prohibition that has spawned "forgiving roadside" projects on our interstate highways when there is much more important highway work that needs to be done.

I therefore appeal to you to use your influence to ensure that future highway acts guarantee the states the flexibility that they need to proceed with their highway programs in a rational manner. The present system is truly intolerable.

Very truly yours,

ROBERT J. RAHILL,
Director.

ORDER THAT H.R. 14298, THE VETERANS AND SURVIVORS PENSION ADJUSTMENT ACT OF 1976 BE HELD AT THE DESK

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Veterans' Affairs be discharged from further consideration of H.R. 14298, to amend title 38 of the United States Code to increase the rates of disability and death pension and to increase the rates of dependency and indemnity compensation for parents, and for other purposes, and that the bills be held at the desk pending further disposition.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

REMOVAL OF INJUNCTION OF SECRECY, FIFTH INTERNATIONAL TIN AGREEMENT, EXECUTIVE J, 94TH CONGRESS, 2D SESSION

Mr. ROBERT C. BYRD. Mr. President, as in executive session, I ask unanimous consent that the injunction of secrecy be removed from the Fifth International Tin Agreement, which was signed by the United States on March 11, 1976—Executive J, 94th Congress, 2d session—and transmitted to the Senate today by the President of the United States, and that the agreement with accompanying papers be referred to the Committee on Foreign Relations and ordered to be printed, and that the President's message be printed in the RECORD.

The ACTING PRESIDENT pro tempore (Mr. STONE). Without objection, it is so ordered.

MESSAGE FROM THE PRESIDENT

To the Senate of the United States:

I am transmitting herewith, for the advice and consent of the Senate to ratification, the Fifth International Tin Agreement, which was signed by the United States on March 11, 1976. The Fifth International Tin Agreement replaces the Fourth International Tin Agreement, which expires on June 30, 1976. The Fifth International Tin Agreement is scheduled to come into force July 1, 1976, for a period of five years.

Tin is a critical commodity for the United States. We have no mineable reserves and must import 80% of our requirements of tin, meeting the remainder by recycling tin-bearing scrap. In addition, our strategic stockpile contains an approximately four year supply of tin at current rates of consumption. We are the world's largest single consumer of tin, other large consumers being Japan, the European Community, Australia, and Canada. Primary tin is produced chiefly by six developing countries in Asia, Africa, and Latin America. Malaysia is the world's largest producer, accounting for about 40% of world supplies. Tin is an important source of foreign exchange for all these countries and vital to the success of their development plans.

Like its predecessors, the Fifth International Tin Agreement has as its main purpose stabilizing tin prices within agreed limits. Previous agreements have had some success in achieving this objective, especially with regard to the floor price. These agreements have proved a notable example of cooperation between producers and consumers in seeking solutions to common problems. The chief features of the Fifth International Tin Agreement are the following:

—An International Tin Council which meets on a regular basis to consider important issues and make decisions. Votes are divided equally between producer and consumer members as groups. Within the two groups votes are apportioned among members on the basis of their share of world production or consumption. Thus, the larger producers and consumers carry more weight in the Council's proceedings, but neither producers nor consumers as a group can dominate the Council. Normally, decisions require a simple majority vote of both producers and consumers, but certain important decisions require a two-thirds majority vote of both. As a member of the Council, the United States would hold the largest number of consumer votes.

—A buffer stock consisting of at least 20,000 metric tons of tin or its equivalent in money. Sales are made from the buffer stock as the tin price approaches the agreed ceiling in an effort to defend the ceiling, while purchases are made as the price approaches the agreed floor in order to defend the floor. Producer members are required to make contributions to the buffer stock proportional to their share of world production. Consumer members may make such contributions on a voluntary basis and four—The United Kingdom, France, Belgium, and the Netherlands—have elected to do so. Both during the course of the negotiations of the Fifth International Tin Agreement and since that time, we have made clear that, should the United States elect to join, we would not make a contribution to the buffer stock.

—Provision for the imposition of export controls on producers. Export controls are usually imposed only after the buffer stock of tin metal has risen to over 5,000 metric tons as a result of efforts to slow falling prices.

—A requirement that member governments consult with the International Tin Council before making disposals from national stocks. For some years we have consulted with the International Tin Council as a matter of routine before making disposals from our strategic stockpile. This requirement, therefore, would not constitute any change for us. We have made clear, however, that we retain our right to make disposals from the stockpile as we see fit.

The United States did not join any of the first four International Tin Agreements. However, we participated in the negotiation of all but the Second International Tin Agreement, where we were an Observer. Following the completion of the negotiations for the Fifth International Tin Agreement in June, 1975, it received careful interagency examination and evaluation. As a result of that study, I have concluded that joining the Fifth International Tin Agreement would:

—Have minimal impact on the American economy and carry with it no adverse economic effects.

—Afford some protection to American industry and consumers by enabling the United States to influence the decisions of an organization that seeks to balance the international supply of tin with demand.

—Provide support for the concept of producer-consumer cooperation, and accommodate the strong desire of both producer and consumer members that the United States, the word's largest single consumer of tin, join them in their work.

—Constitute a clear demonstration of our willingness to join with others in seeking solutions to outstanding commodity problems on a case-by-case basis, and of our desire to be forthcoming towards the developing world while safeguarding our national interests.

In view of these conclusions, I am convinced that joining the Fifth International Tin Agreement would serve our interests and have foreign policy benefits. I am transmitting a report submitted to me by the Secretary of State that explains the Fifth International Tin Agreement and our assessment of it in greater detail.

I recommend that the Senate give early and favorable consideration to the Fifth International Tin Agreement, and grant its advice and consent to ratification.

GERALD R. FORD.

THE WHITE HOUSE, *June 23, 1976.*

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

APPRECIATION FOR THE BEQUEST OF JAMES SMITHSON

Mr. ROBERT C. BYRD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on Senate Joint Resolution 196.

The ACTING PRESIDENT pro tempore (Mr. STONE) laid before the Senate the amendment of the House of Representatives to the joint resolution (S.J. Res. 196) providing for the expression to Her Majesty, Queen Elizabeth II, of the appreciation of the people of the United States for the bequest of James Smithson to the United States, enabling the establishment of the Smithsonian Institution, as follows:

Page 2, after line 9, insert:

SEC. 2. The Secretary of the Senate shall make available to the Secretary of the Smithsonian Institution a copy of this resolution for presentation to Her Majesty, Queen Elizabeth II.

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate concur in the amendment of the House of Representatives.

The motion was agreed to.

SENATE LEGISLATIVE SCHEDULE TO LABOR DAY

Mr. MANSFIELD. Mr. President, the following schedule for the next 2 months was agreed to by the Democratic Policy Committee at its meeting yesterday. In working out this timetable, the Republican leader was consulted on the preferences of the minority and this schedule attempts to make the best accommodation possible of all interested Senators.

I urge the Members of the Senate to keep in mind that the schedule is not carved in marble. Due to circumstances beyond the control of the leadership, modifications may have to be made. So the schedule should not be considered inflexible.

It also should be emphasized that the Senate will take up many conference reports, which are privileged matters and will be called up from time to time. These, too, will necessitate modifications in the schedule from time to time.

Moreover, certain items that the leadership does not expect to consume a great deal of debate on the Senate floor will also be considered as the legislative session progresses. This schedule, however, does include the major legislation that remains for this period.

At the Democratic Policy Committee meeting, it was decided as well that meetings of committees should be restricted while the Senate is in session and commencing next week, except for extraordinary circumstances such as hearings on nominations, no committees will be granted permission to meet during Senate sessions.

The agenda is as follows:

SENATE AGENDA

Week of June 21–26		
Wednesday, June 23 9:00 a.m.*	H.R. 14236	Public Works Appropriation
	H.R. 14237	Agriculture Appropriation
	H.R. 10612	Tax Reform
Thursday, June 24 9:00 a.m.	H.R. 14261	Treasury/Post Office Appropriations
	H.R. 14239	State/Justice/Commerce Appropriations
	H.R. 10612	Tax Reform
Friday, June 25 9:00 a.m.	S. 3105	ERDA Authorization
	H.R. 10612	Tax Reform
Saturday, June 26 9:00 a.m.	H.R. 14231	Interior Appropriation
	H.R. 14233	HUD Appropriation
	H.R. 14235	Military Construction Appropriation
Week of June 28–July 3		
Monday, June 28 10:00 a.m.	H.R. 14232	Labor/HEW Appropriations
	H.R. 10612	Tax Reform
Tuesday, June 29 9:00 a.m.	S. 2150	Solid Waste Disposal Act Amendments
	H.R. 14232	Labor/HEW Appropriations (Continued if necessary)
	H.R. 10612	Tax Reform
Wednesday, June 30 9:00 a.m.	H.R. 5546	Amend Public Health Service Act and revise National Health Service Corporation
	H.R. 10612	Tax Reform
Thursday, July 1 9:00 a.m.	H.R. 14260	Foreign Operations Appropriation and/or
	H.R. 14234	Transportation Appropriation
	S. 2228	Economic Development Act
	H.R. 10612	Tax Reform
Friday, July 2 9:00 a.m.	H.R. 14238	Legislative Appropriation
	H.R. 14260	Foreign Operations Appropriation and/or
	H.R. 14234	Transportation Appropriation
	H.R. 10612	Tax Reform
Saturday, July 3	H.R. 10612	Tax Reform bill if necessary
Week of July 19–24		
Monday, July 19 12:00 noon	S. 495	Watergate Reform
Tuesday, July 20 10:00 a.m.	S. 495	Watergate Reform
Wednesday, July 21 10:00 a.m.	S. 495	Watergate Reform

SENATE AGENDA—Continued

Thursday, July 22 10:00 a.m.	S. 3219	Clean Air
Friday, July 23 10:00 a.m.	S. 3219	Clean Air
Week of July 26–31		
Monday, July 26 11:00 a.m.	H.R. 12987	Comprehensive Employment & Training Act (Jobs)
Tuesday, July 27 10:00 a.m.	H.R. 12987 H.R. 8603	Jobs bill to completion Postal Service Financing
Wednesday, July 28	H.R. 14262	Defense Appropriation
Thursday, July 29	H.R. 14262 S. 3037	Defense Appropriation Water Pollution Control Extension
Friday, July 30	S. 3037 S. 2849 S. 2304	Water Pollution Control Extension Investment Advisors Act Federal Banking Agencies
Week of August 2–7		
Monday, August 2	H.R. 13601 S. 3131	Rail Passenger Service Act
Tuesday, August 3	S. 2657	Extension Higher Education
Wednesday, August 4 10:00 a.m.	S. 2657	Extension Higher Education
Thursday, August 5 10:00 a.m.	S. 3084	Export Administration Act Extension
Friday, August 6 10:00 a.m.	S. 3084	Export Administration Act Extension
Monday, August 9–Wednesday, August 11	H.R. 366 (S. 230) S. 2212 S. 792 S. 3422	 Omnibus Crime Control and Safe Street Act Amendments Police Children Scholarships Natural Gas
Monday, August 23–September 6 (Labor Day)		Rivers and Harbors Mine Safety New River Forest and Rangeland Renewable Resources Planning Act Divestiture of Oil Companies Extension Revenue Sharing

*Times stated are convening times.

NOTE: Schedule subject to change.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at 9 o'clock tomorrow morning. After the two leaders or their designees have been recognized under the standing order, the Senator from Florida (Mr. STONE) will be recognized for not to exceed 15 minutes, after which there will be a period for the transaction of routine morning business of not to exceed 10 minutes, with statements therein limited to 2 minutes each, at the conclusion of which the Senate will take up the Treasury-Post Office appropriation bill, H.R. 14261, on which there will be at least a rollcall vote on passage, and perhaps rollcall votes on amendments thereto.

On the disposition of the Treasury-Post Office appropriation bill, the Senate will take up the State-Justice-Commerce appropriation bill, H.R. 14239. Rollcall votes will occur on amendments thereto and on passage thereof, and the Senate will then resume the consideration of the unfinished business, at which time the Senator from Minnesota (Mr. MONDALE) will be recognized to call up an amendment dealing with a minimum tax.

Under the agreement, the Senate will dispose of the minimum tax amendment tomorrow, and there will be rollcall votes in relation thereto, with final disposition to occur not later than 11 o'clock tomorrow night.

RECESS UNTIL 9 A.M.

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move that the Senate stand in recess until 9 o'clock tomorrow morning.

The motion was agreed to: and at 7:40 p.m. the Senate recessed until Thursday, June 24, 1976, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate June 23, 1976:

DEPARTMENT OF COMMERCE

Edward O. Vetter, of Texas, to be Under Secretary of Commerce, vice James A. Baker, III, resigned.

DEPARTMENT OF STATE

James J. Blake, of the District of Columbia, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Iceland.

William W. Maguire, of Maryland, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Cooperative Republic of Guyana.

DEPARTMENT OF JUSTICE

David W. Marston, of Pennsylvania, to be U.S. attorney for the eastern district of Pennsylvania for the term of 4 years, vice Robert E. J. Curran, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 23, 1976:

AMBASSADOR

Shirley Temple Black, of California, for the rank of Ambassador during her tenure of service as Chief of Protocol for the White House.

DEPARTMENT OF STATE

Henry E. Catto, Jr., of Texas, to be the representative of the United States of America to the European Office of the United Nations, with the rank of Ambassador.

DEPARTMENT OF JUSTICE

Frank S. Spies, of Michigan, to be U.S. attorney for the western district of Michigan for the term of 4 years.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

HOUSE OF REPRESENTATIVES—*Wednesday, June 23, 1976*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Watch ye, stand fast in the faith, quit you like men, be strong.—I Corinthians 16: 13.

Our Father God, we turn to Thee in the morning of this new day thanking Thee for the rest of the night and for the coming of another opportunity to serve Thee and our country. To meet the trials and temptations of this day we pray that we may be made strong in Thee.

Give us truth in our inmost beings, a sense of dedication to our work, a spirit of cooperation that we may labor together for the good of our Republic, a courage to face difficulties without fear, a faith which holds us steady amid the troubles about us and a love for all which never falters.

Thus may we lead our people in true ways and along right routes to a joyful end—peace with Thee, peace with one another and peace within ourselves. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 11439. An act to amend title 5, United States Code, to restore eligibility for health benefits coverage to certain individuals whose survivor annuities are restored.

The message also announced that the Senate agreed to the amendment of the House to the amendment of the Senate to a bill of the House of the following title:

H.R. 13380. An act to amend the Central, Western, and South Pacific Fisheries Development Act to extend the appropriation authorization through fiscal year 1979, and for other purposes.

The message also announced that the Senate agrees to the amendments of the House to a joint resolution of the Senate of the following title:

S.J. Res. 49. Joint resolution to amend the joint resolution entitled "Joint resolution to codify and emphasize existing rules and customs pertaining to the display and use of the flag of the United States of America."

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 12. An act to amend section 376 of title 28, United States Code, in order to reform and update the existing program for annuities to survivors of Federal Justices and judges.

The message also announced that Mr. JOHNSTON be a conferee, on the part of the Senate, on the bill (H.R. 12169) entitled "An act to amend the Federal Energy Administration Act of 1974 to provide for authorizations of appropriations to the Federal Energy Administration, to extend the duration of authorities under such act, and for other purposes," vice Mr. CHURCH, resigned.

PERMISSION FOR SUBCOMMITTEE ON MONOPOLIES AND COMMERCIAL LAW OF COMMITTEE ON THE JUDICIARY TO SIT DURING 5-MINUTE RULE ON THURSDAY AND FRIDAY NEXT

Mr. HUGHES. Mr. Speaker, I ask unanimous consent that the Subcommittee on Monopolies and Commercial Law of the Committee on the Judiciary may be permitted to sit during the 5-minute rule tomorrow and Friday.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, I wonder if the gentleman could revise his request to permission to sit from 10 a.m. to 12 noon each of those days?

Mr. HUGHES. We just do not know whether we can finish by 12. We are working on two separate matters, but we will endeavor to work it out so it is not burdensome on any Members if in fact there are matters on the floor in which they are interested.

Mr. BAUMAN. Has the minority concurred in this request?

Mr. HUGHES. I do not think there is any objection on their part.

Mr. BAUMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

CONFERENCE REPORT ON S. 3201, LOCAL PUBLIC WORKS EMPLOYMENT ACT OF 1976

(Mr. MOORHEAD of Pennsylvania asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, I understand that the first order of legislation business today will be the conference report on S. 3201, the Local Public Works Employment Act of 1976.

Contained in this conference report is title II, the countercyclical aid to State and local governments. This bill was originally introduced by me and 45 cosponsors in April of 1975. It came before the House for a separate vote when the conference report originally came back to the House containing that countercyclical provision and carried by a vote of 268 to 133. It was contained in the package which the House voted 319 to 98 to override the veto. Unfortunately the other body did not vote to override.

This is an extremely important part of this package. If we want to have an economic package for jobs, this title and the entire conference report should be adopted.

TERRORIST ACTS AGAINST YUGOSLAV GOVERNMENT

(Mr. DERWINSKI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Speaker, the tragedy in Lebanon in which two dedicated U.S. diplomats were murdered by a terrorist group is dramatic evidence of the dangers which, unfortunately, diplomats face at this time. Individual acts of terrorism and terrorist groups have repeatedly made Government officials and specifically diplomatic officials targets of their barbaric actions.

There have been an unfortunate series of terrorist actions against the individual representatives and the facilities of the Government of Yugoslavia, and the pattern in the United States has been a series of terrorist bombing attacks, none of which has been solved to date.

It is my hope that law enforcement officials will be able to develop the leads to apprehend the individuals and group involved before further damage is caused or, worst of all, a life is lost. The missions of the Yugoslav Government and its diplomats have been subjected to terrorist acts in a number of other countries over the years, and the group involved has been determined. Since the United States, as a host country, is properly responsible for the protection of representatives of foreign countries and their official premises in the United States, I again express the hope that there will be a speedy breakthrough in these investigations and the perpetrators of the terrorist acts against the Government of Yugoslavia will be apprehended.

PERMISSION FOR COMMITTEE ON GOVERNMENT OPERATIONS TO MEET BETWEEN 10 A.M. AND 12 O'CLOCK NOON ON THURSDAY, JUNE 24, 1976, DURING 5-MINUTE RULE

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that the Committee on Government Operations may be permitted to meet between 10 a.m. and 12 noon on Thursday, June 24, 1976, while the House is proceeding under the 5-minute rule.

The SPEAKER. Is there objection to

the request of the gentleman from Texas?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON SCIENCE, RESEARCH AND DEVELOPMENT, OF COMMITTEE ON SCIENCE AND TECHNOLOGY TO MEET THIS AFTERNOON DURING PROCEEDINGS UNDER THE 5-MINUTE RULE

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Subcommittee on Science, Research and Technology, of the Committee on Science and Technology be permitted to meet this afternoon during proceedings under the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

PERMISSION FOR COMMITTEE ON AGRICULTURE TO SIT FROM 10 A.M. TO 12 NOON ON THURSDAY, JUNE 24, 1976, AND BALANCE OF THE WEEK DURING THE 5-MINUTE RULE

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture be permitted to sit during the 5-minute rule between 10 o'clock a.m. and 12 o'clock noon on Thursday and the balance of the week for consideration of the bill (H.R. 13613).

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

PERMISSION FOR COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE TO SIT FROM 10 A.M. TO 12 NOON ON THURSDAY AND FRIDAY NEXT DURING THE 5-MINUTE RULE

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce be allowed to sit from 10 o'clock a.m. to 12 o'clock noon tomorrow and Friday during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 13965, DISTRICT OF COLUMBIA APPROPRIATIONS 1976

Mr. NATCHER. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the bill (H.R. 13965) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

ELECTION AS CHAIRMAN OF COMMITTEE ON HOUSE ADMINISTRATION

Mr. O'NEILL. Mr. Speaker, I offer a privileged resolution (H. Res. 1344) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 1344

Resolution electing a chairman of a standing committee of the House

Resolved, That Frank Thompson, Jr., of New Jersey be, and he is hereby, elected chairman of the Committee on House Administration.

The SPEAKER. Without objection, the previous question is ordered on the resolution.

Mr. ASHBROOK. Mr. Speaker, reserving the right to object, I would like to say two things.

First, while most of us recognize this clearly is a matter of responsibility and right of the majority to name a chairman, nevertheless in this particular case I think the whole Congress does have more than a passing interest in it. There is truly national interest in what we are about to do.

Second, I happen to know the gentleman from New Jersey (Mr. THOMPSON) very well and I know the gentleman would not want to read a slanted story in the press tomorrow that the House, in typical legislative fashion, disposed of the important matter in 30 seconds. The gentleman from New Jersey is a very capable legislator and deserves a vote of confidence in a record vote which I will insist on.

Therefore, I do think we should have a vote, and I withdraw my reservation of objection.

The SPEAKER. Without objection, the previous question is ordered on the resolution.

There was no objection.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. ASHBROOK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 295, nays 4, answered "present" 107, not voting 25, as follows:

[Roll No. 437]

YEAS—295

Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Andrews, N.C.
Annunzio
Ashbrook
Ashley
Aspin
AuCoin
Badillo
Baldus
Baucus
Beard, R.I.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Burgener
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, Phillip
Butler
Byron
Carney
Carr
Chappell
Clay
Collins, Ill.
Conyers
Corman
Cornell
Cotter
D'Amours
Daniel, Dan
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Derrick
Derwinski
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
English
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Findley
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Fuqua
Gaydos
Giaimo
Gibbons
Ginn
Gonzalez
Grassley
Green
Guyer
Hagedorn
Haley
Hall
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Hefner
Henderson
Hicks
Hightower
Holland
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Ichord
Jacobs
Jenrette
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kastenmeier
Kazen
Keys
Koch
Krebs
Krueger
LaFalce
Latta
Leggett
Lehman
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lundine
McCormack
McFall
McHugh
McKay
Madden
Maguire
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Mollohan
Montgomery
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Hara
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pickle
Pike
Poage
Pressler
Preyer
Price
Quie
Randall
Rees
Reuss
Richmond
Rinaldo
Risenhoover
Roberts
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Runnels
Russo
Ryan
St Germain
Santini
Sarbanes
Satterfield
Scheuer
Schroeder
Seiberling
Sharp
Shipley
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Snyder
Spellman
Staggers
Stanton, James V.
Stark
Steed
Stephens
Stokes
Stratton
Studds
Symington
Taylor, Mo.
Taylor, N.C.
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Waxman
Weaver
Whalen
White
Whitten
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wirth
Wolff
Wright
Wydler
Yates
Yatron
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—4

Bauman
Myers, Pa.
Shuster
Young, Fla.

ANSWERED "PRESENT"—107

Abdnor
Anderson, Ill.
Andrews, N. Dak.
Archer
Armstrong
Bafalis
Beard, Tenn.
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burke, Fla.
Burton, John
Carter
Cederberg
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conte
Coughlin
Crane
Daniel, R. W.
Devine
Dickinson
du Pont
Edwards, Ala.
Emery
Erlenborn
Eshleman
Fish
Frey
Gilman
Goldwater
Goodling
Gradison
Gude
Hammerschmidt
Hansen
Harsha
Heinz
Hillis
Holt
Hutchinson
Hyde
Jarman
Jeffords
Johnson, Colo.
Johnson, Pa.
Kasten
Kelly
Kemp
Ketchum
Kindness
Lagomarsino
Lent
Lott
Lujan
McClory
McCloskey
McCollister
McDade
McEwen
McKinney
Madigan
Michel
Mitchell, N.Y.
Moore
Moorhead, Calif.
Mosher
Myers, Ind.
O'Brien
Paul
Pettis
Pritchard
Quillen
Regula
Robinson
Rousselot
Ruppe
Sarasin
Schneebeli
Schulze
Sebelius
Shriver
Smith, Nebr.
Spence
Stanton, J. William
Steelman
Steiger, Ariz.
Steiger, Wis.
Sullivan
Symms
Talcott
Teague
Thompson
Walsh
Wampler
Whitehurst
Wiggins
Winn
Wylie

NOT VOTING—25

Brown, Calif.
Chisholm
Conlan
Dent
Diggs
Esch
Fenwick
Hays, Ohio
Hébert
Helstoski
Hinshaw
Karth
Landrum
McDonald
Metcalfe
Milford
Mills
Peyser
Railsback
Rangel
Rhodes
Riegle
Solarz
Stuckey
Young, Alaska

Messrs. KASTEN, SYMMS, MOORE, STEIGER of Arizona, COUGHLIN, and ROUSSELOT changed their vote from "yea" to "present."

Mr. RUPPE changed his vote from "nay" to "present."

Mr. REES changed his vote from "nay" to "yea."

Mr. LATTA and Mr. BURGENER changed their vote from "present" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

RESIGNATION AS MEMBER OF JOINT COMMITTEE ON BICENTENNIAL ARRANGEMENTS

The SPEAKER laid before the House the following resignation as a member of the Joint Committee on Bicentennial Arrangements:

WASHINGTON, D.C.,
June 22, 1976.

Hon. CARL ALBERT,
Speaker, House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: It is with deep regret that I hereby tender my resignation as a member of the Joint Committee on Bicentennial Arrangements. I have been most honored to serve on the Committee in the past, but the pressure of other business precludes the possibility of my continued service.

With best wishes, I am,
Sincerely,
MARVIN L. ESCH,
Member of Congress.

The SPEAKER. Without objection, the resignation is accepted.

There was no objection.

APPOINTMENT AS MEMBER OF JOINT COMMITTEE ON ARRANGEMENTS FOR COMMEMORATION OF BICENTENNIAL

The SPEAKER. Pursuant to the provisions of section 2(b), Senate Concurrent Resolution 44, 94th Congress, the Chair appoints as a member of the Joint Committee on Arrangements for the Commemoration of the Bicentennial of the United States of America the following Member on the part of the House: the gentleman from Pennsylvania, Mr. MCDADE, to fill the existing vacancy thereon.

PERMISSION FOR SUBCOMMITTEE ON CONSUMER PROTECTION AND FINANCE OF COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE TO SIT THIS AFTERNOON

Mr. MURPHY of New York. Mr. Speaker, I ask unanimous consent that the Subcommittee on Consumer Protection and Finance of the Committee on Interstate and Foreign Commerce be permitted to sit this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

CONFERENCE REPORT ON S. 3201, LOCAL PUBLIC WORKS EMPLOYMENT ACT

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1321 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1321

Resolved, That immediately upon the adoption of this resolution it shall be in order to consider the conference report on the bill (S. 3201) to amend the Public Works and Economic Development Act of 1965, to increase the antirecessionary effectiveness of the program, and for other purposes, and all points of order against said conference report are hereby waived, except that it shall be in order to consider points of order against title II of said conference report under the provisions of rule XXVIII, clause 4.

The SPEAKER. The gentleman from Missouri (Mr. BOLLING) is recognized for 1 hour.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois (Mr. ANDERSON) pending which I yield myself such time as I may consume.

Mr. Speaker, this rule was somewhat controversial before the Committee on Rules. The Committee on Public Works and Transportation sought a rule waiving all points of order on this matter. The controversy is an old controversy, as I remember it. It came up during the earlier consideration of the matter, when it passed the House before. At that time the Committee on Rules allowed a vote on the matter in title II which would, perhaps, be subject to a point of order as a nongermane addition by the Senate to a House bill. If that point of order were sustained by the Speaker, then the rules of the House provide for an automatic procedure which allows a majority vote to decide whether the House will accept that provision.

It was decided in the Committee on Rules not to waive all points of order but to provide for a waiver on title I and title III and not waive the point of order on title II which, as I understand, was the most controversial of the titles.

The discussion of the matter I am sure from the other side will include more detail on that controversy so that I will not go into even the nature of it at this time. The Committee on Rules decided to allow the points of order to lie against title II, but waived points of order against title I and title III and in effect granted a part of the request of the Committee on Public Works and a part of the request of those who opposed the original request. I think it is a fair way in which to handle it.

Mr. Speaker, I reserve the remainder of my time.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield myself as much time as I may consume.

Mr. Speaker, House Resolution 1321 waives all points of order against the conference report on S. 3201, the Local Public Works Employment Act, except that it shall be in order to consider points of order against title II of the bill under the provisions of clause 4, rule XXVIII, which deals with germaneness.

Mr. Speaker, the original request sent to the Rules Committee by the Committee on Public Works was for a waiver of all points of order against the conference report. We also received a letter from the chairman of the Government Operations Committee (Mr. BROOKS) asking that we not waive points of order against title II—the countercyclical provision of $1.25 billion in grants to State and local governments. You will recall that an identical situation arose on the predecessor to this bill, a measure which was vetoed by the President. On that conference report there was no waiver and the Speaker sustained a point of order against the countercyclical provision on the grounds that it was not germane to the public works bill which had originally passed the House, and moreover, it was a revenue sharing type provision which legitimately fell within the jurisdiction of the Government Operations Committee. The sustaining of that point of order forced a separate vote on the provision under the terms of our rules, and it was carried. We are therefore confronting a replay of the previous situation by not waiving points of order against the countercyclical title. At the same time, the fact that all other points of order against the conference report are waived does mean that title III, which authorizes $700 million in grants to States for the construction of wastewater treatment plants is not subject to attack. That provision was not in the original House-passed bill and would have been considered nongermane to that bill had it been offered in the House. It was part of the Senate bill and was retained in conference. Again, there was a similar provision in the vetoed bill. No requests were made to the Rules Committee to permit a separate vote on title III.

Mr. Speaker, I urge adoption of this rule and the conference report as reported from conference. This version is about $2.2 billion less than the previous version vetoed by the President. I have been informed that the administration still opposes the concepts of this bill, despite the reductions involved. I voted for the previous public works bill and the conference report, and I voted to override the President's veto. I represent an area in Illinois which is still suffering from relatively high unemployment compared to the national average. We have about 9.3 percent unemployment in Rockford. I favor therefore the accelerated public works aspect of this legislation which will create jobs in the construction area in a very short time after enactment. I would emphasize that most of those jobs will be in the private sector and will not be public sector type jobs. I also favor the countercyclical aspect of this bill. I think it was correctly identified in the Rules Committee as a form of revenue sharing geared to unemployment levels, and I have always been a stanch supporter of revenue sharing to permit localities to maintain vital public services. This might well be viewed as a revenue sharing bonus with a "sunset" provision in that the aid is terminated when unemployment levels dip below a certain point. I think this is a prudent approach to dealing with difficult situations such as we have in the Rockford area at the present time. Under the countercyclical provision, my 16th District would receive approximately $1.1 million in the first year according to NACO. Taken together, I think the title I short-term public works grants and the title II countercyclical assistance can provide great assistance to those areas still lagging behind the rest of the Nation in the economic recovery. These approaches are far preferable, in my opinion, to establishing the permanent type of Federal bureaucracy and Federal job guarantee program envisioned by the much more ambitious, more costly and more Government dependent and controlled Humphrey-Hawkins bill. We do need this type of short-term Federal catalyst for our local economies which is based on energizing the private sector. We do not need the more grandiose permanent Federal crutch which some would thrust upon us. I therefore support this rule and the conference report and urge their adoption.

Mr. BROWN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. I thank the gentleman for yielding, and I thank him for clarifying the reason for the waiver of the point of order on title III.

Would the gentleman advise me as to why it was necessary to waive points of order on title I?

Mr. ANDERSON of Illinois. There was no specific provision in title I. As I said, what the committee had originally requested was a waiver of all points of order against the bill, and we simply refused to do that with respect to title II of the bill; but I do not know of any provision in title I.

Mr. WRIGHT. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. I yield to the gentleman from Texas.

Mr. WRIGHT. I thank the gentleman for yielding.

In that specific connection, I should like to advise the gentleman that there is nothing in title I which would be subject to a point of order.

Mr. BROWN of Michigan. If the gentleman will yield further, I then would ask the gentleman from Texas why he requested the Committee on Rules to provide a rule waiving points of order.

Mr. ANDERSON of Illinois. I can answer that question, I think. He asked for a general waiver against those parts of the bill that would require a waiver, in other words, that were subject to a point of order, and those two sections were specifically title II and title III. We granted it as to title III; we did not grant the waiver as to title II.

Mr. BROWN of Michigan. If the gentleman will yield further, I will then direct my question to the gentleman from Missouri since I have appeared before the Committee on Rules many times. As I recall, it has been his position and the position of many of the Members who serve on the Committee on Rules that we should not provide a waiver of points of order on a rule unless there is a specific reason therefor, and the specific provision which would be subject to a point of order is cited.

Mr. BOLLING. Mr. Speaker, will the gentleman yield to me?

Mr. ANDERSON of Illinois. I yield to the gentleman from Missouri (Mr. BOLLING).

Mr. BOLLING. Mr. Speaker, the answer is it did not make any difference which way we did it. The attempt of the Rules Committee was to be sure the Members knew the specific things that were being waived. We could have done it either way. We could have waived points of order on articles 2 and 3 and left one open, or the other way. It just did not make any difference how we did it.

Mr. BROWN of Michigan. I thank the gentleman.

Mr. BOLLING. Mr. Speaker, I yield 5 minutes to the gentleman from Texas (Mr. BROOKS).

Mr. BROOKS. Mr. Speaker, I just want to say briefly and candidly that I deeply appreciate and commend the Rules Committee for their fair rule. I thought it was most appropriate that, as they did, they upheld the rules of the House, the sanctity of whatever rules we have. I particularly appreciate the gentleman from Illinois (Mr. ANDERSON) graciously voting for that rule despite his personal feelings about the legislation.

I want to say I think the Rules Committee in general has been most fair with every committee that has gone before them. My experience with them in the last 24 years has been good through many chairmen and many situations. I think they have done a very decent job and I think the Members should appreciate that fair-minded attitude the Rules Committee tries to maintain toward all Members of this House.

Mr. BOLLING. Mr. Speaker, I think I would be derelict in my duty if I did not express the pleasure of all members of the Rules Committee for that rare kind word, since so many unkind words are often said about the Rules Committee.

Does the gentleman from Illinois have any further request for time?

Mr. ANDERSON of Illinois. I have no further request for time.

Mr. BOLLING. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. BROWN of Michigan. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 393, nays 7, not voting 31, as follows:

[Roll No. 438]

YEAS—393

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Corman
Cornell
Cotter
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Derrick
Derwinski
Devine
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Eilberg
Emery
English
Erlenborn
Esch
Eshleman
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn

Goldwater
Gonzalez
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Heinz
Henderson
Hicks
Hightower
Hillis
Holland
Holt
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKay
McKinney
Madden
Maguire
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Melcher
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nowak
Oberstar
Obey
O'Brien
O'Hara
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Paul
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Railsback
Randall
Regula
Reuss
Rhodes
Richmond
Rinaldo
Risenhoover
Roberts
Robinson
Rodino
Roe
Roncalio
Rooney
Rose
Rostenkowski
Roush
Rousselot
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Stuckey
Studds
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—7

Brown, Mich.
Burleson, Tex.
Harsha
Hutchinson
Latta
Quillen
Snyder

NOT VOTING—31

Breaux
Brown, Calif.
Conlan
Coughlin
Dent
Edwards, Calif.
Fenwick
Fraser
Hays, Ohio
Hébert
Hefner
Helstoski
Hinshaw
Karth
Kastenmeier
Leggett
McDonald
Madigan
Meeds
Metcalfe
Milford
Nolan
Peyser
Rangel
Rees
Riegle
Rogers
Rosenthal
Solarz
Symington
Wirth

The Clerk announced the following pairs:

Mr. Dent with Mr. Karth.
Mr. Helstoski with Mr. McDonald.
Mr. Milford with Mr. Conlan.
Mr. Rogers with Mr. Edwards of California.
Mr. Riegle with Mrs. Fenwick.
Mr. Breaux with Mr. Hefner.
Mr. Rosenthal with Mr. Kastenmeier.
Mr. Hébert with Mr. Coughlin.
Mr. Nolan with Mr. Peyser.
Mr. Wirth with Mr. Madigan.
Mr. Solarz with Mr. Hays of Ohio.
Mr. Brown of California with Mr. Rangel.
Mr. Leggett with Mr. Symington.
Mr. Meeds with Mr. Rees.
Mr. Metcalfe with Mr. Fraser.

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. JONES of Alabama. Mr. Speaker, I call up the conference report on the Senate bill (S. 3201) to amend the Public Works and Economic Development Act of 1965, to increase the antirecessionary effectiveness of the program, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. BROOKS. Mr. Speaker, I make a point of order against the conference report.

The SPEAKER. The gentleman will state his point of order.

POINT OF ORDER

Mr. BROOKS. Mr. Speaker, I make the point of order that title II of the conference report constitutes a nongermane Senate provision to the House-passed version of the bill, in violation of rule XXVIII, clause 4.

Mr. Speaker, I ask to be heard on my point of order.

The SPEAKER. The Chair recognizes the gentleman from Texas (Mr. BROOKS).

Mr. BROOKS. Mr. Speaker, we are in the identical position we were in last January when a House-passed bill authorizing grants for public works construction projects was brought back to the House containing a Senate amendment that established an entirely new program of Federal assistance to State and local governments.

The Chair will recall that at that time I raised the same point of order and the Chair sustained it on two grounds: First, that the program proposed in title II did not relate sufficiently to the fundamental purpose of the House-passed bill; and second, that title II proposes a revenue-sharing program which is within the jurisdiction of the Government Operations Committee.

Mr. Speaker, we have precisely the same situation here. The House has passed H.R. 12972, providing solely for the construction of public works projects to help cut unemployment. The Senate added a provision for grants to State and local governments to pay for basic governmental services, and that provision has been brought back again as title II of the conference report.

Title II is still a form of revenue sharing and clearly not germane to the subject matter of H.R. 12972. Also, it is not within the jurisdiction of the Public Works and Transportation Committee.

Mr. Speaker, I could elaborate on this argument, but in view of the Chair's ruling last January, I do not think it is necessary to do so.

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. BROOKS. Mr. Speaker, I would be delighted to yield to my distinguished friend, the great and gracious chairman of the committee.

Mr. JONES of Alabama. Mr. Speaker, I was going to be a little bit more gracious than the gentleman expected.

Mr. Speaker, this proposition has been resolved before. We concede the point of order.

The SPEAKER. The gentleman from Alabama (Mr. JONES) concedes the point of order. The point of order is sustained.

MOTION OFFERED BY MR. BROOKS

Mr. BROOKS. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BROOKS moves the House reject title II of S. 3201 as reported by the Committee of Conference.

The SPEAKER. The gentleman from Texas (Mr. BROOKS) is recognized for 20 minutes.

Mr. BROOKS. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, the ruling of the Chair confirms the fact that title II is not within the jurisdiction of the Committee on Public Works and Transportation but should properly be considered by the Committee on Government Operations.

That should be reason enough for the House to delete it from the conference report. The committee system is the heart of our legislative process and we should not compromise our procedures just to accommodate the Senate.

There are equally strong grounds for rejecting title II on the merits. Here is a program that would add another $1.25 billion to the $70 billion Congress is already providing for State and local governments.

Just last week, the House voted to pay out $6.65 billion a year to the States and cities in revenue sharing until October 1980. When that bill comes back from the other body, it could be even more costly. I certainly hope that Congress is not becoming simply a conveyor belt between the U.S. Treasury and State and local governments.

There is absolutely no justification for this new program of grants. It is described as an antirecession program that would put people to work, but the money would be spent for basic governmental services such as police and fire protection, trash collection, and teachers' salaries, with no guarantee that a single new job would be created.

No hearings have been held on it in the House. Important changes have been made in the legislation since the House last voted on it, but they are not the result of any committee deliberations. They are designed solely to pick up the two or three votes in the other body the sponsors feel they need to override a Presidential veto.

Mr. Speaker, under any circumstances the House would be ill advised to accept such a costly, far-reaching program without the benefit of any hearings or report, or any real understanding of just what it is committing itself to. To do so in the face of a projected $74 billion deficit this year and another $51 billion deficit next year is not in the best interest of the American taxpayers.

Mr. LATTA. Mr. Speaker, will the gentleman yield?

Mr. BROOKS. I yield to the gentleman from Ohio.

Mr. LATTA. Mr. Speaker, I want to thank the gentleman from Texas (Mr. Brooks) for yielding, and I also wish to say that I agree completely with the statement he just made.

I think title II of this bill should be stricken for the reasons that he set forth.

I would like to add further that I think the House ought to reject this entire conference report. There is no such thing as a "free lunch." I think it is absolutely unnecessary to pass this legislation. If it is passed, we will be sending it downtown for a sure veto. The Secretary of the Treasury and the Director of the OMB are certainly going to recommend a veto of it. Therefore, we are just going through the motions in passing this legislation and sending it downtown.

Mr. Speaker, I noticed in the Columbus Dispatch on Monday morning as I was on my way back to Washington that even my Democratic friends are trying to get on the surging economy bandwagon despite the fact they've been telling the American people how bad off they are. They know what has been happening to the economy and that spending more for make-work programs is unnecessary. The people are "fed-up" with all of this spending which is constantly being brought forth by this 2 to 1 Democrat-controlled Congress. This is their money you are spending and it is past time that you realized it.

Mr. RONCALIO. Mr. Speaker, will the gentleman yield?

Mr. BROOKS. I yield to the gentleman from Wyoming.

Mr. RONCALIO. Mr. Speaker, I wish to address the gentleman from Ohio (Mr. Latta).

I note with interest the gentleman's reference to a threat of veto made in argument now to influence a vote against section 2 of the conference report on this bill.

But, would the President, in fact, abstain from vetoing such a bill as S. 391 now on his desk awaiting action, and so vital to the Western States? Would the gentleman consider assuring the signing of this bill, which is so important to the West?

Mr. LATTA. Mr. Speaker, if the gentleman will yield further, is the gentleman from Wyoming asking me the question?

Mr. RONCALIO. I am, but I want, of course, a relevant answer.

Mr. LATTA. Mr. Speaker, if the gentleman will yield further, I might say to the gentleman from Wyoming that it's impossible to give a relevant answer to an irrelevant question as S. 391 is not before us today.

However, if the gentleman wants my advice to the President, should I be in a position to give it, I would advise a veto of the bill before us with or without title II.

The SPEAKER. The gentleman from Texas (Mr. Wright) is recognized for 20 minutes.

Mr. WRIGHT. Mr. Speaker, I yield such time as he may consume to the gentleman from New Jersey (Mr. Rodino).

Mr. RODINO. Mr. Speaker, I rise in support of the counter-cyclical provisions of S. 2301, the Public Works Employment Act of 1976. I believe that the antirecession grants contained in title II of the conference report are absolutely essential to the recovery of our Nation's cities from this long recession. Yes, Mr. Speaker, I said recovery from the recession, for in many of our urban centers unemployment remains at extremely high levels and local tax revenues continue to be far below prerecession levels. This is translating into layoffs of vital police and fire personnel, cutbacks in educational services, and delays in much needed capital projects.

I cannot honestly say that these antirecession grants will solve all the problems of our cities, but I must add emphatically that the $5.4 million which my city of Newark will receive under title II of this act will help stop the layoffs, it will help stop the cutbacks, and it will help restore the confidence of my constituents in the ability of our Nation to face its problems squarely and help to solve them.

I urge my colleagues to vote against this motion to strike and to retain this valuable assistance to the cities and towns in our country which are most in need.

Mr. WRIGHT. Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from New York (Ms. Abzug).

Ms. ABZUG. Mr. Speaker, I rise in opposition to the motion to strike.

I do not rise because of personal opposition to the gentleman with whom I serve on the Committee on Government Operations; but I must point out, as I think we pointed out in our previous discussions on this issue, that countercyclical assistance is not revenue sharing. There is a very big difference.

Essentially, this is antirecession and unemployment legislation in title II, just as it is in title I.

Mr. Speaker, we have unemployment in this country of 7.3 percent, and we are trying to deal with it comprehensively in this legislation. We do it in title I with an accelerated public works program, which is designed particularly to aid the areas of highest unemployment. They have a priority.

We have a similar purpose in title II. The purpose of both sections is to ease the current recession. One has a longer-range impact than the other, but both are aimed at the same ultimate purpose.

Also, we must clarify the real distinction between countercyclical assistance and revenue sharing. A major difference between these programs is that revenue sharing is a permanent fixture in the Federal grant-in-aid structure, while countercyclical assistance is a temporary antirecession program that is only authorized when national unemployment is above 6 percent and will terminate by itself when national unemployment drops below 6 percent. Revenue sharing has no such self-terminating mechanism.

The purposes of the two programs are also different. Countercyclical assistance recognizes the necessity for the preeminence of the Federal Government in setting national antirecessionary policies, and argues that the policies will be stronger if State and local governments will not be forced to take action which will undercut national policies to try to deal with the recession. Revenue sharing was enacted as part of an effort to decentralize Federal grant-in-aid programs, to give State and local governments more control over money they receive from the Federal Government.

Analyzing the formulae of the two programs also reflects their inherent differences. The key element in the countercyclical formula is excess unemployment. The revenue sharing formula has no unemployment factor at all in its formula. If countercyclical assistance were really like revenue sharing, it could be expected that local governments would receive roughly the same amounts under countercyclical that they receive under revenue sharing. This is not the case. The key factor of excess unemployment in the countercyclical formula makes for very difficult allocations to local governments than they receive under revenue sharing.

The whole bill, titles I, II, and III, is an antirecessionary measure. Title III, which deals with water, sewage treatment and pollution, provides funds which will provide all kinds of jobs in areas of water pollution, which is also significantly important in generating jobs and turning around this recession.

I think it is important to recognize that the countercyclical assistance rises and falls based upon an unemployment level which increases and falls. It is essential to recognize there is a difference between this and Federal revenue sharing which is simply a grant directly for Governors to do with as they wish. Viewed in this context, it is clear that title II must be retained in this legislation.

I urge that we vote down the motion to strike.

Mr. BROOKS. Mr. Speaker, I yield 5 minutes to the gentleman from Arkansas (Mr. Hammerschmidt).

Mr. HAMMERSCHMIDT. Mr. Speaker, I rise in support of the motion to strike title II, the countercyclical grants provision of the conference report on the Public Works Employment Act of 1976.

Mr. Speaker, a year ago I supported H.R. 5247, which at that time was the Local Public Works Capital Development and Investment Act of 1975. I, along with many of my colleagues, supported that measure which contained $5 billion for local public works projects for State and local governments because it was a needed antirecessionary bill at that time. I also supported the conference report on that same bill, H.R. 5247, which contained $2.5 billion for public works grants, $1.5 billion for countercyclical grants, $1.4 billion for grants for the construction of waste-water treatment plants, and $600 million for EDA programs. Even though the original authorization for public works spending was reduced, I supported the conference report, as well as overriding the veto of the President, and a majority of my colleagues in the House joined with me.

Mr. Speaker, today, however, I cannot do that because things have changed drastically. Things have changed for the better in the economy. I still support the concept of a public works program to provide stimulus and jobs to the economy. However, the features of this conference report which I find most objectionable are title II countercyclical grants to State and local governments to maintain public services and then grants for waste treatment plants—which comprise one-half of the total authorization.

Since the House has passed a 3¾-year extension of the revenue sharing act, this title II that is in this bill is also essentially revenue sharing, and, since it is, I cannot support a duplicate effort forced upon the House without proper consideration by the committee with jurisdiction over revenue sharing matters or without a separate vote by the House for this feature.

The Members know that we received an interesting document, a "Dear Colleague" letter that set forth the goodies that would be given in their various counties and States. That was intriguing to the Members because we do not want to vote against our constituents. But this is an extra layer of windfall that cities and States would not have any knowledge of receiving. Most of them are not aware that the countercyclical provision is in the conference report. Just to give the Members an idea, take one of the counties in my district, Sebastian County, which is a county of about 80,000 people, and that might fit some of the experience of other Members and their counties. This little "Dear Colleague" letter said that Sebastian County would receive an additional $83,000, under this new provision. That is a great goodie to give them, added on to the revenue sharing bill that we just passed here in the House, and under that, that county will also receive $560,000. This would be an additional $83,000 we are just handing to them in this unwise provision.

Title II authorizes up to $1.25 billion for countercyclical grants containing no provision to guarantee that new jobs would be created or to assure that these funds would not go to big spending cities that are living now beyond their means. These funds could provide a bailout for cities and States which demonstrate their own fiscal irresponsibility.

The House also has passed a 3-year extension of the Water Pollution Control Act which authorizes $17 billion for the construction of waste water treatment plants. If the Senate would act on this bill in a timely fashion, then there would be no need for title III of this bill, but that is academic because it is in the bill, and we have no way to get it out.

I continue to support the Federal efforts to stimulate the economy in times of need by providing productive employment through the private sector, and public works projects provide such employment. But the authorization for public works projects has been reduced to $2 billion in this conference report, and this reduced level, coupled with the countercyclical aid and the grants for waste water treatment plants, completely alters the original intent of this legislation, and it alters the intent of the Members of the House as they originally passed it.

I cannot support efforts by the Federal Government that do nothing more than maintain current spending levels for the cities and the States with no guidelines or checks on how they spend that money.

Mr. Speaker, I urge the House delete title II of S. 3201.

I concur completely with the distinguished gentleman from Texas, Mr. BROOKS, that this does invade the jurisdiction of his committee, and I hope that we can delete it.

Mr. DON H. CLAUSEN. Mr. Speaker, will the gentleman yield?

Mr. HAMMERSCHMIDT. I yield to the gentleman from California.

Mr. DON H. CLAUSEN. I thank the gentleman for yielding.

Mr. Speaker, I rise to associate myself with the remarks of the gentleman from Arkansas.

Mr. WRIGHT. Mr. Speaker, I yield 1 minute to the gentleman from Florida (Mr. LEHMAN).

Mr. LEHMAN. Mr. Speaker, I rise in opposition to the motion to strike title II and in strong support of the conference report on S. 3201. Five months ago, in debate on the conference report to H.R. 5247, which was vetoed, I listed several needed and approved projects in my district which could have begun swiftly on approval of grants under the bill. Such funds are still desperately needed, both to prevent the further decay of our still-ailing cities, and to relieve unemployment in the construction industry, which is still over 50 percent in Dade County.

Mr. Speaker, we need this bill.

Title II is a necessary complement to title I. One way that local governments adjust to recession is to cut back on capital development. Countercyclical aid will help these governments to continue essential services through the crunch, so that federally funded public works can operate to stimulate recovery.

The recession has created a vicious downward spiral for many of our cities. Where State and local governments generally had surplus funds in 1972, they now carry over $10 billion in deficits. Reduced revenues lead to two alternatives: increasing the tax burden on citizens, which undercuts Federal efforts to put more money into the economy, or reducing essential services and laying off employees, which lead to further deterioration, unemployment, and, often, crime. These factors encourage the flight of residents and businesses from the cities, and the cycle continues.

My colleagues know that I am not a supporter of the revenue sharing program. I can, though, urge support for title II of this legislation without reservation. Countercyclical aid is not revenue sharing. It is a temporary program of immediate emergency grants for State and local governments, based on need, not simply on existence. Antirecession grants are triggered by excess unemployment, and amounts are directly related to levels of unemployment. They are adjusted often enough to have swift impact on areas where the need is greatest, and to react to improvements in the employment situation. Unlike revenue sharing, the countercyclical assistance program will phase itself out as the economy recovers and unemployment drops.

Under title II's unemployment triggered formula, Florida would receive over $58 million, $38 million of which would go to local governments. Dade County, with a May unemployment rate of 11.1 percent, would receive nearly $5 million; Broward County, with 14.1 percent idle, over $1 million. The city of Miami would receive over $3 million; Hialeah, $397,100.

For the benefit of environmentalists, I should also note here that title III carries over $20 million in wastewater treatment funds for Florida alone.

Mr. Speaker, as I said 5 months ago, this legislation is rightly considered a cornerstone of our effort in Congress to spur full economic recovery. The total cost is only about two-thirds that of the vetoed H.R. 5247, but the need for the stimulation offered is still great. I again urge my colleagues to join me in voting for the entire conference report to S. 3201, including title II, and for economic recovery at last.

Mr. WRIGHT. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. MINETA).

Mr. MINETA. Mr. Speaker, once again we are being asked by certain Members of the House to reject an idea which has been overwhelmingly approved by this body on two prior occasions.

That idea—countercyclical assistance to State and local governments—is embodied in title II of the conference report on S. 3201, now before us.

Last January 29, opponents of this proposal tried to strike it from public works legislation on the grounds that it was not germane—that it was too much like general revenue sharing. The House rejected that claim, by a resounding vote of 268 to 133.

Today, those same opponents of countercyclical assistance are trying the same argument again.

This time they claim that because of changes in the countercyclical formula, the program is even more like revenue sharing and less germane to an antirecession bill than it was the last time around.

The fact of the matter is, Mr. Speaker,

that countercyclical assistance is not and never has been like general revenue sharing to any significant degree. A close look at how the countercyclical formula works will make the difference between the two perfectly clear.

For in spite of the changes, the program remains very much a targeted antirecession measure, as it was always intended to be.

The first change in the bill is in the formula used to determine allocations.

The old countercyclical assistance formula, in title II of H.R. 5247, used two factors to determine an individual jurisdiction's allocation: excess unemployment and adjusted taxes. The former was used as a measure of the severity of the recession in a jurisdiction, and the latter as a measure of that jurisdiction's size.

The new formula also uses excess unemployment as a measure of the impact of recession on a particular jurisdiction. In place of the adjusted tax factor, however, the new formula substitutes revenue-sharing entitlements for entitlement period VI, as the measure of the jurisdiction's size.

Opponents of title II point to this change as a radical departure from the old formula. However, Mr. Speaker, the facts clearly do not bear out this charge.

That the countercyclical assistance formula in S. 3201 retains its antirecession targeting mechanism can best be illustrated with a few examples.

East St. Louis, Ill., had unemployment of 17.4 percent at the beginning of this year, while Peoria had unemployment of 7.4 percent. Under revenue sharing, Peoria receives the larger amount of Federal funds. Yet under the countercyclical formula, East St. Louis, because of its high unemployment, would receive almost four times as much as would Peoria.

Jackson, Miss., had unemployment of 4.7 percent in early 1976, while Biloxi had unemployment of 8.3 percent. Under revenue sharing, Jackson receives about five times as much Federal money as Biloxi. Yet under title II, Biloxi, because of higher unemployment, would receive substantially more than Jackson.

Under revenue sharing, Baltimore City receives roughly one and a half times as much as Baltimore County. Under title II of S. 3201, however, the city, which has unemployment three points higher than the county, would receive countercyclical funds in an amount five times larger than that going to the county.

Mr. Speaker, I could recite countless examples of this pattern to illustrate my point, but I do not think that is necessary.

The simple fact of the matter is that in spite of what the opponents of this bill say, countercyclical assistance is still very much an antirecession program. The only change in the formula is in the factor used to measure the size of a particular jurisdiction. Unemployment still counts the same. I urge my colleagues to take a look at the numbers if they have any lingering doubt that this is so.

The second change in this version of countercyclical assistance is in the unemployment cutoff determining eligibility for individual State and local governments. Although the opponents of countercyclical assistance claim otherwise, this change has equally little impact on the antirecession nature of the program.

Under the old version of the program, allocations were determined for all jurisdictions with unemployment in excess of 4.5 percent. Allocations for those places with unemployment over 6 percent were paid out, while allocations for places with unemployment between 4.5 and 6 percent were retained in the Treasury for use in a contingency fund.

Under title II of S. 3201, all these allocations would be paid out, and the contingency fund would be eliminated. Opponents of this program claim that this change guts the targeting mechanism.

Once again, they have grossly misrepresented the facts.

Lowering the unemployment cutoff point does mean that money will go to a larger number of jurisdictions than under the old bill. However, and I cannot emphasize this point too strongly, the amount of money involved here is miniscule. The total amount of money allocated to jurisdictions with unemployment between 4.5 and 6 percent is 2 percent of the entire pot. In other words, 98 percent of the money still goes to places with high unemployment—6 percent or more. No government with unemployment less than 4.5 percent would receive any assistance. And once national unemployment has dropped below 6 percent, there will be no allocations to anyone.

Mr. Speaker, these facts and figures bear no resemblance whatsoever to general revenue sharing.

The provisions of title II are obviously those of a bill designed to help treat the effects of recession. As such, they are clearly germane to an antirecession bill like S. 3201.

In urging my colleagues to vote to retain title II of the conference report, I would like to respond to one more charge by the opponents of countercyclical assistance—that the program is no longer needed.

It is true that since the last time we considered this antirecession package, the unemployment picture has improved. But it is still very high. As of March of this year, 21 States had unemployment in excess of 8 percent; 30 States had unemployment of at least 7 percent; 14 States had higher unemployment in March of 1976 than they had during the first quarter of 1975.

A very timely article in last Wednesday's Wall Street Journal indicates that this lingering high unemployment is taking its toll on many of the State and local governments of this country.

The headline on this article reads: "Many Municipalities Lag Behind the Nation in Economic Recovery." I commend its contents to my colleagues.

Based on a survey by Journal reporters, the article lists a number of U.S. cities where the recession has not yet begun to fade noticeably. Among them are such major population centers as Philadelphia; Detroit; Seattle; Erie, Pa.; Providence, R.I.; Lawrence, Mass.; Wilmington, Del.; Buffalo; Memphis, Canton, Ohio; Cleveland; San Francisco; Oakland; Broward and Dade Counties in Florida; Ft. Lauderdale; Miami; West Palm Beach; and Los Angeles.

The conclusions drawn from this survey have an ominous ring to them, and I would like to quote from them in part:

> Everyone has heard about New York City's intractable problems—the sag toward bankruptcy, the physical deterioration, the high crime rates, the flight of people and businesses, the irritations unlimited. But perhaps not so widely recognized is the extent to which the Big Apple isn't just a rare rotten apple in the U.S. municipal barrel. In many cities, block after block of gutted buildings and rubble-strewn lots suggest that quite possibly much of the barrel may be rotting—a frightening possibility in a nation in which nearly a third of the population lives in cities of 50,000 or more.

Mr. Speaker, this body has just recently passed an extension of the revenue sharing program. I supported that extension for a number of reasons, not the least of which is that revenue sharing has become an essential factor in the normal day-to-day budget operations of State and local governments throughout this country.

But, in June 1976, many of our cities and towns are not operating under normal economic or budget conditions. There has been nothing normal about this recession, or about the sky-high unemployment that came with it and still remains in many of our urban centers.

Indeed, quite the opposite is true.

Today's economic circumstances are, I sincerely hope, special and unique. They have taken an exceptional toll on the budgets of many local governments nationwide. As such, in my opinion, they demand a special response from us.

And countercyclical assistance is one of the most logical and reasonable ways I can think of to provide that response.

It will provide the greatest amount of help to those places which need it most.

It will turn off completely when national unemployment drops below 6 percent.

And it will help bring State and local government budget actions into line with actions we at the Federal level have already taken—in the form of tax cuts and jobs programs—to step up the pace of economic recovery.

I urge my colleagues to reaffirm the commitment of the House to this proposal by voting against the pending motion to strike title II.

Mr. WRIGHT. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. MOORHEAD).

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, I am a member of the Government Operations Committee which I believe does have the jurisdiction over this legislation and so I rise in opposition to the motion of my chairman with a great reluctance, but I do point out that this is merely a five quarter program and at the end of that period the jurisdiction will rightfully come back to the Government Operations Committee.

The legislation has been before the Congress. It was introduced by me in April of 1975 with 45 cosponsors, so we have had a chance to look at it. We have voted on it. We have voted on a motion when the conference report first came back here. We voted to override the veto of the President. This House voted to override.

This has been before this House. It has been voted upon by this House favorably in every instance. I think we should continue that consistency and I urge that the motion be defeated and that the conference report be strongly backed by all Members of this Congress.

Mr. WRIGHT. Mr. Speaker, I yield 1 minute to the gentleman from Georgia (Mr. YOUNG).

Mr. YOUNG of Georgia. Mr. Speaker, I would like to remind my colleague that although we talk about recession, the definition of recession is when your neighbor is out of work and it becomes a depression when you are out of work. For millions of people who are living in cities this is not a recessionary time. This is still a depression. Especially is that true of the minorities and true of the young people between the ages of 18 and 25, where the unemployment levels still are exorbitantly high.

In my own city we will use these countercyclical funds primarily to beef up the police and public safety programs so we do not have any layoffs. I guess all the Members know there is a direct relationship between high unemployment and high crime rates.

I ask the Members to consider the needs of our cities as an emergency need and to vote down this motion to strike.

The SPEAKER. The gentleman from Texas (Mr. WRIGHT) has 13 minutes and the gentleman from Texas (Mr. BROOKS) has 10 minutes. The gentleman from Texas (Mr. WRIGHT) will have the closing argument.

Mr. BROOKS. Mr. Speaker, I yield 1 minute to the gentleman from New Hampshire (Mr. CLEVELAND).

Mr. CLEVELAND. Mr. Speaker, I rise in support of the motion to strike.

As a member of the conference committee on this legislation who refused to sign the conference report, I also rise in opposition to the conference report on S. 3201 unless the motion to strike prevails. I wish to state my reasons for doing so.

But first, I should like to point out that I support the $2 billion contained in this bill for local public works projects for two reasons. First, it would create new jobs in the private sector; and second, it would produce facilities of enduring benefit to communities across the country. Accordingly, I supported the local public works provision in this bill when it was last before this body.

It has been all down hill since. The Senate has done exactly what it did the last time we tried to enact a local public works bill and again we are swallowing it. It loaded up our bill with totally unrelated amendments in the form of countercyclical assistance to State and local governments, and an extra slug of water pollution control funds on a totally irrational, discriminatory political basis to a select 33 States and 4 territories.

With respect to countercyclical assistance, this is not a job-creating provision, much less one that would create jobs in the construction industry. If you cut through all the rhetoric that has surrounded it for months, it still amounts to nothing more than the maintenance or preservation of public service jobs. It is nothing but a flat-out substitution of Federal funds for State and local payrolls, as if Federal finances were in all that good shape. I am greatly concerned that a large amount of the $1¼ billion to be provided over a year and a quarter will be sopped up by pay raises in the larger cities with strong public employee unions.

With respect to the $700 million in extra water pollution control funds, this represents a transformation of a high priority program which should be based on need into a political pork barrel. I will have to concede that it lends a new dimension to the politics of pork by providing for funds that many recipient States will not be able to expend. Of 33 States to benefit from Talmadge-Nunn, 8 will not be able to spend the currently available funds by the end of fiscal year 1977. Another seven not until the fourth quarter of fiscal year 1977, and another three until the third quarter of fiscal year 1977. In other words, absent new authorizations for fiscal year 1977, half the States benefited by Talmadge-Nunn have absolutely no need for the money. Perhaps it is the promise that counts this season.

I would urge Members from States that do not benefit from Talmadge-Nunn to consider the only other strong likelihood that with the extra $700 million sitting out there, there will be pressure to reduce funds for all States accordingly. Thus those States would not only fail to gain, but they would stand to lose.

In candor, I will concede that the countercyclical and water pollution provisions have been somewhat improved. There seems to be more equity in tying countercyclical assistance to the revenue-sharing formula and the criterion of State and local unemployment. The water pollution funding provision has been improved greatly in that the funds have been cut in half in comparison to the previous version.

Despite these improvements, there are new and compelling reasons for rejecting these two provisions which did not exist the last time we considered a package containing public works jobs, countercyclical assistance, and the Talmadge-Nunn distortion of water pollution control spending.

This House was overwhelmingly voted passage of H.R. 9560, the Federal Water Pollution Control Act Amendments of 1976, which provides for the construction grants program, $5 billion for fiscal year 1977 and $6 billion for each of fiscal years 1978 and 1979. The important point here is that we provided not only additional funding but we changed the formula for allocating funds among the States over a compromise intended to benefit States placed at a disadvantage under the previous formula. To the extent that there was any justification for the Talmadge-Nunn provision, it has already been taken care of.

In the case of countercyclical assistance, we have just passed an extension of the revenue sharing program—which I strongly support—to provide assistance to State and local governments across the country in meeting their priority needs as they see them. Localities experiencing difficulties as a result of the recession, rising costs can use general revenue sharing funds for this purpose.

I would also like to point out some deficiencies in the countercyclical assistance provision that seem to have been ignored. Besides not creating any new jobs, it removes the incentive to economize and streamline and improve the efficiency of performance of State and local governments, to hold the line on wage contracts.

In addition, there is not necessarily any correlation between local or State unemployment rates—which are largely in the private sector—and the fiscal condition of the localities which countercyclical is supposed to benefit.

A final point is that we are buying a pig in a poke. There have been no hearings held in this body so that no Members of the House of Representatives have had opportunity to gage the impact of—or justification for—this program. I have been told that it is absolutely impossible to determine the city-by-city breakdown of the local funds provided without a computer and I understand further that no such analysis was available to the Committee on Public Works and Transportation as recently as this morning, nor was such analyses in the Office of Management and Budget or the Department of the Treasury, which is said to have some computer capability.

In conclusion, Mr. Speaker, the American electorate has clearly recorded its dissatisfaction with government at the polls in recent months. This dissatisfaction stems from the performance of government in contrast to the promises of government. One of the chief sources of concern has been the failure of government to control spending and to control inflation and an awareness of the responsibility of government for inflation and the role of inflation of bringing on the recession in the first place. It is all part of a larger picture of unfulfilled promise.

One of the most hopeful signs for a continued recovery from recessions has been the consistency—and courage—of President Ford in resisting new, big, pump-priming spending programs. In this conclusion, if this bill is enacted, it should be vetoed and the veto should be sustained.

Mr. SHUSTER. Mr. Speaker, will the gentleman yield?

Mr. CLEVELAND. Mr. Speaker, I yield to the gentleman from Pennsylvania.

Mr. SHUSTER. Mr. Speaker, I rise in opposition to the conference report on S. 3201, the Local Public Works Employment Act. Unless the motion to strike title II is passed.

The House Committee on Public Works and Transportation, of which I am a member, devoted a great deal of time and conscientious effort in putting together a public works "jobs" bill that would have put people back to work, provided an economic stimulus in a severely depressed sector of our economy, and given the communities of our Nation the benefits of capital investment in public facilities. A month and a half ago, I stood in the well of the House and enthusiastically supported that bill. But I also gave notice that if the bill were once again desiccated in conference, as it was the last time, I would just as vigorously oppose the conference report.

To get to the specifics, Mr. Speaker, title II, the Senate countercyclical program is nothing more than a flat-out substitution of Federal funds for State and local payrolls. It is a "bail-out" provision, and I challenge anyone in this Chamber to justify getting the Federal Government involved in any more bail-out schemes.

This section would not create worthwhile jobs, Mr. Speaker. It would simply perpetuate make-work public service jobs that our committee has opposed time and time again. It should be stricken at the appropriate time here today.

The $700 million in wastewater treatment works funds is nothing more than political pork. It would go to 33 States selected by a formula or questionable integrity, and the real kicker here is that many of these States will not even be able to use the money. Is the Federal Treasury really so solvent that we can throw money away, or tie it up for years at the expense of other worthwhile programs knowing all along that it cannot be spent?

The recurring question we must ask is who is going to pay for it in the long run? The American taxpayers are, Mr. Speaker—your constituents and mine—will not be fooled—they will see this legislation for what it is, and that is nothing more than a political football.

I thought we were trying to create real jobs with this bill, Mr. Speaker, and public facilities of enduring value. This bill asks us to swallow a bitter bottle of bloated spending.

I would like to congratulate the House minority members of the conference committee for refusing to sign the conference report, and urge all Members of the House to support the striking of title II, and failure that vote against this bill. It is really time that we started to act in the best interests of the American people, and rejecting this bill would be an excellent demonstration of fiscal responsibility.

Mr. BROOKS. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. BURGENER).

Mr. BURGENER. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I rise in support of the amendment offered by the gentleman from Texas (Mr. BROOKS). I think if we are going to be practical about this, most of us would like to see the bill signed into law and accomplish something. Therefore I think that its chances for passage and final enactment will be improved and be enhanced tremendously with title II removed.

As a practical matter, I think it would do a great deal of good to strike this amendment, because many of us feel it is just another form of revenue sharing.

Mr. WRIGHT. Mr. Speaker, I yield 3 minutes to the distinguished majority leader of the House, the gentleman from Massachusetts (Mr. O'NEILL).

Mr. O'NEILL. Mr. Speaker, passage of the conference report on S. 3201 is of vital importance to the people of this Nation.

The economy has improved somewhat—thanks largely to actions taken by this Congress. But with the official unemployment rate still at 7.3 percent and millions of Americans still unemployed, we are certainly not out of the woods yet. The Nation remains in the throes of a severe recession.

To combat this recession we need jobs and we need them now—and that is exactly what this bill would provide. S. 3201 is not a panacea. It will not solve all our problems. But it will create or preserve about 350,000 jobs, and that is a big step toward pulling us out of recession.

How could we explain to our constituents, to the unemployed people who write us or come to visit us in our offices, that this Democratic Congress failed to pass this important job-creating legislation? There would be no good reason we could give them for failure to move this bill through.

Now, the effect of removing the countercyclical funds contained in title II of S. 3201 would be to kill the entire initiative. The Senate has passed this conference report. They have discharged their conferees. So, while I sympathize with the problems some people have with title II, I think we have to keep our eye on the central question—getting this bill enacted into law.

We need this bill badly and, if we strike title II, we will not have it. For that reason I urge the House to reject the motion to strike title II and to pass the conference report as written.

Mr. BROOKS. Mr. Speaker, I yield 1 minute to the gentlewoman from Texas (Ms. JORDAN).

Ms. JORDAN. Mr. Speaker, I rise in support of the motion to strike made by the gentleman from Texas. This is, to all intents and purposes and, in fact, general revenue sharing.

The problems which plague the country are unemployment and inflation. This grant under title II is inflationary. It does not create jobs. It does not impact positively on unemployment. With all the guarantees that we wrote into the general revenue sharing bill when we passed it on this floor, none of these guarantees would be in existence for this disarray of funds under title II.

Mr. Speaker, I hope that the amendment is adopted.

Mr. WRIGHT. Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan (Mr. CARR).

Mr. CARR. Mr. Speaker, I rise in opposition to the motion of the gentleman from Texas (Mr. BROOKS) to strike title II of S. 3201 as reported to us by the conferees.

Title II recognizes that the burdens of recession, unemployment are not shared evenly. When the national economy takes a downturn States and communities like Michigan and my home area of Lansing slide first and furthest and take longer to recover. Our local units of government have trouble raising revenue in this depressed situation and there is a further worsening of our economic condition. It just does not make sense, Mr. Speaker, to overstimulate areas that do not need it and understimulate areas that do. That is inflationary and irresponsible. While I understand the jurisdictional dilemma of the gentleman from Texas (Mr. BROOKS) I think the imperatives of responsible countercyclical revenue sharing overcome them. I urge the defeat of the motion.

Mr. BROOKS. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. BROWN).

Mr. BROWN of Michigan. Mr. Speaker, the real problem of title II is that it is in a public works jobs bill. If we will read title II, it specifically says that none of the funds can be used for construction; so the gentleman from Texas and the gentleman from Arkansas are entirely correct when they say that this is basically revenue sharing. All it does is dump money into municipal budgets for whatever use those municipalities care to make of those funds, except that they cannot be used for construction.

Mr. Speaker, let me remind my colleagues that the unemployment rate today in the construction trades, I think, is around 14 percent.

The unemployment in the public employees' sector is a little over 4 percent. Now, the conferees on the part of the House on the HUD authorization bill, which we just finished the conference on last week, took the position of receding to the Senate to knock out what was truly a countercyclical jobs bill, which was passed in the HUD authorization bill.

That would have provided similar funds for a supplemental community development block grant program directed straight at the construction trades, where the highest unemployment is. Those dollars would have replaced unemployment compensation dollars. Because there were no mitigating factors, the money went where the unemployment was. If one was in a community of high unemployment, the money went to that person in comparison with other areas of unemployment. The reason that the jobs bill, the so-called Brown jobs bill, the supplemental community block grant program, was stricken, was because apparently the leadership of this House decided that it did not want this program because it was too good on the merits.

The SPEAKER pro tempore. The time of the gentleman from Michigan has expired.

Mr. BROOKS. Mr. Speaker, I yield 1 additional minute to the gentleman from Michigan.

Mr. BROWN of Michigan. Now, how we can take the position that we do not want a truly countercyclical jobs bill aimed at that sector of unemployment that is the greatest, the construction trades, where we get a ripple effect, I do not know. If we have a construction trades job, we have the demand for brick, we have the demand for mortar, we have the demand for lumber. That creates jobs. How we can say that we do not want that, but want this kind of program which just dumps money into the coffers of the cities with no promise of jobs, really is more than I can understand.

So, let us not be confused and say that this title II has anything to do with public works and jobs, because it does not. I urge that the gentleman's motion be concurred in.

Mr. WRIGHT. Mr. Speaker, I yield 3 minutes to the chairman of the subcommittee which drafted this legislation initially, the gentleman from New Jersey (Mr. ROE).

Mr. ROE. Mr. Speaker, I think we ought to try to deal in facts, and I know my colleagues are trying to give correct figures, but there may be a few points they are missing.

No. 1, construction unemployment in the State of New Jersey is well over 30 percent; not only in New Jersey, but in Pennsylvania and every other urban State. The idea that the so-called improvement of unemployment is now such that we are not directed any longer to the problems of our Nation in the urban centers is sheer foolishness. Let me point something out which has not been mentioned as yet today. As of the report on unemployment under date of June 15, there are now 20 States—20 States in this Nation—that have borrowed $3,095 million to support their unemployment compensation funds because the compensation funds to those 20 States for unemployment are broke. Now, we are coming back—and I speak of the situation in New Jersey—if the level of unemployment continues as it is going now, New Jersey's costs by the end of the year will be growing to $900 million borrowed from the Federal Government to keep people out of work. There has got to be something wrong with the priorities of this House, of this Congress and of this Federal Government, if we are not going to make a choice. People have a right to get a job and to get decent pay. If they go to work, they are not going to be on the public dole; we are not going to be taking billions of dollars to keep people out of work, and people are going to pay back into the compensation funds and they are going to make those funds liquid and self-sustaining. That is a vital point.

With all due respect to the gentleman from Ohio (Mr. LATTA) the comment is made today that there is no such thing as a free lunch. The Members had better believe it, but I tell them that the people of this country are a little bit fed up with this Congress serving up a free lunch of billions of dollars for every country throughout the world, but it cannot even feed our own people and keep our people working.

So when we start talking about euphemisms of free lunches, let us start talking about the people of this country, who are the people who elected us and sent us here to work. Those people want to go to work, and they want jobs. The only way we are going to do that is pass this type of legislation.

I point out something that has not been made totally clear yet. When we are looking at the urban centers of America, 15, 20, 30 percent of those people are out of work. Those Members who have 4½ percent of the people out of work in their particular regions are paying the $19, $20 billion a year for the Federal Government to pay unemployment compensation and welfare.

What is the right thing for America? The right thing for America is to pay attention to the matters of our people, give them the dignity to work, and give them a place to go back to work.

Mr. Speaker, I urge that we strike down this motion to strike.

Mr. BROOKS. Mr. Speaker, I yield 1 minute to the gentleman from Michigan (Mr. BROWN).

Mr. BROWN of Michigan. Mr. Speaker, I would like to direct a question to the gentleman who was just in the well.

The gentleman commenced his remarks by talking about the great problem in the construction trades, and I totally concur with him. But will the gentleman tell me how we can get one construction job, except in an indirect way, under title II, when the language reads:

> State and local governments may not use emergency support grants made under this title for the acquisition of supplies and materials and for construction unless such supplies and materials or construction are to maintain basic services.

That means we get no new jobs.

Mr. ROE. Mr. Speaker, if the gentleman will yield, that is the gentleman's interpretation. The gentleman asked me to answer his question.

Mr. BROWN of Michigan. Yes.

Mr. ROE. I disagree with the gentleman. What is written there is perfectly clear. There are funds to maintain basic services, so those cities can better maintain the services they have. It is all part of the economic development program.

Mr. BROWN of Michigan. The gentleman is further supporting and confirming that which was said, and that is that there is no new money in this title for construction jobs.

Mr. ROE. I will have to disagree with the gentleman.

The SPEAKER pro tempore. The time of the gentleman from Michigan (Mr. BROWN) has expired.

Mr. BROOKS. Mr. Speaker, I yield the gentleman from Michigan (Mr. BROWN) 1 additional minute.

Mr. BROWN of Michigan. Mr. Speaker, the language is clear. There is no help for construction trades in title II. There is money for municipalities, basically, to take care of their budget deficits.

Mr. ROE. That is not so. We are talking about firemen and policemen who have been laid off. They can use that for that purpose. Is that wrong?

Mr. BROWN of Michigan. I decline to yield further.

Of course, there are public service jobs dollars in here, but every time we fund a public service job, we fund one job. When we fund a construction trades job, it has a ripple effect, and many other jobs are created to provide the materials, supplies, et cetera, for the construction project.

I am only criticizing the gentleman for going into the well and talking about unemployment in the construction trades and saying that title II helps, because it does not.

Mr. WRIGHT. Mr. Speaker, I yield 2 minutes to the distinguished chairman of the Committee on Public Works and Transportation, the gentleman from Alabama (Mr. JONES).

Mr. JONES of Alabama. Mr. Speaker, I rise to urge that the motion to strike title II from the conference report on S. 3201 be defeated.

This title is an integral part of the vitally important antirecession package that is represented by this conference report—a package that has been carefully fashioned by members of the Public Works and Transportation Committee. If this title is removed from the conference report—the entire package will fail at a time when the undeniable need of the country for jobs has never been more critical.

Mr. Speaker, title II of S. 3201 would authorize a program of assistance to State and local governments which have been hard hit by the recession. The purpose of this assistance is to enhance the prospect of national economic recovery, in two ways.

First, a Joint Economic Committee survey found that the recession will force State and local governments to take about $8 billion in counterproductive budget actions this year which could retard economic recovery. These actions include reducing their work force, raising taxes, and delaying necessary capital improvement projects. The title II program would reduce the reliance of State and local governments upon such budget actions, and thus contribute to economic recovery.

Second, the Congressional Budget Office found that antirecession aid to State and local governments would have a substantial job-producing impact. In an analysis of various antirecession proposals, the CBO ranked a program similar to title II second highest as an employment stimulus, behind public service jobs, but ahead of public works.

Under the title II program, money would be distributed quarterly to individual State and local governments which had unemployment of 4.5 percent or more. The size of individual payments would be determined on the basis of a two factor formula: excess unemployment, as a measure of the impact of the recession, times revenue sharing entitlements, as a measure of the size of individual jurisdictions. The key factor in allocating the funds to State and local governments is excess unemployment. Thus, under the countercyclical formula a jurisdiction's allocation will vary considerably from quarter to quarter depending on its unemployment rate. Funding authorized under title II rises as unemployment increases and falls as unemployment decreases. That is, the amount authorized for countercyclical assistance increases or decreases each quarter with each one-half point fluctuation in the national unemployment rate. When the national unemployment rate reaches 6 percent $125 million would be authorized and an additional $62.5 million would be added for every increase of 0.5 percent in the unemployment rate. In other words, if national unemployment were at 7.3 percent, as it is today, countercyclical assistance would be authorized at an annual rate of $1 billion.

Countercyclical assistance is a temporary anti-recession program that is only authorized when national unemployment is above 6 percent. The program would shut itself off once national unemployment dropped below 6 percent.

Mr. Speaker, the need for this program has been recognized by the Joint Economic Committee and by extensive hearings by the Senate Government Operations Committee.

All of this convinces me that the House should defeat this motion, retain title II in the report and then approve the conference by an overwhelming margin and clear it for action by the President.

The SPEAKER pro tempore (Mr. GIBBONS). The gentleman from Texas (Mr. WRIGHT) has 5 minutes remaining, and the gentleman from Texas (Mr. BROOKS) has 2 minutes remaining.

Mr. WRIGHT. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Illinois (Mr. ANDERSON).

Mr. ANDERSON of Illinois. Mr. Speaker, I rise in support of the conference report and in opposition to the motion to strike title II from the bill.

I realize that some jurisdictional sensibilities have been affected by the inclusion of this title in the legslation, but let me suggest that those who are suffering today from the penalties of unemployment cannot always patiently wait for the resolution of jurisdictional conflicts in the Congress.

I can be accused of representing a parochial interest, because in my own home district, in the largest urban constituency, the unemployment rate is still 9.3 percent, and under this countercyclical provision of the bill some $1.1 million would flow into that area. But with the guarantees that have been provided, with the sunset provision, we are only talking about 5 quarters, so we are only talking about $1,250 million that will be rifle-shotted into those areas of unemployment. Certainly I find this a much more preferable approach than the Humphrey-Hawkins approach or some of the other very glamorous proposals that are now being offered to the Congress for full employment.

At least here the Congress has attempted to pinpoint and to target those areas where there is need and to do something about it.

In my own district not long ago notices went out to 415 schoolteachers stating that their contracts could not be renewed because the money was gone and they had been unable to get the taxpayers in those districts as yet to agree to the kind of tax increase that would be needed.

Mr. Speaker, let me point out the dilemma that is being faced today by many of our constituents. Cities have two options when in the course of a recession they find their revenues are shrinking: They can either raise taxes or they can reduce public services. Either course they follow is going to do what?

It is going to drive industry out, it is going to frighten away the industry that might locate in that area, and it is going to have an adverse impact on the effort of that area to build a sounder and a better economic base.

I would repeat, I will say to the Members of the House, that I think this basically is a kind of revenue sharing. We have had a debate here today as to whether it is or whether it is not. I choose to believe that it is a spinoff of revenue sharing, and this is a tried and true concept. We have had it in place since 1972. It does mean that the money is going to go out.

I know in my own area that necessary public safety services, such as those performed by firemen, are going to be retained that would otherwise have to be displaced, and we can maintain the kind of general government that will enable that area to prosper and grow.

I hope, therefore, Mr. Speaker, that the Members will reject the motion to strike and will support the conference report.

The SPEAKER pro tempore. The gentleman from Texas (Mr. BROOKS) has 2 minutes remaining, and the gentleman from Texas (Mr. WRIGHT) has 2 minutes remaining. The gentleman from Texas (Mr. WRIGHT) has the right to close debate.

Mr. BROOKS. Mr. Speaker, I would just close by saying briefly that this bill or this particular section of the bill will not create any new jobs. There is no way it can. It says that it will not. It is not constructed to. It will not help solve the unemployment problem in this Nation.

Mr. Speaker, with respect to the bill itself, the other provisions in the bill will be very helpful. I support the other provisions. I supported the bill when it passed in the House. I supported it in committee. I liked it in committee. I supported it. It is a great bill.

It went to the Senate and came back to conference and got loaded up. This provision does not help cure unemployment, this title II. However, it does add to the inflation in this country. It pumps in another $1.250 billion. We are already pumping into cities, States, and communities in this Nation $70 billion in grants annually.

In addition to that, last week Christmas came early, and again last week we pumped in $6.650 billion in revenue sharing funds.

Mr. Speaker, I just do not believe that pumping any more money in is going to help them. If it would help, it might be worth doing. This is just a stopgap operation dreamed up in the Senate when the bill was in the Committee of Conference and they blackjacked the work of our conferees who were dedicated to public works and rightfully so. We supported it, and they just would not give any ground at all.

Mr. BROWN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. BROOKS. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Speaker, I thank the gentleman for yielding.

Some Members have said that this is going to help out our cities.

Do they know the details of this program? It is triggered when national unemployment is 6 percent, but the funds go to communities having only 4.5 percent.

With its reduced level of funding, it gives a little something to almost everyone but provides no real relief to areas of high unemployment. It just does not make sense.

The SPEAKER pro tempore (Mr. GIBBONS). The time of the gentleman from Texas (Mr. BROOKS) has expired.

Mr. WRIGHT. Mr. Speaker, I yield one-half minute to the gentleman from Texas.

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. BROOKS. I yield to the gentleman from Alabama.

Mr. JONES of Alabama. Mr. Speaker, the gentleman from Texas (Mr. BROOKS) acknowledges the fact that if title II is stricken from this bill, it kills the whole proposition; does he not?

Mr. BROOKS. If title II is stricken from the bill, the rest of the bill is viable, valid, and worthwhile.

The SPEAKER pro tempore. The gentleman from Texas (Mr. WRIGHT) has 1½ minutes remaining.

The Chair recognizes the gentleman from Texas (Mr. WRIGHT).

Mr. WRIGHT. Mr. Speaker, the choice before us at this moment is whether or not we shall have a meaningful jobs bill. It is that simple.

We have come to the end of a year and a half of labors. We have passed this bill in this House on four separate occasions. On each such occasion it passed by a margin of better than 3 to 1. The last time it was 6 to 1.

We passed it over the President's veto by about 3 to 1, and it contained a provision almost identical to title II, on which there is now a motion to strike.

Mr. Speaker, the Senate has already acted on this conference report. They have passed it by a vote of 70 to 25. This exceeds the two-thirds margin that they failed to muster over the President's veto. This gives us good reason to hope either that the President will sign it in this reduced form, or that Congress can override the veto.

Now, if we vote down title II, it is dead; the whole proposition is dead. The Senate already has discharged its conferees. Therefore, please do not be misled by considerations of how one ideally might prefer the bill to be written in its detailed express provisions.

This bill in its present form is the ultimate product of a long process of compromise between the House and the Senate. Compromise is the heart of legislation, the cement, as Henry Clay said, that holds the Union together.

Mr. Speaker, if we want a jobs bill, if we want to put Americans back to work at useful tasks, we will vote down this motion to strike and vote for the conference report because it is the only way we have left in this Congress to get there.

PARLIAMENTARY INQUIRY

Mr. BROOKS. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state his parliamentary inquiry.

Mr. BROOKS. Mr. Speaker, is it not true that in the event that title II would be voted down, the recourse for the House would be to send this bill, as amended, back to the Senate, and they could then appoint another conference committee and we could proceed with the bill and pass the bill without even having to get it vetoed?

The SPEAKER pro tempore. The Chair will state that the House could insist upon its amendment and return the bill to the Senate.

Mr. BROOKS. I thank the Chair.

Mr. HOWARD. Mr. Speaker, in February of this year when the House was considering H.R. 5247, the President could offer us only one alternative to a meaningful accelerated public works, economic development and countercyclical aid bill, H.R. 11869—a program of supplementary community development grants. What he failed to explain about this so-called alternative to public works and countercyclical aid was that State and local governments would not be able to do a wide range of the kinds of projects and economic development programs that the legislation, H.R. 5247 or this revised legislation, S. 3201 will allow. The President's alternative would not have allowed local governments to build a number of municipal facilities like firehouses, courthouses; it would have prohibited the construction of facilities that were for the general public and not for a target population; it would not have allowed local governments to develop a number of health and educational facilities that were for the general use of the public, or stadiums, auditoriums, sports arenas, concert halls, cultural or arts centers, museums, central libraries, or convention facilities.

In other words, the President offered us no reasonable alternative. This concept of supplemental community development funds has again been rejected—just last week—by the House and Senate conferees on the Housing legislation.

The bill before us, S. 3201, is our major hope for a balanced antirecession public works and jobs program, and the point is, that the combination of public works and countercyclical aid to State and local governments will provide you with a balanced approach.

In defense of countercyclical aid, beyond the fact that it will bring $59 million to a State like New Jersey which is facing a serious fiscal crisis, is the fact that it will provide for the maintenance and continuation of basic and essential services. It is not for the purchase of equipment or for construction. It will enable troubled State and local governments to continue critical services which may otherwise be reduced or eliminated altogether in the coming months as the critical budget cycle reaches its climax at those levels. New Jersey government will face a deficit of several hundred million dollars. Many valuable programs will be lost, and countercyclical aid could very well mean the difference.

Countercyclical aid has been criticized as a program that does not belong in a "jobs" bill. Well, in fact, it is just as important to prevent layoffs that will add further to the unemployment picture. The infusion of countercyclical aid dollars will keep programs going, and will keep people employed in meaningful jobs.

Countercyclical aid has been accused of being duplicative of public service employment legislation. In fact, the objectives of these two programs are complementary, not duplicative. Public service employment funds can be focused on putting people to work and reaching the disadvantaged unemployed. Countercyclical aid will help retain programs and jobs at State and local governments. The point, again, is that we are developing a balanced approach to an antirecession/jobs package—accelerated public works, countercyclical aid and public service employment go hand-in-hand.

Countercyclical aid does belong in this legislation. It is critically needed, and I strongly hope that any effort to eliminate it from this carefully considered package of programs will be defeated strongly so that this Congress will appear strongly united behind a program that will produce jobs and put people to work.

Mr. MOFFETT. Mr. Speaker, it is my belief that the provisions contained in this bill will help combat the serious economic problems faced by States like Connecticut. I would like to briefly review the legislation for it provides an insight into the manner in which the Congress is working for economic improvement.

The bill would authorize $2 billion in grants to State and local governments for construction, renovation, and improvement of local public works projects, giving priority to areas where unemployment rates exceed the national average. This is expected to create nearly 200,000 jobs in the onsite construction and construction materials industries. Another provision would authorize $700 million in grants for the construction of publicly owned waste water treatment works and would create about 60,000 jobs. Title II, around which much of the debate has centered, would provide $1.25 billion in countercyclical grants to allow State and local governments to continue basic services during periods of high unemployment and would preserve approximately 90,000 jobs.

There has been some argument that title II is no longer needed since the national economy is now improving. However, from the mail my office has been receiving and from personal visits to my district, it is clear to me that many, many individuals and industries are still suffering from the effects of unemployment and recession.

It has also been said that title II will create no new jobs and so will not help fight high unemployment rates. It takes little foresight to realize that we must also work for the continuation of current jobs, that States forced to cut expenditures will also be forced to lay off State employees. Further, it is essential to aid States and localities with unemployment rates over 6 percent in performing their normal functions in order to bring some consistency to national economic policies.

Many people in my district and throughout the Nation are looking to their legislators to provide guidance on the economic situation and to provide the opportunity for work in a meaningful capacity. The public works jobs created in this bill will not only help meet these expectations, but will also provide relief to the construction industries while providing localities with the lasting benefits of needed public facilities.

This bill is beneficial in that it helps both to alleviate the immediate problem of high unemployment and to provide long-term improvements to State and local governments. I urge my colleagues to lend it their support.

According to a letter I received today from the National Farmers Union, 129 of the 150 major labor areas in the Nation had more than 6 percent of their work force unemployed last month. The unemployment rate was over 10 percent in 38 of those areas. Thus, we must not be complacent because of recent economic improvements or neglect those individuals whose situations have not changed for the better.

A recent survey of local officials in my district indicates that the countercyclical provision is crucial to this legislation. Let us give our workers, our construction firms a chance to go back to work in the most unemployment-plagued parts of America.

Mr. FOUNTAIN. Mr. Speaker, I rise in opposition to title II, which is a nongermane, irrational, and defective Senate amendment to a good public works bill passed by this House.

When title II was previously brought before this body in a conference report last January, it was designed as a countercyclical measure, although a very defective one.

The title II before us today is no longer a countercyclical measure in any respect. It has been transformed into another general revenue sharing program, but one that lacks most of the protections and safeguards built into the revenue sharing bill passed by this body two weeks ago. For example, title II makes no provision whatever for citizen participation or involvement in how the $1.25 billion will be spent, and it does not prohibit discrimination against the handicapped and the aged.

Moreover, it is not even clear from title II which local governments will be eligible for assistance. To be eligible, a local government must perform "substantial functions." However, title II fails to define what is meant by "substantial functions," leaving this basic determination to be resolved by the bureaucracy without congressional guidance. Similarly, title II is unclear as to whether—or to what extent—these funds, which section 204 says are intended to be used for the "maintenance of basic services," can be used for construction and for supplies and materials. These ambiguities should not be tolerated in Federal grant legislation.

Furthermore, if even one penny of these funds is used for any construction project, the inflationary Davis-Bacon prevailing wage requirements would apply. This requirement was rejected in the revenue sharing bill passed by the House and is strongly opposed by the cities and counties in my State.

There is no doubt that many of our cities are in financial trouble. Their fiscal difficulties stem largely from fixed municipal boundaries that require increasingly higher local taxes to meet the service needs of a disproportionate number of low-income residents as the more affluent citizens, as well as businesses, move to the suburbs. These fiscal pressures have been aggravated in the past few years both by recession and inflation, including steeply higher energy costs. In addition, some cities and counties are burdened by large welfare and health expenditures that might, more properly, be borne by higher levels of government.

These are problems that can be solved by appropriate Federal and State legislation, but title II does not come to grips with any of them. Although title II claims to deal with the effects of the recession, it does not relate in any meaningful way to recession conditions. A State or local government is eligible for assistance if its unemployment rate exceeds 4.5 percent—an unemployment level that has prevailed in some of our most prosperous years. The funds are then distributed under title II in accordance with the general revenue sharing formula. In effect, title II has been transformed into another revenue sharing program.

It should be noted, however, that some State and local governments would not qualify for assistance even with the relatively low 4.5 percent trigger. In April 1976, the most recent month for which figures are available, four States—Nebraska, Wyoming, South Dakota and Kansas—had unemployment rates at or below 4.5 percent.

Another serious defect of title II is that unemployment data are available for only 1,200 of the 38,000 or so general-purpose local governments. For most local governments, estimates will have to be made and this could become a political football. Unemployment rates are not only unreliable, but also a poor measure of local revenue losses caused by recession.

If the House wishes to increase revenue sharing expenditures by $1.25 billion, the logical and efficient way to do so is to add that amount to the bill we passed earlier this month. I personally favor more funds for revenue sharing and a longer program than the 3 and ¾ years approved by this body. But, it makes no sense to complicate the Federal grant structure further by enacting a similar program with differing or conflicting provisions. This is a prime example of how the grant proliferation that all of us now condemn has taken place in the past.

If the House wants a real countercyclical program, we must defeat title II so that the Government Operations Committee can bring a meaningful bill before this body. In testimony before the Rules Committee last week, I made a commitment that the Intergovernmental Relations and Human Resources Subcommittee would hold hearings on this matter if title II is defeated. It was the consensus of the cities, counties, and States affected that this matter should not be taken up by our subcommittee until general revenue sharing was disposed of. And, as you know, House action on the $6.65 billion revenue sharing bill was completed only this month.

I urge my colleagues to join in rejecting this poorly conceived Senate amendment so that the House can hold responsible hearings and deal with countercyclical legislation in a rational and responsible way.

Mr. LAGOMARSINO. Mr. Speaker, there is an item in this conference report that's just like a bad penny; it keeps turning up again and again.

If you get the feeling we have been through all this before, we have. Twice before, in fact, and this is the proverbial third try. Maybe it will be a charm.

The bad penny is title II. Twice before, this bill has left this House in fairly good shape. And twice before, the Senate has minted a false version. I think it is time we called a halt to this charade.

Title II is nothing more than a Federal bailout provision for certain cities. It is a little-New York City bailout bill, plain and simple. It penalizes those States and localities which are well managed. It rewards mismanagement and spendthriftness. It is a textbook example of how not to treat a wayward teenager, if you will. And if this title sticks in the bill, it probably will be vetoed—again.

Mr. Speaker, last February we stood on this floor and debated whether to sustain the President's veto on H.R. 5247, the predecessor to this bill. I spoke on the "false promise" of the bill as an election year ploy. In reading those remarks today, I found that nothing has occurred in the interval to change my mind. In fact, if anything, the passage of time has reinforced my conviction that it was the wrong bill at the wrong time. I was pleased when the veto was sustained in the Senate, and pleased when this House saw the error of its ways and reported out a scaled down version of the bill which I supported and voted for. Then the Senate worked its will, and the bad penny, title II, cropped up again.

Mr. Speaker, what has happened since this House last voted on title II? Well, several things. Unemployment has gone down, to a point where everyone now agrees the recession is over. Inflation has gone up, to the point where it has once again reached the danger level. In May, it was running at a 7.4 percent annual rate, as compared to a 2.9 percent annual rate for the first 3 months of the year. And New York City is once again on the verge of default—this time on the Federal loan we gave them.

Mr. Speaker, I submit that today is even a worse time to pass this bill than last February. If we take this step down the road to bailout, it will never end. Not 2 weeks ago, this House passed a $25 billion revenue sharing bill for the States and local government. One of the main points of debate was whether there should be strings attached to the program, and it was determined there should not. So what are we doing here today tying a bunch of strings to a new city and State aid bill? Is this any way to celebrate our Independence Day? I think not, Mr. Speaker. And I think the governors and the mayors who have given this matter some thought feel the same way. This is nothing more than pork barrel politics. A public employees job benefit bill, and no less of a scandal than the matter that was the subject of so much debate this morning in this chamber.

Mr. Speaker, let us avoid another scandal. This is not petty theft of public funds, it is grand larceny, and I urge my colleagues to use their commonsense, and delete title II from this bill.

Mr. HORTON. Mr. Speaker, I rise in support of title II of the conference report on S. 3201. Title II contains the countercyclical legislation which has twice been before this House. It represents the type of assistance which is vital to the continuation of the economic recovery we are currently experiencing.

Many communities have not experienced the upsurge in employment that some regions of the country have enjoyed. Consequently, this assistance is timely and very much needed.

The provision would provide assistance to communities with an unemployment rate of greater than 4.5 percent when the national figure is 6 percent. It is a controllable because the legislation will operate for only 5 calendar quarters at a rate of $250 million per quarter.

Mr. Speaker, I believe the time has come to stop waiting for action on jobs and begin completing the task of putting America back to work. I support the countercyclical proposal and urge its retention in the conference bill.

The SPEAKER pro tempore. Without objection the previous question is ordered on the motion to strike title II.

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. BROOKS).

Mr. BROOKS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 153, nays 259, not voting 19, as follows:

[Roll No. 439]

YEAS—153

Abdnor
Alexander
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Ashley
Bafalis
Bauman
Beard, Tenn.
Bedell
Bell
Bennett
Breckinridge
Brinkley
Brooks
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burleson, Tex.
Burlison, Mo.
Butler
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Conable
Crane
Daniel, Dan
Derwinski
Devine
Dickinson
Downing, Va.
du Pont
Edwards, Ala.
English
Erlenborn
Eshleman
Evans, Ind.
Evins, Tenn.
Findley
Flowers
Flynt
Fountain
Frenzel
Frey
Fuqua
Gibbons
Goldwater
Goodling
Gradison
Grassley

Guyer
Hagedorn
Hammerschmidt
Hansen
Harsha
Hightower
Holt
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jordan
Kasten
Kelly
Kemp
Ketchum
Kindness
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Levitas
Long, Md.
Lott
Lujan
McClory
McCollister
McEwen
Mahon
Mann
Michel
Miller, Ohio
Mills
Montgomery
Moore
Moorhead, Calif.
Mosher
Myers, Ind.
Myers, Pa.
Paul
Pettis
Pickle
Poage
Quie
Randall
Regula
Rhodes
Robinson
Rose
Roush
Rousselot
Runnels
Ruppe
Ryan
Satterfield
Schneebeli
Schulze
Sebelius
Shriver
Shuster
Sikes
Skubitz
Smith, Iowa
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steelman
Stuckey
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Treen
Vander Jagt
Waggonner
Wampler
Whitehurst
Wiggins
Wilson, Bob
Wilson, Tex.
Winn
Wylie
Young, Alaska
Young, Tex.

NAYS—259

Abzug
Adams
Addabbo
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Annunzio
Aspin
AuCoin
Badillo
Baucus
Beard, R.I.
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Brodhead
Broomfield
Brown, Calif.
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Carter
Chisholm
Clay
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Derrick
Diggs
Dingell
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Emery
Esch
Evans, Colo.
Fary
Fascell
Fish
Fisher
Fithian
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fraser
Gaydos
Giaimo
Gilman
Ginn
Gonzalez
Green
Gude
Haley
Hall
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Hébert
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Henderson
Hicks
Hillis
Holland
Holtzman
Horton
Howard
Hubbard
Hughes
Hungate
Jeffords
Jenrette
Johnson, Calif.
Jones, Ala.
Jones, Tenn.
Kastenmeier
Kazen
Keys
Koch
Krebs
Lehman
Lent
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Lundine
McCloskey
McCormack
McDade
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Martin
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Hara
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pike
Pressler
Preyer
Price
Pritchard
Quillen
Railsback
Reuss
Richmond
Rinaldo
Risenhoover
Roberts
Rodino
Roe
Rogers
Roncalio
Rooney
Rosenthal
Rostenkowski
Roybal
Russo
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Shipley
Simon
Sisk
Slack
Solarz
Spellman
Staggers
Stanton, James V.
Stark
Steed
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Symington
Thompson
Traxler
Tsongas
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Walsh
Waxman
Weaver
Whalen
White
Whitten
Wilson, C. H.
Wirth
Wolff
Wright
Yates
Yatron
Young, Fla.
Young, Ga.
Zablocki
Zeferetti

NOT VOTING—19

Baldus
Conlan
Daniel, R. W.
Dent
Fenwick
Hays, Ohio
Helstoski
Hinshaw
Howe
Karth
Leggett
McDonald
Metcalfe
Milford
Peyser
Rangel
Rees
Riegle
Wydler

The Clerk announced the following pairs:

Mr. Dent with Mr. Conlan.
Mr. McDonald with Mr. Karth.
Mr. Rangel with Mr. Rees.
Mr. Leggett with Mr. Hays of Ohio.
Mr. Baldus with Mr. Robert W. Daniel, Jr.
Mr. Riegle with Mr. Wydler.
Mr. Helstoski with Mrs. Fenwick.
Mr. Metcalfe with Mr. Peyser.
Mr. Milford with Mr. Howe.

Mr. KRUEGER and Mr. BRECKINRIDGE changed their vote from "nay" to "yea."

Mr. BURKE of Florida changed his vote from "yea" to "nay."

So the motion to strike was rejected.

The result of the vote was announced as above recorded.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 11, 1976.)

Mr. JONES of Alabama (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The SPEAKER. The gentleman from Alabama (Mr. JONES) will be recognized for 30 minutes, and the gentleman from Arkansas (Mr. HAMMERSCHMIDT) will be recognized for 30 minutes.

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield myself such time as I may consume.

Mr. CONTE. Mr. Speaker, will the gentleman yield?

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield to the gentleman from Massachusetts.

Mr. CONTE. Mr. Speaker, I rise in support of the local Public Works Employment Act (S. 3201).

I stand here as a cosponsor of this legislation as I originally stood as a cosponsor of the Local Public Works Capital Development and Investment Act (H.R. 5247) on its original passage, passage of the conference report and on the successful House vote on the override. Unfortunately, as we all well know, the other Chamber failed to override the Presidential veto by only three votes. Those three crucial votes prevented a multibillion-dollar public works program from going in effect. Had the bill been enacted in mid-April, we would have seen application grants approved by this time because it provided that applications would be deemed approved if the Department of Commerce did not act on the applications within 60 days. This legislation provides the same expediting language.

The bill before us is essentially the same as the House-passed version—H.R. 12972, which was approved by this Chamber on May 13, 1976, with two essential changes. This legislation contains the antirecession or countercyclical provisions that the vetoed bill contained as well as grants for publicly owned waste water treatment works which was also part of the vetoed legislation. These two items appear in the legislation as titles I and II, respectively.

The justification for title II—Public Works—of the bill is clear. We are providing jobs through the implementation of public works projects throughout the States.

Time and time again, I have stood on this floor advocating the rejuvenation of programs such as the Works Projects Administration—WPA—during the late thirties and early forties. My reason for support of these programs is the plain and simple fact that when projects are concluded we have a tangible and substantial lasting benefit. For example, the WPA program produced 19,000 schools, hospitals, and Federal buildings that are still in use today.

A brief look at the experience of the Works Program Administration established during the Great Depression to combat unemployment will illustrate the potential of the legislation we are now considering. In the Commonwealth of Massachusetts alone, the WPA built more than 4,000 miles of roads, 107 bridges, 429 public buildings, 65 stadiums, 565 acres of park, and 476 acres of athletic fields. Most of these facilities are still in use today—40 years later.

I should now like to comment on title II of this bill which has been met with some degree of controversy. Title II is the antirecession and countercyclical program which was inserted by the Senate. It is argued that this program is not germane as it resembles revenue sharing and more properly comes under the jurisdiction of the Government Operations Committee.

I suggest that the section is germane because the nature of title II is not a blanket revenue sharing program, but more of a temporary five-quarter assistance to the States where unemployment levels reach a critical point. The funds are further earmarked for specific public works programs. Title II will insure the continuance of basic local services. It is evermost important to keep other important distinctions between general revenue sharing and antirecession assistance in mind.

Revenue sharing is a steady flow of capital based on fixed formulas. Title II assistance fluctuates with the unemployment levels.

Revenue sharing is extensive in that all cities and communities receive proportional shares. Title II antirecession grants are extended only to those areas with critical unemployment levels.

It is for these reasons that title II should remain in this legislation.

The funding levels in the conference report for titles II and III are lower than the Senate version. The countercyclical assistance in the conference report was reduced from $1.375 billion to $1.25 billion. The wastewater treatment works grant program (title III) was reduced from $1.4 billion to $700 million.

It is clear that the Secretary of the Treasury and the Director of the Office of Management and Budget will again recommend that the President veto this legislation.

I fear I must once again speak on behalf of this most important and necessary legislation.

I urge my colleagues to adopt this conference report and I stress that this support must continue through to enactment which is already long overdue.

Thank you, Mr. Speaker.

Mr. HAMMERSCHMIDT. Mr. Speaker, as a conferee on S. 3201, I did not sign the conference report because of reasons earlier stated in this debate. But, now the House has spoken on my major concern by a vote of 259 to 153. So, I rise in support of the conference report on S. 3201. However, I do so reluctantly.

Mr. Speaker, I feel that the provisions added in conference weakened the bill as it originally passed the House. I would much prefer to have seen the House bill enacted. I believe it would have more effectively created jobs and stimulated the construction industry which currently suffers from an unemployment rate over twice the national average. The House took steps to design the legislation to create jobs quickly. The administration must generate regulations within 30 days of passage. Projects must be acted on within 60 days of receipt. Onsite labor must begin within 90 days of project approval. However, the provisions added in the other body and accepted in conference would be a less effective creator of jobs and there is some question as to whether the provisions are necessary in light of recently passed bills extending revenue sharing and the Water Pollution Control Act. However, defeating the conference report would further delay action to create jobs and could totally kill any efforts this Congress may put forth.

I really believe that if we had been able to strike title II, the Senate would have appointed new conferees and we could have reconsidered the conference report, but that is academic now.

Earlier the House considered a conference report on H.R. 5247 which contained many of the same provisions. At that time a separate vote was taken on title II, countercyclical grants. Members have had an opportunity then and now to voice their objections and to consider the provisions of the conference report which are different from the House-passed bill.

Members have been given this opportunity and the matter has been decided. I urge the House to act swiftly on this measure and enact the conference report.

More than a year ago, the House overwhelmingly passed a public works jobs bill. Regardless of the other provisions in this conference report, the measure before us today would create jobs and provide communities with funds to construct public facilities. To delay further would be an injustice to the many unemployed Americans.

I urge enactment.

Mr. LEVITAS. Mr. Speaker, will the gentleman yield?

Mr. HAMMERSCHMIDT. I yield to the gentleman from Georgia.

Mr. LEVITAS. Mr. Speaker, I thank the gentleman for yielding to me. I would like to associate myself with the remarks of the gentleman from Arkansas.

I, too, voted to strike title II because I think it is not effective; that it is inflationary and should not properly be in this bill at all, but the House has now spoken its will. I think we should support the conference report, and I intend to support it, as stated by the gentleman from Arkansas, because I think it is a badly needed piece of legislation. The jobs it will provide will be almost entirely in the private sector; workers, contractors, craftsmen, people selling building materials, architects, engineers, in short, those doing the work are coming from the traditional private sector to build needed facilities, like jails, schools, parks, roads, and the like.

I urge Members to join with me in support of the conference report.

Mr. HAMMERSCHMIDT. I thank the gentleman, a member of the committee, for his comments.

Mr. DON H. CLAUSEN. Mr. Speaker, will the gentleman yield?

Mr. HAMMERSCHMIDT. I yield to the gentleman from California.

Mr. DON H. CLAUSEN. Mr. Speaker, as my colleagues may remember, we were faced with the same problem last January as we are today. We have a conference report before us which bears little resemblance to the original House version of the Local Public Works Capital Development and Investment Act. For well over a year now the House Public Works and Transportation Committee has worked hard to provide jobs to areas throughout the country that have been hard hit by excessive unemployment. The Senate has repeatedly ignored the House's regard for jurisdictional questions to which this body must adhere, and as a result the Senate has insured one veto and is inviting another.

I supported this measure last January because I felt that our unemployment problems were so important that immediate action was necessary. I still believe this to be true and although I find the Senate's actions and additions reprehensible, the importance of title I, which will provide an immediate shot in the arm to pockets of poverty, is indisputable. The House bill would have authorized $2.5 billion for the construction of public facilities. It would have created jobs and provided a great boost to the construction and building and trades industry where unemployment is among the highest in the Nation. The House bill was specifically designed to create jobs quickly by stipulating that projects must be ready to go and onsite labor must begin within 90 days. Unfortunately, the other body has made a Christmas tree out of the original legislation.

One such provision which disturbs me is the inclusion by the conference committee of $700 million for the construction of waste water treatment facilities. This provision is to accommodate the water pollution formula revision according to the Senate Talmadge-Nunn amendment. As my colleagues will recall, on June 3 the House passed the Water Pollution Control Amendments of 1975 (H.R. 9560). This bill contained a revision of the allocation formula for waste water treatment construction and provided additional funds for the construction of these facilities. The House overwhelmingly passed this legislation. If the Senate would act quickly to do the same there would be absolutely no need for the $700 million contained in this conference report. I might point out that I suggested this in conference and had this action been taken we could have retained the $2.5 billion level for public works programs but instead the House public works program was reduced to accommodate this totally unnecessary amendment.

The House Public Works Committee and the full House acted in good faith and with dispatch to address the unemployment problems; but the insistence of the Senate to add amendments that are not germane because of jurisdictional questions relating to countercyclical aid and the previously referred to water pollution amendments, will once again slow down our efforts to enact a meaningful jobs bill.

With this in mind I do support this measure because I believe title I, the public works jobs provision, is so important to our economy and those pockets of poverty and excessive unemployment which need immediate attention.

Mr. ESCH. Mr. Speaker, will the gentleman yield?

Mr. HAMMERSCHMIDT. I yield to the gentleman from Michigan.

Mr. ESCH. Mr. Speaker, I appreciate the gentleman yielding to me. I just want to commend the gentleman. In general, although I believe we must create jobs in the private sector, I commend him for recognizing that this is one area which needs doing now. I commend his decision to support the conference report, and I urge the House to do likewise.

Mr. HAMMERSCHMIDT. I thank the gentleman.

Mr. WRIGHT. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. JOHNSON), a member of the committee.

Mr. JOHNSON of California. Mr. Speaker, I take this time to clarify a matter that is in the bill. I wonder if the gentleman from Texas would respond.

Mr. Speaker, I would like to clarify one thing if I may. Section 102(3) defines "local government" as any "city, county, town, parish, or other political subdivision of a State." I would just like to make it clear in my own mind that the term "any other political subdivision of a

State" would include a local school district. Is this a correct interpretation of that term?

Mr. WRIGHT. The gentleman is absolutely correct. A local school district, under the terms of the bill, most emphatically is considered as a local subdivision of government, and, therefore, is entitled to participation along with other local governmental subdivisions.

Mr. JOHNSON of California. I thank the gentleman from Texas for his answer.

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan (Mr. Brown).

Mr. BROWN of Michigan. Mr. Speaker, this bill was bad when it came before the House before, and it is worse now.

To retain title II in this bill, and claim that it does something for somebody, is pure hogwash. The amount of funding has been reduced to $1,250 million. The formula has been changed so that any time we have unemployment in excess of 6 percent nationally, any community with over 4½-percent unemployment gets money.

How can any of the Members who serve areas where unemployment is high, compared nationally, accept a proposal that will pour money into communities that have unemployment less than the national average? This just does not make sense.

Furthermore, with respect to title I, there is this grandiose idea that in 30 days we are going to get regulations adopted, in 60 days projects will be approved, and in 90 days the projects will be under construction. That is not feasible, and every Member knows it.

What we are going to be doing is just throwing money out helter-skelter. Projects have to be approved on a project-by-program, as in the HUD conference the gentleman from New York (Mr. LaFalce) pointed out, there is no way that one man in his area of New York can go over and check projects that will be eligible for funding under this program.

Title I does not make sense.

There was actually an opportunity for us to have a good jobs bill, which put the money where the unemployment is. There were no other mitigating factors. It had a triggering mechanism of 6 percent unemployment nationally, and you got money if unemployment was over 8 percent in your individual community. Again, it put the money where the unemployment is. This bill spreads the money around to the point that it is totally cost-ineffective.

I know everybody wants to vote for a jobs bill, but I would respectfully suggest we would be a lot better off to defeat this conference report, because it is going to be vetoed anyway, defeat this conference report, send the HUD conferees back to conference on the authorizing bill and have them accept that good jobs bill. More money will go to your community if you have high unemployment than will under this bill. Under that program we do not have to worry about 30 days for one thing, 60 days for this, and 90 days for something else. Under that program all we do is supplement the community development block grant program. The mechanisms for funding are there. The allocation formula is much more equitable. We are not going to be just passing a bill so that we pass a jobs bill. We will actually be passing a jobs bill, where we are putting the money for jobs where we are now putting money in the same area for unemployment compensation benefits.

It seems to me that is a much more sensible, direct, concise and proper approach than the present bill.

I urge my colleagues to defeat this proposal so that we can act upon a jobs program that is truly cost-effective and does something for the high unemployment areas instead of engaging in pork barreling, as this bill does.

Mr. WRIGHT. Mr. Speaker, I yield such time as she may consume to the gentlewoman from New York (Ms. Abzug).

Ms. ABZUG. Mr. Speaker, I would like to clarify the last point that was made. In jurisdictions such as my own, which have extremely high unemployment, the reduction in the countercyclical formula which permits local governments experiencing a 4½-percent unemployment rate to qualify assistance is very expensive.

On the other hand, in analyzing the figures, we have found out that nationally only 2 percent of the recipients are local governments that have unemployment between 4½ and 6 percent—almost all the recipients will still be those with unemployment above the 6-percent level. Title II will therefore still be directing funds to areas with genuine need.

The more important issue here is that we have produced a bill which is desperately needed for a period in which we still have high unemployment. We have before us such a bill.

Although the national unemployment average is still at an unacceptable 7.3 percent, there are many States throughout the country that have an unemployment rate of 9.5 percent or more, and there are many localities within these States that have even higher rates. For instance, Michigan has the incredibly high statewide unemployment rate of 10.2 percent, Alaska has 10.1 percent, while California, Vermont, Oregon and New Jersey have 9.9 percent; New York, my own State, has a 9.5-percent unemployment rate. The figure for Florida is 10.1 percent. In Rhode Island it is 10.6 percent.

What we have before us is a scaled-down public works bill which will create jobs in a number of areas. It will create jobs, as we know, in the construction area, and it will create jobs indirectly in a number of allied fields that are assisted by more work in the construction field through public works. It will also create hundreds of thousands of other jobs in the private sector. The title II countercyclical program will permit the retention of perhaps 100,000 civil servants, who would otherwise be laid off by fiscal constraints.

When they lay off civil servants without countercyclical assistance, they also cut back on major capital improvement construction programs. I do not think that question was dealt with here today. In other words, the countercyclical assistance which allows us to maintain employees in municipal, county, village, and State governments not only enables us to maintain their employment so they can eat, but it also enables us to maintain capital improvement programs which indeed are needed and construction programs and major public works improvement programs that we need.

Mr. Speaker, it seems to me that what we are doing here today is trying to put people back to work and on payrolls doing the necessary work of the Nation rather than continuing the spending of the current $30 billion annually on unemployment insurance, food stamps, welfare, and other social service programs—all necessitated by our current economic conditions.

I believe it is essential for this Congress to insist not only upon this conference report being agreed to today, but to maintain its position in overriding any possible veto, because we have not seen any other policy that has effectively defeated the recession or the depression which exists in our midst. I believe this bill in its totality provides the kind of relief that all our constituents in the rural areas and suburban areas, as well as in the urban areas in our country, will credit to our score. We must therefore support it today, and support an effort for a possible override that may be necessary should there be a veto.

Mr. Speaker, I think the thing for us to do today is to vote overwhelmingly for this conference report, and then perhaps the scaled-down version will not result in a veto by the White House but, quite to the contrary, will result in support by the administration through our actions.

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. LaFalce).

Mr. LaFALCE. Mr. Speaker, I am going to support the conference report but with great misgivings, because I feel that there could have been presented to the body a superior alternative, and that is the one that was outlined by the gentleman from Michigan (Mr. Brown).

Second, the percentage decrease from 6 percent, which was passed overwhelmingly by the Senate and passed overwhelmingly by the House once before, when the veto was sustained, had well over two-thirds of the support of the House and almost two-thirds of the support of the Senate, and I believe that the 6-percent figure could have been maintained in the conference. I have full confidence that that is true. I do not believe it was necessary or wise to go to 4½ percent. That gives less money to those areas which need it most.

The Congressional Budget Office, in analyzing the Humphrey-Hawkins bill, said that if we are going to prevent the inflationary possibilities from coming about because of public works programs, a public service job programs, we must be careful to marshal our resources and direct our money to targeted areas where unemployment is highest, in order to cope with unemployment without being inflationary. What we are doing in this bill is the exact opposite of that.

In spite of the present bills drawbacks, I will have to accept it, but we must do better in the future.

Mr. HAMMERSCHMIDT. Mr. Speaker, I have no further requests for time.

Mr. WRIGHT. Mr. Speaker, I yield myself such time as I may consume. It should hardly be necessary to explain the provisions of this bill. This bill in only slightly differing forms has passed the House on four separate occasions, once on an override of a Presidential veto.

The bill presently before us for practical purposes is identical in concept to that bill on which this House voted by a margin of better than 3 to 1 to override the veto of the President. It differs essentially in dollar volume.

I take this time primarily to clarify one misconception which has been repeatedly uttered against the provisions of the bill, not only by one of the gentlemen who spoke on the floor of the House today, but by the President himself in his veto message.

The suggestion was made that the public works features of this bill would require a long leadtime to go into effect. That is absolutely untrue. Anybody who has read the provisions of the bill itself will realize that there is utterly no validity whatsoever to that argument, and there is utterly no excuse for opposing this legislation on that erroneous ground.

Reference has been made to the amount of time that would be required to prepare guidelines and regulations. Let me state with all the emphasis at my command that this Congress expects no necessity whatsoever for the drafting of any lengthy administrative regulations for the implementation of title I of this bill. None are necessary; none are called for; none are desired.

The bill, by its very terms, applies to those projects already authorized by law and for which more than abundant regulations exist. The bill is applicable to any project for the construction of any of a wide variety of useful public works facilities in any community that is ready to go within 90 days. The bill requires that any such project should be ready to move to the construction stage within not more than 90 days of the time of the application's submittal.

The bill further requires that the administrative agency must rule favorably or unfavorably upon every such application within 60 days of its filing.

Mr. LAFALCE. Mr. Speaker, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from New York.

Mr. LAFALCE. Is the administration of this under the EDA, the Economic Development Administration?

Mr. WRIGHT. I am sorry. Will the gentleman restate his question?

Mr. LAFALCE. The gentleman says that this agency must act within 60 days.

Mr. WRIGHT. Under the terms of the bill, the agency must rule favorably or unfavorably within 60 days; that is correct.

Mr. LAFALCE. Is it true that the administrative agency is the EDA, the Economic Development Administration?

Mr. WRIGHT. The administrative agency is the Department of Commerce, and it depends upon what kind of project is applied for as to which subagency would handle it. Some may be local water resource projects; some may be for streets; some may be for schoolhouses; some may be for parks and other kinds of recreational facilities.

Mr. LAFALCE. If the gentleman will yield further, it was my understanding that the Economic Development Administration is the agency within the Department of Commerce that is going to handle virtually all of these applications.

Mr. WRIGHT. The gentleman may be correct in that assumption.

Mr. LAFALCE. Is it not correct that for the State of New York there is a total of one individual who will have to consider all projects?

Mr. WRIGHT. I would say that that would not be correct at all.

Mr. LAFALCE. For all of upstate New York?

Mr. WRIGHT. I think the gentleman is quite mistaken in that assumption. I do not think that is a valid conclusion.

There are more than ample administrative agents to handle the screening of projects. Furthermore, they do not need much screening. They do not need much processing. We do not anticipate that there is going to be any necessity for new regulations. This is a bill expressly designed to have its effect immediately.

The very first priority of this Congress when we convened in January of last year was to revive the American economy and to provide work for those unemployed Americans in doing things that are needed in the economy. It is that imperative to which this bill responds.

This is not make work. This is not leaf raking. These are projects that are needed. These are projects that have been on the drawing board in communities all over the Nation, awaiting only the necessary funding to get underway. These are projects which will build the wealth of the Nation.

For every job created onsite under title I, we anticipate that an additional job will be created in the related supply and materials industries offsite. This program will stimulate employment not only by construction firms but by brick plants, lumber mills and steel mills, manufacturers of paint and nails and tools.

Practically all of the employment generated under title I will be in the private sector of the American economy. And it will assert a beneficial multiplier effect in those areas of the economy which are most severely stricken.

Certainly, it is not, by any stretch of the imagination, inflationary when in certain sections of the country, there are some 40 percent of the building trades who are unemployed today.

The hardest hit sector of our economy is the building trades. This bill responds to that need. Another sector sorely smitten by the recession, consists of the cities and local units of government which are caught in a vicious squeeze between rising demands for services on the one hand and declining local revenues on the other. This bill responds to that need.

So, Mr. Speaker, I hope that the Members will again vote overwhelmingly in favor of this conference report.

I earnestly hope that the President will sign it. But I think there is evidence to believe that if he does not sign it, Congress will be able to override the veto, not only in this body, but on the other side as well.

Mr. ROE. Mr. Speaker, today we are taking final action on the conference report to S. 3201, the Public Works Employment Act of 1976. As you may remember, the House passed a similar emergency employment measure—H.R. 5247, the Public Works Employment Act of 1975—virtually identical to the legislation we are considering today—was 321–80. In addition, the House voted 319 to 98 to override the President's veto last February.

At this time Mr. Speaker, I would like to express my appreciation to my colleagues who served as House conferees on the bill—and particularly Mr. WRIGHT, chairman of the conferees—for their contributions and active participation in resolving the differences between the two divergent bills. Mr. Speaker, I strongly believe that the conference report that is before you today contains the best features of both the House and Senate bills. It is a well-balanced and totally workable attack on the economic problems confronting our Nation today. This legislation as you know, is aimed at putting people back to work—especially in the construction and material industry—and will provide the long overdue stimulus that our national economy so desperately needs by assisting State and local governments in the construction, renovation and repair of badly needed local public facilities. This bill is not inflationary in its impact—all funds authorized are within the limits set by this Congress under the budget resolution of fiscal year 1977. The bill as agreed to by the House and Senate conferees authorizes a total of $3.95 billion over a 2-year period distributed among three titles. The cost of this bill is substantially reduced from the previous emergency legislation passed by this House—H.R. 5247—which authorized a total of $6.205 billion

TITLE I—THE LOCAL PUBLIC WORKS CAPITAL DEVELOPMENT AND INVESTMENT ACT OF 1976

Title I of the conference report contains the provisions of the original House-passed bill—H.R. 12972—the Local Public Works Capital Development and Investment Act of 1976. The conferees agreed to reduce the authorization from $2.5 billion to $2 billion through fiscal year 1977. In addition, the conferees agreed that at least one-half of 1 percent but no more than 12.5 percent of the appropriated funds may be granted within any one State. This provision provides Federal grants up to 100 percent to State and local governments for the construction, repair, or other improvement of local public facilities such as municipal buildings, courthouses, libraries, schools, police and fire stations, mass transit projects, detention facilities, water and sewer lines, street curbs, roads, sidewalks, lighting and other social service installations.

For the purposes of this act, special districts such as school districts and regional authorities formed by local governments that are established or authorized by State law will be considered a political subdivision of the State. The program will be administered by the Economic Development Administration in the Department of Commerce. Priority will be given to those projects whose architectural and engineering work has largely been completed and are ready to go. In addition, 70 percent of the projects are to be selected from areas whose unemployment rates exceed the national average, while 30 percent will go to areas whose rates of unemployment are between the national average and 6.5 percent. The project applications must be processed quickly by the Secretary of Commerce—and, onsite labor must begin within 90 days after project approval. Mr. Speaker, these projects are badly needed in communities all across this Nation—projects which have been lying on the shelf awaiting the necessary funding for construction to get underway.

TITLE II—ANTIRECESSIONARY ASSISTANCE

Title II of the conference report to S. 3201 provides emergency Federal grants to State and local governments that are hard hit by the current recession, in order to reduce the reliance of these governments upon budgetary actions which run directly counter to Federal efforts aimed at stimulating a speedier economic recovery.

State and local governments have been fighting the battle against inflation for some time. These governments have been especially hard hit because of the labor intensive nature of the goods and services they must purchase. Today, while the costs to State and local governments continue to rise, the recession has added the second blow to already overstrained budgets. These severe budgetary pressures resulting from the combined impact of the inflation and the recession, have forced State and local governments all across this country to take drastic steps—either reducing their work force, raising taxes, or delaying necessary capital improvement projects in their communities—just to maintain essential services.

A fundamental premise underlying title II of this bill is that the amount and quality of government services at the State and local levels should not be determined by national economic conditions over which State and local governments have little control. In other words, the conferees in accepting title II have concluded that it is just not sound economic policy for a State or local government to provide good police protection—good fire protection—good refuse collection—and public education—when the national economy is in full swing, and then be forced to lower the quality of those basic services to people whenever the health of the economy declines.

An important element of this provision is that it is not a self-perpetuating program, but would phase itself out as the economy improves.

Unlike most Federal programs which cost more as time passes, countercyclical assistance would phase itself out as the economy grows healthier, and would terminate altogether when national unemployment drops below 6 percent.

The assistance under this provision is very selectively targeted to reach only those localities that are hard hit by the recession. Funds would be distributed on a quarterly basis with the amount of assistance being determined on the basis of two factors—unemployment and the general revenue sharing allocation formula.

The conferees accepted the Senate anti-recession provisions after reducing the total funding authorized by $125 million to an estimated total of $1.250 million for five calendar quarters beginning July 1, 1976. For each quarter unemployment exceeds 6 percent, this bill would authorize $125 million plus an additional $62.5 million for each one-half percentage point over 6 percent. Annually that would mean $500 million for exceeding the 6 percent level and an additional $250 million for each percentage point over 6 percent. With current levels of unemployment—7.3 percent—this would mean that $312.5 million would be available each quarter.

This program would be administered by the Secretary of the Treasury. One-third of the funds will be distributed to the States, and two-thirds to local governments. This assistance would go quickly into the economy with as little administrative delay as possible.

TITLE III—AMENDMENT TO THE FEDERAL WATER POLLUTION CONTROL ACT

Mr. Speaker, the final amendment adopted by the conferees relates to the wastewater treatment construction grant program of the Federal Water Pollution Control Act of 1972. I believe the conferees have arrived at the best resolution of the issue over the re-allocation of grant funds available under this program.

During the Senate's consideration of S. 3201, a floor amendment offered by Senators TALMADGE and NUNN was adopted which authorized an appropriation of $1,417,968,050, for grants for the construction of publicly owned wastewater treatment works. In view of the distribution formula provided in H.R. 9560—The Federal Water Pollution Control Act Amendments of 1976—the House conferees recommended that the funding provided in the Senate bill for the Talmadge-Nunn equity adjustment on water-pollution abatement be substantially reduced. The conferees agreed to reduce the authorization of $1.4 billion to $700 million in fiscal year 1977. These funds would be allocated to the 37 States which would have received increased allotments under the original Talmadge-Nunn formula proposed earlier this year.

The authorization under title III of the conference report will be effective in fiscal year 1977 but will remain available until expended. This authority to appropriate additional funds provides a means to supplement the funds already allotted to the States under the Federal Water Pollution Control Act. The allocation agreed to by the conferees relates only to this additional authorization.

AUTHORIZATIONS UNDER S. 3201

House today is vital to our National eco-

The conference report before the nomic recovery. It attacks the severe economic problems that are facing every State, city, county, or town across this Nation. The bill, S. 3201, has been very carefully developed over the past year and has emerged for final consideration in this House.

The total funds authorized under the three separate provisions of the bill is $3.95 billion.

Mr. Speaker, I urge the adoption of this conference report.

I include the following:

S. 3201 (H.R. 12972), PUBLIC WORKS EMPLOYMENT ACT

Title II—Anti-Recession Grants General Budget Assistance to State of New Jersey for cities over 50,000:

Atlantic County	545, 100
Bergen County	426, 400
Burlington County	552, 800
Camden County	1, 161, 600
Camden City	1, 228, 300
Cherry Hill Township	104, 300
Cape May County	349, 500
Cumberland County	506, 100
Vineland City	184, 700
Essex County	2, 938, 900
Bloomfield Town	102, 000
East Orange City	261, 600
Irvington Township	2, 187, 100
Newark City	5, 399, 200
Gloucester County	360, 000
Hudson County	2, 053, 600
Bayonne City	234, 200
Jersey City	1, 495, 800
Hunterdon County	55, 400
Mercer County	282, 400
Hamilton Township	56, 900
Trenton City	420, 000
Middlesex County	786, 400
Edison Township	132, 800
Woodbridge Township	268, 600
Monmouth County	580, 100
Middletown Township	58, 500
Morris County	275, 900
Parsippany Township	44, 800
Ocean County	714, 100
Passaic County	954, 300
Clifton City	119, 800
Passaic City	283, 400
Paterson City	1, 311, 900
Salem County	74, 500
Somerset County	83, 500
Sussex County	183, 900
Union County	462, 000
Elizabeth City	458, 000
Union City	476, 200
Union Township	91, 500
Warren County	272, 400
Total	28, 538, 500

Mr. ANDERSON of California. Mr. Speaker, I rise in strong support of the conference report to S. 3201, the Public Works Employment Act of 1976.

While the conference report differs greatly from the bill which was passed by the House in May of this year, I believe that it still prescribes what will prove to be effective medicine for the continued stimulation of the economy. The basic purpose of this legislation is two-fold: To provide construction-type jobs in private industry and to stimulate the near-depression construction industry.

The legislation before us today provides the House of Representatives with an opportunity to act decisively by quickly creating approximately 200,000 new jobs in private industry—about half in onsite construction jobs, and half in construction materials industries. The antirecession grants to States will eliminate the necessity for State and local governments to lay off another 90,000 employees. In addition, the added funds for water pollution abatement could produce another 60,000 construction jobs.

I believe strongly that we must first look to the private sector to provide additional job opportunities for American citizens; but often, the Government must take the initiative to stimulate the economy to provide needed jobs in the private sector. That is why I believe this bill to be a step in the right direction—public initiative resulting in jobs in private industry.

Mr. Speaker, we are all pleased with the economic upturn in recent months, but the battle is not over. The national unemployment rate for 1975 was 8.3 percent, with the prospect that unemployment will remain above 7 percent for more than 2 years. Unemployment in the vital construction industry averaged 18.1 percent in 1975. These realities may be acceptable to the present administration, but they certainly are not acceptable to me, nor to a majority of American citizens.

Title I of the local public works bill provides for an accelerated public works program. The public works projects to be funded are needed projects, not just ones created to keep people busy. The bill provides that funding will only be provided to projects where onsite construction can begin within 90 days—supplying a quick stimulus to the economy.

Title II of this bill authorizes financial assistance to State and local governments for five calendar quarters. This funding, which may be used for maintenance of basic services by State and local governments, is also tied appropriately to the rate of unemployment in the area. Unlike so many Federal grant programs, this provision would provide aid only to areas seriously affected by the recession.

I believe that with State and local governments now accounting for over 15 percent of the gross national product, the time has come for greater economic cooperation between the States and the Federal Government in determining national economic policy. Tax increases and layoffs by State and local governments as a result of the recession run counter to Federal efforts to stimulate the economy through tax reductions and increased employment.

All in all, the bill before us represents a solid legislative achievement. This legislation offers an effective solution to some of our immediate economic woes by continuing construction of needed public works projects, continuing essential services by States and local governments, and by creating jobs for the unemployed.

Mr. Speaker, the Public Works Employment Act of 1976 deserves the support of all Members of the House concerned with putting Americans back to work.

Mr. JOHNSON of California. Mr. Speaker, the conference report before the House today, S. 3201—the Public Works Employment Act of 1976—is vital to our national economic recovery. This is the second time this Congress has considered an antirecession piece of legislation. The first bill—H.R. 5247—the Public Works Employment Act of 1975—was overwhelmingly supported on three separate occasions by the House—we voted 312 to 86 on the original bill, 321 to 80 on the conference report, and we voted to override the President's veto of H.R. 5247 by a vote of 319–98. The Congress of the United States has clearly demonstrated that it will not accept unemployment at 8 percent, 7.5 percent, or at any other level—we still have over 7 million people unemployed in this country. This is totally unacceptable. In the construction industry unemployment levels are even worse; joblessness in construction remains at 14.5 percent—and in the materials and trades industries unemployment levels are running as high as 40 percent in our major cities of the Nation. The conference report that is before you today is directed at alleviating the persistently high levels of unemployment that the country has been experiencing for the past 2 years. The recession is not over. Thousands of people are still unemployed. And yet we know that there are ample construction opportunities to help relieve some of this unemployment. The AFL–CIO's Building and Construction Trades Department made a recent survey of 12 cities in the United States and found that in these 12 cities alone there was more than $2.9 billion in construction projects ready to go if the necessary funding were available. It simply does not make any sense to keep doling out the unemployment compensation checks when there are thousands of worthwhile projects sitting on the shelf—projects that could help alleviate the high levels of unemployment in our cities, if the necessary financing were available.

The cities of this Nation are not recovering from this recession as fast as we thought they would. Unemployment remains high, particularly in the older central-city areas, and middle and upper income people and business continue their exodus to the more prosperous suburbs. City officials have had to cut back on essential services, as well as delay capital improvement projects because of declining tax revenues and the constant battle to equalize income and expenditures. The problem of our cities is not just unemployment—the problem lies much deeper. Our cities are experiencing a frightening erosion of their economic foundation which has offset any improvements from the Nation's cyclical recovery. The deterioration of the physical environment in our cities continues in tandem with their economic decline. Public buildings badly in need of repair have been neglected. And meanwhile plant closings and industrial migration have intensified the severe unemployment problems. Under title II of the conference report funds are available to help our State and local governments maintain their essential services—without raising their taxes. The assistance is directed to those areas that have been hard-hit by the current recession—areas that need assistance to make it through the budget squeeze brought on by high unemployment. The triggering of the funds available under this countercyclical program is a significant feature. No funds would be authorized under this title unless national unemployment was at least 6 percent. And at the local level funds would be allocated according to the unemployment rate of the individual jurisdiction.

Mr. Speaker, with unemployment still running above 7 percent and with city after city in this Nation still facing severe economic problems brought on by the current recession, there is a very real need for this conference report and the legislation that it includes. The facts are clear—there is no need for more evidence—this country needs the assistance provided for under S. 3201. I strongly urge my colleagues to join with me today in supporting this vital piece of legislation.

Mr. FORD of Michigan. Mr. Speaker, I rise in strong support of the conference report on the Local Public Works Employment Act of 1976.

This bill authorizes $2 billion through September 30, 1977, for 100 percent grants by the Secretary of Commerce to State and local governments for local public works that can be started within 90 days of approval. No more than 12.5 percent of the appropriated funds can go to one State. Every State is guaranteed at least .5 percent of the moneys.

When the national unemployment rate is equal to, or greater than, 6.5 percent—and it has been over a year and a half since we have seen less than 6.5 percent—the Secretary is to give priority to applications from State and local governments having unemployment rates for the three most recent consecutive months in excess of the national rate. Seventy percent of all funds for public works are to go to these areas which have borne the worst burden of unemployment.

Some 200,000 jobs will be created by the public works provisions of this bill. I hasten to add that these are not make-work jobs. Applicants must relate their specific requests to necessary and approved projects that have been delayed because of lack of money. Communities will be able to start on sidewalks, courthouses, libraries, water and sewer lines, streets and roads and many other essential facilities that they have otherwise been unable to afford.

Most of the jobs created will be in private industry, with about half in on-site construction jobs and half in the construction materials industry.

In conference it was agreed to add to the House bill a new section of particular interest to the State of Michigan and the communities in my own district. Under title II, State and local governments will be eligible for a total of $1.25 billion for assistance in maintaining basic services, customarily provided by the unit of government, under a formula tied to the unemployment rate. The latest unemployment figure for Michigan is 10.2 percent, well above the national average. The Senate Subcommittee on Intergovernmental Relations has put this formula on the computer and, according to information provided me, my State government should be receiving $30.1 million, with another $61.2 million to be parceled out among the various units of local government.

Mr. Speaker, I would like to point out that not only will this part of the bill preserve about 90,000 State and local government jobs, but it will go some distance toward halting the steady reduction in services that has been forced on communities by the State of the economy. Without the services that this bill will help to provide, the quality of life in our communities will suffer and a spiritual malaise will be added to the economic hardships that have already cost the working men and women of this country so much.

The country as a whole will benefit from the special countercyclical assistance this title provides. As we have discovered, State and local governments represent a significant segment of the national economy. When these units are forced to raise taxes and put essential construction projects on the shelf, any attempt by the Federal Government to stimulate the economy with tax reductions and job creation programs is seriously weakened. If we believe in the necessity of the public works program we have set out in title I of this bill, then we must follow through and insure that our investment there is not undermined—and enact title II. If we do not, it will be like giving a man a new pair of boots for traveling with a nail sticking out so it pierces the heel and makes it very difficult to walk.

Mr. Speaker, the President has told us that we do not need a public works program because unemployment is going down. There are officially almost 7 million members of the labor force out of work. That does not count all those who have given up and stopped trying to find work. It fails to indicate that unemployment in the construction industry is now in excess of 14 percent. These pronouncements that the unemployment situation is getting better do not give me much confidence when "better" in Michigan means we only have 10.2 percent unemployment. To the extent, that there has been an improvement in Michigan, it has been primarily in the auto industry. It has not really spread to other sectors in Michigan and could turn around very quickly as consumers begin to appreciate that gasoline prices are again rising.

Mr. Speaker, Congress has already tried once to build a program that would put at least some of the millions of unemployed back to work with public works jobs. Our last effort would have created some 650,000 jobs. The President vetoed that one. The House stood by its guns and voted to override. We lost by three votes in the Senate. This new bill is watered down, like so many of the bills we have been forced to redraft in order to make them palatable to a Republican administration, that has proved, time and time again, its lack of compassion for the working people. Every time we talk about jobs my colleagues on the other side of the aisle yell—Inflation. In the name of free enterprise the cost of putting the unemployed back to work is deemed too high for the United States to afford.

What is the cost of getting people back to work? Inflation? No economist that I am aware of has yet established that for every man we put back to work we must be willing to accept some additional increment of inflation. Few economists can agree to what level the unemployment rate must sink before the competition for scarce skilled labor becomes so great as to become inflationary. Let us assume for a minute that it is above 3 percent—perhaps even as high as 5 percent. We have 7.3 percent unemployment nationally. This bill will mean about 350,000 jobs. There are almost 7 million unemployed. Can it realistically be argued that this legislation is inflationary?

One more point about inflation. All the dire prophecies about inflation as a necessary tradeoff for jobs seems to presuppose that nothing we can do in the way of improving labor mobility, improving employability by training and the elimination of job discrimination, can reduce inflation. That is simply a false and unfair assumption.

It costs the Federal Government close to $17 billion in lost revenue and automatic expenditures for unemployment compensation and other income maintenance programs for every 1 percent of unemployment above 4 percent.

This bill, in reducing unemployment, can only save us money in the not-so-long run.

Mr. Speaker, I ask all my colleagues to put aside party differences, look past the false red herring of inflation, and support this bill.

Mr. WRIGHT. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. HAMMERSCHMIDT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 328, nays 83, not voting 20, as follows:

[Roll No. 440]

YEAS—328

Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Buchanan
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Carter
Chappell
Chisholm
Clausen, Don H.
Clay
Cochran
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Derrick
Derwinski
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Esch
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Gonzalez
Goodling
Green
Gude
Guyer
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harrington
Harris
Hayes, Ind.
Hébert
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Henderson
Hicks
Hightower
Hillis
Holland
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hyde
Jeffords
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Kemp
Keys
Koch
Krebs
Krueger
LaFalce
Leggett
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCloskey
McCormack
McDade
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mahon
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Hara
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pettis
Pike
Pressler
Preyer
Price
Pritchard
Quillen
Railsback
Randall
Rees
Regula
Reuss
Richmond
Rinaldo
Risenhoover
Roberts
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Shipley
Simon
Sisk
Slack
Smith, Iowa
Solarz
Spellman
Staggers
Stanton, J. William
Stark
Steed
Steiger, Wis.
Stephens
Stokes
Stratton
Stuckey
Studds
Sullivan
Symington
Talcott
Taylor, N.C.
Teague
Thompson
Thornton
Traxler
Tsongas
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitten
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wirth
Wolff
Wright
Wydler
Yates
Yatron
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—83

Abdnor
Archer
Armstrong
Ashbrook
Bauman
Bell
Brown, Mich.
Brown, Ohio
Broyhill
Burgener
Burleson, Tex.
Butler
Cederberg
Clancy
Clawson, Del
Cleveland
Collins, Tex.
Conable
Crane
Daniel, Dan
Devine
Dickinson
du Pont
Erlenborn
Eshleman
Findley
Frenzel
Goldwater
Gradison
Grassley
Hagedorn
Hansen
Harsha
Holt
Hutchinson
Ichord
Jacobs
Jarman
Johnson, Colo.
Kelly
Ketchum
Kindness
Lagomarsino
Latta
McCollister
McEwen
Mann
Martin
Michel
Miller, Ohio
Mills
Montgomery
Moore
Moorhead, Calif.
Myers, Ind.
Paul
Pickle
Poage
Quie
Rhodes
Robinson
Rousselot
Satterfield
Schneebeli
Schulze
Sebelius
Shriver
Shuster
Skubitz
Smith, Nebr.
Snyder
Spence
Steelman
Steiger, Ariz.
Symms
Taylor, Mo.
Thone
Treen
Whitehurst
Wiggins
Winn
Wylie
Young, Alaska

NOT VOTING—20

Brademas
Conlan
Daniel, R. W.
Dent
Fenwick
Hawkins
Hays, Ohio
Helstoski
Hinshaw
Karth
Landrum
McDonald
Metcalfe
Milford
Peyser
Rangel
Riegle
Sikes
Stanton, James V.
Vander Jagt

The Clerk announced the following pairs:

On this vote:

Mr. Dent for, with Mr. McDonald against.

Until further notice:

Mr. Rangel with Mr. Conlan.
Mr. Hawkins with Mr. Hays of Ohio.
Mr. Milford with Mr. Karth.
Mr. Sikes with Mr. Robert W. Daniel, Jr.
Mr. Helstoski with Mrs. Fenwick.
Mr. Brademas with Mr. James V. Stanton.
Mr. Riegle with Mr. Landrum.
Mr. Metcalfe with Mr. Peyser.

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate insists upon its amendments to the bill (H.R. 14236) entitled "An act making appropriations for public works for water and power development and energy research, including the Corps of Engineers—Civil, the Bureau of Reclamation, power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commissions for the fiscal year ending September 30, 1977, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. STENNIS, Mr. MAGNUSON, Mr. PASTORE, Mr. MONTOYA, Mr. JOHNSTON, Mr. HUDDLESTON, Mr. MCCLELLAN, Mr. RANDOLPH, Mr. HATFIELD, Mr. YOUNG, Mr. HRUSKA, Mr. SCHWEIKER, and Mr. BELLMON to be the conferees on the part of the Senate.

GENERAL LEAVE

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the motion to strike title II and also on the conference report on (S. 3201) just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

DIRECTING THE SECRETARY OF THE SENATE TO MAKE A CORRECTION IN THE ENROLLMENT OF S. 3201

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent for the immediate consideration of the Senate concurrent resolution (S. Con. Res. 122) directing the Secretary of the Senate to make a correction in the enrollment of the bill, (S. 3201) to amend the Public Works and Economic Development Act of 1965, to increase the antirecessionary effectiveness of the program, and for other purposes.

The Clerk read the title of the Senate concurrent resolution.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the Senate concurrent resolution, as follows:

S. CON. RES. 122

Resolved by the Senate (the House of Representatives concurring), That in the enrollment of the bill (S. 3201), to amend the Public Works and Economic Development Act of 1965, to increase the antirecessionary effectiveness of the program, and for other purposes, the Secretary of the Senate shall make the following correction:

Strike out the third sentence of section 104 of the bill and insert in lieu thereof the following: "No grant shall be made for a project under this section unless the Federal financial assistance for such project authorized under provisions of law other than this Act is immediately available for such project and construction of such project has not yet been initiated because of lack of funding for the non-Federal share."

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

APPOINTMENT OF CONFEREES ON H.R. 14236, PUBLIC WORKS FOR WATER AND POWER DEVELOPMENT AND ENERGY RESEARCH APPROPRIATION ACT, 1977

Mr. EVINS of Tennessee. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 14236) making appropriations for public works for water and power development and energy research, including the Corps of Engineers—Civil, the Bureau of Reclamation, power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commissions for the fiscal year ending September 30, 1977, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee? The Chair hears none, and appoints the following conferees: Messrs. EVINS of Tennessee, BOLAND, WHITTEN, SLACK, PASSMAN, BEVILL, MAHON, MYERS of Indiana, BURGENER, and CEDERBERG.

PERMISSION TO HAVE UNTIL MIDNIGHT THURSDAY, JUNE 24, 1976 TO FILE CONFERENCE REPORT ON H.R. 14236, PUBLIC WORKS FOR WATER AND POWER DEVELOPMENT AND ENERGY RESEARCH APPROPRIATION ACT, 1977

Mr. EVINS of Tennessee. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tomorrow, Thursday, June 24, 1976, to file a conference report on the bill, (H.R. 14236) making appropriations for public works for water and power development and energy research, including the Corps of Engineers—Civil, the Bureau of Reclamation, power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commissions for the fiscal year ending September 30, 1977, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE, AND RELATED AGENCIES APPROPRIATION BILL, 1977

Mr. FLOOD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 14232) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending September 30, 1977, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to not to exceed 2 hours, the time to be equally divided and controlled by the gentleman from Illinois (Mr. MICHEL) and myself.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Pennsylvania (Mr. Flood).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 14232, with Mr. Wright in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the unanimous-consent agreement, the gentleman from Pennsylvania (Mr. Flood) will be recognized for 1 hour, and the gentleman from Illinois (Mr. Michel) will be recognized for 1 hour.

The Chair recognizes the gentleman from Pennsylvania (Mr. Flood).

Mr. FLOOD. Mr. Chairman, I yield myself as much time as I may consume.

Mr. Chairman, the bill that we are considering today appropriates over $56 billion—$56,104,000,000 to be exact—and is second in size only to the defense appropriation bill. When we add to this bill the budget authority for social security, unemployment insurance, and Railroad Retirement Trust Fund, which become, of course, available automatically, we come up with a total of almost $169 billion in public funds administered by the Federal agencies covered by this bill. That is about 39 percent of the total Federal budget during fiscal year 1977.

In many ways, this bill is more important, believe me, to the Members' constituents than any other bill they are going to vote on as Members of Congress. It helps pay for the operation of schools and colleges for the education of both children and adults; rehabilitation of the handicapped; health care for mothers, children, needy, the aged; for research to find the cures for a myriad of diseases which afflict us; for the administration of social security benefits and unemployment compensation; for job training for the unemployed and underemployed; for income support to the aged, the blind, and the disabled. The overriding objective of all these funds is the investment in human resources, or to put it another way, to help people help themselves.

I know of no higher or worthy cause, and I am proud to have the privilege of again bringing this bill to the House.

The bill we have before us today is a product of months of hearings and deliberations, the Members can be sure about that, by the Subcommittee on Labor-HEW of the Committee on Appropriations. The members of that subcommittee are: the gentleman from Kentucky (Mr. Natcher); the gentleman from Iowa (Mr. Smith); the gentleman from New Jersey (Mr. Patten); the gentleman from Wisconsin (Mr. Obey); the gentleman from California (Mr. Roybal); the gentleman from Ohio (Mr. Stokes); the gentleman from Massachusetts (Mr. Early); the gentleman from Illinois (Mr. Michel); the gentleman from Kansas (Mr. Shriver); and the gentleman from Massachusetts (Mr. Conte). All of the Members know them. They serve on other subcommittees and committees, as do I. Nevertheless, they put in hours and hours and days and nights of work to arrive at the recommendations which are fiscally responsible and at the same time do justice to the unlimited needs and opportunities for investment in health, education, and in human resources.

I would like to mention especially—the contribution by the distinguished gentleman from Illinois (Mr. Michel), who is the ranking minority Member. He is very conscientious in his participation. That is, despite all of his duties as minority whip. And, of course, we have the assistance of our small, but extraordinarily effective staff. The Members know them by their names, Henry Neil, Nick Cavarocchi, Fred Pfluger, Bob Knisely, and Gemma Weiblinger. They are generally called by their first names. The Members know that telephone number better than they know their own, 53508, and day and night that phone goes, and the Members talk to these people on our staff.

These amounts add up to $3,567,535,000 more than the President's budget request. In round figures, it is $3.5 billion. That sounds like a pretty good increase over the budget. But in order to place that in perspective, we must recognize the President's 1977 budget again proposed drastic cuts below the 1976 level for many programs which Congress very clearly wishes to continue and expand, make no mistake about that. In fact, the whole 1977 budget for HEW was based on the erroneous assumptions, first, that Congress would sustain the President''s veto of the 1976 Labor-HEW appropriation bill. Of course, that did not happen. And also that Congress would approve rescissions—the Members remember the rescissions—of funds appropriated in the 1976 education appropriation bill, a total of over $1.3 billion.

The fact is that the total increase for fiscal year 1977 recommended by the subcommittee over the comparable 1976 appropriations is $4.8 billion, of which $3,906,000,000 was requested in the budget for the so-called "uncontrollable" programs, such as public assistance, supplemental security income (SSI), payments to the Social Security Trust Funds, Federal unemployment benefits and allowances, and so on. That leaves a net increase of about $900 million over the 1976 level for the "uncontrollable" programs. That is a 5.6-percent increase, and that is less, we figure, than the amount that will probably be necessary to keep pace with inflation in program costs. That means program expansion will have to be supported through—what will I say—increased efficiency, increased productivity.

We believe sincerely, this entire subcommittee, that in spite of an increase of $3.5 billion over the President's budget, the committee's recommendations are eminently reasonable and responsible.

This question arises: We must also note carefully—and I ask that the Members take a look at page 90 of the committee report, if they have not done so—the amounts in that bill are some $10 billion less than the amounts allocated by our Labor-HEW Subcommittee under the budget resolution. There are good reasons for that. The chief reason lies in the fact that we have deferred actions on appropriations for many major programs which lacked legislative authorization at the time we marked up this bill.

Among such programs are higher education, educational broadcasting facilities, health manpower, alcoholism, disease prevention, domestic volunteer programs, and the public service jobs.

The budget resolution assumed a level of $4.5 billion for the public service jobs under title VI of CETA and, of course, that has expired, so there are no funds in this bill for title VI.

A further reason for the big difference between the subcommittee recommendations and the budget resolution is that it will undoubtedly be necessary to provide supplemental appropriations later in the year for the so-called uncontrollable programs such as public assistance, medicaid, special benefits. As usual, we have simply approved the budget request for those programs. We did that, knowing that some of the budget figures are based upon faulty estimates and unsound assumptions as to cost reductions which are expected to come about by administrative or legislative action.

Mr. Chairman, I simply could not cover all the important issues in this bill in these remarks, and I am not going to attempt to do so. The report has been available to the Members now for about 2 weeks, and I urge the Members to read the highlights in this report. Let me emphasize this. I direct the Members' attention to pages 4 through 6 of the report. You should be sure, when you get the report, to hit those pages. That is where your mail will be directed. That is what you want to read.

As I noted, most of the increases over the 1976 appropriations are in the uncontrollable category of payments, and they are fixed by law. The bill includes $38.2 billion for such programs. I have no doubt that more will be needed before the end of the fiscal year 1977.

These increases include the following items: Federal unemployment benefits and allowances, $450 million; maintenance assistance, $317 million; medicaid, $782 million; payments to the Social Security Trust Funds, $2 billion 592 million; and supplemental security income, $374 million.

The increases in all those programs that I have just mentioned are directly or indirectly related to increases in costs, particularly the cost of medical care—and to the continued unacceptably high rate of unemployment all through the Nation. We all agree upon that.

Mr. Chairman, as far as the "controllable" programs are concerned, the committee has, as a rule, recommended that they be restored at least to the 1976 funding level. There are, as far as we can determine, only a handful of Members of this Congress who would agree to cutbacks in Federal support for health, education, and the human development programs.

Beyond that, we have provided selected increases over the 1977 budget and the 1976 level for certain programs on which we believe Congress wishes to place a very high priority.

These programs include the following: Employment and training assistance; we added $451 million over the budget—and I know we are all interested in this—in order to put the summer youth program on a regular funding basis rather than providing for it as we ordinarily do in the supplemental appropriation bill, and also, to prevent cutbacks in the job training programs which are carried out under title I of what we call CETA, the Comprehensive Employment and Training Act.

Now, we have all heard about this one: title IX of the Older Americans Act. This is an employment program for the older Americans, the older people, and everyone agrees this is doing a great job. This program is doing a great job. We added $90.6 million over the budget there to keep it going, and we have expanded the jobs from 15,000 to 18,000.

Mr. Chairman, the next item is Health Services. This affects all of us. Let us not forget it.

Mr. Chairman and Members of the House, listen to the title of this bill: Labor, Health, Education, and Welfare. That touches the lives of every man, woman, and child of this Nation.

For health services we provided for a modest expansion of community health centers, maternal and child health, migrant health, and we provided for the health maintenance organizations. The Members may know them as HMO's. These are all programs which provide health services for the poor.

Mr. Chairman, with respect to medical research, there is an increase of $139 million over the 1976 appropriation, and of $276 million over the budget to provide more research in a whole range of diseases and disabling conditions. These include cancer, strokes, spinal-cord injuries, arthritis, diabetes, multiple sclerosis, mental retardation, and heart and lung diseases. That just names a few.

Now, Mr. Chairman, we go to alcohol, drug abuse, and mental health. The increase is $35 million over the 1976 level and $190 million over the budget. That provides continued support for research and training and support for about 16 new community mental health centers. Keep that in mind.

On education, Mr. Chairman, we are recommending a net increase of $1.5 billion over the budget. That will be $586 million over the 1976 appropriations, and that is for a whole variety of education programs at all levels. Higher education we will touch upon later on.

The increases over the 1976 appropriation include $200 million for title I of the Elementary and Secondary Educational Act, which affects every district we represent.

Here is one I think we all have heard about: Impacted area aid. We have all heard about that one—an increase of $84 million.

There is an increase of $100 million for education for the handicapped, and we are also providing additional funds to place the vocational education programs on an advanced funding basis. That is very important. By this action, the local schools will have a better opportunity and a better way in which to use their funds. This is a very important item for each Member back in the school districts of his Congressional district. Every Member should make a point about this with respect to his Congressional district.

Mr. Chairman, of course, I mentioned this a minute ago. We were forced to defer consideration of the appropriations for higher education because legislation extending the Higher Education Act has not yet been enacted; and of course, without law, we in the Committee on Appropriations cannot act.

For Human Development, the subcommittee recommends an increase of $300 million over the budget and $171 million over the 1976 appropriations. That is for Head Start, the programs for the aging, and vocational rehabilitation. Those three programs jump out at us.

Among the vocational rehabilitation programs which we are proposing to expand is one called "projects with industry" which has been well received, we hear, wherever it has been tried. We hope that a portion of the funds provided for this program will be used for projects sponsored by labor organizations, as well.

Mr. Chairman, with respect to CSA, the Community Services Administration, the committee added $162 million over the budget, mainly to maintain the current levels of support for Community Action Agencies. Make a note of that for the people back home.

Now we take up the Corporation for Public Broadcasting. We have heard a lot about that. We are providing appropriations for the Corporation for Public Broadcasting for fiscal years 1977, 1978, and 1979. That, of course, is because we agreed to that at the time the authorization was being passed. That is why it is being done that way.

The committee recommends an appropriations increase from $78.5 million in 1976 to $96 million in 1977; $107 million in 1978; and $120 million in 1979.

Mr. Chairman, that concludes a very brief survey or summary of this $56 billion bill.

The committee recommendations have been very carefully considered. Make no mistake about that—and I would put an exclamation mark there. I think they are responsible and absolutely defensible.

Mr. Chairman, I think that this bill should not be based on a comparison with the President's budget. To do that would be unfair and misleading. As I indicated a few minutes ago, the President's budget requests were totally unrealistic and clearly unacceptable here to a majority—and a large majority—of the Members of the Congress. No question about it.

Also I repeat this for the purpose of emphasis, the amounts in this bill are well within the target set up by the budget resolution. Do the Members hear that?

On the other hand, Mr. Chairman, I would hope that Members would resist the urge to load this bill with amendments.

I hope we do not encounter a lot of Members here who just have either a verse or a chorus and come out with all kinds of amendments, you know, with all these goodies, I hope—I hope—under all the circumstances, with the size of this bill, with what we have done, I hope that will not occur.

Hundreds and hundreds of programs are funded in this bill. Sure, it would be possible to pick out almost any one of them here, with almost no exception, and add to it. Keep in mind, however, what we are doing.

What is the objective? The objective here of course is to pass the bill, to obtain enough votes in the House, and in the other body, and, if necessary, to override a Presidential veto.

Mr. Chairman, for that reason, if for no other, we must exercise restraint when we consider this bill.

I urge the support of the Members for the bill as reported by the Committee on Appropriations.

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. FLOOD. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. Mr. Chairman, I have just been reading a portion of the report that they have an "outreach" program for food stamps. Since we have an outreach program for food stamps in the Committee on Agriculture, and this is very controversial, I would like to ask the gentleman from Pennsylvania why they feel that it is necessary in this committee to have another "outreach" program for food stamps.

Mr. FLOOD. Outreach?

Mr. JOHNSON of Colorado. Yes. That is on page 108 of the report.

Mr. FLOOD. That is in the minority views.

Mr. JOHNSON of Colorado. It is on page 108. It says:

> The bill includes $15 million for the Community Food and Nutrition Service, all of it over the Budget, but $11.2 million under last year. It was revealed in the hearings that only $12 million of the $26.2 million allocated for this program actually goes for food, with the remainder going for recruitment for the food stamp program and other lobbying activities, . . .

Mr. FLOOD. Most of this program is for emergency feeding.

Mr. JOHNSON of Colorado. What is the recruitment for, then, if it is not for the "outreach" program, what is the recruitment for?

Mr. FLOOD. The program has been cut more than $11 million from last year's level.

Mr. JOHNSON of Colorado. What is the gentleman speaking about when the gentleman talks about a recruitment program for food stamps? In the agricultural department we have an "outreach" program that is trying to get other people on food stamps. Is this a duplication or is it not?

Mr. FLOOD. No, the report says nothing about a recruitment program. We do not do that. The gentleman misunderstands there.

That is a misunderstanding.

Mr. JOHNSON of Colorado. I have just read that section of the report, and it does say recruitment for the food stamp program.

Mr. FLOOD. Is the gentleman reading the minority views?

Mr. JOHNSON of Colorado. Yes, sir.

Mr. MICHEL. Mr. Chairman, will the gentleman yield?

Mr. FLOOD. I yield to the gentleman from Illinois.

Mr. MICHEL. I thank the gentleman for yielding.

I should answer the gentleman and say while there has been some money cut from this item it does not necessarily mean that the portion that is cut would be cut from that activity which has really been going for new persons to participate in the food stamp program. That is one of the facets of my minority views, that I personally am opposed to that amount of money in here for that express purpose, particularly if it is going to finance a case against the Government for the distribution of more food stamps.

Of course, it comes under the Community Services Administration item that the gentleman made reference to in the report.

Mr. MATSUNAGA. Mr. Chairman, will the gentleman yield?

Mr. FLOOD. I yield to the gentleman from Hawaii.

Mr. MATSUNAGA. I thank the gentleman for yielding.

As the gentleman knows, I chair the Subcommittee on Federal, State, and Community Services of the Select Committee on Aging, and I have reviewed with great interest those sections of H.R. 14232 dealing with funds for programs under the Older Americans Act.

Let me take this opportunity to congratulate the gentleman and the members of his subcommittee for the overall levels of appropriations in almost every Older Americans Act category. With regard to title III, State and community programs, the gentleman's bill provides $150 million, only $2 million less than the amount requested by the Select Committee on Aging, a substantial increase over the $120 million in fiscal year 1976. For title IV, training and research activities, H.R. 14232 provides $25 million, only $3 million less than the select committee request, and again a major increase over fiscal year 1976. These figures, in my judgment, reflect the true responsiveness of the gentleman from Pennsylvania and other Appropriations Committee members to the basic needs of America's elderly. There is one item in the bill that I believe could be improved somewhat, but that does not detract from the fact that this bill is an excellent one for senior citizens.

I have asked the gentleman to yield for a clarification. In particular, I would direct the attention of the gentleman to the language in the committee report, at pages 79–80, where the committee discusses the amounts provided under titles III and IV of the Older Americans Act. As the gentleman well knows, those two titles authorize six separate programs. Yet the committee report specifies only the overall totals of $150 million for title III and $25 million for title IV.

Would the gentleman agree that a reasonable distribution of the committee recommendations for titles III and IV would be:

For title III programs: State administration, $17 million; area planning and social services, $121 million; and model projects, $12 million.

For title IV programs: part A, training, $13.4 million; part B, research, $8 million; and part C, multidisciplinary centers of gerontology, $3.6 million?

Mr. FLOOD. Yes; I would agree that the amounts stated by the gentleman reflect a reasonable distribution of the amounts recommended by the committee for titles III and IV of the Older Americans Act.

As the gentleman will recall, he and other colleagues of the Select Committee on Aging appeared before our committee about these matters. We were impressed with the wealth of information supplied to us at that time. Much of that information helped us in making our recommendations on appropriations for older Americans programs.

So I believe that the figures stated by the gentleman do represent a reasonable distribution of funds for these programs.

Mr. MATSUNAGA. I thank the gentleman. Again I thank the gentleman and his committee for an excellent bill.

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. FLOOD. I yield to the gentleman from Ohio.

Mr. VANIK. Mr. Chairman, I take this time to ask the distinguished chairman a question that has given me concern.

The 1972 Medicare Amendments provided coverage of chronic kidney disease expenses and is the first catastrophic health insurance program run by the Federal Government. In fiscal year 1977, it will cost about a half billion dollars to maintain some 25,000 patients alive in this program. Within several years, the program will be costing the social security trust funds about $1 billion a year to support some 50,000 patients.

Can the distinguished chairman of the committee inform me how much is being spent by the National Institutes on basic research into the causes and prevention of kidney diseases?

Mr. FLOOD. We get these requests for specific line items about a myriad of diseases at every hearing. I understand that and I understand why the gentleman asks the question. The committee does not appropriate funds for NIH for each and every disease on a line item basis. I am sure the gentleman understands the reasons for that.

However, the committee estimates that NIH is now spending about $30 million on kidney disease research.

Now as I think the gentleman heard last year, the committee is very interested in this kind of research and we have urged the NIH to do much more in this area and we have urged them to continue to do so—to the satisfaction of the gentleman, I am sure.

Mr. VANIK. I thank the chairman.

I would point out to the gentleman that this is an area of research where there will be a great deal more savings if there is a breakthrough as a result of the research and it could result in a long-range savings and a lifting of the burdens of the social security trust funds, which are very hard pressed and face heavy burdens.

On page 76 of the committee's report there is reference to some $400 million which will be spent to overhaul Social Security's computer operations.

I do not believe this figure includes some $69 million for the construction of a new computer building by the GSA for Social Security. As a result of recent work by the Ways and Means Committee on Oversight and by the subcommittee chaired by the gentleman from North Carolina (Mr. FOUNTAIN) we have found Social Security is utilizing only about one-half of its computer capacity. The exact figure varies depending on whose report is cited, but the fact remains that Social Security's computer systems are in a shambles. I question whether a new building is necessary but there is no question that an overhaul of the software programs is necessary. I wonder how the chairman feels about the need for new computers and new computer facilities.

Mr. FLOOD. As the gentleman knows we have had this question several times. It is a good question.

There has been considerable controversy about this from the very beginning and especially over the last several months respecting this construction project of the Social Security Administration in Baltimore. That has been a real problem.

I and the committee have watched carefully the development of this proposal. It is a can of worms about whether these new buildings would represent the best alternative for housing the vast data processing system the gentleman is talking about. There is no doubt many of our colleagues as well as the General Accounting Office have raised various questions and they deserve serious consideration by all concerned.

The Committee does have responsibilities for these operations, we have followed it very closely. So far we have heard no arguments to provide sufficient justification as of this minute at any rate for delaying this construction.

I would suggest that we permit the funding to go ahead with this project.

This has been in planning, as the gentleman knows, for several years. We will watch this very closely.

Now, I need not remind the other Members of the importance and the complexity of the social security programs. No matter how ofen we repeat this, nor must I remind the House that we have put on a large number of additional programs in social security over the past several years; not the least of these is SSI, the supplemental social security income program. We are all very familiar with that new program.

Now, I believe after carefully reviewing the facts, and we have in these hearings, that most of the concerns raised can be met without delaying this project.

Now, there are other arguments that we have heard; one, especially, that the gentleman mentions, but they do not convince us there are more acceptable housing alternatives. Delaying this now could threaten the ability of the SSA to provide proper services to the public.

At the same time, let me assure the gentleman from Ohio (Mr. VANIK) and our colleagues that the Labor-HEW Subcommittee will continue to be in contact with HEW to constantly review that data processing plant at Social Security. We want to assure the most efficient, most economical operations.

Mr. VANIK. Mr. Chairman, I thank the gentleman. I certainly hope that in the light of Social Security's past history of computer mismanagement, the new expenditure will be wisely made.

I hope that your committee and other committees of the Congress with jurisdiction will follow this computer upgrading most carefully. It would be shameful if after years of work and hundreds of millions spent from the trust fund, we ended up with a system which still only used 50 percent of its capacity.

I would like to say that if we do not detect measurable progress toward better utilization during the coming year, next year I will offer an amendment prohibiting appropriations for the acquisition of new computers until such time as those currently installed are utilized at a reasonable level.

Mr. SCHEUER. Mr. Chairman, will the gentleman yield?

Mr. FLOOD. I yield to the gentleman from New York.

Mr. SCHEUER. Mr. Chairman, I congratulate the gentleman and the committee for the magnificent and almost unending toil they have put in to produce this bill.

Mr. FLOOD. I thank the gentleman.

Mr. SCHEUER. Mr. Chairman, I did hear the chairman of the subcommittee say a few minutes ago that many of these programs had been adjusted for increased costs.

Mr. FLOOD. Yes; the increases net out to about 5.6 percent.

Mr. SCHEUER. Mr. Chairman, if the gentleman will yield further, the family planning program under title X has remained at the same funding level since 1973 and, therefore, has suffered an erosion in the real value of those dollars, something like 30 percent.

Mr. Chairman, I am hoping that the distinguished chairman of this subcommittee would support an amendment that I plan to put in tomorrow increasing that funding just to take care of the eroding effects of inflation and to increase it from approximately $100 million to the $122 million that is in the Senate bill; in other words, to increase it to the authorization amount. All we want is to compensate for the erosion of the value of those dollars since 1973.

Mr. FLOOD. We understand, and I can say that when that situation arises, we shall endeavor to deal with it. As of now, that is all I can say.

Mr. SCHEUER. Mr. Chairman, if the gentleman will yield further, all we ask for in the family planning program is the "most favored nation" treatment. We simply ask for the same treatment as given other agencies where we have taken care of the erosion due to inflation.

Mr. FLOOD. It is an extensive program and we will discuss it at that time with the gentleman from New York. I should point out that there are many other programs which we held to the 1976 dollar level.

Mr. MITCHELL of Maryland. Mr. Chairman, will the gentleman yield?

Mr. FLOOD. I yield to the gentleman from Maryland.

Mr. MITCHELL of Maryland. Mr. Chairman, I appreciate the gentleman yielding.

First, I want to say that the distinguished chairman is truly a man of compassion, understanding, love, and sensitivity.

Mr. FLOOD. Just a reflection of my principles.

Mr. MITCHELL of Maryland. Mr. Chairman, if the gentleman will yield further, that is why I am disturbed by the drastic cut in the summer youth program. It amazes me that the gentleman, known as a repository of compassion in this House, brings before us a summer youth program that is drastically cut from what was recommended.

Mr. FLOOD. The gentleman makes a persuasive argument. But it has nothing to do with the case because we did not cut that program.

Mr. MITCHELL of Maryland. Mr. Chairman, if the gentleman will yield further, as I understand, we have funding for a level of 888,000 summer jobs; is that right?

Mr. FLOOD. Well, what we are doing, as I said in my opening remarks, we have done this with a number of programs.

We are keeping this at this level. We are not cutting this, but are going to maintain it at the 1976 level. That will not affect the program.

Mr. MITCHELL of Maryland. That is not the essence of my problem. In the Budget Committee on which I serve, and in the Budget Committee in the Senate, legislation was passed suggesting a million jobs, the reason for it being that we have had 40 percent unemployment, summer youth unemployment. Therefore, it is unwise and, in my humble opinion, illogical to hold to the present level.

Mr. FLOOD. Well, of course the gentleman understands that under no circumstances did we put in this appropriation bill everything that is in that budget resolution.

Mr. MITCHELL of Maryland. I understand.

Mr. FLOOD. And as the gentleman says, we have been on top of it since the first law was passed. Certainly, nobody is more concerned about, not only unemployment, but underemployment, than myself. We have maintained this level, but we could not embrace everything in the budget resolution.

Mr. MITCHELL of Maryland. I thank the gentleman, and I hope that before I offer my amendment he will change his mind and support my amendment, which will produce a million summer jobs, knowing of his compassion.

Mr. FLOOD. I have done that on occasion—not often.

Mr. MITCHELL of Maryland. I hope this is one of those rare occasions.

Mr. EDWARDS of California. Mr. Chairman, will the gentleman yield?

Mr. FLOOD. I yield to the gentleman from California.

Mr. EDWARDS of California. Mr. Chairman, I would like to direct a question to the distinguished chairman of the subcommittee, the gentleman from Pennsylvania.

When the Subcommittee on Communications of the Commerce Committee reported the authorization legislation approving multiple-year funding for the Corporation for Public Broadcasting, language was included in the subcommittee's report which clearly indicated that it expected the Corporation to use funds from the multiyear appropriations for programing specifically directed at older people.

May I ask the gentleman from Pennsylvania if he believes that the moneys included in this appropriation are sufficient to allow the Corporation to meet this obligation and whether he expects now that the Corporation for Public Broadcasting will use some of these funds for the support of such production?

Mr. FLOOD. Well, as the gentleman, I am sure, knows, there is not a better friend of public broadcasting than the gentleman from Pennsylvania. I think the system knows that, and the gentleman as well, from the very beginning. I helped to set the thing up, as a matter of fact.

I can say this to the gentleman. I fully support the proposition that public broadcasting has a particular responsibility to support the production of high-quality national programing for older Americans.

Mr. EDWARDS of California. In that case I would like to call the attention of the gentleman from Pennsylvania to a project that has been developed by a public broadcasting station in San Francisco, Calif., KQED, Inc., which serves my constituents. After over 2 years of intensive research and with the full support and backing of the most broad array of organizations and groups involved in aging, KQED has brought out a project titled "Our Time." Even now they are producing the first two test shows titled "Over Easy" which will be aired this fall nationally. I have followed and supported the work of those at KQED responsible for this project and I believe it is of the highest quality. I know that their needs, following the test shows are for funding for further research and start-up for full production of at least 13 weeks of daily national programing or 65 shows. Does the gentleman believe that this is the type of project which the Corporation should be supporting?

Mr. FLOOD. I know about this. Yes, I certainly do.

Mr. EDWARDS of California I thank the chairman.

Mrs. MINK. Mr. Chairman, will the gentleman yield?

Mr. FLOOD. I yield to the gentlewoman from Hawaii.

Mrs. MINK. Mr. Chairman, I would like to join my colleagues in commending the chairman of the subcommittee for his work in the matter of the appropriations bill, in particular the section dealing with our older Americans. I do have one question which I would like to propound at this time to the chairman regarding language in the committee report relating to community service employment for older Americans authorized under title IX.

As I understand the committee report, the committee is directing the United States Department of Labor to distribute the entire $90.6 million provided in the bill for fiscal year 1977 through national contractors. Is that correct?

Mr. FLOOD. The gentlewoman is correct.

Mrs. MINK. As the gentleman knows, I sent a letter to the committee because my State, along with five other jurisdictions, with regard to title IX programs under this act, are operated by State departments of labor. The funds are distributed solely through our State governments.

Hawaii does not have a national contractor operating a title IX program. Can the gentleman assure me that the U.S. Department of Labor shall continue to distribute funds under this bill to State agencies in those States and territories which have no national contractor operating a title IX program?

Mr. FLOOD. The gentlewoman knows that we have been in touch with the Department about this. The Labor Department has assured us that the title IX program is going to continue to operate exactly as it has in the past in Hawaii, Alaska, and Delaware, and in the four territories, also, which do not have national contractors.

The Department told us this, and the Members can believe me that we can expect them to do exactly what they told us, make no mistake about that.

It is not the committee's intention to cut off any title IX programs that are currently operating, not at all.

Mrs. MINK. I thank the distinguished gentleman for his response.

Mr. MATSUNAGA. Mr. Chairman, will the gentleman yield?

Mr. FLOOD. I yield to the gentleman from Hawaii (Mr. MATSUNAGA).

Mr. MATSUNAGA. I thank the gentleman for yielding.

Mr. Chairman, I wish to thank the gentleman for his explanation because I, too, have been deeply concerned about this.

Mr. FLOOD. Yes, the gentleman has spoken to me about this several times, also.

Mr. MICHEL. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, I would like to first pay my respects to the distinguished chairman of the subcommittee and all of those members of the committee who labored so many hours listening to testimony, and I would like to pay particular tribute to the chairman for those many hours spent listening to public witnesses, in addition to the official witnesses that had to appear before us.

I think it might also be deserving of attention that the majority has eight members on the subcommittee and we, on the minority side, have only three members. So I would also like to commend my colleagues, the gentlemen from Kansas (Mr. SHRIVER), and the gentleman from Massachusetts (Mr. CONTE), who, with me, have had to cover a number of bases, in view of our diminished number in this House, where Members of the minority are faced with that kind of a breakdown on every subcommittee in every committee in this Congress.

On Monday, I inserted in the RECORD an all-purpose table providing a line item breakdown of the amounts in the bill. This table goes into more detail than the one in the committee report, and I urge that the Members refer to it should they have questions as to dollar amounts for specific programs covered by the bill. The table begins on page 19530 of Monday's RECORD. I also call the attention of the Members to the minority views 10 of us on the committee filled as part of the committee report.

The total in the bill is $56,104,631,000. This represents an increase of $4.4 billion over the fiscal year 1976 level, and $3.6 billion over the budget.

When the trust funds are added in, total budget authority for Labor-HEW amounts to $168,879,612,000, an increase of $20.7 billion over the 1976 level.

The $3.6 billion by which the bill is over the budget is misleading on the low side. There are a number of unauthorized items not included in the bill, and when moneys are made available for these items, the subcommittee is projecting a total amount in excess of the budget of $5.1 billion. If a projected $4.5 billion to carry out the provisions of the House-passed public service employment bill is ultimately appropriated, the total increase over the budget would climb to $9.6 billion.

The level of spending contained in this bill and projected is simply unconscionable. Never before have we gone this far over the budget in this area of expenditure. No effort at all was made to show any restraint, or any concern over the impact this deficit will have on the rate of inflation, or any interest in providing the American people a tax reduction that a lower level of expenditure here would have permitted. The bill simply continues the philosophy that the way to solve all problems is to spend more money. It is a bill I cannot support in its present form, and I will be offering an amendment at the proper time providing for an across-the-board reduction, excluding social security, welfare, and unemployment compensation.

The chairman summarized many of the items in the bill, so I will point out some of the others and elaborate on some of my concerns:

LABOR DEPARTMENT

The total in the bill for Labor is $10.1 billion, a decrease of $2 billion from the total fiscal year 1976 appropriation, but $546 million over the budget. The comparison with 1976 is misleading, in that the 1976 figure includes $1.2 billion in moneys appropriated to fund the public service employment program in the transition quarter and the first 3 months of fiscal year 1977. If that amount is subtracted from the 1976 total and half of it is added to the 1977 total, the 1977 bill ends up being just $200 million under the 1976 appropriation. If funds are ultimately added to fund this program at the current level through the end of fiscal year 1977, the fiscal year 1977 total would go up by $1.3 billion, boosting it well above the 1976 appropriation.

Because of the carryover of unemployment moneys, we sometimes get a better picture of Labor Department spending if we look at actual outlays. In terms of outlays, the Department projects the allocation of $18.5 billion in fiscal year 1976 and $11.8 billion in 1977, and reflects a reduction of approximately $5 billion in unemployment benefit outlays, from $11.85 billion to $6.85 billion. With the additions included in this bill, and the potential additions for public service employment likely to be included in upcoming supplementals, the outlay gap will narrow.

The bill basically goes along with the budget recommendations for Labor, with three major exceptions:

SUMMER YOUTH EMPLOYMENT

The level in the bill, to fund the program for next summer, is equal to the current level, but $128 million over the budget. The budget figure, however, was a projection, with the expectation that a definitive figure would be submitted next spring, since funds for this program have normally been appropriated as part of the spring supplemental.

CETA TITLE I

The sum of $1,880,000,000 is included for the manpower training program, an increase of $300 million over the budget. The increase is obtensibly to maintain the current program level and to provide for an increase in the minimum wage. In reality, the current program level is artificially high, due to the carryover of a substantial amount of unexpended funds from 1975 to 1976. The budget request would restore the program to a more even keel, and does in fact provide for a 20 percent increase in training slots over the 1975 level. It also takes into account the increase in the minimum wage. At a time when only 32 percent of those terminated from this program end up in jobs, at a cost of $9,000 for each job placement, a better performance record is in order before we undertake a substantial expansion.

COMMUNITY SERVICE EMPLOYMENT FOR OLDER AMERICANS

The bill provides $90.6 million, all of it in excess of the budget, to expand the program and fund it through September 30, 1978. The bill also requires that the funds be distributed entirely through national contractors, an inequitable method of distribution which favors some regions as against others. Providing employment for the elderly is certainly a laudable objective, but it is questionable whether a categorical program such as this one is the best way to do so. We might better direct our attention toward elimination of the mandatory retirement age, which forces many to retire with good productive years still ahead of them.

It should also be noted that nearly $6 billion is included in the bill for unemployment compensation. Last November, in connection with the second supplemental, I discussed some of the loopholes in the unemployment compensation programs, and it is clear from the recent exposé on the subject on the "60 Minutes" program that the loopholes are still with us.

When people retire and collect unemployment compensation along with their pensions and other earnings; when baseball players and golfers collect unemployment during the off-season; when unemployment benefits are paid to strikers; when people are receiving benefits and earning money on the side; when individuals turn down employment because they are getting a better deal through unemployment compensation, and when people are permitted to turn down all jobs except those in their own specific field and still receive benefits, you know there is something seriously wrong with the system.

Yet, the Labor Department seems oblivious to the problem, and Congress appears interested only in moving in the direction of expanding the loopholes. Because of the absence of action, I had considered offering limitation language as part of this bill. I decided against it, due to the rather involved nature of the subject, but we are actively pursuing the issue and hope to have some concrete legislation ready to go in the near future.

Mr. PATTEN. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from New Jersey.

Mr. PATTEN. Mr. Chairman, I see by the paper the other night that in Virginia they are paying the teachers unemployment compensation for the summer, and in the District they are paying the schoolbus drivers for the summer and they are also paying the teachers for the summer.

Are the gentleman's remarks directed toward that problem?

Mr. MICHEL. Mr. Chairman, the gentleman will recall that a year ago we addressed ourselves in the full Committee on Appropriations to limitation language that would foreclose teachers who have an ongoing contract and will be employed the following school year from actually drawing unemployment benefits in the summer when they were never intended to have that right under the law.

It was a loophole in the act which we closed up in the Committee on Appropriations. If anybody now is engaging in that kind of activity, he is in violation of the law, unless, of course, there are some extenuating circumstances.

Mr. PATTEN. The papers had the pictures of the teachers in Virginia being registered in the school building for their unemployment. They had an article on the District to the effect that the District is paying the busdrivers for the summer, and they are paying the teachers for the summer. I cannot understand it.

Mr. MICHEL. Then it disturbs me that at a time when we have over 7 percent unemployment, the benefits ought to go to those who really deserve them, who really are legitimately out of work and not to people capitalizing on some flimflam to take advantage of the largesse that flows from the Federal Government in the form, even as here, of unemployment compensation benefits.

Mr. STEIGER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Wisconsin.

Mr. STEIGER of Wisconsin. Mr. Chairman, I am fascinated by the gentleman's discussion of this subject. He has raised a very important point and one that I think all of us try to worry about.

Let me first comment, if I can, on the teachers situation. Not only was it taken care of in the appropriation language, in the rider which the gentleman offered in committee, but it was adopted and subsequently carried by both Houses.

It was also in the language of H.R. 6900 that passed on the 30th of June last year or was signed by the President on the 30th of June, 1975. Therefore, I think that issue is very well taken care of. Somebody is breaking the law if he does that.

Mr. Chairman, let me ask the gentleman from Illinois (Mr. MICHEL) this question: The position the gentleman just outlined for the committee on legislation for unemployment compensation seems to me to be aimed in the direction of establishing a set of Federal qualifications; is that correct?

Mr. MICHEL. I think we certainly have to draw some tighter guidelines than we have in existence as of now if these kinds of conditions can go on that shock the sensibilities of the American public.

Mr. STEIGER of Wisconsin. However, the gentleman is aware, is he not, that that is an issue which at the present time is wholly determined or almost wholly determined by the States?

Let us take, for example, one of the examples, that of a ballplayer with the Milwaukee Brewers, unemployed at the time and living in North Carolina. The State legislature passed a law to prevent that from happening.

Michigan, which was perhaps the single biggest State mentioned in the "60 Minutes" program, has now moved to preclude those like the golf pro from being able to, in effect, abuse the unemployment compensation system.

My concern is that I, for one, have always thought, and still do, that the Federal-State partnership on unemployment compensation was a good concept. The minute we begin to go in and say that there is a Federal responsibility to determine qualifications, we have undone the partnership. Then, frankly, we ought to do it all over. Let us Federalize the system, cut the States out, and go along with just one system across the country.

I really do not think that that would be a very appropriate step to take.

Mr. MICHEL. As the gentleman well knows, for the period of time that this Member has been a Member of this body if we have a bid to opt for State or local control, as distinguished from Federal control, this Member will always opt for the local control.

If, however, these kinds of things are happening and there are no corrective measures and the States legislatures, Wisconsin's legislature or the legislatures of some other States, are afraid to offend members of the Milwaukee Brewers, or what have you, then it seems to me that the Congress should take a more objective view with respect to the entire country so that we should take the bull by the horns and take the action necessary.

If the gentleman says that Wisconsin is going to clean up that problem in Wisconsin, so it ought to be. However, it ought to hold also for the rest of the States, where Federal funding is involved, and I think that we have an obligation to see that that is done. It should be remembered that the Federal Government is providing a substantial share of the unemployment benefits, and thus has a responsibility to see to it that they are properly spent.

Mr. STEIGER of Wisconsin. I think we have to be very, very careful if the reaction is—and I understand it is a very human legislator's reaction—"Why don't you pass a law?" In that regard, I think we have to be very careful.

Mr. MICHEL. That is exactly why I indicated earlier that as much as I am frustrated by what is taking place and would like to use this vehicle as a means of doing something, I know full well that it is so complicated that serious thought ought to be given to it and hearings ought to be held before any action is taken.

Some people are warning that at present we are bolstering the position of those who get unemployment compensation but are not entitled to it, and that if the States do not clean up their own house, we are going to have to do it for them. I am reluctant to do that.

Mr. STEIGER of Wisconsin. Except if we could.

Mr. MICHEL. Yes.

Mr. STEIGER of Wisconsin. I do understand that point. This is a subject that when we get into H.R. 10210, the unemployment compensation bill, I am sure we can continue to discuss it. Part of that bill, as the gentleman from Illinois knows, is a study itself which has as its responsibility its present range of actions so that in the next few years we can begin to focus more clearly on where we are going and what kind of changes we can make in the unemployment compensation laws.

Mr. MICHEL. I thank the gentleman from Wisconsin (Mr. STEIGER) for his contribution. He was a very valuable former member of the Committee on Education and Labor and now is on the Committee on Ways and Means but I know the gentleman still has that burning interest in the activities of and all that takes place down in the Department of Labor.

Mr. PATTEN. Mr. Chairman, if the gentleman will yield further, most of them do not pay into the unemployment fund. There are no teachers or employees in the State of Virginia who pay into the unemployment fund, they are not funded for. They come under the emergency unemployment fund in which the taxpayers of the United States pay 100 percent.

Mr. MICHEL. That particularly buttresses the point that I made.

Mr. PATTEN. The State does not care a great deal who used that money.

Mr. MICHEL. When we went into the consideration of the recession and this Congress responded by extending the unemployment compensation beyond the normal time, and then fully funded it federally, that is the portion to which we reserved some right of control since all of it has been federally funded, and I think we have a legitimate right there.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MICHEL. Mr. Chairman, I yield myself 10 additional minutes.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

The HEW portion of the bill is $44.7 billion, an increase of $4.5 billion over 1976 and $2.75 billion over the budget. In addition, there are several unauthorized programs not included in the bill, most of which are in the health manpower and higher education areas. When the subcommittee's rejections for these areas are added in, the total for HEW jumps to $48.6 billion, an increase of $4.4 billion over the budget.

The programs of the Health Services Administration are funded at a level of $981 million, an increase of $333 million over the budget and $46 million over 1976. This agency includes programs such as community health centers, comprehensive health grants, maternal and child health, family planning, and PSRO's. Most of these categorical programs were proposed for inclusion in the health block grant recommended by the President. Since that proposal has not been adopted, they have been funded separately.

NATIONAL INSTITUTES OF HEALTH

The bill includes $2,421,778,000 for NIH, an increase of $256 million over the budget and $139 million over the 1976 level.

Nearly a third of the total, some $773 million, is allocated for the National Cancer Institute. In addition, over $63 million is allocated for cancer-related research in other institutes, and total cancer research expenditures, both public and private, are estimated to be in excess of a billion dollars.

With all this money being spent, I would like to be able to report some major breakthroughs in the battle against cancer, but cannot do so. There is some progress being made, though, which gives hope that there may be more significant advances in the years ahead. There have been particular gains in the area of breast cancer, both in the detection of it and in its treatment with drugs following surgery. This treatment has resulted in a fivefold improvement in the number of women surviving without any recurrence of their cancer, and cancer officials are also of the belief that this technology can be translated into the treatment of cancer of the large bowel in man, which is the second largest cancer killer of the American male.

Significant headway is also being made in dealing with leukemia, particularly acute lymphocytic leukemia in children. Approximately 55 percent of the children so treated are now alive and without apparent disease 5 years after diagnosis and treatment with various combinations of drugs. At least 75 percent of our children now have access to this treatment, compared with only 25 percent just 4 years ago.

Progress has been made in the drug treatment of advanced cancers of the colon-rectum and stomach.

Four anticancer drugs have now been approved for general medical practice and are now in use: Adriamycin, for use against tumors; DTIC, for treatment of advanced malignant melanoma; and CCNU and BCNU, for treatment of brain tumors.

Seventeen comprehensive cancer centers are now fully operational, and 106 million Americans live within 120 miles of a center. These centers are sources of research, and patients can receive consultation or special treatment as outpatients.

The Heart and Lung Institute receives the second largest amount among the NIH Institutes—$380 million. Again, as with cancer, there have been no major breakthroughs, but there has been some progress. New techniques involving heart rhythm have enabled as many as two-thirds of heart attack victims who are afforded medical care in time to walk out of the hospital.

There has been an increased ability to measure the extent of damage to the heart following a heart attack, which is essential to the development of methods to minimize permanent damage. The development of new diagnostic techniques are allowing the cardiologist to detect the early stage of disease often long before clinical signs develop.

Touching on some of the other diseases covered under NIH, the bill provides a total of $70,000,000 for diabetes research, nearly a 75-percent increase over the current level. This amount is only $2 million under the recommendation of the Diabetes Commission and includes $6 million for research and training centers. Diabetes research is conducted under the auspices of seven different institutes with about half of it falling under the National Institute of Arthritis, Metabolism, and Digestive Diseases.

About $37 million is included for arthritis, a 25-percent increase over the current level. This includes $2.5 million for the initiation of Arthritis Research Centers; $10 million is allocated for multiple sclerosis research, also an increase over the current funding level.

For aging research, the bill contains $29.2 million, under the auspices of the National Institute on Aging. This represents a 50-percent increase over the current funding level. There is a question as to the extent to which this research overlaps the aging research being funded under the Office of Human Development, and the amount of coordination, or lack of such, between the two programs.

There is little question about the vital need for these various NIH health research endeavors, but there does appear to be room for tightening up within the overall NIH allocation, thus enhancing the actual research effort.

For instance, the average grant length is 3.2 years. When that period is up, upward of 80 percent of these recipients apply for renewal, and 90 percent of these renewals are approved. The tendency, in other words, is to keep funding the same people, and the question must be asked, as to whether this condition is conducive to the introduction of new ideas, and/or whether special games of favoritism are being played.

Another concern is the high salaries accruing to researchers in many instances, which are being charged to the grants. For instance, in certain sample universities, the average salary for principal investigators 2 years ago was $54,000. Obviously, the higher the cost per grant, the fewer the number of grants that can be funded.

Then, finally, there is the problem of indirect costs. The indirect cost rate for NIH is now up to 35 percent of direct costs, which means that over $400 million of the funds ostensibly appropriated for health research are being siphoned off for nonresearch purposes. The National Advisory Neurological and Communicative Disorders and Stroke Council observes that full recovery of indirect costs results in the Government "supporting less research with more public dollars." A lower indirect cost rate would enable us to fund substantially increased research and still live within the budget perimeters.

Language has been included in the committee report calling on the Department to make every effort to keep indirect costs down, and also calls on the Department to consider including cost competition as part of the grant approval process. This language may help, but we will probably have to consider at some point taking more concrete steps in order to reduce the indirect cost rate.

ALCOHOL, DRUG ABUSE, AND MENTAL HEALTH ADMINISTRATION

The bill includes $797 million, including $425 million for mental health, $259 for drug abuse, and $39 million for alcoholism. The alcoholism total is low because the community grant programs for the most part are not authorized, and funds have thus not been included. Funding for the community mental health centers is allocated under the provisions of the new law, which include a more detailed breakdown under several different categories.

Overall, funding for ADAMHA is $192 million over the budget. The bulk of the increase accrues to the community mental health centers, which the budget proposed for inclusion in the health block grants, and to manpower training.

The $425 million in the bill for mental health means that this disease or illness is second only to cancer in terms of overall Federal funding. In terms of straight research, mental health ranks third. We have, in other words, been providing very generously to mental health at the Federal level, and this bill continues to expand this effort by providing for at least 16 to 24 new community mental health centers, a minimum of $12 million in new research starts, a doubling in funding for the consultation and education program, and a 75 percent increase in the financial distress grant program.

The size of the Federal mental health budget leads to the question as to its impact on State mental health expenditures. In my own State of Illinois, for example, they are spending $376 million for mental health, but only $80 million is earmarked for community facilities. Most of the remainder goes for State institutions, despite the fact that the resident patient load in these institutions has dropped from 49,000 in 1959 to 13,000 today, and the fact that three-quarters of the mental patients today are being treated at community facilities. The State is clearly failing to reorder its priorities in the mental health field, and I have to believe that a major reason for this is the availability of Federal funds for community facilities. If we continue to provide Federal funds in ever-increasing numbers, we will never put the pressure on the States to assume increased responsibility for community facilities.

The manpower training programs under ADAMHA were established many years ago to meet a pressing need, and that need has been substantially met on a nationwide basis. The essential problem now is maldistribution, but you do not deal with that problem by continued funding of a general program.

The fact is that many of those trained with Federal funds do not go into community mental health centers, State hospitals, or other areas where the needs are most pressing. For example, 62 percent of the psychiatrists and 55 percent of the psychologists go into private practice or teaching. Any Federal assistance here should for the most part come from the regular student assistance programs where these individuals would compete equally with everybody else.

HEALTH RESOURCES ADMINISTRATION

A total of $387 million is included, an increase of $129 million over the budget. This agency includes the health manpower programs, all of which, with the exception of nursing, are unauthorized. Consequently, the amount in this bill represents only about half of the total projected expenditures for the agency when all the programs become authorized.

Among the key items in this section is $120 million for health planning, most of which will go to the new health planning agencies. HEW indicates that all of these agencies will receive funding on a conditional basis by the end of the current fiscal year, and 113 will become fully implemented by April of next year. The amount in the bill would provide funding at a higher level for the agencies when they become fully implemented.

The bill provides $124 million for nursing institutional and student assistance programs, an increase of $88 million over the budget. The budget proposes a phasing out of these programs because, in the words of the American Nurses Association itself, "the supply of nurses appears to be approaching demand." The problem is again one of maldistribution rather than an overall shortage. Regular student assistance programs are available in ever increasing amounts to those interested in pursuing a career in nursing.

EDUCATION

The bill contains nearly $5.8 billion for the authorized programs in the education field, an increase of nearly $600 million over the 1976 level and $1.5 billion over the budget. Virtually all of the higher education programs including student assistance, are unauthorized, so we may ultimately have additional appropriations of some $3 billion plus before we are all through. The student assistance programs are advance funded, so the lack of funding in this bill will present no immediate problem for the schools.

Some of the key education items in the bill:

ESEA title I, Grants to the Disadvantaged. The bill includes $2,250,000,000, an increase of $350 million over the budget, and $200 million over the current level. The language of the Senate appropriations report on the second Supplemental is pertinent in this regard:

> The question yet to be clearly answered is whether or not the Title I program is effective in helping increase and sustain student achievement. In this regard, the Committee has reviewed all available reports and studies on the subject, and found that there is still no clear answer. For this reason, together with the fact that as much as $800 million in prior year Title I appropriations is presently available to the State, the Committee recommends no additional appropriation at this time.

That ought to be the position on the House side as well.

Until a program has proven itself, there is simply no justification for continuing to pile on more dollars. The $800 million still in the pipeline makes this doubly the case with this program.

Additionally, there needs to be a more extensive use of pupil achievement projects which have proven successful and which are most cost effective. During our hearings, Office of Education officials testified that—

> There are some effective projects that school districts have been able to develop and to put into effect which are inexpensive and draw upon existing teachers and merely replace existing programs and use existing materials, so that the additional cost is very small. Others in the most effective group have cost as much as $600 additional per pupil per year. There doesn't seem to be a consistent pattern on cost and effectiveness.

Expanded use of the most cost-effective programs ought to permit greater progress with fewer dollars.

BILINGUAL EDUCATION

The bill provides $115 million, an increase of $25 million over the budget and $17 million over 1976. The budget request would support 513 projects, including 170 new starts, the Supreme Court called for the provision of bilingual education services, but this responsibility was placed on the States, not the Federal Government. The Federal Government should assist the States in developing and setting up programs, but should not expand itself into the overall financing of these programs. It should also be noted that the Federal Government is providing bilingual assistance in 15 other programs for a total commitment, including this item, of more than $150 million.

FOLLOW THROUGH

The bill contains $59 million, a $29 million increase over the budget. This was designed as an experimental program to develop models for educating disadvantaged children in the early primary grades. It is now nearly 10 years old, and the results of a national longitudinal study showing which models are effective will be available this year. The program has, in other words, completed its mission, and now is clearly the time to begin phasing it out.

STATE EQUALIZATION GRANTS

The bill includes $10 million, all of it over the budget. The idea of this program is to assist the States to develop plans providing for greater equalization of State funds to local school districts. It is purely a State matter, and there is no justification for the Federal Government funding what the States should be doing for themselves.

IMPACT AID

The bill contains $788 million for this program, an increase of $463 million over the budget and $108 million over 1976. The budget is based on revising the impact aid law by eliminating payments for category B and low-rent public housing—category C. There are a variety of opinions on all sides about the validity of funding for category B—parents who work in, but do not reside on, Federal facilities—but there is very little justification for the funds relating to public housing. Direct funding for public housing pupils is up to $73 million and rising. Most of this overlaps ESEA title I funding, but this item is another one of those tied into a triggering device which most Members apparently feel ties our hands as far as appropriations are concerned.

What is not bound by the triggering device, however, is $65 million in part D hold-harmless funds for school districts not to cover any losses to these districts, but to cover increases they would have received had the funds for public housing children gone for increased payments to A and B districts.

In other words, we have been appropriating funds to fully fund tiers I and II, but not tier III. The idea of the hold-harmless is that if funds for public housing were taken out of the tier II allocations for A and B children in order to fund public housing children, then there would be harm done to districts with A and B children, and hold-harmless funding would be justified.

However, when we provided funds for public housing children for the first time last year, we did not take the money from tier I and II allocations for A and B children, but added it on top of these allocations. Consequently, those districts with A and B children have not suffered any losses due to the funding of public housing children, and there is thus no justification to provide them with any hold-harmless funds. Yet this bill contains $65 million in just such hold-harmless funds, and in my view this is totally wrong and a gross misuse of tax dollars. It provides these districts with a bonanza which was never intended and for which there is no jurisdiction.

EDUCATION FOR THE HANDICAPPED

The bill provides $426 million for this program, an increase of $190 million over the budget. When coupled with the $120 million allocated for education of the handicapped under other programs, this results in a total for this purpose of $646 million. All of the increase falls in the State grant program. The $300 million in the bill for the State grant program represents a 50-percent increase over the 1976 level and a 200-percent increase over the 1975 level. There is a serious question as to whether the States can effectively utilize such a sizable increase and to what extent they are actually using these funds to substitute for their own moneys.

GUARANTEED LOANS

We are still concerned over the default rate for the guaranteed student loan program, though it has begun to stabilize at around 17 percent. Paying off the defaults will cost us an estimated $141 million in fiscal year 1977. This will be covered by carryovers and available receipts, so no new funds are included in the bill.

Tighter regulations and improved departmental management have improved the default picture, but in an effort to further promote a reduction in the rate, we have included report language urging the Department to consider making lenders with excessively high default rates ineligible to continue in the program.

PUBLIC ASSISTANCE

A total of $18 billion is included for public assistance, virtually equal to the budget request and $1.3 billion over 1976 expenditures. Three hundred million dollars of the increase accrues to AFDC payments and $900 million to medicaid. There is some feeling that the estimates here may be low, and that a supplemental appropriation will again be necessary. HEW has in the experimental stage a new method of estimating public assistance costs which is designed to produce more reliable estimates. If this works out, it may enable us to avoid these substantial supplementals every year.

SOCIAL SECURITY

A total of $6.7 billion is included for payments to social security trust funds. This represents a sharp 63-percent increase, or $2.6 billion, over the 1976 level.

Most of the sharp increase is due to increased costs for health costs, such as higher physicians' fees, hospital charges, et cetera, and increased utilization of health services. One billion dollars of the increase, however is due to a mistake in the authorizing legislation which resulted in a higher Federal matching rate for medicare patients than the 50 percent envisioned in the legislation. The mistake involved a cap being placed on patient premiums, which prevented such premiums from rising as costs go up. That cap has since been lifted, but it is unlikely, because of the costs involved to the patient, that the ratio will ever again approach 50 to 50. The mistake by the authorizing committee has turned out to be a very costly one.

SSI

The total of $5.9 billion is included for the SSI program, an increase of $374 million over the 1976 level. The error rate for this program remains at about 25 percent, but the Social Security Administrator indicated to us his hope to reduce it to 15 percent by the end of fiscal year 1977. He indicated an unlikelihood for any further reduction without basic changes in the statute.

HOWARD UNIVERSITY

I need to call attention to the Howard allocation because it contains one of the most frivolous and ridiculous items in the bill. That item is $1 million for the development of an animal farm on some property the university owns in Beltsville. Why the university needs an animal farm is anybody's guess, since this was not an item we had any hearings on. I would suggest that the best use the university could make of the site would be to sell it off and use the money for operating expenses. Doing that might reduce the Federal payment and save the taxpayers some money.

OFFICE OF HUMAN DEVELOPMENT

The sum of $1,873,514,000 is included, an increase of $300 million over the budget and $171 million over the 1976 level.

KEY ITEMS

Under Human Developments.

HEAD START

The bill level of $475 million represents a $41 million increase over the budget. The program is a sound one, but there is some excess within the overall appropriation which could be eliminated and still permit operation of the program at the level contemplated in the bill. This includes $19 million for training the Head Start staff and $6 million for research and demonstration for a program that has been in operation for ten years. Another typical example of how we tend to perpetually fund items whose mission has been completed.

AGING COMMUNITY SERVICES

The bill contains $150 million for these programs, an increase of $52 million over the budget and $26 million over the 1976 level. This represents a 44-percent increase in little over a year's time, since a substantial increase for 1976 was also included in the second supplemental recently adopted. There is no question about the importance of the services provided the elderly through the area agencies under this program, but there is a question as to whether these agencies can effectively spend such substantial increases over such a short period of time without considerable waste occurring. There is also a need to retain an incentive for States and localities to participate financially.

AGING NUTRITION

The bill includes $203,525,000 for this program, an increase of $115,525,000 over the budget. It would establish a program level of $225 million, versus the current operating level of $187.5 million. If the current operating level were retained in 1977, there would still be an actual increase in the number of meals served because of the absence of one-time startup costs which are currently taking place due to the expansion of the program and because the level of mandated surplus food commodities donated from the Department of Agriculture increases from 15 cents per meal in 1976 to 25 cents in 1977; $166 million would be required to maintain this operating level; $37 million less than the amount in the bill. There are, of course, other programs which also provide nutritional assistance to needy elderly citizens, including the food stamp program.

AGING RESEARCH

Some $25 million is provided for this purpose in the bill, an increase of $19.2 million over the budget. An additional $15 million or so is included under community service for research in the form of model projects. There is a limit to the amount of research and demonstrations needed to provide the necessary services. At some point, we ought to cut back the increases in this regard, and concentrate more on services. Additionally it should be noted that training funds are being provided here to train "advocacy" lawyers, who seem to end up bringing suits against the very Government which sponsored their training.

RELATED AGENCIES

A total of $1,290,780,000 is included, an increase of $247 million over the budget. Included among these items are funds for ACTION, the Community Services Administration, and the Corporation for Public Broadcasting. The latter two items represent the essential increases over the budget.

COMMUNITY SERVICES ADMINISTRATION

The bill contains $496 million for the various antipoverty programs under this agency, an increase of $160 million over the budget.

The increase includes $70 million for the community action agencies. The budget request was based on the requirements of the law requiring that the Federal-local matching rate be reduced to 60–40 from 80–20. It is true the House has passed a bill returning the matching to 80–20 but that does not necessarily mean it will become law.

During the first part of the current fiscal year, when CSA was operating under the continuing resolution at the lower budget level, some two-thirds of the community action agencies were able to meet the increased local match required, when the rate declined from 80–20 to 70–30. This indicates that it can be done, if there is a will at the State and local level to do it.

An interesting point is that 24 percent of community action agency moneys go into administrative costs.

The bill includes $12 million for State economic opportunity offices, all of it over the budget. These basically represent an arm of the Governor which are used mainly for lobbying and other similar purposes. The Federal funds are mostly used to pay the salaries of State personnel.

The bill includes $15 million for the Community Food and Nutrition Service, all of it over the budget, but $11.2 million under last year.

It was revealed in the hearings that only $12 million of the $26.2 million allocated for this program actually goes for food, with the remainder going for recruitment for the food stamp program and other lobbying activities, such as financing a suit against the Federal Government to bring about increased nutrition funding for the elderly.

The cutback contained in the bill is good, but there is really no reason why we cannot go all the way and eliminate this program entirely. There are all kinds of other Federal nutrition programs, such as food stamps, nutrition for the elderly, meals on wheels, school lunch programs, and the women, infants, and children's program operated by Agriculture. The food stamp and school lunch programs also include outreach activities. A total of about $7 billion is being spent annually on these programs.

CORPORATION FOR PUBLIC BROADCASTING

The bill includes funds for fiscal year 1977 and advance funding for fiscal years 1978 and 1979. The amounts in the bill pretty much split the difference between the budget requests and the authorizing ceilings. The total for all these years is $84 million over the budget.

CONCLUSION

In sum, this bill unquestionably provides funding for many good and worthwhile programs. There is a limit to our funding capacity, however, and the bill clearly exceeds that limit. It needs to be substantialy scaled down, and if not, it ought to be rejected and sent back to committee.

I am including in the RECORD at this point a detailed item-by-item description and discussion of the bill, and the respective dollar amounts for each program.

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. I thank the gentleman for yielding.

Mr. Chairman, I am almost embarrassed to bring up a little dab of only $8 million in this program but I would like to ask the gentleman about this because it seems to me there is an overlapping jurisdiction that is taking place here. While we are talking about saving $8 million out of this total program amounting to billions of dollars, that may not be significant, but I think it is worthwhile.

I have found out the Agriculture Department will spend between $10 million and $15 million this year for Outreach, which is a food stamp program, which comes under the jurisdiction of the Agriculture Committee and the Agriculture Appropriations Committee. Now we find there is a community food and nutrition service program which will spend $8 million for Outreach for food stamps. This is probably one of those circumstances where the left hand does not know what the right hand is doing. Is there any reason why the Department of Agriculture should be promoting a food stamp program when that is being done under another program?

Mr. MICHEL. No; there is not. Whether the recruitment program resides better in the Department of Agriculture or in CSA I do not know, but I do agree with the gentleman that having both departments fund the same activity is a little bit ridiculous. That is one of the reasons I made a specific reference to it in my minority views. I do not think it is right.

Mr. JOHNSON of Colorado. Since it is one of the programs that comes under the Department of Agriculture, there does not seem to me to be any reason for having it jointly handled with HEW. I wonder if the gentleman would agree we should insert some amendment or prohibition on the duplication or overlapping.

Mr. MICHEL. I would have no objection to that.

Mr. JOHNSON of Colorado. I would like to get a comment from the gentleman from Pennsylvania, the chairman of the committee, as to what is the need for this overlapping jurisdiction, this double dipping, so to speak, on this Outreach program. I do not have any objection necessarily to the Outreach program, but I do not see why we should be handling it in two departments.

Mr. FLOOD. Mr. Chairman, if the gentleman will yield, I repeat for the purpose of emphasis, this is the Appropriations Committee. We do not write authorizing legislation. But we cut this $11 million from last year for pretty much the same reason the gentleman has pointed out.

Mr. JOHNSON of Colorado. I thank the gentleman. I think we are pretty much in agreement.

LABOR-HEW APPROPRIATION BILL—DISCUSSION AND DESCRIPTION

Mr. MICHEL. Mr. Chairman, the total in the bill is $56,104,631,000. This represents an increase of $4.4 billion over the fiscal year 1976 level, and $3.6 billion over the budget.

When the trust funds are added in, total budget authority for Labor-HEW amounts to $168,899,612,000, an increase of $20.7 billion over the 1976 level.

The $3.5 billion by which the bill is over the budget is misleading on the low side. There are a number of unauthorized items not included in the bill, and when moneys are made available for these items, the subcommittee is projecting a total amount in excess of the budget of $5.1 billion. If a projected $4.5 billion to carry out the provisions of the House-passed public service employment bill is ultimately appropriated, the total increase over the budget would climb to $9.6 billion.

LABOR DEPARTMENT

The total in the bill for Labor is $10.1 billion, a decrease of $2 billion from the total fiscal year 1976 appropriation, but $546 million over the budget. The comparison with 1976 is misleading, in that the 1976 figure includes $1.2 billion in moneys appropriated to fund the public service employment program in the transition quarter and the first 3 months of fiscal year 1977. If that amount is subtracted from the 1976 total and half of it is added to the 1977 total, the 1977 bill ends up being just $200 million under the 1976 appropriation. If funds are ultimately added to fund this program at the current level through the end of fiscal year 1977, the fiscal year 1977 total would go up by $1.3 billion, boosting it well above the 1976 appropriation.

Because of the carryover of unemployment moneys, we sometimes get a better picture of Labor Department spending if we look at actual outlays. In terms of outlays, the Department projects the allocation of $18.5 billion in fiscal year 1976 and $11.8 bililon in 1977, and reflects a reduction of approximately $5 billion in unemployment benefit outlays, from $11.85 billion to $6.85 billion. With the additions included in this bill, and the potential additions for public service employment likely to be included in upcoming supplementals, the outlay gap will narrow.

EMPLOYMENT AND TRAINING ADMINISTRATION—PROGRAM ADMINISTRATION

1976 appropriation	$98,967,000
1977 budget request	100,867,000
Amount in bill	100,661,000
Decrease from budget	206,000
Increase over 1976	1,694,000

This account provides the necessary Federal staff support to carry out the Department's responsibilities in administering national, State, and local training programs, the State employment security systems, a national apprenticeship expansion effort, and various other employment and training programs.

The change from the budget reflects an increase of $750,000 for 50 additional positions, offset by reductions of $600,000 for contracted research and training in the unemployment insurance area and $356,000 in standard level user charges.

EMPLOYMENT AND TRAINING ASSISTANCE

1976 appropriation	$2,916,820,000
1977 budget request	2,794,330,000
Amount in bill	3,245,250,000
Increase over budget	450,920,000
Increase over 1976	328,430,000

The employment and training assistance account provides needy individuals with various types of occupational training, employment assistance, and related support services.

TITLE I—COMPREHENSIVE EMPLOYMENT AND TRAINING SERVICES

This title authorizes grants to State and local governments to provide training, education, and the development of job opportunities to those judged most in need by State and local officials. Services provided may include institutional and on-the-job training, work experience, vocational education, job placement services, and transitional public service employment.

$1,880,000,000 is included for title I, an increase of $300 million over the Budget. The increase is ostensibly to maintain the current program level and to provide for an increase in the minimum wage. In reality, the current program level is artificially high due, to the carryover of a substantial amount of unexpended funds from 1975 to 1976. The budget request would restore the program to a more even keel, and does in fact provide for a 20-percent increase in training slots over the 1975 level. It also takes into account the increase in the minimum wage. At a time when only 32 percent of those terminated from this program end up in jobs, thus in effect costing $9,000 for each job placement, a better performance record is in order before we undertake a substantial expansion.

TITLE II—PUBLIC SERVICE EMPLOYMENT

This title provides grants to State and local governments in areas having an unemployment rate of 6.5 percent or above for 3 consecutive months for the purpose of supplying transitional public service employment. The services are provided to unemployed and underemployed persons in jobs furnishing needed public services.

The $400 million included in the bill reflects the budget request.

TITLE III—SPECIAL FEDERAL RESPONSIBILITIES

This title assures that particular target groups will receive adequate employment and training services through nationally administered projects. The group include Indians, migrants and seasonal farmworkers, and youth. The title also authorizes program support for the employment and training assistance effort through research, development, and evaluation; labor market information; and technical assistance and training.

Of the funds under this title, $196,960,000 goes for the national programs and $42,370,000 for program support. Both figures are equal to the budget request.

TITLE IV–JOB CORPS

This title provides for an intensive program of employment and training assistance for low-income, disadvantaged young men and women in residential and nonresidential centers. Program efforts include education, vocational training, work experience, counseling, and support services.

The amount in the bill, $197.5 million, is $22.5 million over the budget, to permit a 10-percent enrollment increase.

SUMMER YOUTH EMPLOYMENT

The $528,420,000 in the bill, to fund the program for next summer, is equal to the current level, but $128 million over the budget. The budget figure, however, was a projection, with the expectation that a definitive figure would be submitted next spring, since funds for this program have normally been appropriated as part of the spring supplemental.

COMMUNITY SERVICE EMPLOYMENT FOR OLDER AMERICANS

1976 appropriation	$85,900,000
1977 budget request	-----------
Amount in bill	90,600,000
Increase over budget	90,600,000
Increase over 1976	4,700,000

The community service employment for older Americans account contains funds for contracts with National organizations and grants to States to provide part-time work opportunities in community service activities for unemployed low-income persons aged 55 and over who have poor employment prospects.

The bill provides $90.6 million, all of it in excess of the budget, to expand the program and fund it through September 30, 1978. The report also requires that the funds be distributed entirely through national contractors, an inequitable method of distribution which favors some regions as against others. Providing employment for the elderly is certainly a laudable objective, but it is questionable whether a categorical program such as this one is the best way to do so. We might better direct our attention toward elimination of the mandatory retirement age, which forces many to retire with good productive years still ahead of them.

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

1976 appropriation	$410,000,000
1977 budget request	860,000,000
Amount in bill	860,000,000
Increase over budget	-----------
Increase over 1976	450,000,000

This account provides for the payment of benefits to former Federal employees, including ex-servicemen and ex-Postal Service employees. It also provides for weekly benefit payments and allowances to workers totally or partially separated from employment due to foreign trade agreements. In addition this appropriation provides for payment of special unemployment assistance to unemployed individuals, not otherwise covered, who are affected by adverse economic conditions, as authorized by the Emergency Jobs and Unemployment Assistance Act of 1974.

The increase over 1976 is misleading, in that substantial carryover funds have been available in 1976 from prior years. In terms of actual outlays, there is expected to be a $475 million decrease in 1977 from the 1976 level.

GRANTS TO STATES FOR UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICES

1976 appropriation	$1,496,700,000
1977 budget request	1,435,800,000
Amount in bill	1,501,800,000
Increase over budget	66,000,000
Increase over 1976	5,100,000

This account provides funds for the administration of State unemployment insurance programs which collect unemployment insurance taxes from employers and pay unemployment compensation to unemployed workers. This account also pays for the administration of payments to former Federal employees, workers adversely affected by foreign trade agreements, and other unemployed individuals qualified under the special unemployment assistance program. In addition this account provides for the administration of the employment service system. This system provides labor market information, placement services, counseling and testing for jobseekers, assistance to employers in job modification, and the provision of other information on subjects such as manpower development, personnel practices, and training.

Of the total in the bill $89,100,000 represents the appropriation and the remainder, $1,412,700,000, is to come from the unemployment trust fund.

The increase over the budget is designed to continue the current employment service staffing level and to expand the automated job-matching system.

ADVANCES TO THE UNEMPLOYMENT TRUST FUND AND OTHER FUNDS

1976 appropriation	$5,000,000,000
1977 budget request	5,000,000,000
Amount in bill	5,000,000,000

The advances to the unemployment trust fund appropriation provides general revenue advances to several unemployment compensation accounts for the purpose of paying unemployment compensation to individuals. Repayable advances are made to the extended compensation account of the unemployment trust fund, to pay the Federal share of extended benefit programs, and to the Federal unemployment account of the unemployment trust fund to pay regular State unemployment insurance benefits. Nonrepayable advances are made to the Federal benefits and allowances account to pay unemployment benefits under Federal unemployment compensation laws.

LABOR-MANAGEMENT SERVICES ADMINISTRATION

1976 appropriation	$45,142,000
1977 budget request	48,619,000
Amount in bill	48,319,000
Decrease from budget	300,000
Increase over 1976	3,177,000

The reduction from the budget request results from a cut of $300,000 in annualization costs for the 150 new positions received in 1976. The bill provides for reprograming of 50 positions from the labor-management standards enforcement activity to meet higher priority requirements of the Employee Retirement Income Security Act program. Smaller amounts are reprogramed from other areas to meet increased workload requirements in the Federal labor-management relations program, and the employee protection program which is contained in the Urban Mass Transportation Act as a result of the 1974 amendments establishing the formula grant program.

EMPLOYMENT STANDARDS ADMINISTRATION—SALARIES AND EXPENSES

1976 appropriation	$87,632,000
1977 budget request	93,275,000
Amount in bill	92,952,000
Decrease from budget	323,000
Increase over 1976	5,545,000

The bill includes $92,952,000, a decrease of $323,000 from the budget request. Fiscal year 1977 increases included $1.4 million to automate the wage determination process for the Davis-Bacon Act; $495,000 to annualize the full year cost of 30 positions received in fiscal year 1976 for the black lung program; and $394,000 and 35 positions to reduce the backlog in the Federal Employees' Compensation Act program. The bill also contains reductions of $750,000 from the joint Federal/State cooperative project to administer similar employment standards, and $462,000 from the amount requested for the standard level user charge.

EMPLOYMENT STANDARDS ADMINISTRATION—SPECIAL BENEFITS

1976 appropriation	$298,100,000
1977 budget request	317,818,000
Amount in bill	317,818,000
Increase of budget	-----------
Increase over 1976	19,718,000

The bill includes the amount of the budget request. This category includes payments for Federal Employees' Compensation Act benefits, black lung benefits, and Longshoremen's and Harbor Workers' Compensation Act benefits. The estimated increase over fiscal year 1976 results from expected increases in the Consumer Price Index and a Federal pay raise this fall.

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

1976 appropriation	$116,221,000
1977 budget request	130,820,000
Amount in bill	129,833,000
Decrease from budget	987,000
Increase over 1976	12,652,000

The net reduction from the budget request results from a decrease of $2 million in funds identified for technological feasibility, inflationary, and environmental impact studies; and the addition of $338,000 for safety and health standards, and $675,000 for expanded education and consultation services for employers in nonplan States.

The bill includes a total of $17.5 million for providing consultation services to employers.

BUREAU OF LABOR STATISTICS

1976 appropriation	$64, 846, 000
1977 budget request	73, 688, 000
Amount in bill	72, 196, 000
Decrease from budget	1, 492, 000
Increase over 1976	6, 350, 000

The reduction from the budget request is comprised of $237,000 for rent payments made to the General Services Administration, and a reduction of 45 positions and $1,255,000 for new positions requested. The bill includes 45 positions to improve the ongoing Consumer Price Index program.

DEPARTMENTAL MANAGEMENT

1976 appropriation	$38, 240, 000
1977 budget request	49, 596,000
Amount in bill	49, 312, 000
Decrease from budget	284, 000
Increase over 1976	11, 072, 000

The reduction from the budget request results from a cut of $246,000 for rent payments to the General Services Administration, and a reduction of $150,000 in research. The bill includes five additional positions for the Office of Budget for expanded budgetary responsibilities, and five additional positions to support Labor Advisory Committees and legal support for the occupational safety and health programs.

The apparent increase of $11 million over the 1976 level is misleading, in that the 1977 amount includes salaries for a number of attorneys in the Solicitor's Office which previously had been funded under other accounts. The actual increase over 1976 is $3,657,000, mostly for mandatory increases.

SPECIAL FOREIGN CURRENCY

1976 appropriation	$70, 000
1977 budget request	70, 000
Amount in bill	70, 000

The committee recommends $70,000 the same as the House allowance and the budget request. This program provides for payments in foreign currencies which the Treasury Department determines to be in excess of the normal requirements of the United States. While constituting no dollar outflow, this appropriation contributes toward international labor activities, such as overseas conferences.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

The HEW portion of the bill is $44.7 billion, an increase of $4.5 billion over 1976 and $2.75 billion over the budget. In addition, there are several unauthorized programs not included in the bill, most of which are in the health manpower and higher education areas. When the subcommittee's projections for these areas are added in, the total for HEW jumps to $48.6 billion, an increase of $4.4 billion over the budget.

HEALTH SERVICES ADMINISTRATION

1976 comparable appropriation	934, 614, 000
1977 budget request	647, 558, 000
Amount in bill	981, 021, 000
Increase over budget	333, 463, 000
Increase over 1976	46, 407, 000
Amount of request not yet considered	46, 629, 000

The budget proposed the folding of most of the categorical programs within this category into the overall health block grant proposal. These programs include community health services, comprehensive health grants to the States, maternal and child health, family planning, migrant health, and emergency medical services. This approach would allow the States the flexibility to determine which health services are most important to them, and to fund these services accordingly.

Additionally, if the States made a serious effort to eliminate the waste from medicaid, which would also be included in the block grant, substantial additional sums would be available for health services, even over and above the amounts contained in this bill. Unfortunately, the high funding levels of the present categorical programs have generated opposition to any change in the status quo from those who have already established direct funding pipelines to Washington. A lower funding level thus very likely would soften the rigidity toward change, and would result in better government, better programs and better services.

A breakdown of the programs under the Health Services Administration:

COMMUNITY HEALTH CENTERS

The bill contains $215,148,000, an increase of $59,958,000 over the budget and $18,500,000 over 1976.

The primary purpose of this program is to develop health service delivery capacity in medically underserved areas and to provide high quality health services in such areas. Also, these projects integrate a broad range of health and social services into a single organization predicated on total family health care.

In 1976, the Federal Government is picking up about 69 percent of the costs of the centers. Twenty percent is covered by third party reimbursement and 11 percent by State and local sharing.

The Federal Government has been funding these centers for almost a decade now, and consideration should be given to reducing the increase exerting greater efforts toward eliminating the least productive centers and increasing third party and local financing.

COMPREHENSIVE HEALTH GRANTS

The bill includes $90,000,000 for comprehensive health grants to States, an amount equal to the 1976 level, but not requested in the budget. This program is a formula grant program to the States to assist them in meeting the costs of providing comprehensive public health services in accordance with priorities and goals established by the States.

This program has long been primarily an underwriting by the Federal Government of the overhead costs of State departments of health. It can thus be asked as to whether this is a high priority responsibility of the Federal Government.

MATERNAL AND CHILD HEALTH

A total of $336,708,000 is provided in the bill, an increase of $125,288,000 over the budget and $14,800,000 over 1976. The purpose of this program is to extend and improve services for promoting the health of mothers and children, reduce mortality and prevent morbidity primarily through formula grants to States, but also through research and training.

This program has been in existence for a very long time. It was enacted in response to the special needs of low-income children and mothers. While certain of the services provided are unique to this program, low-income individuals are eligible for many of the same services under medicaid. In recent years there has been a tremendous expansion, under medicaid, of early and periodic screening, diagnosis, and treatment services—EPSDT—for children. These types of activities have, in the past, been a major part of the maternal and child health—MCH—program. Under medicaid and title XX social services there has been increased emphasis on the provision of family planning services, again an activity included in the MCH program.

FAMILY PLANNING

The $21,180,000 increase over the budget for family planning project grants and contracts brings it up to the 1976 appropriation level of $100,615,000. The goal of this program is to provide a full range of high quality family planning services to people who want such services but for financial or other reasons do not have access to them.

Family planning services are supported by other programs besides the one under this account. The following SRS programs support family planning:

	Obligations (in thousands)		
	1975	1976	1977
Social services (title XX)	$43, 177	$49, 678	$52, 800
Medicaid	56, 772	65, 512	74, 625
Total, SRS	99, 949	115, 190	127, 425

As shown above, obligations by SRS for family-planning services were increased $12.2 million from fiscal year 1976 to fiscal year 1977. The SRS family planning programs are more effective in reaching the poor than HSA's program. The SRS programs are means tested and, therefore, can only be used to provide services to the poor. The nonpoor being served by HSA's family planning program should be able to pick up a greater share of program costs.

MIGRANT HEALTH

The bill provides $30,000,000, a $10,800,000 increase over the budget and a $5,000,000 increase over 1976 for migrant health. This program provides project grants to public and private organizations for the delivery of outpatient health care services to migrant and seasonal farmworker families. These clinics are scattered throughout the country in an attempt to respond to the migratory patterns of these agricultural workers.

Most of the increase over the budget would be used to continue eight new migrant health centers begun with the 1976 increase beyond the budget. Slightly over $1 million would be used for developmental grants for seven new centers. Specially earmarked services to this target group are reaching the point of diminishing returns. Due to the mobility of migrant and seasonal farmworkers these new centers will be underutilized during the majority of the year. Furthermore, HEW is attempting to organize its new rural health initiative and the community health center, maternal and child health and family planning programs in such a way that migrants are served by these components of the health delivery system.

HEMOPHILIA PROGRAM

The sum of $3,000,000 is provided for this program, an amount equal to the 1976 level, but all of it over the budget. The program involves project grants for demonstration treatment centers and blood separation centers.

HEALTH MAINTENANCE ORGANIZATIONS

The bill includes $22,612,000, an increase of $4,000,000 over both the budget and the 1976 level.

By means of project grants, contracts, and loans to public and private nonprofit agencies, this program promotes the development of prepaid, comprehensive health care delivery systems. HMO's are thought to be one of the more effective ways of inhibiting rapid increases in medical costs and putting more emphasis on preventive health.

HYPERTENSION

The sum of $5,000,000 is included for this program, all of it over the budget and a $1,250,000 increase over 1976. The program involves formula grants to the States. It should also be noted that the National Heart and Lung Institute will spend in excess of $45,000,000 for hypertension research, education, and control programs.

MEDICAL CARE STANDARDS

The bill provides $5,187,000, equal to the 1976 level but $1,000,000 over the budget. This program is responsible for the professional health aspects in carrying out the quality assurance provisions of the medicare and medicaid programs.

PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS

The committee provides $62,000,000 for the PSRO's, the same amount as the budget request and $14,418,000 over the 1976 level. The purpose of the program is to assure that the service provided by the medicaid, medicare, and maternal and child health program conform to appropriate professional standards for the provision of health care and promote the efficient, and economical delivery of health care services of proper quality for which payment may be made.

PATIENT CARE AND SPECIAL HEALTH SERVICES

The bill contains $120,209,000, essentially for the continued operation of the Public Health Service hospitals. This represents an increase of $13,239,000 over the budget and $2,239,000 over 1976.

Patient care activity provides funding for the eight Public Health Service hospitals, PHS outpatient clinics, the National Leprosarium, and several other activities. This program provides direct and contract health care to $500,000 beneficiaries which are primarily American seamen, personnel and dependents of the Coast Guard, and Public Health Commissioned Corps and Federal employees' compensation cases.

CENTER FOR DISEASE CONTROL

1976 comparable appropriation	$244,017,000
1977 budget request	109,583,000
Amount in bill	120,728,000
Increase over budget	+11,145,000
Decrease from 1976	123,289,000
Amounts of request not yet considered	33,710,000

Project grant programs for veneral disease, immunication, rat control, and lead-based paint lack authorizing legislation so no funds are specially appropriated. The reason for the substantial decrease from 1976 was the one-time $135,064,000 appropriation for swine flu in 1976.

Among the individual programs, the bill contains $43,756,000 for disease surveillance and control, an amount equal to 1976 and an increase of $345,000 over the budget. The Center for Disease Control maintains surveillance over diseases of public health significance occurring in this country or presenting a threat of introduction, conducts clinical and epidemiological investigations of selected diseases, and carries out Federal responsibilities of controlling the spread of diseases and providing assistance to States and communities in the conduct of their public health programs.

The committee concurs with the budget request of $15,063,000 to improve the capability and upgrade the quality of the more than 14,000 clinical laboratories. This represents an increase of $4,462,000 over the 1976 level.

The committee has again provided a substantial increase for Occupational health—increasing the budget request by $9,600,000 to $46,707,000. This also represents an increase of $7,174,000 over 1976. The National Institute for Occupational Safety and Health uses these funds to provide the basic Federal research effort to assure healthful and safe working conditions through intramural research, research contracts, other Federal agencies, and research training grants to qualified institutions.

Much of the increase goes for training. Unquestionably, there is a need for additional occupational health workers—occupational physicians and nurses, industrial hygienists, et cetera. However, training assistance for these specialists is already provided through the Federal health manpower programs. In addition, legislation expanding these health manpower programs is currently being considered by Congress. HEW believes it is preferable to deal with the training of these occupational specialties within an overall manpower program rather than relying on a proliferation of separate categorical training programs.

Additionally, it should be noted that the committee report contains language calling for a complete new study on the location of a new NIOSH facility. The Department has already conducted a study, and after a thorough evaluation, has settled on Cincinnati, where NIOSH is presently located, as the permanent site. There is thus simply no justification for calling for a new study. It would simply serve to delay construction, hamper NIOSH research efforts, and increase ultimate costs of the facility. Steps should be taken to negate this language prior to final enactment of this bill.

NATIONAL INSTITUTES OF HEALTH

1976 comparable appropriation	$2,302,069,000
1977 budget request	2,165,047,000
Amount in bill	2,440,778,000
Increase over budget	275,731,000
Increase over 1976	138,709,000

The basic goal of NIH is developing knowledge of the biological bases of health and disease and of safe and effective interventions to prevent, detect, diagnose, and treat disease. In particular, NIH has responsibility for five interdependent types of activities: expanding understanding of diseases through biomedical research in laboratories and clinics; developing application of research findings to solutions of health care problems and measures for the diagnoses and prevention of disease; testing and evaluating applications through mechanisms such as controlled clinical trials; facilitating the transfer of the results of NIH findings to individuals and organizations responsible for health care and prevention through a range of measures, including control and demonstration programs like those in the National Cancer Institute and the National Heart and Lung Institute; and developing the manpower, biotechnology, communications, data, and other support resources needed to maintain the above-listed activities.

About 80 percent of the increases in the bill over the budget are for the Cancer and Heart and Lung Institutes, research resources and building and facilities.

There is little question about the vital need for health research, but there does appear to be room for tightening up within this overall allocation, thus enhancing the actual research effort. For instance, the average grant length is 3.2 years. When that period is up, upward of 80 percent of these recipients apply for renewal, and 90 percent of these renewals are approved. The tendency, in other words, is to keep funding the same people, and the question must be asked as to whether this condition is conducive to the introduction of new ideas and/or whether any special games of favoritism are being played.

Another concern is the high salaries accruing to researchers in many instances, which are being charged to the grants. For instance, in certain sample universities, the average salary for principal investigators 2 years ago was $54,000. Obviously, the higher the cost per grant, the fewer the number of grants that can be funded.

Then, finally, there is the problem of indirect costs. The indirect cost rate for NIH is now up to 35 percent of direct costs, which means that over $400 million of the funds ostensibly appropriated for health research are being siphoned off for nonresearch purposes. The National Advisory Neurological and Communicative Disorders and Stroke Council observes that full recovery of indirect costs results in the Government "supporting less research with more public dollars." A lower indirect cost rate would enable us to fund substantially increased research and still live within the budget perimeters.

ALCOHOL, DRUG ABUSE, AND MENTAL HEALTH ADMINISTRATION

1976 comparable appropriation	$768,078,000
1977 budget request	604,790,000
Amount in bill	797,905,000
Increase over budget	+193,115,000
Increase over 1976	29,827,000
Amount not yet authorized	76,505,000

The basic mission of the Alcohol, Drug

Abuse, and Mental Health Administration—ADAMHA—is to develop knowledge, manpower, treatment, and services, to assist the Nation in understanding and addressing the continuing phenomena of mental illness, the abuse of drugs, and the misuse of alcohol.

GENERAL MENTAL HEALTH

Funds included for general mental health support the programs and operations of the National Institute of Mental Health—NIMH. NIMH provides leadership, policies, and goals for the Federal effort in the promotion of mental health and the prevention and treatment of mental disorders. In carrying out these responsibilities, NIMH: First, conducts and supports research on the biological, psychological, sociological, and epidemiological aspects of mental health and mental illness; second, supports the training of professional and paraprofessional personnel in the promotion of mental health and prevention and treatment of mental disorders; third, conducts and supports research on the development and improvement of mental health services delivery, administration, and financing, and supports mental health service programs and projects; fourth, collaborates with, and provides technical assistance to, State authorities and regional offices, and supports State and community efforts in planning health programs; fifth, collaborates with, provides assistance to, and encourages other Government agencies and institutions to promote mental health programs; and sixth, provides information on mental health and mental disorders to the public and to the scientific community.

The sum of $425,068,000 is included in the bill for the general mental health programs, an increase of $160,854,000 over the budget and $6,124,000 over the 1976 level. Included within this total is $95,908,000 for research and $85,100,000 for training, both equal to the 1976 levels, but $12,908,000 and $55,100,000 over the budget, respectively.

The manpower training programs in this and other areas under ADAMHA were established many years ago to meet a pressing need, and that need has been substantially met on a nationwide basis. The essential problem now is maldistribution, but you do not deal with that problem by continued funding of a general program. The fact is that many of those trained with Federal funds do not go into community mental health centers, State hospitals, or other areas where the needs are most pressing. For example, 62 percent of the psychiatrists and 55 percent of the psychologists go into private practice or teaching. Any Federal assistance here should for the most part come from the regular student assistance programs, where these individuals would compete equally with everybody else.

Also included under mental health is $221,346,000 for community mental health centers, an increase of $90,546,000 over the budget and $5,639,000 over 1976. The amount in the bill would provide for the establishment of at least 16 new centers, and otherwise fully launches funding for these centers under the provisions of the new law, which really represents a digression by expanding the categorical nature of the program. Among the least defensible of the categories is the $7 million for financial distress grants, a 75-percent increase over the current level. This item is essentially a bailout of centers which claim they cannot make a go of it after the 8-year funding cycle ends. At present, just 10 percent of the centers completing the cycle claim to be in serious trouble, but with the financial distress grants becoming available, they cannot help but have a dampening affect on the incentive to find other funding.

DRUG ABUSE

The Alcohol, Drug Abuse, and Mental Health Administration conducts a full range of drug abuse prevention activities through the Agency's National Institute on Drug Abuse—NIDA. In carrying out these responsibilities, NIDA: First, supports a wide range of research programs to gain new knowledge on the cause and effects of narcotic addiction and drug abuse, from fundamental research on the basic chemistry of abused substances to applied research and development activities having direct impact on treatment services; Second, supports training programs to ensure the availability of qualified manpower in drug abuse treatment, prevention and research programs; Third, assists communities to maintain treatment programs for drug abusers, providing direct project grant and contract support for a fully utilized national treatment system; Fourth, demonstrates new and/or more effective methods for drug abuse treatment and prevention services; and Fifth, collects and disseminates scientific, technical, and programmatic information on drug abuse from Federal, State and local prevention activities.

The total in the bill for drug abuse activities is $259,472,000, an increase of $11,645,000 over the budget and $27,300,000 over 1976. Most of the increase over 1976 falls in the community grant and contract program.

ALCOHOLISM

The National Institute on Alcohol Abuse and Alcoholism, established by law in 1970, serves as the focal point for Federal activities in the area of alcoholism. The Institute has responsibility for formulating policies and carrying out a national program aimed at: First, accumulating and disseminating knowledge to increase the level of awareness regarding the risks and dangers associated with irresponsible drinking; and second, building the capacity of the States and communities to establish and sustain viable programs of alcoholism prevention, treatment, and rehabilitation. In support of these broad objectives, the NIAAA administers: a program of research on the biological, psychological, and social aspects of alcohol use and abuse; a program of training in alcoholism research, prevention, and treatment for a variety of persons, including professionals, paraprofessionals, and others who deal with present and potential alcohol offenders; a program of State and community support to stimulate organized service and prevention activities which meet specific local needs; and a program to disseminate a wide range of scientific and public information.

The total for alcoholism is $39,513,000, an increase of $17,956,000 over the budget and $665,000 under 1976. Much of this program, particularly the community programs, is not funded in this bill due to a lack of authorizing legislation.

ST. ELIZABETHS HOSPITAL

St. Elizabeths Hospital provides treatment and care for the mentally ill who are either beneficiaries of the Federal Government or residents of the District of Columbia. The committee provides an additional $2,500,000 over the budget to fund the 175 positions added in the fiscal year 1976 second supplemental, for a total of $60,464,000.

HEALTH RESOURCES ADMINISTRATION

1976 comparable appropriation	$395, 413, 000
1977 budget request	258, 300, 000
Amount in bill	386, 896, 000
Increase over budget	+128, 596, 000
Decrease from 1976	33, 517, 000
Amount not yet authorized	283, 000, 000

The mission of the Health Resources Administration is to identify and correct current and anticipated imbalances, inefficiencies and deficiencies in the distribution, supply, equal access, utilization and costs of the health care resources and services. This is done through measurement and analyses of current status and trends; definition, testing and evaluation of ways to solve health resource problems; and promotion of innovative strategies and development of those resources, souch as health manpower, which will improve areas of imbalance and inefficiency.

The programs unauthorized, and thus unfunded, are the health professions institutional, student, and special educational assistance programs.

The decrease in funding from 1976 is more than accounted for by a reduction in funding for the health facilities construction program.

NATIONAL HEALTH STATISTICS

The National Center for Health Statistics gathers information about the health status of the American people and the resources which are available to deliver this health care. In addition, the National Center continues a moderate expansion in the number of developmental and implementation contracts associated with the Cooperative Health Statistics System. Emphasis is placed on building each State's capacity to collect and process data on health manpower, facilities, utilization of services, health status of the population and vital events so that comparable statistics are produced on an economical and timely basis for use at Federal, State and local levels. This system is also capable of meeting the data needs of such new Federal health programs affecting local areas as professional standards review organizations and the new health systems agencies.

The bill provides an additional $3,636,000 to the budget request of $24,000,000 for the Center. The total represents an increase of $2,000,000 over the 1976 level.

HEALTH PLANNING

The Health Planning and Resources Development Act of 1974 authorizes a federally financed nationwide health planning structure consisting of: 213 health systems agencies—HSA's; 56 State health planning and development agencies; 56 State health coordinating councils—SHCC.

These organizations are responsible for: First, developing areawide and statewide health plans; second, coordinating health resources development; third, reducing duplication and underutilization of services and facilities; fourth, addressing problems of medical maldistribution; and fifth, improving access to health care.

The bill contains $120,000,000 for health planning, an increase of $30,000,000 over the budget and $7,500,000 over the amended 1976 level. Most of the funds will go to the health planning agencies. HEW indicates that all of these agencies will receive funding on a conditional basis by the end of the current fiscal year, and 113 will become fully implemented by April of next year. The amount in the bill would provide funding at a higher level for the agencies when they become fully implemented.

HEALTH SERVICES RESEARCH

The National Center for Health Services Research is authorized under the Health Services Research, Health Statistics, and Medical Libraries Act of 1974 (Public Law 93-353). The Center has identified a number of research areas where answers are needed on how more equitably and effectively to finance and manage the Nation's health care system. Specifically, these include the development of new approaches to increase productivity, equal access, and reduce costs, improving the technology for planning and regulation, greater emphasis on the labor market behavior of nonprofessional manpower, and integrating chronic illness and long-term health care more effectively and efficiently into the rest of the health delivery system. The bill restores this program to the 1976 level by adding $2,000,000 to the budget request of $24,000,000.

NURSING

The bill includes $124,000,000 for nursing assistance, $17,500,000 over the 1976 comparable level and $88,000,000 over the 1977 budget request. The institutional assistance activity provides financial assistance to nursing educational institutions or other entities to improve the quality of nursing education and to prepare the numbers and types of nurses needed to provide nursing care for the health delivery system.

The nursing student loan and scholarship programs provide financial aid to needy students, particularly those from disadvantaged and minority groups. The traineeships program assists registered nurses to obtain the necessary knowledge and skill to become academically prepared for positions as teachers administrators, supervisors, and clinical specialists. These grants cover costs of tuition, stipends, and dependency allowances. The loan repayment program provides for the repayment of outstanding educational loans for students who agree to practice in a shortage area and for those who are financially disadvantaged.

The budget proposes a phasing out of these programs because, in the words of the American Nurses Association itself, "the supply of nurses appears to be approaching demand." The problem is again one of maldistribution rather than an overall shortage. Regular student assistance programs are available in ever increasing amounts to those interested in pursuing a career in nursing.

OFFICE OF THE ASSISTANT SECRETARY FOR HEALTH

This appropriation provides support for the administrative staff required to administer the PHS health programs in the regional offices, staff for the Assistant Secretary for Health, staff for the coordination of the overall National efforts to assure the quality of the development of health care standards and resources necessary for the continuation of the national physical fitness and sports program. Also included in this category is the retirement pay and medical benefits for commissioned officers program and the scientific activities overseas program.

A total of $76,268,000 is included in the bill, an increase of $200,000 over the budget and $9,637,000 over the 1976 level.

EDUCATION

1976 comparable appropriation	$5,205,959,952
1977 budget request	4,315,659,000
Amount in bill	5,791,869,000
Increase over budget	1,476,210,000
Increase over 1976	585,909,048
Amount of request not yet considered	1,811,946,000

The bill contains nearly $5.8 billion for the authorized programs in the education field, an increase of nearly $600 million over the 1976 level and $1.5 billion over the budget. Virtually all of the higher education programs including student assistance, are unauthorized, so we may ultimately have additional appropriations of some $3 billion plus before we are all through. The student assistance programs are advance funded, so the lack of funding in this bill will present no immediate problem for the schools.

ELEMENTARY AND SECONDARY EDUCATION

1976 comparable appropriation	$2,415,591,852
1977 budget request	2,206,688,000
Amount in bill	2,658,500,000
Increase over budget	+451,812,000
Amount of request not yet considered	7,000,000

TITLE I (GRANTS FOR THE DISADVANTAGED)

Grants are made to local educational agencies to help them improve their educational programs in order to meet the special educational needs of educationally deprived children. In addition, grants are made to State education agencies for handicapped children, dependent and neglected children and orphans and delinquents in State institutions and for children of migratory workers. The program is advance funded and funds appropriated in 1977 will support the program during the 1977-78 school year.

The bill includes $2,250,000,000, an increase of $350 million over the budget, and $200 million over the current level. The language of the Senate Appropriations report on the second supplemental is pertinent in this regard:

> The question yet to be clearly answered is whether or not the Title I program is effective in helping increase and sustain student achievement. In this regard, the committee has reviewed all available reports and studies on the subject, and found that there is still no clear answer. For this reason, together with the fact that as much as $800 million in prior year title I appropriations is presently available to the States, the Committee recommends no additional appropriation at this time.

That ought to be the position on the House side as well. Until a program has proven itself, there is simply no justification for continuing to pile on more dollars. The $800 million still in the pipeline makes this doubly the case with this program.

Additionally, there needs to be a more extensive use of pupil achievement projects which have proven successful and which are most cost effective. During our hearings, Office of Education officials testified that:

> There are some effective projects that school districts have been able to develop and to put into effect which are inexpensive and draw upon existing teachers and merely replace existing programs and use existing materials, so that the additional cost is very small. Others in the most effective group have cost as much as $600 additional per pupil per year. There doesn't seem to be a consistent pattern on cost and effectiveness.

Expanded use of the most cost-effective programs ought to permit greater progress with fewer dollars.

SUPPORT AND INNOVATION GRANTS

This program represents the consolidation of Federal categorical efforts in the areas of strengthening State departments of education, dropout prevention, supplementary educational services, and nutrition and health. It allows State and local education agencies more flexibility to tailor new educational approaches to their own needs and circumstances. The program is advance funded and grants are provided to States on a formula basis.

The bill contains $194,000,000, an increase of $21,112,000 over the budget and $9,478,148 over the 1976 level. Half the States will receive increases while the other half are held harmless. This is not a high priority program, and thus there is little justification for the increases.

BILINGUAL EDUCATION

In order to provide equal educational opportunities for children of limited English-speaking ability, this program encourages the establishment and operation of educational programs at the elementary and secondary levels which employ bilingual education practices, techniques, and methods. The program is forward funded, and grants are awarded on the basis of national competition.

The bill provides $115 million, an increase of $25 million over the budget and $17 million over 1976. The budget request would support 513 projects, including 170 new starts. The Supreme Court called for the provision of bilingual education services, but this responsibility was placed on the States, not the Federal Government. The Federal Government should assist the States in developing and setting up programs, but should not expand itself into the overall financing of these programs. It should also be noted that the Federal Government is providing bilingual assistance in 15 other programs for a total commitment, including this item, of more than $150 million.

RIGHT TO READ

The purpose of this program is to stimulate educational institutions, governmental agencies, and private organizations to improve and expand their activities related to reading. Discretionary grants and contracts are awarded to State and local education agencies, institutions of higher education, and other public and private nonprofit agencies.

The bill contains $22 million, a reduction of $1.8 million from the 1976 level but $10 million over the budget request. Five million dollars is earmarked for the reading is fundamental program, which involves the distribution of inexpensive books.

FOLLOW THROUGH

This is an experimental compensatory education program designed to develop and test various models for educating disadvantaged children in the early primary grades. The goal of the new educational models is to equip these children with the skills and concepts upon which later learning is dependent. Financial assistance, not to exceed 80 percent, is awarded to local educational agencies and other public and nonprofit organizations for the purpose of developing, testing, and evaluating educational models.

The bill contains $59 million, equal to 1976 but a $29 million increase over the budget. This was designed as an experimental program to develop models for educating disadvantaged children in the early primary grades. It is now nearly 10 years old, and the results of a national, longitudinal study showing which models are effective will be available this year. The program has, in other words, completed its mission, and now is clearly the time to begin phasing it out.

DRUG ABUSE EDUCATION

In order to foster drug and alcohol abuse education demonstration projects in schools and communities, their validation and dissemination throughout the country, and leadership training for school and community personnel and parents, grants and contracts are awarded to public and private educational and community agencies. The funds are awarded on a forward funded basis at the Commissioner's discretion and priority is given to programs and projects in schools.

The bill contains $2,000,000, equal to 1976 and all of it over the budget. This program has successfully carried out its role of demonstrating new approaches in the area of drug abuse education, and continued funding is thus no longer justified.

ENVIRONMENTAL EDUCATION

The goal of this program is to assist in the development of basic resource materials and effective teaching approaches for environmental education. The development of these materials and approaches will enable citizens, particularly educators, to be environmentally aware and will stimulate States, local educational agencies, and others to support environmental education.

The 1976 level of $3,000,000 is included in the bill. There was no budget request because this is another one of those temporary demonstration programs which has completed its mission.

ELLENDER FELLOWSHIPS

To assist the Close Up Foundation of Washington, D.C., in carrying out its program of increasing the understanding of the Federal Government among secondary school students, teachers, and the communities they represent, an annual appropriation of up to $500,000 is authorized.

Funds are awarded to the Foundation which then awards fellowships to secondary students and their teachers. These students and teachers spend 1 week in Washington meeting with leaders from the three branches of Government.

The bill includes $500,000, equal to 1976 and all of it over the budget. This is a very low priority program which should not be funded.

ETHNIC HERITAGE STUDIES

This program awards grants and contracts for curriculum materials development dissemination, training, and community activities related to ethnic heritage studies. Awards can be made to public and private nonprofit educational agencies, institutions, and organizations. The program is conducted with the assistance of the 15-member National Advisory Council that provides guidance concerning general policies and priorities for the program.

There was no budget request for this program, because funds provided under other educational authorities may be used for programs related to ethnic studies. The bill contains $2,500,000, an increase of $700,000 over the 1976 level.

STATE EQUALIZATION GRANTS

The Education Amendments of 1974 authorize one-time Federal assistance to States that develop State equalization plans. These plans would provide for greater equalization of State funds made available to local school districts throughout a given State. Under the law, the largest States would be reimbursed for their planning costs by the Federal Government for up to $1 million and all other States would receive a lesser amount.

The bill includes $10 million, all of it over the budget and 1976, and $7 million over the amount appropriated for the transition quarter.

This is purely a State matter, and there is no justification for the Federal Government funding what the States should be doing for themselves.

SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS

1976 comparable appropriation	$680,000,000
1977 budget request	325,000,000
Amount in bill	788,000,000
Increase over budget	+463,000,000
Increase over 1976	84,000,000

The objective of the maintenance and operations activities of the Impact Aid program is to help compensate school districts for the cost of educating children where enrollment and the availability of revenues from local resources have theoretically been adversely affected by Federal activities.

The amount in the bill would fully fund tiers I and II of categories A and B at a 13-percent increase. This is based on a Library of Congress estimate. The Office of Education estimate is $9 million lower. In an effort to enhance the understanding of this program and the categories and tiers described above, a descriptive chart follows.

The bill also contains $94 million to fund hold harmless, relating to base closings, the elimination of payments for out-of-county/out-of-State "B" children, and public housing children, and $20 million for construction.

The budget request was based on revising the impact aid law by eliminating payments for category B and low-rent public housing. There are a variety of opinions on all sides about the validity of funding for category B—parents who work in, but do not reside on, Federal facilities—but there is very little justification for the funds relating to public housing. Direct funding for public housing pupils is up to $73 million and rising. Most of this overlaps ESEA title I funding, but this item is another one of those tied into a triggering device which most Members apparently feel ties our hands as far as appropriations are concerned.

What is not bound by the triggering device, however, is $65 million in part D hold harmless funds for school districts not to cover any losses to these districts, but to cover increase they would have received had the funds for public housing children gone for increased payments to A. and B. districts.

The key point, however, is that the public housing moneys were added over and above the regular A. and B. payments. Had the moneys not been appropriated for public housing, they would not have been appropriated, period. There is, in other words, no harm to these districts to be held harmless against. Providing hold harmless to them simply provides them a bonanza for which there is absolutely no justification.

IMPACT AID PROGRAM

Categories	Payment levels (percent of entitlement, cumulative)		
	Tier I	Tier II	Tier III
"a" children (those children whose parents reside on and work on Federal property)	25	88-100	100
"b" children (those children whose parents either work or reside on Federal property, but not both)	25	53-60	100
"c" children (those children whose parents reside in federally subsidized public housing)	25		100

Tiers—payment levels. According to the authorization statutes, all categories are to be funded under Tier I before any can be funded under Tier II. A and B categories also are to be *fully* funded under Tier II or else none of them can receive funding under that Tier. Category C is not funded under Tier II.

Entitlement—the maximum authorized amount a school district may receive, and which is based on average per pupil expenditures in generally comparable school districts in the same state.

EMERGENCY SCHOOL AID

1976 comparable appropriation	$241,700,000
1977 budget request	249,700,000
Amount in bill	249,700,000
Increase over budget	------------
Decrease from 1976	22,000,000

Under this appropriation support is provided to local education agencies and nonprofit organizations to assist in meeting problems incident to desegregation. The budget and the bill provide for a more responsive program of Federal desegregation assistance by increasing the resources available to local education agencies undergoing new desegregation which require immediate assistance. Program objectives in 1977 for training and advisory service awards include capacity building at the State and local levels to respond to problems occasioned by: First, desegregation; second, unequal access to education by children who are not fluent in the English language; and third, sex discrimination.

EDUCATION FOR THE HANDICAPPED

1976 comparable appropriation	$326,375,000
1977 budget request	236,375,000
Amount in bill	426,375,000
Increase over budget	+190,000,000
Increase over 1976	100,000,000

Public Law 94-142 (S. 6), enacted on November 29, 1975, completely revises the State grant program for education of handicapped children. Beginning with the advance funding included in the 1977 budget for school year 1977-78, the formula for determining State grants is computed by multiplying the number of handicapped children aged 3-21 in the State by a rising percentage—5 percent in 1978; 40 percent by 1982—of the average national per pupil expenditure. The fiscal year 1978 (school year 1977-78) authorization is $387 million, increasing to $3.2 billion in fiscal year 1982. The new law sets forth additional Federal requirements for State and local programs designed to insure, among other things, that all handicapped children will receive an appropriate free public education by September 1978.

The bill provides $426 million for this program, an increase of $190 million over the budget. When coupled with the $120 million allocated for education of the handicapped under other programs, this results in a total for this purpose of $646 million. All of the increase falls in the State grant program. The $300 million in the bill for the State grant program represents a 50-percent increase over the 1976 level and a 200-percent increase over the 1975 level. There is a serious question as to whether the States can effectively utilize such a sizable increase and to what extent are actually using these funds to substitute for their own moneys.

OCCUPATIONAL, VOCATIONAL, AND ADULT EDUCATION

1976 comparable appropriation	$509,345,100
1977 budget request	599,688,000
Amount in bill	928,553,000
BA increase over budget	+328,865,000

Federal vocational education funding assists the States in providing vocational educational services—the States provide the bulk of the resources. In 1976, funding was provided through the basic State grant program—part B—and four categorical activities—consumer and homemaking, work study, et cetera—plus research projects to demonstrate innovative methods—part C research—a set-aside of part B funds, innovation and curriculum development.

At the end of 1976, authorization for vocational education categorical activities—that is, consumer and homemaking—expired. The basic programs—parts B and C—are authorized though for 1977. And, because they are broad, general authorities encompassing what could also be funded under the categorical activities, the entire 1977 request was proposed under parts B and C.

The committee recommendation of $852 million for vocational education would provide funding for: First, the 1976-77 school year—the year requested in the HEW budget proposal; and second, advance funding for the 1977-78 school year. The block grant legislative proposal in the President's budget would also provide this advance funding.

Funding levels in the bill would provide roughly the same dollar level for each school year as the President's request. The apparent reduction in the 1976-77 school year in the committee bill is not real—the committee bill provides 9 months of funding for 1976-77, which together with 3 months of funding for that school year already appropriated in the TQ provides a full 12 months. This action will place vocational education on the same funding cycle as other advances funded elementary and secondary education programs.

The committee bill provides an increase for part B grants over the 1976 appropriation of $34 million for school year 1976-77—annualized—and $59 million for school year 1977-78. The committee action exceeds the budget by these amounts plus $13 million—as the totals indicate. The line item amounts in the budget are not comparable with the committee action since the budget would not seek additional funds for the unauthorized portions of the law. The committee has deferred recommendations on other parts of the law pending their reauthorization.

State and local governments currently match Federal vocational education funds by over 5 to 1. Furthermore, Office of Education witnesses have testified that over the last few years for about every $31 of additional Federal money, State and local communities have increased their contribution by about $310 per additional student. This is evidence that further service support can be provided by States without additional Federal funds.

The bill could be reduced by $26 million in the current year—$312 from $338 million—and $59 million in the advance funded portion—$416 from $475 million. This would still maintain the 1976 level of operations.

For adult education, the bill provides $77,000,000, an increase of $9,500,000 over the budget and $5,500,000 over 1976. This program is already forward funded. Its purpose is to eliminate functional illiteracy among the Nation's adults 16 years of age and older to enable them to become employable, productive and responsible citizens. The law requires that not more than 20 percent of the funds appropriated be made available for high school equivalency programs. The institutionalized adult population is to be served and special assistance is to be given to the needs of persons with limited English speaking ability.

HIGHER EDUCATION

1976 comparable appropriation	$399,530,000
1977 budget request	338,280,000
Amount in bill	350,170,000
Increase over budget	+11,890,000
Amount of request not yet considered	1,655,971,000

Nearly all the higher education programs are not included because the authorizing legislation has not been enacted. The bill does provide the authority requested for paying off prior years' commitments in the subsidized insured loan program and teacher cancellations in the direct loan program.

LANGUAGE TRAINING AND AREA STUDIES

The committee provides $3,000,000, an increase of $1,640,000 over the budget and $300,000 over the 1976 level for the Fulbright-Hays Act portion of the language training and area studies program. The purpose of this program is to help American institutions of postsecondary education provide better American understanding of the contemporary world by strengthening the academic base for teaching and research in modern foreign languages, area studies and world affairs.

AID TO LAND-GRANT COLLEGES

This program supports postsecondary instruction in agriculture, the mechanic arts, the English language, and various branches of the sciences. A portion of the funding for the program is allotted in uniform grants of $150,000 to each State, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands; the remaining funds are apportioned in accordance with a formula based on population.

The bill provides $9,500,000, for this program, equal to the 1976 level, but all of it over the budget. The program, however, dates back to 1935—Bankhead-Jones Act—and there is thus little if any reason any longer to provide funding at the Federal level for its special, categorical purposes.

Furthermore, some of the largest, wealthiest and most prestigious institutions of higher education receive funds under this program. The more deserving—many of which are minority institutions—receive funds under the strengthening developing institutions appropriation.

LIBRARY RESOURCES

1976 Comparable appropriation	$199,079,000
1977 budget request	189,079,000
Amount in bill	204,079,000
Increase over budget	15,000,000
Increase over 1976	5,000,000
Amount of request not yet considered	9,975,000

The committee provides $56,749,000, equal to 1976 but $5,900,000 more than requested, for public libraries, to promote the extension and improvement of public library services in areas without such services or with inadequate services, to improve State library services for the physically handicapped and institutionalized, to improve public library services for disadvantaged persons; strengthen State library administrative agencies; and to strengthen metropolitan libraries which serve as regional resource centers.

For school libraries and instructional resources, the bill provides $147,330,000, equal to 1976 but $10,000,000 over the budget. The Education Amendments of 1974 consolidated school library resources, equipment and minor remodeling, and the guidance, counseling, and testing portion of the supplementary services program into this single program which provides grants to States for school library and instructional resources. The program is advance funded and sums appropriated in fiscal year 1977 will support activities during the 1977–78 school year.

The college library resources, training and demonstrations, and the undergraduate instructional equipment programs were not considered because of lack of authorizing legislation.

SPECIAL PROJECTS AND TRAINING

1976 comparable appropriation	$36,893,000
1977 budget request	29,850,000
Amount in bill	45,493,000
Increase over budget	15,643,000
Increase over 1976	8,600,000
Amount of request not yet considered	37,500,000

This account contains both the Special Projects Act programs and the educational personnel training programs, but the latter are not included in the bill due to the lack of authorizing legislation.

The Special Projects Act was enacted in 1974 as a replacement for the former Cooperative Research Act. It authorizes several new legislatively mandated programs, such as metric education, community schools, career education, women's educational equity, et cetera. In addition, it provides authority for programs, established at the Commissioner's discretion, which antedate the new act. These programs include the packaging and field testing activity, which disseminates the results of OE demonstrations, and educational TV programing, such as "Sesame Street" and the "Electric Company."

The legislatively mandated programs are of a low priority in terms of overall educational funding needs. The budget rightly proposed a reduction in these programs. The bill includes a $6.1 million increase in packaging and field testing to continue substantial Federal funding for the national diffusion network. This program had been funded under programs which have been consolidated into the block grant support and innovation grant program, and the budget position was that the States now have the funds to continue this diffusion effort. There is no question about the importance of disseminating the various results of all the education research we have been funding, but there is a question as to whether we should be letting the States off the hook so easily.

ASSISTANT SECRETARY FOR EDUCATION

1976 comparable appropriation	$21,000,000
1977 budget request	21,446,000
Amount in bill	21,446,000
Increase over budget	----------
Increase over 1976	446,000
Amount unauthorized	11,500,000

The Office of the Assistant Secretary for Education is responsible for both the direction and supervision of the Education Division and also for coordination and general supervision of educational activities performed elsewhere in the Department.

This appropriation provides funds for administrative expenses associated with the development and communication of education policy and for the administration of two operational programs housed in the office: The fund for the Improvement of postsecondary education and the National Center for Education Statistics. In addition, this activity provides for continued contractual support of policy analysis activities relevant to the Office's role of developing educational policy.

The fund for the improvement of postsecondary education is unauthorized, so no funds are included in the bill; $8,446,000 is included for salaries and expenses, and $13,000,000 is allocated for the Center for Education Statistics.

SOCIAL AND REHABILITATION SERVICE—PUBLIC ASSISTANCE

1976 comparable appropriation	$17,240,950,000
1977 budget request	18,022,200,000
Amount in bill	18,036,150,000
Increase over budget	+13,950,000
Increase over 1976	795,200,000

Grants to States for public assistance are made for the Federal share of State expenditures for maintenance assistance, medical assistance, social services, State and local training, and child welfare services. In addition, assistance is provided for repatriated U.S. nationals.

Estimates of requirements for this appropriation are based primarily on estimates received from the States in August 1975, adjusted to take into consideration the impact of Federal policy changes not yet fully reflected in the States' estimates and the impact of Federal management initiatives.

The 1977 budget is an increase of $1,043,233,000 over the 1976 requirements. The highlights and components of this increase are as follows:

The AFDC caseload is projected to decline by 200,000 in 1977 based on the assumption that the 1976 level represents a peak period of impact resulting from the economic downturn and that with improved economic conditions the number of persons requiring aid will return to a more stabilized level experienced in recent years. The cost increases in the 1977 budget relate to increases in average payments offset by quality control adjustments expected to amount to $220 million.

The cost of medical services continues to reflect rising prices which accounts for most of the medicaid increases between 1976 and 1977. These costs have been accelerating rapidly since the wage/price controls were lifted May 1, 1974.

The Department's efforts to control AFDC costs through the quality control programs show a measure of success in that the national error rate has dropped from 41 percent in 1974 to 31 percent. These efforts will continue to be a major activity in reducing Federal costs by reducing the incidence of ineligibility and payment errors in the program. Further development and implementation of continued corrective action plans will be highlighted in 1977.

The medicaid management activities are continuing to place high priority on early screening, medicaid quality control, utilization reviews and fraud and abuse. Rural health research and demonstration projects are being supported to concentrate on the problems of disparity in rural and urban health delivery systems.

States are indicating that under title XX social services program effective October 1, 1974, they will be at or near the $2.5 billion ceiling level in 1977 with estimated requirements of $2.4 billion in Federal funds.

Estimates of the impact of title IV–D, child support enforcement are included in the 1977 budget based on plans submitted by the States. Full implementation is mandated by January 1, 1977.

The bill provides $6,500,000 more than the request, but level with 1976, for child welfare services. This program, authorized under title IV, part B of the Social Security Act, provides each State with a uniform grant of $70,000 and an additional grant which varies with child population under 21 and inversely with average per capita income. The purpose of this program is to provide funds to States to establish, extend and strengthen the delivery of child welfare services.

The committee proposal would maintain the increased Federal funding level provided in 1976. The Department has opposed expansion of this program because it makes up such a small proportion of total spending on child welfare services. The Federal contribution represents 6.7 percent of the total dollars expended by States for the child welfare services programs. Approximately $690 million will be expended by States in fiscal year 1977 for child welfare services, and approximately 494,000 children will be served. The increase recommended by the committee would probably be used to displace State funding rather than expand services to children.

The bill also restores the 1976 level of $7,450,000 for training projects, which the budget proposed to discontinue. Social service training grants are authorized under section 426 of the Social Security Act. Training grants, including teaching grants, traineeship grants for student support, and short-term training grants are made to public and nonprofit institutions of higher learning. This program concentrates on training personnel in the field of child welfare services.

The need, however, for such a specially focused program to stimulate the production of child welfare service workers is long since past. Since the inception of this program other sources of Federal assistance for this type of training have been created. These include the guaranteed student loan and basic opportunity grant programs administered by the Office of Education. In addition, many professionals in the social service field believe that the problem is not a need for an increased supply of child welfare service workers, but rather one of improving the skills of those workers now delivering services. For that purpose the States have available $60 million in Federal funds in the State and local training program.

WORK INCENTIVES

1976 comparable appropriation	$400,000,000
1977 budget request	315,000,000
Amount in bill	370,000,000
Increase over budget	+55,000,000
Decrease from 1976	30,000,000

The work incentive program, is designed to encourage and assist recipients of aid to families with dependent children—AFDC—to achieve self-support through a program of training, work experience, employment, child care, and other supportive services. Funds are appropriated directly to the Department of Health, Education, and Welfare, which provides WIN participants with supportive services including child care, family planning, counseling and vocational rehabilitation services, and medical, remedial and health-related care services, to enable them to accept work and training.

In addition, the Department of Health, Education, and Welfare transfers to the Department of Labor sufficient funds to carry out the training and incentives portion of the WIN program in 54 States/jurisdictions including over 300 local projects. The manpower agencies provide for the registration of individuals, program orientation, testing, counseling—including the development of an employability plan for each WIN participant—job referral services, job development, direct job placement, and follow-up of all employed participants. The manpower agencies also negotiate subcontracts with local employers and education and training facilities who provide on-the-job training, subsidized public service employment, work experience and institutional training. Funds for overall program development, evaluation, research and administration are retained at the nation office level.

The increase over the budget is predicated on the assumption that the most expensive DOL activities—training and public service employment—must continue at the fiscal year 1976 program level in order for the program to reach its goals of nearly 200,000 job placements in fiscal year 1977. The 1977 budget request is intended to reach roughly the same goal, but is based on an analysis of prior year experience which indicates that the most effective method of maximizing placements and minimizing costs is intensive job search and job development wherein WIN staff work with local employers to identify jobs which may be filled by WIN participants. While training and public service employment frequently do lead to job placement, they are extremely costly, demand extensive WIN staff time, and require additional supportive services. Intensive job search and development, on the other hand, is far less costly and can reach far more WIN participants. In addition, other programs—especially CETA—can be and are used by WIN staffs to provide training when it is necessary. Thus the 1977 budget request is not a reduction in the program but a redirection designed to make it less costly and more efficient.

SOCIAL SECURITY ADMINISTRATION—PAYMENT TO SOCIAL SECURITY TRUST FUNDS

1976 comparable appropriation	$4,121,236,000
1977 budget request	6,713,902,000
Amount in bill	6,713,902,000
Increase over budget	----------
Increase over 1976	2,592,666,000

This appropriation request covers four Federal fund payments to the social security trust funds. Three of the four payments, totaling $1,660,902,000, are to put the trust funds in the same financial position they would have been had they not borne the cost of benefits chargeable to Federal funds. The fourth payment, which totals $5,053,000,000, effectuates Federal fund matching of premiums paid by or for aged and disabled individuals enrolled in the voluntary supplementary medical insurance program—medicare.

Most of the sharp increase over 1976 is due to increased costs for health costs, such as higher physicians' fees, hospital charges, et cetera, and increased utilization of health services; $1 billion of the increase, however, is due to a mistake in the authorizing legislation which resulted in a higher Federal matching rate for medicare patients than the 50 percent envisioned in the legislation. The mistake involved a cap being placed on patient premiums, which prevented such premiums from rising as costs go up. That cap has since been lifted, but it is unlikely, because of the costs involved to the patient, that the ratio will ever again approach 50–50. The mistake by the authorizing committees has turned out to be a very costly one.

SPECIAL BENEFITS FOR DISABLED COAL MINERS

1976 comparable appropriation	$99,778,000
1976 budget request	913,897,000
Amount in bill	913,897,000
Increase over budget	----------
Decrease from 1976	85,881,000

Funds the committee provides are used to provide monthly benefits to coal miners who are totally disabled due to black lung disease, to the widows of miners whose deaths were due to this disease, to dependents, to orphaned children of miners, and to certain dependent parents, brothers, and sisters of miners.

The Social Security Administration is responsible for the processing and payment of claims for miners' benefits through June 30, 1973, and for survivors' claims through December 31, 1973. SSA now takes applications for the Department of Labor on a reimbursable basis.

The Social Security Administration will continue to pay benefits and maintain the beneficiary roll for the lifetime of all persons who filed during its jurisdiction.

SOCIAL SECURITY INCOME (SSI)

1976 comparable appropriation	$5,520,650,000
1977 budget request	5,910,122,000
Amount in bill	5,985,122,000
Increase over budget	−15,000,000
Increase over 1976	374,472,000

This appropriation provides for the Federal supplemental security income program for the aged, blind, and disabled. This appropriation covers: First, the Federal benefit payments to aged, blind, and disabled recipients; second, the amount of Federal hold harmless payments; third, the cost of vocational rehabilitation services provided by State agencies to blind and disabled SSI beneficiaries; fourth, payments to the social security trust funds for the administration of the program; and fifth, Federal fiscal liability settlement costs.

The SSI program was effective on January 1, 1974, and replaced State and locally administered programs of aid to the aged, blind, and disabled, formerly financed in part by Federal grants from the Social and Rehabilitation Service. The SSI program currently provides a uniform income support level of $157.70 per month for an individual and $236.60 per month for a couple. Under present law maximum monthly Federal SSI payments are projected to increase by 6.7 percent on July 1976; a further increase of 5.9 percent is projected for July 1, 1977.

In addition to the basic Federal benefit, States are required to maintain the December 1973 income level of all recipients who received assistance payments for December 1973 under State programs through mandatory State supplementation payments. Also, those States wishing to pay an aged, blind, or disabled person additional amounts, may make optional State supplementation payments. If a State chooses Federal administration of its supplementation payments programs, the Federal Government pays all associated administrative costs. In addition, under the hold harmless provision for those States choosing Federal administration of their supplements, the Federal Government makes contributions toward State supplementation—hold harmless payments. This insures that States do not incur costs in excess of those incurred in 1972 for assistance payments to the aged, blind, and disabled, unless the State chooses to do so through optional supplementation.

The law requires that blind or disabled persons who receive SSI payments be referred to State agencies for vocational rehabilitation services. Payments for providing these services are made to the States from Federal funds through the Rehabilitation Services Administration. In addition, any disabled SSI recipients who are also drug addicts or alcoholics are subject to having their treatment monitored. The cost of monitoring treatment is included in the appropriation request.

The law also allows the use of the trust funds for financing administrative costs in the SSI program with reimbursement from this appropriation including any interest lost to the trust fund.

In addition, the appropriation is used to cover Federal fiscal liability settlements with States due to Federal errors in federally administered State supplementation payments.

The bill contains a reduction of $15,000,000 in benefit payments, due to a lower projected cost-of-living increase. The error rate for this program remains at about 25 percent, but the Social Security Administrator has indicated his hope to reduce it to 15 percent by the end of fiscal year 1977. He indicated an unlikelihood for any further reduction without basic changes in the statute.

SPECIAL INSTITUTIONS

1976 appropriation	$121, 633, 000
1977 budget request	138, 186, 000
Amount in bill	139, 186, 000
Increase over budget	1, 000, 000
Increase over 1976	17, 553, 000

The bill provides the same amount as requested for the American Printing House for the Blind, $2,762,000; the National Technical Institute for the Deaf, $12,675,000; and Gallaudet College, $40,840,000. The bill adds $1 million to Howard University, for a total of $82,909,000.

The special institutions are private, nonprofit, educational institutions which receive a substantial part of their operating expenses through direct Federal appropriation.

The American Printing House for the Blind, located in Louisville, Ky., prepares and disseminates educational materials and aids to elementary and high school age blind students. Nearly 29,000 students benefit from these services at a per capita rate of $93.

The National Technical Institute for the Deaf, located on the Rochester Institute of Technology campus in New York, provides postsecondary technical education to deaf students in order to prepare them for successful employment. This is the only institution of its kind in the United States. This year the Institute will enroll approximately 940 full-time students.

Gallaudet College, located in Washington, D.C., provides undergraduate and graduate liberal arts academic education to deaf students. It also administers on its campus two national demonstration schools for elementary and high school age deaf students. The total enrollments in these schools will be over 1,800 in 1977. The 1977 budget includes $15.6 million to construct a new facility for the Kendall Elementary School on the Gallaudet campus.

Howard Universtiy, with an enrollment of 9,000 full- and part-time students, located in Washington, D.C., offers a comprehensive undergraduate and graduate academic program, including professional training. Howard's budget includes $1 million to assist the university with its accreditation deficiencies. The Howard University Hospital provides a full range of inpatient and outpatient medical care serving the Greater Washington area.

The only increase over the budget goes to Howard, and represents one of the most frivolous and ridiculous items in the bill. One million dollars has been added for the development of an animal farm on some property the university owns in Beltsville, Md. Why the university needs an animal farm is anybody's guess, since this was not an item the committee had any hearings on. In reality, the best use the university could make of the site would be to sell it off and use the money for operating expenses. Doing that might help reduce the Federal payment and save the taxpayers some money.

ASSISTANT SECRETARY FOR HUMAN DEVELOPMENT—HUMAN DEVELOPMENT

1976 comparable appropriation	1, 695, 000, 318
1977 budget request	1, 572, 689, 000
Amount in bill	1, 873, 514, 000
Increase over budget	+300, 825, 000
Increase over 1976	171, 183, 000

The Office of Human Development provides services to special populations including children, youth, older Americans, the physically and mentally handicapped, the developmental disabled, and Native Americans.

HEAD START

Head Start is a preschool program which serves primarily poor children. Ten percent of the enrollment is nonpoor, and another 10 percent is handicapped. The Federal Government pays 80 percent of the cost of these project grants.

The bill provides $475,000,000, an increase of $40,700,000 over the budget and $20,500,000 over the 1976 level.

The program is a sound one, and can continue to serve the same number of kids—349,000—within the budget request by reducing budgeted activities which are not critical to the continuation of the program, such as career development and technical assistance—$19 million—and research and demonstration projects—$6 million. These support activities were put in place when Head Start was in a developmental stage. Now that it has been a program in existence for over 10 years, it is no longer necessary to have $19 million for training its staff, and $6 million for demonstrating new ways to provide services to Head Start children. These amounts—the $19 million and the $6 million—could be absorbed into the regular project grant program instead of increasing the budget as recommended by the committee.

CHILD DEVELOPMENT RESEARCH

This program provides support for research project grants principally in the areas of child welfare, child development and day care. The Federal Government pays 95 percent of the costs of these grants.

The bill contains $14,700,000, equal to 1976, but $4,000,000 over the budget.

The 1977 budget already meets all continuation costs for these projects. In addition, the transition quarter budget allows $3.7 million primarily for new projects during that three month period. Thus, what the committee intends—that is, to maintain the total project level—is already accomplished by the President's budget since the 1977 budget plus the transition quarter budget provides this level of research grants. Furthermore, children's research is also being conducted by HEW's social and rehabilitation service. The further increase recommended by the committee would unnecessarily augment what these two agencies are already doing in this field.

CHILD ABUSE

The bill provides the same amount as requested and appropriated in 1976 for child abuse prevention—$18,928,000.

YOUTH DEVELOPMENT

The bill restores the 1976 level of $8,000,000 to the youth development program, which is $2,000,000 higher than the budget.

These programs to assist runaways are designed to create safe and secure environments conducive to addressing the crisis situations which precipitate the act of running away.

AGING PROGRAMS

The purpose of special programs for the aging is to develop and strengthen at the substate level systems of coordinated and comprehensive services for older persons enabling them to secure and maintain maximum independence and dignity in a home environment of older persons capable of self care with appropriate supportive services and to remove individual and social barriers to economic and personal independence.

A total of $389,100,000 is included in the bill for these programs, compared with the 1976 appropriation of $268,410,000 and the budget request of $192,575,000.

Among the various subcatagories is the community services program, for which $150,000,000 is included, an increase of $26,165,000 over 1976 and $51,765,000 over the budget.

Community services programs include: First, formula grants to States to provide administrative support for State Agencies on Aging; second, formula grants to States to support area agencies on Aging which pay 90 per cent of the cost of a variety of social services for the elderly within the geographic areas served by the area agencies; and third, project grants for model projects which show innovative ways to provide services to the elderly.

The amount in the bill represents a 44-percent increase for community services in little over a year's time, since a substantial increase for 1976 was also included in the second supplemental recently adopted. There is no question about the importance of the services provided the elderly through the area agencies under this program, but there is a question as to whether these agencies can effectively spend such substantial increases over such a short period of time without considerable waste occurring. There is also a need to retain an incentive for States and localities to participate financially.

A major part of the committee increase for community services is for the model project program. This program, originally authorized to show new and innovative ways to provide services to the elderly, has now existed for several years. The demonstration phase on the title III community services program is now over. The States and HEW have already learned what they need know to provide these services. In fact, the States have the authority to provide all of the services offered by the model projects program within their area agency program. Thus, the increase proposed for model projects by the committee is superfluous.

The nutrition program for the elderly provides formula grants to States which operate projects serving meals to persons over 60. Most meals are served in congregate settings while about 12 percent are delivered to the residences of homebound persons. There is no means test for eligibility, although priority is placed on low income and minority persons. Since the program started in fiscal year 1974, the program has been forward funded to some degree at the Federal level; that is, funds appropriated in 1 year were obligated by HEW late in the year for use by the States and local projects in the succeeding fiscal year. Both the HEW 1977 request and the committee recommendation would eliminate this forward funding after fiscal year 1977.

The committee proposes that allotments to the States be $225 million in fiscal year 1977. This is a 125-percent increase over the fiscal year 1974 allotment level of $100 million. Only $203 million in 1977 budget authority is needed since $22 million of transition quarter funds will be used by the States in fiscal year 1977.

In fiscal year 1976 the Congress increased the program from $150 million to $187.5 million. If the current operating level were retained in 1977, there would still be an actual increase in the number of meals served because of the absence of one-time startup costs which are currently taking place due to the expansion of the program and because the level of mandated surplus food commodities donated from the Department of Agriculture increases from 15 cents per meal in 1976 to 25 cents in 1977; $166 million would be required to maintain this operating level, $37 million less than the amount in the bill. There are, of course, other programs which also provide nutritional assistance to needy elderly citizens, including the food stamp program.

A total of $25,000,000 is included for aging research, an increase of $6,000,000 over 1976 and $19,235,000 over the budget.

There is a limit to the amount of research and demonstrations needed to provide the necessary services. At some point, we ought to cut back the increases in this regard, and concentrate more on services. Additionally, it should be noted that training funds are being provided here to train "advocacy" lawyers, who seem to end up bringing suits against the very government which sponsored their training.

For multipurpose senior citizens centers, a total of $10,000,000 is included, all of it over the budget. Funds for such centers are also available under the HUD community development program, and are, in fact, being spent for the purpose. Consequently, there is little justification for a duplication of expenditures here.

VOCATIONAL REHABILITATION

Vocational rehabilitation—VR—programs provide vocational services to physically and mentally handicapped persons to enable them to achieve gainful employment. These services are provided through a variety of formula grant and project grant programs. The largest program is the basic State formula grant program for which the committee has provided $740 million in 1977. There are also a number of support programs such as VR research $24 million; VR training, $25 million; innovation and expansion grants, $18 million; and training and facilities grants $10 million.

The bill provides a total of $829,000,000, an increase of $53,100,000 over the budget request and $29,191,000 over the 1976 level, for these activities. Of the increase over the budget, $20,000,000 is allocated to the basic State grant program and $33,000,000 to the support programs. Many of the support programs, however, duplicate what the States are already authorized to do with their basic State grant. For example, the innovation and expansion grant program, whose purpose has been to show the States new ways to provide VR services, no longer offers anything that cannot be done under the basic State grant program. The States have already learned new ways to provide such services from the several years this program has been funded.

Similarly, the training services and facility improvement grants program and the special projects programs duplicate what the States can already do with their basic State grant. If the committee wishes to increase the amount of the basic grant to the State, it should recognize that that increase—and any part of the basic State grant—can be used to carry on the several VR support programs for which the committee has increased the budget.

The long-term training grant program provides assistance that, in most cases, can already be provided by the general student assistance programs in the Office of Education.

DEVELOPMENTAL DISABILITIES

A total of $57,125,000 is included for these State grant and special project programs, an increase of $3.5 million over the budget and $1.5 million over 1976.

These programs are designed to assist in providing services needed in the case and treatment of the developmentally disabled. Developmental disabilities are disabilities such as mental retardation, cerebral palsy, epilepsy, acitism, dyslexia, and other neurological conditions, which continue indefinitely and constitute a substantial handicap to the affected individual.

NATIVE AMERICANS

The bill provides $33,000,000 for special programs for Native Americans, an increase of $1 million over the budget and the same as 1976. The Native American program develops innovative approaches for dealing with the special needs of American Indians, Alaskan Natives, and Native Hawaiians and provides technical and financial assistance to enable them to move toward economic and social self-sufficiency.

OFFICE FOR CIVIL RIGHTS

1976 appropriation	$25,219,000
1977 budget request	29,685,000
Amount in bill	29,685,000
Increase over 1976	4,466,000

The Office for Civil Rights is responsible for the enforcement of title VI of the Civil Rights Act of 1964, Executive Order 11246, as amended, title VII and IX of the Education Amendments of 1972, the anti-sex discrimination provisions of the Comprehensive Health Manpower and Nurse Training Acts of 1971 and section 504 of the Rehabilitation Act of 1973.

Title VI prohibits discrimination with regard to race, color, or national origin in programs and activities receiving Federal financial assistance. The Executive orders on equal employment opportunity prohibit discrimination with regard to race, religion, color, sex, or national origin by employers holding Federal contracts. Title IX prohibits sex discrimination in education programs or activities receiving Federal financial assistance as do the Comprehensive Health Manpower and Nurse Training Acts with regard to medical and nursing schools. Title VII (the Emergency School Aid Act) also requires compliance monitoring by the Office for Civil Rights. Section 504 prohibits discrimination on the basis of handicap by any recipient of Federal financial assistance.

The increase over 1976 will fund 150 new positions, of which 50 are for implementing the handicapped discrimination provisions, 65 for race and sex discrimination compliance enforcement in elementary and secondary schools, and 35 to meet an expanded workload.

GENERAL DEPARTMENTAL MANAGEMENT

1976 appropriation	$89,511,000
1977 budget request	93,661,000
Amount in bill	92,661,000
Decrease from budget	1,000,000
Increase over 1976	4,150,000

The general departmental management appropriation supports two basic categories of activities: First, those closely associated with the Secretary's roles as policy officer and general departmental manager; and second, specialized staff services which are performed for the operating agencies on a central basis to achieve economy of scale and eliminate duplication of effort.

The increase over 1976 is due to increased costs, including salaries, while the reduction from the budget involves a reduced rate for standard level user charges.

POLICY RESEARCH

1976 appropriation	$24,950,000
1977 budget request	24,950,000
Amount in bill	24,950,000

The policy research activity consists of special purpose studies, social experiments, models, and surveys housed within the Office of the Assistant Secretary for Planniing and Evaluation. This appropriation request is authorized under two separate acts, section 232 of the Community Services Act of 1974, and section 1110 of the Social Security Act.

The amount in the bill will continue most of the experiments, studies, and statistical survey activities from fiscal year 1976. Income maintenance experiments, the health insurance experiment, small studies in the area of long-term care, delivery of services at the State and local government level, and statistical data activities supporting in-house policy analysis continue to be the main project areas in this program. The development of an improved income survey for analyses of program target and poverty population will proceed into the design and test stage.

RELATED AGENCIES

A total of $1,290,780,000 is included for the various related agencies, an increase of $240,900,000 over the 1976 level and $247,172,000, over the budget. The agencies follow:

ACTION

1976 comparable appropriation	$50, 392, 000
1977 budget request	55, 300, 000
Amount in bill	56, 800, 000
Increase over budget	1, 500, 000
Increase over 1976	6, 408, 000
Request not yet considered	38, 602, 000

ACTION, the Federal agency for volunteer service, was established on July 1, 1971. Legislative authority for the Agency is provided by the Domestic Volunteer Service Act of 1973. The Agency brings together a number of volunteer programs including the Peace Corps, volunteers in service to America—VISTA—foster grandparents—FGP—retired senior volunteers program—RSVP—and university year for ACTION—UYA.

The bill includes funding for the older American volunteer programs only, because authorization for the remaining programs was only recently extended. The increase over the budget is for the retired senior volunteer program, to cover continuation costs. Among the items funded is $34 million for the foster grandparents program.

COMMUNITY SERVICES ADMINISTRATION

1976 appropriation	$520, 152, 000
1977 budget request	334, 000, 000
Amount in bill	496, 000, 000
Increase over budget	162, 000, 000
Decrease from 1976	24, 152, 000

The Community Services Administration was created January 4, 1975, as the successor to the Office of Economic Opportunity. The authorizing legislation recognizes previous delegations of certain programs, such as Head Start and comprehensive health to other agencies, while continuing program authorities exercised by OEO since 1974. The authorizing legislation continues economic opportunity programs through 1977, with provision for extension through 1978, if no congressional action occurs to end the program.

A table showing the breakdown of the CSA items follows:

[In thousands of dollars]

	Fiscal year—		
	1976	1977 request	1977 recommendation
Research, demonstration and evaluation	$16, 800		5, 000
Community action agencies	330, 000	260, 000	330, 000
Senior opportunities and services	10, 000	10, 000	10, 000
State economic opportunity offices	12, 000		12, 000
Community food and nutrition	26, 200		15, 000
Energy conservation services	27, 500		27, 500
National youth sports program	6, 000		6, 000
Summer recreation and transportation	17, 000		17, 000
Community economic development	46, 500	39, 000	46, 500
Program administration	28, 152	25, 000	27, 000
Total, CSA	520, 152	334, 000	496, 000

COMMUNITY ACTION AGENCIES

The increase over the budget includes $70 million for the community action agencies. The budget request was based on the requirements of the law requiring that the Federal-local matching rate be reduced to 60–40 from 80–20, but that does not necessarily mean it will become law.

During the first part of the current fiscal year, when CSA was operating under the continuing resolution at the lower budget level, some two-thirds of the community action agencies were able to meet the increased local match required—when the rate declined from 80–20 to 70–30. This indicates that it can be done, if there is a will at the State and local level to do it.

An interesting point is that 24 percent of community action agency moneys go into administrative costs.

STATE ECONOMIC OPPORTUNITY OFFICES

The bill includes $12 million for State economy opportunity offices, all of it over the Budget. These basically represent an arm of the Governor which are used mainly for lobbying and other similar purposes. The federal funds are mostly used to pay the salaries of State personnel.

COMMUNITY FOOD AND NUTRITION

The bill includes $15 million for the community food and nutrition service, all of it over the budget, but $11.2 million under last year. It was revealed in the hearings that only $12 million of the $26.2 million allocated for this program acually goes for food, with the remainder going for recruitment for the food stamp program and other lobbying activities, such as financing a suit against the Federal Government to bring about increased nutrition funding for the elderly.

The cutback contained in the bill is good, but there is really no reason why we cannot go all the way and eliminate this program entirely. There are all kinds of other Federal nutrition programs, such as food stamps, nutrition for the elderly, meals on wheels, school lunch programs, and the women, infants, and children's program operated by Agriculture. The food stamp and school lunch programs also include outreach activities. A total of about $7 billion is being spent annually on these programs.

EMERGENCY ENERGY CONSERVATION

The budget proposed funding for this program under the Federal Energy Administration. Since authorizing legislation to this effect has not as yet been enacted, funding is included here. CSA has been working with FEA on this program.

COMMUNITY ECONOMIC DEVELOPMENT

An increase of $7.5 million is included for community economic development. The lower budget figure reflects the fact that we have not as yet determined the fundamental effectiveness of this program, and thus ought not to be spending additional moneys until we know whether it works.

CORPORATION FOR PUBLIC BROADCASTING

Fiscal year	Authorization	Budget request	Bill
1976	$88, 000, 000	$70, 000, 000	$78, 500, 000
1977	103, 000, 000	70, 000, 000	96, 750, 000
1978	121, 000, 000	80, 000, 000	107, 150, 000
1979	140, 00, 0000	90, 000, 000	120, 200, 000
Total (1977, 1978, 1979)	364, 000, 000	240, 000, 000	344, 100, 000

The corporation is the parent agency for public television and radio. The bill includes advance funding, in accord with a commitment made when the new law was passed last year. The bill thus covers 3 fiscal years. A sizable percentage of the funds will go to local stations, under the matching provisions which require 2½ local dollars for every Federal dollar.

FEDERAL MEDIATION AND CONCILIATION SERVICE

1976 appropriation	$18, 332, 000
1977 budget request	20, 328, 000
Amount in bill	20, 328, 000
Increase over 1976	1, 996, 000

The mission of the Service is to prevent and to minimize labor-management disputes throughout the Nation, both in the private and public sectors of the economy, excepting the railroad and airline industries. In particular, the agency objective is to prevent work stoppages and to reduce their duration when they occur.

The increase over 1976 is due essentially to the addition of 25 permanent and 70 part time and temporary positions.

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

1976 appropriation	$468, 000
1977 budget request	517, 000
Amount in bill	517, 000
Increase over 1976	49, 000

The National Commission on Libraries and Information Science—NCLIS—a permanent, independent agency in the executive branch, is charged with the responsibiilty for advising the President and the Congress on the development and implementation of national policy, developing overall plans for meeting national library and information needs, and coordinating activities at the Federal, State, and local levels in meeting those needs.

The increase over 1976 is due to the addition of two new positions and several mandatory increases.

NATIONAL LABOR RELATIONS BOARD

1976 appropriation	$69, 597, 000
1977 budget request	78, 204, 000
Amount in bill	77, 776, 000
Decrease from budget	428, 000
Increase over 1976	8, 179, 000

The purposes of the Board is to deal with unfair labor practice and representation cases.

The increase over 1976 is due to several mandatory increases and the addition of 231 positions to handle the Board's sharply increasing workload.

NATIONAL MEDIATION BOARD

1976 appropriation	$3, 405, 000
1977 budget request	3, 606, 000
Amount in bill	3, 606, 000
Increase over 1976	201, 000

The National Mediation Board administers the Railway Labor Act governing labor relations in the railroad and airline industries. These general purposes are implemented through the activities of the National Mediation Board, Arbitration and Emergency Boards, and the National Railroad Adjustment Board.

The increase over 1976 is due to mandatory increases.

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

1976 appropriation	$5,769,000
1977 budget request	6,280,000
Amount in bill	6,280,000
Increase over 1976	511,000

The Occupational Safety and Health Review Commission—OSAHRC—was established on April 28, 1971, pursuant to the Occupational Safety and Health Act of 1970 (Public Law 91-596). The agency adjudicates issues in dispute between the U.S. Department of Labor's Occupational Safety and Health Administration—OSHA—and employer's—or their employees—to whom OSHA has issued citations charging a violation of the act.

The increases over 1976 is due to the addition of six new positions and several mandatory increases.

RAILROAD RETIREMENT BOARD

The Railroad Retirement Board administers a regular railroad retirement system which provides monthly benefits to employees who retire because of age or disability, and to the eligible wives of such employees. The Board also administers a program for the payment of supplemental annuities under certain conditions to career railroad employees awarded retirement annuities after June 1966. The supplemental annuity paid to employees is in addition to the regular annuity.

The bill includes $250,000,000, equal to the budget request and the 1976 level, for payments to the Railroad Retirement Trust Fund. This is the second of 25 annual payments to cover the cost of phasing out the "windfall" portion of benefits received by persons covered by both the railroad retirement system and the social security system.

The bill also contains $40,000,000, the amount of the budget request and an increase of $2,400,000 over the 1976 level, for the payment of separation and displacement allowances for employees covered under the Regional Rail Reorganization Act of 1973.

SOLDIERS' AND AIRMEN'S HOME

1976 appropriation	$15,665,000
1977 budget request	15,373,000
Amount in bill	15,373,000
Decrease from 1976	292,000

The funds come from the home's permanent fund to finance operation of the home, located in Washington, D.C. The decrease is due to a slight reduction in employment and other costs.

Mr. FLOOD. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Ohio (Mr. ASHLEY).

Mr. Chairman, I might say to the gentleman from Ohio that in my district we have a fine doctor named Ashley. I wonder if the gentleman is related?

Mr. ASHLEY. Not personally.

Mr. Chairman, as most of us are aware, the National Cancer Act of 1971 as well as related legislation clearly emphasized the high priority our Nation places upon the search for a cure for cancer. The Cancer Act, in fact, stressed the need to vigorously fight the "War on Cancer'" and many worthy accomplishments have resulted from this national effort, including the development of a significant number of cancer centers around the country. For the most part, these centers provide the range and quality of research programs essential to continued progress in research, education, and patient care.

Last year, NCI's overall budget was approximately $762.6 million with just $122.6 million directed toward cancer centers. Of that $122.6 million, only a small portion was set aside for the cancer centers' "exploratory" or "planning" grant program—and this program has been vitally important to the development of both university and community level cancer programs—a program in which I share with many of you a special interest.

Unfortunately, 15 of these exploratory grant proposals were approved but not funded due to misallocation of funds or inadequate funding levels. The Medical College of Ohio as well as health-related institutions in California, Texas, New York, Illinois, Wisconsin, Virginia, Oklahoma, Kentucky, Pennsylvania, and Indiana fell victim to this funding mismatch or gap.

The cancer centers program is a particularly effective means of helping to win the "War on Cancer." Real and lasting progress can only result from coordinated research, education, and service programs. The Medical College of Ohio's program would service a 20-county, areawide region of 1.4 million people. It would focus upon a combination of education, research, and patient care. But as in the cases of the States previously mentioned, much to the detriment of these 1.4 million people, it has not been given an opportunity.

The Appropriations Committee has recommended $773.4 million for NCI during fiscal year 1977 with $124.65 million—a mere 1.7 percent above the current level—going to cancer centers. So we have several options before us: First, we can level off the development of the cancer center program with many areas of the country not served adequately or at all; second, we can increase the funds so this program will eventually cover the entire country, thereby encouraging the continuation of exploratory grants; or third, we can urge the Director of the National Cancer Institute to fund those proposed planning grants which have already been approved but not funded, and continue to place the deserved importance upon these grants in future years.

As concerned individuals and as congressional representatives who have the responsibility of voicing our constituents' priorities, I hope that you will join with me in assuring that adequate and proper attention be given to the cancer program's exploratory grant program.

Mr. PATTEN. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from New Jersey.

Mr. PATTEN. Mr. Chairman, the questions of the gentleman are answered in part four in the hearings, where Dr. Roberts testified, so the gentleman will find them of interest.

Mr CHARLES WILSON of Texas. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Texas.

Mr. CHARLES WILSON of Texas. Mr. Chairman, I would like to associate myself with the remarks of the gentleman from Ohio.

Mr. Chairman, I would just add that we all wish there was unlimited money to fight cancer, but instead we must make terribly difficult decisions as to what cancer-fighting programs we can afford. The National Cancer Institute holds this awesome task, and is to be commended for its diligence and fairness in this regard.

It has come to my attention that even though the Cancer Center exploratory grant program is important to achieving goals set under the 1971 National Cancer Act's "War on Cancer," the NCI has not funded applications approved for this program. With all due respect to the National Cancer Institute and certainly not intending to set its priorities, I urge that a portion of the Division of Cancer Control's fiscal year 1977 appropriation be directed toward funding all approved Cancer Center exploratory grant applications.

A statement to this effect appeared as a supplemental view to the HEW-Labor appropriations bill subcommittee report.

Mr. ASHLEY. Mr. Chairman, I appreciate the gentleman's statement.

Mr. MICHEL. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from Kansas (Mr. SHRIVER).

Mr. SHRIVER. Mr. Chairman, counting the trust funds and the regular appropriations, this is the biggest bill of them all—even larger than the defense bill. Appropriately enough, most of the funds in this bill go directly to people or to serve their daily needs.

Of the nearly $169 billion recommended in this bill for human resources programs for fiscal year 1977, $124 billion—73 percent—is for automatic appropriations from taxpayer-generated trust funds for unemployment compensation, social security benefits, and railroad retirement benefits. These are direct income maintenance programs which provide basic living necessities for millions of Americans.

In addition to these trust fund accounts, the bill includes nearly $32 billion—19 percent of the bill—for public assistance, including child welfare services, and for U.S. Treasury payments to the trust funds, the supplemental security income funds and black lung benefits authorized by Congress.

Adding these up, we have $156 billion—or 92 percent of the funds in this bill—for programs which provide a basic income for millions of older and needy Americans. While these expenditures have become largely uncontroversial, I believe it is important to remember these vast sums which are provided each year by American taxpayers to their neighbors in need. This is indeed the people bill.

Turning to the remaining 8 percent of this bill, our committee is recommending important funds for education, manpower training, health research and better health care delivery, improved programs for the aging, and the further expansion of the community mental health centers program. We have delayed action on several important programs, including most of the higher and vocational education items, pending final action on authorizing legislation. It is expected that these delayed items will be included in a supplemental bill later this year.

We are recommending $5.8 billion for education programs, of which $2.7 billion is for elementary and secondary education activities. While the Federal Government furnishes a relatively small portion of annual national expenditures for elementary and secondary education, these funds are important in helping local schools meet the special needs of disadvantaged and handicapped children and in developing and disseminating more effective methods of teaching all children.

The bill includes $2.25 billion for title I, ESEA grants for disadvantaged children in advance funding for the 1977–78 school year, an increase of $350 million over the budget request and $200 million over the amount available in the coming school year. This will provide compensatory educational services to 5.6 million children.

In addition, we are recommending $194 million for support and innovation grants, $115 million for bilingual education, $22 million for right to read programs, and $59 million for Follow Through—all of which represent substantial increases over the budget requests and reflect our conviction that these efforts should be maintained at levels which recognize the costs of inflation on school budgets.

Of particular importance to many local school districts is the school assistance in federally affected areas program—more popularly known as the impact aid program. We are recommending $788 million for impact aid, an increase of $463 million over the budget estimate and $84 million over the appropriation for 1976. Every administration since I came to Congress in 1961 has attempted to reduce greatly or eliminate this program; and every year Congress has rejected such attempts. Until the administration can come up with alternative means of helping school districts—especially those around military installations—compensate for lower property tax income due to Federal activities, this program should continue.

The emergency school aid program and the education for the handicapped program help provide critical financial assistance to school districts which are attempting to meet Federal Government or court directives regarding desegregation and equal educational opportunities for all handicapped children. The bill includes $250 million for emergency school aid and $426 million for education for the handicapped.

We have recommended $928.5 million for occupational, vocational, and adult education, including for the first time advance funding for vocational education grants. Vocational education is one of the few remaining education programs not forward funded, and our committee sees no reason why local schools should not have the advantage of knowing sufficiently in advance what they will have available in this important area just as in other program areas.

For library resources, we have included $204 million, an increase of $15 million over the budget request. In addition, $147 million is recommended for advance grants to States for school library and instructional resources, including guidance counseling and testing. This is a recently consolidated account which is supposed to give greater flexibility to local schools in determining their own needs than did the categorical programs used in past years.

Finally in the education section, our committee has included $45.5 million for nine special projects authorized in 1974. These are: metric education, gifted and talented, community schools, career education, consumer education, women's educational equity, arts in education programs, packaging and field testing, and education television programing, including continued support for Sesame Street and the Electric Company.

As I mentioned earlier, most higher education programs will be considered later, including the student financial assistance programs, the Teacher Corps, and other educational personnel training activities.

As a sponsor last year of legislation authorizing the continuation of the community mental health centers program, I am particularly pleased that the committee is recommending funding for additional centers and for better geographic distribution of such centers. I am well aware in my own congressional district of the impact of these centers, and I am convinced we should not terminate this program, as the administration proposed, but the program should go forward with reasonable growth.

We are recommending substantial increases for programs for the aging handled by the Administration on Aging in HEW, the Department of Labor, and the ACTION Agency. Included is $225 million to more than double the nutrition activities, $90 million for community service employment for older Americans, including the Green Thumb program in my own State of Kansas, and $57 million for the older American volunteer programs of ACTION, such as the retired senior volunteer program, the Foster Grandparents program, and the Senior Companion program.

The National Institutes of Health support about half of the biomedical research conducted in this country. The bill recommends $2.4 billion for NIH, an increase of $257 million over the budget request and $120 million for last year. An additional $1 billion in biomedical research is supported by other Federal agencies, and it is estimated that the private sector contributes another $1 billion to the national investment of approximately $4.5 billion for health research.

Increases are proposed for each of the Institutes, including the National Cancer Institute and the National Heart, Lung and Blood Institute, with larger percentage increases for the National Institute of Arthritis, Metabolism and Digestive Diseases, and the National Institute of Environmental Health Sciences. Our committee report directs NIH to do a better job of disseminating research results and advances to practicing physicians. It is very important that as we spend these enormous amounts for research that all Americans benefit from the results as quickly as possible.

The delivery of better health care is largely dependent on the quality of those responsible for such care. Many of the health manpower programs will be funded in a later supplemental bill, but we have included funds for authorized nursing institutional and student assistance programs. A total of $124 million is recommended for these nursing programs, more than 3 times the budget request.

Finally, the bill provides $3.2 billion for the manpower programs administered under the Comprehensive Employment and Training Act, CETA, including $528 million for summer youth employment. These funds will support locally-directed programs, including classroom and on-the-job training, work experience programs, vocational education and counseling, remedial education, and job placement services. A 10-percent enrollment increase is proposed for the Job Corps.

Mr. Chairman, these human resources funds represent this Nation's continuing investment in our greatest resource—our people. Our committee sat through many days of hearings involving both Federal Government and nongovernment witnesses in an attempt to ascertain where special needs exist or where savings could be made. Perhaps most helpful to us were the advice and recommendations from many nongovernment sources, such as education and health groups, regarding the effectiveness of individual activities. We have tried to weigh all of this evidence and come out with a responsive bill. Given our Federal budgetary problems, we probably could never totally meet all needs in any single fiscal year. Together with the efforts of State and local governments and those of the private sector, this Federal assistance can be effective. I commend to all of you the consideration of all of the additional and minority views.

Mr. MICHEL. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts (Mr. CONTE).

Mr. CONTE. Mr. Chairman, I rise in support of the bill providing appropriations for the Departments of Labor, Health, Education, and Welfare, and the related agencies.

I sit as a member of the Labor-HEW Subcommittee and I am satisfied that the subcommittee was successful in reporting a bill that guarantees the continued program levels of all essential programs as well as holding the line on new nonessential starts. Fellow members, it can be argued that this bill is a budget buster, but let us realize the importance of the programs within this legislation. This bill contains necessary support for the unemployment compensation accounts, Federal jobs programs for young and old, support of our Nation's elementary and secondary education programs. Finally, this bill is the back support for every research and laboratory support program at the National Institutes of Health here in Washington and across the Nation. Within this one piece of legislation we provide the lifeline for our national employment, education, and health support systems. Can there be another more important priority than these three subject areas? I think not.

Because our most distinguished and capable chairman, the gentleman from Pennsylvania (Mr. FLOOD), and our ranking minority member, my good friend the gentleman from Illinois (Mr. MICHEL) have already reviewed every aspect of this legislation in depth, I should now like to comment on the highlights of this legislation as well as expound on problems which I feel must be brought to your attention.

One of the most important provisions in the bill is support provided for the Comprehensive Employment and Training Act—CETA. The bill provides $3.245 billion in support for this important program. For title I which is on-the-job training work experience, vocational education and counseling, remedial education and job placement programs, this bill contains $1.88 billion which is $300 million above the budget request. Title II contains $400 million for public service employment. These funds will maintain an employment level of 410,000 jobs and avoid 52,000 man-year cutbacks as proposed by the budget.

This bill also provides $528.4 million for the 1977 summer youth program. This will support 880,000 jobs at a level of $128 million above the budget request. This is the first time this program has been funded a year in advance to enable adequate planning.

In the absence of a budget request this committee provided $90.6 million to continue and expand the older workers employment program under title IX of the Older Americans Act. This amount will expand the program to support 18,000 part-time jobs.

This bill contains $1.5 billion for grants to States for unemployment insurance and employment services which represents a $66 million increase over the budget request. Even though the recession is slowly dissipating, our unemployment levels are still unsatisfactory. We must provide full support to our State departments of employment security to insure that their job placement programs continue to operate as effectively as possible.

Earlier we passed the conference report to the Public Works and Capital Development Act (S. 3201). It is my hope that this legislation will stimulate employment so as not to require advances to the unemployment trust fund such as the $5 billion provided in this legislation. Twenty-one State accounts are already in the red with four more expected to borrow in the near future.

For the Health Service Administration, the bill provides $981 million which is $333.5 million above the budget and $46.4 million above the fiscal 1976 level.

Under this category, the committee provided $215.2 million for community health centers which represents a $60 million increase above the budget and $18.5 million above the fiscal year 1976 level. Although the centers are receiving an increase in third-party reimbursements the committee was convinced that the budget request level would have resulted in serious curtailment of health programs.

For maternal and child health the committee provided a support level of $336 million which is $125 million above the budget including $116 million for State formula grants and $9 million for research and training.

For the Center for Disease Control, this committee recommends appropriations for only those programs which at least had authorizing legislation reported out of the appropriate authorizing committee. For those programs, the committee recommended levels slightly in excess of the fiscal year 1976 support level to insure an uninterrupted program continuum. The committee also inserted the language to authorize the Center for Disease Control to waive fees when hardship has been demonstrated for training of Federal, State, and local public health employees.

I now come to the National Institutes of Health. I am satisfied at the program levels provided by the committee for all the Institutes with one reservation—the National Institute for Child and Human Development. The time has past when we could merely write a blank check out to the Institutes. We have to display fiscal responsibility whenever possible. However, essential program levels must be maintained. I feel the funding support for the National Institute for Child and Human Development is inadequate and will result in a severe curtailment in research and grant awards. The committee recommends only a $770,000 increase for the Institute above the 1976 level. This represents only a 0.5 percent increase which is clearly not enough to even counter minimum inflation costs. The committee, incidentally, provided this Institute $3 million as an add-on during our full committee markup for diabetes research. It must, however, be understood that this add-on will have no effect on maintaining the present research program level. Immediate program areas which will suffer reduction are sudden infant death syndrome—SIDS—mental retardation, and population. This year the Institute is funding 38 percent of its new and renewable regular research grant applications. This small increase will only allow the Institute to support 25 percent of these applications in fiscal year 1977.

I am most pleased that the Senate subcommittee has provided a $10-million increase for this Institute for fiscal year 1977 exclusive of the $3 million diabetes add-on. Naturally, I will do all I can in conference to protect that program support level. Members of the Senate subcommittee have already indicated that this funding level is one they will insist on—they will have my total support in conference.

My next area of contention with this legislation is the funding support for mental health. I am sure that each of my colleague's offices has been contacted by their constituents or one of the professional medical associations regarding my proposed amendment to this bill. I shall now briefly review my amendment which I will set out in detail later when amendments to this bill are considered. The committee recommends $95.908 million for mental health research which is the present fiscal year 1976 level. The administration proposed a $13 million decrease or an $83 million budget level. While I am pleased the committee did not reduce the funding support, it is clear that the fiscal year 1976 level cannot support the present program in fiscal year 1977.

It is for this reason that I will propose an amendment to increase research funding by $10 million. Mental health costs the Nation over $36 billion each year. To combat a health problem of this magnitude, there must be a new level of commitment on the part of Members of Congress to building the base of knowledge essential to dealing effectively with the problem—research is that most important base.

Another area of critical concern is new starts for community mental health centers. Last year we provided $24 million for new starts, this bill only contains $15 million for that purpose—a $9 million decrease in support for new centers. In 1963 Congress mandated establishment of a network of 1,500 community mental health centers to be completed by 1980. At the present rate of funding the congressional mandate could not be fulfilled before the year 2010. At the present only 603 centers are operative servicing only 41 percent of the population. The figure in the bill will only support 24 new centers. My $14 million amendment will enable 46 new starts. It is my hope that Members will recognize this important need and support my amendment.

I should now like to direct Members' attention to language at page 31 of the report dealing with cystic fibrosis. It is the opinion of this committee that CF deserves priority attention. At present, research activity is spread throughout NIH. It is our hope that a study can be undertaken in the next year to determine the effectiveness of our fragmented research efforts and to make recommendations for implementation of a master plan to deal with this most serious and dread disease.

I am pleased that the committee accepted my amendment to provide $2 million each to Children's Hospital National Medical Center and Georgetown University Concentrated Care Center. These funds are most essential to make these facilities completely operational.

This bill contains $27.3 million over the fiscal year 1976 level for drug abuse. This is most necessary in view of recent legislation significantly expanding activities in the area.

For health planning and manpower which I have always been an ardent supporter, this committee has provided substantial funding levels. Planning will be supported at a $126 million level of which

$92 will be made available to local health systems agencies initiatives. For manpower which is synonymous with nursing we provide $124 million for nursing student assistance training programs and research. This represents an increase of $88 million over the budget and $17.5 above the fiscal year 1976 appropriation.

Because of lack of authorizing legislation, the vast majority of education activities are not included in this bill; this is most unfortunate. The Appropriations Committee has made every effort to get these funds to the local school districts as early as possible to enable them to plan. Last year we even put the education division in a separate bill to expedite the funding process as much as possible.

This bill does, however, include most of the elementary and secondary programs at a level of $2.6585 billion. This figure consists of $2.25 billion for title I of the Elementary and Secondary Education Act, ESEA, for grants to the disadvantaged as well as $115 million for bilingual education. These figures exceed the fiscal year 1976 level by $235 million and the fiscal year 1977 budget submission by $452 million.

The next section of this bill is one that has been neglected for too long—education for the handicapped. As an original cosponsor of H.R. 7217 which was the forerunner of the Education for All Handicapped Act (Public Law 94–142), I am pleased to note that this bill contains $300 million which is the authorization ceiling for the State grant program mandated in Public Law 94–142 when only $110 million was requested. The States have a long way to go in guaranteeing equal education opportunities to all handicapped Americans. These grants will enable the first important programs to begin in each State. I should like to note in passing that virtually every State is now under court order to implement full education opportunities for all handicapped. In a way, this funding level could be considered mandatory.

A large portion of vocational and adult education has been referred for lack of authorizing legislation at the time this bill was marked up. However this bill does include $812.5 million in grants to States for basic vocational education programs. This figure includes a fiscal year 1978 advance appropriation of $475 million to enable States to adequately plan for their vocational programs. This is a method very similar to that used for higher education programs. I am very pleased at the support in this bill for vocational education. I am proud to say that I graduated from a fine vocational high school in Pittsfield, Mass. It is my hope that every student desirous of seeking a technical education will have a facility within reach. Fellow Members, we must do no less. I am most pleased at the passage of the Vocational Act Amendments. That legislation will insure a continued and more effective vocational education system in each State.

I should like to note an important funding program—follow through. This is a program that the administration has continually attempted to phase out over the past years. The committee provided $59 million to maintain the present program level as opposed to the $30 million administration phaseout figure. I have long fought for retaining the program and I am pleased that I have the support of my committee.

Virtually all the higher education programs are absent from this legislation for lack of authorizing legislation. However, I would like to mention the committee did provide $750,000 in support for the training of disadvantaged persons in the legal profession administered by the Council on Legal Educational Opportunity, CLEO, when no funds were requested. I am sure many of my colleagues have received mail on this important item.

Library resources is another area of serious concern. The committee will support public libraries at a $56.75 million level which is $5 million above the budget. In spite of a $6 million budget reduction, the committee approved funding school libraries and instructional resources at $147.3 million. As I said before, fiscal restraint is most important in these financially troublesome times. However, essential programs such as these must continue with no curtailment in services.

To avoid any budget cuts under social and rehabilitation service, the committee provided $18.036 billion for public assistance which is more than $795 million above the fiscal year 1976 funding level.

For social security programs which includes supplemental security income, black lung benefits and payments to the trust fund, this bill contains $13.5 billion which is virtually mandatory and at the budget request.

For aging programs, the committee has provided a support level of $389 million which is more than $150 million above the budget; $121 million of increase will be used to raise the annual operation level of the important nutrition programs to $225 million. Next to employment, these nutrition programs for older Americans are most important. This program also includes the $90.6 million in unbudgeted funds for support for older Americans employment programs which I reviewed earlier.

At this time, I should like to interject a point in this area. It is my feelings that we should do more to encourage outside employment for older Americans. Our whole employment scheme is centered around mandatory retirement dates and social security penalties for excessive outside earnings. At present, if a social security beneficiary holds an outside job, earning in excess of $2,720, they must forfeit $1 for every $2 earned above that level. I authored H.R. 11593 which allows a $4,800 outside earnings ceiling with a $1 forfeit for every $3 earned above the maximum. It is in this manner that we should encourage older Americans to continue to contribute their skills and abilities to our work force rather than penalize their initiative as we do now. I urge all Members to review my legislation as well as all other related bills which enable the older Americans to hold a more productive place in our society.

I should now like to review this committee's recommendation for advanced appropriations for the Corporation for Public Broadcasting. Our public broadcasting activities are constantly developing and receiving praises from across the country. Congress enacted the advanced appropriations authorization in Public Law 94–192. This bill was referred to the Appropriations Committee for our review when it was originally recommended to provide only a 2-year advanced appropriation. The subcommittee accepted my amendment to increase the advanced appropriation to 3 years. This bill contains the appropriations for these 3 years. The budget request was for $70 million, $80 million, and $90 million respectively for fiscal years 1977, 1978, and 1979.

I am pleased that the committee accepted my amendment and increased these levels to $96.75 million for fiscal year 1977, $107.15 million for fiscal year 1978, and $120.2 million for fiscal year 1979. I should like to note that these are not direct appropriations. They must be earned by the Corporation for Public Broadcasting. For each $2.50 earned through non-Federal sources, the corporation receives 1 Federal dollar.

At this point I should like to interject a tribute to a man who so justly deserves it at this time. On May 21, 1976, our national communication system, the Seventh District of Massachusetts, and this Congress suffered a tremendous loss with the demise of Torbert H. Macdonald. The legislation, Public Law 94–192, which these appropriations will implement was crafted by him during his last days as chairman of the Interstate and Foreign Commerce Subcommittee on Communications. He is recognized as the "father" of public broadcasting, having introduced key legislation in 1967 and guided the growth of educational television and radio throughout the country. He served his constituents and this House with dedication for 22 years. I should like to close with words of Henry Loomis, President of the Corporation for Public Broadcasting, which were directed to Congressman Macdonald's efforts on behalf of public broadcasting.

> All of us appreciate your help, your guidance, your wisdom, but above all your guts. You stood alone and led the fight.

Let this portion of each and every Labor-HEW appropriations bill stand as a lasting memory to Torbert Macdonald.

As a final note, I should like to address my colleagues to my dissenting views at page 101 of the report dealing with the existence of the antibusing provision in this legislation. Later an amendment will be offered to strike this ill-conceived and irrelevant provision from the bill. I will speak more extensively later when our amendment is proposed. However, I should like to articulate the finite problem I see here. No matter how the language is drafted, it is clearly violative of the House Rule XXI in that it is legislation in an appropriation bill. It specifically changes present law by redefining the guidelines set out in Public Law 93–380. For the sake of respect for the legislative process, I urge all Members to consider the negative aspects of the Byrd amendment and support the amendment to strike section 208 from this bill.

With the exception of the reservations I have set out above, I urge my colleagues to support this bill.

Thank you, Mr. Chairman.

Mr. PATTEN. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from New Jersey.

Mr. PATTEN. Mr. Chairman, the gentleman in the well referred to talk about the budget being over what it should be.

Is it not true that when this budget came to us 59 programs which we had last year were omitted, including the money for the mental health people and for community health and nurses and the libraries? Is it not true that 59 programs did not have a dime in this for them when this budget came up from downtown?

Mr. CONTE. I believe the gentleman is correct.

I mentioned how grateful I was for bringing forth such a fine appropriation bill.

I still feel that we need this little money. It is not much. It is a pittance when we look over the entire budget. The good that is going to come out of this merits the small addition I am seeking.

I know that the chairman is going to think about it. He is a wonderful person.

Mr. SHRIVER. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio (Mr. REGULA).

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, today we are called upon to vote for the Labor-HEW appropriation bill for fiscal year 1977. Last year the committee asked us to support a similar bill, but without the education portion of the Labor-HEW budget which was $1.9 billion over budget. This year, the committee is asking us to support a bill which is $3.6 billion over budget and projects a $5.1 billion increase when remaining unauthorized programs are funded. Compared another way, it is $4.5 billion, or 9 percent, over last year.

Furthermore, this bill could mount up to a whopping $9.6 billion over the budget if the public service jobs program is fully funded. Page 4 of the committee's report comparing trust fund estimates of fiscal year 1976 and 1977 including enacted programs in 1976 and the 1977 recommendations, tells me that this bill will cost the taxpayer's some $20.6 billion more than last year. Many of the increases are unavoidable, because they are only funding programs previously passed here. But the $21 billion total is shocking.

According to the results of my districtwide questionnarie, 55 percent of my constituents want a balanced budget now, and 37 percent voted for a controlled budget at the level set by President Ford. Only 6 percent want spending as usual, and 2 percent want increased spending. That makes an overwhelming 92 percent in favor of spending at the Ford level or lower. This poll may not be stastically accurate, but the results are clear. If other districts feel any thing like this, H.R. 14232 is totally out of step with the people in trying to pass huge spending bills.

Year after year, we continue to refund the same old categorical programs with little regard to the effectiveness in reaching their promised goals. I believe a legitimate role of the Federal Government is to support programs designed to promote quality education, health research, and benefits for the aged and disadvantaged. However, I do not think we can continue with our present policy of pouring more tax dollars into old programs as a cure-all for all problems. Impact aid is a perfect example of an old, inequitable program. The sad hallmark of this Congress is its continuing insistence to spend extravagantly while facing serious deficits.

Congress has also done nothing to reduce the onerous burden of bureaucratic red tape and regulation. The President has a series of proposals for Federal grant consolidation and reducing Government regulations—and he did not even get a hearing. I would prefer to see such a program adopted which would give local officials greater flexibility and responsibility over those Federal programs affecting them.

Not every item in the President's proposal deserves support, nor does every item in H.R. 14232 deserve to be rejected. I am not opposed to increased funding for programs like education or health research. On the contrary, I support responsible increases in these categories, and my voting record over the past 5 years reflects this support.

As the Congress considers the total cost of the bill and not the individual line items, I have no choice but to base my decision on the $56,104,631,000 total. I have to oppose any bill which will add an additional $3.6 to $9.6 billion to our present fiscal deficit.

Already, in this Bicentennial Year, taxpayers face a budget deficit of $76 billion. Seventy-six in '76 may be catching, but my constituents want a balanced budget. This Labor-HEW Appropriations bill further emphasizes Congress' record of inaction, confusion and overspending. This bill means not only that Congress does not care about present deficits, but alos that it has not interest in balancing our budget in 3 years, or perhaps ever.

Mr. REGULA. Mr. Chairman, originally I had intended to offer an amendment to the HEW appropriations bill that would have had the effect of leaving the decision option with respect to coed physical education classes to the local institutions as long as the institutions met the requirement for equal opportunity as provided in title IX.

I recognize that this issue properly should be considered by the authorizing committee, and not be part of an appropriations bill. I would hope that the Committee on Education and Labor would continue to examine that question.

However, in examining the HEW regulations on the subject of coed physical education, I find that they have substantially modified their position as a result of receiving nearly 10,000 public comments.

I would like to quote from the regulations as finalized in their process of adopting regulations.

Mr. Chairman, I quote directly from the publication entitled "Final Title IX Regulation Implementing Education Amendments of 1972 Prohibiting Sex Discrimination in Education—Effective Date July 21, 1975".

ISSUE I—PHYSICAL EDUCATION CLASSES

The first concerns the requirement to make all physical education classes co-educational, as originally proposed. The final Regulation slightly modifies this position. It allows separation during participation in contact sports and explicitly permits grouping of students by ability. It also allows separation during classes in sex education.

We have allowed varying adjustment periods for schools to realign schedules, alter facilities and replan curricula. Schools will be expected to comply as expeditiously as possible, but some recognition of practical problems and costs appears warranted.

ISSUE VI—ATHLETICS

Certainly the most talked about issue was athletics. As you know, Congress attempted to clarify the Department's mandate in this area last summer by passing language in the Education Amendments of 1974 requiring that our Regulation cover intercollegiate sports in some "reasonable" way.

We have modified the proposed Regulation in several respects, but held to the basic requirement that schools must indeed provide equal opportunity for both sexes to participate in intramural, interscholastic and intercollegiate athletics.

We left in the provision allowing separate teams in those sports in which competitive skill is the basis for selecting team members, and we added a provision allowing separate teams in contact sports. This is not a requirement, nor is it a suggestion that colleges can refuse to offer football, basketball or other contact sports to members of each sex separately if there is enough student interest to warrant it.

Physical education

While generally prohibiting sex segregated physical education classes, the final regulations do allow separation by sex in physical education classes during competition in wrestling, boxing, basketball, football, and other sports involving bodily contact. Schools must comply fully with the regulation with respect to physical education as soon as possible. In the case of physical education classes elementary schools must be in full compliance no later than one year from the effective date of the regulation. In the case of physical education classes at the secondary and postsecondary level, schools must be in compliance no later than three years from the effective date of the regulation. During these periods, while making necessary adjustments, any physical education classes or activities which are separate, must be comparable for each sex.

Athletics

Where selection is based on competitive skill or the activity involved is a contact sport, athletics may be provided through separate teams for males and females or through a single team open to both sexes. If separate teams are offered, a recipient institution may not discriminate on the basis of sex in provision of necessary equipment or supplies, or in any other way, but equal aggregate expenditures are not required. The goal of the final regulation in the area of athletics is to secure equal opportunity for males and females while allowing schools and colleges flexibility in determining how best to provide such opportunity.

The question I raised with HEW this morning was, "What is an elementary school and what is a secondary school?"

I am advised by HEW that that matter is left to the local school district, so that in determining the question of what is a secondary program, it might be the 7th, 8th, 9th, 10th, 11th, and 12th grades; and with the elementary it might be K through the 6th grade or it might be K through the 8th grade. The definition decision is controlled by the local school district.

Mr. Chairman, as previously noted this is important because under the regulations the elementary schools have 1 year to comply; the secondary, 3 years.

The reason I offered this amendment originally is my concern as a former teacher and elementary school principal, with the impact that coed physical education programs will have on students.

We fought the battle of the HEW regulations in 1975 in the conference report on the HEW appropriations bill. At that time the discussion did not concentrate on the question of the impact on a child sociologically, psychologically and developmentally. I think this is something we need to consider. This is the concern I expressed in the "Dear Colleague" letter yesterday stating that I would be offering this amendment.

During the past day I have discussed this problem with many people in Ohio and elsewhere who are working directly with the co-ed physical education programs. Many of these have been in operation for several years. As an example Northmont School near Dayton, Ohio, has been operating a coed physical education program for the past 5 years with great success.

A survey of the students in the Northwest school district indicated that 95 percent of them liked the coed program.

The experience of schools offering coed physical education to meet the needs of all students indicate that a variety of activities equips the students with the skills they will use for a lifetime rather than in just competitive situations.

I find that many schools are preparing to or have implemented coed programs. It is apparent from my discussion during the past day that there is little demonstrable evidence of the impact on the students in terms of the sociological, psychological or developmental aspects. Therefore it is my judgment that we need an evaluation of the experience with coed physical education programs in the Nation's schools.

Also we need to evaluate the programs that have been developed by our institutions of higher education to determine if these institutions are equipping their physical education majors to deal with the HEW regulations.

With that kind of a base of evidence we will be better equipped to discuss the problem.

Mr. Chairman, I would like the chairman of the subcommittee, the gentleman from Pennsylvania (Mr. FLOOD) to respond to a question. Would the gentleman join me, along with the ranking minority Member (Mr. MICHEL) in a letter to HEW requesting a study of the impact of coed physical education programs on the sociological, psychological, and developmental aspects of coed physical education program on the students and also to evaluate the higher educational institutions programs for physical education teachers?

Mr. FLOOD. Mr. Chairman, if the gentleman will yield, I first wish to compliment the gentleman from Ohio for deciding not to introduce the amendment under the circumstances.

Let me say that I will be glad to cooperate in any way I can. The gentleman has made his point very well and we understand it and will be glad to cooperate in every way we can in this respect.

Mr. REGULA. I would ask the same question of the ranking minority member, the gentleman from Illinois (Mr. MICHEL).

Mr. MICHEL. Mr. Chairman, if the gentleman will yield, let me say that I think the gentleman from Ohio has made a case. I would be happy to join with the gentleman and our distinguished chairman, the gentleman from Pennsylvania (Mr. FLOOD) in eliciting information from the Department of HEW and hope that we may get the response that we are hoping to get.

Mr. REGULA. I thank the gentleman.

Mr. KETCHUM. Mr. Chairman, I would like to associate myself with the remarks relating to impact aid of my friend and colleague from California, Mr. BURGENER, as contained in his supplemental minority views of the committee report on the Labor/HEW appropriations bill.

While I believe the minority members of the Appropriations Committee have done an excellent job in pointing out the excessive spending levels contained in this bill, I would like to state my strong commitment to the impact aid program. Impact aid provides much-needed funds to school districts affected by the presence of non-taxpaying Federal installations.

Every President since Eisenhower has wanted to reform and revise the impact aid program. The present administration has proposed to do so by eliminating funding for category B and C students entirely. While I believe that there may be justification for eliminating category C, public housing students, no appropriation for category B would prove disastrous for the many school districts which depend upon these funds. In my home State of California, for instance, the administration's proposal would have a particularly adverse effect. State law restricts the ability of local communities to change their property tax rates, which they would need to do in order to compensate for losses in impact aid funding. As Mr. BURGENER has indicated, this could only mean a reduction in the quality of education provided by local school districts in California. I therefore must reject the administration's proposal for reform of impact aid as one which would do infinitely more harm than good.

I do believe that viable reforms can and should be made in the impact aid program. I think the first step is a transfer of jurisdiction of the program from the Committee on Education and Labor to the Committee on Ways and Means. We all know that impact aid funds constitute an in-lieu-of-taxes payment to school districts affected by Federal activities. As such, it is clearly a tax program, even though the funds go to educational institutions. I also believe that impact aid should be considered under a separate authorization/appropriations process, not as a part of omnibus HEW/Labor legislation.

Thirteen Members have joined me as cosponsors in introducing legislation to effect the jurisdictional change. However, my bill has not been met with any great enthusiasm from the educational community. It seems rather incredible to me that our professional educators would prefer to fight it out in Congress year after year as opposed to supporting a reform measure that will allow the program to be reviewed on its merits.

In conclusion, I would like to reiterate my belief in the necessity for the impact aid program while commending to my colleagues the legislation I have introduced which I feel would be a much-needed first step in resolving the controversy which currently surrounds the issue of impact aid.

Mr. GRADISON. Mr. Chairman, I would like to bring to the attention of my colleagues an item on page 21 of the committee report on the Labor-HEW Appropriations bill which directs that HEW conduct a new study on possible locations for the research activities of the National Institute of Occupational Safety and Health.

These activities are currently headquartered in Cincinnati and thus this matter is of particular concern to my district. There is also, however, an important principle involved here regarding the location of Federal facilities.

The question of a location for NIOSH has already been studied thoroughly. The original site selection study, begun in 1972, evaluated nine cities according to objective criteria including available academic and related research resources, air transportation, proximity to a wide range of industry, and recruitment potential. In March 1973, the recommendations of a site selection committee were submitted to then HEW Secretary Weinberger and in April 1973, Weinberger announced the choice of Cincinnati.

In 1975, the Appropriations Committee directed HEW to re-examine the NIOSH site selection and report back in January 1, 1976. A new committee under direction of Dr. John Finklea, Director of NIOSH reviewed the 1972–73 study and reaffirmed the choice of Cincinnati.

Land has been acquired by NIOSH adjacent to the University of Cincinnati campus in 1974 and a $1.4 million contract for architectural design has already been approved. Despite the fact that plans for the new building are far along and that the Cincinnati location has been reaffirmed by two site selection studies and two Secretaries of HEW, this year's committee report orders a completely new study.

The justification provided for a new study is that the Cincinnati location is a hindrance to recruiting. The charges of recruiting problems are completely without justification. NIOSH has been sharply expanding its research operations in Cincinnati and these new positions have been filled without delay.

In January of 1976, NIOSH had 381 positions authorized for Cincinnati and 377 on duty. When the 1976 Labor HEW Appropriations bill was cleared in January 1976, 52 additional positions for Cincinnati were included. There are substantial delays involved in Civil Service recruiting but by May of this year, 396 out of a total of 432 authorized positions were filled for a total of 32 vacancies. In addition, NIOSH has commitments for 14 of the vacancies. In all, NIOSH has increased the number of on duty personnel in Cincinnati by over 130 in less than 2 years.

Cincinnati has demonstrated its attraction as a center for medical and environmental research in other ways as well. Cincinnati is the location of one of EPA's three National Environmental Research Centers. EPA has found recruitment of scientific personnel in Cincinnati to be no problem.

Dr. Andrew Breidenbach, former Director of the Cincinnati EPA labs and now Assistant EPA Administrator for Water and Hazardous Materials said that he found the recruitment of scientific personnel in Cincinnati to be no worse than in any other large metropolitan area. Dr. Breidenbach said that he had found it possible to hire substantial numbers of entrance grade, as well as middle grade and senior personnel in Cincinnati. Dr. Breidenbach added that he had found it far more difficult to transfer employees out of Cincinnati than to recruit them to work in Cincinnati.

An urgent need exists for research into the occupational hazards which confront the working men and women of this country. The Occupational Safety and Health Administration needs research help from NIOSH to enable OSHA to set standards for worker exposure to potentially harmful substances. Another site selection study for NIOSH would needlessly delay NIOSH research activities. In addition, the uncertainty generated by a new site selection study could itself seriously disrupt NIOSH recruitment.

At a time when we are concerned about getting people back to work and particularly about unemployment in the construction industry, the proposed new NIOSH lab is a needed project which is ready to go. The delay due to a new site selection study would mean lost jobs in the construction industry and it would ultimately add greatly to the construction costs for the new NIOSH lab.

By reopening the site selection process for NIOSH at this late date, we would be setting a very bad precedent. Site selection procedures similar to that used for NIOSH have been and are being used for other Federal facilities. A pilot coal gasification plant sponsored by ERDA, the Solar Energy Research Institute, and a National Fire Academy are three examples.

Any time a choice of sites is made, the losers in a competition are going to outnumber the winners. It is thus relatively easy to put together a coalition to demand a new study, even if the choice was made several years ago and even if the arguments for the new study are completely baseless. This is exactly what is happening with NIOSH and it could happen to any Federal facility in any one of your districts.

Congress must resist this attempt at a politically motivated raid on the NIOSH laboratory. A new site selection study at this point would amount to a complete waste of the taxpayers' money and would lead to a serious disruption of NIOSH's research and recruitment—thus harming the very workers this was set up to help.

Mr. EMERY. Mr. Chairman, I would like to address my comments to title III of the Labor-HEW appropriations bill, which appropriates funds for the Community Services Administration.

This section contains $496 million for the various antipoverty programs under this Agency, an increase of $160 million over the budget request. Specifically, this section appropriates an increase of $70 million for Community Services Agencies. The budget request was based on the requirements of Public Law 93-644, the Community Services Act, that the Federal-local matching rate be reduced to 60-40 for fiscal year 1977 from the 80-20 rate in fiscal year 1975 and the 70-30 rate in fiscal year 1976.

I do not wish to offer an amendment to cut funding back to the President's request, for I believe that the Community Services Administration performs many valuable and worthwhile services to the disadvantaged. I would, however, like to point out that the Community Services Administration should take every action possible to acquire funding for these programs on a local level, and to bear a greater share of the funding burden as was the intention of the original act.

Perhaps the Community Services Administration is operating under the impression that local and regional agencies are not willing or able to acquire local funding. First of all, I would note that during the first part of the current fiscal year, when the Community Services Administration was operating under the continuing budget resolution, some two-thirds of the Community Action Agencies were able to meet the increased local match rate required—70-30.

I would also note that in my district, community action agencies are actively seeking local funds. As a matter of fact, I have been contacted by Mr. Robert Senesac of the York, Maine, Community Action Corp., in regard to this problem. Mr. Senesac feels, as I do, that there has not been enough action taken on the part of the Community Services Administration to direct regional and local agencies to acquire increased local funding, and suggested that strong pressures be put upon the Community Services Administration to acquire that funding.

I applaud the efforts of the York Community Action Corp. in fighting to acquire increased local funding for essentially local programs. I also applaud the successes of the York Community Action Corp. in particular which developed enough local funding to operate last year on a 50-50 matching rate if necessary.

In summary, Mr. Chairman, I would like to impress upon my colleagues here today, and the Community Services Administration, that local communities are willing and able to share a larger burden of funding for the community action programs. The initiative is coming from the local level, and must be followed up with the support of agencies at the Federal level.

Mr. FLOOD. Mr. Chairman, I yield such time as he may consume to the gentleman from New Jersey (Mr. DOMINICK V. DANIELS).

Mr. DOMINICK V. DANIELS. Mr. Chairman, I rise in support of the Labor-HEW appropriations bill for fiscal year 1977. I want to take this opportunity to comment on some of the programs funded in this bill which are under the legislative and oversight jurisdiction of the Subcommittee on Manpower, Compensation, and Health and Safety.

The Manpower Subcommittee has held 17 days of oversight hearings on OSHA in this session of Congress.

On November 17, 1975, the Education and Labor Committee brought to the House floor H.R. 8618, a bill to provide on-site consultation to employers with a preference to small businesses and hazardous industries. The House passed this bill by a division vote of 115 ayes to 15 noes.

Mr. Chairman, the action of the Manpower Subcommittee in promptly considering on-site consultation legislation and in reporting a bill to the House was in direct response to the concerns with OSHA raised by many Members of this body.

The Senate Labor Subcommittee is currently conducting OSHA oversight hearings, focusing on the problems of small business. These hearings also cover the issue of on-site consultation. It is my understanding that the Senate subcommittee will continue these hearings in Washington and in the field.

However, while the Senate proceeds with hearings, I am pleased that the House Appropriations Committee has already addressed many of the difficulties concerning OSHA previously discussed in this Chamber. The Labor-HEW appropriations bill for fiscal year 1977 and its accompanying report, No. 94-1219, provides specific funding directives which will resolve many of the concerns of my colleagues and their constituents.

I would like to comment on some of these funding directives. First, let me commend the Appropriations Committee for increasing OSHA appropriations from $116,221,000 in the 1976 bill to $126,833,000 for fiscal year 1977. Surely, the health and safety of more than 65 million workers covered by OSHA require constant vigilance and must be adequately funded to insure equal application of the law.

The report directs that $1.5 million be used to provide specialized training to OSHA compliance personnel. This funding directive should mitigate many of the objections of employers to the performance of OSHA compliance personnel.

Dr. Morton Corn, the new Assistant Secretary of Labor for OSHA, in testimony before the Appropriations Committee on February 4, 1976, stated that:

> The key to an effective, professional enforcement endeavor is OSHA's compliance officer—the front-line man or woman visiting the workplace. Each is expected to exercise sound individual judgment in evaluating the workplace situation, but at the same time to perform his or her duties in a uniform manner consistent with OSHA's national enforcement objectives.

To improve the quality of its inspection activity, OSHA is committed to substantially increase the amount of professional training and technical support given compliance officers.

Dr. Corn testified that the funds will finance training programs for compliance personnel which will "include the human relations aspect of a workplace inspection visit—especially with respect to small businesses—as well as the technical knowledge necessary to recognize hazards."

A second funding directive will assist employers who wish on-site consultation services. The Appropriations Committee report directs that a total of $17,500,000 be used to provide consultation services to employers.

The sum of $9 million is reserved for section 7(c)(1) contracts with States without approved State plans; $4 million is included for consultation carried out in approved State plan States; $4.5 million is appropriated for direct contracts with consulting organizations and educational institutions to cover the 23 jurisdictions not presently in a State-administered program under section 18(b).

Therefore, 13.5 percent of all appropriated funds will be used for consultation activities.

Furthermore, the Appropriations Committee adds 45 new permanent positions in OSHA and directs that 30 of these positions be designated to oversee the significant expansion in consultation and training programs scheduled to take place in 1977.

Another area which has caused concern to Members of Congress and to the workers and employers is the standard-setting process. OSHA has been subject to much criticism concerning so-called "nuisance" standards.

When the act was passed in 1970, OSHA was directed under section 6(a) to promulgate existing standards under certain Federal laws, and national consensus standards as a baseline for its compliance activities. In the years since OSHA's enactment, it has been determined that many of the consensus standards were outdated and irrelevant.

OSHA is currently revising these general industry job safety consensus standards through a series of informal meetings across the country in order to solicit comments from affected employers and employees. I firmly believe that the revision of many of these consensus standards will greatly increase the acceptability of OSHA in the business community,

One area that has been of particular concern to me is the promulgation of health standards. Currently, there are only three promulgated health standards—these cover asbestos, the 14 carcinogens, and vinyl chloride. OSHA is now soliciting public comment on nine other health standards, and plans to come forward with eight more proposed health standards shortly.

It is estimated that 100,000 workers annually die through exposure to toxic substances. Surely, promulgation of health standards deserves the highest priority. I am pleased that Dr. Corn is committed to increasing OSHA's capability to promulgate such health standards, recruit health professionals, train compliance officers in recognition of health hazards, and increase inspection activity in the field of health hazards.

Now, I would like to focus on NIOSH appropriations.

I would like to commend my colleagues on the Appropriations Committee for their emphasis on protecting and preserving the health of the American worker. I have long contended that a healthful work environment is inseparable from a healthful community and home environment. Many of the hazards that threaten our communities have their origin in the workplace. The World Health Organization estimates that from 80 to 90 percent of all cancers have environmental causes.

My own State of New Jersey, for example, is the "cancer capital" of this Nation. It is no mere coincidence that much of the Western Hemisphere's largest chemical operations are located in New Jersey. Fully 19 of our 21 counties rank in the top 10 percent of all counties in the Nation for cancer death rates. Not only are New Jersey's workers dying from cancer, but so too are the residents of communities surrounding these chemical plants. The residues carried home on workers' soiled clothing and the fumes and effluent pouring from chemical operations inflict the cancer burden on young and old, worker and family.

In recognition of this inseparable link between the workplace and the overall health of our people, the Appropriations Committee report directs the Center for Disease Control to increase the funding of the National Institute for Occupational Safety and Health, established under the Occupational Safety and Health Act of 1970, from $39.5 million in the 1976 appropriation to $46.7 million for fiscal year 1977.

During the course of oversight hearings on OSHA, it has come to the attention of the Manpower Subcommittee that there must be greater attention focused on training of health professionals. Our hearings on the Kepone poisoning of workers in Hopewell, Va., also pointed to the need for increased coordination among State and local governments in their commitment to the welfare of the worker.

Therefore, I am pleased that the Appropriations Committee report provides $4.5 million and three positions within NIOSH for the support of four to five educational resource centers for occupational safety and health. These will provide training in occupational health, and function as a regional resource center for local government and labor and management.

Mr. Chairman, another directive in the committee report speaks to the pressing need for the study of the hazardous effect of chemicals and heavy metal exposures in the workplace of the unborn. The committee recommends an additional 10 positions and $1 million in NIOSH for this new initiative.

Millions of men and women daily work with toxic chemicals and other harmful agents which interfere with their ability to reproduce healthy, normal offspring.

It is time to take the subject of the health of the unborn out of the arena of philosophical discussion and declare a national commitment to the well-being of workers and to future generations.

Mr. Chairman, the cost of this commitment cannot be measured in economic feasibility studies or inflationary impact statements that are part of OSHA's standard-setting procedure. There is a very real and present danger to our workers and to their children. That one child is born retarded because his parents are employed in the lead industry—that one infant is born with Kepone in his blood because his father worked in a shoddy pesticide manufacturing company—are unconscionable tolls extracted from the American worker to underwrite industrial production.

The $1 million directed at problems of chemical exposures on the unborn is a step in the right direction. I am hopeful that the beneficial effects of such an initiative will lead to higher funding levels in future appropriations bills.

I urge my colleagues to pass H.R. 14232 without amendment.

Mr. FLOOD. Mr. Chairman, may I inquire how much time I have remaining?

The CHAIRMAN. The Chair will state that the gentleman from Pennsylvania has 11 minutes remaining.

Mr. FLOOD. Mr. Chairman, I yield the remainder of the time to the distinguished gentleman from Washington (Mr. ADAMS) the chairman of the Committee on the Budget.

Mr. ADAMS. Mr. Chairman, I rise in support of the bill, H.R. 14232, the Labor-HEW and related agencies appropriation bill for 1977. Over the past 10 days, I have been advising the House as to the relationship of appropriation bills to the targets established by the Congress in the first budget resolution. This bill, like most of those reported out by the Committee on Appropriations, is consistent with the budget target and is deserving of support. Our early warning report shows dangers for the future which I will point out later.

H.R. 14232 includes funds for portions of six budgetary functions. The major functions represented are education, training, employment and social services—500, health—550, and income security—600. Relatively small amounts are also included for community and regional development—450, veterans benefits and services—700, and law enforcement and justice—750.

In total for programs in these six functions, the bill provides $55,877 million in budget authority and $45,611 million in outlays. Together with amounts previously enacted or passed by the House, an additional $17,702 million in outlays results from spending bills previously enacted or passed House. When these totals are compared to the subcommittee allocation targets of $66,209 million in budget authority and $68,836 million in outlays, the result is that $10,332 million in budget authority and $5,523 million in outlays remain available in the subcommittee's allocation target if the bill is passed as reported. This is true mainly because many programs allocated to this appropriation subcommittee have not as yet been authorized.

Although the total budget authority and outlays in H.R. 14232 are substantially below the allocation targets, I must advise the House that many important legislative items remain to be considered which, if they are fully funded at the levels projected in the first budget resolution, will absorb almost all the funds remaining in the functional targets. The First Budget Resolution assumed the enactment and funding of legislation such as the extension of the special unemployment assistance benefits at $.5 billion higher education legislation $3.7 billion, public service employment program $4.5 billion, and a number of heath service and manpower training programs amounting to $1 billion. Enactment and funding of these programs at the levels assumed in the first budget resolution will require $9.9 billion in budget authority and $5.9 billion in outlays.

In addition, there are several entitlement programs in this bill which require appropriation action but whose budget authority and outlay levels are mandatory under current law. The first budget resolution included higher estimates for several of these programs, including public assistance programs and the supplemental security income—SSI—program, than did the Appropriations Committee which adopted the administrations estimates. Should the estimates in the first budget resolution prove correct, supplemental appropriations totaling about $600 million in budget authority and outlays will be required.

Finally, the subcommittee bill provides higher budget authority and outlays for certain education and older Americans programs than was assumed in the first budget resolution.

If all of the above amounts are subsequently provided as assumed in the First Budget Resolution, the subcommittee allocation target would be exceeded by $141 million in budget authority and $289 million in outlays. However, in view of the large number of programs still requiring authorizing legislation and subsequent appropriation action, the subcommittee will have the opportunity to determine at a later date which program levels will have to be modified to meet the target.

Included in the total outlays projection in the bill is $619 million in general fund advances to the unemployment compensation trust fund originally scheduled to be spent during the transition quarter, but now scheduled for fiscal year 1977. It is anticipated that these outlays will not be required in fiscal year 1977 and that the outlay total in the bill can be adjusted downward at a later date.

Finally, I would point out to the Members that the allocation targets in this bill assume the enactment of legislation which will reduce the aid to families with dependent children—AFDC—program by $256 million and the medicaid program by $300 million in BA and outlays. Should the necessary legislation fail to be enacted, then Congress would have to appropriate an additional $556 million for these programs through reducing other programs to meet the target.

Mr. Chairman, I want to congratulate my colleague from Pennsylvania, the chairman of the subcommittee, for the highly responsible job he has done in carefully constructing a most complex bill which is in harmony with both the allocation targets and the spirit of the first budget resolution.

Mr. FLOOD. Mr. Chairman, I yield 3 minutes to the gentleman from Maryland (Mr. MITCHELL).

Mr. MITCHELL of Maryland. I thank the distinguished gentleman for yielding to me.

Early on in the debate I engaged in a colloquy with the distinguished chairman pointing out my concern over the reduction in the number of jobs for youth for the summer. The chairman has indicated that under this appropriation bill we will hold to the present level. With all due respect to the chairman, I would insist that is a very dangerous thing to do. It is almost as if someone had cancer and we said, "All right, we will hold your cancer where it is but we will not cure it."

Since 1973, when we consider age groups from 16 to 24, we have seen a consistent rise in unemployment rates. In the age group 23 to 24 in 1973 the unemployment rate was 7.7 percent and for September 1975 it was 13.9 percent. If we look at an analysis of both sexes, ages 16 through 19 in May of 1973 had an unemployment rate of 14.9 percent and in September of 1975 had a rate of 19.4 percent.

The more critical and alarming statistic in my opinion is the tremendous differential in the unemployment rates for white youth and black youth. If I may, I will cite some statistics. When we look at the youth in age group 16 through 19, in May 1973 the unemployment rate for white youth was 13.1 percent. The rate rose to 17.6 percent in September of 1975. However, for black youth in the age group 16 through 19 in May of 1973 the rate was 30.1 percent, more than double the rate for whites, and by the time we get to September of 1975 the rate mounts to an astronomical 36 percent.

I know that providing summer youth jobs will not solve all the problems, but I also know, and I have said so many times in the well of this House, that we pay a terrible price for not letting our youth work. We pay a price in terms of crime, we pay a price in terms of delinquency, and we pay a price in terms of alienation from our society.

I think it is totally and terribly wrong to hold to the present level of summer youth work in light of the constant rise from 1973 to 1975 in youth unemployment. I have an amendment I will offer, and I am going to urge the support of the Members for my amendment.

Mr. KASTENMEIER. Mr. Chairman, I commend the fine work done by the Labor-HEW Appropriations Subcommittee on the bill we are considering today.

Especially fine work was done by our colleague, Congressman DAVE OBEY, in working to see that the Department of Health, Education, and Welfare is ordered to complete a comprehensive study of locations for construction of a permanent facility for the National Institute of Occupational Safety and Health. Currently, the Institute is located in temporary facilities in Cincinnati, Ohio.

NIOSH is the principal Government facility conducting research into the effect of dangerous and untested chemicals in the environment on humans. Many scientists believe that study of these environmental elements is the key to understanding cancer.

Yet, the NIOSH Laboratory in its present location is chronically understaffed due to personnel recruitment problems. Last year, Congress ordered an evaluation of possible locations for construction of a permanent facility. This study was prematurely terminated by top HEW officials and a decision made to retain the Cincinnati location.

The subcommittee and full Appropriations Committee have determined that insufficient consideration was given to sites other than Cincinnati, contrary to congressional intent. Before we spend up to $70 million for construction in a location with a history of recruitment difficulty, we should support the committee's decision to require a thorough evaluation of other sites which may not suffer from the same problems as Cincinnati. It is possible that Cincinnati will prevail as the best site for construction of a permanent facility, but we will never be certain until a complete evaluation of the alternatives is made. Mr. Chairman, we must insist that a fair and open evaluation is made before we approve spending a significant amount of tax dollars.

Mrs. HECKLER of Massachusetts. Mr. Chairman, I rise in support of S. 3201, the Public Works Employment Act of 1976, and urge my colleagues to join me in voting for this very important—and vitally necessary—piece of legislation.

Although we have all witnessed in the last months an improvement in the state of the Nation's economy, there remain many areas in this country where the unemployment rate is extraordinarily high and where projects vital to the needs of the local citizenry have been delayed due to the financially hard-pressed condition of State and local governments.

I regret that there are a number of communities in my district of Massachusetts that fit this description. Many of my colleagues can attest the problems are not unique to the Commonwealth of Massachusetts. These ailing communities need help now—and cannot wait for the economy to fully recover.

In Taunton, Mass., a town 377-years-old, the water system is so old and decrepit that last year the city's water supply was infested with coliform bacteria. Water had to be trucked into the city's elderly, and the rest of Taunton's citizens had to boil their drinking and cooking water. The town can afford to temporarily patch up the old system and is doing so, but it cannot afford what it desperately needs—a new, modernized system.

In this instance, it is not a case of adding frills to the city's holdings, it is a serious case of protecting the health of Taunton's residents and providing them with a fundamental service to which they are entitled. The funds that would be available under this act could be used for essential projects such as this, and I am convinced that many of my colleagues are aware of equally important projects in their districts that could also be undertaken.

Mr. Chairman, I also would like to express my support for title II of this legislation and urge my colleagues to vote to retain this portion of the bill. Although I do not believe that the flow of Federal dollars to ailing State and local governments is the end-all solution to their economic problems, I do recognize the need for emergency assistance to those that continue to suffer extreme economic hardships. They need special help and I believe that title II would serve to provide relief to those areas that have been most hard-hit by the economic woes this country has suffered. To deny the funds that would be available under this act would be to further exacerbate their problems.

It is for these reasons that I support S. 3201. I sincerely hope my colleagues will join me in voting today for this measure.

Mr. ALEXANDER. Mr. Chairman, the Labor-HEW appropriations bill before us today contains funding for Federal programs operating in one of the most important and most sensitive areas of national life—education.

The most valuable national resource of our Nation, or any nation, is its people. It is only when we have made it possible for our people to develop and use their minds to their fullest potential that we can expect to reach the objective of making the best possible use of our natural resources. Improving the education available to our people is the key to progress toward that goal.

Education is basically a State and local responsibility and the decisions on the kind and quality of educational opportunity to be offered to our people should be made as near the local level as possible.

Nevertheless, some education problems are national in scope and require national responses. In these areas Federal assistance should be available so local and State educational policymakers can choose whether they will make use of it or not.

I am deeply concerned about the problems of providing the kind of education needed by our citizens living in countryside communities, towns, and cities. Throughout my service in Congress I have actively supported Federal aid for State and local education programs. The kinds of educational programs needed by the children, youth and adults of the countryside are frequently different from the kinds of programs needed in urban areas.

Studies have repeatedly shown that fewer gradutes of rural schools continue their education in colleges and universities than is the case with graduates of urban schools. In addition, rural residents more often end their school days before high school graduation than is true in urban areas.

The fact that fewer rural students attend colleges or universities and that more rural residents leave school earlier underscores two very basic needs, I believe.

First is a need for helping potential and practicing teachers and administrators obtain and maintain the skills, motivation, equipment, and facilities required to establish education programs specially designed to meet the needs of rural people. Too few colleges and universities seem to be prepared to offer the kind of training required for this job. Trends toward ending Federal education professional development programs decrease the probability that this situation will show great improvement.

Some persons argue that there is a surplus of teachers. Many others say this is not the case. In any event, there is no evidence that there are enough teachers and school administrators with the special skills, interest, and motivation needed for countryside area education programs.

It seems clear to me that changes are certainly needed in the kind of Federal education professional development programs we fund. Instead of being abolished though, they need altering so the doors can be kept open to colleges and universities and to practicing educators who want to improve their ability to understand and respond to the needs of rural children, youths, and adults.

The second basic problem in countryside education that needs improved responses from local, State, and Federal programs is that of preparing students in rural schools to successfully enter and compete in the labor market.

There is a chronic and growing need for students to learn about job opportunities in a wide variety of fields and to learn the skills which are needed to take jobs in those fields. Providing the instructors and equipment for vocational and technical education is too often more costly than individual small school districts can or are willing to afford. A variety of solutions have been proposed and tried in response to this problem.

One which seems to offer real hope in rural school districts involves cooperation among districts and schools in establishing a regional vocational-technical education center where students study part time while continuing to attend classes in other subjects at their usual school site. Another vo-tech program helping in some areas is after high school training centers. Arkansas is making significant progress in providing this kind of post-high school education.

Education is a major key to the door of improved futures for small communities. Supporters of rural development need not only to recognize this but need to aggressively pursue improved education for countryside residents. Educators need to recognize that the improved community conditions needed to persuade capable, creative, imaginative, and dedicated members of their profession to teach in rural situations rests largely on the contributions to their communities' development their students are trained to and do make. Congress and the executive branch must end their tendency to look at educational needs in terms of total situations and look at and try to help local districts eliminate the problems represented by the weaker links in the educational system.

We in the Congress can do part of the job by being sure that we appropriate sufficient money to operate the Federal education programs we have passed, by enacting needed programs, and by keeping tabs on the executive branch to see that the intent of the Congress is carried out.

The executive branch can do its part by making careful examination of the kinds of programs which are operating and supporting those which are doing the job, by constantly working to see that the programs operate with maximum efficiency and effectiveness with minimum administrative cost, and by acting in good faith in carrying out congressional intent.

Our citizens of the countryside probably have the hardest and most important role in improving the education their children receive. Their role must and should be that of actively and continually pressing local, State, and Federal officials for improved schools and school programs that are specifically designed to help their youngsters and themselves learn to effectively use their minds to attain better lives and better futures.

Mr. FLOOD. Mr. Chairman, we have no further requests for time.

Mr. MICHEL. Mr. Chairman, we have no further requests for time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

EMPLOYMENT AND TRAINING ASSISTANCE

For expenses necessary to carry into effect the Comprehensive Employment and Training Act of 1973, as amended, and sections 326 and 328 of the Trade Expansion Act of 1962 (19 U.S.C. 1951 and 1961) and sections 236, 237, and 238 of the Trade Act of 1974, (19 U.S.C. 2101) $3,245,250,000, plus reimbursements, to remain available until September 30, 1978: *Provided*, That this appropriation shall be available for the purchase and hire of passenger motor vehicles, and for construction, alteration, and repair of buildings and other facilities and for the purchase of real property for training centers as authorized by the Comprehensive Employment and Training Act of 1973, as amended, (29 U.S.C. 801 et seq.).

AMENDMENT OFFERED BY MR. MITCHELL OF MARYLAND

Mr. MITCHELL of Maryland. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MITCHELL of Maryland: On page 2, line 19 under Title I—Department of Labor, Employment and Training Administration, Employment and Training Assistance, strike out "$3,245,250,000" and insert in lieu of "$3,311,831,000".

Mr. FORD of Michigan. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

The CHAIRMAN. A quorum of the Committee of the Whole has not appeared.

The Chair announces that a regular quorum call will now commence.

Members who have not already responded under the noticed quorum call will have a minimum of 15 minutes to report their presence. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 441]

Andrews, N.C.
Annunzio
Beard, R.I.
Bolling
Buchanan
Conlan
Conyers
Daniel, Dan
Daniel, R. W.
Dent
Duncan, Oreg.
Esch
Eshleman
Fraser
Green
Harsha
Hays, Ohio
Hébert
Helstoski
Hinshaw
Horton
Karth
Kemp
Landrum
Litton
McDade
McDonald
McKinney
Metcalfe
Meyner
Milford
Mollohan
Morgan
Murphy, N.Y.
O'Hara
Ottinger
Peyser
Rangel
Rhodes
Riegle
Rousselot
Runnels
Ruppe
Stanton, James V.
Steelman
Stuckey
Sullivan
Talcott
Udall
Ullman
Vander Jagt
Vigorito
Wiggins

Accordingly the Committee rose; and the Speaker pro tempore Mr. McFALL having assumed the Chair, Mr. WRIGHT, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 14232, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 378 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. When the point of no quorum was made, the pending business was an amendment which had been offered by the gentleman from Maryland (Mr. MITCHELL).

The gentleman from Maryland (Mr. MITCHELL) is recognized in support of his amendment.

Mr. FLOOD. Mr. Chairman, I rise in opposition to the amendment.

I would like to say to my distinguished friend, the gentleman from Maryland, and we usually agree on most things, that this summer jobs program level has never been at 1 million jobs. Never. And this committee did not cut back. I will make that very clear. We did not cut back. We are maintaining the current level and that was the majority opinion of the committee, to maintain the current level.

Nobody is more in agreement with the purpose and intent of this kind of program. The committee has provided $528.4 million for summer youth jobs for the summer of 1977. Imagine that. Half a billion. That is an increase of $128.4 million over the budget request. That is over the budget request. Right away we did that.

This money we provide in this bill will provide for 888,000 jobs for the disadvantaged. And we are not in favor of this program?

Normally when we appropriate money for this program, it is in a supplemental bill. Usually the youth money would go into the spring supplemental. Generally that is the case. We decided to put this money in the regular bill because we learned this from experience with the education bill. Remember, at the request of the Members, so the people back home could plan their programs, we brought out a separate education bill for that very purpose.

Now, we did the same thing here to permit the people back home on these summer youth programs to have that advantage, instead of just putting the funds in a late supplemental year after year; but the disadvantage of putting a thing like this in the regular bill, now hear this, we do not have a crystal ball, we have no idea what the economy will be like a year from now. There is no way.

Now, we have decided to put in the same amount as this year, the exact same number of jobs that we put in this summer, and we have no basis whatsoever for expanding the program beyond what this House has done for the current summer.

Mr. Chairman, if it became evident to us later on that more funds were needed, we could certainly, if and when that situation arises, we could then provide additional funds in a supplemental, as we have done time and time again.

Mr. Chairman, we do not have sufficient information at this time, and I say if and when the need for more money arises, this Committee, believe me, and our record shows this, will be the first to meet it at once.

The amendment, Mr. Chairman, is premature. It is unnecessary at this time.

Now, nobody is in stronger support of this program than are we; but under all the circumstances, and I think these are the circumstances, I suggest this amendment not be accepted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland (Mr. MITCHELL).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. MITCHELL of Maryland. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. In excess of 130 Members are present, a quorum.

RECORDED VOTE

The pending business is the demand of the gentleman from Maryland (Mr. MITCHELL) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 205, noes 201, not voting 25, as follows:

[Roll No. 442]

AYES—205

Abzug
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Andrews, N.C.
Ashley
Aspin
Badillo
Baldus
Baucus
Beard, R.I.
Bedell
Bergland
Biaggi
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Brademas
Breckinridge
Brodhead
Brooks
Broomfield
Brown, Calif.
Buchanan
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Carney
Carr
Carter
Chisholm
Clay
Collins, Ill.
Conte
Conyers
Corman
Cornell
Cotter
Daniels, N.J.
Danielson
Delaney
Dellums
Diggs
Dingell
Dodd
Downey, N.Y.
Drinan
du Pont
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Evans, Ind.
Fary
Fascell
Fenwick
Fisher
Fithian
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fraser
Gaydos
Giaimo
Gibbons
Gilman
Gonzalez
Gude
Hall
Hanley
Hannaford
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Heinz
Holtzman
Horton
Howard
Hughes
Jacobs
Jeffords
Jordan
Kastenmeier
Keys
Koch
LaFalce
Leggett
Lehman
Levitas
Lloyd, Calif.
Long, La.
Long, Md.
Lundine
McCloskey
McCormack
McHugh
McKinney
Madden
Maguire
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Neal
Nedzi
Nix
Nolan
Nowak
Oberstar
O'Neill
Ottinger
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pickle
Pressler
Preyer
Price
Rees
Reuss
Richmond
Rinaldo
Risenhoover
Rodino
Roe
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roybal
Russo
Ryan
St Germain
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Shipley
Simon
Slack
Smith, Iowa
Solarz
Spellman
Staggers
Stanton, James V.
Stark
Stephens
Stokes
Stratton
Studds
Symington
Thompson
Thornton
Traxler
Tsongas
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waxman
Weaver
Whalen
Wilson, C. H.
Wilson, Tex.
Wirth
Wolff
Wright
Yates
Yatron
Young, Ga.
Zablocki
Zeferetti

NOES—201

Abdnor
Adams
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
AuCoin
Bafalis
Bauman
Beard, Tenn.
Bell
Bennett
Bevill
Biester
Bonker
Bowen
Breaux
Brinkley
Brown, Mich.
Brown, Ohio
Broyhill
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Cederberg
Chappell
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Coughlin
Crane
D'Amours
Daniel, Dan
Davis
de la Garza
Derrick
Derwinski
Devine
Dickinson
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
Early
Edwards, Ala.
Emery
English
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Findley
Fish
Flood
Flowers
Flynt
Forsythe
Fountain
Frenzel
Frey
Fuqua
Ginn
Goldwater
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hamilton
Hammerschmidt
Hansen
Harsha
Hefner
Henderson
Hicks
Hightower
Hillis
Holland
Holt
Howe
Hubbard
Hungate
Hutchinson
Hyde
Ichord
Jarman
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kasten
Kazen
Kelly
Kemp
Ketchum
Kindness
Krebs
Krueger
Lagomarsino
Latta
Lent
Lloyd, Tenn.
Lott
Lujan
McClory
McCollister
McDade
McEwen
McFall
McKay
Madigan
Mahon
Mann
Martin
Mathis
Michel
Miller, Ohio
Mills
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mosher
Myers, Ind.
Myers, Pa.
Natcher
Nichols
Obey
O'Brien
Passman
Patten, N.J.
Paul
Pettis
Pike
Poage
Pritchard
Quie
Quillen
Railsback
Randall
Regula
Roberts
Robinson
Rogers
Roush
Runnels
Santini
Sarasin
Satterfield
Schneebeli
Schulze
Sebelius
Shriver
Shuster
Sikes
Sisk
Skubitz
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steed
Steiger, Ariz.
Steiger, Wis.
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Treen
Waggonner
Walsh
Wampler

White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Winn
Wydler
Wylie
Young, Alaska
Young, Fla.
Young, Tex.

NOT VOTING—25

Clancy
Conlan
Daniel, R. W.
Dent
Green
Hays, Ohio
Hébert
Helstoski
Hinshaw
Karth
Landrum
Litton
McDonald
Metcalfe
Milford
O'Hara
Peyser
Rangel
Rhodes
Riegle
Rousselot
Ruppe
Steelman
Stuckey
Vander Jagt

The Clerk announced the following pairs:

On this vote:

Mr. Dent for, with Mr. McDonald against.

Mr. Rangel for, with Mr. Landrum against.

Mr. Green for, with Mr. Stuckey against.

Mr. Riegle for, with Mr. Hébert against.

Mr. O'Hara for, with Mr. Rhodes against.

Mr. Helstoski for, with Mr. Rousselot against.

Mr. Metcalfe for, with Mr. Vander Jagt against.

Mr. Peyser for, with Mr. Robert W. Daniel, Jr. against.

Mr. Karth for, with Mr. Conlan against.

Mr. HILLIS changed his vote from "aye" to "no."

Mr. ALLEN changed his vote from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

Mr. FLOOD. Mr. Chairman, I move that the Committee do now rise.

The CHAIRMAN. The question is on the motion offered by the gentleman from Pennsylvania (Mr. FLOOD).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. COLLINS of Texas. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 303, noes 96, not voting 32, as follows:

[Roll No. 443]

AYES—303

Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Annunzio
Armstrong
Ashley
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Beard, R.I.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Brown, Calif.
Broyhill
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clausen, Don H.
Clay
Cochran
Collins, Ill.
Corman
Cotter
D'Amours
Daniel, Dan
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Derrick
Devine
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
English
Erlenborn
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Fuqua
Gaydos
Giaimo
Gibbons
Ginn
Gonzalez
Gude
Guyer
Haley
Hall
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Hechler, W. Va.
Hefner
Henderson
Hicks
Hightower
Holtzman
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Ichord
Jacobs
Jenrette
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kastenmeier
Kazen
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Latta
Leggett
Lehman
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lundine
McClory
McCloskey
McCormack
McDade
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mahon
Mann
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Mikva
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
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So the motion was agreed to.

The result of the vote was announced as above recorded.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WRIGHT, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 14232) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending September 30, 1977, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE

Mr. FLOOD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill (H.R. 14232), and include therewith extraneous matter, including tables and charts.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

CONFERENCE REPORT ON H.R. 9771, AIRPORT AND AIRWAY DEVELOPMENT ACT AMENDMENTS OF 1976

Mr. ANDERSON of California submitted the following conference report and statement on the bill (H.R. 9771) to amend the Airport and Airway Development Act of 1970:

CONFERENCE REPORT (H. REPT. No. 94–1292)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 9771) to amend the Airport and Airway Development Act of 1970, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That this Act may be cited as the "Airport and Airway Development Act Amendments of 1976".

TITLE I—AIRPORT AND AIRWAY DEVELOPMENT ACT AMENDMENTS

DECLARATION OF POLICY

SEC. 2. Section 2 of the Airport and Airway Development Act of 1970 (49 U.S.C. 1701) is amended by striking out "June 30, 1980," the first place it appears and inserting in lieu thereof "September 30, 1980," and by striking out everything after "$250,000,000.".

DEFINITIONS

SEC. 3. (a) Section 11 of the Airport and Airway Development Act of 1970 (49 U.S.C. 1711) is amended as follows:

(1) Paragraph (2) is amended by—

(A) striking out "and (B)" and inserting in lieu thereof "and including snow removal equipment, and including the purchase of noise suppressing equipment, the construction of physical barriers, and landscaping for the purpose of diminishing the effect of aircraft noise on any area adjacent to a public airport, (B)"; and

(B) striking out the period at the end thereof and inserting in lieu thereof ", and (C) any acquisition of land or of any interest therein necessary to insure that such land is used only for purposes which are compatible with the noise levels of the operation of a public airport.".

(2) Paragraph (4) is amended by adding after "feasibility studies." the following: "including the potential use and development of land surrounding an actual or potential airport site.".

(3) Before paragraph (1), add the following new paragraph:

"(1) 'Air carrier airport' means an existing public airport regularly served, or a new public airport which the Secretary determines will be regularly served, by an air carrier certificated by the Civil Aeronautics Board under section 401 of the Federal Aviation Act of 1958 (other than a supplemental air carrier), and a commuter service airport.".

(4) After paragraph (5), add the following new paragraphs:

"(6) 'Commuter service airport' means an air carrier airport which is not served by an air carrier certificated under section 401 of the Federal Aviation Act of 1958 and which is regularly served by one or more air carriers operating under exemption granted by the Civil Aeronautics Board from section 401(a) of the Federal Aviation Act of 1958 at which not less than two thousand five hundred passengers were enplaned in the aggregate by all such air carriers from such airport during the preceding calendar year.

"(7) 'General aviation airport' means a public airport which is not an air carrier airport.".

(5) After paragraph (12), add the following new paragraph:

"(13) 'Reliever airport' means a general aviation airport designated by the Secretary as having the primary function of relieving congestion at an air carrier airport by diverting from such airport general aviation traffic.".

(b) Section 11 of the Airport and Airway Development Act of 1970 is amended by renumbering the paragraphs of such section as paragraphs (1) through (21), respectively, and renumbering all references to such paragraphs accordingly.

REVISED NATIONAL AIRPORT SYSTEM PLAN

Sec. 4. Section 12 of the Airport and Airway Development Act of 1970 (49 U.S.C. 1712) is amended by adding at the end thereof the following new subsection:

"(i) Revised System Plan.—No later than January 1, 1978, the Secretary shall consult with the Civil Aeronautics Board and with each State and airport sponsor, and, in accordance with this section, prepare and publish a revised national airport system plan for the development of public airports in the United States. Estimated costs contained in such revised plan shall be sufficiently accurate so as to be capable of being used for future year apportionments. In addition to the information required by subsection (a), the revised plan shall include an identification of the levels of public service and the uses made of each public airport in the plan, and the projected airport development which the Secretary deems necessary to fulfill the levels of service and use of such airports during the succeeding ten-year period.".

PLANNING GRANTS

Sec. 5. Section 13(b) of the Airport and Airway Development Act of 1970 (49 U.S.C. 1713) is amended as follows:

(1) the side heading is amended by striking out "Apportionment" and inserting in lieu thereof "Limitation".

(2) Paragraph (1) is amended by striking out "$75,000,000 and" and inserting in lieu thereof "$150,000,000,".

(3) Paragraph (2) is amended to read as follows:

"(2) The United States share of any airport master planning grant under this section shall be that per centum for which a project for airport development at that airport would be eligible under section 17 of this Act. In the case of any airport system planning grant under this section, the United States share shall be 75 per centum.".

(4) Paragraph (3) is amended by striking out "7.5" and inserting in lieu thereof "10".

AIRPORT AND AIRWAY DEVELOPMENT PROGRAM

Sec. 6. (a) Section 14(a) of the Airport and Airway Development Act of 1970 (49 U.S.C. 1714) is amended by adding at the end thereof the following new paragraphs:

"(3) For the purpose of developing air carrier airports in the several States, the Commonwealth of Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands, $435,000,000 for fiscal year 1976, including the period July 1, 1976, through September 30, 1976, $440,000,000 for fiscal year 1977, $465,000,000 for fiscal year 1978, $495,000,000 for fiscal year 1979, and $525,000,000 for fiscal year 1980.

"(4) For the purpose of developing general aviation airports in the several States, the Commonwealth of Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands, $65,000,000 for fiscal year 1976, including the period July 1, 1976, through September 30, 1976, $70,000,000 for fiscal year 1977, $75,000,000 for fiscal year 1978, $80,000,000 for fiscal year 1979, and $85,000,000 for fiscal year 1980.".

(b)(1) Section 14(b) of such Act is amended—

(A) by inserting "(1)" immediately before the first sentence; and

(B) in the second, third, and fourth sentences, by striking out "subsection" and inserting in lieu thereof "paragraph".

(2) Section 14(b) of such Act is further amended by adding at the end thereof the following new paragraph:

"(2) The Secretary is authorized to incur obligations to make grants for airport development from funds made available under paragraphs (3) and (4) of subsection (a) of this section, and such authority shall exist with respect to funds available for the making of grants for any fiscal year or part thereof pursuant to subsection (a) immediately after such funds are apportioned pursuant to section 15(a) of this title. No obligation shall be incurred under this paragraph after September 30, 1980. The Secretary shall not incur more than one obligation under this paragraph with respect to any single project for airport development. Notwithstanding any other provision of this title, no part of any of the funds authorized, or authorized to be obligated, for fiscal year 1980 at the discretion of the Secretary under paragraphs (3)(B) and (4)(C) of section 15(a), and no part of the discretionary funds for reliever airports under such paragraph (4), shall be obligated or otherwise expended except in accordance with a statute enacted after the date of enactment of this sentence.".

(c) Section 14(c) of such Act is amended by striking out the period at the end thereof and by inserting in lieu thereof a comma and the following: "not less than $312,500,000 for fiscal year 1976, including the period July 1, 1976, through September 30, 1976, and not less than $250,000,000 per fiscal year for the fiscal years 1977 through 1980.".

(d) Section 14(e) of such Act is redesignated as section 14(f) and the following is inserted in section 14 as a new subsection (e)):

"(e) Other Expenses.—The balance of the moneys available in the Airport and Airway Trust Fund may be appropirated for (1) costs of services provided under international agreements relating to the joint financing of air navigation services which are assessed against the United States Government, and (2) direct costs incurred by the Secretary to flight check and maintain air navigation facilities referred to in subsection (c) of this section in a safe and efficient condition. Eligible maintenance expenses are limited to costs incurred in the field and exclude the costs of engineering support and planning, direction, and evaluation activities. The amounts appropriated from the Airport and Airway Trust Fund for the purposes of clauses (1) and (2) may not exceed $250,000,000 for fiscal year 1977, $275,000,000 for fiscal year 1978, $300,000,000 for fiscal year 1979. and $325,000,000 for fiscal year 1980. The amounts appropriated in any fiscal year under this subsection may not exceed, when added to the minimum amounts authorized for that year under subsections (a), (c), and (d) of this section, the amounts transferred to the Airport and Airway Trust Fund for that year under subsection 208(b) of the Airport and Airway Revenue Act of 1970. No part of the amount appropriated from the Airport and Airway Trust Fund in any fiscal year for obligation or expenditure under clause (2) of this subsection shall be obligated or expended which exceeds that amount which bears the same ratio to the maximum amount which may be appropriated under clauses (1) and (2) of this subsection for such fiscal year as the total amount obligated in that fiscal year under paragraphs (3) and (4) of subsection (a) of this section bears to the aggregate of the minimum amount made available for obligation under each such paragraph for such fiscal year.".

(e) Paragraph (1) of subsection (f) (as redesignated by this section) of section 14 of the Airport and Airway Development Act of 1970 is amended by striking out "subsections (c) and (d) of this section, as amended" and by inserting in lieu thereof "this section".

(f) Paragraph (2) of subsection (f) (as redesignated by this section) of section 14 of the Airport and Airway Development Act of 1970 is amended by striking out "subsections (a) and (c)" and inserting in lieu thereof "subsections (a), (c), (d) and the third sentence of subsection (e)".

(g) Paragraph (3) of subsection (f) (as redesignated by this section) of section 14 of the Airport and Airway Development Act of 1970 is amended by striking out "subsection (d)." and inserting "subsection (e).".

DISTRIBUTION OF FUNDS

Sec. 7. (a) Section 15(a) of the Airport and Airway Development Act of 1970 (49 U.S.C. 1715) is amended by renumbering paragraphs (3) and (4) as (5) and (6), respectively, and by inserting immediately following paragraph (2) the following new paragraphs:

"(3) As soon as possible after the date of enactment of this paragraph for fiscal year 1976, including the period July 1, 1976, through September 30, 1976, and on the first day of each fiscal year which begins on or after October 1, 1976, for which any amount is authorized to be obligated for the purposes of paragraph (3) of section 14(a) of this part, the amount made available for that year shall be apportioned by the Secretary as follows:

"(A) To each sponsor of an air carrier airport (other than a commuter service aidport) as follows:

"(i) $6.00 for each of the first fifty thousand passengers enplaned at that airport.

"(ii) $4.00 for each of the next fifty thousand passengers enplaned at that airport.

"(iii) $2.00 for each of the next four hundred thousand passengers enplaned at that airport.

"(iv) $0.50 for each passenger enplaned at that airport over five hundred thousand.

No air carrier airport (other than a commuter service airport)—

"(I) served by air carrier aircraft heavier than 12,500 pounds maximum certificated gross takeoff weight, or previously served, on or after September 30, 1968, by air carrier aircraft heavier than 12,500 pounds maximum certificated gross takeoff weight and presently served by air carrier aircraft 12,500 pounds or less maximum certificated gross takeoff weight, shall receive under this subparagraph less than $187,500 or more than $12,500,000 for fiscal year 1976, including the period July 1, 1976 through September 30, 1976, and less than $150,000 or more than $10,000,000 per fiscal years for fiscal years 1977 through 1980; and

"(II) served by air carrier aircraft 12,500 pounds or less maximum certificated gross takeoff weight which, since September 29, 1968, has never been regularly served by air carrier aircraft heavier than 12,500 pounds maximum certificated gross takeoff weight shall receive under this subparagraph less than $62,500 or more than $12,500,000 for fiscal year 1976, including the period July 1, 1976, through September 30, 1976, and less than $50,000 or more than $10,000,000 per fiscal year for fiscal years 1977 through 1980. In no event shall the total amount of all apportionments under this subparagraph (A) for any fiscal year exceed two-thirds of the amount authorized to be obligated for the purposes of paragraph (3) of section 14 (a) of this part for such fiscal year. In any case in which an apportionment would be reduced by the preceding sentence, the Secretary shall for such fiscal year reduce the apportionment to each sponsor of an air carrier airport proportionately so that such two-thirds amount is achieved.

"(B) Any amount not apportioned under subparagraph (A) of this paragraph shall be distributed at the discretion of the Secretary as follows:

"(i) $18,750,000 for fiscal year 1976, including the period July 1, 1976, through September 30, 1976, and $15,000,000 per fiscal year for the fiscal years 1977 through 1980, to commuter service airports.

"(ii) The remainder of such amount to air carrier airports.

"(4) As soon as possible after the date of enactment of this paragraph for fiscal year 1976, including the period July 1, 1976, through September 30, 1976, and on the first day of each fiscal year which begins on or after October 1, 1976, for which any amount is authorized to be obligated for the purposes of paragraph (4) of section 14(a) of this part, the amount made available minus $18,750,000 in the case of fiscal year 1976, including such period, and minus $15,000,000 in the case of each of the fiscal years 1977 through 1980, shall be apportioned by the Secretary as follows:

"(A) 75 per centum for the several States, one-half in the proportion which the population of each State bears to the total population of all the States, and one-half in the proportion which the area of each State bears to the total area of all the States.

"(B) 1 per centum for the Commonwealth of Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands to be distributed at the discretion of the Secretary.

"(C) 24 per centum to be distributed at the discretion of the Secretary to general aviation airports.

$18,750,000 of the amount made available for fiscal year 1976, including such period, and $15,000,000 of the amount made available for each of the other fiscal years shall be distributed at the discretion of the Secretary to reliever airports.".

(b) Paragraph (5) of such section 15(a) (as renumbered by this section) is amended by inserting after "(2) (A)" the following "or (4) (A)", by inserting after "(1) (B)" the following "or (3) (A)", and by adding at the end thereof the following new sentence: "For purposes of this paragraph funds apportioned pursuant to this section for fiscal year 1976, including the period July 1, 1976, through September 30, 1976, shall be available for obligation for the same period of time as if such funds were apportioned for fiscal year 1976 exclusive of such period.".

(c) Section 15(b) (2) of the Airport and Airway Development Act of 1970 is amended by striking out "(3)" and inserting in lieu thereof "(5)".

(d) The first sentence of subsection (c) of section 15 of the Airport and Airway Development Act of 1970 is amended to read as follows: "The Secretary shall inform each air carrier airport sponsor and the Governor of each State, or the chief executive officer of the equivalent jurisdiction, as the case may be, on April 1 of each year of the estimated amount of the apportionment to be made on October 1 of that year.".

(e) In making the apportionment for fiscal year 1976, including the period July 1, 1976, through September 30, 1976, under section 15(a) (3) (A) of the Airport and Airway Development Act of 1970, the Secretary of Transportation shall increase the number of enplanements at each airport by 25 percent.

PROJECT APPROVAL

SEC. 8. (a) The first sentence of subsection (a) of section 16 of the Airport and Airway Development Act of 1970 (49 U.S.C. 1716) is amended by inserting after "project application" the following "for one or more projects". The second sentence of subsection (a) of section 16 of the Airport and Airway Development Act of 1970 is amended by striking out "No" and inserting in lieu thereof "Until July 1, 1975, no". Such section 16(a) is further amended by adding at the end thereof the following new sentences: "After June 30, 1975, no project application shall propose airport development except in connection with the following airports included in the current revision of the national airport system plan formulated by the Secretary under section 12 of this Act: (1) air carrier airports, (2) commuter service airports, (3) reliever airports, and (4) general aviation airports (A) which are regularly served by aircraft transporting United States mail, or (B) which are regularly used by aircraft of a unit of the Air National Guard or of a Reserve component of the Armed Forces of the United States, or (C) which the Secretary determines have a significant national interest. Except as provided in subsection (g), all proposed development shall be in accordance with standards established by the Secretary, including standards for site location, airport layout, grading drainage, seeding, paving, lighting, and safety of approaches.".

(b) Section 16 of the Airport and Airway Development Act of 1970 is amended by adding at the end thereof the following new subsections:

"(a) STATE STANDARDS.—

"(1) The Secretary is authorized to make grants to any State, upon application therefor, for not to exceed 75 per centum of the cost of developing standards for airport development at general aviation airports in such State, other than standards for safety of approaches. The aggregate of all grants made to any State under this paragraph shall not exceed $25,000.

"(2) The Secretary is authorized to approve standards established by a State for airport development at general aviation airports in such State, other than standards for safety of approaches, and upon such approval such State standards shall be the standards applicable to such general aviation airports in lieu of any comparable standard established under subsection (a) of this section. State standards approved under this subsection may be revised, from time to time, as the State or the Secretary determines necessary, subject to approval of such revisions by the Secretary.

"(3) There is authorized to be appropriated out of the Airport and Airway Trust Fund not to exceed $1,275,000 to carry out this subsection.

"(h) The Secretary is authorized in connection with any project to accept a certification from a sponsor or a planning agency that such sponsor or agency will comply with all of the statutory and administrative requirements imposed on such sponsor or agency under this Act in connection with such project. Acceptance by the Secretary of a certification from a sponsor or agency may be rescinded by the Secretary at any time if, in his opinion, it is necessary to do so. Nothing in this subsection shall affect or discharge any responsibility or obligation of the Secretary under any other Federal law, including the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), section 4(f) of the Department of Transportation Act (49 U.S.C. 1652), title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000b), title VIII of the Act of April 11, 1968 (42 U.S.C. 3601 et seq.), and the Uniform Relocation Association and Land Acquisition Policies Act of 1970 (42 U.S.C. 4601 et seq.).".

(c) Section 12(a) of the Airport and Airway Development Act of 1970 is amended by adding at the end thereof the following new sentence: "After June 30, 1975, the Secretary shall not include in the national airport system plan any airport which is not eligible for airport development grants under the next to the last sentence of section 16(a) of this title, except that nothing in this sentence shall require the Secretary to remove from the national airport system plan any airport in such plan on June 30, 1975.".

UNITED STATES SHARE

SEC. 9. (a) Section 17(a) of the Airport and Airway Development Act of 1970 (49 U.S.C. 1717) is amended by striking out everything after "section 16" and inserting in lieu thereof the following:

"of this part—

"(1) may not exceed 50 per centum of the allowable project costs in the case of grants made from funds for fiscal years 1971, 1972, and 1973, and may not exceed 50 per centum for sponsors whose airports enplane not less than 1 per centum of the total annual passengers enplaned by air carriers certificated by the Civil Aeronautics Board, and may not exceed 75 per centum for sponsors whose airports enplane less than 1 per centum of the total annual passengers enplaned by air carriers certificated by the Civil Aeronautics Board and for sponsors of general aviation or reliever airports, in the case of grants made from funds for fiscal years 1974 and 1975; and

"(2) (A) shall be 90 per centum of the allowable project costs in the case of grants from funds for fiscal year 1976, including the period July 1, 1976, through September 30, 1976, and for fiscal years 1977 and 1978, and shall be 80 per centum of the allowable project costs in the case of grants from funds for fiscal years 1979 and 1980, (i) for each air carrier airport (other than a commuter service airport) which enplanes less than one-quarter of 1 per centum of the total annual passengers enplaned as determined for purposes of making the latest annual apportionment under section 15(a) (3) of this Act, (ii) for each commuter service airport, and (iii) for each general aviation airport; and

"(B) shall be 75 per centum of the allowable project costs in the case of all other airports.".

(b) Section 17(b) of such Act (49 U.S.C. 1717) is amended by adding at the end thereof the following new sentence: "In no event shall such United States share, as increased by this subsection, exceed the greater of (1) the percentage share determined under subsection (a) of this section, or (2) the percentage share applying on June 30, 1975, as determined under this subsection.".

(c) Section 17(c) is amended by striking out "The" and inserting in lieu thereof "For fiscal years 1971 through 1975, the".

(d) Section 17(d) of such Act is amended by striking out everything after "share" and inserting in lieu thereof "shall be the same percentage as is otherwise applicable to such project.".

(e) Section 17(e) of such Act is hereby repealed.

PROJECT SPONSORSHIP

SEC. 10. (a) Section 18 of the Airport and Airway Development Act of 1970 (49 U.S.C. 1718) is amended by inserting "(a) SPONSORSHIP.—" immediately before "As a condition precedent", by striking out "section." at the end of such section and inserting in lieu thereof "subsection.", and by adding at the end thereof the following new subsection:

"(b) CONSULTATION.—In making a decision to undertake any project under this title, any sponsor of an air carrier airport shall consult with air carriers using the airport at which such airport development project is proposed and any sponsor of a general aviation airport shall consult with fixed-base operators using the airport at which such airport development project is proposed.".

(b) Paragraph (8) of subsection (a) of section 18 of the Airport and Airway Development Act of 1970 (as redesignated by subsection (a) of this section) is amended by striking out the semicolon and inserting in lieu thereof the following: ", except that no part of the Federal share of an airport development project for which a grant is made under this title or under the Federal Airport Act (49 U.S.C. 1101 et seq.) shall be included in the rate base in establishing fees, rates, and charges for users of that airport;".

(c) Paragraph (1) of section 18(a) of the Airport and Airway Development Act of 1970 (as redesignated by subsection (a) of this section) is amended by striking out the semicolon and inserting in lieu thereof the following: ", including the requirement that (A) each air carrier, authorized to engage directly in air transoprtation pursuant to section 401 or 402 of the Federal Aviation Act of 1958, using such airport shall be subject to nondiscriminatory and substantially comparable rates, fees, rentals, and other charges and nondiscriminatory and substantially comparable rules, regulations, and conditions as are applicable to all such air carriers which make similar use of such airport and which utilize similar facilities, subject to reasonable classifications such as tenants or nontenants, and combined passenger and cargo flights or all cargo flights, and such classification or status as tenant shall not be unreasonably withheld by any airport provided an air carrier assumes obligations substantially similar to those already imposed on tenant air carriers, and (B) each fixed-based operator using a general aviation airport shall be subject to the same rates, fees, rental, and other charges as are uniformly applicable to all other fixed-based operators making the same or similar uses of such airport utilizing the same or similar facilities:".

(d) The amendment made to section 18(a)(1)(A) of the Airport and Airway Development Act of 1970 (as amended by subsection (c) of this section) shall not require the reformation of any lease or other contract entered into by an airport before the date of enactment of this Act. The amendment made to section 18(a)(1)(B) of the Airport and Airway Development Act of 1970 (as amended by subsection (c) of this section) shall not require the reformation of any lease or other contract entered into by an airport before July 1, 1975.

MULTIYEAR PROJECTS

SEC. 11. Section 19 of the Airport and Airway Development Act of 1970 (49 U.S.C. 1719) is amended by inserting immediately after the third sentence the following new sentence: "In any case where the Secretary approves an application for a project which will not be completed in one fiscal year, the offer shall, upon request of the sponsor, provide for the obligation of funds apportioned or to be apportioned to the sponsor pursuant to section 15(a)(3)(A) of this title for such fiscal years (including future fiscal years) as may be necessary to pay the United States share of the cost of such project.".

TERMINAL DEVELOPMENT PROJECT COSTS

SEC. 12. (a) Section 20 of the Airport and Airway Development Act of 1970 (49 U.S.C. 1720) is amended by redesignating subsection (b) as subsection (c) and inserting immediately after subsection (a) the following new subsection:

"(b) TERMINAL DEVELOPMENT.—

"(1) Notwithstanding any other provision of this title, upon certification by the sponsor of any air carrier airport that such airport has, on the date of submittal of the project application, all the safety and security equipment required for certification of such airport under section 612 of the Federal Aviation Act of 1958, and has provided for access to the passenger enplaning and deplaning area of such airport to passengers enplaning and deplaning from aircraft other than air carrier aircraft, the Secretary may approve, as allowable project costs of a project for airport development at such airport, terminal development (including multimodal terminal development) in nonrevenue producing public-use areas which are directly related to the movement of passengers and baggage in air commerce within the boundaries of the airport, including, but not limited to, vehicles for the movement of passengers between terminal facilities or between terminal facilities and aircraft.

"(2) Only sums apportioned under section 15(a)(3)(A) to the sponsor of an air carrier airport shall be obligated for project costs allowable under paragraph (1) of this subsection in connection with airport development at such airport, and no more than 60 per centum of such sums apportioned for any fiscal year shall be obligated for such costs.

"(3) Sums apportioned under section 15(a)(3)(A) to the sponsor of an air carrier airport at which terminal development was carried out on or after July 1, 1970, and before the date of enactment of this paragraph shall be available, subject to the limitations contained in paragraph (2) of this subsection, for the immediate retirement of the principal bonds or other evidence of indebtedness the proceeds of which were used for that part of the terminal development at such airport the cost of which is allowable under paragraph (1) of this subsection subject to the following conditions:

"(A) That such sponsor submits the certification required under paragraph (1) of this subsection.

"(B) That the Secretary determines that no project for airport development at such airport outside the terminal area will be deferred if such sums are used for such retirement.

"(C) That no funds available for airport development under this Act shall be obligated for any project for additional terminal development at such airport for a period of three years beginning on the date any such sums are used for such retirement.

"(4) Notwithstanding section 17, the United States share of project costs allowable under paragraph (1) of this subsection shall be 50 per centum.

"(5) The Secretary shall approve project costs allowable under paragraph (1) of this subsection under such terms and conditions as may be necessary to protect the interests of the United States.".

(b) Subsection (c) of such section 20 (as relettered by this section) is amended by striking out "The" and inserting in lieu thereof the following: "Except as provided in subsection (b) of this section, the".

STATE DEMONSTRATION PROGRAMS

SEC. 13. The Airport and Airway Development Act of 1970 (49 U.S.C. 1701 et seq.) is amended by inserting immediately after section 27 the following new section:

"SEC. 28. STATE DEMONSTRATION PROGRAMS.

"(a) DEMONSTRATION PROGRAMS.—If the Secretary determines, after review of the certification required by subsection (b) of this section, that a State is capable of managing a demonstration program for administering United States grants for general aviation airports in that State, the Secretary may make a grant for such purpose to such State of funds apportioned to it under section 15(a)(4)(A) of this Act and of any part of the discretionary funds available under section 15(a)(4)(C) of this Act. Such a grant shall be conditioned on a requirement that such State grant funds to airport sponsors in the same manner and subject to the same conditions as the Secretary imposes in making grants to such sponsors under this title.

"(b) CERTIFICATION REQUIREMENTS.—If a State wishes to manage a demonstration program for administering United States grants for general aviation airports, the Governor or the chief executive officer of such State shall certify to the Secretary, in the form and manner prescribed by the Secretary, that—

"(1) the State complies with all eligibility requirements and criteria established by this section and by the Secretary;

"(2) such State's participation in the demonstration program has been specifically authorized by an action of such State's legislature duly taken after the date of enactment of this section, or if such State's legislature is not in regular session on such date and will not meet again in regular session before January 1, 1977, such participation has been authorized by such State's Governor or chief executive officer; and

"(3) such State's legislature has authorized the appropriation of State funds for the development of general aviation airports in such State during the period for which funds are sought under this section.

"(c) RESTRICTIONS.—The Secretary shall not, pursuant to this section—

"(1) enter into demonstration projects in more than four States;

"(2) allow any funds granted to States to be used to pay costs incurred by the States in administering the demonstration programs;

"(3) initiate any demonstration program after January 1, 1977; and

"(4) make a grant to any State after September 30, 1978.

"(d) REPORT.—The Secretary shall evaluate and report to Congress, not later than March 31, 1978, on the results of any demonstration programs assisted under this section.".

AIR CARRIER AIRPORT DESIGNATION AND CIVIL RIGHTS

SEC. 14. The Airport and Airway Development Act of 1970 (49 U.S.C. 1701 et seq.) is amended by inserting immediately after section 28 (as added by the preceding section of this Act) the following new sections:

"SEC. 29. AIR CARRIER AIRPORT DESIGNATION.

"Notwithstanding any other provision of this title, in the case of any public airport at which (A) an air carrier was or is certificated by the Civil Aeronautics Board under section 401 of the Federal Aviation Act of 1958 (49 U.S.C. 1371) to serve a city served through such airport, and (B) either (i) service to such city by every such certificated air carrier has been suspended as authorized by the Civil Aeronautics Board, or (ii) authority to serve such city has been deleted from the certificates of every such air carrier by the Civil Aeronautics Board after the date of enactment of this section, and (C) such airport is served by an intrastate air carrier operating in intrastate air transportation within the meaning of sections 101(22) and 101(23) of the Federal Aviation Act of 1958 (49 U.S.C. 1301), such airport shall be deemed to be an air carrier airport (other than a commuter service airport) for the purposes of this title.

"SEC. 30. CIVIL RIGHTS.

"The Secretary shall take affirmative action to assure that no person shall, on the grounds of race, creed, color, national origin, or sex, be excluded from participating in any activity conducted with funds received from any grant made under this title. The Secretary shall promulgate such rules as he deems necessary to carry out the purposes of this section and may enforce this section, and any rules promulgated under this section, through agency and department provisions and rules which shall be similar to those established and in effect under title VI of the Civil Rights Act of 1964. The provisions of this section shall be considered to be in addition to and not in lieu of the provisions of title VI of the Civil Rights Act of 1964.".

LIMITING CHARGES FOR GOVERNMENT INSPECTION OF PERSONS AND PROPERTY

SEC. 15. (a) Section 53 of the Airport and Airway Development Act of 1970 (49 U.S.C. 1741) is amended by adding at the end thereof the following new subsection:

"(e) The cost of any inspection or quarantine service which is required to be performed by the Federal Government or any agency thereof at airports of entry or other places of inspection as a consequence of the operation of aircraft, and which is performed during regularly established hours of service on Sundays or holidays shall be reimbursed by the owners or operators of such aircraft only to the same extent as if such service had been performed during regularly established hours of service on weekdays. Notwithstanding any other provision of law, administrative overhead costs associated with any inspection or quarantine service required to be performed by the United States Government, or any agency thereof, at airports of entry as a result of the operation of aircraft, shall not be assessed against the owners or operators thereof.".

(b) The amendment made by subsection (a) of this section shall take effect January 1, 1977.

PURCHASE REPORTS

SEC. 16. Section 303(e) of the Federal Aviation Act of 1958 (49 U.S.C. 1344) is amended by striking out "Interstate and Foreign Commerce" and inserting in lieu thereof "Public Works and Transportation".

AIRPORT SECURITY IN ALASKA

SEC. 17. (a) The Federal Aviation Act of 1958 (49 U.S.C. 1432 et seq.) is amended by adding at the end of title III thereof the following new section:

"AIRPORT SECURITY IN ALASKA

"SEC. 317. The Administrator is authorized to exempt from the provisions of sections 315 and 316 of this Act those airports in Alaska which receive service only from air carriers operating under certificates granted by the Civil Aeronautics Board under section 401 of this Act, which operate aircraft having a maximum certificated gross takeoff weight of less than 12,500 pounds, and which do not enplane any passenger, or any property intended to be carried in the aircraft cabin, which passenger or property is moving in air transportation and will not be subject to screening in accordance with such section 315 at an airport in Alaska before such passenger or property is enplaned for any point outside Alaska.".

(b) That portion of the table of contents contained in the first section of such Act which appears under the center heading

"TITLE III—ORGANIZATION OF AGENCY AND POWERS AND DUTIES OF ADMINISTRATOR"

is amended by adding at the end thereof the following new sideheading:

"SEC. 317. Airport security in Alaska.".

AIR TRANSPORTATION OF PERSONS OR PROPERTY

SEC. 18. (a) Section 401 of the Federal Aviation Act of 1958 (49 U.S.C. 1371) is amended by adding at the end thereof the following new subsection:

"(o) (1) Except as provided in paragraph (2) of this subsection, transportation of persons or property by transport category aircraft in interstate air transportation procured by the Department of Defense, including military departments within such Department, through contracts of more than 30 days duration for airlift service within the United States, shall be provided only by carriers which (1) have aircraft in the civil reserve air fleet or offer to place aircraft in such fleet, and (2) hold certificates under this section. Applications for certification under subsection (a) of this section for the purpose of providing the service referred to in this subsection shall be acted on expeditiously by the Board.

"(2) In any case in which the Secretary of Defense determines that no air carrier certificated under subsection (a) of this section is capable of providing and willing to provide the type of service described in paragraph (1) of this subsection, he may contract with an air carrier which does not hold a certificate under this section.".

(b) That portion of the table of contents contained in the first section of such Act which appears under the side heading.

"Sec. 401. Certificate of Public Convenience and Necessity."

is amended by adding at the end thereof the following:

"(o) Air transportation of persons or property.".

ISSUANCE OF AIRPORT OPERATING CERTIFICATES

SEC. 19. (a) Section 612 of the Federal Aviation Act of 1953 (49 U.S.C. 1432) is amended by adding at the end thereof the following new subsection:

"EXEMPTION

"(c) The Administrator may exempt any operator of an air carrier airport enplaning annually less than one-quarter of 1 percent of the total number of passengers enplaned at all air carrier airports from the requirements imposed by subsection (b) of this section relating to firefighting and rescue equipment if he finds that such requirements are, or would be, unreasonably costly, burdensome, or impractical.".

(b) That portion of the table of contents contained in the first section of such Act which appears under the side heading

"Sec. 612. Airport operating certificates."

is amended by adding at the end thereof the following:

"(c) Exemption.".

AIRPORT STUDY

SEC. 20. The Secretary of Transportation shall conduct a study of airports in areas where land requirements, local taxes, or a low revenue return per acre may close such airports. This study, the results of which shall be reported to Congress by January 1, 1978, shall include the identification of those locations which may be converted to nonaviation uses and recommendations concerning methods for preserving those airports which in the Secretary's judgment should be preserved in the public interest.

CIVIL AVIATION INFORMATION DISTRIBUTION PROGRAM

SEC. 21. In furtherance of his mandate to promote civil aviation, the Secretary of Transportation acting through the Administrator of the Federal Aviation Administration shall take such action as he may deem necessary, within available resources, to establish a civil aviation information distribution program within each region of the Federal Aviation Administration. Such program shall be designed so as to provide State and local school administrators, college and university officials, and officers of civil and other interested organizations, upon request, with informational materials and expertise on various aspects of civil aviation.

PROHIBITION OF FLIGHT SERVICE STATION CLOSURES

SEC. 22. For the three year period beginning on the date of enactment of this Act, the Secretary of Transportation shall not close or operate by remote control any existing flight service station operated by the Federal Aviation Administration, except (A) for part-time operation by remote control during low-activity periods, and (B) for the purpose of demonstrating the quality and effectiveness of service at a consolidated flight service station facility, not more than five flight service stations, at the discretion of the Secretary, may be closed or operated by remote control from not more than one air route traffic control center. Nothing in this section shall preclude the physical separation of a combined flight service station and tower facility, the operation by remote control of the flight service station portion of a combined flight service station and tower facility from another flight service station, or the relocation of an existing flight service station at another site within the same flight service area if such flight service station continues to provide the same service to airmen without interruption.

DEMONSTRATION PROJECT

SEC. 23. (a) (1) The Secretary of Transportation is authorized to undertake demonstration projects related to ground transportation services to airports which he determines will assist the improvement of the Nation's airport and airway system, and consistent regional airport system plans funded pursuant to section 13(b) of the Airport and Airway Development Act of 1970, by improving ground access to air carrier airport terminals. He may undertake such projects independently or by grant or contract (including working agreements with other Federal departments and agencies).

(2) In determining projects to be undertaken under this subsection, the Secretary of Transportation shall give priority to those projects which (A) affect airports in areas with operating regional rapid transit systems with existing facilities within reasonable proximity to such airports, (B) include connection of the airport terminal facilities to such systems, (C) are consistent with and supportive of a regional airport system plan adopted by the planning agency for the region and submitted to the Secretary, and (D) will improve access for all persons residing or working within the region to air transport through the encouragement of an optimum balance of use of airports in the region.

(b) (1) The Secretary of Transportation is authorized to undertake a demonstration project at South Bend, Indiana, for a multimodal terminal building and facilities for the intermodal transfer of passengers and baggage between and among interconnecting air, rail, and highway transportation routes and facilities. He may undertake such project independently or by grant or contract (including working agreements with other Federal departments and agencies).

(2) There is authorized to be appropriated to carry out this subsection not to exceed $3,000,000.

COMPENSATION FOR REQUIRED SECURITY MEASURES IN FOREIGN AIR TRANSPORTATION

SEC. 24. (a) The Secretary of Transportation shall compensate any air carrier certificated by the Civil Aeronautics Board under section 401 of the Federal Aviation Act of 1958 (49 U.S.C. 1371) which requests such compensation for that portion of the amount expended by such air carrier for security screening facilities and procedures as required by section 315(a) of such Act (49 U.S.C. 1356(a)), and any regulation issued pursuant thereto, which is attributable to the screening of passengers moving in foreign air transportation. An air carrier shall have any compensation authorized to be paid it under this section reduced by the amount (if any) by which the revenue of such carrier which is attributable to the cost of security screening facilities and procedures used in intrastate, interstate, and overseas air transportation exceeds the actual cost to such carrier of such facilities. The Secretary may issue such regulations as he deems necessary to carry out the purpose of this section.

(b) The terms used in this section which are defined in the Federal Aviation Act of 1958 shall have the same meaning as such terms have in such Act.

(c) There is authorized to be appropriated out of the Airport and Airway Trust Fund to carry out this section not to exceed $3,750,000 for fiscal year 1976, including the period July 1, 1976, through September 30, 1976, and $3,000,000 per fiscal year for the fiscal years 1977 and 1978.

REDUCTION OF NONESSENTIAL EXPENDITURES

SEC. 25. The Secretary of Transportation shall, in accordance with this section, attempt to reduce, to the maximum extent practicable consistent with the highest degree of aviation safety, the capital, operating, maintenance, and administrative costs of the national airport and airway system. The Secretary shall, at least annually, consult with and give due consideration to the views of users of such system on methods of reducing nonessential Federal expenditures for aviation. The Secretary shall give particular attention to any recommendations which could reduce, without any adverse effects on safety, future Federal manpower requirements and costs which are required to be recouped from charges on such users.

SPECIAL STUDIES

SEC. 26. The Secretary of Transportation shall conduct studies with respect to—

(1) the feasibility, practicability, and cost of land bank planning and development for future and existing airports, to be carried out through Federal, State, or local government action;

(2) the establishment of new major public airports in the United States, including (A) identifying potential locations, (B) evaluating such locations, and (C) investigating alternative methods of financing the land acquisition and development costs necessary for such establishment; and

(3) the feasibility, practicability, and cost of the soundproofing of schools, hospitals, and public health facilities located near airports.

The Secretary shall consult with and solicit the views of such planning agencies, airport sponsors, other public agencies, airport users, and other interested persons or groups as he deems appropriate to the conduct of such studies. The Secretary shall report to the Congress on the results of such studies, including legislative recommendations, if any, within 1 year after the date of enactment of this section.

TITLE II—RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES

AUTHORIZATION

SEC. 201. Subsection (d) of section 14 of the Airport and Airway Development Act of 1970 (49 U.S.C. 1714) is amended to read as follows:

"(d) RESEARCH, DEVELOPMENT, AND DEMONSTRATIONS.—The Secretary is authorized to carry out under section 312(c) of the Federal Aviation Act of 1958 such demonstration projects as he determines necessary in connection with research and development activities under such section 312(c). For research, development, and demonstration projects and activities under such section 312(c), there is authorized to be appropriated from the Trust Fund the amount of $109,350,000 for the fiscal year 1976, including the interim period beginning July 1, 1976, and ending September 30, 1976, $85,400,000 for the fiscal year 1977, and not less than $50,000,000 per fiscal year for fiscal years 1978 through 1980, to remain available until expended. The initial $50,000,000 of any sums appropriated to the Trust Fund pursuant to subsection (d) of section 208 of the Airport and Airway Revenue Act of 1970 shall be allocated to such research, development, and demonstration activities.".

TITLE III—AIRPORT AND AIRWAY TRUST FUND

SEC. 301. AUTHORIZATION FOR EXPENDITURES FROM TRUST FUND.

(a) AMENDMENT OF 1970 ACT.—(1) Subparagraph (A) of section 208(f)(1) of the Airport and Airway Revenue Act of 1970 (49 U.S.C. 1742(f)(1)(A)) is amended to read as follows:

"(A) incurred under title I of this Act or of the Airport and Airway Development Act Amendments of 1976 (as such Acts were in effect on the date of the enactment of the Airport and Airway Development Act Amendments of 1976);".

(2) Section 208(f) of such Act (49 U.S.C. 1742(f)) is amended by striking out "July 1, 1980" each time it appears and inserting in lieu thereof "October 1, 1980".

(b) EFFECTIVE DATE.—The amendment made by subsection (a)(1) shall apply to obligations incurred on or after the date of the enactment of this Act. The amendments made by subsection (a)(2) shall be effective on the date of enactment of this Act.

GLENN M. ANDERSON,
JIM WRIGHT,
ROBERT A. ROE,
TENO RONCALIO,
MIKE MCCORMACK,
WILLIAM H. HARSHA,
GENE SNYDER,
Members on the Part of the House.

WARREN G. MAGNUSON,
HOWARD W. CANNON,
VANCE HARTKE,
TED STEVENS,
JAMES B. PEARSON,
Members on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 9771), An Act to amend the Airport and Airway Development Act of 1970, submit the following joint statement to the House and Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment to the text of the bill struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

TITLE I

SHORT TITLE

House bill

Provides that this Act may be cited as the Airport and Airway Development Act Amendments of 1975.

Senate amendment

The Senate amendment provided that this Act may be cited as the "Airport and Airway Development Act Amendment of 1976".

Conference substitute

The conference substitute is the same as the Senate amendment.

DECLARATION OF POLICY

House bill

Makes a technical amendment to extend the obligational authority from June 30, 1980 to September 30, 1980, and eliminates the overall obligational limitation.

Senate amendment

The Senate amendment increased the obligational authority for airport development grants for the 10-year period ending September 30, 1980, from $2.5 billion to $4.695 billion.

Conference substitute

The conference substitute is the same as the House bill.

DEFINITIONS

House bill

Amends the definitions of airport development and airport master planning as follows:

1. The definition of airport development is expanded to permit funds to be used to purchase snow removal equipment and noise suppression equipment, to permit construction of physical barriers and landscaping to diminish noise, and to permit the purchase of land to insure its use for purposes compatible with noise levels at airports.

2. The definition of master planning is expanded to permit funds to be used to plan for the potential use and development of land surrounding an actual or potential airport site.

In addition, the House bill includes definitions of the following:

1. An air carrier airport is defined as a public airport regularly served by an air carrier (other than a supplemental air carrier) certificated under section 401 of the Federal Aviation Act of 1958.

2. A commuter service airport is defined as a general aviation airport served by one or more air carriers, operating under an exemption from section 401(a) of the Federal Aviation Act of 1958 which carriers enplaned not less than 1500 passengers at such airport in the preceeding year.

3. A general aviation airport is defined as a public airport other than an air carrier airport.

4. A reliever airport is a general aviation airport which the Secretary of Transportation designates as having a primary function of relieving congestion at an air carrier airport.

Senate amendment

The Senate amendment amended definitions contained in the Airport and Airway Development Act of 1970.

"Airport development" was amended to permit grants to be made not only for airfield projects but also for terminal area development. "Airport development" would include work involving construction, alteration, or repair of terminal building areas directly related to the movement of passengers and their baggage through the airport.

In addition, the new definition would make it possible for grants-in-aid to be used for snow removal equipment, not now authorized under the 1970 law. Noise suppression barriers, devices, and noise suppression landscaping on airport property would be eligible for grants.

"Airport development" was further expanded to include the purchase of land adjacent to airports for the purpose of providing a noise buffer area between the airport boundaries and the surrounding community.

Finally, the definition was expanded to include the development of multimodal passenger terminals to provide a common interchange point with several modes of public transportation.

"Air carrier airport," undefined in the 1970 Act, was defined to include (1) airports which are or will be served regularly by scheduled and supplemental airlines; (2) airports which do not receive certificated airline service but which receive commuter airline service as a substitute, pursuant to a suspension/replacement agreement sanctioned by the Civil Aeronautics Board (CAB); (3) airports in Alaska which receive certificated service with small aircraft; and (4) an existing public airport regularly served by a State-licensed carrier which operates at the airport turbojet-powered aircraft capable of carrying 30 or more persons.

A new term, "capital improvement program," was defined as a document which identifies and describes all of the airport development projects planned for an airport for a period of not less than 3 successive years and which specifies yearly priorities and annual cost estimates for such projects.

"General aviation airport" was defined as a public airport which is not an air carrier airport.

"Reliever airport" was defined as a general aviation airport which is designated as such by the Secretary and whose primary function is to relieve congestion by diverting general aviation traffic from an air carrier airport.

Conference substitute

The conference substitute is the same as the House bill, except that a commuter service airport is defined as an air carrier airport which (1) is not served by a certificated air carrier, (2) receives regular service by one or more air carriers operating under exemption from section 401(a) of the Federal Aviation Act of 1958, and (3) enplaned not less than 2,500 passengers in the preceding calendar year. The conferees intend by this definition to include any airport at which a certificated air carrier serving such airport has been authorized to suspend service on condition that such service be provided by an air carrier operating under such an exemption, and which meets the above criteria.

The conferees understand that the term airport development includes terminal development. The circumstances under which grants may be made for terminal development are discussed in the section "Terminal Development."

REVISED NATIONAL AIRPORT SYSTEM PLAN

House bill

Requires the Secretary of Transportation to prepare and publish a revised national airport system plan (NASP) by January 1, 1977, which includes a projection of the airport development which will occur at each public airport in the NASP during the succeeding ten-year period, and a listing of the amount of funds expended in each of the fiscal years 1971–1975 for terminal area development in nonrevenue producing public use areas at each air carrier, commuter, and reliever airport in the NASP. In addition, $2,000,000 is authorized out of the Airport and Airway Trust Fund to prepare and publish such revised NASP.

Senate amendment

The Senate amendment required the Secretary of Transportation to prepare and publish a revised national airport system plan (NASP) by January 1, 1978. The plan was not to be a detailed project-by-project compilation of each airport in the present plan but was to include only those airports which have a role in the national system. The Secretary was required by the revised plan to specify the present and anticipated future role of such airports in the following 10-year period, and to identify the types of airport development projects considered appropriate during that period. In addition, the Secretary was directed to publish on January 1, 1978, and annually thereafter, his estimates of the cost of achieving the airport development envisioned in such revised plan, including estimates for development which the Secretary considered to be of the highest priority.

Conference substitute

The conference substitute is the same as the House bill except that—

(1) the revised plan is not required to be completed until January 1, 1978;

(2) the plan is not required to include a compilation of past expenditures for terminal development;

(3) in developing the revised plan, the Secretary is specifically required to consult with the Civil Aeronautics Board; and

(4) the specific authorization of $2 million to prepare the revised plan is eliminated.

The revision required by this provision is subject to all of the other requirements of section 12 of the Act, including consultation with appropriate Federal, State, and other agencies.

The managers believe that there is need for increased coordination between the FAA and the CAB not only in the revision of the NASP, but also in all other matters for which they have joint responsibilities.

PLANNING GRANTS

House bill

Provides for the same level of funding for planning grants as provided in the 1970 Act. In addition, it makes two changes in the planning grant program. First, the Federal share is increased from 66⅔ percent to 75 percent. Second, the limit in the 1970 Act under which no more than 7.5 percent of the planning funds made available in any year could be granted to sponsors within the same State, would be raised to 10 percent to allow more flexibility in the issuance of planning grants.

Senate amendment

The Senate amendment eliminated the planning grant as a discrete type of grant and placed planning grant authority under the provisions pertaining to airport development grants. Grants for airport system planning and airport master planning would be funded from revenues reserved for airport development grants.

Conference substitute

The conference substitute is the same as the House bill except that the United States share (1) for any airport master planning grant is the same as the share for airport development grants at the particular airport, and (2) for any airport system planning grant is 75 percent.

AIRPORT AND AIRWAY DEVELOPMENT PROGRAM

House bill

The Secretary of Transportation is authorized to incur obligations to make grants to sponsors of air carrier airports, for airport development at such airports in the amount of $385,000,000 for fiscal year 1976, $96,250,000 for the transition quarter, $405,000,000 for fiscal year 1977, $425,000,000 for fiscal year 1978, $445,000,000 for fiscal year 1979, and $465,000,000 for fiscal year 1980.

The Secretary of Transportation is authorized to incur obligations to make grants to sponsors of general aviation airports for airport development at such airports in the amount of $65,000,000 for fiscal year 1976, $16,250,000 for the transition quarter, $70,000,000 for fiscal year 1977, $75,000,000 for fiscal year 1978, $80,000,000 for fiscal year 1979, and $85,000,000 for fiscal year 1980.

The Secretary may not incur an obligation to an airport sponsor after September 3, 1980, and may not incur more than one obligation with respect to any single airport development project.

The Secretary of Transportation is authorized to obligate for expenditure not less than $250,000,000 per fiscal year for each of the fiscal years 1976, 1977, and 1978, $62,500,000 for the transition quarter, and $27,000,000 per fiscal year for each of the fiscal years 1979 and 1980, for the purpose of acquiring, establishing, and improving air navigation facilities.

Authorizes out of the Airport and Airway Trust Fund not to exceed $50,000,000 for fiscal year 1976, $12,500,000 for the transition quarter, $75,000,000 for fiscal year 1977, $100,000,000 for fiscal year 1978, $125,000,000 for fiscal year 1979, and $150,000,000 for fiscal year 1980 for (1) the necessary administrative expenses of the Secretary of Transportation in administering certain of the programs funded under the Amendments of 1976, (2) costs of services provided under international agreements relating to the joint financing of air navigation services which are assessed against the United States Government, and (3) the direct costs and administrative expenses of the Secretary incident to servicing airway facilities, excluding the cost of engineering support and planning, direction and evaluation activities.

Senate amendment

The Senate amendment authorized the Secretary of Transportation to incur obligations to make airport development grants to sponsors of air carrier and reliever airports and to all airport sponsors for airport system planning to serve all classes of civil aviation. Such grants were authorized in the amount of $625 million for fiscal year 1976 and the transition quarter, $535 million for fiscal year 1977, $570 million for fiscal year 1978, $605 million for fiscal year 1979, and $640 million for fiscal year 1980.

The Secretary of Transportation was authorized to incur obligations to make grants to sponsors of general aviation airports for airport development in the amount of $50 million for fiscal year 1976 and the transition quarter, $45 million for fiscal year 1977, $50 million for fiscal year 1978, $55 million for fiscal year 1979, and $60 million for fiscal year 1980.

The Secretary of Transportation was not permitted to incur an obligation to an airport sponsor after September 30, 1980, or to incur more than one obligation with respect to any single airport development project.

The Secretary of Transportation was authorized to obligate for expenditure not less than $250 million per fiscal year for each of the fiscal years 1976, 1977, 1978, 1979, and 1980 and not less than $62,500,000 for the transition quarter for the purpose of acquiring, establishing, and improving air navigation facilities.

The Senate amendment authorized for appropriation from the Airport and Airway Trust Fund not to exceed $150 million for fiscal year 1976 and the transition quarter, $300 million for fiscal year 1977, $325 million for fiscal year 1978, $350 million for fiscal year 1979, and $375 million for fiscal year 1980 for the (1) costs assessed against the U.S. Government for services provided under international agreements relating to the joint financing of air navigation services, and (2) direct costs incurred by the Secretary of Transportation to flight check and maintain air navigation facilities in a safe and efficient condition (except that such maintenance costs shall exclude the costs of engineering support and planning, direction, and evaluation activities). The Secretary was required to submit an annual report to the appropriate congressional committees on activities proposed to be financed with the funds set forth in this provision.

Conference substitute

The conference substitute—

Provides obligational authority for airport development grants at air carrier airports in the following amounts: $435 million for fiscal year 1976, including the transition quarter, $440 million for fiscal year 1977, $465 million for fiscal year 1978, $495 million for fiscal year 1979, and $525 million for fiscal year 1980.

Provides obligational authority for airport development grants at general aviation airports in the following amounts: $65 million for fiscal year 1976, including the transition quarter, $70 million for fiscal year 1977, $75 million for fiscal year 1978, $80 million for fiscal year 1979, and $85 million for fiscal year 1980.

Provides not less than $312,500,000 for fiscal year 1976, including the transition quarter, and not less than $250 million per fiscal year for fiscal years 1977 through 1980 for the purpose of acquiring, establishing, and improving air navigation facilities.

Authorizes appropriations from the Airport and Airway Trust Fund at a level not to exceed $250 million for fiscal year 1977, $275 million for fiscal year 1978, $300 million for fiscal year 1979, and $325 million for fiscal year 1980, for costs of air navigation services provided under international agreements and direct costs incurred to flight check and maintain air navigation facilities as provided for in the Senate amendment. No money is authorized to be appropriated from the Airport and Airway Trust Fund for maintaining air navigation facilities for fiscal year 1976, including the transition quarter.

Provides that to the extent that funds which are authorized by this legislation to be obligated for airport development grants in any fiscal year are obligated by the Secretary in an amount less than the authorized obligation level, the amount which can be obligated or expended from the Airport and Airway Trust Fund for maintenance costs of the airways system is proportionately reduced.

Provides that funds for airport development grants authorized or authorized to be obligated at the discretion of the Secretary for fiscal year 1980 may not be obligated or otherwise expended except in accordance with a statute enacted after the date of enactment of this Act.

DISTRIBUTION OF FUNDS

House bill

Provides that 66⅔ percent of the money available for air carrier airports served by aircraft weighing more than 12,500 pounds be apportioned on the basis of a new enplanement formula with each such airport receiving not less than $150,000 and not more than $10,000,000 for each fiscal year. The remaining 33⅓ percent of the money is available for distribution at the discretion of the Secretary of Transportation to air carrier airports.

Transfers reliever airports from the air carrier to the general aviation airport category for purposes of apportionment and adds a new class of airports (commuter service airports) to the general aviation airport category. $25,000,000 of the funds made available for apportionment to general aviation airports is set aside for distribution at the discretion of the Secretary of Transportation to commuter and reliever airports. The remaining amount is apportioned 75 percent to the States on the basis of area and population and 24 percent at the discretion of the Secretary, with 1 percent distributed to the Commonwealth of Puerto Rico, Guam, the Virgin Islands, and the other Territories.

Requires the Secretary of Transportation to announce to sponsors, states and equivalent jurisdictions, at least 6 months prior to the beginning of a fiscal year, the amount of the apportionment to be made.

Senate amendment

The Senate amendment set forth the formula by which airport development grant funds were to be apportioned among publicly owned airports in the United States. An air carrier airport would receive no less than $150,000 and no more than $10 million for eligible projects each fiscal year.

The formula divided the grant moneys for air carrier airports into thirds. Two-thirds of the total would be apportioned in accordance with the number of passengers enplaned at each air carrier airport. The remaining one-third was to be apportioned among the air carrier airports at the discretion of the Secretary.

The Senate amendment provided the same apportionment formula for general aviation airports contained in the 1970 Act. Seventy-five percent of the general aviation airport funds would be apportioned among the States according to the States area/population formula. One percent of the moneys would be reserved for general aviation airports in the territories and possessions of the United States, and 24 percent would be apportioned among general aviation airports at the discretion of the Secretary.

The Senate amendment required the Secretary to inform each air carrier airport sponsor and the Governor of each State by April 1 of each year the estimated amount of apportionment to be made on or before October 1 of that year.

Conference substitute

The conference substitute adopts the general formula in both bills by providing for annual apportionments by the Secretary to sponsors of air carrier airports (except commuter service airports) based on the number of annual passenger enplanements at the airport. The House bill's requirement that the airport be served by aircraft heavier than 12,500 pounds is eliminated.

No air carrier airport (other than a commuter service airport) (1) which is served by aircraft heavier than 12,500 pounds or (2) which was served by such aircraft on or after September 30, 1968, but which is now served by aircraft 12,500 pounds or less shall receive less than $187,500 or more than $12,500,000 for fiscal year 1976, including the transition quarter, and less than $150,000 or more than $10,000,000 per fiscal year thereafter through 1980. No air carrier airport served by aircraft weighing 12,500 pounds or less which, since September 29, 1968, has never been regularly served by heavier aircraft shall receive less than $62,500 or more than $12,500,000 for fiscal year 1976, including the transition quarter, and less than $50,000 or more than $10 million per fiscal year thereafter through 1980.

Amounts designated for air carrier airports that are not apportioned under the enplanement formula described above are to be distributed at the discretion of the Secretary from the amounts to be distributed at the Secretary's discretion. $18,750,000 for fiscal year 1976, including the transition quarter, and $15 million per fiscal year thereafter through 1980 are to be distributed to commuter service airports and the remainder to air carrier airports (including commuter service airports).

Amounts authorized for general aviation airports would be apportioned annually as provided in the House bill after first deducting $18,750,000 in fiscal year 1976, including the transition quarter, and $15 million per fiscal year thereafter through 1980. The amounts so deducted are to be distributed to reliever airports at the discretion of the Secretary.

Funds apportioned for fiscal year 1976, including the transition quarter, are available for obligation for the same period of time as if they had been apportioned for only fiscal year 1976.

In apportioning funds to air carrier airports (other than commuter service airports) for fiscal year 1976, including the transition quarter, the Secretary is directed to increase the number of enplanements at each airport by 25 percent, since this apportionment is based on a 15 month period.

The conference substitute adopts the provision requiring the Secretary to give 6-month notice to each air carrier airport sponsor and to the State Governor of the estimated amount of the apportionments to be made that year.

The term "passengers enplaned" is unchanged from the 1970 Act. Under the 1970 Act the Secretary collects data on the United States domestic, territorial and international revenue passenger enplanements in scheduled and non-scheduled service of air carriers and foreign air carriers. Included are revenue passengers of certificated route air carriers, commuter air carriers (intrastate and interstate), foreign flag air carriers, air taxi operators (intrastate and interstate), and intrastate carriers.

PROJECT APPROVAL

House bill

This provision together with the provision on multiyear projects would permit a sponsor to submit a single project application covering several multiyear projects. Approval by the Secretary would commit the Federal Government to fund those several projects over a number of years with the sponsor's entitlement based on the enplanement formula. In addition, the sponsor's application could contain several single-year projects, as well as several multiyear projects, all of which would begin in the fiscal year for which the application is approved. This section, however, does not permit the Secretary to approve projects which would commence in ensuing fiscal years.

In addition, after June 30, 1975, no project application shall propose airport development except in connection with certain enumerated airports included in the current revision of the NASP.

Finally, the Secretary is authorized to make grants for not to exceed 75 percent of the cost of developing standards (other than standards for safety of approaches) for airport development at general aviation airports.

The Secretary may approve such standards and, upon approval, such standards would be applicable in lieu of any comparable Federal standards. The approved standards may be revised, from time to time, as the State or Secretary determines necessary, subject to approval of such revisions by the Secretary. The aggregate of all grants made to any State shall not exceed $25,000. This provision would not relieve the Secretary from the responsibility for developing and enforcing safety requirements.

Senate amendment

The Senate amendment permitted an air carrier airport sponsor to develop a capital improvement program describing one or more proposed airport development projects, listed in order of priority, which the sponsor would accomplish in 3 years. The Secretary's approval of a capital improvement program was to be considered approval of each project identified in the program, and the sponsor could implement each project without obtaining separate approval of each one.

The Senate amendment provided that until July 1, 1975, no airport development could be proposed in a project application if the airport development was not included in the then-current national airport system plan. After January 1, 1978, no project application was to propose airport development which is inconsistent with the revised national airport system plan written pursuant to this legislation. Proposed airport development must comply with standards promulgated by the Secretary, and proposed terminal area development could be approved by the Secretary only if the airport sponsor certified that all the safety and certification equipment required by section 612 of the Federal Aviation Act had been installed.

Finally, the Senate amendment provided that in determining compliance with the requirements of the Airport and Airway Development Act of 1970, the Secretary may accept from sponsors conclusionary certifications that they have complied with or will comply with all statutory and administrative requirements under this Act and the Airport and Airway Development Act of 1970 (as amended) in connection with airport development projects.

Conference substitute

The conference substitute generally follows the House bill except that—

(1) After June 30, 1975, no project application shall propose airport development except at the following types of airports listed in the revised National Airport System Plan; (1) air carrier airports, (2) commuter service airports, (3) reliever airports and (4) certain general aviation airports. The purpose of this provision is to enable the Secretary to limit the NASP to those airports at which federally-assisted airport development can be anticipated during the ten-year period beginning January 1, 1978, the date established for publication of the revised NASP.

(2) The Senate concept regarding certifications from sponsors assuring their compliance with all applicable ADAP requirements is adopted, but is clarified to provide that the certifications are limited to those statutory and administrative requirements imposed upon a sponsor or planning agency, and the Secretary is to continue to be required to meet Federal requirements imposed by Federal laws, including but not limited to, the National Environmental Policy Act of 1969, Section 4(f) of the Department of Transportation Act, title VI of the Civil Rights Act of 1964, title VIII of the Act of April 11, 1968, and the Uniform Relocation Assistance and Land Acquisition Policies Act of 1970. Such a certification is valid not only for requirements applicable prior to grant approval, but prospectively as well. Once a certification is made, no additional certification is required by a sponsor for any activity during the life of the project for which such certification has been submitted.

UNITED STATES SHARE

House bill

Increases the Federal share of airport development project costs for large hub airport sponsors from 50 percent to 75 percent. Also increases the Federal share of planning grants from 66⅔ to 75 percent. The Federal share of safety and security equipment costs is generally decreased from 82 percent to 75 percent.

Senate amendment

The Senate amendment increased the U.S. share for all projects other than airport terminal development and airport system planning projects to (1) 90 percent at airports enplaning less than one-fourth of 1 percent of the total number of passengers enplaned each year and for reliever and other general aviation airports, and (2) 75 percent for all other airports.

The U.S. share for airport system planning grant projects was increased to 75 percent.

The U.S. share for airport terminal development was provided in the section entitled "Terminal Developmental," and will be discussed in that section.

Conference substitute

The conference substitute generally follows the Senate amendment. The U.S. share for fiscal year 1976, the transitional quarter, fiscal year 1977 and fiscal year 1978 shall be 90 percent in the case of air carrier airports which enplane less than one-fourth of 1 percent of the total passengers enplaned at all air carrier airports, and in the case of general aviation airports, reliever airports, and commuter service airports.

For fiscal years 1979 and 1980, the U.S. share shall be 80 percent for the above airports.

At all other airports the U.S. share shall be 75 percent.

PROJECT SPONSORSHIP

House bill

Sponsors, in making decisions to undertake airport development, would be required to consult with air carriers and fixed-base operators using the airport. The term "fixed-base operator" includes those aviation-related businesses with permanent offices and facilities at an airport, such as aircraft distributors and dealers, aircraft rentals, flight training schools, mechanic schools, aviation maintenance, avionics sales and maintenance, aviation schools and businesses providing fueling, services, tiedown and hangar storage.

Sponsors would be prohibited from engaging in the practice of including funds received under the Federal Airport Act or the Airport and Airway Development Act in their rate base when establishing rates and charges for airport users.

Sponsors would be prohibited from charging discriminatory rates, fees, rentals, and other charges to airport businesses which make the same or similar uses of such airport ultilizing the same or similar facilities.

Senate amendment

In deciding whether to undertake specific airport development projects, the airport sponsor was required to consult with air carriers serving the airport.

An airport sponsor was prohibited from including in his rate base for establishing fees and charges for any airport users any part of the U.S. share in an airport development project.

The Senate amendment also required that each certificated air carrier be subject to nondiscriminatory and substantially comparable rates and regulations applicable to all carriers making similar use of the airport and facilities. This provision was made subject to reasonable classifications such as tenants/nontenants. This provision did not require the reformation of any contract or lease entered into prior to March 1, 1976.

Conference substitute

The conference substitute is essentially the same as the House bill, except that—

(1) air carrier airport sponsors are required to consult with air carriers concerning proposed projects and general aviation airport sponsors are required to consult with fixed-base operators concerning proposed projects; and

(2) the prohibition on discriminatory rates and regulations was modified to provide that (A) all certificated air carriers shall be subject to nondiscriminatory and substantially comparable rates and regulations; and (B) each fixed-base operator making similar use of a general aviation airport shall be subject to the same rates and other charges that are uniformly applicable to all other fixed-base operators. These provisions shall not require the reformation of a contract or lease entered into by an airport before the date of enactment of this legislation for (A), and before July 1, 1975, for (B).

MULTIYEAR PROJECTS

House bill

This section, together with the provision on project approval, authorizes a sponsor to submit a single project application covering several multiyear projects. Approval by the Secretary would commit the Federal Government to fund those several projects over a number of years with the sponsor's entitlement based on the enplanement formula. In addition, the sponsor's application could contain several single-year projects, as well as several multiyear projects, all of which would begin in the fiscal year for which the application is approved. This section, however, does not permit the Secretary to approve projects which would commence in ensuing fiscal years.

Senate amendment

The amendment authorized the Secretary to obligate funds for more than one fiscal year if he approved a project application for a project which will not be completed within 1 year.

In regard to projects included in an airport sponsor's capital improvement program which has been approved by the Secretary, funds apportioned to an airport would become obligations of the United States to be used to implement the capital improvement program.

Conference substitute

The conference substitute is the same as the House bill.

Perhaps the most serious complaint about the present program is the lack of assurance airport sponsors have that the Federal commitment on a given project will continue beyond the one year grant. Major airport projects cannot be completed within one year, and it is unrealistic to expect sponsors to undertake a multi-year project without firm assurance that the Federal assistance will be continued until the project is completed. To require sponsors to do otherwise forces them to base financial plans and predictions on an uncertain foundation. If the objectives of the program are to be achieved, something beyond a 1-year commitment authority must be given to the Secretary.

This section addresses this problem by allowing the Secretary to approve a single application for a project which may take several years, and thus grant to the sponsor a commitment that the apportionment of future year obligations will be made available to approved multi-year projects. Under this section, approval by the Secretary of a project would commit the Federal Government, subject to apportionment of the enplanement formula moneys in each year, to continue the project in future years.

This section, when coupled with the section on project approval (which states that a project application may contain several projects), would also permit a sponsor to submit a single project application covering several multi-year projects. Approval by the Secretary would commit the Federal Government to fund those several projects over a number of years with the sponsor's entitlement based on the enplanement formula. In addition, the sponsor's application could contain several single-year projects, as well as several multi-year projects, all of which would begin in the fiscal year for which the application is approved. This section, however, does not permit the Secretary to approve projects which would commence in ensuing fiscal years.

This authority should aid a sponsor in two ways. First, a sponsor who submits an application in the transition quarter or in any fiscal year which includes multi-year projects and receives the Secretary's approval, would be assured of Federal financial assistance for such projects through fiscal year 1980, subject to apportionments of the enplanement formula moneys in each year.

Second, the law is clarified to specifically permit a sponsor to consolidate all projects for which Federal funds are sought into a single application.

GRANT AGREEMENT CONDITIONS (SST)

House bill

Provides that for the six-month period after the date of enactment of this Act every offer of a grant shall be conditioned upon the sponsor not permitting the landing of, except for emergencies, any civil supersonic aircraft generating noise in excess of the level now prescribed for new subsonic aircraft. Penalty for failure to comply with such grant condition requires immediate repayment of the grant and ineligibility of that sponsor and that airport for any future grants.

Senate amendment

No comparable provision.

Conference substitute

The conference substitute does not contain the House provision.

TERMINAL DEVELOPMENT

House bill

Authorizes terminal development to be eligible for Federal funding under this program. Terminal area development eligibility for Federal funding would be subject to several restrictions. First, it would be limited to air carrier airports. Second, prior to approval of a terminal-related project, the sponsor must certify that the airport has met all safety and security equipment requirements. Third, for terminal development, the sponsor could only use funds out of the airport's enplanement apportionment, and no more than 30 percent of such apportionment for any fiscal year. Fourth, allowable terminal development would be limited to the following nonrevenue producing public use areas: baggage claim delivery areas and automated baggage handling equipment; corridors connecting boarding areas and vehicles for the movement of passengers between terminal buildings or between terminal buildings and aircraft; central waiting rooms, restrooms, and holding areas; and, foyers and entryways. Fifth, the Federal share of terminal development projects would be limited to 50 percent.

The terminal area development provision is retroactive for terminal development carried out between July 1, 1970, and the date of enactment of the provision. Once a sponsor certifies that safety and security equipment requirements were met, enplanement funds would be made available subject to the previously discussed limitations, for the immediate retirement of the principal (not interest) of bonds or other evidence of indebtedness, the proceeds of which were used to pay the cost of eligible terminal development.

Senate amendment

The Senate amendment made terminal development projects eligible for Federal assistance on the basis of a 50 percent U.S. share for the cost of constructing, altering, repairing, or acquiring public use airport passenger terminal buildings or facilities (including passenger transfer vehicles) directly related to the movement of passengers and baggage within the airport boundaries.

Projects for multimodal passenger terminal buildings or facilities were eligible for 75 percent Federal assistance. No airport could receive grants for terminal development unless it established a terminal enplaning and deplaning facility for general aviation passengers.

In addition, Federal inspection agencies were required to pay sponsors for space used for inspecting passengers and baggage in foreign air transportation to the extent these facilities were not paid for under this provision.

Conference substitute

Terminal development, including multimodal terminal development, and the construction, improvement, or repair of airport passenger terminal buildings, or of facilities (including passenger transfer vehicles) which are directly related to the movement of passengers and baggage within the airport boundaries, would be eligible for Federal assistance subject to the following conditions:

(1) Terminal area development grants are limited to air carrier airports, other than commuter service airports.

(2) In order to qualify for such grants, the airport must meet all safety and security requirements under section 612 of the Federal Aviation Act of 1958.

(3) The airport must have provided for terminal area access to passengers enplaning or deplaning from general aviation aircraft.

(4) Only funds apportioned on the basis of enplaned passengers would be available for terminal development project costs.

(5) Not more than 60 percent of such amount may be used for this purpose in any fiscal year.

(6) The Federal share would be 50 percent of the project costs.

(7) The allowable terminal development would be limited to nonrevenue producing pubic use areas at the airport which are directly related to the movement of passengers and baggage in air commerce within the boundaries of the airport.

Funds available for terminal development may be used for retirement of bonds or other evidences of indebtedness the proceeds of which were used for terminal development on or after July 1, 1970, and before the date of enactment of this provision, to the extent that terminal development is otherwise allowable under this provision subject to the condition that—

(1) The airport must meet all safety, security, and accessibility requirements,

(2) The Secretary must determine that no airfield developmnet project will be deferred because of the use of these funds for the retirement of debt, and

(3) No additional terminal development projects may be funded for three years after such moneys are used for debt retirement.

Funds may be used to retire that part of the debt used for so much of the terminal development as has been carried out, notwithstanding that the total terminal development has not yet been completed.

STATE DEMONSTRATION PROGRAMS

House bill

Authorizes the Secretary, upon determining that a State is capable of managing a demonstration program for general aviation airports in that State, to grant to such State funds apportioned to it under the State area and population formula and any part of the discretionary funds available for general aviation airport development.

The State officials, in turn, would then make grants to airport sponsors in the same manner, and subject to the same conditions applying to grants made by the Secretary.

The Secretary would select up to eleven States for the demonstration. He may not initiate any such program after January 1, 1977. The Secretary shall report the results of the demonstration program to Congress by March 31, 1978.

Senate amendment

The Senate amendment authorized a State demonstration program for grants to States for the purpose of administering U.S. grants for general aviation airports. The provision for demonstration programs was made subject to the following limitations:

(1) No Federal funds could be used to administer the demonstration program.

(2) The State's participation in the program must be specifically authorized by the State legislature, except, under certain circumstances, it may be authorized by the Governor.

(3) To be selected for the program the State must have appropriated and expended State funds for the development of general aviation airports within each of the 5 fiscal years preceding the State's application to participate in the program.

(4) The State legislature must have authorized the appropriation of State funds for development of general aviation airports during the demonstration program period.

(5) No more than three States could participate in the demonstration program.

(6) No demonstration program could be initiated after January 1, 1977, and no grant could be made to any State after September 30, 1978.

Conference substitute

The conference substitute is similar to the Senate amendment except that:

(1) The number of States which may participate in a demonstration program is increased to four; and

(2) The eligibility requirement that a State appropriate and expend State funds for the capital development of general aviation airports during the 5 years preceding the State's application is eliminated.

The managers intend that an interstate agency created by a compact, such as the Port Authority of New York and New Jersey, will be considered a State agency for purposes of this provision to the extent it operates within a State.

AIR CARRIER AIRPORT DESIGNATION

House bill

Provides that an airport continue to be designated as an air carrier airport if serving a city at which all CAB certificated service has been replaced by intrastate service with jet aircraft capable of carrying 30 or more passengers.

Senate amendment

No comparable provision.

Conference substitute

The conference substitute is essentially the same as the House bill.

RESTRICTION ON FUTURE OBLIGATION

House bill

Provides that funds authorized for fiscal years 1979 and 1980 shall not be expended except in accordance with a subsequently enacted statute.

Senate amendment

No comparable provision.

Conference substitute

The conference substitute provides that funds authorized, or authorized to be obligated, at the discretion of the Secretary may not be obligated or otherwise expended in fiscal year 1980, except in accordance with a statute enacted after the date of enactment of this Act.

This provision has been incorporated in the amendments to section 14(b)(2) of the Airport and Airway Development Act.

CIVIL RIGHTS

House bill

Requires the Secretary to take affirmative action to insure that no person is excluded from participating in any activity conducted with funds received from any grant made under the Airport and Airway Development Act on the grounds of race, creed, color, national origin, or sex. He is required to promulgate necessary rules to enforce this provision.

Senate amendment

Same provision.

Conference substitute

The conference substitute is the same as the House bill and the Senate amendment.

PURCHASE REPORTS

House bill

Makes a technical amendment to section 303 of the Federal Aviation Act of 1958 to insert the appropriate committee.

Senate amendment

No comparable provision.

Conference substitute

The conference substitute adopts the House provision.

AIRPORT STUDY

House bill

Requires the Secretary of Transportation to complete by January 1, 1977, a study of airports which may be in danger of closing. The study would include identification of existing airports in danger of being converted to non-aviation uses, those which should be preserved in the public interest, and the Secretary's recommendations for preserving them.

Senate amendment

No comparable provision.

Conference substitute

The conference substitute is the same as the House bill, except that the date for the completion of the study is advanced to January 1, 1978.

CIVIL AVIATION INFORMATION DISTRIBUTION PROGRAM

House bill

Directs the Secretary, acting through the Administrator of the Federal Aviation Administration, to establish a civil aviation information distribution program within each FAA region. The program is to provide officials of education and civic organizations with informational materials and expertise on various aspects of civil aviation as one means of promoting broader understanding of aviation as a transportation mode of growing importance in our total, integrated transportation system.

Senate amendment

No comparable provision.

Conference substitute

The conference substitute is the same as the House provision.

FLIGHT SERVICE STATION CLOSURES

House bill

Prohibits the Secretary from closing or operating by remote control any existing flight service station operated by the FAA. Exception is made for part-time operation by remote control during low-activity periods and in not more than one air route traffic control center area, at the discretion of the Secretary, not more than five flight service stations may be closed or operated by remote control from such air route traffic control center for the purpose of demonstrating the quality and effectiveness of service at a consolidated flight service station facility.

Senate amendment

No comparable provision.

Conference substitute

For 3 years, the Secretary is prohibited from closing or operating by remote control any existing flight service station except for part-time operation by remote control during low-activity periods and for demonstration purposes not more than 5 flight service stations may be closed or operated by remote control from not more than 1 air route traffic control center. This does not preclude physical separation of a combined flight service station and tower facility, the operation by remote control of the flight service station portion of a combined flight service station and tower facility from another flight service station, or the relocation of an existing flight service station within the same flight service area if such station provides the same service to airmen without interruption.

DEMONSTRATION PROJECTS

House bill

Authorizes demonstration projects related to ground transportation services to airports to improve ground access to terminals. Priority is to be given to those projects with existing regional rapid transit systems close to such airports which include connection of the terminal to such systems, are in accord with approved regional airport system plans, and which improve access to air transport by encouragement of an optimum balance of use of available airports.

Senate amendment

No comparable provision.

Conference substitute

The conference substitute is the same as the House bill except that $3 million is specifically authorized to be appropriated from the general revenues of the United States for the purpose of a multimodal terminal building and facilities demonstration project in South Bend, Indiana.

COMPENSATION FOR REQUIRED SECURITY MEASURES IN FOREIGN AIR TRANSPORTATION

House bill

Authorizes the Secretary to reimburse U.S. air carriers for expenses incurred in the preflight screening of international passengers as required by the Air Transportation Security Act of 1974. That Act requires the airlines to undertake security procedures for protection of passengers.

The bill authorizes appropriations from the Airport and Airway Trust Fund of $3,000,000 a year for the three fiscal years of 1976, 1977 and 1978 (and $750,000 for the interim fiscal period) for reimbursement of security expenses for international passengers.

The amount of reimbursement to each carrier would be reduced by the amount by which domestic security charges exceed expenses.

Senate amendment

The Senate amendment had a similar provision except that appropriations were authorized to be made from general revenues rather than from the trust fund.

Conference substitute

The conference substitute is the same as the House bill.

CHARGES FOR GOVERNMENT INSPECTION

House bill

No comparable provision.

Senate amendment

The Senate bill provided that the cost of any inspection or quarantine service which is required to be performed by the Federal Government or any agency thereof, at airports of entry or other places of inspection as a consequence of the operation of aircraft, and which is performed during regularly established hours of service on Sundays or holidays, shall be reimbursed by the aircraft owners or operators only to the same extent as if such service had been performed during regularly established hours of service on weekdays. Notwithstanding any other provision of law, administrative overhead costs associated with any inspection or quarantine service required to be performed by the U.S. Government, or any agency thereof, at airports of entry as a result of the operation of aircraft, shall not be assessed against the owners or operators thereof.

Conference substitute

The conference substitute is essentially the same as the Senate amendment, except that the effective date has been delayed to January 1, 1977, in order to permit the agencies involved the time necessary to review manpower scheduling requirements.

The managers intend that aircraft entering the United States on Sundays and holidays, during hours which would be considered normal daytime work hours on weekdays, such as 8 a.m. to 5 p.m. or 9 a.m. to 6 p.m., which hours may vary from port of entry to port of entry, not be assessed any charges or fees which are not assessed for inspections services during normal daytime working hours on weekdays. The managers further intend that the quality of the inspection services on Sunday and holidays, following enactment of this provision, shall not be diminished.

AIRPORT SECURITY IN ALASKA

House bill

No comparable provision.

Senate amendment

The Senate amendment authorized the Administrator of the Federal Aviation Administration to exempt from the airport security procedures of the Federal Aviation Act of 1958 those airports in Alaska which are served only by certificated air carriers operating aircraft weighing less than 12,500 pounds.

Conference substitute

The conference substitute is the same as the Senate amendment with the additional requirement that to be eligible for exemption, an airport must not enplane any passenger or property to be carried in the cabin which is moving in interstate, overseas, or foreign air transportation and which will not be subject to security screening before leaving Alaska.

AIR TRANSPORTATION OF PERSONS OR PROPERTY

House bill

No comparable provision.

Senate amendment

The Senate amendment amended section 401 of the Federal Aviation Act of 1958 to provide that transportation of persons or property in interstate air transportation between two places within the United States or between a place in the United States and a place outside thereof, procured by or under contract with any department or agency of the United States (including the Department of Defense) shall be provided exclusively by air carriers holding certificates under section 401.

Conference substitute

The conference substitute provides that transportation of persons or property by transport category aircraft in interstate air transportation procured by the Department of Defense through contracts of more than 30 days duration for airlift service within the United States is to be provided exclusively by air carriers who have or offer to place aircraft in the Civil Reserve Air Fleet and who hold certificates under section 401 of the Federal Aviation Act of 1958.

The term "transport category aircraft" used in this provision means aircraft having 75,000 pounds or more maximum certificated gross takeoff weight.

Applications for certification under such section 401(a) for purpose of providing this service shall be acted on expeditiously by the Board.

The managers interpret the term "expeditiously" to require that the Board act on applications for certification under section 401(a) of the Act on a priority basis. The managers do not intend that in proceedings for such certification, the Board must consider separately from the other issues involved, the issue of authority to provide contract airlift service for the Department of Defense. Conversely, the managers do not intend to restrict the Board's discretion in determining what issues should be considered in such proceedings.

In the event that certificated air carriers are not capable of and willing to supply the airlift service referred to in this section for the Department of Defense, the provision authorizes the Department of Defense to utilize non-certificated air carriers to provide such service.

For purposes of this provision, it is intended that the carriage of persons and property from one point in a State to another point in that State which carriage is wholly within that State (except for flight across international waters) is not to be considered as interstate air transportation.

REDUCTION OF NONESSENTIAL EXPENDITURES

House bill

No comparable provision.

Senate amendment

The Senate amendment required consultation between the Secretary of Transportation and the users of the air transportation system, at least annually, regarding ways to reduce nonessential Federal expenditures on aviation.

Conference substitute

The conference substitute is the same as the Senate amendment.

ISSUANCE OF AIRPORT OPERATING CERTIFICATES

House bill

No comparable provision.

Senate amendment

The Senate amendment amended section 612(b) of the Federal Aviation Act of 1958 to eliminate the specific reference to firefighting and rescue equipment as one of the terms, conditions, and limitations in airport operating certificates.

Conference substitute

The conference substitute provides that the Federal Aviation Administration may exempt small-hub and nonhub air carrier airports from the requirements of firefighting and rescue equipment of the airport certification requirements if the Administrator finds that such requirements are (or would be) unreasonably costly, burdensome, or impractical.

SPECIAL STUDIES

House bill

No comparable provision.

Senate amendment

The Secretary was required to conduct studies with respect to (1) land bank planning and development for existing and future airports, (2) the establishment of new major airports, and (3) soundproofing schools, hospitals, and public health facilities near airports. A report was required to be submitted to Congress within 1 year after the date of enactment of this legislation.

Conference substitute

The conference substitute is the same as the Senate amendment.

TITLE II

RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES

House bill

Authorizes demonstration projects in connection with research and development activities and authorizes from the Trust Fund $85,400,000 for fiscal year 1976, and $23,950,000 for the transition quarter. The first $50,000,000 of any amounts appropriated to the Trust Fund are to be allocated to research, development, and demonstration activities.

Senate amendment

The Senate amendment was the same as the House bill, except that the Secretary may obligate not less than $50 million for each of the fiscal years ending in 1971 through 1980 and not less than $12,500,000 for the transition quarter.

Conference substitute

The conference substitute authorizes demonstration projects in connection with research and development activities under section 312(c) of the Federal Aviation Act of 1958 and authorizes from the Trust Fund $109,350,000 for fiscal year 1976, including the transition quarter, $85,400,000 for fiscal year 1977, and not less than $50,000,000 per fiscal year thereafter through fiscal year 1980. The first $50,000,000 of any amounts appropriated to the Trust Fund shall be allocated to research, development, and demonstration activities.

TITLE III

AIRPORT AND AIRWAY TRUST FUND

House bill

Amends section 208(f)(1)(A) of the Airport and Airway Revenue Act of 1970 to make amounts in the Trust Fund available, as provided by appropriations Acts, for making expenditures after June 30, 1970, and before July 1, 1980, to meet those obligations of the United States incurred under title I of the Airport and Airway Development Act of 1970 or of the Airport and Airway Development Act Amendments of 1975 (as in effect on the date of enactment of such act of 1975). The amendment made to the Revenue Act is to apply to obligations incurred on or after the date of enactment of the Airport and Airway Development Act Amendments of 1975.

Senate amendment

The Senate amendment was the same as the House bill, except that in conformity with the change in the fiscal year, it substituted the date October 1, 1980 for July 1, 1980.

Conference substitute

The conference substitute is the same as the Senate amendment.

GLENN M. ANDERSON,
JIM WRIGHT,
ROBERT A. ROE,
TENO RONCALIO,
MIKE MCCORMACK,
WILLIAM H. HARSHA,
GENE SNYDER,
Managers on the Part of the House.

WARREN G. MAGNUSON,
HOWARD W. CANNON,
VANCE HARTKE,
TED STEVENS,
JAMES B. PEARSON,
Managers on the Part of the Senate.

PERMISSION FOR COMMITTEE ON WAYS AND MEANS TO HAVE UNTIL MIDNIGHT THURSDAY, JUNE 24, 1976, TO FILE REPORT ON H.R. 14484

Mr. CORMAN. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight Thursday, June 24, 1976, to file a report on the bill H.R. 14484.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PERMISSION FOR COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT TO MEET DURING 5-MINUTE RULE ON TOMORROW, JUNE 24, 1976

Mr. FLYNT. Mr. Speaker, I ask unanimous consent that the Committee on Standards of Official Conduct may sit during the 5-minute rule on tomorrow, Thursday, June 24, 1976.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

CONTE AT THE HELM

(Mr. CHAPPELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CHAPPELL. Mr. Speaker, I wanted to take this moment to express gratitude to the gentleman from South Carolina, (MENDEL DAVIS), and the other members of the Democratic baseball team for playing such a fine game the other night and to say to our side that the gentleman from Ohio (Mr. MOTTL) was the second best player we had on the Democratic side, and also to express gratitude to the gentleman from Massachusetts (Mr. CONTE) who did such a tremendous job in getting his team all pepped up for that good game and to say thanks also to the many about this Chamber who helped us in the practice games. I am inserting in the RECORD at this point their names: Bob Yesh, Ken Burkhead, John Chesney, Jack Russ, Joe Foley, Bill Costanza, Dave Brown, Clifton Smith, John Dusha, Billy Roche, Brad Marshall, Stuart Sisisky, Steve Raines, Karen Knight, Trisha Schaffer, Beth Garrison, and Donna Nix.

The Democrats have put together a poem which we want to dedicate to the Republicans and their leader, the gentleman from Massachusetts (Mr. SILVIO CONTE). It is entitled "Conte at the Helm" and paraphrases a little bit a poem entitled "Casey at the Bat," and we have borrowed a phrase here and there:

CONTE AT THE HELM

"Game's over," cried the umpire.
"Tis not," yelled Conte spitting fire.
"Tis, too," said the umpire, standing his ground.
But a nod from the demos . . . a new inning was found.

It's Republicans: 2 up; 2 out—with the batter a full count
As Suave Silvio Conte—his tension *did* mount.
We saw Conte's face grow stern and cold; we saw his muscles strain.
We knew a strikeout he would surely now shame.

The sneer is gone from Conte's lips.
His teeth are clenched in despair.
He pleads with his batter the damage to repair.
And now our pitcher holds the ball . . . and now he lets it go
And now the air is shattered by the force of the batter's blow.

Oh, somewhere in this favored land
The sun is shining bright.
The band is playing somewhere
And somewhere hearts are light.

And somewhere men are laughing
And somewhere children shout
But there is no joy in Republican hearts
Conte's boys have struck out!

Mr. Speaker, we just wanted to dedicate that poem to the gentleman from Massachusetts.

THE RAVEN (WITH APOLOGIES TO EDGAR ALLAN POE)

(Mr. CONTE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CONTE. Mr. Speaker, I take this opportunity to congratulate the gentleman from Florida (Mr. CHAPPELL) for his wonderful team, for the sportsmanlike conduct and the way they played the game.

Mr. Speaker, to mourn our tragic loss in Baltimore, I speak the words of Baltimore's mournful, tragic poet.

THE RAVEN (WITH APOLOGIES TO EDGAR ALLAN POE)

Once upon an evening dreary, Democrats pondered, weak and weary,
How to overcome the great volume of G.O.P. baseball lore.
While we nodded, nearly napping, suddenly there came a tapping,
As of players gently rapping, rapping at our championship door. " 'Tis some Democrat," I muttered, "tapping at our championship door—only this and nothing more."

Ah, distinctly the Democrats always swooned, every year in the month of June,
As each separate dying member wrought his ghost upon the dell,
Eagerly I wished the morrow;—vainly I had sought to borrow
From my players' surcease of sorrow—sorrow for the lost Mizell
For the rare and glorious giant whom the angels name Mizell,
Nameless here for evermore.

And the silken sad uncertain rustling of each fastball hustling
Thrilled me—and filled me with such confidence never felt before;
So that now, to still the beating of my heart, I stood repeating,
" 'Tis some Democrat begging entrance at my championship door;—
This it is and nothing more."

Deep in Baltimore's darkness peering, long I stood there wondering, fearing,
Doubting, dreaming dreams no mortals ever dared to dream before;
After hard practices unbroken, our players gave no token,
Against Democrats ill-spoken would fail to leave the losing streak unwoken.
This I thought, while an echo said "get Mizell back from Lenore,"
Merely this and nothing more.

Then, the game! the air grew denser, perfumed from an unseen censer.
Swung by bullies whose bashing, crashing left our gentlemen with frustrations knashing.

"Wretch," I cried, "your Mottl is our Mettle—Come next year we'll get our settle."
So I called upon a raven, from his perch in Republican campaign haven,
And implored our team needs savin', afore those Democrats get that trophy they're cravin'.
Quoth the raven, "nevermore."

Promised he, the winged campaigner, to stock our team with '77 winning flavor.
"The people will vote to the House, not another Democratic mouse.
And you, Coach Conte, will get men nobody knows, but they will after they play like Pete Rose.
Next year, be assured, you'll romp and win, when even Republican benchwarmers will be as good as Fred Lynn."
So the prospects, like a mat at the door, of Republicans ever again being on the baseball floor,
Quoth the raven, "Nevermore."

PERSONAL EXPLANATION

(Mr. GILMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GILMAN. Mr. Speaker, because of a conflicting commitment, I unavoidably missed three rollcall votes on Tuesday, June 22: Roll No. 434, motion by the gentleman from Ohio (Mr. MILLER) recommitting H.R. 14233, the housing and urban development-independent agencies appropriation for fiscal year 1977, to the Appropriations Committee with instructions to report back to the House with an amendment reducing by 5 percent those items not mandated by law; Roll No. 435, final passage of H.R. 14233; and Roll No. 436, motion for the House to meet at noon on Wednesday, June 23.

Mr. Speaker, had I been present for these votes, I would have supported the recommittal amendment; I would have voted "yea" on final passage of H.R. 14233 and with regard to Roll No. 436, I would have supported the motion.

ORPHANS OF THE EXODUS

(Mr. HEINZ asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. HEINZ. Mr. Speaker, a heartbreaking consequence of the restrictive emigration policies of the Soviet Union is that families are kept apart by political boundaries.

Although the Soviet Union is a signatory of the Helsinki Final Act in which they pledge to do everything possible to reunite these families, the Soviet Union is not living up to the spirit of the agreement.

Stories abound of the constant harassment individuals face after applying for emigration visas—mothers and fathers lose jobs, homes and offices are constantly broken into and bugged, and tragically, some members of a family are allowed to emigrate while others must stay behind.

For these reasons, I am joining with other concerned Members of Congress in conducting a vigil on behalf of these separated families—a vigil which will hopefully bring about their joyous reunification.

"Orphans of the Exodus," a case history dramatically detailing the plight of separated families, includes the story of Raisa Rivkin and her family's experiences with the torment of the Soviet Union's restrictive emigration tactics. At this time, I commend this article to the attention of my colleagues.

RAISA RIVKIN

Raisa Rivkin is the only daughter of the Vita Goldenbergs of Netanya, Israel. By training, a medical technician she is married to Mikhail Rivkin, a construction engineer.

In 1972, the whole family applied for exit visas. In December 1973, the parents and grandmother received permission and decided to leave since OVIR told them that the daughter would receive permission the following year. This has not come to pass.

In a recent letter, the mother wrote from Israel:

"I turn to you . . . to help in our sorrow. In May 1972, our whole family requested permission to leave for Israel. For a long time we were refused permission without being given a reason. After much insistence on our part, we were allowed to leave in December 1973, but our only daughter, Raisa Rivkin, her husband, Mikhail, and their son Alexander (3 years old) were not given permission to leave. The reason for the refusal was that five years had not yet passed since our son-in-law left the army. . . .

"Five years passed, six years passed; it is already the seventh year since he left the army and we are still alone without our children and we can't wait to see them.

"Our daughter is a medical technician; our son-in-law is a construction engineer. Neither of them is working; their jobs were taken away from them because of their request to go to Israel.

"We turn to you to help us be united with our children. As a mother, I beg you, I implore you, do everything you can so that my daughter can soon come home to Israel.

"I ask you, if possible, please send the photo back. It is the only one we have."

AN UNCOMMON CAUSE FOR COMMON CAUSE

(Mr. FREY asked and was given permission to address the House for 1 minute and to revise and extend his remarks and to insert a letter.)

Mr. FREY. Mr. Speaker, on May 30 I brought to the attention of the House a problem created by Common Cause, the so-called $1 ripoff. As a result of a lawsuit the IRS was required to send reminders to taxpayers who made a mistake on their taxes that they had not paid $1 to Presidential campaigns. The mailings cost the taxpayers $300,000 last year and would cost an estimated $300,000 to $500,000 this year. After some efforts I am happy to report today that I have received a letter from the Commissioner of the Internal Revenue Service reporting that Common Cause has agreed to allow the IRS to stop this procedure and, in essence, this year we should be able to save much of the mailing costs of the coercive practice. The House will be interested to know that my attention was first called to the matter by a constituent in Orlando, Fla. This is just another example that one person does count and that taking the time to write your Congressman can help.

The letter from the Commissioner is as follows:

INTERNAL REVENUE SERVICE,
Washington, D.C., June 22, 1976.

HON. LOUIS FREY, JR.
House of Representatives,
Washington, D.C.

DEAR MR. FREY: This is in response to your statement that appeared in the May 20, 1976 Congressional Record, relating to the Presidential Election Campaign check-off.

As mentioned in a telephone conversation with a member of my staff, the follow-up notice was developed as a result of a settlement reached in Common Cause and Gardner v. Shultz, No. C.A. 73–1932 (D.C. Cir.). This settlement provides that the Service is under a continuing obligation to inform taxpayers of the opportunity to designate $1.00 when they are notified of mathematical errors, or when they are contacted for additional information in order to process their returns. Moreover, taxpayers are advised of the opportunity to make a designation when returns are audited.

The Service recognized that the cost-benefit of such notification was questionable, and that many taxpayers reacted negatively about the "reminder"; therefore, we did recently write to Common Cause proposing discontinuance of this practice. I am pleased to report that Common Cause has indicated agreement with our proposal. Therefore, we are taking immediate steps to end the practice of sending follow-up Presidential Election check-off notices. In addition, we have written to Common Cause indicating that we are also discontinuing the practice of mentioning the check-off during an audit.

If I can be of further assistance, please do not hesitate to call on me.

With kind regards,
Sincerely,
DONALD ALEXANDER,
Commissioner.

A SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. GILMAN) is recognized for 10 minutes.

Mr. GILMAN. Mr. Speaker, I rise in support of legislation, which I am pleased to cosponsor, establishing a Select Committee on Narcotics Abuse and Control.

I call to my colleagues' attention to the continuing diligent efforts by the gentleman from New York (Mr. WOLFF) on behalf of the youth of America to put an end to narcotic trafficking.

Together with a small Ad Hoc group of my colleagues, we have been battling the evils and crimes of the organized drug business for some time. Our travels have taken us to Southeast Asia, to Turkey, and last winter, to Mexico and Colombia, the origin of the Latin Manhattan connection—the thousands of acres of poppy fields where the U.S.-bound heroin crop is grown and the home of the Cocaine products in distant cities of Colombia.

Poppy fields are not a pretty sight and neither are the "drug pits" in Harlem where a great deal of those drugs wind up. As a result of our travels we recognized that for the American people to really defeat this problem, they must first know their enemy and then be given the money, manpower, and equipment needed to fight the battle. It is up to the U.S. Congress to provide that information to make the public aware and to provide the tools to do the job.

That is why this Select Committee on Narcotics Abuse is needed, and needed now. Judging from the recent reports of substantial shipments of heroin that have been seized by our Drug Enforcement Administration agents, it is apparent that the tide is beginning to turn in our favor.

But, in order to properly fulfill our obligation to effectively fight this criminal activism, a congressional investigative unit is urgently needed. Such a commission could conduct a continuing comprehensive study and review of the problems emanating from drug trafficking and drug abuse. The select committee could study the problems of controlling drugs, of eradicating foreign source, of interdiction of narcotic traffic of coordinating our national effort to stamp out this evil. It is more than a national problem—its scope is international.

The cost to the American taxpayer cannot possibly come close to the yearly sacrifice we pay in lives, suffering and drug-related crimes. Last year 5,000 Americans, mostly youngsters who had not reached their 21st birthday, died from drug overdoses; there are currently 500,000 hard-core drug addicts in the United States; and drug-related crimes cost the American public last year an estimated $17 billion.

Now, more than ever, we need concerted congressional action to lower those sad statistics. This proposal would be a start.

Accordingly, I urge my colleagues to join with us in a creation of this important committee, now, while we have a solution to the problem in sight.

VILLA SCALABRINI COMPLETES 25 YEARS OF SERVICE TO THE AGED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, on July 1, the Villa Scalabrini Home for the Italian Aged, located in Melrose Park, Ill., will complete 25 years of service to senior citizens, and on July 11, this event will be commemorated with an all-day celebration.

Villa Scalabrini stands today as an outstanding example of a modern facility which provides compassionate care for its residents. During the 25 years of its existence, the Villa has provided not only physical care, but spiritual comfort and a refuge of peace and happiness for elderly persons.

The home is a $5 million institution with an up-to-date geriatircs department and a full-time doctor on the staff as well as specially trained nurses who are available around the clock. With this kind of complete medical service available at the home, none of the old people have to be moved to other institutions or hospitals when they become seriously ill, but instead receive complete medical care right at the home.

I want to emphasize that the entire amount of money used for constructing, modernizing, maintaining, and expanding Villa Scalabrini was raised through contributions, through private foundations, and through benefit shows and no government funds are involved. I am pleased to report that the Villa Scalabrini Lay Advisory Board is now engaged in a fund raising campaign to build an additional wing for Villa Scalabrini in order to meet the expanding needs of the old people of the Chicagoland area.

Villa Scalabrini is operated by the Scalabrini Fathers and the Missionary Sisters of St. Charles under the jurisdiction of the Catholic Archdiocese of Chicago.

I extend my commendations to Reverend Armando Pierini, C.S., director of Villa Scalabrini, for his many years of dedicated service, the other members of the staff at the Villa, and the members of the Lay Advisory Board, as well as the many generous contributors to the home, whose combined efforts have made our Italian Old Peoples Home one that the entire community, and indeed, all of the citizens of Illinois point to with great pride and admiration.

I send my warmest best wishes to all of you for many more years of success as you continue to work together in dedication to the highest principles of service to your fellow citizens.

WHAT KIND OF CARE IS BEST FOR THE ELDERLY? HEW FAILS TO OBTAIN THE INFORMATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KOCH) is recognized for 10 minutes.

Mr. KOCH. Mr. Speaker, here we are 18 months after extraordinary revelations have appeared in the press regarding nursing home frauds. The U.S. Senate Subcommittee on Long-Term Care, chaired by Senator FRANK E. MOSS, has held hearings exposing nursing home frauds and has issued a series of reports entitled "Nursing Home Care in the United States: Failure in Public Policy." The House of Representatives Subcommittee on Health and Long-Term Care, chaired by Representative CLAUDE PEPPER, has issued a report, "New Perspectives in Health Care for Older Americans," which says that, in the few nursing homes that have been audited by Government agencies, "hundreds of thousands of dollars had been inappropriately spent." Nursing home operators have been tried and found guilty of abuse of public and personal funds both in State and Federal courts. HEW Secretaries Caspar W. Weinberger, David Mathews, and their representatives have made statements that nursing homes must make changes if they are to continue to received Federal funds, and HEW has launched a major investigative effort against abuse.

It is surprising that despite all of this, HEW has not conducted a study of the quality of care provided by the various modalities in the nursing home field. I have tried for the last several months to obtain such information and must report to the Congress that it appears near hopeless. I say that, notwithstanding the most recent letter that I have received from Dr. Faye G. Abdellah, Special Assistant to the Under Secretary for Long-Term Care, which will be appended to this statement.

There are experts in the health field who have said proprietary nursing homes should not be federally funded. Most nursing home patients are paid for under medicaid, and the average nationwide cost of a nursing home resident is approximately $12,045 annually. In the State of New York, the average is $14,500.

Similar questions have been raised concerning federally assisted home health care, a critical long-term care alternative to institutionalization. Experts have criticized the general care provided either by the proprietary agencies or the nonprofits, depending on their particular point of view. I do not doubt the accuracy of some specific inadequacies in either or both modes.

It is irrational that, on the one hand, HEW has conceded that it has not gathered the necessary information to make a judgment concerning the quality of care of the different modalities, and on the other hand, HEW has proposed regulations providing medicaid reimbursement to unlicensed proprietary home health agencies for the first time (Federal Register, August 21, 1975). As a result of public concern, demonstrated through letters to the Department and testimony of witnesses at joint hearings of the House and Senate Subcommittees on Long-Term Care, HEW has delayed final promulgation of the regulations.

A full study concerning the comparative quality of care provided by the different modalities is a necessary step before regulations causing so sweeping a change are implemented.

I have heretofore taken the position that I do not know which of the various nursing home and home health modalities—proprietary, voluntary, government, or religious—are the best operated from the standpoint of the patient. Except for those operated by religious organizations about which I have heard no criticism, the general allegations are that the proprietaries engage in greater fraud and failure to meet standards, and that the voluntaries may do a better job but cost much more per patient because, not having to respond to a charge of "profit-making," they can provide services that are more costly and perhaps too lavish, in view of the country's financial plight. With respect to the government-operated facilities, the charges are the usual bureaucracy and inefficiency.

We do not know whether the charges are right or wrong in their general application because HEW has not been discharging its function as an executive agency; namely, to develop the facts needed to administer public programs established by Congress.

Over a year ago, I learned that HEW had some information in its computers monitoring cases in the various modalities. When I requested that information, I was told that it would not be statistically relevant because of the limited number of cases examined. I also requested such an HEW study at the October 28, 1975, joint hearings of the House and Senate Subcommittees on Long-Term Care, and again at a February 10, 1976, briefing of the House subcommittee at which Dr. Theodore Cooper, Assistant Secretary of HEW for Health, as well as Dr. Abdellah, testified.

In each case, I was told that a larger study was being undertaken. Regrettably, that study has not yet been undertaken.

When one considers that in the last fiscal year, medicare and medicaid spent over 5 billion Federal dollars on nursing homes and home health care, one must come to the conclusion that not to have undertaken a study and completed it at this time on whether that money is being wisely spent is inexcusable.

It may be that HEW is delaying completion of the study because one or another modality might be offended at the result. It seems to me that, in an issue as critical as the quality of health care provided to our elderly—our own parents and grandparents—we have the right to the facts, wherever they lead.

I urge Secretary Mathews to expedite this study, not as Dr. Abdellah conjectures by early 1978, but much, much sooner.

Pertinent documents follow:

House of Representatives,
Washington, D.C., April 4, 1975.

Mr. Peter Franklin,
Special Assistant to the Secretary, Department of Health, Education, and Welfare, Washington, D.C.

Dear Peter: The publication of H.E.W.'s interim report, "Long Term Care Facility Improvement Study," coincides with growing pressure from some quarters to phase-out proprietary nursing homes. While the most publicized abuses have focused attention on the proprietary homes, I am not aware of any analysis actually comparing the quality of care being delivered by proprietary, voluntary or governmental nursing homes.

It is my understanding that the interim report does not provide such a comparative analysis. However, it would appear that by reconstituting the data, valuable insights on this question might be furnished. I am writing to you to ask whether it would be possible for HEW to reprogram the data to evaluate the comparative performance of nursing homes in the three sectors using the same criteria employed in the current study.

If this is not possible, could such a comparative analysis be initiated, independently of the current study?

I would appreciate hearing from you at your earliest convenience.

Sincerely,

Edward I. Koch.

Department of Health,
Education, and Welfare,
Washington, D.C., April 7, 1975.

Hon. Edward I. Koch,
House of Representatives,
Washington, D.C.

Dear Ed: Thank you for your April 4, 1975 letter regarding a comparative of proprietary and non-profit homes. The homes included in our survey were proprietary, non-proprietary and government operated. The Office of Nursing Home Affairs has assured me that the findings in these three groups will be presented on a comparative basis in the Department's final report.

Thank you very much for bringing this suggestion to my attention.

Sincerely,

Peter Franklin,
Special Assistant to the Secretary.

Briefing on Health Status of the Elderly, February 10, 1976, U.S. House of Representatives, Subcommittee on Health and Long-Term Care, Select Committee on Aging, Washington, D.C.

Mr. Weiner. One last question that Eleanor Schwartz, with Congressman Koch, asked if I would raise:

Has the Department conducted any study of the quality of care, comparing not-for-profit care with for-profit care, both in nursing homes and in the home health field?

Or are there departmental plans to conduct such a study?

Dr. Cooper. We are very much aware of the concerns of many groups about any notion that would be proposed of permitting not-for-profit home health agencies to evolve.

We are aware that some of the concern for this stems from the view of some that part of the cost and known abuses in the nursing home situation might be attributed to the financial incentive to get people into the profit-nursing-home business for the wrong reason.

I am sure that, as we go along, the comparative data on quality here will have to be developed. We are entering a phase 2 study in our nursing homes—under Dr. Abdellah's direction—which will not direct itself so much to the safety in facilities and demographic questions, as to the actual issues of quality and care. At that time, we ought to have some information about whether there is any difference in the home care services.

We do not have a broad enough experience. It is a small experience, even with the "nonprofits" at the present time. We could not draw that comparison.

I would only urge:

1. That a fair perspective be maintained on this; that we not draw the conclusion that if it is in a for-profit system, that it cannot give high quality care at low cost. Not-for-profit care, for other reasons, entirely, is often very expensive, whether it be for research or for other kinds of costs that are in that system. And you should not draw the conclusion that not-for-profit care—whether in a hospital, nursing home, or anything else—is always cheaper.

I think good quality care can be given in any of these settings.

There should be safeguards from fraud and abuse in any kind of a setting. People in nonprofit settings can be fraudulent. So that I think we ought to keep an open mind on this until we have some real data, rather than just an instinct or a bias, before we take a position.

Dr. Abdellah. Dr. Cooper's office does provide data for special agencies, for skilled nursing facilities. This was done last year, working with our colleagues in the National Center for Health Statistics. There was a basic problem existing in the thought that, wheer the particular service was good, it was high.

We came to the conclusion—this was really in support of Dr. Cooper's statement—that this is not a fruitful route to pursue in terms of differentiation.

Mr. Weiner. The genesis of the question was a followup to the October 28 joint hearings with the Senate, where the Department did promise to study proprietary, and nonprofit care.

Dr. Cooper. There will be additional nursing home studies on the quality issue.

Mr. Weiner. And on home health care?

Dr. Cooper. We have a cohort to work with. I think among the issues that are being proposed in the Notice of Proposed Rulemaking that went out last fall was the question of allowing profitmakers to go into the home health business. The final regulations on that have not been completed. There was a lot of commentary. We hope there will be a lot more going into those regulations before they are completed.

Department of Health,
Education, and Welfare,
Washington, D.C., June 7, 1976.

Hon. Edward I. Koch,
House of Representatives,
Washington, D.C.

Dear Mr. Koch: As a follow-up to our telephone conversation, we have not changed our commitment to undertake a study of the quality of care in skilled nursing facilities classified by type of control, that is proprietary, voluntary, government and religious organizations. The special analysis that was done for you and sent to you last August 1, 1975 was based on the study of 288 skilled nursing facilities. These data had limitations because of the small numbers. We cautioned you about generalizing from these data and we recognize your wish to have a larger study undertaken.

We are taking the following steps to undertake a quality of care study based upon valid and reliable data:

1. Under Secretary Lynch announced the Department's Phase II of the Long-Term Strategy Campaign in February of this year that will introduce on a demonstration basis a patient assessment and care evaluation instrument that can be used to measure the quality of services delivered in skilled nursing facilities classified by type of control, proprietary, voluntary, government, and religious.

2. Additional items are now being added to the instrument to expand areas of nutrition, pharmacy, behavior, etc. The instrument will be tested initially in 200 facilities that have volunteered to participate this year. Extensive training of state and regional personnel and providers will be required. The facilities will be closely monitored to see that the instruments are being used correctly and the total effort will be thoroughly evaluated.

3. Hopefully, by March or April of 1977 additional facilities will be selected to allow a comparison of skilled nursing facilities by the four classifications mentioned previously. In order to obtain valid and reliable data based on 12 months data from this larger sample, we will make every effort to complete the analysis by early 1978.

You can be assured that once the report has had Departmental clearance, you will be the first to receive it.

Sincerely yours,

Faye G. Abdellah,
Special Assistant to the Under Secretary for Long-Term Care and Director, Office of Long-Term Care, PHS.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. DRINAN) is recognized for 5 minutes.

Mr. DRINAN. Mr. Speaker, during the voting on Monday's Suspension Calendar I neglected to cast my vote on H.R. 14299, the Veterans Disability and Survivor Benefits Act of 1976. I intended to vote "yea" on this measure.

LEGISLATION TO CREATE SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL

The SPEAKER. Under a previous order of the House, the gentleman from New York (Mr. WOLFF) is recognized for 10 minutes.

Mr. WOLFF. Mr. Speaker, yesterday I introduced House Resolution 1337 along with five primary cosponsors, Mr. BURKE, Mr. GILMAN, Mr. MURPHY of Illinois, Mr. RANGEL, and Mr. RODINO, to create a Select Committee on Narcotics Abuse and Control because of our concern over the current escalation of the problem of drug abuse. Today I am introducing 10 identical resolutions which contain the names of 220 cosponsors from all parts of the country and both sides of the aisle.

It is clear that we are now at a crisis period in our efforts to combat drug abuse. The number of heroin addicts in this country is growing geometrically. In just 3 years the decline by 50 percent in narcotics addiction which was achieved largely as a result of the ban on the growing of poppies in Turkey has been erased. We have learned that cutting off one source of supply only stimulates other producing areas. The simple conclusion is that drug abuse is dramatically rising. The addict population has soared over 500,000 and shows no signs of tapering off. There is chaos in the Federal handling of narcotics control policy by the 17 departments and agencies which share jurisdiction. While the budget for narcotics control has increased from $100 million in 1969 to over $750 million in 1974, the situation in all respects has continued to deteriorate.

The Select Committee on Narcotics Abuse and Control would help to coordinate congressional policy on all aspects of drug abuse. The select committee would enable the seven standing committees of the House which currently have jurisdiction over the many facets of drug abuse legislation to formulate a comprehensive plan to respond to the problem. We must strike a balance between what are now independent anti-drug abuse approaches. Federal programs which aim at reducing supply must be balanced against those which are geared toward eliminating demand. Programs of enforcement must be coordinated with programs of treatment and prevention. The select committee would bring together the interdependent approaches which comprise current policy and recommend to the standing committees a comprehensive congressional program.

The need for this select committee on narcotics is underlined by the drug abuse epidemic which is sweeping not only the urban centers of this Nation but the small towns as well. The startling statistics cry for a response: Over 5,000 American citizens, mostly young adults, die annually from the improper use of drugs; direct drug abuse costs to the Nation are $17 billion annually; and it is estimated that over one-half of all "street crimes," including robberies, muggings, and burglaries, are committed by addicts in support of their habits.

The Select Committee on Narcotics Abuse and Control would respond to the stark reality of this Nation's drug abuse epidemic by conducting a comprehensive investigation, study, and review of the problems of drug abuse and narcotics control. The select committee would investigate, among other facets, the relation of organized crime to the narcotics trade, the inability of the Federal enforcement program to put a dent in the international traffic, and the problem of drug abuse in the military and the impact which this has upon our national security.

The committee would serve a nonlegislative factfinding function for the House as a whole and its standing committees so that the Congress can more effectively address the long- and short-term aspects of drug abuse and thus fulfill its responsibility to the citizens of this Nation.

I have attached a copy of the resolution and a list of the current cosponsors. I invite all Members of the House to join with me in cosponsoring the resolution to create the Select Committee on Narcotics Abuse and Control.

The material follows:

H. RES. 1337

Resolved, That (a) (1) there hereby is established in the House of Representatives a select committee to be known as the Select Committee on Narcotics Abuse and Control (hereinafter in this resolution referred to as the "Select Committee"). The Select Committee shall be composed of 18 Members of the House.

(2) Members of the Select Committee shall be appointed by the Speaker of the House. One member of the Select Commitee shall be designated by the Speaker to serve as Chairman of the Select Committee.

(3) At least one member of the Select Committee shall be chosen from each of the following committees of the House: the Committee on Armed Services, the Committee on Government Operations, the Committee on International Relations, the Committee on Interstate and Foreign Commerce, the Committee on the Judiciary, the Committee on Merchant Marine and Fisheries, and the Committee on Ways and Means.

(4) Any vacancy occurring in the membership of the Select Committee shall be filled in the same manner as the original appointment.

(b) The Chairman of the Select Committee may establish such subcommittees of the Select Committee as he considers appropriate. Any such subcommittee shall be composed of not less than 4 members of the Select Committee.

SEC. 2. The Select Committee shall not have legislative jurisdiction. The Select Committee shall have authority—

(1) to conduct a continuing comprehensive study and review of the problems of narcotics abuse and control, including, but not limited to, international trafficking, enforcement, prevention, narcotics-related violations of the Internal Revenue Code of 1954, international treaties, organized crime, drug abuse in the armed forces of the United States, treatment and rehabilitation, and the approach of the criminal justice system with respect to narcotics law violations and crimes related to drug abuse; and

(2) to review any recommendations made by the President, or by any department or agency of the executive branch of the Federal Government, relating to programs or policies affecting narcotics abuse or control.

SEC. 3. (a) For purposes of this resolution, the select committee, or any subcommittee thereof authorized by the select committee, may sit and act at such times and places as it considers appropriate whether the House is sitting, has recessed, or has adjourned.

(b) For purposes of this resolution, the select committee, or any subcommittee thereof authorized by the select committee to hold hearings, may hold such hearings, and may require, by subpena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memorandums, papers, documents, and other exhibits and materials, as it considers necessary. Subpenas may be issued under the signature of the chairman of the select committee or any member of the select committee designated by him, and may be served by any person designated by such chairman or member.

(c) A majority of the members of the select committee shall constitute a quorum for the transaction of business, except that the select committee may designate a lesser number as a quorum for the purpose of taking testimony. The chairman of the select committee, or any member of the select committee designated by him, may administer oaths or affirmations to any witness.

(d) The select committee and any subcommittee thereof and its staff may conduct field investigations or inspections. Members and staff of the select committee may engage in such travel as may be necessary to conduct investigations relating to the purposes of this resolution.

SEC. 4. The select committee may employ and fix the compensation of such clerks, experts, consultants, technicians, attorneys, investigators, and clerical and stenographic assistants as it considers necessary to carry out the purposes of this resolution. The select committee may reimburse the members of its staff for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the select committee, other than expenses in connection with meetings of the select committee or any subcommittee thereof held in the District of Columbia.

SEC. 5. The provisions of clause 2(g) (1) of Rule XI of the Rules of the House shall apply to the Select Committee.

SEC. 6. (a) The Select Committee shall report to the House with respect to the results of any investigation conducted by the Select Committee, or any subcommittee thereof, under section 3(d).

(b) The Select Committee shall submit an annual report to the House which shall include a summary of the activities of the Select Committee during the calendar year to which such report applies.

(c) Any report of the Select Committee under this section which is submitted during a period in which the House is not in session shall be filed with the Clerk of the House.

LIST OF COSPONSORS

Mr. Wolff, Mr. Brademas, Mr. Burke of Florida, Mr. Phillip Burton, Mr. Delaney, Mr. Derwinski, Mr. Edwards of California, Mr. Foley, Mr. Frey, Mr. Gilman, Mr. McClory, Mr. McFall, Mr. Madden, Mr. Morgan, Mr. Murphy of Illinois, Mr. O'Neill, Mr. Price, Mr. Randall, Mr. Rangel, Mr. Reuss, Mr. Rodino, Mr. Staggers, Mr. Thompson, Mr. Vanik, and Mr. Zablocki.

Mr. Abdnor, Ms. Abzug, Mr. Addabbo, Mr. Alexander, Mr. Allen, Mr. Ambro, Mr. Annunzio, Mr. Ashley, Mr. Aspin, Mr. Badillo, Mr. Baucus, Mr. Beard, R.I.; Mr. Benitez, Mr. Bergland, Mr. Biaggi, Mr. Bingham, Mrs. Boggs, Mr. Bonker, Mr. Brinkley, Mr. Brown of California, Mr. Buchanan, Mr. Burgener and Mr. Burke of Massachusetts.

Mr. John Burton, Mr. Byron, Ms. Chisholm, Mr. Clancy, Mr. Clay, Mr. Cochran, Ms. Collins, Mr. Conte, Mr. Conyers, Mr. Corman, Mr. Cornell, Mr. Crane, Mr. Dan Daniel of Virginia, Mr. Daniels, Mr. Danielson, Mr. Davis, Mr. de la Garza, Mr. Dellums, Mr. de Lugo, Mr. Dent, Mr. Dickinson, Mr. Diggs, Mr. Dodd and Mr. Downey.

Mr. Downing, Mr. Drinan, Mr. Duncan of Tennessee, Mr. Duncan of Oregon, Mr. Edgar, Mr. Edwards of Alabama, Mr. Eilberg, Mr. Fary, Ms. Fenwick, Mr. Findley, Mr. Fish, Mr. Fisher, Mr. Flood, Mr. Florio, Mr. Flowers, Mr. Flynt, Mr. Ford of Tennessee, Mr. Forsythe, Mr. Fraser, Mr. Fuqua, Mr. Gibbons, Mr. Gonzalez, Mr. Goodling and Mr. Gradison.

Mr. Gude, Mr. Guyer, Mr. Haley, Mr. Hall, Mr. Hamilton, Mr. Hanley, Mr. Harris, Mr. Hayes, Mr. Heinz, Mr. Hillis, Ms. Holtzman, Mr. Howard, Mr. Hughes, Mr. Ichord, Mr. Jacobs, Mr. Jenrette, Mr. Johnson of Pennsylvania, Mr. Johnson of California, Mr. Jones of Oklahoma, Mr. Jones of Alabama, Mr. Jones of North Carolina, Ms. Jordan, Mr. Kastenmeier, Mr. Kazan, and Mr. Kemp.

Ms. Keys, Mr. Koch, Mr. Krebs, Mr. LaFalce, Mr. Lagomarsino, Mr. Landrum, Mr. Latta, Mr. Leggett, Mr. Lehman, Mr. Lent, Mr. Levitas, Mr. Lloyd, Mr. Long of Maryland, Mr. Lujan, Mr. Lundine, Mr. McCloskey, Mr. McDade, Mr. McEwen, Mr. McKinney, Mr. Maguire, Mr. Mathis, Mr. Mazzoli, Ms. Meyner and Mr. Mezvinsky.

Mr. Michel, Mr. Mikva, Mr. Mills, Mr. Mineta, Mr. Minish, Mr. Mitchell of New York, Mr. Mitchell of Maryland, Mr. Moakley, Mr. Montgomery, Mr. Moorhead of Pennsylvania, Mr. Moss, Mr. Mottl, Mr. Murphy of New York, Mr. Murtha, Mr. Myers of Indiana, Mr. Natcher, Mr. Neal, Mr. Nedzi, Mr. Nichols, Mr. Nix, Mr. Nowak, Mr. O'Brien, Mr. Ottinger and Mr. Patten.

Mr. Patterson of California, Mr. Pattison of New York, Mr. Pepper, Mr. Peyser, Mr. Pickle, Mr. Pike, Mr. Pritchard, Mr. Railsback, Mr. Richmond, Mr. Rinaldo, Mr. Roe, Mr. Rooney, Mr. Rose, Mr. Rosenthal, Mr. Rostenkowski, Mr. Roybal, Mr. Russo, Mr. Russo, Mr. Sarasin, Mr. Sarbanes, Mr. Scheuer, Mr. Seiberling, Mr. Simon, Mr. Slack, and Mr. Snyder.

Mr. Solarz, Ms. Spellman, Mr. Spence, Mr. J. William Stanton, Mr. Stark, Mr. Steed, Mr. Stephens, Mr. Stokes, Mr. Symms, Mr. Traxler, Mr. Udall, Mr. Vander Veen, Mr. Waggonner, Mr. Walsh, Mr. Waxman, Mr. Whalen, Mr. White, Mr. Whitehurst, Mr. Whitten, Mr. Bob Wilson of California, Mr. Wilson of Texas, Mr. Charles Wilson of California, Mr. Winn, and Mr. Won Pat. Mr. Yates, Mr. Yatron, Mr. Young of Florida and Mr. Zeferetti.

INFLATION ACCOUNTING: ANOTHER CORPORATE ASSAULT ON THE TAX SYSTEM?

The SPEAKER. Under a previous order of the House the gentleman from Ohio (Mr. VANIK) is recognized for 10 minutes.

Mr. VANIK. Mr. Speaker, for some time I have been watching a disturbing development in the accounting profession. There now is a concerted effort by academicians, accounting firms, and regulatory authorities to adopt some radically new model of inflation-based accounting. I am disturbed by this development because it signals that the profession has lost its bearings: it is spending too much time and effort to resolve the transitory problem of inflation while other, more serious problems of the profession go unattended.

WHAT IS INFLATION-BASED ACCOUNTING?

The goal of this reform movement in accounting is the development of a new accounting model which records asset values and income more accurately in a period of high inflation. Currently, all financial statements represent a record of financial transactions based on historical costs. If company A buys a stamping machine in 1960 for $200,000, that machine appears on company A's balance sheet at that cost less accumulated depreciation.

In recent years, however, many businessmen and financial analysts have complained that reliance on historical costs actually overstates business profits. The reason is simple: Revenues are measured in current dollars, while costs—including depreciation—are measured in less valuable dollars of an older vintage. The result is, these critics claim, that financial statements based on historical costs do not measure a firm's true economic income. Further, they maintain these statements distort any assessment of a company's ability to continue as an ongoing concern, because they offer no assurance that a company is generating sufficient revenue to replace its retiring assets.

On the surface this problem seems simple enough to resolve. All that is needed is the development of some new accounting techniques which will allow a more accurate matching of revenues and expenses. Unfortunately, the solution is much more complex and controversial, as I shall explain.

What concerns me about the current preoccupation to resolve this issue of inflation is that the accounting profession is neglecting to address more critical areas of confusion and concern in the preparation of financial statements. Evidence abounds that accountants have failed to develop effective standards of accounting practice and insure that these standards are applied rigorously. The Penn Central fiasco, the Equity funding fraud, and the confusion over Lockheed defense contracts all are notorious examples of failures by the accounting profession to alert the investing public of accurate business conditions.

If my concern stopped here, I would not be so shaken by this new infatuation with inflation accounting. But I see the stage being set for another assault by the corporate sector on the integrity of our tax system. I am concerned that the looseness and subjectivity which will inevitably arise with inflation-based financial statements will lead to wholesale abuse of our tax laws by corporations. The endless legal and administrative complexities which will arise threatens to undercut the efficiency and effectiveness of our tax system as well as reduce Federal revenues by billions of dollars.

THE STRUCTURE OF THE ACCOUNTING PROFESSION

Understanding how accounting rules are changed requires as a first step some knowledge of the structure and operation of the accounting profession. The foundation of accounting rests on a set of "Generally Accepted Accounting Principles"—GAAP. These principles serve as general guides to action. As such, these principles are not detailed prescriptions of how each financial transaction should be recorded.

Currently, these principles are established by the Financial Accounting Standards Board—FASB—which was created in 1973. The FASB is composed of seven full-time accountants who examine and propose solutions to various accounting problems. Although companies are not legally bound to follow the principles promulgated by the FASB, there are strong pressures to do so. Auditing by the American Institute of Certified Public Accountants is conducted according to GAAP. In addition, the Securities and Exchange Commission requires that reports filed with the Commission must be prepared in accordance with GAAP.

In addition to the FASB and the SEC, there are other regulatory agencies such as the FPC and the ICC which prescribe accounting rules for the companies they regulate. Of principal importance is the Cost Accounting Standards Board—CASB. The CASB is headed by the Comptroller General and is charged with the responsibility of setting accounting standards to govern defense contracts. In addition, CASB regulations are followed by contracts negotiated by the General Services Administration.

In summary, although the accounting profession defines acceptable procedures in terms of principles promulgated by the FASB, it is not monolithic. Pressure to change these principles can come from any one of a number of sources, including the FASB, the SEC, and the CASB. Indeed, the move toward inflation-based accounting is currently coming from all of these sectors.

PROPOSALS TO PROVIDE FOR INFLATION-BASED ACCOUNTING

There are two basic approaches that are currently being discussed to adjust financial statements for the impact of inflation. The first is referred to as general price level adjustment. This approach, advocated primarily by the FASB, would take financial statements as they are now prepared—that is, according to historical costs—but restate them each accounting period to reflect the declining purchasing power of the dollar. This restatement is accomplished by applying an index based on the GNP implicit price deflator.

A simple example will demonstrate how financial statements adjusted to general price level changes would be constructed. Company B purchases a plant for $100,000 in 1958. The Commerce Department's implicit price deflator for that year equated 100. That same $100,000 would be restated in 1973 by multiplying the original cost of the plant by the price deflator in 1973—158—and dividing it by the price deflator in 1958: $100,000 times 158, divided by 100 equals $158,000.

Under a general price level adjustment, this same plant would be restated as $158,000 in 1973. Price level adjustments would be made on each asset on the company's balance sheet. For each accounting period a company's income statement would include gains or losses to the company from price level adjustments.

The second approach to inflation accounting is referred to as current value accounting. The goal of this procedure is to restate the financial statements to reflect the current value of resources and obligations of a company. The difference between current value accounting and price level adjusted financial statements is important to understand. Price level adjusted statements are based on historical cost with adjustments for the general decline in purchasing power for the dollar. Current value statements attempt a more sophisticated goal. These statements are based on an assessment of the current value of a company's assets and liabilities. The primary proponent of this approach to inflation accounting has been the SEC. In addition, the CASB has proposed new depreciation rules to allow government contractors to adjust depreciation charges to reflect replacement values.

Through an example it is easier to understand how a current value approach would work. Defining the current value of a particular asset is difficult, but a close approximation can be made by determining the replacement cost of the asset. In other words, what would a company have to pay today to purchase an asset with the same productivity as an asset it currently owns? For example, company C owns a metal stamping machine which it purchased in 1963 for $80,000. The same machine today cost $120,000. The replacement value of company C's machine therefore is $120,000.

IMPACTS ON THE INCOME STATEMENT—DEPRECIATION AND COST OF GOODS SOLD

Restatement of asset values whether by price level adjustments or by current value valuation will have an impact on two primary classes of assets—inventories and property, plant, and equipment. Correspondingly, the impact on the company's income statement of these revalued assets will be felt through larger expenses charged for cost of goods sold and depreciation. In attempting to match current costs with current revenues, each approach will result in a lower operating income for the company. With price level adjustment, these expense items are adjusted and restated by using the inflation index. In current value accounting these expense items are calculated on the basis of the current replacement cost of inventory and fixed assets.

These adjustments to the income statement represent a radical departure from conventional accounting concepts. Under either inflation accounting approach current expenses are arbitrarily calculated and charged against current income. These expenses have little if any relationship to the investment actually made by the company in inventories or property, plant, and equipment. It is precisely this point which concerns me most about inflation accounting models. I would like to illustrate my concern by turning in more detail to specific criticisms of these two new methods of accounting.

THE INHERENT WEAKNESSES OF INFLATION ACCOUNTING

Inflation is a complex economic phenomenon. Its impact varies from one sector of our economy to another. Even within companies, the inflationary effects can vary significantly from one line of business to another. Consequently, it is misleading to imply, as price level adjustments do, that the impact of inflation is uniform across the a company and, more broadly, the economy. The danger of adopting a general price level adjustment approach, as advocated by the FASB, is that misleading information will result. As John C. Barton, chief accountant at the SEC has noted:

> (General price level accounting) will have . . . a significant potential for misleading investors arising out of the fact that it will appear to be an improvement when it is in fact not. The danger is particularly acute if the . . . system is annointed by the FASB as constituting significant and valuable new information.

Mr. Barton advocates as an alternative the use of replacement value accounting techniques to adjust statements for inflation. Replacement value techniques, as we have seen, avoid the overly simplistic approach of price level adjustments by calculating the replacement value of each asset or class of assets. In doing so, however, this approach relies almost entirely on an accountant's judgment to determine replacement values. Gone is any objectively verifiable basis for auditing financial statements. As the result, these statements are open to manipulation and deception.

For example, there are some industries such as natural gas distribution companies which have many investments in especially long-lived assets. An underground storage facility may have been built by a company during the 1930's but have an economic life which for all practical purposes is limited. To restate the value of this facility at current replacement costs would enormously distort the asset base of this company. What is more serious, estimating the replacement value of the asset.

There are other problems. With rapidly changing technology in many industries, replacement value becomes a difficult if not irrelevent concept. Consider, as an example the semiconductor industry. Semiconductors are the key components for minicomputers, digital watches, and calculators. In this industry technology is changing so rapidly that basic manufacturing processes are quickly becoming obsolete. As the result, any concept of replacement cost would be virtually impossible to apply to the assets of firms in this industry.

INFLATION ACCOUNTING: THE TAX ANGLE

Inflation accounting has significant implications for the way in which taxes are computed. This critical point has not been lost by the advocates of this new approach. In its proposal the SEC states:

> The Commission has noted the development of proposals to permit business entities to calculate depreciation for tax purposes on the basis of current replacement cost. Such an approach would reflect in the calculation of taxable income the current value of capital consumed. The development of regular replacement cost data on a systematic basis for reporting to investors will enable the makers of tax policy to determine explicitly the present taxes on economic capital and to estimate the cost of alternatives. It would also assist corporations in creating a data base which may ultimately be used for tax reporting purposes.

Lewis Mullen, an advocate of price level accounting makes the same point, but more snidely. Writing in the Journal of Accountancy, he states:

> (Price level adjustments) could be used as a basis for income taxation . . . However, many elected and appointed government officials will oppose this step as it might decrease their power to manipulate the nation's economy.

Mr. Mullen has correctly predicted my opposition to inflation accounting, but has cited the wrong reason. The plain fact of the matter is that inflation accounting is a premature, imprecise, and undeveloped method for recording basic business facts. To insist that any system of inflation accounting can afford the accuracy and fairness needed for the efficient operation of our tax system is simply foolish. My years on the Ways and Means Committee have exposed me to the many appeals of business—from corporate tax "reform" to the need for capital formation—which have served as a guise for reducing the tax contribution of American business. In this respect I see inflation accounting as another in a long line of attempts to minimize corporate taxation through backdoor gimmickry.

Mr. Speaker, in a forthcoming statement I will outline my proposed alternatives to direct the accounting profession to more productive and important issues.

FEDERAL COAL LEASING ACT NOW BEFORE PRESIDENT FORD

The SPEAKER. Under a previous order of the House, the gentleman from Wyoming (Mr. RONCALIO) is recognized for 15 minutes.

Mr. RONCALIO. Mr. Speaker, on Monday, the Senate passed for White House approval S. 391, the Federal Coal Leasing Amendments Act of 1975. It is our H.R. 6721.

This bill, long overdue, will substantially revise the current Federal coal leasing program toward a more responsible protection of the public's interest in Federal coal and revise the royalty distribution formula.

No single piece of legislation in recent years is more important to my State of Wyoming or to other public land States in the West which are experiencing or anticipate accelerated development of Federal coal deposits.

This legislation, besides revising the

coal leasing procedures, will increase the amount of royalties returning to the public land States from 37½ to 50 percent. It will also change the Federal minimum royalty from 5 cents per ton to 12.5 percent of the value of the coal.

Western States have been seeking increases in their share of royalties for many years. At last that goal is in sight and it could not be here at a more appropriate time. My State and those other Western States with large Federal coal deposits are experiencing massive population growth impacts due to increased coal mining activity. The Federal Government has adopted a policy of coal priority in meeting domestic energy needs but it has failed to couple with that any assistance to local towns, counties, and States which must bear the hardships of providing housing, medical and health services, water and streets, police and fire protection, and schools. This bill, S. 391, will provide the kind of additional funds immediately which can direct assistance through local and State priorities to those communities experiencing the strains of energy resource related growth.

The support for S. 391 in Wyoming crosses party lines and philosophies. It provides help in the best possible way by allowing local decisions to establish priorities in how the moneys should be related growth.

To my disappointment, though, the Office of Management and Budget and the Department of the Interior have voiced their opposition to this bill. In a letter to the House Interior Subcommittee on Mines and Mining, Secretary of the Interior Kleppe noted the major objections to the bill. Those objections are specious and are hereby refuted, they appeared in Monday's RECORD at page 19379.

I would like to comment on each of the 13 points raised by the Secretary in that letter.

KLEPPE POINT NO. 1

Payment to States: The Interior Department opposes the increase in return of royalties to the States from Federal minerals. Secretary Kleppe notes that payments "will likely bear no relationship either in amount or timing to problems of social and economic impacts." He also opposes any restrictions whatsoever on the individual States on how they can spend any part of the royalties received.

Rebuttal: Nowhere has the Federal Government made a commitment of the size or nature required to cope with the massive growth and impacts being experienced and anticipated directly related to coal and energy development in the West. The administration has emphasized the use of coal as a means of minimizing our dependence upon foreign oil and gas and for solving energy shortages domestically. The coal shift has been a national priority, and especially where Federal lands or Federal coal is concerned, efforts to ease the people impacts of coal development should also be a national priority.

By increasing the amount of Federal royalties returned to the States, moneys will be provided directly from the coal and energy production itself to deal with the problems associated with energy related growth. This approach has two distinct advantages:

First. The individual States experiencing massive energy development and its related impacts will be able to determine for themselves where the needs are greatest and where priorities for financial assistance should be made.

Second. Energy companies have for the large part expressed a concern and a willingness to assist in resolving impact problems to local communities near their operations. The costs in doing so become a part of the costs of their operation. But many of the impacts associated with energy development are more than local in nature. A statewide coordinated effort will be possible under this legislation for dealing with dramatic population growth rather than the piecemeal attempts in individual communities and with the localized projects enjoying cooperation from the coal companies.

The restrictions which remain on the original 37½ percent royalties for schools and roads at the discretion of the State legislature are essential. In the Western public land States, there is often no alternative to highway travel and shipment of goods. Furthermore, education has relied upon these moneys. Both transportation and education must continue to remain among the highest priorities and with the strong competition which will come into play for impact assistance moneys, it is important to preserve this historical source of funds for schools and roads.

The costs for increasing the royalty distribution to the States will come from the antiquated reclamation fund–having nothing to do with mine reclamation, but with Bureau of Reclamation projects. Ever since the construction of Boulder Dam, general appropriations and the U.S. Treasury have been the primary source of funds for construction of major Bureau of Reclamation projects, not the reclamation fund.

In fact, revenues from power sales have been the major source of income for the fund. Furthermore, there can be no direct correlation between increased amounts of revenues being received because of increased coal activity on the Federal lands and development of Bureau of Reclamation projects. With the increased coal and energy development and the increase in the Federal minimum royalty, sufficient funds should be covered in the reclamation fund even if that fund only receives 40 percent rather than 52½ percent of royalties received.

According to the Council on Economic Priorities, over the last 54 years the Federal Government collected a total of $23,373,920 in royalty payments from a total production of 189,099,653 tons of coal. At 52½ percent, the reclamation fund would have received $12,271,308. From all minerals, Wyoming has contributed $498,090,087 into the reclamation fund since its inception. By Wyoming coal company estimates, we might expect up to 240 million tons to be produced per year by 1985 in Wyoming. The reclamation fund will prosper even at 40 percent of Federal royalties.

KLEPPE POINT NO. 2

Twelve percent minimum royalty: Interior says 12½ percent is too high, and advocates a minimum 5 percent royalty.

Rebuttal: First, 12½ percent is in line with royalty rates charged by the Western States and Indian tribes. Montana has a 10 percent royalty, Wyoming 8 percent, Colorado 8 percent, Utah 8 percent, and the Zuni Indians 10 percent, the Navajo 10 percent and the Northern Cheyenne are trying for 10 percent. In addition the States have severence and ad valorem taxes that make the total tax bit anywhere from 20 to 45 percent. Thus, in Montana, for instance, it is difficult to argue that a 2½ percent increase over State royalty rates will discourage coal leasing and development when the total tax bill would only rise from 40 percent on State lands to 42½ percent for Federal coal. For Wyoming in 1976 the total bite for State lands would be 18.8 versus 23.3 percent for Federal lands.

Second, section 39 of the 1920 Mineral Leasing Act—a section that will not be changed by H.R. 6721—will allow the Secretary to waive, suspend, or reduce the 12½ percent minimum royalty "for the purpose of encouraging the greatest ultimate recovery of coal." Therefore the 12½ percent minimum royalty is not absolute.

Third, H.R. 6721 provides that a royalty of less than 12½ percent can be set for underground mines.

Fourth, 50 percent of the Federal 12½ percent royalty will be returned to the States anyhow under the provisions of H.R. 6721.

Fifth, Detroit Edison, which has been buying Montana coal for over 30 years, estimates that the new Montana 30 percent severance tax will add only $3.88 to the average residential consumer's electric bill per year.

KLEPPE POINT NO. 3

Federal exploration program: DOI opposes the comprehensive Federal exploration provisions of section 7 of H.R. 6721.

Rebuttal: An April 1st GAO report bemoans Interior's lack of data to support a renewed coal leasing program, and strongly recommends an accelerated drilling program prior to resumption of leasing.

Interior itself is carrying on a core drilling program which will do exactly what it condemns in section 7 of H.R. 6721. Interior has projected the need for $16.9 million for this program by 1979, and would like additional funds to enable accelerated drilling. In addition, USGS has informed the Mines and Mining Subcommittee that additional drilling on specific lease sites will be conducted in the summer drilling season preceding the lease sale to provide adequate data for DOI to estimate a fair market value for the tract. It would appear to make more sense to conduct this drilling as part of H.R. 6721's comprehensive program so that the data generated will be available for land use planning and tract selection rather than purely for fair market value determination.

The data generated by the Federal program, will have to be gathered anyhow—if not by the Government, by private industry—so the ultimate cost to the consumer will be the same. The H.R. 6721 approach would give Interior the benefits of having this information prior to coal leasing tract selection—this should aid intelligent and environmentally sound land use planning.

KLEPPE POINT NO. 4

Public hearings: DOI objected to H.R. 6721's requiring public hearings prior to land use plan adoption, and prior to the lease sale. They suggested that the hearings be consolidated.

Rebuttal: The Department's new EMARS process—published May 24, 1976—also provides opportunity for two public hearings—one on lease tract nominations, and one on environmental impact statements—regional or site specific—on proposed leases. Thus, while the hearings requirements are not absolutely identical in their timing, H.R. 6721 and DOI's EMARS process seem to be reasonably consistent.

KLEPPE POINT NO. 5

Antitrust provision: The Department does not like the antitrust provisions of section 15 of H.R. 6721.

Rebuttal: The Secretary should give attention to antitrust matters. In addition, the Attorney General should have access to leasing decisions so that he can examine antitrust implications. H.R. 6721 does not require the Attorney General to act on information submitted to him—the Attorney General can let the information sit on his desk for 30 days and give no reply, in which case the Secretary of the Interior is free to proceed with leasing. Thus, it cannot cogently be argued that section 15 is the administrative roadblock and nightmare which DOI alleges it to be.

KLEPPE POINT NO. 6

LMU acreage limit: DOI does not want a size limit on logical mining units—they claim some LMU's they have planned will be larger than 25,000 acres.

First, 25,000 acres equals 39 square miles. This is a lot of land, even in acres where coal seams are relatively scarce or thin. Based on information pertaining to the average number of tons underlying an acre of land in key Western counties and areas, the following amounts of coal would be available for mining on a 25,000-acre LMU—strippable reserve only:

Campbell County, Wyo., 3 billion tons.
Johnson County, Wyo., 6 billion tons.
Sheridan County, Wyo., 750 million tons of coal.
Sweetwater County, Wyo., 450 million tons.
Jackson County, Colo., 800 million tons.
Montrose County, Colo., 250 million tons.
Powder River County, Mont., 1 billion tons.
Custer County, Mont., 500 million tons.
San Juan County, N. Mex., 450 million tons.
Garfield County, Utah, 2 billion tons.
Emery County, Utah, 200 million tons.
Billings County, N. Dak., 450 million tons.

These estimates are normally low, sometimes by a factor of 10. A very large—2,000 megawatt—plant would consume only 280 million tons over a 40-year period. A very large mine—Belle Ayr, Wyo.—is planning to mine only 15 million tons per year starting in 1977 and continuing for 20 years—about 300 million tons, or 450 million tons over a proposed 30-year life of a large mine. Clearly this shows that even the counties with a low average of coal-tons per acre could sustain the largest mines, especially in view of the fact that the estimates are normally much lower than subsequent discovery proves out.

Second, if LMU's are allowed to exceed 25,000 acres, only the very largest coal mining companies will have the capital and equipment to be able to operate them. This will not promote competition in the mining industry. The Department mentions that a 25,000 acre limit will prohibit the "economies of scale" that can be achieved by developing larger units. They ignore that if leasing is to be conducted on this basis, then, only the largest corporate entities will be able to operate LMU's.

Third, given the fact that H.R. 6721 requires LMU reserves to be completely mined within 40 years, 25,000 acres should contain plenty of coal. Some of DOI's larger—60,000—acreage LMU's have a proposed life of 60 years—they would not be allowed such a life span under section 5, H.R. 6721, and unless they covered two States would also violate the 46,080 acre per State limit for Federal lands.

Fourth, a tract greater than 25,000 acres could be leased as H.R. 6721 limits lease size only to "such size as he (the Secretary) deems appropriate and in the public interest." Thus, up to 42,080 acre tract in any one State can be leased if it is absolutely necessary and in the public interest.

OTHER KLEPPE OBJECTIONS

Since the date of Secretary Kleppe's letter, Mr. HECHLER's amendment to H.R. 6721 on the House floor reduced the period within which coal leases would have to be producing in "commercial quantities" from 15 to 10 years. This amendment is considered by many to be overly harsh. They argue it may be impossible to comply with this provision in many cases—and, therefore, that many leases would be automatically terminated.

Rebuttal: First, Interior's new "diligent development" regulations require production of at least 2½ percent of total lease reserves by the end of year 10 of the lease. This 2½-percent requirement can arguably be viewed as harsher than the H.R. 6721 requirement that coal be produced in "commercial quantities" by the end of year 10. The regulations, however, provide for a 5-year extension of the 2½-percent requirement in certain cases—or a total of 15 years until 2½ percent must be mined.

Second, if the 10-year period of H.R. 6721 proves to be too short, Congress can change it at a later date. There has been much debate as to whether all mines can get into production in 10 years, and Congress may have to provide an extension, but the 10-year provision should at least be given a trial run.

OTHER OBJECTIONS

Secretary Kleppe's letter raised several other objections to provisions of H.R. 6721—Kleppe points 7–13. These are relatively minor in importance, however, and will most likely not figure into the President's decision as to whether to veto the bill. I nevertheless include them.

TRACTS RESERVED FOR PUBLIC BODIES—POINT 7

This is designed to:

First. Promote competition in the coal industry by assuring that public bodies can get Federal coal leases at reasonable prices, so that they may have access to reasonably priced fuel for their plants.

Second. In theory, they have less capital available for bidding on coal lands, and it is desirable to protect them from having to bid with energy giants which might be better able to afford a larger bonus.

Third. While the Secretary presently has authority to lease coal to such public bodies pursuant to section 8 of the Mineral Leasing Act, and this authority would not be repealed by H.R. 6721, he is not required to do so. H.R. 6721 assures that he will reserve a reasonable number of tracts for offering to public bodies.

Fourth. Obviously, if a public body can get coal more cheaply through an existing mine operated by private enterprise it will not need to avail itself of this provision.

DEFERRED BONUS PAYMENTS—KLEPPE POINT NO. 8

The Committee on Interior and Insular Affairs carefully debated this issue and decided that deferred bonus payments were desirable so that smaller companies could bid on Federal leases without having to put up a large amount of front end capital. This means that bonus payment can be postponed until production occurs and the mine operator has some revenues with which to pay off the bonus. It is an essential provision of the bill's efforts to increase competition in bidding and in the coal industry in general.

MINING AND OPERATION PLAN—KLEPPE POINT 9

Hopefully, corporations or individuals will not lease a tract of Federal lands unless they have specific plans to develop the tract. Certainly they should be able to establish an operating and reclamation plan within 3 years. Sometimes approval of the plan can be a long and drawn out process, and, therefore, the law should create an incentive to plan early and well. Under newly adopted DOI policy, a lessee must begin to pay advance royalties on a schedule sufficient to exhaust the deposit within 40 years—this payment starts in year 6 of the lease and in an amount calculated as if 1 percent of the lease reserves were actually being mined in that year. The payment escalates by one-half percent per year. Proposed DOI regulations would require production of one-fortieth of lease reserves by the end of year 10. Given these incentives to lease development, it is entirely reasonable to require submission of an operating and reclamation plan by the end of year 3. This provision was carefully worked out in committee.

DEPARTMENTAL REPORT—KLEPPE POINT 10

Although many of the statistics and information may be published elsewhere, Congress would like to have it all in a consolidated report. In addition, Congress wants the report to contain a report by the Attorney General on competition in the coal industry and an analysis of antitrust matters. Surely this is not too much to ask. In addition, the report would ask for the Secretary's recommendations to Congress for improvements in the coal leasing program—one would hope that this will be more specific than the information and statistics contained in "Public Land Statistics," and "Federal and Indian Lands, Phosphate, Potash, Sodium, and Other Mineral Production, Royalty Income, and Related Statistics."

PRODUCTION REQUIREMENTS—KLEPPE POINT 11

The 15-year production requirement of section 6, page 28, lines 9-11, would not be applicable to existing leases except to the extent they were included in a logical mining unit, or it is included in the lease upon the next scheduled readjustment of lease terms. The section 3 requirement that new leases not be issued to corporations holding a lease or leases for 15 years without production in commercial quantities obviously applies only to existing leases. Further, it will not come into force until 1991—15 years from 1976, assuming H.R. 6721 is enacted in 1976. In 1991, the Secretary will not be allowed to issue a lease to any corporation which has held a lease existing on the date of enactment of H.R. 6721, if that corporation holds a Federal lease which has not produced in commercial quantities for a period of 15 years. Mr. Kleppe states—

> We believe that the correct approach should be to require that nonproducing leases be subject to cancellation after 15 years.

This is exactly what H.R. 6721 does for new leases, and what the Secretary can do to existing leases under the "diligent development" requirements of present law—but which he has never done. Under H.R. 6721, a lease does not become "inactive"—Kleppe, last line of point 10—after 15 years without production—it terminates—by law.

STUDY OF RECOVERY METHODS—KLEPPE POINT 12

This study—pages 22-3, lines 23, 5, 1, 5—is designed to provide a written basis for evaluating any subsequent methods of mining which are submitted by the lessee as part of his operation and reclamation plan. If the maximum economic recovery of the leased Federal coal resource is to be accomplished, the Secretary will have to make an independent analysis of the best mining method necessary to achieve this goal. Otherwise he will have to rely entirely on industry's suggested methods—methods which might not achieve maximum economic recovery. H.R. 6721 does not want to leave all "economic decisionmaking" regarding lease development to the mine operator, as his interests possibly would not require the maximum economic recovery of the coal resource. The Secretary will have to conduct such a study mentally anyhow, as he will not be permitted to approve a mining plan which does not achieve maximum economic recovery. Putting his thoughts in writing should not be overly burdensome, and will provide a permanent record of the Secretary's thinking as to which mining techniques, or combination of techniques, are best used on a particular tract.

STATEWIDE LICENSE—KLEPPE POINT 13

These are two ways of saying the same thing. If the Department is so concerned, their language could be substituted in conference. In either case, I think it is clear that an exploration license will be valid in one State only, and a person wishing to explore in another State should get a license for that particular State.

PRESIDENT SHOULD SIGN S. 391

In conclusion, Mr. Speaker, I urge the enactment into law of S. 391, and I commend to my colleagues their urging President Ford to sign this bill in the next few days.

A Senate letter of my colleague Senator HANSEN, of Wyoming, and an item from today's Wall Street Journal complete this report:

U.S. SENATE,
Washington, D.C., June 23, 1976.

The PRESIDENT,
The WHITE HOUSE,
Washington, D.C.

DEAR MR. PRESIDENT: We urge you to sign into law the Federal Coal Leasing bill, S. 391, as amended and recently passed by Congress.

S. 391 is designed to eliminate the speculative holding of Federal coal leases and to ensure that they will be developed on a timely basis and in a manner which is of benefit to the public. These lands are owned by the people and subject to the Mineral Leasing Act of 1920. We must have an equitable coal leasing policy. We must have increased coal production from our public lands to help meet our national energy needs. We must set environmental parameters for the taking of coal from these lands.

We also must have a fair and decent return from coal and mineral production to the U.S. Treasury and to the States which are and will be most affected by Federal coal mining.

There is no other substantial Federal assistance available to the coal producing states to deal with the projected and already occurring population increases occasioned by mineral extraction. The new financial assistance provision in this bill could help with an orderly, stable transition and mitigate the dramatic and often traumatic social changes.

In short, the help offered in S. 391 is badly needed. Again, we respectfully request that you sign this bill.

With kind regards,
Sincerely,

CLIFFORD HANSEN.

[From the Wall Street Journal, June 23, 1976]

CONGRESS GRASPS AT HALF A LOAF ON COAL, VOTES LEASING BILL IGNORING STRIP MINING

WASHINGTON.—A frustrated Congress is trying to win just a partial victory in its long battle with President Ford over who writes the rules governing coal mining on federal lands.

The lawmakers twice last year passed legislation regulating strip mining on public and private land, and the President successfully killed it with vetoes both times. Then the Senate last year tried a new strip-mining ploy that finally failed this week, leaving rulewriters at the Interior Department in control on that part of the battlefield.

The federal government owns about half the nation's recoverable coal reserves, mostly in Western lands. The Interior Department has had a moratorium on leasing this federal coal for production, while new rules were being devised over what's expected of the mining companies .

The Senate last summer wrote its own rules governing royalties and production performance, hoping to supersede rules being written by the Ford administration. To that bill the Senate attached the vetoed set of requirements for repairing the landscape after strip mining. These would apply only to coal leased on federal land.

The House later passed a similar version of leasing rules, but it scuttled the Senate's strip-mining requirements. House strategists wanted instead to try to pass for a third time a general strip-mining bill applying to all land. However, this effort was scotched by the House Rules Committee, which prevented the third bill from coming to a floor vote.

This week Sen. Lee Metcalf (D., Mont.) gave up, at least for this year. "I have concluded that prospects for timely enactment of stripmines legislation in this Congress are not bright," he told the Senate. At his request, the Senate then concurred in the House version of the bill dealing with federal coal-leasing rules, sending the measure to the White House.

It's generally expected that this too, will be vetoed. Interior Secretary Thomas Kleppe has complained that the bill sets the royalties too high and puts too tight a limit on acreage that could be mined in any single block of land.

But Sen. Metcalf and his allies think the veto can be overridden, because the coal-leasing bill was approved by both houses by over-whelming margins. If so, that would supersede a set of coal-leasing rules adopted by Mr. Kleppe's department last month. Under these rules, the Interior Department plans to charge mining companies royalties coming generally to 8% of the value of the coal. In its bill, which would prevail if a veto is overridden, Congress wants to charge a maximum of 12.5%.

Regardless of whether a veto is overridden, the Interior Department's rules governing strip mining on federal leases, also adopted last month, will prevail. Like the vetoed legislative requirements, these would make a mining company restore the land to about its original contour after removing the coal. However, the department's rules contain other provisions that Mr. Kleppe says will allow more coal to be produced than would have been possible under the congressional restrictions.

Despite Sen. Metcalf's pessimism, still another effort is under way in the House Interior Committee to draft a new general strip-mining bill. Sponsors are trying to wrtie it in a way that will meet the Rules Committee's objection but the prospects are uncertain.

BINGHAM URGES PROMPT ACTION ON THE OUTER CONTINENTAL SHELF AMENDMENTS

The SPEAKER. Under a previous order of the House, the gentleman from New York (Mr. BINGHAM) is recognized for 5 minutes.

Mr. BINGHAM. Mr. Speaker, It is time that we took prompt action to pass the Outer Continental Shelf Lands Act Amendments of 1976, a good bill which goes far toward remedying the inadequacies of the 1953 act. Speedy passage is essential; it will expedite development and production of the oil and gas resources of the OCS while at the same time safeguarding the environment, the prerogatives of the State and local governments, and free competition for leases.

These reforms are long overdue. In October 1974 I introduced legislation to amend the 1953 OCSLA Act. I—and others introducing similar legislation—was impelled by a sense of real urgency. In April 1973 President Nixon proposed the rapid acceleration of OCS leasing and in October of that year the Arab oil embargo was put into effect. It was estimated that by 1985 OCS oil and gas might well account for 25 to 33 percent of all domestic production. But events, and particularly those surrounding the Santa Barbara oilspill of 1969, demonstrated that the 1953 legislation was not an adequate vehicle for the management of expanded OCS development.

The 1953 legislation, in giving almost total discretion to the Secretary of the Interior, ignored the concerns of State and local governments. It did not prescribe liabilities for damaging accidents. It did not regulate the oil industry; rather it permitted a confluence of interests between the industry and Interior. It did not encourage planned development or exploration of reserves. It did not provide for congressional oversight.

H.R. 6218, as reported by the ad hoc committee on the OCS, confronts those and other deficiencies. It provides for orderly development by requiring the Secretary to prepare a leasing program, within 9 months of enactment, indicating size, time, and location of leasing activities for the next 5 years. The plan then must be submitted to both the Attorney General, for his comments on its effect on competition, and to regional advisory boards. The Secretary must accept the recommendations of the boards or he must demonstrate why they are not acceptable. The plan would then go to Congress.

The bill prohibits joint bidding by major producers and requires that at least 10 percent of leases be awarded by systems other than bonus bidding. Leases normally will be limited to 5 years and are subject to suspension or termination in case environmental damage becomes likely.

Environmental protection is assured by provisions requiring the Secretary of Commerce to conduct environmental baseline and monitoring studies of all areas included in lease sales. Companies obtaining leases would be required to prepare exploration, development, and production plans describing the work to be performed and environmental protection measures to be taken. An environmental impact statement and hearing is mandated in all previously undeveloped areas.

Other provisions include the energy activity impact program from the Coastal Zone Management Act and authorize automatic grants to impacted States. An offshore oil pollution fund is created for cleanup costs and compensation for oilspill damages. New safety regulations protecting workers are to be issued by the Secretary within 1 year.

There will be those who say that this legislation is unnecessary, that the existing legislation is adequate and that the adoption of H.R. 6218 will result in some delays in development. Some delay is always a possibility when Congress draws up standards for previously unregulated activity. Congressional oversight always takes time. Nevertheless, regulation and oversight are essential. The resources of the Outer Continental Shelf belong to our posterity, to America's future. We must not be reckless in the exploitation of this country's future energy resources. Delay can be minimized but caution is always necessary when we prepare to lease significant parts of our national heritage. This Nation's shorelines, her coastal States, and her workers deserve our measured consideration. The Santa Barbara experience certainly teaches us that, in the area of OCS development, the old adage about an ounce of prevention is a wise one. The Senate has already acted and the sooner we do, the sooner we will see planned, orderly, and safe OCS development.

CONGRESS SHOULD AMEND FOREIGN AID APPROPRIATIONS TO IMPROVE PROSPECTS FOR MIA ACCOUNTING

The SPEAKER. Under a previous order of the House, the gentlewoman from New York (Ms. ABZUG) is recognized for 15 minutes.

Ms. ABZUG. Mr. Speaker, obtaining an accounting of our men listed as missing-in-action in Southeast Asia is one of the most important responsibilities this Congress faces. We must try to remove this item from the agenda of unfinished business left over from the Indochina war as soon as possible. A full accounting of the MIA's will end the uncertainty of the MIA families and will help put one of the most heartrending issues of the war behind us.

However, I am deeply concerned that section 108 as reported, of H.R. 14260, the foreign aid appropriations measure which we are scheduled to consider tomorrow, will have a detrimental effect on the diplomatic process which is our best hope of securing an accounting. Section 108 as reported states:

> **None of the funds appropriated or made available pursuant to this Act shall be used to provide assistance to the Democratic Republic of Vietnam (North Vietnam), South Vietnam, Cambodia, or Laos.**

For reasons I will explain, I will move tomorrow to amend section 108 to read as follows:

> **None of the funds appropriated or made available pursuant to this Act shall be used to provide assistance to any country in Southeast Asia which is not accounting to the United States for United States personnel listed as Missing-In-Action or Prisoner-of-War in such country.**

The necessity of amending section 108 can best be understood in the context of recent developments on the MIA accounting issue.

Direct negotiations between the United States and Vietnam are widely believed to be the most logical and realistic approach for obtaining the fullest possible accounting of the MIA's. On March 12, members of the Select Committee on Missing Persons in Southeast Asia met with Secretary of State Kissinger to recommend that the Secretary initiate a proposal to North Vietnam that direct discussions be undertaken between the two countries on the MIA/POW problem and other matters of mutual interest. This was a very important and farsighted action by the committee, which I agreed with and supported at that time. On March 26, the State Department sent a message to the North Vietnamese Embassy in Paris proposing preliminary, direct discussions between the two countries.

I would also like to add that the National League of Families of American Prisoners and Missing in Southeast Asia, the organization which represents the families of those listed as missing, also supports the policy of direct negotiations. In its April 9 newsletter, the League called the U.S. offer to talk on MIA's with Vietnam and Laos the "best news in over 3 years." The executive director commented:

> **The National League of Families has long maintained that the only logical solution to resolving the POW/MIA problem is through direct talks with the Communist governments of Southeast Asia. Further, the League's position has been, and continues to be, that no aid, trade or diplomatic recognition be granted to the Communists without a positive assurance that an accounting of our prisoners and missing men will be made and the remains of the American war dead will be repatriated.**

Given this general and sensible agreement on the need for direct talks, it is necessary to ask ourselves: what is the best approach to stimulate these negotiations? How can we best provide our negotiators with the flexibility required to negotiate an effective agreement which contains such positive assurances

Legislative prohibitions such as contained in section 108 as reported are the wrong approach. It would be shortsighted and self-defeating for us to deny our negotiators flexibility by establishing a legislative prohibition against the possibility that the United States might contribute to post-war reconstruction as part of an agreement on the overall modalities for the fullest possible accounting of the MIA's.

The select committee has done an excellent job of opening the dialog with the Vietnamese on these issues. Its historic trip to Hanoi was an important step on the road to an accounting of the missing in action. Yet section 108 would slam the door of direct negosiations shut by imposing a flat prohibition on an important topic to be covered in the negotiations.

By introducing my amendment, I would like to keep the dialog open by showing a reasonable measure of congressional support for this diplomatic process. My amendment would not result in the appropriation of any aid for Vietnam. But it would acknowledge that a link exists between these two issues.

Our duty, after all, is not to legislate a full and final negotiations proposal. That should be left to the negotiators, who will need flexibility both as a matter of diplomatic custom and to overcome the unprecedented practical problems which will surely be raised by efforts to achieve the fullest possible accounting in Vietnam.

But I strongly feel that it is our duty to help create the conditions for getting the direct talks going forward again and moving them off dead center. This is particularly urgent as we are now in the midst of a Presidential election year in which relations with Vietnam have become the subject of heated and unhealthy campaign rhetoric. I submit to you that the families of those missing in action are the ones who will suffer if we fail to take new initiatives now.

I fully agree with Secretary Kissinger's remarks on November 25, 1975, in Detroit which concluded that—

> As for our relations with the new government in that region (Indochina), these will not be determined by the past; we are prepared to look to a more hopeful future. The United States will respond to gestures of goodwill.

And he went on to say:

> This will especially be the case if they deal constructively with the anguish of thousands of Americans who ask only an accounting for their loved ones missing-in-action and the return of the bodies of Americans who died in Indochina. We have no interest to continue the Indochina war on the diplomatic front; we envisage the eventual normalization of relations.

Mr. Speaker, I believe that we in Congress must also resolve that we have no interest in continuing the Vietnam war on the diplomatic front but that we do have a deep interest in finding ways to achieve an accounting of our MIA's through a policy which looks to the future instead of to the unfortunate past.

I find it very reassuring that the National League of Families concurs with my position and has endorsed my amendment. As retired Colonel Hopper, the League's executive director, stated in a letter to me yesterday:

> The policy of the National League of Families is that no aid, trade or recognition be granted to the Communist governments of Southeast Asia without safeguards built-in which will assure the fullest possible accounting of our prisoners and missing men and the return of the remains of those brave Americans who were killed. Your amendment is in concert with this policy and complements it in every way. The National League of Families endorses and strongly supports your proposal for its introduction.

I urge my colleagues to support this amendment and thereby correct the unwise language of section 108 as reported which jeopardizes the prospects for achieving the fullest possible accounting of American civilian and military personnel listed as MIA's or as POW's in Southeast Asia.

THE ENDANGERED AMERICAN WILDERNESS ACT OF 1976

The SPEAKER. Under a previous order of the House, the gentleman from Arizona (Mr. UDALL) is recognized for 15 minutes.

Mr. UDALL. Mr. Speaker, for myself and a number of my colleagues, I am pleased to introduce H.R. 14524, the Endangered American Wilderness Act of 1976.

The purposes of this new bill are summarized in its title:

> A bill to designate certain endangered public lands for preservation as wilderness, to provide for the study of additional endangered public lands for such designation, and to further the purposes of the Wilderness Act of 1964.

This bill is an important new conservation initiative, embodying a further step in the fulfillment of the wilderness preservation program of the American people, a program first established by the Congress in the historic Wilderness Act 12 years ago.

The Endangered American Wilderness Act we propose addresses the critical issue of America's most endangered category of national forest wild lands. Citizen groups which are working to protect these areas refer to such places as "de facto wilderness"—the wild lands which have remained wild and undeveloped, but which have no formal protection or guarantee that their wilderness qualities will not be overrun and destroyed by incompatible uses.

SUMMARY OF THE BILL

It is the purpose of the Endangered American Wilderness Act to provide congressional protection, under the Wilderness Act of 1964, for a number of carefully selected areas of de facto wilderness on national forests in the Western United States. The bill proposes 11 new wilderness areas, each carefully defined by a well-located boundary. These areas would be added to the National Wilderness Preservation System, subject to the same pattern of protective management and public use as our existing, very popular wilderness areas. In all, these 11 areas comprise 1,178,040 acres in seven Western States.

NAME, STATE, AND ACREAGE

Wenaha-Tucannon, Washington and Oregon, 200,000 acres.
Golden Trout, California, 240,000 acres.
Pusch Ridge, Arizona, 56,510 acres.
West Chichagof-Yakobi, Alaska, 405,000 acres.
Lone Peak, Utah, 33,500 acres.
Sandia Mountain, New Mexico, 30,700 acres.
Santa Lucia-Lopez Canyon, California, 21,250 acres.
Snow Mountain, California, 37,000 acres.
Sheep Mountain, California, 52,000 acres.
French Pete, Oregon, 42,000 acres.
Ventana Wilderness-Additions, California, 60,080 acres.

Almost all of the land involved is federally owned now as part of our national forests, so no land acquisition costs are involved in this proposal.

In addition to these "instant" wilderness areas, the Endangered American Wilderness Act proposes that seven other areas of de facto wilderness be specifically set aside for a full wilderness study by the Forest Service. These are areas of evident wilderness value, but final boundary locations have not been completely worked out, so a further study of the kind prescribed in the 1964 Wilderness Act is in order to determine the best boundary locations. In all, these seven wilderness study areas comprise 505,600 acres in 34 States.

The proposed wilderness study areas are:

NAME, STATE, AND ACREAGE

Holy Cross, Colorado, 146,240 acres.
McGregor-Thompson, Montana, 89,000 acres.
Hunter Fryingpan, Colorado, 77,000 acres.
Mount Henry, Montana, 22,000 acres.
Kaiser, California, 28,000 acres.
Rincon Mountain, Arizona, 62,930 acres.
Galiuro Wilderness Additions, Arizona, 80,430 acres.

It will require a further act of Congress, after the completion of the studies, to designate these areas as wilderness. Until Congress makes that determination, they will be managed so that their wilderness potential is not degraded or destroyed by interim management decisions.

AMERICA'S WILDERNESS HERITAGE

Mr. Speaker, the 1964 Wilderness Act was properly regarded as a great landmark in American conservation. It represented, in a very real sense, a turning point in the American "rendezvous with the land." Ours is a great and fruitful land, boundless in its resources and diversity—or so we thought for generations. In recent years we have begun to heed the warnings of farsighted leaders who recognized that even so broad and bountiful a land could be abused and degraded. Of all the wilderness that existed when our history on this continent began, only a terribly small fraction remains.

Our continental United States was once all wilderness, two billion acres of wilderness. We have, in these few short centuries, driven across the whole continent. Only after most was gone, did we stop to consider the value of the wilderness and its enormous, positive impacts on our lives and on the character of our people and our culture. In a very true sense, we have been formed as a people by the influence of the wilderness; and should we lose it, we would have lost something fundamental. Aldo Leopold, a pioneer in the preservation of national forest wilderness areas, said it best:

> There is little question that many of the attributes most distinctive of America and Americans are (due to) the impress of the wilderness and the life that accompanied it. If we have such a thing as an American culture (and I think we have), its distinguishing marks are . . . (the) distinctive characteristics of successful pioneers. These, if anything, are the indigenous part of our Americanism, the qualities that set it apart as a new rather than an imitative contribution to civilization.

Mr. Speaker, during my service here in the Congress, I have been privileged to be involved in the shaping of our wilderness preservation program. I was a sponsor of the Wilderness Act, and have participated in the work of the Committee on Interior and Insular Affairs as we have carried out the work of implementing that act with the addition of new areas to our National Wilderness Preservation System. I have met with groups of people from every region of our country who are working for the protection of wilderness in their own areas.

In my work for wilderness, it was my good fortune to frequently be associated with our late colleague, Hon. John Saylor of Pennsylvania, a giant in the ranks of conservation leaders who have served in this House. John Saylor was the original House sponsor of the Wilderness Act, and when he first introduced that bill in 1956, he spoke of the importance of wilderness in our American life:

> We are a great people because we have been so successful in developing and using our marvelous natural resources, but also, we Americans are the people we are largely because we have had the influence of the wilderness on our lives.
>
> We owe much of our health and our spirit of adventure and self-reliance to the nearness of the outdoors and, in great measure, to the way in which, in our youth—and youth lasts long for many of us—we have ventured into the wilderness.
>
> We must, of course, continue our development of resource uses. We must continue to provide outdoor recreation with conveniences for everybody in picnic places and parks of many kinds. But we must also continue to see that some of our land is preserved as nearly as possible untouched by any kind of civilized development.
>
> As our population becomes greater, as industrial and other pressures close around the areas of wilderness still remaining, the necessity becomes keener for moving ahead with a program that will preserve these buffer areas for the human spirit, seeing that they may long endure for the recreational, educational, scientific, and historical uses of the American people.

PRESERVING OUR HERITAGE

Today, thanks to the Wilderness Act, we have the beginnings of a National Wilderness Preservation System. Additional areas are being added to this System each year by Congress, following the studies which the act itself required for potential wilderness lands within national parks, national wildlife refuges, and certain portions of our national forests. But the Wilderness Act did not address the fate of these other lands, the de facto wilderness. It was understood, as we passed the original Wilderness Act, that such additional lands could come into the wilderness system by means of later acts of Congress.

Some "de facto" wilderness lands have already been added to the wilderness system by Congress. In 1972, we approved bills designating the 250,000-acre Scapegoat Wilderness in Montana, and adding the beautiful Minam River Valley to the already established Eagle Cap Wilderness in eastern Oregon. This year, we designated a great new wilderness in Hells Canyon, in Idaho and Oregon. By far the biggest step for de facto wilderness came in 1974 when we enacted Public Law 93–622, the Eastern Wilderness Areas Act, designating numerous wilderness areas on national forests in the East, and mandating study for other eastern areas.

The Endangered American Wilderness Act follows in this tradition. It fulfills the proper role of the Congress in laying out the shape and extent of our National Wilderness Preservation System, for Congress is the sole authority in the designation of wilderness areas under the Wilderness Act. As Senator Wayne Morse said when the Senate passed the original Wilderness Act:

> What S. 174 (the Wilderness Act) proposes is only that Congress make a public policy for these areas, and that Congress decide future changes that would add or subtract from these systems.
>
> I favor this bill because I think Congress should assert legislative control over wilderness areas, and not leave their future up to administrative—one is tempted to say "bureaucratic"—control.

The Forest Service, to its credit, has taken steps to identify and protect de facto wilderness areas on national forests in the West. In 1972, the agency embarked on a massive "Roadless Areas Review and Evaluation" program, RARE, which consisted of two steps. First, the Forest Service endeavored to simply make a physical inventory of the remaining areas of unroaded and undeveloped land on the national forests, recognizing areas of 5,000 acres or larger, as well as areas contiguous to the existing wilderness areas. Then, on the basis of a number of complex evaluations and computer analyses, the Forest Service selected out from the inventory of roadless areas a number of those they felt were of highest value, to be set aside for wilderness study.

The RARE inventory located some 56 million acres of roadless areas on western national forests, divided into some 1,400 units of widely varying size. Of these, they selected 274 areas for wilderness study—but a large number of these were areas already under study under the mandate of the Wilderness Act itself.

IMPORTANT AREAS NOT BEING STUDIED

Citizens concerned about the fate of de facto wilderness were most concerned, and rightly so, about the effect of the selection of the new wilderness study areas on those roadless areas which were not selected. It is these "nonselected roadless areas," along with a considerable acreage of roadless lands missed in the initial RARE inventory, which comprise the most endangered de facto wilderness on our national forests. These areas are not scheduled for a complete and thorough wilderness study of the sort mandated by the Wilderness Act. It is from among this class of lands that the areas involved in the Endangered American Wilderness Act have been selected.

The Forest Service has made a limited response to citizen concerns about the fate of de facto wilderness. As a result of citizen encouragement—and a lawsuit—they have pledged to protect the wilderness potential of nonselected roadless areas until land use plans have been adopted, and in the land use planning process the wilderness potential of these de facto wilderness lands is to be "further evaluated." In practice, it is not working out that way.

The problem is not with this idealized process, but results from the fact that Forest Service land use plans too often do not begin to measure up to the standards sought by citizens. The evaluation given to roadless areas is frequently superficial. Flaws in the process result in decisions to develop roadless areas which citizen groups cannot accept. A number of these problems are summarized in a recent column from the Sierra Club Bulletin, which I am including in the Record at the conclusion of these remarks.

Congress is, of course, the final arbiter in decisions of whether an areas is to be preserved as wilderness. But all too often our prerogatives have been foreclosed, for we never have an opportunity to consider the merits of a wilderness proposal for an area which the Forest Service determines not to preserve or even to study. Here, as in other fields, public controversy over Forest Service decisions helps to engage the attention of the Congress and focus on these disputed development proposals. I am opposed to "legislation by chainsaw"—wilderness lands being lost, not by a clear decision, but because they are cut down before an informed decision is made. I am also opposed to "legislation by administrative fiat," in those cases where a significant segment of the people disagree with Forest Service decisions which would destroy an important potential wilderness area. Congress must meet its obligations to make these wilderness decisions—and this bill is one step in that direction.

LOCAL CITIZEN PROPOSALS

The Endangered American Wilderness Act of 1976 brings this growing problem into better focus. This bill embodies wilderness proposals for a number of critically-important de facto wilderness areas, each of which is endangered today because Forest Service land use planning decisions are precluding their consideration for wilderness protection.

This bill represents a beginning. It focuses on a number of key de facto wilderness areas, but it focuses, too, on the whole broad issue of the rapidly disappearing de facto wilderness. Much of this wild land has been used and enjoyed, as wilderness, for generations. Now it is being opened up and destroyed as wilderness, and those who have known and benefited from its wildness and solitude are objecting. It is the role and responsibility of the Congress to assure that these decisions are being carefully considered, and to assure that our last remnants of unprotected wilderness are not simply being swept away in a rush of decisions driven by the seemingly inexorable appetite of our consuming society to master and control every acre.

Mr. Speaker, the Endangered American Wilderness Act is an important new proposal. It represents a significant forward step in the urgent task of fulfilling our wilderness preservation policy. I believe this bill will rally a great deal of public support across the country, and I invite the interest and support of my colleagues in its progress.

The article referred to follows:

[From the Sierra Club Bulletin, April 1976]

NORTHWEST: AMERICA'S ENDANGERED WILDERNESS—A BICENTENNIAL CHALLENGE

Here in the Northwest, as elsewhere, most of our remaining wilderness is still not fully protected through inclusion in the National Wilderness Preservation System. The fate of this "de facto" National Forest wilderness remains the number one concern of conservationists in the Northwest; the problem is how to assure that the Forest Service considers fairly these wild lands for wilderness designation before making decisions to develop them. For almost three years—since the completion of the Forest Service's Roadless Area Review and Evaluation (RARE) program—we have sought ways to achieve this goal, but for the most part the search has been fruitless.

Conservationists first tried working through the Forest Service's RARE program. Although 274 acres throughout the West were thus selected for full wilderness study, many of these were already under consideration, and another 1,100 areas, totalling more than forty million acres were not selected. When people complained to the Forest Service about these exclusions, it promised (with a nudge from a Sierra Club lawsuit) that each of the areas would be "further evaluated." This reconsideration was supposed to occur through the process of preparing environmental impact statements (EIS) on National Forest land-use plans, but this promise, too, has produced little. Although a few of the "non-selected" roadless areas were granted wilderness-study status, most are small or should have been obvious choices in the first place. The truth is that more acres of defacto wilderness have been committed to development than to preservation through this process.

If the Forest Service's land-use-planning process were truly unbiased, then perhaps these results could be accepted, but thousands of acres of de facto wilderness are being lost because the agency emphasizes resource exploitation over wilderness preservation. Few of the land-use plans reflect the promise unbiased "further evaluation" of the wilderness values of existing roadless areas. In several cases, large tracts of de facto wilderness have been divided among several plans, so that they are never considered as a single wilderness unit. Furthermore, in the Forest Service's environmental impact statements, the wilderness alternative is treated in an "all-or-nothing" fashion that equates saving any wilderness whatsoever with the most severe constraints on logging and other forest uses throughout the entire surrounding planning unit.

In an attempt to improve Forest Service planning for roadless areas, various groups and individuals throughout the West have filed comments through the formal EIS process, but the Forest Service, which too often seems to have decided against wilderness prior to "further evaluation," usually gives little serious consideration to these comments. In the case of areas selected for further wilderness study, conservationists have formally appealed poor land-use plans to higher officials of the Forest Service, even to the Secretary of Agriculture. The appeal process, however, often results in the Forest Service hierarchy merely closing ranks to defend lower-level decisions from challenges from the public.

Now, as some of these key appeals are being decided, citizen groups will be taking their cases to the courts in an attempt to secure more deliberate, objective opinions of the legal adequacy of the Forest Service's wilderness-review process. Meanwhile, de facto wilderness continues to be lost to development. Impatience with the failure of the Forest Service to live up to its promise of "further evaluation" has led an increasing number of groups and individuals to request that Congress provide proper wilderness study for areas the Forest Service is preparing to develop on the basis of its superficial planning. It is Congress, after all, that has the exclusive power to designate lands as wilderness and that originally set forth the detailed requirements for proper wilderness studies.

Numerous individual wilderness bills have been proposed by various congressmen in an attempt to overturn Forest Service decisions that would destroy de facto wilderness prematurely, without proper study. In the Northwest we have such outstanding areas as French Pete, in Oregon, which has been proposed for wilderness designation in a bill by local congressman James Weaver, and the Wenaha-Tucannon area, in Washington, which Representative James Weaver has proposed for "instant" wilderness designation. Montana Senator Lee Metcalf's "Montana Wilderness Study Act," which is stalled in the Senate, would require proper wilderness study for nine roadless areas in his state. In Idaho, strong support has developed for studying the Gospel-Hump area, which comprises more than 400,000 acres. Similar proposals have been made in other states for areas like the Kaiser Peak roadless area in California, the proposed Lone Peak wilderness in Utah and Laramie Peak wilderness in Wyoming, and New Mexico's South Sandia Peak area.

Public concern for the rapid depletion of wilderness in the West has reached a critical point where truly constructive action now seems possible in Congress. It is essential that we generate national support for legislation to assure full study and protection for the nation's remaining roadless areas—its endangered wilderness. In this bicentennial year, what better gift can we set aside for future generations than a generous sample of American wilderness? In this regard, we are happy to report that key congressmen and senators are now preparing a special bill to guarantee fair consideration for America's endangered wilderness.

THE UNITED STATES AND MEXICO: INDEPENDENCE AND INTERDEPENDENCE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. REES) is recognized for 5 minutes.

Mr. REES. Mr. Speaker, during Secretary of State Kissinger's recent visit to South America, he spent several days in Mexico. On June 11 he attended a banquet in honor of Mexico's President Luis Echeverria and delivered the remarks which I have asked to be printed in the RECORD.

As a long time friend of Mexico, I was impressed with the Secretary's thoughts. During the past 25 years I have had experience in Mexico, both in a business capacity and in my role as a Congressman who deals with international economic affairs, and I have been continually impressed with the progress I have seen exhibited firsthand.

I am hopeful the Secretary's speech will herald even stronger relations between Mexico and the United States.

The remarks follow:

THE UNITED STATES AND MEXICO: INDEPENDENCE AND INTERDEPENDENCE

(Secretary Henry A. Kissinger at a dinner in honor of President Luis Echeverria)

I want to begin by saying that it gives me the greatest satisfaction to be able tonight to reciprocate to my Mexican friends a small measure of the hospitality which this great and beautiful country has so warmly extended to me on so many occasions in the past. I spent my honeymoon here; I have deep professional and personal ties to Mexico.

I have never come to this land without sensing deeply both the glory of Mexico's ancient past and its dynamism today—the thousands of years of civilization that culminated in the panorama of splendor that so awed the first conquistadors and, now, the vibrant course of modern Mexico, whose struggle for political and economic independence, dignity, and social justice has won for it the admiration of the community of nations, as well as a growing role of leadership in international affairs.

The impact which Mexico is making on our interdependent world, as all of us here know, is attributable in large part to the boundless energy and broad vision of President Luis Echeverria. He is an inspirational leader. I have had the privilege of working with him for nearly six years. He will be remembered in history for his great contributions to peace, progress, and justice.

Tonight I want to discuss two great tasks which are deep and permanent concerns of our two nations. Both bear the personal mark of President Echeverria:

The global challenge of helping to construct a new and peaceful international order offering justice and prosperity to all peoples; and

The state of the special, indeed unique, bond between the United States and Mexico.

The United States respects and values Mexico's role on the world scene. We also cherish our close historical, practical, and personal ties as neighbors. There is no conflict between these realities. Indeed they offer our two nations a precious advantage as we approach together the great issues of our time.

Mexico and the United States are independent and self-confident nations. We are mature enough to encounter the trials of our era without crises of identity and without allowing differences permanently to divide us. We are serious enough to disagree without rancor; creative enough to cooperate without threatening each other's independence. In this we are truly at the frontiers of Western civilization. As North American nations we are irrevocably linked by geography, history, interest, and principles. We need sign no documents to insure our kinship of thought and action as free and friendly peoples. We have a relationship all the more special for being unwritten.

GLOBAL CHALLENGE OF PEACE, PROSPERITY, JUSTICE

History has presented this generation with two great and unique challenges: The imperative of peace in the nuclear age; and the need to give purpose to peace by helping to shape a new structure of international relations that speaks to the positive aspirations of all peoples. Every nation has a stake in, and a responsibility for, the problem of global peace. Each has its special circumstances and its special role.

The United States, uniquely among the free nations of the world, bears a heavy responsibility to maintain the balance of stability upon which world peace depends. This is why we are committed to oppose the forces of intimidation and oppression whenever they threaten the global equilibrium. But we know, as Mexico knows, that peace is tenuous and progress is fragile without a curb, and eventually an end, to the arms race. This is why we have embarked on the difficult and complex negotiations to limit strategic arms—to reduce these arms and to ease the economic burden of the arms race.

Mexico, whose voice is heard by all the major groupings of the world's nations, also bears a responsibility for peace. Mexico has been among the staunchest proponents of disarmament and the use of national resources for development rather than the accumulation of arms. Mexico was the leader in negotiating the Treaty of Tlatelolco establishing a nuclear weapons-free zone in Latin America. And Mexico has raised its voice in support of the dignity, security, and self-determination of nations threatened by external intervention.

But the ultimate purpose of nations is to look beyond a peace that rests exclusively on a precarious balance of power to a new era of international economic cooperation. We must offer our children the hope of a better future by mastering the great economic and social challenge of building a new, equitable, and productive relationship among all nations, and particularly those of North and South.

The problem of economic development is not merely a technical, but a profoundly political and moral, issue. It is not possible to build a world community which is divided between the rich and the poor. If we are to live in a world of peace and justice, all nations must have the consciousness that the world community listens to their concerns.

This is why we attach such importance to the dialogue now taking place between the developed and developing nations. For beyond the technical solutions we may reach, the spirit we help engender can contribute to a world of peace and to a sense of community. This is why we are disturbed by attitudes of confrontation and concerned by those who seek gains through technical majorities. It is the essence of an effective international structure today, in our interdependent world, that solutions cannot be imposed by one group on another, but that a consensus must be established in which all share. By continuing to grow in strength and international participation, Mexico, and indeed all the nations of Latin America, can in important respects act as a bridge between the different groups that exist in the world today.

The United States has accepted the challenge of an interdependent world. We are committed to the cause of cooperation on an equal basis between all nations, whatever their stage of development. We have pursued this course at the Seventh Special Session of the U.N. General Assembly; at the Conference on International Economic Cooperation; at Kingston, Jamaica, in January; at Nairobi, Kenya, last month. There have been setbacks of course, but we believe a new and positive atmosphere has been created, and we join with your President in the view that the serious and responsible nations of the world now have an unprecedented opportunity to advance mankind's age-old dreams of a better life.

The United States knows that while our specific approaches to these problems may differ, Mexico shares our aspirations for a better world of peace and prosperity. Mexico has used its growing international influence to focus on the great global efforts to secure peace and enhance the quality of human life. Mexico's example is proud and compelling, not only for the peoples of the Americas but for all who value peace, prosperity, and justice.

Mexico's economic growth and progress have made it a vital force in international affairs. Mexico had a major influence on the course of the Seventh U.N. Special Session and is an active participant in all international efforts to accelerate development through a fair and cooperative global economic system. Mexico's energetic promotion of the Charter of Economic Rights and Duties of States—which you yourself inspired, Mr. President—itself symbolizes the need for a new awareness that interdependence is not a slogan but a reality. And since the Revolution of 1910, Mexico has presented the international community with the example of a proudly independent nation committed to progress and social justice. Today Mexico's voice is heard and heeded in the leading councils of the world.

It is my profound conviction that Mexico and the United States together have a priceless advantage upon which to base common efforts in virtually every major area of human and international concern. Mexico's history, economic growth, institutional stability, and political imagination enable it to bring independent new dimensions to the global cooperation so essential to our shared hopes for a less divided and more prosperous world.

The United States believes that the universal search for an enduring structure of peace for all peoples is possible only if it is based upon the free commitment of strong, stable, and responsible nations. Mexico's growing national strength and development and deepening participation in global councils strengthens the voice of this hemisphere and has given a special projection to the nations of North America in the vital debates of our time on such matters as disarmament and global security.

The higher stage of economic progress that Mexico has attained has brought it into the company of economies which are vulnerable to global inflation, to sudden fluctuations in world patterns of supply and demand, to important technological change, and to investment capital shortages. At the same time our economies are among the world's most open and flexible. We can respond to change quickly and effectively. We have the opportunity and the responsibility and the will to shape the course of economic events rather than to acquiesce in the stale determinism that paralyzes so many nations of the world. In the key areas of finance and technology, investment and trade, the United States and Mexico, and with us the other nations of the hemisphere, have outstripped the world as a whole. Our habits of practical cooperation give us a head start. The efforts we take together can thus make a special and positive contribution to the course of development around the world.

Beyond peace and prosperity lies a deeper universal aspiration for dignity and justice. Our two countries are both committed to the rule of law and extending the reach of international law in world affairs. This is most urgently needed with regard to the last great frontiers of our planet—the oceans. They are the common heritage of mankind, but they can become arenas for conflict if not governed by law. The differences between us on the issues involved have led to tensions, but they are issues which nations everywhere will have to solve. Our two nations have a special advantage and thus a special responsibility to reach agreement on our differences in the context of a rapid and successful conclusion to the Law of the Sea Conference this year. We have agreed to urgent consultations on this important issue.

We have as well an obligation to the deeper sources of our common humanity. No peoples have been more dedicated to the cause of human dignity and liberty than ours. The struggle to secure the peace or to widen prosperity ultimately will have no meaning unless the peoples of the world can pursue their aspirations without fear, in societies which foster the fundamental rights of mankind. At the General Assembly of the Organizations of American States in Santiago earlier this week, I reaffirmed the unequivocal commitment of the United States to the American Delegation of the Rights and Duties of Man. The United States endorsed the reports presented there by the Inter-American Human Rights Commission, whose powers we proposed be broadened. We did so in the recognition that the precious heritage of our Western Hemisphere is the conviction that human beings are the subjects, not the objects, of public policy; that citizens must not be the mere instruments of the state. The traditions of our two countries and our heritage as free American republics place upon us a special trust to defend and carry forward the principle that progress is sterile unless it enhances the areas of human freedom.

These are some of the great global challenges we both face. Let me turn now to the bilateral process through which we shape our progress as friends and partners.

BILATERAL BOND

The imperatives of the relationship of Mexico and the United States are not to be found in words but in geography. Our shared destiny is literally written in stone. But the special relationship we have today represents, as well, an achievement of human will and responsibility.

The work we are doing together serves not only to strengthen our own ties; it is a demonstration to the world that two nations can resolve, in a reasoned and responsible manner, problems of acute sensitivity in areas touching upon national sovereignty, economic advantage, and human concern.

Let me briefly review the record of shared effort we have compiled and the work yet before us in each of these three areas.

First, how many nations of the world could accept as natural and comfortable an undefended boundary of nearly 2,000 miles? Our active day-to-day cooperation along our border is a rare phenomenon. Through the years, our joint International Boundary and Water Commission has solved major problems of shifting boundaries, flood control, and water distribution. The solution of the Chamizal and other territorial issues; the resolution of the problem of Colorado River salinity; and the coordination of air traffic control along our border have all been approached cordially, persistently, and constructively. This is a record of which we can be proud, and on which we can build as we take up further aspects of cooperation along the border, such as widened cooperation on search and rescue operations and problems affecting the environment.

Second, we have acted and are acting with mutual respect and great responsibility on issues of substantial economic interest, such as the desire of Mexican workers to seek employment in the United States and of Mexican exporters to sell in our country's markets. After decades of relatively satisfactory accommodation to the question of undocumented workers, we now face a number of new issues requiring mutual study and heightened cooperation—and that must take into account the legitimate concerns both of the people of the United States and the human rights of Mexican citizens.

We share Mexico's concern over your large trade deficit in 1975. The economic recovery in the United States and the continuation of the forward-looking attitude which now informs U.S. trade policy will serve, I am confident, to bring our trade accounts closer into balance. Even more important, the U.S. Trade Act's generalized system of preferences will expand Mexico's access to our market. Indeed Mexico, with over a half-billion dollars worth of exports eligible for duty-free treatment, should be the primary beneficiary of our new tariff system which gives products of developing countries competitive advantage over products of developed nations.

Third, both our nations have acted with heart and with vision on matters of deep human concern. We have combined our efforts with increasing success against the international narcotics trade, which has victimized so many citizens of both our countries. The effort of the Mexican Government to stop the production and trafficking of dangerous drugs in Mexico can stand as a model for the world. We are proud to be able to support you in your increasingly effective program of narcotics control. A related issue now before us concerns the need to prosecute narcotics violators to the full extent of the law while at the same time insuring the observance of their legal and human rights. We have had useful talks about improving the situation of nationals of our two nations imprisoned in the other country.

And, more positively, we have strengthened the cultural relations between our two nations. We share deep ethnic, linguistic, intellectual, and historical ties. Mexico's early recognition of the importance of preserving a nation's cultural heritage has inspired similar efforts around the world and won the admiration of the millions who experience first hand, as I shall tomorrow, the glories of your Mayan past. The treaty on the protection of cultural property between the United States and Mexico has been in force since 1970 and has proven effective. We are proud to assist Mexico's efforts to defend its cultural patrimony as a sustaining value for future generations.

As we look to the future we are witnessing a growth of balanced, two-way exchanges which range across the spectrum of intellectual and cultural life, from the arts to the humanities to technology. While increasing numbers of Mexicans are studying in the United States, more U.S. students are studying at Mexican universities than in any other nation. Each of us is developing a greater appreciation of the creative experience and achievement of the other—in science, music, literature, and the visual arts. We are prepared to move ahead even more vigorously to promote cultural exchange and cultural understanding, recognizing that they are powerful forces affecting the quality and tone of the future course of our relationship.

All these are issues of immediate and direct concern to our two nations. But they are also variations on the large themes of sovereignty, economic interest, and human concern that affect nations everywhere. Our struggles and our successes in dealing effectively and creatively with our own interdependence is relevant to the rest of the increasingly interdependent world in which we live. In a period when mankind faces international problems which are not only complex but fraught with ultimate risks, it is unrealistic as well as unwise to expect easy solutions. What we can and must seek to bring about is an atmosphere in bilateral, regional, and global relations in which problems are addressed positively and constructively; in which divergent views are expressed openly and freely, without wounding and sterile rhetoric; and in which the objective is an effort to solve problems pragmatically, not aggravate them ideologically.

Our long record of experience together makes clear that cooperative effort serves us both much better than recrimination or unilateral action. Although our differences over the years of our respective independence as nations have at times been enormous, in this last half century we have done as much to achieve a positive atmosphere of cooperation as any two nations in the world. The United States and Mexico are engaged today by preference as well as necessity.

In the future as in the past our success will be founded upon a fundamental continuity of purpose, of effort, of policy. That continuity is reflected today in our forward-looking "Plan Basico" and, in the United States, by the permanent interests of our foreign policy in maintaining global peace while building for a new era of economic cooperation and human justice. With this continuity and in this spirit we can continue to provide an example to the world of the way neighbors ought to conduct themselves: not only geographic neighbors such as we, but all nations—for on this shrinking planet all peoples are neighbors.

Mr. President, friends: A short distance from my office in the Department of State in Washington is a statue of Benito Juarez on which are engraved his words, "Peace is respect for the rights of others." But Benito Juarez also knew that the mere absence of war is not enough. The relations of states today must have an economic and a moral dimension as well. In the hearts of men and women, peace means an abiding sense of security and freedom from external intimidation; it also means the hope of widening economic opportunity; and it means conditions which foster the growth of social justice for all. These are values and causes which Mexicans and Americans hold in common and hold dear and which you, Mr. President, have done so much to promote.

I ask you to join me tonight in a toast to these values we share; to the distinguished President of Mexico, our good friend, Luis Echeverria; to the United Mexican States; and to the permanent and productive friendship of the people of Mexico and the United States. *Viva Mexico.*

ANNOUNCEMENT AS TO VOTE

The SPEAKER. Under a previous order of the House, the gentleman from California (Mr. Danielson) is recognized for 5 minutes.

Mr. DANIELSON. Mr. Speaker, on the late afternoon of Friday, June 18, 1976, and on Monday June 22, 1976, I was in my congressional district and therefore missed several rollcall votes. I would like the record to show how I would have voted had I been present.

Rollcall No. 410: An amendment to H.R. 14239, State, Commerce, Justice and the Judiciary Appropriations, that adds $138 million for the Law Enforcement Assistance Administration. Passed by a vote of 176 ayes to 95 noes. I would have voted "no."

Rollcall No. 411: A motion to recommit H.R. 14239, State, Commerce, Justice and the Judiciary Appropriations, to the Committee on Appropriations. Failed by a vote of 66 yeas to 153 nays. I would have voted "no."

Rollcall No. 412: H.R. 14239, making appropriations for the Departments of State, Justice, Commerce and the Judiciary. Passed by a vote of 208 yeas to 9 nays. I would have voted "yea."

Rollcall No. 414: Senate Joint Resolution 203, in lieu of House Joint Resolution 984, to amend the Higher Education Act to extend the authority to make insured student loans. Passed by a vote of 350 yeas. I would have voted "yea."

Rollcall vote No. 415: H.R. 14299, Veterans' Disability Compensation and Survivor Benefits Act of 1976. Passed 351 yeas. I would have voted "yea."

Rollcall vote No. 416: H.R. 14298, Veterans' and Survivors Pension Adjustment Act of 1976. Passed by a vote of 354 yeas. I would have voted "yea."

Rollcall vote No. 417: Senate Joint Resolution 49, to codify and emphasize existing rules and customs pertaining to the display and use of the flag of the United States of America. Passed by a vote of 253 yeas. I would have voted "yea."

Rollcall vote No. 418: S. 2847, in lieu of H.R. 9689, to authorize translator broadcast stations to originate limited amounts of local programing and to authorize frequency modulation radio translator stations to operate unattended in the same manner as is now permitted for televsion broadcast translator stations. Passed by a vote of 349 yeas to 2 nays. I would have voted "yea."

Rollcall vote No. 419; S. 811, in lieu of H.R. 13711, to revise and extend the Horse Protection Act of 1970. Passed by a vote of 346 yeas to 6 nays. I would have voted "yea."

RESULTS OF STUDY OF OSHA'S ACTIONS IN SMALL BUSINESS SECTOR

The SPEAKER. Under a previous order of the House the gentleman from New Jersey (Mr. Dominick V. Daniels) is recognized for 10 minutes.

Mr. DOMINICK V. DANIELS. Mr. Speaker, I am inserting in the Record for the information of my colleagues, a letter from Dr. Morton Corn, Assistant Secretary of Labor for OSHA, concerning the results of a study of OSHA's actions in the small business sector requested by the Senate.

I note that OSHA is already handling the concern that several of my colleagues have over the "nuisance" penalties. Penalties of $50 or less will be suspended.

This should negate the need for an amendment to the Labor-HEW appropriations bill which will be offered by Mr. Findley.

The material follows:

Occupational Safety and
Health Administration,
Washington, D.C., June 22, 1976.

Hon. Harrison A. Williams, Jr.,
Chairman, Committee on Labor and Public Welfare, Washington, D.C.

Dear Chairman Williams: During my confirmation hearing before your Committee on October 22, 1975, Senator Javits requested that I undertake a study of the Occupational Safety and Health Administration's (OSHA) impact of small business. This study, which represents the first comprehensive review of OSHA's action in the small business sector, has just been completed by my Policy Staff, and I am enclosing the Executive Summary of the final report.

The Executive Summary provides a brief review of small-business-oriented programs which are already underway in OSHA and outlines several recommendations for new programs. When I have firm implementation plans and schedules for these new programs, I will forward them to you.

I am confident that the ongoing programs coupled with the new programs will go a long way in simplifying and clarifying the procedural and other administration impediments which have made compliance difficult in the past. And, I am optimistic that these improvements will result in safer and healthier workplaces for all the Nation's workers, particularly those employed in small businesses.

I would be most interested in your comments and reactions and those of your staff in regard to this important subject.

Sincerely,

Morton Corn,
Assistant Secretary of Labor.

I. Executive Summary and Recommendations

This policy paper is directed toward improving OSHA's understanding of the problems small businesses have in dealing with OSHA standards and compliance procedures. It also recommends ways of working with small businesses to develop programs which will better serve their needs and the needs of their employees, given their responsibilities for occupational safety and health.

OSHA believes that mandatory safety and health responsibilities should apply to all sectors of the economy as specified by the Occupational Safety and Health Act of 1970. Exemption of any economic sector would provide unfair competitive advantages to that sector and would expose workers to increased safety and health hazards. OSHA also believes, however, that efforts must be made to provide more effective assistance to those sectors, such as small businesses, which remain unsure or unaware of their responsibilities.

Chapter II, the Introduction, discusses the major objections of small businesses to regulation, in general, and to OSHA. Chapter II also discusses provisions of the Act related to small businesses, ways in which the term "small business" is defined, and differences between large and small businesses. The Introduction points out that very few provisions of law deal specifically with small businesses and that the term "small business" is interpreted by each federal agency in its own regulatory context.

There are a number of differences, economic and otherwise, between small and large businesses. The discussion in the Introduction describes the business structure of small businesses, one which requires much greater personal attention from the owner/manager than is the case for larger businesses. It also shows that the economic impact of regulations on small businesses is substantially greater, and suggests that small businesses have much greater difficulty passing on increased costs.

Chapter III, Small Business Programs at OSHA, summarizes the programs which OSHA has undertaken during the past five years to assist small businesses. Very few programs have been specifically directed at small business, per se; rather, they have been broadly aimed at all businesses with the expectation that small businesses would find them of particular benefit. This is particularly true in the standards and compliance areas. In the information and education area, some small-business-oriented training programs have been developed and implemented.

Chapter IV, Small Business Programs in Other Agencies, presents an analysis of small business programs elsewhere in the federal government. OSHA researched the operations of several regulatory agencies and found that, like OSHA, few programs specifically directed at small businesses existed. The major assistance programs were small business loan assistance and some specifically directed information and education programs.

Chapter V, Small Business Programs in Other Countries summarizes the findings of a special short-term study done for OSHA. (The entire study is attached as Appendix E). Small businesses in other countries do receive some slightly different treatment generally as a part of broad social programs rather than specific occupational safety and health programs. The study points out some programs that might have potential in the United States, such as mandatory area meetings of small businesses in the same industry with government representatives to discuss particular problems that have been uncovered as a result of the inspection process.

Chapter VI, Proposed New Small Business Programs, discusses in detail a series of proposed new programs which provide the basis for recommending new OSHA small business initiatives. It also describes several programs which have recently been initiated. The proposals are discussed under the broad areas of standards, compliance, information and education, and financial assistance. Some of the specific issues include provision of consultative services, revision of financial sanctions, adjustment of abatement periods, revision of compliance officer onsite inspection procedures, and orientation of information and education programs to stress the importance as well as the meaning of standards.

The remainder of this summary chapter outlines the recommended new OSHA programs. Also listed are some important considerations in dealing with small businesses and a summary of ongoing programs regarding small businesses.

IMPORTANT CONSIDERATIONS IN DEALING WITH SMALL BUSINESS

1. All employers should have a legal responsibility to provide their employees with workplaces free from safety and health hazards and to meet OSHA standards.

2. Lack of engineering and technical expertise combined with limited financial resources provide built-in obstacles to owner-managed small businesses in complying with their specific safety and health responsibilities. The cost and complexities of eliminating health hazards, in many cases, pose difficulties for small businesses.

3. The economic impact of compliance on owner-managed small businesses is much greater than on large businesses; most meet more resistance than do larger businesses in passing on added costs to customers in the form of price increases.

4. The small business employer's *perception* is that he already is providing a hazard-free work environment.

Ongoing OSHA small business programs

The following programs related to improving OSHA's dealings with small businesses are already underway:

Consultative Services

Extension of contract consultative services to non-approved states and jurisdictions both for the National Emphasis Programs and for general industry and construction.

Work to advertise more effectively existence of consultative services.

Plain-Language Explanations of Standards

Publication and distribution of "plain-language" explanations of 50 most frequently violated standards, 17 most frequently violated electric code standards, and 10 commonly violated agricultural standards.

Publication and distribution of guidelines on hazardous agents for which health standards are being developed.

Revised Safety Standards

Revision of two major safety consensus standard subparts and the anhydrous ammonia standard to eliminate standards of minor importance and to update language and content.

Revision of an additional two major safety consensus standard subparts with assistance from a temporary Presidential Task Force to eliminate standards of minor importance and to update language and content.

Town meetings in several cities to provide opportunity for direct personal expression of comments on existing consensus standards and the comments that have been received on these standards.

Other sections will be updated in sequence.

Compliance Officer Human Relations Course

Development and implementation of a human relations course for all compliance officers to assist them in dealing with the public.

Recommended new OSHA small business programs

It is recommended that OSHA begin these activities in the next few months to assist small businesses:

Publish a number of self-help inspection guides specifically designed for use by small businesses; distribute guides through business associations and area offices.

Revise agreement with Small Business Administration to clarify the procedure for OSHA certification that a particular investment for which a loan is being obtained will in fact bring the firm into compliance.

Develop expedited treatment for SBA loans and improve coordination with SBA loan officers; work with SBA to determine how loan processing time can be reduced. Work with states having safety and health plans to insure they adequately stress the availability of SBA loans.

Designate a current OSHA employee in each area office as the "small business liaison officer"; design and implement a "public awareness" program to make him familiar to small business employers in his area.

Develop and distribute "plain-language" explanation of "imminent danger" and "serious violation" with examples, as part of making small business employers aware of their responsibilities under the Act.

Revise compliance officer's opening conference discussion with company officials to include discussion of how penalties are calculated, if they are proposed.

Revise compliance officer's closing conference discussion with company officials to include presentation of "plain-langauge" information sheet on ways in which they can work with OSHA informally to arrive at feasible abatement periods, can contest a citation without necessity for an attorney, and can fully exercise their rights.

Extend the existing toll free telephone consultation information service—where anyone can dial an "800" number to ask a question of OSHA's offsite consultation officers—to all regional offices.

Develop and distribute information on why safety and health is important and why standards exist, in addition to information about what the standards are.

Revise procedures for application of financial sanctions to suspend penalties of $50 or less, to consider gravity in setting initial amounts for serious violations, and to increase penalties for repeat violations. (This has also been recommended by the National Advisory Committee on Safety and Health.)

Develop a concept paper on a tax credit for capital improvements businesses must make in order to comply with OSHA standards.

SUBCOMMITTEE ON CRIMINAL JUSTICE HEARING

The SPEAKER. Under a previous order of the House, the gentleman from Missouri (Mr. Hungate) is recognized for 5 minutes.

Mr. HUNGATE. Mr. Speaker, the Subcommittee on Criminal Justice will hold a hearing on Thursday, July 29, on H.R. 11980, a bill to amend the Federal rules of evidence to permit fair and effective prosecution for rape by providing that evidence of an individual's prior sexual conduct is not admissible in any action or proceeding if an issue in such action or proceeding is whether such individual was raped or assaulted with intent to commit rape.

Persons wishing to testify on this legislation are asked to contact the subcommittee in writing or by telephone at 202–225–0406.

JIM FARLEY: IN THE HAND OF GOD

(Mr. HANLEY asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HANLEY. Mr. Speaker, the passing of James A. Farley has been noted with distinction and sentiment by many in this House. In doing so we share with his family and legion of friends and with the community at large the sense of loss and regret which his leaving us has occasioned. How true that appreciation often only comes with loss.

I think it may be helpful to insert at this point the requiem Mass eulogy delivered at St. Patrick's Cathedral in New York City on June 12, 1976, by Rev. Robert I. Gannon, S.J. The remarks give to the death of Jim Farley a perspective of personal faith and reverence which is too often forgotten in our view of public men of outstanding prominence.

We will all miss Jim Farley for his wit, his vitality, and his good sense are so sorely needed today as much as ever. Truly an era of giants has passed.

Sermon at the Requiem Mass for Hon. James A. Farley, St. Patrick's Cathedral, June 12, 1976

(By Rev. Robert I. Gannon, S.J.)

We meet this morning to celebrate Mass for a great American, a master politician and a dear friend, Jim Farley. The vestments worn at the altar are not the black we associate with mourning but the white of the resurrection. For what is death, after all? St. John Chrisostom calls it "A season: a sleep longer than usual." And Ronald Knox used to say "It was a carriage which God graciously sends us to fetch us when He wants us to come and join Him."

I dropped in once to see an old friend who had only a few days to live and knew it. He was well educated, prominent, successful, blessed in his large family and for many years a daily communicant. He greeted me with a smile that took a little effort, and said, "I'm glad you've come. I have just made an important discovery. This business of dying is the most overrated thing in life. There's nothing to it. Of course, it is uncomfortable. I'm having a little hell on earth. But if my faith means anything, it means that Heaven is just around the corner of the bed."

A very simple statement of a very profound truth—one that we can all share. For we do not merely hope that there is a Heaven, we know that there is. Holy Writ mentions everlasting life more than 150 times and the church, which we recognize as the living voice of Christ, is very explicit in telling us just what everlasting life will mean for us.

So death for a man like Jim Farley was not a thing of mystery and horror. When we used to meet at dinner, after dinner in the last few years and tease each other about playing hookey out of heaven, it was evident that for him, death was not an impending disaster because his heart was not tied down to power and money and comfort. He did not live just for himself.

He had a deep interest in God's other creatures. The cynical may say, "Well that is true of all good politicians. They always take an interest in other people—that's how they get themselves elected." All right. Suppose that was part of the picture. He loved being a politician and said openly that politics was the noblest of careers because for him politics meant public service not private greed. Though he was always interested in votes, he was more interested in people. Having been close to Governor Roosevelt in Albany, he was convinced that the country needed him in '32 as President. So he did the Jimmy Carter and travelled coast to coast making thousands of friends for F.D.R. writing thousands of letters signed simply "Jim" in green ink. This he did not primarily for his own advancement but because he was convinced that his hero could bring back prosperity to the United States. We may not have shared his optimism then and when the dream was over and he was banished from the royal presence we may have been tempted to say "I told you so!" But we knew all along that he was not thinking first of Jim Farley, He was a politician and never ashamed of it from the time he was elected Town Clerk in Stony Point to the day when he was appointed Postmaster General in the Roosevelt Cabinet. But as he made his way step by step up the ladder, the main purpose of his life never changed. It was always to praise, reverence and serve God in this world and to be happy forever with Him in the next. In other words, he took the first page of the Baltimore Catechism seriously and tried to live up to it even when he was running a Democratic National Convention.

Of course, a man of principle is never one thing in public and another thing in private so Jim was a family man in the best sense of the word. He had married Bess Finnegan for love and there was always love in the home. As a husband and father, he measured up to his reputation in public service and as a Catholic he developed just as you would expect.

To his legions of friends of course it may seem that he was taken from them too soon. But who knows? Life for so many of us can become such an anti-climax. It is wonderful to be able to go when everyone is saying "stay". In such a death as Jim's there is no sorrow. If tears are shed they are tears of sentiment not of regret. As we read in one preface of the Requiem Mass, "For those who are faithful, life is not ended but merely changed." For such, death is just a kindly usher who opens the door to eternity and beckons us to cross the threshold.

There is a beautiful passage from the book of Wisdom that is often read in a requiem. "The souls of the just are in the hands of God and the torment of the wicked shall not touch them. In the sight of the unwise they seem to die but they are at peace".

INTERFERENCE IN THE LIVES OF AMERICANS

(Mr. HANLEY asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HANLEY. Mr. Speaker, we hear with increasing frequency these days the rising cries of condemnation of the Federal Government for its "interference" in the lives of too many Americans. Hardly any aspect of human endeavor is safe from the influence of some board or bureau or commission which seeks to "help" individuals and institutions do their job.

Of course, this is not all bad. In fact, many of the regulations and incentives which are given to businesses, governmental units, and private bodies are thought to be essential to their operation and success. Not often do we hear that the helpful funding should be terminated. However, the alleged interference is regretted and appalled as constraining the independence of the recipient entity.

Conditional aid still exists in many grant-in-aid programs and is a required feature of most Federal contracts and awards. It should not be missed that such programs and project aid is, in most cases, voluntary and not compulsory. Thus, the compulsion is agreed to by the applicant for funds at the time he accepts the possibility of some required action.

Before we agree to any blanket indictment of this system, we should look to the origin of such an arrangement. So-called strings were attached to aid because they were the only way to lure or entice some level of government or social entity to conduct itself in ways determined to be beneficial and desirable by the Congress or the courts or the executive branch. In many ways these norms were the backbone for national standards of conduct and expectation which demonstrated and made real the guarantees of freedom which our Constitution upholds. In many instances, the absence of required conduct would have led to subsidy of illegal and contradictory actions by different elements of the academic or professional sectors, thus nullifying universality and equal application of law and benefits under law.

The following article which appeared in the Washington Post of June 1, 1976, cites the annual report of Harvard President Derek Bok as a "landmark in academic policy" and "turning point in American social policy." It applauds the growing awareness among the intellectual community that there have been too many erosions of independence in the clamor for funding from the government. It illustrates the common bond of educator with tycoon which unites their interest against intrusion and manipulation by government grantees of the freedom cherished as the legacy of academe.

The article represents the logical extension of the grantee backlash which is the consequence of excessive dictation in program operations by well-meaning and dedicated program directors and auditors concerned as much with social impact as with professional results. Such criticism is all too valid.

Reversal of the trend for commonality which has replaced the urge for individualism should be actively promoted by all who value freedom of inquiry and expression. However, there should be watchful sentry for the reverse swing of the pendulum to an extremity of subjective conduct which promises anarchy rather than fulfillment of personal, professional, and business expression. The article follows:

[From the Washington Post, June 1, 1976]

Derek Bok's 'Indictment': A Landmark in Academic Policy

(By Michael Halberstam)

Harvard University and I parted company on mutually satisfactory terms 22 years ago, and since that time my relationship to Cambridge has been a model of benign indifference. I receive each year, among other documents, a copy of Harvard's "President's Report," and I usually pay it as much mind as I do my annual statement from IBM, another institution in which I am a one-millionth stockholder. The President's Report for 1974–75 has just been issued by Harvard's Derek Bok, however, and not only is it a landmark in academic policy, but it marks a crucial turning-point in American social policy.

Mr. Bok's report runs over 12,000 words, and in its entirety is a bill of indictment against the federal government. It is a polite bill of indictment and a reasoned one and Mr. Bok himself would probably deny that it is an indictment, but that is what it is just the same. College presidents don't have the same literal and emotional vocabulary as football coaches. When Mr. Bok writes, after summarizing some of Harvard's problems with the federal government, "This brief review gives ample cause for concern," we should read that he is damned worried, if not terrified. When he then goes on to say, "In a few short years, universities have become encumbered with a formidable body of regulations, some of which seem unnecessary and most of which cause needless confusion, administration expense and red tape," we should read that he believes that the entire body of regulations ought to be shredded and used to stuff sofas.

Mr. Bok's specific examples of a meddlesome government will be familiar to those who have followed educational legislation over the past decade, ever since federal funds became an important part of university budgets. He cites federal intervention in confidential record-keeping, attempts to enforce the hiring of specified groups, application of collective bargaining regulations to faculty decisions, and simultaneous, uncoordinated government departments to regulate the same principle (equal employment, for example). As a physician, I was gratified that Mr. Bok singled out the bizarre, but little-publicized attempts of the Congress to legislate medical school curriculum in an attempt to turn out more "family physicians." The aim may be noble, but the means are ludicrous. Changing the mix of medical specialties through federal legislation is like watering the lawn by raising the water level in Croton Reservoir. Mr. Bok is perhaps too tactful to point out that the alleged undersupply of family doctors is itself primarily a result of previous congressional and federal largesse for research.

Derek Bok was a law professor and a law school dean before becoming Harvard's president, and there is a reasoned, legal tone to his report. Yet he himself is aware of his exposed and somewhat embarrassing position. He is chagrined, like a great actor making his first TV commercial. He apologizes, obliquely—"When educators grumble about excessive regulation or criticize the costs of complying with federal law, their complaints must seem familiar to every businessman who has experienced the travails of government intervention. In many respects, the complaints are similar, but . . ."

Ah, but there are no "buts" about it. Mr. Bok sounds just like a businessman, albeit an enlightened one (perhaps a graduate of Harvard Business School). He mentions the characteristics of higher education that make its relationship to public policy special. So it is, but so too are the special natures of the professions and the oil industry and the defense industry and a thousand other activities—they are different, but in their relationship to the federal government there are certain dominant themes. Won't the president of the American Medical Association feel the shock of recognition when he reads Mr. Bok's assertion that "Our system of higher education, for all its faults, has emerged as the best in the world in the eyes of almost every qualified observer"? Who in any field would not feel that he or she has somehow heard before Mr. Bok's cry that college admission policies are "matters that call for experimentation rather than inflexible rules . . . judgments that are best left to the informed opinion of experienced educators."

My point is not to chide Mr. Bok for his naivete about the consequences of federal intervention, but merely to emphasize how closely his concerns mirror those of any other group or industry that has entered into a "partnership" with the federal government. Mr. Bok's colleague-in-arms, President Kingman Brewster of Yale, pointed out the adverse consequences of accepting federal monies in his annual report last year, noting that "If we are to receive support for Physics, let's say, we must conform to federal policies in the admission of women to the Art School, in women's athletic facilities . . ." Well, of course. Businessmen long ago learned that there are few activities so humble they are not touched by the Interstate Commerce Commission and the Minimum Wage regulations. As with miscegenation in the ante-bellum South, it takes only a drop of federal money to make you a federally-regulated enterprise.

The concerns of Presidents Bok and Brewster have been taken up by the higher education community in general. The lead editiorial in the winter issue of the respected journal, "Change—The Magazine of Higher Learning," is titled quite simply, "Will Government Patronage Kill the Universities?" and the conclusion is, perhaps. This growing disenchantment with federal government among the academic community is clearly unprecedented. Poll after poll since 1932 has shown that the professional caste has consistently been more liberal than the population at large, if liberal is defined as favoring greater power for the federal government. When a congressman wanted a federal program to control dangerous tricycles, gas rates, television advertising, or the distribution of neurosurgeons, he could always count on a phalanx of professors to agree that the private sector had failed and federal regulation—and/or subsidy—was necessary.

No longer. The disillusionment of Messrs. Bok, Brewster, et al. means that the academic community will never again accept quite so automatically the equation of enlightened social policy with greater federal power. It will no longer dismiss quite so readily those unenlightened businessmen who cry that good intentions do not result in good laws, and that federal regulation can produce exactly the opposite result of that intended. The universities have learned that some federal subsidies may be attached to very long strings, but the strings exist nonetheless. Most important, a disillusioned liberal professor is not the same as a disillusioned liberal dentist. There are very few mute, inglorious Miltons in Cambridge and Ann Arbor. Professors write and they lecture. Belated as it may be, the academic community's recognition of the problems in federal subsidies means that students are going to be taught by professors who have been around when the government decided to call in its debts. The result, one hopes, will not be an end to federal regulations, but a much closer examination of its consequences and its alternatives. The universities will not go to the extreme of Lester Maddox, who shut down his Pickrick restaurant rather than accept court-ordered integration, but neither will they dismiss it so easily as they once did. The professors have joined the rest of us store-owners, manufacturers, farmers, and doctors who wrestle with federal regulations. Welcome to the party, boys and girls, and shut the door tightly behind you.

THREE SCORE AND FIVE WITH THE WHITAKERS

(Mr. HANLEY asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HANLEY. Mr. Speaker, in these days of revelations of business failures and bankruptcies galore and of corporate misdeeds at home and abroad, it is most encouraging to read of public attention to success stories in business. I am especially pleased, as a member of the Small Business Committee, when laudatory mention is made of the achievements by a family owned and operated enterprise. I particularly welcome such good reports when they salute an institution which I have familiarity with as a Representative and customer.

As you are aware, Mr. Speaker, the small business is the backbone of American free enterprise. Of the 9.4 million businesses in the United States, 96.7 percent are small businesses representing 54.1 percent of the gross receipts of all businesses. In addition, the employment and stimulation which these ventures have given to the growth of our Nation are virtually incalculable. Often starting from the borrowed funds of family and friends, such businesses grew to be prosperous pillars of the economic life of a whole region or community.

All too often we take such operations for granted. The leaders who built them were hard working and family oriented with a strong community spirit. We come to expect their success because they are so much a part of the life of the town.

Often, too, there is little attention paid in the media to the good record and fine performance of ongoing businesses. That is why I want to share with our colleagues the saga of the Whitaker family auto dealership as recorded in the weekly Country Folks recently.

This family business began in 1911 and endures today as a tribute to the drive and ambition of the Whitakers and their staff and the thousands of customers who have been satisfied with superior service. The sense of stability and endurance which such a history exemplifies should be a hopeful harbinger for us all as we begin the third century of nationhood.

I commend this reading as a benefit to the House and to understanding that there are, indeed, good things happening every day in life, if not in the news reports:

Three Score and Five With the Whitakers

(By Hazel Brown)

The year was 1911. William Howard Taft, the 27th President of the United States, was losing the support of Congress. It was apparent that his conservative policies were becoming a determining factor in the public's discontent.

John D. Rockefeller, President of the Standard Oil Co., of New Jersey was retiring after accumulating a vast fortune and attaining a prominence in history that would continue down through the years.

The Delaware and Hudson Railroad was trying to hire men to help with its ever increasing business. They were already running six passenger trains on a daily schedule between Binghamton and Albany, to say nothing of the long freight trains that were running between passenger schedules. There was every indication that there would be an indefinite and progressive future, for it had proven without a shadow of a doubt that train travel was the greatest means of land transportation thus far conceived.

Then one sunny, spring morning an occurrence took place in Sidney (Delaware County) that would eventually play an important part in the lives and economy of not only the residents of that town, but elsewhere as well.

It was like any other spring morning in the small community. A light breeze carried the scent of lilacs in blossom beneath the sunny sky and peace and serenity prevailed. Then, abruptly, the little town was awakened by the distinct roar of one of those newfangled machines that many of the residents had heard about, but until now had paid little heed.

To the cold crisp air filled with the sweet fragrance of lilacs was added the odor of fresh perked coffee, homemade breads and the spicy smells that are so prevalent on baking days; as residents hurriedly opened their doors to get a better view of the noisy conveyance as it passed by.

The intruding machine was a Stoddard-dayton automobile owned by George E. and Glen S. Whitaker. It would prove to be the beginning of a prosperous and flourishing business.

Until that time the automobile had been considered a romantic and dubious plaything. A powerful machine for its time, which was only available to those who could afford them and daring enough to attempt to manage them. As might be expected they hadn't become overly popular where areas of dirt roads, mud ruts and unpredictable weather predominated.

However, the Whitakers were farsighted and had a mental picture of an automotive era; a time to come when dirt roads would become hard roads and horse power would be found beneath the hood of some form of mechanical vehicle, instead of on four feet.

When they went into business it was an era when there were no radios nor television. Churches, theaters and social gatherings were the news medias of the time.

People with means patronized the many summer resorts for which this area was noted. Among them were such distinguished people as some of the nation's elder statesmen, some of whom had summer homes in the area. One such well known man was Bernard Baruch, whose son Bernard Jr. still buys from the Whitakers.

Other Celebrities who frequented the area and did business with the Whitakers included such well known names as Tom Mix, Ken Maynard, and Roy Rogers. Of the many boxing champions of those days, Max Schmeling bought their cars from Whitakers, while others not only bought from the Whitakers but also made the firm their service headquarters while vacationing in the area. Most of the names were as familiar in the area's homes as apple pies.

It is the list of well known customers both past and present along with the Whitaker's unusual experience with some of their automobiles and the incredible places that the cars have been sold that helps make the area's history so interesting.

One of their experiences took place when one of the current owners and president of the firm was a young man. He was playing tenor sax with a small band from the University of Pennsylvania and on a summer cruise, in the middle of the Atlantic Ocean. The trip was doing little for the trumpeter and drummer in the band who were ill much of the time, however, young Whitaker was busy getting acquainted with others on the ship between playing engagements. He became acquainted with an American missionary from Africa, and during the visit discovered that the missionary would be needing a car when he arrived in America. The alert young man let no time elapse and before the missionary landed in America he and young Whitaker had closed the deal. A cable to his father in Sidney was all that was needed. When the ship docked a new car was waiting at the pier.

One of the most remarkable stories took place in 1940. As a trade in they received an Isotta Forchini costing $14,000 originally; stunningly ornated with a sterling silver hood ornament. The car was sold by the Whitakers and later became something of an attraction as it was maneuvered through some rather unusual circumstances across the screen in the thriller "Foreign Correspondent."

The only part of the luxurious car which didn't go west was the sterling silver ornament which reposes as a unique memory in a safety deposit box of the Whitakers.

In 1942, Afton's Carleton J. H. Hayes then American ambassador to Spain; ordered a new convertible to take with him. He left it in Spain and the last report on the car was that it was in the service of the former General Franco's household.

Vice-Admiral A. W. Johnson, commanding officer of the Atlantic Fleet Training Program, also ordered a car from the Sidney firm as did a Unadilla soldier, Capt. Richard Belden, who asked that it be sent to him in Germany.

Whitaker & Son has been a family enterprise for four generations, with a fifth generation coming.

Down through the years they have handled a number of well known brand name cars, and theirs has been an interesting dealer experience.

The present Main Street location is a far cry from the original livery stable in Unadilla from which the firm moved in 1918 to its present location which was at one time the location of Sidney's old "Central House."

In 1914 they were agents for the Ford, then added the Case for a year from 1915 to 1916 and the Nash and Dodge in 1917. Later, they added Lincoln to their list and even more recently, the Chevrolet.

In 1919 Carleton G. Whitaker joined with George E., the father and his brother Glen S., at which time they took on the Buick franchise.

The father (first generation) died in 1924 and after his death the two brothers, Carleton and Glen S. carried on until 1937. At that time Glen S. bought Carl out and became the sole owner. The present Glen E. Sr., joined the firm after graduating from the Wharton School of Finance at the University of Pennsylvania in 1941.

But there was a war to be won and he entered the Navy in 1942 serving with the Seabees in Guadalcanal until his discharge in 1946.

While he was overseas, his sister Virginia Whitaker Tiffany gave up her teaching position in Manhasset, L.I., and came home to join the firm.

In 1946 Whitaker & Son proceeded to make one of the largest expansions that they had ever undertaken. They took over the four-story building formerly occupied by the Kayser Silk Co., and converted it into a complete service and parts department; leaving their offices and showrooms in the building at 20 Main Street.

Young Glen E. fresh out of the Navy and a junior partner at that time, went to Detroit where he completed a special course of study at the General Motors School.

In 1947, Glen S. Whitaker passed away leaving his son and daughter to carry on. Later Glen E. senior bought out his sister's share of the business, and today it is run by the two Whitakers, Glen E. Whitaker Sr., President of the firm and his son, Glen E. Jr., more often referred to as Whit. Not only is he in partnership with his father, but he carries the title of Executive Vice-President. He is the father of two children; a son, Glen E. Whitaker the 3rd, better known as Tripp, and a daughter Heather.

It is apparent that they are not only a fine firm to do business with but are also a fine business to work for, if their General Manager, Chet Jewell is any example. He had been with the firm for most of his adult life except for a period during World War II when he served in the Air Force for four years. His respect and admiration for the firm and its owners is easily discerned when he talks about them and their progress.

As might be expected he has good cause to feel as he does. He travels extensively throughout the surrounding counties helping to carry on the proud business with the whole hearted approval of the Whitaker partners.

Their Main Street location has been extensively remodeled these past few years and they have also added and installed more and better equipment at their service area.

One of the latest in service equipment is an analyzer machine which is used to separate or resolve a car's malfunctions into elementary parts. This eliminates much undesirable and costly labor, and therefore, becomes a time saver.

Today the firm of Whitaker & Son is not only one of the areas largest dealers, volume wise, but they also own one of the largest parts warehouses in Central New York State.

Its a business that has over the years, added much to the history of that area of New York State.

IN DEFENSE OF PUBLIC OFFICIALS

(Mr. HANLEY asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HANLEY. Mr. Speaker, crushed as we in public life often are by the burdens of living our every moment subject to the scrutiny of the press and the inquiry of our constituents, it is often felt that the rewards of government service are poor compensation for the sacrifices which it demands. Particularly for those legislators who conduct themselves with dignity and personal integrity and sincerity, it is most disheartening to see the reputation of this House sullied by innuendo and gossip arising from the troubles of a few of its Members.

But even more debilitating to the enthusiasm and dedication of men and women of talent and achievement is the seemingly endless demands made on elected representatives at all levels of government. Hardly a day goes by when the phone calls and mail does not bring fresh complaints and pleas for aid or redress of some problem or injustice. Perhaps it is symptomatic of our times that government has intruded into so many areas of human activity and endeavor that the complexity of administering to society brings on its own confusion and disruption. Government has created its own perpetual motion machine; unfortunately it often seems to run backwards.

Fortunately for our country, there is a resiliance to the body politic which makes sometimes heavy demands bearable. At this time of the Bicentennial elected officials realize the true mission of their calling as representatives of the needs and will of their neighbors. Fulfilling this obligation at the local, State, or Federal level can be the most satisfying of life's works and among the most frustrating.

Mr. Speaker, I do not mean to complain about this fact of life, for it is an aspect of this calling which everyone who enters public service knows and accepts. My purpose is to give some perspective to the sentiment expressed by some of our colleagues who have decided to leave this body prematurely. They look with anticipation to that time when demands slacken and privacy is restored by their return to the people.

This is an anticipation which I am

sure you can find sympathy with as you contemplate your own retirement from the House, Mr. Speaker.

It is especially encouraging to find understanding of the lifestyle which elective office dictates expressed in the news media. Sometimes we find ourselves ready to circle the wagons when beset by a hostile band of sensation-seeking reporters bent on exploitation of human foibles and personal shortcomings without regard for consequence or balanced presentation. Happily there are those in the media who appreciate the distinction between one case of failure and a blanket imputation of universal corruption.

It is especially noteworthy when an editor risks the political wrath of his readers by defending in some measure the very people who are part of an institution which daily receives black eyes and body blows from some news reports. Thus, I want to share with you and our colleagues an article which appeared in a recent issue of the Chittenango Bridgeport Times, published by Michael Milmoe.

Running a weekly newspaper in upstate New York, Mike Milmoe enjoys the respect and confidence of his readers and his professional peers. And rightly so, I might add, because he has demonstrated a balance of constructive criticism and pointed observation which aids public understanding of issues and disputes in government at all levels. Nonpartisan in approach, Mike does not refrain from politics or its chastisement. He also appreciates the true picture of the financial and personal sacrifice which elected officials make for the time they serve in government. He can see beyond the parade-riding hoopla and deference paid by the citizenry and the heady glamor which seems to characterize public officials from President to village trustee. He sees that much of such reputation is superficial gloss of the fact that elective office is one tough job.

Certainly, the comments of publisher Milmoe deserve wide circulation in the hope of adding balance to the reputation of legislative service. I am pleased to insert his remarks at this point for the RECORD:

IN DEFENSE OF PUBLIC OFFICIALS

(By Mike Milmoe)

A couple of months ago, on a wintry Thursday afternoon when blizzardy snow swirled about our office windows three state legislators stopped by to say hello and report what was happening—and not happening—in Albany.

And within a few minutes Assemblymen Hyman Miller, Clarence Rappleyea and Senator Martin Auer focussed the conversation on the tremendous pressures on public officeholders of today where every voter is a consumer and lobbyist who wants the top man in his district to fight his individual complaint. The legislator has become a pawn between the interest groups, the bureaucratic state agencies and the voter. Too many constituents just love to see their elected officials jump hoops—for no real purpose.

We'd like to address ourselves to the defense of public officials. Notwithstanding Watergate, Wayne Hays, Wilbur Mills and a dozen other distasteful political stories that make choice reading—public officials work harder and are respected less than any other comparable group in society.

Pensions are another matter and we charge them guilty on building in a system that milks the treasury and puts ever increasing budgetary pressures on the taxpayers. When pensions are such that officials want to serve another term to build a pension rather than to serve people—then the system is wrong.

Momentarily forget the pension matter. Let's discuss the unreal pressures on your legislators.

This all comes to mind because Marty Auer, Hyman Miller and Rapp Rappleyea are holding a fundraising event in Cazenovia on Sunday.

And well they might. They have to pitch in to every other fund raising event that rears its head in the course of the year. They have to come forward with increasing sums of money to stage a winning election campaign.

A Congressional contest even in a rural district can cost $100,000 and a contest for Assembly perhaps 20% of that. What waste.

The legislator must listen to inane arguments and prejudices and uninformed opinions, since they are in a perpetual campaign situation. They must be careful about speaking out forcefully on issues themselves for fear of alienating a voter. If they say something of substance it is twisted and distorted by every dissident or causebearer. They learn to say little of any meaning for there is someone behind every rock ready to bushwack them. It's unfortunate.

Your mayor, your supervisor, your legislator has to spend a lion's share of his or her official time on nonproductive functions and efforts. It really doesn't leave them much of the 24 hours a day allotted to think about issues and how best to lead the community, the town or district they represent.

They must attend every dinner, be ready to speak to any group. As the son of a 25 year legislator we can attest that anyone who enters the public sphere has to be willing to virtually abandon their family.

And above all is the unmerciful telephone, the tyrant that puts every voter on the desk or in the home of the legislator and leader.

The last 17 months of special sessions of the State Legislature, late night emergencies, fiscal crisis and public unrest have taken their toll. At least 15 legislators are quitting in midcareer, fed up with the full time job with part time prerequisites." "There is so much wasted time," says one. "I went to Albany to be a public servant," said another, "but I became a public slave."

We read that upward of 45 members of Congress are walking away, unbeaten at the polls but badly whipped in the physical day to day demands on their time.

The legislator is badly outgunned in the political wars. There are too many issues, too many bills, to many persons to see. The legislator is caught in the crossfire of one-issue lobbyists who are equally intelligent and better paid, the agency and department bureaucrats who have ten good reasons for passage of their pet bills to every valid one in opposition a legislator might think of, and the distraught voter who only reads of scandals and sees his taxes going up. He doesn't know the lobbyist or the bureaucrat, but he sure knows his supervisor, his mayor, his assemblyman and the phone is just a step away—at 2 A.M. or 6 A.M.

There comes a basic question and dilemma whether an elected official is to represent the desires of the people who elected him, even if they be narrow or prejudicial desires, or is he elected to be a leader and seek better ways even if they conflict with those he represents.

On the streetcorner the public official is vilified. But he must attend the public meetings. We know the endless meetings and committee sessions, the pressures of both sides that are fed into most decisions. We have seen the unfair demands on their times—and their intelligence—in the sake of public service. And we would have to say that most officials we have observed give their very best to the public.

We must let our public officials lead and discuss issues and answers rather than be errand boys and banquet fixtures who must talk in mushy phrases and be always on the fundraising trail.

HOW NOT TO SELL AN AIRPLANE

Mr. CARR. Mr. Speaker, there are mission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. CARR. Mr. Speaker, there are times when American businesses do things so incredibly moronic it is no wonder we are having increasing difficulty holding onto our markets. The case in point is a letter I received this morning on the question of the new Air Force advanced cargo tanker aircraft.

By way of background, the Air Force feels that its present KC–135 tanker aircraft, which are similar to the earliest Boeing 707's, are inadequate to meet the future requirements for long-range airlift. The KC–135's are good aircraft with many years of useful life remaining, but they do not tank enough fuel for the very long-range airlifts with which we may find ourselves faced as a result of the decision of our European allies that we are obliged to pay the lion's share of NATO expenses to defend them but they are not obligated to allow us the use of their airfields as refueling stops on the way to the Mideast. Therefore, the Air Force is considering purchase of a relatively small number of wide-bodied commercial aircraft, either the Boeing 747 or the McDonnell Douglas DC–10, modified to act as military tankers and cargo aircraft.

My own position is one of support for this program, as long as there is no attempt to expand it to a strategic tanker for refueling our bombers—for this KC–135 is perfectly adequate. As far as the choice between the two competing aircraft is concerned, I have no parochial interest whatever and I have no substantive preference at this time; I am simply waiting to see what the Air Force comparison reveals.

Into this atmosphere of pristine impartiality there intruded this morning a letter, on luxurious stationery with gold-leaf letterhead, from the firm of Thomas J. Collins and Associates, of Cerritos, Calif., self-described as "certified advertising specialists." Before proceeding further, I insert the letter in the RECORD, at this point:

THOMAS J. COLLINS & ASSOCIATES,
CERTIFIED ADVERTISING SPECIALISTS,
Cerritos, Calif., June 10, 1976.

Hon. M. ROBERT CARR,
Member of Congress,
Longworth Building,
Washington, D.C.

GOOD MORNING MR. CARR: Our local newspaper indicates that the Government is going to replace the obsolete KC–9 Air Tanker . . . It also indicates that you and your committee are considering the merits of the DC–10 and the 747 as a replacement for the old tanker . . .

In the interest of making an enlightened decision, perhaps you would like to be aware of some of the comments that I have picked up from others *and* some personal observations of my own, (having flown *both* aircraft many times), and finally . . . some facts with reference to the economic needs of Southern California. . . .

First: I have heard experienced pilots say that judging *where the wheels are* when landing the aircraft is one of the most difficult feats in piloting the 747.

Secondly: In landing the 747, *if* an inexperienced pilot should try to turn at a speed in excess of 30 MPH . . . there is a very good probability that he will "wipe out" the undercarriage.

Thirdly: Several airline officials with whom I am acquainted, have stated that the 747 is *NOT* an economical airplane to operate! . . . (Heavens knows, we *must CUT* expenses in government . . . not purchase a piece of equipment that is going to add (*to . . . or increase those expenses!*)

I recognize that by your very consideration and probable purchase of a "Jumbo Jet" Air Tanker, that a savings will be effected, however, when it *is* possible to compound that saving by acquiring a piece of equipment that in practice operates with an even greater degree of efficiency than the manufacturer projected in his sales literature when he was trying to sell it to the Business Public . . . *then doesn't it just make good "horse sense" to buy the better airplane ? ? ?*

The DC–10 has done just that ! ! ! . . . and if you find this hard to believe . . . go out to any of the major airports . . .

You will discover that Pan Am and United Airlines are virtually the *only* U.S. airlines flying the 747 . . . (the others have all taken the 747 out of service) . . . and I suppose, if the truth were known, and Pan Am could get out from under their 747 contracts . . . *they would be flying DC–10s.*

What you will see is foreign airlines flying 747s . . . Most of which are heavily subsidized by their governments . . . and I suppose indirectly by ours . . .

Finally . . . I don't believe you can find a single DC–10 on the *used* airplane market . . . there are many 747s for sale. . . .

We do need a "shot-in-the-arm" . . . the *working arm* in Southern California . . . I know that Douglas has laid off about 60% of its work force (perhaps even more than that) . . . so as long as we *must* protect ourselves . . . *and I am one of those who believes we should have the strongest military force in the world* . . . I *do* believe that we should protect our own "skins" . . . and as long as the *best* piece of this type of hardware is produced *where jobs are really needed* . . . then for Heaven's sake . . . let's buy the best airplane. . . .

LET'S BUY THE DC-10

There are many other points that can be made for the DC-10 . . . its shorter land and take-off capabilities . . . its easier servicing modes . . . its shorter turn around time . . . countless more. . . . But they would only lengthen this epistle. . . .

Please transcend politics . . . and direct your considerations to what is *good* for our country. . . . If you *do* . . . you will vote for the DC-10.

Sincerely,

THOMAS J. COLLINS, C.A.S.
JUNE W. COLLINS, C.A.S.
COLLEEN P. COLLINS.
CHERYLL A. COLLINS.

The letter resembles a junk-mail ad for one of those carburetor gadgets that is claimed to double your gas mileage, increase your power and cure your arthritis besides, all for $19.98 plus $39.50 handling charge, payable in easy monthly installments at only 28 percent interest. It insults the reader's intelligence.

Since, while the Babbitty exhortative writing style is obvious to all, the factual errors in the letter may not be evident to those not involved with these issues, I will summarize them briefly:

First, there is no such thing as a KC–9 tanker, obsolete or otherwise.

Second, regarding the issue of the safety of the 747. The observations on the location of the wheels is interesting, but as a pilot myself I would point out that in landing any airplane, a Cessna 150 or a Boeing 747, the most difficult task is "judging where the wheels are when landing." What really counts is the safety record of the 747 over its several years of service, which has been excellent. Generally the safety record of the DC–10 is excellent as well, but it has not been quite as good as the 747.

Third, there is the question of economy of operation. Collins and Associates claim the 747 is not economical to operate. But Aviation Week and Space Technology periodically publishes operating cost figures for all the major U.S. airlines, from which it is possible to calculate seat-mile costs for each type of aircraft. I have not run these calculations every time the figures have appeared, but when I have run them they have indicated no significant difference between the 747 and the DC–10.

Fourth, there is the question of 747's being taken out of service. This has happened, but not through any fault of the aircraft. On the contrary, it stems from the fact that an insufficient number of people are willing to spend their recession-blighted incomes to meet CAB-inflated fares to fill the 747's.

Finally, there is the conclusion that if I love my country and want to rise above politics I will certainly vote for the DC–10. Golly gumdrops, Mr. Speaker, how can a freedom-loving American resist an argument like that?

I am aware that polls show Congress as ranking low in public esteem. But is this reason to write to us as if we all had negative IQ scores?

If I were to pay attention to this kind of public relations flackery, I would now be firmly committed to the 747 as a result of this letter. As it happens, I do not and I retain an open mind.

NUCLEAR POWERPLANT CONSTRUCTION

(Mr. HAMILTON asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HAMILTON. Mr. Speaker, a few weeks ago I sent a letter to the Nuclear Regulatory Commission in which I asked a number of questions about the construction and operation of a nuclear powerplant, with particular reference to the Marble Hill plant which the Public Service Co. of Indiana would like to construct along the Ohio River in my district.

I have recently received the first segment of the NRC's response to my letter, dealing with the licensing process. Because its response contains a great deal of useful information, most of which pertains to the construction of any nuclear powerplant, I would like to bring it, together with my letter, to the attention of my colleagues.

My letter and the NRC response follow:

MAY 5, 1976.

Mr. CARL KAMMERER,
Director of Congressional Affairs, Nuclear Regulatory Commission, Washington, D.C.

DEAR MR. KAMMERER: I met on April 29 with three representatives of the NRC: Jerry Wilson, Roger Boyd, and Ed Fay. I wish to supplement their comments with further information for possible public dissemination. In order to obtain this information, I am sending you the following questions:

A. Construction Permitting:

1. What NRC permits will be needed prior to construction at Marble Hill?

2. What evaluations will NRC make before issuing these permits?

3. When did the regulatory process start for Marble Hill—when did Public Service Indiana (PSI) submit its initial application?

4. Anti-trust evaluation:

What is the purpose of this evaluation? Please list the steps involved.

What hearings will be held? Which will be public? What other input will the public have?

How long does this evaluation usually take?

At what stage is the evaluation of Marble Hill?

Who has raised objections and why? How will these objections be handled?

When is the evaluation of Marble Hill expected to conclude?

5. Safety review:

What is the purpose of this review? Please list the steps involved.

What public hearings and other avenues of public input will be available?

How long does the process usually take?

At what stage is consideration of Marble Hill?

What is the AGRS: How many members, with what background, appointed by whom?

When is the evaluation of Marble Hill expected to conclude?

6. Environmental and site suitability review:

What is the purpose of this study? Please list the steps involved.

How long does this evaluation usually take?

What public hearings and other avenues of public input are involved?

At what stage is the consideration of Marble Hill?

When will the next hearing be held? What will be the purpose of this hearing? Where will it be held? Who will serve on the hearing board? How will the public be involved? Who has filed as intervenors?

When is the evaluation of Marble Hill expected to conclude?

7. Limited work authorization:

What work may be done under this authorization?

At what point in the process of evaluation is it issued?

At what date might PSI receive such an authorization for Marble Hill?

8. Exemption: PSI has filed for an exemption from the normal construction permitting process to begin site preparation before the Final Environmental Statement is prepared and Limited Work Authorization issued by NRC.

When and why did PSI apply for this exemption?

Who in NRC will consider this application?

How will the views of the public and of other government agencies and officials be involved in the consideration of this application?

When might this exemption be granted?

If this exemption is granted, what work will PSI be able to do at Marble Hill?

B. Operating License: Please list the steps involved in obtaining this license. When might one be issued for the plant at Marble Hill?

C. Other questions regarding NRC permitting and licensing:

1. Where may citizens who live near Marble Hill obtain information about the project and NRC's activities with regard to it?

2. What assistance does NRC offer citizens in understanding the regulatory process and such technical matters as are discussed in the Draft Environmental Statement for Marble Hill?

3. Regarding the various evaluations for NRC permits and licenses;

How much information comes initially from PSI?

How many NRC staffers with what backgrounds verify and augment this information?

What portion of the NRC staff consists of former employees of companies involved in the nuclear industry? What portion of the NRC staff has left NRC to work for such companies?

D. The possibility of accidents:

1. What sorts of accidents may befall a nuclear power generating station?

2. Describe a total core melt down. If such an accident occurred at Marble Hill, what size area would be affected and in what ways?

3. What safety devices are mandatory to prevent such an accident?

4. What sort of government supervision will there be during the operation of the plant to guard against malfunctions?

5. Each nuclear plant must have an evacuation plan;

Will such a plan be drawn up before Marble Hill is built or operating? Must it be drawn up before permits are issued? Who will draw up the plan, and how will the public's views be involved?

What area will the plan encompass?

In the event of a major mishap, who will have legal authority to order evacuation?

6. Insurance liability

Do not many home, auto, life, and health insurance policies preclude payment for damages resulting from nuclear power plant malfunctions?

The Price-Anderson Act puts a $560 million limit on the private insurance liability of the nuclear industry in the event of a major accident, yet damage claims could be greater than $560 million.

How will claims exceeding the $560 million level be paid?

If nuclear power plants are as safe as the proponents say, why is this private insurance liability limit so important to the nuclear industry?

7. What type of fuel is used at Marble Hill? What form does it take? How and from where is it brought? What rules and procedures govern the handling of this fuel?

8. What safeguards currently mandated by law would prevent a terrorist group from sabotaging Marble Hill and either causing or threatening to cause a core melt down or some other mishap?

E. Wastes and Pollution:

1. As the reactor generates, a certain amount of radiation is released into the atmosphere.

How and in what form is it released?

At what level are these radioactive emissions?

Will these emissions be dangerous?

How definitive is research regarding the effects of such emissions?

How are such emissions monitored?

What NRC or other government regulation is involved?

2. What kinds of non-radioactive pollution will the plant produce? What are the effects of this pollution? How is this pollution monitored and regulated?

3. Water is used to cool the reactor and insulate certain radioactive material. How radioactive does this water become? How is it stored and disposed of? What volume of this water will be released per month? How is the handling of this water monitored by NRC?

4. As nuclear fuel is used up,

What substances are produced or left over?

How radioactive are these substances?

How are they stored?

What volume of these substances will be produced at Marble Hill within a year?

In what size facility will these substances be stored?

Might these storage facilities leak? What are possible consequences of leakage? How will these storage facilities be monitored and safeguarded?

How long will these substances remain at Marble Hill?

How will they be removed from Marble Hill? Where will they be taken? What will be done with them?

How long will the spent fuel from Marble Hill or the by-products of this fuel be hazardously radioactive?

What is definitively known about the effects of plutonium on health?

5. After a certain number of years of operation, the Marble Hill plant will be more expensive to repair and modernize than to replace. It will be decommissioned.

Define "decommissioning" and describe how it is done.

How many years is the plant expected to operate before decommissioning?

How long will the decommissioned plant be hazardous? In what way? How will the hazards be monitored and safeguarded against?

6. At some nuclear plants, because of human error—sometimes intentional violation of rules—materials contaminated with radioactivity have been brought into contact with the public and the environment. What will prevent such error at Marble Hill?

F. General questions:

1. How will electricity be generated from the plant at Marble Hill?

2. If fuel becomes expensive or unavailable because of small supply, what will become of the plant at Marble Hill?

3. How long are nuclear plants expected to be important in meeting U.S. power needs? What is the basis of this prediction?

4. How many plans for nuclear power plants were delayed or canceled in 1974 and 1975? Why?

5. Where will the power generated at Marble Hill be used?

6. How much will the plant at Marble Hill cost to construct? How will construction be financed? How much of the construction costs will be paid by current PSI customers?

Thank you for your prompt efforts in answering these questions. I look forward to your relpy.

Sincerely,

LEE H. HAMILTON,
Member of Congress.

U.S. NUCLEAR REGULATORY COMMISSION,
Washington, D.C., June 11, 1976.

Docket Nos. STN 50-546; STN 50-547

Hon. LEE H. HAMILTON,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN HAMILTON: We are pleased to respond to your letter of May 5, 1976 requesting information about the Marble Hill Nuclear Generating Station, Unit Nos. 1 and 2. The proposed facility is to be located in Saluda Township, Jefferson County, Indiana, approximately six miles northeast of the unincorporated area of New Washington, Indiana. Each of the two Marble Hill units will utilize a pressurized water nuclear reactor, designed for operation at 3411 thermal megawatts, with a net electrical output of approximately 1130 megawatts.

In conversations with your staff, it was agreed that the answers to your questions should be provided in installments. The first installment contains responses to the questions from Categories A and B and is provided in the enclosure. The subsequent installments will be issued in a few weeks.

Sincerely,

WILLIAM J. DIRCKS,
Assistant Executive Director for Operations.

Enclosure: Response to Categories A and B.

RESPONSES TO CATEGORY A & B

A. Construction Permit:

1. What NRC permits will be needed prior to construction at Marble Hill?

The only permits required from the Nuclear Regulatory Commission (NRC) prior to initiating construction at Marble Hill, Units 1 and 2, are the Construction Permits. However, Public Service Company of Indiana (PSI) also requested a Limited Work Authorization (LWA) in order to begin site preparation prior to receipt of the Construction Permits.

2. What evaluations will NRC make before issuing these permits?

The NRC will prepare:

(A) Safety Evaluation Report (SER) and at least one supplement to the SER.

(B) Draft Environmental Statement (DES).

(C) Final Environmental Statement (FES).

(D) Site Suitability Report.

These reports are described in Attachment 1, "The Reactor Licensing Process."

3. When did the regulatory process start for Marble Hill—when did Public Service Indiana (PSI) submit its initial application?

PSI tendered its application on July 2, 1975. The NRC performed an acceptance review of the application as described in Attachment 2 "Acceptance of Applications." The Environmental Report (ER) was found acceptable for docketing on August 11, 1975 and the Preliminary Safety Analysis Report (PSAR) was found acceptable for docketing on September 5, 1975. PSI formally docketed the ER on September 11, 1975 and the PSAR on September 17, 1975.

4. Anti-trust evaluation:

What is the purpose of this evaluation? Please list steps involved.

The purpose of the antitrust evaluation is to determine, under § 105(c) of the Atomic Energy Act of 1954, as amended, whether activities under a Commission license will create or maintain a situation inconsistent with the antitrust laws as specified in § 105(a) of the Act.

Each facility license application contains information requested by the Attorney General in order for him to conduct an antitrust review. This information is forwarded to the Attorney General for his review and the Attorney General has up to one hundred and eighty days to advise the Commission as to whether there may be antitrust problems in connection with an application. He may recommend to the Commission that there be an antitrust hearing to determine whether the activities under the license would create or maintain a situation inconsistent with the antitrust laws. In addition, members of the public may petition to intervene and request a hearing regardless of the advice of the Attorney General. The Commission may also determine a hearing is necessary even if one is not recommended by the Attorney General and none is requested by members of the public.

If a hearing is held, the Commission makes a finding as to whether the activities under the license would create or maintain a situation inconsistent with the antitrust laws. In the event the Commission's finding is in the affirmative, it has the authority under § 105(c)(6) of the Act to issue or continue a license as applied for, to refuse to issue a license, to rescind a license or amend it, or to issue a license with such conditions as it deems appropriate.

What hearings will be held? Which will be public? What other input will the public have?

If an antitrust hearing is determined to be necessary, as indicated in the previous answer, in addition to any intervenor who may participate in the proceeding, a person who is not a party may, at the discretion of the presiding officer, be permitted to make a limited appearance by making oral or written statements of his position on the issues. All hearings held in connection with the proceeding will be open to the public.

How long does this evaluation usually take?

If a hearing is not required or not otherwise deemed necessary, the process should be completed in less than eight months. In those cases where a hearing is required the length of time to completion can vary greatly and there is not adequate experience to indicate how long the evaluation will usually take.

At what stage is the evaluation of Marble Hill?

The Attorney General's advice with respect to the application of Public Service of Indiana was published in the Federal Register on April 28, 1975. The Attorney General recommended that a hearing was not necessary if certain commitments made by the applicant were included in any license that may be issued. No interested person filed a request for a hearing during the intervention period (thirty days after the publication in the Federal Register). However, recently a co-op group with members in Kentucky and Indiana (the Kentucky-Indiana Municipal Power Association (KIMPA)—members include—Frankfurt and Paris, Kentucky, and Crawfordsville, Washington, Huntingburg, Tipton and Ferdinand, Indiana) has filed an untimely petition to intervene and a request for a hearing. This matter is currently pending before a Petitions Board.

We also have information that portions of the Marble Hill facility will be sold to other participants including Northern Indiana Public Service Co., Wabash Valley Power Association, and East Kentucky Power Cooperative, Inc. These new participants are also subject to the antitrust review process.

Who has raised objections and why? How will these objections be handled?

KIMPA has filed an untimely petition to intervene and a request for a hearing. This petition is now pending before a Petitions Board which will determine whether there was good cause shown under § 2.714 of the Commission's Rules of Practice for the late filing. The Petition Board will also determine whether the petition otherwise complies with our Rules regarding intervention. If the Board determines that good cause has been shown and the petition meets the other requirements of the Commission's Rules of Practice, an antitrust hearing would then be held.

When is the evaluation of Marble Hill expected to conclude?

In view of the pending petition to intervene and request for a hearing we are unable to estimate when the antitrust evaluation of Marble Hill will conclude.

5. Safety review:

What is the purpose of this review? Please list the steps involved.

The NRC, in its review of applications for licenses to construct and operate nuclear power plants, is required by the Atomic Energy Act of 1954, as amended, to consider those measures necessary for protection of the health and safety of the public. To carry out this responsibility, the Commission's staff conducts a detailed review of all nuclear plant applications to assure that they can be built and operated at the proposed locations without undue risk to the health and safety of the public. This includes assuring that all structures, systems and components important to safety will be designed and constructed to withstand the effects of various postulated environmental phenomena. Additionally, to provide reasonable assurance that facilities can be operated without undue risk to the health and safety of the public, the NRC has established minimum requirements for the principal design criteria for water-cooled nuclear power plants.

The PSAR is reviewed to determine that the plant design is consistent with NRC Rules and Regulations, regulatory guides, and other regulatory requirements. Design methods and procedures of calculations are examined to establish their validity. Checks of actual calculations and other procedures of design and analysis are made by the staff to establish the validity of the applicant's design and to determine that the applicant has conducted his analysis and evaluation in sufficient depth and breadth to support the required findings with respect to safety. To the extent feasible and appropriate, the staff makes use of previous evaluations of other reactors approved for construction of operation and previous evaluations of various aspects of reactor design described in topical reports, to expedite its review.

The steps involved in the safety review of the Marble Hill facility are:

(A) Application tendered—July 2, 1975.

(B) Acceptance Review.

(C) PSAR docketed—September 17, 1975.

(D) First round requests for information issued to PSI—November 20, 1975 through January 12, 1976.

(E) PSI responses to first round requests for information—January 5, 1976 through February 12, 1976.

(F) Second round requests for information issued to PSI—March 19, 1976 through May 11, 1976.

(G) PSI responses to second round requests for information—April 30, 1976 through June 11, 1976 (Estimate)

(H) SER issued—August, 1976 (Est.)

(I) ACRS meeting—September, 1976 (Est.)

(J) Supplement to SER issued—November, 1976 (Est.)

(K) Earliest start of radiation/safety hearing—December, 1976 (Est.)

(L) Upon favorable decision by the hearing board, Construction Permit issued—April, 1977 (Est.)

What public hearings and other avenues of public input will be available?

The public can participate in the radiation/safety hearing for the Marble Hill plant which is scheduled for December, 1976. See Attachment 3—"Participation in NRC Public Hearings on Applications for Construction Permits."

How long does the process usually take?

The time interval from docketing of the Marble Hill PSAR to issuance of the Supplement to the SER is 14 months. This is a typical review schedule.

At what stage is consideration of Marble Hill?

The staff is presently reviewing PSI's responses to the second round requests for information.

What is the ACRS: How many members, with what background, appointed by whom?

Section 29 of the Atomic Energy Act of 1954, as amended, established an Advisory Committee on Reactor Safeguards (ACRS) consisting of a maximum of fifteen members appointed by the Commission for terms of four years each. The members are experienced, technically trained individuals selected from various technical disciplines, having applicable experience in industry, research activities, and in the academic area. The ACRS also makes use of consultants in specialized technical disciplines. The Committee reviews safety studies and facility license applications referred to it and makes reports on them, and advises the Commission with regard to the hazards of proposed or existing production and utilization facilities and the adequacy of proposed facility safety standards. Attachment 4 lists the present ACRS membership.

When is the evaluation of Marble Hill expected to conclude?

The evaluation of Marble Hill is presently expected to conclude with the decision of the hearing board in April, 1977.

6. Environmental and site suitability review:

What is the purpose of this study? Please list the steps involved.

The purpose of the environmental review is to perform an evaluation of the potential environmental impact of the proposed Marble Hill facility and to balance the benefits derived from this facility against the possible risk to the environment. The NRC is required to perform this evaluation under the National Environmental Policy Act of 1969 (NEPA).

The purpose of the site suitability review is to determine if the proposed site is a suitable location for a nuclear power reactor of the general size and type proposed from the standpoint of radiological health and safety considerations. A site suitability report is only required when an applicant requests an LWA.

The steps involved in the environmental review of the Marble Hill facility are:

(A) Application tendered—July 2, 1975

(B) Acceptance Review

(C) Questions issued to PSI subsequent to site visit—August 22, 1975

(D) ER docketed—September 11, 1975

(E) PSI responses to questions—September 16, 1975

(F) DES issued—March 5, 1976

(G) End of Comment Period—May 4, 1976

(H) FES issued—June 28, 1976 (Est.)

(I) Site Suitability Report, based on information supplied in the Marble Hill PSAR, issued—June 28, 1976 (Est.)

(J) Earliest start of environmental hearing—July 28, 1976 (Est.)

(K) Upon favorable decision by the hearing board, LWA issued—December 1976 (Est.)

How long does this evaluation usually take?

The standard time interval for the environmental review, from docketing of the ER to FES issuance, is eight months.

What public hearings and other avenues of public input are involved?

The public can participate in the environmental hearing for the Marble Hill plant which is scheduled for July, 1976. See Attachment 3, "Participation in NRC Public Hearings on Applications for Construction Permits." The DES is circulated for review and comments by the appropriate Federal, State and local agencies as well as by individuals and by organizations representing the public.

At what stage is the consideration of Marble Hill?

The staff is presently reviewing the comments to the DES.

When will the next hearing be held? What will be the purpose of this hearing? Where will it be held? Who will serve on the hearing board? How will the public be involved? Who has filed as intervenors?

The next hearing for Marble Hill is the environmental hearing which is scheduled for July, 1976. The purpose of the environmental hearing is to make all of the NEPA findings required by the Commission's regulations in 10 CFR Part 51 and to determine that there is reasonable assurance that the proposed site is a suitable location for a nuclear power reactor of the general size and type proposed from a radiological health and safety standpoint. The hearing will be held near the site, probably in Madison, Indiana.

The public hearings are conducted by a three-member Atomic Safety and Licensing Board (board) appointed from the NRC's Atomic Safety and Licensing Board Panel. The board is composed of one lawyer (Elizabeth S. Bowers, Esq.), who acts as chairman for the proceeding, and two other technically qualified persons (Dr. Marvin M. Mann and Dr. William E. Martin).

The involvement of the public in the environmental hearing is described in Attachment 3, "Participation in NRC Public Hearings on Applications for Construction Permits."

By the March 12, 1976 order of the board, the following parties have been admitted as intervenors in the Marble Hill hearings:

(A) Board of Commissioners of the County of Jefferson, Indiana.

(B) Saluda Township, Jefferson County, Indiana.

(C) The City of Madison, Indiana.

(D) The Plan Commission and Board of Zoning Appeals of Jefferson County, Indiana.

(E) Save the Valley.

(F) Save Marble Hill.

(G) Citizens Energy Coalition.

(H) Knob and Valley Audubon Society of Southern Indiana.

(I) Sassafras Audubon Society.

(J) Louisville Water Company.

In addition, the Environmental Management Board of the State of Indiana and the Commonwealth of Kentucky Department for Natural Resources and Environmental Quality have been admitted as representatives of interested states pursuant to 10 CFR § 2.715(c). The regulations provide that a representative of an interested state will be afforded a reasonable opportunity to participate and to introduce evidence, interrogate witnesses, and advise the Commission without requiring the representative to take a position with respect to the issues.

When is the evaluation of Marble Hill expected to conclude?

The environmental evaluation of Marble Hill is presently expected to conclude with the decision of the hearing board in December, 1976.

7. Limited work authorization:

What work may be done under this authorization?

In accordance with 10 CFR 50.10(e)(1), the following activities may be conducted under an LWA:

(A) Preparation of the site for construction of the facility (including such activities as clearing, grading, construction of temporary access roads and burrow areas)

(B) Installation of temporary construction support facilities (including such items as warehouse and shop facilities, utilities, concrete mixing plants, docking and unloading facilities, and construction support buildings)

(C) Excavation for facility structures

(D) Construction of service facilities (including such facilities as roadways, paving, railroad spurs, fencing, exterior utility and lighting systems, transmission lines, and sanitary sewerage treatment facilities)

(E) The construction of structures, systems, and components which are not subject to the provisions of Appendix B to 10 CFR 50, "Quality Assurance Criteria for Nuclear Power Plants and Fuel Reprocessing Plants."

In addition to the activities described in the paragraph above, the installation of structural foundations, including any necessary subsurface preparation for structures, systems and components, which are subject to the provisions of Appendix B, may be conducted.

Such an authorization which may be combined with the authorization described in the paragraph above or may be granted at a later time, shall be granted only after the Licensing Board in the LWA proceeding has, in addition to making favorable findings on environmental and site suitability matters, determined that there are no unresolved safety issues relating to the additional activities that may be authorized pursuant to this paragraph that would constitute good cause for withholding authorization.

Any activities undertaken pursuant to an LWA shall be entirely at the risk of the applicant and the grant of an LWA shall have no bearing on the issuance of a construction permit.

At what point in the process of evaluation is it issued?

An LWA may be issued after the conclusion of the environmental and site suitability hearing and a favorable decision by the board.

At what date might PSI receive such an authorization for Marble Hill?

The present estimated date for the board's decision regarding an LWA is December 8, 1976.

8. Exemption: PSI has filed for an exemption from the normal construction permit process to begin site preparation before the Final Environmental Statement is prepared and Limited Work Authorization issued by NRC.

When and why did PSI apply for this exemption?

PSI requested an exemption under 10 CFR 50.12, on April 21, 1976, to perform certain site-related activities which are not permitted without exemption to 10 CFR 50.-10. PSI stated that under the Commission's review schedule, an LWA decision would not be forthcoming until the end of 1976 and, because of adverse weather, the start of construction would have to wait until the following spring. They indicated that delaying plant construction to this time would result in an unacceptably low reserve margin, escalated construction costs, and higher costs for purchased power.

Who in NRC will consider this application?

Requests for exemptions under 10 CFR 50.12 are considered by the Director of Nuclear Reactor Regulation on behalf of the Commission.

How will the views of the public and of other government agencies and officials be involved in the consideration of this application?

There is no formal procedure for requesting and evaluating comments from the public and other government agencies on exemption requests.

However, the exemption request becomes a public document through distribution to parties to the proceeding and the NRC public document rooms in Washington, D.C. and Madison, Indiana. As a consequence, opportunity is provided for members of the public to comment on the request. Any comments received are considered by the Director in reaching a decision on the request.

When might this exemption be granted?

PSI's request for an exemption was formally denied on May 19, 1976. A copy of this denial was sent to you in our letter of May 25, 1976.

If this exemption is granted, what work will PSI be able to do at Marble Hill?

PSI requested authorization to conduct the activities listed in Attachment 5.

B. Operating Licenses: Please list the steps involved in obtaining this license. When might one be issued for the plant at Marble Hill?

When the construction of the nuclear facility has progressed to the point where much final design information and plans for operation are ready, the applicant submits the Final Safety Analysis Report (FSAR) in support of an application for an operating license. The FSAR sets forth the pertinent details on the final design of the facility including final containment design, design of the nuclear core, and waste handling system. The FSAR also supplies plans for operation and procedures for coping with emergencies. Again the staff makes a detailed review of the information. Amendments to the application and reports may be submitted from time to time. The staff again prepares a Safety Evaluation Report (re the operating license) and, as during the construction permit stage, the ACRS again makes an independent evaluation and presents its advice to the Commission by letter. This second Safety Evaluation Report and its Supplement, the ACRS meetings and their letter to the Commission are available to or may be attended by the public.

The Final Environmental Statement is updated at the Operating License stage of review and all of the issues that are concerned with the operation of the facility are considered in additional detail.

A public hearing is not mandatory prior to the issuance of the operating license; however, soon after acceptance of the operating license application, the Commission publishes notice that it is considering issuance of the license. The notice provides that any person whose interest may be affected by the proceeding may petition the NRC to hold a hearing.

The requirements for a valid petition are the same as those described at the construction permit stage. If a public hearing is held, the same decision process described for the construction permit hearing is applicable.

Each license for operation of a nuclear reactor contains Technical Specifications, which set forth the particular safety and environmental protection measures to be imposed upon the facility and the conditions of its operation that are to be met in order to assure protection of the health and safety of the public and of the surrounding environment.

Considering PSI's construction schedule, an Operating License could possibly be issued for Marble Hill Unit 1 as early as 1981.

Attachment 1

The Reactor Licensing Process

The Nuclear Regulatory Commission (NRC) is responsible for the licensing and regulation of nuclear power plants. Before a company can build a power plant at a particular site, it must obtain a construction permit from the NRC. As a major part of the application for a construction permit, the company files a Preliminary Safety Analysis Report (PSAR). This document presents the design criteria and preliminary design information for the proposed reactor and comprehensive data on the proposed site. The report also discusses various hypothetical accident situations and the safety features which will be provided to prevent accidents or, if they should occur, to mitigate their effects on both the public and the facility's employees. In addition, the company must submit a comprehensive Environmental Report providing a basis for the evaluation of the environmental impact of the proposed plant. Further, information must be submitted for use by the Attorney General and the NRC staff in their reviews of the antitrust aspects of the proposed facility.

An applicant for a construction permit for a nuclear power plant tenders the information required of applicants by 10 CFR 50 in three parts. One part will be accompanied by the Environmental Report and site suitability information and another part by the PSAR. Tendering of the first part may precede the tendering of the other by no longer than six (6) months. Whichever of the above parts is tendered first shall also include the fee and other general and financial information. The third part, consisting of antitrust information, is tendered 9–36 months prior to the other information in order for the Attorney General to begin the antitrust review.

When an application is submitted, it is first subjected to a preliminary review to determine whether it contains sufficient information to satisfy the Commission requirements for a detailed review. If the application is not sufficiently complete, the staff makes specific requests for additional information. The application is formally docketed only if it meets certain minimum acceptance criteria. In addition, when the PSAR is submitted, a substantive review and inspection of the applicant's quality assurance program covering design and procurement is conducted. Guides for the preparation of the documents, detailing the kind of information needed, have been developed by the staff to aid companies in preparing acceptable applications.

As soon as an applicant for a construction permit is received, copies are placed in the NRC Public Document Room. As soon as the ER or PSAR or early site information is received, copies are also placed in Public Document Rooms local to the proposed site. Copies of all future correspondence and filings relating to the application are placed in these locations and are available to every member of the public. Also, a press release announcing receipt of the application is issued by the NRC. Upon docketing (acceptance) of the applicant's application for a construction permit, copies of the application are sent to Federal, State, and local officials and a notice of its receipt is published in the *Federal Register*.

The staff reviews a construction permit application to determine if the public health and safety will be fully protected. If any portion of the application is considered to be inadequate, the staff requests the applicant to modify the plant so that it will be acceptable. If the appropriate modifications are not made, the application is rejected.

The application is reviewed to determine that the plant design is consistent with NRC Rules and Regulations, regulatory guides and other regulatory requirements. Design methods and procedures of calculations are examined to establish their validity. Checks of actual calculations and other procedures of design and analysis are made by the staff to establish the validity of the applicant's design and to determine that the applicant has conducted his analysis and evaluation in sufficient depth and breadth to support required findings in respect to safety.

During the staff's review, the applicant is required to provide such additional information as is needed by the staff to complete its evaluation. The principal features of the staff's review can be summarized as follows:

1. A review is made of the population density and use characteristics of the site environs, and the physical characteristics of the site, including seismology, meteorology, geology and hydrology to determine that these characteristics have been evaluated adequately and have been given appropriate consideration in the plant design, and that the site characteristics are in accordance with the siting criteria (10 CFR Part 100), taking into consideration the design of the facility including the engineered safety features provided.

2. A review is performed of the facility design, and of programs for fabrication, construction and testing of the plant structures, systems, and components important to safety to determine that they are in accord with the regulations, regulatory guides, and other requirements, and that any departures from these requirements have been identified and justified.

3. Evaluations are made of the response of the facility to various anticipated operating transients and to a broad spectrum of hypothetical accidents. The potential consequences of these hypothetical accidents are then evaluated conservatively to determine that the calculated potential offsite doses that might result, in the very unlikely event of their occurrence, would not exceed the guidelines for site acceptability given in 10 CFR Part 100.

4. A review is made of the applicant's plans for the conduct of plant operations including the organizational structure, the technical qualifications of operating and technical support personnel, the measures taken for industrial security, and the planning for emergency actions to be taken in the unlikely event of an accident that might affect the general public. An important aspect of this review includes review and assessment of the applicant's programs for quality assurance and quality control to assure compliance with the Commission's requirements. These reviews form the basis for determining whether the applicant is technically qualified to operate the plant and whether he has established effective organizations and plans for continuing safe operation of the facility.

5. Evaluations are made of the design of the systems provided for control of the radiological effluents from the plant to determine that these systems can control the release of radioactive wastes from the station within the limits specified by the regulations and that the applicant will operate the facility in such a manner as to reduce radioactive releases to levels that are as low as practicable.

This review is conducted by members of the NRC staff and its consultants over a period of about a year. To the extent feasible and appropriate, the staff makes use of previous evaluations of other reactors approved for construction or operation, and previous evaluations of various aspects of reactor design described in topical reports, to expedite its review.

The licensing process includes the consideration of programs proposed by an applicant for a construction permit to verify plant design features and to confirm design margins. The licensing process includes consideration of programs of basic research and development necessary to assure the resolution of safety questions associated with safety features or components requiring such basic research and must identify any research and development work that will be conducted to confirm the adequacy or to resolve any safety questions associated with the design of a particular facility along with a schedule for completion of the research and development work showing that such safety questions will be resolved prior to operation of the facility. After completion of construction, nuclear power plants are subject to operating license procedures and requirements. Data obtained from research and development programs on particular facilities and from the Commission's safety research program are factored into these licensing reviews.

When the review and evaluation of the application progresses to the point that the staff concludes that acceptable criteria, preliminary design information and financial information is documented in the application, a Safety Evaluation Report will be prepared. This report represents a summary of the review and evaluation of the application by the staff relative to the anticipated effect of the proposed facility on the public health and safety.

The Advisory Committee on Reactor Safeguards (ACRS), an independent statutory committee established to provide advice to the NRC on reactor safety, reviews each application for a construction permit or an operating license for a commercial nuclear power plant. The ACRS is composed of a maximum of fifteen members who, though not NRC employees, are appointed by the NRC for terms of four years each. The members are experienced, technically trained individuals selected from various technical disciplines, having applicable experience in industry, research activities, and in the academic area. The ACRS also makes use of consultants in specialized technical disciplines.

As soon as an application for a construction permit is docketed, copies of the PSAR are provided to the ACRS. Each application is assigned to a project subcommittee, usually made up of four to five ACRS members. During the course of the review by the staff, the ACRS is kept informed of the staff's requests for additional information from the applicant and of meetings held, so that the subcommittee chairman is aware of any developments that may warrant a change in the plant. In those cases where the plant is a "standard design" and the site appears generally acceptable, the subcommittee review does not begin until the staff has nearly completed its detailed review of all the safety-related features of the proposed facility. Where new or modified concepts or special site considerations are involved, the ACRS subcommittee begins its formal review earlier in the process, selecting appropriate stages in the staff review to begin a series of meetings with the applicant and staff.

Normally, before the full Committee considers a project, the staff provides its Safety Evaluation Report for the Committee's information. This staff report and the report of the ACRS subcommitee form the basis for Committee consideration of a project. Special attention is given to those items which are of particular safety significance for the reactor involved and any new or advanced features proposed by the applicant. The full Committee meets at least once with the staff and with the applicant to discuss the application. These meetings are open to the public. When the Committee has completed its review, its report is submitted to the NRC in the form of a letter to the Chairman which is made public.

The staff prepares a supplemental Safety Evaluation Report to address the safety issues raised by the ACRS in its report and to include any other information made available since issuance of the original Safety Evaluation Report.

Either concurrently with or separately from the radiological safety review, an environmental review is performed by the staff and its consultants to evaluate the potential environmental impact of the proposed plant, as well as to provide comparisons between the benefits to be derived and the possible risk to the environment. After completion of this review, a Draft Environmental Statement (DES) containing conclusions on environmental matters is issued. The DES is circulated for review and comments by the appropriate Federal, State and local agencies as well as by individuals and by organizations representing the public. After receipt of all comments and resolution of any outstanding issues, a Final Environmental Statement (FES) is issued and also is made public.

The law requires that a public hearing(s) be held before a construction permit may be issued for a nuclear power plant. Soon after an application is docketed the NRC issues a notice of the hearing(s) which will be held after completion of the safety and environmental reviews. In addition, the hearing is advertised in several newspapers in the vicinity of the proposed facility and a public announcement is issued by the NRC. Opportunity is afforded to interested members of the public to participate in the hearing. Interested parties may submit written statements to the licensing board to be entered into the hearing record, they may appear to give direct statements as limited participants in the hearing, or they may petition for leave to intervene as full participants in the hearing, thereby being granted the right of cross-examining all direct testimony in the proceeding. At an early stage in the review process potential intervenors are invited to meet informally and discuss with the staff their concerns with respect to the proposed facility.

The public hearing(s) is conducted by a three-member Atomic Safety and Licensing Board (board) appointed from the NRC's Atomic Safety and Licensing Board Panel. The board is composed of one lawyer, who acts as chairman for the proceeding, and two other technically qualified persons. The Safety Evaluation supplements to the Safety Evaluation and the Final Environmental Statement are offered as evidence by the staff at the public hearing(s). The hearing(s) may be a combined safety and environmental hearing or in the case of a split application, separate hearings. The board considers all the evidence which has been presented, together with findings of fact and conclusions of law filed by the parties and issues an initial decision. If the initial decision regarding NEPA and safety matters is favorable, a construction permit is issued to the applicant by the Director of Nuclear Reactor Regulation. The board's initial decision is subject to review by an Atomic Safety and Licensing Appeal Board on its own motion or if exceptions are filed by any party to the proceeding. Under certain circumstances the initial decision may be reviewed by the Nuclear Regulatory Commissioners.

Prior to a decision on a construction permit, Commission regulations provide that the Director of Nuclear Reactor Regulation may authorize limited amounts of work to be carried out prior to the issuance of the construction permit. This authorization is known as a Limited Work Authorization (LWA). The regulations provide for the authorization of two types of work. Under one type, he may authorize site preparation work, installation of temporary construction support facilities, excavation, construction of service facilities and certain other construction not subject to the quality assurance requirements. Under an additional type of LWA, he may authorize the installation of structural foundations.

Any LWA may be granted only after the Hearing Board has made all of the National Environmental Policy Act (NEPA) findings required by the Commission's regulations in 10 CFR Part 51 for the issuance of a construction permit and has determined that there is reasonable assurance that the proposed site is a suitable location for a nuclear power reactor of the general size and type proposed from a radiological health and safety standpoint. The second type may be granted if, in addition to the findings described above, the Hearing Board determines that there are no unresolved safety issues relating to the work to be authorized.

It should also be noted that the Commission's regulations also provide that Hearing Boards commence hearings on the LWA as soon as practicable after issuance of the FES but no later than 30 days after its issuance. The Hearing Board is also directed to issue an initial decision on NEPA findings and site suitability. The LWA may not be granted unless there is a favorable decision on these matters.

The law requires that antitrust aspects of a nuclear power plant license application must be considered in the licensing process. The antitrust information submitted by the applicant is sent to the Attorney General for his advice on whether activities under the proposed license would create or maintain a situation inconsistent with the antitrust laws. Upon receipt, the Attorney General's advice is promptly published and opportunity is provided for interested parties to raise antitrust issues. An antitrust hearing may be held based on the recommendation of the Attorney General or on the petition of an interested party.

In any event, the NRC must make a finding on antitrust matters in each case where the issue is raised. Antitrust hearings are held separately from hearings on environmental and safety matters.

When the construction of the nuclear facility has progressed to the point where much final design information and plans for operation are ready, the applicant submits the Final Safety Analysis Report in support of an application for an operating license. The FSAR sets forth the pertinent details on the final design of the facility including final containment design, design of the nuclear core, and waste handling system. The FSAR also supplies plans for operation and procedures for coping with emergencies. Again the staff makes a detailed review of the information. Amendments to the application and reports may be submitted from time to time. The staff again prepares a Safety Evaluation Report (re the operating license) and, as during the construction permit stage, the ACRS again makes an independent evaluation and presents its advice to the Commission by letter. This second Safety Evaluation Report and its Supplement, the ACRS meetings and their letter to the Commission are available to or may be attended by the public.

A public hearing is not mandatory prior to the issuance of an operating license; however, soon after acceptance of the operating license application, the Commission publishes notice that it is considering issuance of the license. The notice provides that any person whose interest may be affected by the proceeding may petition the NRC to hold a hearing.

The requirements for a valid petition are the same as those described at the construction permit stage. If a public hearing is held, the same decision process described for the construction permit hearing is applicable.

Each license for operation of a nuclear reactor contains Technical Specifications, which set forth the particular safety and environmental protection measures to be imposed upon the facility and the conditions of its operation that are to be met in order to assure protection of the health and safety of the public and of the surrounding environment.

Through its inspection and enforcement program the NRC maintains surveillance over construction and operation of a plant throughout its lifetime to assure compliance with Commission regulations for the protection of public health and safety and the environment.

Attachment 2

Acceptance of Applications

When an application for a license to construct a nuclear power plant is first submitted, the Commission's staff conducts an acceptance review of about a month's duration to determine whether the application is sufficiently complete to initiate a detailed review. More often than not, applications as initially tendered have been found to be incomplete for various reasons during this review. After the acceptance review, the staff will notify the applicant of any deficiencies. When the applicant has corrected these deficiencies to the satisfaction of the staff, the application can be docketed and the staff's formal review can begin.

The intent of the acceptance review procedure is to avoid finding at a later stage of our review that substantial amounts of additional information are required. For each application following the acceptance review, a schedule for the detailed review is established which specifies the principal intermediate steps from initiation to completion of the staff review. This schedule is of key importance in allocating technical staff manpower resources and assuring that the staff review process is efficient. The acceptance review procedures serves to reduce later changes to the detailed review schedule which would require reallocation of resources and wasted time and effort. The acceptance review procedure thus enables us to focus our review efforts on the safety and environmental impact of nuclear power plants while maintaining a reasonable rate of review.

Attachment 3

Participation in NRC Public Hearings on Applications for Construction Permits

Soon after an application is docketed, the Commission issues a notice of hearing which designates an Atomic Safety and Licensing Board to conduct the hearing, the issues to be considered and the time by which interested persons must notify the NRC of their interest in the hearing.

Prior to a specific application being docketed and a notice of hearing issued, interested persons should write the Secretary of the Commission, U.S. Nuclear Regulatory Commission, Washington, D.C., 20555, Attention: Docketing and Service Section, identifying as specifically as possible the proposed plant name and utility and requesting that their name be added to the list to receive the Notice of Hearing when it is published in the *Federal Register*.

Members of the public who wish to participate in the hearing may do so in one of two ways:

They may petition for leave to intervene. A person permitted to intervene becomes a party and has a right to participate in the conduct of the hearing. For example, he may present evidence and examine and cross-examine witnesses.

Any person whose interest may be affected by the proceeding who wishes to participate as a party must file a petition for leave to intervene under oath or affirmation setting forth the interest of the petitioner in the proceeding, how that interest may be affected by the results of the proceeding, and the petitioner's contentions with respect to the proposed licensing action. Such petition must be filed in accordance with the Notice of Hearing issued on the specific application and must be filed with the Secretary of the Commission, U.S. Nuclear Regulatory Commission, Washington, D.C., 20555, Attention: Docketing and Service Section, by the specific date mentioned in the Notice of Hearing.

A copy of the petition for intervention should also be sent to the Executive Legal Director, U.S. Nuclear Regulatory Commission, Washington, D.C., 20555, and to the applicant's attorney which is mentioned in the hearing notice.

A petition for leave to intervene must be filed in accordance with 10 CFR 2.714 of the Commission's regulations and must be accompanied by a supporting affidavit which identifies the specific aspect or aspects of the proceeding as to which intervention is described and specifies with particularity the facts on which the petitioner relies as to both his interest and his contentions with regard to each aspect on which intervention is requested.

They may make a limited appearance. A person making a limited appearance does not become a party to the proceeding but may state his position and raise questions which he would like to have answered to the extent that the questions are within the scope of the hearing and are permitted by the Licensing Board. Persons desiring to make a limited appearance should write a letter, referencing the specific application and docket number, to the Secretary of the Commission, U.S. Nuclear Regulatory Commission, Washington, D.C., 20555, Attention: Docketing and Service Section, by the date specified in the Notice of Hearing. The Office of the Secretary will add the individual's name to the list which is forwarded to the Atomic Safety and Licensing Board designated to conduct the hearing.

Following the first pre-hearing conference (it is not necessary that a limited appearee attend in person), the Board will issue an Order listing who has been admitted as a party to the proceeding (intervenor) and when limited appearance statements are to be presented. Persons making limited appearances may submit a written statement to the Board Chairman, through the Secretary of the Commission, or may appear in person on the designated day and make an oral statement. The Board Chairman may limit the time granted for an oral statement—usually five to ten minutes. The Secretary will send the individual copies of the Board's Orders scheduling dates for prehearing conferences and hearing sessions.

Attachment 4

Advisory Committee on Reactor
Safeguards,
Washington, D.C.

ACRS Membership—May 20, 1976

The Advisory Committee on Reactor Safeguards (ACRS) is a statutory committee established to advise the Commission on the safety aspects of proposed and existing nuclear facilities and the adequacy of proposed reactor safety standards, and to perform such other duties as the Commission may request.

Chairman: Dr. Dade W. Moeller, Professor of Engineering in Environmental Health, Head of Environmental Health Sciences Dept. and Associate Director, the Kresge Center for Environmental Health, School of Public Health, Harvard University, Boston, Mass.

Vice chairman: Mr. Myer Bender, Manager of Engineering, Oak Ridge National Laboratory, Oak Ridge, Tennessee.

Mr. John H. Arnold, Consultant, Air Products and Chemicals, Inc., Allentown, Pennsylvania.

Dr. Spencer H. Bush, Senior Staff Consultant, Battelle Memorial Institute, Pacific Northwest Laboratory, Richland, Washington.

Dr. Max W. Carbon, Professor and Chairman of Nuclear Engineering Department, University of Wisconsin, Madison, Wisconsin.

Mr. Jesse Ebersole, Head Nuclear Engineer, Division of Engineering Design, Tennessee Valley Authority, Knoxville, Tennessee (retired).

Harold Etherington, Consulting Engineer (Mechanical Reactor Engineering), Jupiter, Florida.

Dr. Herbert S. Isbin, Professor, Chemical Engineering, University of Minnesota, Minneapolis, Minnesota.

Prof. William Kerr, Professor of Nuclear Engineering, University of Michigan, Ann Arbor, Michigan.

Dr. Stephen Lawroski, Senior Engineer, Chemical Engineering Division, Argonne National Laboratory, Argonne, Illinois.

Dr. J. Carson Mark, Division Leader, Los Alamos Scientific Laboratory, Los Alamos, New Mexico (retired).

Dr. David Okrent, Professor, School of Engineering and Applied Science, University of California, Los Angeles, California.

Dr. Milton S. Plesset, Professor, Department of Engineering Science, California Institute of Technology, Pasadena, California.

Dr. Chester P. Siess, Professor and Head of Civil Engineering, University of Illinois, Urbana, Illinois.

Attachment 5

III. Activities To Be Conducted

Authorization to conduct the following specific activities is requested under the exemption provisions of 10, C.F.R., Section 50.12(b). The impact of these activities and the possible foreclosure of alternatives is discussed in subsequent sections.

Activity No., scheduled start/stop, and description

1—7-1-76 to 7-23-76, General site preparation, land clearing, grubbing and grading of areas occupied by the major plant structures, the parking areas, laydown areas, and storage building and warehouse areas.

2—7-1-76 to 8-2-76, Construct 138 KV line from existing transmission line adjoining site to area of 138 KV Construction power substation.

3—7-1-76 to 8-12-76, Clear area for and construct 138 KV on-site construction Power substation.

4—7-23-76 to 8-16-76, Install on-site construction power distribution system and substations.

5—7-23-76 to 8-16-76, Construct foundations for Units 1 & 2 condensate storage tanks.

6—7-23-76 to 9-3-76, Drill water wells.

7—7-23-76 to 11-1-76, Move concrete batch plant on site and assemble it.

8—7-23-76 to 1-3-77, Install fire pump house, fire pumps, temporary fire protection system, and 25% of outdoor ring header system.

9—7-23-76 to 8-16-76, Continue general site clearing activities, grubbing and grading of parking and storage areas.

10—7-23-76 to 11-1-76, Construct dike settling pond for control of plant area construction run-off to waterways.

11—8-12-76 to 8-16-76, Energize construction power substation.

12—8-16-76 to 10-15-76, Construct warehouses.

13—8-16-76 to 10-15-76, Construct limited site fencing.

14—8-16-76 to 11-1-76, Construct facilities for construction personnel.

15—8-16-76 to 11-1-76, Construct parking lot for construction labor.

16—8-16-76 to 4-1-77, Begin construction of on-site roads.

17—9-3-76 to 10-1-76, Construct site well pumphouse, set pumps, install piping and electrical systems.

18—11-1-76 to 1-3-77, Check out batch concrete plant for operation.

19—8-16-76 to 12-1-76, Construct condensate storage tanks for Units 1 & 2.

20—12-1-76 to 1-3-77, Install electrical service to condensate storage tank heaters and fill tanks for potable water supply and fire protection.

INTRODUCTION OF BILL TO AMEND SPEEDY TRIAL ACT

(Mr. HUTCHINSON asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. HUTCHINSON. Mr. Speaker, Mr. McClory and I are pleased to introduce on behalf of the administration a bill to clarify the terms of the Speedy Trial Act of 1974.

When the Speedy Trial Act becomes fully effective after a 4-year, phase-in period those accused of Federal crimes must be brought to trial within 100 days following arrest. But in counting those days, the time attributable to necessary preliminary proceedings is excluded.

During the phase-in period, however, those persons held in detention solely because they are awaiting trial, and those out on bail but are nevertheless high risk, must be brought to trial within a 90-day period after arrest and in counting those days there is apparently no exclusion of the time attributable to necessary preliminary proceedings, such as delay resulting from an examination of the defendant and hearing on his mental competency or physical incapacity.

The purpose of our bill is to make those periods of delay which will be excludable under the fully effective act also apply to trials during the interim or phase-in period.

NATIONAL PARK SERVICE

(Mr. GUDE asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. GUDE. Mr. Speaker, the National Park Service is frequently overlooked in the distribution of personnel and funds for maintenance and rehabilitation of facilities. My subcommittee on Conservation, Energy, and Natural Resources has held hearings and thoroughly investigated this continuing neglect of our Nation's finest recreational areas. As a result, during Friday's debate on the Interior appropriations bill, a group of us will introduce an amendment as a first step to reverse this trend.

The National Parks and Conservation Association has also done an extensive study of the park areas with the most significant budgetary and manpower deficiencies. I hope all members will read the association's report on National Recreation Areas, National Historic Areas, and National Capital Parks prior to our upcoming vote on this important issue.

Shortchanging the National Park System: Historic and Recreation Areas

The report on funding deficiencies of historic and recreation areas printed here is the balance of the summary of the 1975 NPCA Park Resource Survey, the first part of which, Natural Areas, was printed in the February 1976 issue. This summary is a representative sample of the replies and does not attempt to be comprehensive for the entire Park System. With the exception of recently received material on the Blue Ridge Parkway, this information was presented in December 1975 in somewhat different form in testimony on invitation at a congressional hearing.

NATIONAL RECREATIONAL AREAS

Amistad National Recreational Area, Tex. Most buildings in this NRA are temporary and of such poor quality that additional maintenance is required. Grounds and lawns need at least three times the available financial resources to bring them up to standards. All roads in this area need a chip and seal job to prevent further deterioration and increased maintenance costs. Manpower and funding are unavailable to upgrade trails where erosion has become a serious problem. Increased littering along the lakeshore coupled with insufficient manpower detracts from visitor enjoyment of the area. From Diablo to Pecos there are no launching or docking facilities for fifty miles of water travel, and no fuel is available. Weekly natural history interpretation programs during the winter months were eliminated due to lack of personnel to present the talks. Programs were reduced from three per week to one every other week. Back-country boat patrols have decreased 50 percent.

Appalachian National Scenic Trail, Maine to Ga. Although established as a Park Service area in 1968, none of the funds authorized by the Act for land acquisition along the trail has been requested by the Administration's budget. The trail itself is well maintained almost exclusively by volunteer organizations, but vandalism and littering problems persist due to insufficient Park Service personnel to patrol the trail.

Assateague Island National Seashore, Md. and Va. Replacement of the old Chincoteague to Assateague Bridge is urgently needed, as the present structure could be knocked out in a bad storm and is unsafe for public use. Regular beach cleanup along the entire length of the island is needed to remove assorted debris, but funding and personnel restrictions have prevented this. Abandoned autos, tires, drums, unused buildings, and remnants of old houses need to be removed; but funding is unavailable. Only two back-country hiking and camping sites exist on the entire thirty-seven-mile length of the island. Although plans have been made to designate certain areas along the bayside of the island for primitive campgrounds for visitors traveling along the shores in canoes, construction funds for these sites are not available.

Bighorn Canyon National Recreation Area, Mont. and Wyo. There are insufficient personnel to provide protection on a twenty-four-hour basis in the summer peak visitor season when it is needed. Funding has not been available for needed restoration and rehabilitation of several historic structures within the NRA. Inadequate sanitary facilities continue for lack of funds to replace pit privys with vault-type toilets.

Blue Ridge Parkway, Va. and N.C. Visitor services are being funded at the expense of properly maintaining physical facilities such as roads, trails, and buildings. This practice cannot continue without serious consequences. Construction funding is extremely limited; the most pressing need is completion of the five-mile hiatus in the parkway in the Grandfather Mountain Section at an estimated cost of $11 million. Physical facilities and resource management programs have progressively deteriorated over the past several years due to personnel ceilings and budget constraints. Budget increases have not kept pace with the rising costs of supplies, utilities, equipment. Although total man-years of employment are higher now than at any time in the past, permanent employment ceilings have required a decrease in permanent full-time employment. This decrease has resulted in an increase in other-than-permanent employment with resultant reduction in productivity. Approximately 250 miles of road need either resurfacing or chip sealing. Of more than 210 miles of trails, only the most heavily used trails near the most visited developed areas receive required maintenance; remaining trails are maintained only enough to ensure no safety hazards.

Buffalo National River, Ark. No funds are available to stabilize historic structures along the river. Maintenance of dump stations and campgrounds is so poor that some are closed to public use. Three permanent positions were transferred from the land acquisition team this year despite incompletion of the land acquisition program. Lack of funding in fiscal year 1977 will eliminate two more seasonal positions.

Cape Cod National Seashore, Mass. Guided nature walks have been discontinued even on weekends during September 1975 due to lack of personnel. The interpretation program at Cape Cod seems to be suffering the most from inadequate funds. Insufficient manpower for regular beach patrols results in damage to the resource and dangerous vehicular activity on the beaches, disrupting bird and beach life, and walking visitors as well.

Delaware Water Gap National Recreation Area, N.J. and Pa. Inadequate and rigid personnel ceilings along with budgetary restraints have affected all divisions of this park. The rangers can provide only minimal backcountry patrols. The division most severely affected is the maintenance division. Permanent, full-time maintenance staff consists of four men including the chief of maintenance. This staff is woefully insufficient to cope with the hundreds of buildings that have been acquired for this area. Of particular concern are the dozens of historic structures, over thirty of which are considered eligible for nomination to the National Register of Historic Sites. Most of these buildings are deteriorating rapidly; and without additional personnel and funding, it is virtually certain that some of these structures will be lost. Very few trails have been developed as yet due to lack of funds. Those that have been developed receive little or no maintenance. Due to lack of staffing, the area has been unable to provide interpretation at most stations except during two summer months. Park resource management is being neglected because all rangers devote most of their time to law eneforcement, visitor protection, and public health activities. Fire protection is contracted through local volunteer fire companies. Most grounds and lawn work is contracted due to lack of maintenance personnel, and most park roads under the control of the National Park Service are maintained under contract, also due to lack of park personnel. The Public Health Coordinator for Warren County, New Jersey, offers the following statement resulting from a June 1975 inspection of the national recreation area: "The area is being littered with human wastes, garbage, and rubbish; and if man's activities continue unrestrained and uncontrolled, pollution of the land, of the waters, and of the wildlife by his wastes, garbage, and rubbish will result in a living slum, unfit for habitation."

Glen Canyon National Recreation Area, Utah and Ariz. This area has had many visitor accidents and deaths, some of which could have been prevented with increased patrols and visitor education. Unfortunately, however, staff for these functions was not inability to perform necessary campground and backcountry patrols; consequently vandalism, theft, and other misconduct increase in the campground areas. The Park Service is unaware of any activities that go on in the backcountry. The Service can collect only 70 to 80 percent of the camping fees that could be collected with adequate numbers of personnel. Three major developed sites within the NRA function without enough staff even during the peak visitors season. Deterioration of campgrounds, buildings, and historic properties within the NRA continues for lack of funding and staff. Maintenance staff cannot keep up with use to the extent that they are unable to clean campsites, tables, and fireplaces. No lakeshore cleanup services are performed. Insufficient staff renders NPS unable to monitor concession operations on both tours and river trips. Although 50 percent complete, the NRA's special Bicentennial project may remain incomplete for lack of funding. With more than 1 million visitors per year and with 1½ million acres, the NRA has only one professional interpreter. Another permanent staff position in the technician-interpreter field was lost due to relocation to a new NPS area. Due to lack of personnel, at least six ranger contact stations are not manned on a full-time basis even during the heavy visitor use season.

Ozark National Scenic Riverways, Mo. Of the ten new authorized permanent positions for FY 1975, none has been allowed to be filled due to personnel ceilings. Even if the positions had been filled, funds were not available to hire for a full year. Although several other-than-permanent positions are authorized for fiscal year 1976, the money for additional personnel had to be used to compensate for inflation in costs, supplies, and materials over the past two years for which no funding was made available. The area's historian and interpretive and protective personnel positions are insufficient to do an adequate job. Because of other statutorily mandated commitments of funds, no money has been available for protection of the park resource. Although a complete master plan including resource inventory investigations and basic research should be of high priority, no funds are available for this purpose. Several campgrounds on the Current River are badly overrun, but maintenance personnel are not available to correct this problem.

NATIONAL HISTORIC AREAS

Allegheny Portage Railroad National Historic Site, and Johnstown Flood National Memorial, Pa. Visitor enjoyment at Allegheny Portage has been impinged by the lack of sufficient funds to open two park units to visitation. In both parks, lack of funds for professional resource management is noted, and lack of proper plans to manage the resources and lack of funds to carry out these plans have resulted in resource deterioration. Buildings at these sites are maintained at a substandard level, and necessary emergency maintenance is accomplished only through reserve funds granted from the regional office. Funds have not been available to preserve and stabilize the existing historic structures. Interior renovations and external rehabilitation are vital to the long-range preservation of the Lemon House but have not been completed because of lack of funds. Lack of enough staff and money has prevented the development of a visitor protection program that operates at standard. In the past, visitor protection has been accomplished as a side duty of other employees involved in both interpretation and maintenance. Over the past four years, the funding level at the beginning of each fiscal year has consistently been $20,000 to $30,000 below costs of maintaining operations at the standard of the previous year.

Andersonville National Historic Site, Ga. Because of personnel ceilings and limited funds, this site has given only 25 per cent of the standard services to the public. Preventive maintenance programs are on a five- or six-year cycle rather than a three-year cycle as they should be. Development of this site should have been completed in 1975, but completion is now scheduled for 1980. Even this target date is subject to cancellation or postponement due to lack of funding. This park is operating with 75 percent temporary personnel while two permanent career positions go unfilled and three others that have been requested have not been authorized.

Antietam National Battlefield Site, Md. Due to lack of manpower and funds, priorities have been set that allow deterioration of park buildings. Badly needed restorations and stabilization have been delayed due to higher priorities and the inability to find or pay for the highly specialized skills needed for repairs. Numerous visitor-use areas receive little upkeep. Repair of recently flood-damaged trails has been delayed and placed near the bottom of the priority list pending receipt of emergency repair funds. Roadside and trailside litter pickup is done only every four days instead of daily as needed. Natural history interpretation services are restricted to a self-guided trail pamphlet during the peak visitor months of June, July, and August; and even that may be eliminated during the other months. Law enforcement during weekdays is minimal, has been reduced on weekends, and has been eliminated at night; and the site also lacks funds for an intrusion alarm system for the highly vulnerable visitor center and museum.

Appomattox Court House National Historical Park, Va. Due to personnel ceilings and lack of funding both visitor enjoyment and resource management in this park have suffered, especially management of the non-historic natural resource and protection of historic resources. Aside from "Band-aid" maintenance, this park is totally dependent on regional and Washington reserves for basic building maintenance including painting, roof replacements, and fence repairs. The park, with 280,000 visitors per year, has thirteen historic structures to protect but has not had operational funds for major repairs and proper janitorial services. Park trails receive maintenance once annually rather than monthly as needed. Fire and poaching patrols have had to be eliminated. Presently, there is no effective fire control system within the park. Structural fires, once started, would burn rapidly and be difficult to control. Systems have been recommended, but no funds are available.

Bandelier National Monument, N. Mex. Lack of funding for regular road maintenance and resealing means that many of the road systems are becoming major reconstruction projects that will ultimately require more funds than would otherwise have been necessary. Many park buildings need new roofs, hardware, and fixtures where due to age they have become serious problems.

Chesapeake and Ohio Canal National Historical Park, W. Va., Md., and D.C. Funds are lacking to meet public health standards for provision of potable water. The park is still using pit toilets in the lower district because no funds have been available to convert to chemical units or other approved sanitary facilities. In the upper units of the park, where conversions to chemical toilets have been effected, difficulty in pumping and disposing of wastes is being experienced because of lack of funding. The park has no headquarters facilities. Since 1971, fifty historic building complexes consisting of more than two hundred structures with great potential historic value have been acquired. These structures are receiving little or no attention because of lack of funding and are becoming increasing safety hazards to the structures themselves and to visitors. For the first time since the park was established, it received an initial allotment of $62,000 for newly acquired lands in its FY 1976 budget. This allotment was essentially wiped out in an across-the-board budget cut in September 1975 of 9 percent,, amounting to $125,000. Backcountry patrols along the towpaths are intermittent and often on a crisis basis only. Crime and vandalism are increasing throughout the park because of a lack of uniformed personnel. By the end of FY 1976, the land acquisition program will be completed including 20,000 additional acres. However, no funds or personnel have been added to the park to manage these new lands. From FY 1973 to FY 1975, only $6 million has been allocated for flood damage repairs and stabilization work toward the estimate of $34 million necessary. The estimated cost for necessary preservation of historic properties for FY 1976 is $3 million. However, only $860,000 have been made available, for a deficiency of $2.3 million. The park presently operates with a vacancy rate for career employees of 12 to 15 percent and must curtail or eliminate seasonal hiring in April, May, and June of FY 1976 because of lack of funding.

Chickamauga and Chattanooga National Military Park, Ga. and Tenn. Lack of personnel has restricted the necessary planning for the utilization of this park's facilities. Historic log cabins and one circa 1860 structure have been repaired, stabilized, or preserved only with emergency contingency funds. Control of tree disease has been hampered by lack of sufficient personnel. Insufficient personnel are available for fee collection.

Cowpens National Battlefield Site, S.C. This Park System unit is staffed by one part-time caretaker for 0.2 of a man-year and has no seasonal personnel. Consequently, vandalism is rampant and interpretation is nil. Preservation and restoration of historic structures have been deferred indefinitely. Law enforcement is nonexistent.

Eisenhower National Historic Site, and Gettysburg National Military Park, Pa. For these two areas a deficiency of twenty-seven career employees and eleven temporary employees exists. Normally cyclic maintenance of public buildings has been curtailed due to lack of manpower and funding. This problem is compounded by the inclusion of other public use buildings within the areas without an increase in maintenance personnel. Thus thirty-eight structures within the two areas have received little or no preventive maintenance due to insufficient funding and manpower. Routine maintenance of 857 monuments, markers, and statues within the areas has not kept pace with need. Repairs, restoration, and cleaning of monuments are a low-priority item due to budget limitations. Lack of funding has prevented the preparation of various resource documents needed to identify preservation needs.

Fort Davis National Historic Site, Tex. Because of budgetary restrictions, there will be an approximate 33 percent reduction in seasonal interpreters during the 1976 summer visitation season. Lack of personnel has resulted in a 17 percent reduction in fee collection. Reconstruction of one historic building originally scheduled for FY 1974 has been postponed until after 1980 for budgetary reasons. The site is approximately 10.4 man-years short of the staffing level necessary to perform curatorial services both to historic buildings and associated historic artifacts of the area.

Fort Sumter National Monument, S.C. This is one of the few areas of the Park System where funding seems to be adequate. This condition is attributable to the fact that Fort Sumter is one of the twenty Bicentennial focal areas in the National Park System. Therefore, funding and personnel levels have been held high.

Fort Union National Monument, N. Mex. The master plan for this monument has been postponed until about 1999 because of lack of funding. Two of the five permanent positions for this monument have been eliminated. The historical foundation and walls of old Fort Union covering ninety-seven acres have been deteriorating rapidly, but funding for restoration and stabilization has not been forthcoming. The living history interpretive program will be curtailed or eliminated due to inadequate funding.

Fredericksburg and Spotsylvania County Battlefields Memorial National Military Park, Va. Historic structures of the park have suffered tremendously from lack of attention due to lack of funds and personnel in recent years. Earthworks, ruins, foundations, road traces, and historic buildings are all rapidly deteriorating with existing park personnel unable to prevent the deterioration. Only one of five trails in the park is maintained by regular park personnel. One of the most serious problems being experienced by this park is vandalism of historic relics by so-called relic hunters; but due to the size of the area and the limited ranger staff available for patrols, few vandals are apprehended, although virtually every patrol produces evidence of new inroads. No new historic site preservation has been done in this park for at least ten years, although many worthy sites exist. The park's master plan has been delayed repeatedly for the past several years. The park's personnel levels are about 70 percent of standard, and two badly needed full-time ranger positions that were established for this park were transferred to the Delaware Water Gap and the Gateway national recreation areas due to servicewide personnel ceilings and to lack of an increase to staff these two new areas. The cost to Fredericksburg/Spotsylvania has been considerable in the loss of resources and vandalism damage. Although the park's land base has increased 33 percent in recent years, there has been no comparable increase in staff or funds to manage it.

Herbert Hoover National Historic Site, Iowa. The impact of inadequate funds and limited staffing has resulted in deficiencies in all phases of park operations but is most pronounced in the areas of interpretive services and historic preservation. Interpretive services at the Herbert Hoover birthplace during the past few years have been limited to six months per year because funds and personnel have not been available for a more extensive program. With no employees available to operate the cottage during the winter, visitors have had to content themselves with a partial view of the cottage interior through a plexiglas barrier. Preservation, stabilization, and restoration of the many important historic buildings in the site have been severely curtailed by lack of adequate funds. Continuing deterioration of these buildings is unacceptable, but funds for emergency stabilization and maintenance are generally available only for the highest priority projects. One permanent law enforcement position has remained vacant for more than a year because of hiring restrictions. Current staff at the historic site is below the 1974 level. The site's budget has not kept up with rapidly increasing costs over the past few years. The situation has necessitated reductions in the quality of most operations.

Hopewell Village National Historic Site, Pa. The major problem at this site is that historic structures have not received attention since the park was established. Some structures are in dire need of restoration; some existing ruins have never been stabilized and are deteriorating rapidly. Lack of personnel prevents any night patrols for law enforcement purposes. At least three permanent positions and two to three additional temporary positions are needed for the park to operate at standard.

Jefferson National Expansion Memorial National Historic Site, Mo. Lack of proper maintenance and cleaning in some of the historic buildings of this park has resulted in structural damage. Many functions in this area requiring the expertise and experience of permanent employees are being handled by seasonals. When the site's museum—expected to be completed in 1976—is opened, no additional personnel for interpretation, resource management, and maintenance will be available. One of the major historic structures of this unit is the Old Court House at St. Louis, one of the finest examples of nineteenth century public buildings in the United States. Among other historic events of significance occurring there was the trial in the famous Dred Scott case. Unfortunately, the building has been subjected to considerable abuse from leaking roofs, earthquakes, heavy traffic on adjacent streets, demolition of nearby buildings, erection of large buildings across two streets, and from lack of proper maintenance. Funds for architectural study of this building and to implement the rehabilitation are urgently needed but are not available.

John Muir National Historic Site, Calif. Limitations on personnel and budget resources in this area have negatively affected resource management. Historic structures have not received the level of maintenance required, and additional natural history interpretation positions must be filled if this Park System unit is to adequately carry out its environmental living program.

Kennesaw Mountain National Battlefield Park, Ga. Eleven miles of historic earthwork structures are not now being preserved within this unit. Seventeen miles of trails are passable but are not being maintained near standard. Present interpretive programs in the park are able to accommodate only one-fourth of the park's visitors. Law enforcement patrols are insufficient to prevent damage to earthwork structures by relic hunters. The park is short-handed by at least eight permanent employees and seven seasonal employees.

Kings Mountain National Military Park, S.C. Preservation and restoration of historic structures in this park have been deferred due to budgetary restrictions. During the off season back-country patrols are greatly limited or nonexistent. None of the park personnel has the required four hundred man-hours of training for law enforcement.

Martin Van Buren National Historic Site, N.Y. President Martin Van Buren's home, Lindenwald, although added to the Park System in 1975, will probably not be open to the public before 1982, because the necessary funds to renovate the structure ($2.7 million) are not available.

Mesa Verde National Park, Colo. Rehabilitation of older park buildings requires increased funding which is not presently available. Historic structures are going unattended due to budgetary restrictions. All park roads are in need of repair.

Mount Rushmore National Memorial, S. Dak. Work overloads in the memorial due to insufficient personnel have prevented adequate resource management planning and execution. In 1971 five permanent positions that had been secured for protection of the sculpture had to be reallocated to another park area because of a higher regional priority. These positions have since been filled by subject-to-furlough employees. The memorial has a two-to-one ratio of year-round temporary (that is, subject-to-furlough) employees over permanent employees. At the same time the memorial anticipates a 25 to 30 percent reduction of temporary employees. Of nine permanent personnel positions now authorized, two more will be lost under current Service reallocation of personnel.

St. Thomas National Historic Site, V.I. This area in the Virgin Islands is not in operation and has no staffing due the personnel and budgetary restrictions.

San Juan Island National Historical Park, Wash. At this site protection of resources and visitors has suffered due to lack of law enforcement personnel. Reliance on contract guards to provide this service has proven inadequate. Park resources, primarily historic structures, have not received timely maintenance, stabilization, and rehabilitation because of lack of funds. Necessary studies of historic structures have not been completed in a timely manner because of shortage of professional people to do these studies. Major portions of the historic forts and city walls of the site are in serious danger of being lost due to lack of funds for stabilization.

Thaddeus Kosciuszko, National Memorial, Pa.—Although this monument will open to the public in February 1976, no personnel have been authorized. Funds for this park will have to come from regional reserves or from other park areas.

NATIONAL CAPITAL PARKS

John F. Kennedy Center for the Peforming Arts, D.C. The inability to offer job applicants full-time permanent positions hampers NPS staff's ability to adequately fulfill the Park Service's mission at the Kennedy Center. The center has a total of fifteen vacancies on its permanent staff that it is unable to fill because of personnel ceilings, which results in an inadequate standard of operation. Building and grounds maintenance is below standard because of six vacancies on the maintenance staff. Visitor protection and public health programs are inadequate as a result of two vacancies for nurses for the center's first aid station. A request for five additional U.S. park policemen to cope with anticipated increased visitation during the Bicentennial was denied, which will result in a great deal of overtime expenditures, thus increasing total cost. All the planned special Bicentennial projects at the site were eliminated due to lack of funding and personnel.

WILD FREE-ROAMING HORSES AND BURROS ACT OF 1971

(Mr. GUDE asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. GUDE. Mr. Speaker, the Supreme Court recently reversed the decision of a three-judge Federal court in New Mexico concerning with Wild Free-Roaming Horses and Burros Act of 1971. The court determined that the act is constitutional and that the Federal Government has control over both the public lands and the wild animals on them.

This act has been the subject of discussion since it was passed in 1917 as a result of a deep concern expressed by the American public and, in particular, the young people of our country. Following is an editorial which appeared in today's Washington Post describing the court decision. The House will soon have the opportunity to vote on a bill that proposes changes in that act. I strongly urge my colleagues to seriously consider the aspects of this proposal which would weaken the act.

ROAMING FREE

When Congress passed the Wild Free-Roaming Horses and Burros Act five years ago, it seemed that a blanket of federal protection had been placed over those animals who are regarded as elusive friends by lovers of nature—and as foes by many ranchers in the West. Unfortunately, the blanket never settled. Opposition to the law was widespread; wild horses continued to be trapped and slaughtered; and, eventually, a federal court in New Mexico held the Act to be unconstitutional. The court said that the Constitution gives Congress power to regulate wild animals and public lands only to protect the land and not to protect the animals themselves.

Last week, we are happy to report, the Supreme Court reversed this decision. It asserted that Congress does indeed have power to regulate and protect the wildlife living on public lands. That is not just good news for horses and burros—it is also good news for the country.

The high court's ruling removes any legal question about the right of the federal government to try to maintain some parts of the country in their natural state. And it turns back an attack on other federal wildlife protective laws, which would have been sure to come if the lower court had been upheld. Not all such laws are popular, of course, in every part of the country. Some are seen as unwise by the wildlife's human neighbors who often regard the animals as pure pests.

The case is also a useful reminder that federalism is still a large element in the manner in which the country is governed. The claim made by New Mexico that Congress was trying to usurp a part of its inherent power was not frivolous. The states have always had the major role in regulating wildlife and are likely to continue to have it. The Court upheld only that part of the wild horses act which protects the animals while they are on public land; it put off for another case the constitutionality of the protection the act gives to those animals when they roam onto private or state-owned land. We would not bet much on their chances there—either in fact or in court. So we wish that—some way or other—these survivors of the past who wander free in the West could get the message: Stay on Uncle Sam's land, he'll protect you.

WHY NOBODY WANTS TO LISTEN TO OSHA

(Mr. SIKES asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SIKES. Mr. Speaker, the Occupational Safety and Health Administration is probably the most unpopular of Government agencies, not even excepting the Internal Revenue Service. It has earned a reputation as a "nuisance" organization which harasses business and industry unmercifully. Few are willing to credit the agency with beneficial results which are commensurate with the costs and the difficulties of compliance.

Business Week for June 14 carries an article on OSHA entitled "Why Nobody Wants To Listen to OSHA." In view of the continuing frustration of those who seek, through legislation, moderation in the practices of OSHA, I think it well that the story of OSHA as detailed in Business Week be reprinted in the RECORD, and I ask unanimous consent that this be done.

WHY NOBODY WANTS TO LISTEN TO OSHA—THE WORLD'S WORST STARTUP MADE EVERYBODY MAD

A story is making the rounds about inspectors from the Occupational Safety & Health Administration who closed down a tiny "mom and pop" grocery store in Iowa. Presidential contender Ronald Reagan uses it in a campaign speech: "The owner of a small business in one Western state," he said, "was told to install separate men's and women's rest rooms for his employees. He only had one employee—at home—in the same bed. It was his wife."

The story may be apocryphal, but it does strike at the heart of the complaints that have been heaped on OSHA by businessmen and legislators since the agency's inception in 1970. On Dec. 31 of that year, Congress passed OSHA's enabling legislation, with the stated purpose of assuring "so far as possible every working man and woman in the nation safe and healthful working conditions." The law set forth a complicated 22-step process for OSHA to follow in setting standards. And it authorized the agency to inspect companies for violations of those standards and fine them if violations are found.

Now OSHA faces charges from all sides that it has abused and misused its mandate, and that it has trivialized the whole concept of the standards. The U.S. Chamber of Commerce has heard from employers who were cited for "allowing ice to come into direct contact with water"—a standard that originally referred to water coolers but that has been abused. And Bert M. Concklin, OSHA's deputy administrator for operations, himself talks of the agency's "split toilet seat syndrome"—a reference to a past inspector who chose to enforce vehemently a standard calling for a U-shaped toilet seat in worksite washroom facilities. That standard has long been stripped from the books, but the negative image that its enforcement created still lingers in many minds.

Anti-OSHA grumblings are reaching a fever pitch in this election year. The White House has gone on record as saying that the agency should become effective within five years or be legislated out of existence. During a primary swing through New Hampshire, President Ford delighted his audience by saying, "I'm sure you'd like to see OSHA dumped in the ocean." Presidential economic adviser Paul W. MacAvoy says that "OSHA has gone too far while accomplishing too little," and suggests that the agency be replaced by a new insurance plan that would juggle industrial rates on the basis of safety records. Labor, meanwhile, says the opposite—that the agency has not gone for enough, and must move faster and issue stronger standards.

Against this backdrop stands Morton Corn, the 42-year-old industrial hygiene professor who has become OSHA's third administrator in five years. Since he took office in December, he has made a number of sweeping proposals that he believes will put the agency back on the right track. He wants to: Move vigorously into the area of health, without deemphasizing safety.

Institute extensive training programs for his staff.

Eliminate nitpicking standards and make those remaining more comprehensible.

Change OSHA's enabling legislation so that the agency can move away from being an adversary to business and act as a consultant to industry.

Corn is certain that if he can do these things he will get to the root of all the criticisms leveled against his agency. But he is finding that getting funding or new legislation from Congress, let alone overcoming the "myths" of the hapless grocery stores and winning recognition as a viable agency, is an uphill fight. "We have to live down enough horror stories that really happened in the early days," he admits. But he asks, "How do you fight back when you're being killed by a myth?"

COST OF COMPLIANCE

For the 4 million businesses affected by OSHA regulations, the cost of complying with the safety and health standards is no myth—in fact, it is astronomical. A McGraw-Hill survey shows that U.S. industry plans to invest about $3.2 billion for employee safety and health this year—up 17% from 1975. Preliminary plans projected three years hence already total $3.6 billion. At least 2.5% of total planned capital investment will be spent for worker protection in 1976 and 1979, and the bite for manufacturing companies will hit 3.3%.

Despite the costs, few argue that OSHA—or something like it—was not needed. The statistics are too chilling.

For example, during World War II, 292,000 U.S. servicemen were killed in battle—and 300,000 workers were killed in factory accidents. Some 53,000 workers lost major limbs, compared with 17,000 combatants who returned minus an arm or a leg. Still, businessmen say that the agency's dubious methods have cost millions of dollars and have produced thousands of problems—without yielding much improvement.

Few companies are willing to discuss for the record their experiences with OSHA inspectors. "It would be like sassing the policeman," says one top executive. But those who will talk are almost unanimous in their frustration with OSHA's performance. John J. Ahern, director of security for General Motors Corp., says: "There is no direct correlation between their regulations and the actual accidents that do occur." The safety manager for a large Boston-based consumer products company adds: "We've spent millions trying to cope with regulations, yet accident levels have not improved much."

Corn admits that OSHA has a history of emphasizing minor safety matters while overlooking major ones and, even more vital, failing to focus attention on health standards. But he says his proposed program would eliminate such wheel spinning. He has launched a multifaceted effort to define "serious" and "nonserious" hazards, and he plans to revise and standardize the system of penalties for each category.

But that may not satisfy some of the larger companies, which feel they are diligent enough about workplace safety without OSHA hovering over their heads. Du Pont Co., for instance, boasts that it had only one disabling injury for each 4 million man-hours worked—about one-tenth the rate for the chemical industry and about 1/20 that of all industry. Du Pont executives point to their 60-year-old medical program and the work of their 41-year-old Haskell Laboratory for Toxicology & Industrial Medicine as signs that they are equally concerned about health. The lab is being expanded by 70% to handle carcinogenic studies. But even Du Pont, with its good record, was slapped with $21,080 in fines in April, and Ned K. Walters, the company's safety manager, complains that none of the citations was related to injuries. In fact, 80% were for "improper placement" of guards on machines and for lack of handrails on stairways.

GM has the same beef. The company was inspected 614 times through last December and received 258 citations representing about 1,800 violations. Ahern claims that GM has invested $79 million and the equivalent of 1,100 man-years to satisfy OSHA requirements in 1974 alone, but to no avail. "We had a good safety program going long before anybody ever heard of OSHA, and we haven't seen any effect from all the money that's been spent, so far as any reduction in our accident rate is concerned," he says.

Small businesses are even more bitter about OSHA. That $21,080 in fines levied against Du Pont could be a hefty chunk of sales for small companies and they fear that capriciousness on OSHA's part will put them out of business. Small business is getting an increasingly sympathetic hearing in Congress.

SHORT ON INSPECTORS

Ironically, while numerous citations—fair or not—do result from most OSHA inspections, the chance that an inspector will visit any given plant remains slim. OSHA's funding has always fallen far short of what would be needed to hire enough inspectors to visit every plant. And a plan to shift many of OSHA's duties to state agencies falls short of the mark because state governments are usually unwilling to accept the financial burden of enforcement or unable to come up with plans that satisfy OSHA's criteria. The result has been an overload situation. Says Robert S. Smith, a Cornell University industrial relations professor who published a study on OSHA: "The typical business establishment will see an OSHA inspector every 77 years, about as often as we see Haley's comet."

The prospect of an inspection is somewhat greater for companies in what Corn calls high-risk industries—those with above-average injury rates. Within a year, Corn plans to concentrate 30% of his inspection staff on such industries, which include aluminum, bronze, brass and copper casting, and metal stamping.

This will mean that the remaining 70% of inspectors must add to their work load those companies in nontargeted industries that would have been visited by the inspectors in the concentration program. Nonetheless, Corn and his officials remain adamant that the load should not be lightened by removing small businesses from their purview.

"Small is not safe in the work site," insists Karen Mann, OSHA's Congressional liaison. "Of the businesses covered by OSHA, 90% have 25 fewer employees, yet these are responsible for 55% of industrial fatalities, 58% of serious violations, and 76% of employee-initiated complaints."

Much of the loathing small business has for OSHA may stem from lack of communication, suggests Barry J. White, the agency's director of regional programs. "Employers say they want to make the work place safer, but that the standards can be worse than no help at all."

Corn's proposals will serve to remedy this situation. He is already holding hearings to discover business's specific objections to a sampling of standards, and he will use this information to either eliminate or to revise the rules. If these first hearings work, Corn says he will use the same technique to review many more of OSHA's standards. And he is asking for recommendations from the National Federation of Independent Businessmen and similar small-business groups.

Corn has also launched an all-out effort to make inspectors themselves more diplomatic in their dealings with the businessmen they visit. A comportment course, referred to inside the agency as "couth lessons," has started for all compliance officers.

This stress on tact is welcomed by many of OSHA's regional administrators. John V. Fiatrone, acting administrator for the New England area, praises Corn for eliminating the "gangbusters image our inspectors got stuck with." Corn's "couth lessons" make compliance officers realize that they "must treat inspection subjects as clients," not as felons, he says.

The change has been noticed by a few companies. Frank A. Noruk, director of safety and security for Milwaukee's Harnischfeger Corp., senses a new attitude at OSHA. "Instead of just looking for violations they are trying to seek solutions," he says.

But such favorable comments are still rare. Privately, OSHA officials concede that inspectors may use rudeness to cover up their lack of understanding of the standards. Plenty of businessmen agree. "They are sending in people who are not well-grounded in how a plant operates," complains John C. Wilson, manager of benefits and loss control at DiGiorgio Corp., a diversified San Francisco company.

Corn sees training as the answer here, too. He has instituted factual as well as social courses for inspectors, and he is seeking approval to send a number of inspectors to graduate school full time for one year.

If Corn gets his way, OSHA's physical plant will also be beefed up, along with its in-house acumen. He is pushing for research facilities and funds so that staffers can get "hands-on" experience developing technologies to meet proposed or existing standards. An effective laboratory operation, he maintains, could also cut days from public hearings on proposed standards.

BETTER UNDERSTANDING

It could also help squelch the oft-heard complaint that OSHA stresses specific control technologies to solve safety and health problems without understanding what they entail. The experience of Kawecki Berylco Industries Inc., a multimillion dollar Reading (Pa.) company, is a classic case. The company had been complying with beryllium standards for more than 20 years. But as soon as OSHA specified methods to deal with the existing standard, KBI started having problems.

In 1949 the Atomic Energy Commission set a standard for ambient in-plant beryllium of 2 micrograms per cubic meter of air. In 1969 the standard was modified to monitor only respirable particles that could enter the lungs. But in 1971, OSHA adopted the AEC's standard and eliminated the distinction between respirable and nonrespirable particles. It also specified that lapel samplers—devices worn by the employee—be used instead of the high-volume general air samplers usually used. Although KBI has tried hard to satisfy the regulations, it finds that it simply cannot comply, says James P. Butler, assistant to the president. "KBI was charged with violation even though the generally accepted sampling method showed compliance."

DiGiorgio's Wilson is angry with OSHA for similar reasons. "We get noise citations at our sawmills, but everything in a sawmill makes noise," he says. "It's hopeless unless you build a plant run by computer."

If OSHA had better laboratory facilities, presumably it could try to develop noise-dampers that work in sawmills. And it could make sure that industry learned of such new developments. To do this, Corn is forming a Technical Data Center for Toxicological Information & Program Support. He envisions a route whereby a company could draw on the data bank to see how others found solutions to problems similar to its own.

Improved communications would extend to OSHA's relations with other government agencies. To date there has been an absence of liaison with any of them. Conflicts have even cropped up between OSHA and its own research arm, the National Institute for Occupational Safety & Health. NIOSH develops the criteria documents on which OSHA bases its standards, and in the past there has been no joint order of priorities. NIOSH, for example, conducted extensive studies to develop a criteria document on heat stress, only to discover the issue was so far down on OSHA's list of priorities that work has still not begun on the standard. Corn has already established monthly meetings between OSHA and its research arm to avoid such wasted efforts.

But most of these programs still depend on adequate funding and staffing. To bolster his new emphasis on health, Corn plans to freeze the number of safety compliance officers at 1,050 until it is matched by the roster of health inspectors. In fact, he wants to set up a special unit to respond to emergency situations, such as the infamous Kepone case in Hopewell, Va. A former employee of Life Science Product Co.'s Kepone plant alerted OSHA to health problems with the chemical long before the extent of workers' illnesses became known. But OSHA inspectors, more tuned to safety problems than health, originally gave the complaint low-priority status.

But even if Corn gets the money to enlarge the health payroll—which is by no means certain—he may find it impossible to recruit capable employees. OSHA has only 135 fully qualified industrial hygienists and an almost equal number in various stages of training. Both Corn and his regional administrators are having trouble filling even those slots for which money is available. "We've been recruiting hard, but there's a real scarcity of industrial health professionals," complains David J. Rhone, OSHA's Philadelphia regional inspector. "I would guess there are fewer than 4,000 people in the U.S. who are truly industrial hygienists."

Still, Corn is getting good response from his field people on the campaign to stress health. During the first quarter of this year, Rhone's inspectors found 2,818 workers who were being exposed to 31 different toxic substances. "We're headed in the direction Dr. Corn wants to go," Rhone says.

OSHA's field staff also likes Corn's emphasis on real rather than trumped-up hazards. Fiatrone, for example, points to the selective concentration programs as proof of OSHA's new effectiveness. He cites a sharp reduction in the number of construction workers killed in trench cave-ins. OSHA has always required that trenches in construction projects be adequately shored. Nonetheless, until 1973 Massachusetts alone had a 40-year average of five workers killed in trench accidents each year. Then OSHA selected this standard for concentrated enforcement. The result: only two fatalities in Massachusetts in more than 30 months.

A SERVICE GROUP

Such efforts might help improve OSHA's image as an effective policeman, but the agency would mean a policeman nonetheless. Corn's idea calls for more radical change. He wants to build a concept of the agency as a service group, with a consultation wing that is totally distinct from the inspection and citation functions. But to do this requires Congressional authorization—and this may be hard to get.

The problem is that OSHA's enabling legislation requires inspectors to issue citations for all serious violations, and warnings for all less serious infractions, on their first visit. Every year amendments to the law have been proposed to allow citation-free consultations, but none has passed.

Corn sees the ability to consult as vital to the agency's future. Otherwise, he maintains, there is just not enough money available for OSHA to do an effective job. "We need something more to stimulate businessmen to police themselves," he says. "The agency should be able to provide guidance to an employer, not just come at him after the fact with a stick."

Corn faces Congressional opposition on the issue from both supporters and detractors of the agency. The original sponsors of the act fear that once it is opened for one amendment, the agency's opponents will introduce additional, more limiting restrictions. A meager ray of light appeared this year, when the House approved the consultation operation. But the Senate is keeping obstacles to the revision in place.

To reach the Senate floor for a vote, the measure, known as the Taft amendment after its original sponsor, Robert A. Taft Jr. (R-Ohio), must first be brought up before the Committee on Labor & Public Welfare, chaired by Harrison A. Williams (D-N.J.). Williams, a cosponsor of the original OSHA legislation, leads those reluctant to open the law up to destructive tampering. "To establish consultation in addition to inspection would be enough to create a bureaucracy of very considerable proportions," he maintains.

Williams' stand is backed by organized labor. Most union leaders support Corn, but that support stops short of consultation. "We realize that many of the steps he has taken are aimed at making OSHA more effective, but we can't go along on this one," says George Taylor, the OSHA specialist at the AFL–CIO. "It smacks too much of the weaknesses that caused state attempts at OSHA type programs to fail."

BUSINESS IS DISTRUSTFUL

Ironically, even if the consultation amendment were put into law, Corn might find that his biggest hurdle remains in the private sector. Many businessmen simply do not trust OSHA enough to use agency employees for consultation. For example, in some 20 states, federal OSHA programs have been supplanted by state programs which, under OSHA's enabling legislation, are funded half by the states and half by the federal agency.

Some of these states have set up consulting services for business, but clients are often sorely lacking. California, for one, has a state-level consulting program, and DiGiorgio's Wilson explains why it often goes unused. When Jerry Brown was elected governor in 1974, he says, "the mandate came down to go out and find violations." The aggressive attitude on the part of the state inspectors left industry with a sour taste. "We're supposed to be able to ask for help without fear of being cited, but we've never been able to believe that," Wilson says.

The seeds of industry's distrust have been amply sown throughout OSHA's five-year life. Even Corn agrees that the agency's history has elevated "getting off on the wrong foot to a near art form." Worker well-being was an issue in the U.S. long before OSHA. Child labor laws were passed; the Walsh-Healey Act went into effect, specifying health and safety practices to be followed by companies doing business with the government; a sprinkling of exposure standards were passed for isolated industries, such as beryllium processing. But it still took until 1970 for the government to pass the truly comprehensive Occupational Safety & Health Act. Almost immediately the infant law was buffeted by political winds.

OSHA first came to life midway in President Nixon's first term, and became a victim of Nixon's push for decentralization of government. The whole concept of a national drive for worker safety and health was fragmented from the outset. "The Administration was not committed to enforcement," recalls Daniel H. Krivit, the House labor subcommittee counsel who worked on passage of the original OSHA act. "It was committed to decentralization, so OSHA was splintered into seven regions that became nearly autonomous at the outset."

The immediate result was that seven sets of inspectors set off in seven different directions, with no standardized inspection procedure—and with total freedom to select those safety standards that each wanted to stress.

Some 4,000 existing industry standards were adopted wholesale at that time. George C. Guenther, OSHA's first administrator, tapped the existing Walsh-Healey standards, as well as those formulated by the American National Standards Institute. Now Corn is left with the legacy of those hastily produced standards. "The reasons for adopting them may have been good at the time, but they have been loaded with time bombs," he says.

Replacing the 4,000 quickie standards with more workable, OSHA-created ones may prove a formidable task. Only three of OSHA's health standards have made it onto the books—those for asbestos, a group of 14 carcinogens, and vinyl cloride. Standards development has traditionally been impeded by industry suits charging that they are too rigid, and lately, by labor suits charging they are not rigid enough.

LABOR SUPPORTS CORN

At least some congressmen are trying to get a more objective view of OSHA's performance, and one that relies on statistics rather than politics. Freshman Representative Edward W. Pattison (D-N.Y.) recently sent a questionnaire to 2,000 employers in his district and divided the responses into two groups: those whose plants had been inspected by OSHA and those whose plants had not. Of the first group, 83% said that compliance with OSHA standards did not cause them undue economic hardship, and 94% of the second group agreed. And although 45% of those who had never been inspected agreed with a questionnaire statement that "imposition of OSHA standards serves the purpose of protecting the safety of workers," the agreement figure jumped to 78% for employers who had been inspected.

The survey, which was published in April, indicates that there may be a sizable "silent majority" in industry that is ready to throw its support to OSHA. One labor leader believes that the overwhelming vote of confidence registered in Pattison's survey "probably shows a strong liberal tendency among the responding industries. It is the anti-OSHA conservatives who are vocal in their condemnation of OSHA," he says, "while those who support it have grown tired of fighting and are usually unheard."

Pattison aides see it a bit differently. One of them says: "The businessmen in our district were visited by competent, helpful inspectors, and now they feel they can relax. They look on OSHA now in the light of the problems it was created to deal with."

But Corn does not seem able to use the favorable results to his advantage. Last month, for example, he briefly described his proposals for simplifying safety standards to a meeting of Senate legislative aides. He threw the session open for questions, only to find that each aide wanted to dwell on constituents' complaints about OSHA. Corn, his voice tinged with exasperation, told Business Week, "There are 100,000 inspections every year [out of 4 million existing businesses]. In 1% the inspector may get high-handed or make a silly but possibly well-intended misjudgment. Yet it is this 1% that continues to distort our whole program and the good that is being accomplished."

Appointed federal officials, rather than elected ones, are sympathizing with Corn's plight. "Politicians tend to get a lot of applause when they pick on OSHA," says Stanley E. Morris, deputy associate director of the Office of Management and Budget and an active member of the President's Regulatory Reform Task Force. But economic adviser MacAvoy says the problem goes far deeper than that. He says: "There has been an inability to demonstrate the impact of OSHA on the basis of reduced accident rates. My only concern is whether OSHA can be made effective and at less cost."

For his part, Corn maintains that no matter how much time, money, and effort it takes to make OSHA an optimum performer, it would still be more efficient to revamp the agency than to eliminate it. As he sums it up: "It would be foolish to scrap what we have just to try something else."

THE CONGRESS AND INTELLIGENCE

(Mr. SIKES asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SIKES. Mr. Speaker, Congress has subjected the Central Intelligence Agency to close and merciless scrutiny through a variety of select committees, plus comparable inquiries into policies and expenditures by the committees of Congress regularly constituted to oversee the operations of the CIA. As a result, there is gnawing fear that the CIA has been left a shambles and that its effectiveness, at least temporarily, is seriously damaged. Some elements of the press have apparently sought to utilize the disclosures to publicly hang, draw and quarter the CIA.

Sea Power for June 1976 contains an effective discussion of this subject entitled, "The Congress and Intelligence." It provides important reading for Congress, and I include the excerpts from the article at this point in the RECORD:

THE CONGRESS AND INTELLIGENCE

(By Lawrence Griswold)

(The terms are not necessarily incompatible, nor are they always mutually exclusive.)

The apparently endless investigations by both Houses of Congress of the U.S. intelligence services seem now at least temporarily concluded, but it will be years, if ever, before a valid, final post-mortem damage report can be issued.

Those conducting the investigations, bravely trying to put the best face on what has been a chaotic and sometimes incomprehensible charade, assert that their efforts will insure that the Central Intelligence Agency and its bureaucratic minions will from now on be even more responsive in carrying out their various missions, and without a repeat of the alleged former excesses.

It has yet to be proven, however, that the best way to improve a bad boy is to whip him in public, expose him to shame, ridicule, and censure day after day in the print and broadcast media, and then send him forth, properly chastened and equipped only with the Marquis of Queensberry Rules, to do bloody battle with a world full of bare-knuckles, knee-in-the-groin alley fighters.

DAMAGE ASSESSMENT

But if the long-term "benefits" which might develop from the intelligence investigations presently appear extremely questionable, there are at least two shorter-term results about which there should be no question whatsoever:

(1) The U.S. intelligence community has been severely damaged in numerous respects—beginning with the assassination of Richard Welch in Athens, extending to and beyond the general sapping of morale throughout the entire U.S. intelligence establishment, and culminating in the effective drying up of valuable sources and contacts all over the world. As David Atlee Phillips, former Chief of Latin American and Caribbean Operations for the CIA's Operations Directorate, expressed it in the April 1976 issue of The Retired Officer: "The end result [of the Congressional investigations] . . . may very well be an intelligence apparatus that is no longer able to operate effectively. It has lost the trust of friendly services in allied countries and hence the shared products of their activities. It will be a community robbed of the capability to obtain information from human agents because they refuse to entrust their knowledge and their lives to agencies whose innermost secrets appear in the press on a daily basis."

(2) The U.S. Congress itself, for all its presumed good intentions in carrying out the investigations, has been damaged much more—by the now celebrated Daniel Schorr/Village Voice connection; by the continuing series of distortions, innuendoes, and false and inflammatory statements which characterized so much of the investigations (and the reporting thereof by the mass media); by the unauthorized release of information to the press, by staff and committee members alike, which started as tiny leaks but quickly escalated into rivulets, rivers, and floods; and, finally, by the unprecedented twin spectacles of one Congressman (Representative Michael J. Harrington of Massachusetts) revealing highly classified information about CIA operations in Chile (and thus "becoming," as Phillips noted, "the first Congressman in history to violate a signed secrecy agreement pledging to protect the confidentiality of that information"), and another (Representative Otis Pike of New York) being finally repudiated by Congress itself when he tried to include in his committee report other information which the committee had obtained from the Executive Branch only after promising the President it would not be made public.

ARROWS AND ERRORS

That Congress has damaged itself more than the CIA with its ill-aimed arrows and errors represents at best, however, a Pyrrhic victory for those who initially opposed the investigations and/or who attempted in various ways either to limit their scope or to insure they proceeded along constructive lines. No matter what one's opinion about the Legislative Branch of government—and the general public's opinion, according to all recent polls, gives Congress a very low rating indeed—any diminution of respect for any branch or institution of government translates, in a very real sense, into a tragic loss for all Americans.

Without in any way whitewashing or condoning the CIA, et al., for the now well-publicized misdeeds of yesteryear, it can be noted that the washing of dirty linen in public is not necessarily the best way, or most intelligent way, to cleanse the stains of the past.

It certainly is not the only way.

The process of assaying the essential realities of a potential enemy's capabilities and intentions demands a lapidarian's exquisite precision; if that is lacking, the result, with information fed into the computer together with its associated data, may be fantastically wrong.

Thus far, the record of the CIA has been excellent—allegations to the contrary notwithstanding. Earlier successes included the timely warnings of Russian aggression against the Turkish and Greek governments (which brought about the defensive U.S. reaction then called the Marshall Plan) and advance information about the launching of Russia's Berlin Blockade in 1948. More recently, the dispatch of Russian missiles in Cuba and advance preparations for North Vietnam's Tet offensive were spotted in time to be successfully countered (the latter intelligence gave the U.S. Marines enough latitude to set up a defense in depth at the precise point chosen for the hostile attack in their area).

THE CLOSED BOOK

Scores of similar if less spectacular CIA plusses could be educed if Langley would open its books; its refusal to do so is necessary for the security of Americans and NATO allies still in the field. Hostile counter-intelligence is as alert as the CIA's own less numerous and more restricted forces; published references to places and dates could easily expose valuable agents to capture, and would mean failure of many vital missions.

Intelligence activities can be thwarted in other ways, also—as they were when, in 1974, and in what many thought was an usurpation of Executive Branch power, Congress cut off pledged arms to Turkey, thus (unwittingly, perhaps) blinding American observation of Russian military operations in the Turkish Straits, the Black Sea, and that part of the Russian land mass just north of Turkey.

Congress has. of course, not been alone in its condemnation of the CIA; the mass media also deserve much of the credit, or blame. It was, after all, the lengthy series of leaks fed to an avid press between 1968 and 1971, culminating in the theft and distribution of the "Pentagon Papers" by Daniel Ellsberg, which led to formation of the White House group known as the "Plumbers"—which in turn led to Watergate and all that followed.

ZEAL AND VENALITY

That the CIA and the FBI erred, sometimes grievously (but almost always from zeal, rather than venality), in carrying out their many delicate assigned missions, is not in dispute. That strong guidance and control from the Executive Branch—the President, specifically, acting with the advice and consent of Congress—is necessary, is obvious.

That Congress can and should and must carry out its own oversight activities—preferably through a select joint committee comprised of a limited number of Representatives and Senators of the highest personal integrity (a quality which includes the apparently rare legislative ability to keep secrets)—is also obvious.

What is not at all obvious, to friend or foe of the United States alike, is whether the present U.S. Congress has in fact carried out its own duties in the delicate field of intelligence either from the loftiest non-partisan motives or with the best results.

Americans, including American Congressmen, have notoriously short memories. The turmoil of the Vietnam years, the anti-war riots and demonstrations which terrified so many Americans and which undoubtedly weakened the U.S. war effort, the outrageous and, some would say, openly treasonous statements made by American citizens abroad, and the several real and numerous threatened assassinations which punctuated the late 1960s and early 1970s all have seemingly now been forgotten.

Also forgotten sometimes is that the United States is not without enemies in the world. And enemies need watching.

Despite Congressional assertions to the contrary, it is doubtful whether the CIA and its sister agencies will for the foreseeable future be able to watch America's enemies, foreign and domestic, as well or as carefully as they were able to prior to the start of the intelligence investigations.

In seeking to rectify the past, Congress may well have harmfully infringed on the nation's requirements for the future.

TRIBUTE TO LATE HONORABLE CARROLL D. KEARNS OF PENNSYLVANIA

(Mr. PERKINS asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. PERKINS. Mr. Speaker, I am sure all of us were saddened over the weekend to learn of the passing of former Representative Carroll D. Kearns, of Pennsylvania, who served with us in the House from 1947 to 1963.

He died last Friday, June 11, in Meadville, Pa., at the age of 76.

Congressman Kearns was already a member of the Committee on Education and Labor when I arrived on the scene in early 1949. Although we were separated by that wall of party affiliation that tradition insists upon maintaining between us, Carroll Kearns and I became good friends.

He was a man of honor and integrity, and a man who never let political differences cloud or distort his personal relationships.

We differed many times during our service together, but I feel confident that our mutual respect was never diminished.

Carroll Kearns was a good man, a talented man. We who served with him valued him as a friend, who is now lost from this world.

TITLE I FUNDING

(Mr. PERKINS asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. PERKINS. Mr. Speaker, on November 18, 1975, President Ford sent a message to the Congress requesting that $150 million be rescinded from the appropriation for title I of the Elementary and Secondary Education Act. As a justification for this request the President stated:

> Latest report from the Office of Education indicate that the States have not yet spent nearly $1,000,000,000 in funds obligated from prior year appropriations for this program. These unexpended funds and growing State efforts for the disadvantaged indicate that a constant level of Federal support will not adversely affect these activities.

Since title I is the major Federal aid program for education, I became very concerned at the time the President made this assertion in November about the import of the President's statement; namely, that school districts and States had somehow been derelict in spending a billion dollars of duly appropriated Federal funds for education. Over the past several months, I have become even more concerned because the President's assertions have led some Members of Congress to support the administration's position that funds for title I ought to be cut back.

Because of my initial concerns I sent a letter to HEW Secretary Mathews on December 9 requesting an explanation of the President's statement. I received the Secretary's response almost a full 3 months later, on March 4, 1976. In this response the alleged amount of "undisbursed" funds was cut back from $1,000,000,000 to $876,493,000.

Due to the use of certain vague language in the Secretary's response of March 4, I made further inquiries of the Department about the exact amount of funds which were not obligated by the States as of the last date that the Office of Education had firm information. I received this latest response 2 weeks ago. The figures which were given to me at that time showed that the amount which was actually unobligated in title I was only $578,287,315 as of June 30, 1975. This figure is reportedly based on "better" information.

The conclusion to be drawn from this line of inquiry is that the administration is now admitting that the President's original assertion in support of his rescission request was not correct. The amount of title I funds which are unobligated from previous years' appropriations is about half of what the President originally asserted.

I, for one, feel chagrined that the Department had not faced up to these facts earlier and corrected the record earlier. Unfortunately, over the past 8 months the impression has been created in people's minds that a billion dollars in title I funds is laying around somewhere because school people have not bothered to spend it. And as I have already stated, this impression has led some Members of Congress to support efforts to cut back on funds for this desperately needed program.

I do not mean to diminish, however, the significance of the amount of unobligated funds available in title I. This $578 million is still a significant amount of money which is being carried over from one fiscal year to the next because it has not been spent in that earlier fiscal year. And, I believe that it is important that we pursue the exact reasons for the existence of this amount of money being carried over.

In this inquiry I believe that we must ask two simple questions. First, why is any money at all being carried over from the appropriation for 1 fiscal year to the next fiscal year? Second, why is there such a significant amount of money being carried over in the title I program?

In answer to the first question of why any money at all is being carried over, the reasons lie in simple program management procedures. We in Congress tend to think of program operations and of program appropriations in terms of a single fiscal year. We often neglect to appreciate the fact that operating programs on a State and local level means that funds are available for longer periods of time than 1 year.

In the title I program, for instance, the Department of Health, Education, and Welfare uses a letter of credit system for disbursing the funds. This means that State program administrators are notified of the amount of funds they can draw upon as of a certain date, but these funds are not actually disbursed until much later. The result is a normal timelag of many months between the time of notification of a grant and the time the money is actually obligated by the State or spent by the local school district.

In fact, it is my understanding that it is commonplace under the letter of credit system to push 25 to 35 percent of the outlays from a given year's appropriation into the following fiscal year. This is standard operating procedure in governmental programs. But it often means that funds from a particular year's appropriations appear to be unspent. In the title I program the half a billion dollars which is being carried over amounts to 29.5 percent of the previous year's appropriation.

A further complicating factor is that some State educational agencies use a reimbursement system for Federal grants to local school districts. The means that a school district must use its own funds first in operating its Federal programs before it can draw upon the Federal funds at the termination of its programs. Like the letter of credit system, this method of program administration, too, is a perfectly business-like procedure; but it also leads to an impression that funds have not actually been spent when they have in fact been spent. The misimpression simply arises from the bookkeeping method which has been adopted by the State for payments under the program.

These practicalities of operating programs naturally mean that not all funds appear to be obligated or expended at the precise termination of the fiscal year for which the funds have been appropriated. In other words, the realities of program administration do not easily fit within the fiscal device of the "fiscal year" which we have created for purposes of making our appropriations in Congress.

In fact, the Congress recognized the value of these methods of program administration which overlap fiscal years by enacting the so-called "Tydings Amendment" in 1970. That amendment permits States and local school districts to carry over from 1 fiscal year to the next fiscal year unobligated and unexpended appropriations in Federal education programs.

We enacted this provision, because we did not want States and local school districts to rush out and spend all available money at the close of the fiscal year just so that their books would be wiped clean. We wanted States and local school districts to use common-sensical business-like methods to bring about the best possible expenditure of Federal aid.

Therefore, States and local school districts are following perfectly legal, and congressionally condoned, procedures of program administration in carrying over Federal title I funds from 1 year to the next year. In fact, we have encouraged them to do so when they deemed it necessary.

Now that we have established that carrying over funds from 1 year to the succeeeding year is to be expected in these programs, we must address ourselves to the second question which is why is so much in Federal funds being carried over in the title I program. Are there any reasons in addition to the use of common program management procedures? The answer to these questions is that the Federal Government has caused an extremely erratic and disorderly process for the appropriation and expenditure of title I funds since 1973.

Prior to 1973, minimal amounts were carried over in the title I program. In 1973, however, President Nixon vetoed the education appropriation bill and refused to expend funds in excess of the prior year's appropriation. The Congress asserted, in opposition to the President's position, that a higher level of funding had to be followed than the President was abiding by. The result was a deadlock and no appropriation bill at all was enacted that year. The position of Congress was finally upheld by the Federal courts, but this did not occur until 6 months after the termination of the fiscal year. At that time a Federal court ordered the release of about $225 million in additional title I funds.

But imagine the havoc which was wreaked during 1973 by this deadlock between the Congress and the President. Then imagine the situation States and local school districts were put in when half way through the following school year they were given millions and millions of dollars of extra title I appropriations to spend.

This situation was further complicated in that following fiscal year—1974—in that the Congress did not enact an appropriation bill for education until almost half of the fiscal year had expired. Then the Office of Education did not make allocations from this appropriation until more than 7 months of the year had expired.

The result of this appropriation history for 1973 and 1974 was that States and school districts found themselves with extra title I aid which had to be carried over into fiscal 1975. This surplus resulted from the late court-ordered release of 1973 appropriations and late congressional action on the 1974 appropriation. And this is precisely where most of the carryovers began.

The next year, fiscal 1975, we did not help the situation by again passing the appropriation bill late—6 months into the fiscal year. And then there was not a release of these funds by the Office of Education until 8 months had expired.

In fiscal 1976 we finally began to advance-fund the program by enacting the appropriation bill 6 months before the fiscal year began. But the Office of Education waited until 9 months of the fiscal year expired before the States were told how much money they were going to receive.

For the upcoming fiscal year the situation is almost as bad as this year. We provided an appropriation for these programs before the beginning of the fiscal year. But the Office of Education is not planning on making allocations until July 1, which is only 3 months before the new fiscal year begins and only 2 months before the school year begins. School districts, of course, have already made their budgets for this year and they have long since had to notify teachers whether they are going to be rehired or not.

Further complicating this sorry picture of late appropriations or no appropriations are two additional factors. First, in the middle of all this confusion the Congress in 1974 changed the formula for the distribution of title I funds. And, due to great differences of opinion, in the process we enacted three different separate allocations for these funds during fiscal year 1974 through various continuing resolutions and then the final appropriation bill. This meant that States and local school districts received three different notices with widely varying amounts during the course of 1 fiscal year. These variances for a particular local school district ranged from a loss of thousands and thousands of dollars to a gain of thousands and thousands of dollars. Total confusion reigned that year. The following year, fiscal 1975, when the new formula took effect, there were further reallocations between States and between school districts in order to reflect the changes brought about by the new formula.

The second additional factor wreaking havoc was that the Nixon and Ford administrations throughout this entire period sought to impound, either legally or illegally, funds for education even after they had been appropriated by the Congress. This meant that in fiscal year 1975, for instance, even after it took us half of the fiscal year to pass the appropriation bill for that year, the administration sought to impound these funds subsequent to that appropriation, which naturally meant further delay and further confusion continuing until the end of the fiscal year.

After relating this sorry picture of confused Federal leadership, how can we expect States and local school districts to do anything but what they have done; namely, try to bring some stability to their local programs by evening out the flow of money available to them. And they have done this through the perfectly legal device of carrying over funds from 1 fiscal year to the next. That is authorized by the Tydings amendment.

Now, after State and local educators have acted responsibly in seeking the best use of Federal money, there are some of us who are turning on them and telling them that they have been irresponsible in carrying over funds as a cushion against erratic Federal appropriations, and that, therefore, we are going to cut back on these Federal appropriations.

How can we have it both ways? How can we tell the States to achieve the best possible use of Federal funds, using the legislative tools we have given them, and then turn around on them and tell them the use of these tools means they are going to receive less money in the future?

In conclusion, Mr. Speaker, I urge my colleagues to examine the history of Federal appropriations for title I over the last 5 years. I believe that they will find that the funds which are being carried over today by States and local school districts are being carried over in order to bring stability on the local level to these education programs and these carryovers are being done fully in accordance with Federal law and with sound administrative practices. Therefore, I urge my colleagues to reject any attempt to cut title I funds, and instead I urge my colleagues to increase the Federal appropriation so we can achieve better results in the future.

CONFERENCE REPORT ON H.R. 13965

Mr. NATCHER submitted the following conference report and statement on the bill (H.R. 13965) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes:

Conference Report (H. Rept. No. 94–1293)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 13965) "making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 3, 28, 29, 30, 31, 32, 33, 37, 38, 39, 40, 41, and 42.

That the House recede from its disagreement to the amendments of the Senate numbered 5, 6, 9, 10, 11, 12, 14, 15, 16, 18, 19, 20, 22, 23, 25, 27, 34, 35, and 36, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendments of the Senate numbered 2, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$66,137,600"; and the Senate agree to the same

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$116,366,400"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$64,999,500"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$700,000"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$117,706,500"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 7, 13, 17, and 21.

William H. Natcher,
Robert N. Giaimo,
Louis Stokes,
Gunn McKay,
Bill D. Burlison,
Bill Alexander,
Yvonne Brathwaite Burke,
Charles Wilson,
George Mahon,
C. W. Bill Young,
Jack F. Kemp,
Clair W. Burgener,
Elford A. Cederberg,
Managers on the Part of the House.

Lawton Chiles,
J. Bennett Johnston,
Walter D. Huddleston,
John L. McClellan,
Thomas F. Eagleton,
Charles McC. Mathias, Jr.,
Richard S. Schweiker,
Milton R. Young,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 13965) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA

Amendment No. 1: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment appropriating $248,948,700 instead of $250,000,000 as proposed by the House and $249,676,700 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 2: Appropriates $66,137,600 for the transition period instead of $66,500,000 as proposed by the House and $65,876,000 as proposed by the Senate.

LOANS TO THE DISTRICT OF COLUMBIA FOR CAPITAL OUTLAY

Amendment No. 3: Appropriates $210,000,000 as proposed by the House instead of $209,000,000 as proposed by the Senate.

GENERAL OPERATING EXPENSES

Amendment No. 4: Appropriates $116,366,400 instead of $116,861,000 as proposed by the House and $116,314,400 as proposed by the Senate.

Council of the District of Columbia—The conference action provides $2,103,700 as proposed by the Senate instead of $2,075,700 as proposed by the House.

District of Columbia Auditor—The conference action provides $158,200 as proposed by the Senate instead of $164,300 as proposed by the House.

Office of Personnel—The conference action provides $1,560,300 as proposed by the Senate instead of $1,611,200 as proposed by the House.

Legislation Office—The conference action transfers the Legislation Office to the Office of the Corporation Counsel as proposed by the Senate including $75,800 proposed by the House for the Legislation Office.

Department of Finance and Revenue—The conference action provides $8,835,200 as proposed by the Senate instead of $8,889,200 as proposed by the House.

Office of the Corporation Counsel—The conference action provides $4,145,100 as proposed by the Senate instead of $4,069,300 as proposed by the House reflecting the transfer of the Legislation Office to the Office of the Corporation Counsel as proposed by the Senate.

Public Library—The conference action provides $8,348,300 as proposed by the Senate instead of $8,408,300 as proposed by the House.

Department of Manpower—The conference action provides $50,400 as proposed by the Senate instead of $103,700 as proposed by the House.

Department of Insurance—The conference action provides $504,200 as proposed by the Senate instead of $499,800 as proposed by the House.

Public Service Commission—The conference action provides $698,900 as proposed by the Senate instead of $710,300 as proposed by the House.

Law Revision Commission—The conference action provides $42,100 as proposed by the Senate instead of $83,400 as proposed by the House.

Advisory Neighborhood Commission—The conference action shifts the appropriation of $150,000 proposed by the House for fiscal year 1976 to the transition period as proposed by the Senate.

Washington Convention and Visitors Bureau—The conference action provides $100,000 as proposed by the Senate instead of $200,000 as proposed by the House.

District of Columbia Chamber of Commerce—Appropriates $52,000 as proposed by the House and stricken by the Senate.

Amendment No. 5: Provides that $42,100, as proposed by the Senate, instead of $83,400 as proposed by the House, shall remain available until December 31, 1976, for expenses of the District of Columbia Law Revision Commission.

Amendment No. 6: Provides that $15,300, as proposed by the Senate, instead of $13,000, as proposed by the House shall be available for the payment of stipends and reimbursements to the Commissioners of the District of Columbia Law Revision Commission for expenses incurred prior to the enactment of this Act.

Amendment No. 7: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur with an amendment appropriating $30,111,700 for the transition period instead of $30,024,900 as proposed by the House and $30,098,300 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference action provides funding for the transition period for the various departments and activities within "General operating expenses" in which there were differences in the amounts proposed by the House and Senate as follows:

[In thousands of dollars]

Item	House allowance	Senate allowance	Conference allowance
District of Columbia Council	533.3	540.4	540.4
District of Columbia Auditor	42.2	40.6	40.6
Office of Budget and Management Systems	1,404.5	1,404.3	1,404.3
Municipal Planning Office	462.5	462.4	462.4
Personnel Office	414.0	400.8	400.8
Disability Compensation	837.8	837.8	837.8
Unemployment Compensation	1,319.7	1,319.5	1,319.5
Workmen's Compensation	176.3	176.1	176.1
Legislation Office	19.5	----------	----------
Finance and Revenue	2,283.9	2,269.8	2,269.8
Corporation Counsel	1,045.5	1,064.9	1,064.9
General Services	4,531.3	4,530.8	4,530.8
Public Library	2,160.3	2,144.7	2,144.7
Department of Manpower	26.7	12.9	12.9
Youth Opportunity Services	567.9	567.8	567.8
Housing and Community Development	1,481.0	1,480.8	1,480.8
Department of Insurance	128.4	129.5	129.5
Public Service Commission	182.5	190.9	190.9
Board of Elections and Ethics	309.9	551.9	551.9
Law Revision Commission	21.4	41.7	41.7
Advisory Neighborhood Commission	38.5	175.0	175.0
Metrobus Subsidy	8,565.0	8,564.1	8,564.1
School Transit Subsidy	1,015.0	772.9	772.9
Washington Convention and Visitors Bureau	51.4	25.7	25.7
Chamber of Commerce	13.4	----------	13.4

PUBLIC SAFETY

Amendment No. 8: Appropriates $64,999,500 for the transition period instead of $65,436,100 as proposed by the House and $64,499,500 as proposed by the Senate.

Bicentennial services.—The conference action provides $2,500,000 for "Bicentennial services" (police and public safety services) instead of $3,000,000 as proposed by the House and $2,000,000 as proposed by the Senate.

With respect to funds for Bicentennial Services, the Committee of Conference intends to assure that adequate resources will be available to protect the public health, safety, and welfare in the Nation's Capitol. Should the need arise for additional funds to support police overtime, emergency medical services, or other public safety responsibilities of the District of Columbia Government, Congress should accommodate such a need in a deficiency appropriation or by approval of a reprogramming request.

The conference action provides funding for the transition period for the various departments and activities within "Public safety" in which there were differences in the amounts proposed by the House and Senate as follows:

[In thousands of dollars]

Item	House allowance	Senate allowance	Conference allowance
Metropolitan Police Department	33,037.6	33,034.1	33,034.1
Fire Department	11,002.9	11,001.7	11,001.7
Court of Appeals	377.1	441.9	441.9
Superior Court	5,117.6	5,122.4	5,122.4
District of Columbia Court System	1,118.5	1,118.4	1,118.4
Public Defender Service	491.4	491.3	491.3
Bail Agency	194.5	194.4	194.4
Corrections	11,019.0	11,017.8	11,017.8
Bicentennial Services	3,000.0	2,000.0	2,500.0

EDUCATION

Amendment No. 9: Appropriates $237,325,900 as proposed by the Senate instead of $237,382,300 as proposed by the House. The conference action provides $199,532,500 for Public Schools as proposed by the Senate instead of $199,588,900 as proposed by the House.

Amendment No. 10: Appropriates $47,465,200 for the transition period as proposed by the Senate instead of $47,476,500 as proposed by the House. The conference action provides $39,906,500 for the transition period for Public Schools as proposed by the Senate instead of $39,917,800 as proposed by the House.

HUMAN RESOURCES

Amendment No. 11: Appropriates $264,074,500 as proposed by the Senate instead of $264,124,200 as proposed by the House.

Amendment No. 12: Appropriates $74,871,000 for the transition period as proposed by the Senate instead of $74,830,900 as proposed by the House.

Amendment No. 13: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate inserting the following language: "including $333,500 for the improvement of care and treatment of the mentally retarded at Forest Haven".

TRANSPORTATION

Amendment Nos. 14, 15, and 16: Delete language providing a passenger-carrying vehicle for the use of the Chairman of the Council of the District of Columbia proposed by the House and stricken by the Senate.

Amendment No. 17: Reported in technical disagreeemnt. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment appropriating $26,919,400 instead of $26,942,600 as proposed by the House and $27,899,400 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment Nos. 18, 19, and 20: Delete language providing a passenger-carrying vehicle for the use of the Chairman of the Council of the District of Columbia during the transition period proposed by the House and stricken by the Senate.

Amendment No. 21: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment appropriating $6,915,600 instead of $6,922,400 as proposed by the House and $7,167,400 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

ENVIRONMENTAL SERVICES

Amendment No. 22: Appropriates $63,492,300 as proposed by the Senate instead of $63,619,700 as proposed by the House.

Amendment No. 23: Appropriates $16,311,200 as proposed by the Senate instead of $16,345,800 as proposed by the House.

BICENTENNIAL SERVICES

Amendments Nos. 24 and 25: Appropriate $700,000 instead of $1,000,000 as proposed by the House and $500,000 as proposed by the Senate and provide that the funds shall remain available until September 30, 1977 as proposed by the Senate instead of until expended as proposed by the House. Assurances that adequate resources will be available to protect the public health, safety, and welfare in the Nation's Capital are further addressed under amendment 8 earlier in this statement.

CAPITAL OUTLAY

Amendment No. 26: Appropriates $117,706,500 instead of $135,259,500 as proposed by the House and $112,593,700 as proposed by the Senate. The conference action provides funding for projects in which there were differences in the amounts proposed by the House and Senate as follows:

[In thousands of dollars]

Project	House allowance	Senate allowance	Conference allowance
Burrville Elementary School replacement	$100.0		$100.0
Roosevelt Senior High School modernization	5,512.8	(1)	5,512.8
Shapiro Track-land acquisition	0	$1,000.0	500.0
Acquisition of "Metropolitan Hotel and Extended Care Facility"	8,402.0	0	0
Resource Recovery Facilities at I-95 Lorton Landfill area	9,651.0	0	0

[1] To be funded by rescission of funds previously approved for Burrville Elementary School replacement.

Amendment No. 27: Provides $3,445,700 shall be available for construction services as proposed by the Senate instead of $3,456,700 as proposed by the House.

Amendment No. 28: Deletes language proposed by the Senate that funds in the amount of $5,512,800 shall be redirected from the Burrville Elementary School Replacement to the construction funding for the Roosevelt Senior High School Modernization.

GENERAL PROVISIONS

Amendment No. 29: Restores language proposed by the House and stricken by the Senate as follows:

"Sec. 6. Appropriations in this Act shall not be available for the payment of rates for electric current for street lighting in excess of 2 cents per kilowatt hour for current consumed."

Amendments Nos. 30, 31, 32 and 33: Change section numbers.

Amendments Nos. 34, 35 and 3: Delete language inserted by the House and stricken by the Senate providing a chauffeur or driver for the Chairman of the Council of the District of Columbia and limiting the compensation of such chauffeur or driver to $878 per month in the aggregate ($10,536 per annum).

Amendments Nos. 37, 38, 39, 40, 41, and 42: Change section numbers.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1976 and the transition period recommended by the Committee of Conference with the comparisons to the fiscal year 1975 amount, the 1976 and transition period budget estimates and the House and Senate bills for 1976 and the transition period follow:

FEDERAL FUNDS

New budget (obligational) authority, fiscal year 1975	$384,400,000
Budget estimates of new (obligational) authority (as amended), fiscal year 1976	507,841,000
Transition period	67,922,000
House bill, fiscal year 1976	465,688,000
Transition period	67,922,000
Senate bill, fiscal year 1976	464,364,700
Transition period	67,298,000
Conference agreement	464,636,700
Transition period	67,559,600
Conference agreement compared with:	
New budget (obligational) authority, fiscal 1975	+80,236,700
Budget estimates of new (obligational) authority (as amended), fiscal year 1976	−43,204,300
Transition period	−362,400
House bill, fiscal year 1976	—1,051,300
Transition period	−362,400
Senate bill, fiscal year 1976	+272,000
Transition period	+261,600

DISTRICT OF COLUMBIA FUNDS

New budget (obligational) authority, fiscal year 1975	1,124,851,400
Budget estimates of new (obligational) authority, (as amended), fiscal year 1976	1,203,048,300
Transition period	248,536,400
House bill, fiscal year 1976	1,178,453,500
Transition period	248,492,600
Senate bill, fiscal year 1976	1,155,464,400
Transition period	247,868,600
Conference agreement	1,159,849,200
Transition period	248,130,200
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1975	+34,997,800
Budget estimates of new (obligational) authority (as amended), fiscal year 1976	−43,199,100
Transition period	−406,200
House bill, fiscal year 1976	−18,604,300
Transition period	−362,400
Senate bill, fiscal year 1976	+4,384,800
Transition period	+261,600

William H. Natcher,
Robert N. Giaimo,
Louis Stokes,
Gunn McKay,
Bill D. Burlison,
Bill Alexander,
Yvonne Brathwaite Burke,
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Managers on the Part of the House.
Lawton Chiles,
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Walter D. Huddleston,
John L. McClellan,
Thomas F. Eagleton,
Charles McC. Mathias, Jr.,
Richard S. Schweiker,
Milton R. Young,
Managers on the Part of the Senate.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. Dent (at the request of Mr. O'Neill), after 8 p.m on June 22 through June 24, on account of illness.

Mr. Rangel (at the request of Mr. O'Neill), for today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. O'Brien) to revise and extend their remarks and include extraneous material:)

Mr. Gilman, for 10 minutes, today.

(The following Members (at the request of Mr. Florio) to revise and extend their remarks and include extraneous material:)

Mr. Gonzalez, for 5 minutes, today.

Mr. Annunzio, for 5 minutes, today.

Mr. Reuss, for 10 minutes, today.

Mr. Koch, for 10 minutes, today.

Mr. Drinan, for 5 minutes, today.

Mr. Wolff, for 10 minutes, today.

Mr. Vanik, for 10 minutes, today.

Mr. Kastenmeier, for 5 minutes, today.

Mrs. Meyner, for 5 minutes, today.

Mr. Baucus, for 10 minutes, today.

Mr. Roncalio, for 15 minutes, today.

Mr. Bingham, for 5 minutes, today.

Ms. Abzug, for 15 minutes, today.

Mr. Diggs, for 10 minutes, today.

Mr. Udall, for 15 minutes, today.

Mr. Rees, for 5 minutes, today.

Mr. Danielson, for 5 minutes, today.

Mr. Dominick V. Daniels, for 10 minutes, today.

Mr. Hungate, for 5 minutes, today.

Mr. Wolff, for 60 minutes, on June 24, 1976.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Hamilton and to include extraneous matter notwithstanding the fact that it exceeds two pages of the Record and is estimated by the Public Printer to cost $1,501.50.

Mr. Howard, to revise and extend his remarks following Mr. Wright prior to the vote on the motion to strike title II.

Mr. Moffett, to revise and extend his remarks following Mr. Wright prior to the vote on the motion to strike title II.

Mr. Emery, during debate on H.R. 14232.

Mr. Gradison, during debate on H.R. 14232.

Mr. Ketchum, to revise and extend his remarks following the remarks of the subcommittee members during general debate in the Committee of the Whole on H.R. 14232 today.

Mr. Sikes in two instances and to include extraneous material.

(The following Members (at the request of Mr. O'Brien) and to include extraneous matter:)

Mr. Anderson of Illinois in two instances.

Mr. Frey.

Mr. Archer.

Mr. Steiger of Arizona in two instances.

Mr. WIGGINS.

Mr. PRESSLER.

Mr. HEINZ.

Mr. WYLIE.

Mr. MOSHER.

Mr. ESCH.

Mr. HORTON in two instances.

Mr. FORSYTHE.

Mr. FINDLEY.

Mr. KASTEN.

Mr. WALSH.

Mr. SHRIVER.

Mr. GILMAN.

Mr. KELLY.

(The following Members (at the request of Mr. FLORIO) and to include extraneous material:)

Mr. ANDERSON of California in three instances.

Mr. GONZALEZ in three instances.

Mr. MOAKLEY in two instances.

Mr. WOLFF.

Mr. HELSTOSKI.

Mr. BRECKINRIDGE.

Ms. ABZUG.

Mr. WIRTH.

Mr. ROGERS in five instances.

Mr. MAZZOLI.

Mr. FARY.

Mr. SYMINGTON in two instances.

Mr. EDWARDS of California in two instances.

Mr. VANIK.

Mrs. MINK.

Mr. EVINS of Tennessee in five instances.

Mr. BLOUIN.

Mr. HAWKINS.

Mr. KARTH.

Mr. GAYDOS.

Mr. EARLY.

Mr. DRINAN.

Mr. YOUNG of Georgia.

Mrs. BURKE of California.

Mr. DANIELSON.

Mr. JOHN L. BURTON.

Mr. ROSENTHAL.

Mr. DAN DANIEL.

Mr. DOMINICK V. DANIELS.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 12. An act to amend section 376 of title 28, United States Code, in order to reform and update the existing program for annuities to survivors of Federal Justices and judges; to the Committee on the Judiciary.

SENATE ENROLLED BILLS AND A JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to enrolled bills and a joint resolution of the Senate of the following titles:

S. 2853. An act to amend the Food Stamp Act of 1964 to insure a proper level of accountability on the part of food stamp vendors;

S. 2945. An act to amend the Act of October 15, 1966 (80 Stat. 953; 20 U.S.C. 65a), relating to the National Museum of the Smithsonian Institution, so as to authorize additional appropriations to the Smithsonian Institution for carrying out the purposes of said act; and

S.J. Res. 201. A joint resolution to authorize and direct the Secretary of the Army, acting through the Chief of Engineers, to undertake dredging operations for Operation Sail.

ADJOURNMENT

Mr. FLORIO. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 15 minutes p.m.), under its previous order, the House adjourned until tomorrow, Thursday, June 24, 1976, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3543. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a political contributions made by Ambassador-designate Shirley Temple Black and her family, pursuant to section 6 of Public Law 93–126; to the Committee on International Relations.

3544. A letter from the Secretary of Transportation, transmitting the annual reports for calendar years 1974 and 1975 on special pay to Coast Guard officers holding positions of unusual responsibility and of critical nature, pursuant to 37 U.S.C. 306(f); to the Committee on Merchant Marine and Fisheries.

3545. A letter from the Administrator, Office of Federal Procurement Policy, Office of Management and Budget, Executive Office of the President, transmitting a draft of proposed legislation to authorize procurement of janitorial, protective, trash removal, and similar services for periods not exceeding 4 years; jointly, to the Committees on Government Operations, and Armed Services.

3546. A letter from the Deputy Administrator of General Services, transmitting the 1975 status report on public buildings projects authorized for construction, alteration and lease in accordance with the Public Buildings Act of 1959, pursuant to section 11(a) of the act [40 U.S.C. 610(a)]; to the Committee on Public Works and Transportation.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ANDERSON of California: Committee of conference. Conference report on H.R. 9771. (Rept. No. 94–1292). Ordered to be printed.

Mr. NATCHER: Committee on conference, Conference report on H.R. 13965. (Rept. No. 94–1293). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ST GERMAIN (for himself, Mr. REUSS, Mr. ASHLEY, Mr. MOORHEAD of Pennsylvania, Mr. STEPHENS, Mr. MINISH, Mr. ANNUNZIO, Mr. REES, Mr. MITCHELL of Maryland, Mr. PATTERSON of California, Mr. BLANCHARD, Mr. LAFALCE, Mrs. SPELLMAN, Mr. TSONGAS, Mr. HAYES of Indiana, Mr. HANNAFORD, Mr. ALLEN, Mr. D'AMOURS, Mr. LUNDINE, Mr. WYLIE, Mr. MCKINNEY, Mr. JEFFORDS, Mr. MAGUIRE, Mr. ROSENTHAL, and Mr. LEHMAN):

H.R. 14512. A bill to provide for consumers a further means of minimizing the impact of inflation and economic depression by narrowing the price spread between costs to the producer and the consumer of needed goods, services, facilities, and commodities through the development and funding of specialized credit sources for, and technical assistance to, self-help not-for-profit cooperatives, and for other purposes; to the Committee on Banking, Currency and Housing.

By Mr. ST GERMAIN (for himself, Mr. DIGGS, Mr. HAWKINS, Mr. HARKIN, Mr. OTTINGER, Mr. RANGEL, Mr. WAXMAN, Mr. MCHUGH, Mr. SIMON, Mr. VANDER VEEN, and Mr. BAUCUS):

H.R. 14513. A bill to provide for consumers a further means of minimizing the impact of inflation and economic depression by narrowing the price spread between costs to the producer and the consumer of needed goods, services, facilities, and commodities through the development and funding of specialized credit sources for, and technical assistance to, self-help, not-for-profit cooperatives, and for other purposes; to the Committee on Banking, Currency and Housing.

By Mr. CORMAN:

H.R. 14514. A bill to permit a State which no longer qualifies for hold harmless treatment under the supplemental security income program to elect to remain a food stamp cash-out State upon condition that it pass through a part of the 1976 cost-of-living increase in SSI benefits and all of any subsequent increases in such benefits; to the Committee on Ways and Means.

By Mr. ANDERSON of California:

H.R. 14515. A bill to authorize construction of the project for flood control and other purposes on the Santa Ana River, Orange, Riverside, and San Bernardino Counties, Calif.; to the Committee on Public Works and Transportation.

H.R. 14516. A bill to amend the authorization for the Los Angeles and Long Beach Harbors project; to the Committee on Public Works and Transportation.

By Mr. BEARD of Tennessee:

H.R. 14517. A bill to amend the Occupational Safety and Health Act of 1970 to provide that any employer who successfully contests a citation or penalty shall be awarded a reasonable attorney's fee and other reasonable litigation costs; to the Committee on Education and Labor.

By Mr. FISH:

H.R. 14518. A bill to terminate age discrimination in employment; to the Committee on Education and Labor.

H.R. 14519. A bill to amend the Internal Revenue Code of 1954 to allow a deduction for amounts paid by a taxpayer for tuition to provide an education for himself or for his dependents; to the Committee on Ways and Means.

By Mr. HENDERSON (for himself, Mr. WHITE, Mr. DERWINSKI, Mr. TAYLOR of Missouri):

H.R. 14520. A bill to amend title 5, United States Code, to revise the method of determining cost-of-living increases payable to civil service annuitants; to the Committee on Post Office and Civil Service.

By Mr. HUTCHINSON (for himself and Mr. McClory):

H.R. 14521. A bill to clarify the terms of the Speedy Trial Act of 1974; to the Committee on the Judiciary.

By Mr. NATCHER:

H.R. 14522. A bill to establish the National Diabetes Advisory Board and to take other actions to insure the implementation of the long-range plan to combat diabetes; to the Committee on Interstate and Foreign Commerce.

By Mr. SARASIN (for himself, Mr. Ashley, Mr. Baucus, Mr. Broomfield, Mr. Brown of Michigan, Mr. Cederberg, Mr. Cohen, Mr. Coughlin, Mr. Derwinski, Mr. Frenzel, Mr. Ketchum, Mr. Lent, Mr. Mikva, Mr. Milford, Mr. Mitchell of New York, Mr. Murphy of New York, Mr. Preyer, Mr. Regula, Mr. Schneebeli, Mr. J. William Stanton, and Mr. Ullman):

H.R. 14523. A bill to amend the Occupational Safety and Health Act of 1970 to further encourage industrial safety, and for other purposes; to the Committee on Education and Labor.

By Mr. UDALL (for himself, Mr. Bolling, Mr. Brown of California, Mr. Phillip Burton, Mr. Conte, Mr. Drinan, Mr. Edwards of California, Mr. Flood, Mr. Fraser, Mr. Gilman, Mr. Gude, Mr. Krebs, Mr. Lehman, Mr. Mollohan, Mr. Nix, Mr. Ottinger, Mr. Roe, Mr. Seiberling, Mr. Stark, Mr. Studds, Mr. Thompson, Mr. Vander Veen, Mr. Weaver, Mr. Charles Wilson of Texas, and Mr. Wirth):

H.R. 14524. A bill to designate certain endangered public lands for preservation as wilderness, to provide for the study of additional endangered public lands for such designation, to further the purposes of the Wilderness Act of 1964, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. ASPIN (for himself, Mr. Roe, Mr. Badillo, Mr. Mitchell of Maryland, Mr. Sarasin, Mrs. Meyner, and Mr. Zablocki):

H.R. 14525. A bill to amend title 18, United States Code, to permit the transportation, mailing, and broadcasting of advertising, information, and materials concerning lotteries authorized by law and conducted by a nonprofit organization, and for other purposes; to the Committee on the Judiciary.

By Mr. CLAY:

H.R. 14526. A bill to repeal the provisions of section 3491 of the Revised Statutes which allow suits in certain cases to be brought by a person in the name of the United States; to the Committee on the Judiciary.

By Mr. JEFFORDS (for himself and Mr. Moakley):

H.R. 14527. A bill to restore and promote competition in the petroleum industry, and for other purposes; to the Committee on the Judiciary.

By Mr. MOAKLEY:

H.R. 14528. A bill to amend the tax treatment of moving expenses; to the Committee on Ways and Means.

By Mr. STEIGER of Arizona (for himself, Mr. Udall, Mr. Lujan, and Mr. Runnels):

H.R. 14529. A bill to amend the act of December 15, 1971, relating to the Navajo Community College; to the Committee on Education and Labor.

By Mr. SYMINGTON (for himself and Mr. Bolling):

H.R. 14530. A bill to provide for the study of certain lands to determine their suitability for designation as wilderness; and to designate one area as wilderness; to the Committee on Interior and Insular Affairs.

By Mr. WAGGONNER (for himself and Mr. Moore):

H.R. 14531. A bill to prohibit the Federal Trade Commission from promulgating trade regulation rules which repeal or limit use of holder in due course defenses in connection with the sale or lease of goods or services to consumers; to the Committee on Interstate and Foreign Commerce.

By Mr. BAUCUS (for himself, Mr. Alexander, Mr. Annunzio, Mr. AuCoin, Mr. Baldus, Mr. Benitez, Mr. Boland, Mr. Cederberg, Mr. Conyers, Mr. Dan Daniel, Mr. Flood, Mr. Frenzel, Mr. Gilman, Mr. Gude, Mr. Guyer, Mr. Hall, Mr. Hefner, Mr. Hughes, Mr. Jenrette, Mr. McDade, Mr. McKay, Mr. Matsunaga, Mr. Moorhead of California, and Mr. Natcher):

H.J. Res. 999. Joint resolution to authorize and request the President to issue a proclamation designating the fourth Sunday in September annually as National Good Neighbor Day; to the Committee on Post Office and Civil Service.

By Mr. BAUCUS (for himself, Mr. Brinkley, Mr. Carney, Mr. Chappell, Mr. Corman, Mr. Derrick, Mr. Dodd, Mrs. Heckler of Massachusetts, Mr. Hightower, Mr. Ichord, Mr. Jeffords, Mr. Kelly, Mr. Long of Maryland, Mr. Michel, Mr. Montgomery, Mr. Morgan, Mr. Pepper, Mr. Rogers, Mr. Scheuer, Mr. Steelman, Mr. Vigorito, Mr. Waggonner, Mr. White, Mr. Won Pat, and Mr. Zeferetti):

H.J. Res. 1000. Joint resolution to authorize and request the President to issue a proclamation designating the fourth Sunday in September annually as National Good Neighbor Day; to the Committee on Post Office and Civil Service.

By Mr. BAUCUS (for himself, Mr. Paul, Mr. Quie, Mr. Railsback, Mr. Rangel, Mr. Shipley, Mrs. Sullivan, and Mr. Traxler):

H.J. Res. 1001. Joint resolution to authorize and request the President to issue a proclamation designating the fourth Sunday in September annually as National Good Neighbor Day; to the Committee on Post Office and Civil Service.

By Mr. ANDERSON of Illinois (for himself, Mr. Andrews of North Dakota, Mr. Archer, Mr. Baucus, Mr. Blouin, Mr. Broomfield, Mr. Brown of Ohio, Mr. Burgener, Mr. Butler, Mr. Cederberg, Mr. Cleveland, Mr. Cohen, Mr. Coughlin, Mr. Downey of New York, Mr. Drinan, Mr. Duncan of Tennessee, Mr. du Pont, Mr. Edgar, Mr. Emery, Mr. Eshleman, Mr. Fisher, Mr. Forsythe, Mr. Fraser, Mr. Gradison, and Mr. Grassley):

H. Res. 1345. Resolution to amend rule X of the Rules of the House of Representatives to permit a House majority to direct the Committee on Standards of Official Conduct to conduct an investigation into alleged misconduct and to require a report on all investigations; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. Gude, Mr. Hagedorn, Mr. Harkin, Mr. Horton, Mr. Hughes, Mr. Hyde, Mr. Jacobs, Mr. Mr. Jeffords, Mr. Johnson of Colorado, Mr. Kasten, Mr. Kelly, Mr. Kemp, Mr. Ketchum, Mr. Koch, Mr. Krebs, Mr. Lagomarsino, Mr. Lent, Mr. Lott, Mr. McCollister, Mr. McHugh, Mr. McKinney, Mr. Maguire, Mr. Mann, and Mr. Martin):

H. Res. 1346. Resolution to amend rule X of the Rules of the House of Representatives to permit a House majority to direct the Committee on Standards of Official Conduct to conduct an investigation into alleged misconduct and to require a report on all investigations; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. Mazzoli, Mr. Miller of Ohio, Mr. Mineta, Mr. Moffett, Mr. Pritchard, Mr. Quie, Mr. Rhodes, Mr. Rinaldo, Mr. Robinson, Mr. Roush, Mr. Sarasin, Mr. Shriver, Mr. Simon, Mrs. Smith of Nebraska, Ms. Spellman, Mr. Steiger of Wisconsin, Mr. Thone, Mr. Traxler, Mr. Van Deerlin, Mr. Winn, Mr. Young of Florida, Mr. Carr, and Mr. Don H. Clausen):

H. Res. 1347. Resolution to amend rule X of the Rules of the House of Representatives to permit a House majority to direct the Committee on Standards of Official Conduct to conduct an investigation into alleged misconduct and to require a report on all investigations; to the Committee on Rules.

By Mr. BALDUS (for himself, Mr. Regula, Mr. McEwen, and Mr. Baucus):

H. Res. 1348. Resolution expressing the sense of the House of Representatives concerning an assessment by the Secretary of Agriculture of our whey supply situation; to the Committee on Agriculture.

By Mr. KETCHUM (for himself, Mr. Baucus, Mr. Beard of Rhode Island, Mr. Brown of Michigan, Mr. Clancy, Mr. Cleveland, Mr. Dickinson, Mr. Duncan of Oregon, Mr. du Pont, Mr. Edwards of California, Mr. Erlenborn, Mrs. Fenwick, Mr. Forsythe, Mr. Gradison, Mr. Harrington, Mr. Harris, Mr. Horton, Mr. Jeffords, Mr. Koch, Mr. Krebs, Mr. Lagomarsino, Mr. Lloyd of California, Mr. Long of Maryland, Mr. Martin, and Mr. Mazzoli):

H. Res. 1349. Resolution to amend rule XXII of the Rules of the House of Representatives to remove the limitation on the number of Members who may introduce jointly any bill, memorial, or resolution; to the Committee on Rules.

By Mr. WOLFF (for himself, Mr. Brademas, Mr. Burke of Florida, Mr. Phillip Burton, Mr. Delaney, Mr. Derwinski, Mr. Edwards of California, Mr. Foley, Mr. Frey, Mr. Gilman, Mr. McClory, Mr. McFall, Mr. Madden, Mr. Morgan, Mr. Murphy of Illinois, Mr. O'Neill, Mr. Price, Mr. Randall, Mr. Rangel, Mr. Reuss, Mr. Rodino, Mr. Staggers, Mr. Thompson, Mr. Vanik, and Mr. Zablocki):

H. Res. 1350. Resolution providing for the establishment of a Select Committee on Narcotics Abuse and Control; to the Committee on Rules.

By Mr. WOLFF (for himself, Mr. Abdnor, Ms. Abzug, Mr. Addabbo, Mr. Alexander, Mr. Allen, Mr. Ambro, Mr. Annunzio, Mr. Ashley, Mr. Aspin, Mr. Badillo, Mr. Baucus, Mr. Beard of Rhode Island, Mr. Benitez, Mr. Bergland, Mr. Biaggi, Mr. Bingham, Mrs. Boggs, Mr. Bonker, Mr. Brinkley, Mr. Brown of California, Mr. Buchanan, Mr. Burgener, and Mr. Burke of Massachusetts):

H. Res. 1351. Resolution providing for the establishment of a Select Committee on Narcotics Abuse and Control; to the Committee on Rules.

By Mr. WOLFF (for himself, Mr. John L. Burton, Mr. Byron, Ms. Chisholm, Mr. Clancy, Mr. Clay, Mr. Cochran, Ms. Collins of Illinois, Mr. Conte, Mr. Conyers, Mr. Corman, Mr. Cornell, Mr. Crane, Mr. Dan Daniel, Mr. Dominick V. Daniels, Mr. Danielson, Mr. Davis, Mr. de la Garza, Mr. Dellums, Mr. de Lugo, Mr. Dent, Mr. Dickinson, Mr. Diggs, Mr. Dodd, and Mr. Downey of New York):

H. Res. 1352. Resolution providing for the establishment of a Select Committee on Narcotics Abuse and Control; to the Committee on Rules.

By Mr. WOLFF (for himself, Mr. Downing of Virginia, Mr. Drinan, Mr. Duncan of Tennessee, Mr. Duncan of Oregon, Mr. Edgar, Mr. Edwards of Alabama, Mr. Eilberg, Mr. Fary, Ms. Fenwick, Mr. Findley, Mr. Fish, Mr. Fisher, Mr. Flood, Mr. Florio, Mr. Flowers, Mr. Flynt, Mr. Ford of Tennessee, Mr. Forsythe, Mr. Fraser, Mr. Fuqua, Mr. Gibbons, Mr. Gonzalez, Mr. Goodling, and Mr. Gradison):

H. Res. 1353. Resolution providing for the establishment of a Select Committee on Narcotics Abuse and Control; to the Committee on Rules.

By Mr. WOLFF (for himself, Mr. Gude, Mr. Guyer, Mr. Haley, Mr. Hall, Mr. Hamilton, Mr. Hanley, Mr. Harris, Mr. Hayes of Indiana, Mr. Heinz, Mr. Hillis, Ms. Holtzman, Mr. Howard, Mr. Hughes, Mr. Ichord, Mr. Jacobs, Mr. Jenrette, Mr. Johnson of Pennsylvania, Mr. Johnson of California, Mr. Jones of Oklahoma, Mr. Jones of Alabama, Mr. Jones of North Carolina, Ms. Jordan, Mr. Kastenmeier, and Mr. Kazen):

H. Res. 1354. Resolution providing for the establishment of a Select Committee on Narcotics Abuse and Control; to the Committee on Rules.

By Mr. WOLFF (for himself, Mr. Kemp, Ms. Keys, Mr. Koch, Mr. Krebs, Mr. LaFalce, Mr. Lagomarsino, Mr. Landrum, Mr. Latta, Mr. Leggett, Mr. Lehman, Mr. Lent, Mr. Levitas, Mr. Lloyd of California, Mr. Long of Maryland, Mr. Lujan, Mr. Lundine, Mr. McCloskey, Mr. McDade, Mr. McEwen, Mr. McKinney, Mr. Maguire, Mr. Mathis, Mr. Mazzoli, and Ms. Meyner):

H. Res. 1355. Resolution providing for the establishment of a Select Committee on Narcotics Abuse and Control; to the Committee on Rules.

By Mr. WOLFF (for himself, Mr. Mezvinsky, Mr. Michel, Mr. Mikva, Mr. Mills, Mr. Mineta, Mr. Minish, Mr. Mitchell of New York, Mr. Mitchell of Maryland, Mr. Moakley, Mr. Montgomery, Mr. Moorhead of Pennsylvania, Mr. Moss, Mr. Mottl, Mr. Murphy of New York, Mr. Murtha, Mr. Myers of Indiana, Mr. Natcher, Mr. Neal, Mr. Nedzi, Mr. Nichols, Mr. Nix, Mr. Nowak, Mr. O'Brien, and Mr. Ottinger):

H.R. 1356. Resolution providing for the establishment of a Select Committee on Narcotics Abuse and Control; to the Committee on Rules.

By Mr. WOLFF (for himself, Mr. Patten, Mr. Patterson of California, Mr. Pattison of New York, Mr. Pepper, Mr. Peyser, Mr. Pickle, Mr. Pike, Mr. Pritchard, Mr. Railsback, Mr. Richmond, Mr. Rinaldo, Mr. Roe, Mr. Rooney, Mr. Rose, Mr. Rosenthal, Mr. Rostenkowski, Mr. Roybal, Mr. Russo, Mr. Sarasin, Mr. Sarbanes, Mr. Scheuer, Mr. Seiberling, Mr. Simon, and Mr. Slack):

H. Res. 1357. Resolution providing for the establishment of a Select Committee on Narcotics Abuse and Control; to the Committee on Rules.

By Mr. WOLFF (for himself, Mr. Snyder, Mr. Solarz, Ms. Spellman, Mr. Spence, Mr. J. William Stanton, Mr. Stark, Mr. Steed, Mr. Stephens, Mr. Stokes, Mr. Symms, Mr. Traxler, Mr. Udall, Mr. Vander Veen, Mr. Waggoner, Mr. Walsh, Mr. Waxman, Mr. Whalen, Mr. White, Mr. Whitehurst, Mr. Whitten, Mr. Bob Wilson, Mr. Charles Wilson of Texas, Mr. Charles H. Wilson of California, and Mr. Winn):

H. Res. 1358. Resolution providing for the establishment of a Select Committee on Narcotics Abuse and Control; to the Committee on Rules.

By Mr. WOLFF (for himself, Mr. Won Pat, Mr. Yates, Mr. Yatron, Mr. Young of Florida, and Mr. Zeferetti):

H. Res. 1359. Resolution providing for the establishment of a Select Committee on Narcotics Abuse and Control; to the Committee on Rules.

By Mr. BIAGGI:

H. Res. 1360. Resolution expressing the sense of the House of Representatives with respect to oppression of minorities in Rumania and requesting the President and appropriate committees of Congress to take this situation into consideration before taking further action on most-favored-nation tariff treatment for Rumania; jointly, to the Committees on International Relations, and Ways and Means.

By Mr. ROSE (for himself, Mr. Neal, and Mr. Preyer):

H. Res. 1361. Resolution clarifying the intent of Congress that the Federal Communications Commission exert its jurisdiction over utility pole attachment fees charged to cable television systems; to the Committee on Interstate and Foreign Commerce.

MEMORIALS

Under clause 4 of rule XXII.

408. The SPEAKER presented a memorial of the Legislature of the State of Arizona, relative to establishing the Solar Energy Research Institute in Arizona; to the Committee on Science and Technology.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON of California:

H.R. 14532. A bill for the relief of Maria Miraflor Carabbacan; to the Committee on the Judiciary.

By Mr. HIGHTOWER:

H.R. 14533. A bill for the relief of Sem Escamilla Carbajal, his wife, MaElena Villegas de Escamilla, and their children, Berenice Escamilla, Oralia Noemi Escamilla Villegas, MaElena Escamilla, Elias Roboam, Efrain Josue, Cinda Euridice, Dennis Dean and Eunice Penelope; to the Committee on the Judiciary.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 8401

By Mr. MYERS of Pennsylvania:

On page 8, after line 7, add a new section to read as follows:

"SUNSHINE IN GOVERNMENT

"Sec. 5. (a) Each officer or employee of the Administrator who—

"(1) performs any function or duty under this Act or any Act amended by this Act; and

"(2) has any known financial interest in any person who applies for or receives financial assistance under this Act or any Act amended by this Act;

"shall, begin on February 1, 1977, annually file with the Administrator a written statement concerning all such interests held by such officer or employee during the preceding calendar year. Such statement shall be available to the public.

"(b) The Administrator shall—

"(1) act within ninety days after the date of enactment of this Act—

"(A) to define the term 'known financial interest' for purposes of subsection (a) of this section; and

"(B) to establish the methods by which the requirement to file written statements specified in subsection (a) of this section will be monitored and enforced, including appropriate provisions for the filing by such officers and employees of such statements and the review by the Administrator of such statements; and

"(2) report to the Congress on June 1 of each calendar year with respect to such disclosures and the actions taken in regard thereto during the preceding calendar year.

"(c) In the rules prescribed in subsection (b) of this section, the Administrator may identify specific positions within the Administration which are of a nonpolicymaking nature and provide that officers or employees occupying such positions shall be exempt from the requirements of this section.

"(d) Any officer or employee who is subject to, and knowingly violates, this section, shall be fined not more than $2,500 or imprisoned not more than one year, or both."

H.R. 13555

By Mr. HECHLER of West Virginia:

On page 100, line 4, strike all through the period on line 12, and renumber the succeeding subsections.

On page 101, strike the sentence beginning on line 11, and insert therein the following:

"No advance notice shall be given for any inspection or investigation under this Act."

On page 150, line 12, after the period, insert the following:

"The Secretary shall carry out such functions and duties through the Assistant Secretary for Mine Safety and Health established by section 2 of this Act."

On page 153, between lines 3 and 4, insert the following new subsection:

"SUNSHINE IN GOVERNMENT

"Sec. 4. (a) Each officer or employee of the Secretary of the Interior, the Secretary of Labor, and the Secretary of Health, Education and Welfare who—

"(1) performs any function or duty under this Act or the Federal Coal Mine Health and Safety Act of 1969 and the Federal Metal and Nonmetallic Mine Safety Act which are are amended by this Act; and

"(2) has any known financial interest (A) in any operator or mine subject to such Acts, or (B) in any person who applies for or receives any grant, contract, or other form of financial assistance pursuant to such Acts, shall, beginning on February 1, 1977, annually file with the appropriate Secretary a written statement concerning all such interests held by such officer or employee during the preceding calendar year. Such statement shall be available to the public.

"(b) The appropriate Secretary shall—

"(1) act within ninety days after the date of enactment of this Act—

"(A) to define the term 'known financial interest' for purposes of subsection (a) of this section; and

"(B) to establish the methods by which the requirement to file written statements specified in subsection (a) of this section will be monitored and enforced, including appropriate provisions for the filing by such officers and employees of such statements and the review by the appropriate agency head of such statements; and

"(2) report to the Congress on June 1 of each calendar year with respect to such disclosures and the actions taken in regard thereto during the preceding calendar year.

"(c) In the rules prescribed in subsection (b) of this section, each Secretary may identify specific positions within each agency which are of a nonregulatory or nonpolicymaking nature and provide that officers or employees occupying such positions shall be exempt from the requirements of this section.

"(d) Any officer or employee who is subject to, and knowingly violates, this section, shall be fined not more than $2,500 or imprisoned not more than one year, or both."

On page 153, after line 17, insert the following:

"SEC. 6. This Act and any Act amended by this Act and any mandatory health and safety standard issued thereunder shall be interpreted and enforced in a manner that will protect persons located beyond the boundaries of a mine, as that term is defined in such Acts, from any condition or practice occurring with a mine that may reasonably be expected to cause death or serious physical harm to such persons."

H.R. 14231

By Mr. GUDE:

Amendment No. 1: Page 10, line 2, strike out "$272,685,000." and insert in lieu thereof "$284,399,871, except that $856,000 of this appropriation shall be available for obligation only upon the enactment into law of authorizing legislation providing for the establishment of the Valley Forge National Historical Park in the Commonwealth of Pennsylvania.".

Amendment No. 2: Page 10, beginning on line 19, strike out "$37,228,000" and insert in lieu thereof "$44,228,000".

By Mr. HECHLER of West Virginia:

On page 36, line 6, strike "$57,220,000," and insert "$67,220,000,".

H.R. 14234

By Mr. HARRIS:

Page 8, immediately after the period, at the end of line 25, insert the following new sentence:

"None of the funds appropriated under this section may be obligated or expended in connection with the landing at Dulles International Airport of any civil supersonic aircraft engaged in scheduled or nonscheduled commercial service, unless such aircraft complies with the noise standards established for subsonic aircraft by the Federal Aviation Administration under Federal Aircraft Regulation (FAR) 36, presently in force and effect."

FACTUAL DESCRIPTIONS OF BILLS AND RESOLUTIONS INTRODUCED

Prepared by the Congressional Research Service pursuant to clause 5(d) of House rule X. Previous listing appeared in the CONGRESSIONAL RECORD of June 22, 1976, page 19785.

H.R. 14001. May 25 1976. Ways and Means. Revises the eligibility requirements for disability insurance benefits for blind persons under the Old-Age, Survivors, and Disability Insurance program of the Social Security Act. Revises the method of computing the primary insurance amount for blind persons under such Act.

H.R. 14002. May 25, 1976. Judiciary. Authorizes to be appropriated for fiscal year 1978, and for each fiscal year thereafter, such sums as may be necessary to carry out the purposes of the Administrative Conference Act.

H.R. 14003. May 25, 1976. Post Office and Civil Service. Designates National Guard civilian technicians as members of the Federal competitive service. Extends to such personnel provisions relating to retention preference and to rights of employees whose suspension without pay or removal is sought.

H.R. 14004. May 25, 1976. Post Office and Civil Service. Extends to former employees of county soil conservation committees who are employed by any Federal agency, specified leave and seniority benefits presently afforded to former employees of such county committees who are employed by the Department of Agriculture.

H.R. 14005. May 25, 1976. Public Works and Transportation. Authorizes the Secretary of the Army, acting through the Chief of Engineers, to contract with States and their political subdivisions to obtain increased law enforcement services at water resources development projects under the jurisdiction of the Department of the Army.

H.R. 14006. May 25, 1976. Ways and Means. Amends the Medicare and Medicaid programs of the Social Security Act to include in the coverage provided under such programs the services of licensed registered nurses.

H.R. 14007. May 25, 1976. Ways and Means; Interstate and Foreign Commerce. Amends the Social Security Act to require the participation of optometrists in the activities of the National Professional Standards Review Council and local professional standards review organizations.

H.R. 14008. May 25, 1976. Banking, Currency and Housing. Establishes within the Department of Housing and Urban Development a program providing financial assistance to low-income individuals and families for the purpose of purchasing and installing solar heating equipment.

H.R. 14009. May 25, 1976. Government Operations; Interstate and Foreign Commerce. Abolishes the Federal Energy Administration created by the Federal Energy Administration Act of 1974. Transfers the functions of enumerated Offices of the Administration to specified agencies.

H.R. 14010. May 25, 1976. Ways and Means. Amends the Tariff Schedules of the United States to increase for a 5-year period the customs duty on certain hand tools.

H.R. 14011. May 25, 1976. Merchant Marine and Fisheries. Amends the Canal Zone Code to provide a method for computing interest due on funds invested in the Panama Canal Company by the United States. Allows for a one-time readjustment of the net direct investment of the United States in the Panama Canal Company.

H.R. 14012. May 25, 1976. Post Office and Civil Service. Defines "air safety employees" to include the following Department of Transportation employees: (1) air traffic controllers, (2) persons actively engaging in providing preflight, inflight, or airport advisory service to aircraft operators, and (3) persons in positions which require current pilot certification from the Federal Aviation Administration and who are actively engaged in the operation of aircraft. Renders applicable to such individuals Federal civil service provisions which presently pertain to air traffic controllers.

H.R. 14013. May 25, 1976. Ways and Means. Amends the Internal Revenue Code to exempt farmers or farm operators from the highway use tax on heavy trucks if the farmer (1) uses such vehicle primarily for farming purposes, and (2) is not a corporation with gross receipts in excess of $950,000 or with gross receipts more than 50 percent of which are from activities other than farming.

H.R. 14014. May 25, 1976. Judiciary. Directs Federal Courts to consider specified criteria in the imposition of terms of imprisonment for criminal offenses.

Establishes a United States Commission on Sentencing as an independent commission within the judicial branch of the United States Government to promulgate sentencing guidelines for criminal offenses.

H.R. 14015. May 25, 1976. Judiciary. Directs Federal Courts to consider specified criteria in the imposition of terms of imprisonment for criminal offenses.

Establishes a United States Commission on sentencing, as an independent commission within the judicial branch of the United States Government to promulgate sentencing guidelines for criminal offenses.

H.R. 14016. May 25, 1976. Veterans' Affairs. Provides that decisions of the Administrator of Veterans' Affairs on questions of law and fact under any law administered by the Veterans' Administration shall be subject to judicial review.

Repeals the authority of the Administrator to pay fees to agents or attorneys in allowed claims for monetary benefits.

H.R. 14017. May 25, 1976. Declares a certain retired Coast Guard officer to be deemed to have performed active service during a specified period.

H.R. 14018. May 26, 1976. Merchant Marine and Fisheries. Amends the Marine Mammal Protection Act of 1972 to prohibit the United States Government and any of its agencies from extending any aid, credit, loan, or loan guarantee to any nation which fails to conform to specified standards with respect to the taking of whales.

H.R. 14019. May 26, 1976. Armed Services. States that the chief of the Biomedical Sciences Corps of the Air Force shall have the rank of a brigadier general.

H.R. 14020. May 26, 1976. Armed Services. Requires the Secretaries of each military department and the Secretary of Defense to review each type of personnel position in his jurisdiction to determine whether such position could be filled by a civilian employee. Prohibits the assignment of active-duty personnel to such a position unless the individual meets specified minimum qualifications and no civilian employe with equal or superior qualifications is available.

H.R. 14021. May 26, 1976. Veterans' Affairs. Revises eligibility requirements for veterans' dependency and indemnity compensation.

H.R. 14022. May 26, 1976. Interior and Insular Affairs. Directs the Secretary of the Interior to make payments on a fiscal year basis to each unit of local government in which are located specified types of Federal lands.

Directs the Secretary to make additional payments to local governments for five fiscal years with respect to lands acquired by the United States for addition to Redwood National Park pursuant to specified legislation or to the National Park System or National Wilderness Preservation System after December 31, 1970 which were subject to local real property taxes within five years preceded such acquisition.

H.R. 14023. May 26, 1976. Education and Labor. Prohibits the Commissioner of Education from terminating, refusing to grant or continue, or deferring action on any application for, assistance for any local educational agency under the Elementary and Secondary Education Act of 1965 on the basis of alleged noncompliance with title VI (Nondiscrimination in Federally Assisted Programs) of the Civil Rights Act of 1964 if within the preceding five years the Commissioner of Education has determined that such agency was in compliance with such title, unless a Federal court has found otherwise subsequent to such determination and the agency has not yet complied with the court order or judgment.

H.R. 14024. May 26, 1976. Ways and Means. Amends the Social Security Act to direct the Secretary of Health, Education, and Welfare to obtain and process certain data contained in information returns filed with and held by the Secretary of the Treasury. Revises the method for determining administrative costs of the Old-Age, Survivors, and disability Insurance, Supplemental Security Income, and Medicare programs and for allocating such costs among the appropriate trust funds and the general fund of the Treasury.

Amends the Internal Revenue Code to authorize the Secretary of the Treasury to make information returns available to the Secretary of Health, Education, and Welfare.

H.R. 14025. May 26, 1976. Interior and Insular Affairs; International Relations. Amends the Trans-Alaska Pipeline Authorization Act and the Mineral Leasing Act of 1920 to direct the President to develop a plan for an equitable system of transportation, allocation, and distribution of Alaskan petroleum resources to all areas of the United States.

H.R. 14026. May 26, 1976. Ways and Means. Amends the Medicare and Medicaid programs of the Social Security Act to include in the coverage provided under such programs the services of licensed registered nurses.

H.R. 14027. May 26, 1976. Public Works and Transportation. Directs the Administrator of the Federal Aviation Administration to promulgate noise standards for certain civil subsonic turbojet powered aircraft. Authorizes the Administrator to provide grants to operators of noncomplying aircraft to retrofit or replace such aircraft.

H.R. 14028. May 26, 1976. Rules. Amends the Legislative Reorganization Act of 1970 to require that each public bill or resolution reported by a congressional committee be accompanied by a Paperwork Impact Statement which assesses the amount and character of the information that such bill or resolution will require of private individuals and businesses and the cost of time required of such individuals or businesses who must provide the information sought by such legislation.

H.R. 14029. May 26, 1976. Education and Labor. Establishes procedures and guidelines for the establishment of equal education opportunity for students in elementary and secondary schools. Requires that States submit equal educational opportunity plans to the Secretary of Health, Education, and Welfare for his approval of plans and eligibility for Federal assistance.

H.R. 14030. May 26, 1976. Ways and Means. Amends the Social Security Act by including the services of optometrists under the Medicare supplementary medical insurance program.

H.R. 14031. May 26, 1976. Ways and Means. Amends the Internal Revenue Code to create an allowance for basic living expenses. Amends the Social Security Act with respect to the supplemental security income program and to require supplemental payments by States for certain families with dependent children. Repeals the Food Stamp Act of 1964.

H.R. 14032. May 26, 1976. Interstate and Foreign Commerce. Grants authority to the Administrator of the Environmental Protection Agency to (1) establish test standards for any drug that may present an unreasonable risk to health or the environment; (2) require 90 days notice when any manufacturer is planning to manufacture or import a new drug; (3) prescribe rules for the distribution or use of a chemical substance deemed an unreasonable risk to human health or the environment; and (4) require the revision of inadequate quality control procedures. Exempts pesticides and certain other chemical substances from this Act.

H.R. 14033. May 26, 1976. Public Works and Transportation. Authorizes the Secretary of Commerce to make grants for local public works projects, provided that such projects are designed to alleviate unemployment and do not involve the damming or other diversion of water.

H.R. 14034. May 26, 1976. Public Works and Transportation. Amends the Federal Water Pollution Control Act to extend various authorization provisions of such Act through fiscal year 1978.

Allows the Administrator of the Environmental Protection Agency to accept State certification as discharging his responsibilities under certain compliance deadlines contained in the Act by the Administrator within prescribed limits.

Revises procedures for assessment of civil penalties for spills of hazardous substances. Redefines the term "navigable water" as applied to permits for dredged or fill material.

Establishes an emergency contingency fund to deal with imminent threats to public health and welfare.

H.R. 14035. May 26, 1976. Judiciary. Incorporates the Gold Star Wives of America.

H.R. 14036. May 26, 1976. Education and Labor. Directs various boards, commissions, and councils to develop and execute programs designed to provide private and public service employment to those who seek it. Directs the President to transmit each year a full employment and production plan to Congress.

H.R. 14037. May 26, 1976. Post Office and Civil Service. Requires the United States Postal Service to consider specified factors in determining the need for an existing third- or fourth-class post office. Sets forth guidelines relating to such determinations.

H.R. 14038. May 26, 1976. Ways and Means. Sets the applicable percentage for determining the minimum investment return for purposes of the Internal Revenue Code tax on failure to distribute income by a private foundation.

H.R. 14039. May 26, 1976. Ways and Means. Amends the Internal Revenue Code to exempt from taxation corporations or associations without capital stock organized before January 1, 1969, and operated for mutual purposes and without profit for the purpose of providing reserve funds for, and insurance of shares or deposits in either or both credit unions or domestic building and loan associations.

H.R. 14040. May 26, 1976. Ways and Means. Stipulates that an individual who is a member of a Reserve component of the Armed Forces will not be disqualified from taking the retirement savings deduction, under the Internal Revenue Code, because of such individual's participation in the Armed Forces retirement system, unless such individual was called to active duty during such taxable year for a period in excess of 30 days.

H.R. 14041. May 26, 1976. Ways and Means. Amends the Railroad Retirement Act of 1974 regarding the computation of annuity benefits for railroad employees and spouses of deceased employees. Authorizes the transfer of funds from the Railroad Retirement Account in the U.S. Treasury to the Railroad Retirement Supplemental Account under specified conditions. Amends the Internal Revenue Code of 1954 to exclude certain employee benefits from the definition of compensation for purposes of the Railroad Retirement Tax.

H.R. 14042. May 26, 1976. Banking, Currency and Housing. Amends the National Housing Act to authorize expenditures by the Secretary of Housing and Urban Development for repair of major structural defects which create a serious danger to the life and safety of inhabitants of certain family dwellings covered by any mortgage insured by the Federal Housing Administration.

H.R. 14043. May 26, 1976. Veterans' Affairs. Changes the authority of the Administrator of Veterans' Affairs with regard to expenditures to correct structural defects in dwellings securing loans guaranteed or insured by the Administrator.

H.R. 14044. May 26, 1976. Ways and Means. Amends Title XX (Grants to States for Services) of the Social Security Act to repeal the mandatory Federal child day care requirements, and to require adherence of child day care plans to published State standards of such care.

Directs the Secretary of Health, Education, and Welfare to submit, prior to July 1, 1977, a model law or standards recommended for adoption by the States to govern the provision of day care services under Title XX.

H.R. 14045. May 26, 1976. Judiciary. Declares a certain individual eligible for naturalization under the Immigration and Nationality Act.

H.R. 14046. May 27, 1976. Interstate and Foreign Commerce. Amends the Natural Gas Act to limit Federal Power Commission authority to regulate prices of natural gas to new natural gas produced from offshore Federal lands. Requires that prices for the sale of other new natural gas be consistent with the ceiling established for offshore natural gas.

Directs the Commission to prohibit the curtailment of natural gas supplies for essential agricultural purposes. Restricts the use of natural gas as boiler fuel.

H.R. 14047. May 27, 1976. Armed Services. Amends the Federal Civil Defense Act of 1950 to allow Federal civil defense funds to be used by local defense agencies for natural disaster relief.

H.R. 14048. May 27, 1976. Ways and Means. Amends the Tariff Schedules of the United States to extend until July 1, 1979, the duty-free treatment on copying lathes for rough or finished shoe lasts.

H.R. 14049. May 27, 1976. Ways and Means. Authorizes the payment of optometrists, under the Medicare program of the Social Security Act, for the full range of services which they are authorized to perform by the State by which they are licensed.

H.R. 14050. May 27, 1976. Ways and Means. Authorizes a taxpayer, under the Internal Revenue Code, to elect to treat qualified architectural and transportational barrier removal expenses which are paid or incurred during the taxable year as expenses which are not chargeable to capital account. Deems such expense so treated as allowable tax deductible expenditures.

H.R. 14051. May 27, 1976. Ways and Means. Denies the benefits of the foreign tax credit, under the Internal Revenue Code, to a taxpayer, or a member of a controlled group which includes the taxpayer, who is determined by the Secretary of the Treasury to have participated in or cooperated with the boycott of Israel, with respect to income, war profits, or excess profits taxes paid or accrued to any country which requires such participation or cooperation as a condition of doing business within that country.

Denies DISC benefits to any DISC that the Secretary of the Treasury determines has participated in or cooperated with the boycott of Israel.

H.R. 14052. May 27, 1976. Interstate and Foreign Commerce. Reaffirms the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce. Grants additional authority to the Federal Communications Commission to authorize mergers of carriers when deemed to be in the public interest. Reaffirms the authority of the States to regulate terminal and station equipment used for telephone exchange service. Requires the Federal Communications Commission to make specified findings in connection with Commission actions authorizing specialized carriers.

H.R. 14053. May 27, 1976. Interstate and Foreign Commerce. Reaffirms the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce. Grants additional authority to the Federal Communications Commission to authorize mergers of carriers when deemed to be in the public interest. Reaffirms the authority of the States to regulate terminal and station equipment used for telephone exchange service. Requires the Federal Communications Commission to make specified findings in connection with Commission actions authorizing specialized carriers.

H.R. 14054. May 27, 1976. Judiciary. Eliminates, pursuant to article III of the U.S. Constitution, the jurisdiction of U.S. courts over decisions affecting assignment of pupils to particular schools.

H.R. 14055. May 27, 1976. Judiciary. Makes individuals meeting specified criteria eligible for the award of reasonable attorney fees, expert witness expenses, and other costs reasonably incurred in connection with participation in any rulemaking, licensing, adjudicatory, or other proceeding conducted by a Federal agency. Entitles prevailing plaintiffs in actions to review such proceedings to the award of similar participation expenses. Sets forth procedures for the payment of such awards.

H.R. 14056. May 27, 1976. Post Office and Civil Service. Extends to 60 days before a general or primary election in which a Member or Member-elect of the House of Representatives is a candidate, the period during which such individual is prohibited from sending a mass mailing as franked mail.

H.R. 14057. May 27, 1976. Public Works and Transportation. Amends the Public Works and Economic Development Act of 1965 to extend financial assistance programs under the act through fiscal year 1979. Allows assistance to competitors of regulated public utilities. Requires a decrease in allotments to States and localities which have exhausted their effective taxing and borrowing capacity.

Revises criteria for financial assistance under the act. Authorizes additional assistance and programs designed to alleviate problems of long-term urban and regional economic deterioration.

H.R. 14058. May 27, 1976. Atomic Energy. Directs the Nuclear Regulatory Commission to cease the granting of licenses or construction authorizations for certain nuclear power plants spending the outcomes of a comprehensive study of the Office of Technology Assessment. Requires a 5 year independent study of the nuclear fuel cycle by the Office of Technology Assessment with final reports and recommendations to be made to the Congress.

H.R. 14059. May 27, 1976. Agriculture; Banking, Currency and Housing. Amends the Consolidated Farm and Rural Development Act and the Housing Act of 1949 to provide an appeals procedure for individuals denied Federal agricultural or rural housing loans under such Acts.

H.R. 14060. May 27, 1976. Interstate and Foreign Commerce. Reaffirms the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce. Grants additional authority to the Federal Communications Commission to authorize mergers of carriers when deemed to be in the public interest. Reaffirms the authority of the States to regulate terminal and station equipment used for telephone exchange service. Requires the Federal Communications Commission to make specified findings in connection with Commission actions authorizing specialized carriers.

H.R. 14061. May 27, 1976. Post Office and Civil Service. Increases the number of members of the Civil Service Commission from three to five. Empowers the Commissioners, rather than the Chairman, to appoint the Executive Director of the Commission.

H.R. 14062. May 27, 1976. Veterans' Affairs. Extends the delimiting period for veterans pursuing an academic program during the academic year 1975–76. Changes the reporting requirements for nonaccredited institutions seeking approval of their courses for veterans.

H.R. 14063. May 27, 1976. Atomic Energy. Amends the Atomic Energy Act of 1954 to require surety bonds from persons requesting hearings with respect to granting or amending operating licenses in an amount sufficient to indemnity the Nuclear Regulatory Commission and the applicant for such license or amendment for the costs of such hearing and just damages for delay if the Commission determines the request for the hearing was frivolous or made in bad faith.

H.R. 14064. May 27, 1976. Interior and Insular Affairs. Establishes the San Antonio Missions National Historical Park in the city of San Antonio, Texas. Establishes a San Antonio Missions Advisory Commission to assist the Secretary of the Interior on matters relating to such park.

H.R. 14065. May 27, 1976. Ways and Means; Interstate and Foreign Commerce. Revises the conditions and limitations applicable to home health services and nursing home care under the Medicare and Medicaid programs of the Social Security Act.

Establishes a Home Health Patient Ombudsman in the Department of Health, Education, and Welfare.

Increases the amount of Federal funds which may be made available to public housing agencies for congregate housing under the United States Housing Act of 1937.

H.R. 14066. May 27, 1976. Ways and Means; Interstate and Foreign Commerce. Revises the conditions and limitations applicable to home health services and nursing home care under the Medicare and Medicaid programs of the Social Security Act.

Establishes a Home Health Patient Ombudsman in the Department of Health, Education, and Welfare.

Increases the amount of Federal funds which may be made available to public housing agencies for congregate housing under the United States Housing Act of 1937.

H.R. 14067. May 27, 1976. Ways and Means. Allows an individual to take a tax credit, under the Internal Revenue Code, for a percentage of the qualified solar heating and cooling equipment expenditures incurred with respect to the taxpayer's principal residence. Allows a tax credit for that portion of the qualified State or local real property taxes attributable to such solar heating and cooling expenditures.

Authorizes an individual to take a tax deduction for a part of the acquisition costs of any qualified solar heating and cooling equipment for any residence.

H.R. 14068. May 27, 1976. Judiciary. Establishes a system for determining the ownership of, and the amount of compensation to be paid for, inventions made by employees in the course of their employment, which have grown out of the type of work performed or are derived from experience gained on the job. Establishes an arbitration board within the Patent Office to settle disputes arising under this Act.

H.R. 14069. May 27, 1976. Interstate and Foreign Commerce. Amends the Natural Gas Act to limit Federal Power Commission authority to regulate prices of natural gas to new natural gas produced from offshore Federal lands. Requires that prices for the sale of other new natural gas be consistent with the ceiling established for offshore natural gas.

Directs the Commission to prohibit the curtailment of natural gas supplies for essential agricultural purposes. Restricts the use of natural gas as boiler fuel.

H.R. 14070. May 27, 1976. Education and Labor. Amends the Higher Education Act of 1965 to authorize a loan level of $2,000,000,000 annually for fiscal years 1976 to 1980 for the Federal loan insurance program. Extends the Federal interest subsidy program created under such Act until September 30, 1984.

H.R. 14071. May 27, 1976. Interstate and Foreign Commerce. Prohibits any person from accepting any interstate off-track wager on the outcome of horse races. Provides civil penalties for violations of the prohibition.

H.R. 14072. May 27, 1976. Ways and Means. Amends the Medicare program of the Social Security Act to authorize payment for prescription drugs, hearing aids, eyeglasses and related examinations and dentures.

H.R. 14073. May 27, 1976. Agriculture. Amends the Forest and Rangeland Renewable Resources Planning Act of 1974 to direct the Secretary of Agriculture to include in the Renewable Resource Program, national program recommendations which take into account specified policy objectives.

Requires the Secretary to provide for public particpation in the formulation and review of proposed land management plans and to promulgate regulations for their development and revision.

Revises provisions relating to sale of timber found on National Forest Service lands.

H.R. 14074. May 27, 1976. Interstate and Foreign Commerce. Reaffirms the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce. Reaffirms the authority of the States to regulate terminal and station equipment used for telephone exchange service. Requires the Federal Communications Commission to make specified findings in connection with Commission actions authorizing specialized carriers.

H.R. 14075. May 27, 1976. Judiciary. Authorizes classification of a certain individual as a child for purposes of the Immigration and Nationality Act.

H.R. 14076. June 1, 1976. Ways and Means. Amends Title II (Old-Age, Survivors, and Disability Insurance) of the Social Security Act to permit professionals who first became eligible for social security coverage on January 1, 1965, to become "fully insured" after a minimum of six quarters of coverage occurring after 1964.

H.R. 14077. June 1, 1976. Government Operations. Requires review of Federal programs to determine if they warrant continuation. Requires the President to conduct such review of the programs covered by the annual budget. Requires Congress to make such review every four years.

H.R. 14078. June 1, 1976. Merchant Marine and Fisheries. Raises the mandatory retirement age for members of the Coast Guard from 62 to 65 years of age.

H.R. 14079. June 1, 1976. Banking, Currency and Housing. Amends the Home Owners' Loan Act to permit federally chartered savings and loan associations located in New York to offer checking accounts to the extent that similar State chartered institutions in New York are permitted to do so.

H.R. 14080. June 1, 1976. Interstate and Foreign Commerce. Prohibits refiners and distributors of motor fuels from terminating, canceling, or failing to renew motor fuel franchises without prior written notification in accordance with specified criteria and procedures.

H.R. 14081. June 1, 1976. Ways and Means. Amends the Internal Revenue Code to permit an individual to deduct amounts paid by that individual for retirement savings for the benefit of his spouse.

H.R. 14082. June 1, 1976. Post Office and Civil Service. Entitles an employee of the Airway Facility Division of the Federal Aviation Administration who is required to remain in an on-call status away from his duty post to premium pay for each hour outside his administrative workweek that he is in an on-call status and not otherwise entitled to premium pay.

H.R. 14083. June 1, 1976. Education and Labor. Amends the Higher Education Act of 1965 to establish the Office of Lifetime Learning to carry out a program of Federal assistance for lifetime learning programs.

H.R. 14084. June 1, 1976. Interstate and Foreign Commerce. Establishes within the Department of Health, Education, and Welfare a Home Health Clearinghouse to consolidate information on services and benefits available to the elderly.

Creates in the Department an Assistant Secretary for Elderly Health.

H.R. 14085. June 1, 1976. Interstate and Foreign Commerce. Establishes within the Department of Health, Education, and Welfare a Home Health Clearinghouse to consolidate information on services and benefits available to the elderly.

Creates in the Department an Assistant Secretary for Elderly Health.

H.R. 14086. June 1, 1976. Education and Labor. Directs the Secretary of Health, Education, and Welfare to make grants to States having approved comprehensive plans for providing counseling assistance to the elderly, such grants to be distributed on the basis of statewide need and priorities. Permits the use of grants to fund preretirement and career counseling programs, referral services, community activities, and counseling for families of sick and disabled senior citizens.

H.R. 14087. June 1, 1976. Education and Labor. Directs the Secretary of Health, Education, and Welfare to make grants to States having approved comprehensive plans for providing counseling assistance to the elderly, such grants to be distributed on the basis of statewide need and priorities. Permits the use of grants to fund preretirement and career counseling programs, referral services, community activities, and counseling for families of sick and disabled senior citizens.

H.R. 14088. June 1, 1976. Judiciary. Amends the Legal Services Corporation Act to direct the Corporation to provide financial assistance to qualified programs designed to furnish legal assistance to eligible older persons in connection with any determination relating to eligibility or payment for home health services or specified health-related hearings under the Social Security Act.

H.R. 14089. June 1, 1976. Judiciary. Amends the Legal Services Corporation Act to direct the Corporation to provide financial assistance to qualified programs designed to furnish legal assistance to eligible older persons in connection with any determination relating to eligibility or payment for home health services or specified health-related hearings under the Social Security Act.

H.R. 14090. June 1, 1976. Ways and Means. Amends the program of Grants to States for Social Services of the Social Security Act: (1) to authorize the payment of excess funds to States for programs aimed at preventing or reducing inappropriate institutional care by making home or community-based care available; (2) to specify the level of Federal support for multipurpose senior center programs; and (3) to require the standardization of eligibility requirements for Federal support to such programs.

H.R. 14091. June 1, 1976. Ways and Means. Amends the program of Grants to States for Social Services of the Social Security Act: (1) to authorize the payment of excess funds to States for programs aimed at preventing or reducing inappropriate institutional care by making home or community-based care available; (2) to specify the level of Federal support for multipurpose senior center programs; and (3) to require the standardization of eligibility requirements for Federal support to such programs.

H.R. 14092. June 1, 1976. Banking, Currency and Housing. Amends the National Housing Act to direct the Secretary of Housing and Urban Development to give special emphasis to insuring mortgages covering medical practice facilities which are primarily for the purpose of providing preventive, diagnostic, and treatment services to elderly outpatients.

Amends the Housing and Community Development Act of 1974 to direct the Secretary to insure mortgages made in connection with senior centers offering health, nutritional, recreational, and social facilities to elderly persons, regardless of whether such centers offer housing facilities.

H.R. 14093. June 1, 1976. Banking, Currency and Housing. Amends the National Housing Act to direct the Secretary of Housing and Urban Development to give special emphasis to insuring mortgages covering medical practice facilities which are primarily for the purpose of providing preventive, diagnostic, and treatment services to elderly outpatients.

Amends the Housing and Community Development Act of 1974 to direct the Secretary to insure mortgages made in connection with senior centers offering health, nutritional, recreational, and social facilities to elderly persons, regardless of whether such centers offer housing facilities.

H.R. 14094. June 1, 1976. Ways and Means. Authorizes a tax deduction, under the Internal Revenue Code, for any taxpayer who contributes the right to use any real property owned by the taxpayer to a tax-exempt organization for use by a qualified senior citizen facility.

H.R. 14095. June 1, 1976. Ways and Means. Authorizes a tax deduction, under the Internal Revenue Code, for any taxpayer who contributes the right to use any real property owned by the taxpayer to a tax-exempt organization for use by a qualified senior citizen facility.

H.R. 14096. June 1, 1976. Education and Labor; Interstate and Foreign Commerce. Amends the Older Americans Act of 1965 to increase the amounts authorized to be appropriated in fiscal years 1976–1978 for purposes of informational exchange on the subject of retraining programs for older Americans. Allows the Secretary of Health, Education, and Welfare to make grants under such Act to cover the cost of administering and operating multipurpose senior centers.

Declares it the sense of Congress that any Federal legislation establishing a national health insurance program should include specified provisions relating to the availability of home health services for older persons.

H.R. 14097. June 1, 1976. Education and Labor; Interstate and Foreign Commerce. Amends the Older Americans Act of 1965 to increase the amounts authorized to be appropriated in fiscal years 1976–1978 for purposes of informational exchange on the subject of retraining programs for older Americans. Allows the Secretary of Health, Education, and Welfare to make grants under such Act to cover the cost of administering and operating multipurpose senior centers.

Declares it the sense of Congress that any Federal legislation establishing a national health insurance program should include specified provisions relating to the availability of home health services for older persons.

H.R. 14098. June 1, 1976. Appropriations. Appropriates a supplemental amount for carrying out the home health services provisions of the Health Revenue Sharing and Health Services Act. Appropriates specified sums for the purpose of making multipurpose senior center grants under the Older Americans Act of 1965.

H.R. 14099. June 1, 1976. Appropriations. Appropriates a supplemental amount for carrying out the home health services provisions of the Health Revenue Sharing and Health Services Act. Appropriates specified sums for the purpose of making multipurpose senior center grants under the Older Americans Act of 1965.

H.R. 14100. June 1, 1976. Interstate and Foreign Commerce; Ways and Means. Amends the Social Security Act to prohibit nursing homes and skilled nursing facilities participating in the Medicare or Medicaid program from requiring patients to turn over their social security benefit checks after giving advance notice of their intent to leave such homes.

EXTENSIONS OF REMARKS

TRIBUTE TO THE HONORABLE ROBERT E. JONES OF THE ALABAMA FIFTH DISTRICT, ON THE OCCASION OF HIS IMPENDING RETIREMENT FROM CONGRESS

HON. JOHN G. FARY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. FARY. Mr. Speaker, the retirement of the Honorable ROBERT E. JONES of the Alabama Fifth District at the close of the current term will stir the hearts of all his many friends on Capitol Hill.

Those of us who have had the opportunity of knowing and working with BOB throughout the years of his invaluable service to the legislative process are united in admiring his performance as a lawmaker, as a committee chairman, and as a man deeply devoted to the best interest of our Government.

Entering politics as a candidate for judge of the Jackson County court in 1940, he was elected and served with distinction until entering the Navy in 1943. Upon returning to civil life, he was nominated for Congress in 1946 and duly elected as Representative of the old Eighth District, now the Fifth. Over the past 30 years he has been reelected, consecutively, some 14 times—usually with no opposition whatsoever.

As a Congressman, BOB JONES at once revealed his knowledge of public needs and the Federal ability to meet those needs. Appointed to the Committee on Public Works, he overnight became a major force in the handling of committee affairs in general, and environmental matters in particular. His appointment, this term, as chairman of the Committee on Public Works and Transportation, won the enthusiastic endorsement of all concerned.

As a member of this particular committee, over the years, he did much to establish northern Alabama as a center of the aerospace industry, by personal promotion of the industry both in committee and on the floor.

As the friend of aerospace, on the one hand, and environment on the other, he has revealed a remarkable ability to satisfy the advocates of both causes in the handling of matters involved in public works and transportation. While working steadily in concert with NASA and IBM, for example, he has compiled an admirable record in the struggle to maintain our environmental integrity.

Nor is he one of those cautious people, afraid to take a stand for fear of antagonizing this faction or that. Since 1956 he has served as sponsor of almost 400 public works measures, ranging from the construction of post offices to the building of sewage treatment plants, the Disaster Relief Act of 1970, the National Environmental Policy Act of 1969, and the House version of the water pollution control bill.

As an old-fashioned Franklin Roosevelt and Harry Truman Democrat, BOB JONES is dedicated, without reserve, to Federal programs looking to the protection of those Americans removed from the mainstream of national prosperity by the whims and vagaries of happenstance and economic change, irrespective of human need. To that extent he has been the bitter foe of the current revenue-sharing program which, in his opinion, has failed most deplorably in meeting the needs of Americans in economic distress.

It has been noted that the political philosophy of BOB JONES is basically national in scope; for, as he has so often declared, "What is good for the Country is good for the Alabama Fifth District." On that basis he has established one of the outstanding records in the Congress, and I, for one, surely will be sorry to see him go.

RURAL AMERICA

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. HAMILTON. Mr. Speaker, I include my Washington report entitled, "Rural America":

RURAL AMERICA

A national columnist has observed that with the exception of John F. Kennedy every President of this century was born or reared in a small community. And if you look at the home towns of this year's Presidential candidates, as well as the leaders of the Congress, you are impressed that, without exception, they come from small towns and rural areas. It is hard to escape the conclusion that even in a highly urbanized country, persons from small towns and rural areas provide a disproportionate share of the leadership of the nation.

For some time I have been struck by how many persons in positions of power in this country, and in other countries as well, often refer with pride to their small town or rural beginnings. Why do these men and women rise to the top in leadership? Some of the experts think that persons who have lived close to family, church, and community become leaders because the cities often overwhelm people with the complexity of their problems, while the small towns, whose problems are more comprehensible, create in people a certain confidence and ability to cope.

The small towns and rural areas of America may not be the most spectacular parts of the nation, but there apparently is something about them that produces steady, reliable, and moderate people of uncommon good sense. After a few days in the super-charged political atmosphere of Washington, it is always reassuring to encounter the stable people from the small communities of Southern Indiana. Such people, as others have observed, have made rural areas the balance wheel of the nation, and have become, in unusual numbers, the leaders of the nation.

These thoughts are perhaps more appropriate for philosophers and sociologists than for Congressmen. What is important for those of us in the Congress is to see the strong reasons for supporting the health and vitality of rural America because of the values it inculcates in people, the leadership it provides the nation, and the close relationship between its economic health and the prosperity of the nation. The lessons of the Great Depression are that a drop in the prosperity of rural America not only wrecked the farmer, but dragged down the economy of the entire nation. However, with less than 3% of Americans now engaged in agriculture and only 14 out of 435 congressional districts presently classified as rural, these lessons can easily be forgotten.

There are some interesting things happening today in rural America. Its population is increasing at a faster rate than the population of the cities. Thousands of Americans are moving to rural America, seeking a life with less violence, less pressure and less pollution, and with more green grass and fresh air. For these Americans the appeal of urban areas has diminished in recent years and the attractiveness of rural and small town communities has increased. The scene in rural America today, then, is one of progress and problems. On the balance I believe the evidence is that rural areas are no longer declining but are growing and that a turnaround has occurred.

Employment opportunities are increasing in rural America and the number of people classified as poor living in the countryside is declining. Substandard housing is decreasing. Some progress is being made in providing community services and facilities in rural areas, like fire protection and health services. Many problems remain, of course, and a sustained period of growth in economic activity will be necessary.

These examples suggest some of the problems:

A total of 138 rural counties with a half million people do not have a single resident doctor;

Rural areas with one-fourth of the nation's population have 60% of its substandard housing;

The median income of rural workers is about 20% less than that of urban workers;

Rural students achieve less, expect less, are out of school more, and have a higher illiteracy rate than urban students;

Rural areas need transportation more but are losing access to it faster;

In the more than two years since Congress passed the Rural Development Act, less than 10% of it has been implemented; and

Although people living outside urban areas are ¼th of the total population, about ½ the nation's poor are among them. Even so, 75% of HEW's funds for income maintenance and 70% of the food stamps went to the cities.

Throughout the history of the country, public policy has been directed toward increasing the development of rural areas. This policy has culminated in the Rural Development Act of 1972, the basic aim of which is to improve the quality of life in rural America. Every effort must be made under this Act to assure that the rural areas of the country receive treatment from the federal government similar and equal to that received by urban areas.

The objective of these efforts for rural development is to assure that rural America is a viable choice for those Americans who want it. For rural America to be an attractive place to live those who choose it must not be deprived of either participation in or benefits from their government by virtue of the place they live. History reminds us and common sense should tell us that a sound balance between rural and urban America is essential to the prosperity and peace of this country.

GROWING INTEREST IN ALTERNATIVE WORK PATTERNS

HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Ms. ABZUG. Mr. Speaker, since I have been in Congress I have advocated the adoption of flexible work hours in the Federal Government, as well as the increased employment of part-time workers. Those of us who have been involved in this issue know of the difficulties that have been encountered in demonstrating the depth of support these programs have. While I was gratified by the House's approval of the flexible hours bill last month I am concerned that our colleagues in the Senate may have misgivings about alternative work patterns. The recent Conference on Alternative Work Patterns, held here in Washington, attracted considerable interest. I believe that the following articles on the conference reveal the importance of alternative work patterns to employers, employees, and potential members of the labor force, both in private industry and Government:

[From the Bureau of National Affairs, Fair Employment Practices, Apr. 29, 1976]

PART-TIMERS AND AFFIRMATIVE ACTION GOALS

Part-time employees, hired either on a seasonal basis or to supplement the regular fulltime staff, frequently provide companies with a chance to fulfill their affirmative action obligations. Women with family obligations, the handicapped, the elderly, and minority group students are under the protected status of equal employment legislation and are likely to have an interest in part-time jobs.

Hearings before the Senate Subcommittee on Employment followed by a conference sponsored by the Committee for Alternative Work Patterns recently probed into the options of part-time employment and flexible hour scheduling. Here are some of the highlights.

OPENING UP JOB OPTIONS

Midge Miller, a member of the Wisconsin legislature, told the committee that the effect of making more part-time work available and providing flexible work schedules is of great benefit to women with families and to elderly and disabled people, who cannot hold down 40-hour a week jobs. However, she warned of abuse to part-time workers unless protections are guaranteed.

"Changes in work patterns must not come about at the expense of the decades of gains in conditions of work made by labor," she said. "Workers must be guaranteed equal pay for equal work, prorated fringe benefits, seniority and advancement ladders, and all protections available to the full time worker."

Two bills presently in Congress were introduced to encourage part-time employment—one in the private sector and another in the federal government. The Conable Part-time Employment Bill (H.R. 1877), introduced in the House last March, is designed to stimulate permanent, part-time employment in the private sector, by giving a tax credit to participating employers. Employers would be given a credit for a certain percentage of the expenses of employing part-timers—costs which sometimes disuade companies from hiring these workers. (For example, part-time workers sometimes bring added costs of recruiting and training, as well as the payment of social security taxes, which are based on wages up to a ceiling.)

Under the Burke-Tunney bill, (S. 792), 200,000 permanent part-time positions would be created within the Federal government within a five-year time span. The bill, which passed the Senate but is stalled in a House committee, makes provisions for pro-rated benefits, a phase-in period of part-timers, and protection against the abolishment of full-time jobs.

PART-TIME PROGRAMS IN OPERATION

Representatives from the public and private sectors reported on successful part-time programs currently in operation. At the Department of Housing and Urban Development, for example, there currently are 100 permanent, part-time professional positions—the largest pool of such jobs in any Federal agency.

In contrast to most part-time jobs, which are temporary and/or clerical, the HUD jobs are mid and upper level positions and involve prearranged work schedules of up to 32 hours a week. When the program started in 1968, the few positions filled were largely HUD employees changing from full time to part-time jobs. Now, outsiders are competing for the jobs and although there has been no promotional effort, there is a waiting list of HUD units requesting positions from the pool of part-timers. (A fact sheet on the program is available from Office of Personnel, Headquarters Operations Division, Department of Housing and Urban Development, Washington, D.C. 20410.)

Another public program, the Senior Community Service Employment Program, (SCSEP), is aimed at economically disadvantaged, older persons. Under the project, which is jointly sponsored by the Federal government and various groups aiding the elderly, participants work in part-time, community service jobs such as day care centers, schools, hospitals, and restoration projects.

In addition to wages, participants also receive personal and job counseling, training, and, in some cases, placement in regular, unsubsidized jobs. For further information on the program and its participants, contact Employment and Training Administration, U.S. Department of Labor, 601 D Street N.W., Room 6402, Washington, D.C. 20213.

A speaker from Massachusetts Mutual Life Insurance described the part-time program which "just evolved" at that company and is particularly directed to students and mothers. The program of "mothers' hours" allows employees to work between the hours of 9:30 and 2:30, with summer vacations free. Since the jobs are largely routine, clerical positions, they are then performed in the afternoon and during the summers by high school students.

Because of the success of the program at lower level jobs, it is now being expanded to include computer programmers and other technical and professional positions. All job benefits are pro-rated for the part-timers and the company, which now has a reputation as a part-time employer and receives more applications than they can fill, rates the program as "highly successful."

[From Time magazine, May 3, 1976]

Jobs—Two for the Price of One

Gaylord Nelson was living in Carmel, Calif., in 1937 and cherished free time to spend on the beach. So he and a friend tried to get one job at a cannery and split the hours and pay; the employer would not hear of it. Early in April, however, Nelson, now a Democratic Senator from Wisconsin, presided over subcommittee hearings on "Changing Patterns of Work in America" and learned that the idea of job sharing is at last starting to catch on.

Typically, the practice involves two workers voluntarily dividing a full-time job—sometimes performing complementary tasks, sometimes merely each putting in half the hours. The sharers split both salary and fringe benefits. The arrangement is attracting several types of workers: older people who would like to ease into retirement, the handicapped who may not be able to stand the physical or emotional strain of a full-time job, and students, particularly those who have returned to school in mid-career. The most eager job sharers are mothers who need work income as well as time to care for their children.

"Twinning" (as the British call it) is still far from widespread. It has been practiced mostly in teaching, library and lab work, a few professions and in government. Massachusetts State Banking Commissioner Carol Greenwald, who in 1973 herself became the first part-time officer of the Federal Reserve Bank, has hired two research assistants with different skills to divide one salary. In Palo Alto, Calif., Ruth Freis and Miriam Miller share the post of program director for a network of day-care centers, and Engineer Chris Jako has arranged to split a job planning a science center with Biologist Pat Cross. A few liberal-arts colleges—including Iowa's Grinnell and Ohio's Oberlin—have hired husband-and-wife teams for single junior professorial slots.

Hiring two for the price of one has some advantages for employers. They can more easily meet affirmative action requirements and recruit from a broad, relatively untapped labor pool. Part-time workers are so zealous, according to some studies, that they are almost certain to put in more than half a day's work in half a day's time. "Two teachers working half of the time bring additional energy and enthusiasm to the classroom," says Nick Gervase, personnel chief for the Santa Clara Unified School District in California.

But job sharing can also double an employer's training and personnel costs. In certain jobs efficiency can suffer if a part-timer has to learn about a new policy or procedure that his "other half" has already mastered. And when two people split a salary, each must reach the ceiling of $15,300 before the workers—and their boss—stop paying Social Security taxes.

Still, Wisconsin and Massachusetts encourage job sharing among state employees. The practice will grow if the Federal Government does the same. Last July the Senate approved a bill by California's John Tunney requiring that 10% of all federal job slots be sharable within five years. A twin proposal by California Representative Yvonne Burke languishes in a House subcommittee, but Nelson hopes that his hearings will spur the White House into activity. "I think the Government ought to be providing more creative leadership," he says. "With 2.8 million employees, we're in a position to do a lot."

[From the Federal Times, May 10, 1976]

Part-Time Work Program Pushed

The newly-formed Committee for Alternative Work Patterns has called for major changes in the availability of part-time employment and increased flexibility of hours of employment.

Members of the organization feel that such changes would benefit all segments of society, particularly young people, the elderly and women.

The organization's viewpoints on the issues of part-time employment and flexibility of working hours were aired by Wisconsin State Rep. Midge Miller at hearings of the Senate subcommittee on employment, poverty and migratory labor.

Contending that the present work system operates at the expense of persons not able to work full time, Miller said that "for many elderly and disabled people, a 40-hour week is too heavy a drain on their energies."

"They have skills and experience to offer and a need to earn and to contribute to society," she said. "Increased welfare costs and the loss of productivity, as well as the financial and personal degradation associated with it, are created by an unwillingness to make work fit people's needs."

She argued that for many school-aged youth, remaining in school depends often on securing a part-time job.

"Many are discouraged from continuing their education because of fear of growing debts," she said. "Rather than encourage early departure from school, accommodation must be made to encourage both work and school. If our commitment to greater access to higher education is sincere, part-time jobs and flexible schedules are critical."

She insisted too that one reason affirmative action plans in the equal employment opportunity area are not working well is because women face circumstances that make the limited availability of part-time work serve as a form of de facto discrimination. Although women are participating more fully in the labor force, many still have primary responsibility for the home and child rearing.

Miller added that for women with families, the choice is not the usual one between income and leisure but between paid work outside and unpaid work at home. She said that part-time employment is hard to find, usually poorly paid, rarely challenging and often without fringe benefits.

"Millions of mature women face 20 to 30 years of unemployment or underemployment with resulting poverty and despair as a reward for having given their earlier years to the care of home and children," she said.

She noted too that on the average, working women earn only 58 percent of the income earned by working men—and black women earn even less.

"Alternative employment patterns work not only to the advantage of the individual but to employers and society as well," she said. "Part-time employment increases the size and quality of the labor pool available and reduces employer costs related to time off and overtime, offsetting any additional administrative costs for extra workers."

Miller also predicted that part-time employment can resolve some labor shortages.

Among other things, she lauded the efforts of members of the Committee for Alternative Work Patterns, which in the five months of its existence has arranged what she described as "excellent meetings" on the issue of part-time employment and flexibility of working hours.

Coordinators of the Committee for Alternative Work Patterns are Gladys Henrikson and Gail Rosenberg.

The committee represents a broad based coalition of groups and individuals interested in exploring the possibilities of expanding the use of alternative workweeks.

This coalition was formed in the fall of 1975 when several Washington-based representatives of national organizations, government agencies and labor groups met to discuss the feasibility of sponsoring a national conference on implementation experiences with some of these workweeks.

The committee's goals are to increase the availability of jobs involving some employee choice in the work schedule, to increase employment opportunities for individuals seeking alternative work schedules and to collect and disseminate information on experiences with such work schedules.

[From the Washington Post, Apr. 20, 1976]

QUALITY-OF-WORK MOVEMENT GROWING

(By Stephen Klaidman)

The National Quality of Work Center is one of a growing number of public and private groups whose primary purpose is to humanize working conditions.

The range of the groups' interest extends, for example, from miners who spend their working hours bent at the waist in coal-dust-filled tunnels to alienated executives who pass their days in plush-carpeted corner offices.

The problems of these and other workers were scrutinized recently on Capitol Hill.

Witnesses from government and the private sector testified before a Senate labor subcommittee.

For a variety of reasons some pointed out, employers are beginning to come to grips with the humanity of their employees—their needs, their wants, their abilities. At one Washington insurance company they call it "maximizing humanness."

The only member of the subcommittee present during the two days of hearings, Chairman Gaylord Nelson (D-Wis.), heard that schedules were being made more flexible so that people could work more convenient hours, that job-sharing arrangements had been devised for the benefit of working mothers, the elderly and the handicapped, and that everyone's right to ego gratification through job satisfaction was being recognized as a legitimate demand of labor.

Why is all this happening now? There is no single, simple answer. But the staff at the Quality of Work Center has some theories.

"Perhaps the mounting cost and scarcity of new capital," they suggest, "is forcing U.S. industrialists to seek elsewhere than high-risk technology for productivity improvement.

"Perhaps an almost universally high-school-educated work force has begun to force our institutions, including unions, to realign some basic economic and social precepts."

It would follow then that as these new economic and social phenomena coalesce, a new discipline will develop to deal with them—the quality-of-working-life movement.

Nelson, after taking note of the fact that one must have a job before he can have job satisfaction, addressed some of the problems put into focus by the movement:

"For those people who already are holding down a job," he said, work is becoming less satisfying, partially because of rigid work rules, and also because of automation and other technological advances that have taken away workers' control over their jobs."

He added that according to polls worker alienation was increasing, and that alcoholism, absenteeism, sabotage and turnover at work had increased in the last five years.

Such factors clearly are detrimental to productivity. And Abraham Weiss, assistant secretary of labor for policy, evaluation and research, cited falling productivity as an important reason for improving the quality of working life in America.

Weiss said, "The expansion of employment opportunity is very much contingent upon the successes we achieve in improving the productivity and performance of our economic institutions."

Two other witnesses, Warren Hinks, president of the Rushton Mining Co., and Dr. Sidney Harman, chairman of the board of Harman International Industries, promote quality of working life for its own sake.

Both men have been experimenting for years with worker autonomy. In the Rushton firm, management has given up its right to direct miners underground. In Harman's auto mirror plant in Bolivar, Tenn., equally radical experiments are under way. Harman described one as follows:

"It is my belief that when the union joined the company in estimating the cost on a major contract, an estimate which became the basis for the company's competitive bid, it may well have been the first time in industrial history that such a collaboration was undertaken."

The Rushton mine and the Bolivar mirror plant are relatively advanced experiments, but they are not without predecessors, both in Western Europe—particularly Scandinavia and West Germany—and in the United States.

In Sweden, both the Volvo and Saab car plants are experimenting with alternatives to the assembly line. In Norway, quality of working life has become an academic specialty breeding what has come to be known in the field as the Norwegian mafia.

German industry has pioneered flexible working hours and worker ownership and management of business.

And in the United States, companies such as Donnelly Mirrors of Holland, Mich., and American Velvet of Stonington, Conn., have been in the forefront of the movement.

MAJ. GEN. BENJAMIN J. BUTLER

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. MAZZOLI. Mr. Speaker, it is indeed a pleasure to call to the attention of my colleagues the many contributions of Maj. Gen. Benjamin Joseph Butler on the occasion of his retirement from the U.S. Army.

He is an asset not only to the Commonwealth of Kentucky, but also to our country. It is only fitting that the general's efforts be recognized and applauded in this Congress.

Benjamin Joseph Butler was born on a farm in Trimble County, Ky., in 1917. He graduated from the University of Kentucky in 1941, with high distinction in agriculture and excellence in scholarship, citizenship, and leadership.

General Butler began his active military career also in 1941, upon completion of the branch infantry officer course. During the African and Italian campaigns of World War II, he fought with the 34th Infantry Division as an infantry batallion commander. He and his unit were awarded such national honors as the Presidential Unit Citation for distinguished combat performance, the Distinguished Service Cross, Silver Star, Bronze Star Medal, and Purple Heart.

After the war, the general continued to serve his country. He instructed future infantrymen, held the posts of executive officer, commander, and brigadier general of his regiment. During the Berlin crisis, 1961–62, he returned to active duty with the 100th Division—training.

Since then, General Butler has been appointed Assistant Deputy Chief of Staff for Military Operations—plans and operations—Department of the Army. Almost half of his military career has been served as a general officer.

In addition to being an outstanding military figure, General Butler is an outstanding citizen.

He has been active in public office since 1946 in the capacities of county assistant and agent, Kentucky commissioner of agriculture, and State director of farm management and study.

General Butler is also a successful businessman, working his way to the presidency of a private industry. He has been honored extensively by his community for achievements in these areas.

It is rare that our country has the privilege of recognizing such an outstanding man, who has accomplished so much in a single lifetime.

I would like to extend my sincere congratulations and thanks on a job well done to Maj. Gen. Benjamin Joseph Butler and add my best wishes for many years of health and fulfillment in his retirement.

THE ENERGY CRISIS: IT STILL EXISTS

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. ARCHER. Mr. Speaker, it would be very easy for the average American—and many Members of Congress, as well—to believe that we do not have an energy crisis today if their exposure to information on this subject was limited to that coverage provided by many of our major national news publications or communications media. The true picture of our present national energy posture shows a growing dependence on foreign supplies for our basic daily needs and a declining emphasis on new exploration and production.

The Houston Business Journal for the week of May 5, 1976, presented a synopsis of comments made at a Houston energy seminar by Mr. Harvey Morris, president, Fuel Economy Consultants of New York and his additional thoughts at a later interview. Mr. Morris presents a point of view that all Americans and certainly every Member of Congress should read and heed. I commend it to the attention of my colleagues:

THE ENERGY CRISIS: IT STILL EXISTS

Between now and 1985 the United States will have an energy crisis of such severe magnitude that it will create a depression worse than that in the 1930s, Harvey Morris believes.

Morris is president of Fuel Economy Consultants, Inc., New York, and is a widely known expert in the field of energy. In Houston recently to speak at an energy seminar Morris was interviewed by Houston Business Journal after his talk.

"I think the first hard winter will shake this country to its foundation," Morris warned. "I think that unless there is a major reversal (in the country's present energy policies), the U.S. is on its way out as a major power."

One thing that probably had Morris a bit riled up was the fact that just prior to his Houston visit, American oil imports finally passed the 50% mark. "Coming into the winter it was only 37–38%. This is the first time in history that foreigners are supplying more U.S. oil than production at home."

Morris said that some decline in the import percentage is possible as the summer approaches, but, if it does occur, it will be only minimal. "Our storages are running down. I see some natural gas curtailments in some areas of the country, but nobody will ever hear of them."

While many are responsible for the energy situation, Congress should take the brunt of the blame, Morris stated. "They react to the public's view, but they should lead the public's view. They should inform their constituents, but they're too concerned with public opinion in an election year."

Some politicians hit out at oil companies without knowing even the basic facts, Morris charged. "They're just looking for a vote."

While Morris said he foresees no new Arab oil embargo at this time, he wouldn't completely rule out the possibility. "The Middle East is so volatile anything could happen."

While other energy experts predict a 5–6% increase in the price of OPEC oil by the end of June, Morris said he is "not at all sure this will happen. I think the current price may hold."

To get the United States on the right track energy-wise, Morris said only two things are necessary—deregulation and more energy conservation. "And on energy conservation, I don't mean giving lip-service to it, which is what we have been doing. We just need those two things—energy conservation and deregulation. All the other steps are minor.

"Let's get back to the bloody free enterprise system. I just object to sending $60–70 billion a year overseas."

Unlike the congressional situation, it's no problem getting the true energy picture across to the average man, "the guy on the shop floor," Morris said, although he admitted that a strategy to inform the masses would be hard to come by.

The energy expert claimed that Mobil Oil Corp., about a year ago, sought to purchase a half-hour of prime television time from the National Broadcasting Co., and even offered to buy a half-hour for an opposing viewpoint. NBC refused to sell Mobil the 30 minutes, Morris charged.

A Mobil economist confirmed this. The economist claimed that NBC objected to the sale because "they said they didn't want to air controversial issues."

As far as bad guys relating to the energy problem, Morris puts the press in line just behind Congress. "I think the press is bloody stupid," he stated. "I think they've just failed to do their job."

Morris would concede, however, that the oil companies haven't done all they could in making sure the press is well-informed.

If decontrol came about tomorrow, he said, gas prices at the pump would go up a bit—maybe three to six cents, but the end result would be well worth it.

The talk of divestiture puzzle Morris. "Any other country in the world would be on its knees to have an oil industry like this country," he said, "but the U.S. is trying to break it up."

THE ANNEXATION OF THE BALTIC STATES

HON. HENRY HELSTOSKI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. HELSTOSKI. Mr. Speaker, June 15 marked the anniversary of the occupation of the Baltic States—Lithuania, Latvia, and Estonia—by the Soviet Union. At this time, I would like to join my fellow colleagues in commemorating the plight of these heroic people who fought the military forces of the Russian Government and were eventually deported to Siberian concentration camps.

The Baltic States fought to regain their independence after World War I. But their struggle to insure the rights and freedoms of their people diminished when Russia forcibly annexed the territory in 1940. Aside from the personal hardships and mental anguish inflicted on these people due to Communist domination, more than one-sixth of the population was deported to Siberian labor camps.

Mr. Speaker, I feel an important point must be noted in order to place this situation in the proper perspective and recognize the total impact of this occupation. The Soviet Union has violated several nonaggression pacts that were signed in 1919 and 1920. In these pacts, the Soviet Union agreed to respect the sovereignty of the Baltic people. Moreover, Russia has also violated a joint declaration that was signed at the Yalta Conference. This declaration upholds the right of all liberated people to have the freedom to choose the form of government under which they want to live.

The American Bicentennial Year is 1976. I feel it is appropriate, Mr. Speaker, to review the principles of American democracy in the light of those who are less fortunate. Thirty-six years have elapsed since Russia occupied this territory and began the reign of Communist domination and oppression. Previously, I have joined my colleagues in introducing a resolution stating that the U.S. delegation to the European Security Conference should not recognize Russia's annexation of this territory. I firmly believe that we must maintain our actions in accordance with this policy and support all measures to reinstate the independence of the Baltic States through peaceful and harmonious methods.

SUN RIGHTS IN JAPAN

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. MOAKLEY. Mr. Speaker, in the past few years the problems arising from the rapid exhaustion of fossil-fuel energy sources is one that is felt by everyone. Although the crisis may have subsided, it has not vanished. Large amounts of time, energy, and money have been invested in the hopes of developing alternate methods of providing energy. Currently, one of the most viable areas of exploration is that of solar energy.

The Sun has been successfully used as a source of energy in the past and shall be utilized to a greater extent in the future, provided certain safeguards are taken. At this point I would like to extend my support and admiration to the Tokyo Supreme Court for their recent enforcement of such safeguards. On June 21, 1976, the Supreme Court of Tokyo awarded a total of $6,670 to four residents as compensation for the loss of sunshine.

This is more than a simple enforcement of Tokyo's recognition of sun rights, for the building in question belongs to the Government. Governmental officials claimed that the hardship the residents would endure due to the loss of their sunlight would be outweighed by the public interest the building would serve. In deciding in favor of the residents, the Supreme Court of Tokyo has clearly restated its firm stand on the basic rights of individuals interested in utilizing the sun as an energy source.

America can do well by following Japan's solid step forward. As current energy sources are depleted and solar energy is utilized to greater extents, the right of individuals to collect and store the Sun's rays must be protected.

It is my view that legislation to prohibit state and local law from permitting construction which interferes with sunlight necessary for solar heating and cooling equipment, is a step toward the goal of furthering the use of solar energy as an alternative energy source.

CHILD AND FAMILY SERVICES—THE TRUTH ABOUT A MISUNDERSTOOD BILL

HON. ANDREW YOUNG

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. YOUNG of Georgia. Mr. Speaker, the problem of a sometimes misinformed public has in many instances caused both constituents and Congressmen unnecessary grief, worry, and paperwork. The interpretation of H.R. 2966, the Child and Family Services Act of 1975 is victim to this unfortunate circumstance.

The purpose of this bill is to make available to parents and children such health and child care services as nutrition, prenatal, and day care programs as well as programs to detect and remedy handicaps. At a time of economic instability this bill could greatly aid families who otherwise may put aside preventive health care for more momentarily pressing concerns.

Mr. Speaker, I recommend the following article from a recent issue of Parade magazine to my colleagues as a source of enlightenment to the origin and consequences of constituent misinformation in this particular instance:

[From Parade magazine, June 20, 1976]

CHILD AND FAMILY SERVICES—THE TRUTH ABOUT A MISUNDERSTOOD BILL

(By Martha McPhee)

WASHINGTON, D.C.—An anonymous one-page leaflet that attacks a child-care bill has touched off a nationwide mail campaign that in a single day brought 8000 letters to one Congressional committee.

"It's been an avalanche," says a committee staff member working on the Mondale-Brademas Child and Family Services Bill. "With the exception of gun control, nothing in my experience compares to this."

The leaflet has been passed out at churches, schools, factories and supermarkets, but its origins remain a mystery. A reporter for the Houston Chronicle traced one version to a retired Bible Camp director in Hutchinson, Kan., who had made a thousand copies of a leaflet his relatives brought home from a Missouri revival meeting.

STRAIGHTFORWARD PURPOSE

The leaflet's intent is clear—to defeat the Child and Family Services Bill introduced by more than 120 members of the House and Senate in February, 1975. And in this election year, the letters have exerted so much pressure on members of Congress that the bill's chief sponsors—Sen. Walter Mondale (D., Minn.) and Rep. John Brademas (D., Ind.)—admit its chances for either a House or Senate vote are slim.

Two things strike most Congressmen and staff members about the mail: it reveals a deep public concern for the American family; most letters are based on misinformation and distorted interpretations of the bill.

The leaflet plays on some of America's deepest fears, describing the bill as a Communist plot to take from parents the rights and responsibilities of raising children and turn them over to government-appointed specialists.

"The American family is one of the last strongholds this society has," one South Carolina voter warned his Congressman. "The proposed legislation is another step in destroying this cornerstone of democracy."

"Will we never learn?" asked another writer. "This legislation is almost a twin brother to what ultimately destroyed Germany."

AS THE FAMILY GOES

One Oregonian prophesied that "when the family falls, the nation won't be far behind."

Not all the opposition to the bill has been prompted by the anonymous leaflet. But the anger, the fear, is directly stimulated by the leaflet's opening question—"Raising Children: Government's or Parent's Right?"—and its charges that the bill "smacks of Communism."

According to the leaflet, the bill contains a "Charter of Children's Rights" under which parents would no longer be able to punish their children or pass onto them religious or political beliefs. Under the bill, the leaflet charges, children could also sue their parents for deficiencies in the home.

The leaflet erroneously names the Congressional Record as the source for several citations in which supporters of the bill are quoted as saying, "We recognize that not parental, but communal forms of upbringing have superiority over all other forms," and as questioning whether we can "trust the family to prepare young children in this country for this new kind of world that is emerging."

SOVIET METHODS

"This is what has been done and is being done in the Soviet Union," the leaflet concludes. "We elected this Congress, but do we know what it is doing to our freedoms and our rights?"

In truth, the Child and Family Services Bill contains no "Charter of Children's Rights," no hint of taking child-rearing away from parents.

As Senator Mondale describes it, the bill "seeks to preserve the family by strengthening it." As now written, it would provide money for such services as prenatal care, medical treatment to detect and remedy handicaps in young children, nutritional programs, and day-care programs for working mothers.

Participation in all programs offered by the bill would be voluntary and would involve only children whose parents had requested such services. Much of the control over the programs would remain with parents. The bill contains nothing that would change the moral or legal relationship of a parent to his child.

THE BILL'S BACKERS

Already, a wide range of such civic and religious organizations as the Parent-Teachers Association (PTA), the AFL–CIO and the American Home Economics Association have announced support for child and family services.

The bill is addressed, in part, to the 6.5 million preschool and 21 million school-age children with working mothers. In describing the need for child and family services, the bill's supporters cite figures that show infant mortality in the United States to be higher than in 16 other nations, that 40 percent of young children are not immunized against childhood diseases and that 29 percent of urban children do not see a doctor in any given year.

According to Judith S. Helms, director of the National Council of Organzations for Children and Youth, families are facing "a time of economic instability" in which "they are finding it difficult to pay for basic necessities, much less the 'luxury' of things like preventive health care."

"If the family says help me, then we need to be there," Senator Mondale says. "It is the strong family with its values of love, affection and discipline that gives the child the best chance of making the most out of life."

REPUTABLE OPPOSITION

Like any other legislation, the bill has its faults. Many of the letter writers offer the same arguments against the bill that the National Coalition for Children presented last summer—that it represents government interference in the lives of private citizens.

Congress itself questions the bill's $1.7 billion price tag over three years, how its child and family services would fit in with existing programs and how those services would be administered.

But the flood of mail now coming into Congress differs from previous criticism in one important respect—it is based on information so inaccurate that Representative Brademas charged last December that his bill had been attacked by "the tactics of smear and deception, the tactics of Watergate . . . and some of the most scurrilous and misleading propaganda that I have ever seen."

The irony is that the Child and Family Services Bill aims at strengthening the American family, not destroying it.

LIONS CLUBS OF NEW YORK STATE APPROVE RESOLUTION

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. WOLFF. Mr. Speaker, I am proud to serve on the Board of Visitors of the U.S. Merchant Marine Academy at Kings Point, N.Y. In recent months, certain individuals have made comments critical of the Academy and the activities of its graduates. Careful examination of these charges have found them to be without basis.

On May 22, the Lions Clubs of New York State unanimously approved a resolution expressing their firm support for the Academy. I fully agree with this resolution and, at this point, insert into the RECORD a copy of it. I commend it to my colleagues' attention:

LIONS CLUBS OF NEW YORK STATE RESOLUTION

Whereas, the United States Merchant Marine Academy at Kings Point, New York is one of the five federal service academies serving the merchant marine as West Point serves the Army and Annapolis serves the Navy, and

Whereas, the Academy's more than 14,000 graduates distinguished themselves in World War II, Korea and Viet Nam with 214 paying the supreme sacrifice, and

Whereas, the graduates of the Academy are now manning the ships of the American Merchant Marine, our country's fourth arm of defense, and

Whereas, the Academy is the nation's largest institution training Officers for the United States Naval Reserve with hundreds of graduates currently serving on active duty up to and including flag rank, and

Whereas, 257 young men and women from New York State are currently in training at the Academy while some 3551 residents of the State are graduates, and

Whereas, the Academy is currently under attack by certain persons and/or organizations who are circulating totally false reports concerning the institution in an effort to have it closed or its programs cut.

Be it Resolved, That the Lions Clubs of the State of New York is on record as firmly in support of this fine federal institution and will notify each United States Senator and Congressman from New York of this action.

CERTIFICATION

This is to certify that the foregoing resolution was given unanimous approval by the Delegates to the New York Lions convention on Saturday, May 22, 1976.

JAMES F. WAGNER,
Secretary.

TRIBUTE TO FATHER THOMAS D. TERRY

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. EDWARDS of California. Mr. Speaker, it was with great sadness that I learned of the decision of the Reverend Thomas D. Terry, S.J., to resign as president of the University of Santa Clara this June 30. Unfortunately, serious health problems have persisted and Father Terry now finds he must devote his energies to recovery from these ailments.

In his 8 years as president of the University of Santa Clara, Father Terry has been a vital force in the university community and in the community at large. His achievements for the university are many. The years of his presidency have seen the expansion of the university in facilities, in numbers of students, and in greater emphasis on increased educational opportunities for minority students. As well as overseeing the growth of the university, Father Terry has led the way in insuring that the University of Santa Clara maintains its high standards of academic excellence.

Beyond his accomplishments for the university and perhaps most importantly, Father Terry has our graditude for being a fine and compassionate human being. He has stressed openness in his administration; and his determination to deal personally and honestly with university problems, especially during times of unrest on campus, has earned him the respect of all.

A fighter for freedom of thought and expression, Father Terry sees the presentation of a wide variety of viewpoints to its students as one of the most important responsibilities of the university. Students are encouraged to explore all sides of the major issues of the day, in order to draw their own conclusions in an informed and responsible way—a philosophy from which all of us could benefit.

I am proud to know Father Terry and grateful to call him my friend. Our community will miss his outstanding leadership. His moral guidance, even from retirement, will, I am sure, continue to affect our daily lives.

SENATOR EBULLIENT AND HIS WISHING WELL JOBS PLAN

HON. MARVIN L. ESCH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. ESCH. Mr. Speaker, early last month the Washington Post gave the Members of this House a unique opportunity to see a proposed piece of legislation in its true perspective when it published an article by Nicholas von Hoffman on H.R. 50, the Humphrey-Hawkins bill. I believe the author is right when he says that the passage of the bill would make us wish we were back with the Great Society. He writes an excellent commentary on the absurdity of the reporting and planning requirements, the myriad of new agencies created, and the fact that the bill does little more than hide the fact of unemployment from ourselves rather than curing it. He points out that the bill would weaken the economy rather than strengthen it, and notes that although even the sponsors are aware what inflationary problems the measure would bring, the only thing the sponsors can do is to include a clause ordering the Executive not to let it happen.

Mr. Speaker, the article is important for the consideration of all Members, and it is herewith inserted in the RECORD for that purpose:

SENATOR EBULLIENT AND HIS WISHING WELL JOBS PLAN

(A commentary by Nicholas von Hoffman)

Maybe we should put Hubert Humphrey in the White House. He might do less damage there than in the Senate and, as President Humphrey, he would be forced to administer the laws Senator Humphrey is pushing to get passed.

Impeachment or chaos surely lie in wait for the chief executive unlucky enough to oversee the Humphrey-Hawkins Full Employment Act, a measure of such manifest impracticality that its passage will make us wish we were back with LBJ and the Great Society. Still, many prominent Democrats support the bill—and since if you catch Jerry Ford on the right day he'll sign absolutely anything, we'd best take a peek at it. Besides, it's a piece of vintage corporate liberalism.

Humphrey is a great one for presidential reports to Congress. In Humphrey-Hawkins, Senator Ebullient wants a report every six months which will contain "a full employment and production program, both long and short range." He also wants it to include a lot of other things like "the estimated value of goods and services, both public and private, required to meet human and national needs, including but not limited to food, fibers . . . energy . . . communication . . . day care facilities . . . artistic and cultural activities . . ."

Does that mean that every six months the President must estimate that we'll need 8,741 oil plantinfs, 1,705 performances of Swan Lake and 14 new marimba bands? Old Triple H was elected to the Senate first in 1948. By this time he ought to know how to draw up a proper law. Or, if that's not sloppy legislating and he believes all that junk he's got in there, you can see why the term Humphrey-type liberal is a code word for laughter.

Humphrey has never understood that the creation of boards, councils, committees and commissions isn't the same thing as substantial accomplishment. He has another bill in the hopper—that baby is his Balanced Growth and Economic Planning Act, which envisions the establishment of the following entities: the Economic Planning Board, the Division of Economic Information, the Council on Economic Planning, the Advisory Committee on Economic Planning and the Division of Balanced Growth. The texts of the bills the man writes are a parody of himself.

Balanced Growth is nothing next to Humphrey-Hawkins. It tackles the problem of joblessness by mandating that the United States Employment Service changes its name to the United States Full Employment Service. That ought to do the job; but if it doesn't, this bill creates a national network of things called "local planning councils," "community public service works reservoirs" and "Job Guarantee Offices," each with its own "Job Guarantee Officer." There is also a beast called the "Standby Job Corps," after which comes a "National Institute for Full Employment" as well as a "National Commission for Full Employment." Staff salaries and per diem expenses for the consultants and advisors are spelled out in some detail, although nothing else is.

Triple H may be more clever than we give him credit for. He may have figured out that he can achieve full employment simply by hiring the entire surplus labor supply into the empty civil service slots he's created.

The bill literally says the government owes everybody a job who's "willing and able" which is defined to mean any human being who can crawl, roll, stumble or crash into a "Full Employment Office." No one is to be excluded by reason of "impairments of sight, hearing, movement, coordination, mental retardation or other handicaps."

In reality this is another nameswitch. Since the bill empowers the government to create any number of jobs by fiat, what will happen is that everyone on every form of welfare will be transferred or "hired" into fictitious jobs. They won't be doing any more productive work than they're doing now, the costs for this charade will be much higher than the present programs, but Humphrey will be able to say he's solved both the unemployment and welfare problems. For a nation that has Ronald Reagan and is unable to understand that creating real jobs and training people to fill them is much more costly than welfare, perhaps the extra billions Humphrey-Hawkins will cost are worth it.

Still, it isn't a full employment program; it's a bill to disguise unemployment, to hide it from ourselves, and as such it exemplifies the liberals' terror at going after root problems, at the structural difficulties that make it impossible for us to put all of our people to work.

Not only does Humphrey-Hawkins hide unemployment instead of curing it, but it also weakens our business system at great peril to the economy. By permitting the government to pay the salaries of workers in private business it invites corruption, declining productivity and subsidizing dying, inefficient, unneeded firms that should be allowed to go under.

The measure's inflationary possibilities are so vast even Senator Ebullient is aware of them. And how does he solve that problem? He just includes a clause ordering the executive branch not to let it happen. Why not?

The bill also orders "job satisfaction for workers, consumer satisfaction for customers and, naturally, help for the small businessman. Any technical problems concerning execution of the legislation are to be taken care of by hiring academics to make studies. This legislation reads as though it were drafted by the editorial board of The National Lampoon.

But don't be too hard on Senator Ebullient. He may have been hanging around Capitol Hill for nigh onto 30 years but he doesn't understand that the Senate is a legislative body. He thinks it's a wishing well.

SOLID EVIDENCE OF A TRICENTENNIAL CELEBRATION

HON. CHALMERS P. WYLIE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. WYLIE. Mr. Speaker, it gives some added perspective to this Bicentennial Year to recall that the freedoms we enjoy today are a gift, not only of our revolutionary forefathers, but of our own parents and grandparents; indeed of each generation that has come between 1776 and 1976. Freedom once won must constantly be defended.

Soon the time will come when those of us here today and those of our generation across this Nation must turn over this awesome responsibility to our sons and daughters.

Recently I had the privilege of speaking to the graduating class of Madison Plains High School in Madison County, Ohio. Three of that class also spoke to the assembled people. Their words reflected a thoughtful awareness of their responsibility as they emerge as adults in a land where they can help shape their own destiny. Even more important, each expressed an eagerness to commit their own strengths to the continuing fight to preserve our heritage.

Their words provided me with encouragement that our tomorrows are secure. As we review our 200-year history this year we must not lose sight of the fact that our heirtage is a living legacy that includes the new as well as the old. I commend the thoughts of Marci Cordetti, Wayne Holland, and John Timmons as solid evidence of the commencement of a tricentennial celebration:

The Day Brewster Clayton III Found Spirit

Brewster Clayton III was an average senior with an average problem. Brewster was about to graduate from high school, about to set out and discover the real world. But while the other seniors were enthusiastically visiting colleges, hunting for jobs, and planning vacations, Brewster, who was not enthusiastic about anything, remained at home watching reruns of Ozzie and Harriet.

One day in Brewsters government class, the seniors were informing their teacher, Miss Monroe, of their plans for the future.

"Why Brewster, began Miss Monroe, "It seems that we've heard from everybody but you! What are your plans? Are you going to attend college?"

"No, that sounds very exciting, but I don't think I'd fit in very well at college."

"I'll bet you're going to find a job."

"No, a job sounds very exciting, but employers always reject me. They say I lack spunk or something. I don't think a job's for me."

"Well Brewster surely you've planned a vacation or trip somewhere."

"No, no, a trip would be very, very exciting, but I couldn't have much fun by myself. No one wants to go on a trip with Brewster Clayton III; they say I'm too dull. No, I guess my time will be devoted to Heather."

"Well Brewster, why didn't you say you were going to settle down and start a family?"

"Oh no, no, no! Heather is my pet snake."

"Brewster, I just can't believe your attitude. The most important part of your life is ahead of you, and you don't seem the least bit excited. Brewster, you know what your problem is? You lack spirit. If you had any spirit at all maybe people wouldn't think you were so dull, employers might consider you, and you'd probably fit in at college. It's hard to accomplish anything without good spirit."

"Spirit, ugh," Brewster thought.

School was dismissed and Brewster scurried home. When he entered his house, he didn't even glance at Heather, but he went straight up the stairs to the attic. And when it was time for Ozzie and Harriet, Brewster didn't come charging down those stairs. No, he stayed up there all night. Could it be that Miss Monroe's lecture had finally reached Brewster? Was he up there making his plans for the future? Maybe Brewster had finally found spirit.

The next day when Miss Monroe entered her classroom, the students were in an uproar. And there in the middle of all those hysterical seniors was Brewster in the craziest getup anyone had ever seen.

Brewster was dressed in his school jacket, a "Spirit of '76" head band, school spirit buttons, and gripped in his hand was his school spirit banner, which he waved about furiously.

"Brewster Clayton III, what are you trying to prove?" demanded Miss Monroe.

"I just wanted to prove to everyone that I could have spirit, too. You know I really don't feel very spirited though."

"Brewster, you've got it all wrong. Spirit is more than a school jacket or a spirit button, a head band or a spirit banner; spirit comes from the heart. A spirited person is enthusiastic in all he does, even if it's good hard work. He is devoted and loyal to his friends, clubs and himself. Being spirited is putting your whole self into everything you do; being eager, courageous, and sometimes bold. Brewster, everyone needs to show a little bit of spirit in order to succeed."

Brewster nodded and smiled, and all his classmates knew that this was the day the Brewster Clayton III found the true meaning of spirit.

The moral of this story is a message to all people. The founders of this country of Independence could not have made it without spirit. Show your thanks to them by expressing your spirit, not only in the year of the Bicentennial, but the rest of your life. And always remember: Without spirit, your goals remain dreams with no future.

(Presented at the 1976 Graduation Exercises of Madison Plains High School by Marci Wells Cordetti, Senior Class President.)

We Come From the Past, To Live in the Present, To Build the Future

Tonight, is the much awaited end for a few of us. But, for the most of us, it is the beginning. The beginning of what? What have we been doing for the past 17, 18, 19 years? Some have taken events and accepted them as they have occurred, having been satisfied with whatever has happened. Some have exerted some effort and have had a few exciting events brighten these past years. Others have put forth all their energies and potentials, and have really enjoyed and lived these past years in high school. Their rewards have been many. What has been the purpose of these years? They have been for the development of character, the growth of body, and the educating of the mind for the beginning that is awaiting us. Again, I ask you, the beginning of what?

A few will be satistfied as they are presently drifting through life. Some will go out and sek a position. A position they will have years from now. Others will go to technical schools, business colleges, or universities. These will also seek positions. There will also be those who will marry the boy or girl next door. Most likely, the greatest majority of us will find our life partner within the next ten years. But whatever, we are now on the threshold of that beginning. The beginning of what—the beginning of life as adults.

Regardless of what each of us decides to undertake we must remember our success will not be measured by our accumulated wealth, material values, or social status, but how we perform our daily tasks and duties, our regard towards others, our attitudes and beliefs of life.

Success can be measured by how we feel about, and accept the things we are doing. Success can mean being satisfied with what we have and can achieve, instead of what we wish we could have achieved.

There is a door somewhere out there in the world, with your name on it. A person's education is the key to that door. All you have to do is realize which door is yours and have the courage to turn the key to open that door and boldly walk through; to conquer whatever tasks that lie on the other side.

Whatever you wish to succeed at in life, make sure you recognize it. Set yourself a goal! Do your best to obtain and fulfill that task that you feel is vital to your existence. Don't just drift aimlessly while you are striving for that goal. You should be happy, for real success lies in the enjoyment and appreciation of the struggle to achieve it.

Regardless of your role in life, don't sit back and settle for just anything that comes your way. Everyone complains about the shape our country and world is in, but few want to step out, set new goals, or take the chance to make some changes.

In ending I would like to quote our class motto. "We came from the past, to live in the present, to build the future." We are the people who can make those changes and reach those goals that we have set. Thank you.

(Presented at the 1976 Graduation Exercises Madison Plains High School by Wayne Charles Holland, co-valedictorian.)

The More You Put In, the More You Will Get Out

As we are gathered here at Madison Plains High School, I am sure that many members of the Class of 1976, realize that tonight will probably be the last time we shall meet as an entire group. Perhaps for some, this past school year has been the last period for reading and studying any book. However, such an idea in today's complex society could result in loss of opportunities and even failure to yourself. We all owe to ourselves, as citizens in a country where freedom has rung for 200 years, that chance to increase our knowledge in hopes of fulfilling our richest dreams through the continuous use of books.

So, we find that tonight is not really the end of anything, but actually just a start. In fact, the word "commencement" itself is defined as the beginning. For some graduates, it may be the beginning to shake away all the old obstacles from the past and start anew, and for others, it may just be a renewal to link onto what they feel is an already successful starting point. In approaching this point together, we find that we all have our differences between us. Yet, we share one common goal in seeking prosperity to meet our needs and wants for self-respect and self-dignity.

This prosperity can be found in whatever career you may choose if the right basis is followed. It may be compared with a machine where it is often said, "The more you put in, the more you will get out."

So, whatever your endeavor may be, then this basis can generally be followed through. Although some graduates find it hard to believe, some students look forward to school each day and overall, they actually like it. You will find that these students are the ones who are involved in clubs, activities, and athletics. They have put their skills into use in the school, for the input, that resulted in banquets and awards from the school to show their appreciation, for the output. Consequently, these students have reached the prosperity they wanted and also, earned a feeling of self-respect for their accomplishments. *We may all reach this self-respect if we always remain prepared and use our best qualities in striving for the best in whatever field it may be.*

In conclusion, I would like to make a closing remark. So far in the 1970's, we have faced different struggles as the Watergate Scandal and the Economic Crisis. So, as we begin our second 200 years, I feel one thought should be in the back of our minds:

From Mark, Chapter 10: Verse 27—"With men it is impossible, but not with God; for with God all things are possible."

(Presented at the 1976 Graduation Exercises at Madison Plains High School by John J. Timmons, co-valedictorian.)

FEDERAL REVENUE SHARING RECEIVES POPULAR SUPPORT

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. GAYDOS. Mr. Speaker, as has been my custom over the past several years, I would like to take this opportunity to insert into the RECORD the results of my latest "home telephone poll," conducted among residents of the 20th Congressional District of Pennsylvania.

As you may recall, I periodically contact approximately 3,000 voluntary participants in this poll to learn their opinions on Federal programs and projects. In addition to being enlightening, the response is indicative of the interest the people of my district have in the activities of our Government.

The latest survey concerned the extension of the Federal revenue sharing program, and the results support the feeling of a majority of the Members of this House, who recently voted overwhelmingly to continue the program. More than 2,500 individuals responded to the poll with the following findings: 1,586—61.2 percent—favored extension of the program, 534—20.6 percent—opposed it, and 470—18.2 percent—were undecided.

In addition, Mr. Speaker, I also have written President Ford advising him of the poll and its findings. I pointed out to the President that not only do the people of the 20th Congressional District of Pennsylvania support the program, but I have found, from personal conversations, that nearly every elected official shares their feelings.

I sincerely hope the President realizes the popular support this program enjoys and signs the necessary legislation as soon as it is passed by the other body and forwarded to him for signature.

CONGRESSIONAL VETO OF ADMINISTRATIVE REGULATIONS MAY BE A CURE WORSE THAN THE DISEASE

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. DRINAN. Mr. Speaker, amidst the growing interest in eliminating needless and counterproductive bureaucratic rules and regulations there have emerged several legislative proposals to give Congress the power to veto any administrative regulation. While I welcome all efforts to make our Federal agencies more efficient and responsive to national needs, I am unconvinced that administrative veto provisions would constitute a constructive step toward that objective. On the contrary, such provisions would tie up congressional resources, delay the regulatory process, enhance the political power of wealthy corporate interests, and politicize the entire Federal bureaucracy. Moreover, it is likely that administrative veto provisions violate the separation of powers doctrine of the Constitution.

If laws establishing Federal agencies are inadequate, they should be amended or rewritten by the Congress. We can insure that these agencies operate more efficiently by expanding oversight and by carefully evaluating their accomplishments and deficiencies during the annual appropriations process. But let us not add an additional layer of bureaucracy to make the existing agencies more effective. Congress cannot possibly do the work of the executive branch; our task is to legislate.

An excellent evaluation of the administrative veto proposals has been prepared by the public interest organization headed by Ralph Nader, Congress Watch. I urge all of my colleagues to study this incisive memorandum:

ADJUSTMENT AGAINST A STATUTORY POWER OF CONGRESSIONAL VETO OF AGENCY RULES

The congressional veto is a product of the recent surge in efforts to reform federal agencies and to end unnecessary and counterproductive regulation. Yet it is clear from the mass of regulations Congress will have to consider as well as the confusion, delay, uncertainty and potential Constitutional problems that Congress would not reduce government, but increase its burden. The difficulties raised by a congressional veto over agency regulations will only add another layer of government between a problem and its solution, and could possibly slow other, more useful attempts to restructure and streamline federal agencies.

An even-handed, consistent evaluation of the regulations subject to a Congressional veto would require that each Committee have its staff review virtually every regulation, with the accompanying volumes of hearing records, which falls under its jurisdiction. But because of the large number of regulations issued every day, it is inevitable that only a few rules will receive Congressional attention. Because there are no criteria laid out for the selection of these few rules those private groups with the most political influence will bring enormous pressure to bear for a veto of rules they don't favor. With the multimillion dollar budget and other resources that the oil industry, banks, National Association of Manufacturers, Chamber of Commerce, and others have available to guide any legislation affecting them, these groups will have a considerable influence on Congress as it determines which regulations should be challenged. Thus, if Congress does not review all rules promulgated by Federal agencies, Congress will abdicate responsibility for choosing regulations which need consideration to private interests.

On the other hand, review of all regulations promulgated by agencies is also undesirable. Under the existing procedures for oversight of federal agencies, Congress has wisely focused its attention on questions of whether the agency has been tenacious and effective in carrying out its statutory mission. A comprehensive review of all the detailed regulations which each agency has promulgated would be extremely time consuming without comparable accompanying benefit. In the course of 10 working days, over 250 separate regulations adopted by administrative agencies are printed in the Federal Register, and each of these rules is supported by hearing records which include volumes of substantive materials. In a single FTC rulemaking proceeding, for example, these documents comprised a record of over 30,000 pages.

ALTERNATIVES TO THE CONGRESSIONAL VETO

Proponents of a Congressional veto imply it is the only way the policies of federal agencies can be adequately reviewed and controlled. This is simply not true, as the variety of alternative means for controlling agencies illustrate:

Congress should amend, rewrite or revoke legislation which is unworkable—not subject it to piecemeal scrapping by Congressional veto of individual regulations issued to implement the law. In fact, Congress has just done this with respect to motorcycle helmet requirements which the National Highway Traffic Safety Administration had sought to impose on the states, and which Congress has specifically prohibited the agency from putting into effect. See Section 208(A) of Public Law 94-290.

Greater Congressional oversight is imperative. It should be comprehensive and conducted on a regular basis, with specific staff assigned to review agency actions. The importance and potential effectiveness of regular oversight was recognized by the Senate as its recent approval of a permanent committee to oversee intelligence activities illustrates. Energetic oversight, by itself, can provide Congress with the capacity to reign over a wayward or capricious bureaucracy.

Stricter standards for the appointment process must be developed. The present tone and format of many confirmation proceedings suggest that the Senate can only reject the nominated appointee if the Senate can show that the nominee has acted illegally or immorally. Instead, the Senate should shift the burden to the nominees, requiring them to demonstrate that they are qualified for the particular office to which they have been nominated. Both the Senate and House should include in statutes creating appointive positions the particular qualifications which the nominee must satisfy, including relevant experience, full financial disclosures, the placing of assets in "blind" trusts, and the absence of any conflicting ties with the industries or groups to be regulated.

Expanding the opportunities for judicial review of agency actions would increase accountability of federal agency actions. Provisions for greater access to the courts for citizens to challenge illegal agency actions, and for a Congressional counsel to permit legislators to file suit to enjoin unlawful agency actions, would guarantee agency behavior that more closely follows Congressional mandates. Citizens should also be reimbursed through attorney and expert witness fees for participation in agency proceedings where they represent a small economic interest and in judicial review of agency actions where the citizen substantially prevails.

Through its control of the authorizations for the federal agencies, Congress has a potent tool for dealing with recalcitrant agencies which persist in circumventing Congressional policies. Withdrawal of funding authority for actions that Congress thinks are unjustified can ensure agency actions that coincide with the will of Congress.

Finally, Congress should place greater reliance on the appropriations process. A few examples suggest that this instrument can be quite effective in controlling agency actions. The House amended the Conference Report on HEW appropriations to forbid expenditure of money to enforce sex integration of physical education classes which HEW had mandated by regulation. Congress also prevented EPA from spending its appropriations to enforce parking surcharges to discourage consumption of fuel by commuters driving to work. As EPA Administrator Russell Train said, "If you're not allowed to spend money on a program, legally you can't pursue the program."

IT WOULD CREATE INCREDIBLE PRACTICAL PROBLEMS IN IMPLEMENTING AGENCY RULES

The effective date and substance of the final, approved rule will remain totally uncertain for months after it has been promulgated:

It is unclear which rules are subject to a veto. Some Congressional veto statutes do not cover rules of "agency organization, practice, and procedure" or rules "granting or recognizing an exception or relieving a restriction." Neither Congress nor the courts have indicated or will know with greater specificity or certainty what kinds of rules would be vetoed.

It is uncertain when the veto is to take effect. The veto is effective after "90 days during which Congress is in session," but if 90 working days are not accumulated prior to the end of the session, the 90 day countdown must start anew. Delay and uncertainty are compounded because in counting "90 days," 3 day recesses, vacations, election and convention breaks further delay and confuse the process.

It is unclear which provisions of the rule will take effect. Since the rule can be sent back for agency reconsideration by either house instead of subjecting it to a veto, the individuals or groups affected by the regulation cannot even be sure that the substantive provisions of the regulation will remain unchanged.

The procedure adds substantial delay to the regulatory process. Any measure for regulatory reform should reduce rather than increase the impediments that delay agency activities.

Agencies will shift to case by case adjudication, a time-consuming, duplicative and burdensome approach rather than formulate rules which would be subject to Congressional veto.

Those opposed to the rules may no longer desire to participate at the agency level, since it may be more productive to reserve their primary efforts to seeking a Congressional veto.

Because of the time limits found in most statutes authorizing judicial review, aggrieved parties will be forced to file for judicial review before Congressional veto activity is completed, thus wasting the time of litigants and courts concerning a rule eventually vetoed. To correct this deficiency it would be necessary to postpone judicial review, and the ultimate fate of the regulation, for as much as an additional year, thus adding delay, making an accurate effective date for a regulation impossible.

IT WILL COST AMERICAN BUSINESS MILLIONS

The incredible delay, uncertainty and confusion caused by this procedure will inevitably cost businesses money. If a business begins to comply with a regulation after it is promulgated, the expense may prove wasted if the rule is vetoed. Or, if they wait for completion of the veto process instead, the cost of complying rises during the delay. Informing Congress of industry views could become a potential nightmare to any business planner: first in Congress as the bill is passed, then at the agency level as a rule is considered during the veto process, then possibly back to the agency if Congress votes to force agency reconsideration, then back to Congress, then to the courts for judicial review.

IT VIOLATES THE CONSTITUTIONAL PRINCIPLE OF SEPARATION OF POWERS

Antonio Scalia, deputy attorney general, Department of Justice, has testified on behalf of the Administration that this bill is unconstitutional in two ways: it violates the doctrine of the separation of powers, and contravenes specific provisions of Article I of the Constitution (Section 7, clauses 2 and 3) which the Department believes specifically forbids Congressional review devices such as the veto. No additional questionably constitutional veto provisions should be adopted until this issue can be tested in the courts, as President Ford has said he intends to do.

IT WILL GIVE LOBBYISTS A "SECOND CHANCE" AT UNDERMINING FEDERAL LAWS WHEN THEY FAILED TO STOP LEGISLATION ON ORIGINAL PASSAGE

Once this procedure is adopted, the lobbying forces which actively fought to defeat strong health, safety, antitrust, credit discrimination, environmental and other socially desirable pieces of legislation, yet failed to weaken them on original passage, will march back to Capitol Hill to legislation already passed by Congress. The hearings on this legislation are continuously laced with claims that the Occupational Safety and Health Administration (OSHA) and the Environmental Protection Agency (EPA) regulations have a different effect than envisioned when Congress wrote the original acts. There is an abundance of handwringing over the constituency mail spawned by OSHA regulations being enforced in small business establishments. And yet the legislative history of OSHA shows that all legislative attempts to differentiate between small and large businesses were defeated by Congress; the legislation unequivocably expressed the legislative intent that all employees deserved to be protected against unsafe working conditions no matter how many employees the employer had hired. The remedy for legislators' unhappiness with OSHA or EPA regulations is to amend the act, not to veto the regulations.

IT WOULD SERIOUSLY HAMPER PUBLIC PARTICIPATION IN RULEMAKING

Under the current tax laws, many groups with expertise in certain areas who actively participate in agency-level proceedings are prohibited from lobbying because their funding comes from tax-deductible contributions. Thus, although they may participate at the agency proceedings, the views of these groups could not be made to legislators when a veto of a rule is being considered. By contrast, profit-making businesses may deduct their expenses for lobbying Congress as well as for participating in agency proceedings at an incalculable cost to the Treasury.

Members of the general public, including public interest organizations, operate on extremely limited budgets, which will have to be stretched twice as far if rules are considered by Congress as well as by the agencies. Because non-tax-deductible dollars are so difficult to raise, there are very few public interest lobby groups, and with their meager funds, they will be forced to choose between expending their resources on legislation or Congressional veto activity.

IT ACTUALLY MAY REDUCE ACCOUNTABILITY OF FEDERAL AGENCIES

In practical terms, the Congressional oversight resulting from this legislation constitutes an incomplete look at individual regulations, instead of a coordinated policy review of the agency's overall activities. Oversight on a case-by-case basis neglects the long-range policies and decisions with which Congress ought to concern itself. Use of the Congressional veto will result in a dilution of the effects of Congressional oversight, as committees become bogged down with reviewing a morass of particular regulations.

IT WILL CREATE ENORMOUS ADDITIONAL ADMINISTRATIVE BURDENS FOR CONGRESS

Having decided broad public policy issues, Congress has repeatedly and prudently delegated the day-to-day decisions for implementation to federal agencies. These agencies have the staff and technical expertise to develop comprehensive and specific regulations on matters which are often highly specialized and complex, including the safety standards of airplanes, health standards for drugs or the permissible language to be used on a limited warranty. Congress has neither the personnel nor the expertise to review these regulations: the amount of time required to read, let alone adequately evaluate, these regulations is beyond the capacity of a legislative body as presently staffed and structured.

IT CANNOT FORCE MORE OVERSIGHT FROM THE SAME STAFF RESOURCES

The Congressional veto bills imply that merely authorizing the Congressional veto will result in increased agency accountability and more effective Congressional oversight. This is a false promise: no greater oversight can ensue without provisions for additional staff positions. Only a perfunctory examination of the multitude of rules subject to the veto is likely to result, and even to accomplish this, many other issues will have to be given short shrift.

If the veto legislation remedied this deficiency by providing for more staff members for oversight functions, it would also render the veto provision superfluous because the additional staff should be sufficient to remedy the failures attributed to the current efforts of the various committees which now oversee federal agencies.

IT WILL INVITE "WHOLESALE POLITICIZATION" OF FEDERAL AGENCIES

Federal agencies are formed for the technical expertise they lend to problems and solutions, and independent regulatory agencies are created primarily to provide such expertise and also some insulation from political influence on federal decision making. Both these benefits are lost when agency actions are subjected to the politically influenced and cursory examination likely to result from the hurried Congressional veto process. Agency rules will reflect the viewpoint of the most powerful lobbyists and pressure groups, since the agency will strive to avoid their opposition to a rule under the Congressional veto process and will weaken the rule to accommodate opposition. The regulations which will result from such politicization will reflect the lowest common denominator of all potential political objections, and will tend to result in innocuous half-steps toward problem-solving, disappointing all parties concerned.

THE CONGRESSIONAL VETO WILL ADD ANOTHER LAYER OF BUREAUCRACY TO CONGRESSIONAL OVERSIGHT

Under current procedures, final validation of agency regulations is completed at the agency level after comprehensive hearings, tests and extensive testimony by the public and government officials. The Congressional veto provisions would require a wasteful and redundant repetition of this infromation-gathering process at the Congressional level as well, since the whole show would shift to Congress when the rule comes up for review. Thus, instead of controlling the growth of bureaucracy, this procedure just adds to it.

THE PROBLEM SOUGHT TO BE REMEDIED DO NOT JUSTIFY THIS PROCEDURE

The provisions of the proposed Congressional veto will result in wasteful redundancy, extensive time delays, additional burdens on oversight committees, and prolonged uncertainty. Such extraordinary procedures could only be justified by extraordinary needs and problems. Yet, a detailed reading of the hearing record on the Congressional veto produces few examples of the need for this procedure. Rather, one finds example after example of agency regulations with which various interests were displeased which currently-available means of challenging the rule could resolve. These include appropriations, amendments or judicial review which often were not even atempted or, when they were, were successful.

RED CROSS CERTIFICATE OF MERIT

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. FLORIO. Mr. Speaker, the American National Red Cross has informed me that three southern New Jersey residents will receive the Red Cross Certificate of Merit, the highest award given by the Red Cross to a person who performs a lifesaving technique using skills learned in a volunteer training program offered by the Red Cross.

One of these individuals, Ms. Edna A. Hammond, resides in my congressional district in Barrington, N.J., while the other two individuals, Mr. Albert F. Wilson and Ms. Dorothy M. Fean live in Congressman BILL HUGHES' district.

Let me recount the events which led to this outstanding recognition as related to me by the Red Cross:

On August 13, 1975, Ms. Hammond, Patrolman Wilson, and Ms. Fean, trained in Red Cross first aid, were in Strathmere when a drowning victim was reported on Patrolman Wilson's radio. Arriving at the beach, Patrolman Wilson was the first of the three to reach the victim and assisted immediately in the artificial respiration procedure. Ms. Hammond and Ms. Fean then arrived and assisted by giving mouth-to-mouth resuscitation. They also accompanied the victim in the ambulance en route to the hospital, providing assistance in the revival efforts. Without doubt, the prompt and concerted efforts of Ms. Hammond, Patrolman Wilson, and Ms. Fean were responsible for sustaining the victim's life until medical treatment could be obtained.

Mr. Speaker, I think it is indeed fitting that these individuals be so honored and that their certificate will bear the original signature of the President of the United States and that of Mr. Frank Stanton, chairman of the American Red Cross.

ETHICS PROCEDURE REFORM AMENDMENT

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. ANDERSON of Illinois. Mr. Speaker, I am today being joined by 70 House Members in introducing an amendment to the House rules to permit a majority of this body to direct the Committee on Standards of Official Conduct to undertake an investigation of alleged misconduct if it fails to initiate one within 15 legislative days after it has received a properly filed complaint or resolution of censure or expulsion. The amendment would also require the committee to report back its findings and recommendations to the House once it has undertaken an investigation.

Mr. Speaker, this amendment to clause 4(e) of rule X is necessitated by the fact that the House is currently precluded from directing the Ethics Committee to undertake an investigation. The present rule states that the commitee may only undertake an investigation on a majority vote of the commitee. As Members know, the Ethics Committee is completely bipartisan, consisting of six Democrats and six Republicans. Since seven votes are required to initiate any investigation, a tie vote could block an investigation, no matter how justified a complaint might be. For the House to override the committee in such a situation, it would now be necessary to receive a waiver from the Rules Committee of the committee majority approval requirement. It seems to me it should not be necessary for the House to have to waive its rules in order for a House majority to direct the committee to undertake an investigation. The right of each House to punish its Members is a high privilege under the Constitution. The right of each House to ascertain the full facts of a particular allegation of misconduct should also have a privileged status if we are to act in an informed and responsible manner in handling this most serious constitutional obligation. I would point out that this amendment to the rules would not grant privileged status to any resolution called up on the floor which directs the Ethics Committee to conduct an investigation. The only persons who could be recognized for this purpose would be those who had transmitted a legitimate complaint to the committee or those who had introduced resolutions of punishment which had been referred to the committee; and then, they would only be recognized for this purpose if the Ethics Committee voted against undertaking an investigation or took no action on the matter 15 days after the receipt of the complaint or referral of the resolution.

Mr. Speaker, the other thing which this amendment does is to mandate the committee to file a report with the House on any investigation it undertakes. Prior to the adoption of the Committee Reform Amendments of 1974—House Resolution 988—there was such a mandatory reporting requirement for the Ethics Committee in our House rules. For some reason, either intentional or inadvertently, the 1974 rules changes made the reporting requirement discretionary with the committee. I think the House is entitled to a report on any investigation undertaken by the Ethics Committee and this amendment would restore the mandatory reporting requirement.

Mr. Speaker, I am hopeful this ethics procedure reform amendment will receive an early hearing in the Rules Committee. All it attempts to do is to protect the constitutional prerogatives of the House when it comes to disciplining its own membership. It gives the House majority a privileged right to order an Ethics Committee investigation of misconduct when proper charges are pending before that committee, and it requires a report from that committee once it has undertaken any investigation. We should not have to set aside our rules for the House majority to act in an informed and responsible manner when it comes to the serious business of punishing our own Members. We must have all the facts and we cannot give the Ethics Committee any discretion in reporting those facts to us.

Mr. Speaker, at this point in the RECORD I include the text of the ethics procedure reform amendment along with the list of 70 House cosponsors:

H. RES. 1345

(Introduced by Mr. ANDERSON of Illinois)

Resolved, That rule X of the Rules of the House of Representatives is amended in the following way:

Rule X, clause 4(e)(1)(B) is amended to read as follows:

"(B) to investigate, subject to subparagraph (2) of this paragraph, any alleged violation, by a Member, officer, or employee of the House, of the Code of Official Conduct or of any law, rule, regulation, or other standard of conduct applicable to the conduct of such Member, officer, or employee in the performance of his duties or the discharge of his responsibilities, and after notice and hearing, *shall* recommend to the House, by resolution or otherwise, such action as the committee may deem appropriate in the circumstances;"

Rule X, clause 4(e)(2) is amended by adding the following:

"(E) If the committee fails to undertake an investigation of a complaint transmitted by a Member in accordance with the provisions of this paragraph, or of a resolution of censure, expulsion or other punishment which has been referred to the committee, within 15 legislative days after the receipt of the complaint or referral of the resolution, it shall be in order in the House, as a matter of high privilege, for a Member who has transmitted such complaint or introduced such resolution, to move to proceed to the consideration of a resolution authorizing and directing the committee to undertake an investigation of the matter mentioned in the complaint or resolution, and to report back to the House, by resolution or otherwise, its findings and recommendations. The motion is not debatable. An amendment to the motion is not in order, and it is not in order to reconsider the vote by which the motion is agreed or disagreed to. Debate on the resolution shall be limited to not more than two hours, which shall be divided equally between those favoring and those opposing the resolution. A motion to further limit debate is not debatable. An amendment to or motion to recommit the resolution is not in order and it is not in order to reconsider the vote by which the resolution is agreed or disagreed to."

HOUSE COSPONSORS OF ETHICS PROCEDURE REFORM AMENDMENT

Mark Andrews (R-N. Dak.).
Bill Archer (R-Tex.).
Max Baucus (D-Mont.).
Michael T. Blouin (D-Iowa).
Wm. S. Broomfield (R-Mich.).
Clarence J. Brown (R-Ohio).
Clair W. Burgener (R-Calif.).
M. Caldwell Butler (R-Va.).
Bob Carr (D-Mich.).
Elford A. Cederberg (R-Mich.).
James C. Cleveland (R-N.H.).
William S. Cohen (R-Maine).
Lawrence Coughlin (R-Conn.).
Thomas J. Downey (D-N.Y.).
Robert F. Drinan (D-Mass.).
John J. Duncan (R-Tenn.).
Pierre S. du Pont (R-Del.).
Robert W. Edgar (D-Pa.).
David F. Emery (R-Maine).
Edwin D. Eshleman (R-Pa.).
Joseph L. Fisher (D-Va.).
Edwin B. Forsythe (R-N.J.).
Donald M. Fraser (D-Minn.).
Willis D. Gradison, Jr. (R-Ohio).
Charles E. Grassley (R-Iowa).
Gilbert Gude (R-Md.).
Tom Hagedorn (R-Minn.).
Tom Harkin (D-Iowa).
Frank Horton (R-N.Y.).
William J. Hughes (D-N.J.).
Henry J. Hyde (R-Ill.).
Andrew Jacobs, Jr. (D-Ind.).
James M. Jeffords (R-Vt.).
James P. Johnson (R-Colo.).
Robert W. Kasten, Jr. (R-Wisc.).
Richard Kelly (R-Fla.).
Jack F. Kemp (R-N.Y.).
William M. Ketchum (R-Calif.).
Edward I. Koch (D-N.Y.).
John Krebs (D-Calif.).
Robert J. Lagomarsino (R-Calif.).
Norman F. Lent (R-N.Y.).
Trent Lott (R-Miss.).
John Y. McCollister (R-Nebr.).
Matthew F. McHugh (D-N.Y.).
Steward B. McKinney (R-Conn.).
Andrew Maguire (D-N.J.).
James R. Mann (D-S.C.).
James G. Martin (R-N.C.).
Romano L. Mazzoli (D-Ky.).
Clarence E. Miller (R-Ohio).
Norman Y. Mineta (D-Calif.).
Toby Moffett (D-Conn.).
Joel Pritchard (R-Wash.).
Al H. Quie (R-Minn.).
John J. Rhodes (R-Ariz.).
Matthew J. Rinaldo (R-N.J.).
J. Kenneth Robinson (R-Va.).
J. Edward Roush (D-Ind.).
Ronald A. Sarasin (R-Conn.).
Garner E. Shriver (R-Kans.).
Paul Simon (D-Ill.).
Virginia Smith (R-Nebr.).
Don Clausen (R-Calif.).
William A. Steiger (R-Wisc.).
Charles Thone (R-Nebr.).
Bob Traxler (D-Mich.).
Lionel Van Deerlin (D-Calif.).
Larry Winn, Jr. (R-Kans.).
C. W. Bill Young (R-Fla.).
Gladys Noon Spellman (D-Md.).

CHAIRMAN PASSMAN REPORTS FOREIGN AID GIVEAWAYS SINCE 1946 EXCEED $300 BILLION REPRESENTING FINANCIAL DRAIN ON UNITED STATES, CONTRIBUTING GREATLY TO NATION'S UNBALANCED BUDGET

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. EVINS of Tennessee. Mr. Speaker, the foreign aid program continues to roll along on a maze of justifications for assistance to some 98 nations and 8 territories.

The recent report of the Subcommittee on Foreign Assistance Appropriations for fiscal 1977, recommends a total of $4,946,198 for fiscal 1977—this is more than was appropriated last year—fiscal year 1976. The report indicates that a $18,658 balance is in the foreign aid giveaway and remains unexpended.

This report shows a total cost of foreign assistance to the United States from 1946 through 1976—a total of $307,422,435.

That includes in excess of $122½ billion as interest "on what we have borrowed to give away," according to the report.

The report is both enlightening, revealing, and depressing.

The distinguished and able chairman of the Subcommittee on Foreign Assistance Appropriations, the gentleman from Louisiana (Mr. PASSMAN) is certainly one of the most able and knowledgeable experts in the field of foreign aid appropriations.

He is diligent, capable, and ever watchful for opportunities to save tax dollars.

He knows the foreign aid program in great detail and depth. It is my information that he has consistently voted against all foreign aid authorization bills.

However, as chairman of the Subcommittee on Foreign Assistance Appropriations, he must carry out the law—which is to carry out the essential mandates of the Congress.

Chairman PASSMAN, over the years, has held foreign aid appropriations to a minimum and made cuts whenever possible. I judge that if it were not for the vigilance of our friend, the gentleman from Louisiana (Mr. PASSMAN) expenditures would have been much greater.

He has saved the taxpayers millions and billions of dollars— and he deserves our praise and commendation for his efforts to hold down foreign aid expenditures.

Chairman PASSMAN has cut and reduced foreign aid appropriations requests substantially over the years and at one time, the level of foreign aid was declining. However, recently, foreign aid is again on the rise and this is primarily attributable to commitments made by Secretary Kissinger and this administration. It is estimated that the Sinai accords will result in $10 billion in additional foreign aid. Secretary Kissinger participated in these negotiations and agreed and assented to these expenditures resulting from these accords.

A list of the nations and territories that have received foreign aid assistance over the years follows:

Total net foreign assistance to 137 nations and 9 territories of the world, fiscal year 1946 through fiscal year 1976, estimated

[In thousands of dollars]

Afghanistan	$467,291
Albania	20.400
Algeria	457,591
Argentina	410,920
Australia	214,000
Austria	1,219,525
Bahamas	28,200
Bahrain	841
Bangladesh	1,075,313
Barbados	1,634
Belgium-Luxembourg	1,759,400
Belize (British Honduras)[1]	7,921
Bermuda[1]	22,500
Bhutan	68
Bolivia	714,480
Botswana	39,825
Brazil	3,431,479
Brunei[1]	17,700
Burundi	12,102
Burma	157,900
Cambodia	2,132,900
Cameroon	51,995
Canada	295,900
Cape Verde Islands	5,202
Central African Republic	10,261
Chad	23,629
Chile	1,325,305
China, Republic of	6,277,300
Colombia	1,365,331
Congo (Brazzaville)	8,642
Costa Rica	200,311
Cuba	45,500
Cyprus	80,000
Czechoslovakia	189, 500
Dahomey (Benin)	18,417
Denmark	928,800
Dominican Republic	574,169
East Germany	800
Ecuador	313,408
Egypt	2,036,563
El Salvador	166,148
Ethiopia	611,745
Finland	—30,500
France	7,215,200
Gabon	14,042
Gambia	9,943
Ghana	253,079
Germany and Berlin	3,767,800
Greece	4,324,000
Guatemala	365,690
Guinea	128,082
Guinea-Bissau	3,322
Guyana	92,372
Haiti	162,062
Honduras	228,158
Hong Kong and Macao[1]	95,000
Hungary	12,500
Iceland	43,400
India	8,096,221
Indochina (Undistributed)	1,542,500
Indonesia	2,182,087
Iran	2,330,142
Iraq	84,400
Ireland	58,200
Israel	7,457,172
Italy	5,461,500
Ivory Coast	130,436
Jamaica	157,823
Japan	3,305,100
Jordan	1,544,596
Kenya	166,108
Korea	12,116,138
Kuwait	—2,400
Laos	2,569,100
Lebanon	155,371
Lesotho	26,413
Liberia	241,693
Libya	220,200
Malagasy Republic	16,081
Malawi	31,348
Malaysia	147,019
Maldives	20
Mali	79,538
Malta	62,312

Total net foreign assistance to 137 nations and 9 territories of the world, fiscal year 1946 through fiscal year 1976, estimated—Continued

[In thousands of dollars]

Mauritania	24, 067
Mauritius	16, 482
Mexico	551, 600
Morocco	876, 218
Mozambique	850
Nepal	205, 779
Netherlands	2, 158, 800
New Zealand	87, 700
Nicaragua	282, 621
Niger	60, 532
Nigeria	437, 868
Norway	1, 461, 600
Oceana, Other	15, 775
Oman	538
Pakistan	4, 956, 727
Panama	394, 526
Papua New Guinea	25, 900
Paraguay	158, 914
Peru	667, 845
Philippines	2, 484, 470
Poland	555, 600
Portugal	588, 025
Romania	62, 000
Ryukyu Islands [1]	403, 200
Rwanda	12, 924
Sao Tome e Principe	170
Saudi Arabia	108, 800
Senegal	67, 055
Seychelles [1]	825
Sierra Leone	60, 671
Singapore	93, 259
Somalia	84, 700
South Africa, Republic of	−34, 100
Southern Rhodesia [1]	900
Spain	2, 439, 625
Sri Lanka	281, 230
Sudan	152, 624
Surinam	8, 700
Swaziland	10, 406
Sweden	231, 100
Switzerland	98, 400
Syria	270, 452
Tanzania	161, 145
Thailand	2, 008, 853
Togo	30, 208
Trinidad and Tobago	55, 700
Trust Territory of the Pacific [1]	592, 700
Tunisia	777, 672
Turkey	6, 596, 100
Uganda	42, 400
United Kingdom	6, 222, 200
U.S.S.R.	1, 216, 100
Upper Volta	47, 162
Uruguay	214, 936
Venezuela	291, 730
Vietnam, So	22, 751, 500
West Indies, Other	55, 741
Western Samoa	1, 698
Yemen Arab Republic	70, 013
Yemen, Dem. Rep. of	4, 500
Yugoslavia	2, 815, 400
Zaire	710, 599
Zambia	30, 624
CENTO	52, 400
Regional and Worldwide [2]	24, 929, 776
Total, net disbursments to foreign nations, fiscal years 1946–1976 (est.) [3]	181, 628, 719
Total net interest paid on what we have borrowed to give away, fiscal years 1946–1976	125, 793, 716
Grand total—Cost of foreign assistance, fiscal years 1946–1976	307, 422, 435

[1] Indicates territories.

[2] Includes paid-in capital subscriptions to international financial institutions and voluntary contributions to the United Nations, the Organization of American States, and other international/regional organizations.

[3] $161,418,000,000 should be added to the above amounts which represent Department of Defense expenditures in Korea, South Vietnam, and other areas of Southeast Asia and the Far East.

NOTE.—Totals may not add due to rounding.

It is also interesting to note that while the administration was recommending a foreign aid bill with substantial increases, the Administration is recommending cuts and a slow down and phase out of many public works projects in the United States.

In my view, the administration's priorities need to be reversed. The time has long passed for a revamped, revised and substantially reduced foreign aid program—with any continuing foreign aid confined to suffering caused by natural disasters, famines, floods, earthquakes, human needs and human suffering.

The continuing drain on the Federal Treasury is enormous and foreign aid outlays in excess of $300 billion have contributed greatly to the Nation's current unbalanced budget situation.

It is generally recognized that the foreign aid program is wasteful and disgraceful and is not creating friends for the United States.

OSHA REFORM

HON. LARRY PRESSLER

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. PRESSLER. Mr. Speaker, I believe that on-the-job safety is a goal which should be encouraged in every industry. Having grown up and worked on a family farm near Humboldt, S. Dak., I must say that I got a good chuckle—although it may have been rooted in frustration—from OSHA's regulations regarding field sanitary facilities.

One of the most absurd regulations OSHA proposes is that each agricultural worker be a mere 5-minute walk from a "convenience." I certainly do not wish to go into great detail about these proposed regulations, lest I be accused of propagating "privy" humor on the House floor. However, one of my constituents, an agricultural engineer from a South Dakota university, illustrated the problem a cowboy might have complying with these proposed regulations in his letter to OSHA. He wrote:

> Picture a group of cowboys going out to bring in a bunch of cattle. They will ride several miles from the ranch headquarters, be gone for more than two hours, and be widely separated at times (more than five minutes from each other or a privy). To comply with the standards, each cowboy will have to hitch a privy behind his horse.

I support my colleague from Kansas in his effort to exempt agricultural employers who employ 10 or less individuals from OSHA regulations. Such an exemption is needed until OSHA demonstrates the need for regulations such as the field sanitary facilities, and until OSHA displays more sensitivity to the actual nature of farming operations.

BUTZ PLAYS POLITICS WITH PEANUT PAYMENTS

HON. JOSEPH E. KARTH

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. KARTH. Mr. Speaker, Secretary of Agriculture Earl Butz has taken time out from his Russian grain deals, which threaten once again to raise the price of bread on American workers' tables, and time out also from his callous and unconscionable campaign to curtail the availability of food stamps to needy families, in order to attack peanut subsidies—or, rather, one former peanut subsidy recipient.

The Secretary's fertile—or fertilized—imagination, depending on how you look at it, has driven him to the decision that one former peanut subsidy beneficiary should be made a campaign issue in the election of 1976.

The former beneficiary, of course, is former Georgia Governor Jimmy Carter, now a front-running Presidential candidate. At a recent news conference in New Orleans, Mr. Butz, by some weird, twisted reasoning, concluded that Mr. Carter's acceptance years ago of subsidy payments should be made a 1976 election issue. The Secretary declared:

> It will be (an issue) if I can make it that.

Mr. Speaker, I said even if it were true that it was by "weird, twisted reasoning" that Jimmy Carter was singled out. I meant exactly that. I have been doing a bit of digging into the peanut subsidy program and I have discovered that under that program administered by Secretary Butz 60,000 American peanut farmers receive Federal price-support subsidies. Sixty-thousand peanut growers, Mr. Speaker, and this reckless, vindictive bureaucrat picks out only one—and erroneously attacks him as a current participant in the subsidy program. Yes, the straightforward fact is—according to statistics culled from Secretary Butz's own departmental records—that Jimmy Carter does not receive one penny in Federal subsidies, not this year, not last year, nor in the year before that.

In 1971 and 1973 Jimmy Carter, along with the country's 59,999 other peanut farmers, was paid a price-support subsidy. That subsidy in 1971 amounted to just $1,280; in 1973 it came to the towering sum of $1,448.

Jimmy Carter's subsidy was for 244 acres devoted to peanut cultivation. This was at a time when the Agriculture Department was paying subsidies on 1,610,000 acres cultivated to peanuts.

Let us run through that again. Jimmy Carter was one of 60,000 peanut farmers who in accord with the law received a subsidy, and Carter received the subsidy for only 2 years. The subsidy program has been in effect for 35 years—since 1941. Carter's 244 acres of peanuts stack up, pretty literally, as "peanuts" against the total 1,610,000 of subsidized peanut acreage. Since Butz has a sudden interest in peanuts, this calculates out as a bit more than one-hundredth of 1 percent of the total peanut acreage.

Patently, this is peanut politics at its pettiest and most pernicious. If this is the best that Earl Butz can do in finding principled issues for 1976 I tremble for the future of American agriculture, as long as it remains under his control, and I tremble for the Republican Party, as long as Butz remains one of its chief spokesmen and policymakers.

The St. Paul Dispatch has taken a realistic editorial overview of the Butz decision to make the Carter case a campaign issue, and has properly titled its editorial "A Nutty Issue." The Dispatch explodes the whole Butzian political ploy in these observations:

> If Butz thinks peanut subsidies are improper, why doesn't he have the Ford Administration sponsor legislation to abolish them? Little can be gained from railing at one political candidate who happens to have accepted the subsidy to which he is legally entitled. How many business corporations have turned down the offer of federal assistance?

Touche. And also, amen.

Mr. Speaker, because the St. Paul Dispatch editorial is a trenchant assessment of this spurious "campaign issue," I insert the full text of the editorial in the RECORD at this point:

A NUTTY ISSUE

Agriculture Secretary Earl Butz has renewed his efforts to make a campaign issue of the fact that Jimmy Carter's peanut farm has received federal subsidies.

"It will be (an issue) if I can make it that," Butz said at a news conference in New Orleans.

One wonders how that can be done—or why Butz would want to try. It certainly is no secret that Carter, who appears to be headed for the Democratic presidential nomination, has received federal peanut subsidies. But so have hundreds of other peanut farmers in Georgia and other peanut-growing states.

Has Carter received money illegally? Not even Butz has accused him of that. Peanut subsidies are the law of the land and as long as a grower meets the requirements he is entitled to receive them.

And where do they come from? Why, right from Butz's Department of Agriculture, of course. If Butz thinks peanut subsidies are improper, why doesn't he have the Ford Administration sponsor legislation to abolish them? Little can be gained from railing at one political candidate who happens to have accepted the subsidy to which he is legally entitled. How many business corporations have turned down the offer of federal assistance?

There is evidence that federal peanut subsidies result in the growing of excess peanuts and that the money might be put to better use. That would be a legitimate issue, all personalities aside.

But Butz doesn't seem to be interested in the real issue of subsidies. His attack is purely personal and groundless.

"I think he (Carter) ought to get his income from the market place and not out of the public path," Butz said. A lot of us think that about Earl Butz.

TWO HUNDRED YEARS AGO TODAY

HON. CHARLES E. WIGGINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. WIGGINS. Mr. Speaker, 200 years ago, on June 25, 1776, the Pennsylvania delegates, acting under instructions from their colony, read a declaration in the Continental Congress, "expressing their willingness to concur a vote of Congress, declaring the United Colonies Free and Independent States."

That same day, seeking to bolster the defense of the Northern Department because of the military debacle in Canada, Congress urged New Hampshire, Massachusetts and Connecticut to supply additional militia, and requested those colonies, "to take upon themselves the care of providing the said troops with cloaths (sic), tents, and all necessary camp equipage, and assuring them that the United Colonies will be answerable for the expense of the same."

ACTION APPROPRIATION

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. HAWKINS. Mr. Speaker, the appropriations bill for Labor, HEW and Related Agencies, H.R. 14232, which is being considered by the House today, omitted an appropriation of funds for the programs authorized by the Domestic Volunteer Service Act of 1976. As chairman of the Subcommittee on Equal Opportunities which has oversight responsibilities for the programs authorized by that act, I expressed my concern about this omission to the Honorable DANIEL J. FLOOD, chairman of the Appropriations Subcommittee on Labor-HEW. I am enclosing for the RECORD a copy of my letter and Mr. FLOOD's kind reply.

JUNE 10, 1976.

Hon. DANIEL J. FLOOD,
Chairman, Subcommittee on Labor-Health, Education, and Welfare, Rayburn House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Legislation extending the Domestic Volunteer Service Act was signed into law by the President on May 27. Unfortunately, this action occurred too late for your Subcommittee to consider an appropriation for the programs authorized by this Act in the FY 1977 appropriations bill for the Department of Labor, HEW and related agencies.

As Chairman of the Subcommittee on Equal Opportunities which is responsible for the authorizing legislation for the ACTION Agency, it is my hope that you will consider offering an amendment on the floor to the Labor, HEW appropriation bill which would fund the programs authorized by the Domestic Volunteer Service Act at the level recommended by the Committee on Education and Labor.

The Committee on Education and Labor recommended the following amounts for the programs authorized by the Domestic Volunteer Service Amendments of 1976:

Title I, National Volunteer Antipoverty Programs:

	Millions
Part A: VISTA	$23.5
Part B: Service-learning programs	7.3
Part C: Special Volunteer programs	3.8
Title III, SCORE/ACE, business volunteer programs	1.3
Title IV, Program Support	20.2

Your attention to this request is greatly appreciated.

With best wishes, I am
Sincerely,
AUGUSTUS F. HAWKINS,
Chairman.

COMMITTEE ON APPROPRIATIONS,
Washington, D.C., June 16, 1976.

Hon. AUGUSTUS F. HAWKINS,
Chairman, Subcommittee on Equal Opportunities, House Committee on Education and Labor, Washington, D.C.

DEAR MR. CHAIRMAN: Thank you for your recent letter concerning appropriations for Action. I agree with you that it is unfortunate that the authorizing legislation was not enacted in time for the Subcommittee to include these programs in the appropriations bill.

I certainly support the programs referred to in your letter and believe that they should be adequately funded. It is quite clear that the President's budget request for some of these programs, particularly Vista, is simply inadequate. I am sure that most of the members of the Labor-HEW Subcommittee would agree with me that significant increases over the budget are in order.

Having said that, however, I must also say that the Subcommittee made a definite decision to defer consideration of all items that were not authorized at the time of our Subcommittee markup. Owing to the tremendous scope of the authorizing legislation with which this Subcommittee must deal, we felt that we simply had to establish a firm cutoff date for consideration of unauthorized items. If we didn't establish such a date, even though it may seem arbitrary, we simply could not conduct an orderly markup of this appropriation bill. I might add that the Action programs are only one of several items that have become authorized since our markup. We are treating all of them in the same manner.

There are also many programs under our jurisdiction which are still not authorized. Several of these will probably be extended in the next few months, making it quite likely in my opinion that we will have a supplemental appropriations bill for fiscal year 1977 before the adjournment of Congress this fall. It would certainly be my intention to include the Action programs in any such bill.

In short, I don't feel that I am in a position to offer the amendment that you suggest on the House floor. I am confident that the programs will not be adversely affected by any slight delay in the appropriations that might occur. Should it become necessary for the programs to operate for a short period of time under a continuing resolution, it would be my intention to see that the resolution were drafted in such a way as to ensure that the programs continued to operate at the current rate of spending. The President's budget level would be set aside and would not be a factor in any continuing resolution.

I hope that this response is satisfactory to you. I certainly appreciate your interest in the Action programs.

Sincerely,
DANIEL J. FLOOD,
Chairman, Subcommittee on Labor-HEW Appropriations.

PERSONAL EXPLANATION

HON. MICHAEL T. BLOUIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. BLOUIN. Mr. Speaker, I had to be absent from congressional proceedings Monday, June 21, to be with my wife Suzanne and her family in Des Moines, Iowa, while my father-in-law was undergoing heart surgery. I am happy to say that the surgery was a success; the chances for a full recovery are excellent. Had I been present I would have voted "yea" on H.R. 12114, Federal employee health benefits; "yea" on Senate Joint Resolution 203, student loan program; "yea" on H.R. 14299, veterans' disability; "yea" on H.R. 14298, veterans' pension; "yea" on Senate Joint Resolution 49, U.S. Flag; "yea" on S. 2847, translator broadcast stations; and "yea" on S. 811, horse protection.

SURPLUS SCHOOL BUILDINGS BILLS

HON. H. JOHN HEINZ III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. HEINZ. Mr. Speaker, recently I introduced the Surplus School Conservation Act of 1976 (H.R. 12627) and the Surplus School Conversion Act of 1976 (H.R. 12628). These bills are aimed at providing assistance to communities that are faced with declining enrollment in elementary and secondary schools, and the attendant problem of surplus school buildings. This situation has become extremely serious in many parts of the United States. For example, in Pennsylvania, 144 schools were closed between September 1974, and September 1975 Another 120 are slated for closure at the end of the current year. In New York during the same time period, the number was over 200. Seven schools in Montgomery County, Md., currently are scheduled for closure, and in Salt Lake City alone, 20 schools have been closed during the past 8 years due to a 35-percent decrease in enrollment. A recent study in Providence, R.I., showed that within 10 years that city will have twice as many schools as it will need due to declining enrollment.

To date, 18 Members of Congress have joined with me as cosponsors of these bills, and the support from school and civic officials throughout the country also has been most gratifying. In addition, Mr. Speaker, the editorial support in newspapers in cities that face this problem has been overwhelmingly positive. There is general acceptance that this is an area in which Federal intervention is needed. Most cities simply do not have the funds to recycle these valuable community resources for alternate civic, educational, or commercial uses.

The following editorial from the Shamokin, Pa., News-Item is typical of the support these bills have received. I commend it to my colleagues as an example of the need for passage of these bills.

FEDERAL AID IS WELCOME

Abandoned schools in Shamokin, Mount Carmel and Kulpmont would be eligible for transformation into productive community centers if a bill introduced in the Congress by Rep. H. John Heinz, Pittsburgh, is successful, and we hope it is.

Heinz noted that cities across the nation are being forced to close schools for a number of reasons—drop in enrollments, shift in population or deterioration of the structures. Under his proposal these schools would not be permitted to become eyesores or the favorite targets of vandals. Heinz would have the federal government provide grants up to 80 per cent of the renovation costs.

Not much progress is expected with the proposal this year. It no doubt will undergo the usual long-term study, but, we hope, it will not be shelved to gather dust and quietly forgotten.

Communities in the Mount Carmel Area School District have expressed interest in securing abandoned schools. For instance, Marion Heights already has gained ownership of a school.

However, the problem is renovation of the former schools or, to be more precise, the cost involved, which can run into five figures. This is one time when federal intervention, moneywise, is welcome.

It is prohibitive for most small communities to pour thousands of dollars into renovating abandoned schools. They simply do not have the money. There is no doubt the schools could be put to good use. But it is a costly proposition.

Heinz's bill would not cover rental, only renovation costs. It envisions the schools being used for recreation, libraries, senior citizen and day-care centers, art galleries, vocational schools and walk-in counseling centers. Other potentials are development commercially for small business or factories, apartments, warehouses or medical clinics.

Whatever the eventual use it will require quite a bit more money than local municipalities have on hand.

MR. OTTO KUHN

HON. EDWIN B. FORSYTHE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. FORSYTHE. Mr. Speaker, the American people are the backbone of our Government. They have put their trust and faith in their elected leaders to govern their country.

In the last few weeks, Congress has come under severe attack by the press and the general public because of the reported activities of some Members. Trust and faith in Congress by the American citizen, which is a necessity for a strong Congress, has been diminished. Whether or not we, the Members of Congress, can restore this faith is a challenge that we all face and must seek to meet.

Recently I received a letter from a constituent, Mr. Otto Kuhn, referring to a column in The Wall Street Journal which I believe expresses the attitudes and concerns of many Americans. I ask that both the letter and column be printed below for the benefit of my colleagues:

JUNE 17, 1976.

DEAR SIR: I could not have said this any better. (Please read the enclosed newspaper clip). I would like it read into the CONGRESSIONAL RECORD.

Things in this country are getting rottener and rottener. It's about time you good guys did something about it. Don't worry about your constituents. Believe me, we're behind something being done 100%.

It seems to me, the people should get rid of the Senate, Congress and the Supreme Court, and make their own decisions by vote.

Thoroughly disgusted, I am,

OTTO H. KUHN.

[From the Wall Street Journal, June 17, 1976]

ANYTHING GOES

On our front page Tuesday, Washington correspondents James Gannon and Jerry Landauer catalogued the scandalous list of fringe benefits the U.S. Congress has voted itself in recent years, over and above those perquisites individual members arranged with Miss Elizabeth Ray and her friends.

Our correspondents further report that many members have become "introspective" about their self-serving behavior and there is more or less vague talk—nothing really serious yet—about cleaning things up. What the sex scandals have done so far is to have at least temporarily lifted the mossy rock Capitol Hill exhibits to the outside world, revealing a wide variety of scurrying—sexual and otherwise—that has been taking place beneath. The prevailing ethos in this bicentennial year seems to be anything goes.

How did all this come about? It's surely not enough to say that it's nothing new. Or that boys will be boys. Or that there are only a small number of rotten apples. The truth is that in just recent years the congressional community has become something it never was, the enclave of an isolated and privileged class. As such examples as Rome and Versailles teach, this atmosphere often leads to a weakening of moral standards, to court intrigues, to a loss of concern with the public good.

The people who come to Congress are still roughly the same caliber as those who came 20 years ago, still bright-eyed, eager and determined to do good. But the temptations have doubled and redoubled along with pressures to weaken initial resolves, almost entirely because of the relentless growth of government in this period and a relentless decline in the quality of government.

Twenty years ago, the population of Capitol Hill numbered no more than 5,000 souls. It aimed to improve on earlier law and produced quality legislation that probably averaged three or four pages per bill. The mail volume was so small it could be handled in the same day. The legislators and their staffs worked regular hours, had time to think, and were rewarded with prestige and affection among their constituents. A Congressman was somebody.

Then came the legislated explosion of government and its interference in the lives of the citizenry, and the present 20,000 denizens of Capitol Hill are not even sufficient to handle the daily deluge of problems the Congress itself has wrought. Legislators have neither the prestige nor affection of their constituents as a reward for their labors, which have demonstrably worsened the condition of the country, and they have turned to seeking reward in cash and kind, getting all they can while the getting is good. There is still an artificial quest for prestige via the public-relations hornblowing that occupies perhaps a quarter of all staff.

On top of it all, this privileged enclave has been doggedly insulating itself from the ravages of the inflation it has inflicted on the rest of the nation. It created Wayne Hays and fell into his embrace, because he provided a way of showering his peers—Democrats and Republicans—with a steady array of nontaxable prerequisites that could be hidden from the electorate. In 20 years, the cost of supporting Congress—not including salaries—has climbed to nearly $1 billion from $71 million.

And yes, when there were 5,000 people on the Hill there were pretty girls. But now, to the casual eye, it appears the Ziegfeld girls are running the Senate and the Goldwyn girls the House. Opportunities and temptations have doubled and redoubled.

At least for the last century, lobbyists have used women to win votes and influence Congressmen, but this practice too has apparently exploded as government has amassed the power to crush those outside it. With so much at stake, special interests will use whatever seems to work, and there are myriad weaknesses to be exploited on Capitol Hill.

Can Congress purify itself, firm up its standards? Yes, but not by simply having a little hearing, a la Bobby Baker. Not by building some more office buildings and doubling staff, or hiring a few auditors for self-policing, or doubling salaries and pensions and the number of junkets flown, hiring more press people to tell the good side of things.

Only a Herculean effort to undo the damage it has inflicted on the rest of the nation can get at the mainspring of the problem. Layers of government have to be peeled away. The corrupting inflation has to be halted. Only then will a Congressman be somebody again, with virtue its own reward.

RACE DAMAGE TO CALIFORNIA DESERT IS LONG-LASTING

HON. SHIRLEY N. PETTIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mrs. PETTIS. Mr. Speaker, shortly the House will consider H.R. 13777, commonly known as the Bureau of Land Management Organic Act. Title IV of this important measure concerns protection of the California Desert.

While I have spoken on several occasions about the nature of the California Desert environment and the need for prompt enactment of legislation to provide the BLM with means to protect the desert, many people are still under the incorrect impression that the desert can easily withstand the impact of human beings and is able to repair itself quickly.

I would like to bring to the House's attention an article which appeared in the San Bernardino Sun-Telegram. The article reports on a recent study of the damage done to the California Desert by the 1974 Barstow to Las Vegas Motorcycle Race. As many Members will recall, this race involved 3,000 participants and an estimated 10,000 spectators. Clearly, the future of the California Desert depends in large part upon the action which the House takes on H.R. 13777. For the sake of the desert, I hope the Organic Act will be passed this year.

[From The San Bernardino (Calif.) Sun-Telegram, June 16, 1976]

RACE DAMAGE TO DESERT IMMENSE

(By Leonard Metz)

It may be centuries before the Mojave Desert recovers from damage inflicted by racing motorcyclists.

Two U.S. Geological Survey (USGS) scientists writing in "California Geologist" this month reported that similar types of damage have persisted for hundreds of years.

The two, geologists H. G. Wilshire and physical science technician J. K. Nakata, said a 1974 Barstow to Las Vegas motorcycle race with 3,000 participants "destroyed desert pavement, mature vegetation and other natural barriers to erosion that required centuries to form."

The race was the eighth annual Thanksgiving "Hare and Hound" event sponsored by the San Gabriel Valley Motorcycle Club. A ninth race, planned for last November, was canceled on a technicality by the U.S. Bureau of Land Management (BLM).

The USGS scientists walked 150 miles of the Mojave for two months last year observing the loss of plant and animal life along the race route, and using a "penetrometer" to measure the degree that normally soft desert floor had been compacted.

Fine top layers of pebbles have been ground into soft, fine soil layers, and ground cover has been destroyed, the scientists noted.

Grass cover that anchored desert sand has been destroyed, leaving the sand vulnerable to wind erosion.

Even hardrock has been destroyed by the vehicles—ground down into gravel and dust, the report said.

The greatest consequence of the cycle races is soil compaction, the report continued.

Where the motorcycle invasion of the desert has been light, the report said, the stripping of pavement (hard surface) and vegetation "exposes the soft underlayer to erosion by wind and sand.

Where motorcycle use is heavy, the report added, compaction reduces wind erosion, "but substantially increases runoff of rain and hence has increased the potential for water erosion."

Desert rains are infrequent, but tends to occur in heavy downpours over a short period of time, the report said. "The vulnerable areas will change little until the infrequent storms hit them—perhaps tomorrow, perhaps in 20 years."

Animal life is also adversely affected by the cycle invasion, the report said. A country uncovered only 10 per cent the normal amount of small desert animals.

The desert may be painfully slow to recover, that report said. Indian Intaglios created centuries ago near Blythe by scraping away the dark surface pebbles to uncover the lighter layer of sand beneath are still visible, the report said.

Old trails that may have been started by prehistoric animals during the glacial period, then continued by Indians and finally white pioneers, are still visible, the report noted.

So are the tracks left by wagon trains more than a century ago between Needles and the San Bernardino Mountains, trails left by the 20-mule teams in Death Valley that have been unused for more than 80 years, and tracks left near Vidal Junction by Gen. Patton's tanks training for combat early in World War II.

If such simply-made figures as the intaglios have lasted hundreds of years, the report, said "there can be little doubt that motorcycle tracks on similar surfaces would last as long. Modification of such surfaces on the race course is far more sever than that produced by construction of the intaglios."

Cyclists have also cut wide swaths in sand dunes between West and East Cronese lakes, leaving only a "very small remnant of the highest dune sand," the report said.

Although a report prepared by the BLM before the 1974 race predicted much of the damage that would occur, the BLM issued a permit for the race, said Mike Winch, a public relation officer in the Riverside office of BLM.

The BLM has "multiple use" responsibilities, he said. The agency must consider not only environmental use of the desert use, but recreational use as well.

In this respect the agency is different from the National Park Service, which need only concern itself with conservation, he said. The BLM must consider the needs of motorcyclists as well as environmentalists, he added.

Before approving the 1974 race, he said, the BLM was required by the National Environmental Protection Act to prepare an impact study to determine what the effect of the race would be on the environment.

Based on the study, certain restrictions were placed on the race route. However, the USGS study prepared last year indicated that the restrictions were violated by many of the race participants.

A BLM report published last year noted that the race officials, although willing to abide by the rules, were unable to keep contestants to the prescribed course.

The report, costing $108,000 to prepare, was also required by the Environmental Protection Act.

The San Gabriel Valley Motorcycle Club sought a permit to run another Thanksgiving race last November, but the permit was denied by the BLM because "we were unable to prepare another report, and we were unable to make the decision without the report," Winch said.

Three requests for races this year have been denied because of the BLM's "energy commitment," Winch said. The agency does not have the money or manpower to prepare reports that must be completed before permits can be issued, he said.

Winch said the agency has the authority to limit use of areas under special circumstances. One such area is the tortoise preserve near California City, where the use of offroad vehicles is banned.

Otherwise, he said, the agency must adhere to the principle that some uses are "consumptive." They use up resources.

This is like the forest management of trees, he said. When a tree is cut down it is gone.

"You have consumed a resource," he said.

The USGS scientists noted that the Mojave Desert is not the only area in California affected by off-road vehicles. For races scheduled in such areas, they made the following recommendations.

1. Race routes should be restricted to existing roads and certain dry lakes.

2. Repair of damaged roadways should be assured.

3. Participants should be required to stay on the roadways.

Even with these restrictions, the article said, "perfectly ideal conditions of containment of damage cannot be expected."

WAYS AND MEANS OVERSIGHT SUBCOMMITTEE ANNOUNCES FURTHER HEARINGS ON ADMINISTRATION OF SUPPLEMENTAL SECURITY INCOME PROGRAM

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. VANIK. Mr. Speaker, the Ways and Means Oversight Subcommittee will hold a hearing on July 19 to hear from citizens and interested groups on problems in social security's management of the supplemental security income program for the aged, blind, and disabled. The hearing will be scheduled for the main Ways and Means Committee room and will begin at 10 a.m. The time and location may change, however, depending on the schedule of the full committee.

This hearing will be the sixth in the subcommittee's continuing study of SSI problems which is being conducted at the request of the Ways and Means Public Assistance Subcommittee. The issues which will be discussed at the hearing are the following:

First, the quality of social security referral and information services; and

Second, details concerning pending employee specialization experiments to be carried on by the Social Security Administration this autumn.

Copies of the subcommittee's previous hearings on the administration of SSI can be obtained by writing to 1539 Longworth HOB, Washington, D.C. 20515.

NAVAJO POWER PLANT DEDICATION

HON. SAM STEIGER

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. STEIGER of Arizona. Mr. Speaker, on June 4, 1976, I had the privilege and the pleasure of participating in the ceremonious dedication of the Navajo power project near Page, Ariz.

The Navajo power project was conceived in 1968 as an alternative method to meet power needs in the Southwest after environmentalists blocked construction of a needed hydroelectric project at Bridge Canyon. I remain convinced that the Bridge Canyon Dam was a good idea. It would have produced some of the cleanest and cheapest power available today.

But that project was scrapped after some irresponsible groups persuaded Congress it would flood the Grand Canyon. Then as now, anytime anyone wants to stifle progress in Arizona or Utah, it is only necessary to trot out misbegotten impacts on the Grand Canyon. As far as many of my colleagues are concerned, Arizona is the Grand Canyon, with Las Vegas on one side and Phoenix on the other.

Fortunately, a handful of electric utilities—public and private—were able to overcome philosophical as well as practical obstacles and the Navajo power project was designed, financed and built. Participating utilities are the Salt River project—Manager—Los Angeles Department of Water & Power, Arizona Public Service Co., Nevada Power Co., Tucson Gas & Electric Co., and the U.S. Bureau of Reclamation.

I could carry on with kudos for the participants' cooperation among themselves, with the State of Arizona, the Indian tribes, the people of Page, and for the landmark economic, energy and environmental achievements which currently characterize the Navajo power project. Instead, I commend to the attention of my colleagues remarks made on the occasion of the dedication by the general manager of Salt River project, Rod J. McMullin.

Mr. McMullin is the former president of Western Energy Supply and Transmission Associates; member of the Electric Power Research Industry Board; a past delegate to several utility task forces and businessmen groups which studied power and water resources in Russia, Yugoslavia, Switzerland, and businesses in Japan; and member of numerous civic, charitable and community organizations.

Mr. McMullin's remarks follow:

TURNING POINT: ONE MAN'S REFLECTIONS ON 41 YEARS IN THE UTILITY BUSINESS

Ladies and gentlemen, distinguished guests, I appreciate this opportunity to speak today on behalf of the participants in the Navajo Power Project.

This electric generating station is more than concrete and steel. It is jobs for you and your children. It is cooling, heat, and light, and as your servant, it is a magic source which can be used to materialize your wishes.

Conceived in controversy, the Navajo Station was born at the peak of the environmental movement. Ever since the groundbreaking on that windy day in April 1970, it has symbolized the unanimous effort by all of the participants to go that extra mile, with its extra expense, to make this plant an outstanding example of what can be accomplished in balancing man's need for power with a sincere desire to protect the environment.

The first unit produced electricity on February 1, 1974, the second unit in April 1975, and the third went on the line in April of this year. This magnificent structure is the sculptured work of thousands of utility artisans—and we honor them today as we dedicate this outstanding example of form and function.

This 2,250 MW plant, representing an investment of $835.5 million, is the most environmentally compatible, coal-fired electric project in the Southwest.

$200 MILLION FOR ENVIRONMENT

About $200 million has been expended in environmental protection—about one-fourth of the total cost, including the transmission system.

The plant produces power at one-tenth the cost of oil-fired generating stations. Every day it is in full operation means a savings of up to 30,000 barrels of fuel oil per unit. At $13.72 per barrel—the approximate market price today—that's a savings of $411,600 per unit per day. Expressed another way, with all three units in operation, we are saving 2.7 million barrels of oil per month that would cost $37.6 million per month at present day prices.

$12 MILLION FOR TAXES

As a taxpayer, the Navajo Project provides $12 million annually to local schools and taxing entities in the State of Arizona.

The Navajo and Hopi tribes receive nearly $2 million in coal royalties, lease payments and contributions.

Employment during construction of the generating and transmission facilities peaked at 2,200. Now, approximately 570 people will operate the station and about 550 are employed at the coal mine. An additional 450 jobs have been created in nearby businesses to support these employees. This brings the total to about 1,475 permanent jobs. The estimated annual payroll is nearly $15 million.

In addition to all of these local benefits, this plant will provide enough power for half a million people throughout the Southwest—power to pursue whatever lifestyle they choose.

WISE USE OF COAL

And finally, this generating station represents the wise use of the nation's most abundant source for energy independence—coal. Coal to produce the energy that is so vital to our growth and a healthy economy here in the West.

But to some people, this plant represents pollution, a stimulant to growth that they don't want, scars on the land. It characterizes an advanced, technological society that they think is not the best way to live. Many of these critics are sincere and intelligent. Some are selfish and narrow-minded.

Before addressing the position of this vocal minority and the damage they are doing to our society, I ask for your patience and understanding as I relate how the dedication of this plant today has a very personal significance for me.

On June 30, I will reach a major turning point in my life when I retire from the Salt River Project. So, you can understand my pleasure in the completion of this plant before that date.

In looking forward to a new career and a new life, I have reached the conclusion that with all of the problems we have faced in the electric utility business during the past few years, almost any new challenge will seem tame by comparison.

UTILITIES AT TURNING POINT

As I reflect on my 41 years in this dynamic and demanding business of providing power to the people at reasonable rates, and as I consider this turning point in my life, the thought comes to me that this very day may very well be a turning point in the life of the utility industry.

Driven to the brink of disaster by inflation, over-regulation and an obligation to accommodate a public that thought it was only a spectator in its struggle for survival, the time has come for the electric utility industry to speak out, to fix the blame for higher energy costs, to rebuke those who are leading the public down a deadend road to national calamity.

Enjoying the prospect of immunity from reprisal by my retirement, I have chosen to be a spokesman for the industry today on some of those vital issues and what our response should be.

As we relax and admire this monument to the skills and sweat of the men and women who built it, please reflect with me for a few minutes on how this business has changed through the years, and about the influences—both economic and attitudinal—that have made it what it is today.

MANY TURNING POINTS

There have been many turning points during the history of the utility business and especially so during the last decade. With the advent of the environmental movement, hydro facilities were frowned upon, and utilities turned to other fuels.

As natural gas became more and more scarce, we turned to oil—the expensive, but clean, type. However, we had the foresight to realize that gas and oil were going to be in short supply. We began to explore coal development before the problem became overly severe. For example, preliminary plans for the Navajo Generating Station were first publicly announced in April of 1968 after many months of intensive study and discussion by the participants.

The Arab oil embargo was another turning point that led to increased consideration of coal and the building of coal-fired generating stations such as this one. The embargo also renewed the emphasis on nuclear development.

OPPOSITION ABOUNDS

But now we are seeing growing opposition to the mining of coal; opposition to new oil wells and pipelines; opposition to nuclear plants; opposition to geothermal development, and increasing demands for more and more stringent environmental controls.

Beset on all sides, the utilities are running out of places to turn. Opposition is everywhere—but demands for electric energy keep growing.

The most recent example of this opposition was the serious wounding, if not the killing of the Kaiparowits Project in southern Utah. To achieve their obstructive goals, the opponents caused endless delays which led to an economic nightmare for the participants.

The day that Kaiparowits died, was a turning point—hopefully—in the history of the relationships of critical groups toward energy use and development. I think in the long run the critics may have won the battle but lost the war. Kaiparowits, the public will find, was necessary and generally wanted by most people as a low-cost source of energy.

In reviewing what has been happening to our energy resource development here in the Southwest, I'm also expressing concern about the future of what started out as the environmental movement.

It began as a responsible, needed guardianship of our natural resources. It has become something quite different, and now appears to be an excuse to stop all development in this country . . . an anti-growth movement. As such, this movement is on a collision course with the growing demand for energy.

ARROGANT OBSTRUCTIONISTS

Over the past several years, the environmental movement has fallen into the hands of a small, arrogant faction which is dedicated to bringing society to a halt. They are the anti-achievers, the anti-producers, and the anti-progress people of America.

I believe the time has come for the utility industry to put the spotlight on these people for public scrutiny and public judgment.

In presenting our case to the public and by our actions in fulfilling the public's need for energy, we should be advocating and encouraging a balanced approach to the problem. We must avoid both the excesses of unrestrained development and irresponsible obstructionism.

Let's talk for a moment about balancing environmental protection with growth—the "common sense" approach to energy development and our environmental problems.

CONFRONTATION VS. CONSULTATION

Too often the tactics of our critics are those of confrontation rather than consultation. Their weapons are the injunction, the restraining order, and the challenge of the Environmental Impact Statement.

Why, you can stop ten years of work in 20 minutes with a $12 lawsuit. Carefully developed plans can be thrown out of the window or be held up for years by a barrage of litigation!

I believe that the vast majority of our citizens have a balanced concern about jobs, economic stability, and a healthy environment. But they should be aware of the utter unwillingness of some critics, some prophets of energy doom, to accept any responsibility for the chaos which could result from their actions.

Nor does the environmental extremist have any constructive alternative to offer in place of those energy projects he opposes. He has no program or plan into which he can fit the product of his efforts. He is essentially a negativist—a spoiler rather than the defender he purports to be.

Talk about a dam, he wants a steam plant; start a steam plant, and he files a suit; plan a nuclear plant and he counters with an anti-nuclear initiative proposal on the ballot.

Critics once called for geothermal development, but in Oregon, the utilities started to develop geothermal and were immediately sued by the Sierra Club and local environmental organizations. All of a sudden, geothermal energy is not the clean, non-polluting resource that the environmentalists have heretofore preferred.

SOMETHING ELSE ALWAYS BETTER

With all this opposition to every energy producing project, I can almost guarantee you that once new forms of energy, such as solar, are more fully developed, a whole batch of new critics will form in vocal opposition. As I said, it's always the something-else-is-better routine.

The issue of energy, its cost, and our finite supply of natural resources is a high priority today. Thanks to the Arabs . . . their actions have brought home as nothing else has, the energy dependence of this country. There is a strong indication right now that the American people are keenly aware of the need to make American energy independent. This plant is part of that new declaration of energy independence.

It is inconceivable that man, who can harness the atom's power, who can invent the computer, who can build the machines to explore the moon, is unable to solve the energy problems that plague the earth.

NEED NATIONAL ENERGY POLICY

As a first step toward a solution, we need a national energy policy that converts the present quagmire of laws, regulations, codes and conflicting values into a system that truly recognizes and solves the energy and environmental problems.

The continuing development and supply of adequate, reliable electric power in the Southwest and the preservation and improvement of our natural environment are not mutually exclusive goals. And they should not be allowed to become so in the public mind.

The public dialogue on the need for energy and associated problems has been, and to some extent continues to be, notoriously misinformed and over-simplified. Many prominent people in and out of government have tried, often quite earnestly, to find some very easy answers to extraordinarily complex problems. The result has been a snowstorm of suggestions and legislation addressing the politics of the problems but not the problems themselves. In my view, there is no reason why issues associated with the generation of electric power should be one big adversary proceeding.

NEED UNDERSTANDING

We need understanding and balanced judgment to meet tough energy and environmental challenges.

As I look ahead, as well as reflect on the past, I know that our critics deserve some credit as well as criticism. But I also feel that we in the electric industry have been spineless too many times, forced to make unnecessary expenditures, made the scapegoat too often. We've taken the blame for things over which we have had no control.

Our greatest mistake perhaps, has been that we have not been vocal enough about our accomplishments, nor loud enough in fighting irresponsible critics and unnecessary restraints . . . nor have we objected enough when our side of the story was ignored.

But I think we've reached a significant turning point. We can be proud of what we've accomplished in the past, and we can be proud of this plant we are dedicating today.

This Navajo Station is proof of the participants' constant search for an adequate and reliable power supply at the most reasonable price the market will permit.

DEDICATED TO THE PEOPLE

And so, as we dedicate this dynamic monument to man's ingenuity and need for electric energy, we should mark this day as a significant milestone in the struggle to determine and direct the future development of our industry and the nation.

By rededicating our industry efforts to proper services, forthright communications and honesty of purpose, as this magnificent structure passes beyond history into legend, its memory will live on as a symbol of human dedication and the desire for a better future by the people the electric utility industry serves.

FREEDOM FOR LITHUANIA

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. MOAKLEY. Mr. Speaker, on June 15, Members of Congress and all Lithuanian-Americans paused to commemorate the forcible occupation and incorporation of Lithuania into the Soviet Union in 1940, and the subsequent deportation of hundreds of thousands of Lithuanians to Siberian concentration camps.

In view of this tragic occurrence, some 36 years ago, the United States should redouble its efforts to focus world attention on the repression of basic human rights in Lithuania by the Soviet Union.

One way in which we can accomplish this goal is to marshal an all-out effort on behalf of legislation currently before both the House and Senate, H.R. 9466 and S. 2679 respectively, which would authorize the establishment of a commission to monitor international compliance with the Final Act of Helsinki.

As, Mr. Anthony Matioska, chairman of the Lithuanian-American Community of Boston, wrote to me:

> Let us not leave the people of Lithuania forsaken, forgotten and alone in their struggle against Soviet oppression, their rights to independence, freedom of thought, conscience and religion terminated by the Soviet Union, a signature of the Universal Declaration of Human Rights.

THE BALANCE(S) OF POWER: III (iv) STRATEGIC OFFENSIVE BALANCE

HON. JOHN BRECKINRIDGE

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. BRECKINRIDGE. Mr. Speaker, to complete my discussion on the strategic offensive balance in the world, I wish to insert the conclusions of two specialists in the field as expressed in an article, "The Case Against Counterforce." The arguments were made in an article written by Amoretta M. Hoeber and Francis P. Hoeber and published in Srtategic Review, volume III, No. 4, fall 1975.

The article follows at this point:

EXCERPTS

Those who oppose counterforce doctrine seek to enforce their view by attacking, and seeking to block in Congress, programs designed to give U.S. forces a capability of implementing the doctrine. Specifically, opposition is generally focused on programs for multiplying MIRVs and for improving accuracy (and thus "hard-target" kill capability). These accuracy programs include: improved inertial guidance; "star-track" and satellite-fix techniques for midcourse correction; terminal-guidance techniques, such as terrain matching; and terminal maneuver capability, as in MaRV (Maneuvering Re-entry Vehicle).

The thrust of these measures taken together, runs the argument, is toward a capability greater than that needed for most "other military targets." Very few targets are hard in the nuclear sense, i.e., that it requires very great accuracy or very large yields to kill them . . .

The logic of counterforce theory (and of countervalue theory, for some economic targets) requires high accuracy to avoid collateral fatalities. But, given this accuracy, the weapons seem to many people as though they are designed not for military or industrial targets in general, but specifically for hard targets, i.e., silos. The important thing, of course, is not that they may seem this way to American critics but that they may be perceived to be so by the Soviets.

With the possible exception of a successful terminal guidance program, even all of these programs together cannot give the United States a capability for an anti-silo disarming strike. Moreover, even with terminal guidance and a conceivable silo-disarming capability, this could not be, as already pointed out, a total disarming capability. But a limited anti-silo capability, it has been argued, can be achieved with present forces and pursues a dangerous doctrine. As a demonstration to "send them a message," the argument goes, a limited anti-ICBM attack would not degrade the Soviet countervalue second strike capabilities sufficiently to have military significance, and it cannot carry the threat of a disarming strike, since that is beyond our capabilities. The same logic applies to a limited Soviet strike against our silos.

In the desire not to go beyond present forces, the opponents of counterforce doctrine follow two lines of argument from this point. First, there are those who say that any such aggression should be deterred by the threat of massive countervalue response, the assured-destruction-only doctrine. Others concede that some flexible response capability is required, so that a limited aggression, however irrational, does not inevitably bring on all-out nuclear holocaust—or surrender; but, they say, since the limited counterforce attack would not have military significance, its real significance would lie in the value of the property destroyed and the human lives lost in collateral damage. This amounts to saying that limited counterforce attacks are always in reality limited countervalue attacks. This being so, any restrained reply would in fact be countervalue rather than counterforce and therefore should be optimized in countervalue terms. This leads to the conclusion that the most effective deterrent (conceding that an all-out response to a limited aggression is incredible) is a doctrine and posture that convince the enemy that any attack will be met with a countervalue attack of equal or greater effect. Such optimization would seek out vulnerable high-value targets. If one adds the criterion of controlling collateral population damage, whether for moral reasons or to minimize incentives for the enemy to escalate, or both, one is led to such economic targets as oilfields, power stations, transportation nodes, and also soft military targets such as supply depots and concentrations of reserve forces (which, in our view, should be considered force, not value, targets).

This brings us full circle back to a requirement for high accuracy to minimize collateral population damage and back to our self-denying policy of foregoing this accuracy because it could be used against silos. In our view, this self-denial does not avoid increased risks to U.S. security, for reasons that we will give, but rather increases the risks. In the first instance, it renders ineffective and dangerous the above described alternative policy; if the U.S. refuses to do that which is necessary to minimize collateral deaths, then it certainly increases the risk of escalation.

We reject the argument, or rather the assumption, that greater accuracy is inevitably provocative. Under the currently applicable Vladivostok guidelines and the planned U.S. missile programs, the U.S. would have no incentives to attack Soviet silos, even with extremely small CEPs that might be achieved in the future. It is quite true that highly accurate U.S. MIRVs could successfully kill a large number of Soviet silos, but the very strong numerical and throw weight asymmetries favoring the Soviet Union mean that the U.S. not only has no incentive to strike first, but in fact has a real disincentive to do so because it is by all measures of force size and effectiveness worse off after it strikes than before. If in the coming years, given the continuation of some sort of SALT-Vladivostok ceilings, the increased U.S. accuracy in hard-target kill capability induces the Soviets (and perhaps also Soviet exploitation of their numerical and throw weight advantages induces the United States) to shift from fixed land systems to less vulnerable systems, then everyone should be mightily pleased. Long-run strategic stability can only be enhanced by the elimination of the most vulnerable—and many would say the only seriously vulnerable—component of the strategic forces.

Opponents of counterforce, who contend that very high accuracies are useful only against silos but are strategically unusable in this mode, argue further that forces that cannot be usefully applied cannot help to resolve the classic Gaullist dilemma of the defense of Europe—would the U.S. risk New York to save Paris? But, in fact, highly-accurate strategic weapons do indeed have application, and it is only because one of these applications is deemed dangerous that the acquisition of these capabilities is opposed.

From the point of view of our European allies, the continued viability and credibility of extended deterrence is critical. If the projected response is grossly disproportionate to the aggression, the aggressor might well tend to denigrate his opponent's willingness to implement the response. The availability of strategic options between total inaction and all-out response would seem to enhance deterrence by making some response at the strategic level more credible.

It is sometimes argued that if the Soviets do shift away from fixed land missiles it will be to mobile land-based missiles and that since the numbers of such missiles cannot be accurately verified by national means of inspection, which underlie the SALT I agreements and current SALT negotiations, further progress in strategic arms limitation would be jeopardized. We can only remind the reader that in the first round of SALT, begun six years ago, the Soviets refused to rule out land-mobile missiles and the only mention thereof in connection with the 1972 Interim Agreement was a *unilateral* U.S. statement that the deployment of land-mobile missiles would be regarded as not in the spirit of the Agreement. Since that time, the Soviets have apparently gone forward with development in this area and thought has been given to this alternative in the United States. Thus, the possible advent of deployed land-mobiles does not appear to be a function of U.S. accuracy-improvement programs. The problem must therefore be met not by abandoning programs that may be needed but 1) by seeking to improve the national means of verification (and it is by no means certain that the margin of error in counting land-mobile missiles cannot be brought within tolerable limits), and (2) by keeping an open mind and negotiating stance in SALT, where both sides may eventually come to the conclusion that the exclusive reliance on national means of verification must ultimately be modified.

A straw man of some opponents of counterforce is the argument that the capabilities in question should be developed and deployed because of their value as bargaining chips in arms control talks with the Soviet Union. It is rebutted that the Soviets are not fools but know what are valid concepts and what is junk, and what U.S. technological capabilities are, so that one does not need to construct a system to convince the Soviets that one has the ability to do so. But if the Soviets are not fools then they must also know that capabilities not developed take many years to go through development and deployment, and also that capability to deploy in a democracy includes political willingness to select and fund a given system. Surely the Soviets are as aware of the usual U.S. pace of progress in these matters, and of U.S. proclivity for enacting self-denying ordinances, as they are of U.S. technological capabilities.

Among the missile improvement programs in question, MaRV is a particular target for the opponents of counterforce, who find an analogy to MIRV as of a few years ago: like MIRV in the late sixties, MaRV (which can be used on MIRVed or single-RV missiles) promises a quantum jump in capabilities; a ban could not be verified by national means; such a system cannot be developed and deployed without extensive testing; and testing is subject to verifiable controls. Some of those who make this analogy were indeed arguing in the late sixties, at the outset of SALT, that if the U.S. refrained from testing it might be able to obtain a MIRV-ban treaty with the Soviets and avoid the development of a Soviet counter-silo capability. But by the time the SALT talks started in late 1969, we had already done some MIRV testing* and there is evidence that the Soviets had no interest in reaching an agreement involving MIRVs while they were so far behind (and apparently believed they could catch up). One can presumably go back further—before there were any SALT talks, while there was a Soviet ABM, and so on—and say that if the U.S. had never done any MIRV development it might eventually have reached agreement to outlaw it. On the other hand, without any development it is difficult to see why the case would even have been negotiable in SALT.

Now the argument is made that there is an opportunity to forego MaRV testing. There is one special problem in this case. Like MIRV, MaRV has a potential ABM penetration mode as well as potential use in hard-target killing; however, testing of terminal homing could be incorporated into testing of a penetrating MaRV that uses "corkscrew" maneuver solely for evasive purposes. It is argued that, while some MaRV tests have already taken place, the Soviets know that the terminal MaRV technology is not yet within our grasp and that it is a question of when they will conclude that we have gone beyond testing evasive MaRVs only; we should therefore unilaterally suspend MaRV testing.

Would this course lead to effective SALT agreements? Might it simply lead to Soviet delay in SALT until they could eventually catch up or determine whether they thought they could catch up? Would they simply not believe that we do not yet have a terminal MaRV capability? These are all questions which would have to be determined over time at the bargaining table and are not susceptible to proof by analysis. Moreover, MaRV is a logical outgrowth of a number of technologies, including highly-developed homing technologies perfected for shorter-range weapons, and the concepts have been known and understood on both sides of the ocean for some years.

The real problem is not so much with the SALT implications as with the allegedly inevitable strategic instability consequent on a U.S. high-accuracy MaRV deployment. Calculations indicate that for at least the next ten years, or to the mid-1980s, the addition of MaRVs to the U.S. forces could not threaten the Soviet second strike capability, even with the optimistic assumption that all U.S. RVs could be replaced one-for-one with MaRVs within that time period. It is true that the 1,320 MIRVed missiles to be permitted under the Vladivostok guidelines would permit expansion of the U.S. forces, but one cannot assume that new strategic missile forces would be programmed, developed and deployed in any large numbers within ten years.

The present U.S. Minuteman force is 550 Minuteman IIIs with an assumed 3 RVs each, and 450 Minuteman IIs with 1 RV each, for a total of 2100 RVs.[1] According to the 1974–

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[1] The 54 single-RV Titani IIs are omitted.

1975 *Military Balance*, the Soviet Union had 1,575 ICBM silos in mid-1974. This means 1.33 U.S. RVs per Soviet silo, which would be degraded to about 1 RV per silo when reliability is taken into account. While one-on-one targeting largely avoids the fratricide problem and permits the possibility of near-simultaneous attack, it requires the assumption of a near-unity kill probability for a MaRV against a Soviet silo. This is a reasonable assumption for a MaRV with near-zero CEP only if (1) no or only a few Soviet silos are hardened to greater than about 1,000 psi, and (2) the MaRV warhead yields are about the same as those of the RVs that they replace.[2] But for the overall attack to be highly effective, the U.S. would also have to acquire a near-perfect reprogramming capability, so that missiles that fail for any reason (assumed above to be of the order of 25 per cent of the total) can be replaced with new missiles programmed for the same targets.

We conclude, therefore, that it would require more than the present U.S. ICBM force, modified with MaRVs, for a high-confidence first-strike threat against the Soviet land-based forces. While additional RVs could be drawn from the SLBM forces, using all of these would still permit less than two-on-one targeting (and would leave only bombers as a U.S. withheld force for continued deterrence of a population attack).

Here is an interesting anomaly in the arguments of the anti-counterforce school. On the one hand, the survivability of U.S. submarines and bombers is generally used as grounds for dismissing concern about a possible Soviet first strike on U.S. ICBMs, and on the other hand some of the same group assert that the Soviets would feel deeply threatened by a capability the U.S. might acquire against their ICBMs. While it is true that the Soviets have a much larger per cent of their strategic force capability in fixed silos than the U.S. does, their SLBM and bomber forces are far from negligible and cannot be dismissed. The Soviet SLBM forces permitted under the 1972 Interim Agreement and in existence today are larger than the U.S. forces. True, the Soviet on-station rates are very low, so that a large part of the force is vulnerable to attack in home port with very few missiles. However, on-station rates are matters of policy and are quite subject to change, even change during or for a crisis. Moreover, the on-station rates are quite likely to change in the instant case because of the advent of the 4,200 nautical-mile SS-N-8 which puts the Soviet submarines on station while still in or near port in Murmansk or Petropavlovsk.

Nor is the Soviet strategic air force a negligible second strike theat, a commonly held view to this effect notwithstanding. It is often pointed out that its principal components are in many respects similar to the U.S. long-abandoned B-36/B-47 force. This is not an unreasonable finding, except with respect to the Backfire, despite its apparent current lack of a terrain-following radar. But two important points are left out of account: (1) most assessments of the Soviet bomber capability do not include the 500 medium-range Badgers (plus 300 Badgers assigned to Naval Air), which have more unrefueled range than our FB-111, which the authors classify as strategic bombers; and (2) U.S. air defenses, while more advanced than the Soviet bomber threat, are numerically negligible.

Finally, it is argued by the opponents of counterforce that if the U.S. deploys terminal-homing MaRV's, the Soviets will inevitably do so also. What is implied here is that if we don't then they won't. There is no historical evidence for this assertion—in general, U.S. restraint has not led to reciprocal Soviet restraint and in some cases (e.g., the tacit nuclear test ban and the cut-off of U.S. strategic missile deployment) the Soviets appear, on the contrary, to have taken advantage of the opportunity to seek superiority.

In sum, we believe that the case against counterforce has not been made and that the counterforce option should be kept open and the necessary R&D programs pursued, because countervalue-only strategic doctrine is (1) morally wrong, (2) may well be increasingly incredible and therefore nondeterring, and (3) gives no recognition to uncertainty in the one major area of international politics and military strategy in which the world has no experience whatever.

CONSUMER COMMUNICATIONS REFORM ACT

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. WIRTH. Mr. Speaker, in recent weeks I have placed in the RECORD a number of articles and speeches concerning the telephone industry-backed Consumer Communications Reform Act of 1976. I would like to call my colleagues attention today to another article on this subject. In the June 12, 1976, issue of National Journal, reporter Richard Cohen examines the telephone companies' lobbying effort to gain support for the Bell bill. Mr. Cohen summarizes the arguments on both sides of the issue of competition and explains who the proponents and opponents of the Bell bill are. The article, "Phone Companies Are Calling Congress for Help in Staving Off Competitors," follows. I commend it to my colleagues.

[From the National Journal, June 12, 1976]

PHONE COMPANIES ARE CALLING CONGRESS FOR HELP IN STAVING OFF COMPETITORS

(By Richard E. Cohen)

Battle lines are being drawn for a congressional showdown between the established telephone companies and public and private groups that want to promote more competition in that traditionally monopolistic industry. It is a confrontation that could be hotter than the anticipated debate next year on restructuring the major oil companies.

The spark for the debate has been provided by a series of pro-competition actions and statements on the part of the Federal Communications Commission (FCC), which regulates interstate telephone service. But the growth of communications technology and new services also has forced Congress to reexamine the 42-year-old law that regulates the telephone industry.

The American Telephone and Telegraph Co. (AT&T), the industry giant, has lost most of its recent battles on the issue before the FCC and in the federal courts. AT&T maintains that rates for residential telephone users would have to increase substantially if nonoperating companies are permitted to compete for a comparative handful of commercial users of phone equipment and private line services. The company says that Congress should take steps to maintain what the Bell system calls the cheapest and best telephone service in the world.

The opponents, including Bell's nonoperating competitors, the FCC and key congressional figures, respond that AT&T's performance record has been satisfactory but that it has been laggard in introducing new consumer services and lower rates.

Besides, they contend, there is no reason why the economic principles of competition should not be permitted to prevail in most sectors of the telephone industry, excluding the basic phone-to-phone service.

A dozen Senators and 125 House Members have sponsored legislation within the past three months that was drafted by attorneys for AT&T and the approximately 1,600 independent telephone companies that serve the 18 per cent of the public not reached by the 23 regional Bell companies. The legislation is intended to restrict competition in supplementary services.

Many of the legislators have been targets of active lobbying by local telephone company officials and union leaders. This burst of activity has led Bell's competitors, whose 1975 revenue as estimated by the FCC totaled $167 million, compared with AT&T's $29 billion, to mount their own lobbying campaign to combat what they contend is misinformation and pressure tactics. The competitors are challenging Bell in the equipment and private line markets, where its revenues now exceed $4 billion. Industry analysts project rapid commercial expansion in both these areas, compared with the relatively static local exchange and long-distance service areas.

Both sides of the debate say that Members of Congress know little about the issues, but both sides are eager to assist them and are confident that Congress eventually will see the matter their way.

Because the telephone industry is one of the most heavily regulated industries in the nation—on both the federal and state level—what Congress does on the telephone competition issue could signal its intention to reduce government control of the economy on a broad front.

Ironically, the regulatory policies that have given rise to the current debate have, for the most part, represented an effort by the FCC to remove the federal barricade protecting a few companies from competition. Most of the current debate on economic regulation, by contrast, has been sparked by the claim that government agencies have been too willing to protect regulated industries from new companies or to grant them whatever rate increases they have requested.

AT&T INITIATIVE

AT&T and the independent companies believe that the nationwide grid of telephone service is threatened by the specter of competition. The principal loser, they believe, will be the individual consumer, who would be forced to pay higher prices, not the companies, which would be able to adjust their rates to meet competitive pressures.

Edward B. Crosland, senior vice president of AT&T, disputed the critics' view that the Bell-backed proposal is designed to create a legally sanctioned monopoly in the telephone industry. He responded that its purpose is to prevent a "massive rate restructuring," which would mean higher residential rates and a possible loss of service for low-income households.

In an interview, Crosland said the ultimate result of competition could be similar to that in the railroad industry, where Congress created the Consolidated Rail Corp. (Con Rail) earlier this year and gave it $2.1 billion to take over the bankrupt Northeast railroads. "What we're trying to do is ask Congress if this is the kind of result they want. We don't want to be in a position 10 to 15 years from now of asking where the United States went wrong with its telephone system, having increased prices and lowered service quality and availability."

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[2] There will be some virtual attrition caused by adding the high-accuracy MaRV. While the weight penalty for terminal homing devices may be negligible, there will be some additional penalty for maneuver capability. Only improved yield-to-weight ratios would permit maintaining constant yields for given payloads.

Provisions: More than a fourth of the Members of Congress have filed or cosponsored the legislation, called the "Consumer Communications Reform Act of 1976," which was drafted by attorneys from Bell and the independent companies. Because they filed the first bills (S. 3192, H.R. 12323) in their respective bodies, Sen. Vance Hartke, D-Ind., and Rep. Teno Roncalio, D-Wyo., are cited by the industry as the principal supporters. There are three key sections to the proposal.

Preamble—The first section is a series of congressional findings and declaration of purpose that Bell officials say is a restatement of congressional policy embodied in the 1934 Communications Act (48 Stat. 1066) holding that duplication of telephone facilities and services is "contrary to the public interest" because it fosters higher charges and results in economic and technical inefficiencies.

Equipment—The bill gives the states the authority to regulate the uses and rates for telephone equipment used in both intrastate and interstate services. In recent years, the FCC has issued regulations that have made it possible for competitors to enter the equipment market.

Specialized carriers—The final key section states that any company not primarily providing exchange services will be denied a certificate to operate unless the FCC determines, among other things, that the proposed service of the specialized carrier is "not like or similar to any service or services provided by a telephone or telegraph" company. This section is designed to counter FCC decisions that have permitted the growth of companies providing private lines tailored for specific markets.

Intent: The legislation is designed to protect the telephone system developed since Alexander Graham Bell's 1876 invention of the telephone, say its supporters.

John D. deButts, chairman of the board of AT&T, told the annual stockholders meeting on April 21 that the "integrity of the nationwide communications network" is "at stake." For this "incredibly intricate mechanism" to function well on economic and technical levels, "you need a unified system and a unified approach to its management." He correctly added, however, that the FCC has not seen the matter this way.

Instead, the commission's decisions over the past decade have resulted in what Crosland called "contrived competition," where other companies "pick and choose" what telephone services they provide. This has been done by the FCC "in a tyranny of small decisions without looking at the big picture," said Crosland.

Bell officials say that unless this policy is changed, residential rates may increase by 70 per cent because AT&T will have to shift to the home consumer much of the fixed costs of operating the system, a burden that they say is now borne disproportionately by business users.

Support: Advocacy of this position and the proposed legislative remedy has been undertaken primarily by local telephone company officials and union representatives, who have contacted their local Senators and House Members. They are operating under the direction of a Washington coordinating group that meets regularly to discuss the progress that has been made and the further steps that should be taken.

The principal members of the team are AT&T and the United States Independent Telephone Association (USITA), which represents the independent companies across the nation serving non-Bell markets and maintains a usually peacefully co-existence with AT&T. The Communications Workers of America (CWA), AFL-CIO, has been an important part of the over-all effort but has not been so actively involved in planning the legislation and in lobbying for it.

Crosland denied that the effort is being controlled by AT&T, and said USITA had expressed concern about the impact of competition on small companies before AT&T began its search for a legislative remedy.

USITA—Jack E. Herington, USITA director of government relations, said: "We're not asking Congress to protect monopolies but to protect consumers." Congress should review telephone industry competition and its impact on rates because recent FCC decisions have been "wrong" and Congress should consider all points of view, he said.

Because customers of USITA companies reside in 51 per cent of the nation's territory, Herington said, they stand to lose the most from competition because potential competitors are less likely to enter a market where there is a higher unit cost of operation.

CWA—The executive board of the 514,000-member communications workers union adopted a resolution in March stating that "Congress should reaffirm its long-standing policy of network unity, with the network providing all needed services within its capabilities." The union has not endorsed the specific AT&T-USITA bill, but it has worked actively to solicit support for the bill so that Congress might begin to review the issues.

A CWA aide said union officials attended some meetings when the bill was being prepared but decided that the companies' proposal was not the best way to attain the common purpose that labor and management share.

He added that FCC actions permitting new competitors to provide telephone services will result in a loss of jobs because many of the new companies are "highly automated." He agreed that, to the extent that AT&T provides similar services, it too is automated, but added that these services produce revenue to support the overhead for the total system.

OPPOSITION

The most active opposition to the position that the telephone industry best operates as a monopoly service has come, not surprisingly, from the companies seeking to provide new services. What is perhaps surprising is that the Federal Communications Commission, generally viewed primarily in terms of its role as regulator of the broadcasting industry, has emerged as a vital and vigorous advocate of competition.

Industry coalition: Five companies engaged in a variety of private line services announced on May 19 the formation of an Ad Hoc Committee for Competitive Telecommunications with the purpose of opposing the AT&T-USITA proposal. The committee has set up a Washington office and announced the appointment of Herbert M. Jasper as executive vice president.

William G. McGowan, chairman and chief executive officer of MCI Telecommunications Corp., which offers a private line service in 34 metropolitan areas linked by a microwave network, called the Consumer Communications Reform Act both "anti-consumer and anti-reform." He said, "AT&T and its allies are attempting to stampede" Congress because they have not been able to convince the FCC that the consumer benefits from the traditional monopoly in communications services. He told a May 19 press briefing that the coalition was formed "in haste" to combat the "major effort" to get Congress to pass a bill.

John P. Guttenberg Jr., vice president of Data Transmission Co. (Datran), which operates a private line service transmitting data to 23 areas across the country, said in an interview that 30 to 40 per cent of his company's business has been "new business not taken from Bell." Of the remainder, he said, it is "in the public interest to compete for this rather than rely on a certain artificiality and arbitrariness of ratemaking." He said that data communications is the fastest growing sector of the communications industry, citing the prospects of its use in areas such as banking and law enforcement as well as business dealings. "Enactment of the Bell legislation would put us out of business," Guttenberg said.

In addition to MCI and Datran, the other members of the new coalition are Graphnet Systems Inc., Southern Pacific Communications Co. and United States Transmission Systems Inc.

Besides the coalition, there are two other relatively young trade associations that oppose what their officials call AT&T's monopoly behavior. They are the North American Telephone Association Inc., a group of equipment manufacturers, and the Computer Industry Association, a group of small and medium-sized computer firms. While the three groups now operate independently, they have many common interests on telephone issues and it is probable that they would cooperate in the event of a major legislative effort to enact the proposal backed by AT&T. FCC: The FCC, particularly its common carrier bureau, has become an ardent advocate of telephone industry competition. It has disagreed with AT&T's argument that the communications law does not countenance a number of companies providing telephone service.

The commission is in a state of flux currently, with two of its seats soon to be vacated and its chairmanship subject to change if a Democrat wins the presidency in November. Nevertheless, barring a court reversal or a change in the law, it appears that the FCC has gone so far in staking out a pro-competition position that it would be difficult for new commissioners to change the direction of the policy.

Action—The FCC took its first major step toward promoting telephone industry competition when it ruled in 1968 that an AT&T regulation was "unreasonably and unduly discriminatory" in restricting the right of a small manufacturer to connect to AT&T equipment a device permitting communication with a mobile radio system.

That ruling was one of a number by the FCC in recent years that opened the door to new services and sales by non-operating companies. A series of three actions this spring provides a good illustration of the extent to which the FCC is encouraging competition:

It issued a set of rules on April 27 to implement its new policy allowing outside equipment to be attached to a telephone without the need for a phone company connection. This action removed nearly all restrictions on the growth of the equipment market. However, the rules scheduled to become effective May 1, were delayed by the U.S. Court of Appeals for the Fourth Circuit pending a court hearing.

On May 19, the FCC suspended AT&T's new private line rates, which are based on a sliding scale of higher rates for shorter distances. The FCC said AT&T had not presented sufficient evidence to support the new rates.

The commission ruled on May 27 that the rates for AT&T's wide area telephone service (WATS) were illegal because the company had failed to present data to justify the rates. The FCC did not say whether the rates were too high or too low, but they will remain in effect during the six months in which Bell will develop new rates.

Legislation—Consistent with these actions was the FCC's 13-page letter to Rep. Lionel Van Deerlin, D-Calif., chairman of the House Interstate and Foreign Commerce Subcommittee on Communications, opposing the proposal to limit competition and remove

FCC authority. The result of the bill's enactment would be "a telephone industry monopoly collecting and dispensing substantial interstate subsidies that are unaccompanied by effective federal oversight," the May 25 letter said.

In a significant statement, the FCC disputed AT&T's claim that residential rates are subsidized by businesses and therefore would increase in the event of competition. "There is a body of evidence before the commission suggesting that local telephone service may be subsidizing the telephone industry's competitive offerings" rather than the reverse, the commission said.

The FCC expects to submit to Congress this fall the results of its two-year study of the economics of the telephone industry that includes the evidence referred to in the letter to Van Deerlin. A report to the commission by the staff that conducted the study concluded that AT&T was operating in an anti-competitive fashion.

OPT: A more recent opponent of the legislation has been the White House Office of Telecommunications Policy (OTP), which generally has supported FCC pro-competition actions and advises the President on communications issues. The office disputes the economic assumptions underlying the legislation.

In a June 3 speech before the Eelectronics Industry Association, John Eger, who has been acting director of the office for two years and will be replaced soon, said the bill "will serve more to retard consumer communications than to reform it." Saying the bill would eliminate the "miniscule competition" that now exists, he said the industry's economic and technical arguments for the bill are "weak" and its facts "largely overstated."

Although Eger discussed his speech with White House economic and regulatory aides before he delivered it, they did not agree on an Administration position on the bill. Background papers have been prepared for the Economic Policy Board and the matter reportedly remains under study. Sources said AT&T officials have spoken to L. William Seidman, assistant to the President for economic affairs, and other White House officials to enlist President Ford's support of their bill. Crosland of AT&T said, "We've talked to anyone in the executive branch who will listen." He said he could not say what the White House position will be until further discussions are held.

CONGRESS

Early this year, AT&T officials said they hoped Congress would hold hearings and vote on their proposal during 1976. It is clear now that there will be no vote this year and that the chances of hearings in either the House or the Senate are growing dimmer.

Nevertheless, telephone industry officials, citing the large number of cosponsors, say they are pleased with the response their proposal has received. By the end of May, the core of the AT&T–USITA package had been endorsed by eight Democrats and four Republicans in the Senate and 72 Democrats and 52 Republicans in the House. Although many of the sponsors are from rural areas served by independent telephone companies, there are also many from urban areas in states such as Pennsylvania, Ohio and California.

Several congressional aides said that the lobbying for co-sponsors has been strong. They noted that some of the co-sponsors have said they introduced the legislation only as a means of airing the issue of telephone competition.

The biggest stumbling block for the proposal has been in the Communications Subcommittees of the House and Senate. The chairmen of the two panels have shown no enthusiasm for even beginning a review of the legislation. Shifting control of the two subcommittees has added to the uncertainty.

Senate: Sen. John O. Pastore, D-R.I., who has been chairman of the Senate Commerce Subcommittee on Communications for two decades, is retiring this year and has no interest in starting a review of the complexities of telephone regulatory policy. When AT&T officials sought his support for their bill, he told them he would oppose having the bill referred to his subcommittee.

Since Pastore's panel has jurisdiction over telephone issues, his opposition has caused some difficulty for the bill's supporters. They have asked committee chairman Warren G. Magnuson, D-Wash., to create an ad hoc subcommittee to hold hearings. A likely chairman of such a panel would be the bill's chief Senate sponsor, Hartke of Indiana, who, if he is reelected in November, will be the committee's second-ranking Democrat. (*See box, this page.*) House: Van Deerlin became chairman of the House Communications Subcommittee April 27 when he replaced Rep. Torbert H. Macdonald, D-Mass. Prior to his death on May 21, Macdonald had become a strong critic of the Bell-supported legislation, saying that "no company need fear competition if it is providing the best service available at the best prices."

Van Deerlin, a former newsman who has shown interest in the broadcast issues that come before the panel, has had little to say about the telephone legislation. Persons who have spoken with him say he has listened to both sides and has taken no position other than to acknowledge that the issue is complex. While some industry officials hope that he will hold hearings in September, one person close to the subcommittee staff said the panel may not have the time to begin an adequate set of hearings this year.

The same source added that one alternative that the House and Senate committees might agree on to alleviate the pressure for hearings this year would be to award contracts to private groups such as the Brookings Institution or the Stanford Research Institute to analyze the implications of the legislation. These studies could serve as a basis for hearings in 1977.

OUTLOOK

Some critics of Bell say that the company has no expectation that the AT&T-USITA bill will be enacted but that its officials are pushing it in order to bring congressional pressure to bear on the FCC to moderate its pro-competition stance.

"Bell asks for 250 per cent with the hope of getting part of that," said Bernard Strassburg, former chief (1963–73) of the FCC common carrier bureau and now a private consultant. A congressional aide said he has heard from several sources that "Bell's private goal is to intimidate the FCC."

Critics also suggest that AT&T would like the Justice Department to drop the antitrust suit it filed in November 1974 seeking divestiture of the company's manufacturing and research arms. After 19 months, opposing parties have not begun to gather pretrial evidence from each other.

These views were rejected by AT&T's Crosland, the senior vice president who is playing a central role in the advocacy of the legislative proposal. Saying that the company's aim is passage of the bill and that he does not expect the discussion to have any impact on the FCC or the antitrust case, he added, "God knows, we are a benign giant; we're big not because we want to be but because we have to be."

Whatever the bill's purpose, Bell and the USITA companies leave no doubt that they will continue to push strongly for congressional support of their proposal. John Guttenberg of Datran, a Bell competitor, said, "If Bell wants to use its power for this, there's nothing short of a war effort that can match Bell's capacity to mobilize national opinion."

That may be an over-statement but Congress and the public probably will be bombarded for some time by arguments from both sides of the telephone competition issue. The response to the debate may reveal much about whether Congress and the consumer are more responsive to claims of competition or claims of service. The answer will provide some evidence of the direction of the evolving debate about government regulation of industry.

THIRD CENTURY AMERICA

HON. LOUIS FREY, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. FREY. Mr. Speaker, I would like to bring to the attention of the Members of Congress the very fine Bicentennial program carried on by NASA and 16 other Federal agencies at the Kennedy Space Center, Fla. The theme of the exposition is "Third Century America" and is truly unique in its excellent presentation of this country's achievements in science and technology, and its future accomplishments. We would hope that any of your constituents who are in the area would take the time and effort to visit the exposition at the cape. I had the pleasure of being at the dedication and touring the exhibits, including the simulated launch of Apollo 11, which was really quite a thrill. We also had the privilege of having the President call from Washington and his personal representative, Phil Buchen, speak. I have taken the liberty of presenting the remarks of the President and Mr. Buchen which we feel are very important:

THE WHITE HOUSE, TELEPHONE CONVERSATION BETWEEN THE PRESIDENT AND DR. JAMES C. FLETCHER, ADMINISTRATOR, NATIONAL AERONAUTICS AND SPACE ADMINISTRATION AT THE KENNEDY SPACE CENTER

The PRESIDENT. Dr. Fletcher, how are you?

Dr. FLETCHER. Very fine, sir, Mr. President.

The PRESIDENT. Dr. Fletcher, Congressman Teague, Congressman Frey, distinguished guests, ladies and gentlemen:

I am extremely happy to have this chance to send my greetings and very best wishes on the dedication of the Science and Technology Exposition. I am honored to congratulate all who took part in creating this very important Bicentennial program. This massive combined effort, planned and carried out by NASA, 16 other Federal agencies and a number of corporations and institutions of higher learning, represents the same spirit of cooperation and mutual support that enabled Americans to venture from Cape Canaveral to the moon and back.

The Kennedy Space Center is the fitting location for this exposition. In just 20 years it has become historic ground in the United States as well as in the world.

The brave astronauts of the Mercury, Gemini and Apollo programs and their dedicated support teams represent the finest quality in American science and technology. The Space Center and the fabulous story behind it has become a part of America's national heritage. More than just a story of technical expertise, it is a superb story of courage, perseverance and strength, of determination and of faith. It is another chapter in America's history of reaching out to the unknown that began when the first colonists set sail across an unfriendly sea to an unexplored continent.

America's future it itself unchartered territory but I am confident we will face that challenge with the same courage and imagination that have marked all of our voyages into the unknown.

This fine exposition will tell Americans of our unique contribution to the progress of mankind. It unveils some of the scientific wonders to come, developments which will not only range across the solar system but which will change everyday life here on earth. It will show Americans that our horizons are still unlimited and so is our capacity to reach for them into our third century.

I congratulate all who have been a part from the very beginning of the development of this outstanding exposition and I wish everybody connected with it the very best and I hope and trust that thousands and thousands and thousands of Americans and those from other parts of the world will come and see for themselves what we have done and what we will do in the future.

Thank you, Dr. Fletcher, and the very best to all.

Dr. FLETCHER. Thank you, Mr. President.

BICENTENNIAL EXPOSITION ON SCIENCE AND TECHNOLOGY, KENNEDY SPACE CENTER

(By Philip W. Buchen)

Welcome on this auspicious Flag Day 1976 to the Bicentennial Exposition on Science and Technology! The World has witnessed many expositions before this one, and they have indeed been impressive. But NASA has an unmatched record in the world for unique achievements. And NASA has added to that record with a truly unique exposition. Sponsored by NASA and supported by many other Federal agencies and by industries and universities of this country, this presentation, which we are dedicating today, points the way to a third century of American achievements in Science and Technology that will exceed by far even the momentous progress made in the first two hundred years of our history.

When our nation was founded, its science and technology were still in a rudimentary stage. Medicine was so limited a skill that the average individual of whatever station in life was lucky to survive infancy. Man could move no faster than his animals could pull or carry him or than the sail of his vessel could respond to the force of the wind. Communications were so crude that people learned of distant events only months after the fact. Electronics had not reached beyond the kite-flying experiments of Dr. Franklin. But after a remarkable period of political revolution, this Nation by the end of its first century had experienced an industrial revolution as well. The Centennial Exposition of 1876 in Philadelphia was a tribute to both revolutions—political and industrial—and it gave Americans the opportunity to view the artifacts of our first 100 years of progress.

Housed in 180 buildings were historic displays of the accomplishments of that first century in transportation, communications, and industry. The steam engine had revolutionized transportation, and the telegraph had made possible virtually instantaneous communication over long distances. But the emphasis was on industry. The use of power-driven machinery and the concept of mass production played the feature roles. Serving as a symbol for the entire centennial celebration was the giant Corliss steam engine at the Philadelphia exposition. When President Grant pulled the levers that set the engine in motion, some 8,000 machines connected to the engine were activated.

Now that we are concluding the second century of our history as an independent Nation, we are celebrating a third kind of revolution as well—this one a technological revolution which has affected all aspects of our lives. Its role in health, education, industry, finance, government and the media is all on display here at this famous Space Center. The exposition features the remarkable advances we have made only recently in such fields as housing, agriculture, communications, aeronautics and, of course, space. And it gives us a preview of the even more remarkable advances to come.

Apart from appreciating the noteworthy achievements of science and technology which are being displayed here, we should realize that the plans and arrangements which brought this exposition into being constitute in themselves an extraordinary achievement. This project represents a cooperative effort between 17 government agencies and a variety of leading industrial firms, and universities, and it was accomplished within an amazingly short period of time. All of the participants responded with alacrity and imagination to provide the many fascinating exhibits which we will be visiting.

In the Geodesic Dome of the Department of Agriculture, we will find exhibits that hold high promise for the future of farming. Satellites and airplanes overhead will transmit readings that can spot the breaking out of disease among crops with far more certainty than is possible by any other means. The theme of the agricultural displays is that: "We have the means, the capacity to eliminate hunger from the face of the Earth in our lifetime. We need only the will."

Other points of interest include a quick diagnosis of hypertension from the Department of Health, Education, and Welfare; a working model of a river basin and a seismograph at the exhibit of the Department of Interior; and an opportunity to drive electric and turbine cars provided by the Energy Research and Development Administration.

The Postal Service offers special stamps for collectors; and visitors to the exposition can strike their own coins, courtesy of the Treasury Department.

In the housing and urban development area, cartoon figures will talk to the audience about improving our communities through the application of science and technology, while models and animation will speak for the Community Services Administration on "People helping people help themselves."

A visitor to the exhibit of the Transportation Department will get a futuristic look at America on the move, including the use of an individual rapid transit vehicle. The exhibits of the industrial firms will introduce visitors to their most innovative developments. And applications of laser light to create a new and exciting form of sculpture is the contribution to this exposition from the National Endowment for the Arts.

All of the exhibits, including others that I have not touched upon, demonstrate how the tremendous capabilities of both government agencies and private companies point to the future. Here we can see not only how far resourceful and innovative institutions in our society have come, but also what great promises they hold for the century ahead. We will recognize that the giant strides we have already made are only the beginning, and that the life we know today can be enhanced in quality beyond our fondest dreams.

Before the exposition closes on September 7, we estimate that over one million people will have viewed these exhibits and will have seen the operations of the Kennedy Space Center. Much of what they will see consists of the work which regularly takes place in this vital Center of America's space-age activities.

They will see and touch the mighty Saturn rocket, the likes of which sent American astronauts to the moon. They will watch, in operation, the project of the National Oceanic and Atmospheric Administration to secure and relay weather satellite photos. Next month, after the Viking spacecraft makes its soft landing on Mars, the photos it transmits back to earth will be seen daily at the exposition site.

Contributing to the attraction of the current exposition is the singular circumstance that it is part of a living, working facility where programs for the future are already underway. For it is here that preparations are going on for the Space Shuttle program to be launched in 1980. And when each Shuttle has been sent into orbit from here and after it has remained in orbit for days, or even weeks, this is the place to which the reusable space vehicle will return to be refitted for the next trip. A model of this remarkable craft is now open for inspection in the huge Vehicle Assembly Building. Throughout the next decade, the new Shuttle will be used by scientists as a laboratory of space environment for conducting countless experiments. No longer will space exploration be the province of but a few specially trained astronauts. Now there will be passengers aboard their space flights.

Adding to the glamour and excitement of this Exposition will be participation by the Armed services. There will be performances by the Thunderbirds of the Air Force, the Blue Angels of the Navy, and all four of the service bands.

The Exposition is truly a team effort, and it is a Bicentennial occasion that the American people will greatly admire and thoroughly enjoy. It is also an occasion for foreign visitors to observe the national commitment the United States has to scientific and technological progress—not alone for ourselves but for all of humankind. A commitment and a helping hand to all peoples—that was the intent and spirit of the small, shaky nation that was formed in 1776. And at this exposition, we proudly renew that intent and spirit and do so with much greater promise of fulfillment than ever before.

THE CASE OF RHODESIAN CHROME

HON. HARRY F. BYRD, JR.

OF VIRGINIA

IN THE SENATE OF THE UNITED STATES

Wednesday, June 23, 1976

Mr. HARRY F. BYRD, JR. Mr. President, the Cincinnati, Ohio, Enquirer on May 22 published an editorial captioned "The Case of Rhodesian Chrome."

I ask unanimous consent that this editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE CASE OF RHODESIAN CHROME

Perhaps the first test of congressional acceptance of the major proposals raised by Secretary of State Kissinger during his much-publicized African tour will involve Rhodesian chrome.

Chrome is, as most Americans have heard many times before, indispensable to the manufacture of high-grade steel. The two major sources of chrome are the Soviet Union and Rhodesia.

When the Rhodesians issued their unilateral declaration of independence from Great Britain a decade ago, the United Nations voted economic senctions—by which the United States abided—on Rhodesia's white-minority government, hoping thereby to muster enough pressure to cause the new government's collapse.

After five years of the boycott, Sen. Harry F. Byrd Jr. (Independent-Va.) sponsored a successful amendment in Congress to permit U.S. chrome purchases from Rhodesia.

But Secretary Kissinger, during his African visit, announced the Ford administration's determination to "urge Congress this year to repeal the Byrd amendment."

The result of the amendment's repeal would be to increase economic pressure on the Rhodesians. But it would also be to make the United States almost wholly dependent upon the Soviet Union for an essential ingredient for its steel industry.

There is reason to doubt whether Congress will—or should—do so. Senator Byrd himself takes the position that "we're spending $100 billion a year to defend ourselves against Russia" and that "Russia is our only potential adversary. And yet, before my amendment was passed, we would have depended on Russia for virtually all of a critical strategic material."

The issue of Rhodesian chrome, lamentably, has become inseparable from the ritualistic cant that has come to influence more and more of the nation's foreign-policy decisions—cant to which Secretary Kissinger appears to have succumbed during his African journey.

The decision on chrome needs to be made not on the basis of what will prove pleasing to this or that power bloc in the nation's domestic political wars, but on the basis of the nation's long-term welfare.

WDIA RADIO—MEMPHIS, TENN., A HISTORY OF COMMUNITY SERVICE

HON. HAROLD E. FORD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. FORD of Tennessee. Mr. Speaker, I want to bring to the attention of my colleagues the fine work being done by radio station WDIA in Memphis, Tenn. No other station in the mid-South has generated so many varied acts of goodwill toward any community, be it black or white. This Saturday, June 26, the station will present the 20th annual Starlite Revue. The revue is one of two soul music charity spectacles sponsored each year by WDIA. The receipts from the revue are used to fund the station's many community activities.

The list of WDIA's charity credits is awesome. The station supports more than 100 little league baseball teams or over 2000 young ballplayers. It has funded the Dixie Homes Goodwill Boys' Club and the St. Thomas Girls' Club. WDIA founded the Keel School for Handicapped Black Children and provides transportation for handicapped children in the city. The station has established a $5,000 scholarship fund for high school students and contributes to the United Negro College Fund. The College Chapel Health Center has received $10,000 from WDIA and the station has pledged $40,000 more. The list of charitable activities could go on and on. I know of no other radio station that is as actively involved in community service as is WDIA.

The work of WDIA has not gone unnoticed by the professionals in the music business. In 1969 Billboard Magazine presented WDIA with their Station of the Year Award citing "its dramatic efforts to raise the social, educational, and living standards of its audience" as the basis for the honor. The following year, The National Association of Television and Radio Announcers voted WDIA the award of Radio Station of the Year.

In the past 25 years WDIA has witnessed the intricate changes in black music and the dramatic developments in the black community. WDIA has never exploited its large black audience, but chose instead to accommodate it. It is one of those very rare stations that honestly cares for the black population it serves. WDIA, through its great programing and unequalled history of community service, has provided a standard of excellence for radio stations around the country.

CHUCK WALLIS HONORED WITH AWARD

HON. WILLIAM F. WALSH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. WALSH. Mr. Speaker, tonight in Penn Yan, N.Y., a very fine gentleman is being honored by his community as "Rotarian of the Year." I fully realize that many honors are bestowed upon Americans in their own communities each year, and everyone honored deserves the recognition given. In this particular instance, however, the individual I speak of is very special indeed to his community and our country.

Charles L. Wallis, known to me and his many friends as "Chuck," is a most unique person. He is the pastor of his church in the community of Keuka Park, teaches English at Keuka College, has written over 30 books that have been published and, in his spare time, leads the political party of his choice as its county chairman.

As a spiritual director, he has guided and directed the lives of thousands in the ways of their Creator.

As a teacher and educator, he has helped shape the destiny of many students by his image, by his character, and by his example.

As an author and publisher of religious articles and other subjects, he has brought comfort and peace of mind to thousands.

As a political leader, he has been equitable in listening to all points of view.

Never has an honor been more deserved. Chuck has given so unselfishly of his time and his many talents to do many worthwhile endeavors that a list of these would almost be endless.

After a long day on the floor of the House, I have often returned to my apartment very weary. Awaiting me on several occasions have been delightful letters or cartoons sent to me by Chuck that would bring a smile to my face. This is what he does for so many—gives of himself without asking for anything in return.

In this very small way I wish to congratulate my friend Chuck Wallis for a job well done. May he and his lovely wife, Betty, continue in good health in the years ahead.

For having the privilege of knowing Chuck Wallis, a man whose example has been an inspiration to all of us, I consider myself a very fortunate man.

WILL SOCIETY BE BIG LOSER IN BOLLES FAMILY TRAGEDY?

HON. SAM STEIGER

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. STEIGER of Arizona. Mr. Speaker, on June 2, Don Bolles, a reporter for the Arizona Republic, suffered injuries from a bomb planted beneath his car. The injuries proved fatal 12 days later. Mr. Bolles was a long-time friend of mine and was recognized as one of the best investigative reporters in the country.

Three days before Mr. Bolles' death in a Phoenix hospital, Jack Pryor, publisher of the weekly Sun City Citizen in Sun City, Ariz., printed on the front page of his paper an editorial written by Mrs. Patricia Barnes. I include the editorial in the RECORD:

WILL SOCIETY BE BIG LOSER IN BOLLES FAMILY TRAGEDY?

(By Patricia Barnes)

Was Don Bolles right? Does no one care?

His Arizona Republic colleague, Bernie Wynn, said Don had become cynical after years of laboring to expose the evils of organized crime in Arizona. Cynical because nothing was done about it. Now Don is fighting for his life, minus one leg and 30 pints of blood. At least his blood is replaceable.

But why had Don become cynical?

Why not? Arizona is the state where . . .

Attorneys General are elected on a promise to seek out and prosecute organized crime;

County Attorneys are elected on the same promise;

We spend days at blue-ribbon Town Hall discussions where prominent citizens of the state talk about the malignancy of organized crimes;

A Phoenix 40 is wormed where an evermore select influential group can continue to talk about "getting tough" on organized crime;

Congressman Steiger attempts to show mob influence in Arizona and eventually achieves the reputation of a common cold for his efforts, because too many prominent citizens could be involved and that would embarrass other politicians, financial institutions, law firms and the business community;

A past Attorney General admits he had a gambling habit which he indulged in frequent trips to Las Vegas;

The State Legislature creates a statewide Grand Jury as a panacea for the state's criminal ills and then spends a year arguing over whether or not it should be given money with which to operate;

Key witnesses in land fraud cases are first disposed of via "convenient accidents," and later brazenly murdered.

A cynic may well wonder if all the pompous proclamations about fighting crime are intended to help expose it or to conceal it, to rally the public against it or to lull the public into complacency.

Don Bolles was one of the few people who had not just talked and written but had actually done things that affected the influence of the shadowy forces in our state. His penetrating revelations had not just thrown darts at well-known villains but had embarrassed many would-be heroes. The real impact of wrongdoing will never be recognized and remedied until the leadership of the community is prepared to expose and counter the bad deeds of the "good" people as well as of the "bad" people. And so, as of now, Don Bolles has received his reward for his efforts. And unless all of us are prepared to do more, his reward may well become the reward of anyone courageous and persistent enough to hit the nerve endings of the cozy compatibility of respectability, wealth and power with the elements so widely declaimed.

Does the continued survival and apparent success of so-called organized crime evidence the incompetence and ignorance of those who lead the fight to exterminate it? Or does it show that these "bad guys" have learned all too well how to exploit the faults and weaknesses of the rest of us?

What has happened to Don Bolles is tragic. It is a great personal tragedy for him and his family. It is a great public tragedy that such an event can happen. It will become a far greater personal and public tragedy if it succeeds in its purpose. If the reaction to its horror is but a temporary sensation, and does not catalyze this state and its citizens to a sincere and forceful commitment to rid our society of its cause, the lesson will be clear. Violence succeeds. Efforts to expose and fight organized crime are simply not worth the trouble, and dangerous to boot. In the end, the bad people will succeed because the good people don't really care.

We do not believe that this will be the result of this shocking attack upon our free press. We do not expect this state to ignore or forget this cowardly blow delivered against our society as a whole. If this does not crystalize our complaints and cynicisms into indignation and determination, we will be surprised and disappointed.

None of us can restore Don's leg or remove the physical and emotional suffering he has experienced. But each of us can play a role in giving meaning and purpose to his sacrifice.

Editor's note: Mrs. Barnes is a former editor of the Sun City Citizen and was a reporter five years for The Arizona Republic.

SEE YOU AT THE TOP

HON. PETE V. DOMENICI

OF NEW MEXICO

IN THE SENATE OF THE UNITED STATES

Wednesday, June 23, 1976

Mr. DOMENICI. Mr. President, my good friend, former Congressman Ed Foreman, who is now with the Department of Transportation as a Regional Director, brought to my attention a book that demands attention from my colleagues.

This book, "See You at the Top," was written by Zig Ziglar of Dallas, Tex., and has received a tremendous response from businessmen, housewives, teachers, and the full range of citizens who have come in contact with it.

Ziglar devotes much of his text toward motivating young people in particular to channel their talents and energy into chores that will create for themselves a richer, fuller life. Many teachers have purchased this book and requested permission to use it as a course, complete in itself. Ziglar himself has started putting together such a complete course in personal growth and calls it, "The Richer Life Course."

Ziglar's excellent speaking ability and wide experience, sharing the platform with such notables as Gen. Chappie James, Norman Vincent Peale, Congressman Foreman, and others, gives him a truly motivational ability.

Behind this book is Ziglar's belief that a healthy self-image is the key to success and happiness. He teaches that your personal attitude controls your circumstances and that you can carve out your own destiny. The book deals with solutions to many of America's problems—pornography, alcoholism, declining faith in leadership, a national failure of will in some areas.

Because Ziglar puts the stress on what an individual can do to make himself, and his society, better, I believe that his efforts are destined to succeed. His notion that one gets from life what one is willing to give may be ancient in concept, but its validity has never been questioned. Moreover Ziglar has adorned this precept with a humorous and unique style that makes his book both readable and educational.

I congratulate Mr. Ziglar on his efforts and recommend his work to all of my colleagues.

EXPANDING THE ROLE OF NURSES

HON. ANTHONY TOBY MOFFETT

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. MOFFETT. Mr. Speaker, health costs and health care are topics of major concern, both in my own State of Connecticut and in most other regions of the Nation. As we consider the appropriations measure funding the Departments of Labor and HEW, I urge my colleagues to note the committee's decision to include funds for nurse practitioner training. The nurse practitioner concept is designed to help relieve the pressures that are forcing costs upward and service downward.

I want to emphasize the importance of expanding the role of nurses, a concept that is vital to the improvement of health care in America. The nurse practioner movement, simply put, enables nurses to administer primary care to patients, often without a doctor's direct involvement. I am most pleased that the Appropriations Committee, despite pressures from the administration, saw fit to continue and expand this approach to health care, along with funding advanced training programs within HEW's Division of Nursing.

There are some seven thousand nurse practitioners now in the United States. Particularly in rural areas, these nurses are often the only available source of health care.

Mr. Speaker, I am sure all of us recognize the need for adequate maternal and child health care programs. In these times of high unemployment, the health needs of expectant mothers and their infants must not be jeopardized by misplaced funding priorities or a callous bureaucrat or White House functionary. State grants and project grants are of vital importance to this program. I support the efforts of the House Committee on Appropriations; I know they have faced a difficult task, and I urge the House to back their efforts.

LT. GEN. SAMUEL V. WILSON

HON. DAN DANIEL

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. DAN DANIEL. Mr. Speaker, most—if not all—of our colleagues in this body are acquainted with Lt. Gen. Samuel V. Wilson, Director of the Defense Intelligence Agency.

Many may not know, however, that he is southside Virginian, having been born and brought up in Prince Edward County, where he has a farm and his family resides most of the year. I therefore feel a special kinship. The kinship was further strengthened during the Vietnam war, when we shared the experience of having our plane hit by small arms fire down in the delta.

Sam Wilson is a man created for the jobs he has held. It is not possible to know him without associating such words as "character," "integrity," and "dedication" with his name. These are qualities he has displayed in every position he has held, and a finer example of each could not be found.

Recently, I obtained a copy of his remarks before the West Texas Chamber of Commerce when he held a different assignment, and I now insert in the Record, so that all may read them:

Remarks by Lt. Gen. Samuel V. Wilson, Before the West Texas Chamber of Commerce

You do me and my family honor to have me here today. My boss, Bill Colby, deeply regretted that he could not attend, but I am sure that you must all be aware of the unusually heavy demands being made on his time right now.

Just so you will know what you got in exchange, let me explain who and what I am. I am a farm boy from Southside Virginia (and we all say that most good Texans are transplanted Virginians, beginning with Sam Houston). So I kind of feel at home with you here. I also work for you as a soldier. My title is deputy to the Director of Central Intelligence for the intelligence community. That mouthful means that I am, in effect, the director's chief of staff for foreign intelligence matters affecting more than one agency or department.

You should also know that I am not a professional intelligence officer. I am a troop commander, and although I have occasionally had some dealings with intelligence in the past, it has largely been as one who was receiving intelligence rather than giving it.

I've been with Mr. Colby and the intelligence community for a little more than a year now. In some ways, I speak to you from the viewpoint of an "outsider" in the intelligence business, but with the clear advantage of having had a very deep look at it in the last year.

I'm not here today to talk with you about the structure of the US foreign intelligence community or any of the subjects that require elaborate—and very dull—organizational charts. There are some far more fundamental things on my mind, and I think that they are concerns that you share.

For many months now you have been treated to daily and nightly horror stories and exposes about the US foreign intelligence community on your television sets and in your newspapers and magazines. We have been charged with nearly every offense in the book, from "massive" domestic spying to being unable to warn our nation of impending attack.

All too often only the accusations and allegations make headlines, and the denial and truth of the matter never seem to be heard. I hope that the American public will not come to believe unfounded allegations simply because they have been repeated so often.

That technique works in closed societies, but we should not allow it to work here.

To provide a setting for my remarks, let me briefly outline the problem as it affects your foreign intelligence establishment today:

The U.S. foreign intelligence community and particularly the Central Intelligence Agency are right in the middle of a White House-Capitol Hill tug-of-war. There are issues of course, but to a degree we are caught up in the power dynamics of the checks and balances system at work.

To a number of us it would appear that the public media tilt toward Capitol Hill . . . perhaps because the offensive is newsier.

The temptation is strong for some politicians to exploit the situation to their own benefit.

A number of the concerns expressed regarding our past and potential abuses are real and must be dealt with.

The competence and effectiveness of the U.S. foreign intelligence effort are coming under attack. There is the charge of intelligence failures, that our intelligence is not worth the cost.

Now, I firmly believe we will come out all right in the end—a few months from now—with better, more explicit legislation, Joint Oversight Committees in Congress with tighter procedures. The rights of citizens under 1st and 4th constitutional amendments will continue to be protected, and we will go on.

There is great danger in the interim period, however.

We fear the unnecessary revealing and therefore compromise of sensitive intelligence, sources and methods.

The signs of approaching crises conceivably could be missed because of senior management's preoccupation with Congress and the press.

There is a deteriorating morale situation throughout the intelligence community, especially in the CIA.

We are concerned lest overly proscriptive and/or unsound legislation be developed for the future and so constrain our activities that we cannot carry them out effectively.

Our job in the next few months is to emerge from this crisis in intelligence with a workable institution without doing irreparable damage in the process.

I hope—in fact, I am certain—that no one in this room doubts the need for America to have a strong intelligence service. Some few in our country apparently do doubt it. Others say they believe in one, but they would so expose and hamstring it that it could not operate effectively. Still others, who favor an effective intelligence service, question whether our service is properly controlled and properly focused. We listen carefully to the latter.

Some responsible people feel the intelligence community itself has been the cause of some of these doubts. The old traditions were of total secrecy and silence. One year ago, this talk would not have been given. These traditions are now under attack because many fear that they have been used to cover abuses.

We do not condone abuses. We must not call upon secrecy to hide failures or wrongs in our past. President Ford and Mr. Colby have clearly given us our marching orders on this.

But when, for example, an operation that involved three agents is proclaimed as "massive;" when the normal loan of CIA employees to other Government agencies at the latter's request is called "infiltration;" or when conspiracy theorists mouth CIA complicity in the assassination of President Kennedy despite flat and factual denials, then the American people are understandably troubled.

Let me say it straight. We who serve you in the American foreign intelligence ranks are also Americans. As I used to respond to my Soviet interlocutors in Moscow: "Ya Americansky patriot!—"I am an American patriot!" When I wanted to make doubly sure I got the point across, I would answer: "Ya Americansky revolutionaire!"—"I am an American revolutionary!" and that's the subject for a different speech. I would simply remind you that Marx, Engels, Lenin, and Stalin do not come off very well in a debate with John Locke, Voltaire, Tom Paine, Sam Adams, Jefferson, Madison, Lincoln, and Woodrow Wilson. We, not they, are the real revolutionaries and we have been enjoying the fruits of our revolution for two centuries—that is what your intelligence service strives to protect. There is nothing I want more than to ensure that the rights and privileges of American citizens are kept secure. That is what the game is all about. That is why we serve. That is why I am in uniform. To charge that we would seek to endanger your freedom is utter nonsense.

Let me focus on something else. The United States intelligence community itself brought out and exposed the missteps and improprieties of the past 28 years. In 1973, the director of central intelligence set out clear directives that any activities not in full compliance with the laws of the United States would cease immediately. They have stopped. We ourselves came forward and gave our investigators the results of our own self-examinations and what we had done about our findings. Now we are being hit over the head with facts that we ourselves provided voluntarily.

Another fact. Against the service our intelligence has rendered the nation over the past 28 years, those improprieties were truly few and far between. Less—I would submit—than any other agency of government. I also believe that such missteps as there were must be looked at in the context of the times. Many of you here are like me. You remember the Second World War, Korea, and the Cold War. It is not easy to explain to people who didn't live through it, just what Pearl Harbor meant to America and the strength of our national commitment never to be taken by surprise again. It is equally hard to recall the days of the Cold War and the strength of our commitment to stopping "the Communist menace."

Times change. The national point of view changes. Some of our national values may change. We should not, however, use our changed values to make scapegoats of the dedicated men and women of the intelligence community who serve their country in an anonymous and demanding craft.

Yesterday I was coming through the main entrance into the CIA headquarters building at Langley, Virginia. On the wall to the right in the main entrance hall a number of stars have been chiseled into the marble, one for each CIA public servant who gave his life for his country. The last time I had counted there were thirty stars. Yesterday there were 31.

Now, a lot of us consider that the Tomb of the Unknown Soldier is in human terms our saddest, our most touching national monument—an unknown soldier—"known but to God." I am here to tell you that the effect of the simple inscription on CIA's marble wall is equally moving. For 15 of the 31 stars we show no names; yet we know who they are. Their names are not shown because we must continue to keep secret, to protect what they were doing and to keep from hostile view those still alive and carrying on the vital purposes for which these fallen heroes sacrificed themselves.

Of course, America cannot and must never allow abuses in its intelligence services. Abuses must be identified and ended. We have identified and ended them. You have been told about them! We told you! You must now ask yourselves whether it serves your interests—America's interests—to expose intelligence secrets and activities that are valid, yes, critical, and that have nothing to do with "abuses."

We do not oppose investigation. We welcome it. But just as intelligence must be responsible, investigation must be responsible. The investigations of the intelligence community now under way have as their primary aim recommendations for executive and legislative actions to ensure that American intelligence fits American standards.

The laws that created much of our national security structure were purposely left vague back in 1947. The Director of Central Intelligence has recommended tightening those laws so that the charter of the CIA specifically refers to "foreign" intelligence. Other changes may also be desirable to clarify lines of command and authority within and among members of the intelligence community. Again, we welcome such changes. But change must also be responsible, not simply change for cosmetic or political reasons.

I've used the word "responsible" a number of times in the last minute or so. As I said, you as American citizens have every right to expect your intelligence service to be responsible, to protect yourselves and your country. But that responsibility cuts both ways. Senseless exposure of America's true intelligence secrets can cause great damage. Our adversaries find it all too easy to close the chinks in their armor when we obligingly make them public. As Mr. Colby has said, security must not be sacrificed for sensationalism. Protection must not be jeopardized by publicity.

The revelation of true intelligence secrets makes exciting reading in the morning paper. It is soon forgotten by most readers, but not by our adversaries. Enormously complex and expensive technical intelligence collection systems can be countered. Dedicated and courageous men and women who risk their lives to help America can be exposed and destroyed. I don't think the American people want this to happen; especially when our adversaries, dedicated to the proposition that we eventually must be defeated, are hard at work.

There is one charge in particular against the intelligence community that I want to talk about. You've heard a lot about "intelligence failures." You've been told that the American taxpayer is not getting his money's worth for his intelligence dollar. You've been told that American intelligence cannot warn of imminent attack.

Now that just makes me mad!

They say: "Victory has a thousand fathers, defeat is an orphan." In intelligence we say: "Our defeats and mistakes are trumpeted; our successes pass unnoticed and unknown."

I am here to tell you that America has

good intelligence—the best in the world. It is time to say: Our country is safe from a sneak attack. It is time to say: Our country is getting a bargain for its intelligence buck. It is time to say: The American intelligence record is studded with success after success.

It is time to say:

That American intelligence spotted the Soviet nuclear missiles being delivered to Cuba in 1962 and supported the President as he worked through 13 nightmarish days to force their removal;

That American intelligence gave seven years warning on the development of the Moscow anti-ballistic missile system;

That American intelligence pinpointed eight new Soviet inter-continental ballistic missiles and evaluated the development of each three or more years before it became operational;

That two major new Soviet submarine programs were anticipated well before the first boats slid down the ways;

That we knew the status and design of two Soviet aircraft carriers well before the front one put to sea for sea trials.

Those are all military concerns, and they are crucial. But what of other intelligence areas?

American intelligence successfully monitors and predicts trends in oil prices and tracks the flow of petro dollars. That impinges on your pocketbook and on your everyday life.

American intelligence each year turns the key task of assessing world crop prospects. That has to do with the price of the market basket we all must buy, with the world food problem.

American intelligence monitors compliance with the strategic arms limitation agreements. We do not have to estimate. We do not have to guess. We know whether possible adversaries are keeping these agreements. This is a new job for intelligence: keeping the peace and restraining the arms race.

I hope these illustrations help you to understand the intelligence community and its job just a bit better. Many years ago, Allen Dulles spoke of the "craft" of intelligence. He underplayed it. The bold technical thinkers; the brave people on hazardous duty in strange lands; the gifted analysts puzzling out mysterious political and military moves made by unpredictable people in far and closed societies: these are more than craftsmen.

Intelligence is more than a craft. It is more than a science. It is also an art. We do not have a crystal ball, and we can't yet give you a copy of the 1980 World Almanac. And we may not predict the given hour of a particular coup or revolution. Any more than your weatherman can make a flat prediction that it will start raining at precisely 0920 hours tomorrow. We can't tell you what God is going to do on Tuesday of next week. Especially when He hasn't made up his mind. But we probably can tell you when He's getting mad.

But that kind of prediction is not the main mission of intelligence. Our primary function is to provide the leadership of this Nation with the deepest possible understanding of the military, political, social, and economic climate of countries that affect vital American interests. Our mission is to see that our leaders know about what may happen in the world beyond our borders and about the forces and factors at work there. That is what intelligence is really all about. And we do it well, despite our current problems.

In front of the CIA headquarters building at Langley, Virginia, stands a statue of one of our famous Revolutionary War heroes—Nathan Hale. A close look at him shows his hands are tied behind him and his legs are bound with a rope, just as he was bound before the Redcoats hung him for attempting to steal their secrets.

Now, I have come down here to ask your support: Help us get the ropes off of Nathan Hale.

CHALLENGES OF GENERAL AVIATION

HON. GARNER E. SHRIVER

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. SHRIVER. Mr. Speaker, the aviation industry is an economic mainstay of my district. Because it is so important, new developments in aviation, anticipated problems for aviation, potential benefits for aviation—all are major news items within my district.

Just as I am enlightened each day by Members of this body who speak for industries of international importance with which I am not personally familiar, I would like to take this opportunity to share some information that has come to my attention with regard to the general aviation industry.

Mr. Russell W. Meyer, Jr., chairman of Cessna Aircraft Co. of Wichita, Kans., recently addressed a conference of Federal Aviation Administration executives on the subject of challenges confronting general aviation manufacturers of America. As Mr. Meyer pointed out, some of the challenges of aviation are challenges within the industry—but a significant proportion of them are challenges issued or forthcoming from Congress or the Federal regulatory agencies.

Under leave to extend my remarks in the RECORD, I include excerpts from Mr. Meyer's address:

CHALLENGES OF GENERAL AVIATION

(By Russell W. Meyer, Jr.)

Where are we today in general aviation? We're coming off two very good years. This favorable performance was achieved in spite of economic problems which reached every area of the world. We haven't grown by chance or because of reductions in airline service. General aviation has grown because of substantial progress in a number of areas:

(1) There's no question that today's airplanes are better than ever, in every respect. Better fuel efficiency. Greater flexibility. Pressurization has been an important factor. Cabin sound levels have been improved by both propeller and engine refinements.

(2) Airport development and facilities improvement provide landing alternatives at major cities, and air transportation to thousands of communities not served by airlines.

(3) Our safety record has improved almost every year. We're not perfect, but we're proud of continued, steady progress.

(4) Perhaps the most important factor is dependability. When you have to travel, you want to be able to depend on a schedule. We've made great strides in this area. General aviation aircraft have become integrated systems, with vastly improved avionics, and equipment like digital radar, and automatic flight control systems. This equipment is now being installed on thousands of new aircraft. The Air Traffic Control system is better and pilot training is more thorough. As a result, rapidly increasing numbers of general aviation aircraft are operating safely and dependably in the transportation system.

Because of this progress, our industry delivered 14,000 units in 1974, and the same number in 1975. We projected 15,000 units in 1976. With 5,389 deliveries in four months, that projection may be low.

To evaluate the future requires an understanding of history and an accurate review of the current status. Several historical observations on our industry are relevant:

U.S. manufacturers have dominated the world's general aviation industry, having achieved a market share of well over 90%.

Quantitatively, this has resulted in a substantial contribution to U.S. balance of trade.

Qualitatively, this has meant that U.S. products have been an essential part of the air transportation systems of practically every country in the world.

We've dominated the world's market for two major reasons: (1) We have a strong domestic market which has enabled the industry to grow more rapidly than other countries; (2) We have worked closely with the FAA to achieve high standards in both aircraft manufacturing and flight operation. It has been a cooperative form of regulation, and one which has been effective because of the commonality of our objectives: aviation safety and technological progress.

Looking beyond 1976, we think we have the potential to grow to a level of at least 20,000 units by 1980. That's a rate of about 7 percent per year. There is no doubt in our mind that the market is there: throughout the world. The question is not market potential, but whether or not we will have the governmental environment to enable us to be strong enough to take advantage of it. And that brings me to the major challenges of general aviation.

We believe these challenges can be grouped into six categories: *energy, environment, product liability,* the *export market, airport facilities,* and the *cost of flying.* Let's take them one at a time.

(1) *Energy.* It's ironic that the crisis which really focused attention on the efficiencies of general aviation aircraft in the first place also represents the ominous threat of potential disaster. I'm talking, of course, about the fuel situation. It's almost inconceivable that our government has not planned and implemented a more effective national fuel conservation program. I believe everyone in the country was willing and even axious to assist in cutting down energy consumption in late '73 and early '74. Lights were being turned off, unnecessary trips cancelled, and car pools were started. But the leadership disappeared and we are living in a world bordering on madness where energy is concerned. There's no meaningful program to conserve it; no federal encouragement to produce it. Although FAA has reported the positive results of general aviation fuel conservation, the fact remains that we need fuel to fly—and we continue to urge—to plead with Congress and the Administration to formulate an adequate U.S. energy program.

(2) *Environment.* The major environmental concerns, with respect to general aviation, are (a) engine emission standards established by EPA, and (b) airplane noise, from the standpoint of both aircraft manufacture and operation. On the subject of engine emissions, we have finally made some headway with EPA, but we still have a long way to go. The initial piston engine proposals would have put us out of business in 1979. Without commenting upon the basic insignificance of piston engine emissions, since it seems we are going to be regulated regardless of that fact, our primary problem was initially one of communication. Recent meetings indicate that coordination between industry, FAA, and EPA is improving. We still believe the problem should be carefully defined before a solution is proposed. Above all, EPA must understand the complex nature and practical aspects of aviation. Engineering a change on an airplane engine requires strenuous type testing under FAA regulations. It is a costly, time-consuming, necessary process, because aircraft safety and reliability are absolutely essential considerations.

The subject of aircraft noise has been controversial from the time Part 36 was conceived. It boiled down to a case of starting somewhere and Part 36 is where we are. I don't think anyone would disagree that aircraft noise is a problem, but it's one which can be solved. We simply need to determine reasonable limits and a practical time for manufacturers to comply. We've made fairly good progress recently in quieting both piston and turbine engines. And we'll make more.

The problem, or the challenge, is not primarily from the manufacturer's standpoint; it's the operator who needs help. Without federal guidelines, he is operating in an atmosphere of increasing uncertainty. More than a dozen airports in this country, and at least that many outside the U.S., have imposed arbitrary curfews without regard to measurable data. For example, in many cases, jets are arbitrarily banned, when in fact, several new business jets are considerably quieter than certain piston and turboprop airplanes.

The situation is a mess today, and it's getting worse. It is urgent that the FAA take immediate action in establishing operational noise criteria. The proposed reductions to Part 36 standards would be a reasonable place to start, provided adequate notice is given of effective date. Otherwise, we're looking at an increasingly chaotic operational environment.

(3) I've listed *product liability* among the major challenges of general aviation, even though it probably doesn't quite merit that ranking today. But it's a growing problem which has multiplied in terms of cost to the manufacturer and the consumer at an amazing rate. There are now limited sources for insurance, many small manufacturers have already been forced out of business, and if we see a continuation of current trends, we'll face an economic situation similar to malpractice insurance coverage. Many courts have advanced the doctrine of strict liability, requiring a manufacturer to prove it was not negligent rather than requiring the plaintiff to prove both negligence and cause. It's not surprising that the plaintiff's lawyers have been quick to recognize the gold to be mined, and following the trend of rear-end automobile collisions, enormous lawsuits are being filed in almost every serious aviation accident, regardless of cause.

Why do I mention it today? Because in many cases the FAA has contributed to the problem by indiscriminate release to third parties of proprietary information, such as TIR's, engineering data, and M&D reports. The Freedom of Information Act has been interpreted too broadly, when in fact, that legislation expressly defines an exemption for privileged and proprietary information. We requested an FAA procedural ruling on this subject exactly 18 months ago. We have supplemented that written request by defining categories of privileged information, referring to the exemption, and suggesting two alternative procedures. The *Robertson* case is affirmation by the Supreme Court that there *is* privileged information between FAA and the industry it regulates. Nevertheless, there is still no standard FAA procedure on release of information.

We believe our industry and the public have benefited from a complete disclosure of technical information by airframe and engine manufacturers to the FAA. The last thing we want to do is inhibit that vital flow of information. By the same token, we believe the FAA should recognize its responsibility and should establish uniform internal standards regarding *non*-disclosure of proprietary information. If there is a controversy, a court should decide the issue.

(4) *Airport facilities* will play a major role in determining the rate at which the industry grows, and the quality of service provided to the user of air transportation. Airport development is particularly critical in the larger cities—Chicago and New York being prime examples of what happens without adequate planning.

The fact is that we need more airports. Better airports. We need to save the ones we have, plan for efficient use of those facilities, and develop a long-range program so the air transportation system can digest future growth. We have plenty of money in the Trust Fund today and it will keep growing in the future. What we need is an active FAA, not a passive one, on the subject of growth. Too many people at FAA have talked recently about the inability to cope with future growth. That's not the kind of philosophy which built this industry. We *can* cope with growth. We simply have to establish priorities and then plan the best way to expand both airports and facilities. There isn't anyone in the aviation industry who isn't willing to pitch in and help.

(5) The final two challenges provide the FAA with a rare opportunity to put some clout back into its role in U.S. aviation. Let's talk first about the *export business*. Two years ago, export sales represented 30 percent of our industry's production. Last year it fell to 25 percent. This year it may go as low as 20 percent. The reason is not sagging economies. The primary reason is deliberate action by certain foreign countries to keep U.S. airplanes from being imported. I'm speaking about countries like Brazil and Mexico today. Who knows where embargoes may develop tomorrow? Especially if we take no action. Except for a relatively small number of airplanes being manufactured by Embraer under a licensing arrangement, Brazil slammed the door on U.S. airplane manufacturers two years ago. During that period, our industry would have delivered about 2000 airplanes in Brazil with a total value of $150 million. That's a direct loss of 4000 jobs by airframe manufacturers alone. The total effect would be more like 12,000 jobs. It is finally admitted by Brazilian officials to be a protective embargo which will be enforced indefinitely. By this totally unilateral action, we are out of the best export market in the world.

What is being done by our government to assist industry? Nothing! We talked to the Department of Commerce. Got lots of sympathy, but no help. In fact, despite our protests, the U.S. is building a very expensive trade center in Sao Paulo at the request of Brazil. We have talked with numerous Congressmen. More sympathy and the assurance that the subject will be discussed by the respective Foreign Relations Committees. I couldn't believe my eyes when I read about the recent "favored nation" agreement with Brazil. Certainly Brazil is entitled to that status. They are a meaningful, important partner in the Western Hemisphere. But as part of the deal we made certain trade concessions *to them!* That's a low blow to the U.S. in general, and to aviation in particular.

What can the FAA do when everyone else in Washington has passed? Very simple. They can pull the staff of people they have had in Brazil for two years working on bilaterals and tell Brazil that it will be a cold day when a Brazilian airplane is imported in this country—at least until the embargo is lifted. or negotiated more equitably. Without this kind of aggressive assistance, we're dead in Brazil indefinitely.

As for Mexico, it's out of sight. Without warning or reason, at a time of heavy retail demand, import permits came to a screeching halt last year. The U.S. buys 70 percent of Mexico's exports, to say nothing of the tourist trade. We do have leverage to insist upon equitable trade. But again, lots of sympathy from Washington, and no help. All of us in general aviation are sitting with hundreds of orders from Mexican buyers which we are unable to fill. Mexico has always had a trade deficit. It won't be solved by an aircraft embargo and it's not a justifiable reason for a unilateral embargo.

To add insult to injury, the licensing process to ship a 2-place Cessna 150 to Africa is just as complex as selling an F-15. All of us in general aviation can provide evidence of lost sales while the unnecessarily complex procedures of State and Commerce delay issuance of licenses. For example, we have an order at Cessna for twelve 206's to South Africa. It is strictly a transportation airplane. State Department says no license. We are about to lose our first sale ever to Iraq—eight 150's and five 172's—thanks to State Department refusal to approve licenses.

(6) Now to a subject which has hung like a dark cloud over this industry for three years. Cost allocation and proposed user charges. I don't intend to rehash the economic theories cranked out by DOT economists. It's probable that an economic theory could be advanced to support any position. We suggest that we quit subsidizing the economic consultants and get back to basics. Air transportation has played a major role in the development of this country. It is an essential system and general aviation is an increasing part of it. There is clearly a public benefit to air transportation. There is also justification that the airlines and general aviation help support the cost of the system. We are helping, to the tune of a billion dollars in the Trust Fund. Yet DOT is proposing a 114 percent increase for general aviation fuel tax, and has proposed any number of specific user charges; charges which would cost more to collect than they would generate; and charges which would suffocate industry growth.

DOT is totally unresponsive to any suggestion of public benefits of general aviation.

How the DOT can justify pouring billions into the railroads and turn around and double the tax on an industry which already pays a tax, which requires no subsidy, and which provides transportation for 100 million people every year is impossible to understand.

What has the FAA been doing on cost allocation? Going along with DOT. Sometimes reluctantly, but going along nevertheless. We suggest that it's time for the FAA to develop and articulate its own position, and to become an advocate for growth and planning. FAA can make a meaningful contribution in every one of the major challenges of our industry.

CONCLUSION

FAA *is*, and *should be*, the source of aviation expertise and *leadership* in Washington. During a recent visit to Wichita, we were pleased to hear Dr. McLucas acknowledge that the FAA was created not just to regulate, but to foster and promote the aviation industry. That philosophy, coupled with the courage to act decisively on major issues, can result in the kind of positive FAA leadership which is so desperately needed today. We look forward in general aviation to helping the FAA do its planning with the objective of retaining American leadership in world aviation.

FOURTH VERSE OF "STAR-SPANGLED BANNER"

HON. ROBERT W. KASTEN, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. KASTEN. Mr. Speaker, since 1814 when Francis Scott Key wrote the lyrics to the "Star-Spangled Banner," millions of Americans have been inspired by the lifting spirit of our National Anthem.

Usually we sing the first verse which is most familiar to virtually all Americans of all ages. But there are three other verses. The fourth verse is especially inspiring.

One of my constituents, Charles H. Harper, has suggested that after July 4, 1976, the fourth verse should be officially designated as the verse to be sung.

The fourth verse expresses our appreciation for the past and our determination for the future, premised on the highest principles of life. The words and meaning span time and all divisions of American life.

The lyrics are:

> Oh! thus be it ever when freemen shall stand
> Between their loved home and the war's desolation,
> Blest with vict're and peace, may the heav'n-rescued land
> Praise the Power that hath made and preserved us a nation.
> Then conquer we must, when our cause it is just,
> And this be our motto, "In God is our trust."
> And the star-spangled banner in triumph shall wave
> O'er the land of the free and the home of the brave.

On March 3, 1931, the words and music of the "Star-Spangled Banner" became, by law, the National Anthem. No one verse was specified as the official verse.

As we observe the American Revolution Bicentennial, it would be appropriate indeed to know and sing not only the first verse, but also the fourth verse.

I agree with Mr. Harper that if all Americans read the words, thought about them, learned them, and concentrated on their meaning, a tremendous unifying spirit would emerge.

Mr. Speaker, I am pleased to submit this suggestion to my colleagues for their consideration.

The fourth verse of the "Star-Spangled Banner" is not only appropriate to our times, but prophetic as we dedicate ourselves to the future of our free society.

UNEMPLOYED NEED HELP, LONG-TERM HELP

HON. RICHARD KELLY

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. KELLY. Mr. Speaker, the unemployed of this Nation need real, long term help and not just a stopgap measure and for that reason I am taking a stand against this legislation. The jobs bill (S. 3201) is an artificial and temporary solution to a very real problem. I believe it will result in fewer jobs in the long run and will cause Government to spend nearly $4 billion it does not have and will cause us to run further into debt.

To those who want to do something about unemployment let me suggest that we do away with the cosmetics and get to the root of the problem. Government spending is soaking up money that should be going into investment which will create steady jobs. As long as Government continues to borrow money for projects such as this interest rates will continue to rise and business will not have the money it needs to create jobs that produce something besides more Government debt and taxes.

There are still many people across this Nation who need to be put to work, but the economy has been steadily improving since the beginning of the year. Industrial output is up, consumer confidence is good and we can look forward to steady recovery. But the recovery could be reversed if this Government goes on a deficit spending binge. And that means we will be plunged back into high unemployment and double digit inflation.

We can avoid this by living within our means. We can do it by saying "No" to this expensive and impractical bill, which will cost us $4 billion we do not have.

We must avoid Government programs which will drive up prices. Just yesterday we heard the bad news from the Labor Department that prices are on the move again. And they are moving up at a faster rate than expected by either private or Government experts. This bill will add to that inflationary spiral and in the end jeopardize existing jobs.

It may be less than fashionable to talk about inflation here in Washington, but in my district it is a gut issue. Higher inflation caused by outrageous Government spending is going to hit the elderly on fixed incomes the hardest. Ironically, it will also have a serious effect on those who are traditionally underemployed or unemployed, the people who can least afford higher prices.

If you doubt that peak rates of inflation follow peak deficit spending, just look at the record. This bill may look good now, but 6 months or a year from now it will be back to haunt us in terms of higher prices and a slowdown in business.

What we really need right now is increased productivity to meet demand. That means more goods, and houses and the other things people want. Increased production is the only thing that beats down prices. But this bill will do just the opposite. It will take money out of the hands of the people who have a right to spend it and put it into the hands of people who will create more and more Government jobs, jobs that produce nothing.

If we just let people hang onto their money and allow them to spend it as they see fit they will make the purchases necessary to create the new real jobs we need to solve America's unemployment problem for the long term.

Even if all the other objections were somehow removed, there would still remain the major problem of this bill: What sense does it make to pass a bill that is predicated upon the need for many jobs right now, when the major impact of this bill will be a few jobs at great cost well over a year from now.

THE 1976 CONGRESSIONAL CONFERENCE ON AGING

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. ROSENTHAL. Mr. Speaker, my colleague from Queens, Congressman ADDABBO, and I sponsored a symposium for senior citizens at Queens College on May 16. It proved to be a very worthwhile and successful meeting.

Administrators of city, State, and Federal senior citizen programs were on hand to discuss how Government can expand and improve its programs and services for older Americans, and to answer participants' questions.

Major areas of discussion were income, health care, housing and transportation. I am inserting in the RECORD at this point my report on the conference:

REPORT FROM CONGRESSMAN BEN ROSENTHAL ON THE 1976 CONGRESSIONAL CONFERENCE ON AGING

On Sunday, May 16, Congressman Joe Addabbo and I sponsored a Congressional Conference on the Aging for Queens senior citizens. The Conference was held at Queens College from 12 noon to 5 p.m.

Many participants and others who were not able to attend have asked for a report on the Conference. While it is not possible to summarize everything that took place, I do want to recount some of the highlights.

OPENING REMARKS

The opening address was given by William Hutton, executive director of the National Council of Senior Citizens. Mr. Hutton stressed the need for continued activism by seniors in the fight for adequate income, better health care, and increased services. He noted the greater respect of representatives for the problems of senior citizens which he attributed to the willingness of thousands of seniors to lobby vigorously for their rights.

Arthur Flemming, HEW administrator on aging, gave the keynote address. He spoke about the uphill struggle in Washington for recognition of the special needs of seniors, particularly for income security. He reassured those present that the Social Security fund was in no danger but argued that additional programs and initiatives are necessary to assure seniors of a life of dignity and self-sufficiency.

INCOME AND TRANSPORTATION

After the opening session, the Conference divided into panels dealing with income and transportation. While the panels were forming, many participants took the opportunity to visit some of the 35 tables manned by various volunteer and service organizations. (A service van was also provided by the New York City Office of Cast Intake and Management.)

The income panelists were Joseph Kelly, regional commissioner of the Social Security Administration, and Lou Glasse, newly appointed director of the New York State Office for the Aging. Their discussion focused on the following: an adequate income level; cost of living increases for Social Security; the sufficiency of the Social Security trust fund; the adverse impact of increased benefits in one area, such as Social Security, upon benefits in another, such as Medicaid, and New York State's "pass along" of federally-mandated benefit increases.

The transportation panel directed its attention to preserving half-fare and transfer privileges for seniors. It also explored the possibilities of removing all charges for transportation for the elderly. Eltima Maharaj, director of the Reduced Fare Program for the New York City Department for the Aging, explained that there has already been a 20% increase in senior citizens ridership due to the half-fare program.

Mrs. Maharaj and John Taylor, regional commissioner of UMTA, discussed alternative transportation systems. They pointed out that New York City now has the world's largest fleet of vehicles, including kneeling buses, designed specifically for the elderly and handicapped. Many local senior centers have their own federally-funded buses.

The federal Urban Mass Transportation Act requires that all new subway stations be accessible to the elderly and handicapped According to panelist Thomas Costello, representing the MTA, the New York system will be adapted to comply with this requirement. Many other transportation needs were raised by consumer advocate panelist Dr. Stephen Dobrow, president, Committee for Better Transit, Inc., and members of the audience. Many people stressed the need for greater coordination of transportation services.

HEALTH AND HOUSING

After a short break, the Conference returned to panels on health and housing. Health care panelists Congressman Edward Koch; Dr. Leslie Libow, chief of geriatric medicine, Jewish Institute for Geriatric Care, and Samuel Hirsch, director, New York State Committee for National Health Security, debated home health care, the role of voluntary and profit-making institutions in providing adequate, efficient, and properly supervised care, and national health insurance.

Many senior citizens also expressed great interest in the so-called "penultimate will." This document, which anyone can prepare and execute, purports to set forth how the signer wishes to be treated should he or she become mentally incapacitated. There is still some doubt as to its legal force.

Housing panelists William Green, regional commissioner of the federal Department of Housing and Urban Development, and Esther Rand, consumer advocate and vice chairwoman of the Metropolitan Council on Housing, focused on the housing problems of senior citizens and others on fixed incomes. Mr. Green discussed the controversial section 8 program which provides federal rent subsidies directly to tenants but which has been inadequately funded. Ms. Rand addressed the issue of rent control, which some critics contend hastened the City's fiscal crisis and which New York State legislature is considering revising. She also discussed the need for lower utility and phone rates for seniors.

CONCLUSION

Many other issues and problems were raised both during and after the panels. Congressman Addabbo and I appreciate the many important and imaginative suggestions made, and we are doing all in our power to fashion administrative and legislative remedies. The numerous other government officials present also expressed their great satisfaction at the lively and provocative debate. Several pledged themselves to exploring reforms in the programs they operate.

It is very gratifying to me, personally, that so many of our community's seniors and other residents came out in the inclement weather to make their views known. I hope that those of you who attended found it equally rewarding. A full and ongoing dialogue between seniors and their government representatives is essential if services are to be made more responsive to seniors' needs.

I invite and urge you to continue to share with me your suggestions and concerns. Please write, call or stop by my Flushing office, in the post office building, 41-65 Main Street (939-8200) if I may be of assistance.

EXTENSION OF REMARKS OF THE HONORABLE JOSEPH D. EARLY, JUNE 24, 1976, IN HONOR OF THE LATE DR. ROBERT H. GODDARD

HON. JOSEPH D. EARLY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. EARLY. Mr. Speaker, on June 22, 1976 the House passed H.R. 14232, making appropriations for the Department of Housing and Urban Development and certain independent agencies for the fiscal year 1977. Under the appropriations for the National Aeronautics and Space Administration contained in that bill, $150,000 was allocated to be spent by NASA in consultation with the trustees at Clark University for the purpose of erecting an appropriate sculpture on the Clark campus in honor of Dr. Robert H. Goddard, the genius of modern rocketry and a former physics professor at the University in Worcester, Mass. The Appropriations Subcommittee on HUD-Independent Agencies set aside the $150,000 allocation under the provisions of Public Law 89-320.

Mr. Speaker, Robert Hutchings Goddard was born on October 5, 1882 in Worcester, Mass. Like the Russians' Konstantin Tsiolkovsky and the Germans' Hermann Oberth, Robert Goddard worked out the theory of rocket propulsion independently. But, Goddard went further. He alone designed, built, tested and flew the first liquid-fuel rocket on March 16, 1926 in Auburn, Mass., after perfecting his research at Clark. He became the major force behind the development of astronautics in the West and his rocket engineering genius is widely recognized as the basis upon which the dream of our National Aeronautics and Space Administration—Apollo—was built.

In the early 1930's Dr. Goddard, his family and his small staff moved to New Mexico. With the patronage of Charles Lindberg, the Guggenheim Foundation and the Carnegie and Smithsonian Institutions, the Goddards began expanding their work in jet propulsion. During these years the Goddard experiments were under severe criticism from the scientific community. Goddard contended that jet propulsion could be used to attain escape velocity. In the years ahead Goddard's experimental test flights reached speeds of 700 miles-per-hour and altitudes of above 8,000 feet.

During World War I, Dr. Goddard led research on tube-launched rockets that became the bazookas of World War II. During the latter war he worked primarily on jet-assisted takeoff and variable-thrust rockets for aircraft. Among Goddard's innovations were fuel-injection systems, regenerative cooling of combustion chambers, gyroscopic stabilization and control, instrumented payloads and recovery systems, guidance vanes in the exhaust plume, gimbaled and clustered engines and sluminum fuel and oxidizer pumps.

Mr. Speaker, I think I and my constituents from central Massachusetts are justly proud of the monumental accomplishments of Dr. Robert Goddard. We are proud, too, that he chose to do his early research in Worcester, at Clark University.

Although there are memorials honoring Dr. Goddard in New Mexico and in Maryland, at the NASA facility at Greenbelt, no national memorial had been established in his home State until this effort. It is a tribute to the tireless efforts of Clark University President, Mortimer H. Appley and the university trustees that this memorial is, at long last, to come about. It is my sincere hope that the Senate will retain the House language calling upon NASA to provide the funds for a memorial to Dr. Goddard on the Clark campus. In this Bicentennial Year, it is truly fitting that the nation honor the nationally and internationally renowned father of modern rocketry, at Clark University where he began his work and developed his genius.

JACK L. FREEMAN—POSTMASTER RETIRES

HON. GEORGE E. DANIELSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. DANIELSON. Mr. Speaker, on June 26, 1976, the community of Bell, Calif., will be honoring Mr. Jack L. Freeman, a personal friend of mine, who is retiring July 3 from his position as postmaster of the Bell postal area. This area includes the cities of Bell, Bell Gardens, Cudahy, and Maywood which together have a population of more than 85,000 postal customers. As a postmaster, entrepreneur, and involved citizen, Jack Freeman has exemplified fine leadership. I join in honoring Mr. Freeman upon his retirement after 15 years of distinguished service to his community.

Jack, and his wife, Lillian, reside in the city of Bell. They have two daughters, Ethel Ann Delaney and Charlene Amelia Snyder, and four grandchildren.

Before he became postmaster, Jack engaged in the public relations and advertising business as Jack L. Freeman, Associates, serving Bell Gardens, Maywood, and Huntington Park. He has also been the director of the speaker's bureau and club department at the California Institute of Social Welfare, acting postmaster of Maywood, and advertising manager of the Maywood Journal.

Among Mr. Freeman's many accomplishments are his positions as editor of the Maywood Lodge News Bulletin, the Los Angeles County Postmaster Association News Bulletin, and associate editor for the California Postmaster. Mr. Freeman has demonstrated his leadership in a number of organizations as chairman. He has been the publicity chairman of Elks Lodge No. 1415 in Huntington Park and of the Maywood Lodge No. 675. He was chairman of the Combined Federal Campaign, Inglewood section center, which includes 22 post offices, and the Los Angeles district which has 95 suburban post offices. He also served as chairman for the publicity and program committees in the Bell Chamber of Commerce and was the State public relations chairman for the National Association of Postmasters of the United States. Mr. Freeman is a past governor of Maywood Lodge No. 675, Loyal Order of Moose and a past president of the Bell Chamber of Commerce.

Mr. Freeman has received a great many citations, awards, and commendations, a few of which were made by the National Association of Postmasters of the United States, California State Senate, Los Angeles County Postmasters

Association, National Aeronautic Association, National Safety Council, the Huntington Park City Council, and the Bell Chamber of Commerce.

It is a great privilege to have had a man such as Mr. Freeman working for the people of California and providing good leadership. I am proud to be able to join with the Bell community in honoring Mr. Freeman for his many years of outstanding service to the people of California and in wishing him and Mrs. Freeman health, happiness, and unlimited success in their future endeavors.

FIRST BAPTIST CHURCH CHOIR OF SPRINGFIELD, ILL.

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. FINDLEY. Mr. Speaker, last week visitors to the Capitol were drawn to the House steps by the strong melodious voices of the youth choir of the First Baptist Church of Springfield, Ill. A small crowd gathered at the bottom of the steps to hear the stirring presentation of this fine group.

The youth choir stopped in Washington on their way to Ridgecrest, N.C., to defend their title of outstanding youth choir in the Nation among Southern Baptist Churches. Their trip included 19 concerts in Pennsylvania, New York, New Jersey, Maryland, North Carolina, and Tennessee.

Under the direction of Barney Larry, the youth choir has been in existence for 3 years now. The 30-member choir has acquired an outstanding record for excellence in that brief time, and I am confident their reputation will continue to grow.

The dedication of each member of the choir is evident in their presentation, and in their efforts to make this trip. Their trip was not sponsored. Each choir member had to raise $180 to make the trip. Some group events were held, but the bulk of the funds came from individual efforts—babysitting, lawnmowing, and so forth.

I feel that it is a great honor to represent such an outstanding young group, and I am proud to claim them as constituents.

COMPARISON OF PRESENT REVENUE SHARING LAW WITH HOUSE-APPROVED BILL

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. HORTON. Mr. Speaker, on June 10, the House of Representatives approved overwhelmingly a 3¾-year extension of general revenue sharing. The bill, which received such wide support, was the product of an extensive and thorough hearing and markup process of the Committee on Government Operations.

Because of the interest of this legislation, I would like to share with my colleagues a comparison of the present law, passed in 1972, with the provisions of the House approved bill:

COMPARISON OF PRESENT REVENUE SHARING LAW WITH HOUSE-APPROVED BILL

BASIC PROVISIONS	CURRENT LAW (P.L. 92-512)	HOUSE APPROVED BILL (H.R. 13367)
Funding level:	$30.2 billion to be distributed Jan. 1, 1972 to Dec. 31, 1976.	$24.9 billion to be distributed Jan. 1, 1977 to Sept. 30, 1980.
Funding mechanism:	5 year trust fund. (Fund authorized and appropriated for entire period.)	3-¾ year entitlement. (NOTE: an entitlement program is not the same as annual appropriations. Under the entitlement provision, the Appropriations Committee would only have jurisdiction if the amount authorized by the legislative committee (Government Operations) is greater than that approved by the Budget Committee. Under such circumstances the Appropriations Committee would have 15 days in which to adjust the legislative committee's action. If they do not, the discrepancy must be reconciled on the floor. Once the entitlement level has been determined it remains at that level for the duration of the program.)
Annual increment:	$150 million per year.	No increment. Funds are frozen at the 1976 level of $6.65 billion annually.
Eligibility:	All units of general purpose government are eligible to participate in the program.	To participate local government recipients must: (1) Be defined as a unit of general purpose government by the Census Bureau. (2) Impose taxes or receive intergovernmental transfer payments. (3) Provide "substantially" for at least two of the following services: police, courts and corrections, fire protection, health services, social services, recreations, libraries, sewage disposal and water supply, solid waste disposal, zoning or land-use planning, pollution abatement, roads, mass transit, and education. (4) Spent at least 10 percent of their total expenditure for two of the services or provide four of the listed services.
Formula provisions:	Money allocated by formula based on population, per capita income and tax effort.	No change.
	States receive one-third of funds distributed; local governments receive two-thirds.	No change.
	Sets maximum entitlement to local government at 145 percent of the average statewide per capita entitlement.	Retains 145 percent maximum limitation.
	Sets minimum entitlement to local government at 20 percent of the average statewide per capita entitlement.	No change.
	No local government to receive revenue sharing funds in excess of 50 percent of its own source non-school revenues plus any intergovernmental transfer.	No change.
	Any general purpose government due to receive less than $200 annually will not participate in the program.	No change.

COMPARISON OF PRESENT REVENUE SHARING LAW WITH HOUSE-APPROVED BILL—Continued

BASIC PROVISIONS	CURRENT LAW (P.L. 92-512)	HOUSE APPROVED BILL (H.R. 13367)
Citizen participation and public hearing:	Recipient governments must publish Planned and Actual Use Reports in newspapers of general circulation.	(a) Recipient governments must hold public hearings on the Proposed Use Report at least seven days before the submission of the report to ORS. (b) Recipient governments must hold a second hearing at least seven days before the adoption of their budget, showing the relationship of GRS funds to functional items in their budget. (c) Thirty days before the second hearing, the government must publish a summary of its budget and Proposed Use Report in a general circulation newspaper. (d) Hearings must be at a place and time that "permits and encourages citizen participation", and must provide senior citizens and their organizations an opportunity to be heard prior to final allocation.
	No requirement for public hearing or other means of public participation in use of funds.	Provisions requiring citizen participation may be waived if State or Local laws or charters assure public participation that fulfills the intent of this section.
	Allocation of GRS monies must be in accordance with State and local law.	No change.
Reporting requirements:	Law prescribes reports on amounts and purposes of planned and actual expenditures.	Proposed Use Report must include comparative data use of GRS funds for the current and the two previous entitlement periods and must compare them to items in budget. Proposed Use Reports must specify whether the use is for new or expanded program, a continuation of activity or tax stabilization or reduction. Actual Use Reports must be filed with ORS. Any differences between Planned and Actual Uses must be explained. Budget documents and Use Reports must be available at principal government office and libraries. Budget summary must be published in the newspaper 30 days after adoption with explanation of changes between the Proposed and Actual Use Reports. A copy of each Proposed and Actual Use Report shall be submitted to the Governor of each State. A copy of the Proposed Use Report must be forwarded to the area-wide planning organization.
Antidiscrimination provisions:	Law contains strong antidiscrimination requirement where activity is funded with revenue sharing. Secretary's enforcement powers are stated in general terms: to refer matter to Attorney General, to exercise powers and functions provided by Title VI of Civil Rights Act of 1964, or to take such other action as may be provided by law.	Discrimination prohibited on basis of handicapped status, age and religion in addition to race, color, sex and national origin under *all* State and local programs *except* where recipient can prove "with clear and convincing evidence" that program was not funded, directly or indirectly with GRS monies. Extensive hearing and compliance procedures are spelled out requiring time limits for investigations, compliance, administrative procedures, and court actions, for the State and Federal level. Private civil suits are authorized after the exhaustion of administrative remedies. By definition in the bill, if no action is taken 60 days after the filing of a complaint, the administrative remedies are exhausted. Funds may be suspended 45 days after the Attorney General files suit alleging the use of General Revenue Sharing funds in the discriminatory activity. Recipient governments may seek injunctive relief from the suspension within the 45 days.
Matching prohibition:	Revenue sharing funds may not be utilized to meet Federal grant matching requirements.	Matching prohibition eliminated.
Davis-Bacon provision:	Davis-Bacon (minimum-wage) applies to construction projects funded 25 percent or more with revenue sharing monies.	Davis-Bacon is applied to all local government construction projects (except for work performed by regular State or local laborers or mechanics.)
Priority categories:	Local governments may use funds for any capital projects but only for operating and maintenance expenses of programs in eight priority expenditure categories: (public safety, environmental protection, public transportation, health, recreation, libraries, social services for the poor and aged, and financial administration.)	Priorities eliminated.

COMPARISON OF PRESENT REVENUE SHARING LAW WITH HOUSE-APPROVED BILL—Continued

BASIC PROVISIONS	CURRENT LAW (P.L. 92–512)	HOUSE APPROVED BILL (H.R. 13367)
Congressional review:	No general review of program is required.	Secretary of Treasury must make an annual report on program. Comptroller General is to review ORS compliance activities.
State maintenance of effort:	States must maintain level of fund transfers to localities as of Fiscal Year '72.	States must maintain level of fund transfers to localities as of January 1, 1977.
Audit provisions:	Requires that *GRS funds* be expended in a manner that allows for complete audits in order to determine compliance with provision of the Act.	Annual "independent" audit required of all State and local finances except where the cost of such audits is disproportionately large in relation to GRS funds.
Antilobbying provisions:	No provision.	No recipient governments may use, directly, or indirectly, any GRS funds for "lobbying or to influence any legislation regarding the Act."

HUMAN DIGNITY AND AMERICAN DEMOCRACY

HON. JAMES W. SYMINGTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. SYMINGTON. Mr. Speaker, St. Louis University was fortunate to host a national Bicentennial conference on "Human Dignity and American Democracy" last year. The purpose of the conference was to establish a 10-year plan to promote and defend the place of human dignity in America. Participants included leaders from the fields of business and industry, government, education, religion, the media and labor.

I particularly want to commend Father Eugene E. Grollmes, chairman of the program, for his hard work and share with my colleagues the important recommendations that resulted from the conference. The principal author or authors of each recommendation is indicated in parentheses:

RECOMMENDATIONS OF THE NATIONAL BICENTENNIAL PROGRAM

That the President of the United States, using his enormous potential power as a moral and cultural leader of the American people, wage a deliberate, concerted, and tough-minded campaign to demythologize violence among the American people and eliminate the elements of immaturity that cling to it. (Georgie Anne Geyer, National Syndicated Columnist, Los Angeles Times).

That the United States Congress use extreme care in all legislation pertaining to the press and the media lest they destroy the very democracy they are trying to protect. Hence, the socalled Fairness Doctrine, extensive use of gag rules, and the legislation known as S-1 should either be repealed or eliminated. (Arthur R. Taylor, President of CBS, Inc., and Richard Rowson, President of Praeger Publishers).

That a national effort be made, through the formally combined efforts of the public and private sectors (government, industry and labor), to develop a full-employment economy in the United States, equated with a commensurate reduction in welfare spending. Human dignity cannot exist for a person able to work but without meaningful work to do. (Sidney P. Mudd, President of Joyce Beverages Inc. and Chairman of New York Seven-Up Bottling Co., Inc.; Glenn E. Watts, President of Communications Workers of America, and Irving Bluestone, Vice President of United Auto Workers).

That equal opportunity be established throughout the land, that needed help be provided by government to promote minority and small businesses, and that there be established a national, universal health insurance. (Vernon E. Jordan, Executive Director, National Urban League, and Rev. Msgr. Francis J. Lally, Secretary of Social Development and World Peace, United States Catholic Conference).

That the United States Congress adopt a resolution of intent that in the Declaration of Independence the word persons or people be substituted for the word men and further declare the recognition of the interdependence of all persons and all people. (Frankie M. Freeman, Attorney and Commissioner, United States Commission on Civil Rights).

That the United States Congress and the executive branch of government undertake a long-range project aimed at evaluating every single program that dispenses public funds. In cases where it is found that administrative costs are exceeding the dollars reaching the beneficiaries, the program should be abolished or immediately corrected . . . not next year . . . this year. (James B. Longley, Governor, State of Maine).

That government economic regulation be phased out in favor of much stronger antitrust regulation, and antitrust regulation should be expanded to discourage existence of oligopolies. Moreover, efforts towards mandating government protection of health, safety, and equality of workers and consumers should be made more effective. (Carol T. Foreman, Executive Director, Consumer Federation of America).

That just as now environmental impact statements must accompany certain kinds of legislation and proposed activities, freedom impact statements should be required as part of legislation and government proposals fraught with consequences for individual liberties. (Jason McManus, Senior and Nation Editor, Time Magazine).

That the United States Congress lend direction to American intelligence agencies by setting up guidelines that are both effective and constitutional, which spell out approved techniques that can be used to preserve national security and not be so restrictive that the agency cannot perform its responsibilities. Similarly, a system or board should be established, impartial and objective, to act as a meaningful oversight in seeing that the legislated guidelines are faithfully applied and meticulously kept. (John D. O'Connell. Executive Vice President, Intertel.)

That a national conference of law enforcement personnel, jurists, lawyers, representatives of ex-offenders groups, concerned social scientists, and interested citizens be called to study prison reform and expungement and draft recommendations to the United States Congress and to the state legislatures. (Rev. Robert T. Costello, S.J., Director, Administration of Justice Program, Rockhurst College, Kansas City).

That more adult and trade-oriented education programs be available at no expense to the trainee, especially as a means of improving the employability of the unemployed. (John Leiter, President, State Labs, Wichita).

That the United States should educate its citizens by demonstrating its respect for human life as the foundation of human dignity and, accordingly, it should neither fund nor permit the destruction of the human child in the womb. Furthermore, the United States should permit each family to choose the education for its children most responsive to that family's conception of human dignity; and that accordingly, the United States should develop a system of tuition grants and tax credits permitting each family to choose its preferred form of education. (John T. Noonan, Professor of Law, University of California, Berkeley).

That every American school allow time for contemplation—meditation if you will—for all students within the school schedule. This would in no way violate freedom of conscience if no child nor adolescent were asked to reveal the content of such meditation. It could be one religion or another, one philosophy or another; it could be nature or the mysteries of self, alone or in contact with others. Such meditation could renew the spirit and free our young people from the tyranny of self-criticism and competition. It would also enlist a current interest of youth as well as assault violence from a positive stance, which would not cost the taxpayer money. If the young people are to be given this precious time, how much more necessary it is for the leaders of government. (Alice R. Fehrenbach, Professor Psychology, Regis College, Denver).

That the formula of "liberty and justice for all" be applied to every school in the United States so legislation henceforth provides equitable treatment under the law for private and public educational institutions. Moreover, the United States Congress and the executive branch should re-examine the legislation which, often in the deceptive guise of separating church and state, has in fact separated generations of American students from a full understanding and appreciation of their moral and ethical roots. Within the bounds set by the Constitution, let the process begin of rescinding any legislation that prohibits or hampers non-denominational instruction in Basic American values and principles in the schools. (Rev. Paul C. Reinert, S.J., Chancellor, Saint Louis University).

PERSONAL ANNOUNCEMENT

HON. JOHN L. BURTON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. JOHN L. BURTON. Mr. Speaker, on rollcall No. 437, the confirmation of Mr. THOMPSON as chairman of the Committee on House Administration, I inadvertently voted "present." It was my intention to be recorded "aye" on the confirmation.

SENATE—*Thursday June 24, 1976*

(Legislative day of Friday, June 18, 1976)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by Hon. WILLIAM PROXMIRE, a Senator from the State of Wisconsin.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Almighty God who has revealed Thyself as a presence to support us and a light to lead us, may this new day be rich in the awareness of Thy power and the light of Thy truth upon our deliberations. Divest us of the doubt and cynicism which so readily depletes the strength and enervates the spirit. Instill within us an unswerving loyalty to all that is right, and an uncompromising hostility to all that is wrong. Keep alive in us the vision of a better nation and a better world. Give us a steadfast determination to have a part in those actions which set forward Thy kingdom on Earth. Bring us to the evening at peace with Thee and with one another.

In the Redeemer's name we pray. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., June 24, 1976.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. WILLIAM PROXMIRE, a Senator from the State of Wisconsin, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. PROXMIRE thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Wednesday, June 23, 1976, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees except the Committee on Commerce, the Committee on Banking, Housing and Urban Affairs, and the Committee on Interior and Insular Affairs be authorized to meet during today's session until 12 noon.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations on the Executive Calendar under "New Reports."

There being no objection, the Senate proceeded to the consideration of executive business.

The ACTING PRESIDENT pro tempore. The nominations will be stated.

NATIONAL INSTITUTE OF BUILDING SCIENCES

The second assistant legislative clerk proceeded to read sundry nominations in the National Institute of Building Sciences.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be notified of the confirmation of these nominations.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of certain measures on the calendar beginning with Calendar No. 922 through and including Calendar No. 930.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ANNUAL REPORT OF THE NATIONAL FOREST RESERVATION COMMISSION

The resolution (S. Res. 445) authorizing the printing of the annual report of the National Forest Reservation Commission, was considered, and agreed to, as follows:

Resolved, That the annual report of the National Forest Reservation Commission for the fiscal year ended June 30, 1975, be printed with an illustration as a Senate document.

LIMITATION ON EXPENSES INCURRED FOR INTERCHANGE AND RECEPTION OF CERTAIN FOREIGN DIGNITARIES

The resolution (S. Res. 459) to amend Senate Resolution 91, 94th Congress, 1st session, to increase the fiscal year limitation on expenses which may be incurred by the Committee on Foreign Relations to facilitate the interchange and reception of certain foreign dignitaries, was considered and agreed to, as follows:

Resolved, That subsection (b) of the first section of S. Res. 91, 94th Congress, first session (agreed to March 18, 1975), is amended as follows:

(1) Strike out "ending June 30, 1975" and insert in lieu thereof "1976".

(2) Strike out "$10,000" and insert in lieu thereof "$15,000".

SUPPLEMENTAL EXPENDITURES BY THE TEMPORARY SELECT COMMITTEE TO STUDY THE SENATE COMMITTEE SYSTEM

The resolution (S. Res. 475) authorizing supplemental expenditures by the Temporary Select Committee To Study the Senate Committee System, was considered and agreed to, as follows:

Resolved, That section 4 of S. Res. 109, agreed to March 31, 1976, is amended by striking out the amounts "$275,000" and "$30,000" and inserting in lieu thereof "$300-000" and "$55,000", respectively.

SUPPLEMENTAL EXPENDITURES BY THE COMMITTEE ON RULES AND ADMINISTRATION

The resolution (S. Res. 479) authorizing supplemental expenditures by the Committee on Rules and Administration for inquiries and investigations was considered and agreed to, as follows:

S. RES. 479

Resolved, That S. Res. 358, Ninety-fourth Congress, agreed to January 29, 1976, is amended as follows:

(1) In section 2, strike out the amount "$522,000" and insert in lieu thereof "$572,000".

(2) In section 4, strike out the amounts "$321,900" and "$50,000" and insert in lieu thereof "$371,900" and "$100,000", respectively.

BETTY R. KITE

The resolution (S. Res. 480) to pay a gratuity to Betty R. Kite was considered and agreed to, as follows:

S. RES. 480

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Betty R. Kite, widow of Guy J. Kite, Junior, an employee of the Senate at the time of his death, a sum equal to seven and one-half months' salary at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

"DUTIES OF THE SPEAKER"

The concurrent resolution (H. Con. Res. 623) providing for the printing of a booklet entitled "Duties of the Speaker" was considered and agreed to.

CAPITOL WALKING TOUR MAP

The concurrent resolution (H. Con. Res. 624) providing for the printing of a walking tour map of the area surrounding the U.S. Capitol, was considered and agreed to.

"PROGRESS IN THE PREVENTION AND CONTROL OF AIR POLLUTION IN 1975"

The Senate proceeded to consider the resolution (S. Res. 472) authorizing the printing of the report entitled "Progress in the Prevention and Control of Air Pollution in 1975" as a Senate document, which had been reported from the Committee on Rules and Administration with an amendment on page 1, line 6, strike "illustration," and insert "illustrations,"; so as to make the resolution read:

S. RES. 472

Resolved, That the annual report of the Administrator of the Environmental Protection Agency to the Congress of the United States (in accordance with section 313 of Public Law 91-604, the Clean Air Act, as amended) entitled "Progress in the Prevention and Control of Air Pollution in 1975," be printed, with illustrations, as a Senate document.

SEC. 2. There shall be printed five hundred additional copies of such document for the use of the Committee on Public Works.

The amendment was agreed to.

The resolution, as amended, was agreed to.

HISTORY OF THE COMMITTEE ON THE JUDICIARY

The Senate proceeded to consider the resolution (S. Res. 467) history of the Committee on the Judiciary, 1816-1976, which had been reported from the Committee on Rules and Administration with amendments as follows:

On page 1, in line 5, strike out "five" and insert "two".

On page 1, at the end of line 7, strike out "Judiciary, of which fifty copies shall be bound in such style as the Joint Committee on Printing shall Direct." and insert "Judiciary."

The amendments were agreed to.

The resolution, as amended, was agreed to, as follows:

***Resolved*, That there be printed with illustrations as a Senate document a revised compilation of materials entitled "History of the Committee on the Judiciary Together With Chairmen and Members Assigned Thereto, 1816-1976", and that there be printed two thousand additional copies of such document for the use of the Committee on the Judiciary.**

PRESIDENTIAL AUTHORIZATION PRESCRIBING REGULATIONS RELATING TO ALCOHOLIC BEVERAGES IN THE CANAL ZONE

Mr. MANSFIELD. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on H.R. 8471.

The ACTING PRESIDENT pro tempore laid before the Senate H.R. 8471, an act to authorize the President to prescribe regulations relating to the purchase, possession, consumption, use, and transportation of alcoholic beverages in the Canal Zone, which was read twice by its title.

The ACTING PRESIDENT pro tempore. Without objection, the Senate will proceed to its consideration.

The bill was considered, ordered to a third reading, read the third time, and passed.

HORSE PROTECTION ACT AMENDMENTS OF 1976

Mr. MANSFIELD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 811.

The ACTING PRESIDENT pro tempore laid before the Senate the amendments of the House of Representatives to the bill (S. 811) to amend the Horse Protection Act of 1970 to better effectuate its purposes.

(The amendment of the House is printed in the RECORD of June 21, 1976, beginning at page 19467.)

Mr. TUNNEY. Mr. President, today I urge my colleagues in the Senate to bring to fruition a 4-year effort to end the inhumane practice of horse soring by accepting the House amendment to S. 811, amendments to the Horse Protection Act 1970.

Mr. President, "soring" is the term used for the cruel practice which artificially alters the natural gait of a Tennessee walking horse, or any saddle horse, by the use of blistering agents—such as mustard—or mechanical devices—such as boots and chains—on the limbs of the creature. So intense is the pain inflicted by this practice that when the forefeet of a sored horse touch the ground, it lifts them immediately and thrusts them forward in an attempt to avoid the agony. This produces the high stepping championship gait, the achievement of which would otherwise require patient training and expert breeding.

In addition to being cruel, this practice can also result in unfair competition and can ultimately damage the integrity of the breed. When soring is used, the winning walker is not necessarily the best bred and trained horse; rather it is the most tortured. I have spoken to several horsemen who are reluctant to show their horses because they could not compete against owners and trainers who subject their horses to soring. It is these conscientious breeders and trainers who are among the most ardent supporters of S. 811.

When the Congress enacted the Horse Protection Act of 1970, it was with the specific intent to stop, once and for all, the inhumane and unnecessary practice of horse soring. However, a variety of factors, including statutory limitations on enforcement authority, law enforcement methods, and limited resources available to the Department of Agriculture to carry out the law, have combined to vitiate the effectiveness of the statute.

Thus, over the past 4 years Members of Congress, including myself, have introduced legislation to strengthen and clarify the Secretary's authority to enforce the act, and to increase the financial resources available to do so. In October of last year the Senate approved such a measure, S. 811, which I was pleased to have sponsored with the distinguished chairman of the Senate Commerce Committee, WARREN G. MAGNUSON. On May 15 of this year a similar bill was reported by the House Committee on Interstate and Foreign Commerce. This bill was approved by the House on Monday of this week.

The House amendment to S. 811 is quite similar to the original Senate version. Both bills strengthen the 1970 act by imposing specific responsibility upon the management of horse shows, exhibitions, and auctions, to disqualify a sored horse from these programs upon notification by a qualified person appointed to inspect horses or by the Secretary of Agriculuture. Management would also be required to keep such records as the Secretary may require and must permit access to its premises to duly authorized agents of the Secretary for inspection of records or animals.

Both versions of the bill provide the Secretary with the authority to disqualify from entry into shows for 1 year persons who are convicted for a criminal violation of the act or who have paid a civil penalty assessed under the act. In addition, the House bill stipulates that second offenders may be disqualified for up to 3 years. The Secretary would also have the authority under both versions to detain a horse for up to 24 hours in order to examine it for soring or to take evidence.

Each bill provides procedures for the administrative assessment, collection, review, compromise, modification, and remission of civil penalties and for the appeal and judicial review of administrative orders under the provisions of the act pertaining to civil penalties.

There are some differences between the Senate and House version of S. 811. The House bill, for instance, contains an expanded definition of the term "soring" which would include not only easily detectable practices such as application of blistering agents, and infliction of lacerations, but also the more subtle soring techniques such as limb deficiencies produced by improper diets or psychological conditioning. The House bill also provides for more stringent penalties for civil and criminal violations of the act.

In my view, the only way in which the House bill is not either equal to, or superior to the Senate bill is in the amount of appropriations. The Senate authorizes for appropriation to the Secretary of Agriculture $1 million each for fiscal year 1976 and 1977 and $500,000 for the transitional period. The House bill provides only half this amount. Nonetheless, it is my understanding that OMB has indicated that the $500,000 per annum figure will be easily attained, and the Department has indicated it can do an adequate job with this amount.

To get down to basics, the House amendment to S. 811 is acceptable to all concerned, including the American Horse Protection Association, the Tennessee Walking Horse Industry, and the Department of Agriculture.

With the horse show season once again upon us, we should delay no longer. As the primary sponsor of the Senate version of S. 811, I exhort my colleagues in the Senate not to let another season pass without taking action to end the cruel and unsportsmanlike practice of soring. I urge my colleagues to adopt the House amendments to S. 811 so that the legislation may be sent to the President for his signature.

Mr. MANSFIELD. Mr. President, I move that the Senate concur in the House amendments.

The motion was agreed to.

ORDER OF BUSINESS

Mr. MANSFIELD. I yield to the Senator from Kentucky.

The ACTING PRESIDENT pro tempore. The Senator from Kentucky is recognized.

SCRIMSHAW ART PRESERVATION ACT OF 1975

Mr. FORD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 229.

The ACTING PRESIDENT pro tempore (Mr. PROXMIRE) laid before the Senate the amendments of the House of Representatives to the bill (S. 229) to amend the Endangered Species Act of 1973 to assure the perpetuation of the art of scrimshaw, and for other purposes, as follows:

Strike out all after the enacting clause, and insert: That section 4(f) (2) (B) (ii) of the Endangered Species Act of 1973 (16 U.S.C. 1533(f) (2) (B) (ii)) is amended by striking out "subsection (b) (A), (B), and (C)" and inserting in lieu thereof "subsection (b) (1) (A)".

SEC. 2. Section 10 of the Endangered Species Act of 1973 (16 U.S.C. 1539) is amended by adding at the end thereof the following new subsections:

"(f) (1) As used in this subsection—

"(A) The term 'pre-Act endangered species part' means—

"(i) any sperm whale oil which was lawfully held within the United States on December 28, 1973, in the course of a commercial activity; or

"(ii) any finished scrimshaw product, if such product or the raw material for such product was lawfully held within the United States on December 28, 1973, in the course of a commercial activity.

"(B) The term 'scrimshaw product' means any art form which involves the etching or engraving of designs upon, or the carving of figures, patterns, or designs from, any bone or tooth of any marine mammal of the order Cetacea.

"(2) The Secretary, pursuant to the provisions of this subsection, may exempt, if such exemption is not in violation of the Convention, any pre-Act endangered species part from one or more of the following prohibitions:

"(A) The prohibition on exportation from the United States set forth in section 9(a) (1) (A) of this Act.

"(B) Any prohibition set forth in section 9(a) (1) (E) or (F) of this Act.

"(3) Any person seeking an exemption described in paragraph (2) of this subsection shall make application therefor to the Secretary in such form and manner as he shall prescribe, but no such application may be considered by the Secretary unless the application—

"(A) is received by the Secretary before the close of the one-year period beginning on the date on which regulations promulgated by the Secretary to carry out this subsection first take effect;

"(B) contains a complete and detailed inventory of all pre-Act endangered species parts for which the applicant seeks exemption;

"(C) is accompanied by such documentation as the Secretary may require to prove that any endangered species part or product claimed by the applicant to be a pre-Act endangered species part is in fact such a part; and

"(D) contains such other information as the Secretary deems necessary and appro-parts for which the applicant seeks exemp-section.

"(4) If the Secretary approves any application for exemption made under this subsection, he shall issue to the applicant a certificate of exemption which shall specify—

"(A) any prohibition in section 9(a) of this Act which is exempted;

"(B) the pre-Act endangered species parts to which the exemption applies;

"(C) the period of time during which the exemption is in effect, but no exemption made under this subsection shall have force and effect after the close of the three-year period beginning on the date of issuance of the certificate; and

"(D) any term or condition prescribed pursuant to paragraph (5) (A) or (B), or both, which the Secretary deems necessary or appropriate.

"(5) The Secretary shall prescribe such regulations as he deems necessary and appropriate to carry out the purposes of this subsection. Such regulations may set forth—

"(A) terms and conditions which may be imposed on applicants for exemptions under this subsection (including, but not limited to, requirements that applicants register inventories, keep complete sales records, permit duly authorized agents of the Secretary to inspect such inventories and records, and periodically file appropriate reports with the Secretary); and

"(B) terms and conditions which may be imposed on any subsequent purchaser of any pre-Act endangered species part covered by an exemption granted under this subsection; to insure that any such part so exempted is adequately accounted for and not disposed of contrary to the provisions of this Act. No regulation prescribed by the Secretary to carry out the purposes of this subsection shall be subject to section 4(f) (2) (A) (i) of this Act.

"(g) In connection with any action alleging a violation of section 9, any person claiming the benefit of any exemption or permit under this Act shall have the burden of proving that the exemption or permit is applicable, has been granted, and was valid and in force at the time of the alleged violation.".

SEC. 3. Section 10 of the Endangered Species Act of 1973 (16 U.S.C. 1539) is further amended—

(1) by striking out "subsection" in the first sentence of subsection (c) thereof and inserting in lieu thereof "section"; and

(2) by striking out the period at the end of the second sentence of subsection (c) thereof and inserting in lieu thereof the following: "; except that such thirty-day period may be waived by the Secretary in an emergency situation where the health or life of an endangered animal is threatened and no reasonable alternative is available to the applicant, but notice of any such waiver shall be published by the Secretary in the Federal Register within ten days following the issuance of the exemption or permit.".

SEC. 4. Section 11(e) (3) of the Endangered Species Act of 1973 (16 U.S.C. 1540(e) (3)) is amended—

(1) by inserting immediately before the words "execute and serve any arrest warrant," in the second sentence thereof the following: "make arrests without a warrant for any violation of this Act if he has reasonable grounds to believe that the person to be arrested is comitting the violation in his presence or view, and may"; and

(2) by striking out the period at the end thereof and inserting in lieu thereof the following: ", but upon forfeiture of any such property to the United States, or the abandonment or waiver of any claim to any such property, it shall be disposed of (other than by sale to the general public) by the Secretary in such a manner, consistent with the purposes of this Act, as the Secretary shall by regulation prescribe.".

SEC. 5. Paragraph (1) of section 3 of the Endangered Species Act of 1973 (16 U.S.C. 1532(1)) is amended by striking the period and inserting in lieu thereof ": *Provided, however*, That it does not include exhibition of commodities by museums or similar cultural or historical organizations.".

Amend the title so as to read: "An Act to amend the Endangered Species Act of 1973 in order to permit the disposal of certain endangered species products and parts lawfully held within the United States on the effective date of such Act."

Mr. FORD. Mr. President, I understand that these amendments have been agreed to on both sides and all those who are interested have agreed to them.

Mr. President, the Senate and the House have approved differing versions of S. 229, which would create exemptions from certain trade prohibitions contained in the Endangered Species Act of 1973. The House version is now at the desk. In further amending the bill slightly and sending it back to the House, we will expedite the ultimate enactment of the legislation and clarify some of its provisions.

The Endangered Species Act was enacted to prohibit the importation and sale in interstate and foreign commerce, of any endangered species of animal or plant, or their parts and products. Congress had earlier enacted the Marine Mammal Protection Act on October 21, 1972 which contained such prohibitions with respect to species of marine mammals only.

The Marine Mammal Protection Act expressly provides that the interstate trade prohibitions do not apply to marine mammals taken prior to December 31, 1972, the effective date of the act. However, the Endangered Species Act contains no such "grandfather" clause. This discrepancy has resulted in the application of the Endangered Species Act prohibitions to marine mammal parts and products otherwise legally held or taken under the Marine Mammal Protection Act.

To remedy this situation with respect to scrimshaw, an art form using whale bone and teeth, the Senate Committee on Commerce approved, and the Senate passed, S. 229. This bill would authorize the Secretary of Commerce, who administers the Endangered Species Act with respect to whales, to grant exemptions for a limited period of time for the sale of finished scrimshaw products in interstate commerce. This would permit scrimshaw artisans, known as scrimshanders, sufficient time both to dispose of their present inventories and to adapt their art to a new medium, without encouraging endless trade in whale products.

In its deliberations on the Senate-passed bill, the House Merchant Marine and Fisheries Committee expanded S. 229 to include additional authority for issuing exemptions for legally held sperm whale oil. The exemption for sperm whale oil was deemed necessary to allow those who legally held this oil on December 31, 1972, to dispose of it. This includes the General Services Administration which holds approximately 23,400,000 pounds of sperm whale oil in the national stockpile as well as several private companies. The committee also made several other minor changes in the Endangered Species Act at the request of the Interior Department to improve administration and enforcement of the act.

During a recent oversight hearing on the Endangered Species Act held by the Senate Commerce Committee, three minor modifications to the House-passed bill were suggested. Rather than going to conference, however, we can expedite the entire process by sending the amended bill back to the House for its expected early approval. By taking this course we would also avoid any potential "scope of conference" problems that might be encountered in a conference with respect to the inclusion of the amendments.

The first amendment simply clarifies that the exemption for sperm whale oil applies to derivatives of this substance as well, including, for instance, spermacetti which is used by pharmaceutical companies as an ingredient in lotions, cosmetics, and the like. While this is the intent of the House version, it is desirable to make this absolutely clear.

The second amendment responds to a request by the General Services Administration that the validity of the contracts entered into by GSA with private companies for the disposal of the Nation's stockpile of sperm whale oil be made clear. This provision would not, however, legalize trade that took place in this material prior to enactment of S. 229.

The third amendment speaks to the effect which enactment of S. 229 would have on the enforcement of the existing Endangered Species Act prohibitions. The Department of Commerce has been enforcing these prohibitions, and sanctions have been applied in several cases. In addition, investigations are presently underway in connection with both civil and criminal violations of the act by persons dealing in scrimshaw and sperm whale oil. The purpose of this amendment is to resolve any uncertainty regarding previous enforcement actions or on-going investigations. The amendment simply states that nothing in S. 229 shall be construed to, first, exonerate any person for any act committed, prior to the date of enactment of S. 229, in violation of the provisions for which exemptions are being granted, or second, to immunize any person from prosecution for any such act.

The effect of S. 229 with these amendments will be to allow the interstate sale of legally held scrimshaw and sperm whale oil, but to preserve the right to prosecute persons who have violated existing provisions of the Endangered Species Act by trading in these whale products previous to these exemptions. The Commerce Committee is particularly concerned that persons who willfully ignored the act's provisions be subject to prosecution.

In its report on S. 229, the committee made clear that this would be a one-time exemption which would by no means encourage an endless trade in products of endangered species. I would like to reiterate that point at this time and assure my colleagues in the Senate that enactment of S. 229 and these amendments will in no way pose a threat to the living whale population.

With this assurance, I urge the adoption of the amendments.

UP AMENDMENT NO. 84

Mr. President, I move that the Senate concur in the House amendment with two amendments which I send to the desk.

The ACTING PRESIDENT pro tempore. The amendments will be stated.

The assistant legislative clerk read as follows:

The Senator from Kentucky (Mr. FORD), for himself and Mr. MAGNUSON, proposes unprinted amendment No. 84:

Section 2 of the House amendment to the Senate bill is amended as follows:

Amend subsection 10(f)(1)(A)(i) by inserting after the term "sperm whale oil" the term ", including derivatives thereof,".

Section 2 of the House amendment to the Senate bill is amended as follows:

Amend subsection 10(f) by inserting at the end of paragraph (5) the following two new paragraphs:

"(6)(A) Any contract for the sale of pre-Act Endangered Species parts which is entered into by the Administrator of General Services prior to the effective date of this subsection and pursuant to the notice published in the Federal Register on January 9, 1973 shall not be rendered invalid by virtue of the fact that fulfillment of such contract may be prohibited under subsection 9(a)(1)(F).

"(B) In the event that this paragraph is held invalid, the validity of the remainder of the Act, including the remainder of this subsection, shall not be affected.

"(7) Nothing in this subsection shall be construed to—

"(A) exonerate any person from any act committed in violation of paragraphs (1)(A), (1)(E), or (1)(F) of section 9(a) prior to the date of enactment of this subsection; or

"(B) immunize any person from prosecution for any such act."

Mr. KENNEDY. Mr. President, I wish to thank the Commerce Committee Subcommittee on Environment and its most distinguished chairman, Senator PHIL HART, for the time and effort they have given to consideration of this legislation which I introduced to preserve the art of scrimshaw. I am particularly grateful to the staff members of the subcommittee, especially Kathi Korpon, for their work in refining this legislation to insure that our absolute commitment to end the slaughter of whales is in no way weakened by this amendment to the Endangered Species Act.

The legislation we act on today will permit the sale and shipment in interstate commerce of scrimshaw products for a limited period of time, 3 years, and under conditions which guarantee that no illegally obtained whale products are introduced into commercial activity.

It is particularly appropriate as we celebrate the Bicentennial that we preserve those art forms which reflect our unique heritage and culture. The noted author and scrimshaw expert E. Norman Flayderman points out:

> American whaling days are gone forever. Although the era can never be relived, the intriguing artifacts that remain are highly significant reminders of a wonderful era of our past that succeed in catching the spirit of a magnificent and departed period.

President Kennedy reflected that scrimshaw "tells us a very important part of our lives—our lives at sea." And it was President Kennedy's own collection of scrimshaw that reminded so many Americans of an exciting and courageous period in our history.

This legislation will allow our hundreds of scrimshaw artists sufficient time to learn their art on new materials. These artists are etching on beef bone and synthetic materials now in an effort to find a readily available material for their work. It will allow museums and collectors an opportunity to obtain scrimshaw products for their collections that are only available in States other than their own.

Most importantly, this bill will assure that this Nation's commitment to stop the killing of whales is in no way jeopardized. Any person seeking an exemption must establish that the whale products were taken legally. These inventories of legally held products will assist the Department of Commerce in their efforts to enforce provisions of the Endangered Species Act to end the smuggling of illegally taken products.

We owe a special debt of gratitude to the environmental and animal protection groups, particularly representatives of the Fund for Animals who gave us so much of their time and their valuable suggestions to insure that this legislation did not weaken the Endangered Species Act and who helped us strengthen provisions to enforce compliance with the law to end activity in illegally taken teeth and whale bone. Without their help we would not have been able to develop the legislation we act on today reflecting both our commitment to end the killing of whales and our commitment to preserve scrimshaw as an American art form.

Any legislation which amends the Endangered Species Act, a law universally recognized as the strongest and most effective legislation in protecting animals in danger of extinction, must be carefully and thoughtfully drawn to assure that the Congress commitment to the protection of endangered animals is not diminished. The amendment we approve today has been under consideration for a year and a half, has been the subject of public hearings, and has had the most valuable input of the animal protection groups. As a result, we were able to draft this amendment to the Endangered Species Act which reaffirmed and strengthened the resolve of the Congress to protect the whale.

Mr. President, I share with my colleagues in the Senate a deep sense of regret that the slaughter of the sperm whale continues in record numbers even today. The largest quota permitted for the world's whaling nations is for the killing of the sperm whale. The United States is absolutely committed to end the whale slaughter and we renew our efforts to encourage other nations to follow our lead.

We are all too familiar with the pattern which recognizes the danger to our marine mammals and wildlife only after it is too late. I again assure all those citizens who have worked so hard to end the killing of the sperm whale that they have my strongest support. And I am hopeful that we in the Congress, working together with these citizens, can be successful in protecting the sperm whale for generations to come.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion to concur in the House amendment with the Senate amendments.

The motion was agreed to.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Does the Senator from New Mexico seek recognition?

Mr. DOMENICI. No, I do not.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Florida (Mr. STONE) is recognized for not to exceed 15 minutes.

NATIONAL LEADERSHIP CONFERENCE ON ENERGY POLICY—SENATE JOINT RESOLUTION 206

Mr. STONE. Mr. President, memories of the 1973 gasoline shortage and the long waiting lines have faded. Retail gasoline prices have temporarily stabilized. The Damoclean sword of OPEC has passed from our minds. Most Americans no longer worry about energy shortages.

It is unusual to hear the Presidential candidates talking to voters about energy. They probably have read recent public opinion polls indicating that concern about energy ranks very low among the voters. According to the Harris Survey, at the beginning of 1976 only 13 percent of the American people considered "the energy shortage" as one of the "biggest problems" facing the American people. Few leaders seem anxious to alter this apathy.

In the Congress of the United States, which has the primary policymaking function under the Constitution, energy rarely occasions major debate. Since the enactment of the Energy Policy and Conservation Act of 1975, signed into law by President Ford, there has been little interest in Congress in reviewing our energy situation. Indeed, there appears to be an unfortunate and ill-founded assumption that the 1975 act established a sufficient energy policy for the Nation. Although when passed this legislation probably represened the best possible political compromise on energy, it certainly does not incorporate an effective national energy policy.

I respectfully suggest, Mr. President, that we have come to a point of national indifference toward America's energy supply. As a people we seem to prefer the illusion of short-term comfort to the reality of dealing with our fundamental energy problems. Ironically, this apathy is increasing as the country begins to recover from the economic recession and has a higher demand for energy. If the recovery continues—as we hope it would—demand for more energy must be expected to rise in tandem.

An example is the increased demand for motor gasoline. For the 4-week period ending May 21, 1976, demand for motor gasoline was 7.10 million barrels per day. Compared to the same period in the last 3 years, demand was up 7.7 percent over 1975; 10 percent over 1974; and, 4.4 percent over 1973. Motor gasoline demand for the year 1976 to date—ending May 21, 1976—was up 5.8 percent over the same period for 1975; 10.7 percent over 1974; and, 5.7 percent over 1973.

The increasing demand for gasoline is alarming because there has been a steady yearly decline in the rate of domestically produced oil. In 1972, there was a total of 3.5 billion barrels of oil produced domestically; in 1973, a total of 3.4 billion barrels; 1974, a total of 3.2 billion barrels; and, in 1975, a total of 3.05 billion barrels. The 1976 estimate shows a continued decline in the total number of barrels of oil produced domestically.

Analysts tell us that the demand for gasoline shows no sign of abating. The summertime, when most Americans take their vacations is upon us. Millions of Americans will be driving around the country. National celebrations during the Bicentennial Year are likely to push the demand for gasoline to even higher levels.

Recent sales reports from domestic automakers also point to increasing gasoline consumption. Domestic small cars and their foreign counterparts continue to take a smaller share of U.S. auto sales. Intermediate and large cars dominate sales reports. Cadillac sales, for example, are up 50 percent this year so far over 1975. This is due at least in part to less worry over availability and price of gasoline.

Two years ago we were shocked into the realization of our vulnerability to the foreign oil-producing nations. That vulnerability still exists. The gasoline lines have gone away, but the causes for those gasoline lines remain with us.

Crude oil imports through May 7 of this year were 35.6 percent above the same period for 1975; 83.4 percent above the same 1974 period; and 73.1 percent above the 1973 period. In 1973, the United States imported 35.8 percent of its total domestic demand for petroleum. In 1974, this figure was 36.6 percent. Last year, 1975, the figure increased to 40 percent. Despite all of the clamor about "energy independence" our Nation's dependence on unreliable, foreign sources of petroleum is actually increasing.

There has also been a disturbing increase in the amount of oil we import from sources that have proven to be unreliable in the past. In 1973, 14.6 percent of our imported petroleum came from the Arab OPEC countries—Algeria, Iraq, Kuwait, Libya, Qatar, Saudi Arabia, and the United Arab Emirates. In 1974, this figure decreased slightly to 12.3 percent. In 1975, this figure increased to 22.9 percent.

The fact that OPEC recently decided against an additional oil price increase should give us no sense of security. The disturbing fact is that OPEC could have then imposed an additional price increase and, most probably, will do so in the near future without the United States being able to do much, if anything, about it. We remain today—as we were at the time of the 1973 boycott—dangerously dependent upon OPEC for our vital energy supplies. Until this situation is corrected, our national security—as well as our economic well-being—will to a large extent, be subject to decisions made beyond our shores and over which we have no control.

Mr. President, I have regrettably come to two disturbing conclusions. First, we have failed as yet to put into place an effective energy policy for America. Second, we are doing very little right now toward the adoption of such a policy. We find ourselves in a position of policy paralysis with respect to energy, despite the fact that our national security and economic well-being depend greatly upon the implementation of an effective energy policy.

In order to rekindle our national resolve and to focus our thinking about energy, I am today proposing that the President of the United States convene a National Conference on America's Energy Policy. This conference should be held as soon as practical following the 1976 Presidential election, but no later than 60 days following the inauguration of the next President on January 20, 1977. For this purpose, I am introducing a joint resolution which requires approval by both the Senate and House of Representatives and which must be signed by the President. I propose the conference in this manner so as to secure from the national leadership a commitment to its call without regard to partisanship.

As set forth in section 2 of the joint resolution, the conference would consider alternative policies available to the United States in resolving the energy problems confronting us. The conference would review our present situation, analyze our opportunities and difficulties, and construct proposals which would form the basis for an immediate national energy policy. In this process, the conference would consider the development of reliable sources of energy, the need for meaningful energy conservation, the economic, environmental, and international was well as domestic impact of specific energy proposals.

The participants should represent the broadest range of viewpoints and backgrounds—Members of Congress; Federal, State, and local government officials; representatives from energy companies, environmental and conservation organizations, organized labor, consumer organizations, industrial and financial trade associations, and academic and scientific communities; and individual citizens with particular expertise in the energy field.

Section 3 of the joint resolution directs the President to establish a conference committee, composed of 15 individuals representative of conference participants, to plan the conference pursuant to Presidential guidelines. It provides for the staffing of the conference under the authority of and direction of the conference committee. The conference committee should be directed by the President to consult with interested citizens, organizations, and associations at every stage of planning and structuring the conference, in order to assure that the format and focus of the conference reflects the whole range of concerns and viewpoints regarding energy.

Section 6 of the joint resolution provides for the authorization of such sums of money as are necessary to carry out the provisions of the resolution. The Conference Planning Committee would have control over the cost of the Energy Conference, but it could be, and should be as inexpensive as possible. As in the case of past Presidential conferences, I anticipate that most of the participants would pay their own way in order to present their views at such a crucial symposium.

It is critical that our national leadership move ahead quickly after the Presidential and congressional elections of 1976 to develop a workable national energy policy. The conference should convene soon enough to lay the groundwork for a Presidential and congressional energy-policy initiative early in 1977. The recommendations of the conference should provide a springboard for the President and the Congress to achieve a truly comprehensive energy program for the country.

The main focus of this conference is to be the development of a near-term energy policy. While we have much to accomplish in the area of research and development for new energy sources and improved technology, the Nation's most urgent need is to put into place an energy policy which will assure reasonable economic growth, encourage meaningful conservation, and safeguard the environment over the next 10 years. The conference should concentrate on what should be done now to encourage greater domestic production of oil, gas and coal recognizing that the American economy and standard of living will continue to require enormous amounts of energy.

We need to review and analyze the impact of present Government policies including oil and gas price control, Federal coal-mining regulation, and Federal tax provisions—to determine their impact on America's energy situation. Although the 94th Congress enacted the Energy Policy and Conservation Act of 1975 and has worked hard on other legislation affecting energy, we do not have either a clear understanding of the resulting impact of the present energy legislation or the proper future role of Government regulation in the energy field.

The conference should give attention to at least five areas which bear upon the formulation of a national energy policy. These areas are: The worldwide energy situation, energy resources in the United States, the social, economic, and political implications of energy policy options, the environmental implications of energy policy options, and energy conservation. Each of these areas interrelate and these relationships should also be explored.

Most Americans realize that there can be no consideration of America's energy needs without reference to the international energy situation. The OPEC cartel controls crucial production and pricing levels. To a great extent, the economies of the industrial West and Japan and the survival and development capabilities of the Third World are tied to OPEC supplies. The possibility of changing this control seems remote, therefore, we have to review the international situation carefully in the process of developing a national energy policy.

The conference will want to study our own American energy resources. Our highly developed technological capabilities and our abundant natural resources give the United States a unique position among industrialized nations in meeting future energy needs. Taken together and properly fastened, we may have sufficient sources of oil, gas, coal, and nuclear power to meet our energy needs in the near future. How wisely we use these resources and technology will in large part determine our future economic development and national security.

There is a price to be paid for new energy development or the lack thereof. The impact of alternative energy policies on our way of life must be recognized. It is incumbent upon us as a people to chart a course somewhere between ill-considered development and no development at all. The conference must address these matters.

There is strong sentiment that energy development in this country must not be undertaken without first carefully considering the impact on the environment. We have already paid a high price for the random energy development practices of the past. Only the orderly and intelligent use of the Nation's energy resources can provide for continued economic development without ruining our precious natural heritage. The national leadership Conference on Energy Policy should review carefully the relationship between the need for energy development and the imperative of preserving the environment.

Additionally, Mr. President, the conference must look to energy conservation. No nation wastes more energy than the United States. A significant amount of our consumption is mindlessly lost without purpose. As yet, neither the Federal Government nor State governments have implemented an effective energy conservation program. Consumption levels must be reduced, however, without undue disruptions to the essential requirements of our economy and standard of living. What we need, and what the conference should work toward is a practical and equitable conservation program for the country that will have the support of the American people.

Mr. President, we cannot afford to wait for another boycott, or outrageous price increases, or a freezing winter to jolt us into action. We need a comprehensive energy program now. Waiting earns us nothing and may cost us plenty in lost jobs, another round of inflation, and low national morale.

Our energy problems are serious—and they are not going away by wishful thinking. Let us marshal our resources—our advanced technology, our material abundance, our diplomatic skills, and our "can do" spirit—and direct them toward our most critical continuing dilemma—energy. To do less is to invite disaster.

At the same time all this is taking place, the only call that the Senator from Florida has observed of caution and warning took place today, in a press dispatch by Reuters from Tokyo, in which Frank Zarb, the head of the Federal Energy Administration, warns of the possibility of another embargo on oil supplies.

Mr. President, for all these reasons, the resolution I have submitted today, calling for what amounts to a summit conference on energy, should be agreed to and implemented.

There are two ways in which we can refocus our attention on energy. One is by an embargo or an oil squeeze imposed from abroad. The other way is as self-starters, knowing of our problem and doing something about it.

The leadership conference I am proposing today would be chaired by the President-elect, participated in by the Members of the Senate and the House joint conference on the energy bill that we passed in December of 1975, as well as leaders in the energy field and experts in the areas on which energy impacts.

Several years ago, Congress called for an economic summit. It was chaired by the newly selected President, selected by the constitutional process. That summit conference led to significant Presidential and congressional moves which may well have provided the impetus for the recovery we are beginning to enjoy today.

The Senator from Florida hopes that through a summit leadership conference on energy, properly attended and covered by our national press, we can focus our deserved attention on the energy problems, with a view toward solving them. Without that kind of focus, without that kind of attention, the attention will be drawn to our problems only by a renewed squeeze.

I hope we have the good sense to choose to solve our own problems rather than be faced with a boycott and the pressures of having to solve these problems under the gun.

Mr. President, I have a series of charts, graphs, and newspaper articles that I would like to include in the RECORD. I ask unanimous consent that these materials and the text of the joint resolution be printed at this point in the RECORD, together with the press dispatch I referred to.

There being no objection, the joint resolution and material were ordered to be printed in the RECORD, as follows:

S.J. RES. 206

Whereas, the United States continues to face critical problems relating to energy, despite enactment in 1975 of the Energy Policy and Conservation Act;

Whereas, because of insufficient development of reliable domestic energy sources, such as oil, gas, and coal, and insufficient energy conservation programs, United States dependence on unreliable foreign energy sources has continued to increase during 1976;

Whereas, the Nation's security, economic vitality, and environmental well-being depend upon the adoption of a comprehensive energy policy to resolve these problems; and

Whereas, the successful development and implementation of such a policy requires the active support of the American people and the cooperation of all levels and branches of government: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President shall call a National Leadership Conference on Energy Policy (hereafter in this joint resolution referred to as the "Conference") to convene in Washington during 1977. The President shall, not later than April 1, 1977, announce the beginning date of the Conference.

SEC. 2. (a) It shall be the purpose of the Conference to consider alternative policy approaches available to the United States with respect to energy. In particular, the Conference shall develop specific proposals to increase the supply of energy from reliable sources with minimum impact on the environment, and decrease domestic energy demand in ways not harmful to America's economic recovery, which shall form the basis for the adoption of a national energy policy to be implemented during 1977 and thereafter.

(b) The Conference shall be composed of, and bring together—

(1) Members of the Congress and Federal, State, and local government officials with responsibility over energy policies and programs;

(2) representatives of energy industries, especially industries involved in producing oil, gas, and coal;

(3) representatives of public utilities;

(4) representatives of environmental and conservation organizations;

(5) representatives of consumer organizations;

(6) representatives of industrial and financial trade associations;

(7) representatives of organized labor;

(8) representatives of the academic and scientific communities; and

(9) individual citizens with particular expertise in the energy field.

SEC. 3. (a) Within 15 days after January 22, 1977, the President shall appoint a committee which shall make all necessary arrangements and preparations for the Conference. The committee shall consist of 15 members and shall, insofar as possible, be representative of members of the Conference. The President shall designate one of the members of the committee to serve as chairman and one to serve as vice chairman.

(b) The committee shall prepare and make available background materials for the use of members of the Conference.

(c) The committee is authorized—

(1) to request the cooperation and assistance of other Federal departments and agencies in order to carry out its responsibilities, and

(2) to employ such personnel as may be necessary, without regard to the provisions of title 5, United States Code, governing appointments in the competitive civil service, and without regard to chapter 51, and subchapter III of chapter 53 of such title, relating to classification and General Schedule pay rates, but no individual so employed may be paid compensation at a rate higher than the annual rate of level V of the Executive Schedule under section 5316 of such title.

(d) Each Federal department and agency is authorized and directed to cooperate with and provide assistance to the committee upon its request.

SEC. 4. Members of the Conference and members of the committee shall, when attending the Conference or when attending to the business of the committee, as the case may be, and away from their homes or regular places of business, be allowed travel expenses, including per diem in lieu of subsistance, as may be authorized under section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

SEC. 5. A final report of the Conference, containing such findings and recommendations as may be made by the Conference, shall be submitted to the President not later than 60 days following the close of the Conference, which final report shall be made public and, within 30 days after its receipt by the President, transmitted to the Congress together with a statement of the President containing the President's recommendations with respect to such report.

SEC. 6. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this joint resolution.

APPENDIX TO ENERGY CONFERENCE SPEECH

A. GRAPHS AND CHARTS

1. U.S. Demand Situation—Oil and Gas Products.
2. Drilling Activity in U.S.
3. Barrels of Oil Produced Domestically.
4. U.S. Crude Production vs. U.S. Crude Imports.
5. U.S. Total Petroleum Imports (1960–1976).
6. U.S. Petroleum Imports by Country (1973–1976).
7. U.S. Imports.
8. U.S Refinery Operations.

B. EDITORIALS

1. "Energy, a Return to Complacency?", Ulf Lantske, *Washington Post*, May 21, 1976.
2. "Energy Problems Neglected Too Long", *The Oil Daily*, June 2, 1976.
3. "Issues 76: Energy", *New York Times*, March 30, 1976.
4. "Energy Crisis Growing", Louis Rukeyser, McNaught Service.

TABLE. 1—U.S. DEMAND[1] SITUATION

[Thousands of barrels per day

4 week ending	May 7, 1976	May 9, 1975	May 10, 1974	May 11, 1973	Percentage change 1976–75	1976–74	1976–73
Motor gasoline	7,178	6,717	6,396	6,876	+6.9	+12.2	+4.4
Distillate	2,671	2,848	2,749	2,575	−6.2	−2.8	+3.7
Residual	2,172	2,081	2,390	2,496	+4.4	−9.1	−13.0
Kerosine	137	141	141	149	−2.8	−2.8	−8.1
Jet fuel—Naphtha	214	225	205	218	−4.9	+4.4	−1.8
Jet fuel—Kerosine	711	860	708	934	−17.3	+.4	−23.9
Total, 6 products	13,083	12,872	12,589	13,248	+1.6	+3.9	−1.3
Other products[2]	2,983	2,711	3,020	3,157	+10.0	−1.2	−5.5
Total, demand	16,066	15,583	15,609	16,405	+3.1	+2.9	−2.1

4 week ending	May 7, 1976	May 9, 1975	May 10, 1974	May 11, 1973	Percentage change 1976–75	1976–74	1976–73
Year to Date (19 reports)							
Motor gasoline	6,733	6,383	6,070	6,375	+5.5	+10.9	+5.6
Distillate	3,464	3,479	3,430	3,434	−.4	+1.0	+.9
Residual	2,678	2,759	2,689	3,141	−2.9	−.4	−14.7
Kerosine	194	214	229	256	−9.4	−15.3	−24.2
Jet fuel—Naphtha	214	206	219	214	+3.9	−2.3	--------
Jet fuel—Kerosine	815	812	736	862	+.4	+10.7	−5.5
Total, 6 products	14,098	13,853	13,373	14,282	+1.8	+5.4	−1.3
Other products[2]	3,221	2,959	3,155	3,274	+8.9	+2.1	−1.6
Total, demand	17,319	16,812	16,528	17,556	+3.0	+4.8	−1.4

[1] "Demand" is defined as disappearance from primary supply.

[2] Other products estimation based on U.S. BOM historical data.

Source: API Weekly Statistical Bulletin.

BARRELS OF OIL PRODUCED DOMESTICALLY

1972 total of 3.5-b barrels of oil produced domestically—per rate, 9,441,000 per day.

1973—total of 3.4-b barrels of oil produced domestically—per rate, 9,208,000 per day.

1974—total of 3.2-b barrels of oil produced domestically—per rate, 8,774,000 per day.

1975—total of 3.05-b barrels of oil produced domestically—per rate, 8,362,000 per day.

1976—(estimated) approximately 1.25-b barrels per daily average of 8,140,000.

Source: A.P.I. Weekly Statistical Bulletin.

TOTAL U.S. PETROLEUM IMPORTS BY COUNTRY OR AREA SOURCE

[Thousands of barrels per day]

													12 mo	
	January	February	March	April	May	June	July	August	September	October	November	December	Average	Percent of imports
1975														
OPEC:														
Algeria	280	239	296	226	345	347	347	269	284	236	296	211	282	4.6
Iraq	---	---	---	---	7	---	---	16	3	3	---	---	3	.1
Kuwait	17	38	36	4	12	24	2	1	11	19	11	12	15	.2
Libya	19	82	175	125	211	183	248	407	456	236	276	355	232	3.9
Qatar	56	---	25	1	5	---	10	17	---	27	---	11	18	.3
Saudi Arabia	848	795	637	428	335	501	588	748	731	961	934	1,075	715	11.9
United Arab Emirates	47	106	112	70	125	77	107	260	216	93	69	114	116	1.9
Total Arab OPEC	1,267	1,260	1,281	854	1,040	1,132	1,362	1,718	1,701	1,576	1,586	1,778	1,381	22.9
Ecuador	53	59	31	39	83	48	77	39	70	41	50	94	57	.9
Gabon	4	38	77	17	21	59	27	18	28	18	11	13	28	.5
Indonesia	294	319	286	351	359	481	463	472	443	402	397	390	389	6.4
Iran	394	298	181	346	256	232	218	203	277	311	473	186	280	4.7
Nigeria	882	846	836	619	643	619	715	804	817	773	802	785	762	12.6
Venezuela	1,016	753	722	824	801	711	679	522	624	515	585	622	698	11.6
Total non-Arab OPEC	2,643	2,313	2,133	2,196	2,163	2,150	2,179	2,058	2,259	2,060	2,318	2,090	2,213	36.7
Total OPEC	3,910	3,573	3,414	3,050	3,203	3,282	3,481	3,776	3,960	3,636	3,904	3,868	3,594	59.6
OPEC as percent of total imports	(57.2)	(57.9)	(59.6)	(60.6)	(61.9)	(60.7)	(58.2)	(60.3)	(58.2)	(57.7)	(61.4)	(62.1)	(59.6)	---
Canada	949	855	747	704	574	873	889	888	918	946	893	907	845	14.0
Mexico	20	46	38	37	86	72	85	71	98	105	106	85	71	1.2
Central America/Caribbean	1,440	1,180	1,113	848	879	830	984	953	1,052	945	792	837	987	16.4
South America	244	301	227	192	272	217	312	298	299	254	294	269	265	4.4
Europe	86	46	63	59	33	11	57	74	174	194	196	65	89	1.5
Africa	114	82	53	103	92	53	102	117	106	72	51	102	88	1.5
Asia	35	58	48	24	23	20	20	36	61	43	47	44	38	.6
Middle East	23	11	7	8	7	21	18	38	84	33	24	16	18	.3
Communist Nations	19	24	20	8	7	28	33	8	53	69	55	34	30	.5
Total non-OPEC	2,930	2,603	2,316	1,983	1,973	2,125	2,500	2,483	2,845	2,661	2,458	2,359	2,431	40.4
Eastern Hemisphere	3,118	2,984	2,852	2,389	2,481	2,655	2,955	3,488	3,744	3,491	3,641	3,414	2,923	48.5
Western Hemisphere	3,722	3,192	2,878	2,644	2,695	2,752	3,026	2,771	3,061	2,806	2,721	2,813	3,102	51.5
Total imports	6,840	6,176	5,730	5,033	5,176	5,407	5,981	6,259	6,805	6,297	6,362	6,227	6,025	100.0
Total U.S. domestic demand	17,983	17,084	16,316	16,041	15,118	15,611	15,762	15,767	15,765	16,344	15,721	17,989	16,291	---
Imports as a percent of domestic demand	(38.0)	(36.2)	(35.1)	(31.4)	(34.2)	(34.6)	(37.9)	(39.7)	(43.2)	(38.5)	(40.5)	(34.6)	(40.0)	---
OPEC imports as a percent of domestic demand	(21.7)	(20.9)	(20.9)	(19.0)	(21.2)	(21.0)	(22.1)	(23.9)	(25.1)	(22.2)	(24.8)	(21.5)	(22.0)	---
Arab OPEC imports as a percent of domestic demand	(7.0)	(7.4)	(7.9)	(5.3)	(6.9)	(7.3)	(8.3)	(10.9)	(10.8)	(9.6)	(10.1)	(9.9)	(8.4)	---
1974														
OPEC:														
Algeria	---	3	8	120	239	351	326	209	264	290	208	252	190	3.1
Iraq	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Kuwait	---	---	---	2	1	4	3	33	---	---	16	5	5	.1
Saudi Arabia	21	39	86	66	592	671	621	606	544	754	742	760	461	7.6
Libya	1	17	5	8	4	---	---	---	20	---	---	---	4	.1
Qatar	---	---	---	---	5	---	35	10	23	65	44	14	16	.2
United Arab Emirates	10	---	---	14	85	159	141	199	112	58	25	38	71	1.2
Total Arab OPEC	32	59	99	210	916	1,185	1,126	1,057	963	1,167	1,035	1,069	747	12.3
Ecuador	61	38	64	58	65	76	16	16	23	46	20	22	42	.7
Gabon	---	---	---	11	24	22	10	43	52	81	23	13	24	.4
Indonesia	172	419	265	376	281	265	336	225	331	232	340	374	300	4.9
Iran	467	337	381	617	580	552	567	486	436	398	349	445	469	7.7
Nigeria	466	357	549	711	720	735	868	910	789	708	1,031	692	713	11.7
Venezuela	1,093	1,125	1,102	987	787	778	878	874	956	1,054	1,116	1,015	980	16.1
Total non-Arab OPEC	2,259	2,276	2,361	2,760	2,457	2,428	2,675	2,554	2,587	2,519	2,879	2,561	2,528	41.5
Total OPEC	2,291	2,335	2,460	2,970	3,373	3,613	3,801	3,611	3,550	3,686	3,914	3,630	3,275	53.8
OPEC as a percent of total imports.	(42.8)	(44.7)	(47.2)	(49.7)	(52.0)	(56.3)	(58.6)	(56.8)	(59.0)	(59.9)	(58.3)	(54.6)	(53.8)	---
Canada	1,180	1,177	1,111	1,177	1,226	987	944	988	991	975	966	1,097	1,068	17.5
Mexico	25	4	19	4	---	1	---	13	4	5	19	6	8	.1
Central America/Caribbean	1,317	1,229	1,073	1,005	1,188	1,150	1,100	1,186	1,064	1,111	1,221	1,258	1,157	19.0
South America	239	204	208	273	283	344	315	308	215	194	246	302	261	4.3
Europe	174	223	248	321	237	143	139	119	63	54	181	140	167	2.8
Africa	52	14	20	121	129	109	98	77	78	72	66	72	75	1.2
Asia	32	14	32	19	32	28	39	20	24	33	23	40	28	.5
Middle East	---	---	16	16	5	27	44	14	26	12	23	29	18	.3
Communist Nations	45	21	28	64	15	16	9	21	7	9	54	76	30	.5
Total non-OPEC	3,064	2,886	2,775	3,000	3,115	2,805	2,688	2,746	2,472	2,465	2,799	3,020	2,812	46.2
Eastern Hemisphere	1,440	1,445	1,638	2,465	2,938	3,082	3,236	2,972	2,769	2,767	3,125	2,950	2,571	42.2
Western Hemisphere	3,915	3,776	3,577	3,505	3,550	3,336	3,253	3,385	3,253	3,384	3,588	3,700	3,516	57.8
Total imports	5,355	5,221	5,215	5,970	6,488	6,418	6,489	6,357	6,022	6,151	6,713	6,650	6,087	100.0
Total U.S. domestic demand	17,270	17,371	16,045	15,919	15,720	16,176	16,301	16,546	15,994	17,025	17,215	17,997	16,629	---
Imports as a percent of domestic demand	(31.0)	(30.1)	(32.5)	(37.5)	(41.3)	(39.7)	(39.8)	(38.4)	(37.7)	(36.1)	(39.0)	(37.0)	(36.6)	---
OPEC imports as a percent of domestic demand	(13.3)	(13.1)	(14.7)	(18.7)	(21.5)	(22.3)	(23.3)	(21.8)	(22.2)	(21.7)	(22.7)	(20.2)	(19.7)	---
Arab OPEC as a percent of domestic demand	(0.2)	(0.3)	(0.6)	(1.3)	(5.8)	(7.3)	(6.9)	(6.4)	(6.0)	(6.9)	(6.0)	(5.9)	(4.5)	---
1973														
OPEC:														
Algeria	177	177	142	115	183	159	157	137	155	147	62	1	134	2.2
Iraq	---	---	---	---	---	---	---	11	17	12	---	---	4	.1
Kuwait	59	44	57	50	66	58	19	57	44	56	---	---	42	.7
Saudi Arabia	372	270	401	312	416	461	659	682	626	788	635	196	486	7.8
Libya	152	230	211	185	177	98	179	184	194	203	139	24	164	2.6
Qatar	---	---	---	---	---	6	---	12	41	18	9	3	7	.1

	January	February	March	April	May	June	July	August	September	October	November	December	12 mo Average	12 mo Percent of imports
United Arab Emirates	10	39	162	75	58	80	102	64	88	62	107	(²)	71	1.1
Total Arab OPEC	770	760	973	737	900	862	1,116	1,147	1,165	1,286	952	224	908	14.6
Ecuador	41	80	26	86	18	44	38	62	40	49	38	62	48	.8
Gabon														
Indonesia	110	152	229	137	230	259	279	209	284	181	207	270	213	3.4
Iran	71	149	155	109	258	261	233	264	215	250	254	447	223	3.6
Nigeria	410	454	427	488	427	421	487	471	418	516	448	535	459	7.4
Venezuela	1,058	1,134	1,118	922	993	861	1,157	1,156	1,309	1,086	1,336	1,374	1,126	18.2
Total non-Arab OPEC	1,690	1,969	1,955	1,742	1,926	1,846	2,194	2,162	2,266	2,082	2,283	2,688	2,069	33.4
Total OPEC	2,460	2,729	2,928	2,479	2,826	2,708	3,310	3,309	3,431	3,368	3,235	2,912	2,977	48.0
OPEC as a percent to total imports	(42.3)	(42.8)	(44.5)	(44.4)	(48.6)	(46.1)	(53.6)	(50.9)	(53.8)	(51.6)	(47.1)	(49.0)	(48.0)	
Canada	1,378	1,456	1,399	1,482	1,333	1,287	1,249	1,228	1,280	1,240	1,304	1,137	1,313	21.1
Mexico	12	32	17	33	8	13			20	12	22	16	15	.2
Central America/Caribbean	1,387	1,326	1,306	993	1,069	1,208	1,006	1,197	985	1,103	1,309	1,296	1,182	19.1
South America	315	235	357	268	262	277	246	313	255	229	303	246	276	4.5
Europe	128	441	398	199	134	199	198	252	278	309	376	172	255	4.1
Africa	55	25	69	76	74	105	92	138	29	147	113	81	84	1.4
Asia	49	64	31	20	32	20	51	32	50	49	66	47	42	.7
Middle East	14	10	19	20	51	14	14	5	15	30	87	4	24	.4
Communist Nations	13	56	51	18	28	48	6	32	31	38	49	34	33	.5
Total non-OPEC	3,351	3,645	3,647	3,109	2,991	3,171	2,862	3,197	2,943	3,157	3,629	3,033	3,224	52.0
Eastern Hemisphere	1,620	2,111	2,352	1,804	2,134	2,189	2,476	2,548	2,484	2,806	2,555	1,813	2,241	36.1
Western Hemisphere	4,191	4,263	4,223	3,784	3,683	3,690	3,696	3,958	3,890	3,719	4,309	4,132	3,960	63.9
Total imports	5,811	6,374	6,575	5,588	5,817	5,879	6,172	6,506	6,374	6,525	6,864	5,945	6,201	100.0
Total U.S. domestic demand	18,713	19,094	17,216	15,921	16,626	16,481	16,372	17,499	16,656	17,202	18,492	17,538	17,308	
Imports as a percent of domestic demand	(31.1)	(33.4)	(38.2)	(35.1)	(35.0)	(35.7)	(37.7)	(37.2)	(38.3)	(37.9)	(37.1)	(33.9)	(35.8)	
OPEC imports as a percent of domestic demand	(13.1)	(14.3)	(17.0)	(15.6)	(17.0)	(16.4)	(20.2)	(18.9)	(20.6)	(19.6)	(17.5)	(16.6)	(17.2)	
Arab OPEC imports as a percent of domestic demand	(4.1)	(4.0)	(5.7)	(4.6)	(5.4)	(5.2)	(6.8)	(6.6)	(7.0)	(7.5)	(5.2)	(1.3)	(5.2)	

[1] Less than 1/10 of 1 percent.

[2] Less than 100 barrels per day.

Source: USBOM.

TABLE 4. U.S. IMPORTS

[Thousands of barrels per day]

4 weeks ending	May 7, 1976	May 9, 1975	May 10, 1974	May 11, 1973	Percentage change 1976/75	Percentage change 1976/74	Percentage change 1976/73
Crude oil	4,785	3,476	3,562	3,240	+37.7	+34.3	+47.7
Motor gasoline	103	103	241	66		−57.3	+56.1
Distillate	87	160	261	229	−45.6	−66.7	−62.0
Residual	877	942	1,690	1,564	−6.9	−48.1	−43.9
Jet fuel—Naphtha	23	20	10	23	+15.0	+130.0	
Jet fuel—Kerosene	71	147	136	190	−51.7	−47.8	−62.6
Other products	259	279	511	467	−7.2	−49.3	−44.5
Total products	1,420	1,651	2,849	2,539	−14.0	−50.2	−44.1
Total imports	6,205	5,127	6,411	5,779	+21.0	−3.2	+7.4
Year to date (19 reports)							

4 weeks ending	May 7, 1976	May 9, 1975	May 10, 1974	May 11, 1973	Percentage change 1976/75	Percentage change 1976/74	Percentage change 1976/73
Crude oil	4,993	3,682	2,722	2,885	−35.6	+83.4	+73.1
Motor gasoline	127	133	178	65	−4.5	−28.7	+95.4
Distillate	178	247	316	340	−27.9	−43.7	−47.7
Residual	1,268	1,369	1,689	2,095	−7.4	−24.9	−39.5
Jet fuel—Naphtha	25	30	11	19	−16.7	+127.3	+31.6
Jet fuel—Kerosene	91	135	141	162	−32.6	−35.5	−43.8
Other products	310	315	454	397	−1.6	−31.7	−21.9
Total products	1,999	2,229	2,789	3,078	−10.3	−28.3	−35.1
Total imports	6,992	5,911	5,511	5,963	+18.3	+26.9	+17.3

Source: API Weekly Statistical Bulletin.

TABLE 3.—U.S. REFINERY OPERATIONS

[Thousands of barrels per day]

4 week ending	May 7, 1976	May 9, 1975	May 10, 1974	May 11, 1973	Percentage change 1976/75	Percentage change 1976/74	Percentage change 1976/73
Operable capacity	15,139	15,027	14,230	13,618	+0.7	+6.4	+11.2
Input to crude oil processing units	12,997	12,235	12,341	NA	+6.2	+5.3	NA
Percent capacity utilized ¹	85.9	81.4	86.7	NA			
Crude oil runs	12,661	11,765	11,835	12,106	+7.6	+7.0	+4.6
Percent capacity utilized ²	83.6	78.3	83.2	88.9			
Production:							
Motor gasoline	6,598	6,009	6,264	6,516	+9.8	+5.3	+1.3
Distillate	2,589	2,439	2,594	2,489	+6.2	−.2	+4.0
Residual	1,270	1,212	873	891	+4.8	+45.5	+42.5
Kerosene	143	158	116	197	−9.5	−23.3	−27.4
Jet fuel—Naphtha	206	199	189	183	+3.5	+9.0	+12.6
Jet fuel—Kerosene	691	680	645	684	+1.6	+7.1	+1.0
Year to date (19 reports) week ending							

4 week ending	May 7, 1976	May 9, 1975	May 16, 1974	May 11, 1973	Percentage change 1976/75	Percentage change 1976/74	Percentage change 1976/73
Operable capacity	15,120	14,989	14,149	13,535	+.9	+6.9	+11.7
Input to crude oil processing units	13,161	12,506	11,980	NA	+5.2	+9.9	NA
Percent capacity utilized ¹	87.0	83.4	84.7	NA			
Crude oil runs	12,795	12,011	11,470	12,171	+6.5	+11.6	+5.1
Percent capacity utilized ²	84.6	80.1	81.1	89.9			
Production:							
Motor gasoline	6,549	6,232	6,036	6,234	+5.1	+8.5	+5.1
Distillate	2,737	2,625	2,561	2,743	+4.3	+6.9	−.2
Residual	1,336	1,303	953	971	+2.5	+40.2	+37.6
Kerosene	173	194	164	259	−10.8	+5.5	−33.2
Jet fuel—Naphtha	184	176	215	192	+4.5	−14.4	−4.2
Jet fuel—Kerosene	737	676	621	712	+9.0	+18.7	+3.5

[1] New API definition.

[2] Old API definition.

Source: API Weekly Statistical Bulletin.

[From the Washington Post, May 21, 1976]

ENERGY: A RETURN TO COMPLACENCY?

(By Ulf Lantzke)

The energy problem is still very much with us and could well become a burning issue very soon again. Oil reserves are limited and one can foresee the world again getting into a supply/demand situation similar to that of late 1973 with its higher prices and periodic shortages. This could lead, in the long-term, perhaps even in my lifetime, to a situation where there simply will not be enough energy available to sustain economic and social progress unless something is done about it and soon.

The greatest danger is public complacency. In the '60s the world grew accustomed to the idea of an abundant supply of energy at low prices that would be available indefinitely. But the harsh realities of the 1973–74 energy crises with its long lines at gas stations and, more seriously with increased unemployment and accelerated inflation, which brought world economic progress to a halt, brusquely brought home the fragility of the existing structure of energy suppy, demand and prices.

It was this crisis that generated the Washington conference of February 1974, called at Secretary of State Kissinger's initiative, which in turn led to the creation of the International Energy Agency, an autonomous body of 18 nations of the industrialized world based in Paris within the framework of the Organization for Economic Cooperation and Development (OECD).

Since its founding in November 1974, IEA has galvanized its members' national efforts to use energy resources more economically and to enlarge energy choices. More than that, a demonstrable increase in international cooperation and commitment has already been achieved within the IEA. Contrary to the situation in 1973, a political platform is now available where industrialized countries can discuss and decide upon intricate energy issues. An emergency sharing system in case of oil shortages has been worked out and a comprehensive longterm program has been agreed to that covers conservation, the development of alternative energy resources, and cooperative energy research and development efforts. As an active observer in the north-south dialogue, the IEA has submited a number of basic analytical papers that have provided an objectives basis for discussion.

Thus, substantial progress has already been made in the IEA. But this is not enough.

Unfortunately, the world is in danger of once again slipping back into the complacency of the '60s. Short term supply difficulties have been overcome and over-capacity currently exists. National economies are again on the upswing and the inflation rate is abating. The public seems to have become accustomed to higher prices and to the confortable feeling that the energy crisis has ended.

It cannot be emphasized too strongly that this is a very dangerous illusion. Energy cannot be looked upon as a short-term problem. It is very much a medium and longterm issue that requires action now.

Barring further unexpected political or economic developments, it seems clear that the rate of economic growth and energy demand will continue upward, possibly resulting in a renewed seller's market as early as 1979. It may sound nightmarish but one can easily imagine a number of scenarios resulting in a shortage of oil in the medium term even without a political crisis in the Middle East.

In the long term, we must face the fact that we are going to run out of depletable energy resources—the availability of oil has limitations that can already be calculated. We must take immediate steps to change the bulk of our energy supply from oil and other non-renewable resources to renewable resources such as solar, nuclear fusion, and geothermal power.

This obviously cannot be done overnight due to the long lead times required for the development of new technologies. Economic implementation of nuclear energy, for example, required 30 years from the time of the first pilot plant.

It is clear that current efforts are not sufficient to avoid severe energy shortages early in the 21st century and corresponding economic and social consequences. Efforts must be stepped up:

1) We must make a realistic assessment of the energy situation, going beyond the usual formulation of future world energy scenarios. Concrete targets must be met and reached in the short, medium, and longer term.

2) We must take stock of existing energy and related economic structures both on a national and international level and build and improve upon them. The necessary changes must be made smoothly, without creating additional frictions damaging to harmonious, economic progress.

3) Market principles will have to be reinforced and stimulated by policy action and incentives.

In concrete terms, what does this mean?

First, we must move away as quickly as possible from the highly dangerous course of a one-sided energy economy based on oil if we are to avoid the economic and social breakdown from which the world has just escaped. OPEC countries cannot be expected to act as the ultimate balance for energy supply and demand indefinitely. Quite independently of general political considerations, individual OPEC countries will limit their production for quite sound and valid economic reasons, just as industrialized countries also do with their resources.

But we must be realistic and recognize that nuclear power and coal are the only real alternatives to oil over the short and medium term. "Solar," "fusion," "geothermal," etc., cannot be a panacea to our problems for, at the very least, another 20 or 30 years. Therefore a far more positive approach must be taken toward the accelerated development of coal and nuclear power, in tandem with increased efforts to satisfactorily resolve attendant environmental and safety problems.

Second, we must stop looking upon energy as an abundant, wasteable resource. Public awareness of the need for energy conservation must be increased and people's habits and attitudes toward energy consumption must be significantly altered. Industry must look at its consumption habits and patterns. Industry also must seize the opportunity for new markets for already existing conservation equipment and more energy efficient appliances. Government policies must be implemented to provide the proper incentives, and where necessary, regulation for eliminating wasteful consumption. Energy conservation does not have to mean a reduced standard of living. On the contrary, it may well lead to better health and well-being.

Third, "solar," "fusion," "geothermal," etc., must be assessed for their longterm value and developed into an economically viable energy source for the 21st century. But they won't be unless hard, intensive and costly efforts are begun today to lay the groundwork for resolving the many complex problems that still stand in the path of widespread use.

Fourth, as we have seen, there already have been radical changes in energy structures as the decisionmaking power for oil production and pricing has shifted from the oil companies and purely market forces to the oil producing countries. Further changes can be anticipated—the growth in national oil companies and the even greater involvement of both producer and consumer governments. We must channel these changes in such a way as to avoid frictions and a dangerous loss of flexibility in the world energy market.

The changing relationship between government and industry, the modified role of the market, and the increased complexity, cost, and lead times for energy exploration and development cast doubt on whether purely market forces can, by themselves, assure sufficient energy supplies in the future. We have to create a reliable investment climate and encourage increased energy investment. We must avoid the atmosphere of uncertainty that has already been created by the new power achieved by OPEC, and that has been aggravated by the uncertain energy policies of some industrialized nations.

The task ahead for all of us is a difficult one, but it can and must be done. Public complacency and lack of international understanding and cooperation are principal obstacles. The opportunity and time is now for the industrialized countries, in close cooperation with the oil producing and energy deficient developing countries to make substantial progress toward solving our medium and long energy problems.

[From the Oil Daily, June 2, 1976]

ENERGY PROBLEMS NEGLECTED TOO LONG

SAN FRANCISCO.—"The U.S. has neglected its enegy problems far too long to reverse its growing dependence on imported oil in the near future."

The quote is from an energy study prepared by Standard Oil Co. of California, which says it seems almost certain that U.S. oil imports will continue to grow, at least until 1985.

The study pointed out that U.S. energy needs grew at the rate of 4.3% a year between 1960 and 1973. However, because of slower economic expansion and energy conservation, SoCal expects energy consumption to increase only about 3% a year in the future.

The study cited that it called "two popular energy misconceptions": (1) that the nation can solve its energy problems principally by reducing its consumption and, (2) that it can switch rapidly to new energy sources.

"Increasing the efficiency of our energy use can and will contribute importantly to a favorable energy balance in the U.S." the study stressed. It pointed out, however, that conservation can do only part of the job.

"We cannot arbitrarily place severe limits on energy growth without seriously damaging our economy," it said.

The often cited new energy sources (solar, nuclear, fusion, geothermal, etc.) cannot contribute significantly to the energy supply in the next 10 years—and perhaps not very much before the turn of the century, according to the study which pointed out the long lead times required to develop the technology, then to place these sources into wide use.

Some points made by the SoCal energy report:

Nuclear: Despite construction, regulatory and siting delays which have plagued it, nuclear energy has the potential to expand rapidly to provide 10% of the total U.S. energy needs by 1985, compared to about 2% currently.

Coal: Because of serious obstacles limiting coal development and use, SoCal expects coal consumption to increase by only 65% between 1975 and 1985 to supply about one fifth of U.S. energy needs.

Natural gas: As early as 1980, the U.S. will be getting only about one-fifth of its energy from natural gas, compared to about one-third in the early 1970's. Only 40% of total U.S. natural gas production will be coming from currently developed reserves by 1985. Most of the remaining 60% must come from new and high-cost discoveries in deep onshore wells, from arctic regions and the outer continental shelf.

Oil: SoCal expects the decline in U.S. oil production to continue until 1977 or 1978 when Alaska North Slope oil will begin moving to domestic markets. Then for a few years, U.S. production will increase slightly to reach a level just over that attained in the early 1970's.

It is significant, the SoCal study pointed out, that by 1985 more than 40% of U.S. oil production will have to come from expensive new "assisted recovery" projects (using water, steam, gas and other means to drive more oil out of producing fields) and from new discoveries.

New discoveries, the study stressed, are most likely to occur in "frontier" areas such as those of Alaska and the outer continental shelf, where operating conditions are difficult and costs are exceedingly high.

The feasibility of finding new oil, and making old oilfields produce more, the study concluded, depends largely on economics—the price of oil, the cost of producing it, taxes the oil industry must pay, etc.

[From the New York Times, Mar. 30, 1976]

Issues '76: Energy

The term of the next President will in all likelihood bridge the transformation of this country from a carefree squanderer of energy, as it long has been, into an acutely energy-conscious society of the kind that rising costs and scarcity are forcing it to become.

Congress and the Ford Administration have vast unfinished work in fashioning a coherent energy policy in the months before the election; the modest energy bill that finally emerged, after a full year of hauling and screaming, scarcely begins to address critical and specific issues involved in balancing the energy budget.

In the election campaign, however, the longer-term challenge should define the debate among the candidates. How is this far-reaching transformation of a social structure and ethic to be accomplished? Can the burdens and benefits be made to fall equitably across the whole population, or will some segments be squeezed for the enrichment of others? Will, indeed, the transformation proceed under measured policy direction or continue as before by default, by a haphazard interplay of the competing interests and values?

First priority in any long-range energy policy must go to conservation, to reducing the demand side of the energy equation by eliminating wasteful practices and improving the efficiency with which energy is produced, delivered and employed. Study after study has shown conservation of existing energy resources to be the most effective and readily available "new source" of supply to meet urgent needs.

Conserving energy, no less than the parallel means of expanding supply by increasing production, involves agonizing tradeoffs. Candidates like President Ford, who have relied primarily upon the price mechanism and theoretical free-market behavior to discourage consumption, offer a straightforward and blunt formula: If the price is higher, people will use less. But this policy forces hardships indiscriminately upon poorer segments of the population and upon essential and socially beneficial consumption of energy as well as on wasteful uses.

The alternative to the price mechanism is Government direction—regulation, subsidies, controls. These techniques offer ways of distributing the burdens of scarcity where they can best be carried and of emphasizing the broad social interest in energy-related decisions as they are made. They also invite bureaucratic bungling, inefficiencies and loopholes from which the most nimble could benefit in more than fair share.

The obvious device that combines these two alternatives is a high gasoline tax—politically unpopular and requiring rare courage from the candidate who dares to advocate it. The price would rise, with all the conservation inducements that would provide; the extra revenues would go, not to the oil companies, but to the Federal Treasury which could then pump them back into society through rebates to the low-income groups and to consumers most reliant upon gasoline for their livelihood, and also through some form of subsidies to energy producers and technologies showing most promise of national benefit.

Energy policymaking is plagued by the necessity, in the words of the Brookings Institution, "to sort out real from imaginary problems and real from imaginary choices." The choice between solar and nuclear power, for instance, is imaginary. Both can play their roles in supplying this country's energy; candidates may well differ on the relative reliance to be placed on each.

One of the most prevalent, but imaginary, policy problems is the one contained in the catch phrase, "ending reliance on imported oil." As a practical matter, there are virtually no energy experts who believe that total self-sufficiency is even possible for this country under existing technology; nor, weighing the economic, social and environmental costs involved in massive expansion of domestic energy supplies, is elimination of all oil imports necessarily desirable.

Instead of echoing the outmoded rhetoric of President Nixon's Project Independence, this country's next leaders would do far better to evolve specific programs for a Project Interdependence, in which oil producers and importers would share genuine mutual interest in longterm stability of contracts. Dependence on imports from unreliable foreign sources, however, remains a national danger; reducing that dependence is vital, and it will require a massive effort to get it down from the present 45 percent even to one-third or less.

The literature of energy policy is full of catch phrases to trap the unwary and score debating points. Everyone involved can be eloquent about the need for sacrifices by everyone else. The policy leadership which this country needs for the years to come will have to make a convincing case to the electorate for sacrifices in an energy-conscious society. It would be the refusal to make those sacrifices, not the sacrifices themselves, that would inhibit growth in living standards and tarnish the quality of life for the nation and all its citizens.

Energy Crisis Growing

(By Louis Rukeyser)

New York.—The real energy crisis in America is over whether the country is ever going to get up enough energy to head off another crisis.

Frankly, the outlook is dubious.

The politicians, characteristically, have managed to avoid effective action on either of the two possible solutions—building up supplies or conserving usage—preferring to take the less uncomfortable route of beating on the oil companies.

Apparently, there are few votes to be lost by attacking the large petroleum corporations, whose popularity with the electorate ranks somewhere south of that of the Anopheles mosquito. And so we have the tempting election-year proposals to dismember these corporations by restricting the number of functions in which one company can be involved.

These proposals make a number of fallacious assumptions. They assume that the country has been poorly served by its oil industry, when in fact the ready availability of cheap energy—unmatched anywhere else in the industrial world—has been a significant factor in American growth.

They assume that the industry is currently noncompetitive, when in fact it is fiercely competitive—in exploration and production (more than 10,000 companies and individuals), transportation (102 interstate pipelines vying to carry raw materials and finished products), refining (133 companies operating 264 refiners) and distribution (15,000 wholesalers, 300,000 privately operated service stations).

And they assume that dissolution of the large integrated companies would lower prices for consumers and prevent future energy shortages, when in fact it would have precisely the opposite result in both cases.

The best thing going for those who play such silly tunes on their anti-business flutes is that the public's memory is so short. People have not only forgotten the long lines and shortages the last time the Government inserted itself into the energy business, in 1973; they also have forgotten that the cause of the trouble lay in the Mideast-dominated oil cartel, whose hand would be strengthened immeasurably if the American companies were crippled.

The public is right that the energy shortage was contrived, but it has forgotten who it was that did the contriving. The Arab-led OPEC nations, which control two-thirds of the world's reserves, first embargoed oil shipments to the United States and then quadrupled their prices. Next, to maintain his blackmail of the consumer nations, they reduced their production levels.

Still another artificial hike in the world oil price may be coming after the OPEC bullies meet again in Indonesia May 27. And instead of moving to meet this international challenge, we are dealing only with domestic class-war emotions and political mythology.

Even President Ford, nominally committed to the Grandly named Project Independence (which aims at making the U.S. self-sufficient in energy by 1985), approved—however reluctantly—an energy bill that bore no resemblance to this policy.

Meanwhile, domestic production of crude oil and natural gas actually declined last year by, respectively, more than 4 per cent and nearly 7 per cent. The trend is continuing in 1976.

By one estimate, hostile Congressional tax and price measures already have reduced the oil companies' cash flow by $4.5 billion; by any estimate, our brilliant legislators have managed to discourage a significant amount of hunting for new oil fields and other energy sources.

How stupid can we get? Every month, every year—while politicians seek cheap applause by battering our own producers—the country grows more and more dependent on the good will of the sheiks.

Imports supplied more than a third of total U.S. oil demand last year, a figure that is expected to rise to 44 per cent for 1976 and to 60 per cent by 1985. Inexorably, we are moving toward what has been described cynically as "the Arab solution."

In other words, the country is following the one route it swore to abjure: the road to total dependence on the consciousless blackmailers of Saudi Arabia and Kuwait. When and if another embargo comes, we will be damaged far worse than we were in 1973 and it will be too late then to remember who the enemy really was.

Zarb Urges Steps Against Embargo

Tokyo, June 23.—The head of the U.S. Federal Energy Administration said here today that oil importing nations must prepare for the possibility of another embargo on supplies.

Frank Zarb, who is on his way back to the United States after a tour of the Middle East, said he had heard no assurances from oil producing countries that oil would not be used again as a political weapon.

It has "simple realism" for the importers to recognize the danger, increasing oil stockpiles and boosting their self-sufficiency in energy, Zarb said.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business, for not to exceed 10 minutes, with statements therein limited to 2 minutes each.

NATIONAL TRAFFIC AND MOTOR VEHICLE SAFETY APPROPRIATIONS

Mr. HARTKE. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on H.R. 9291.

The ACTING PRESIDENT pro tempore laid before the Senate H.R. 9291, an act to amend the National Traffic and Motor Vehicle Safety Act of 1966 to authorize appropriations, which was read twice by its title.

The ACTING PRESIDENT pro tempore. Without objection, the Senate will proceed to the consideration of the bill.

Mr. HARTKE. Mr. President, we are considering today legislation to extend the National Traffic and Motor Vehicle Safety Act. This legislation, like S. 2323, reported favorably by the Commerce Committee on May 5, 1976, would authorize to be appropriated not to exceed $13 million for the fiscal year transition period and $60 million for each of fiscal years 1977 and 1978 for implementation of this important legislation.

Additionally, H.R. 9291 would delay from October 27, 1976, to April 1, 1977, the effective date of the schoolbus safety regulations required pursuant to Public Law 93–492. In granting this extension of a little over 5 months, Congress would be responding to a request of the School Bus Manufacturers Institute, SBMI, to allow additional time to achieve compliance with the standards using the best possible design solutions.

It is important to note that this extension would affect only a small percentage of the 1977 schoolbus production. According to the SBMI, only 16 percent of each year's production is achieved in January, February, and March. The bulk of the production occurs during the summer months in anticipation of the new school year beginning in the fall.

Mr. President, I ask unanimous consent that there be printed in the RECORD a letter from Berkley Sweet, executive director of the School Bus Manufacturers Institute regarding this proposed extension of the effective date.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SCHOOL BUS MANUFACTURERS INSTITUTE,
Washington, D.C., May 10, 1976.

Hon. WARREN G. MAGNUSON,
Chairman, Senate Committee on Commerce, Dirksen Senate Office Building, Washington, D.C.

DEAR CHAIRMAN MAGNUSON: The purpose of this letter is to give you and other members of the Committee on Commerce my full assurance as a representative of the six school bus body manufacturers that the extension of the effective date of the school bus safety standards to April 1, 1977, which H.R. 9291, as amended by the House Committee on Interstate and Foreign Commerce, would provide, will *not* be used to produce a large portion of the 1977 bus orders according to the "old" standards.

Every manufacturer has told me personally that his company will begin to incorporate the required features as soon as possible in the 1977 production run. Furthermore, the industry-wide production figures which we have compiled over a number of years indicate that, at most, only 16% of a year's production is ever produced during January, February, and March, which is the only part of the 1977 production year actually affected by the extension. For your information, I am enclosing a graphic profile of the school bus production year, which illustrates this fact.

As you are aware, the manufacturers need this additional time principally to bring all the buses built according to new standards into a maximum level of quality control for compliance. All of the standards will be phased gradually into production, but compliance with the seating standard, which requires manufacturers to totally change their methods of seat construction, will present some especially difficult quality control problems.

The engineers for these manufacturers conclude that they need an extension of the effective date of the standards to April 1, 1977 in order to firmly establish the best production techniques possible instead of relying on "reasonable guesstimates" so that they can be absolutely certain that the methods they have selected for compliance result in the production of the safest possible bus.

The school bus manufacturers are as vitally interested in seeing that the new safety features are rapidly incorporated in their buses as are you, the other Members of the Committee on Commerce, and the rest of the Congress. This extension will permit us to get the job done using the soundest methods possible.

Sincerely,

BERKLEY SWEET,
Executive Director.

Enclosure.

Typical schoolbus manufacturing profile (Six year average based on Assembly Starts)

Calendar month:	*Percent of yearly production*
January	4
February	4
March	8
April	7
May	11
June	12
July	14
August	14
September	13
October	10
November	3
December	*

* Assembly Starts for December approximately equal zero due to model year production change over and Christmas and New Years Holidays.

Mr. HARTKE. Mr. President, there have been some fears expressed that this extension will be used by the manufacturers to exempt the entire 1977 school bus production from the Federal standards by stockpiling chassis. This letter offers us assurance that this extension will be used for nothing more than allowing manufacturers to incorporate new designs more conveniently into production cycles and that only a small percentage of the 1977 production will be affected.

Mr. President, 1976 marks the 10th anniversary of the National Traffic and Motor Vehicle Safety Act. Since the promulgation of the first Federal motor vehicle safety standards in 1967, there has been a continuous and significant decline in the Nation's highway fatality rate. In 1966, when both the National Traffic and Motor Vehicle Safety Act and the Highway Safety Act were enacted, the fatality rate was 5.5 to 5.6 per 100 million miles traveled. By 1973, the rate had dropped about 25 percent to 4.15 per 100 million miles. Estimates based on the 1966 accident statistics conclude that had we not embarked on these safety programs, the Nation would have suffered 75,000 highway fatalities in 1973. Instead, in that year, 54,347 lives were lost on the American highways.

The ACTING PRESIDENT pro tempore. The Senator's 2 minutes have expired.

Mr. HARTKE. I ask unanimous consent to proceed for another 2 minutes.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

Mr. HARTKE. A combination of factors have contributed to this decrease in highway fatalities. During the last decade, the highway environment was being improved, new motor vehicle safety standards were introduced, and new traffic safety programs in States and communities were being implemented. While it is difficult to proportion these safety gains among the three programs, Dr. James Gregory, Administrator of the National Highway Traffic Safety Administration, recently stated his belief that—

> The efforts to improve the safety performance of motor vehicles and motor vehicle equipment are likely to achieve concrete results earlier than efforts aimed at the more difficult task of improving human driving habits. It is, therefore, my assessment that our motor vehicle safety programs have contributed most to the safety gains we achieved through 1973.

Since 1973, additional safety gains have been achieved through the implementation of a national 55-mile-per-hour speed limit. The number of fatalities declined from 54,347 in 1973 to 45,717 in 1974 and an estimated 45,674 in 1975. This decline cannot be explained solely in terms of changes in total vehicle miles driven because while total mileage dropped somewhat from 1973 to 1974, it reached a new height of 1.315 billion in 1975. The net effect of the changes in fatalities and mileage was that the fatality rate fell to about 3.6 per 100 million miles in 1974 and to an estimated 3.5 per 100 million miles for 1975.

A savings in lives is not the only benefit of the motor vehicle safety program. Hundreds of thousands of injuries have been prevented. In terms of dollars and cents, motor vehicle accidents have been estimated by the National Safety Council to cost the Nation in excess of $19.3 billion. This figure includes $6 billion in wage loss, $1.7 billion in medical expense, $5.1 billion in insurance administration costs, and $6.5 billion in property damage from moving motor vehicle accidents. There can be no question but that in its first decade, the motor vehicle and highway safety programs have made a major contribution in increasing the safety of the highway environment.

Mr. President, I urge approval of H.R. 9291.

UP AMENDMENT NO. 85

Mr. CRANSTON. Mr. President, I have an amendment that I send to the desk and ask that it be considered.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. CRANSTON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The amendment of Senator CRANSTON and Senator TUNNEY is as follows:

On page 2, after line 4, insert the following:

"Sec. 3. Section 103(i) of such Act is amended by adding at the end thereof the following new paragraph:

" '(3) Not later than 6 months after the date of enactment of this section, the Secretary shall conduct a study and report to Congress on (A) the factors relating to the school bus vehicle which contribute to the occurrence of school bus accidents and resultant injuries, and (B) actions which can be taken to reduce the likelihood of occurrence of such accidents and severity of such injuries. Such study shall consider, among other things, the extent to which injuries may be reduced through the use of seat belts and other occupant restraint systems in school bus accidents, and an examination of the extent to which the age of school buses increases the likelihood of accidents and resultant injuries.' ".

Mr. CRANSTON. Mr. President, Senator JOHN V. TUNNEY and I are proposing this amendment to H.R. 9291, the National Traffic and Motor Vehicle Safety Act authorization bill. It directs the Department of Transportation to conduct a study of pupil transportation and report to Congress on the actions which might be taken to reduce the occurrence of schoolbus accidents. There have been many accidents injuring and killing children traveling to and from school in buses. The latest, and apparently one of the worst in United States history, occurred on May 21 in Martinez, Calif. Twenty-seven students from Yuba City High School and one adult supervisor were killed. Every other passenger and the bus driver, a total of 25 persons, suffered injuries, many serious. Along with the families in Yuba City, the State of California, and the Nation, Senator TUNNEY and I were shocked and saddened by this needless accident. Because of the tragedy we have resolved to take whatever steps we can to reduce the chances for future schoolbus catastrophes.

Thus we are proposing an investigation of pupil transportation. The finding of this study will assist in evaluating and improving the critical safety standards needed to protect children riding in schoolbuses.

Considering the rapid advances which continue to be made in the technology of vehicle construction, there is no excuse for permitting any of the Nation's pupils to ride in outmoded schoolbuses, or buses on which few improvements have been made to protect its passengers. While there appears to be a dearth of factual information as to what could have been done to prevent this tragic incident, there has not been sufficient effort made to implement existing technology to prevent such happenings. It is our hope that this Department of Transportation study will provide us with the necessary recommendations to make those needed changes so that future schoolbus passengers may be assured of the benefits of the existing technology. Inclusion of this provision is an initial step in understanding and preventing the dangers that schoolchildren are exposed to in their year-round use of school vehicles.

Mr. HARTKE. Mr. President, I am prepared to accept the amendment.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The ACTING PRESIDENT pro tempore. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. HARTKE. Mr. President, I ask unanimous consent that S. 2323 be placed on the Calendar under "Subjects on the Table."

Mr. MANSFIELD. I object.

The ACTING PRESIDENT pro tempore. Objection is heard.

Mr. MANSFIELD. That is on the unanimous-consent request putting an item on the calendar under "Subjects on the Table."

The ACTING PRESIDENT pro tempore. Objection is heard.

Mr. HARTKE. Mr. President, I ask for indefinite postponement of Calendar Order 812, S. 2323.

The ACTING PRESIDENT pro tempore. Is there objection?

Without objection, it is so ordered.

AMENDMENT OF THE FEDERAL RAILROAD SAFETY ACT OF 1970

Mr. HARTKE. Mr. President, I ask unanimous consent that the Chair lay before the Senate a message from the House of Representatives on H.R. 11804, which is an act to amend the Federal Railroad Safety Act of 1970 to authorize additional appropriations, and for other purposes.

The ACTING PRESIDENT pro tempore (Mr. PROXMIRE) laid before the the Senate H.R. 11804, an act to amend the Federal Railway Safety Act of 1970 to authorize additional appropriations, and for other purposes, which was considered to have been read twice by its title.

The ACTING PRESIDENT pro tempore. Without objection, the Senate will proceed to its immediate consideration.

Mr. HARTKE. Mr. President, H.R. 11804 is the House passed version of legislation to authorize additional appropriations for implementation of the Federal Railroad Safety Act of 1970. On May 13, 1976, the Senate Commerce Committee reported S. 3119 which would authorize for appropriation the same amount as H.R. 11804. H.R. 11804 contains several additional amendments to various Federal rail safety statutes which I believe are important. I will explain those amendments momentarily.

Subsequent to the passage of H.R. 11804, the members of the Commerce Committee were polled, and we agreed that the provisions of H.R. 11804, with two or three exceptions, should be approved by the Senate. Accordingly, I am sending to the desk amendments to H.R. 11804 and ask for their immediate consideration.

Mr. President, H.R. 11804 is designed to address several deficiencies in the Federal regulatory scheme relating to railroad safety. As I mentioned previously, it would authorize to be appropriated not to exceed $35 million for fiscal year 1977 and $35 million for fiscal year 1978 for implementation of the Federal Railroad Safety Act of 1970. Of that $35 million, up to $18 million shall be available for the Office of Safety; up to $3.5 million shall be available for the State program under section 206(d) of the act; up to $3.5 million shall be available for other salaries and expenses of the Federal Railroad Administration; and up to $10 million shall be available for research and development.

H.R. 11804 would modify the penalty provisions of the Safety Appliances Acts, the Locomotive Inspection Act, and the safety appliance provisions of the Interstate Commerce Act to make them conform to the provisions of the Federal Railroad Safety Act of 1970. The amendments would provide that a violation of such acts would be subject to a minimum penalty of $250 and a maximum penalty of $2,500. The Secretary would be authorized to compromise such penalties pursuant to the provisions of the Federal Claims Collection Act of 1966 but not for an amount less than $250. It is my hope that this provision will motivate greater compliance with the Federal Rail Safety statutes.

H.R. 11804 would also amend the act of March 4, 1907, commonly referred to as the Hours of Service Act, in several respects. First, it would be a violation of that act to fail to provide clean, safe, and sanitary sleeping quarters for employees which do not afford an opportunity for rest free from interruptions caused by noise under the control of the railroad. Similarly, it would be a violation of the act to being construction or reconstruction of any sleeping quarters within the immediate vicinity of any area where railroad switching or bumping operations are performed.

It is important those those involved in the railroad operations of this Nation be alert while they are on the job. This is impossible to achieve if the employees are not afforded an opportunity for rest, free from interruption or if they are subjected to quarters which are not clean, safe, and sanitary.

The motivation for requiring these sleeping quarters to be located away from the immediate vicinity of switching or humping operations stems from a 1974 accident in the Norfolk and Western Railroad yards in Decatur, Ill. Seven employees were killed and over 100 were injured when an explosion demolished crew quarters and an eating facility in the middle of the yard. This provision is designed to insure that such a tragedy is not repeated. The Secretary of Transportation is mandated to determine precisely how far from the switching or humping operations these sleeping quarters must be.

Another amendment to the Hours of Service Act relates to the number of hours an employee may work without relief in emergency situations. Section 1(c) of the act currently exempts crews of wreck or relief trains from the limitations of the Hours of Service Act. There are some indications that this limited exemption has been abused by expanding the circumstances which constitute an emergency. Accordingly, this amendment would provide that the crew of a wreck or relief train may be permitted to remain on duty for not to exceed 4 additional hours in any period of 24 consecutive hours whenever an actual emergency exists and work of the crew is related to that emergency. An emergency is deemed to cease to exist when the track is clear and the line is open for traffic.

Finally, the Hours of Service Act would be amended to bring within its protection hostlers and signalmen. The act presently covers all operating employees who are engaged in or connected with the movement of any train and telegraphers, operators, and dispatchers.

The primary functions of hostlers are to move engines into and out of the shop areas and to service the locomotives by loading water, sand, and fuel. The duties of signalmen encompass the construction, installation, repair, maintenance, testing, and inspection of signal systems. These signal systems include automatic blocks signal systems, traffic control systems, train stop, train control, and cab signals, interlocking systems, rail highway grade crossing protection, automatic classification yards, hot box detectors, broken flange detectors, and other similar devices, appliances, and systems.

Under H.R. 11804 as passed by the House, signalmen would not be allowed to work 4 additional hours during emergencies. One of my amendments would permit signal employees to work beyond the normal hours of service limits in emergency situations in which continued work is essential to the restoration of uninterrupted signal service. It would parallel the emergency provisions that I outlined above.

The second amendment which I am offering would extend to signal employees the same safety protection afforded by the provisions of H.R. 11804 which I described earlier regarding sleeping quarters. That provision requires that the railroads provide sleeping quarters for employees which are free from interruptions caused by noise and in quarters which are clean, safe, and sanitary.

One of the most important provisions of this legislation requires the Federal Railroad Administration, within 180 days, to establish rules of procedure by which it will initiate and complete all rulemaking activities within 12 months. The FRA has been notorious in its unresponsiveness to petitions from the public. For example, in August 1974, several labor organizations filed a petition with FRA which would require every railroad to move its sleeping quarters at least 1 mile away from its yards where switching or humping is performed. This was in response to the Decatur, Ill., accident. To date, the FRA has taken no action on the petition—it has neither initiated a rulemaking nor denied the request. The same is true with respect to rear-end flag protection for slow moving trains—so-called rule 99. On January 10, 1975, the Railway Labor Executives Association filed a petition with FRA seeking a rulemaking for rear-end flag protection. No action has been taken with respect to this petition.

It would not be difficult to cite additional cases of the failure of FRA to respond to the public. This provision is designed to insure that our Federal regulatory programs are responsive and accountable to the public.

The legislation would also require the FRA, within 180 days, to issue rules, regulations, orders, and standards in two areas. First, FRA must promulgate a rule to require that in any case in which activities of railroad employees—other than train or yard crews—assigned to inspect, test, repair, or service rolling equipment are carried out on, under, or between rail equipment, that each manually operated switch providing access to the track on which the equipment is located must be lined against movement to that track and secured by an effective locking device. That locking device may not be removed except by the class or craft of the employees performing the inspection, testing, repair, or servicing.

The second area in which FRA would be required to establish regulations relates to rear-end markers. H.R. 11804, as passed by the House, requires the promulgation of regulations mandating that the rear car of all passenger and freight trains be equipped with highly visible markers which are lighted during periods of darkness or whenever weather conditions restrict clear visibility. One of the amendments which I am offering would modify this provision. It would require that the rear car of all passenger and commuter trains shall have one or more highly visible markers which are lighted during periods of darkness, or whenever weather conditions restrict clear visibility. With respect to the rear car of all freight trains, they shall be equipped with highly visible markers during periods of darkness or whenever weather conditions restrict clear visibility.

The amendment further provides that existing State laws which relate to lighted markers on freight trains that are in effect as of the date of enactment of these amendments may continue in full force and effect. Section 205 of the Federal Railroad Safety Act generally requires that standards relating to railroad safety shall be nationally uniform to the extent practicable. In this case, however, we are preserving certain existing State laws, but that deviation from section 205 applies only to the rear lighting requirements of freight trains.

The only limitation on a State which has in force a law, rule, regulation, order or standard relating to lighted markers on the rear car of freight trains is a constitutional restriction which prohibits the State provision from being in direct conflict with the Federal provision. However, this provision would not prohibit a State which currently has in effect a rear lighting requirement for freight cars from retaining that requirement even though the Federal regulation requires reflective markers under certain conditions.

There are three other amendments which would be accomplished by H.R. 11804. First, it would require that the FRA be divided into not less than eight safety officers for purposes of administering and enforcing all Federal railroad safety laws. Second, it would require the Office of Technology Assessment to conduct a study of the Federal Railroad Safety Act of 1970 and related Federal laws to evaluate their effecttiveness in improving the safety of our Nation's railroads. Third, it would amend the Department of Transportation Act to provide for uniformity of judicial review by the Department.

Mr. President: The inability of the Federal Railroad Administration and the Nation's railroads to make major safety gain continues to be a source of great frustration to the committee. While some may take comfort in the fact that the rate of increase in train accidents declined in 1975 over 1974, other safety statistics tell a different story. While the percentage increase in train accidents for 1975 over 1974 was about 5 percent, and the comparable figure for 1974 over 1973 was 19 percent, the fact remains that there were 7,895 train accidents in 1975—404 more than the previous year. To put this increase in perspective, it was accompanied by a 12.9-percent decrease in the number of train miles traveled during the year. Thus, there was an increase of 21.1 percent in the accident per million train miles rate from 9 in 1974 to 10.9 in 1975. More than 60 percent of the train accidents were due to equipment or track failures.

There are several disturbing aspects concerning the Federal Railroad Administration's administration of the safety program in the past year. According to comments submitted to the committee by the Railway Labor Executive Association, there are now only 78 inspectors throughout the United States responsible for inspecting for compliance approximately 1.7 million freight cars, 34,000 locomotives and 6,800 passenger cars. FRA's reports show that there were fewer locomotive and freight car inspections in calendar year 1975 than in 1974.

The Railway Labor Executives Association further noted that during 1975, the freight cars inspected for freight car defects were 25.9 percent defective, 13 percent had safety appliance defects—the highest percentage in more than 18 years.

Mr. President, this is very discouraging. The Commerce Committee will continue to monitor the Federal railroad safety program in the months to come to see what steps are being taken to reverse this trend.

The members of the Committee on Commerce report that we agree that the provisions of H.R. 11804, with several exceptions should be approved by the Senate. I send to the desk several amendments to H.R. 11804 and ask for their immediate consideration en bloc.

The ACTING PRESIDENT pro tempore. The amendments will be stated.

The assistant legislative clerk read as follows:

The Senator from Indiana (Mr. HARTKE) proposed unprinted amendment No. 86:

On page 7, line 9, after the word "sections", insert "2(a)(3),".

On page 7, line 15, delete the quotation mark and the period following the question mark and insert between lines 15 and 16 the following new subsection:

"(f) Notwithstanding subsection (a) of this section, an individual engaged in installing, repairing, or maintaining signal systems may be permitted to be or remain on duty for not to exceed 4 additional hours in any period of 24 consecutive hours whenever an actual emergency exists and work of the individual is related to such emergency. For purposes of this subsection with respect to the on-duty time of an individual engaged in installing, repairing, or maintaining signal systems, an emergency ceases to exist when the signal systems are restored to service.".

On page 8, delete lines 18–21, and on line 22, delete "(2)" and insert in lieu thereof "(1)".

On page 9, line 7, delete the quotation mark and the period following the new paragraphs:

"(2) the rear car of all passenger and commuter trains shall have one or more highly visible markers which are lighted during periods of darkness or whenever weather conditions restrict clear visibility; and

"(3) the rear car of all freight trains shall have highly visible markers during periods of darkness or whenever weather conditions restrict clear visibility.

Notwithstanding the provisions of section 205 of the Federal Railroad Safety Act of 1970 (45 U.S.C. 434), nothing in paragraphs (2) and (3) of this subsection shall prohibit a state from continuing in force any law, rule, regulation, order or standard in effect on the date of enactment of the Federal Railroad Safety Authorization Act of 1976 relating to lighted markers on the rear car of freight trains except to the extent that such law, rule, regulation, order, or standard would cause such cars to be in violation of this section.".

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendments, en bloc.

The amendments were agreed to en bloc.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read a third time and passed.

Mr. HARTKE. Mr. President, I ask that S. 3119 be indefinitely postponed.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(Routine morning business transacted today is printed later in today's RECORD of Senate proceedings.)

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. The period for morning business has passed. Morning business is now closed.

TREASURY, POSTAL SERVICE, EXECUTIVE OFFICE OF THE PRESIDENT, AND INDEPENDENT AGENCIES APPROPRIATIONS, 1977

Mr. MANSFIELD. Mr. President, what is the pending business?

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of H.R. 14261, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (H.R. 14261) making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 1977, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

The ACTING PRESIDENT pro tempore. Time for debate is limited to 1 hour, to be equally divided and controlled by the Senator from Oklahoma (Mr. BELLMON) and the Senator from New Mexico (Mr. MONTOYA), with 30 minutes on any amendment and 20 minutes on any debatable motion, appeal, or point of order.

The Senator from New Mexico is recognized.

Mr. DOMENICI. Will the Senator yield for a unanimous-consent request?

Mr. MONTOYA. Yes.

Mr. DOMENICI. I ask unanimous consent that Janice Cohn of my staff be granted floor privileges during consideration of this measure.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. GLENN. Will the Senator yield?

Mr. MONTOYA. Yes, I yield.

Mr. GLENN. I ask unanimous consent that Reginald Gilliam and Leonard Bickwit of my staff be granted privileges of the floor during debate and discussion of this measure.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MONTOYA. Mr. President, on behalf of the Committee on Appropriations, I am pleased to present the Treasury, Postal Service, and general Government appropriations bill for fiscal year 1977, H.R. 14261.

The President's budget, as amended, requested $8,004,892,000 for programs and activities under this appropriation bill. The recommendation of the committee is $8,301,160,000. This is an increase over fiscal year 1976 appropriations of $1,491,018,500.

The bill passed the House of Representatives June 14, 1976 in the amount of $8,267,636,000. The committee recommendation is an increase of $296,268,000 over the budget estimate and an increase of $33,524,000 over the House bill. Budget amendments amounting to $21,745,000 were received subsequent to House action. The appropriations recommended in this bill are well within the allocation contained in the first concurrent resolution for these agencies and functions.

I shall briefly highlight the major items in the bill.

TITLE I—TREASURY DEPARTMENT

The subcommittee recommendation for the Treasury Department is $2,574,300,000. This is a reduction of $1,301,000 below the fiscal year 1976 appropriation, a reduction of $5,897,000 below the budget estimate, and $1,160,000 below the House bill.

Increases above the House allowance are recommended for the Bureau of Alcohol, Tobacco and Firearms and the U.S. Customs Service. For ATF, the committee recommends an additional $2,500,000 to provide for personnel being transferred from enforcement of the illicit liquor laws where violations are declining to enforcement efforts involving firearms and explosives, and for implementation of the necessary research and development activities leading to an explosives "tagging" program to assist in the identification of the manufacturer of an explosive.

For the Customs Service, the committee recommends $340 million, which is an increase of $6 million above the House allowance. The committee recommended allowance will permit Customs to continue the 373 personnel positions for which funding was included in the Second Supplemental Appropriations Act, 1976, for antidrug smuggling efforts and staffing for new ports of entry at high-security locations. In addition, the committee recommends denial of the budget estimate reduction of 322 personnel positions. The major workload indicators have moved up sharply from comparable periods in fiscal year 1975. Third quarter activity in 1976 compared to 1975 reflects that entries have increased by 13 percent, air passengers have increased 12 percent, and land border crossings have increased 10 percent.

For the Internal Revenue Service, the budget estimate reflected a reduction of $20 million below the fiscal year 1976 level of activity. The House restored $10 million of the budget estimate reduction. The committee recommends $1,672,500,000 for IRS activities. This is an increase of $1 million above the budget estimate and a reduction of $9 million below the House allowance. The increase above the budget estimate is to provide taxpayer assistance at the same level as was available during 1976. Testimony to the committee indicates that 1,700,000 fewer taxpayers would receive assistance in 1977 than in 1976 if the budget estimate were adopted. This committee has been instrumental in providing resources for the taxpayer assistance activity, and report language directs IRS to continue the resources for this activity at the fiscal year 1976 level.

During hearing in support of the fiscal year 1977 budget estimates, officials of the Internal Revenue Service presented a comprehensive briefing to the committee on its plans for a complete redesign and restructure of the current income tax processing system. The proposed system, called TAS for Tax Administration System, is to fill the need for an improved tax administration data processing capability in the 1980's. It is estimated to cost over $600 million for system design, implementation and operating costs through 1985. This estimate was developed during a cost-benefit analysis by IRS in 1974 and does not reflect price escalation.

The proposed procurement is the largest data processing project ever undertaken by the Federal Government. Although the committee is in sympathy with the needs of IRS for future tax administration capability, it is concerned with the planned system procurement plan and the need for additional review so as to minimize the risks of failure, disruption, cost overrun and waste of taxpayers' dollars.

The committee report discusses this proposal and recommends that IRS consider other system procurement plans of a more evolutionary nature to improve the probability of success and reduce the inherent risk.

TITLE II—U.S. POSTAL SERVICE

The committee recommends concurrence with the House bill of $1,766,100,000 for the U.S. Postal Service. This is an increase of $307,366,000 over the budget estimate to provide funding for the extended phasing authorized by Public Law 93–328.

Although Public Law 93–328, which was Senate bill S. 411, extended the period for phasing in full postal rates from 5 years to 8 years for certain regular-rate mailers and from 10 years to 16 years for certain nonprofit mailers, the President failed to include the required funding in his recommendations. I might add the President similarly failed to include a request for support of the extended phasing-in period in fiscal years 1975 and 1976; however, the Congress has included funding in each of these years to allow our daily newspapers, magazines, and nonprofit organizations sufficient time to adjust to the ever-increasing postal rates.

Failure to include the funding in support of the extended phasing-in period would have required the Postal Service to impose a substantial increase in postage on the affected classes of mailers. The committee believes that continued support of the extended phasing-in period is in the public interest.

The remaining items in this title are authorized in the Postal Reorganization Act (Public Law 91–375). They include $920,000,000 for public service costs, $484,700,000 for revenue foregone by the Postal Service, and $54,104,000 for unfunded liabilities of the former Post Office Department prior to reorganization.

The committee report refers to comprehensive studies by the General Accounting Office and the Defense Appropriations Subcommittee relative to stateside operations of the military postal system. Although the committee directed the stateside postal operations performed by full-time military personnel be terminated and the U.S. Postal Service provide delivery operations to stateside installations; this has not been implemented. The committee report directs the Department of Defense and the U.S. Postal Service to reach final agreement on this matter within 60 days.

TITLE III—EXECUTIVE OFFICE OF THE PRESIDENT

The committee recommends $66,000,000 for appropriations funded under the Executive Office of the President. This is a reduction of $516,000 below the budget estimate and an increase of $22,432,000 above the House allowance.

The increase above the House allowance is due to the denial by the House of appropriations for the White House Office, Special Assistance to the President, the official residence of the Vice President, executive residence, Domestic Council, and unanticipated needs. Although budget estimates were received for these appropriations in the fiscal year 1977 budget and appropriations provided in past years, the House, by floor amendments, denied funding on points of order that the requested appropriations were lacking authorization. The House approved authorization for these appropriations in H.R. 6706 on July 9, 1975. This bill was referred to the Senate Post Office and Civil Service Committee, where it is currently pending consideration.

The committee recommends that funding for these appropriations be included in the Senate bill. It is the view of the committee that funding should be continued for these appropriations to allow time for the Senate Post Office and Civil Service Committee to consider H.R. 6706.

TITLE IV—INDEPENDENT AGENCIES

For title IV, independent agencies, the committee recommends $3,894,690,000. This is a reduction of $4,685,000 below the budget estimate and an increase of $12,252,000 above the House allowance. The increase is due to budget amendments totaling $21,745,000 which were received subsequent to House action. The committee recommends increases to the House bill of $350,000 for the National Study Commission on Records and Documents of Federal Officials; $1,300,000 for the National Commission on Electronic Fund Transfers; and $20,000,000 for the Harry S Truman Scholarship Foundation.

For the Civil Service Commission, the committee recommends $3,440,692,000. This concurs with the budget estimate and reflects a reduction of $5,000,000 from the House allowance for intergovernmental personnel assistance. The allowance for the Civil Service Commission includes $102,328,000 in direct appropriation and $24,365,000 transferred from trust funds, $451,844,000 for the Government payment for annuitants, employees health benefits appropriation, $2,874,955,000 for payment to the civil service retirement and disability fund, and $1,565,000 for the Federal Labor Relations Council.

For the General Services Administration, the committee recommends $332,588,000. This agrees with the House allowance and is a reduction of $10,540,000 from the budget estimate. For the Federal building fund, the committee recommends $1,141,755,000 which agrees with the amended budget estimate and is an increase of $16,800,000 over the House allowance. The increase will permit GSA to complete construction projects for which funding will expire on September 30, 1976, pursuant to the Treasury, Postal Service, and General Government Appropriations Act, 1976 (Public Law 94–91) and will provide $11,300,000 for completion of Federal buildings in Honolulu, Detroit and New York City.

The committee recommends $80,000,000 for the Defense Civil Preparedness Agency. This is an increase of $9,000,000 above the budget estimate and a reduction of $5,000,000 below the House allowance. The recommended amount included $29,600,000 of Federal matching funds for State and local governments personnel and administrative charges. This is the same level of effort supported in fiscal year 1976.

LANGUAGE CHANGES

The committee recommends approval of several language changes which are of general interest. Section 506 of title V includes language to permit the General Services Administration to negotiate and accept the conveyance of land adjacent to Dulles International Airport in exchange for conveyance of surplus real property of equal value. I want to emphasize this is permissive legislation only and the section provides—

> Acceptance by the United States of any exchange proposal is contingent upon review by the appropriate committees of the Congress.

Section 507 is included to restrain foreign procurement of stainless steel flatware by the General Services Administration. A similar provision relating to specialty metals has been included in the Department of Defense appropriations acts for some years.

CONCLUSION

Mr. President, before concluding my remarks, I wish to express my appreciation for the assistance of Senator HENRY BELLMON, the senior Senator from Oklahoma and the ranking minority member of the subcommittee. Senator BELLMON participated actively in the hearings and the markup of the bill. He has contributed in large measure to the committee's recommendations before the Senate.

I commend the subcommittee staff that worked with us during the hearings and during the markup. They have done an excellent job for the subcommittee.

Mr. BELLMON. Mr. President, as ranking minority member of the subcommittee which considered H.R. 14261, the appropriation bill for the Treasury, Postal Service, and General Government for the fiscal year ending September 30, 1977, I want to associate myself generally with the remarks of the chairman of the subcommittee, the distinguished senior Senator from New Mexico (Mr. MONTOYA) and to applaud his leadership of our subcommittee.

This legislation now before the Senate is the product of many days of hearings and persevering efforts put forth not only by our chairman but also the other members of the subcommittee.

I wish to join our distinguished chairman in complimenting the staff for their dedicated work which they did on this bill.

I wish to thank and congratulate them for the fine work which they have done, particularly Fred Rhodes, who is the majority counsel, and Burkett Van Kirk, who is the minority counsel.

This bill provides a total of $8.3 billion in budget authority and $8.3 billion in outlays for fiscal year 1977. These amounts are within the allocation made by the Senate Appropriations Committee to the Treasury, Postal Service, and General Government Subcommittee and, therefore, it can be said that the money in this bill is within the congressional budget resolution.

The subcommittee and the full committee were aware of the discipline of the congressional budget and I believe exercise the restraints which will be so necessary for Congress to achieve a balanced budget in the very near future.

Unfortunately, but through no fault of the subcommittee, this bill represents an increase of $296,268,000 over the President's budget estimate and an increase of $33,524,000 over the House bill. One of the prime reasons for the increases was the necessity of providing $307 million over the President's budget for the U.S. Postal Service. This appropriation was made necessary when Public Law 93–328 was passed by Congress and signed by the President. Failure to make this appropriation would be to illegally abrogate this law. It was the view of the committee that we must follow the statute and pay the costs of extending the phasing-in period of full rates for certain regular mailers from 5 to 8 years, and for certain nonprofit mailers from 10 to 16 years.

The Senate should know that this bill appropriates $1,766,170,000 for the U.S. Postal Service. This enormous sum is the forerunner of vastly larger appropriations which will be required in future years unless the Congress or the Postal Service quickly come to grips with basic postal problems.

For example, this appropriation does not include additional funds which might be needed to help cover the fiscal year 1977 deficit if an authorization bill which will soon come to the floor contains $0.5 billion for this purpose. I am gravely concerned that there may be no end to this bottomless pit called the post office deficit.

Mr. President, in the report which accompanies this appropriation bill, H.R. 14261, there is language directing the General Services Administration to focus attention on accomplishing needed and necessary repairs to deteriorating Government-owned properties in areas of high unemployment. In the near future our committee will hold hearings to ascertain the most feasible method for the General Services Administration to reduce its repair backlog in areas of high unemployment. During the course of our hearings, we received evidence that the General Services Administration repair backlog of $1 billion. Additional appropriations in this area could put thousands of unemployed Americans back to work, as well as making necessary and timely repairs and alterations to Government-owned properties.

Mr. President, I am exceedingly skeptical of funds contained in this bill for the Defense Civil Preparedness Agency. The President's budget estimated $71 million for the DCPA. The House allowed this agency $85 million, and our committee recommends $80 million. I am pleased to report that the General Accounting Office is currently preparing a report on the management, effectiveness and mission responsibility of this agency. I am looking forward to a thorough reading of this report. Over the past decade, the American taxpayer has spent almost $1 billion on civil defense. Tangible results of this huge expenditure are difficult to identify. In a simpler time when conventional bombs or even nuclear bombs were dropped from airplanes this program may have made some sense. However, in an age of MIRV missiles, is there a place to hide from a major attack? This question needs to be answered. Has the Civil Defense Preparedness Agency become merely a "make work" agency which supports over 6,000 full-time and part-time Civil Defense employees at the State and local levels of government, and an additional 700 Federal employees? Much of the mission of this agency appears to be a duplicity of services performed by the National Guard, the State Highway Patrol, police and fire departments, and other local groups. I believe the Congress should be fully informed of and convinced of the necessity for the continued existence and funding of the Defense Civil Preparedness Agency before we go on year after year pumping scores of millions of dollars into an agency which may have outlived its usefulness.

Mr. President, I fully support the appropriation recommended for the Secret Service which is the same amount as requested. As Senators know, in this Bicentennial Year, the Secret Service is experiencing the most active period in its history with the protection of Presidential candidates and numerous visiting foreign dignitaries. Notwithstanding the earlier than anticipated startup of protection for candidates, the Service, under the leadership of Director H. S. Knight has, as always, responded in a most admirable and professional manner to the awesome protective responsibilities with which it is charged.

I am sure all of my colleagues are aware of the increasing terrorist activity in this country. Presently, there is a bombing somewhere in the United States every 4½ hours. One of the lead agencies responsible for the prevention and solution of bombings is the Bureau of Alcohol, Tobacco, and Firearms. This bill now before the Senate contains funds for the Bureau to implement a predetonation and postdetonation "tagging" system designed to curtail the ability of terrorists to transport and use explosive devices. Lives are at stake in this area, and there is absolutely no excuse for any delay in inaugurating an effective explosives identification program.

Mr. President, the U.S. Customs Service, as a law enforcement arm of the Department of the Treasury, is charged with the responsibility to collect revenue on imports, and also protect our citizens against the nefarious activities of drug smugglers. Every member of this body has localities within his State which are ravaged by narcotics, and it is upon the Customs Service that falls the duty of seeking to stop the illegal flow of dangerous drugs across our borders. This is a difficult if not impossible assignment. We are all familiar with our miles of unprotected borders in the Southwest, and in the North from the Atlantic to the Pacific. It is across these borders and through our ports of entry that the Customs Service becomes the first line of defense against the illegal importation of dangerous drugs. With this task in mind, I am happy to report that the committee reported $340 million for the U.S. Customs Service. This is $11 million more than last year's appropriation, $14 million above the President's budget, and $6 million over the House allowance. This increase is aimed primarily at slowing down and ultimately stopping the drug traffic. It is my fervent hope that this Senate figure for the work of the Customs Service will prevail in conference.

With respect to the Internal Revenue Service, the committee recommendation is slightly above the budget estimate but below the House allowance. I am concerned about a new plan referred to as the Tax Administration System—TAS. It occurs to me that both the Internal Revenue Service and the General Accounting Office ought to conduct the most thorough review and analysis of this program that is possible. TAS could be the largest data processing project ever undertaken by the Government. In the past, we have seen what happens with cost overruns when new data processing systems are inaugurated. It was not the intent of the Committee to delay the promulgation of the new tax processing system, rather it is the committees' desire to insure that the approach utilized minimizes the risk of a failure, cost overruns, and a scandalous waste of the taxpayer's dollars.

Finally, Mr. President, I believe that the Senate should be aware of the money appropriated to pay the interest on the public debt is expected to total $45 billion for fiscal year 1977. This is a drain on the Federal Treasury which grows larger each year as we pile one deficit upon another. It is imperative that Congress achieve and maintain a balanced budget at the earliest possible moment. Therefore, I encourage my colleagues if and when they suggest amendments adding additional sums to this bill that they bear in mind that we will be adding to an already huge deficit and that every day, seven days a week, our constituents already pay $123 million—not to reduce the public debt, but merely as interest on that debt.

In closing, Mr. President, I want to express my appreciation to the distinguished chairman of our subcommittee (Mr. MONTOYA). He has held thorough hearings for all the agencies involved, and has been most fair and cordial to every member of the subcommittee.

I again commend him for his leadership.

Mr. MONTOYA. I thank the Senator for his kind remarks.

Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc, and that the bill as thus amended be regarded for the purpose of amendment as original text, provided that no point of order shall be considered to have been waived by reason of agreement to this order.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments agreed to en bloc are as follows:

On page 2, in line 20, strike out "$3,810,000" and insert "$3,500,000".

On page 2, in line 25, strike out "$9,000,000" and insert "$8,650,000".

On page 3, in line 18, strike out "$112,000,000" and insert "$114,500,000".

On page 4, in line 2, strike out "$334,000,000" and insert "$340,000,000".

On page 5, in line 8, strike out "$795,900,000" and insert "$790,900,000".

On page 5, in line 16, strike out "$838,900,000" and insert "$834,900,000".

On page 6, in line 7, after "permanent" insert "and observer".

On page 6, beginning with line 23, insert "This title may be cited as the 'Treasury Department Appropriations Act, 1977'."

On page 7, beginning with line 11, insert "This title may be cited as the 'Postal Service Appropriation Act'."

On page 7, beginning with line 19, insert:

THE WHITE HOUSE OFFICE

SALARIES AND EXPENSES

For expenses necessary for the White House Office as authorized by law, including not to exceed $3,850,000 for services as authorized by 5 U.S.C. 3109, at such per diem rates for individuals as the President may specify and other personal services without regard to the provisions of law regulating the employment and compensation of persons in the Government service; hire of passenger motor vehicles, newspapers, periodicals, teletype news service, and travel (not to exceed $100,000 to be accounted for solely on the certificate of the President); and not to exceed $10,000 for official entertainment expenses to be available for allocation within the Executive Office of the President; $16,530,000.

EXECUTIVE RESIDENCE

OPERATING EXPENSES

For the care, maintenance, repair and alteration, refurnishing, improvement, heating and lighting, including electric power and fixtures, of the Executive Residence, to be expended as the President may determine, notwithstanding the provisions of this or any other Act, and official entertainment expenses of the President to be accounted for solely on his certificate, $2,095,000.

OFFICIAL RESIDENCE OF THE VICE PRESIDENT

OPERATING EXPENSES

For the care, maintenance, repair and alteration, furnishing, improvement, heating and lighting, including electric power and fixtures, of the official residence of the Vice President, $61,000: *Provided*, That advances or repayments or transfers from this appropriation may be made to any department or agency for expenses of carrying out such activities.

SPECIAL ASSISTANCE TO THE PRESIDENT

SALARIES AND EXPENSES

For expenses necessary to enable the Vice President to provide assistance to the President in connection with specially assigned functions, services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem equivalent of the rate for grade GS–18, compensation for one position at a rate not to exceed the rate of level II of the Executive schedule, and other personal services without regard to the provisions of law regulating the employment and compensation of persons in the Government service, including hire of passenger motor vehicles, $1,246,000.

On page 10, beginning with line 9, insert:

DOMESTIC COUNCIL

SALARIES AND EXPENSES

For necessary expenses of the Domestic Council, including services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem equivalent of the rate for grade GS–18; and other personal services without regard to the provisions of law regulating the employment and compensation of persons in the Government service; $1,700,000.

On page 11, in line 5, strike out "$25,500,000" and insert "$25,300,000".

On page 11, beginning with line 19, insert:

UNANTICIPATED NEEDS

For expenses necessary to enable the President to meet unanticipated needs, in furtherance of the national interest, security, or defense which may arise at home or abroad during the current fiscal year, and to pay administrative expenses (including personnel, in his discretion and without regard to any provision of law regulating employment and pay of persons in the government service or regulating expenditures of government funds) incurred with respect thereto, $1,000,000.

This title may be cited as the "Executive Office Appropriations Act, 1977".

On page 12, in line 25, strike out "$1,200,000" and insert "$1,402,000".

On page 15, in line 7, strike out "$15,000,000" and insert "$10,000,000".

On page 18, in line 1, strike out "$1,124,955,000" and insert "$1,141,755,000".

On page 18, in line 2, strike out "$22,600,000" and insert "$39,400,000".

On page 18, in line 3, after "of" insert "buildings previously specified in annual Appropriation Acts and".

On page 18, beginning with line 11, insert:

Hawaii:

Honolulu, Prince J. K. Kalanianaole Federal Building Courthouse, $7,500,000".

On page 18, beginning with line 17, insert:

Michigan:

Detroit, Patrick V. McNamara Federal Office Building, $800,000

New York:

New York, Customs Courthouse Federal Office Building Annex, $3,000,000

On page 20, line 15, strike out "$1,150,518,000" and insert "$1,156,018,000".

On page 22, in line 19, strike out "$4,000,000" and insert "$3,000,000",

On page 27, beginning with line 1, insert:

HARRY S TRUMAN SCHOLARSHIP FOUNDATION

PAYMENT TO THE HARRY S TRUMAN MEMORIAL SCHOLARSHIP TRUST FUND

For payment to the Harry S Truman Memorial Scholarship Trust Fund, $20,000,000.

NATIONAL COMMISSION ON ELECTRONIC FUND TRANSFERS

SALARIES AND EXPENSES

For necessary expenses to carry out the provisions of title II of Public Law 93–495, $1,300,000, to remain available until expended.

On page 27, in line 18, strike out $2,500,000" and insert "$3,000,000".

On page 28, beginning with line 3, insert:

NATIONAL STUDY COMMISSION ON RECORDS AND DOCUMENTS OF FEDERAL OFFICIALS

SALARIES AND EXPENSES

For expenses necessary to carry out the provisions of title II of the Act of December 19, 1974 (Public Law 93–526), as amended by Public Law 92–261 (44 U.S.C. 33), $350,000.

On page 28, in line 13, strike out "$7,322,000" and insert "$7,222,000".

On page 29, in line 8, after the semicolon, insert "$15,000,000".

On page 32, in line 5, after the period, insert: Acceptance by the United States of any exchange proposal is contingent upon review by the appropriate committees of the Congress.

On page 32, beginning with line 8, insert:

SEC. 507. No part of any appropriation contained in this Act shall be available for the procurement of, or for the payment of, the salary of any person engaged in the procurement of stainless steel flatware not produced in the United States or its possessions, except to the extent that the Administrator of General Services or his designee shall determine that a satisfactory quality and sufficient quantity of stainless steel flatware produced in the United States or its possessions, cannot be procured as and when needed from sources in the United States and its possessions, or except in accordance with procedures provided by section 6–104.4(b) of Armed Services Procurement Regulation, dated January 1, 1969. This section shall be applicable to all solicitations for bids issued after its enactment.

On page 39, beginning with line 23, insert:

This title may be cited as the "Independent Agencies Appropriations Act, 1977".

Mr. MONTOYA. Mr. President, there is a typographical error on page 29, line 8 of the bill as reported to the Senate. The House approved $20,000,000. The committee amendment would strike that $20,000,000 and insert in lieu thereof $15,000,000. I ask unanimous consent that the Secretary of the Senate be authorized to make this technical correction in the engrossment of the Senate amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 87

Mr. MONTOYA. Mr. President, I send to the desk an amendment and ask for its immediate consideration. This amendment is of a technical nature to correct the title citations of the bill.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New Mexico (Mr. MONTOYA) proposes an unprinted amendment No. 87.

The amendment is as follows:

On page 39, strike lines 23 and 24 and insert in lieu thereof:

This Act may be cited as the "Treasury, Postal Service, and General Government Appropriation Act, 1977".

On page 29, insert between lines 18 and 19 the following:

This title may be cited as the "Independent Agencies Appropriations Act, 1977".

Mr. MONTOYA. I ask for its immediate consideration.

The PRESIDING OFFICER. Is all time yielded back on the amendment?

Mr. MONTOYA. I yield all my time back.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

SUBCOMMITTEE ON INDIAN AFFAIRS

Mr. ABOUREZK addressed the Chair.

Mr. MONTOYA. Mr. President, I yield to the Senator from South Dakota.

Mr. ABOUREZK. Mr. President, apparently, last night there was an objection, or yesterday, at some point there was an objection to the meeting of the Indian Affairs Subcommittee today.

I just want to advise the Senate that we have witnesses from the Indian tribe in California who were here yesterday for the hearing and they are sitting waiting for hearings to start.

This is the second time they have been cancelled out and the second time we have had to bring several people here for the hearings.

So I want to remove the objection of whoever made it. I want to ask unanimous consent that the Indian Affairs Subcommittee be entitled to meet today to have those hearings.

The PRESIDING OFFICER. Is there objection?

Mr. BELLMON. Mr. President, reluctantly I must object on behalf of the Republican leadership. I do object.

The PRESIDING OFFICER. Objection is heard.

Mr. ABOUREZK. Will the Senator yield further?

Mr. MONTOYA. Yes.

Mr. ABOUREZK. Might I ask the Senator from Oklahoma, on whose behalf he is objecting, specifically, so that I might find out what is behind all this?

Mr. BELLMON. Mr. President, the objection is lodged on behalf of the Republican leadership. I suggest the Senator from South Dakota might want to contact both the Republican leaders.

Mr. ABOUREZK. I will do that.

I want to say another thing on this matter.

Mr. MONTOYA. I yield 1 minute to the Senator from South Dakota.

Mr. ABOUREZK. I thank the Senator.

The previous hearings we had cancelled had scheduled Secretary Kleppe as a witness. Secretary Kleppe did not want to testify and he did not show up at the other hearings, even though he was asked to do so. He finally reluctantly agreed to another date for hearings. I see this as some kind of move on the part of the Republican leadership for the minority members of the Interior Committee, perhaps at the request of the Secretary, to prevent his testimony from taking place. I just wanted to put that into the RECORD.

I thank the Senator for yielding.

TREASURY, POSTAL SERVICE, EXECUTIVE OFFICE OF THE PRESIDENT, AND INDEPENDENT AGENCIES APPROPRIATIONS, 1977

The Senate resumed consideration of the bill (H.R. 14261) making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1977, and for other purposes.

Mr. GLENN. Is the bill open for amendment at this time, Mr. President?

The PRESIDING OFFICER. Yes.

AMENDMENT NO. 1892

Mr. GLENN. Mr. President, I call up my amendment No. 1892.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Ohio (Mr. GLENN) proposes amendment No. 1892.

On page 2, line 20, strike "$3,500,000" and insert in lieu thereof "$3,810,000".

Mr. GLENN. Mr. President, my amendment is not a complicated one. It would simply add $310,000 to the Treasury Department's fiscal year 1977 appropriation of $3,500,000 for the purpose of enlarging the Office of Revenue Sharing's compliance staff by 21 positions. The majority of these new positions, 14, would be assigned to civil rights enforcement.

The administration has requested these positions and only last week an identical amendment passed the House.

H.R. 14621, as presently written would reduce ORS's request for an increase in compliance staff by nearly 75 percent. This decrease would, according to ORS, allow only 6 new positions in compliance—contrary to the Appropriations Committee report language that indicates that 10 new compliance positions would be allowed.

I ask unanimous consent that the full text of a letter from Ms. Jeanna D. Tully, the Director of the Office of Revenue Sharing be printed in the RECORD at this point. Ms. Tully's letter is in support of my amendment and includes the ORS calculations of staffing costs as used in its budget request.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OFFICE OF REVENUE SHARING,
Washington, D.C., June 22, 1976.

Hon. JOHN GLENN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR GLENN: As you requested, I am pleased to provide information concerning the impact of the Senate Appropriations Committee action to reduce the FY 1977 budget request of the Office of Revenue Sharing and to summarize the critical need for the positions and funds requested.

The budget proposed by the Administration for the Office of Revenue Sharing for FY 1977 is an economical one which contemplates the continuation of the extraordinary efficiency achieved in the operation of the revenue sharing program. Only in the vital area of compliance was increased staff requested. This increase was essential to carrying out the law enacted by the Congress. While the restrictions and limitations contained in that law (Public Law 92-512) are few, we believe they are exceedingly important.

Despite the most extensive intergovernmental cooperation, which involves cooperative agreements with 44 States for auditing and cooperative agreements with 14 States for civil rights matters, as well as cooperative agreements with several major Federal agencies, it is clear that the Office of Revenue Sharing cannot fulfill its own responsibilities with regard to these agreements nor its mandated obligations under the law without additional staff in the compliance function.

Specifically, the budget request for the Office of Revenue Sharing requested 21 additional positions for compliance: these 21 positions would bring the total staff for compliance only to 62 positions. These 62 positions are the staff by means of which the Secretary of the Treasury must carry out his substantial obligations under the Act.

The general revenue sharing Act requires the Secretary to ensure that all States and nearly 39,000 local governments do not discriminate on the basis of race, color, national origin or sex in any program or activity funded in whole or in part with shared revenues. The Act further requires ensuring that certain minimal financial standards are met in the use of the funds, that State and local laws are complied with, that certain Davis-Bacon requirements are met, and that reporting and other duties of the recipient governments are carried out. Further, it is, of course, essential that remedial action be achieved in cases where violations have occurred. Thus, the compliance staff in the Office of Revenue Sharing is responsible for monitoring as well as for achieving enforcement and corrective action.

The urgent need for the 21 additional positions is based on actual experience in the program since October of 1972. Staff increases greatly exceeding those requested by the Office of Revenue Sharing have been urged by a number of independent authorities. Especially in the area of civil rights, the House Subcommittee on Civil and Constitutional Rights has stressed the urgency of staff increases. National Public interest groups, the General Accounting Office, and research organizations have pointed out the need for added staff.

The lack of adequate staff in the compliance function in the Office of Revenue Sharing has led to a large and growing backlog of cases which long since should have received full attention; many of these cases require on-site field review at locations throughout the United States. Citizen complaints regarding compliance are being received by the Office of Revenue Sharing on an average of one each day. Coupled with the backlog of cases, some regrettably dating back to calendar year 1974, these new cases make it highly likely that we will begin FY 1977 with unresolved civil rights complaints involving more than 300 jurisdictions. The new compliance positions which were allowed and partially funded in the FY 1976 budget have been established and advertised, with selection and appointment near completion. Even with these added resources, with the additional staff requested, the backlog undoubtedly will increase during FY 1977, further lessening the ability of citizens and organizations to obtain timely action by the Office of Revenue Sharing on their grievances.

Thus, it is of great importance that the 21 additional positions and $411,000 increase requested in FY 1977 for the Office of Revenue Sharing be authorized. The requested increase will provide an additional 14 civil rights specialists, slightly more than doubling the present authorized civil rights staff of the Office of Revenue Sharing. Three of the positions would provide essential clerical support services, and four of the positions would be professional auditors. The cost for these positions is arrived at as follows:

14 Civil rights specialists (average GS–12/1) (Salaries)	$267,939
4 Auditors (average GS–13/1) (Salaries)	91,441
3 Clerk-typists (average GS–5/1) (Salaries)	25,500
Total salaries	384,880
Less 36% lapse	−138,557
Subtotal	246,323
Plus other objects	164,677
Total cost	411,000

NOTE.—"Other Objects" include fringe benefits, space, office equipment and supplies, travel, etc.

The Senate Appropriations Committee agreed with the previous House Appropriations action to reduce the requested appropriations increase by $310,000 to the amount of $101,000. The House restored the full amount in an amendment to the appropriations bill on June 14, 1976. The bill now pending in the Senate indicates that only ten additional positions would be allowed. In fact, however, the funds allowed are adequate only for six additional positions. Thus, the effect of this action is to reduce the requested new civil rights specialists positions by approximately two-thirds, to reduce the requested clerical positions by two-thirds, and to eliminate the requested increase in auditors entirely. The calculation that leads to this result is as follows:

5 Civil rights specialists (average GS–11/6) (Salaries)	$95,066
1 Clerk-typist (GS–5/1) (Salary)	8,500
Total salary	103,566
Less 36% lapse	−37,284
Subtotal	66,282
Plus other objects	34,718
Total cost	101,000

Restoration of the FY 1977 requested increase in staff and appropriations in the Office of Revenue Sharing is essential to afford to the residents and employees of the 39,000 governments which are receiving more than $30 billion in revenue sharing, the civil rights so clearly mandated by the Congress in the revenue sharing act.

Please let me know if I may provide any further information or assistance to you in this matter.

Sincerely yours,

JEANNA D. TULLY,
Director.

Mr. GLENN. Mr. President, the fact that the administration and the full House, which only last week adopted this identical amendment, agree that 21 new compliance positions are needed indicates a recognition of a worsening problem within the Office of Revenue Sharing which needs prompt attention.

Several studies of the ORS civil rights effort, the latest of which was released by GAO on June 2, have documented a significant civil rights case backlog, delays in the processing of complaints which in many cases have extended to 12 months or more. ORS itself describes a backlog dating back to 1974 and estimates that it will begin fiscal year 1977 with unresolved civil rights complaints involving more than 300 jurisdictions.

The Office of Revenue Sharing has had the responsibility of distributing over $6 billion a year of Federal tax moneys to 39,000 jurisdictions since 1972. Such a commitment of resources also must be accompanied by a commitment to our basic national pledge to put an end to race and sex discrimination and the denial of equal opportunity. This basic commitment must remain strong despite revenue sharing's feature of wide discretion in the use of funds. This discretion simply cannot under any circumstances include the discretion to engage in discriminatory practices. Congress has mandated nondiscrimination in revenue sharing and now it must also mandate vigorous enforcement and adequate staffing of the antidiscrimination effort. $310,000 is a very small price to pay for the carrying out of so important a national goal.

I find it hard to find any persuasive reasons for opposition to this amendment. There are those, I am sure, who would argue "no more redtape," "no bureaucratic regulation" in opposing this amendment. This kind of argument, while superficially appealing, should not be used as covering rhetoric to obscure the fact that race and sex discrimination is intolerable and must be prosecuted vigorously. An overall ORS staff of 129, which would be the size of the ORS staff should my amendment pass, with the duty of administering a multibillion dollar program to 39,000 jurisdictions surely is not a proper subject for criticizing the "overloaded bureaucracy." Quite the contrary, ORS will remain a lean and efficient agency. My amendment in fact would help make it efficient in the vital area of discrimination-fighting whereas now it is not.

I urge the Senate to join the House and the administration in support of this amendment.

I ask unanimous consent that appendix 3 and appendix 4 of the June 2 GAO report to the House Committee on Judiciary entitled "Nondiscrimination provision of the Revenue Sharing Act should be strengthened and better enforced" be printed in the RECORD. These appendices fully document delays in processing, analyzing and investigating civil rights complaints received by ORS, delays that are in large part, attributable to ORS' lack of adequate staff.

There being no objection, the appendices were ordered to be printed in the RECORD, as follows:

APPENDIX III

PROCESSING TIMES (MONTHS) FOR ORS' 1973–74 CIVIL RIGHTS CASES

9 TO 12 MONTHS

Closed—7

Saco, Maine (9.7).
Austintown Township, Ohio (11.7).
Pittsburgh, Penn. (11.5).
Rock Hill, S.C. (9.8).
Brenckenridge, Tex. (10.6).
Henderson, Tex. (11.7).
Dane County, Wisc. (11.2).

Open—21

Union City, Calif. (9.0).
Crosset, Ark. (10.8).
Miami, Fla. (11.2).
Joliet, Ill. (11.0).
Joliet Township, Ill. (11.0).
Charles County, Md. (11.1).
Alameda County, Calif. (9.6).
Princeville, N.C. (10.3).
Wooster, Ohio (9.7).
Auburn, Ala. (9.4).
Contra Costa, Calif. (10.3).
Shreveport, La. (10.6).
Philadelphia, Penn. (9.7).
DeSoto Parish, La. (11.6).
San Jose, Calif. (10.4).
Yolo County, Calif. (10.8).
Racine, Wisc. (9.7).
Will County, Ill. (11.0).
Norfolk, Va. (10.7).
Michigan (10.0) (note a).
Topeka, Kan. (11.9).

12 TO 15 MONTHS

Closed—4

Los Angeles, Calif. (13.8).
Peoria, Ill. (12.0).
Ouachita Parish, La. (13.8).
Lorain, Ohio (12.1).

Open—15

Lake Village, Ark. (13.7).
Oakland, Calif. (12.0).
Hammond, Ind. (14.2).
New Mexico (13.3).
Muskingum County, Ohio (12.0).
Harris County, Tex. (12.6).
Yakima, Wash. (13.8).
Fort Pierce, Fla. (13.7).
Pierce County, Wash. (13.7).
Winter Haven, Fla. (13.7).
Quitman County, Miss. (12.0).
Monroe, La. (12.5).
Memphis, Tenn. (13.5) (note a).
Dallas, Tex (12.7) (note a).
Tuskegee, Ala. (12.4) (note a).

15 TO 18 MONTHS

Closed—7

Redwood, Calif. (15.1).
Mobile, Ala. (15.5).
Bond County, Ill. (15.6).
Bladensburg, Md. (16.4).
Boston, Mass. I (15.5).
Beaumont, Tex. (16.4).
Atlanta, Ga. (16.3).

Open—5

Picayune, Miss. (15.7).
Lake County, Ohio (15.4).
Knoxville, Tenn. (15.0).
Bremen, Ga. (17.6).
Haralson County, Ga. (17.5).

18 TO 21 MONTHS

Closed—1

Pleasant Mound Township, Ill. (18.7).

Open—6

Waterbury, Conn. (19.2).
Bogalusa, La. (20.5).
Amarillo, Tex. (20.0).
Santa Clara County, Calif. (18.8).
Lake County, Ind. (18.4).
Logan, Utah (20.6).

21 TO 24 MONTHS

Closed—2

Craven County, N.C. (23.0).
New Bern, N.C. (23.3).

Open—2

Powhatan County, Va. (22.6).
Chicago, Ill. (21.4) (note *).

24 TO 27 MONTHS

Closed—0

Open—1

Centralia, Ill. (26.9).

27 TO 30 MONTHS

Closed—1

Alton, Ill. (28.4).

Open—0

*Special status case.

APPENDIX IV

CASES TAKING 6 MONTHS OR MORE (THROUGH JUNE 30, 1975) BETWEEN PROCESSING ACTIONS

DELAY IN INVESTIGATING AFTER RECEIVING A COMPLAINT OR IN SENDING A FOLLOWUP LETTER WHEN INITIAL LETTER WAS NOT ANSWERED

Case and length of delay

Lake Village, Ark., 13 months.

Miami, Fla., 7 months between an ORS-initiated audit finding ethnic groups underrepresented in the city government work force and a 15-day letter to the city.

Bremen, Ga., 9 months.

Haralson County, Ga., 9 months.

Ottumwa, Iowa, 7 months between receiving and acknowledging a complaint.

Bogalusa, La., 10 months.

Quitman County, Miss., 12 months after telephone complaint, no 15-day letter had been sent. However, ORS had not received additional information requested from the complainant.

New Mexico, 13 months after a complaint, no acknowledgment or 15-day letter had been sent.

Craven County, N.C., 10 months between a complaint and an audit of the county's revenue sharing records prior to issuing a 15-day letter.

Lake County, Ohio, 8 months.

Muskingum County, Ohio, 8 months.

Beaver Falls, Penn., 6 months between 15-day letter and followup letter with no reply received.

Pittsburgh, Penn., 9 months.

Rock Hill, S.C., 6 months.

York County, S.C., 6 months.

Knoxville, Tenn., 6 months; ORS acknowledged that the city's reply was past due since

October 1974. A field investigation was requested.

Harris County, Tex., 6 months.

Logan, Utah, 9 months between complaint and a letter to the city.

Powhatan County, Va., 7 months.

DELAY IN COMPLETING ANALYSIS OF INITIAL INFORMATION RECEIVED FROM GOVERNMENT

Case and length of delay

Auburn, Ala., 6 months; ORS acknowledged the analysis was past due in January 1975. There was no record of followup action.

Bibb County (West Blocton), Ala., 7 months.

Rockford, Ill., 6 months. Four months after receiving the reply from the city, upon criticism from the complainant for laxity, ORS asked for more information.

Boston, Mass., II, 6 months.

DELAY IN SCHEDULING OR CONDUCTING A CIVIL RIGHTS REVIEW

Case and length of delay

Crossett, Ark., 9 months.

Yolo County, Calif., 8 months between a compliance audit report and a civil rights review.

St. Lucie County, Fla., 8 months.

Winterhaven, Fla., 7 months.

Bremen, Ga., 6 months between an audit report and a civil rights review.

Haralson County, Ga., 6 months between an audit report and a civil rights review.

Alton, Ill., 10 months between the compliance audit and the civil rights review; part of the delay was due to waiting for pending litigation to be resolved.

Centralia, Ill., 9 months between issuing the compliance audit report and the conducting of a civil rights review in the city.

Joliet, Ill., 9 months.

Joliet Township, Ill., 9 months.

Will County, Ill., 9 months.

Hammond, Ind., 6 months between a field audit and a civil rights review.

Lake County, Ind., 7 months.

Topeka, Kans., 10 months.

De Soto Parish, La., 7 months.

Shreveport, La., 10 months.

Picayune, Miss., 8 months.

Winterville, N.C., 7 months after compliance audit no civil rights review had been scheduled.

Akron, Ohio, 6 months.

Lake County, Ohio, 8 months.

Wooster, Ohio, 9 months.

Charleston, S.C., 6 months.

Amarillo, Tex., 8 months.

Kenbridge, Va., 6 months.

Norfolk, Va., 8 months.

King County, Wash., 7 months.

Racine, Wisc., 9 months.

DELAY IN ISSUING THE FINDINGS OF A CIVIL RIGHTS REVIEW

Case and length of delay

Oakland, Calif., 9 months.

San Jose, Calif., 9 months.

Santa Clara County, Calif., 9 months.

Waterbury, Conn., 8 months.

Fort Pierce, Fla., 10 months.

Kansas, 8 months.

Monroe, La., 13 months.

Amarillo, Tex., 8 months.

Powhatan County, Va., 7 months.

Pierce County, Wash., 9 months.

Yakima, Wash., 9 months.

DELAY IN CLOSING CASE AFTER FINAL ACTION

Case and length of delay

Atlanta Ga., 12 months.

Craven County, N.C., 7 months.

Logan, Utah, 6 months.

Mr. GLENN. Mr. President, that concludes my statement. I would be happy to answer any questions and would hope the distinguished leadership on both sides of the aisle might accept this amendment on a voice vote.

Mr. MONTOYA. Mr. President, I wish to point out to the Senate, especially to the Senator from Ohio, there are only 3 months of authorization left for this appropriation. The committee has allowed a fiscal year appropriation despite the 3 months' authorization left under the revenue sharing bill. The authorization for continuation of the revenue sharing is, of course, pending. I understand that it passed the House just recently.

I wish to point out another fact. Up to now this particular office in Treasury, dealing with revenue sharing compliance activities and so forth, has had 41 employees under the fiscal year 1976 appropriation. The committee is allowing 10 additional employees under this appropriation which we are recommending to the Senate.

The Senator from Ohio seeks to add 10 or 11 more positions with the increase represented by his amendment.

That means that we are going to add 50 percent more employees to this function for a 3-month period.

I am suggesting that the Senator give up his amendment so that when the new authorization clears the Congress, we can consider the matter of additional manpower depending on what kind of an authorization has passed, and depending also on what new obligations may be imposed upon the personnel. We shall then be able to consider this in a thorough hearing for a subsequent or future supplemental appropriation.

I am not adverse to giving this compliance function the manpower that it might need in order to carry out the edicts of any authorizing legislation, but it seems to me that this is an unjustifiable increase from 41 to 62 personnel at this time. This is one of the principal reasons why I rise to oppose the amendment.

Our subcommittee held extensive hearings on this activity as well as the other appropriations under our jurisdiction for which the President requested funding. Testimony in these hearings indicated that until the middle of fiscal year 1976, only five civil rights specialists were employed. This has recently been doubled to 10. The Committee recommendation will allow an additional 10 positions and provide the compliance activity with 51 employees.

Formal audit agreements have been concluded with 43 State governments and 12 agreements have been concluded with human rights agencies. The committee believes this is an innovative approach to provide financial audit and civil rights compliance coverage. The House report recommends that discussions be initiated with other Federal agencies that are concerned with compliance activities so that the overall compliance effort can be better coordinated and more effectively and efficiently operated. This should provide for increased compliance coverage without an increase in personnel.

The current authorizing legislation for general revenue sharing expires at the end of this calendar year. The proposed extension to September 1982, H.R. 13367, has passed the House and is currently pending consideration in the Senate Finance Committee. This may have more stringent compliance regulations than the current act. I submit that an early supplemental appropriation request in fiscal year 1977 may be the vehicle to consider increasing the number of personnel for this activity.

By a floor amendment, the House allowed the full budget estimate of 21 additional personnel and $3,810,000. Our recommendation is 10 additional personnel and $3,500,000. This will be an item in conference, and I assure the Senate that we shall consider this item very carefully.

It stands to reason that if the House of Representatives insists on its figure, we might have to reach some kind of a compromise between the two figures. That of the Senate and that of the House. I can assure the Senator from Ohio that if he will withdraw his amendment, we shall give the matter adequate consideration as we go along. We shall conduct proper and relevant hearings on any future supplemental request, once the final authorization for the next 5 years is enacted.

Mr. BELLMON. Mr. President, will the Senator yield?

Mr. MONTOYA. I yield.

Mr. BELLMON. Mr. President, I wish to join our chairman in opposition to this amendment.

If the Senator from Ohio will look at the report, he will find that already the committee has recommended an increase of $931,000 more for the Office of Revenue Sharing than that office received last year. In the current fiscal year, 1976, the appropriation was $2,569,000. The subcommittee has recommended $3,500,000. That is an increase of $931,000 that we have already provided, or roughly 30 percent more than this agency received last year.

The Senator from Ohio has made the statement that this is a lean agency. It seems to me that when it is growing at the rate of a third a year, it is not going to stay lean very long. I would think that Senators who are interested in keeping it lean would join the subcommittee in seeking to avoid having it grow any faster than this rate.

As the chairman has stated, the addition of 11 employees would let this one division grow by almost 50 percent. I would agree that that seems too rapid a growth rate for efficient management of this or any other agency.

We have provided $3,500,000 to supervise the distribution of $30.2 billion under the revenue-sharing law. As the chairman has stated, if there are additional requirements in the law that finally clears the Senate and is passed by Congress, we would certainly consider those needs when we consider the next supplemental.

Mr. GLENN. Mr. President, I wish to reply to some of the statements by the distinguished floor managers of the bill on both sides of the aisle.

I think when the Senator from New Mexico referred to 41 employees in the compliance division of the ORS, it should be pointed out that there are only 10 employees in the civil rights branch of that division. The Office of Revenue Sharing says that the committee cut would permit the addition of only 6, not 10 employees in compliance activity. This is substantiated by the letter from Ms. Jeanna D. Tully that I submitted for the RECORD earlier. So the committee has not awarded the tremendous increase that the Senator from New Mexico has indicated.

As for the argument that the Office of Revenue Sharing might have a limited tenure and that we should wait for the determination of the future of revenue sharing before acting, it is clear that the whole thrust of this bill in providing money for fiscal year 1977, with the House of Representatives already having passed an extension of revenue sharing, indicates that it is very likely that the Senate will also. It is highly unlikely that we are going to be folding the Office of Revenue Sharing up in the very near future.

In addition, we certainly need these additional people to deal with what is a 300-case backlog now, and to speed up the processing, which is now more than a year behind. This problem is a worsening one, the backlog grows daily.

In connection with the third comment by the Senator from New Mexico as to the reliance on the States that exists, I would submit that the ORS has only been able so far to negotiate such civil rights agreements with some 14 States, as I understand it, and that the civil rights groups that follow this type of monitoring of the ORS programs have been particularly unimpressed with what the State programs have done in those areas. They have felt that the State programs were ineffective, and it just seems illogical to ask States that have not been actively pursuing a rigid, stringent civil rights policy in support of Congress and in support of the court rulings to go in and voluntarily enforce themselves. This flies in the face of logic.

Civil rights problems have to be approached at every level, of course, and for those States moving ahead rapidly and aggressively, all I can say is "bless them," but we also need a strong Federal input and push behind the antidiscrimination effort.

I think ORS' own statement that they need these in-house people to cope with the backlog and the increasing caseload that they have, and the huge number of cases involved in that backlog, is indicative of their need for help.

The House has taken action affirmatively on this matter. The administration backs the proposal. It is for an increase of $310,000. In putting the firm stamp of the Federal Government and the United States Senate behind civil rights enforcement, Mr. President, I feel this is the very least we can do. We must increase the compliance staff, particularly in the civil rights area, beyond the very minimal skeleton staff they are trying to operate with at the present time.

I would still urge the leadership on both sides of the aisle to accept this amendment. I hope they can see the need for it. I am ready to yield for any further comment from the leadership on either side of the aisle.

Mr. President, if there is no further comment on either side of the aisle, if the leadership is still opposing, I would prefer to proceed with a yea and nay vote, hoping this proposal will be accepted. I shall not call for the yeas and nays at this point, pending any further comment by the distinguished floor managers of the bill.

Mr. MONTOYA. Mr. President, I am prepared to yield back the remainder of my time.

Mr. GLENN. I ask for the yeas and nays, then, Mr. President, and yield back the remainder of my time.

The PRESIDING OFFICER (Mr. FORD). Is there a sufficient second? There is not a sufficient second.

The yeas and nays were not ordered.

Mr. GLENN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GLENN. Mr. President, I ask for the yeas and nays on amendment No. 1892.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Delaware (Mr. BIDEN), the Senator from Idaho (Mr. CHURCH), the Senator from Louisiana (Mr. LONG), the Senator from Washington (Mr. MAGNUSON), the Senator from Arkansas (Mr. MCCLELLAN), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BROCK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Maryland (Mr. MATHIAS), the Senator from Pennsylvania (Mr. SCHWEIKER), the Senator from Virginia (Mr. WILLIAM L. SCOTT), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

The result was announced—yeas 55, nays 30, as follows:

[Rollcall Vote No. 325 Leg.]

YEAS—55

Baker
Bayh
Beall
Bentsen
Brooke
Bumpers
Burdick
Byrd, Robert C.
Case
Chiles
Clark
Cranston
Culver
Durkin
Eagleton
Ford
Garn
Glenn
Gravel
Griffin
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Leahy
Mansfield
McGovern
McIntyre
Metcalf
Mondale
Moss
Muskie
Nelson
Pastore
Pell
Percy
Proxmire
Randolph
Ribicoff
Scott, Hugh
Stafford
Stevenson
Stone
Taft
Williams

NAYS—30

Allen
Bartlett
Bellmon
Byrd,
  Harry F., Jr.
Cannon
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Hansen
Helms
Hruska
Laxalt
McClure
McGee
Montoya
Morgan
Nunn
Packwood
Pearson
Roth
Sparkman
Stennis
Stevens
Talmadge
Thurmond
Tower
Young

NOT VOTING—15

Abourezk
Biden
Brock
Buckley
Church
Goldwater
Long
Magnuson
Mathias
McClellan
Schweiker
Scott,
  William L.
Symington
Tunney
Weicker

So Mr. GLENN's amendment was agreed to.

Mr. GLENN. I move to reconsider the vote by which the amendment was agreed to.

Mr. MANSFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on passage.

The PRESIDING OFFICER (Mr. FORD). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. PROXMIRE. Will the Senator from New Mexico yield?

Mr. MONTOYA. I yield.

Mr. PROXMIRE. I understand that a number of provisions in the bill have not been authorized and in fact, have been struck from the bill under a point of order by the other body. These provisions include White House office salaries and expenses at $16 million for staff; executive residence operating expenses, $2.1 million; official residence of the Vice President; special assistants to the President, salaries and expenses; Domestic Council; and unanticipated needs. I understand that there is no indication of when the authorization will be passed and will the distinguished manager of the bill enlighten us on that?

Mr. MONTOYA. The authorization is now pending in the Senate and has been passed by the House. I have no idea as to when the authorization will clear the Senate. It passed the House on July 9, 1975. That was last year, but it is still pending in the Senate Committee on Post Office and Civil Service.

Mr. PROXMIRE. It is my understanding that no hearings have been scheduled; there is no indication that this sum is likely to be authorized in the near future.

Mr. MONTOYA. I understand that the Senate Post Office and Civil Service Committee has been holding extensive hearings on the postal reform bill. That is why it has not yet had time to consider this matter.

Mr. PROXMIRE. Let me go down some of the items on the list that seem troublesome. One is unanticipated needs, and the amount provided in the bill, I understand, is $1 million. The stated purpose of that appropriation is to furnish the President with funds necessary to meet unanticipated needs for emergencies affecting the national interest, security, or defense and to pay related administrative expenses. First, is there any accounting for funds expended in that category?

Mr. MONTOYA. Yes, we have held extensive hearings on this very item each year and have asked the White House to give us a report on how this money has been spent. They have given us a very good accounting of this activity in previous years.

Mr. PROXMIRE. Can the GAO audit these funds?

Mr. MONTOYA. These funds are available for audit by the General Accounting Office. Also, they are expended solely on the personal certification of the President.

Mr. PROXMIRE. I understand that the President, after all, has great responsibilities. I feel that he should have considerable discretion. But these particular funds are related to national interest, security, or defense and related administrative expenses. Why are these funds not subject to a General Accounting Office audit, in view of the fact that they are not funds that are directed at any personal needs of the President?

Mr. MONTOYA. One of the principal purposes for which these funds are used is to provide the President with the capability to meet unanticipated needs for emergencies or new activities which are in the national interest. On occasion, the fund has been utilized for this purpose.

Mr. PROXMIRE. How much of the appropriation in past years has actually been expended?

Mr. MONTOYA. The appropriation for fiscal year 1975 was $500,000, and the expended amount was $476,000. It is anticipated that out of the million dollars to be provided for the next year, nearly $1 million will actually be spent. That is what is anticipated.

Mr. PROXMIRE. Why was there this 100-percent increase in the appropriation in 1976–75, and continuing in this year?

Mr. MONTOYA. When officials of the Office of Management and Budget came before our subcommittee, we asked this question of them. It was their belief that they did anticipate an expenditure of nearly $1 million because of possible requests for new activities created by statute but not yet funded.

Mr. PROXMIRE. Can the manager give us some examples of how these funds have been expended?

Mr. MONTOYA. One of the examples is the Clemency Board. A few years ago, I recall that the Federal Energy Office was funded initially when Governor Love was appointed to head it. The Commission on Federal Paperwork was funded out of this appropriation at a level of $200,000. The Privacy Protection Study Commission amount was $131,000, and the National Study Commission on Records and Documents of Federal Officials received $110,000 out of this unanticipated needs fund.

Mr. PROXMIRE. May I ask the Senator whether virtually all of the $1 million—say 90 percent of it—is accounted for by funding this kind of activity? As I understand it, these are agencies created rather quickly and needing funds that it is difficult to get through the regular appropriation process, needing them on an emergency basis. Is it a fact that, say, $900,000 of the $1 million is expended for these purposes, of the kind the Senator has listed—clemency, energy, paperwork, privacy, and so on?

Mr. MONTOYA. It may be, and at times it may not be. The point I have always made clear when I have held these hearings is that the words "unanticipated needs" should have definite criteria that must be adhered to and that they should most certainly not be discretionary funds for the President to expend as he wishes.

Rather, the funds should be expended for an objective that clearly comes within the framework of unanticipated needs. I have always insisted on that.

Mr. PROXMIRE. Is the Senator satisfied that the White House has complied with that standard? I think it is an excellent standard.

Mr. MONTOYA. Yes, I am satisfied. Each year I request an accounting as to precisely how this fund has been used because I do not want another fiasco in the Domestic Council as we witnessed a few years ago in the White House.

Mr. PROXMIRE. Another item was $16 million for the White House office. That is an increase, not over last year, but the year before, perhaps. But over the past 15 years that has increased at a tremendously rapid rate; is that not correct?

Mr. MONTOYA. This request represents a decrease of $233,000.

Mr. PROXMIRE. I understand that. That is over last year. But it is an increase over the past, say, 5 or 6 or 8 years ago; is that correct?

Mr. MONTOYA. That is correct, but we have had to allow for pay raises, increases in health and retirement benefits and the like which stem primarily from the inflationary pressures of recent years.

Mr. PROXMIRE. Could the Senator give the Senate an understanding of how much of an increase there has been, say, in the last 10 years? The reason I ask is because there have been complaints—maybe unfounded—that the White House—and I am not criticizing President Ford because, as the Senator points out, there was not an increase, in fact there was a reduction over last year—but I think we ought to have an understanding as to the White House generally over the administrations of President Johnson, President Nixon, and President Ford in general.

Mr. MONTOYA. We do have that information. I developed it during the hearings, but we do not happen to have it here with us this morning. I can, however, give the Senator the pertinent figures.

In 1975 for this item, the appropriation was $15,398,000; in 1976 it was $16,763,000; and for the fiscal year 1977, in this bill, it is $16,530,000, which is a reduction from last year.

Mr. PROXMIRE. Another item is the Executive residence, operating expenses. Now, is this for the White House, operating the White House?

Mr. MONTOYA. Yes; it is for the White House and the grounds.

Mr. PROXMIRE. Two million, one hundred thousand dollars seems like a high amount even with a residence as important and as significant for our country as the White House. What is the reason for that very large expenditure, $2.1 million to operate the President's home for a year?

Mr. MONTOYA. We pay 86 employees from this appropriation. The appropriation for 1975 was $1.744 million; for 1976 it was $1.826 million, a very slight increase; and for 1977 we are recommending $2.095 million.

Mr. PROXMIRE. There is one other item that bothers me particularly, and that is the official residence of the Vice President. Two and a half years ago, or 3 years ago, the Senate approved converting a House that had been used by a top naval officer for the Vice President's use, and we were told that the cost of refurbishing and furnishing that would be something like $15,000. In fact, the Senator from Virginia (Mr. HARRY F. BYRD, Jr.) assured me, when I asked him on the floor, that the cost would not exceed $15,000.

Now, approximately how much was appropriated to date in rehabilitating and refurbishing the Vice President's residence?

Mr. MONTOYA. For 1975 we appropriated $315,000.

Mr. PROXMIRE. How much?

Mr. MONTOYA. $315,000; for 1976 we appropriated $274,000; and for 1977 the figure has come down to $61,000. So the previous years represent high expenditures because we were really trying to get the newly acquired official residence of the Vice President in shape. We had to have new carpeting, and the residence was badly in need of painting and required some other repairs to the residence. In the past year we provided quite a sum for central air conditioning which has replaced the individual window air conditioners at the residence.

Mr. PROXMIRE. Well now, this is an expenditure that is very hard for this Senator to understand. As I say, we were told the cost would be $15,000. The cost now appears to be about 40 times that. Furthermore, I talked to the Vice President about this. He told me he does not even live there, does not use it. I realize that this may be a good residence perhaps for a future Vice President at some time, but for us to provide a house that was already constructed, grounds are already in good order, a place that was used by a top naval official, for the Vice President, and then to just spend over $600,000 to fix it up, and $61,000 this year for maintenance of this temporary residence seems to me to be rather extravagant.

Mr. MONTOYA. We were not merely renovating the residence for the present Vice President. We were certainly aware of the fact that he has an ample, private residence available to him in the Washington vicinity, and I understand that is where he has been staying. We were, however, providing for a future Vice President who cannot personally afford the fine living quarters the present Vice President can afford. Furthermore, we had anticipated we would eventually replace the air conditioning units, which were antiquated, and most of the expenditures during the course of the last year are represented by this kind of need.

Mr. PROXMIRE. Why the enormous difference between the $15,000 we were assured would be necessary for refurbishing when the Vice President's house was agreed to, and the $600,000 that we find as the cost?

Mr. MONTOYA. I might say when we conducted the hearings I remember some of those figures, and we were told in the subcommittee that only certain expenditures would have to be made, but as soon as they moved into the residence, an inventory was taken of what was needed. It was found, for instance, that the electrical wiring was very defective, and the residence, in fact, required complete rewiring. Many other situations like that were brought to light. That had not been anticipated when the original project came before Congress. It is now an undertaking that requires additional expenditures, and we must spend a certain sum just to make the residence habitable and to avoid additional, higher expenditures in the future.

Mr. PROXMIRE. Let me ask the Senator one final question—I may raise a point of order on this particular item. I understand, as I say, this has not been authorized. But if the $61,000 is not made available at this time, what will be the consequences?

Mr. MONTOYA. We shall then have to send somebody over there to board up the windows and leave the residence to the mercies of the elements.

Mr. PROXMIRE. After spending $600,000 you will have to board up the windows if they do not get another $61,000 on top of that? This is, theoretically at least, a home for one family. It is awfully hard, it seems to me, for the American people to understand why they need $61,000 a year to provide housing even for the Vice President of the United States—not the Prsidnt, the Vice President.

Mr. BELLMON. Mr. President, will the Senator yield?

Mr. President, I do not believe it is quite accurate to refer to this official residence of the Vice President as a home for one family. This residence is the site of a great many official functions. It is a site that was chosen partially because it is less expensive there to provide the security that is necessary to be provided for the individual who might on very short notice be called upon to become the President of the country. I think it is totally inaccurate, and a little unfair, to refer to this as the home for one family. This is much more than that, and it is very different. Particularly under the present circumstances we are justified in trying to get this dwelling in shape to do the job that Congress had in mind when it designated this as the official residence of the Vice President.

Mr. PROXMIRE. I appreciate the observation of the Senator from Oklahoma. He undoubtedly makes a good point.

I point out, however, the fact is that we have had no official home for the Vice President until now. We have been able to proceed for 200 years without it. Vice Presidents have gotten along very well.

All of a sudden, to provide something which supposedly would cost $15,000 to fix up but cost $600,000, and more to refurbish when, as I say, they have fared well, we have met all our ceremonial responsibilities, it seems hard to justify.

Mr. BELLMON. I suggest that argument should have been made before the decision to acquire the residence.

Mr. PROXMIRE. I made that argument and I was assured—assured—the cost would be no more than $15,000 for the entire refurbishing.

Mr. BELLMON. The subcommittee is operating under the responsibility that we have to see that this residence is adequate. We were not the ones who made the decision to add the residence, but we do feel it is our responsibility that it is suitable for this purpose.

Mr. PROXMIRE. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state the point of order.

Mr. PROXMIRE. I make the point of order that the appropriation, on page 8, line 19, through page 9, line 2, is not in order because the appropriated sum has not been previously authorized.

Mr. MONTOYA. Will the Senator defer making the point of order temporarily?

Mr. PROXMIRE. I am happy to do so.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. MONTOYA. I wish the Senator would not make this point of order. I recognize his concern about these matters, and the committee has truly been trying to reduce the expenditures for the official residence of the Vice President.

We have had very thorough hearings, and raising a point of order is going to force the committee to remark up the bill. It is going to cause quite a bit of hardship to the members of the committee, and we are eventually going to come back with the same thing.

I wish the Senator would reconsider making his point of order. We assure him that we shall continue to monitor the expenditures for the Vice President's official residence.

We would further invite him to come before our committee to give us the benefit of his wisdom as to what we should do, and I can promise my good friend from Wisconsin that we would give his views our very thorough consideration.

Mr. PROXMIRE. May I say to the Senator from New Mexico that a point of order was made against every single one of these provisions in the House. It was sustained in the House. These were knocked out in the House.

I make the point of order that the amendment is legislation.

Mr. MONTOYA. Mr. President.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. MONTOYA. I raise the question of germaneness.

The PRESIDING OFFICER. Under rule XVI, the Chair submits to the Senate the question, Is the amendment germane (putting the question).

The nays appear to have it.

Mr. MONTOYA. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The yeas and nays have been ordered and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Idaho (Mr. CHURCH), the Senator from Hawaii (Mr. INOUYE), and the Senator from Arkansas (Mr. MCCLELLAN) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Maryland (Mr. MATHIAS), and the Senator from Pennsylvania (Mr. SCHWEIKER) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

The yeas and nays resulted—yeas 65, nays 26, as follows:

[Rollcall Vote No. 326 Leg.]

YEAS—65

Baker
Bartlett
Bayh
Bellmon
Bentsen
Brooke
Bumpers
Cannon
Case
Chiles
Curtis
Dole
Domenici
Eagleton
Eastland
Fannin
Fong
Ford
Gravel
Griffin
Hansen
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Hollings
Hruska
Huddleston
Humphrey
Jackson
Javits
Johnston
Leahy
Long
Mansfield
McGee
McIntyre
Mondale
Montoya
Morgan
Moss
Nunn
Packwood
Pastore
Pearson
Pell
Randolph
Ribicoff
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—26

Allen
Beall
Biden
Brock
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Clark
Cranston
Culver
Durkin
Garn
Glenn
Hart, Gary
Helms
Kennedy
Laxalt
Magnuson
McClure
McGovern
Metcalf
Muskie
Nelson
Percy
Proxmire
Roth

NOT VOTING—9

Abourezk
Buckley
Church
Goldwater
Inouye
Mathias
McClellan
Schweiker
Symington

The PRESIDING OFFICER (Mr. HASKELL). The vote on this matter is 65 yeas, 26 nays, and, the Senate, having voted the amendment germane, the point or order will fall.

The Chair, for the information of the Senate, will rule that in accordance with Senate procedure, under rule 16, paragraph 4, if the Senate votes that a provision is relevant or germane, even though it be legislative, the point of order falls.

Mr. MUSKIE. Mr. President, the Senate has before it H.R. 14261, the Treasury, Postal Service, General Government appropriation bill for fiscal year 1977 which provides funds for the Treasury Department, the Postal Service, the Executive Office of the President, and certain other Federal agencies. I take this opportunity to comment on the relationship between this bill and the targets set out in the first concurrent resolution on the budget for fiscal year 1977.

This bill provides $8.3 billion in budget authority and $8 billion in outlays for fiscal year 1977. In addition, outlays arising from prior year appropriations for these programs amount to $0.3 billion so total outlays for these programs are $8.3 billion in fiscal year 1977.

The funds provided in this appropriation bill are within the totals allocated by the Senate Appropriations Committee to the Subcommittee on Treasury, Postal Service, and General Government pursuant to section 302(b) of the Congressional Budget Act of 1974. That allocation is $8.5 billion in budget authority and outlays, and this apropriation bill is thus $0.2 billion in budget authority and outlays below the amounts allocated to the subcommittee.

H.R. 14261 is $0.3 billion in budget authority and outlays above the President's request for these programs. The difference between the President's budget and this bill is principally due to the addition of $307 million in budget authority and outlays for the Postal Service to carry out the provisions of the Postal Reorganization Act.

This bill provides new budget authority and outlays in nine functions of the budget. I ask unanimous consent to insert in the RECORD a table showing the distribution of budget authority and outlays in this bill by function.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

H.R. 14261, THE TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATION BILL

($ millions) Budget	Senate Reported Bill	
Function:	Authority	Outlays
050—National defense	96	54
400—Commerce and transportation	1,771	1,770
500—Education, training, employment, and social services	20	20
550—Health	452	452
600—Income security	—	24
750—Law enforcement and justice	584	534
800—General government	5,374	5,157
850—Revenue sharing and general purpose fiscal assistance	4	4
900—Interest	*	*
Total	8,301	8,015

* Less than $500,000.

SOURCE.—Congressional Budget Office.

Mr. MUSKIE. Mr. President, there are two important potential requirements for funding for fiscal year 1977 not covered by this legislation. First is an additional $500 million in budget authority and outlays which would be authorized by legislation which has passed the House and has been reported in the Senate to help cover the Postal Service deficit. Second is $200 million in budget authority and outlays for claims and judgments expected later in the year. The amounts for claims and judgments can clearly be accommodated by the $200 million allocated by the Appropriations Committee to the Treasury, Postal Service, and General Government Subcommittee but not included in this bill. The Postal Service deficit amount is another matter. Funds for such amounts as might be authorized and appropriated to help cover the Postal Service deficit were considered by the Congress when the first concurrent resolution on the budget was adopted. The Senate's version of the budget resolution included $1 billion for that purpose. The House resolution contained nothing. The House conferees on the budget resolution were adamant in their determination that the budget resolution should not reflect a hypothetical amount attributed to legislation which, they argued, might not be enacted to cover the Postal Service deficit. The decision of the conference was to delete, without prejudice to their inclusion in the second budget resolution, any amounts for the Postal Service deficit. Instead, the conference left to subsequent congressional action the determination of how much, if anything, should be appropriated for that deficit this year.

The Post Office and Civil Service Committee has reported legislation, H.R. 8603, which would authorize the appropriation of $500 million for the Postal Service deficit for fiscal year 1977. If this authorization is enacted, and the amounts are subsequently appropriated, the second resolution will need to reflect that reality, the possibility of which was recognized but not provided for in the first concurrent resolution on the budget.

The Post Office and Civil Service Committee has reported legislation, H.R. 8603, which would authorize the appropriation of $500 million for the postal service deficit for fiscal year 1977. If this authorization is enacted, and the amounts are subsequently appropriated, the second resolution will need to reflect that reality, the possibility of which was recognized but not provided for in the first concurrent resolution on the budget.

Mr. MONTOYA. Mr. President, I am prepared to yield back the remainder of my time and go to third reading.

Mr. BELLMON. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Hawaii (Mr. INOUYE), the Senator from Arkansas (Mr. MCCLELLAN) and the Senator from Michigan (Mr. HART) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON), is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Maryland (Mr. MATHIAS) and the Senator from Pennsylvania (Mr. SCHWEIKER) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY), is absent due to illness.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER), would vote "nay."

The result was announced—yeas 82, nays 10, as follows:

[Rollcall Vote No. 327 Leg.]

YEAS—82

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Brooke
Bumpers
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Eastland
Fong
Ford
Garn
Glenn
Gravel
Griffin
Hansen
Hart, Gary
Hartke
Haskell
Hatfield
Hathaway
Hollings
Hruska
Huddleston
Humphrey
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Randolph
Ribicoff
Scott, Hugh
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Taft
Talmadge
Tunney
Weicker
Williams
Young

NAYS—10

Brock
Byrd, Harry F., Jr.
Fannin
Helms
McClure
Proxmire
Roth
Scott, William L.
Thurmond
Tower

NOT VOTING—8

Buckley
Goldwater
Hart, Philip A.
Inouye
Mathias
McClellan
Schweiker
Symington

So the bill (H.R. 14261), as amended, was passed.

Mr. MONTOYA. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MANSFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MONTOYA. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make any necessary technical and clerical corrections in the engrossment of the Senate amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MONTOYA. Mr. President, I move that the Senate insist upon its amendments, request a conference with the House of Representatives later on, and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to; and the Chair appointed Mr. MONTOYA, Mr. BAYH, Mr. EAGLETON, Mr. MCCLELLAN, Mr. MCGEE, Mr. BELLMON, Mr. HATFIELD, Mr. Young, and Mr. Stevens conferees on the part of the Senate.

ORDER FOR RECESS FROM 12 NOON TO 1:30 P.M. TODAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate stand in recess from 12 noon to 1:30 p.m. today, for a special purpose.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS, 1977

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of H.R. 14239, which will be stated by title.

The assistant legislative clerk read as follows:

> A bill (H.R. 14239) making appropriations for the Departments of State, Justice, and Commerce, the judiciary, and related agencies for the fiscal year ending September 30, 1977, and for other purposes.

The Senate proceeded to consider the bill, which had been reported by the Committee on Appropriations with amendments.

The PRESIDING OFFICER. Time for debate is limited to 1 hour, to be equally divided between and controlled by the Senator from Rhode Island (Mr. Pastore) and the Senator from Nebraska (Mr. Hruska), with 30 minutes on any amendment and with 20 minutes on any debatable motion, appeal, or point of order.

Mr. PASTORE. Mr. President, I ask for the yeas and nays on final passage.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. PASTORE. Mr. President, H.R. 14239, the State, Justice, Commerce, the judiciary and related agencies appropriation bill, as reported to the Senate, contains recommendations totaling $6,878,691,453 in new budget authority. This recommendation is $389,041,453 over the appropriation for last year; $337,563,453 over the House allowance; and $565,821,000 over the budget estimates. The bill, as reported, is $121 million below the committee allocation to our subcommittee for the first concurrent resolution for 1977.

The increase of $565 million over the budget request consists of the following eight major changes.

First, the Senate committee identified about $60 million worth of House reductions below the budget request. The committee is recommending that the Senate accept these reductions.

Second, the House added $150 million over the budget for the Small Business Administration. A survey of the SBA regional offices indicated that there are a sufficient number of quality loan applications from small businessmen to justify the higher amount. Consequently, the committee is recommending that the Senate concur in that increase.

Third, the House added $27 million to restore the proposed reduction in the FBI budget, and the committee agrees with that.

Fourth, the House added $12 million to the budget of the Immigration and Naturalization Service. This would restore the proposed reduction in the budget and add 400 additional positions to deal with the illegal alien problem. Many of these aliens take jobs from our citizens. The committee agrees with the House on this item.

Fifth, the House partially restored the LEAA program to last year's level of $810 million. The budget proposed a cutback to $708 million. The House added $30 million for a total of $738 million. The Senate committee recommendation adds an additional $72 million to fully restore the program to last year's level, while providing increased emphasis on the new and innovative programs authorized by the Juvenile Justice and Delinquency Prevention Act.

Sixth, the House partially restored the EDA program to last year's level of $360 million. The budget proposed a cutback to $223 million. The House added $77 million to get the program up to $300 million. In the Senate, we are recommending $453.5 million, which is the same amount that was passed by the Senate in last year's bill. This brings the Senate recommendation $230 million above the budget estimate which had proposed such a drastic reduction—and for the life of me, I cannot understand why.

Mr. President, nearly 11 years ago, Congress passed the Public Works and Economic Development Act. The purpose was to assist regions, counties, and communities suffering from substantial and persistent unemployment which have lagged behind the rest of the Nation.

That mission has not changed. Regions, counties, and communities in America continue to experience distress. The programs funded by this act have helped many areas achieve lasting improvements. But over the years, other areas have slipped from the security of America's economic mainstream. Many of our cities, for example, have in recent years become distressed and need the long-term rehabilitation of an economic development program. Thus, while gains have been made in some places, employment and low income have begun to undermine the economic stability of other areas such as Rhode Island, which has been adversely affected by the departure of the destroyer fleet and the removal of 85 percent, in toto, of our naval installations in the State of Rhode Island, which constitutes one-half of the entire installations throughout the entire country, with less than 1 percent of the entire population of the country.

The administration recognizes the need for this program. On the one hand, the President's own bill would extend the authorization for 3 more years at an annual authorization level of $845 million. Despite this expression of support, the budget request was reduced by 40 percent below last year—to the lowest level in years. The committee disagrees with this cutback and has added the additional funds which will provide increased job opportunities while constructing facilities of lasting value to the community.

Seventh, the committee is recommending much the same treatment for the Regional Action Planning Commissions authorized by title V of the EDA Act. Last year, Congress appropriated $64 million. For fiscal year 1977, the budget request is only $42 million, a 33-percent cut. The committee is recommending an increase of $42 million for a total of $84 million, which is the same amount included in the Senate passed bill last year.

Eighth, the committee has included $22 million over the budget for the programs of the National Oceanic and Atmospheric Administration, including increased funding for the sea grant program, and NOAA's responsibilities under the 200-mile limit legislation.

In closing, Mr. President, I want to thank my distinguished colleague and counterpart, the Senator from Nebraska (Mr. Hruska), the ranking Republican on the subcommittee, for his cooperation and support, especially in the area of the programs under the Justice Department.

Because of Senator Hruska's long experience on the Judiciary Committee, he is especially helpful to our appropriation subcommittee in our deliberations on the programs of the Justice Department. Our subcommittee will miss his wise counsel when he retires next year. I will miss his friendship. Surely, he will be missed by those at the Justice Department who have benefitted from his very effective advocacy in support of a proper level of funding for priority Justice Department programs.

I am very happy now to yield to my colleague (Mr. Hruska) and to say at this juncture that, for him and for me, this will be the last year that we will be presenting this budget to the Senate of the United States, since we are both retiring at the end of the year. I do want to repeat: It has been a great, great, great blessing to me to have known this great man, Mr. Hruska. I appreciate his friendship and I only hope the good Lord spares to him and all his loved ones many, many years of good health and happiness.

Mr. HRUSKA. I thank the chairman of the subcommittee for his kindly thoughts and his mention of the fact that this is our legislative swan song insofar as this bill is the product of the Subcommittee on State, Commerce, Justice, and the Judiciary.

With his leadership, Mr. President, we have worked together for a long time, closely and harmoniously. I want to thank him publicly for his many courtesies and his cordiality. I associate myself generally with the remarks which he has made about the bill.

This legislation now before the Senate is a product of persevering efforts put forth not only by the chairman but also the other members of the subcommittee.

Unfortunately, this bill is considerably above the House bill and a half a billion over the budget estimate. The primary increases in this bill are tied to the Law Enforcement Assistance Administration, the Economic Development Administration, the National Oceanic and Atmospheric Administration, and the Legal Services Corporation.

With respect to LEAA, the committee recommended an appropriation of $890 million which was the same amount as the 1976 appropriation. This is $100 million over the House allowance but I believe it is money well invested. Out of the total appropriation, we will provide $40 million for the law enforcement education program and $100 million for programs authorized by the Juvenile, Justice, and Delinquent Act. Our committee heard overwhelming and convincing testimony to the effect that LEAA and programs funded under it are having a substantial and beneficial impact on all aspects of the criminal justice system. Naturally, in a program as extensive as this, there are bound to be minor and minuscule errors. Nevertheless, when all the evidence was received, not only by our Appropriations Subcommittee but also the House and Senate Judiciary Committees, the strength of the LEAA program was manifest. It should be noted that the committee recommendation does not take into account several new program activities which would be authorized by the Judiciary Committee's reauthorization bill (S. 2212), such as the funding of State judicial planning committees, and a grant program for high crime areas. Moreover, the part E funding is probably not sufficient to meet the increasing demands for correctional modernization at the State and local levels.

With regard to the Economic Development Administration, the committee recommended an appropriation of $453 million which is an increase of $93 million over the 1976 appropriation, and $230 million over the budget estimate. Very candidly, I believe that these appropriations are swollen and should be substantially reduced. Since March 1975, employment has increased by 3.3 million. As a matter of fact, from December 31, 1975, until May 31, 1976, employment has increased by 2.3 million. The real gross national product has increased by over 7 percent from the first quarter of 1975 to the first quarter of 1976. These are encouraging economic indicators and I believe most observers agree that our economic horizon is bright. My basic argument against these swollen EDA appropriations is that less than 10 percent of the funds in this bill will be spent in the year for which they are appropriated. As a matter of fact, the "spend out" normally extends over a 5-year period. Therefore, while this appropriation increasing the EDA budget request by over a quarter of a billion dollars will pass the Senate today, the real effect will only be a payout of some $25 million in 1977. The majority of the funds will not be spent until after 1977 when the economy will be in dramatically less need of more economic stimulus.

We have provided the Legal Services Corporation with $130 million, which should be sufficient to provide economical and effective legal service to individuals who would not otherwise be able to afford adequate legal counsel. The committee expects the Corporation to extend its legal services to areas of the country where the poor are now without legal assistance.

Section 208 of the bill causes me concern, Mr. President. By statute, the Department of Justice was given the lead agency role in the management and operation of the U.S. terminal of Interpol. That is the International Police Organization.

About 18 years ago former Attorney General Rogers designated the Department of the Treasury to represent the United States in Interpol. The statute vests in the Department of Justice, however, the responsibility for it, for its delegation or for its retention.

Recently the Department of Justice decided to take back Interpol operations and withdraw Treasury's operations of the National Central Bureau. At some future date Congress should determine which Department should most properly assume operational functions for the U.S. participation in Interpol.

Meanwhile, the committee has been assured by the Department of the Treasury that active participation of all Justice Department agencies in the operational function of Interpol will be enthusiastically encouraged and continued.

As the basic statute now reads, Mr. President, that authority and that responsibility does rest in the Department of Justice. The Department of Justice has indicated they intend to reclaim and restructure the administration of our representation in Interpol.

In section 208——

Mr. STONE. Mr. President, will the Senator yield at that point?

Mr. HRUSKA. I would be happy to yield.

Mr. STONE. Does the Department of Justice plan to analyze not only American representation in our own structuring about Interpol, but also the questions that have been raised about information about private American citizens being sent to Communist countries and other countries through Interpol?

Mr. HRUSKA. Interpol is not a law enforcement agency. It is an information-collection agency and it arranges for the communication of various types of selected information within one country to be transmitted to the other member countries of the organization upon request.

Mr. STONE. That is precisely the point the Senator from Florida is raising. The question has been raised about information on American citizens being sent to the Interpol headquarters and arriving in countries behind the Iron Curtain which conceivably could be used for intelligence purposes by our adversaries.

The Senator from Florida is simply asking whether the Department of Justice is going to be looking into that as well as what the Senator has already stated, as well as the American management of our own participation.

Mr. HRUSKA. Of course, those points have already been covered in the hearings that were conducted on this subject before the Committee on Appropriations.

I do not quite get your other point.

Mr. STONE. The Senator from Florida is not a member of the Appropriations Committee and he wished to know whether the committee has any judgment, recommendation or opinion on that question which has been raised.

Mr. HRUSKA. Is the point of the Senator's objection that there has been a leak of information, an improper use of information, or that there is apt to be?

Mr. STONE. There have been assertions that there are. There have been assertions that the information that is sent, that is exchanged with Interpol's headquarters, often and in a routine fashion reaches the Iron Curtain countries, some of whom are members of Interpol.

Mr. HRUSKA. If it is in the nature of criminal history, if it is in the nature of documents that relate to the substance that is covered by the compact which results in Interpol, what harm is there in it, what damage is there in it?

Mr. STONE. What damage is there in it? The assertion has been made and raised, and again the Senator from Florida does not have a determination on whether these charges have been borne out, but obviously if information on criminal or alleged criminal activities within the United States of citizens here reached an adversary Communist nation, it could be used for intelligence purposes, having very little if anything to do with criminal activity behind those Iron Curtain countries.

Mr. HRUSKA. There have been charges to that effect. As far as I know, the hearings that we have had do not indicate the charges are substantiated, and if they should be, it would be in violation, and they would be carefully monitored and prevented. But as far as the hearings are concerned, I do not recall that any of those charges you mention have been substantiated in the hearings that were held.

Mr. STONE. The Senator from Florida thanks the Senator from Nebraska.

Mr. HRUSKA. Mr. President, there are two changes that have occurred in this field in the past 18 years. One change is this: The Director of the FBI, who did not care to participate in Interpol operations and activities and who brought about the assignment to the Treasury Department, is no longer there. J. Edgar Hoover is no longer Director of the FBI.

The present Director is kindly disposed to streamline and restructure the functions to a point where the assignment should remain in the Department of Justice rather than being maintained in the Department of Treasury.

The second major change that has occurred is this: that 18 years ago the illegal drug and illicit drug traffic and the enforcement of laws against the same had been in the Treasury Department. That is no longer true. Now there was a transfer some years ago, some 3 or 4 years ago, of those drug functions into the Drug Enforcement Administration which is in the Department of Justice.

Between the Drug Enforcement Administration figures, and the figures in the Immigration and Naturalization Service, we find the greatest bulk and volume of activities and items of activity in the Interpol jurisdiction being carried out by the Department of Justice. It is submitted, and it is the contention of the Department of Justice, that by reason of that fact and the surrounding circumstances there should be that transfer.

Now, fortunately, it was agreed that the nonallowance of funds to implement any of these transfers will be limited to this bill, Mr. President, and, I take it, that in the ensuing months and before the next major appropriation bill is taken up there will be an inquiry into this, inviting witnesses from the Treasury Department and the Department of Justice to assert their respective plans for that purpose.

Then, if Congress decides that the substantive law should be changed so as to transfer the present authority and responsibility for Interpol from the Department of Justice to some other department that would be fine. But, it seems to me, except as a temporary expedient, section 208 is not well-advised. I shall not make a point of it now, because it would be idle to do so, and that can be taken care of in due time.

Mr. President, I am pleased to report to the Senate that this bill contains $2 million to provide for a new travel document and issuance system for the U.S. Passport Office. The American traveling public will shortly be receiving and enjoying more efficient and convenient passport service. With more of our citizens traveling abroad, I am sure that all will welcome this new TDIS operation.

I am also pleased to report to the Senate that this bill contains an appropriation of $40 million as the United States' share of the cost of the United Nations peacekeeping forces in the Middle East. All of us are aware of the recent problems in the Sinai. Today, however, with funds supplied in part in the State-Justice bill passed last year, we have the U.N. Emergency Force in place. The Egyptian and Israeli armies are separated and peace has come to an area that has known only war over the past decades. This is a small amount compared to what we would have had to appropriate if the conflict between Israel and Egypt had continued. It is refreshing to report to my colleagues that this appropriation is largely responsible for tanks and artillery shells in the Sinai being replaced by bulldozers and construction equipment and the machinery of peace and progress.

When I look at the broad area of Government overregulation, at Government agency excess, at Government disregard for costs and benefits, two programs stand out. Both programs emanate from the Federal Trade Commission. Both programs owe their existence not to their merits but to backdoor circumventions of due process and the intent of Congress.

The two FTC programs—the corporate patterns program—and the line-of-business program are being contested in the courts by some 380 U.S. corporations on grounds that the FTC is circumventing Congress' amendment of the Census Act of 1962. This amendment provided statutory immunity and confidential status for information submitted by American business to the Census Bureau.

The Bureau, as we all know, is held in high regard as an agency of integrity devoted to the collection of data on the U.S. economy. The Bureau's success in collecting this data is due to the voluntary cooperation it has earned from the business community.

Now this voluntary compliance is being jeopardized by FTC efforts to pluck the very same data from company file copies of confidential census data. It is as if the FBI decided—for some no doubt noble reason—it wanted the confidential income tax returns of all Members of Congress, the executive branch, and even of every citizen. Following this FTC precedent, all the FBI would have to do is set up an identical IRS form, get it approved by the Government Accounting Office, and send it out. Needless to say there would be mighty objection on civil libertarian and privacy grounds, and also on the transparent circumvention of the intent of Congress.

As a matter of fact, the Office of Management and Budget and the Census Bureau have objected to the FTC corporate patterns program. They predict that FTC's planned public disclosure of individual company census data will result in the reluctance to continue the historical cooperation and confidence that has existed between the business community and the Census Bureau.

I have been in contact with the Department of Commerce on this matter and ask unanimous consent that a letter to me from John Thomas Smith, Acting Secretary of Commerce, be printed at this point in the Record. As my colleagues will note, Mr. Smith is of the opinion that the Census Bureau should more properly administer the line-of-business and corporate patterns report. I also ask unanimous consent that the questions I directed to Vincent B. Barabba, Director of the Bureau of the Census, be printed at this point in the Record. These questions and answers corroborate the fact that the LOB and CB programs should be transferred to the Bureau of the Census. Finally, Mr. President, I ask unanimous consent that a copy of my letter to James T. Lynn, Director, Office of Management and Budget, be printed in the Record at this point. OMB is in a unique position to mediate an end to this unfortunate imbroglio.

There being no objection, the letters were ordered ot be printed in the Record, as follows:

The Secretary of Commerce,
Washington, D.C., June 2, 1976.
Hon. Roman L. Hruska,
U.S. Senate,
Washington, D.C.

Dear Senator Hruska: I have read with interest the testimony on April 27 by members of the Federal Trade Commission before the Subcommittee of the Committee on Appropriations and the specific questions that you directed to Mr. Barabba, Director of the Bureau of the Census, to answer relating to the Federal Trade Commission's Corporate Patterns Report and the Line of Business Surveys. I believe you have now received Mr. Barabba's answers to your questions.

Consideration of this matter leads me to call to your attention the extent to which the FTC statistical program may be duplicative of information now being compiled and published by the Bureau of the Census. This is particularly true of the data for the Corporate Patterns Report.

As the Federal Government's primary general purpose statistical agency, Census is uniquely qualified to assume responsibility for surveys such as these and meet the needs of all data users. Census now has a large, well-rounded statistical program in the economic areas, compiling data on both an establishment and company basis. The inclusion of these additional surveys would complement the data already being produced by Census and enhance the usefulness and accuracy of both the financial and operational data, since both sets of data would be obtained from a single framework and thus be fully comparable. This, for example, would be extremely useful in improving the inventory data included in the gross national products accounts.

The Bureau is, and is perceived as, a general purpose statistical agency not identified with specific programs or policy orientation. Because of the Bureau's position it is able to concentrate all of its resources and energies to the collection and compilation of statistical data in an independent, objective, unbiased manner. It has an extremely competent group of survey and mathematical statisticians which provides the flexibility and expertise necessary for the conduct of such operations and for the continual improvement of statistical methodology.

Because of the recent installation of the Standard Statistical Establishment List (formerly referred to as the Industrial Directory), the Census Bureau has the only continuous, complete, and annually updated list of all business firms and their constituent establishments (locations).

The Bureau of the Census was selected as the single Federal statistical agency to set up and maintain this business list by the Office of Management and Budget, because of its responsibilities for economic censuses and surveys, its capabilities to amass and control such large-scale files, its expertise in selecting samples and in survey work, and its legal access to pertinent administrative records located elsewhere in the Federal Government.

Known as the SSEL and designed to provide the master frame for economic censuses and surveys, this file gives the Bureau a unique ability to assure completeness and accuracy in its survey work, to select the most efficient samples and to produce data fully comparable with censuses and correctly classified according to the Federal Government's Standard Industrial Classification System. No other agency possesses all these attributes for business surveys.

The scale of statistical operations at the Census Bureau is large and the Bureau, therefore, maintains a very sizable online computer capacity. Its data collection capabilities are unmatched, as is its reputation for response, timing, and accuracy.

Moreover, the confidentiality provisions of title 13, under which the Census Bureau operates, have proven to be an invaluable asset in the conduct of statistical surveys. The business community has recognized the independent nature of the Census Bureau and has great trust in its demonstrated ability to maintain the confidentiality of data reported under all circumstances. Court decisions including the recent IBM case have reinforced this trust. In some instances, in order to obtain valid statistical series, companies must supply estimates for items which are not regularly maintained in their records. A good example is the valuation of interplant transfers which are not normally maintained in financial accounting records of companies. Nevertheless, companies are willing to estimate these values for Census since they know that the information will be used only in statistical series, and that the individual figures will not be used for purposes of regulation or investigation or disclosed in any manner. I feel sure that many companies are reluctant to report such figures to a regulatory agency. While title 13 of the Census law does prohibit the release of individual company data, Census is willing and able to provide special tabulations and should meet virtually all of the statistical needs of the Federal Trade Commission.

One of the benefits of greater involvement of the Census Bureau in the existing FTC statistical program would be the additional analyses that could be performed with data collected from the Line of Business Survey and economic programs now conducted by Census. Although Census does not have mandatory authority to collect data quarterly, the surveys would be conducted by Census on a voluntary basis with a mandatory anaual report used wherever necessary. The close cooperation that has existed over the years between Census and industry has permitted their successful conduct of many key economic surveys on a voluntary basis. In-depth studies resulting from cross-tabulation and statistical regressions utilizing information collected in the Census Bureau's Annual Survey of Manufactures, the 5-year economic censuses, and other current surveys could enhance the analytical efforts of the Federal Trade Commission.

As you know, the President has asked that every effort be made to reduce the number of public use forms and the resulting response burden being imposed on American industry. As I have indicated, the FTC Corporate Patterns Report is duplicative of the information already being collected by the Census Bureau in its economic censuses and Annual Survey of Manufactures reports. The Department of Commerce strongly objected to this survey, pointing out the serious negative impact it could have on the Federal statistical system.

If there is additional information that you would be interested in, please let me know.

Sincerely,

John Thomas Smith II,
Acting Secretary of Commerce.

Office of the Director,
Washington, D.C., May 4, 1976.

Hon. John O. Pastore,
Chairman, Subcommittee of the Committee on Appropriations, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: The attached pages contain responses to questions directed to me in the hearings of April 27, 1976, on the appropriations for the Federal Trade Commission. I shall be pleased to furnish any additional information that you may require.

Sincerely,

Vincent P. Barabba,
Director, Bureau of the Census.

Attachment.

Question 1: Could you describe the type of information which the Bureau of the Census collects which is the same data as the FTC is now attempting to collect?

Answer: Information on company organization and affiliation collected annually as part of our Company Organization Survey is similar to that requested from Questions 1–4 on company structure and Question 8 on mergers and acquisitions of the CPR form. Value of shipments from domestic manufacturing establishments by product class, Question 5 of the CPR form, aggregates at the company level information identical to that requested by establishments in the Annual Survey of Manufactures. Domestic nonmanufacturing activity as requested by CPR Question 6 is available from our 5-year Economic Census program. Information for net sales and total assets, Question 7 of the CPR form, is collected for the total domestic activity of the company as part of the 5-year Economic Censuses and for manufacturing activity in the Annual Survey of Manufactures.

Question 2: Do companies generally maintain such data in the ordinary course of their businesses or do they specially prepare it for Census?

Answer: This varies by company. When the company has integrated operations, the establishment information may be prepared from information that is not always available in the company files, and therefore, the information is prepared especially for Census purposes. In the absence of book values, it is indicated to the company that carefully prepared estimates are acceptable for the statistical purposes of the survey.

Question 3: Why is it that Census data are not normally available right out of reporting companies' main accounting records?

Answer: Each company has its own accounting system. More complex, diversified companies maintain different types of records at different levels of management control. Since Census basically seeks operating levels (establishment data), many companies have to go to divisional or other records in order to obtain information that can be used to estimate the establishment data. This is particularly the case when shipments occur between plants of the same company for further fabrication.

Question 4: When faced with the FTC's identical request for Census data, would you expect companies especially to compile the data all over again or simply to use their file copies of Census reports and report that data to the FTC?

Answer: Since this is a report that is prepared for a regulatory agency and not for statistical purposes, many companies may want to reexamine the basis for some of their estimates to see if these estimates are satisfactory for regulatory inquiries.

Question 5: Are you aware of the FTC's letter of February 13, 1976 to respondents to the Corporate Patterns Program advising that they may comply with the program's request for 1972 value of shipments data by copying the data for 1972 which were preprinted for the respondents by the Census Bureau on the forms sent out under its 1973 Annual Survey of Manufactures?

Answer: I was not, but I have now obtained a copy of the letter (copy attached). We are very concerned on learning of this direct reference to the Annual Survey of Manufactures. The many years spent in developing the relationship which exists between Census and the private sector is in our opinion threatened by action of this type. The rationale for our position on this has been made very clear to FTC over the years.

Question 6: In your testimony last year, you also stated that "Census is in a position to provide every special tabulation that FTC can expect to make from the Corporate Patterns results with one exception—we will not prepare any special tabulations which will disclose the operations of individual companies." Is that not correct?

Answer: Yes, it is, sir. We will be glad to discuss with FTC at any time the cost associated with developing special tabulations of data reported on Census forms.

Question 7: Are we to understand from this that FTC plans disclosure of that very same Census data which was specially compiled from the Bureau of the Census and which the Census Act unequivocally provides may never be disclosed by Census?

Answer: On July 29, 1975, in a statement released by FTC, it stated, "The Commission will not publish earlier than January 1, 1978 any individual company data submitted pursuant to CPR–1972." I note, however, that in recent testimony before your Committee (April 28, 1976) Mr. Scherer indicated that the Commission has not reached a final judgment on the question of disclosing data after the passage of 5 years. Individual company information collected as part of the 1950 CPR program has been released. When the 1972 FTC data are released, they will duplicate information that had been previously collected by the Bureau of the Census.

Question 8: What effect will this FTC program of disclosure of confidential Census data have on the accuracy of responses to the Census Bureau's information programs, and on the Bureau's ability to continue to obtain the cooperation of respondents which it counts on and which it has received in the past?

Answer: Its effect, Mr. Chairman, is expected to be serious. Companies may be unwilling to provide data on an estimated basis or may refuse to submit such estimates when they anticipate that the same information will be requested by a regulatory agency and that the data will be made publicly available. Information if furnished may therefore be subject to additional validation by the company prior to submittal which would seriously impact on the timeliness associated with our statistical programs.

Question 9: Could you identify some of the uses to which the various agencies of the Federal Government put the data you publish in aggregate form relating to value of shipments, employment, production costs, and the like? etc. How is it used by the Bureau of Economic Analysis in relation to GNP computations, and so on?

Answer: The Census of Manufactures is the major benchmark publication used by a number of Government agencies in validating their statistical programs. The information regarding product shipments and materials consumed by industry are important elements in the periodic updating of the input-output tables. These tables are then used to revise the estimates of Gross National Product. The Census data are also used in establishing benchmark levels for the Federal Reserve Board's Index of Industrial Production and in determining value added and value of shipments weights to be used in the regular monthly publication of that index.

The Census of Manufactures data, particularly the shipments and value added data, are also used by the Bureau of Labor Statistics in setting their Wholesale Price Index weights and in the development of special-purpose industry indexes. BLS also uses the Census data for productivity and other special studies. The Bureau of Mines uses much of the materials consumed data as benchmarks for their more frequent monthly and annual surveys.

In addition to these regular uses by the statistical system, the detailed Census of Manufactures data are widely used by other Government agencies such as the Council of Economic Advisors, Bureau of Domestic Commerce, the Federal Energy Administration, and Treasury in analytic studies of specific industries, products, materials, or fuels consumed. The Federal Trade Commission and the Justice Department use the Measures of Concentration (share of each industry and product class accounted for by the 4, 8, 20 and 50 largest companies) in connection with their investigations under the antitrust laws.

In recent years added emphasis has been given to the shipments of commodity data due to the increase in import activity and the need to have greater currency in our industrial performance at the domestic level. The Trade Act of 1974 seeks statistical comparability of domestic production with data from imports and exports.

The Census Bureau also publishes a wide range of other data from the quinquennial Economic Censuses program and from the large number of monthly, quarterly and annual surveys conducted by the Bureau. These are also widely used by many Government agencies in evaluating current business conditions and in forecasting future trends.

Question 10: Are you saying that the FTC's Corporate Patterns Program could undermine the continued reliability of our GNP forecasts and of other economic indexes and research which are employed for economic decision-making purposes by the President and Congress?

Answer: Yes, I am, Mr. Chairman. We are now involved in finalizing our plans for the 1977 Census of Manufactures. The extent to which the Corporate Patterns Survey erodes the close relationship between Census and industry could seriously threaten this basic benchmark program. The Bureau of the Census is also dependent on the voluntary cooperation of American industry in the conduct of numerous current surveys that are important economic indicators including such surveys as the important monthly Manufacturers' Shipments, Inventories, and Orders Survey, the weekly and monthly Retail Sales Surveys, and the numerous monthly and quarterly Current Industrial Reports. As a result of FTC's regulatory programs and the resulting reporting burden, we anticipate an erosion of cooperation to many of our important statistical programs that are collected on a voluntary basis. This is borne out by our recent experience when we called 12 very large manufacturing companies that had discontinued reporting in the monthly manufactures survey mentioned above. More than half of the companies cited the Government's expanded mandatory reporting in the Census survey.

Question 11: Please describe how the Census Bureau could satisfy each and every FTC need for special statistical tabulations of Census data?

Answer: The kinds of special tabulations that could be developed for FTC are not limited to value of shipments and merger and acquisition data for the largest 1,200 companies every 5 years. Rather the Bureau's many economic surveys provide a more extensive data base that can provide results with a high degree of reliability. For example, the Bureau's Annual Survey of Manufactures can provide concentration tabulations similar to those published at 5-year intervals as part of the Census of Manufactures. The Bureau's technical staff is frequently called on to develop analytical ratios of industrial activity and for calculation of regression or cross-tabulation of selected data on a reimbursable basis. In fact, all that is necessary is for the FTC to specify its requirements and a cost and time estimate will be provided. Although it is not certain that we could provide every FTC need for special tabulations because of the need for preventing the disclosure of individual company data, every effort will be made to maximize the amount of data that can be provided. Of course, the tabulations would be limited to the data included on the Census report forms.

Question 12: Isn't it true that the FTC's Corporate Patterns Program is a quinquennial program, and that, since the Census Bureau conducts a survey annually, Census could provide FTC with special tabulations every year, thus greatly increasing the amount of such data FTC would receive?

Answer: Although it is my understanding no final determination has been made by the FTC Commissioners on the frequency of the survey, consideration is being given to conducting the CPR on a 5-year basis. We have indicated we could supply special tabulations on a reimbursable basis to FTC, and annually if so requested.

Question 13: What actions have you taken to oppose the FTC's "subterfuge" of the Census law?

Answer: At a meeting held on February 21, 1975, at OMB with representatives of the General Accounting Office and FTC, we were joined by the Bureau of Economic Analysis in opposing the survey. On February 28, 1975, I sent a letter to Elmer B. Staats, Comptroller General of the United States, citing our opposition to the proposed survey. We had been supported in our opposition to the survey by a letter of March 9, 1975 from Dr. Joseph Duncan, Deputy Associate Director for Statistical Policy of the Office of Management and Budget to Mr. Monte Canfield, Director of the Office of Special Programs of the General Accounting Office. Former Secretary of Commerce Rogers C. B. Morton sent letters on September 26 to Chairman David N. Henderson of the House Committee on Post Office and Civil Service and to Chairman Gale W. McGee of the Senate Committee on Post Office and Civil Service. These letters identify the compromise of Census confidentiality resulting from the proposed survey. I believe that we have done everything short of legal action in opposing the FTC.

Mr. Chairman, I would like to add that we at Census do not question the right of FTC to seek information that is needed to carry out its identified responsibilities. We do question the need for FTC to engage in a broad statistical survey of the size and scope that so closely replicates information already collected by another government agency.

Question 14: Are you familiar with the FTC's Line of Business Report Program and, in particular, with FTC Form LB? (Exhibit 9)

Answer: Yes, I am. Census participated in a hearing called by GAO on April 19, 1974 to review the proposed Line of Business Survey.

Question 15: Are you aware that under the LB Program, in Schedule II of Form LB, it is proposed to require corporations to report annually to the FTC the shipments data by 5-digit Census Bureau product codes which such corporations specially compile solely for purposes of reporting to the Census Bureau?

Answer: Yes, I am, Mr. Chairman, and although we have not officially opposed the FTC's Line of Business Survey, I feel it possible for Census to develop comparable estimates more efficiently. In fact, at the hearings at GAO on April 19, 1974, proposals were made by representatives of the private sector that the survey would be more acceptable to industry if conducted by Census.

Question 16: Are you aware that the FTC has issued "Question and Answer" sheets (Exhibit 10) which advise companies that, for purposes of responding to various questions in Form LB, including Schedule II, line 3, and Schedule III(c), lines 32, 35, 36 and 37, they might utilize the data reported to the Census Bureau on census forms? Indeed, does not the FTC in these Question and Answer sheets urge respondents to write to the Bureau of the Census to obtain copies of Census forms and instructions which the FTC states "should be followed" in complying with Form LB?

Answer: Yes, I have recently seen the copies of the Question and Answer sheets which refer companies to Census forms and that urge respondents to write to the Bureau to obtain copies of forms and instructions. We object to this identity to Census programs by FTC. The Bureau does not desire to have its statistical reporting relationship with industry, which is confidential under the law, referred to in any way by FTC. To do so could impair, to an unpredictable degree, the effectiveness of our statistical program at Census.

Question 17: Has the Bureau of the Census ever discussed with the FTC the problem of FTC "Piggy-backing" on Census forms and definitions? If so, please state the substance of such discussion.

Answer: Yes, Mr. Chairman, we have. In the early stages of the development of the 1950 CPR Survey, we had objected to the specific reference by FTC to the Census statistical reporting relationship with industry. We proposed in a letter of May 10, 1951 to Mr. Walter Ryan of the Bureau of the Budget, which was the agency responsible at that time for the clearance of the CPR, some specific recommendations in the treatment of definitions and concepts. The CPR form and instructions were subsequently modified by FTC to delete most of the references to Census programs. At all meetings held with FTC, we have reiterated our interests in avoiding specific reference to Bureau of the Census surveys. The proposed report form and instructions for completing the 1967 CPR and the copy we subsequently received for the 1972 Survey did not carry any specific reference to Census surveys. We were not consulted regarding the preparation of the Questions and Answers associated with the 1974 LB Survey which was just recently called to our attention. We strongly object to references of this type.

Question 18: Do you see any reason why the Bureau of the Census could not conduct a line of business reporting program as an annual survey, which would be covered by the special individual company data confidentiality protections set forth in the Census Act?

Answer: No, I do not, Mr. Chairman. To be successful, this would have to be conducted on a mandatory basis under Title 13.

Question 19: And you could publish aggregates of individual company LB data, and could provide FTC with any and all special statistical tabulations it may want of aggregate data?

Answer: Yes, Mr. Chairman, to the extent that special tabulations would not directly or indirectly disclose operations of an individual company.

Question 20: Is it your view that it could be economical and in the public interest to consolidate the LB and CPR statistical programs with the Census Bureau's statistical surveys with which they substantially overlap?

Answer: Yes, I do. Not only would it avoid redundancies at the Federal level with resulting savings in public funds, but it woud substantially reduce the response burden imposed on the many companies selected for reporting in these surveys and where such response burden is currently of concern to both the public and private sectors. Given appropriate funding, the Bureau of the Census could conduct this program.

FEDERAL TRADE COMMISSION,
Washington, D.C., February 13, 1976.

Re: CPR–1972 Survey.

To Whom This May Concern:

On December 19, 1975, the Commission denied various motions to quash orders requiring companies to file Corporate Patterns Report forms, for the reasons set forth in a Statement of the Commission dated December 19, 1975. Some confusion appears to have developed concerning footnote 12 of that Statement (p. 13), which reads as follows:

"[12] While the Commission believes that it would not be unduly burdensome for the companies to complete the CPR forms from their records, nevertheless we understand that many companies have found it convenient to rely upon the data appearing on their 1973 Form MA-100. If a company desires to follow this procedure as to essentially eliminate all burden, it may do so."

The 1973 Form MA-100, referred to in the footnote, contains for many companies preprinted 1972 data which, based upon the 1972 data submitted by the companies in the 1972 Census of Manufactures, were recast by the Census Bureau in terms of the revised code classifications adopted by the Census for the year 1973. The footnote was intended to indicate that a company might be in a position, as some have chosen to do, to refer to its 1973 Form MA-100 as a source of data concerning 1972. It was not intended to indicate that a company could respond to a CPR form by using data for 1973.

By direction of the Commission.

Charles A. Tobin,
Secretary.

U.S. Senate,
Committee on Appropriations,
Washington, D.C., June 15, 1976.

Hon. James T. Lynn,
Director, Office of Management and Budget, Executive Office Building, Washington, D.C.

Dear Mr. Lynn: In the course of consideration by this Subcommittee of the budgeted appropriations for the Federal Trade Commission's Line of Business Report Program and the Corporate Patterns Report Program, facts have come to light which lead me to call upon you to consider the growing duplication of effort by the FTC in regard to statistical reporting functions expressly assigned by law to the Bureau of the Census. Specifically, I am writing to ask that consideration be given in next year's budget to appropriating funds to the Census Bureau for these functions in lieu of the FTC.

The enclosed answers by Vincent P. Barabba, Director of the Census Bureau, to questions propounded by the Subcommittee, and John T. Smith, Jr.'s letter of June 2, 1976 on behalf of the Commerce Department, quite clearly lay out the duplication problems raised by the FTC's "LB" and "CPR" Programs. Additionally, as Mr. Smith cogently remarks in his letter, the Census Bureau is, and is generally perceived as being, a neutral and objective data collector with unparalleled expertise in the statistical field. As a result of the unequivocal and absolute protections of confidentiality provided for in its organic act (13 U.S.C. 8, 9), the Census Bureau has over the years developed a relationship of trust and cooperation with all of its constituencies which the Bureau has found essential for purposes of obtaining timely and accurate reporting by respondents.

In contrast, because the FTC is principally a law enforcement agency, its recent attempts to conduct ostensibly objective statistical series, such as LB and CPR, have failed to win respondent cooperation. Inevitably, the question of conflict of interest is raised in respect of the FTC acting as prosecutor on the one hand and "neutral" collector of competitively sensitive business data on the other hand. This is especially the case when the FTC launches statistical programs which collect data similar to that collected by the Census Bureau but whose confidentiality cannot be similarly protected.

It is no secret that hundreds of corporate respondents to the LB and CPR Programs have been involved in litigation with the FTC since January 1975, challenging the legality of these programs as usurpations of Census Bureau's exclusive functions, as unduly burdensome, as an improper exercise of rule-making, and on numerous other grounds. The FTC has been unable to publish any LB data because of the insufficient number of responses pending the outcome of the litigations; on the other hand, the end of these suits is not yet in sight and a favorable outcome for the FTC is far from assured.[1]

To note what appear to me to be the most compelling reasons for considering appropriating funds for the Census Bureau to assume total responsibility for these functions:

The Census Bureau's singular expertise in regard to conducting viable and objective statistical series of maximum utility to all components of the Federal government and to the public;

The potentially serious adverse effects on GNP forecasts and on other vital government indexes dependent on continued timely and accurate reporting to the Census Bureau, resulting from FTC conducting the LB and CPR Programs;

The FTC in the CPR Program is asking questions identical to those which the Census Bureau asks; but while the Census Bureau is expressly prohibited by law from disclosing the data it obtains, the FTC has stated its intention to publicly disclose the same data;

The Census Bureau could provide FTC annually with most any statistical tabulations that FTC needed made up of CPR or LB data;

The FTC says that it is only interested in aggregates of reported individual company LB data; but if it is true that the FTC disavows any intention of scrutinizing or disclosing the sensitive individual company data, there is no apparent basis for having FTC collect and aggregate such data when it lacks the statutory wherewithal to guarantee non-disclosure and when the Census Bureau is capable of collecting such individual company data under statutory assurance of confidentiality.

As Mr. Barabba has advised the Subcommittee, transfer of the LB and CPR functions to the Census Bureau:

"Not only would . . . avoid redundance at the Federal level with resulting savings in public funds, but would substantially reduce burden imposed on the many companies selected for reporting in these surveys and where such response burden is currently of concern to both the public and private sectors."

OMB is in a unique position to mediate an end to this unfortunate imbroglio. It has nearly 35 years of experience in administering the Federal Reports Act, which requires eliminating duplication of information collection efforts among Federal agencies, and the collection of information with a minmum burden. It has been authorized to implement a very recent Presidential directive mandating elimination of duplicative or inappropriate Federal reporting programs, and has recently issued guidelines pursuant to that directive.[2] It is generally knowledgeable with respect to these programs, and it retains the authority over both the Census Bureau and FTC under Section 103 of the Budget and Accounting Procedure Act[3] sufficient to bring about a halt to this wasteful intragovernmental feud.

With kind regards,

Sincerely,

Roman L. Hruska,
U.S. Senator.

Mr. HRUSKA. I ask unanimous consent that a letter from Harold R. Tyler, Jr., Deputy Attorney General, be printed at this point in the Record. That is on the subject of the retransfer, of the reclaiming, of INTERPOL for the Department of Justice.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Office of the Deputy Attorney General,
Washington, D.C., October 24, 1975.

Hon. Stephen S. Gardner,
Deputy Secretary of the Treasury,
U.S. Department of Treasury,
Washington, D.C.

Dear Mr. Gardner: Attorney General Rogers in 1958 found it advisable to designate the Department of the Treasury as the United States representative to the International Criminal Police Organization (INTERPOL). We are very grateful that the Department of the Treasury has carried out these responsibilities in such a professional manner.

However, a number of changes in law enforcement responsibilities, particularly with regard to the important international functions involving immigration and narcotics matters, make it advisable and appropriate for the Department of Justice to reassume its principal responsibility (Title 22, Section 263(a)). We intend, therefore, to withdraw the previous designation and have the Department assume responsibility for the liaison and central operational activities related to INTERPOL.

It is very important for the Department of the Treasury to continue to be an active participant in the United States INTERPOL effort. Those matters that are under your jurisdiction will be referred to and coordinated with the appropriate Treasury organizations. If at any time problems should develop, I trust that you will bring them to my personal attention.

I have designated Assistant Attorney General for Administration Glen E. Pommerening, to work with your staff in effecting a timely and orderly transition of this activity. I expect that the transition can be completed as soon as possible, hopefully by the first of February.

Sincerely,

Harold R. Tyler, Jr.,
Deputy Attorney General.

Mr. HRUSKA. Mr. President, over the years the chairman of the subcommittee and I have enjoyed a fine working relationship and once again I want to thank him for all of his many courtesies and kindnesses during the course of our labor on the State-Justice appropriations bill.

Mr. PASTORE. Mr. President, I ask

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[1] Your agency, for example, has objected strongly to the CPR Program as a circumvention of the Census Act. The Census Bureau and Commerce Department positions, of course, speak for themselves; and in the only ruling on the merits rendered in these cases to date, the court held that in all probability the FTC acted unlawfully in not following the rule-making procedures of the Administrative Procedure Act in adopting the LB Program.

[2] Letter dated March 1, 1976 from the President of Heads of Departments and Agencies; letter dated March 2, 1976 from James T. Lynn to Heads of Deaprtments and Agencies enclosing guidelines for more effective implementation of the Federal Reports Act.

[3] "The President, through the Director of the Office of Management and Budget, is authorized and directed to develop programs and to issue regulations and orders for the improved gathering, compiling, analyzing, publishing, and disseminating of statistical information for any purpose by the varous agencies in the executive branch of the Government. Such regulations and orders shall be adhered to by such agencies." (31 U.S.C. 18b).

unanimous consent that the committee amendments be considered and agreed to en bloc, and that the bill, as thus amended, be regarded for purposes of amendment as original text; provided, that no point of order shall be considered to have been waived by reason of agreement to this order.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendments agreed to en bloc are as follows:

On page 3, in line 11, strike out "$537,800,000" and insert "$539,800,000".

On page 5, in line 23, strike out "$274,000,000" and insert "$277,545,453".

On page 15, in line 2, after the period, insert: "In additon to funds provided under this Act, unobligated balances from the amount appropriated for the Watergate Special Prosecution Force in 1976 shall remain available until September 30, 1977."

On page 15, in line 16, strike out "$63,565,000" and insert "$64,090,000".

On page 16, in line 7, strike out "$158,850,000" and insert "$161,905,000".

On page 23, in line 2, strike out "$738,000,000" and insert "$809,638,000".

On page 25, beginning with line 17, insert:

SEC. 208. No funds appropriated under the authority of this Act may be expended by or on behalf of the Department of Justice or any of its employees for the withdrawal or modification of the designation of the Department of the Treasury as the United States Representative to the International Criminal Police Organization (INTERPOL) or the INTERPOL National Center Bureau of the United States.

On page 26, in line 8, strike out "$13,595,000" and insert "$14,410,000".

On page 26, in line 17, strike out "$43,245,000" and insert "$43,924,000".

On page 27, in line 10, strike out "$300,000,000" and insert "$453,500,000".

On page 27, in line 15, strike out "$25,426,000" and insert "$28,750,000".

On page 27, in line 22, strike out "$42,200,000" and insert "$84,068,000".

On page 29, in line 1, strike out "$62,280,000" and insert "$63,530,000".

On page 30, in line 6, strike out "$12,220,000" and insert "$16,720,000".

On page 30, in line 7, strike out "$1,500000" and insert "$2,500,000".

On page 30, in line 15, strike out "388" and insert "400".

On page 30, in line 21, strike out $558,200,000" and insert $574,490,000".

On page 31, beginning with line 15, insert:

CONSTRUCTION

For expenses necessary for the National Oceanic and Atmospheric Administration for planning and construction of facilities, $2,860,000, to remain available until expended.

NATIONAL FIRE PREVENTION AND CONTROL

On page 31, in line 24, strike out "$10,178,000" and insert "$14,300,000".

On page 39, in line 13, strike out "$11,862,000" and insert "$12,341,000".

On page 39, in line 17, strike out "$29,824,000" and insert "$30,201,000".

On page 43, in line 20, strike out "$51,448,000" and insert "$57,945,000".

On page 44, beginning with line 17, insert:

No part of these funds may be used to pay the salary of any employee, including Commissioners, of the Federal Trade Commission who—

(1) makes any publication based on the line-of-business data furnished by individual firms without taking reasonable precautions to prevent disclosure of the line-of-business data furnished by any particular firm; or

(2) permits anyone other than sworn officers and employees of the Federal Trade Commission to examine the line-of-business reports from individual firms; or

(3) uses the information provided in the line-of-business program for any purpose other than statistical purposes. Such information for carrying out specific law enforcement responsibilities of the Federal Trade Commission shall be obtained under existing practices and procedures or as changed by law.

On page 46, in line 8, strike out "$11,300,000" and insert "$11,539,000".

On page 46, in line 25, strike out "$110,000,000" and insert "$130,000,000".

On page 55, beginning with line 16, insert:

SEC. 606. None of the funds appropriated in this Act shall be made available for the collection and preparation of information which will not be available to Committees of Congress in the regular discharge of their duties.

UP AMENDMENT NO. 88

Mr. KENNEDY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY) proposes an unprinted amendment No. 88:

On page 27, line 22, strike "$84,068,000", and insert "$85,068,000".

Mr. KENNEDY. Mr. President, first of all I wish to commend the chairman of the subcommittee and the ranking member for the attention the subcommittee has given to the regional commissions. This was a concept that was developed in the middle part of the 1960's. Actually the New England Regional Commission was the second regional commission that was established. I think all of us are very much aware of how limited the funding possibilities have been for thse commissions.

The PRESIDING OFFICER. Will the Senator suspend? Under the previous order, the Senate will stand in recess from the hour of 12 to 1:30.

Mr. KENNEDY. Mr. President, I ask unanimous consent that that be deferred for 2 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. PASTORE. Make it 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. I will make it even briefer.

Mr. President, we in New England have a variety of regional economic issues and problems.

The tide, when it goes down across the Nation economically, goes down a little more rapidly in New England, and when it comes in, it comes in a little more slowly.

We have serious economic problems, many of them structural.

We have done a number of things recently, through the New England Regional Commission in energy and transportation that can make an important contribution to the restoration of our economy.

I had been in touch with the subcommittee previously, and I am pleased that they have approved a doubling of the administration request for all of the regional commissions, a total funding of $84 million. This amendment of an additional $1 million responds to special additional requirements of the New England Regional Commission. I am hopeful that it will be adopted and directed at the implementation of the Regional Economic Development Bank, the railroad rehabilitation and energy conservation programs in our region which mean new sources of jobs and economic growth.

The main reason for the amendment is to permit the New England Regional Commission to be able to undertake additional planning in relation to the agreement reached yesterday to institute a Regional Economic Development Bank to stimulate jobs and economic growth in our area.

The reality is that we have seen less economic growth than is required to maintain the economic strength of our region. This new initiative hopefully can play a key role in turning the tide in our direction.

The Commission also has been unique in its response to regional transportation needs. It has programed some $3 million for coordinating work on the rehabilitation of vital branch lines which had to be deleted from the final system plan of ConRail. Although we insured a subsidy for the operations of these branch lines, we need important rehabilitation work to be undertaken. The Commission already has started the planning for this program.

In addition, the Commission has pressed forward on energy conservation activities designed to insulate homes and buildings. And it has pioneered a laser survey technique to demonstrate areas of energy loss and to assure those loopholes are closed by weatherization programs.

The Commission also has demonstrated enormous initiative in finding new ways to assist the fishing industry. On May 14th, the Commission held a conference at the New England Aquarium in Boston, Mass., to gather together those most expert on the industry, the fishermen themselves, and representatives of business, banking, and government that have an opportunity to assist in the growth and expansion of the fishing industry in New England.

I would like to insert in the RECORD at this point, the introductory remarks of the Federal Cochairman Russell Merriman.

INTRODUCTORY REMARKS

(By Cochairman Russell Merriman)

As Federal Cochairman, on behalf of the New England Regional Commission I would like to welcome you all today. The Commission was organized in 1967 under the Public Works Act of 1965 and is a unique partnership of the Federal Government and the six New England states. It is mandated to work towards possible solutions for the many economic problems facing the region. Our current program areas include transportation, energy, commercial and industrial development.

We have invited you here today for the purpose of helping the Commission to evaluate the economic impact of the 200 mile limit upon the regional fisheries industry and hopefully identify a role we might assume in gearing up to meet the changes we anticipate because of the recently enacted legislation.

There are along the New England coast many local economies which depend on the fishing industry for their employment and income. However, fishing which was once a major industry in New England has been in a state of decline for over 15 years. A decade or two ago traditional techniques were adequate. Now the combination of resource scarcity, foreign competition and rising operating costs have created an unfavorable economic condition in the industry. As a result the fishing industry has been unable to generate or attract sufficient funds to maintain itself let alone adjust and recover.

In recent years the Commission has funded a number of programs designed to strengthen the fishing industry's institutional structure through the New England Fisheries Steering Committee. We have attempted to help, to improve the industry's capability for future development and growth. We have worked on the need to help diversify product lines to alternate species. Furthermore the Commission has been actively helping the shellfish industry through demonstration programs through management and to reduce the effect of paralytic shellfish poisoning.

The Commission has also been aware of other things that the fishing industry faces. There is the competition coming between the fishing industry and the petroleum industry. To help mitigate the problem the Commission is undertaking a study to identify the geographical areas of potential interaction, and perhaps most importantly the need to avoid or resolve the potential conflict between the two industries.

In March of this year the Commission adopted a resolution to organize and chair a regional group including related geographical and state agencies, sea grant institutions, all interests from the fishing industry and the banking and financial community, to assess the impact of the 200 mile law and prepare recommendations for Commission action. There are a number of issues which bear on the 200 mile limit law and will be focused on here today in the panel discussions. We hope that all of you here in the audience today will feel free to participate and give us the benefit of your knowledge as the Commission attempts to identify program areas where it might be of assistance to the fishing industry.

I hope the chairman will take this amendment to conference. I will be glad to submit additional information to support of this particular proposition.

Mr. PASTORE. Mr. President, the budget request for this item was $42 million. We doubled it and made it $84 million. This is an amendment to make it $85 million.

I quite agree with the Senator from Massachusetts. We do have very unique problems in our part of the country, in the New England area.

I am perfectly willing to take it to conference and I hope my counterpart will agree to that.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. HRUSKA. I concur with the chairman's views on it. I think that would be in order.

Mr. PASTORE. Mr. President, I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. DOLE. Mr. President, I ask unanimous consent that Bob Downen and Ken Benjamin be granted privilege of the floor during the debate on H.R. 14239.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that Peter Hughes of my staff be granted privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

U.S. AMENDMENT NO. 89

Mr. PASTORE. Mr. President, I understand we have 2 minutes more.

An amendment was sent up by the White House in the amount of $381,000. It relates to a late budget request that reached the committee late yesterday.

The funds are required to implement the provisions of the recently enacted Parole Commission and Reorganization Act—Public Law 94–233, March 15, 1976—which created the U.S. Parole Commission out of the old Board of Parole.

The new Parole Commission has been given expanded responsibilities. The funds in this amendment are required to enable the Commission meet the increased workload.

Mr. President, I hope that the amendment can be adopted.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Rhode Island (Mr. PASTORE) proposes an unprinted amendment No. 89:

On page 15, line 2, strike "$20,100,000" and insert in lieu thereof "$20,481,000".

The PRESIDING OFFICER. Do Senators yield back their time?

Mr. PASTORE. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

RECESS UNTIL 1:30 P.M.

The PRESIDING OFFICER. Pursuant to the previous order, the Senate will now stand in recess until the hour of 1:30 p.m.

The Senate, at 12:04 p.m., recessed until 1:30 p.m.; whereupon the Senate reassembled when called to order by the Presiding Officer (Mr. STEVENS).

DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS, 1977

The Senate continued with the consideration of the bill (H.R. 14239) making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending September 30, 1977, and for other purposes.

The PRESIDING OFFICER. Who yields time?

Mr. PASTORE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time?

Mr. PASTORE. Under a unanimous-consent agreement that it be taken out of neither side's time.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PASTORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PASTORE. I hope that Senators who have amendments will present them.

The PRESIDING OFFICER. Who yields time?

UP AMENDMENT NO. 90

Mr. DOLE. Mr. President, I send an unprinted amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes unprinted amendment No. 90:

On page 5, line 23, strike the figure "$277,545,453." and insert in lieu thereof the following: "$270,545,453, no more than $20,005,000 of which shall be used as a contribution to the Organization of American States."

Mr. DOLE. Mr. President, I am offering this amendment to reduce by exactly $7 million the amount designated for "contributions to international organizations." This entire amount is to be taken from the allocation for the Organization of American States, as specified by the language of this amendment.

Although the OAS figure is not contained within the bill itself, the amount of $27,005,000 is cited on page 10 of the committee report. My amendment would specify that no more than $20,005,000 of the total amount in this category shall be used as a contribution to the Organization of American States.

I am offering this amendment to draw attention to the fact that the United States continues to annually contribute two-thirds of the amount of the entire OAS budget, which covers the administrative and managerial activities of that body. I have a copy of a breakdown of the OAS budget for last year, and ask unanimous consent that it be inserted in the RECORD at this point to document the substance of their annual budget.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Organization of American States

(Budget for fiscal year 1976)

Chapter:	
General Assembly and Permanent Council	$1,476,120
General secretariat	1,246,271
Management	8,169,149
Technical cooperation and administration	3,728,030
Legal affairs	627,405
Information and public affairs	1,781,606
Economic and social council	924,510
Economic and social activities	6,856,566
CIPE	0
Education, Science and Culture council	537,076
Education, science and culture activities	4,142,563
General expenditures	3,297,064
Replenishment of working capital	641,226
Contributions to other agencies	1,976,412
Undistributed reserve (Cuba) [1]	337,830
Subtotal	35,741,828

Footnotes at end of table

Organization of American States—Continued

Reimbursement for overhead costs from special funds (15% of each fund)	−$3, 871, 028
Assessment budget	31, 870, 800

[1] Represents Cuba's assessment added to the total for purposes of establishing the overall assessment for all countries including Cuba.

Mr. DOLE. Mr. President, it is my understanding that the 24 member nations of the OAS are annually assessed an amount which is considered to be their "fair share," based on a formula worked out some time ago by the general assembly of that organization. That assessment formula is based primarily on the relative gross national product of each nation and, according to that formula, the U.S. "share" amounts to roughly 78 percent.

A settlement was reached some time ago, however, among the member nations to set the U.S. share at 66 percent. I would only suggest that this sum is clearly the "lion's share" of the financial burden of OAS and grossly disproportionate to the amounts contributed by the other 23 members.

Recently, on June 11 of this year, Secretary of State Henry Kissinger submitted a proposal to the sixth general assembly OAS meeting in Santiago, Chile. It included, among other things, a proposal to restructure the assessment formula so that there will be less financial dependence upon the United States for simply maintaining the normal operating machinery of the OAS.

The Secretary's point in that proposal was not that the United States is paying too much in terms of our relative ability to pay, but rather that it is "wrong and damaging for an organization of two dozen sovereign states * * * to be so heavily dependent on the contributions of a single member." The Secretary maintained that such a heavy dependence on the U.S. contribution "places the organization in a vulnerable position, and projects a false image of the OAS."

I certainly agree with the Secretary's perspective and his proposal to restructure the assessment formula. Whether or not the 66 percent contribution that we have been paying all along is, in fact, a fair share or not is debatable, and I would only comment that in an organization such as the OAS—where all member nations are actively seeking to promote their views and air their grievances—an equitable and substantial share of the financial burden should be borne by each member who desires to see the work of that organization continue.

By reducing the U.S. contribution for fiscal year 1977 to $20,005,000, we will be lowering the U.S. share to roughly 50 percent of the OAS budget for this year. This is still, I think, a very fair proportion of the OAS budget for our Government to carry, and although the technique for the reduction may not be wholly acceptable to the State Department, I imagine that the amount will be.

At any rate, this unilateral action by the U.S. Congress will serve to put the General Assembly of the OAS on notice that the U.S. intends to reduce its annual contribution to a more reasonable and equitable amount. This would be consistent with our allowing and even encouraging the other member states to play a greater policy role in the organization.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. DOLE. I yield to the distinguished Senator from Rhode Island.

Mr. PASTORE. Generally I would agree with the distinguished Senator from Kansas. However, I understand that he has a backup amendment which is in the form of an expression of the sense of Congress, which would bring about, I think, the same spirit that he tries to achieve through the pending amendment.

The thing that bothers me about the pending amendment is that our obligation is by way of treaty, and I do not think we ought to unilaterally and precipitately seek to change it in this way. But I do sympathize with the position taken by Senator Dole.

As I say, he also has a sense of the Senate resolution. I wonder if he would be willing to withdraw his pending amendment and offer that. If so, we would be happy to take it to conference.

Mr. DOLE. I will be happy to do that.

Mr. President, I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

UP AMENDMENT NO. 91

Mr. DOLE. I send another unprinted amendment to the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. Dole) proposes unprinted amendment No. 91, as follows:

On page 14, after line 15, insert the following:

Sec. 105. The Congress, taking cognizance that:

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. Dole's amendment is as follows:

On page 14, after line 15, insert the following:

"Sec. 105. The Congress, taking cognizance that:

(1) The Secretary of State on June 11 submitted a multipoint proposal to the Sixth General Assembly of the Organization of American States designed to restructure the membership qualifications, the policymaking organs, and the financial assessments for the members of that body, and

(2) The United States Government has been regularly contributing approximately two-thirds of the annual OAS budget, and

(3) The bureaucratic structure of the OAS has, according to the Secretary of State, assumed a "ponderous" and "cumbersome" nature, preempting some of the policymaking responsibilities of the General Assembly, and

(4) The several member-states of the OAS have sought a more active role for the organization in formulating common policy positions on such hemispheric issues as recognition of the Cuban Government, renegotiation of the Panama Canal Treaty, and protection of human rights in Chile, and

(5) The responsive structure and financial strength of the OAS will determine the relevance of that organization for meeting the challenges of the future,

therefore expresses its support for the proposal presented to the Organization of American States' General Assembly on June 11 by Secretary of State Henry A. Kissinger and urges the General Assembly to favorably consider and adopt the U.S. proposal at an early date.

Mr. DOLE. Mr. President, this is the so-called "backup amendment" referred to by the distinguished manager of the bill. It would put Congress on record in support of the proposal offered by Secretary Kissinger to the Organization of American States on June 11 of this year. Again, that was the occasion of the Secretary's appearing before the General Assembly of the OAS meeting in Santiago, Chile, and offering the aforementioned plan to restructure and reform the administrative organization and the financial basis of that body.

I ask unanimous consent that the statement which Mr. Kissinger presented to that body, entitled "Reform of the OAS," be printed in the Record at this point.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Statement Submitted by U.S. Delegation to VI General Assembly of the OAS, Santiago, Chile, on June 11, 1976

REFORM OF THE OAS

The Organization of American States is the cornerstone of the Inter-American System, the oldest institution of regional cooperation in the world. Its member states have exceptional ties of respect and a common heritage, a considerable stake in maintaining those ties for the future.

The Inter-American system pioneered the principles of non-intervention and collective security among cooperating sovereign states. Because the Americas also have enormous vitality and achievement, we have a major opportunity and obligation to continue to provide an example and impetus to the global search for better ways to mediate the common destiny of mankind.

Many ask, why think of OAS reform? Why, some wonder, does our Secretary General refer to an "identity crisis" in his latest annual report?

I believe the answer lies in the fact that the pace and complexity of the international and domestic changes of the recent past have made the organization as it is presently constituted less effective as an instrument of our respective foreign policies, and less significant to the real issues of the new inter-American agenda than our minimum efforts deserve.

This hemisphere is unique; there is no other grouping like it in the world, we have indeed a special relationship. The fundamental purpose of the OAS must be to continue to nurture and strengthen our fundamental, shared values. We must have an organization that reflects our permanent and irrevocable engagement to work together and maintain our continent as a hemisphere of peace, cooperation and development.

The United States is committed to the OAS. We have pledged to make it a continually more effective instrument for action in pursuit of the common goals of prosperity and human dignity.

It was to that end that the member states agreed three years ago to an effort to reform, restructure and modernize the OAS. The results of that effort are disappointing. A proposed new draft of the charter of the OAS has emerged from the permanent council. I regret to say that it is one that our government could neither sign nor recommend that our Senate ratify. It includes prescriptive and hortatory statements of general principle which are as poorly defined as they are ominous. No effort is made in the new charter draft to come to grips with the need to modernize or improve the structure of the organization. We believe the real shortcomings of the OAS have yet to be adequately addressed.

We propose a new effort to reform, modernize and restructure the Organization. We think that effort should concentrate, not on words but on three major substantive issues: structure, membership and finance.

A. As to structure, the United States would like to advance five points as possible guidelines for the future effort, in the interest of modernization of the Organization.

1. The purpose of the Organization should be stated simply and clearly in the New Charter.

Those purposes shoud be: The promotion of cooperation for development; the maintenance of the peace and security of our region; and the preservation of our common tradition of respect for human dignity and the rights of the individual.

2. The structure of the organization serving these goals should be flexible.

We should write a constitutive document for the organization which will serve us well into the future. That an organization finds it necessary to rewrite its charter every five to ten years does not speak well for that organization's sense of its role or function. We are now in an age of great change. Our efforts in the coming years to achieve the three basic goals of the organization will take place under rapidly changing circumstances. Thus, flexibility and adaptability must be the key considerations guiding the reform effort. We should not hamstring ourselves with a charter brim full of the details of the day, with procedural minutiae or with regulatory prescriptions hindering our ability to meet contingencies.

3. The governance of the organization should be in the hands of the ministers. Over the years, the proliferation of functions assigned haphazardly to the OAS has produced an overelaborated organization that is ponderous and unresponsive. Instead of closer and more frequent contact between foreign ministers in ways that truly reflect our foreign policies as we are attempting to manage them from our respective capitals, we find ourselves insulated from each other by a plethora of councils and committees with conflicting mandates and a cumbersome permanent bureaucracy.

To strengthen communication, we must cut through the existing organizational underbrush and replace it with a structure capable of responding to the authentic foreign policies of our governments, as expressed directly by foreign ministers, and of relating concretely to our institutions and the needs of our peoples. Particularly, the three council system has not fulfilled the hopes which led to its adoption in 1967.

The General Assembly, as the Central pillar of the inter-American system might, well be convened more frequently, perhaps twice a year, with special additional sessions to consider our common concerns, particularly the great challenges of cooperation for development. As contacts at the ministerial level intensify, the need for an elaborate structure of councils will disappear. Our encounters at the general assembly will offer sufficient opportunities to set organizational policy.

This is all of the superstructure we really need. A leaner more responsive organization would be serviced by a smaller expert secretariat responsive to the guidelines established by the General Assembly and the functional committees the General Assembly may create.

5. We should improve the OMB mechanisms for promoting respect for human rights in the Americas. The OAS Human Rights Commission should be strengthened.

B. As to membership, to ensure that the OAS represents all of the peoples of our region, we should open up the organization to the newly independent states and those which may become independents both on the continent and in the Caribbean. Although these questions of membership require further study, we believe Article 8 of the present charter, which automatically excludes certain states, is an anachronism and should be removed.

C. As to financing: A serious effort to reform the organization of American states should include a review of present provisions for its financing. You are all aware of the critical attention the Congress of the United States has focused on the proportion of the organization's cost the U.S. is now bearing. Obviously, this has been a fact in recent U.S. budget cuts affecting the OAS.

We do not claim the U.S. is paying too much, or more than its fair share of the cost in terms of our relative ability to pay. It is only that it is wrong and damaging for an organization of two dozen—soon to be 25—sovereign states, whose purpose is to advance the interests of each, to be so heavily dependent on the contributions of a single member. It places the organization in a vulnerable position, and projects a false image of the OAS.

It is important to find some basis for OAS financing that will, over time, reduce the U.S. share of the assessed costs while ensuring that the activities of the OAS in the vital development assistance field are not weakened.

The United States is committed to the Organization of American States. We know that it provides an institutional base which will continue to be vital to our common progress. In these years of great change the nations of the world have seen fresh proof of an old truth—that most durable and responsive institutions are those which bear a lighter burden of bureaucratic machinery and whose procedures permit the flexibility required for swift and imaginative actions. We believe our proposals can help bring the drawn-out reform debate to a successful conclusion over the course of the next year. And we believe this is the kind of organization we can and must have if we in the Americas are to fulfill our promise and our responsibility to advance international cooperation in an era of interdependence.

Mr. DOLE. Mr. President, in essence the Kissinger proposal calls for a strengthening of the authority of the general assembly of foreign ministers at the expense of the bureaucratically top-heavy permanent councils of the OAS. His proposal would also restructure OAS finances so that the United States would no longer pay two-thirds of the OAS annual budget.

Finally, it proposes to open the doors of the organization to more nations located in the Western Hemisphere, some of which have been previously excluded on the basis of boundary disputes. I certainly cannot agree enough with the Secretary's feeling that the bureaucracy of this international organization should be reduced, and that there should be a more equitable distribution of operational expenses among all 24 member States.

The amendment I am offering takes cognizance of the fact that the U.S. Government regularly contributes two-thirds toward the annual OAS budget; that the bureaucratic structure of the OAS has become cumbersome; that other member states are insisting upon a greater role in policy decisions of the organization; and that ultimately the durability of that organization will depend upon its financial strength and its ability to be responsive to future challenges.

Multinational bureaucracies, like those of individual governments, demonstrate strong tendencies toward self-generated expansion and rigid institutionalization, if not properly controlled. They can also grow to exert disproportionate influence over the vital policy decisions that determine both the purpose and the responsiveness of the institution itself.

The administration's proposals to streamline the OAS bureaucracy and to concentrate policy discussions within the General Assembly, are, I believe, positive efforts to improve the responsiveness of that organization to the needs of the Americas. In addition, efforts to encourage a more equitable share of financial participation by other member nations are commendable and should be sustained.

The United States has been regularly financing approximately two-thirds of the OAS annual budget, which approaches $40 million for the coming year. It is both inequitable and counterproductive to OAS purposes to have one nation among 24 bear such an overwhelming share of the organization's budget. At this time, when other member-nations are insisting upon a greater voice in OAS policy decisions relating to Cuba, the Panama Canal, and human rights on the South American continent, it is only fair that they share a proportionately greater responsibility for the body's financial situation.

I do believe that we have reached a critical point in the life of OAS. As the Western Hemisphere undergoes significant social and political transitions, the resources and capabilities of this organization will be repeatedly challenged. Both the policymaking structure and the financial strength of OAS will determine that body's responsiveness to those challenges, and thus its relevance for the future.

The proposal which the Secretary of State has presented on behalf of the United States should definitely enhance the role of the organization of American States. Accordingly, a public endorsement of that proposal by this Congress will, I believe, strengthen the probability that the General Assembly will see fit to expeditiously and favorably consider the proposal submitted on behalf of our Government.

For these reasons, Mr. President, I urge my colleagues to join me in supporting this "sense of the Senate" resolution as an amendment to the State Department appropriation bill which we have before us at this time.

Mr. PASTORE. I thank the Senator.

Mr. President, I think for the purpose of the RECORD we ought to read the concluding portion of the amendment:

> therefore expresses its support for the proposal presented to the Organization of American States' General Assembly on June

11 by Secretary of State Henry A. Kissinger and urges the General Assembly to favorably consider and adopt the U.S. proposal at an early date.

I think that is acceptable and agreeable, and I am perfectly willing, as I said before, to accept it and take it to conference.

The PRESIDING OFFICER. Do Senators yield back the remainder of their time?

Mr. PASTORE. I yield back the remainder of my time.

Mr. DOLE. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas.

The amendment was agreed to.

UP AMENDMENT NO. 92

Mr. CASE. Mr. President, I have an unprinted amendment which I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

> The Senator from New Jersey (Mr. Case) proposes unprinted amendment No. 92:
>
> On page 42, line 23, delete "$300,000 to remain available until expended" and insert in lieu thereof "$375,000 for the period beginning July 1, 1976, and to remain available until expended."

The PRESIDING OFFICER. Who yields time?

Mr. CASE. Mr. President, I yield myself such time as I may require.

Mr. President, I am offering an amendment to enable the Commission to monitor compliance with the Helsinki Accords to begin work as soon as possible.

The original funding provision as added on the House floor for $300,000 would not provide funds until October 1.

This amendment, Mr. President, is cosponsored by the Senator from New York (Mr. Buckley) with me. It would provide funding for the transition quarter for the Helsinki Commission at the annual rate of $75,000, which is one-quarter of the appropriation figure of $300,000.

Because of the task of dealing with the large amounts of data, especially on alleged human rights violations, it is important that the 15-member commission can begin its work as soon as possible. It is hoped that preliminary reports can be prepared in advance of meetings of the Accord's signatory nations next year in Belgrade.

I understand this is satisfactory to the chairman of the subcommittee.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. CASE. I am very glad to yield.

Mr. PASTORE. The money now contained in the bill is to start on October 1. This is for the transitional period in order to allow the Helsinki Commission to get going immediately.

Mr. CASE. It is precisely that.

Mr. PASTORE. I am willing to take it to conference.

Mr. CASE. Mr. President, I yield back the remainder of my time.

Mr. PASTORE. I yield back the remainder of my time.

The PRESIDING OFFICER. All time is yielded back.

The question is on agreeing to the amendment of the Senator from New Jersey.

The amendment was agreed to.

The PRESIDING OFFICER. Who yields time?

Mr. JAVITS. Mr. President, is time controlled on this bill?

The PRESIDING OFFICER. It is.

Mr. JAVITS. Will the Senator yield me 2 minutes?

Mr. CASE. I yield 2 minutes to the Senator.

Mr. JAVITS. Mr. President, I rise to deal with the provision for the Legal Service Corporation. The Corporation requested $140 million. The Senate committee gave it $130 million as contrasted with the House's figure of $110 million.

Obviously, we are not going to move on so narrow a base as that. But I do express to the manager of the bill and through him to the committee and those who will be the conferees that the Corporation is functioning well. Of all the services rendered in respect to poverty, this one has proved to be the best morale builder, because it has an amazing impact on the poor because a poor man, also, can have a lawyer.

Having eliminated some of the bugs in the whole situation through the organization of the Corporation, I express the hope that the Senate conferees will do their utmost to stand by their figure in the conference.

Mr. PASTORE. I thank the Senator from New York.

We shall do precisely that. I hope that we render ourselves victorious.

Mr. JAVITS. I thank the Senator.

Mr. President, I ask unanimous consent that Charles Warren of my office be accorded the privilege of the floor during this debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill is open to further amendment.

Mr. PASTORE. Mr. President, I understand there is a busing amendment that is going to be submitted. If it is, what are we waiting for?

AMENDMENT NO. 1942, AS MODIFIED

Mr. DOLE. Mr. President, I call up amendment No. 1942, as modified, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

> The Senator from Kansas (Mr. Dole) for himself and Mr. Biden proposes amendment No. 1942, as modified.

The amendment is as follows:

> On page 25, after line 24, insert the following new section:
>
> Sec. 209. No part of the funds contained in this title may be used to institute against any school or school district, or, except on that school or school district's behalf, intervene in or provide assistance for, any proceeding which has as a stated objective a desegregation remedy or order which would require, directly or indirectly, the transportation of any student to a school other than the school which is nearest the student's home and which offers the courses of study pursued by such student.

Mr. DOLE. Mr. President, the modification referred to is the dropping of the final phrase of the printed amendment, "in order to comply with—" and that should have been—"title IV of the Civil Rights Act of 1964." This change has been made in order to have the contemplated restriction be of general applicability.

The PRESIDING OFFICER. Does the Chair understand that the Senator from Kansas further modifies the amendment?

Mr. DOLE. No. That is the extent of the modification. I am only explaining what it is.

The PRESIDING OFFICER. I thank the Senator.

Mr. DOLE. I might just note also that the original wording was proposed in an effort to parallel the so-called antibusing amendment enacted as part of the 1976 Labor-HEW appropriation bill. Unfortunately, however, it is not possible to do that and still achieve the objective which we are seeking.

Mr. President, when we debated this issue at some length in the Senate last fall, we ultimately adopted a series of amendments that were designed to "put HEW out of the busing business." The amendment which the distinguished Senator from Delaware (Mr. Biden) and myself are offering today is intended to do precisely the same thing with respect to HEW's sister Federal agency, the Department of Justice.

The idea here, of course, is one of consistency. That is, it make no sense to limit the remedies which HEW can seek on the one hand, while on the other, allowing the Department of Justice to go on unimpeded in its quest for busing solutions to the integration problems.

I believe it is wrong to permit such conflicting practices—at least as they involve Federal departments and agencies—and consider it advisable to place on the Department of Justice policy restrictions similar to those now in effect for HEW. Otherwise, we will find ourselves in the position of allowing the Attorney General to engage in activity which is contrary to congressional intent—as expressed in the form of the limitations on spending I have already mentioned by the Department of Health, Education, and Welfare.

Most of our colleagues have been provided with a factsheet setting out the intended efforts of the Dole-Biden amendment, Mr. President, so there will be no misunderstanding, I want to point out again that its purpose is to insure that the Justice Department does not use federally appropriated funds to promote busing as a solution to racial imbalance problems. It would accomplish this by precluding the Attorney General's involvement in cases which—either directly or indirectly—seek busing orders as a part of the relief for any constitutional or statutory violation.

In more basic terms, we would—with the adoption of this amendment—simply be going back to the original 1964 Civil Rights Act and clarifying again that busing is neither an appropriate nor a desirable remedy. The relevant language from section 407(a) of that act stated that the Attorney General was empowered to sue for "such relief as may be appropriate," except that no order should be sought "requiring the transportation of pupils or students from one school to another to achieve—racial balance."

In substance, then, the amendment we are proposing would prohibit the Justice Department from instituting, intervening in, or continuing with any desegregation action in which busing is articulated among the relief being sought. Since it pertains only to busing itself—and not to any other desegregation alternative—it is strictly a question of policy.

With this type of measure, it is perhaps equally important to outline what would not be affected. Foremost among the "Nonresults," of course, is that the language would in no way interfere with the Attorney General's pursuit of desegregation orders themselves or the active enforcement of the 5th and 14th amendment rights.

Other factors to consider are that private parties could still litigate busing-oriented suits; school districts could still choose to devise their own busing plans for desegregation purposes; and the courts themselves would still be free to initiate orders which include busing as a last resort remedy. In order to take no more of the Senate's time than necessary on this, Mr. President, I ask unanimous consent that the factsheet be printed in the RECORD at this point.

There being no objection, the factsheet was ordered to be printed in the RECORD, as follows:

FACTSHEET ON DOLE-BIDEN BUSING AMENDMENT NO. 1942

The Amendment would:

Compel the Justice Department to withdraw from, or at least suspend its commitment of FY 1977 resources to, active cases in which busing is being sought unless the relief prayed for is modified to exclude that remedy.

Preclude the Justice Department from joining and supporting a proceeding brought against school districts by private parties proposing forced busing action.

Prevent the Justice Department from itself initiating against any school district a desegregation suit that seeks an order requiring, directly or indirectly, the transportation of a student away from his neighborhood school.

Still allow the Attorney General, at his discretion, to enter any busing action on behalf of a school or school district.

The Amendment would not:

Affect existing finalized orders.

Preclude the Justice Department from involvement in actions which have as their purpose only the determination on the merits of Constitutional violations.

Interfere with the pursuit by the Department of desegregation orders per se or the general enforcement of the 5th and 14th Amendments.

Eliminate the Justice Department from participation in proceedings which have as a declared objective the implementation of a desegregation plan or remedy that stipulates other than busing as part of the desired relief.

Prohibits parties other than the Justice Department from instituting civil suits which specify busing as a solution to racial imbalance.

In any way infringe on the right of courts themselves to develop a plan which may include busing as a remedy.

Have any bearing on the prerogative of school districts to voluntarily decide upon and implement—in response to an order to desegregate—a plan that includes busing.

Mr. DOLE. Mr. President, in summary, I would just reiterate that the principal need for this amendment is that of establishing some degree of consistency in our approach to desegregation problems. That is, where we have indicated on repeated occasions in the past that we do not condone busing as a preferred means of carrying out integration goals, we should make that policy apply evenly throughout all departments and agencies.

In order to accomplish that, we must not allow the Department of Justice to continue its pursuit of policies which we have already said should not be allowed by HEW. If we do, we would only be inviting greater criticism of our lack of a uniform and planned approach to solving national problems.

Mr. President, we have only a few minutes on this proposal, but before yielding to my colleague from Delaware (Mr. BIDEN) who has joined me in offering this amendment.

I ask unanimous consent that the distinguished Senator from North Carolina (Mr. HELMS) and the distinguished Senator from Texas (Mr. TOWER) be added as cosponsors of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, with that I yield to the distinguished Senator from Delaware (Mr. BIDEN).

Mr. BIDEN. Mr. President, I rise to speak in support of the amendment offered by the Senator from Kansas and myself.

This amendment is quite simple. It will prevent the Department of Justice from using resources to aid those who judicially seek desegregation orders which include busing. The amendment does not prevent the Justice Department from actively pursuing other desegregation remedies, nor does it prevent the department from enforcing past and future busing orders that the court has decided on.

This amendment is very similar to the one that I sponsored last year to the HEW appropriation bill which caused quite a furor. That amendment provided that HEW should not use and could not use busing as a desegregation remedy.

What we are saying here is consistent with that approach, namely, that the Department of Justice should also not seek busing orders.

Mr. President, I oppose busing, and to the chagrin of my liberal colleagues, with whom I usually vote, I think it is basically an unworkable solution. It hurts more than it helps, but that is really not the issue here.

The issue here is whether or not an agency, other than the court, should in fact be pursuing and pushing a busing remedy to a desegregation case. I think the evidence is mounting and I think the evidence is becoming overwhelming that busing is not a viable remedy for the segregated situations that exist and do exist within our school systems and in other areas of life in America.

One thing I would like to be very clear about is that this amendment, unfortunately, it does not go far enough, in my opinion. This does not affect the courts. I am working diligently and fervently, to the chagrin of some, to get at the remedial jurisdiction of the courts. I know of no handle we can use to do that now, especially through this legislation.

What the amendment really says is that one more branch of the executive department of the Federal Government will be forced to refrain from initiating the remedy of forced busing by precluding it from insisting that remedy upon the court.

Frankly, I am not sure how much impact it is going to have on future busing orders by the court; but the fact is that any place we can, this body should go on record, when it is constitutionally consistent to do so, to say that, as a Nation, we do not see busing as a viable remedy.

As I said, it is not really a very dramatic amendment. I wish it could, in fact, be more; I wish it were designed to accomplish more. It merely says that the Justice Department cannot go in and say, "Let's bus them, fellows. That's what we should be doing here." Individuals still can bring such an action. The court, on its own, can without the advice of the Justice Department, or even the individual bringing suit can, in fact, bring about a busing order. None of that is affected. But it does affect the Justice Department's saying, "We want you to bus. We think busing is a good remedy."

I yield back the remainder of my time.

Mr. PASTORE. Mr. President, we went through this last year and the vote sustained the tabling motion; and I suppose we could go through that procedure again now. This amendment is subject to a point of order.

In consultation with the Justice Department, through the staff, we were told that this kind of amendment would be disastrous, for the simple reason that it is telling the Justice Department, which is the law enforcing agency of the U.S. Government, that it cannot enforce the laws on the statute books nor the Constitution of the United States. Under those circumstances, Mr. President, I am constrained——

Mr. JAVITS. Mr. President, will the Senator withhold that and yield to me for 1 minute?

Mr. PASTORE. I yield for 1 minute.

Mr. JAVITS. Mr. President, the Senate should have a piece of information on the matter which is immediately before us. The President, this very day, has sent to us a plan to deal with this busing problem. One of the elements of that plan is regulating the question of intervention by the Attorney General in suits.

What the authors of the amendment do not seem to realize is that often the Attorney General has a very important influence on what kind of decree a court will draft, even if the court wishes to order busing as a last resort.

Therefore, it seems to me that with a

considered program by the President before us, it would hardly be an appropriate place to do this—and there is no dearth of places. We have a higher education bill which is on the "must" calendar which the leadership has passed out. Under that, we often have debated busing questions in the education context.

So I concur with the Senator.

Mr. PASTORE. There is another point, also. There is a certain universality to this amendment which touches every branch of every agency under the aegis of the Justice Department. One of them is the Community Relations Service. They are working very assiduously, very effectively, in Boston, trying to keep tempers down, trying to keep violence away. I am afraid that this amendment would have to compel them to come home, and it would have a disastrous effect.

I hope that the proponents of this amendment, inasmuch as the President is sending up a message today on this matter, will——

Mr. JAVITS. It is up here.

Mr. PASTORE. Why do we not meet that situation and that problem head-on?

Mr. BIDEN. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. BIDEN. Mr. President, I should like to clear up two points.

No. 1, if the Justice Department said that this would not enable them to enforce the laws on the books and the Constitution, they are flat out wrong—absolutely, categorically wrong.

No. 2, this amendment would have absolutely no affect on those who are trying to keep tempers down. It specifically says that the Justice Department is able to be and should be the enforcement arm of the court after they have ordered busing. We are not saying that once the court issues a busing order, the Justice Department should not fully enforce that order. We believe that the Justice Department has the obligation to do what the court says.

What the amendment merely says, in line with the statement of the Senator from New York—and he is absolutely correct in saying that the Justice Department does have considerable influence over the remedies which the court ultimately fashions—is that we want to prohibit the Justice Department from suggesting that busing be part of a remedy. We take cognizance of the fact that the Justice Department does have considerable influence in fashioning a remedy. We are asking the Justice Department, just as we ask HEW, to stay out of the business of fashioning the remedy with regard to busing. But if the court orders busing, the Justice Department in no way is constrained from enforcing that order. As a matter of fact, they have an absolute obligation to enforce that order.

One last thing, and I will yield: The distinguished manager of this bill points out that we went up this hill last year; but with all due respect, we went up this hill last year before we passed the amendment for the first time on the HEW bill. Hopefully, some of our colleagues will realize the similarity, and some of those who traditionally have voted against antibusing amendments, who supported the Biden and Byrd proposals last time, also will see fit to support this amendment.

Mr. PASTORE. Mr. President, I can read English, too:

> SEC. 209. No part of the funds contained in this title may be used to institute against any school or school district, or, except on that school or school district's behalf—

These are the important words:

> intervene in or provide assistance for—

That might be the modification of a bus order in order to avoid violence. Why does that not touch the Community Relations Service? That is what their job is—to intervene and give assistance in order to avoid violence.

This happens to be the wrong time and the wrong place. This matter is going to be debated on the floor of the Senate. The President's message will be considered by the Senate, and I think that is the time we should open up this whole problem.

I can understand how the Senator feels, but this matter has been adjudicated once before by the Senate. All I am saying is that we did consult with the Justice Department. The Senator from Delaware says that it does not tie their hands. Perhaps he is right. They say it does tie their hands. Perhaps they are right. What would the Senator do if he were in my position?

Mr. BIDEN. I would support the Dole-Biden amendment.

Mr. PASTORE. No chance.

As a matter of fact, the Biden provision is subject to a point of order. It does not belong in this bill. When the time is yielded back, I am going to raise the point of order. I will have to do so.

Mr. BIDEN. I wish the Senator would complete reading the sentence. It reads:

> except on that school or school district's behalf, intervene in or provide assistance for, any proceeding which has as a stated objective—

It refers to initiating a proceeding.

Mr. PASTORE. That is right.

Mr. BIDEN. There is no proceeding when a court has ordered busing.

Mr. PASTORE. The court absolutely intervened in Boston.

Mr. BIDEN. The Senator is suggesting that this, in some way, would have a debilitating effect upon the Justice Department aiding in a situation where, in fact, the busing order already has been handed down by the Federal court, as in the Boston case. That is simply not the case.

I see the Senator from Masachusetts on his feet. I am anxious to hear what he has to say.

Mr. BROOKE. Will the Senator yield for just a moment?

Mr. PASTORE. I yield.

Mr. BROOKE. I cannot understand, Mr. President, how the Senator from Delaware and the Senator from Kansas, who feel that the judiciary has gone too far, now would take away from the executive branch—namely, the Department of Justice—the right to help fashion desegregation remedies. I have just received a copy, as I am sure the Senator from Kansas has, of President Ford's bill, which he sent to Congress for its consideration. I want to read section 109(a) and (b) of title I of that bill, entitled "Intervention."

> SEC. 109. Intervention.
>
> (a) The court shall notify the Attorney General of any proceeding to which the United States is not a party in which the relief sought includes that covered by Section 105 of this Title, and shall in addition advise the Attorney General whenever it believes that an order or an extension of an order requiring transportation of students may be necessary.
>
> (b) The Attorney General may, in his discretion, intervene as a party in such proceeding on behalf of the United States, or appear in such proceeding for such special purpose as he may deem necessary and appropriate to facilitate enforcement of this Title, including the submission of recommendations (1) for the appointment of a mediator to assist the court, the parties, and the affected community, and (2) for the formation of a committee of community leaders to develop, for the court's consideration in framing any order under Section 105 of this Title, a five-year desegregation plan, including such elements as relocation of schools, with specific dates and goals, which would enable required transportation of students to be avoided or minimized during such five-year period and to be terminated at the end thereof.

Obviously the President, in his proposed legislation, intends for the Department of Justice to assist and to take an active part in the fashioning of a remedy. One reason for the President's inclusion of this section is that he feels that the courts have gone too far, as do the distinguished Senator from Delaware and the distinguished Senator from Kansas. But unlike the President's bills, the amendments which they have proposed today would deprive the Department of Justice of that right to take any action to help fashion a remedy.

They cannot have it both ways. If they think the courts have gone too far and that the courts should have outside assistance, which would have to include the Department of Justice, as, apparently, the President of the United States believes in the bill he has submitted (and let me say at this time I do not necessarily agree with all the provisions in the President's bill), they cannot now turn around and say the Department of Justice also will be estopped from fashioning a remedy. Which do they want?

Mr. BIDEN. The Senator speaks as if the President's proposal is already law. Second, the President may have made copies of his proposal available to others, but he did not make any available to the Senator from Delaware, so I was unaware of that provision.

One last point, then I shall let the Senator from Kansas handle it from here. The Senator from Massachusetts has the floor.

On the point raised by the Senator from Massachusetts that this would tie the Justice Department's hands in fashioning a remedy, it would not. It would just say that any remedy they fashion could not have busing as an element. We have heard, time and again, on this floor how many alternatives there are and that busing is only one of them. Once again, I would like to take away from

Justice and everyone else that one remedy, busing.

Mr. DOLE addressed the Chair.

Mr. BROOKE. Let me answer the Senator, if I may.

Take the Boston school situation. In the Boston school situation, the Department of Justice wanted less busing and wanted to moderate the Federal district court judge's order and try to reduce busing and incorporate something else. Under the amendment offered by the Senator from Kansas and the Senator from Delaware, the Department of Justice could not even intercede to moderate the busing order to bring about less busing.

Is that not correct?

Mr. BIDEN. It is not, because in that instance, there was already a court order that was handed down.

Mr. BROOKE. I am talking about before. When the court was trying to formulate its order, the Department of Justice wanted to use its influence for less busing than the court ultimately came up with. Under the Senators' amendment, the Justice Department could not. Is that not correct? It would appear to me that such an amendment would be self-defeating.

Mr. DOLE addressed the Chair.

Mr. JAVITS. Mr. President, does the Senator from Massachusetts have the floor?

Mr. BROOKE. I would like an answer, if I may, if the Senator from Delaware has an answer to that.

Mr. BIDEN. On line 3 of the amendment before the Senator, it says "except on that school or school district's behalf"—assuming that the school district supported the proposal of the Department of Justice, which in fact required less busing, they would be able to do that.

Mr. JAVITS. Will the Senator yield to me?

Mr. BROOKE. Yes, I yield.

Mr. JAVITS. The whole point of the President's message to us is that he wants the Department to intervene in any suit by any party that seeks—the language of the amendment is very interesting on that, because it cuts off any possibility of departmental intervention. It says any proceeding which has as a stated objective a desegregation remedy or order which would require such transportation. So we do not even know at that point whether busing will or will not be granted, because every one of these desegregation suits could include that as one of the remedies, either imposed by the court or asked for by the party. We absolutely bar the Department of Justice in any such suit except one in which a school district is the party. That is a restraint on the courts which they will not accept. They are going to take suits from people who are not school districts. But it is a restraint on the Attorney General, whose duty in the executive department is to advise the courts. So we have one part, but not the other. I cannot see how this can work.

Mr. BROOKE. I thank the Senator from New York.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER (Mr. STEVENSON). The time is under the control of the Senator from Kansas and the Senator from Rhode Island.

Mr. BROOKE. I had been given the time by the Senator from Rhode Island, Mr. President. I believe that I had the floor.

Mr. PASTORE. That is correct, Mr. President. I yielded time to the Senator from Massachusetts.

How much time is remaining, Mr. President?

The PRESIDING OFFICER. The Senator from Rhode Island has 3 minutes remaining. The Senator from Kansas has 5.

Mr. PASTORE. I give the 3 minutes to the Senator from Massachusetts.

Mr. BROOKE. I thank my colleague. Mr. President, we have discussed the legal ramifications of this amendment.

Mr. PASTORE. Will the Senator yield for a moment?

Mr. BROOKE. Yes.

Mr. PASTORE. Leave me a half-minute to raise a point of order. So the Senator has 2½ minutes.

Mr. BROOKE. I thank the Senator.

We have discussed the legal ramifications of this amendment. I believe, as the distinguished floor manager of this bill has pointed out, that this is an amendment which certainly should not be on this appropriations bill. It constitutes legislating on an appropriations bill, and I think that at the appropriate time, we shall make the proper motion to table this amendment.

But, Mr. President, let us not make this a political issue. Equal education opportunity for all our children, black and white, is just too important to make a political issue.

We have discussed the busing issue time and time again. It will come up again on the education bill and probably every other conceivable vehicle that will be before us. But this is not the appropriate time to debate busing. The President has submitted in this election year a busing bill, rushed up to Congress for us to consider. We will consider it. It is a very emotional issue. It has political appeal. But I, by God, appeal again to this Senate not to make this a political issue because it is far too important to the education of our children. And it certainly does not belong on this bill. When the time comes, apparently, on an education bill, let us look at busing again and see what it is doing and what it is not doing.

We all want good education for black and white children, but we have to see that they have an equal educational opportunity. That is our constitutional responsibility. The Supreme Court has said that, time and time again. No matter what we say here will alter that important fact. Indeed, just recently the Supreme Court of the United States denied certiorari to all the busing appeals before it. The court has reaffirmed its position that the Constitution requires equal educational opportunity for all children in the United States, and that busing is one legitimate tool to insure that constitutional right. I do not think that the U.S. Senate, in this Bicentennial Year, or in any other year, wants to change that.

I yield the remainder of my time back to my distinguished colleague.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, I note that the Senator from Rhode Island may make a point of order. Although I find it very curious that we debated the exact same language giving rise to that appeal for 5 full days last September without a similar point being raised against it, in the interest of time I will further modify my amendment to eliminate any such problem. I do so by striking out on lines 5 and 6 the phrase "which would require, directly or indirectly" and substituting for that the word "requiring" after the word "order" on line 5.

The PRESIDING OFFICER. The amendment is so modified.

The amendment, as modified, is as follows:

On page 25, after line 24, insert the following new section:

SEC. 209. No part of the funds contained in this title may be used to institute against any school or school district, or, except on that school or school district's behalf, intervene in or provide assistance for, any proceeding which has as a stated objective a desegregation remedy or order requiring the transportation of any student to a school other than the school which is nearest the student's home and which offers the courses of study pursued by such student.

Mr. DOLE. Mr. President, while I can appreciate the fact that the President of the United States has sent a message, along with legislation, to the Senate with reference to busing, I would just suggest that that has about as much chance of being passed this year as Harold Stassen has of getting the Republican nomination. I do not mean that in a critical sense with respect to the substance of the proposal, but we all know the likelihood of something as politically appealing as an antibusing measure—if indeed it is that, and I have not seen it either—being enacted by this Congress at President Ford's initiative.

Since the Senator from New York has mentioned the higher education bill as an appropriate place to take this matter up, perhaps he will want to assume the lead on the administration's new plan at that time. With our amendment now, however, we are seeking more immediate relief for school districts being pressured by the Justice Department—even if that relief applies only temporarily in the form of limitations on fiscal year 1977 fund expenditures.

It pains me to be on the other side of this issue from the distinguished Senator from Massachusetts, for I know of his total commitment in this area. I do not quarrel with that. I just suggest there are about 276 cases where the Justice Department, rightly or wrongly, has in some way become involved and promoted busing.

To carry out the order of the Court and to enforce the protections of the 5th and 14th amendments, of course, the Attorney General has that right and that obligation. But where his involvement in cases specifically seeking busing orders is discretionary, we are saying he should—as a matter of policy—stay out unless choosing to enter on behalf of the target school district.

We set forth in the fact sheet a number of instances, Mr. President, in which our amendment would not apply. If Senators will refer to that, I believe they will have a clear understanding that this proposal hardly does all the things it is accused of being able to.

It just seems to me when it comes to promoting something as controversial and of such questionable value as busing, it should not be the prerogative of HEW as we indicated last year with passage of the so-called Biden and Byrd amendments—and neither should it be up to the Justice Department—the very thing we are trying to establish by this amendment.

So with the further modification I have made, Mr. President, our language will not be subject to a point of order, and I trust my colleagues will support it as appropriate and desirable for inclusion in this bill.

If I have any time left, I want to yield to the distinguished senior Senator from Delaware (Mr. Roth) who has a question.

Mr. ROTH. I would like to ask either my distinguished colleague from Delaware or the Senator from Kansas as to this language which says "except on that school or school district's behalf," I am not quite certain what that means.

About 1 month ago the two Senators from Delaware, as well as the Governor and the State Attorney General, asked the U.S. Attorney General to intervene. As far as I know, we were not technically acting on behalf of any school or school district. So I wonder if this language might not rule out the Attorney General, and whether the language should not be modified.

Mr. BIDEN. Mr. President, if the Senator will yield, he will recall we were not asking the Attorney General to intervene to promote busing, so clearly the Attorney General will be able to intervene. If we had gone down to ask him to intervene and ask him to promote a busing order it would be excluded. But we were not going down to ask him to intervene.

Mr. ROTH. I am not clear on the language, I have not had a chance to study it carefully. But it says "intervene in any proceeding," and I think even if you are intervening to try to avoid busing this language may apply.

Mr. BIDEN. No. Clearly, it would not, if the Senator will yield. It says "in any proceeding which has as a stated objective a desegregation remedy or order which would require the transportation."

The Senator, I know, has not had a chance to look at it, but when he reads the whole sentence he will understand it.

Mr. ROTH. I still think it raises a serious question, and if it should be adopted it ought to be made very clear that while the two Senators from Delaware were not asking the Attorney General to intervene for busing purposes, of course, part of the reason of the appeal—and it will be fought by the other side to try to enforce the busing remedy—all I am suggesting is it seems to me very important that the language be very clear if it is adopted that it would not prevent others beyond the school or school district in asking for intervention such as was the case in the case of Delaware.

Mr. BIDEN. I do not see how we can make it any clearer by saying on line 5 "as a stated objective."

Mr. DOLE. I think if there is any question it has been clarified that our intent is to allow the Attorney General to intervene on behalf of any party—whether a school, school district, or even a State—which is defending an action in which the plaintiff or petitioner is seeking to have a busing order imposed. That is an important point, in any event, and I very much appreciate the contribution of the senior Senator from Delaware.

Mr. THURMOND. Mr. President, I rise in support of the amendment of Senators Dole and Biden to prohibit the use of Federal moneys for busing. I have long opposed busing to achieve racial balance. I do not think this practice is in the best interest of our Nation, and recent polls have shown that our citizens, both black and white, do not want it.

Children should be permitted to attend their neighborhood schools rather than being bused for miles and placed in a strange environment. Busing as a means of desegregating schools has never been a sensible approach and it is not one now. On numerous occasions I have urged my colleagues in the Senate to adopt measures which would end forced busing to achieve racial balance.

I hope the Senate will support Senators Dole and Biden in their endeavor to put an end to forced busing once and for all.

In addition to the reasons I have stated against forced busing, it is a waste of fuel in a time when this Nation faces an energy crisis. Also it does not take a Solomon to deduce that forced busing is also a waste of public funds.

Mr. PEARSON. Mr. President, I rise to offer a brief comment regarding amendment No. 1942 which has just been offered by my distinguished colleagues, Senators Dole and Biden. First, I would like to say that I share many of the concerns expressed by my colleagues.

The transportation of students was initially intended to rectify unjust policies of racial isolation without unnecessary additional injury to the public welfare. Unfortunately, many of our cities have demonstrated the painful evidence that busing does not always have a solely palliative effect. There is some evidence that busing stimulates the flight of white students to private schools or to suburbs outside the economic reach of most blacks. The evidence shows no measurable improvement in the quality of education available to our children. On the whole, the busing experience shows little contribution to racial harmony, and, in fact, may have produced additional strains and divisions within our communities.

So I understand the concerns which prompted my colleagues to offer this amendment to the pending appropriations bill. But I cannot support their amendment. Let me explain why I cannot.

Racial busing is a judicial tool. It is employed by the courts, which are very much constrained by the lack of resources available to them, to carry out the constitutional mandate of equal access to quality education.

For entirely too long, we have focused our legislative attention on busing rather than the problem it was designed to solve. Busing should be thought of as nothing more than a means for attaining an end. But busing has overshadowed, in this Chamber, the real issue; assuring equal access to educational resources.

So, while I agree with my colleagues that busing is not the final answer, I cannot agree with again engaging in a legislative battle over busing per se.

Busing is not the issue. Desegregation is the issue. What Congress must do is readdress the real problem rather than its symbol. For that reason, last month I introduced S. 3469, a bill to provide for affording equal educational opportunities. I will not take any more of the Senate's time in explaining that proposal, but I would note this. My bill and its House counterpart, will begin to correct the unlying reality to which the courts have been reacting and ordering busing. By making available resources to assure equal access to educational facilities, I believe that it will be unnecessary for people to resort to the courts and further unnecessary for the courts to resort to busing.

Mr. TAFT. Mr. President, since the busing controversy first arose I have said that the busing of students was not the way to achieve the goals of racial integration in the schools and quality education for all. For the same time I have stated that I would not support measures that attempt to prohibit busing by prohibiting courts or law enforcement authorities from acting against transportation plans being used to promote segregatio nor to perpetuate it. Accordingly I cannot support the Dole-Biden amendment and I shall vote to table it.

Mr. DOLE. I yield back the remainder of my time.

Mr. PASTORE. Mr. President, I move to lay on the table the amendment of the Senator from Kansas, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island. The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Hawaii (Mr. Inouye), and the Senator from Arkansas (Mr. McClellan) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. Goldwater), the Senator from Idaho (Mr. McClure), and the Senator from Illinois (Mr. Percy) are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

The result was announced—yeas 55, nays 39, as follows:

[Rollcall Vote No. 328 Leg.]

YEAS—55

Abourezk
Bayh
Bellmon
Brooke
Bumpers
Burdick
Case
Church
Clark
Cranston
Culver
Durkin
Eagleton
Fong
Glenn
Gravel
Hart, Gary
Hart, Philip A.
Haskell
Hatfield
Hathaway
Hruska
Humphrey
Jackson
Javits
Kennedy
Leahy
Magnuson
Mathias
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Packwood
Pastore
Pearson
Pell
Ribicoff
Schweiker
Scott, Hugh
Stafford
Stevens
Stevenson
Symington
Taft
Tunney
Weicker
Williams
Young

NAYS—39

Allen
Baker
Bartlett
Beall
Bentsen
Biden
Brock
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Curtis
Dole
Domenici
Eastland
Fannin
Ford
Garn
Griffin
Hansen
Hartke
Helms
Hollings
Huddleston
Johnston
Laxalt
Long
Mansfield
Nunn
Proxmire
Randolph
Roth
Scott, William L.
Sparkman
Stennis
Stone
Talmadge
Thurmond
Tower

NOT VOTING—6

Buckley
Goldwater
Inouye
McClellan
McClure
Percy

So the motion to lay on the table was agreed to.

Mr. PASTORE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. BROOKE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PASTORE. If my colleagues will pay attention, I believe we are ready to go to third reading.

The PRESIDING OFFICER. If there are no further amendments, we are ready for third reading.

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SIMON SIMPLY WRONG

Mr. PACKWOOD. Mr. President, an editorial in the Oregonian, Oregon's largest daily, has clearly and cogently stated what is wrong with the Arab's boycott and what is wrong with the administration's position in saying that the Arab boycott is not so bad and we should not try to pass legislation to remedy the adverse effects of it.

I ask unanimous consent that the editorial from the Oregonian be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

SIMON SIMPLY WRONG

Treasury Secretary William Simon was wrong in principle and perhaps in fact when he testified June 9 before the House International Relations Committee against legislation that would curtail conditions under which U.S. companies would legally acquiesce in Arab trade boycotts against Israel.

The Treasury boss stated that Arab nations have eased their anti-Israel boycott and that tough U.S. legislation "could alter these favorable developments regarding enforcement practices."

Simon appears to be correct that Arab nations have begun to ignore their own blacklist of more than 1,500 U.S. corporations if failure to deal with specific companies for particular products patently is not in their self-interest. In such instances, examples abound to show that the temptation to make a deal overwhelms ideological allergies.

However, that is only a small part of the story. The Cabinet member failed to mention that tabulations released last month by a House Commerce subcommittee indicate that more than half of the 637 firms asked to comply with the boycott between January, 1974, and December, 1975, have confirmed that they did so. These companies transacted $352.9 million of business, 54.45 per cent of that conducted by all the firms with Arab countries during the two-year period.

As to Simon's contention that the boycott is easing, the Commerce subcommittee reported that in the last three months of 1975 more than 90 per cent of U.S. companies doing business with the Arabs acquiesced in requests to boycott Israel.

The Treasury secretary also has been trapped far off base on principles which apply to the boycott issue. Arab states, of course, are entitled to refuse to trade with their enemies. They should not be entitled, in effect, to shape both U.S. foreign and domestic affairs by dictating that companies that deal with them cannot deal with blacklisted companies—firms owned by or employing Jews or trading with Israel.

Simon said the Arab nations consider their economic boycott against Israel no different from past U.S. boycotts against Cuba, Rhodesia, North Korea and Vietnam "so they cannot accept the argument that they are not entitled to do the same." As the secretary should know, there is a profound difference, which, incidentally, is also strongly articulated in U.S. labor law. It is the principle that parties secondary to a dispute should not be held hostage to the antagonists' differences. Thus, secondary strikes are illegal domestically, and U.S. boycotts on the international scene have adhered to comparable standards.

The Arab demands on U.S. companies violate our standards because they amount not only to secondary boycotts but also to tertiary boycotts. Legislation that finally is produced by the Congress should make it national policy to oppose such economic armtwisting rather than leave the burden on a discretionary basis to companies, which, as the House Commerce subcommittee's study suggests, are unwilling or unable to resist without an infusion of legal muscle.

Mr. PACKWOOD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. NUNN). The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS, 1977

The Senate continued with the consideration of the bill (H.R. 14239) making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending September 30, 1977, and for other purposes.

Mr. PASTORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PASTORE. Mr. President, I yield 2 minutes to the Senator from North Carolina.

Mr. MORGAN. Mr. President, for the record, I wish to make a statement in regard to the motion to table the Biden amendment.

Mr. PASTORE. May we have order, Mr. President?

The PRESIDING OFFICER. The Senator will suspend until the Senate is in order?

Mr. MORGAN. As one might suspect, my vote to table the motion to restrict the future activities of the Justice Department to bring about busing for the purpose of achieving racial balance may appear contrary to my long-time position on busing. It is generally known that I oppose busing for the purpose of achieving racial balance, but I recognize that we are not going to return to the neighborhood or community school concept in America until such time as we provide for the children who live in any neighborhood or in any community an education that is equal to that provided for children in other neighborhoods.

We are not going to do that in America as long as we perpetuate a double standard with regard to the schools of this country.

The busing question in the South, and certainly that in North Carolina, was ordered by the courts many years ago. We are getting along fairly well in North Carolina under the circumstances.

That is not to say there is not dissatisfaction among the whites and blacks. But, nevertheless, we have complied with the court order.

The last amendment, as well as all of the other amendments which have been offered in the Senate since I have been here, to the best of my recollection, would not in any way alleviate the discontent or the problems that exist in North Carolina which have been brought about by court ordered busing. It would just tend to perpetuate the systems that now prevail throughout the North, the West, and the Southwest of this country, and leave us in North Carolina still busing.

If that system is perpetuated, then Senators from the North and West are not going to be willing to sit down around the conference table and work out a system of quality education that would enable us to return to the neighborhood school concept in North Carolina.

I think what we need to do in this country is to join together in a unified effort. We are not going to do that as long as we have different kinds of systems in existence. That is why I voted to table the last motion.

Mr. BUMPERS. Will the Senator yield?

Mr. MORGAN. I yield.

Mr. BUMPERS. I would like to associate myself with the remarks of the distinguished Senator from North Carolina. I say that I voted to table the last amendment with a great deal of deliberation. I did so for a number of reasons. I will not bore this body with all the pros and cons of this very volatile issue.

I regret that we continue to vote on this and other emotional issues for what I believe are essentially political purposes. If there is anything that the last Presidential campaign has demonstrated to me, it is that the building of people's expectations only to see them dashed time and time again is one of the very basic reasons the credibility of Congress is as low as it is with people of this country.

As the Senator from North Carolina has just said, we have twice as much integration in the South as there is in the rest of the country. We have long since turned loose many of the traditions that held the South back for so long, not the least of which was trying to keep black people subjugated.

I have always championed what I thought were the most noble instincts of the people of my State regarding race, and I will always encourage my people to take pride in the fact that they now accept civil rights, the rights of all people as a basic right. But I will also always tell them that neither the executive branch nor this body has attempted to come to a realistic grip with this problem, which, incidentally, is not going to go away. I, for one, do not intend to prostitute myself politically on issues on which I know the people of this country can be terribly misled.

So, Mr. President, I say this because I know I will get the normal amount of mail I always get when I vote as I just did, but I feel very strongly, and the Senator from North Carolina has already said it more eloquently than I could.

Mr. BROOKE. Mr. President, will the Senator yield?

Mr. BUMPERS. I yield.

Mr. BROOKE. Mr. President, I just cannot resist the temptation to say to the distinguished Senator from North Carolina and the distinguished Senator from Arkansas how heartened I am to hear them say what they have said on the Senate floor today. It was courageous, it was wise, and I hope it will be listened to by all the Members of the Senate.

I know that this does not represent a change on either of those Senators' parts in so far as court-ordered busing is concerned. They still oppose court-ordered busing. But they also oppose amendments which would do nothing but raise false hopes and expectations. And they also realize that the law applies to all sections of the country. And that my friends, is what the Senate of the United States is all about. We represent this Nation; we do not represent any one section. We do not support any issue, such as we have been debating time and time again on this floor, which would deny equal educational opportunity to our schoolchildren.

If the South has the leaders on these difficult and controversial issues, so be it that the South leads this Union. I am heartened and encouraged by the statements that have been made by these two distinguished and courageous Senators, and I just could not sit here without commending them for saying what they had to say.

I hope that the people of North Carolina, the people of Arkansas, and the people all over this Nation will listen to the wise words of these two distinguished Senators; and I hope it will help solve some of the problems we have had which have divided this Nation for far too long.

I thank my distinguished friend for yielding.

Mr. RIBICOFF. Mr. President, will the Senator yield?

Mr. MORGAN. I yield.

Mr. RIBICOFF. Mr. President, I want to take this opportunity to express my appreciation to the Senator from Arkansas and the Senator from North Carolina. Frankly, they have shown more courage than any Senators from the Northern States. Time after time on this floor I have pointed to the basic hypocrisy of Senators from the North who talk about these problems and try to solve the problems of race 1,500 miles from their own homes, but are unwilling to help solve the problems of race in their own backyards.

Time after time we have had an opportunity, when we have been faced with proposals to have uniform treatment in the 50 States when it comes to the problem of integration, and time after time I have seen the hypocrisy of northern Senators.

So it is not enough to praise these two Senators from the South for speaking their minds, because time and time again we have pointed out that the South would solve its problems of integration before the North, and the study that was made public by the distinguished Senator from Massachusetts and the distinguished Senator from New York so indicates. It is too bad that some of the Senators who now praise the Senator from North Carolina and the Senator from Arkansas were not as forthcoming at an earlier period when an issue like this was before the U.S. Senate. If they had been forthcoming then, we would not have had the problem in the North that we now have.

Mr. WILLIAM L. SCOTT. Mr. President, I have listened to the remarks of the distinguished Senator from Massachusetts and other Senators with regard to quality education and integration.

You know, that is not what we are talking about when we talk about——

The PRESIDING OFFICER. Who is yielding time to the Senator from Virginia?

Mr. WILLIAM L. SCOTT. Is the time controlled?

The PRESIDING OFFICER. Yes, it is.

Mr. PASTORE. Mr. President, I yield the Senator 3 minutes.

Mr. WILLIAM L. SCOTT. Mr. President, I appreciate the distinguished Senator from Rhode Island allocating some time to me. But, you know, Mr. President, I believe we are talking about using the children of the country as pawns to bring about social reform rather than quality education.

There is not a Member of this body who is not for quality education throughout our country. The Senator from Massachusetts (Mr. BROOKE) spoke of having courage to stand up and say what we believe. I hope every Senator, every Member of this body, has the courage to stand up and state what he believes in. I believe in the neighborhood schools, that children who play together should go to school together. In my opinion they do not have the emotional problems when they attend area schools that may develop from being bussed away from their parents and friends.

There are other ways we can achieve integration in our schools in lieu of busing. One is by changes in the housing field. There are many ways. But because we do not want our children bused out of their neighborhoods into some strange area, some area that may lead to conflicts, emotional as well as physical, does not mean that we are not in favor of quality education. It does not mean we are not reconciled to the concept of integrating our schools. In my opinion a vast majority of Americans are opposed to busing, as against the best interest of all children.

I do not want any child in this country to be deprived of quality education, and I am unalterably opposed to the racial busing of children and have no hesitancy in saying so.

Mr. PASTORE. Mr. President, I merely wish to say that by comparison with what has happened in the Senate over the last 6 to 7 days, this is the Senate's finest hour.

I now yield to the Senator from Michigan; I understand he has a statement for the RECORD. And then I am prepared for third reading.

MARITIME STUDENT ALLOWANCE

Mr. GRIFFIN. I would like to make an inquiry to the Senator from Rhode Island (Mr. PASTORE) regarding the funding in this bill for the Maritime Administration. I am particularly interested in the funds provided to MARAD for operating expenses and for the State and Federal schools. Last week when the Maritime Administration authorization bill was before the Senate, I joined Senator MUSKIE and Senator HATHAWAY in offering an amendment to increase the State maritime school cadet allowance. The amendment was modified and accepted by the floor managers of that bill. It would increase the allowance from the 1958 level of $600 per year to $900 per year, with the additional $300 to help defray the cost of books, uniforms, and training at sea.

Of course, the authorization bill still must go to conference with the House, and it appears that this appropriation for fiscal year 1977 will be passed by the Senate prior to final action on the authorization bill. It is my understanding, however, that there should be no immediate problem with the funding for the 1976–77 school year if this increase in the cadet stipend included in the Senate authorization bill is finally passed, as I hope that it will be. This $300 increase amounts approximately to an overall increase of $600,000 for the entire year, obviously a very small part of the overall $48 million provided MARAD for these activities. I would just like to ask the floor manager of this appropriations bill if this understanding agrees with his, that MARAD should have no difficulty in implementing the increase in the cadet subsidy under the funds provided in this appropriation bill for the coming school year.

Mr. PASTORE. Yes, that is my understanding as well. Though funds have not specifically been provided for this increase, which as the Senator from Michigan has pointed out was just passed last week by the Senate, MARAD has indicated that there would be no immediate funding difficulty presented by final adoption of such an increase. Should it become necessary, of course, a supplemental could be considered at some later date for the $600,000 or whatever part of the amount might be needed.

Mr. MUSKIE. Mr. President, I take this opportunity to comment on H.R. 14239, which is the fiscal year 1977 appropriations bill for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies.

I wish to speak to the relationship between this bill and the targets set out in the first concurrent resolution on the budget for fiscal year 1977.

H.R. 14239 provides budget authority in fiscal 1977 of $6.9 billion and outlays that are estimated at $5 billion. In addition, there will be outlays of $2.2 billion resulting from previous years' appropriations. Total outlays for the year will be $7.2 billion.

The funds provided in this appropriation bill are within the total allocation which was made by the Senate Appropriations Committee to the subcommittee in accord with 302(b) of the Budget Act. That allocation was $7 billion in budget authority and $7.4 billion in outlays, and this appropriation bill is thus $0.1 billion in budget authority and $0.2 billion in outlays below the amounts allocated to the subcommittee.

This bill provides new budget authority in seven functions of the budget. I ask unanimous consent to insert in the RECORD a table showing the distribution of budget authority and outlays in this bill by function.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

H.R. 14239. Departments of State, Justice, and Commerce, the Judiciary, and related agencies appropriation bill fiscal year 1977

[In millions of dollars]

Function:	*Budget authority*	*Outlays*
050—National defense	3	6
150—International affairs	1,372	1,305
300—Natural resources, environment and energy	616	574
400—Commerce and transportation	1,333	1,716
450—Community and regional development	671	454
500—Education, training, and employment and social services	-----	222
750—Law enforcement and justice	2,878	2,939
800—General government	3	3
Total	6,879	7,219

SOURCE.—Congressional Budget Office.

Mr. MUSKIE. Mr. President, this bill is consistent with the policy framework of the first budget resolution and, as I have noted, it is below the allocation made to the subcommittee by the full Appropriations Committee. I therefore support the bill. I would point out, however, that this bill and the Treasury/Postal Service Appropriation bill which has also been reported, cover the bulk of the requirements in function 750, law enforcement and justice, and that the amounts reported in the two bills are likely to put the budget authority and outlay levels for function 750 about $100 million over the first budget resolution targets. However, since the amounts reported in both of these bills are within the Appropriations Committee's first budget resolution allocation, I assume that any overage in function 750 will ultimately be offset by savings in other functions which will appear as the remaining appropriation bills are reported.

I commend the distinguished chairman of the subcommittee, Senator PASTORE, and the distinguished chairman of the Appropriations Committee, Senator MCCLELLAN, for their dedicated efforts in bringing this bill to the floor.

Mr. KENNEDY. Mr. President, I rise in support of the proposed Senate Appropriation of $809 million for LEAA, the same amount as the current level of funding. I note with concern the House LEAA appropriation of only $738 million, a cut of some $71 million. I hope that the House-Senate conferees will follow the recommendations of the Senate and will restore the House cuts.

For many years I and others have been vocal critics of the LEAA program, expressing our concern that LEAA was simply not confronting the problem of crime in America. This year, however, many of the reforms I have long advocated—direct aid to our cities, special aid to our beleaguered court systems, assisting our elderly in their struggle against crime, improved evaluation and monitoring of LEAA programs, new congressional oversight and regulatory provisions have been accepted in toto by the administration.

I therefore support the Senate appropriation in the hope that, at long last, LEAA may begin to fight an effective war on crime.

Mr. WEICKER. Mr. President, H.R. 14239 making appropriations for Department of State, Justice, Commerce, and the Judiciary for fiscal year 1977 included $1.5 million in the NOAA budget for an undersea oceanlab program initiated by Congressman ALEXANDER. The Senate subcommittee on State, Justice, Commerce, and the Judiciary chaired by Senator PASTORE retained the oceanlab program in the NOAA budget despite opposition by the Commerce Department and the administration. I want to thank Senator PASTORE for this thoughtful consideration of this important issue.

I have supported the oceanlab concept ever since I realized that the United States has no real national undersea program and often has restored to leasing foreign equipment for undersea research. The proposed oceanlab program will support a wide range of scientific diving projects utilizing a mobile manned habitat system which will allow scientists to probe the depths of the oceans. It will also focus on important physiological studies necessary to allow man to safely and effectively reach his maximum capabilities in undersea research.

The oceanlab program is an important part of a new national effort in the oceans. Clearly the future growth and security of this Nation is largely dependent on our research and development of the vast resources of the oceans.

Just as we must develop new techniques to mine offshore minerals, to drill for oil and gas, and to harvest the living resources of the sea, man must also develop his capabilities to work and live within the boundaries of an environment which in many ways is more hostile than the surface of the Moon. Only with a national commitment can we achieve the proficiency we need in this area.

This national commitment requires the adoption and implementation of a strong national ocean policy which encompasses all aspects of ocean affairs. The United States now lacks a coherent policy to address its ocean problems, at a time when we face an approaching crisis: Our land-based sources of oil are drying up; our fishing stocks are being depleted by mismanaged fisheries; the near-shore oceans and estuaries are being badly polluted, killing or rending many species of marine life unfit for human consumption; our merchant and naval fleets are old and inefficient.

Even though there are many in Congress who seek to address these problems, and even though a sizable budget is allocated each year for ocean and ocean-related programs, we do not pull it all together. Our legislative efforts lack direction and fail to give thought to overall objectives. This unsatisfactory process will no doubt continue until we take action to define our goals and exercise leadership in ocean research and development.

The United States must now develop a national ocean policy to guide our destiny in the oceans. Not to do so relegates our country to second-rate status as a force in and on the oceans.

Mr. President, I would like to again call attention to my colleagues a report I drafted entitled "America's Future in the Sea—Thoughts on a National Ocean Policy" submitted to the Senate Commerce Committee last March and reprinted in the CONGRESSIONAL RECORD April 9, 1976.

This represented my first serious look at ocean affairs in the United States and you may be sure that I will continue to push for expanded oversight and a new policy coordinating ocean programs in the United States.

Mr. KENNEDY. Mr. President, I wish to pose a brief question related to the Federal Communications Commission appropriations.

I am concerned that the Commission has failed thus far to treat Puerto Rico in the same manner that it treated Hawaii and Alaska with respect to the integration of telephone service between Puerto Rico and the mainland into the domestic rate structure.

I know the chairman has been concerned about this matter as well, and I simply wanted to alert him that as of this date, the company involved—ITT—has declined to reach any agreement with the Puerto Rico Telephone Co. to facilitate this integration.

Since this relates to an order of the FCC stemming from a 1972 decision and since the Senate has previously approved Senate Resolution 318 declaring its desire that integration be speeded, I would hope that some expression of concern might be made by the conference report on this subject. The FCC responded to the resolution as it relates to Hawaii and Alaska by ordering negotiations to conclusion within a 30-day period but they have not so acted with regard to Puerto Rico and it appears that the delay will be interminable unless some further action by the Commission takes place.

This means that people in Puerto Rico and those in the States calling Puerto Rico are having to pay some three times the rate they otherwise would pay if integration had occurred.

I ask unanimous consent to have printed in the RECORD, a copy of Senate Resolution 318, and a copy of the letter from the Governor of Puerto Rico to the distinguished chairman.

Mr. PASTORE. I am well aware of this matter and I have written to the Commission urging their intervention to speed integration and I will raise the matter with the conferees and seek an expression of their concern as well.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. RES. 318

Resolution expressing the sense of the Senate with respect to authorizing domestic satellites pursuant to the Communications Act of 1934

Whereas the Communications Act of 1934, as amended, directs the Federal Communications Commission to regulate communications by wire and radio so as "to make available, so far as possible, to all of the people of the United States a rapid, efficient, nationwide, and worldwide wire and radio communication service with adequate facilities at reasonable charges . . ."; and

Whereas in its Second Report and Order (docket numbered 16495 (1972)) establishing the Nation's basic domestic communications satellite policy, the Federal Communications Commission stated that "With the availability of domestic satellites for communications between the mainland and Alaska, Hawaii, and Puerto Rico, distance should dramatically diminish as an excuse or justification for the historic high-rate treatment that has been accorded to these services"; and

Whereas in the same report and order the Federal Communications Commission found that, "with the inauguration of satellite systems to serve the domestic communications requirements of all of the United States, there will be justification for integrating Alaska, Hawaii, and Puerto Rico into the established rate scheme for communications service applicable to the mainland"; and

Whereas in that report and order the Federal Communications Commission determined that it would be its policy to condition grant of an application for a domestic communications satellite system which would include service to Alaska, Hawaii, and Puerto Rico upon integration of these three points into the established rate scheme for communications applicable to the contiguous forty-eight States, and that no later than six months from the issuance of the authorization for such service, the authorized carrier must submit a specific proposal for revised rates for review and approval of the Commission prior to authorization for the commencement of service; and

Whereas in its Memorandum Opinion and Order (docket numbered 16495) reaffirming the above enunciated policy determination the Federal Communications Commission again stated that "the advent of domestic satellite service will be accompanied by the integration of all interstate services between the mainland and Alaska, Hawaii, and Puerto Rico into an enlarged domestic rate pattern"; and

Whereas the said applicant have not filed proposed tariffs reflecting the rates and regulations governing service to Hawaii, statements of how those rates and regulations comply with the Commission's policies, and economic data supporting such rates and regulations: Now, therefore, be it

Resolved, That it is the sense of the Senate that in accordance with such previously announced policies the Federal Communications Commission should take such action pursuant to law as is necessary in order to provide that the advent of domestic communications satellite service will be accompanied by the integration of all interstate services between the mainland and Alaska, Hawaii, and Puerto Rico into an enlarged domestic rate pattern.

THE GOVERNOR OF THE
COMMONWEALTH OF PUERTO RICO,
June 21, 1976.

Hon. JOHN O. PASTORE,
Senator, U.S. Senate,
Washington, D.C.

DEAR SENATOR PASTORE: I am writing to seek your assistance in a matter of vital importance to the people of Puerto Rico and their friends, family members and business contacts on the mainland. The problem is telephone communications.

While United States citizens living on the mainland have enjoyed the best telephone service in the world, the people of Puerto Rico were in the past served by a telephone company which was unable to provide service of the scope or quality of that on the mainland.

The problems faced by the Puerto Rico Telephone Company (PRTC) flow from past ownership of PRTC by International Telephone and Telegraph Corporation (ITT). Under ITT control, PRTC provided 60 years of deficient telephone service to the people of Puerto Rico. Under ITT ownership, PRTC's local telephone rates to customers rose to a level higher than those of any comparable telephone company in the United States. In 1974, orders for new service which had been placed as far back as 1969 remained unfilled; repairs for out of service telephones regularly required weeks and sometimes even months; and much of the telephone plant was improperly or inadequately installed and maintained, making it easily susceptible to damage from weather and other forces.

Confronted with this level of service and ITT's insistence, that it needed a further rate increase of over 50 percent, the Commonwealth attempted to find a purchaser of the telephone system with the ability and resources to provide quality telephone service for the people of Puerto Rico. Unable to find such a purchaser, the Commonwealth took the drastic and unique action of forming a public authority, Puerto Rico Telephone Authority, to acquire PRTC from ITT. After lengthy negotiations with ITT, the purchase was completed in 1974, and the Authority now owns all of the stock of PRTC.

Under its new ownership, PRTC began an extensive capital program and obtained the services of the best telephone experts available in its attempt to upgrade the level of telephone service. Although great progress has been made, much remains to be done.

In addition to the problems of upgrading local intraisland telephone service, it is essential that the rates charged for interstate communications services between the mainland and Puerto Rico be equitable and reasonable. A large number of Puerto Ricans living throughout the mainland retain strong ties with families and friends in Puerto Rico largely by means of the telephone. In addition, proper toll rates are essential to Puerto Rico's economic development. Being an island, our businesses are heavily dependent upon the mainland for raw materials, supplies and for markets. To attract new business and broaden our island's economic base, the cost of mainland/Puerto Rico telephone service must be reasonable.

Because of the importance of the rates for this service, I welcomed the 1972 Order of the Federal Communications Commission that rates for calls to and from Alaska, Hawaii and Puerto Rico be integrated into the same rate structure that applies on the mainland. This "rate integration" will eliminate the now unjustified disparity in rates whereby a telephone call to or from these offshore points costs several times what a call of similar distance would cost on the mainland.

As you know, in order to achieve this rate integration, it is necessary that the companies involved in providing telephone service and facilities alter their respective shares in the revenue derived from Puerto Rico/mainland calls so that PRTC, the local telephone company, is not injured. To alleviate the problems which would be caused by retaining the present division of revenues, and to achieve rapid rate integration in compliance with the 1972 FCC Order, PRTC initiated negotiations with AT&T and ITT. Four meetings have been held to date. At these meetings, AT&T expressed at least some willingness to reduce its share in the Puerto Rico/mainland toll revenues in the same way it has done in Hawaii. ITT, which is a co-owner of all the communications facilities connecting Puerto Rico and the mainland, is willing to accept a share of the revenues given up by AT&T, but it is unwilling to readjust its revenue share with PRTC. ITT's posture in these negotiations has been that of a silent observer.

I find this intransigence of ITT unconscionable. Calculations made by PRTC personnel using public reports filed by ITT show that it is earning a rate of return on the facilities serving Puerto Rico of between 30 and 33 percent, despite the fact that its rate of return is presumably regulated by the FCC. AT&T is permitted by the FCC to earn no more than 9.5 percent on its interstate facilities. This 9.5 percent limitation on interstate earnings also applies to every Bell operating company and the 1600 independent telephone companies. Moreover, it appears that ITT is earning this excessive rate of return because it may have manipulated among its various subsidiaries operating in the Caribbean in order to maximize profits for some of its companies while loading costs on PRTC and others, thereby reducing their revenues. ITT's position is hurting not only PRTC, but all telephone users on the mainland and in Puerto Rico.

Because of the ITT position and the lack of progress in the rate integration negotiations, PRTC asked the FCC to intervene. On May 21, 1975, the Chief of the Commission's Common Carrier Bureau wrote the parties involved and required them to negotiate in good faith and to report their progress to him by July 1, 1976.

While I welcome this assistance, I believe that more must be done. First, I believe that an interim equitable rate integration agreement must be imposed upon the parties immediately. The telephone users of the United States and Puerto Rico should not be held hostage while ITT delays. PRTC has already proposed the terms for such an interim agreement. Once this interim step is made, a more permanent agreement could then be worked out among the parties and implemented on an appropriate timetable. Given ITT's present position, no rate integration proposal can be negotiated without aggressive intervention by the FCC.

In addition, while the Commission has commenced a long overdue investigation of rates and rates of return of international common carriers, including ITT companies operating in the Caribbean, this investigation will not focus on the immediate need for rate integration for Puerto Rico. Therefore, there is need for immediate congressional concern for an investigation of the rate of return being earned by the ITT Companies in the Caribbean. Special study should be given to the interlocking character of the several ITT companies which have virtually complete control over communications traffic into and out of Puerto Rico and the Virgin Islands. More attention must be focused on to what extent and for what reason ITT has been so unregulated for so long in this important area.

I urge you to take an interest in this matter and to offer whatever assistance you can. The time has come for the people of Puerto Rico to enjoy the benefits of reasonably priced, high quality telephone service that their fellow citizens on the mainland have enjoyed for decades.

I am directing Mr. Salvador Rodriguez-Aponte, President of PRTC, to send you copies of all correspondence he has had with the FCC on this subject.

Sincerely,
RAFAEL HERNANDEZ-COLON,
Governor.

Mr. HUDDLESTON. Mr. President, I want to commend the distinguished chairman of the subcommittee and the ranking minority member for the manner in which they have handled this bill. There are a number of important programs funded in this legislation, many of which were not adequately provided for in the budget request and I believe both our Subcommittee on State, Justice, Commerce and the full committee, under the leadership of the chairman and ranking member of the subcommittee and the chairman of the full committee, have sought to give these programs the attention which they deserve.

Since its enactment in 1965, the Economic Development Administration—EDA—has time and time again proven its value in assisting those areas of our Nation which are economically depressed. Not only does the program encourage the construction of facilities needed for expansion of business and industrial activities, and area economic development but it also results in immediate employment as the various programs and projects are carried out. While our economy is improving, there are a number of areas in our country which still lag behind, and unemployment, at least in my opinion, remains much too high. As a result, I am pleased that the Senate figure for this year is the same that the Senate recommended last year and took to conference.

In providing such appropriations, I think it is important to note that the Senate amount includes funding for the section 304 program. There was no budget request for this program, which provides States with grant moneys to foster economic development through selective development projects that will have a lasting impact on the State's economy.

Several different criticisms have been made of the program. One is that the amounts available have been so small that they have not been worth the administrative work required in connection with them. On the other hand, another is that the States have not been spending the funds. It is, however, my understanding that the States desire to follow through with this program, that additional funding in fiscal 1977 would encourage them to do so and that the principal reason that little money has been spent to date is that there has been so much delay in getting the funds to the States. Section 302 which involves State planning is now going into its second year.

Thus, States are just approaching the time when they can utilize the 304 funds within a comprehensive context. Furthermore, it is my understanding that some States have been allowing these funds to accumulate so that they can undertake larger projects. Thus, to eliminate funds now would be to abandon the program just when it is on the threshhold of proving its value.

In my own State of Kentucky, the EDA 302 and 304 functions are being integrated into the new 2-year Kentucky Economic Development Plan which will involve multi-county industrial development, mass transit, airport development, riverport development, urban flood control and a number of other areas. The State intends to use all the funds which are currently available under 304 and believes it could use additional funding very effectively.

Finally, I would point out that both the House and Senate Public Works Committees, after receiving EDA, recently decided to continue the 304 program at a $75 million authorization level. If their review indicated that such an authorization level was desirable, a $20 million appropriation figure, which is the same as that provided last year, would seem to be a good investment.

Another important area covered in this legislation is the Law Enforcement Assistance Administration—LEAA. While I am well aware of the various criticisms which have been leveled against the program, I do not believe that the answer is to curtail it to the point where it can accomplish little, but instead to work to improve it in order that we may address the many problems which remain in the criminal justice system. From the experiences of my States, I know that funds are getting to the localities and that these funds are contributing to the provision of a more effective and humane criminal justice system.

Within the LEAA program, the subcommittee and committee have recommended the law enforcement education program—LEEP—which not only assists law enforcement personnel in pursuing education, but to develop expanded curricula in the justice and correctional fields.

Another area of extreme importance is that of juvenile justice. Nationally, juveniles account for some 25 percent of arrests and 45 percent of serious crimes. Furthermore, there are indications that many of our past procedures for dealing with juvenile delinquency have failed and that new directions are needed. This program offers a starting place for such new directions.

I have, however, been extremely disturbed by some of the developments within the program. A number of States have experienced difficulty in meeting what they have felt were impossible administrative difficulties, especially in connection with section 223(a)(12) of the Juvenile Justice and Delinquency Prevention Act. The subcommittee was advised that the authorization committee and the Administrator of LEAA were seeking to work out these problems and has included language in the committee report encouraging these efforts. I am certain that we will be following developments in this area closely so that the States can move ahead in providing much needed services.

The committee recommendation of $130 million for the Legal Service Corp. should enable the Corporation to expand its activities. The Corporation provides a necessary service to the Nation's poor. Yet, the present budget is simply not adequate to carry out its congressional mandate "to provide equal access to the system of justice in our Nation for individuals who seek redress of grievances." The funding level remained static during the 1971–76 period, halting the initiation of new legal programs, especially in view of the 30-percent inflation increase over this period.

There is a need to strengthen existing programs as well as initiating new programs where none now exist. In areas where programs already exist, three out of every four legal problems of the poor go unattended. Areas served by existing programs affect about 17.25 million of the Nation's poor. Another 12 million or 40 percent of the Nation's poor receive no assistance because of no programs in their area.

Finally, the National Fire Prevention and Control Administration provides far too important a service to leave its funding as the House and budget proposed. Fire is annually responsible for $11 billion in national waste, 12,000 deaths, and 300,000 injuries. It is time to give this serious problem the attention that it deserves. The NFPCA is at the point of expanding a number of important services and should be encouraged to do so.

The **PRESIDING OFFICER.** The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

Mr. PASTORE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have already been ordered. Is all remaining time yielded back?

Mr. PASTORE. I yield back the remainder of my time.

The PRESIDING OFFICER. All remaining time having been yielded back, the question is, Shall the bill pass? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Hawaii (Mr. Inouye), the Senator from Arkansas (Mr. McClellan), the Senator from Louisiana (Mr. Long), and the Senator from Mississippi (Mr. Stennis) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. Goldwater), the Senator from Idaho (Mr. McClure), and the Senator from Illinois (Mr. Percy) are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

I further announce that, if present and voting, the Senator from Arizona (Mr. Goldwater) would vote "nay."

The result was announced—yeas 82, nays 10, as follows:

[Rollcall Vote No. 329 Leg.]

YEAS—82

Abourezk
Baker
Bayh
Beall
Bellmon
Bentsen
Biden
Brooke
Bumpers
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Dole
Domenici
Durkin
Eagleton
Eastland
Fannin
Fong
Ford
Glenn
Gravel
Griffin
Hansen
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Hollings
Hruska
Huddleston
Humphrey
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Magnuson
Mansfield
Mathias
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Sparkman
Stafford
Stevens
Stevenson
Stone
Symington
Taft
Talmadge
Tower
Tunney
Weicker
Williams
Young

NAYS—10

Allen
Bartlett
Brock
Byrd, Harry F., Jr.
Curtis
Garn
Helms
Roth
Scott, William L.
Thurmond

NOT VOTING—8

Buckley
Goldwater
Inouye
Long
McClellan
McClure
Percy
Stennis

So the bill (H.R. 14239), as amended, was passed.

Mr. PASTORE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. JAVITS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PASTORE. Mr. President, I ask unanimous consent that the Secretary of the Senate, in the engrossment of the Senate amendments, be authorized to make any technical and clerical corrections.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. PASTORE. Mr. President, I move that the Senate insist upon its amendments and request a conference with the House of Representatives thereon and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. Pastore, Mr. McClellan, Mr. Mansfield, Mr. Hollings, Mr. Magnuson, Mr. Eagleton, Mr. Johnston, Mr. Huddleston, Mr. Hruska, Mr. Fong, Mr. Brooke, Mr. Hatfield, Mr. Stevens, Mr. Young, and Mr. Javits conferees on the part of the Senate.

Mr. PASTORE. Mr. President, I have already complimented the Senator from Nebraska (Mr. Hruska) for his cooperation and his friendship. I now should like to say a word in praise of Mr. Terry Sauvain, who is the staff member of the majority, and Mr. Burkett Van Kirk, who is the staff member of the minority. These two men have worked hard and have done a splendid job, and they are a credit to the working force of the U.S. Senate. Mr. Sauvain has been assisted by Mr. Salesses.

Mr. HRUSKA. Mr. President, I subscribe to the sentiments expressed by the Senator from Rhode Island with regard to the staff. They have been loyal and have been assiduous in the prosecution and execution of their duties, and I commend them for it.

Mr. PASTORE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. TALMADGE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

PRIVILEGE OF THE FLOOR—H.R. 10612

Mr. STONE. Mr. President, I ask unanimous consent that Mr. William Pursley and Mr. Marc Golden of my staff be granted privilege of the floor during Senate consideration of H.R. 10612.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, I ask unanimous consent that Jim Davis, of my staff, have the privilege of the floor during the pendency of the tax bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAX REFORM ACT OF 1976

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of the unfinished business, H.R. 10612, which the clerk will state.

The assistant legislative clerk read as follows:

A bill, H.R. 10612, to reform the tax laws of the United States.

COMMITTEE AMENDMENT NO. 13

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to committee amendment No. 13. Committee amendment No. 12 is laid aside temporarily. The Senator from Minnesota (Mr. Mondale) is recognized to call up an amendment which, by unanimous consent, will be considered to be an amendment in the first degree. The Senator from Minnesota is recognized.

UP AMENDMENT NO. 93

Mr. MONDALE. Mr. President, under the unanimous-consent agreement, I send to the desk an amendment in the nature of a substitute for the pending committee amendment and ask unanimous consent that its reading be dispensed with.

The PRESIDING OFFICER. Is there objection? The Chair hears none and it is so ordered.

Mr. CURTIS. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. MONDALE. I yield.

The PRESIDING OFFICER. The Senator will state it.

Mr. CURTIS. May I inquire, Mr. President, is there a time limit on the amendment offered by the distinguished Senator from Minnesota and, if so, how much is it and is there a time limit on amendments to it?

The PRESIDING OFFICER. The only time agreement is that final disposition of committee amendment No. 13 will occur not later than 11 p.m. this evening.

Mr. CURTIS. I thank the Chair.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Minnesota (Mr. Mondale) for himself, Mr. Nelson, Mr. Hollings, Mr. Mathias, Mr. Brooke, Mr. Clark, Mr. Gary Hart, Mr. Philip A. Hart, Mr. Hartke, Mr. Haskell, Mr. Hathaway, Mr. Huddleston, Mr. Humphrey, Mr. Kennedy, Mr. Proxmire, and Mr. Tunney proposes an unprinted amendment No. 93.

Unprinted amendment No. 93 to committee amendment 13, is as follows:

In lieu of the language proposed to be inserted by the Committee amendment, insert the following:

MINIMUM TAX AND MAXIMUM TAX

Sec. 301. Minimum Tax For Individuals.

(a) In General. Part VI of subchapter A of chapter 1 (relating to minimum tax for tax preferences is amended

(a) By amending section 56(a) to read as follows:

"(a) General Rule.—In addition to the other taxes imposed by this chapter, there is hereby imposed for each taxable year, with respect to the income of every person, a tax equal to 15 percent of the amount by which the sum of the items of tax preference exceed $10,000.".

(b) Conforming Changes.—

(1) Section 56(b) of such Code (relating to deferral of tax liability in case of certain net operating losses) is amended—

(A) by striking out "$30,000" in paragraph (1)(B) and inserting in lieu thereof "$10,000", and

(B) by striking out "10 percent" in paragraphs (1) and (2) and inserting in lieu thereof "15 percent".

(2) Section 56(c) (relating to tax carryovers) is repealed.

(c) Additional Tax Preference Items.—

(1) Additional Preference items.—

(A) Section 57(a) (relating to items of tax preference) is amended by striking out the matter following paragraph (10) and inserting in lieu thereof the following:

"(11) Excess itemized deductions.—An amount equal to the excess itemized deductions for the taxable year (as determined under subsection (d)).

"(12) Construction period interest.—With respect to each item of real property which is or will be either property described in section 1221(1) or property held for rental and which is not section 1245 property (as defined in section 1245(a)(3)), the amount of all interest paid or accrued on indebtedness incurred or continued to acquire, contruct, or carry real property, to the extent such interest is attributable to the construction period for such property and is allowed as a deduction under this chapter for the taxable year. For purposes of this paragraph, the terms—

"(A) 'construction period' means the period beginning on the date on which construction begins and ending on the date on which the item of property is ready to be placed in service or is ready to be held for sale, and

"(B) 'construct' includes reconstruct and erect.

"(13) Intangible drilling cost.—With respect to all interests of the taxpayer in oil and gas wells, the excess of—

"(A) the excess of the intangible drilling and development costs described in section 263(c) paid or incurred in connection with oil and gas wells (other than costs incurred in drilling a nonproductive well) allowable under this chapter for the taxable year over the amount which would have been allowable for the taxable year if such costs had been capitalized and straight line recovery of intangibles (as defined in subsection (e)) had been used with respect to such costs, over

"(B) the aggregate amount of net income received or accrued by the taxpayer during such taxable year attributable to such interests. For purposes of this subparagraph, the term 'net income' means the excess of the aggregate amount of gross income from oil and gas properties over the sum of—

"(i) the amount of any deductions (other than the amount of any excess intangible drilling and development costs, as determined under subparagraph (A), allowable for such taxable year) allocable to such properties, and

"(ii) the amount of taxes imposed under this section (determined without regard to this part) allocable to such properties.

Paragraphs (1), (3), and (11) shall not apply to a corporation other than an electing small business corporation (as defined in section 1371(b)) and a personal holding company (as defined in section 542). Paragraph (12) shall not apply to any amount of interest paid or accrued before January 1, 1982, on indebtedness incurred or continued to acquire, construct, or carry real property described in section 1250(a)(1)(C)."

(B) Section 57(a)(2) (relating to accelerated depreciation on personal property subject to a net lease), is amended—

(i) by striking out "net" in the caption thereof, and

(ii) by striking out "net" in the text thereof.

(2) Excess itemized deductions defined.—Section 57 is amended by adding at the end thereof the following new subsection:

"(d) Excess Itemized Deductions.—For purposes of paragraph (11) of subsection (a), the amount of the excess itemized deductions for any taxable year is the amount by which the sum of the deductions for the taxable year other than—

"(1) deductions allowable in arriving at adjusted gross income,

"(2) the standard deduction provided by section 141,

"(3) the deduction for personal exemptions provided by section 151,

"(4) the deduction provided by section 213,

"(5) the deduction for casualty losses described in section 165(c)(3), and

"(6) the deduction for interest which is excess investment interest (as defined in subsection (b)) to the extent that such interest is not included as a deduction under paragraph (1),

exceeds 60 percent (but does not exceed 100 percent) of the taxpayer's adjusted gross income for the taxable year. In the case of a trust, any deduction allowed or allowable under section 641(d), 641(e), 641(f), 651(a), or 661(a) for such taxable year and any deduction allowed or allowable under this chapter for costs paid or incurred in connection with the administration of such trust for such taxable year shall, for purposes of paragraph (1), be treated as a deduction allowable in arriving at adjusted gross income."

(3) Deductions deferred under LAL not to be treated as items of tax preference.—Section 57 is amended by adding at the end thereof the following new subsection:

"(e) Deductions Deferred Under LAL Not To Be Treated as Items of Tax Preference.—The amount of any item of tax preference taken into account for purposes of section 55 for any taxable year shall be reduced by the amount of any portion of such item which constitutes a deduction which for such taxable year or any prior taxable year was placed in a deferred deduction account under section 466(b)."

(4) Straight line recovery of intangibles defined.—Section 57 is amended by adding at the end thereof the following new subsection:

"(f) Straight Line Recovery of Intangibles Defined.—For purposes of paragraph (12) of subsection (a) and for purposes of section 468(e) (relating to accelerated deductions in the case of LAL oil and gas property)—

"(1) In general.—The term 'straight line recovery of intangibles', when used with respect to intangible drilling and development costs for any well, means (except in the case of an election under paragraph (2)) ratable amortization of such costs over the 120-month period beginning with the month in which production from such well begins.

"(2) Election.—If the taxpayer elects, at such time and in such manner as the Secretary may by regulations prescribe, with respect to the intangible drilling and development costs for any well, the term 'straight line recovery of intangibles' means any method which would be permitted for purposes of determining cost depletion with respect to such well and which is selected by the taxpayer for purposes of subsection (a)(12) and section 468(e).

(5) Excess investment interest in case of limited partner.—Section 57(b) (relating to excess investment interest) is amended by adding at the end thereof the following new paragraphs:

"(4) Special rule for limited partner.—For purposes of paragraph (1), in the case of any taxpayer who is a partner in any limited partnership, as defined by regulations prescribed by the Secretary—

"(A) the excess investment interest attributable to such taxpayer for any taxable year with respect to all such partnerships is the aggregate amount of losses of all such partnerships allocated to such taxpayer to the extent such losses are attributable to investment interest expenses incurred by such partnerships, and

"(B) the net investment income attributable to such taxpayer for any taxable year with respect to all such partnerships is the aggregate amount of gain of all such partnerships allocated to such taxpayer.

The preceding sentence shall not apply to any amount of interest paid or accrued on indebtedness incurred or continued to acquire, construct, or carry real property described in section 1250(a)(1)(C), but only if construction of such property began before January 1, 1976, and section 163(d), as in existence on December 31, 1975, did not apply to such interest.

"(5) Transitional rule for low income housing.—For purposes of paragraph (2)(D), the term 'investment interest expense' does not include any amount of interest paid or accrued on indebtedness incurred or continued with respect to property described in section 1250(a)(1)(C) which was acquired or constructed pursuant to a written contract for the acquisition, construction, or financing of such property, which was, on or before December 31, 1981, binding on the taxpayer."

"(6) Construction period interest excluded.—Section 57(b)(2)(A) is amended by adding at the end thereof the following new sentence: 'For purposes of this subparagraph, the term 'investment expense' shall not include any deduction allowable for interest under this chapter which is included as an item of tax preference under paragraph (12) of subsection (a).'"

(d) Amendments of Section 58.—Section 58 (relating to rules for application is amended by striking out "$30,000" wherever it appears and inserting in lieu thereof $10,000", and by striking out "$15,000" wherever it appears and inserting in lieu thereof "$5,000".

(e) Conforming Amendment.—Subsection (d) of section 443 (relating to adjustment in exclusion for computing minimum tax for tax preferences) is amended by striking out "$30,000" and inserting in lieu thereof "$10,000".

(f) Effective Date.—

(1) In general.—In the case of a taxpayer other than a corporation, the amendments made by this section shall apply with respect to items of tax preferences (as defined in section 57(a) of the Internal Revenue Code of 1954) for taxable years beginning after December 31, 1975, and in the case of a corporation, the amendment made by this section shall apply with respect to items of tax preferences (as defined in section 57(a) of the Internal Revenue Code) for taxable years beginning after December 31, 1975.

(2) Tax carryover.—In the case of a taxpayer other than a corporation, the amount of any tax carryover under section 56(c) of the Internal Revenue Code of 1954 from a taxable year beginning before January 1, 1976, shall not be allowed as a tax carryover for any taxable year beginning after December 31, 1975, and in the case of a corporation which is not an electing small business corporation (as defined in section 1371(b)) or a personal holding company (as defined in section 524), the amount of any tax carryover under section 56(c) of the Internal Revenue Code of 1954 from a taxable year beginning before July 1, 1976, shall not be allowed as a tax carryover for any taxable year beginning after June 30, 1976.

(3) In the case of a taxpayer which is a bank (as defined in section 581 of the Internal Revenue Code of 1954), the amendments made by this section apply only to taxable years beginning after December 31, 1977.

(4) Special rule for taxarle year 1976 in the case of a corporation.—Notwithstanding any provision of the Internal Revenue Code of 1954 to the contrary, in the case of a corporation the tax imposed by section 56 of such Code for taxable years beginning after December 31, 1975, and before January 1, 1977, is an amount equal to the sum of—

(A) the amount of the tax which would

have been imposed for such taxable year under such section as such section was in effect on the day before the date of enactment of the Tax Reform Act of 1976, and

(B) one-half of the amount by which the amount of the tax which would be imposed for such taxable year under such section as amended by the Tax Reform Act of 1976 (but for this paragraph) exceeds the amount determined under subparagraph (A).

Mr. BROCK. Mr. President, will the Senator permit me to go ahead and offer my amendment now or does he want me to wait?

Mr. MONDALE. As I understand it, the Senator's amendment will be offered as a substitute, and I would like, if the Senator does not mind, to make my opening statement and then the Senator may offer his amendment.

Mr. BROCK. Yes.

Mr. MONDALE. Mr. President, I ask unanimous consent that the Senator from California (Mr. TUNNEY) be added as a cosponsor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MONDALE. Mr. President, I ask unanimous consent that John Farmer of my staff be granted floor privileges during the consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MONDALE. Mr. President, this amendment is identical in substance with amendment 1893 now at the desk submitted by Mr. Nelson and others on behalf of myself, except that consideration of the maximum tax provisions of that amendment has been postponed until tomorrow.

Mr. President, I rise to speak in support of the minimum tax amendments contained in the coalition's reform package. These amendments address the driving force of tax reform—a belief that each taxpayer should pay his fair share of the Nation's tax burden. And that force becomes especially compelling in light of the Finance Committee's decision to terminate the personal credits as of June 30, 1977. These minimum tax amendments would raise over $1.7 billion for the Treasury in fiscal year 1977—at least $800 million more than the Finance Committee's minimum tax provisions. Without the revenue generated by these proposed reforms, an annual tax increase of $9.4 billion will have to be borne by middle-income taxpayers. The committee presented the Senate with this choice between tax benefits for the wealthiest Americans and tax relief for average taxpayers; that is the perspective in which our minimum tax and maximum tax amendments should be viewed.

We had quite a debate at the outset of the Senate's consideration of the committee's bill over whether we would extend the present temporary individual tax cuts beyond the time specified in the committee's bill without breaking the budget ceilings incorporated in the first concurrent resolution.

The only significant opportunity that remains for the Senate to add enough revenue to extend those tax cuts without breaking the budget ceilings is through the adoption of this range of amendments affecting the pickup of revenues through the minimum tax.

MINIMUM TAX

Let us consider the minimum tax. In 1969, the public was alarmed to learn that 475 individuals had earned more than $100,000, but had paid no Federal income taxes. The congressional response was a modest one. Little effort was made to eliminate directly various tax preferences that enable some wealthy taxpayers to avoid taxes; Congress chose, instead, to retain such preferences generally but to enact provisions designed to insure that persons with high economic incomes be subject to some tax liability.

The device chosen to effect this objective was the minimum tax, payable by both individuals and corporations. Under present law, the minimum tax is imposed on nine items of tax preference and is added to any regular tax liability.

May I say at this point that our list of tax preferences in the coalition amendment is taken, with only minor exceptions, from the list of preference incomes set forth in the Finance Committee bill.

Current preferences include: Accelerated depreciation on real property; accelerated depreciation on personal property subject to a net lease—not applicable to corporations—in other words, the minimum tax as it applies to corporations would remain the same as it is now. It is only the minimum tax on individuals which is changed and from which additional revenue would be derived under the Finance Committee's proposal: Rapid amortization of pollution control facilities; rapid amortization of railroad rolling stock; stock options; bad debt reserves of financial institutions; percentage depletion; excluded portion of capital gains; and rapid amortization of on-the-job training and child care facilities. In computing the tax, a taxpayer is allowed an exemption for the first $30,000 of preference income and is entitled to deduct all regular taxes paid.

In the Finance Committee bill, the minimum tax rate would be increased from 10 to 15 percent, and the exemption would be lowered from $30,000 to $5,000 or the amount of regular taxes paid, whichever is greater. Also, by the committee decision, excess, investment interest, certain itemized deductions exceeding 60 percent of adjusted gross income, real estate construction period interest, accelerated depreciation on all personal property subject to a lease, and certain intangible drilling costs would be added to the current list of tax preferences. However, these Finance Committee changes would apply only to individuals and not to corporations.

The coalition reform amendment would retain the new minimum tax preference added by the Finance Committee but would make two basic changes in the structure of the committee's minimum tax provision:

First, a $10,000 exemption, with no deduction for regular taxes paid would be substituted for the committee's exemption equal to the greater of $5,000 of the amount of regular taxes.

Second, all minimum tax changes would generally apply to corporations as well as to individuals.

These changes would generally be effective for individuals January 1, 1976, and for corporations as of July 1, 1976. However, there are two exceptions to these general effective dates. In the case of Government-subsidized low- and moderate-income housing, the tax preference for construction period interest would not apply to interest paid or accrued before January 1, 1982, and the tax preference for excess investment interest would not apply to projects subject to a binding construction or financing contact before January 1, 1982.

Moreover, the corporate minimum tax changes would not apply to financial institutions until January 1, 1978. By deferring the effective date for low- and moderate-income housing, we hope to provide impetus for Congress to improve direct housing subsidy programs so that tax incentives will no longer be needed to maintain the viability of this segment of the housing industry. A deferred effective date for financial institutions would maintain the status quo until Congress has had sufficient time to consider the Uniform Tax Treatment of Financial Institutions Act—legislation that would alter substantially the existing tax treatment for commercial banks and savings and loan associations.

ELIMINATE DEDUCTION FOR REGULAR TAXES PAID AND INCREASE EXEMPTION

As orginally conceived by the Senate Finance Committee in 1968, the minimum tax contained no deduction for regular taxes paid. It was thought that a taxpayer with a large amount of taxable earnings should pay at least as much tax on his preference income as a taxpayer with low taxable earnings. Nevertheless, a deduction for regular taxes paid was adopted on the Senate floor in 1969. That 11th hour change has proved to be such a serious impediment to the effective functioning of the minimum tax that it has come to be known as the "executive suite" loophole. It has enabled highly paid executives, professionals, sports personalities and movie stars to avoid payment of the minimum tax on substantial amounts of preference income.

Largely on account of this deduction for regular taxes paid, the effective minimum tax rate is now only 4 percent. Moreover, this special deduction enables 55 percent of taxpayers who would otherwise be subject to the minimum tax to escape its provisions entirely.

In January 1974, the Senate voted to eliminate the regular tax deduction and the House followed suit in its version of the tax reform bill we are now considering. But the Finance Committee had decided to retain the "executive suite" loophole, choosing instead to propose a drastic decrease in the exemption to $5,000. The Finance Committee bill would increase substantially the number of individuals covered by the minimum tax. And the committee proposal would raise some revenue for the Treasury—even though the revenue gain from the committee's minimum tax changes would be $800 million less than the coalition amendment for fiscal year 1977.

What the committee did, in effect, was to take the minimum tax and make it regressive so that we would tax at a much higher rate modest investors and then would bring relief to persons who we might call the big hitters, who have high earnings from both earned income or taxable income and from unearned income.

But I urge the Senate to examine carefully the impact of the committee's changes. Coverage of the minimum tax would be expanded, and revenue would be raised by subjecting vast numbers of middle-class taxpayers to a tax on modest preference income. Under the Finance bill, the executive making $100,000 would still be able to enjoy over $45,000 of tax-free preference income; his "executive suite" loophole has been untouched by the committee. On the other hand, an individual with taxable earnings of only $10,000 could receive a mere $5,000 of preference income without being subjected to the committee's minimum tax.

By eliminating the deduction for regular taxes paid and increasing the committee's exemption, the coalition amendment would remove the highly regressive feature of the committee's minimum tax proposal. Data compiled by the Congressional Budget Office and the staff of the Joint Committee on Internal Revenue Taxation illustrate the stark contrast between the income level distribution of the two minimum tax alternatives we are considering:

First. Under the finance bill, over 40 percent of the individuals affected by the minimum tax would have adjusted gross incomes under $20,000; only 20 percent of those low- and middle-income individuals would be subjected to the minimum tax in the coalition amendment.

Second. Only 6 percent of the taxpayers subject to the committee's minimum tax would have adjusted gross incomes exceeding $100,000, whereas 17 percent of the individuals covered by the reform amendment would fall within this highest income category.

Third. A mere 30 percent of the committee's mimimum tax would be imposed on individuals with earnings over $100,000; 64 percent of the coalition's minimum tax would be paid by these most affluent taxpayers.

Fourth. Under the Finance bill, taxpayers with modest earnings under $25,000 would have to bear 30 percent of the minimum tax burden—the same share as individuals earnings over $100,000; by contrast, such low- and middle-income individuals would pay only 8 percent of the toal minimum tax under the coalition amendment.

What we have done, in effect, with our minimum tax is to try to make it progressive so that the more income we make—the more preference income we receive—the more we would be asked to pay in revenue.

The Finance Committee does it upside down and increases the tax on the modest earner in order to pick up the revenue that is achieved in their bill.

These data expose the tragic flaw in the committee's individual minimum tax provisions; no real effort has been made to impose a meaningful minimum tax on high income taxpayers with substantial preference income, I urge the committee to join with us in resisting the committee's efforts to retain the executive suite loophole at the expense of tax increases for middle-income taxpayers.

APPLY MINIMUM TAX CHANGES TO CORPORATIONS

The committee bill would not only shift the minimum tax burden from high-income to middle-income individuals; it would also shift the burden away from corporations. In fact, corporations would be completely exempted from the minimum tax changes under the committee bill. Our proposal would eliminate this exemption and maintain the equality of the minimum tax treatment between individuals and corporations.

I think the record justifies treating them the same.

Congressman VANIK recently concluded a study of 142 of the largest U.S. corporations. In 1974, eight of these corporations paid no Federal income taxes, and the effective Federal rate on worldwide income of all the corporations in the study was only 22.6 percent, compared with the general statutory rate of 48 percent.

Another recent report, issued by Emil M. Sunley, Jr. of the Brookings Institution, demonstrates that the effective worldwide tax rate for corporations has declined from 40.5 percent in 1960 to 34.1 percent in 1974. This drop in the effective corporate tax rate has resulted in the passing of an ever-increasing share of the Federal tax burden to individuals. Congressman VANIK reports that the individuals' share of Federal taxes has increased from 41.1 percent in 1967 to 44.9 percent in 1974; during that same period, the corporate share has decreased from 22.7 to 14.6 percent.

The Finance Committee bill seeks to impose an even larger share of the tax burden on individuals. Corporate rate reductions of $1.7 billion, a 10 percent investment tax credit costing $8 billion, a special ESOP investment credit worth $200 million now and nearly $1 billion by 1981, a recycling tax credit costing nearly $400 million by 1981, liberalized rules for utilizing net operating losses and other tax breaks for corporate taxpayers have been proposed as permanent features of the tax law while individual tax credits would be cut off in mid-1977. The committee even voted to provide cash refunds to corporations that have used tax preferences to eliminate all tax liability, whereas individuals can obtain refunds only in those areas where the earned income credit applies.

This idea of a tax credit refund is the next generation of "loopholing" because it says to a corporation that may have very high income, "If you are able through credits, preferences, deferrals, and the rest, to end up with no tax at all—in fact, having more loopholes than you can use—we will send you a check in the amount of the unused loophole."

The next generation of creative craftsmanship if permitted, in my opinion, will set a new level of creativity in this field of bringing relief to those who least need it.

The so-called tax reform portions of the Finance bill would raise individual taxes by a total of $4.5 billion over the next 5 years; yet those tax reform provisions would lower corporate taxes by $4.2 billion.

Let me repeat that.

Under the finance bill, we would raise individual taxes by $4.5 billion over the next 5 years and that would pay for the reduction of corporate taxes of about the same amount, even though the figures show that in recent years corporations have been assuming a lower and lower proportion of the total tax bill.

I do not ask that the Senate deny all of these tax benefits to corporations; some are defensible as reasonable incentives for economic growth. What I am requesting is that we not relinquish our commitment to distribute the tax burden more fairly among all taxpayers. Both individuals and corporations should be included in the minimum tax amendment.

Mr. President, tomorrow we will be calling up the maximum tax proposal, which is found for the first time in the Senate Finance Committee bill. The Finance bill would put a ceiling on the maximum rate that high income taxpayers would be asked to pay on unearned income. Today we have a 50 percent ceiling on the rates applied to earned income. This is a new provision which would apply, with certain technicalities, the same tax ceiling on the unearned income. It may bring relief up to $20,000 for the rich taxpayers of America. This tax break is hard to justify, in my opinion, at the same time as we are proposing to terminate $180 of relief for the average moderate income taxpayer in America.

What we are doing is preparing the way for continuing the personal tax cuts—and these personal tax cuts are the most potent investment inducing tax reduction we have.

Virtually every economist who has studied the question of what causes firms to invest in new plant and equipment has concluded that it is the level of aggregate demand—that is—the amount of purchasing power held by the consumer, which determines the rate of investment. Tax incentives play an insignificant role.

And extending the present tax cuts will give the biggest boost to aggregate demand. All major econometric models have found this: Date Resources Incorporated, Wharton Econometric Forecasting, Chase Econometrics, and the Brookings Econometric model. Individual forecasters confirm this as well: Walter Heller, George Perry, Arthur Okun, and Paul Samuelson all forecast on the basis of this knowledge.

We can see it for ourselves by looking at the rate of investment in late 1968. At that time, the economy was operating at its full potential—unemployment was at a modern low—final sales were booming—and fixed investment made up 14½ percent of GNP. That was capital formation with a vengeance! By contrast, at the worst of the 1975 recession, with the unemployment rate at 8.9 percent, and final sales at rock bottom, fixed investment made up only 10 percent of actual GNP and only 8 percent of our economy's potential output.

These huge swings in the investment rate were clearly not the result of any changes in tax incentives—they were the result of dramatic changes in the ability of the consumer to demand goods and services.

The other point is that it seems ironic that this bill is directed toward bringing greater relief to corporations and less relief to the individual taxpayers while we are in the midst of a profit explosion.

In the first quarter of 1975, corporate profits were $91.5 billion. In the second quarter they grew to $102.3 billion. Third quarter—they rose to $123.3 billion. Fourth quarter—$126.6 billion. And in the first quarter of this year profits increased to $134.4 billion. That's an increase of over 47 percent in just one year.

Yet, this bill brings more relief to the corporations and finances it by reducing relief for the average family.

In addition economic growth is not just a matter of more plants and equipment. To quote William Simon:

> There are a great many different kinds of capital investments. We are used to thinking of the investments in machinery or equipment or buildings as the only kind of investment which is important. But there are other kinds of investments which are equally important. In terms of the benefits it produced, education is one of the most important kinds of investment we have, even though it does not turn up on balance sheets or in the investment statistics.

Similarly, Edward Denison of the Brookings Institution—who has done probably the most authoritative study of the sources of economic growth—has concluded that advances in knowledge, economies of scale, education, and increased employment accounted for 90 percent of U.S. growth between 1929 and 1969 with increased capital inputs contribution only 10 percent.

And, again, this amendment, besides promoting tax equity, makes possible the continuation of the personal tax cuts. This is absolutely essential, particularly if we want to hold with the budget ceiling that we adopted in the first resolution.

The Senate Budget Committee has estimated that without these continued personal cuts, that the Nation's output of goods and services would be reduced by $9.4 billion, that this would raise the unemployment rate by more than a tenth of a point, and that this would mean that 156,000 would go on the unemployment rolls, with 114,000 dropping out of the labor force. All together, then, failure to continue these cuts would mean that 270,000 jobs would be lost in the first year.

I cannot imagine that we have any intention of doing that.

And there is no question that the economy will be anywhere near full employment by the middle of 1977.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a front page article by Edwin L. Dale which points out that the growth in the gross national product is likely to slow substantially in the current quarter to considerably less than 5 percent on an annual basis. The article points out that consumer spending—the most important element in the recent recovery—has not been growing at all. Retail sales in the first quarter of this year stood at $53.2 billion. In April there was virtually no increase, and in May retail sales declined by $600 million. Similarly, housing starts have been stagnant in the second quarter. Inventories have built up.

The unemployment rate remains at 7.3 percent, and capacity utilization is at only 72 percent of our full potential.

All this shows clearly that the great danger we face is that the economic recovery will not be a vigorous and sustained one.

And not extending the personal cuts will put a nail in the coffin of economic recovery.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FALL IS INDICATED IN G.N.P. GROWTH

(By Edwin L. Dale, Jr.)

WASHINGTON, June 18.—The growth in the gross national product, the nation's total output of goods and services, is likely to slow substantially in the current quarter to considerably less than 5 percent on an annual basis, Government economists said today.

This assessment, based on figures now available, came as the Commerce Department revised slightly upward the annual rate of G.N.P. growth for the first quarter, from 8.5 percent to 8.7 percent. Corporate profits in the first quarter were also revised upward, to $85.7 billion at an annual rate after taxes.

Almost all economic forecasts have projected a moderation in G.N.P. growth in the second quarter compared with the torrid pace of the first. But now it appears that this slowdown will be much more marked than the consensus forecast implied.

So far, there appears to be no sense of alarm or deep concern in the Government about this prospect. But one official said today, "I can't help feeling just a little uneasy."

Only last week, Alan Greenspan, chairman of the Council of Economic Advisers, told the Congressional Joint Economic Committee that the Administration's forecast for G.N.P. growth for the year as a whole was likely to be revised upward to around 7 percent, compared with a 6.2 percent forecast in January.

The new indications of much slower growth in the second quarter may cause another shift in the forecast for the full year, possibly back toward 6 percent.

The chief reason for the sharp reduction in the nation's growth rate in the current quarter is the recent trend in consumer spending. After growing strongly and leading the economy out of the recession, consumer outlays—as measured by retail sales—flattened in April and declined slightly in May.

This coincided with an upward spurt in the price indexes in April, giving further evidence of the heightened consumer sensitivity to inflation.

Apart from personal consumption, housing construction continues to be sluggish, and the change in business inventories is likely to contribute much less to growth this quarter than in the first quarter

In the first quarter, a swing from inventory liquidation in the previous quarters to a modest inventory buildup contributed $13 billion to the growth in the "real" G.N.P. after adjusting for higher prices. In the current quarter, inventory accumulation may be about the same as in the first quarter, which would mean no additional spur for the G.N.P.

JOB GROWTH WOULD END

While a one-quarter slowdown in the pace of the recovery and expansion of the economy would not be significant, the rapid growth in employment and consequent reduction of unemployment would come to a halt if the slowdown continued.

In another development today, the Labor Department published the first component of what will become a new "employment cost index," designed to be an accurate measure for the first time of the rise of wages and fringe benefits across the economy.

Today's report covered only wages and salaries in the private nonfarm economy, and not fringe benefits. Wages rose by 1.8 percent in the three months ended in December and 1.9 percent more in the three months ended in March. The pace of increase—about 7.5 percent a year—is in line with other measures of wage change.

The new report gives extensive breakdowns by regions of the country, industry and occupational category. It showed, for example, that in the three months ended in March the largest increase in wages was in the West and the smallest in the Northeast.

The upward revision of the G.N.P. for the first quarter, the Commerce Department said, resulted from "additional data on investment income abroad." The figure for the gross domestic product, which excludes this income, was not changed.

Corporate profits were * * *. The new estimates put before-tax profits at an annual rate of $142.8 billion and after-tax profits at $85.7 billion, both well above the fourth-quarter level.

Profits adjusted for the impact of inflation on inventories and on "capital consumption" were at an annual rate of $123.9 billion in the first quarter, a rise of $11.2 billion. Profits by this measure were 57 percent above a year earlier, when they were held down by the recession.

Mr. MONDALE. The minimum and maximum tax provisions contained in the Finance Committee bill will thus, in my opinion, reflect a distorted concept of tax reform. Under the committee bill, middle income taxpayers would lose at least $180 in annual benefits due to the proposed termination of the personal credits in June of next year. At the same time as these cuts are sacrificed, the committee would reduce the average minimum tax on wealthy individuals from $10,000 in the House bill to approximately $2,000. It would exempt corporations from any minimum tax changes, and would grant an additional $20,000 maximum tax windfall to many of the wealthiest investors in America.

Unless these actions by the Finance Committee are reversed on the Senate floor, I do not believe we can expect the American public to regard this bill as a tax reform measure.

Mr. KENNEDY. Will the Senator yield?

Mr. MONDALE. I am glad to yield to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I rise in support of the amendment offered by the Senator from Minnesota, which is an essential part of the overall amendment introduced by the Senator from Wisconsin (Mr. NELSON) and the Senator from South Carolina (Mr. HOLLINGS).

At this point, I would like to review with the Senator from Minnesota some of the very basic differences between the approach that is being taken in this amendment and that which has come out of the Senate Finance Committee, and to ask the Senator the reasons and the justifications for it. I believe I know what they are, because I am obviously a strong supporter of this proposal, and I believe deeply in the minimum tax.

The massive continuing tax avoidance by wealthy individuals and corporations demonstrates the need for the Senate to face up to its responsibility of enacting an effective minimum tax to end these flagrant abuses of the Nation's tax system.

According to the IRS, there were 244 wealthy individuals in 1974 with adjusted gross incomes of $200,000 or more who paid no income tax. The preliminary tables released by the IRS reveal the following numbers of nontaxpayers according to income groups:

Income group:	*Number of nontaxpayers*
$1 million or more	5
$500,000–$1 million	29
$200,000–$500,000	186
$100,000–$200,000	653
$50,000–$100,000	2, 400
Total	3, 273

These figures are based on preliminary figures for 1974 showing 220 nontaxpayers with AGI over $200,000. In releasing the figures, the IRS said that the final data would show 244 such individuals.

Thus a total of 3,273 individuals reporting income of $50,000 or more in 1974 paid no tax whatever.

Even these figures are only the tip of the iceberg, however. For every tax avoider who wins the loophole game by reducing his taxes to zero, there are countless more who use the loopholes and tax shelters to slash their taxes to levels close to zero.

The minimum tax is the technique enacted by Congress as part of the Tax Reform Act of 1969, in an effort to insure that all citizens with substantial income would pay at least some tax on their income, thereby ending the gross tax inequity by which thousands of wealthy taxpayers are able to use the loopholes in existing law to avoid large amounts of taxes they ought to pay or even to avoid taxes altogether.

In effect, the minimum tax is supposed to be a "bucket under a sieve." It is designed to impose a modest tax on income that slips otherwise untaxed through the many loopholes and special preferences in the existing Revenue Code. If the minimum tax fulfills its functions, no one with substantial income would be able to avoid paying at least modest taxes on his income.

Under the present minimum tax, a person is taxed at the rate of 10 percent on the sum of his income from tax preferences, which include most, but not all, of the major tax loopholes, less a $30,000 exemption and less the amount of regular income taxes owed.

Despite the enactment of the minimum tax in 1969, thousands of wealthy persons are still finding ways to escape their taxes. According to the IRS figures, only 43 of the 244 nontaxpayers with incomes of $200,000 or more even reported tax preferences subject to the minimum tax. And even these 43 persons were able to avoid actually paying any minimum minimum tax itself which make that tax tax, because of the loopholes in the so ineffective.

Such tax avoidance is especially intolerable in a democratic society whose tax system is supposed to be based on progressive methods of taxation.

The solution to this problem of zero taxpayers is not hard to find. In my view, strengthening of the present minimum tax constitutes the principal means for preventing tax avoidance by high income individuals and corporations.

There are several measures of the slap on the wrist nature of the present minimum tax:

A total of almost $8 billion in tax preferences was reported for 1972, the most recent year for which data are available. But the total minimum tax paid on this preference income was only $216 million. Thus, the effective rate of tax on this preference income was actually only 2.7 percent, although the statutory rate is set at 10 percent.

Of the almost $8 billion in tax preferences reported in 1972, persons with the 0.7 percent highest income in the country—those with income over $50,000—took advantage of $6.8 billion of the preferences, or 85 percent of the total. "Tax preferencing" is obviously a game almost exclusively for the rich.

The present minimum tax does not even touch many reporting substantial tax preference income. In 1972, of the 125,000 returns showing tax preference income, 98,000 or 79 percent paid no minimum tax at all. These nonminimum taxpayers accounted for $3 billion out of the total $8 billion in tax preference income. Thus, 37 percent of the total tax preference income reported in 1972 went completely untouched by the minimum tax.

The original minimum tax was enacted in 1969 in response to Secretary of the Treasury Joseph Barr's startling disclosure—the first of its kind—that 155 persons with adjusted gross incomes over $200,000 had paid no income tax in 1967. An obvious measure of the flaws in the present minimum tax is the fact that the number of wealthy zero taxpayers has now climbed to 244.

With the exception of the percentage depletion allowance for oil, efforts to reform the minimum tax have been the longest continuing tax reform fight in Congress. When the minimum tax first reached the Senate floor in 1969, we tried to prevent the insertion of the "deduction for taxes paid" loophole by Senator Jack Miller, of Iowa, on the Senate floor. Periodically in subsequent years, Senator Nelson and I and others have brought amendments to the Senate floor seeking to strengthen the minimum tax by eliminating its two worst loopholes: the deduction for taxes paid and the $30,000 exemption.

In January 1974, our efforts were temporarily successful, when the Senate accepted my reform amendment by a vote of 47 to 32. Thereupon, Senator Long, faced at the time with one of his first major defeats on tax reform, succeeded in recommitting the entire bill to the Finance Committee, where the issue has been buried ever since. Now, however, as the strength of our bipartisan coalition indicates, the prospects are good that we shall achieve today the reform we have been seeking for so long.

The reasons why the minimum tax has fallen so far short of Congress expectations are easily identified:

First, the statutory minimum tax rate of 10 percent is too low.

Second, the $30,000 exemption is far too high. It enables wealthy taxpayers to enjoy their first $30,000 in loophole income completely free of the minimum tax.

Third, the deduction allowed for regular taxes and the 7-year carryover allowed for regular taxes in future years are inconsistent with the basic nature of the minimum tax. In practice, this deduction is an "executive suite" loophole, which enables high salaried individuals to use the regular taxes they pay to escape the minimum tax on vast amounts of tax preference income.

Fourth, important tax preference items are not included in the base on which the minimum tax is calculated.

The Senate floor amendment I favor would amend the minimum tax by—

Raising the rate to 15 percent;

Reducing the exemption to $10,000;

Repealing the deduction for regular taxes paid and the deduction for the carryover;

Adding new items of tax preference; and

Applying these changes to corporations, just as the present minimum tax applies to corporations. Corporations, no less than individuals, have an obligation to pay their fair share of taxes. Corporations can abuse tax preferences, just as high income individuals can. Hence, it is essential that the reforms in the minimum tax must apply to corporations and individual taxpayers alike.

The proposals represent responsible and effective measures to insure that the minimum tax fulfills its intended function. Taken together, they will generate revenue gains estimated at $300 million for individuals and $500 million for corporations above the Senate Finance Committee bill. If the Senate is serious about raising the $1 billion needed to meet the recommendations of the budget resolution, the minimum tax is the place to start.

Mr. President, on May 7, 1976, I wrote to Secretary of the Treasury Simon requesting additional information concerning the reasons why 3,273 taxpayers with adjusted gross incomes in excess of $50,000 paid no Federal income tax in 1977.

Specifically, I requested that the Treasury provide me with information in four areas:

> First, as you know, adjusted gross income may itself be an artifically low figure that does not necessarily provide a reliable measure of a person's real economic income. Adjusted gross income, for example, does not include such tax preferences as accelerated depreciation, percentage depletion, and the one-half of capital gains that is excluded from tax. Therefore, it is likely that many of the 1974 non-taxpayers actually had even higher real incomes than their adjusted gross income levels would indicate.

In order to obtain a better understanding of the real income of these wealthy individuals and a more accurate assessment of the actual degree of tax avoidance, I would appreciate your requesting the Treasury and IRS staff to provide me with information from a representative sample of the nontaxpayers with adjusted gross income of $50,000 or more, showing the amount of tax preference income on their returns (as defined in Section 57 of the Internal Revenue Code), and also showing their real economic income (that is, their adjusted gross income, plus their tax preference income).

In order to obtain a better understanding of the real income of these wealthy individuals and a more accurate assessment of the actual degree of tax avoidance, I would appreciate your requesting the Treasury and IRS staff to provide me with information from a representative sample of the nontaxpayers with adjusted gross income of $50,000 or more, showing the amount of tax preference income on their returns (as defined in Section 57 of the Internal Revenue Code), and also showing their real economic income (that is, their adjusted gross income, plus their tax preference income).

Second, it would be extremely helpful to know the specific means by which wealthy individuals are able to avoid taxes on such large amounts of adjusted gross income. I hope, therefore, that your staff may provide me with information from representative returns of the 244 individuals with adjusted gross income over $200,000, indicating the principal techniques they used to reduce their taxes to zero.

Third, it would also be most helpful to know the degree to which other taxpayers in this high bracket were able to reduce their adjusted gross income to levels close to zero. I hope that your staff will be able to provide me with an estimate of the number of taxpayers with AGI of $200,000 or more who were able to reduce that income by, say, 90% or more before paying any tax.

Fourth, it is also essential for Congress to know the degree to which the strengthened version of the minimum tax, as passed by the House of Representatives last year and now awaiting action by the Senate, will be effective in converting these non-taxpayers into taxpayers. Therefore, I also request that your staff provide me with a representative sample of the results of applying the House-passed minimum tax in H.R. 10612 to the 244 returns.

I have received a useful analysis prepared by the Office of Tax Analysis of the Treasury Department, which sheds light on the questions I raised.

Of principal importance for the Senate's debate on the minimum tax are the analyses set forth in tables 7 and 8 of the report. At my request the Treasury compared the proposal I submitted to the Finance Committee on March 18, 1976—and this proposal is substantially the same as the tax reform coalition minimum tax proposal offered by 15 Senators as an amendment to the pending bill—to an alternative form of minimum tax, similar to the proposal offered by Senator BROCK. These tables show that the approach I have advocated is the more effective in insuring that zero and low tax paying wealthy individuals will make some significant contribution to the Government.

Table 7 provides information on the number of individuals in the highest income brackets who would experience a tax increase under each of the proposals:

AGI class:	*Kennedy proposal*	*Alternative tax approach*
ZERO TAXPAYERS		
$50–100,000	1,661	1,512
$100–200,000	281	220
$200,000 or more	144	124
NEARLY ZERO TAXPAYERS		
$50–100,000	2,038	1,680
$100–200,000	603	525
$200,000 or more	487	443

This information, I believe, is highly relevant in assessing the merits of the two approaches. It provides rather convincing evidence that the present additive minimum tax offers a more fruitful approach to solving the inequities created by wealthy individuals paying zero or very low income taxes, than does the alternative minimum tax approach advocated by some.

Mr. President, I ask unanimous consent that my letter to Secretary Simon, dated May 7, 1976, his response dated June 10, 1976, and the Treasury report be included in the RECORD at this point, so that it will be available to all interested in the vital issue of tax reform.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
May 7, 1976.

Hon. WILLIAM E. SIMON,
Secretary, Department of the Treasury, Washington, D.C.

DEAR MR. SECRETARY: I am writing to request more detailed information about the announcement of the Internal Revenue Service earlier this week that 244 individuals with adjusted gross incomes of $200,000 or more in 1974 paid no federal income tax. The same IRS study indicated that 3,273 taxpayers with adjusted gross income of $50,000 or more paid no tax.

In order to help the Senate evaluate the effectiveness of pending changes in the tax laws to end this unacceptable tax avoidance, I hope that the Treasury and IRS staff will prepare and provide me with additional information on these returns in four specific areas.

First, as you know, adjusted gross income may itself be an artificially low figure that does not necessarily provide a reliable measure of a person's real economic income. Adjusted gross income, for example, does not include such tax preferences as accelerated depreciation, percentage depletion, and the one-half of capital gains that is excluded from tax. Therefore, it is likely that many of the 1974 non-taxpayers actually had even higher real incomes than their adjusted gross income levels would indicate.

In order to obtain a better understanding of the real income of these wealthy individuals and a more accurate assessment of the actual degree of tax avoidance, I would appreciate your requesting the Treasury and IRS staff to provide me with information from a representative sample of the nontaxpayers with adjusted gross income of $50,000 or more, showing the amount of tax preference income on their returns (as defined in Section 57 of the Internal Revenue Code), and also showing their real economic income (that is, their adjusted gross income, plus their tax preference income).

Second, it would be extremely helpful to know the specific means by which wealthy individuals are able to avoid taxes on such large amounts of adjusted gross income. I hope, therefore, that your staff may provide me with information from representative returns of the 244 individuals with adjusted gross income over $200,000, indicating the principal techniques they used to reduce their taxes to zero.

Third, it would also be most helpful to know the degree to which other taxpayers in this high bracket were able to reduce their adjusted gross income to levels close to zero. I hope that your staff will be able to provide me with an estimate of the number of taxpayers with AGI of $200,000 or more who were able to reduce that income by, say, 90% or more before paying any tax.

Fourth, it is also essential for Congress to know the degree to which the strengthened version of the minimum tax, as passed by the House of Representatives last year and now awaiting action by the Senate, will be effective in converting these non-taxpayers into taxpayers. Therefore, I also request that your staff provide me with a representative sample of the results of applying the House-passed minimum tax in H.R. 10612 to the 244 returns.

This requested information will be extremely useful in enabling Congress to reach a more thorough understanding of the actual level of tax avoidance in the nation and the methods used by many wealthy Americans to avoid paying their fair share of taxes. It will also help us to decide what legislation is needed to end these tax abuses.

In order for the data to be helpful to us in the Senate's forthcoming consideration of the tax reform bill, I hope that the requested material can be provided by June 7, 1976.

I appreciate your cooperation, and I look forward to your assistance.

Sincerely,
/S/ EDWARD M. KENNEDY.

THE SECRETARY OF THE TREASURY,
Washington, D.C., June 10, 1976.

Hon. EDWARD M. KENNEDY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR KENNEDY: This letter is in further response to your letter of May 7 requesting specific information from the Treasury about high income taxpayers who paid little or no tax in 1974.

As Secretary Simon indicated in his initial response, 1974 tax returns are not yet in a form in which most of the calculations can be performed in order to fulfill your requests before the tax reform bill reaches the Senate floor. However, most of the information you require can be obtained from a computerized file of 1973 tax returns maintained by the Office of Tax Analysis within the Treasury Department. Three of your four requests have been answered in this manner. Since there were no changes in tax law between 1973 and 1974, the use of 1973 data should not diminish the usefulness of the results. In answer to the second of your four requests, the Internal Revenue Service has provided tabulations based on a fifty percent sample of the 244 non-taxable 1974 returns which had AGI's of $200,000 or over. Please note that all tabulations are based on data from unaudited returns.

I am enclosing a report prepared by the Office of Tax Analysis which answers the four specific questions which you have asked. The report also attempts to put the problems raised by high income returns which have either no tax liability or very little liability into proper perspective. Because we are not certain of the exact uses you may wish to make of our response, we have attempted in the report to provide as much of the basic data as possible so that you may select the material which may be most useful to you. Conceptual problems, definitions, data limitations, and potential problems are spelled out in the report.

Staff members of the Office of Tax Analysis have shown tables from the report to Paul McDaniel of your staff. He has indicated that this material would meet your needs at this time. Please let us know if we may be of further assistance to you.

Sincerely yours,

George H. Dixon,
Acting Secretary.

Enclosure.

June 8, 1976.

High Income Non-Taxable and Nearly Non-Taxable Individual Income Tax Returns, 1973 and Preliminary 1974

There is perennial interest in the individual income tax returns of persons who have large amounts of income but who do not pay any tax or who pay only minimal amounts of tax. Each year, there is special interest in the number of non-taxable returns showing Adjusted Gross Incomes of $200,000 or more. This paper summarizes the data on high income non-taxable and nearly non-taxable returns for 1973 and presents the results of some preliminary hand tabulations of 1974 data.

In this paper, data on four separate questions are presented:

1. What is the relationship between Adjusted Gross Income and a broader concept of Expanded Income for persons with high incomes but who pay little or no income tax?

2. What is the relative importance of the various tax preferences, deductions, and credits in lowering or entirely eliminating taxes for high income individuals?

3. Do high income non-taxables and nearly non-taxables differ significantly? Do their numbers vary greatly?

4. What would be the impact of the various proposals to alter the minimum tax on items of tax preference on high income non-taxables and nearly non-taxables?

The first three questions fit together logically, and the data to analyze them have been developed in a single body. The basic data are explained and presented in Appendix I which includes 24 separate tables summarizing for high income tax returns for 1973 the magnitude of tax preferences, deductions, and credits.

A discussion of the final question concerning modifications to the minimum tax is contained in the final section of the paper.

THE BASIC DATA

Only three tables in this paper are based on 1974 data. One table showing the overall relationship between Adjusted Gross Income (AGI) and tax liability is based on the full 1974 Statistics of Income sample of approximately 200,000 returns which are selected and weighted to represent the entire population of over 80 million returns. Another table is based on a manual examination and classification of all 244 1974 non-taxable returns with AGI's of $200,000 or more. The last of the 1974 tables is derived from hand processing of 124 of the 244 non-taxable returns referred to previously.

The remaining data are derived from the Treasury Department's 1973 Tax Model. This is a subsample of approximately 50,000 tax returns from the 1973 Statistics of Income sample. The returns in the Tax Model file are weighted to represent the entire filing population. The Tax Model is used on a regular basis to evaluate various proposals to alter the tax system. Using the Tax Model, the effects of alternative tax systems, provisions, and policies can be simulated and evaluated quantitatively, quickly and at relatively low cost. Because of the sampling criteria and the high sampling rate for high income returns, data derived from the Tax Model for high income returns are generally as good as tabulations of randomly selected high income returns. In 1973, 164 returns were filed showing AGI's of $200,000 or over but no tax liability. Of these 164, 138 appear in the Tax Model subsample of the Statistics of Income sample. Weighting the 138 returns yields a Tax Model figure of 155 returns which are non-taxable under 1973 law.

It should be pointed out that since there were no significant tax law changes between 1973 and 1974, the use of 1973 instead of 1974 data does not diminish the usefulness of the data. The 1973 data which are the latest available in a form which may be processed by machine (at reasonable cost) into detailed tabulations of various relationships can be expected to yield results virtually identical to those for 1974, the latest year for which data have even been collected. Consequently, the fact that most of the tables in this paper are based on 1973 rather than 1974 data is not material.

It should also be noted that all of the data, both for 1973 and for 1974, are from unaudited returns. Auditing may reduce the number of high income, non-taxable returns.

THE PROBLEM IN PERSPECTIVE

In order to place the characteristics of high income, low taxpaying returns into perspective, comparable data on the relationship between AGI and a broader income concept (Expanded Income) and on the relative importance of various deductions and credits for other groups of taxpayers are also shown. Tables are presented for taxpayers with incomes in the $50,000 to $100,000 and $100,000 to $200,000 ranges, for taxpayers other than non-taxables or nearly non-taxables, and based on selection and of taxpayers by Expanded Income as well as by the more commonly used concept of AGI.[1]

THE MAGNITUDE OF THE PROBLEM

The number of high income returns with incomes in excess of $200,000 which are non-taxable is small relative to the total number of income tax returns filed each year—over 80 million. The number also represents less than one percent of returns in the $200,000 and over income class. Between 1970 (when the minimum tax on items of tax preference first became effective) and 1974, the number of such returns in any one year varied from 82 to 244, or between 45 one-hundredth's and 78 one-hundredth's of one percent of the number of returns with AGI's of $200,000 and over (see Table 1).

Table 2 indicates that when nearly non-taxable returns are included only 651 or 2½ percent of high income returns for 1973 are non-taxable or nearly non-taxable. The situation is essentially the same when returns are classified by the more meaningful concept of Expanded Income: 1233 or 3½ percent of returns have eliminated or virtually eliminated taxes. It is interesting to note that even though including the nearly non-taxables does increase the problem by 4- to 14-fold, depending on the income definition, there are, at most, 1233 returns in these categories.

TABLE 1.—NUMBER AND PERCENTAGE OF NONTAXABLE RETURNS WITH ADJUSTED GROSS INCOME OF $200,000 OR OVER

Year	Number of returns	Percent of all returns in income class
1970	111	0.73
1971	82	.45
1972	108	.47
1973	164	.64
1974	244	.78

Source: "Statistics of Income." Office of the Secretary of the Treasury, Office of Tax Analysis, June 8, 1976.

TABLE 2.—PERCENTAGE OF NONTAXABLE AND NEARLY NONTAXABLE HIGH INCOME RETURNS—1973

	$50,000 and over		$50,000 to $100,000		$100,000 to $200,000		$200,000 and over	
	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total
Returns selected and classified by adjusted gross income:								
Nontaxable returns	3,146	0.43	2,513	0.42	478	0.44	155	0.60
Nearly nontaxable returns [1]	3,573	.49	2,474	.41	603	.55	496	1.93
Subtotal	6,719	.92	4,987	.83	1,081	.99	651	2.54
Other returns	725,492	99.08	592,652	99.17	107,835	99.01	25,004	97.46
Total	732,211	100.00	597,639	100.00	108,916	100.00	25,656	100.00
Returns selected and classified by expanded income: [2]								
Nontaxable returns	2,523	.32	1,784	.28	648	.51	91	.26
Nearly nontaxable returns [1]	6,953	.87	3,719	.58	2,091	1.66	1,142	3.20
Subtotal	9,476	1.19	4,503	.86	2,739	2.17	1,233	3.46
Other returns	788,919	98.81	631,143	99.14	123,370	97.83	34,407	96.54
Total	798,395	100.00	636,645	100.00	126,110	100.00	35,640	100.00

Source: 1973 Treasury Tax Model.

[1] Nearly nontaxable returns are those on which some tax liability is shown but on which taxable income (as adjusted for the value of credits) is 10 percent or less of AGI or expanded income, whichever concept is relevant to the particular table.

[2] Expanded income is defined as adjusted gross income plus the items of tax preference which are included in the present minimum tax less investment interest to the extent of investment income. (Since 100 percent of realized long-term capital gains are included in expanded income 100 percent of such gains are included in investment income.)

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[1] Expanded Income is defined as AGI plus those items of tax preference which are included in the present minimum tax less investment interest to the extent of investment. (Since 100 percent of realized long-term capital gains are included in Expanded Income, 100 percent of such gains are included in investment income.)

Nearly non-taxable returns are those on which some tax liability is shown but on which taxable income, as adjusted for the value of credits (see the text of Appendix I), is 10 percent or less of AGI or Expanded Income, whichever concept is relevant to the particular table.

Table 3 shows the distribution of returns in 1974 by the the size of AGI and the size of tax liability. Table 3 is useful in demonstrating that, regardless of income level, the vast majority of taxpayers do pay substantial taxes. For example, 29,000 of 31,000 returns with AGI's of $200,000 or over showed tax liabilities of $50,000 or more. Thus, even by this crude measure, over 93 percent of taxpayers in the income class did pay substantial taxes.

The over $200,000 income class does show a higher percentage of fully and nearly non-taxables than do the classes in the $50,000 to $200,000 range. This result holds regardless of the income definition used. However, even if all fully and nearly non-taxable returns with income of over $50,000 are grouped together, they amount to only 9,500 returns, or about one one-hundredth of one percent of all tax returns filed.

AGI VERSUS EXPANDED INCOME

It is generally agreed that Adjusted Gross Income is deficient as a measure of a taxpayer's net income from activities undertaken for the production of income. AGI excludes a myriad of income items such as: interest from tax-exempt state and local bonds the excluded portion of realized long-term capital gains (and all accrued but unrealized capital gains and losses) imputed rental on owner-occupied housing; and taxable income from certain activities may be understated due to allowable deductions. Even though some income may not be "strictly" excluded from AGI, it may be deferred to a later year for income tax purposes ("artificial accounting losses"). This list of exclusions is far from exhaustive.

TABLE 3.—NUMBER OF RETURNS BY SIZE OF ADJUSTED GROSS INCOME AND TOTAL INCOME TAX, 1974

[All figures are estimates based on samples]

Size of adjusted gross income	Total number of returns (1)	Number with no tax (2)	All returns with tax (3)	Number of returns by size of total income tax ¹							
				$1 under $1,000 (4)	$1,000 under $3,000 (5)	$3,000 under $4,000 (6)	$4,000 under $5,000 (7)	$5,000 under $10,000 (8)	$10,000 under $25,000 (9)	$25,000 under $50,000 (10)	$50,000 or more (11)
All returns, total	83, 340, 190	16, 005, 423	67, 334, 767	30, 896, 447	27, 457, 314	3, 964, 708	1, 801, 034	2, 197, 117	758, 664	185, 322	74, 160
Under $50,000	82, 473, 226	16, 001, 790	66, 471, 436	30, 894, 695	27, 452, 580	3, 961, 806	1, 798, 551	2, 145, 698	217, 887	151	67
$50,000 under $100,000	700, 528	2, 667	697, 861	1, 387	4, 201	2, 636	2, 225	50, 103	532, 266	105, 021	22
$100,000 under $200,000	135, 304	722	134, 582	282	439	234	201	1, 158	8, 080	79, 055	45, 133
Returns $200,000 or more	31, 132	244	30, 888	83	94	32	57	158	431	1, 095	28, 938
$200,000 under $500,000	26, 842	196	26, 646	78	81	25	52	139	395	1, 049	24, 827
$500,000 under $1,000,000	3, 194	36	3, 158	5	13	7	5	19	28	39	3, 049
$1,000,000 or more ²	1, 096	12	1, 084	----------					8	7	1, 062

¹ Total income tax is income tax after credits and after imposition of the minimum tax on tax preference items. After both are added together, it is possible for their sum to exceed Adjusted Gross Income.

² Data shown in brackets on this line have been combined to avoid disclosing individual records However, this class includes 7 returns with tax $1,000 under $10,000.

Source: Unpublished data from "Statistics of Income—1974, Individual Income Tax Returns.'

On the other hand, AGI may overstate economic income because some types of expenses incurred in the generation of income may not be deducted in the computation of AGI; they may only be deducted from AGI when taxable income is calculated. This type of deduction falls mainly into two categories of expenses: expenses attributable to a taxpayer's investments (as opposed to his active operation of a trade or business) including but not limited to investment interest; and employee business expenses.² Both of these expenses are likely to be positively correlated with a taxpayer's income level. Also, net realized capital losses may only be deducted in the computation of AGI to the extent of $1,000. Any excess must be carried forward to future years.

Although, in economic terms, investment expenses ought to be deductible "above-the-line," that is, in the computation of AGI, the maximum amount which ought to be deductible is open to question. If all investment income were taxable and taxable currently, it would be appropriate to deduct all investment expenses without limit. Excess deductions would represent net economic losses to taxpayers, roughly akin to net operating losses from a trade or business. However, because money is fungible, because not all investment income is taxable, and because that which is taxable may not be taxable currently (for example, accrued but unrealized capital gains), it may be appropriate to limit investment expense deductions to the amount of investment income actually taxable in the given year. In terms of working with existing tax data. especially data already edited for other purposes, it is particularly difficult to determine investment expenses other than interest because they are lumped into the Miscellaneous Deduction category along with alimony payments, employee business expenses, and various other items. Accordingly, for purposes of approximating which investment expenses are ordinary and which are a tax preference item, the following arbitrary definition has been adopted: investment interest in excess of investment income is the preference item. For this purpose, investment interest is defined as all of a taxpayer's interest deductions other than home mortgage interest.³ Investment income is defined as dividends (net of $100 exclusion), interest, and the portion of capital gains included in the income concept being used. Thus, when AGI is used, the excluded portion of capital gains is omitted from investment income; when Expanded Income is used, all realized capital gains are included in investment income.

Given these definitions, Expanded Income is defined for purposes of this paper as AGI plus income from those sources which are considered to be tax preferences under the current minimum tax minus investment interest expenses which are not in excess of investment income. The excluded portion of long-term capital gains represents 80 percent to 90 percent of all minimum tax preference income. For high income non-taxables and nearly non-taxables, the only other preference item of major significance is the excess of accelerated over straight line depreciation on real property and on personal property subject to a net lease.

It should be noted that Expanded Income is not a perfect representation of a concept of economic income. Instead, it should be viewed as an approximation to economic income which can be calculated from the data presently reported on tax returns.

The details of the relationship between AGI and Expanded Income for various income classes, for taxables, non-taxables, etc., and under the two income definitions are contained in the first nine lines of each of the tables in Appendix I. The numbers in the eight tables with a capital C in the table number are percentages of AGI or Expanded Income. Thus, comparisons between income classes and taxpaying categories can be made easily.

Table 4 summarizes the data from Appendix I on the relationship between AGI and Expanded Income for four income classes, four taxpaying categories, and for two income concepts. The table indicates that there are some significant differences between returns showing incomes of $200,000 and over and those with incomes of under $200,000. In general, the percentages of tax preference income and of investment interest not in excess of investment income increase with income. Also, regardless of the income level (for incomes of $50,000 and over), the relationship between the two income concepts differs markedly amongst non-taxable returns, and all other taxable returns. The relationship also differs depending on whether tax returns are selected and classified by AGI or by Expanded Income.

Non-taxable returns have smaller Expanded Incomes than AGI's. This is the opposite of what one would normally expect. Expanded Income is smaller than AGI because although these returns show very substantial deductions for investment interest, their preference income is relatively modest. Of course, it is logically necessary for non-taxable returns not to have large amounts of preference income. If they did have large amounts of preference income, they would be subject to the minimum tax, and therefore, would no longer be non-taxable.

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[2] Alimony payments are also deductible "below-the-line" even though alimony income is includable in AGI.

[3] In manually editing the date from 194 tax returns for inclusion in Table 6, it was not practical to separate mortgage interest. Consequently, in Table 6 investment interest consists of all interest paid. Since mortgage interest is usually only a small fraction of all interest on high income returns, this approximation to investment interest should not alter the results materially.

TABLE 4.—RELATIONSHIPS BETWEEN ADJUSTED GROSS INCOME AND EXPANDED INCOME FOR HIGH INCOME TAX RETURNS, 1973

[In percent]

	Returns selected and classified by adjusted gross income				Returns selected and classified by expanded income			
	$50,000 and over	$50,000 to $100,000	$100,000 to $200,000	$200,000 and over	$50,000 and over	$50,000 to $100,000	$100,000 to $200,000	$200,000 and over
ALL RETURNS								
Expanded income	109.1	104.5	110.0	126.0	100.0	100.0	100.0	100.0
Investment interest not in excess of investment income	2.7	1.9	3.1	5.0	2.2	1.8	2.4	2.9
Total preferences	−11.8	−6.5	−13.1	−31.1	−12.8	−7.0	−13.0	−28.6
Adjusted gross income	100.0	100.0	100.0	100.0	89.4	94.8	89.4	74.3
NONTAXABLE RETURNS								
Expanded income	70.0	78.3	88.2	35.0	100.0	100.0	100.0	100.0
Investment interest not in excess of investment income	35.3	27.0	18.7	69.0	20.8	12.5	30.8	27.3
Total preferences	−5.3	−5.3	−6.9	−3.9	−14.5	−5.8	−25.0	−20.8
Adjusted gross income	100.0	100.0	100.0	100.0	106.3	106.7	105.7	106.5
NEARLY NONTAXABLE RETURNS								
Expanded income	114.2	133.9	118.5	102.5	100.0	100.0	100.0	100.0
Investment interest not in excess of investment income	29.9	21.2	30.6	34.4	14.2	19.1	10.2	14.0
Total preferences	−44.1	−55.1	−49.1	−37.0	−62.1	−59.4	−64.2	−62.3
Adjusted gross income	100.0	100.0	100.0	100.0	52.1	59.7	46.0	51.7
ALL OTHER TAXABLE RETURNS								
Expanded income	109.2	104.5	110.0	127.6	100.0	100.0	100.0	100.3
Investment interest not in excess of investment income	2.3	1.7	2.9	3.5	1.9	1.6	2.1	2.0
Total preferences	−11.5	−6.2	−12.9	−31.1	−12.0	−6.7	−12.1	−27.1
Adjusted gross income	100.0	100.0	100.0	100.0	89.9	95.0	90.0	75.3

Source: 1973 Treasury Tax Model.

The nearly non-taxable group has large amounts of both tax preference income and investment interest expense; however, tax preferences are the larger of the two, so that Expanded Income exceeds AGI. It is interesting to note that for this group when returns are selected and classified by AGI, the ratio of Expanded Income to AGI is much smaller than when the selection and classification are based on Expanded Income. When selected by AGI, Expanded Income exceeds AGI by from 2 percent to 34 percent. But when returns are selected by Expanded income. Expanded Income is from 168 percent (100%/59.7%) to 217 percent (100%/46.0%) of AGI. This difference is somewhat surprising and not fully explicable without detailed further analysis. However, cross-tabulations (which are not shown here) of numbers of returns by both AGI and Expanded Income, when the returns are selected first by AGI in excess of $50,000 and then by Expanded Income in excess of $50,000, indicate that there are substantially different percentages of overlapping returns depending on which income concept is used to select the returns. This is an interesting and surprising result which warrants further research which is beyond the scope of this paper.

For the category of all other taxable returns, Expanded Income exceeds AGI but by a smaller percentage than for the nearly non-taxables. Also, since the vast majority of returns fall into this category, it makes little difference which income concept is used as the selection criterion. Regardless of the criterion, the groups contain substantially identical returns with the result that the relationship between Expanded Income and AGI is about the same under both income concepts.

AVOIDING INCOME TAXES

Basically, there are three methods by which high income persons may substantially reduce or eliminate their income taxes: (1) tax preference income which is omitted from AGI; (2) deductions from AGI in calculating taxable income; and (3) credits from tax. Since tax preferences are already omitted from AGI, traditional methods for analyzing reasons for non-taxability which are based on AGI do not show the importance of tax preference items.

In the periodic reviews of high income non-taxable returns undertaken since in the late 1960's, the analysis of the reasons for non-taxability has been based on attributing non-taxability to the largest single deduction or credit. This is actually an over-simplification because it is rare for any one deduction or credit to be large enough by itself to eliminate entirely a person's income tax. Ordinarily, non-taxability is produced by a combination of items, none of which taken alonge may be unduly large.

For purposes of comparability with earlier analyses, Table 5 contains a manual tabulation of the largest single category of deduction or credit for all 244 of 1974's high income, non-taxable returns. Table 6 shows the distribution of these various categories of deductions for a sample of 124 of the 244 1974 returns.

TABLE 5.—LARGEST DEDUCTION OR CREDIT ON NONTAXABLE INDIVIDUAL INCOME TAX RETURNS WITH ADJUSTED GROSS INCOME $200,000 OR MORE, 1974[1]

Largest item	Number of returns	Percent of total
Interest deduction	182	74.6
Miscellaneous deductions	27	11.1
Contributions deduction	14	5.7
Taxes paid deduction	8	3.3
Deduction for net casualty or theft loss	3	1.2
Foreign tax credit	9	3.7
Investment credit	1	.4
Total	244	100.0

[1] On returns with both large itemized deductions and large credits, the largest deduction or credit was determined by omitting the largest deduction, recomputing the tax and comparing the resulting tax to the largest credit.

TABLE 6.—ITEMIZED DEDUCTIONS AS A PERCENTAGE OF ADJUSTED GROSS INCOME FOR A SAMPLE OF 124 NONTAXABLE RETURNS WITH ADJUSTED GROSS INCOME OF $200,000 OR OVER 1974

Type of itemized deduction	Total number of returns	Number of returns with itemized deductions as a percent of adjusted gross income								
		Under 10 percent	10 to under 20 percent	20 to under 30 percent	30 to under 40 percent	40 to under 50 percent	50 to under 60 percent	60 to under 70 percent	70 to under 100 percent	100 percent or more [1]
ALL RETURNS										
Itemized deductions, total	124	5							21	98
Medical deduction	68	64	4							
Taxes paid deduction	119	92	16	4		7				
Contributions deduction	120	74	7	9	13	5	8		4	
Interest deduction	121	12	7		5	5	7	8	40	37
Casualty/theft loss deduction [2]	16	16								
Miscellaneous deductions	112	72	19	6	9	6				
Memo:										
Investment interest: [3]										
Not in excess of investment income	121	13	8	5	10	8	12	13	36	16
In excess of investment income	60	9	9	10	4	8	9	6		5

Source: Selected individual income tax returns for 1974.

[1] Includes returns with total reported deductions equal to or exceeding adjusted gross income.

[2] Data have been combined to avoid disclosing individual records. However, almost all casualty/theft loss deductions were under 10 percent of AGI.

[3] For each return total interest was divided into 2 parts: An amount not in excess of investment income; and the remainder which represents investment interest in excess of investment income.

In order to simplify calculations mortgage interest (which is ordinarily not a large part of interest for these returns) was not subtracted from total interest, and investment interest is defined as the total deduction for interest. Investment income consists of dividends (net of the $100 exclusion) interest, and realized capital gains after deducting the excluded portion of long-term capital gains.

Each line of the table shows the number (of the 124) who used the particular deduction and the distribution of the deduction as a percentage of AGI. Table 6 shows separate distributions for investment interest not in excess of investment income and such interest which is in excess of investment income. However, because of time constraints, the table does not contain a distribution of the deduction equivalent of credits.

The distributions from Table 6 can be used in conjunction with Table 5. The interest deduction was the largest single item on three-fourths of all high income non-taxable returns. Information derived from Table 6 shows that in 30 percent (37/124) of the cases this deduction alone could wipe out taxes and that in an additional 32 percent (40/124) of the cases the interest deduction could reduce taxable income to less than 30 percent of AGI. However, we must recall that the portion of investment interest expense which is not in excess of investment income ordinarily represents a cost incurred in the production of income. Table 6 also shows that only 10 percent of the time is excess investment interest more than 60 percent of AGI.

The miscellaneous deduction was the largest deduction in 11 percent of all cases; however, it exceeded 40 percent of AGI only 5 percent of the time. Furthermore, this deduction is a mixed bag. It includes investment expenses other than interest, alimony, and employee business expenses, all of which could arguably be converted into "above-the-line" deductions. Conversely, even though contributions were the largest single item on only 6 percent of these returns, such deductions exceeded 40 percent of AGI on 14 percent of the returns. In short, the distribution of deductions as a percentage of AGI shows that attributing non-taxability to the largest single deduction or credit may not tell the whole story.

Another method of examining how returns are made nearly or fully non-taxable is to calculate in the aggregate for an income class the portion of total deductions and credits which are attributable to a particular credit or deduction. Except for the first eight lines of each table, all of the tables in Appendix I are devoted to this effort. Since all of these tables are based on computer simulations of the entire tax filing population for 1973, this procedure permits many variations to be run quickly. In this instance, non-taxables and nearly non-taxables have been selected on the the basis of alternative income definitions, AGI and Expanded Income. In order to be comparable to the manually produced data on the 244 non-taxables for 1974, this discussion is restricted to returns with incomes of $200,000 or over. However, the Appendix tables also contain data for other income classes.

RETURNS SELECTED BY ADJUSTED GROSS INCOME

Tables IC2 and IC3 in Appendix I show the patterns of deductions and credits for non-taxables and nearly non-taxables, using AGI as the income concept. For the non-taxables, the interest paid deduction is over 78 percent of AGI, or even slightly more important than was indicated by the largest single item method (see Table 5). However, excess investment interest was less than 10 percent of AGI. Most of the difference represents deductions for investment interest which do not ordinarily represent a tax preference. For the nearly non-taxable group, interest deductions were far less important, 33 percent of AGI, and excess investment interest was only about a tenth of that amount, or 3.6 percent of AGI. Miscellaneous deductions were almost a quarter of AGI for the non-taxables but less than one-tenth of AGI for the nearly non-taxables. Charitable contributions were just over one-tenth of AGI for both groups, and about half of that amount was in non-cash items, much of which ordinarily represents gifts of appreciated property, on which the appreciation is not taxed as income even though its value may be deducted as a charitable contribution. Again, for both groups, taxes were about one-tenth of AGI, or about three times more important than indicated by the largest single item method. None of the other deduction categories was significant for either group.

The deduction equivalent of credits represented 4.5 percent of AGI for the non-taxables but 29.8 percent of AGI for the nearly non-taxables. There is no apparent reason for this large difference. This is another area where further investigation is warranted. The foreign tax credit accounts for virtually all of the saving from credits.

Naturally, the non-taxables had neither regular nor minimum income. The nearly non-taxables had tax liabilities of 4.8 percent of AGI, one-third of which was regular tax and two-thirds of which was minimum tax.

RETURNS SELECTED BY EXPANDED INCOME

Tables IIC2 and IIC3 show the patterns of tax preference income and of deductions and credits for high income non-taxables and nearly non-taxables, as defined by Expanded Income. For the non-taxables, preferences (as defined for the present minimum tax) comprised 20.8 percent of Expanded Income, over 90 percent of which was due to the excluded portion of long-term capitial gains. For the nearly non-taxables, preferences were substantially larger, 62.3 percent of Expanded Income, with about 82 percent from excluded capital gains. Charitable contributions were large: 21.2 percent for the non-taxables and 37.0 percent for the almost non-taxables. Of the 21.2 percentage points, 11.6 percentage points were non-cash contributions, but only 7.4 points of the 37.0 percentage points were non-cash for the nearly non-taxables. Excess investment interest was 11.9 percent of Expanded Income for the non-taxables, but it was only 0.9 percent for the nearly non-taxables. This difference is far larger than when AGI is used as the income standard. As in the AGI tables, the miscellaneous deduction is far larger for the non-taxables, 28.4 percent versus only 6.5 percent of Expanded Income. The taxes paid deduction category is also larger for the non-taxables, 15.9 percent as compared to 7.3 percent.

Unlike the AGI cases, the deduction equivalent of credits is at about the same level for both groups, 12.2 percent and 15.9 percent. Again, the foreign tax credit is the only credit or major significance. No other items represent a significant share of Expanded Income.

When Expanded Income is used as the measure, the significance of the minimum tax is increased. The ordinary tax rate for the nearly non-taxables is only 1.0 percent whereas the minimum tax rate is 5.6 percent, or 85 percent of the entire tax bill for this group.

The differences in results which are obtained when the two different income concepts are used are indicative of the deficiencies of these concepts. The problems associated with Adjusted Gross Income are well known; some have been discussed earlier in this paper. Expanded Income is also deficient as a measure of economic income, but it represents a movement in the right direction, especially given the limitations of using only data which are available on tax returns under present law.

VARIOUS MINIMUM TAX PROPOSALS

It is particularly appropriate to use high income non-taxables and nearly non-taxables to examine the effects of various proposals to alter the minimum tax on items of tax preference. Indeed, a major reason for the adoption of the original minimum tax in 1969 was to eliminate the problem of—indeed, the existence of—high income, non-taxable returns.

Four different proposals to modify the existing minimum tax are examined. Three of the plans represent revisions of the present minimum tax. The fourth proposal represents a structural departure from present law. All four plans would raise substantial amounts of revenue.

The first plan was passed by the House in 1975 as part of H.R. 10612, the tax reform bill. Under it, the minimum tax rate would be raised from 10 percent to 14 percent, the reduction for ordinary taxes paid would be eliminated, the exemption from the minimum tax would be reduced from $30,000 to $20,000, and even this exemption would be phased out on a dollar for dollar basis as preference income rose from $20,000 to $40,000. The preferences would be those under present law plus intangible drilling costs on successful wells, construction period interest and taxes which are not capitalized, and itemized deductions to the extent they exceed 70 percent of AGI. (The details of each of the four proposals are spelled out in the footnotes to Tables 7 and 8)

The second proposal is the one approved by the Senate Finance Committee on May 12, 1976 to be part of H.R. 10612. The minimum tax rate would be raised to 15 percent, and the present separate minimum tax exemption and deduction for ordinary taxes paid would be combined. There would be a single deduction for the larger of $5,000 or ordinary taxes paid. The present minimum tax preferences would be expanded to include intangible costs, construction period interest (but not taxes), and the amount by which itemized deductions other than those for medical expenses and casualty losses exceed 60 percent of AGI.

The third proposal was suggested by Senator Kennedy. Structurally, it is similar to the House plan: the rate would be 14 percent; and there would be no deduction for ordinary taxes. The exemption would be lowered to $5,000 and would be phased out as preferences increased from $5,000 to $10,000. Since Senator Kennedy did not specify the preference items, the preferences are assumed to be the same as under the Finance Committee plan. This facilitates comparisons between the structure of the plans without complicating the issue with relatively minor differences between the preference items.

The fourth proposal is based on a conceptual framework presented to the Finance Committee by the Tax Section of the Bar Association of the City of New York. The details of the plan—the preference items, the rates, etc.—were put together by the staff of the Office of Tax Analysis in the Treasury Department so that the proposal could be evaluated in comparison to other proposals which were already "fleshed-out." Again, the preference items were assumed to be the same as those under the Finance Committee

bill.[4] The so-called NYC Bar type plan is conceptually very different than the other plans. The NYC Bar plan is an alternative tax under which a person's ordinary income and preference income are lumped together. If the tax on a certain percentage of this income exceeds the person's ordinary tax, the alternative tax is paid. If it is not larger, the regular tax is paid, and there is no tax on preference items. In effect, when the alternative tax is paid, certain preference items are taxed at normal tax rates. The other plans impose a tax on preferences largely without regard to a person's ordinary income or the amount of his ordinary tax. The alternative tax treats the person's income, ordinary and preference together, as a single unit and taxes a portion of the sum under the ordinary, progressive tax rate schedule. It should be pointed out that this procedure allows ordinary income to "shelter" preference income (in a certain ratio) from any extra tax.

Under the version of the NYC Bar plan presented here, a person is obligated to pay tax on at least 60 percent of the sum of his ordinary taxable income plus preferences less a $7,500 exemption which phases out on a one-for-two basis as the sum of taxable income plus preferences (*not* preferences alone) rises from $20,000 to $35,000. Adjustments are also provided so that when the alternative tax actually "bites" the tax savings for charitable contributions will not be reduced.

Schedule MTI is a mock-up of how the NYC Bar plan tax would be computed. It should be noted that the list of preference items on Form MTI is for illustrative purposes only and that it does not match the preference list in the plan outlined above. It should also be noted that Form MTI also allows for the carryover of disallowed deferral preferences, such as accelerated depreciation. The carryover could also be allowed for exclusion preferences, or it could be eliminated altogether. Carryovers are not a necessary feature of the alternative tax, and no allowance has been made for them in the plan outlined and estimated here.

The four plans would all raise substantial amounts of revenue. Compared with 1972–74 law and at 1973 levels of income, the Kennedy plan would raise $1.675 billion; the House plan, $933 million; the Finance Committee plan, $875 million; and the NYC Bar plan, $1.006 billion.[5] It should be noted that these estimates are made under the assumption that no behavioral changes result from changes in the tax law.

SCHEDULE MTI (FORM 1040)
MINIMUM TAXABLE INCOME, 1977

Name(s) as shown on form 1040 Social security number

1. Taxable income from form 1040, line x
2. Charitable contributions from schedule A, line x
3. Exclusion preferences:
   a. Excluded portion of capital gains from schedule D, line x
   b. Stock options
   c. Depletion in excess of basis
   d. Other
   e. Sum of lines 3a through 3d
4. Deferral preferences (items eligible for carryover):
   a. Itemized deductions from schedule A, line y
   b. Charitable contributions from line 2
   c. Line 4a less line 4b
   d. AGI from form 1040, line y
   e. Multiply 4d by 0.6
   f. Line 4c less line 4e (but not less than zero)
   g. Accelerated depreciation
   h. Construction period taxes and interest
   i. Other
   j. Sum of lines 4f through 4i
5. Sum of lines 1, 2, 3e, and 4j
6. Enter $7,500 (or $3,500 if married, filing separately) less half of the excess of line 5 over $20,000 ($10,000 if married, filing separately), but not less than zero
7. Line 5 less line 6 (but not less than zero)
8. Multiply line 7 by 0.6
9. Charitable contributions from line 2
10. Adjusted taxable income—Line 8 less line 9 (but not less than zero)—Also enter on form 1040, line w

If line 10 is larger than line 1, enter amount on line 10 on form 1040, line w, and go to line 18 on this form.

11. Taxable income from line 1
12. Enter carryover from 1976 (from 1976 form MTI, line x), or enter zero
13. Enter line 1
14. Enter line 10
15. Line 13 less line 14
16. Carryover used this year. Smallest of lines 12, 13, or 15
17. Adjusted taxable income. Line 11 less line 16. Also enter on form 1040, line w
18. Enter carryover from 1976 (from 1976 form MTI, line x) or enter zero
19. Carryover used this year (from line 16). If line 16 was skipped, enter zero
20. Line 18 less line 19
21a. Enter line 10
   b. Enter line 1
   c. Line 21a less line 21b (but not less than zero)

Name(s) as shown on form 1040 Social security number

   d. Enter line 4j
   e. Enter smaller or 21c or 21d
22. Carryover to 1978. Line 20 plus line 21e

Tables 7 and 8 show the impact of each of the plans on non-taxables and nearly non-taxables with incomes of $50,000 or more. Table 7 is based on Adjusted Gross Income; Table 8 is based on Expanded Income. Both tables show similar results. All four plans would affect the vast majority of non-taxable and nearly non-taxable returns. However, it is apparent from an examination of Tables 7 and 8 that under all of the plans some high income non-taxables would remain, along with the problems and the political issues which they tend to generate.

Both the Kennedy and the Finance Committee proposals would affect these high income, almost or fully non-taxable returns in an almost identical fashion. This is because the only difference between the plans is the amount of, and the phase-out of, the preference exemption, and the tax filers under consideration are largely above the phase-out levels. The House bill affects fewer taxpayers and raises their tax rates less than the Finance Committee or the Kennedy proposals. However, because the House provision was designed to work in conjunction with a limitation on artificial accounting losses which is not simulated here, there are fewer preference items in the House plan.

The NYC Bar type plan generally affects fewer of the non-taxables and nearly non-taxables than any of the other three plans. However, it raises the tax rate on the entire group by substantially more than the other plans. It is evident that when the alternative tax does "hit" a taxpayer it hits much harder than any of the minimum tax plans. The greater impact is due to the progressivity of the tax rates used by the plan. Especially for very high income tax filers, progressive rates up to a 42 percent maximum (60 percent of 70 percent equals 42 percent) can be expected to be more potent than a 14 percent or 15 percent flat rate, even after allowing for the "sheltering" of preferences which is inherent in the alternative tax approach.

The NYC Bar type alternative tax raises the tax rate on non-taxables by 6 to 13 percentage points, but it raises the tax on nearly non-taxables by 13 to 26 percentage points. This discrepancy is due to the fact that non-taxables do not have substantial preferences as defined under present law, or they would have to pay some minimum income tax and would no longer be non-taxable. Thus, they also tend to have less preference income, as redefined under these proposals, and are less affected under these plans.

TABLE 7.—EFFECTS OF VARIOUS MINIMUM TAX PROPOSALS ON HIGH INCOME NONTAXABLES AND NEARLY NONTAXABLES CLASSIFIED BY ADJUSTED GROSS INCOME, 1973

			Kennedy proposal[3]		House bill[3]		Finance Committee bill[4]		N.Y.C. bar type alternative tax	
Adjusted gross income class	Returns in class	1973 law tax rate (percent)	Returns with tax increase (decrease)	Proposed tax rate[1] (percent)	Returns with tax increase (decrease)	Proposed tax rate[1] (percent)	Returns with tax increase (decrease)	Proposed tax rate[1] (percent)	Returns with tax increase (decrease)	Proposed tax rate[1] (percent)
NONTAXABLE RETURNS										
$50,000 to $100,000	2,513	0	1,661	5.2	831	1.5	1,661	4.9	1,512	6.0
$100,000 to $200,000	478	0	281	4.4	281	3.4	281	4.4	220	5.9
$200,000 and more	155	0	144	6.0	146	4.4	144	6.3	124	11.5
NEARLY NONTAXABLE RETURNS										
$50,000 to $100,000	2,474	3.3	2,038	11.8	1,695	10.4	2,038	11.8	1,680	17.5
$100,000 to $200,000	603	3.8	603	15.3	585	13.4	603	15.8	525	30.1
$200,000 and more	496	4.8	487	10.4	486	9.5	485	10.9	443(10)	18.9

Source: 1973 Treasury Tax Model.
Footnotes at end of table.

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[4] In addition, charitable contributions are excluded from itemized deductions before the excess of such deductions over 60 percent of AGI is calculated.

[5] At 1976 levels of income and relative to 1976 law (the Tax Adjustment Act of 1975, as extended for all of 1976), the Kennedy plan would raise $2.051 billion; the House plan, $1.082 billion; the Finance Committee plan, $1.147 billion; and the NYC Bar plan, $1.075 billion.

TABLE 8.—EFFECTS OF VARIOUS MINIMUM TAX PROPOSALS ON HIGH INCOME NONTAXABLES AND NEARLY NONTAXABLES CLASSIFIED BY EXPANDED INCOME, 1973

Economic income class	Returns in class	1973 law tax rate (percent)	Kennedy proposal[2]		House bill[3]		Finance Committee bill[4]		N.Y.C. bar type alternative tax[5]	
			Returns with tax increase (decrease)	Proposed tax rate[1] (percent)	Returns with tax increase (decrease)	Proposed tax rate[1] (percent)	Returns with tax increase (decrease)	Proposed tax rate[1] (percent)	Returns with tax increase (decrease)	Proposed tax rate[1] (percent)
NONTAXABLE RETURNS										
$50,000 to $100,000	1,784	0	931	5.3	512	1.6	931	5.1	813	6.6
$100,000 to $200,000	648	0	452	7.3	404	6.2	452	7.5	335	11.9
$200,000 and more	91	0	80	8.2	82	6.4	80	8.6	68	12.8
NEARLY NONTAXABLE RETURNS										
$50,000 to $100,000	3,719	2.4	(2) 3,341	11.4	(2) 3,147	10.8	(2) 3,341	11.2	3,134	15.7
$100,000 to $200,000	2,091	4.5	2,091	12.0	2,073	11.4	2,091	12.3	2,073	22.0
$200,000 and more	1,142	6.6	1,134	12.2	1,132	11.7	1,131	12.8	(10) 1,047	27.8

Source: 1973 Treasury Tax Model.

FOOTNOTES TO TABLES 7 AND 8

[1] Taxes, including any appropriate minimum tax, as a percentage of Adjusted Gross Income or Expanded Income, whichever is appropriate.

[2] A 14 percent tax on tax preferences. There would be a $5,000 exclusion, phased out dollar for dollar between $5,000 and $10,000 of preferences. There would be no deduction for ordinary taxes paid. The preference items would be those under the present minimum tax:

The excluded portion of long-term capital gains;

The amount of percentage depletion in excess of the basis of the property;

Accelerated depreciation in excess of straight line depreciation on real property and personal property subject to a net lease;

Stock options; and

Rapid amortization in excess of otherwise allowable depreciation for certified pollution control facilities, railroad rolling stock, and on-the-job training and child care facilities; plus:

Intangible drilling costs;

Construction period interest (but *not* taxes) which is not capitalized; and

Any itemized deductions (other than medical and casualty losses) in excess of 60 percent of Adjusted Gross Income.

[3] A 14 percent tax on tax preferences in excess of a $20,000 exemption which phases out dollar for dollar between $20,000 and $40,000 of preferences. There would be no deduction for ordinary taxes paid. The preference items would be those under the present minimum tax (see Footnote 2) plus:

Intangible drilling costs;

Construction period interest and taxes which are not capitalized; and

Itemized deductions in excess of 70 percent of AGI.

[4] A 15 percent tax on the amount by which preference exceed the larger of $5,000 or regular income tax. The preference items would be the same as those listed in Footnote 2.

[5] An alternative tax which would be paid if it were larger than a taxpayer's regular income tax. The alternative tax would be the tax at ordinary tax rates on 60 percent of the sum of the taxpayer's ordinary taxable income plus his tax preferences (which would be the same as those listed in Footnote 2) less a $7,500 exemption which phases out on a one for two basis between $20,000 and $35,000 of income (taxable income plus preferences). In addition, certain adjustments are made so that the tax saving for charitable contributions will not be affected even if the taxpayer is affected by this alternative tax.

APPENDIX I—BASIC TABULATIONS OF HIGH INCOME TAX RETURNS FOR 1973

This Appendix contains 24 basic tables for high income tax returns filed for tax year 1973. These tables show the relationship between Adjusted Gross Income as reported on tax returns and a more broadly defined income concept which, for lack of a better name, is called Expanded Income. The tables also show the relative importance of the various itemized deductions and tax credits in reducing the tax base.

There are separate tables for economic income and for AGI. Also, there are separate non-taxable returns, all other returns, and tabulations of non-taxable returns, nearly all returns together. For purposes of comparison, each table shows data separately for returns with incomes (either AGI or Expanded Income, depending on the table) of $200,000 and over, $100,000 to $200,000, and $50,000 to $100,000. An additional column shows combined data for returns with incomes of $50,000 or over.

Each set of data is shown in three ways: aggregates for all returns in the particular group; averages for all returns in the group; and each item as a percentage of the relevant income concept used for the table.

In order to facilitate comparisons amongst the various tables, each table is identified by a Roman numeral, a capital letter, and an Arabic numeral. For example, the first table is IA1.

The Roman numeral indicates the income concept upon which the tax returns were selected for the table and upon which they are classified:

I. Adjusted Gross Income.

II. Expanded Income.

The capital letter indicates the type of data contained in the table:

A. Aggregate data.

B. Average data (based on the number of returns shown in the particular income class).

C. All items as a percentage of either AGI or Expanded Income, depending upon which concept was used to select returns for the table.

The Arabic numeral identifies the tax status of the return, as follows:

1. All returns.
2. Non-taxable returns.
3. Nearly Non-taxable returns.
4. All other taxable returns.

NEARLY NON-TAXABLE

The discussions about tax preferences which allow persons with large incomes to escape from taxation usually refer to those tax filers with high AGI's who pay absolutely no tax. Some tax authorities indicate that high income non-taxables are only the tip of the iceberg and that there are many more taxpayers who have large incomes but who use tax loopholes to escape most but not all of their tax burden. In order to evaluate this assertion, data are presented for nearly non-taxable returns.

Nearly non-taxable returns are returns with incomes of $50,000 and over on which there is some tax liability but on which Taxable Income is 10 percent or less of AGI or Expanded Income, whichever income concept is relevant in the particular table. Nearly non-taxable returns include those which have a zero taxable income and which would be non-taxable except for the minimum tax on items of tax preference.

DEDUCTIONS VERSUS CREDITS

One problem with selecting returns on the basis of any ratio of taxable income to either AGI or Expanded Income is that this method makes no allowance for tax credits, mainly the foreign tax credit and (to a lesser extent) the investment credit. In theory, at least, a return with a high taxable income could be a non-taxable return because of the value of tax credits. In order to avoid this problem in selection of nearly non-taxable returns as well as to ease comparisons between deductions and credits, a crude attempt was made to "gross-up" the value of all credits into a deduction which would yield the equivalent tax benefit. The deduction equivalent of credits is defined as the difference between the amount of taxable income which would yield the tax before credits and that which would yield income after credits. Because this procedure effectively makes the credit the last item in reducing taxes, it assumes that the credit is taken against income taxed at the lowest tax rates. Thus, this procedure tends to overstate the deduction equivalent of credits relative to a procedure under which credits would be the first item to be deducted in calculating taxable income.

ORDER OF THE TABLES

All eight of the "A" tables come first, followed by the "B" and "C" tables. Within each lettered group, the AGI, or "I", tables precede the Expanded Income, or "II" tables.

TABLE 1A1.—AGGREGATE INCOME, DEDUCTIONS, AND CREDITS FOR HIGH INCOME RETURNS CLASSIFIED BY ADJUSTED GROSS INCOME, 1973: ALL RETURNS

[In thousands of dollars]

	Adjusted gross income			
	$50,000 and over	$50,000–$100,000	$100,000–$200,000	$200,000 and over
Expanded income	69,305,442	41,207,584	15,708,533	12,389,325
Plus investments interest<income[1]	1,698,897	763,381	442,333	493,203
Less preferences (total)[2]	7,472,077	2,551,045	1,867,912	3,053,119
Excluded lt. capital gains	6,770,554	2,344,401	1,682,825	2,743,328
Depletion[3]	247,980	66,430	52,381	129,170
3 acc. depreciation preferences[4]	247,349	87,248	84,276	75,825
Stock options	240,024	71,032	56,374	112,618
All other preferences[5]	988	0	39	949
Adjusted gross income	63,532,290	39,419,911	14,282,956	9,829,423
Plus deficits	0	0	0	0
AGI of returns with AGI> 0	63,532,290	39,419,911	14,282,956	9,829,423

Footnotes at end of tables.

	Adjusted gross income			
	$50,000 and under	$50,000– $100,000	$100,000– $200,000	$200,000 and over
Less exemptions	2, 150, 433	1, 770, 064	311, 286	69, 083
Less standard deductions	70, 120	63, 515	5, 860	745
Less itemized deductions	11, 847, 549	6, 679, 324	2, 740, 379	2, 427, 848
Charitable (total)	2, 639, 757	1, 163, 295	632, 126	844, 337
Charitable—Noncash	745, 617	169, 369	162, 912	413, 336
Interest—Total	2, 906, 210	1, 647, 382	685, 568	573, 260
Interest—Mortgage	762, 147	600, 787	124, 759	36, 601
Investment: interest<income [6]	1, 659, 494	741, 038	432, 381	486, 075
Investment: interest>income [7]	484, 575	305, 561	128, 429	50, 585
Medical	347, 335	246, 604	76, 725	24, 006
Casualty loss	96, 281	63, 655	14, 012	18, 414
Tax expense	4, 629, 862	2, 884, 587	1, 037, 740	707, 535
State and local income taxes	1, 149, 573	795, 734	237, 650	116, 189
Real estate tax	2, 857, 640	1, 647, 714	683, 458	526, 467
All other tax expense	622, 654	441, 143	116, 632	64, 879
Miscellaneous deductions	1, 223, 404	671, 016	294, 210	258, 178
Plus excess, if any, of exem. ded>AGI	67, 739	31, 395	9, 525	26, 819
Taxable income	49, 531, 941	30, 938, 424	11, 234, 954	7, 358, 563
Tax at normal rates	20, 808, 927	11, 062, 970	5, 275, 187	4, 470, 769
Less savings from alternative tax [8]	103, 136	21, 571	40, 542	41, 023
Less savings from maximum tax [8]	336, 272	31, 558	134, 642	170, 072
Less savings from income averaging	764, 899	448, 199	197, 212	119, 488
Tax before credits	19, 652, 273	10, 570, 571	4, 920, 931	4, 160, 771
Less foreign tax credits	180, 669	55, 537	26, 081	99, 051
Less investment credit	242, 198	154, 943	52, 278	34, 977
Less all other credits	2, 515	1, 747	524	244
Plus excess of credits over tax	1	0	0	1
Tax other than minimum tax	19, 226, 907	10, 358, 357	4, 842, 048	4, 028, 501
Plus minimum tax on preferences	153, 470	24, 444	33, 438	95, 587
Tax after credits	19, 380, 375	10, 382, 801	4, 875, 486	4, 122, 088
Deduction equivalent of credits [9]	802, 021	463, 929	141, 501	196, 591
Memo:				
Employee business expense adjustment	308, 214	234, 896	49, 521	23, 797
Plus all other adjustments	254, 052	215, 675	33, 847	4, 529
Adjustments to gross income—total	562, 264	450, 571	83, 368	28, 326
Number of returns represented in the tabulation	732, 211	597, 639	108, 916	25, 656
Number of returns in the sample	9, 196	3, 946	1, 992	3, 2[illegible]

TABLE IA2.—AGGREGATE INCOME, DEDUCTIONS, AND CREDITS FOR HIGH INCOME RETURNS CLASSIFIED BY ADJUSTED GROSS INCOME, 1973: NONTAXABLE RETURNS

[In thousands of dollars]

	Adjusted gross income			
	$50, 000 and over	$50, 000– $100, 000	$100, 000– $200, 000	$200, 000 and over
Expanded income	208, 771	129, 600	54, 135	25, 036
Plus investment: Interest<income [1]	105, 481	44, 640	11, 476	49, 366
Less preferences (total) [2]	15, 856	8, 794	4, 253	2, 809
Excluded lt. capital gains	17, 589	8, 118	5, 679	3, 791
Depletion [3]	221	0	18	202
3 acc. depreciation preferences [4]	5, 493	4, 048	909	536
Stock options	0	0	0	0
All other preferences [5]	0	0	0	0
Adjusted gross income	298, 396	165, 447	61, 357	71, 592
Plus deficits	0	0	0	0
A.G.I. of returns with A.G.I.> 0	298, 396	165, 447	61, 357	71, 592
Less exemptions	8, 724	7, 017	1, 282	424
Less standard deductions	610	462	144	4
Less itemized deductions	273, 028	139, 443	45, 291	88, 293
Charitable (Total)	19, 740	5, 872	6, 115	7, 753
Charitable—Noncash	7, 951	1, 151	3, 244	3, 557
Interest—Total	157, 593	76, 025	25, 423	56, 144
Interest—Mortgage	6, 210	4, 350	1, 484	376
Investment: interest<income [6]	100, 836	41, 956	10, 143	48, 737
Investment: interest>income [7]	50, 547	29, 719	13, 796	7, 031
Medical	8, 408	4, 232	3, 753	422
Casualty loss	9, 312	7, 976	45	1, 291
Tax expense	29, 741	20, 164	4, 006	5, 571
State and local income taxes	14, 626	10, 559	1, 984	2, 083
Real estate tax	11, 246	7, 094	1, 412	2, 740
All other tax expense	3, 869	2, 512	610	748
Miscellaneous deductions	48, 234	25, 173	5, 949	17, 112
Plus excess, if any, of exem. ded.>AGI	50, 187	25, 321	4, 417	20, 448
Taxable income	66, 222	43, 846	19, 057	3, 319
Tax at normal rates	24, 641	14, 592	8, 156	1, 894
Less savings from alternative tax [8]	36	31	0	4
Less savings from maximum tax [8]	49	0	0	49
Less savings from income averaging	5, 183	2, 699	2, 478	6
Tax before credits	19, 404	11, 893	5, 678	1, 834
Less foreign tax credits	6, 639	2, 514	2, 350	1, 775
Less investment credit	12, 778	9, 390	3, 328	60
Less all other credits	0	0	0	0
Plus excess of credits over tax	1	0	0	1
Tax other than minimum tax	0	0	0	0
Plus minimum tax on preferences	0	0	0	0
Tax after credits	0	0	0	0
Deduction equivalent of credits [9]	56, 341	38, 411	14, 697	3, 232
Memo:				
Employee business expense adjustment	1, 464	1, 057	31	376
Plus all other adjustments	10	0	0	10
Adjustments to gross income—total	1, 475	1, 057	31	387
Number of returns represented in the tabulation	3, 146	2, 513	478	155
Number of returns in the sample	176	23	15	138

Footnotes at end of tables.

TABLE IA3.—AGGREGATE INCOME, DEDUCTIONS, AND CREDITS FOR HIGH INCOME RETURNS CLASSIFIED BY ADJUSTED GROSS INCOME, 1973: NEARLY NONTAXABLE RETURNS

[In thousands of dollars]

	Adjusted gross income			
	$50, 000 and over	$50, 000– $100, 000	$100, 000– $200, 000	$200, 000 and over
Expanded income	703, 300	245, 436	104, 021	353, 844
Plus investment: interest <income [1]	184, 465	38, 850	26, 831	118, 784
Less preferences (total) [2]	271, 687	101, 032	43, 077	127, 578
Excluded lt capital gains	232, 594	76, 174	42, 392	114, 028
Depletion [3]	23, 218	19, 535	506	3, 177
3 Acc. depreciation preferences [4]	30, 029	11, 385	4, 589	14, 055
Stock options	898	0	0	898
All other references [5]	472	0	0	472
Adjusted gross income	616, 078	183, 254	87, 775	345, 050
Plus deficits	0	0	0	0
A.G.I. of returns with A.G.I.>0	616, 078	183, 254	87, 775	345, 050
Less exemptions	8, 754	5, 725	1, 697	1, 331
Less standard deductions	160	158	0	2
Less itemized deductions	467, 911	146, 220	85, 660	236, 031
Charitable (total)	79, 016	30, 630	9, 560	38, 826
Charitable–noncash	20, 051	464	2, 009	17, 578
Interests—total	209, 746	48, 893	32, 802	128, 051
Interest—mortgage	9, 820	7, 841	590	1, 389
Investment: interest<income [6]	179, 691	38, 840	26, 544	114, 307
Investment: interest >income [7]	20, 236	2, 212	5, 668	12, 355
Medical	5, 691	4, 007	240	1, 444
Casualty loss	8, 799	6, 439	15	2, 345
Tax expense	93, 361	42, 811	14, 604	35, 947
State and local income taxes	35, 269	24, 889	2, 177	8, 203
Real estate tax	50, 555	14, 520	11, 174	24, 861
All other tax expense	7, 538	3, 402	1, 253	2, 883
Miscellaneous deductions	71, 296	13, 440	28, 438	29, 418
Plus excess, if any, of exem. ded.>AGI	17, 553	6, 073	5, 108	6, 371
Taxable income	156, 806	37, 224	5, 526	114, 056
Tax at normal rates	91, 348	13, 594	1, 412	76, 341
Less savings from alternative tax [8]	22	0	0	21
Less savings from maximum tax [8]	45	45	0	0
Less savings from income averaging	525	468	1	56
Tax before credits	90, 756	12, 081	1, 411	76, 264
Less foreign tax credits	76, 566	10, 377	127	66, 062
Less investment credit	7, 511	2, 041	793	4, 677
Less all other credits	5	4	0	1
Plus excess of credits over tax	0	0	0	0
Tax other than minimum tax	6, 674	659	491	5, 524
Plus minimum tax on preferences	19, 238	5, 394	2, 828	11, 016
Tax after credits	25, 912	6, 053	3, 320	16, 540
Deduction equivalent of credits [9]	137, 460	31, 535	3, 011	102, 914
Memo:				
Employee business expense adjustment	4, 650	3, 366	301	982
Plus all other adjustments	95	9	44	42
Adjustments to gross income—total	4, 745	3, 375	346	1, 024
Number of returns represented in the tabulation	3, 573	2, 474	603	496
Number of returns in the sample	173	35	32	106

TABLE IA4.—AGGREGATE INCOME, DEDUCTIONS, AND CREDITS FOR HIGH INCOME RETURNS CLASSIFIED BY ADJUSTED GROSS INCOME—1973: ALL OTHER TAXABLE RETURNS

[In thousands of dollars]

	Adjusted gross income			
	$50, 000 and over	$50, 000– $100, 000	$100, 000– $200, 000	$200, 000 and over
Expanded income	68, 393, 371	40, 832, 549	15, 550, 377	12, 010, 445
Plus investment: interest<income [1]	1, 408, 951	679, 871	404, 027	325, 053
Less preferences (total) [2]	7, 184, 534	2, 441, 220	1, 820, 582	2, 992, 732
Excluded lt capital gains	6, 520, 372	2, 260, 109	1, 634, 754	2, 625, 509
Depletion [3]	224, 542	46, 895	51, 856	125, 791
3 acc, depreciation preferences [4]	211, 828	71, 815	78, 778	61, 234

TABLE 1A4.—AGGREGATE INCOME, DEDUCTIONS, AND CREDITS FOR HIGH INCOME RETURNS CLASSIFIED BY ADJUSTED GROSS INCOME—1973: ALL OTHER TAXABLE RETURNS—Continued

[In thousands of dollars]

	Adjusted gross income			
	$50, 000 and over	$50, 000–$100, 000	$100, 000–$200, 000	$200, 000 and over
Stock options	239, 126	71, 032	56, 374	111, 719
All other preferences [5]	517	0	39	477
Adjusted gross income	62, 617, 816	39, 071, 211	14, 133, 824	9, 412, 781
Plus deficits	0	0	0	0
A.G.I. of returns with A.G.I.> 0	6, 617, 816	39, 071, 211	14, 133, 824	9, 412, 781
Less exemptions	2, 132, 956	1, 757, 321	308, 306	67, 328
Less standard deductions	69, 350	62, 895	5, 716	739
Less itemized deductions	11, 106, 611	6, 393, 660	2, 609, 428	2, 103, 522
Charitable (total)	2, 541, 001	1, 126, 792	616, 451	797, 758
Charitable—noncash	717, 615	167, 754	157, 659	392, 201
Interest—total	2, 538, 871	1, 522, 463	627, 343	389, 065
Interest—mortgage	746, 116	588, 595	122, 685	34, 837
Investment: Interest<income [6]	1, 378, 968	660, 242	395, 694	323, 031
Investment: Interest>income [7]	413, 793	273, 630	108, 964	31, 198
Medical	333, 236	238, 365	72, 731	22, 140
Casualty loss	78, 170	49, 440	13, 952	14, 778
Tax expense	4, 506, 759	2, 821, 612	1, 019, 130	666, 017
State and local income taxes	1, 099, 678	760, 286	233, 490	105, 902
Real estate tax	2, 795, 839	1, 626, 101	670, 871	498, 867
All other tax expense	611, 247	435, 229	114, 769	61, 249
Miscellaneous deductions	1, 103, 874	632, 403	259, 823	211, 649
Plus excess, if any, of exem ded>AGI	0	0	0	0
Taxable income	49, 308, 913	30, 857, 355	11, 210, 371	7, 241, 187
Tax at normal rates	20, 692, 937	11, 034, 785	5, 265, 619	4, 392, 534
Less savings from alternative tax [8]	103, 079	21, 540	40, 542	40, 997
Less savings from maximum tax [8]	336, 178	31, 513	134, 642	170, 023
Less savings from income averaging	759, 191	445, 032	194, 733	119, 426
Tax before credits	19, 542, 112	10, 545, 597	4, 913, 842	4, 082, 673
Less foreign tax credits	97, 463	42, 645	23, 604	31, 214
Less investment credit	221, 909	143, 512	48, 157	30, 240
Less all other credits	2, 510	1, 743	524	243
Plus excess of credits over tax	0	0	0	0
Tax other than minimum tax	19, 220, 233	10, 357, 698	4, 841, 557	4, 020, 977
Plus minimum tax on preferences	134, 231	19, 050	30, 610	84, 572
Tax after credits	19, 354, 463	10, 376, 748	4, 872, 167	4, 105, 548
Deduction equivalent of credits [9]	608, 220	393, 983	123, 792	90, 445
Memo:				
Employee business expense adjustment	302, 100	230, 473	49, 188	22, 438
Plus all other adjustments	253, 946	215, 666	33, 803	4, 477
Adjustments to gross income—total	556, 045	446, 138	82, 991	26, 915
Number of returns represented in the tabulation	725, 492	592, 652	107, 835	25, 004
Number of returns in the sample	8, 847	3, 888	1, 945	3, 014

TABLE IIA1.—AGGREGATE INCOME, DEDUCTIONS, AND CREDITS FOR HIGH INCOME RETURNS CLASSIFIED BY EXPANDED INCOME, 1973: ALL RETURNS

[In thousands of dollars]

	Expanded income			
	$50,000 and under	$50,000–$100,000	$100,000–$200,000	$200,000 and over
Expanded income	73, 658, 943	41, 982, 516	16, 544, 192	15, 132, 235
Plus investment: Interest <Income [1]	1, 584, 750	750, 619	394, 196	439, 935
Less preferences (total) [2]	9, 428, 060	2, 941, 371	2, 154, 348	4, 332, 340
Excluded lt. capital gains	8, 547, 845	2, 763, 262	1, 886, 486	3, 898, 097
Depletion [3]	298, 594	20, 552	98, 978	179, 064
3 Acc. depreciation preferences [4]	314, 042	73, 464	99, 055	141, 523
Stock options	333, 304	108, 413	88, 841	136, 050
All other preferences [5]	994	0	95	899
Adjusted gross income	65, 815, 672	39, 791, 790	14, 784, 044	11, 239, 839
Plus deficits	34, 601	5, 185	8, 972	20, 443
AGI of returns with AGI >0	65, 850, 273	39, 796, 975	14, 793, 016	11, 260, 282
Less exemptions	2, 286, 791	1, 837, 065	354, 000	95, 726
Less standard deductions	112, 411	99, 906	10, 506	1, 999
Less itemized deductions	11, 986, 226	6, 613, 780	2, 789, 596	2, 582, 849
Charitable (total)	2, 693, 267	1, 135, 469	636, 461	921, 337
Charitable—noncash	749, 420	152, 115	158, 583	438, 768
Interest—total	2, 799, 310	1, 640, 283	637, 615	521, 412
Interest—mortgage	791, 217	612, 299	132, 640	46, 278
Investment: Interest <Income [6]	1, 550, 975	728, 335	386, 874	435, 767
Investment: Interest >Income [7]	457, 124	299, 654	118, 101	39, 368
Medical	384, 124	253, 446	100, 839	29, 839
Casualty loss	98, 049	61, 850	19, 462	16, 737
Tax expense	4, 738, 043	2, 842, 420	1, 085, 582	810, 042
State and local income taxes	1, 176, 303	774, 543	263, 244	138, 516
Real estate tax	2, 910, 744	1, 621, 602	694, 133	595, 010
All other tax expense	651, 003	446, 279	128, 205	76, 518
Miscellaneous deductions	1, 270, 114	679, 705	308, 228	282, 182
Plus excess, if any, of exem. ded. >AGI	88, 065	33, 372	20, 948	33, 744
Taxable income	51, 518, 342	31, 274, 438	11, 650, 885	8, 593, 020
Tax at normal rates	21, 379, 309	10, 984, 421	5, 303, 344	5, 091, 543
Less savings from alternative tax [8]	103, 276	12, 964	40, 670	49, 642
Less savings from maximum tax [8]	336, 272	31, 808	129, 586	174, 878
Less savings from income averaging	832, 746	443, 686	203, 892	185, 168
Tax before credits	20, 154, 810	10, 502, 017	4, 947, 088	4, 705, 705
Less foreign tax credits	180, 794	53, 263	25, 472	102, 059
Less investment credit	255, 258	151, 121	62, 923	41, 215
Less all other credits	3, 063	2, 157	596	310
Plus excess of credits over tax	1	0	0	1
Tax other than minimum tax	19, 715, 709	10, 295, 487	4, 858, 098	4, 562, 125
Plus minimum tax on preferences	184, 221	9, 937	29, 271	145, 013
Tax after credits	19, 899, 929	10, 305, 424	4, 887, 368	4, 707, 137
Deduction equivalent of credits [9]	840, 761	455, 057	171, 645	214, 059
Memo:				
Employee business expense adjustment	311, 497	232, 463	54, 288	24, 746
Plus all other adjustments	251, 739	211, 668	34, 531	5, 540
Adjustments to gross income—total	563, 235	444, 130	88, 819	30, 286
Number of returns represented in the tabulation	798, 395	636, 645	126, 110	35, 640
Number of returns in the sample	9, 387	3, 931	1, 997	3, 459

Footnotes at end of tables.

TABLE IA2.—AGGREGATE INCOME, DEDUCTIONS, AND CREDITS FOR HIGH INCOME RETURNS CLASSIFIED BY EXPANDED INCOME 1973: NONTAXABLE RETURNS

[In thousands of dollars]

	Expanded income			
	$50,000 and over	$50,000–$100,000	$100,000–$200,000	$200,000 and over
Expanded income	213, 350	110, 756	74, 012	28, 582
Plus investment: interest < income [1]	44, 397	13, 806	22, 776	7, 816
Less preferences (total) [2]	30, 855	6, 376	18, 525	5, 954
Excluded lt. capital gains	20, 802	5, 327	9, 475	6, 000
Depletion [3]	10, 621	72	10, 367	182
3 Acc. depreciation preferences [4]	4, 996	3, 848	752	395
Stock options	0	0	0	0
All other preferences [5]	0	0	0	0
Adjusted gross income	226, 893	118, 186	78, 263	30, 444
Plus deficits	72	72	0	0
A.G.I. of returns with A.G.I. > 0	226, 965	118, 258	78, 263	30, 444
Less exemptions	7, 417	5, 628	1, 564	225
Less standard deductions	644	402	239	4
Less itemized deductions	176, 809	87, 615	57, 807	31, 387
Charitable (total)	20, 140	7, 603	6, 472	6, 065
Charitable—Noncash	7, 734	1, 137	3, 288	3, 309
Interest—Total	89, 839	42, 286	36, 136	11, 417
Interest—Mortgage	4, 064	2, 615	1, 256	194
Investment: Interest < income [6]	41, 996	11, 666	22, 549	7, 782
Investment: Interest > income [7]	43, 778	28, 005	12, 332	3, 441
Medical	7, 779	3, 636	4, 066	76
Casualty loss	9, 267	7, 981	121	1, 165
Tax expense	19, 534	10, 402	4, 580	4, 552
State and local income taxes	6, 623	3, 055	1, 540	2, 028
Real estate tax	9, 837	5, 579	2, 253	2, 005
All other tax expense	3, 074	1, 767	787	520
Miscellaneous deductions	30, 254	15, 709	6, 433	8, 111
Plus excess, if any, of exem. ded. > A.G.I.	25, 076	15, 843	4, 478	4, 755
Taxable income	67, 097	40, 384	23, 130	3, 583
Tax at normal rates	24, 870	12, 901	9, 992	1, 978
Less savings from alternative tax [8]	36	0	31	4
Less savings from maximum tax [8]	49	0	0	49
Less savings from income averaging	5, 250	1, 774	3, 471	5
Tax before credits	19, 566	11, 126	6, 521	1, 919
Less foreign tax credits	6, 638	2, 517	2, 305	1, 816
Less investment credit	12, 941	8, 621	4, 215	105
Less all other credits	0	0	0	0
Plus excess of credits over tax	1	0	0	1
Tax other than minimum tax	0	0	0	0
Plus minimum tax on preferences	0	0	0	0
Tax after credits	0	0	0	0
Deduction equivalent of credits [9]	57, 038	36, 537	17, 002	3, 499
Memo:				
Employee business expense adjustment	1, 258	1, 088	8	162
Plus all other adjustments	10	0	3	8
Adjustments to gross income—Total	1, 268	1, 088	10	170
Number of returns represented in the tabulation	2, 523	1, 784	648	91
Number of returns in the sample	144	34	49	61

TABLE 11A3.—AGGREGATE INCOME, DEDUCTIONS, AND CREDITS FOR HIGH INCOME RETURNS CLASSIFIED BY EXPANDED INCOME, 1973: NEARLY NONTAXABLE RETURNS

[In thousands of dollars]

	Expanded income			
	$50,000 and over	$50,000–$100,000	$100,000–$200,000	$200,000 and over
Expanded income	1, 230, 258	266, 564	285, 015	678, 678
Plus investment: Interest<income [1]	175, 267	50, 958	29, 160	95, 149
Less preferences (total)[2]	764, 427	158, 357	183, 000	423, 070
Excluded lt. capital gains	645, 970	130, 992	150, 657	364, 322
Depletion [3]	69, 048	7, 352	28, 684	33, 012
3 acc. depreciation preferences [4]	80, 408	15, 967	18, 916	45, 525
Stock options	17, 871	16, 973	515	383
All other preferences [5]	477	0	1	477
Adjusted gross income	641, 097	159, 165	131, 175	350, 758
Plus deficits	34, 529	5, 114	8, 972	20, 443
A.G.I. of returns with A.G.I.>0	675, 626	164, 278	140, 147	371, 201
Less exemptions	18, 180	9, 546	5, 479	3, 156
Less standard deductions	1, 358	1, 017	192	149
Less itemized deductions	501, 328	131, 237	119, 091	251, 000
Charitable (total)	89, 400	20, 477	18, 475	50, 448
Charitable—noncash	21, 350	2, 350	637	18, 363
Interest—total	204, 840	61, 312	39, 661	103, 867
Interest—mortgage	15, 859	10, 217	3, 055	2, 588
Investment: Interest<income [6]	170, 494	50, 602	27, 345	92, 546
Investment: Interest>income [7]	18, 488	492	9, 261	8, 734
Medical	11, 596	3, 939	5, 898	1, 760
Casualty loss	9, 780	5, 946	1, 397	2, 437
Tax expense	105, 312	24, 043	31, 782	49, 486
State and local income taxes	40, 076	10, 474	20, 070	9, 532
Real estate tax	55, 843	10, 539	9, 175	36, 129
All other tax expense	9, 393	3, 030	2, 538	3, 825
Miscellaneous deductions	81, 781	15, 725	22, 236	43, 820
Plus excess, if any, of exem. ded>AGI	62, 989	17, 529	16, 471	28, 989
Taxable income	183, 221	34, 895	22, 884	125, 442
Tax at normal rates	99, 676	12, 724	6, 458	80, 494
Less savings from alternative tax [8]	27	0	2	24
Less savings from maximum tax [8]	45	45	0	0
Less savings from income averaging	1, 573	111	486	976
Tax before credits	98, 037	12, 568	5, 970	79, 500
Less foreign tax credits	79, 907	10, 199	2, 805	66, 902
Less investment credit	9, 496	1, 429	2, 183	5, 884
Less all other credits	3	2	0	1
Plus excess of credits over tax	0	0	0	0
Tax other than minimum tax	8, 631	937	982	6, 712
Plus minimum tax on preferences	55, 392	5, 583	11, 862	37, 946
Tax after credits	64, 023	6, 520	12, 844	44, 659
Deductions equivalent of credits [9]	152, 386	28, 373	15, 810	108, 202
Memo:				
Employee business expense adjustment	4, 970	2, 457	1, 436	1, 078
Plus all other adjustments	536	415	44	77
Adjustments to gross income—total	5, 506	2, 872	1, 480	1, 154
Number of returns represented in the tabulation	6, 953	3, 719	2, 091	1, 142
Number of returns in the sample	319	45	49	225

TABLE IIA4.—AGGREGATE INCOME, DEDUCTIONS, AND CREDITS FOR HIGH INCOME RETURNS CLASSIFIED BY EXPANDED INCOME, 1973: ALL OTHER TAXABLE RETURNS

[In thousands of dollars]

	Expanded income			
	$50,000 and over	$50,000–$100,000	$100,000–$200,000	$200,000 and over
Expanded income	72, 215, 336	41, 605, 195	16, 185, 165	14, 424, 975
Plus Investment: Interest<income [1]	1, 365, 085	685, 856	342, 260	336, 970
Less Preferences (total) [2]	8, 632, 778	2, 776, 638	1, 952, 824	3, 903, 317
Excluded lt. capital gains	7, 881, 073	2, 626, 943	1, 726, 353	3, 527, 776
Depletion [3]	218, 925	13, 128	59, 927	145, 869
3 Acc. depreciation preferences [4]	228, 638	53, 648	79, 387	95, 603
Stock options	315, 432	91, 440	88, 325	135, 667
All other preferences [5]	517	0	94	422
Adjusted gross income	64, 947, 682	39, 514, 493	14, 574, 606	10, 858, 637
Plus Deficits	0	0	0	0
A.G.I. of returns with A.G.I.> 0	64, 947, 682	39, 514, 439	14, 574, 606	10, 858, 637
Less exemptions	2, 261, 193	1, 821, 891	346, 957	92, 346
Less standard deductions	110, 409	98, 487	10, 076	1, 846
Less itemized deductions	11, 308, 088	6, 394, 928	2, 612, 699	2, 300, 462
Charitable (total)	2, 583, 727	1, 107, 388	611, 515	864, 824
Charitable—Noncash	720, 336	148, 628	154, 612	417, 096
Interest—Total	2, 504, 631	1, 536, 685	561, 818	406, 128
Interest—Mortgage	771, 294	599, 468	128, 330	43, 496
Investment: Interest<income [6]	1, 338, 485	666, 066	336, 980	335, 439
Investment: Interest>income [7]	394, 858	271, 156	96, 509	27, 193
Medical	364, 749	245, 871	90, 875	28, 003
Casualty loss	79, 002	47, 923	17, 944	13, 135
Tax expense	4, 613, 197	2, 807, 974	1, 049, 220	776, 003
State and local income taxes	1, 129, 604	761, 013	241, 635	126, 956
Real estate tax	2, 845, 064	1, 605, 483	682, 705	556, 876
All other tax expense	638, 535	441, 481	124, 881	72, 173
Miscellaneous deductions	1, 158, 080	648, 270	279, 559	230, 251
Plus excess, if any, of exem. ded>AGI	0	0	0	0
Taxable income	51, 268, 024	31, 199, 159	11, 604, 870	8, 463, 995
Tax at normal rates	21, 254, 762	10, 958, 797	5, 286, 894	5, 009, 071
Less savings from alternative tax [8]	103, 214	12, 964	40, 636	49, 614
Less savings from maximum tax [8]	336, 178	31, 764	129, 586	174, 829
Less savings from income averaging	825, 923	441, 800	199, 935	184, 188
Tax before credits	20, 037, 207	10, 478, 323	4, 934, 598	4, 624, 286
Less foreign tax credits	94, 249	40, 547	20, 362	33, 341
Less investment credit	232, 821	141, 071	56, 524	35, 225
Less all other credits	3, 060	2, 155	596	310
Plus excess of credits over tax	0	0	0	0
Tax other than minimum tax	19, 707, 078	10, 294, 550	4, 857, 116	4, 555, 412
Plus minimum tax on preferences	128, 830	4, 354	17, 409	107, 067
Tax after credits	19, 835, 907	10, 298, 904	4, 874, 524	4, 662, 479
Deduction equivalent of credits [9]	631, 337	390, 147	138, 833	102, 357
Memo:				
Employee business expense adjustment	305, 269	228, 919	52, 845	23, 506
Plus all other adjustments	251, 193	211, 253	34, 485	5, 456
Adjustments to gross income—Total	556, 461	440, 171	87, 329	28, 961
Number of returns represented in the tabulation	788, 919	631, 143	123, 370	34, 407
Number of returns in the sample	8, 924	3, 852	1, 899	3, 173

Footnotes at end of tables.

TABLE IB1.—AVERAGE INCOME, DEDUCTIONS, AND CREDITS FOR HIGH INCOME RETURNS CLASSIFIED BY ADJUSTED GROSS INCOME, 1973: ALL RETURNS

[In thousands of dollars]

	Adjusted gross income			
	$50, 000 and over	$50, 000–$100, 000	$100, 000–$200, 000	$200, 000 and over
Expanded income	94, 652	68, 951	144, 225	482, 908
Plus investment: Interest <income [1]	2, 320	1, 277	4, 061	19, 224
Less preferences (total) [2]	10, 205	4, 269	17, 150	119, 004
Excluded lt. capital gains	9, 247	3, 923	15, 451	106, 929
Depletion [3]	339	111	481	5, 035
3 Acc. depreciation preferences [4]	338	146	774	2, 955
Stock options	328	119	518	4, 390
All other preferences [5]	1	0	0	37
Adjusted gross income	86, 768	65, 959	131, 137	383, 129
Plus deficits	0	0	0	0
AGI of returns with AGI >0	86, 768	65, 959	131, 137	383, 129
Less exemptions	2, 937	2, 962	2, 858	2, 693
Less standard deductions	96	106	54	29
Less itemized deductions	16, 181	11, 176	25, 160	94, 632
Charitable (total)	3, 605	1, 946	5, 804	32, 910
Charitable—noncash	1, 018	283	1, 496	16, 111
Interest—Total	3, 969	2, 756	6, 294	22, 344
Interest—Mortgage	1, 041	1, 005	1, 145	1, 427
Investment: Interest <income [6]	2, 266	1, 240	3, 970	18, 946
Investment: Interest >income [7]	662	511	1, 179	1, 972
Medical	474	413	704	936
Casualty loss	131	107	129	718
Tax expense	6, 323	4, 827	9, 528	27, 578
State and local income taxes	1, 570	1, 331	2, 182	4, 529
Real estate tax	3, 903	2, 757	6, 275	20, 521
All other tax expense	850	738	1, 071	2, 529
Miscellaneous deductions	1, 671	1, 123	2, 701	10, 063
Plus excess, if any, of exem. ded >AGI	93	53	87	1, 045
Taxable income	67, 647	51, 768	103, 152	286, 820
Tax at normal rates	28, 419	18, 511	48, 433	174, 261
Less savings from alternative tax [8]	141	36	372	1, 599
Less savings from maximum tax [8]	459	53	1, 236	6, 629
Less savings from income averaging	1, 045	750	1, 811	4, 657
Tax before credits	26, 840	17, 687	45, 181	162, 178
Less foreign tax credits	247	93	239	3, 861
Less investment credit	331	259	480	1, 363
Less all other credits	3	3	5	10
Plus excess of credits over tax	0	0	0	0
Tax other than minimum tax	26, 259	17, 332	44, 457	156, 944
Plus tax on preferences	210	41	307	3, 726
Tax after credits	26, 468	17, 373	44, 764	160, 670
Deduction equivalent of credits [9]	1, 095	776	1, 299	7, 663
Memo:				
Employee business expense adjustment	421	393	455	928
Plus all other adjustments	347	361	311	177
Adjustments to gross income—total	768	754	765	1, 104
Number of returns represented in the tabulation	732, 211	597, 639	108, 916	25, 656
Number of returns in the sample	9, 196	3, 946	1, 992	3, 258

TABLE IB2.—AVERAGE INCOME, DEDUCTIONS, AND CREDITS FOR HIGH INCOME RETURNS CLASSIFIED BY ADJUSTED GROSS INCOME—1973: NONTAXABLE RETURNS

[In thousands of dollars]

	Adjusted gross income			
	$50, 000 and over	$50, 000–$100, 000	$100, 000–$200, 000	$200, 000 and over
Expanded income	66, 351	51, 562	113, 275	161, 427
Plus investment: interest<income [1]	33, 524	17, 760	24, 012	318, 302
Less references (total) [2]	5, 039	3, 499	8, 900	18, 113
Excluded lt capital gains	5, 590	3, 230	11, 883	24, 446
Depletion [3]	70	0	38	1, 304
3 acc, depreciation preferences [4]	1, 746	1, 610	1, 903	3, 454
Stock options	0	0	0	0
All other preferences [5]	0	0	0	0
Adjusted gross income	94, 836	65, 824	128, 387	461, 617
Plus deficits	0	0	0	0
A.G.I. of returns with A.G.I.> 0	94, 836	65, 824	128, 387	461, 617
Less exemptions	2, 773	2, 792	2, 683	2, 735
Less standard deductions	194	184	301	26
Less itemized deductions	86, 773	55, 479	94, 769	569, 301
Charitable (total)	6, 274	2, 336	12, 795	49, 991
Charitable—Noncash	2, 527	458	6, 787	22, 933
Interest—Total	50, 086	30, 247	53, 196	362, 012
Interest—Mortgage	1, 974	1, 731	3, 106	2, 422
Investment: Interest<income [6]	32, 047	16, 692	21, 223	314, 253
Investment: Interest>income [7]	16, 065	11, 824	28, 867	45, 337
Medical	2, 672	1, 684	7, 854	2, 721
Casualty loss	2, 959	3, 173	94	8, 322
Tax expense	9, 452	8, 023	8, 382	35, 922
State and local income taxes	4, 648	4, 201	4, 151	13, 433
Real estate tax	3, 574	2, 822	2, 955	17, 665
All other tax expense	1, 230	999	1, 276	4, 824
Miscellaneous deductions	15, 330	10, 015	12, 448	110, 333
Plus excess, if any, of exem. ded>AGI	15, 950	10, 074	9, 242	131, 849
Taxable income	21, 046	17, 444	39, 875	21, 404
Tax at normal rates	7, 831	5, 805	17, 066	12, 209
Less savings from alternative tax [8]	11	12	0	29
Less savings from maximum tax [8]	16	0	0	318
Less savings from income averaging	1, 647	1, 074	5, 185	40
Tax before credits	6, 167	4, 732	11, 881	11, 822
Less foreign tax credits	2, 110	1, 000	4, 916	11, 446
Less investment credit	4, 061	3, 736	6, 965	385
Less all other credits	0	0	0	0
Plus excess of credits over tax	0	0	0	9
Tax other than minimum tax	0	0	0	0
Plus minimum tax on preferences	0	0	0	0
Tax after credits	0	0	0	0
Deduction equivalent of credits [9]	17, 906	15, 282	30, 753	20, 841
Memo:				
Employee business expense adjustment	465	420	65	2, 427
Plus all other adjustments	3	0	0	67
Adjustments to gross income—total	469	420	65	2, 494
Number of returns represented in the tabulation	3, 146	2, 513	478	155
Number of returns in the sample	176	23	15	138

TABLE IB3.—AVERAGE INCOME, DEDUCTIONS, AND CREDITS FOR HIGH INCOME RETURNS CLASSIFIED BY ADJUSTED GROSS INCOME, 1973: NEARLY NONTAXABLE RETURNS

[In thousands of dollars]

	Adjusted gross income			
	$50, 000 and over	$50, 000–$100, 000	$100, 000–$200, 000	$200, 000 and over
Expanded income	196, 838	99, 214	172, 483	713, 236
Plus Investment: Interest<income [1]	51, 628	15, 705	44, 490	239, 431
Less Preferences (Total) [2]	76, 039	40, 841	71, 429	257, 157
Excluded lt. capital gains	65, 098	30, 792	70, 293	229, 845
Depletion [3]	6, 498	7, 897	839	6, 403
3 acc. depreciation preferences [4]	8, 404	4, 602	7, 609	28, 330
Stock options	251	0	0	1, 811
All other preferences [5]	132	0	0	951
Adjusted gross income	172, 426	74, 078	145, 544	695, 511
Plus Deficits	0	0	0	0
A.G.I. of returns with A.G.I.>0	172, 426	74, 078	145, 544	695, 511
Less exemptions	2, 450	2, 314	2, 814	2, 684
Less standard deductions	45	64	0	4
Less itemized deductions	130, 958	59, 108	142, 037	475, 764
Charitable (total)	22, 115	12, 382	15, 852	78, 261
Charitable—Noncash	5, 612	187	3, 332	35, 432
Interest—Total	58, 703	19, 764	54, 391	258, 110
Interest—Mortgage	2, 748	3, 170	978	2, 799
Investment: Interest<income [6]	50, 292	15, 700	44, 015	230, 407
Investment: Interest>income [7]	5, 663	894	9, 399	24, 904
Medical	1, 593	1, 620	398	2, 911
Casualty loss	2, 463	2, 603	25	4, 727
Tax expense	26, 130	17, 306	24, 216	72, 457
State and local income taxes	9, 871	10, 061	3, 609	16, 535
Real estate tax	14, 149	5, 869	18, 529	50, 112
All other tax expense	2, 110	1, 375	2, 077	5, 811
Miscellaneous deductions	19, 954	5, 433	47, 155	59, 297
Plus excess, if any, of exem. ded>AGI	4, 913	2, 455	8, 471	12, 842
Taxable income	43, 887	15, 047	9, 163	229, 902
Tax at normal rates	25, 566	5, 495	2, 342	153, 880
Less savings from alternative tax [8]	6	0	0	43
Less savings from maximum tax [8]	13	18	0	0
Less savings from income averaging	147	189	1	113
Tax before credits	25, 401	5, 288	2, 340	153, 724
Less foreign tax credits	21, 429	4, 195	211	133, 160
Less investment credit	2, 102	825	1, 314	9, 428
Less all other credits	1	2	0	1
Plus excess of credits over tax	0	0	0	0
Tax other than minimum tax	1, 868	266	815	11, 135
Plus minimum tax on preferences	5, 384	2, 180	4, 690	22, 204
Tax after credits	7, 252	2, 447	5, 504	33, 340
Deduction equivalent of credits [9]	38, 472	12, 748	4, 993	207, 441
Memo:				
Employee business expense adjustment	1, 301	1, 361	500	1, 980
Plus all other adjustments	27	4	73	84
Adjustments to gross income—Total	1, 328	1, 364	573	2, 064
Number of returns represented in the tabulation	3, 573	2, 474	603	496
Number of returns in the sample	173	35	32	106

Footnotes at end of tables.

TABLE IB4.—AVERAGE INCOME, DEDUCTIONS, AND CREDITS FOR HIGH INCOME RETURNS CLASSIFIED BY ADJUSTED GROSS INCOME—1973: ALL OTHER TAXABLE RETURNS

[In thousands of dollars]

	Adjusted gross income			
	$50, 000 and over	$50, 000–$100, 000	$100, 000–$200, 000	$$200, 000 and over
Expanded income	94, 272	88, 898	144, 205	480, 332
Plus investment: Interest<income [1]	1, 942	1, 147	3, 747	13, 000
Less preferences (total) [2]	9, 903	4, 119	16, 883	116, 888
Excluded lt capital gains	8, 988	3, 814	15, 160	105, 002
Depletion [3]	310	79	481	5, 031
3 acc. depreciation preferences [4]	292	121	731	2, 449
Stock options	330	120	523	4, 468
All other preferences [5]	1	0	0	19
Adjusted gross income	86; 311	65, 926	131, 068	376, 444
Plus deficits	0	0	0	0
A.G.I. of returns with A.G.I.>0	86, 311	65, 926	131, 068	376, 444
Less exemptions	2, 940	2, 965	2, 859	2, 693
Less standard deductions	96	106	53	30
Less itemized deductions	15, 309	10, 788	24, 198	84, 126
Charitable (total)	3, 502	1, 901	5, 717	31, 905
Charitable—Noncash	989	283	1, 462	15, 685
Interest—Total	3, 500	2, 569	5, 818	15, 560
Interest—Mortgage	1, 028	993	1, 138	1, 393
Investment: Interest<income [6]	1, 901	1, 114	3, 669	12, 919
Investment: Interest>income [7]	570	462	1, 010	1, 248
Medical	459	402	674	885
Casualty loss	108	83	129	591
Tax expense	6, 212	4, 761	9, 451	26, 636
State and local income taxes	1, 516	1, 283	2, 165	4, 235
Real estate tax	3, 854	2, 744	6, 221	19, 951
All other tax expense	843	734	1, 064	2, 450
Miscellaneous deductions	1, 522	1, 067	2, 409	8, 464
Plus excess, if any, of exem. ded>AGI	0	0	0	0
Taxable income	67, 966	52, 067	103, 958	289, 596
Tax at normal rates	28, 523	18, 619	488, 830	175, 670
Less savings from alternative tax [8]	142	36	376	1, 640
Less savings from maximum tax [8]	463	53	1, 249	6, 800
Less savings from income averaging	1, 046	751	1, 806	4, 776
Tax before credits	26, 936	17, 794	45, 568	163, 278
Less foreign tax credits	134	72	219	1, 248
Less investment credit	306	242	447	1, 209
Less all other credits	3	3	5	10
Plus excess of credits over tax	0	0	0	0
Tax other than minimum tax	26, 493	17, 477	44, 898	160, 810
Plus minimum tax on preferences	185	32	284	3, 382
Tax after credits	26, 678	17, 509	45, 181	164, 193
Deduction equivalent of credits [9]	838	665	1, 148	3, 617
Memo:				
Employee business expense adjustment	416	389	456	897
Plus all other adjustments	350	364	313	179
Adjustments to gross income—total	766	753	770	1, 076
Number of returns represented in the tabulation	725, 492	592, 652	107, 835	25, 004
Number of returns in the sample	8, 847	3, 888	1, 945	3, 014

TABLE IIB1.—AVERAGE INCOME, DEDUCTIONS, AND CREDITS FOR HIGH INCOME RETURNS CLASSIFIED BY EXPANDED INCOME, 1973: ALL RETURNS

[In thousands of dollars]

	Expanded income			
	$50,000 and over	$50,000–$100,000	$100,000–$200,000	$200,000 and over
Expanded income	92, 259	65, 943	131, 189	424, 584
Plus investment: interest <income [1]	1, 985	1, 179	3, 126	12, 344
Less preferences (total) [2]	11, 809	4, 620	17, 083	121, 558
Excluded lt. capital gains	10, 706	4, 340	14, 959	109, 374
Depletion [3]	374	32	785	5, 024
3 Acc. depreciation preferences [4]	393	115	785	3, 971
Stock options	417	170	704	3, 817
All other preferences [5]	1	0	1	25
Adjusted gross income	82, 435	62, 502	117, 231	315, 370
Plus deficits	43	8	71	574
AGI of returns with AGI > 0	82, 478	62, 510	117, 303	315, 944
Less exemptions	2, 864	2, 886	2, 807	2, 686
Less standard deductions	141	157	83	56
Less itemized deductions	15, 013	10, 388	22, 120	72, 470
Charitable (total)	3, 373	1, 784	5, 047	25, 851
Charitable—Noncash	939	239	1, 257	12, 311
Interest—Total	3, 506	2, 576	5, 056	14, 630
Interest—Mortgage	991	962	1, 052	1, 298
Investment: Interest <income [6]	1, 943	1, 144	3, 068	12, 227
Investment: Interest >income [7]	573	471	936	1, 105
Medical	481	398	800	837
Casualty loss	123	97	154	470
Tax expense	5, 934	4, 465	8, 608	22, 728
State and local income taxes	1, 473	1, 217	2, 087	3, 887
Real estate tax	3, 646	2, 547	5, 504	16, 695
All other tax expense	815	701	1, 017	2, 147
Miscellaneous deductions	1, 591	1, 068	2, 444	7, 918
Plus excess, if any, of exem, ded >AGI	110	52	166	947
Taxable income	64, 527	49, 124	92, 387	241, 105
Tax at normal rates	26, 778	17, 254	42, 053	142, 860
Less savings from alternative tax [8]	129	20	322	1, 393
Less savings from maximum tax [8]	421	50	1, 028	4, 907
Less savings from income averaging	1, 043	697	1, 617	5, 195
Tax before credits	25, 244	16, 496	39, 228	132, 034
Less foreign tax credits	226	84	202	2, 864
Less investment credit	320	237	499	1, 156
Less all other credits	4	3	5	9
Plus excess of credits over tax	0	0	0	0
Tax other than minimum tax	24, 694	16, 171	38, 523	128, 005
Plus minimum tax on preferences	231	16	232	4, 069
Tax after credits	24, 925	16, 187	38, 755	132, 074
Deduction equivalent of credits [9]	1, 053	715	1, 361	6, 006
Memo:				
Employee business expense adjustment	390	365	430	694
Plus all other adjustments	315	332	274	155
Adjustments to gross income—total	705	698	704	850
Number of returns represented in the tabulation	798, 395	636, 645	126, 110	35, 640
Number of returns in the sample	9, 387	3, 931	1, 997	3, 459

TABLE IIB2.—AVERAGE INCOME, DEDUCTIONS, AND CREDITS FOR HIGH INCOME RETURNS CLASSIFIED BY EXPANDED INCOME, 1973: NONTAXABLE RETURNS

[In thousands of dollars]

	Expanded income			
	$50,000 and over	$50,000–$100,000	$100,000–$200,000	$200,000 and over
Expanded income	84, 558	62, 097	114, 157	313, 433
Plus investment: Interest<income [1]	17, 596	7, 740	35, 130	85, 780
Less preferences (total) [2]	12, 229	3, 575	28, 573	65, 291
Excluded lt capital gains	8, 245	2, 987	14, 615	65, 795
Depletion [3]	4, 209	40	15, 990	2, 001
3 acc. depreciation preferences [4]	1, 980	2, 158	1, 160	4, 336
Stock options	0	0	0	0
All other preferences [5]	0	0	0	0
Adjusted gross income	89, 926	66, 263	120, 715	333, 850
Plus deficits	28	40	0	0
A.G.I. of returns with A.G.I. >0	89, 954	66, 303	120, 715	333, 850
Less exemptions	2, 940	3, 156	2, 413	2, 463
Less standard deductions	255	225	368	44
Less itemized deductions	70, 076	49, 123	89, 163	344, 193
Charitable (total)	7, 982	4, 263	9, 982	66, 513
Charitable-Noncash	3, 065	638	5, 072	36, 286
Interest—Total	35, 606	23, 708	55, 737	125, 198
Interest—Mortgage	1, 611	1, 466	1, 937	2, 128
Investment: Interest<income [6]	16, 645	6, 541	34, 780	85, 336
Investment: Interest>income [7]	17, 351	15, 702	19, 020	37, 733
Medical	3, 083	2, 039	6, 272	837
Casualty loss	3, 673	4, 474	186	12, 779
Tax expense	7, 742	5, 832	7, 064	49, 922
State and local income taxes	2, 625	1, 713	2, 375	22, 237
Real estate tax	3, 899	3, 128	3, 475	21, 985
All other tax expense	1, 218	991	1, 214	5, 699
Miscellaneous deductions	11, 991	8, 808	9, 923	88, 946
Plus excess, if any, of exem. ded>AGI	9, 939	8, 883	6, 907	52, 144
Taxable income	26, 593	22, 642	35, 677	39, 294
Tax at normal rates	9, 857	7, 233	15, 411	21, 687
Less savings from alternative tax [8]	14	0	48	49
Less savings from maximum tax [8]	20	0	0	542
Less savings from income averaging	2, 081	995	5, 353	53
Tax before credits	7, 755	6, 238	10, 058	21, 044
Less foriegn tax credits	2, 631	1, 411	3, 556	19, 909
Less investment credit	5, 129	4, 833	6, 502	1, 150
Less all other credits	0	0	0	0
Plus excess of credits over tax	1	0	0	15
Tax other than minimum tax	0	0	0	0
Plus minimum tax on preferences	0	0	0	0
Tax after credits	0	0	0	0
Deduction equivalent of credits [9]	22, 606	20, 485	26, 224	38, 375
Memo:				
Employee business expense adjustment	499	610	12	1, 780
Plus all other adjustments	4	0	4	86
Adjustments to gross income—total	503	610	16	1, 866
Number of returns represented in the tabulation	2, 523	1, 784	648	91
Number of returns in the sample	144	34	49	61

Footnotes at end of tables.

TABLE IIB3.—AVERAGE INCOME, DEDUCTIONS, AND CREDITS FOR HIGH INCOME RETURNS CLASSIFIED BY EXPANDED INCOME, 1973: NEARLY NONTAXABLE RETURNS

[In thousands of dollars]

	Expanded income			
	$50,000 and over	$50,000–$100,000	$100,000–$200,000	$200,000 and over
Expanded income	176, 947	71, 675	136, 296	594, 040
Plus investment: interest < income [1]	25, 208	13, 702	13, 944	83, 283
Less preferences (total) [2]	109, 947	42, 580	87, 512	370, 309
Excluded lt. capital gains	92, 909	35, 222	72, 045	318, 887
Depletion [3]	9, 931	1, 977	13, 717	28, 895
3 acc. depreciation preferences [4]	11, 565	4, 293	9, 046	39, 847
Stock options	2, 570	4, 564	247	335
All other preferences [5]	69	0	0	417
Adjusted gross income	92, 208	42, 797	62, 729	307, 014
Plus deficits	4, 966	1, 375	4, 291	17, 894
A.G.I. of returns with A.G.I. > 0	97, 175	44, 172	67, 019	324, 908
Less exemptions	2, 615	2, 567	2, 620	2, 762
Less standard deductions	195	273	92	130
Less itemized deductions	72, 105	35, 288	56, 950	219, 698
Charitable (total)	12, 858	5, 506	8, 835	44, 157
Charitable—noncash	3, 071	632	305	16, 073
Interest—total	29, 462	16, 486	18, 966	90, 914
Interest—mortgage	2, 281	2, 747	1, 461	2, 265
Investment: Interest < income [6]	24, 522	13, 606	13, 077	81, 004
Investment: Interest > income [7]	2, 659	132	4, 429	7, 645
Medical	1, 668	1, 059	2, 820	1, 540
Casualty loss	1, 407	1, 599	668	2, 133
Tax expense	15, 147	6, 465	15, 198	43, 315
State and local income taxes	5, 764	2, 816	9, 597	8, 343
Real estate tax	8, 032	2, 834	4, 387	31, 624
All other tax expense	1, 351	815	1, 214	3, 348
Miscellaneous deductions	11, 762	4, 228	10, 633	38, 355
Plus excess, if any, of exem. ded. > AGI	9, 060	4, 713	7, 876	25, 374
Taxable income	26, 352	9, 383	10, 943	109, 798
Tax at normal rates	14, 336	3, 421	3, 088	70, 456
Less savings from alternative tax [8]	4	0	1	21
Less savings from maximum tax [8]	6	12	0	0
Less savings from income averaging	226	30	233	854
Tax before credits	14, 101	3, 379	2, 855	69, 585
Less foreign tax credits	11, 493	2, 742	1, 341	58, 559
Less investment credit	1, 366	384	1, 044	5, 150
Less all other credits	0	1	0	1
Plus excess of credits over tax	0	0	0	0
Tax other than minimum tax	1, 241	252	469	5, 875
Plus minimum tax on preferences	7, 967	1, 501	5, 673	33, 214
Tax after credits	9, 208	1, 753	6, 142	39, 089
Deduction equivalent of credits [9]	21, 918	7, 629	7, 561	94, 708
Memo:				
Employee business expense adjustment	715	661	687	943
Plus all other adjustments	77	112	21	67
Adjustments to gross income—total	792	772	708	1,010
Number of returns represented in the tabulation	6, 953	3, 719	2, 091	1, 142
Number of returns in the sample	319	45	49	225

TABLE IIB4.—AVERAGE INCOME, DEDUCTIONS, AND CREDITS FOR HIGH INCOME RETURNS CLASSIFIED BY EXPANDED INCOME, 1973: ALL OTHER TAXABLE RETURNS

[In thousands of dollars]

	Expanded income			
	$50,000 and over	$50,000–$100,000	$100,000–$200,000	$200,000 and over
Expanded income	91, 537	65, 920	131, 192	419, 251
Plus investment: Interest <income [1]	1, 730	1, 087	2, 774	9, 794
Less preferences (total) [2]	10, 943	4, 399	15, 829	113, 447
Excluded lt. capital gains	9, 990	4, 162	13, 993	102, 532
Depletion [3]	277	21	486	4, 240
3 acc. depreciation preferences [4]	290	85	643	2, 779
Stock options	400	145	716	3, 943
All other preferences [5]	1	0	1	12
Adjusted gross income	82, 325	62, 608	118, 137	315, 598
Plus deficits	0	0	0	0
A.G.I. of returns with A.G.I. > 0	82, 325	62, 608	118, 137	315, 598
Less exemptions	2, 866	2, 887	2, 812	2, 684
Less standard deductions	140	156	82	54
Less itemized deductions	14, 334	10, 132	21, 178	66, 861
Charitable (total)	3, 275	1, 755	4, 957	25, 135
Charitable—Noncash	913	235	1, 253	12, 123
Interest—Total	3, 175	2, 435	4, 554	11, 804
Interest—Mortgage	978	950	1, 040	1, 264
Investment: Interest<income [6]	1, 697	1, 055	2, 731	9, 749
Investment: Interest>income [7]	501	430	782	790
Medical	462	390	737	814
Casualty loss	100	76	145	382
Tax expense	5, 847	4, 449	8, 505	21, 973
State and local income taxes	1, 432	1, 206	1, 959	3, 690
Real estate tax	3, 606	2, 544	5, 534	16, 185
All other tax expense	809	699	1, 012	2, 098
Miscellaneous deductions	1, 468	1, 027	2, 266	6, 692
Plus excess, if any, of exem. ded>AGI	0	0	0	0
Taxable income	64, 985	49, 433	94, 065	246, 000
Tax at normal rates	26, 942	17, 363	42, 854	145, 585
Less savings from alternative tax [8]	131	21	329	1, 442
Less savings from maximum tax [8]	426	50	1, 050	5, 081
Less savings from income averaging	1, 047	700	1, 621	5, 353
Tax before credits	25, 398	16, 602	39, 998	134, 402
Less foreign tax credits	119	64	165	969
Less investment credit	295	224	458	1, 024
Less all other credits	4	3	5	9
Plus excess of credits over tax	0	0	0	0
Tax other than minimum tax	24, 980	16, 311	39, 370	132, 400
Plus minimum tax on preferences	163	7	141	3, 112
Tax after credits	25, 143	16, 318	39, 511	135, 512
Deduction equivalent of credits [9]	800	618	1, 125	2, 975
Memo:				
Employee business expense adjustment	387	363	428	683
Plus all other adjustments	318	335	280	159
Adjustments to gross income—Total	705	697	708	842
Number of returns represented in the tabulation	788, 919	631, 143	123, 370	34, 407
Number of returns in the sample	8, 924	3, 852	1, 899	3, 173

TABLE IC1.—INCOME, DEDUCTIONS, AND CREDITS AS PERCENTAGES OF ADJUSTED GROSS INCOME FOR HIGH INCOME RETURNS CLASSIFIED BY ADJUSTED GROSS INCOME, 1973: ALL RETURNS

	Adjusted gross income			
	$50, 000 and over	$50, 000–$100, 000	$100, 000–$200, 000	$200, 000 and over
Expanded income	109. 1	104. 5	110. 0	126. 0
Plus investment: Interest <income	2. 7	1. 9	3. 1	5. 0
Less preferences (total) [2]	11. 8	6. 5	13. 1	31. 1
Excluded lt capital gains	10. 7	5. 9	11. 8	27. 9
Depletion [3]	. 4	. 2	. 4	1. 3
3 acc depreciation preferences [4]	. 4	. 2	. 6	. 8
Stock options	. 4	. 2	. 4	1. 1
All other preferences [5]	0	0	0	0
Adjusted gross income	100. 0	100. 0	100. 0	100. 0
Plus deficits	0	0	0	0
AGI of returns with AGI > 0	100. 0	100. 0	100. 0	100. 0
Less exemptions	3. 4	4. 5	2. 2	. 7
Less standard deductions	. 1	. 2	0	0
Less itemized deductions	18. 6	16. 9	19. 2	24. 7
Charitable (total)	4. 2	3. 0	4. 4	8. 6
Charitable—Noncash	1. 2	. 4	1. 1	4. 2
Interest—Total	4. 6	4. 2	4. 8	5. 8
Interest—Mortgage	1. 2	1. 5	. 9	. 4
Investment: Interest <income [6]	2. 6	1. 9	3. 0	4. 9
Investment: Interest >income [7]	. 8	. 8	. 9	. 5
Medical	. 5	. 6	. 5	. 2
Casualty loss	. 2	. 2	. 1	. 2
Tax expense	7. 3	7. 3	7. 3	7. 2
State and local income taxes	1. 8	2. 0	1. 7	1. 2
Real estate tax	4. 5	4. 2	4. 8	5. 4
All other tax expense	1. 0	1. 1	. 8	. 7
	$0, 000 and over	$50, 000–$100, 000	$100, 000–$200, 000	$$200, 000 and over
Miscellaneous deductions	1. 9	1. 7	2. 1	2. 6
Plus excess, if any, of exem, ded >AGI	. 1	. 1	. 1	. 3
Taxable income	78. 0	78. 5	78. 7	74. 9
Tax at normal rates	32. 8	28. 1	36. 9	45. 5
Less savings from alternative tax [8]	. 2	. 1	. 3	. 4
Less savings from maximum tax [8]	. 5	. 1	. 9	1. 7
Less savings from income averaging	1. 2	1. 1	1. 4	1. 2
Tax before credits	30. 9	26. 8	34. 5	42. 3
Less foreign tax credits	. 3	. 1	. 2	1. 0
Less investment credit	. 4	. 4	. 4	. 4
Less all other credits	0	0	0	0
Plus excess of credits over tax	0	0	0	0
Tax other than minimum tax	30. 3	26. 3	33. 9	41. 0
Plus minimum tax on preferences	. 2	. 1	. 2	1. 0
Tax after credits	30. 5	26. 3	34. 1	41. 9
Deduction equivalent of credits [9]	1. 3	1. 2	1. 0	2. 0
Memo:				
Employee business expense adjustment	. 5	. 6	. 3	. 2
Plus all other adjustments	. 4	. 5	. 2	0
Adjustments to gross income—total	. 9	1. 1	. 6	. 3
Number of returns represented in the tabulation	732, 211	597, 639	108, 916	25, 656
Number of returns in the sample	9, 196	3, 946	1, 992	3, 258

Footnotes at end of tables.

TABLE IC2.—INCOME, DEDUCTIONS, AND CREDITS AS PERCENTAGES OF ADJUSTED GROSS INCOME FOR HIGH INCOME RETURNS CLASSIFIED BY ADJUSTED GROSS INCOME, 1973: NONTAXABLE RETURNS

	Adjusted gross income			
	$50, 000 and over	$50, 000–$100, 000	$100, 000–$200, 000	$200, 000 and over
Expanded income	70. 0	78. 3	88. 2	35. 0
Plus investment: interest<income [1]	35. 3	27. 0	18. 7	69. 0
Less preferences (total) [2]	5. 3	5. 3	6. 9	3. 9
Excluded lt. capital gains	5. 9	4. 9	9. 3	5. 3
Depletion [3]	. 1	0	0	. 3
3 acc. depreciation preferences [4]	1. 8	2. 4	1. 5	. 7
Stock options	0	0	0	0
All other preferences [5]	0	0	0	0
Adjusted gross income	100. 0	100. 0	100. 0	100. 0
Plus deficits	0	0	0	0
AGI of returns with AGI> 0	100. 0	100. 0	100. 0	100. 0
Less exemptions	2. 9	4. 2	2. 1	. 6
Less standard deductions	. 2	. 3	. 2	0
Less itemized deductions	91. 5	84. 3	73. 8	123. 3
Charitable (total)	6. 6	3. 5	10. 0	10. 8
Charitable—Noncash	2. 7	. 7	5. 3	5. 0
Interest—Total	52. 8	46. 0	41. 4	78. 4
Interest—Mortgage	2. 1	2. 6	2. 4	. 5
Investment: interest <income [6]	33. 8	25. 4	16. 5	68. 1
Investment: interest >income [7]	16. 9	18. 0	22. 5	9. 8
Medical	2. 8	2. 6	6. 1	. 6
Casualty loss	3. 1	4. 8	. 1	1. 8
Tax expense	10. 0	12. 2	6. 5	7. 8
State and local income taxes	4. 9	6. 4	3. 2	2. 9
Real estate tax	3. 8	4. 3	2. 3	3. 8
All other tax expense	1. 3	1. 5	1. 0	1. 0
Miscellaneous deductions	16. 2	15. 2	9. 7	23. 9
Plus excess, if any, of exem. ded >AGI	16. 8	15. 3	7. 2	28. 6
Taxable income	22. 2	26. 5	31. 1	4. 6
Tax at normal rates	8. 3	8. 8	13. 3	2. 6
Less savings from alternative tax [8]	0	0	0	0
Less savings from maximum tax [8]	0	0	0	. 1
Less savings from income averaging	1. 7	1. 6	4. 0	0
Tax before credits	6. 5	7. 2	9. 3	2. 6
Less foreign tax credits	2. 2	1. 5	3. 8	2. 5
Less investment credit	4. 3	5. 7	5. 4	. 1
Less all other credits	0	0	0	0
Plus excess of credits over tax	0	0	0	0
Tax other than minimum tax	0	0	0	0
Plus minimum tax on preferences	0	0	0	0
Tax after credits	0	0	0	0
Deduction equivalent of credits [9]	18. 9	23. 2	24. 0	4. 5
Memo:				
Employee business expense adjustment	. 5	. 6	. 1	. 5
Plus all other adjustments	0	0	0	0
Adjustments to gross income—total	. 5	. 6	. 1	. 5
Number of returns represented in the tabulation	3, 146	2, 513	478	155
Number of returns in the sample	176	23	15	138

TABLE IC3.—INCOME, DEDUCTIONS, AND CREDITS AS A PERCENTAGES OF ADJUSTED GROSS INCOME FOR HIGH INCOME RETURNS CLASSIFIED BY ADJUSTED GROSS INCOME, 1973: NEARLY NONTAXABLE RETURNS

	Adjusted gross income			
	$50,000 and over	$50,000–$100,000	$100,000–$200,000	$200,000 and over
Expanded income	114.2	133.9	118.5	102.5
Plus investment: interest < income[1]	29.9	21.2	30.6	34.4
Less preferences (total)[2]	44.1	55.1	49.1	37.0
Excluded lt. capital gains	37.8	41.6	48.3	33.0
Depletion[3]	3.8	10.7	.6	.9
3 acc. depreciation preferences[4]	4.9	6.2	5.2	4.1
Stock options	.1	0	0	.3
All other preferences[5]	.1	0	0	.1
Adjusted gross income	100.0	100.0	100.0	100.0
Plus deficits	0	0	0	0
A.G.I. or returns with A.G.I. >0	100.0	100.0	100.0	100.0
Less exemptions	1.4	3.1	1.9	.4
Less standard deductions	0	.1	0	0
Less itemized deductions	75.9	79.8	97.6	68.4
Charitable (total)	12.8	16.7	10.9	11.3
Charitable—Noncash	3.3	.3	2.3	5.1
Interest—total	34.0	26.7	37.4	37.1
Interest—mortgage	1.6	4.3	.7	.4
Investment: interest < income[6]	29.2	21.2	30.2	33.1
Investment: interest > income[7]	3.3	1.2	6.5	3.6
Medical	.9	2.2	.3	.4
Casualty loss	1.4	3.5	0	.7
Tax expense	15.2	23.4	16.6	10.4
State and local income taxes	5.7	13.6	2.5	2.4
Real estate tax	8.2	7.9	12.7	7.2
All other tax expense	1.2	1.9	1.4	.8
Miscellaneous deductions	11.6	7.3	32.4	8.5
Plus excess, if any, of exem. ded. A.G.I. >	2.8	3.3	5.8	1.8
Taxable income	25.5	20.3	6.3	33.1
Taxable at normal rates	14.8	7.4	1.6	22.1
Less savings from alternative tax[8]	0	0	0	0
Less savings from maximum tax[8]	0	0	0	0
Less savings from income averaging	.1	.3	0	0
Tax before credits	14.7	7.1	1.6	22.1
Less foreign tax credits	12.4	5.7	.1	19.1
Less investment credit	1.2	1.1	.9	1.4
Less all other credits	0	0	0	0
Plus excess of credits over tax	0	0	0	0
Tax other than minimum tax	1.1	.4	.6	1.6
Plus minimum tax on preferences	3.1	2.9	3.2	3.2
Tax after credits	4.2	3.3	3.8	4.8
Deduction equivalent of credits[9]	22.3	17.2	3.4	29.8
Memo:				
Employee business expense adjustment	.8	1.8	.3	.3
Plus all other adjustments	0	0	.1	0
Adjustments to gross income—total	.8	1.8	.4	.3
Number of returns represented in the tabulation	3,573	2,474	603	496
Number of returns in the sample	173	35	32	106

TABLE IC4.—INCOME, DEDUCTIONS, AND CREDITS AS PERCENTAGES OF ADJUSTED GROSS INCOME FOR HIGH INCOME RETURNS CLASSIFIED BY ADJUSTED GROSS INCOME, 1973: ALL OTHER TAXABLE RETURNS

	Adjusted gross income			
	$50,000 and over	$50,000–$100,000	$100,000–$200,000	$200,000 and over
Expanded income	109.2	104.5	110.0	127.6
Plus investments :Interest<income[1]	2.3	1.7	2.9	3.5
Minus preferences (total)[2]	11.5	6.2	12.9	31.1
Excluded lt capital gains	10.4	5.8	11.6	27.9
Depletion[3]	.4	.1	.4	1.3
3 acc. depreciation preferences[4]	.3	.2	.6	.7
Stock options	.4	.2	.4	1.2
All other preferences[5]	0	0	0	0
Adjusted gross income	100.0	100.0	100.0	100.0
Plus deficits	0	0	0	0
A.G.I. of returns with A.G.I.> 0	100.0	100.0	100.0	100.0
Minus exemptions	3.4	4.5	2.2	.7
Minus standard deductions	.1	.2	0	0
Minus itemized deductions	17.7	16.4	18.5	22.3
Charitable (total)	4.1	2.9	4.4	8.5
Charitable—Noncash	1.1	.4	1.1	4.2
Interest—Total	4.1	3.9	4.4	4.1
Interest—Mortgage	1.2	1.5	.9	.4
Investment: Interest<income[6]	2.2	1.7	2.8	3.4
Investment: Interest>income[7]	.7	.7	.8	.3
Medical	.5	.6	.5	.2
Casualty loss	.1	.1	.1	.2
Tax expense	7.2	7.2	7.2	7.1
State and local income taxes	1.8	1.9	1.7	1.1
Real estate tax	4.5	4.2	4.7	5.3
All other tax expense	1.0	1.1	.8	.7
Miscellaneous deductions	1.8	1.6	1.8	2.2
Plus excess, if any, of exem. ded>AGI	0	0	0	0
Taxable income	78.7	79.0	79.3	76.9
Tax at normal rates	33.0	28.2	37.3	46.7
Minus savings from alternative tax[8]	.2	.1	.3	.4
Minus savings from maximum tax[8]	.5	.1	1.0	1.8
Minus savings from income averaging	1.2	1.1	1.4	1.3
Tax before credits	31.2	27.0	34.8	43.4
Minus foreign tax credits	.2	.1	.2	.3
Minus investment credit	.4	.4	.3	.3
Minus all other credits	0	0	0	0
Plus excess of credits over tax	0	0	0	0
Tax other than minimum tax	30.7	26.5	34.3	42.7
Plus minimum tax on preferences	.2	0	.2	.9
Tax after credits	30.9	26.6	34.5	43.6
Deduction equivalent of credits[9]	1.0	1.0	.9	1.0
Memo:				
Employee business expense adjustment	.5	.6	.3	.2
Plus all other adjustments	.4	.6	.2	0
Adjustments to gross income—total	.9	1.1	.6	.3
Number of returns represented in the tabulation	725,492	592,652	107,835	25,004
Number of returns in the sample	8,847	3,888	1,945	3,014

Footnotes at end of tables.

TABLE IIC1.—INCOME, DEDUCTIONS, AND CREDITS AS PERCENTAGES OF EXPANDED INCOME FOR HIGH INCOME RETURNS CLASSIFIED BY EXPANDED INCOME, 1973: ALL RETURNS

	Expanded income			
	$50,000 and over	$50,000–$100,000	$100,000–$200,000	$200,000 and over
Expanded income	100.0	100.0	100.0	100.0
Plus investment: Interest<income[1]	2.2	1.8	2.4	2.9
Less preferences (total)[2]	12.8	7.0	13.0	28.6
Excluded lt. capital gains	11.6	6.6	11.4	25.8
Depletion[3]	.4	0	.6	1.2
3 acc. depreciation preferences[4]	.4	.2	.6	.9
Stock options	.5	.3	.5	.9
All other preferences[5]	0	0	0	0
Adjusted gross income	89.4	94.8	89.4	74.3
Plus deficits	0	0	.1	.1
A.G.I. of returns with A.G.I.>0	89.4	4.8	89.4	74.4
Less exemptions	3.1	4.4	2.1	.6
Less standard deductions	.2	.2	.1	0
Less itemized deductions	16.3	15.8	16.9	17.1
Charitable (total)	3.7	2.7	3.8	6.1
Charitable—Noncash	1.0	.4	1.0	2.9
Interest—total	3.8	3.9	3.9	3.4
Interest—mortgage	1.1	1.5	.8	.3
Investment: Interest<income[6]	2.1	1.7	2.3	2.9
Investment: Interest>income[7]	.6	.7	.7	.3
Medical	.5	.6	.6	.2
Casualty loss	.1	.1	.1	.1
Tax expense	6.4	6.8	6.6	5.4
State and local income taxes	1.6	1.8	1.6	.9
Real estate tax	4.0	3.9	4.2	3.9
All other tax expense	.9	1.1	.8	.5
Miscellaneous deductions	1.7	1.6	1.9	1.9
Plus excess if any, of exem. ded>AGI	.1	.1	.1	.2
Taxable income	69.9	74.5	70.4	56.8
Tax at normal rates	29.0	26.2	32.1	33.6
Less savings from alternative tax[8]	.1	0	.2	.3
Less savings from maximum tax[8]	.5	.1	.8	1.2
Less savings from income averaging	1.1	1.1	1.2	1.2
Tax before credits	27.4	25.0	29.9	31.1
Less foreign tax credits	.2	.1	.2	.7
Less investment credit	.3	.4	.4	.3
Less all other credits	0	0	0	0
Plus excess of credits over tax	0	0	0	0
Tax other than minimum tax	26.8	24.5	29.4	30.1
Plus minimum tax on preferences	.3	0	.2	1.0
Tax after credits	27.0	24.5	29.5	31.1
Deduction equivalent of credits[9]	1.1	1.1	1.0	1.4
Memo:				
Employee business expense adjustment	.4	.6	.3	.2
Plus all other adjustments	.3	.5	.2	0
Adjustments to gross income—total	.8	1.1	.5	.2
Number of returns represented in the tabulation	798,395	636,645	126,110	36,640
Number of returns in the sample	9,387	3,931	1,997	3,459

TABLE IIC2.—INCOME, DEDUCTIONS, AND CREDITS AS PERCENTAGES OF EXPANDED INCOME FOR HIGH INCOME RETURNS CLASSIFIED BY EXPANDED INCOME, 1973: NONTAXABLE RETURNS

	Expanded income			
	$50,000 and over	$50,000–$100,000	$100,000–$200,000	$200,000 and over
Expanded income	100.0	100.0	100.0	100.0
Plus investment: Interest<income [1]	20.8	12.5	30.8	27.3
Less preferences (total) [2]	14.5	5.8	25.0	20.8
Excluded lt capital gains	9.8	4.8	12.8	21.0
Depletion [3]	5.0	.1	14.0	.6
3 acc. depreciation preferences [4]	2.3	3.5	1.0	1.4
Stock options	0	0	0	0
All other preferences	0	0	0	0
Adjusted gross income	106.3	106.7	105.7	106.5
Plus deficits	0	.1	0	0
A.G.I of returns with A.G.I.> 0	106.4	106.8	105.7	106.5
Less exemprtions	3.5	5.1	2.1	.8
Less standard deductions	.3	.4	.3	0
Less itemized deductions	82.9	79.1	78.1	109.8
Charitable (total)	9.4	6.9	8.7	21.2
Charitable—Noncash	3.6	1.0	4.4	11.6
Interest—Total	42.1	38.2	48.8	39.9
Interest—Mortgage	1.9	2.4	1.7	.7
Investment: Interest<Income [6]	19.7	10.5	30.5	27.2
Investment: Interest>Income [7]	20.5	25.3	16.7	12.0
Medical	3.6	3.3	5.5	.3
Casualty loss	4.3	7.2	.2	4.1
Tax expense	9.2	9.4	6.2	15.9
State and local income taxes	3.1	2.8	2.1	7.1
Real estate tax	4.6	5.0	3.0	7.0
All other tax expense	1.4	1.6	1.1	1.8
Miscellaneous deductions	14.2	14.2	8.7	28.4
Plus excess, if any, of exem. ded>A.G.I	11.8	14.3	6.1	16.6
Taxable income	31.4	36.5	31.3	12.5
Tax at normal rates	11.7	11.6	13.5	6.9
Less savings from alternative tax [8]	0	0	0	0
Less savings from maximum tax [8]	0	0	0	.2
Less savings from income averaging	2.5	1.6	4.7	0
Tax before credits	9.2	10.0	8.8	6.7
Less foreign tax credits	3.1	2.3	3.1	6.4
Less investment credit	6.1	7.8	5.7	.4
Less all other credits	0	0	0	0
Plus excess of credits over tax	0	0	0	0
Tax other than minimum tax	0	0	0	0
Plus minimum tax on preferences	0	0	0	0
Tax after credits	0	0	0	0
Deduction equivalent of credits [9]	26.7	33.0	23.0	12.2
Memo:				
Employee business expense adjustment	.6	1.0	0	.6
Plus all other adjustments	0	0	0	0
Adjustments to gross income—Total	.6	1.0	0	.6
Number of returns represented in the tabulation	2,523	1,784	648	91
Number of returns in the sample	144	34	49	61

TABLE IIC3.—INCOME, DEDUCTIONS, AND CREDITS AS PERCENTAGES OF EXPANDED INCOME FOR HIGH INCOME RETURNS CLASSIFIED BY EXPANDED INCOME, 1973: NEARLY NONTAXABLE RETURNS

	Expanded income			
	$50,000 and over	$50,000–$100,000	$100,000–$200,000	$200,000 and over
Expanded income	100.0	100.0	100.0	100.0
Plus Investment: Interest<income [1]	14.2	19.1	10.2	14.0
Less Preferences (total) [2]	62.1	59.4	64.2	62.3
Excluded lt. capital gains	52.5	49.1	52.9	53.7
Depletion [3]	5.6	2.8	10.1	4.9
3 acc. depreciation preferences [4]	6.5	6.0	6.6	6.7
Stock options	1.5	6.4	.2	.1
All other references [5]	0	0	0	.1
Adjusted gross income	52.1	59.7	46.0	51.7
Plus Deficits	2.8	1.9	3.1	3.0
A.G.I. of returns with A.G.I.> 0	54.9	61.6	49.2	54.7
Less exemptions	1.5	3.6	1.9	.5
Less standard deductions	.1	.4	.1	0
Less itemized deductions	40.7	49.2	41.8	37.0
Charitable (total)	7.3	7.7	6.5	7.4
Charitable—Noncash	1.7	.9	.2	2.7
Interest—Total	16.7	23.0	13.9	15.3
Interest—Mortgage	1.3	3.8	1.1	.4
Investment: Interest<income [6]	13.9	19.0	9.6	13.6
Investment: Interest>income [7]	1.5	.2	3.2	1.3
Medical	.9	1.5	2.1	.3
Casualty loss	.8	2.2	.5	.4
Tax expense	8.6	9.0	11.2	7.3
State and local income taxes	3.3	3.9	7.0	1.4
Real estate tax	4.5	4.0	3.2	5.3
All other tax expense	.8	1.1	.9	.6
Miscellaneous deductions	6.6	5.9	7.8	6.5
Plus Excess, if any, of exem. ded>AGI	5.1	6.6	5.8	4.3
Taxable income	14.9	13.1	8.0	18.5
Tax at normal rates	8.1	4.8	2.3	11.9
Less savings from alternative tax [8]	0	0	0	0
Less savings from maximum tax [8]	0	0	0	0
Less Savings from income averaging	.1	0	.2	.1
Tax before credits	8.0	4.7	2.1	11.7
Less foreign tax credits	6.5	3.8	1.0	9.9
Less investment credit	.8	.5	.8	.9
Less all other credits	0	0	0	0
Plus excess of credits over tax	0	0	0	0
Tax other than minimum tax	.7	.4	.3	1.0
Plus minimum tax on preferences	4.5	2.1	4.2	5.6
Tax after credits	5.2	2.4	4.5	6.6
Deduction equivalent of credits [9]	12.4	10.6	5.5	15.9
Memo:				
Employee business expense adjustment	.4	.9	.5	.2
Plus all other adjustments	0	.2	0	0
Adjustments to gross income—Total	.4	1.1	.5	.2
Number of returns represented in the tabulation	6,953	3,719	2,091	1,142
Number of returns in the sample	319	45	49	225

TABLE IIC4.—INCOME, DEDUCTIONS, AND CREDITS AS PERCENTAGES OF EXPANDED INCOME FOR HIGH INCOME RETURNS CLASSIFIED BY EXPANDED INCOME, 1973: ALL OTHER TAXABLE RETURNS

	Expanded income			
	$50,000 and over	$50,000–$100,000	$100,000–$200,000	$200 000 and over
Expanded income	100.0	100.0	100.0	100.0
Plus investment: interest<income [1]	1.9	1.6	2.1	2.3
Less preferences (total) [2]	12.0	6.7	12.1	27.1
Excluded lt. capital gains	10.9	6.3	10.7	24.5
Depletion [3]	.3	.0	.4	1.0
3 acc. depreciation preferences [4]	.3	.1	.5	.7
Stock options	.4	.2	.5	.9
All other preferences [5]	0	0	0	0
Adjusted gross income	89.9	95.0	90.0	75.3
Plus deficits	0	0	0	0
AGI of returns with AGI >0	89.9	95.0	90.0	75.3
Less exemptions	3.1	4.4	2.1	.6
Less standard deductions	.2	.2	.1	0
Less itemized deductions	15.7	15.4	16.1	15.9
Charitable (total)	3.6	2.7	3.8	6.0
Charitable—Noncash	1.0	.4	1.0	2.9
Interest—Total	3.5	3.7	3.5	2.8
Interest—Mortgage	1.1	1.4	.8	.3
Investment: Interest <income [6]	1.9	1.6	2.1	2.3
Investment: Interest >income [7]	.5	.7	.6	.2
Medical	.5	.6	.6	.2
Casualty loss	.1	.1	.1	.1
Tax expense	6.4	6.7	6.5	5.2
State and local income taxes	1.6	1.8	1.5	.9
Real estate tax	3.9	3.9	4.2	3.9
All other tax expense	.9	1.1	.8	.5
Miscellaneous deductions	1.6	1.6	1.7	1.6
Plus excess, if any, of exem. ded >AGI	0	0	0	0
Taxable income	71.0	75.0	71.7	58.7
Tax at normal rates	29.4	26.3	32.7	34.7
Less savings from alternative tax [8]	.1	.0	.3	.3
Less savings from maximum tax [8]	.5	.1	.8	1.2
Less savings from income averaging	1.1	1.1	1.2	1.3
Tax before credits	27.7	25.2	30.5	32.1
Less foreign tax credits	.1	.1	.1	.2
Less investment credit	.3	.3	.3	.2
Less all other credits	0	0	0	0
Plus excess of credits over tax	0	0	0	0
Tax other than minimum tax	27.3	24.7	30.0	31.6
Plus maximum tax on preferences	.2	.0	.1	.7
Tax after credits	27.5	24.8	30.1	32.3
Deduction equivalent of credits [9]	.9	.9	.9	.7
Memo:				
Employee business expense adjustment	.4	.6	.3	.2
Plus all other adjustments	.3	.5	.2	0
Adjustments to gross income—total	.8	1.1	.5	.2
Number of returns represented in the tabulation	788,919	631,143	123,370	34,407
Number of returns in the sample	8,924	3,852	1,899	3,173

FOOTNOTES FOR TABLES IN APPENDIX I

[1] Investment interest not in excess of investment income. Investment interest is defined as total interest paid less mortgage interest. Investment income consists of dividends (net of the $100 exclusion), interest, and realized capital gains (including the excluded portion of long-term capital gains).

[2] Detailed preferences may not add to the total because the "no benefit" rule only affects the total.

[3] The amount of percentage depletion in excess of the adjusted basis of the property.

[4] The excess of accelerated over straight-line depreciation on low income rental housing, on other real property, and on personal property subject to a net lease.

[5] Rapid amortization deductions in excess of otherwise allowable depreciation for certified pollution control facilities, railroad rolling stock, and on-the-job training and child care facilities.

[6] Investment interest not in excess of investment income. Investment interest is defined as total interest paid less mortgage interest. Investment income consists of dividends (net of the $100 exclusion), interest, and realized capital gains after deducting the excluded portion of long-term capital gains. This definition differs from the definition in footnote 2 because the excluded portion of long-term capital gains is excluded from AGI whereas it is included in Expanded Income.

[7] Investment interest in excess of investment income. Investment interest (as defined in footnote 6) in excess of the amount allowed as "Investment Interest Not in Excess of Investment Income."

[8] Savings from the Alternative Tax or the Maximum Tax on Earned Income are included on the appropriate line even if the taxpayer foregoes them in order to calculate his tax liability under the income averaging procedure.

[9] The deduction equivalent of tax credits is calculated in order to allow the relative importance of deductions and credits to be compared. The deduction equivalent is defined as the difference between the taxable income which would yield Tax Before Credits and the taxable income which would yield tax Other Than Minimum Tax.

Mr. KENNEDY. Mr. President, I know that the Senator from Minnesota is very much aware of the history and the development of the minimum tax, really as a result of the shocking announcement that Joe Barr made in the latter part of the 1960's, that there were scores of Americans who were not paying any tax at all, basically escaping tax through very careful selection of tax preferences. I am sure the Senator remembers that this issue was explored within the Finance Committee.

The minimum tax began in the 1969 act. Then, over the objections of myself and a few other Senators, we had the adoption of the Miller amendments, which permitted the deductions for taxes paid, which in effect completely undermined the minimum tax.

The proposal which we will hopefully have a chance to act upon today puts this issue right back before the Senate, some 7 years later, but nonetheless the reasons for it are as justified, if not more justified on the basis of the revenues and the various tax disclosures since 1969.

As I understand it, one of the essential differences between the Finance Committee proposal and this proposal is the elimination of the deduction for taxes paid. I wonder how the Senator from Minnesota would respond to the argument, which I am sure will be made, "Well, we are really not so much interested in reaching some Americans, even though they have substantial untaxed incomes, so long as they are paying a little tax, as we are to reach those Americans with substantial incomes who pay no tax at all."

I think the Senator touched on that when he referred to the "executive suite loophole" and how it works. But does not the Senator agree with me that permitting a person's salary to be a deductible item in computing the income on tax preferences, is really creating a sieve out of the minimum tax, How does the Senator respond to that situation?

Mr. MONDALE. I agree completely with the Senator. The Senator will recall the history.

Where did the idea of a minimum tax come from? It came from the disclosure that we had many, many very wealthy Americans who were paying no tax at all. Of course, the American people could not, nor should they, tolerate that. So the first answer was, "Let us amend the underlying law to prevent these loopholes."

They said, "Oh, no, we cannot do that; but as a compromise, let us have a tax that is much below what you would pay if you did not have a loophole, but you would pay something"—a compromise providing that we would at least pick up a little bit.

The Finance Committee reported out that bill without a deduction for regular taxes. But when they got out on the floor, the Senator from Iowa (Mr. MILLER) said, "Let us let them deduct taxes paid on other taxable income."

That proposal was adopted, and instead of an effective 10-percent rate, we dropped down to a nominal, largely useless, 4 percent rate.

In 1974—and I think the Senator from Massachusetts led that fight—an amendment was adopted here on the Senate floor repealing the deductions of taxes paid, and a similar amendment has been adopted in the House. But the two bills have never got together, so that even though the House and the Senate have voted to repeal that deduction which nullified the minimum tax, it is still in the law.

Mr. KENNEDY. Mr. President, on that point, the Senator will recall that the chairman of the Finance Committee made the motion to recommit the bill after we had made that change in the law, which is included in the amendment at the present time. He had to recommit his own bill to avoid this reform in the minimum tax.

Mr. MONDALE. To give the Senator an example of how the law would work, under the Finance Committee's bill, take a businessman who is drawing down a salary of $120,000 a year—I think most Americans would like to draw down such salaries, but they do not—and who also receives tax preference income of $45,000. He files a joint return and claims exemptions and deductions of $20,000.

His regular tax liability on his earned income is $45,090. What additional minimum tax liability does he have under the Finance Committee's proposal?

He will pay no tax on preference income of $45,000. The coalition bill would tax him $5,250, the 15 percent rate, because we do not allow the deduction of the regular tax.

Mr. NELSON. Mr. President, will the Senator yield for a question there? I am missing something.

The PRESIDING OFFICER. Will the Senator from Wisconsin use his microphone?

Mr. NELSON. There is something I am missing in this example. If the executive's salary is $120,000, and then he has a preference income in addition of $45,000——

Mr. MONDALE. That is right.

Mr. NELSON. That is $165,000?

Mr. MONDALE. The total money he receives in a year would be $165,000, which is a pretty good income, in my opinion: $120,000 would be a check from his corporation or his business; $45,000 would be this preference income, which is not taxed.

Under the Finance Committee bill, he would pay no tax on this preference income.

Mr. KENNEDY. That is right. The Senator will understand that, under existing law, if you pay $100,000 in taxes, and then you have another $100,000 in preference income, you pay no minimum tax, because the deduction for taxes paid completely offsets the preference income. That does not even include the $30,000 exemption for preference income, so you could actually have $130,000 in preference income and pay no minimum tax.

Mr. NELSON. That is under the present law?

Mr. KENNEDY. That is the present law. But under the Finance Committee bill, the exemption is dropped to $5,000. The rate is raised to 15 percent, and a few new preference items are added. But it does not apply to corporations, and it does not go far enough on individuals, because it keeps the deduction for taxes paid.

Mr. NELSON. Let me ask another question. Then from this example, is the proper conclusion that on a salary of $120,000 preference income of $45,000, total $165,000, the tax liability under current law is $45,000?

Mr. MONDALE. That is right. In other words, he pays nothing on the $45,000 of tax preference income.

Mr. NELSON. And you calculate that to be a tax rate of 27 percent?

Mr. MONDALE. That is correct.

Mr. NELSON. If this was straight salary—I do not have the chart before me—at what level does the wage earner or anyone else reach the 27 percent bracket?

Mr. MONDALE. We will have that figure in a minute. And while we look for it, I would like to give another example of how this bill works.

We just talked about the wealthy business executive who makes $45,000 on the side. If you were an employee in a papermill earning $15,000 a year your tax bracket would be about 27 percent.

Mr. NELSON. So on this example an individual with $165,000 income, $45,000 of which is preference income, $120,000 of which is salary, is paying a maximum rate of tax of 27 percent, which is the same rate of taxes as a worker in a steel mill pays.

Mr. MONDALE. Yes, with a salary of $15,000 a year.

Mr. NELSON. Or a truck driver receiving $15,000 a year.

Mr. MONDALE. That is correct.

I shall give one further example.

We have given the example of how the bill of the Committee on Finance works on a big hitter.

Let us take a 60-year-old widow who receives a pension of $6,000 a year. She sells her home for a $20,000 capital gain and goes to live in a rental apartment. That is standard, I think, in those years, that one sells her house and moves into an apartment as she reaches retirement.

She files a single individual tax return and claims her personal exemption and the $2,400 standard deduction under the law. Her regular tax liability is $2,800.

How do the two bills differ? The Finance Committee's bill would charge that widow $750 taxes, and the coalition amendment would charge nothing, because we have raised the exemption up to $10,000 for modest earnings and tried to make this minimum tax a progressive one.

Mr. KENNEDY. One of the features of this proposal, which I know is of great interest and concern, is its application to corporations.

Mr. MONDALE. That is correct.

Mr. KENNEDY. Under the bill of the Committee on Finance, as I understand it, they still permit the deductions for taxes paid. We are changing that to eliminate the taxes paid deduction and apply the charges to corporations.

Unless we move in the corporate area, we are going to be inviting hundreds or thousands of wealthy people to incorporate in order to receive more favorable tax treatment for their tax preference income. We will leave it open to abuse unless we move into that area.

I would be interested in what the views of the Senator are on the justification for extending the same line of reasoning and rationale that we use on individuals to corporations.

Mr. MONDALE. I can see the Senator understands the dichotomy in the Finance Committee bill.

We raised the rate on the individual minimum tax 15 percent, and we left the corporations untouched. So there would still be a 10-percent minimum tax rate less taxes paid, and that minimum corporate rate picks up practically no revenue at all. I think the effective rate is about 4 percent.

Let us look at the environment, as one might put it, of that decision. First of all, corporate profits are soaring. They have gone up 50 percent in less than a year. There is a profit explosion going on in America today, but at the same time consumer spending is stagnant; and we have higher unemployment. We have a recession in the housing industry. Retail sales were actually off and, despite the fact that there is evidence that consumer demand is beginning to stagnate, corporate profits, and thus the availability of capital, are soaring.

This bill will, over the next 5 years, reduce taxes on corporations by $5.5 billion and increase taxes on individuals by a like amount.

We do some "nice" things in here. For example, we have to look carefully.

I shall talk about this because a lot of people do not know about it. But if this bill passes, a lot of people are going to write and say: "How come I can't deduct my gas taxes anymore?"

Mr. KENNEDY. That is right.

Mr. MONDALE. And some may not know it is in this bill, because we have to look under a title called "Tax Simplification." And when people write and say, "How come my tax bill is up," you say, "Tax simplification," when responding to them. We used to call it tax increase, but it is called simplification here.

We have picked up $300 million from the average worker going to work and transferred almost the same amount to the rich-income people in the form of a maximum tax.

Mr. HASKELL. Mr. President, I wonder if the Senator will yield merely to emphasize something.

Mr. MONDALE. I am glad to yield.

Mr. HASKELL. Does the Senator from Massachusetts wish to proceed first?

Mr. KENNEDY. I have simply a final point on this. Even with these figures, the percentage of taxes that is being collected from corporations has declined by about a third over recent years. Up to 3 to 4 years ago it was 22 percent of all the Federal revenues that were actually collected. Now it is down to about 14 percent. So actually the moneys that are being collected, in spite of these extraordinary kinds of profits, are just not getting into the Federal Treasury. Again, who ends up paying that? It is the individuals and the working people of this country.

We, with this particular amendment, are trying to reach these loopholes.

Mr. MONDALE. The Senator is correct in that, and I shall print a table in the RECORD shortly. It sets for the nature of the revenues raised and percentage of revenue raised, from corporations through the minimum income tax. It does not amount to much.

What we wish to do is make a minimum tax at least work the way it was intended to work when it was originally passed out of the Committee on Finance.

Mr. President, I yield to the Senator from Colorado.

Mr. HASKELL. I thank the Senator from Minnesota.

I think the point has been made, but I think it is so important that I wish to go over it again.

The Senator from Minnesota pointed out that this was a minimum tax. It is my understanding all this tax seeks to do is to tax income that is otherwise not taxed. Am I accurate in that?

Mr. MONDALE. The Senator is correct.

Mr. HASKELL. And all this does is impose a tax of 15 percent, which is only 1 percentage point higher than the lowest wage earner pays; is that correct?

Mr. MONDALE. That is correct.

Mr. HASKELL. Then the very important thing is the bill of the Committee on Finance really avoids the minimum tax because it says one can get an exemption for taxes paid on other income, completely separate income, and in that way he can avoid any tax on the income that is preference income. All the Senator and others who have cosponsored this bill wish to do is to be sure the minimum tax is imposed on income which completely escapes taxation. Am I correct in that?

Mr. MONDALE. That is correct.

I will print in the RECORD the list of the 13 so-called tax preference income categories to show what that means.

For example, take bad debt reserve. The tax laws permit a lending institution to deduct from their income, in arriving at their taxes, a bad debt amount which is arbitrary and far in excess of what they actually lost through bad debts.

Mr. HASKELL. They might have a loss historically for a bad debt.

Mr. MONDALE. It has no relation to it.

Mr. HASKELL. That is right.

Mr. MONDALE. And it is a preference by which substantial amounts of income from these lending institutions escape the tax net entirely. It is a fiction. They did not lose the money. But the theory permits them to say they lost it when they put in on the tax returns and therefore avoid taxes.

The same thing occurs on capital gains. An individual taxpayer in arriving at the tax on capital gains is able to take half of the gain and disregard it. That half is money that was never subjected to the income taxes as provided by the law.

It is those sorts of items, and there are 13 other items like this, items like, for example, percentage depletion.

The average oil well, I am told, under the old law, might be depleted 19 times—under the tax law. You cannot pump 19 times more oil out of a well than is in a well. You can only pump it once; and when it is dry, it is no more. But for tax purposes, you could pump it up to 19 times.

Mr. HASKELL. In the example the Senator is giving on the oil well, a taxpayer can recover his cost and still take depletion.

Mr. MONDALE. That is correct.

Mr. HASKELL. So it would be comparable to a wage earner, I suppose, who had a $10,000 salary but, by some magic enactment of Congress, would pay tax on only $7,800. Will the Senator agree with that?

Mr. MONDALE. That is correct.

Mr. HASKELL. So that a wage earner would think it was awfully nice if, on the $10,000 salary, he could start with a gross income of $7,800.

Mr. MONDALE. It would be most acceptable to most people.

Mr. HASKELL. All the Senator is trying to do is to tax income that is not subject to tax or has an unusual deduction.

Mr. MONDALE. Bear in mind that the supporters of this coalition amendment, including the Senator from Colorado, did not make up this list. This list of preference income was prepared by the Senate Finance Committee and their gifted staff. The definition is income that was never subject to taxes, and therefore is preference income that escapes the tax net almost completely today.

Mr. HASKELL. Completely, really.

Mr. MONDALE. Four percent.

Mr. HASKELL. Right.

Mr. MONDALE. Which is, I would say, no more than a nominal rate.

Mr. HASKELL. I thank the Senator very much.

Mr. MONDALE. Mr. President, I ask unanimous consent to have printed in the RECORD a list of tax preference, making up preferred income.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

TAX PREFERENCE UNDER THE COALITION'S MINIMUM TAX AMENDMENT

Unless otherwise noted, each of the following tax preferences would apply both to individuals and corporations.

1. Excess investment interest (applies only to individuals);
2. Accelerated depreciation on real property in excess of straight-line depreciation;
3. Accelerated depreciation on personal property subject to a lease (applies only to individuals);
4. 60-month amortization of certified pollution control facilities over depreciation otherwise allowable;
5. 60-month amortization of railroad rolling stock over depreciation otherwise allowable;
6. qualified or restricted stock options—the excess of the fair market value at time of exercise over the option price;
7. reserves for losses on bad debts of financial institutions—the excess of the special deduction for such institutions over the bad debt reserve deduction allowable on the basis of actual experience;
8. percentage depletion in excess of the adjusted basis of the property;
9. capital gains—for individuals one-half of net long-term capital gains, and for corporations in general, 18/48th of net long-term gains;
10. 6-month amortization of on-the-job training and child care facilities over depreciation otherwise allowable;
11. construction period interest;
12. intangible drilling expenses in excess of amount deductible had such expenses been capitalized and in excess of related income;
13. itemized deductions, other than deductible medical expenses and casualty losses, to the extent they extend 60% of adjusted gross income (applicable only to individuals)

Generally, all changes from current law with respect to individuals would apply for taxable years beginning after December 31, 1975; such changes with respect to corporations would be effective for taxable years beginning after June 30, 1966. However, in the case of "banks" (as defined in Code section 581), the minimum tax changes would not apply until taxable years beginning after December 31, 1977. In addition, in the case of government-subsidized low and moderate income housing, the construction period interest tax preference would not apply to interest accruing prior to Jan. 1, 1892; and the excess investment interest tax preference would not apply with respect to any low and moderate income housing project subject to a binding construction or financing contract by Dec. 31, 1981.

Mr. KENNEDY. We have a few examples, and I will give one which I think probably illustrates it as well as the earlier examples.

As I understand it, under the present law, if you have taxable income of $1 million, your taxes, if it is from dividend income, would be $670,000. If you have preference income of $700,000, you deduct the taxes paid, which would be $670,000, and then you take the exemption of $30,000, which means you pay zero minimum tax.

So, in effect, you have had $1.7 million in income, and have paid a tax of $670,000. That means that on $1.7 million you are paying at only the 40-percent level.

Mr. MONDALE. That is correct.

Mr. KENNEDY. Our proposal would say that if you make the same million dollars, you will pay $670,000 in regular taxes. You have $700,000 in preference income, you get the exemption of $10,000, you have $690,000 in preference left and you pay a 15-percent minimum tax, which is $103,000. When you add the $103,000 on top of the $670,000 which you would be paying on the salary or taxable dividend income, that raises the effective rate substantially, which is much more in keeping with the ability to pay.

A final point: A point is made about which corporations this hits. I understand that in the existing minimum tax, in excess of 80 percent of the money that is raised in the current minimum tax is raised from corporations of $250 million in assets or more. So as we prepare to listen to the discussion and the debate, we have to realize that 80 percent of it is coming from corporations of $250 million in assets or more.

So we are not affecting the small farmer or the small businessman.

Mr. MONDALE. The laundry worker.

Mr. KENNEDY. We will hear about that plenty in the next 2 or 3 hours.

Mr. MONDALE. We will hear a lot about the laundry worker who borrowed $250,000 from the friendly banker. [Laughter.]

Mr. President, I yield to the Senator from New Hampshire.

Mr. McINTYRE. Since I have been absent from the floor, I ask the Senator from Minnesota whether he has referred to the problem I have, as a member of the Committee on Banking, Housing and Urban Affairs, with the amendment he is about to offer.

Mr. MONDALE. I referred to it briefly, but we have not had a discussion on it as yet.

Mr. LONG. Mr. President, will the Senator yield?

Mr. MONDALE. I yield to the Senator from New Hampshire, and then I will be glad to yield.

Mr. McINTYRE. Mr. President, it is my understanding that the mover of this amendment, the distinguished Senator from Minnesota recognizes and addresses a difficulty which may befall financial institutions, particularly savings and loan associations, as a result of the minimum income tax provisions contained in his amendment.

As chairman of the Subcommittee on Financial Institutions of the Banking Committee, I support that part of the amendment which defers the effective date of the minimum income tax provisions on financial institutions to taxable years beginning after December 31, 1977.

Mr. President, I have been contacted by a number of representatives in the savings and loan industry indicating their extreme concern over the manner in which this amendment would affect their reserve posture, and, as a consequence, their tax liability.

Savings and loans associations and other thrift institutions are particularly vulnerable to this amendment in light of the amounts which they are presently entitled to include in their bad debt reserves. Any change as substantial as that contained in this amendment would almost certainly result in a disproportionate impact on their tax liability in relation to that of commercial banks.

Mr. President, I have a letter from the Chairman of the Federal Home Loan Bank Board, dated June 16, in which he raises substantial questions about the impact of this amendment on S&Ls, which I ask unanimous consent to have printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JUNE 16, 1976.

Hon. THOMAS J. McINTYRE,
Committee on Banking, Housing and Urban Affairs, U.S. Senate, Washington, D.C.

DEAR SENATOR McINTYRE: The Board wishes to invite your attention to a specific provision relating to savings and loan associations in the package of amendments to H.R. 10612, the "Tax Reform Act of 1976,"[1] to be offered by Senator Kennedy and 14 other Senators on the Senate Floor. Although the specific statutory language of the proposed floor amendments has not become available for detailed analysis by the Board's staff as of the date of this letter, we believe that the provisions, as described in a June 10, 1976, news release, could substantially alter the tax liability of savings and loan associations by amending the "Minimum Tax for Tax Preferences" sections of the Internal Revenue Code of 1954 ("IRC").[2] For the reasons set forth below, the Board requests that you not extend the proposed change in tax treatment to savings and loan associations taking a bad debt reserve deduction under section 593 of the IRC.

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[1] The Tax Reform Act of 1976 was reported by the Senate Committee on Finance on June 10, 1976; Senate Report 94–938, dated June 10, 1976.

[2] Part VI of Subchapter A of Chapter 1 of the Internal Revenue Code of 1954, sections 56–58.

We understand that the proposed floor amendments relating to the minimum tax for tax preferences would change the current provisions of the IRC in four basic ways. First, the minimum tax rate would be increased from 10% to 15%, both for individuals and corporations. Second, the current $30,000 exemption would be reduced to $10,000. Third, the deduction for regular taxes paid (and the carryover thereof) would be repealed. Fourth, the proposed floor amendments would add additional tax preference items.[3] H.R. 10612, as reported by Senate Finance, would basically retain existing law for corporations.[4]

Savings and loan associations are currently subject to the imposition of a tax (in addition to ordinary corporate income taxes) under section 56 of the IRC for items of tax preference. Items of tax preference are defined in section 57 of the IRC and, in particular, subsection (a) (7) defines one such item as:

"(7) RESERVES FOR LOSSES ON BAD DEBTS OF FINANCIAL INSTITUTIONS.—In the case of a financial institution to which section 585 or 593 applies, the amount by which the deduction allowable for the taxable year for a reasonable addition to a reserve for bad debts exceeds the amount that would have been allowable had the institution maintained its bad debt reserve for all taxable years on the basis of actual experience."

Savings and loan associations are financial institutions to which section 593 applies. A great number, if not nearly all, savings and loan associations elect each taxable year to deduct from gross income the maximum addition to a reserve for bad debts allowable under section 593, and this amount generally exceeds the amount which would have been allowable had the institution maintained its bad debt reserve for all taxable years on the basis of actual experience. Thus, the proposed floor amendments would, if enacted, substantially increase the effective tax rate for savings and loan associations and, consequently, reduce their after-tax income.

The Board considers this proposed change in tax treatment for savings and loan associations unwise at this point for a number of reasons. First, it is clear from the legislative history that Congress provided the special tax treatment under section 593 as an incentive for thrift institutions to mainain a high percentage of assets in residential mortgage loans.[5] The proposed floor amendments, which in effect increase the penalty for electing to use the optional section 593 bad debt provisions, lessen the attractiveness of the tax benefits obtainable under section 593 and thereby reduce the incentive for savings and loan associations to invest in residential mortgage loans.

Second, an increase in tax liability for savings and loan associations may be particularly harmful at this time when many institutions are undergoing rapid savings growth and experiencing severely reduced earnings. Federal insurance reserve ("FIR") and net worth requirements for institutions insured by the Federal Savings and Loan Insurance Corporation are prescribed by statute under the National Housing Act.[6] As a savings and loan association grows rapidly, its FIR and net worth requirements increase correspondingly. A decrease in after-tax income, and hence in retained earnings makes it difficult for a savings and loan association to accumulate enough net worth to sustain growth, remain in compliance with regulatory and statutory guidelines, and consequently to provide adequate funds for housing. The increase in the effective tax rate has the consequence of penalizing the more aggressive, expanding savings and loan associations. A table prepared by the Board's Office of Economic Research which gives an approximation of the aggregate tax effect on all FSLIC-insured savings and loan associations is attached herewith. These computations are based on a number of preliminary assumptions and provide only a rough estimate of the likely tax impact of the proposed charges. These computations show that total Federal tax liability would have been increased by 28% in 1974.

Third, the Board notes that the issue of taxation of savings and loan associations is being considered in the context of an overall restructuring of the nation's financial institutions. In particular, section 701 of the Senate-passed Financial Institutions Act of 1975[7] provides that the act shall become effective upon the enactment of the Uniform Tax Treatment of Financial Institutions Act.[8] This latter act would, in general, phase out, over a period of years, the tax treatment offered to savings and loan associations vis-a-vis commercial banks under section 593 and substitute in lieu thereof a generalized credit for interest received by all creditors on residential mortgage loans. Fourth, the provisions of the proposed floor amendments relating to the minimum tax for preference income would disproportionately burden the savings and loan industry as compared to the banking industry due to the more attractive tax benefits offered under section 593 than under section 585 of the IRC. Commercial banks already have a lower effective tax rate than savings and loan associations, and the proposed legislation would give commercial banks an even greater competitive advantage. Because taxation of financial institutions is such an integral part of reform of such financial institutions, the Board would urge that changes in the tax liability of financial institutions be given special consideration and considered separate from the general question of corporate income taxation.

Finally, the Board would point out that an increase in tax liability of savings and loan associations would reduce after-tax income, and, consequently have a tendency to increase rates on home mortgage loans. This result would be contrary to the policy of Congress in making, at low cost, residential credit available to the public.

In conclusion, the Board would urge that the language of the bill reported by the Committee on Finance be adopted. In the alternative, the Board would urge that an amendment to the proposed floor amendment be adopted which would remove existing subsection (a) (7) from section 57 of the IRC which defines certain losses on bad debts of financial institutions as items of tax preference.

Sincerely,

GARTH MARSTON.

Estimates of the increase in Federal tax from altering the minimum tax provisions, all FSLIC-insured S&Ls, 1974

	Total increase in Federal tax	*Increase in tax due to each incremental provision*
Change in minimum tax provision:		
(1) Remove the deduction for other Federal taxes	18%	18%
(2) Increase the minimum tax rate from 10% to 15%, +(1)	25%	7%
(3) Reduce the standard deduction from $30,000 to $10,000, +(1)+(2)	28%	3%

(NOTE.—The amounts attributable to each provision depend upon the order in which the provisions are analyzed. These estimates are based on a number of preliminary assumptions and data.)

Mr. McINTYRE. Mr. President, while Acting Chairman Marston requests that these provisions be deleted, I am satisfied that the delay in effective date is a satisfactory compromise at the present time. I say this for two reasons.

First, it is virtually impossible under the present circumstances to assess in actual numbers what would constitute fair treatment of the savings and loan industry if this amendment were to become effective immediately. Second, and perhaps most important, the present difficulty in assessing fair tax treatment of financial institutions is accentuated by the fact that the various types of institutions, particularly commercial banks and savings and loan associations, are taxed differently.

In this regard, the Senate last December 11 overwhelmingly passed a comprehensive financial restructuring bill entitled "The Financial Institutions Act of 1975."

One of the original seven titles of that bill addressed itself to this specific issue. Title VII of the Financial Institutions Act, provided that all financial institutions would be taxed alike. At the time the Financial Institutions Act was passed, this title was deleted from the bill and subsequently introduced as S. 2772 by me, along with Senator TOWER, the ranking minority member of the Banking Committee. S. 2772 has been pending before the Finance Committee since that time. The legislative history, including the floor debate on December 11, is testimony to the importance of this legislation to a number of financial restructuring proposals which are still presently pending before Congress.

In this regard, I remind the distinguished Senator from Louisiana—I do not believe I see him on the floor. If I may have the attention of the Senator from Tennessee, I am discussing now S. 2772, which was that part of the FIA bill that was taken from the bill and referred directly by Senator TOWER and myself to the Committee on Finance for consideration.

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[3] These additional tax preferences, we understand, would have little or no effect on the taxation of savings and loan associations.

[4] Section 301 of Title III of H.R. 10612 (See provision contained therein making existing section 56 of the IRC apply exclusively to corporations).

[5] Prior to 1952, savings and loan associations were exempt from Federal income taxation.

[6] Section 403(b) of the National Housing Act, as amended 12 U.S.C. 1726(b) requires each institution insured by the FSLIC to build up reserves to 5 per centum of all insured accounts within a reasonable period, not exceeding twenty years.

[7] S. 1267, 94th Congress, 1st Session (1975).

[8] S. 2772, 94th Congress, 1st Session (1975).

I wish also to have printed in the RECORD a letter from the chairman of our committee, Mr. PROXMIRE, dated February 27 of this year, to the chairman of the Committee on Finance, requesting that this legislation be expedited.

Mr. President, I ask unanimous consent to have that letter printed at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

FEBRUARY 27, 1976.

Hon. RUSSELL LONG,
Chairman, Committee on Finance,
U.S. Senate,
Washington, D.C.

DEAR RUSSELL: As you may recall, the Senate, on December 11, passed S. 1267, the Financial Institutions Act of 1975, by a vote of 79–14. The Financial Institutions Act represents the most comprehensive restructuring of our nation's financial institutions in over 40 years.

The measure passed by the Senate is the product of over two years of concerted deliberations within the Banking Committee. Since introduction in 1973, however, the Financial Institutions Act has represented a balanced package of financial restructuring proposals which are mutually reinforcing. Of the seven titles originally contained in the bill, six were within the jurisdiction of the Banking Committee. The seventh, entitled the "Uniform Tax Treatment of Financial Institutions Act", is within the jurisdiction of the Committee on Finance.

At the same time S. 1267 was passed, Title 7 was deleted from the bill and subsequently reintroduced as S. 2772 by the floor manager of S. 1267 and Chairman of the Subcommittee on Financial Institutions, Senator MCINTYRE. I, along with Senator Tower, the Ranking Minority Member, were cosponsors. S. 2772 is now before the Finance Committee.

To emphasize the "package" nature of the restructing proposal, the passage of S. 1267 was in a form which rendered its provisions "effective upon the enactment" of S. 2772. I, therefore, urgently request that you expedite the Finance Committee's consideration of S. 2772 so that the Senate may have an opportunity to pass upon it in the near future.

Companion proposals to the Financial Institutions Act are proceeding apace in the House. It appears now that 1976 provides the best opportunity for meaningful financial institutions reform in a long, long time. Therefore, your attention to this request will be greatly appreciated.

Sincerely,

WILLIAM PROXMIRE,
Chairman.

Mr. MCINTYRE. I mention this not only because this legislation is important to a number of other efforts regarding financial restructuring currently underway, but because it would obviate the imbalance of tax treatment among different types of financial institutions which gives rise to the need for this modification and discussion we are having this afternoon.

Therefore, I wish to have the assurance, in the absence of the distinguished Senator from Louisiana, of the distinguished Senator from Tennessee whether, in the event this Mondale reform amendment on minimum tax passes and is adopted by the Senate, he, along with his colleagues, will defend the provision delaying the effective date of the minimum tax provisions on financial institutions. More importantly, I wish to know, whether, once this tax bill has been disposed of by the Congress—and I realize he cannot give me that assurance since he is not the chairman—the Senate Committee on Finance will address itself to this bill, S. 2772, which has now been pending before the committee these past 6 months.

Before I conclude, I yield to the distinguished Senator from Minnesota for any remarks he may wish to make.

Mr. MONDALE. The Senator from New Hampshire and I discussed this concern before the time we introduced the amendment. There is pending before the Committee on Finance and before Congress legislation which, I think, is called the Uniform Tax Treatment of Financial Institutions Act. This bill tries to take an overall look at the tax structure as it applies to financial institutions, to come up with a uniform way in which to deal with it. In light of that, we decided to defer the imposition of the minimum tax provisions to those institutions until a year after—January 1, 1978. This was in order to give these financial institutions and Congress time to develop a proposal in legislative form. I have a letter here from the U.S. League of Savings Associations which indicates, of course, that they prefer no changes at all; but they said they very much appreciate and hope Congress will fully evaluate the effects of these laws. It seems to indicate that this change is a desirable one and is helpful to the lending institutions.

Mr. MCINTYRE. I thank my friend from Minnesota. Mr. President, I wish to conclude by emphasizing that the minimum income tax provisions as they relate to financial institutions is something we in the Banking Committee must carefully assess, and I am hopeful that we, in conjunction with the Finance Committee, will be in a position to respond to these concerns in ample time to meet the December 31, 1977, deadline.

Is the Senator from Minnesota positive on that 1978 date? I have here December 31, 1977; 1978 would be preferable as we as we are concerned.

Mr. MONDALE. The effective date is for taxable years beginning after December 31, 1977.

Mr. MCINTYRE. That is correct. It would give us ample time to meet this December 31, 1977, deadline.

With that, I thank the distinguished Senator from Minnesota for his cooperation and that of his other colleagues who are supporting this amendment. I yield the floor to the Senator from Minnesota.

Mr. MONDALE. I thank the Senator.

Mr. NELSON. Will the Senator yield?

Mr. MONDALE. Yes, I yield.

Mr. NELSON. In the opening remarks of the Senator from Minnesota, did I understand correctly that the minimum tax proposal pending here would increase the revenues by $800 million over the Finance proposal, or by $800 million, period?

Mr. MONDALE. The Finance Committee minimum tax raises approximately $980 million. The individual minimum tax provisions in our amendment raise $1.270 million. The corporate minimum tax provisions raise an additional $500 million. So it is roughly $800 million more that would be raised by the coalition amendment than by the Finance Committee amendment. That is almost what we are going to need, plus the maximum tax changes, to fund the continuation of the individual tax cuts now found in the law.

What we are trying to do here is take a little money from those who are very, very wealthy—the big corporations, the superrich; not a lot, but a little bit—to help keep what is already on the books for individual taxpayers.

Mr. NELSON. I thank the Senator.

Mr. MONDALE. I yield the floor.

ADDITIONAL STATEMENTS SUBMITTED

Mr. BEALL. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by the Senator from Illinois (Mr. PERCY) relating to this matter.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY MR. PERCY

I believe the Committee has done an effective job in re-designing the minimum tax to accomplish its intended purpose when we enacted it in 1969.

The reduction in the exclusion to $5,000 or the amount of regular taxes paid, the increase in the rate from 10 to 15% and inclusion of additional preference items will help make it the anti-tax dodge it was intended to be.

My main disappointment in the Committee provision is that it does not make its tightened minimum tax provisions applicable to corporations. Under the Committee bill, corporations will continue to be subject to the existing partially effective minimum tax provisions.

We heard testimony this morning in the Multinational Corporations Subcommittee that U.S. corporations are paying an effective tax of 44 percent worldwide and a U.S. rate of 24 precent. In part, this low tax liability is an accurate reflection of the companies' actual income, but in part it is testimony to the ineffectiveness of our tax laws in collecting those taxes that are rightfully due. During Senate action on the minimum tax provision it should be made applicable to corporations as well as to individuals.

I do not, however, favor the proposal to delete the deduction for regular federal income taxes paid in computing minimum tax liability. Our purpose in enacting the minimum tax was to assure that taxpayers not use the preferences provided in the tax law to totally evade the payment of all federal income taxes whatsoever. Allowing a deduction for taxes paid is entirely consistent with this purpose. Disallowing the deduction will not in any way make the minimum tax reach those who are paying no taxes, and would unfairly penalize those who pay large amounts of regular income tax.

STRENGTHENING THE MINIMUM TAX

Mr. HUMPHREY. Mr. President, the world is more complicated than when I entered Government service. Who would have thought that questions of simple justice could be obscured in incomprehensible tax tables? It is our job to cut through the confusion and get to the nub of the matter as we consider the Tax Reform Act of 1976.

I am appalled that today, more than 6 years after our last tax reform efforts, more wealthy people are successfully sheltering their incomes and becoming nontaxpayers. In 1974, Mr. President, about 57 percent more individuals with incomes over $200,000 paid no taxes than in 1969. And that is too many.

We tried in 1969, but our effort has proved poor, indeed. That year, Congress adopted a "minimum tax" on preference income resulting from accelerated appreciation and amortization of nine categories of investment. But the plug itself had holes, and now we must try again with a little more experience and wisdom.

Therefore, I joined with 12 colleagues in support of bolstering the minimum tax provisions beyond either the House bill or the Senate Finance Committee bill. Our collective position is backed by the AFL–CIO, the UAW, Common Cause and Public Citizen, as well as 17 well-known economists.

What is the situation today? Let us say an executive who earns $183,000 "invests"—I use the term loosely—$83,000 of that money in a Kiwi farm. Because Kiwi farming is accounted on a strict cash basis, his new "capital" is instantly depreciated—and tax deductible. Now he will pay $53,000 tax on the remaining $100,000 of income if he is single. Because the law allows him to exempt $30,000 plus the amount of regular tax he pays, his whole "investment" is exempted from the minimum tax, which has a nominal rate of 10 percent. Because of this defect in the law, the average tax rate on preference income has been only 4.4 percent.

Now that is not fair and you do not have to be a certified public accountant with a masters degree in philosophy to understand why. The proposal I support would raise the effective rate to between 8 and 12 percent.

Additionally, the current law does not encompass corporations which use tax shelters. Neither the House bill nor the Senate Finance Committee bill would extend application to companies. I believe, if corporations are truly "people" as the Supreme Court has said, they should not have tax advantages above those available to people.

The Finance Committee bill would raise the minimum tax rate to 15 percent. I support that because it at least pushes the rate above the 14-percent rate paid on income by the poorest wage earners. The bill, however, would lower the exemption to $5,000, a measure I do not support because it would adversely affect a large number of middle-income taxpayers. The $1 billion of anticipated new revenue this year under the Finance Committee approach would come in average payments of only $2,000 per taxpayer. I would support a somewhat higher level and exempt preference income of up to $10,000. That would encourage the truly small family farmer to continue purchasing productive tools throughout the recovery without rewarding the executives, doctors, lawyers, and other high-income earners who wish to avoid paying their fair share.

The Ways and Means Committee bill was more to my taste, but it also had problems. For one thing, it was needlessly complicated with the $20,000 preference income exemption it contemplated being phased out at the $40,000 level. For another, it would not expand the definition of preference income as would the Finance Committee bill to other important tax shelters not brought under the minimum tax in 1969, such as certain intangible drilling costs.

I agree with the House that the exemption of preference income equal to regular taxes paid on other income should be eliminated. The theory was that this would direct the minimum tax to those who were escaping all taxation, but the effect has been to further benefit those who choose tax shelters.

If my proposals are incorporated in the tax code, revenue will be increased by about $1.8 billion, compared to $1 billion in either of the other bills. The main thrust is not to raise money, however; the main thrust, Mr. President, is to treat people justly.

EFFECT OF MONDALE MINIMUM TAX ON INDEPENDENT OIL PRODUCERS

Mr. DOLE. Mr. President, the amendment of the Senator from Minnesota would change the present minimum tax insofar as it affects individuals, trusts and estates, by first, increasing the 10-percent minimum tax rate to 15 percent; second, reducing the $30,000 exemption to $10,000; and third, eliminating the deduction for normal tax liability or tax carryovers from previous years.

The effect of these changes would be to alter insofar as noncorporate taxpayers are concerned, the concept of the minimum tax as an additional tax on taxpayers who do not pay sufficent normal income tax in relation to the total amount of their tax preferences. Instead the minimum tax would become a straight 15 percent tax on preferences, except to the extent the $10,000 exemption is available, without regard to the amount of normal taxes paid.

INTANGIBLE DRILLING EXPENSES ADDED AS PREFERENCE

The changes in the minimum tax proposed by the Senator from Minnesota will affect greatly the operations of our domestic independent oil and gas producers by adding the deduction for intangible drilling expenses on productive wells to the list of tax preferences. The amount of the preference would be equal to the amount of the intangible drilling expense deduction, reduced by the amount which would have been allowed if the intangible expenses had been capitalized and recovered over a 10-year period, or at the election of the taxpayer, reduced by the amount which would have been allowable if the intangibles had been capitalized and recovered through normal cost depletion.

The further inclusion of intangible drilling expenses in the minimum tax base can only serve to further discourage exploration by domestic oil producers. Moreover, there is already a "separate minimum tax" of sorts on independent oil producers.

In 1975, we imposed a ceiling on the percentage depletion deduction of independent producers equal to 65 percent of taxable income. This new 65-percent limit in the law is, in effect, a separate minimum tax on this one preference—percentage depletion—since it requires every taxpayer who has percentage depletion to pay a minimum amount of Federal income tax. For many active independent producers this 65-percent limit has a greater tax impact than the regular minimum tax on tax preference items.

The proposed changes in the minimum tax proposed by the Senator from Minnesota would have a devastating effect on independent producers since percentage depletion continues to be subject to both the 15-percent minimum tax and the new 65-percent limit on the percentage depletion deduction.

CONCLUSION

I do not think that now is an appropriate time to increase the tax burden on independent oil and gas producers. This segment of the industry has suffered a very significant increase in tax burden as a result of the tax legislation we passed in 1975. These independents are for the most part subject to price controls and, therefore, cannot offset diminution of tax incentives by increasing the price of their product. Independent producers play a major role in the discovery of new oil and natural gas deposits in the United States and the viability of this industry should not be curtailed by further eroding their exploration capital base through major changes in the minimum tax base.

UP AMENDMENT NO. 94

Mr. BROCK. Mr. President, I call up my amendment in the nature of a substitute and ask that it be reported.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read unprinted amendment No. 94.

Mr. BROCK. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment by Mr. BROCK and Mr. DOMENICI is as follows:

In lieu of the language proposed to be inserted by the Senator from Minnesota:

SEC. 101. MINIMUM TAX FOR INDIVIDUALS.

(a) IN GENERAL.—Part VI of subchapter A of chapter (relating to minimum tax for tax preferences) is amended by inserting immediately before section 56 the following new section:

"SEC. 55. MINIMUM TAX FOR INDIVIDUALS.

"(a) IMPOSITION OF TAX.—In the case of a taxpayer other than a corporation which is not an electing small business corporation (as defined in section 1371(b)) or a personal holding company (as defined in sec tion 542), in lieu of the tax imposed by sections 1 and 511, there is hereby imposed a tax (if such tax is greater than the tax imposed by such sections) equal to the tax which would be imposed by sections 1 and 511 if the taxpayer's taxable income were an amount equal to his minimum taxable income.

"(b) EXPANDED INCOME; MINIMUM TAXABLE INCOME.—For purposes of this section—

"(1) EXPANDED INCOME.—The term 'expanded income' means the sum of—

"(A) the taxable income for the taxable year,

"(B) the charitable contribution adjustment, plus

"(C) an amount equal to the items of tax preference.

"(2) MINIMUM TAXABLE INCOME.—The term 'minimum taxable income' means—

"(A) 60 percent of the excess of expanded income over the exemption, if any, provided by subsection (c), reduced by—

"(B) the charitable contribution adjustment.

"(c) EXEMPTION.—

"(1) IN GENERAL.—Except as provided in paragraph (2) and in section 58(a), the exemption provided by this subsection is $7,500.

"(2) REDUCTION WHERE EXPANDED INCOME EXCEEDS $20,000.—The $7,500 figure set forth in paragraph (1) shall be reduced by one-half of the excess of the taxpayer's expanded income (determined without regard to the charitable adjustment) for the taxable year over $20,000.

"(d) CARRYOVER OF DEFERRAL PREFERENCES.—

"(1) IN GENERAL.—In a year in which a taxpayer is liable for the minimum tax such taxpayer shall be allowed a carryforward for an amount of deferral tax preferences (as defined in paragraph (3)) for such year equal to the smaller of—

"(A) the excess of minimum taxable income over the taxable income for such year, or

"(B) the amount of deferral preferences for such taxable year.

"(2) ALLOWANCE OF DEDUCTION.—Deferral preferences allowed as carryforwards under paragraph (1) shall be allowed as a deduction for purposes of computing the tax imposed by sections 1 and 511 in the first succeeding taxable year to the extent that—

"(A) the amount of taxable income for the taxable year exceeds

"(B) the amount of minimum taxable income for such year.

"(3) DEFERRAL PREFERENCES DEFINED.—The term deferral preferences' means the following items of tax preference:

"(A) excess investment interest,

"(B) accelerated depreciation on real property,

"(C) accelerated depreciation on property subject to a lease,

"(D) amortization of railroad rolling stock,

"(E) excess itemized deductions,

"(F) construction period interest,

"(G) Capital Gains,

"(H) depletion, and

"(I) intangible drilling costs.

"(e) NET OPERATING LOSS RULES.—If for any taxable year a taxpayer has no taxable income or has a net operating loss (as defined in section 172(c)) or a net operating loss deduction under section 172(a), the taxpayer's expanded income and minimum taxable income shall be computed in the manner as the Secretary shall by regulations provide.

"(f) CHARITABLE CONTRIBUTION ADJUSTMENT.—The term 'charitable contribution adjustment' means the amount of the deduction allowed under section 170 for the taxable year."

(b) AMENDMENTS OF SECTION 56.—Section 56 (relating to the imposition of the minimum tax) is amended—

(1) by striking out "person" in subsections (a) and (b)(1) and inserting in lieu thereof "corporation which is not an elective small corporation (as defined in section 1371 (b)) or a personal holding company (as defined in section 542)",

(2) by striking out clauses (ii) and (v) of subsection (a)(2)(A),

(3) by redesignating clauses (iii) and (iv) of subsection (a)(2)(A) as clauses (ii) and (iii) and by striking out ", and" at the end of clause (iii) (as so redesignated) and inserting in lieu thereof "; and",

(4) by striking out subparagraphs (B) and (E) of subsection (c)(1),

(5) by redesignating subparagraph (C) of subsection (c)(1) as subparagraph (B) and inserting "and" at the end thereof, and

(6) by redesignating subparagraph (D) of subsection (c)(1) as subparagraph (C), and by striking out "and" at the end of such subparagraph and inserting in lieu thereof "exceed".

(c) AMENDMENTS OF SECTION 57.—Section 57 (relating to items of tax preference) is amended—

(1) ADDITIONAL PREFERENCE ITEMS.—

(A) Section 57(a) (relating to items of tax preference) is amended by striking out the matter after paragraph (10) and inserting in lieu thereof the following:

"(11) EXCESS ITEMIZED DEDUCTIONS.—An amount equal to the excess itemized deductions for the taxable year (as determined under subsection (d)).

"(12) CONSTRUCTION PERIOD INTEREST.—With respect to each item of real property which is or will be either property described in section 1221(1) or property held for rental and which is not section 1245 property (as defined in section 1245(a)(3)), the amount of all interest paid or accrued on indebtedness incurred or continued to acquire, construction, or carry real property, to the extent such interest is attributable to the construction period for such property and is allowed as a deduction under this chapter for the taxable year. For purposes of this paragraph, the terms—

"(A) 'construction period' means the period beginning on the date on which construction begins and ending on the date on which the item of property is ready to be placed in service or is ready to be held for sale, and

"(B) 'construct' includes reconstruct and erect.

"(13) INTANGIBLE DRILLING COSTS.—With respect to all interests of the taxpayer in oil and gas wells, the excess of—

"(A) the excess of the intangible drilling and development costs described in section 263(c) paid or incurred in connection with oil and gas well (other than costs incurred in drilling a nonproductive well) allowable under this chapter for the taxable year over the amount which would have been allowable for the taxable year if such costs had been capitalized and straight line recovery of intangibles (as defined in subsection (e)) had been used with respect to such costs, over

"(B) the aggregate amount of net income received or accrued by the taxpayer during such taxable year attributable to such interests. For purposes of this subparagraph, the term 'net income' means the excess of the aggregate amount of gross income from oil and gas properties over the sum of—

"(i) the amount of any deductions (other than the amount of any excess intangible drilling and development costs, as determined under subparagraph (A), allowable for such taxable year) allocable to such properties, and

"(ii) the amount of taxes imposed under this section (determined without regard to this part) allocable to such properties.

Paragraphs (1), (3), (4), (11), (12), and (13) shall not apply to a corporation other than an electing small business corporation (as defined in section 1371(b)) and a personal holding company (as defined in section 542). Paragraphs (4) and (10) shall not apply to taxpayers other than such corporations. Paragraph (12) shall not apply to any amount of interest paid or accrued before January 1, 1982, on indebtedness incurred or continued to acquire, construct, or carry real property described in section 1250(a)(1)(C).".

(B) Section 57(a)(3) (relating to accelerated depreciation on personal property subject to a net lease), is amended—

(i) by striking out "net" in the caption thereof, and

(ii) by striking out "net" in the text thereof.

(2) EXCESS ITEMIZED DEDUCTIONS DEFINED.—Section 57 is amended by adding at the end thereof the following new subsection:

"(d) EXCESS ITEMIZED DEDUCTIONS.—For purposes of paragraph (11) of subsection (a), the amount of the excess itemized deductions for any taxable year is the amount by which the sum of the deductions for the taxable year other than—

"(1) deductions allowable in arriving at adjusted gross income,

"(2) the standard deduction provided by section 141,

"(3) the deduction for personal exemptions provided by section 151,

"(4) the deduction for charitable contributions provided by section 170,

"(5) the deduction provided by section 213,

"(6) the deduction for casualty losses described in section 165(c)(3), and

"(7) the deduction for interest which is excess investment interest (as defined in subsection (b)) to the extent that such interest is not included as a deduction under paragraph (1),

exceeds 60 percent (but does not exceed 100 percent) of the taxpayer's adjusted gross income for the taxable year. In the case of a trust, any deduction allowed or allowable under section 641(d), 641(e), 641(f), 651(a), or 661(a) for such taxable year and any deduction allowed or allowable under this chapter for costs paid or incurred in connection with the administration of such trust for such taxable year shall, for purposes of paragraph (1), be treated as a deduction allowable in arriving at adjusted gross income.".

(3) STRAIGHT LINE RECOVERY OF INTANGIBLES DEFINED.—Section 57 is amended by adding at the end thereof the following new subsection:

"(e) STRAIGHT LINE RECOVERY OF INTANGIBLES DEFINED.—For purposes of paragraph (12) of subsection (a)—

"(1) IN GENERAL.—The term 'straight line recovery of intangibles', when used with respect to intangible drilling and development costs for any well, means (except in the case of an election under paragraph (2)) ratable amortization of such costs over the 120-month period beginning with the month in which production from such well begins.

"(2) ELECTION.—If the taxpayer elects, at such time and in such manner as the Secretary may by regulations prescribe, with respect to the intangible drilling and development costs for any well, the term 'straight line recovery of intangibles' means any method which would be permitted for purposes of determining cost depletion with respect to such well and which is selected by the taxpayer for purposes of subsection (a)(12).".

(4) Excess investment interest in case of limited partner.—Section 57(b) (relating to excess investment interest) is amended by adding at the end thereof the following new paragraph:

"(4) Special rule for limited partner.—For purposes of paragraph (1), in the case of any taxpayer who is a partner in any limited partnership, as defined by regulations prescribed by the Secretary—

"(A) the excess investment interest attributable to such taxpayer for any taxable year with respect to all such partnerships is the aggregate amount of losses of all such partnerships allocated to such taxpayer to the extent such losses are attributable to investment interest expenses incurred by such partnerships, and

"(B) the net investment income attributable to such taxpayer for any taxable year with respect to all such partnerships is the aggregate amount of gain of all such partnerships allocated to such taxpayer.

The preceding sentence shall not apply to any amount of interest paid or accrued on indebtedness incurred or continued to acquire, construct, or carry real property described in section 1250(a)(1)(C), but only if construction of such property began before January 1, 1976, and section 163(d), as in existence on December 31, 1975, did not apply to such interest.

"(5) Transitional rule for low income housing.—For purposes of paragraph (2)(D), the term "'investment interest expense" does not include 50 percent of any amount of interest paid or accrued before January 1, 1982, on indebtedness incurred or continued to acquire, construct, or carry real property described in section 1250(a)(1)(C).

"(6) Construction period interest excluded.—Section 57(b)(2)(A) is amended by adding at the end thereof the following new sentence: "For purposes of this subparagraph, the term 'investment expense' shall not include any deduction allowable for interest under this chapter which is included as an item of tax preference under paragraph (12) of subsection (a)."

(d) Amendments of Section 58.—Section 58 (relating to rules for application of part) is amended—

(1) by amending subsection (a) to read as follows:

"(a) Married Individuals Filing Separate Returns.—In the case of a married individual who files a separate return for the taxable year, section 55(c) shall be applied by substituting $3,750 for $7,500 each place it appears.",

(2) by striking out paragraph 2 of subsection (c) to read as follows:

"(1) Exemption for trusts.—Section 55(c) shall be applied by substituting for $7,500 each place it appears the amount which bears the same ratio to $7,500 as the portion of the sum of the items of tax preference allocated to the estate or trust under paragraph (1) bears to such sum.

"(2) Character of amounts.—In applying the second sentence of section 652(b) and the second sentence of section 662(b) for purposes of this part, the allocation of items of deduction shall be made under regulations prescribed by the Secretary which shall contain such rules as may be necessary to carry out the purposes of this part.

"(3) Distribution deduction.—Under regulations prescribed by the Secretary, the minimum taxable income of an estate or trust shall be reduced by the deduction allowed to such estate or trust under section 651 or 661.".

(e) Taxes Taken Into Account in Case of Accumulation Distributions by Trusts.—Section 666(b) (relating to total taxes deemed distributed) is amended by adding at the end thereof the following new sentence: "For purposes of this subsection and subsection (c), if the taxes imposed on the trust for any taxable year are imposed by section 55 (relating to minimum tax on individuals), the taxes deemed imposed on the trust for such taxable year shall be the taxes which would have been imposed on the trust for such taxable year by section 1 if this title did not contain section 55."

(f) Modification of Net Operating Loss in Case of Individuals Subject to Minimum Tax.—Section 172(d)(4) is amended by adding at the end thereof the following new sentence: "If a tax under section 55 is imposed on the taxpayer, the deductions allowable under this paragraph shall not exceed the amount of any such deductions which are allowable under section 62 plus the amount of the taxpayer's investment expenses (but not in excess of investment income).

(g) Conforming Amendments.—

(1) Paragraph (5) of section 5(a) (relating to cross references relating to tax on individuals) is amended to read as follows:

"(5) For minimum tax for individuals, see section 55.".

(2) Paragraph (3) of section 46(a) (defining liability for tax) is amended by striking out "section 56" and inserting in lieu thereof "section 55 or 56".

(3) Paragraph (3) of section 50A(a) (defining liability for tax) is amended by striking out "section 56" and inserting in lieu thereof "section 55 or 56".

(4) Subsection (d) of section 443 (relating to adjustment in exclusion for computing minimum tax for tax preferences) is amended by striking out "the $30,000 amount specified in section 56 (relating to minimum tax for tax preferences), modified as provided by section 58," and inserting in lieu thereof "the $5,000 amount specified in section 55 (relating to minimum tax for individuals), modified as provided by section 58, or the $30,000 amount specified in section 56 (relating to minimum tax for corporation.)".

(5) Subsection (d) of section 511 (relating to tax preferences) is amended by striking out "section 56" and inserting in lieu thereof "section 55 or 56".

(6) Subsection (a) of section 901 (relating to allowance of credit of taxes of foreign countries and of possessions of the United States) is amended by striking out "section 56" and inserting in lieu thereof "section 55 or 56".

(7) Paragraph (1) of section 6015(c) (defining estimated tax) is amended by striking out "section 56" and inserting in lieu thereof "section 55 or 56".

(8) Paragraph (1) of section 6654(f) (relating to tax computed after applications of credits against tax) is amended by striking out "section 56" and inserting in lieu thereof "section 55 or 56".

(9) Section 6362(b)(2)(A) (relating to qualified individual income taxes) is amended by striking out "section 56" and inserting in lieu thereof "section 55".

(h) Clerical Amendment.—The table of sections for part VI of subchapter A of chapter 1 is amended by striking out the item relating to section 56 and inserting in lieu thereof the following:

"Sec. 55. Minimum tax for individuals.
"Sec. 56. Minimum tax for corporations."

(1) Effective Date.—The amendments made by this section shall apply with respect to items of tax preferences (as defined in section 57(a) of the Internal Revenue Code of 1954) for taxable years beginning after December 31, 1975.

Mr. BROCK. Mr. President, this is the same amendment which I had printed several days ago, for the information of my colleagues, with a technical amendment on page 4, that relates to preference items. We just had eliminated a couple that we have added back in. I offer it now in what is, perhaps, a fond and wishful hope that all of the rhetoric which has been uttered against those who get away without paying any taxes could have had its effect and we can really get down to dealing with the basic problem of what to do about a situation with which we all find some disagreement.

Mr. LONG. Will the Senator yield to me at that point?

Mr. BROCK. Yes, I do.

Mr. LONG. I just want to give this example, because it is one of the many injustices that exist already and that the Mondale amendment would make a lot worse. I think that we ought to put it up there so everybody can look at it, because this is the kind of thing that should not happen to a dog. I do not think that fair-minded people will like this.

Between 80 and 90 percent of the collections from the minimum tax are coming out of capital gains. The Senator knows that. That is how it stands today This minimum tax is patterned after the existing minimum tax. Therefore, most of it would be expected to come from capital gains in the future. Let us take this situation. I would like the sponsors of the amendment to hear this, because I do not think they can defend it.

Let us assume that a man, in 1955, buys a piece of property, which he is unable to develop, for $200,000. He manages to keep the interest payments up. Then he sells that piece of property, let us say this year, for $400,000. In tax terms, he made $200,000 profit. But in real terms and especially in terms of constant dollars, in terms of real value, he lost money, because $400,000 today is not worth as much as $200,000 was in 1955. So, in real terms, he has lost money already. In real terms and in terms of constant dollars, it is a loss transaction. But in tax terms, he made a capital gain of $200,000.

Now, add that to the tax on his $100,000 of earned income and that man then owes $123,000 in taxes—to be exact, $123,090 in taxes on what, in real terms, is $100,000 of income. So on $100,000 of real income, he owes the Government $123,000 in taxes.

The amendment of the Committee on Finance recognizes the fact that in real terms, he did not make any money. All the money he would have made was this $100.000 of ordinary income. It takes into account the taxes already paid on the capital gains and the fact that, in real terms, he is behind, even before taxes, and further behind after taxes, and it does not levy a minimum tax on him.

But the Mondale amendment then proceeds to levy a 15-percent tax on top of that. So that makes it then that a man who, in real terms, has made $100,000 of income the next year would pay a tax of $136,590.

Now, as a practical matter, may I say to the Senator, would that not really mean that a man just could not sell his property?

Mr. BROCK. It would make it very difficult for a realistic businessman. What it would really mean, if he were going to make an investment in the first place, he would rather get something with an income than an appreciation potential, so he would not face the situation then where he would pay in 20 years, and we would have less investment.

Mr. LONG. Does the Senator think it is fair where in real terms a man has made $100,000 to charge a man $136,000 on that income in real terms?

Mr. BROCK. I think the Senator's point is well taken, except for the fact that we now place a penalty on capital accumulation by taxing it at the current rate. So I am not so sure this is any less fair. It is just a matter of degree. But I do understand what the Senator is saying.

Mr. LONG. Let us be fair about it. Did the Senator vote in committee the way I voted to say in the future we ought to start looking at this inflationary problem?

Mr. BROCK. Yes.

Mr. LONG. And that we ought to gear this tax on capital gains to take inflation into account?

Mr. BROCK. Yes.

Mr. LONG. So that everybody recognizes it, and although it might not appeal to some, we begin to look at it and see that we are not going to penalize a taxpayer, victimize him and crucify him because the Government failed to maintain the purchasing power of his money for him.

Mr. BROCK. That is right.

Mr. KENNEDY. Mr. President, will the Senator yield on that point?

Mr. LONG. I do not have the floor.

Mr. KENNEDY. Just on that point.

Mr. BROCK. May I just say to my colleagues I will yield to my colleagues, but I have not had a chance to explain my amendment, and I would like to do that before we go any further.

Mr. KENNEDY. Will the Senator yield, Mr. President, on this point?

I wonder why the Senator from Louisiana is worrying about this fellow who made an investment and is being taxed on capital gains. There are millions of Americans who have put their money into savings banks and who have this same problem of inflation.

To follow what the Senator is saying, he is saying let us take care of that rich person who has lost in terms of inflation. But you also have millions and millions of Americans who have lost in other ways because of inflation. Why do we not shed tears over those people? For the Senator's one example, we can give him hundreds and hundreds of more typical examples of people who are losing because of inflation.

Mr. LONG. The Senator says I am taking care of them? I am taking care of the fellow who pays $136,000 in taxes with $100,000 worth of income. I call that really taking care of him, $136,000 worth of taxes on $100,000 worth of income.

So far as I am concerned, I would like to do more in doing something about inflation, and one way to do something about inflation is to try to increase production. That is what the Senator's people do not seem to understand because I have yet to see those who take the other point of view support the first simple thing that would help us to channel more money here into encouraging business to make more investments and to put more people to work. I do not see any of these amendments here to do that. All of them are to take money away from those who would make the investments to try to put more people to work, and that is not the best way to fight inflation.

Mr. MONDALE. Mr. President, will the Senator yield?

Mr. BROCK. I will yield briefly.

Mr. MONDALE. First of all, may I say to the chairman of the Finance Committee that the reason we have not come up with new ideas for relieving rich people of taxes is that the Finance Committee thought of every good idea, and they are in this bill.

What I tried to do is to think up some ways of shaving some of that so that we could continue the individual tax cuts now existing in the law.

Let us return to the problem of inflation as it affects assets. The bill of the Finance Committee—and I want to get this clear, the bill that came out of the Finance Committee—taxes capital gains on the modest earner higher than we do. In other words, the Finance Committee did not care about the ravages of inflation for a wage earner who may have $15,000 or $20,000 of capital gains. What they worried about were the big hitters who picked up a lot of money on capital gains and also had big earned income and taxable income at the same time. And so they shaped their regressive minimum tax which raises the tax on modest capital gains at the lower level and drops the tax at the upper level, particularly when you have the maximum tax ceiling that is found in this bill.

So we found the Finance Committee——

Mr. BROCK. The Senator is going to have to ask a question.

Mr. MONDALE. So we cry crocodile tears for the big investor and not for the small investor or the family that is finding its individual tax cuts taken away from them.

The PRESIDING OFFICER. The Senator from Tennessee has the floor.

Mr. BROCK. That was quite a question.

Mr. MONDALE. I do not blame the Senator for saying so.

Mr. BROCK. I did not hear the question mark, but I am sure it is somewhere.

I think the Senator has made my case for an alternative, my tax against his amendment, and the Finance Committee bill. He said just what I am going to try to say later on.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BROCK. I yield.

Mr. LONG. I will make it a question. May I just ask the Senator if he is going to have an add-on tax, just a matter of simple common justice and equity, and if his purpose is to tax people who made a substantial amount of money and paid no tax or very little, does it not make sense that he would give him a deduction for the tax he has already paid?

Mr. BROCK. Of course, it does.

Mr. HANSEN. Mr. President, will the Senator from Tennessee yield for another question?

Mr. BROCK. Yes, I yield.

Mr. HANSEN. I know that the coalition has been very critical of the proposals that were made by the Finance Committee—I hope I might have the attention of the Senator from Minnesota—and he talks about this proposal that is going to catch the rich people. He spoke about 80 percent of the revenue that would come from corporations with assets in excess of $250 million, if I understood him correctly. He talks about this great windfall opportunity—those are not his words but those are the implications, which were about the same—whereby you can take money if you are a lending institution and put it into this set-aside reserve for bad debts without paying any taxes on it.

If I am not mistaken, I think this same group are those who spoke out, among others, condemning and damning "red lining." "Red lining," as everyone knows, is a practice that some banks use to identify certain parts of town where the real estate value, despite the replacement cost of a building, is the same as some other part of town, but it does not have the same selling price for a very good reason: It may be in a bad neighborhood, and if you try to put the property on the market it just will not bring the same amount of money.

So banks have entered into what they call "red lining,' and they say in this part of town if you have a building that costs $50,000 to replace, and you have in this part of town a building which is identical that, too, costs $50,000 to replace, you cannot in good business terms lend as much money here in this area that is "red lined" as you can over here because you will not be able to sell it.

Now, I ask my good friend from Tennessee if it is not a fact that this reserve for bad debts makes it possible for lending institutions, if we are going to have extenuation of the concept, you are going to ignore poor risk areas and you are going to make the money available simply on the basis of replacement costs or whatever, does it not make sense that institutions have to have some reserve for bad debts or they are simply going to have to do one of two things: They are either going to go broke or they are going to have to stop making that kind of loan.

Mr. BROCK. That is correct. The Senator makes a good point, and I appreciate it.

I ask my friends on the floor to indulge me now and let me explain an alternative tax to them. I am just fascinated to hear the proponents of two kinds of a minimum add-on tax argue about it when, in fact, neither is in truth a minimum tax but an additional tax on the regular tax system. I think it is recognized by all parties concerned that the minimum tax is somewhat of a misnomer under those circumstances.

What do we have? We have a problem

of 244 people who do not pay any taxes; 2,500 people have paid little if any tax at all. What do we do to deal with that? Well, the proponents of the Finance Committee bill and the proponents of the so-called reform bill say, "Well, let us just add a tax on those returns that are already paying taxes."

But that defies the logic of the case. If you want to deal with people who are not paying taxes, who have a high economic income, then you have got to deal with those individuals with an alternative tax. You cannot do it by just taxing more those people who are paying taxes.

If you are going to deal with them honestly and fairly within the tax system you have got to deal with them with a progressive tax rate and not a flat tax.

Both the reform proposal and the Finance Committee approach proposed simply a flat additional tax. No progressivity at all on this particular group.

Let me give a couple of examples on how that would work.

In the Finance Committee bill, they only raise $13 million from target returns from those who pay no tax at all today.

Under the Mondale minimum tax, they still only raise $13 million from that particular group of target returns.

Under my approach, with an alternative tax, we raise $54 million.

Taking all returns, not just the target, under the Finance Committee, they raise $64 million.

Under Mondale, they raise less, $55 million.

Under mine, $136 million.

I will give more figures. Taking all the returns, in computing the average increase per return, all returns, under the Mondale minimum tax, all of those returns with less than zero reported, adjusted gross income, they increase the tax by an average $5,574.

Mine raises $12,785.

Under the target group, which are those with high expanded incomes, in other words, those people with a lot of shelters, the average increase under the Mondale flat rate is $19,000 per return. Mine is $83,000.

We talk about the changes from the 1974 law. The Mondale minimum tax raises only $127 million of its income from the nontaxable or nearly nontaxable group.

The Brock alternative raises $227 million.

What are we really talking about? We are trying to talk about equity. We are trying to talk about efficiency and how we deal with a problem where certain individuals are using tax shelters to disadvantage the tax system and to advantage themselves against the tax system.

The alternative tax is formulated with a view to balancing two competing considerations. First, Congress has provided various tax incentives designed to encourage specific economic objectives. Second, excessive use of these tax incentives by some taxpayers with large economic incomes enables them to avoid paying a reasonable amount of tax, or, in some cases, any tax at all. This conflicts directly with the basic tenets of equity and fairness in the income tax system—the income tax should be based on ability to pay. The income tax should be fair and should be perceived as such by all taxpayers. It is not today.

Neither the House nor the Finance Committee, nor the Senator from Minnesota, the Senator from Massachusetts, adopted this alternative tax although there was substantial support for it in the Finance Committee. Both the House and Finance Committee versions perpetuate the present additional minimum tax, as does the Mondale version, which I, and many others, believe is defective. Let me review briefly the defects of the minimum tax.

DEFECTS OF PRESENT MINIMUM TAX

The present law minimum tax is a flat 10-percent tax on certain preference items—these are the items the Senator from Minnesota referred to—such as the excluded portion of capital gains, accelerated depreciation on real property, and the excess of percentage depletion over cost depletion. An exemption for the first $30,000 of preferences and a full offset for regular income taxes paid are applied to reduce the amount subject to the minimum tax.

The minimum tax is defective in two critical respects:

First, since it is an additional tax, it penalizes the use of preferences, or incentives, even where an individual has paid significant amounts of regular tax. By contrast, MTI—that is my alternative tax—comes into play only if the taxpayer's preference income is sufficiently large, in relation to his economic income, to assure that he is not paying his fair share of taxes.

Second, because the minimum tax is imposed at a flat rate, it serves merely to "slap the wrist" of those taxpayers who are able to shelter large amounts of income from regular tax. In contrast this alternative proposal is predicated on the proposition that taxpayers should not be permitted to avoid the graduated rates through the use of tax preferences, itemized deductions, or the payment of a 10-percent surcharge.

HOUSE ACTION

The House merely restructured the present minimum tax. The rate of tax is increased from 10 to 14 percent, the $30,000 exemption is reduced to $20,000 and is subject to a phaseout. Moreover, new items of tax preference are added. A serious consequence of the House action is the denial of any offset for regular income taxes paid. This means that individuals who have paid significant amounts of regular tax would for the first time be subject to an additional minimum tax.

The House Bill also treats as preferences for minimum tax purposes certain accelerated deductions which result in deferral of tax rather than a permanent exemption from tax. For example, as an incentive for real estate development, taxpayers may elect to deduct taxes and interest during the construction period. To prevent the mismatching of these deductions and the related income, the House adopted the administration's LAL proposal. I did not support LAL for reasons which have already been articulated and debated on the floor of the Senate, and the Senate has rejected that concept.

FINANCE ACTION

Instead of adopting the alternative tax concept, the Finance Committee merely restructured the present minimum tax in a manner similar to the House action. The rate of tax is increased to 15 percent and the $30,000 exemption and the regular tax offset are combined and reduced to the greater of $5,000 or the amount of regular taxes paid. Moreover, new items of tax preference are added.

The exemption provided by the committee amendment results in too large a burden on lower and moderate income taxpayers. Reducing the exemption to $5,000 results in the application of the minimum tax to persons who are not in the higher income brackets and who have only modest amounts of preference income, for example, from the sale of capital assets.

MINIMUM ALTERNATIVE TAX PROPOSAL

I am convinced that the current minimum tax, the amendments made by the House bill, the Finance Committee, and the proposed Mondale minimum tax amendment do not properly deal with the problem of high economic income taxpayers who pay little or no income tax. I, therefore, propose the repeal of the minimum tax and the adoption of an alternative minimum tax.

A major reason for the adoption of the minimum tax in 1969 was to eliminate the problem of—indeed, the existence of—persons with large economic incomes—or with large adjusted gross incomes—who pay little or no income tax. Thus, in examining the various proposals to alter the minimum tax, it is appropriate to examine the impact of these plans on high income nontaxable and nearly nontaxable returns.

Table 1 shows the impact of each of the plans on nontaxable and nearly nontaxables with incomes of $50,000 or more, based on adjusted gross income. All four plans would affect the vast majority of nontaxable and nearly nontaxable returns. However, it is apparent that under each of the plans some high income nontaxables would remain, along with the problems and the political issues which they tend to generate.

Mr. President, I ask unanimous consent to have the table and footnotes printed in the RECORD.

There being no objection the material was ordered to be printed in the RECORD, as follows:

TABLE 1.—EFFECT IN TAX RATES UNDER VARIOUS MINIMUM TAX PROPOSALS ON HIGH INCOME NONTAXABLES AND NEARLY NONTAXABLES CLASSIFIED BY ADJUSTED GROSS INCOME 1973[1]

[In percent]

	Fiscal years 1972–74	Kennedy minimum tax[2]	House minimum tax[3]	Finance Committee minimum tax[4]	Brock alternative tax[5]
Nontaxable returns:					
$50,000 to $100,000	0	5.2	1.5	4.9	6.0
$100,000 to $200,000	0	4.4	3.4	4.4	5.9
$200,000 and more	0	6.0	4.4	6.3	11.5
Nearly nontaxable returns:[6]					
$50,000 to $100,000	3.3	11.8	11.4	11.8	17.5
$100,000 to $200,000	3.8	15.3	13.4	15.8	30.1
$200,000 and more	4.8	10.4	9.5	10.9	18.9

Source: 1973 Treasury Tax Model, Office of the Secretary of the Treasury, Office of Tax Analysis, June 8, 1976.

[1] Taxes, including any appropriate minimum tax, as a percentage of Adjusted Gross Income or Expanded Income, whichever is appropriate.

[2] A 14 percent tax on tax preferences. There would be a $5,000 exclusion, phased out dollar for dollar between $5,000 and $10,000 of preferences. There would be no deduction for ordinary taxes paid. The preference items would be those under the present minimum tax:

The excluded portion of long-term capital gains;

The amount of percentage depletion in excess of the basis of the property;

Accelerated depreciation in excess of straight line depreciation on real property and personal property subject to a net lease;

Stock options; and

Rapid amortization in excess of otherwise allowable depreciation for certified pollution control facilities, railroad rolling stock, and on-the-job training and child care facilities; plus:

Intangible drilling costs;

Construction period interest (but *not* taxes) which is not capitalized; and

Any itemized deductions (other than medical and casualty losses) in excess of 60 percent of Adjusted Gross Income.

[3] A 14 percent tax on tax preferences in excess of a $20,000 exemption which phases out dollar for dollar between $20,000 and $40,000 of preferences. There would be no deduction for ordinary taxes paid. The preference items would be those under the present minimum tax (se Footnote 2) plus:

Intangible Drilling Costs;

Construction period interest and taxes which are not capitalized and;

Itemized deductions in excess of 70 percent of AGI.

[4] A 15 percent tax on the amount by which preferences exceed the larger of $5,000 or regular income tax. The preference items would be the same as those listed in Footnote 2.

[5] An alternative tax which would be paid if it were larger than a taxpayer's regular income tax. The alternative tax would be the tax at ordinary tax rates on 60 percent of the sum of the taxpayer's ordinary taxable income plus his tax preferences (which would be the same as those listed in Footnote 2) less a $7,500 exemption which phases out on a one for two basis between $20,000 and $35,000 dollars of income (taxable income plus preferences). In addition, certain adjustments are made so that the tax saving for charitable contributions will not be affected even if the taxpayer is affected by this alternative tax.

[6] Taxable income as adjusted is less than 10 percent of Adjusted Gross Income.

Mr. BROCK. Mr. President, the alternative tax generally affects fewer of the nontaxables and nearly nontaxables than any of the other three plans. However, it raises the tax rate on the entire group by substantially more than the other plans. It is evident that when the alternative tax does hit a taxpayer it hits much harder than any of the minimum tax plans. The greater impact is due to the progressivity of the tax rates used by the plan. Especially for very high income tax filers, progressive rates up to a 42 percent maximum—60 percent of 70 percent equals 42 percent—can be expected to be more potent than a 14 percent or 15 percent flatrate, even after allowing for the fact that the alternative tax may only subject a portion of preferences.

The alternative tax raises the tax rate on nontaxables by 6 to 13 percentage points, but it raises the tax on nearly nontaxable by 13 to 26 percentage points. This discrepancy is due to the fact that nontaxables do not have substantial preferences as defined under present law, or they would have to pay some minimum income tax and would no longer be nontaxable. Thus, they also tend to have less preference income, as redefined under these proposals, and are less affected under these plans. In all cases—for each of the three income classes, for nontaxables as well as for nearly nontaxables—the alternative tax results in a much higher tax rate on these groups than do the other proposals. The difference in tax rates is usually substantial, ranging up to 15 percentage points or more. That is, for the target groups the tax rate under the alternative tax can be twice as great as under any of the other proposals. For example, the $200,000 and over nontaxable group—as measured by AGI—would pay at 11.5 percent of income in taxes under this plan but only 4.4 percent under the House bill, 6.3 percent under the Finance Committee bills and 6 percent under the Kennedy proposals. The $200,000 and over nearly nontaxable group would pay 18.9 percent under this plan but only 9.5 percent under the House bill, 10.9 percent under the Finance Commitee bill, and 4 percent under the Kennedy proposal.

The most important conclusion that can be drawn from table 1 is that the alternative tax has a much greater impact on the target group of nontaxables and nearly nontaxables than any of the other three plans.

Permit me to review how the alternative tax will work. Under my proposal, a taxpayer will pay tax at the regular rates on the larger of his taxable income or on his expanded income base. The expanded income base is generally calculated by first, adding items of tax preference to a taxpayer's taxable income, and second, taking 60 percent of that expanded base. A $7,500 exclusion—reduced by one-half the sum of tax preferences and taxable income in excess of $20,000—is allowed before applying the 60 percent factor to assure that the alternative tax does not affect either low income taxpayers or taxpayers with only a small amount of tax preferences. For alternative tax purposes, the items of tax preference are those included in the committee amendment.

The alternative tax will be more effective in insuring that individuals with large economic incomes pay a tax which is significant in relation to that income.

CHARITABLE CONTRIBUTIONS UNDER THE ALTERNATIVE TAX

In 1974, when the House Ways and Means Committee in its tentative decisions adopted an expanded income concept, one of the controversial issues was the impact of the tax on charitable contributions. After considerable discussion, the committee decided to put charitable deductions entirely outside its scope. In view of the dire financial position in which inflation has left so many private charities, my alternative tax proposal has been carefully structured to avoid completely all impact on charitable contributions. Under the proposal, charitable contributions, no matter how large, will not be an item of preference. They will be excluded in computing the extent to which itemized deductions will be a preference item. Also, charitable contributions will be completely excluded in computing the expanded income.

In short, charitable contributions have been treated very generously. Under no circumstances will my proposal adversely affect contributions.

CARRYOVER OF DEFERRAL PREFERENCES

In order to eliminate the possibility of excessive taxation of so-called deferral preferences, which do not permanently exclude income from taxation, the amendment provides for the carryover of disallowed preferences. These preferences can then be taken as deductions in subsequent years in which taxable income exceeds the alternative base.

Overall, I believe that my proposal is superior to the minimum tax as a way of dealing with the problem of taxpayers who make excessive use of tax preferences. It will not affect taxpayers who use tax preferences—which the Congress has provided to encourage various economic activities—and who otherwise pay substantial ordinary tax. At the same time, the alternative tax will assure that every taxpayer bears a fair share of the tax burden. The idea of fair share is related to the taxpayer's ability to pay. Whereas the minimum tax is an additional tax at a flat rate, my minimum taxable income proposal involves an alternative tax, at progressive rates, based directly on a measure of ability to pay. Not only is this in itself a desirable feature, it is compatible with long-term tax reform in the direction of a more inclusive definition of income, taxes at a lower structure of rates.

REVENUE IMPACT

My alternative tax proposal will result in a revenue gain in fiscal 1977 of $1,038 million. The following table reflects comparisons of the various plans we are discussing.

Mr. President, I ask unanimous consent to have a table printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Estimated increases in fiscal year 1977 receipts resulting from alternative tax shelter and tax preference proposals

(1974 law)

[Dollars in millions]

Alternative proposals	Increase in fiscal year 1977 receipts
I. Administration proposals of March 17, 1976:	
Minimum taxable income (alternative tax)	415
II. House bill:	
Minimum tax (add-on tax)	1,083
III. Senate Finance Committee:	
Minimum tax (add-on tax)	980
IV. Brock alternative tax	1,038
V. Kennedy minimum tax	1,500

Mr. DOMENICI. Mr. President, I want to say a few words in support of Senator BROCK's amendment to the tax reform bill with regard to the minimum alternative tax rate.

As we all know, there are many relatively wealthy people in this country who only pay a token tax to their country; some manage to pay no tax at all. The present tax laws are used by these individuals to evade, what I believe is every citizen's duty, paying their fair share.

Although a relatively few wealthy individuals are involved in these sanctioned tax shelters, the result is obvious. The tax burden is left to everyone else creating an atmosphere of cynicism and distrust.

I have studied the various minimum tax proposals offered to the pending legislation on tax reform, and I believe that Senator BROCK has offered a sound alternative which should be seriously considered. This minimum alternative tax attempts to place a fair, but, from all appearances, an unburdensome tax requirement on those who earn over $50,000. In the comparison graph attached to Senator BROCK's statement, I am impressed with the minimum tax required in the three main income groupings for taxpayers who pay no income tax under present law.

Mr. PRESIDENT, I ask unanimous consent to have printed in the RECORD a table showing the effect in tax rates under various minimum tax proposals on high income nontaxables and nearly nontaxables classified by adjusted gross income for 1973.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

EFFECT IN TAX RATES UNDER VARIOUS MINIMUM TAX PROPOSALS ON HIGH INCOME NONTAXABLES AND NEARLY NONTAXABLES CLASSIFIED BY ADJUSTED GROSS INCOME, 1973

	Fiscal year 1972–74	Kennedy minimum tax	House minimum tax	Finance Committee minimum tax	Brock alternative tax
Nontaxable:					
$50,000 to $100,000	0	5.2	1.5	4.9	6.0
$100,000 to $200,000	0	4.4	3.4	4.4	5.9
$200,000 and more	0	6.0	4.4	6.3	11.5
Nearly nontaxable returns:					
$50,000 to $100,000	3.3	11.8	10.4	11.8	17.5
$100,000 to $200,000	3.8	15.3	13.4	15.8	30.1
$200,000 and more	4.8	10.4	9.5	10.9	18.9

Source: 1973 Treasury Tax Model, Office of the Secretary of the Treasury, Office of Tax Analysis, June 8, 1976.

Mr. DOMENICI. I would like to expand on this theme by using an example which I hope will illustrate the relative merits of the House, Senate, and Brock approaches. If an individual had a gross income of $50,000, assume this person had a taxable income—after deductions—of $30,000 and assume this individual enjoyed a $10,000 tax preference item. The Senate Finance Committee bill would only add an additional tax of $750 on the preference tax item, and the House bill would exempt totally any tax due on the $10,000 categorized as a preference tax item. The Brock formula offers a significant change. Because this individual would be paying a tax at the regular progressive tax rate on the $30,000 of taxable income—not absolutely required under the other proposals—he would have no additional tax to pay on the preference items.

The point of the Brock proposal, as I understand it, is to insure that every American pay his fair share of tax whether his income is composed of preference items or not.

I believe the Brock tax rate proposal to be fair and equitable. It is time that all Americans, regardless of their income, should pay their fair share of income tax. We can not continue to have the majority of our citizens feel they are asked to give more than those in the upper income brackets. Should our tax obligations continue to be discriminatory, those in the lower income groups will eventually lose faith. Should this attitude, exaggerated or not, persist, I predict trouble ahead. It has happened in other countries. It can happen here.

Mr. BROCK. Now, if I may, I would like to have the attention of the Senator from Massachusetts—I do not see him in the Chamber at the moment—and the Senator from Minnesota. I want to try to point out where the main add-on tax falls.

The Senator from Massachusetts and the Senator from Minnesota have been very articulate in criticizing those who have these massive incomes for paying little or no tax. Do Senators know what the Kennedy-Mondale minimum tax add-on would average if the income is $50,000 to $100,000: 5.2 percent.

The Mondale add-on tax, between $100,000 and $200,000 of income, would add 4.4 percent.

Over $200,000, it would be a massive 6-percent tax put on these poor people.

That is for people who pay no effective tax today because they are all shelter income.

Talk about the nonshelter tax returns. It does not go up much. The Mondale tax on $50,000 to $100,000 is 11.8 percent; on $100,000 to $200,000 it is 15.3 percent, and above $200,000 it is 10.4 percent. If we have a problem, why not be honest and deal with the problem? Are we going to have a progressive tax system or not? Are these people avoiding income taxes or are they not? If they are, is 10 percent going to deal with the problem? If they are not, should we be putting an add-on tax at all?

What I am suggesting is that we look at this thing in an entirely new light.

Let us say most of the people in this country, 99.8 percent or 99.9 percent, are so pure and pay a fair share of taxes. Some of them pay more, more than a fair share. What are we trying to deal with? We are dealing with a very small group of people who have very large and very sheltered incomes.

If that is true, then let us say to the average person who is paying his fair share of taxes:

> Compute your taxes as you do today, and if it is higher than the alternative tax you do not pay a penny more. You just pay your fair share.

Let us take the sheltered incomes and let us recalculate under a true minimum tax, an alternative tax, and say:

> If you are not paying any tax because you are using these shelters and abusing these shelters, then you are going to have to pay the higher of the two taxes.

That is the way to get at the problem. It is not proper to get at the problem by taxing those who now pay taxes, as the Mondale amendment does and as the Finance Committee amendment does, because they are simple add-on taxes. If we want to deal with this problem, let us deal with it honestly and say:

> If you have sheltered income, you have to calculate it twice. You have to calculate it on the normal rate and on the alternative minimum rate and pay the higher of the two, and be very sure that you pay your fair share of taxes.

Mr. LONG. Will the Senator yield?

Mr. BROCK. Yes.

Mr. LONG. Mr. President, we are confronted with a difficult situation in that we have many absentees and we will have more. The Senator, I regret to say, does not have as many people to hear his argument as he should have present to hear it. It may be that the Senate is happy with the Finance Committee recommendation and, again, maybe not. I wonder if the Senator would be willing to yield to me in order that I might make a motion. I would like to make a motion and have a vote, and, if the motion fails to carry, at least we would then have enough people here so that the Senator could explain his amendment to them.

Mr. BROCK. It depends on what the motion is.

Mr. LONG. The motion I would like to make is a motion to table the Mondale amendment. If that is the case, it would displace the Senator's amendment as well, but he could bring his amendment up after the fact anyway, if he wanted to. At least he would have somebody to hear him. Right now I regret to say he does not have anything like the number of Senators he ought to have present to hear him explain his case. He has a fine argument, and, frankly, if we have a vote, I believe the Senators would stick around to hear what he has to say. He ought to get the attention that his amendment deserves.

Mr. BROCK. I appreciate the Senator's thoughtfulness.

Mr. CURTIS. Will the Senator yield for a query? If I understand what is suggested here, should the motion to table the Mondale amendment prevail, then would it be necessary for the Senator from Tennessee to reoffer his amendment as a substitute to the committee language?

Mr. LONG. That would be completely in order, or anybody else could offer his substitute to the committee language. But at least we would get some indication while Senators are still here in town—Senators are leaving town, I regret to say—while we have more people around, as to whether the Senate likes the Finance Committee's handiwork or whether they would like to change it.

Mr. BROCK. I have no objection, and I think it might help to get more participation in the debate.

Mr. LONG. I think it would help in that respect.

Mr. BROCK. Does the Senator from Minnesota object to this?

Mr. MONDALE. In all fairness, I do not know how I could object because it is the right of the Senator to make the motion if he wishes. That is his right. I would hope before we vote that I might make one point to the Senator from Louisiana.

If the Senator's concern, as his question earlier suggests, is about the ravages of inflation on investment property and the relationship of the tax laws to inflation, why is it that the Senate Finance Committee, in shaping its bill, came up with a minimum tax that strikes at the modest investor and his earned income at a higher rate than we do?

Mr. LONG. We can talk about the ravages of inflation later on. Right now I am worried about the ravages of absenteeism.

Mr. MONDALE. I was wondering what explained the difference in feeling.

Mr. LONG. I can explain all of that, and I will later on when we have some Senators in the Chamber. It will not do any good to explain it when I look around and there are only about two people here who might have an open mind on this anyway. I would like to get more Senators in the Chamber.

Mr. BROCK. I will yield to the Senator from Louisiana, but I would like to make the point to the Senator from Minnesota that if he feels that way then I would appreciate his supporting my amendment because I believe it does deal with the problem he raises.

Mr. MONDALE. The House looked at the amendment over there and got 85 votes because it did not do anything with regard to sheltered income.

Mr. LONG. Mr. President, I move to table the Mondale amendment, which would also displace the Brock amendment.

Mr. BROCK. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. MANSFIELD (after having voted in the negative). Mr. President, on this vote I have a pair with the Senator from Arkansas (Mr. McClellan). If he were present and voting, he would vote "nay." If I were at liberty to vote I would vote "yea." Therefore, I withdraw my vote.

Mr. ROBERT C. BYRD. I anounce that the Senator from California (Mr. Tunney), the Senator from Hawaii (Mr. Inouye), and the Senator from Arkansas (Mr. McClellan) are necessarily absent.

I also announce that the Senator from Missouri (Mr. Symington) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. Goldwater), the Senator from Oregon (Mr. Hatfield), the Senator from Idaho (Mr. McClure), and the Senator from Illinois (Mr. Percy) are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illiness.

I further anounce that, if present and voting, the Senator from Oregon (Mr. Hatfield) would vote "yea."

The result was announced—yeas 40, nays 50, as follows:

[Rollcall Vote No. 330 Leg.]

YEAS—40

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Byrd, Harry F., Jr.
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Garn
Gravel
Griffin
Hansen
Helms
Hruska
Johnston
Laxalt
Long
Magnuson
McGee
Montoya
Morgan
Nunn
Packwood
Pearson
Scott, William L.
Sparkman
Stennis
Stevens
Stone
Taft
Talmadge
Thurmond
Tower
Young

NAYS—50

Abourezk
Bayh
Biden
Brooke
Bumpers
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Durkin
Eagleton
Ford
Glenn
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Jackson
Javits
Kennedy
Leahy
Mathias
McGovern
McIntyre
Metcalf
Mondale
Moss
Muskie
Nelson
Pastore
Pell
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Stafford
Stevenson
Weicker
Williams

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Mansfield, against.

NOT VOTING—9

Buckley
Goldwater
Hatfield
Inouye
McClellan
McClure
Percy
Symington
Tunney

So the motion to lay on the table was rejected.

Several Senators addressed the Chair.

The PRESIDING OFFICER (Mr. Morgan). The Senator from Minnesota.

Mr. MONDALE. Mr. President, I shall summarize briefly the nature of the pending amendment.

The Finance Committee minimum tax bill increases the rates for individual taxpayers but does not increase the rate at all for corporate taxpayers. Second, the Finance Committee bill shapes a new minimum tax which is regressive. A modest income taxpayer receiving preference income, say, of $20,000 a year in addition to his taxable income, will pay a higher tax under the Finance Committee bill than under the reform amendment that we are proposing; and it is relief at the upper levels which is achieved by placing a higher tax on a modest investment. A middle income investor pays a higher tax under the Finance Committee bill than under the amendment we propose.

Second, tomorrow, we will see the other part of the chapter, and that is a new idea called the maximum tax ceiling on unearned income. This maximum tax will mean to the very wealthiest in America a new form of tax relief—a new form of preference unheard of before in the tax law—a tax ceiling on unearned income, which means that the very wealthiest in America will get relief of about $20,000 each at the very top.

What we are trying to deal with here is what is known as the executive-suite loophole; under the present minimum tax, if an individual is a high paid movie star, or a top football player, or a high paid corporate executive, he can take the taxes that he pays on his taxable income and deduct all of it against taxes that would be due under the minimum tax on preference income.

A few years ago when we passed this minimum tax the idea was that many wealthy Americans were avoiding all taxes, and we were confronted, if we wanted to do something about it, with two options—one, close the loopholes or, two, leave the loopholes there but then pick up a little of it in the form of a minimum tax.

It was a modest minimum compromise to require the very wealthy to pay a little, in a sense of decency, toward the support of a Government from which they have received so many fruits.

We got ready to pass it, when an amendment was adopted on the floor of the Senate, offered by Senator Miller of Iowa, which permitted you to deduct taxes paid on taxable income, which meant that the rate imposed on this preference income was only an average of 4 percent.

So we have only the torn, shattered, pathetic remains of a minimum tax under the present law, and the Finance Committee proposes to pick up a little more revenue by increasing the minimum tax on the middle income investor and leaving the big hitters, the really wealthy in America, largely scot-free.

Second, although the figures show that, increasingly, individual income taxpayers are paying a higher proportion of revenues into the Treasury as opposed to corporations, and even though the economics today show us that we are in the middle of a profits explosion while consumer income is stagnant or dropping off, this tax bill gives more relief for corporate profits and takes four billion dollars away from the average taxpayer over the next 5 years.

So what we see here is another example of trying to advance increased tax relief for the wealthy in America by, first of all, terminating the current temporary relief that averages out to about $180 a family—taking that away from them—and using the money to help pay for other tax loopholes we are introducing into this law.

What we have in our compromise amendment is a proposal to have a progressive minimum tax, so that people of moderate income would have a $10,000 exemption. There are not many people making a living at modest wages who earn anywhere near $10,000, so these low and moderate income individuals would be exempt under our proposal. This amendment represents a modest proposal to insist that taxpayers using large tax preferences pay something toward their Government.

Second, if the Senate is serious about raising enough revenue to pay for the extension of those individual tax cuts and not "busting" the budget—that is what we all claim we want to do—then it is necessary to have some revenue pickup of the kind proposed in the amendment I have offered.

Mr. NELSON. Mr. President, will the Senator yield?

Mr. MONDALE. I yield.

Mr. NELSON. Earlier, the Senator from Minnesota responded to a question on this precise point, but since more Members are in the Chamber now, I wonder whether the Senator from Minnesota will repeat the statistics.

We will be voting at a later time on the extension of the $35 credit. Is that right?

Mr. MONDALE. That is correct.

Mr. NELSON. The $35 credit totals how much?

Mr. MONDALE. If we take that plus the optional 2 percent credit—it comes out to $9 billion per year.

Mr. NELSON. Per year?

Mr. MONDALE. That is correct. But the implication for the fiscal year we are dealing with is $1.7 billion, which is a 3-month extension.

Mr. NELSON. The amendment that will be taken up and voted on—I think it is almost inevitable to be adopted—will extend the $35 for the remainder of the fiscal year—that is, from July to October 1.

Mr. MONDALE. That is right.

Mr. NELSON. That is at a cost of $1.7 billion.

Mr. MONDALE. That is correct.

Mr. NELSON. Will the Senator advise the Senate as to how much additional money this minimum tax proposed by the Senator from Minnesota will raise over and above the amount of the minimum tax that was adopted by the Finance Committee?

Mr. MONDALE. The Finance Committee's minimum tax picks up about $980 million. The amendment we propose picks up, in the individual minimum tax, $1.27 billion—and if we add the corporate minimum tax, another $500 million.

Mr. STONE. Mr. President, will the Senator yield for a question?

Mr. MONDALE. I will yield in a few minutes.

Mr. NELSON. The Finance Committee minimum tax addresses itself, however, only to individuals?

Mr. MONDALE. That is right. Even though the figures show that corporate profits are soaring, and even though the figures show that the percentage of taxes being paid by individuals is rising dramatically while corporate taxes are dropping, and even though the general economic situation would seem to indicate that we should be giving more relief to the consumer, this bill tilts the relief to the corporations and to the big investors; and finances it by taking it away from the consumers. These are choices that have been made.

Mr. BROCK. Mr. President, will the Senator let us debate the amendment at hand?

Mr. MONDALE. I will yield in a little while.

Mr. NELSON. So the total of the corporate minimum and the individual minimum is $1.7 billion?

Mr. MONDALE. That is correct.

What is ironic is that the Finance Committee's minimum tax bill has a higher rate on middle-income investors than we do. In other words, they say, "In order to get the relief found in this tax bill that comes out of the Finance Committee, be sure that you are a big hitter. Don't be just a middle income taxpayer, picking up $10,000 or $15,000 in outside work, because if you are, we'll tax you more."

Our concern is for the ones who really have substance, great wealth, people who are able to make a couple of hundred thousand dollars as a movie star, as a corporate executive, and can use that tax to nullify any kind of tax on preferred income. That is the general thrust of our amendment.

There is one other proposal, I say to the Senator from Wisconsin, which is the alternative tax offered by the Senator from Tennessee. That tax raised about $100 million more than the Finance Committee bill but about $600 million less than we do. It is a proposal that does little to hit sheltered income; and because of that, the House voted this amendment down by a vote of 334 to 85.

Mr. NELSON. Was this precise amendment on the floor of the House?

Mr. MONDALE. It was not the precise bill, but it was the same theory. The Treasury Department has been trying to sell this alternative minimum tax for several years. They have not been able to explain it to anybody because it is so complicated.

Mr. BROCK. It is hard to get the floor, too. [Laughter.]

Mr. MONDALE. I will explain it.

Second, they have not been able to sell many people on it because it permits you to take a large proportion of taxes paid on earned income and use it to shield unearned income.

Mr. NELSON. But on that point, the principle in the proposal, similar to that advocated by the Senator from Tennessee, was debated and voted upon in the House of Representatives.

Mr. MONDALE. Yes. It received 85 votes, and on the other side there were 334.

Mr. STONE. Mr. President, will the Senator yield?

Mr. MONDALE. I am glad to yield.

Mr. STONE. Is the effect of the Senator's amendment not to give credit for exemption or exclusion or recognition to capital gains allowances that are paid?

Mr. MONDALE. No, the list that goes to make up the preferred income against which our tax is applied is substantially the same list found in the bill of the Senate Committee on Finance. It is the same list. We do not let a deduction to be taken on taxable income against the minimum tax that is supposed to be assessed on preferred income. The reason is that if we do that, there is nothing left. It makes a mockery, a sham, out of the minimum tax.

Mr. STONE. If I were growing some trees and I sold the trees and paid a capital gains income tax on it, would the effect of the Senator's amendment be a surtax or not?

Mr. BROCK. The answer is "Yes."

Mr. MONDALE. I thank the Senator for that question, because I have heard that there are certain people in the lumber industry who are concerned with this. Let us just talk about it.

Mr. STONE. How about just a tree grower, not a person in the lumber industry?

Mr. MONDALE. Let us take an example. One of the most preferred industries in America today is the timber industry because, unlike every other corporation, they do not pay ordinary income tax; they are taxed at a capital gains rate. They are already preferred. Of course, if we want a minimum tax to pick up any revenue from companies that are preferred in that way, they will have to pay something toward it.

Let us look at the lumber and wood products corporation profits recently.

Mr. STONE. I just want to——

Mr. MONDALE. I think we ought to know what we are doing here. In the first quarter of 1975, their profits were about $800 million. By the first quarter of 1976, they were earning at a rate of $2.38 billion. So the profits of the lumber and wood products corporations have increased three times in 1 year.

Mr. STONE. What was the Senator's answer? Was the Senator's answer that it is a surtax or it is not a surtax?

Mr. MONDALE. The minimum tax is a tax on income that has been excluded from taxes.

Mr. STONE. But if a capital gains tax were paid on it, it was not excluded from tax, was it?

Mr. MONDALE. The excluded portion carried no tax. That is the portion under the definition that goes into the minimum tax. Does the Senator accept that point?

Mr. STONE. If the Senator will further yield.

Mr. MONDALE. Will he accept that point?

Mr. STONE. I do not understand it.

Mr. MONDALE. I see.

Mr. STONE. I understand, from what I have read and seen, that the defect, from the point of view of the Senator from Florida, in the proposal for minimum tax is that it is not a minimum tax, it is a surtax. If the Senator's amendment would give credit for Federal taxes paid—not local taxes paid, not foreign taxes paid, not taxes paid for a special district, just Federal taxes paid—then the Senator from Florida would see that we are talking about a minimum tax.

Mr. MONDALE. Then I think there is some hope that the Senator from Florida might support me on this.

Mr. STONE. There is hope if some adjustment is made so that it is not a surtax.

Mr. MONDALE. I think we can demonstrate that it is not a surtax.

The first thing I should say is that this list that goes to make up the preferred income is not mine. It was made up by the Senate Committee on Finance as a part of the committee bill. For example, here are some of the things that go into it.

Present law permits financial institutions to establish deductions for bad debt reserves, which are not based on actual experience but are arbitrary and theoretical. Those deductions exceed the actual losses in almost all cases. What we do, then, is take that part of the financial institutions' income that has been excused from taxes based on a legal fiction and say, since it escaped taxes because of that legal fiction, we will include that part that escaped in the part called preferred income.

In capital gains, which is the largest part, maybe we say an individual will get $100,000 in capital gains. Only half of that income shows up in the tax bill. The other half is excluded. It is only the half that is included against which the tax rate is based. The other half is exempted from taxes. And because of that, it is considered to have had a preferred status and goes into that other part.

Mr. STONE. I understand. Does the Senator acknowledge that 80 percent of the base of his minimum tax is capital gains?

Mr. MONDALE. A great proportion of it is capital gains, that is correct.

Mr. STONE. Is it not 80 percent?

Mr. MONDALE. I shall get the exact figure.

Mr. STONE. 75 or 80 percent.

Mr. MONDALE. The Senator is close.

Mr. STONE. Is not what the Senator is trying to do raising the capital gains rate? If that is the case, why does the Senator not simply offer an amendment saying, capital gains are too low; let us raise them 15 percent.

Mr. MONDALE. Because our minimum tax amendment strikes not at all at the modest gainer in capital gains. He does not come within this. The people who come within this, who have their rates increased, are the people at the very top—the real high earners. The tax increase is a modest one, and it includes the other preferred income. In order to have the maximum capital gains rate, for example, under this minimum tax, a taxpayer would have to have $200,000 in taxable income and over $50,000 in capital gains. That shows that our minimum tax would strike only at the top level; it does not strike the middle income investor, which an across-the-board tax investment income would do. The weaker finance bill is favored, let me remind the Senator, by terminating the individual tax cuts in order to finance these kinds of loopholes.

Mr. STONE. Just to explain the position of the Senator from Florida on this, the Senator from Florida is perfectly willing to extend the increase in minimum tax to corporations from the present 10 up to 15 percent. The Senator from Florida is perfectly willing to increase the minimum tax on individuals from 10 to 15 percent. But the Senator from Florida is very reluctant to add a surtax to an existing capital gains tax through the back door.

Mr. MONDALE. Then the Senator from Florida is agreeing to the amendment that guts the minimum tax. Let me go back to why we have had a minimum tax in the first place.

The Treasury Department came out with figures showing that several hundred taxpayers made massive quantities of money and paid no taxes. The American people would not tolerate it, nor should they. So the first answer was, let us close the loophole. They said, oh, we cannot do that. That would be wrong.

The next theory was, let us have a minimum tax rate that takes these preferences, puts the preferred income in another pot, and assesses a minimum tax against that pot. That is how the Senate Committee on Finance agreed to do it. Then, when it came out on the floor, Mr. Miller of Iowa proposed that we deduct taxes paid, which meant that the minimum tax ended up bringing in practically no revenue at all.

Mr. PASTORE. Will the Senator yield?

Mr. MONDALE. I yield.

Mr. PASTORE. I am not on the Committee on Finance and I am very, very loath to say that, by the time the tax experts get through talking, we are all confused.

Will the Senator from Minnesota give an example? Let us assume a movie actor makes $3 million in 1 year. Does he have to pay the tax that 1 year on $3 million?

Mr. MONDALE. If it is earned income, he has to pay it.

Mr. PASTORE. Oh, it is earned income. So he pays it. Out of his own assets, he buys himself a forest and he cuts trees or whatever he does, and makes money on that. Does he not pay a tax on that, too? And what kind of a tax does he pay?

Mr. MONDALE. He would pay a capital gains tax, which is at one-half the rate he would pay on ordinary income.

Mr. PASTORE. But he would pay a capital gains tax because it is on a preferred list.

Mr. MONDALE. That is right.

Mr. PASTORE. Where does the minimum tax come in?

Mr. MONDALE. Here is what they do: In the Senator's instance, they take half of the capital gain. Suppose he sold his trees for $100,000; half of that capital gain is not included in taxable income. The other half would be, and it is against that half that the rate on the income tax applies.

Mr. PASTORE. Why is it not included?

Mr. MONDALE. Because it is exempted——

Mr. PASTORE. Let us assume that when he sells the trees, the sells them for $100,000. What is the rate of his capital gain?

Mr. MONDALE. It would be whatever $50,000 would do to his tax rate. In other words, he gets $100,000 in gain. We forget $50,000 under the capital gains theory. The other $50,000 goes into his taxes, and he pays whatever the rate is——

Mr. PASTORE. The Senator means he pays only capital gains on $50,000?

Mr. MONDALE. He pays ordinary income taxes on $50,000 and that is why it is at only half the rate, because they excluded half the gain.

Mr. PASTORE. Let me get this straight. He makes $3 million as an actor. He pays a tax on it. But then he takes some money and invests it in a forest, in trees. So he cuts down part of the trees and sells that for $100,000.

Mr. MONDALE. That is right. Fifty thousand dollars of that money would go into his regular income, and it would be included in his taxes.

Mr. PASTORE. Under the tax rate he would pay as an actor?

Mr. MONDALE. That is correct.

Mr. PASTORE. The other $50,000 would be capital gains?

Mr. MONDALE. The other $50,000 is not in the tax at all. It is excluded. If he is an individual, it is excluded from taxes; and it is that $50,000 that goes into the preferred income.

Mr. PASTORE. I see, and that is where you invoke your 10 percent?

Mr. MONDALE. Fifteen percent under both bills.

Mr. PASTORE. Fifteen percent.

Mr. MONDALE. But let me give the Senator an example.

Mr. PASTORE. In other words, where before he was getting away scot-free on $50,000——

Mr. MONDALE. That is right.

Mr. PASTORE. Now you are letting him pay 15 percent as a minimum tax.

Mr. MONDALE. That is correct.

Mr. PASTORE. I do not see why anybody is objecting to that. [Laughter.]

Mr. MONDALE. Let me give one other example.

Mr. BENTSEN. Let us be fair——

Mr. PASTORE. Let us refine it. When we get into an example we know what we are talking about.

Mr. MONDALE. A business executive has a salary of $120,000. That is pretty good pay. I think it is more than we get.

Mr. PASTORE. I know it is more than we make.

Mr. MONDALE. In addition to the $120,000 that he earns at his job, he receives preference income of $45,000. His regular tax liability is $45,000.

Now, under the coalition bill he would pay $5,250 on that $45,000 of preferred income.

Under the Finance Committee bill he would not pay anything because they lighten the load on that kind of person who has got big earnings; he can take the taxes he pays on big earnings to shield himself from the minimum tax on the other side.

So what we do is consider the minimum tax preferred income by itself and say that he should at least pay 15 percent on that income. That is our theory.

Mr. JOHNSTON. Mr. President, will the Senator yield for a question?

Mr. MONDALE. I yield.

Mr. PASTORE. I am no better off than when the Senator started.

[Laughter.]

Mr. JOHNSTON. I wonder whether this does not apply to a high roller. Let us take an example where a Federal employee back in 1965 in the Washington area bought a house for $50,000, which is not a palatial house in Washington, and they are ready to sell out and move to Florida and buy another home, so they find they can sell it at $100,000, so it gives them $50,000 capital gains.

As I understand it, you would have an exemption in effect of $10,000, and you would have what would amount to a surtax of an additional 7.5 percent on a $40,000 gain; is that correct?

Mr. MONDALE. We are working up the calculation now.

Mr. BROCK. $90,000 or 15 percent of $40,000.

Mr. JOHNSTON. Fifteen percent surtax on $40,000. This is not the movie star, this is just someone on retirement income, is that right?

Mr. BROCK. That is correct.

Mr. MONDALE. Under the Finance Committee bill, that retiree with $50,000 of capital gains would pay approximately $600 more minimum tax than he would under the coalition amendment.

Mr. BROCK. That does not answer the question, does it?

Mr. JOHNSTON. I mean is it a fact though that the amount of surtax, no matter what the tax levels, of 15 percent on anything above $10,000 capital gains, without reference to what that tax is, you get a $10,000 exemption and a surtax of 15 percent on everything else; is that a correct description?

Mr. MONDALE. Yes, you get a $10,000 exemption on preferred income, and then you pay 15 percent on what goes into that pot. Of course, if it is individual capital gain, half of the gain is exempt and the other half is subject to capital gains tax.

Mr. JOHNSTON. I see. That is without reference—you do not have to be a high roller to pay that tax. All you have to do is make more than $10,000 and pay capital gains.

Mr. MONDALE. No, but I will point out that, if the Senate Finance Committee bill passes, it is the high rollers who will win because they are the ones who can take earnings that they make as movie stars, as football players, and high-paid corporate executives.

Mr. BROCK. Why does not the Senator put it with respect to my amendment?

Mr. PASTORE. Regular order.

Mr. MONDALE. And use it against the regular tax. That is why the super rich are so strong for being able to do that.

Mr. JOHNSTON. May I ask one more question?

Mr. MONDALE. You see, if you deduct taxes paid, you have no minimum tax; and if you have no minimum tax then you either bust the budget to extend those temporaries or you do it as the Finance Committee proposed, which is to repeal the temporary individual tax cuts for the average family in order to pay for these kinds of continuing preferences for the very wealthy in America—people who are able to accumulate vast amounts of preference income because they have the money to invest and gain those kinds of preferences. That is the issue that is involved.

Mr. JOHNSTON. Does the Senator have figures—as I understand, 75 or 80 percent of this revenue comes from the capital gains tax and I am wondering of that 75 or 80 percent what percentage is paid by the high rollers and what percentage would be paid by the ordinary people selling homes, and that sort of thing. Does the Senator have a breakdown?

Mr. MONDALE. Yes. Under my proposal, those who have adjusted gross income of zero to $20,000 would pay 3 percent at the minimum tax. Under the Finance Committee proposal they would pay 16 percent of the minimum tax, and under the Brock alternative they would pay 6.19 percent. So if you are worried about progressivity, if you are worried about people with modest incomes of $20,000 or less, our amendment hits them much lighter than the others.

Let us go up the scale. Then between $20,000 and $50,000 in adjusted gross income, 10 percent of the revenue would be raised under my proposal; 28 percent would be raised under the Finance Committee proposal, and 11 some percent under the Brock proposal.

Fifty to $100,000 adjusted income, 19 percent would be raised under my proposal; 16 percent under Brock; 18 percent under the Finance Committee proposal; and $100,000 and above, 63 percent would be raised under our proposal, 51 percent under the Brock alternative, and 20 percent under the Finance Committee. In other words, the Finance Committee raises revenue by tightening up at the lower end of the minimum tax scale.

Mr. JOHNSTON. Is this capital gains the Senator is dealing with or all the tax preferences?

Mr. MONDALE. There are 13 some preferences that are listed in the Finance Committee bill, and we drew our preferences almost identically from that bill.

Mr. BENTSEN. Mr. President, will the Senator yield?

Mr. MONDALE. I would be glad to yield.

Mr. BENTSEN. Mr. President, I oppose this amendment.

I share the objectives of the sponsors of this amendment in trying to find a way to assure that those people who have large income pay a fair tax. But this is a strange amendment, indeed, in the way it actually works because those persons who today are paying the most taxes will be the ones who will be penalized the most by the amendment and those people are paying the least taxes and have the largest preference incomes will be affected the least. That just does not make sense to me, and I do not think that is the way we ought to approach tax reform.

In fact, this amendment to remove the deduction for other taxes paid is counterproductive since it would encourage persons who are paying high taxes to look for more preference income. It means that they will go into more accelerated depreciation deals, for example. If they convert all of their income to "preference income" they would finally be able to reduce their tax level to 15 percent and certainly that cannot be the objective of the sponsors of this amendment, but that could well be the result for a high income individual with a clever tax lawyer. I do not believe that is the objective of the sponsors of this amendment. I am confident it is not. But I think that is the practical result of how this amendment would work.

The amendment provides that the man who pays the highest taxes is not going to be given any deduction for his regular taxes in the computation of the minimum tax. The man with a large income who pays the least taxes is the man who will be least penalized by this amendment. The amendment is counterproductive.

Mr. President, I strongly believe that all high income Americans should pay their fair share of taxes. The effectiveness of our system of tax collection, based upon voluntary self-compliance, has been very successful in raising Federal revenues. Indeed, our success is the envy of all other nations around the world. In many nations, the failure to pay taxes seems to be the rule rather than the exception. We cannot maintain public confidence in our tax system unless Americans are convinced our tax laws are fair.

At the same time, our tax laws must include reasonable investment incentives to stimulate the economy and to promote economic growth.

The Senate Finance Committee held months of hearings and markup on tax reform and the bill reported to the Senate floor will help achieve a balance between the need to insure greater fairness and equity in our tax law while at the same time provide reasonable investment incentives.

Under the Finance Committee provision the minimum tax rate would be increased from 10 to 15 percent. The $30,000 exemption and the deduction for other taxes paid which are in the existing minimum tax would be replaced by a single exemption of the greater of $5,000 or other taxes paid.

In addition, the following new items of tax preference would be included in the tax base:

First. The excess of investment interest over investment income.

Second. The excess of itemized deductions, other than deductions for medical expenses and casualty loses, over 60 percent of adjusted gross income—less any excess investment interest included as an itemized deduction.

Third. Intangible drilling costs in excess of the costs deductible had they been capitalized and in excess of related income from oil and gas wells.

Fourth. Real estate construction period interest.

Fifth. Accelerated depreciation on all personal property subject to a lease.

Mr. President, the Finance Committee proposal is a reasonable compromise between two competing tax theories.

Our concept is that there should be a minimum tax on all preference income, however defined; that is, instead of excluding some types of income from tax entirely, they should be subject to some minimum "add-on" tax. This is the theory that underlies the minimum tax changes in the House bill.

A second theory is that there is no need to impose a minimum tax rate on preference income generally, but that an undesirable situation occurs when too much of a taxpayer's income comes from tax-preferred sources, so that in these cases some minimum tax should be imposed; that is, there should be some minimum tax rate on a taxpayer's total income. This theory implies that the minimum tax should be an alternative tax, not an additional tax.

The Senate Finance Committee adopted an "add-on" minimum tax, but provided a deduction for regular taxes paid and this is a constructive compromise between the two competing tax theories.

Mr. President, I would now like to briefly describe the adverse economic impact that the amendment before us would have because of its harsh effect on capital gains.

First, it will discourage greater savings and investment.

Second, it will increase the "lock-in" of capital in our economy and reduce essential liquidity in our financial markets.

Third, it will discourage the risk-taking spirit in America which is needed to provide capital for the creation of the "new IBM" and the "new Xerox."

Let us look at savings and investment.

As our economy recovers from the recession, we need economic and tax policies that will encourage industrial expansion and modernization, boost productivity and prevent inflationary bottlenecks and capacity shortages from developing in the future. This is essential to keep prices down for the American consumer. Increased productivity will enable employers to raise wages without raising prices to customers. Stable economic growth that puts more goods on the shelf is our economy's best defense against inflation.

Our capital requirements are very large and require much greater public attention. Unfortunately today, there is substantial evidence that the United States has not been keeping pace with other industrialized nations with respect to economic growth and capital investment.

An important starting point in a discussion of capital formation is the pattern of economic growth. The average annual rate of real economic growth during the 1960's for the 20 nations belonging to the Organization of Economic Cooperation and Development—OECD—ranged from a high of 11.1 percent for Japan, to a median of about 5 percent for Australia, the Netherlands, and Norway, to a low of 2.8 percent for the United Kingdom. The United States, during this time experienced an average growth rate of 4 percent a year—17th among the 20 nations.

Of the many factors that influence economic growth rates, none is more important than the level of capital investment. A strong rate of new capital investment is required to generate sustained economic growth. However, during the 1960's, the United States had the worst record of capital investment among the major industrialized nations of the free world. A study prepared by the Department of the Treasury indicates that total U.S. fixed investment as a share of National output during the time period of 1960 through 1973 was 17.5 percent. The U.S. figure ranks last among a group of 11 major industrial nations; our investment rate was 7.2 percentage points below the average commitment of the entire group. An increased capital gains tax will only aggravate that situation.

Now let us look at the lock-in of capital.

An increased capital gains tax would also increase the so-called lock-in of assets held for a long period of time and hamper efficient allocation of capital resources. Under our present law, individuals are discouraged from selling securities that have been held for some time.

With millions of investors making tax decisions, rather than investment decisions, a substantial amount of available capital is being put to less than optimum use. We do not live in a static economy. The capital needs of different sectors of our economy change. One function of the stock market is to direct capital to where it is needed most and can earn the greatest return. Increased capital gains taxes would hinder this flow.

Let us look at the risk-taking spirit and economic growth.

Our economy has been experiencing a scarcity of investment capital for smaller sized businesses with major growth potential. This capital is sometimes referred to as venture capital. This amendment would aggravate the shortage of venture capital to the detriment of the entire economy.

Few people realize the importance of venture capital in financing new business and industry, promoting healthy competition and spurring non-inflationary economic growth.

Without a ready source of venture capital, many of today's industrial and commercial giants may have never gotten off the ground.

And, we may never know how many potential "Xeroxes" or "Polaroids" have failed to get started over the past few years for a lack of venture capital. We may never know how many jobs were never created, how much economic growth was never realized.

It is pretty basic, though, that we can not maintain a healthy, competitive and growing economy unless there is enough capital available for the risk takers and entrepeneurs who want to develop their ideas into businesses.

That capital—venture capital—is in very short supply these days.

Let us look at some example of the importance of venture capital to our entire economy.

Venture capital was essential to the creation of transistors. It is the transistor which made possible the large central computer industry and the military instrumentation industry.

The development of the minicomputer industry depended on the availability of venture capital. The minicomputer industry not only provides substantial jobs and tax revenues but has also been a major factor in improving the productivity of industry.

Everyone is familiar with pocket calculators. Pocket calculators are solely the product of American technology and venture capital.

A venture capital enterprise funded by risk investments developed the know-how for miniaturized semiconductors called MOS's. With this know-how and technology, an entire new industry was created and America still leads the world in the field. The total initial risk capital investment was relatively small, especially when compared to recent total industry sales.

Indeed, venture capital has had an important impact on any number of high-growth industries—semiconductors, minicomputers, all kinds of other computer-related products, hand-held calculators, automatic editing typewriters, CATV, hi-fi's, new medical instruments and a wide variety of others.

Even frozen orange juice was developed through venture capital. A great many jobs have been brought back to the United States from Japan through the development of the small chips that are used now in hand-held calculators and this type of advance is now being applied to electronic watches. These were developments by small companies that were not subject to the restrictions of a large company environmental and that could attract the bright young scientist, production manager and marketing people to move the product into the marketplace. And it was also the result of venture capitalists who were willing to risk their capital to build new companies to better serve the public.

We should reject the amendment presently before the Senate because of its adverse impact on venture capital.

Mr. President, this amendment will also increase the tax burden on many independent oil and gas producers who do 90 percent of the wildcat drilling and this would certainly be counterproductive to our efforts to achieve energy self-sufficiency.

In 1970, the United States was only 23 percent dependent on foreign sources of oil. Today our reliance has doubled. We are over 40 percent dependent on foreign sources of oil and it is estimated that our dependence may increase to close to 60 percent by 1980. Since the 1973 embargo, our reliance on Middle East oil has increased more than 50 percent. Between 1970 and the present, domestic production of petroleum liquids declined by over 1 million barrels a day. Additional tax burdens will only aggravate the situation and further jeopardize our national security.

Drilling is an extremely high risk business. Only one exploratory well in nine produces anything. Eight out of nine exploratory wells are dry holes. In addition, at least 20 percent of developmental wells are dry holes. Due to the extreme risk, private foundations are not allowed under Federal law to invest in oil and gas activities. In addition, trust funds of widows or orphans cannot be invested in drilling, again because of the extreme risk of these investments.

In order to prevent increasing dependence on overseas oil, our tax laws must continue to encourage risk taking in the oil and gas business. This amendment would dry up desperately needed risk capital for domestic oil and gas exploration and development. This will result in substantial cutbacks in wildcat drilling at a time when increased drilling is essential for our energy needs.

The repeal of percentage depletion for major producers and the oil price rollback have already had adverse consequences. Currently, fewer rigs are operating than at any time in 1975. In April, there were less than 1,500 rigs actively drilling, compared to over 1,800 last December when the oil price rollback was enacted. Similarly, seismic crew activity, which is necessary to locate future exploratory wells, has shown a substantial decline. The number of active crews has declined continuously from the peak in mid-1974 of about 330 active crews to only about 250 crews this year.

For these reasons, I urge my colleagues to reject the amendment now before the Senate.

Mr. President, will the Senator yield further for a question?

Mr. MONDALE. I would be glad to yield.

Mr. BENTSEN. Let me say to the distinguished Senator from Rhode Island, when you are talking about an actor or folk singer making $3 million, he pays a maximum tax of 50 percent.

Then, if you are talking about capital gains, we are talking about a maximum capital gains including the preference tax of about 37.5 percent. So it is something of an advantage over the personal income.

Mr. PASTORE. But he is only paying on one-half.

Mr. BENTSEN. That would be all of it.

Mr. PASTORE. The whole amount?

Mr. BENTSEN. He is a 70-percent taxpayer. Then what you do is figure on the one-half he would be paying 35 percent, plus preferences, you see, so overall you would figure on the entire amount he would be paying about 37.5 percent. That is with the preference.

Mr. PASTORE. On the total amount?

Mr. BENTSEN. Yes.

Mr. MONDALE. But if it were not for the minimum tax we are talking about, he would not pay anything on the half that is excluded. That is what is at issue here. No one is changing the capital gains. The question is what do you do with this long list of preferred income, including that excluded under the capital gains law. Half of the income that comes in, if you are an individual taxpayer, from capital gains, is excluded from taxes, unless you put it in that preferred income pool and therefore pay something on it.

That is why we think we need this minimum tax and need to give it some bite.

Mr. BENTSEN. If I may make a further comment. Under the pending amendment it would be advantageous to the taxpayer to convert all his income into preference income and simply pay the 15 percent minimum tax and not pay any regular income tax.

That is the direction they will move, and I think that is wrong.

I think we ought to allow a credit for the regular taxes paid for the taxpayer that says, "OK, I will pay some taxes."

We will never have public faith and confidence in the tax system if we have people making $200,000, $300,000, $400,000 or $500,000 of cash flow who pay no tax.

Sure, the high-income American must pay tax, we have to see that he does. But to say to the taxpayer already paying a lot of taxes, that we will not give him any credit for that, I think, is totally counterproductive.

Mr. MONDALE. I do not want to repeat again, but I will repeat one thing, because we have come full circle on this.

The reason for the minimum tax was that we have these reports about hundreds of Americans of great wealth who are able to escape taxes entirely.

We can do one or two things. Remove the loopholes—or leave them, and say that the money that escapes taxes, the money that goes into this preference income pocket, at least something should be paid on that income.

The Senate Finance Committee says we should give them credit for taxes paid on earned income, against the money in the preferred income.

If we do, we do not raise any money. What Americans are trying to do is figure out some kind of tax that rich people can pay and that can be accepted by those who oppose taxes on rich folks.

This is our best attempt. It does not hit them very hard.

We are not antibusiness. There is a 10 percent investment tax credit in this bill. There is a billion dollar recycling credit in this bill. We do not touch the accelerated depreciation rate. We do not touch the foreign tax credit. We substantially leave DISC. There are billions of dollars of probusiness incentives in this bill now that we are not complaining about.

What we are trying to pick off are the preferences we think go beyond the pale in order to finance the continuation of those minimum individual cuts that are so essential.

Mr. STONE. Will the Senator yield for a question?

Mr. MONDALE. Yes. I yield.

Mr. STONE. The Senator does not hit DISC on this amendment, but he does on another, and he does not hit the foreign tax credit on this one, but with another?

Mr. MONDALE. There are no amendments that change the foreign tax credit that I know of.

Mr. STONE. Deferred income?

Mr. MONDALE. But there is an amendment to hit deferral income, to be offered later.

Mr. STONE. And DISC?

Mr. MONDALE. We keep DISC, but both the committee and the reformers agree to leave DISC for so-called supplemental exports.

Mr. PASTORE. Will the Senator yield for a question? Just one more question?

Mr. LONG. A question.

Mr. PASTORE. Is not the shortest and best way to eliminate the preferred list? Why do we not remove the preferred list so we will not have these tax loopholes?

That would be the quickest and best answer.

Mr. MONDALE. That was the first

argument of the reformers and they said:

> Oh, don't do this, that would be wrong, we will agree and compromise on what we call the minimum tax on preferred income.

Now we want to tax preferred income with that minimum tax and they say, "Don't do that."

There is no one in America, at University of Minnesota Law School, at Harvard Law School or at Brookings Institute—no statistician, no accountant in America, who has been able to figure out a plan to tax the rich without receiving enormous opposition.

There is no theory they will accept.

Mr. DOLE. What happens to the Senator's plan if he shelters all his income? How much tax is paid?

Mr. MONDALE. We are not talking about absurd propositions here, but about a tax bill that is balanced, where people of wealth will pay something toward support of their Government.

Mr. DOLE. Is the Senator not going to encourage people to shelter all their income and just pay a 15 percent minimum tax?

Mr. MONDALE. I do not think so.

Mr. DOLE. Why not?

Mr. MONDALE. The question of the LAL is another issue.

Mr. BROCK. Will the Senator let me present a third alternative here?

Mr. MONDALE. I want to make one point. We have finally got the figures on Senator JOHNSTON's hypothetical.

Under the Finance Committee bill, that person would pay $600 more in taxes than under our bill.

Mr. BROCK addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. LONG. Mr. President, might I just say one word before the Senator gets started? The manager of the bill has not had a chance to speak at all toward the committee position. Then I will yield back to the Senator.

Will the Senator be so kind?

Mr. BROCK. All right.

Mr. LONG. I appreciate it very much.

Mr. President, the hour is now 5:55 p.m. This is the first time those of us who speak for the committee position have had the opportunity to make a speech for the committee side.

Let me just say briefly what is wrong with the Mondale amendment.

I regret that we do not have more Senators here at the time, but I know how it is and we will have to do the best we can.

Mr. President, there is on that blackboard a case of what I call tax crucifixion, and it exists under present law.

Here is what it amounts to. Let us assume a person buys a piece of property for $200,000 in 1955.

Now, the currency has depreciated in value to where, if we had $400,000, we would still be losing in terms of real value because we would need today more than $400,000 to have the same purchasing power we had with the $200,000 invested in that property in 1955.

For tax purposes, this man has a capital gain of $200,000. Let us assume he has ordinary income of $100,000.

There is computed there on that blackboard how he would compute his tax, as it stands.

He would owe, under existing law, $123,090 of taxes in a situation where in economic terms he had made only $100,000.

So he pays a tax of 129 percent on his economic income.

Under the committee proposal, this man would be given a deduction for the $129,000 in taxes he has paid to the Federal Government. So, at least, we do not make the tax crucifixion any worse.

Under the Mondale amendment, we would add another $13,500 taxes on that man for a total of $136,590 total taxes, on a situation where in economic terms, taking inflation into account, the man has made $100,000, a tax of 136 percent in economic terms.

Mr. MONDALE. Will the Senator yield?

Mr. LONG. Mr. President, that is the difference between taking into account the taxes we have already paid and not taking into account the taxes we have already paid.

I just submit that anybody who tries to talk to that man and explain to him why it should be that way will find that man is very resentful, and for good reasons.

In economic terms, he made $100,000 and we charge him $136,590, or we charge him a tax in economic terms of $36,590 more than he made.

Mr. MONDALE. Will the Senator yield?

Mr. LONG. In a moment, I will.

Here is the second type of situation. Let us assume we have a case where a man has taxable income of zero; therefore, he pays no regular tax, although he has $300,000 of tax preference items.

In that case, Mr. President, the committee bill would tax that person $44,875 and the Mondale proposal would tax him $43,500. So the committee bill would tax him more in a situation where we really should. So as to the fellows that we do not want to hit, we avoid hitting those people in a great number of cases. In some cases we do hit them.

Time and time again, by failing to take into account the large amount of taxes a man has already paid, we would crucify those people unreasonably.

The Senator from Texas made the next point: Under the committee approach a person is rewarded, in effect, by the policy adopted by the committee, for the regular taxable income that he earns. He is not crucified; he is not penalized for having salary income, for having wages income, for having ordinary dividend income, all of which is fully taxed.

He is crucified under the Mondale amendment because if he gets all of his money in preference income, just changing the way of business so he gets it all by preference income, then he only pays a 15 percent tax. That is fine, a great way of doing business. The emphasis on the Mondale amendment would be to go in for more preferences, not less. It would reward the preferences and discourage people from making their money in ways that are ordinarily taxable income. It would discourage them from making their income as dividend income, as interest income, or as wages or salaries. Instead, this would place all the emphasis on getting more tax shelters and trying to change their way of doing business so it becomes a tax shelter.

The very items that Mondale would tax are the things they would be encouraged to go into because if they do business that way, they would only pay a 15-percent tax and in that way they would not be penalized by the large amount of earnings that one made which would be subject to the regular taxes one would pay.

That is not a fair way to do business but that is where the emphasis would be. I yield to the Senator.

Mr. MONDALE. If the Senator is concerned about the impact of inflation investment and the attractiveness of investments, why is it the Finance Committee bill strikes the middle income investor and his gains harder than does the reform amendment? How can the Senator justify a tax that bites harder at the middle income investment and less——

Mr. LONG. If the Senator will yield.

Mr. MONDALE. Let me finish this point because it is a fatal flaw in the Finance Committee bill.

Mr. LONG. Hold on a minute. I will not yield further but I shall yield in a minute.

The Senate picks examples where people have large amounts of capital gains income and relatively small amounts of other income. If he picks that particular situation, it tends to prove his point. But that is not the ordinary situation.

Mr. MONDALE. Under the Finance Committee bill, everyone who earns $20,000 or less in capital gains pays more under the Finance Committee bill than they do under ours.

Mr. LONG. Let me tell the Senator why. It is because the Senator would exempt $10,000. We would make it $5,000. Let me say why we would make it $5,000, Mr. President. We would make it $5,000 for a very simple reason: until we get this minimum income tax down to where a lot of people know what it is, until we reach enough people so they will know what we are talking about, we are going to continue to hear about the high rollers, the fat cats, the rich, the vested interests, and the robber barons, just anything they can think of. This will be the one thing that any orator must shout from the housetops about in the union hall until we fix it up so middle-income people get a chance to find out what the minimum tax is. What do we do? Just apply the same principle a little further down. If the principle is right, it is right.

If the principle is right, it ought to be fair to bring it on down to where people are making $35,000 and $40,000. Let a U.S. Senator know what it is by paying some of it. Let a Congressman learn what it is by paying some of it. When they have capital gains or the same tax preferences that somebody else has in a high bracket, let them get a small taste of it. Instead of having just 100,000 people getting the bite of this thing, why not have a half million people, have a half million people on the same equitable principle of justice and fairness just paying a little, if only a couple of hundred dollars? We will see how it works.

We will let a half million people, 500,000 people, in these whole United States pay some of that tax. We will not hear as much of this thing about the high rollers, the fat cats, the robber barons, and all that. Just let enough people pay it so that when we make a speech before a civic club at least there is somebody in that audience who is paying that tax and who knows what we are talking about.

I find, Mr. President, that makes for better statesmanship.

I was the floor manager of the last tax reform bill that had that name on it in 1969. In introductory material to send out, I proudly stated that I was the manager of the 1969 tax reform bill, which included the first minimum tax. I helped to put that into effect.

Mr. President, after I had talked to about three or four groups of businessmen, I said, "Take that out of that introduction. We don't want to talk about that any more." We reached enough people with that bill where we did not want to talk to a business group, a Kiwanis Club or a Rotary Club, or some group like that, and bring that matter up. We found that we got to a lot more people than we thought we got to with that one.

Rather than just continue to clobber and clobber and clobber these kinds of people, the man who in economic terms made $100,000 and paid $123,000 tax, who paid 23 percent more in taxes than in economic income, rather than just clobber him again and again because he is in a high tax bracket, fix it so people, so Congressmen and people who make about the same amount as a Congressman, Senators, and judges, the kinds of people we see from day to day, feel the bite of it, get a taste of it. Even if it is not a big amount, let them pay.

If it is people with income of $35,000 or $40,000, for whom the Senator has great sympathy, let them pay a couple of hundred dollars in that tax and see how the principle works. Let the taxpayer see if it is fair for Mr. MONDALE to deny him any deduction whatever for the large amount of tax he has already paid. Then, Mr. President, it will be a different story. We will see a little statesmanship when Senators and Congressmen pay that tax. Then we will not hear quite as much about high rollers, the fat cats, the robber barons, whatever else they will be called, people who have worked very hard, have provided a lot of jobs, a lot of opportunities, and did the best they could to try to make something out of themselves and their family, who tried to earn a little something and save something they could leave behind for their children. That is just common justice and simple fairness.

Mr. President, until we do amend this tax until it applies to at least a half-million people out of 200 million people in this country, we are going to continue to hear this sort of thing that, "You have to tax these people because they are getting away with goodness knows what," when in practical terms more than half of them who are taxed are paying too much already.

Mr. BROCK. Will the Senator permit me to continue?

Mr. LONG. I yield.

Mr. BROCK. Mr. President, I am almost reluctant to try to get the floor again and say anything. The Senator was so gracious in suggesting that we have a vote so that all Members could come over here but we have talked so much that most Members have left.

I will try one more time to explain to this body that there are three proposals before it, what they contain and how they work. They are not difficult to comprehend. We can talk about how complicated they are, if we want to confuse everybody, but they are not difficult to understand.

Two of them are add-on taxes. One is an alternative tax. That is mine. The two add-on taxes, the Finance Committee and the Mondale proposal, work like this:

They say, "We do not care what your taxes are. Calculate your preference items and tax them at 15 percent."

The Finance Committee makes one change from the Mondale approach. It just says you can deduct any normal taxes you pay. But, basically, that is the only difference between the two. There is a little difference in the exemption but not enough to make any difference and nobody cares about it, frankly. It is not that important. The important thing is that the tax committee says you can deduct the taxes you pay and MONDALE says you cannot.

Basically, both of them are surtaxes on an existing taxpayer. That is all they are. They are not a minimum tax. It is not honest, it is not fair, it is not right to call them a minimum tax when, in fact, they are not. They are a surtax.

You have just got to face that question if you want to study this issue and understand what you are voting on. And if you do not want to deal with the alternative facts, what is the alternative?

I say take that taxable income that you calculated in your return, add in all the preference items, and multiply it by 60 percent—not 15 percent, 60 percent—and put that up against your income tax table and see whether the tax you would pay at that expanded income tax rate is higher than the income tax you would pay under the normal system in operation today.

Why do I say alternatively, not both? Because there are a lot of people today like Senator JOHNSTON, who sell their homes, who do not have all these things to take advantage of, and both the Mondale amendment and the Finance Committee proposal kick them in the neck. They are just plain ordinary folks, and they are getting toothed by a committee that knows they do not understand how the tax system works.

I say let alone the guy who is paying his fair share of taxes; he is being buffeted enough. He is already getting it in the neck by a government that is incompetent to manage its affairs and has to spend more money than it takes in and thus is hitting him with inflation on top of heavy taxes. If he is paying a fair share of taxes, why kick him in the teeth again, all the while you talk about executive suites, fat cats, and the super rich? He is not anything like super rich.

Mr. CURTIS. Mr. President, will the Senator yield for a question?

Mr. BROCK. Not yet; I am just getting warmed up.

It just gets under my skin to be faced with a refusal to answer these questions when the answers are so simple and obvious. If we are going to deal with an abuse, deal with it, for goodness sake, but do not hit the average guy, who is not a part of the abuse. Let him alone. Let him pay his taxes.

Calculate the tax two ways. If he is abusing the tax, the alternative catches him up.

You say, "Wait a minute, you cannot do that."

If he is not abusing the tax, then let him alone, that is all. But both of these alternatives say, "We do not care whether you are super rich or not; that is just a word we use in debate. We do not care whether you are executive suite; those are just words we use in the union hall. We do not care whether you are abusing or not, that is just rhetoric. But we are going to slap you with a new tax, because we cannot find any other way to get to capital gains. Because that is what we are after. We cannot find any other way to sock it to capital formation, and that is what we really want to do."

There was no other answer. The Senator from Florida did not get an answer, and yet it is a surtax. The Senator fom Louisiana did not get an answer, either, but it is going to hit that little family that sells its home it has been 30 years paying the mortgage on. The Senator from Texas did not get an answer, either. But that is who it is going to hit. All these super rich, executive suite fat cats are going to shelter every cotton-picking penny of their income, because that is what the Mondale amendment is all about.

What else? You have got to be kidding. If the Mondale amendment passes, in order to shelter 100 percent and pay 15 percent taxes—that is what the amendment does. Talk about a sweetheart deal for the filthy rich; boy, have we got it in this one. It is a beaut.

The only way you are going to deal with that abuse is with an alternative tax, and you and I know it. The question is whether you want to vote on the merits or on politics.

I do not understand why we cannot come to grips with the situation and say, "Are we really trying to raise revenue"—that is part of the debate—"or develop a tax system that is fair to the American people?" Those are two different things.

If we are not going to do something that is fair, forget it; I do not care what the revenue consequences are. Once you are fair, once you do equity, once you are honest with your approach, then we can talk about the amount of revenue that is necessary, and adjust the rates accordingly.

But do not throw that garbage at me about fat cats in executive suites, or this claptrap about the super rich, when the effective tax rate under Mondale is 4 percent. I know better, and everyone else who studies the computations does.

I do not know why we have even talked about the other parts of the bill. They have nothing to do with this debate. I do not know why we cannot come to grips and debate this thing honestly. Are we going to have a fair system, an honest system, a system that applies across the board, or are we going to continue to try to con the American people while we say, "Boy, are we going to sock it to the fat cats," when everybody in this room knows everyone of those 244 people that pay no taxes today can continue to pay no taxes tomorrow, next year, or the year after that, if that amendment passes; because all you have to do is buy tax exempt bonds. And if that return is too low, then let them buy corporates, because now we have a real sweet opportunity, creating tax preferences and taxing them at 15 percent.

Several Senators addressed the Chair.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. BROCK. Yes.

Mr. LONG. The Senator knows, does he not, that there is an alarming trend among corporations to keep expanding debt relative to equity as a source of financing? It is becoming dangerous to the whole economy.

Look at the figures on the debt limit bill, that we made available on those reports. Because corporate dividend income is taxed twice, and interest income paid by corporations is taxed only once, it becomes advantageous for everyone to invest in bonds, where the corporation pays its obligations by borrowing money, not by selling stock. Insofar as they can borrow money, they borrow it, because insofar as they can compute that as interest, they are taxed only one time. The Senator is familiar with that?

Mr. BROCK. Yes, I am.

Mr. LONG. And the corporate income structure, by virtue of that situation, has expanded to the point that a bad year of business conditions, just one, could cause the country, to be faced with vast numbers of our blue chip corporations forced into bankruptcy or receivership. The Senator knows that.

Mr. BROCK. Anybody who has studied the figures and sees the increasing dependence upon debt in this country has to be terrified. The asset to debt ratio is three times greater than it was 20 years ago, and that is a frightening thing.

Mr. LONG. This minimum tax that is being proposed here would put even more pressure on the economy for corporations and people to do business by way of corporate borrowing rather than by selling stock; would it not?

Mr. BROCK. Sure.

Mr. LONG. Because it increases the tax on corporate income, and does not affect the deduction they would have for interest paid on corporate bonds?

Mr. BROCK. That is true.

Mr. LONG. So the trend toward more and more of an unbalanced debt-equity ratio, where the debt almost equals the entire value of the corporation, would continue to be accentuated, when we really ought to be trying to do just exactly the opposite.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. BROCK. I yield to the Senator from Massachusetts.

Mr. KENNEDY. I have listened with a good deal of interest to the Senator's explanation. The fact remains, as I understand, if you raise that 60 percent to 65 percent, the total amounts of revenues which are actually raised under the Brock amendment come up to about $1.8 billion, which is virtually the same as under the Mondale amendment.

Mr. BROCK. That is correct.

Mr. KENNEDY. You go about it somewhat differently in terms of the formula, but I am satisfied, that the proposal we put forward is simpler, more easily understood, and less complicated. Although people can differ with that, I do think if the Senator had gone to the 65 percent, there would not really be very much difference between what he proposes and the proposal of the Senator from Minnesota.

As to the 60 percent, there is a dramatic difference, obviously, in the total revenues that are raised. His, as I understand it, raises about $100 million, versus the $800 million of the Mondale amendment.

Mr. BROCK. $100 million over the Finance Committee's amount.

Mr. KENNEDY. $100 million over. But the difference in terms of total revenues that are raised, is $100 million over the Finance Committee and $700 million less than our amendment.

So at this point, I would be opposed to it because it does not raise adequate revenues. I think it is more complex, and it does not raise enough revenues. But I would say, if the Senator raises that 60 percent figure to 65 percent, then we are in the same ball park. I would hope that at least we could reach some point of accommodation and we would not, necessarily, have to be spending all of our time at sword's point. We could fashion something that is really going to provide both the revenues and the sense of tax equity and justice.

I hope that he and others will understand that those who are opposed to this proposal, and I am opposed to it, do not do so out of failure to appreciate the approach or the concept, but because it does not raise the revenues.

Would the Senator consider raising that to a 65-percent level? We are only asking to go from 60 to 65 percent. It is only 5 percentage points. It is about $700 million.

Mr. BROCK. I think that is the more important figure. It is only $700 million in new taxes on the American people. Frankly, the decision——

Mr. KENNEDY. I think maybe we understand then a little clearer what the real motivation is.

Mr. BROCK. No. The real motivation is to have an honest tax and not one misleading by being called a minimum tax when in fact it is not.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BROCK. Yes, I yield.

Mr. KENNEDY. It is honest at 60 percent and not honest at 65 percent?

Mr. BROCK. Come on.

Mr. LONG. I am advised by our staff technicians, at least by the ablest of our staff technicians, that a quick calculation indicates that at that rate the maximum tax on capital gains would then be 45.5 percent.

Mr. BROCK. That is a little high.

Mr. LONG. It is especially in view of the fact that often capital gains, as I indicated, is not a profit at all. In other words, in the example I gave, in economic terms, frequently something held over a long period of time with what appeared to be a big capital gain is really a loss in economic terms because inflation has completely eroded the purchasing power of money. In other words, often the tax that we levy on a long-term capital gain works out to be a penalty, assessed on that taxpayer for the fact that the Government failed to maintain the purchasing power of his currency; therefore, the Government will bear down and get him, if we had the way of the Senator from Massachusetts, get him for a 45.5-percent penalty for the fact that the Government failed to maintain the purchasing power of his money for him.

Mr. BROCK. The Senator is correct. What the Senator is saying and the point the Senator from Tennessee was trying to make is I frankly think this 60-percent figure is too high. The reason I had to come up with it was because I had to have an adequate revenue estimate to at least exceed the Finance Committee's amount. But in all candor the case I have been trying to make is not on the merit of revenue but on the merit of the concept itself, and I think it is so terribly wrong to call this proposal of the Senator from Minnesota a minimum tax or even the proposal of the Finance Committee a minimum tax when in fact it is not; it is a surtax. I think we ought to at least call it what it is. Mine is a true minimum tax in that it is an alternative. A taxpayer pays one or the other, but he does not pay both.

I yield to the Senator from Nebraska.

Mr. CURTIS. I thank our distinguished colleague and commend him for his presentation. He has offered a proposal that I hope the Senate will very carefully consider and adopt.

I wish to ask a question or two.

As has already been stated, his amendment would raise a little more money than the committee amendment.

Mr. BROCK. That is correct.

Mr. CURTIS. And while it falls somewhat short of the Mondale amendment, it does retain several very important principles. I ask this: Does it retain the principle of progressive rates on income?

Mr. BROCK. Yes. That is the flaw I find in both the Mondale and the Finance Committee proposals. They are flat rates, and it does seem to me that we have accepted as a basic premise of our tax system progressivity so that those who have large economic income pay a larger share.

Mr. CURTIS. Yes. In other words,

under either the committee bill or the Mondale amendment, if someone has a small amount of preference income, it is taxed at 15 percent.

Mr. BROCK. That is correct.

Mr. CURTIS. But if it runs into the millions of dollars, it is still taxed at 15 percent?

Mr. BROCK. The Senator is correct.

Mr. CURTIS. Is my understanding correct of his proposal that what he says is this: The Senator takes the regular income and he adds on all the preferences which are tax free; is that right?

Mr. BROCK. That is right.

Mr. CURTIS. He takes 60 percent of the total and applies the regular tax rates to that; is that correct?

Mr. BROCK. The progressive tax rate schedule; that is correct.

Mr. CURTIS. Yes. Then, if he computes that and he computed the regular tax, the taxpayer has to pay the higher of the two.

Mr. BROCK. Whichever is higher; that is right.

Mr. CURTIS. Yes.

I commend the Senator, and I also commend him for not going above the 60-percent level. In fact, I share the view. I wish it were 50 percent. We should not devise a particular tax with the idea that it must get a certain sum of money because, if we do, then we change it here and there and we get uneconomic results, results that discourage business, and results that end in unfairness.

I wonder if the Senator will yield for a unanimous-consent request?

Mr. BROCK. Yes.

Mr. CURTIS. Mr. President, I have at the desk an amendment to the Mondale amendment. Should the Brock substitute prevail, there would be no need for my amendment. Therefore, I can save the time of Senators by not presenting it now. But I ask unanimous consent that, if the Brock amendment is rejected, thereafter I be recognized to present my amendment to the Mondale amendment.

Mr. MONDALE. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. JAVITS. Mr. President, reserving the right to object——

The PRESIDING OFFICER. Objection is heard.

Mr. CURTIS. Very well.

One more question, if I may. Is there anything about the Senator's proposal that increases someone's tax if he gives to charity?

Mr. BROCK. No. I appreciate the Senator raising that point. I completely forgot to mention it. In the Mondale approach, and I think in the committee approach as well—certainly in the Mondale one—there is a provision which does great violence to charitable giving. My amendment specifically and explicitly excludes any negative impact upon charitable contributions. We have done too much violence now to our public and private charitable institutions.

Mr. CURTIS. This is worse than anything that has happened because if one gives to charity he increases his tax.

Mr. BROCK. That is correct.

Mr. CURTIS. He increases the added surtax of the Mondale proposal by giving to charity.

Mr. BROCK. The Senator is correct. We simply must encourage the voluntary sector of our society by greater charitable contributions.

Mr. CURTIS. I thank our colleague.

Mr. BROCK. May I conclude, Mr. President, by admitting quite honestly I never thought I would be in the Chamber advocating a $1 billion tax increase. It is a whole lot easier to do other things. But I must say that I think we have a problem in this country, and I think we can deal with it if we deal with it with a little less rhetoric and a little more candor with each other. That is the effort I have tried to make, and I hope my colleagues will bear that in mind. I appreciate their attention.

Mr. FONG. Mr. President, will the Senator yield?

Mr. BROCK. I yield.

Mr. FONG. The preferences we have been talking about have been put in the law because there are certain benefits from them to the body politic. Is that correct?

Mr. BROCK. That is correct.

Mr. FONG. For example, capital gains. If you do not give the investor a chance to make some money, he will not invest. Therefore, from the standpoint of public policy, we allow him a capital gains preference.

Mr. BROCK. That is correct.

Mr. FONG. I point out that almost no other country taxes capital gains at all. In France, I understand there is a big fight in their assembly now, to see whether or not they will have a capital gains tax. But in most countries there is no capital gains tax.

Mr. BROCK. That is correct.

Mr. FONG. The reason for that is to encourage investment.

Mr. BROCK. That is right.

Mr. FONG. When investment is encouraged, peope buy things, and that gives employment. Is that correct?

Mr. BROCK. Absolutely.

Mr. FONG. Because of that factor, where the preference tax encourages a man to invest, it creates employment. Therefore, it is a matter of public policy, and the reason why we give them a preference.

Mr. BROCK. That is correct.

Mr. FONG. Then take the matter of accelerated depreciation. Why did we have accelerated depreciation? Was it because the business climate was in the doldrums?

Mr. BROCK. What we are trying to do is to encourage manufacturers, businesses, to take the tax savings and plow them into new equipment and create more jobs and more production.

Mr. FONG. Public policy says that if we want more employment, we have to give businessmen an incentive, and accelerated depreciation gave them that incentive.

Mr. BROCK That is right.

Mr. FONG. Then we had accelerated amortization. That was for the same purpose. Is that correct?

Mr. BROCK. Absolutely.

Mr. FONG. To create more jobs.

Mr. BUMPERS. Mr. President, a parliamentary inquiry.

Mr. BROCK. I think I have the floor.

Mr. BUMPERS. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. BROCK. If we can complete the series of questions, I will yield the floor.

Mr. FONG. I have just a few more questions.

The PRESIDING OFFICER. The Senator from Tennessee has the floor.

Mr. FONG. With respect to pollution devices, we gave a preference for those companies which spent their money installing pollution devices. That is a preference.

Mr. BROCK. That is correct.

Mr. FONG. On one hand, we give them these preferences, and we say these preferences are for the purpose of encouraging people to invest and create employment, so that the unemployment rate will drop. On the other hand, we have this minimum tax. We are taking it back.

Mr. BROCK. That is right.

Mr. FONG. With one hand we give and with the other hand we take it back.

Mr. BROCK. That is the way we have described Government for the last several years. One hand does not know what the other hand is doing.

Mr. FONG. We have to raise some revenues; therefore, we take back a few dollars. But if you take back too much money, you are going to discourage investment. Is that correct?

Mr. BROCK. You have no further incentives.

Mr. FONG. If a man were a rich man, why should he put his money into real estate? Why put money into these capital expenditures, when it could be put into tax-exempt bonds?

Mr. BROCK. That is exactly what the Senator will do if the amendment of the Senator from Minnesota is adopted. If the Senator from Hawaii has any sense, he will put it in tax-exempt bonds or other items where he is limited to 15 percent taxes.

Mr. FONG. Suppose I had $10 million and I put my money in tax-exempt bonds. I could get 5 percent. I would receive an income of $500,000. Could I be taxed by the Federal Government?

Mr. BROCK. No.

Mr. FONG. Not one cent. Is that correct?

Mr. BROCK. That is correct.

Mr. FONG. Every cent of that $500,000 would be free of taxes.

Mr. BROCK. That is correct.

Mr. FONG. So why should I put money into any risk investment if I could get $500,000 tax-free income?

Mr. BROCK. I think I could probably get along on that. I would think the Senator could, too.

Mr. FONG. We all could do that. But will the amendment of the Senator from Minnesota (Mr. MONDALE) reach that kind of situation?

Mr. BROCK. No. The Senator would still pay no tax.

Mr. FONG. So we cannot catch a man who is putting his money in tax-exempt bonds.

Mr. BROCK. No. The Mondale amendment would hit only the productive type who wants to create jobs.

Mr. FONG. Then, I say, we can call that amendment an amendment to discourage investment.

Mr. BROCK. That is right.

Mr. FONG. It is like the LAL, which is given a very rhetorical name, a catchy phrase, limitation on artificial losses. But, actually, it is a provision to discourage investment, is it not?

Mr. BROCK. I think so.

Mr. FONG. I thank the Senator.

Mr. BENTSEN. Mr. President, will the Senator yield?

Mr. BROCK. I yield the floor.

The PRESIDING OFFICER. The Senator will suspend until the Senate is in order. The Senate is not in order.

AMENDMENT NO. 95

Mr. ALLEN. Mr. President, on behalf of the distinguished Senator from Florida (Mr. STONE) and myself, I have at the desk a perfecting amendment to the Mondale amendment, and I ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

> The Senator from Alabama (Mr. ALLEN) proposes unprinted amendment numbered 95, intended to be proposed to unprinted amendment numbered 93 by Mr. Mondale:
>
> On the last line of page 1, strike out "$10,000." and insert in lieu thereof the following: "$10,000, or the liability for tax for the taxable year, whichever is the greater."

Mr. BUMPERS. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. ALLEN. I yield, provided I do not lose my right to the floor.

The PRESIDING OFFICER. The Senator will state it.

Mr. BUMPERS. Mr. President, will the Chair state the unanimous-consent agreement that was entered into last evening?

The PRESIDING OFFICER. The extent of the agreement was that final disposition of committee amendment No. 13 will occur no later than 11 o'clock this evening. That was the extent of the unanimous-consent agreement.

Mr. BUMPERS. Did that not also include an agreement that all amendments would be given 30 minutes?

The PRESIDING OFFICER. The Chair understands that there was, in effect, a gentlemen's agreement which was not part of the unanimous-consent agreement.

Mr. BUMPERS. Mr. President, I see that it is now 6:35. That means that there are nine 30-minute periods between now and the appointed hour to vote. So if there are 12 amendments here, 3 of them may not be considered. Is that correct?

The PRESIDING OFFICER. According to the Senate procedure, the so-called gentlemen's agreement with respect to limitation of debate is not enforceable and has no parliamentary standing. Every Senator has the right to call up his amendment even if there is not time for debate on amendments.

Mr. BUMPERS. I thank the Chair.

Mr. ALLEN. Mr. President, this amendment would amend the Mondale substitute in one particular. What we are trying to do here is to provide that everyone shall pay a minimum tax, and that is fine. I think we all support that principle. This would not change at all the thrust of the Mondale substitute to bring corporations under the increase in the minimum tax provided by the Mondale substitute.

What this amendment does, though, is to provide that whatever a taxpayer pays in normal tax on nonpreference income would be allowed as a deduction, not against the amount of the minimum tax but against the preferences—the preference income.

In other words, if a man should pay or a corporation should pay $25,000 in taxes on the nonpreference income and had preference income of $100,000, on which the tax normally, under both provisions, would be $15,000, it would allow this $25,000 in tax that is paid to be a deduction from the preference income.

That is the present law, actually, and it is also the provision that is in the committee bill. This would leave the corporation covered, but it would respect the principle that everyone should pay some tax. The only people who would get the benefit of this would be those who pay tax on nonpreference income. Whatever they pay for tax on nonpreference income would come off, not of the minimum tax, but the amount of the preference income. It has equity in it because it would guarantee that everyone would be paying a minimum tax. It could conceivably wipe out all of the preference income, but if they paid this tax over their nonpreference income, they should be allowed to take that amount off of the amount of the preference income and reduce the tax in that fashion. So, really, all that would be, in the illustration I gave, is 15 percent of the $25,000 that they paid on nonpreferential income. That would be the only benefit under this amendment.

Mr. STONE. Mr. President, will the Senator yield?

Mr. ALLEN. Yes, I am glad to yield.

Mr. STONE. Is not a minimum tax supposed to tax somebody who is not paying a tax?

Mr. ALLEN. That is right.

Mr. STONE. Is not the Senator's amendment, which has been joined in by the Senator from Florida, simply trying to say that if you pay a tax, you get a deduction from this other, otherwise required, tax?

Mr. ALLEN. Yes, it is not deducted, as the Senator knows, from the tax liability. It is merely deducted from the preference income, much less than if it were credited against the minimum tax.

Mr. STONE. So it is a compromise position which equates the corporation treatment with the individual treatment. They have to pay this increase of 10 to 15 percent if they stay in business.

Mr. ALLEN. It is not touched at all.

Mr. STONE. But it does say if you pay a tax, you do not have to pay that same tax over again or have an added tax put on it.

Mr. ALLEN. That is right. It is offset against preference income. It is not offset against taxes, which would be a much larger offset; all it does is offset against preference income.

Mr. President, I call for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BUMPERS. Will the Senator yield for a question?

Mr. ALLEN. I yield to the distinguished Senator from Arkansas.

Mr. BUMPERS. I want to ask about the $25,000. First of all, I think the last statement the Senator made was that $25,000 simply reduces the preference income by that amount.

Mr. ALLEN. That is correct.

Mr. BUMPERS. If I have $100,000 in preference income and I have paid $25,000 in taxes, that would reduce my preference income to $75,000, which would then be taxed at the rate of the Mondale amendment, which would be 15 percent.

Mr. ALLEN. That is correct.

Mr. BUMPERS. That would apply to both corporations and individuals?

Mr. ALLEN. That is correct.

Mr. BUMPERS. There is a $10,000 exclusion under the Mondale amendment. Would that also be deducted from the $75,000——

Mr. ALLEN. No, it would not. It is the $10,000 or the amount that he paid in taxes, whichever is greater. It would not be both.

Mr. BUMPERS. Well, up to $25,000; the amount of taxes he paid up to $25,000?

Mr. ALLEN. What the Mondale amendment does is allow a $10,000 exemption, so this would not change that. If the amount of tax paid is more than $10,000, we would use that formula to take off the preference income. If it is less than $10,000, there would be no application of it, because we would use the $10,000 exemption that the Mondale substitute calls for.

Mr. BUMPERS. Maybe I was mistaken. I understood that the Senator's amendment provided for a reduction of preference income by the amount of taxes paid up to $25,000.

Mr. ALLEN. No; it is not an added exemption. It just takes the $10,000 figure of the Mondale substitute and says that will be taken off of preference income or the amount of taxes, whichever is greater.

Mr. BUMPERS. And the Senator's amendment does not limit the amount of $25,000 of taxes?

Mr. ALLEN. Oh, no, I just gave that as an example.

Mr. BUMPERS. I see.

I thank the Senator.

Mr. MONDALE. Mr. President, I wish to speak to this amendment for a moment.

This amendment takes the Senate Committee on Finance posture that taxes paid on taxable income can be used to shield taxes paid on preferred income, then takes our amendment's position that not $5,000, but $10,000, should be exempted.

Mr. ALLEN. Will the Senator yield?

Mr. MONDALE. Yes.

Mr. ALLEN. It does not shield taxes. It comes off of preference income. It does not come off of taxes.

Mr. MONDALE. That is correct, but it is identical to the pending amendment which we have offered. It seems to me the problem is that, by doing it this way, the amendment offered by the Senator from Alabama collects, we estimate, about $300 million less in individual income taxes through a minimum tax—a tax on preferred income—than does the Senate Finance Committee bill.

Mr. STONE. Will the Senator yield for one moment?

Mr. MONDALE. Yes, I yield.

Mr. STONE. The Senator seems to imply, in his question of the Senator from Alabama, that a tax is being used as a shield. The Senator does not mean to imply that a tax is a tax shelter, does he?

Mr. MONDALE. I hope the Senator from Florida realizes that we have, apparently, a different opinion of how we view this preferred income. The Senate Committee on Finance took the position that this list of 13 preferences constituted income that had not been taxed. That is the position of the Committee on Finance. That is my position.

The Senator from Florida wants to take the position that somehow, it has been taxed, though it has not been taxed. Let me give some examples.

Let us take the bad debt reserves. There is a fiction, and I underline the word, "fiction," in the tax laws that a financial institution has so much in bad debts, even though it did not have that much in bad debts. That is a fiction. This tax measure says that, to the extent that the theoretical bad debts exceed the actual bad debts, that income was not taxed and, therefore, should go into the preferred income pot.

Similarly, take percentage of depletion. Percentage depletion is a fiction. There is only so much oil that can be taken out of a well, so much ore that will come out of a mine, and you can only deplete 100 percent of it. But under the tax laws, we have established a fiction called percentage depletion which might permit you to deplete a well 19 times.

What the Committee on Finance decided was that the difference between what you can deplete in fact and the theory of percentage depletion in the tax laws is income that was not taxed and, therefore, will be called preferred income.

Similarly, for example, we let the railroads take a 5-year fast writeoff on railroad rolling stock. No one thinks that rolling stock is going to be done in 5 years, that it is going to be depreciated to the point of uselessness. That railroad rolling stock will last for years. But the tax law has a fiction that says, for the purpose of taxes, you can write it off in 5 years against other income.

There is a list of 13 such preferences set forth in the Finance Committee bill that we simply put on this bill. The Senator from Florida apparently believes that that income has been taxed. It is his privilege to believe that; but, in my opinion and the opinion of the Senate Committee on Finance, and the opinion of Congress when it set up the minimum tax based on preferred income, that income was not taxed but excluded, based on these various tax fictions. Since it has not been taxed and since, through the use of this fiction, wealthy taxpayers have been able to avoid all or most of their taxes, it seemed to make sense, since we would not fill the loopholes in the first place, to assess a modest tax against them. That is all this is about.

Mr. STONE. If the Senator will just yield.

Mr. MONDALE. I wish to finish my point; then I shall be glad to yield.

The amendment offered by the Senator from Alabama, by taking the higher exemption in my amendment and the deductibility of tax theory found by the Committee on Finance, has the result of reducing—we do not have the exact figures—we estimate about $300 million below the Senate Committee on Finance on individual preferences. On that theory, I hope that the Senate will turn this amendment down.

Mr. STONE. Will the Senator yield?

Mr. MONDALE. Yes.

Mr. STONE. The Senator from Florida gave no examples such as the Senator from Minnesota has just given. What the Senator from Florida discussed with the Senator from Minnesota is capital gains, which, as the Senator from Minnesota knows, makes up at least 75 percent of the base of his preferred tax

Mr. MONDALE. That is correct.

Mr. STONE. What the Senator from Florida would like to convey and ask the Senator from Minnesota as if he does not agree that when he talks about 50 percent of capital gains not being taxed he merely talks about the way you compute a capital gain. You take 50 percent of your gain and you tax it at the ordinary income rate, and you do not tax the other. That is how you get the capital gains rate. You are not exempting half of that gain. Is not that the case? It is simply the way you get a capital gain rate.

Mr. MONDALE. Read the tax law. What does it say?

Mr. STONE. That is what it says.

Mr. MONDALE. No; that is not what it says. It says, if you are an individual taxpayer and you have got $100,000 of gain, you forget about $50,000, it does not appear in the tax base. It is only the other $50,000 that shows up in your tax bill.

Mr. STONE. And then——

Mr. MONDALE. Let me finish now.

I want to further remind the Senator that it was the Senate Finance Committee, and Congress since 1969, that have taken my position that that is excluded preferred income that ought to go into that preferred income part. It is not just my idea, the Congress since 1969 has taken the position I profess.

Now, the Senator from Florida would say, "Oh, no, although it is exempted from taxes in these 13 points, because we have a fiction that we do so, we should nevertheless consider it having been taxed because some other income was taxed."

Well, the Senator can have his way and make his arguments. I hope he does not have his way.

Mr. STONE. The Senator from Minnesota intends by this analysis to assert that a capital gains, half of which is taxed at the ordinary rate, ought to all be taxed at the ordinry income rate.

Mr. MONDALE. Oh, no.

Mr. STONE. Well, that is the theory the Senator is advancing.

Mr. MONDALE. Absolutely not. My position is this: This minimum tax against preferred income should be assessed because these preferences permit persons of great wealth, great earnings, to avoid all or most of their taxes, and if you permit these big hitters, the movie stars and football players and the big corporate executives—who make $200,000 or $300,000 a year and pay taxes on that—to take the taxes paid on other income and use it to deduct against the minimum tax, you end up with a minimum tax that is a shell and amounts to nothing. It is a nominal tax of no significance whatsoever.

Mr. STONE. Let me ask the Senator just one question: Does the Senator believe that there is a basic difference between ordinary earnings and capital gains?

Mr. MONDALE. Always, yes, and I have always supported that.

Mr. STONE. What is the difference?

Mr. MONDALE. There is a big difference.

Mr. STONE. What?

Mr. MONDALE. The idea behind a preferential rate for capital gains is to encourage the investment of money in those investments; that is the idea.

Mr. STONE. Is it not that there is a capital asset being sold whereas in ordinary income there is not?

Mr. MONDALE. That is correct.

Mr. STONE. Is there not, therefore, a definite basis for having a different way of computing the tax?

Mr. MONDALE. There are all kinds of ways of computing the tax.

Mr. STONE. That is all the Senator from Florida was trying to establish with the Senator from Minnesota.

Mr. MONDALE. But the Senator from Florida goes beyond that point——

Mr. STONE. That is all I wanted to establish.

Mr. MONDALE. To argue that the Senate Finance Committee was wrong when it concluded that excluded income for capital gains should go into the preferred income pool. He is arguing that Congress has been wrong since 1969, when it has concluded that the excluded proportion of capital gains should not go into the preferred pool.

Under some new theory, the Senator from Florida is arguing that somehow that part was excluded from taxes.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. MONDALE. Mr. President, it is now 7 o'clock, and we have, I think, 13 or 14 amendments.

In my opinion, this amendment, which would bring in about $300 million less——

Mr. ALLEN. Mr. President, will the Senator yield for a question?

Mr. MONDALE. I am going to do something else in a minute.

Mr. **ALLEN.** That is an incorrect statement.

Mr. **MONDALE.** I will yield for one question.

Mr. **ALLEN.** Well, the Senator says bring in $300 million less than the Finance Committee bill. That is obviously incorrect because all this bill is doing is adopting the $10,000 exemption that the distinguished Senator from Minnesota says is so much better than the $5,000 exemption that the Finance Committee has, because by having the $10,000 exemption, it helps the little man. The Finance Committee's bill does not help the little man by having a $5,000 exemption, and all it does is to amend the Senator's bill by taking his $10,000 figure and giving that exemption or the amount of his taxes, whichever is greater, and it does not come off of the taxes as the Senator indicated just a moment ago. All it comes off of are tax preferences.

Mr. **MONDALE.** I think the Senator is in error because the amendment does one other thing; it permits taxes paid on taxable income to be deducted from the preferred income pot.

Mr. **ALLEN.** That is correct.

Mr. **MONDALE.** And that, coupled with the $10,000 exemption——

Mr. **ALLEN.** You do not have both. It is whichever is larger.

Mr. **MONDALE.** Nor do you in the Finance Committee's bill.

Mr. **ALLEN.** That is correct.

Mr. **MONDALE.** Mr. President, I move to lay on the table the amendment of the Senator from Alabama and I ask for the yeas and nays.

The **PRESIDING OFFICER.** Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The **PRESIDING OFFICER.** The question is on the motion of the Senator from Minnesota to lay on the table the amendment of the Senator from Alabama. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. **MANSFIELD** (after having voted in the affirmative). Mr. President, on this vote I have a pair with the Senator from Arkansas (Mr. McClellan). If he were present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea." Therefore, I withdraw my vote.

Mr. **ROBERT C. BYRD.** I announce that the Senator from North Dakota (Mr. Burdick), the Senator from Idaho (Mr. Church), the Senator from Michigan (Mr. Philip A. Hart), the Senator from Hawaii (Mr. Inouye), the Senator from Arkansas (Mr. McClellan), and the Senator from California (Mr. Tunney) are necessarily absent.

I also announce that the Senator from Missouri (Mr. Symington) and the Senator from Indiana (Mr. Bayh) are absent because of illness.

Mr. **GRIFFIN.** I announce that the Senator from Arizona (Mr. Goldwater), the Senator from Oregon (Mr. Hatfield), the Senator from Idaho (Mr. McClure), and the Senator from Illinois (Mr. Percy) are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

I further announce that, if present and voting, the Senator from Oregon (Mr. Hatfield) would vote "nay."

The result was announced—yeas 33, nays 53, as follows:

[Rollcall Vote No. 331 Leg.]

YEAS—33

Abourezk
Biden
Brooke
Cannon
Case
Clark
Cranston
Culver
Eagleton
Ford
Glenn
Hart, Gary
Hartke
Haskell
Hathaway
Huddleston
Humphrey
Javits
Kennedy
Leahy
Mathias
McGovern
McIntyre
Mondale
Moss
Muskie
Nelson
Pastore
Proxmire
Ribicoff
Roth
Schweiker
Stevenson

NAYS—53

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Bumpers
Byrd, Harry F., Jr.
Byrd, Robert C.
Chiles
Curtis
Dole
Domenici
Durkin
Eastland
Fannin
Fong
Garn
Gravel
Griffin
Hansen
Helms
Hollings
Hruska
Jackson
Johnston
Laxalt
Long
Magnuson
McGee
Metcalf
Montoya
Morgan
Nunn
Packwood
Pearson
Pell
Randolph
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stennis
Stevens
Stone
Taft
Talmadge
Thurmond
Tower
Weicker
Williams
Young

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Mansfield, for.

NOT VOTING—13

Bayh
Buckley
Burdick
Church
Goldwater
Hart, Philip A.
Hatfield
Inouye
McClellan
McClure
Percy
Symington
Tunney

So the motion to lay on the table was rejected.

Mr. **ALLEN.** Mr. President, I move to reconsider the vote by which the motion was rejected.

Mr. **LONG.** Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The **PRESIDING OFFICER** (Mr. Stone). The question is on agreeing to the amendment. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. **KENNEDY.** Mr. President, I suggest the absence of a quorum.

Mr. **WEICKER.** Mr. President, regular order.

The **PRESIDING OFFICER.** The clerk will call the roll for a quorum because no Senator has responded to the rollcall.

The assistant legislative clerk proceeded to call the roll.

Mr. **PROXMIRE.** Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT—S. 3295

Mr. **PROXMIRE.** Mr. President, I ask unanimous consent that the filing of the conference report on S. 3295, a bill to extend the authorization for annual contributions under the U.S. Housing Act of 1937, to extend certain housing programs under the National Housing Act, and for other purposes, be vitiated and the conferees be authorized to reconvene with the conferees of the House. This has been cleared with other Members of the committee, including the minority.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

Mr. **NELSON.** Mr. President, I ask unanimous consent that Mr. Herb Spira, tax counsel of the Small Business Committee, be granted the privileges of the floor during the course of the consideration of and votes on the pending legislation.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. **LONG.** Mr. President, I want to make this point——

Mr. **TALMADGE.** Mr. President, may we have order?

The **PRESIDING OFFICER.** The Senate will be in order.

Mr. **LONG.** Those on my side, in good faith, entered into a unanimous-consent agreement last night under which we got the worst of it, the way I count it, on these previous rollcalls; our side had seven more absentees than the other side.

Furthermore, the other side had the floor up until 5 o'clock today, and the manager of the bill did not have a chance to get the floor even to speak on the matter. Then practically no one was here up until 5 o'clock.

When we spot the other side that much advantage, they ought to be willing to vote, rather than delay matters when it looks like the other side might be able to carry a rollcall. Otherwise, we will have to keep that in mind if someone wants to enter into a unanimous-consent agreement, because after we gave them all those advantages, they refused to vote every time the other side seems to have the advantage.

I did not do that the other night, when the advantage was the other way.

Mr. **KENNEDY.** Mr. President, will the Senator yield?

I think the agreement made was that this amendment would be finished no later than 11 o'clock this evening. I do not think we have violated that unanimous-consent agreement. I would also remind the Senator that when the Hathaway amendment was up last night, to accommodate the Senator from Louisiana, we agreed to put it over until Monday.

Mr. **LONG.** Senator, you did not have to accommodate me at that time. I have power to talk as long as you want to, if all you want to do is to talk 5 or 6 hours. I have talked as much as 11 hours on occasion, until the floor manager, Mr. Stennis, begged me not to talk any more.

We were trying to accommodate the other side, to the degree that they seemed to be trying to accommodate us. We are willing to cooperate. But at a time when a motion to table has failed, and it is pretty obvious the amendment would be agreed to, and it is not subject to amendment, if you are unwilling to go to a vote under those circumstances, we want to keep that in mind. We will just have to keep it in mind next time they want us to enter into a unanimous-consent agreement.

Mr. MONDALE. Mr. President, no one here is trying to delay matters. In good faith, we thought there might be the possibility of some compromise, and in good faith we called for a quorum call, and it has only been in progress 2 or 3 minutes.

Mr. LONG. I hope we can vote on the amendment.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that during the consideration of this bill and an amendment I am about to offer it, Mr. Carl Coan of the Housing Subcommittee staff be accorded the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FANNIN. Mr. President, I ask unanimous consent that Mike Hammond of Senator Buckley's staff be accorded the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I make the same request in behalf of Bill Coates of my staff.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, I ask unanimous consent to offer my amendment on residential construction, which is pending at the desk, at a later time, provided the pending amendments by Senator Mondale and Senator Brock are not displaced.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. The Senate is not in order. Senators will kindly come to order.

The rollcall was resumed.

Mr. ROBERT C. BYRD. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF TIME FOR FILING COMMITTEE REPORT

Mr. ROBERT C. BYRD. I ask unanimous consent that the Committee on Appropriations have until 6 o'clock tomorrow evening to file the report on the Interior appropriations bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

Mr. MONDALE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MONDALE. Do I have the right, under the rules, to withdraw my amendment?

Mr. ALLEN. The yeas and nays have been requested.

The PRESIDING OFFICER. Since there has been no affirmative action on the Senator's amendment, and the yeas and nays have not been ordered, the Senator does have a right to withdraw it.

Mr. BROCK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. Does the Senator from Minnesota yield for that purpose?

Mr. MONDALE. No; I do not. Mr. President, I withdraw my amendment.

Mr. BROCK. Mr. President, I make a point of order.

The PRESIDING OFFICER. The amendment is withdrawn.

UP AMENDMENT NO. 96

Mr. MONDALE. Mr. President, I send a substitute amendment to the desk, I ask unanimous consent that the reading of the amendment be dispensed with, and I will describe it.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. Mondale's amendment is as follows:

In lieu of the text intended to be inserted by the committee amendment to Title III, insert the following:

TITLE III—MINIMUM TAX AND MAXIMUM TAX

"Sec. 301. Minimum Tax for Individuals.

(a) In General.—Part VI of subchapter A of chapter 1 (relating to minimum tax for tax preferences) is amended by inserting before section 56 the following new section:

"Sec. 55. Minimum Tax for Individuals.

"(a) Imposition of Tax.—In the case of a taxpayer, other than a corporation which is not an electing small business corporation (as defined in section 1371(b)) or a personal holding company (as defined in section 542), in addition to the other taxes imposed by this chapter, there is hereby imposed for each taxable year, with respect to the income of such taxpayer, a tax equal to 15 percent of the amount (if any) by which—

"(1) the sum of the items of tax preference, exceeds

"(2) the exemption provided by subsection (c).

"(b) Deferral of Tax Liability in Case of Certain Net Operating Losses.—

"(1) In general.—If for any taxable year a person—

"(A) has a net operating loss any portion of which (under section 172) remains as a net operating loss carryover to a succeeding taxable year, and

"(B) has items of tax preference in excess of the exemption provided by subsection (c), then an amount equal to the lesser of the tax imposed by subsection (a) or 15 percent of the amount of the net operating loss carryover described in subparagraph (A) shall be treated as tax liability, not imposed for the taxable year, but as imposed for the succeeding taxable year or years pursuant to paragraph (2).

"(2) Year of liability.—In any taxable year in which any portion of the net operating loss carryover attributable to the excess described in paragraph (1)(B) reduces taxable income, the amount of tax liability described in paragraph (1) shall be treated as tax liability imposed in such taxable year in an amount equal to 15 percent of such reduction.

"(3) Priority of application.—For purposes of paragraph (2), if any portion of the net operating loss carryover described in paragraph (1)(A) is not attributable to the excess described in paragraph (1)(B), such portion shall be considered as being applied in reducing taxable income before such other portion.

"(c) Exemption.—Except as provided in section 58(a), the exemption provided by this subsection shall be $10,000.

(b) Amendments of Section 56.—Section 56 (relating to the imposition of the minimum tax) is amended—

(1) by striking out the heading and inserting in lieu thereof the following:

"Sec. 56. Minimum Tax for Corporations.",

(2) by striking out "person" in subsections (a) and (b)(1) and inserting in lieu thereof "corporation which is not an electing small business corporation (as defined in section 1371(b)) or a personal holding company (as defined in section 542)",

(3) by striking out clauses (ii), (v), (vi), and (vii) of subsection (a)(2)(A),

(4) by redesignating clauses (iii) and (iv) of subsection (a)(2)(A) as clauses (ii) and (iii), and by striking out the comma at the end of clause (iii) (as so redesignated) and inserting in lieu thereof "; and",

(5) by striking out subparagraphs (B), (E), (F), and (G) of subsection (c)(1),

(6) by redesignating subparagraph (C) of subsection (c)(1) as subparagraph (B) and inserting "and" at the end thereof, and

(7) by redesignating subparagraph (D) of subsection (c)(1) as subparagraph (C), and inserting "exceed" at the end thereof.

(c) Amendments of Section 57.—

(1) Additional preference items.—

(A) Section 57(a) (relating to items of tax preference) is amended by striking out the matter after paragraph (10) and inserting in lieu thereof the following:

"(11) Excess itemized deductions.—An amount equal to the excess itemized deductions for the taxable year (as determined under subsection (d)).

"(12) Construction period interest.—With respect to each item of real property which is or will be either property described in section 1221(1) or property held for rental and which is not section 1245 property (as defined in section 1245(a)(3)), the amount of all interest paid or accrued on indebtedness incurred or continued to acquire, construct, or carry real property, to the extent such interest is attributable to the construction period for such property and is allowed as a deduction under this chapter for the taxable year. For purposes of this paragraph, the terms—

"(A) 'construction period' means the period beginning on the date on which construction begins and ending on the date on which the item of property is ready to be placed in service or is ready to be held for sale, and

"(B) 'construct' includes reconstruct and erect.

"(13) Intangible drilling costs.—With respect to all interests of the taxpayer in oil and gas wells, the excess of—

"(A) the excess of the intangible drilling and development costs described in section 263(c) paid or incurred in connection with oil and gas wells (other than costs incurred in drilling a nonproductive well) allowable under this chapter for the taxable year over the amount which would have been allowable for the taxable year if such costs had been capitalized and straight line recovery of intangibles (as defined in subsection (e)) had been used with respect to such costs, over

"(B) the aggregate amount of net income received or accrued by the taxpayer during such taxable year attributable to such interests. For purposes of this subparagraph, the term 'net income' means the excess of the aggregate amount of gross income from oil and gas properties over the sum of—

"(i) the amount of any deductions (other than the amount of any excess intangible drilling and development costs, as determined under subparagraph (A), allowable for such taxable year) allocable to such properties, and

"(ii) the amount of taxes imposed under this section (determined without regard to this part) allocable to such properties.

Paragraphs (1), (3), (4), (11), (12), and (13) shall not apply to a corporation other than an electing small business corporation (as defined in section 1371(b)) and a personal holding company (as defined in section 542). Paragraph (4) and (10) shall not apply to taxpayers other than such corporations. Paragraph (12) shall not apply to any amount of interest paid or accrued before January 1, 1982, on indebtedness incurred or continued to acquire, construct, or carry real property described in section 1250(a)(1)(C).".

(B) Section 57(a)(3) (relating to accelerated depreciation on personal property subject to a net lease), is amended—

(i) by striking out "net" in the caption thereof, and

(ii) by striking out "net" in the text thereof.

(2) Excess itemized deductions defined.—Section 57 is amended by adding at the end thereof the following new subsection:

"(d) Excess Itemized Deductions.—For purposes of paragraph (11) of subsection (a), the amount of the excess itemized deductions for any taxable year is the amount by which the sum of the deductions for the taxable year other than—

"(1) deductions allowable in arriving at adjusted gross income,

"(2) the standard deduction provided by section 141,

"(3) the deduction for personal exemptions provided by section 151,

"(4) the deduction provided by section 213,

"(5) the deduction for casualty losses described in section 165(c)(3), and

"(6) the deduction for interest which is excess investment interest (as defined in subsection (b)) to the extent that such interest is not included as a deduction under paragraph (1),

exceeds 60 percent (but does not exceed 100 percent) of the taxpayer's adjusted gross income for the taxable year. In the case of a trust, any deduction allowed or allowable under section 641(d), 641(e), 641(f), 651(a), or 661(a) for such taxable year and any deduction allowed or allowable under this chapter for costs paid or incurred in connection with the administration of such trust for such taxable year shall, for purposes of paragraph (1), be treated as a deduction allowable in arriving at adjusted gross income.".

(3) Straight line recovery of intangibles defined.—Section 57 is amended by adding at the end thereof the following new subsection:

"(e) Straight Line Recovery of Intangibles Defined.—For purposes of paragraph (13) of subsection (a)—

"(1) In general.—The term 'straight line recovery of intangibles', when used with respect to intangible drilling and development costs for any well, means (except in the case of an election under paragraph (2)) ratable amortization of such costs over the 120-month period beginning with the month in which production from such well begins.

"(2) Election.—If the taxpayer elects, at such time and in such manner as the Secretary may by regulations prescribe, with respect to the intangible drilling and development costs for any well, the term 'straight line recovery of intangibles' means any method which would be permitted for purposes of determining cost depletion with respect to such well and which is selected by the taxpayer for purposes of subsection (a)(12).".

(4) Excess investment interest in case of limited partner.—Section 57(b) (relating to excess investment interest) is amended by adding at the end thereof the following new paragraph:

"(4) Special rule for limited partner.—For purposes of paragraph (1), in the case of any taxpayer who is a partner in any limited partnership, as defined by regulations prescribed by the Secretary—

"(A) the excess investment interest attributable to such taxpayer for any taxable year with respect to all such partnerships is the aggregate amount of losses of all such partnerships allocated to such taxpayer to the extent such losses are attributable to investment interest expenses incurred by such partnerships, and

"(B) the net investment income attributable to such taxpayer for any taxable year with respect to all such partnerships is the aggregate amount of gain of all such partnerships allocated to such taxpayer.

The preceding sentence shall not apply to any amount of interest paid or accrued on indebtedness incurred or continued to acquire, construct, or carry real property described in section 1250(a)(1)(C), but only if construction of such property began before January 1, 1976 and section 163(d), as in existence on December 31, 1975, did not apply to such interest.

"(5) Transitional rule for low income housing.—For purposes of paragraph (2)(D), the term 'investment interest expense' does not include any amount of interest paid or accrued on indebtedness incurred or continued with respect to property described in section 1250(a)(1)(C) which was acquired or constructed pursuant to a written contract for the acquisition, construction, or financing of such property, which was, on or before December 31, 1981, binding on the taxpayer.

"(6) Construction period interest excluded.—Section 57(b)(2)(A) is amended by adding at the end thereof the following new sentence: "For purposes of this subparagraph, the term 'investment expense' shall not include any deduction allowable for interest under this chapter which is included as an item of tax preference under paragraph (12) of subsection (a)."

(d) Amendments of Section 58.—Section 58 (relating to rules for application of part) is amended—

(1) by striking out subsection (a) and inserting in lieu thereof the following:

"(a) Married Individuals Filing Separate Returns.—In the case of a married individual who files a separate return for the taxable year, section 55(c) shall be applied by substituting $5,000 for $10,000 each place it appears.",

(2) by striking out paragraph (2) of subsection (c) and inserting in lieu thereof the following:

"(2) section 55(c) shall be applied by substituting for $10,000 each place it appears the amount which bears the same ratio to $10,000 as the portion of the sum of the items of tax preference allocated to the estate or trust under paragraph (1) bears to such sum.",

(3) by striking out "For purposes of section 56" each place it appears in subsection (g) and inserting in lieu thereof "For purposes of this part", and

(4) by adding at the end thereof the following new subsection:

"(h) Regulation To Include Tax Benefit Rule.—The Secretary shall prescribe regulations under which items of tax preference shall be adjusted where the tax treatment giving rise to such items does not result in the reduction of the taxpayer's tax under this subtitle for any taxable year."

(e) Conforming Amendments.—

(1) Paragraph (5) of section 5(a) (relating to cross references relating to tax on individuals) is amended to read as follows:

"(5) For minimum tax for individuals, see section 55.".

(2) Paragraph (3) of section 46(a) (defining liability for tax) is amended by striking out "section 56" and inserting in lieu thereof "section 55 or 56".

(3) Paragraph (3) of section 50A(a) (defining liability for tax) is amended by striking out "section 56" and inserting in lieu thereof "section 55 or 56".

(4) Subsection (d) of section 443 (relating to adjustment is exclusion for computing minimum tax for tax preferences) is amended by striking out "the $30,000 amount specified in section 56 (relating to minimum tax for tax preferences), modified as provided by section 58," and inserting in lieu thereof "the $10,000 amount specified in section 55 (relating to minimum tax for individuals), modified as provided by section 58, or the $30,000 amount specified in section 56 (relating to minimum tax for corporation.)".

(5) Subsection (d) of section 511 (relating to tax preferences) is amended by striking out "section 56" and inserting in lieu thereof "section 55 or 56".

(6) Subsection (a) of section 901 (relating to allowance of credit of taxes of foreign countries and of possessions of the United States) is amended by striking out "section 56" and inserting in lieu thereof "section 55 or 56".

(7) Paragraph (1) of section 6015(c) (defining estimated tax) is amended by striking out "section 56" and inserting in lieu thereof "section 55 or 56".

(8) Paragraph (1) of section 6654(f) (relating to tax computed after applications of credits against tax) is amended by striking out "section 56" and inserting in lieu thereof "section 55 or 56".

(9) Section 6362(b)(2)(A) (relating to qualified individual income taxes) is amended by striking out "section 56" and inserting in lieu thereof "section 55".

(f) Termination of Limitation on Interest on Investment Indebtedness.—

(1) Application of section 163(d).—Section 163(d) (relating to limitation on interest on investment indebtedness) shall not apply to interest (other than interest described in the last sentence of section 57(a) and in section 58(b)(5)) paid or accrued in taxable years after December 31, 1976.

(2) Carryover of disallowed investment interest.—Notwithstanding the provisions of paragraph (1), a taxpayer may deduct in any taxable year any amount of investment interest disallowed under section 163(d)(1) only if such interest is allowable as a deduction for such year under section 163(d)(2).

(g) Clerical Amendment.—The table of sections for part VI of subchapter A of chapter 1 is amended by striking out the item relating to section 56 and inserting in lieu thereof the following:

"Sec. 55. Minimum tax for individuals.
"Sec. 56. Minimum tax for corporations.

(h) Effective Date.—

(1) In general.—The amendments made by this section shall apply with respect to items of tax preferences (as defined in section 57(a) of the Internal Revenue Code of 1954) for taxable years beginning after December 31, 1975.

(2) Tax carryover.—In the case of a taxpayer other than a corporation which is not an electing small business corporation (as defined in section 1371(b)) or a personal holding company (as defined in section 542), the amount of any tax carryover under section 56(c) of the Internal Revenue Code

of 1954 from a taxable year beginning before January 1, 1977, shall not be allowed as a tax carryover for any taxable year beginning after December 31, 1975.

SEC. 302. MAXIMUM TAX FOR INDIVIDUALS.

(a) IN GENERAL.—Section 1348 (relating to 50-percent maximum rate on earned income) is amended to read as follows:

Mr. MONDALE. Mr. President, after talking with many Senators this evening, it has become clear there is more resistance to the minimum tax as applied to corporations than to individuals. Originally we had planned to offer them separately, and it seems to me to make sense to have a clean vote on each. But the argument has been that savings and loan associations, financial institutions, the timber industry, and others would be hit harder than would be appropriate under the provisions of the corporate part of the minimum tax that I have proposed.

I think that is wrong, but in any event, there seems to be a strong feeling to that effect.

Therefore, I offer this amendment, which simply incorporates the individual minimum tax and denies the deductibility of taxes paid on taxable income, and I would hope that would be acceptable.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Several Senators addressed the Chair.

UP AMENDMENT NO. 97

Mr. ALLEN. Mr. President, I offer as a substitute for this amendment the Mondale substitute as amended by the amendment which I sought to offer.

The PRESIDING OFFICER. Will the Senator kindly send that amendment to the desk?

Mr. ALLEN. It is up there. If it is withdrawn, I will use it. And I modify the amendment to include the amendment that I offered, and that failed to be tabled.

Mr. ALLEN's amendment is as follows:

On the last line of page 1, strike out "$10,000." and insert in lieu thereof the following:

"$10,000, or the liability for tax for the taxable year, whichever is the greater."

In lieu of the language proposed to be inserted by the Committee amendment, insert the following:

MINIMUM TAX AND MAXIMUM TAX

SEC. 301. MINIMUM TAX FOR INDIVIDUALS.—

(a) IN GENERAL. Part VI of subchapter A of chapter 1 (relating to minimum tax for tax preferences) is amended:

(a) By amending section 56(a) to read as follows:

"(a) GENERAL RULE.—In addition to the other taxes imposed by this chapter, there is hereby imposed for each taxable year, with respect to the income of every person, a tax equal to 15 percent of the amount by which the sum of the items of tax preference exceed $10,000.".

(b) CONFORMING CHANGES.—

(1) Section 56(b) of such Code (relating to deferral of tax liability in case of certain net operating losses) is amended—

(A) by striking out "$30,000" in paragraph (1)(B) and inserting in lieu thereof "$10,000", and

(B) by striking out "10 percent" in paragraphs (1) and (2) and inserting in lieu thereof "15 percent".

(2) Section 56(c) (relating to tax carryovers) is repealed.

(c) ADDITIONAL TAX PREFERENCE ITEMS.—

(1) ADDITIONAL PREFERENCE ITEMS.—

(A) Section 57(a) (relating to items of tax preference) is amended by striking out the matter following paragraph (10) and inserting in lieu thereof the following:

"(11) EXCESS ITEMIZED DEDUCTIONS.—An amount equal to the excess itemized deductions for the taxable year (as determined under subsection (d)).

"(12) CONSTRUCTION PERIOD INTEREST.—With respect to each item of real property which is or will be either property described in section 1221(1) or property held for rental and which is not section 1245 property (as defined in section 1245(a)(3)), the amount of all interest paid or accrued on indebtedness incurred or continued to acquire, construct, or carry real property, to the extent such interest is attributable to the construction period for such property and is allowed as a deduction under this chapter for the taxable year. For purposes of this paragraph, the terms—

"(A) 'construction period' means the period beginning on the date on which construction begins and ending on the dae on which the item of property is ready to be placed in service or is ready to be held for sale, and

"(B) 'construct' includes reconstruct and erect.

"(13) INTANGIBLE DRILLING COST.—With respect to all interests of the taxpayer in oil and gas wells, the excess of—

"(A) the excess of the intangible drilling and development costs described in section 263(c) paid or incurred in connection with oil and gas wells (other than costs incurred in drilling a nonproductive well) allowable under this chapter for the taxable year over the amount which would have been allowable for the taxable year if such costs had been capitalized and straight line recovery of intangibles (as defined in subsection (e)) had been used with respect to such costs, over

"(B) the aggregate amount of net income received or accrued by the taxpayer during such taxable year attributable to such interests. For purposes of this subparagraph, the term 'net income' means the excess of the aggregate amount of gross income from oil and gas properties over the sum of—

"(i) the amount of any deductions (other than the amount of any excess intangible drilling and development costs, as determined under subparagraph (A), allowable for such taxable year) allocable to such properties, and

"(ii) the amount of taxes imposed under this section (determined without regard to this part) allocable to such properties.

Paragraphs (1), (3), and (11) shall not apply to a corporation other than an electing small business corporation (as defined in section 1371(b)) and a personal holding company (as defined in section 542). Paragraph (12) shall not apply to any amount of interest paid or accrued before January 1, 1982, on indebtedness incurred or continued to acquire, construct, or carry real property described in section 1250(a)(1)(C)."

(B) Section 57(a)(3) (relating to accelerated depreciation on personal property subject to a net lease), is amended—

(i) by striking out "net" in the caption thereof, and

(ii) by striking out "net" in the text thereof.

(2) EXCESS ITEMIZED DEDUCTIONS DEFINED.—Section 57 is amendedby adding at the end thereof the following new subsection:

"(d) EXCESS ITEMIZED DEDUCTIONS.—For purposes of paragraph (11) of subsection (a), the amount of the excess itemized deductions for any taxable year is the amount by which such sum of the deductions for the taxable year other than—

"(1) deductions allowable in arriving at adjusted gross income,

"(2) the standard deduction provided by section 141,

"(3) the deduction for personal exemptions provided by section 151,

"(4) the deduction provided by section 213,

"(5) the deduction for casualty losses described in section 165(c)(3), and

"(6) the deduction for interest which is excess investment interest (as defined in subsection (b)) to the extent that such interest is not included as a deduction under paragraph (1),

exceeds 60 percent (but does not exceed 100 percent) of the taxpayer's adjusted gross income for the taxable year. In the case of a trust, any deduction allowed or allowable under section 641(d), 641(c), 641(f), 651(a), or 661(a) for such taxable year and any deduction allowed or allowable under this chapter for costs paid or incurred in connection with the administration of such trust for such taxable year shall, for purposes of paragraph (1), be treated as a deduction allowable in arriving at adjusted gross income."

(3) DEDUCTIONS DEFERRED UNDER LAL NOT TO BE TREATED AS ITEMS OF TAX PREFERENCE.—Section 57 is amended by adding at the end thereof the following new subsection:

"(e) DEDUCTIONS DEFERRED UNDER LAL NOT TO BE TREATED AS ITEMS OF TAX PREFERENCE.—The amount of any item of tax preference taken into account for purposes of section 55 for any taxable year shall be reduced by the amount of any portion of such item which constitutes a deduction which for such taxable year or any prior taxable year was placed in a deferred deduction account under section 466(b)."

(4) STRAIGHT LINE RECOVERY OF INTANGIBLES DEFINED.—Section 57 is amended by adding at the end thereof the following new subsection.

"(f) STRAIGHT LINE RECOVERY OF INTANGIBLES DEFINED.—For purposes of paragraph (12) of subsection (a) and for purposes of section 468(e) (relating to accelerated deductions in the case of LAL oil and gas property).

"(1) IN GENERAL.—The term 'straight line recovery of intangibles', when used with respect to intangible drilling and development costs for any well, means (except in the case of an election under paragraph (2)) ratable amortization of such costs over the 120-month period beginning with the month in which production from such well begins.

"(2) ELECTION.—If the taxpayer elects, at such time and in such manner as the Secretary may by regulations prescribe, with respect to the intangible drilling and development costs for any well, the term 'straight line recovery of intangibles' means any method which would be permitted for purposes of determining cost depletion with respect to such well and which is selected by the taxpayer for purposes of subsection (a)(12) and section 468(e)."

(5) EXCESS INVESTMENT INTEREST IN CASE OF LIMITED PARTNER.—Section 57(b) (relating to excess investment interest) is amended by adding at the end thereof the following new paragraphs:

"(4) SPECIAL RULE FOR LIMITED PARTNER.—For purposes of paragraph (1), in the case of any taxpayer who is a partner in any limited partnership, as defined by regulations prescribed by the Secretary—

"(A) the excess investment interest attributable to such taxpayer for any taxable year with respect to all such partnerships is the aggregate amount of losses of all such parnerships allocated to such taxpayer to the extent such losses are attributable to investment interest expenses incurred by such partnerships, and

"(B) the net investment income attributable such taxpayer for any taxable year with respect to all such partnerships is the aggregate amount of gain of all such partnerships allocated to such taxpayer.

The preceding sentence shall not apply to any amount of interest paid or accrued on indebtedness incurred or continued to acquire, construct, or carry real property described in section 1250(a) (1) (C), but only if construction of such property began before January 1, 1976, and section 163(d), as in existence on December 31, 1975, did not apply to such interest.

"(5) TRANSITIONAL RULE FOR LOW INCOME HOUSING.—For purposes of paragraph (2) (D), the term 'investment interest expense' does not include any amount of interest paid or accrued on indebtedness incurred or continued with respect to property described in section 1250(a) (1) (C) which was acquired or constructed pursuant to a written contract for the acquisition, construction, or financing of such property, which was on or before December 31, 1981, and at all times thereafter binding on the taxpayer."

"(6) CONSTRUCTION PERIOD INTEREST EXCLUDED.—Section 57(b) (2) (A) is amended by adding at the end thereof the following new sentence: 'For purposes of this subparagraph, the term 'investment expense' shall not include any deduction allowable for interest under this chapter which is included as an item of tax preference under paragraph (12) of subsection (a).'"

(d) AMENDMENTS OF SECTION 58.—Section 58 (relating to rules for application of part) is amended by striking out "$30,000" wherever it appears and inserting in lieu thereof "$10,000", and by striking out "$15,000" wherever it appears and inserting in lieu thereof "$5,000".

(e) CONFORMING AMENDMENT.—Subsection (d) of section 443 (relating to adjustment in exclusion for computing minimum tax for tax preferences) is amended by striking out "$30,000" and inserting in lieu thereof "$10,000".

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—In the case of a taxpayer other than a corporation, the amendments made by this section shall apply with respect to items of tax preferences (as defined in section 57(a) of the Internal Revenue Code of 1954) for taxable years beginning after December 31, 1975, and in the case of a corporation, the amendments made by this section shall apply with respect to items of tax preferences (as defined in section 57(a) of the Internal Revenue Code) for taxable years beginning after December 31, 1975.

(2) TAX CARRYOVER.—In the case of a taxpayer other than a corporation, the amount of any tax carryover under section 56(c) of the Internal Revenue Code of 1954 from a taxable year beginning before January 1, 1976, shall not be allowed as a tax carryover for any taxable year beginning after December 31, 1975, and in the case of a corporation which is not an electing small business corporation (as defined in section 1371 (b)) or a personal holding company (as defined in section 524), the amount of any tax carryover under section 56(c) of the Internal Revenue Code of 1954 from a taxable year beginning before July 1, 1976, shall not be allowed as a tax carryover for any taxable year beginning after June 30, 1976.

(3) In the case of a taxpayer which is a bank (as defined in section 581 of the Internal Revenue Code of 1954), the amendments made by this section apply only to taxable years beginning after December 31, 1977.

(4) SPECIAL RULE FOR TAXABLE YEAR 1976 IN THE CASE OF A CORPORATION.—Notwithstanding any provision of the Internal Revenue Code of 1954 to the contrary, in the case of a corporation the tax imposed by section 56 of such Code for taxable years beginning after December 31, 1975, and before January 1, 1977, is an amount equal to the sum of—

(A) the amount of the tax which would have been imposed for such taxable year under such section as such section was in effect on the day before the date of enactment of the Tax Reform Act of 1976, and

(B) one-half of the amount by which the amount of the tax which would be imposed for such taxable year under such section as amended by the Tax Reform Act of 1976 (but for this paragraph) exceeds the amount determined under subparagraph (A).

The PRESIDING OFFICER (Mr. STONE). The amendment will be so modified and the clerk will report.

Mr. LONG. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. KENNEDY. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KENNEDY. Is this an appropriate substitute, the Allen amendment for the Mondale amendment? Is it not a substitute for a substitute?

Mr. ALLEN. No; substitute for the amendment.

The PRESIDING OFFICER. The Senator is correct, the amendment would be an amendment in the third degree and, therefore, not in order.

Mr. ALLEN. I raise a point of order, Mr. President.

Mr. BROCK. Mr. President, parliamentary inquiry.

Mr. ALLEN. I raised a point of order, Mr. President, and ask for a ruling.

Mr. BROCK. Mr. President, I make a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BROCK. Under the unanimous-consent agreement, was not the Senator from Tennessee given permission to amend the Mondale amendment?

The PRESIDING OFFICER. The Senator is correct, but that amendment was withdrawn.

Mr. BROCK. Mr. President, no, that amendment was not even offered at the time. The consent agreement related to the amendment of the Senator from Minnesota and not to any particular amendment but to the amendment he was going to offer. Then if that is the case I have a right to offer my amendment as a substitute.

The PRESIDING OFFICER. Would the Senator restate his point?

Mr. BROCK. I would be delighted to, Mr. President. It was clearly the intent of the Senate in the unanimous-consent agreement offered by the Senator from West Virginia, if I recall correctly, that the Senator from Minnesota would be allowed to offer an amendment, although technically that amendment would be in the second degree. The Senate agreed last night by unanimous consent that the Senator from Tennessee would be protected and allowed to offer a substitute to the amendment of the Senator from Minnesota. I insist upon my rights.

Mr. MONDALE. If the Senator will yield, the Senator is right, in my opinion. I ask unanimous consent that the Senator from Tennessee be accorded that right at this time.

The PRESIDING OFFICER. Is there objection?

Mr. HANSEN. Mr. President, I do not think it is necessary for unanimous consent to be requested. I think that the Senator from Tennessee has the right.

Mr. MONDALE. That is fine.

Mr. HANSEN. No one need unanimous consent that he be given it.

Mr. BROCK. The Senator from Tennessee asked to be protected.

Mr. KENNEDY. I ask for the yeas and nays.

The PRESIDING OFFICER. The Chair did not hear what the Senator just said.

Mr. BROCK. The Senator from Tennessee asked the Chair to abide by the intent and spirit of the unanimous-consent request.

The PRESIDING OFFICER. The unanimous-consent agreement gave the right to the Senator from Tennessee to offer an amendment to the amendment offered by the Senator from Minnesota. That has transpired.

Mr. BROCK. No, but the Senator from Minnesota has now offered it in modified form and by some device the Senator from Tennessee could be precluded from an agreement that was made by unanimous consent.

The PRESIDING OFFICER. The Senator is correct. He could be precluded. The order was carried out.

Mr. CURTIS. May I make a point of order?

Mr. KENNEDY. May I ask unanimous consent it be in order?

The PRESIDING OFFICER. Is there objection?

Mr. ALLEN. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. CURTIS. Mr. President, I call up my amendment to the Mondale amendment.

The PRESIDING OFFICER. The amendment would be in the third degree and not in order.

Mr. ALLEN addressed the Chair.

Mr. MONDALE. I make a point of order.

UP AMENDMENT NO. 98

Mr. ALLEN. Mr. President, I offer my amendment which is the Mondale reform amendment as modified by my amendment in which I joined with the distinguished Senator from Florida as an amendment to the bill itself, I believe title III.

The PRESIDING OFFICER. The Chair advises that that would not be in order, either, as a substitute.

Mr. ALLEN. I am not offering it as a substitute. I am offering it as an amendment of the bill.

Mr. LONG. The House bill.

The PRESIDING OFFICER. The Chair will explain that the committee amendment would strike title III of the House bill and substitute new language, that would be in the first degree, and the Mondale amendment to insert other language in lieu of the language proposed to be inserted by the committee amendment would be in the second degree; therefore, the Senator would have a right to perfect the original House language but not offer a substitute for it.

Mr. ALLEN. I am asking to perfect it. That is what I asked, Mr. President.

The PRESIDING OFFICER. The Senator, though, is offering a substitute for the whole title.

Mr. ALLEN. No, I am not. I am seeking to perfect the language of the House bill and offer it for that purpose.

The PRESIDING OFFICER. Will the Senator suspend?

In the opening language of the proposed amendment the wording is that it is a substitute for the whole title.

Mr. ALLEN. I modify that to put it as an amendment to the House bill.

The PRESIDING OFFICER. Would the Senator kindly word that and send it to the desk?

Mr. ALLEN. The Parliamentarian can word it, what I offered it for. I modify it in that fashion. I offer it as perfecting language to the House bill.

The PRESIDING OFFICER. The Chair is in doubt as to where the Senator wants to bring into title III of the House bill this proposed amendment.

Mr. ALLEN. At the appropriate place, Mr. President.

[Laughter.]

Mr. LONG. Just add it at the end.

Mr. ALLEN. At the end of title III, then.

The PRESIDING OFFICER. In the form in which it is currently drafted it is a substitute. How does the Senator wish to modify his language?

Mr. ALLEN. I wish to amend title III of the House bill to perfect it by adding the Mondale reform amendment as modified by the Allen-Stone amendment.

The PRESIDING OFFICER. In addition to the House title III?

Mr. ALLEN. Yes; perfect it.

The PRESIDING OFFICER. Now the amendment would be in order.

Mr. ALLEN. I thank the Chair.

The PRESIDING OFFICER. And takes precedence.

Mr. ALLEN. Mr. President, I do not know just what is happening here. The amendment of the Senator from Alabama will be the first amendment to be considered, will it not?

The PRESIDING OFFICER. The Senator is correct.

The amendment (UP Amendment No. 98) is as follows:

On the last line of page 1, strike out "$10,000." and insert in lieu thereof the following:

"$10,000 or the liability for tax for the taxable year, whichever is the greater."

In lieu of the language proposed to be inserted by the Committee amendment, insert the following:

MINIMUM TAX AND MAXIMUM TAX

Sec. 301. Minimum Tax for Individuals.

(a) In General. Part VI of subchapter A of chapter 1 (relating to minimum tax for tax preferences) is amended:

(a) By amending section 56(a) to read as follows:

"(a) General Rule.—In addition to the other taxes imposed by this chapter, there is hereby imposed for each taxable year, with respect to the income of every person, a tax equal to 15 percent of the amount by which the sum of the items of tax preference exceed $10,000, or the liability for tax for the taxable year, whichever is the greater.".

(b) Conforming Changes.—

(1) Section 56(b) of such Code (relating to deferral of tax liability in case of certain net operating losses) is amended—

(A) by striking out "$30,000" in paragraph (1)(B) and inserting in lieu thereof "$10,000", and

(B) by striking out "10 percent" in paragraphs (1) and (2) and inserting in lieu thereof "15 percent".

(2) Section 56(c) (relating to tax carryovers) is repealed.

(c) Additional Tax Preference Items.—

(1) Additional preference items.—

(A) Section 57(a) (relating to items of tax preference) is amended by striking out the matter following paragraph (10) and inserting in lieu thereof the following:

"(11) Excess itemized deductions.—An amount equal to the excess itemized deductions for the taxable year (as determined under subsection (d)).

"(12) Construction period interest.—With respect to each item of real property which is or will be either property described in section 1221(1) or property held for rental and which is not section 1245 property (as defined in section 1245(a)(3)), the amount of all interest paid or accrued on indebtedness incurred or continued to acquire, construct, or carry real property, to the extent such interest is attributable to the construction period for such property and is allowed as a deduction under this chapter for the taxable year. For purposes of this paragraph, the terms—

"(A) 'construction period' means the period beginning on the date on which construction begins and ending on the date on which the item of property is ready to be placed in service or is ready to be held for sale, and

"(B) 'construct' includes reconstruct and erect.

"(13) Intangible drilling cost.—With respect to all interests of the taxpayer in oil and gas wells, the excess of—

"(A) the excess of the intangible drilling and development costs described in section 263(c) paid or incurred in connection with oil and gas wells (other than costs incurred in drilling a nonproductive well) allowable under this chapter for the taxable year over the amount which would have been allowable for the taxable year if such costs had been capitalized and straight line recovery of intangibles (as defined in subsection (e)) had been used with respect to such costs, over

"(B) the aggregate amount of net income received or accrued by the taxpayer during such taxable year attributable to such interests. For purposes of this subparagraph, the term 'net income' means the excess of the aggregate amount of gross income from oil and gas properties over the sum of—

"(i) the amount of any deductions (other than the amount of any excess intangible drilling and development costs, as determined under subparagraph (A), allowable for such taxable year) allocable to such properties, and

"(ii) the amount of taxes imposed under this section (determined without regard to this part) allocable to such properties.

Paragraphs (1), (3), and (11) shall not apply to a corporation other than an electing small business corporation (as defined in section 1371(b)) and a personal holding company (as defined in section 542). Paragraph (12) shall not apply to any amount of interest paid or accrued before January 1, 1982, on indebtedness incurred or continued to acquire, construct, or carry real property described in section 1250(a)(1)(C)."

(B) Section 57(a)(3) (relating to accelerated depreciation on personal property subject to a net lease), is amended—

(i) by striking out "net" in the caption thereof, and

(ii) by striking out "net" in the text thereof.

(2) Excess itemized deductions defined.—Section 57 is amended by adding at the end thereof the following new subsection:

"(d) Excess Itemized Deductions.—For purposes of paragraph (11) of subsection (a), the amount of the excess itemized deductions for any taxable year is the amount by which the sum of the deductions for the taxable year other than—

"(1) deductions allowable in arriving at adjusted gross income,

"(2) the standard deduction provided by section 141,

"(3) the deduction for personal exemptions provided by section 151,

"(4) the deduction provided by section 213,

"(5) the deduction for casualty losses described in section 165(c)(3), and

"(6) the deduction for interest which is excess investment interest (as defined in subsection (b)) to the extent that such interest is not included as a deduction under paragraph (1),

exceeds 60 percent (but does not exceed 100 percent) of the taxpayer's adjusted gross income for the taxable year. In the case of a trust, any deduction allowed or allowable under section 641(d), 641(e), 641(f), 651(a), or 661(a) for such taxable year and any deduction allowed or allowable under this chapter for costs paid or incurred in connection with the administration of such trust for such taxable years shall, for purposes of paragraph (1), be treated as a deduction allowable in arriving at adjusted gross income."

(3) Deductions deferred under LAL not to be treated as items of tax preference.—Section 57 is amended by adding at the end thereof the following new subsection:

"(e) Deductions Deferred Under LAL Not To Be Treated as Items of Tax Preference.—The amount of any item of tax preference taken into account for purposes of section 55 for any taxable year shall be reduced by the amount of any portion of such item which constitutes a deduction which for such taxable year or any prior taxable year was placed in a deferred deduction account under section 466(b)."

(4) Straight line recovery of intangibles defined.—Section 57 is amended by adding at the end thereof the following new subsection:

"(f) Straight Line Recovery of Intangibles Defined.—For purposes of paragraph (12) of subsection (a) and for purposes of section 468(e) (relating to accelerated deductions in the case of LAL oil and gas property)—

"(1) In general.—The term 'straight line recovery of intangibles', when used with respect to intangible drilling and development costs for any well, means (except in the case of an election under paragraph (2)) ratable amortization of such costs over the 120-month period beginning with the month in which production from such well begins.

"(2) Election.—If the taxpayer elects, at such time and in such manner as the Secretary may by regulations prescribe, with respect to the intangible drilling and development costs for any well, the term 'straight line recovery of intangibles' means any method which would be permitted for purposes of determining cost depletion with respect to such well and which is selected by the taxpayer for purposes of subsection (a)(12) and section 468(e).

(5) Excess investment interest in case of limited partner.—Section 57(b) (relating to excess investment interest) is amended by adding at the end thereof the following new paragraphs:

"(4) Special rule for limited partner.—For purposes of paragraph (1), in the case of any taxpayer who is a partner in any limited partnership, as defined by regulations prescribed by the Secretary—

"(A) the excess investment interest attributable to such taxpayer for any taxable year with respect to all such partnerships is the aggregate amount of losses of all such partnerships allocated to such taxpayer to the extent such losses are attributable to investment interest expenses incurred by such partnerships, and

"(B) the net investment income attributable to such taxpayer for any taxable year with respect to all such partnerships is the aggregate amount of gain of all such partnerships allocated to such taxpayer.

The preceding sentence shall not apply to any amount of interest paid of accrued on indebtedness incurred or continued to acquire, construct, or carry real property described in section 1250(a)(1)(C), but only if construction of such property began before January 1, 1976, and section 163(d), as in existence on December 31, 1975, did not apply to such interest.

"(5) TRANSITIONAL RULE FOR LOW INCOME HOUSING.—For purposes of paragraph (2)(D), the term 'investment interest expense' does not include any amount of interest paid or accrued on indebtedness incurred or continued with respect to property described in section 1250(a)(1)(C) which was acquired or constructed pursuant to a written contract for the acquisition, construction, or financing of such property, which was, on or before December 31, 1981, binding on the taxpayer."

"(6) CONSTRUCTION PERIOD INTEREST EXCLUDED.—Section 57(b)(2)(A) is amended by adding at the end thereof the following new sentence: 'For purposes of this subparagraph, the term 'investment expense' shall not include any deduction allowable for interest under this chapter which is included as an item of tax preference under paragraph (12) of subsection (a).'"

(d) AMENDMENTS OF SECTION 58.—Section 58 (relating to rules for application of part) is amended by striking out "$30,000" wherever it appears and inserting in lieu thereof "$10,000", and by striking out "$15,000" wherever it appears and inserting in lieu thereof "$5,000".

(e) CONFORMING AMENDMENT.—Subsection (d) of section 443 (relating to adjustment in exclusion for computing minimum tax for tax preferences) is amended by striking out "$30,000" and inserting in lieu thereof "$10,000".

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—In the case of a taxpayer other than a corporation, the amendments made by this section shall apply with respect to items of tax preferences (as defined in section 57(a) of the Internal Revenue Code of 1954) for taxable years beginning after December 31, 1975, and in the case of a corporation, the amendments made by this section shall apply with respect to items of tax preferences (as defined in section 57(a) of the Internal Revenue Code) for taxable years beginning after December 31, 1975.

(2) TAX CARRYOVER.—In the case of a taxpayer other than a corporaton, the amount of any tax carryover under section 56(c) of the Internal Revenue Code of 1954 from a taxable year beginning before January 1, 1976 shall not be allowed as a tax carryover for any taxable year beginning after December 31, 1975, and in the case of a corporation which is not an electing small business corporation (as defined in section 1371 (b)) or a personal holding company (as defined in section 524), the amount of any tax carryover under section 56(c) of the Internal Revenue Code of 1954 from a taxable year beginning before July 1, 1976, shall not be allowed as a tax carryover for any taxable year beginning after June 30, 1976.

(3) In the case of a taxpayer which is a bank (as defined in section 581 of the Internal Revenue Code of 1954), the amendments made by this section apply only to taxable years beginning after December 31, 1977.

(4) SPECIAL RULE FOR TAXABLE YEAR 1976 IN THE CASE OF A CORPORATION.—Notwithstanding any provision of the Internal Revenue Code of 1954 to the contrary, in the case of a corporation the tax imposed by section 56 of such Code for taxable years beginning after December 31, 1975, and before January 1, 1977, is an amount equal to the sum of—

(A) the amount of the tax which would have been imposed for such taxable year under such section as such section was in effect on the day before the date of enactment of the Tax Reform Act of 1976, and

(B) one-half of the amount by which the amount of the tax which would be imposed for such taxable year under such section as amended by the Tax Reform Act of 1976 (but for this paragraph) exceeds the amount determined under subparagraph (A).

Mr. ALLEN. Now, Mr. President, the Senator from Alabama has offered an amendment, which seemed fair to him and it seemed fair to something over 50 of the Senators, that would allow a taxpayer to credit against preference income the amount that the taxpayer had paid as a tax on normal income. The distinguished Senator from Minnesota (Mr. MONDALE) moved to table that amendment, and it failed with some 15 to 20 votes difference. Then here in the Chamber, here in the well, the former proponents of the Mondale amendment, which is now the amendment of the Senator from Alabama, asked the Senator from Alabama if he would agree to a small modification of his amendment, to provide $10,000 exclusion for individuals and $5,000 for corporations, and I said, yes, subject to clearing it with the coauthor of the amendment.

Then the roll was ordered to be called. Mr. ABOUREZK did not answer. The Senator from Alabama standing here and hearing the rollcall, thinking we had an agreement on modification, did not answer the roll and as a result the quorum call was ordered. Then, when the quorum call was called off they withdraw the Mondale amendment in an effort to prevent a vote on the Stone-Allen amendment.

So, Mr. President, the time is drawing near when we are going to have to have a vote on the final amendment. It would seem to the Senator from Alabama that we should go back to the amendment which was pending which failed to be tabled where we were, I thought, at an agreement on the amendment.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. ALLEN. I yield.

Mr. LONG. Is it not true that all the Senator from Alabama had to do was to answer the roll and say "yea," in answer to his own amendment?

Mr. ALLEN. That is correct.

Mr. LONG. And the Senate would have agreed to his amendment right then and there. But he withheld his vote in order to accommodate those who were seeking to get him to agree to modify his amendment.

Mr. ALLEN. That is correct.

Mr. LONG. Having withheld his vote, thinking he was agreeing to a minor modification of the Mondale amendment as amended by the Allen amendment, it is now proposed that he be denied the right to offer the Allen amendment. That is why he is moving to offer it as an amendment to the bill.

Mr. ALLEN. That is exactly right.

Mr. LONG. The way it worked out—and I am sure those who sought to prevail upon the Senator to cooperate with them certainly did not mean to take unfair advantage of him—but the way it worked out is that the Senator has been led to sacrifice his rights to have his amendment voted on, by virtue of being asked to compromise. He was willing to compromise, as a man of reason, and having done so, it is now the situation that those who made the proposal withdraw their amendment and seek to shut him off from offering his amendment.

Mr. ALLEN. That is a correct statement.

Mr. LONG. So the only way we can vote for the Allen amendment, if we want to vote for it, is to support what the Senator is proposing.

Mr. ALLEN. That is correct.

Mr. LONG. So we would have a chance to vote for what was the Mondale amendment as amended by the Allen amendment.

Mr. ALLEN. But ironically, that would be the Senator from Alabama taking over this great reform amendment that the Senator from Minnesota has withdrawn. He has abandoned the reform amendment, and the Senator from Alabama, believing in tax reform, has picked up the amendment. [Laughter.] And he is seeking to get the Senate to agree to this reform amendment.

Mr. LONG. As I understand it, the Senator sat there and heard both sides of the debate. He was one of the few Senators who did so. Having heard both sides of the debate, he was persuaded by the ringing oratory——

Mr. ALLEN. The oratory of the Senator from Louisiana.

Mr. LONG. He was persuaded by the ringing oratory in this Chamber that Mr. MONDALE was correct with regard to taxing those rich corporations that do not pay any taxes.

Mr. ALLEN. That is right.

Mr. LONG. And he was also convinced that Mr. MONDALE was right as to the little people whom he would not tax.

Mr. ALLEN. That is right.

Mr. LONG. And he was also persuaded that the Senator from Louisiana was right, that after a man had paid a ton of taxes, his taxes should be taken into consideration.

Mr. ALLEN. That is right. What puzzles the Senator from Alabama is that the Senator from Minnesota was turning his back on his own amendment. [Laughter.]

Mr. MONDALE. Mr. President, will the Senator yield?

Mr. ALLEN. I will yield the floor.

Mr. MONDALE. I do not recognize my amendment, after the Senator from Alabama has finished with it. My name is on it, but I do not recognize it. [Laughter.]

Mr. ALLEN. The Senator's name is no longer on it. The name of the Senator from Alabama is on it now.

Mr. MONDALE. I am glad to hear that.

Mr. ALLEN. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MONDALE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MONDALE. Would an amendment to the amendment of the Senator from Alabama be in order?

The PRESIDING OFFICER. Yes, it would. It would be in the second degree and in order.

UP AMENDMENT NO. 99

Mr. MONDALE. I move my amendment previously sent to the desk, applying solely to individual minimum taxes, as an amendment to the Allen amendment, and I ask for the yeas and nays.

Before I do, it seems to me that there is a concern in the Senate about dealing with the minimum tax as it applies to individuals differently from the way it applies to corporations, because of the lumber industry, because of the savings and loan industry, and the rest. I think it makes sense to vote on them separately.

The PRESIDING OFFICER. Will the Senator kindly send a copy of the amendment he now offers to the desk?

Mr. MONDALE. It is the same as the amendment——

The PRESIDING OFFICER. That has been used, and the Chair is in need of another amendment.

Mr. MONDALE. Does anybody have another amendment? [Laughter.]

It is the only copy that the Senator from Minnesota possesses.

Mr. BROCK. Mr. President, I have an amendment I would like to send to the desk.

Mr. MONDALE. Is that amendment pending?

The PRESIDING OFFICER. The Chair needs to be advised as to exactly where the amendment now being offered has to come in, if it is an amendment to the Allen amendment. Where in the Allen amendment——

Mr. MONDALE. It is a substitute to the Allen amendment.

The PRESIDING OFFICER. It is a substitute?

Mr. MONDALE. That is right. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BROCK. Mr. President, has the amendment been reported?

The PRESIDING OFFICER. The Clerk will state the amendment.

Mr. MONDALE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. The clerk will report it first.

The assistant legislative clerk read as follows:

The Senator from Minnesota (Mr. MONDALE), for himself and others, proposes unprinted amendment numbered 99 as a substitute to the Allen amendment.

The PRESIDING OFFICER. Is there objection to dispensing with the reading? Without objection, it is so ordered.

The amendment is as follows:

In lieu of the text intended to be inserted by the Committee amendment to title III, insert the following:

TITLE III—MINIMUM TAX AND MAXIMUM TAX

SEC. 301. MINIMUM TAX FOR INDIVIDUALS.

(a) IN GENERAL.—Part VI of subchapter A of chapter 1 (relating to minimum tax for tax preferences) is amended by inserting before section 56 the following new section:

"SEC. 55. MINIMUM TAX FOR INDIVIDUALS.

"(a) IMPOSITION OF TAX.—In the case of a taxpayer, other than a corporation which is not an electing small business corporation (as defined in section 1371(b)) or a personal holding company (as defined in section 542), in addition to the other taxes imposed by this chapter, there is hereby imposed for each taxable year, with respect to the income of such taxpayer, a tax equal to 15 percent of the amount (if any) by which—

"(1) the sum of the items of tax preference, exceeds

"(2) the exemption provided by subsection (c).

"(b) DEFERRAL OF TAX LIABILITY IN CASE OF CERTAIN NET OPERATING LOSSES.—

"(1) IN GENERAL.—If for any taxable year a person—

"(A) has a net operating loss any portion of which (under section 172) remains as a net operating loss carryover to a succeeding taxable year, and

"(B) has items of tax preference in excess of the exemption provided by subsection (c), then an amount equal to the lesser of the tax imposed by subsection (a) or 15 percent of the amount of the net operating loss carryover described in subparagraph (A) shall be treated as tax liability, not imposed for the taxable year, but as imposed for the succeeding taxable year or years pursuant to paragraph (2).

"(2) YEAR OF LIABILITY.—In any taxable year in which any portion of the net operating loss carryover attributable to the excess described in paragraph (1)(B) reduecs taxable income, the amount of tax liability described in paragraph (1) shall be treated as tax liability imposed in such taxable year in an amount equal to 15 percent of such reduction.

"(3) PRIORITY OF APPLICATION.—For purposes of paragraph (2), if any portion of the net operating loss carryover described in paragraph (1)(A) is not attributable to the excess described in paragraph (1)(B), such portion shall be considered as being applied in reducing taxable income before such other portion.

"(c) EXEMPTION.—Except as provided in section 58(a), the exemption provided by this subsection shall be $10,000.

(b) AMENDMENTS OF SECTION 56.—Section 56 (relating to the imposition of the minimum tax) is amended—

(1) by striking out the heading and inserting in lieu thereof the following:

"SEC. 56. MINIMUM TAX FOR CORPORATIONS.",

(2) by striking out "person" in subsections (a) and (b)(1) and inserting in lieu thereof "corporation which is not an electing small business corporation (as defined in section 1371(b)) or a personal holding company (as defined in section 542)",

(3) by striking out clauses (ii), (v), (vi), and (vii) of subsection (a)(2)(A),

(4) by redesignating clauses (iii) and (iv) of subsection (a)(2)(A) as clauses (ii) and (iii), and by striking out the comma at the end of clause (iii) (as so redesignated) and inserting in lieu thereof "; and",

(5) by striking out subparagraphs (B), (E), (F), and (G) of subsection (c)(1),

(6) by redesignating subparagraph (C) of subsection (c)(1) as subparagraph (B) and inserting "and" at the end thereof, and

(7) by redesignating subparagraph (D) of subsection (c)(1) as subparagraph (C), and by inserting "exceed" at the end thereof.

(c) AMENDMENTS OF SECTION 57.—

(1) ADDITIONAL PREFERENCE ITEMS.—

(A) Section 57(a) (relating to items of tax preference) is amended by striking out the matter after paragraph (10) and inserting in lieu thereof the following:

"(11) EXCESS ITEMIZED DEDUCTIONS.—An amount equal to the excess itemized deductions for the taxable year (as determined under subsection (d)).

"(12) CONSTRUCTION PERIOD INTEREST.—With respect to each item of real property which is or will be either property described in section 1221(1) or property held for rental and which is not section 1245 property (as defined in section 1245(a)(3)), the amount of all interest paid or accrued on indebtedness incurred or continued to acquire, construct, or carry real property, to the extent such interest is attributable to the construction period for such property and is allowed as a deduction under this chapter for the taxable year. For purposes of this paragraph, the terms—

"(A) 'construction period' means the period beginning on the date on which construction begins and ending on the date on which the item of property is ready to be placed in service or is ready to be held for sale, and

"(B) 'construct' includes reconstruct and erect.

"(13) INTANGIBLE DRILLING COSTS.—With respect to all interests of the taxpayer in oil and gas wells, the excess of—

"(A) the excess of the intangible drilling and development costs described in section 263(c) paid or incurred in connection with oil and gas wells (other than costs incurred in drilling a nonproductive well) allowable under this chapter for the taxable year over the amount which would have been allowable for the taxable year if such costs had been capitalized and straight line recovery of intangibles (as defined in subsection (c) had been used with respect to such costs, over

"(B) the aggregate amount of net income received or accrued by the taxpayer during such taxable year attributable to such interests. For purposes of this subparagraph, the term 'net income' means the excess of the aggregate amount of gross income from oil and gas properties over the sum of—

"(i) the amount of any deductions (other than the amount of any excess intangible drilling and development costs, as determined under subparagraph (A), allowable for such taxable year) allocable to such properties, and

"(ii) the amount of taxes imposed under this section (determined without regard to this part) allocable to such properties.

Paragraphs (1), (3), (4), (11), (12), and (13) shall not apply to a corporation other than an electing small business corporation (as defined in section 1371(b)) and a personal holding company (as defined in section 542). Paragraphs (4) and (10) shall not apply to taxpayers other than such corporations. Paragraph (12) shall not apply to any amount of interest paid or accrued before January 1, 1982, on indebtedness incurred or continued to acquire, construct, or carry real property described in section 1250(a)(1)(C).".

(B) Section 57(a)(3) (relating to accelerated depreciation on personal property subject to a net lease), is amended—

(i) by striking out "net" in the caption thereof, and

(ii) by striking out "net" in the text thereof.

(2) Excess itemized deductions defined.—Section 57 is amended by adding at the end thereof the following new subsection:

"(d) Excess Itemized Deductions.—For purposes of paragraph (11) of subsection (a), the amount of excess itemized deductions for any taxable year is the amount by which the sum of the deductions for the taxable year other than—

"(1) deductions allowable in arriving at adjusted gross income,

"(2) the standard deduction provided by section 141,

"(3) the deduction for personal exemptions provided by section 151,

"(4) the deduction provided by section 213,

"(5) the deduction for casualty losses described in section 165(c) (3), and

"(6) the deduction for interest which is excess investment interest (as defined in subsection (b)) to the extent that such interest is not included as a deduction under paragraph (1),

exceeds 60 percent (but does not exceed 100 percent) of the taxpayer's adjusted gross income for the taxable year. In the case of a trust, any deduction allowed or allowable under section 641(d), 641(e), 641(f), 651(a), or 661(a) for such taxable year and any deduction allowed or allowable under this chapter for costs paid or incurred in connection with the administration of such trust for such taxable year shall, for purposes of paragraph (1), be treated as a deduction allowable in arriving at adjusted gross income.".

(3) Straight line recovery of intangibles defined.—Section 57 is amended by adding at the end thereof the following new subsection:

"(e) Straight Line Recovery of Intangibles Defined.—For purposes of paragraph (13) of subsection (a)—

"(1) In general.—The term 'straight line recovery of intangibles', when used with respect to intangible drilling and development costs for any well, means (except in the case of an election under paragraph (2)) ratable amortization of such costs over the 120-month period beginning with the month in which production from such well begins.

"(2) Election.—If the taxpayer elects, at such time and in such manner as the Secretary may by regulations prescribe, with respect to the intangible drilling and development costs for any well, the term 'straight line recovery of intangibles' means any method which would be permitted for purposes of determining cost depletion with respect to such well and which is selected by the taxpayer for purposes of subsection (a) (12).".

(4) Excess investment interest in case of limited partner.—Section 57(b) (relating to excess investment interest) is amended by adding at the end thereof the following new paragraph:

"(4) Special rule for limited partner.—For purposes of paragraph (1), in the case of any taxpayer who is a partner in any limited partnership, as defined by regulations prescribed by the Secretary—

"(A) the excess investment interest attributable to such taxpayer for any taxable year with respect to all such partnerships is the aggregate amount of losses of all such partnerships allocated to such taxpayer to the extent such losses are attributable to investment interest expenses incurred by such partnerships, and

"(B) the net investment income attributable to such taxpayer for any taxable year with respect to all such partnerships is the aggregate amount of gain of all such partnerships allocated to such taxpayer.

The preceding sentence shall not apply to any amount of interest paid or accrued on indebtedness incurred or continued to acquire, construct, or carry real property described in section 1250(a) (1) (C), but only if construction of such property began before January 1976 and section 163(d), as in existence on December 31, 1975, did not apply to such interest.

"(5) Transitional rule for low income housing.—For purposes of paragraph (2) (D), the term "investment interest expense" does not include any amount of interest paid or accrued on indebtedness incurred or continued with respect to property described in section 1250(a) (1) (C) which was acquired or constructed pursuant to a written contract for the acquisition, construction, or financing of such property, which was, on or before December 31, 1981, binding on the taxpayer.

"(6) Construction period interest excluded.—Section 57(b) (2) (A) is amended by adding at the end thereof the following new sentence: "For purposes of this subparagraph, the term 'investment expense' shall not include any deduction allowable for interest under this chapter which is included as an item of tax preference under paragraph (12) of subsection (a)."

(d) Amendments of Section 58.—Section 57 (relating to rules for application of part) is amended—

(1) by striking out subsection (a) and inserting in lieu thereof the following:

"(a) Married Individuals Filing Separate Returns.—In the case of a married individual who files a separate return for the taxable year, section 55(c) shall be applied by substituting $5,000 for $10,000 each place it appears.",

(2) by striking out paragraph (2) of subsection (c) and inserting in lieu thereof the following:

"(2) section 55(c) shall be applied by substituting for $10,000 each place it appears the amount which bears the same ratio to $10,000 as the portion of the sum of the items of tax preference allocated to the estate or trust under paragraph (1) bears to such sum.",

(3) by striking out "For purposes of section 56" each place it appears in subsection (g) and inserting in lieu thereof "For purposes of this part", and

(4) by adding at the end thereof the following new subsection:

"(h) Regulations To Include Tax Benefit Rule.—The Secretary shall prescribe regulations under which items of tax preference shall be adjusted where the tax treatment giving rise to such items does not result in the reduction of the taxpayer's tax under this subtitle for any taxable year."

(e) Conforming Amendments.—

(1) Paragraph (5) of section 5(a) (relating to cross references relating to tax on individuals) is amended to read as follows:

"(5) For minimum tax for individuals, see section 55.".

(2) Paragraph (3) of section 46(a) (defining liability for tax) is amended by striking out "section 56" and inserting in lieu thereof "section 55 or 56".

(3) Paragraph (3) of section 50A(a) (defining liability for tax) is amended by striking out "section 56" and inserting in lieu thereof "section 55 or 56".

(4) Subsection (d) of section 443 (relating to adjustment in exclusion for computing minimum tax for tax preferences) is amended by striking out "the $30,000 amount specified in section 56 (relating to minimum tax for tax preferences), modified as provided by section 58," and inserting in lieu thereof "the $10,000 amount specified in section 55 (relating to minimum tax for individuals), modified as provided by section 58, or the $30,000 amount specified in section 56 (relating to minimum tax for corporation.)".

(5) Subsection (d) of section 511 (relating to tax preferences) is amended by striking out "section 56" and inserting in lieu thereof "section 55 or 56".

(6) Subsection (a) of section 901 (relating to allowance of credit of taxes of foreign countries and of possessions of the United States) is amended by striking out "section 56" and inserting in lieu thereof "section 55 or 56".

(7) Paragraph (1) of section 6015(c) (defining estimated tax) is amended by striking out "section 56" and inserting in lieu thereof "section 55 or 56".

(8) Paragraph (1) of section 6654(f) (relating to tax computed after applications of credits against tax) is amended by striking out "section 56" and inserting in lieu thereof "section 55 or 56".

(9) Section 6362(b) (2) (A) (relating to qualified individual income taxes) is amended by striking out "section 56" and inserting in lieu thereof "section 55".

(f) Termination of Limitation on Interest on Investment Indebtedness.—

(1) Application of section 163(d).—Section 163(d) (relating to limitation on interest on investment indebtedness) shall not apply to interest (other than interest described in the last sentence of section 57(a) and in section 58(b) (5)) paid or accrued in taxable years after December 31, 1976.

(2) Carryover of disallowed investment interest.—Notwithstanding the provisions of paragraph (1), a taxpayer may deduct in any taxable year any amount of investment interest disallowed under section 163(d) (1) only if such interest is allowable as a deduction for such year under section 163(d) (2).

(g) Clerical Amendment.—The table of sections for part VI of subchapter A of chapter 1 is amended by striking out the item relating to section 56 and inserting in lieu thereof the following:

"Sec. 55. Minimum tax for individuals.
"Sec. 56. Minimum tax for corporations."

(h) Effective Date.—

(1) In general.—The amendments made by this section shall apply with respect to items of tax preferences (as defined in section 57(a) of the Internal Revenue Code of 1954) for taxable years beginning after December 31, 1975.

(2) Tax carryover.—In the case of a taxpayer other than a corporation which is not an electing small business corporation (as defined in section 1371(b)) or a personal holding company (as defined in section 542), the amount of any tax carryover under section 56(c) of the Internal Revenue Code of 1954 from a taxable year beginning before January 1, 1977, shall not be allowed as a tax carryover for any taxable year beginning after December 31, 1975.

Sec. 302. Maximum tax for individuals.

(a) In General.—Section 1348 (relating to 50-percent maximum rate on earned income) is amended to read as follows:

Mr. BROCK. Mr. President, reserving the right to object, the Senator from Tennessee intends to protect his prerogatives. If we do not want to read all these amendments, I suggest it might be possible to work our way out of this morass we are in.

The Senator from Minnesota and the Senator from Massachusetts were very gracious in offering a unanimous-consent agreement that I be allowed to offer my amendment.

Mr. MONDALE. And I would join in that request.

Mr. BROCK. I appreciate that very much.

I should like to read to this body the words of the chairman of the Finance Committee last evening, when we were offering the unanimous-consent request:

Mr. Long. I would suggest that the consent agreement be amended to agree that

Mr. Mondale will be recognized to offer his amendment and that it be in order to amend the Mondale amendment. He will offer the committee amendment, as I understand it, and an amendment to that amendment will lie.

Mr. President, under those circumstances I ask the Chair again, now that the Mondale amendment is offered and it is not the specific amendment that was offered because no Mondale amendment was offered, would not the Senator from Tennessee have an opportunity to offer an amendment to the Mondale amendment?

The PRESIDING OFFICER. The Chair rules that the unanimous-consent agreement allowed and entitled the Senator from Tennessee to offer his amendment, but that was not done.

The unanimous-consent agreement did not guarantee the Senator from Tennessee that he could continue to offer that amendment to additional amendments, whether of the same form or not, offered by the Senator from Minnesota. It only provided that the first Mondale amendment would be so considered.

Mr. BROCK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BROCK. Is an appeal to the Chair debatable?

The PRESIDING OFFICER. An appeal is debatable.

Mr. BROCK. I appeal the ruling of the Chair, and I ask for recognition.

The PRESIDING OFFICER. The Senator has not made a point of order. Does the Senator make that the point of order?

Mr. BROCK. I thought the Chair was ruling on a point of order.

Mr. PASTORE. Why does not the Senator ask unanimous consent that his amendment be offered?

Mr. BROCK. Mr. President, I ask unanimous consent that I be allowed to offer my amendment as a substitute to the pending amendment.

The PRESIDING OFFICER. Is there objection?

Mr. ALLEN. Mr. President, reserving the right to object, which amendment are we talking about—the amendment of the Senator from Alabama?

The PRESIDING OFFICER. The Senator is asking unanimous consent to offer his amendment as a substitute to the pending Mondale amendment.

Does the Senator ask unanimous consent to offer his amendment as a substitute for the first or the second Mondale amendment, both of which are pending? There are two—the original Mondale amendment as a substitute for the committee amendment and the currently pending Mondale amendment to the Allen amendment.

Mr. BROCK. I am not so sure which is which.

Mr. CURTIS. Mr. President, a parliamentary inquiry.

Mr. BROCK. I thought I would have to offer it to the second one, to be logical.

The PRESIDING OFFICER. Is there objection to that? The Chair hears none, and it is so ordered.

Mr. CURTIS. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. CURTIS. Is the first amendment offered by the distinguished Senator from Minnesota (Mr. Mondale) still pending?

The PRESIDING OFFICER. Yes.

Mr. CURTIS. Then an amendment can be offered to that, in accord with the unanimous consent agreed to last night?

The PRESIDING OFFICER. Will the Senator repeat that?

Mr. CURTIS. If it is still pending, then can an amendment be offered to it in accord with the unanimous-consent agreement of last night?

The PRESIDING OFFICER. No; that amendment was withdrawn. This amendment is the pending one. The Senator from Tennessee has already obtained unanimous consent to offer it right now.

Mr. CURTIS. But, Mr. President, you have just stated that the first Mondale amendment was still pending.

The PRESIDING OFFICER. Not "was" still pending; "is" now pending.

Mr. BROCK. The first one offered since he withdrew the first one.

The PRESIDING OFFICER. In the terms of the Senator from Nebraska, what is now pending by the Senator from Minnesota are his second and his third amendments. Those are the two now pending.

Mr. CURTIS. I thought the one that he got up and offered in the first instance was the first one.

The PRESIDING OFFICER. That was withdrawn.

Mr. CURTIS. As I understand it, the Chair rules that the first one is not the first one; is that right?

The PRESIDING OFFICER. That is right.

The condition that the Senate is now in is this: there are four pending amendments: The committee amendment; the Mondale substitute amendment for the language to be inserted by the committee amendment; the Allen perfecting amendment to the House language; and the currently pending Mondale substitute therefor. By unanimous consent, what is now pending is the amendment—it is not yet pending, but the Senator from Tennessee has obtained consent to offer his amendment as a substitute for a Mondale amendment.

Mr. ALLEN. Mr. President, the Senator withdrew his amendment.

Mr. PASTORE. Parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator from Rhode Island will state it.

Mr. PASTORE. Under the unanimous-consent agreement, does it mean all these amendments have to be voted on before 11 o'clock?

The PRESIDING OFFICER. At 11 o'clock, debate on this title will end and a vote will be held on these amendments.

Mr. PASTORE. On all pending amendments?

The PRESIDING OFFICER. All pending amendments.

Mr. PASTORE. All right, you had better get busy, boys. [Laughter.]

Mr. MONTOYA addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. MONTOYA. As I understand the parliamentary situation, Senator Mondale offered an amendment and Senator Allen offered an amendment to the amendment.

The PRESIDING OFFICER. Which was ruled out of order.

Mr. MONTOYA. Then Senator Mondale withdrew his amendment. Then we started all over again by having the Senator from Alabama offer the text of the original Mondale amendment as he proposed to amend it as his own amendment. So that, pending before the Senate was the new Allen amendment, divorced of the Mondale name.

Now, Senator Mondale has offered a substitute to the new Allen amendment.

The PRESIDING OFFICER. That is correct.

Mr. MONTOYA. And that is the parliamentary situation now.

The PRESIDING OFFICER. Not quite.

Mr. MONTOYA. Then the Senator from Tennessee, under a unanimous-consent request, proposes to offer a substitute to the pending two amendments. Is that the parliamentary situation?

The PRESIDING OFFICER. That is not correct, no.

Mr. MONTOYA. Will the Chair inform me what the situation is?

The PRESIDING OFFICER. The Chair will restate the condition. Let us start from the point at which the Senator from Minnesota withdrew his amendment.

At that point, there were no pending amendments. By withdrawing that amendment, the Brock substitute and the Allen perfecting amendment both fell. At that point, the Senator from Minnesota offered a new amendment as a substitute for the committee amendment, the committee language to be inserted.

Mr. LONG addressed the Chair.

Mr. ALLEN. Mr. President, Senator Mondale did not offer that.

Mr. LONG. Mr. President, I think we ought to quit playing games with one another. Mr. Mondale had an amendment pending. He tried to table an amendment of Mr. Allen, and could not table it. Now, he does not want us to vote on Mr. Allen's amendment—Mr. Allen joined by Mr. Stone. So what does he do? He withdraws his amendment. Having withdrawn his, Mr. Allen then offered an amendment to the bill. Then Mr. Mondale offered an amendment to Mr. Allen's amendment, which would bar a vote on the Allen amendment, if agreed to.

Then, to be sure Mr. Allen does not get a chance to get his amendment voted on, Mr. Mondale also offers a substitute to the committee amendment to cut us out in both amendments.

I do not think one Senator has a right to deny everybody else a right to vote on their amendments.

Here is a way we can work this out, so we can vote on all of these Mondale amendments and the Allen amendment as well: All we have to do is give somebody else a chance to vote on theirs. If you like the Mondale amendment, you can vote to substitute that for the committee amendment and for the House language. If you like the Allen amendment, all you have to do is vote to table the other Mondale amendment so that the Allen amendment can be voted on as an amendment to the bill.

Therefore, I move to table the Mondale amendment to the Allen amendment. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second. The yeas and nays were ordered.

Mr. BROCK. May I make a parliamentary inquiry?

Mr. LONG. Also, Mr. President, we would be able to vote on the Brock amendment, too.

The PRESIDING OFFICER. The Chairman inquires of the Senator from Louisiana: Which Mondale amendment does he move to table?

Mr. LONG. I moved to table the Mondale amendment to the Allen amendment. That is the one that would be voted on first, is that not correct?

The PRESIDING OFFICER. That is correct.

Mr. LONG. If that is voted on first, that will then leave the Allen amendment to be voted on. When the Allen amendment has been voted on, we can then vote on the Brock amendment. We can vote on the Mondale amendment with or without the Brock amendment; we can vote on the committee amendment. Then we can see what the Senate wants to do with all these proposals.

Mr. ALLEN. Will the Senator yield?

Mr. LONG. Yes, I yield.

Mr. ALLEN. Mr. President, I suggest this modification: Let the Senator from Tennessee file his amendment. Then we can move to table the Mondale amendment. That will take the Brock amendment with it.

Mr. LONG. No, I want to——

Mr. BROCK. I am not sure I appreciate that.

Mr. LONG. Did we not get unanimous consent to permit Senator Brock to offer his amendment to the Mondale amendment?

Mr. CURTIS. Regular order, Mr. President, let us get to the vote.

The PRESIDING OFFICER. The regular order is that the motion to table is not debatable. The yeas and nays have been ordered.

Mr. BROCK. Mr. President, I make a point of order that the Senator from Tennessee has unanimous consent to offer his amendment.

The PRESIDING OFFICER. He does.

Mr. BROCK. Does that not take preference if I want to offer it at this point?

The PRESIDING OFFICER. The Senator can offer it if he chooses, now or after this vote.

Mr. BROCK. Very well, I shall wait.

The PRESIDING OFFICER. The motion to table is the question. The question is on agreeing to the motion to table the Mondale amendment to the Allen amendment. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD (when his name was called). Mr. President, on this vote I have a pair with the Senator from Arkansas (Mr. McClellan). If he were present and voting he would vote "yea." If I were at liberty to vote, I would vote "nay." Therefore, I withhold my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from North Dakota (Mr. Burdick), the Senator from Michigan (Mr. Hart), the Senator from Kentucky (Mr. Huddleston), the Senator from Hawaii (Mr. Inouye), the Senator from Arkansas (Mr. McClellan), the Senator from South Dakota (Mr. McGovern), the Senator from Montana (Mr. Metcalf), and the Senator from California (Mr. Tunney) are necessarily absent.

I also announce that the Senator from Missouri (Mr. Symington) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. Goldwater), the Senator from Oregon (Mr. Hatfield), the Senator from Idaho (Mr. McClure), the Senator from Illinois (Mr. Percy), and the Senator from Connecticut (Mr. Weicker) are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

The result was announced—yeas 45, nays 39, as follows:

[Rollcall Vote No. 332 Leg.]

YEAS—45

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Byrd, Harry F., Jr.
Byrd, Robert C.
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Garn
Gravel
Griffin
Hansen
Helms
Hollings
Hruska
Johnston
Laxalt
Long
Magnuson
McGee
Montoya
Morgan
Nunn
Packwood
Pearson
Randolph
Scott, Hugh
Scott, William L.
Sparkman
Stennis
Stevens
Stone
Taft
Talmadge
Thurmond
Tower
Williams
Young

NAYS—39

Abourezk
Bayh
Biden
Brooke
Bumpers
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Durkin
Eagleton
Ford
Glenn
Hart, Gary
Hartke
Haskell
Hathaway
Humphrey
Jackson
Javits
Kennedy
Leahy
Mathias
McIntyre
Mondale
Moss
Muskie
Nelson
Pastore
Pell
Proxmire
Ribicoff
Roth
Schweiker
Stafford
Stevenson

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Mansfield, against.

NOT VOTING—15

Buckley
Burdick
Goldwater
Hart, Philip A.
Hatfield
Huddleston
Inouye
McClellan
McClure
McGovern
Metcalf
Percy
Symington
Tunney
Weicker

So the motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question now recurs on the amendment of the Senator from Alabama.

Mr. JAVITS addressed the Chair.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, we have had some discussion, and I think we all agree that the next logical step to resolve the controversy that we have been debating all day is that we just agree to the Allen amendment to the bill, which is now offered as an amendment to the bill, that we just agree to it. I have discussed it with those on the other side, and we agree that should be the next step. We think that the votes are there for it. I would suggest that we just ask unanimous consent that we vote on that by a voice vote.

The PRESIDING OFFICER. Is there objection?

Mr. BROCK. Mr. President, I am not sure what this means. I want it explained.

Mr. LONG. All it means is that the Allen amendment is pending, the Allen amendment to the House bill, and that is the next vote, to vote on the Allen amendment to the bill. After that we then vote on the substitutes. We first vote on the Brock substitute, on the Mondale substitute, and then, if that carries, we then vote on the amendment, as amended, to the committee amendment. Then we vote on the committee amendment as a substitute for the House bill. So all we need to do now, the next thing to do, is to agree to the Allen amendment to the bill.

Mr. BROCK. Reserving the right to object.

Mr. LONG. The yeas and nays have been ordered and objection is heard, but let us just vote on the Allen amendment.

The PRESIDING OFFICER. The question is on the Allen amendment. The yeas and nays have been ordered.

Mr. BROCK and Mr. PASTORE addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. BROCK. Mr. President, I, again, am a simple person and I want to understand what this all means. As I understand the Senator from Louisiana, the Allen amendment, as presently pending at the desk, is an amendment to the House bill. Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. BROCK. The Mondale amendment, to which the Allen amendment was perfecting language, was also an amendment to the House bill. Is that correct?

The PRESIDING OFFICER. Is the Senator asking about the Mondale amendment which has been tabled?

Mr. BROCK. No, sir. I am asking about the Mondale amendment that is pending because the Allen amendment was perfecting language to the Mondale amendment.

The PRESIDING OFFICER. The Mondale amendment now pending is a substitute for the committee substitute.

Mr. BROCK. Then, Mr. President, how could the Allen amendment be perfecting language to the Mondale substitute to the committee language?

The **PRESIDING OFFICER**. It is not.

Mr. **BROCK**. It is, because that is exactly the way it was presented to this body.

Mr. **LONG**. Not now.

Mr. **BROCK**. It has not been modified and it was presented as perfecting language.

I will ask the clerk to read the RECORD, if we need to, Mr. President, but I want to know for sure what we are amending.

The **PRESIDING OFFICER**. The Allen amendment proposes to perfect the House text.

Mr. **BROCK**. And the Mondale amendment, which is also pending as the next order of business, as I understand it, would follow. Whether or not the Allen amendment is agreed to has no effect on the Mondale amendment, is that correct?

The **PRESIDING OFFICER**. That is correct.

Mr. **BROCK**. If the Mondale amendment is agreed to, the Mondale amendment is a substitute for the committee amendment, and the committee amendment is a substitute for the House language.

The **PRESIDING OFFICER**. That is correct.

Mr. **BROCK**. Therefore, if the Mondale amendment is agreed to, as an amendment, it then carries the Allen amendment down with it?

The **PRESIDING OFFICER**. That is correct.

Mr. **BROCK**. If the Allen amendment is agreed to now.

The **PRESIDING OFFICER**. If the committee amendment, as a substitute, is also agreed to, as amended.

The yeas and nays have been ordered on the Allen amendment. The question is on agreeing to the Allen amendment, and the clerk will call the roll.

Mr. **ROBERT C. BYRD**. Mr. President, would it be possible to have a 10-minute rollcall vote? I ask unanimous consent that all rollcall votes hereafter be 10-minute votes.

The **PRESIDING OFFICER**. Is there objection? Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. **ROBERT C. BYRD**. I announce that the Senator from North Dakota (Mr. BURDICK), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Hawaii (Mr. INOUYE), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Montana (Mr. METCALF), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

Mr. **GRIFFIN**. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), the Senator from Idaho (Mr. MCCLURE), the Senator from Illinois (Mr. PERCY), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "nay."

The result was announced—yeas 56, nays 30, as follows:

[Rollcall Vote No. 333 Leg.]

YEAS—56

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Church
Curtis
Dole
Domenici
Durkin
Eastland
Fannin
Fong

Ford
Garn
Glenn
Gravel
Griffin
Hansen
Hart, Gary
Helms
Hollings
Hruska
Jackson
Johnston
Laxalt
Long
Magnuson
McGee
Montoya
Morgan
Nunn
Packwood

Pearson
Randolph
Roth
Scott, Hugh
Scott,
  William L.
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Taft
Talmadge
Thurmond
Tower
Williams
Young

NAYS—30

Abourezk
Bayh
Biden
Brooke
Bumpers
Case
Clark
Cranston
Culver
Eagleton

Hart, Philip A.
Hartke
Haskell
Hathaway
Humphrey
Javits
Kennedy
Leahy
Mansfield
Mathias

McIntyre
Mondale
Moss
Muskie
Nelson
Pastore
Pell
Proxmire
Ribicoff
Schweiker

NOT VOTING—14

Buckley
Burdick
Goldwater
Hatfield
Huddleston

Inouye
McClellan
McClure
McGovern
Metcalf

Percy
Symington
Tunney
Weicker

So the amendment was agreed to.

UP AMENDMENT NO. 100

Mr. **BROCK**. Mr. President, I call up my amendment under the unanimous-consent agreement to the Mondale amendment.

The **PRESIDING OFFICER**. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Tennessee (Mr. BROCK) proposes an amendment:

Mr. **BROCK**. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

In lieu of the language proposed to be inserted by the Senator from Minnesota, Mr. MONDALE, insert the following:

SEC. 101. MINIMUM TAX FOR INDIVIDUALS.

(a) IN GENERAL.—Part VI of subchapter A of chapter 1 (relating to minimum tax for tax preferences) is amended by inserting immediately before section 56 the following new section:

"SEC. 55. MINIMUM TAX FOR INDIVIDUALS.

"(a) IMPOSITION OF TAX.—In the case of a taxpayer other than a corporation which is not an electing small business corporation (as defined in section 1371(b)) or a personal holding company (as defined in section 542), in lieu of the tax imposed by sections 1 and 511, there is hereby imposed a tax (if such tax is greater than the tax imposed by such sections) equal to the tax which would be imposed by sections 1 and 511 if the taxpayer's taxable income were an amount equal to his minimum taxable income.

"(b) EXPANDED INCOME; MINIMUM TAXABLE INCOME.—For purposes of this section—

"(1) EXPANDED INCOME.—The term 'expanded income' means the sum of—

"(A) the taxable income for the taxable year,

"(B) the charitable contribution adjustment, plus

"(C) an amount equal to the items of tax preference.

"(2) MINIMUM TAXABLE INCOME.—The term 'minimum taxable income' means—

"(A) 60 percent of the excess of expanded income over the exemption, if any, provided by subsection (c), reduced by—

"(B) the charitable contribution adjustment.

"(c) EXEMPTION.—

"(1) IN GENERAL.—Except as provided in paragraph (2) and in section 58(a), the exemption provided by this subsection is $7,500.

"(2) REDUCTION WHERE EXPANDED INCOME EXCEEDS $20,000.—The $7,500 figure set forth in paragraph (1) shall be reduced by one-half of the excess of the taxpayer's expanded income (determined without regard to the charitable adjustment) for the taxable year over $20,000.

"(d) CARRYOVER OF DEFERRAL PREFERENCES.

"(1) IN GENERAL.—In a year in which a taxpayer is liable for the minimum tax such taxpayer shall be allowed a carryforward for an amount of deferral tax preferences (as defined in paragraph (3)) for such year equal to the smaller of—

"(A) the excess of minimum taxable income over the taxable income for such year, or

"(B) the amount of deferral preferences for such taxable year.

"(2) ALLOWANCE OF DEDUCTION.—Deferral preferences allowed as carryforwards under paragraph (1) shall be allowed as a deduction for purposes of computing the tax imposed by sections 1 and 511 in the first succeeding taxable year to the extent that—

"(A) the amount of taxable income for the taxable year exceeds

"(B) the amount of minimum taxable income for such year.

"(3) DEFERRAL PREFERENCES DEFINED.—The term 'deferral preferences' means the following items of tax preference:

"(A) excess investment interest,

"(B) accelerated depreciation on real property,

"(C) accelerated depreciation on property subject to a lease,

"(D) amortization of railroad rolling stock,

"(E) excess itemized deductions,

"(F) construction period interest,

"(G) capital gains,

"(H) depletion, and

"(I) intangible drilling costs.

"(e) NET OPERATING LOSS RULES.—If for any taxable year a taxpayer has no taxable income or has a net operating loss (as defined in section 172(c)) or a net operating loss deduction under section 172(a), the taxpayer's expanded income and minimum taxable income shall be computed in the manner as the Secretary shall by regulations provide.

"(f) CHARITABLE CONSTRUCTION ADJUSTMENT.—The term 'charitable contribution adjustment' means the amount of the deduction allowed under section 170 for the taxable year."

(b) AMENDMENTS OF SECTION 56.—Section 56 (relating to the imposition of the minimum tax) is amended—

(1) by striking out "person" in subsections (a) and (b)(1) and inserting in lieu thereof "corporation which is not an elective small corporation (as defined in section 1371 (b)) or a personal holding company (as defined in section 542)",

(2) by striking out clauses (ii) and (v) of subsection (a)(2)(A),

(3) by redesignating clauses (iii) and (iv) of subsection (a)(2)(A) as clauses (ii) and (iii) and by striking out ", and" at the end

of clause (iii) (as so redesignated) and inserting in lieu thereof "; and",

(4) by striking out subparagraphs (B) and (E) of subsection (c)(1),

(5) by redesignating subparagraph (C) of subsection (c)(1) as subparagraph (B) and inserting "and" at the end thereof, and

(6) by redesignating subparagraph (D) of subsection (c)(1) as subparagraph (C), and by striking out "and" at the end of such subparagraph and inserting in lieu thereof "exceed".

(c) Amendments of Section 57.—Section 57 (relating to items of tax preference) is amended—

(1) Additional preference items.—

(A) Section 57(a) (relating to items of tax preference) is amended by striking out the matter after paragraph (10) and inserting in lieu thereof the following:

"(11) Excess itemized deductions.—An amount equal to the excess itemized deductions for the taxable year (as determined under subsection (d)).

"(12) Construction period interest.—With respect to each item of real property which is or will be either property described in section 1221(1) or property held for rental and which is not section 1245 property (as defined in section 1245(a)(3)) the amount of excess construction period interest. For purposes of this paragraph, the term—

"(A) 'excess construction period interest' means the amount of construction period interest in excess of the real property income for the taxable year;

"(B) 'construction period interest' means the amount of all interest paid or accrued on indebtedness incurred or continued to acquire, construction, or carry any item of real property, to the extent such interest is attributable to the construction period for such item of property and is allowed as a deduction under this chapter for the taxable year;

"(C) 'real property income' means for any taxable year the gross income from real property (including the sale or exchange thereof) and from services rendered in connection with real property, in excess of the sum of deductions (other than construction period interest) for such year attributable for such income;

"(D) 'construction period' means the period beginning on the date on which construction begins and ending on the date on which the item of property is ready to be placed in service or is ready to be held for sale; and

"(E) 'construct' includes reconstruct and erect."

"(13) Intangible drilling costs.—With respect to all interests of the taxpayer in oil and gas wells, the excess of—

"(A) the excess of the intangible drilling and development costs described in section 263(c) paid or incurred in connection with oil and gas wells (other than costs incurred in drilling a nonproductive well) allowable under this chapter for the taxable year over the amount which would have been allowable for the taxable year if such costs had been capitalized and straight line recovery of intangibles (as defined in subsection (e)) had been used with respect to such costs, over

"(B) the aggregate amount of net income received or accrued by the taxpayer during such taxable year attributable to such interests. For purposes of this subparagraph, the term 'net income' means the excess of the aggregate amount of gross income from oil and gas properties over the sum of—

"(i) the amount of any deductions (other than the amount of any excess intangible drilling and development costs, as determined under subparagraph (A), allowable for such taxable year) allocable to such properties, and

"(ii) the amount of taxes imposed under this section (determined without regard to this part) allocable to such properties.

Paragraphs (1), (3), (4), (11), (12), and (13) shall not apply to a corporation other than an electing small business corporation (as defined in section 1371(b)) and a personal holding company (as defined in section 542). Paragraphs (4) and (10) shall not apply to taxpayers other than such corporations. Paragraph (12) shall not apply to any amount of interest paid or accrued before January 1, 1982, on indebtedness incurred or continued to acquire, construct, or carry real property described in section 1250(a)(1)(C).".

(B) Section 57(a)(3) (relating to accelerated depreciation on personal property subject to a net lease), is amended—

(i) by striking out "net" in the caption thereof, and

(ii) by striking out "net" in the text thereof.

(2) Excess itemized deductions defined.—Section 57 is amended by adding at the end thereof the following new subsection:

"(d) Excess Itemized Deductions.—For purposes of paragraph (11) of subsection (a), the amount of the excess itemized deductions for any taxable year is the amount by which the sum of the deductions for the taxable year other than—

"(1) deductions allowable in arriving at adjusted gross income,

"(2) the standard deduction provided by section 141,

"(3) the deduction for personal exemptions provided by section 151,

"(4) the deduction for charitable contributions provided by section 170,

"(5) the deduction provided by section 213,

"(6) the deduction for casualty losses described in section 165(c)(3), and

"(7) the deduction for interest which is excess investment interest (as defined in subsection (b)) to the extent that such interest is not included as a deduction under paragraph (1),

exceeds 60 percent (but does not exceed 100 percent) of the taxpayer's adjusted gross income for the taxable year. In the case of a trust, any deduction allowed or allowable under section 641(d), 641(e), 641(f), 651(a), or 661(a) for such taxable year and any deduction allowed or allowable under this chapter for costs paid or incurred in connection with the administration of such trust for such taxable year shall, for purposes of paragraph (1), be treated as a deduction allowable in arriving at adjusted gross income.".

(3) Straight line recovery of intangibles defined.—Section 57 is amended by adding at the end thereof the following new subsection:

"(e) Straight Line Recovery of Intangibles Defined.—For purposes of paragraph (12) of subsection (a)—

"(1) In general.—The term 'straight line recovery of intangibles', when used with respect to intangible drilling and development costs for any well, means (except in the case of an election under paragraph (2)) ratable amortization of such costs over the 120-month period beginning with the month in which production from such well begins.

"(2) Election.—If the taxpayer elects, at such time and in such manner as the Secretary may by regulations prescribe, with respect to the intangible drilling and development costs for any well, the term 'straight line recovery of intangibles' means any method which would be permitted for purposes of determining cost depletion with respect to such well and which is selected by the taxpayer for purposes of subsection (a)(12).".

"(5) Transitional rule for low-income housing.—For purposes of paragraph (1)(D), the term "investment interest expense" does not include 50 percent of any amount of interest paid or accrued before January 1, 1982, on indebtedness incurred or continued to acquire, construct, or carry real property described in section 1250(a)(1)(C).

"(6) Construction period interest excluded.—Section 57(b)(2)(A) is amended by adding at the end thereof the following new sentence: "For purposes of this subparagraph, the term 'investment expense' shall not include any deduction allowable for interest under this chapter which is included as an item of tax preference under paragraph (12) of subsection (a)."

(d) Amendments of Section 58.—Section 58 (relating to rules for application of part) is amended—

(1) by amending subsection (a) to read as follows:

"(a) Married Individuals Filing Separate Returns.—In the case of a married individual who files a separate return for the taxable year, section 55(c) shall be applied by substituting $3,750 for $7,500 each place it appears.",

(2) by striking out paragraph 2 of subsection (c) to read as follows:

"(1) Exemption for trusts.—Section 55(c) shall be applied by substituting for $7,500 each place it appears the amount which bears the same ratio to $7,500 as the portion of the sum of the items of tax preference allocated to the estate or trust under paragraph (1) bears to such sum.

"(2) Character of amounts.—In applying the second sentence of section 652(b) and the second sentence of section 662(b) for purposes of this part, the allocation of items of deduction shall be made under regulations prescribed by the Secretary which shall contain such rules as may be necessary to carry out the purposes of this part.

"(3) Distribution deduction.—Under regulations prescribed by the Secretary, the minimum taxable income of an estate or trust shall be reduced by the deduction allowed to such estate or trust under section 651 or 661.".

(e) Taxes Taken Into Account in Case of Accumulation Distributions by Trusts.—Section 666(b) (relating to total taxes deemed distributed) is amended by adding at the end thereof the following new sentence: "For purposes of this subsection and subsection (c), if the taxes imposed on the trust for any taxable year are imposed by section 55 (relating to minimum tax on individuals), the taxes deemed imposed on the trust for such taxable year shall be the taxes which would have been imposed on the trust for such taxable year by section 1 if this title did not contain section 55."

(f) Modification of Net Operating Loss in Case of Individuals Subject to Minimum Tax.—Section 172(d)(4) is amended by adding at the end thereof the following new sentence: "If a tax under section 55 is imposed on the taxpayer, the deductions allowable under this paragraph shall not exceed the amount of any such deductions which are allowable under section 62 plus the amount of the taxpayer's investment expenses (but not in excess of investment income).

(g) Conforming Amendments.—

(1) Paragraph (5) of section 5(a) (relating to cross references relating to tax on individuals) is amended to read as follows:

"(5) For minimum tax for individuals, see section 55.".

(2) Paragraph (3) of section 46(a) (defining liability for tax) is amended by striking out "section 56" and inserting in lieu thereof "section 55 or 56".

(3) Paragraph (3) of section 50A(a) (defining liability for tax) is amended by striking out "section 56" and inserting in lieu thereof "section 55 or 56".

(4) Subsection (d) of section 443 (relating to adjustment in exclusion for computing minimum tax for tax preferences) is amended by striking out "the $30,000 amount specified in section 56 (relating to minimum

tax for tax preferences), modified as provided by section 58," and inserting in lieu thereof "the $5,000 amount specified in section 55 (relating to minimum tax for individuals), modified as provided by section 58, or the $30,000 amount specified in section 56 (relating to minimum tax for corporation)".

(5) Subsection (d) of section 511 (relating to tax preferences) is amended by striking out "section 56" and inserting in lieu thereof "section 55 or 56".

(6) Subsection (a) of section 901 (relating to allowance of credit of taxes of foreign countries and of possessions of the United States) is amended by striking out "section 56" and inserting in lieu thereof "section 55 or 56".

(7) Paragraph (1) of section 6015(c) (defining estimated tax) is amended by striking out "section 56" and inserting in lieu thereof "section 55 or 56".

(8) Paragraph (1) of section 6654(f) (relating to tax computed after applications of credits against tax) is amended by striking out "section 56" and inserting in lieu thereof "section 55 or 56".

(9) Section 6362(b)(2)(A) (relating to qualified individual income taxes) is amended by striking out "section 56" and inserting in lieu thereof "section 55".

(h) CLERICAL AMENDMENT.—The table of sections for part VI of subchapter A of chapter 1 is amended by striking out the item relating to section 56 and inserting in lieu thereof the following:

"Sec. 55. Minimum tax for individuals.

"Sec. 56. Minimum tax for corporations."

(i) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to items of tax preferences (as defined in section 57(a) of the Internal Revenue Code of 1954) for taxable years beginning after December 31, 1975.

Mr. BROCK. For the benefit of our colleagues I shall take 3 minutes if possible.

Mr. CURTIS. May we have order, Mr. President?

Mr. TALMADGE. May we have order, Mr. President.

The PRESIDING OFFICER. Will Senators kindly withdraw who wish to converse? The Senate will be in order.

The Senator from Tennessee is recognized.

Mr. BROCK. Mr. President, first of all, to be sure that everyone understands this is essentially the amendment we have been arguing today pertaining to the alternative tax. There is a modification that the senior Senator from New York has suggested which I have applied to allow the exclusion of construction period interest in excess of construction income. That is the only change.

But let me try to simply say in three or four sentences what this amendment is all about.

Those amendments before us from the Finance Committee and the Senator from Minnesota are add-on taxes, surtaxes, and they have the effect of taxing primarily people who now pay taxes. The problem I have with that is that it does not reach those people who do not pay taxes. My amendment is an alternative tax. Let me show why there is an important difference.

If a taxpayer's taxable income is $100,000, and he has $100,000 in capital gains we really all come out with about the same figures. Mine is a little bit higher tax rate, $51,500 against $51,000 for the Mondale amendment and $49,000 for the committee. If a taxpayer does not have any earned income at all but only has $100,000 in capital gains, we come out again fairly close to each other: committee is $31,750; Mondale is $31,000, and mine is $31,000.

Where there is a difference, and it is an important difference, if a taxpayer has all preference income, Mondale taxes on $100,000 preference income only at $13,500—that is an effective rate of 13.5 percent—the committee taxes at $14,000 and mine taxes at the rate of $31,000. Why? Because I am trying to reach that particular group that is not paying taxes today. That is all.

It is very simple to say that is the group we ought to reach. I am trying to do it in a progressive sense because I think that is the essence of our tax system, not a flat rate.

MONDALE and the committee both propose a 15-percent tax rate, which is a flat rate, no progression at all. Mine applies the normal tax table at 60 percent. And that is the difference.

I think it makes an enormous difference in terms of equity and simplicity for Congress to adopt the alternative.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. BROCK. I yield.

Mr. PASTORE. Is the Senator actually saying, in essence, that his proposal will render more money?

Mr. BROCK. From the affected groups, yes. In total it will not raise as much as MONDALE originally proposed. It will raise more than MONDALE, as amended by the exclusion of the corporate and by ALLEN.

Mr. PASTORE. But it does raise more than the committee version?

Mr. BROCK. Of course it does. It does so I think in a much fairer fashion.

Mr. CURTIS. Mr. President, will the Senator yield for a brief question?

Mr. BROCK. I yield.

Mr. CURTIS. Will the Senator explain the advantage of his alternative tax from the standpoint of charitable deductions?

Mr. BROCK. Again, the Mondale amendment will tax charitable contributions, and I think that is a terribly dangerous thing to do in a free society. My amendment explicitly exempts or eliminates any taxation on charitable contributions because I think we need to support the voluntary segment of the society of ours, churches, schools, and the rest. I think it would be a great exercise of irresponsibility to impose new taxes on our charitable institutions. They are too important to us, so I do specifically exclude them. Of course, the other proposals do not.

Mr. President, I have no further comment.

Mr. LONG. Mr. President, I regret——

Mr. TALMADGE. May we have order?

Mr. LONG. I regret I cannot support this amendment. As to this amendment, I know the sponsors tried desperately to try to figure out some way that they would not have a very adverse effect on charity, so they left out the charitable contribution as one of the items that has to be dealt with, as we have done even in existing law. So the result of this is that this still leaves it possible, by virtue of a person making a charitable contribution to his own private foundation, let us say, of as much as 40 percent of his adjusted income, for a person to escape paying any income tax. When we started out in this whole area of tax revision in 1969 the first thing we had to deal with was the unlimited charitable contribution because, by giving their money to their own private foundation, which oftentimes is on the appreciated assets, these people would gain a tremendous tax advantage for something on which they had never paid any taxes. Then by giving this to private foundations they would avoid paying us any tax at all. We closed down on that by saying that you can only claim a charitable deduction for 50 percent of income. But if they make a charitable contribution of as much as 40 percent and then they have the other 60 percent in the tax preference, they would owe us no income tax.

What I thought we were trying to do was fix it so, as we have on this committee bill, to where it is almost inconceivable to figure out some way that somebody could get by without paying us any income taxes.

This amendment would again open up the possibility of having 100, 200, or 300 people reported in here with adjusted gross income of $200,000 paying no income tax. I do not think we want that.

Point No. 2 is this amendment says that you can take 40 percent of these deferred items and you have to carry over the other 60 percent. Now you carry that over into future years. That then puts us in for a very long and complicated process where the individual is carrying over these deductions, year and year and year in advance, and it will enormously complicate both the bookkeeping for the taxpayers and also for the Government, which must try to keep up with all these carryover preferences that people will be carrying forward for 1, 2, 3, 4, 5, 6, even 10 years, of these preferences that they were not able to use up but they can still carry over.

Mr. BROCK. Mr. President, will the Senator yield only for a point?

Mr. LONG. I yield.

Mr. BROCK. First, let us be sure the figures are correct. Second, it cannot be appreciated property; it has to be cash, as the Senator knows. So there is not a potential for abuse. And third, talking about holding these things over from year to year, that is throughout the tax code and in the committees own bill. There are carryovers.

Mr. LONG. Most of these carryovers are in the corporate law. There are not a great deal of carryovers in the personal taxation.

Mr. BROCK. They should have the same opportunity that corporations have.

Mr. LONG. That makes it enormously complicated.

The Senator is right about saying it could not be a private foundation, but any public foundation or public charity or university would have the benefit of making the contribution of up to 50 percent of income and, by doing so, reducing their taxes. By making a large charitable contribution, a person can put himself in position that even though he had a large adjusted gross income and the contribution is, let us say, 40 percent of the adjusted gross income, he can reduce his tax to zero; and I do not think we want to leave the possibility of people who make these charitable contributions avoiding paying taxes.

In addition, let me read what it says:

> The amount of carryover is the smaller of the deferral tax preferences in excess of the minimum taxable income over the regular taxable income.

When one undertakes to do that, you have to have one tax, then you have another tax, and then you have these carryovers. It is very complicated. In fact, I am confident that it is an extremely difficult thing for people to understand. It is enough of a complication to have corporations with carryover credit. At least, they have regular accountants handling their business for them day in and day out. But individuals would have to have bookkeepers constantly carrying their books.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. PASTORE. The thing that mystifies me is this: What is so wrong if an individual does make a charitable contribution? He is disposing of his wealth—whether you pay it in taxes or to a charity. Unless it is a private foundation, what is so wrong with this?

That is the trouble with many of our universities and hospitals and charitable institutions: They are not being supported, for the simple reason that people cannot deduct it.

It strikes me that if that is the only complaint, that a man is avoiding taxes because he is giving it to charity, what is so wrong with that? I think that is in the fashion of brotherly love. If we are talking about that, I think we are talking about the eternal commandment.

Mr. LONG. The other 60 percent is itemized deductions. So when you take the itemized deductions together with the charitable contribution, you wind up paying no tax.

Mr. BROCK. That is not anywhere in my amendment. I do not know where the Senator is reading that.

Mr. LONG. That is in the Senator's amendment.

Mr. BROCK. No. My amendment says we take the preference items and multiply it by 60 percent, and that is what you pay the tax on. The Senator from Rhode Island is correct. You have to give cash. There cannot be any abuse. You cannot give appreciated property. How are we going to support these people?

Mr. LONG. One of the Senator's items here is itemized deductions in excess of 60 percent. If we take 40 percent for charity, which the Senator leaves out—the Senator does not count that.

Mr. BROCK. That is right.

Mr. LONG. Then we take itemized deductions of 60 percent, and they pay no tax.

Mr. BROCK. Can the Senator show me anybody who has itemized deductions for 60 percent and is giving 40 percent to charity?

Mr. LONG. That is why the great majority of the 244 taxpayers pay no tax, because they have itemized deductions of 100 percent.

Mr. BROCK. They are paying no tax because the Senator from Louisiana's add-on tax does not reach them and mine does.

Mr. LONG. It does not reach them, and we are trying to fix it so it does. But the Senator leaves out of itemized deductions charitable contribution. Ordinarily that would be in there, but he leaves it out. So when he leaves that out of itemized deductions and then his other items in excess of 60 percent——

Mr. BROCK. If you can itemize your deductions and they are legitimate for 60 percent and you give away 40 percent, you have no income. There is nothing left. You cannot itemize something unless it is an out-of-pocket expense.

Mr. LONG. You would not have a tax preference because the itemized deductions, exclusive of the charitable contribution, do not exceed 60 percent.

Mr. RIBICOFF. Mr. President, will the Senator yield?

Mr. LONG. Therefore, there would be no tax.

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. TALMADGE. Is it not a fact that on the Senator's amendment, for each $100 a person contributes to charity, he can claim an exemption of $167?

Mr. BROCK. No.

Mr. LONG. As I understand it, there is an allowance on a charitable contribution up to $167. So it could work out that way.

Mr. TALMADGE. If he contributes $100, he is entitled to a charitable contribution of $167.

Mr. LONG. For purposes of the minimum tax only.

I ask the Senator this: What is done about interest on construction loans in his amendment?

Mr. BROCK. We allow them to deduct it.

Mr. LONG. The Senator would allow the deduction of interest on construction loans. That is the big item with which they have been able to escape the minimum tax. The Senator would allow them to deduct it, and that is the one big oversight both the House and the Senate took hold of this time, because we completely overlooked it the last time.

Mr. BROCK. Why not say it is only $25 million worth of impact?

Mr. LONG. I do not care if it is only $1 million worth of impact.

Mr. BROCK. Then, it is not the biggest thing in the budget.

Mr. LONG. It amounts to $25 million of one of the chief items that is used to avoid paying any tax, which the Senator leaves out.

Mr. RIBICOFF. Mr. President, will the Senator yield?

Mr. PASTORE. May we have order, Mr. President?

Mr. LONG. I yield.

Mr. RIBICOFF. One of the great problems we have is that the members of the Finance Committee are confused, so we can imagine what is happening to the entire body.

We are talking generalities, and it is impossible to focus on the end result as to the taxpayer.

We have three measures before us: We have the Finance Committee proposal—let us say the Long proposals; we have the Mondale proposal; we have the Brock proposal. I wonder whether Senator Long, Senator Brock, and Senator Mondale can give us the bottom line on the following proposition: A person has earned income of $50,000. He has preference income of $50,000.

Mr. BROCK. Capital gains or noncapital gains?

Mr. RIBICOFF. Straight. Preference income. Then, the other case, where a person has no earned income but preference income of $100,000.

I think the only way we are going to be able to determine which measure we want to vote for is if we can approximate the impact on the same example to the same taxpayer. Then we can make up our minds where we want to go.

Mr. PASTORE. In dollars.

Mr. RIBICOFF. In dollars, yes, not percentage.

Mr. LONG. We need a moment for the technicians to arrive at that.

Mr. President, have the yeas and nays been ordered on the Brock amendment?

The PRESIDING OFFICER (Mr. Leahy). They have not been ordered.

Mr. LONG. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. ALLEN. Mr. President, have the yeas and nays been ordered on the Mondale amendment?

The PRESIDING OFFICER. They have been ordered on the Mondale amendment.

Mr. LONG. Mr. President, let me make this clear: Between the Allen amendment, which is the Mondale amendment as amended, and the Brock amendment, both appear to raise about the same amount of money. But the Brock amendment would permit people to escape totally paying any income tax. I am not complaining about their making a 40-percent charitable contribution and not paying on that. What I am complaining about is their being able to escape tax on the other 60 percent, which would include such things as interest. That is in this Senator's amendment.

Now, there are other itemized deductions which can be within that 60 percent that amount to, in our case, situations where someone should pay some tax.

If you want to stop this thing of people making a lot of money and paying no income tax, then you want to vote for something which says they do pay us a substantial amount of tax. The Mondale amendment, as amended by the Allen amendment, closes out that possibility.

Mr. PASTORE. Will the Senator yield?

Mr. LONG. Yes; I yield.

Mr. PASTORE. Will the Senator give us an example of what the Senator means by a construction loan. What is a construction loan?

Mr. LONG. During the period that a building is being constructed, interest is being paid on that. That is an allowable deduction. One can argue that it ought to be capitalized and be a part of the cost of the building when completed, but it is not. Under the law, you can deduct your interest expense on a construction loan to build a building.

Let us say that you build an office building and during the period of construction, you have a major interest expense. With the minimum tax, we have undertaken to take these excess interest expenses and disallow them where they exceed interest income or other investment income, in order to see that people do not escape tax.

But we overlooked this interest on a construction loan during the period that a building is being constructed. It is just an oversight but it is one of the chief things that people who are putting together these packages for syndicates and things of that sort have seized upon—interest during the period of construction. That interest on construction loans, we think, should not be permitted to escape tax and it is one of the favorite items, that we just did not know about when we passed the last tax reform law; it is one of the favorite items of those who put together packages to try to avoid paying taxes or keep taxes down.

With regard to some of the itemized deductions such as itemized interest, we run into the same problem that we have dealt with in the committee amendment and that would also be dealt with in the Mondale amendment. So in either case, we take care of that. But those are among the itemized deductions with regard to which the Senator says there is no minimum tax—at least, this alternative tax does not apply unless they equal 60 percent of adjusted gross income. So that, when we put the whole package together, while it does have some merit—and I do not say it does not have merit, I just say that comparing the two, we raised about the same amount of money, one an add-on tax and the other an alternative tax.

The alternative tax still leaves the door open for people to get by without paying any tax, and the complaint will persist. It does leave some potential for tax abuse that we close out with the Mondale approach or the committee approach or the Mondale approach as amended by the Allen approach.

Mr. PASTORE. Will the Senator yield?

Mr. LONG. Yes.

Mr. PASTORE. Under the existing law, today, without reference to the bill we are considering now, is the interest on a construction loan a deductible item?

Mr. LONG. It is, and it is not subject to minimum tax.

Mr. PASTORE. So what we are doing is closing that loophole with the committee bill?

Mr. LONG. Yes, the committee bill does that and so does the Mondale amendment.

Mr. PASTORE. The Senator is saying that the Brock amendment leaves it open?

Mr. LONG. The Brock amendment leaves it open. Also, it leaves open the potential with regard to other itemized deductions.

Mr. BROOKE. Will the Senator yield for a question? Does the Brock amendment make any distinction between residential property and commercial property?

Mr. LONG. No, it does not.

Mr. BROOKE. It would cut all, residential or commercial, and subsidized housing as well? The Senator from Tennessee would exempt interest on construction loans for subsidized housing, for residential housing, and for commercial housing. Is that correct?

Mr. LONG. There is a transitional rule providing up until 1981 for low income housing.

Mr. BROOKE. So they would be protected.

Mr. LONG. Largely so, up until 1981.

Mr. BELLMON. Mr. President, will the Senator yield?

Mr. LONG. Construction interest would be exempted entirely.

Mr. BELLMON. Will the Senator yield?

Mr. LONG. Yes.

Mr. BELLMON. I have been trying to get the point of all this argument. What we are trying to do is make the 240, or however many it is, high income taxpayers, who pay no income tax, pay income tax. Is that what we are supposed to be doing?

Mr. LONG. That is what I thought.

Mr. BELLMON. Could we accomplish that if the high income taxpayer gets tax exempt municipal bonds?

Mr. LONG. So far as I know, there is not a single one of those 244 taxpayers we have been talking about who would escape paying at least a minimum tax, and a substantial minimum tax, a 15 percent tax, applied to a substantial amount of his income, under the committee bill or under the Mondale amendment or under the Allen substitute for the Mondale amendment.

Mr. MONDALE. Will the Senator yield?

Mr. LONG. Yes.

Mr. MONDALE. It is also a fact, I say to the Senator from Oklahoma, that the interest on municipal bonds is not involved here at all because it does not show up in the adjusted gross revenue figures. So the income figures of those taxpayers in no way reflects interest on tax-exempt bonds.

Mr. LONG. That is right. None of these bills does anything about interest on those State and municipal bonds, that is correct. But in view of the fact that that is not reported as income anyhow, when we are talking about the 244, the only one of those 244 that could escape taxes would be those who had paid taxes to a foreign government which exceeded the taxes they would owe to this Government. I do not know of anybody who quarrels with that result.

Mr. JAVITS. Mr. President, this construction interest question, I think, is not a big issue, but it is to many small builders. The Senators should know that it involves $25 million, so let us get the thing in focus.

Second, Mr. President, it is only safeguarded by this amendment if it is beyond the related income for real estate, so that there is no windfall benefit to any builder.

Third, Mr. President, it represents actual cash disbursed. This is no contrived deduction. This is actual cash disbursed for interest during construction. It seems to me that, with those limitations, it is very indispensable to the small builder and he should not be penalized unless it is in excess of his income which relates to building. If it does result in that excess, then he should be penalized by the amendment.

The PRESIDING OFFICER. May we have order in the Chamber so the Senator from New York may be heard?

Mr. JAVITS. One other thing, Mr. President: It is very clear, too, that the very treatment of oil and gas which the committee allowed is exactly along this line. This is an exact analogy. They have done it for oil and gas, but they will not do it for the construction people, especially at a time when we are so low and so poor and so backward on construction in this country, which is absolutely indispensable to the builder and to construction later. That is why I offered the amendment to Senator BROCK and that is why he accepted it. I would have done it independently, except that his amendment is not subject to amendment and I wish to vote for it.

Mr. BROCK. I thank the Senator.

Mr. DOMENICI. Mr. President, may I ask a question?

Mr. RIBICOFF. Before we vote, I would like the answer to the inquiry that I made to the three Senators.

Mr. LONG. Let me give the answer to the Senator.

In the first case the Senator gave, based on the figures he gave, under the Brock amendment, the taxpayer would pay $22,300 the first year.

Under the Mondale amendment, he would pay $23,060.

Under the committee amendment, he would pay $22,001. That is the committee amendment.

They are all about the same thing. But here is the big difference: All these preferences that he failed to get under the Mondale amendment or the Finance Committee amendment he loses them, and that is the end of it.

Under the Brock amendment he carries them all forward into the next year, and if he cannot use them then he carries them forward into the next year, so he does not lose those tax advantages, he just postpones for a year taking full advantage of them.

Mr. BROCK. Wait a minute. Give him the figures.

Mr. RIBICOFF. Now, the case where there is a $100,000 preference income without any earnings.

Mr. LONG. The Brock would pay $22,000, the Mondale amendment $13,500, the Finance Committee $15,000.

Mr. BROCK. The Senator has made my point.

Mr. RIBICOFF. Mondale was what, sir?

Mr. BROCK. Thirteen thousand, five hundred dollars.

Mr. LONG. Thirteen thousand, five hundred dollars.

Mr. RIBICOFF. And the committee?

Mr. BROCK. Twenty-two thousand dollars. The Senator has just made my point.

Mr. RIBICOFF. The committee amendment?

Mr. BROCK. $15,000. I thought it was $14,500.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. LONG. Yes, but keep in mind, under the Brock amendment they would pay more, but they still have all that carryforward.

Mr. BROCK. What carryforward? They are paying tax.

Mr. LONG. Keep in mind the Brock amendment says of your preferences, the preferences cannot exceed 60 percent of your adjusted gross income. Now, the other 40 percent, if they are deferred preferences, that you cannot use this year you carry all that forward, and you get to use it next year.

Now, it is true that next year—in other words, the deferred items are carried forward. Next year you get to use them. So by the time you get into the second and third year you catch up.

Mr. RIBICOFF. I am just curious. May I ask the chairman, here we have a fight that has been going on for a few days between the so-called reformers and the so-called stand-patters. But, as I look at these figures, there is very little difference between the Mondale proposal and the committee proposal. Why the big fight between the committee proposal and the Mondale proposal, setting aside the Brock proposal because there is a variable, but you are almost identical in the figures between the committee and the Mondale proposals.

Mr. LONG. Well, may I say to the Senator, that just happened to work out the same. There are many cases where there are differences.

Incidentally, with regard to this situation, where all of this income is preference income, that is a very, very, very rare situation admittedly. It makes the first year look good, but that is the very rare situation with all preference income. In most cases people have a substantial amount of earned income, salary income, and various others. For example, even if you are talking about a capital gain, that is not all preference income. Half of it is subject to tax.

Mr. MONDALE. Mr. President, will the Senator yield at that point because I would like to point out the differences?

If you would take your example and raise the income you would find that the Finance Committee bill tax on preference income drops off dramatically because of the size of the tax on the taxable income which quickly phases out the tax imposed by the Finance Committee, the result being that the amendment I proposed on individual preferred income raises about $300 million more than the Finance Committe bill does.

The second point is that my original amendment included corporations under the same rule as individuals, and that picked up approximately $500 million. But it is not in this amendment.

Mr. BROCK. May I point out, let us take the second step: the Brock amendment is progressive throughout the scale whereas the Mondale amendment has the flat rate. It does do a little better job at the higher income level than the committee bill does, but it still levels off at a flat 15 percent. Mine follows the tax table right across the board, so it is progressive, and it does, frankly, deal with the shelter problem more specifically.

Mr. RIBICOFF. I wonder if——

Mr. LONG. When the Senator spoke about the Mondale amendment being progressive, it is progressive so far as preference income is concerned. But when you add the preference income to the other income it is not progressive and then the Finance Committee bill becomes more progressive.

Mr. RIBICOFF. I wonder, Mr. Chairman, could he enlighten us as to how many returns we are affecting by these amendments, how many returns will be giving more money to the Federal Treasury.

Mr. BROCK. I may say to the Senator I have those exact figures, if the Senator wants them, from the Treasury. Under the House bill—all returns now, and this is not just the target types, nontaxable, but all returns—the House minimum tax is 134,000 returns; the Finance Committee is 554,000; the Brock amendment is 165,000, and Mondale is 323,000.

If I may just explain why the Brock amendment, as an alternative tax, only targeted those people who are using a high degree of preference items; in other words, they have a high excluded income group in relation to their earned income. As the Senator says, I only try to target toward that group, so I do not hit the people who are paying a full share of taxes. The others do.

Mr. RIBICOFF. If the objective of the complaint has been that thousands of taxpayers are avoiding their fair share of taxes, then is it not a factor as to how many additional taxpayers are impacted by the different amendments?

Mr. BROCK. Yes.

Mr. RIBICOFF. The Senator from Tennessee indicates that the committee proposal impacts more additional taxpayers than either the Mondale approach or the Brock approach.

Mr. BROCK. It does more taxpayers because it is hitting legitimate taxpayers as well, a broad sword. It cuts without any logical consideration of use of tax preferences or the abuse.

Let us talk about where the abuse area is, and this will give you a little different picture. In the group which declares no income at all, in other words, they are at zero, which is the area where you have the principal abuse, the Brock alternative raises $54 million from the target group; Mondale raises only $13 million, and the Finance Committee only $13 million, the House $11 million, by the way.

On the all-income, Brock raises $136 million, Mondale $55 million, and the Finance Committee $64 million. Again, as to the target areas, my amendment is more productive.

Mr. MONDALE. I think the distinction is this, if the Senator will yield, Mr. President. In the case where there is substantial preference income but no taxable income, Senator BROCK's amendment hits harder than any other amendment because it takes 60 percent of that income and applies the normal tax rate. But in the case which is what we are trying to get at, where a person has large taxable income and also substantial preferred income, he is able, in effect, to take 60 percent of the tax paid on the taxable income and deduct it from preferred income so that you will find that in my amendment the tax is much higher on those who have both high taxable income and preferred income.

Under Senator BROCK's amendment the tax is higher on those who have very little taxable income and high preferred income; and the reason my amendment picks up $300 million more than his is that there are many more people in the category that we tax higher than in the category that he taxes higher.

Mr. BROCK. They are paying taxes now, may I say to the Senator.

Mr. LONG. Do I have the floor, Mr. President? I believe I had the floor.

Mr. BROCK. I think I had the floor.

The PRESIDING OFFICER (Mr. LEAHY). The Senator from Tennessee has the floor.

Mr. BROCK. Yes. I yield.

Mr. LONG. Here is the answer to the question the Senator asked. Here are what your three choices are basically the way the votes have been going. I would assume that we are going to vote tonight either for the Mondale amendment as amended by the Allen amendment, which I am calling the Allen amendment for the present time, or we are going to vote for the original Mondale amendment or vote for the Brock amendment.

Now, the Brock amendment would tax 158,000 taxpayers. The Mondale amendment, without the Allen amendment, would tax 316,000 taxpayers; and the Allen amendment would tax 270,000 taxpayers. It falls between the two.

Mr. RIBICOFF. The thought occurs to me, Mr. President, as I have been listening to this colloquy, it strikes me that with the Allen amendment to the Mondale amendment there is not much difference between the committee proposal and the Mondale amendment as modified by the Allen amendment.

Mr. BROCK. The Senator is exactly right.

Mr. RIBICOFF. I am just wondering whether during a quorum call for 10 minutes the distinguished Senator from Minnesota and the distinguished Senator from Louisiana, with a little assist from the Senator from Tennessee, can come up with a formula that everybody would be satisfied with.

Mr. BROCK. Mr. President, I have the floor and, if I may, let me just say I would love to work it out. The problem is there are fundamental differences between the concept of the Mondale and Long approaches as opposed to mine.

Mr. RIBICOFF. That is right.

Mr. BROCK. Mine is an alternative tax and theirs is an add-on.

Mr. RIBICOFF. That is right. But I do not think there is much difference between the chairman's proposal and Senator MONDALE's proposal both with respect to the amount of money raised and also the impact on the taxpayers and the number of taxpayers affected.

Mr. BROCK. They are almost identical with the Allen amendment.

Mr. RIBICOFF. There does not seem to be much difference.

Mr. LONG. The big difference is that the Allen amendment injected this. The Allen amendment, as I saw it, sought to take what would be the most appealing feature of the committee amendment and added that most appealing factor to the Mondale, because the Mondale amendment would allow $10,000 exemption at the bottom. The committee amendment would allow $5,000. So that takes a lot of fairly low, middle-income taxpayers out of the prospect of being in it.

Then the Mondale amendment applied its corporations, and so the Allen amendment applied its corporations. So they would fall under it just like the individuals would.

Then the committee thought where a person had paid a large amount of taxes, that should be taken into consideration.

So it permits one to reduce the amount of preference items on which we are going to be taxed for minimum tax purposes, by the amount of taxes already paid.

So that by taking into consideration the taxes one has already paid, it carries out the philosophy that the minimum tax should be directed toward a person who made a lot of income in the real sense, but paid very little tax.

Mr. MONDALE. Will the Senator yield?

Mr. LONG. Yes.

Mr. MONDALE. I understand the Senator from Arkansas may be proposing an amendment here that might resolve it.

Mr. BUMPERS. Will the Senator yield me 1 minute?

Mr. BROCK. I have the floor still.

I yield to the Senator from Minnesota.

Mr. MONDALE. What troubles me about the Allen amendment which modifies mine is the complete deductibility of taxes paid on taxable income against preferred income.

The Senator from Arkansas, as I understand it, is going to propose a compromise that might settle this, in which he proposes one can take, as I understand it, 50 percent of his taxable income and deduct it from taxes paid on taxable income from his preferred income.

That would, it seems to me, give us a compromise where, in a sense, the two original proposals, the one we introduced and the one from the Finance Committee, which they reported out, would move toward a compromise.

Mr. LONG. What the Senator is talking about now was what the House committee reported. It was voted out on the floor.

I assume, if we agree to the Allen amendment, we will have that proposition made to us in the spirit of compromise in the event this matter goes to conference.

I do not want to say we would agree or not agree. I think we ought to go to conference with an open mind and work for what we think would be the best bill.

But if we are really, in a sense——

Mr. BROCK. Mr. President, I yield the floor, the Senator might as well have it.

Mr. LONG. If we are really saying——

Mr. BUMPERS. Mr. President, the Senator from Tennessee yielded the floor. I ask for recognition.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Mr. President, I want to make an observation here, then I will be happy to yield the floor.

I do not have much to say. The amendment I want to offer will not be in order unless the Mondale amendment is defeated.

I anticipate that, and I intend to offer this amendment. But if we stay on the Brock amendment and the Mondale substitute until 11 o'clock, all I will have the opportunity to do is submit it and will not have the opportunity to explain what it is about.

I do not know if there is any design or strategy along that line, or not. But I understand in the gentlemen's agreement last night, we would vote at 11 and the people who had amendments would have the opportunity to present them and have at least 30 minutes.

If we talk at the rate we are going now, people will not have an opportunity to offer an amendment. Mine might not be accepted, but I would like 5 minutes to explain it.

Mr. CRANSTON. Will the Senator yield?

Mr. BUMPERS. I yield without losing my right to the floor.

Mr. CRANSTON. Will the Senator briefly explain the substance of the amendment now so we can consider it as we vote on the other amendment?

Mr. BUMPERS. If I can have undivided attention for about 5 minutes, I think I can do it.

Mr. PASTORE. May we have order, Mr. President?

The PRESIDING OFFICER. The Senate will be in order so the Senator from Arkansas can be heard.

Mr. BROCK. Will the Senator yield for a quick comment?

Mr. BUMPERS. I am happy to.

Mr. BROCK. I want the Senate to understand that I am ready to vote on my amendment now, or any time we are ready. I have no further conversation. I think people understand the amendment. I think we ought to.

Mr. BUMPERS. Mr. President, would it be in order to ask unanimous consent that we vote on the Brock amendment and that I be recognized immediately after the rollcall vote?

Mr. LONG. I object to the unanimous-consent request. It is all right for the Senator to be recognized, but I object to the request.

Mr. BUMPERS. Mr. President, I would like to have 5 minutes' time to explain my proposal.

The PRESIDING OFFICER. The Senator from Arkansas has the floor.

Mr. BUMPERS. There are three or four things about this I do not like and I suppose every Senator here has an objection to at least one part of the bill.

I resent the fact that the corporations are not included in the Finance Committee section. I think it is grossly unfair and I would like to see that left in.

My amendment, the Mondale substitute, with the Allen amendment modified, to this extent, that taxpayers will receive credit against preference income to the extent of 50 percent of the taxes they have paid, rather than 100 percent, as the Senator from Alabama has proposed.

Second, it has an item on it, which I have not discussed with any proponents of the Mondale amendment, to exempt timber.

The reason I put that in there is that I feel that what is going to happen here, a lot in my State, for example, 2,015 individual unincorporated tree farmers, who own tree farms of 1,000 acres or less, are going to get hit so hard by this they are going to have a strong incentive to convert their tree farms and timberland to other purposes.

I admit my interest in this is parochial, but I will also agree that over half the Senators represented in this body have a similar number of small tree farmers who will be faced with the same proposition.

I have always been a proponent of land use planning. I have always thought taxation and tax incentives were a legitimate way to address it.

What I want to do is keep the rest of my State from going the way eastern Arkansas has gone, where we used to have fabulous wetlands and now it is all converted to soybeans.

The rest of my State will be rapidly converted from the tree farming, to row cropping or some developments.

We are taking 1 million acres of arable, cultivated land out of cultivation every year in the United States and will continue to do so as long as the pressure is on people to sell land for development.

I am saying, those people ought to be excluded. I admit my parochial interest, but I think it is a legitimate one.

Finally, there is a very serious flaw in this, as was pointed out in the brochure put out by Senator MONDALE, to show that people who live in single-family dwellings and have some limited retirement income, and who happen to sell that single-family dwelling, will be treated very unjustly under this bill.

So it exempts as preference income capital gains from sales of single-family dwellings. That could include, I admit, $150,000 condominiums. There are so many different cases.

We are trying to get big people, the really super rich. We wind up hurting innocent people that other Senators and myself never had any intention of doing any harm to.

Finally, a philosophical note: I have heard comments made in this Chamber many times in the past week that, "I believe in tax reform. But I have not yet seen the kind of reform I can vote for. It is not in this bill. It is waiting for something else."

The Senator from Maine made the point the other day that this body has three or four alternatives. One, we can do nothing but accept the committee report, which means if we adopt an extension of the $35 individual income tax credit we are voting to increase the deficit by $1.8 billion.

Alternatively, we can cut spending by $1.8 billion. Based on my observations, that is not likely to happen.

What I am saying is I think it is time for us to vote the way we say back home. I doubt there are three Members of this body who have not said in a speech in the past year that he believes in tax reform. Yet there is no reform here. Unless we do something to raise at least some of the revenue, admittedly my amendment will not raise all of it, unless we raise some revenue, those of us who go back home and talk about tax reform and talk about a balanced budget are going to be delivering the rhetoric only to our constituents.

Several Senators addressed the Chair.

Mr. BUMPERS. Mr. President, I have said essentially all I care to say on my amendment, but I would like to say finally I would like the opportunity to present it under the gentleman's agreement which the floor manager agreed to last evening.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. Mr. President, the Senator has left out one of the most obvious things that we ought to do in terms of budgetary responsibility. We agreed the last time we had one of these big tax cuts that we were going to undertake for every $1 of additional tax cut to cut spending by $1. That was a commitment I thought we made at the end of the last session. So we came back and tried to do business in that fashion.

Mr. Roth tried to offer an amendment when the Muskie amendment was offered, which would upset the balance of this bill by $1,700,000,000, to say that we would reduce spending by that much. A point of order was made against it and he was not permitted to offer it even though I gave consent to waive the point of order when Mr. Muskie offered an amendment subject to the same point.

We are going to have the debt limit bill out here in a few days and we will have that amendment on that debt limit. If need be, we will refer it to the Budget Committee first, or we can waive that point of order.

On the debt limit bill, we will propose to take the President up on his proposition that if this tax cut bill exceeds the budget target estimates, any additional tax cuts beyond the target would be accompanied by spending cuts to offset that. That was the kind of commitment we made to the President last year.

As far as I am concerned, all those escape clauses, ifs, ands, buts, wherefors, and so forth did not impress me. I was sincere about taking the President up with the proposition that we ought to accompany further tax cuts with spending cuts. I think we ought to do it. When we bring that debt limit bill out here if my vote will do it, and I think the majority of the Finance Committee will vote that way, we are going to vote to put something like the Roth amendment on it to say that any further tax cuts, including anything in this bill over that target, will be accompanied by spending cuts.

So the Senators can vote for all the tax cuts they want to, but they better be prepared to vote for spending cuts along with it.

Mr. CURTIS. Mr. President, I will serve notice that I will make a point of order against any amendment not in writing. People have to live under this law. We can be satisfied here to vote to approve some oratory. We can shout for tax reform, to take it off somebody and put it on somebody else, when everybody knows the only tax relief comes from cutting spending.

The Committee on Finance has worked for weeks and months on this bill. We had to fight for 3 or 4 days to get a chance to present our bill, because of an attack by a committee that has not held any hearings on the tax bill.

Here tonight we have amendment piled on amendment. Somebody describes what it is supposed to be.

Mr. President, that is not a workmanlike way to do this. There will be no more amendments offered tonight unless they are in writing.

I also wish to say that I have one in writing, very brief, and I hope to call it up. [Laughter.]

Mr. BENTSEN. Mr. President, those who say that no tax reform bill is before the Senate fail to remember that the Senate Finance Committee spent about 40 days in hearings and markup and have reported a major tax reform bill that raises several billion dollars through tax reform.

When we talk about the minimum tax, the Finance Committee increased the minimum tax rate by 50 percent.

Mr. LONG. It is 500 percent. It is revenue.

Mr. BENTSEN. I understand. The minimum tax rate would be increased from 10 percent to 15 percent.

Mr. LONG. In terms of revenue, it is a 500-percent increase.

Mr. BENTSEN. In addition, the Finance Committee added several new items to the minimum tax base.

We said, "All of your interest expense in excess of investment income would be subject to the minimum tax."

We said, "Accelerated depreciation on all leased personal property would be subject to the minimum tax."

We said, "Intangible drilling costs in excess of oil and gas income go under the minimum tax."

All of these things we did in this bill.

Just remember, when we label this reform, this is actually reform of the 1969 Tax Reform Act in which Congress labored long and hard to try to really close up some of these tax loopholes.

Let me say to my friends, on this particular bill I think the Finance Committee has come out with a reasonable bill, a fair bill, for the taxpayers of this country, and one that raises a substantial amount of money through tax reform. I think it should be given consideration from that standpoint.

Mr. BROCK. Mr. President, I modified my amendment earlier to include an amendment by the Senator from New York with which I agreed, and I raised the point that it included construction interest. I did not, inadvertently, mention the fact that it included investment interest as well. I do not want anybody to misunderstand me. It does include both. I suggested to the Senator from New York that I might withdraw it, but I gathered that there might be objection to that. I want everyone to know that we do allow the deduction of investment interest as an expense.

Mr. LONG. Mr. President, I congratulate the Senator on making that statement. I knew that was the point of the amendment but I doubt if all Senators knew it.

Now that the point did come up, this point should be made: That means that in the Senator's amendment, in his alternative tax, he would leave out two items that we think very much belong in the minimum tax. One is interest on construction loans, which I have already discussed, and the other is investment interest in excess of investment income. So those are two major items that we think ought to be in the preference items and they are not included in the Senator's amendment. I think the Mondale approach or the Allen approach or the committee approach would be the better approach for that reason. Therefore, I hope that the Brock amendment will not be agreed to.

Mr. BROCK. The investment interest only applied in special cases so it is a very, very limited application and there is virtually no revenue impact at all.

I am prepared to vote, Mr. President.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from North Dakota (Mr. Burdick), the Senator from Kentucky (Mr. Huddleston), the Senator from Hawaii (Mr. Inouye), the Senator from Arkansas (Mr. McClellan), the Senator from South Dakota (Mr. McGovern), the Senator from Montana (Mr. Metcalf), the Senator from California (Mr. Tunney) are necessarily absent.

I also announce that the Senator from Missouri (Mr. Symington) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. Goldwater), the Senator from Oregon (Mr. Hatfield), the Senator from Idaho (Mr. McClure), the Senator from Illinois (Mr. Percy), the Senator from Connecticut (Mr. Weicker) are necessarily absent.

I further announce that the Senator from New York (Mr. Buckley) is absent due to illness.

I further announce that, if present and voting, the Senator from Oregon (Mr. Hatfield) would vote "yea."

The result was announced—yeas 18, nays 68, as follows:

[Rollcall Vote No. 334 Leg.]

YEAS—18

Baker
Beall
Brock
Curtis
Domenici
Fannin
Garn
Gravel
Griffin
Helms
Hruska
Javits
Laxalt
Morgan
Packwood
Pastore
Stevens
Taft

NAYS—68

Abourezk
Allen
Bartlett
Bayh
Bellmon
Bentsen
Biden
Brooke
Bumpers
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Dole
Durkin
Eagleton
Eastland
Fong
Ford
Glenn
Hansen
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hathaway
Hollings
Humphrey
Jackson
Johnston
Kennedy
Leahy
Long

Magnuson
Mansfield
Mathias
McGee
McIntyre
Mondale
Montoya
Moss
Muskie
Nelson
Nunn
Pearson
Pell
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stennis
Stevenson
Stone
Talmadge
Thurmond
Tower
Williams
Young

NOT VOTING—14

Buckley
Burdick
Goldwater
Hatfield
Huddleston
Inouye
McClellan
McClure
McGovern
Metcalf
Percy
Symington
Tunney
Weicker

So Mr. BROCK's amendment was rejected.

The PRESIDING OFFICER. The question now recurs on the amendment by the Senator from Minnesota.

Mr. CURTIS and Mr. LONG addressed the chair.

The PRESIDING OFFICER. The Senator from Nebraska.

UP AMENDMENT NO. 101

Mr. CURTIS. I offer an amendment to the committee amendment and send it to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Nebraska (Mr. CURTIS) proposes unprinted amendment No. 101.

On page 136, insert after line 23 the followlowing new paragraph:

"(7) the deduction for charitable contributions provided by section 170."

Mr. CURTIS. Mr. President, I can explain this, I think, in 5 minutes if I may have order.

Mr. PASTORE. Mr. President, may we have order, please?

The PRESIDING OFFICER. May we have order in the Chamber? Senators will please clear the well. Senators could continue their conversations in the cloakroom and expedite matters. The Senator from Nebraska will withhold a moment until we get order.

The Senator from Nebraska.

Mr. CURTIS. Mr. President, the purpose of a minimum tax is sort of a catchall for people who have taken too many deductions and availed themselves of too many preferences in the tax. The committee bill, as written, provides that, if your deductions, payments of interest, and other payments amount to more than 60 percent of your adjusted gross income, that excess is taxed under the minimum tax.

We excepted from that a medical deduction and a casualty loss. That was right.

What I propose is to put charitable deductions in the same category as medical deductions and casualty losses. If we do not, an individual can have 60 percent of his adjusted gross income in very legitimate deductions for interest paid, taxes paid, and other items, and as the bill is written if he would give $10,000 to a hospital he would be taxed $1,500 for making it because that excess of deductions is an item in the minimum tax; the rate under the committee bill is 15 percent.

It is not wrong to give away your property. The private and church colleges in my State carry over 30 percent of the load of higher education. They need the little contributions. But they also need the big contributions from the people that can make them. The same is true of every hospital and the building of every library. And here we should not by an inadvertence, I believe, tax a charitable gift and that is what we are doing.

Mr. President, it would be my hope that the committee would accept the amendment.

Mr. LONG. Mr. President, the Senator's amendment that we are talking about applies only to the minimum tax. That is all we are talking about, the 15 percent minimum tax.

In the effort to be sure that people could not of their own volition and their own choice just avoid paying any income tax and have us trying to explain that all the time, we had to do something about the charitable deduction and the itemized deduction.

Here is what we said. We said that, if your itemized deductions equal 60 percent of your adjusted gross income, then you owe the minimum income tax on the difference, on the other 40 percent, or the excess over the 60 percent.

That was to be sure that it was not within a taxpayer's power by making a charitable contribution to completely wipe out his tax.

They can make a charitable contribution if they want to of up to 50 percent, but there would be a small tax, a 15-percent tax, on the excess of itemized deductions over 60 percent of income, because we thought that these people who have a lot of itemized deductions should not be able to totally and wholly escape paying any tax to this Government.

We did make an exception with regard to high medical expenses for the simple reason that those are not within the control of the taxpayer; it is not within his control to get sick and run up $100,000 of medical expenses. That happened in spite of his effort to the contrary. And the same thing is true of casualty losses. If somebody burned his house down and he was not insured or only insured only in part, he did not want it that way, and that happened with him even though he was doing everything he could to keep it from happening. So in no situations where a person suffered some kind of a disaster either to his health or to his property, and totally beyond his control, he finds himself paying no tax, that we can understand.

But if we leave the charitable contribution to where, together with other deductions, it can be deducted in excess of 60 percent of income and do not consider it along with these other itemized deductions, then we leave it completely within the power of a taxpayer, knowing he is going to have to pay some tax, to make a charitable contribution and make himself a nontaxpayer. I think with all this work we have done to try to see to it that taxpayers will pay some tax, little though that may be, we should not fix it so he can use that charitable deduction so he pays no tax at all. That taken together with 60 percent of his other adjusted gross income is accounted for by itemized deductions.

Mr. JACKSON. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. JACKSON. I think the Senator is making a very important point. The fact is—and correct me if I am wrong—that under existing law, if an ordinary taxpayer gives away more than 50 percent of the adjusted gross income, he has to pay a tax. Is that not right?

Mr. LONG. That is right.

Mr. CURTIS. That is not the law.

Mr. JACKSON. I am talking about ordinary people who do not come within the minimum tax. The law today is that you cannot give away more than 50 percent of your adjusted gross income unless you pay tax on that figure.

Mr. LONG. That is the regular tax.

Mr. JACKSON. The regular tax.

Mr. CURTIS. You get a carry forward in practically all the instances.

Mr. JACKSON. Oh, no.

Mr. CURTIS. Oh, yes, you do.

Mr. JACKSON. I say to the Senator that I ran up against this on my own personal income. I gave away right up to the maximum, all my honoraria, and I was within $500 of the amount that you could give. I had to start paying the tax on what you could give away. That is the law today.

Is the Senator going to say to ordinary taxpayers, "You are going to pay a tax, but if you are subject to the minimum tax, you are going to be able to give it away without paying a tax"? It cannot be done with ordinary people. Is that correct?

Mr. LONG. Yes, but let us understand this. There are a considerable number of taxpayers who avoid paying any tax at all to this Government, with the largest single item being the charitable contribution.

This is how that tends to work: One can give, let us say, 50 percent and fully deduct that. If he has an adjusted gross income of $100,000, he can give 50 percent, and that is fully deductible. Then he can take itemized deductions for the other 50 percent, and he owes no regular income tax.

Mr. JACKSON. But not on charitable contributions.

Mr. LONG. If you add the two together, if you take the charitable contributions for half and then these other itemized deductions—casualty losses, interest expenses, business expenses, the other deductions—you can get up to 100 percent and you owe no tax.

Mr. JACKSON. But you cannot do it on charitable contributions.

Mr. LONG. You cannot do it all with charitable contributions. You can only do half of it with charitable contributions.

What we propose to say in the minimum tax is that if you take 50 percent of the charitable contributions, you cannot totally wipe out your tax liability by the charitable contributions route, even if you do couple it with other deductions. You would still owe a tax on some of it.

In other words, let us say you have $100,000 of adjusted gross income. You can take itemized deductions up to 60 percent, so that is $60,000 against the $100,000. You would still owe a minimum tax of 15 percent against the other $40,000 if you have that much in itemized deductions.

The point here is that there at least

would be something that would be subject to that 15 percent tax, so this person would not have the option of totally eliminating his tax liability.

I speak as one who has tried to live with this thing, and I think I have taken more brutality from the press than anybody else for trying to show a sympathetic concern for taxpayers. After all the beatings some of us have taken about taxpayers—244, or whatever number—who make $200,000 or more of adjusted gross income and pay no tax, it seems to me that we should stop the matter of people having that potential. We do leave that potential where it happens because of a disaster by way of a casualty loss or a high medical expense; but as to the other, where a person by his own volition, his own willful decision, can completely wipe out his tax liability, we should not leave that.

Mr. JACKSON. Is not the logic of the Senator from Nebraska's position that if you are going to allow an unlimited amount of charitable contributions for those who are in the special category to which he is addressing himself, then you must allow an unlimited amount of deductions for charitable purposes—it is that simple—on adjusted gross income?

Mr. LONG. What this would mean is that, for purposes of the minimum tax, it is unlimited.

Mr. JACKSON. It is unlimited under that doctrine, but it is not unlimited if you are just an ordinary taxpayer. You are stuck with 50 percent.

Mr. LONG. That is a somewhat different situation. But I think the question is this: We have worked hard to try to fix it so that we are not going to have this list of 100, 200, or 300, and then people complain, "Why do you have more people now paying no tax, when they have adjusted gross income of $200,000, than before?" It seems to me that we should fix it that they pay us something.

There are some givers. I saw Dr. Schuler on television the other day talking about a man who wanted to give $1 million to his church, and the man said he could not give that much. He made other plans to give a certain amount, and he could only give a certain amount. Basically, he meant that if he gave any more than that, he could not get the deduction.

After a while, Dr. Schuler said:

> Would you please just think about it and pray on it and consult with God about whether it might be possible to find a way to give more?

What he had in mind was that maybe the man might be willing to come up with that $1 million, even though he did have to pay tax.

After that, what happened? I saw it on television. That man decided to give the $1 million, even though he would pay Uncle Sam some tax. Is that not wonderful? It disproves the tradition that those who make the contribution do not pay Uncle Sam any tax. Think of the great contribution that is to God and country. [Laughter.]

Of course, the man still has a carryover, Mr. President. [Laughter.]

Mr. CURTIS. Mr. President, I should like to have the attention of the distinguished Senator from Washington.

I am sure that if someone reaches their 50-percent limit on deductions for charity and they make a greater gift than that, they can carry it over to the next year. I know that is the law. I offered that amendment in the Finance Committee, and it was accepted.

I also know this to be a fact: If we leave the committee proposal as it is and a committee goes around and tries to get $10,000 for a hospital, they have to go to somebody who has it. If he has itemized deductions—which, after all, is no crime—taxes paid, interest paid, and other things, he will say, "Well, what will this cost me, to give $10,000?" He will be told, "It will cost you $1500." So he has to write two checks amounting to $11,500.

At one time, we had an unlimited charitable contribution in this country. It came about because of dedicated Christian workers, nuns, who had taken poverty vows and then came into some property and they gave it all away.

In the hurricane of 1969, in the stampede for tax reform, most of which has been repealed because it was unworkable, we enacted a lot of oratory that was no good. We knocked out the unlimited charitable contribution. In order to get it, you had to have a pattern of many years of giving it away.

I am not trying to retry that. But if Senators vote against this amendment, they are voting against the interests of every private college and every hospital and every charitable institution.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from North Dakota (Mr. BURDICK), the Senator from Hawaii (Mr. INOUYE), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Montana (Mr. METCALF), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from New Jersey (Mr. CASE), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), the Senator from Idaho (Mr. MCCLURE), the Senator from Illinois (Mr. PERCY), the Senator from Virginia (Mr. SCOTT), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "yea."

The result was announced—yeas 29, nays 56, as follows:

[Rollcall Vote No. 335 Leg.]

YEAS—29

Allen
Baker
Bartlett
Brock
Byrd,
  Harry F., Jr.
Curtis
Dole
Domenici
Fannin
Fong
Garn
Griffin
Hansen
Hart, Philip A.
Helms
Hruska
Laxalt
Morgan
Muskie
Packwood
Pearson
Scott, Hugh
Sparkman
Stafford
Stevens
Taft
Thurmond
Tower
Young

NAYS—56

Abourezk
Bayh
Beall
Bellmon
Bentsen
Biden
Brooke
Bumpers
Byrd, Robert C.
Cannon
Chiles
Church
Clark
Cranston
Culver
Durkin
Eagleton
Eastland
Ford
Glenn
Gravel
Hart, Gary
Hartke
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Jackson
Javits
Johnston
Kennedy
Leahy
Long
Magnuson
Mansfield
Mathias
McGee
McIntyre
Mondale
Montoya
Moss
Nelson
Nunn
Pastore
Pell
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Stennis
Stevenson
Stone
Talmadge
Williams

NOT VOTING—15

Buckley
Burdick
Case
Goldwater
Hatfield
Inouye
McClellan
McClure
McGovern
Metcalf
Percy
Scott,
  William L.
Symington
Tunney
Weicker

So Mr. CURTIS' amendment was rejected.

Mr. LONG. Mr. President, it was necessary to table the previous Mondale amendment in order to vote on the Allen amendment. The Allen amendment was agreed to by the Senate by a vote of 56 to 30. In my judgment, that is what the Senate wants to do, and we will find out with the next motion.

Now, the difference between the Allen amendment and the Mondale amendment is that the Allen amendment would tax corporations as well as individuals, as originally proposed by Mr. MONDALE; and, in addition to that, it would give a taxpayer consideration for the regular income tax that he has already paid on the same tax return.

In order that we might get to the Allen amendment it will be necessary to table the pending Mondale amendment. I, therefore, move to table the pending Mondale amendment.

Mr. MONDALE. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. MONDALE. I just want to take half a minute to say that the Mondale amendment is about the only opportunity we have to pick up substantial income in order to finance the extension of the temporary tax cut.

The Allen amendment, while it does include corporate preferred income, which I would also like to do, does reduce the tax upon individual preferred income somewhere between $200 and $300 million. We do not have the exact figures here. So I would hope that my amendment would not be tabled.

Mr. LONG. May I say to the Senator, I am aware of amendments yet to be offered, that the so-called coalition group has discussed, which will raise more than $1 billion, as I understand it, and I am aware of those amendments to be offered, and Senators can vote for them if they want to.

Furthermore, we have not finished this bill yet. It might be another month before we get through with this bill, and someone might offer some other amendment like withholding on interest and dividends or something like that to pick up $2 billion.

SEVERAL SENATORS. Vote! Vote!

Mr. LONG. There is about a $300 million difference between the Allen amendment and the Mondale amendment. But, in order that we can consider the Allen amendment to which the Senate has agreed by almost a 2 to 1 margin, 56 to 30, it will be necessary to table the pending Mondale amendment.

So I move to table the Mondale amendment.

Mr. CURTIS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana to lay on the table Mr. MONDALE's amendment. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. Will there be order in the Chamber? The Chair requests those Senators who have already voted to please clear the well. Other Senators, clear the aisles, and other Senators, clear the back, then the clerk may continue.

The legislative clerk resumed the call of the roll.

Mr. PASTORE. Mr. President, am I recorded?

The PRESIDING OFFICER. The Senator is recorded in the negative.

The legislative clerk resumed the call of the roll.

Mr. ALLEN. Regular order.

Mr. TOWER. Regular order.

Mr. MONDALE. A parliamentary inquiry.

SEVERAL SENATORS. Regular order.

Mr. KENNEDY. Mr. President, I vote "no."

Mr. MONDALE. Mr. President, I vote "no."

The PRESIDING OFFICER. The Senator from Minnesota was already recorded in the negative.

The PRESIDING OFFICER. On this vote——

Mr. MONDALE addressed the Chair.

SEVERAL SENATORS. Regular order.

The PRESIDING OFFICER. The Chair would remind Senators that the regular order is for Senators within the Chamber to vote.

On the motion——

Mr. MONDALE. Aye.

The PRESIDING OFFICER. Mr. MONDALE "Aye."

The legislative clerk resumed and concluded the call of the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from North Dakota (Mr. BURDICK), the Senator from Hawaii (Mr. INOUYE), the Senator from Arkansas (Mr. McCLELLAN), the Senator from South Dakota (Mr. McGOVERN), the Senator from Montana (Mr. METCALF), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from New Jersey (Mr. CASE), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), the Senator from Idaho (Mr. McCLURE), the Senator from Illinois (Mr. PERCY), the Senator from Virginia (Mr. SCOTT), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "nay."

The result was announced—yeas 44, nays 41, as follows:

[Rollcall Vote No. 336 Leg.]

YEAS—44

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Byrd,
  Harry F., Jr.
Cannon
Church
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Garn
Gravel
Griffin
Hansen
Helms
Hollings
Hruska
Johnston
Laxalt
Long
Magnuson
McGee
Mondale
Montoya
Morgan
Nunn
Packwood
Randolph
Scott, Hugh
Sparkman
Stennis
Stevens
Stone
Talmadge
Thurmond
Tower
Williams
Young

NAYS—41

Abourezk
Bayh
Biden
Brooke
Bumpers
Byrd, Robert C.
Chiles
Clark
Cranston
Culver
Durkin
Eagleton
Ford
Glenn
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hathaway
Huddleston
Humphrey
Jackson
Javits
Kennedy
Leahy
Mansfield
Mathias
McIntyre
Moss
Muskie
Nelson
Pastore
Pearson
Pell
Proxmire
Ribicoff
Roth
Schweiker
Stafford
Stevenson
Taft

NOT VOTING—15

Buckley
Burdick
Case
Goldwater
Hatfield
Inouye
McClellan
McClure
McGovern
Metcalf
Percy
Scott,
  William L.
Symington
Tunney
Weicker

So the motion to lay on the table was agreed to.

Several Senators addressed the Chair.

Mr. MONDALE. I move to reconsider the vote by which the motion was agreed to.

The PRESIDING OFFICER. The motion is to reconsider.

Mr. LONG addressed the Chair.

Mr. ALLEN. I move to lay that motion on the table.

Mr. LONG addressed the Chair.

The PRESIDING OFFICER. The question is on agreeing to the motion to table.

Mr. ALLEN. The yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been requested.

Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. The Chair will remind Senators there is a 10-minute limit on the rollcalls. The Chair will ask the Chamber to be in order. The Chair requests the well to be clear.

The assistant legislative clerk resumed the call of the roll.

Mr. BUMPERS. Regular order, Mr. President.

The PRESIDING OFFICER. Ten minutes have not expired.

The assistant legislative clerk resumed and concluded the call of the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from North Dakota (Mr. BURDICK), the Senator from Hawaii (Mr. INOUYE), the Senator from Arkansas (Mr. McCLELLAN), the Senator from South Dakota (Mr. McGOVERN), the Senator from Montana (Mr. METCALF), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from New Jersey (Mr. CASE), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), the Senator from Idaho (Mr. McCLURE), the Senator from Illinois (Mr. PERCY), the Senator from Virginia (Mr. SCOTT), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

The result was announced—yeas 47, nays 38, as follows:

[Rollcall Vote No. 337 Leg.]

YEAS—47

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Bumpers
Byrd,
  Harry F., Jr.
Cannon
Church
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Garn
Gravel
Griffin
Hansen
Helms
Hollings
Hruska
Johnston
Laxalt
Long
Magnuson
McGee
Montoya
Morgan
Nunn
Packwood
Pearson
Randolph
Scott, Hugh
Sparkman
Stafford
Stennis
Stevens
Stone
Taft
Talmadge
Thurmond
Tower
Williams
Young

NAYS—38

Abourezk
Bayh
Biden
Brooke
Byrd, Robert C.
Chiles
Clark
Cranston
Culver
Durkin
Eagleton
Ford
Glenn
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hathaway
Huddleston
Humphrey
Jackson
Javits
Kennedy
Leahy
Mansfield
Mathias
McIntyre
Mondale
Moss
Muskie
Nelson
Pastore
Pell
Proxmire
Ribicoff
Roth
Schweiker
Stevenson

NOT VOTING—15

Buckley
Burdick
Case
Goldwater
Hatfield
Inouye
McClellan
McClure
McGovern
Metcalf
Percy
Scott,
  William L.
Symington
Tunney
Weicker

So the motion to lay on the table the motion to reconsider was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

UP AMENDMENT NO. 103

Mr. BUMPERS. Mr. President, I call up my unprinted amendment at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Arkansas (Mr. BUMPERS) on behalf of himself and Mr. HUMPHREY proposes unprinted amendment No. 103 in the nature of a substitute for committee amendment No. 13.

The amendment is as follows:

Substitute the following language for the committee amendment: Part VI of subchapter A of chapter 1 is amended:

(a) By amending section 56(a) to read as follows:

"(a) GENERAL RULE.—In addition to the other taxes imposed by this chapter, there is hereby imposed for each taxable year, with respect to the income of every person, a tax equal to 15 percent of the amount by which the sum of the items of tax preference exceeds $10,000 or one-half the tax imposed by this chapter (computed without regard to this part), whichever is greater.".

(b) CONFORMING CHANGES.—

(1) Section 56(b) of such Code (relating to deferral of tax liability in case of certain net operating losses) is amended—

(A) by striking out "$30,000" in paragraph (1)(B) and inserting in lieu thereof "$10,000", and

(B) by striking out "10 percent" in paragraphs (1) and (2) and inserting in lieu thereof "15 percent".

(2) Section 56(c) (relating to tax carryovers) is repealed.

(c) ADDITIONAL TAX PREFERENCE ITEMS.—

(1) ADDITIONAL PREFERENCE ITEMS.—

(A) Section 57(a) (relating to items of tax preference) is amended by striking out the matter following paragraph (10) and inserting in lieu thereof the following:

"(11) EXCESS ITEMIZED DEDUCTIONS.—An amount equal to the excess itemized deductions for the taxable year (as determined under subsection (d)).

"(12) CONSTRUCTION PERIOD INTEREST.—With respect to each item of real property which is or will be either property described in section 1221(1) or property held for rental and which is not section 1245 property (as defined in section 1245(a)(3)), the amount of all interest paid or accrued on indebtedness incurred or continued to acquire, construct, or carry real property, to the extent such interest is attributable to the construction period for such property and is allowed as a deduction under this chapter for the taxable year. For purposes of this paragraph, the terms—

"(A) 'construction period' means the period beginning on the date on which construction begins and ending on the date on which the item of property is ready to be placed in service or is ready to be held for sale, and

"(B) 'construct' includes reconstruct and erect.

"(13) INTANGIBLE DRILLING COST.—With respect to all interests of the taxpayer in oil and gas wells, the excess of—

"(A) the excess of the intangible drilling and development costs described in section 263(c) paid or incurred in connection with oil and gas wells (other than costs incurred in drilling a nonproductive well) allowable under this chapter for the taxable year over the amount which would have been allowable for the taxable year if such costs had been capitalized and straight line recovery of intangibles (as defined in subsection (e)) had been used with respect to such costs, over

"(B) the aggregate amount of net income received or accrued by the taxpayer during such taxable year attributable to such interests. For purposes of this subparagraph, the term 'net income' means the excess of the aggregate amount of gross income from oil and gas properties over the sum of—

"(i) the amount of any deductions (other than the amount of any excess intangible drilling and development costs, as determined under subparagraph (A), allowable for such taxable year) allocable to such properties, and

"(ii) the amount of taxes imposed under this section (determined without regard to this part) allocable to such properties.

Paragraphs (1), (3), and (11) shall not apply to a corporation other than an electing small business corporation (as defined in section 1371(b)) and a personal holding company (as defined in section 542). Paragraph (12) shall not apply to any amount of interest paid or accrued before January 1, 1982, on indebtedness incurred or continued to acquire, construct, or carry real property described in section 1250(a)(1)(C)."

(B) Section 57(a)(3) (relating to accelerated depreciation on personal property subject to a net lease), is amended—

(i) by striking out "net" in the caption thereof, and

(ii) by striking out "net" in the text thereof.

(2) EXCESS ITEMIZED DEDUCTIONS DEFINED.—Section 57 is amended by adding at the end thereof the following new subsction:

"(d) EXCESS ITEMIZED DEDUCTIONS.—For purposes of paragraph (11) of subsection (a), the amount of the excess itemized deductions for any taxable year is the amount by which the sum of the deductions for the taxable year other than—

"(1) deductions allowable in arriving at adjusted gross income,

"(2) the standard deduction provided by section 141,

"(3) the deduction for personal exemptions provided by section 151,

"(4) the deduction provided by section 213,

"(5) the deduction for casualty losses described in section 165(c)(3), and

"(6) the deduction for interest which is excess investment interest (as defined in subsection (b)) to the extent that such interest is not included as a deduction under paragraph (1),

exceeds 60 percent (but does not exceed 100 percent) of the taxpayer's adjusted gross income for the taxable year. In the case of a trust, any deduction allowed or allowable under section 641(d), 641(e), 641(f), 651(a), or 661(a) for such taxable year and any deduction allowed or allowable under this chapter for costs paid or incurred in connection with the administration of such trust for such taxable year shall, for purposes of paragraph (1), be treated as a deduction allowable in arriving at adjusted gross income."

(3) DEDUCTIONS DEFERRED UNDER LAL NOT TO BE TREATED AS ITEMS OF TAX PREFERENCE.—Section 57 is amended by adding at the end thereof the following new subsection:

"(e) DEDUCTIONS DEFERRED UNDER LAL NOT TO BE TREATED AS ITEMS OF TAX PREFERENCE.—The amount of any item of tax preference taken into account for purposes of section 55 for any taxable year shall be reduced by the amount of any portion of such item which constitutes a deduction which for such taxable year or any prior taxable year was placed in a deferred deduction account under section 466(b)."

(4) STRAIGHT LINE RECOVERY OF INTANGIBLES DEFINED.—Section 57 is amended by adding at the end thereof the following new subsection:

"(f) STRAIGHT LINE RECOVERY OF INTANGIBLES DEFINED.—For purposes of paragraph (12) of subsection (a) and for purposes of section 468(e) (relating to accelerated deductions in the case of LAL oil and gas property)—

"(1) IN GENERAL.—The term 'straight line recovery of intangibles', when used with respect to intangible drilling and development costs for any well, means (except in the case of an election under paragraph (2)) ratable amortization of such costs over the 120-month period beginning with the month in which production from such well begins.

"(2) ELECTION.—If the taxpayer elects, at such time and in such manner as the Secretary may by regulations prescribe, with respect to the intangible drilling and development costs for any well, the term 'straight line recovery of intangibles' means any method which would be permitted for purposes of determining cost depletion with respect to such well and which is selected by the taxpayer for purposes of subsection (a)(12) and section 468(e)."

(5) EXCESS INVESTMENT INTEREST IN CASE OF LIMITED PARTNER.—Section 57(b) (relating to excess investment interest) is amended by adding at the end thereof the following new paragraphs:

"(4) SPECIAL RULE FOR LIMITED PARTNER.—For purposes of paragraph (1), in the case of any taxpayer who is a partner in any limited partnership, as defined by regulations prescribed by the Secretary—

"(A) the excess investment interest attributable to such taxpayer for any taxable year with respect to all such partnerships is the aggregate amount of losses of all such partnerships allocated to such taxpayer to the extent such losses are attributable to investment interest expenses incurred by such partnerships, and

"(B) the net investment income attributable to such taxpayer for any taxable year with respect to all such partnerships is the aggregate amount of gain of all such partnerships allocated to such taxpayer.

The preceding sentence shall not apply to any amount of interest paid or accrued on indebtedness incurred or continued to acquire, construct, or carry real property described in section 1250(a)(1)(C), but only if construction of such property began before January 1, 1976, and section 163(d), as in existence on December 31, 1975, did not apply to such interest.

"(5) TRANSITIONAL RULE FOR LOW INCOME HOUSING.—For purposes of paragraph (2)(D), the term 'investment interest expense' does not include any amount of interest paid or accrued on indebtedness incurred or continued with respect to property described in section 1250(a)(1)(C) which was acquired or constructed pursuant to a written contract for the acquisition, construction, or financing of such property, which was, on December 31, 1981, and at all times thereafter binding on the taxpayer.

"(6) CONSTRUCTION PERIOD INTEREST EXCLUDED.—Section 57(b)(2)(A) is amended by adding at the end thereof the following new sentence: 'For purposes of this subparagraph, the term "investment expense" shall not include any deduction allowable for interest under this chapter which is included as an item of tax preference under paragraph (12) of subsection (a).'"

(d) AMENDMENTS OF SECTION 58.—Section 58 (relating to rules for application of part) is amended by striking out "$30,000" wherever it appears and inserting in lieu thereof "$10,000", and by striking out "$15,000" wherever it appears and inserting in lieu thereof "$5,000".

(e) CONFORMING AMENDMENT.—Subsection (d) of section 443 (relating to adjustment in exclusion for computing minimum tax for tax preferences) is amended by striking out "$30,000" and inserting in lieu thereof"$10,000".

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—In the case of a tax-

payer other than a corporation, the amendments made by this section shall apply with respect to items of tax preferences (as defined in section 57(a) of the Internal Revenue Code of 1954) for taxable years beginning after December 31, 1975, and in the case of a corporation, the amendments made by this section shall apply with respect to items of tax preferences (as defined in section 57(a) of the Internal Revenue Code) for taxable years beginning after June 30, 1976.

(2) TAX CARRYOVER.—In the case of a taxpayer other than a corporation, the amount of any tax carryover under section 56(c) of the Internal Revenue Code of 1954 from a taxable year beginning before January 1, 1976, shall not be allowed as a tax carryover for any taxable year beginning after December 31, 1975, and in the case of a corporation which is not an electing small business corporation (as defined in section 1371(b)) or a personal holding company (as defined in section 524), the amount of any tax carryover under section 56(c) of the Internal Revenue Code of 1954 from a taxable year beginning before July 1, 1976, shall not be allowed as a tax carryover for any taxable year beginning after June 30, 1976.

(3) In the case of a taxpayer which is a bank (as defined in section 581 of the Internal Revenue Code of 1954), the amendments made by this section apply only to taxable years beginning after December 31, 1977.

(4) The amendments made by this section shall not apply to gains subject to subsections (a) and (b) of section 631, nor to gains on the sale of single-family dwellings.

Mr. BUMPERS. Mr. President, I would like to take just a short while to explain what this amendment in the nature of a substitute does.

First of all, it adopts the essential essence of the Allen amendment. Senators have already agreed to the Allen amendment earlier this evening to the House bill, to allow an exemption from preference income of all the taxes paid. That is essentially present law, except present law says you can deduct from preference income all the taxes paid plus $30,000. So all the Allen amendment does is take that piggyback $30,000 off.

My amendment says that you can deduct from preference income 50 percent of the taxes paid or $10,000, whichever is greater. It seems to me that this is a very valid compromise between what the Senate Finance Committee has been doing, between what they have offered and what the Senator from Alabama has offered.

Second—and I know this is important to a lot of people in this body—it exempts timber. It says that the present tax will still be applicable to capital gains on timber, but not the increased 15 percent rate.

If the Finance Committee amendment is approved by the Senate, which excludes corporations from this entire bill and leaves them exactly as they were before we ever got into so-called tax reform, then the Senate can go to conference with the House of Representatives with nothing to argue about as far as corporations are concerned.

That means that the big timber interests in this country, which are incorporated—and you all know who they are; they operate in your States as they do in mine—it means they will be excluded because the Senate Finance Committee and the House of Representatives both have excluded corporations. It means they will continue to get the benefit of the capital gains rate, and pay only a 15-percent rate on it; but the 2,015 farmers in my State who are unincorporated, who plant timber on their farms for a living and harvest, every 5 or 10 years, maybe $100,000 worth of timber, will suffer a tremendous injustice because we have passed something off in the name of reform that is not reform, but exempts the big corporations of this country, and the tree farmers in my State and the tree farmers in your State are going to get hit with this minimum tax of 15 percent.

Finally, the final injustice of this whole thing is that the widow—you have all seen the illustrations, and I am not asking for tears; I am just asking for objectivity and realism—the widow who is on social security, and maybe a pension that her husband left her. No matter what it is, say it is $1,000 a month, but it is tax exempt retirement income, and she has a home, and she may be selling her home to go to a nursing home, she may be selling her home to go and live with her daughter, or she may be selling her home for any of a thousand reasons, but the point is that under the present circumstances, if she sells that home and has as much as a $20,000 to $40,000 gain on it, that gain will be preference income and she ought to be exempt.

So this amendment would exempt all single family dwellings. As I said earlier, that large, beautiful lakeshore home that sells for $250,000 to $300,000, on which someone makes a huge capital gain, will also be exempt. But better let a few of those pass them by than the hundreds of thousands of people who will be treated unjustly if we do not exclude single family dwellings.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. BUMPERS. I yield.

Mr. HUMPHREY. Mr. President, I commend the distinguished Senator from Arkansas. I believe he is talking sense to the Senate. It is obvious that there has to be some compromise, or we will end up with the committee bill as written, and in a conference with the House of Representatives with no opportunity to do anything at all about corporate income.

Furthermore, the Senator has taken into consideration certain matters that are of concern to the Senate: single dwellings, the possibility of the sale of that dwelling or that residence and the tax that would be assessed. I think the Senator makes a very good point on timber companies also. I ask to join with him in sponsoring the amendment, because I think it finally brings us to the resolution of a difficult situation that has developed tonight.

I would have preferred what my colleague offered in the initial stages, but it is obvious that will not pass, and it is equally obvious that if we do not do something along the line the Senator from Arkansas has suggested, we are not going to get anything.

I hope we can vote on it and come to this agreement as a reasonable compromise of the situation.

Mr. BUMPERS. I thank the Senator. I yield to the senior Senator from Minnesota.

Mr. MONDALE. Mr. President, I would like to share those remarks of my colleague. I think this is a good, reasonable compromise amendment.

Mr. BUMPERS. Mr. President, I see the magic hour is rapidly approaching. I doubt there is anything I could say that has not been said during the space of the last week about this proposal, except to say that when we talk about reforms, they mean different things to different people. We all have our own reforms, and our own values and standards as to what is reform and what is not. I suspect there is not a soul in this body who would not say he believes in tax reform. I doubt whether there is a soul in this body who would not say he believes a balanced budget is a highly desirable thing.

I think unless we pick up some revenue with something that started out to be a real revenue raiser, we are down to perhaps as little as $400 million with my amendment. It is not all that much, but it is something; otherwise we get nothing.

I earnestly solicit the support of the Senate for this amendment.

Mr. President, I ask for the yeas and nays.

The **PRESIDING OFFICER.** Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. LONG. Mr. President, the Senator, I regret to say, does not know a great deal about the bill he is seeking to substitute an amendment for.

He said that the only difference between what we are doing and the existing law is that the $30,000 exemption comes down to $10,000 under the Allen substitute that we are trying to offer here, but which so far we have been frustrated from having a chance to vote into the bill.

Mr. President, nothing could be farther from the truth. We added a whole list of additional preferences that are to be taxed by the minimum tax.

For example, we added to the list of preferences interest on construction loans; we added the excess of investment interest over investment income; we added the itemized deductions insofar as they exceed 60 percent of adjusted gross income. We added intangible drilling costs in certain situations. We provided a broader definition of leases when accelerated depreciation is included in the minimum tax.

Mr. BUMPERS. Mr. President, will the Senator yield for a question?

Mr. LONG. So there are five different items of tax preference added to the minimum tax.

Now, the Senator——

Mr. BUMPERS. Will the Senator yield?

Mr. LONG. Is not unlike a great number of others, and I have oftentimes sought——

Mr. BUMPERS. Will the Senator yield for a question?

Mr. LONG. Not at this moment.

Mr. BUMPERS. In a few minutes I will be ruled off the floor, and I want to ask the Senator just this brief question: Do those preference items apply to corporations?

Mr. LONG. Under the Allen amendment some of them apply to both, and those are all new items.

Mr. BUMPERS. I am talking about those additional items the Senator just enumerated. Do they apply to corporations?

Mr. LONG. Yes; under the Allen amendment, as I understand it, some of those new items apply to corporation income.

Mr. BUMPERS. Not under the committee substitute?

Mr. LONG. That is not what we are dealing with. What we are trying to vote on is the Allen amendment, and I assume that is what the Senator wants to keep us from voting on.

The Senator has made this argument about tree farmers. He reminds me of an example I like to quote about tax reform:

> Don't tax you,
> Don't tax me,
> Tax that fellow behind the tree.

The only difference is, the Senator would take the man behind the tree out of it, too. [Laughter.]

Mr. President, with respect to these single family dwellings, if one sells a home and buys another home, that creates no problem. His capital gains are not recognizable, on the sale of principal residences, if the money is reinvested in a new principal residence.

The fact about the matter is, Mr. President, we have been trying to vote what we think is a fair proposal, and it involves what was to have been the Mondale amendment as a substitute for the Allen amendment, and trying to bring——

The PRESIDING OFFICER. The hour of 11 p.m. having arrived, debate is no longer in order.

The question is on——

Mr. LONG. Mr. President, I move to table the Bumpers-Humphrey amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion to table.

Mr. NELSON addressed the Chair.

Mr. LONG. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. NELSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. NELSON. I do not find it here momentarily in the RECORD. Was there not a unanimous-consent agreement last night that action on title III would be completed by 11 p.m.? If that was the agreement, is a motion to table or any other rollcall than on title III in order?

The PRESIDING OFFICER. Since the agreement did not say "without further amendment," there are intervening motions, it is in order, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KENNEDY. Regular order.

Mr. BUMPERS. Regular order. It is 10 minutes after 11, Mr. President.

The PRESIDING OFFICER. We still have 15 seconds remaining by the clerk's clock or stopwatch, as it were.

The legislative clerk resumed and concluded the call of the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from North Dakota (Mr. BURDICK), the Senator from Hawaii (Mr. INOUYE), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Montana (Mr. METCALF), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from New Jersey (Mr. CASE), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), the Senator from Idaho (Mr. MCCLURE), the Senator from Illinois (Mr. PERCY), the Senator from Virginia (Mr. WILLIAM L. SCOTT), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "yea."

The result was announced—yeas 44, nays 41, as follows:

[Rollcall Vote No. 338 Leg.]

YEAS—44

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Byrd, Harry F., Jr.
Cannon
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Garn
Gravel
Griffin
Hansen
Helms
Hruska
Johnston
Kennedy
Laxalt
Long
McGee
Montoya
Nunn
Packwood
Pearson
Randolph
Ribicoff
Roth
Scott, Hugh
Sparkman
Stafford
Stennis
Stevens
Stone
Taft
Talmadge
Thurmond
Tower
Young

NAYS—41

Abourezk
Bayh
Biden
Brooke
Bumpers
Byrd, Robert C.
Chiles
Church
Clark
Cranston
Culver
Durkin
Eagleton
Ford
Glenn
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Jackson
Javits
Leahy
Magnuson
Mansfield
Mathias
McIntyre
Mondale
Morgan
Moss
Muskie
Nelson
Pastore
Pell
Proxmire
Schweiker
Stevenson
Williams

NOT VOTING—15

Buckley
Burdick
Case
Goldwater
Hatfield
Inouye
McClellan
McClure
McGovern
Metcalf
Percy
Scott, William L.
Symington
Tunney
Weicker

So the motion to table the Bumpers-Humphrey amendment was agreed to.

Several Senators addressed the Chair.

Mr. KENNEDY. Mr. President, I move to reconsider the vote by which the motion to table was agreed to.

Mr. ALLEN. I move to lay that motion on the table, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from North Dakota (Mr. BURDICK), the Senator from Hawaii (Mr. INOUYE), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Montana (Mr. METCALF), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from New Jersey (Mr. CASE), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), the Senator from Idaho (Mr. MCCLURE), the Senator from Illinois (Mr. PERCY), the Senator from Virginia (Mr. WILLIAM SCOTT) and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

The result was announced—yeas 43, nays 42, as follows:

[Rollcall Vote No. 339 Leg.]

YEAS—43

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Byrd, Harry F., Jr.
Cannon
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Garn
Gravel
Griffin
Hansen
Helms
Hruska
Johnston
Laxalt
Long
McGee
Montoya
Nunn
Packwood
Pearson
Randolph
Ribicoff
Roth
Scott, Hugh
Sparkman
Stafford
Stennis
Stevens
Stone
Taft
Talmadge
Thurmond
Tower
Young

NAYS—42

Abourezk
Bayh
Biden
Brooke
Bumpers
Byrd, Robert C.
Chiles
Church
Clark
Cranston
Culver
Durkin
Eagleton
Ford
Glenn
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Jackson
Javits
Kennedy
Leahy
Magnuson
Mansfield
Mathias
McIntyre
Mondale
Morgan
Moss
Muskie
Nelson
Pastore
Pell
Proxmire
Schweiker
Stevenson
Williams

NOT VOTING—15

Buckley
Burdick
Case
Goldwater
Hatfield
Inouye
McClellan
McClure
McGovern
Metcalf
Percy
Scott, William L.
Symington
Tunney
Weicker

So the motion to table was agreed to.

Mr. ALLEN and Mr. LONG addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

UP AMENDMENT NO. 104

Mr. LONG. Mr. President, I offer the Allen-Mondale substitute modified to exclude timber. I ask for the yeas and nays.

The PRESIDING OFFICER. Is this a substitute for the committee substitute?

Mr. ALLEN. Yes.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Alabama (Mr. Allen), for himself and Mr. Stone, proposes an unprinted amendment numbered 104:

In lieu of the language proposed to be inserted by the Committee amendment, insert the following:

MINIMUM TAX AND MAXIMUM TAX

Sec. 301. Minimum tax for individuals.

(a) In General. Part VI of subchapter A of chapter 1 (relating to minimum tax for tax preferences) is amended.

(a) By amending section 56(a) to read as follows:

"(a) General Rule.—In addition to the other taxes imposed by this chapter, there is hereby imposed for each taxable year, with respect to the income of every person, a tax equal to 15 percent of the amount by which the sum of the items of tax preference exceed $10,000, or the liability for tax for the taxable year, whichever is greater.

(b) Conforming Changes.—

(1) Section 56(b) of such Code (relating to deferral of tax liability in case of certain net operating losses) is amended—

(A) by striking out "$30,000" in paragraph (1)(B) and inserting in lieu thereof "$10,000", and

(B) by striking out "10 percent" in paragraphs (1) and (2) and inserting in lieu thereof "15 percent".

(2) Section 56(c) (relating to tax carryovers) is repealed.

(c) Additional Tax Preference Items.—

(1) Additional preference items.—

(A) Section 57(a) (relating to items of tax preference) is amended by striking out the matter following paragraph (10) and inserting in lieu thereof the following:

"(11) Excess itemized deductions.—An amount equal to the excess itemized deductions for the taxable year (as determined under subsection (d)).

"(12) Construction period interest.—With respect to each item of real property which is or will be either property described in section 1221(1) or property held for rental and which is not section 1245 property (as defined in section 1245(a)(3)), the amount of all interest paid or accrued on indebtedness incurred or continued to acquire, construct, or carry real property, to the extent such interest is attributable to the construction period for such property and is allowed as a deduction under this chapter for the taxable year. For purposes of this paragraph, the terms—

"(A) 'construction period' means the period beginning on the date on which construction begins and ending on the date on which the item of property is ready to be placed in service or is ready to be held for sale, and

"(B) 'construct' includes reconstruct and erect.

"(13) Intangible drilling cost.—With respect to all interests of the taxpayer in oil and gas wells, the excess of—

"(A) the excess of the intangible drilling and development costs described in section 263(c) paid or incurred in connection with oil and gas wells (other than costs incurred in drilling a nonproductive well) allowable under this chapter for the taxable year over the amount which would have been allowable for the taxable year if such costs had been capitalized and straight line recovery of intangibles (as defined in subsection (e)) had been used with respect to such costs

"(B) the aggregate amount of net income received or accrued by the taxpayer during such taxable year attributable to such interests. For purposes of this subparagraph, the term 'net income' means the excess of the aggregate amount of gross income from oil and gas properties over the sum of—

"(i) the amount of any deductions (other than the amount of any excess intangible drilling and development costs, as determined under subparagraph (A), allowable for such taxable year) allocable to such properties, and

"(ii) the amount of taxes imposed under this section (determined without regard to this part) allocable to such properties.

Paragraphs (1), (3), and (11) shall not apply to a corporation other than an electing small business corporation (as defined in section 1371(b)) and a personal holding company (as defined in section 542). Paragraph (12) shall not apply to any amount of interest paid or accrued before January 1, 1982, on indebtedness incurred or continued to acquire, construct, or carry real property described in section 1250(a)(1)(C)."

(B) Section 57(a)(3) (relating to accelerated depreciation on personal property subject to a net lease), is amended—

(i) by striking out "net" in the caption thereof, and

(ii) by striking out "net" in the text thereof,

(2) Excess itemized deductions defined. Section 57 is amended by adding at the end thereof the following new subsection:

"(d) Excess Itemized Deductions.—For purposes of paragraph (11) of subsection (a), the amount of the excess itemized deductions for any taxable year is the amount by which the sum of the deductions for the taxable year other than—

"(1) deductions allowable in arriving at adjusted gross income,

"(2) the standard deduction provided by section 141,

"(3) the deduction for personal exemptions provided by section 151,

"(4) the deduction provided by section 213,

"(5) the deduction for casualty losses described in section 165(c)(3), and

"(6) the deduction for interest which is excess investment interest (as defined in subsection (b)) to the extent that such interest is not included as a deduction under paragraph (1),

exceeds 60 percent (but does not exceed 100 percent) of the taxpayer's adjusted gross income for the taxable year. In the case of a trust or estate, any deduction, allowed or allowable under section 642(d), 642(e), 642(f), 651(a), 691 or 661(a) for such taxable year and any deduction allowed or allowable under this chapter for costs paid or incurred in connection with the administration of such trust for such taxable year shall, for purposes of paragraph (1), be treated as a deduction allowable in arriving at adjusted gross income.

(3) Deductions deferred under LAL not to be treated as items of tax preference.—Section 57 is amended by adding at the end thereof the following new subsection:

"(e) Deductions Deferred Under LAL Not To Be Treated as Items of Tax Preference.—The amount of any item of tax preference taken into account for purposes of section 55 for any taxable year shall be reduced by the amount of any portion of such item which constitutes a deduction which for such taxable year or any prior taxable year was placed in a deferred deduction account under section 466(b)."

(4) Straight line recovery of intangibles defined.—Section 57 is amended by adding at the end thereof the following new subsection:

"(f) Straight Line Recovery of Intangibles Defined.—For purposes of paragraph (12) of subsection (a) and for purposes of section 468(e) (relating to accelerated deductions in the case of LAL oil and gas property).

"(1) In general.—The term 'straight line recovery of intangibles', when used with respect to intangible drilling and development costs for any well, means (except in the case of an election under paragraph (2)) ratable amortization of such costs over the 120-month period beginning with the month in which production from such well begins.

"(2) Election.—If the taxpayer elects, at such time and in such manner as the Secretary may by regulations prescribe, with respect to the intangible drilling and development costs for any well, the term 'straight line recovery of intangibles' means any method which would be permitted for purposes of determining cost depletion with respect to such well and which is selected by the taxpayer for purposes of subsection (a)(12) and section 468(e)."

(5) Excess investment interest in case of limited partner.—Section 57(b) (relating to excess investment interest) is amended by adding at the end thereof the following new paragraphs:

"(4) Special rule for limited partner.—For purposes of paragraph (1), in the case of any taxpayer who is a partner in any limited partnership, as defined by regulations prescribed by the Secretary—

"(A) the excess investment interest attributable to such taxpayer for any taxable year with respect to all such partnerships is the aggregate amount of losses of all such partnerships allocated to such taxpayer to the extent such losses are attributable to investment interest expenses incurred by such partnerships, and

"(B) the net investment income attributable to such taxpayer for any taxable year with respect to all such partnerships is the aggregate amount of gain of all such partnerships allocated to such taxpayer.

The preceding sentence shall not apply to any amount of interest paid or accrued on indebtedness incurred or continued to acquire, construct, or carry real property described in section 1250(a)(1)(C), but only if construction of such property began before January 1, 1976, and section 163(d), as in existence on December 31, 1975, did not apply to such interest.

"(5) Transitional rule for low income housing.—For purposes of paragraph (2)(D), the term 'investment interest expense' does not include any amount of interest paid or accrued on indebtedness incurred or continued with respect to property described in section 1250(a)(1)(C), which was acquired or constructed pursuant to a written contract for the acquisition, construction, or financing of such property, which was on or before December 31, 1981, and at all times thereafter binding on the taxpayer."

"(6) Construction period, interest excluded.—Section 57(b)(2)(A) is amended by adding at the end thereof the following new sentence: 'For purposes of this subparagraph, the term investment expense shall not include any deduction allowable for interest under this chapter which is included as an item of tax preference under paragraph (12) of subsection (a).'"

(d) Amendments of Section 58.—Section 58 (relating to rules for application of part) is amended by striking out "$30,000" wherever it appears and inserting in lieu thereof "$10,000", and by striking out "$15,000" wherever it apepars and inserting in lieu thereof "$5,000".

(e) Conforming Amendment.—Subsection (d) of section 443 (relating to adjustment in exclusion for computing minimum tax for tax preferences) is amended by striking out "$30,000" and inserting in lieu thereof "$10,000".

(f) Effective Date.—

(1) In general.—In the case of a taxpayer other than a corporation, the amendments made by this section shall apply with respect to items of tax preferences (as defined

in section 57(a) of the Internal Revenue Code of 1954) for taxable years beginning after December 31, 1975, and in the case of a corporation, the amendments made by this section shall apply with respect to items of tax preferences (as defined in section 57(a) of the Internal Revenue Code) for taxable years beginning after December 31, 1975.

The amendments made by this section shall not apply to gains subject to subsections (a) and (b) of section 631.

(2) TAX CARRYOVER.—In the case of a taxpayer other than a corporation, the amount of any tax carryover under section 56(c) of the Internal Revenue Code of 1954 from a taxable year beginning before January 1, 1976, shall not be allowed as a tax carryover for any taxable year beginning after December 31, 1975, and in the case of a corporation which is not an electing small business corporation (as defined in section 1371(b)) or a personal holding company (as defined in section 524), the amount of any tax carryover under section 56(c) of the Internal Revenue Code of 1954 from a taxable year beginning before July 1, 1976, shall not be allowed as a tax carryover for any taxable year beginning after June 30, 1976.

(3) In the case of a taxpayer which is a bank (as defined in section 581 of the Internal Revenue Code of 1954), the amendments made by this section apply only to taxable years beginning after December 31, 1977.

(4) Special rule for taxable year 1976 in the case of a corporation.—Notwithstanding any provision of the Internal Revenue Code of 1954 to the contrary, in the case of a corporation the tax imposed by section 56 of such Code for taxable years beginning after December 31, 1975, and before January 1, 1977, is an amount equal to the sum of—

(A) the amount of the tax which would have been imposed for such taxable year under such section as such section was in effect on the day before the date of enactment of the Tax Reform Act of 1976, and

(B) one-half of the amount by which the amount of the tax which would be imposed for such taxable year under such section as amended by the Tax Reform Act of 1976 (but for this paragraph) exceeds the amount determined under subparagraph (A).

The PRESIDING OFFICER. The yeas and nays have been requested. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. The clerk will suspend until there is order in the Senate. The Chair requests the Senators to clear the aisle, clear the well, and the clerk will not continue until there is order. The Chair also reminds Senators that we are under a 10-minute rule and it makes it much easier for the clerk if we can have order. The clerk will not continue until there is order in the Chamber. When the aisle and the well are cleared, the clerk may continue.

The legislative clerk resumed the call of the roll.

The PRESIDING OFFICER. There still is not order. Will the Senators clear the well and clear the aisle so the clerk may continue? The clerk will suspend until such time.

The clerk may continue.

The legislative clerk resumed and concluded the call of the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from North Dakota (Mr. BURDICK), the Senator from Hawaii (Mr. INOUYE), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Montana (Mr. METCALF), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from New Jersey (Mr. CASE), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), the Senator from Idaho (Mr. MCCLURE), the Senator from Illinois (Mr. PERCY), the Senator from Virginia (Mr. WILLIAM L. SCOTT), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that the Senator from New York (Mr. BUCKLEY) is absent due to illness.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "yea."

The result was announced—yeas 65, nays 20, as follows:

[Rollcall Vote No. 340 Leg.]

YEAS—65

Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Brock
Brooke
Bumpers
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Church
Curtis
Dole
Domenici
Durkin
Eastland
Fannin
Fong
Ford
Garn
Gravel
Griffin
Hansen
Hart, Gary
Hart, Philip A.
Helms
Hollings
Hruska
Huddleston
Humphrey
Jackson
Javits
Johnston
Laxalt
Leahy
Long
Magnuson
Mathias
McGee
McIntyre
Montoya
Morgan
Muskie
Nunn
Packwood
Pearson
Randolph
Roth
Schweiker
Scott, Hugh
Sparkman
Stafford
Stennis
Stevens
Stone
Taft
Talmadge
Thurmond
Tower
Williams
Young

NAYS—20

Abourezk
Biden
Clark
Cranston
Culver
Eagleton
Glenn
Hartke
Haskell
Hathaway
Kennedy
Mansfield
Mondale
Moss
Nelson
Pastore
Pell
Proxmire
Ribicoff
Stevenson

NOT VOTING—15

Buckley
Burdick
Case
Goldwater
Hatfield
Inouye
McClellan
McClure
McGovern
Metcalf
Percy
Scott, William L.
Symington
Tunney
Weicker

So the amendment was agreed to.

Mr. ALLEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to committee amendment No. 13, as amended.

Committee amendment No. 13, as amended, was agreed to.

Mr. LONG. Mr. President, does that conclude title III?

The PRESIDING OFFICER. That concludes committee amendment No. 13, which is title III.

Mr. LONG. The committee amendment, as amended, has been agreed to?

The PRESIDING OFFICER. That is correct.

Mr. LONG. That settles title III?

The PRESIDING OFFICER. That is correct.

Mr. LONG. You can take the rest of the night off.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I ask unanimous consent that title III remain before the Senate because the maximum tax issue has not been settled and we will have to take that issue up tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS SUBMITTED

Mr. TUNNEY. Mr. President, I have listened with fascination to the debate on tax policy which has taken place in this Chamber over the last several days. This debate has been of an extraordinarily high quality. It has been very useful in helping this Senator assess the economic impact which is likely to result from the proposed changes in the tax code.

I have been persuaded by the arguments advanced by the distinguished chairman of the Finance Committee and others that imposition of so-called limitation on artificial losses would adversely affect job creating investment in vital industries such as construction and agriculture. Their argument that imposition of limitation on artificial losses would unfairly and unwisely restrict the mobility of capital has also been persuasive for me. Accordingly, I have voted against the imposition of limitation on artificial losses.

At a time when the rate of unemployment is still disgracefully high, we cannot afford to adopt any tax policy which might inhibit the allocation of scarce investment resources to any sector of the economy. At the same time, however, we must design a tax policy which is fair to the hard-pressed middle-income taxpayer. Our tax system cannot be described as equitable to this taxpayer when very wealthy Americans are allowed to escape paying their fair share of the cost of Government.

The distinguished chairman of the Finance Committee and others have pointed out that the present law imposes a minimum tax on certain tax preferences precisely to insure that wealthy

Americans who can shelter their incomes pay at least some minimum tax. Unfortunately, the present law is inadequate.

The Finance Committee report states the inadequacy very well:

> The existing minimum tax on tax preferences was enacted in 1969 in order to insure that high-income individuals and corporations pay at least a minimum rate of tax on their tax preferences, including both exclusions from taxable income and deferrals on tax liability into future years. The current minimum tax, however, has not achieved this goal. High-income individuals still are able to avoid paying income tax, and in 1974 the minimum tax on individuals raised only $130 million, a small fraction of tax-preferred income.

Mr. President, I know that the Finance Committee has recommended some changes in the tax code to remedy this situation. With all respect, it is my judgment that the Finance Committee recommendations do not go far enough.

It seems to me to be internally inconsistent to have a minimum tax on tax preferences to insure that some tax is paid on sheltered income and then to allow deduction for regular taxes paid from that sheltered income. It also seems to me important to apply changes in the minimum tax to corporations.

Mr. President, I support the Nelson amendment because its enactment would help to insure that Americans and corporations with tax preferences bear their fair share of the burden of Government. In 1972, while the minimum tax rate was 10 percent, the effective rate for those who paid some minimum tax was only 4 percent. Raising the minimum tax rate is not enough to insure tax equity for average hard working middle income taxpayers. We must raise the effective minimum tax rate. That is why I support the Nelson amendment and that is why I urge its adoption.

Mr. President, I am delighted that tax credits for child care expenses have been made a part of the Tax Reform Act of 1976. This insightful provision alleviates formerly restrictive tax policies. The new version is a boon to working mothers and certain other persons striving to raise children and simultaneously pursue a career.

I have been actively supporting such measures since 1971, proposing in like manner that the costs of child care and household services be regarded as normal business expenses against taxable income as opposed to personal expenses. Three times the basic principle of my amendments received overwhelming support in the Senate, but was unfortunately eliminated in conference each time. Needless to say, I am extremely pleased to see the much needed tax break finally included in this year's tax reform legislation on both the House and Senate side.

I have recognized and would like to stress to you the importance of this provision. The ranks of working American women have nearly doubled between 1950 and 1974, and are expected to increase by over 22 percent by 1990. In 1971, 42 percent of the Nation's mothers worked outside the home, and that figure has risen dramatically since then. Of the approximately 12.5 million mothers with children under 6, more than 1 in 3 is in the labor force.

These people simply cannot avoid paying for child care and other household expenses. It has long been my belief that the laws which allow businessmen to deduct "ordinary and necessary" business expenses fail to truly compensate working mothers for the most basic and essential expenses they incur—the cost of maintaining their households and assuring responsible care for their children while they work. The inherent inequality of these laws places an injudicious obstacle in the path of women who wish to enter the employment market and, once they are in the market, constitutes a built-in economic disincentive to their efforts.

This new legislation will enable us to tap the productive potential of millions of women who formerly could not afford day care services, and whose need to work to help support their families has been well documented.

The new child care tax credit measures reflect the very essence of what I have proposed for over 4 years. Treating the cost of child care as a cost of earning income, and not as an itemized deduction, allows more working taxpayers to make use of this important tax benefit. Indeed, the measure is skewed in the direction of benefiting those who can least afford heavy tax inroads into their earned income—the lower-income worker.

The rule which required that both parents be employed on a full-time basis was also too restrictive. In this time of rising costs, particularly food and other home-related costs, the need for both partners in a family to work has grown. The child care and home care services provided and paid for to permit both spouses to work today are even more clearly viewed as business expenses than they were in 1971 when I first introduced this concept in the Senate. Allowing the married couple filing a joint return to defray such expenses, where one or both of them works part time is certainly a major improvement in the tax law.

In April of this year, I included in my amendment for the first time, language which permitted a tax break to those individuals whose childcare/home care services were provided by a child's maternal or paternal grandparent. At that time, it seemed to me that we had to come to grips with the nature of day care itself. Although day-care centers provide valuable services to many members of our Nation's work force, a clear preference is shown for day care by neighbors or relatives, this group constituting nearly 47 percent of all day-care arrangements. In certain cases—for example, a sick child—the parent might find it more desirable to entrust the child's care to a nearby friend or relative rather than miss a day of work to remain at home or risk sending the child across town to a day-care center. Additional studies have clearly demonstrated that the greater propensity for day care by relatives lies with the lower-income workers and the female-headed households. Thus, the need to value day care provided by these friends or relatives on a paid basis is clear, and I commend the committee for including this provision in the legislation.

Mr. President, I regard the committee's proposal as a laudable breakthrough, greatly relieving the tax burden that for too long has fallen on working women and single parents. I hope that my colleagues will share my enthusiasm and support for this provision which we have awaited for a long time.

Mr. FANNIN. Mr. President, today's Wall Street Journal contains an editorial entitled, "Russell Long Rides Again." I would like to share this editorial with my colleagues as the Senate continues to take action on H.R. 10612.

The Wall Street Journal is without question one of the Nation's leading newspapers. I have had disagreements from time to time both with its reporting and editorials. We certainly do not concur on several tax policy issues. However, I believe the Journal has summarized better any publication the thrust of what has occurred on the Senate floor during the past days of deliberation of the tax bill before us.

Mr. President, the floor debate we are now engaged in cannot be viewed as tax reform versus established loopholes. I concur with the editorial's position that true tax reform is "directed not at rewarding one group of voters at the expense of others, but at increasing economic growth to benefit all. Such reform would concentrate on such matters as investment savings and incentives, and while it would close loopholes it would also reduce rates. * * *"

Mr. President, Americans who are concerned with the forward movement of our society owe Senator Long a debt of gratitude for the work he has done thus far on H.R. 10612. My hope is that the sound decisions reached by the Finance Committee will continue to be accepted by the full Senate.

I ask unanimous consent that the editorial from the June 24 edition of the Wall Street Journal be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Russell Long Rides Again

We see that Senator Russell Long is catching flak for the Senate Finance Committee's performance on the tax bill. The 1,536-page bill doesn't close enough loopholes, it's complained, and runs afoul of the new Senate budget procedures. Well, it looks to us as if Senator Long is distinguishing himself in protecting the economy from the tax reformers.

It is not that we are crazy about tax loopholes. The dodges for DISC, gimmicks to promote real estate investment and such should be cashed out. Projected savings to the Treasury should be put into tax reductions that promote savings and investment in general, not in some industries rather than others. This would speed economic growth, and thus also Treasury revenues.

But that is not at all what the reformers are talking about. They want to close the loopholes and have the government spend the money. Senator Long may not be a trained economist, which is perhaps to his credit, but he understands that if the Robin Hood tax reformers in Congress had their way, the net effect would be another decline in capital investment, productivity and jobs.

The reformers, led by Senator Kennedy of Massachusetts, thought for sure they had outwitted Senator Long this year and would force a batch of loophole pluggings. They allied themselves with the new congressional budget committees and pushed through a resolution that not only set the level of spending for fiscal 1977 but also directed the raising of $2 billion in new tax revenues through the elimination of unspecified tax preferences. Senator Long was boxed in, wasn't he?

Nope. Since he still had the freedom to specify which preferences he would end, Mr. Long got his committee to agree to end the $35 per person tax credit after nine months of the fiscal year. This would produce an extra $1.8 billion in the last three months, and with a little deft footwork here and there through the tax code, the budget resolution's directive was met.

Senator Kennedy's scream was probably heard in Bogalusa. The $35 per person tax credit, you see, is a good loophole as far as the loophole closers are concerned because it provides relatively little incentive to investment and capital formation. Senator Long, said Senator Kennedy, was supposed to have smashed up the tax shelters of the vested interests, i.e., investors and businessmen.

The co-chairpersons of the Senate Budget Committee, Democrat Muskie and Republican Bellmon, came riding to Mr. Kennedy's rescue this week, urging the Senate, without success, to extend the $35 credit through the full year. It wasn't enough that the Finance Committee gave them a bill that meets their revenue projections; the projections had to be met by writing the tax law the way the budget committee had in mind in making the projections. Understandably, Senator Long takes a dim view of this version of Budget Committee prerogatives.

To the extent Senator Muskie and his Oklahoma sidekick have an argument, it is that *everyone knows* Congress won't end the $35 tax credit. But everyone who has been paying attention, which definitely includes Senator Long, knows that the Budget Committee took the easy route in doing its job of matching income and outgo by throwing in the $2 billion in hypothetical loophole closings. If they won't accept ending the credit, let them squeeze another $1.8 billion out of spending.

It would be marvelous if the new congressional budget process would prove a factor in holding down spending. But it's surely doomed if it gets sidetracked into weighing the merits of every policy on Capitol Hill. Other committees do after all have some understanding of their specialties. In this case, Finance senses the error in the Budget Committee's assumption that closing tax shelters will in fact increase revenues. With a bit of experience, a Senate committee can understand that eliminating incentives to invest and produce will lower investment and production, and that this does not expand Treasury income.

We would love to see a true tax reform, directed not at rewarding one group of voters at the expense of others, but at increasing economic growth to benefit all. Such reform would concentrate on such matters as investment, savings and incentives, and while it would close loopholes it would also reduce rates. While we patiently wait for a President and a Congress who are up to this task, we'll give two cheers to Russell Long for using every trick he knows to keep the "reformers" from making an even greater drag on the economy than they already have.

ROUTINE MORNING BUSINESS

(The following routine morning business was transacted today.)

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Roddy, one of his secretaries.

APPROVAL OF BILL

A message from the President of the United States announced that on June 23, 1976, he approved and signed the following bill:

S. 1466, an act to amend the Public Health Service Act to provide authority for health information and health promotion programs, to revise and extend the authority for disease prevention and control programs, and to revise and extend the authority for venereal disease programs, and to amend the Lead-Based Paint Poisoning Prevention Act to revise and extend that Act.

SCHOOL DESEGREGATION STANDARDS AND ASSISTANCE ACT OF 1976—MESSAGE FROM THE PRESIDENT

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States:

To the Congress of the United States:

I address this message to the Congress, and through the Congress to all Americans, on an issue of profound importance to our domestic tranquillity and the future of American education.

Most Americans know this issue as busing—the use of busing to carry out court-ordered assignment of students to correct illegal segregation in our schools.

In its fullest sense the issue is how we protect the civil rights of all Americans without unduly restricting the individual freedom of any American.

It concerns the responsibility of government to provide quality education, and equality of education, to every American.

It concerns our obligation to eliminate, as swiftly as humanly possible, the occasions of controversy and division from the fulfillment of this responsibility.

At the outset, let me set forth certain principles governing my judgments and my actions.

First, for all of my life I have held strong personal feelings against racial discrimination. I do not believe in a segregated society. We are a people of diverse background, origins and interests; but we are still one people—Americans—and so must we live.

Second, it is the duty of every President to enforce the law of the land. When I became President, I took an oath to preserve, protect and defend the Constitution of the United States. There must be no misunderstanding about this: I will uphold the Constitutional rights of every individual in the country. I will carry out the decisions of the Supreme Court. I will not tolerate defiance of the law.

Third, I am totally dedicated to quality education in America—and to the principle that public education is predominantly the concern of the community in which people live. Throughout the history of our Nation, the education of our children, especially at the elementary and secondary levels, has been a community endeavor. The concept of public education is now written into our history as deeply as any tenet of American belief.

In recent years, we have seen many communities in the country lose control of their public schools to the Federal courts because they failed to voluntarily correct the effects of willful and official denial of the rights of some children in their schools.

It is my belief that in their earnest desire to carry out the decisions of the Supreme Court, some judges of lower Federal Courts have gone too far. They have:

—resorted too quickly to the remedy of massive busing of public school children;

—extended busing too broadly; and

—maintained control of schools for too long.

It is this overextension of court control that has transformed a simple judicial tool, busing, into a cause of widespread controversy and slowed our progress toward the total elimination of segregation.

As a President is responsible for acting to enforce the Nation's laws, so is he also responsible for acting when society begins to question the end results of those laws.

I therefore ask the Congress, as the elected representatives of the American people, to join with me in establishing guidelines for the lower Federal Courts in the desegregation of public schools throughout the land—acting within the framework of the Constitution and particularly the Fourteenth Amendment to the Constitution.

It is both appropriate and Constitutional for the Congress to define by law the remedies the lower Federal Courts may decree.

It is both appropriate and Constitutional for the Congress to prescribe standards and procedures for accommodating competing interests and rights.

Both the advocates of more busing and the advocates of less busing feel they hold a strong moral position on this issue.

To many Americans who have been in the long struggle for civil rights, busing appears to be the only way to provide the equal educational opportunity so long and so tragically denied them.

To many other Americans who have struggled much of their lives and devoted most of their energies to seeking the best for their children, busing appears to be a denial of an individual's freedom to choose the best school for his or her children.

Whether busing helps school children get a better education is not a settled question. The record is mixed. Certainly, busing has assisted in bringing about the desegregation of our schools. But it is a tragic reality that, in some areas, busing under court order has brought fear to both black students and white students—and to their parents.

No child can learn in an atmosphere of fear. Better remedies to right Constitutional wrongs must be found.

It is my responsibility, and the responsibility of the Congress, to address and to seek to resolve this situation.

In the twenty-two years since the Supreme Court ordered an end to school segregation, this country has made great progress. Yet we still have far to go.

To maintain progress toward the orderly elimination of illegal segregation in our public schools, and to preserve—

or, where appropriate, restore—community control of schools, I am proposing legislation to:

1. Require that a court in a desegregation case determine the extent to which acts of unlawful discrimination have caused a greater degree of racial concentration in a school or school system than would have existed in the absence of such acts;
2. Require that busing and other remedies in school desegregation cases be limited to eliminating the degree of student racial concentration caused by proven unlawful acts of discrimination;
3. Require that the utilization of court-ordered busing as a remedy be limited to a specific period of time consistent with the legislation's intent that it be an interim and transitional remedy. In general, this period of time will be no longer than five years where there has been compliance with the court order;
4. Create an independent National Community and Education Committee to help any school community requesting citizen assistance in voluntarily resolving its school segregation problem.

Almost without exception, the citizens' groups both for and against busing with which I have consulted told me that the proposed National Community and Education Committee could be a positive addition to the resources currently available to communities which face up to the issue honestly, voluntarily and in the best spirit of American democracy.

This citizens' Committee would be made up primarily of men and women who have had community experience in school desegregation activities.

It would remain distinct and separate from enforcement activities of the Federal Courts, the Justice Department and the Department of Health, Education and Welfare.

It is my hope that the Committee could activate and energize effective local leadership at an early stage:

—To reduce the disruption that would otherwise accompany the desegregation process; and

—To provide additional assistance to communities in anticipating and resolving difficulties prior to and during desegregation.

While I personally believe that every community should effectively desegregate on a voluntary basis, I recognize that some court action is inevitable.

In those cases where Federal court actions are initiated, however, I believe that busing as a remedy ought to be the last resort, and that it ought to be limited in scope to correcting the effects of previous Constitutional violations.

The goal of the judicial remedy in a school desegregation case ought to be to put the school system, and its students, where they would have been if the acts which violate the Constitution had never occurred.

The goal should be to eliminate "root and branch" the Constitutional violations and all of their present effects. This is the Constitutional test which the Supreme Court has mandated—nothing more, nothing less.

Therefore, my bill would establish for Federal courts specific guidelines concerning the use of busing in school desegregation cases. It would require the court to determine the extent to which acts of unlawful discrimination by governmental officials have caused a greater degree of racial concentration in a school or school system than would have existed in the absence of such acts. It would further require the court to limit the relief to that necessary to correct the racial imbalance actually caused by those unlawful acts. This would prohibit a court from ordering busing throughout an entire school system simply for the purpose of achieving racial balance.

In addition, my bill recognizes that the busing remedy is transitional by its very nature and that when a community makes good faith efforts to comply, busing ought to be limited in duration. Therefore, the bill provides that three years after the busing remedy has been imposed a court shall be required to determine whether to continue the remedy. Should the court determine that a continuation is necessary, it could do so only for an additional two years. Thereafter, the court could continue busing only in the most extraordinary circumstances, where there has been a failure or delay of other remedial efforts or where the residual effects of unlawful discrimination are unusually severe.

Great concern has been expressed that submission of this bill at this time would encourage those who are resisting court-ordered desegregation—sometimes to the point of violence.

Let me here state, simply and directly, that this Administration will not tolerate unlawful segregation.

We will act swiftly and effectively against anyone who engages in violence.

I assure the people of this Nation that this Administration will do whatever it must to preserve order and to protect the Constitutional rights of our citizens.

The purpose of submitting this legislation now is to place the debate on this controversial issue in the halls of Congress and in the democratic process—not in the streets of our cities.

The strength of America has always been our ability to deal with our own problems in a responsible and orderly way.

We can do so again if every American will join with me in affirming our historic commitment to a Nation of laws, a people of equality, a society of opportunity.

I call on the Congress to write into law a new perspective which sees court-ordered busing as a tool to be used with the highest selectivity and the utmost precision.

I call on the leaders of all the Nation's school districts which may yet face court orders to move voluntarily, promptly, objectively and compassionately to desegregate their schools.

We must eliminate discrimination in America.

We must summon the best in ourselves to the cause of achieving the highest possible quality of education for each and every American child.

GERALD R. FORD.

THE WHITE HOUSE. *June 24, 1976.*

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that a message from the President of the United States relative to the issue of school busing be referred jointly to the Committee on the Judiciary and the Committee on Labor and Public Welfare.

The PRESIDING OFFICER. Is there objection?

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. HRUSKA. Mr. President, with reference to the message which has been referred to by the assistant majority leader, the Parliamentarian advises that the reference of that measure will be jointly to the Committee on the Judiciary and the Committee on Labor and Public Welfare.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 10:50 a.m., a message from the House of Representatives delivered by Mr. Hackney, one of its reading clerks, announced that the House has agreed to, without amendment the concurrent resolution (S. Con. Res. 122) directing the Secretary of the Senate to make corrections in the enrollment of S. 3201.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3201) to amend the Public Works and Economic Development Act of 1935, to increase the antirecessionary effectiveness of the program, and for other purposes.

The message further announced that the House disagrees to the amendments of the Senate to the bill (H.R. 14236) making appropriations for public works for water and power development and energy research, including the Corps of Engineers—civil, the Bureau of Reclamation, power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commissions for the fiscal year ending September 30, 1977, and for other purposes; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. EVINS of Tennessee, Mr. BOLAND, Mr. WHITTEN, Mr. SLACK, Mr. PASSMAN, Mr. BEVILL, Mr. MAHON, Mr. MYERS of Indiana, Mr. BURGENER, and Mr. CEDERBERG were appointed managers of the conference on the part of the House.

ENROLLED JOINT RESOLUTION SIGNED

The message also announced that the Speaker has signed the following enrolled joint resolution:

S.J. Res. 49. A joint resolution to amend the joint resolution entitled "Joint resolution to codify and emphasize existing rules and customs pertaining to the display and use of the flag of the United States of America.

The enrolled joint resolution was subsequently signed by the President pro tempore.

At 11:05 a.m., a message from the House of Representatives delivered by Mr. Hackney announced that the House disagrees to the amendments of the Senate to the bill (H.R. 14237) making appropriations for Agriculture and Related Agencies programs for the fiscal year ending September 30, 1977, and for other purposes; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. WHITTEN, Mr. EVANS of Colorado, Mr. BURLISON of Missouri, Mr. BAUCUS, Mr. TRAXLER, Mr. CHARLES WILSON of Texas, Mr. PASSMAN, Mr. NATCHER, Mr. MAHON, Mr. ANDREWS of North Dakota, Mr. ROBINSON, Mr. MYERS of Indiana, and Mr. CEDERBERG were appointed managers of the conference on the part of the House.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. RANDOLPH, from the Committee on Public Works, wthout amendment:

S. 3589. A bill to designate the Federal office building located in Manchester, New Hampshire, as the "Norris Cotton Building" (Rept. No. 94–984).

By Mr. MUSKIE, from the Committee on the Budget, without amendment:

S. Res. 471. A resolution waiving section 402(a) of the Congressional Budget and Impoundment Control Act of 1974 with respect to the consideration of the River Basin Monetary Authorization Act of 1976 (Rept. No. 94–985).

By Mr. CANNON, from the Committee on Rules and Administration, with an amendment:

S. Res. 477. A resolution authorizing additional copies of the report entitled "Developments in Aging: 1975 and January-May 1976" Part One (Rept. No. 94–986).

COASTAL ZONE MANAGEMENT ACT AMENDMENTS OF 1976—CONFERENCE REPORT (REPT. NO. 94–987)

Mr. HOLLINGS submitted a report from the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 586) to amend the Coastal Zone Management Act of 1972 to authorize and assist the coastal States to study, plan for, manage, and control the impact of energy facility and resource development which affects the coastal zone, and for other purposes, which was ordered to be printed.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. CANNON, from the Committee on Commerce:

Kay Bailey, of Texas, to be a member of the National Transportation Safety Board.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to request to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. BROCK (for himself and Mr. BAKER):

S. 3613. A bill to amend the Wild and Scenic Rivers Act by designating a segment of the Obed River and its tributaries, in Tennessee, as a component of the National Wild and Scenic Rivers System, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. JAVITS (by request):

S. 3614. A bill to permit the United States to provide indemnification against claims for injury related to inoculation with vaccine under a comprehensive nationwide influenza immunization program. Referred to the Committee on Labor and Public Welfare.

By Mr. CURTIS:

S. 3615. A bill to designate the Meat Animal Research Facility located near Clay Center, Nebr., as the Roman L. Hruska Meat Animal Research Facility. Referred to the Committee on Agriculture and Forestry.

By Mr. BROCK:

S. 3616. A bill to provide for a Volunteer Health Manpower Force for the United States. Referred to the Committee on Labor and Public Welfare.

By Mr. PROXMIRE:

S. 3617. A bill for the relief of Jae Yoon Sim. Referred to the Committee on the Judiciary.

By Mr. EASTLAND (for himself and Mr. HRUSKA) (by request):

S. 3618. A bill to establish procedures and standards for the framing of relief in suits to desegregate the Nation's elementary and secondary public schools, to provide for assistance to voluntary desegregation efforts, to establish a National Community and Education Committee to provide assistance to encourage and facilitate constructive and comprehensive community involvement and planning in the desegregation of schools, and for other purposes. Referred jointly, by unanimous consent, to the Committee on the Judiciary, to consider title I; and to the Committee on Labor and Public Welfare, to consider title II.

By Mr. STONE (for himself and Mr. MANSFIELD):

S.J. Res. 206. A joint resolution providing for a National Leadership Conference on Energy Policy to be held during 1977. Referred to the Committee on Interior and Insular Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BROCK (for himself and Mr. BAKER):

S. 3613. A bill to amend the Wild and Scenic Rivers Act by designating a segment of the Obed River and its tributaries, in Tennessee, as a component of the National Wild and Scenic Rivers System, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. BROCK. Mr. President, I introduce today legislation to place a portion of the Obed River and its major tributaries in Tennessee under the protection of the Wild and Scenic Rivers Act. This portion of the river system, along with additional mileage has been a designated study area under the act since 1968. The time for Congress to grant permanent protection has arrived.

It gives me great pride as a Tennessean to participate in the protection of this magnificent resource. The Obed and its tributaries, Clear Creek and Daddy's Creek constitute one of the last remaining, truly primitive, and unspoiled river areas in the Eastern United States. It is characterized by spectacular scenery, unusual geological formations and includes some rare and endangered plant and animal life. The quality of the water is excellent. The river itself ranges from a slow moving stream to crashing whitewater, offering a wide range of recreational opportunities.

The increasing popularity of the area for recreation as well as development makes it extremely important that it be granted protection now, before its rare and primitive qualities are lost to us and to future generations. Threats to the river and the immediately surrounding area also include strip mining, oil and gas drilling, second home developments, and timber cutting.

Although there are several cabins now in the area to be included under the act, they do not constitute an unwarranted intrusion in the area. They should be allowed to remain and be used by their owners. The Government need not purchase them. However, inclusion under the act of this area would give protection against further building and development.

Mr. President, there is widespread support in Tennessee for inclusion of the Obed River and its tributaries under the Wild and Scenic Rivers Act. The State of Tennessee recognizes the importance of preserving it under the act and would be a willing partner with the Department of the Interior in its protection and any development. In addition, it has broad support from a number of conservation and recreational groups. A number of local officials including the Morgan County judge also strongly support the passage of legislation.

Because the county court in Cumberland County has not yet endorsed the proposal and a number of property owners still have questions, I have left the privately held portions of the Obed and its tributaries lying in Cumberland County out of this measure. However, I hope that a careful study of the various options available under the act, including scenic easements, will ease any doubts which they might have about the desirability of preserving the rare qualities of the Obed in this manner.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3613

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 3(a) of the Wild and Scenic Rivers Act (16 U.S.C. 1274(a)) is amended by adding the following new paragraph at the end thereof:

"(11) OBED, TENNESSEE.—The segment from the western edge of the Catoosa Wildlife Management Area to the confluence with the Emory River; Clear Creek from the western edge of the Catoosa Wildlife Management area to the confluence with the Obed River; Daddy's Creek from the Morgan County line to the confluence with the Obed River; and the Emory River from the confluence with the Obed River to the Nemo bridge as generally depicted and classified on the stream classification map dated December 1973. The Secretary of the Interior shall take such action, with the participation of the State of Tennessee as is provided for under subsection (b) within one year following the date of enactment of this paragraph. The development plan required by such subsection (b) shall include cooperative agreements between the State of Tennessee acting through the Wildlife Resources Agency and the Secretary of the Interior. Lands within the Wild and Scenic River boundaries that are currently part of the Catoosa Wildlife Management Area shall continue to be owned by the Tennessee Wildlife Resources Agency and managed by the Tennessee Wildlife Resources Agency in such a way as to protect the wildlife resources and primitive character of the area, and there shall be no further development of roads, campsites, or associated recreational facilities unless deemed necessary for wildlife management practices. The Obed Wild and Scenic River shall be managed by the Secretary of the Interior. For the purposes of carrying out the provisions of this Act with respect to this river, there are authorized to be appropriated such sums as may be necessary, but not to exceed $4,600,000 for the acquisition of lands or interests in lands and not to exceed $400,000 for development.".

(b) Section 5(a) of such Act (relating to potential additions to the National Wild and Scenic Rivers Systems) is amended by striking out paragraph (15), and inserting in lieu thereof the following "EMORY, TENNESSEE. The segment from Nemo bridge downstream to the Morgan County line; and White's Creek from the confluence of Cook Creek to its confluence with Clear Creek."

By Mr. JAVITS (by request):

S. 3614. A bill to permit the United States to provide indemnification against claims for injury related to innoculation with vaccine under a comprehensive nationwide influenza immunization program. Referred to the Committee on Labor and Public Welfare.

SWINE FLU INDEMNIFICATION

Mr. JAVITS. Mr. President, at the request of the administration, I introduce their bill to provide indemnification against claims for injury related to inoculation with vaccine under a comprehensive nationwide influenza immunization program.

I ask unanimous consent that the full text of the bill and the Department of HEW letter of transmittal be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, the bill in essence would authorize the Secretary of Health, Education, and Welfare to agree, in contracts for the purchase of vaccine in connection with the national influenza immunization program, against claims attributable to inoculation with the vaccine, except claims arising out of the negligence of the manufacturers.

While the possibility of any injury occurring, or the vaccine manufacturers being held liable for such injury is believed, to quote the letter of transmittal, "extremely remote," there is concern expressed by the vaccine manufacturers that, under recent court decisions, the possibility exists, in the absence of this proposed legislation, that a vaccine manufacturer could be successfully sued for injuries resulting solely from the Federal Government's activities in the immunization program.

While it appears from the letter of transmittal that the Department and the manufacturers agree that the manufacturers should be responsible for possible injuries resulting from their negligence, if any, in manufacturing the vaccine, whereas the Federal Government should be liable for injuries arising from any failure to perform properly those aspects of the program over which it has control, I am concerned about the need to extend indemnification to everyone who participates in the administration and delivery of the vaccine to the public.

As all the States prepare to participate in the nationwide, federally sponsored swine flu inoculation program, we must not only examine carefully the relationship between the vaccine manufacturers and their insurers who have allegedly now declined to insure the manufacturers, but also the need to extend any such protection to the States and to all the doctors, nurses, and other volunteer health professionals who participate in the inoculation program.

S. 3614

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That section 311 of the Public Health Service Act is amended by adding at the end of that section the following new subsection (d):

"(d) The Secretary of Health, Education, and Welfare may agree, as part of any contract for the purchase of a vaccine for a comprehensive nationwide influenza immunization program, to indemnify the manufacturer of the vaccine against claims attributable to inoculation with the vaccine except claims for failure of the manufacturer to exercise due care in the manufacture or handling of the vaccine in accordance with the contract specifications or for failure to discharge properly any other obligation under the contract. Nothing herein shall be construed as creating or changing any rule of liability under any law of the United States or of any State."

JUNE 16, 1976.

HON. NELSON A. ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed for the consideration of the Congress is a draft bill "To permit the United States to provide indemnification against claims for injury related to inoculation with vaccine under a comprehensive nationwide influenza immunization program."

The draft bill would enable the Secretary of Health, Education, and Welfare to agree, in contracts for the purchase of vaccine in connection with the National Influenza Immunization Program, to idemnify the vaccine manufacturers against claims attributable to inoculation with the vaccine, except claims arising out of the negligence of the manufacturers.

The Department has been negotiating with vaccine manufacturers concerning the terms of the contracts under which the Federal government will purchase influenza vaccine for use in the National Influenza Immunization Program. We and the manufacturers agree that the manufacturers should be responsible for possible injuries resulting from their negligence, if any, in manufacturing the vaccine, whereas the Federal government should be liable for injuries arising from any failure to perform properly those aspects of the program over which it has control. Principally, this is the duty to inform individuals of the risks associated with inoculation. The vaccine manufacturers believe that, under recent court decisions, the possibility exists, in the absence of this proposed legislation, that a vaccine manufacturer could be successfully sued for injuries resulting solely from the Federal government's activities in the Immunization Program. Although we think the possibility of any such injury occurring, or the vaccine manufacturers being held liable for such injury, is extremely remote, the manufacturers are concerned that they could be required by courts to pay considerable sums for such injuries. The Anti-Deficiency Act now bars the Federal government from agreeing to indemnify the manufacturers for losses stemming from such injuries even though the injuries are not the fault of the manufacturers. The enclosed draft bill would amend existing law to enable this Department to provide assurance of such indemnification.

It is essential to conclude agreements for vaccine production as soon as possible to have sufficient vaccine available in the fall, when the national inoculation effort will occur. There are only six licensed vaccine manufacturers and of these only four are able to produce the influenza vaccine. Sufficient vaccine will be available only if all four of these manufacturers agree to produce vaccine. In order to assure that all four manufacturers will enter into contracts for the needed vaccine, we find it necessary to have authority to indemnify them against any liability they may incur for injuries not their fault. We therefore urge prompt and favorable consideration of the draft bill.

We are advised by the Office of Management and Budget that enactment of this proposal would be in accord with the program of the President.

Sincerely.

DAVID MATHEWS,
Secretary.

By Mr. CURTIS:

S. 3615. A bill to designate the Meat Animal Research Facility located near Clay Center, Nebr., as the Roman L. Hruska Meat Animal Research Facility. Referred to the Committee on Agriculture and Forestry.

Mr. CURTIS. Mr. President, as my colleagues are aware, the senior Senator from Nebraska will be retiring in January of next year. While many in the press and other observers of the Senate continue to cite the achievements of the Senator in the area of the judiciary and related fields, I would like to draw attention to another particular interest of the Senator from Nebraska.

Through the years of our mutual service in the U.S. Senate, Senator HRUSKA and I have shared a deep and lasting regard for the chief economic asset of our State—the beef cattle industry. Nebraska has for many years ranked at the top in beef production. The Omaha Livestock Market was for a number of years regarded as the largest in the world. The cattle industry remains a strong and vital economic factor in Nebraska today.

To preserve the vitality and success of the American beef cattle industry, there has been established near Clay Center, Nebr., the U.S. Meat Animal Research Center, a facility under the administration of the Agricultural Research Service of the U.S. Department of Agriculture.

What began in the early 1960's as a farsighted idea for the improvement and advancement of meat animal research has now become a 35,000-acre reality. The center, authorized by the Congress on June 16, 1964, has been developed as a result of the active and enthusiastic cooperation between Nebraska agricultural officials and the U.S. Department of Agriculture. No one person has had more to do with the creation of this facility than my good friend, the Senator from Nebraska.

Mr. President, the history of the U.S. Meat Animal Research Center and the involvement of the Senator from Nebraska is a long and satisfying one. Those who realize the importance of the beef cattle industry to this Nation should know the dedication of Senator HRUSKA to its development and continued growth.

The Meat Animal Research Center came about after a decision in 1959 by the Department of Defense to close the Naval Ammunition Depot at Hastings, Nebr. A gradual phaseout was to be completed by July 1, 1966. The depot comprised some 48,000 acres of land. The General Services Administration notified the various Federal agencies of this fact and asked if any of them had a need for the property.

The Agricultural Research Service responded to this offer. Negotiations were held, plans were drawn, and approval by the Secretary of Agriculture was received. The first 10,000 acres were transferred to the Department of Agriculture, the planning of phases I and II of a meat animal research center was accomplished by the Agricultural Research Service and Nebraska officials, and a director was appointed.

Mr. President, it was at this point that the project appeared to be well-established. One crucial item, however, was still in doubt—adequate funding. As a member of the Subcommittee on Agricultural Appropriations, Senator HRUSKA saw the potential benefits such a project would have for not only Nebraska, but the entire Nation.

Included in the submission of the 1966 fiscal year budget to the Congress, the Bureau of the Budget requested $3.5 million for the Clay Center facility. The request included $1.5 million for laboratories, offices, a heating plant, and feed processing and storage areas. Also planned were $1 million for beef cattle housing and $500,000 for swine and sheep housing.

Throughout the planning and construction phases of the center, Senator HRUSKA—from his vantage point on the Appropriations Committee—kept a constant eye on the progress and activities of the new project. As each phase unfolded, and appropriations were needed to meet rising costs or added personnel, he was there to insure that adequate funds would be made available.

His tireless work for the Meat Animal Research Center did not go unnoticed by his colleagues on the Appropriations Committee. They quickly came to realize that this facility would some day become one of the finest and most effective of its kind in the world.

Mr. President, in announcing the Department of Agriculture's decision to go ahead with the project in November of 1965, Senator HRUSKA stated:

> With our economy so emphasizing livestock and feed grains, it is imperative that we apply this same kind of technology and research that has gone into other aspects of agriculture.

The work that was begun nearly 12 years ago has reached fruition and is providing scientific information that has proved invaluable to the meat animal industry in this country.

Mr. President, because of the long-standing contributions of Senator HRUSKA to the U.S. Meat Animal Research Center, I am proposing that the facility be designated as the Roman L. Hruska Meat Animal Research Center.

To those in Nebraska and elsewhere who know the contribution of this facility to the improvement of the meat animal industry, it is entirely appropriate that this designation be made. It would be but a small tribute to the personal time, effort, and energy that Senator HRUSKA has expended through the years on this center. It would serve to remind all those who visit there, and have occasion to come into contact with its excellent work, that my colleague from Nebraska devoted himself to the establishment and operation of such a worthy and lasting facility.

Mr. President, I introduce a bill to redesignate the above-mentioned facility.

By Mr. EASTLAND (for himself, and Mr. HRUSKA) (by request):

S. 3618. A bill to establish procedures and standards for framing of relief in suits to desegregate the Nation's elementary and secondary public schools, to provide for assistance to voluntary desegregation efforts, to establish a National Community and Education Committee to provide assistance to encourage and facilitate constructive and comprehensive community involvement and planning in the desegregation of schools, and for other purposes. Referred jointly, by unanimous consent, to the Committee on the Judiciary, to consider title I; and to the Committee on Labor and Public Welfare, to consider title II.

Mr. HRUSKA. Mr. President, at the request of the administration the senior Senator from Mississippi, for himself, and on behalf of this Senator today introduced the School Desegregation Standards and Assistance Act of 1976—S. 3618—to enable this country to better address the important problem of elementary and secondary public school desegregation.

The court ordered busing of students to help achieve racial balance in our school systems has become one of the most distressing problems and unpopular situations in America since the establishment of prohibition in the 1920's. This problem involves and strikes at the very root of many American traditions and heritages. It has profound effects on family life and has interfered with our basic concepts of education in this country.

Schoolbusing has removed many children from their neighborhood schools and cast them into an unfamiliar environment. It occurs during their most formative years. The lessons learned and the attitudes formed during the elementary and secondary school years play an important role in molding the character of the adult. In many cases, the advent of court-ordered busing has resulted in hatred and violence—certainly not characteristics that should have a dominant place in the formulation of later attitudes and principles.

The tragic irony of forced school busing is that it is generally conceded it does not improve the educational opportunities of the children involved. Busing was thought to be a vehicle to achieve greater educational opportunity and equality for all. But that is not the case.

Many of those who support the busing of school children do so, not because of the educational opportunities it affords, but as another means to achieve racial integration.

Mr. President, it is certainly clear that in America racial segregation not only is illegal, but it also is a morally bankrupt concept. But to what ends do we work against it? In the process of eliminating segregation, do we destroy other, more important concepts in America such as the family life and the educational system?

As I introduce this bill, I see it as an effort to try to shift the emphasis of court-ordered busing from racial integration back to a proper balance with the traditions of family life and education.

The President, in his message to the Congress, asks this body:

> To join with me in establishing guidelines for the lower Federal Courts in the desegregation of public schools throughout the land—acting within the framework of the Constitution and particularly the Fourteenth Amendment to the Constitution.

He added:

> It is both appropriate and Constitutional for the Congress to define by law the remedies the lower Federal Courts may decree.
>
> It is both appropriate and Constitutional for the Congress to prescribe standards and procedures for accommodating competing interests and rights.

As the President skillfully points out in his message, the advocates of more busing and the advocates of less busing both feel they hold a strong moral position on this issue.

Briefly, the bill would:

Require that a court in a desegregation case determine the extent to which acts of unlawful discrimination have caused a greater degree of racial concentration in a school or school system than would have existed in the absence of such acts.

Require that busing and other remedies in school desegregation cases be limited to eliminating the degree of student racial concentration caused by proven unlawful acts of discrimination.

Require that the utilization of court-ordered busing as a remedy be limited to a specific period of time consistent with the legislation's intent that it be an interim and transitional remedy. In general, this period of time will be no longer than 5 years where there has been compliance with the court order.

Establish a National Community and Education Committee which will assist, encourage, and facilitate community involvement in the school desegregation process. This committee will be composed of citizens from a wide range of occupations and backgrounds, with particular emphasis on individuals who have had personal experience in school desegregation activities. Committee members will assist on request communities which are, or will be, engaged in the desegregation of their schools by sharing ideas and recommendations for anticipating and resolving conflicts.

Mr. President, this bill is an effort to ease the hardships that have been created by court-ordered busing of school children. It is a vehicle for debate and serious deliberation of the problem. The opportunity has been given the Congress to improve and alter the bill if those steps are necessary.

It should be understood that this bill represents the best thinking of the administration at this time. It could well be that the Congress, in its consideration of the measure, will find ways to improve and strengthen it.

For example, there is the very serious question of those school districts which are already under orders of Federal courts to employ busing as a means of school desegregation. There are grave legal and constitutional problems involved in incorporating retroactivity into this measure. But the point should be thoroughly studied.

At this time without having the opportunity of careful and thorough perusal and study, this Senator cannot say that he agrees with all the provisions of the bill. Like my colleagues, I reserve the right to propose changes and amendments after hearings are completed and as markup of a bill in final form occurs.

I do believe, however, that the measure should be given early and most serious consideration in committee and by the Senate in an effort to improve the treatment of this vital situation.

Mr. President, I ask unanimous consent that the text of the bill, a section-by-section analysis thereof, the President's message and a White House "Fact Sheet" describing the bill be printed in the Record.

There being no objection, the bill and material were ordered to be printed in the Record. as follows:

S. 3618

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "School Desegregation Standards and Assistance Act of 1976."

STATEMENT OF FINDINGS

The Congress finds that:

(a) Discrimination against students, because of their race, color, or national origin, in the operation of the Nation's public schools violates the Constitution and laws of the United States, denies such students equal educational opportunities, and is contrary to the Nation's highest principles and goals.

(b) The Constitution and the national interest mandate that the courts of the United States provide appropriate relief to prevent such unlawful discrimination and to remove the continuing deprivations, including the separation of students, because of their race, color or national origin, within or among schools, that such discrimination has caused.

(c) Individuals may, in normal course, choose to reside in certain areas for many reasons and, as the courts have recognized, patterns of concentration, by race, color, or national origin, in the schools that reflect such voluntary, individual choices, rather than the results of unlawful discrimination, neither necessarily render such schools inferior in the quality of education they provide nor in themselves deprive any person of equal protection of the laws.

(d) The purpose of relief directed to the effects of unlawful discrimination in the operation of the schools is not to compel a uniform balance by race, color, or national origin that would not have existed in normal course from individual voluntary acts, but is, rather, to restore the victims of discriminatory conduct to the position they would have occupied in the absence of such conduct, and so to free society and our citizens from the conditions created by unlawful acts.

(e) Although it has been found necessary in some cases, in order to remedy the effects attributable to unlawful discrimination, to require the assignment and transportation of students to schools distant from their homes, and although such a requirement may be appropriate, as a last resort, to eliminate the effects of unlawful acts that were intended to foster segregation in the schools, such a requirement can, if unduly extensive in scope and duration, impose serious burdens on the children affected and on the resources of school systems and impair the quality of education for all students that is essential to overcome past discrimination, to achieve true equality of opportunity and equal protection of the laws, and to maintain a free and open society.

(f) Because of its detrimental effects, judicially required student assignment and transportation should be employed only when necessary as an interim and transitional remedy, and not as a permanent, judicially mandated feature of any school system.

(g) In view of these conflicting values and consequences, Congress, being responsible for defining by law the jurisdiction of the inferior Federal courts and the remedies they may award in the exercise of the jurisdiction thus conferred and for enacting appropriate legislation to enforce the commands of the Fourteenth Amendment, may prescribe standards and procedures for accommodating the competing human interests involved.

(h) Throughout the history of our Nation, the education of our children, especially at the elementary and secondary level, has been a community endeavor. The concept of public education began in the community and continuous support for public schools has been provided by the community.

(i) Although the States, and to some extent the Federal government, have been providing increased financial assistance for education, it has become clear that the solution to many of the most pressing problems facing our schools lies within the community which supports those schools.

(j) Too often required changes in the assignment of students to schools has been accomplished without the involvement of the community or with its involvement only after confrontations have occurred and community positions have been hardened.

(k) In other cases individuals from within the community have anticipated the problems associated with desegregation and have organized to face and resolve those problems. Rather than reacting negatively to the circumstances in which the community found itself, these individuals have found constructive means to contribute to improving strained community relations, to adjust to changing conditions, and in other ways to assure the continued successful operation of the public schools.

(l) These individuals, who have experienced the trials a community may face when the schools must be desegregated and who have found ways to overcome those problems, are a unique national resource that can be of assistance to other communities that are now facing or have yet to face these trials

TITLE I. STANDARDS AND PROCEDURES IN SCHOOL DESEGREGATION SUITS

PURPOSE: APPLICATION

Sec. 101. (a) The purpose of this Title is to prescribe standards and procedures to govern the award of injunctive and other equitable relief in school desegregation cases brought under Federal law, in order (1) to prevent the continuation or future commission of any acts of unlawful discrimination in public schools, and (2) to remedy the effects of past acts of such unlawful discrimination, including, by such means as are appropriate for the purpose, the present degree of concentration by race, color or national origin in the student population of the schools attributable to such acts.

(b) The provisions of this Title shall govern all proceedings for the award or modification of injunctive and other equitable relief, after the date of its enactment, seeking the desegregation of public schools under Federal law, but shall not govern proceedings seeking a reduction of such relief awarded prior to the date of its enactment except for proceedings brought under Section 107.

DEFINITIONS

Sec. 102. For purposes of this Title:

(a) "local education agency" means a local board of public education or any other government agency or officer of a political subdivision of a State responsible for, or exercising control over, the operations of one or more public elementary or secondary schools.

(b) "State education agency" means a State board of public education or any other State agency or officer responsible for, or exercising control over, the operations of one or more public elementary or secondary schools.

(c) "school system" means the schools and other institutions of public education within the jurisdiction of a local or State education agency.

(d) "desegregation" means the prohibition of unlawful discrimination and the elimination of the effects of such discrimination in the operation of the schools.

(e) "unlawful discrimination" means action by a local or State education agency or by any other governmental body, agency, or officer which, in violation of Federal law, discriminates against students on the basis of race, color or national origin in the operation of the schools.

(f) "State" means any of the States of the Union, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Panama Canal Zone.

(g) "transportation of students" means the assignment of students to public schools in such a manner as to require, directly or indirectly, the transportation of students, in order to alter the distribution of students, by race, color, or national origin, among the schools, but does not include the assignment of any student to the school nearest or next nearest his or her residence and serving the grade he or she is attending, even if the local or State education agency provides transportation to enable the student to reach that school.

LIABILITY

SEC. 103. A local or State education agency shall be held subject—

(a) to relief under Section 104 of this Title if the court finds that such local or State education agency has engaged or is engaging in an act or acts of unlawful discrimination; and

(b) to relief under Section 105 of this Title if the court finds that an act or acts of unlawful discrimination have caused a greater present degree of concentration, by race, color, or national origin, in the student population of any school within the jurisdiction of the local or State education agency than would have existed in normal course had no such act occurred; *Provided:*

(i) that no order under Section 105 of this Title shall be based in whole or in part on an act or acts by a local, State or Federal agency or officer other than the local or State education agency with jurisdiction over such schools unless the court further finds, on the basis of evidence other than the effects of such acts alone, that the act or acts were committed for the specific purpose of maintaining, increasing, or controlling the degree of concentration, by race, color, or national origin, in the student population of the schools; and

(ii) that nothing in this Title shall be construed as establishing a basis for relief against a local or State education agency not available under existing law.

RELIEF—ORDERS PROHIBITING UNLAWFUL ACTS AND ELIMINATING EFFECTS GENERALLY

SEC. 104. In all cases in which, pursuant to Section 103(a) of this Title, the court finds that a local or State education agency has engaged or is engaging in an act or acts of unlawful discrimination, the court may enter an order enjoining the continuation or future commission of any such act or acts and providing any other relief against such local or State education agency as may be necessary and appropriate to prevent such act or acts from occurring or to eliminate the effects of such act or acts; *Provided,* That any remedy directed to eliminating the effects of such act or acts on the present degree of concentration, by race, color or national origin, in the student population of any school shall be ordered in conformity with Section 105 of this Title.

RELIEF—ORDERS ELIMINATING THE PRESENT EFFECTS OF UNLAWFUL ACTS ON CONCENTRATIONS OF STUDENTS

SEC. 105. (a) In all cases in which, pursuant to Section 103(b) of this Title the court finds that an act or acts of unlawful discrimination have caused a greater degree of concentration, by race, color or national origin, than would otherwise have existed in normal course in the student population of any schools within the jurisdiction of a local or State education agency, the court may order against such agency any appropriate relief to remedy the effects reasonably attributable to such acts; accordingly such relief shall be no more extensive than that reasonably necessary to adjust the composition by race, color or national origin of the particular schools so affected or, if that is not feasible the overall pattern of student concentration by race, color or national origin in the school system so affected substantially to what it would have been in normal course, as determined pursuant to this Section, had no such act or acts occurred.

(b) Before entering an order under this Section the court shall conduct a hearing and, on the basis of such hearing, shall make specific findings concerning the degree to which the concentration, by race, color or national origin, in the student population of particular schools affected by unlawful acts of discrimination presently varies from what it would have been in normal course had no such acts occurred. If such findings as to particular schools are not feasible, or if for some other reason relief cannot feasibly be fashioned to apply only to the particular schools that were affected, the court shall make specific findings concerning the degree to which the overall pattern of student concentration, by race, color or national origin, in the school system affected by such acts of unlawful discrimination presently varies from what it would have been in normal course had no such acts occurred.

(c) In any hearing conducted pursuant to subsection (b) of this Section the local or State education agency shall have the burden of going forward, by the introduction of evidence concerning the degree to which the concentration, by race, color or national origin, in the student population of particular schools, or the overall pattern of student concentration by race, color, or national origin in the school system, is reasonably attributable to factors other than the act or acts of unlawful discrimination found pursuant to Section 103(b) of this Title. If such evidence is introduced, the findings required by subsection (b) of this Section shall be based on conclusions and reasonable inferences from all of the evidence before the court, and shall not be based on a presumption, drawn from the finding of liability made pursuant to Section 103(b) of this Title or otherwise, that the concentration, by race, color or national origin, in the student population of any particular school or the overall pattern of concentration in the school system as a whole is the result of acts of unlawful discrimination.

(d) If any order entered under this Section against a local or State education agency is based, in whole or in part, on an act or acts of unlawful discrimination by a local, State or Federal agency or officer other than the local or State education agency, the court shall state separately in its findings the extent to which the effects found and the relief ordered pursuant to the requirements of this Section are based on such act or acts.

(e) In all orders entered under this Section the court may, without regard to the other requirements of this Section, (1) approve any plan of desegregation, otherwise lawful, that a local or State education agency voluntarily adopts, and (2) direct a local or State education agency to institute a program of voluntary transfers of students from schools in which students of their race, color, or national origin are in the majority to schools in which students of their race, color or national origin are in the minority.

VOLUNTARY ACTION; LOCAL CONTROL

SEC. 106. All orders entered under Section 105 of this Title shall rely, to the greatest extent practicable and consistent with effective relief, on the voluntary action of school officials, teachers and students, and the court shall not remove from a local or State education agency its power and responsibility to control the operations of the schools except to the minimum extent necessary to prevent unlawful discrimination by such agency or to eliminate the present effects of acts of unlawful discrimination.

REVIEW OF ORDERS

SEC. 107. (a) In all cases in which a court-imposed requirement for transportation of students has remained in effect for a period of three years from the date of entry of the order containing such requirement or, in the case of all final orders entered prior to enactment of this Title, from the effective date of this Title, the court shall, on motion of any party, terminate the requirement unless:

(i) the court finds that the local or State education agency has failed to comply with the requirement and other provisions of the court's order substantially and in good faith throughout the three preceding years, in which case the court may extend the requirement until there have been three consecutive years of such compliance; or

(ii) the court finds, at the expiration of such period and of any extension under (i) above, that the other provisions of its order and other remedies are not adequate to correct the effects of unlawful discrimination, determined in accordance with Section 105 of this Title, and that the requirement remains necessary for that purpose, in which case the court may continue the requirement in effect, with or without modification, until the local or State education agency has complied with the requirement substantially and in good faith for two consecutive additional years; and thereafter, in extraordinary circumstances resulting from failure or delay of other remedial efforts or involving unusually severe residual effects of unlawful acts, the court may continue the requirement in effect, as a transitional means of last resort, to such extent and for such limited periods as the court finds essential to allow other remedies to become effective.

(b) If a court-imposed requirement for transportation of students has terminated and thereafter the court finds—

(i) that the local or State education agency subsequent to the termination, has failed to comply substantially and in good faith with other provisions of the court's order; or

(ii) that an act or acts of unlawful discrimination, as defined in Section 103(b), have occurred since the termination and have caused a greater present degree of concentration, by race, color, or national origin, than would otherwise have existed in normal course;

the court may, if no other remedy is sufficient, require transportation of students to such extent and for such limited period as may be necessary to remedy the effects found, pursuant to Section 105 of this Title, to be reasonably attributable to such failure or to such act or acts, and any such requirement shall be reviewed and subject to termination as provided in subsection (a) of this Section.

EFFECT OF SUBSEQUENT SHIFTS IN POPULATION

SEC. 108. Whenever any order governed by Section 105 of this Title has been entered, and thereafter residential shifts in population occur which result in changes in student distribution, by race, color or national origin, in any school affected by such order, the court shall not require modification of student assignment plans then in effect in order to reflect such changes, unless the court finds, pursuant to Section 105 that such changes result from an act or acts of unlawful discrimination.

INTERVENTION

SEC. 109. (a) The court shall notify the Attorney General of any proceeding to which the United States is not a party in which the relief sought includes that covered by Section 105 of this Title, and shall in addition advise the Attorney General whenever it believes that an order or an extension of an order requiring transportation of students may be necessary.

(b) The Attorney General may, in his discretion, intervene as a party in such proceeding on behalf of the United States, or appear in such proceeding for such special purpose as he may deem necessary and appropriate to facilitate enforcement of this Title, including the submission of recommendations (1) for the appointment of a mediator to assist the court, the parties, and the affected community, and (2) for the formation of a committee of community leaders to develop, for the court's consideration in framing any order under Section 105 of this Title, a five-year desegregation plan, including such elements as relocation of schools, with specific dates and goals, which would enable required transportation of students to be avoided or minimized during such five-year period and to be terminated at the end thereof.

Sec. 110. If any provision of this Title, or the application of any such provision to any person or circumstance, is held invalid, the remainder of the provisions of this Title and the application of such provision to any other person or circumstances shall not be affected thereby.

TITLE II. NATIONAL COMMUNITY AND EDUCATION COMMITTEE

PURPOSE

Sec. 201. It is the purpose of this Title to create a nonpartisan national committee composed of citizens from various occupations and backgrounds, particularly individuals who have had experience in school desegregation activities from within a community, in order to provide assistance to communities that are engaged in or preparing to engage in the desegregation of their schools. With such assistance, it is expected that effective local leadership can be developed at an early stage of the desegregation process in order to facilitate that process, to assure that the educational advantages of desegregated education are fully realized, and to reduce or avoid public misunderstanding and disorder. The Committee will be a resource available to assist communities in anticipating and resolving difficulties encountered prior to and during desegregation. It is the intent of Congress that the Committee be composed of individuals who have demonstrated their concern for avoiding conflict and disruption in their communities during the desegregation of schools and who, without regard for their personal opinion with respect to such desegregation, have been involved in efforts within their communities to adjust to changing circumstances while ensuring the continued successful operation of the public schools.

ESTABLISHMENT OF THE COMMITTEE

Sec. 202. Establishment. There is established in the Executive Branch of the Federal government a National Community and Education Committee (hereinafter referred to as the "Committee.").

(b) Members. The Committee shall be composed of not fewer than fifty nor more than one hundred members, ten of whom shall be appointed by the President and shall comprise the executive council of the Committee, and the remainder of whom shall be appointed by the executive council. All the members of the Committee shall be selected from among individuals of various occupations and backgrounds, including individuals previously involved within a community in activities related to the desegregation of schools. Members of the Committee shall be selected on the basis of their knowledge and experience in community matters, their ability to provide constructive assistance in preparing a community for the desegregation of its schools, and their ability to contribute in other ways to carrying out the functions of the Committee. Selection of members of the Committee shall be on a nonpartisan basis, and no more than one half of the members of the Committee at any one time shall be members of the same political party.

(c) Chairman and Vice Chairman. The President shall designate one of the members of the executive council as Chairman of the Committee and one member as Vice Chairman. The Vice Chairman shall act as Chairman in the absence or disability of the Chairman, or in the event of a vacancy in that office, and shall carry out such other duties as the Chairman or the executive council may direct. The terms of office of the Chairman and the Vice Chairman shall not exceed three years.

(d) Executive Council. The executive council of the Committee shall (1) establish general operating policies for the Committee, (2) approve all grants made pursuant to Section 204 of this Title, (3) appoint, for terms of from one to three years, not fewer than forty nor more than ninety individuals to be members of the Committee, and (4) carry out such other duties as the Chairman may direct. The term of office of members of the executive council shall be three years, except that of the members first appointed to the executive council (other than the Chairman and Vice Chairman) three shall serve for a term of one year, three for a term of two years, and two for a term of three years.

(e) Compensation of members. Each member of the Committee shall be compensated in an amount not to exceed that paid at level IV of the Federal Executive Salary Schedule, pursuant to Section 5313 of Title 5, United States Code, prorated on a daily basis for each day spent on the work of the Committee, including travel time. In addition, each member shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by Section 5703 of Title 5, United States Code, for persons employed intermittently in the Government Service.

(f) Operation of the Committee; staff. The functions of the Committee shall, to the greatest extent possible, be carried out by the members of the Committee. The Chairman of the Committee is authorized to appoint, without regard to the provisions of Title 5, United States Code, governing appointments in the competitive service, or otherwise obtain the services of such professional, technical, and clerical personnel, including consultants, as may be necessary to—

(i) identify, document, and disseminate information concerning successful community efforts relating to desegregation;

(ii) coordinate and expedite the availability of Federal assistance in support of community efforts relating to desegregation; and

(iii) otherwise enable the Committee to carry out its functions. Such personnel shall be compensated at rates not to exceed that specified at the time such service is performed for grade GS–18 in Section 5332 of Title 5, United States Code. The full-time staff of the Committee shall not exceed thirty individuals at any time.

FUNCTIONS OF THE COMMITTEE

Sec. 203. The functions of the Committee shall include, but shall not be limited to—

(1) consulting with leaders in the community and local groups in determining means by which such leaders and groups can, through early involvement in the development of, and preparation for, school desegregation plans, contribute to the desegregation process in such a way as to avoid conflicts and recourse to judicial procedures.

(2) encouraging the formation of broadly based local community organizations to develop programs designed to encourage comprehensive community planning for the desegregation of schools;

(3) providing advice and technical assistance to communities in preparing for and carrying out comprehensive plans to desegregate the schools;

(4) consulting with the Community Relations Service of the Department of Justice (established under Title X of the Civil Rights Act of 1964), the Office for Civil Rights in the Department of Health, Education, and Welfare, the National Institute of Education, Office of Education, General Assistance Centers (funded under Title IV of the Civil Rights Act of 1964), the Civil Rights Commission, and State and local human relations agencies to determine how those organizations can contribute to the resolution of problems arising in the desegregation of schools within a community; and

(5) providing informal conciliation services for individuals, groups, and agencies within a community in order to resolve conflicts, reduce tensions, and develop acceptable means of desegregating schools without resort to administrative and judicial processes.

COMMUNITY GRANTS

Sec. 204. (a) The Chairman of the Committee is authorized, upon receipt of an application in such form as he may prescribe and upon the approval of the executive council of the Committee, to make grants to private nonprofit community organizations in order to assist them in the initial stages of carrying out activities designed to accomplish the purposes of this Title.

(b) Grants made pursuant to this Section shall be in such amounts, not to exceed $30,000, as the executive council of the Committee deems necessary to assist in the establishment and early development of eligible community organizations. No organization may receive a grant under this Section for more than one year of operation.

(c) In determining whether to approve a grant to a community organization under this Title, the executive council of the Committee shall require an applicant to demonstrate that the organization has reasonable promise of making substantial progress toward achieving the purposes of this Title. Such demonstration shall include a showing of adequate financial or other support from the community.

(d) The executive council of the Committee shall not make a grant to two or more organizations within a community unless it determines that the activities of such organizations are sufficiently coordinated to ensure that their activities are not duplicative or inconsistent.

LIMITATIONS ON ACTIVITIES OF THE COMMITTEE

Sec. 5. It shall not be the function of the Committee—

(1) to prepare desegregation plans;

(2) to provide mediation services under the order of a court of the United States or of a State;

(3) to investigate or take any action with respect to allegations of violation of law; or

(4) to participate in any capacity, or to assist any party, in administrative or judicial proceedings under Federal or State law seeking desegregation of schools.

COOPERATION BY OTHER DEPARTMENTS AND AGENCIES

Sec. 206. (a) All executive departments and agencies of the United States are directed to cooperate with the Committee and furnish to it such information, personnel and other assistance as may be appropriate to assist the Committee in the performance of its functions and as may be authorized by law.

(b) In administering programs designed to assist local educational agencies and communities in planning for and carrying out the desegregation of schools, the Attorney General, the Secretary of Health, Education, and Welfare, and the heads of the agencies within that Department shall administer such programs, to the extent permitted by law, in a manner that will further the activities of the Committee.

CONFIDENTIALITY

Sec. 207. The activities of the members and employees of the Committee in carrying out the purposes of this Act may be conducted in confidence; and the Committee shall not disclose or be compelled to disclose, pursuant to judicial process or otherwise, any information acquired in the regular performance of its duties if such information was provided to the Committee upon an assurance by a member or employee of the Committee that it would be so held.

AUTHORIZATION OF APPROPRIATIONS

Sec. 208. (a) There are authorized to be appropriated $2,000,000 for salaries and expenses of the Committee for the fiscal year ending September 30, 1977, and for each of the two succeeding fiscal years.

(b) For the purpose of making grants under Section 204, there are authorized to be appropriated to the Committee $2,000,000 for the fiscal year ending September 30, 1977, and for each of the two succeeding fiscal years.

FEDERAL COMMUNITY ASSISTANCE COORDINATING COUNCIL

SEC. 209. (a) There is created in the Federal government a Federal Community Assistance Coordinating Council (hereinafter the "Council") which shall be composed of a representative or representatives of each of the following departments or agencies:

(1) the Community Services Administration;

(2) the Department of Health, Education, and Welfare;

(3) the Department of Housing and Urban Development;

(4) the Department of the Interior;

(5) the Department of Justice; and

(6) the Department of Labor.

The President may designate such other departments or agencies to be represented on the Council as he deems appropriate to carry out the functions of the Council.

The representative or representatives of each such department or agency shall be appointed by the head of the department or agency from among individuals employed by that department or agency who are familiar with, and experienced in the operation of, the programs and activities of that department or agency which are available to provide assistance for community relations projects, educational programs, and other community-based efforts which would help to reduce or eliminate the misunderstanding and disorder that could be asociated with school desegregation. The head of each such department or agency shall appoint sufficient representatives to the Council to ensure that an individual with a working knowledge of each such program or activity in that department or agency is on the Council.

(b) It shall be the function of the Council to meet or consult with representatives of communities who are seeking Federal support for community relations projects, educational programs, and other community-based efforts to facilitate desegregation, in order to assist such communities in (1) designing projects or activities that demonstrate promise of assisting in those efforts, (2) determining which Federal programs are available for such activities, and (3) completing the necessary applications and other prerequisites for appropriate Federal assistance.

(c) To the extent consistent with the law authorizing any such Federal assistance program, each department or agency listed in subsection (a) of this Section shall administer such program in a manner which will support the activities of the Council. Each such department or agency shall from time to time provide to the Council such additional personnel or other assistance as may be necessary to carry out the functions of the Council.

(d) There are authorized to be appropriated for the purpose of carrying out the duties and functions of the Council under this Section $250,000 for the fiscal year ending September 30, 1977 and for each of the two succeeding fiscal years.

SECTION-BY-SECTION ANALYSIS OF THE "SCHOOL DESEGREGATION STANDARDS AND ASSISTANCE ACT OF 1976"

TITLE I.—STANDARDS AND PROCEDURES IN SCHOOL DESEGREGATON SUITS

Sec. 101. Purpose; Application—

(a) Title I prescribes standards and procedures to govern the award of equitable relief[1] in school desegregation suits; that is, suits seeking the elimination of discrimination, on the basis of race, color or national origin, against students in public schools.[2] The bill applies to any such suit which is based upon Federal law. Where a lawsuit seeks relief with respect to faculty and staff, as well as students, the bill applies to the extent that the suit relates to students.

The purpose of Title I's provisions is to assure that such relief (1) prevents the occurrence of unlawful discrimination against students in the operation of public schools and (2) remedies, by appropriate means, the effects of such discrimination.

(b) Title I applies to all school desegregation suits based upon Federal law in which relief is awarded after the Act's enactment. The Title thus would apply to the award of additional relief in cases in which there is an existing court-ordered remedy. The Title would not apply, however, to motions to reduce or terminate existing orders unless the motion was made after the times set out in Sec. 107. If the motion is made before Sec. 107 applies, it would be governed by existing law rather than by Sec. 107's standards.

Sec. 102. Definitions—

Subsections 102 (a), (b) (c), and (f), which define respectively "local education agency," "State education agency," "school system" and "State," are self-explanatory.

The definitions of "desegregation" (subsection 102(d)) and "unlawful discrimination" (subsection 102(e)) reflect the purpose of the Title, i.e., regulating the award of relief to remedy discrimination against students in the operation of public schools. Thus, within the meaning of the Title, "unlawful discrimination" is "action by a local or State education agency or by any other governmental . . . agency . . . which, in violation of Federal law, discriminates against students on the basis of race, color or national origin in the operation of the schools." This definition is intended to incorporate the standards of the Constitution and of Federal civil rights laws.

Under Title I, a "desegregation" suit is one seeking (1) the prohibition of "unlawful discrimination" and (2) the elimination of the effects of such discrimination in the operation of public schools.

Subsection 102(g) provides that "transportation of students" means "the assignment of students . . . in such a manner as to require, directly or indirectly, the transportation of students, in order to alter the distribution of students, by race, color, or national origin, among the schools. . . ." An indirect requirement of such transportation would exist, for example, when the assignments were such that it was no longer feasible for certain students to walk to school. Assignment of a student, however, to a school that serves the student's grade level and is nearest or next nearest the student's residence is not covered by the definition, even if the assignment results in transportation of the student to the school.

Sec. 103. Liability—

Sec. 103 establishes that basic scheme for relief under Title I against local or State education agencies. It provides, in subsection (a), that relief of the type described in Sec. 104 will be available whenever the court finds that a local or State education agency "has engaged or is engaged in . . . unlawful discrimination."

Subsection 103(b) provides that the relief of Sec. 105 will be available when the court finds that "unlawful discrimination" resulted in an increased present degree of concentration, by race, color or national origin, in the student population of any school. In other words, a finding of unlawful discrimination which consisted only of assigning students to classes, within a school, on the basis of race and which had no effect upon other schools, would subject the defendant to relief under Sec. 104, whereas a finding of unlawful discrimination in the drawing of school boundaries, so as to establish one white school and one black school, would subject the defendant to relief under Sec. 105 as well.

The proviso of subsection 103(b) deals with the matter of relief, under Sec. 102, against a local or State education agency where all or some of the effects that the relief is intended to remedy were caused by the conduct of other governmental agencies or officers. Paragraph 103(b)(i) states that:

". . . no order under Sec. 102 . . . shall be based in whole or in part on an act or acts by a local, State or Federal agency or officer other than the local or State education agency with jurisdiction over . . . [the schools in question] unless the court further finds, on the basis of evidence other than the effects of such acts alone, that the act or acts were committed for the specific purpose of maintaining, increasing, or controlling the degree of concentration, by race, color, or national origin, in the student population of the schools . . ."

In other words, no order to remedy increased concentration, by race, color or national origin, in the student population of any school may be based, wholly or partly, on the conduct of a local, State or Federal agency other than an education agency unless the court finds that the specific purpose of such conduct was to maintain, increase or control the degree of such concentration in student population. Paragraph 103(b)(i) states that such a finding concerning specific purpose must be based upon evidence "other that the effects of . . . [the conduct on the part of the other agency] alone." Thus, while evidence concerning the effects of the non-school agency's conduct is relevant, such evidence by itself is not sufficient to establish the requisite specific purpose. Other evidence regarding purpose must be provided.

The second part of the proviso, paragraph 103(b)(ii), states that nothing in Title I is to be construed as establishing a basis for relief against a local or State education agency where such relief is not available on the basis of existing law (i.e., other law existing at the time of the particular lawsuit). If Federal law authorizes relief against school authorities on the basis of discrimination by some other government agency, then the proviso of subsection 103(b) governs the award.

Sec. 104. Relief—Orders prohibiting unlawful acts and eliminating effects generally—

This section relates to the award of relief generally to prevent acts of unlawful discrimination by local or State education agencies and to eliminate the effects of such acts. As stated in the proviso, however, sec. 105 is the section applicable to the award of any remedy to eliminate the effects of such discrimination on the present degree of concentration, by race, color or national origin, in student population. Thus, sec. 104 applies to the prevention of all acts of school discrimination and to the elimination of all effects except the effect of concentration, by race, color or national origin, in student population.

Sec. 104 provides that the court may (1) enjoin the continuation or future commission of such discriminatory conduct and (2) provide other relief needed to prevent the occurrence of the discriminatory acts or to eliminate their present effects, other than effects upon the composition, by race or national origin, of student bodies.

Sec. 105. Relief—Orders eliminating the present effects of unlawful acts on concentrations of students—

(a) This section becomes applicable when, pursuant to subsection 103(b), the court finds that unlawful discrimination has caused a greater present degree of concentration, by race, color or national origin, than would otherwise have existed in the student population of any of an education agency's schools. (See the discussion of subsection 103(b).) With regard to such discrimination, the court may order against such agency "any appropriate relief to remedy the effects reasonably attributable to such acts." Under subsection 105(a), the court may order such relief—but only such relief—as is reasonably necessary to create substantially the same kind of distribution of students, by race, color or national origin, that would have existed had no such discrimination occurred. If feasible, the court's order is to be based upon findings regarding, and is to relate to, the particular schools affected by the discrimination. For example, if the discrimination consisted of artificial alteration of the boundaries between two schools, which affected and now affects the student population of only those two schools, the relief is to relate only to those schools and is to seek only re-creation of the situation which would now exist had the boundaries been established in a non-discriminatory fashion. In determining what situation would now exist, the court would, of course, take into account shifts in population which have occurred since the alteration of boundaries—including, but not limited to, such shifts as were the identifiable effect of that unlawful act.

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[1] The award of declaratory judgments, as well as injunctive and other equitable relief, is within the Title's coverage.

[2] "Desegregation" and other pertinent terms are defined in Sec. 102.

In some cases, it may be impossible to isolate the effects of a discriminatory act upon particular schools, or to use only those schools in re-creating the situation, insofar as concentration of students by race, color or national origin is concerned, which would now exist within the district absent the discriminatory acts. For example, where an identifiable effect of a past discriminatory act was to destroy mixed residential pattern which would otherwise have subsisted, it may not be feasible, by directing relief only at the schools originally affected, in areas which are now no longer integrated, to achieve effective relief. In such cases, the court may direct its relief at patterns of concentration by race, color or national origin within the school district rather than at the particular schools originally affected.

(b) Subsection 105(b) describes the type of findings which must be made by the court before sec. 105 relief may be awarded. The court, after conducting an appropriate hearing, is to make specific findings concerning the degree to which the concentration, by race, color or national origin, in the student population of particular schools affected by unlawful discrimination varies from what it would have been had no such discrimination occurred. For example, a court might find that, but for the discrimination, a school whose student body is presently 60 percent black would have a student body that is 30 percent black. Under subsection 105(b), with regard to that school, the objective of the court's decree would be to achieve a student population which is 30 percent black.

If it is not feasible to make the above findings with regard to particular schools or if it is not feasible to fashion relief limited to the particular schools affected by the discrimination, the court is to make specific findings concerning the degree to which the overall pattern of student concentration, by race, color or national origin, in the school system varies from what it would have been had the unlawful discrimination not occurred. For example, a court might find that, but for the discrimination, the district would have had five schools with student bodies approximately 30 percent black; under subsection 105(a), the objective of the court's decree would be to establish a situation in which five such schools exist.

(c) Subsection 105(c) provides that, in any subsection 105(b) hearing, the defendant-education agency shall have the burden of going forward with the evidence. That is, the defendant has the burden of introducing evidence concerning the degree to which the concentration of students, by race, color or national origin, (in particular schools or overall in the school system) is reasonably attributable to factors other than unlawful discrimination on the part of the defendant or another local or State agency. (Subsection 103(b) prescribes the manner in which findings concerning such discrimination are to be made.)

Subsection 105(c) further provides that, if the defendant meets its burden by offering appropriate evidence, the findings required by subsection 105(b) are to be based on conclusions and reasonable inferences from all of the evidence before the court including evidence introduced under sec. 103. Such findings are not to be based on a presumption, drawn from the finding of liability made pursuant to subsection 103(b) or otherwise, that the concentration, by race, color or national origin, in the student population of any particular school or the overall pattern of concentration in the school system is the result of acts of unlawful discrimination.

(d) Subsection 105(d) states that, if any order entered under sec. 105 is based, in whole or in part, on unlawful discrimination by a local or State agency other than an education agency, the court is to state separately in its findings the extent to which the effects found and the relief ordered (pursuant to sec. 105) are based on such discrimination.

(e) Subsection 105(e) exempts from sec. 105's other requirements certain elements of an order entered under sec. 105. Without regard to such other requirements, the court may (1) approve any (otherwise lawful) desegregation plan voluntarily adopted by a local or State education agency or (2) direct institution of a program of voluntary majority-to-minority transfers by students.

Sec. 106. Voluntary action; local control—

This section provides that any order entered under sec. 105 is to rely, to the greatest extent practicable and consistent with effective reilef, on the voluntary action of school officials, teachers and students. The court is not to remove local or State control of the school system except to the minimum extent necessary to prevent discrimination and eliminate its present effects.

Sec. 107. Review of orders—(a) Subsection 107(a) deals with review of court-imposed requirements for "transportation of students." (The quoted term is defined in subsection 102(g).) After such a requirement has remained in effect for (1) three years from the date of entry of the pertinent order or (2), in the case of a final order entered before enactment of Title I, three years from the date of enactment, the court, on motion of any party is to review the requirement. The requirement may then continue in effect only if the court makes the findings described in paragraph 107(a)(i) or (a)(ii). The subsection in no way restricts or precludes earlier relief from the requirement.

Under paragraph 107(a)(i), if the court finds that the local or State education agency has failed to comply with that requirement and other provisions of the court's order substantially and in good faith for the three years preceding the filing of the motion, the court may continue the requirement in effect until there have been three consecutive years of such compliance.

Under paragraph 107(a)(ii), even where there have been three consecutive years of substantial, good faith compliance, the court may continue the requirement for transportation of students if it finds (1) that the other provisions of its order and other possible remedies are not adequate to correct the effects of unlawful discrimination, determined in accordance with sec. 105 of this title, and (2) that the requirement remains necessary for that purpose. If the court makes those findings, it may continue the requirement in effect, with or without modification, until the education agency has complied with the requirement substantially and in good faith for two additional consecutive years. The proviso states that, after there has been such compliance for two additional consecutive years, the court may continue the requirement in effect where there are extraordinary circumstances resulting from the failure or delay of other remedial efforts or involving unusually severe residual effects of unlawful acts. In such circumstances the requirement may be continued, as a transitional means of last resort, for specific, limited periods which the courts find essential to allow other remedies to become effective. Absent such extraordinary circumstances, there is to be no further continuation of the requirement for transportation of students. (But see the discussion below of subsection 107(b).)

(b) This subsection relates to situations in which, after the termination of a court-imposed requirement for transportation of students, conduct occurs which may call for reimposing such a requirement.

Subject to certain limitations, the court may reimpose a requirement for transportation of students if, after termination of the initial requirement of that type, the court finds:

> (i) that the local or State education agency, subsequent to the termination, has failed to comply substantially and in good faith with other provisions of the court's order; or
>
> (ii) that an act or acts of unlawful discrimination as defined in sec. 103(b), have occurred since the termination and have caused a greater present degree of concentration, by race, color, or national origin, than would otherwise have existed in normal course . . .

Such a requirement may be reimposed only if the court determines that no other remedy would be sufficient. Moreover, the requirement for transportation of students may be reimposed only to the extent and for such limited time as may be necessary to remedy the effects found, pursuant to sec. 105, to be reasonably attributable to the post-termination conduct found pursuant to paragraph 107(b)(i) or (ii).

Sec. 108. Effect of subsequent shifts in population—

This section states that, when an order subject to sec. 107 has been entered and thereafter shifts in housing patterns cause changes in student distribution by race, color or national origin, ordinarily the court is not to require modification of the student-assignment plan to compensate for such changes. The court may require such modification if it finds, pursuant to sec. 105 that the changes in student distribution result from discrimination on the part of the local or State education agency or another local or State agency. (Regarding findings of discrimination on the part of agencies of the latter type, see the discussion of subsection 103(b).)

Sec. 109. Intervention—

(a) Subsection 109(a) provides that the court is to notify the Attorney General of the United States of any proceeding, to which the United States is not a party, in which the relief sought includes relief covered by sec. 105. This applies whenever sec. 105 is applicable, whether in regard to a new suit, an application for additional relief, or a proceeding necessitated by sec. 107 in a pre-enactment suit. In addition, the court is to advise the Attorney General whenever it believes that an order or an extension of an order requiring the transportation of students in order to alter their distribution by race, color or national origin may be necessary.

(b) This subsection states that, in any proceeding covered by subsection 109(a), the Attorney General may, in his discretion, intervene as a party. Alternatively, the Attorney General may elect to appear for such special purpose as he deems necessary to facilitate enforcement of Title I. Such special purposes include recommending (1) that a mediator be appointed to assist the court, the parties and the affected community or (2) that a committee of community leaders be appointed to prepare, for the court's consideration, a five-year desegregation plan, with the objective of enabling required assignment and transportation of students to be avoided or minimized during the five-year period and terminated at the end of that period.

Sec. 110. Separability—

This section states that, if any provision of Title I or the application of any such provision to any person or circumstance is held invalid, the remainder of the title and the application of such provision to any other person or circumstances is not to be affected thereby.

TITLE II. THE NATIONAL COMMUNITY AND EDUCATION COMMITTEE

Sec. 201. Purpose—

The purpose of Title II is to create a nonpartisan National Committee composed of citizens with experience in activities relating to the desegregation of schools within a community. The Committee would be available to assist communities that are now engaged, or preparing to engage, in school desegregation in order to help those communities facilitate that process, anticipate and handle difficulties and thereby reduce or avoid public misunderstanding and disorder.

Sec. 202. Establishment of the Committee—

Sec. 202 of the bill would establish the Committee in the Executive Branch of the Federal Government. The Committee would be composed of not fewer than fifty nor more than one hundred members. Ten of the members would be appointed by the President and would comprise the executive council of the Committee. The President would also appoint a Chairman and Vice Chairman of the Committee from among the executive council. The remainder of the members would be appointed by the executive council of the Committee. The executive council would establish general operating policies for the Committee and approve all grants made by the Committee. The Committee would be authorized to employ a small professional staff or obtain the services of consultants, but it is expected that the bulk of the activities of the Committee would be carried out by Committee members themselves. For each day spent on the work of the Committee, members would be compensated at a rate not to exceed that paid at level IV of the Federal Executive Salary Schedule.

Sec. 203. Functions of the Committee—

The primary functions of the Committee are set forth in Sec. 203 of the bill. These functions include (1) consulting with community leaders and local groups to assist them in preparing for the desegregation process in a manner designed to avoid community conflicts, (2) encouraging the formation of local community organizations to help the community plan for desegregation, (3) providing advice and technical assistance in this planning process, (4) consulting with various Federal agencies to determine how those agencies can assist communities in resolving problems arising during the desegregation process, (5) providing informal conciliation services among community groups, and (6) providing grants to assist in the establishment and development of such community organizations.

Sec. 204. Community Grants—

Sec. 204 authorizes the Chairman of the Committee, upon approval by the executive council, to make grants to private nonprofit community organizations in order to assist them in the initial stages of activities designed to accomplish the purposes of this Title. Grants could not exceed $30,000 and would not be available to assist the organization for more than one year. In order to approve a grant to a community organization, the executive council of the Committee would require an applicant to demonstrate that it has adequate financial or other support from the community in order to demonstrate reasonable promise of making substantial progress towards achieving the purpose of this Title.

Sec. 205. Limitations on Activities of the Committee—

Sec. 205 sets forth certain limitations on the activities of the Committee. This provision is designed to make clear that it is not the function of the Committee to (1) prepare desegregation plans, (2) provide mediation services under the order of a State or Federal court, (3) investigate or take any other action with respect to alleged violations of law, or (4) participate or assist in any administrative or judicial proceedings under State or Federal law seeking the desegregation of schools.

Sec. 206. Cooperation by Other Departments and Agencies—

Sec. 206 of the bill would direct all executive departments and agencies of the United States to cooperate with the Committee and furnish it such information, personnel and other assistance as the Committee may need to carry out its functions. This section also requires the Attorney General, the Secretary of Health, Education, and Welfare and the heads of agencies within that Department to administer programs which are designed to assist local educational agencies and communities in planning for and carrying out desegregation of schools in a manner that would further the activities of the Committee.

Sec. 207. Confidentiality—

Sec. 207 of the bill provides that members and employees of the Committee may carry out their activities in confidence. The Committee shall not disclose, or be compelled to disclose, any information which it acquires in carrying out its duties if such information was provided to the Committee upon an understanding of such confidentiality.

Sec. 208. Authorization of Appropriations—

Sec. 208 authorizes the appropriation of a total of $4 million for the Committee for the fiscal year ending September 30, 1977, and for each of the two succeeding fiscal years. Of this amount, $2,000,000 would be authorized for salaries and expenses of the Committee and $2,000,000 for making grants to community organizations.

Sec. 209. Federal Community Assistance Coordinating Committee—

Sec. 209 of the bill would create a Federal Community Assistance Coordinating Council, the purpose of which would be to provide a central point in the Federal government to assist community organizations in determining what types of Federal programs are available for activities within their communities to provide assistance for community relations projects, education programs, and other community-based efforts which would help to reduce or eliminate the misunderstanding and disorder that could be associated with school desegregation. Each Federal agency which administers programs providing such assistance would be represented on the council. These representatives of Federal agencies would be available to assist community organizations in (1) designing projects or activities that show promise of assisting in those efforts, (2) determining which Federal programs would be available for those activities, and (3) completing the necessary application forms and other prerequisites in order to expedite the availability of such Federal assistance, $250,000 would be authorized to be appropriated for this activity.

[From the Office of the White House Press Secretary, June 24, 1976]

To the Congress of the United States:

I address this message to the Congress, and through the Congress to all Americans, on an issue of profound importance to our domestic tranquility and the future of American education.

Most Americans know this issue as busing—the use of busing to carry out court-ordered assignmentment of students to correct illegal segration in our schools.

In its fullest sense the issue is how we protect the civil right of all Americans without unduly restricting the individual freedom of any American.

It concerns the responsibility of government to provide quality education, and equality of education, to every American.

It concerns our obligation to eliminate, as swiftly as humanly possible, the occasions of controversy and division from the fulfillment of this responsibility.

At the outset, let me set forth certain principles governing my judgments and my actions.

First, for all of my life I have held strong personal feelings against racial discrimination. I do not believe in a segrated society. We are a people of diverse background, origins and interests, but we are still one people—Americans—and so must we live.

Second, it is the duty of every President to enforce the law of the land. When I became President, I took an oath to preserve, protect and defend the Constitution of the United States. There must be no misunderstanding about this: I will uphold the Constitutional rights of every individual in the country. I will carry out the decisions of the Supreme Court. I will not tolerate defiance of the law.

Third, I am totally dedicated to quality education in America—and to the principle that public education is predominantly the concern of the community in which people live. Throughout the history of our Nation, the education of our children, especially at the elementary and secondary levels, has been a community endeavor. The concept of public education is now written into our history as deeply as any tenet of American belief.

In recent years, we have seen many communities in the country lose control of their public schools to the Federal courts because they failed to voluntarily correct the effects of willful and official denial of the rights of some children in their schools.

It is my belief that in their earnest desire to carry out the decisions of the Supreme Court, some judges of lower Federal Courts have gone too far. They have resorted too quickly to the remedy of massive busing of public school children; extended busing too broadly; and maintained control of schools for too long.

It is this overextension of court control that has transformed a simple judicial tool, busing, into a cause of widespread controversy and slowed our progress toward the total elimination of segregation.

As a President is responsible for acting to enforce the Nation's laws, so is he also responsible for acting when society begins to question the end results of those laws.

I therefore ask the Congress, as the elected representatives of the American people, to join with me in establishing guidelines for the lower Federal Courts in the desegregation of public schools throughout the land—acting within the framework of the Constitution and particularly the Fourteenth Amendment to the Constitution.

It is both appropriate and Constitutional for the Congress to define by law the remedies the lower Federal Courts may decree.

It is both appropriate and Constitutional

for the Congress to prescribe standards and procedures for accommodating competing interests and rights.

Both the advocates of more busing and the advocates of less busing feel they hold a strong moral position on this issue.

To many Americans who have been in the long struggle for civil rights, busing appears to be the only way to provide the equal educational opportunity so long and so tragically denied them.

To many other Americans who have struggled much of their lives and devoted most of their energies to seeking the best for their children, busing appears to be a denial of an individual's freedom to choose the best school for his or her children.

Whether busing helps school children get a better education is not a settled question. The record is mixed. Certainly, busing has assisted in bringing about the desegregation of our schools. But it is a tragic reality that, in some areas, busing under court order has brought fear to both black students and white students—and to their parents.

No child can learn in an atmosphere of fear. Better remedies to right Constitutional wrongs must be found.

It is my responsibility, and the responsibility of the Congress, to address and to seek to resolve this situation.

In the twenty-two years since the Supreme Court ordered an end to school segregation, this country has made great progress. Yet we still have far to go.

To maintain progress toward the orderly elimination of illegal segregation in our public schools, and to preserve—or, where appropriate, restore—community control of schools, I am proposing legislation to:

1. Require that a court in a desegration case determine the extent to which acts of unlawful discrimination have caused a greater degree of racial concentration in a school or school system than would have existed in the absence of such acts:

2. Require that busing and other remedies in school desegregation cases be limited to eliminating the degree of student racial concentration caused by proven unlawful acts of discrimination.

3. Require that the utilization of court-ordered busing as a remedy be limited to a specific period of time consistent with the legislation's intent that it be an interim and transitional remedy. In general, this period of time will be no longer than five years where there has been compliance with the court order.

4. Create an independent National Community and Education Committee to help any school community requesting citizen assistance in voluntarily resolving its school segregation problem.

Almost without exception, the citizens' groups both for and against busing with which I have consulted told me that the proposed National Community and Education Committee could be a positive addition to the resources currently available to communities which face up to the issue honestly, voluntarily and in the best spirit of American democracy.

This citizens' Committee would be made up primarily of men and women who have had community experience in school desegregation activities.

It would remain distinct and separate from enforcement activities of the Federal Courts, the Justice Department and the Department of Health, Education, and Welfare.

It is my hope that the Committee could activate and energize effective local leadership at an early stage:

To reduce the disruption that would otherwise accompany the desegregation process; and

To provide additional assistance to communities in anticipating and resolving difficulties prior to and during desegregation.

While I personally believe that every community should effectively desegregate on a voluntary basis, I recognize that some court action is inevitable.

In those cases where Federal court actions are initiated, however, I believe that busing as a remedy ought to be the last resort; and that it ought to be limited in scope to correcting the effects of previous Constitutional violations.

The goal of the judicial remedy in a school desegregation case ought to be to put the school system, and its students, where they would have been if the acts which violate the Constitution had never occurred.

The goal should be to eliminate "root and branch" the Constitutional violations and all of their present effects. This is the Constitutional test which the Supreme Court has mandated—nothing more, nothing less.

Therefore, my bill would establish for Federal courts specific guidelines concerning the use of busing in school desegregation cases. It would require the court to determine the extent to which acts of unlawful discrimination by governmental officials have caused a greater degree of racial concentration in a school or school system than would have existed in the absence of such acts. It would further require the court to limit the relief to that necessary to correct the racial imbalance actually caused by those unlawful acts. This would prohibit a court from ordering busing throughout an entire school system simply for the purpose of achieving racial balance.

In addition, my bill recognizes that the busing remedy is transitional by its very nature and that when a community makes good faith efforts to comply, busing ought to be limited in duration. Therefore, the bill provides that three years after the busing remedy has been imposed a court shall be required to determine whether to continue the remedy. Should the court determine that a continuation is necessary, it could do so only for an additional two years. Thereafter, the court could continue busing only in the most extraordinary circumstances, where there has been a failure or delay of other remedial efforts or where the residual effects of unlawful discrimination are unusually severe.

Great concern has been expressed that submission of this bill at this time would encourage those who are resisting court-ordered desegregation—sometimes to the point of violence.

Let me here state, simply and directly, that this Administration will not tolerate unlawful segregation.

We will act swiftly and effectively against anyone who engages in violence.

I assure the people of this Nation that this Administration will do whatever it must to preserve order and to protect the Constitutional rights of our citizens.

The purpose of submitting this leigslation now is to place the debate on this controversial issue in the halls of Congress and in the democratic process—not in the streets of our cities.

The strength of America has always been our ability to deal with our own problems in a responsible and orderly way.

We can do so again if every American will join with me in affirming our historic commitment to a Nation of laws, a people of equality, a society of opportunity.

I call on the Congress to write into law a new perspective which sees court-ordered busing as a tool to be used with the highest selectivity and the utmost precision.

I call on the leaders of all the Nation's school districts which may yet face court orders to move voluntarily, promptly, objectively and compassionately to desegregate their schools.

We must eliminate discrimination in America.

We must summon the best in ourselves to the cause of achieving the highest possible quality of education for each and every American child.

GERALD R. FORD.

THE WHITE HOUSE, *June 24, 1976.*

[From the Office of the White House Press Secretary, June 24, 1976]

FACT SHEET: THE SCHOOL DESEGREGATION STANDARDS AND ASSISTANCE ACT OF 1976

The President today is sending legislation to Congress to improve the Nation's ability to deal with elementary and secondary public school desegregation.

BACKGROUND

The proposed legislation is the result of an eight-month review of school desegregation. In November, 1975, President Ford directed Attorney General Levi and Secretary Mathews to consider ways to minimize court-ordered busing. The President also stressed the need to assist local school districts in achieving desegregation before court action commenced.

Recently, President Ford has held a series of meetings with outside sources to discuss the recommendation resulting from the review. These meetings have included school board representatives, academic and educational experts, community leaders who have dealt with desegregation on the local level, civil rights leaders, members of Congress, and Cabinet officers.

DESCRIPTION OF THE LEGISLATION

The School Desegregation Standards and Assistance Act of 1976, in order to maintain progress toward the orderly elimination of illegal segregation in our public schools, and to preserve—or, where appropriate, restore—community control of schools, would:

1. Require that a court in a desegregation case determine the extent to which acts of unlawful discrimination have caused a greater degree of racial concentration in a school or school system than would have existed in the absence of such acts;

2. Require that busing and other remedies in school desegregation cases be limited to eliminating the degree of student racial concentration caused by proven unlawful acts of discrimination;

3. Require that the utilization of court-ordered busing as a remedy be limited to a specific period of time consistent with the legislation's intent that it be an interim and transitional remedy. In general, this period of time will be no longer than five years where there has been compliance with the court order.

4. Establish a National Community and Education Committee which will assist, encourage, and facilitate community involvement in the school desegregation process. This Committee will be composed of citizens from a wide range of occupations and backgrounds, with particular emphasis on individuals who have had personal experience in school desegregation activities. Committee members will assist on request communities which are, or will be, engaged in the desegregation of their schools by sharing ideas and recommendations for anticipating and resolving conflicts.

In addition to providing advice and technical assistance, the Committee will be authorized to provide grants to community groups for the development of constructive local participation that will facilitate the desegregation process. The Committee will be composed of not less than 50 nor more than 100 members. Ten of those, appointed by the President for fixed terms, will serve as an Executive Committee and will appoint the balance of the Committee.

PURPOSE OF THE LEGISLATION: LIMITS TO BUSING

The President indicated that where Federal court actions are initiated to deal with public school desegregation, busing as a remedy ought to be the last resort and ought to be limited in scope to correcting the effects of previous violations.

He proposes that Congress join with him in establishing guidelines for the lower Federal Courts in the desegregation of public schools.

The President also indicated his belief that each community should choose the alternative of voluntarily desegregating its public schools.

He proposes the establishment of a committee composed of citizens who have community experience in school desegregation activities and who are willing to assist other communities voluntarily desegregate their schools.

Mr. HRUSKA. Mr. President, I ask unanimous consent that the reference as to title I, of S. 3618, the President's busing proposal, pertaining to court procedures, be referred to the Committee on the Judiciary and that the reference on title 2, for the creation of the commission, be referred to the Committee on Labor and Public Welfare.

Mr. JAVITS. Mr. President, reserving the right to object, I did not hear the unanimous-consent request.

The PRESIDING OFFICER. It has to do with reference of the President's message on schoolbusing to two committees, one title to one and one to the other.

The request is that the bill be referred jointly to the Committee on the Judiciary and the Committee on Labor and Public Welfare, with Judiciary——

Mr. JAVITS. Well, Mr. President, I——

The PRESIDING OFFICER. If the Senator will suspend, with Judiciary to consider title 1 and Labor and Public Welfare to consider title 2.

Mr. JAVITS. Mr. President, I must object at the moment, and I hope the Senator will withdraw his request, because I am the ranking member of the Committee on Labor and Public Welfare, and I never heard of it.

The PRESIDING OFFICER. Objection is heard.

Mr. HRUSKA subsequently said: Mr. President, will the Senator yield for a brief unanimous-consent request?

Mr. BROCK. I yield.

Mr. HRUSKA. Mr. President, I renew my unanimous-consent request with regard to the School Desegregation Standards and Assistance Act of 1976, introduced earlier today. I ask unanimous consent that it be referred jointly to the Committee on the Judiciary and the Committee on Labor and Public Welfare. The Committee on the Judiciary is to concern itself with title I of the bill, and the Committee on Labor and Public Welfare is to concern itself with title II.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HRUSKA. I thank the Senator.

By Mr. STONE (for himself and Mr. Mansfield):

S.J. Res. 206. A joint resolution providing for a National Leadership Conference on Energy Policy to be held during 1977. Referred to the Committee on Interior and Insular Affairs.

(The remarks of Mr. Stone on the introduction of the above joint resolution are printed earlier in today's Record.)

ADDITIONAL COSPONSORS

S. 3239

At the request of Mr. Kennedy, the Senator from California (Mr. Tunney) was added as a cosponsor of S. 3239, the Health Professions Educational Assistance Act of 1976.

S. 3543

At the request of Mr. Dole, the Senator from Michigan (Mr. Griffin), the Senator from Nevada (Mr. Laxalt), the Senator from Idaho (Mr. McClure), the Senator from Alaska (Mr. Stevens), and the Senator from North Dakota (Mr. Young) were added as cosponsors of S. 3543, the National Full Employment and Anti-inflation Act.

S. 3595

At the request of Mr. Fannin, the Senator from North Dakota (Mr. Young) was added as a cosponsor of S. 3595, the Students' Freedom of Choice Act.

S. RES. 469

At the request of Mr. Haskell (for Mr. Jackson), the Senator from Idaho (Mr. Church) was added as a cosponsor of Senate Resolution 469, to disapprove energy action numbered 3.

S. RES. 470

At the request of Mr. Haskell (for Mr. Jackson), the Senator from Idaho (Mr. Church) was added as a cosponsor of Senate Resolution 470, to disapprove energy action numbered 4.

AMENDMENT NO. 1880

At the request of Mr. Beall, the Senator from Ohio (Mr. Taft) was added as a cosponsor of amendment No. 1880, intended to be proposed to the bill (H.R. 10612), to reform the tax laws of the United States.

AMENDMENT NO. 1888

At the request of Mr. McIntyre, the Senator from Tennessee (Mr. Brock) was added as a cosponsor of amendment No. 1888, intended to be proposed to S. 3105, to authorize appropriations for the Energy Research and Development Administration.

AMENDMENT NO. 1902

At the request of Mr. Taft, the Senator from New York (Mr. Buckley) was added as a cosponsor of amendment No. 1902 intended to be proposed to H.R. 10612, the Tax Reform Act of 1976.

AMENDMENTS SUBMITTED FOR PRINTING

TAX REFORM AMENDMENTS OF 1976—H.R. 10612

AMENDMENT NO. 1945

(Ordered to be printed and to lie on the table.)

Mr. GARY HART. Mr. President, today Senators Kennedy, Moss, and I are submitting an amendment for printing to H.R. 10612, that deals with the largest single unnecessary and preventable cause of illness and early death in the United States—cigarette smoking.

The amendment provides for a graduated tax, based on the tar and nicotine content of cigarettes, which will replace the existing "flat rate" Federal excise tax on cigarettes. As proposed, the amendment will both decrease the current price of the "safest" low tar and nicotine cigarettes, and substantially increase the price of the most toxic cigarettes.

This amendment is a revised version of S. 2902, the National Health Research and Development Act of 1976. It is appropriate that the amendment be offered to the tax reform bill, because it proposes a significant reform of the Federal cigarette excise tax which has not been revised or updated since 1952. However, this reform will affect not only the cigarette tax, but more importantly the physical well-being of millions of Americans.

The health problems now facing the country as a consequence of widespread cigarette smoking are of crisis proportions. This was more than evident during the hearings on smoking and disease which were recently held by the Senate Health Subcommittee. During those hearings, all aspects of S. 2902 were discussed and our amendment has been modified to reflect much of the testimony presented. In light of the information currently available, it would be clearly irresponsible to delay implementing effective reform.

In this regard, I would like to draw the attention of my colleagues to two major reports recently released by the Department of Health, Education, and Welfare. The first, entitled "The Health Consequences of Smoking—A Reference Edition," is a compilation of reports documenting the full range of scientific data relating to the health hazards of smoking. The second report, entitled "Adult Use of Tobacco," summarizes our understanding of human behavior and attitudes related to cigarette smoking.

Mr. President, the issue of smoking and disease is extremely important. It is one that we cannot afford to ignore, either in terms of human suffering or in terms of the financial drain on our economy. The amendment which we are introducing addresses this problem directly.

For the benefit of my colleagues, I ask unanimous consent that a brief fact sheet regarding this issue and the text of the amendment be printed in the Record.

There being objection, the amendment and fact sheet were ordered to be printed as follows:

Amendment No. 1945

At the end of the bill add the following new title:

TITLE XXII—HEALTH PROTECTION TAX ON CIGARETTES

Sec. 2201. Cigarette Excise tax.

(a) Subsection (b) of Section 5701 of the Internal Revenue Code of 1954, as amended, (relating to the rate of tax on cigarettes) is amended to read as follows:

"(1) All cigarettes.—

"(A) Imposition of tax. There shall be imposed on every cigarette, regardless of weight, which contains—

"(i) from 10.0 to 19.9 toxic units, a health protection tax of $0.0025;

"(ii) from 20.0 to 29.9 toxic units, a health protection tax of $0.0075;

"(iii) from 30.0 to 39.9 toxic units, a health protection tax of $0.015; and

"(iv) 40 or more toxic units, a health protection tax of $0.025.

"(2) For the purposes of paragraph (1), the number of 'toxic' units in a cigarette shall be calculated as the number of milligrams of 'tar' plus 10 times the number of the milligrams of nicotine which are contained in such cigarette.

"(3) The applicable tax rate provided in paragraph (1) shall be 40 percent of such rate during the calendar year 1977, at 60 percent of such rate during calendar year 1978, at 80 percent of such rate during the calendar year 1979, and at 100 percent of such rate during the calendar year 1980 and thereafter.

"(4) Determination of 'tar' and nicotine content.—

"(A) Testing by Federal Trade Commission.—The Federal Trade Commission (hereinafter referred to as the 'Commission') shall from time to time (but at least once each calendar year) determine or cause to be determined the 'tar' and nicotine content (calculated in milligrams per cigaret) of each brand of cigarettes manufactured in or imported into the United States. The conditions, methods, and procedures for conducting such determinations shall be promulgated by the Commission in regulations issued by it for purposes of this paragraph. Until such time as such regulations are first issued, the conditions, methods, and procedures for conducting such determinations shall be those approved by the Commission for formal testing which are in effect on the date of the enactment of the Tax Reform Act of 1976.

"(B) Certification to the Secretary.—During the last calendar quarter of each calendar year, the Chairman of the Commission shall certify to the Secretary of the Treasury or his delegate, the 'tar' and nicotine content of each brand of cigarettes manufactured in or imported into the United States. Such certifications shall be used by the Secretary of the Treasury to determine the rate of tax to be imposed on cigarettes for the period beginning with the first day of the calendar year beginning after such certification is made, and during such calendar year.

"(C) The Commission and the Secretary shall promulgate regulations for the purposes of testing, certifying, and imposing taxes under this subsection on new brands of cigarettes introduced for sale.

"(b) The amendments made by subsection (a) shall apply to cigarettes which the manufacturer or importer of such cigarettes removes (within the meaning of section 5702 (k) of such Code) after the dates specified in subsection (a) (3).

"(c) The Federal Trade Commission and the Secretary of the Treasury or his delegate shall promulgate regulations for the purposes of section 5701(b) of the Internal Revenue Code of 1954, as amended, within 60 days after the date of the enactment of the Tax Reform Act of 1976.

Health Protection Tax on Cigarettes

(Background Fact Sheet)

1. *How much do Americans smoke?*

In 1975, Americans smoked over 600 billion cigarettes. This corresponds to more than 200 packs or 4,000 cigarettes per person 18 years of age and older.

2. *What are the health consequences of smoking?*

There is overwhelming evidence linking cigarette smoking to illness and early death in the United States. The death rate for cigarette smokers is more than 70% higher than for non-smokers. Cigarette smokers have 70% more heart attacks than non-smokers. Eighty percent of all lung cancers are caused by cigarette smoking. Cigarette smokers are 10 times more likely to die from lung cancer than non-smokers. Cigarette smokers are 6 to 15 times more likely to die from chronic bronchitis and emphysema and much more likely to develop many other diseases than are non-smokers. In 1976, anywhere from one-fourth to one-half million Americans will die from these smoking induced diseases.

3. *What are the health costs of smoking?*

During hearings earlier this year before the Senate Health Subcommittee, the Assistant Secretary for Health testified that these smoking induced diseases now cost the American public in excess of $11.5 billion annually. Of course, this figure does not include the cost in human misery and suffering which is incalculably greater.

4. *What is the purpose of this amendment?*

This amendment will encourage public consideration of the significant health hazards associated with cigarette smoking. By reducing the current market price of less toxic cigarettes by 8 cents per pack, an incentive will be provided to smokers to switch to less dangerous cigarettes. By increasing the tax on the most toxic cigarettes, a further incentive will be created to encourage manufacturers to develop and market less hazardous cigarettes, thereby substantially decreasing future threats to public health.

5. *How will this affect the current Federal cigarette tax?*

The Health Protection Tax is designed to replace the current federal tax on cigarettes, which has remained at 8 cents per pack (regardless of tar and nicotine content) since 1952.

6. *What are the proposed Health Protection Tax rates?*

The amendment establishes five tax brackets for cigarettes, based on tar and nicotine. Each brand of cigarettes will be taxed according to the bracket into which it falls. The lowest tar and nicotine cigarettes will be exempt from the Health Protection Tax, the highest tar and nicotine brands will be taxed at the highest rates. During 1977, the Health Protection Tax will range from zero to 20 cents per pack. By 1980, when the tax is completely phased in, the Health Protection Tax will range from zero to 50 cents per pack. Thus, in four years, the price for a pack of cigarettes will be anywhere from 8 cents less than today's price of 42 cents more as a result of this amendment.

7. *How much revenue will be generated by the Health Protection Tax?*

This will, of course, depend on the extent to which smokers switch to lower tar and nicotine brands. Assuming there is a major switch to safer cigarettes, the Health Protection Tax will generate $2.8 billion in 1977, increasing up to $5.1 billion per year by 1980. In the unlikely event that there is no switch to "safer" cigarettes, the Health Protection Tax would generate $3.1 billion in 1977 and $7.6 billion per year by 1980. In either case, the tax compares favorably with the revenue generated by the current federal tax, which is estimated to generate approximately $2.6 billion during 1976.

8. *How will the new Health Protection Tax revenues be collected?*

The Health Protection Tax will be collected and deposited in the Treasury in the same general manner as is the existing federal cigarette tax.

9. *Why does this amendment not include cigars and pipe tobacco as well?*

Pipe and cigar smokers do have a slightly higher risk of death from coronary heart disease than non-smokers, but a much lower risk than cigarette smokers. This disparity has been attributed to the lower levels of inhalation that characterize most pipe and cigar smoking. In addition, procedures for determining the tar and nicotine contents of cigar and pipe tobaccos have not been routinely established at this time. For these reasons, a Health Protection Tax on these products has not been included in this amendment.

AMENDMENT NO. 1946

(Ordered to be printed and to lie on the table.)

Mr. HARTKE submitted an amendment intended to be proposed by him to the bill (H.R. 10612) to reform the tax laws of the United States.

AMENDMENT NO. 1949

(Ordered to be printed and to lie on the table.)

Mr. CHURCH submitted an amendment intended to be proposed by him to the bill (H.R. 10612), supra.

AMENDMENT NO. 1949

(Ordered to be printed and to lie on the table.)

Mr. BEALL submitted an amendment intended to be proposed by him to the bill (H.R. 10612), supra.

AMENDMENTS NOS. 1960 AND 1961

(Ordered to be printed and to lie on the table.)

Mr. NELSON (for himself, Mr. Hollings, Mr. Mathias, Mr. Brooke, Mr. Clark, Mr. Gary Hart, Mr. Philip A. Hart, Mr. Hartke, Mr. Haskell, Mr. Hathaway, Mr. Huddleston, Mr. Humphrey, Mr. Kennedy, Mr. Mondale, and Mr. Proxmire) submitted two amendments intended to be proposed by them jointly to the bill (H.R. 10612), supra.

AMENDMENT NO. 1962

(Ordered to be printed and to lie on the table.)

Mr. MONDALE (for himself, Mr. Nelson, Mr. Hollings, Mr. Mathias, Mr. Brooke, Mr. Clark, Mr. Gary Hart, Mr. Philip A. Hart, Mr. Hartke, Mr. Haskell, Mr. Hathaway, Mr. Huddleston, Mr. Humphrey, Mr. Kennedy, and Mr. Proxmire) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 10612), supra.

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION AUTHORIZATIONS—S. 3105

AMENDMENT NO. 1947

(Ordered to be printed and to lie on table.)

Mr. ABOUREZK. Mr. President, today, I am submitting an amendment to S. 3105, the ERDA authorization bill, which would—for the first time—charge ERDA to avoid organizational conflict of interest in its contracting. This amendment results directly from 3 days of hearings which I chaired in the Energy Research and Water Resources Subcommittee last winter.

The hearings revealed that there is presently no Federal statute whatsoever concerning organizational conflict of interest in Government contracting. Similarly, neither the General Services Administration nor the Office of Management and Budget has issued any regulations or guidelines in this area. A number of agencies—including ERDA—have taken the initiative to issue regulations on organizational conflict of interest which—by these agencies' own admissions—are inadequate. The inadequacy of these regulations was demonstrated in the subcommittee hearings last winter and was confirmed in a Comptroller General opinion. The subcommittee's hearings were the first held on this subject in the Congress in 12 years.

As a concept, conflict of interest is intuitive. The Bible warns simply:

> No man can serve two masters; for either he will hate the one and love the other, or else he will hold to the one and despise the others.

"Organizational" conflict is distinguished from "personal" conflict in that it applies the same conflict standards to organizations which apply to individuals.

In the early 1960's expenditures by the Federal Government for research and development grew dramatically. This growth forced the Government to review its policies with respect to this research. In 1962, a Presidential commission recommended that Federal agencies adopt codes of conduct to bar a firm from holding one contract in which it advised the Government on what type of hardware the Government should purchase and then turning around and bidding on a subsequent contract to sell the Government that same hardware. During this time there had been congressional hearings on a Ramo-Wooldridge contract by the Defense Department which involved precisely this classic conflict of interest. The direction of all Federal regulations on organizational conflict of interest promulgated since this time has been heavily influenced by this limited class of conflicts of interest.

As the Senate examines this issue, I would like to emphasize one point. Conflict of interest is measured by an objective standard. One need not find actual bias or corruption in order to establish that a conflict of interest exists. As the Supreme Court said in the Mississippi Valley case:

> An impairment of impartial judgment can occur in even the most well-meaning men when their personal economic interests are affected by the business they transact on behalf of the government.

For this reason the Supreme Court concluded that the conflict of interest laws attempt to prevent honest Government agents from succumbing to temtation by making it illegal for them to enter into relationships which are fraught with temptation. As applied to Government research this means that the Government should not contract with organizations to conduct research on subjects where the organization is tempted to bias the results of the research to benefit the organizations' financial interests.

Let me briefly summarize the results of the subcommittee's hearings on this subject. In 1974, Bechtel Corp. contracted with ERDA to study the economics of coal transportation.

Bechtel initiated the contract proposal, and it was awarded without competitive bidding. After formulating a computer model of coal transportation as a part of its contracted study, Bechtel utilized the computer model in part to compare the economics of transporting coal from Wyoming to Arkansas by unit train and by the coal slurry pipeline Energy Transportation Systems, Inc., hopes to build. However, it turns out Bechtel has a 40 percent interest in ETSI. This comparison between ETSI's project and unit trains occurred during phase II of the project when a test case was selected to validate the computer model created during phase I. At the hearing I submitted for the record the actual computer printouts of this test case computer run which contains the model's "preferred solution" for transporting coal from Wyoming to Arkansas, which concludes—predictably—that ETSI's coal slurry pipeline is a cheaper way to transport this coal than unit trains.

In addition to discussing the relationship between the Bechtel study and the ETSI proposal, witnesses at the hearing disclosed the following facts: First, Mr. Thomas Aude, of Bechtel, had eight billable hours working on those parts of the ERDA contract which relate to coal slurry pipelines at the same time he worked for ETSI; second, at the same time Bechtel's Scientific Development Operation and Pipeline and Production Services Division were performing the ERDA contract, these same Bechtel divisions were preforming a contract which Bechtel had concluded with ETSI to evaluate its pipeline proposal; and third, Bechtel personnel working on the ERDA contract demonstrated their interest in informing ETSI of the nature of the ERDA study by formally inviting ETSI to a briefing on the study.

On the basis of these facts and others in the record, I have concluded that the Bechtel's ERDA contract involved a conflict of interest due to its relationship to ETSI's pipeline proposal. The Comptroller General concluded that the actions of Bechtel and the Government were at least "somewhat questionable."

This type of conflict of interest is endemic in Government contracting. Example after example of such conflicts are described in "The Shadow Government," a recent book by Daniel Guttman. It is time that the Congress focused on this problem.

This amendment to the ERDA authorization bill is a modest beginning but would substantially improve current policies in this field. Because there is presently no statement of congressional policy in the field, this ERDA amendment will serve as a prototype for future efforts by Congress to prevent organizational conflicts of interest.

The ERDA amendment's definition of organizational conflict of interest, (g) (2) (A) and (B), is taken verbatim from present ERDA regulations. It would bar the award of contracts to organizations which "may be unable to render impartial, technically sound, or objective assistance or advice due to its other activities or its relationships with other organizations or would be given an unfair competitive advantage." This is meant to be a broad delegation of authority to ERDA. A narrower definition of conflict of interest might unduly restrict the agency.

However, this broad definition will be applicable to a wider range of contracts than is presently the case because, first, it applies to both advertised and negotiated contracts; second, a conflict is defined as arising with the presence of either bias or unfair competitive advantage; and third, the agency may not waive application of the conflict standard. In all three of these respects, the amendment goes beyond present ERDA regulations and serves fundamentally to broaden the impact of the conflict of interest principle. By presently limiting the application of this principle to a narrow range of contracts, ERDA frustrates effective implementation of the principle.

Furthermore, section (g) (3) requires—for the first time—disclosure by the contract applicant of potential conflicts of interest. Incredibly, ERDA presently requires no disclosure by a contract applicant of a conflict of interest, even if the applicant if fully aware of the conflict. These parts of the applicant's disclosure statement which are not privileged would be published for comment.

Section (4) requires ERDA to investigate for conflicts of interest any successful bidder or applicant. Such investigations would not be required of all bidders, only the one which is successful. No such investigation is presently required.

Sections (5) and (6) require ERDA to issue regulations and set the effective date of the provisions.

Imposing these simple requirements on ERDA will in no way delay or complicate ERDA's procurement process. This amendment provides no additional standing on any party to challenge ERDA's contracting process. It will, however, clearly notify ERDA that Congress wants that agency to strenghten its present program for the avoidance of organizational conflict of interest.

I ask unanimous consent that the following materials be printed in the Record:

First. Correspondence I have had with ERDA and the Department of the Interior regarding their regulations on organizational conflict of interest;

Second. The Comptroller General's opinion on the ERDA/Bechtel coal slurry contract; and

Third. Present ERDA regulations on organizational conflict of interest.

There being no objection, the material was ordered to be printed in the Record, as follows:

U.S. Senate,
Committee on Interior and
Insular Affairs,
Washington, D.C., January 20, 1976.

Mr. H. Gregory Austin,
Solicitor, Department of the Interior, Washington, D.C.

Mr. R. Tenney Johnson,
General Counsel, Energy Research and Development Administration, Washington, D.C.

Dear Sirs: During your agencies' appearances before the Subcommittee on Energy Research and Water Resources on November 17, 1975, I stated that I would be sending suggestions for revisions in your regulations for the avoidance of organizational conflict of interest. My suggestions are enclosed, together with a copy of the testimony of Mr. Gilbert Cuneo, given on November 21 before the Subcommittee, which will be helpful as background.

Several points are fundamental to understanding the thrust of these suggestions. First, I believe the orientation of your present regulations is insufficiently flexible in one crucial respect. In effect, they define and recognize the existence of a conflict of interest only if it is sufficient to require inclusion of a hardware exclusion clause. In effect this approach defines conflict of interest in terms of whether one particular remedy is appropriate. This results, if you will, in the tail wagging the dog. This approach necessarily leads your agencies to ignore the existence of conflicts of interest with respect to which inclusion of a hardware exclusion clause is not appropriate. For example, inclusion of such a clause is presently not appropriate if there is no follow-on procurement contract or if a contract is awarded on a sole-source basis. However, it is clear from the Subcommittee's hearings that organizational conflict of interest may exist even if there is no follow-on procurement contract and even if a contract is awarded on a sole-source basis. Therefore, I believe it makes no sense to define conflict of interest in terms of whether a hardware exclusion clause is appropriate. Rather, one must first determine—as per my suggestion—whether a conflict of interest exists, from whatever cause; and then determine the appropriate remedy, whether it be an exclusion clause or otherwise. This two step analysis will necessarily broaden your agencies' sensitivities to the existence of a conflict of interest, while also broadening your efforts to fashion an appropriate remedy.

Second, in terms of defining conflict of interest, I do not find your present regulations inadequate if it is made clear that a conflict may exist whenever a contractor's judgment or performance may be biased, even if there is no resulting competitive disadvantage. This point is made clear when conflict of interest is no longer, in effect, defined in terms of whether a hardware exclusion clause is warranted. By making it clear that conflicts of interest may exist even though an exclusion clause is not appropriate, it is also made clear that the two avowed purposes of your conflict regulations—protection of the government and protection of competitors—are fully independent and sufficient grounds upon which to take corrective action.

Third, when determining whether a contractor's judgment or performance may be biased, it is clear that the main focus should be on determining whether the contractor has some special and unique interest which creates divided loyalties. However, as I have stated in Section A(2), I also believe a conflict may arise even if the contractor receives no more benefits than any other contractor in the same industry. The point I am making is that industries—as well as the individual contractors within an industry—have special interests which may create a conflict of interest on the part of any contractor within that industry. This observation is certainly relevant to the decade-long debate over the appropriate government policy towards in-house research and non-profit contractors, however, I believe that in terms of your regulations it may be sufficient to incorporate my observation without directly engaging in the larger debate.

Fourth, because of the approach taken in my suggestions it will substantially broaden the number of contracts with respect to which a conflict will be noted, I recognize that under exceptional circumstances it may sometimes be necessary and in the public interest to award contracts despite the existence of a conflict. I have provided some guidelines for determining whether the tests of necessity and public interest have been met. If a contract is then awarded despite a conflict, I have set forth certain disclosures to be made of the conflict prior to and at the time the award is made and in all resulting work products. By remaining flexible as to the remedy which will be imposed once a conflict is noted—even to the point of selectively awarding contracts despite the existence of a known conflict—there will no longer be so much incentive to avoid an initial finding that a conflict, in fact, exists.

I have drafted these suggestions to emphasize a two step procedure because I am confident that ample recognition of the existence of a conflict will result in substantial and imaginative efforts to avoid that conflict. I am equally confident that where a conflict remains significant even after avoidance techniques have been employed, the government will choose in most cases not to award a contract and proceed to satisfy its needs without resorting to procurement. However, I emphasize that without an initial recognition of the existence of a conflict, no effort whatever will ensue to avoid it.

I know that your agency will be receptive to these suggestions and that revision of your regulations will substantially reduce the incidence of organizational conflict of interest. Because I understand that the General Services Administration shortly will be issuing its first regulations in this area, I have also sent them a copy of this letter. I am, however, also considering the desirability of introducing legislation in the area.

I request that you prepare a detailed evaluation of my suggestions by February 13, 1976. If you have any questions, please feel free to contact me directly or contact Chuck Ludlam at 224-4434.

Sincerely,

JAMES ABOUREZK.

[Attachment.]

PRINCIPLES OF CONFLICT OF INTEREST

The following outline presents principles to be incorporated in regulations for avoidance of organizational conflict of interest. These statements of principle are not drafted in language appropriate for adoption as a regulation. Accordingly, all discussions of these principles should focus on the ideas expressed rather than on language or form.

This outline makes a clear distinction between the issues of (1) whether a conflict of interest exists, and (2) the appropriate steps to be taken to avoid the conflict.

A. DETERMINATION OF EXISTENCE OF A CONFLICT OF INTEREST

(1) An independent purpose of conflict of interest regulations is to avoid a conflict which may affect the capacity of a contractor to render impartial, technically sound, and objective assistance and advice to the government. The government's interest in receiving such assistance and advice is fully sufficient to justify government action to avoid a conflict of interest, even through competitors of the contractor are in no way affected by the conflict. Therefore, a conflict of interest may exist even if a contract is awarded on a sole source basis or there is no follow-on procurement contract.

(2) A conflict of interest may exist whenever a contractor may receive benefits from the contract beyond those specified in the contract. A conflict may arise from benefits which later accrue to the industry of which the contractor is a part even if the contractor itself receives no more benefits than any other contractor in the industry. It makes no difference whether the benefits are later to be awarded or conferred by the government or whether they arise in the contractor's dealings in the private sector. Interests which create a conflict may include prior and prospective interests as well as current interests. Under exceptional circumstances a conflict may arise from benefits which are not directly financial in character. Whether or not the particular benefits which accrue to a contractor raise a conflict of interest is a determination primarily related to whether the benefits which accrue to the contractor would accrue to any organization or individual performing the contract or whether they accrue to some special degree to a particular contractor or industry because of interests of that particular contractor or industry. Such a determination can be made only after a complete investigation and analysis of the nature of the contract and of the benefits and the relationship of such benefits to the performance of the contract.

(3) The receipt by a contractor of certain types of special benefits is presumed to raise a conflict of interest. Included among the special benefits raising such presumption are the following:

(a) permitting a contractor to bid on a government procurement contract, the nature of which may be or is determined in whole or in part by the results of an earlier contract performed by the same contractor; or

(b) a contractor performing a research contract which requires an evaluation of the efficiency or performance of facilities or technology in which the contractor has or may have a financial interest.

(4) Where the result of a contract may have an effect on the direction of government policy in a way which benefits the contractor, a conflict of interest may exist even though the contract results do not absolutely assure the ultimate direction of the government policy. In other words, government regulations should recognize that the capacity of a contractor to render impartial, technically sound, and objective assistance and advice may be affected if the contractor perceives that the contract results may have a partial effect on subsequent government decision-making. Furthermore, a conflict of interest may arise where a contract which is awarded by one agency may have an effect on the direction of another agency's policy in a way which benefits the contractor.

(5) When determining whether a contractor has a conflict of interest, the interests of the directors of the contractor should be given equal weight with the interests of the contractor itself.

(6) The way in which the contractor intends or may make use of the work product of a contract determines whether or not a conflict of interest exists, even though it may not be the government's intention or practice to use the contract work product in that particular way.

(7) Because the purpose of conflict of interest regulations is to prevent even the temptation for bias, it is not relevant to any determination regarding the existence of a conflict of interest that the government later can identify and neutralize any bias affecting the work product of the contract. Similarly, it is not relevant that the contractors has the professional reputation of being able to resist temptations such as arise from a conflict of interest.

(8) All contract applicants should be required to affirmatively disclose to the agency the existence of any potential conflict of interest. Such applicants must also furnish a complete list of prior, current, and prospective clients as well as a description of the work performed. Similarly all government contract officers should be required to investigate the contract applicant for any possible conflict of interest. The agency shall take steps to assure that disclosure of any of this information provided by the contractor respects any legitimate need for privacy on the part of the applicant.

(9) Disclosure requirements and investigation should be especially rigorous if the contract proposal was unsolicited by the government because unsolicited proposals are by their nature more likely to reflect the interests of the company making the proposal.

(10) The existence of a conflict of interest is more likely to be disclosed if a contract award is based on competitive bidding. For this reason government regulations should emphasize that unsolicited proposals should be awarded to the company making the proposal on a sole source basis only if competitive bidding is clearly inappropriate.

B. ACTION TO PREVENT OR NEUTRALIZE A CONFLICT OF INTEREST

(1) When a conflict of interest is found to exist, the government should attempt to fashion a contract clause to bar the flow of benefits—whatever they might be—to the contractor which create the conflict. In-

cluded among the clauses which may serve this purpose are hardware exclusion clauses, clauses requiring the contractor to divest the conflicting interests or clauses which prevent any overlap of personnel or reliance on data which creates the conflict. As one method for neutralizing a conflict of interest, the government may consider awarding overlapping contracts to each of several organizations with differing or competing interests.

(2) If it is not possible for the government to fashion an effective contract clause or award overlapping contracts which prevents or neutralizes a conflict of interest, the government should thoroughly evaluate whether the advice and assistance may be obtained without awarding a contract.

(3) If the government determines it must award a contract, the government may not award the contract to an organization with a conflict, unless (a) all feasible and prudent steps have been taken to avoid the conflict, (b) no other organization or combination of organizations are capable of performing the contract without an equivalent conflict of interest, (c) no other organization is unfairly disadvantaged, (d) the nature of the conflict is disclosed for public comment in advance of the contract award, at the time the contract is awarded, and in all of the work product of the contract,[1] and (e) the General Counsel of equivalent officer of the department or agency expressly approves the awarding of the contract as being necessary and in the public interest.

(4) If a contract applicant fails to disclose a conflict of interest known to it at the time the contract is awarded and if this conflict is later discovered by or brought to the government's attention, the government should be empowered to bar the flow of special benefits to the contractor or take other steps to neutralize the conflict, even though no benefits exclusion or other clause initially was written into the contract. The government should seek to impose other penalties on the contractor as appropriate.

(5) If, during the performance of a contract, a conflict of interest arises due to circumstances not foreseeable when the contract was awarded, the government should formally evaluate whether the conflict of interest may so affect the capacity of the contractor that unilateral termination of the contract by the government is warranted.

(6) Standing should be given to competitors or other interested parties to challenge the awarding of a contract on the basis that regulations on conflict of interest have been violated. Procedures should be adopted so that any such challenge will be expeditiously resolved.[2]

U.S. ENERGY RESEARCH AND
DEVELOPMENT ADMINISTRATION,
Washington, D.C., February 20, 1976.

Hon. JAMES ABOUREZK,
Senate Committee on
Interior and Insular Affairs.

DEAR SENATOR ABOUREZK: Thank you for your thoughtful letter dated January 20, 1976, requesting my comments on suggested revisions in ERDA regulations governing the avoidance of organizational conflicts of interest.

Your suggestions raise certain fundamental questions that could have far-reaching consequences not only for ERDA's procurement practices but for procurement throughout the Federal Government. Accordingly, I have taken the liberty of forwarding a copy of your letter for study and review to those agencies directly concerned with overall Federal procurement policy, namely, the General Services Administration, the Office of Federal Procurement Policy, and the Armed Services Procurement Regulations Committee.

However, I should like to offer some preliminary thoughts I have in regard to your suggested revisions. In general, I believe that the present ERDA regulations for avoidance of organizational conflicts (Part 9.154, copy enclosed for your convenience), while they might be improved as discussed briefly below, are basically sound. Starting from the premise that there are a myriad number of situations that might present an actual or potential conflict of interest, ERDA's regulations are based on two fundamental and separate principles: first, that prospective contractors should not be placed in a position where the circumstances would hamper their unbiased and objective advice or assistance; or, second, where the award of a contract would, by reason of extrinsic facts, give them an unfair competitive advantage.

Since not all actual or potential conflict cases can be clearly identified in advance, it must be recognized that the application of the basic principle—preventing actual or potential bias in the contractor's judgment or unfair competitive advantage or both—will ultimately depend on the exercise of good judgment by procurement officials in the light of all the facts to the extent that they are or can be known.

It is in this latter regard, the fullest knowledge of the facts and circumstances bearing upon the conflicts question, where I believe a positive step forward can be taken as suggested by one of your recommendations. That is to say, it would, as you suggest, be helpful to require affirmative disclosure by contract applicants for conflicts purposes. Just how such disclosure should be made—perhaps for example, by way of a blanket certification similar to that of the certification or representation regarding small business status or contingent fees; or by way of a detailed statement of financial interests similiar to those currently required of higher grade Government employees and consultants and advisors—is something that will require careful study. Similarly, the proper evaluation of any disclosure reports or filings would require a detailed review by knowlegeable Government personnel (technical assessment; legal staff; economists and accountants) that could add substantially to the overall time frame for the procurement process, especially in the case of large dollar-volume contracts involving research and development aimed at advancing the state of the art in the entire spectrum of energy technologies (solar, geothermal, fossil, nuclear, etc.) with an attendant unavoidable delay, which may well not be in the Government's best interest under some circumstances.

I can certainly agree, too, that competitive procedures are better than sole-source awards as a means of minimizing conflicts of interest, as pointed out in one of your suggestions. We at ERDA are emphasizing to all our contracting personnel the need for increasing competition in obtaining contractor assistance of all types.

On the other hand, some of your recommendations appear to me to be based on a misunderstanding of our current regulations. For example, your letter states that our regulations "define and recognize the existence of a conflict of interest *only* if it is sufficient to require the inclusion of a hardware exclusion clause" (italic supplied). You will note in this regard that our regulations provide in pertinent part:

"The general policy [of preventing bias and unfair competitive advantage] cannot be automatically or routinely implemented; the application of considered judgment is necessary if that policy is to be applied in an effective, workable manner. The following sections provide guides for the application of the general policy in specific situations. However, contracting and program officials should be alert to other situations which may warrant application of the general policy." (§ 9-1.5406(c))

As I also pointed out in my prepared statement submitted to your Subcommittee on November 17, 1975 (copy attached, page 3), a restriction on follow-on procurement is merely one tool, apart from not letting the contract to a particular firm, which may be used to accomplish the paramount objective of preventing biased judgment by or unfair competitive advantage to the contractor. Again, in the case of unsolicited proposals, I pointed out that the ERDA staff review procedure is designed to determine whether a potential conflict exists and, if so, whether the conflict shall be resolved "either by not awarding the contract or by adding properly drawn restrictions against future procurements in defined areas." (Page 8)

You note in your letter, "I do not find your [ERDA] present regulations inadequate *if it is made clear* that a conflict may exist whenever a contractor's judgment or performance may be biased, even if there is no resulting competitive disadvantage." (italic supplied) I submit that our regulations do, in fact, make this distinction.

Some of your recommended revisions or principles appear to me to pose substantial problems of interpretation and application. For example, under your principle designated A.(6), it is stated that "the way in which the contractor *intends* or may make use of the work product of a contract determines whether or not a conflict of interest exists, even though it may not be the Government's *intention* or practice to use the contract work product in that particular way." (italic supplied) In my view, to predicate a finding of conflict on the contractor's "intent" (assuming that such intent could be inferred from facts *preceding* an award), in contradistinction to the Government's "intention", is to introduce an extraneous and misleading element into the entire process of avoidance of conflicts. Whether a contractor has or may have bias or unfair advantage should depend on an objective evaluation by the Government of all the known facts and circumstances, and no element of "intent" (on the part of the contractor or Government) need come into play.

I am particularly concerned about the concept that a conflict of interest may be found where (your principles designated A(2)) "benefits . . . later accrue *to the industry* of which the contractor is a part *even if the contractor itself* receives no more benefits than any other contractor in the industry" (italic supplied). To promulgate this concept as a fundamental principle for conflicts avoidance would, I believe, be inconsistent with the declared Congressional policy governing ERDA's mission under its organic Acts (Energy Reorganization Act of 1974, P.L. 93-438; Federal Nonnuclear Act, P.L. 93-577), and it would thwart ERDA from accomplishing its mission. Under the cited Acts, ERDA is charged with carrying out a broad range of research and development programs to explore and utilize all forms of energy. The ultimate objective is to make all energy sources (fossil, nuclear, solar, geothermal) *commercially* available for the national wellbeing and security. Therefore, if ERDA, in letting a research and development for solar energy application to company A, were to be precluded from such an arrangement because "the industry of which [company A] is a part," would benefit—a fundamental purpose of the aforementioned Acts—then clearly this agency could not operate to accomplish the tasks mandated by the Congress. I therefore, believe such a test as you have proposed of "benefit to industry" is at war with declared Congressional intent set forth in our organic Acts and is unworkable.

Lastly, I disagree with the concept—inherent in your proposals—that if a contractor has any conceivable self-interest in the outcome of the contract in terms of benefiting from possible future governmental action, the contract should not be awarded or should be avoided. There is a spectrum of situations in which possible future benefits to the contractor may be inferred. Not all of them, in my view, call for avoiding the contract.

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[1] All reports or other work product authored or substantially authored by contractors should be clearly identified as such, whether or not a conflict exists.

[2] Congressional action would be needed to fully implement this proposal.

In the first place, one of the incentives inherent in any contract is a possible future benefit to be derived from performance of the work. The development contractor, for example, hopes for a future production contract (either from the Government or possible commercial customers) and, depending on the complexity of the developed item, has a built-in advantage for such a contract over possible competitors. (I agree that the Government should do everything possible to bring in competition for such contracts as early as possible.) Such an advantage is recognized as fair and not a "conflict of interest."

This is near one end of the spectrum of situations; toward the other end is the situation where a contractor is to prepare a work plan or a specification. The possibility of favoring one's own product in this situation is real and should generally be avoided. Even here, however, the possibility of conflict of interest, while real, may nonetheless be mitigated by subsequent independent reviews and testing of the contractor's actual work product. Here your concept of "overlapping awards"—separate contracts for portions of the overall work product—may have some useful application. While it is difficult to articulate the specific point on this spectrum where permissible contracts cross over to impermissible ones, certainly a crucial factor in judging on these matters is the relative predictability that the contract results will be used in the manner reasonably envisaged by the contractor.

The conclusion which I draw from all this is that Government contracting officials must ever be alert to the potential for organizational conflicts of interest and must be prepared, as provided for in our regulations, to exercise their best judgment in the light of the basic principles of avoiding bias in work product or preventing unfair competitive advantage and in the light of all the facts in each specific situation.

I trust that the foregoing preliminary thoughts and comments will be helpful to your Subcommittee. Please let me know if I can provide further information.

Sincerely,

R. TENNEY JOHNSON,
General Counsel.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SOLICITOR,
February 20, 1976, Washington, D.C.

Hon. JAMES ABOUREZK,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ABOUREZK: This refers to your letter of January 20, 1976, and the attached "Principles of Conflict of Interest" addressed to the General Counsel of ERDA and myself, in which you bring to our attention your thoughts and suggestions for consideration in revising our regulations relating to the avoidance of organizational conflicts of interest. You have asked for our evaluation of your suggestions.

I would like to thank you for your interest in the Department with regard to this matter.

Before considering specific items, there are several observations I would like to make. A number of your suggestions present novel approaches and raise broad policy considerations that are of general concern to at least those Government agencies with contracting programs. The establishment of a broad Government-wide policy is, of course, outside the scope of this Department's authority. Such authority is vested in the General Services Administration which has the responsibility for promulgating the Federal Procurement Regulations (FPRs), the Office Federal Procurement Policy (OFPP) within the Office of Management and Budget, and the Armed Services Procurement Regulation Committee (ASPR). As you are aware, the FPR Committee in GSA is presently developing a regulation on avoidance of organizational conflicts of interest. In this context my remarks relate solely to the position of this Department and do not constitute the official position of the Executive Branch on this subject.

One of the most difficult issues to be resolved in formulating a policy on organizational conflicts of interest is the establishment of an adequate definition of what constitutes such a conflict. Subparagraphs (2), (3) and (4) of Section A of the attachment to your letter address this issue, focusing primarily on the avoidance of benefits to a contractor. In my opinion further refinement is still required lest by overzealousness we inhibit the incentive of contractors to do business with the Government. In this regard, I believe that more than simply benefits to a contractor must be identified in reaching the determination of the existence of an organizational conflict of interest. There must also be considered whether there is an adverse impact on the Government as the result of those benefits. To the extent that benefits can be categorized as placing a Government contractor in a position where it has an unfair competitive advantage or if a contractor's interests are such that there would be a justifiable basis for assuming that such a contractor's work product will be biased or otherwise prejudiced, then I agree there must be adequate safeguards to protect the Government's interests. I would not at this time be inclined to limit benefits flowing to a Government contractor beyond these general parameters.

While the suggestion in subparagraph (5) of Section A of the attachment, that the interests of the directors of a company should be given equal weight with the interest of the contractor in determining organizational conflicts of interest, has merit as an abstract principle, I believe the implementation of such a standard poses substantial problems which require further study and consideration. One item that will have to be considered is the definition of the type of interests of the director of a company that will constitute an organizational conflict for the company itself. A related question is, should the interests of officers of the company and major stockholders also be included in the determination? In addition there are practical problems related to the gathering of information on the interests of the individuals within the corporation, and in evaluating such information. Should the Government require a corporation to gather disclosure statements from its employees? Should the corporation or the Government, or both, analyze the information? Who, and how with any degree of certainty and reasonableness, should make the decision as to whether an individual's private interest constitutes an organizational conflict on the part of the corporation? Consideration will also have to be given to such questions as should there be a right of appeal for either or both the individual and the corporation; who would hear the appeal and the procedures that will have to be established to handle the appeal; all impacting upon the manpower constraints under which we all operate and the need to expeditiously handle the business of the Government.

The suggestion in subparagraph (6) of Section A of the attachment would require the procurement activity to predict during the contractor selection process whether the work product of the contract will constitute an organizational conflict of interest for the contractor at some undefined future time. I believe that in most instances this will constitute an unreasonable burden since adequate information will not be available to the procurement activity at the time of contractor selection to make this type of a determination.

The suggesion which is implicit in subparagraph (8) of Section A, that there should be fuller disclosure requirements on the part of contractors to assist the Government in making a determination as to whether there is an organizational conflict of interest, has merit and should be explored further. However, I anticipate that there will be considerable difficulty in drafting a provision that will be sufficiently definitive and yet broad enough to accomplish the objective of requiring a contractor to affirmatively disclose a potential conflict of interest.

Subparagraphs (9) and (10) of Section A deal with unsolicited proposals. In many instances companies expend considerable time and effort in preparing unsolicited proposals. These proposals are, of course, submitted by companies with the hope and expectation that their efforts will be rewarded with Government contracts. Frequently, an unsolicited proposal will contain a company's proprietary data and information. Unsolicited proposals are also a valuable resource to this Department, as well as other Government agencies.

In formulating any type of policy that restricts the award of contracts to firms submitting unsolicited proposals, there must be a careful balancing that takes into consideration the various factors enunciated in the preceding paragraph. This Department has already issued a regulation which defines the findings and justifications that are required before a noncompetitive award may be made on the basis of an unsolicited proposal. (See the recent additions to 41 CFR 14–3, 40 Federal Register 39864, August 29, 1975.)

Your suggestions would add a new dimension to the above restrictions—vigorous disclosure requirements and investigations of unsolicited proposals to determine organizational conflicts of interest. If such a procedure were adopted it might inhibit a valuable resource to the Department, as well as adding sizeable administrative costs. Therefore, I would urge that any policy change of this type be coordinated with the entities responsible for establishing an overall Government policy in this area.

With respect to Section B of the attachment which is entitled "Action to Prevent or Neutralize a Conflict of Interest," I believe the fashioning of appropriate safeguards must be on a case-by-case basis after analysis and determination of the nature of the organizational conflict of interest presented. The inclusion of a hardware exclusion clause in the follow-on procurement type of situation is one such remedy which has been used by this Department in a number of instances. (A list of those procurements where this type of clause has been used has already been furnished to your office.) The Department will, of course, continue to use hardware exclusion clauses in appropriate cases. Subparagraph (1) of Section B also refers to clauses which require the contractor to divest the conflicting interest; clauses which prevent any overlap of personnel or reliance on data which creates the conflict and awarding overlapping contracts to neutralize an organizational conflict of interest. Subparagraphs (2), (3), (4), and (5) of Section B describe the steps that should be taken if the Government cannot draft an adequate clause to deal with an organizational conflict of interest. All of your suggestions may have merit, however, it is not possible for me to evaluate the appropriateness of these suggestions without having specific factual situations before me.

In regard to subparagraph (6) of attachment B, there already exists an established procedure whereby the General Accounting Office (GAO) considers organizational conflict of interest issues. If those procedures are considered inadequate then I agree that some other or additional procedures should be provided.

Sincerely yours,
H. GREGORY AUSTIN.

U.S. SENATE,
COMMITTEE ON INTERIOR AND
INSULAR AFFAIRS,
Washington, D.C., February 27, 1976.

Mr. R. TENNEY JOHNSON,
General Counsel, Energy Research and Development Administration, Washington, D.C.

DEAR MR. JOHNSON: This refers to your February 20, 1976, reply to my letter of January 20, 1976, regarding your agency's regulations for the avoidance of organizational conflict of interest.

In certain respects your letter failed to comment directly on the conflict of interest principles set forth in my letter. So that I may understand your Department's position with respect to each of the principles which I proposed, would you please give me separate and specific answers to each of the following ten questions:

1. Does your Department agree that in implementing your Department's conflict of interest regulations, a clear distinction should be made between (a) whether a conflict of interest exists and (b) the appropriate steps to be taken to avoid any conflict, and if not, why not?

2. Does your Department agree that a conflict of interest may exist where the results of a contract have an effect on the direction of government policy in a way which benefits the contractor, even though the contract results do not absolutely assure the ultimate direction of that government policy, and if not, why not?

3. Does your Department agree that a conflict of interest may arise where the results of a contract awarded by one agency have an effect on the direction of another agency's policy in a way which benefits the contractor, and, if not, why not?

4. Does your Department agree that a conflict of interest may exist where it knows that a contractor will receive benefits from the contractor's use of the work product of a contract, even though such use is not that which the government will make of the results, and if not, why not?

5. Does your Department agree that because the purpose of conflict of interest regulations is to prevent even the temptation for bias on the part of a contractor, it is not relevant to any determination regarding the existence of a conflict that the government may later attempt to identify and neutralize any bias affecting the work product of the contract, and, if not, why not?

6. Does your Department agree that in determining whether a conflict of interest exists it is not relevant that a contractor has the professional reputation of being able to resist temptations such as arise from a conflict of interest, and if not, why not?

7. Does your Department agree that unsolicited proposals are by their nature more likely to involve a conflict of interest on the part of the company making the proposal than is the case with a contract proposal initiated by the government, and if not, why not?

8. Does your Department agree that disclosure requirements for contractors awarded sole-source contracts resulting from an unsolicited proposal should be no less extensive than for contractors awarded contracts on the basis of competitive bidding and not resulting from an unsolicited proposal, and if not, why not?

9. Does your Department agree that if a contract applicant fails to disclose a conflict of interest known to it at the itme the contract is awarded and if this contract is later discovered by or brought to the government's attention, your Department has the power at least to disqualify that contractor from bidding on a follow-on procurement contract, and if not, why not?

10. Does your Department agree that standing should be given to competitors or other interested parties to challenge the awarding of a contract on the basis that regulations on conflict of interest have been violated, and if not, why not?

Because your Department has already fully considered the matters addressed in these questions in responding to my January 20, 1976, proposals, would you provide your answers to me by Friday, March 5. Printing of the transcript of the Subcommittee's Bechtel hearings will be delayed if your answers are not submitted to me by that date.

Please contact Chuck Ludlam at 224-4434 if you have any questions regarding this letter.

Sincerely,
JAMES ABOUREZK.

U.S. SENATE,
COMMITTEE ON INTERIOR AND
INSULAR AFFAIRS,
Washington, D.C., February 27, 1976.

Mr. H. GREGORY AUSTIN,
Solicitor, Department of the Interior, Washington, D.C.

DEAR MR. AUSTIN: This refers to your February 20, 1976, reply to my letter of January 20, 1976, regarding your agency's regulations for the avoidance of organizational conflict of interest.

In certain respects your letter failed to comment directly on the conflict of interest principles set forth in my letter. So that I may understand your Department's position with respect to each of the principles which I proposed, would you please give me separate and specific answers to each of the following fifteen questions:

1. Does your Department agree that in implementing your Department's conflict of interest regulations, a clear distinction should be made between (a) whether a conflict of interest exists and (b) the appropriate steps to be taken to avoid any conflict, and if not, why not?

2. Does your Department agree that a conflict of interest may exist even if there is no follow-on procurement contract, and if not, why not?

3. Does your Department agree that a conflict of interest may exist even if a contract is awarded on a sole-source basis, and if not, why not?

4. Does your Department agree that a conflict of interest may exist if a contractor's interests are such that there would be a justifiable basis for assuming that such a contractor's work product will be biased or otherwise prejudiced, even if the contractor is not placed in a position where it has an unfair competitive advantage, and if not, why not?

5. Does your Department agree that a conflict of interest may arise from benefits which later accrue to the industry of which the contractor is a part even if the contractor itself receives no more benefits than any other contractor in the industry, and if not, why not?

6. Does your Department agree that a conflict of interest may exist where the results of a contract have an effect on the direction of government policy in a way which benefits the contractor, even though the contract results do not absolutely assure the ultimate direction of that government policy, and if not, why not?

7. Does your Department agree that a conflict of interest may arise where the results of a contract awarded by one agency have an effect on the direction of another agency's policy in a way which benefits the contractor, and if not, why not?

8. Does your Department agree that a conflict of interest may exist where it knows that a contractor will receive benefits from the contractor's use of the work product of a contract, even though such use is not that which the government will make of the results and if not, why not?

9. Does your Department agree that because the purpose of conflict of interest regulations is to prevent even the temptation for bias on the part of a contractor, it is not relevant to any determination regarding the existence of a conflict that the government may later attempt to identify and neutralize any bias affecting the work product of the contract, and if not, why not?

10. Does your Department agree that in determining whether a conflict of interest exists it is not relevant that a contractor has the professional reputation of being able to resist temptations such as arise from a conflict of interest, and if not, why not?

11. Does your Department agree that unsolicited proposals are by their nature more likely to involve a conflict of interest on the part of the company making the proposal than is the case with a contract proposal initiated by the government, and if not, why not?

12. Does your Department agree that disclosure requirements for contractors awarded sole-source contracts resulting from an unsolicited proposal should be no less extensive than for contractors awarded contracts on the basis of competitive bidding and not resulting from an unsolicited proposal, and if not, why not?

13. Does your Department agree that the existence of a conflict of interest is more likely to be disclosed if a contract award is based on competitive bidding, and if not, why not?

14. Does your Department agree that if a contract applicant fails to disclose a conflict of interest known to it at the time the contract is awarded and if this contract is later discovered by or brought to the government's attention, your Department has the power at least to disqualify that contractor from bidding on a follow-on procurement contract, and if not, why not?

15. Does your Department agree that standing should be given to competitors or other interested parties to challenge the awarding of a contract on the basis that regulations on conflict of interest have been violated, and if not, why not?

Because your Department has already fully considered the matters addressed in these questions in responding to my January 20, 1976, proposals, would you provide your answers to me by Friday, March 5. Printing of the transcript of the Subcommittee's Bechtel hearings will be delayed if your answers are not submitted to me by that date.

Please contact Chuck Ludlam at 224-4434 if you have any questions regarding this letter.

Sincerely,
JAMES ABOUREZK.

U.S. ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION,
Washington, D.C., March 24, 1976.

Hon. JAMES ABOUREZK,
Senate Committee on Interior and Insular Affairs.

DEAR SENATOR ABOUREZK: ERDA is pleased to reply to your specific questions in the order stated in your letter of February 27, 1976.

1. Question. Does your Department agree that in implementing your Department's conflict of interest regulations, a clear distinction should be made between (a) whether a conflict of interest exists and (b) the appropriate steps to be taken to avoid any conflict, and if not, why not?

Answer. ERDA agrees that the two questions are distinct and sequential. However, they are also interrelated and must not be considered in isolation from each other. Further, each of the questions has a number of divisions. For example, is the conflict of interest actual or hypothetical, is it significant, can it be mitigated by steps taken either during or after the contract? Resolution of these matters requires consideration of the entire context rather than approaching the problem solely as a two-step process.

2. Question. Does your Department agree that a conflict of interest may exist where the results of a contract have an effect on the direction of government policy in a way which benefits the contractor, even though the contract results do not absolutely assure the ultimate direction of that government policy, and if not, why not?

Answer. A conflict of interest may or may not exist in the situation posed. Whether the conflict exists depends on the specific facts of the situation. The predictability of the beneficial result to the contractor is an element in determining whether the conflict is so significant that steps need to be taken to mitigate or avoid it. Moreover, the mere possibility of future benefit to the contractor—without further definition of what that benefit is or how reasonably predictable it is—is not sufficient to create a conflict of interest. In ERDA procurement, successful performance of a development contract may well create opportunities for future contracts or commercial business, and give the contractor an advantage for these benefits.

Such opportunities are part of the incentives to perform the contract and not inherently conflicts of interest. The advantage is not in itself unfair nor does it create the likelihood of bias in the work product. On the other hand, performance of a planning contract which lays out a future development program and delimits choices, may very well induce bias in the contract result or give the contractor an advantage which is truly unfair, unless steps are taken—such as an exclusion from government-sponsored development work in the field for a limited time—to mitigate or avoid the conflict.

3. Question. Does your Department agree that a conflict of interest may arise where the results of a contract awarded by one agency have an effect on the direction of another agency's policy in a way which benefits the contractor, and, if not, why not?

Answer. A conflict of interest may conceivably arise in this situation, and procurement officials must remain sensitive to the possibility. Nevertheless, in a specific case, facts may indicate that the likelihood or predictability of benefits to the contractor is so uncertain as to mitigate the conflict. For example, if a contractor successfully performs a development contract for one agency, another agency may wish to engage that contractor to assist in drafting a regulation based on the technology. This would not appear to be a conflict situation, at least as far as the first agency is concerned. However, a conflict might more readily arise if the sequence is reversed: if one contractor assists first in drafting the regulation, it may create an advantage for itself in any later government-sponsored development work to meet the conditions of the regulation.

4. Question. Does your Department agree that a conflict of interest may exist where it knows that a contractor will receive benefits from the contractor's use of the work product of a contract, even though such use is not that which the government will make of the results, and if not, why not?

Answer. A conflict of interest may conceivably exist in this situation, but in our view it is more likely not to exist. As indicated in previous answers, the possibility that successful performance of a development contract will create future business opportunities for the contractor is not unfair, nor will it necessarily result in a biased work product. In ERDA's case, if successful performance leads to competitive commercialization of an energy technology by the contractor and by others, one of ERDA's principal missions is fulfilled. To exclude an ERDA contractor from commercializing the technology it develops is neither practicable nor desirable. ERDA must take care, of course, to assure that other companies can practice the technology as well as the original contractor.

5. Question. Does your Department agree that because the purpose of conflict of interest regulations is to prevent even the temptation for bias on the part of a contractor, it is not relevant to any determination regarding the existence of a conflict that the government may later attempt to identify and neutralize any bias affecting the work product of the contract, and, if not, why not?

Answer. A conflict may be determined to exist without reference to steps which may be taken to mitigate or avoid it. However, if such steps are taken, the conflict may then cease to exist. As an incidental point, ERDA does not agree that the purpose of the regulations should be stated as preventing "even the temptation for bias"; such a test is too abstract and subjective to be useful. The purpose is to avoid placing contractors in position where the circumstances would hamper their providing unbiased and objective advice and assistance or in positions where the award of a contract would extrinsically give them an unfair competitive advantage.

6. Question. Does your Department agree that in determining whether a conflict of interest exists it is not relevant that a contractor has the professional reputation of being able to resist temptations such as arise from a conflict of interest, and if not, why not?

Answer. ERDA agrees that the contractor's reputation is not a controlling factor in determining whether a conflict of interest exists.

7. Question. Does your Department agree that unsolicited proposals are by their nature more likely to involve a conflict of interest in the part of the company making the proposal than is the case with a contract proposal initiated by the government, and if not. why not?

Answer. The potential for conflict of interest is as real in a response to a government initiative as it is where a company comes up with a good idea on its own initiative. Procurement officials should be equally sensitive to this potential whether the procurement is unsolicited or competitive. Oftentimes, unsolicited proposals are in reality responses to some generally stated need.

8. Question. Does your Department agree that disclosure requirements for contractors awarded sole-source contracts resulting from an unsolicited proposal should be no less extensive than for contractors awarded contracts on the basis of competitive bidding and not resulting from an unsolicited proposal, and if not, why not?

Answer. Yes, ERDA agrees.

9. Question. Does your Department agree that if a contract applicant fails to disclose a conflict of interest known to it at the time the contract is awarded and if this contract is later discovered by or brought to the government's attention, your Department has the power at least to disqualify that contractor from bidding on a follow-on procurement contract, and if not, why not?

Answer. In a gross situation, such as where the contractor has misled the government or falsely misrepresented the situation at the time of contracting to induce the contract, ERDA has power to disqualify the contractor from being awarded the follow-on contract. However, ERDA believes that it is desirable to establish clear rules of disclosure so that contractors may know precisely what is expected of them, and thereby uncertainty in government procurement may be avoided.

10. Question. Does your Department agree that standing should be given to competitors or other interested parties to challenge the awarding of a contract on the basis that regulations on conflict of interest have been violated, and if not, why not?

Answer. Bidders and other parties interested in a specific procurement may protest a procurement decision to the General Accounting Office pursuant to 31 U.S.C. 74, for failure to abide by the applicable laws and regulations, including the regulations on avoidance of conflict of interest. Bidders and other interested parties may also challenge proposed procurement actions in the courts and obtain injunctive relief in appropriate situations under the doctrine of *Scanwell Laboratories, Inc.* v. *Shaffer*, 424 F. 2d 859 (D.C. Cir. 1970). ERDA believes that further legislation is not needed in this field and could be harmful. Creation of new standing doctrines and further causes of action could delay indefinitely a procurement sequence which is already long indeed.

ERDA regrets the delay in responding to your request. Please advise if further information is needed.

Sincerely,

R. TENNEY JOHNSON,
General Counsel.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SOLICITOR,
Washington, D.C., March 24, 1976.
Hon. JAMES ABOUREZK,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ABOUREZK: This refers to your letter of February 27, 1976, in which you requested my response to 15 questions relating to this Department's regulations, policies, and procedures for the identification and resolution of potential, apparent, or actual organizational conflicts of interest of contractors.

In questions 1 through 4, you ask whether this Department agrees with the following concepts:

1. That a distinction must be made between the identification of a conflict of interest and the steps that are to be taken to deal with the conflict;
2. That a conflict may exist even in cases where there is no follow-on procurement;
3. That a conflict may exist even if a contract is awarded on a sole-source basis; and
4. That a conflict may exist where there is a justifiable basis for assuming that a contractor's work product will be biased even if the contractor is not placed in the position of obtaining an unfair competitive advantage.

We agree with the concepts expressed in questions 1 through 4.

You ask, in question 5, whether there may be a conflict of interest where the benefits which later accrue to a Government contractor are through its membership or association with an industry even if the benefits are not greater than the benefits that may accrue to other companies that are a part of that industry.

Given the appropriate mix of facts and circumstances it is conceivable that an unacceptable organizational conflict of interest might exist in certain types of situations contemplated by your question. For example, where the Government makes a policy decision which will favor one industry over another industry. Whether there is a potential that a report by a contractor with an interest in one of the industries will be biased depends, in part, upon such factors as the extent of the contractor's relationship to the particular industry and the degree to which the Government's policy decision will affect the industry. We can envision situations where these and other factors could have such a substantial effect on a contractor's livelihood that there would be a reasonable basis for assuming that a contractor might be tempted to slant the study to favor its interests. However, we are not convinced that in this type of situation it would not be possible to fashion appropriate safeguards to be included in the contract which would either eliminate the conflict or reduce the risks to the Government to a level that is considered to be acceptable. If appropriate safeguards could be fashioned, we would not object to awarding a contract to the firm despite the identification of a potential organizational conflict of interest.

Question 6 asks whether there may be a conflict of interest where the results of a contract may have an effect on the direction of Government policy even if the contract results do not assure the ultimate direction of that policy? Question 7 is somewhat interrelated and concerns a situation where the results of a contract might affect another agency's policies to the contractor's benefit.

The underlying concept in both of these questions is the identification of potential bias on the part of prospective contractors. In appropriate cases, after considering all of the facts and circumstances, it is conceivable that an organizational conflict of interest might be identified in the types of situations contemplated by these questions. However, we believe that the concept expressed in the response to question 5, that it might well be possible to fashion appropriate safeguards to be included in the contract that would either eliminate the conflict or reduce the Government's risk to an acceptable level, would be for consideration in determining whether to proceed with an award. Please note that we agree with your underlying premise, that all bias should be identified and dealt with in one manner or another.

Question 8 asks whether there might be an organizational conflict of interest where the Government knows that a contractor may receive benefits from the work product of a contract even if such use may not be the same as that which the Government may make of the results of the contract.

It is difficult to give a categorical answer to question 8, in that it would be necessary to carefully analyze the character of the benefits flowing to the contractor on a case-by-case basis before reaching a conclusion as to whether the benefits are beyond the limits of permissibility. For example, the fact that a Government contractor converts knowledge acquired as the result of furnishing a work product to the Government to a competitive advantage does not necessarily constitute an impermissible act by the contractor. In this area, I think that there must be a balancing whereby a contractor is permitted to enjoy the benefits arising out of doing business with the Government, even if it is a competitive advantage, but that a line must be drawn at some point where the benefits adversely affect the public interest such as where an unfair competitive advantage would accrue to a contractor. An unfair advantage that would be destructive of the competitive nature of Government procurements would be a type of situation where the benefit to a contractor would be considered to be beyond permissible limits. In this context, we can conceive of certain situations where an affirmative answer to your question could be given.

Question 9 asks, based on the assumption that the purpose of organizational conflict of interest regulations is the avoidance of even the temptation for bias on the part of the contractor, whether a determination may be made that a conflict exists even in the situation where the bias might later be identified and the Government might take adequate steps in neutralize and bias affecting the work product of the contract.

In our opinion such temptations on the part of prospective contractors should properly be identified in order that appropriate steps may be taken to avoid or neutralize the bias. However, avoiding even the temptation for bias does not seem to be an achievable objective; therefore, we disagree with the premise that this should be the purpose of the regulations.

In question 10 you ask if the Department agrees that a contractor's professional reputation of being able to resist the temptation for bias is not relevant in determining whether an organizational conflict of interest exists.

As a general proposition, we agree with the principle expressed in question 10. However, we believe the reputation of the prospective contractor could well be a factor to be considered in fashioning appropriate safeguards which then would become an element in making the determination whether to proceed with the award.

Question 11 asks whether the Department agrees that unsolicited proposals by their nature are more likely to involve organizational conflicts of interest than proposals submitted in response to a solicitation initiated by the Government.

We have difficulty with the assumption that there is an inherent likelihood that an unsolicited proposal constitutes a greater danger of an organizational conflict of interest on the part of the offeror than in other cases. In actual practice unsolicited proposals are usually submitted by offerors as a result of a known Government need, so for practical purposes these may not be a great deal of difference between solicited and unsolicited proposals. While there could be situations where a firm submits an unsolicited proposal solely for the purpose of advancing its own interests, to the Government's detriment, we believe that in most cases this would be recognized in the evaluation process by the officials responsible for the procurement, in which event appropriate steps could be taken to protect the Government's interests.

The concept in question 12 is that disclossure requirements for contractors should be no less extensive with regard to sole-source awards than with contracts awarded pursuant to competitive bidding.

We agree with this principle.

Question 13 asks whether the Department agrees that a conflict of interest is more likely to be disclosed if a contract award is based on competitive bidding.

A representative of this office was advised in a recent telephone conversation with Mr. Ludlam of your staff that your primary interest in asking the question was to ascertain the type of procurement where there would be the greatest public exposure of the identity of the firms being considered for an award of a Government contract. Your thought here apparently is that the greater the exposure, the more opportunity there is for the public to provide the procuring agency with information relating to actual or potential organizational conflicts of interest of the firms being considered for an award.

In specific response to your question, the sealed bid, publicly advertised procurement provides the greatest exposure of the identity of the various firms responding to the solicitation since such information is made public at the time of bid opening. It is the policy of the Department to formally advertise its procurements whenever possible; however, in those situations where formally advertised procurements are not appropriate, the Department favors competitively negotiated procurements. Sole-source awards are only made as a last resort. As to negotiated procurements, the Federal Procurement Regulations provide that after receipt of proposals, no information regarding the number or identity of the offerors participating in the negotiations shall be made available to the public or to any one whose official duties do not require such knowledge.

While we do not discount the public as a valuable source of information as to actual or potential organizational conflict of interest in those situations where the identity of prospective contractors may be made publicly available, negotiated procurements also inherently offer perhaps even greater opportunities to obtain information on this issue. In either competitive or sole-source negotiated procurements, there usually are in-depth discussions with the firm or firms in line for the award. During these discussions the procuring activity may well discover information relating to possible organizational conflicts of interest. Once such information comes to light the procuring activity can then take appropriate steps to probe the information deeply enough to either identify the conflict or satisfy itself that a conflict does not exist.

Question 14 poses a situation in which a contractor does not disclose a known conflict and this fact is later brought to the Government's attention. You ask whether this Department has the power to at least disqualify the contractor from bidding on the follow-on procurement.

Depending on the facts and circumstances either or all of the following alternatives might be available to the Department in the type of situation posed.

1. If there is an intentional misrepresentation, the contractor could be subject to criminal penalties.

2. The contractor could be suspended or debarred in accordance with the procedures in the Federal Procurement Regulations which preclude the contractor from competing for any Government contracts for a specified period of time.

3. The firm could be determined to be disqualified for the award of a particular contract on the basis that it does not meet the minimum standards of a responsible Government contractor.

4. The firm could be precluded from competing on the follow-on procurement assuming that an appropriate clause was included in the initial contract or solicitation.

Question 15 asks whether standing should be given to competitors or other interested parties on the basis that regulations on organizational conflicts of interest have been violated.

Please be advised that the General Accounting Office recognizes that competitors and other "interested" persons have standing to challenge proposed contract awards based on issues related to organizational conflict of interest.

Again, we would like to thank you for your interest in this Department and we hope that this letter is of assistance to you.

Sincerely yours,

H. GREGORY AUSTIN,
Solicitor.

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, D.C., April 22, 1976.

B-185211.

Hon. CLIFFORD P. HANSEN,
U.S. Senate.

DEAR SENATOR HANSEN: We refer to your letters of October 24, 1975, and March 9, 1976, concerning a possible conflict of interest in the award of contract No. E(49-18)-1552 between the Energy Research and Development Administration (ERDA) and the Bechtel Corporation (Bechtel) for the development of a mathematical model for the evaluation of the relative transportation economics of various systems of delivering energy from coal and/or conversion output products.

The model, which was to be developed by Bechtel's Scientific Development Operation, would also consider various modes of delivering the energy from the mine to the energy demand center. You question whether this contract was properly awarded in view of a possible conflict of interest stemming from Bechtel's performing this contract and the interest of a Bechtel subsidiary in a coal-slurry pipeline which might benefit from the Bechtel-developed model. You also question why the award to Bechtel was not made on a competitive basis.

Contract No. E(49-18)-1552 was executed on May 29, 1974, between Bechtel and the Office of Coal Research (OCR), U.S. Department of the Interior, as contract No. 14-32-001-1552, at an ultimate cost in excess of $400,000. Subsequent to that date, the functions of OCR were transferred to ERDA. The contract resulted from an unsolicited proposal submitted by Bechtel to OCR by letter of July 27, 1973. Bechtel proposed to perform a transportation study "directed to developing an efficient means of evaluating the cost effectiveness of various methods of delivering clean energy from coal to demand centers" by developing a model which would provide data for analyzing the costs of actual and proposed, or projected, energy delivery systems in terms of a number of variables, such as the quality of coal at the mine, energy transportation or transmission mode, the amount and form of the delivered energy, and distance between mine and user. After analysis and review of Bechtel's proposal and its own needs, OCR determined that a sole-source award would be proper. The award was made on May 29, 1974.

The contract called for a work effort divided into two phases, with various tasks in each phase. As explained by OCR, the first phase contemplated the collection of data and the development of a prototype model to test the feasibility of a larger model for the evaluation of the economics of producing, transporting, and converting coal to other energy forms. The second phase required the development of the mathematical model with a wide range of coal supply options, transportation modes, coal conversion processes and electric power generation options, and the delivery of a Final Report on the study.

Your concern regarding Bechtel's possible conflict of interest is precipitated by the coal transportation interests of Energy Transportation Systems, Incorporated (ETSI), 40 percent of which is owned by Bechtel. ETSI was incorporated on July 26, 1973, and is apparently the successor to a similar corporation in which Bechtel also had an interest.

ETSI has proposed a 1,036 mile coal-slurry pipeline from Wyoming coal fields to power plants in White Bluff, Arkansas, as an alternative to rail shipment. However, it appears that ETSI's proposal is dependent upon its ability to obtain the necessary rights of way. In this connection, the Congress is considering legislation (H.R. 1863, H.R. 2220, H.R. 2896, and H.R. 2553, entitled either the "Coal Slurry Pipeline Act of 1975" or the "Coal Pipeline Act of 1975") which would provide slurry pipeline owners with the ability to obtain the necessary rights of way through the limited use of eminent domain powers. Since Bechtel's study would cover the use and transport of coal energy, you question whether OCR properly awarded this contract to Bechtel and whether it considered that preparation of the economic model could be biased by Bechtel's interest in ETSI.

Our review indicates that Bechtel's relationship with ETSI was not considered by OCR prior to execution of the contract. The propriety of the award, therefore, must depend upon whether OCR knew or should have known of the relationship and whether it would have been appropriate for OCR to award the contract in the face of that knowledge. Also for consideration in this regard is the extent to which Bechtel, in submitting its unsolicited proposal, was required to disclose to OCR its specific interest in ETSI's proposed project.

Bechtel's position, as expressed by its representative in testimony before the Energy Research and Water Resources Subcommittee of the Senate Committee on Interior and Insular Affairs on December 5, 1975, is that it did not consider its relationship with ETSI gave rise to a real or apparent conflict of interest with respect to its proposed contract with OCR. Bechtel points out that questions concerning the mode of transporting coal were only one small part of the study, and that the relative economics of competing modes of transportation were not in issue at the time of proposal submission. Furthermore, Bechtel states that its Scientific Development Operation, which was to perform the contract, operated independently of Bechtel's line operations and, in the performance of research and study contracts, was "unobstructed by a strong profit motivation." OCR's position is that it possessed no information relating to the ETSI project prior to its decision to fund the Bechtel contracts and that its knowledge of Bechtel's specific pipeline activities was generally limited to the fact that Bechtel's Slurry Systems Division was active in pipeline engineering, design, construction, supervision, and operation.

In fact, however, certain OCR personnel were aware of Bechtel's interest in ETSI prior to May 29, 1974, the contract award date. Bechtel itself states that a May 21, 1974 memorandum from the Director of Interior's Office of Environmental Planning to various people in Interior, including the Director of OCR, specifically identified Bechtel as an ETSI participant. Also, an OCR representative attended a meeting on May 23, 1974, at which ETSI's plans to build its pipeline were discussed. The OCR representative, while unable to recall leaving the meeting with knowledge of Bechtel's specific relationship with ETSI, admits that it was evident from the meeting that Bechtel did have an interest in the pipeline under discussion. In addition, personnel in the Bureau of Reclamation, a separate bureau within Interior, were made aware of the ETSI pipeline proposal in early April of 1974.

At the outset, we point out that whatever the extent of OCR's knowledge, its failure to consider a possible conflict of interest on the part of Bechtel prior to the planned award did not contravene any applicable regulations. Neither the Federal Procurement Regulations (FPR) nor Interior's own regulations contained any provisions dealing with this situation, and Interior officials had been advised only that in such situations, when awarding research and development contracts; guidance should be obtained from the Armed Services Procurement Regulation (ASPR). There are provisions in ASPR which seek to prevent organizational conflicts of interest by eliminating situations in which a contractor's judgment might be biased or in which a contractor would obtain an unfair advantage over competitors. See ASPR § 1-113.2(a) and Appendix G. However, those provisions were not specifically applicable to this situation.

We are also unable to say, as a matter of law, that Bechtel violated any disclosure requirement. Under general contract law, a party seeking to contract with another is not permitted to knowingly make a false, material representation which he knows the other party will rely on, and which results in injury. 12 Williston, Contracts § 1487A (1970). A false representation may be either an assertion or an omission, and is material if the fact asserted or suppressed, had it been known to the other party, would have influenced that party's judgment or decision. See, e.g., *Lowe* v. *United States*, 389 F. 2d 108, 111 (8th Cir. 1968). As indicated above, Bechtel believed that there was no meaningful connection between its proposed study and its interest in ETSI. In addition, Bechtel's July 27, 1973, cover letter to its proposal, while not specifically identifying its interest in ETSI, did discuss Bechtel's experience in the coal processing area. Bechtel also apparently had reason to believe that OCR and other Interior personnel were aware of both Bechtel's interest in ETSI's proposed project in the period immediately preceding the contract award. Finally, officials of both ERDA and Interior have testified that in their opinion even a specific disclosure by Bechtel of its interest in ETSI to OCR's contracting personnel would not have foreclosed award of the contract to Bechtel. Thus, on this record, we cannot conclude as a matter of law that Bechtel failed to disclose a material fact.

Nonetheless, we think it is also clear that the actions of both Bechtel and OCR personnel in this case were somewhat questionable. Although Bechtel might have reasonably believed that a conflict of interest did not exist in this situation, we think it should have made reasonable efforts either in connection with the submission of its proposal or during the period in which the proposal was under consideration, to insure that OCR's contracting personnel were specifically made aware of the conflict of interest possibility. While we have recognized that a firm should not be excluded from consideration for contract award solely on the basis of a theoretical or potential conflict of interest, *PRC Computer Center, Inc., et al*, 55 Comp. Gen. 60, 81 (1975), 75-2 CPD 35, the extent to which a possible conflict is more theoretical than real is properly a matter for determination by agency contracting officials rather than officials of the would-be contractor.

However, even without a more specific disclosure by Bechtel, we believe OCR possessed sufficient information to explore the possibility of a conflict of interest on the part of Bechtel. OCR officials admit to knowing of Bechtel's Slurry Systems Division and its active role in construction and operation of pipelines. They also knew that Bechtel's proposal included some degree of consideration of transportation modes, including pipelines. Furthermore, the OCR individual who attended a meeting 6 days before contract award and learned that Bechtel had an interest in a proposed coal slurry pipeline was familiar with Bechtel's proposal and in fact was the individual who had prepared a sole-source justification for making the award to Bechtel. These circumstances suggest that OCR should have at least explored the possibility that award to Bechtel would involve a conflict of interest. The fact that no regulatory provision was specifically applicable to the situation would not have precluded OCR from acting to prevent the possible conflict. *Gould Inc., Advanced Technology Group*, B–181448, October 15, 1974, 74–2 CPD 205.

We are aware that Interior and ERDA officials believe that the conflict of interest possibility, had it been considered, would not have precluded award to Bechtel. However, we think this situation points up the need for increased agency sensitivity to possible conflict of interest situations. In this regard, we would favor the development of agency regulations or other guidelines which would impose more clearly defined duties in this area on Government contracting personnel.

For example, we note that under current ERDA policy regarding organizational conflict of interest:

"Where the contractor is performing evaluation or consulting services, it should not be permitted to evaluate or advise concerning a product or service in which it has an interest because of the clear possibility that the contractor's judgment could be biased and the Government's need for objectivity prejudiced."

ERDA's General Counsel has testified that even under this guideline the Bechtel contract would not have been precluded because it "is not a contract for evaluation or consulting services." We would not agree that the matter could be disposed of solely on that basis. Although we do not dispute the fact that the contract was not primarily one for evaluation services, we think it is clear that it did in fact encompass certain evaluations which were to be made upon development of the model. In at least one evaluation area, mode of coal transport, Bechtel had a financial interest. While contracting officials, in the exercise of their judgment regarding possible conflict of interest, could conclude that award would be proper in light of all the other facts and circumstances involved, we think they could also, under this particular guideline, conclude that a conflict of interest would exist. What is of concern here is that agency officials would fail to consider the conflict of interest possibility because the primary purpose of a proposed contract does not fall within the conflict of interest rules. We would hope that agency guidelines in this area would clearly spell out the need for contracting officers to consider all aspects of contract performance in making conflict of interest judgments.

We also find the negotiated sole-source award to Bechtel to be questionable. The contract was awarded under 41 U.S.C. 252(c) (11) (1970) pursuant to a class determination and finding (D & F) dated May 18, 1973, authorizing OCR to negotiate research and development contracts. This class D & F, however, had expired prior to the execution of the contract. Although this did not automatically render the contract invalid, Raytheon Company, B–184375, January 28, 1976, 76–1 CPD 55, it does mean that the procurement was negotiated without a current D & F as required by FPR § 1–3.101, subparts 1–3.2 and 1–3.3.

In addition, we think OCR's separate sole-source justification was itself inadequate. FPR §§ 1–1.301 and 1–1.302–1, require that contracts be competed to the maximum practicable extent, although sole-source awards may be made when circumstances so require. Under Interior Procurement Regulation (IPR) § 14–4.5101–3(f)(3), in effect at the time of award, a favorable technical evaluation of an unsolicited proposal was not per se proper justification for a sole-source contract. Rather, a sole-source procurement could be justified only on the basis of one of the following findings:

"(i) The proposal was selected on the basis of its overall merit, cost and potential contribution to the Interior program objectives after a thorough evaluation and comparison with other proposals submitted in response to a public announcement of interest in receiving unsolicited proposals in that field.

"(ii) The proposal contains technical data or offers unique capabilities that are not available from another source and it is not feasible or practicable to define the Government's requirement in such a way as to avoid the necessity of using the technical data contained in the proposal.

"(iii) The proposal is submitted in response to a program for which there is specific authorization to procure on a noncompetitive basis."

OCR's sole-source justification for the sole-source award indicated that Bechtel possessed the many disciplines required to perform the study, had developed proprietary data in prior work which could be called upon to develop the proposed model, and had capabilities which were considered unique for performance of the project. The proprietary data were described as pertaining to methodologies of a technical and economic nature which would be of substantial value in performance of this contract. The unique capabilities were stated to include Bechtel's thorough knowledge of the coal development and use process, high degree of systems analysis capability with respect to model development, and ability in the areas of computer model programming/development and contract management. Although it was conceded that several organizations besides Bechtel could develop an economics study of coal transportation, OCR concluded that the sole-source award was justified for the above reasons. In addition, in testimony before the Energy Research Subcommittee, OCR officials stated that they had not been aware of any other broad-gauged engineering firms such as Bechtel, and that a study effort fragmented among a series of firms would be time-consuming and extremely costly.

We think OCR's justification was inadequate to support the noncompetitive procurement since there was no determination that no other qualified sources existed which could have satisfied the Government's minimum needs. The sole-source justification merely detailed Bechtel's extensive experience in a broad number of areas, such as coal process technology, systems analysis, computer programming, and contract management, and stipulated that this high level of varied experience was necessary for the contract. The fact that one contractor would furnish higher quality services and/or perform with greater ease than any other contractor does not alone justify a sole-source determination. *Leo Kanner Associates*, B–182340, April 4, 1975, 75–1 CPD 205. Thus, although Bechtel is stated to have developed proprietary data which could be useful in this contract, there is no indication in the justification that comparable data was not available elsewhere. Furthermore, while a noncompetitive award may be made where the minimum needs of the Government can be satisfied only by items or services which are unique, *Precision Dynamics Corporation*, 54 Comp. Gen. 1114 (1975), 75–1 CPD 402, it is not clear how OCR determined that certain of Bechtel's capabilities were unique and not available from other sources, particularly in view of OCR testimony before the Energy Research Subcommittee to the effect that OCR was unaware of "any search for others" who could develop this model.

ERDA has advised us that the contract has been virtually completed, so that these deficiencies cannot, as a practical matter, be corrected for this procurement. In this connection, however, ERDA has informed us that it is reexamining all aspects of the procurement policies and practices inherited from its predecessor agencies, and that it would most probably employ competitive methods were it to contract for a similar project today.

We trust the above is responsive to your request.

Sincerely yours,

Elmer B. Staats,
Comptroller General
of the United States.

Volume 40, Federal Register, 46828 (Oct. 7, 1975)

Subpart 9–1.54—General Policy for the Avoidance of Organizational Conflicts of Interest.

§ 9–1.5401 Purpose.

This subpart sets forth ERDA general policy with respect to the avoidance of organizational conflicts of interest. This subpart is in addition to and not in lieu of other requirements in the ERDA–PR concerning ERDA policies for avoiding conflicts of interest. See § 9–59.006 and 9–12.54.) The Report to the President on Government Contracting for Research and Development (generally known as the Bell Report) proposed that each department and agency head develop a "Code of Conduct" for organization in the research and development field. This subpart has been developed in accordance with that instruction.

§ 9–1.5402 Scope and applicability.

(a) (1) This subpart identifies various organizational conflicts of interest which might come into being and methods for avoidance of such conflicts. It provides that action must be taken to avoid placing a contractor in a position where his judgment might be biased or where he would have an unfair competitive advantage within the scope and intent of this subpart.

(2) If a contracting officer determines that a proposed procurement does involve a situation covered in § 9–1.5407, all prospective contractors shall be advised of the extent of restrictions on follow-on or other work by notice in solicitations and by a clause in resulting contracts. Such notice and contract clause shall spell out the specific extent of any future restrictions on the contractor which are imposed by the contract. This, of course, does not require contract awards in circumstances that demonstrate a clear conflict of interest of a kind not specifically enumerated herein. Section 9–1.5408 shall be implemented by including in cost-type contracts, where appropriate, a provision requiring the approval of the contracting officer for the private use of information or data developed or obtained by employees of such contractor in the performance of cost-type contracts. A standard form of notice for use in solicitations or contract clause is not prescribed in this subpart since such notices and clauses must be especially adapted to apply the principle of these rules to the specific facts of each contractual situation.

(b) Except in unusual or specific situations identified by contracting officers, those parts of the rules which pertain to unfair competitive advantage are not applicable to contracts with educational institutions, or with not-for-profit organizations which conduct education and training activities, or whose facilities are used in joint programs with educational institutions for such purpose.

§ 9-1.5403 Applicability to cost-type contractor procurement.

This subpart shall be applied to procurement by cost-type contractors that construct or operate ERDA plants and laboratories or perform research and development services for ERDA.

§ 9-1.5404 Waiver.

A Manager of a Field Office, or Headquarters Division Director, may waive the applicability of this subpart in specific cases if he determines that such waiver will not be prejudicial to the best interests of the Government.

§ 9-1.5405 Definition.

The term "organizational conflict of interest" means a situation where a contractor, normally a corporation, has interests, either due to its other activities or its relationships with other organizations, which place it in a position that may be unsatisfactory or unfavorable (a) from the Government's standpoint in being able to secure impartial, technically sound, objective assistance and advice from the contractor, or in securing the advantages of adequate competition in its procurement; or (b) from industry's standpoint in that unfair competitive advantage may accrue to the contractor in question.

§ 9-1.5406 General policy.

(a) In order to assist in deciding what, if any, steps should be applied to avoid organizational conflicts of interest, there are two paramount principles to be considered. These are: (1) Preventing conflicting roles which might bias a contractor's judgment in relation to its work for ERDA, and (2) preventing unfair competitive advantage. The ultimate test should always be: is the contractor placed in a position where his judgment may be biased, or where he has an unfair competitive advantage?

(b) Final program decisions, such as the determination of projects or programs and their scope, which are required to meet ERDA missions and objectives, are of course the responsibility of Government personnel and cannot therefore be delegated to contractor personnel. Program decisions must be based on impartial, disinterested, and the best available technical and other judgments. The effective and formal power to make such decisions must remain in the hands of full-time ERDA officials. Outside technical and other advice may be weighed and used selectively to assist in developing the bases on which program decisions will be made.

(c) It is difficult to identify, and to prescribe in advance, a specific method for avoiding all of the various situations which might involve potential organizational conflicts of interest. Basically, potential conflicts of interest become acute when ERDA's quest for objectivity is paramount, such as for advice, evaluations, technical and analytical services and similar assistance that lay direct groundwork for program decisions on large future procurements, research and development programs, and production. The general policy in paragraph (a) of this section cannot be automatically or routinely implemented; the application of considered judgment is necessary if that policy is to be applied in an effective, workable manner. The following sections provide guides for the application of the general policy in specific situations. However, contracting and program officials should be alert to other situations which may warrant applications of the general policy.

§ 9-1.5407. Guides applicable prior to selection of contractor and execution of contract.

(a) A contractor who in connection with the performance of a study contract will be given information by ERDA regarding ERDA's plans or programs which is not available to interested industrial firms, should not be permitted to compete with such firms for work relating to such plans or programs.

(b) Development contractors generally should not be prohibited from consideration as a supplier for a product which they develop and design. In development work it is normal to select firms which have done the most advanced work and which are the most experienced in the field. It is to be expected that these firms will develop and design around their own prior knowledge. Also, a contractor who participates in an early stage of development is not precluded from getting a contract for a later stage of development or production. As part of ERDA's overall planning for the development, design, and the production stages, consideration should be given to the likelihood of competitive solicitations for procuring parts of the design or product effort. The arrangement for such procurement should provide for the maximum competition consistent with satisfying ERDA requirements. Where the designer and developer is permitted to compete with others for the furnishing of the final product, Managers of Field Offices should take appropriate steps to see that the information furnished ERDA under the design and development contract is available to other potential bidders, on a timely basis.

(c) If a single contractor, other than a company which has participated in the development referred to in paragraph (b) of this section undertakes a contract which essentially is to assist the ERDA or a contractor of ERDA in preparation of a statement of work, or to provide material leading directly and predictably to a statement of work, to be used in the competitive procurement of a product or service, that contractor should not be allowed to supply the service, or the product or major components thereof either as a prime or subcontractor or vendor, except when it is determined and justified in accordance with established criteria that such contractor is a sole source for the required product or service. The content of a statement of work is not considered predictable if two or more contractors, unaffiliated with each other, are involved substantially in the preparation of material leading to it. Generally, feasibility studies which do not propose in detail the characteristics of a possible final product, are not work statements and a company should not be barred from bidding subsequently on the product.

(d) If a contractor agrees to prepare and furnish essentially complete specifications to be used in competitive procurement, that contractor should not be allowed to compete either as a prime or subcontractor or vendor, for a reasonable period including, at least, the initial procurement. This prohibition should not be applied to:

(1) Contractors who have furnished at ERDA request specifications or data with respect to a product sold to ERDA, even though the specifications or data may have been paid for separately or in the price of the product.

(2) Contractors acting as industry representatives who assist ERDA in preparing, refining, or coordinating specifications, if such assistance is supervised and controlled by ERDA representatives.

(3) Contracts for a developmental or prototype item. However, the principle in the concluding sentence of paragraph (b) of this section should be applied.

(4) Purchases from divisions of or companies affiliated with the performing contractor, provided such purchases are supervised and controlled by ERDA representatives.

(e) A contractor performing evaluation or consulting services for ERDA in connection with a competitive procurement should not be allowed to evaluate or give other consulting services: (1) On a product or service which the contractor provides; (2) on the product or services of any company with which the contractor has a consulting relationship; or (3) on his own product or on similar services which he has performed for others. Such a contractor should not be allowed to give consulting services to prospective bidders on a procurement item for which he has performed or will perform evaluation services for ERDA. It is recognized that under ERDA management contracts for the operation of ERDA facilities and certain research and development contracts, the performing contractor may solicit proposals and advise ERDA concerning proposed purchases from competitors as well as from its own affiliated divisions or companies not directly engaged in the performance of the ERDA management contract. In such cases the contracting officer should assure by appropriate review and supervision that the action taken is sound.

(f) A contractor's judgment may be biased because of past or present relationships of its officers or employees with other organizations and because of organizational relationships (e.g., interlocking directorships). In selecting a contractor to develop technical specifications in connection with competitive procurement or to perform evaluation services on technical proposals, consideration should be given to present and past relationships of the contractor's organization and personnel to the companies whose proposals are to be evaluated. In order to avoid or minimize organizational conflicts of interest and to avoid assignments of work which would create unavoidable conflicts of interest, these relationships may require that an organization be eliminated from consideration for selection, or that a reasonable period of restraint, for example, 1 year, be imposed on the organization or on the use of certain employees in the performance of contract work.

(g) Combinations of contracts for architect-engineering and construction services, which may result in self-inspection of construction work, tend to prevent a contractor from rendering unbiased decisions, or create difficulties in segregating costs between contracts, and should be avoided. However, it is recognized that sometimes it is advantageous under carefully circumscribed conditions for ERDA to obligate a single firm to perform both architect-engineer and construction work, or for ERDA to enter into a contract for architect-engineer and construction management services which may include performance of a segment of the construction work with the contractor's own forces. Unless otherwise authorized by the Director of Procurement, the following combinations of contracts shall not be awarded to the same firm or to affiliated companies:

(1) CPFF and fixed-price contracts for construction services, for on-site architect-engineer services, or for construction and on-site architect-engineer services on different construction projects, if the performance of any portion of the work under each contract is to be concurrent and in the same general location.

(2) A fixed-price contract or contracts, for both architect-engineer and construction services on the same construction project, or a CPFF contract for architect-engineer

services and a fixed-price contract for construction services on the same construction project. If a firm is to be responsible under such contractual arrangements for both design and construction services, title III architect-engineer services shall be performed by another organization selected by the ERDA.

(3) A CPFF contract for both architect-engineer and construction services on the same construction project (engineer-constructor contract). If this contractual arrangement is used, the contract shall provide for performance of the title III architect-engineer services by contractor's engineering personnel who are not responsible to the contractor's construction personnel, or the title III services shall be performed by another organization selected by the ERDA.

§ 9–1.5408 Commercial or other use of information and data obtained under ERDA cost-type contracts.

(a) Cost-type contractors may be permitted to use, in their private activities, information and data developed or obtained in the performance of such contracts as provided in this section.

(b) The contractor shall be required to inform the contracting officer of all situations in which such information or data is proposed to be used. To assure that no unfair competitive advantage results to the contractor, the contracting officer shall be guided by the following principles in permitting the use of such information or data for private purposes:

(1) No part of the plans, specifications, cost estimates, technical information, or other data which are developed or acquired in the performance of the contract and which are required by the terms of the contract to be reported to ERDA shall be used in the contractor's private activities, unless such information has been reported to ERDA. Where ERDA furnishes such information to the contractor for the performance of contract work, it shall not be used in the contractor's private activities, unless such information is generally available to others.

(2) Information which is reported to ERDA by ERDA contractors will normally be disseminated by ERDA to others.

(3) Employees of management contractors operating ERDA facilities may not be used to assist in the preparation of a proposal or bid for the performance of private commercial services similar or related to those being performed under the ERDA contract unless such employee has been separated, with ERDA approval, from performance of work under the ERDA contract for such period as the contracting officer shall direct consistent with the purpose of this section.

(4) ERDA management contractors operating ERDA facilities, and performing services, as a part of their contract work, for other Government agencies or private organizations, should not be permitted to utilize information which is furnished by such customers, for their own private activities, unless it is generally available to others, or unless the customer authorizes such use.

(c) As used in this section, the term "cost-type contractor" shall include affiliated companies, parent organizations, or wholly owned subsidiaries.

AMENDMENT NO. 1950

(Ordered to be printed and to lie on the table.)

Mr. BROOKE. Mr. President, basic research in the nuclear sciences is still vitally important. There are some technicians and policymakers who would have us believe that the fundamental principles of the behavior of the atom's nucleus are so well known that we need only look at questions of engineering and application of the discoveries of the past. But nothing could be further from reality. Humankind has neither mastered nor tamed the power of the atom, and public officials are well aware that every day brings to light questions which require clearer understanding of the universe's physical laws than we now possess.

The Joint Committee on Atomic Energy, in its report on this program, stated unequivocally the position I believe to be the appropriately foresighted and responsible stand for the Congress to take. It wrote:

> (1) Nuclear Science.—The Joint Committee is concerned over the continuing erosion of ERDA's support for basic nuclear research, and particularly over ERDA's policy of redirecting its priorities, which has resulted in a continuing erosion of the nuclear science program. In the Joint Committee's opinion, this trend must not be permitted to continue and instead should be reversed.
>
> Nuclear energy is being relied on very heavily for meeting our future energy requirements. A very substantial part of ERDA's development and demonstration funding is expended in support of this approach. The need to maintain a strong and healthy research program in basic nuclear science to support these program expenditures and the Nation's firm commitments to nuclear power is evident. It was in large part through a vigorous supporting nuclear research effort that the Nation has reached the point it is at in nuclear power today, and it does not seem wise to change this approach now. The committee therefore finds it incongruous that ERDA is providing a lesser level of emphasis on basic research in support of this energy source which is an integral part of our national energy policy. Two important effects of the budget restrictions in nuclear science are already evident. First, there will be substantial underutilization of several major facilities that have become operational in recent years. Second, a number of other facilities may have to be shut down, and many university and laboratory research contracts will have to be terminated. The production of useful information in support of nuclear energy development will be adversely affected as a result of these measures.

When the Joint Committee raised the authorized outlays by $8.5 million over the President's request, it was acting on the best information available from nuclear scientists in universities and national labs about their funding requirements at that time. But since the process of hearings and authorizations decisions has ended, responsible nuclear physicists have completed more comprehensive reviews of their costs and needs and have told me and many other members that this addition will just cover the costs of inflation. Therefore, without the full amount ERDA requested from OMB, that is $89,400,000 in outlays, vital scientific research will be curtailed. Therefore, I am filing an amendment to raise the authorization by $5.3 million, which will bridge the gap.

These added funds will make possible fuller utilization of the new and expensive nuclear research facilities on which we have decided to rely in our basic energy sciences program. As many Senators remember, over the past few years we phased out smaller and older research facilities to make possible the development of vast accelerators at centers on which the national community of scientists could rely. And now these expensive facilities are grossly underutilized. For example, the big Bates linear accelerator at Massachusetts Institute of Technology is now running at 38 percent of capacity. Surveys indicate further that the heavy-ion charged-particle, and medium-energy facilities we have built will operate at a rough average of 50 percent of capacity.

Furthermore, without enough funds to beat the effects of inflation, research facilities face continuing deterioration of equipment and installations.

Perhaps even more important, we would further cut back the opportunity for young nuclear physicists. Mr. President, I fear that the administration's request to curtail nuclear research is simply a part of a larger national trend to cutting back on basic scientific research in all programs. And I am convinced such a policy would seriously jeopardize our Nation's longrun position as a major scientific power. Already our research budgets, our rate of new patents, our output of first-rate scientists are decelerating while other industrialized nations forge ahead. I have been working with my colleagues in the Senate Appropriations Committee to see to it that we at least hold the line on research in the National Science Foundation budget and on the other items of the ERDA basic energy sciences budget so that we do not fall further behind.

However, nuclear science has the possibility of offering us discoveries which clearly will vitally affect every aspect of our national life. And here the problems of lag in both scientific manpower and discoveries are especially acute. I ask unanimous consent that a report by Prof. Lee Grodzins of MIT, "The Manpower Crisis in Physics," be entered in the RECORD. He demonstrates that the shortfall in Federal fundings has led to a temporary oversupply of new Ph. D. physicists whose longrun response will be to leave the field, and thus leave the Nation short of the scientific wisdom we so need but are utilizing so badly.

I would also ask that a memorandum from Prof. Harvey Feshbach, who is also at MIT, to my office be entered in the RECORD. Professor Feshbach details the multiple uses of the knowledge we can expect to gain from continuing basic nuclear research. These include not only the improvement of nuclear reactors, but medical diagnostic and therapeutic tools, radioactive tracers for industry which may even help us locate new sources of oil, and finally, tools for monitoring and controlling pollution.

Mr. President, our scientists have not yet entirely mastered the use of the atom for domestic, nonmilitary purposes, but with the Nation's full support, they most certainly can and will. I hope my colleagues will enact this modest increment to the ERDA authorization and that I and my colleagues on the Appropriations

Committee can then report out the funds we realistically require for this important scientific enterprise.

AMENDMENTS NOS. 1954 THROUGH 1957

(Ordered to be printed and to lie on the table.)

Mr. RANDOLPH submitted four amendments intended to be proposed by him to the bill (S. 3105) to authorize appropriations to the Energy Research and Development Administration in accordance with section 261 of the Atomic Energy Act of 1954, as amended, section 305 of the Energy Reorganization Act of 1974, and section 16 of the Federal Nonnuclear Energy Research and Development Act of 1974, and for other purposes.

AMENDMENT NO. 1958

(Ordered to be printed and to lie on the table.)

Mr. ABOUREZK submitted an amendment intended to be proposed by him to the bill (S. 3105), supra.

AMENDMENT NO. 1959

(Ordered to be printed and to lie on the table.)

Mr. GLENN (for himself and Mr. PASTORE) submitted an amendment intended to be proposed by them jointly to the bill (S. 3105), supra.

HEALTH PROFESSIONAL EDUCATIONAL ASSISTANCE ACT—S. 3239

AMENDMENT NO. 1951

(Ordered to be printed and to lie on the table.)

Mr. BEALL submitted an amendment intended to be proposed by him to the bill (S. 3239) to amend the Public Health Service Act to revise and extend the programs of assistance under title VII for training in the health professions, to revise the National Health Service Corps program, and for other purposes.

AMENDMENT NO. 1952

(Ordered to be printed and to lie on the table.)

Mr. BEALL (for himself, Mr. TAFT, Mr. BENTSEN, Mr. GARN, Mr. GRIFFIN, and Mr. HRUSKA) submitted an amendment intended to be proposed by them jointly to the bill (S. 3239), supra.

DEPARTMENT OF DEFENSE APPROPRIATIONS, 1977

AMENDMENT NO. 1953

(Ordered to be printed and to lie on the table.)

Mr. PROXMIRE (for himself, Mr. FORD, and Mr. BUCKLEY) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 14235) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1977, and for other purposes.

ANNOUNCEMENT OF JOINT HEARING ON SMALL BUSINESS ADMINISTRATION FINANCIAL ASSISTANCE TO THE SINGLE AND MULTIFAMILY HOUSING INDUSTRY

Mr. NELSON. Mr. President, I wish to announce the continuation of the joint hearings by the Select Committee on Small Business and the Banking, Housing and Urban Affairs Subcommittee on Small Business on June 25, 1976, on the lack of Small Business Administration's financial assistance to the single and multifamily housing industry.

The first hearing on this subject was held on June 11, 1976, with witnesses representing the housing industry. The June 25 hearing will have witnesses from various areas of the country: Alabama, Oklahoma, Wisconsin, and North Carolina. SBA Administrator Mitchell P. Kobelinski will be the final witness of the day and will respond to all previous testimony in this matter.

The hearing is scheduled to be held in room 5302 of the Dirksen Senate Office Building at 10 a.m. Cochairing the hearing will be the Senator from Alabama (Mr. SPARKMAN), ranking majority member of the select committee, the Senator from North Carolina (Mr. MORGAN), chairman of the Banking Small Business Subcommittee, and the Senator from Oklahoma (Mr. BARTLETT), member of the select committee.

Further information on the hearing can be obtained from the offices of the Select Committee on Small Business, room 424 Russell Building, telephone 224-5175.

ANNOUNCEMENT OF HEARINGS

Mr. JOHNSTON. Mr. President, the Senate Commitee on Interior and Insular Affairs will hold a hearing on Monday, July 19, 1976, on the impact of Federal Energy Administration regulations on the price and allocation of crude oil owned by or accruing to State and local governments. In particular the effect of gravity differentials on the price of California crude oil will be examined.

This hearing will commence at 10 a.m. in room 3110 of the Dirksen Senate Office Building. The committee and members of the National Fuels and Energy Policy Study will receive testimony from the appropriate Federal agencies and selected private witnesses.

Inquiries with regard to this hearing should be directed to Ben Cooper of the Senate Interior staff at 224-0611 or Bob Szabo of Senator JOHNSTON's staff at 224-5824.

ADDITIONAL STATEMENTS

NATIONAL CATHEDRAL ROSE WINDOW CREATED BY ROWAN LECOMPTE

Mr. MATHIAS. Mr. President, life's achievements are measured in different ways. But surely, to create a rose window in a great cathedral must approach the zenith of man's aspirations. Rowan LeCompte, of Maryland, has accomplished this at the National Cathedral in Washington and we congratulate him. His window is glorious—his satisfaction should be immense. He has added a new jewel to the artistic treasures of Washington. I ask unanimous consent that an article from the June 6, 1976, New York Times which describes this great achievement, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NATIONAL CATHEDRAL WINDOW DELIGHTS MAN WHO SPENT 2½ YEARS MAKING IT

(By Linda Charlton)

WASHINGTON.—Some children want to be garbage collectors, or circus bareback riders. Others fancy themselves as astronauts or baseball players. Rowan LeCompte wanted to make a glorious rose window for Washington's National Cathedral—and, some 35 years later, he has done exactly that.

Mr. LeCompte says he has been "mad about the cathedral" since his first visit at 14. A year later, he made his "first studies" for the west window almost 26 feet in diameter in the cathedral's west transept.

A rose window is round, with its petalled form outlined by stone tracery. The West Rose, as the new one is commonly called, has petals and is recessed 15 feet into the cathedral's west facade.

Mr. LeCompte, a member of an old Maryland family and largely self-trained, has designed 20 other stained-glass windows for the cathedral, but he regards the West Rose as his masterpiece. On a recent visit, the 51-year-old artist saw the passage of the sun create different minute-to-minute pleasures from his window.

"It should twinkle like a mosaic," he said, gazing up, and it does. The pattern is an abstraction; the central theme is the creation—"and God said, 'Let there be light.'" Some of the window's glass is painted, and some is in the form of nuggets of Bohemian glass that sparkle and twinkle and throw vagrant rainbows of light across the gray stone pillars of the nave.

The day before, said Harriet Sayre, the wife of Dean Francis Sayre, Jr. of the cathedral, "a little boy was running around trying to catch one." Mr. LeCompte and his wife, Peggy, did not run, but they greeted each rainbow with murmurs of delight.

From start to finish, from first paintings to the window's recent dedication, the West Rose occupied two and one-half years of Mr. LeCompte's life. Still to be done by him are the 18 high nave clerestory windows.

IN PURSUIT OF RAINBOWS

"I hope I live to do the nave clerestory," he said, craning his neck to the vaulted ceiling.

In making—cutting, firing and leading—and then installing the glass, Mr. LeCompte worked with two "master craftsmen" in this centuries-old art—Dieter Goldkuhle and Melvin Greenland.

'PRAISE YE THE LORD'

"All I could ever see at one time were very small portions," said Mr. LeCompte, turning again to look up at the window, which glows red and blue, warm and cold, like the ember of a great fire.

"It's a celebrative window, a song of praise to the universe," he said. "I would like the windows to be sympathetic to the building, but above all passionate, emotionally moving."

Dean Sayre joined the LeComptes, leaning far back to look at the window.

"It just sings, Rowan, sings a 'Te Deum'" said the Dean, adding: 'Oh, ye little pieces of glass, praise ye the Lord!"

There are many styles and periods of stained glass in the cathedral, which was begun in 1907 and is not yet finished. Among them are windows whose colors were purposely dulled with a film of black paint to imitate the patina of time, and a window in which is embedded a sliver of moon rock.

Several other contemporary stained-glass artists besides Mr. LeCompte have done windows for the building, which is a Gothic building, and still others are at work on commissions.

Tourists wandering through the huge building, whose nave is 534 feet long, invariably stopped in their stroll to lift up their eyes to the West Rose, whose tone changed as the afternoon wore on. A spot of prismatic color moved across the nave. Mr. LeCompte, departing, turned back for a final glimpse.

"I can never remember what it looks like," he said, and went off back to his studies to work on his fiery complexities of glass.

THE BITTER TRUTH ABOUT SUGAR

Mr. McGOVERN. Mr. President, the Senate Select Committee on Nutrition and Human Needs has been privileged to receive expert testimony from Dr. Jean Mayer, professor of nutrition at Harvard.

Among his concerns is the important connection between diet and health. In a recent article in the New York Times magazine entitled "The Bitter Truth About Sugar," Dr. Mayer describes in detail the extent of increased sugar intake in modern society, and the potential problems which result from this increase.

This in-depth description of an increasingly troublesome question should be read by everyone interested in the connection between diet and health.

Dr. Mayer has performed a valuable service in helping to educate Americans in nutritional matters. This is just one effort among many but an important one that I hope would be widely read.

Mr. President, I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE BITTER TRUTH ABOUT SUGAR

(By Jean Mayer)

Sugar is one of mankind's "new" foods. The ancient Greeks and Romans knew nothing about cane or beet sugar (except for those of Alexander's soldiers who reached the Indus Valley and met with sugar cane). The Promised Land flowed with milk and honey, the latter apparently a fairly scarce commodity. The Egyptian pyramid builders, Socrates, Jesus and the Roman legions never tasted sugar—and certainly their brains and sinews worked as well as ours do. Sugar from cane did not become available to Europeans—and then only to the rich ones—until the 16th century; beet sugar was not developed as a food until the beginning of the 19th century (in France, when the British blockade after the destruction of the French fleet at Trafalgar cut off sources of sugar in Brazil and the West Indies).

Today, although it is a major component of the American diet, most practicing nutritionists, particularly those who work with children and the poor, consider sugar a menace to good nutrition. After reviewing the evidence, I believe it is adequate to show that the habitual consumption of large amounts of sugar is highly undesirable from the viewpoint of health and that sugar consumption should be reduced.

We consume sugar in three different forms—sucrose, glucose and fructose. In the last few years, the consumption of cane and beet sugar (sucrose) in the United States has been hovering around 110 pounds per year for every man, woman and child. In 1974, it dropped to an average of 97 pounds, but the consumption of sugar syrups (glucose and fructose) rose from a per-capita average of 15 pounds (dry weight) to 25 pounds, leaving us with around 125 pounds of total sugar sweetener per person annually. This figure has been characteristic of the United States since at least 1960.

Of this sugar intake, 76 percent is invisible, contained in foods and beverages prepared outside the home—5.5 percent in eating places, the rest in processed foods. Next time you're in the supermarket, glance at the labels along the aisles and in every food case. Sugar is omnipresent, not just in sweet baked goods and frozen desserts (and soft drinks) but in ketchup, chili sauce and Worcestershire sauce; baby foods; cocktail snacks; "fruit" drinks; salad dressings; canned and dried soups; prepared main dishes; cured meats; some canned and frozen vegetables and most canned and frozen fruits; "fruit" yogurt; and, of course, the breakfast cereals, "natural" ones included. Some cereal manufacturers have been known to combine the various grains and separate the sugars on the list of ingredients. Only thus can they keep cereal first on the list. (Though there is no legal requirement that the proportion of ingredients be given quantitatively, they must be listed in decreasing order.) A 1974 survey of the sugar content of breakfast cereals, published in the Journal of Dentistry for Children, shows that of 78 cereals only 26 contained less than 10 percent sugar. King Vitamin is over 58 percent sugar, and Super Orange Crisp tops the list with a total of 70 percent—that's 14 percent more sugar than Hershey's Milk Chocolate Kisses!

Altogether, sugar represents between 20 and 25 percent of the calories in our diet, a diet which, with slight variations, scientists consider typical of industrialized, urbanized countries: high in fat (another 43 percent of our total calories), high in salt (on the average more than 10 times what the body requires daily), high in processed foods (above 50 percent of our total food intake), and low in fresh fruits and vegetables, whole grains and cereals and the dried legumes that together may make up 80 percent of the total calories of the diet of many nonindustrialized nations.

The long-term effect on health of many of the elements in our diet is increasingly being questioned. Our health statistics demonstrate that we have conquered the traditional infectious diseases and nutritional deficiencies only to fall prey to another set of ills: atherosclerotic diseases of the heart and blood vessels, cancer, diabetes, hypertension, obesity, dental caries.

Diet and mode of life are involved in these new pandemics. Nutrition research in the last three decades has yielded convincing evidence that the mere provision of enough calories, protein and other essential nutrients—including generous amounts of vitamins and minerals—while sufficient to insure growth and to avoid the classical nutritional diseases, is not an adequate prescription for long-term avoidance of diseases of the heart and blood vessels and other major premature killers of industrialized populations. We also know that total life style, particularly in the matter of physical activity, and the effects of diet are interrelated; not only are excessive caloric intakes undesirable but where the calories come from is important.

And so questions are being raised about the sugar content of our diet. Sugar, alone among our foods, is essentially a pure chemical species. (Its single small molecule of sucrose is formed by the linkage of two even smaller molecules of the monosaccharides, glucose and fructose.) Other carbohydrates, by contrast, are found as components of complex foods: the equally small molecule of the disaccharide lactose in milk, fructose in fruits, and the large molecules of starches, made up of long chains of glucose, in wheat, corn, rice and other cereals, in potatoes and legumes. The question is whether sugar is nutritionally equivalent to these other carbohydrates from which man has traditionally derived the bulk of his calories.

Not many years ago it was thought that all carbohydrates were identical in their use by the body and their long-term effect on health. It now appears that this is not the case. All carbohydrates are ultimately changed by digestion and metabolic processes into glucose (blood sugar), a primary fuel of the body. Starches, however, are digested comparatively slowly, in a series of steps in which intermediate products, dextrins and maltose, are produced to be finally separated into individual glucose molecules. Sucrose (cane and beet sugar), by contrast, is broken down in one step in the intestine into glucose and fructose. Both of these are quickly absorbed into the bloodstream from the small intestine; the fructose is metabolized into glucose in the liver. Differences in effect between carbohydrates may thus depend on their local effect, particularly on teeth; on the rate at which they are digested; and on possible specific reactions of fructose as compared with glucose.

Whether the various carbohydrates do in fact differ in their effects on health is the object of much debate. Many appear to have taken sides and express strong opinions with little critical consideration of available facts. Purveyors of health foods and "natural foods" enthusiasts are unanimous in their statements that white sugar is toxic, though brown sugar, for some reason, is safe. (The brown color can be derived from the incomplete last stage of purification or from the addition of a small amount of caramel pigment. Brown sugar seems in every material way identical in its physiological effects to white sugar.)

On the whole, the food industry acts on the basis that all carbohydrates are the same, and thus safe, (unless the producers sell "natural" cereals, in which case they join the brown-sugar-or-honey enthusiasts). Sugar advertisements play on the confusion between table sugar and blood sugar, assuring us that the body "has a need for sugar." Unabashedly, some even suggest that, inasmuch as mothers have observed that consumption of candy before meals "spoils the appetite," sugar "has a place in a weight-control program."

A small handful of nutritionists, without quite agreeing with these extravagant claims, still defend consuming a sizable proportion of the day's calories as sugar "as long as the rest of the diet is adequate in nutrients." At the opposite extreme, almost every noninfectious disease that afflicts industrialized man has been ascribed to sugar by one or another of the many equally simplistic books on food and health which have appeared recently.

Physicians, caught in the midst of these discordant views, are traditionally more concerned with the long-range prevention of degenerative diseases. By and large they pay little attention to sugar intake unless a patient has diabetes or certain uncommon forms of hyperlipidemia (high levels of fat in the blood). Dentists are the one group of medical practitioners who regard sugar as an unqualified threat.

Since sugar is a manufactured food and one that is entirely imported in many industrial countries, we have better records on its consumption than on that of any other food. World production has risen from 8 million tons in 1900 to 30 million in 1950 to 70 million in 1970, and is projected by the Food and Agriculture Organization of the United Nations to reach 93 million tons by 1980. In the United States, this increase in sugar consumption has taken place in the face of a 25 percent decrease in the overall consumption of carbohydrates, principally because of decreased use of flour and cereal products (bread in particular) and potatoes. By now sugar furnishes more than 50 percent of our carbohydrate intake. From the health viewpoint, this change does not appear to have been beneficial.

Sugar is certainly associated with the most widespread degenerative disease in the Western world—dental caries. Studies of the impact of Western diets in general and sugar in particular on the prevalence of dental decay in hitherto isolated populations are striking. A classical example is the story of Tristan da Cunha. The people of that remote island were for many years essentially ignored by outsiders and free from commerce with the rest of the world. They subsisted on homegrown produce and fish and did not consume any sugar.

In 1932, scientists and physicians on the British warship Carlisle examined the islanders and found them to be practically free of dental caries. Thirty years later, in constant contact with the outside world and by then habituated to a high sugar consumption, they had developed a catastrophic prevalance of tooth decay.

More recently, in the 1960's, a U.S. Government agency compared the results of more than 100 international surveys of the prevalence of tooth decay in different populations. Except for the fluoride content of the water supply, the consumption of sugar was the only consistent relationship between nutrition and tooth decay. In nations of the Far East, where sugar intake per person per year ranged (at that time) from 12 to 32 pounds, the national averages for decayed, missing or filled teeth in adults 20 to 24 years old ran from 0.9 to 5. By contrast, in South American nations, where sugar intake was high (44 to 88 pounds per person annually) the averages for decayed, missing or filled teeth in the same age group ran from 8.4 to 12.6. As for the United States today, it has been estimated that 98 percent of American children have some tooth decay; by age 55 about half of the population of this country have no teeth.

Another serious health problem in the United States today is excessive weight. Statistics show that 10 to 20 percent of all U.S. children (depending on the geographic area) and 35 to 50 percent of all middle-aged Americans are overweight. We have fairly reliable data on food consumption in this country and on heights and weights of the population (particularly males, because of draft data), from the beginning of the century. Although our population has grown taller, we have grown heavier (and fatter) even faster—despite a slowly decreasing overall food intake. Clearly, the increased mechanization of our lives has diminished the level of physical activity much more rapidily than our caloric intake has dropped.

Our increased sugar intake must be seen in this context. At 4 calories per gram (it is essentially the same for every carbohydrate) the average 125 pounds per person per year we now consume represent 500 calories per day. That is the energy equivalent of more than 50 pounds of fat per year for each of us! People who have a weight problem, certainly don't need sugar.

Those 500 calories of sugar in our average daily intake are calories that should be partly dispensed with, partly replaced by calories from foods which make a more significant contribution to our nutrition. Whether sugar calories are called "empty," "naked" or "frivolous," they are unaccompanied by nutrients. Moreover, they increase the requirement for certain vitamins, such as thiamine, which are needed to metabolize carbohydrates. They may increase the need for the trace mineral, chromium, as well. Thus, a greater burden is placed on the other components of the diet to contribute all the necessary nutrients—other foods need to show extraordinary "nutrient density" to compensate for the emptiness of the sugar calories. Yet sugar has invaded many foods in which it never had been thought to belong, and in every food into which it has been introduced, nutrient density drops.

At a time when food intake needs to be reduced further if we are to reduce excessive weight, we cannot afford the size of this otherwise useless caloric contribution. To be overweight is not only a sad affliction in itself, it is a condition often associated with hypertension and high blood cholesterol. It can also trigger the onset of diabetes in adults with a genetic predisposition to the disease. Diabetes is a major cause of death in the United States. Between 5 and 12 million Americans are classified as diabetics, depending on the cut-off point chosen in the definition of the disease in terms of blood-glucose levels. About 1,000 new cases are reported every day. There is a strong suspicion that a large sugar intake may be causally related to diabetes, both indirectly by promoting obesity and directly as a source of repeated stress on the insulin-producing mechanism of the body.

The relationship of extra calories to adult-onset diabetes—the fat-and-forty type (by far the most prevalent in industralized socities)—has been noted. Unlike juvenile diabetics, in whom insulin circulating in the blood is dramatically reduced, adult diabetics usually have near-normal levels of insulin but apparently not enough to cope with the demands of the organism. Keeping the food intake and weight way down (by exercise and caloric reduction) is the best way to both prevent and treat maturity-onset diabetes.

Sugar, however, is suspect as more than a source of unnecessary calories. A large sugar intake means that huge amounts of rapidly digested and absorbed simple sugars (glucose and fructose) flood the body at intervals. The sudden glucose influx, in particular, may represent a stress with which the insulin-secreting islets of the pancreas of individuals genetically prone to diabetes cannot cope. After a period of hyperactivity, the cells which produce insulin gradually exhaust themselves. Other endocrines such as the adrenals may be additionally affected. A number of studies in populations, though not totally conclusive, seem to support the view that a large sugar intake promotes diabetes.

The limited bill of particulars against sucrose which can be documented is sufficient to justify a drastic decrease in our sugar consumption, starting in infancy. Recent research indicates that, by the time they are a year old, children already prefer sucrose and fructose to lactose. Data show that a preference for sugars and sweets in such things as soft drinks, cakes, pies, cookies, candy, jams and syrups increases with age up to the early teens, then slowly decreases.

The highest consumers are boys in preadolescence or adolescence, the very time of life when, to lower triglycerides as well as blood cholesterol, sugar intake should be cut along with a considerable decrease in saturated fat and cholesterol. Furthermore, in that age group, it has been shown that the "average" sugar intake in unequally distributed. Some of our young people find sugar as addictive as tobacco or alcohol. More get used to sweet desserts and snacks and feel deprived if these are not available. Clearly, it is better to restrict sugar use from birth than to try to cut down later.

There are a number of things we can do to decrease our sugar consumption. We can keep sugar-based producers—candy and the like—out of the house; we can rely on vegetables, dried beans and peas, whole-grain flours and cereals and milk, whole or skim, to provide the necessary carbohydrates, and choose fruit for desserts. These foods will also provide protein, B vitamins, vitamin E, iron, zinc and other trace minerals, some essential fatty acids and fiber. When we do eat or drink something with sugar in it, the teeth should be brushed, or at least rinsed, as soon as possible. Children, especially, should be trained to observe this rule; they can learn the "drinking-fountain swizzle" to use at school.

Some of the strong opponents of sugar have proposed various stringent measures, everything from an outright ban on it as a dangerous product to warning labels bearing the message that, like tobacco and saturated fats, sugar may be "dangerous to your health."

I do not believe that such measures are either feasible or necessary. Americans of their own accord, are beginning to decrease their consumption of saturated fats and are identifying and avoiding foods high in cholesterol. Cigarette smoking is decreasing among college youth. (Less than 4 percent of the entering Harvard freshman class smoke). Clear information about the sugar content of foods and frank nutrition education that calls a spade a spade should also lead intelligent consumers to a more healthy, less sweet, diet.

KILLJOYS IN FLIGHT

Mr. BROCK. Mr. President, the Federal Aviation Administration has been petitioned to prohibit pilots of air carriers from smoking not only during flights, but 8 hours prior to flights. The ridiculousness of this request is eloquently stated in an editorial entitled "Killjoys in Flight." I ask unanimous consent that this editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Killjoys in Flight

The latest campaign of the Naderites is an attempt to deny pilots the solace of nicotine. The Federal Aviation Agency has been petitioned by a coalition of "public interest" lawyers to prohibit smoking by flight crews, not only in the cockpit but for eight hours before take-off. This is a trivial but characteristic example of the mentality involved.

The proposed regulation purports to further public safety on the basis of alleged evidence to the effect that smoking affects the blood and therefore the proficiency of pilots. Just as Nader failed to contrast the safety of the Corvair with that of other compact cars, his acolytes have made no effort to compare the safety records of smoking and non-smoking pilots, nor have they considered the possible effects of long abstinence on pilots' nerves. Given their cavalier indifference to practical problems of enforcement, perhaps it is needless to note that Nader's young lawyers have neglected to advise the FAA how to prevent pilots from smoking eight hours before flight time.

But one of the Naderites advises us of a deeper motive—to deny pilots the innocent company of stewardesses who pop into the cockpit for a quick puff. Comstockery runs deep in the American grain, so it cannot be expected that we will soon be rid of our self-appointed spoilsports.

A. WESLEY BARTHELMES

Mr. PELL. Mr. President, I was deeply saddened to learn late yesterday of the death of A. Wesley Barthelmes, a man I have known and admired for many years as a consummate staff assistant to several of my colleagues.

Wes, as everyone on Capitol Hill knew him, was a gentle and humorous man who approached the national issues with which he dealt with wisdom and commitment. During his years of Senate service, Wes particularly left his mark in the field of foreign policy.

I extend my deepest sympathies to his wife, his mother, and to his children. In their grief, I hope they will find consolation in the knowledge that he served his Nation proudly and well.

ANOTHER VIEW OF KISSINGER'S AFRICA

Mr. BROCK. Mr. President, Walter Darnell Jacobs has just recently retired from the U.S. Army and is director of the American African Affairs Association. In the June 25 issue of National Review, Mr. Jacobs has contributed an interesting article on Africa, entitled "Another View of Kissinger's Africa." The article is a quick, but well done, review of African nations and their plight today. Mr. President, I ask unanimous consent that Mr. Jacobs article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ANOTHER VIEW OF KISSINGER'S AFRICA

(By Walter Darnell Jacobs)

LAGOS, NIGERIA.—Flying into Lagos one sees a great fleet of ships. Surely nothing like this has been assembled since D-Day 1944. The ships, tankers and freighters, stretch to the horizon. Any attempt to count them is futile. But before we land the count gets well beyond two hundred.

On the ground in Lagos, our Pan Am plane is immediately searched by a Nigerian soldier with his AK-47 slung over his shoulder. After the search, I ask where the great armada of ships came from and where it is going.

The actual number of ships now sitting in the Bight of Benin is close to 300. At times the number of has reached 500. Most of the commercial ships have been waiting to get into Lagos since the middle of 1975. The crews have become accustomed to the humid tropical atmosphere of the area. They have also become accustomed to the pirates trying to loot the cargo of the waiting ships. The crews occasionally visit the fleshpots of Lagos but mostly they spend their time at sentry duty and chess or checkers.

Part of the trouble is that the port of Lagos can handle only about 7,500 tons of cargo a day, and the incoming ships each day equal or exceed that. So the idle armada continues to grow. Some of the blame belongs to the government of General Yakubu Gowan, deposed in July 1975. It ordered enough cement to pave over half of Nigeria. Gowan's successor, Brigadier Muritala Muhammad, didn't cancel the orders. Nor has his successor, who came in a few months ago after Muhammad was assassinated. As a result, the armada grows, the cement spoils in the equatorial sun, the pirates raid, the sentries snipe, the crews visit town and play checkers.

Salisbury, Rhodesia—The representatives of the world press are gathered in the Monomatapa Bar to preside over the liquidation of Rhodesia. Their faces and costumes are similar to those seen a few years back in Saigon's Caravelle bar. They sit quaffing gin and tonic, exchanging stories, damning the system. The newsmen wear all the accoutrements of battle—web equipment, dirty khakis, even grenade pouches—but retain a lounge pallor.

Most of them turn down invitations from the Rhodesian Ministry of Information to tour action areas. They prefer making news in Monomatapa's more hospitable atmosphere. When they do get out into the sun, they camp in front of the Prime Minister's office a few blocks away or run up to the farm of the odd white Rhodesian who is ready to leave.

Some journalists do not fit into such a pattern. There was the correspondent from the London *Daily Mirror*. The *Mirror* had published the story of a deserter from the Rhodesian forces, McCarthy by name, who said that he and his fellow soldiers had engaged in numerous My Lai-type atrocities. The *Mirror* told their man in Salisbury to look into the matter. He did. The army commander, General Patrick Walls, proved to the newsman that McCarthy's unit was not in the area described at the time alleged. A dispatch was sent off to London. Not good enough, said the *Mirror;* get yourself out to the area and find evidence of the atrocities. Off to the area he went with camera and recorder. Several interviews. No evidence of a massacre or other atrocities. The correspondent reported all this to London, but the *Mirror* printed nothing, letting its original story stand.

Abidjan, Ivory Coast—God made Abidjan one of the most beautiful spots in the world. Unfortunately, He also made it hot and humid. But man has supplemented God's work. The Hotel d'Ivoire complex is a marvel of comfort. Not far from it, a consortium of European and African investors is completing a development called the African Riviera. It looks like the French Riviera—only more grandiose, more luxurious, and with more people on the beaches. President Felix Houphouët-Boigny manages the government thoughtfully and progressively.

Nevertheless, the French are not as welcome in the Ivory Coast as they once were. The detente that had been developing between South Africa and the black countries suffered a setback because of Angola. Observers now believe this detente will end and the Ivory Coast will look to Dar es Salaam—not Paris or Pretoria—for its future.

To the casual visitor, these predictions seem groundless. Abidjan's prosperity stands in sharp contrast to the squalor of most of the rest of West Africa. The competence and efficiency of the Ivory Coast is a welcome change from the indecision and bureaucracy found on its borders. In the food shops of Abidjan one finds canned goods from South Africa and a product called *boeuf à Zambezi*, which, as everyone seems to know but won't admit, is imported from Rhodesia.

With luck, the Ivory Coast may become a bridge not only between Africa and Europe but also between black Africa and southern Africa.

Kanyemba, Rhodesia—After tea and brandy and probably more questions than he really cared to answer about majority rule and one-man-one-vote, your European host tells you about the Vadoma people of Rhodesia. Numbering about 400, they live on the lower Zambezi near the Mozambique border. They are extremely shy, avoiding all contact with outsiders.

What distinguishes the Vadoma, aside from their extreme shyness, is a physical abnormality. Many of them have only two toes on each foot, and the toes are splayed out in a condition known as syndactylism or "lobster feet." This abnormality makes it easy for them to climb trees—they appear to run up them rather than to climb them. The Vadoma have Stone Age features: wedge-shaped faces; heavy, broad cheeckbones; and very large eyes. Their homes are caves, crevices, and ant bear holes. Their food consists of grain, honey, mushrooms, and fish.

The Vadoma once tried to reach the moon by building a huge tower of rocks, but the tower collapsed and they never made it, allowing America's Neil Armstrong to make the first giant step for mankind.

Dakar, Senegal—West Africans are not nearly as emotional about the "race war" with southern Africa as are most American politicians and journalists. In Dakar, I heard it said that the South Africans are by now really Africans. They have nowhere to go. Unlike the Portuguese, they can't get in their planes and fly home.

At the same time, Senegalese often refer to southern Africans (including Rhodesians) as the enemy. As the term is used in Dakar, it doesn't imply the use of force or violence. Dakar would probably like to see the matter settled peacefully but its spokesmen insist that the problems of southern Africa are internal and should be settled by those who live there. As the world knows, many in those areas have chosen the path of the arsonist and the terrorist. The Senegalese deplore this choice and do not, like some Westerners, try to paint guerrilla actions as glorious or even justified.

The confusion over American policy at the time of Angola has been compounded by Secretary Kissinger's Lusaka pronouncement during his recent trip.

Pretoria, South Africa—It is difficult to get anyone to talk about the South African action in Angola. Some think the Angolan operation should not be discussed because it was a failure. They believe that the Pretoria forces were pushed out of Angola by the supermen that Castro sent.

That view is incorrect. South African troops were not defeated in the field and definitely not by the 12,000 Cuban soldiers. Another story is closer to the truth. The South African troops went in to protect the Cunene dam—the water source for arid South West Africa—and then gave guidance and support to the combined forces of FNLA and Unita. The forces in Angola did not include infantry; their largest artillery piece was the ancient 25-pounder, and they used air power sparingly. The troops were mostly recruits still in training. Nonetheless, in engagements in which South African forces met Cubans, the Cubans were routed. There is even a report of the destruction of a T-34 with a 25-pounder. Pretoria withdrew its forces under pressure from Western countries. There was no military defeat, however much South Africa's enemies might like to claim there was.

Dakar, Senegal—If it is true that the United States did not support South Africa in its Angolan intervention, it is probably also true that it did not support other African countries—such as Senegal—that opposed the MPLA. Before the MPLA won in Angola, the Organization of African Unity had considered the matter of recognizing the MPLA as the successor regime to Portugal. The vote was 22 to 22, a defeat for the MPLA supporters, who had expected much more.

To some extent, America engineered that defeat by urging its African friends not to recognize the MPLA.

When the tide turned in Angola, most African states extended recognition, but some of America's friends held out. By late March, there were only four black African states that had not recognized the MPLA—Kenya, Zambia, the Ivory Coast, and Senegal. When the Ivory Coast indicated its intention to do so, Senegal found itself more and more isolated. And the U.S. did nothing to support Senegal's position.

There was no discernible resentment toward the U.S. for its lack of support. In fact, the Senegalese are pushing for lively and imaginative U.S. participation in Africa. They want the United States to serve as a counterweight to the Soviet Union so that small African states, such as Senegal, can remain independent.

Chiwese, Rhodesia—In an attempt to combat terrorist penetration, Rhodesian authorities have established a series of "protected villages" in the northeast area of the country. At the same time, they have required relocation into the villages. In one area there was an old man who was so crippled that he had to be pulled about in a cart drawn by a faithful donkey.

When the removal to the protected village was undertaken, the old man begged the Rhodesian soldiers to let him bring his donkey. They did so, placing the donkey in a sling underneath a helicopter. It is said that the reunion of the old man and the donkey was most touching.

Inkomo, Rhodesia—If a race war is coming to southern Africa, it is coming to Rhodesia in a strange garb.

At this camp near Salisbury, a scout troop or two are in training. The Selous Scouts are honing their tracking skills. A visitor to the Selous Scouts area is met at the club by a mixture of whites and blacks, males and females. The atmosphere is relaxed and easy. At the bar a black matches a white to see who will pay for the next round. Throwing darts in the rear are a servicewoman and a muscular serviceman. After several rounds the visitor hears shouts. They turn out to be an invitation to what is called the other-ranks mess.

The other-ranks mess is in a typical African building, round with a thatched roof. Much larger than the usual bushland cabin, its floor has a diameter of about fifty feet. Around the inside wall, a long bench of seats is filled with troopers. In the middle of the room there are a few tables and chairs and, of course, the bar.

Two drinks are available, Chibuku beer or Lion beer. Lion beer is a typical European brew. Chibuku is made from local maize and is served in a plastic container that must hold about two liters of the liquid. At the mess, Chibuku costs about 10 cents and Lion about 50 cents. The troops are drinking both types: some whites are drinking Chibuku; some blacks, Lion.

The visitor is immediately offered a gallon or so of Chibuku. The sergeant major, by tradition, shares a drink with every guest every time the guest is served. The taste isn't bad. A bit tart for American palates; and the sediment does not make it look all that appetizing. Still, not bad. In fact, after a few liters, it's very tasty.

The troops are singing regimental songs—not in English, in Shona, the local African language. They are songs about how the regiment destroys terrorists. The rich African voices are joined by European tenors, and altos and even a few contraltos from the servicewomen present. It is a serenade by all ranks. The young Sandhurst-trained captain is just as loud as the black private standing next to him. The black sergeant major has his guest locked in one huge arm while the other skillfully juggles a container of Chibuku.

The sun has been down for many hours. The boastful, spirited singing goes on. All in all, an odd way to prepare for a race war.

Johannesburg, South Africa—An American abroad is lost without his daily paper. Fortunately, South Africa has a lively English-language press. Johannesburg's *Rand Daily Mail* has good news coverage, comics, and a devilish crossword puzzle.

Today's issue must be atypical. It carries a lead story that deals with an attack by Chief Gatsha Buthelezi of KwaZulu on the government's policy of "homelands." (The homelands scheme would create independent homelands for the nine major black races of South Africa. One of these would be KwaZulu, to be headed by Buthelezi.) An editorial inside supports Buthelezi and opposes the government policy.

Other days and other papers indicate that not just the *Daily Mail* but the entire English-language press of South Africa is vigorously anti-government. It condemns almost every government policy, including the racial policy, the Angolan action, even Vorster's African detente. The editorials direct a steady sniping fire at the government.

South Africans who support the government—and many who do not—suggest that the "democracies" of Transzambezi Africa are really different from the Republic. None of these strongholds of majority rule has an opposition press. To find that in Africa one must travel to that "racist police state" called South Africa.

Accra, Ghana—"There is no room in Africa for American blacks." A chance meeting in the Accra airport with a West African brought forth this remark. The speaker had described his many meetings with American blacks who had come to Africa for various reasons. Some had come to study, some to observe African culture, others to maintain an American political presence in African forums.

"These blacks from America," said the speaker, "always try to tell me what Africa should be doing. I tell them that you are trying to be more African than I am. But you aren't an African. You are a black American. To me, you aren't even black: you are just another foreigner in Africa."

Dakar, Senegal—President Leopold Senghor of Senegal is seventy years old; so is President Felix Houphouët-Boigny of the Ivory Coast. Both led their nations to independence and are revered as true heroes.

In Senegal and in the Ivory Coast there are a number of young men who are preparing for the time when the influence of Senghor and Houphouët-Boigny is over. Some of these young men are protégés of the old leaders and have had experience working in governmental ministries and the armed forces. Others of the new generation are opposed to the old line in politics. These men have been influenced by the revolutionary policies emanating from Guinea, Mali, Guinea-Bissau, and from further afield. Their chance to take power depends not only on internal support but also on what help they can get from Moscow, Algiers, Havana, or Peking. That help will surely be offered.

Unfortunately, the followers of Senghor and Houphouët-Boigny cannot look for support outside their own countries. America's isolationism signals to them that they must go it alone. If America has any desire that Senghor and Houphouët-Boigny's policies be followed, some way should be found to make that desire known to the young men in West Africa.

THE QUESTION OF SUFFICIENT STUDY OF THE NONDEGRADATION ISSUE—CLEAN AIR

Mr. MOSS. Mr. President, I ask unanimous consent that my further comments on Mr. Muskie's nondegradation factsheet be printed in the Record. I am offering this additional information to put to rest the debate over whether sufficient studies of the economic implications of nondeterioration have been made.

There being no objection, the comments of Senator Moss on the factsheet was ordered to be printed in the Record, as follows:

Further Comments of Senator Moss on "Nondegradation Factsheet"

(Congressional Record, May 26, 1976, pages 15572–15576)

The Senate will soon consider S. 3219, the Clean Air Act Amendments of 1976. Without question, the most important provision of S. 3219 is Section 6, the nondeterioration proposal, which if adopted, will set the course of future national growth policy of this country and its 215 million citizens. Without question, this is also the most controversial provision of S. 3219. In its present form as administrative regulation of the Environmental Protection Agency, the policy of nondeterioration is being challenged in the courts as too extreme on the one hand, and not stringent enough on the other hand. In this climate of uncertainty, the Clean Air Act of 1970 has come up for amendment. Since present law leaves unclear Congressional intent on a national nondegradation policy, it is up to Congress to make this determination.

The amendment offered by the Senate Public Works Committee goes considerably beyond existing law. It is my concern that this amendment may not present a balanced approach between national priorities on environmental protection and necessary future economic development. It is my further concern that this Body does not have the necessary facts and inputs to make such a decision of lasting importance to the nation. For this reason, I introduced an amendment, which shares the bipartisan cosponsorship of 19 Members, which calls for a comprehensive study of the full ramifications of this proposal on our environmental goals, energy self-sufficiency, economic recovery, consumer costs and State and local planning initiatives.

This study would be conducted by a National Commission on Air Quality, which created under these amendments, which would enable a resolution of all the fragmented and divergent analyses that have been conducted on a "crash basis" over the past months in reaction to the Committee proposal. Surely there is no national emergency that dictates an instant decision by the Congress. Nondegradation relates to esthetic values, not life or death decisions on our people's health and welfare. The present law wisely provides this protection. Moreover, the present EPA regulations would remain in force until this study is completed.

Surely this body, if it is to act judiciously and wisely in the public interest, is entitled to all the facts. But it has been argued that there is no need to consider my amendment and that reasoned delay, as I propose, is totally unnecessary. It has been stated that all the facts are known and that this issue has already been "studied to death." It has been stated that the legislative proposal before us has been developed only after extensive legislative hearings, that the Committee has received comments from virtually all interest groups affected and has worked closely with State and local government officials.

I wish to draw my colleagues' attention to certain "facts" and "allegations" contained in the May 26 Congressional Record to set the record straight that this Body does not have all the necessary facts and inputs to make a decision that will place an indelible stamp on the lives and livelihood of all Americans. And of equal importance, to set the record straight that there is not the general consensus of support for this provision as implied.

ALLEGATION

Extensive legislative hearings were held on the nondegradation proposal contained in S. 3219. To quote from the May 26 Congressional Record, "In 1975, 14 days of hearings were held . . . One entire day of hearings was focused completely on nondegradation in 1975, and the subject was discussed in numerous other hearings that year."

FACT

Comprehensive legislative hearings were not held on the issue of nondegradation. No hearings were held on the language contained in Section 6 of S. 3219. The nondeterioration amendment was drafted and revised during Subcommittee and Committee markups, and the final version bears little resemblance to any proposal on which testimony was received.

Going to the official four-volume documentation of the Committee hearings record, contained in 1895 pages of recorded testimony and submissions for the record, it is accurate that the Subcommittee did conduct 14 days of hearings on provisions of the Clean Air Act. However, only one day was "focused completely on nondegradation," and this "entire day," as cited in the May 26 Congressional Record lasted a total of only three hours. (The Subcommittee convened at 10:00 a.m. on April 23, 1975, and recessed at 1:00 p.m.) Moreover, only four witnesses were heard—two in support of a national nondegradation policy, one with mixed views and one witness opposed. The witness list for this single session included:

Mr. Richard M. Lahn, Washington Representative of the Sierra Club, accompanied by Mr. Bruce Terris.

Mr. Cubia Clayton, Director, Air Quality Section, New Mexico Environmental Improvement Agency.

Mr. J. D. Geist, Executive Vice President, New Mexico Public Service Co.

Mr. C. Howard Hardesty, President, Eastern Hemisphere Petroleum Division, Continental Oil Co., representing the American Petroleum Institute.

Other than this "one entire day" of specific hearings on nondegradation, the subject was not discussed "in numerous other hearings," as cited in the May 26 Congressional Record. Again, going to the official Committee record, no other witnesses devoted full testimony to the subject of nondegradation.

Only eight witnesses out of 64 who appeared before the Subcommittee made any reference to nondegradation—and this was only in passing as part of their overall testimony on other provisions of the present law. Such comment was only in general terms and is contained in relatively few sentences in the hearing record. These comments sparked *only three questions* by the Subcommittee.

Following are the dates and appearances of witnesses:

March 19, 1975: Environmental Protection Agency—Administrator Russell Train briefly referenced nondegradation in the closing three paragraphs of his prepared statement; there was no discussion throughout the 123 pages of the hearing transcript.

March 20, 1975: Federal Energy Administration—Administrator Frank Zarb included nondegradation in prepared testimony on the Administration position on Clean Air Act Amendments. The statement was not read and there was no discussion of nondegradation in the entire 417 page transcript.

April 21, 1975: National League of Cities—Mr. Walter Rockenstein commented that without a national nondegradation policy, industry would leave the cities and relocate in rural areas. When questioned that his statement "almost sounded selfish," the witness replied that in part he was misunderstood, but "Obviously we don't care to lose the industries which provide jobs for our people." It may be noted that this question to the witness came after 707 pages of transcript in the Committee Record wherein the Senator posing it commented, "For the first time I heard someone talk about nondegradation."

April 22, 1975: Iron and Steel Institute—Mr. David M. Anderson, Environmental Quality Control, Bethlehem Steel (who also serves on the Environmental Protection Agency Air Quality Criteria Advisory Committee) observed that the steel industry will require construction of approximately 30 million additional tons of steel capacity but it may be necessary to import this with resultant loss of jobs for American workers as a result of overly stringent air quality standards. The steel industry would have to commit an additional $4.2 billion, over and above the $1.1 billion already spent and that the industry cannot finance such pollution control costs while at the same time expanding steel capacity to meet domestic needs. He advised that other major industries would face the same problem.

April 24, 1975: Mr. Lane Kirkpatrick, Director, Air Pollution Control Division, Colorado Department of Health touched on the concept of nondegradation in one paragraph of his prepared statement. He suggested that perhaps certain pristine areas such as national parks should be preserved from growth but other areas could be used for growth or to boost a state's economy based on the desires of the general public. There was no questioning and none of the other nine witnesses, including state officials from Texas and New York, made any comment on nondegradation. The hearing related to land-use controls and transportation controls.

April 29, 1975: Mr. Benjamin Wake, Montana Department of Health and Environmental Sciences structured his statement to the hearing subject of Intermittent Control Systems, but in response to one committee question, advised that there is a need for a standard more stringent than primary and secondary. His view on ICS is that it will "make air uniformly dirty" and that "a tricky plant manager could quickly learn when to release great volumes of pollutants."

May 1, 1975: Pacific Power & Light Company—Mr. George D. Rives, Counsel, advised the Subcommittee that he would support elimination of the nondegradation requirement from Federal law.

May 1, 1975: American Steel Institute—Mr. Fred Tucker advised that no other nation has regulations or limits based on significant deterioration and if domestic steel needs are to be met, we will have to import foreign produced steel.

Mr. Tucker also advised that because of the steel industry problems of compliance in maintenance areas it may be necessary to construct a new "grass roots" complex in a Class II area where air quality is above standards. But the Committee proposal would not allow this. The Senate Public Works Committee staff summary of nondegradation states in the April 1 Congressional Record, "Class II, as defined by EPA regulations and the Senate proposal, typically permits the individual siting of a 1000 megawatt coal-fired power plant and any one of a major new grass roots steel complex—none of which are planned." In correspondence to the Committee, also referenced in the April 1 Congressional Record, EPA Assistant Administrator for Air and Waste Management, Roger Strelow, makes the same comment.

ALLEGATION

States have been adequately involved in developing these amendments.

"Twenty states joined the Sierra Club or submitted independent suits requesting the courts to require a nondegradation policy.

"Eight states testified in 1975 during the Clean Air hearings. All submitted comments on nondegradation. It was on the basis of the suggestions made in such meetings and statements from these witnesses that caused the Committee to make substantial changes in the legislative proposal regarding nondegradation."

The National Governors' Conference supports the Committee bill and "opposes the Moss Amendment."

FACT (20 STATES)

Twenty states did join the Sierra Club in its suit for a national nondegradation policy. But why?

According to testimony of the Sierra Club in the nondegradation hearing April 23, Mr. Richard Lahn advised the Subcommittee that a paramount reason 19 states joined the Sierra Club brief was to prevent industry from "fleeing" to rural areas.

To quote from Mr. Lahn, "Aside from the environmental aspects described, perhaps the most important reason for preventing significant deterioration of air quality in clean air regions is the possible impact the lack of this provision might have on the economic well-being of our already industrialized, urban centers. The incentives to develop in rural areas, draining the industrial development in urban areas was a major concern of the 19 states which filed friend of the court briefs before the Supreme Court.

"The brief filed by 16 of the states makes the point well: 'The health of the economies of urban-industrial regions is dependent upon industrial continuation and growth. It is in the best economic interest of these regions that sources remain in them and utilize the emission controls necessary to reduce pollution levels to the numerical limits of the standards.

" 'Thus, it is beneficial to those regions that the requirement of no significant deterioration prevents rural regions from allowing lenient emission controls that are so much less expensive that an industry will have a financial incentive to relocate in a rural region. . .

" 'The requirement of nc significant deterioration removes the possibility of economic coercion between competing regions based on the stringency of emission control requirements.' "

FACT

In short, industrialized areas of the country were fearful that industry would migrate to rural areas and therefore supported the concept of nondegradation in order to hold industry "hostage." This same concern was expressed by the National League of Cities in testimony April 21—the only comment made on nondegradation in that hearing.

This but represents another misconception of the highly complex issue of the nondegradation proposal and the present law itself. This phenomenon simply would not happen because of the "new source performance standards" (NSPS) required by the law. The present law carefully plans for the control of pollution that might result from industrial growth in new areas. Any new industry must meet the most stringent pollution reduction emissions possible to attain primary and secondary air quality standards. If they do not, they would not be granted permits.

Section 111 of the law requires the Administrator of EPA to establish performance standards applicable to new or modified stationary sources that may contribute significantly to air pollution. Such standards, known as "new source performance standards" (NSPS), require the "best system of emission reduction available" and are applicable even in those areas of the nation where the ambient air quality is better than that required under the national primary and secondary standards.

Nine of the 19 states which originally joined the Sierra Club suit, have now expressed strong concern or opposition to enactment of a national nondegradation policy. Of the 19 states that joined the suit—Alabama, California, Connecticut, Florida, Illinois, Kansas, Louisiana, Maine, Massachusetts, Michigan, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Dakota, Vermont and Texas—the nine states that have advised of their grave concerns with the impact of such policy are: Alabama, Florida, Kansas, Louisiana, Maine, Michigan, Ohio, North Carolina and Texas. Their comments, together with those of other State Governors follow:

GOVERNORS COMMENTS ON PROPOSED NONDEGRADATION LEGISLATION

Alabama—Honorable George C. Wallace—". . . the way nondegradation is defined can have a significant effect on growth plans and employment in our State. I urge you to oppose any specific definition of nondegradation. (Proposals) will concentrate development more heavily in already impacted areas and completely shut off further development in the relatively underdeveloped areas. The several states are in a better position than Congress to define areas needing specific controls." (2/12/76)

Arizona—Honorable Raul H. Castro—

"Consequently, the economic development of this State could be unduly determined at the Federal level. It is essential that State rights are preserved and that opportunities to participate in the decision making process are provided to local governments particularly when standards to protect human health and welfare are not exceeded. I urge Congress to establish a study commission to investigate and analyze the implications and consequences of the non-deterioration provisions as promulgated and proposed and to consider the alternative approach outlined by my staff in the enclosed report." (2/19/76)

Florida—Honorable Rubin O. D. Askew—

"One resource which is vital to Florida is the quality of air and the tourism which depends on it. Florida's air quality is for the most part better than secondary air quality standards. Florida has enacted a rule to prevent significant deterioration and the Florida Environmental Regulation Commission has resolved to continue the protection of areas with air quality better than the primary and secondary standards. I strongly urge you to carefully consider the consequences of adopting (nondegradation) and empowering the federal Environmental Protection Agency (EPA) to preempt the states' prerogatives in these areas. It is our position that the States are more capable of evaluating the economic and social implications of desired air quality within their boundaries than EPA." (2/11/76)

Georgia—Honorable George Busbee—

"I have previously taken a strong public position against the provisions . . . and I shall continue to speak out against them where possible. I have advised our Congressional delegation of our position with respect to proposed amendments to the Clean Air Act." (3/16/76)

Kansas—Honorable Robert F. Bennett—

"We share your concern that the proposal, as well as the existing federal involvement in the issue seriously erodes the state's authority to make the decisions necessary to strike a reasonable balance between environmental, economic, energy and social needs." (3/24/76)

Louisiana—Honorable Edwin Edwards—

"The Air Control Commission has requested that every effort be made to remove the offensive 'Significant Deterioration' provisions from the bill since each State already has the right to choose small increments of deterioration in favor of economic and social gain for its populace and the proposed law effectively curtails that prerogative. Defeat of the entire bill may be in the best interest of the state if the offensive 'Significant Deterioration' provisions cannot be satisfactorily resolved." (4/20/76)

Maine—Honorable James B. Longley—

"I share your concern over the possibility of further encroachment by the Federal government on the rights and destinies of Maine citizens and I concur with you that decisions affecting the local communities of Maine and other states should, whenever possible, be made at the local level. The State of Maine through our State Legislature and our Department of Environmental Protection has enacted some of the most sound and comprehensive environmental laws and regulations to be found anywhere in the entire nation. However, these laws and regulations are not so stringent as to preclude economic development. The people of Maine are justifiably proud of their State and its environment, but they are also very much concerned about the present economic picture in which there are not enough jobs for the people who want to work." (2/25/76)

In letters to members of the Michigan Congressional delegation: "The amendments pending in Congress could lead to a federally mandated land-use program based on air quality. I have consistently maintained that land-use planning should be performed at the local level, and the legislation I have supported in Lansing (HB 4234) requires that planning be done at the local level. It is inappropriate to base a land-use program on air quality. The quality of the earth—not the quality of the air—is the only appropriate and sound basis for land use decisions." (4/29/76)

Mississippi—Honorable Cliff Finch—

"If pending amendments to the Clean Air Act are passed, it will virtually halt economic development in our state. I am a firm advocate of the stated objectives of the Clean Air Act; that is, that the State takes action to protect the health and welfare of its citizens through the adoption and enforcement of the National Ambient Primary and Secondary Standards. Court rulings and EPA regulations that go beyond the attainment of the National Ambient Primary and Secondary Standards should be overturned. The proponents seem to be anxious to get these provisions set in concrete in the law before the present court rules on this matter again." (3/17/76)

New Hampshire—Honorable Meldrim Thomson—

"Resulting zero growth and adoption of a National Land Use law by this indirection would ruin the economy of small states such as New Hampshire as well as create an economic vacuum in enormous areas of the larger states. The punitive results of this amendment will fall upon our most needy citizens first and most heavily. Is there no end to these attempts by the Congress to hoist this country on its own petard?" (2/18/76)

North Carolina—Honorable James E. Holshouser, Jr.—

"North Carolina is well aware of the provisions of both the House and Senate versions of amendments, and we have actively opposed and intend to continue to oppose the enactment of either of these amendments in the Law." (3/31/76)

Ohio—Honorable James A. Rhodes—

"The Governor has asked me to inform you that the Ohio Environmental Protection Agency has strongly opposed the nondegradation aspects of the U.S. Environmental Protection program. It is our opinion that such standards as are proposed by the subject amendment represent overreaching by EPA and would have a serious effect upon land use in our state. The Governor appreciates receiving your comments regarding this very important matter." (Thomas J. Moyer, Executive Assistant to the Governor, 3/12/76)

Oklahoma—Honorable David L. Boren—"Thank you for your letter concerning the Clean Air Act. I have already expressed my opposition to various Congressmen. I feel that environmental protection should be left at the state level, and I will continue to oppose federal regulations in this area." (3/19/76)

South Carolina—Honorable James B. Edwards—"We are asking the members of the South Carolina delegation in Washington to oppose the proposed amendments to the Clean Air Act of 1970." (3/19/76)

Tennessee—Honorable Ray Blanton—"The concern is that these amendments, if adopted, may infringe upon our state's authority and inhibit industrial expansion. I would appreciate your attention for your consideration and appropriate action you may be able to do to protect the rights of the State of Tennessee." (3/12/76)

Texas—Honorable Dolph Brisco—"I urge your support for any provisions that will accomplish the principles stated in the resolution" . . . adopted by the Interagency Council on Natural Resources and the Environment. The significant deterioration proposals would restrict growth in areas where the standards are not exceeded. In these clean areas where public health is not threatened, such arbitrary limitations on growth simply are not acceptable to the majorty of the citizens of Texas. Any decisions affecting growth must take into account the wishes of the people in the affected areas and must include a broad spectrum of considerations. Growth determinations must not be based solely on air quality as now perceived by the federal government. . . . The provisions of the amendments proposed by the Senate and the House infringe upon the right of the states and the citizens to determine growth rates and patterns according to local needs and goals. The proposed increments are arbitrary and far too restrictive. These increments will allow the Administrator of EPA to exercise undue control over land use throughout the country." (Undated)

Utah—Honorable Calvin L. Rampton—"While there is much to be regretted in the bill from a technical and practical standpoint, I find that the legislation is even more offensive administratively. The state is the ostensible administrator for the program, but in reality the states' role is purely ministerial. The air quality standards to be enforced are federally imposed, the land area to be included in each class are specified, and the limited discretion left to the state to redesignate can only occur after certain conditions are met. This bill is an example of good intentions run riot and what results from the lack of a coherent national energy policy. In the interest of environmental protection it imposes a no-growth policy on Utah without any regard for the long-term national interest." (3/11/76)

Virginia—Honorable Mills E. Godwin, Jr.—

"If this legislation is enacted in its present form, Virginia would feel impelled to ask the courts to set it aside as unconstitutional. The National Governors' Conference adopted a resolution in September, 1975, which recommended that each State retain the flexibility to determine for itself what is "significant deterioration" consistent with local values. The Southern Governor's Conference also in September, 1975, expressed serious concern that "significant deterioration" provisions might arbitrarily prohibit economic development of many areas, even though the air quality would be much better than the level required for good health. The organization of State and Territorial Air Pollution Program Administrators also recommended, through resolution, that the Clean Air Act be amended to expressly provide that there shall be no requirement to establish air quality standards more stringent than the primary and secondary standards.

"At the very least, the Committee should refer the non-deterioration provisions to a study commission for a thorough analysis of their implications, to be followed by public hearings where the full impact of any resulting recommendations may be focused on by State and local government representatives and concerned citizens." (1/15/76)

FACT (EIGHT-STATE TESTIMONY)

Eight states did not testify on nondegradation as cited in the May 26 Congressional Record. Only one state, New Mexico, presented testimony during the session devoted to this issue. Of the remaining seven, Nebraska, Texas, Colorado, New York, California, Montana and West Virginia, only two officials—from Colorado and Montana—made passing reference to this issue in the course of their testimony. The officials from these states appeared before the Subcommittee to review such provisions of the current law as automobile emissions, transportation controls, land-use controls and implementation of state plans.

FACT (NATIONAL GOVERNORS' CONFERENCE)

The National Governors' Conference adopted a unified position on the issue of nondegradation at its conference in New Orleans in 1975 and there has been no indication that the basic position has changed since then. As cited in Policy Positions 1975–1976, National Governors' Conference: "The significant deterioration issue should be resolved by Congress in a manner which gives each State the flexibility to determine for itself what is meant by 'significant,' consistent with local values."

In a letter dated April 18, 1975 to the Senate Subcommittee on Environmental Pollution, Governor Salmon, Chairman of the National Governors' Conference Committee on Natural Resources and Environmental Management conveyed this same position:

"The issue of significant deterioration should be resolved by Congress in a manner which gives each State the flexibility to determine for itself what is meant by "significant," consistent with local values." (Implementation of the Clean Air Act—1975, Hearings, Part 2, page 1939).

Subsequent to that time, concensus of the 50 Governors has not been reached on legislative proposals. This was brought to the attention of the full Public Works Committeee in January 1976 by Governor Thomas P. Salmon, Chairman, Committee on Natural Resources and Environmental Management, National Governors' Conference: "As Chairman of the Natural Resources and Environmental Management Committee of the National Governors' Conference I have followed this controversial issue closely. The Committee's Clean Air Task Force has attempted to reach a concensus on prevention of significant deterioration, but the varying policy positions of the 50 Governors has precluded formulation of a legislative amendment which would gain unqualified NGC support.

"Our Clean Air Task Force has advised me that the prevention of significant deterioration provisions contained in Senate Print No. 6 are unacceptable. However, the Task Force has been unable to develop an alternative proposal that would be acceptable to the National Governors' Conference."

The concern of the Governors for State determination was reiterated in the telegram of Governor Ray, Chairman, quoted in the May 26 Congressional Record.

SOUTHERN GOVERNORS CONFERENCE

The 18-member Southern Governors' Conference adopted the following resolution at their 41st annual meeting in Florida in September 1975 which expresses grave objections to a national nondegradation policy over states' rights. Member states are: Arkansas, Alabama, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, Texas, Tennessee, Virginia, West Virginia and the Virgin Islands. The text of the resolution follows.

Southern Governors' Conference Resolution on Air Quality

"Whereas, the Congress of the United States passed the Clean Air Act and established certain standards of air quality and timetables to meet those standards, and

"Whereas, many rural areas of the country still suffer serious economic problems and improved quality of life can come only with better jobs and improved economic developments; and

"Whereas, the interpretation of "significant deterioration" presently being made arbitrarily prohibits any economic development which will cause significant reduction in the air quality in any area, even though the air quality would still be well above the level required for good health; and

"Whereas, this definition of 'significant deterioration' will condemn many areas of this country to continued poverty and substandard quality of life;

"Now, therefore, the Southern Governors' Conference urges Congress to amend the Clean Air Act so as to define the term 'significant' deterioration' to permit attainment of primary and secondary standards already established, and that the Act be further amended to clarify the rights and responsibilities of the State to administer air quality programs within the states in whatever manner they choose to meet the national standards."

STAPPA RESOLUTION

In their December 1975 conference in Austin, Texas, the 25 State and Territorial Air Pollution Program Administrators (STAPPA) who are charged with implementing the provisions of the Clean Air Act in their respective states unanimously adopted the following resolution which opposes standards stricter than present law: "That Sec. 101(b) of the Clean Air Act should be amended to read as follows: '(1) to protect and enhance the quality of the Nation's air resources by establishing, achieving and maintaining national ambient air quality standards, standards of performance for new stationary sources and national emission standards for hazardous air pollutants so as to promote the public health and welfare and the productive capacity of the Nation, but nothing in this Act is intended to require the establishment by the Administrator of air quality standards more stringent than primary and secondary ambient air quality standards; and that Section 110 should be amended by adding the following subsection (g) thereto: '(g) Each state plan shall determine what degradation of air quality, if any, is to be permitted.' "

The State pollution control officials endorsing this resolution included:

Arkansas, Connecticut, Delaware, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, New York, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Vermont, Virginia, West Virginia, Wisconsin, Wyoming.

ALLEGATION

"Legislative proposals submitted to the Committee and considered by the Committee included: The American Paper Institute, the American Mining Congress, Dupont, the National Association of Manufacturers, Shell Oil, Utah Power & Light, Cast Metals Federation, Chamber of Commerce, National Association of Counties, the Electric Utility Industry, Continental Oil Co., the Sierra Club, and the State of New Mexico." This was in addition to the President's proposal.

FACT

The fact of submissions is not the case in point but the extent to which the Committee "considered" these proposals is questionable. As stated earlier, full accord was given by the Subcommittee to the Sierra Club and the State of New Mexico, proponents of a nondegradation policy. But as previously stated, the President's proposal, which was to have been presented by FEA Administrator Frank Zarb, was in fact not discussed during his appearance before the Committee. The fact is that the President's proposal was ignored in the hearing process. While it is printed in the Committee record it was certainly not given the consideration normally accorded the presentation of any Administration witness on policy recommendations to the Congress that affect the entire nation.

Moreover, the remaining legislative proposals received from industry were not treated during any hearing but merely appear as statements for the record, in large part contained in the Appendix of the hearing report.

Without exception, all of these statements for the record express grave concerns with the job and economic implications of the Committee proposal.

It is universally agreed—probably the only area of agreement in this controversy—thus the utilities industry will be the most heavily impacted by this proposal. Estimates range from $11 to $16 Billion. But there is no record of economic input data from the electric utility industry in the hearing record.

Following are the excerpts from the Industry statements on nondegradation which are contained in the hearing record appendix. Since industry will pay the initial tab, to be passed on ultimately to the American consumer, their views should be noted.

SUMMARY OF API POSITION ON NON-DEGRADATION

American Paper Institute—See Appendix A, pp. 1812–13:

The relationship of the nondegradation issue to the pulp and paper industry is seen in high relief when it is clearly understood that this industry, in order to meet demand, must either build new pulp and paper mills or expand existing mills. Because of the diminishing lands areas available for new sites as a result of the dependency of a pulp and paper mill on sustained long-term forest yield and need for water in the manufacturing process, the industry perceives that it will be expanding more mills than building new mills. The issue then is how does nondegradation affect expension.

API believes that the bold interpretation seen in "no significant deterioration" regulations amounts to an unwarranted and unauthorized subjective land use program not contemplated by Congress nor envisioned in the judicial interpretation of Section 101 of the Act. Further, API submits that the complete concept of nondegradation was never before Congress in any meaningful way. The problems of fuel allocation and cost, as well as economic planning, management and balanced judgment vis-a-vis nondegradation were never the subject of debate. It can be said that the issue of fuel availability and cost were not fully appreciated at the time the Clean Air Act of 1970 became law.

American Mining Congress—See Appendix A, pp. 1796–97:

In considering this matter it is not necessary to decide whether Congress in 1970 intended to include the general notion of no significant deterioration in the Clean Air Act; that issue has already been decided affirmatively by a U.S. District Court and was ultimately affirmed by an equally divided Supreme Court which issued no opinion. (It is interesting to note that the District Court case, which established the doctrine of no significant deterioration, was filed, aruged, and decided all in one week—May 24–May 30, 1972—the government having only two days to prepare its brief on this complex and far-reaching matter.) The issue that exists now is whether or not the notion of no significant deterioration, as pronounced by the District Court, should remain in effect. This Subcommittee should examine the District Court determination and decide whether or not to allow the decision to remain in effect or to legislate a different policy. The theory of no significant deterioration as pronounced by the Court and interpreted by EPA is unclear, confusing and ineffective. Further, EPA's regulations attempting to administer a program to implement this theory can be considered an administrative nightmare at best and an impossibility at worst. These regulations are the subject of over ten lawsuits in various courts throughout the country, and it does not appear that these challenges will be resolved within the next year or more.

Accordingly, the American Mining Congress recommends the adoption of legislation such as that proposed in S. 594 (Section 601) and in S. 693 which are currently pending. These bills propose to amend the findings and purposes of the Clean Air Act so as "to protect and enhance the quality of the nation's air resources by establishing, achieving, and maintaining national ambient air quality standards, standards of performance for new stationary sources, and national emission standards for hazardous air pollutants so as to promote the public health and welfare and the productive capacity of the nation, but nothing in this Act is intended to require or authorize the establishment by the Administrator of standards more stringent than primary and secondary ambient air quality standards."

Cast Metals Federation—See Appendix A, p. 2046:

To establish that the individual states have the right to decide matters of "significant deterioration" of air quality. States would make the judgment as to whether secondary air quality standards are sufficient protection or whether more stringent limitations are necessary.

Chamber of Commerce of the United States—See Appendix A, p. 2058:

On the subject of significant deterioration, the National Chamber supports Section VI of S. 594, the Administration's "Energy Independence Act of 1975." This section is designed to provide legislative relief from court interpretations which require EPA to prevent "significant deterioration" of the air quality better than that required to protect the public health and welfare. This is not only unnecessary, but highly expensive and a possible illegal form of land use control by EPA. This non-degradation policy, applied to all areas with air quality better than national secondary standards, imposes substantial economic and social hardships and dislocations by foreclosing economic development in large areas of the United States. It thereby adds to concentrated growth in existing metropolitan areas where our greatest social problems lie.

However, the National Chamber realizes that it is appropriate for some geographic areas of undeniable scenic or aesthetic value to be the subject of preservation. These pristine areas should be set aside by the concerned state agency after public hearings on the record to hear from all sides with an interest in such a ruling. Where such areas are contiguous to cities, the municipal growth impact appraisal should be mandatory in setting standards.

Du Pont—See Appendix A, p. 1854:

In our opinion, the court decision prohibiting the "significant deterioration of existing air quality" in those areas where the existing air quality standards are presently being met is entirely too broad, and has had a detrimental impact on the siting of new industrial and power generating facilities which are badly needed. We believe that Congress should take action to carefully define the scope of federal authority under the Clean Air Act to only those instances where the national ambient air quality standards are not being met.

National Association of Manufacturers—See Appendix A, pp. 1913–1917:

We believe that Congress should clarify its intent in respect to "non-degradation" and "significant deterioration." These terms which are neither used nor defined in the Clean Air Act and in its legislative history, have resulted in a major and as yet unresolved controversy, a controversy based on interpretation of legislative intent.

Literally interpreted, "non-degradation" means no growth, and the court decisions have had the effect of instituting just such a policy nationwide.

In testimony before the House, Mr. Frank G. Zarb, Administrator of FEA, candidly admitted that he did not know what "significant deterioration" meant, and that he doubted that Mr. Train knew either. To this statement, Rep. Hastings replied, "The courts don't know what it means and Congress doesn't either." In his prepared statement, Mr. Zarb stated:

"The additional uncertainties created by yet another layer of regulatory requirements on the energy industry is not compatible with the goal of expeditiously developing needed domestic energy resources. There is a need to simplify and rationalize the complex regulatory constraints on the domestic energy industry. . . ."

"Reports by the National Academy of Sciences and others, have shown that current scientific evidence does not support the need for ambient standards more stringent than the currently promulgated primary and secondary ambient air quality standards for particulates and sulfur dioxide. Accordingly, FEA does not believe the potential benefits from the significant deterioration program justify the potential cost of constraining the development of domestic energy resources."

The highly questionable nature of alleged benefits of a "non-degradation" policy from the social, economic and environmental standpoints were best expressed by the U.S. Department of Health, Education and Welfare in its comments to EPA Administrator Russell Train on October 16, 1973 on EPA's proposed rulemaking on Prevention of Significant Air Quality Deterioration (Federal Register, July 16, 1973). DHEW's summary stated: "While we lack detailed data from the EPA or other sources about the specific impacts of the proposed non-deterioration regulations, we believe that their costs might outweigh their benefits by a significant margin.

"According to EPA, the only documentable benefits to be achieved by non-deterioration regulations would be 'aesthetic, scenic, and recreational.' (Proposed Rulemaking, p. 18987). However, these regulations might in fact produce no consequential benefits of this kind, and alternative regulatory approaches could probably attain equal (or greater) benefits without imposing substantial costs. Against these benefits must be weighed the risk of negative impacts on economic growth, urban development capabilities, energy resource development, consumer prices, the status of low-income persons, and the public health. Non-deterioration regulations would produce a national land-use policy giving singular attention to air quality criteria. Serious land-use distortions might result, particularly if only a few regions would be capable of absorbing population or economic growth.

"While non-deterioration regulations risk imposing substantial net costs on the nation as a whole, a disproportionate share of those costs might be borne by persons of limited economic means and residential mobility. These persons would benefit relatively little from the preservation of air quality in rural areas, while they would disproportionately bear any impacts of curtailed economic growth, altered urban and rural development trends, constrained national capacity to absorb anticipated population increases, and higher consumer prices for energy and manufactured goods. These impacts could compound the difficulties faced by all levels of government in responding to the needs of the poor, the eldearly, racial minorities, and persons otherwise disadvantaged.

"The health impacts of non-deterioration regulations could also be adverse. Present national ambient standards account for all but inconsequential or unforeseeable health risks. If, after time passes, those standards are found to be sufficient to protect the public health, then superseding non-deterioration standards would produce no health benefits. The latter standards might well create adverse health effects should cities be delayed in their efforts to achieve the national ambient standards. Conversely, if the national ambient standards are unexpectedly found to permit dangerous levels of air pollution, then non-deterioration standards would have imposed more substantial health problems by having perpetuated a greater concentration of air pollution in densely-populated urban areas than would otherwise have occurred. Other adverse health effects might arise from energy shortages and from the possible health-impairing consequences of economic hardships imposed on low-income families.

"All adverse impacts risked by non-deterioration should be investigated, quantified if possible, and weighed against any aesthetic and recreational benefits before any specific regulations are promulgated. Particular attention should be accorded to possibly irreversible effects of any alteration of national or regional development trends. . . ."

"If the legal situation makes this review impossible, the regulations selected for promulgation should minimize the risk of major adverse impacts by providing for a minimum of Federal impingement on local preferences. The Federal government, in this neutral role, should avoid altering economic or demographic trends in any manner not now known to be beneficial. It should also avoid imposing substantial uncompensated costs on disadvantaged persons.

"If the courts are likely to interpret *Sierra Club* v. *Ruckelshaus* and the Clean Air Act as mandating a more aggressive Federal regulatory role, it may be necessary to consider legislative amendment of the Clean Air Act to clarify where and how 'significant deterioration' should be prevented."

Since the legal basis for the courts' decisions has been the "protect and enhance" language of Section 101(b)(1) of the Act, we believe this section should be modified to read along the following lines:

"(1) to protect and enhance the quality of the Nation's air resources by establishing, achieving, and maintaining national ambient air quality standards, standards of performance for new stationary sources, and national emission standards for hazardous air pollutants so as to promote the public health and welfare and the productive capacity of the Nation, but nothing in this Act is intended to require or provide for the establishment of ambient air quality standards more stringent than national primary and secondary ambient air quality standards;". By thus making clear the legislative intent, the controversy would be resolved and, at the same time the public health and welfare would be "protected and enhanced" by standards designed to protect against "any known or anticipated adverse effects."

Shell Oil Company—see Appendix A, pp. 1954–55, 1960–61:

To commit the Nation and its people to the attainment of a "zero-risk" goal of air quality while simultaneously subjecting them to the corollary "infinite risk" of all other needs, comforts and benefits inherent to the broadest concept of public health and welfare appears to be an irresponsible course of action. Herein rests the first basic fault of the Clean Air Act, as presently amended.

We submit that it is time for Congress, the EPA, and the Nation to acknowledge these facts and to abandon the "zero-risk" goal of air quality implicit in the Clean Air Act, as presently amended. To this end, we recommend: that Section 101(b)(1) be amended to provide appropriate statutory definitions of each word, term or phrase contained in the Act's statement of purpose, i.e., ". . . to protect and enhance the quality of the Nation's air resources so as to promote the public health and welfare and the productive capacity of its population;",

Despite the many known or suspected inadequacies of the technical basis for the Nation's early air pollution control efforts under the amended Act, they could be endorsed and supported by nearly everyone on the grounds that an air pollution problem existed, that some remedial action was required, that the potential benefits of success were appreciable and that the social and economic dislocations due to possible errors were of acceptable or tolerable magnitude.

This situation does not apply to the newer EPA programs such as "transportation and land use control," "indirect source" "no significant deterioration" and "air quality maintenance area" programs. Even EPA acknowledges that these programs, individually or collectively, can have very serious impacts on society, the economy and the future development of the Nations and, yet, they are designed to achieve only modest incremental improvement in air quality. Such programs forceably demonstrate the necessity for having substantial evidence and solid documentation to support the policies and environmental justification for the programs.

Section 110(a)(2)(b) of the amended Act authorizes and directs EPA to take certain actions as may be necessary to insure attainment and maintenance of the national ambient air quality standards including land-use and transportation controls. Party by reason of this authority and direction, partly by reason of Court decisions and partly by reason of the tight deadlines imposed by Congress in attaining the national standards. EPA has been obliged to promulgate land use control measures in the form of "indirect source" regulations and "no significant deterioration" measures in addition to the "transportation and land use control" measures we have discussed earlier in this statement.

It seems needless to belabor the degree to which the Nation's people rely on the availability and use of their respective communities' roads, airports, educational centers, medical and clinical facilities, shopping centers, churches, recreational facilities, stadiums and other vital services which now are covered by EPA's "indirect sources" program. The people's dependence on these facilities for continued good health, welfare and safety should be apparent. It seems equally apparent that it is improper to subject them to land use controls that may limit their future accessibility and utility solely on the basis of air quality considerations.

The other example of land use planning based solely on air quality considerations in EPA's "no significant deterioration" program. If for no other reason, this program also is improper. It however, is based on a false or faulty air quality issue.

The "no significant deterioration" program severely limits the possibilities of locating industry in parts of the Nation presently having air quality better than the national standards. In reviewing the merits of the lawsuit on this subject, the court seems to have been guided more by the ambiguities of the "to protect and enhance" phrase of Section 101(b)(1) rather than the specifics of Section 110(a)(2). One would have expected the court, in doing so, to have provided EPA and the Nation with a meaningful definition or explanation of the expression "to protect and enhance." This was not done. The court simply provided a substitute term, i.e., "no significant deterioration" of air quality without any definition or clarification. The court thereby perpetuated the use of ambiguous language. Under any semantic term or equivalent, the "no significant deterioration" or "anti-degradation" issue is a false issue. It seeks to maintain the status quo of air quality over about three quarters of the Nation's land surface without any justification. Keeping in mind the scope and severity of the definition of the term "public welfare" as found in Section 302(h) of the amended Act which properties and esthetic values the national secondary ambient air quality standards seek to protect, changes in air quality below the secondary standard cannot be subjectively observed nor instrumentally measured in any meaningful way.

Thus, EPA has employed the authorities and directions contained in Section 110(a)(2)(B) to inaugurate land use control programs based solely on air quality considerations in the effort to comply with the statutory deadlines for attaining and maintaining the national ambient air quality standards. Herein rests the third basic fault of the Clean Air Act, as presently amended.

We submit that it is improper and not in the best interests of the Nation or its people to promulgate land use control programs based solely on air quality considerations. Land use decisions are far too important and involve far too many diverse factors to allow them to be dictated by any single consideration.

We recommend that Congress, by further amendment of the Clean Air Act, prohibit EPA from adopting, promulgating or enforcing land use control measures. We further recommend that EPA be prohibited from requiring the States to promulgate land use regulations or programs for air quality control purposes.

Utah Power and Light Company—See Appendix A, pp. 1984–85:

Significant deterioration is a high sounding phrase. In theory, it means protecting and maintaining clean air in presently underdeveloped areas. In practice we fear it means continued poverty in many rural areas of the west, an ever greater concentration of industrial pollution and population in already crowded urban centers and an ever increasing national dependence on imported energy and mineral resources because of an inability to develop our own resources under these restrictions.

A clarification should be made in the statute tying the concept of deterioration to an avoidance of ambient levels which are harmful or at the very least to allow areas to increase to ambient levels equal to the Federal secondary standards and to require only those emission controls which can be justified based on a comprehensive cost benefit analysis as outlined above.

The present regulations promulgated by EPA are devastating to the West because of their treatment of Federal and Indian lands. It is not possible for development of power plants or other industry within the state of Utah to be kept sixty miles from Federal or Indian lands. There is no such place in the state of Utah. Federal and Indian lands constitute more than 50% of all lands in the state and far more than 50% of all the lands from which energy resources can be produced.

Significant deterioration as now applied is a serious impediment to development of the best energy resource which this nation possesses, namely low sulphur coal. If this nation is to reduce its dependence on imported energy supplies and if we are to achieve the best air quality for the nation as a whole, it is imperative that we move ahead without undue delay on a program which will allow, under proper control and without overkill, the utilization of this resource.

ALLEGATION

No studies have been done. A further 1-year study is necessary to have adequate information upon which to base a decision.

FACT

No one has claimed that no studies have been done, indeed a minimum of 20 individual studies have been made in an attempt to analyze impact of the Committee proposal on such vital issues as employment, coal development, oil imports, consumer costs, and economic growth. It should be noted that because these studies were put together on an individual piece-meal basis it is impossible to provide for a comprehensive overview of total impact. It should be further noted that these studies were developed in reaction to the Committee amendment; and, therefore, any conclusions of potential adverse consequences were not part of the consideration in developing this nondegradation proposal. The very fact that so many studies were developed in reaction to the Committee proposal, of itself, indicates the serious questions raised on the effect of this proposal on the nation's economy.

Of the studies annotated in the May 26 Congressional Record, it should be noted that 21 of these were prepared, not in connection with the proposal before us, but prior to 1975 in relation to the EPA regulations. Since the Committee proposal, and its impacts, is far different from the existing regulation, it is questionable if this listing is relevant to the questions now being raised.

I wish to call my colleagues' attention to the Annotated Bibliography "Studies on Nondeterioration of Air Quality," prepared by the Department of Commerce Regulatory Policy Committee in May, 1976, which I am inserting in the Congressional Record.

This compilation lists 17 studies done to date on proposed nondegradation legislation and provides summaries of conclusions for each of the studies. I believe this will be very helpful to my colleagues to review—1) to point out the specific questions being raised on inhibiting effects of Section 6 on diverse economic sectors of the country and 2) in demonstrating the need for unified, comprehensive study of this issue, as my amendment would do. To quote from the Department of Commerce Summary to this compilation of studies, "These studies have contributed valuable insights on the technological and economic ramifications of nondeterioration proposals. In the process of doing so, they have shown the difficulties involved in developing an overall assessment. They point out the gaps in knowledge and point the way to completing the necessary industrial and regional analyses which would fill the gaps."

Geographically, these analyses attempt to cover the implications of nondeterioration for the following localities:

Colorado, Florida, Iowa, Maine, Minnesota, New Mexico, Texas-Louisiana, West Virginia, Wisconsin.

Boston, Dallas-Forth Worth, Four Corners, "East", "Central", "West", Rural Areas, Urban Areas, Regions, General.

While the nondegradation proposal of Section 6 in S 3219 applies to 28 major sources, the analyses cover only 9 major industrial sources. This again demonstrates the gap in knowledge of the full effects of this proposal. Following is the listing of major source coverage of studies:

MAJOR SOURCE COVERAGE OF STUDIES

List of 28 major sources in S. 3219—Source studied, not studied

1. Fossil-fuel fired steam electric plants, Studied.
2. Coal cleaning plants, Not Studied.
3. Kraft pulp and paper mills, Studied.
4. Portland Cement plans, Studied.
5. Primary zinc smelters, Studied.
6. Iron and steel plants, Not Studied.
7. Primary aluminum ore reduction plants, Not Studied.
8. Primary copper smelters, Studied.
9. Municipal incinerators, Not Studied.
10. Hydrofluoric acid plants, Not Studied.
11. Sulfuric acid plants, Not Studied.
12. Nitric acid plants, Not Studied.
13. Petroleum refineries, Studied.
14. Lime plants, Not Studied.
15. Phosphate rock processing plants, Not Studied.
16. Coke oven batteries, Not Studied.
17. Sulfur recovery plants, Not Studied.
18. Carbon black plants, Not Studied.
19. Primary lead smelters, Studied.
20. Fuel conversion plants, Studied.
21. Sintering plants, Not Studied.
22. Secondary metal production facilities, Not Studied.
23. Chemical process plants, Not Studied.
24. Fossil-fuel boilers, Studied.
25. Petroleum storage and transfer facilities, Not Studied.
26. Taconite ore processing facilities, Not Studied.
27. Glass fiber processing plants, Not Studied.
28. Charcoal production facilities, Not Studied.

Major sources not listed in S. 3219

Coal mining, studied.

Oil and gas extraction, studied.

Industries, generally, studied.

The analyses cite a number of factors which enter into considerations of the impact of proposed nondeterioration legislation such as industry factors of size and location of plants, energy source and use, availability of water and raw materials and plant design; and regional factors such as meteorological conditions, terrain, background emissions and availability of land. The assumptions, methodologies and analytical measures of impact vary widely but certain conclusions are common to many of the studies:

Class I areas, including "buffer zones," appear to be a major obstacle to economic growth for the industries analyzed;

Capital costs required to meet the nondeterioration requirements are higher than the Clean Air Act current requirements;

Nondeterioration requirements will necessitate the use of smaller size plants, the installation of additional control technology, the construction of taller stacks, and relocation of plants at alternative sites.

Future growth opportunities will be restricted without a Class III designation or a variance from Class II requirements.

To highlight some of the individual study conclusions:

Oil refineries—Production costs would increase due to reduction in plant capacity, the necessity to use stringent control technology and locating plants at less advantageous sites. Dislocation of planned industrial plants to non-impacted sites would cost $640 million to $1.8 billion in capital investment in 1975 dollars in order to meet 1985 demand growth. The regulations will affect energy independence. (Bonner & Moore Study)

Power plant capacity—In flat terrain, a 2000 megawatt powerplant could be built; but in hilly or mountainous terrain, only a small plant could operate in a Class II area. For example, in New Mexico, the maximum size calculated allowable was 158 megawatts, an inefficient size for a new facility, and in very hilly terrain, such as West Virginia, 49 to 64 megawatts would be the maximum size allowable. (ERT Study)

Western coal mining—For air quality control regions (AQCR) where more than one surface mine is proposed, the proposed amendments would prohibit new surface mining operations in such AQCR's. (ERT Study)

State of Maine—Industrial development in Maine would be more severely restricted than in many other states. The presence of hilly or mountainous terrain and the potentially large number of Class I areas would exclude industrial development in many parts of Maine. (ERT Study)

State of Florida—Significant deterioration proposals will add $120 to $300 million to costs of electricity supplied to Florida Light and Power Company customers (Fla. Power & Light Co. Study)

States of Minnesota and Wisconsin—Impact on both Minnesota and Wisconsin would be severe in terms of the siting of new power plants and providing electricity for new industries in these states. (Hoffman & Bechthold Study)

Rural Areas—Rural area development will be higher in cost due to added control requirements; not locating plants where they would otherwise have been located; plants would be built smaller than otherwise. (ICF Study)

Urban Areas—Economic development and employment in urban areas violating NAAQS would not increase; this is attributable to current Clean Air Act. Nondeterioration provisions may result in siting new facilities further from urban centers than would otherwise occur. This would tend to contribute to further urban sprawl, a lengthening in job travel time, adverse environmental effects and other socio-economic effects. (ICF Study)

Energy Development—Oil consumption would increase by 1 million barrels a day (MBD) of largely imported oil. Oil field development, such as tertiary recovery, could be inhibited. Natural events which degrade air quality, e.g., dust storms, could preclude development of energy and material resources such as oil shale, coal, and copper. (ICF Study)

Consumer Utility Bills—In the absence of nondeterioration, the Clean Air Act will cost each American household $1,500 between 1975–1990. The nondegradation amendment to S3219 would add $299 to $673 per household. (NERA Study)

Jobs—The electric cost per household between different regions "indicates the extremely disparate regional effects of the legislation. To the extent these costs are passed on to industrial customers regionally, they are likely to discourage the expansion of electric-intensive industries in high-cost areas, and, as a consequence, adversely affect employment and economic growth in those regions." (NERA Study)

Electric Utility Industry—The electric utility industry will experience the major economic impact. The Senate proposal will increase the electric utility industry capital requirements by about $11.5 billion over the next 15 years. (EPA Study)

Based on the projected growth rate of 7.5 percent in generating capacity, capital requirements for production equipment in the utility industry would range from $107 billion to $127 billion over the 1981–1990 period. Total production costs would range from $170 to $250 billion. (GE Study)

ALLEGATION

EPA's basis for requiring pollution clean up has been challenged and EPA staff has been charged with deliberately distorting data regarding the effects of pollution. "These charges have effectively been laid to rest by the hearings held Friday, April 9, by the House Interstate and Foreign Commerce and the House Science and Technology Committee."

FACT

These charges have not "been effectively laid to rest." There still remain many questions on the veracity of this study. The House Science and Technology Committee Subcommittee on Environment and the Atmosphere, chaired by Congressman George Brown of California, is now conducting a technical field investigation of the EPA CHESS study because of the controversy and its relation to sulfate standards promulgated by EPA. The Congressional hearing of April 9 served only to clarify the issues involved; the Congressional investigation underway is intended to examine the methodologies employed by EPA in arriving at the results of the CHESS study in order to resolve the present controversies as far as the Congress is concerned.

I wish to call my colleagues' attention to the May 4 Congressional Record 12331–

H3896) House consideration of H.R. 12704, EPA's authorization for research and development, during which considerable time was devoted to questions on the CHESS study. Chairman Brown advised the Membership of the Committee's investigation into the methodology of the CHESS study and submitted the following memordandum outlining the Committee investigation: Committee on Science and Technology, Washington, D.C. April 23, 1976, Memorandum.

COMMITTEE ON SCIENCE AND TECHNOLOGY,
Washington, D.C., April 23, 1976.

MEMORANDUM

To: Olin E. Teague, Chairman
From: George E. Brown, Jr., Chairman, Subcommittee on the Environment and the Atmosphere
Subject: Investigation: Sulfate Health Effects Program (CHESS) and EPA Evaluation Plan

After reviewing the results of the Joint hearing of my Subcommittee and Mr. Rogers' Commerce Subcommittee on April 9th, I feel we should keep up the momentum established by undertaking further investigations by our Committee. In previous hearings (as well as on April 9) we have established that there were technical and methodological problems with the original CHESS studies, For example, a Subcommittee report now being printed will recommend that EPA conduct another sulfate health effects study with goals similar to the CHESS goals, but avoiding the mistakes of CHESS.

However, our earlier hearings have not documented in detail what were the problems with earlier studies, exactly how these studies impact EPA regulatory policy (i.e., why they are so important), and how the next generation study should be done. In order to do this, we need to get a clear understanding of the reliability and precision of the health effects data in the concentration levels reported in the CHESS monograph, and see how the data relate to present and projected SO_2 and sulfate standards. Further, we need to see if more substantive conclusions might be drawn from analysis of the subsequent four years of data taken and not yet translated. A second task of the investigations will be to review the EPA program for sulfate health effects determination, testified to by Mr. Train on April 9, to see if the program appears likely to produce the timely results required to support standards and if the resources planned for that program are adequate.

The draft study plan is attached. The field visits portion of the investigation will require three staff people plus the assistance of two or three GAO investigators for at least two weeks. We will require several days travel to the CHESS data gathering sites for two people at each site two days. The team will require a week at EPA Triangle Park Lab in Durham, North Carolina. The balance of the investigation can be carried out in Washington, D.C. Your concurrence and approval of this program is solicited.

INVESTIGATION PLAN

EPA SO_2 and sulfate epidemiology research program (CHESS)

Scope and Objective

The purpose of this investigation is twofold: first, we wish to follow up on the hearings held jointly on April 9 by the Science and Technology and Interstate and Foreign Commerce Committees. The hearings were initially called to investigate the allegations in the Los Angeles Times of improper interpretation of the CHESS study data. As a result of the hearings the question has shifted from one of impropriety in the conduct of the CHESS studies to a question as to the scientific rigor and adequacy of the CHESS studies. To answer this remaining question requires review of the data gathering techniques used in the program with associated limitations, uncertainties, etc., together with a review and evaluation by unbiased experts of the methods used in analyzing and interpreting the data to assess if unwise or biasing techniques were used in arriving at the results in the CHESS monograph. These reviews will lead to a review of the issue as to whether or not the CHESS results alone provide a sound basis for establishing primary and/or secondary air quality standards for sulfates. It may well be that the uncertainty recognized for these results at lower concentration levels are such that any biasing of analysis can have little or no effect or influence on the standards. Nonetheless, the rigor and adequacy of government sponsored research must be established or measures must be found to correct any deficiencies uncovered in this review.

The second issue which arose in the April 9 hearings is the pressing need for a sound technical basis for establishing air quality standards for sulfates. The EPA Administrator testified that a program was in place to do just this. The investigation team should review the EPA program considering all unevaluated and unpublished CHESS data and other studies that have been made to access if the program appears sound and expeditious and to assess whether or not necessary resources are available to assure success in the program.

Phase I—CHESS Data Gathering

There were 6 or 7 data gathering regions each with several instrumented sites. The research program in each region was carried out by a team of researchers.

Each area program will have to be reviewed by interviews with scientists who conducted the study and examination of procedures and data. The review will address at least the following items:

Data sites
Review of test procedures and practices
Time and intervals of data acquisition
Instrumentation used, calibration techniques, etc.
Special deviations from standard practice
List of data gathered
Known differences from other areas or sites
All anomalies established at each site during test interval

Averages/totals/regressions/etc., carried out on data before it was forwarded to the management center for compiling

Interview researchers as to comments on how data was gathered and its use in summaries reported in CHESS monograph.

Each area will take two to three days by two investigators—each two-man team can cover two areas in a week. This phase of the investigation can be carried out by six men in one week. They should return with taped interviews and data review results.

Phase II—Review of Analysis of CHESS Data

In Phase II investigators must visit the EPA Triangle Research Center Lab and interview researchers who participated in computation and analysis of the data. The following information will be sought:

What area data not used—why?

Follow-through the entire procedure used compiling, combining, averaging, and otherwise stratifying, summarizing, and interpreting data. What bands of confidence established—why?

Interview researchers who participated for reaction to correctness or soundness in handling data.

This place should take three men one week.

Phase III—Review and Final Drafting of CHESS Report

In the third phase the investigators will obtain names of EPA and outside reviewers of the draft results of the CHESS Report and recommendations generated from the research program for sulfur oxide air quality standards. The following steps will be taken:

Compare first draft and final version.

Find which suggested modifications were and which were not used—why?

Interview selected EPA officials and consultants.

Track modifications to draft results suggested by above officials and consultants.

This phase should take four men three to five days.

Phase IV—Review EPA Sulfate Health. Effects R&D Plan

This phase will include the following items:

Review a compilation of all results of sulfate health effects studies now in EPA's hands, together with new data from CHESS program.

Review EPA R&D plan with agency personnel.

Inventory of projects in EPA—elsewhere.
Staffing.
Budget.
Feedback session with EPA.

This phase should take three men four days.

Phase V—Report of Investigation

Phase V will encompass the following:
Write report of findings.

The report generation will take three men one to two weeks.

Note: Each investigative group must have one member familiar with and experienced in research methods and hopefully epidemology studies and/or accepted statistical data analysis techniques.

Completion of the study will require three scientific consultants augmented by three or four statistical or other personnel from GAO.

We want to get to the roots of all of these allegations with regard not only to whether or not there was a deliberate falsification of the data, which may not have occurred, and we feel probably did.

SUMMARY

In summary, as the Committee record indicates, the actual hearings on this issue were limited at best. But more important than the actual limited testimony on nondegradation, the most critical amendment to the Clean Air Act, is the limited scope of hearings that were held on this issue. The limited scope of the hearings did not address properly any of the major unknowns to national interests related to the economy, jobs and energy resource development. They were conducted "before-the-fact" and "not-after-the-fact", treating the issue of nondegradation only in the broadest philosophical terms without considering any of the pragmatic questions that must be resolved before formulating national policy which could be detrimental to our national welfare.

There was no discussion in Committee hearings on the technical questions arising from the final Committee proposal; there was no discussion of the cost of compliance and if this cost could be met by industry; there was no discussion regarding the capability to meet the stringent emission increments under the Class I and Class II areas; there was no discussion of how states would address how to grant construction permits to industries competing for the same limited increment; most important, there was no discussion of what would be the full ramifications on the national economy in terms of capital cost requirements, job constraints, unemployment, and energy resource development. Surely this Body should have the full and complete picture before making a final legislative decision for the country that will affect the lives and livelihood of virtually all Americans.

Further, we can ill afford having the American people subjected to a national policy which, without proper study, could lead to lasting and possibly severe penalties—particularly during our Bicentennial Year.

NATIONAL DEFENSE

Mr. TOWER. Mr. President, one of the most important issues in the current debate on national defense is the future role of naval power in the national security picture. Adm. James L. Holloway addressed this issue at the Navy League National Convention in Boston on May 21.

As Chief of Naval Operations, Admiral Holloway is uniquely qualified to speak on the future of naval power in the national defense structure and the importance of American seapower to the cause of world peace and stability.

His speech is an important contribution to the debate on the global maritime balance. I commend it to my colleagues most highly, and I ask unanimous consent that it be printed in the Record.

There being no objection, the speech was ordered to be printed in the Record, as follows:

Remarks by Adm. James L. Hollaway III

It is a great pleasure for me to be here with you tonight at this National Convention of the Navy League of the United States. It is fitting, I think, that in our nation's Bicentennial year, we meet in Boston where so much of the American Revolutionary movement began.

Since pre-Revolutionary days, Boston has been a city closely tied to the sea. This was the site of my first active duty as a naval officer as it has been a duty station for so many of our career personnel over the years.

Tonight I am going to talk to you about the Navy, taking up where the Secretary of the Navy left off. To understand the Navy one must first put into perspective our total national defense needs.

There is consensus that U.S. military capability and strength today can be described as "sufficient." That is, we have "rough equivalence" to the Soviet Union and this essential equivalence is the foundation we must maintain.

However, the trends of the past 5–10 years are adverse with respect to the miltary balances. No one chart or statistic can provide the complete picture—but a sweeping look at resources, procurement, research and development, construction, and force levels can make clear what has taken place.

The facts drive one to the inevitable conclusion that the U.S. must act now to arrest these adverse trends, by providing real increases for national security. Unless we act the United States will find itself in the position of having to alter its policy of maintaining rough equivalence with the Soviet Union. I share the conviction of the President and the Secretary of Defense that the American people are not willing to accept a policy of inferiority.

Our National Defense Policy and Defense Budget for the coming fiscal year reflect the deep concern of our nation's leaders for the security of our country. They are advocates of strength, and deterrence through strength is the heart of our defense strategy.

I don't believe there is any question in the minds of responsible persons, that the United States needs a Navy. But there is debate centered around what kind of a Navy, and how large.

The mission of the Navy is to conduct prompt and sustained combat operations at sea in support of our national interests.

To carry out this mission the United States Navy needs ships, aircraft and people. It needs ships and aircraft individually capable of coping with the weapons systems technology that they may face in future battle, and competent and professional people who can maintain and operate those ships and aircraft to the limit of their design capabilities. We must have enough of those ships, aircraft and people to constitute a fleet, which, in coordination with our other services and in combination with our allies, can defeat the total maritime forces of our potential adversaries.

At no time since World War II has the role of the United States Navy been more important to our national defense than it is today. The military strategy of the United States is a forward strategy. It is overseas oriented, driven by basic geopolitical considerations. There are two superpowers, the United States and the Soviet Union. The Soviet Union dominates the Eurasian land mass. Her allies, the WARSAW PACT nations, are contiguous to her western border. Her principal adversaries, the Peoples Republic of China and NATO Europe, lie on her flanks, adjacent to her borders.

The Soviet Union can defend itself, support its allies, or launch an attack against its principal opponents without ever having to cross a major body of water.

In contrast, the United States is characterized by its insular position on the North American continent. We have only two international borders and not a potential enemy on either one. One of our states, all of our territories, and forty-one of our forty-three allies lie overseas. This forward strategy can be described as one in which we use the oceans as barriers in our defense, and as avenues for extending our influence abroad to those areas around the world in which we have vital national interest.

A forward strategy requires two things, allies and overseas forces—forces deployed to protect our allies and deter potential aggressors.

The Navy's role in this strategy is twofold—to provide components of those overseas forces such as the Sixth Fleet in the Mediterranean and the Seventh Fleet in the Western Pacific and Indian Oceans; and to protect those essential sea lines of communications between the United States and its deployed forces, between us and our allies, and between the U.S. and those areas of the world vital to our national interests, such as the Persion Gulf and South America.

To carry out these responsibilities our fleets must be offensively powerful enough to defeat the enemy forces routinely present in their theater of operations, strong enough to defend against attacks by long-range aircraft, able to project power ashore in support of our allies and our forces, and our fleets require a high degree of logistic independence from overseas bases.

A balance fleet is necessary to give our Navy these capabilities. There must be balance among types: carriers, surface combatants, submarines, amphibious forces, and support ships. There must also be, within a constrained budget, balance between those very capable multi-purpose ships such as carriers and cruisers, which are relatively expensive, and the single-purpose vessels which, being less costly, can be procured in larger quantities and so provide our fleet with the density of forces is needs to be effective on a world-wide basis.

As I have said, I believe there is little disagreement in these basic premises upon which the naval requirements for the United States must rest. The debate lies in the translation from these naval requirements to the military characteristics, or the designs of the specific ships and aircraft, and the number of these which should comprise the operating forces. As is any debate there are two sides. And in the course of this debate myths have been generated which require a rational response. I think there is no better time or place than this occasion to confront mythology with reason.

There is a myth that the United States Navy as a matter of policy has emphasized its power projection role to the detriment of its sea control responsibilities. In reality, power projection is an essential part of sea control. Our power projection forces consist of U.S. Marines embarked in Navy amphibious shipping to constitute the nation's only major capability for injecting U.S. ground forces into a hostile environment in an opposed amphibious operation. The second main form of power projection resides in the capability of our carrier-based aircraft to strike targets more than 500 miles away from our task forces with a variety of weapons, conventional or nuclear. The use of carrier aircraft and Marines in the projection of military force can be an absolute requirement in insuring our control, or continued safe use of areas of the high seas essential to our national needs. Long range air strikes contribute significantly to our ability to control the seas by destroying enemy warships at their home bases or enroute to those ocean areas which we desire to protect, before the enemy forces come within range of our own. Marine amphibious forces, supported by carrier air, can seize and hold land areas either to deny them to the enemy for their use in interdicting our sea lines of communication, or to permit our own forces to exploit these areas as advance bases to attack enemy forces which would interdict our own.

This function of power projection as a major component of the Navy's responsibility for controlling the seas is clearly reflected in the assigned functions of the Navy, which are to "seek out and destroy enemy naval forces . . . gain and maintain general naval supremacy, to control vital sea areas and to protect vital sea lines of communications, to establish and maintain local superiority including air in an area of naval operations, to seize and defend advanced naval bases, and to conduct such land and air operations as may be necessary to the prosecution of a naval campaign."

It is interesting to remember that the island hopping campaigns in the Pacific in World War II were not to acquire real estate, but for the sole purpose of seizing advanced bases to gain control of the sea approaches to the recovery of the Philippines and the invasion of Japan.

There is a myth which states that the U.S. Navy's operational concepts are defensively oriented, citing the emphasis on fighter interceptors on our carriers, and surface-to-air missiles on our surface combatants. It is suggested that these aircraft, missiles and ships exist for the sole purpose of "defending the carrier". In reality, these fighters are for the purpose of destroying enemy aircraft or cruise missiles attacking any friendly ships, combatant or commercial, U.S. or allied. The fact that our carrier based fighters are able to effectively intercept targets more than 500 miles away make them effective in destroying hostile threats to friendly forces over large areas of the ocean's surface. The suface-to-air missile systems, such as the AEGIS controlled standard missile incorporated in the design of the strike cruiser and guided missile destroyers, is an area weapon which can intercept and destroy enemy aircraft and cruise missiles, protecting all friendly ships within the envelope of its effective range. The tactical doctrines of the U.S. Navy emphasize the adage, "the best defense is a good offense." We defend the convoys, amphibious forces, ASW groups, and striking forces by destroying enemy surface ships, aircraft and submarines which have the capability to attack friendly forces at sea. A defense designed and calculated to destroy hostile launch platforms contributes to the overall war fighting objectives of our strategy by destroying the enemy's military forces through which he would wage war.

There is a myth that states that the Navy is concentrating its efforts on the construction of the complex nuclear powered ships, which, because of their expense compares to their conventionally powered counterparts, will reduce the total number of ships available to the Navy in a limited budget.

In reality, the Navy's policy for the new construction of nuclear powered warships is straightforward and designed to support a limited but fundamental exploitation of the advantages of nuclear propulsion within the overall requirements of our naval strategy. This policy states that all submarines should be nuclear powered, because with nuclear power the submarine attains the ultimate capabilities of the true submersible. Among surface combatants, only carriers and cruisers should be nuclear powered, and only enough of these to constitute a strategically significant segment of the U.S. operating forces. This would amount to five or six all-nuclear powered task forces, each consisting of a carrier, two to four cruisers, and one to three submarines. These all-nuclear powered task forces would have the ability to steam unlimited distances at high speeds, without the necessity to refuel, replenish or rearm, and arrive at a crisis point ready to conduct combat operations, for a sustained period of time, until the crisis was resolved, or conventional forces with logistic support arrive. Three of these task forces in the Atlantic Fleet for example would permit one to be forward deployed at all times, one to be combat ready based on the U.S. East coast, and the third all-nuclear task force in maintenance.

Our buildup toward this all-nuclear task force capability has been modest. The current Navy shipbuilding program includes only a total of three nuclear powered surface ships and about 50 conventionally powered surface combatants, including AEGIS destroyers and fleet frigates.

There is a myth that says that the U.S. Navy is outbuilding the Soviet Navy. In reality the situation is this: in the past fifteen years since the Soviet Naval buildup began, the Soviets have delivered to their fleet a total of 1,312 naval vessels and logistics ships. During this same time the U.S. Navy has delivered a total of 326 new ships.

If all the ships constructed over the past fifteen years for the navies of the Soviet Union and the United States are compared, regardless of size, mission, or type, the Soviet Union has clearly produced more ships at a greater dollar cost. However, if from that total list certain categories of ships are selected over specified time frames, for example surface combatants over 3,000 tons constructed between 1970 and 1975, then different stories can be told in each case depending upon the data and the criteria used. What I'm pointing out is that it is easy to manipulate this data to confuse the real issue.

A second point to be made is that the United States is not engaged in a shipbuilding race with the Soviets. What we are determined to do is to maintain maritime superiority in the face of Soviet expansion. Shipbuilding is a part of this. But the strategies of the United States and the Soviets differ. We need one kind of Navy, and they need another. We are each procuring the kinds of ships required for our own particular strategies. Therefore, it is not so much who has built the most ships of what kinds, as it is how capable a Navy each of us has to do a particular task. Our analyses indicate that unless we devote more effort to our own Navy, the upward trend of Soviet maritime expansion is going to place our maritime superiority in jeopardy within the next decade.

There is a myth that says the day of the carrier is over. That, like the battleship, it has outlived its usefulness. The realities of the situation are this. The carrier represents airpower at sea. Manned aircraft remain an essential and irreplaceable part of the military force structures of all our services.

Naval warfare includes many subsidiary warfare tasks, and naval aviation is a major contributor in a number of these. Aircraft are used in an anti-air role to shoot down hostile aircraft and cruise missiles; in an anti-surface warfare role to attack hostile surface ships with bombs and missiles; in an ASW role to detect, localize, and attack submarines; and in mine warfare to implant mines or to conduct mine countermeasures operations. Aircraft have the prime responsibility for early electronic warning of hostile air and surface targets. Aircraft and prime platforms for intelligence gathering through photography and signals intelligence.

There is a myth that says we should build no more carriers because they are vulnerable. In reality carriers are vulnerable, but carriers are the least vulnerable of any surface ship afloat. With its extensive compartmentation, protection, armor, and damage control facilities it is designed to take punishment and fight on. But much more important, the carrier, with its aircraft, reduces the vulnerability and improves the survivability of all surface ships, including itself, the accompanying surface combatants, the tankers, ammo carriers and troop ships.

It has been suggested that because of its large size, a carrier is an easy target for a guided missile. With today's guidance techniques, that provide virtually no miss distance for guided missiles, no vessel on the high seas can escape the effect of such accuracy. But where a single warhead would sink or disable a smaller ship, the carrier can absorb these blows and fight on.

So the carrier is not only the least vulnerable of all surface ships, but also its very presence reduces the vulnerability of the merchant fleet, the protection of which is raison d'etre for our Navy. As long as we are determined that we are going to move people and resources across the oceans, then we must be prepared to protect them. If in our efforts to protect these vital lines of communication, we lose some ships—merchant and combatant—then so be it. But we must try to protect those ships, otherwise we are defeated before we begin.

In this debate concerning the size and composition of the future Navy, I consistently attempt to relate the composition of the fleet to the needs of the nation, in terms of the force structure that is required to enable the Navy to carry out its responsibilities within the national military strategy. That national stategy is today an overseas-oriented concept. The Navy's principal responsibility within that strategy is to make secure the sea lines of communication so vital to the United States and its allies. To carry out these responsibilities the Navy must be able to control the sea. Not all the seven-tenths of the world surface covered by the oceans, all at one time, but those selected areas of the sea through which we want our friendly forces to pass unharmed. To accomplish this we must have forces that can meet and defeat the total threat which a potential enemy could bring to bear against us.

We know that the Soviets are steadily improving their capability to conduct warfare at sea in open ocean areas, far from their homeland, in all three dimensions: above, on, and below the surface. They have a growing force of supersonic naval aircraft capable of delivering air-to-surface missiles against our surface ships over vast areas of the ocean. They are continuing to build large ocean-going, long range surface combatants equipped with anti-ship missiles, and are now completing their third aircraft carrier. And the Soviets continue to produce large numbers of modern nuclear powered submarines of varied advanced designs, many of which are capable of launching anti-ship missiles while submerged.

Our Navy must be able to fight against this array of weapons systems and win. We cannot make the mistake of overemphasizing any single area of our naval capability. To do so would simply invite the enemy to exploit an area of neglect. We must also be prepared for conflict situations which involve aircraft, surface ships and submarines simultaneously. Experience has shown that is the way that wars are most effectively fought.

The response to this maritime challenge must be to build a superior fleet of balanced forces. We cannot build only carriers because these multi-purpose ships are too expensive to be procured in the quantities required for our global responsibilities. We cannot build only submarines because, although they have no equal in those tasks for which they have a capability, they are nevertheless incapable of doing everything, such as protecting convoys from air attack or providing support to Marines in assault landings. We in the Navy feel that our shipbuilding programs achieve the proper balance among our force types, and between the powerful, expensive, and nuclear powered units and the single purpose less expensive, and more procurable smaller ships

Debate is healthy, and I welcome this opportunity to clarify the issues. But we must get on with building a fleet. And we must recognize that numbers of ships are only part of the answer. We must have the requisite numbers of individual ships which in themselves have the inherent military characteristics which will in aggregate give us a total maritime force which will permit the United States to carry out its national military strategy.

To maintain an overall level of rough equivalency with the Soviet Union, the United States Navy must maintain its seapower preeminence. The naval programs before the Congress as a result of the President's decisions will maintain that slim edge which the United States Navy now enjoys. I think it is our responsibility as American citizens with an understanding of seapower, and an awareness of the issues, to do our part to insure that we do not now or in the future vacate our position as number one in terms of maritime superiority.

I welcome your involvement and I value your support.

DR. MAURICE S. SAGE

Mr. McGEE. Mr. President, it was with a deep sense of shock that I learned of the death of Dr. Maurice S. Sage, president of the Jewish National Fund. Dr. Sage died in New York City Tuesday night during the gala National Bicentennial dinner inaugurating the American Bicentennial National Park in Israel.

My association with Dr. Sage has spanned more than a decade. A prominent New York City chemist, religious Zionist, and communal leader, Dr. Sage was the driving force behind one of the most ambitious projects undertaken by the Jewish National Fund—that of creation of the American Bicentennial National Park in what is presently a wilderness area southwest of Jerusalem. As a member of the National Committee for the Park, I can attest to the dedication and vision of Dr. Sage.

Dr. Sage's life was characterized by exceptional dedication to the state of Israel, to the American Jewish community, and to humanitarian ideals so valued in our country. He occupied many important posts in American Jewish life including that of president of the Religious Zionists of America, treasurer of the Conference of Presidents; cabinet member of the United Jewish Appeal, chairman of Special Projects for the State of Israel Bonds, member of the Actions Committee of the World Zionist Movement, member of the board of Bar-Ilan University, and vice president of the American Section of the World Jewish Congress.

Dr. Sage's death is a loss to not only the Jewish community, but to us all. Yet, his spirit, dedication, and vision will continue to serve as a high standard for all of us. I express my deepest sympathy to his wife, Lillian; their sons, Martin and Malcom; and their daughter, Ann.

KERMIT GORDON

Mr. McGEE. Mr. President, the death of Mr. Kermit Gordon, the president of the Brookings Institution, is both a professional and personal loss to me. I will miss his intellect, wit, companionship, and invitations to participate in Brookings' functions.

The Washington Post editorial this morning: "Kermit Gordon," which I ask unanimous consent be printed in the Record at the end of my remarks, best portrays the qualities of the man. His character best typifies the imperative of keeping one's head while all about are losing theirs. Kermit Gordon not only always maintained a keen sense of levelheadednesss, he had a rare talent of finding the humor in situations which some might have termed disaster. This also applied to times when he himself was on the firing line.

He stood tall in all respects and, as McGeorge Bundy said:

> You always knew where you stood with Kermit.

Mr. President, I am fortunate to have stood beside Kermit Gordon.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Kermit Gordon

Kermit Gordon, the president of the Brookings Institution, who died on Monday at the age of 59, was one of those very rare creatures in this town—a dedicated public man who managed over the years to maintain a sense of duty and a sense of humor at the same time. Neither ever failed him. Mr. Gordon, by training a professor of economics, was the least dismal practitioner of that so-called "dismal science," and there was a vital, organic connection between his very human energy and wit and his capacity to understand the meaning of the great issues of government with which he was concerned.

One of his favorite anecdotes about himself—and, by extension, about all public servants who tend to lose touch with the meaning of reality in general and with the meaning of the sums of public money they are dealing with in particular—dealt with a luncheon he had with his wife in the White House mess while he was the Director of the Budget. Mr. Gordon relished recalling how he had had continually to let his wife be interrupted by a procession of administration types who came to their table to tell him that they really couldn't handle some particular $15 million or $20 million budget cut he was insisting that their agency take, and how he had heard himself saying, again and again, "Oh, that's okay—I'm sure we can get that much back in." At last, over dessert, Mrs. Gordon got to say what she had wanted to talk about when she suggested that they have lunch in the first place: The man who was going to repair the garage had finally come in with his estimate and it was going to cost $1,400. "$1,400!" Mr. Gordon liked to recall he had veritably shouted—*"What do you mean $1,400? I never heard of so much money!"*

In the past 15 years, Mr. Gordon had served in the administrations of Presidents Kennedy and Johnson, and Richard Nixon called on him while he was at Brookings to become a member of the controversial Pay Board. It was typical of Mr. Gordon, who needed that last busy, tiresome, unprofitable and difficult job like a hole in the head, that he should have both accepted and become an exceptionally diligent and tireless member of the board. It was also typical, we fear, of the Nixon White House that took advantage of his talents and sense of duty, that even as Mr. Gordon was giving them his all, they were engaged in a dangerous and preposterous plot to discredit and destroy the Brookings Institution over which he presided. You will remember the scene as it was to be disclosed in the Watergate proceedings: the talk of firebombing the building, the plans to purloin internal Brookings documents, the campaign to smear the Institution's reputation. The inspiration of this disgusting conspiracy seems to have been the dim inability of the conspirators to understand the meaning of intellectual independence and disinterested public purpose: they regarded every dissent from the wisdom of their own programs and proposals as evidence of some kind of self-interested partisan maneuver. But people in this city who were capable of seeing reality—as distinct from seeing a reflection of their own shortcomings in everyone else—knew a different truth. It was that under Mr. Gordon's direction, starting in 1967, the Brookings Institution had taken on a new vitality; it had been energized and brought with great skill into the center of the arena of informed discussion of public problems and public issues; and this had been achieved without its succumbing to the obvious dangers of politicization, of becoming a "shadow" government or a producer of "counter" programs—terms and conceptions which Mr. Gordon himself despised.

We can sum it up in a sentence: Kermit Gordon was a great guy and a fine public servant—and, on both accounts, he will be missed.

SENATOR BEALL PRAISES WASHINGTON EAR

Mr. BEALL. Mr. President, on June 22, I had the pleasure of being a guest on the Washington Ear, a nonprofit corporation which provides closed circuit free radio services for the blind and physically handicapped. The signal of the Washington Ear is transmitted over the service carrier channel of WETA-FM and its listeners receive the signal with a special receiver which is made available to them.

Washington Ear provides a 7-day-a-week, 100-hour schedule, which includes the daily reading of the Washington Post and the Washington Star and selections from other leading newspapers, the reading of weekly magazines, shopping ads, current plays with professional performers, the reading of best selling fiction and nonfiction, and other special features on sports, music, and home management.

With the exception of a small staff, this service is provided through volunteers. Over 100 volunteers weekly read, so that the "ears of the listening audience can do their reading." As one can imagine, this has taken a tremendous organizational ability and leadership. Washington Ear is fortunate to have as its director, Dr. Margaret Rockwell, who herself is blind. In addition to her organizational abilities, one is immediately struck with her contagious enthusiasm and dynamic personality, which I am certain have contributed both to the success of Washington Ear and its ability to attract volunteers.

Mr. President, time and time again when I have the opportunity to visit with citizens in the communities and see the good efforts that are taking place, my faith in and optimism for the country are strengthened. Last night, I was terribly impressed with the public service performed by Washington Ear and the tremendous commitment of Dr. Rockwell and her staff.

As for the listening audience, the Baltimore News American last July did a story describing the service's importance to the listener and in the words of the headline: "Press Broadcasts A Godsend, Blind Say." That is precisely what they are. I ask unanimous consent that the article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Press Broadcasts a Godsend, Blind Say

(By Mark Bowden)

Annapolis.—When it comes to the news, blind people are at the edge of a crowd. They can hear the excitement and get the gist of what's happening, but the entire story is always just out of sight.

For 600 sightless Anne Arundel County citizens that frustrating curtain fell last week as the Washington Ear began installing radio receivers that bring nonstop broadcasts of Washington newspapers and national magazines to their homes.

"Ads!" rejoiced Mrs. Marian Houch of Severna Park. "They even broadcast the ads! I was busy yesterday noting all the discounts and specials, something I haven't been able to do for years. My husband will go crazy."

Mrs. Houch is 40. Glaucoma gradually destroyed her sight until she was declared legally blind 15 years ago.

She lost her ability to read five years ago, but she said it had been close to 10 years since she could read a newspaper.

"All you get on radio and television are headlines and captions," Mrs. Houch said. "They never really get to the meat of a story. You just hear the same summary of the headlines over and over again all day."

An $8,000 grant by County Executive Robert A. Pascal has opened the news service broadcasts to all Anne Arundel's blind residents free of charge.

A small walnut receiver with hookups for earphones and tape recorders is available to the area's blind on request.

The Washington Ear broadcasts 10 hours each day, reading the Washington Post, the Star News, the Wall Street Journal and selections from recent periodicals as diverse as Rolling Stone and the Christian Science Monitor. It broadcasts on a substation of WETA-FM.

"Before I had this receiver I had to get another person to read me the full account of something in the newspaper if I was interested," said 25-year-old Jane Wilkerson, an employe in the county Public Works Dept.

"Whenever I did that, the other person usually lost interest in the reading about halfway through, and when the person who is reading is not interested it's not that much fun to listen.

"I like newspapers because they give you a more indepth look at what's going on—and I love politics.

"The other good thing about this is that I can get a hold of recent magazines and books. "Most magazines and current books don't come out in braille until six months or a year after they're issued.

"I've been so anxious to read something that I've pursued people with a magazine or a book to try to get them to read it to me.

"It's a great thing, and they ought to have one in the Baltimore area so we could read the Baltimore newspapers."

Edison Cramer of Davidsonville led an active life right up to his 79th year, working as a banker and then economic adviser for the American Banking Assn.

Looking forward to a retirement at 80 that would afford him lots of time to catch up on his reading, Cramer suffered hemorrhaging in both eyes and went blind.

"It has been a terrible blow for him," said Mrs. Cramer, who is 75.

"As active as Edison's been all his life, and suddenly he can't read. Not even the newspapers. This receiver came last week and it's working wonders. He listens to it almost all day.

"He's especially pleased that he can hear the Wall Street Journal and the editorials in the Post. It couldn't have worked out better."

Joseph Gibson, 57, of Tracy's Landing, lost his sight 10 years ago and had to give up farming. He subscribes to "talking books," a reading service that provides all kinds of books for the blind.

"But this little receiver has opened up a lot more for me," Gibson said. "I've really missed the in-depth news coverage you get in newspapers, and now after 10 years I can follow the news again.

"I'm out here on the farm alone most of the time, and this has been a wonderful addition to my daytime activities."

SUPPORT FOR ENERGY CONSERVATION AMENDMENTS

Mr. KENNEDY. Mr. President, last week the Senate adopted important amendments to the FEA extension legislation that would launch the United States on a serious, comprehensive effort to make new and existing housing, commercial buildings, and industrial plants more energy efficient. We have calculated that implementation of this program would, at a minimum, reduce our daily energy requirements by a minimum of 1 million barrels by 1980. In this period of growing dependence on imported oil, such an opportunity to reduce energy demand should not be missed.

It is very encouraging to learn of the strong endorsement of these amendments by the American Institute of Architects, as communicated through a full-page advertisement in Wednesday's Washington Post. In addition to urging the House-Senate conferees to adopt these energy conservation amendments, the AIA in this advertisement outlines the major conclusions of a 2-year study to determine the potential energy savings of a nationwide energy efficiency program for new and existing buildings. By 1990, the AIA estimates, we could reduce energy consumption by some 12.5 million barrels per day of oil equivalent through measures such as contained in the amendments to the FEA extension legislation.

The breadth of support for these amendments is also illustrated by the favorable letters that I have received from Andrew J. Biemiller, director of legislation, AFL–CIO and from David Cohen, president of Common Cause. I also call to the attention of my colleagues to the editorial supporting the energy conservation amendments that appeared in Wednesday's New York Times.

Mr. President, I ask unanimous consent to have printed in the Record the full-page advertisement by the American Institute of Architects, the letters from the AFL–CIO, and the editorial on energy conservation from the New York Times.

There being no objection, the material was ordered to be printed in the Record, as follows:

[From the Washington Post, June 23, 1976]

The U.S. Senate Has Taken the First Step Toward Making This a Nation of Energy Efficient Buildings

One week ago the Senate overwhelmingly approved a bill to stimulate the application of known but largely unused techniques that can dramatically reduce the energy now wasted in the built environment.

Today, these same issues are up for an even more crucial vote in a Senate-House conference.

The Senate-passed legislation should be accepted. It would authorize the federal government to:

Guarantee loans for energy conservation investments in homes and larger buildings.

Repay a part of such loans.

Make grants to low-income homeowners for the insulation of their dwellings.

Pay a quarter of the cost of residential devices for harnessing such renewable energy resources as sun and wind.

In additional, the bill would authorize the development of standards, to be embodied in state and local building codes, to facilitate the design and construction of energy efficient buildings.

For these initiatives, the Senate has earned the wholehearted thanks of the 26,000 members of The American Institute of Architects, and of every other American who still believes there's an energy crisis.

BY 1990, MEASURES LIKE THESE COULD YIELD A SAVINGS OF 12.5 MILLION BARRELS OF OIL A DAY

We of the AIA know this from the findings of a two-year study during which we calculated the energy lost through the nation's traditionally profligate, energy-intensive methods of design and construction.

The study was grounded in three convictions, drawn from our collective experience in the design of every conceivable kind of structure, from airline terminals to zoos:

1. At least one third of the nation's total energy is consumed by the built environment.

2. The energy used in the construction and operation of new buildings could be reduced 60 percent through energy-conscious design.

3. A saving of at least 30 per cent could be achieved by making existing buildings more energy efficient.

The savings are manifestly feasible. Within 15 years they could amount to as much oil every day as the nation's 104.7 million passenger cars now use every three days.

That's as much energy—12.5 million barrels of oil a day—as the projected 1990 production of any one of the prime energy industries—domestic oil, nuclear fission, or coal.

The cost? We estimate up to $1,045 billion over 15 years; a sum significantly less than the value of the energy now being wasted.

Clearly, then, it is in the public interest to propose as a key element in a comprehensive national energy policy:

A NATION OF ENERGY EFFICIENT BUILDINGS BY 1990

The current and seemingly abundant supply of foreign oil must not blind us to the urgent need for such a policy. We must still move aggressively to reduce our dependency, not merely on overseas sources but on fossil fuels.

To do this we will obviously need more than legislation.

Successful execution of a national policy will require the cooperation of that broad segment of the economy responsible for the built environment—financial institutions, developers, the building trades unions, engineers, the designers and manufacturers of building materials, and, of course, architects. It will also require the enthusiastic support of the federal establishment, beginning with the White House. (The present Administration has been far too obsessed with the supply side of the energy crisis.) The cooperation of state and local government is essential.

NO ONE CAN GO IT ALONE

No single institution or profession should or could carry out this strategy singlehandedly—or even try to dominate the process. But the AIA is ready and eager to coordinate the effort. We have no illusion that our extensive research and careful deliberations contain the last word on energy conservation in the built environment. We're interested in other ideas; we have more of our own to share.

If you'd like a summary of our study report; if you want more information about the policy we're proposing and would like to help develop it further and put it into effect—write:

The American Institute
of Architects,
Washington, D.C.

Common Cause,
Washington, D.C., June 15, 1976.
Hon. Edward M. Kennedy,
U.S. Senate, Russell Office Building,
Washington, D.C.

Dear Senator Kennedy: Common Cause strongly supports your efforts to enact meaningful energy conservation legislation during this session of the Congress. The failure of the Congress to take even the first steps toward encouraging the development of increased end-use efficiency in buildings and industry negates any movement toward a coherent national energy policy.

The measures which you will introduce as amendments to S. 2872, the Federal Energy Administration Act, will save energy by assisting businesses and consumers in the purchase of more efficient energy devices. These proposals do not require curtailment. They will encourage greater employment. They will particularly assist those hardest hit by rising energy prices.

Every observer of our current energy difficulties has concluded that increased conservation should be this nation's number one energy priority and that it is the only strategy which can signficantly reduce our dependence, on declining reserves of oil and natural gas in the short term.

Common Cause supports the proposals contained in Amendments 8101 and 8102 including the provisions for tough building standards for new housing, energy conservation assistance for existing buildings, energy insulation assistance for low-income persons and loan guarantees to facilitate industrial energy conservation.

The Senate has a significant opportunity to break the deadlock of the past three years and lay the groundwork for a rational energy policy by enacting these proposals. We support them in full.

Sincerely,

David Cohen,
President.

American Federation of
Labor and Congress of
Industrial Organizations,
Washington, D.C., June 15, 1976.
Hon. Edward M. Kennedy,
U.S. Senate,
Washington, D.C.

Dear Senator: As you know the AFL–CIO is firmly committed to achieving the national goal of energy independence. The Federation is particularly supportive of the federal government's efforts in the area of energy conservation which our 1975 Convention termed "indispensible" to energy independence.

One focus of energy conservation efforts we feel should be directed at reducing, where practicable, residential and commercial energy consumption. For example, the Project Independence Blueprint estimates that the equivalent of almost half a billion barrels of oil per year could be saved by 1985 through an accelerated energy conservation program in residential and commercial buildings.

At the present time nearly one-fourth of all the energy used in the United States is consumed by space heating and air-conditioning systems of existing buildings. Many of these systems, installed prior to the advent of the energy crisis, are energy wasteful. Modification of these systems to make them more energy efficient could significantly lower national energy consumption. Yet the full potential of energy conservation in this area cannot be attained until both the high cost of conservation hardware is lowered through mass production and the difficulty of obtaining a loan to pay for this hardware is likewise reduced. S. 3424, the Energy Conservation Act of 1976, sponsored by Senators Kennedy, Hollings and others is designed to help overcome these dual obstacles.

Reported favorably by the Senate Commerce Committee, S. 3424 would, among other provisions, provide low interest loans and grants to homeowners and small businessmen as well as loan guarantees to industrial concerns for either installation of, or conversion to, such systems as solar air and heating, heat recovery and transfer mechanisms and other energy conservation devices. Of primary importance are the industrial loan guarantee provisions of S. 3424. By promoting conversion installation at the largest installation, such loan guarantees appear to have the greatest potential for generating energy savings as well as spurring development and production of newer, less expensive conservation technologies. Equally as important, thousands of jobs would be created for unemployed workers.

We understand that the major provisions of S. 3424 and the loan guarantee program will be voted on as separate amendments to legislation extending the Federal Energy Administration. Given the energy and employment impact of these amendments, we strongly urge your support for them.

Sincerely,

Andrew J. Biemiller,
Director,
Department of Legislation.

[From the New York Times, June 23, 1976]

Conserving Energy

A package of Federal incentives for conservation of energy in the heating and cooling of buildings has suddenly leapfrogged a host of legislative barriers and now stands on the verge of enactment. Through a variety of procedures, the Government would finally give energy consumers—both large and small—tangible financial credit to back up all the talk about saving energy.

The measures are contained in the Senate version of a bill prolonging the life of the Federal Energy Administration, which is due to go to conference with the House of Representatives today.

The main part of the bill sets up a schedule of rebates to homeowners and small businesses for insulation, installation of heat pumps and other energy-efficient heating and cooling appliances. Any approved investment in household solar energy devices would be subsidized at the rate of 25 percent, up to $2,000. Low-income families could receive direct grants of weatherizing and other building materials.

Larger corporations would benefit from Federal guarantees of loans, up to a total value of $4 billion over two years, to help finance energy-conserving investment in existing plants. Forty percent of that loan guarantee authorization is specifically earmarked for universities and non-profit institutions which might have particular difficulty raising funds for capital improvements.

Alongside these incentives for retrofitting existing structures, the pending bill, sponsored by Senators Kennedy of Massachusetts and Hollings of South Carolina, would mandate energy efficiency standards for new construction, starting three years hence. The American Institute of Architects has estimated that no less than 12 million barrels of oil per day could be saved by 1990 through extensive retrofitting of existing structures and proposed efficiency standards for new construction.

The Administration favors the mandatory efficiency standards and shows no sign of opposing the system of credits and loan guarantees contained in the pending bill. Congressional approval of this meaningful energy conservation program would be an impressive achievement to put before the voters this November.

PRICE GOUGING AT THE DEMOCRATIC NATIONAL CONVENTION SITE

Mr. BROCK. Mr. President, I could not help but be appalled at a recent news story from the Associated Press regarding the alarming costs being incurred in preparation for the Democrat National Convention in New York. The article points out that not only is our free press subject to such an outrageous gouging, but such costs will ultimately end up coming out of the pocketbooks of every American through higher consumer prices. The tragedy of such news lies in the fact that it simply does not have to happen—it is a classic example of a few groups taking advantage of a situation. Just this week, another article has appeared in the Washington Post indicating that some news services are cutting back in their coverage, partially because of the outrageous prices.

Mr. President, I ask unanimous consent that the Associated Press article and the Post article be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

N.Y. Prices Alarm Press: A Costly Convention

News organizations planning to cover the Democratic National Convention in New York City July 12–15 protested to Democratic National Committee officials yesterday about a variety of problems.

Complaints focused particularly on what was described as exorbitant prices for construction work on news media work areas in Madison Square Garden and for rental of office equipment.

Rental prices cited included $50 a day for a television set, $37.50 each for stack chairs, $55 for a typewriter stand, $140 for a filing cabinet and $8 for a wastebasket plus $5 delivery charge.

One supplier was reported to be charging $15 a foot for the installation of work space divider drapes.

Hal Buell, executive newsphoto editor of The Associated Press, complained of a "ridiculously high" estimate for installation and removal of photo equipment and facilities in the Garden, including triple percentage markups by prime and subcontractors.

The price quoted to the AP was $46,420 for one-time installation and removal of equipment and facilities that were installed and removed twice at the Democratic and Republican conventions in Miami Beach in 1972 for a total of $14,000.

News Agencies Cut Democratic Convention Coverage

(By William Claiborne)

New York, June 23.—The Hearst newspaper chain today canceled plans to set up office space at Democratic National Convention headquarters, bringing to 11 the major news organizations that have withdrawn in protest of alleged price gouging in the rental and delivery of equipment.

Charges of "rip-off" and the prospect that the expected nomination of Jimmy Carter may be less than suspenseful have caused other news organizations to scale back their coverage of the Madison Square Garden event.

News executives are also complaining about inflated security deposits on equipment rented to furnish temporary news offices at the convention. The deposits sometimes run ten times the fair market value.

Moreover, inter-union jurisdiction disputes over which laborers will unload the rented equipment—coupled with snarled red tape inside the Democratic National Committee—have resulted in increasingly bad feelings between the convention planners and the news organizations.

"This is lunacy. The charges seem to get higher every day, and, frankly, I don't want to be a party to that kind of thing," said Nathan Glasser, chief of the New York bureau of Hearst newspapers, who is in charge of convention arrangements for the chain's eight newspapers.

Hearst had planned to rent 1,700 square feet of temporary office space at the Statler Hilton convention headquarters.

Today, however, Glasser and J. Kingsbury Smith, Hearst Washington bureau chief, said the 30 reporters representing the newspapers and King Features Syndicate would work out of local corporate offices and hotel rooms.

Exorbitant prices and unexpected delivery charges mandated by members of the International Brotherhood of Electrical Workers have caused news-gathering organizations also to make alternate arrangements.

They include the Booth newspaper chain, Newhouse newspapers, Denver Post, Daily Oklahoman, McGraw-Hill magazines, London Daily Mail, London Daily Mirror and London Express, Salt Lake City Deseret News and Orlando (Fla.) Sentinel-Star.

Associated Press, the world's largest news-gathering organization, cut back its office space from 2,850 square feet to 450, and will convert a cafeteria in its Rockefeller Center headquarters into a convention headquarters.

Chief among the complaints by news executives are the high costs of renting and installing office equipment, unusually high security deposits required by the rental firms, and a requirement that union laborers employed by Madison Square Garden have exclusive jurisdiction in unloading shipments.

The news organizations cited such prices as $6.50 a linear foot for curtains to partition work areas, $30 rental for folding chairs, $40 for a coat tree, and $110 for the use of a small desk for the convention week.

On top of those charges are delivery fees—$15 an hour per man—charged by the Garden's union workers, consisting of $12.64 an hour for the workers and a surcharge for administrative and supervisor's costs.

Ben West, superintendent of the House of Representatives press gallery, which is responsible for accrediting newspaper reporters, said the bureau chief of one newspaper that canceled convention space cited $360 security deposits for used manual typewriters having an apparent re-sale value of $50.

Glasser estimated that Hearst would have spent $10,000 for rentals alone, plus telephone charges and other costs.

Because of special "convention service charges" being levied by the New York Telephone Co., a $29 six-button phone is costing $127. Units that cost $4,000 in 1972 at the Miami conventions are going for $7,000 in New York.

Robert Longstreet, administrative assistant to the editor of The Washington Post, said that telephone costs this year will run about 300 per cent higher than at the Democratic and Republican conventions in Miami in 1972.

Associated Press estimated that it will save $20,000 on furniture and drapery costs alone by moving its workplace to its Rockefeller Plaza headquarters.

In a meeting in Washington on June 14, Democratic National Chairman Robert Strauss listened to the media's grievances, after which he discussed the alleged price gouging with officials of Madison Square Garden and A-J Contracting Co., hired by the city to refurbish the Garden for the convention.

Since the complaints, A-J's $15 per-foot charge has been lowered to $6.50 by giving the work to another company, Manncraft, and several office equipment suppliers have been suspending the security deposit requirements.

Charles Uribe, an A-J executive who attended the meeting, said the curtain costs were so high because the company had to hire union carpenters to do the job. A-J, which also controls the scheduling of deliveries to the Garden's single truck ramp, said the office furniture costs were high because the firm had to go to a subcontractor.

Vincent Clephas, director of communications for the Democratic National Committee, attributed some of the cancellations to a declining interest by news organizations in the convention because of the expected lack of excitement in balloting.

Clephas said that as a result of a series of meetings with the contractors the "climate has improved."

"But I cannot deny that some people got hurt. We were in no position to do any hand-holding for the small users, and they are the ones who got stung the most," Clephas said.

COOPERATIVE EDUCATION

Mr. HARTKE. Mr. President, three conferences were held in fiscal 1976 on cooperative education. This form of learning which combines college classroom study with off-campus work has been institutionalized in our Government's education policy following the 1967 Cooperative Education Amendment to the Higher Education Act of 1965, which I had the honor to introduce. In recent years, increased Federal appropriations have been adopted to support the expansion of cooperative education as a manifestation of the desire of the Congress to help build a bridge between the world of learning and the world of work.

One of the necessities for the success of cooperative education is the availability of job opportunities for students in the private sector. To hasten the attainment of this goal, the U.S. Office of Education and the National Commission for Cooperative Education have jointly sponsored during the last 3 fiscal years so-called employer institutes in 10 cities throughout the country. Their purpose is to persuade more and more business leaders to collaborate with colleges in strengthening the vital link between work and study.

During fiscal 1976, three such employer institutes were held: In Seattle, on October 7, 1975; in Atlanta on April 13, 1976; in Chicago on May 19, 1976, and I had the privilege of addressing the last. The substantive material presented at these institutes has been successful in persuading business leaders that cooperative education is good for students, and also good for business. The excerpts from the proceedings of these three conferences testify to these values.

I ask unanimous consent to have the excerpts printed in the Record.

There being no objection, the excerpts were ordered to be printed in the Record, as follows:

Remarks by Dr. Samuel B. McKinney

I am indeed pleased to have this opportunity to express thanks to all of you for joining us today in the first employer institute on cooperative education being held in Seattle, Washington.

Cooperative education has been with us for many years as you are aware. From its early days when it was established at the University of Cincinnati in 1906 right up through the present time when it can be noted that nearly 1,000 institutions of higher education are offering this approach to learning.

In 1962, when the National Commission for Cooperative Education was established there were only 60 cooperative education institutions. Obviously the growth can be attributed to some of the same values and ideals which have assisted us in the OIC movement.

OIC—the Opportunities Industrialization Centers of America was founded in 1964.

Reverend Dr. Leon H. Sullivan, a Baptist minister believed that there had to be a way out for disadvantaged and minority members of society. So we came into being. OIC was conceived as a program of training and education which would bring together the resources of business and industry in a partnership with the Government and private sector to establish a new way of learning—a new method of skills training and educational development.

Just as cooperative education would be designed to develop and supply much needed manpower resources, OIC would be designed to meet the needs of business and industry.

In 1966, we established the Seattle/OIC program. We took the best of what we could from Rev. Sullivan's Philadelphia OIC prototype and combined our own needs here in Seattle and came up with a training program that has been meaningful and successful in this community.

To date, in just less than 10 years, we have trained and placed into employment more than 4,000 Seattle area residents. We have a work force in the Seattle area made up of S/OIC graduates which represents an economic impact of more than 18 million dollars annually. The majority of our graduates are minority individuals and the majority of them were persons who might otherwise have never had the opportunities in which they now find themselves.

Now, our success has not been a one-sided affair. We honestly are successful because we work hard at doing what we do and because we have been able to get support and assistance from the business and industry community. It has been our good fortune to have had the private sector working along with us in developing our training program and in hiring our graduates. The Government has been there, too.

It is through the resources of the comprehensive employment and training act (CETA) that we will be training some 1,600 individuals at Seattle/OIC this year alone. Under contract with the king snohomish manpower consortium we will be providing pre-vocational training and vocational training along with job placement services to disadvantaged and minority residents of our community, and it is through these Federal resources, coupled with private sector funding, that at this very moment there are 92 OIC students attending community colleges and university classes here in the Seattle area.

What then is OIC's interest in cooperative education?

Our first interest is parochial. We are a minority operated, community-based organization dedicated to helping disadvantaged individuals to gain the skills and capabilities which will enable them to function as productive citizens in the free enterprise system of our Nation. We see cooperative education as an excellent vehicle in this effort.

We see the opportunity for individuals to "learn and earn" their way through post-secondary education. Many of the young men and women who we currently serve cannot afford higher education—they cannot financially handle the costs of a college education. We believe that through cooperative education these OIC students will have a chance that they otherwise may never have.

We believe that our unique relationship with the leading business and industry leaders of our community can open doors for job placements for cooperative education students that will enable our graduates to pursue and complete their academic careers.

At Seattle/OIC we have developed a five year plan which will enable our educational institution to function as a feeder program for the area's community colleges and for our area's four year institutions of higher education. Already we are placing our training program graduates on college campuses where they are studying for health careers. We will soon be implementing a pre-technology program which will enable Seattle/OIC graduates to complete pre-college training at OIC and go on to career training on college campuses in course work involving drafting, marine engineering, chemical technology, electrical and electronic engineering, environmental careers, and industrial skills.

The same OIC graduates hired daily by Seattle area businesses can form the nucleus of a work force that can meet the manpower needs of companies that want to hire pre-professional and professional employees. We see individuals completing training at Seattle/OIC as automotive mechanics and going on to advanced training as automotive technicians at Seattle Central Community College.

We offer training in ten (10) different vocational areas. And as we look over the list published by the U.S. Department of Health, Education and Welfare (HEW) that outlines twenty-five (25) technical careers that can be achieved in two years of college preparation, we note that all of the areas we train in are contained on this list.

Our curriculum is designed with the direct assistance of technical advisory committees made up of industry and union representatives. We make our education "relevant to the world of work". And in this concept we see cooperative education.

Cooperative education, per se, is not new to OIC. For several years now we have contracted through OIC of America to recruit and prepare students for attendance at the General Motors Institute in Flint, Michigan. This fine institution of cooperative education is administered by the staff of the General Motors Corporation and Rev. Leon Sullivan, our national chairman, is a member of the General Motors Board of Directors.

Additionally, local OIC's have served as job placement opportunities for training of a Great Black College's Cooperative Education Students. Students from Wilberforce University have served as instructors and counselors in our local OIC programs.

That this concept called cooperative education should appear to be relatively new is not unlike what our own OIC movement sometimes suffers.

We are not new, nor is cooperative education new. Rather it is an idea whose time has come.

Education must be made relevant. Students must attain skills that will enable them to secure productive employment. We cannot allow our academic institutions to operate in a vacuum offering courses in history and the arts while failing to offer training in the skills needed to produce goods and services.

Just as OIC came about as an answer to educational systems failures, so too, does cooperative education strives to put our institutions of higher education on the right track.

Whether the new words and rethoric of the future changes the terminology from cooperative education to career education or to some other even higher sounding title, we at OIC stand ready to work with post-secondary education to make opportunities in the real world—the world of work.

For a long time we have said "don't give a man a fish with which he can feed his family for one day, teach him *how* to fish so that he can feed his family for a lifetime."

We believe in the concept of continuing education. We believe that individuals must constantly be studying and gaining new skills in order that they will be able to compete in the marketplace. We want our OIC trainees to become involved in cooperative education projects. We want to develop new programs with our business and industry supporters so that we can impact upon the educational scene and so that we can continue to serve as a major resource for their manpower needs.

Hand-in-hand we want to work with the Federal Government and our local educational institutions to create new and better means of training and job opportunities for minority and disadvantaged individuals. This is what opportunities industrialization centers (OICS) are all about and this is what we believe cooperative education can do.

REMARKS BY DR. WILLIAM F. PIERCE

I find myself this afternoon both pleased to be a part of this Eighth Regional Employer's Institute on Cooperative Education and, at the same time, rather perplexed. Pleased, because I've been asked to address myself to the educational virtues of Cooperative Education, something of which I can do easily because of personal convictions. Perplexed, however, because I'm the eighth luncheon speaker in the series and, therefore, must follow speakers like Senators Hartke, Montoya and Stevens, Dr. Asa Knowles, President of Northeastern University and Dr. Robert Kibbee, Chancellor of City University of New York, and noted Industrialists and Businessmen like Edward Cole and John Binbow. And that's only a small sample of the speakers who have preceded me. I feel rather like the Penguin with a speech impediment who announced, after sitting on an iceberg, "My tail is cold." So I accepted this invitation with more than a little concern over being redundant. I accepted for two reasons, however. First, because I personally feel that the promotion of Cooperative Education will help us to make some rather drastic changes in the educational system of this country, which I feel are badly needed; and secondly, because the Secretary of HEW asked me to. Incidentally, the new Secretary of the Department of Health, Education, and Welfare, Dr. F. David Mathews, was unable to arrange his schedule in order to be here himself this afternoon. He regrets that, and so do I, because as the President of the University of Alabama, which has a Cooperative Education program, he could have shared with you very special insights into the value to both students and private sector employers of Cooperative Education.

I'd like to ask you to think with me this afternoon about several social and educational issues which I will not pretend can be totally solved by more cooperative education, but which I do contend can be partially resolved by that educational technique. In my position as Deputy Commissioner for Occupational and Adult Education, I deal daily with programs for secondary as well as post-secondary students. I would be remiss if I didn't add a dimension to my remarks that I have not detected in the addresses of the previous speakers. And that is the importance of Cooperative Education or at least its precursor, work experience, to junior high school and high school students.

The various forms of media which surrounds us is replete with attacks on the attitudes, values, morals and work habits of our citizens and more specifically our youth. As we rush toward our Bicentennial Year, we find ourselves engaged in a great deal of introspection; and what we find both thrills and disturbs us. And most often, those things which disturb us are laid squarely on the doorstep of this Nation's education system. For example:

The unemployment rate for youth, ages 16–19, stands at 21.1 percent. Lack of skill training during the high school years is often cited as the cause.

One-third of those who start college will never finish. That is often credited to poor motivation, inappropriate and uninteresting course work, and a lack of direction caused by poor career counseling.

Some high schools have a larger dropout class than they do a graduation class. Clearly, the education being offered these young people is not meeting their needs. The call for relevant education is seldom heard any longer. We've gotten tired of the term and, perhaps, even a little embarrassed by it. But the need for more relevance is just as strong as it ever was.

Youth do not show respect for either their elders or their traditions and the public schools are asked to at least share the blame for that because, according to some, they have not enforced discipline, no longer teach values and have abolished all reference to religious training.

Half the freshmen admitted to the University of California in 1974 were required to take a remedial English course.

One-third of the recent applicants to the University of Wisconsin School of Journalism could not meet the minimum requirements in spelling, grammar, word usage and punctuation. These latter two factors are the fault of the Nation's secondary schools.

The average score on the College Entrance Board examination from a midwestern state have gone down for the 12th consecutive year. Again, a reflection of the failure of our school system.

These are only a few of the indicators of serious trouble in our educational system to which people have been addressing themselves for the last few years. Such concerns have led to a number of studies over the last two or three years all of which agree upon the need for educational reform. These studies, American Youth in the Mid-Seventies, by the National Association of Secondary School Principals; Youth: Transition to Adulthood, by the President's Science Advisory Committee; The Reform of Secondary Education, by the National Commission on the Reform of Secondary Education; and the Report of the National Panel on High Schools and Adolescent Education and the Greening of the High School, by the Institute for the Development of Educational Activities/Educational Facilities Labs., all were unanimous in urging that high schools:

Dejuvenilize the whole operation. Drop the 8:00 a.m. to 3:00 p.m. custodial function. We know that strictly academic subjects occupy only part of the school day. Today's students won't tolerate being trapped in meaningless activity the rest of the day.

Develop more work-study arrangements with local business and nonprofit organizations to broaden student awareness of the adult world.

Provide more opportunities, plus credit toward graduation, for students to work as volunteers in hospitals, day-care centers, government agencies, and the like.

Offer greater flexibility in class scheduling so that students can spend part of the school day in a museum, or attending a concert, or sketching in the park, or engaging in other intellectually stimulating activities.

Reduce the age and cultural isolation of students by giving them opportunities to meet people of all ages and cultural backgrounds—in school and out. Bring in artists, artisans, business and professional people to work with students. Let students visit these people in their own working environment.

Open schools to researchers seeking answers to basic questions—How students learn, what makes teachers effective, which instructional approaches work best with disadvantaged and handicapped students, and so on.

The adjustments in the educational system, which these studies suggest must be made, seem to me to be very compatible with the philosophy and the process of cooperative education.

I warned you that I was going to ask you to think about Cooperative Education as a viable alternative for high school students. You will have noticed, I'm sure, that the studies just cited all concern themselves with secondary education. Recent studies don't spare postsecondary education from analysis or criticism either.

Take, for example, the recently released "Report on Higher Education" which points out that:

"With the exception of summer jobs, most young people in college have no firsthand knowledge of any occupation save that of being a student. A great deal of student concern about the relevance of their education can be attributed to their isolation. Many, perhaps most students lack the experience and sense of adult roles that would help them to see how courses can be relevant."

A perfect example of the result, at the collegiate level, of that isolation is reflected in the following quote which, in my opinion, represents one of the greatest wastes of human and financial resources that faces this Nation. The quote is taken from a publication of one of this country's largest universities, and reads:

"While a 1973 English major tends bar in a local nightspot, a social work graduate labors in a steel mill. A math major washes dishes in Florida, an education graduate works as a bank teller and a psychology major serves cocktails in Maine.

"These actual post-college career calamities are just what students in a recently formed class want to avoid. The class, 'Career Planning and Academic Programming,' aims to inform students of career options and job market trends so they won't end up unemployed or underemployed like some of their predecessors."

Unfortunately, that sad tale of waste is repeated over and over again in colleges and universities across this country. Thousands of college students find themselves in the same situation. And when we add the numbers of high school graduates and dropouts who are forced to take jobs as equally unrelated to their education and training, the numbers swell to the tens of thousands. And until we begin to make the need for a close relationship between education and work a national policy which undergirds the educational experience of every student, we will continue to be faced with such incredible waste of this country's most precious resource, its people.

What does all of that have to do with Cooperative Education? Quite a lot, I think. I promised you I would not ascribe more to Cooperative Education than it either deserves or could logically produce. But several constants seem to emerge from all the discussions about the ills of American education on the one hand, and all the studies which suggest solutions on the other. These constants are:

1. Young people and their parents assume that one goal of education is to prepare the student to find a job when he or she leaves the formal education system.

2. For the majority of students, one of the greatest contributors to a satisfying life is finding an appropriate job.

3. Many, if not most students have insufficient information or firsthand knowledge about the labor market to make educational choices which prepare them properly for later occupational choices.

4. Most studies assume or recommend that the solution to these problems will require vastly greater involvement in the educational process by business and industry.

It is of course obvious to this audience that cooperative education, or variations on that theme, does address itself very specifically to each of those constants. It should be just as obvious that the lack of labor market knowledge by college students would have been greatly reduced if those same students had had some meaningful work experiences as high school students. And apparently there are more opportunities for meaningful work experiences than some of us seem to think. There are currently 7,760,000 seventh and eighth graders enrolled in junior high and middle schools. High school enrollments stand at 14,242,000 students while our 2nd and 4th year colleges and universities enroll another 9,000,000 students. Consequently, there are approximately 31,000,000 students (grades 7–16) who conceivably could take advantage of some type of program offering work opportunities.

Reliable figures regarding the number of students who are actually engaged in work experience are unobtainable. However, some fairly accurate estimates, based upon samples of students in various studies indicate that as many as 50% of all students (grades 7–16) are engaged in some type of paid or nonpaid work experience program. It is estimated, however, that as little as 13.5% of those students are engaged in jobs which are related to their educational programs. In terms of numbers, about 15,500,000 students work at something but only about 2,500,000 are engaged in a program which relates their work experience to their educational program. This of course includes the approximately 180,000 students enrolled in college cooperative education programs.

In addition to the 180,000 college cooperative education students, there are several other programs at both the secondary as well as the postsecondary level, both paid and unpaid which account for a portion of those 15½ million working students.

College work-study, which differs from cooperative education in that it is primarily a student aid rather than an educational program, currently provides employment for about 620,000 college students. It is estimated that 25% of those students work at jobs which are directly related to their educational program.

In addition, some college students participate in other federally supported social service programs. For example, the "University Year for Action" enrolls 1,380 college students. Finally, at the postsecondary level, many thousands of students participate in nonpaid, strictly voluntary work experience, either as a service to someone or as a way to gain practical knowledge about what happens in a particular vocation or profession.

Secondary students can find work experience in one of the following programs.

Vocational Cooperative Education programs under Part B of the Vocational Educational Education Act of 1968. Over 340,000 students are enrolled in this program.

Part G of the Vocational Education Act of 1968 made Cooperative Education available for disadvantaged students. There were over 170,000 young people in this program during 1974.

Part H—The Secondary Vocational student aid program provided work-study experience for over 35,000 students during last fiscal year.

About 550,000 secondary students are enrolled in these federally supported programs but, given a total secondary enrollment of about 9,000,000, only about 6% are found in cooperative education and work experience programs.

Like their postsecondary colleagues, many additional thousands of secondary students join, on a voluntary basis, other types of nonfederally supported cooperative or work experience programs. In perfect compatibility with President Ford's call for closer relationships between the world of work and the world of academia, many secondary schools are currently developing and implementing nonpaid, nonfederally supported cooperative education programs which are designed to provide the students with educational and occupational experience which cannot be obtained in the traditional classroom. Most students in these programs are considered nonvocational.

The central point of this discussion is that there seems to be an incredible amount of student energy going into some type of work experience. If we could but redirect much more of that energy into activities which relate the students' work to the students' education program we could, it would seem, drastically reduce the level of isolation from the labor market and assist students in making more enlightened choices. That, of course, is a very big if. And big ifs have a way of leading one to rather tortured conclusions. For example:

A rather young and attractive Englishman was invited to have dinner with a rather less young and less attractive Duchess. English social etiquette demanded he attend. The next morning he was asked by a friend about his evening. The young man replied that:

If the water had been as cold as the soup and
If the soup had been as warm as the wine
 and
If the wine had been as old as the duck and
If the duck had been as young as the maid
 and
If the maid had been as willing as the
 Duchess,
Why, I would have had a hell of a time!

I really hope my conclusions about the value of work experience are not as tortured as the conclusions drawn about the word If. I really don't think they are. For example, in an Office of Education Study entitled "The National Longitudinal Study of the High

School Class of 1972," although 76 percent reported they were involved in some type of paid or unpaid work experience, fully 59 percent of them felt their high school should have provided more practical work experience.

Current studies and stated student attitudes, coupled with current student working habits lead me to believe that increased cooperative education programs at the secondary and college level are both feasible and desirable.

If my conclusions have not been too badly drawn, I can summarize what I have said to this point this afternoon by saying the system needs changing, students are asking for changes and cooperative education is able to provide at least some of the desired results.

Cooperative Education clearly provides something very valuable to the student. What's in it for those of you who are private sector employers? Many of your fellow businessmen will provide you with very specific examples during the course of this conference. I will, therefore, touch on only a few of the advantages to the businessman. Many who have participated know that co-op students often remain with the business or industry as a well trained, company-oriented full-time employee. Business and industrial leaders find co-op graduates much more mature and much more realistic in their attitudes toward the free enterprise system.

Cooperative Education gives you, the industrialist, a special opportunity to respond to your firm's need for affirmative action regarding minority and female employees.

These are but a few of the most obvious advantages to business and industrial leaders of the Cooperative Education program. The fact that 2,300 employers participate in a program at one university suggests that they are motivated by something more than a desire to assist the university. After all, when as conservative an employer as mine—the Federal Government—provides slots for 7,500 students—and is indeed the largest single cooperative education employer in the country—you've got to believe there's something pretty good about the program.

Assuming you accept my assessment of the value of cooperative education for both students and private sector employers, you might well ask why, out of 9,000,000 college students only 180,000 or 2% are enrolled in cooperative education after 70 years of effort. Quite obviously, there are some problems and some limiting factors to the expansion of cooperative education. These can be characterized as follows:

Too few training sites in the private sector. Cooperative Education must have private sector sponsors. And that does represent an investment on your part. An investment in time, in money, and in an added activity in your place of business which you may feel simply adds an unwanted diversion to your primary reason for existence. The production of goods and/or services.

After 70 years, there are still a large number of educators who view cooperative education as an unwanted intrusion into their comfortable teaching style. The following quote is illustrative:

"For all its success, cooperative education still faces problems. . . . For example, some faculty members are disturbed by the 'contaminating' influence of the outside world on their superior students, who may be attracted to the pursuit of lucrative careers rather than to graduate study."

I'm sorry, but I for one have very little patience with that argument. Those educators seem to have lost sight of the fact that they are supposed to be preparing their studens for the outside world—not protecting them from it. Unfortunately, too many teachers, both secondary and postsecondary, are committed to their academic discipline, not to the students they teach. Therefore, they educate for the sake of education.

The current high unemployment rate certainly contributes to the problem. Employers are reluctant to provide jobs to cooperative education students when they are, at the same time, forced to reduce their permanent labor force. This condition is, of course, temporary but it still contributes to the problem.

Some students view the work sequence of the cooperative education program as simply an unwanted interruption in their "learning" experience. Unfortunately, those students have come to believe what too many educators have for too long professed. That real learning can only take place in a traditional classroom setting.

Insofar as federal funds are a limiting factor, this must also be viewed as a problem. Although the total authorization has been allocated for the last two years, to increase the cooperative education enrollment to even 10% of the college and university enrollment, assuming federal money were the only limiting factor, would require an additional $45 million! Given, a federal budget deficit in the neighborhood of $60 billion dollars and given the fact that the federal government already is investing over $700 million in Fiscal Year 1976 in the Basic Opportunity Grant program, additional federal funds for cooperative education are not too likely in the near future. How can we overcome these barriers to the expansion of cooperative education? There are, I'm sure, many ways which either have or will be discussed by experts in cooperative education during the course of this conference. I do not pretend to have all the answers. A recently computed study, by the College Entrance Examination Board, entitled "Bridging the Gap: A study of Education-To-Work Linkages" provides some suggestions which I feel both cooperative educators and public sector employers may wish to consider:

1. Opportunities for unpaid work experience should be provided for all students in all major programs at both the secondary and postsecondary levels.

2. Secondary and postsecondary graduation requirements should reflect the importance of work experience for all students.

3. Follow-up studies of secondary and postsecondary school graduates and dropouts who did not immediately continue their education should be conducted annually to discern the extent and nature of misalignment between education exit requirements and work entry requirements.

4. Community Education and Work Councils, comprised of educational, business, labor, government, and other community leaders, should be established. Sponsorship may come from the educational sector, the work sector, or the community sector—whichever is willing to assume the initiative.

5. The state legislature or governor should establish a state-level interagency Career Competency Assessment Board that would report to the highest levels of state educational and labor government.

This study, as the title indicates, did not deal with cooperative education specifically but all programs providing an education-to-work linkage. Even so, the recommendations are applicable to cooperative education.

If I have accomplished the task I set for myself this afternoon, I should have convinced you of several things.

First, that the educational system of our country, both secondary and postsecondary, is not meeting the needs of most students.

Second, Cooperative Education is one logical, reasonable and effective way to solve the unmet educational needs of many students.

Third, Cooperative Education is as advantageous to the private sector employer as it is to the student.

Fourth, with only 2% of postsecondary students and only 6% of secondary students currently enrolled in cooperative education, there are two basic requirements—greater student enrollments and a comcomitant greater involvement of employers to provide work experience opportunities.

And finally, that there are a great many people, both professional educators and laymen who are willing and able to provide our children the quality of education they have every right to expect.

I recently saw a bicentennial bumper sticker which did two things. It undoubtedly set every grammar teacher's teeth on edge, and second, it captured the honesty, the optimism, the pioneer spirit of this country. It showed our pride in what we have and, at the same time, our willingness to constantly strive to improve it. The sticker said, simply and ungrammatically, "America, it ain't perfect, but we ain't done yet!" As an educator, I'm compelled to change the language slightly but, at the same time, I'd like to capture the flavor of that bumper sticker as it relates to American education. In closing, therefore, may I leave you with this paraphrased thought. "American education—it isn't perfect, but we're not finished yet!" As we try to perfect the system, we ask you to consider cooperative education as one viable approach.

REMARKS BY DR. JOSEPH M. PETTIT

Georgia Tech has had a long and rich history in the field of co-operative education. Our program started in 1912 and has operated continuously since that time through wars and depressions. Although a majority of Georgia Tech students attend as regular four-year students, some 1,100, or 20%, of our undergraduate students are enrolled as co-ops.

Co-op to us is a "method of education"—a method which encourages employers to share with us in the educational process. For more than half a century Georgia Tech and co-operative employers, working together, have provided well-rounded and enriched education for many thousands of young men and women. Graduates of the program have risen to positions of responsibility throughout American industry. At a national conference on co-operative education to be held later this month, one of our graduates will deliver the keynote address.

Academically, our students have established excellent records. Only above average students are admitted to the program, and more than half of the co-ops enrolled at Tech are named each quarter to the "Dean's List."

Our co-ops also are active in extra-curricular affairs. The editor of the student newspaper is a co-op. Several have served as president of the Georgia Tech student body. As a matter of fact, a co-op (Chis Bagby) was president of the student body when I came to Georgia Tech from Stanford, and Mrs. Pettit and I had the pleasure of witnessing his marriage to another young co-op at our home on the Tech campus.

I am enthusiastic about the co-operative program. Those of us from Georgia Tech are happy to be with you today, and to share with you our experiences in and our enthusiasm for co-operative education.

REMARKS BY ELTON JOLLY

One of the most significant problems we face in America is the chasm that exists between the schoolroom and the workplace. Early in his term of office President Ford pointed to this problem and indicated "I will do everything in my power to bring educators and employers together." Throughout the nation there is a quickening of interest in various approaches to collaboration, one of the most significant being today's subject.

COOPERATIVE EDUCATION

The chasm between learning and earning has always been a significant problem in America, and for over a century, starting with the establishment of land grant universities to provide agricultural and mechanical—A and M—education, the nation has turned its resources towards bridging it. However, despite the best efforts of educators, the chasm has grown wider and more treacherous as jobs become scarcer relative to the numbers of people seeking them, and qualifications to hold them become more stringent in the face of more sophisticated technology and more demanding organizational systems.

Thus, interest in cooperative education and related areas such as career education could not have occurred at a more timely point. Today, millions of youth are both out of school and out of work. Our national teenage unemployment rate hovers between 19% and 20%, while all other categories have begun to decrease as a result of initial upswings in the economy. Unemployment among minority youth is approximately double that rate. And these only describe those who are still seeking work, and omit those who may have temporarily or permanently left the workplace. In large urban areas it is estimated that the unemployment rate among out of school inner city youths may be as high as 70%.

Finding ways of addressing this incredible waste of America's most precious resource—its human resources—has become a major focus of national policy. The effects of this waste is felt in every part of the nation, by rich and poor, urban and rural alike. Rising crime, alienation, increased drug and alcohol usage, disassociation by the chronic poor from the institutions that are not working on their behalf, distrust and lack of faith in the government and our capitalistic system itself are all explicable and understandable—if not acceptable—responses by people who feel they are not needed or wanted. Until recently, however, policy implementation has focused on putting the responsibility for dealing with this chasm almost entirely on those involved with the learning side of the chasm. In a valiant effort to respond, vast vocational training systems at the secondary and post secondary level have emerged. Yet, they still have been unsuccessful in fully meeting the need, for they represent only half measures. With the creation and expansion of the cooperative education approach, we finally see, full measure, a way not of bridging, but closing the gap, for new participants. America's employers are now to be fully involved in that part of the education process that involves preparing young people for the world of work.

The experience of OIC provides a unique perspective on the importance of and methods being used in implementing the cooperative education approach. OIC is geared to address the most serious aspect of the problems I have outlined above, creating opportunities through self help and skill development for those who have not successfully made the transition from school to work, America's poor and unemployed.

Before getting into the subject of cooperative education too deeply, I would first like to talk a little about OIC, for the goals of OIC and those of cooperative education have much in common.

OIC was founded over 12 years ago as a pragmatic response to the problem facing too many of the poor in America, the lack of skills. After a lengthy and successful program of selective patronage OIC's Founder, Reverend Leon H. Sullivan, had overcome the artificial barriers facing blacks who applied for jobs, only to find that large numbers were still unable to compete for jobs because they had no preparation and no experience. So OIC emerged, and because the same problem continues to exist in all parts of the nation, OICs now are operating or developing in over 200 American cities.

OIC leaders quickly learned that it was not only the hands but the heads of our trainees that needed attention. We created the Feeder Program concept, or prevocational training, which has since become a standard component of any manpower training effort. In feeder, in addition to basic skills such as reading and mathematics, we teach trainees about a world many have never experienced—the world of work. Attitudinal and motivational training really focuses on the whole array of subtle differences that exist on-the-job, that require self-discipline, tolerance, and a professional approach. It creates an understanding of differences, and why they exist, and how each must learn to adapt to the conditions that are implicit to job holding, while maintaining identity, confidence, and continuing to succeed and grow on-the-job. In feeder, trainees are prepared for choosing their training area by having an opportunity to observe and try different skills areas. All training is geared towards the day the trainees will start a new job, self sufficient and prepared for both the demands and responsibilities a continuing career, will entail.

OIC was a response to a problem, and similar to the cooperative education movement, it was a shared response. OIC has, from the opening of its first center, had a strong and effective partnership with industry at both the local and national level. This partnership is exemplified by our active National Industrial Advisory Council which counts as members the chief executives of GM, IBM, GE, Sun Oil, RCA and several other of the nations' largest enterprises. More importantly, however, this partnership is considered a key to success at the local level. Each OIC's Industrial Advisory Council and other industry supporters help assure that such trainees can look forward to a job once they have gained skill proficiency. They help OICs keep their courses up-to-date. They meet with trainees to acquaint them with job conditions, and conduct tours of their workplaces.

It is, perhaps, OIC's close collaboration with employers that has been one key to its success over the years, and without which any program which purports to assist people enter the world of work cannot succeed.

OIC's commitment to helping people has led it to reach beyond the type of collaboration in manpower training already described, into other activities characteristic of cooperative education. OIC trainees, who are not paid stipends to attend OIC unless required by law, have sometimes needed income to offset living costs while in training. We have often been able to place them in part-time jobs related to their area of skill interest.

Since OIC's inception, over 300,000 people who were either unemployed, on welfare, or below acceptable poverty income levels have been trained and placed into jobs. However, we have not been content at only helping those who were not successful in bridging the gap or on only placing people in entry level jobs. We want to do more and I would like to take a moment to describe how we are doing more through career education and cooperative education.

Career education is a way of talking about regearing all levels of the educative process to the "real world" of jobs and responsibilities. In its broadest sense it and cooperative education are similar in goals, and they are, in fact, interdependent facets of a similar national thrust to regear education to preparing for the twenty-first century, rather than maintaining patterns established in the nineteenth century.

OIC became involved in career education in the early seventies, when it became apparent that the experiences of our program in preparing adults for work were readily applicable to preparing young people to avoid the pitfalls around them. We created a career education model that dealt with helping the youth most vulnerable to joblessness, the poor performing or drop-out inner city minority teenager. Through a combination of career orientation, career testing and work experience, all bolstered by an academic curriculum regeared to support career learning while meeting all requirements for graduation from the Philadelphia school system, we have been able to take 853 young people and turn them around. In three years of operation 300 have graduated, 71 went to college, 41 went to technical or community colleges and 59 were placed into jobs.

Another exciting program in Seattle shows directly how an OIC—cooperative education effort can really have a significant impact. The Seattle OIC, which is serving approximately 400 people, is presently conducting a cooperative education program wherein 20% of its client load is engaged in various forms of cooperative education, where study and interrelated work is simultaneously undertaken. Many of the program's graduates have gone on to college or other forms of more specialized career and technical training.

This model and that of OIC's career education experience are illustrative of the real success an OIC—industry—university collaborative effort can have in overcoming both the causes and effects of chronic employment. The OIC cooperative education approach works for trainees and for business. Trainees are able to earn and learn, while developing relations and a track record with potential employers. Employers are able to train and become familiar with potential employees while they are still in the learning process. This allows them to identify weaknesses and enlist OIC help in solving them before permanent employment. It provides a means of preselecting employees. It gives foremen and first line supervisors a real opportunity to play an important staff development role without the constraints of forced performance required when permanent recruits are involved. Trainees joining a company that have participated in their personal development feel greater loyalty and long term commitment. For these and several other reasons, this process is of real value in identifying new entrants in your workforce.

The involvement of the third part of the team—universities and other schools of higher education is also important, for in a three way collaborative effort, broader development and the ongoing long range enhancement of individual potential is of critical importance. A continuing relationship between employer and educator is the best means of assuring that the needs and goals of each are met, and most important, that the needs and goals of our most important natural resource—our people—are met.

That's why you, here today at an employers' conference on cooperative education, are such a special audience. Educational institutions across the nation are regearing their efforts to meet the needs of business and industry for better prepared, better qualified persons. But educational institutions can only go part of the way—employers, too, must do their part.

You may feel that you can do nothing about seemingly global problems, large scale unemployment, the growth of poverty subculture in this nation—and throughout the third world—of people who have never worked, who consider handouts a way of life, or who prey on their fellow man to survive. Yet, if our way of life is to survive, if our free economic and political systems are to survive, if *we* are to survive, we must, each and all, find ways we can act to stem these growing problems.

We are living in a time of quiet crisis. As these problems affect us individually, we must act on them individually, in every arena we have available to us. So it is that you, in your position at the doorway to the world of work, can and should turn your attention to collaborating with organizations like OIC as well as others involved in cooperative education and similar efforts.

Remarks by Dr. John D. Phillips

Let me begin by saying how grateful I am to appear before you to make whatever contribution I can to encourage employers to hire cooperative education students. I believe cooperative education has a vital role to play in assuring a successful rite of passage from youth to maturity for America's young people in today's world, and I'm very grateful for any opportunity to promote the concept of cooperative education among employers and academics alike.

Let me begin with a few words about the cooperative education support program administered by the U.S. Office of Education and about the accomplishments and advantages of the co-op ed approach to training young people.

Although the first co-op program was established nearly 70 years ago, as recently as 1962, 14 years later, in 1976, only about 60 institutions had programs, serving, only about 28,000 students. About 1,000 institutions are expected to provide cooperative education for approximately 165,000 students employed by 15,000 companies. We don't really know what a reasonable goal is for cooperative education, but, we can envision another 500 institutions trying co-op ed by 1980, with a possible 500,000 student participants.

Since 1970, the Office of Education has been administering a program of grants to support cooperative education activities in institutions of higher education. Slightly over $1.5 million was made available in each of the first three years, with less than 100 institutions funded each year. In 1973, the administration requested and the Congress appropriated the full authorization of $10,750,000, and the same full funding has been provided each year since then. The year we received some 560 requests for over $25 million and expect to approve about 270 of these. Within the $10,750,000 funding we make two types of grants: (1) $10 million for the planning, establishment, expansion, or carrying out of cooperative programs at eligible public and non-profit private institutions. Grants cannot be made for more than 3 years to any one institution, cannot exceed $75,000 in any one year, support only alternating periods of study and work by full-time students, and cannot be used as compensation for students. In the main, the funds cover the salaries and expenses of the program coordinator—the person who must convince the college faculty and employers that cooperative education merits their active support.

(2) The second Federal effort is an investment of $750,000 a year in training and research activities of importance to cooperative education. Part of the support for conferences such as this one comes from this fund. We are also supporting the training of coordinators to fill the rapidly expanding need and research on more effective methods of operating co-op ed programs.

It is interesting to note that in the FY 1975 Appropriation Act, Congress directed that a comprehensive study be made of cooperative education by the Office of Education. We believe that such a study is fully warranted in view of the rapid growth of cooperative education since the inception of the Federal cooperative education effort in 1970 and the rapid changes which are taking place in both the academic and business worlds. The study is underway with preliminary results expected in a few months and the final report this December. It will attempt to answer such questions as: What is the market for co-op students both as students and as college graduates? What are the specific benefits to you the employers? What are the benefits to the students? These and other questions about cooperative education need answers if co-op ed is to continue its strong growth.

The Federal blessing in itself does not, of course, make a particular cooperative education program a good venture for you indeed, the worst part about a Federal application is that you might get it! There is no fact book on co-op ed which lists guaranteed benefits for employers. However, there is mounting evidence that it can be a very good thing for you. Let me cite some specific examples:

(1) Lower hiring and training costs with co-op students vs non-co-op students.

(2) Lower turnover of co-op-trained employees.

(3) A basis for more effective relationships with colleges.

(4) On the average, co-op trained employees are more productive and can better accept increasing responsibility.

(5) A co-op ed student is more apt to settle earlier in a career for which he is qualified and which already has begun to provide him with measurable job satisfactions.

There is also some information available which indicates that a favorable cost-benefit ratio can be derived from employing co-op ed students. Xerox corporation has made an internal study which reveals—and I quote—"Xerox has made very substantial savings in its personnel recruitment costs through employing cooperative education students." A second study was made by South Central Bell after nine years of experience with co-op ed students and they found—and again I quote—"the study revealed that the cost of employing and retaining each co-op graduate was 40% less expensive than employing and retaining a regular college graduate."

This kind of evidence would seem to indicate that it is to an employer's advantage to participate in cooperative education. You should know, however, that participation also involves responsibilities.

To the maximum extent possible, jobs should be related to the academic careers of the students. We hope that you will not look upon students as temporary employees but as trainees for potential full-time employment. In addition, it is important that you support the program and have a continued and open communication with the college and the students.

Finally, I would suggest that you not accept a proposed program solely on the good reputation of cooperative education and the college but instead, that you carefully analyze the particular proposal. Questions you may wish to ask are:

(1) Is the college really committed? We feel that the college president must back the program if it is to be a success.

(2) Is there evidence that students will participate?

(3) What support has been given by the faculty? Some teachers just don't like cooperative education and it has a slim chance of succeeding without faculty support.

(4) Can the college afford cooperative education? While not expensive, it does cost the college money in terms of support staff and course offerings.

(5) If there is a federal grant, how will the program be funded at the end of the grant? Since it takes up to 5 years to amortize the start-up costs of a program, some real non-federal support must be programmed into the plans from the outset.

If you fully assess the program and really work with colleges and students, I am sure that you'll become as strong a believer in cooperative education as we are.

(2) Now that I have reviewed what we may call the "nuts and bolts" of cooperative education, I hope I may have your indulgence while I talk further about the underlying value and need for cooperative education.

Co-op ed has always been a useful and effective means of educating young people. I believe that today it is an essential means of educating them. The gulf between the world of work and the world of home and school has grown so wide, and misunderstanding between young people and their elders has grown so acute, that some means must be found to bridge that gap and erase that misunderstanding if our society is to remain healthy and viable. I believe that cooperative education is one very effective way of accomplishing these objectives. Many businessmen complain that American youth has a negative attitude toward business. However, if young people learn about business only through books and hearsay, then some degree of misunderstanding is inevitable. To know a person is not necessarily to like him, but it does help to understand him. Prejudice, extremism, and unfairness usually springs from ignorance and ignorance comes from lack of close contact with and understanding of the object of these feelings and attitudes. If we wish our young people to appreciate business accomplishments and understand business problems, they must be given the opportunity to really know them.

Cooperative education gives both students and employers that opportunity. Cooperative education can serve as the means of creating a social environment in which a young person can observe and participate in the work of his elders. Historically, a child spent part of the time in school. When he reached maturity, he was already familiar with the workaday world in which he was now expected to take a rightful place.

We must try to erase the sharp dichotomy between school and work, between youth and adults which has created so much misunderstanding between the generations and which has made the transition from youth to adulthood so very difficult. We should not be surprised if young people resent the sudden imposition of the demands and responsibilities or indeed to even alert them to their existence. We should also not be surprised if young people feel resentful when they discover that the long years of academic training so arduously pursued have not prepared them for gainful employment. If formal schooling is to have the fullest possible meaning for our young people; if they are to enter occupations for which they have been fully and properly prepared; if they are to bring to their work that enthusiasm and eagerness to excel which can only come when the work provides a sense of satisfaction and meaningful accomplishment as well as a paycheck; and finally, if our young people are to fully understand and accept the often difficult and painful responsibilities of adult life, then we must expose them to the reality of the world of work during their formative years and do it in a comprehensive, systematic and wholly practical way.

In accomplishing this objective, I believe that it is essential for our concept of work to be broad and all-encompassing, so we can offer career opportunities which will appeal to all young people and which will encourage the development of every kind of talent and ability. An artist is a worker, a novelist is a worker, a stage set designer is a worker, a musician is a worker, a sculptor is a worker, a film director is a worker. I believe that workers such as these, as well as businessmen and doctors and lawyers and other professionals, should be encouraged to enter our schools and colleges and explain to young people what it means to do their kind of work, what the opportunities are, what the rewards and drawbacks are. While I concede that American business can and should continue to fulfill the major role in providing jobs for cooperative education, both because they generate most of the jobs in our economy and because most young people will eventually enter the business world, I also believe that doctors, lawyers, engineers and other professionals, and artists of all kinds, should do their part in providing co-op ed work opportunities. It sould be emphasized that cost need not be a barrier to this kind of employment. In the past, for example, it was not uncommon for a young person to perform work for an employer in return for being taught a trade or profession with no money whatever changing hands. I want to make clear I am not advocating a policy of unpaid student labor. If an employer can possibly afford to pay for work performed he ought to be encouraged to do so. However, if an artist, or individual craftsman, or perhaps a doctor or lawyer who devotes himself to serving the poor for little or no remuneration, is willing to take on a student worker but cannot possibly pay him a salary, and if the student consents to the arrangement, then it ought to be possible for a student to work for such employers without pay in order to learn about their occupations.

(3) In conclusion, I would like to strongly encourage all concerned with cooperative education to utilize their imagination and innovation talents to the utmost in order to provide the greatest possible benefits for both students and employers. Let us not be bound by old ways of doing things. Let us define work as any activity that benefits our society and that provides a livelihood and a feeling of worthwhile accomplishment for the worker, and let businessmen, physicians, engineers, lawyers, farmers, artists, government officials at all levels, and all other practitioners of legitimate occupations, no matter how obscure or specialized, join in a commitment to cooperate with our academic institutions to prepare our youth to take a constructive part in building our society, and to do so with their idealism, enthusiasm and imagination unimpaired.

REMARKS BY DR. THOMAS L. MARTIN, JR.

I am pleased to welcome you to the Employer Institute on Cooperative Education: The Emerging Manpower Resource. Individually, each of us here today represent one, or more, of the integral components that together make up Cooperative Education—the employers, without whom there would simply be no Cooperative Education; the coordinators of Cooperative Education in institutions of higher learning; and, finally, the high school counselors who serve as guides for the students themselves.

The concept of Cooperative Education dates back to 1906 when Hermann Schneider, a professor at the University of Cincinnati, conceived of a system of education that would involve students, schools, and industry. He sought a method that would enable students to understand how their schooling applied in the world of work. As he explained his program at a teachers' meeting in Illinois, it was "taking the boys to the job." Today we have updated Mr. Schneider's words and refer to the process as "making education relevant."

In 1936, in response to this philosophy of education, IIT, then Armour Institute of Technology, began its Coop Program in the School of Mechanical Engineering. By 1956, Coop Education was available on a voluntary basis to students in each of the engineering disciplines offered by the university. Students in management and finance, and later in mathematics, chemistry, and physics, soon requested, and were granted, the opportunity to participate. Today the program also includes students in such fields as psychology, sociology, and political science.

On the national scene, in the late fifties the Edison Foundation, through the urging of Boss Kettering, funded a study of Cooperative Education which resulted in the growth of Coop movement participants from 50 schools to the present day total of more than 1,000.

The criteria used by IIT from its first program in mechanical engineering up to today's broad involvement has as its foremost concern meeting the needs of students, employers, and the school—the three partners in the development of creative, satisfying, and successful life careers. The student has usually had one of two basic motivations. The first is financial, as the compensation for performing useful work can pay for much of a college education. The second is to field test his or her interest and more sharply define the specifics of the career which he or she has chosen to pursue. The employer has found that Cooperative Education is relatively inexpensive and advantageous to the recruitment, training and retention of personnel. And, finally, the school benefits through the use of industry as an extension of its laboratories.

Fifty years ago a man by the name of Danforth, who headed the Purina Ralston Company, wrote a book particularly directed to high school and college students. Titled "I Dare You," it challenged students to develop as "Four Square Persons" by balanced growth of their mental, physical, social, and ethical qualities through the conscious practice of each. Today's headlines indicate an increasing need for individuals of this stature as the world decreases in size in terms of time and space through vast technological progress.

Again, welcome to the Employer Institute on Cooperative Education. I urge you to use what you learn today to improve your ability to shape our young people, our most valuable resources, into well-educated and dedicated leaders for the future.

REMARKS BY U.S. SENATOR VANCE HARTKE

I think it is appropriate in this birthday year of the Nation to remind ourselves—and to celebrate—the American achievement in education.

I can think of no other society, in the history of mankind, that from its beginning valued education as a prime national resource.

It was always in the forefront of the thinking of the Founding Fathers that education would be a prerequisite to national growth and greatness. Washington himself bequeathed part of his estate for the establishment of a national university in the Capitol City. Jefferson knew that the great emerging society would rest upon trained intelligence, and he fostered the idea of higher education as the source of its nourishment.

Out of an early tradition going back even to colonial times which perceived education as a national necessity there emerged such formulations as free compulsory public school education and the widest range of innovations in higher education that are certainly unique to our country.

Always educational innovation appeared in response to society's needs. So we have seen down the years the mushrooming in every State and locality of an education garden with the widest variety of institutions; Women's colleges, black colleges, vocational and technical schools, junior colleges and community colleges, great universities and research centers, small private colleges of unusual academic quality, professional schools for doctors, lawyers, dentists, architects, engineers, and teachers.

Those who lament the intrusion of government in the affairs of our citizens, must not confuse the government's rude invasions of privacy, with certain positive American achievements that could not have been accomplished without government intervention and leadership.

Let me give you two examples in education that have withstood the test of time and remain today as living monuments to wise and innovative governemnt policy.

One is the Morrill Act of 1862, which provided enormous government resources to support, develop and expand the so-called land grant colleges of the Nation. The underlying purpose of the Land Grant College Act was to provide the apparatus through which young Americans could become proficient in those agricultural and mechanical arts that an expanding nation with our natural bounty would need. Make no mistake about it: That farsighted government policy laid the foundations for the greatest agricultural economy the world has ever seen, and planted the solid roots upon which dozens of our great state universities now thrive.

The second magnificent entry of government into education to meet a critical national need was the passage in 1944 of the GI bill of rights which enabled millions of young Americans returning from the war to enter higher education, and subsequently to contribute to the Nation's reconversion to peacetime prosperity. I am a beneficiary of the GI bill of rights whch made it possible for me to go to college and law school, and I shall ever be grateful for it. I happen to be the author of the 1967 Cooperative Education Amendment to the Higher Education Act of 1965, which in a creative way placed support of cooperative education in the context of Federal policy. I should add it was the first time the Congress financially endorsed a specific form of education since the passage of the Morrill Act, more than a hundred years earlier.

In cooperative education work and study are joined in a structured process.

As a result of the legislation that made it part of our national education policy, the Federal budget has, in recent years, contained a specific line item for cooperative education. The current annual appropriation of $10,750,000 represents only a miniscule portion of the total higher education appropriation of approximately two and a half billion dollars, but to most observers it is the best money the government has spent.

There are now about a thousand colleges with cooperative programs, or in the process of developing them. And I would add that many high schools are melding work and study by providing distributive education schedules.

As in the past, it seems that again society is looking to education, in effect to our brain centers, to discover and unleash the energies to manage our critical problems.

In our 200 years we have come a long way. There are now nine million students in college. From Federal, State and private sources billions have been poured into higher education. Many, many more billions have been invested by the American people in pre-college education.

And the results down the years have been measured by the abundance of a flourishing society in agriculture, technology, wealth, and in the greater distribution of what we think of as the good things of life. There can be no doubt that education has been a prime factor in American progress.

But there are two ways of measuring progress. One is how far we have gone from our starting point, and the other is how close we are to our goal. Optimistically, our cup is half full; on the darker side, it is also half empty.

As I have said, there are nine million young people in college; but there are 51 million adults who have had less than the usual twelve years of formal education.

We have always placed the highest value on literacy, and it is therefore astonishing that millions of adults cannot read their children's report cards, or the help wanted ads in newspapers, or the questions on their driver's license test.

These illustrations define a condition on one level of education. If we let the clinical eye roam over the arena of higher education, we will discern even more disturbing symptoms of what is really a crisis.

The crisis, among other things, is a money crisis. Colleges all over the Nation are in the throes of a tightening financial squeeze. In 1974, 34 colleges had to close down; and I have heard it estimated that 200 more may be on the way out before the end of the decade.

A concomitant of this is the radical escalation of tuition costs, which have risen in some instances to over $6,000 a year. Only the other day the U.S. Commissioner of Education, Terrel H. Bell, announced his resignation as of August first from a post that pays him a salary of $37,800. He will accept the job of chief executive of the board of regents in Utah which will pay him $11,000 more than he is now getting. His reason for changing is his need for more money to meet the college costs of his three sons.

In addition there is something dead wrong about the great gap between what so many young people are studying and what the needs of society are. The personnel manager of the Gillette Company laments: "We have the jobs and we have the people, but we just can't make a marriage." Northwestern University Economist Robert J. Gordon complains, "Our economy suffers from a serious mismatch between available jobs and available workers." Willard Wirtz, former Secretary of Labor and now President of the National Manpower Institute, has stated, "There is evidence of an increasing mismatch between the development of particular competencies and the need for them."

One dramatic effect of such misguidance, and it is applicable to many other disciplines, is that an estimated 4 million teachers will be trained during the 1970's to compete for only 2 million grade and high school openings. It is also now apparent from all manpower projections that the number of college graduates is increasing faster than the number of jobs. We also have an army of people preparing for non-existent careers, and we have unfolding career opportunities for which not enough are preparing.

When Dr. Frank Newman, then of Stanford University, published his report on higher education, he noted that "The ability to make career choices improves with off-campus experience. And that of course is the basic idea of cooperative education."

These are sobering reports and they do not include other factors of social dislocation which must be taken into account as we reassess education policy.

I do not want to disillusion you on the subject of our economic recovery which in many sectors is real. But as Winston Churchill once warned, the chain of democracy is only so strong as its weakest links. And we have too many weak links to feel safe and confident. The litany of our disorders includes an unemployment rate, too high in general, but highest among our youth, both male and female. Their problem is exacerbated by their lack of skills and education. Radical changes especially those caused by rapidly advancing technology, have obsoleted many job skills, while at the same time creating jobs which college students could expect to fill if only they are given the right direction, education and training .

The pipeline of job seekers is jammed with teenagers, and more women have entered the job market than had been expected. In both cases, unemployment is very high and the expectations of employment are doomed for lack of education.

Many of these problems have been identified, even in the early manifestations, and various Federal policies were adopted and munificiently financed. Large sums have been appropriated to fund manpower training and education programs on all levels of learning in a real effort to expand opportunities in education and in the preparation for useful employment. Now, of course, there is considerable doubt about the effectiveness of these programs, and there is evidence to justify such doubt. Functional illiteracy continues to plague us. Schools and colleges caught in the vise of rising costs are cutting back on teaching activities that should be expanded rather than reduced. Independent colleges are going out of business while rising tuition costs are forcing families to lower the sights of their children. And even those young people who enter and succeed in completing college, without dropping out or being pushed out, in too many instances enter the adult world only to be underemployed or unemployed.

In my view, we cannot isolate education and manpower policy from economic policy.

Obviously, the revitalization of American education so that it can once again respond to the urgent needs of society depends on new initiatives that will lead to continuing economic growth. The Council of Economic Advisers estimates that 12 million more jobs will be needed by 1980, and that is probably a conservative outlook. In any event, I am not sure the economists know what kind of jobs, or where, which way and by whom they will be generated.

I do know, however, that we are losing jobs abroad as the result of the export of American capital and technology, as more and more American companies have established plant operations overseas to take advantage of cheap labor and tax breaks. I think we need a realistic policy to reverse this trend and to prevent the further flight of jobs that has already occurred in so many industries that have gone elsewhere to produce, including electronic parts, apparel, machine tools, and automobiles, to name but a few.

More basically, we need to abandon the archaic notion that economic vitality is a cause of inflation. Instead of this nonactivist approach, we need to commit ourselves to a full employment-full growth policy, with both the public and private sectors collaborating in a national purpose.

It is dangerous not to recognize the strong undercurrents of disorder that whirl around our failure to underwrtie full employment and real economic growth, for ultimately these are the preconditions for the success of all social policies, including education. The Humphrey-Hawkins bill ought to be passed and signed, not for partisan reasons, but because the Nation needs it. The reconstruction of our railroad system and our center cities, the invention of new means of health care delivery, and the rapid improvement of urban and rural waste disposal systems should be among the priority targets of an economic revitalization program, with tax and subsidy inducements for private industry to invest in these fields.

The country simply cannot afford the social and financial costs of an anti-expansionary policy. It is an item of more than passing interest that in fiscal 1976, unemployment insurance will cost the Nation $18 billion, an expenditure which does not create jobs. There is already what has been described as a large, growing under-class in our society of people with no place to go and with frustrated expectations. How many more will be counted among them when an estimated 2 million unemployed are expected to exhaust their benefits?

In this context, I noted an observation of William A. Niskanen, Jr., chief economist for Ford Motor Company. He said, as reported in Business Week of March 22nd this year, "Unemployment insurance and welfare are two reasons why there isn't blood in the streets with today's unemployment rates."

Such a potential of aroused discontent is simply not acceptable. We have two instant goals. One is to bring about, no matter how we do it, rapid and real economic growth; and the other related to it is to lick the problem of unemployment. And both have a real and direct bearing on the fate and future of education. I believe that cooperative education can make an important contribution to economic growth.

The current Federal allocation of $10,750,000 to cooperative education is neither a subsidy nor direct student aid. The major portion of that appropriation, $10 million of it to be exact, is distributed to colleges and universities all over the country for the purpose of starting or re-inforcing co-op programs, and only for a maximum of three years. Of the 41 colleges in Illinois with programs, the majority are in this early stage of modest Federal support, and at the end of a brief support period the assumption is that the schools will expand their cooperative programs on their own. Moreover, part of the outlay comes back to the Treasury because student earnings are subject to the income tax.

But obviously, the sucess of cooperative education depends on the availability of jobs for increasing numbers of students, if the private sector fails to provide them, the programs will fail, adding an additional burden on the colleges, and another cause of student disillusionment.

The program must not be allowed to fail. If the vital bridge is to be built between the world of learning and the world of work, this is the area that offers the best hope of quick success.

The challenge is to both the colleges and the companies. They must collaborate with determination to relate curricula and career guidance of the schools with the skill needs, present and future, of employers. If a successful partnership can be built around the single idea of cooperative education, it can well serve as a demonstration that indeed education and business can work together to serve what is now clearly a national necessity.

Let me conclude by saying that if it is demonstrated that local initiative can supply the energy, imagination and direction to meet this challenge, it will have profound effects on the policies of the Federal Government. Make cooperative education successful through such initiative and you will succeed in proving to the people, the Congress and the White House, that great social accomplishments can be scored by the citizens of a community working together. Such an achievement can—and will—be decisive in the decisions as to the best ways to spend billions of dollars of taxpayer money.

Remarks by Roger E. Anderson

Continental Bank is pleased and honored to participate as a co-sponsor of this important conference. Although we have a long history of working with public and private high schools in cooperative education programs, it is only recently that we have begun to employ college students in similar programs. Obviously, we have thereby, during the past few months, acquired a much better comprehension of and appreciation for the scope and significance of the cooperative education movement.

There are 41 four-year colleges and universities in Illinois, many of them in Chicago, that have either fully-operating or newly-emerging programs of learning in which students alternate between on-campus study and off-campus work.

The National Commission for Cooperative Education reports that there are about 1,000 colleges involved nationally in cooperative education, and that the number of students participating in the program is about 200,000.

It is expected that participation will climb to one million students in the near-term, and one of the reasons, obviously, is that the rising costs of college education are making it more necessary for this to become a joint parent-child financial venture.

What this development means is that soon one third of all the colleges in the country, and eventually well more than 10 percent of all college students will be looking to business for job support to make the dream of a higher education a reality.

Last summer—during a seminar on "Business in Urban Society," sponsored by Chicago United and the Illinois Humanities Council—it was observed that business executives rely too much on their own perception of social needs, which may blind us to many of the forces shaping our future. The subject of today's conference probably provides a significant case in point: Many business leaders may have neglected to recognize that there is occurring a virtual national revelation in higher education focused on incorporating career-oriented work content in almost all undergraduate and postgraduate disciplines.

There are, it seems, important implications in this trend. It suggests that the disaffections which dominated the attitudes of young people even until the early '70s are being displaced by a desire to function productively within the system, to plan business careers, to work for pay, and, indeed, to reestablish the validity of long-standing American dreams about upward social and economic mobility and broad-scale participation in solving our national problems.

It is heartening to observe this renewed confidence in a value system that commands respect both for the work ethic and for the individual's self-obligation to make the greatest possible use of his God-given talents.

And, of course, another implication to which I have just alluded is that cooperative education at the college level is an ingenious solution to the problem of how parents and students can cope with the rising cost of higher education. If business and industry can help, and at the same time serve their own personnel needs, then everyone wins from this effort.

That its time has arrived is illustrated by the broad-based support cooperative education enjoys. It has been accorded strong endorsements by successive Presidents of the United States, it has bi-partisan support in Congress, and it has been—and continues to be—funded by Federal grants to institutions.

With this kind of encouragement, supplemented by support among colleges and businessmen, it is no wonder that students and their parents and colleges and counselors are increasingly attracted to the concept. However, success will not come automatically, and we in business must understand that this effort depends very heavily on the keystone of our support. We see immediately over the horizon a situation in which hundreds of thousands of young men and women knocking at our doors seeking the off-campus employment without which this program will falter and the expectations of many highly-motivated young people will be thwarted. We had better ask ourselves very quickly how we are going to avoid such a tragedy.

That is why it is important that an underlying motive of today's Institute is to arouse greater awareness of this problem among businessmen and to demonstrate to them that participation serves both their corporate self-interest, and that of the community as well.

I am positive that hundreds, perhaps thousands, of companies, large and small, in and around Chicago, do not employ co-op students, or for that matter are even aware of the cooperative education concept. Obviously, we have a lot of educational and missionary work to accomplish with these companies—and it must be done quickly, not only among those businessmen here today, but with the thousands of others we have not yet reached.

Corporate executives will first want to know if hiring co-op students "is good for business." I believe that speakers on today's agenda will produce convincing evidence that it is.

Our experience since the first of the year, when the bank expanded its program to include college co-op students has been very successful. We are particularly impressed with the enthusiasm of these young people, their quickness in reaching for responsibility, and their zest for learning about our business.

Our experience confirms that of other major companies that hire co-op students. When I learned that Xerox, even in the period of economic stringency, did not retrench on its cooperative education program, when I was told that Burroughs maintains a separate department to recruit co-op students, when I heard about the years of profitable experience in the field by such companies as General Motors, General Electric, and IBM, I had to conclude that the answer is clear: Cooperative education is good for business, and the experiences of these other companies provides the proof we need that this concept can work with equal effectiveness here in Chicago.

Cooperative education also has an important impact on the community. Chicago, like many other major cities, faces many problems that threaten to erode its ability to cope with a massive agenda of social and economic problems. However, there is some degree of certainty, in an era of urbanization that the city is irreplaceable as the vital economic and cultural apparatus of metropolitan man. The problems of the city must be solved if market-economy systems are to survive. The sum total of all capital investment and capital formations in urban America is so vast as to practically defy measurement.

The corporate interest and the public interest intersect, and unless the viability of the city is preserved and its vitality is reinforced, the consequences will be evident in the red ink on many corporate profit and loss statements. We cannot accept the premise that we have reached the limit of growth, that our social problems will intensify more rapidly than we can solve them, or that we—as business executives—have done enough.

As we assess our resources of future growth, high on the list of importance is brainpower, and the mechanism through which it is deveolped, our institutions of higher education. The intelligent, trained, and motivated young people who have entered and will be graduating from cooperative education programs constitute a reservoir of intellect and skills that, if siphoned off to other parts of the country, would be an irreparable loss to Chicago. Our brainpower must stay here, and we must learn how to provide job opportunities to hold it here.

I believe this conference will stimulate Chicago's business community to find ways to collaborate more vigorously with our colleges. We must let the colleges know what our skill requirements are so that curricula may be developed to accommodate these needs. Above all, we must participate on whatever level we can to reassure our young people, including the economically disadvantaged and the culturally deprived, that there is a place for them in Chicago business and industry so long as they take advantage of the educational opportunities available to them. For many of these young people, cooperative education is the only course available.

The National Commission, using this conference as a beginning, is coordinating an effort among industry and education in Chicago to encourage the wider adoption of cooperative education by both colleges and employers. We should do all that we can to see that this objective is realized, for the benefit of society, for our potential employees, for our city, and for our companies.

RADIO LIBERTY IN SPAIN

Mr. PERCY. Mr. President, I wish to join those of my colleagues on both sides of the aisle who have noted the importance of a long-term renewal of the Radio Liberty lease on transmitter facilities in Spain. I raised this question during the ratification hearings before our Committee on Foreign Relations, and the committee's unanimous report emphasizes that the continued availability of these Radio Liberty facilities is a significant aspect of the broadening relationship between the United States and Spain.

I understand that the negotiations on a renewal of the Radio Liberty lease will be resumed in Madrid at the end of this month, and I am glad to learn that the administration fully supports the Board for International Broadcasting—BIB—in its efforts to obtain a long-term renewal. I believe that the outcome of these negotiations cannot help but influence the broader pattern of our relations with the Spanish Government. I sincerely hope that the negotiation will be speedily and successfully concluded with a long-term agreement.

NADER VERSUS FREEDOM OF THE PRESS

Mr. FANNIN. Mr. President, on December 31, 1975, Ralph Nader—"consumer advocate" and "people's lawyer"—filed a $1,005,000 libel suit against Ralph de Toledano, nationally syndicated columnist and author of 17 books. This is no ordinary action, for until the litigation runs its course it effectively muzzles Toledano, a consistent critic of Nader.

The result to date of the Nader suit has been to deprive Ralph de Toledano of his right to present facts and express opinions about Mr. Nader, his methods and activities. That he should have been sued for commenting on a Senate document, protected by privilege, makes the case even more significant.

The Nader charge of libel rests on one sentence in a Toledano column, published almost a year before the suit was filed. The sentence stated that "Senator Abraham Ribicoff—not too long ago devoted some 250 columns of the Congressional Record to demonstrate conclusively that Nader falsified and distorted evidence to make his case against the automobile."

It should be noted that well before the appearance of the Toledano column, Barron's, the highly reputable financial weekly, in an article on Nader, found proof in those same Congressional Record pages that the "consumer advocate" employed the "'big lie' technique." Though Nader protested a minor statement in the article, he made no answer to that characterization—and Barron's repeated it on the same page as it printed his letter.

Nader filed no suit against Barron's, perhaps on the theory that it was more important to silence Ralph de Toledano, as a warning to other independent newspapermen. This is what gives importance to the first amendment aspects of this suit.

The facts are both pertinent and revealing.

On September 4, 1970, Ralph Nader wrote to the then Secretary of Transportation, John Volpe, rehashing charges against General Motors, its officers, and the Corvair that had been disproven in courts of law and discredited in the court of public opinion. He sent a copy of his letter to Senator Ribicoff demanding a full investigation by the Executive Reorganization Subcommittee.

Prior to Nader's letters, there had been a landmark negligence suit against the Corvair for $1.7 million. In ruling against the plaintiff, Judge Bernard Jefferson of the California Superior Court, after studying the exhaustive trial record, concluded:

> It is this Court's conclusion that the Corvair automobile of 1960 to 1963 variety is not defectively designed nor a defective product; that no negligence was involved in the manufacturer's adoption of Corvair design; that the Corvair matches a standard of safety which does not create any unreasonable risk of harm to the average driver.

It should further be noted that Nader's close associate, Gary Sellers—in an effort to counter this and other court decisions favorable to the Corvair—filed a complaint with the Michigan Bar Association charging GM's lawyers with suppression of evidence during discovery proceedings. After investigation, the Michigan Bar Association dismissed these charges as not founded on fact.

Ralph Nader was aware of these findings at the time he wrote to Secretary Volpe and Senator Ribicoff. He was aware that automotive experts, test drivers, even Consumer's Union on whose board he sat, had given the Corvair high marks. Nevertheless, he charged as follows:

> 1. A "mass of evidence" exists concerning the Corvair's "hazards."
>
> 2. There is "decisive evidence which reveals a labyrinthic and systematic intra-company collusion, involving high General Motors officials, to sequester and suppress company produced data and films proving the Corvair (1960–63 models) dangerously unstable."
>
> 3. There has been "a daily carnage of innocent people killed or injured in these vehicles."
>
> 4. GM proving ground tests and films back in 1962–63 conclusively proved the Corvair to be "uniquely unstable with unprecedented rollover capability unlike any other American car."
>
> 5. "(S)uch characteristics were known by GM engineers" but their concern was "overridden by management."
>
> 6. "In a consistent posture of suppression and prevarication, the company declared the Corvair as safe as any other car and asserted that any claims to its lack of safety were false."
>
> 7. The statements and testimony of Frank Winchell, chief engineer for the Chevrolet division of GM "were replete with statements contradicted by GM's own secret test data" and that a reading of Winchell's sworn testimony would prove that he had committed perjury.
>
> 8. In a number of litigations, GM attorneys had suppressed evidence by failing to produce records and memoranda ordered turned over to the plaintiffs by the courts.
>
> 9. The suppressed data proved conclusively (a) that GM knew the Corvair was an unsafe car; (b) that GM officials "consciously" refused to issue warnings or recall the car; (c) that GM officials "falsely" stated that the Corvair was safe and "misled members of three branches of government at both State and Federal levels."

In two subsequent letters to Senator Ribicoff, Nader added these charges:

> 1. Carl Thelin, a former GM engineer, discovered "a macabre scheme, originating inside GM before 1966, to hide from the courts and even from some of their own defense witnesses the existence of reports critical of the Corvair's safety."
>
> 2. GM was guilty of "a deliberate, premeditated attempt first to mislead injured plaintiffs and the Courts, and then the Michigan and U.S. Senate Committees, and finally the public as to the safety of the Corvair."
>
> 3. Nader had personally checked the records of several litigations and thus learned that GM's statement that it had produced all evidence ordered by the courts was false.
>
> 4 GM misrepresented the facts in asserting that the likelihood of a Corvair wheel rim hitting the road during cornering was no greater than in other cars.
>
> 5. Maurice Olley, the dean of automotive engineers, had warned GM of the dangerous defects in the Corvair and suggested means to eliminate them, but both warnings and suggestions had been disregarded.

As a result of these allegations, the Ribicoff subcommittee mounted a 2½-year investigation, following all the leads supplied by Nader and developing its own. At the subcommittee's request, the Department of Transportation—at the taxpayer's expense—mounted extensive tests of the Corvair. After weighing all the evidence, the committee staff demonstrated that all of these charges made by Nader were either false or distorted.

The staff report, placed in the Congressional Record of March 27 and 28, 1973 by Senator Ribicoff demonstrated that fact conclusively:

> 1. For more than two and a half years, we have conducted an extensive investigation into Mr. Ralph Nader's charges that statements of certain General Motors witnesses at the hearings of March 22, 1966, misled the Subcommittee on Executive Reorganization concerning the safety of the Corvair automobile. After consideration of all the relevant evidence, we have concluded that the subcommittee was not misled and hence there is no basis for reopening the hearings for further testimony on the stability and handling of the Corvair.
>
> 2. In response to Nader's request, and in accordance with his suggestions, the Department of Transportation (DOT) conducted extensive performance tests of the 1962 Corvair and five other contemporary vehicles . . . To assist the Department in evaluating the results, it employed three independent, outside technical experts . . .
>
> All vehicles were instrumented and every test was filmed. The five test maneuvers selected by DOT were designed to disclose any instability or susceptibility to rollover.
>
> After examining the data and the films, the DOT concluded in July 1972 that "the handling and stability performance of the 1960–63 Corvair does not result in abnormal potential for loss of control or rollover and its handling and stability performance is at least as good as (the other vehicles tested)."
>
> After independently reviewing the test results, the panel reached the same conclusion and added, "the 1960–63 Corvair does not have a safety defect and is not more unstable or more likely to rollover than contemporary automobiles."
>
> The conclusion of the DOT and its independent panel are consistent with the results of tests performed by Consumer's Union, Ford Motor Co., GM, and with statements of expert witnesses questioned during our investigation.
>
> 3. Nadar asserts that the DOT "dismissed" data compiled by Professor B. J. Campbell of the University of North Carolina. Nader claims that Campbell's data is "more directly indicative of the handling and stability problem which the Corvair and other rear-engine swing axle cars have . . ."
>
> We called Professor Campbell to discuss his data and its significance . . . Campbell observed that his present data does not permit a conclusion that the Corvair accidents are due to its rear suspension . . . Campbell's statistics show that the 1960–63 Corvair is consistently involved in significantly less than average truck and multiple vehicle accidents.
>
> We asked Professor Campbell what conclusions he has reached on the basis of his study of the Corvair. He replied that up to the limit of control (.6g) he believes the car is perfectly satisfactory. He told us he had owned a '61 Corvair, driven it 70,000 miles, and was satisfied with its performance.
>
> 4. Nader's letter alleges that GM attempted "to hide from the courts and even from their own defense witnesses the existence and contents of reports (such as PG 15699 and 17103) critical of the Corvair's safety.". . .
>
> In March 1966, *Anderson* and *Collins* were the only cases which had been litigated to a conclusion. In *Anderson,* the court required production of only those documents in existence prior to April 19, 1963 . . . Since PG 15699 was issued June 14, 1963 and 17103 on November 4, 1963, there was no requirement for GM to furnish them to the plaintiff. Similarly in *Collins,* the discovery order was confined to tests of the 1960 and earlier models. Accordingly, there was no reason to supply those particular reports to the plaintiff . . .
>
> We questioned many witnesses closely . . . but could find no evidence that these reports were concealed from the lawyers and engineers involved in the *Anderson* and *Collins* cases . . . we could find no evidence that any document . . . was unlawfully withheld for a plaintiff in a lawsuit . . .
>
> Nader and (his associate Gary) Sellers have unsuccessfully attempted in other contexts to prove supression of documents . . . Sellers charged two GM attorneys with misconduct before the grievance board of the Michigan State Bar Association. He alleged that they filed false answers to interrogatories in two cases by failing to disclose the existence of certain microfilm records. After review, the board dismissed the complaint.
>
> 5. With respect to the *Anderson* case, Nader's letter charged that the testimony of Frank Winchell, then head of Chevrolet research and development, was "grossly misleading" . . . Nader asserted in effect that by this testimony Winchell denied the existence of PG 15699 and 17103 . . .
>
> A proper evaluaiton of Winchell's testimony in *Anderson* must be based on the entire record in the case . . . It should be noted that Winchell's testimony did not deny the existence of PG 15699 and 17103 . . .
>
> Concerning the *Collins* case, Nader's letter made three principal allegations: False testimony by Mr. Winchell in four instances, deceit by GM in denying the existence of certain test reports and willful failure to produce PG 17103.
>
> As in *Anderson,* Winchell's testimony must be judged by the entire record, not just the sections quoted in Nader's letter . . . The

> record and our investigation support Mr. Winchell's answer(s) . . .
>
> Nader charged, 'There were essential proving ground tests such as PG 11245 . . . which were never admitted by GM to exist.' The record shows, however, that the test report and film for 11245 were submitted to the plaintiff in that case.
>
> 6. The gravamen of Nader's argument here is that the instability of the 1960-63 Corvair rear suspension causes the tires to tuck under in hard cornering maneuvers thereby allowing the wheel rim to hit the road and tip the car over . . . This idea was disproved by DOT . . . (T)he Department found that the "wheel rim contact with the pavement is not the precipitating cause of Corvair rollovers, but occurs in the course of rollover." . . . DOT also found that 'tuck-under' is not observed until the vehicle is well into a rollover mode."
>
> 7. Maurice Olley was a highly respected GM suspension engineer (and) a prolific writer, publishing many articles on vehicle suspension. Nadar cites some of them to show that Olley warned GM of the dangers inherent in the design of the Corvair suspension . . .
>
> To obtain a complete picture of Olley's views on the Corvair and its suspension, we requested GM to provide us every relevant document written by Olley . . . Two of them are especially relevant to the inquiry.
>
> The first is titled "Cadet Studies," dated April 16, 1967. From the text of the paper, it is obvious that the design of the Corvair was then under consideration by GM management. Olley discussed the proposed swing axle rear suspension, concluded that a swing axle should be used and stated that the type adopted for the Corvair was superior to the single . . . axis.
>
> The second is titled simply "Corvair" and dated June 29, 1959, just 3 months before the public introduction of the car. In it Olley reviews the characteristics of the car, explains how certain design goals were achieved, and concludes, "There's no question that the car is an outstanding success."
>
> 8. Nader claims GM suppressed information concerning changes in the shock absorbers and rebound camber angles, while trying to improve the stability of Corvair through these detail modifications . . .
>
> The results of our investigation do not support this charge. We found no effort to hide such information. In fact, Winchell's Michigan Senate testimony mentioned the control arm angle in connection with 1964 suspension changes . . .
>
> 9. In the course of our investigation we . . . obtained two road test reports on the Corvair from Consumers Union, the independent product testing organization . . . (I)n July (1960), CU road tested six compact cars. It described the Corvair's handling qualities as 'agile, accurate, feels cross winds badly; oversteers when cornering hard,' but concluded 'unless it is recklessly driven no unusual amont of handling skill is required; on the contrary, the Corvair in normal use controls with ease and precision and inspires confidence.'
>
> 10. Nader charged that the printed record of March 22, 1966 hearings differed from typescripts and that the original record "was charged or falsified by deletions as well as additions." He imputed these changes to a conspiracy involving GM and the committee staff: A Justice Department investigation found no such conspiracy.
>
> In its report on this matter, the staff noted: "In considering Nader's allegation of transcript changes, it is appropriate to note that Nader made 96 changes in his own testimony." One was substantive, the rest minor.
>
> ### STAFF FINDINGS ON GM AND THE CORVAIR
>
> The ultimate question in the Corvair controversy . . . is corporate responsibility—did GM meet its obligation to produce a car which is reasonably safe for driving on American roads and then, before ordering the Corvair defended in court, did the top management of GM fulfill their responsibility to inform themselves about its handling and stability . . . By every objective measure we have been able to find, the Corvair compares favorably in stability and handling with contemporary compact cars of that era . . .
>
> We found no corroborated evidence that any engineer, lawyer, or executive within GM thought the Corvair was unsafe at the time it was developed and produced . . .
>
> ### SUBSEQUENT NADER CHARGES FOUND TO BE FALSE
>
> From the Ribicoff committee staff memorandum, I quote:
>
> 1. Nader claims that GM was given "highly preferential" treatment, while he and other critics of GM have been excluded from the investigation. As Nader well knows, we have spent many hours discussing the progress of our investigation with him and his staff. In fact, Nader's former associate, Mr. Gary Sellers, told us in 1971 that he had notes on more than 50 hours of conversations with us . . .
>
> 2. Nader next contends that while GM was permitted to read the draft report, the persons interviewed were not allowed to do so. We asked GM, DOT, and Nader to review the report to assure that technical and factual statements were accurate . . . GM and DOT agreed to review the report. Nader refused.
>
> 3. Nader alleges that the statements of non-GM witnesses "were routinely given to GM for rebuttal, but there was no opportunity afforded for such witnesses to comment on GM's rebuttal . . ." This is simply not true. At no time was GM given access to the testimony of any person interviewed . . . The only way GM ever learned the source of any document we had was through Nader's press releases . . .
>
> 4. Nader asserts that only GM has had access to the work product of the investigation. This also is untrue . . .
>
> 5. Finally, Nader contends that Bob Wager (of the staff) showed no interest in receiving his comments on the DOT reply to Nader's critique of the DOT report. Exactly the opposite is true . . . They (Nader and his staff) consistently refused to do so.

Prior to publication of the subcommittee report on the Corvair, which demonstrated conclusively what Ralph de Toledano later wrote in his column—that Nader's charges were false or distorted—Nader wrote to Senator RIBICOFF, repeating all the discredited charges as if there had been no investigation. Of this, the staff commented in a memorandum:

> In summary, Nader's memorandum simply repeats most of the arguments he had previously made in his letters and discussions with us. It contains no significant new facts or documents. Accordingly, we adhere to the conclusions and recommendations stated in our report.

Given these circumstances—and the record of Nader untruths and falsifications assembled by the Ribicoff committee staff—the only conceivable explanation for the libel action is that Ralph Nader is attempting to silence a journalist of impeccable and international reputation. "When Nader doesn't get his own way," Senator RIBICOFF once remarked, "he strikes out at you." (Business Week, March 25, 1972, page 12) This is hardly the way to preserve a free press.

UNITED KINGDOM TAX TREATY

Mr. HARTKE. Mr. President, I rise to call the attention of my colleagues and the American public to an inequity and a high-handed executive action by the Ford administration. On December 31 of last year the United States and the United Kingdom signed a new income tax treaty to replace the existing treaty.

In addition to establishing the procedures for reciprocal treatment of tax liabilities, which is the usual purpose of such agreements, the treaty also contains provisions which would prohibit many States, including Indiana, from using their present method of determining the taxable income of multinational companies. Indiana uses a procedure for determining taxable income consistent with the policy of many other States and the Multistate Tax Commission. The procedure involves considering the entire combined income of the economic unit and allocating a portion of it, based on the percentage of the companies' property, employment, and sales in Indiana, to the State for tax purposes. This procedure has been tested successfully in the courts and has been the subject of Federal legislation.

The provisions of the proposed United States-United Kingdom tax treaty are very broad in scope. They could potentially limit the taxing power of our States in regard to any company with significant operations in the United Kingdom, and these limits could apply to their worldwide operations, not just their United Kingdom income. Further, there is some indication the administration intends to include similar provisions in tax treaties negotiated with other countries, thus substantially eroding the flexibility of the States in determining taxable income fairly allocatable to their taxing authority.

Mr. President, I would emphasize that the provisions of this treaty to which I refer represent a flagrant and deliberate attempt to circumvent the legislative and judicial processes. It is an attempt to accomplish by executive action, through negotiation of a treaty, what has been decided otherwise by Congress and by the courts. Furthermore, the negotiation of the treaty proceeded without any consultation with the States whose taxing powers are affected. Had such consultation occurred the States would have vigorously opposed the action. As an example of this opposition I ask unanimous consent that a letter I recently received from the Honorable Otis R. Bowen, Governor of Indiana, stating his concern about this treaty be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

> I have only recently been informed by my Commissioner of Revenue, Donald H. Clark, that on December 31, 1975, the State Department of the United States and the United Kingdom signed a new income tax treaty which was sent to the Senate for ratification. While bilateral tax treaties between the United States and many foreign nations have been in effect for many years, this new US–UK treaty contains provisions which severely limit the taxing power of the states by exempting from consideration all income, deductions, receipts or outgoings of a multinational corporation operating in the United Kingdom. The provisions are contained in Article 2, paragraph 2(c) and Article 9, paragraph (4) of the treaty.

> This treaty operates against the State of Indiana and other States by not allowing a consideration of an "economic unit" in determining what portion of income is properly allocable to our state. Without such determination, a distorted financial picture is presented to the detriment of Indiana.
>
> While I do not dispute the validity of a federal treaty which may affect states' rights, I strongly object to the imposition of such a treaty without full hearings by Congress and other consultation with the States directly involved in its provisions. I am sure you share my concern.
>
> The proposed treaty is subject to ratification by the Senate, and I would respectfully urge you to fully explore and debate the serious monetary result the treaty would have on many of these United States. The State of California has estimated that the treaty, as presently signed, would benefit major oil companies through lost California taxes to the extent of $65 million per year.
>
> I have enclosed a copy of the proposed treaty for your convenience and would ask that you keep me informed of any Senate action.
>
> Thank you for your consideration of this important matter.

Mr. HARTKE. I have also received a letter from Donald Clark, Commissioner of Revenue for the State of Indiana in which he states the following:

> It is impossible to make an accurate estimate as to the full impact on the State of Indiana of this tax treaty movement. The maximum potential would be the states' total corporate tax. We both know that this would not happen but the possible loss would be in the tens of millions of dollars which would be a major fiscal catastrophe.

The potential loss of tens of millions of dollars in tax revenue as a result of this treaty is only for one State. California has estimated a revenue loss of $65 million from oil company tax revenues alone. What is even more maddening is that the companies which stand to gain the most from these tax provisions are the same companies from which it is already difficult to achieve full and timely compliance with State tax laws. Most of the time of the business tax auditors of the Indiana Department of Revenue is occupied auditing these companies. These audits now produce $35 to $40 million annually in underpaid tax liabilities.

Mr. President, this treaty has not yet been submitted to the Senate for its advise and consent. I know when it is submitted my colleagues on the Foreign Relations Committee will examine these provisions and the problem I have described very carefully, and I hope they will be able to devise a solution which does not restrict the tax sovereignty of our States.

THE ARCHITECTURAL TRADITION OF ILLINOIS

Mr. PERCY. Mr. President, the State of Illinois and the city of Chicago are justly proud of their heritage as cradles of modern American architecture. It was in Chicago that the first skyscraper was erected in 1884. In 1927 Buckminster Fuller created his pioneering Dymaxion House. Chicago is home today to the tallest building in the world, the Sears Tower.

On July 1 two exhibitions, highlighting rival currents in this rich architectural tradition, will go on display at an international trade fair. "100 Years of Architecture in Chicago" focuses on the skyscrapers of Louis Sullivan, Mies van der Rohe, and their followers. "Chicago Architects" presents the work of lesser-known but important architects such as George Keck and Bertrand Goldberg, who brought a personal touch to their buildings with extensive use of wood and brick as well as steel.

Mr. President, I ask unanimous consent that the article appearing in the June 21, 1976 edition of Newsweek, contrasting these two exhibitions, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BATTLE OF THE BUILDINGS

Not a state in the Union can match the architecture of Illinois in accomplishment and worldwide influence. It is here that methods of building were invented and perfected that literally changed the landscape of America. First came the "balloon frame" in 1833, a system that allowed several men equipped with nails, hammers and two-by-fours to raise a house within hours. The "balloon frame" spread like prairie fire—it quickly became the means by which Chicago, San Francisco and other cities grew so rapidly. The "skyscraper" came next, rising in Chicago for the first time in 1884. But Illinois has been the incubator for more than method; it is also here that the dominant theory of modern architecture has been hammered together, where contrasting ideas have been hotly debated, where Mies van der Rohe made visible his "less is more" doctrine and where his opponents thundered back, in effect, "Less is less."

This is the great tradition that Illinois is currently celebrating, thanks to public and private sponsors including its state Arts Council and Bicentennial commission, which have appropriated $700,000 to field a variety of exhibitions, walking tours and even an "Archivan," which is traveling to every hamlet in the state. On July 1, the two gems of the program—rival exhibitions at Chicago's Museum of Contemporary Art and the Time-Life Building—will go on display at an international trade fair that is expected to draw 750,000 visitors. What they will be viewing is, in effect, a controversy that may tear the safe, neat world of modern architecture completely apart.

The controversy began when the Museum of Contemporary Art announced that it would stage a Bicentennial exhibition entitled "100 Years of Architecture in Chicago," which had been organized not in the U.S. but in Munich, Germany, where it opened in 1973. Immediately, a small but articulate band of Chicago architects demanded redress. They were incensed by the show's overpowering emphasis on Mies, the German architect who emigrated to Chicago in 1938 and established himself as the leading spokesman for the form-follows-function "international style." The dissidents organized an "alternative" exhibition, called simply "Chicago Architects." "Ours is a confrontational show, a *Salon des Refusés* of Chicago architecture," says Stanley Tigerman, the most outspoken of the revisionists. "We are proving that Chicago and Illinois stand for a great more than Mies and his school."

Ignored: Tigerman's colleagues include Stuart E. Cohen, another young architect, who has written a meticulously researched essay for the exhibition's catalog. Both the catalog and show have become a *succès de scandale* among architects and their public. Why? Because they feature names and buildings that have been ignored or slighted in the established histories of modern architecture, most of which have been written by pro-Mies scholars. These names include George Fred Keck, now 80, who designed futuristic, form-follows-function buildings before Mies set foot in Chicago; Andrew Rebori, a cranky, romantic genius who worked extensively in masonry during the 1930s; Bertrand Goldberg, the designer of the twin-towered Marina City, whose early work prefigured many current trends, and a host of other talents, living and dead, who don't fit the modernist canon, among them Harry and Benjamin Weese, Howard Fisher, Paul Schweikher, Gilmer V. Black and Emery Stanford Hall.

A walk through "Chicago Architects" is a revelation. Dominating the photographic display are personal structures, houses and apartment dwellings with an individuality bordering on eccentricity that is anathema to the Miesians. Some of the buildings are streamlined—the amazing all-glass Crystal House designed by Keck in 1934, the pioneering Dymaxion House created in 1927 by Buckminster Fuller (who is not, surprisingly, represented at all in "100 Years"), and the bare-boned ARCO gas station by Laurence Booth, which squats like a giant prehistoric bird in Mount Prospect, Ill. But the majority are more complex and eclectic in shape. There are turrets in early Frank Lloyd Wright houses and curvaceous towers in Howard Van Doren Shaw's Market Square in Lake Forest. There are cantilevered balconies and round decorative-detail windows in Rebori's Masonry House (1933). There is an accordion-style wall in Benjamin Weese's John Knox Home, recently built in Norfolk, Va.

Leaves: It is not that "100 Years of Architecture in Chicago" ignores contrasting currents. (The American show has been expanded by Peter C. Pran and Franz Schulze to include them.) The influence of Frank Lloyd Wright's Prairie School work is noted, and Goldberg's Marina City—built on an organic principle, with its rounded floors hanging like leaves from a central "tree"—is depicted. But the bulk of the exhibition is given over to Louis Sullivan, to Mies, and to the architects who have slavishly followed them.

"100 Years" unveils one huge, monolithic skyscraper after another, from Mies' own Federal Center to the giant IBM Building, finished in 1972 by his office after his death. And of course there are models of Chicago's mammoth Sears Tower (now the tallest building in the world) and the spectacular John Hancock Center, both erected by Skidmore, Owings & Merrill. The core of the exhibition's premise is clearly stated in the German catalog: "Sullivan and Mies are the central figures of this continuous architectural tradition, unprecedented in its logic and consistency."

The truth is that the younger generation of architects is fed up with "logic" and "consistency." Mies himself said that "architecture is the will of an epoch translated into space." But the will that prevailed between World War I and the 1950s boom in Europe and the United States has ebbed. In its place—buttressed by economies that can no longer support high-rise office buildings—is an appetite for fancy, humor and the personal touch, for wood and brick as well as steel. By bringing this controversy to a boil, the two Chicago shows have confirmed a trend that ranks with the most important events in contemporary American culture.

NATIONAL FULL EMPLOYMENT AND ANTI-INFLATION ACT

Mr. DOLE. Mr. President, on June 10 Senator SCOTT of Pennsylvania and the Senator from Kansas introduced S. 3543, the National Full Employment and Anti-Inflation Act. We stated at that time that our bill offers a reasoned and balanced approach to a serious challenge that lies ahead of us—that of guiding our national economy to the highest sustainable levels of employment possible.

In the brief period since its introduction, we have found that others agree with the commitment and the philosophy contained in that bill.

Mr. President, today I ask unanimous consent that the Senator from Michigan (Mr. GRIFFIN), the Senator from Nevada (Mr. LAXALT), the Senator from Idaho (Mr. MCCLURE), the Senator from Alaska (Mr. STEVENS), and the Senator from North Dakota (Mr. YOUNG) be added as cosponsors of S. 3543.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. DOLE. Mr. President, I also ask unanimous consent that an editorial from the Detroit News entitled "Scott-Dole Job Bill Limits Federal Economic Action" be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

A GOP ALTERNATIVE: SCOTT-DOLE JOB BILL LIMITS FEDERAL ECONOMIC ACTION

Instead of merely attacking the Democrats' so-called full-employment plan, which will be one of the major issues of the forthcoming presidential campaign, congressional Republicans have wisely decided to offer an alternative.

As a counter to the Humphrey-Hawkins bill, a bill endorsed though not specifically named in the proposed Democratic platform for 1976, Republican Sens. Hugh Scott and Robert Dole are introducing the National Full Employment and Anti-Inflation Act.

The two proposals offer a clear choice between markedly-opposed political philosophies.

The Humphrey-Hawkins bill arbitrarily establishes a specific goal of 3 percent unemployment, lays the groundwork for a massive and permanent public employment program, virtually shrugs aside the inflation factor and opens the door to extensive planning and management of the economy by Washington politicians.

We agree with Scott and Dole that the Humphrey-Hawkins bill puts the cart before the horse. The government has never established just what level of employment can be attained and sustained without producing unacceptable deficits and inflation. Scott and Dole propose that Congress try to resolve that question before undertaking an unrealistic program that raises false hopes and could result in worse rather than better economic conditions.

Though the Humphrey-Hawkins bill makes the obligatory gesture toward the private sector, the backbone of that bill is public employment. This fact permits the authors to establish that arbitrary 3 percent goal in the first place. If their goal turns out to be unrealistic, they can depend on the federal government to take up the slack.

And at what cost? The Democrats seem to forget that fiscal responsibility and price stability are important factors, too, factors which cannot be separated from the issue of unemployment legislation. When deficits and inflation get out of control, workers and industry suffer and "full employment" becomes all the more difficult to achieve.

Finally, by setting an arbitrary goal, the Humphrey-Hawkins bill moves the country closer to total economic planning by the federal government.

Naturally, everybody would like to see less joblessness and more people at work in this country. The Humphrey-Hawkins bill's blithe promise of "full employment" strikes a chord in the heart of every humanitarian. It's no wonder that almost every Democratic candidate for president this year, including Jimmy Carter, embraced the bill or that the Democrats will approve its essential provisions at their national convention.

However, there's obviously another side. Sens. Scott and Dole have undertaken the unpopular but necessary task of presenting it. Their proposal provides the vehicle for a persuasive Republican rebuttal in the presidential campaign.

Their bill avoids setting a specific figure for unemployment but creates a congressional panel to determine sustainable employment and other long-run economic goals.

It would coordinate the myriad overlapping federal, state and local employment programs. It would seek to create a reservoir of worker skills more closely related to employer demands.

It requires economic planner to weigh inflationary factors. It encourages them to consider the effect of economic goals and policies on monetary policy. It aims at keeping federal control and regulation at a minimum.

It would, in short, require government to start at the beginning of the unemployment problem and work logically toward some realistic conclusions.

The Republican Party could do worse than make the Scott-Dole proposal a part of its own platform, thus meeting the Democrats' proposal head on and giving the American voters a choice in November between contrasting policies on a major issue of social policy.

Mr. DOLE. Since introducing this alternative to the utopian Humphrey-Hawkins bill, the favorable and enthusiastic comments received by the Senator from Kansas have doubled my conviction that the balanced and essential commitment to sustainable high levels of employment, control of inflation, and budgetary responsibility and the procedure for attaining these goals contained in this bill are vitally important.

Mr. President, the Senator from Kansas would like to offer to his colleagues a package of specific program proposals that would provide a comprehensive and long-range solution to the unemployment problem of this Nation. The Senator from Kansas would like to tell his colleagues what unemployment rate we should seek to attain. But the knowledge needed to offer such proposals, to incorporate them in a full-employment bill at this time has not been pulled together.

The Congress first attempted to deal with unemployment in a comprehensive fashion in 1973 when it passed the Comprehensive Employment and Training Act. We have in the last year received reports from the Commission on Manpower Policy and the Employment and Training Report of the President. Both clearly indicate that improved coordination and substantial revision of the elements of the manpower program are needed. These reports provide many constructive recommendations that warrant prompt congressional consideration.

The Dole-Scott full employment bill would establish an expeditious procedure for distilling the wisdom the Congress and the executive branch, as well as professional economists, businessmen, and workers have acquired over the last three decades since the Employment Act of 1946. In addition to focusing on employment and training programs, it would bring to bear our understanding of the effects of inflation and budgetary matters on employment.

We can and should take the time—the 6 to 9 months provided—to formulate our goals and policies. Congress is not under the gun to come up with short-run employment creating programs. The economic recovery is proceeding with good speed and promises to do so for at least the next year.

The focus of our bill is the longer-run rather than the immediate future. Indeed, it aims to define goals and policies that are sound and sustainable rather than short-run and self-defeating.

Mr. President, our bill seeks to establish policies which can guide the economy as we reach the "full-employment range" and which prevent the recurrence of disastrous inflation and recessions.

In introducing S. 3543, the Senator from Kansas and the Senator from Pennsylvania welcome the specific policy recommendations of our colleagues. We seek the benefit of your wisdom as we fill out the structure of a full-employment, anti-inflation strategy.

Mr. President, we are hearing less and less of the alternative to the Dole-Scott bill. The hastily conceived and inconsistent nature of the Humphrey-Hawkins bill has forced it into drydock for a major overhaul.

The Senator from Kansas urges his colleagues not to allow this to deter a renewed commitment to maximum levels of employment.

The National Full Employment and Anti-Inflation Act provides the vehicle for realizing the fruits of this commitment.

CHICAGO GROWS AS A FINANCIAL CENTER

Mr. PERCY. Mr. President, those of us from the Middle West have long been aware of the importance of the Chicago Board of Trade, oldest and largest commodity exchange in the world, to the economic health and stability not only of our region but to the Nation at large.

Thus I was pleased and want to share with my colleagues a recent report in the Christian Science Monitor that describes the growth and increasing prominence of Chicago as a major financial center.

The article credits this growth not only to the board of trade but to the rise in importance of the Midwest Stock Exchange, based in Chicago, and to the Chicago Board of Options Exchange, now only 3 years old but already the second largest securities exchange in the Nation.

I believe that one key to the success of these institutions, as well as the Chicago Mercantile Exchange, has been their willingness to innovate, to try new directions in how they operate internally and in the investment options that they offer to the investing public.

We are proud of the record compiled by our financial institutions and anticipate even greater success in the years ahead. Mr. President, I ask unanimous consent that the article by Monitor Staff

Correspondent Judith Frutig be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Christian Science Monitor, June 14, 1976]

CHICAGO GROWING FAST AS FINANCIAL CENTER

(By Judith Frutig)

CHICAGO.—While New York City scrambles to stay solvent, Chicago's image is quietly emerging from "hog butcher to the world" to new prominence as a major financial center.

In six years of dazzling growth, the nation's futures markets, spearheaded by the Chicago Board of Trade—the largest and oldest commodity exchange in the world—have edged commodity trading from an insignificant corner of the investment market to center securities stage. This has transformed the investing habits of some half-million speculators from stocks to commodities, and introduced fresh ideas to an age-old institution.

"We haven't surpassed New York yet," said one respected member of the Chicago Board of Trade. "But there's no question about it: Chicago is gaining on New York as the nation's financial center."

Although the New York Stock Exchange (NYSE) remains the overwhelming leader in volume—still recording trades of approximately 20 million shares each day—the number of investors in recent years has fallen by approximately seven million.

Last year, about 22.3 million futures contracts were traded on Chicago exchanges, nearly double the 11.8 million contracts in 1971. A seat on the Chicago Board of Trade (approximately $120,000) is now more expensive than a seat on the prestigious New York Stock Exchange. Last Tuesday (June 8), the board of trade registered its highest trading day volume in its 128-year history. And on June 15 the board of directors is scheduled to discuss its newest innovation: lower-priced, limited-access membership seats.

The idea of limited memberships is not new; the Chicago Mercantile Exchange already offers a similar program. But if the directors approve, it would mean cut-rate entry fees to the market place. That would allow young people with limited financial means to bargain within restricted areas of the trading floor.

In the process of all this, the focus of the investment world has shifted slightly from Wall Street to the Chicago intersection of LaSalle and Jackson, home of the austere Board of Trade Building.

An important factor in Chicago's emergence has been the success of the three-year old Chicago Board Options Exchange (CBOE), now the second largest securities exchange in the nation.

Another factor is the Midwest Stock Exchange, (MSE), second to the NYSE in terms of dollar volume. The MSE eclipsed the American Stock Exchange several years ago.

Until the CBOE began, options trading was an obscure edge of the securities industry. But last January alone, trading volume on the CBOE was approximately a third of the total NYSE volume. Now the board of trade handles half of this nation's option trading, despite the fact that CBOE offers options in only 84 issues while the NYSE lists some 1,800 stocks.

The options exchange was created by the board of trade. In the noisy trading pits, price swings yield profits to traders who anticipate that day's fluctuations in market prices—and wrenching losses to those who don't.

When it comes to the number of investors, the stock market still holds the edge: 500,000 have ever traded a futures contract. 25 million Americans own stock while only And even with the growing interest of corporations in futures trading (only a few large food companies did it as recently as a few years ago) fewer than 5 percent of those eligible actually used the commodity markets.

One stimulating factor has been the variety of markets now available for trading. Broiler chickens packed in ice, for example, U.S. Treasury notes, and government-backed home mortgages (called Ginny Maes) so speculators can chase profits in the movement of interest rates. More than 100,000 futures contracts—ranging from corn, wheat and soybeans to plywood and silver—are sometimes bought and sold here in the course of a single day.

For the future, Chicago Board of Trade directors are exploring futures markets in nuclear fuel, rice, refined sugar, coal, and petroleum—any area, says Howard Stotler, vice chairman of the board of trade, in which price fluctuations would draw active trading.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, over a quarter century has passed since the General Assembly of the United Nations adopted the text of the Genocide Convention. On December 9, 1948, the United States voted for the adoption of this significant landmark in the development of international law.

The United States helped draft the convention and was among the first nations to sign it. Today, over 70 nations have ratified this treaty, but we have not.

Millions of Americans will feel that a historic achievement has been registered if this convention at long last becomes an accepted part of the law of nations. This year, as we celebrate the 200th anniversary of the Declaration of Independence, that great monument in the history of human liberty, it is imperative that we continue, and reaffirm, our support for the protection of human rights by endorsing the Genocide Convention.

The United States should take every opportunity to champion the rule of law in the conduct of nations. Let us give fresh vitality to our leadership in the struggle for human rights and ratify the Genocide Convention without delay.

HOMEGROWN MARXISTS

Mr. THURMOND. Mr. President, as we approach the July 4 holiday it is unfortunate that many citizens are planning to remain home for fear of disturbances at public gatherings in celebration of our Nation's 200th anniversary.

The so-called People's Bicentennial Commission, controlled by Marxist thinkers, should be watched closely and prevented from disturbing those who wish to take part in these celebrations.

An excellent editorial on this subject entitled "Homegrown Marxists" appeared in the June 14, 1976, issue of the Augusta Chronicle, Augusta, Ga.

I ask unanimous consent that this editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

HOMEGROWN MARXISTS

The so-called People's Bicentennial Commission (PBC) is again stirring up trouble.

Before going any further, we hasten to explain that the PBC should in no wise be confused with the Nation's official Bicentennial commission, the congressionally-created American Revolutionary Bicentennial Administration. The PBC is a motley crew of leftists whose views are closer to Marx, Lenin, Mao and Castro than to John Adams or Thomas Jefferson.

Take, for example, a recent statement by PBC founder Jeremy Rifkin: "It makes no sense," he said, "for the U.S. to allow the defenders of the system the advantage of presenting themselves as the true heirs and defenders of the American revolutionary tradition." Instead, Rifkin maintains "our revolutionary heritage must be used as a tactical weapon to isolate the existing institutions and those in power."

He has also said that "a genuine understanding of the revolutionary ideals is what links Thomas Paine, Sam Adams and Benjamin Rush and the American people with Lenin, Mao, Che (Guevara) and the struggles of all oppressed people in the world."

Such communistic propaganda will no doubt be dismissed by the vast majority of patriotic Americans. And if all the PBC engaged in was Marxist propaganda, there would be little problem.

The catch is, however, that the PBC has gone beyond issuing tracts or making speeches. This group is actively gearing up for massive demonstrations in Washington, Philadelphia and possibly other cities on the Fourth of July.

Many liberals snickered when Philadelphia Mayor Frank Rizzo recently asked for national guardsmen to help patrol his city during the July 4th Bicentennial celebrations, but his reaction to the PBC and threats by other radicals was no manifestation of paranoia.

The PBC can, and will, indulge in near-violent actions. In April, 1975, for example, hippies, and "street people" organized by PBC agitators disrupted a patriotic ceremony at Concord, Mass. The organization currently is spearheading a drive against "capitalist" corporations, and it has even gone to the trouble of sending thousands of letters to secretaries of businessmen offering a $25,000 reward to any secretary who could provide information that would lead to the successful prosecution of her boss.

PBC propaganda being circulated across the country urges that Americans support the group financially. We would hope that those who believe in America's free enterprise system—a setup which has provided its people with the highest standard of living in the world—will not be duped into supporting the PBC.

The Marxist-oriented groups offers not patriotism, but a threat to our constitutional Republic.

SONG OF THE LIBERTY BELL

Mr. HUGH SCOTT. Mr. President, Mrs. Virginia Louise Doris, of Pawtucket, R.I., in special observance of our Nation's Bicentennial, has written a poem titled, "Song of the Liberty Bell." With pride for the patriotic spirit this song represents, I ask unanimous consent that Mrs. Doris' poem be printed in the RECORD for the benefit and inspiration of my colleagues.

There being no objection, the poem was ordered to be printed in the RECORD, as follows:

Song of the Liberty Bell

(O, sacred City of our Faith—Philadelphia, July 8, 1776)

Be loud, our Bell, be loud; the Liberty you chime is flower,
Spirit and high sacrifice are fixt of turmoil and bold tower.
Heed closely, bright on soul, as now we consecrate the morn,
With garlands of lily and rose, O City, trumpeting spangled dawn.

Patriots pledged allegiance fair, and hailed this swelling bud,
They sought the gracious host of peace, with holy gift of blood;
Songs of heroes fence it round, the palm and pine bestir a free,
A full-blown tender seed our Fathers sowed in plan of Liberty.

Peal, as these loyal defenders cradle their starry calm of reason,
Behold the opening leaves and treasure our glory in laurel season.
Be wild, our Bell, be wild; the Liberty you kindle shall unite,
To wreathe a Nation's crown with mingling fires of braided light.

(Composed for the Bicentennial "ceremonies" in the hallowed City of Brotherly Love, Philadelphia—on the occasion of the "first ringing of the Liberty Bell"—Independence Hall. "Proclaim Liberty Throughout All The Land Unto The Inhabitants Thereof. Lev. XXV. 10".)

COLLEGE MODEL FOR THE GRASS-ROOTS

Mr. LEAHY. Mr. President, Federal programs of aid to education have not been immune from the general public skepticism and criticism of practically all Federal programs. Perhaps our first priority in educational affairs is to restore public confidence in the integrity and efficacy of our educational processes and to establish a credible Federal role in those processes.

Today, there appears to be no clear idea as to what the Federal role in education should be. The picture seems equally blurred to educators, Members of Congress, and those in the executive branch administering education programs. There is no clear sense of national purpose as to how to best spend Federal dollars for education.

In the area of postsecondary education, too often this money has been spent to bolster entrenched concepts, such as more and more physical facilities, while too little attention has been given to innovation and diversity. Federal officials have too frequently failed to appreciate creative programs and institutions developed in the States which could serve as models for other States and localities.

The Community College of Vermont is one of the most innovative and successful of these experiments. CCV was created in 1970 and merged with the Vermont State college system in 1972. The next year, a 2-year grant of $750,000 from HEW's fund for the improvement of postsecondary education led to the actual beginning of Vermont's sole community college. The CCV, a grassroots model designed for rural, tight-budget areas, draws not only from traditional concepts to fulfill a 2-year degree requirement but also from skills or competencies gained outside the classroom. It now serves more than 2,200 Vermonters of all ages on 4 site locations. CCV is an outstanding model of a school relying almost solely on community resources and cooperation to provide its students with inexpensive quality education.

Mr. President, the June 1976 issue on American Education contains an excellent article entitled "College Model for the Grass Roots," detailing the CCV experience as a model for other States to follow. I ask unanimous consent that the article be printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. STAFFORD. Mr. President, it is particularly satisfying these days to see people who are doing a good job given recognition.

As a member of the Senate Education Subcommitte, it is also a pleasure to read about an educational institution that is seeking to help people help themselves, especially since that institution happens to be located in the State of Vermont which has a proud history of educational independence.

I believe my colleagues will be interested in the article which appears in the June 1976, issue of "American Education," an official publication of the U.S. Department of Health, Education, and Welfare, Office of Education. The article is entitled "College Model for the Grass Roots," and tells the story of the Community College of Vermont. I ask unanimous consent that the article be printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Exhibit 1

College Model for the Grass Roots

(By Rita Cipalla Bobowski)

Inside the weather-beaten office building is a narrow, poorly lit stairway leading up to a maze of rooms on the second floor. Furnishings are spare and make-shift. Planks of wood balanced on cinder blocks make do for book shelves; threadbare rugs are hardly more eye-pleasing than the scuffed floor boards they cover. Posters proclaiming International Women's Year and Winnie the Pooh help hide the peeling paint on the walls. If the scene is depressing, no one seems to notice. This second floor—filled with the tap-tap of typewriters, the smell of instant coffee, and people—is the heart of Vermont's latest addition to its State College System.

The setting catches the general flavor of the Community College of Vermont (CCV), which has no regular campus or buildings. Classes are held anywhere space can be had—church basements, libraries, gymnasiums, even auto body shops. Nor does the college have a regular, full-time faculty. Rather, individuals are hired from the community to teach their own career specialties. Its students receive neither grades nor credits. At CCV, two-year degrees are awarded on a basis of demonstrated skills and individual contracts instead of number of courses taken or amount of time spent in study.

Peter P. Smith, CCV president, thinks of the college as a working model of change because it reflects those innovations that are in the middle of today's educational scene—open admissions, adult education, a flexible, part-time faculty—and it is in addition performance-oriented and community-based.

But CCV is also a grass-roots model designed for rural, tight-budget areas. Back in 1970 when participants at Vermont's annual State New Careers Conference urged the establishment of a regional community college system, it seemed an idea whose time had come. Simultaneously, the conference participants agreed that the college should be designed along practical lines since the expected students would also be juggling full-time jobs, families, hazardous winter conditions, and tuition bills. What they needed was not a prestigious, cloistered campus but an inexpensive, accessible, flexible system that could provide training and education in specified subject areas.

Acting on these recommendations, Deane C. Davis, then governor, issued an executive order initiating CCV's forerunner, the Vermont Regional Community College Commission. In line with the focus on practicality, the Commission wanted to use talent and facilities already in the community. The target group would be broad: Vermonters of all ages and backgrounds who ordinarily might not have access to postsecondary education for one reason or another—family, job, money, or location.

After two years spent in laying the groundwork for a community-based education system, the Commission was merged in 1972 with the Vermont State college system, under a new name: Community College of Vermont. The next year, a two-year grant for $750,000 from HEW's Fund for the Improvement of Postsecondary Education led to the actual beginning of Vermont's sole community college.

At CCV, words like entrance exams, credit hours, and grades are out. Instead, CCV students contract for a degree, drawing not only from traditional course work to fulfill degree requirements but also from skills or competencies gained outside the classroom.

Larry Daloz, director of Learning Services, explains the pivotal idea on which CCV operates: "What is learned is more important than how or where it is learned. Credits, for example, are just arbitrary measurements which have little to do with the real mission of an educational institution. At CCV 'learning how to learn' is built into the process of getting a degree. Our students measure, identify, and evaluate their prior learning experiences. By pinpointing what they already know, students can then decide for themselves what still needs to be learned."

Knowledge gained outside the formal classroom counts heavily at CCV. The staff feels that experience as an auto mechanic, a nurse, or a policeman can provide sound learning skills. "We are interested," says one staff member, "in knowledge acquired from an experience, not in the experience per se. For example, having a child does not in itself constitute a valid learning experience, but if a woman has acquired certain skills or knowledge growing out of the experience of childbearing—say, knowledge of nutrition or child psychology—then the experience receives more weight in assessing what a CCV student already knows."

In contracting for a degree, students spell out skills and knowledge they have and state how they were acquired. Evidence—letters, certificates, recommendations, or other documentation—helps establish how well each was mastered. The contracts are seldom skimpy and some are quite detailed. One student submitted a contract with 46 items of supporting data—reports of activities, letters about past work, copies of articles she'd written, and a book of photographs.

The process of developing and validating the contract is as important as the document itself. A student develops a study plan, according to Dr. Daloz, through meetings with his or her local review committee, which is made up of another student, an instructor, a professional from the community, and a CCV staff member. One of the first pieces of business for the committee is a discussion of the student's performance objectives from the standpoint of personal needs, community expectations, and college requirements.

Says Dr. Daloz, "Giving the students more control over their education through the contracting method really boosts the self-esteem of many of the older students who have been out of school for 20 or 30 years, and who frankly are unaware of how much they really know. They are more likely to think in terms of what they don't know, feeling somewhat inferior or defensive because they feel uncomfortable about learning alongside younger people. But these feelings soon fade as they go over what they have learned on the job, at home, or just from everyday living. In seeing how much they have learned, their confidence starts to build."

Since enrollment is open to any Vermont resident who has incentive to pursue a post high school program, CCV students are a diverse lot, covering the age spectrum from 16 to 70 years and occasionally beyond, although the majority falls between 24 and 44 years. More than 43 percent of students enrolled have low incomes; a third of them are high school or college dropouts; over two-thirds also hold regular jobs.

Such a range of students argues for a flexible curriculum. And the CCV curriculum is stretchable, having elements of the academic as well as the vocational, although emphasis is clearly on the latter because, as recent surveys show, over half of the student body comes mainly to sharpen occupational skills. A college like CCV that exists primarily to serve a community must adjust the curriculum to the student. In any case, CCV students can elect to pursue an Associate degree, informally brush up on career skills, or do both.

The Associate degree is awarded in three general program areas: Administrative Services, Human Services, and General Studies. Students selecting the Administrative Services program—emphasizing office occupations, marketing, and business management—are training to be secretaries, bookkeepers, computer programers, personnel specialists, or small business managers.

Those in the Human Services program, designed originally to aid employees at the Vermont State Hospital, train as paraprofessionals in counseling, child development, mental health technology, and education. They may work as teacher aides, mental health technicians, employment counselors, or day care center attendants.

The third program area, General Studies, offers a flexible framework for students to mold their own programs while working on a degree in a subject area not covered under the first two programs. One student, for example, may be looking for further study in communications while another might wish to start a new career in graphic arts.

Whichever program area a student elects to work in, the performance objectives originally set in the review meetings must be satisfied. Implied in that satisfaction are standards or criteria apart from the individual's needs. When the student feels the objectives have been reached, there is one final meeting with the local review committee before a degree is awarded.

When asked about standards and criteria, Dr. Daloz admits to "problems we'll probably never solve." In a college pledged to individual needs, how much standardized criteria is enough before the line is crossed from tool to obstacle? "Each local review committee," says Dr. Daloz, "is different and each student is dealt with individually. The community college staff has drawn guidelines and established ground rules; beyond that, how much further can it go and still serve a whole catalog of student needs?"

President Smith acknowledges that CCV walks a tightrope between standards and student needs. He believes that the individual emphasis on the contract must remain a strong part of the college program "as a valid discipline in itself," though he wonders if he could have written a contract when he was in school since the process is so demanding. Nonetheless, he says, "Producing a contract is vital to the degree program by putting the student in charge of the decision-making. Just as we offer concepts and skills, we must also help students become self-reliant."

While students differ in their reactions to the hard work of developing a contract, most favor the chore laregly because of its benefits for them. Bruce Richards, a high school cafeteria supervisor and candidate for a degree in Adminitrative Services, finds contracting difficult but is grateful that his past and present jobs count for something. For housewife Carol Sweeney, contracting turned into self-examination. "I found it difficult, even painful to deal objectively with myself," she says. "But the final product—the written contract—says much about me as a person."

For younger CCV students who are just a few years out of high school, contracting compels them to focus on goals. "My only problem with the contract," remarks one student, "is that I don't have much experience to list and must rely more on the courses and independent study I'm taking to meet my program goals." CCV is for her a steppingstone from high school to the four-year college she plans to attend next year. The year at CCV, then, has been a time to mature and to decide what she wants to do with her life. "My courses," she says, "and practicum experience as a student counselor have steered me in the direction of counseling disturbed teenagers."

The contracting process is not the only feature setting CCV apart from other two-year colleges. A second is the faculty. The college hires no full-time teachers and, until last spring, it did not even pay its part-time teachers. Though some CCV instructors are professional teachers who are moonlighting, the majority are members of the community who teach the very skills they use every day in their jobs. They are selected to teach at CCV after a thorough evaluation of both academic and employment credentials.

A thumbing through the 1975–76 CCV catalog bears out the work-world expertise. A certified public accountant is teaching Accounting II; a surveyor, Tree and Shrub Identification; a veterinarian, Animal Science; and a parole officer, Psychology. "As the college grew, so did its reservoir of qualified instructors," says Dick Eisele, member of the CCV teacher support staff. The search still continues. "The students are polled three times a year with respect to what courses they need or want," continues Mr. Eisele. "If the file shows no appropriate instructor for a requested course, then the staff goes out into the community and hunts."

Mr. Eisele taught part time at CCV for four years and then quit his elementary school counseling job to join the teacher support staff full time. He was attracted to the dynamics of teaching students who differed widely in age, background, and ability. "I was forced to address the needs of the learners," he recalls, "not merely to cover x amount of pages in 15 weeks. I found I had to learn to individualize my courses. I tried peer teaching; I gave assignments scaled to each student's ability. Sure, these things were time-consuming but the end result was the reward. Because of their different backgrounds students got into some unusual classroom discussions, and I learned quite a few things myself."

The teacher support staff has become expert in easing the transition from job to classroom, both for inexperienced teachers and for those not accustomed to a community college environment. Staff members help teachers secure books and classroom space, plan workshops, develop course objectives, and operate machines like tape recorders and overhead projectors. They double as counselors when classroom problems pop up to bedevil teachers.

"Having someone who teaches and works in the same field has proved an asset," insists Alice Hooper, CCV's media and materials officer. "Such a person knows the problems a student will have to face on a daily basis and is less inclined to get snagged in a lot of theory. The practice sometimes yields unexpected benefits. Last year, a woman from a local bank who was teaching bookkeeping at CCV turned out to be a job referral source. As vacancies occurred at her bank, she would inform her students. With their training and a favorable word from the teacher, several students landed jobs."

The Community College of Vermont staff—made up of 35 individuals mostly in their twenties—operates out of the college headquarters in Montpelier, the State capital. To ease for students the problem of physical access to classrooms, CCV also runs three site locations across the State in central Vermont, the Northeast Kingdom, and southeast Vermont. Each site office—with director, counselors, and teacher support staff—builds its own course offerings around community needs and student interest. The headquarters office, in turn, helps coordinate site activities and holds regular meetings with site directors.

Tom Yahn, CCV's southeast Vermont site director, finds the community college's decentralized structure both good and bad. "Sometimes a small problem seems to grow for no other reason than the inability to walk into someone's office for a quick talk that would clear the fog. Unfortunately, site directors meet with one another and with Peter Smith only about once a week. And problems refuse to be tied to a schedule.

"Despite the drawbacks, however, I like being able to tap the resources of an entire geographic area rather than to be stuck with the other extreme of having the entire college located in one small town. At least I have at hand the resources and talents of one-third of the State."

Money, while sparse, is not the problem it might have been. Operating with a budget of $627,000—of which $430,000 goes for staff and counseling salaries—CCV has little money left for purchasing books and equipment. For a school based on community support, though, the problem is solvable and the solution is clearcut: CCV borrows everything. Public libraries in the three-site area, for instance, have been persuaded to purchase books that are needed in CCV classrooms. Local high schools provide use of laboratory equipment and classroom space; banks and insurance agencies lend office equipment.

And the strategy works. "We get out equipment from scrounging around," explains Ms. Hooper. "For example, take office machines—from typewriters to computers. Mostly we try to borrow them but if that doesn't work, then we rent them. One of our students ran a business machine company and was always willing to lend us equipment. It's this kind of cooperation between CCV and its students and community that has made lots of things possible on a shoestring budget. CCV does not have libraries, laboratories, or plush equipment; what it does have is genuine student and community involvement and a sense of making do."

During the 1974–75 academic year, the college experimented with a voluntary tuition plan. At registration, students were advised that each course cost $30; it was, however, left up to the student to determine how much he or she could afford to pay. Each student received a bank-by-mail envelope in which to send in the payment anonymously. Though the experiment worked relatively well—about $63,000 was collected out of a target figure of $80,000—it was dropped this year in favor of a mandatory system.

"A few factors led to dropping the experiment," says President Smith. "For one thing, we needed to know who was enrolled and who wasn't so we could keep track of dropouts and other special cases. The more we grow, the more it becomes necessary to collect this kind of data. Secondly, our 1975–76 operating budget was upped to $180,000, making voluntary payments unfeasible. In addition, there was a feeling among students and staff that some students who could afford to pay were taking unfair advantage of the system." The uneasy feelings have gone now that the tuition payment plan has been changed. Courses remain $30 each but students are now required to pay tuition at the time they enroll in one of the degree programs.

Meanwhile, enrollment climbs, from 635 students in 1972–73 to 2,200 in 1975–76. At latest count, CCV graduates number 166 with 30 more to be added this summer. President Smith feels that the quality of job he and his staff are doing can be measured by what CCV students do after they graduate. He says, "Many of our graduates are now earning more in their jobs or were promoted once their degree was in hand. Others have gone on to a four-year college or university. Twelve are now attending Johnson State College here in Vermont, and their overall grade point average of 3.67 out of a possible 4.0, I think, shows that our students can do well in the more traditional higher education institutions."

The Community College of Vermont is a strong model of a school relying almost solely on community resources and cooperation to provide its citizens with an education. By combining local classroom facilities, the talents of community professional workers, and support from its staff, the college is giving Vermonters an inexpensive education within their own community. Nor does it suffer any illusions. The peaceful coexistence between standards and individual needs so far is a tribute to the prevailing sense of cooperation. If the careful balance between the two changes, the college too will change.

For now, CCV is thriving. "Our school has no campus, no full-time faculty, not even a football team," says one staff member. "And we don't need them. We already have our own brand of school spirit—the lift that comes from seeing people help themselves."

And that is why weather-beaten office buildings with second floors adorned with worn carpeting and make-shift furniture can also be campuses.

OSHA STUDY ON ITS RELATIONSHIP WITH SMALL BUSINESS

Mr. WILLIAMS. Mr. President, last fall when the Committee on Labor and Public Welfare held hearings on the nomination of Dr. Morton Corn to be Assistant Secretary of Labor for Occupational Safety and Health, Dr. Corn was requested to provide to the committee a report on the agency's relationship with the small business community and on what actions are recommended to improve that relationship.

I ask unanimous consent that the executive summary of that report, which was made available to me this week, be printed in the RECORD. While the full report is not yet available, I believe that the summary will convey the comprehensive analysis that has been made and the thoughtfulness that has gone into determining what further actions can be taken by OSHA to facilitate the small employer's compliance with the act.

I hope that my colleagues will take into account the sincere efforts that OSHA is making to improve its relationships with the small businessman in assessing any amendments on OSHA which may be offered in the course of the Labor-HEW Appropriations bill action next week.

There being no objection, the executive summary was ordered to be printed in the RECORD, as follows:

I. EXECUTIVE SUMMARY AND RECOMMENDATIONS

This policy paper is directed toward improving OSHA's understanding of the problems small businesses have in dealing with OSHA standards and compliance procedures. It also recommends ways of working with small businesses to develop programs which will better serve their needs and the needs of their employees, given their responsibilities for occupational safety and health.

OSHA believes that mandatory safety and health responsibilities should apply to all sectors of the economy as specified by the Occupational Safety and Health Act of 1970. Exemption of any economic sector would provide unfair competitive advantages to that sector and would expose workers to increased safety and health hazards. OSHA also believes, however, that efforts must be made to provide more effective assistance to those sectors, such as small businesses, which remain unsure or unaware of their responsibilities.

Chapter II, the Introduction, discusses the major objections of small businesses to regulation, in general, and to OSHA. Chapter II also discusses provisions of the Act related to small businesses, ways in which the term "small business" is defined, and differences between large and small businesses. The Introduction points out that very few provisions of law deal specifically with small businesses and that the term "small business" is interpreted by each federal agency in its own regulatory context.

There are a number of differences, economic and otherwise, between small and large businesses. The discussion in the Introduction describes the business structure of small businesses, one which requires much greater personal attention from the owner/manager than is the case for larger bsinesses. It also shows that the economic impact of regulations on small businesses is substantially greater, and suggests that small businesses have much greater difficulty passing on increased costs.

Chapter III, Small Business Programs at OSHA, summarizes the programs which OSHA has undertaken during the past five years to assist small businesses. Very few programs have been specifically directed at small business, per se; rather, they have been broadly aimed at all businesses with the expectation that small businesses would find them of particular benefit. This is particularly true in the standards and compliance areas. In the information and education area, some small-business-oriented training programs have been developed and implemented.

Chapter IV, Small Business Programs in Other Agencies, presents an analysis of small business programs elsewhere in the federal government, OSHA researched the operations of several regulatory agencies and found that, like OSHA, few programs specifically directed at small businesses existed. The major assistance programs were small business loan assistance and some specifically directed information and education programs.

Chapter V, Small Business Programs in Other Countries, summarizes the findings of a special short-term study done for OSHA. (The entire study is attached as Appendix E). Small businesses in other countries do receive some slightly different treatment generally as a part of broad social programs rather than specific occupational safety and health programs. The study points out some programs that might have potential in the United States, such as mandatory area meetings of small businesses in the same industry with government representatives to discuss particular problems that have been uncovered as a result of the inspection process.

Chapter VI, Proposed New Small Business Programs, discusses in detail a series of proposed new programs which provide the basis for recommending new OSHA small business initiatives. It also describes several programs which have recently been initiated. The proposals are discussed under the broad areas of standards, compliance, information and education, and financial assistance. Some of the specific issues include provision of consultative services, revision of financial sanctions, adjustment of abatement periods, revision of compliance officer onsite inspection procedures, and orientation of information and education programs to stress the importance as well as the meaning of standards.

The remainder of this summary chapter outlines the recommended new OSHA programs. Also listed are some important considerations in dealing with small businesses and a summary of ongoing programs regarding small businesses.

Important considerations in dealing with small business

1. All employers should have a legal responsibility to provide their employees with workplaces free from safety and health hazards and to meet OSHA standards.

2. Lack of engineering and technical expertise combined with limited financial resources provide built-in obstacles to owner-managed small businesses in complying with their specific safety and health responsibilities. The cost and complexities of eliminating health hazards, in many cases, pose difficulties for small businesses.

3. The economic impact of compliance on owner-managed small businesses is much greater than on large businesses; most meet more resistance than do larger businesses in passing on added costs to customers in the form of price increases.

4. The small business employer's *perception* is that he already is providing a hazard-free work environment.

ONGOING OSHA SMALL BUSINESS PROGRAMS

The following programs related to improving OSHA's dealings with small businesses are already underway:

Consultative Services

Extension of contract consultative services to non-approved states and jurisdictions both for the National Emphasis Programs and for general industry and construction.

Work to advertise more effectively existence of consultative services.

Plain-Language Explanations of Standards

Publication and distribution of "plain-language" explanations of 50 most frequently violated standards, 17 most frequently violated electric code standards, and 10 commonly violated agricultural standards.

Publication and distribution of guidelines on hazardous agents for which health standards are being developed.

Revised Safety Standards

Revision of two major safety consensus standard subparts and the anhydrous ammonia standard to eliminate standards of minor importance and to update language and content.

Revision of an additional two major safety consensus standard subparts with assistance from a temporary Presidential Task Force to eliminate standards of minor importance and to update language and content.

Town meetings in several cities to provide opportunity for direct personal expression of comments on existing consensus standards and the comments that have been received on these standards.

Other sections will be updated in sequence.

Compliance Officer Human Relations Course

Development and implementation of a human relations course for all compliance officers to assist them in dealing with the public.

RECOMMENDED NEW OSHA SMALL BUSINESS PROGRAMS

It is recommended that OSHA begin these activities in the next few months to assist small businesses:

Publish a number of self-help inspection guides specifically designed for use by small businesses; distribute guides through business associations and area offices.

Revise agreement with Small Business Administration to clarify the procedure for OSHA certification that a particular investment for which a loan is being obtained will in fact bring the firm into compliance.

Develop expedited treatment for SBA loans and improve coordination with SBA loan officers; work with SBA to determine how loan processing time can be reduced. Work with states having safety and health plans to insure they adequately stress the availability of SBA loans.

Designate a current OSHA employee in each area office as the "small business liaison officer"; design and implement a "public awareness" program to make him familiar to small business employers in his area.

Develop and distribute "plain-language" explanation of "imminent danger" and "serious violation" with examples, as part of making small business employers aware of their responsibilities under the Act.

Revise compliance officer's opening conference discussion with company officials to include discussion of how penalties are calculated, if they are proposed.

Revise compliance officer's closing conference discussion with company officials to include presentation of "plain-language" information sheet on ways in which they can work with OSHA informally to arrive at feasible abatement periods, can contest a citation without necessity for an attorney, and can fully exercise their rights.

Extend the existing toll free telephone consultation information service—where anyone can dial an "800" number to ask a question of OSHA's offsite consultation officers—to all regional offices.

Develop and distribute information on why safety and health is important and why standards exist, in addition to information about what the standards are.

Revise procedures for application of financial sanctions to suspend penalties of $50 or less to consider gravity in setting initial amounts for serious violations, and to increase penalties for repeat violations. (This has also been recommended by the National Advisory Committee on Safety and Health.)

Develop a concept paper on a tax credit for capital improvements businesses must make in order to comply with OSHA standards.

SENATOR MATHIAS ADDRESSES MARYLAND RURAL LETTER CARRIERS ASSOCIATION

Mr. MATHIAS. Mr. President, earlier this week I had the honor of addressing the annual convention of the Maryland Rural Letter Carriers' Association meeting in Waldorf, Md. I hope it is not immodest to call these remarks to the attention of my colleagues particularly because they include an account of the late Joe Holdcraft, who personified the very special service Maryland's rural letter carriers give.

In these days when the Postal Service is so often under attack, it is important to remember the many, many postal workers who go above and beyond the line of duty and the Maryland Rural Letter Carriers certainly fall into this category.

I ask unanimous consent that this speech be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

KEYNOTE ADDRESS, ANNUAL CONVENTION OF THE MARYLAND RURAL LETTER CARRIERS ASSOCIATION, WALDORF, MARYLAND, MONDAY, JUNE 21, 1976, BY SENATOR CHARLES McC. MATHIAS, JR.

I have looked forward to being here this morning ever since I got your invitation two months ago. It gives me special pleasure to bs with you because, in my book, you people are what America is all about.

I don't know whether people with an extra degree of humanity are attracted to rural letter carrying, or whether rural letter carrying imparts an extra degree of humanity to the people who do it. But I do know that rural letter carriers are unusual human beings. And I know, from personal experience, that you carry out your ordinary duties in truly extraordinary ways.

Not long ago I read in your national magazine about a rural carrier in Texas who put a fire out on his route and then continued on to finish his deliveries as if nothing unusual had happened.

But for me all the wonders of the way you work were wrapped up in the remarkable person of Joe Holdcraft. We had the rare good luck to be on Joe's route in Frederick when our children were young. Joe died some years ago, but as long as anyone in my family is around he will never be forgotten.

In those days we had a big, gruff—but loveable to those who knew her—Chesapeake Bay retriever named Impy. She took mischievous delight in charging down the field from our house to the road barking ferociously at anyone who came our way. Well, when Impy faked an attack on Joe Holdcraft, she met her match. I don't know what magic Joe used on Imp, but in no time at all Impy was delivering our mail to us at the house. Joe had trained her, or maybe hypnotized her, to bring the mail to us in her mouth. The kids, of course, loved Impy in her role as letter carrier almost as much as they loved Joe.

Mail time came to be a very special time of day for all of us thanks to Joe. But we must have made quite a spectacle. It began as soon as Joe came into sight. First, Impy would take off howling and barking across the field; on her heels would be our sons, Charlie and Rob, slavering to get their hands on the Tootsie Pops Joe always had for them, and finally, bringing up a noisy rear, was our Chinese goose who warned us with her honking whenever the kids got near the road.

This scene was reenacted every single morning as long as we lived in Frederick. The children never tired of it. Impy never tired of it. The goose never tired of it. And if Joe tired of it, he never let on.

There was another side to Joe too and I think it was a side most of you have in a particularly highly developed way. Joe was deeply patriotic, full of local pride. When he came back to Frederick after World War II, Joe looked around and saw that our Civil War monuments had gotten a little shabby, a little run down while he'd been away.

But Joe didn't complain about it or try to find someone to blame. He just set out all by himself to clean and restore Frederick's historic monuments. Pretty soon he had the historical society and just about everyone else in town working to get Frederick spruced up for the future.

I know that you here today are Joe's kind of people, and I know there is no better kind.

We're going to be celebrating our bicentennial a little less than two weeks from today and it seems to me fitting to remember now that what has made this nation great and what has kept it great is the self-reliance of generations of Americans like yourselves and Joe who have been ready to go that extra mile, to do that little bit more that makes the difference between just being, and being great.

It also seems fitting that this meeting is being held in Waldorf which, for a rural letter carrier at least, is only a stone's throw away from two places of special bicentennial importance to Marylanders.

Just a few miles from here, near Port Tobacco, Thomas Stone, one of our signers of the Declaration of Independence, lies buried in the family plot near his home Havre de Venture. A little further away, near the banks of the Potomac practically opposite Mount Vernon, Major General William Smallwood, a hero of the revolution, is buried. His grave, unmarked for the first 106 years following his death, is a few hundred yards from Smallwood's Retreat, where his friend and companion-in-arms George Washington is said to have been a frequent visitor. General Smallwood commanded Maryland forces—the Maryland Line—throuhgout the eight year struggle for independence. He was wounded at White Plains October 14, 1778, and two years later received by act of Congress, a vote of thanks for bravery at the battle of Camden in South Carolina.

I hope that sometime during your convention you'll be able to take a break and see these historic places that are so close at hand. It seems to me it would be most appropriate for you to make a pilgrimage in the name of Benjamin Franklin, who was not only their contemporary but who was appointed by the Second Continental Congress to head the first American postal service and so, in effect, was your first postmaster general.

If Ben Franklin were to look down today on what has emerged from the fledgling Postal Service he began, he'd be astonished. But he would recognize one common link, I think, and you are it. The rural letter carriers' role in Franklin's day was to bind together the struggling, straggling rural American of the thirteen original colonies. That tradition lives today in you who bind people together by bringing the mail to them no matter how remote they are from the center of our vast mechanized communications system.

Let us now consider for a moment the Postal Service as it is today. Since the enactment of the Postal Reorganization Act of 1970 I think there has been improvement in several areas—improvement which Congress had hoped the bill would stimulate.

I hear that delivery of first class mail in overnight delivery areas has improved to the point that 95 percent of all first class mail is being delivered overnight now. If that is so, I'm going to have to stop telling my favorite joke about how they still only charge ten cents for first class mail, but they've added three cents for storage.

It was the intention of Congress that wage and working conditions would be improved and I hope that through the use of the 1975 collective bargaining agreements that this has been the case. I'm told it has.

Political appointments within the Postal Service seem far fewer than before. We've come quite a way, it seems to me. But you, who travel those rural miles to see that rural America receives its mail, know best of all how far we've come. The rural letter carriers—all 31,000 of you nationwide—drove

700 million miles last year to see that the mail got through.

You are the backbone of our mail delivery system and its heart as well. Working often in difficult weather, on sometimes hazardous roads, you provide that service-with-a-smile which is what a postal service is all about.

When we start talking about what the Postal Service is all about, it is worth reminding ourselves of the policy set forth by Congress in the Postal Reorganization Act of 1970. Let me read it to you—it's not too long—:

"The U.S. Postal Service shall be operated as a basic and fundamental service provided to the people by the government of the United States, authorized by the Constitution, created by Act of Congress and supported by the people. The Postal Service shall have as its basic function to bind the nation together through the personal, educational, literary and business correspondence of the people. It shall provide prompt, reliable and efficient services to patrons in all areas and shall render postal services to all communities . . .

The Postal Service shall provide a maximum degree of effective and regular postal service to rural areas, communities and small towns where post offices are not self-sustaining. No small post office shall be closed solely for operating at a deficit, it being the specific intent of the Congress that effective postal services be insured to residents of both urban and rural communities."

When we in Congress stated that policy we were concerned to insure that service would be the primary goal of the Postal Service and not just a word in its name. And we wanted to insure that geographically remote or isolated areas of our country would not be neglected in order to achieve economy or some operating efficiencies. Some services, and yours is one of them, bestow blessings, tangible and intangible, that cannot be measured on a cost accounting basis.

America's rural letter carriers do bind our nation together. You provide a human dimension that is fast disappearing on our national scene as organizations grow bigger, more impersonal, more bureaucratic and more mechanized.

We must never allow that valuable-beyond measure human element of courteous, creative service, which Joe Holdcraft epitomized, to be sacrificed to big, impersonal mechanical so-called solutions, as exemplified in those 21 bulk mail centers.

What people want and what people need now, as never before, is to feel that someone cares about them and about the mail they entrust to the postal system each day. They want to feel that their letters and packages will be treated as gently by the unseen hands to which they have consigned them as they themselves have treated them.

I think we should be able to assure people that their postal system does care.

Of course, everyone also yearns for the return of the penny postcard but, I guess, that is one illusion we'll just have to give up.

Obviously, all is not well with the postal service. volume is down, rates are up and complaints are up even more. And the threat of competition by private carriers lurks always somewhere in the background.

Just last week the Senate Post Office and Civil Service Committee after grappling with these issues, completed work on the postal reorganization act amendments bill. The bill meets the immediate financial needs of the Postal Service for an operating subsidy of $1 billion for the period October 1, 1976 through October 1, 1977.

It also establishes a ten-member commission of the Postal Service which will be charged with identifying the major service, cost and funding problems of the Postal Service and with proposing remedies by February 15, 1977. That's a big order, I think. They'll need your help.

The bill limits reductions in service in order to insure that service remains the primary goal. It also sets forth criteria to be used when considering closing rural post offices in order to avoid indiscriminate closings and to guarantee existing door-to-door or curbline delivery. In this too, the concept of service was the overriding consideration.

And, finally, the bill puts a temporary stop to rate increases until the study commission reports back to Congress on the rate making and cost attribution procedures of the Postal Rate Commission.

The Study Commission will be faced with very difficult and delicate questions. It must give guidance to the Postal Rate Commission on costs, and how to apportion them between various classes of mail, and on how to set reasonable time for final rate determination.

As we all know the question of rate increases is not popular with the citizenry. I don't like it much myself.

So I think all of us, but most particularly you who are intimately connected with the Postal Service, should give our best thought to ways of economizing within the service so that if rate changes become necessary they will be as easily justifiable and understood as possible.

Obviously, we cannot let our Postal Service go down the drain. But, at the same time, we have got to find some way to make it work that won't cost the user a small fortune.

The Benjamin Franklin who wrote *Poor Richard's Almanack*, would surely urge us to solve this problem by "domestic economy"—by this he would mean economy within the Postal Service itself.

You rural letter carriers certainly understand economy. You live and work close to the frugal heart of America. But at the same time you know what service means. So I think you're in a pretty good spot to locate waste in the Postal Service and to suggest economies that would not impair postal service. I'd trust your judgment on that.

It's a tall order but a start has to be made somewhere. It seems to me that if Joe Holdcraft could take on the beautification of Frederick single-handed, the lot of you can take on the Postal Service and, as the old song goes, help it to "accentuate the positive and eliminate the negative". It all goes back to that same old question of self-reliance and going the extra mile.

And that's something you know plenty about.

ELIMINATING TOBACCO SUBSIDIES

Mr. MOSS. Mr. President, I was frustrated yesterday when the Presiding Officer ruled out of order my amendment to eliminate tobacco subsidies, which I sought to attach to the agriculture appropriations bill. I have offered similar amendments in each of the past six Congresses. I did not offer the amendment on the 1975 agriculture appropriations bill, because I had earlier in the year offered a similar amendment to the emergency farm bill and a rollcall vote took place on that.

The particular irony in the upholding of the point of order is that the amendment is in a form recommended by proponents of tobacco subsidies. When I first offered the amendment in 1970, the elimination was complete and immediate. Several tobacco State Senators expressed concern that it would be unfair to eliminate subsidies for tobacco already planted and in process prior to the date of enactment. Having no wish to hurt the tobacco farmer, I complied with the request of opponents of the amendment and placed the condition that the elimination of subsidies would not apply to tobacco in process. This was in 1971. Now, 5 years after accommodating the wishes of the tobacco State Senators that their constituents not be injured, I find that the opponents of my amendment raise a point of order against the very accommodation which I made to them.

My chagrin at the decision of the Chair yesterday is further occasioned by his determination that the phrase in clause (4) of my amendment "financing directly or indirectly" requires an administrative determination. I suppose with the complexity of matters before the Senate, it is difficult for the Presiding Officer to be intimately acquainted with all the laws which have been passed to date. But in the Agricultural Trade Development and Assistance Act of 1954, as amended, to which clause (4) is directed, tobacco is financed "directly" by the provision of grants, and "indirectly" by the provision of loans. There is no "determination" which needs to be made. My amendment, in the interest of precision, has been determined out of order without the Presiding Officer being aware of the context in which the terms are used. The amendment merely restricted the use of funds for both the grant and loan programs, and surely the Secretary need not make any determination. As a matter of fact, if the amendment only applied to "direct" financing, a determination would have to be made.

Mr. President, I suppose that the opponents of my amendment are now resorting to this procedural tactic, because they see the handwriting on the wall. While several years ago the Department of Agriculture would rush to the tobacco proponents with ammunition to shoot down my amendments, the Department comes to me today to help in combating the boondoggles designed to up the Government's cost of subsidies for tobacco.

Perhaps too, the tobacco proponents are aware of the growing number of Members who support my position. In reviewing the rollcall votes for the past 6 years, I find that there are now 35 Members of the Senate sitting here today, who have supported my amendments for an immediate termination of the subsidies. And if the others who have supported my phaseout amendment are added to this group, we now number more than 40.

We cannot go on subsidizing the growth of tobacco. Soon those who are determined to end the tobacco subsidy program will be in the majority. Our number is growing. The handwriting is on the wall.

Mr. President, I ask unanimous consent that the text of my amendment, UP Amendment No. 77, be printed in the RECORD. I also ask unanimous consent that the honor roll of Senators who are sitting and have voted to eliminate the subsidies at any time during the past 6 years be printed in the RECORD.

There being no objection, the amendment and list where ordered to be printed in the RECORD, as follows:

MOSS UNPRINTED AMENDMENT NO. 77

At the end of the bill, in the appropriate place, insert the following new section as follows:

SEC. . None of the funds appropriated by this Act may be expended for the purpose of (1) carrying out a price-support program for tobacco, (2) paying an export subsidy to any person for the export of tobacco, (3) advertising or otherwise promoting the sale of tobacco, (4) financing directly or indirectly the sale of tobacco in any foreign country under the Agricultural Trade Development and Assistance Act of 1954, as amended, or (5) inspecting or grading tobacco.

This section shall not apply to tobacco planted and in process prior to the date of this Act.

MOSS HONOR ROLL OF SENATORS CURRENTLY SITTING WHO HAVE VOTED TO ELIMINATE TOBACCO SUBSIDIES IMMEDIATELY ON ONE OR MORE ROLLCALL VOTES SINCE JULY 1970

Abourezk
Bartlett
Bellmon
Biden
Brooke
Buckley
Cannon
Case
Clark
Cranston
Culver
Garn
Goldwater
Griffin
Hart, Philip A.
Hatfield
Jackson
Javits
Kennedy
Long
Magnuson
McClure
Metcalf
Moss
Packwood
Pastore
Pell
Percy
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Stafford
Williams

THE HUMPHREY-HAWKINS BILL

Mr. HELMS. Mr. President, several weeks ago I asked a number of distinguished economists their views on the Humphrey-Hawkins bill, the Full Employment and Balanced Growth Act of 1976. I have asked that all responses I receive be included in the Banking Committee record.

The comments I have received so far are interesting and worth reading. One of the briefest commentaries I have received is from Prof. Wilson Schmidt of the Virginia Polytechnic Institute at Blacksburg, Va.

Professor Schmidt offers a humorous and witty assessment of this bill and its implications. Perhaps his is the best approach to a measure such as the so-called Full Employment Act.

Mr. President, I ask unanimous consent that Professor Schmidt's letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JUNE 2, 1976.

Hon. JESSE HELMS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HELMS: Thank you for requesting my view on S. 50, the Humphrey-Hawkins bill, titled the "Full Employment and Balanced Growth Act of 1976." In responding to your request, let me make it clear that what follows are my personal views and not those of any organization with which I am affiliated. I limit myself to some technical points.

You asked for my views on the thrust of the bill. The thrust is unclear. The bill calls for an unemployment rate not in excess of 3% ". . . to be attained as promptly as possible, but within not more than four years . . ." If the bill said ". . . but within not *less* than four years . . ." I would understand the thrust to be to lower unemployment. As written, the bill seems to say that 3% should not be attained before four years, and there is no requirement to achieve it after that.

If in fact the intent of the bill is to aim for low unemployment within four years, it produces an undesirable side effect by defining the level of employment in terms of the *civilian* labor force. The Executive Branch can readily comply with the proposed law by going to war, which as you know, reduces the civilian unemployment.

You asked for my views on the impact of the bill. In my view, the main impact is to raise the demand for economists. That is, in my view, a very good thing. In fact, as an economist, I can say it is a very, very, good thing. Having said that, let me caution you. If there were a massive shift of economists from academia to federal and state governments to meet the requirements of the bill, it might jeopardize the ability of those remaining in academia to supply enough economists to meet future demands under the bill. It may be necessary to impose a quota on the number of economists in government each year to ensure a balanced growth in the economist sector of the economy. Perhaps that quota should be written into the bill.

You asked for alternatives. As the bill calls upon the President to estimate the unmet economic and social needs of the nation, one might economize on resources by simply asking in the next census how much money each individual American would like to have for himself or to give away. My answer, of course, if asked, would be "Infinite." If there are others like me, then the Congress could decide whether or not to ask Dr. Burns to seek such a monetary growth target.

This brings me to the problem of achieving "full purchasing power." I understand what empty purchasing power is—money is worth zero. But I don't really understand what full purchasing power is. Is it that money is infinitely valuable? If so, that implies that all goods and service are free, which can't be. There is in fact a strange asymetry (imbalance) in the "Balanced Growth Act" in that it does not designate a price level target as well as an unemployment target.

If these ambiguities in the bill are clarified, then there remains in my view one overwhelming defect in the proposal. There are no penalties for non-compliance or rewards for compliance. It would seem to me that if the Federal Government is serious about its goals, it should penalize itself if it fails to achieve them and reward itself if it succeeds. If 3% is the law of the land, that is the law of the land. Congress and the Executive Branch should assume responsibility for fulfillment of the laws they approve. One obvious penalty is that any participant in Congress and/or the Executive Branch who has responsibility for the fullfillment of these goals should resign if they are not achieved. There may be some merit in having a Special Economic Prosecutor lodged in both the Congress and in the Executive Branch to determine who is in non-compliance. Analogously, there could be an Office of the Special Economic Rewarder.

Having said that, it is important to recognize that it will be hard to achieve fairness in the penalties and rewards. Until the economists hired in conjunction with this act can figure out exactly what the lags are on monetary, fiscal, manpower policies, etc. in terms of the objective of the bill, it is possible that some Members of Congress and the Executive Branch would be unjustly charger or rewarded. This is of sufficient importance in my mind that, in the event you impose penalties and rewards, there be established a Division or Bureau of Lags. Since lags seems to change, this too will require a lot of economists.

The proposal for export licensing I fear misunderstands the present floating exchange rate system. The objective of that section appears to be to avoid price increases in critical items. But when the federal government restricts such exports then, under certain conditions, our foreign exchange receipts fall, the value of the dollar in terms of other currencies declines, and the dollar prices of imports rise. So what we as consumers gain with respect to export items we may well lose in respect to imported items, such as petroleum. I think this section of the bill probably requires the establishment of a Bureau or Division of Elasticities of International Demand.

Finally, let me suggest that the precise date for passage of the bill must be established with care. With a four year tarket from the date of passage for the 3% goal, the bill must be passed four years in advance of the day of the month that the unemployment figures are to be released. In addition, a decision should be made as to whether it is the preliminary or the revised unemployment figure which is the target. I know that is a mere detail, but I believe in very careful planning, if you plan at all.

I hope these technical comments are of some value to you.

Yours truly,

WILSON SCHMID,
Professor and Head.

SUPREME COURT DECISION: NATIONAL LEAGUE OF CITIES AGAINST USERY

Mr. WILLIAMS. Mr. President, the Supreme Court's five-to-four decision, striking down the application of the Federal wage and hour law to employees of State and local governments, is an extremely disheartening event. By this action, in which the Court went so far as to overrule its own earlier decision of just 8 years ago upholding such legislation, the Court limits the power of Congress under the commerce clause to require that employees of State and local government be afforded the same minimal protections which employers in the private sector are obliged to provide. I am dismayed by the Court's retrenchment. This is, in my judgment, totally contrary to the meaning of the commerce clause of the Constitution and to the fundamental relationship of the Federal Government to the States embodied in our constitutional concepts of federalism.

In reaching its decision, the Court unfortunately chose to ignore completely the fact that an ever-expanding portion of the Nation's work force is employed by State and local government, and that the objectives of Federal protective legislation will, therefore, be increasingly undermined if such workers are not covered. It also disregarded the congressional conclusion that coverage of State and local government employees is vitally important if Federal wage and hour legislation is to accomplish its further objectives of stimulating the economy through increasing the purchasing power of low-paid workers.

While today's decision rests on the Court's surprisingly narrow and, I thought, long since abandoned view of Congress power under the commerce clause, I believe that the purposes of the minimum wage legislation can be accomplished through other means. For example, as Justice Brennan suggests in his dissent, Congress might condition grants of Federal funds upon compliance with Federal minimum wage and overtime standards. While this may represent a more cumbersome procedure than that which the Court has now ruled unconstitutional, I intend to begin an immediate exploration of this and other alternatives to extending minimum labor standards to all American workers.

I ask unanimous consent to print in the Record a copy of the Supreme Court's decision in the case.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. GARN. Mr. President, States, cities, and counties of this Nation are today celebrating a great victory—the landmark decision by the Supreme Court which declared that the section of the Fair Labor Standards Act of 1974 which extend to State and local governments Federal regulation of overtime, minimum wage and other conditions of employment are unconstitutional. This brings to a happy conclusion the 2-year battle between the National League of Cities and the Department of Labor. As I was one of the principal instigators of the law suit during my tenure as mayor of Salt Lake City and officer in the National League of Cities, I am obviously very pleased with this decision.

The ruling is going to have a profound effect on pending and future legislation. It will mean that the ability of Congress to impose its will on and take authority from mayors, commissioners, and Governors will be severely curtailed. It reaffirms the States' traditional rights to structure employer-employee relationships in such areas as fire prevention, police protection, sanitation, public health, and parks and recreation. And, of course, it will save the taxpayers millions of dollars.

Mr. President, I ask unanimous consent that the Supreme Court's decision in National League of Cities against Usery, Secretary of Labor be printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

[See exhibit 1.]

(Exhibit 1)

NATIONAL LEAGUE OF CITIES ET AL. USERY, SECRETARY OF LABOR

The Fair Labor Standards Act was amended in 1974 so as to extend the Act's minimum wage and maximum hour provisions to almost all employees of States and their political subdivisions. Appellants (including a number of cities and States) in these cases brought an action against appellee Secretary of Labor challenging the validity of these 1974 amendments and seeking declaratory and injunctive relief. A three-judge District Court dismissed the complaint for failure to state a claim upon which relief might be granted. *Held:*

1. Insofar as the 1974 amendments operate directly to displace the States' abilities to structure employer-employee relationships in areas of traditional governmental functions, such as fire prevention, police protection, sanitation, public health, and parks and recreation, they are not within the authority granted Congress by the Commerce Clause. In attempting to exercise its Commerce Clause power to prescribe minimum wages and maximum hours to be paid by the States in their sovereign capacities, Congress has sought to wield its power in a fashion that would impair the States' "ability to function effectively within a federal system," *Fry* v. *United States*, 421 U.S. 542, 547, and this exercise of congressional authority does not comport with the federal system of government embodied in the Constitution. Pp 6–18.

2. Congress may not exercise its power to regulate commerce so as to force directly upon the States its choices as to how essential decisions regarding the conduct of integral governmental functions are to be made. *Fry* v. *United States, supra,* distinguished; *Maryland* v. *Wirtz,* 392 U.S. 183; overruled. Pp. 18–21. 406 F. Supp. 826, reversed and remanded.

Rehnquist, J., delivered the opinion of the Court, in which Burger, C. J., and Stewart, Blackmun, and Powell, JJ., joined. Blackmun, J., filed a concurring opinion. Brennan, J., filed a dissenting opinion, in which White and Marshall, JJ., joined. Stevens, J., filed a dissenting opinion.

[Supreme Court of the United States, Nos. 74–878 and 74–879]

NATIONAL LEAGUE OF CITIES v. USERY

The National League of Cities et al., Appellants, v. W. J. Usery, Jr., Secretary of Labor.

State of California, Appellant, v. W. J. Usery, Jr., Secretary of Labor.

On Appeals from the United States District Court for the District of Columbia (June 24, 1976).

Mr. Justice Rehnquist delivered the opinion for the Court.

Nearly 40 years ago Congress enacted the Fair Labor Standards Act,[1] and required employers covered by the Act to pay their employees a minimum hourly wage[2] and to pay them at one and one-half times their regular rate of pay for hours worked in excess of 40 during a work week.[3] By this act covered employers were required to keep certain records to aid in the enforcement of the Act,[4] and to comply with specified child labor standards.[5] This Court unanimously upheld the Act as a valid exercise of congressional authority under the commerce power in *United States* v. *Darby,* 312 U.S. 100 (1941), observing:

"Whatever their motive and purpose, regulations of commerce which do not infringe some constitutional prohibition are within the plenary power conferred on Congress by the Commerce Clause." *Id.,* at 115.

The original Fair Labor Standards Act passed in 1938 specifically excluded the States and their political subdivisions from its coverage.[6] In 1974, however, Congress enacted the most recent of a series of broadening amendments to the Act. By these amendments Congress has extended the minimum wage and maximum hour provisions to almost all public employees employed by the States and by their various political subdivisions. Appellants in these cases include individual cities and States, the National League of Cities, and the National Governors' Conference;[7] they brought an action in the District Court for the District of Columbia which challenged the validity of the 1974 amendments. They asserted in effect that when Congress sought to apply the Fair Labor Standards Act provisions virtually across the board to employees of state and municipal governments it "infringed a constitutional prohibition" running in favor of the States *as States*. The gist of their complaint was not that the conditions of employment of such public employees were beyond the scope of the commerce power had those employees been employed in the private sector, but that the established constitutional doctrine of intergovernmental immunity consistently recognized in a long series of our cases affirmatively prevented the exercise of this authority in the manner which Congress chose in the 1974 Amendments.

I

In a series of amendments beginning in 1961 Congress began to extend the provisions of the Fair Labor Standards Act to some types of public employees. The 1961 amendment to the Act[8] extended its coverage to persons who were employed in "enterprises" engaged in commerce or in the production of goods for commerce.[9] And in 1966, with the amendment of the definition of employers under the Act,[10] the exemption heretofore extended to the States and their political subdivisions was removed with respect to employees of state hospitals, institutions, and schools. We nevertheless sustained the validity of the combined effect of these two amendments in *Maryland* v. *Wirtz,* 392 U.S. 183 (1968).

In 1974, Congress again broadened the coverage of the Act. The definition of "employer" in the Act now specifically "includes a public agency," 29 U.S.C. § 203(d). In addition, the critical definition of "enterprises engaged in commerce or in the production of goods for commerce" was expanded to encompass "an activity of a public agency," and goes on to specify that

"The employees of an enterprise which is a public agency shall for purposes of this subsection be deemed to be employees engaged in commerce, or in the production of goods for commerce, or employees handling, selling, or otherwise working on goods or materials that have been moved in or produced for commerce." 29 U.S.C. § 203(s) (5).

Under the Amendments "public agency" is in turn defined as including "the Government of the United States; the government of a State or political subdivision thereof; any agency of the United States (including the United States Postal Service and Postal Rate Commission), a State, or a political subdivision, of a State; or any interstate governmental agency." 29 U.S.C. § 203 (x).

By its 1974 amendments, then, Congress has now entirely removed the exemption previously afforded States and their political subdivisions, substituting only the Act's general exemption for executive, administrative, or professional personnel, 29 U.S.C. § 213(a) (1), which is supplemented by provisions excluding from the Act's coverage those individuals holding public elective office or serving such an officeholder in one of several specific capacities. 29 U.S.C. § 203(e) (2) (C). The Act thus imposes upon almost all public employment the minimum wage and maximum hour requirements previously restricted to employees engaged in interstate commerce. These requirements are essentially identical to those imposed upon private employers, although the Act does attempt to make some provision for public employment relationships which are without counterpart in the private sector, such as those presented by fire protection and law enforcement personnel. See 29 U.S.C. § 207 (k).

Challenging these 1974 amendments in the District Court, appellants sought both declaratory and injunctive relief against the amendments' application to them, and a three-judge court was accordingly convened pursuant to 28 U.S.C. § 2282. That court, after hearing argument on the law from the parties, granted appellee Secretary of Labor's motion to dismiss the complaint for failure to state a claim upon which relief might be granted. The District Court stated it was "troubled" by appellants' contentions that the amendments would intrude upon the States' performance of essential governmental functions. The court went on to say

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that it considered their contentions: "substantial and that it may well be that the Supreme Court will feel it appropriate to draw back from the far-reaching implications of [*Maryland* v. *Wirtz*, supra]; but that is a decision that only the Supreme Court can make, and as a Federal district court we feel obliged to apply the Wirtz opinion as it stands."

We noted probable jurisdiction in order to consider the important questions recognized by the District court. 420 U.S. 906 (1975).[11] We agree with the District Court that the appellants' contentions are substantial. Indeed upon full consideration of the question we have decided that the "far-reaching implications" of *Wirtz*, should be overruled, and that the judgment of the District Court must be reversed.

II

It is established beyond peradventure that the Commerce Clause of Art. I of the Constitution is a grant of plenary authority to Congress. That authority is, in the words of Chief Justice Marshall in *Gibbons* v. *Ogden*, 9 Wheat. (21 U.S.) 1 (1824), ". . . the power to regulate; that is to prescribe the rule by which commerce is to be governed." *Id.*, at 196.

When considering the validity of asserted applications of this power to wholly private activity, the Court has made it clear that "[e]ven activity that is purely intrastate in character may be regulated by Congress, where the activity, combined with like conduct by others similarly situated, affects commerce among the States or with foreign nations." *Fry* v. *United States*, 421 U.S. 542, 547 (1975).

Congressional power over areas of private endeavor, even when its exercise may preempt express state law determinations contrary to the result which has commended itself to collective wisdom of Congress, has been held to be limited only by the requirement that "the means chosen by [Congress] must be reasonably adapted to the end permitted by the Constitution." *Heart of Atlanta Motel, Inc.* v *United States*, 379 U.S. 241, 262 (1964).

Appellants in no way challenge these decisions establishing the breadth of authority granted Congress under the commerce power. Their contention, on the contrary, is that when Congress seeks to regulate directly the activities of States as public employers, it transgresses an affirmative limitation on the exercise of its power akin to other commerce power affirmative limitations contained in the Constitution. Congressional enactments which may be fully within the grant of legislative authority contained in the Commerce Clause may nonetheless be invalid because found to offend against the right to trial by jury contained in the Sixth Amendment, *United States* v. *Jackson*, 390 U.S. 570 (1968), or the Due Process Clause of the Fifth Amendment, *Leary* v. *United States*, 395 U.S. 6 (1969). Appellants' essential contention is that the 1974 amendments to the Act, while undoubtedly within the scope of the Commerce Clause, encounter a similar constitutional barrier because they are to be applied directly to the States and subdivisions of States as employers.[12]

This Court has never doubted that there are limits upon the power of Congress to override state sovereignty, even when exercising its otherwise plenary powers to tax or to regulate commerce which are conferred by Art. I of the Constitution. In *Wirtz*, for example, the Court took care to assure the appellants that it had "ample power to prevent . . . 'the utter destruction of the State as a sovereign political entity,'" which they feared 392 U.S., at 196. Appellee Secretary in this case, both in his brief and upon oral argument, has agreed that our federal system of government imposes definite limits upon the authority of Congress to regulate the activities of the States as States by means of the commerce power, See *e.g.*, Appellee's Brief, at 30–41 Tr. of Oral Arg. 39–43. In *Fry, supra*, the Court recognized that an express declaration of this limitation is found in the Tenth Amendment:

"While the Tenth Amendment has been characterized as a 'truism,' stating merely that 'all is retained which has not been surrendered,' *United States* v. *Darby*, 312 U.S. 100, 124 (1941), it is not without significance. The Amendment expressly declares the constitutional policy that Congress may not exercise power in a fashion that impairs the States' integrity or their ability to function effectively in a federal system. . . ." 421 U.S., at 547.

In *New York* v. *United States*, 326 U.S. 572 (1946), Chief Justice Stone, speaking for four Members of an eight-Member Court[13] in rejecting the proposition that Congress could impose taxes on the States so long as it did so in a nondiscriminatory manner, observed:

"A State may, like a private individual, own real property and receive income. But in view of our former decisions we could hardly say that a general nondiscriminatory real estate tax (apportioned), or an income tax laid upon citizens and States alike could be constitutionally applied to the State's capitol, its State-house, its public school houses, public parks, or its revenues from taxes or school lands, even though all real property and all income of the citizen is taxed." 326 U.S., at 587–582.[14]

The expressions in these more recent cases trace back to earlier decisions of this Court recognizing the essential role of the States in our federal system of government. Chief Justice Chase, perhaps because of the particular time at which he occupied that office, had occasion more than once to speak for the Court on this point. In *Texas* v. *White*, 7 Wall. 700, 725 (1869), he declared that "[t]he Constitution, in all its provisions, looks to an indestructible Union, composed of indestructible States." In *Lane County* v. *Oregon*, 7 Wall. 71 (1869), his opinion for the Court said:

"Both the States and the United States existed before the Constitution. The people, through that instrument, established a more perfect union by substituting a national government, acting, with ample power, directly upon the citizens, instead of the Confederate government which acted with powers, greatly restricted, only upon the States. But in many Articles of the Constitution the necessary existence of the States, and, within their proper spheres, the independent authority of the States, is distinctly recognized." *Id.*, at 76.

In *Metcalf & Eddy* v. *Mitchell*, 269 U.S. 514 (1926), the Court likewise observed that "neither government may destroy the other nor curtail in any substantial manner the exercise of its powers." *Id.*, at 523.

Appellee Secretary argues that the cases in which this Court has upheld sweeping exercises of authority by Congress, even though those exercises pre-empted state regulation of the private sector, have already curtailed the sovereignty of the States quite as much as the 1974 amendments to the Fair Labor Standards Act. We do not agree. It is one thing to recognize the authority of Congress to enact laws regulating individual businesses necessarily subject to the dual sovereignty of the government of the Nation and of the State in which they reside. It is quite another to uphold a similar exercise of congressional authority directed not to private citizens, but to the States as States. We have repeatedly recognized that there are attributes of sovereignty attaching to every state government which may not be impaired by Congress, not because Congress may lack an affirmative grant of legislative authority to reach the matter, but because the Constitution prohibits it from exercising the authority in that manner. In *Coyle* v. *Smith*, 221 U.S. 559 (1911), the Court gave this example of such an attributable:

"The power to locate its own seat of government and to determine when and how it shall be changed from one place to another, and to appropriate its own public funds for that purpose, are essentially and peculiarly state powers. That one of the original thirteen States could now be shorn of such powers by an Act of Congress would not be for a moment entertained." 221 U.S., at 565.

One undoubted attribute of state sovereignty is the States' power to determine the wages which shall be paid to those whom they employ in order to carry out their governmental functions, what hours those persons will work, and what compensation will be provided where these employees may be called upon to work overtime. The question we must resolve in this case, then, is whether these determinations are "functions essential to separate and independent existence," *Coyle* v. *Smith, supra*, at 580, quoting from *Lane County* v. *Oregon, supra*, at 76, so that Congress may not abrogate the States' otherwise plenary authority to make them.

In their complaint appellants advanced estimates of substantial costs which will be imposed upon them by the 1974 amendments. Since the District Court dismissed their complaint, we take its well-pleaded allegations as true, although it appears from appellee's submissions in the District Court and in this Court that resolution of the factual disputes as to the effect of the amendments is not critical to our disposition of the case.

Judged solely in terms of increased costs in dollars, these allegations show a significant impact on the functioning of the governmental bodies involved. The Metropolitan Government of Nashville and Davidson County, Tenn., for example, asserted that the Act will increase its costs of providing essential police and fire protection, without any increase in service or in current salary levels, by $938,000 per year. Cape Girardeau, Mo., estimated that its annual budget for fire protection may have to be increased by anywhere from $250,000 to $400,000 over the current figure of $350,000. The State of Arizona alleged that the annual additional expenditures which will be required if it is to continue to provide essential state services may total $2½ million dollars. The State of California, which must devote significant portions of its budget to fire suppression endeavors, estimated that application of the Act to its employment practices will necessitate an increase in its budget of between $8 million and $16 million.

Increased costs are not, of course, the only adverse effects which compliance with the Act will visit upon state and local governments, and in turn upon the citizens who depend upon those governments. In its complaint in intervention, for example, California asserted that it could not comply with the overtime costs (approximately $750,000 per year) which the Act required to be paid to California Highway Patrol cadets during their academy training program. California reported that it had thus been forced to reduce its academy training program from 2,080 hours to only 960 hours, a compromise undoubtedly of substantial importance to those whose safety and welfare may depend upon the preparedness of the California Highway Patrol.

This type of forced relinquishment of important governmental activities is further reflected in the complaint's allegation that the City of Inglewood, California, has been forced to curtail its affirmative action program for providing employment opportunities for men and women interested in a career in law enforcement. The Inglewood police department has abolished a program for police trainees who split their week between on the job

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training and the classroom. The city could not abrogate its contractual obligations to these trainees, and it concluded that compliance with the Act in these circumstances was too financially burdensome to permit continuance of the classroom program. The city of Clovis, Cal., has been put to a similar choice regarding an internship program it was running in cooperation with a California State University. According to the complaint, because the interns' compensation brings them within the purview of the Act the city must decide whether to eliminate the program entirely or to substantially reduce its beneficial aspects by doing away with any pay for the interns.

Quite apart from the substantial costs imposed upon the States and their political subdivisions, the Act displaces state policies regarding the manner in which they will structure delivery of those governmental services which their citizens require. The Act, speaking directly to the States *qua* States, requires that they shall pay all but an extremely limited minority of their employees the minimum wage rates currently chosen by Congress. It may well be that as a matter of economic policy it would be desirable that States, just as private employers, comply with these minimum wage requirements. But it cannot be gainsaid that the federal requirement directly supplants the considered policy choices of the States' elected officials and administrators as to how they wish to structure pay scales in state employment. The State might wish to employ persons with little or no training, or those who wish to work on a casual basis, or those who for some other reason do not possess minimum employment requirements, and pay them less than the federally prescribed minimum wage. It may wish to offer part time or summer employment to teenagers at a figure less than the minimum wage, and if unable to do so may decline to offer such employment at all. But the Act would forbid such choices by the States. The only "discretion" left to them under the Act is either to attempt to increase their revenue to meet the additional financial burden imposed upon them by paying congressionally prescribed wages to their existing complement of employees, or to reduce that complement to a number which can be paid the federal minimum wage without increasing revenue.[15]

This dilemma presented by the minimum wage restrictions may seem not immediately different from that faced by private employers, who have long been covered by the Act and who must find ways to increase their gross income if they are to pay higher wages while maintaining current earnings. The difference, however, is that a State is not merely a factor in the "shifting economic arrangements" of the private sector of the economy, *Kovacs* v. *Cooper*, 336 U.S. 77, 95 (1949) (Frankfurter J., concurring), but is itself a coordinate element in the system established by the framers for governing our federal union.

The degree to which the FLSA amendments would interfere with traditional aspects of state sovereignty can be seen even more clearly upon examining the overtime requirements of the Act. The general effect of these provisions is to require the States to pay their employees at premium rates whenever their work exceeds a specified number of hours in a given period. The asserted reason for these provisions is to provide a financial disincentive upon using employees beyond the work period deemed appropriate by Congress. According to appellee, "[t]his premium rate can be avoided if the [State] uses other employees to do the overtime work. This, in effect, tends to discourage overtime work and to spread employment, which is the result Congress intended." Appellee's Brief, at 43.

We do not doubt that this may be a salutary result, and that it has a sufficiently rational relationship to commerce to validate the application of the overtime provisions to private employers. But, like the minimum wage provisions, the vice of the Act as sought to be applied here is that it directly penalizes the States for choosing to hire governmental employees on terms different from those which Congress has sought to impose.

This congressionally imposed displacement of state decisions may substantially restructure traditional ways in which the local governments have arranged their affairs. Although at this point many of the actual effects under the proposed Amendments remain a matter of some dispute among the parties, enough can be satisfactorily anticipated for an outline discussion of their general import. The requirement imposing premium rates upon any employment in excess of what Congress has decided is appropriate for a governmental employee's workweek, for example, appears likely to have the effect of coercing the States to structure work periods in some employment areas, such as police and fire protection, in a manner substantially different from practices which have long been commonly accepted among local governments of this Nation. In addition, appellee represents that the Act will require that the premium compensation for overtime worked must be paid in cash, rather than with compensatory time off, unless such compensatory time is taken in the same pay period. Appellee's Supp. Brief, at 9–10; see *Dunlop* v. *New Jersey*, 522 F. 2d 504 (CA3 1975), cert. pending, No. 75–532. This too appears likely to be highly disruptive of accepted employment practices in many governmental areas where the demand for a number of employees to perform important jobs for extended periods on short notice can be both unpredictable and critical. Another example of congressional choices displacing those of the States in the area of what are without doubt essential governmental decisions may be found in the practice of using volunteer firemen, a source of manpower crucial to many of our smaller towns' existence. Under the regulations proposed by appellee, whether individuals are indeed "volunteers" rather than "employees" subject to the minimum wage provisions of the Act are questions to be decided in the courts. See Appellee's Brief, at 49 and n. 41. It goes without saying that provisions such as these contemplate a significant reduction of traditional volunteer assistance which has been in the past drawn on to complement the operation of many local governmental functions.

Our examination of the effect of the 1974 amendments, as sought to be extended to the States and their political subdivisions, satisfies us that both the minimum wage and the maximum hour provisions will impermissibly interfere with the integral governmental functions of these bodies. We earlier noted some disagreement between the parties regarding the precise effect the amendments will have in application. We do not believe particularized assessments of actual impact are crucial to resolution of the issue presented, however. For even if we accept appellee's assessments concerning the impact of the amendments, their application will nonetheless significantly alter or displace the States' abilities to structure employer-employee relationships in such areas as fire prevention, police protection, sanitation, public health, and parks and recreation. These activities are typical of those performed by state and local governments in discharging their dual functions of administering the public law and furnishing public services.[16] Indeed, it is functions such as these which governments are created to provide, services such as these which the States have traditionally afforded their citizens. If Congress may withdraw from the States the authority to make those fundamental employment decisions upon which their systems for performance of these functions must rest, we think there would be little left of the States' "separate and independent existence." *Coyle, supra*. Thus, even if appellants may have overestimated the effect which the Act will have upon their current levels and patterns of governmental activity, the dispositive factor is that Congress has attempted to exercise its Commerce Clause authority to prescribe minimum wages and maximum hours to be paid by the States in their capacities as sovereign governments. In so doing, Congress has sought to wield its power in a fashion that would impair the States' "ability to function effectively within a federal system," *Fry, supra*, at 547. This exercise of congressional authority does not comport with the federal system of government embodied in the Constitution. We hold that insofar as the challenged amendments operate to directly displace the States' freedom to structure integral operations in areas of traditional governmental functions, they are not within the authority granted Congress by Art. I, § 8, cl. 3.[17]

III

One final matter requires our attention. Appellee has vigorously urged that we cannot, consistently with the Court's decision in *Wirtz, supra*, and *Fry, supra*, rule against him here. It is important to examine this contention so that it will be clear what we hold today, and what we do not.

With regard to *Fry*, we disagree with appellee. There the Court held that the Economic Stabilization Act of 1970 was constitutional as applied to temporarily freeze the wages of state and local government employees. The Court expressly noted that the degree of intrusion upon the protected area of state sovereignty was in that case even less than that worked by the amendments to the FLSA which were before the Court in *Wirtz*. The Court recognized that the Economic Stabilization Act was "an emergency measure to counter severe inflation that threatened the national economy." 421 U.S.. at 548.

We think our holding today quite consistent with *Fry*. The enactment at issue there was occasioned by an extremely serious problem which endangered the well-being of all the component parts of our federal system and which only collective action by the National Government might forestall. The means selected were carefully drafted so as not to interfere with the States' freedom beyond a very limited, specific period of time. The effect of the across-the-board freeze authorized by that Act, moreover, displaced no State choices as to how governmental operations should be structured nor did it force the States to remake such choices themselves. Instead, it merely required that the wage scales and employment relationships which the States themselves had chosen be maintained during the period of the emergency. Finally, the Economic Stabilization Act operated to reduce the pressures upon State budgets rather than increase them. These factors distinguish the statute in *Fry* from the provisions at issue here. The limits imposed upon the commerce power when Congress seeks to apply it to the States are not so inflexible as to preclude temporary enactments tailored to combat a national emergency. "[A]lthough an emergency may not call into life a power which has never lived, nevertheless emergency may afford a reason for the exertion of a living power already enjoyed." *Wilson* v. *New*, 243 U.S. 332, 348 (1917).

With respect to the Court's decision in *Wirtz*, we reach a different conclusion. Both appellee and the District Court thought that decision required rejection of appellants' claims. Appellants, in turn, advance several arguments by which they seek to distinguish the facts before the Court in *Wirtz* from

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those presented by the 1974 amendments to the Act. There are undoubtedly factual distinctions between the two situations, but in view of the conclusions expressed earlier in this opinion we do not believe the reasoning in *Wirtz* may any longer be regarded as authoritative.

Wirtz relied heavily on the Court's decision in *United States* v. *California*, 297 U.S. 175 (1936). The opinion quotes the following language from that case:

" '[We] look to the activities to which the states have traditionally engaged as marking the boundary of the restriction upon the federal taxing power. But there is no such limitation upon the plenary power to regulate commerce. The State can no more deny the power if its exercise has been authorized by Congress than can an individual.' 297 U. S., at 185." 392 U. S., at 198.

But we have reaffirmed today that the States as States stand on a quite different footing than an individual or a corporation when challenging the exercise of Congress' power to regulate commerce. We think the dicta[18] from *United States* v. *California*, simply wrong.[19] Congress may not exercise that power so as to force directly upon the States its choices as to how essential decisions regarding the conduct of integral governmental functions are to be made. We agree that such assertions of power, if unchecked, would indeed, as Mr. Justice Douglas cautioned in his dissent in *Wirtz*, allow "the National Government [to] devour the essentials of state sovereignty." 392 U. S., at 205, and would therefore transgress the bounds of the authority granted Congress under the Commerce Clause. While there are obvious differences between the schools and hospitals involved in *Wirtz*, and the fire and police departments affected here, each provides an integral portion of those governmental services which the States and their political subdivisions have traditionally afforded their citizens.[20] We are therefore persuaded that *Wirtz* must be overruled.

The judgment of the District Court is accordingly reversed and the case is remanded for further proceedings consistent with this opinion.

So ordered.

FOOTNOTES

[1] The Fair Labor Standards Act of 1938, 52 Stat. 1060, 29 U.S.C. § 201 *et seq.* (1940 ed.).

[2] 29 U.S.C. § 206(a) (1940 ed.).

[3] 29 U.S.C. § 207(a)(3) (1940 ed.).

[4] 29 U.S.C. § 211(c) (1940 ed.).

[5] 29 U.S.C. § 212 (1940 ed.).

[6] 29 U.S.C. § 203(d) (1940 ed.):

" 'Employer' includes any person acting directly or indirectly in the interest of an employer in relation to an employee but shall not include the United States or any State or political subdivision of a State. . . ."

[7] Appellants in No. 74–878 are the National League of Cities, the National Governors' Conference, the States of Arizona, Indiana, Iowa, Maryland, Massachusetts, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, Oklahoma, Oregon, South Carolina, South Dakota, Texas, Utah, Washington, the Metropolitan Government of Nashville and Davidson County, Tenn., and the cities of Cape Girardeau, Mo., Lompoe, Cal., and Salt Lake City, Utah. The Appellant in No. 74–879 is the State of California.

In view of the fact that the appellants include sovereign States and their political subdivisions to whom application of the 1974 amendments is claimed to be unconstitutional, we need not consider whether the organizational appellants had standing to challenge the Act. See *California Bankers Assn.* v. *Shultz*, 416 U.S. 21, 44–45 (1974).

[8] Pub. L. 87–30, 75 Stat. 65.

[9] 29 U.S.C. §§ 203(r), 203(s), 206(b), 207 (a)(2) (1964 ed.).

[10] 80 Stat. 831, 29, U.S.C. § 203(d) (1964 ed., Supp. II).

[11] When the cases were not decided in October Term, 1974, they were set down for reargument, 421 U.S. 936(1975).

[12] The dissent intimates, *post*, at 2–3, that guarantees of individual liberties are the only sort of constitutional restrictions which this Court will enforce as against congressional action. It reasons that "Congress is constituted of representatives in both the Senate and House *elected from the states*. . . . Decisions upon the extent of federal intervention under the Commerce Clause into the affairs of the states are in that sense decisions of the states themselves." *Post*, at 21 (citation omitted). Precisely what is meant by the phrase "are in that sense decisions of the states themselves" is not entirely clear from this language; it is indisputable that a common constituency of voters elects both a State's governor and its two United States Senators. It is equally indisputable that since the enactment of the Seventeenth Amendment those Senators are not dependent upon state legislators for their election. But in any event the intimation which this reasoning is used to support is incorrect.

In *Myers* v. *United States*, 272 U.S. 52 (1926), the Court held that Congress could not by law limit the authority of the President to remove at will an officer of the Executive Branch appointed by him. In *Buckley* v. *Valeo*, 424 U.S. 1 (1975), the Court held that Congress could not constitutionally require that members of the Federal Elections Commission be appointed by officers of the House and of the Senate, and that all such appointments must be made by the President. In each of these cases, an even stronger argument than that made in the dissent could be made to the effect that since each of these bills had been signed by the President, the very officer who challenged them had consented to their becoming law, and it was therefore no concern of this Court that the law violated the Constitution. Just as the dissent contends that "the States are fully able to protect their own interest . . . ," *post*, at 21, it could have been contended that the President, armed with the mandate of a national constituency and with the veto power, was able to protect *his* own interests. Nonetheless, in both cases the laws were held unconstitutional, because they trenched on the authority of the Executive Branch.

[13] In quoting from the separate opinion of Mr. Justice Frankfurter in *New York* v. *United States*, 326 U.S. 572, Mr. Justice Brennan fails to add that this opinion attracted only one other adherent. The separate opinion of Chief Justice Stone, on the other hand, was joined by three other Members of the Court. And the two dissenters advocated a position even more protective of state sovereignty than that advanced by Stone. See 326 U.S., at 590–598 (Douglas, J., dissenting).

[14] Mr. Justice Brennan suggests that "the Chief Justice was addressing not the question of a state sovereignty restraint upon the exercise of the commerce power, but rather the principle of implied immunity of the States and federal government from taxation by the order . . . ." *Post*, at 8. The asserted distinction, however, escapes us. Surely the federal power to tax is no less a delegated power than is the commerce power: both find their genesis in Art. I, § 8. Nor can characterizing the limitation recognized upon the federal taxing power as an "implied immunity" obscure the fact that this "immunity" is derived from the sovereignty of the States and the concomitant barriers which such sovereignty presents to otherwise plenary federal authority.

[15] The complaint recited that a number of appellants were prohibited by their state constitutions from incurring debts in excess of taxes for the current year. Those constitutions also impose ceilings upon the percentage rates at which property might be taxed by those governmental units. App. 36–37.

[16] These examples are obviously not an exhaustive catalogue of the numerous line and support activities which are well within the area of traditional operations of state and local governments.

[17] We express no view as to whether different results might obtain if Congress seeks to affect integral operations of state governments by exercising authority granted it under other sections of the Constitution such as the Spending Power, Art. 1, § 8, cl. 1, or § 5 of the Fourteenth Amendment.

[18] The holding of *United States* v. *California*, 297 U.S. 175 (1936), as opposed to the language quoted in the text, is quite consistent with our holding today. There California's activity to which the congressional command was directed was not in an area that the States have regarded as integral parts of their governmental activities. It was, on the contrary, the operation of a railroad engaged in "common carriage by rail in interstate commerce. . . ." 297 U.C., at 182.

For the same reasons, despite Mr. Justice Brennan's claims to the contrary, the holdings in *Parden* v. *Terminal R. Co.*, 377 U.S. 184 (1964), and *California* v. *Taylor*, 353 U.S. 553 (1957), are likewise unimpaired by our decision today. It also seems appropriate to note that *Case* v. *Bowles*, 327 U.S. 92 (1946), has not been overruled as the dissent asserts. Indeed that decision, upon which our Brother heavily relies, has no direct application to the questions we consider today at all. For there the Court sustained an application of the Emergency Price Control Act to a sale of timber by the State of Washington, expressly noting that the "only question is whether the State's power to make the sales must be in subordination to the power of Congress to fix maximum prices in order to carry on war." 327 U.S., at 102. The Court rejected the State's claim of immunity on the ground that sustaining it would impermissibly "impair a prime purpose of the Federal Government's establishment." *Ibid.* Nothing we say in this opinion addresses the scope of Congress' authority under its war power. Cf. n. 17, *supra*.

[19] The dissent leaves no doubt from its discussion, *post*, at 20–22, that in its view Congress many under its commerce power deal with the States as States just as they might deal with private individuals. We venture to say that it is this conclusion, rather than the one we reach, which is in the words of the dissent a "startling restructuring of our federal system . . . ," *post*, at 20. Even the Government defending the 1974 Amendments in this Court, does not take so extreme a position.

[20] As the denomination "political subdivision" implies, the local governmental units which Congress sought to bring within the Act derive their authority and power from their respective States. Interference with integral governmental services provided by such subordinate arms of a state government is therefore beyond the reach of congressional power under the Commerce Clause just as if such services were provided by the State itself.

[Supreme Court of the United States, Nos. 74–878 and 74–879]

National League of Cities v. Usery

The National League of Cities et al., Appellants, *v.* W. J. Usery, Jr., Secretary of Labor.

State of California, Appellant, *v.* W. J. Usery, Jr., Secretary of Labor.

On Appeals from the United States District Court for the District of Columbia. (June 24, 1976)

Mr. Justice Blackmun, concurring.

The Court's opinion and the dissents indicate the importance and significance of this case as it bears upon the relationship between the Federal Government and our States. Although I am not untroubled by certain possible implications of the Court's opinion—some of them suggested by the dissents—I do not read the opinion so despairingly as does my Brother Brennan. In my view, the result with respect to the statute under challenge here is necessarily correct. I may misinterpret the Court's opinion, but it seems to me that it adopts a balancing approach, and does not outlaw federal power in areas such as environmental protection, where the federal interest is demonstrably greater and where state facility compliance with imposed federal standards would be essential. See *ante*, 18–19. With this understanding on my part of the Court's opinion, I join it.

[Supreme Court of the United States—Nos. 74–878 and 74–879]

National League of Cities v. Usery

The National League of Cities et al., Appellants, *v.* W. J. Usery, Jr., Secretary of Labor.

State of California, Appellant, *v.* W. J. Usery, Jr., Secretary of Labor.

On Appeals from the United States District Court for the District of Columbia. [June 24, 1976.]

Mr. Justice Stevens, dissenting.

The Court holds that the Federal Government may not interfere with a sovereign state's right to pay a substandard wage to the janitor at the state capitol. The principle on which the holding rests is difficult to perceive.

The Federal Government may, I believe, require the State to act impartially when it hires or fires the janitor, to withhold taxes from his pay check, to observe safety regulations when he is performing his job, to forbid him from burning too much soft coal in the capitol furnace, from dumping untreated refuse in an adjacent waterway, from overloading a state-owned garbage truck or from driving either the truck or the governor's limousine over 55 miles an hour. Even though these and many other activities of the capitol janitor are activities of the state *qua* state, I have no doubt that they are subject to federal regulation.

I agree that it is unwise for the Federal Government to exercise its power in the ways described in the Court's opinion. For the proposition that regulation of the minimum price of a commodity—even labor—will increase the quantity consumed is not one that I can readily understand. That concern, however, applies with even greater force to the private sector of the economy where the exclusion of the marginally employable does the greatest harm and, in all events, merely reflects my views on a policy issue which has been firmly resolved by the branches of government having power to decide such questions. As far as the complexities of adjusting police and fire departments to this sort of federal control are concerned, I presume that appropriate tailor-made regulations would soon solve their most pressing problems. After all, the interests adversely affected by this legislation are not without political power.

My disagreement with the wisdom of this legislation may not, of course, affect my judgment with respect to its validity. On this issue there is no dissent from the proposition that the Federal Government's power over the labor market is adequate to embrace these employees. Since I am unable to identify a limitation on that federal power that would not also invalidate federal regulation of state activities that I consider unquestionably permissible, I am persuaded that this statue is valid. Accordingly, with respect and a great deal of sympathy for the views expressed by the Court, I dissent from its constitutional holding.

[Supreme Court of the United States—Nos. 74–878 and 74–789]

National League of Cities v. Usery

The National League of Cities et al., Appellants, *v.* W. J. Usery, Jr., Secretary of Labor.

State of California, Appellant, *v.* W. J. Usery, Jr., Secretary of Labor.

On Appeals from the United States District Court for the District of Columbia. [June 24, 1976.]

Mr. Justice Brennan, with whom Mr. Justice White and Mr. Justice Marshall join, dissenting.

The Court concedes, as of course it must, that Congress enacted the 1974 amendments pursuant to its exclusive power under Art. I, § 8, cl. 3, of the Constitution "To regulate Commerce . . . among the several States." It must therefore be surprising that my Brethren should choose this Bicentennial year of our independence to repudiate principles governing judicial interpretation of our Constitution settled since the time of Chief Justice John Marshall, discarding his postulate that the Constitution contemplates that restraints upon exercise by Congress of its plenary commerce power lie in the political process and not in the judicial process. For 152 years ago Chief Justice Marshall enunciated that principle to which, until today, his successors on this Court have been faithful.

"[T]he power over commerce . . . is vested in Congress as absolutely as it would be in a single government, having in its constitution the same restrictions on the exercise of the power as are found in the constitution of the United States. *The wisdom and the discretion of Congress, their identity with the people, and the influence which their constituents possess at elections, are . . . the sole restraints on which they have relied, to secure them from its abuse. They are the restraints on which the people must often rely solely, in all representative governments.*" *Gibbons* v. *Ogden*, 9 Wheat, 1, 197 (1824) (emphasis added)[1]

Only 34 years ago, *Wickard* v. *Filburn*, 317 U.S. 111, 120 (1942), reaffirmed that "[a]t the beginning Chief Justice Marshall . . . made emphatic the embracing and penetrating nature of [Congress' commerce] power by warning that effective restraints on its exercise must proceed from political than from judicial processes."

My Brethren do not successfully obscure today's patent usurpation of the role reserved for the political process by their purported discovery in the Constitution of a restraint derived from sovereignty of the States on Congress' exercise of the commerce power. Chief Justice Marshall recognized that limitations "prescribed in the constitution," *Gibbons* v. *Ogden*, *supra*, at 196, restrain Congress' exercise of the power. See *Parden* v. *Terminal R. Co.*, 377 U.S. 184, 191 (1964); *Katzenbach* v. *McClung*, 379 U.S. 294, 305 (1964); *United States* v. *Darby*, 312 U.S. 100, 114 (1941). Thus laws within the commerce power may not infringe individual liberties protected by the First Amendment. *Maybee* v. *White Plains Publishing Co.*, 327 178 (1946); the Fifth Amendment, *Leary* v. *United States*, 395 U.S. 6 (1969); or the Sixth Amendment, *United States* v. *Jackson*, 390 U.S. 570 (1968). But there is no restraint based on state sovereignty requiring or permitting judicial enforcement anywhere expressed in the Constitution; our decisions over the last century and a half have explicitly rejected the existence of any such restraint on the commerce power.[2]

We said in *United States* v. *California*, 297 U.S. 175, 184 (1936), for example, that "[t]he sovereign power of the states is necessarily diminished to the extent of the grants of power to the federal government in the Constitution. . . . [T]he power of the state is subordinate to the constitutional exercise of the granted federal power." This but echoed another principle emphasized by Chief Justice Marshall:

"If any proposition could command the universal assent of mankind, we might expect it would be this—that the government of the Union, though limited in its powers, is supreme within its sphere of action. This would seem to result necessarily from its nature. It is the government of all; its powers are delegated by all; it represents all, and acts for all. . . .

"The government of the United States, then, though limited in its powers, is supreme; and its laws, when made in pursuance of the Constitution, form the supreme law of the land, 'any thing in the constitution or laws of any State to the contrary notwithstanding.'" *McCulloch* v. *Maryland*, 4 Wheat. 316, 405–406 (1819).

"[It] is not a controversy between equals" when the federal government "is asserting its sovereign power to regulate. . . . [T]he interests of the nation are more important than those of any State." *Sanitary Dist.* v. *United States*, 266 U.S. 405, 425–426 (1925). The commerce power "is an affirmative power commensurate with the national needs." *North American Co.* v. *SEC*, 327 U.S. 686, 705 (1946). The Constitution reserves to the States "only . . . that authority which is consistent with and not opposed to the grant to Congress. There is no room in our scheme of government for the assertion of State power in hostility to the authorized exercise of Federal power." *The Minnesota Rate Cases*, 230 U.S. 352, 399 (1913). "The framers of the Constitution never intended that the legislative power of the nation should be incapable of disposing of a subject matter specifically committed to its charge." *In re Rahrer*, 140 U.S. 545, 562 (1891).

My Brethren thus have today manufactured an abstraction without substance, founded neither in the words of the Constitution nor on precedent. An abstraction having such profoundly pernicious consequences is not made less so by characterizing the 1974 amendments as legislation directed against the "States *qua* States." *Ante*, at 13. See *id.*, at 11, 20. Of course, regulations that this Court can say are not regulations of "commerce" cannot stand, *Santa Cruz Fruit Packing Co.* v. *NLRB*, 303 U.S. 453, 466 (1938), and in this sense "[t]he Court has ample power to prevent . . . 'the utter destruction of the State as a sovereign political entity.'" *Maryland* v. *Wirtz*, 392 U.S. 183, 196 (1968).[3] But my Brethren make no claim that the 1974 amendments are not regulations of "commerce"; rather they overrule *Wirtz* in disagreement with historic principles that *United States* v. *California*, *supra*, reaffirmed: "[W]hile the commerce power has limits, valid general regulations of commerce do not cease to be regulations of commerce because a State is involved. If a state is engaging in economic activities that are validly regulated by the federal government when engaged in by private persons, the State too may be forced to conform its activties to federal regulation." 392 U.S., at 196–197. Clearly, therefore, my Brethren are also repudiating the long line of our precedents holding that a judicial finding that Congress has not unreasonably regulated a subject matter of "commerce" brings to an end the judicial role. "Let the end be legitimate, let it be within the scope of the constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consist with the letter and spirit of the constitution, are constitutional." *McCulloch* v. *Maryland*, *supra*, at 421.

The reliance of my Brethren upon the

Footnotes at end of article.

Tenth Amendment as "an express declaration of [a state sovereignty] limitation," *ante*, at 8, [4] not only suggests that they overrule governing decisions of this Court that address this question but must astound scholars of the Constitution. For not only early decisions, *Gibbons* v. *Ogden, supra*, at 196; *McCulloch* v. *Maryland, supra*, 404–407; and *Martin* v. *Hunter's Lessee*, 1 Wheat. 304, 324–325 (1816), hold that nothing in the Tenth Amendment constitutes a limitation on congressional exercise of powers delegated by the Constitution to Congress. See F. Frankfurter, The Commerce Power Under Marshall Taney, and Waite 39–40 (1937). Rather, as the Tenth Amendment's significance was more recently summarized:

"The amendment states but a truism that all is retained which has not been surrendered. *There is nothing in the history of its adoption to suggest that it was more than declaratory of the relationship between the national and state governments as it had been established by the Constitution before the amendment* or that its purpose was other than to allay fears that the new national government might seek to exercise powers not granted, and that the states might not be able to exercise fully their reserved powers . . .

"From the beginning and for many years the amendment has been construed as not depriving the national government of authority to resort to all means for the exercise of a granted power which are appropriate and plainly adapted to the permitted end." *United States* v. *Darby, supra*, at 124 (emphasis added).[5]

My Brethren purport to find support for their novel state sovereignty doctrine in the concurring opinion of Chief Justice Stone in *New York* v. *United States*, 326 U. S. 572, 586 (1946). That reliance is plainly misplaced. That case presented the question whether the Constitution either required immunity of New York State's mineral water business from federal taxation or denied to the Federal Government power to lay the tax. The Court sustained the federal tax. Chief Justice Stone observed in his concurring opinion that "a federal tax which is not discriminatory as to the subject matter may nevertheless so affect the State merely because it is a State that is being taxed, as to interefere unduly with the State's performance of its sovereign functions of government." *Id.*, at 587. But the Chief Justice was addressing not the question of a state sovereignty restraint upon the exercise of the commerce power, but rather the principle of implied immunity of the States and Federal Government from taxation by the other: "The counterpart of such undue interference has been recognized since Marshall's day as the implied immunity of each of the dual sovereignties of our constitutional system from taxation by the other." *Ibid.*

In contrast, the apposite decision that Term to the question whether the Constitution implies a state sovereignty restraint upon congressional exercise of the commerce power is *Case* v. *Bowles*, 327 U. S. 92 (1946). The question there was whether the Emergency Price Control Act could apply to the sale by the State of Washington to timber growing on lands granted by Congress to the State for the purport of common schools. The State contended that "there is a doctrine implied in the Federal Constitution that 'the two governments, national and state, are each to exercise its powers so as not to interfere with the free and full exercise of the powers of the other' . . . [and] that the Act cannot be applied to this sale because it was 'for the purpose of gaining revenue to carry out an essential governmental function—the education of its citizens.'" *Id.*, at 101. The Court emphatically rejected that argument, in an opinion joined by Chief Justice Stone, reasoning:

"Since the Emergency Price Control Act has been sustained as a congressional exercise of the war power, the [State's] argument is that the extent of that power as applied to state functions depends on whether these are 'essential' to the state government. The use of the same criterion in measuring the constitutional power of Congress to tax has proved to be unworkable, and we reject it as a guide in the field here involved. Cf. *United States* v. *California, supra*, 297 U.S. at 183–185." 327 U.S., at 101.[6]

The footnote to this statement rejected the suggested dichotomy between essential and nonessential state governmental functions as having "proved to be unworkable" by referring to "the several opinions in *New York* v. *United States*, 326 U.S. 572." 327 U.S. at 101 n. 7. Even more significant for our purposes is the Court's citation of *United States* v. *California*, a case concerned with Congress' power to regulate commerce, as supporting the rejection of the State's contention that state sovereignty is a limitation on Congress' war power. *California* directly presented the question whether any sate sovereignty restraint precluded application of the Federal Safety Appliance Act to a state-owned and-operated railroad. The State argued "that as the state is operating the railroad without profit, for the purpose of facilitating the commerce of the port, and is using the net proceeds of operation for harbor improvement . . . it is engaged in performing a public function in its sovereign capacity and for that reason cannot constitutionally be subjected to the provisions of the federal Act." 297 U.S., at 183. Mr. Justice Stone rejected the contention in an opinion for a unanimous Court. His rationale is a complete refutation of today's holding:

"That in operating its railroad [the State] is acting within a power reserved to the states cannot be doubted. . . . The only question we need consider is whether the exercise of that power, in whatever capacity, must be in subordination to the power to regulate interstate commerce, which has been granted specifically to the national government. The sovereign power of the states is necessarily diminished to the extent of the grants of power to the federal government in the Constitution. . . .

"The analogy of the constitutional immunity of state instrumentalities from federal taxation, on which [California] relies, is not illuminating. That immunity is implied from the nature of our federal system and the relationship within it of state and national governments, and is equally a restriction on taxation by either of the instrumentalities of the other. Its nature requires that it be so construed as to allow to each government reasonable scope for its taxing power . . . which would be unduly curtailed if either by extending its activities could withdraw from the taxing power of the other subjects of taxation traditionally within it. . . . Hence we look to the activities in which the states have traditionally engaged as marking the boundary of the restriction upon the federal taxing power. *But there is no such limitation upon the plenary power to regulate commerce. The state can no more deny the power if its exercise has been authorized by Congress than can an individual.*" *Id.*, at 184–185 (emphasis added).[7]

Today's repudiation of this unbroken line of precedents that firmly reject my Brethren's ill-conceived abstraction can only be regarded as a transparent cover for invalidating a congressional judgment with which they disagree.[8] The only analysis even remotely resembling that adopted today is found in a line of opinions dealing with the Commerce Clause and the Tenth Amendment that ultimately provoked a constitutional crisis for the Court in the 1930's. *E.g., Carter* v. *Carter Coal Co.*, 298 U.S. 238 (1936); *United States* v. *Butler*, 297 U.S. 1 (1936); *Hammer* v. *Dagenhart*, 247 U.S. 251 (1918). See Stern, The Commerce Clause and the National Economy, 1933–1946, 59 Harv. L. Rev. 645 (1946). We tend to forget that the Court invalidated legislation during the Great Depression, not solely under the Due Process Clause but also and primarily under the Commerce Clause and the Tenth Amendment. It may have been the eventual abandonment of that overly restrictive construction of the commerce power that spelled defeat for the Court-packing plan, and preserved the integrity of this institution, *id.*, at 682, see, *e.g., United States* v. *Darby, supra; Mulford* v. *Smith*, 307 U.S. 38 (1939); *NLRB* v. *Jones & Laughlin Steel Corp.*, 301 U.S. 1 (1937), but my Brethren today are transparently trying to cut back on that recognition of the scope of the commerce power. My Brethren's approach to this case is not far different from the dissenting opinions in the cases that averted the crisis. See, *e.g*,. *Mulford* v. *Smith*, 307 U.S., at 51 (Butler, J., dissenting); *NLRB* v. *Jones & Laughlin Steel Corp.*, 301 U.S., at 76 (McReynolds, J., dissenting).[9]

That no precedent justifies today's result is particularly clear from the awkward extension of the doctrine of state immunity from federal taxation—an immunity conclusively distinguished by Mr. Justice Stone in *California*, and an immunity that is "narrowly limited" because "the people of all the states have created the national government and are represented in Congress," *Helvering* v. *Gerhardt*, 304 U.S. 405, 416 (1938) (Stone, J.)[10]—to fashion a judiciary enforceable restraint on Congress' exercise of the commerce power that the Court has time and again rejected as having no place on our constitutional jurisprudence.[11] [W]here [Congress] keeps within its sphere and violates no express constitutional limitation it has been the rule of this Court, going back almost to the founding days of the Republic, not to interfere." *Katzenbach* v. *McClung, supra*, at 305.

To argue, as do my Brethren, that the 1974 amendments are directed at the States *qua* States, *ante*, at 13, and "displace[ ] state policies regarding the manner in which they will structure delivery of those governmental services which their citizens require," *ibid.*, and therefore "directly penalize[ ] the States for choosing to hire governmental employees on terms different from those which Congress has sought to impose," *id.*, at 15, is only to advance precisely the unsuccessful arguments made by the State of Washington in *Case* v. *Bowles* and the State of California in *United States* v. *California*. The 1974 amendments are, however, an entirely legitimate exercise of the commerce power, not in the slightest restrained by any doctrine of state sovereignty cognizable in this Court, as *Case* v. *Bowles, United States* v. *California, Maryland* v. *Wirtz*, and our other pertinent precedents squarely and definitively establish. Moreover, since *Maryland* v. *Wirtz* is overruled, the Fair Labor Standards Act is invalidated in its application to all state employees "in [any areas] that the States have regarded as integral parts of their governmental activities." *Ante*, at 20 n. 18. This standard is a meaningless limitation on the Court's state sovereignty doctrine, and thus today's holding goes beyond even what the States of Washington and California urged in *Case* v. *Bowles* and *United States* v. *California*, and by its logic would overrule those cases and with them *Parden* v. *Terminal R. Co., supra*, and certain reasoning in *Employees* v. *Missouri Public Health Dept.*, 411 U.S. 279, 284–285 (1973). I cannot recall another instance in the Court's history when the reasoning of so many decisions covering so long a span of time has been discarded

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roughshod. That this is done without any justification not already often advanced and consistently rejected, clearly renders today's decision an *ipse dixit* reflecting nothing but displeasure with a congressional judgment.

My Brethren's treatment of *Fry* v. *United States,* 421 U.S. 542 (1975), further illustrates the paucity of legal reasoning or principle justifying today's result. Although the Economic Stabilization Act "interfere[d] with the States' freedom," *ante,* at 18—the reason given for invalidating the 1974 amendments—the result in *Fry* is not disturbed since the interference was temporary and only a national program enforced by the Federal Government could have alleviated the country's economic crisis. Thus, although my Brethren by fiat strike down the 1974 amendments without analysis of countervailing national considerations, *Fry* by contrary logic remains undisturbed because, on balance, countervailing national considerations override the interference with the State's freedom. Moreover, it is sophistry to say the Economic Stabilization Act "displaced no state choices," *id.,* at 19, but that the 1974 amendments do, *id.,* at 13. Obviously the Stabilization Act—no less than every exercise of a national power delegated to Congress by the Constitution—displaced the State's freedom. It is absurd to suggest that there is a constitutionally significant distinction between curbs against increasing wages and curbs against paying wages lower than the federal minimum.

Today's holding patently is in derogation of the sovereign power of the Nation to regulate interstate commerce. Can the States engage in businesses competing with the private sector and then come to the courts arguing that withdrawing the employees of those businesses from the private sector evades the power of the Federal Government to regulate commerce? See *New York* v. *United States, supra,* at 582 (opinion of Frankfurter, J.). No principle given meaningful content by my Brethern today precludes the States from doing just that. Our historic decisions rejecting all suggestions that the States stand in a different position from affected private parties when challenging congressional exercise of the commerce power reflect that very concern. *Maryland* v. *Wirtz, supra; United States* v. *California, supra. Fry* only last Term emphasized "that States are not imune from all federal regulation under the Commerce Clause *merely because of their sovereign status.*" 421 U.S., at 548 (emphasis added). For "[b]y empowering Congress to regulate commerce . . . the States necessarily surrendered any portion of their sovereignty that would stand in the way of such regulation." *Parden* v. *Terminal R. Co., supra,* at 192; see *Employees* v. *Missouri Public Health Dept., supra,* at 286. Employment relations of States that subject themselves to congressional regulation by participating in regulable commerce are subject to congressional regulation. *California* v. *Taylor,* 353 U.S. 553, 568 (1957). Plainly it has gotten no earlier since we declared it "too late in the day to question the power of Congress under the Commerce Clause to regulate . . . activities and instrumentalities [in interstate commerce] . . . whether they be the activities and instrumentalities of private persons or of public agencies." *California* v. *United States,* 320 U.S. 577, 586 (1944).

Also devoid of meaningful content is my Brethren's argument that the 1974 amendment "displaces [ ] State policies." *Ante,* at 13. The amendments neither impose policy objectives on the State nor deny the States complete freedom to fix their own objectives. My Brethren boldly assert that the decision as to wages and hours is an "undoubted attribute of state sovereignty" *id.,* at 11, and then never say why. Indeed, they disclaim any reliance on the costs of compliance with the amendments in reaching today's result. *Id.,* at 11–12, 17. This would enable my Brethren to conclude that, however insignificant that cost, any federal regulation under the commerce power "will nonetheless significantly alter or displace the States' abilities to structure employer-employee relationships." *Id.,* at 17.[12] This then would mean that, whether or not state wages are paid for the performance of an "essential" state function (whatever that may mean), the newly discovered state sovereignty constraint could operate as a flat and absolute prohibition against congressional regulation of the wages and hours of state employees under the Commerce Clause. The portent of such a sweeping holding is so ominous for our constitutional jurisprudence as to leave one incredulous.

Certainly the paradigm of sovereign action—action *qua* State—is in the enactment and enforcement of state laws. It is possible that my Brethren are signaling abandonment of the heretofore unchallenged principle that Congress "can, if it chooses, entirely displace the States to the full extent of the far-reaching Commerce Clause"? *Bethlehem Steel Co.* v. *New York State Board,* 330 U.S. 767, 780 (1947) (opinion of Frankfurter, J.). Indeed, that principle sometimes invalidates state laws regulating subject matter of national importance even when Congress has been silent. *Gibbons* v. *Ogden, supra;* see *Sanitary Dist.* v. *United States, supra,* at 426. In either case the ouster of state laws obviously curtails or prohibits the States' prerogatives to make policy choices respecting subjects clearly of greater significance to the "State *qua* State" than the minimum wage paid to state employees. The Supremacy Clause dictates this result under "the federal system of government embodied in the Constitution." *Ante,* at 17–18.

My Brethren do more than turn aside, longstanding constitutional jurisprudence that emphatically rejects today's conclusion. More alarming is the startling restructuring of our federal system, and the role they create therein for the federal judiciary. This Court is simply not at liberty to erect a mirror of its own conception of a desirable governmental structure. If the 1974 amendments have any "vice," *ante,* at 15, my Brother STEVENS is surely right that it represents "merely . . . a policy issue which has been firmly resolved by the branches of government having power to decide such questions." *Post,* at 2. It bears repeating "that effective restraints on . . . exercise [of the Commerce power] must proceed from political rather than from judicial processes." *Wickard* v. *Filburn, supra,* at 120.

It is unacceptable that the judicial process should be thought superior to the political process in this area. Under the Constitution the judiciary has no role to play beyond finding that Congress has not made an unreasonable legislative judgment respecting what is "commerce." My Brother BLACKMUN suggests that controlling judicial supervision of the relationship between the States and our National Government by use of a balancing approach diminishes the ominous implications of today's decision. Such an approach, however, is a thinly veiled rationalization for judicial supervision of a policy judgment that our system of government reserves to Congress.

Judicial restraint in this area merely recognizes that the political branches of our Government are structured to protect the interests of the States, as well as the Nation as a whole, and that the States are fully able to protect their own interests in the premises. Congress is constituted of representatives in both Senate and House *elected from the States.* The Federalist No. 45, at 311–312 (J. Cooke ed. 1961) (J. Madison)· The Federalist No. 46, at 317–318 (J. Cooke ed. 1961) (J. Madison). Decisions upon the extent of federal intervention under the Commerce Clause into the affairs of the States are in that sense decisions of the States themselves. Judicial redistribution of powers granted the National Government by the terms of the Constitution violates the fundamental tenet of our federalism that the extent of federal intervention into the State's affairs in the exercise of delegated powers shall be determined by the States' exercise of political power through their representatives in Congress. See Wechsler, The Political Safeguards of Federalism: The Role of the States in the Composition and Selection of the National Government, 54 Col. L. Rev. 543 (1954). There is no reason whatever to support that in enacting the 1974 amendments Congress, even if it might extensively obliterate state sovereignty by fully exercising its plenary power respecting commerce, had any purpose to do so. Surely the presumption must be to the contrary. Any realistic assessment of our federal political system, dominated as it is by representatives of the people *elected from the States,* yields the conclusion that it is highly unlikely that those representatives will ever be motivated to disregard totally the concerns of these States.[13] The Federalist No. 46, *supra,* at 319. Certainly this was the premise upon which the Constitution, as authoritatively explicited in *Gibbons* v. *Ogden,* was founded. Indeed, though the States are represented in the National Government, national interests are not similarly represented in the States' political processes. Perhaps my Brethren's concern with the judiciary's role in preserving federalism might better focus on whether Congress, not the States, is in greater need of this Court's protection. See *New York* v. *United States, supra,* at 582 (opinion of Frankfurter, J.); *Helvering* v. *Gerhardt, supra,* at 416.

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A sense of the enormous impact of States' political power is gained by brief reference to the federal budget. The largest estimate by any of the appellants of the cost impact of the 1974 amendments—one billion dollars—pales in comparison with the financial assistance the States receive from the Federal Government. In fiscal 1977 the President's proposed budget recommends $60.5 billion in federal assistance to the States, exclusive of loans. Office of Management and Budget, Special Analyses: Budget of the United States Government, Fiscal Year 1977, p. 255. Appellants complain of the impact of the amended FLSA on police and fire departments, but the 1977 budget contemplates outlays for law enforcement assistance of $716 million. *Id.,* at 258. Concern is also expressed about the diminished ability to hire students in the summer if States must pay them a minimum wage, but the Federal Government's "summer youth program" provides $400 million for 670,000 jobs. *Ibid.* Given this demonstrated ability to obtain funds from the Federal Government for needed state services, there is little doubt that the States' influence in the political process is adequate to safeguard their sovereignty.[14]

My Brethren's disregard for precedents recognizing these long-settled constitutional principles is painfully obvious in their cavalier treatment of *Maryland* v. *Wirtz.* Without even a passing reference to the doctrine of *stare decisis, Wirtz*—regarded as controlling only last Term, *Fry* v. *United States, supra,* at 548, and as good law in *Employees* v. *Missouri Public Health Dept., supra,* at 283—is by exercise of raw judicial power overruled.

No effort is made to distinguish the FLSA amendments sustained in *Wirtz* from the 1974 amendments. We are told at the outset that "the 'far-reaching implications' of *Wirtz* should be overruled," *ante,* at 5–6; later it is said that the "reasoning in *Wirtz*" is no longer "authoritative," *id.,* at 19. My Brethren then merely restate their essential function test and say that *Wirtz* must "therefore" be overruled. *Id.*, at 21. There is no analysis whether *Wirtz* reached the correct result, apart from any flaws in reasoning even though we are told that "there are obvious differences" between this case and *Wirtz. Ibid.*[15] Are state and federal interests being silently balanced, as in the discussion of *Fry, id.*, at 18–19? The best I can make of it is that the 1966 FLSA amendments are struck down and *Wirtz* is overruled on the basis of the conceptually unworkable essential function test; and that the test is unworkable is demonstrated by my Brethren's inability to articulate any meaningful distinctions among state-operated railroads, see *id.*, at 20 n. 18, state-operated schools and hospitals, and state-operated police and fire departments.

We are left then with a catastrophic judicial body blow at Congress' power under the Commerce Clause. Even if Congress may nevertheless accomplish its objectives—for example by conditioning grants of federal funds upon compliance with federal minimum wage and overtime standards, cf. *Oklahoma* v. *United States Civil Service Comm'n*, 330 U.S. 127, 144 (1947)—there is an ominous portent of disruption of our constitutional structure implicit in today's mischievous decision. I dissent.

FOOTNOTES

[1] "A government ought to contain in itself every power requisite to the full accomplishment of the objects committed to its care, and to the complete execution of the trusts for which it is responsible; free from every other control, but a regard to the public good and to the sense of the people." The Federalist No. 31, at 195 (J. Cooke ed. 1961) (A. Hamilton).

[2] Some decisions reflect the Court's reluctance to interpret legislation to alter the federal-state balance of power. See, *e.g.*, *Employees* v. *Missouri Public Health Dept.*, 411 U.S. 279, 285–287 (1973); *United States* v. *Bass*, 404 U.S. 336, 349 (1971). Rather than state any limit on congressional power, however, these decisions merely rely on our traditional canon of construction in the face of statutory ambiguity that recognizes a presumption that Congress normally considers effects on federalism before taking action displacing state authority. Stern, The Commerce Clause and the National Economy, 1933–1946, Part Two, 59 Harv. L. Rev. 883, 946 (1946). There is no claim that the 1974 amendments are not clearly intended to apply to the States, nor is there any suggestion that Congress was unaware of the federalism issue.

[3] As support for the creation of a state sovereignty limitation on the commerce power, my Brethren quote this statement in *Wirtz* out of context. *Ante*, at 8. This statement is at the end of a paragraph in *Wirtz* recognizing that Congress' commerce power is limited because it reaches only "commerce with foreign nations and among the several States." 392 U.S., at 196, quoting *Santa Cruz Fruit Packing Co.* v. *NLRB*, 303 U.S. 453, 466 (1938). The passage that follows the language quoted by the Court is:

"But while the commerce power has limits, valid general regulations of commerce do not cease to be regulations of commerce because a State is involved. If a State is engaging in economic activities that are validly regulated by the Federal Government when engaged in by private persons, the State too may be forced to conform its activities to federal regulation." 392 U.S., at 196–197. It is clear, then, that this Court's "ample power" to prevent the destruction of the States was not found in *Wirtz* to result from some affirmative limit on the exercise of the commerce power, but rather in the Court's function of limiting congressional exercise of its power to regulation of "commerce."

[4] The Court relies on *Fry* v. *United States*, 421 U.S. 542, 547 n. 7 (1975), but I cannot subscribe to reading *Fry* as departing, without analysis, from a principle that has remained unquestioned for over 150 years. Although the Tenth Amendment "is not without significance," *ibid.*, its meaning is clear: it declares that our Federal Government is one of delegated powers. And it is because of this contraint, rather than the state sovereignty doctrine discovered today by the Court, "that Congress may not exercise power in a fashion that impairs the States' integrity or their ability to function effectively in a federal system." *Ibid. Fry* did not say that there is a limit in the Tenth Amendment on the exercise of a delegated power, but instead said that "Congress may not exercise power in a fashion that. . . ." The only import of the footnote in *Fry*, then, is that Congress may not invade state sovereignty by exercising powers not delegated to it by the Constitution; since the wage ceilings at issue in *Fry* were clearly within the commerce power, we found no "drastic invasion of State sovereignty." *Ibid.* Even the author of today's opinion stated in *Fry* that the Tenth Amendment does not "by its terms" restrict Congress' power to regulate commerce, *Id.*, at 557 (Rehnquist, J., dissenting).

[5] In support of the first quoted paragraph, *Darby* cited II Elliot's Debates 123, 131 (2d ed. 1787); III *id.*, at 450, 464, 600–601; IV *id.*, at 140-141, 148–149; I Annals of Congress 432, 761, 767–768 (1789); Story; Commentaries on the Constitution §§ 1907–1908 (2d ed. 1851) "It is plain, therefore, that it could not have been the intention of the framers of this amendment to give it effect, as an abridgement of any of the powers granted under the constitution, whether they are express or implied, direct or incidental. Its sole design is to exclude any interpretation, by which other powers should be assumed beyond those which are granted.").

Decisions expressly rejecting today's interpretation of the Tenth Amendment also include *Sperry* v. *Florida*, 373 U.S. 379, 403 (1963); *Oklahoma* v. *United States Civil Serv. Comm'n*. 330 U.S. 127, 143 (1947); *Case* v. *Bowles*, 327 U.S. 92, 102 (1946); *Fernandez* v. *Weiner*, 326 U.S. 340, 362 (1945); *Oklahoma ex rel. Phillips* v. *Guy F. Atkinson Co.*, 313 U.S. 508, 534 (1941); *United States* v. *Sprague*, 282 U.S. 716, 733–734 (1931).

[6] *Case* also expressed concerns about creating a state sovereignty limitation on a delegated power that are equally applicable to restrictions on the commerce power: "The result would be that the constitutional grant of the power to make war would be inadequate to accomplish its full purpose. And this result would impair a prime purpose of the Federal Government's establishment." 327 U.S., at 102. The Brethren intimate that Congress' war power is more properly viewed as "a prime purpose of the Federal Government's establishment" than the commerce power. *Ante*, at 20 n. 18. Nothing could be further from the fact. "The sole purpose for which Virginia initiated the movement which ultimately produced the Constitution was 'to take into consideration the trade of the United States; to examine the relative situations and trade of the said States; to consider how far a uniform system in their commercial regulations may be necessary to their common interest and their permanent harmony . . .' No other federal power was so universally assumed to be necessary, no other state power was so readily relinquished." *H. P. Hood & Sons, Inc.* v. *Du Mond*, 336 U.S. 525, 533–534 (1949); see *id.*, at 532–535.

[7] Even in the tax area the States' immunity has not gone unchallenged. The separate opinion of Mr. Justice Frankfurter in *New York* v. *United States*, 326 U.S. 572, 573 (1946), argued that the only limitation on the federal power to tax was that Congress not discriminate against the States. There is no such discrimination in the 1974 amendments, since they apply to both public and private employers. Mr. Justice Frankfurter noted a distinction between immunities claimed to invalidate state taxes on federal activities and those urged as a basis for rejecting federal taxes. "The federal government is the government of all the States, and all the States share in the legislative process by which a tax of general applicability is laid." *Id.*, at 577. See *McCulloch* v. *Maryland*, 4 Wheat. 316, 405–406 (1819). He also recognized that immunity in this area had been significantly eroded since it was first used to protect state officials from a federal tax in *Collector* v. *Day*, 11 Wall. 113 (1871). See, e.g. *Graves* v. *New York ex rel. O'Keefe*, 306 U. S. 466 (1939), overruling *Collector* v. *Day*, *supra; Helvering* v. *Producers Corp.*, 303 U. S. 376 (1938); *Fox Film Corp.* v. *Doyal*, 286 U. S. 123 (1932).

Even more significantly, Mr. Justice Frankfurter pointed out that the existence of a state immunity from federal taxation, to the extent that it was based on any vague sovereignty notions, was inconsistent with the holding in *United States* v. *California*, 297 U.S. 175 (1936), that state sovereignty does not restrict federal exercise of the commerce power. 326 U. S.. at 582.

[8] My Brethen's reliance on *Texas* v. *White*, 7 Wall. 700, 725 (1869), and *Lane County* v. *Oregon*, 7 Wall. 71, 76 (1869), is puzzling to say the least. The Brethren make passing reference to the unique historical setting in which those cases were decided, *ante*, at 10, but pointedly ignores the significance of the events of those days. During the tenure of Chief Justice Chase, the War Between the States, fought to preserve the supremacy of the Union, was won; Congress and the States then enacted three constitutional amendments, the Thirteenth, Fourteenth, and Fifteenth, enlarging federal power and concomitantly contracting the States' power, see *Ex parte Virginia*, 100 U.S. 339, 345 (1880); and Congress enacted a variety of laws during Reconstruction further restricting state sovereignty. *Texas* v. *White* itself noted that the Constitution empowered Congress to form a new government in a State if the citizens of that State were being denied a republican form of government. 7 Wall., at 729. And the Court recognized in *Lane County* that "[t]he people of the United States constitute one nation, under one government, and this government, within the scope of the powers with which it is invested, is supreme." 7 Wall., at 76.

[9] Even those dissenting opinions, however, were more faithful to the Constitution than is today's decision. They relied on the Tenth Amendment to invalidate federal legislation only because they found the enactments not within the scope of the commerce power, and thus not within a power delegated to Congress. More importantly, they made no distinction between private parties and States; in their view, what was not commerce for one was commerce for no one. My Brethren today, however, arrive at their noval constitutional theory in defiance of the plain language of the Tenth Amendment, differentiating "the people" from "the States." They apparently hold that a power delegated to Congress with respect to the former is, contrary to the clear wording of the Amendment, not delegated as to the latter, because this conclusion is more consonant with their view of a proper distribution of governmental power. But, "however socially desirable the goals sought to be advanced . . . , advancing them through a free wheeling non-elected judiciary is quite unacceptable in a democratic society." REHNQUIST, The Notion of a Living Constitution, 54 Texas L. Rev. 693, 699 (1976).

[10] The danger to the federal power to tax of hypothesizing any constraint, derived from state sovereignty and monitored by this Court, was expressly recognized:

"Another reason [for narrowly limiting

state sovereignty restrictions on the power to tax] rests upon the fact that any allowance of a tax immunity for the protection of state sovereignty is at the expense of the sovereign power of the nation to tax. Enlargement of the one involves diminution of the other. When enlargement proceeds beyond the necessity of protecting the state, the burden of the immunity is thrown upon the national government with benefit only to a privileged class of taxpayers. See *Metcalf & Eddy* v. *Mitchell*, 269 U.S. 514 [1926]; cf. *Thomson* v. *Pacific Railroad*, 9 Wall. 579, 588, 590 [1870]. With the steady expansion of the activity of state governments into new fields they have undertaken the performance of functions not known to the states when the Constitution was adopted, and have taken over the management of business enterprises once conducted exclusively by private individuals subject to the national taxing power. In a complex economic society tax burdens laid upon those who directly or indirectly have dealings with the states, tend, to some extent not capable of precise measurements, to be passed on economically and thus to burden the state government itself. But if every federal tax which is laid on some new form of state activity, or whose economic burden reaches in some measure the state or those who serve it, were to be set aside as an infringement of state sovereignty, it is evident that a restriction upon national power, devised only as a shield to protect the states from curtailment of the essential operations of government which they have exercised from the beginning, would become a ready means for striking down the taxing power of the nation. See *South Carolina* v. *United States*, 199 U.S. 437, 454–455 [1905]. Once impaired by the recognition of a state immunity found to be excessive, restoration of that power is not likely to be secured through the action of state legislatures; for they are without the inducements to act which have often persuaded Congress to waive immunities thought to be excessive." *Helvering* v. *Gerhardt*, 304 U.S. 405, 416–417 (1938) (footnote omitted).

[11] My Brethren also ignore our holdings that the principle of state sovereignty held to be embodied in the Eleventh Amendment can be overridden by Congress under the Commerce Clause. *Parden* v. *Terminal R. Co.*, 377 U.S. 184 (1964). Although the Eleventh Amendment can be overcome by exercise of the power to regulate commerce, my Brethren never explain why the protections of state sovereignty they erroneously find embodied in the Tenth Amendment cannot similarly be overcome. Instead, they merely tell us which delegated powers are limited by state sovereignty, *ante*, at 9 n. 14, and which are not, *id.*, at 20 n. 18, see also *Kleppe* v. *New Mexico*, —— U.S. —— (1976), but neither reason nor precedent distinguishing among these powers is provided.

[12] My Brethren's reluctance to rely on the cost of compliance to invalidate this legislation is advisable.

"Such matters raise not constitutional issues but questions of policy. They relate to the wisdom, need, and effectiveness of a particular project. They are therefore questions for the Congress, not the courts." *Oklahoma ex rel. Phillips* v. *Guy F. Atkinson Co.*, 313 U.S., at 527.

See *Employees* v. *Missouri Public Health Dept.*, 411 U.S., at 284. Although my Brethren accept for present purposes the well-pleaded allegations of appellants' complaint, I note that the Secretary vigorously argues in this Court that appellants' cost allegations are greatly exaggerated and based on misinterpretations of the 1974 amendments. For example, the Executive Vice President of the National League of Cities stated in a deposition that the federal minimum wage would have little impact on city budgets since "most cities are already in compliance." App. 124. My Brethren's concern about the use of volunteers is also unfounded. No provision proscribes the use of volunteers or regulates their compensation in any way. Indeed, the Department of Labor's regulations read the FLSA as providing that payments to individuals below a certain level are presumptive evidence of volunteer status; above that level volunteer status depends on particular circumstances. 29 CFR § 553.11. That the question whether an individual is an employee or a volunteer might be resolved in the courts has nothing to do with federalism, since Congress has rationally decided to regulate the wages of state employees under the Commerce Clause. The Secretary also maintains that misconceptions permeate the other claims of final impact, such as the failure to account for overtime exemptions for police and fire personnel, 29 U.S.C. § 207(k), but further analysis of appellant's allegations would not be profitable, nor might it even be possible in view of their failure to specify adequately the method of calculating the costs.

[13] The history of the 1974 amendments is a striking example of the political process in operation. When Congress in 1973 passed FLSA amendments that extended coverage to state and local employees, the President vetoed the bill and stated among his objections that "[e]xtension of Federal minimum wage and overtime standards to State and local government employees is an unwarranted interference with State prerogatives." 119 Cong. Rec. 28743 (1973). The veto was sustained. *Id.*, at 30266. But when Congress moderated its position and passed the bill in another form, the President signed it and noted the compromise: "S. 2747 also extends coverage to include Federal, State, and local government employees, domestic workers, and others previously excluded from coverage. The Congress has reduced some of the economic and social disruptions this extension could cause by recognizing the unique requirements of police, fire, and correctional services." 10 Weekly Comp. of Pres. Docs. 392 (1974).

[14] In contrast, my Brethren frequently remand powerless individuals to the political process by invoking doctrine of standing, justiciability, and remedies. For example, in *Warth* v. *Seldin*, 422 U.S. 490 (1975), the Court suggested that some residents of Rochester, New York, "not overlook the normal democratic process," *id.*, at 508 n. 18, even though they were challenging a suburban zoning ordinance and had no voice in the suburb's political affairs. In this case, however, those entities with perhaps the greatest representation in the political process have lost a legislative battle, but when they enter the courts and repeat the arguments made in the political branches, the Court welcomes them with open arms, embraces their political cause, and overrides Congress' political decision.

[15] In contrast, the Court measures the legislation at issue in *Fry* in light of today's decision, although, as I have noted, that consideration amounts to a repudiation of the Court's holding. See pp. 16–17, *supra*. Just as the reasoning of *Wirtz* is rejected, however, the reasoning of *Fry*, decided only last Term, must also be deemed rejected, for it adhered totally to the principles of *Wirtz*. That the Economic Stabilization Act was an emergency measure was not dispositive in *Fry*; it merely rendered the Act "even less intrusive" than the "quite limited" legislation sustained in *Wirtz*. 421 U.S. at 548.

DISC—WHO GETS THE WINDFALLS?

Mr. KENNEDY. Mr. President, the current issue of Tax Notes contains an excellent factual analysis of the various beneficiaries of DISC, the controversial export tax subsidy in the Internal Revenue Code.

The analysis, which is for 1975 data, bears out the recent Treasury DISC report, which indicated that in 1973, 52 percent of net income of DISC operations accrued to only 11 percent of the DISC's, belonging to 249 corporations with assets of $250 million or more, and 39 percent went to only 23 corporations.

The Tax Notes analysis, based on data reported to the SEC, shows that 30 percent of the $1.3 billion in DISC tax subsidies in 1975 went to 109 large firms.

Mr. President, many of us believe that DISC is an extremely wasteful and inefficient tax subsidy that ought to be repealed. The Tax Notes study demonstrates how lucrative the DISC windfall actually is for some of the Nation's largest corporations. This sort of upside-down tax welfare has no place in our tax laws.

Mr. President, Tax Notes has performed a useful public service in compiling this data and I ask unanimous consent that the study be printed in the Record.

There being no objection, the study was ordered to be printed in the Record, as follows:

[From Tax Notes, June 21, 1976, Pages 7–11]

LARGE FIRMS ARE MAJOR DISC BENEFICIARIES

A Tax Notes study of 1975 data supports an earlier Treasury Department finding that the bulk of benefits arising from the domestic international sales corporation (DISC) tax subsidy goes to the nation's largest companies. According to data reported to the Securities and Exchange Commission, 30% of the $1.3 billion in 1975 tax savings due to DISC went to 109 firms on the Fortune magazine list of the 500 largest industrial corporations. As of December of 1975, there were 8,258 DISCs according to the Treasury.

In its report, released last April 13, on DISC year 1974 (roughly, calendar 1973), the Treasury said 52% of the net income of the 2,333 DISCs with corporate owners for which asset size is available, accrued to 11% of the DISCs whose parent companies assets were at least $250 million.

The revenue costs of DISC for the 109 firms in the Tax Notes survey begin on page 8. The negative 1975 figures for American Petrofina, Inc. and Reichhold Corp. are due to timing differences that resulted in taxes being paid on previously deferred DISC income.

[Due to mechanical limitations, tables included in the study will appear in a later issue of the Record.]

REMOVAL OF INJUNCTION OF SECRECY—EX. K, 94TH CONG., 2D SESS.

Mr. ROBERT C. BYRD. Mr. President, as in executive session, I ask unanimous consent that the injunction of secrecy be removed from the Convention with the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income signed at London on December 31, 1975, together with an exchange of notes modifying certain provisions of the Convention signed at London on April 13, 1976 (Executive K. 94th Cong., 2d sess.), which was transmitted to the Senate today by the President of the United States, and also that the Convention with accompanying papers be referred to the Committee on Foreign Relations and ordered to be printed, and that the President's message be printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

The message from the President is as follows:

President's Message From the White House

To the Senate of the United States:

I transmit herewith for Senate advice and consent to ratification the Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income signed at London on December 31, 1975, together with an exchange of notes modifying certain provisions of the Convention signed at London on April 13, 1976.

I also transmit for the information of the Senate the report of the Department of State with respect to the Convention and the exchange of notes.

This Convention and exchange of notes are designed to modernize the relationship with respect to taxes on income which has evolved between the United States and the United Kingdom from a similar Convention signed at Washington on April 16, 1945.

The Convention with subsequent exchange of notes is similar to other recent United States income tax treaties, although it does have some new features which are described in the enclosed report of the Department of State.

Such tax conventions help promote economic cooperation with other countries. I urge the Senate to act favorably on this Convention and exchange of notes at an early date and to give its advice and consent to ratification.

Gerald R. Ford.

The White House, *June 24, 1976.*

ORDER FOR RECOGNITION OF SENATOR BIDEN, DESIGNATION OF PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS, AND CONSIDERATION OF CERTAIN MEASURES TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the two leaders or their designees have been recognized under the standing order, Mr. Biden be recognized for not to exceed 15 minutes, after which there be a brief period for the transaction of routine morning business not to exceed 10 minutes with statements limited therein to 2 minutes each, at the conclusion of which the Senate proceed to the consideration of the ERDA authorization bill, upon the disposition of which the Senate resume consideration of the tax reform bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TIME-LIMITATION AGREEMENT—H.R. 14231

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent—this has been cleared with Mr. Young and with Mr. Stevens—that when the Interior appropriation bill is called up, there be a time limitation thereon of one hour to be divided between myself and Mr. Stevens, and a time limitation on any amendment thereto of 20 minutes, and a time limitation on any debatable motion or appeal, or point of order, of 20 minutes, and that the agreement with respect to the division and control of time be in the usual form.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at 9 o'clock tomorrow morning. After the two leaders or their designees have been recognized under the standing order, Mr. Biden will be recognized for not to exceed 15 minutes, after which there will be a period for the transaction of routine morning business not to exceed 10 minutes, with statements limited therein to 2 minutes each; at the conclusion of which period the Senate will proceed to the consideration of Calendar Order No. 835, S. 3105, the ERDA authorization bill, on which there is a time agreement of 2 hours on the bill, 2 hours on the Haskell amendment, 40 minutes on a Randolph amendment, 1 hour on any other amendment, 20 minutes on any debatable motion, appeal or point of order, if such is submitted to the Senate for discussion, and the agreement is in the usual form.

Rollcall votes will occur in relation to the ERDA authorization bill, and upon the disposition of that bill the Senate will resume consideration of the tax reform bill on which rollcall votes are expected to occur tomorrow afternoon.

I would say that the first rollcall vote will not occur before 10 a.m., unless there is a need to have the Sergeant at Arms rally Senators to the cause, in which case the yeas and nays might be demanded, but I would doubt there would be a rollcall vote before 10 o'clock tomorrow morning.

However, the Senate is expected to be in late again tomorrow. The fact that the Senate will be in on Saturday cuts no ice and Senators may expect rollcall votes early and late on tomorrow.

RECESS TO 9 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate I move, in accordance with the previous order, that the Senate stand in recess until 9 a.m. tomorrow.

The motion was agreed to; and at 11:47 p.m., the Senate recessed until tomorrow, Friday, June 25, 1976, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate June 24, 1976:

Overseas Private Investment Corporation

The following-named persons to be members of the board of directors of the Overseas Private Investment Corporation for terms expiring December 17, 1978:

Donley L. Brady, of California (reappointment).

Allie C. Felder, Jr., of the District of Columbia (reappointment).

In the Army

The following-named scholarship students for appointment in the Regular Army of the United States in the grade of second lieutenant, under the provisions of title 10, United States Code, sections 2107, 3283, 3284, 3286, 3287, and 3290:

Bennett, Paul D., [redacted].
Douglas, Donald C., [redacted].
Glasco, Donald G., [redacted].
Paige, James A., Jr., [redacted].
Tomlin, Harry A., [redacted].

The following-named distinguished military students for appointment in the Regular Army of the United States in the grade of second lieutenant under the provisions of title 10, United States Code, sections 2106, 3283, 3284, 3286, 3287, 3288, and 3290:

Balzer, Craig J., [redacted].
Claybrook, Carol A., [redacted].
Downs, Wallace T., [redacted].
Elliott, Paul E., [redacted].
Everly, Clarence A., [redacted].
German, Bobby L., [redacted].
Hite, Tommy W., [redacted].
Huntington, Lawrence W., [redacted].
McDonald, Kenneth G., [redacted].
Miller, Ross N., [redacted].
Minerich, Lloyd M., [redacted].
Nicholson, Mark E., [redacted].
Rains, Jack C., Jr., [redacted].
Sarro, Mark J., [redacted].
Scaggs, Michael D., [redacted].
Smith, Michael D., [redacted].
Snyder, Charles E., III, [redacted].
Sousa, Richard T., [redacted].
Stephens, Ricardo E., [redacted].
Zeiher, Garland R., [redacted].

In the Air Force

The following Air Force officer for appointment in the Regular Air Force in the grade indicated, under the provisions of section 8204, title 10, United States Code, with date of rank to be determined by the Secretary of the Air Force:

LINE OF THE AIR FORCE

To be captain

Confer, Dennis W., [redacted].

The following persons for appointment as Reserve of the Air Force, in the grade indicated, under the provisions of section 593, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform the duties indicated:

MEDICAL CORPS

To be lieutenant colonel

Anderson, Harris R., [redacted].
Basinger, Harold P., [redacted].
Booth, Fred S., [redacted].
Cabrera-Ramirez Lorenzo, [redacted].
Cock, Thomas C., [redacted].
Connelly, Jesse P., [redacted].
Dest, Paul, [redacted].
Geller, Joseph, [redacted].
Giller, Walter J., [redacted].
Greaves, Douglas T., [redacted].
Greisman, Paul A., [redacted].
Hohn, Gerald J., [redacted].
Humphries, Ivan C., [redacted].
Kashgarian, Mark, [redacted].
King, Wesley A., [redacted].
Mathews, Thomas P., [redacted].
Mays, Joseph L., [redacted].
McDonald, Harold T., [redacted].
Miller, Gilbert, [redacted].
Moseley, John C., [redacted].
Ogg, Billy D., [redacted].

Owens, Wyeth E., [redacted].
Pates, Don C., [redacted].
Pickering, Lloyd G., [redacted].
Rollins, Pat, [redacted].
Russo, Charles P., [redacted].
Schaap, George A., [redacted].
Seeglitz, William A., [redacted].
Siegel, Daniel K., [redacted].
Tolson, James M., [redacted].
Tsomides, James L., [redacted].
Weber, Arthur O., [redacted].
Weinman, Tay J., [redacted].
White, Glenn D., [redacted].

The following persons for appointment as Temporary officers in the United States Air Force, in the grade indicated, under the provisions of sections 8444 and 8447, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform the duties indicated:

MEDICAL CORPS

To be lieutenant colonel

Alexandre, Journal, [redacted].
Anderson, Harris R., [redacted].
Anderson, John A., [redacted].
Basinger, Harold P., [redacted].
Booth, Fred S., [redacted].
Bourgeois, Stephen D., [redacted].
Cadol, Roger V., [redacted].
Carver, Richard F., [redacted].
Cock, Thomas C., [redacted].
Connelly, Jesse P., [redacted].
Cooper, William R., [redacted].
Dest, Paul, [redacted].
Edwards, Charles H., [redacted].
Emmite, Joseph P., [redacted].
Ergas, Ralph E., [redacted].
Francisco, Edgardo C., [redacted].
Gardner, John C., [redacted].
Geller, Joseph, [redacted].
Greaves, Douglas T., [redacted].
Greisman, Paul A., [redacted].
Hohn, Gerald J., [redacted].
Holbrook, James A., [redacted].
Hovick, Jack H. "O", [redacted].
Humphries, Ivan C., [redacted].
Johnson, Herbert S., [redacted].
Jones, Warner E., [redacted].
Kashgarian, Mark, [redacted].
King, Wesley A., [redacted].
Lina, Manuel S., [redacted].
Long, Truman E., [redacted].
Mabie, James E., [redacted].
Mathews, Thomas P., [redacted].
Mays, Joseph L., [redacted].
McDonald, Harold T., [redacted].
Miller, Gilbert, [redacted].
Ogg, Billy D., [redacted].
Owens, Wyeth E., [redacted].
Pates, Don C., [redacted].
Pickering, Lloyd G., [redacted].
Pineda, Jose D., [redacted].
Resol, Juan H., [redacted].
Rollins, Pat, [redacted].
Russo, Charles P., [redacted].
Rustia, Ricardo M., [redacted].
Ryals, Jarvis D., [redacted].
Schaap, George A., [redacted].
Seeglitz, William A., [redacted].
Siegel, Daniel K., [redacted].
Stalzer, Edward V., [redacted].
Tolson, James M., [redacted].
Tsomides, James L., [redacted].
Unahalekhaka, Arnath, [redacted].
Vizcarrondo, Felipe E., [redacted].
Weber, Arthur O., [redacted].
White, Glenn D., [redacted].
Wilkins, Edmund E., Jr., [redacted].
Zaayer, Dolph W., [redacted].

The following persons for appoiontment as Reserve of the Air Force, in the grade indicated, under the provisions of section 593, Title 10, United States Code:

LINE OF THE AIR FORCE

To be lieutenant colonel

Dotson, Robert S., [redacted].
Horner, Kenneth R., [redacted].

The following officer for appointment as Reserve of the Air Force (ANGUS), in the grade indicated, under the provisions of sections 593, 8351 and 8392, title 10, United States Code:

LINE OF THE AIR FORCE

To be colonel

Gemberling, Edwin L., [redacted].

The following officers for promotion in the Air Force Reserve, under the provisions of sections 8376 and 593, title 10, United States Code:

LINE OF THE AIR FORCE

Major to lieutenant colonel

Balash, Theodore A., [redacted].
Christensen, William O., Jr., [redacted].
Kari, Duane J., [redacted].
Leviseur, Carl R., [redacted].
Potton, Dale H., [redacted].

MEDICAL CORPS

Delpriore, Joseph A., [redacted].
Jones, Henry A., [redacted].
Julian, Mark D., [redacted].
Legowik, John T., [redacted].
Netreba, Jules L., [redacted].
Rissier, Herbert L., [redacted].
Sayre, Malcolm M., [redacted].
Shipp, Robert H., [redacted].
Solomon, James W., [redacted].
Speckhard, Mark E., [redacted].
Warrender, Charles L., [redacted].
Winter, Oliver S., [redacted].

NURSE CORPS

Bradley, Patricia E., [redacted].

IN THE NAVY

The following-named Naval Reserve officers for temporary promotion to the grade of commander in the line, subject to qualification therefor as provided by law:

Abrahams, Paul F.
Abrell, Gary A.
Abreu, Norman H.
Adams, Richard F., Jr.
Aimone, Robert J.
Aisthorpe, John E.
Alafetich, Jack M.
Alberty, James A.
Alkema, Andrew G.
Alkov, Francis L.
Allen, Arnold C.
Allen, Frederick S., Jr.
Allen, Martyn A.
Ambrose, Robert C.
Anderson, William W.
Andre, William A.
Andrus, Frederick H.
Andrus, Roger D.
Antonio, Robert J.
Ardleigh, Paul D.
Armes, Donald S.
Armstrong, Fred G., Jr.
Armstrong, Melvin R.
Arseneault, Walter A.
Arthur, Paul K.
Ashbaugh, Charles I.
Atwood, Alan F.
Aulenbach, Glen L.
Ayers, Robert J.
Backman, John R.
Bailey, Albert E., Jr.
Bailey, Charles E., Jr.
Bailey, James G.
Baker, Arthur J., III
Baker, Forrest L.
Baker, Frank J.
Baker, William E.
Bakula, William J., Jr.
Baldes, Joseph J.
Baldwin, Donald R.
Baldwin, George L.
Baldwin, John G.
Balog, Julius, Jr.
Barnum, Daniel B.
Baublitz, John E.
Bauer, Douglas C.
Bay, Barton H.
Beam, Henry H.
Beck, Luther B.
Becker, Paul W.
Beckett, Joseph M., III
Bedard, Gerald F.
Beesburg, Robert Y.
Belperain, Lloyd G.
Bendel, James D.
Bennett, William D.
Bennington, William J.
Benson, Leo, II
Bergert, James W.
Bertonneau, George A.
Bidwell, John B.
Bigley, Thomas L.
Birgeles, Joseph J.
Bishop, Jerrold K.
Bishop, John W.
Biss, Joseph E.
Bittle, Lehner K.
Blake, Joseph C., Jr.
Blalock, Leonard K.
Blanz, Charles D.
Block, John A.
Blomgren, Harry L.
Bloodworth, Gerald H.
Bloore, John L.
Blunt, William G.
Boaz, David M.
Boch, Ronald V.
Bodmer, James R.
Bonar, Clyde A.
Bonham, Charlton H., II
Bonn, Richard I.
Boosman, Jaap W.
Booye, Robert J.
Bordenkircher, Charles E.
Bourcier, Robert S.
Bourgeois, Gerald R.
Bourke, Robert H.
Bowman, John L.
Bowser, John V.
Boykin, Milton L.
Braden, Frank E.
Bradish, Steven D.
Brant, Joseph W.
Braswell, Joel H.
Brewster, Thomas P.
Brockman, John L., Jr.
Brooks, Billy C.
Brow, John J.
Brown, Edward A.
Brunnworth, Rolland H.
Bryan, William A.
Budai, Donald M.
Buford, Manville T., III
Burgdorf, Otto
Burke, Patrick J.
Burmester, Raymond F.
Burnett, Donathan
Burns, Robert N.
Burns, William F., Jr.
Burrud, Richard J.
Byrd, David G.
Byrne, Robert A.
Campbell, George R.
Campbell, Thomas H.
Cant, Geoffrey D.
Cantrell, William A.
Cappabianca, Domenic R.
Charlson, Ferderick P.
Carlson, John W.
Carr, Jay C.
Carter, James E.
Carter, Paul A.
Centodocati, Anthony A.
Chapman, Craig B.
Chatt, Rodrick H.
Churdar, John B.
Clarke, Brandon O.
Clendenon, Claude E.
Coates, John, Jr.
Coburn, George H.
Cockelreas, Charles E.
Coffman, Richard L.
Collins, Everett F., Jr.
Collins, Thomas E.
Collins, William A.
Coltrin, William A.
Colver, John F.
Conlin, George B.
Connell, James G., Jr.
Conner, Steven E.
Cook, Ben C.
Coolican, Donald J.
Coomer, Lesley B., Jr.
Cooper, Jerry A.
Corboy, Thomas S.
Corley, Daniel I.
Cota, Charles D.
Coughlan, George R., III
Coughlin, Daniel T., Jr.
Cox, Larry G.
Cox, Mack M.
Craig, Charles E.
Crais, Henry R.
Crowder, Rex C.
Crownover, James E., Jr.
Culp, Melvin F.
Cunningham, Glenn J.
Cyr, Charles R.
Dalbey, Ralph J., Jr.
Danby, Charles E.
Daniel, Troy E.
Davidson, Barrett K.
Davis, Charles S., III
Davis, Jerry S.
Davis, John B.
Delaune, Clarence R.
Deloach, Robert D.
Delprincipe, Ronald F.
Delude, Howard D.
Dennis, John P., Jr.
Dennis, Lester J.
Dennison, Thomas W.
Depirro, Michael J.
Derr, Thomas A.
Desjardins, Charles R.
Deveau, Roger L.
Diamond, Kent J.
Dick, Calvin R.
Dighton, Anthony E., Jr.
Dillon, Martin C.
Dimsdale, William
Dirksen, John V.
Dismukes, Newton B., Jr.
Dobson, Percival D. G.
Dohner, David E.
Dolan, Peter B.
Dommers, Richard W.
Donevant, Jerry A.
Donnelly, William J., Jr.
Doran, David J.
Dorman, Marshall L., Jr.
Dorsey, Joseph C.
Dowd, John E., Jr.
Dower, John J.
Doxey, Samuel G.
Doyle, Charles A.
Drakes, Robert L.
Draper, John A.
Driesen, Jeffrey M.
Droes, Karl E., Jr.
Drummond, Richard C
Duffy, Charles J.
Duggan, Edward H.
Dulin, Robert O., Jr.
Duncan, Hugh C.
Dunham, Edward M., Jr.
Durbin, Gerald T.
Durling, Allen E.
Earls, Larry R.
Eastham, Clarence S., Jr.
Ebel, Frederick W.
Edwards, James D., III
Eichorn, Robert R.
Ellett, Frank T.
Ellis, Donald D.
Embree, Frank G.
Emery, Richard L.
Engel, Gary L.
Englehardt, Dan T.
Ergle, Thomas S.
Essary, Wilburn D.
Esslinger, Jon H.
Evans, David S.
Evans, Homer D.
Everman, Jerry D.
Falck, Henry J.
Falco, James F.
Fasano, Vincent P.
Fash, Robert S.
Favrot, Richard G.
Fawthrop, Roland P., Jr.
Feld, Gerald A.
Ferguson, Malcolm M., Jr.
Ferrara, John J.
Fidler, William K.
Flagg, Wilson F.
Fleming, Garwin K.
Flodman, William C.
Flynn, Harry F.
Flynn, Henry M., Jr.
Ford, Thomas G.
Forrest, "L" Albert
Fossell, Roland G.
Foster, John C.
Foster, William L., Jr.
Fowler, Carlo S.
Franklin, David C.
Franklin, John D.
Franks, Frederick B., III
Freise, William A.
Frick, Alvin F.
Frick, Bill L.
Frye, David B.
Fuller, Brooks, Jr.
Gable, Carl F., Jr.
Gallagher, Eugene J.

Galuppo, Lawrence J.
Gandia, August N., Jr.
Gardenier, John S., II
Gardner, Chester R.
Gardner, John E., Jr.
Gause, Gadsden S.
Geaney, John R.
Gehman, Thomas E.
Geimer, Allan F.
Geronime, Lee J.
Ghiradella, Ronald J.
Gick, Robert P.
Gilbert, William C.
Gill, Henry A., Jr.
Gillio, David A.
Glenn, Robert C.
Gnaedinger, Wallace R.
Gniffke, Bruce A.
Goggin, William G.
Gooch, Tarrant A.
Good, Edwin M.
Gorena, Rolando R.
Gosda, Gary L.
Gott, Carl F.
Graham, Albert E., Jr.
Gravagna, Angelo F.
Greenberg, Samuel J.
Greeves, Robert E.
Griner, Donald J.
Grey, Barry W.
Griffith, John F.
Grimson, James A.
Guenter, Gordon E.
Gunderson, Robert C.
Gustafson, Donald L.
Guthrie, Wallace N., Jr.
Hahn, Carl G.
Hahn, Peter W.
Hairston, Waller S.
Hall, Arthur H.
Hall, Charles E.
Hall, Robert R.
Hanke, Harold W.
Hanson, Wayne E.
Harcos, Kermit A., Jr.
Hardesty, William H., III
Harding, Francis A., Jr
Harris, Ezra R.
Harrison, William L.
Harryman, Carrel R.
Hart, Irving H., III
Harvey, William L.
Haug, Shain B.
Hawk, Richard S.
Haworth, Charles T.
Haworth, William P.
Hayes, Arthur A.
Heacock, Louis W.
Heasley, Allen D.
Heimerdinger, Walter L.
Held, John N.
Helland, Paul A. S.
Hellewell, Martin S.
Henderson, Jack D.
Henning, Harld E.
Henry, James R.
Herbein, John G.
Herman, Peter E.
Herman, Richard M.
Herr, James F.
Herring, Benjamin C., Jr.
Hervey, John C., Jr.
Heslar, Fred G.
Hesse, Francis L.
Hickey, Dennis J., IV
Hickok, William G.
Hilf, Paul T.
Hill, John D.
Hill, Terrance G.
Hills, Chester I., Jr.
Hoak, Frank M., III
Hoch, Robert G., Jr.
Hockett, Harold L.
Hoel, Willard R.
Hoff, Walter M.
Hoffman, Charles E., Jr.
Hollmer, Alvin
Holloway, Richard E.
Honderich, Kenneth O
Hood, William S., Jr.
Hooper, Frank R.
Hopkins, David H., Jr.
Hoppe, Gary H.
Horner, George R.
Horner, John B.
Houtz, Leroy C.
Howard, Billy C.
Howlett, Frederick J.
Huey, Victor B., Jr.
Huggins, Bobby W.
Hulley, William P.
Hulse, Robert C.
Hunt, Joe M.
Hunter, Gilbert R.
Hurst, Daniel S.
Hutchins, James R.
Hutchison, Claude B., Jr.
Hutton, Robert G.
Indiviglia, Salvatore J.
Jackson, Donald G.
Jacobs, Kenneth W.
Jamison, Lyle C.
Jarchow, John H.
Jarmer, Elwood R.
Jaroszewski, Milroy R.
Jeffrey, Samuel D.
Jennings, George R.
Johnson, Clinton B.
Johnson, Donn R.
Johnson, Donald L.
Johnson, Paul W., Jr.
Johnson, Stephen J.
Johnston, Douglas M., Jr.
Jones, Robert W.
Jordan, Alexander J., Jr.
Jordan, Kenneth L.
Jory, Jerrold G.
Juergens, Kenneth C.
Karger, Ernest W.
Katilus, George J., Jr.
Keck, William D.
Keefer, Frederick E.
Kees, William R.
Keeslar, Paul T.
Keliikoa, Edward N.
Keller, Donald G.
Kelly, John P.
Kennedy, James D.
Kennedy, Jared P.
Kercsmar, John
Kerr, William B.
Kiewel, Peter W.
Kiker, Robert D.
King, George S.
Kinney, James R.
Kinzie, Larry L.
Kirby, James E.
Kizer, Clyde R.
Klein, Anthony J.
Kline, Warren S.
Klocek, Matthew W.
Knopf, Peter W.
Knowles, Charles E.
Knowles, Jonathan R.
Knutsen, Edward W.
Kowall, Robert J.
Kramer, Joseph P., III
Kramer, Robert M.
Kreisher, Durrell M.
Kroner, Frank R., Jr.
Kyle, James P.
Lahey, Leroy A.
Laird, Roger S.
Lakeway, Frederick J.
Lamb, Dennis W.
Lammers, Charles M.
Land, Walter R.
Landers, Edward J.
Landers, Edward L.
Langan, John J., Jr.
Lange, James B.
Langenbach, Ross K.
Larson, Arthur D.
Larson, Frederick R.
Larson, James F.
Larson, Richard H.
Lawler, Albert M.
Lawson, David S., Jr.
Lazzaretti, Anthony F.
Leahy, John H.
Leathem, Douglas B.
Lee, Jerald K.
Leeney, John P.
Lekebusch, Adolf O.
Leonardy, Donald B.
Lester, John E.
Levenson, Saul
Levine, Emil H.
Levine, Jules I.
Lichtenberg, Robert H.
Liddle, Donald J.
Lindbloom, Arthur L., III
Litchfield, Rodger A.
Lockland, Walter G.
Locklin, Ralph H.
Loeffler, Lawrence E.
Logan, Alexander S.
Logan, James L., Jr.
Lommel, Carlyle J.
Long, James P.
Long, James L.
Long, Robert L.
Longyear, George Y.
Lu, Davidson C. C.
Lueder, John R.
Lukert, James L.
Lukinbeal, Donald L.
Lykins, Lidle L.
Lyman, Charles W., III
Lynch, John J.
Lyons, William M.
Magers, Francis D., Jr.
Mahone, Philip H.
Malecki, Gerald S.
Malmberg, Norman R.
Manthorne, Stephen J.
Marsh, John L., Jr.
Martenson, Craig S.
Martin, Albert J.
Martin, Roman G., Jr.
Mash, Rodney L.
Maskell, David K.
Mason, Charles C.
Matthews, Robert S.
Mayfield, Howard E.
Maynard, Theodore W.
McAfee, Robert E.
McBryde, Robert D.
McCarthy, Eugene J.
McCarthy, Matthew A.
McCartney, Robert L.
McCloskey, Henry F.
McCravy, Frank E., Jr.
McCreedy, William H.
McCreight, Floyd A.
McCutcheon, Rob A.
McDougle, John D.
McElroy, Jerry L., Jr.
McElroy, Lowell R.
McElroy, Robert D.
McEnery, Thomas A.
McKinley, Samuel H.
McKinney, Joe R.
McKinney, Kenneth W.
McKnight, James P.
McMahon, John P.
McMahon, Raymond J., Jr.
McManus, Arthur T.
McMillan, Malcom R.
McSharry, Dennis M.
McWilliams, Samuel E.
Mead, David R., Jr.
Meagher, Maurice F., Jr.
Meeks, Harman T.
Mehldau, Alan P.
Mello, Edward
Merselis, Stephen W.
Metz, Thomas O.
Meyer, Karl A., Jr.
Michael, Cloyd R.
Miller, Allen I.
Miller, Donald E.
Miller, James M.
Miller, Melvin D.
Miller, William E., III
Millroy, Donald L.
Milotich, Alexander A.
Minzner, Allan L.
Misner, Russell F.
Mitchell, Ellis G.
Mitchell, Gary A.
Moe, Gerald L.
Moir, Edwin L.
Monahan, Edward J., Jr.
Monson, Arthur C.
Montanaro, Joseph A.
Montelaro, Carlos P.
Moore, Andrew J., Jr.
Moore, Dudley B., III
Moore, George W.
Moorhead, Robert G. C.
Moorhead, Todd H.
Morey, Eldon L.
Morrison, Todd H.
Mortensen, Lloyd P.
Morton, William W., Jr.
Mullen, Claude H., Jr.
Mullenhoff, Paul F.
Muller, Robert J.
Murphy, Clifford W.
Murphy, Daniel W.
Murphy, John R.
Myers, Dale F.
Myers, George K., Jr.
Naab, Geoffrey
Nagel, David J.
Nagle, John S.
Nannini, Albert A.
Navin, John J., Jr.
Naylor, James R.
Neal, Morris L.
Neef, James V.
Neemes, John C., III
Nehrich, Richard B., Jr.
Nelson, Gary L.
Nelson, Roger E.
Newburn, Robert M.
Newcomb, Joseph S.
Newman, Jack G.
Nichols, James A.
Noble, Herbert G., Jr.
Norcross, Philip F., Jr.
Normandeau, Robert J.
Norris, Elliott W.
Nossen, Robert P.
Nuissl, Rudolph F. H.
Oberin Frederick W.
Oberle, William J.
O'Brien, Edmund R.
O'Brien, Ward J.
O'Donnell, William P., Jr.
Olsen, Kenneth F.
Omara, William M.
O'Neil, William D., Jr.
Orr, Charles W., Jr.
Ostrom, Kenneth R.
Osucha, Harold D.
Otness, Phillip C.
Owens, Bruce H.
Pankratz, John M.
Pannell, Clifton W.
Panshin, Daniel A.
Parkinson, Bobbie J.
Parks, Richard E.
Patterson, William H.
Paty, Charles R.
Paules, Granville E., III
Payne, Harvey M.
Peace, H. W., II
Pearson, Robert W.
Peloquin, Robert A.
Peluso, Angelo R.
Pencek, Edward A.
Pendergast, Thomas P.
Perotti, Joseph G.
Perrault, Robert A.
Peterson, David W.
Peterson, James E.
Phillips, Edwin D., Jr.
Phillips, Joe C.
Picher, Walter W.
Pierce, Glenn I., Jr.
Pierce, Huey L.
Pierce, Richard J.
Pinkerton, James B., Jr.
Plattis, Michael L.
Poe, James L.
Polgreen, John A., Jr.
Poling, John D.
Pollock, Orthello B., Jr.
Porter, William R., Jr.
Poulton, William L.
Powers, Thomas J.
Prebola, George J.
Press, William A.
Preston, Harvey R., Jr.
Previ, Ronald W.
Price, Robert D.
Pritt, Myron R.
Pruett, Burley F.
Punches, Gerald N.
Quaglino, Joseph, Jr.
Quigley, Gary P.
Quinn, Felix P.
Raack, James D.
Rabideau, Joseph E.
Raleigh, James J., III
Raney, Clair A.
Raskopf, Frederick J., Jr.
Rasmus, Ronald C.
Rastallis, Henry A.
Rauch, Rufus W., Jr.
Raudabaugh, Richard
Rauen, Theodore J.
Ravetta, Richard C.
Ravitz, Robert A.
Raymond, David A.
Reed, James D.
Reimann, Ronald H.
Rener, Richard H.
Rhoades, William W.
Rhodes, Thomas W.
Rich, Charles H., Jr.
Richards, Harry K.
Richardson, Park W.
Riddle, Peter E.
Ridgway, Paul M., Jr.
Riepe, William J.
Riess, Daniel M.'
Riess, John K.
Rieves, Ralph A.
Riley, Frederick L.
Riley, Thomas F.
Ripberger, Raymond J.
Ripsom, George A.
Rivera, William H.
Robb, David M., Jr.
Roberts, James E., Jr.
Roberts, John S., Jr.
Roberts, Lawrence W.
Roberts, Rex G.
Robeson, Ross K.
Robinson, David G.
Robinson, Richard H.
Robison, Earl L.
Robson, John H.
Roby, David D.
Rodger, Thomas W.
Rodriguez, Ramon
Roosen, John B.
Rousseau, Charles E.
Ross, Benjamin A.
Rouze, Glen E.
Rowe, John B.
Roy, Robert L.
Rucker, James B., Jr.
Rudnik, James R.
Russell, Kenneth M.
Russo, Ronald A.
Sander, Reginald R.
Sansone, Wallace T.
Sasser, Lyle B.
Saul, Billy H.
Savio, Leo J.
Savrides, Peter S.
Schmitt, John A.
Schmook, James R.
Schnabel, Walter F.
Schnauffer, Patrick M.
Schneider, William J.
Schomer, Peter A.
Schuller, John L., Jr.
Schulz, Roy S.
Schwartz, Ronald L.
Scott, Joseph R.
Scott, Lawrence S.
Seanor, James E.
Seawright, Robert E.
Seeley, Jimmie W.
Segrest, Joe E.
Sergio, Frederick A.
Sheehan, Brian T.
Sheridan, Earl A.
Shigekawa, David G.
Sibold, Robert D.
Sidler, Norman F., Jr.
Siler, Eugene E., Jr.
Sisley, Dale L.
Skaggs, Cecil M., Jr.
Skidmore, Frederick A., III
Skinner, William L.
Slater, Martin I.
Smalley, Reed A.
Smith, Charles J., Jr.
Smith, David W.
Smith, Fred B., Jr.
Smith, Gary N.
Smith, Gerald A.
Smith, Henry H.
Smith, Loren M.
Smith, Peter H.
Smith, Regis R.
Smith, Richard C.
Smith, Robert E.
Smits, Walter I.
Solyts, Robert S.
Southerland, Arnold J.
Spears, Richard E.
Spencer, Edmund B.
Sporre, Charles W.
Spurlock, Burton C., Jr.
Staes, James P.
Stambaugh, Roger V.
Stanley, Howard C.
Starke, Bolling P., Jr.
Stauffer, William H.
Steinkrauss, Joseph C.
Stetson, John B.
Stewart, Johnnie L.
Stites, John, Jr.
Stone, Philip L.
Storer, Arthur E.
Styers, James D.
Sullivan, Paul F.
Sullivan, Patrick H.
Summers, Bruce G.
Sumner, Warren K.
Sutherland, Charles S.
Sweeney, Jeremiah J. J.
Sylvester, Torrey A.
Szabo, Alex J.
Szurpicki, John J.
Taft, Richard P., Jr.
Tait, John H.
Taylor, Malcolm E.
Temanson, Lee E.
Terry, John T.
Terry, Thomas J., Jr.
Tharnish, John L.
Thiele, Gary F.
Thomas, Charles E.
Thomas, David L.
Thomas, Quinn D.
Thompson, David A.
Thorderson, John R.
Thorp, Chester A., Jr.
Thorstad, Harvey L.

Thweatt, Frank M., Jr.
Tickle, Tommy R.
Tidd, James F.
Titus, James R.
Tobin, Daniel J.
Toland, David A.
Toleno, Daniel R.
Tomlinson, Rodney G.
Trammel, James A.
Traut, Arthur J.
Treanor, James A., III
Trierweiler, James R.
Trimble, David C.
Troidle, Thomas N.
Trotter, John H.
Trout, Ben T.
Truty, John T.
Tuma, Albert L., II
Tutt, Billy D.
Tweden, Wallace D.
Twigg, David W.
Twilla, William M., Jr.
Twiss, Ralph B.
Umpleby, Marshall F.
Umstead, Robert L.
Unger, Verner B.
Unser, Philip J.
Valley, Raymond L.
Vanduyn, David L.
Vatter, Robert B.
Vickery, Walter R.
Vikdal, Allen C.
Vohs, Paul A.
Vonfischer, Eduard L., III
Vongarlem, Thomas A.
Wagner, Thomas C.
Wales, William D.
Walker, Lynn W.
Walker, Wallace H.
Walsh, James W.
Walsh, Joseph F., Jr.
Ward, Jack H.
Ward, John W.
Warner, Joseph E.
Warren, John A.
Warrington, Robert G.
Watkins, John R.
Watson, William H., III
Weaver, David K.
Webb, Robert E.
Webber, Kent S.
Weidner, Robert C.
Weingartner, John
Weiske, Harold R.
Weitgenant, Harold R.
Welsh, David M.
West, David P.
Westbrook, John F.
Wetzel, Robert E.
Weyler, Frank W.
Whitaker, David A., Jr.
White, Thomas L., Jr.
Whitehead, Morris R.
Whitmore, John B., Jr.
Wiegand, James J.
Wilber, James D.
Wille, Gerald H.
Williams, James M.
Williams, Robert W.
Willis, Raymond E., Jr.
Wilpitz, Louis W., Jr.
Wilson, Larry K.
Wines, Richard L.
Winstead, Walter G.
Witcher, Murray H., Jr.
Withers, Larry K.
Wolpert, Donald T.
Womack, Lowell A.
Wood, Kenneth L.
Wood, Ralph V. H., Jr.
Wright, Bruce C.
Wright, Charles W. J., Jr.
Wright, Gary D.
Wyatt, David R.
Yeager, Thomas D.
Yossem, Eugene D.
Young, Harold A.
Young, James F.
Young, William K., Jr.
Zannis, Thomas N.
Zavisza, Daniel M.
Zeilinger, Ronald F.
Zorn, Robert M., Jr.
Zumwalt, Robert E.

The following-named officers of the Navy for permanent promotion to the grade of lieutenant commander:

LINE

Aaker, Charles Ervin
Aanerud, Kenneth Dean
Abbate, Robert Philip
Abbott, Richard Leroy
Ables, Wallace J., Jr.
Acord, Jiles Underhill, Jr.
Adair, Hugh Reeves
Adamek, James Rudolph
Adams, Donald Franklin
Adams, Frederick Arthur
Adams, Richard Peerson
Adams, Robert Frederick
Adkerson, Roy Gene
Aeschleman, Vance E., Jr.
Agee, Jerry Bond
Ahlgren, Roy Carl Eric
Ahlstrom, Kenneth Theron
Albers, Robert John
Albers, Steven Conn
Alcon, Charles Arthur
Aldo, Albert Erwin, Jr.
Alexander, Marion Romaine, Jr.
Allen, Glenn R.
Allen, Harry Benjamin
Allen, Kenneth Eugene
Almon, John Sterling
Alton, Cecil Claude
Amann, Lawrence Stephen
Amborn, Lloyd P.
Amerau, Harold Francis, Jr.
Amerault, James Frederick
Amidon, Ronald Edwin
Amos, Robert Edward
Anastasi, George Martin
Andersen, Lewis R.
Andersen, Robert Viggo
Anderson, Allan Walker
Anderson, Cecil Charles
Anderson, Charles Augustus
Anderson, David Graham
Anderson, David Wiley
Anderson, Dennis Dean
Anderson, Gareth Laverne
Anderson, Harold Murray
Anderson, Jimmy Duke
Anderson, Michael John
Anderson, Raymond Eugene
Anderson, Russell Frederick
Anderson, Thomas Patrick
Andrews, Edward Keith
Apple, Lester Arthur
Aquino, James Musni
Argubright, Stephen F., Jr.
Armstrong, William Louis
Arndt, Keith Milford
Arnold, John Paul
Arny, Louis Wayne, III
Arquette, Howard Ralph
Arrison, James Matthew, III
Asbell, Richard Carroll, II
Ashburn, Erich Harry
Ashby, Elton Truxton
Asher, Philip Gillespie, Jr.
Athanson, John Wayne
Atkins, Ronald Wayne
Atwell, Felton Gerard
Austin, Marshall Harlan, Jr.
Authement, Charles Francis
Aven, Joseph Michael
Avers, Richard Paul
Avery, Robert Bütner
Ayers, Daniel Owen
Axtman, Darold Steven
Baca, Fidel Leroy
Bachofer, Christian F., II
Bacon, Robert Peter
Bade, Bruce Charles
Bailey, David Laurence
Bailey, James William
Bailey, Jerry Robert
Bailey, Philip Eugene
Bajuk, Gregory Emil
Baker, Garrett Elbert
Baker, Jerry, Jr
Baker, Ronald Boyd
Bakken, Warren Howard
Baland, George Arnold
Ball, Robert Harold
Ball, Robert Lee
Ballard, Michael Hitchcock
Ballback, Leonord John, Jr.
Ballew, William Chadwick
Bankson, Rodney Alan
Bare, James Clement
Barker, Bruce William
Barker, Kenneth Dale
Barker, Michael Don
Barker, Wilbert Blair
Barnes, Thomas Raymond
Barnett, Thomas Joseph
Barrett, James Wilson
Barrett, Raymond Thomas
Barry, David John
Barry, Robert Francis
Barry, Thomas Anthony
Barsosky, John Joseph
Barstad, David Delano
Bartmess, Curtis, Jr.
Barto, Jonney Lynn
Barton, William Bruce
Bauman, James Robert
Bauman, Carl Vincent
Baumhardt, Robert James
Baumstark, James Schilling
Baxley, Warren Candler, Jr.
Baxter, Peter Crockett
Bays, Robert
Beach, Raymond Carl
Beaird, Perry Wayne
Beall, James Mandaville, Jr.
Beam, David Mitchell
Beam, Sherrill Wayne
Beard, Eugene D.
Beard, Garnet Chapman, Jr.
Beard Tommy Hugh
Beardsley, John William
Beauchamp, Robert Lewis
Beaudry, Rodolphe Wildy
Becker, Alan Robert
Becker, Alfred Edward
Beckes, Michael Edward
Beckett, Robert Sampson
Beckham, Kenneth Joseph
Beeler, Carroll R.
Bers, Robert Norman
Beery, James Robert
Beeson, Thomas Franklin
Belanger, Ronald Francis
Bell, Duncan W. J., Jr.
Bell, John Martin
Bell, Robert Alfred
Bell, Robert Stevens
Bell, Russell Anson
Belser, Richard Baker, III
Belyan, Michael Paul
Bendetsen, Brookes McIntosh
Benintende, Bob
Benn, Ross Gary
Bennett, David Cushing
Benson, Ray Wallace
Beougher, Rolland Ben
Berger, John Harry
Berkebile, Donald Freeman
Berley, Leonard Eugene
Bernard, Alan Christian
Berry, William
Berry, William Lee
Bertsch, William Preston, Jr.
Beschta, Gerald Thomas
Beshirs, George Russell
Best, John Albert
Betz, Bradford Byron
Bidlake, Kenneth Morton
Bidwell, Henry Wadsworth
Bieble, Gerald John
Bienlien, Daniel Edward
Biery, George Monroe, II
Billings, Alan J.
Billings, Leland Raymond
Binford, Benjamin James
Bingham, Clyde Leroy
Bingham, Glenn Stevenson
Birch, Barry Stanway
Bird, Noel Thomas
Bird, Ronald Stanley
Bishop, Ronald Floyd
Bitzberger, John Charles
Bixler, Michael Balfour
Bjerke, David Gerhard
Blackmon, Larry W.
Blades, Peter David
Blakely, Frederick Martin
Blakeslee, Theodore Frederick
Blanton, James Cordell
Blaylock, William Fuller, Jr.
Bledsoe, Frankie Carl
Blevins, Luther
Blinn, Norman Roy
Bliss, Larry Dean
Bloch, Paul Stanley
Bloomer, John Godfrey
Blount, Thomas Edward, Jr.
Boatright, Billy Carrol
Bobo, Wilton Cornelius, Jr.
Boehmer, Charles Edward
Boink, Louis Herman, III
Bolger, Robert Kevin
Bollow, George Edward
Boncal, Richard
Bond, Rogers Anthony
Bondi, Robert Carl
Bonewitz, Richard Frederick
Bontrop, Paul Nichols, Jr.
Bookhultz, John Wesley
Booth, Michael Brady
Borchardt, Curtis George
Borchers, Carl Bruce
Borchers, Doyle John, II
Borcik, Paul Robert
Bordy, Michael William
Boren, Norris Henderson
Bormann, Conrad P.
Borsh, Richard Martin, Jr.
Bostic, Wayne Huston
Boston, Glenn John
Bosworth, Robin
Both, Edward Joseph

Bouck, David W.
Boughan, David Alan
Bowden, Peter Klaus
Bower, Ammon William, III
Bowman, Gene Melvin
Bowman, Michael Lee
Boyer, Bruce Alden
Boyle, Robert Scott
Boyter, James Thomas
Bozich, Robert
Bozzelli, Philip Anthony
Bracht, Steven Edward
Brackx, Omer Maurits
Bradbury, Donald Taylor
Bradford, Alan Roger
Bradner, Charles Rawles
Bradt, Douglas James
Brady, Bruce Milo
Brady, Charles Raymond
Brady, James H. R.
Brady, Timothy Sterling
Bragunier, William Edwin
Branco, Robert John
Brandenstein, Daniel Charles
Brannon, Michael Lee
Brant, Robert Leon
Braun, Farrell John
Brearton, Gerald Arthur
Breen, William James, III
Brenner, William Rush, Jr.
Brenton, George Wilbert, III
Brereton, Richard Grant
Bretz, Benjamin Craig
Brewer, Joe Robert
Bright, Charles Norman
Brindel, Glenn Richard
Britain, John M. III
Brittain, Albert Russell, Jr.
Brockley, John Patrick
Broder, William Thomas
Brodt, Roger W.
Brooks, Leon Preston, Jr.
Brooks, William Keith
Brouwer, Daniel Conrad
Brouwer, Frederick Paul, II
Brown, Charles Joseph, III
Brown, David Melton
Brown, Duane Lawrence
Brown, Jeffrey Lynn
Brown, Michael Thomas
Brown, Robert Lee
Brown, Wendell Earl
Browne, Herbert A., Jr., II
Browne, Peter Aidan
Bruckner, James Winston
Bruflat, Arne Bredo
Brugh, Lon Edgar
Bryan, Herbert Francis
Bryant, Leon Cullen
Bryce, William J.
Buchheim, Paul J.
Bucholz, Albert August, Jr.
Bucholz, Marvin John
Buckley, John Thomas
Buckley, Russell Henry, Jr.
Bukowick, Albin Pafford
Bunker, Mark Arnold
Bunker, Michael George
Bunting, Daniel Charles
Burcham, William Richard
Burger, James Lambert
Burgess, Clifford Thomas, Jr.
Burgess, Larry Lee
Burke, James Lawrence
Burke, Richard Leon
Burlingame, Anson H., Jr.
Burman, George Alfred
Burmaster, Charles Lyman
Burns, Richard James
Burrows, Dee Wayne
Burtch, Patric James
Burton, Charles William
Burton, Hurshel Bruce, Jr.
Busch, John Robert
Bush, Gray Albert
Bushong, Robert Lee
Butler, Edward John
Butler, Joseph Malcolm
Butler, Richard Montague
Butler, Thomas Harold
Butterfield, Richard Stanley
Button, Andrew Jerome
Buttram, Robert Henry
Byerly, James Hampton, Jr.
Byerly, Kellie Sylvester
Byers, William Brewster
Byron, John Ladue
Byron, Roger Walter
Cain, William Michael
Calabough, Jerry Simms
Caler, John Earl
Callahan, Gary Wilson
Callahan, Jeffrey Edwin
Callaway, Leigh Lawrence
Callies, Lee Roy
Calloway, Charles Lee
Cameron, John Ross
Campbell, Archibald George
Campbell, David Russell
Campbell, James D.
Campbell, James John
Cannon, Arthur B.
Cannon, Olin Charlie, Jr.
Caplinger, Royce Lee
Carden, Arthur Bruce
Carey, Albert Daniel, Jr.
Carey, David Jay
Carey, James Robert
Carlin, Daniel Stephen
Carlisle, James Allen
Carlson, James Leeroy
Carlton, Raymond M., Jr.
Carolan, James Cummings
Carpenter, Melvin R., III
Carpenter, Robert Alphonsus
Carroll, Charles Cecil
Carroll, David Lee
Carson, William Henry, II
Carter, James Jefferies
Carter, James M.
Carter, Lee Scott
Carter, Major Leonard
Carter, Ronnie Gene
Carter, Stanley Jerome, Jr.
Carty, John Raymond
Carwin, Harold John
Caseman, Jerry Brant
Cashman, David Matthew
Castelano, Kenneth Michael
Casterline, John Braman
Catlin, Carl V.
Catone, Richard Arthur
Cavaluchi, Robert Andrew
Cavanaugh, Francis Patrick
Cebrowski, Arthur Karl
Ceckuth, Richard Edward
Cepak, Robert Joseph
Chagaris, Peter James
Chalfant, Donald Kenneth
Chalkley, Henry George
Chambers, Robert Alvin
Champoux, Robert Louis
Chancellor, Robert Oren
Chandler, James Francis
Charles, James R., Jr.
Chasey, August Authony
Chenault, David Waller, II
Chenery, Robert Lucius
Chernesky, John Joseph, Jr.
Childs, Jack Manning
Chotvacs, Charles Julius
Chrisman, Willard George
Christensen, Charles Leslie
Christensen, Ernest E., Jr.
Christian, Dennis Howard
Christian, George Frederick
Christian, Michael D.
Christiansen, Michael Paul
Christie, Warren Byron, Jr.
Christman, Robert Harvey
Chubb, John Everson, Jr.
Church, Wayne Clifton
Churchwell, Ralph Nero, III
Cinco, Raymond, Jr.
Cipriano, Roberto
Cisek, Peter John
Claassen, Steven Hurley
Clancy, James Patrick
Clark, Dale Veldon
Clark, Donald Bartlett
Clark, Edward, Jr.
Clark, Jack C.
Clark, Jackie Lee
Clark, James Ward
Clark, John William
Clark, Robert Hugh, Jr.
Clark, Ronald Woodrow
Clark, Terrell Irvin
Clark, William Harry
Clark, William Stephen
Clarke, Frederic T., Jr.
Clarke, Lawrence Mason, Jr.
Clay, Henry Leonard, III
Claybrook, Sam
Clemins, Archie Ray
Clesen, Gerard Foster
Cliffton, Donald Wayne
Clime, Robert Henry
Cline, Gary Keith
Cloninger, Arthur Douglas
Clough, Geoffrey Armstrong
Cloward, Richard Stuart
Clyma, Dale Curtis
Coady, Philip James, Jr.
Coats, Michael Loyd
Cobb, Robert Linah
Coburn, Clarence Dowell, Jr.
Coburn, Lewis Laddie
Cockcroft, Thomas D.
Cogswell, John Cleveland, III
Coker, George Thomas
Cole, Bernard David
Cole, Robert S.
Cole, Ronald Arthur
Coleman, Carrol Eugene
Coleman, James Evans
Coleman, John Boddie, Jr.
Coleman, Randy J.
Coleman, William Arnold, Jr.
Colgan, Stephen Gregory
Collier, Arthur Hugh
Collier, James Church
Collins, Alfred Leroy, Jr.
Collins, James Alexander
Collins, John Patrick, Jr.
Collins, Walter Sever
Colvin, Clarence Earl
Colyar, Robert William
Colyer, Thomas James
Combe, Andrew John
Combs, John Wesley
Conant, Edward Harvey
Concannon, Michael J.
Conder, Robert Aubrey
Conjura, John Edward
Conley, William Henry, Jr.
Conner, Bryan Thomas
Conner, Ernie Eugene
Connor, Theodore Patrick
Conrad, Raymond Paul
Cook, Charles Allen, Jr.
Cook, Clarence L.
Cook, Donald Edward, Jr.
Cook, Gary Newton
Cook, James Ray
Cook, John Clark, Jr.
Cook, Martell J.
Cook, Oren Francis
Coonan, John Joseph, Jr.
Cooney, Terence James
Cooper, Samuel Allen, Jr.
Cooper, William Patrick
Cope, Alfred Lovell, Jr.
Corcoran, Joseph Lynn Kevin
Corgnati, Leino Bart, Jr.
Corsette, Richard Bemis
Costello, Terrence W., III
Couch, Dale Myles
Coughlin, Frank Thomas
Counter, James R.
Counts, Jimmie Allen
Covitz, Andrew John
Cowell, Neil
Cox, Norman Otha
Coyle, Michael Thomas
Cragg, Eugene Earl, Jr.
Craig, John Stephen
Craig, Norman Lindsay
Cramer, Charles Rebert
Crane, Stephen Herman
Cranford, John Edwin
Crawford, Frederick Roberts
Creager, Hugh Gunder

Creely, Allan John
Crisafulli, Miguel Joseph
Croll, William Howard
Cronin, Robert Redmond
Crooks, David R.
Cross, Robert Clinton, Jr.
Crossen, William Joseph
Crosskno, Harold Leon
Crowe, Olen
Crowley, William Francis, Jr.
Crumly, William Arthur
Crump, David Allen
Crutchfield, James C., III
Cummings, Ronald Leo
Curland, James William
Curley, Richard Charles
Curran, William Francis, Jr.
Current, Donavon Clark
Currier, Richard Martin
Curtis, Albert Lawrence
Cutchin, Richard Lee
Czech, Theodore Thomas
Dahlvig, Alan Lee
Dailey, William Randolph
Daisley, Richard Avery
Dalager, Neil Robert
Daly, Beverly A.
Daly, Daniel Anthony
Dambekaln, Andris
Dammeyer, George Howard
Damron, John Richard, Jr.
Dangel, John Henry
Daniel, Johnny Hale
Daniels, Gerald Everett
Daniels, John Henry
Danner, Terrence Nye
Dannerth, Richard Carl
Dantone, Joseph John, Jr.
Darrow, Lester Martin
Darsey, Edgar Bruce
Davenport, Wortham David
Davidson, Bruce Ernest
Davidson, Wayne Fred
Davies, William Edgar, Jr.
Davis, Alden Carter
Davis, Aubrey, Jr.
Davis, Dean Dudley
Davis, Dickey Parrish
Davis, George Harrison, Jr.
Davis, George McMillan
Davis, Harold Walker
Davis, Henry Louis
Davis, James Willard, Jr.
Davis, John Edgar, Jr.
Davis, Lee Alfred
Davis, Norman Ewing
Davis, Ralph Richard
Davis, Stephen Brooks, Jr.
Davis, Thomas Anthony
Davis, Thomas Kevin, Jr.
Davison, Charles Alexander
Davison, Charles Alexander
Dawson, Richard Wesley
Day, Charles James
Day, Gerald Walter
Day, James Roby, Jr.
Deaton, James Paul
Debenport, David Rogers
Deboer, James Keith
Decker, Russell Herd, Jr.
Deda, Donald James
Deer, Robert
DeGreef, Donald James
Deitrick, Charles Lewis
Delaney, Kevin Francis
Dell, Julius Bloxhem, Jr.
Delong, Raymond James
Demarse, John Purchase
Demchik, Robert Paul
Denbow, Kenneth Duane
Denham, Denny Jackson
Denlea, Edward Peter
Depew, Robert Charles
Deroco, Alan Preston
Derousie, William Louis
Deserio, Darryl James
Desrochers, Joseph Omer
Destcroix, Lawrence E., Jr.
Dethomas, John Victor
Dettman, Bruce Maxwell
Diaz, Donald Gilbert

Dick, Albert Gano
Dickens, Phillip Wayne
Dickey, Robert Lincoln
Dickson, James William
Dickson, Paul Bevis
Dietzler, Andrew John
Dilley, James Earl
Dirkx, Peter Cornelius
Dirren, Frank Matthew, Jr.
Dittmer, Edward Raymond, Jr.
Dixon, Thomas Earl
Dobbins, William Peyton, Jr.
Dobson, Ralph Paul
Doherty, Hugh Michael
Dolan, Peter James
Dolbec, Richard David
Dolgow, Barry Lee
Donahue, John Cliff, III
Donnelly, John Thomas, Jr.
Donnelly, Michael Patrick
Donovan, Daniel Jeremiah
Dooley, John Patrick
Dopson, Michael Imler
Doran, Joseph Patrick
Doroshenk, Theodore
Dorsi, Robert Anthony
Douglas, Billy Stephen
Douglass, John Allen, Jr.
Dow, John Irvan
Dow, Paul Richard
Dowd, James Lawrence
Dowgwilla, Frank Michael, Jr.
Downey, Robert Vincent
Doyle, Bruce Nelson
Doyle, Dennis Michael
Doyle, Michael William
Draper, Robert Albert
Drennan, Arthur Paul
Driscoll, Thomas John
Drumm, R. David
Drummond, George Lee
Duermeyer, Stephen Paul
Duff, Byron Lynn
Duffy, James Michael
Dumas, James Walter
Dunagan, Jerry Mac
Dunlap, David Bartlett
Dunn, Dale Raymond
Dunn, Donald Bertram
DuPont, Francis William, Jr.
Dur, Philip Alphonse
Durden, John Delano
Durham, Andrew Canton
Durham, Wayne Carlton
Durham, William Rucker
Durr, Donald Gordon
Duskin, George Harley
Dutrow, Samuel Richard, Jr.
Duva, Alfred N., Jr.
Dwinelle, William Alfred
Dyches, Fred Dennis
Dyck, Harry Milton, Jr.
Dye, George Walter, Jr.
Dyer, Donald Alvin
Dyer, Robert Deane
Dykeman, Paul Richard
Dynes, James Henry
Eacott, Richard George
East, Don Charles
Eastman, Robert James, Jr.
Eaton, George Arthur, Jr.
Echlin, Delos E.
Eckard, Palmer Glenn, Jr.
Ecker, Paul William
Eckles, James Warren
Eddingfield, Lawrence E.
Eddy, Rodman Michael
Ede, Terrence Frederick
Edens, Roderick Jefferson, Jr.
Edmiston, James Benjamin
Edwards, Buford Ray
Edwards, Harry Sanford, Jr.
Edwards, James Nathaniel, Jr.
Edwards, Michael Bruce
Eggleston, Larry Glenn
Ehlers, Theodore Jay
Eidenshink, Gerald Michael
Elder, Philip Robert
Eldridge, James Donald, Jr.
Elkins, David Raymond
Elkins, Rodger Neil

Elliott, Shirley Holt
Elliott, Thomas Jene
Ellis, Robert Lee, Jr.
Emerson, David Charles
Ensch, John Clyde
Enterline, Edward Russell
Erickson, William John
Ericson, Walter Alfred
Ernst, Eric Rodholm
Ernster, Glen Herman
Erny, Paul Frank
Erskine, Donald Alexander
Escobar, Frank A., Jr.
Eskridge, Escal L.
Etka, Craig Louis
Evanguelidi, Cyril Gregory
Evans, Charles J.
Evans, Gerald Riendeau
Evans, John Morgan
Evans, Oliver Keith
Eversole, Thomas Young
Ewing, Kent Walker
Faddis, Walter Huston
Fagaley, Donald Clifford
Fagan, Patrick Michael
Fahsl, John James
Fahy, Andrew Wilson
Faller, Theodore Henry
Faltisco, Joseph Edward
Fant, Glenn Ernest, Jr.
Faricy, John Jerome, Jr.
Farnsworth, William A., Jr.
Farr, Leroy Allen
Farrell, Richard Stephen
Farrell, Robert Joseph
Farris, Robert Owen, Jr.
Farrow, Stephen Richard
Fast, Richard Edwin
Faust, Bobby Lynn
Fausz, James Edward
Favaro, Joseph Dominic
Feeser, Henry Roger
Fegan, Robert Joseph, Jr.
Fellows, Richard Hudson
Felton, Lewis Allen
Fenton, Paul Herbert
Ferguson, James Beaty, III
Ferguson, Lawrence Leroy
Ferguson, Robert Lee
Fernandez, Wayne Jacinto
Ferry, Francis Joseph
Fesler, Walter Carl, Jr.
Feuerbacher, Dennis George
Fickenscher, Edward R., III
Fike, Burtis Phenone
Filippi, Richard Anthony
Fillingim, Ronald Louis
Finch, Donald Leslie
Fink, Ralph, III
Finley, Robert Alexander
Finney, James Hardin
Finotti, Donald Gustavo
Finta, Thomas William
Fitch, Patrick Edwin
Fitch, Rex Burnham, Jr.
Fitts, Joel Rea
Fitzgerald, John William H.
Fitzpatrick, Thomas George
Fitzpatrick, William Edward
Fladd, Wirt Ross
Flanagan, William John, Jr.
Flentie, David Lee
Fletcher, Jerry J.
Fletcher, Luther Lawrence, III
Fletcher, Paul Reed
Flint, Charles G.
Flynn, James M.
Flynn, John Patrick
Foard, John Stager, Jr.
Fogerson, Arron Stephen
Folk, Reau Estes, II
Follett, Scott Charles
Folsom, Benjamin Franklin, Jr.
Foltzer, Louis Leonard
Fones, James Milton, Jr.
Foote, Morris Cooper
Forbes, George Thomas
Formo, David Jerome
Forrester, George Steven
Forsberg, Gary Lee
Fortenberry, Bobby Joe

Fortenberry, Henry Charles
Fosina, Andrew Joseph
Fox, Arthur Dale
Fox, James Charles, Jr.
Foy, Clarence Allan, Jr.
Fragomene, Vincent Michael
Fraine, Robert Howard
France, Frederick Michael
Franconeri, James Joseph
Freas, Henry Edward
Freeman, David Lansing
French, Charles Everett
French, Gary Lester
French, Stanley Lee
Frenzel, Joseph William, Jr.
Frenzinger, Thomas Walter, II
Fricke, Harold Jean, Jr.
Friel, David J.
Friese, Laurence Victor
Frigge, William Joseph
Fryer, James Norman
Fuetsch, Carl Turner
Fuge, Douglas Paul
Fujimoto, Toshio
Fulkerson, Grant Dale
Fulton, Rodney Gene
Gabrielson, Dale Ellard
Gage, Carvel Clinton, Jr.
Gail, Carl Frederick, Jr.
Gaither, Ralph Ellis, Jr.
Galbraith, Peter Marshall
Gale, Ernest Frederick, Jr.
Galen, James Frederick, Jr.
Galietta, Albert Frank
Galkin, Kenneth Earl
Gallagher, Tilden Matthews, Jr.
Galler, Joseph Louis
Gamrath, James Carl
Garber, John William, Jr.
Gardiner, Lawrence Edwin
Gardner, Richard Wayne, Jr.
Garrett, Cain, Jr.
Garrett, Philip Trafton
Garuba, Joseph Anthony
Gastar, Stanley Douglas
Gatliffe, Thomas Robert
Gavin, Gerald Robert
Gawne, John Charles
Gay, John Phillip
Gay, William Wilson, III
Gazarek, Michael Joseph
Gebhardt, Laurence Philbert
Geddie, John McPhail, Jr.
Gee, Daryl, Letho
Gee, John Claude
Gehman, Harold Webster, Jr.
Gemmill, John Wiley
Genet, Richard Paul
Genrich, Charles Mainard
George, Paul John
Georgenson, Ronald George
Gerard, Walter J.
Gerber, Joseph A.
Gerber, Raymond
Gerhard, Guy Edward
Gibbs, Maurice Edward
Gibson, Davis R.
Gibson, Elwood Lloyd
Gibson, Richard Allen
Giffin, Eugene Riley
Giffin, Henry Collins, III
Gifford, Corydon Rouse
Gilbert, Gordon Franklin, Jr.
Gildersleeve, Elmer James
Giles, Grover S.
Gill, James Michael
Gillen, Robert Leo
Gillett, John Braxton, Jr.
Gilmartin, John Thomas
Gilmore, Richard Delano
Gionet, Laurence Joseph, Jr.
Girard, Paul Edward
Gist, David Moore
Given, Robert Ole
Gladin, Bennie Ronald
Gladston, Steele
Glaeser, Frederick John
Gleason, David Alan
Glennon, Robert Clifford
Glevy, Daniel Francis
Glover, William Stewart, Jr.
Gnilka, Charles William
Godbehere, Richard Gerald
Goesling, William Hayes
Gomez, John Ferdinand, Jr.
Gonzalez, Pedro
Gonzalez, Rene Eugenio, Jr.
Goodermote, Wayne Keith
Goodin, William Franklin
Goodlett, Wallace Duane
Goodwin, Michael Roy
Goolsby, Richard Edwin
Gordon, Kenneth Elwood, Jr.
Gore, Michael Wayne
Gorell, Frederick Reimer, Jr.
Gosselin, Richard Leon
Gottlieb, William Albert
Graef, Peter John
Graf, Clifford Maxwell, II
Graham, Alan Stevens
Grant, Homer Thomas, Jr.
Grant, Richard
Grant, Richard Francis
Grant, Stephen Irving
Grasser, Philip Farr
Grause, Francis Patrick
Graves, David Michael
Graville, William Neil
Gray, Jimmie Lee
Gray, Ronald Eugene
Greene, Friedel Clarence
Greene, Robert Michael
Greenwell, William Manly
Greeson, Bernard Dandridge
Gregoire, John Albert
Grieve, David James
Griffin, Paul Adolph
Griffith, David Howard
Griggs, Carlton Albert
Grigsby, Jerry Carson
Grillo, Pat Louis
Griswold, Robert Joseph
Grosser, Harold John, Jr.
Grostick, John Larsen
Grubaugh, Gene Calvin
Guenther, Michael Lyle
Gulley, John Howard
Gumm, William Eugene
Gunn, Lee Fredric
Gustafson, Carl Eric
Gustavson, Fred Perry
Gwinn, William Herbert
Habermeyer, Howard W., Jr.
Hack, David Faustin
Haines, William Robert
Haley, Willard J.
Hall, James Otto
Hall, John Preston, Jr.
Hall, Robert Eric, III
Hall, Thomas Renwick, Jr.
Hallahan, Edward Thomas, Jr.
Halligan, James Reginald
Halyburton, Porter Alexander
Hamill, Ernest Eugene
Hamilton, Gerald Kent
Hamilton, John D. M., IV
Hamilton, Stephen Howard
Hamly, Richard Dana
Hamma, John Francis
Hammond, Thomas Jerry
Hancock, William Charles
Hand, James Michael
Hanke, Robert Richard
Hannam, Donald Charles
Hannum, Edmund, Pennell, Jr.
Hanson, Dale Eugene
Hanson, Donald Arthur
Harder, Ronald Erwin
Harding, Ronald William
Hardt, Lorry Michael
Hardy, Richard Wayne
Hargis, Richard Anthony
Harlan, Richard Lavergne
Harmon, Hollis William
Harper, Joseph Cerue
Harper, Stephen K.
Harreld, Roger Allen
Harrell, Joe Wayne
Harrington, Thomas Edward
Harris, Arthur Charles, III
Harris, Floyd Stevenson
Harris, Michael Jon
Harris, William Ronald
Harrison, Cecil Alvin
Harrison, Gilbert Arthur
Harrison, James Douglas
Harrison, Robert Wesley
Harrison, Russell W., Jr.
Hart, Bruce Harold
Hartinger, Ronnie Joe
Hartkopf, Kenneth Walter
Hartman, William Ray
Hartung, Ralph D.
Hartzell, Ray Kaufman M.
Hasenbauer, Richard David
Hassett, Daniel Francis
Hassler, Bobby Vernon
Hastings, Steven Chad
Hatch, Wayne Edward
Hatfield, Stephen Harry
Hatleberg, Clarence James
Hausmann, Gerald Leo
Haveman, Jason Norman
Hawkins, Thomas Lynn
Hawley, John A., III
Hawley, Thomas Peck, Jr.
Hawver, Jack Hunter, Jr.
Hayden, William Buford
Hayes, Michael Ney
Hayes, William S.
Healy, John Francis, Jr.
Heames, Richard David
Heath, Charles Maples, Jr.
Heckler, Francis Daniel, Jr.
Heffernan, Richard Francis
Heid, Billy Lee
Heinecke, Walter Richard
Hekel, Ulis Dean
Helm, Larison F.
Helt, James Franklin
Hemmerle, George Edouard
Henderson, Harry Gene
Henry, Gordon A.
Hepner, Bruce William
Herbster, Gerald Fredrick
Herranen, Peter Andres
Herrick, Stephen E.
Hershey, David G.
Hertzler, Charles Miller
Hess, Gerald R.
Heufelder, John Richard
Hewitt, George Michael
Heyer, Robert Ward
Hibler, Ross Gordon
Rickey, Robert Philip
Hickman, Donald Patrick
Hickman, Gerald Charles
Hickman, Harold William, Jr.
Hicks, Norman Keith
Hiestand, Frank Hilty
Higdon, Kenneth Hill
Higgins, Edward Joseph, II
Higgins, Edward P.
Hildebrandt, John L., III
Hilgeman, John Lawrence
Hill, Daniel Davies
Hill Theodore Drummond, Jr.
Hillier, Donald Rand
Hilton, Jay Ingrisch
Hilzer, Ralph Conrad, Jr.
Hinds, Howard Huntington, Jr.
Hinds, James Judson
Hines, Ronald Dewitt
Hinesley, Harold H., Jr.
Hinkel, Harold James
Hiss, Roger Anthony
Hitchcock, Terrence Walton
Hodgdon, Walter Graham
Hodgens, Timothy Holdridge
Hoepfner, Karl Thomas
Hoferkamp, Richard Allan, Sr.
Hofstetter, Lawrence Lynn
Hofstetter, Robert Emil
Hogan, Jerry Franks
Hogan, John Benedict, Jr.
Hoggard, John Hyde
Holbert, Warren Lee
Holbert, William Harold
Hollarn, James William
Hollender, Edmund Victor

Holliday, Harley Junior
Hollinger, Merlin Bruce
Holmes, Robert Leo
Holmes, Thomas Eugene
Honey, Lowell Ray, Jr.
Hood, John Timothy
Hood, William T. T., Jr.
Hooper, Charles Noble
Hoover, Charles Byron, Jr.
Hoover, Joseph Giles
Hoover, Philip Efird
Hope, Robert Edward
Hopewell, Robert S.
Hopkins, James Robert
Hopkins, Ralph Wendell, Jr.
Hopson, Thomas Edward
Horner, Ronald Dean
Hornick, James Freeman
Horst, Rudolph Albert
Horton, Douglas James
Horton, Forrest Austin
Horvatic, Thomas Lawrence
Hoskins, Samuel Britton
Hough, Howard Arthur
Hough, James Robert
House, William Louie
Houser, George Clifford, Jr.
Howard, Hugh Wyman, Jr.
Howe, Michael Edward
Howell, Stephen Hunt
Howze, Odis William, Jr.
Hubble, Hilbert Roland
Huber, Dale Richard
Huber, Donald Henry
Hudiburgh, Charles William
Hudnor, Francis Lee, III
Hudson, Lyndon Ray
Huff, Gerald Lewis, Jr.
Huffines, Charles Wayne
Huffman, Kenneth Alan
Hughes, Gary Michael
Hughes, Ivan Estes
Hull, Bradley Wayne
Humphreys, Thomas Blake
Humphreys, Wayne Ives
Hunt, Clark Harvey
Hunt, John West
Hunt, William Baile
Hunter, Lewis Thomas
Hunter, Robert Stanley
Hurley, George Edward, Jr.
Husak, Stephen Bruce
Hutmaker, Matthew Aaron, Jr.
Hutnik, Joseph Michael
Hutt, Gordon William
Huxhold, George Emery
Hyde, Joseph Goree
Hyland, William Walker, Jr.
Hynes, Robert Frank
Irvin, Clarence Frank
Isaacs, Phillip Warren
Jaccard, Michael Dandridge
Jackson, Lesley Jerry
Jackson, Richard Alan
Jacob, Frank Edward
Jacob, Glenn R.
Jacobi, Leslie Martin
Jacobs, Brent W.
Jamerson, Clifford Larry
Jantz, Michael William
Janus, F. James
Jardine, David Andrew
Jarecki, Stephen Allen
Jeffers, Barry N.
Jeffries, Clifford Leroy, Jr.
Jenkins, James Alan
Jenkins, Neal Cornell
Jensen, Michael George
Jessup, Frederick Don
Joa, William Ray
Jogan, Stephen
Johnson, Alan Keith
Johnson, Carlton Roy
Johnson, Charles Harold
Johnson, David Allen
Johnson, Elton Wendell
Johnson, Gary L.
Johnson, Hartle Eric
Johnson, Kenneth G.
Johnson, Kenneth Humphrey
Johnson, Laurence Everett
Johnson, Leonard E., Jr.
Johnson, Myron Theodore, Jr.
Johnson, Norman Martin
Johnson, Paul Kenneth
Johnson, Robert Frederick
Johnson, Robert Lee, Jr.
Johnson, Thomas Randall
Johnston, Jasper Brinson, Jr.
Johnston, Raymond Albert
Johnston, Thomas McCorvey
Jolley, Ronald Scott
Jones, Charles William
Jones, Charles Reed, Jr.
Jones, David Allan
Jones, Dennis Alan
Jones, Edward Allen
Jones, James Voland
Jones, Jerry L.
Jones, Raymond David
Jones, Richard Thomas
Jones, Robert Drake
Jones, Robert Russell
Jones, Stephen Howe
Jordan, David L.
Joslin, Roland Wayne
Joyce, Robert H.
Judd, Raymond Joseph
Juhl, Clarence Henry
Jukoski, Michael Joseph
Julian, James Allen
Juroff, Kurt Thomas
Kaeser, Karl Heinz
Kafka, William Joseph
Kalal, Lindsey Edward
Kalin, David Michael
Kallsen, Bruce Donald
Kalyn, Richard Adrian
Kampf, Michael, III
Kamrath, Robert Allan
Kanning, David Warren
Karl, George John, III
Karlisch, Manfred
Kastel, Bruce Allen
Katz, Douglas Jeffrey
Katz, Richard Gordon
Kaufman, Edwin Joseph
Kaye, Barry Nelson
Kearley, John Albert
Kearns, Walter Edward
Keenan, Richard Calvert, Jr.
Keiser, Ray Robert Jr.
Keith, Roy Edward
Keller, George Joseph Jr.
Keller, James Henry
Keller, Paul Parker
Kelley, John H.
Kelley, Kenneth William
Kellner, Gary Earl
Kelly, George William
Kelly, Robert Tyrone
Kelsey, John Paul
Kemmerer, Frank Edward
Kemple, Morris Michael Jr.
Kenneally, Thomas Daniel
Kennedy, James Conway Jr.
Kennedy, William Henry
Kenslow, Michael Jay
Kent, George Alan
Kenton, Bruce Holladay
Kenyon, Morton William
Kerley, Thomas Owen
Kerry, William Schouman
Kessmann, Richard D.
Key, Charles T.
Kibble, Anthony John
Kientzler, Phillip A.
Kight, Ben
Killam, Kent Hannaford
Killion, Robert Allan
King, Carl
King, Edward Francis
King, Francis Edward
King, Harold Warren
King, John David
King, John Elmer, III
King, Larry Lee
King, Leon Fleming Jr.
Kinlaw, Howard McConneral Jr.
Kipp, John Lowell
Kirchhoff, Charles William
Kirk, Kerry Elvin
Kirkland, Moritz Earl
Kirkland, Richard Geoffrey
Kirkpatrick, Howard David
Kirkwood, Kenneth Melvin
Klaas, Jack Ulrich
Kleemann, Henry Martin
Klein, George Adam, III
Klein, John Frederick
Klein, Karl Manly, Jr.
Klemm, Richard Eller
Klopfenstein, Timothy David
Kmetz, Stephen George
Kodalen, Kenneth Cameron
Koepke, William Reimers
Kohler, John Edward, Jr.
Kohler, Robert Wilmer
Kohn, William Houseal
Koiro, Ralph Nicholas
Kolata, John Dennis
Kolipano, Dante Anthranich
Konczey, Alexander C.
Konetzni, Albert Henry, Jr.
Kosakoski, Robert Anthony
Kost, Lawrence Michael
Kott, James Richard
Kozain, William Paul
Kozoyed, Lawrence William
Kraft, James Clinton
Kraft, James Nicholas
Kramar, Joel David
Kramer, Wesley Marvin
Krapohl, Richard Francis
Krasniewski, Stanley Edward
Kratz, Allen Z.
Krause, Lawrence Charles
Krieger, David Harry
Krieger, Dennis Harold
Kristensen, Edward Kristian
Krom, Richard William
Krueger, Roger William
Kruse, Harry Rudolph
Kruszona, Raymond Robert
Kuehn, Ronald Edwin
Kuhn, Frank Rudolf
Kukulski, Dennis Reginald
Lacher, Richard Gray
Lacroix, Francis William
Ladek, Kenneth Eugene
Lagomarsino, Thomas S.
Lagregs, Jay Gary
Laib, Ronald John
Laible, Norman Wayne
Laing, James William
Lamb, James Bernard, Jr.
Lambert, John Frederick
Lamey, James Hazzard
Lamoureux, George Joseph
Landon, John Larue
Landry, Robert
Landwehr, Edwin J.
Lane, Thomas Francis
Lansford, Martin Carl
Lapierre, Terrence Paul
Laprevotte, William
Larguier, Isidore, Jr.
Larrabee, Stephen Harris, Jr.
Larsen, Kenneth James
Larson, Gary Lee
Larson, Matthew Donald
Lashley, Lewis
Laskey, Charles E.
Lassen, Clyde Everett
Lassiter, Ronald Lawrence
Latendresse, Thomas B.
Lauder, Robert James
Lauer, Joseph James
Laughlin, Gary Reed
Lautrup, Robert William
Lavarre, Claude Andrews, Jr.
Laverty, William Kenneth
Law, Gordon H.
Law, James Willard
Lawler, Curry Montgomery, Jr.
Lawless, William Claude
Lawrence, Walter Berry
Lawrence, William Robert
Lebaron, George Rohmer, Jr.
Lecompte, Walter Herrell, Jr.

Lecours, Thomas Edward
Ledbetter, Douglas Eugene
Lee, Howard Frank
Lee, Jimmy Mcarthur
Lee, John Douglas
Lee, Kenneth Arthur
LeFavour, David Anthony
Lehman, Harry
Lehmann, Charles Edward
Lemke, Anthony Michael
Lentz, Frederick Charles, Jr.
Leo, Don Garrett
Leon, Kenneth Francis
Leonard, William Douglas
Leone, Robert Wayne
Leonhardt, Richard John
Lepage, Roger Henry
Lessard, Norman Raymond
Levi, Gordon H.
Levien, Henry A.
Levin, Kenneth
Levin, Sidney M.
Lewandowski, Henry Michael
Lewis, Earl Gardner, Jr.
Lewis, Leland Grant
Lewis, Ronald Bruce
Lewis, Ronald Patterson
Lherault, David John
Libbey, Grey Dennison
Libbey, Miles Augustus, III
Liechty, Kenneth Raymond
Liedel, George Anthony
Liemandt, Michael Jerome
Lilly, David Edmund
Lindt, Jimmie Lee
Linz, Edwin Raymond
Lipscomb, Warren Neilson, Jr.
Lischke, Erwin Josef, Jr.
Listol, Lavern Duwane
Litrenta, Peter Louis
Litvin, Frederick Daugherty
Livermore, Leroy Walter
Livingston, Douglas Henry
Lockard, John Allen
Lockard, Martin Edward
Lockhart, Albert Lewis
Lockwood, Ernest Reese
Lockwood, Wayne Edward
Loconte, Salvatore John
Logan, Royal Hampton, Jr.
Long, Edward Charles, III
Long, Gary Lamour
Long, John Andrew
Long, Laurence Graves
Longcore, Duane Maclyn
Longeway, Kenneth L., Jr.
Longshaw, Jeffrey Scott
Lonnon, Lawrence Walter
Loosbrock, Thomas Lee
Lopez, Teodoro Granillo
Lopez, Thomas Joseph
Lortscher, David John
Losure, Edward Ronald, Jr.
Lothrop, Peter Scott
Loucks, Steven Jay
Lough, Dennis Elliot
Loughmiller, James Michael
Louk, John David
Louy, Michael Stephen
Love, Buddy Alfred
Loveland, Richard Stroud
Lowe, Julian R.
Lowell, Bobbie Ray
Lubking, John Frederick, Jr.
Luce, Charles Marlin, Jr.
Luck, David Lee
Ludlow, Ronald Gene
Ludwig, Carl Levi
Ludwig, John Elmer, III
Luecke, John Michael
Luksich, John William
Lull, Thomas Elwood
Lundberg, Marshall Bertram
Lundstrom, Robert A.
Lupton, William Lloydd
Lutz, Frederick Ray
Lyall, Gerald James
Lyford, George, Jr.
Lyman, Melville Henry, III
Lynch, Philip Nichols
Lynch, Robert Burgess
Lyons, Richard Leo
MacDonald, Hugh H., II
MacDonald, James Ronald
MacFadyen, Bruce Alan
Mackey, William Chambers, III
MacMichael, John Lee
Madden, Lynn Merle
Madigan, Paul James
Madison, William Ross
Magalis, Richard Ludwell
Magnus, Royal Stapleton
Mahood, James Norton
Mairs, Lee Stafford
Maixner, Harold Vincent, Jr.
Major, William Earl, II
Malo, John Allen
Maloit, Robert James, Jr.
Manko, Michael Bradley
Manley, Jerry Bell
Manlove, Donald N.
Mann, Charles Edward
Manning, Amon Wade, Jr.
Manning, John Francis, Jr.
Marcely, James Abert
Marciniak, Walter, Jr.
Marcinko, Richard
Margolis, Sheldon Lee
Markowicz, John Charles
Marlowe, Gilbert Murray
Marsden, Richard Alan
Marshall, David Joe
Marshall, Richard Robin
Marshall, Rolf
Martin, James Harold
Martin, Jerome Lawrence
Martin, John Leslie
Martin, Kenneth Mark
Martin, Ronald Edmund
Martin, Theodore Joseph
Martinez, Carlos Manuel
Marymont, John Allen
Maslowski, James Irwin
Massey, Frederick Thomas
Masten, Robert L.
Matchett, Charles William
Matheny, David P.
Matson, Howard Lynn
Matthaei, Raymond Eugene
Matthews, John Edward
Matton, William George, III
Mattson, James Lee
Matyas, Carl Edward
Maugeri, Peter James
Mauney, Louie Alton
Maxwell, David James
May, Douglas Edward
Mayfield, George A.
Mayfield, William Terrell
Mayhew, William John
Mazach, John James
McAfee, Rudolph
McAlexander, Elroy Allen
McBurnett, Richard Lee
McCann, Richard Glenn
McCarthy, Richard Joseph
McClelland, Thomas Lee
McClure, Melvin Maury
McConagha, David Leigh
McConkey, Robert Franklin
McCord, Dennis Marchant
McCormack, James Elvin
McCoy, Francis M., Jr.
McCoy, Norman Kitchens, Jr.
McCreary, Richard Allan
McCrory, Seaborn M., III
McCutchen, Frank Kelly, Jr.
McDanel, Brinley Kent
McDaniel, Charles Harold
McDaniel, Howard Ray
McDaniel, Ronald Aubrey
McDaniel, Ted Owen
McDermaid, Steven William
McDermott, Michael James, III
McDevitt, James Joseph, Jr.
McDonnell, Thomas Edward
McDowell, Donald John
McDowell, Gary Allison
McFarland, Robert Stephen
McFeely, Thomas Edward
McGaraghan, Michael John
McGarity, William Dudley, Jr.
McGeorge, Glenwood William
McGhee, Barry Lewis
McGinn, Dennis Vincent
McGivaren, John Michael, Jr.
McGlothlin, Larry Wyman
McGonagle, Leo Edward
McGrath, Frank Kossler
McGruther, Kenneth Ralph
McGuire, Jeremiah James
McHenry, Wendell Carlton, Jr.
McInnis, Louis Carlton, Jr.
McKelvain, Burrel Ray
McKenzie, Jerry Allen
McKinley, David Howard
McKinley, John C.
McKinney, John Wayne
McKinney, Michael Patrick
McLeod, Robert Stirling
McMillan, Robert Hugh
McMinn, John Finley
McMullin, Lynn Darnell
McMunn, David James, Jr.
McRae, Charles Robert
McSwain, George Palmer, Jr.
McWhirter, Michael Reed
Meck, Norman Clare
Mecleary, Read Blaine
Mehard, William James, Jr.
Melanson, Alfred Joseph, Jr.
Melecosky, Timothy Stanley
Mellin, William Francis, Jr.
Menard, Gerald Michael
Meneeley, William Thomas
Menikheim, Jerry Earl
Mennuti, Timothy Mark
Merchant, Michael Gordon
Merlino, Emidio Joseph
Merrill, Grant Blackwell
Merritts, Michael Henry
Meserve, John Shackford, II
Meserve, Theodore Joseph
Messman, Harold Eugene
Metzger, William John, Jr.
Meyer, Herman Joseph
Meyer, James Roger
Meyer, John Ferrandello
Michaels, Gregory A.
Michele, Dennis Allen
Michelini, Raymond Theodore
Michna, Kenneth R.
Mickelson, Paul Fredrick
Midgard, John Danner
Mielnik, Michael Joseph
Mies, Richard Willard
Miess, Samuel Allan
Milam, Lonzo Oliver
Miles, Kenneth Kinard
Miley, Frank A.
Milioti, Louis David, Jr.
Millard, August Vonborn, Jr.
Miller, Burton Hugh, Jr.
Miller, Calvin George
Miller, Charles Robert, III
Miller, David
Miller, Dennie Lee
Miller, Donald Charles
Miller, Gary Raymond
Miller, Harry James, Jr.
Miller, Herman Morris
Miller, Lawrence Everett, Jr.
Miller, Luke Horrell, Jr.
Miller, Richard Gillette
Millis, Archibald Edward, Jr.
Mills, Clifford Childers
Mills, Michael John
Millward, John Emery
Milner, Scott Fullerton
Minderlein, James Lloyd
Miner, John Odgers, Jr.
Minnich, Richard Willis, Jr.
Mitchell, Charles Scott, IV
Mitchell, George Franklin
Mitchell, John Bullard, Jr.
Mitchell, John Thomas, Jr.
Mitchell, Thomas Arthur
Mitchell, Thomas R., III
Mitchell, William Henry, Jr.
Mitchell, William Ray
Mittell, John Evans
Mixner, Frank Lewis
Mladineo, Stephen Victor

Moffat, John Wieber
Moffett, Gordon Niell
Mohns, Karl Frederick
Molnar, David Louis
Moloney, Robert William, Jr.
Mondul, Steven Michael
Monell, Gilbert Finley, Jr.
Moni, Wayne John
Moninger, Edward George, Jr.
Montgomery, David James
Moore, Charles Leighton, III
Moore, Edward, Jr.
Moore, Edwin Terry
Moore, George Daniel
Moore, John Albert
Moore, John Charles
Moore, Randall Jack
Moore, Richard Lee
Moore, Robert Brevard, II
Moore, Thomas Stephen
Moored, Allen Wesley
Moosally, Fred Peter, Jr.
Mordhorst, Rawson Boyd
Morell, Ronald William
Morford, James Richard, III
Morgan, Donald Leroy
Morgan, Edward Lee
Morgan, Jerry Robin
Morgan, John Henry, II
Morgan, Thomas Edmund
Morgen, Marty Paul
Morgenfeld, Thomas Albert
Morris, James Earl
Morris, James Howell
Morris, Ricky King
Morris, Roy Anthony, Jr.
Morrison, Richard Martin
Morrissey, Thomas Kevin
Morrow, Emil David
Moseley, Thomas James, Jr.
Moser, Curtis Clayton
Moser, Ronald Bryant
Mosher, Richard Lee
Moshgat, Jack Wilbur
Mowbray, James Francis
Moyer, Clyde Toone, III
Mueller, James Walter
Muller, George John
Mulligan, William James, Jr.
Mullin, Leo George, Jr.,
Mullowney, Penn Evans, Jr.
Munro, Richard Pulliam, Jr.
Murdock, Walter Edmond
Murkland, Richard Grant
Murphy, Andrew Joseph
Murphy, Charles Robert, Jr.
Murphy, Francis Joseph, Jr.
Murphy, Lawrence T.
Murphy, Richard Lawrence
Murphy, Thomas Ernest
Murray, Alan Adair
Murray, Robert Louis
Musitano, John Raymond
Muskovac, John Joseph, Jr.
Mutty, John Edwin
Myers, Kenneth Randall
Myers, Richard Timothy
Myers, Ronald Wayne
Myrick, James Albert
Myron, Terry James
Najarian, Moses Thomas
Naro, Edward Louis
Nash, Arthur Raymond
Nash, John Thornton
Navone, Peter Francis
Neal, David Lewis
Neal, Jerome Birt
Neely, Eugene Garland, III
Negin, Jerrold Jay
Nelsen, Lynn Howard
Nelson, Arthur William, III
Nelson, Barron Craig
Nelson, Bruce Emerson
Nelson, Jerome George Samner
Nelson, Lauren Ernest
Nelson, Paul Lawrence
Nelson, Thomas Schewe
Nelson, Thomas Swan
Nemcosky, Martin Joseph, Jr.
Nester, Cletis Maynard
Neumann, Dennis Ervin

Newby, Lewis Raymond
Newell, Robert Bruce, Jr.
Newlon, Arthur William, Jr.
Newman, Martin Harvey
Newton, David Lee
Nichols, Aubrey Allen
Nicholson, Donald Lee
Nicholson, Edwin Parmelee
Nicholson, Michael Jeffrey
Nickel, Hilary J.
Nickelsburg, Michael
Niemeyer, Louis Timothy
Noce, Robert Stephen
Nolan, David S.
Norcross, William Griffin
Nordeen, Michael Brent
Nordstrom, Louis William, Jr.
Norman, Robert James, Jr.
Norr, Herbert Eric
Norris, Lewis Harold
Norton, James Larry
Norwood, Richard Leon
Novitzki, James Edward
Nuernberger, John Allan
Nundahl, Gerhard Alvin
Nute, Charles Carter
Nutwell, Robert Michael
Oatway, William Hanlon, III
Obar, Michael Wayne
O'Brien, Jack William
O'Brien, John Grant
O'Brien, Peter Anthony
O'Brien, Robert James
O'Connor, James George, Jr.
O'Connor, Paul Patrick
O'Connor, Peter Edward
O'Connor, Thomas Robert
Odegaard, Richard Erling
Odell, William Howard
Odle, Billy Fay
O'Donnell, Robert
Oehlenschlager, John Gary
Offutt, James Hucorn, III
Offutt, Randall Eugene
Ohlander, Ronald Bert
Olen, Harley Martin
Oldson, Dennis Randolph
Oliver, Daniel Trantham
Oliver, Michael Frederick
Olsen, Dieter Heinz
Olson, Harold Muscho, Jr.
Olson, Jack Leland
Olwin, James Lee
O'Neill, David Lynn
Onorato, James Raymond
Orlosky, Robert Andrew
Orr, William Stewart, Jr.
Osler, Charles Joseph
Ostertag, James Joseph
Oudekerk, Milford Merwin
Owen, Harry Clinton, III
Pacek, Robert Dennis
Padgett, John Elliott
Padgett, Norman Ray
Page, Bruce Dean
Paige, Gordon C.
Palm, Danny James
Palmer, Joseph Alouyous, Jr.
Pannunzio, Thomas William
Parish, Roger David
Park, Carl Sheldon, Jr.
Parker, Brance James
Parker, Richard Ernest
Parkinson, Keith Lee
Parkinson, Robert
Parks, Jerry Millard
Parlette, Richard Taylor
Parnell, Allan Donald
Parodi, Richard Steven
Paron, John Richard
Parrett, Gaylord Swayne, Jr.
Parrish, Richard D.
Parry, David Jon
Parry, Thomas Leighton, Jr.
Parten, Gary Lee
Paschall, William Danridge
Pate, David Brantley
Pate, James W., Jr.
Patrick, Mark Sailer
Patterson, James Wheeler
Patton, Bob Riley, Jr.

Paul, Gerald Everett
Paulsen, William Gary
Paust, John Michael
Pawlas, Robert Wayne
Payne, Charles Simmons
Payton, James Eugene
Pearsall, Richard E.
Pearson, Nils Alexander S.
Pearson, Russell Glenn, Jr.
Pearson, Taylor Peter
Pelaez, Marc Yve Eugenio
Pelton, Ronald Lynn
Pennington, Arthur James
Pennington, Larry D.
Perine, Philip Condit
Perkins, Henry Grady, Jr.
Perkins, James Blenn, III
Pernini, James Kanellos
Perron, Robert Arthur
Perry, Harold Eugene
Perry, Rightly Ralph
Perry, Wilburn Robert, Jr.
Peschka, Jerome Aloysius, Jr.
Pessoney, John Thomas
Petersen, Richard James
Peterson, Brent Lynn
Peterson, Charles Edward
Peterson, Eric Laurence
Peterson, Lawrence
Peterson, Michael Curtis
Peterson, Richard Franklin
Peterson, Richard Sprague
Petre, Preston Olivier
Petrovic, William Kirk
Pewett, Robert Haywood
Pfaff, George Leland
Pfister, Stephen Joseph
Phillips, Gary Quinten
Phillips, William Standish
Piatt, Cummings William
Picotte, Leonard Francis
Pierce, David Irving
Pierce, Peter Wood
Pierson, Bruce Kenneth
Pignotti, Dennis Alexander
Pike, Dennis Stanley
Pilling, Donald Lee
Pine, Donald William
Pinkston, Larry Michael
Pirnie, Morgan Scott
Pitman, Edgar L.
Pivonka, Leo Michael
Phelan, Richard Harris
Platt, David Van
Plis, Kenneth Jerome
Ploof, Elden Louis, Jr.
Plott, Barry Merrill
Plum, Jerry Earl
Plunkett, Garry Ray
Plunkett, John Russell
Polk, James Stanley
Pollock, John Corse, III
Polsenski, Martin Joseph, Jr.
Pool, Willard Owen, Jr.
Porch, Stephen L.
Porterfield, James Harold, Jr.
Potts, Ronald Lee
Powell, Orrin Bert
Powell, Robert Richard
Powers, Danny Jay
Powers, Robert Lawrence
Prather, Richard Fay
Pratt, Edmund Lee, Jr.
Previty, William Harry
Price, Harry Jon
Price, Joseph Maurice
Price, Thomas Davis, Jr.
Prickett, Frederick G., Jr.
Priest, Edgar Dolan, Jr.
Probst, Lawrence Everett
Probus, Robert Thomas
Prueher, Joseph Wilson
Pruitt, James Griffin
Prydybasz, Andrew Michael, Jr.
Puccini, Donald Emil
Puffer, James Whitney
Pullen, James Robert
Pulver, William Donald
Purdy, Robert Franklin, Jr.
Purrington, Frederick R.
Pursel, Thomas Moyer

Quanbeck, Brian Richard
Quinn, Donald Anthony
Quinn, Jeffrey
Quist, Alfred Benson
Rabine, Virgil Eugene
Radigan, Matthew James
Raffetto, David James
Railsback, Donald Charles
Rainey, Daniel Lawrence, Jr.
Rainey, Hugh Thomas
Rajaniemi, Charles Hugo
Ramos, Frank Sebastian
Ramsdell, Steven U.
Ramsey, Gerald Frank
Ramsey, William Jasper
Ramskill, Clayton Robert
Randall, Jeffrey Wayne
Randall, Richard Francis
Rantschler, Robert Dale
Rasmussen, Ernie Loris
Ratzlaff, Richard R.
Rauch, Kenneth Norbert
Ray, Dennis Edward
Reason, Joseph Paul
Reckner, James Richard
Redd, John Scott
Redden, John Andrew
Reddoch, Russell
Redus, William Clyde
Reed, Phillip Lance
Refo, Carter Beaumont
Reid, John Mark, Jr.
Reidelberger, William Henry
Reighley, Robert William
Reilly, Michael Joseph
Reiniger, Peter David
Rejda, Dennis Paul
Rempt, Rodney Peter
Renager, Burton Whitmon, Jr.
Renk, Jeffrey Sheridan
Reser, Gerald Harrison, Jr.
Reumann, Richard Edward
Reuthinger, Richard C., Jr.
Reynolds, Craig Lewis
Rezeau, Gary Lance
Rhode, John R.
Rhodes, Donald Ray
Rhodes, Gerry Baxter
Richards, Francis Gerald
Ricci, Enrico Angelo
Rice, Charles Donald
Rice, Ervin Edward
Rice, Paul Donavon
Rice, Peter Adolph
Richards, Francis Gerald
Richardson, Clarence Lee
Richardson, Larry Charles
Riddick, George Thomas, Jr.
Riffle, Nathan Lucern
Riley, Robert Handley
Riley, Stephen George, Jr.
Rinehart, Virgil Wright, Jr.
Rinker, Robert Evans
Riordan, Francis Peter
Risseeuw, Hugh Josias
Ritchey, Glenn Wendell, Jr.
Ritzman, William Floyd
Roach, Charles Alan
Robbins, Richard James
Roberts, Joel Herbert
Roberts, William Ray, Jr.
Robertshaw, Donald George
Robertson, Charles Lowry
Robidoux, Richard Ronald
Robinson, Louis Norman
Robinson, Stuart Newell
Robinson, William Burton
Robson, Clifford Pierce
Rock, Peter Frederick
Rodrick, Peter Thomas
Rogers, Clyde William
Rogers, Howard William
Rogers, James William
Rogers, Kevin George
Rogers, Paul Frederick
Rogers, Paul Harry, Jr.
Rogers, Will Chapel, III
Roletter, George Joseph, Jr.
Ronan, Lawrence Edward
Rooney, James William
Roorbach, James Arthur, II
Rose, Kenneth Ray
Rosselle, William Trevett
Roth, Patrick Henry
Rountree, John McKinley, Jr.
Rouse, James Richard
Roy, James Codori
Rozelle, Edward Clair
Rubeck, James Thomas
Rucker, Alexander Cauthorn
Rudloff, Stephen Anthony
Rudolf, Chester Davis, III
Rugolo, Ralph Ignatius
Rule, William Martz
Rumbley, Daniel Lee
Rummler, David Clark
Runberg, John Eynar, Jr.
Runyon, William Ellis
Rushing, John Michael
Russell, David Leroy
Russell, Hazen C.
Russell, Jay Burton
Ryder, Dan Herold
Ryman, Garry John
Rypka, Allan Edward
Sack, Brian Philip
Sadamoto, Theodore Kanji
Sadler, Clint Densmore
Sadler, John Clinton
Sadler, Lester Hardy
Saenz, Roland Ashley
Safley, Gordon Wayne
Saft, Burton Manly
Sailes, Frank Joseph
Sale, Charles Latane, Jr.
Salonen, John Olof
Samara, George Bitting
Samek, Dan Webster, III
Sanborn, Philip Myron
Sandberg, Nils Stephen
Sandway, Karl Martin
Sanford, Richard Martin
Sapp, Charles Nim, Jr.
Sargent, William Pierce
Sartoris, Joel Ross
Satrapa, Joseph Frank
Saul, Carlton Wayne
Saul, Joe Michael
Saulnier, Steven Craig
Savage, Eugene Maurice
Sawatzky, Jerry Dean
Sawyer, Ivan Ernest
Saylor, William Harry
Scango, Patsy Donald
Scarborough, Oscar D., III
Scardigno, Peter Francis
Scearce, George Edward
Schaar, Brian Warren
Schalde, John Arthur
Scheider, Sam M.
Scherzinger, Victor Lee
Schindler, Charles Richard
Schineller, Frederick J., III
Schleicher, Harold C., Jr.
Schlichter, Ralph
Schmauss, Henry William, Jr.
Schmidt, Clifford B.
Schmidt, Kenneth Anthony
Schmidt, Knute Menge, Jr.
Schmidt, Richard Harry
Schmidt, William Carl
Schmitt, Stuart Orin
Schmoker, Alan Elliott
Schneible, Daniel Carey
Schneider, Paul Thomas
Schnier, Keith Leon
Schoening, Frederick Stephen
Schofield, Lee Neal
Scholl, Clifford William, Jr.
Scholl, Russell Charles, Jr.
Schram, Richard Weaver
Schrock, Edward Lee
Schrodt, Clair James
Schroeder, Arthur John
Schroll, John Raymond
Schultz, David Henry
Schultz, Henry Francis
Schultz, James Stuart
Schultz, Robert William, Jr.
Schultz, Roger Frederic
Schumacher, Frank Arthur
Schupbach, Duane Fredrick
Schuyler, Philip
Schwabe, William Lawrence
Schwing, Emil Mark
Scigulinsky, Kenneth Frank
Scott, Donald James
Scott, Donald William
Scott, Lawrence A.
Scott, Morris B., Jr.
Scott, Norman Suart
Scott, Patrick R.
Scovill, Judson Lawrence
Scully, Michael Charles
Sears, William Carr
Secrest, David Emmett Heaume
Seddon, Frederick Richard
Sedgwick, Dean Lance
Sedlak, John, Jr.
Segen, John Peter
Segraves, Joel Rhinehart
Sehlin, Donald Barry
Seim, Wayne Allen
Seligson, Harold Edward
Senappe, John, Jr.
Setser, Raymond Howard, Jr.
Setzer, Alvah Earl
Sewall, Andrew Carl
Seward, Charles M., Jr.
Seyl, Stephen Joseph
Seymour, Harry Augustus, Jr.
Shaar, Edwin Willis, Jr.
Shackelford, Harry Louis, Jr.
Shaffer, William Harry
Shanahan, James Francis
Shank, Michael Howard
Shannon, John R., Jr.
Shapley, Frederick Easton
Sharp, Erwin Arthur
Sharp, Walter Eugene
Shaw, Michael Gilbert
Shaw, Myron Jack
Shaylor, Stanley Russell
Shealy, William Pierce
Sheehan, Gerard Richard
Sheldon, Gerald Ernest
Shenton, William Thomas
Shepard, Michael Joseph
Shepherd, Patrick Martin
Shields, Charles Daniel, Jr.
Shiffer, William Thurston, Jr.
Shinabarger, Jon Arthur
Shipway, John Francis
Shirley, David Ben
Shoemaker, Charles Lex
Shriver, Ronald Eugene
Shuman, Paul Dennis
Shumway, Geoffrey Raymond
Shurts, Richard Layne
Sicari, Anthony Charles
Siddens, William Michael
Sidney, Richard William
Siebert, Harro Heiner
Siegel, William Morris
Sieren, Gerald Joseph
Sierras, Eugene L., Jr.
Silver, Lawrence Michael
Simms, Richard Galen
Simon, James Richard
Simons, William Edgar
Simpson, John Drury, Jr.
Simpson, John Page, III
Simpson, Richard John
Simpson, Robert William
Singler, James Charles
Singstock, David John
Sirmans, Russell Emerson
Sisson, Harold Denison, Jr.
Sjuggerud, David Milton
Skidmore, William Harvey
Skoog, Mark Chester
Slaasted, Richard Michael
Sloane, Richard Tobias
Small, Robert Frank
Smalling, John Ambler
Smallwood, Frederick Kohler
Smelik, Gerald Thomas

Smereczniak, David Afton
Smith, Bradley Edsel
Smith, Carleton James, III
Smith, Charles Henry
Smith, David McNeill
Smith, Edwin Lee
Smith, Eldin Dean
Smith, Ernest Mallory
Smith, Esmond Douglas, Jr.
Smith, Gary Allen
Smith, Gerald Clark
Smith, Gerald John
Smith, Gordon Lee
Smith, Herbert Clive L.
Smith, J. Palmer
Smith, Jeffrey Forrest
Smith, John Walter
Smith, Philip Allen
Smith, Ralph Frederick
Smith, Ransome Scott
Smith, Robert Allen
Smith, Robert Lynn
Smith, Thomas Noel
Smith, Walter Kenneth, Jr.
Smith, William Clifford
Smith, William Steele, Jr.
Smittle, John Howard
Smuda, James Francis
Smythe, Hugh Middleton
Snider, William Allen
Snodgrass, Donald James
Snyder, Darrell Paul, Jr.
Snyder, Gerald Warner
Snyder, Glen Dean
Snyder, John Harrison
Snyder, Keith Reif
Snyder, Peter Burgess
Soderman, Arne Paul
Sogga, Donald Nicholas
Sokol, David
Solan, John Michael
Soley, Francis Edward
Solomon, Dennis Lee
Soricelli, Joseph Martin
Sosnowy, Edward D.
Soucek, Philip Merrill
Sowa, Walter, Jr.
Spangler, Carl Rodney, Jr.
Spencer, James Luther, III
Spencer, Robert Cornelius
Spencer, Stanley S.
Spigai, Joseph John
Spradlin, Dennis Richard
Sprague, Jay Woodrow
Spring, William Roger
Springer, Robert William
Sprinkle, James Camp
Sprowls, George Franklin
Spruitenburg, Fredrik H. M.
Stair, Sammy Dean
Staley, Joseph Jarlathe, Jr.
Staley, Richard Jonathan
Stallings, Tellmon Scott
Stamps, David William
Standrich, Elvin Beryle
Standridge, Wylie Lamar, Jr.
Stanfield, Robert Alan
Stankowski, Robert John, Jr.
Staplin, Ralph Asa
Stark, James Reynolds
Starnes, Phillip Van
Starr, Wesley Elliott
Starritt, Douglas Robert
Staub, James Andrew, Jr.
Stauffer, Barry Corbett
Steele, Allen Wayne
Steele, Jon A.
Steele, Joseph Henry, III
Steen. Morris G., Jr.
Steenburgh, Frederick Leroy
Stein, John Howard, Jr.
Steiner, Clifford
Stephan, Charles Royal
Sterner, David L.
Stevens, David Michael
Stevens, Thomas Francis
Stevens, Wayne Ashley
Stevenson, Clyde Melvin
Stevenson, John Wayne
Stewart, Finlay J., III
Stewart, George Calvin
Stewart, Lawrence Letulle
Stewart, Malcolm Wayne
Stewart, Robert Paul
Stewart, Van Nelson
Stickler, Bernard Thomas
Stillwagon, Richard John
St. Martin, Ronald Clayton
Stock, George Henry
Stock, Michael John
Stoll, Peter Steven
Stone, John F.
Storms, Kenneth Robert
Storwick, Richard Allen
St. Pierre, Francis William
Stranick, Francis Joseph
Strauss, Kurt Allan
Streit, Raymond Stanley, Jr.
Stricker, Robert John
Strickland, Duward Keith
Strickland, Henry Wilson
Stroebel, Donald Walter
Strohaker, John Guy
Stromberg, Merle Jon
Strong, Barton Dale
Strong, David Walker
Strong, Walter Garland, Jr.
Struck, Allan Peter
Strum, Richard Ralph
Stryer, Thomas Bruce
Stuart, Thomas Daniel
Stubbs, Frederick Michael
Stuckey, James Godfrey
Stucki, Laurence Valdimir
Stull, David Allan
Suarez, Ralph
Sugermeyer, Neil S.
Sullivan, David Charles
Sullivan, Huey H., III
Sullivan, James Edgar
Sullivan, Jerry Michael
Sullivan, John Lawrence
Sullivan, William James
Summerlin, Thomas Wiley
Sussilleaux, John Francis
Sutton, Larry Paul
Sutton, Robert
Sutton, Ronnie Neal
Swan, James Ned
Swanson, Barry Grant
Swanson, John Frederick
Swartz, Peter Milton
Sweatt, John L., Jr.
Swinger, Alan William
Switzer, William H., III
Syrko, Thomas Michael
Tabor, James Byron
Taday, Alexander Anthony
Taflin, Leo Andrew
Tageson, William John, Jr.
Tana, Yasuto
Tarpley, Robert Paul
Tarr, Edwin Arthur
Tarrant, Yancey Newell
Tasler, Robert Ernest
Tassin, Terry Jude
Taylor, Billy Glen
Taylor, Donald Owen
Taylor, James Louis
Taylor, John Mallory, IV
Taylor, Rufus Lackland, III
Taylor, William Ivey, III
Teague, Reginald Bailey
Tedeschi, Ernest Francis, Jr.
Tedford, Timothy Wallace
Teed, William George
Teichgraber, Walter Michael
Telquist, Lee M.
Templin, Charles Leonard
Tenanty, Joseph Raymond, Jr
Thelen, Frank, III
Thiele, James Frederick
Thomas, Donald Gene
Thomas, Evan Foster, Jr.
Thomas, Lewis Carroll
Thomas, Patrick Edward
Thompson, Bryce Anderson
Thompson, Donald Joseph
Thompson, Joseph Clemenger
Thompson, Melvin Ellis, Jr.
Thompson, Neil Bruce
Thornton, Gary Lynn
Thorsen, Paul Albert
Tillmann, Donald N.
Tilt, Thomas William
Timm, Richard Donald
Timpson, Donald George
Tinsley, James Robert, III
Tinston, William John, Jr.
Tipper, Ronald Charles
Tisaranni, James
Tisdel, Richard Edward
Tittle, Harold Edwin
Tobias, Walter Adam, II
Todd, John Hendrick
Tolbert, James Kirkland
Tolbert, Otis
Tolley, Richard Lyle
Tompkins, Charles Leroy
Tootle, Dan C.
Toporoski, Daniel Michael, Jr.
Tower, Philip William
Tozier, Jack Allan
Tracy, Robert Nottingham, Jr.
Trahan, Edwin Charles
Trahan, Richard Harry, III
Trapnell, Robert Gary
Treiber, Gale Edward
Trevathan, Joseph Coleman
Trickett, James Raymon
Triebel, Theodore Wallace
Tripp, Philip Burr
Trotter, Earl Clay
Trumbauer, Harry Bentley, Jr.
Trump, Peter Arnold
Tryon, Robert Gene
Tsukalas, Denis Nicholas
Tucker, Douglas
Tucker, Leo Pat
Tucker, Ronald Dewey
Tudor, Richard A.
Tufts, Herbert William, III
Tullgren, David Bernard
Tuma, David Foster
Turner, Everett Eugene, Jr.
Turner, Harris Wade
Turner, Howard Stansell
Turner, Jay Scott
Turner, John David
Turner, Joseph Wayne
Turner, Laurence Hay, Jr.
Turner, Walter Scott
Tuttle, Arthur Jay
Twaddle, Roy Royce, III
Tweel, John Alexander
Tyree, Edward C. G., Jr.
Tzomes, Chancellor Alfonso
Uber, Brian Douglas
Ulrich, William Stanley
Ungerman, Michael Kenneth
Unrau, Jerry Lee
Urbanek, Keith Arlen
Vacin, Edward Michael
Vail, David William
Vajda, Thomas Carl
Valenta, Norman Glen
Vallee, Ronald Armand
Valovich, Paul Joseph, Jr.
Vambell, James Peter
Vance, Charles Terry
Vanderschroeff, Coenraad
Vanderwier, Gerald Michael
Van Dyke, John Charles
Vaneps, John Arch
Van Heertum, Bruce
Van Lue, Kenton Walter
Van Winkle, Pieter Kingsland
Veasey, James Alexander, III
Veeck, Charles Richard, Jr.
Vercessi, George Peter
Vermilyea, David Whitney
Vetter, Donald Robert

Viafore, Kenneth Michael
Vickery, Wayne Marshall
Vidrine, David Matthew
Vinroot, Charles Arthur
Vogel, Timothy James
Vogt, Frederick Henry
Volk, Charles Louis, Jr.
Vollmer, Ernst Peter
Vomastic, John Emil
Vosilus, Robert Bruce
Vroom, James Edgar, II
Wacaser, Anderson Wade, III
Waddoups, Lynn J.
Wade, Richard John, Jr.
Wagenseil, Lawrence L.
Wagner, Dennis Larry
Wagner, James Aubrey
Wagner, John F.
Wagner, Tod William
Wahl, Larry Charles
Walberg, Peter Elon
Walchli, John Clark
Walden, Kenneth Allen
Wales, Paul Robert
Waline, Richard Laverne
Walkenford, John Herman, III
Walker, Donald Edgar
Walker, Joseph Scott, IV
Walker, Michael George
Wall, Eugene Albert
Wall, James Herbert
Walsh, Donald Francis
Walter, Louis Alan
Wang, You Lue
Ward, Allan, Jr.
Ward, Robert Furman
Warren, Edward Ola
Washam, Eric Lee
Waters, Michael Charles
Watkins, Edison Lee, III
Watkins, John Roquell
Watson, Bruce Wallace
Watson, Richard G., IV
Watts, McCoy Carlos, Jr.
Watts, Neil Steward
Waylan, Cecil Jerome
Weal, Keith Irving
Weaver, Richard Lee
Weaver, Thomas Stephen
Webb, George Jerome, Jr.
Webb, Hugh Leonard
Webb, Jack Kenneth
Weber, Francis Joseph
Weed, Wilson Geoffrey
Weerts, Gary Lee
Weighton, David D.
Weir, Russell Alexander
Weisbrod, David Stephen
Weisensee, William, John, Jr.
Weiss, John Nickolas
Weittenhiller, Larry Keith
Welborn, Paul Burney, Jr.
Welch, Glenn Ernest, Jr.
Wellik, Marvin R.
Wellmann Donald Albert
Wells Bruce
Wells, William Edward
Welsh, Richard G. T.
Wendt, William Arthur
Wenger, Charles Albert
Weniger, Marvin Joseph
Werner, Keith Michael
Werner, Michael Charles
Wertzberger, Charles Reid
West, Franklin Griffith, Jr.
West, Richard D.
Wetherell, David Lee
Wheat, David Robert
Whiffen, Calvin Uridge
Whitaker, Ronald Gordon
White, Douglas Alan
White, James Allen
White, Michael Vance
White, Raymond Monroe
Whitehead, Albert Edward
Whitehead, Kenneth Lee
Whiteman, Herman Leroy, Jr.
Whitmore, John Thomas
Whitten, Audrey Ben, Jr.
Wicker, Charles Lewis
Wicks, Guy Weaver
Wideman, Robert Earl
Wiegand, Rudolf, Paul, Jr.
Wieland, Billie Wayne
Wielandt, Frederick Moore
Wiggins, Edwin George
Wiita, Marlin Dale
Wilcox, Keith Lee
Wildman, Robert Alan
Wiley, Armando Anibal
Wiley, James William
Wilkes, Marshall Jackson
Wilkes, Paul Douglas, Jr.
Wilkie, Robert Christopher
Wilkins, Frank Scott
Wilkinson, Jay Hall
Wilkinson, John Palen, III
Will, Thomas Joseph
Willenborg, John William
Williams, Billy Bryan
Williams, Donald Edward
Williams, Ivan W.
Williams, Joseph Frederick
Williams, Larry D.
Williams, Lewis Irving, Jr.
Williams, Paul Richard
Williams, Richard C., III
Williams, Richard David, III
Williams, Robert Allen
Williams, Robert Russell, III
Williams, Walter Dehlwyn, Jr.
Williamson, Bruce Stephen
Wills, Douglas Kent, Jr.
Wilson, Christopher T.
Wilson, Clark Albert
Wilson, Edmund Powell A.
Wilson, Eldon Stephen
Wilson, George Eugene, Jr.
Wilson, Jack Wesley
Wilson, Kenneth Leighton
Wilson, Melvin Arthur
Wilson, Stephen Ray
Wilson, Thomas Bryant
Wilson, Woodrow Owen, Jr.
Winn, James Richard
Winter, Albert William
Winters, Timothy Paul
Wirzburger, Allen Henry
Wise, Aubrey Lavoid
Witherspoon, William Wallace, Jr.
Withey, Thomas Arthur
Witter, Ray Cowden
Wittig, Arthur Walter
Witzenburg, Dennis Leon
Witzenburg, Gary Martin
Wixon, Robert Frank
Wojcik, Raymond Thomas
Wojdyla, Michael John
Wojtkowski, William S., Jr.
Wolf, David Carl
Wolff, Richard Ernest
Wolter, Richard Charles
Womble, George Curtis, Jr.
Wong, Henry Kingsy
Wood, Charles Mills, III
Wood, John Robert, Jr.
Wood, Robin Carder
Woodard, James Charles, Jr.
Woodring, George B., Jr.
Woolett, Jerry Frederick
Workman, James Franklin, II
Wright, Daniel Andrew
Wright, Donald Alexander, III
Wright, Douglas Scott
Wright, John Richard
Wright, Robert Ellis
Wright, Thomas Williams
Wright, Webster Matting, Jr.
Wright, William Harry, IV
Wuthrich, Lawrence Gene
Yaconiello, William Joseph
Yasutome, Kenneth Kiyoshi
Yearwood, John Fouche, Jr.
Yeaw, Ronald Everest
Young, Brian Walter
Young, David Gunter
Young, Thomas Richard
Yule, Robert Blakeley
Yusi, Frank Louis
Zafran, Robert
Zak, Frank Joseph, Jr.
Zambie, Henry John, Jr.
Zapatka, Stanley John, Jr.
Zardeskas, Ralph Anthony
Zayicek, James Stanley
Zerr, John Joseph
Zettle, Charles Emerson
Zint, Harold Oscar, Jr.
Ziolkowski, Ronald William
Zohlen, John Thomas
Zschock, Charles Wolfgang
Zuberbuhler, William John
Zuercher, Keith Edward
Zuhoski, Charles Peter
Zunich, Ralph Edward
Zwirschitz, Gary Wayne

SUPPLY CORPS

Allen, Robert Francis
Anderson, John F.
Armstrong, George R.
Ashley, Robert E.
Auerbach, Eugene Edmond
Bary, David Sharp
Bauman, Thomas William
Bedle, William Bliss
Berzins, Aivars Talis
Bezanilla, David George
Biegner, Frederick, Jr.
Bishop, Henry Harold, II
Bishop, Phillip Earl
Bland, Gerald Hall
Blaylock, James Sparkman
Boalick, Howard Russell
Bolling, Terry Lynn
Boyt, George Richard
Brandt, Craig Max
Brighton, Edward Earl, Jr.
Buchholz, Thomas Gottlieb
Burgess, Edward Lamar
Burnette, Jimmy Darwin
Butler, Joel Lee
Byrne, Allan C.
Campisi, Ronald Alexander
Canale, Vincent Timothy
Caplan, David Alan
Carter, W. J., Jr.
Certain, James Dawson
Chase, Dana Chester
Cheney, James Cowser
Chertock, Stephen Herman
Chiomento, Thomas Vincent, Jr.
Christopher, Donald Dominic
Christophersen, Wilhelm G.
Cicio, John David
Clare, Kenneth Calvin
Clark, Robert Hamilton
Conti, Carmen Daniel
Cook, Frank Cummings, III
Cook, Glover Hardy, Jr.
Cook, Herman Theodore
Cordova, Stephen Malcolm
Cosgrove, Patrick Michael
Cribbin, Thomas Michael
Curtis, Glen Dale
Dagrosa, Richard Louis
Dahlen, David Gordon
Danforth, Lawrence Leo
Danielson, Richard Arnold
Davies, David Alan
Dawson, Joseph Charles
Dejanovich, James Peter
Deloach, Stephen James
Deruiter, Kenneth
Dolores, George Jr.
Donato, Robert Casson
Doran, William Earl
Douglas, Bruce Leroy
Downer, Glenn Ivan
Draper, John Vaughn
Drucis, Timothy John
Dunkle, Charles Thomas

Dunkle, James Allan
Eager, Donald Richard
Eaton, Roy William, Jr.
Ebbers, Richard Earl
Ebbesen, Preben Ehlers
Elliot, Ernest Alexander
Engel, Raymond Paul
Fabry, Steven Edwards
Field, Leroy Frank, Jr.
Figueroa, Ernest Luque
Fitzgerald, Preston Hodges
Flint, Ralph Quentin
Foster, Donald Gregory
Free, Willard Dean
Freeman, James Kirk
Freiberg, Leonard Sander, Jr.
Fronczkowski, Ralph Edward
Fuller, John Anson
Fyfe, John Kerr, Jr.
Gabor, John Bernard, Jr.
Gaboury, Paul Albert II
Gallagher, Patrick Francis
Gaunt, John Richard
Gayton, Lewie Ernest
Geroe, Marvin Kenneth
Gibson, Blair Edwin
Giffin, Donald Harry
Gordon, Jeffrey Leroy
Graeter, William F., II
Gray, Cameron Rathbone
Griffin, Leonard Carl, Jr.
Gross, Royce Alan
Groves, Floyd Abram
Gudgen, Richard Abbott
Guth, Michael Harold
Hall, David William
Hamilton, Howard Harvey
Hamilton, James Bevington
Hargus, James William
Harris, Christopher Bertram
Hartwell, William Randolph
Hatcher, Robert Cary
Haynes, James Michael
Heeb, Benny Joe
Hephner, Patrick Jean
Hiltbrand, Jon Haden
Hilton, David Eastwood
Hobbs, Wilbur Neal
Hoffler, Robert Eugene
Holtz, Richard Earl, Jr.
Hopkins, Bruce Allan
Hoyt, Michael Campfield
Hunter, Don Loren
Hurlbutt, James Wilbur
Jaffin, Frederick T., Jr.
James, William Byrd
Jaquith, Linford Jason
Jensen, Albert Lagrande
Jones, Allan Herron
Jordan, Douglas Saunders
Kalas, Frank Joseph, Jr.
Kasse, David Ivan
Kauffman, David Carl
Kelly, Timothy Michael
Kennedy, Hunter Lee
Ketcham, Richard Dean
Keyworth, Richard Evans
Kieckhefer, Edward Herbert
Kincaid, Bruce David
King, Lawrence Allen
Kingston, David Tallman
Kohlmann, John Thomas
Kosmark, Alfred Christopher
Kowalski, Karl Aloysius, Jr.
Krause, Ben Allen
Krause, Donald Edward
Lamm, David Vincent
Larson, Richard Dean
Lee, William Thomas
Lerner, Kenneth Ward
Lessa, Joseph Gerard, Jr.
Lester, Timothy O'Connell
Lewis, Richard Earl
Long, Douglas Allen
Losquadro, Joseph Pasquale
Lutz, Alan Lee
MacArthur, Chester Bruce
Madril, Richard Joseph
Magrogan, William Francis, Jr.
Malloy, Joseph Michael
Mantonya, Robert Raymond
Marino, Stanley, Jr.
Marlin, Frederick Russell, Jr.
Marshall, Terry Lynn
Martin, Patrick Edward
Mate, Gerald Edward
Mayer, Carl Michael
Mayes, Robert David
McCook, Kevin William
McCormack, Robert Steele
McCosco, Charles Fred
McGavran, Samuel Brown
McGinnis, William James
McKechnie, Arnold Wilfred, Jr.
McLaughlin, Robert
McLean, Forrest Thomas
McNabnay, James Richard
McPherson, Thomas Dale
Meehan, Clement Thomas, Jr.
Mesterhazy, Andrew Paul
Meyer, Fred Lewis
Miller, Barry James
Minnis, Mel Wayne
Mitchell, Ralph Melvin, Jr.
Mizer, Robert John
Modrowski, Richard Walter
Moles, Robert Francis
Molishus, Joseph, Jr.
Monteith, Gary Henry
Moran, Thomas Albert
Morgan, Edward Aiken, Jr.
Mortsolf, Larry Alonzo
Mullen, John David
Munro, David Thomas
Murray, Thomas Oliver, Jr.
Myers, William Martin
Nelson, Napoleon B., III
Nelson, Ronald Charles
Nemmers, Robert Stanley
Newton, George Edward
Nichael, Robert Harold
Norton, Ronald Ward
Novak, Wayne Frank
Nuzum, Jude Meigs
Oswald, John Stephen, II
Outlaw, George Dedric, Jr.
Patterson, Kenneth Leon
Paulson, John Jacob
Payne, David Almon
Pearce, Charlie Albert
Peck, Ronald Kenneth
Privateer, Charles Russell
Rapp, Carl Arno
Reagan, Joseph Emmett
Rebarick, William Paul
Riedel, William Michael
Robertson, Herbert Milton
Robinson, Richard D.
Ruble, David Ross
Ruppmann, Heinz Otto
Rutherford, David Owen
Salmon, Robert J.
Sanchez, Domingo Hall
Santucci, David Michael
Sarfaty, Dennis Paul
Sarver, Gordon Jay
Satterthwaite, Peter Leo
Schandel, George William
Schewe, Norman Lee
Schmidt, Carl August, Jr.
Schooley, Robert Allen
Schultz, Thomas Craig
Schutte, Harvey Charles
Schweitz, James Joseph, Jr.
Scott, William Clyde
Scroggs, Clifton Ray, Jr.
Semmens, Thomas Perry, Jr.
Seufer, Stephen John
Seyfried, Philip Joseph, Jr.
Shandy, Jerome Clifford
Sheffo, Donald George
Simpson, Steven Earl
Smith, James Lewis
Smith, Roger Joseph
Spiller, James Thomas
Spyrison, Joseph Akin
Stalnaker, Delbert Kenneth
Stangl, Larry Francis
Steffens, Paul B., Jr.
Sussman, Richard Michael
Swenson, Donald Wayne
Tarantino, David Arthur
Tastad, Michael Louis
Taylor, Richard Eugene
Thieman, Richard James
Tonkovich, Thomas Marvin
Trimpert, Eugene Charles
Tucker, James Thomas
Tucker, Thomas Grady
Tuggle, Richard Carl
Tyson, George James, Jr.
Valenty, Patrick Paul, Jr.
Vandeveer, Charles Edward
Vanhaaren, Cary Grant
Van Rooy, Lester Arthur, Jr.
Van Tassel, Russel Dale
Vigrass, David Harry
Vincent, Leonard
Walker, Francis David, III
Walkovik, Gary Lee
Walton, William Heritage, Jr.
Weaver, Willis Stanley
Webb, James Michael
Weekes, James Ernest
Wheaton, Kenneth Walter
White, Gordon Rollins, Jr.
Wilde, Charles Lee
Wilkinson, Ronald Carr
Williams, Gary Dean
Williams, Jilson Lea
Williams, Michael C.
Wilson, Charles A.
Winget, William Peter
Wright, Harry Neil
Yeatts, Ralph Leroy
Zidek, Michael A.
Ziegler, Lee Alan
Zitzewitz, Robert Frank

CHAPLAIN CORPS

Ball, David Beatty
Bergsma, Herbert Leonard
Billings, Bennie Ira
Blackburn, Warner Phillip
Boerger, Antonine
Briske, Larry Floyd
Calaway, Bernie Lee
Conavad, Joseph John
Connelly, Albert P., III
Cook, Elmer Dean
Cook, Gerald Lee
Day, Richard Thayer
Dickson, Grover James
Dobes, George E.
Drake, Carl Emerson, Jr.
Dressler, Raymond Henry, Jr.
Ellis, Larry Hoyt
Essex, Otis Dean, Jr.
Ethridge, William Murray
Fiol, John Robert
Frankel, Bernard
Ganaway, Samuel
Garrett, Harold Wayne
Germano, Vincent Frank
Gnall, Julian Michael
Griffin, Devin William
Hammond, Hugo Stanley
Hannigan, Richard Francis
Hettish, Richard Clyde
Hiers, Homer Thomas, Jr.
Hill, Edward Thomas
Holderby, Anderson Byron, Jr.
Huebschman, Merlin Edward
Hummer, George Bernard
Jackson, Colon Stonewall, Jr.
Johnson, Andrew Herbert, Jr.
Kelley, James Frederick
Klapps, William Joseph
Knight, Norvell Earnest
Lapp, Charles L.
Lystig, Lawrence J.
Macho, George Stephen

Markham, Leonard Edward
McMahon, Edward Joseph
McNicholl, Michael Paul
Mintjal, Frank Delano
Mitchell, Zeak Clifford, Jr.
Moore, Paul James
Needham, Robert Bennett
Perry, William Lee
Pilarski, Peter Richard
Putt, Kenneth James
Reese, Donald Bruce
Richmond, Joseph John
Rimmer, Charles Stephen
Roberts, Jack Wendell
Rothermel, Fred Allen
Rupp, Lloyd Gary
Rutherford, James Harold
Schultz, Thomas Arnold
Schumm, William Edward
Shoberg, Lawrence Arvid
Slattery, Maurice Cornelius
Smith, Ignatius Edward
Snyder, Edgar Alfrejr
Starling, Ira Carroll, Jr.
Swift, Roy Orlando, III
Thompson, Irvin Hayes
Tumblin, William Everett
Turner, Jerome Robert
Waterson, Allan Frederick
Williams, James Charles
Wilson, Charles Duane
Winterfeld, Eugene Paul
Wooster, Keith Edward
Wright, John Milton

CIVIL ENGINEER CORPS

Ahl, John Stuart
Aksionczyk, Leon
Ankrum, George Theodore
Baratta, Mario Anthony
Barron, Richard Maurice
Bersani, Robert Richard
Bohning, Lee Robert
Bonderman, Warner Edward
Brown, Harry John, Jr.
Buntley, Ronald Eldred, Jr.
Carlson, Richard Eric
Clarke, Wilmot Fred
Clayton, James Busch
Connelle, Thomas P.
Conroy, John Francis
Cook, Roy Herbert, III
Corcoran, Anthony Edward
Coston, Oscar Lee, Jr.
Cugowski, Ralph Marshall
Curtis, Elmer Ross
Dames, Thomas Allan
Delmanzo, Donald Dewees, Jr.
Dodson, James William, Jr.
Donnelly, William Patrick
Dougherty, James Michael
Drouin, Leon Eugene, Jr.
Eckloff, James Clement
Elkins, John Carroll
Estes, George Brian
Everhart, Guy Franklin
Falke, John Whelan
Fowler, Richard Salsbury
Frankum, Stephen Douglas
Fucile, Eugene Paul
Fusch, Kenneth Ericson
Gagen, Robert Edward
Gallen, Robert Michael
Gant, James Bryant
Green, Joseph Behler, Jr.
Hadbavny, Ronald Stephen
Hall, Fredrick Spencer, Jr.
Hamilton, Charles Dewalt
Harrison, Lloyd, Jr.
Hatter, William Hood, Sr.
Henley, John Steele
Hendrickson, Jack Ellis
Herrell, Orval Glenn
Hilderbrand, William Casey
Hopper, Mark Andrew
Jacobs, Paul Francis
Jokela, Carl Richard
Jones, Lloyd S.
Kelley, Kenneth Clyde
Kelley, Timothy Charles
Kennedy, Ronald Edward
King, Donald Madison
Koepp, Gary Eugene
Koski, William Arthur
Laurance, Richard Bruce
Laursen, Brian Ray
Long, Thomas Auburn, Jr.
McBride, Robert Norman
McTomney, William Paul
Meeks, Kenneth Wayne
Milkintas, John Clayton
Mitchum, William Ransome, III
Morris, Henry Minard
Nakahara, Jitsuo
Niemeier, William Ray
Olsen, Ole Leigh
O'Neill, Charles Patrick, Jr.
Pabarcus, John Russell
Parsons, James Fowler
Perry, John Ellery, Jr.
Rein, David Arno
Riggin, Donald Curtis, Jr.
Runberg, Bruce Lee
Sargent, Delon Denny
Schlesinger, Francis David
Sleight, Leon Jay
Smith, Ray Allen
Stamm, John Andrew
Stark, James Reginald
Swyers, Harry Merton
Taylor, Ernest Theodore
Thurston, Benjamin Easton
Valenti, Alan C.
Vizza, William Kane
Walters, Victor Young
Watson, Francis Xavier
Weston, James Edward
Wood, John Fairbanks
Woodhull, Roger Blake

JUDGE ADVOCATE GENERAL'S CORPS

Albrecht, David A.
Anderson, Russell A.
Arbuckle, David L.
Baker, James N.
Barr, Philip Conrad
Blake, Donald Freeman
Bogart, Jeffrey Howard
Boorman, James Albert, III
Broach, Robert Erskine
Cardinal, James
Coyle, Robert Emery
DeCarlo, Nicholas Peter
Deddish, Michael Raymond, Jr.
Durham, Joe B.
Edington, Donald Edwin
Ellis, Charles Edmund, Jr.
Ford, William John, Jr.
Fulkes, Duane Sherman
Garrett, Henry Lawrence, III
Geer, John Joseph, Jr.
Gerard, Kenneth J.
Gerken, Robert Thomas
Gerszewski, Melfred T.
Gordon, John Edward
Griffin, Michael Airey
Hannas, Mike D.
Henderson, William C., III
Hewett, Peter Augustine, Jr.
Hughes, Winston Jackson
Kahn, Thomas Kenneth
Keating, Timothy Dayton
Keithly, Roger Myers, Jr.
Lindberg, Ernest T., Jr.
McMahon, Dennis Charles
Miller, John Roger
Neutze, Dennis Richard
Nivert, Frank J.
Ochsner, Ronald Frederick
Patterson, Perry S., Jr.
Payne, Michael L.
Pinnell, James E.
Riedel, Charles Thornton
Rogers, James Nicholas
Rohner, Richard Anthony
Rosintoski, Lawrence John
Rossi, Robert Raymond
Rowe, Larry R.
Runnels, Joseph Dwayne
Schachte, William Leon, Jr.
Smiley, Clare Brown, Jr.
Strow, Peter H.
Swayze, Frank Benjamin
Wells, George Lawrence
Willever, Kent Arlington
Williams, Duvall M., Jr.

MEDICAL SERVICE CORPS

Anderson, David Edward
Anderson, Dennis Gordon
Antonopoulos, Adam Theodore
Arnold, Leroy Edward
Ashburn, James Henry
Bain, Donald Keith
Baldwin, Jeffrey W.
Barnhill, Russell Wynn
Barr, Kenneth Brian
Barsness, Frederick Raymond
Bates, James Francis
Bazzell, Samuel Clinton
Beene, Joe Ray
Bell, James A.
Belter, Lyle Edward
Berghage, Thomas Eugene
Beuchler, Lamarr George
Bienkowski, Faustyn Joseph
Biersner, Robert John
Bobola, Edward
Bondi, Kenneth Robert
Bookout, Thomas Eugene
Briand, Frederick Francis
Bruhn, John Evan
Butler, Raymond Andrew
Call, Douglas William
Carney, William Patrick
Carpenter, Gorden Lee
Carter, Franklin Wood
Chaput, Raymond Leo
Charland, Normand Louis
Clarke, Norman Barry
Cobet, Andre Benoit
Cole, Dennis E.
Coleman, Robert C.
Collings, Donald Earl
Connors, Francis Simon
Cote, Robert Raymond
Curran, Raymond Michael
Daily, Otis Patrick
Dalton, James Travis
David, Dennis Duane
Davis, Donald Marion
Davis, Donald Ralph
Devine, Robert Thomas
Cook, Elvis Donald, Jr.
Cook, Jimmie Charles
Corley, Richard Annon
Cunningham, William F.
Dekrey, Charles Ross
Delisle, Gary Raymond
Devault, Richard Lee
Doptis, Leigh Errol
Duley, John Wilbur, Jr.
Edwards, Darrel
Eklund, Paul G.
Evans, Delbert Eugene
Felt, Walter Robert
Fisher, Frank D. R.
Fisher, Stephen Todd
Foxx, Stanley Alan
Gaines, Richard Noel
Galbreath, Jerry Dean
Gaugler, Robert Walter
Gibson, Richard Stephen
Glaser, Zorach Raphael
Goodhartt, William Ryan
Greear, John Fields, III
Gregory, George Harry
Gutshall, Richard Brice, Jr.
Hall, David Allen

Hamas, Michael, Jr.
Hammons, Johnnie David, Jr.
Hansel, George Joseph
Hayes, Charles Herbert
Hazelton, Terrial Lynn
Herron, Don Montelle
Heston, Frank David
Hickey, Myron Joe
Hill, Charles Ray
Hilling, Levi Nelson
Hodge, Frederick Allen
Holcomb, Howard Edwin
Hostetler, Melvin Glenn
House, John Francis
Hurder, Richard James
Hutchins, Charles Willis, Jr.
Jeffs, Robert Anton Aulie
Johnson, Larry Wayne
Johnson, Richard Lee
Jones, Thomas Newton
Julius, Leonard Jackson
Karch, Larry Lee
Kinig, William Goodrich
Kouns, David Michael
Lane, Norman Edward
Lashley, Kenneth Lamarr
Levan, Donald Robert
Lewis, Larry Allen
Lindberg, John Robert
Ludwig, William Carl
Maassen, Leland Richard
Mann, Charles Frank, Jr.
Martin, Donald Gene
McCroddan, Donald Matthew
McCullah, Robert Douglas
McDonald, John Leroy
McGrath, William Peter
McIntosh, Wilton Wayne
McManaman, Vincent Leo
Medlock, Thomas Perry
Milek, Mary Lynn
Miller, Allen Byrd
Milliken, Paul Robert
Moore, Leonard Lee
Moore, Patrick Holmes
Moroney, William Francis
Moy, Michael William
Murray, John Lee
Macrelli, Walter Andre
Narut, Thomas Edward
Newman, Reginald Edward
Oglesby, Norman Gabriel
Olson, James Gordon
Ozment, Bob Lee
Palmer, Timothy Trow
Parsons, William Michael
Peck, Robert
Pheeny, Harold Thomas
Pitts, Lucius Loring, II
Rausch, Jack Lee
Raymond, Lawrence Foster
Renfro, Gene F.
Reuter, Nancy D.
Reynolds, Richard Dale
Reysen, Richard Harry
Rice, Edward Allen, Jr.
Riley, Phillip Truman
Robinson, Ralph Eugene
Sammons, John Henry
Sander, Dale Frank
Sawyer, Dennis Lee
Schinski, Vernon David
Schlegel, Elvin Lee, Jr.
Schroll, John Edmont
Schubert, Deane Edward
Schultz, Warren Walter
Schweitzer, James Donald
Scott, Kelvin Peter Gerald
Shaver, Roger Galen
Sherwood, Walter Ollie
Sholdt, Lester Lance
Sides, Alfred Leroy
Sippel, John Edward
Skinner, Howard Lee
Slipsager, Frederick Andrew
Smith, David Gary.
Smith, James Dudley
Smith, James Leroy
Smith, James Peter, Jr.
Smith, Robert Edgar
Smith, William Walter
Snittjer, William John
Snow, Kenneth Souder, Jr.
Socks, James Frederick
Sonntag, Robert Richard, Jr.
Sperry, Douglas Ray
Spillman, Graham B., Jr.
Stafford, Erich Estill
Stant, George Mercellous, Jr.
Stefanakos, Thomas Kostas
Stewart, Gene Nicholas
Strong, Douglas Michael
Thomas, Thomas Edward
Thome, Carl Donald
Truman, Patrick Andrew
Turco, Ronald Fisher
Tveten, Paul David
Uddin, David E.
Veckarelli, Donald Thomas
Vickerman, Raymond Harold
Wachal, Frederick Joseph
Waln, William Edward
Watko, Laurence Phillip
Weber, Herta Antoinette A.
Weiner, William Jason
Wienkers, Charles Francis
Wilson, Everett Lynn
Wilson, Jason Aldon
Windholz, Francis Leo
Wood, Duell Eugene
Woodman, Daniel Ralph
Woods, Allen Oliver
Wooll, Earl Ronald
Young, John W.
Zink, George Arthur

NURSE CORPS

Allred, Bertha Ann
Armstrong, Kathryn A.
Bagbey, Stanely Robert
Barthmaier, Jane
Becklun, Joan Kay
Betsch, Janice Ruth
Bousquet, Virginia Mae
Bronokoskie, Ann Marie
Brown, Barbara Frankel
Cash, Carolyn Jeanette
Christensen, Johanna Deborah
Coltharp, Dover Antionette
Colucci, Michael Joseph
Corbusier, Jill Ann
Cornell, Mary E.
Darrah, Elna Ray
Dault, Judith A.
Dlouhy, Elaine Jean
Downs, Robert James
Elsesser, Mary Ann
Engel, Joan Marie
Ferrell, Kirby Ann
Gangwer, Constance Wray
Gannon, Charlotte Caldwell
George, Kay Adair
Gierman, Richard Lawrence
Goss, Barbara Ann
Grace, Roberta Jane
Graham, Roberta M.
Grigg, Peggy Josephine
Hay, Mary Kathryn
Henderson, Rebecca Robertson
Hildebrand, Patricia Ann
Hill, Shirley Ann
Hogan, Virginia E.
Holmes, Sandra Anthony
Hooker, Florentina B. M.
Howard, William James
Hunter, Hazel Mary
Iwata, Miki
Jackson, Charles Ray
Jarrett, Jill E.
Johnson, Carolyn Ann
Jordan, Janice Yvonne
Kelly, Sharon K.
Kerdus, Mary B.
Kiefman, Gloria Gay
Kondash, Anna Marie
Krall, Virginia Mary
Krzewinski, Barbara Ann
Langley, Ann
Learned, Charles Everett
Leary, Cornelia Ann
Lee, Annelle Kahalehau
Lindelof, Sandra Sue
Linehan, Patricia Ann
Lucius, Nina Jeanette
Lufkin, Janice Mae
Maffeo, Edith Jane
Mazzone, Nancy Rose Marie
McClelland, Jerry Wayne
McCumber, Susan Anne
Mead, Brenda Anne
Miesko, Judith Ann
Murphy, Rosemary E.
Nye, Margaret Catherine
O'Rourke, Amoret B.
Oswald, Beverly Joyce
Pike, Helen Jacqueline
Polak, Kristen Ann
Pollock, Linda Sue
Pruchniak, Joan Louise
Quayle, Leo Claude
Raach, Carolyn Diane
Reber, Judith Lee
Richards, Jeanne Marie
Rieder, Karen Anne
Roadhouse, Ida Cortez
Rodgers, Barbara Coffin
Sakenes, Charlene Rose
Schneider, Victoria Ann
Shields, Roberta Jean
Smith, Ruth Helene
Snider, Stephen Emmit
Snyder, Eilleen Esther
Spanier, Bernice Clare
Spring, Pollyann
Stoll, Caroline Jean
Stratton, Mariann
Tate, Catharine
Troseth, Marie Phelan
Ulschmid, Margaret Mary
Wadner, Carol L.
Ward, Maureen Winifred
Whalen, Delores Marie
White, Patricia Margaret
Wilke, Joanne Marie
Wray, Fay
Wright, Dolores Ann
Yahner, Ann III
York, Virginia R.
Zuber, Frances Elizabeth

DEPARTMENT OF STATE

Anthony D. Marshall, of New York, now Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Kenya, to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Seychelles.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 24, 1976:

NATIONAL INSTITUTE OF BUILDING SCIENCES

The following-named persons to be members of the Board of Directors of the National Institute of Building Sciences for the terms indicated commencing on the date of incorporation:

For a term of 1 year:

Robert J. Brungraber, of Pennsylvania.
Leo J. Cantor, of Virginia.
Jodie R. Johnson, of Mississippi.

Joseph H. Newman, of New Jersey.
Charles H. Pillard, of Maryland.
Robert F. Schmitt, of Ohio.

For a term of 2 years:

William F. Floyd III, of Georgia.
Jasper S. Hawkins, of California.
Warner Howe, of Tennessee.
Charlene F. Sizemore, of West Virginia.
S. Peter Volpe, of Massachusetts.
Jeremiah T. Walsh, of New York.

For a term of 3 years:

O. M. Mader, of Pennsylvania.
Robert A. Georgine, of Maryland.
Rudard A. Jones, of Illinois.
David S. Miller, of Ohio.
Glen R. Swenson, of Utah.
Herbert H. Swinburne, of Pennsylvania.

The above nominations were confirmed subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

HOUSE OF REPRESENTATIVES—*Thursday, June 24, 1976*

The House met at 10 o'clock a.m.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Trust in the Lord with all thine heart and lean not upon thine own understanding.—Proverbs 3: 5.

Gracious God, beyond whose love and care we cannot drift in the glory of a new day we lift our hearts unto Thee as we set out upon the tasks that await us. We would quiet our souls in Thy presence and receive Thy peace which passes all human understanding. Whatever we do, wherever we go, may we feel sure that Thou art with us, sustaining us, and supporting us all the way.

Amid the many voices that clamor for our attention may we hear Thy still, small voice which alone can lead us in the path of righteousness and make straight the way before us.

Pardon our shortcomings, purify our hearts, and prepare us to serve Thee and our country acceptably and with Godly fear.

In the spirit of Him who is the way we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 12188. An act to amend the Community Services Act of 1974 to make certain technical and conforming amendments.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 9771) entitled "An act to amend the Airport and Airway Development Act of 1970."

The message also announced that the Senate agrees to the amendment of the House to a joint resolution of the Senate of the following title:

S.J. Res. 196. Joint resolution providing for the expression to Her Majesty, Queen Elizabeth II, of the appreciation of the people of the United States for the bequest of James Smithson to the United States, enabling the establishment of the Smithsonian Institution.

The message also announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 14237. An act making appropriations for Agriculture and related agencies programs for the fiscal year ending September 30, 1977, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 14237) entitled "An act making appropriations for Agriculture and related agencies programs for the fiscal year ending September 30, 1977, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McGee, Mr. McClellan, Mr. Stennis, Mr. Proxmire, Mr. Robert C. Byrd, Mr. Talmadge, Mr. Fong, Mr. Hruska, Mr. Young, and Mr. Hatfield to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 8800) entitled "An act to authorize in the Energy Research and Development Administration a Federal program of research, development, and demonstration designed to promote electric vehicle technologies and to demonstrate the commercial feasibility of electric vehicles," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Magnuson, Mr. Moss, Mr. Tunney, Mr. Baker, and Mr. Stevens to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 13655) entitled "An act to establish a 5-year research and development program leading to advanced automobile propulsion systems, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Magnuson, Mr. Moss, Mr. Tunney, Mr. Baker, and Mr. Stevens to be the conferees on the part of the Senate.

ANNOUNCING THE DEATH OF WES BARTHELMES, JOURNALIST AND CONGRESSIONAL STAFF AID

(Mr. BOLLING asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BOLLING. Mr. Speaker, it is my sad task this morning to report the death of a man known by many Members, by many members of the staffs, and by many people in the media. On Tuesday evening Wes Barthelmes died.

He was a dear friend of my wife and myself. I was married at his home, and he was my best man.

He was an eminent newspaperman. He left the newspaper business and worked for our former colleague, Congresswoman Edith Green. He worked with me on both of my books. I do not know really who wrote what parts of them and who is responsible for many of the ideas, Wes or I.

He served on the staff of Senator Robert Kennedy, and he worked for our colleague, the gentleman from Oregon, Bob Duncan. He was my administrative assistant for a number of years. He went to the staff of Senator Frank Church, and when he died, he was the administrative assistant to Senator Joe Biden.

Wes was an extraordinary reporter; he was an extraordinary citizen; he was an extraordinary public servant. We will miss him, and the country will miss him.

Mr. Speaker, I want to express my deepest sympathy to his wife and his family. At a later point in today's Record, under permission granted me, I will include a complete history and details of the life of my departed friend.

PERMISSION FOR SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP, AND INTERNATIONAL LAW OF THE COMMITTEE ON THE JUDICIARY TO MEET TODAY BETWEEN 10 A.M. AND 12 NOON DURING THE 5-MINUTE RULE

Mr. EILBERG. Mr. Speaker, I ask unanimous consent that the Subcommittee on Immigration, Citizenship, and International Law of the Committee on the Judiciary be permitted to meet today during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, would the gentleman confine his request to the hours between 10 a.m. and 12 noon?

Mr. EILBERG. Yes. Mr. Speaker, if the gentleman will yield, I will confine the request to those hours.

Mr. BAUMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

WILL WE PROVIDE REFUGE FOR THE PERSECUTED OF RIGHTWING DICTATORSHIPS AS WE HAVE FOR THOSE PERSECUTED BY LEFTWING DICTATORSHIPS?

(Mr. KOCH asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. KOCH. Mr. Speaker, the United Nations High Commission for Refugees has appealed to member countries of the United Nations to open their doors to at least 1,000 refugees living in Argentina. Those refugees had previously fled repression in their own countries of Chile, Bolivia, and Uruguay, and now are the object of rightwing paramilitary terrorism which the Argentine Government has been either unable or unwilling to control. The U.N. High Commission considers this a matter "of the most pressing urgency."

To date, the United States has done nothing to help these refugees. The State and Justice Departments are empowered to proceed with a parole visa program, but have not yet acted. The Congress should be pressing the administration to act now so that lives will be saved from this savage repression. Congressman Don Fraser and I have introduced House Concurrent Resolution 656 asking the Attorney General to parole into the United States those refugees in Argentina who are in danger of their lives because of their political beliefs. Senator Kennedy has introduced an identical resolution in the Senate. I urge my colleagues to cosponsor this resolution.

We have rightly demonstrated support for refugees from leftwing totalitarian governments in granting asylum to the persecuted of Hungary, Cuba, the U.S.S.R., Uganda, Vietnam, and Cambodia. We must do no less for those persecuted by rightwing dictatorships.

DEMOCRATS ENDORSE THE BAUMAN AMENDMENT—1 YEAR TOO LATE

(Mr. BAUMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BAUMAN. Mr. Speaker, it is always nice to see that when one formulates an idea, finally its time has come.

This gentleman from Maryland claims no special monopoly on the idea that the Committee on House Administration should be stripped of its power to make the final decision on the goodies to be handed out to Members, but he is glad to see that the Democratic Caucus yesterday, after a long and arduous session, finally endorsed the Bauman amendment which a year ago was voted upon by this House and overwhelmingly defeated by the same members of the Democratic Caucus, including almost all of the freshmen. If they had taken this position a year ago we might not have had the problems we have seen.

I trust that shortly we will have the majority party reverse their position on other reforms of rules we have proposed and they have consistently opposed. But I hope that the Democratic Caucus will not ram through this House rule changes which will cause even more problems than those we have already seen, without permitting both the minority party and the general public the chance to comment at full hearings and after giving a full exposition of what they propose.

Mr. Speaker, if the accounts in this morning's press are true, that is precisely what the majority is trying to do. I suggest to them that there is more at stake in this matter than the Democrats chances for reelection. What is at stake is the integrity of the House of Representatives, and some of us will not stand idly by while the majority party manipulates the House for their own political benefit. It is that kind of crass political attitude that has brought us to our present sorry state.

REQUEST FOR PERMISSION FOR COMMITTEE ON HOUSE ADMINISTRATION TO MEET TODAY DURING 5-MINUTE RULE

Mr. McFALL. Mr. Speaker, I ask unanimous consent that the Committee on House Administration be permitted to meet today under the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. DAVIS. Mr. Speaker, reserving the right to object, I ask the gentleman, would the meeting be for the purpose of marking up resolutions or bills to bring to the floor?

Mr. McFALL. Mr. Speaker, if the gentleman will yield, the gentleman is a member of that committee. It is meeting right now. We were at the caucus meeting last night. I assume that the gentleman understands what the committee is going to be working on.

They are going to be bringing two resolutions, as I understand it, to the floor. They are going to be working on all of the matters that were discussed in the Democratic Caucus last night.

Mr. DAVIS. Mr. Speaker, if the gentleman will limit the request to those resolutions which will come to the floor for floor action, I shall not object.

Mr. McFALL. Mr. Speaker, I so modify my request.

Mr. DAVIS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. BAUMAN. Mr. Speaker, further reserving the right to object, I am not quite sure that I understand the actual request. I wonder if the gentleman from California could restate what the gentleman means.

Mr. McFALL. Mr. Speaker, I think I would yield to the gentleman from South Carolina (Mr. Davis) to respond to that.

Mr. DAVIS. Mr. Speaker, if the gentleman will yield, I would state to the Members that the Committee on House Administration right now is meeting in order to draw up resolutions that are only strictly committee resolutions and therefore will be in the form of orders or regulations and would not come to the floor of the House, and to that I object.

Mr. McFALL. Mr. Speaker, I withdraw my unanimous-consent request.

Mr. BAUMAN. Mr. Speaker, does the gentleman from California need permission to withdraw his unanimous-consent request?

The SPEAKER. The Chair will state that the gentleman does not need permission.

APPOINTMENT OF CONFEREES ON H.R. 14237, APPROPRIATIONS FOR AGRICULTURE AND RELATED AGENCIES FOR FISCAL YEAR 1977

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 14237) making appropriations for Agriculture and Related Agencies programs for the fiscal year ending September 30, 1977, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi? The Chair hears none, and appoints the following conferees: Messrs. Whitten, Evans of Colorado, Burlison of Missouri, Baucus, Traxler, Charles Wilson of Texas, Passman, Natcher, Mahon, Andrews of North Dakota, Robinson, Myers of Indiana, and Cederberg.

PERMISSION TO HAVE UNTIL MIDNIGHT, FRIDAY, JUNE 25, 1976, TO FILE A CONFERENCE REPORT ON H.R. 14237, APPROPRIATIONS FOR AGRICULTURE AND RELATED AGENCIES, 1977

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that the managers may have until midnight, Friday night, June 25, 1976, to file a conference report on the bill (H.R. 14237) making appropriations for Agriculture and Related Agencies for the fiscal year ending September 30, 1977, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

CALL OF THE HOUSE

Mr. O'BRIEN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Without objection, a call of the House is ordered.

There was no objection.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 444]

Adams
Ambro
Ashbrook
Ashley
Aspin
AuCoin
Badillo
Brooks
Brown, Calif.
Burke, Calif.
Burton, Phillip
Byron
Chisholm
Collins, Ill.
Conlan
Conyers
Coughlin
Dellums
Dent
Diggs
Dodd
Edwards, Calif.
Esch
Eshleman
Evans, Colo.
Fascell
Ford, Mich.
Gaydos
Giaimo
Ginn
Goldwater
Gradison
Harsha
Hayes, Ind.
Hays, Ohio
Hébert
Heckler, Mass.
Hefner
Helstoski

Hinshaw
Jarman
Jones, Ala.
Karth
Kemp
Landrum
Leggett
Litton
Long, Md.
Lundine
McDade
McDonald
McEwen
Melcher
Metcalfe
Milford
Mitchell, Md.
Moffett
Moorhead, Pa.
Morgan
Murphy, N.Y.
Neal
O'Hara
Peyser
Pike
Rangel
Rees
Riegle
Risenhoover
Roe
Rousselot
St Germain
Schneebeli
Seiberling
Solarz
Spellman
Steed
Steelman
Steiger, Ariz.
Stephens
Stuckey
Taylor, N.C.
Udall
Vander Jagt
Wampler
Young, Alaska
Young, Ga.

The SPEAKER. On this rollcall 345 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

REQUEST FOR SUBCOMMITTEE ON FISCAL AFFAIRS OF COMMITTEE ON THE DISTRICT OF COLUMBIA TO MEET DURING THE 5-MINUTE RULE TODAY

Mr. MAZZOLI. Mr. Speaker, I ask unanimous consent that the Subcommittee on Fiscal Affairs of the Committee on the District of Columbia be permitted to meet in markup during the 5-minute rule today.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Kentucky, Is this for the purpose of considering the District of Columbia commuter tax bill?

Mr. MAZZOLI. Mr. Speaker, if the gentleman will yield, Yes, that is the purpose.

Mr. BAUMAN. Mr. Speaker, I object to the request.

The SPEAKER. Objection is heard.

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE, AND RELATED AGENCIES APPROPRIATION BILL, 1977

Mr. FLOOD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 14232) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending September 30, 1977, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Pennsylvania (Mr. Flood).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 14232, with Mr. Wright in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, Wednesday, June 23, 1976, the Clerk had read through line 2 on page 3.

The Clerk will read.

The Clerk read as follows:

Occupational Safety and Health Administration

salaries and expenses

For necessary expenses for the Occupational Safety and Health Administration, $129,833,000, of which not to exceed $9,000,000 shall be available for reimbursement to States under section 7(c)(1) of the Occupational Safety and Health Act of 1970 (29 U.S.C. 656(c)(1)) for the furnishing of consultation services to employers under section 21(c) of such Act (29 U.S.C. 670(c)).

amendment offered by mr. skubitz

Mr. SKUBITZ. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Skubitz: On page 7, strike the period at the end of line 25, and insert in lieu thereof: ": *Provided*, That none of the funds appropriated under this paragraph shall be obligated or expended to prescribe, issue, administer, or enforce any standard, rule, regulation, or order under the Occupational Safety and Health Act of 1970 which is applicable to any person who is engaged in a farming operation and employs 10 or fewer employees."

(By unanimous consent, Mr. Skubitz was allowed to proceed for 10 additional minutes.)

The CHAIRMAN. The gentleman from Kansas (Mr. Skubitz) is recognized for 15 minutes in support of his amendment.

Mr. SKUBITZ. Mr. Chairman, the amendment which I present is a simple one, all it does is to exempt farm operators with 10 or fewer employees from the requirements of OSHA.

As you will recall the Occupational Safety and Health Administration was created December 29, 1970.

It was the intent of Congress to create with the Department of Labor a cadre of experts effective in the improvement of the safety and health of our country's workplaces.

But we did not create experts—we did not create improvements—we created a monster, a monster which does not have the guts to question big business but centers upon small business that can not afford to—or are afraid to—strike back.

What started out to be a laudable program has turned into a nightmare, in part because of arrogant inspectors who feel they have not done a job unless they find something wrong in every little plant.

Now, OSHA has begun to expand its horizons. It wants to grow, be powerful, because with size comes higher grades in Government and more prestige.

Several weeks ago I introduced a bill exempting all farms that employ less than 25 persons.

The Fort Scott Tribune of Fort Scott, Kans., called OSHA for its comments on my proposal.

Let me read what a safety engineer with the National Standards Office of the Department is reported in the Fort Scott paper as saying:

> Robert Bailey, the engineer, said last week in a telephone interview that the Skubitz bill was feasible only if you want to castrate OSHA.

Believe me, my colleagues, I do not want to castrate OSHA because if I do it might grow more rapidly.

And yet, if we do not do something it will produce more rapidly and destroy our small farmers.

But if castration is the only solution I would sooner castrate the zealots who are drawing up regulations at OSHA than let them destroy the smaller farmers of America.

After consultation with the various farm organizations and cattle organizations I have reduced the number of farm employees from farms of 25 persons or less to 10 persons or less.

Now what are the reasons for the steps I have taken?

I am sure most of you are familiar with the Earth-shaking story carried by the Washington Post June 18, 1976, announcing that OSHA had made the amazing discovery that manure is slippery.

I am sure that pearl of wisdom caught every farmer by surprise.

The article was entitled "Manure Slippery, U.S. Warns."

The Washington Post story stated:

> The half million dollars worth of pamphlets prepared by OSHA are designed to help farmers and farm hands understand new safety rules.

Let me read a few more gems of wisdom from the OSHA pamphlet:

> The best way to stop an accident is to prevent it.

That must have taken days, weeks, months, to figure out.

Here is another:

> When floors are wet and slippery with manure you could have a bad fall.

Now, this is not a "shoot-from-the-hip" type of conclusion from OSHA—it is a carefully researched conclusion costing around $119,000.

Perhaps you also read the editorial in last night's Washington Star entitled "Answering OSHA's Call." I call your attention to the opening lines of that editorial.

> The slippery manure caper is an absurdity of howling dimensions: it contributes to the notion that the Federal bureaucracy has difficulty pouring milk out of a boot.

I suspect they have already hired the mayor of the small town in Florida who decreed that all horses using the streets of his little community must be properly diapered.

No doubt powder to ease diaper rash will follow.

Here is another proposal by OSHA—

OSHA proposes that any farm having five or more employees must have a toilet within 5 minutes walking distance. I ask, How far is 5 minutes walking distance?

My guess is the distance one could cover in 5 minutes would depend upon the age of the person and the urge to go.

Let us just assume a man could cover one-half mile in 5 minutes.

Now a mile section of cultivated land is not unusual in Kansas.

That means that on every square mile a farmer would be required to construct a minimum of nine privies.

For years the great wheat plains of Kansas have been dotted with those great towers of productivity, the grain elevators:

Kansans point to them with pride and

refer to them as the "great cathedrals of the plains."

Under the proposed regulations OSHA has decreed that we should have more "temples" on the plains, not only in Kansas but in all agricultural areas.

OSHA the mandator of the "privy on the plains."

Now OSHA tells us that this little farmer that employes over five men can arrange for a caterer or a concessioner to take care of the job by placing a portable privy and a washstand on a small moving vehicle that would follow the men about the field.

Or maybe a taxi service could be provided.

It is not clear whether the toilet would be a pay-as-you-enter toilet or if taxi transportation is provided who picks up the chip.

Let OSHA have its way—and they are going to make port-a-johns this country's biggest business—all at the expense of the small farmer.

Now do not misunderstand me, safety and health are important, and it is something about which we should all be concerned. But when an elite corps of Government experts decree that safety and health is better served by putting up a privy in any wheat field I say, enough. It is time to draw the line.

Here is another example of OSHA's meddling:

The requirement that the employer shall provide each tractor with seat belts.

But that is not the worst of it. It goes on to say the employer shall insure that each employee uses the seat belt while the tractor is moving.

Did you ever ride a tractor for half a day? If so you know that the operator moves into a dozen different positions to relieve his "tired bottom." He sits down, stands up, leans over, you name it.

What happens if our friendly OSHA experts visits the farm, finds the seat belt removed and the driver standing up? Who is liable? Not the driver, the farmer.

Oh yes, and now OSHA is going to require rollover bars—so if the tractor operator enters a drag race they will be protected if a tractor overturns.

Now permit me to let Congressman Esch tell you about the regulation dealing with ladders:

In his newsletter dated June 9, 1976, Congressman Esch says:

> What is a ladder? Webster defines a ladder as a structure for climbing trees—up or down—consisting of two long side pieces joined at intervals by cross-pieces on which we can step.

Just 23 words.

Then Congressman Esch's letter goes on to say:

> It takes the occupational safety and health administration 64 pages in the Federal Register to define and outline regulations pertaining to construction use and safety of the simple ladder.

Then these gems appear in Congressman Esch's letter:

> Its a good thing Jacob had his ladder when he did because it probably wouldn't pass OSHA's standards.

Sixty-four pages in the Register—impossible.

I looked it up—here it is.

I could go on for hours telling you about OSHA and their plans to destroy small farmers; feed bin construction requirements, requirements to conceal belts and chains, and so forth.

Let me close by pointing out that when the Fort Scott Tribune asked Mr. Morton Corn, the head of OSHA, and an Assistant Secretary of Labor—to comment upon my statement:

> That "there has been no appreciable decline in injury since OSHA's inception."

The Fort Scott Tribune reports that Mr. Corn admits what he calls "Skubitz' charge" was partially true, saying the decline in injury occurred only among those establishments that OSHA's inspectors have visited.

Now that is a "pot of crock" and Mr. Corn knows it.

From time to time the Congressional Record is filled with glorious speeches in support of the family farm, commending the contribution of American agriculture to our balance of trade, and expressing our concern for the plight of the hungry thousands who would so greatly benefit from increased agriculture production.

I support those sentiments and that is why I introduced this amendment.

Mr. Chairman, I include the following articles which I have previously referred to.

[From the Washington Post, June 18, 1976]

Manure Slippery, United States Warns—Farmers Belittle Federal Safety Advice

(By Don Kendall)

Government pamphlets explaining the dangers of farm work to farmers are sparking controversy because of language one critic says must have been written "for a New Yorker about to visit a farm for the first time."

The half-million dollars worth of pamphlets, prepared by the Occupational Safety and Health Administration, are designed to help farmers and farmhands understand new federal safety rules.

One pamphlet, "Safety With Beef Cattle," declares in large, bold print that "hazards are one of the main causes of accidents" and explains, "You can make your work area safe by finding hazards and removing them."

Sen. Carl T. Curtis (R-Neb.) says the language is "so incredibly arrogant and insulting that it nearly leaves me speechless." He said OSHA material for other industries is not childish and that apparently only farmers have been singled out for such treatment.

The beef cattle booklet has the American National Cattlemen's Association "laughing with tears in our eyes," an association official said, with such advice as: "When floors are wet and slippery with manure, you can have a bad fall. You could also trip over junk or trash."

The pamphlets are being distributed in cooperation with the Extension Service in the Agriculture Department. New federal rules affecting farmers who hire outside labor have been announced by the agency.

One cluster of regulations affecting protective shields around machinery was to have gone into effect June 7 but was delayed until Oct. 25, partly because the informational materials, including the pamphlets, were not ready.

Rep. Thomas M. Hagedorn (R-Minn.) said, "The material in these pamphlets seems to be written for a New Yorker about to visit a farm for the first time." He said 1,550,000 copies of 28 pamphlets are being printed at a cost of $347,220 and the government paid experts at Purdue University $119,500 for developing the material.

[From the Washington Star, June 22, 1976]

Answering OSHA's Call

The Slippery Manure Caper is an absurdity of howling dimensions: It contributes to the notion that the federal bureaucracy has difficulty pouring milk out of a boot.

So broad a generalization, of course, is unfair. But the frolic by the Occupational Safety and Health Administration does nothing to alleviate the suspicion that the feds too often propose and dispose from within an isolation chamber.

At a cost of $500,000, OSHA is publishing 1.5 million copies of 28 pamphlets to help farmers and farmhands understand new federal safety rules. One, entitled Safety with Beef Cattle, flatly asserts that "hazards are one of the main causes of accidents," and explains with a straight face, "You can make your work area safe by finding hazards and removing them."

Well, a body may tend to forget such possibilities from time to time, especially if the farmers to whom the pamphlets are directed are as mentally deficient a group as the Occupational Safety and Health Administration apparently believes.

An official of the American National Cattlemen's Association said members are "laughing with tears in our eyes"—the feds somberly advise those working around four-legged critters that "when floors are wet and slippery with manure, you can have a bad fall."

Representative Thomas M. Hagedorn, R-Minn., was relatively charitable in his critique. "The material in these pamphlets seems to be written for a New Yorker about to visit a farm for the first time." He is too kind. Senator Carl Curtis, R-Neb., was less so: The language of the pamphlets, he said, is "so incredibly arrogant and insulting that it nearly leaves me speechless."

The Occupational Safety and Health Administration is not our favorite fiefdom; its zealousness frequently exceeds common sense. Judging from its acute perception of the hazards of wet manure, the greatest help the OSHA bureaucrats could extend to farmers would be to equip themselves with shovels and bear a hand in the barns of America.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. SKUBITZ. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I would like to congratulate the gentleman for his amendment.

There has been quite an element of levity, but the gentleman considers this a very serious matter, and so do I.

As I understand the gentleman's amendment, it would have effect only for the year of the appropriation; it would not be a permanent prohibition of OSHA inspections of farms employing 10 persons or less; is that correct?

Mr. SKUBITZ. It applies only to farms employing 10 or less.

Mr. FINDLEY. And it is only for the appropriation year. It would prohibit OSHA activities only for the period of the appropriated funds; is that correct?

Mr. SKUBITZ. That is right.

Mr. FINDLEY. Yes. It seems to me that this is highly worthwhile, to suspend OSHA operations on these farms and give the OSHA inspectors the time to find out what American agriculture is really all about.

Mr. SKUBITZ. I want to say to my

colleague that this is a thoroughly serious matter. We laugh about these things. Believe me, the Kansas farmers and the farmers of this country are not laughing about these regulations which have put a lot of small farmers completely out of business.

Mr. MYERS of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. SKUBITZ. I yield to the gentleman from Pennsylvania.

Mr. MYERS of Pennsylvania. Mr. Chairman, I thank the gentleman for yielding.

I commend the gentleman for his foresight.

I happen to come from a background in the steel industry. I happen to know that today in that industry individual foremen or general foremen do not even deal with OSHA regulations. They have a separate safety department that deals with it.

With respect to OSHA regulations, there are several pages of regulations which cover such things as stepladders. There are now promulgated proposed regulations for toilet facilities for farms which will undoubtedly be very expensive as a small example of the large burden being placed on individual farmers who now perform all production, distribution, and management functions. The fact of the matter is that if we, as individual Congressmen, just looked into our own offices, most of them would not be able to pass an inspection by an OSHA inspector without violations showing up.

If we take it upon ourselves as Members to try to bring our own offices in compliance with OSHA regulations, we will see the real problem that the individual farmer is going to have in complying with the OSHA regulations.

Mr. SKUBITZ. I say to my colleague that from the regulations they propose with regard to the concealment of the cables and belts and so on outside of the tractor, the concealment of those could run the tractors, which are now costing something like $6,000 to $9,000, up another $1,000.

The CHAIRMAN. The time of the gentleman from Kansas (Mr. SKUBITZ) has expired.

(By unanimous consent, Mr. SKUBITZ was allowed to proceed for 1 additional minute.)

Mr. PATTEN. Mr. Chairman, will the gentleman yield?

Mr. SKUBITZ. I yield to the gentleman from New Jersey.

Mr. PATTEN. Mr. Chairman, the gentleman in the well has been having a lot of fun, but I direct attention to Monday's RECORD, on page 19523, which shows that our committee has been going over practically all of what the gentleman is trying to point out.

The directive that Secretary Usery issued on his new policy was cited in Monday's RECORD. It was well received. He said that he is going to stop the nitpicking, and that he is going to get to the big job.

Mr. Chairman, the gentleman in the well will get great consolation if he will read the report of the Labor Department as to how they will proceed in the future. It is the gentleman's administration which has been in effect in all my time in Congress in the last 9 years.

Mr. SKUBITZ. I am not defending my administration or anybody else.

Mr. PATTEN. But the gentleman is in it and is a part of it.

Mr. SKUBITZ. I am trying to tell the gentleman from New Jersey that I am getting tired of OSHA failing to do this and failing to do that. What I am suggesting here is that we do something to protect the small farmers.

Mr. PATTEN. The Secretary is telling them that loud and clear.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. OBEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I used to represent about 30,000 farmers until, among other things, the farm policies of the present administration in the last 8 years put about half of them out of business.

But the problem with this amendment is the same problem that we had last year with the amendment offered by the gentleman from Illinois (Mr. FINDLEY). The gentleman from Kansas (Mr. SKUBITZ) tells us what this amendment does, is to exempt farming operations which employ less than 10 people, but that is not what it does. The practical effect of the language is otherwise. Let me read it to you. It says:

> *Provided*, That none of the funds appropriated under this paragraph shall be obligated or expended to prescribe, issue, administer, or enforce any standard, rule, regulation, or order under the Occupational Safety and Health Act of 1970 which is applicable to any person who is engaged in a farming operation and employs 10 or fewer employees.

This is because the standards promulgated under the authorizing legislation, do, in fact, cover all farmers. This does the same thing that the Findley amendment erroneously did last year, it effectively eliminates enforcement for all agriculture. We would wipe out enforcement for all of agriculture.

The Department of Justice right now is moving to force the Government to set up tighter standards for migrant camps.

Have any of you ever been in a migrant camp? I have. I have been in some good ones and I have been in some pretty lousy ones. We would exempt all of the migrant workers in this country if we accept the amendment offered by the gentleman from Kansas.

I know that that is not his intent, but that is what the language says. If we were to pass this amendment, while the intentions of the amendment might be good, the practical effect is that because there is a defect in the way the amendment is drafted we will, in fact, be eliminating all agriculture from OSHA inspection. I do not think we want to do that.

Mr. SKUBITZ. Mr. Chairman, if the gentleman will yield, let me say this is not what the language says.

Mr. OBEY. It is.

Mr. SKUBITZ. The gentleman should read the amendment, it says that it is applicable to farming operations that employ 10 or fewer employees.

Mr. OBEY. No, it does not do that. I decline to yield any further to the gentleman from Kansas. I would suggest that the gentleman reread his amendment because the Department of Labor agrees with my interpretation.

Mr. PATTEN. Mr. Chairman, will the gentleman yield?

Mr. OBEY. Yes, I yield to the gentleman from New Jersey.

Mr. PATTEN. Mr. Chairman, the gentleman from Wisconsin put in the RECORD on Monday a report from the career man, our new Secretary of Labor. He has been in this business a long time and I think he has been responsive to our demands and to our criticisms and he should get credit for it. I think the Members ought to read that report. I think most of the Members, if they do, will be satisfied that he is trying to meet the objectives of the Congress.

Mr. OBEY. Mr. Chairman, I too share many of the objections and complaints that have been raised about the operation of OSHA. I do not think anybody in this Congress has worked harder to give them a good kick in the butt than I have so that they will get some of these things straightened out. If the Members will look in the CONGRESSIONAL RECORD on page 19523, which was cited by the gentleman from New Jersey (Mr. PATTEN) and if they will also read the language in the report of the Committee on Appropriations of last year, they will see that we have directed them to do a whole series of things to get their house in order. We asked them to begin a retraining program for all of their inspectors who should not be inspecting some of these farming operations, and should not be inspecting some of the retail operations which are safe operations. They ought to be spending their time on the dangerous things. But, Mr. Chairman, I am sure the gentleman from Kansas does not want to exempt all farms. That is what the language does because we cannot negate in an appropriation bill the language or a ruling which was promulgated under the authorization bill.

Mr. SKUBITZ. Mr. Chairman, if the gentleman from Wisconsin will read the rules and regulations that OSHA is proposing and regulations it is issuing he will come to a different conclusion.

Mr. Chairman, I get rather weary of colleagues going into the well of the House and always agreeing to the objectives, but fighting any effort to bring them about.

Mr. OBEY. Mr. Chairman, I refuse to yield any further. If the gentleman wants to make a speech, he may make it on his own time. The fact is the gentleman's intentions are correct and I agree with him, but his amendment does not do what he is trying to do. I am sorry about that, but I cannot help the facts.

Mr. MYERS of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from Pennsylvania.

Mr. MYERS of Pennsylvania. I thank the gentleman for yielding.

Does the gentleman have any idea of the total number of pages of regulations a farmer would have to read to cope with the OSHA regulations?

Mr. OBEY. I am sorry; I did not hear the question.

Mr. MYERS of Pennsylvania. Would the gentleman have any idea of the total number of pages of regulations that a single farmer would have to read and understand to cope with in order to comply with the OSHA regulations?

Mr. OBEY. Too many, and I suggest that the gentleman take care of the problem in an intelligent way rather than wiping out enforcement for every farm in the country.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ROYBAL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment.

It really does not make any sense to penalize the farm workers for the mistakes and shortcomings of OSHA. What the gentleman from Kansas has described is probably true, and since his amendment applies to all farms, we should take care of that in a legislative bill and not in this appropriations bill.

The truth of the matter is that the Occupational Safety and Health Act requires an employer to provide a place of employment that is free from recognized hazards that are causing or likely to cause death or serious harm to the worker. This amendment before us would replace this basic health and safety standard with a policy of negligence and would in effect establish a double standard against agricultural workers, particularly those who work on farms that employ 10 or less workers.

The Occupational Safety and Health Administration reports that 87.5 percent of all farms in the United States have 10 or less employees, which means that this amendment would affect 87.5 percent of all farms in this Nation.

There is overwhelming evidence that the farm workers, regardless of farm size, lack even minimal safety and health protection. For example, agricultural production has the third highest accident rate of any industry and is exceeded only by mining and construction. The National Safety Council reported that in 1974 farm workers experienced a work death rate of 54 per 100,000, while the average for all industries in the United States was significantly lower, in fact, 3½ times lower, at 15 per 100,000.

California reported a rate of 52.9 disabling injuries and illnesses per thousand workers in the State's agricultural industry as compared to 30.5 per thousand in all California's industries.

Compounding this deplorable condition has been the lack of adequate sanitation in the fields and in the labor camps and other housing facilities.

A 1972 survey by the Farmers Home Administration showed that 65 percent of migrant workers needed new or improved housing. The survey identified 400 counties as urgently needing a total of 130,000 units to house farm workers.

A 1973 study prepared by the National Bureau of Standards and sponsored by the Department of Health, Education, and Welfare found deplorable sanitary conditions in migrant labor camps. For example, the study indicated that 86 percent of the camps did not have privies; 28 percent had improperly sealed wells; and 13 percent dumped raw sewage directly into an open stream.

Studies have shown a close connection between poor housing and health. An early HEW report documented that—

> Where the dwelling fails to provide basic sanitation and facilities, adequate space for living and privacy in sleeping, the social and psychological as well as the physical health of its occupants are endangered.

We must not permit the lack of adequate sanitary facilities and occupational safety to doom farm workers and their families to squalor, illnesses, disability, and death. The shocking fact is that the farmworker's life expectancy is 20 years less than that of the average American worker.

Data received by HEW from migrant clinics indicate infant and maternal mortality among migrants is 125 percent higher than the national average. Their death rate from influenza, from tuberculosis, and from other diseases exceeds the national rate by 200 percent.

Clearly the Skubitz amendment raises some serious health and occupational policy questions. Further, it could considerably worsen the tragedies and adverse conditions facing this country's farmworker population.

It is for these reasons that I most strongly oppose and urge a no vote on this amendment.

Mr. SHRIVER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment.

I want to congratulate my able colleague from Kansas on this amendment, and to associate myself with his remarks.

The example of requiring farmers to provide hand washing and toilet facilities of a prescribed description within a 5-minute walk of any field hand, or drive, if the farmer provides the transportation, is just the latest instance showing the ignorance of OSHA regulation writers in respect to the farming operations in the Great Plains area. Anyone who has bothered to look at the situation is well aware that mechanization in modern grain farming has enabled American farmers to handle large acreage operations. In fact, modern farming economics almost dictate that they do so. Typical farms include hundreds of acres tilled and harvested by a few workers, more often than not the farm family, using large and expensive equipment.

Obviously, no one in OSHA has ever seen a wheat harvest. It is obvious to me there is little difference in OSHA's eyes between harvesting operations for wheat and corn and the truck and fruit farming operations where hundreds of farm laborers work at once in a single field.

I realize that these regulations have not yet been finalized, and I have urged my own constituents to contact the Department detailing how their own operations would be affected.

At the same time, I am convinced that OSHA regulation writers are not listening, or that they don't understand what they are hearing. There is no other explanation for the Federal Government requiring outhouses in the middle of wheatfields. Therefore, I strongly urge the adoption of the Skubitz amendment exempting these family farms from further harassment from OSHA. These farmers have a great stake in farm safety and health, and they have been meeting their responsibilities for many years without OSHA's interference.

Mr. MICHEL. Mr. Chairman, will the gentleman yield?

Mr. SHRIVER. I yield to the gentleman from Illinois.

Mr. MICHEL. Mr. Chairman, I heard the gentleman from Wisconsin (Mr. ALLEN) argue that the policies of our administration during the past 8 years have resulted in a reduction of farms in this country.

If there is one thing that causes a reduction in farms it is promulgation of rules and regulations of this kind that drives us further in the direction of corporate large farms.

Our family farmers cannot put up with these kind of silly regulations. By enforcing these kind of unrealistic conditions on the family farmer you just force him to throw in the towel and sell out to some corporate entity.

The gentleman is right on target. I commend him and his colleague from Kansas for opening up the discussion today.

Mrs. SMITH of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. SHRIVER. I yield to the gentlewoman from Nebraska.

Mrs. SMITH of Nebraska. Mr. Chairman, I associate myself with the remarks of the gentleman from Kansas.

Mr. Chairman, I rise in strong support of the amendment offered by the gentleman from Kansas.

At issue here is the extent to which we are going to needlessly force Federal intervention in the daily lives of our constituents. We all know that OSHA has refused to adequately consider the needs of farmers and small businessmen.

It is evident from the remarks of one of our city cousins during debate today that there is little interest in even attempting to understand the needs of the small agricultural producer. To vote against this amendment is to vote to encourage that kind of misunderstanding.

Make no mistake, our constituents are fed up with the bureaucratic requirements being forced on them by a not-so-pateralistic government. The gentleman from Kansas has given us an opportunity to eliminate one of the more burdensome examples of bureaucratic excess. We would be poorly advised indeed not to support him.

If left standing, regulations of the nature proposed and promulgated by OSHA will continue to curtail agricultural production, to increase the cost of producing food, to further stimulate the decline of the family farm, and will increase mechanization at the expense of real jobs.

There is as much need for that as there is for some bureaucrat sitting behind his desk in a carpeted office in Washington telling a farmer at the taxpayer's great expense that when a barn floor is slippery and wet with manure he might fall.

I urge adoption of the Skubitz amendment.

AMENDMENT OFFERED BY MRS. FENWICK AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. SKUBITZ

Mrs. FENWICK. Mr. Chairman, I offer an amendment as a substitute for the amendment offered by the gentleman from Kansas (Mr. SKUBITZ).

The Clerk read as follows:

Amendment offered by Mrs. FENWICK as a substitute for the amendment offered by Mr. SKUBITZ: On page 7, strike the period at the end of line 25, and insert in lieu thereof: ": *Provided*, That none of the funds appropriated under this paragraph shall be obligated or expended to prescribe, issue, administer, or enforce any standard, rule, regulation, or order under the Occupational Safety and Health Act of 1970 which is applicable to any person who is engaged in a farming operation which employs five or fewer employees."

Mrs. FENWICK. Mr. Chairman, I offer this amendment really in the hope of clarifying this matter, because I want to ask some questions of my distinguished colleagues who have spoken against the Skubitz amendment.

I have some knowledge of migrant labor. When I was in the New Jersey legislature, I sponsored, and they are now law, two bills: one concerning wages of migrant laborers and the other concerning privies in the fields, for migrant laborers; so I am not unaware of the conditions described, but I think we will find we cannot talk about farms, period. We must discriminate between the intensive farming that migrant labor does, "stoop labor," hard picking. These farms do not employ only 10 people; they employ dozens of people. They have big barracks. We have laws in the State of New Jersey governing those barracks and how they should be constructed and what their water and sanitary facilities should be; but when we are talking about a nonintensive, small farm, we have a different situation. Our bad health statistics come from the migrant labor farms. The bad health statistics do not come from farms employing 5 or 10 people, but dozens and dozens of people.

Mr. Chairman, this is why I think we must differentiate. I do not think we have 5 people working on a farm, with the intimate relationship that exists between employer and employees, that we have need for the OSHA investigators.

Mr. Chairman, what I would really like to ask those who have spoken against the Skubitz amendment, what figures do they have that show where these accidents happened? Are they not on farms that employ far more people than 5? The figure given by one of my colleagues was 87 percent of all farms would be included under the number of 10. What figures are there on farms which employ 5 people? Have we any indication how many people are employed where we have these high infant mortality and other illness rates? Could they give us some statistics, in which case I might withdraw my amendment.

Mr. OBEY. Mr. Chairman, will the gentlewoman yield?

Mrs. FENWICK. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, if I may respond. If I were to draw the amendment—and I agree with the gentleman from Kansas, I think the regulations that are coming down are absolutely stupid. I think they are crazy—the fact is if I were to draw this amendment to do what the gentleman wants to do in a rational way, I would limit it to apply, for instance, to man-days. Right now the Labor Department has information on that basis. They do make a separation between farms on the basis, for instance, of 500 days per quarter.

The problem with this amendment is that it goes at it in a very clumsy way. Even if we assume it does what it intends to do, even with the best lawyers, they cannot do it in the Labor Department. The effect is not what is intended. The effect would be to wipe out all agriculture from enforcement.

Mrs. FENWICK. Mr. Chairman, how can the gentleman say it would apply to all agricultural workers, when it clearly says, "engaged in a farming operation which employs 5 or fewer employees."

Mr. OBEY. If the gentleman will yield further, because the language does not say it shall not apply to farmers with less than 5. It says that none of the funds appropriated shall be obligated or expended to administer or enforce any standard or rule which is applicable to any person who is engaged in a farming operation which employs 5 or fewer employees.

I am no lawyer, and all I can do is rely on the legal advice given to us by the people in and out of the Labor Department. They apparently agree that the effect of this language, because the language is defective, is to effectively prohibit all farms.

The CHAIRMAN. The time of the gentlewoman from New Jersey has expired.

Mr. FLOOD. Mr. Chairman, I rise to oppose the amendment.

Mr. Chairman, we have had many different OSHA amendments, heaven knows, over all the years we have been talking about this thing. There have been several varieties, but I think this is the first one that applies to a single industry, the first one we know about. That alone, just picking out one industry, that alone should be enough to defeat it. We are talking here about a very hazardous industry at that.

We have been through this OSHA thing time after time after time, and there is no more knowledgeable group since OSHA was born than this subcommittee. Last year, we went to very great lengths, the Members will recall, in the conference report to direct the Department of Labor to improve the administration of this law. This is a very, very, very complex law. We spelled out several things, the Members will recall, to have this done right away.

The first thing was the retraining—the retraining—of the inspectors. We put that in capital letters. Then, the elimination of all these nuisance standards, and there was not question about that. Then, the simplification of these standards; then, we stress the development of fine-free on-site consultation for employers.

There is a new man down there in charge of this operation. He has been there for about 6 months. His name is Dr. Morton Corn. Let me tell the Members that he is working very hard on this thing, including, despite what Members say, opening up lines of communication with Congress. This man should be given a chance.

If anybody knows, we know in this subcommittee that this law is certainly not perfect—no question about that. This is what Members must keep in mind: this is the Appropriations Committee. We do not write laws. That is not our job.

This amendment, in effect, in our judgment, in the guise of a limitation would rewrite the basic law to exempt certain employers in one industry. Now, Mr. Chairman, of course no employer likes to have a Federal inspector drop in and tell him that he is violating the law, this one or any other. But, the law is the law whether you like it or not, and it should be enforced.

Another problem we have in this amendment is that it is another one of these magic number things. This year it is 10, and if one is lucky enough to employ 10 or fewer people on his farm, then of course he can forget about the law; that is the end of it. If he is employing 11 people or more, then he must comply with the law. That is arbitrary and capricious. This practice of excluding employers under a certain magic number—and that is what has been tried year after year—is wrong. There will be another amendment with another number, and this cannot be reasonably defended, and never has been. This is a very bad approach, and, of course, it could set a very, very bad precedent. We should not forget that. We simply cannot single out one group in the entire country for a special exemption.

If we do it for one, then we will have to do it for them all. There is no question about that. That is why we oppose this amendment.

AMENDMENT OFFERED BY MR. MYERS OF PENNSYLVANIA TO THE AMENDMENT OFFERED BY MRS. FENWICK AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. SKUBITZ

Mr. MYERS of Pennsylvania. Mr. Chairman, I offer an amendment to the amendment offered as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. MYERS of Pennsylvania to the amendment offered by Mrs. FENWICK as a substitute for the amendment offered by Mr. SKUBITZ: At the end of the amendment offered by Mrs. FENWICK strike the period and add the following: "*Provided further*, That the funds appropriated under this paragraph shall be obligated or expended to assure full compliance of the

Occupational Safety and Health Act of 1970 by Members of Congress and their staffs."

POINT OF ORDER

Mr. FORD of Michigan. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan.

Mr. FORD of Michigan. Mr. Chairman, the amendment is not germane. It is also in violation of the rule against legislating on an appropriation bill.

The CHAIRMAN. Does the gentleman from Pennsylvania (Mr. MYERS) desire to be heard on the point of order?

Mr. MYERS of Pennsylvania. I do, Mr. Chairman.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. MYERS).

Mr. MYERS of Pennsylvania. Mr. Chairman, because of my great concern for the safety of all workers and because of the fact that Members of Congress are allowed in fact to have several offices and up to 18 full-time employees, some of those who travel vehicular equipment on the highways are exposed to extreme hazards, and because of my background and experience in the steel industry, knowing what the regulations are, I see a noncompliance in many of the offices, such as boards across walkways, people standing on chairs instead of ladders, storage facilities not properly put in place. I have a concern about industry and for those people who work in industry.

It applies also to employees in our offices.

The objective of this bill is to appropriate money to see that OSHA is bringing under compliance all workers who work in an environment such as an industrial office or similar facilities.

Mr. SARASIN. Mr. Chairman, I make a point of order.

The CHAIRMAN. The gentleman from Pennsylvania (Mr. MYERS) is being heard on a point of order.

Mr. SARASIN. Mr. Chairman, it would appear that the gentleman is not addressing himself to the point of order, but he is addressing himself to the amendment.

The CHAIRMAN. The gentleman is correct.

The gentleman from Pennsylvania (Mr. MYERS), at this point, should address his comments to the point of order made by the gentleman from Michigan (Mr. FORD), to-wit, that the amendment offered by the gentleman from Pennsylvania (Mr. MYERS) would not be germane to the language of the substitute which it would seek to amend and, further, that it would constitute legislation on an appropriation bill.

Does the gentleman desire to touch on that?

Mr. MYERS of Pennsylvania. Mr. Chairman, I was simply laying the groundwork for my response to the point of order.

It simply is that in this bill we are communicating to OSHA their commitments, and it is simply that message I want to address and require that they do set aside funds for this compliance.

The CHAIRMAN. The Chair is prepared to rule.

The gentlewoman from New Jersey (Mrs. FENWICK) has offered a substitute for an amendment offered by the gentleman from Kansas (Mr. SKUBITZ).

Both the amendment offered by the gentleman from Kansas (Mr. SKUBITZ) and the proposed substitute offered by the gentlewoman from New Jersey (Mrs. FENWICK) are applicable to farmworkers and have a precise reference to the number of employees engaged by a farmer.

The gentleman from Pennsylvania (Mr. MYERS) would add to the substitute additional provisions requiring that funds appropriated under the program shall be obligated and expended to assure compliance with the Occupational Safety and Health Act by Members of Congress and their staffs.

Manifestly, this does constitute legislation on an appropriation bill; and, beyond that, it would not be germane, in the opinion of the Chair, to the pending substitute.

For those reasons, the Chair sustains the point of order.

Mr. MYERS of Pennsylvania. I thank the Chairman for his even-handed evaluation of the situation.

Mr. DOMINICK V. DANIELS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment offered by my colleague, the gentleman from Kansas (Mr. SKUBITZ), and in opposition to the substitute offered by the gentlewoman from New Jersey (Mrs. FENWICK).

I wholeheartedly agree with the distinguished subcommittee chairman, the gentleman from Pennsylvania (Mr. FLOOD), that there have been numerous attempts to readjust the relationship between the employer and OSHA during our consideration of appropriations bills. Consideration of an appropriations bill is not the proper arena in which to legislate on existing law.

Exemptions, regardless of the number of employees, regardless of the type of industry, create a second-class group of American workers. The farming sector is not different from any other sector of the American economy. Farmworkers are entitled to the same protections of the law as are workers in factories, on construction sites, and in retail establishments.

It may appear on the surface that such an amendment, if limited to agricultural workers, and if limited to farms with 10 or fewer employees, would not really subvert the intent of the law. But, I believe that is exactly what this amendment does. It guts the bill by exempting certain workers and encouraging the American farm operator to reduce the size of his or her work force so as to exempt the workplace from coverage under OSHA.

Further, seasonal employment cycles are common in our agricultural process. The bill would require that OSHA establish an elaborate bureaucratic structure to determine precisely when farms have higher levels of employment and would therefore come under the provisions of OSHA. Administration of the provision of this amendment would be prohibitively expensive and become a bureaucratic nightmare for OSHA.

I believe that this amendment, therefore, legislates an additional duty on OSHA, and is a matter that should be considered by the Education and Labor Committee which has legislative jurisdiction over the Occupational Safety and Health Act.

I want to also point out that we are not talking about a few "mom and pop" operation farms. We are talking about more than 87 percent of America's farms which have 10 or fewer employees. And, we are not talking about hazardfree operations. In 1974, one out of every 10 workers in the agricultural sector incurred a job-related illness or injury.

Is this House going to tell our farmworkers that their health and safety is irrelevant?

Farmworkers, for example, are exposed to anhydrous ammonia, an ingredient of fertilizer, which is also used for explosives. It can cause blindness, nose, lung, skin irritation, and even death.

Farmworkers are exposed to cotton dust, grain, hay and straw dust which are known to have harmful effects on the human lung.

1970 estimates are that from 600 to 800 deaths were caused by tractor rollovers.

Farmworkers use equipment such as balers, threshers, harvesters, grinders, and power tools. Workers have been maimed, cut, crushed, pulled into machines, and struck by objects thrown from machines.

Mr. Chairman, many of the workers on farms are migrants, young people who are inexperienced, and workers who may not have had the advantages of a high school or college education. OSHA has been again and again admonished by the House to provide safety material to workers and employers which is written in clear, understandable language.

Purdue University, under OSHA contract, recently prepared material directed at the subliterate as well as the better educated farm population. This has been subject to ridicule by the press and by Members of Congress.

Mr. Chairman, that many of our farmworkers are educationally disadvantaged—that many of our farmorkers are migrants who may not speak English as their primary language—should not be the subject of ridicule or laughter.

Finally, OSHA has been citicized for some recently proposed farm field sanitation regulations. I emphasize that these are merely proposed regulations. The law provides an open hearing process—Members of Congress, farmworkers, and employers are invited to testify. Due process rights are protected under the act.

It is not the function of Congress to legislate OSHA regulations. Let us free OSHA from political pressure. The health and safety of the American worker should not be subject to the vicissitudes of an election year.

I, therefore, urge my colleagues to defeat this amendment.

Mr. LATTA. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the Skubitz amendment.

Mr. Chairman, we have heard all of the usual arguments against the Skubitz amendment that we usually hear against any of these amendments which propose to put any kind of limitation on an appropriation bill. Nevertheless, it is permitted under the House rules to offer such limitations, and I happen to be one of those who believe that we ought to kill these snakes one at a time. We do not have to have them all before us at the same time. Here is an opportunity to help relieve the farmer from some of these ridiculous regulations. I say do it now rather than wait until a bill comes along to relieve all small employees from the act as it is not about to come.

Mr. Chairman, we have heard the arguments from our city friends that the farmers are protected by this OSHA legislation. I have not heard one farmer, not one farmer, in the best agricultural district of Ohio say to this Representative that he was in favor of these OSHA regulations or that he needed them.

As a matter of fact, the leading farm organization in Ohio, the Ohio Farm Bureau, has come out strongly in favor of the Skubitz amendment, as has the American Farm Bureau.

Mr. Chairman, let us not have our city Members telling us who live in the rural areas what we should have. We have had a little bit too much of this type advice from our city friends. If we keep on, we are going to have more OSHA inspectors than we have farmers, and I do not believe these inspectors are going to produce anything worthwhile for our tables.

Therefore, Mr. Chairman, I think that we ought to pay a little attention to what the farmers want rather than what the regulators want.

We have also heard that we have fewer farmers. Absolutely; we do. We have fewer farmers, but this comes from a variety of causes.

I might say to my friend who made that statement that our farmers are producing more today than they ever did before and this comes from not being saddled with all those controls they had in previous administrations.

Mr. Chairman, I am getting just a little bit tired hearing that the administration is at fault—rather than this Congress—for all of these regulations which are promulgated as the result of these bills this Congress passes. I know it is politically expedient for my Democrat friends to say the administration is at fault for all these regulations, without ever taking any blame for all the bills they rammed through which brought them forth.

Mr. Chairman, it is high time that we do something about these regulations.

I have heard something about a candidate for President of the United States on the Democratic ticket who seems to be running against Washington and all these regulations; but, lo and behold, the same people who are supporting this individual for President are now saying that we do not want to do anything about eliminating some of these regulations on our small farmers. Which side are they on?

Mr. Chariman, I think it is high time either to fish or cut bait. You cannot be on both sides of this issue. You are either for it or against it. Now is your opportunity to do something about it, and I would like to see my friends on the other side of the aisle do something about it.

Mr. SKUBITZ. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Kansas.

Mr. SKUBITZ. Mr. Chairman, I have heard some of the opposition to my amendment say that this covered 87 percent of the farmers.

When I introduced my amendment, exempting farmers that employed less than 25 employees, OSHA said that it would affect 90 percent of the farmers. This amendment drops it to 10 and OSHA says it still affects 87 percent which in my mind is a lot of hogwash.

Mr. BAUMAN. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Chairman, I want to rise in support of the Skubitz amendment and also concur fully in what the gentleman from Ohio (Mr. LATTA) says.

There is no very apparent inconsistency on the part of those who speak against these amendments today. That is to say, they usually claim to be the foremost exponents of the rights of the consumers and to be for the lowering of prices for the consumers and to be in favor of enacting legislation to help the consumers.

However, Mr. Chairman, it is the consumer who is paying for these monstrous, ridiculous regulations, because every time a farmer has to comply and spend money out of his profits, it drives up the price of farm products. That goes right through the distribution of the products in transporting them from the farm to the grocery store shelf where all of these consumer groups are always complaining.

Mr. Chairman, let our city friends accept the blame for what they are doing. They are not saving anybody. They are not improving health. They are hurting the cause of the farmer, and they are hurting their own city consumers.

Mr. Chairman, we are trying to do something for the consumer and for the farmer through this amendment.

We are trying to do something for the consumers and for the farmers with this amendment.

Mr. LATTA. I thank the gentleman from Maryland for the comments he has made.

Mr. HAGEDORN. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Minnesota.

Mr. HAGEDORN. Mr. Chairman, I would like to commend the gentleman from Ohio for the astute remarks the gentleman has made and to associate myself with them. I think this is another example of a Federal bureaucracy that is absolutely unneeded. I also want to commend the gentleman from Kansas (Mr. SKUBITZ) for offering his amendment. I hope that we can have the support of the majority for the amendment on a rollcall vote.

Mr. LATTA. Mr. Chairman, I might say to the gentleman from Minnesota that this also points up a difference in philosophies. I happen to belong to the party which believes in freedom and that Government need not control every single segment of our economy. I think this really distinguishes between the parties when they can oppose relaxing these OSHA regulations on a little farmer employing less than 10 people. I think the farmer needs this freedom and a little opportunity to produce the food and fiber our country needs without governmental controls or restrictions.

Mr. SARASIN. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment offered by the gentleman from Kansas (Mr. SKUBITZ) and to the amendment offered by the gentlewoman from New Jersey, (Mrs. FENWICK).

Mr. Chairman, I wish to join my the amendment offered by my colleague, the gentleman from Kansas (Mr. SKUBITZ), and also the amendment offered by my colleague, the gentlewoman from New Jersey (Mrs. FENWICK).

With regard to the problems of our farm labor sectors throughout the country, I am in a rather unique position in that I serve on both the House Subcommittee on Manpower, Compensation and Health and Safety, which has jurisdiction over OSHA, and on the Agriculture-Labor Subcommittee, which has been examining the difficulties facing farm workers. The evidence I have heard through 17 separate days of overnight hearings on OSHA and the innumerable meetings and sessions on the issue of farm labor, does not substantiate the contentions made by my distinguished colleague.

First, we must consider the procedural issues involved here. Time and time again we appear to be legislating through the appropriations process. This only serves to deny interested parties the opportunity to present their views to the Congress, and prevents all of us from making rational decisions on the basis of fact. Such a situation can be termed no less than an abrogation of due process and a violation of the purpose of our branch of the government.

Second, I would like to stress the point raised by the gentleman from New Jersey (Mr. DOMINICK V. DANIELS) the chairman. Any exemptions, regardless of the number of employees, regardless of the type of industry, creates a second class of American workers. Farmworkers are entitled to the same protections of the law as are workers in factories, on construction sites, and in retail establishments.

The potential impact of this legislation is not, under any terms, small. We are not talking just about a couple of farmers, we are talking about 87 percent of all of the farms in this country. We are actually discussing the elimination of the protection of the law for thousands of workers. We are not talking about a hazard-free industry.

I do not think we should move in this direction, or in this manner that we are going forward without the benefit of hearings, and that we are revoking the process that we have labored so hard and so long to provide. I do not think we can tell the farmworkers that their health and safety is less important than that of any other American workers. If we have difficulties with the administration of the law, and I think we have, then Congress has adequate procedures to address the specific issues involved.

Much has been made of the little pamphlet that was put out with what appears to be very dubious notions on how to maintain farm safety. I read it, and I agree it is rather clumsily worded, and it seems to be a little strange, but I think the thing we have to remember is that those of us who read it and laughed about it in the cloakroom the other day should realize that we are Members of the Congress who, hopefully, can read well. We must remember that this particular pamphlet was prepared by Purdue University just to take care of those 23 million Americans who have only a low literacy capability, meaning that they cannot read a want ad, or to handle simple transactions, so that that was the purpose of that pamphlet. I repeat that I agree that as we look at it, it looked rather strange, but it was not written for us.

Mr. SKUBITZ. Mr. Chairman, if the gentleman will yield, I want to say that I will hand him a few more pamphlets which make excellent reading.

Mr. SARASIN. I have seen the pamphlets, I would suggest to my colleague, and I will agree that they all seem to be rather ridiculous also but we are talking about the 23 million Americans who are functionally illiterate and those pamphlets are deliberately designed for those individuals. Similar pamphlets are written in ordinary English and Spanish as well.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. SARASIN. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. I thank the gentleman for yielding.

I am deeply sympathetic to what the gentleman is saying, and I agree it is not funny that we have to write a special pamphlet, simply worded, for people who have difficulty in reading. I share the gentleman's sentiments in that respect. But I would like to say that the people these pamphlets were addressed to work on the big barracks farms. I have seen them. I have worked on migrant labor problems and investigated migrant labor conditions all over the southern part of New Jersey, and the gentleman has probably done the same thing in Connecticut.

Mr. Chairman, I ask unanimous consent at this moment to withdraw my substitute for the Skubitz amendment.

Mr. ROUSH. Mr. Chairman, I support the Skubitz amendment. I point out that it is directed to the exemption of the family farm from undue regulation by the Federal Government through OSHA. To me it seems unnecessary for an agent of the Federal Government to come onto a farm and tell the farmer operating that farm that he does not know how to maintain his own farm; or that he is not maintaining or using his tools and machinery properly; or that he is not maintaining the premises according to Federal regulations. The inference is that he does not recognize a health or safety hazard when he sees one and nothing could be further from the truth. There are certain risks in farming. No one is more conscious of this than the farmers themselves, but they do not need a Government inspector to tell them about it. It seems to me that the Skubitz amendment is sensible and in keeping with my own conviction that the farmers of my district neither need nor want Government interference in the day to day operation of their farms.

The CHAIRMAN. Is there objection to the request of the gentlewoman from New Jersey?

Mr. HAGEDORN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The question is on the amendment offered by the gentlewoman from New Jersey (Mrs. FENWICK) as a substitute for the amendment offered by the gentleman from Kansas (Mr. SKUBITZ).

Teh amendment offered as a substitute for the amendment was rejected.

AMENDMENT OFFERED BY MR. FORD OF MICHIGAN AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. SKUBITZ

Mr. FORD of Michigan. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. FORD of Michigan as a substitute for the amendment offered by Mr. SKUBITZ: In lieu of the matter proposed to be inserted by the amendment offered by Mr. SKUBITZ, insert the following: "; *Provided*, That none of the funds appropriated under this paragraph shall be used to pay the salary of any employee of the Department of Labor who proposes the assessment of monetary penalties for any violation which, under the provisions of section 17 of the Occupational Safety and Health Act of 1970 is neither (1) willfull, (2) repeated, nor (3) serious, to any employer who is engaged in a farming operation and employs 5 or fewer employees."

POINT OF ORDER

Mr. FINDLEY. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. FINDLEY. I make a point of order that the amendment is not in order. It does not fall within the Holman rule, and I would like to be heard on the point of order.

The CHAIRMAN. The gentleman will be heard on his point of order.

Mr. FINDLEY. Mr. Chairman, I have listened to the amendment. It was clear to me that this would require that a determination be made, first of all, that a violation is willful; second, that a violation is repeated; third, that a violation is serious. One of the conditions of the Holman rule is that it not impose a burden upon the administration. If this language does not impose a burden upon the administration, I do not know what would.

The CHAIRMAN. Does the gentleman from Michigan desire to be heard on the point of order?

Mr. FORD of Michigan. Yes, Mr. Chairman.

With all due respect to the gentleman who is an expert on the amendment procedure, I am afraid he did not fully hear the amendment as read, because what the amendment says is that no employee of the Department of Labor who proposes the assessment of monetary penalties for any violation—any violation— which under the provisions of section 17 of the Occupational Safety and Health Act of 1970 is defined as—and the determination is already made by that section of the act. There is no duty imposed on the Secretary that is in any way different from the duty imposed presently by the statutory law that we are appropriating this money for. We do not impose any new duty. He did not draw any new definitions. It is simply a question of whether he will assess monetary damages against a person who is accused of a violation that falls within the purview of any one of these section 17 definitions. It does exactly what the gentleman from Kansas (Mr. SKUBITZ) attempted to do and more nearly approximates what he said he was doing than the language of the Skubitz amendment.

The CHAIRMAN. Does the gentleman from Wisconsin desire to be heard on the point of order?

Mr. OBEY. I do, yes, Mr. Chairman.

If we are going to talk about additional duties imposed, then certainly if this amendment is out of order, the original amendment ought to be out of order because we have a letter from the U.S. Department of Labor which outlines some of the additional duties required in fact by the original amendment. Under the amendment offered by the gentleman from Kansas (Mr. SKUBITZ) they would have to issue new regulations, they would have to draw up new forms, they would have to monitor recordkeeping by farmers, they would have to change the inspector instruction manual, they would have to verify employment records, and a number of other duties. So I certainly think the same latitude extended to the original amendment ought to be extended to the substitute.

The CHAIRMAN. May the Chair inquire of the gentleman from Michigan, did the Chair understand the gentleman from Michigan to declare that section 17 of the Occupational Safety and Health Act of 1970 in its present form already requires the determinations on the part of the Administrator as to willfulness, repetition, or seriousness of offenses?

Mr. FORD. That is correct.

The CHAIRMAN (Mr. WRIGHT). The Chair thanks the gentleman from Michigan.

The Chair is prepared to rule.

Basing the Chair's assumption upon the interpretation of existing law as described by the gentleman from Michigan, the Chair finds that there would be no additional duties imposed upon the Administrator, no additional determinations required of him, and the amendment merely describes determinations already required by existing law and is essentially, therefore, a limitation upon the appropriation.

Under the rules the Chair would overrule the point of order.

Mr. FORD of Michigan. Mr. Chairman, let me assure the Members that I am not happy about offering this substitute amendment. I think that to come back here today and even be discussing the weakening of the feeble attempts that the Federal Government has made to carry out the will of the people expressed over and over by this Congress to do something about the horrendous experience in occupational safety particularly in the field of agriculture, which ranks second only to the construction industry in the total number of people disabled each year, is just entirely wrong.

It is obvious that those of us who feel that way cannot swim upstream against this tide to protect the family farmer against the mean old OSHA inspector coming out from Washington with his big barrel of redtape making life miserable for people.

I assure the Members that this amendment is offered in a spirit of genuine compromise which represents for many of us a very substantial bit of backsliding, if you will, from what we believe to be sound public principle already enunciated by this and previous Congresses.

But before we proceed any further I would like to insert for the RECORD some data prepared by the Subcommittee on Manpower, Compensation and Health and Safety which has both legislative and oversight responsibilities for the Occupational Safety and Health Act:

MISCONCEPTIONS CONCERNING OSHA'S RELATION TO THE FARM SECTOR

Misconception No. 1. OSHA regulates use of pesticides.

Answer: EPA is charged with setting and enforcing pesticides in the fields by farm workers.

Misconception No. 2. OSHA overburdens the farm sector with inspections.

Answer: Only 1 to 2 per cent of OSHA's inspection activity is in the farming sector. Most of the effort is concentrated in migrant housing.

It is important to note that OSHA has done some guidelines from Congress, especially from the Appropriations Committee, that it concentrate its efforts in areas with the highest injury and illness rates—foundaries, for example. OSHA is also supposed to place new emphasis on health-hazard standard setting and inspections. Therefore, OSHA inspectors are not swarming over our fields.

Misconception No. 3. OSHA Farm Standards (such as safety features on equipment) cost too much money.

Answer: How do you measure dollars for a piece of safety equipment against a human life or limb?

Safety equipment is a "write-off" for the farmer under our tax laws.

This amendment, if adopted, would place farmers with 11 or more employees at a competitive disadvantage with farms which employ fewer than 10 workers. The legislative committee never intended to place such an inequitable provision into the Act. Why are we now doing this in an Appropriations Bill? This is unfair to the American farmer and farm workers.

Misconception No. 4. Farm Field Sanitation Regulations Proposed recently by OSHA are Unreasonable.

Answer: Whether or not they are unreasonable is not a decision that should be decided by an Appropriations Bill or by Congress. We do not legislate regulations.

OSHA has a well-defined process of hearings on regulations established in the law. Members and their constituents who object can come in and testify at these hearings. This is an open hearing process. Proposed rules are just that—proposed. Let the farmer and farm worker testify. Keep this out of the arena of political pressure.

Misconception No. 5. OSHA's manuals or phamphlets for farmers are ridiculous.

Answer: Not all of our farm workers have had the advantages of college or even high school educations. Many are migrants; many are young and inexperienced; many are bilingual with difficulties in reading English texts.

Purdue University, under contract to the Department of Labor, determined that phamphlets needed to be directed to farm workers who were sub-literate as well as the literate farm workers.

OSHA has been admonished again and again to provide materials to employers and employees in understandable language. Now OSHA directs some material to farm workers who are subliterate, and thus has become a target for attacks by Congress and the press. The educationally disadvantaged and the plight of the migrant farm worker are not subjects for laughter or ridicule.

Misconception No. 6. There are no hazards on farms.

Answer: Accidents can and do occur in the use of farm equipment. In 1974 one out of every 10 workers in the agricultural sector incurred a job-related illness or injury.

Farm workers use mowers, tractors, shredders, harvesters, grinders, blowers, augers, balers, and many other kinds of equipment. Workers have been cut, crushed, pulled into machines, or struck by objects thrown from machines. 1970 estimates are that from 600–800 deaths were caused by tractors roll-overs.

Farm workers are exposed to anhydrous ammonia which can cause painful skin burns, blindness irritation to the nose and lungs, and even death. (Anhydrous ammonia is a feed stock for explosives.)

Farm workers are also exposed to cotton dust, and dust from grain, hay and straw. These dusts are known to have harmful effects on the human lung.

Passage of the amendment will place workers in operations employing more than 10 people under the protection of OSHA. Workers in small farms will go unprotected. Over 87 per cent of America's farms have fewer than 10 workers. This amendment is blatantly unfair to workers on small farms.

Most common accident sources on the farm, compiled by the National Safety Council (1975)

	Percent
Fall on walking-working surfaces	33
Farm machinery elevators	21
Hand and portable power tools	12–15
Animals	11
Motor vehicles	11
Structures and chemicals	10

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, would the gentleman describe the effect of the amendment precisely so we will know exactly what it does?

Mr. FORD of Michigan. The shortest way I can say it is we would continue the limited ways in which we try to get at the conditions affecting migrant workers, the conditions of housing, and so on, and make it clear we are not trying to affect the small farm with five or fewer employees.

What we do is remove from the Secretary the authority to levy any fine against the family farm with five or fewer employees unless that violation were to fit the definitions in the statute and guidelines of willful, repeated, or serious. Obviously no one here intends to permit that kind of escape.

In effect, it is our belief none of these fines have run more than $50 anyhow and rather than lose the abolity to oversee the kind of housing and other things that are absolutely essential to the health and welfare of these migrants and their families, we would give up on checking the pulley wheels hanging down the end of a barn and so on and get down to what more nearly approximates our original intent, and let the family farmer have a breather. If we find it does not work, then we will come back another day and make our fight.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield further?

Mr. FORD of Michigan. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, if this amendment becomes law, then OSHA would not apply to a farm employing five or less people, provided that farm is not engaged in the use of migratory labor; is that a correct statement?

Mr. FORD of Michigan. No. It does not say OSHA does not apply. It says no monetary fines shall be applied to a farm of five or fewer employees.

Mr. FINDLEY. Mr. Chairman, if the gentleman will yield further, no fines can apply in such circumstances; is that correct?

Mr. FORD of Michigan. No circumstances not covered by wilfull, repeated or serious violations.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, I say to the gentleman, the difference between the gentleman's amendment and the Skubitz amendment is in the fact that because of the defect in the way the Skubitz amendment is drafted, it is to apply to all farms, it eliminates all of agriculture farm coverage.

Your amendment more fairly and consistently accomplishes what the gentleman from Kansas wanted to accomplish without knocking out enforcement for all agriculture.

Mr. FORD of Michigan. That is precisely right. That is why I made the statement a few minutes ago that my amendment does what the author of the Skubitz amendment indicated the gentleman was trying to do. It gets to the problem the gentleman was trying to reach. It does not, however, burn down the barn to cook the pig.

The Skubitz amendment says that none of the funds appropriated shall be obligated or expended to administer or enforce any standard, rule, regulation, or order, which is applicable to any person who is engaged in a farming operation employing 10 or fewer employees.

We do not have one set of regulations applying to farms of 10 or fewer employees and others applying to farms with 10 or more employees. There is no size differential in law or regulation, therefore the Skubitz amendment will prevent the use of funds in this appropriation to enforce any health or safety regulations in agriculture.

The CHAIRMAN. The time of the gentleman from Michigan (Mr. Ford) has expired.

(By unanimous consent, Mr. Ford of Michigan was allowed to proceed for an additional 2 minutes.)

Mr. FORD of Michigan. Mr. Chairman, if as the Skubitz amendment proposes, we prohibit the enforcement of any regulation which presently applies, the effect would be to wipe out all safety standards in farming operations.

Mr. SKUBITZ. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Kansas.

Mr. SKUBITZ. Mr. Chairman, your amendment does not say that. It says those circumstances apply if the act is not willful, repeated, and serious. In other words, OSHO could issue a hundred or more regulations similar to the ones I discussed. They can visit a farm today and notify the farmer he is in violation. A week later the inspector can again visit the farmer, if he finds the same violations they can declare the failure of the farmer to act, willful; is that correct?

Mr. FORD of Michigan. No.

Mr. SKUBITZ. Well, it must be wilfull, serious, and repeated. Furthermore it is the regulations of small farmers to which I object.

Mr. TRAXLER. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Michigan.

Mr. TRAXLER. I thank the gentleman for yielding. Mr. Chairman, is it proposed that a farm employing 5 or fewer employees would encompass a farming operation where they have the farmer's children assisting in the operation of the farm, I hope the gentleman is not counting them as employees?

Mr. FORD of Michigan. No.

Mr. TRAXLER. I support the Skubitz amendment. The minority party, the Republican Party, has brought about this deplorable situation. The tragedy of these OSHA farm regulations, and any child who has had high school civics, comprehends that the responsibility for these regulations is entirely upon the Republican administration and President Ford. Its the Republican bureaucrats who enacted these OSHA farm regulations. Why does not President Ford tell his appointees to stop harassing the farmer?

I suggest that at the next Republican breakfast at the White House you raise the issue with the President and his bureaucrats from OSHA and tell them to get off the farmers' backs, because they are the ones that are doing this to the American farmer.

Mr. STEIGER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Wisconsin.

Mr. STEIGER of Wisconsin. Mr. Chairman, without wishing to get into the context of any dispute, let me make sure the gentleman from Michigan (Mr. Traxler) understands that at the present time family members are not included as employees. So I do not care what families are employed, they are not counted as employees and that is an issue that is totally irrelevant.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

(At the request of Mr. Smith of Iowa, and by unanimous consent, Mr. Ford of Michigan was allowed to proceed for an additional 2 minutes.)

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. Mr. Chairman, I would like to understand the gentleman's amendment. I am having trouble reading the amendment.

As I read it, it says that they cannot pay the salary of an employee who proposes an assessment for a violation under section 17 which is neither willful, repeated nor serious, to an employer. I do not understand that language. Is it serious to an employer?

Mr. FORD of Michigan. No, the citation goes to an employer. It is a split infinitive, but it will come out all right. It is kind of common around here to write it that way.

Mr. SMITH of Iowa. Where is the word "citation"? I do not see it.

Mr. FORD of Michigan. That is the act of the employee we are talking about, the secretary or anybody to whom he delegates authority.

Mr. SMITH of Iowa. Does the gentleman mean against an employer or to an employer?

Mr. FORD of Michigan. No, citation may be given to an employer if that employer is engaged in a farming operation and employing five or fewer employees. I might say that it goes even further. It does not just limit itself to preventing him from issuing a citation, but prevents him from issuing a regulation for providing for a monetary penalty.

Mr. SMITH of Iowa. Another question. Does this mean if he has five employees on one day of the year?

Mr. FORD of Michigan. Presumably it does. I am not trying to change the basic Skubitz definition of limitation.

Mr. SMITH of Iowa. The regulation itself applies if he just has five employees on 1 day of the year, does it not? That is one of the problems with the regulation.

Mr. FORD of Michigan. I am not into that argument with Mr. Skubitz. He is apparently satisfied with that.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, my understanding is that there are roughly 1,200 employees at OSHA now. Very few if any of the present OSHA employees know much about farming. Can the gentleman tell us how many of these employees ever knew anything about a farm anyway?

Mr. FORD of Michigan. At the rate the Republicans are running OSHA, I am surprised that they have anyone who knows anything about anything over there.

Mr. ROUSSELOT. OSHA performs tasks on the basis of the law and legislative history dictated by Congress, so this House ought to understand full well how klutzy the rules are.

Mr. FORD of Michigan. I just want to tell my dear friend from California that starting next year, things will be different.

Mr. THONE. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Kansas (Mr. Skubitz).

Heavy-handed—that is the only way to describe conduct of the Occupational Safety and Health Administration—OSHA. Throughout the 5 years I have been in Congress, I have criticized the agency's attitude. I have attempted to end its "no-knock" philosophy of raiding and fining legitimate businesses—rather than educating owners and managers to the complexities of OSHA regulations.

But OSHA has outdone itself in offensiveness as it is prepared to regulate the farmers. OSHA's pronouncements and publications have led us to wonder if in their entire bureaucracy there is even one soul who would know which end of a cow to milk.

OSHA completely wasted a half-million dollars in putting out pamphlets for farmers. Beyond that, OSHA outraged farmers with the patronizing attitude displayed throughout these leaflets.

Here are some of the gems of wisdom from the OSHA pamphlets for farmers: "Hazards are one of the main causes of accidents." "You can make your work area safe by finding hazards and removing them." "When floors are wet and slippery with manure, you can have a bad fall."

Farmers are laughing as they read these pamphlets. They are laughing—but they are laughing with tears in their eyes. The situation is sad indeed when OSHA throws money away, acts stupid and tries to regulate something about which it has no knowledge.

Mr. Chairman, I urge all members to join me in striking down at least a small portion of the arrogance of OSHA. Please vote to exempt farms with only a few employees from OSHA's regulatory manure. Later on, during consideration of this bill I am hopeful that we will also give strong support to the Findley amendment, which will prohibit OSHA from issuing first instance citation of employer of 10 or less.

Mr. ASHBROOK. Mr. Chairman, I rise in strong support of the amendment offered by the gentleman from Kansas (Mr. Skubitz). This amendment would restrict the authority of the Occupational Safety and Health Administration to regulate our Nation's farmers and ranchers.

Specifically, the Skubitz amendment would exempt farming operations with 10 or less employees from OSHA regulations. This would be an important step in freeing the small farmer from bureaucratic redtape and costly Federal requirements. I would exempt them all together but this liberal Congress will never go that far.

It is apparent that farmers are being subjected to more and more OSHA regulations. Many of these standards are difficult and expensive to meet. Secretary of Agriculture Earl Butz, in a recent speech in Kansas City, estimated that OSHA has added $1,000 to the price of a tractor.

Secretary Butz went on to state:

> The most powerful man in the USDA isn't Earl Butz. It's some young man who writes "C Subsection C." The most powerful people in government are the little nameless GS–12s who write the regulations. They're not vicious people. But they never spent any time on a farm.

An excellent example is the proposed OSHA regulation covering field sanitary facilities for agricultural employees which is now under consideration. It provides that potable drinking water and adequate toilet and handwashing facilities be made available for all employees engaged in agricultural work in the field. The impetus for the regulation was provided by the Migrant Legal Action Program, Inc., and several other organizations on behalf of seasonal and migrant workers who petitioned OSHA to issue a standard on field sanitation. Presumably, the large farming operation is the target for this latest OSHA venture. However, the proposed directive appears to cover any size farm. The proposal reads in part:

> Scope. This section shall apply to any agricultural operation or activity performed in the field or outside of any permanent structure or facility.

Under this same section it is required that—

> One toilet facility shall be provided for each forty (40) employees *or fraction thereof.*" (Emphasis added.)

Under the heading "Location" we read:

> Toilet facilities shall be located within a 5-minute walk of each employee's place of work in the field.

But that is not the end of the "5-minute rule." The directive further stipulates that—

> If the access road layout, ground terrain, or other physical condition prevents placing of toilet facilities within a 5-minute walk, such facilities shall be located at the point of vehicular access closest to the employees.

To confuse the farmer further, where agricultural field work is to be of a duration of under 2 hours—including travel time to and from the workplace—the requirements stated above do not apply.

The very same provisions stated above do apply, however, to handwashing facilities.

As previously stated, this is a proposed regulation which has not as yet become effective. In fact, OSHA will receive written data, views, and arguments from interested persons on the proposal up to and including July 6, 1976. Consequently, those persons who will be affected by this new regulation still have the opportunity to make their views known to OSHA. Upon completion of the public participation phases of this rulemaking proceeding, the Occupational Safety and Health Administration—OSHA—may issue a final standard based upon the full record of the proceeding. It is not a foregone conclusion that this regulation will be approved. I am including the text of the OSHA regulation as it appeared in the Federal Register of April 17, 1976, at the end of these remarks.

As Secretary Butz noted, these bureaucrats are just short of crazy. It is consistent with the Ralph Nader approach that anyone conversant with the field should not be regulating that field. Stockbrokers should regulate trucking, farmers qualify in insurance, insurance-oriented people should regulate pesticides, and so forth, supposedly to prevent conflict of interest. This is foolish. Is it any wonder that the booklet comes up with such gems as—

> When floors are wet and slippery with manure, you can have a bad fall. You could also trip over junk or trash.

Now every farmer I know will be glad to know that. They never would have considered that erudite observation unless some benevolent high-paid bureaucrat had not taken the time to formulate that opinion in the Federal Register.

Only a few months ago this liberal, union-dominated Congress almost voted favorably on an amendment which would have required farmers to take training before they could use any pesticide, herbicide, or farm remedy. Even fertilizer would have possibly come under the short course requirement. Think of that, Mr. and Mrs. Farmer and yet these liberals say they are your friends.

Also, you might be interested in knowing that one of the important findings of OSHA in these expensive regulations is the gem that "hazards are one of the main causes of accidents." Oh well, these people never learn. By the way, the cost of printing these foolish pamphlets to quote—educate—unquote the farmer was $347,220 beside the money the Government paid to so-called experts at Purdue University, $119,500 for developing the ridiculous material.

Here is the text of the regulations:

SUBPART I—GENERAL ENVIRONMENTAL CONTROLS

§ 1928.100 Field Sanitary Facilities.

(a) *Scoope.* This section shall apply to any agricultural operation or activity performed in the field or outside of any permanent structure or facility.

(b) *Definitions.*

"Handwashing facility" means a basin, container, or outlet with an adequate supply of potable water available for the cleansing of the hands and arms.

"Potable water" means water which meets the quality standards prescribed by the U.S. Public Health Service Drinking Water Standards, published in 42 CFR Part 72, or water which is approved for drinking purposes by the State or local authority having jurisdiction.

"Toilet facility" means either a water flushed toilet, chemical toilet, combustion toilet, recirculating toilet, or sanitary privy maintained for the purpose of defecation or urination, or both.

(c) *Drinking water*—(1) *Quantity, potability, and availability.* (i) The employer shall provide drinking water in sufficient amounts, based on the number of employees, nature of work, and climatic conditions.

(ii) All drinking water shall be potable.

(iii) Drinking water shall be available at locations readily accessible to all employees.

(2) *Maintenance.* (i) All drinking water piping systems, appurtenances, and fountains shall be constructed and maintained in a clean and sanitary condition at all times.

(ii) Drinking water transported to the site shall be carried, stored, and otherwise protected in sanitary containers constructed of smooth, impervious, durable, corrosion resistant materials. Such containers shall be cleaned and disinfected in a manner to insure that the potability of the water is maintained.

(iii) Storage of another beverage, food, or any other foreign substance inside the container is prohibited.

(3) *Dispensing.* (i) Drinking water shall be dispensed either through the use of a drinking fountain equipped with an angled jet outlet, or a gravity water tap.

(ii) Except where water is supplied exclusively by fountain, single service cups stored in a clean and sanitary manner shall be provided in adequate number.

(iii) Where single service cups are utilized, containers for their disposal shall be provided.

(iv) Water containers shall remain covered while in use.

(v) Water shall not be dipped from inside water storage containers.

(vi) Use of a common drinking cup is prohibited.

(vii) Ice used for cooling drinking water shall not be immersed in or in direct contact with the water to be cooled, unless it is made from potable water and has been handled in a sanitary manner.

(4) *Identification.* (i) All containers, fountains, or other devices used for the storage or dispersing of drinking water shall be conspicuously marked "Drinking Water."

(ii) All water outlets, except irrigation nozzles, containing non-potable water shall be conspicuously marked "Unsafe for Drinking or Handwashing." Where irrigation systems are in use, or intended for use, such systems shall be conspicuously marked "Unsafe for Drinking or Handwashing" at central locations.

(iii) All such markings shall be in English and, as appropriate, in the prevalent native language of the workers.

(d) *Toilet facilities*—(1) *General.* (i) One toilet facility shall be provided for each forty (40) employees or fraction thereof.

(ii) Toilet facilities capable of being utilized for urination only shall not be considered as meeting the obligations under paragraph (d)(1)(i) of this section.

(iii) When persons other than employees are permitted the use of toilet facilities in the field, the number of such facilities required under paragraph (d)(1)(i) of this section shall be determined on the basis of total number of employees and other persons permitted to use the facilities.

(2) *Location.* (i) Toilet facilities shall be located within a five-minute walk of each employee's place of work in the field.

(ii) If the access road layout, ground terrain, or other physical condition prevents placing of toilet facilities within a five-minute walk, such facilities shall be located at the point of vehicular access closest to the employees.

(iii) Where a crew, unit, or group consists of fewer than five (5) employees, the requirements of paragraph (d)(2)(i) of this section shall be considered satisfied if toilet facilities are accessible and immediately available to employees by transportation provided by the employer.

(iv) Where agricultural field work is to be of a duration of under two (2) hours (including travel time to and from the workplace), the requirements of paragraph (d) of this section do not apply.

(3) *Construction and maintenance.* (i) Toilet facilities may be either fixed or portable.

(ii) Water-flushed toilets shall be connected to a sewer system or septic tank and shall be constructed and maintained in a manner which does not endanger the health of employees.

(iii) Portable toilets and other waste disposal systems not connected to sewer systems of septic tanks shall be constructed and maintained in accordance with § 1910.143 of this Chapter.

(iv) All toilet facilities shall have doors which can be closed and latched from the inside, and shall be otherwise constructed to insure privacy.

(v) Toilet paper with holder shall be provided for every toilet facility.

(vi) All toilet facilities shall be kept clean and maintained in good working order.

(e) *Handwashing facilities*—(1) *General.* (i) Handwashing facilities shall utilize only potable water.

(ii) One handwashing facility shall be provided for each 40 employees or fraction thereof.

(iii) When persons other than employees are permitted the use of handwashing facilities in the field, the number of such facilities required under paragraph (e)(1)(ii) of this section shall be determined on the basis of the total number of employees and other persons permitted to use the facilities.

(2) *Location.* (i) Handwashing facilities shall be located within a five-minute walk of each employee's place of work in the field.

(ii) If the access road layout, ground terrain, or other physical condition prevents placing of handwashing facilities within a five-minute walk, such facilities shall be located at the point of vehicular access closest to the employees.

(iii) Where a crew, unit, or group consists of fewer than five (5) employees, the requirements of paragraph (e)(2)(i) of this section shall be considered satisfied if handwashing facilities are accessible and immediately available to employees by transportation provided by the employer.

(iv) Where agricultural field work is to be of a duration of under two (2) hours (including travel time to and from the workplace), the requirements of paragraph (e) of this section do not apply.

(3) *Maintenance.* (i) Soap or other cleansing agent shall be provided with each handwashing facility.

(ii) Single-use disposable hand towels, with a container for disposal, or roller towels properly maintained and supplied, shall be provided with each handwashing facility.

(iii) Waste water shall be disposed of in a manner which will not create a safety or health hazard.

(iv) All handwashing facilities shall be maintained in a clean and sanitary condition.

(4) *Identification.* (i) Water outlets used as handwashing facilities shall be conspicuously marked "Handwashing only, not for drinking."

(ii) All such markings shall be in English and, as appropriate, in the prevalent native language of the workers.

(f) *Field food consumption.* (1) If field food service is provided for employees, all such service facilities and operations shall be carried out in accordance with sound hygienic principles.

(2) In all places of employment where food service is provided, the food dispensed shall be wholesome, free from spoilage, and shall be processed, prepared, handled, and stored in such a manner as to be protected against contamination, spoilage, or growth of organisms.

(3) No food or beverage shall be stored in the immediate vicinity of a toilet or handwashing facility, or be exposed to toxic material.

(Sec. 6(b), Pub. L. 91–596, 84 Stat. 1593 (29 U.S.C. 655), Secretary of Labor's Order No. 12–71 (36 FR 8754), 29 CFR 1911)

Signed at Washington, D.C., this 21st day of April 1976.

MORTON CORN,
Assistant Secretary of Labor.

[FR Doc.76–12235 Filed 4–26–76;8:45 am]

Mr. HAGEDORN. Mr. Chairman, although OSHA abuses with respect to its regulation of farm operations are not substantially unlike its abuses in its regulation of small businesses and industries, the overwhelming Federal bureaucracy always seems slightly more ridiculous and out-of-place in a rural-farm environment.

This amendment would prohibit the use of funds appropriated under this bill to enforce OSHA regulations against farming operations employing 10 or less persons. Although OSHA has thus far been relatively inactive in the establishment and enforcement of farm regulations, newly promulgated ones are scheduled to take effect late in October. Unless this amendment passes, these regulations will be applicable to all farm operations employing even one part-time laborer during its peak season, regardless of whether or not that laborer is even working with mechanical equipment of any sort. Already, OSHA inspection of small businesses is highly arbitrary in the sense the average business is likely to be visited by OSHA only once per 100 years. To expect them to oversee the conditions of a large portion of the nearly 3 million farm units in this country is to impose an equally unrealistic responsibility upon them.

No one denies that farm-related injuries are not a serious fact of life. But farmers, more than anyone else, already appreciate this fact fully. There is no need for Federal inspectors to warn them of the dangers of front-end loaders, combine operations, or electric feeders. Except in unusual cases, the farmowner himself is working daily on the farm, with it being strongly in his own self-interest to insure safe. hazard-free operations.

While OSHA has already demonstrated its uncanny ability to promulgate useless, or counterproductive regulations for farming operations, such as rollover protective structure regulations which result in the inadvertent knocking-off of fruit from trees being harvested, and regulations specifying the required distance in inches between bunks on a bunk bed in migratory housing facilities, the current amendment is essentially prospective in its orientation. Thus far, the best thing that can be said is that OSHA has been too busy to spend much of its time on farm operations, with only a small percentage of its budget attributable to this area. The proposed new regulations, however, attempt to remedy this oversight. They basically require that all agricultural equipment, regardless of age, have completely guarded power takeoff drives, with all new equipment required to have shields, guards, and supports capable of withstanding the force of a 250-pound person, with warning signs visible on all machinery with rotating parts. In addition, all new farm equipment must have guards placed on the nip points of all power driven gears, belts, chains, shears, pulleys, sprockets, and idlers.

Further, OSHA has indicated a strong interest in reasserting jurisdiction over pesticides. Section 5 of the Occupational Safety and Health Act requires all employers to furnish to each of his employees a place of employment free from all recognized hazards. This is the basis by which OSHA hopes to inject itself into pesticide regulation, and not incidentally by which it could conceivably inject itself into virtually any other farm activity that it wanted to. EPA pesticide regulation which fails to give much consideration to the needs of the farmer or the consumer is bad enough without stirring up jurisdictional clashes with a new Federal agency.

New OSHA farm regulations were originally to have taken effect on March 9, but were delayed because of the inability of the agency to fully inform the farmer of the content of these regulations. Recent publications, however, have apparently attempted to remedy this by informing the farmer that safety can indeed make a difference. At a cost of nearly half a million dollars, OSHA has prepared several valuable booklets of safety information containing, among other things, advice that even dull blades can be dangerous to farmers, that they can suffer injury by falling off farm machinery, and that falling into manure pits can be unsafe—not to mention uncomfortable.

Mr. ABDNOR. Mr. Chairman, recent proposals of farm sanitation standards by the Occupational Safety and Health Administration graphically demonstrate the need for exempting from OSHA regulations those farming and ranching operations employing 10 or fewer persons. In attempting to apply nationwide a set of regulations designed for specific circumstances in California, OSHA administrators have evidenced a singular lack of knowledge of and sensitivity to the widely varying agricultural conditions which exist across the length and breadth of the United States.

Need, practicality or feasibility are given little or no consideration as OSHA strives to obey the 1972 fiat by Congress for safe and healthful working conditions. No one argues with the goal: we must, however, take exception to many of the means OSHA employs to reach that goal.

The need for reforming and clarifying the provisions of the 1972 Occupational Safety and Health Act have been ignored by the Education and Labor Committee. Those of us who have sought legislative remedies for the valid complaints of injustice in the frequently arbitrary and capricious findings of inspectors have gone unheeded.

Taking into consideration the widely varying circumstances of large and small business and farm operations; easing the arduous task of finding out which rules one must obey; clarifying the routes of appeal are but some of the crying needs in OSHA reform reaching my office and those of my colleagues.

With the committee declining to act, denial of funds for certain OSHA operations seems the only avenue remaining. I urge my colleagues to support the amendment.

Mr. FLOOD. Mr. Chairman, I ask unanimous consent that all debate on the Skubitz amendment and all amendments thereto close at 12 o'clock noon.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. LATTA. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. FLOOD. Mr. Chairman, I move that all debate on the Skubitz amendment and all amendments thereto close at 12 noon.

The CHAIRMAN. The question is on the motion offered by the gentleman from Pennsylvania.

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. ASHBROOK. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

One hundred two Members are present, a quorum.

A recorded vote was ordered.

PARLIAMENTARY INQUIRY

Mr. KAZEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KAZEN. Mr. Chairman, what is the question?

The CHAIRMAN. The motion offered by the gentleman from Pennsylvania was that debate should close at 12 noon on the pending amendment and all amendments thereto.

Mr. KAZEN. Mr. Chairman, a further parliamentary inquiry.

After this recorded vote is taken, which will terminate at 10 minutes after 12, does that mean that automatically all debate will cease at the end of the rollcall?

The CHAIRMAN. The gentleman's interpretation would be correct, assuming the passage of this motion, unless there were amendments printed in the RECORD, in which case they will be protected under the rule.

PARLIAMENTARY INQUIRY

Mr. GUYER. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GUYER. Mr. Chairman, it is physically impossible to pass a motion that cannot possibly be carried out. The Chair cannot possibly shut off debate at 12 o'clock, when it will be 12:10 when the vote is completed.

The CHAIRMAN. The Chair will state to the gentleman that the motion can and will be executed, assuming the passage of the motion.

The vote was taken by electronic device, and there were—ayes 247, noes 150, not voting 34, as follows:

[Roll No. 445]

AYES—247

Adams
Addabbo
Alexander
Allen
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Annunzio
Aspin
AuCoin
Badillo
Baldus
Baucus
Beard, R.I.
Bevill
Biaggi
Bingham
Blanchard
Boggs
Boland
Bonker
Bowen
Brademas
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Broyhill
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, Phillip
Byron
Carney
Cederberg
Chappell
Clancy
Clay
Cochran
Collins, Ill.
Conte
Conyers
Corman
Cornell
Cotter
D'Amours
Daniel, R. W.
Daniels, N.J.
Danielson
de la Garza
Delaney
Dellums
Devine
Dodd
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Eilberg
English
Eshleman
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Fuqua
Gaydos
Gibbons
Ginn
Goodling
Haley
Hall
Hamilton
Hanley
Hannaford
Harrington
Harris
Harsha
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Hicks
Hightower
Hillis
Holland
Holt
Holtzman
Horton
Howe
Hubbard
Hyde
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kastenmeier
Kazen
Koch
Krebs
Krueger
Leggett
Lehman
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lundine
McCloskey
McCormack
McDade
McFall
McHugh
McKay
Madden
Madigan
Maguire
Mahon
Mazzoli
Meeds
Meyner
Michel
Mills
Mineta
Mink
Mitchell, Md.
Moakley
Mollohan
Montgomery
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Oberstar
Obey
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Paul
Pepper
Perkins
Pike
Preyer
Price
Pritchard
Railsback
Rangel
Reuss
Risenhoover
Roberts
Rodino
Roe
Rogers
Roncalio
Rose
Rostenkowski
Roybal
Russo
Ryan
St Germain
Santini
Scheuer
Schroeder
Schulze
Shipley
Sikes
Sisk
Slack
Snyder
Spellman
Staggers
Stanton, James V.
Steed
Stephens
Stokes
Stratton
Stuckey
Sullivan
Symington
Taylor, N.C.
Thompson
Thornton
Traxler
Tsongas
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waggonner
Waxman
Weaver
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wirth
Wolff
Wright
Yates
Yatron
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NOES—150

Abdnor
Abzug
Ambro
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Bafalis
Bauman
Beard, Tenn.
Bedell
Bell
Bennett
Biester
Blouin
Breckinridge
Brown, Mich.
Brown, Ohio
Buchanan
Burgener
Burke, Fla.
Burton, John
Butler
Carr
Carter
Chisholm
Clausen, Don H.
Clawson, Del
Cleveland
Cohen
Collins, Tex.
Conable
Coughlin
Crane
Daniel, Dan
Davis
Derrick
Derwinski
Dickinson
Downey, N.Y.
du Pont
Edgar
Edwards, Ala.
Edwards, Calif.
Emery
Erlenborn
Findley
Fish
Forsythe
Frenzel
Frey
Gilman
Gonzalez
Grassley
Green
Gude
Guyer
Hagedorn
Hammerschmidt
Hansen
Harkin
Henderson
Howard
Hughes
Hungate
Hutchinson
Ichord
Jacobs
Jeffords
Jenrette
Johnson, Colo.
Kasten
Kelly
Kemp
Ketchum
Keys
Kindness
LaFalce
Lagomarsino
Latta
Lent
Lujan
McClory
McCollister
McEwen
McKinney
Mann
Martin
Mathis
Matsunaga
Mezvinsky
Mikva
Miller, Calif.
Miller, Ohio
Minish
Mitchell, N.Y.
Moffett
Moore
Moorhead, Calif.
Mosher
Myers, Ind.
Nowak
O'Brien
Pettis
Pickle
Poage
Pressler
Quie
Quillen
Randall
Regula
Rhodes
Richmond
Rinaldo
Robinson
Rooney
Roush
Rousselot
Ruppe
Sarasin
Sarbanes
Satterfield
Schneebeli
Sebelius
Seiberling
Sharp
Shriver
Shuster
Simon
Skubitz
Smith, Iowa
Smith, Nebr.
Spence
Stanton, J. William
Stark
Steiger, Wis.
Studds
Talcott
Taylor, Mo.
Teague
Thone
Treen
Vander Jagt
Walsh
Whalen
Winn
Wydler
Wylie
Young, Alaska
Young, Fla.

NOT VOTING—34

Ashley
Bergland
Bolling
Conlan
Dent
Diggs
Dingell
Esch
Giaimo
Goldwater
Gradison
Hays, Ohio
Hébert
Helstoski
Hinshaw
Karth
Landrum
Litton
McDonald
Melcher
Metcalfe
Milford
O'Hara
Peyser
Rees
Riegle
Rosenthal
Runnels
Solarz
Steelman
Steiger, Ariz.
Symms
Udall
Wampler

Messrs. JENRETTE, MEZVINSKY, and RANDALL, changed their vote from "aye" to "no."

So the motion was agreed to.

The result of the vote was announced as above recorded.

PARLIAMENTARY INQUIRIES

Mr. FINDLEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. FINDLEY. Mr. Chairman, my parliamentary inquiry is this: Will the first vote occur on the amendment offered as a substitute by the gentleman from Michigan (Mr. FORD)?

The CHAIRMAN (Mr. WRIGHT). The gentleman is correct.

Mr. FINDLEY. Mr. Chairman, a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. FINDLEY. Mr. Chairman, my further parliamentary inquiry is this: Is the effect of the substitute amendment to replace in its entirety the language of the Skubitz amendment?

The CHAIRMAN (Mr. WRIGHT). The Chair will state that that is correct.

PARLIAMENTARY INQUIRY

Mr. SKUBITZ. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SKUBITZ. Did I understand the Chair to say that the vote at this moment will be on the Ford of Michigan amendment which, if adopted, will nullify and destroy the Skubitz amendment?

The CHAIRMAN. The Chair will put the question as objectively as possibly can be done.

The question is on the amendment offered by the gentleman from Michigan (Mr. FORD) as a substitute for the amendment offered by the gentleman from Kansas (Mr. SKUBITZ).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. OBEY. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 151, noes 245, answered "present" 1, not voting 34, as follows:

[Roll No. 446]

AYES—151

Abzug
Adams
Addabbo
Ambro
Anderson, Calif.
Anderson, Ill.
Annunzio
Aspin
Badillo
Baldus
Baucus
Beard, R.I.
Biaggi
Biester
Bingham
Blanchard
Boland
Brademas
Brodhead
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Carney
Chisholm
Clay
Cleveland
Cohen
Collins, Ill.
Conte
Corman
Cotter
Coughlin
D'Amours
Daniels, N.J.
Delaney
Dellums
Diggs
Dingell
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Emery
Fary
Fascell
Fenwick
Florio
Ford, Mich.
Ford, Tenn.
Fraser
Gaydos
Gibbons
Gude
Hannaford
Harris
Hawkins
Hechler, W. Va.
Hicks
Holtzman
Horton
Howard
Johnson, Calif.
Jones, Ala.
Jordan
Koch
Levitas
Lundine
McCloskey
McCormack
McFall
McKinney
Madden
Maguire
Matsunaga
Mazzoli
Meeds
Meyner
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Nedzi
Nix
Nolan
Oberstar
Obey
O'Neill
Ottinger
Patterson, Calif.
Pepper
Perkins
Pike
Price
Rangel
Regula
Reuss
Richmond
Rodino
Roe
Roncalio
Rosenthal
Rostenkowski
Roybal
St Germain
Sarasin
Sarbanes
Scheuer
Schroeder
Seiberling
Spellman
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steiger, Wis.
Stokes
Studds
Thompson
Tsongas
Van Deerlin
Vanik
Walsh
Waxman
Weaver
Whalen
Wilson, C. H.
Wright
Wydler
Yates
Yatron
Young, Ga.
Zeferetti

NOES—245

Abdnor
Alexander
Allen
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
AuCoin
Bafalis
Bauman
Beard, Tenn.
Bedell
Bell
Bennett
Bevill
Blouin
Boggs
Bonker
Bowen
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carr
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cochran
Collins, Tex.
Conable
Conyers
Cornell
Crane
Daniel, Dan
Daniel, R. W.
Danielson
Davis
de la Garza
Derrick
Derwinski
Devine
Dickinson
Downing, Va.
Duncan, Tenn.
du Pont
Edwards, Ala.
English
Erlenborn
Eshleman
Evans, Colo.
Evans, Ind.
Findley
Fish
Fisher
Fithian
Flood
Flowers
Flynt
Foley
Forsythe
Fountain
Frenzel
Frey
Fuqua
Giaimo
Gilman
Ginn
Goodling
Grassley
Green
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hansen
Harkin
Harrington
Harsha
Hayes, Ind.
Heckler, Mass.
Hefner
Heinz
Henderson
Hightower
Hillis
Holland
Holt
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Krebs
Krueger
LaFalce
Lagomarsino
Latta
Lent
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
McClory
McCollister
McDade
McEwen
McHugh
McKay
Madigan
Mahon
Mann
Martin
Mathis
Mezvinsky
Michel
Miller, Ohio
Mills
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nichols
Nowak
O'Brien
Passman
Patten, N.J.
Pattison, N.Y.
Paul
Pettis
Pickle
Poage
Pressler
Preyer
Pritchard
Quie
Quillen
Railsback
Randall
Rhodes
Rinaldo
Risenhoover
Roberts
Robinson
Rogers
Rooney
Rose
Roush
Rousselot
Ruppe
Russo
Ryan
Santini
Satterfield
Schneebeli
Schulze
Sebelius
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spence
Steed
Stephens
Stratton
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Traxler
Treen
Ullman
Vander Jagt
Vander Veen
Vigorito
Waggonner
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, Tex.
Winn
Wirth
Wolff
Wylie
Young, Alaska
Young, Fla.
Young, Tex.
Zablocki

ANSWERED "PRESENT"—1

Gonzalez

NOT VOTING—34

Ashley
Bergland
Bolling
Conlan
Dent
Esch
Evins, Tenn.
Goldwater
Gradison
Hays, Ohio
Hébert
Helstoski
Hinshaw
Karth
Landrum
Leggett
Lehman
Litton
McDonald
Melcher
Metcalfe
Milford
O'Hara
Peyser
Rees
Riegle
Runnels
Solarz
Steelman
Steiger, Ariz.
Stuckey
Symms
Udall
Wampler

The Clerk announced the following pairs:

On this vote:

Mr. Dent for, with Mr. McDonald against.
Mr. Helstoski for, with Mr. Hébert against.
Mr. Metcalfe for, with Mr. Runnels against.
Mr. Solarz for, with Mr. Conlan against.
Mr. Riegle for, with Mr. Goldwater against.
Mr. O'Hara for, with Mr. Landrum against.
Mr. Leggett for, with Mr. Stuckey against.

Mr. ULLMAN and Mr. ARMSTRONG changed their vote from "aye" to "no."

Messrs. COTTER, STAGGERS, McFALL, PRICE, and BALDUS changed their vote from "no" to "aye."

So the amendment offered as a substitute for the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas (Mr. SKUBITZ).

The question was taken; and the chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. CLANCY. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 273, noes 124, answered "present" 1, not voting 33, as follows:

[Roll No. 447]

AYES—273

Abdnor
Alexander
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
AuCoin
Bafalis
Baldus
Baucus
Bauman
Beard, Tenn.
Bedell
Bell
Bennett
Bevill
Blouin
Boggs
Boland
Bonker
Bowen
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carr
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conte
Cornell
Coughlin
Crane
D'Amours
Daniel, R. W.
Davis
de la Garza
Derrick
Derwinski
Devine
Dickinson
Dodd
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
du Pont
Edwards, Ala.
Emery
English
Erlenborn
Esch
Eshleman
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Findley
Fish
Fisher
Fithian
Florio
Flowers
Flynt
Foley
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Giaimo
Gibbons
Gilman
Ginn
Goodling
Grassley
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harkin
Harsha
Heckler, Mass.
Hefner
Heinz
Henderson
Hicks
Hightower
Hillis
Holland
Holt
Horton
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Krebs
Krueger
LaFalce
Lagomarsino
Latta
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McHugh
McKay
Madigan
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Mezvinsky
Michel
Miller, Ohio
Mills
Mitchell, N.Y.
Moffett
Montgomery
Moore
Moorhead, Calif.
Morgan
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nichols
Nowak
O'Brien
Ottinger
Passman
Patterson, Calif.
Pattison, N.Y.
Paul
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Pritchard
Quie
Quillen
Railsback
Randall
Regula
Rhodes
Risenhoover
Roberts
Robinson
Rogers
Roncalio
Rooney
Rose
Roush
Rousselot
Ruppe
Russo
Ryan
Santini
Satterfield
Schneebeli
Schroeder
Schulze
Sebelius
Sharp
Shipley
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steed
Stephens
Stratton
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Traxler
Treen
Ullman
Vander Jagt
Vander Veen
Vigorito

Waggonner
Walsh
Weaver
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, Tex.
Winn
Wirth
Wright
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, Tex.
Zablocki

NOES—124

Abzug
Adams
Addabbo
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Annunzio
Aspin
Badillo
Beard, R.I.
Biaggi
Biester
Bingham
Blanchard
Brademas
Brodhead
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Carney
Chisholm
Clay
Collins, Ill.
Conyers
Corman
Cotter
Daniels, N.J.
Danielson
Delaney
Dellums
Dingell
Downey, N.Y.
Drinan
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Fary
Fascell
Fenwick
Flood
Ford, Mich.
Fraser
Gaydos
Gude
Harrington
Harris
Hawkins
Hayes, Ind.
Hechler, W. Va.
Holtzman
Howard
Johnson, Calif.
Jordan
Koch
Leggett
Lehman
McFall
McKinney
Madden
Maguire
Meeds
Meyner
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Mollohan
Moorhead, Pa.
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Nedzi
Nix
Nolan
Oberstar
Obey
O'Neill
Patten, N.J.
Pepper
Price
Rangel
Reuss
Richmond
Rinaldo
Rodino
Roe
Rosenthal
Rostenkowski
Roybal
St Germain
Sarasin
Sarbanes
Scheuer
Seiberling
Simon
Spellman
Staggers
Stanton, James V.
Stark
Steiger, Wis.
Stokes
Studds
Thompson
Tsongas
Van Deerlin
Vanik
Waxman
Whalen
Wilson, C. H.
Wolff
Wydler
Yates
Young, Ga.
Zeferetti

ANSWERED "PRESENT"—1

Gonzalez

NOT VOTING—33

Ashley
Bergland
Bolling
Conlan
Daniel, Dan
Dent
Diggs
Goldwater
Gradison
Green
Hays, Ohio
Hébert
Helstoski
Hinshaw
Karth
Landrum
Litton
McDonald
Melcher
Metcalfe
Milford
O'Hara
Peyser
Rees
Riegle
Runnels
Solarz
Steelman
Steiger, Ariz.
Stuckey
Symms
Udall
Wampler

The Clerk announced the following pairs:

On this vote:

Mr. McDonald for, with Mr. O'Hara against.
Mr. Melcher for, with Mr. Diggs against.
Mr. Runnels for, with Mr. Metcalfe against.
Mr. Hébert for, with Mr. Solarz against.
Mr. Dent for, with Mr. Helstoski against.

Mr. ALLEN changed his vote from "aye" to "no."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

Mr. FLOOD. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to say that at the end of the debate on the bill I intend to ask permission for all Members to have 5 legislative days in which to revise and extend their remarks on the Skubitz amendment.

AMENDMENT OFFERED BY MR. FINDLEY

Mr. FINDLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINDLEY: On page 7, at the end of line 25, add the following sentence: "None of the funds provided by this act shall be used to formulate or carry out a program under which first-instance citations for violations must be issued against firms employing 10 or fewer persons."

Mr. FINDLEY. Mr. Chairman, this committee, very wisely, I think, has just adopted an amendment which exempts farmers who employ 10 people or less from the application of the OSHA regulations. The vote was more than 2 to 1. There are many hundreds of thousands of other small businessmen who are not classified as farmers, who nevertheless face the same difficulties dealing with OSHA regulations.

Mr. Chairman, the effect of the amendment that the Members have just heard read, is to extend to small business firms exactly the same consideration that this committee has seen fit now to extend to farmers. Both of these of course are small business firms but the difficulties of the merchant and the small manufacturer are no less complicated than that of the farmer. Just as a matter of simple justice I feel this committee ought to accept my amendment.

The gentleman from Wisconsin (Mr. OBEY) and my good friend, argued earlier that limitations on appropriation bills are not an intelligent way to deal with the absurdities that have come to light in the operation of the OSHA program. It is not the most intelligent way, I will freely acknowledge, but I must tell my friend, the gentleman from Wisconsin (Mr. OBEY) that it appears to be the only way that this committee can bring force to bear upon the administration of OSHA, and upon the other body, in order to get the basic law and regulation remedied.

Some of the Members will recall that last November the House passed and sent to the Senate H.R. 8618, a bill which would authorize Federal onsite consultation for small business firms.

Only 15 Members voted against it. It was brought to us by the distinguished gentleman from New Jersey (Mr. DANIELS) and I salute him for standing up against a lot of pressure which was brought to bear against his subcommittee. I compliment him on getting it to the floor, and he did get a splendid vote of support in this body.

It went to the Senate, and there it is as dead as a dormouse. There is no prospect that that bill is going to move unless the Congress by this means of a limitation amendment on an appropriations bill brings pressure to get the attention of Senators to make them recognize that consultation is an absolute essential for the small business firm which cannot employ at high cost a consultant and expert on compliance with Federal health and safety regulations.

There is another need for this amendment, and that is to get the attention of the Administrator of OSHA. Dr. Corn is bringing new life to the administration of OSHA, but he needs a nudge, he needs encouragement, he needs pressure down the right road. Virtually all of the citations that have been issued in the 3½ years of OSHA's life—nearly 1 million citations—have been for other than serious violations. A firm will have an outlet plug which is not grounded when it gets socked for a $25 or $50 fine just for that one minor nonserious violation.

I am sure all of the Members have heard from small business firms who are outraged. They are incensed about getting these $25 fines for trivial violations. It is my belief that under the language of the OSHA law itself, the Administrator could stop the practice of exacting a financial penalty for these other than serious violations, but he is under a lot of pressure from labor interests and pressures elsewhere to keep regulations which require these irritating fines.

We need his attention to encourage him to reform the regulations under the basic law, while at the same time we are trying to get the attention of the other body to enact the long-needed authority for Federal onsite consultation service.

Mr. McCOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Nebraska.

Mr. McCOLLISTER. I thank the gentleman for yielding.

Mr. Chairman, I want to compliment the gentleman on his amendment and on his statement. Two years ago in the 93d Congress the then Select Committee on Small Business the Subcommittee on Regulatory Agencies under the chairmanship of the gentleman from Missouri (Mr. HUNGATE) made a study of OSHA's practices and came up with a report listing a dozen or more changes that ought to be made.

I, too, do not like the device of a limitation on an appropriations bill, but until more of those suggestions are incorporated into law and change in OSHA regulation, I think, too, we have no alternative. I am delighted to support the gentleman's amendment.

Mr. Chairman, as we consider the appropriation for the Department of Labor, I believe it would be helpful to the Department as well as to those directly affected by the regulatory programs it operates, if the House would give some clear policy direction to guide the Department.

Specifically, I believe the Department needs better policy guidance in its administration of the Occupational Safety and Health Act—OSHA. OSHA was meant to encourage businesses to locate and correct unsafe hazards in workplaces. The insensitive and clumsy administration of the act has produced just the opposite result: businessmen are afraid of their Government rather than eager to participate in this program which will help both workers and the businesses themselves.

OSHA has displayed great imagination in the ways it has focused on insignificant problems, sacrificing attention to legitimate, large-scale hazards. OSHA has the unenviable image of the archetypical bureaucracy: arrogant, paternalistic, insensitive to local conditions or to the consequences of its demands, and unwilling to heed the policy directives of the Congress which set it up in business in the first place. This has to end.

OSHA seems to work overtime to be offensive. For years, critics have correctly identified the technical gibberish of its regulations as incomprehensible even to those who fully want and intend to comply. This year, its proposed regulation on ladders was 64-pages long and contained a series of trigonometric functions. Since when has competence in advanced mathematics become a requisite skill in order to run even a small mom-and-pop business? On the other hand, a recent issue of instructions to cattlemen addresses them in terms appropriate for a moron's mentality. It tells cattle producers, "professionals" in their own fields:

> The best way to not have an accident is to prevent it. Be careful around the farm . . . Hazards are one of the main causes of accidents. A hazard is anything that is dangerous . . . Be careful when you are handling animals. Tired or hungry or frightened cattle can bolt and trample you. Be patient, talk softly around the cows. Don't move fast or be loud around them. If they are upset, don't go into the pen with them.

This type of simplistic, paternalistic treatment has already produced an understandable backlash among cattle producers.

Two amendments are to be offered today which will provide greater policy direction to OSHA and I urge the Members to support them. Mr. Skubitz' amendment, just adopted, proposes an exemption under OSHA regulations for any person engaged in a farming operation employing 10 or fewer persons. Mr. Findley will propose a prohibition against mandatory first-instance citations.

Last November the House passed by an overwhelming margin legislation directing OSHA to commence a program of voluntary, onsite consultations to help businessmen locate and correct hazards in their workplaces without penalty. The Senate has been sitting on this bill while millions of Americans suffer. Workers suffer because their employers cannot identify the hazards in order to bring their shops into compliance. Businessmen suffer by enduring frightening inspections and burdensome fines despite their good faith attempts to satisfy OSHA requirements.

OSHA needs to know the Congress is concerned about the way it is administering its program. It needs to be told that its procedures and its regulations are creating an atmosphere of fear and resentment which are crippling compliance with the act and slowing the job of assuring safe working conditions for American workers. It needs to be told to direct its enforcement efforts to the real problem areas.

These amendments will "send 'em a message." I urge the House to support both amendments.

Mr. FINDLEY. Mr. Chairman, I repeat, this is an opportunity for this committee to extend the same privilege, the same exemption to all small business firms, that it has just voted to extend to farmers. Firms employing 11 persons or more will still be required to comply with OSHA.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Iowa.

Mr. BEDELL. I thank the gentleman for yielding.

I would like also to commend the gentleman on his amendment and support him.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from Illinois (Mr. Findley) which would prohibit the mandatory imposition of fines against firms employing 10 or fewer persons in the case of first-instance OSHA citations. It would thus allow individual OSHA inspectors greater flexibility in the administration of the OSHA program. It would permit them to use their individual judgment as to whether or not an employer should be fined for violations discovered on initial inspection.

There can be no question that in a great many cases OSHA regulations have placed a damaging and unfair burden on the American small businessman. I truly regret this fact, because I do not believe that this was the intent of the original act. It is possible to protect the American worker from needless injury without destroying small firms. The Occupational Safety and Health Act was designed to make sure that the worker is guaranteed healthful working conditions. It was not intended to be a punitive measure against the small businessman.

We are all aware of the tremendous volume and complexity of OSHA regulations. They are a bureaucratic nightmare. It is very easy for an employer to be in violation of an OSHA requirement without even knowing it. In my opinion, there is no reason or need to impose a mandatory fine on an employer on a first inspection where a violation is not willful and where the employer is anxious to correct it. In such a case, it seems to me that a warning without a fine would be sufficient.

In addition, I am concerned about the high incidence of fines in cases where violations are discovered on first inspection, especially where the violation is of a "nonserious" nature. Current law permits OSHA inspectors to issue citations without fines for "nonserious" violations. Yet, in the last 3½ years, OSHA inspectors have issued over 900,000 citations for "nonserious" violations as defined by OSHA.

Mr. Chairman, I feel very strongly that if OSHA is to work effectively and fairly, the Federal Government must help employers who want to comply with the law do so without imposing unnecessary penalties against them. I think that the Findley amendment will contribute to that end by allowing individual OSHA inspectors greater discretion in the issuance of citations and by sending a message to OSHA that it is clearly the Congress intent that OSHA be a positive rather than a punitive program. I urge adoption of the Findley amendment.

The CHAIRMAN. The time of the gentleman has expired.

Mr. OBEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment, although it is parading in the guise of limiting enforcement of OSHA to firms with 10 employees or less, is in actuality a total repealer of all OSHA's enforcement.

I have a letter from William J. Kilberg, Solicitor of Labor of the Department of Labor, which reads as follows.

U.S. Department of Labor,
Washington, D.C., June 23, 1976.

Hon. David R. Obey,
House of Representatives,
Washington, D.C.

Dear Congressman Obey: Mr. Scott Lilly of your staff has requested our views on the legal implications of a proposed amendment to the Labor-HEW 1977 Appropriations Bill which, we understand, will provide as follows:

"None of the funds provided by this Act shall be used to formulate or carry out a program under which first instance citations for violations of the Occupational Safety and Health Act of 1970 must be issued against firms employing 25 or fewer persons."

Since first instance citations for violations committed by all covered employers are an essential ingredient of the statutory scheme of the OSHA program, we believe that enactment of this amendment will present a serious danger that all appropriations to the Department of Labor for implementation of the OSH Act would be barred.

Sincerely,

William J. Kilberg,
Solicitor of Labor.

I submit that, again, although the intent is not to do so, the effect is disastrous. The effect is totally irresponsible. The effect, even if the amendment did what the gentleman said it did, would be to deny to 13 million workers in this country adequate protection under OSHA. It would deny to over 4 million businesses the opportunities to provide a decent, safe, and healthful workplace for American workers.

We have to understand that OSHA does not just deal with safety. It also deals with health. We are facing in the workplace a myriad of chemicals which we are coming to understand cause cancer and many other diseases, chemicals such as benzine, inorganic arsenic, vinyl chloride. We can recite the litany.

Do Members really have the guts to deny to all workers in chemical industry adequate protection against cancer-causing chemicals? That is what this amendment does. It effectively says to every worker in the country: "You will not be protected by OSHA" from cancer-causing chemicals.

I know that is not the intent but the fact is that is the effect of the amendment as drawn. We will be effectively eliminating all safety supervision and all health supervision from all workplaces and from all workers in the country.

I do not say it. That is the word of the Department of Labor. I urge the Members to be responsible.

This amendment was offered last year. It was beaten because people understood just how irresponsible it is. I would hope this time we would follow the advice of the Department of Labor and exercise a little more care and a little more caution.

Mr. FLOOD. Mr. Chairman, I rise in opposition to the amendment.

Well, here we go again. This is act 5, scene 1. That is, for 5 years now this OSHA amendment has been offered by my good friend, the gentleman from Illinois (Mr. FINDLEY). We all know this OSHA business is a very emotional subject. There is no question about that. It is easy to get down into the well and wring one's hands and break down and cry and say that the country is going to collapse if we do not do something about OSHA.

Let us try to be reasonable about this thing. Now, look, there is no doubt that the administration of the OSHA operation has been much, much better in the last 2 or 3 years. There is no question about that. Our testimony has made that clear. We think it is going to keep improving. No question about it.

They have a new man down there, Dr. Corn. He has been there for the last 6 months. He is in touch with the Congress. For the first time the lines of communication are open between the Congress and Dr. Corn's operation. He is beginning to show some positive results.

Now, let us not completely tie the hands of this man with an amendment like this. He will not be able to move. He is trying to do the job and we are the ones who insist that he does that. Whether we like it or not, keep this in mind, this is the Appropriations Committee. Whether you like it or not, the law is on the books. We put it there and it has to be enforced. We have said so.

The appropriations bill, I repeat for the purpose of emphasis, is not the place to rewrite this law. If we want the law changed, then for heaven's sakes we should go to the proper committee to have it changed. That place is not here on this kind of bill.

Right now the law says if a Federal compliance officer finds a violation of this act he must issue a citation. He must do that. That is the law. This amendment would change the law.

Mr. Chairman, to say that employers of 10 or fewer employees would not be cited in a first-instance violation, now that is contrary to the law.

Now, all of us, of course, are sympathetic. We understand and are very familiar with the problems of small business, but I do not think it is fair just to pick out of the air or off the left field wall any figure, whether it is 10, 25, 50 or 100, whatever it is, and say that firms of that size do not have to comply with the law, but everybody else outside of that basic number shall comply with the law.

Now, how can we do that? What is so magic about any number?

By the way, it certainly is not fair to the employee of a small business, by any means. The employees of a small business are just as entitled to this protection as the employees of General Motors or United States Steel. Why not? Why should not they have the same protection, those employees?

By the way, the Congress has made quite a point about consultation. We are all aware now of that need. That was the big word last year, consultation, particularly for small firms. Remember that? We wanted consultation for the small firms. This bill now contains $17,500,000 for the consultation program that we insisted on. That, by the way, is separate and apart, entirely separate and apart from the inspection program. Now is that clear?

Mr. Chairman, let us give this consultation program that we gave birth to and we insisted on, let us give the consultation program, and it is just beginning to take hold, let us give it a chance to make good. What in the world is the matter with that?

Mr. Chairman, under all the circumstances, I suggest this is a classic annual gimmick, and I suggest that this is not the place for it. It should be turned down.

Mr. SKUBITZ. Mr. Chairman, I rise in support of the amendment just offered by the gentleman from Illinois (Mr. FINDLEY). If he had not done so, I would have.

This is an effort on the gentleman's part to do for the small businessman what we have just done for the small farmers of this country except it does not go as far as I would like to do. I would exempt such business completely from the control of OSHA.

Mr. Chairman, the same scare tactics that were used in the debate on the farm amendment have been resorted to in trying to defeat this amendment. Time and again I have been back home visiting the small businessmen in my district. Small businessmen tell me of the persecution, the arrogance of the inspectors that visit their plants. When I ask their permission to contact OHSA and use their name, the answer is, "For goodness sakes, don't do that Joe because they will come back and find a hundred other things wrong just to teach us a lesson—to not to question their arbitrary action.

Mr. KETCHUM. Mr. Chairman, will the gentleman yield?

Mr. SKUBITZ. I yield to the gentleman from California.

Mr. KETCHUM. Mr. Chairman, I join the gentleman from Kansas in support of the Findley amendment. Having been here for four of the five acts that our thespian friend from Pennsylvania referred to, is it not true that in every session of the last two Congresses that well over 100 Members of this House introduced bills to do something about this onerous program; yet we are remonstrated to go to the authorization committee to have changed, and the authorization committee will not hear the bill.

Mr. SKUBITZ. Mr. Chairman, the gentleman is exactly right.

Mr. KETCHUM. Mr. Chairman, if the gentleman will yield further, this is one program that the employers of the United States are up in arms about, despite the fact that a Congress passed, not this one, passed it, and they would like to see it repealed.

Mr. ICHORD. Mr. Chairman, will the gentleman yield?

Mr. SKUBITZ. I yield to the gentleman from Missouri.

Mr. ICHORD. Mr. Chairman, I concur in the remarks of the gentleman from Kansas (Mr. SKUBITZ). There is no chance of ever getting this law repealed and, as the gentleman from Kansas, I have had scores and scores of small businessmen in my district complain about the abuses of the employees of OSHA.

Mr. Chairman, I hope the amendment of the gentleman passes.

Mr. SKUBITZ. The gentleman is right to send a measure to the committee which considers OSHA a sacred cow is only a waste of time. I was home one time when an inspector in my district said to a small businessman:

"I am going to find something wrong before I walk out because that is my job, and if I do not find something wrong, I am liable to lose my job."

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. SKUBITZ. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I want to comment on the statement made by the gentleman from Wisconsin (Mr. OBEY), in which he quoted from a Labor Department official as stating that my amendment would stop all OSHA enforcement. No doubt any administration official who wants my amendment defeated would strain every possible effort to come up with a negative position on this amendment. But, this amendment has been before the Congress in various forms about four times, and never, to my recollection, has it been contended that this would have the effect of stopping down all health and safety enforcement. It applies only to firms employing 10 people or less. It reads that way. It is intended that way.

If this amendment becomes law, I will forecast that OSHA will find a way very swiftly to continue enforcement against those firms employing over 10 people.

Mr. GRASSLEY. Mr. Chairman, will the gentleman yield?

Mr. SKUBITZ. I yield to the gentleman from Iowa.

Mr. GRASSLEY. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, this is an excellent amendment to the bill we are now considering and I rise in full support of it. As my colleagues know, the Findley amendment would exempt small businesses which employ fewer than 10 persons from compliance with the multitude of rules and regulations which have been adopted by OSHA.

Let me emphasize at the outset that my support of this amendment does not and should not be construed as an indifference to the safety and well-being of persons employed by small businesses. Quite the opposite is true. What concerns me is that these persons continue to have gainful employment and that the small businesses of our Nation will continue to grow and prosper. This issue is at the heart of the competitive enterprise system.

My office has received all too many letters from constituents—both employers and employees—complaining that

OSHA inspectors have entered a business and found what they consider to be safety violations. Then the punitive portions of the act come into play as the small businessman faces the hard choice of compliance to the dictates of an agent of a Washington bureaucracy or else simply going out of business. The cost of compliance is often too great in terms of the increased safety that will supposedly result. Employees lose jobs and an already high rate of unemployment increases.

OSHA has grown into a monster. It is a good example of over regulation by a Federal bureaucracy that is unresponsive to the needs of the people. Perhaps the larger businesses and corporations can afford to expend vast amounts of money to either contest the OSHA inspector's determination or to knuckle under. But the resources of the small businessman are small and he is left with but one option, and that is to close down.

Subjecting the small business and the large corporations is like comparing apples with oranges. It cannot be done. OSHA is doing this nonetheless and it is hurting small businessmen and the citizens they employ.

For the above reasons, and others which I will not go into at this time, I urge the adoption of the Findley amendment. It is a step in the right direction.

Mr. SMITH of Iowa. Mr. Chairman, I move to strike the last word.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, the gentleman from Illinois was in error. The fact is that I hold in my hand—as someone used to say—a copy of the Congressional Record of June 26, 1975, where I repeated that we had the same information from the Department of Labor, from the Solicitor, last year as we have this year. We pointed out last year that the gentleman was in error. He still has not corrected the amendment.

Mr. SMITH of Iowa. Mr. Chairman, I think that this has been the worst administered law that we have passed since I have been in the Congress. I have said that since the first year that it was passed. I cannot imagine any new administrators doing what they did. They collected together two stacks of industry codes, and incorporated them by reference into the regulations.

When we called them over before the Small Business Committee, we asked for a copy of them. There was not one copy in the United States. There was the original stack and no copy. So nobody could get a complete copy of the regulations affecting insurance, clients, or industries.

On the other hand, I do not think exemptions are the right way to attack this problem. For example, digging ditches 8 or 9 feet deep and not protecting against dirt slides. It can be the employer of only two or three employees who fails to provide the protection that kills a man. It is usually not the big employer who fails to provide that protection. He uses it often and affords a prefabricated form to place in the ditch. So, exempting an employer of a small number of employees generally is not the right way to do it.

Until a few minutes ago, I had always voted against these exemptions. On the other hand, I think that there is a difference between the general application of exemptions and the amendment relating to farmers. We do need some safety equipment on tractors, and I introduced an amendment several years ago to a bill that came out of the Commerce Committee to require a study of roll bars and safety equipment so that new machines being sold must have those kinds of roll bars and safety equipment that are necessary. I think that is the way to do it instead of trying to rebuild all old machinery and requiring toilets in wheat fields.

On the other hand, these figures they are throwing out about farms being the most dangerous places are just not so. At one time, a lady in Boone, Iowa, had the only statistics in the United States on tractor accidents because only she had collected them for many years, and I found that two-thirds of the deaths from tractors occured on the highways, not in the fields, but on the highways. In those cases, roll bars would have protected the people but it did not involve every conceivable kind of field condition.

It was said here that the last amendment that was passed exempted 87½ percent of the people. I guarantee that since it has passsed, they will find a different interpretation. It will not exempt 87½ percent of the farmers under their new interpretation and it should not because it did not read that way. Also, the administrators always say that they will do better, but they do not do any better, so there finally comes a time when we have to send them a little message, and I think that is what we did in the last amendment.

We gave them some notice that there has got to be an end to this stupidity—as illustrated by some of the provisions in the farm regulation that they proposed. However that regulation, is not in effect for farmers yet. The prohibition on funds would be for 1 year only. In effect, it assures up to 1 year of delay in implementing new regulations and that is different from the affect of the amendment we have before us now. So we sent them a message concerning something which is not let in effect.

On the other hand, this pending amendment requires that they must not administer a program under which certain firms must be cited.

However, the basic law provides that they must be cited. The law itself requires that there must be those citations. So if we say they cannot spend any money to administer a law which requires that, then we are saying they cannot spend any money to administer any part of the OSHA program, even as it applies against large firms. I think that is going too far.

The gentleman from New Jersey proposed and we passed a law providing for advisory opinions. I surely support that law. It was a good piece of work that we did, to assure that they would not automatically levy fines for certain nondangerous, nonwilful violations.

The CHAIRMAN. The time of the gentleman from Iowa (Mr. Smith) has expired.

(On request of Mr. Findley and by unanimous consent, Mr. Smith of Iowa was allowed to proceed for 1 additional minute.)

Mr. SMITH of Iowa. Mr. Chairman, the last amendment which passed was quite different from the amendment we have before us.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Illinois.

Mr. FINDLEY. I thank the gentleman for yielding.

Mr. Chairman, I am sure the gentleman does not want to leave the wrong impression.

My amendment would have effect only for the appropriation year. Not beyond. It cannot extend beyond the year.

Mr. SMITH of Iowa. Of course that is true, but it would annihilate a program that is already in effect; it would annihilate the whole program, not just that one part for which regulations are now being issued. So I think the amendment goes too far.

Mr. CONTE. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I will not take 5 minutes.

As I told the gentleman from Kansas, who was in favor of this amendment, "You really ought to quit while you are ahead." I voted for his amendment. I think the farmers have a special problem.

But the gentleman from Illinois (Mr. Findley) has offered this amendment every year. Do the Members know what this amendment would cost? It would cost millions of dollars, because when we get to conference the Senate will bargain with the House to get this amendment out. It will cost the taxpayers millions of dollars to get the amendment out. That is the fact of the situation. Not once has this amendment ever held up in a conference between the House and the Senate.

In past years we heard that the Committee on Education and Labor had done nothing, and that this is the only avenue that we have left to us.

The gentleman from Iowa (Mr. Smith) and I held hearings in the Committee on Small Business for weeks and weeks. We had OSHA up before us. As the gentleman mentioned before on the floor of he House, they brought up these regulations which were taken out of the codes, which were absolutely stupid. People could not use ice cubes in the water for the employees because the code was written way back when water was taken out of the river and frozen and it was polluted. Another one was that they had to have split seats in the toilets. They had all of these crazy regulations which were taken out of the old code. As a result of these hearings, we got some half decent regulations, and they did away with adopting the codes that were printed and antiquated for many years.

But to get back to the Findley amendment, as a result of these debates, the gentleman from New Jersey (Mr. DOMINICK V. DANIELS) did hold hearings, as he promised us here on the floor of the House—and I was one of the Members who filed the bill to require a consultation before they issued a citation—and he promised us he would bring out a bill. He fulfilled this promise. He did hold hearings. He did bring out a bill. A bill was passed by the House of Representatives. Now let us go the legislative course. It is moving in that direction. The gentleman from Illinois deserves credits and plaudits for helping to move this issue. We are now moving forward, and we should see what the Senate does. Hopefully, before the Congress adjourns and goes home for the year we will have a bill on the President's desk.

Mr. Chairman, I hope the Findley amendment is defeated.

Mr. ASHBROOK. Mr. Chairman, I support passage of the Findley amendment. This amendment would exempt businesses having 25 or fewer employees from being penalized for first-instance violations of OSHA regulations.

Frankly, I would prefer going even further. Small businesses should be totally exempted from the provisions of OSHA. Many small businesses have been forced to shut down because of heavy fines and impossible demands. The Findley amendment, however, is a step in the right direction and I commend the gentleman from Illinois for offering it.

The law as presently drafted is preposterous. Although OSHA regulations are extremely long and complex there is no provision for advise and consultation on how to comply with the regulations. Consequently when an OSHA inspector discovers a so-called violation, the employer is issued a citation and often a penalty even though this may be the first visit and the mistake was innocently made.

Last year the House finally moved to correct this defect. It passed a bill that would provide onsite consultation to employers. Unfortunately the Senate has failed to act on the legislation. This failure necessitates the passage of the Findley amendment today.

A vote for the Findley amendment is a vote for the small businessman. I urge passage of this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. FINDLEY).

The question was taken; and the Chairman being in doubt, the Committee divided, and there were—ayes 36, noes 25.

RECORDED VOTE

Mr. FLOOD. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 231, noes 161, answered "present" 1, not voting 38, as follows:

[Roll No. 448]

AYES—231

Abdnor
Alexander
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Aspin
AuCoin
Bafalis
Baldus
Baucus
Bauman
Beard, Tenn.
Bedell
Bell
Bennett
Boggs
Bonker
Bowen
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Byron
Carr
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Conable
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Davis
de la Garza
Derrick
Derwinski
Devine
Dickinson
Downey, N.Y.
Downing, Va.
Duncan, Tenn.
du Pont
Edwards, Ala.
Emery
English
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Findley
Fisher
Fithian
Flowers
Flynt
Foley
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gibbons
Gilman
Ginn
Goodling
Grassley
Guyer
Hagedorn
Haley
Hamilton
Hammerschmidt
Hanley
Hansen
Harkin
Harris
Harsha
Hefner
Henderson
Hightower
Holt
Horton
Howe
Hubbard
Hughes
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kasten
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Krebs
Krueger
LaFalce
Lagomarsino
Latta
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lujan
McClory
McCloskey
McCollister
McEwen
McHugh
McKay
Madigan
Mahon
Mann
Martin
Mathis
Michel
Miller, Ohio
Mills
Mitchell, N.Y.
Montgomery
Moore
Moorhead, Calif.
Mottl
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nichols
Nowak
O'Brien
Ottinger
Patterson, Calif.
Paul
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Quie
Quillen
Railsback
Randall
Regula
Rhodes
Risenhoover
Roberts
Robinson
Rogers
Rooney
Rose
Roush
Rousselot
Ruppe
Russo
Ryan
Santini
Satterfield
Schneebeli
Schroeder
Schulze
Sebelius
Sharp
Shipley
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steed
Stephens
Stratton
Sullivan
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Traxler
Treen
Ullman
Vander Jagt
Waggonner
Walsh
Wampler
White
Whitehurst
Whitten
Wilson, Bob
Winn
Wirth
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, Tex.
Gude
Hall
Hannaford
Harrington
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Heinz
Hicks
Hillis
Holtzman
Howard
Hungate
Johnson, Calif.
Jordan
Kastenmeier
Koch
Leggett
Lehman
Lundine
McCormack
McDade
McFall
McKinney
Madden
Maguire
Matsunaga
Mazzoli
Meeds
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Nedzi
Nix
Nolan
Oberstar
Obey
Passman
Patten, N.J.
Pattison, N.Y.
Pepper
Perkins
Price
Pritchard
Rangel
Reuss
Richmond
Rinaldo
Rodino
Roe
Roncalio
Rosenthal
Rostenkowski
Roybal
St Germain
Sarasin
Sarbanes
Scheuer
Seiberling
Simon
Smith, Iowa
Spellman
Staggers
Stanton, James V.
Stark
Stokes
Studds
Symington
Thompson
Tsongas
Van Deerlin
Vander Veen
Vanik
Vigorito
Waxman
Weaver
Whalen
Wiggins
Wilson, C. H.
Wilson, Tex.
Wolff
Wright
Yates
Young, Ga.
Zablocki
Zeferetti

NOES—161

Abzug
Adams
Addabbo
Allen
Anderson, Calif.
Anderson, Ill.
Annunzio
Badillo
Beard, R.I.
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boland
Bolling
Brademas
Brodhead
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burton, Phillip
Carney
Chisholm
Clay
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cornell
Cotter
Coughlin
Daniels, N.J.
Danielson
Delaney
Dellums
Diggs
Dingell
Dodd
Drinan
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Erlenborn
Evans, Ind.
Fary
Fascell
Fenwick
Fish
Flood
Florio
Ford, Mich.
Fraser
Gaydos

ANSWERED "PRESENT"—1

Gonzalez

NOT VOTING—38

Ambro
Ashley
Bergland
Burton, John
Butler
Conlan
Dent
Giaimo
Goldwater
Gradison
Green
Hays, Ohio
Hébert
Helstoski
Hinshaw
Holland
Jones, Ala.
Karth
Landrum
Litton
Lott
McDonald
Melcher
Metcalfe
Milford
O'Hara
O'Neill
Peyser
Rees
Riegle
Runnels
Solarz
Steelman
Steiger, Ariz.
Steiger, Wis.
Stuckey
Symms
Udall

The Clerk announced the following pairs:

On this vote:

Mr. McDonald for, with Mr. Dent against.

Mr. Hébert for, with Mr. Helstoski against.

Mr. Runnels for, with Mr. Giaimo against.

Mr. Stuckey for, with Mr. Metcalfe against.

Mr. Landrum for, with Mr. O'Hara against.

Mr. Goldwater for, with Mr. O'Neill against.

Mr. Conlan for, with Mr. Riegle against.

Mr. Symms for, with Mr. Solarz against.

Mr. Melcher for, with Mr. Steiger of Wisconsin against.

Mr. AUCOIN and Mr. BAUCUS changed their vote from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. There being no further amendments to this section of the bill, the Clerk will read.

The Clerk read as follows:

HEALTH SERVICES ADMINISTRATION

HEALTH SERVICES

For carrying out, except as otherwise provided, titles III, V, X, XI, and sections 1303, 1304(a) and 1304(b) of the Public Health Service Act, the Act of August 8, 1946 (5 U.S.C. 7901), section 1 of the Act of July 19, 1963 (42 U.S.C. 253a), section 108 of Public Law 93-353, and titles V and XI of the Social Security Act, $981,021,000, of which $1,200,000 shall be available only for payments to the State of Hawaii for care and treatment of persons afflicted with leprosy: *Provided*, That any amounts received by the Secretary in connection with loans and loan guarantees under title XIII and any other property or assets derived by him from his operations respecting such loans and loan guarantees, including any money derived from the sale of assets, shall be available to the Secretary without fiscal year limitation for direct loans and loan guarantees, as authorized by said title XIII, in addition to funds specifically appropriated for that purpose: *Provided further*, That this appropriation shall be available for payment of the costs of medical care, related expenses, and burial expenses, hereafter incurred, by or on behalf of any person who has participated in the study of untreated syphilis initiated in Tuskegee, Alabama, in 1932, in such amounts and subject to such terms and conditions as prescribed by the Secretary of Health, Education, and Welfare, and for payment, in such amounts and subject to such terms and conditions, of such costs and expenses hereafter incurred by or on behalf of such person's wife or offspring determined by the Secretary to have suffered injury or disease from syphilis contracted from such person: *Provided further*, That when the Health Services Administration operates an employee health program for any Federal department or agency, payment for the estimated cost shall be made by way of reimbursement or in advance to this appropriation: *Provided further*, That in addition, $40,121,000 may be transferred to this appropriation as authorized by section 201(g)(1) of the Social Security Act, from any one or all of the trust funds referred to therein.

AMENDMENT OFFERED BY MR. SCHEUER

Mr. SCHEUER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. SCHEUER: Page 9, line 18, strike out "$981,021,000" and insert in lieu thereof "$1,002,906,000".

Mr. SCHEUER. Mr. Chairman, this amendment will restore funds for family planning services, to bring this program to the same real dollar level at which it was established. For the past 4 years, funds for family planning services project grants have been frozen at the same levels, resulting, in effect, in a 30-percent reduction since 1973 due to the erosion of inflation. This amendment would raise the fiscal year 1977 funding level to take into account the effect of inflation. I propose that we increase funding for family planning services from $100.6 million to $122.5 million. I might add, that this is the same amount that the Senate Appropriations Committee has approved.

From the beginning of the Family Planning and Population Research Act, which I authored, the emphasis of Congress has been on the prevention of unwanted or ill-timed pregnancy—with all its adverse health, economic, and social consequences for the child, the family, and the community—and on the prevention of abortion. The conference report on the 1970 Family Planning and Population Research Act stated forthrightly:

> It is, and has been, the intent of both Houses, that the funde authorized under this legislation be used only to support preventive family planning services, population research, and fertility services, and other related medical, informational and education activities. The conferees have adopted the language contained in Initial Section 1008, which prohibits the use of such funds for abortion, in order to make clear this intent.

The extra funds requested in this amendment are for prevention. There are 42 million women of childbearing age in this country, 10 million of which have incomes low enough to need subsidized family planning services. Between 1970 and 1973, we made rapid progress in setting up family planning programs all around the country so that today 3.5 million women now receiving services under title X of the Public Health Service Act. Some 3 million more are estimated to get care through private physicians, many under medicaid. Yet our goal of providing family planning services to all women who need and want them has not been met. Nearly 40 per cent of low- and marginal-income women—some 3.5 million—are still without access to services. While almost three-fourths of low-income women from large metropolitan areas have access to birth control services, less than half of those living in rural areas and small towns do. In addition, one-third of our counties still offer no public services in this field.

Let me show Members a couple of maps. This is a map of the State of Montana. The red portions of the map are the counties that have no family planning services whatsoever. Let me show members a map of Iowa. The red portions there are areas in the State of Iowa that have no family planning services whatsoever.

In Iowa, of course, family planning services are available in Sioux City, in Omaha, Des Moines, Waterloo, Cedar Rapids, Dubuque, and Davenport.

In Montana, they exist in Great Falls and in Billings; but the rest of those two States are barren deserts so far as the availability of family planning services are concerned.

There is no more compelling argument for the need for family planning services than the fact that there were over 1 million legal abortions performed last year. And, since abortions are not yet available in all parts of the country, we can expect that many illegal abortions were performed. Many of these unwanted pregnancies were a result of contraceptive failure, since there are no methods of contraception which are perfectly effective. But many more were due to a lack of availability of preventive services.

At least 1 million young teenage girls become pregnant each year. One-fourth of these pregnancies will result in birth out of wedlock and nearly one-third in abortions. Two-thirds of all teenage brides are pregnant at the altar; and we know, not surprisingly, that these teenage marriages have exceedingly high failure rates. Young girls should not have to begin their adults lives with such difficult experiences or responsibilities. There is a more humane and better way for the individual and the society to deal with unwanted pregnancy, and that is through prevention.

The Appropriations Committee should be commended for giving recognition in its report on H.R. 14232 to the large scale problem of adolescent pregnancy. But, the report does not address the paramount issue of prevention of unwanted adolescent pregnancy.

The health rationale for expanded family planning is also compelling. Recent research indicates that the proper timing and spacing of births, and the number of children born into a family, may very well be the most influential determinants of the health and well-being of infants and children. Proper timing and spacing of births also have important health consequences for mothers. Research indicates that pregnancy is safest and has fewest adverse health consequences when a woman is neither too young nor too old, when she has had a satisfactory time interval to recuperate between births, and when the number of births is limited. It has been well-documented that fetal and neonatal mortality is highest when the mother is below age 20 and above age 30, when the interval between births is less than 2 to 3 years, and when the woman has already borne three children.

The incidence of low-birth-weight infants is highest, also, under these same conditions; and the direct relationship between this factor and birth defects, mental retardation, and other enormously expensive long-term handicapping conditions has also been demonstrated. The growth and development of the child, including intellectual development, has been shown to be inversely related to family size. Thus, family planning is increasingly regarded as the most important component in the entire maternal and child health equation. Indeed, few factors have the power to shape our individual and collective destinies more than the number of children we bring into the world and the conditions surrounding their earliest development.

The unmet need for family planning services can be demonstrated in other ways as well. While it has been heavily publicized that the U.S. fertility rate is currently at its lowest point since the government began collecting reliable statistics early in this century, and that fertility, in fact, is now hovering near replacement level, this does not indicate either that the U.S. population has stabilized or that pregnancy in this country always occurs and is brought to term under optimum—or even favorable—conditions.

In the first place, while the rate of U.S. fertility continued to decline last year, the actual birthrate rose, due to an increase in the number of woman of childbearing age. This predictable result of the post-World War II babyboom, 1946–57, may be expected to continue for some time. The National Center for Health Statistics projects a considerable 12 percent increase in the number of women of reproductive age by 1980. Thus stabilization—or "zero-population growth"—if attained at all, is still a long way off.

In the second place, despite recent advances, a substantial amount of fertility is still unwanted—between 20 and 25 percent of all births are unplanned or unwanted by the parents at the time of conception. The rate of unwanted fertility is still widely disproportionate among the various age, social, and economic groups in the Nation. While unwanted fertility among blacks and the poor has dropped significantly in recent years, it is nonetheless still disproportionately high; and it is well known that the health consequences for those disadvantaged parents and children involved are disproportionately severe.

Then, too, 20 percent of American births are reported as mistimed. While relatively little hard data is available on the impact of such circumstances on the health and well-being of the parents and children involved, it again may be surmised that the consequences are more serious for the young and the poor for whom pregnancy carries a greater risk, as well as for their offspring, whose chances of birth defects, mental retardation, and other long-term handicapping conditions are greatest.

The need, then for continued and expanded support on the part of the Federal Government of family planning services is clearly indicated. Currently family planning programs have demonstrated their popularity, their effectiveness, and their capacity to expand rapidly. These programs have become more efficient. They have increased their collection of third party payments. Yet, inflation has taken its bite, because funds for family planning services project grants have been frozen at the same level for the past 4 years.

I propose that we reverse this pattern by increasing the family planning appropriation to $122.5 million. This would allow for the extension of family planning services to approximately 300,000 additional persons. This is only an 8-percent increase in the total caseload—surely a modest goal.

Arguments for economy in Government are often used to justify this low level of funding. But this rationale is completely fallacious. Reducing funds for family planning services simply will not save the Government. In fact, reducing funds is a luxury we cannot afford. Careful economic analysis has demonstrated that for each unwanted birth averted, there is an average savings of $632 in Government expenditures in that year. Extensive studies have shown conclusively that every dollar spent by the Government for family planning services in a given year saves the Government at least $2 in the following year alone, in terms of unneeded medicaid and welfare payments. This more than two-to-one cost-to-benefit ratio measures immediate, direct savings to the government in the first year alone. This is a conservative estimate that does not take into consideration the cost to the mother in lost earnings, or the long range costs to the Government for such programs as AFDC, food stamps, and public housing. Nor does it take into account the economic, social, and personal benefits to the individuals and families themselves. The moneys I hope we add to this bill will result in a minimum of $40 million in savings next year. This is a rare situation where we can act on humanitarian grounds without conflict of any knd with what we believe to be a fiscally sound Government program.

Mr. DRINAN. Mr. Chairman, will the gentleman yield?

Mr. SCHEUER. I yield to the gentleman from Massachusetts.

Mr. DRINAN. Mr. Chairman, I am happy to associate myself with the gentleman's remarks and compliment the gentleman for bringing this to the floor.

Mr. Chairman, I rise to support the amendment offered by the gentleman from New York (Mr. SCHEUER). I hope the House acts affirmatively on his amendment.

As he has pointed out, funds for family planning services have been held at the same level for 3 years. And inflation has eroded the value of this appropriation by 30 percent during this period. In essence, as I understand it, the gentleman's amendment to add $22.5 million to the family planning services would not even fully compensate for the loss to inflation. But it would restore some of that needed purchasing power, and we should support that. In the long run it will save many times the increase requested.

The emphasis in this provision before us is on the prevention of "unwanted or ill-timed pregnancy." None of the funds would be or could be used for abortion. I think the members should be clear on that. In fact it is an antiabortion amendment. The clear thrust of this legislation—and the funds being sought for it—is to meet the need of some 3.5 million women—mostly low and marginal income women.

Mr. Chairman, the gentleman from New York has outlined the rationale for this legislation and for his amendment. I urge my colleagues to join me in voting for this amendment.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. SCHEUER. I yield to the gentlewoman from Nebraska.

Mrs. FENWICK. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I would like to speak most urgently for this amendment. It is pitiful when an unwanted child comes into the world. Very often we find malnutrition in the mother that results in mental retardation in the child. There is nothing we can do that is more constructive than to make sure that every single child that comes into the world is wanted. That is really the first right that every child deserves.

Mr. Chairman, I hope very much we can restore and increase the funds for family planning.

Mr. SCHEUER. Mr. Chairman, I thank the gentlewoman for this support.

Mr. Chairman, the Population Research and Family Planning Act of 1970, of which I have the honor to be the principal House author, passed by a vote of 298 to 32. This was an overwhelming affirmation by the Members of this House for prolife, antiabortion, for the right of women to control their bodies, for the right of women to space their children in a decent and happy fashion.

The CHAIRMAN. The time of the gentleman from New York (Mr. SCHEUER) has expired.

Mr. BAUMAN. Mr. Chairman, I ask unanimous consent that the gentleman from New York (Mr. SCHEUER) be allowed to proceed for an additional 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

Mr. ASHBROOK. Mr. Chairman, reserving the right to object, I believe the time should not be extended once debate has been cut off and we have been taken off our feet. I object to all such requests.

The CHAIRMAN. Objection is heard.

The Committee will rise informally in order that the House may receive a message.

MESSAGE FROM THE PRESIDENT

The Speaker resumed the Chair.

The SPEAKER. The Chair will receive a message.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Roddy, one of his secretaries, who also informed the House that on June 22, 1976 the President approved and signed bills of the House of the following titles:

H.R. 11559. An act to authorize appropriations for the saline water conversion program for fiscal year 1977.

The SPEAKER. The committee will resume its sitting.

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE, AND RELATED AGENCIES APPROPRIATION BILL, 1977

Mr. BAUMAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the gentleman from New York has made a statement which interests me greatly. I would like to have the gentleman comment upon the observation that I make. The gentleman from New York says that if we support increased funding for this particular family planning program that it is, in fact, a prolife and antiabortion vote.

Mr. Chairman, it is my information and understanding that under various programs, including the Federal funds that finance family planning, that, indeed, abortion is being recommended and in many cases is financed by Federal funds as a method of family planning.

Mr. Chairman, I do not see how the gentleman can advance the concept that his proposal is antiabortion when, in fact, these funds may well be used for abortions by the Federal Government, and I am not even commenting on whether the Government should or should not be engaged in such activities, though I believe it should not. I would just like to have the gentleman comment on that conflict in what the gentleman said.

Mr. SCHEUER. Mr. Chairman, I would be very happy to answer the gentleman. It is a perfectly legitimate and responsible question.

We do have a national reporting system on all health services and family planning services provided under title X. There is absolutely not a scintilla of evidence that any services are performed under title X, including or leading to abortion. It was specifically provided in the 1970 legislation, that most Members voted for, that abortion services were not to be provided. I felt that the consensus of the House would make that appropriate. There has been no evidence whatsoever adduced by anybody that under title X of this act, which is where we are putting the funding, any resources whatsoever, have gone for abortion.

The doctors do not look upon it as an abortion program; the mothers do not look upon it as an abortion program. There has been no allegations of abortion under this title, and the history of it is clear beyond doubt.

Mr. BAUMAN. The gentleman has referred to the so-called Dingell amendment which was adopted some years ago.

Mr. SCHEUER. In the wording of the 1970 act that was presented to this House, there were no amendments offered on the floor prohibiting abortion because it was not necessary. The wording of the bill specifically prohibited these funds from being used for abortion. Let me repeat. No amendments were adopted because they were not necessary.

Mr. BAUMAN. The gentleman from Maryland is aware of that, but also aware that HEW, through their attorneys and various of their officials, have disputed the right of HEW to withhold family planning funds if abortion is indicated, or information is requested. It is the understanding of the gentleman from Maryland—and I do not have my exact information right here before me—that funds are being used by HEW that are authorized for family planning, for either recommending, referring or, in fact, in some cases performing abortions.

Mr. SCHEUER. That is absolutely not true under title X. I have checked it out. All of those funds are reported under the national reporting service. There is not a scintilla of hard evidence that any of these funds have ever been used for the purposes of abortion. I respect the gentleman's question, and I can give him a flat, categorical answer to that.

Mr. BAUMAN. The gentleman from Maryland appreciates the response of the gentleman from New York and I am sure he is sincere. However, I am not convinced of his information and I am not sure at all that his argument is correct.

Ms. ABZUG. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to compliment the gentleman from New York for offering this amendment. I think it is a very important amendment for all of the reasons that he has pointed out. This increase will serve, I believe, not only to help service the 3.5 million women who are presently without necessary counseling and family planning, but it will also keep up with the inflationary costs of this family planning.

I think we fail to recognize another very important factor, that counseling and family planning is a very necessary thing to the health and the well-being of families. We need only note, for example, that certain forms of family planning have been recently taken off the market because of the dangerous quality of some of this family planning. Many women are not aware of the potential harmful effects of some of the oral contraceptives that have been used for family planning by at least 10 million American women. Earlier this year sequential pills used by 5 to 10 percent of these women were withdrawn from the market because of the increased risk of cancer of the uterus.

So that, by increasing this money, we will be taking care of not only the question of family planning, but through increased education and counseling we can make clear the kind of family planning that is safe and the kind that is not safe, and the kind that should not be used.

Mr. SCHEUER. Mr. Chairman, will the gentlewoman yield?

Ms. ABZUG. I am happy to yield to my colleague from New York.

Mr. SCHEUER. Mr. Chairman, I want to commend the gentlewoman for her remarks, and say that they are not only appropriate for the purposes of family planning services, but are even more appropriate for my next amendment concerning the modest increase in funds for population research.

I hope the gentlewoman from New York will support the amendment for increased population research. I thank the gentlewoman for her support.

Ms. ABZUG. I certainly will.

I do not want to engage in a colloquy on the subject, except to correct the record. I do want to indicate again that the gentleman from New York was perfectly correct as far as this section of the law is concerned, title X. There is a specific prohibition, section 1008, about the funds in this particular program in respect to abortion. Not with respect to other programs, but it is in this. I do not agree with it, but it happens to be the law. The gentleman was correct.

Mr. SCHEUER. I may not be in agreement with it either. But I was the author of this legislation in the House, along with the very fine support of our colleague from Kentucky (Dr. CARTER), and our former colleague from Texas, (Mr. Bush) and our colleague from Ohio (Mr. TAFT) who is now serving in the Senate. I have had fine support on the other side of the aisle. We made a specific provision in this bill that the funds authorized by the bill could not be used for abortion. We felt that if the 10 million women who desperately need family planning services had those services, there would be less need for abortion.

Ms. ABZUG. The gentleman is correct. Abortion is the least desirable form of family planning. It is something we should understand. Those of us who are in favor of family planning would prefer to see family planning; therefore, it is important to get the kind of funds and the kind of counseling and the kind of education that makes it unnecessary to have abortions.

A proper program for family planning would lessen the necessity of abortion. However, the right to abortion is a fundamental right, decided by the Supreme Court.

I think the gentleman is correct in making this point that we should maximize everything we do with respect to family planning, and that would lessen the necessity for the exercise of that right. But the gentleman is correct. If we could maximize family planning, it would ultimately reduce the need for the exercise of that right.

Mr. HEINZ. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. CLEVELAND. Mr. Chairman, will the gentleman yield?

Mr. HEINZ. I yield to the gentleman from New Hampshire (Mr. CLEVELAND).

Mr. CLEVELAND. Mr. Chairman, I rise in strong support of the amendment offered by the gentlemen from New York and Pennsylvania to increase the funding levels for family planning services and population research.

As an original cosponsor of the 1970 Family Planning and Population Research Act, I have been disturbed by the fact that 3 years of static funding have resulted in reducing the scope of the programs by approximately 30 percent due to inflation.

The subsidized family planning service program which this amendment would increase has supplied approximately 63 percent of the Federal moneys for family planning in the State of New Hampshire. Failure to restore the program to the same real dollar level as it was established 4 years ago would have a drastic impact on efforts to aid low-income women and women on public assistance programs who need contraceptive services and information.

This amendment, which adds $21.9 million in the bill for family planning services, would enable 292,857 women of child-bearing age to receive family planning help in 1977. The Senate Labor-HEW Appropriations Subcommittee has already approved the $122.5 figure.

In addition, population research funding would be increased from $51.3 million to $60 million which would aid in developing safe, effective contraceptive methods for the 40 million women of childbearing age in the United States.

Amidst the controversy over the abortion issue, it is important to remember that availability of family planning services prevents unwanted pregnancies—a situation in which many advocate abortion. In 1975, an estimated 10 million women were in need of subsidized family planning services yet only 6½ million received care under a family planning program or from a private physician.

The proportion of unwanted and unplanned births is higher among the poor. Moral issues aside, the fact remains that unless the Federal Government provides low-income women with the same contraceptive information and services available to those who can afford to pay for them, we can expect more unwanted children thereby creating more demands on family incomes and perpetuating the existence of poverty.

Mr. HEINZ. Mr. Chairman, I rise in support of my distinguished colleague, Mr. SCHEUER, in offering this amendment to increase funds for family planning services. As you know, the Appropriations Committee has recommended a budget of $100.6 million—Ford's proposal is $82 million for fiscal year 1977—for family planning programs for the 4th year in a row. During this same period, health care costs have been increasing at the rate of 14 percent per year.

The committee's decision to continue the freeze on family planning funds in a time of high health care inflation is, I believe, unwise. To do so when so much remains to be done in the field of family planning may be foolhardy. The National Center for Health Statistics reports that unwanted pregnancies continue especially in the very young. In 1974 alone the Center for Disease Control found there were 300,000 abortions and 221,000 illegitimate babies born to teenage mothers. Between 1970 and 1974, illegitimate births increased by 4 percent.

In the same time period, the once promising growth of U.S. family planning programs came to a standstill and then began to decline. A prime reason for this was the freeze on family planning appropriations.

This amendment, which Mr. SCHEUER and I support, would help reinitiate progress in American family planning. By increasing the family planning appropriation to the Senate figure of $122.5 million, we would enable U.S. programs to serve an additional 293,000 women who desire these services. Surely, this expenditure is essential if we are truly concerned about eliminating unwanted babies.

Much has been said about the high social and psychological costs of unwanted pregnancies. I doubt that any of my colleagues would dispute the deleterious effects of such accidental pregnancies, which may disrupt lives and careers, may reduce a person's quality of life, and can increase the number of abortions.

Most objections to increased funds for health care including family planning are based on fiscal and economic grounds. However, family planning programs can be justified on precisely these grounds. Dr. Frederick Jaffe, Director of the Alan Guttmacher Institute and Dr. Charlotte Muller, of CUNY have conducted research that indicates the short-term benefits alone of family planning expenditures outweigh the costs.

Within 1 year of spending the additional moneys we propose to appropriate to U.S. family planning, the Federal Treasury can expect to recoup 20 percent of the increased appropriations through savings in medicaid and public assistance expenses. This estimate does not even take into account the work earnings lost through maternity leaves. In the future, the money invested in family planning will save dollars that might otherwise have been spent on welfare, food stamps, and AFDC expenses.

Appropriating $122.5 million for family planning programs would further a valuable social objective as well as promoting fiscal responsibility. Such budgeting would be good government in the finest sense of the phrase.

Mr. ANDERSON of Illinois. Mr. Chairman, will the gentleman yield?

Mr. HEINZ. I yield to the gentleman from Illinois.

Mr. ANDERSON of Illinois. I thank the gentleman for yielding.

Mr. Chairman, I, too, commend the gentleman from New York for offering this amendment.

He referred a few moments ago to a map, and I think he talked at that time about the State of Montana. I looked at this particular document as it pertains to my own State of Illinois, and I find in 6 out of 7 counties that I represent in northwestern Illinois, 100 percent of the women have no services; that in the single county where services are available, between 85 and 99.9 percent of the women are not served by any organized service.

Mr. Chairman, I think the gentleman from Maryland (Mr. BAUMAN) has performed a real service today in engaging in a colloquy as he did with the gentleman from New York. I believe that fundamentally this is a pro-life approach to the problem.

I believe that when we prevent conception, we make unnecessary the kinds of abortions that have ranged up to more than a million in recent years.

The other point that I think is worth making is that family planning is just what the term implies. It does not mean that we are against families; it means that we try to help people better plan those families.

When we realize, for example, that the incidence of low-birth rate infants is highest when there is a short time interval between births and when the number of births is high and when we go on to note the relationship between these low-birth rate infants and birth defects and mental retardation, I think that shows how necessary it is.

Mr. Chairman, in answer to those who are concerned about the relatively small amount of money involved, the fact is that there will be a net savings to the taxpayer in the welfare costs that will be avoided when we do not bring unwanted children into the world.

Mr. SCHEUER. Mr. Chairman, will the gentleman yield?

Mr. HEINZ. I will be happy to yield to the gentleman from New York.

Mr. SCHEUER. Mr. Chairman, I thank the gentleman for yielding.

The cost-benefit factor in family planning is spectacular. Far and away, the only other governmental program that has matched the cost-benefit factor of family planning is seat belts. Family planning and seat belts are the two most cost-effective programs offered by the Government.

Mr. HEINZ. Mr. Chairman, I think the gentleman from New York (Mr. SCHEUER) makes an excellent point.

I would just like to emphasize that the statistics from the City University of New York show that in the first year alone we can save 20 percent of the amount of the increased appropriation. We can save it in medicaid and in public assistance expenses in that year alone, and in future years we can still save more in similar kinds of programs such as work earnings lost, and so forth.

Mr. Chairman, I would just like to compliment the gentleman from New York (Mr. SCHEUER) for offering his amendment and for making a very necessary and important point.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. HEINZ) has expired.

(On request of Mr. HUGHES and by unanimous consent, Mr. HEINZ was allowed to proceed for 1 additional minute.)

Mr. HUGHES. Mr. Chairman, will the gentleman yield?

Mr. HEINZ. I am happy to yield to the gentleman from New Jersey.

Mr. HUGHES. Mr. Chairman, I just want to commend my colleague, the gentleman from Pennsylvania (Mr. HEINZ), and my colleague, the gentleman from New York (Mr. SCHEUER), for offering this amendment. I rise in strong support of the amendment.

Mr. Chairman, the allocation of these funds is essential to make family planning and population research a reality. Inflation has taken its toll in the area of family planning since the funding level has remained static for the last four years. All who need and want to avail themselves of these services should have the opportunity.

However, due to a lack of full commitment to this policy by insuring that adequate moneys are appropriated, this has not been the case. We now have the opportunity to do something about this problem. By appropriating sufficient funds for family planning services, we have a chance to save the Government much more in real dollars than will be actually expended on family planning programs. Medicaid and wefare payments will decrease just as the number of unwanted pregnancies will. The cost-benefit ratio calls for the adoption of the amendment offered by my two distinguished colleagues.

Mr. Chairman, I submit that this is a unique occasion for Congress to stand up and be counted in support of fiscal responsibility as well as meeting its moral commitment to those people who need all the help they can get in controlling unwanted pregnancies without resulting to drastic measures—or the suffering and heartache that is often present.

Mr. NOLAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment, and I commend the gentleman from New York (Mr. SCHEUER) for high work in this field.

Mr. Chairman, I heartily endorse this amendment to increase the DHEW appropriations for U.S. family planning programs. The amount of Federal attention, concern—and money devoted to providing these valuable services has remained static for too long. To continue to hold appropriations for family planning at $100.6 million only perpetuates a sorry status quo. This status quo violates the very spirit of American Government because it denies full access to adequate family planning to citizens who are poor, young or geographically isolated. Poor Americans are often unable to afford private family planning services. Young Americans often find it difficult to make use of private and family physicians for family planning. Rural Americans too often lack access to family planning clinics.

The inadequacy of rural family planning programs is especially troubling to me. Because of the absence of family planning facilities in many rural regions, rural residents are many times denied the benefits of responsible family planning that are available to metropolitan citizens. These benefits include greater personal freedom in deciding if and when to have children, allowing young persons to finish their education and get economically established before they have children, and protecting the health of both mother and child by allowing childbearing during the safest reproductive years.

The matter of abortion is also one of grave concern to me. In 1974, there were 1 million abortions in America. This is tragic testimony to our failure to do enough to promote wise family planning. For those of us who oppose abortion, it is not enough to merely protest it. We must also attack the causes of abortion. Improved family planning programs are an important part of the fight to prevent abortion and national efforts to bring about a better quality of life for all Americans regardless of wealth, age or location.

Mr. MICHEL. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I looked with interest at the two maps the gentleman from New York (Mr. SCHEUER) presented, one of Montana and one of Iowa, comprising rural areas. The gentleman was making a big case that no family planning service is available in those less populous areas.

We know that the real problem in this country with respect to this subject matter has to do with the heavily concentrated urban centers. That is where the problem is. I suspect that those places in States like Montana and Iowa, as cited on the map, can very well take care of their family service problems without Federal involvement.

It is true that the budget came up to us with a cut, but the subcommittee restored the cut in the budget and brought it up to last year's level. But the point I want to make is that this is not the only item in which we find family planning service money included.

The social services, title 20 program, the medicaid program, the maternal and child health program, the Indian health service program, and the bureau of medical services program also provide family planning funds. This total Federal commitment is not the $100 million that we are talking about here, but $276 million. This represents an increase of $12 million over the current level and $32 million over fiscal 1975. It is $95 million over 1973.

There has, in other words, been a sizable, orderly expansion of family planning services money when we take all the programs involved here, and then there is another $11 million in family planning funds obtained through third-party reimbursement.

Mr. Chairman, the social and rehabilitation service family planning programs, in my judgment, are much more effective in reaching the poor than is the case through this program here because the SRS programs are means-tested, and therefore can only be used to provide services to the poor.

The nonpoor being served by this program, it seems to me, ought to be able to begin picking up a greater share of the program cost and provide increased coverage if such an increase is desired.

Frankly, after once having gotten the message and having gotten used to what this program is all about, people who have the means ought to start to take care of themselves with respect to the cost of family planning.

I urge rejection of the amendment.

Mr. SCHEUER. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from New York.

Mr. SCHEUER. Under medicaid the married couple cannot get family planning services.

Under medicaid, a single woman cannot get family planning services until she has had her first illegitimate child.

I suggest that that is not a sound national policy. I suggest that under medicaid only 15 percent of the total number of low-income women who need family planning service can get them. The married woman cannot get them. The teenage girls cannot get them until they have already had a first illegitimate child.

Now I know some of you here have looked at the President's budget presentation and seen DHEW's fanciful budget estimates of expenditures for family planning services. The Department, for example, claimed $127 million for third-party reimbursements under the medicaid program and the title XX social services program. In actuality, the States themselves—who should know—report expenditure levels half of those projections. The title X program remains the backbone of the program, however, inventive OMB and DHEW become in their budget presentations. Because of its uniform high quality of care the title X program has made access to family planning services almost synonymous with access to good preventive health care for millions of women in the United States. In addition, the excellent project-by-project national reporting system enables us to monitor closely the care received by each patient in each clinic site. Title X patients receive, in addition to birth control information and devices, a complete gynecological examination, the necessary lab tests for diabetes, kidney and liver functions, and sickle cell anemia, plus tests for breast and cervical cancer and venereal disease. These services are mandated by the program regulations and guidelines throughout the United States. Furthermore, the title X program serves all persons who are unable to purchase family planning services and who want them, regardless of age, sex, marital status, income, race or religion.

This is not the case with the medicaid and social services program. There are no uniform standards of care under medicaid. There is no standard national reporting system to tell us exactly what the family planning services provided by the medicaid doctor were and where they were provided. Medicaid can only support programs which are already established. Therefore, its funds cannot be used to establish new programs to reach the remaining 3.5 million women in the United States who still do not have access to family planning services. Medicaid eligibility also varies greatly between the States but low-income persons everywhere have the same need for family planning services.

There are similar eligibility problems with regard to title XX of the Social Security Act, and, in addition, there is a spending ceiling and enormous competition among the various programs, such as day care and senior citizen centers, for the same dollar. Since family planning services came on the scene late, most of the available funds in many States had already been committed to other services.

For all these reasons, I do believe that it is easy to see why the title X program is considered the very foundation of family planning services in the United States. Even the AMA has urged that it be continued and has rejected the administration's budget recommendations.

Mr. MICHEL. I say to the gentleman, let us go back and change the legislation so that that would be possible. We are not going to assure that by what the gentleman is doing in this amendment.

Mr. SCHEUER. Mr. Chairman, if the gentleman will yield further, under this amendment, of the 3.5 million low-income women in their child-bearing years, who cannot afford family planning services through the private sector, only 300,000 will be reached by my amendment.

Mr. Chairman, this Congress made a commitment in 1970 to reach all 10 million women in their child-bearing years by 1975, yet, in 1976, there are still 3.5 million women who do not have access to family planning services.

I am not even asking for an increased appropriation in real dollar terms. I am simply asking that this year's level of funding be brought up to the effective real dollar value of the 1973 funding. I am not asking that we provide blanket coverage to the 3.5 million women not covered now. I am asking that this program be extended to include less than 10 percent of these women. We know that these are stringent times, and we do have budgetary pressures, but I do believe that this amendment is justified.

Mr. Chairman, I think our request to simply increase availability of family planning in unserved areas is a modest one.

Finally, Mr. Chairman, I know that there will be some members who are concerned about the budget ceiling for health funding contained in the first concurrent resolution. I want to point out that the House Appropriations reported bill was $70 million below the fiscal year 1977 $39.3 million NBA and $37.9 million outlays budgeted for health programs. Therefore, this amendment for an additional $22 million would not break the budget. I want to add that in my opinion the budget for the 550 health function is too low as it now stands, and that I hope to see it revised upward so that some of the discretionary controllable health programs can progress in an orderly fashion rather than come to a grinding halt.

In conclusion, Mr. Chairman, I know that the title X program is a worthy one. I believe that the expansion of available family planning resources is basic to the elimination of poverty, to helping American families on the road to recovery, to freeing them from the welfare rolls, and to assisting them in becoming independent and healthy functioning citizens of our society. If the poor and low-income people of this country are to have any real hope of improving the quality of their lives, they must have access to safe and effective family planning methods. Certainly, I believe that we can make no better investment of Federal dollars. The benefits to the national health and welfare are directly and vastly significant.

Mr. FLOOD. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, this whole discussion that we have heard so far has nothing to do with the case. There is nobody, no group, no person in this entire assemblage who is more in favor of family planning and who has done more about family planning—not just in talking about it—than this subcommittee year after year.

The Members have heard great talk about the need for this or that program and how we must have this much or that much money. There is no question that the need for more exists everywhere. But this is the Committee on Appropriations. Look here, see what I hold in my hand? Here are the hearings of this subcommittee. Look at that. You should. You paid for it. There it is. Look at page 369 to page 423. There are 54 pages in this volume of our hearings, page after page of what is being done for family planning. What do you want, diamonds? There it is.

Mr. SCHEUER. Mr. Chairman, will the gentleman yield?

Mr. FLOOD. When I finish my statement I will be glad to yield to the gentleman.

Mr. Chairman, what else do they want? Here is another section of the hearings, part 3. That was part 2 I showed you. On page 83 we have a breakdown of the various agencies in the Department of Health, Education, and Welfare that we have appropriated funds for family planning. You have gotten the impression from this debate so far that nothing was being done anyplace, anywhere, by anybody. That is absolutely a misstatement of the case as it exists.

Think of it, $273 million. Now, that "ain't" hay. Think of it, $273 million in the itemized list of HEW agencies that are providing family planning services.

This is the Committee on Appropriations. I repeat, this is the Committee on Appropriations.

Further, let me point this out to you: We recognize the importance of this service. Could you find better evidence than what we have done? We added in this bill $21,100,000 for the family planning program of the Health Services Administration. We added that much in this bill.

Does that sound like we overlooked this program? Now, do not forget that there are other programs providing family planning services. Let me show them to you. I am sure you will know these.

Medicaid. You all know about medicaid. Family planning is in there. That is one.

The social services program. You know about the social services program, you are paying for it. Family planning is supported under this program.

This one you also know, the maternal and child health program, a great program, and it has family planning services as one of its basic services. For that program we added $116 million in this budget.

And what else? Take the community health center programs, you all know about those, the community health center programs. You know about them. Family planning is just one of the services they provide. In this bill we added $60 million more than last year for community health centers.

These are just a few—just a few—of the programs. They are all major programs. They are not little bitsy things, these are all major programs and they all pay for or directly provide family planning services.

I am saying this because I do not want the Members to be misled that there is only one program providing family planning services.

The CHAIRMAN pro tempore. (Mr. ZABLOCKI). The time of the gentleman has expired.

Mr. FLOOD. Mr. Chairman, I ask unanimous consent that I may proceed for an additional 2 minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

Mr. ASHBROOK. Mr. Chairman, I have to object. I am objecting to all extensions of time, unless it is on the Panama Canal.

The CHAIRMAN pro tempore. Objection is heard.

Mr. OBEY. Mr. Chairman, I rise to speak against the amendment, and I yield to the gentleman from Pennsylvania (Mr. FLOOD).

Mr. FLOOD. I appreciate that very much of my friend, the gentleman from Wisconsin. I really did not need 2 or 3 minutes. I just want to say this about when we marked up this bill. You know us. You have been with us a long time. I have been talking to you for 14 years as the chairman of this subcommittee. We did this markup very carefully. You know us. We took into consideration all of these programs, and we looked carefully at everyone of these programs, and that is why I can tell you HEW will spend over $273 million for family planning services in 1977.

Mr. Chairman, this amendment is not needed. It simply fails to consider all of the many existing programs in the bill that provide these services. Certainly under all of the circumstances, this amendment should not be accepted.

I thank the gentleman.

Mr. OBEY. Mr. Chairman, if I could continue on my own time for a moment, everybody here who knows me knows that in 3 of the last 4 years I have stood at the doors of this Chamber urging people to vote for amendments which raise the total amount in this bill. The fact is this year we have what I think is a very reasonable bill out of this committee. We have a new budget system. The chairman of that Budget Committee said yesterday that we are very close to being in trouble on the budget. I really think that we have to understand that we have a new ball game. Under that new budget system we have to choose priorities. So we decided we would try to put some more money into title I, for instance, put some more money in for handicapped kids, and put in more money—although not as much as we would like—for family planning. We have to show some discipline.

I think my record is quite clear that I am a strong supporter of necessary spending for social programs and family planning, but in this instance I would urge people who believe the way I do to support the chairman and reject the amendment because we have to look at the overall picture. If we look at the overall picture, we do not want to go any higher than we are right now.

The CHAIRMAN pro tempore (Mr. ZABLOCKI). The question is on the amendment offered by the gentleman from New York (Mr. SCHEUER).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

Mr. SCHEUER. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN pro tempore. The Chair will count. Thirty-four Members are present, not a quorum.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN pro tempore (Mr. ZABLOCKI). One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The pending business is the demand of the gentleman from New York (Mr. SCHEUER) for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

The CHAIRMAN pro tempore. The Clerk will read.

The Clerk read as follows:

NATIONAL INSTITUTE OF CHILD HEALTH AND HUMAN DEVELOPMENT

To carry out, except as otherwise provided, titles IV and X of the Public Health Service Act with respect to child health and human development, $140,343,000.

PARLIAMENTARY INQUIRY

Mr. SCHEUER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN pro tempore. (Mr. ZABLOCKI). The gentleman will state his parliamentary inquiry.

Mr. SCHEUER. Mr. Chairman, under the set of facts which took place a few minutes ago, would it be possible to appeal the ruling of the Chair on the count of the Members standing? It was the impression of many Members on this side that we had substantially more Members than 19 standing.

The CHAIRMAN pro tempore. An appeal from the Chair's count is not in order.

AMENDMENT OFFERED BY MR. SCHEUER

Mr. SCHEUER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. SCHEUER: Page 12, line 25, strike out "development, $140,343,000." and insert in lieu thereof "development and population research, $156,500,000, of which $60,000,000 shall be available to carry out population research pursuant to title X of such Act."

Mr. SCHEUER. Mr. Chairman, the fiscal year 1977 appropriation for the National Institute of Child Health and Human Development represents only a one-half of 1-percent increase from fiscal year 1976 appropriations. Since medical costs, both for service and research, are going up at the rate of approximately 14 percent per year, in effect this amounts to a 13½-percent cut in the funding for population research.

Mr. Chairman, this amendment would increase funds for the Center for Population Research within the National Institute of Child Health and Human Development from $51.3 million to $60 million.

For several years now, the center has operated under a budget ceiling that has made growth impossible. Last year, in testimony before a Senate committee, witnesses from the Center for Population Research and from the National Institutes of Health admitted that their budget was inadequate. When asked by committee members to produce a budget estimate for this fiscal year, they estimated a budget of $84 million. This estimate was made on the basis of need, the availability of research leads, and the capability of scientific institutions. Yet, the actual budget for fiscal year 1976 is $51.3 million.

This lack of adequate funding, has meant that first-rate scientific work has remained backlogged. New knowledge is not being applied in clinical work because of cutbacks. And talented researchers are beginning to look elsewhere. This situation does not affect just a few scientists at NIH—it is directly affecting nearly 45 million American women of childbearing age, who are still relying for fertility control on chemicals and devices in their bodies which not only have persistent and sometimes serious side effects, but are also by no means fail-safe.

Increasing reports establishing severe medical problems associated with a few of the most modern methods of birth control point to the need for continued research. In recent years, we have seen two IUD's removed from the market—the Dalkon Shield and the Majzlin Spring—and limits placed on the use of Depo-Provera and DES, two drugs which were used to limit fertility. Most recently the report of a possible link between liver tumors and the use of oral contraceptives has led to a National Cancer Institute study to determine whether or not a causal relationship exists.

I cannot overemphasize the extent to which even our most sophisticated methods of contraception occasionally fail. The simple fact is that literally thousands of American women are still becoming pregnant each year even though they are using the most advanced contraceptive technologies available.

Inadequate methods of birth control are still a major health problem, but one which can be substantially overcome with properly supported research. Research has indicated that the incidence of low-birth-weight infants is highest when there is a short time interval between births and when the number of births is high. The direct relationship between low-birth-weight infants and birth defects, mental retardation and other enormously expensive long-term handicapping conditions has also been demonstrated. Family planning technology has important health benefits for both mother and child.

Were the center to obtain the additional $8 million requested in our amendment, this money would go for both biomedical research and social science research with priority being given to certain areas, including: First, contraceptive development, especially product development entailing synthesis and screening of new drugs and clinical trial of drugs and devices; second, contraceptive evaluation, which is so critical at this time when concern for the safety of the pill and the IUD is so widespread; and third, fundamental social science research including a major study of the determinants of teenage reproduction, particularly focusing on the pregnancies of 14- to 16-year-olds, which are at an all-time high.

In their efforts to find safer and more reliable methods of birth control, the center is conducting research with both oral and injected contraceptives, including an injection method which could last up to 6 months. Also, the center has been concentrating its efforts on the development of a new male contraceptive.

In the area of social science research, besides its study on the causes and consequences of teenage childbearing, the center is doing research on the consequences of population change, in order to strengthen the bases for formulating population policies.

It is clear that more research must be done in the field of population and human reproduction. We have not yet developed the perfect birth control method—that is, one which does not require counting, repetitive action, or medical supervision. If the perfect family planning device is to be developed, the Federal Government must expand its activities in the field of population research. At this time, private research is no longer expanding. In addition, since private drug industry is making money on birth control pills, there is no economic incentive for them to develop a "one-short" birth control method.

Despite the fact that there are nearly 45 million women in their childbearing years in this country who are directly affected by family-planning technology, we devote only $51.3 million to research in this area. NIH is currently spending $456 million per year on cancer research. Yet, only 88 cents per adult woman is spent on population and human reproduction research. Three times as much is spent on research into allergies and infectious diseases than is spent on population and reproduction research. Needless to say, our efforts in the area of population research are woefully inadequate.

There is a desperate need for a safer, more effective, and more acceptable method of birth control for the 45 million women of childbearing age in this country, as well as the millions of women in other parts of the world. The population research program must have the necessary funds to mount a significant research effort to produce new and better methods of fertility control.

Ms. ABZUG. Mr. Chairman, will the gentleman yield?

Mr. SCHEUER. I yield to the gentlewoman from New York.

Ms. ABZUG. Mr. Chairman, I want to compliment the gentleman on his effort here today. I think this is a very critical area. The chairman of the committee was suggesting to me in our conversation that we do not need the additional money provided for in this amendment.

I would like to address myself to why I think this additional money is necessary and why I support this amendment.

We have been far too cavalier about the whole question of population research and the benefits derived from it.

Not only is it essential for family planning but, as I said earlier, it is essential for the health and the well being of the people of this country, especially the women. Many of the devices, as well as the drugs that have been used for family planning, have been inappropriately and insufficiently researched. There have been serious deleterious effects from various methods of birth control. This illustrates that we have not spent enough money to safeguard or to intensify our research to develop safe contraceptives. We still do not understand the link between the utilization of some birth control pills and the higher incidence of cancer, high blood pressure, and other serious side effects to the health and well being of the women utilizing these methods.

The CHAIRMAN. The time of the gentleman from New York has expired.

(On request of Ms. ABZUG and by unanimous consent, Mr. SCHEUER was allowed to proceed for 2 additional minutes.)

Ms. ABZUG. If the gentleman will yield further, I am convinced that we have been seriously deficient in our efforts to deal with these problems in the area of population research. Additional funding is needed in this program in light of the recent findings regarding the harmful effects of birth control pills which resulted in the withdrawal of some from the market. I find it quite shocking that we are being told that 10 million people of this country eligible for family planning services do not need additional funding. We are talking about pennies—pennies—compared with the billions of dollars we are spending in this budget and in our total budget. There is enough money here that is deferred so that it will not break the budget ceiling.

I think this is an extremely worthwhile amendment, one I would hope the chairman of the subcommittee and the minority would join in supporting. I commend the gentleman of New York for his efforts to secure additional money.

Mr. SCHEUER. It is important to note that we spend almost 10 times as much on cancer research than we spend on family planning research, and we spend three times as much on allergies and infectious disease research than we spend on family planning research. I think that is a disproportionate amount in the field of research. We spend less than $1 per woman on research on family planning.

Ms. ABZUG. If the gentleman will yield, I would think that this is something the gentlemen should understand, since all of the gentlemen participate in this process of family planning in one form or another.

Mr. ANDERSON of Illinois. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I realize the Members are anxious to proceed to other parts of the bill, and I shall not, therefore, take the full 5 minutes.

The distinguished gentleman from New York (Mr. Scheuer) has very valiantly and, thus far, unsuccessfully carried the laboring oar on this very important subject, and I applaud him on his interest.

I happen to have been one of the cosponsors, as well, of the original 1970 Family Planning and Population Research Act. One of the pictures which hangs on my wall in my office, of which I am most proud, is a picture that was taken at the signing ceremonies in the Oval Office of the White House where, among others, present were John D. Rockefeller III and Members of the House and Senate who were interested in this legislation. Great things have been accomplished since that time. But the fact remains that, as we have already heard, even though there are 45 million women in their childbearing years in this country who are directly affected by family planning technology, we are devoting only about $51.3 million for research in that area.

We are spending $456 million at the NIH on cancer research, and that is an important area. But here we have something affecting literally 45 million people, and we are spending about 88 cents per adult woman. The gentleman from New York (Mr. Scheuer) said it was less than a dollar, and he is correct. The figure I have is 88 cents per adult woman that is spent on population and human reproduction research. Three times as much is spent on research in the field of allergies and infectious diseases.

Yet here we have research that is necessary, not only from the standpoint of the women of this country, but from the benefits of that research that can be spread around the world. It is necessary when we realize that in the last 30 years the population of this globe has increased from 2 billion to 4 billion, and we are told that in another 25 years or so there will be 6 billion people all fighting and clutching for a share of the limited finite resources of this planet.

What are we talking about? We are talking about $8 million to bring this up to the level of 1953 spending in this important area. This would be money that would be well spent, not only from the standpoint of our own country but indeed in view of the needs of the entire world.

I earnestly hope that the Members on both sides of the aisle, disliking as we do the need to upset the Committee on Appropriations of this House for which we have great respect, will support this amendment, because in this instance I think the evidence is so clear and so overwhelming that this money can be put to good use.

Mr. Chairman, I hope the Members will accept the amendment.

Mr. SIMON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, as on many other occasions I find myself saying with great pride that I serve with a colleague with the ability and good judgment of John Anderson. He is absolutely correct in his statements on the importance of the population question.

Let me just give a few statistics that outline why the dominant issue for the balance of this century is going to be the struggle between food and population, a struggle we hardly recognize either in our lawmaking or in our casual conversation in the dining room.

From the beginning of time until the year 1830 we accumulated 1 billion people on the face of the earth. From 1830 to 1930 we went to 2 billion. From 1930 to somewhere around 1974 or 1975 we had 4 billion, and shortly after the turn of the century we will hit 8 billion.

If I live out a normal lifespan I will see the world population quadruple in my lifetime since I was born in 1928.

If you project these population growth factors beyond the end of the century we face a world that is a threat to freedom as we know it now and is a threat to the survival of mankind.

I commend my colleague from New York, Mr. Scheuer, for his leadership, and I am pleased to support his amendment.

Mr. MICHEL. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, the gentleman who preceded me spoke of pennies for research. As a matter of fact, in this bill there is $49,323,000 for population research, not for program delivery in family planning—and we talked about the $276 million for program delivery a few moments ago.

If we complete this bill this afternoon and get on to the foreign aid bill, we are going to find an item in there of $230 million for family planning in foreign countries.

The gentleman preceding me talked a lot about the population growth throughout the world. Yes, it is just growing by leaps and bounds and by the multitudinous amount that the gentleman referred to. However, what else is there really to know about what is involved in reproduction?

When we compare population research with these different diseases that have been alluded to, we are talking about two completely different things.

Just to say that we should add more millions of dollars here for research so that we are going to get some magic formula for this thing is a little ridiculous.

Mr. Chairman, if we think about it, we do not really even need all that $49 million with respect to research on population growth. We know what causes it.

We are a lot better off with delivery of services to what we already know about and get the job done by that means, because there is only one thing that makes a difference. We all know it, and I do not have to spell it out on this floor.

Mr. Chairman, we ought to vote this amendment down. The committee has an increase in here over last year, and there is plenty of money in here for this item.

Ms. ABZUG. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the gentlewoman from New York.

Ms. ABZUG. Mr. Chairman, perhaps the gentleman from Illinois (Mr. Michel) has greater wisdom than I.

Mr. MICHEL. Oh, never.

Ms. ABZUG. However, I must confess that I do not known what he is talking about. Perhaps he would educate me.

The facts are to the contrary of what the gentleman is saying. Therefore, Mr. Chairman, if the gentleman will indicate what he is referring to, perhaps we could have a more intelligent exchange.

Mr. MICHEL. I do not know that we need to spell it out all that specifically. However, if we are talking about what causes reproduction, for heaven's sake, we know the method by which it is limited. I think it narrows the scope very much. What we are talking about here is $49 million a year, year after year.

Ms. ABZUG. If the gentleman will yield further, as long as the problem has not been solved, as long as we find we do not know the answers to the methods we are proposing for various family planning programs concerning growth of population, the gentleman is still not refuting the basic problem that we confront here today.

What we are simply saying is that we obviously have not solved the problem sufficiently, not only from the point of view of population growth but also with respect to the methods to be recommended for slowing down population growth. That requires additional funding to reach the people and the problems involved.

Mr. MICHEL. Mr. Chairman, I will say this to the gentlewoman from New York: I concede that the fact is that we have $49 million involved here. I know that we do not have this matter solved. I am saying that with $49 million, that is about as far as we can go, with the limitations and all the other restraints that we have on this one item.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Chairman, we obviously do not know enough about this problem. The $49 million is nowhere near enough. Apparently it has not been enough in the last few years. It is not enough now. We are offering these people various devices and drugs.

Mr. MICHEL. Is the gentlewoman from New Jersey suggesting that what we have done in these last few years has not been enough and that what we have in here is not enough? Of course, there are some limitations.

Mrs. FENWICK. If the gentleman will yield further, we have to solve the problem of how to stop reproduction that is not wanted and how to induce people to plan their families in some rational way.

Mr. MICHEL. Would $100 million do it?

Mrs. FENWICK. God knows. Maybe it would be a lot better.

The point is that we have to do something to curb population, and we have not arrived at a thoroughly satisfactory, safe, sure drug or device or method which can be delivered, not by a doctor—we have not enough doctors—but in a simple way, either by the woman herself or by some paramedical aide. That is what we need.

Mr. PATTEN. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from New Jersey.

Mr. PATTEN. I saw a sheet here with an elephant on it yesterday. I think it was the Republican Digest, and I think it had the name "Anderson" in it.

It said that the administration strenuously opposed this bill because we are $3.5 billion over what it should be.

The gentleman said we may go to $9.6 billion over the figure; is that right?

Mr. MICHEL. Yes.

Mr. PATTEN. I am thinking that the Republican leader should be here as well as the committee to deal with this matter.

I can make out a case for this and a lot of other things. We are $3.5 billion over.

Let us stick with the committee and get this job done.

Mr. FLOOD. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

Mr. Chairman, can I have the attention of the Members, please?

Now, listen. I did not interrupt or interfere with what the Members just heard in the last 10 or 15 minutes. Now this is exhibit A. This is a classic example of the problem. This is the Committee on Appropriations for the Departments of Labor, Health, Education, and Welfare. People come to my office. These are honest, sincere, dedicated, devoted people. I am not talking about grafters or chiselers or what other, these are good people from all over the country. They are special pleaders for their cause to which their heart, their souls and everything else is devoted. They say to men, "Mr. Chairman now don't raise the taxes. We want the budget balanced." Now, listen, and here it is, it never misses. "But," aha—and I know them. You could not meet nicer people on the face of the Earth. "But, take care of us. Give us all the money that is authorized."

Can one imagine what would happen if we appropriated money for all the bills that are authorized? This would give public works trillions and trillions. If we did what all of these very sincere people are asking here today, the budget would be trillions and trillions of dollars.

Now, that is the problem here. We know this program. Goodness, this subcommittee is dedicated and devoted to the program and everything these people say. You know us.

Just look at this 1970 appropriation for the National Institute of Child Health and Human Development, which takes in this subject, in 1970 we appropriated $77,192,000. Today, this bill contains over $140 million. That is just in a few years that we did this, it is exactly the same thing. You could not have better pleaders than we are for this cause year after year.

I want you to hear one other problem with this amendment that has nothing to do with money. For heaven's sake, listen to this, please. Forget about the money for a minute, because there are other dangerous things in this amendment, and my friend was not thinking about this: It earmarks funds for a particular research effort. Do you hear that? It earmarks line item funds for a particular research effort. That is a dangerous, dangerous thing to do. Do not do that under any circumstances.

Do you want to see what would happen? Why, we would come in here with a bill that would look like a medical dictionary. It would be thousands of pages long. It would be hopeless. No place do we earmark funds in this bill for a specific research item.

Do you know what you do? Forget about the cause, forget about the money, listen to this, if you do a thing like that, the minute you line item or earmark a research program like this you limit the flexibility of the scientific community. What do you do in case the scientific world gets a breakthrough on something, no matter what it is, a potential breakthrough that they are looking for or that happens? The law says this: This money shall be spent and can only be spent for that line item. We destroy the flexibility of the entire scientific world to execute that breakthrough which may be a godsend. Do not do that. Do not accept this amendment.

The CHAIRMAN. The time of the gentleman has expired.

Mrs. SPELLMAN. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I will take only a very few minutes. I was very impressed with the committee chairman's comments. The distinguished chairman is always enormously impressive and generally right in what he says. However, there is one point that I think is being overlooked, and that is that in this country today we have over 1 million abortions a year. When we consider the cost of those abortions—and if we talk about them only in terms of money and not in terms of human tragedy—then we realize that a great deal of money is being spent, probably a couple of hundred million dollars. If that money were being spent for research which would lead to preventing conception instead of at the other end on abortions after conception, the net result would be a saving—a saving all the way around, a saving in terms of money and a saving in human graces, too. An expenditure here would be a superb investment, I would ask that we very definitely consider putting this money in for research.

May I say, Mr. Chairman, that if we put enough money into research, that word "abortion" might become obsolete someday and would not be there to plague us.

Mrs. BURKE of California. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment. It is important that we equalize access to family planning services among all women and men. It is equally important that we recognize the doleful state of contraceptive research. When it comes to selecting a method of contraception, it is clear that all modern, effective options involve risks, possibly serious adverse reactions, potential side effects, and discomfort. Evidence of problems associated with oral contraceptives—currently used by about 10 million American women—continues to accumulate to the point where many believe it to represent a serious public health hazard. In the past 2 years, several types of contraceptive drugs and devices—the so-called sequential birth control pills, DepoProvera, DES, and several kinds of intrauterine devices—have either been banned by FDA, severely restricted as to their use, or withdrawn from the market by their manufacturers.

More recently an article in the Journal of the American Medical Association reported that scientists had identified more than 60 women who developed tumors of the liver while taking oral contraceptives. The article suggested a possible link between liver tumors and the use of birth control pills, especially those containing the synthetic estrogen mestranol, and an increase in relative risk of this possible complication with duration of pill use, particularly after 6 months.

The National Cancer Institute recently announced that it would begin an immediate assessment to establish the incidence level of the liver tumor disease in the United States and to determine whether, in fact, there has been an increase and if there exists a relationship between the liver tumors and oral contraceptives. The National Cancer Advisory Board Subcommittee on Environmental Carcinogenesis reported that 107 cases of such tumors have been reported in the medical literature and that this number may not reflect the magnitude of the problem.

The disturbing truth is that there are 42 million American women of childbearing age, most of whom it can be assumed wish to practice birth control, who must rely upon chemicals and devices in their bodies which not only have persistent and often serious side effects but also are by no means fully effective. A recent study headed by Christopher Tietze, M.D., of the Population Council, published in the current issue of Family Planning Perspectives, points out that while the death risk from pregnancy and birth among young women who do not use birth control is higher than the death risk from pill use, the health and death risks of the pill for some women—particularly those over age 40—are serious enough to cause grave concern. The study observes, however, that there are few currently available practical alternatives to our most effective modern methods and that none are risk-free. The same study went on to point out that the mortality rate is lowest for women who use traditional contraceptive methods—the condom and the diaphragm—backed up by early legal abortion. However, Dr. Tietze, who is generally recognized as the world's foremost statistician in the field of fertility control, points out that if all married women under 40 who currently use the pill stopped taking it and did not replace it with another method of contraception, they would have 3.5 million additional births annually or, alternatively, 7.7 million additional abortions. If, as is more likely, they were to replace the pill by one of the traditional methods, they would have an additional 800,000 births a year, or, alternatively an additional 1.1 million abortions. And this applies to married women only.

The development of new safe, effective methods depends on rapid expansion of research in reproductive biology and contraceptive development. Yet in spite of the serious problems presented by modern birth control methods, ongoing research into reproductive physiology and contraception continues to be jeopardized by the severe financial limitations imposed by the administration over the past 4 years. I am certain you are aware, Mr. Chairman, that it has been impossible to persuade the administration to give you the facts about spending in the population sciences research field. Last year, however, in response to Senator BAYH's request during hearings on abortion, the Center of Population Research at NICHD was required to develop a budget document that would adequately deal with the problems of unwanted pregnancy. Much of CPR's efforts have been hampered by a lack of funds and staff and moreover, near doubling of its present financial support is necessary. This budget document indicates an expanded national research effort is absolutely required in order to achieve our national health goals and that, in CPR's professional judgment, there are enough staff capabilities and rewarding scientific prospects to make this effort realistic. CPR also concluded that it would carry out the needed program "with responsible stewardship of public funds with the condition that center staff be increased from 37 to 60 within 2 years." I urge you to review this document, bearing in mind that the program's funding level of about $47 million could reasonably be increased to about $85 million. I therefore support the reasonable compromise.

Mr. SCHEUER. Will the gentlewoman yield?

Mrs. BURKE of California. I yield to the gentleman from New York.

Mr. SCHEUER. I thank the gentlewoman for her support.

I just want to reiterate that the drug companies have an economic incentive to do many kinds of research, particularly on products that are taken repetitively, but they do not have any economic incentive to produce a single, one-shot, long-lasting family planning device so long as the pills that are taken or used daily are on the market.

Therefore, since there is no economic incentive sufficient to attract the resources of the free enterprise sector—and I regret that is so but it is understandable from the point of view of the drug companies—there is a research vacuum that can and must be filled by the Federal Government because, if the Federal Government does not do it, no one else is going to fill that need.

Mr. ROUSSELOT. Mr. Chairman, I rise in opposition to the amendment and I move to strike the requisite number of words.

Mr. Chairman, we have heard a great deal of discussion throughout the country about the unwillingness of this Congress to begin to curb the kind of irresponsible spending typified by this add-on of the amendment. To some it may sound that $20 million is an inconsequential amount. I suspect that our working taxpayers feel that it is more than an inconsequential amount. As the gentleman from Pennsylvania (Mr. FLOOD) said, we add $20 million here, $40 million there, and $50 million there, and before we know it, it adds up to $1 billion, or $2 billion, or $5 billion.

This committee has more moderately and consistently added to this program. Some member is always coming in here and saying, "Oh, that is not enough." Then the House obediently adds to this ever increasing deficit by adding-on for a so-called worthy cause.

My belief is that this program, which is primarily carried on by clinics at the county-city, and State levels all over the country, has not decreased. The Appropriation Committee has raised the amounts for this line item on a regular yearly basis. This committee has been tremendously generous over the last 10 years in constantly adding to this appropriation for the purpose discussed in this amendment.

Some place we have to begin to think of the people who pay for this. They pay for every program. We have 86 million working people in this country who have to put up the taxes to carry this load. They are getting tired, and they have said so, of having an add on here and an add on there and an add on somewhere else. These taxpayers know this phony exercise just costs them more and more.

We must not fail to back up our Appropriations Committee which, as the gentleman from Pennsylvania and the gentleman from Illinois have said, has studied this issue for many months, and we must realize they have gone over this and looked at every single aspect of this program.

Mr. SCHEUER. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I will yield in just a moment. The gentleman from New York has had a great deal of time to speak and I want to make one more point and then I will yield.

Someone has to begin to think of the 86 million people in this country who pay on the average of almost 35 percent of their income to support the Federal Government. The candidate of the gentleman's party, Mr. Carter, says he wants to begin to cut some of these aid programs. I wish the gentleman would begin to take into consideration those points of view right here and now.

As the gentleman from Pennsylvania has said, if we begin to pick every single line item in these appropriation bills and decided to increase the same this could be the longest laundry list of any appropriation bill, because we have so many aspects of health to consider.

We should support the Appropriations Committee. Somebody has to say "No." We just cannot add on forever.

Now I am glad to yield to my distinguished colleague, the gentleman from New York.

Mr. SCHEUER. Let me say, I am with the gentleman.

Mr. ROUSSELOT. Then why is the gentleman offering the amendment?

Mr. SCHEUER. If we want to reduce 10 years from now the cost of welfare and aid to dependent children and title I of the Elementary and Secondary Education Act, the cost of food stamps, the cost of our entire criminal and justice system at the Federal and State and local level, the crime rate, and help avoid the unwanted births that are going to produce the kids who statistically have been proven the most likely not to be able to make it and who will react 13 and 14 years from now in alienation and resentments, they will be the high school dropouts, they will be the kids most likely not able to sustain themselves.

Mr. ROUSSELOT. Mr. Chairman, I hear everything my colleague is saying. I am in partial agreement. But on the basis of what the gentleman has said, the gentleman has not justified a $20 million increase over what the Appropriations Committee carefully considered. The committee took weeks and weeks of testimony to review what the gentleman from New York suggests needs to be done. Not one word has been spoken to show that $20 million will make the difference between what the objectives of the gentleman are and the objectives of the committee as outlined in the committee report.

So on behalf of our taxpayers let us join our colleagues from the Appropriations Committee and also say "No."

Mr. MICHEL. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Illinois.

Mr. MICHEL. Mr. Chairman, I just want to point out that on page 710 of the hearings, we were quite interested in the subject and I asked Dr. Sidbury what we were doing in this Center for Population Research. He said:

> What we are doing is fine tuning our approach in the area of contraception and population control. One of the big hangups in terms of the delivery of the product, if you will, is why don't the people who really need the help, the contraceptive information we provide, why don't they avail themselves? What is there about the black box that they reject?

So $8.1 million is being allocated to this survey-type activity, not for good, solid research. So if Members want more money for research, they ought to obtain it from within the $49 million we have included in the bill rather than adding it onto the top.

Mr. ROUSSELOT. Mr. Chairman, I ask that we reject this amendment as unnecessary.

Mr. OBEY. Mr. Chairman, I rise to oppose the amendment.

Mr. Chairman, it is not four times a year that I agree with the gentleman from Illinois (Mr. MICHEL).

And I must say that if I am looking only at the merits of the program to which this amendment is attached, I would be hard pressed to oppose it, because we need more money in all these medical research areas. But the fact is that this committee added $100 million to this program. This committee has added to a number of other budgets relating to this subject.

The one area I want to address myself to is the argument that because there has been some association suggested between some birth control chemicals and cancer that we, therefore, ought to support this amendment. I do not think there is anybody in this Congress who has spent more time than I have trying to get more money in this budget for research on chemicals.

I just want to run through some of the items we have in this bill above the present budget for research on chemicals, including some of the very problems mentioned by the supporters of this amendment.

Mr. Chairman, we added on my motion $9 million to NIOSH. We added $3 million to the National Institute of Environmental Health Sciences which does research on all the chemicals coming into this environment.

We added on my motion 77 positions in the National Cancer Institute. Most of them went to the carcinogenous program, that is the program that does the research on all the chemicals that affect the human body.

We added 50 positions in the National Institute of Environmental Health Sciences to again deal with the question of chemicals as they impinge upon man's ability to survive and prosper.

The fact is this committee has made a good faith effort to meet all the competing needs we have in this budget. We did not do a good enough job on any of them, because we simply do not have the resources to do so; but to suggest that because of the connection with cancer that we somehow have been inadequate in this area is erroneous.

We have to understand that we are now appropriating almost $1 billion for cancer related programs. In fact, I think we are making a serious mistake, because on some occasions we are appropriating so much to the National Cancer Institute that we are not able to sufficiently fund some of the other medical institutes.

We have raised the budget for all of these institutions. This bill is the finest bill that has come out of the Appropriations Committee, the Labor-HEW Committee, since I have served on it over the last 4 or 5 years. I would really urge the Members, just in the spirit of recognizing the decent job that this committee has done, to reject this amendment.

On the merits, every amendment which is suggested to increase funds, standing alone, might pass. The problem is that we are not in a situation where we can deal with each item singly. We have to put together a package which both recognizes our overall needs and also recognizes budgetary necessities. This committee has done more than it has ever done to take care of all of the kinds of questions raised by the supporters of the amendment.

I would urge that the Members support the committee.

Mr. SCHEUER. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from New York.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

(On request of Mr. SCHEUER and by unanimous consent Mr. OBEY was allowed to proceed for 2 additional minutes.)

Mr. SCHEUER. Mr. Chairman, I would like to differentiate family planning programs from all of the other programs, laudable as they may be.

Mr. OBEY. We are not talking about family planning programs. We are talking about research.

Mr. SCHEUER. Family planning programs both service and research.

Mr. OBEY. We are talking about chemical research, a good portion of that.

Mr. SCHEUER. We are talking about biomedical research.

Mr. OBEY. That is right.

Mr. SCHEUER. Let me separate this from all of the other programs we are talking about, because this is the only program, except perhaps for carcinogenic research programs—this is virtually the only program of all of those research programs that is going to vitally affect the quality of life we have in this country 10, 15, 20 years from now.

Mr. OBEY. I beg to differ with the gentleman. This budget this year is laced through with improvements to do just that.

Mr. SCHEUER. The point is that if we do something for arthritis, yes, a lot of elderly people will spend their remaining years in more comfort, but this program, family planning services and research is going to determine the kind of welfare programs we will need in 15 or 20 years; the kind of criminal justice system we will need; it will obviate building more public housing, spending more for AFDC, for remedial education, for medicaid.

Mr. OBEY. So does every other program in this budget. More education is going to do the same thing. Better doctor training will do the same thing. We can make that same argument for virtually every line item in this bill.

Ms. ABZUG. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I agree that many of the members of the Appropriations Committee share our concerns in this area, but I have listened very carefully to this debate, and I would like the gentlemen of this committee to see if they can answer this question, which I think to date they have not answered:

What we have been raising here today is a failure to find a specific understanding of some very serious developments in the population research field, the provision for additional funds provided by this committee. I do not see that anywhere, and I have read the record, though not fully. What I am suggesting to the Members here is that the reason this is a universal problem because it affects the lives of people. It affects the lives of people.

Now, it is a little bit difficult for some of us to continue to hear this discussion about budget control in the face of the fact that over half the adult population and specifically 40 million women are carrying a very serious burden that you are treating cavalierly as a budgetary matter. Perhaps some day we will develop a way in which the men in our society can carry a greater part of this burden. There is a process you can all avail yourselves of, and we might not have to have as much money spent on population research. But, until that time when you assume a greater and more equal burden in that process of contraception by devices such as vasectomy, we are entitled to get a further consideration than you are willing to give to the neglected human condition that is concerned in this particular program.

The human condition which was highlighted just last month by the FDA's removing certain birth drugs from the market has not been addressed by the committee. We cannot allow this committee, or any other committee, to deal with the question of life as cavalierly as it has.

Oh, I know some of my friends from the other side of the aisle would get up and argue very strongly about the right to life. But when it comes to giving a few dollars to preserve that life, they are not there because that is what is involved here.

The gentleman talks about budgetary cuts and budgetary control. Thousands of women are being subjected to high blood pressure, being subjected to vascular diseases, and are being subjected to cancer and other diseases as a result of improper and insufficient funding in this entire field of research.

I do not know whether the amount that the gentleman is asking for is enough. But I am suggesting that for anyone to refuse to deal with it, using the budgetary ceiling as an excuse, is preposterous, and it shows that we need more diversity in the House of Representatives for the insights that this diversity could bring to these problems.

I suggest to the gentleman, who says we must call a halt somewhere, that this is a universal problem, an amendment that men and women should be concerned with, and one which justifies increasing the budget.

Mr. OBEY. Mr. Chairman, will the gentlewoman yield?

Ms. ABZUG. I yield to the gentleman from Wisconsin.

Mr. OBEY. I want to thank the gentlewoman for her kind comments.

Ms. ABZUG. I had intended them to be.

Mr. OBEY. The fact is that we have added money to the budget for NIH for this purpose and a number of similar items.

One of the issues the NIH deals with is the whole question of chemicals, including the kind of chemicals that we find in birth control pills. We have added more money in the last 2 years in this budget, for these kinds of programs, than I ever thought possible, not just for the chemicals that the women face in the birth control process, but for the chemicals that we all face in everyday life.

I am not suggesting that the goal of the amendment is wrong. I am simply saying that it is not fiscally possible to meet all of our needs everywhere. We had competing needs for handicapped children, disadvantaged children, for women who could not work and who needed medical help, and we have tried to provide for them in this budget. We provide for all kinds of needs. We are $3.6 billion over the budget now, and I simply would like to see this bill passed over a veto, if we can pass it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. SCHEUER).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. SCHEUER. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count, with respect to the quorum.

Does the gentleman insist on his point of order of no quorum?

Mr. SCHEUER. Mr. Chairman, I withdraw my point of order.

The CHAIRMAN. The pending business is the demand of the gentleman from New York (Mr. SCHEUER) for a recorded vote.

RECORDED VOTE

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 122, noes 278, not voting 31, as follows:

[Roll No. 449]

AYES—122

Abzug
Adams
Addabbo
Allen
Anderson, Calif.
Anderson, Ill.
Aspin
Badillo
Bedell
Biester
Bingham
Blanchard
Blouin
Boggs
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Burke, Calif.
Burton, John
Burton, Phillip
Carr
Chisholm
Clay
Cohen
Collins, Ill.
Conable
Conte
Conyers
Corman
Daniel, Dan
de la Garza
Dellums
Diggs
Drinan
Duncan, Tenn.
du Pont
Eckhardt
Edwards, Calif.
Fenwick
Findley
Fisher
Ford, Mich.
Ford, Tenn.
Fraser
Frenzel
Gibbons
Gilman
Hannaford
Harrington
Hawkins
Hayes, Ind.
Heckler, Mass.
Heinz
Holtzman
Horton
Jacobs
Jordan
Kastenmeier
Keys
Koch
LaFalce
Leggett
Levitas
Lloyd, Calif.
Lundine
McCloskey
McCormack
McKinney
Maguire
Mathis
Matsunaga
Meeds
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Mink
Mitchell, Md.
Moffett
Moorhead, Pa.
Mosher
Moss
Nix
Nolan
Oberstar
Ottinger
Pressler
Pritchard
Quillen
Randall
Rangel
Rees
Richmond
Rinaldo
Rogers
Roncalio
Rosenthal
Roybal
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Simon
Solarz
Spellman
Stark
Stokes
Studds
Symington
Thompson
Tsongas
Van Deerlin
Vander Veen
Waxman
Weaver
Wilson, C. H.
Wilson, Tex.
Wirth
Young, Ga.

NOES—278

Abdnor
Alexander
Ambro
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
AuCoin
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bell
Bennett
Bergland
Bevill
Biaggi
Boland
Bolling
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brown, Mich.
Broyhill
Buchanan
Burgener
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carney
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Cornell
Cotter
Coughlin
Crane
D'Amours
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
Delaney
Derrick
Derwinski
Devine
Dickinson
Dingell
Dodd
Downey, N.Y.
Duncan, Oreg.
Early
Edgar
Edwards, Ala.
Eilberg
Emery
English
Erlenborn
Eshleman
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fish
Fithian
Flood
Florio
Flowers
Flynt
Foley
Forsythe
Fountain
Frey
Fuqua
Gaydos
Giaimo
Ginn
Gonzalez
Goodling
Gradison
Grassley
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hansen
Harkin
Harris
Harsha
Hébert
Hechler, W. Va.
Hefner
Henderson
Hicks
Hightower
Hillis
Holland
Holt
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kasten
Kazen
Kelly
Kemp
Ketchum
Kindness
Krebs
Krueger
Lagomarsino
Latta
Lehman
Lent
Lloyd, Tenn.
Long, La.
Long, Md.
Lujan
McClory
McCollister
McDade
McEwen
McFall
McHugh
McKay
Madden
Madigan
Mahon
Mann
Martin
Mazzoli
Michel
Miller, Ohio
Mills
Minish
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moore
Moorhead, Calif.
Morgan
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nowak
Obey
O'Neill
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Paul
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Preyer
Price
Quie
Railsback
Regula
Reuss
Rhodes
Risenhoover
Roberts
Robinson
Rodino
Roe
Rooney
Rostenkowski
Roush
Rousselot
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Satterfield
Schneebeli
Schulze
Sebelius
Shipley
Shriver
Shuster
Sikes
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spence
Staggers
Stanton, J. William
Stanton, James V.
Steed
Steiger, Wis.
Stephens
Stratton
Stuckey
Sullivan
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Traxler
Treen
Ullman
Vander Jagt
Vanik
Vigorito
Waggonner
Walsh
Wampler
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Winn
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—31

Ashley
Bonker
Brodhead
Conlan
Dent
Downing, Va.
Esch
Goldwater
Green
Hays, Ohio
Helstoski
Hinshaw
Jones, Ala.
Karth
Landrum
Litton
Lott
McDonald
Melcher
Metcalfe
Milford
O'Brien
O'Hara
Peyser
Riegle
Rose
Sisk
Steelman
Steiger, Ariz.
Symms
Udall

Mr. BREAUX changed his vote from "aye" to "no."

Mr. ADAMS and Mr. MAGUIRE changed their vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. SOLARZ. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I wonder if the distinguished chairman of the subcommittee would yield for some questions about the funding level contemplated in this bill for research into the causes of amyotrophic lateral sclerosis, also popularly known as Lou Gehrig's disease. As the Members know, ALS is a fatal neuromuscular disease which usually kills its victim within from 3 to 5 years of discovery of the affliction. As the Members also know, ALS is not a rare disease and that 15,000 Americans are presently afflicted by it. Given the severity of the disease and the frequency of its occurrence, I was shocked to learn, Mr. Chairman, that the National Institute of Neurological and Communicative Disorders and Stroke only spent $813,000, or less than six-tenths percent of its budget, on ALS research.

Since this bill provides for an increase of over $8 million in funding for the Institute, I would like to know if this additional funding contemplates an increase in the amount of moneys that will be available for research into this dreaded disease, and if so, how much of an increase it will be.

Mr. FLOOD. If the gentleman will yield, I am happy to reply. ALS is what is generally referred to, as the gentleman knows, as Gehrig's disease. I am very well aware of the number of people who are afflicted by Gehrig's disease. Lou Gehrig was a friend of mine. I agree with the estimate that less than $1 million will be spent for research on this particular disease.

However, I think the gentleman should keep in mind that this type of sclerosis, will benefit from basic research that is being done of the entire group of sclerosing diseases. It is my understanding the National Institute of Neurological and Communicative Disorders and Stroke will have in 1977 about $6 million to study the basic causes of sclerosing diseases. But also the bill before us contains an increase of $9 million over last year for this particular Institute.

For purposes of emphasis I repeat, this bill before us now does have a $9 million increase over last year's level for this same Institute.

I say to the gentleman again, considering the low level of support for the Lou Gehrig disease, I think that NIH should, and I think they will, use part of this increase to expand the research on the Lou Gehrig disease. I thank the gentleman for drawing this to our attention.

Mr. SOLARZ. Mr. Chairman, I thank the gentleman for his remarks.

Let me simply say I have no doubt, for my own part, that they should be spending more on the Lou Gehrig disease, and after the distinguished chairman's observations, I have no doubt they will be spending on the study of this disease.

Mr. FLOOD. The gentleman has reason to believe that.

Mr. SOLARZ. I thank the gentleman very much.

Mr. RHODES. Mr. Chairman, I move to strike the requisite number of words.

REORGANIZATION OF HOUSE ADMINISTRATION COMMITTEE

Mr. Chairman, I think that it is time for the Republican side of the aisle to comment on the situation which is occurring in the House Administration Committee and which occurred in the Democratic Caucus last night. Of course this matter has come about because of a belated recognition on the part of the majority party that there are some things to be desired in the structure which we have for keeping our own accounts. We agree with that. As a matter of fact we were against the law of 1971 when it was passed. We were in favor of repealing that law last year. We did not have the votes to do it. And of course that law or the existence of it and the authority which it gave the House Administration Committee to raise funds for Members without reference to the House, in the opinion of many of us was the basis upon which one Member was able to build such a strong power base. This is largely the reason for the abuses, which have lowered the opinion, the country has of this body.

The Democratic Caucus on yesterday and last night—held extensive meetings. Prior to that time the Speaker, in his wisdom, had appointed a committee of the Democratic Policy Committee under the chairmanship of the gentleman from Wisconsin (Mr. OBEY) to look into the matter and to make recommendations.

At that time I suggested that it would be better if the Speaker would appoint an ad hoc committee, or if the House would create a select committee to be made up of Members of both parties divided equally, to investigate the structure of accounts to conduct the auditing of the accounts of Members and of the various committees of the Congress.

I thought it was absolutely necessary in order to restore the confidence of the people in this body that we do this. It is not enough for us to restructure ourselves so that things like this do not happen in the future, although that is important. The people also want to know what has happened in the past.

I think it is up to all of us to be able to prove we are not guilty of wrongdoing by an audit of the accounts. That way we can be sure that the House can go into the future on a firm base, without suspicion of undetected wrongdoing.

Unfortunately, that was not done.

I requested also that immediately we bring a bill on the floor which would have the effect of repealing the nefarious law of 1971, so that any changes in the levels of funds could not be accomplished in the House Committee on Administration, but would be brought to the floor. This is recommended by the Obey committee. It should be considered separately, and brought up immediately, as I had suggested to the Speaker.

Also, the resolution for a select committee which I have introduced has been ignored. Now the House Committee on Administration, I am told, plans to implement the recommendations of the Obey committee under the authority of the act of 1971, without reference to the House. Then after that, I am told they may bring a resolution to the floor to repeal the act of 1971.

Now, to me, this is putting the cart before the horse. In the first place, allowing the House Committee on Administration to act alone precludes any possibility of floor amendment. It seems to me it would be much better if the House Committee on Administration would bring a bill to the floor under an open rule, so that we could follow the amendment process and perfect the Obey proposals. Then we might have some input from the minority, as well as from the majority, as to how we are going to keep our accounts and how we are going to structure the finances of this important body; but that appears not to be the case. It appears we will be present with a fait accompli from the House Committee on Administration. Hopefully, then, we will have some sort of repealer of the law of 1971. But, and this is important, there are no plans, so far as I can tell, for any audit of the accounts of any Member or committee of the House of Representatives. This is a shame.

It seems to me that this body, which made such a shining reputation for itself, for insisting that the laws of the country be obeyed and all wrongdoers punished should now tarnish it. It seems a shame that when those laws apply to us and when Members of this body may be wrongdoers, we appear to be less zealous in having investigations made and wrongdoers exposed. We should not countenance the application of such a double standard.

So I again reiterate, Mr. Chairman, my statement of some days ago. I think immediately, tomorrow if possible, we should repeal the act of 1971. Then, rather than going through an exercise where we try immediately to create a brand new accounting system, which nobody really understands at the present time, we should create the select committee with equal representation of both parties, the majority and the minority. This committee could look both fore and aft. It could audit these accounts, and also study, at a sane pace, the structuring of the accounts with deliberate speed. The majority party's present course is panic, rather than reform.

So to me it is very important that we get this job done, that we do it deliberately and that we do it correctly.

I promise this House the absolute cooperation of the minority if we work together to uncover wrongdoing and to restructure our accounts. I say to my friends, you will not be able to satisfy the people of this country if you try to go it alone, as you now are preceding to do.

(By unanimous consent, Mr. O'NEILL was allowed to proceed out of order.)

Mr. O'NEILL. Mr. Chairman, I am, indeed, delighted to hear that the minority leader is taking some movement on this matter. I am sure the gentleman is aware, from the Republican Members who observed our Democratic caucus from the gallery last night, that we discussed this matter fully, responsibly, and openly.

I would like to ask the minority leader if he is expressing his own ideas, or has the gentleman gone to his own party caucus, and has that caucus been opened to the public and the press?

Mr. RHODES. Mr. Chairman, if the gentleman will yield, the Republican policy committee also agrees and I do not know anybody on the Republican side who does not agree.

The CHAIRMAN. Are there further amendments to this section of the bill? If not, the Clerk will read.

The Clerk read as follows:

ALCOHOL, DRUG ABUSE, AND MENTAL HEALTH ADMINISTRATION

ALCOHOL, DRUG ABUSE, AND MENTAL HEALTH

For carrying out the Public Health Service Act with respect to mental health, and except as otherwise provided, parts A, B, and D of the Community Mental Health Centers Act (42 U.S.C. 2681, et seq.), the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, as amended, the Narcotic Addict Rehabilitation Act of 1966, and the Drug Abuse Office and Treatment Act of 1972, $737,441,000.

AMENDMENT OFFERED BY MR. CONTE

Mr. CONTE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CONTE: At page 15, line 11 of the bill, delete the following: "$737,441,000." and in lieu thereof, insert the following: "$761,441,000."

Mr. CONTE. Mr. Chairman, I first of all appreciate the Members who stayed behind after that very important colloquy here.

Mr. Chairman, I rise in support of my amendment to increase appropriations for mental health research and new starts for community mental health centers.

Since my amendment is twofold, I will first make out my case for research and then move on to the community mental health centers. I am proposing a $10 million increase in mental health research. The bill before us contains a total of $95.908 million for mental health research. This is the same funding level as fiscal year 1976. The budget request was for $83 million which would have resulted in almost a $13 million cut below last year's level. I am pleased that the committee opposed this cut. However, I feel that a minimal $10 million increase is in order to maintain the present level of research and enable expansion in areas of significant progress.

In 1967, we provided research support in the amount of $80.7 million. The $95.9 contained in this bill will only purchase $55.6 million in terms of 1967 dollars. We have increased our appropriations to some degree, but inflation takes its toll and strips away more than 30.7 percent of our dollars buying power. In 1967 in many instances, we were still feeling our way through the dark. Today, we have made tremendous progress in combating mental cripplers such as severe depression, schizophrenia, and abnormalities in the biochemistry of the brain. Our problem now is the lack of resources to expand research in the areas of progress.

Mental health costs the Nation an estimated $36 billion per year. To combat such an enormous health problem, we must enlarge our base of knowledge of mental health. Research is that essential base of knowledge and we must not let it be curtailed. The single most important aspect in resolving any health problem is the research program. I am here making a plea to provide additional support for this most crucial item.

The second part of my amendment deals with the community mental health centers. The Community Mental Health Centers Act of 1963 and amendments of 1975 (Public Law 94-63) establish a national network of community mental health centers. Basically the centers are designed to provide services such as but not limited to: Acute inpatient, outpatient, partial hospitalization, consultation and education, emergency services, services for the children and the elderly, screening of candidates for admission to State hospitals, aftercare services, and alcohol and drug abuse cases. From these services alone, it is clear these centers provide a most essential service to the community. When this program was originally enacted in 1963, it was intended to result in a network of 1,500 centers across the Nation by 1980. Today, only 603 centers are operative. This bill contains $15 million for new starts which would support approximately 24 new centers. At this rate, it would take until year 2010 to reach the 1,500-center goal.

My amendment would increase appropriations for new starts by $14 million which would raise the total funding support to $29 million of 46 new starts. In fiscal year 1976 we provided $24 million for new starts. Accordingly my amendment would only result in a modest, but most necessary, $5 million increase above the fiscal 1976 level.

At present these 603 centers only reach 41 percent of the population. In 1969, federally funded community mental health centers provided 10.17 percent of the total number of patient care episodes. By June 1971, that figure had doubled to more than 20 percent. In 1974, more than 1.7 million people were treated at these centers. Statistics also show a proportionate decline in inpatient and outpatient care in mental hospitals. Taking into consideration the tremendous hospital care costs, community mental health centers are an enormous source for the hospital costs reductions.

In 1973, 52 percent of those treated had incomes below $5,000 per annum. It is clear that in the absence of these centers many low income individuals would not have received this vital mental health care.

I am sure my amendment has already been brought to your attention by concerned citizens across the Nation. I am most pleased that my amendment received the endorsement by the professional medical and lay community.

I urge my colleagues to adopt this most important amendment.

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Massachusetts (Mr. BOLAND).

Mr. BOLAND. Mr. Chairman, I want to join with my friend, the gentleman from Massachusetts (Mr. CONTE), and associate myself with his remarks. I think this is a significant amendment.

Mr. Chairman, I support the amendment offered by my friend and colleague from Massachusetts (Mr. CONTE).

He seeks to add $10 million for mental health research and $14 million for startup grants for new community mental health centers. I support the added amounts for both programs. I would like to focus my remarks on the health centers.

There are presently 603 of these centers operating throughout the country. The National Institute of Mental Health estimates that there is a need to create and maintain a total of 1,500. Recently, the National Advisory Mental Health Council recommended the startup of an additional 54 centers in the coming fiscal year. Unfortunately, the level of funding recommended by the committee is only $15 million for new centers. The NIMH estimates that an average community mental health center costs $700,000 to get through its first year of operation. Afterward, under the provisions of Public Law 94-63, the Federal Government provides funds for a part of the center's operating budget. Generally, this means that the Federal Government pays the deficit of the community mental health center.

The issue that is presented by the amendment now before us, however, concerns itself directly with new starts, which are more expensive than the gradually decreasing Federal matching share of a community mental health center's budget over the 8-year period when Federal aid is available to these centers. In addition, once a center has been established, a commitment exists on the part of the Government to provide funds for its continued operation.

Mr. Chairman, the administration's budget did not contain a request for any additional community mental health centers, nor for any continuation funds for centers set up last year. I believe that following such an indication, would be to thwart the clearly expressed intent of Congress, to provide truly comprehensive mental health care at a high level. My colleague's amendment would allow more new startups than the committee which, I must say, has done a very credible and worthwhile job by including the present $15 million for new starts and the $21.8 million for continuation funds now in the bill. I only feel, along with my colleague from Massachusetts, that additional community mental health centers are needed and ought to be provided for than the committee has recommended. The committee's report, on page 49, estimates that only 16 new centers could get off the ground with the funds which it recommends. Mr. CONTE's estimate is that the present level would allow 24 centers to open. The $14 million he would add would allow 46 new centers to open. However you look at it, 16 to 24 new centers, as a target figure, do not, in my opinion, square with the national need expressed by the report of the National Advisory Council.

Mr. Chairman, I favor an increase in community mental health centers because I feel that they offer a really worthy response to the crying need in this country for good mental health care outside of mental health institutions. Anyone who has made even a cursory study of mental health institutions knows how important it is to avoid this kind of a treatment alternative for all but the hopelessly ill. Community mental health centers offer many different services in the community in which they operate and which they serve: inpatient, outpatient care, partial hospitalization, emergency care, consultation and educational services. They also can provide alcohol and drug services, transitional services for those members of the population that require constant care but can be accommodated outside an institution, and care to children and the elderly.

These centers are proving to be successful experiments in the fight against mental illness because the services they offer are so comprehensive. And their very breadth of scope requires the cooperation of many different providers of health care in an area, so that the community must really support the establishment of a community mental health center. This is true in my own city of Springfield, Mass., where a new center will be among those activated by this amendment with a grant of $469,000. Without the willing participation of all segments of the community's health delivery system, there could be no "community" center in the first place. Financing, coordination, participation, and most of all, concern—all these must precede the funding of a community mental health center. It is a major undertaking for a community, which must assume the entire cost of such a facility 8 years after its beginning. The Federal Government's participation comes in those 8 years, but principally in the first years. This amendment addresses the serious need for such first-year assistance. I urge its approval.

Mr. ANDERSON of California. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the distinguished Representative from Massachusetts (Mr. CONTE) today offers an amendment that would provide an additional $24 million to an area of health that has long been overlooked. Mental health programs are seriously underfunded at the present time.

Back in 1963 Congress mandated the establishment of a network of 1500 community health centers by 1980. To date only 603 have been funded and only 41 percent of the Nation's population has available mental health centers.

These centers provide an alternative to isolation and custodial care by State institutions. If they are properly financed, they have the capability and the responsibility of providing quality care to all Americans.

The sum of $14 million of the $24 million increase would go to the development of about 22 additional community mental health centers, including one in Riverside, Calif., and one in Los Angeles. The present budget permits development of only 24 new centers. If we pass this needed amendment, over 46 new centers could be developed for fiscal year 1977.

The remaining $10 million would provide additional research and would allow the continuation of substantial study in such vital areas as mental depression, mental illness, childhood mental illness, and schizophrenia.

Our passage of this amendment would demonstrate our willingness to provide the research that can eventually reduce the suffering and cost of mental illness—estimated at over $36 billion yearly.

I strongly urge my colleagues to vote in support of the Conte amendment. This is an excellent opportunity to help those unable to help themselves.

Mr. BEARD of Rhode Island. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the Conte amendment.

For the last 3 years of my public life I have worked very closely in the area of trying to solve some of the problems of mental health. From my own State of Rhode Island for 27 years we had in the U.S. Congress Johnny Fogarty, who worked his whole lifetime and spent his entire congressional career fighting the battle for mental health and against retardation.

I think when we look at the total picture of expenditures that have gone through this Congress, the expenditure of $150 billion in 14 years of Vietnam and the expenditure of billions of dollars that were sent overseas for foreign aid, we should realize, I think, that it is now time that we have a proper appropriation to fight the battle to find cures for people who have mental problems. I think the time has come in this Congress that we should not just have tokenism appropriations in this field.

I have seen that in my own State of Rhode Island, and only recently have we had a State institution that has finally turned the corner and come out of the Dark Ages.

How many States in the United States are there which have institutions where people are living under conditions that are worse than some of the most impoverished conditions in this country?

We have many people who are not properly treated in institutions. We need day-care centers, we need satellite facilities, we need in-patient and outpatient facilities, and the only way we are going to find a cure for this disease and all the other diseases of the world is to spend the money for research and provide appropriations so that these people can be treated properly. We should not just perpetuate their condition year in and year out. That has been one of the biggest problems in this Government for the last 20 years.

Health seems to have a low priority in the U.S. Congress and with the administration. I think that we should and we must appropriate the amount of money that is necessary to serve the people of this country. That is what the taxpayers want. They do not mind spending money on health. We all could be affected by this. Every Member here might know of someone who has a problem of mental illness or related incidences that could possibly develop into mental illness.

So, Mr. Chairman, I am asking the Members to support the Conte amendment. It is a good amendment. It will help thousands upon thousands and actually millions of people all over this country who are on the threshold of going into an institution or who may be leaving an institution and may have to go to a satellite facility.

So let us support this amendment, and let us stay here if we have to have a recorded vote and give the gentleman from Massachusetts (Mr. CONTE) the support he deserves for his amendment.

Mr. FLOOD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, well here is another one.

This reminds me of the old days in show business—"I just happen to have here a verse and a chorus. I am all ready for it."

Mr. Chairman, let me say this: The gentleman from Massachusetts (Mr. CONTE) is one of my all-time, worldwide, favorite friends, make no mistake about that. But he was present when we marked up this bill in the subcommittee, and he was present when we marked it up in the full committee.

The gentleman knows as much about this bill as I do. But all of a sudden, he has a verse and chorus. That is all right with me. I played this scene myself.

First of all, Mr. Chairman, we just heard the last speaker here, who spoke as though we did not do anything.

We have done plenty. All the Members know that. The appeal here is that nothing has been done for these programs.

Good heavens, again I say, What do you want, diamonds? This is the Committee on Appropriations.

First of all—now wait until you hear this; the budget made substantial cuts, and I mean substantial. The budget cut the ears off the mental health program. In fact, do the Members know what some of the mental health programs got in the budget? Bing, zero. Yes, especially the new community mental health centers, they got a big zero.

What did the Committee on Appropriations do? We added $15 million for new centers and $160,658,000 for all mental programs. That is what we did with these programs. The budget made deep cuts and we put in $161 million more.

Specifically for what items? For mental health research, there was $12,908,000, just for that specific item. That was $12,908,000 over the budget.

These additional funds will provide $10 million for new research awards. These are brandnew grant awards.

Mr. Chairman, the gentleman from Massachusetts (Mr. CONTE) suggests that a few grants only will be supported; but I repeat that this bill will support over $10 million for brandnew research grants.

Mr. Chairman, let me tell the Members what else the bill provides.

For the community mental health centers—you know about these things; we added $15 million over the budget.

What did the budget request for the establishment of new community mental health centers? What was in the budget for that? I will give you 10 guesses: Bing, nothing, zero.

We provided and we earmarked $15 million to initiate the support of these new centers.

Mr. Chairman, the Members know very well that we have been concerned for a long, long time about expanding these community mental health center programs, and I think we showed that concern when this committee added over $90 million for the community mental health center programs. That is what we did.

By the way, this bill will support not only the initiation of the new centers, it will provide continuing support for the centers that we started in previous years in your districts.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. FLOOD) has expired.

(By unanimous consent, Mr. FLOOD was allowed to proceed for 1 additional minute.)

Mr. FLOOD. Mr. Chairman, we believe the funds in this bill are going to allow HEW to move ahead with all of these necessary programs, to find the causes of mental illness. Furthermore, it will expand service capacity of the community health centers.

Mr. Chairman, there is nobody more concerned than we have been, are, and will be, and we put the money in here for that purpose.

Mr. MICHEL. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I rise in opposition to the amendment.

It would add $10 million for mental health research, raising the amount to $105.9 million. This would bring this item $10 million above both the bill and the 1976 levels, and $22.9 million above the budget. The idea ostensibly is to provide for several new starts.

The amendment would also add $14 million for first year operation grants—new starts—for community mental health centers. This would increase the total in the bill to $29 million, all of it over the budget and $5 million above 1976.

Of the $95.9 million in the bill for mental health research, $29.8 million will go to new grants and competing renewals, with between $13 and $19 million available for totally new projects, an increase of from $3 to $9 million over the current level. It would increase the numbers of new projects to from 200 to 300, a substantial increase over the current 174 new projects. This amount of new starts in and of itself will be difficult to manage in a single year, not to mention the addition of another $10 million.

Mental health research ranks third among all diseases in terms of Federal funding, trailing only cancer and heart. We are thus funding it very generously, and it thus cannot be said that we are shortchanging such research.

For first year operation grants for community mental health centers, the committee provided enough funds for what it originally thought were some 16 new centers, but the latest estimates from HEW indicate the total may now go as high as 24, due to lower than estimated costs per project. This would be just 2 fewer than the 1976 total, and would result in 50 new centers in just 2 years' time. This is a very rapid expansion, and there is thus little justification for expanding even further.

Ever-increasing Federal funding for these facilities appear to be having a dampening effect on State and local expenditures in this field.

In my own State of Illinois, for example, they are spending $376 million for mental health, but only $80 million is earmarked for community facilities. Most of the remainder goes for State institutions, despite the fact that the resident patient load in these institutions has dropped from 49,000 in 1959 to 13,000 today, and the fact that three-quarters of the mental patients today are being treated at community facilities. The State is clearly failing to reorder its priorities in the mental health field, and I have to believe that a major reason for this is the availability of Federal funds for community facilities. If we continue to provide Federal funds in ever-increasing numbers, we will never put the pressure on the States to assume increased responsibility for community facilities.

I urge rejection of the amendment.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Massachusetts.

Mr. CONTE. Mr. Chairman, I hate to be trying to make out a case on the gentleman's time, and I do thank the gentleman for yielding to me, but I just want to point out to the Members of the House that the bill provides $15 million for the community mental health centers. But what the Institute gave me here, and the Members can come up and look at it, shows that they need a minimum of $36 million, which will provide community mental health centers as follows:

Initial Operations Grants Recommended for Approval by the National Institute of Mental Health to Start Up New Community Mental Health Centers

Total initial operations grants recommended for approval, 54.

Total money required to fund the grants, $36,692,000.

LOCATION, COMMUNITY MENTAL HEALTH CENTER, AND GRANT

Alabama

Birmingham: Jefferson County Center, $909,000.
Guntersville: Marshall Center, $300,000.
Birmingham: East Side Center, $676,000.

Alaska

Anchorage: Anchorage Mental Health Service, $600,000.

California

Riverside: Desert Mental Health Center, $1,600,000.
Los Angeles: LaPoenta Center, $3,900,000.

Colorado

Aurora: Aurora Center, $1,000,000.
Fort Collins: Larimer County, $768,000.
Canon City: West Central Mental Health Center, $344,000.

Florida

Dade City: Pasco Mental Health Service, $516,000.
Putnam County: Tri-County Center, $283,000.
Fort Myers: Lee County Center, $511,000.

Georgia

Decatur: North Dekalb Center, $656,000.
Atlanta: South Dekalb Center, $643,000.
Atlanta: Central Fulton Center, $1,060,000.
Lawrenceville: Gwenette Rock Center, $681,000.
Marietta: Cobb County North, $594,000.
Brunswick: Coastal Center, $331,000.
Dalton: Whitfield County Center, $900,000.
Rome: Floyd County Center, $345,000.

Illinois

Peoria: Peoria Center, $1,103,000.

Indiana

West Lafayette: Wabash Valley Center, $897,000.
East Chicago: Tri-City Center, $780,000.
Lawrenceburg: Community Mental Health MR Center, $950,000.

Maine

Daph Brunswick: Daph Center, $352,000.
Rockland: Rockland Midcoast Center, $276,000.

Michigan

Detroit: Operation Hope Center, $700,000.

Massachusetts

North: Ditchburg Center, $775,000.
Central:
Springfield: Comprehensive Community Mental Health Center, $469,000.

Mississippi

Pascagoula: Swignig River Center, $799,000.
Vicksburg: Region Fifteen Warren Yazoo Center, $522,000.

New Hampshire

Keene: Monadnock Center, $575,000.

New Jersey

Red Bank: CPC Community Mental Health Center, $1,394,000.

North Carolina

Boone: New River Center, $600,000.
Ahoskie: Roanoke-Chalin Center, $375,000.
Greenville: Tip County Center, $342,000.
Goldsboro: Wayne County Center, $307,000.

Oregon

Portland: Cascade Center, $796,000.

Pennsylvania

Philadelphia: Benjamin Rush Center, $1,000,000.

Rhode Island

Providence: Providence CMCH, $757,000.

Ohio

Gallipolis: Gallia-Hudson Center, $640,000.

Tennessee

Memphis: University of Tennessee Center, $678,000.
Knoxville: Overlook Center, $400,000.
Greensville: Haulichucki Center, $265,000.
Boulevard: Quinco Center, $189,000.

Texas

Brownwood: Central Texas Center, $411,000.
Lufkin: Debeast Center, $323,000.

Utah

Farmington: Davis County Center, $432,000.
Richfield: Central Utah Center, $357,000.

Virginia

Manassas: Prince William County Center, $512,000.
Roanoke: Roanoke Valley Center, $173,000.
Mt. Vernon: Fairfax Falls Center, $495,000.

Washington

Spokane: Mental Health Coordinating Center, $693,000.

West Virginia

Clarksburg: Central District Center, $738,000.

Mr. MICHEL. Mr. Chairman, I think on that, I will just yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. CONTE).

The question was taken; and the chairman announced that the noes appear to have it.

Mr. CONTE. Mr. Chairman, I demand a recorded vote, and, pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Comittee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Massachusetts (Mr. Conte) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 248, noes 136, not voting 47, as follows:

[Roll No. 450]

AYES—248

Abzug
Addabbo
Allen
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Armstrong
Aspin
Badillo
Bafalis
Baldus
Baucus
Beard, R.I.
Bedell
Bell
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Brademas
Brinkley
Brooks
Broomfield
Brown, Calif.
Broyhill
Buchanan
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burton, John
Burton, Phillip
Butler
Carney
Carter
Chappell
Chisholm
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cornell
Coughlin
D'Amours
Daniels, N.J.
Davis
de la Garza
Delaney
Dellums
Derrick
Derwinski
Dickinson
Diggs
Dingell
Downey, N.Y.
Drinan
Duncan, Tenn.
du Pont
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Emery
Esch
Evans, Ind.
Fary
Fenwick
Fish
Fisher
Fithian
Florio
Flowers
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frey
Fuqua
Gaydos
Gilman
Ginn
Gonzalez
Gude
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Hightower
Hillis
Holland
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Jacobs
Jeffords
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, N.C.
Jones, Tenn.
Jordan
Kastenmeier
Kazen
Keys
Koch
Krueger
LaFalce
Leggett
Lent
Levitas
Lloyd, Tenn.
Long, La.
Long, Md.
Lujan
Lundine
McCloskey
McCormack
McDade
McKay
McKinney
Madden
Madigan
Maguire
Mann
Matsunaga
Mazzoli
Meeds
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Neal
Nedzi
Nix
Nolan
Nowak
Oberstar
O'Brien
O'Neill
Ottinger
Patten, N.J.
Pattison, N.Y.
Perkins
Pressler
Preyer
Price
Quillen
Rangel
Rees
Reuss
Rhodes
Richmond
Rinaldo
Rodino
Rogers
Roncalio
Rooney
Rosenthal
Rostenkowski
Roush
Roybal
Ruppe
Russo
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schroeder
Sebelius
Sharp
Shriver
Simon
Skubitz
Slack
Smith, Iowa
Solarz
Spellman
Spence
Staggers
Stark
Stephens
Stokes
Studds
Sullivan
Thompson
Thone
Thornton
Traxler
Tsongas
Ullman
Vander Veen
Vanik
Walsh
Wampler
Waxman
Weaver
Whalen
Wilson, C. H.
Winn
Wirth
Wolff
Yates
Yatron
Young, Alaska
Young, Ga.
Zablocki
Zeferetti

NOES—136

Abdnor
Adams
Alexander
Ambro
Archer
Bauman
Beard, Tenn.
Bennett
Bolling
Bonker
Bowen
Breaux
Breckinridge
Brown, Ohio
Burgener
Burleson, Tex.
Burlison, Mo.
Byron
Carr
Cederberg
Clancy
Clawson, Del
Collins, Tex.
Conable
Cotter
Daniel, Dan
Daniel, R. W.
Danielson
Devine
Dodd
Duncan, Oreg.
Edwards, Ala.
English
Erlenborn
Eshleman
Evans, Colo.
Fascell
Findley
Flood
Flynt
Foley
Frenzel
Giaimo
Gibbons
Goodling
Gradison
Grassley
Guyer
Hagedorn
Hannaford
Harsha
Hicks
Holt
Hungate
Hutchinson
Hyde
Ichord
Jarman
Johnson, Colo.
Jones, Ala.
Jones, Okla.
Kasten
Kelly
Kemp
Ketchum
Kindness
Krebs
Lagomarsino
Latta
Lehman
Lloyd, Calif.
McClory
McCollister
McEwen
McFall
McHugh
Mahon
Martin
Michel
Miller, Ohio
Mills
Montgomery
Moore
Moorhead, Calif.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Nichols
Obey
Passman
Patterson, Calif.
Paul
Pettis
Pickle
Pike
Poage
Pritchard
Quie
Railsback
Randall
Regula
Roberts
Robinson
Rousselot
Runnels
Satterfield
Schulze
Seiberling
Shipley
Shuster
Sikes
Smith, Nebr.
Snyder
Stanton, J. William
Stanton, James V.
Steiger, Wis.
Stratton
Talcott
Taylor, Mo.
Taylor, N.C.
Treen
Van Deerlin
Vander Jagt
Vigorito
Waggonner
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, Tex.
Wright
Wydler
Wylie
Young, Fla.

NOT VOTING—47

Ashbrook
Ashley
AuCoin
Brodhead
Brown, Mich.
Conlan
Crane
Dent
Downing, Va.
Evins, Tenn.
Goldwater
Green
Hansen
Hays, Ohio
Hébert
Helstoski
Henderson
Hinshaw
Karth
Landrum
Litton
Lott
McDonald
Mathis
Melcher
Metcalfe
Milford
Mosher
O'Hara
Pepper
Peyser
Riegle
Risenhoover
Roe
Rose
Ryan
Schneebeli
Sisk
Steed
Steelman
Steiger, Ariz.
Stuckey
Symington
Symms
Teague
Udall
Young, Tex.

The Clerk announced the following pairs:

On this vote:

Mr. Dent for, with Mr. McDonald against.

Mr. Pepper for, with Mr. Hébert against.

Mr. MAHON changed his vote from "aye" to "no."

Messrs. BEVILL, MOORHEAD of Pennsylvania, and MEEDS changed their vote from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. HEINZ

Mr. HEINZ. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Heinz: Page 15, Line 11, strike out "$737,441,000" and insert in lieu thereof "$741,441,000".

POINT OF ORDER

Mr. FLOOD. Mr. Chairman, I make a point of order against this amendment, in view of the fact that action has been taken on that section on page 15.

The CHAIRMAN. Does the gentleman from Pennsylvania desire to be heard?

Mr. HEINZ. Yes, Mr. Chairman.

Mr. Chairman, I understand the gentleman from Pennsylvania (Mr. Flood) makes a point of order that an amendment to this paragraph to the bill has already been adopted.

Mr. Chairman, the amendment that I offer is not in any sense a duplicate of the amendment offered by the gentleman from Massachusetts (Mr. Conte).

What the amendment does is to add $4 million additional on top of the $16 million already adopted by the Conte amendment and, therefore, I submit, Mr. Chairman, the amendment is in order.

The CHAIRMAN. The Chair is prepared to rule.

It is not in order under the rules to offer an amendment to change the figure, where that figure already has been changed by the committee.

Had the gentleman from Pennsylvania (Mr. Heinz), for example, offered his proposed figure as an amendment or substitute to the Conte amendment, prior to the adoption of that amendment, such an amendment would have been in order.

At this time, however, in that the Committee of the Whole already has acted on that precise figure at that precise point of the bill, under the rules, the point of order of the gentleman from Pennsylvania (Mr. Flood), the chairman of the subcommittee, will be sustained, and the Chair does sustain the point of order.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Assistant Secretary for Human Development

HUMAN DEVELOPMENT

For carrying out, except as otherwise provided, section 426 of the Social Security Act, the Act of April 9, 1912 (42 U.S.C. 191), the Older Americans Act of 1965, as amended, the Child Abuse Prevention and Treatment Act, the Runaway Youth Act, the Community Services Act of 1974, sections 106, 107 and 306 of the Comprehensive Employment and Training Act of 1973, the Rehabilitation Act of 1973, as amended, the International Health Research Act of 1960, the Developmental Disabilities Services and Facilities Construction Act, as amended, and the White House Conference on Handicapped Individuals Act, $1,873,514,000, of which $740,000,000 shall be for activities under section 110(a) of the Rehabilitation Act of 1973; and $30,058,000 shall be for grants under part C of the Developmental Disabilities Services and Facilities Construction Act, as amended, together with not to exceed $600,000 to be transferred from the Federal Disability Insurance Trust Fund and the Federal Old-Age and Survivors Insurance Trust Fund as provided by section 201(g)(1) of the Social Security Act: *Provided further*, That the allotment level for the nutrition services for the elderly program shall be $225,000,000 per annum.

AMENDMENT OFFERED BY MR. RANDALL

Mr. RANDALL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Randall: Page 30, beginning on line 25, strike out "$1,873,514,000" and insert in lieu thereof the following: "$1,883,514,000".

Mr. RANDALL. Mr. Chairman, the purpose of this amendment is to add $10 million to title V of the Older Americans Act.

This section, if some Members are not familiar with the nomenclature or the section number, is that which provides funding for multipurpose senior centers through our country.

Mr. Chairman, just about everyone who comes down into the well makes the observation that this is a simple amendment. I will plead guilty to that, but I want to go ahead and say that it is not an expensive amendment.

We discussed it a moment ago because of the need and the fact that these have never been funded before. Someone said, "You ought to be able to get that through or get that approved on a unanimous-consent request."

The response was that an amount no larger than this is desperately needed.

Mr. Chairman, last April we stood here and asked for and received the approval of this House, for $5 million. That was for the transitional quarter. It was the first time that title V had ever been funded. That was for the period from July 1 through September 30.

If we annualize that, if we carry it forward at $5 million per quarter, that is $20 million for the entire year.

We thought that is what might happen. Instead, our friends on the Committee on Appropriations reduced that to $10 million.

Mr. Chairman, in these times of inflation we are not asking for any increase, which would be justified; but we believe we should not go backward because if we take the annualization of it at $5 million a quarter, which comes to $20 million and they have given us $10 million, it means that we go backward from $5 million a quarter to $2.5 million a quarter.

Mr. Chairman, that simply means that we have a program started; we have it off dead center for the first time, and now we are proposing perhaps not to stop it but to certainly go backward.

Mr. Chairman, that is what this amendment is about. I do not think that there is any argument that it is needed for these senior centers and that there is merit to this amendment.

As chairman of the House Select Committee on Aging, I can assure the Members that we departed long ago from the time when they were simply recreational centers. They are used now as nutrition centers, clinics, for all manner of health facilities, meeting places, counseling and referral, as well as the old concept of the recreation center. Therefore, there should be no argument with respect to the merits.

Mr. Chairman, just let me put in perspective what we are talking about here. With 10 percent of the population of our country 65 years of age or over, that means 20 million people; and we are talking about $10 million, which means 50 cents per person for each of those of our population over 65.

Mr. Chairman, let us take it another way around. Take the 50 States, and the $10 million means about $200,000 per-State.

I have the list here showing how each State will benefit.

Concerning the gentleman from Pennsylvania (Mr. FLOOD), the chairman of the subcommittee, this amendment would increase the amount for Pennsylvania from $591,000 to $1.1 million and for the gentleman from Illinois (Mr. MICHEL), it would increase the amount for Illinois from $493,000 to $968,000.

In conclusion, Mr. Chairman, let me summarize a few points.

On last April 13, I stood before this body seeking increased funding for Older Americans Act programs for fiscal year 1976 and the transitional quarter. We received the overwhelming support of this body at that time and are most grateful.

Later we requested the Appropriations Subcommittee on Labor-HEW to build on the 1976 and transition quarter levels when formulating its proposals for fiscal year 1977. We are gratified at the extent to which that request has been honored. We congratulate the subcommittee and the full Appropriations Committee for their efforts.

The funding level for State and community programs for the aging, title III, in the reported bill is only $2 million below the Aging Committee's request. The level for training and research, title IV, is just $3 million lower. The level for the nutrition program, title VII, is right on the mark. The level for the older worker program, title IX, shows a significant increase—especially in view of the fact that the budget contained no funding request for this important and worthwhile program.

However, there is one area where improvement remains to be made. We believe some more attention should be given to the appropriation for title V, multipurpose senior centers. This is the reason for our amendment.

Mr. Chairman, I hope this amendment will receive the approval of the committee at this time because it is certainly merited.

Mr. HUGHES. Mr. Chairman, will the gentleman yield?

Mr. RANDALL. I yield to the gentleman from New Jersey.

Mr. HUGHES. Mr. Chairman, I want to thank the gentleman from Missouri (Mr. RANDALL) for yielding.

I rise in strong support of my colleague's amendment.

Last April, the House approved $5 million for title V senior centers in the second supplemental appropriation bill, all of it allocated for use in the transition quarter—July 1–September 30, 1976. In its recommendations to the Appropriations Committee, the Select Committee on Aging urged that the same rate of expenditure, $5 million per quarter, be maintained for fiscal year 1977 for a total of $20 million. The amount provided by H.R. 14232 for senior centers is only half that amount, or $10 million.

I believe that a sound beginning for this vital program in its first full year of operation requires at least $20 million which we originally recommended.

Today the senior center represents a community facility which, not only provides a series of vital services, that is, counseling, nutrition, information and referral, but also establishes a link to other existing community institutions: Such as nursing homes, hospitals, clinics, schools, and employment agencies. It is a facility which offers health, education, welfare, and recreational services in a single setting. Not only is this an extremely efficient practice, but the elderly find such centers preferable to single service agencies because it means reduced traveling.

Nevertheless, the expansion of responsibilities which centers have been undertaking has not resulted in concommitant funding increases. On the contrary, many centers have substantially cut back on services offered, or closed altogether, in recent years.

Today we have an opportunity to help reverse this trend and to bring the benefit of senior centers to many of the 7 million elderly who desire to make use of such centers but who have been denied that opportunity because of lack of facilities.

Mr. WAMPLER. Mr. Chairman, will the gentleman yield?

Mr. RANDALL. I yield to the gentleman from Virginia.

Mr. WAMPLER. Mr. Chairman, I am pleased to express my support of the amendment to H.R. 14232 offered by my colleague on the Select Committee on Aging, the gentleman from Missouri, for a $20 million appropriation level for title V multipurpose senior centers. I also wish to commend our distinguished chairman for his leadership in bringing the critical need for senior centers to the attention of the House today.

Although title V was first authorized in 1973 under the older American comprehensive services amendments, funds were not appropriated until recently when Congress passed an appropriation of $5 million for the transition quarter—July 1, 1976, through September 30, 1976. The initial appropriation level, I feel, was satisfactory for launching this new program. Funding, however, must be maintained at the rate of $5 million per quarter in fiscal year 1977 if we are to make this program viable as envisioned by its architects. This requires an appropriation today of $20 million for fiscal year 1977 for title V, as opposed to $10 million level recommended in H.R. 14232.

Multipurpose senior centers have proved to be effective vehicles for providing health and social services to older people and for encouraging social interaction among the elderly. Senior centers perform a unique community function by providing a focal point where older persons may come for services, and from which services can be initiated for reaching isolated and home-bound older persons. Younger persons also can utilize this source for tapping the talents and skills of retired persons when employment and volunteer service opportunities arise.

In my own district, which consists of small towns and rural communities, there is a great need for centralized facilities providing coordinated services for the elderly. The lack of public transportation in many of our counties, makes it difficult for the elderly to have adequate accessibility to the social security offices, health care facilities, nutrition sites, and so forth, as each of the service facilities are often scattered throughout large geographical areas.

Virginia is but a single example of the nationwide problems associated with accessibility and fragmentation of services for our senior citizens. According to the 1974 Louis Harris survey conducted for the National Council on the Aging, 50 percent of those persons surveyed aged 55 and over reported that there is no senior center convenient to where they live. The survey showed that among the elderly, senior centers are less accessible to minority groups, to people in the South as compared to other regions, and to persons in rural areas.

The existence of over 170 nutrition sites in Virginia is evidence of the saturation of facilities providing many of the supportive services that could be coordinated with others in a title V center. Recreation, nutrition education, visiting nurses, and information services have been provided in our nutrition sites which are only operative 2 or 3 hours per day. Donated buildings, such as elementary schools, serve as senior centers and nutrition sites in areas where local resources are inadequate for the establishment of multipurpose senior centers. These facilities need improvements such as wheelchair ramps, handrails, furnace repairs, air conditioning, security devices, plumbing, and kitchen repairs.

The director of the Virginia Office on Aging has provided me with a conservative estimate of a need for $750,000 in title V funds in fiscal year 1977 to renovate and provide alterations for senior centers now operative in Virginia. This does not even take into account the funding need for the acquisition of centers in rural areas in Virginia which have no existing facilities. If the $10 million recommended for title V in the appropriations bill is adopted by the House today, Virginia will receive only $186,147, as opposed to the projected need of $750,000. However, the $20 million appropriation recommended by our distinguished committee chairman would allow Virginia to receive $372,295, which would be a significant investment in this program's beginning in my State.

The appropriations level of $20 million contained in the Randall amendment will provide for the senior centers that perform a significant and needed role in the community. For this reason, I urge Congress to support this prudent investment in the well-being of our senior citizens.

Mr. DOWNEY of New York. Mr. Chairman, will the gentleman yield?

Mr. RANDALL. I am happy to yield to the gentleman from New York.

Mr. DOWNEY of New York. Mr. Chairman, I thank the gentleman from Missouri, the chairman of the House Select Committee on Aging for yielding to me. I fully agree with the gentleman from Missouri that anyone who has visited one of these senior citizen centers and witnessed what it does for those senior citizens, giving them the opportunity to come together, to play cards or just to visit will indicate to them that these centers are really essential.

I believe that this is an extremely modest increase and one that certainly deserves all of our support.

Mr. BONKER. Mr. Chairman, will the gentleman yield?

Mr. RANDALL. I yield to the gentleman from Washington.

Mr. BONKER. Mr. Chairman, if the Select Committee on Aging's amendment is passed, and we continue the annual spending rate for this program at 5 million a quarter, or 20 million annually, senior centers will qualify for small grants. These grants of $10,000, $15,000 or $20,000 might be enough to rehabilitate and improve a structure that has been donated, but one which needs considerable work to make the facility accessible to senior citizens, to refurbish, and to remove fire hazards.

In my own district, I have often seen the importance of senior centers in the lives of mature Americans. The centers are valuable in drawing out the recluse from rural isolation and rekindling an interest in life.

One center in my district operates in a building that was formerly a firehouse, then a city jail, and more recently, to store sanitation trucks. Though it is an active facility, it can only serve a hundred and fifty people—a small fraction of the growing population of senior centers. In the same area there is a fine school building that could be renovated to meet the needs of senior citizens throughout the entire county. The only thing that is preventing this well-run program from expanding is the lack of funds. If the Select Committee on Aging's amendment passes there may be funds made available so that the senior center could renovate the old school building and serve more citizens.

It would seem most logical that senior multipurpose centers would be in the hub of activity of senior activities but they were not federally funded until April. Now we must continue to commit our resources for the senior centers and fund them at a reasonable level.

I urge you all to support the committee's amendment for an additional 10 million dollars for multipurpose senior centers. I also would like to remind you that $20 million, which is the Aging Committee's request for the centers, represents less than one-third the cost of one B–1 bomber.

Ms. HOLTZMAN. Mr. Chairman, will the gentleman yield?

Mr. RANDALL. I am happy to yield to the gentlewoman from New York.

Ms. HOLTZMAN. Mr. Chairman, I thank the gentleman from Missouri for yielding to me. I wish to commend the gentleman from Missouri for introducing this amendment which would provide an additional $10 million for multipurpose senior centers under title V of the Older Americans Act. I join wholeheartedly in support of it.

The senior citizen center program is one of the most successful programs operated by Government at any level. On my frequent visits to the senior centers located within my Congressional District, I have seen the many valuable services they perform. Senior centers provide companionship, recreation information, and referral services. In addition, for many elderly Americans, senior centers provide the one hot, nutritious meal they will have in the course of a day. Clearly, then, the senior center program should be expanded to accommodate the many elderly people now on waiting lists.

The funds provided by this amendment will be particularly helpful because they will go for the acquisition, alteration, or renovation of senior centers. Thus, a State or city may expand its senior center program to new sites or rehabilitate existing ones. In my district, for example, I have been working with one senior center for several years to find a new location. This center is one of the most popular and active in our community but its present quarters are badly located, cramped, and in poor condition. The city of New York has not moved the center because of the expense of acquiring and renovating new quarters. With the funds made available under this amendment, however, the city should be able, at long last, to provide a decent site for this center.

I would note as well, Mr. Chairman, that the amendment we are now considering points out again the need for doing away with the title XX means test for senior citizen centers. The $10 million which this amendment would provide would be lost many times over if States were forced to undertake the costly, unnecessary, and humiliating process of subjecting each person using a senior center to a means test. I hope, therefore, that H.R. 12455, now in conference committee, will be reported shortly with the provisions which I, together with many other Members, have recommended to do away with the means test entirely. Such action would assure that elderly Americans will be able to take full advantage of existing senior centers and of the new ones which this amendment will make possible.

I urge support of the Randall amendment.

Mr. RANDALL. Mr. Chairman, the gentleman from Florida (Mr. PEPPER) had to catch an early plane and has asked me to raise a point on behalf, as the ranking member on the committee, so that there may be some clear legislative history on the intent of this amendment.

If I may have the attention of the gentleman from Pennsylvania (Mr. FLOOD) let me ask that in the event we prevail on this amendment—and we are not taking anything for granted—but in the event this amendment might be accepted, let me say it is my understanding that there are two or three different alternatives that financing of senior centers can be achieved. Title V provides funding for multipurpose senior centers under several alternative methods:

First. A program of 75 percent Federal matching funds for the acquisition, alteration or renovation of existing facilities to serve as multipurpose senior centers;

Second. A program of mortgage insurance for the building of new multipurpose centers; and

Third. A program of annual grants to reduce interest costs of borrowing funds for the acquisition, alteration or renovation of facilities for multipurpose senior centers.

The gentleman from Florida (Mr. PEPPER) was concerned that only one alternative might be utilized for funding to the exclusion of the others.

Mr. FLOOD. Mr. Chairman, may I inquire of the gentleman from Missouri what the gentleman's question is?

Mr. RANDALL. Mr. Chairman, I was merely asking if the gentleman from Pennsylvania was familiar with provisions of the act, which, of course, the gentleman from Pennsylvania is, and that the amendment is meant to provide friends for all the alternatives authorized under title V.

Mr. FLOOD. Mr. Chairman, let me say that that is a rhetorical question and the gentleman from Missouri has answered the question himself.

Mr. RANDALL. The answer obviously is yes—that we intend all the alternatives to receive funding and to be utilized.

I would hope that the gentleman from Pennsylvania might be in agreement on this amendment.

Mr. Chairman, I urge the adoption of the amendment.

Ms. ABZUG. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Missouri (Mr. RANDALL).

Mr. Chairman, I support this amendment offered by Chairman RANDALL and I compliment him. It happens that I placed this same amendment in the RECORD yesterday and circulated a "dear colleague" letter to this effect. This amount is necessary to fund this essential program on a yearly basis at the same level provided for by the Congress in the transitional quarter.

Multipurpose senior centers serve as the focal point for the delivery of services to older persons in their communities. These centers provide a broad range of services including information and referral, counseling, education, recreation, transportation, health, and nutrition. Millions of older citizens are barred from participating in these programs because of inaccessible and inadequate facilities. The need for additional facilities is well documented.

Fifty percent of the public over 55 report that there is no senior centers convenient to where they live. Centers were found to be least accessible to blacks, to older people in the South, and to people in rural areas. For example, 40 percent of blacks over 55 do not attend a center but would like to and the major reason is that a facility was not available.

Some 1.4 million persons between ages 55 and 64, and 3.7 million over 65 have attended a senior center or club. Yet, 7 million persons over age 55 would like to attend senior centers. Unless the Congress provides sufficient funds for this program authorized by title V of the Older Americans Act, millions of our seniors will be prevented from participating in the diverse programs which these centers offer.

Many centers provide vital health services to older persons such as health screening, immunization, part-time nurse or physician. Many more centers would provide these services if adequate facilities were available. For example, 75 percent of senior centers report that facility size limits the kind and number of programs offered. One-third report that their meeting, classrooms, hobby/craft and first-aid rooms are inadequate. In addition, many areas of senior centers such as bathrooms and recreation areas are inaccessible for older people in wheelchairs and those with problems of mobility. Funds must be provided for structural modifications so that all barriers are removed.

I also want to point out that this program is not a construction program. It provides funds so that unused and underutilized facilities already in existence can be put into service as senior centers. This will increase the efficiency and effectiveness of other Older American Act programs by upgrading the senior centers which serve as the delivery points for many vital services. Twenty-two million older persons are eligible for these services. We have a responsibility to insure that adequate funds are provided so that older persons in every part of the country have access to senior centers and its varied services. I urge my colleagues to support the $20 million appropriation contained in this amendment so that this is possible.

Mr. SKUBITZ. Mr. Chairman, I rise in support of the amendment introduced by my friend and colleague, Mr. RANDALL of Missouri.

This amendment provides $10 million for multipurpose senior citizen centers. I congratulate him for being a man of compassion who believes that our senior citizens have made their contribution to the making of America and this amendment is the way we can express our appreciation and thanks.

Two weeks ago, it was my privilege to participate in the dedication of a senior citizen center in Weir, Kans. It left much to be desired basically because of our failing to give this program the funds it needs. Be that as it may, the older citizens are proud for now they have a place where they can go to meet old friends, participate in special projects and play bingo. No longer are they restricted to the four walls of their own home.

I urge my colleagues to support the amendment.

Mr. BIAGGI. Mr. Chairman, I rise to briefly indicate my support of the amendment being offered by Mr. RANDALL the distinguished chairman of the House Aging Committee, of which I am proud to be a member. The amendment simply adds $10 million to the bill to fund title V of the Older American Act.

This amendment, which I cosponsored, is of vital importance with respect to having the Older Americans Act more fully meet the needs of the elderly. Title V, which is receiving funds for the first time, will allow States and localities to establish multiservice senior citizen centers. There is a clear advantage in establishing these types of senior centers. They are designed to give the average senior citizen one central location where they can receive information about health, welfare, housing, and transportation services. They will be especially important for senior citizens living in large urban areas, which provide these services, but the average senior citizen finds it most difficult to obtain basic information as to their availability.

It should be noted that both the Appropriations Committee and the House Select Committee on Aging during consideration of the second supplemental appropriations bill indicated support for a $20 million appropriations for title V. Therefore, this amendment simply seeks to implement these recommendations in the fiscal year 1977 appropriations bill.

I hope my colleagues will join me in supporting this amendment. Its merits are clear, its importance to providing senior citizens with quality service cannot be minimized. Every State in the Union will benefit from this increase but more importantly so will the more than 200 million elderly in this Nation.

At this time, I would like to pay tribute to the distinguished chairman of the House Select Committee on Aging, Mr. RANDALL, who has announced his intention to retire at the end of this current session. As a member of the House Select Committee on the Aging, I have been most impressed with the leadership provided to the committee by Chairman RANDALL. We on the committee have much to be proud of in this our first year. We have completed very important studies on home health care as well as transportation services for the elderly. I and other members of the committee have held hearings on the growing problem of elderly crime. In addition the committee as a whole has fought for full funding for senior citizen programs. Yet a committee in its 1st year like the Aging Committee must have direction and leadership at the top. Chairman RANDALL has provided the leadership and his presence will be missed. Passage of this amendment would be a personal tribute to Chairman RANDALL and his fine work on behalf of the elderly. I therefore urge your support today.

Mr. WALSH. Mr. Chairman, I cannot emphasize too strongly the need for a substantial increase in the funding level for the acquisition, renovation, and improvement of facilities for multipurpose senior centers as proposed in the amendatory language now before us.

Most of the existing senior centers are not multipurpose in nature. Even those which do offer a variety of services are ill equipped to minister to the public they serve.

Multipurpose senior centers represent an important alternative to institutionalization of these elderly citizens who wish to remain in their own communities, by providing those services normally available only through a nursing facility. These centers characteristically offer a full program, including health, social, nutritional, educational, and recreational services. Equally important is the fact that this wide spectrum of services is made available in one location. If there is one comment that I have heard time and time again from the senior citizens residing in my district, it is the extreme difficulty they encounter in finding adequate transportation. Since most of our aged cannot possibly afford to purchase or maintain an automobile on their fixed incomes, it is imperative that we move now to end the fragmentation of necessary senior citizen services.

The need for multipurpose senior centers becomes even more acute in rural areas where our aged are often almost completely isolated. The recreational services offered in these centers may serve as the only social outlet available to these individuals, and in fact, may also serve as their only source of health and nutritional information.

Our aged population is increasing with each year, and we must move now to construct programs to provide an adequate quality of life for this growing segment of our society. The increase in funding to an annual level of $20 million for the title V senior centers program would be a significant step in achieving this goal, and I urge that you join me in casting a "yea" vote for this amendment.

Mrs. MINK. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Missouri (Mr. RANDALL) to increase funding for multipurpose senior centers under title V of the Older Americans Act. The House Appropriations Committee recommended only $10 million.

Members will recall that last April this body approved $5 million for title V for the 3-month transition quarter, July 1, 1976 to September 1, 1976, in the fiscal year 1976 second supplemental appropriation bill. The amendment under consideration would build upon this fiscal year 1976 level of funding by providing the same rate of expenditure of $5 million per quarter.

As this will be the first full year of funding for this important program, we must provide no less than $20 million. Senior centers are the focal point of the delivery of various services to senior citizens. But more than this, it is a place where senior citizens can gather together to enjoy the companionship of others and thereby helps to reduce the isolation of older people.

I urge my colleagues to support the Randall amendment.

Mr. MATSUNAGA. Mr. Chairman, the gentleman from Florida (Mr. PEPPER) is both the ranking member of the Select Committee on Aging and a colleague of mine on the Rules Committee. He had wanted to express his support for the amendment offered by the gentleman from Missouri (Mr. RANDALL), since he has been a long and ardent advocate for the senior center movement in America.

Unfortunately, the pressure of official business in his home district has forced the gentleman from Florida (Mr. PEPPER) to return to his home State, prior to the consideration of the Randall amendment.

Before leaving the gentleman from Florida left with me a most convincing written statement in support of the Randall amendment. For the benefit of my colleagues I now present his statement:

STATEMENT OF REPRESENTATIVE CLAUDE PEPPER IN SUPPORT OF AMENDMENT BY MR. RANDALL TO H.R. 14232, LABOR-HEW APPROPRIATIONS, INCREASING TITLE V, SENIOR CENTER FUNDING, FROM $10 TO $20 MILLION, JUNE 23, 1976

Mr. Chairman, it is my pleasure to support the amendment of our distinguished Chairman, Mr. Randall, who has provided outstanding leadership to our committee.

The Subcommittee on Health and Long-Term Care, which I have the privilege of chairing, has received testimony demonstrating that the need for senior centers is great and that they make one's later years a great deal more meaningful.

A Lou Harris survey, in conjunction with the National Council on Aging, states that 50 percent of the public have "no senior center convenient to where they live." The $20 million total we are asking today—$10 million over the proposed $10 million—is only enough to begin.

Mr. Chairman, our request for $20 million for 1977 is low compared to the original legislation enacted in 1973 which authorized $100 million annually but which was vetoed by President Nixon. In a recent report, approved by the full House Select Committee on Aging, my Subcommittee on Health and Long-Term Care also recommended the much higher, but greatly needed, sum of $100 million for senior centers.

The National Council on Aging has found that "Seven million persons over 55 would like to attend senior centers if the various barriers to participation were alleviated or removed."

The National Council of Senior Citizens has emphasized the importance of the services of senior citizens in the lives of the elderly and has called for an increase in funding.

My own Subcommittee's report, "New Perspectives in Health Care for Older Americans", found that "Senior centers can provide a meaningful life for many persons who would otherwise be institutionalized. . . . They are also a means of bringing elderly persons together in a social setting to relieve the pain of loneliness suffered by so many."

Other convincing arguments will be made today concerning the great need for senior centers, and I would like to bring up a strongly related matter concerning maximum effectiveness of the Title V senior center program which we are funding today both in the bill and in our amendment:

THE OBLIGATION TO FUND ALL SECTIONS OF TITLE V

I would like to point out that Title V provides not only for acquisition, alteration, and renovation of senior centers (sections 501–505), but also for mortgage guarantees (section 506) and interest subsidies (section 507).

It has come to my attention that the Administration on Aging intends to promulgate regulations funding only the first sections involving acquisition, alteration, and repair, and not the sections calling for mortgage guarantees and interest subsidies.

The American Law Division of the Library of Congress has informed me that the Impoundment Control Act applies not only to funds for a public law, but to any programs authorized by that law, so that even if the full funding is used, it must be spread among all programs provided in the statute.

It is my understanding that AOA might not fund all the sections for purposes of "efficiency of limited funds."

While I agree the funds are indeed limited, I would remind the Administration that any such programmatic delay of sections 506 (mortgage guarantees) and 507 (interest subsidies) "shall be reported to the Congress in accordance with the Impoundment and Control Act of 1974", according to the Impoundment law, and is subject to our new deferral procedures whereby the funds can be restored.

In fact, the Impoundment Control Act (P.L. 93–344, sec. 1002) amended the Anti-Deficiency Act (U.S. Code, Title 31, sec. 665) to explicitly state that program delays for the sake of "greater efficiency of operations" are considered deferrals and are subject to deferral procedures under the Budget and Impoundment Control Act.

Section 506 specifically states "There is created a multi-purpose senior center insurance fund, which shall be used by the Secretary."

Precedent concerning the word "shall" is clearly established making an expenditure mandatory.

Mr. Chairman, I am hopeful that AOA's regulations will truly fund the entire statute for which we have provided money—and which we hopefully will be increasing today—so that recision and deferral procedures will not be necessary.

The Congress established a broad program of senior centers to assist the elderly in obtaining health, nutritional, and social services, and it is my sincere hope that the Administration will carry out its proper function executing all of the law, not just part.

Mr. GRASSLEY. Mr. Chairman, I am pleased to join my colleagues on the Select Committee on Aging today, in support of the amendment proposed by our distinguished chairman. The amendment to H.R. 14232 will increase the appropriation for title V of the Older Americans Act from $10 million as recommended by the Appropriations Committee, to a more reasonable level of $20 million.

I am pleased that the Matsunaga amendment to the second supplemental appropriations bill was adopted in April, for this action established the initial funding for title V at $5 million for the transition quarter in fiscal year 1976.

The $20 million proposed today in the Randall amendment will annualize that rate of funding in fiscal year 1977.

In the Third Congressional District of Iowa, which I am pleased to represent, there is a shortage of social services for the elderly and accessibility to these service facilities by older people is a major problem. At hearings conducted by the Select Committee on Aging last August in Iowa, testimony clearly indicated that coordinated services provided by title V senior centers, such as nutrition and health, were deficient. The psychological problems associated with isolation and the desire for recreational facilities were other expressed needs that could be met with support for multipurpose senior centers in my State.

Many existing facilities serving as senior centers need repairs, painting, maintenance, kitchen and dining facilities, as well as increased service offerings. Over one-half of the requests recently submitted to the Iowa Commission on Aging by the area offices on aging were for title III support for improvements in facilities and increased activities in senior centers. I am certain that the $296,383 Iowa would receive under title V if this $20 million funding level is approved today, would be wisely invested in renovation and acquisition of safe and comfortable senior centers.

I am also aware of the fact that many other communities, such as those in my district, do not have sufficient local resources for the expansion or establishment of multipurpose senior centers.

The number of multipurpose senior centers currently functioning in this country is limited. Most of the existing senior centers would not be classified as multipurpose centers, since they are located in small facilities which serve few in number and provide only limited services.

The 1974 Harris survey for the National Council on Aging showed that of the 4,706 senior centers surveyed, only 1,474 provided health services, and only 1,476 provided nutrition services.

Many facilities that would serve as title V senior centers need only minor repairs and improvements to be able to provide additional social services for the elderly. The mechanism and expertise for the operation of a successful title V program is already established in the system of State and area offices on aging and in the title VII nutrition programs.

Today, we can help to bring about the implementation of a rational and necessary program for our elderly by supporting the Randall amendment. This appropriation level will more effectively enable Congress to demonstrate its commitment to making the interests of our senior citizens a national priority.

Mr. FLOOD. Mr. Chairman, I move to strike the requisite number of words.

Let me say this. I want to make it very clear that this committee, for heaven's sake, is not opposed to these multi-purpose senior citizen centers. I know the problem. For instance, in my congressional district the average age is 12½ years above the national average. Do you think I am out of my cotton-picking mind to vote against these senior citizen centers? Of course not. I want to make that clear. In fact, that is the attitude of this committee.

Let me tell you what happened. We on this subcommittee are the ones who gave birth to this very program. It started with this subcommittee. When? The recent supplemental appropriations bill includes $5 million. It was signed about 3 weeks ago. This program has been on the books for a long, long time. We dusted it off; we brought it in; we gave the money; put it in the supplemental. It was signed 3 weeks ago, and not a dime of that could have been spent by this time. It could not have been spent in just 3 weeks.

Then what did we do? We came along with this bill and put in $10 million above the budget. So we have $15 million for 18 months. Good heavens! Fifteen million dollars now for 18 months to do exactly what we started, what we want to do. How in the world would you want to do anything more? You cannot run this kind of thing that way. We are the ones who agreed to this and we provided the money that my friend asked for. They came to us. We listened, delighted. We were advised, and upon what they said, we acted on exactly these things that should be done to make these services available. That is why we started the program with the $5 million in the supplemental and with the $10 million in this bill—$15 million for 18 months. We will probably expand this again next year. This is the orderly and proper way to handle this subject to do what you want done. What more can you ask for?

Mr. RANDALL. Mr. Chairman, will the gentleman yield?

Mr. FLOOD. I yield to the gentleman from Missouri.

Mr. RANDALL. I thank the gentleman for yielding.

Let us look at these figures. The gentleman from Pennsylvania in his argument has talked about 18 months. The $5 million was for the transition quarter. The $10 million was for a whole year. We are not standing still; we are going backward.

Mr. FLOOD. Just a minute. We are not going backward; we are not standing still.

Mr. RANDALL. If we do not fund it for $5 million for a quarter, we are going backward.

Mr. FLOOD. That is not the case. This $5 million is in a supplemental bill. That bill, I repeat for the purpose of emphasis, was signed 3 weeks ago. Good heavens. I do not think they spent 5 cents. They could not have yet. We started this thing. We added $10 million more, and next year we will probably do the same.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. FLOOD. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, I think many of the people on this floor know I have offered amendments time and time again raising items for senior citizens. The fact is, as I said earlier, this is the best bill we have had out of this committee for a long time, in my judgment. I have traditionally tried to add money for these purposes. But we have a good bill, a reasonable bill, a good program, and I think we ought to support the chairman so that we are in a good position to override a veto if one should occur.

Mr. MICHEL. Mr. Chairman, I rise in opposition to the amendment and I move to strike the requisite number of words.

Mr. Chairman, I would like to make the point that HUD development funds can be specifically used for senior citizen centers. They are being so used in considerable amounts. Community service funds under title III can also be used for this purpose. And the bill contains $150 million for this program, $26 million more than the current year.

It is my understanding that the Budget Committee specifically says we are already over the budget resolution for the older Americans programs. As a matter of fact, as our chairman has so well pointed out, and the gentleman from Wisconsin (Mr. OBEY) has said, we have gone part of the way here. Naturally everybody would like to have everything.

I am getting to think, however, we are making a great mistake in setting up the select committees, because the only thing we get out of the select committees is a lobbying group right close to home, right in-house, in addition to those on the outside.

I think we have been very considerate of the needs of the elderly people.

Just the fact that we get another committee, a select committee that has been set up here for the purpose of lobbying for more money, I think destroys the reason for establishing a select committee in the first place.

Mr. RANDALL. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Missouri.

Mr. RANDALL. Mr. Chairman, I appreciate the gentleman yielding.

On the reference made to the HUD money, that is money for housing for senior citizens, maybe a high rise and maybe some cottages, but it does not apply to what we are talking about here, the multipurpose center that can be used for many purposes. These centers are for the people in the rural areas, and nobody ever heard of HUD helping our rural people.

Mr. MICHEL. All they need to do is go to HUD. The gentleman can have his local people go to HUD and they will give them plenty of help from HUD. We are getting it in our community.

Mr. HAMMERSCHMIDT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from Missouri, which increases the fiscal year 1977 appropriation for multipurpose senior centers authorized under title V of the Older Americans Act. The House Appropriations Committee is recommending in H.R. 14232, a $10 million appropriation for fiscal year 1977 for title V. My colleague on the Select Committee on Aging, the gentleman from Missouri, has proposed an additional $10 million, thus providing for a $20 million appropriation level for multipurpose senior centers.

The title V program received its first appropriation in the second supplemental appropriations bill, which consisted of $5 million to be expended during the transition quarter of fiscal year 1976. The Select Committee on Aging recommended that an annualization of this rate of expenditure be maintained during fiscal year 1977. The $20 million appropriation recommended today in the gentleman's amendment, is necessary for the continuance of this spending level and to allow a financially secure foundation for the initiation of this program.

The title V program authorizes grants to public and private nonprofit agencies to pay up to 75 percent of the cost of acquiring, altering, or renovating a facility to be used as a multipurpose senior center. Funds will be used for improving neighborhood facilities currently serving as senior centers, as well as for new centers in locations where none are existent. Title V senior centers would provide a coordinated delivery of needed services such as nutrition, information and referral, health care, recreation and socialization.

In the Third District of Arkansas, which I am pleased to represent, many senior citizens have expressed the need for more centralized senior centers to provide such services as nutrition, recreation, and visiting experts from agencies such as Social Security, welfare departments, and health agencies. The entire State of Arkansas will only receive $112,251 for fiscal year 1977 to improve and acquire multipurpose senior centers if the $10 million level in the appropriations bill passes Congress. However, if the $20 million funding level is adopted in the Randall amendment, my State will receive $224,501 for title V, which is a more substantial commitment to improving services for the elderly in my State.

Testimony before the Aging Committee's Subcommittee on Housing and Consumer Interests, of which I am the ranking minority member, has demonstrated that title V will be instrumental in helping older persons have access to a variety of needed social services. It is virtually the only Federal source for the establishment of multipurpose centers, as forecasts indicate that the community development program administered by HUD will not prove to be a viable funding source for construction of senior centers.

I am pleased to join my colleagues on the Select Committee on Aging, in our bipartisan effort to insure a more equitable allocation of resources to benefit the elderly. I urge you to join us in adoption of the Randall amendment to H.R. 14232.

Mr. BINGHAM. Mr. Chairman, I rise to express my enthusiastic support for approval of the amendment offered by the distinguished chairman of the Select Committee on Aging, Mr. RANDALL, to increase the funding for assistance to multipurpose senior centers under title V of the Older Americans Act for the coming fiscal year—fiscal year 1977. As Chairman RANDALL of the Select Aging Committee reminded us recently, just last month the House voted for $5 million in start-up appropriations for title V to be used during the transition quarter. To maintain this rate of spending, we would need to appropriate $20 million for fiscal year 1977 as the Select Committee on Aging recommends, not the $10 million proposed by the Appropriations Committee. I strongly feel the House should not retreat in any way from its laudatory commitment to finally implement this excellent program which was first authorized by the Older Americans Act Amendments of 1973, but not funded until now.

The growing success of the multipurpose senior center movement with the long-range goal of providing one-stop multiservice assistance to urban and rural elderly citizens persuaded the Ninety-second and Ninety-third Congresses to consider adding a special section to the Older Americans Act offering Federal aid to encourage expansion of the movement to serve more persons. This goal was finally accomplished in 1973. Title V was designed to provide four areas of assistance to upgrade existing centers and establish additional facilities: First, grants and contracts for the acquisition, alteration, or renovation of existing housing to serve as centers; second, mortgage guarantees covering multipurpose centers; third, interest grants to reduce borrowing costs; and fourth, initial staffing grants; $100 million for title V as authorized by that 1973 act, but not 1 cent was appropriated for that title until last month. Why? Because claims were successfully made by the past two administrations that title V unnecessarily duplicated other programs already in operation, and that sources of funding for senior center facilities were available from HUD and other departments.

While it is certainly true that sponsors and directors of senior centers have been extremely resourceful in finding a variety of funding sources for their services to the elderly, money for nonservice purposes such as expanding and establishing facilities is extremely scarce. Experience has shown that when senior citizens are competing with other segments of our population for assistance under broad Government programs such as CETA, HUD title I, or revenue sharing, the elderly are consistently shortchanged. This reality I am happy to say has prompted Congress to enact special programs for our senior citizens and increasingly fund them instead of expecting the broader programs to meet the particular needs of older Americans. I fully support this trend and praise the House Appropriations Committee for the increases in fiscal year 1977 funding they have recommended for other titles under the Older Americans Act: $26.2 million for title III—State and community aging programs—for a total of $150 million; $6 million for title IV—research and training—for a total of $25 million; $78.525 million for title VII—nutrition for the elderly—for a total of $203.525 million in new money which coupled with excepted unspent funding from previous appropriations will mean a $225 million spending rate for fiscal year 1977 for this popular program; and $90.6 million for title IX—community service employment—which when added to the $55.9 million already appropriated for 15,000 part-time jobs through June 30, 1977, will guarantee paid employment for 18,000 elderly through part of fiscal year 1977 and all of fiscal year 1978. Our elderly population is the fastest growing segment of our society. They demand and deserve our attention to their needs. Approval of the recommendations of the Appropriations Committee and the amendment increasing funds for title V should be our response.

I would like to add that I have seen first hand in my district how important senior centers are to the survival and happiness of senior citizens especially in urban areas.

Senior citizen centers in my Bronx, N.Y., district represent a haven for the elderly from the hostilities of urban living characterized by inadequate income, rising crime, deteriorating neighborhoods and urban isolation. The value of these centers to their mental and physical health is immeasurable providing them with the opportunity to associate with persons of their own age, eat nutritious meals in a social setting, participate in recreational and educational activities and have access to essential health, anticrime, housing, legal and transportation service referral information and counseling. Of course, because of past and present limited resources not all centers can offer these needed services or serve all the persons who are in need. In voting additional money for title V, we are taking an important step toward correcting this situation. Let us not retreat from our praiseworthy commitment to the senior center movement by lowering the spending level we established for the transition period. I urge adopting of the Randall amendment.

Mr. MATSUNAGA. Mr. Chairman, I rise in support of the amendment offered by the chairman of the House Select Committee on Aging, the gentleman from Missouri (Mr. RANDALL), to increase to $20 million funds for a program that I strongly believe in. I refer, of course, to title V of the Older Americans Act, multipurpose senior centers. As chairman of the Select Committee's Subcommittee on Federal, State, and Community Services, I am pleased to join the gentleman in sponsoring this amendment.

Mr. Chairman, 2 months ago the House gave its overwhelming approval to a funding level of $5 million for the 3 months of the transition quarter. Today, we have the opportunity to reaffirm that earlier commitment and insure that the program will thrive in its first complete year of operation, by maintaining the same rate of expenditure of $5 million for each quarter in fiscal year 1977.

Multipurpose senior centers provide a focal point for delivery of social and nutritional services to the elderly, usually in close proximity to their homes. A Harris survey revealed that 18 percent of the 22 million people over 65 have attended senior centers, and another 17 percent would like to. An additional 7 million over 55 responded that they would also like to attend senior centers if a variety of barriers to participation were alleviated or removed. More importantly, it was discovered that 50 percent of the public report that there is no senior center convenient to where they live. These data are concrete proof that, despite excellent examples of centers across the country, we have not achieved the objective of title V to provide social services to the elderly within their immediate reach.

The findings, however, are not totally disheartening. In a recent National Institute of Senior Centers study of 4,870 centers, over 50 percent offered at least the three basic services of education, recreation, and information referral or counseling. In addition, all of the 50 percent provided volunteers services and half of them had some kind of health services. Another multipurpose senior center research project evaluation collected data showing that multipurpose centers gave a more extensive array of services, ran more sessions, had more staff, volunteers, and members than any other type of senior centers or clubs. The studies all strongly support the conclusion that senior centers are necessary and the best method of providing the elderly with a meaningful and healthful life.

Yet, even with the outstanding results of the existing multipurpose senior centers, three out of four centers interviewed in the national institute poll responded that their facility size severely limited the kind and number of programs presented. Over one-third of the respondents judged that the rooms central to their program functions—such as hobby or meeting rooms—were inadequate. Some 60 percent complained that vital operation points such as recreation areas, bathrooms, and parking areas were inadequate to accommodate wheelchairs.

These findings were strongly corroborated in a 1975 architect's evaluation of the senior center facilities. The evaluation found that the best of our country's senior centers have facilities, furniture, and equipment which is less than adequate or totally inadequate. Two out of three centers are too small to function properly. In many of those with a satisfactory overall size, the key rooms are too small or missing entirely.

The evaluation concluded that because of the defects in the facilities, the program activities were severely hampered and unable to function efficiently. The lack of medical and social services in many centers contribute to premature institutionalization. With adequate funds and facilities, unnecessary and costly institutionalization can be averted, and the ultimate cost to the taxpayer diminished.

In short, the architect found that many senior centers reflect an uncertain attitude on the part of society for the elderly, in sharp contrast to the school facilities which mirror an image of concern for the young people. The evaluation concluded that the sole constraint to providing proper facilities was inadequate funds. In my own State of Hawaii, there are exemplary centers, ones that draw national attention for their comprehensive, thoughtful programs in well-designed facilities. But for every Hawaii State Senior Center, or Waxter Center in Baltimore, there are a dozen centers in dire need of improvement, and a dozen areas with no access to a center at all.

The amendment has broad, bipartisan support, Mr. Chairman, as well as support from the major national organizations in the field.

Mr. Chairman, I believe that multipurpose senior centers have proven themselves, and we must show our support for their work. Let us show the elderly that we are not unconcerned or indifferent to their needs but that we are committed to them. I urge approval of the pending amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri (Mr. RANDALL).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. RANDALL. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 318, noes 67, not voting 46, as follows:

[Roll No. 451]

AYES—318

Abdnor
Abzug
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Aspin
Badillo
Bafalis
Baldus
Baucus
Beard, R.I.
Bedell
Bennett
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Brinkley
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Cleveland
Cochran
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniels, N.J.
Davis
de la Garza
Delaney
Dellums
Derrick
Derwinski
Dickinson
Diggs
Dodd
Downey, N.Y.
Drinan
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Emery
English
Evans, Ind.
Fary
Fenwick
Findley
Fish
Fisher
Fithian
Florio
Flowers
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frey
Fuqua
Gaydos
Giaimo
Gilman
Ginn
Gonzalez
Goodling
Gradison
Grassley
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harrington
Harris
Harsha
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Hicks
Hightower
Hillis
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hyde
Jeffords
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Keys
Koch
Krueger
LaFalce
Lagomarsino
Latta
Leggett
Lehman
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lujan
Lundine
McClory
McCloskey
McCormack
McDade
McFall
McHugh
McKinney
Madden
Madigan
Mann
Mathis
Matsunaga
Mazzoli
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
O'Brien
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Perkins
Pettis
Pike
Pressler
Preyer
Price
Pritchard
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Rinaldo
Roberts
Rodino
Roe
Rogers
Roncalio
Rooney
Rosenthal
Rostenkowski
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shriver
Simon
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Sullivan
Talcott
Taylor, Mo.
Thompson
Thone
Thornton
Traxler
Tsongas
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NOES—67

Adams
Armstrong
Bauman
Beard, Tenn.
Bell
Bergland
Breckinridge
Burleson, Tex.
Burlison, Mo.
Clawson, Del
Collins, Tex.
Conable
Crane
Daniel, Dan
Daniel, R. W.
Danielson
Devine
Dingell
Duncan, Oreg.
du Pont
Edwards, Ala.
Erlenborn
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Flood
Flynt
Foley
Gibbons
Henderson
Holt
Hutchinson
Ichord
Jacobs
Jarman
Johnson, Colo.
Jones, N.C.
Ketchum
Kindness
Krebs
McCollister
McEwen
McKay
Mahon
Martin
Meeds
Michel
Miller, Ohio
Mills
Mosher
Myers, Pa.
Obey
Paul
Pickle
Poage
Robinson
Roush
Rousselot
Satterfield
Schneebeli
Shipley
Shuster
Taylor, N.C.
Treen
Ullman
Wiggins

NOT VOTING—46

Ashbrook
Ashley
AuCoin
Brodhead
Clay
Conlan
Dent
Downing, Va.
Esch
Frenzel
Goldwater
Green
Hansen
Hays, Ohio
Hébert
Helstoski
Hinshaw
Holland
Karth
Landrum
Lent
Litton
Lott
McDonald
Maguire
Melcher
Metcalfe
Milford
O'Hara
Pepper
Peyser
Quie
Riegle
Risenhoover
Rose
Sikes
Sisk
Steed
Steelman
Steiger, Ariz.
Stuckey
Symington
Symms
Teague
Udall
Wydler

The Clerk announced the following pairs:

On this vote:

Mr. Dent for, with Mr. McDonald against.

Mr. DODD and Mr. CEDERBERG changed their vote from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

Mr. FLOOD. Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. BAUMAN. Mr. Chairman, I object.

Mr. ROUSSELOT. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Clerk will read.

The Clerk read as follows:

SEC. 208. None of the funds contained in this Act shall be used to require, directly or indirectly, the transportation of any student to a school other than the school which is nearest the student's home, and which offers the courses of study pursued by such student, in order to comply with title VI of the Civil Rights Act of 1964.

POINT OF ORDER

Mr. STOKES. Mr. Chairman, I make a point of order against section 208.

The CHAIRMAN. The gentleman from Ohio (Mr. STOKES) will state his point of order.

Mr. STOKES. Mr. Chairman, I make

the point of order that the language set forth in section 208 of this bill constitutes legislation in an appropriation bill, in clear violation of rule XXI, section 2, of the Rules of the House of Representatives. (House Rules and Manual, 93d Cong., 2d sess., p. 543.) Rule XXI, section 2, provides that: Nor shall any provision in any such bill or amendment thereto changing existing law be in order.

It has been held by this House many times that language in an appropriation bill changing existing law is legislation and thus not in order. (Deschler's Procedure, section 1.2, citing 105 Congressional Record 12125, 86th Cong., 1st sess., June 29, 1959 (H.R. 7978).)

Under existing law, that is, section 215(a) of the Equal Educational Opportunity Act of 1974 (title II of P.L. 93-380, enacted August 21, 1974), the transportation of students as part of a school desegregation plan or effort under mandate of Federal authorities is permitted or authorized, but only within prescribed distances from a student's home.

Section 215(a) prescribes that:

> No court, department, or agency of the United States shall, pursuant to Section 214, order the implementation of a plan that would require the transportation of any student to a school other than the school closest or next closest to his place of residence which provides the appropriate grade level and type of education for such student.

Mr. Chairman, this is the standard of existing law, governing the ordering of transportation of a student for purposes of school desegregation, that is, not beyond the school closest or next closest to his place of residence.

The language of section 208, which I make a point of order against provides that:

> None of the funds contained in this act shall be used to require, directly or indirectly, the transportation of any student to a school other than the school which is nearest the student's home, and which offers the courses of study pursued by such student, in order to comply with Title VI of the Civil Rights Act of 1964.

On its face, section 208, the so-called Byrd amendment, changes existing law (section 215(a) cited above) in the following particulars:

First: Whereas existing law permits the transportation of a student to the closest or "next closest" school, section 208 restricts such transportation to the "nearest" school, only, thereby changing existing law;

Secondly: Whereas existing law is silent on the point, section 208 forbids student transportation "directly or indirectly" beyond the "closest" school, thereby creating new law on that point;

Third: Whereas existing law only forbids HEW's implementation of a school desegregation plan requiring transportation beyond the "next closest" school, section 208 forbids transportation beyond the "closest" school, plan or no plan, thereby changing existing law; and

Fourth: Whereas existing law prohibits transportation to a school other than one "which provides the appropriate grade level and type of education for such student", section 208 of this appropriation bill changes existing law by restricting such transportation to a school "which offers the courses of study pursued by such student", only. While section 208 would be in order if it merely repeated, verbatim, the provisions of existing law (that is, section 215(a) described above), it clearly differs from, goes beyond, and changes section 215(a) in the several ways that I have indicated.

That, Mr. Chairman, is a fatal defect, for subsection 842 of rule XXI declares, existing law may be repeated verbatim in an appropriation bill (IV Hinds' precedents, 3814, 3815) but the slightest change of the text causes it to be ruled out (IV Hinds' precedents 3817; Cannons' precedents 1391, 3194; Cong, Record, June 4, 1970, p. 18405).

Mr. Chairman, in ascertaining the legislative purpose and effect of incorporating the Byrd amendment in last year's Labor/HEW appropriation bill, I refer you to a letter to Chairman Daniel J. Flood, dated October 9, 1975, from Secretary of HEW, David Mathews, he unequivocally stated that the Byrd amendment:

> If enacted, section 208 would impose a limitation on the department with respect to the transportation of students for desegregation purposes which goes beyond the provision now in permanent law (section 215(a) of the Equal Educational Opportunities Act of 1974, title II of P.L. 93-380) which prohibits the department from requiring the transportation of students beyond the school next closest to their place of residence.

Later, in the record of hearings on this appropriation bill, Mr. Chairman, the following testimony appears at page 796 of part 6 (HEW Office of Civil Rights):

> In the view of the department's general counsel, the Byrd amendment must be read in conjunction with the Esch amendment (section 215(a) . . . the Byrd amendment, of course, necessarily amends the provisions of the Esch amendment relating to transportation; the limitation in the Esch amendment to transportation to "the closest or next closest" school must now be read as the "nearest" school.

Here, Mr. Chairman, we have the considered opinions of the chief administrative enforcers of title VI and section 215(a), that the "limitation" of the Byrd amendment (section 208) "goes beyond the provision now in permanent law (section 215(a) . . .", and necessarily amends section 215(a), the so-called Esch amendment. Section 843 of rule XXI forbids any "limitation" on an appropriation bill that would "justify an executive officer in assuming an intent to change existing law."

Perhaps equally as important, Mr. Chairman, the Byrd amendment also violates section 2 of rule XXI by improperly requiring these same HEW officials to make additional determinations in enforcing title VI of the Civil Rights Act of 1964 and section 215(a) of the Education Amendments of 1974 (the so-called Esch amendment).

HEW officials will not be required to determine: First, the location of the "nearest" school—rather than the "closest or next closest" school; second, whether it is requiring the transportation of students, "directly or indirectly," to the "nearest" school; and third, which school "offers the courses of study pursued by such student," all of which are "judgments and determinations not otherwise required by law" (Deschler's Procedures, sec. 11.1).

Mr. Chairman, I remind you that it appears that the point of order raised last year against the Byrd amendment by Mr. Conte of Massachusetts would have been sustained had it not been for the fact it came back to the House in disagreement with the Senate and not as a part of the Labor/HEW conference report.

And finally, Mr. Chairman, I suggest that subsection 842 of rule XXI reminds us that "the fact that an item has been carried in appropriation bills for many years does not exempt it from a point of order as being legislation." (VII Cannon's precedents 1445, 1656.)

Mr. Chairman, it cannot be denied that the Byrd amendment, section 208 changes existing law. It thereby constitutes legislation in an appropriation bill and the point of order should be sustained.

The CHAIRMAN. Does the gentleman from Pennsylvania (Mr. Flood) desire to be heard on the point of order?

Mr. FLOOD. I do, Mr. Chairman.

The CHAIRMAN. The gentleman may proceed.

Mr. FLOOD. Mr. Chairman, very simply, and very clearly, and the legal minds will understand the terminology, this provision is in the form of a limitation, period. It is strictly limited to the funds appropriated in this bill. The clear intent here is to impose what is known as a negative prohibition—a negative prohibition—of the use of the funds contained in this bill. It would not under any circumstances impose any additional duties or any additional burdens on the executive branch other than those already required in the enforcement of existing law.

By the way, this provision appeared for the first time in the Labor-HEW appropriation bill back in 1976 but, however, the wording is similar to many other antibusing prohibitions that we have heard about which have appeared regularly in the appropriation bills, all relating to HEW.

Mr. Chairman, there is precedent for the House accepting such provisions as they have been held to be in order as a limitation under prior rulings of the Chair, based on the precedent in section 3968 of volume IV of Hind's Precedents. The following headnote appears there. Let me quote:

> The House may provide that no part of an appropriation shall be used in a certain way, even though executive discretion be thereby negatively restricted.

Even though.

Mr. Chairman, this provision does not in any way change existing law—in no way. It simply limits the discretion of the Secretary of HEW in choosing methods to carry out his enforcement of the law.

The Members have heard of the so-called Esch amendment. The so-called Esch amendment constituted a limitation on the Secretary's discretion. The

Byrd amendment is simply a further extension of that limitation.

The CHAIRMAN. May the Chair inquire of the chairman of the Appropriations Subcommittee with respect to whether or not the terms of section 208 would require additional determinations by the administrator. The Chair would ask the gentleman from Pennsylvania for his response as to whether the standard of an appropriate grade level and type of education for such students, which is stipulated in the Equal Educational Opportunity Act of 1974, is a different standard from that set forth in section 208 of the bill pending before us—that is, courses of study pursued by such student.

The question that the Chair is attempting to arrive at basically is whether or not the requirement of a determination with respect to courses of study pursued by such student would in any substantial way differ from the requirement in the statute of a determination of the appropriate grade level and type of education offered by the schools.

Mr. FLOOD. No, Mr. Chairman, the direct answer is this does not require different standards. It is merely an expression in a different way. It is not a requirement of any different standards. It is an expression in a different way.

The CHAIRMAN (Mr. WRIGHT). The Chair thanks the gentleman from Pennsylvania. The Chair is prepared to rule.

The gentleman from Ohio (Mr. STOKES) makes the point of order against section 208 of the present bill and supports his point of order with a well documented brief and very persuasive verbal argument on the subject.

Basically, three questions seem to be involved. The first question is whether or not section 208 repeals or changes existing law.

It seems to the Chair that that question is answered satisfactorily by the chairman of the subcommittee when he declares that it does not directly amend existing law, but rather imposes a negative restriction only with respect to moneys contained in this present appropriation bill and that it is written as a limitation upon funds in this bill.

The second question occurs, of course, as to whether or not it imposes additional duties upon a Federal official.

That divides itself into two basic subquestions in the opinion of the Chair.

The first is whether the requirement in section 208 referring only to the school nearest the student's residence requires an additional duty over and above that required under the Equal Education Opportunity Act of 1974. That law proscribes a court or department or agency from ordering the transportation of students to schools other than those either closest or next closest to their homes. The Chair believes that no additional duties would be imposed upon the Administrator by section 208 of the bill since the Administrator already is required under existing law to make determinations to ascertain the existence and location of the comparable schools nearest and next nearest to the students' homes. Therefore the Chair feels that the determination of the existence of the school nearest the student's home would not be an additional burden in that the law already compels the Administrator to make that finding.

The second subquestion involved is that of whether or not an additional burden would be imposed by reason of the reference under section 208 to "the courses of study pursued by such student" in the schools involved. And the Chair, relying primarily upon the information provided in response to its inquiry by the gentleman from Pennsylvania and relying upon his own impression as well believes that "the courses of study pursued by such student" are essentially the same tests as that required in the Equal Education Opportunity Act, the appropriate grade level and type of education.

Now only one other question was addressed, it seems to the Chair, and that was the question bearing upon a fairly well established rule to the effect that existing law may be repeated verbatim in an appropriation bill but the slightest change of the text causes it to be ruled out. The Chair does not believe that section 208 purports to be a statement of existing law. For each of these reasons, and based upon the precedent cited by the gentleman from Pennsylvania and recognizing that the committee could have refused to appropriate any funds for implementation of transportation plans, the Chair believes that section 208 is properly in order as a limitation on an appropriation bill and overrules the point of order.

Are there amendments to section 208 of the bill?

AMENDMENT OFFERED BY MR. HYDE

Mr. HYDE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HYDE: On page 36, after line 9, add the following new section:

"SEC. 209. None of the funds appropriated under this Act shall be used to pay for abortions or to promote or encourage abortions."

Mr. HYDE. Mr. Chairman, this amendment may stimulate a lot of debate—but it need not—because I believe most Members know how they will vote on this issue.

Nevertheless, there are those of us who believe it is to the everlasting shame of this country that in 1973 approximately 800,000 legal abortions were performed in this country—and so it is fair to assume that this year over a million human lives will be destroyed because they are inconvenient to someone.

The unborn child facing an abortion can best be classified as a member of the innocently inconvenient and since the pernicious doctrine that some lives are more important than others seems to be persuasive with the pro-abortion forces, we who seek to protect that most defenseless and innocent of human lives, the unborn—seek to inhibit the use of Federal funds to pay for and thus encourage abortion as an answer to the human and compelling problem of an unwanted child.

We are all exercised at the wanton killing of the porpoise, the baby seal. We urge big game hunters to save the tiger, but we somehow turn away at the spectER of a million human beings being violently destroyed because this great, society does not want them.

And make no mistake, an abortion is violent.

I think in the final analysis, you must determine whether or not the unborn person is human. If you think it is animal or vegetable then, of course, it is disposable like an empty beer can to be crushed and thrown out with the rest of the trash.

But medicine, biology, embryology, say that growing living organism is not animal or vegetable or mineral—but it is a human life.

And if you believe that human life is deserving of due process of law—of equal protection of the laws, then you cannot in logic and conscience help fund the execution of these innocent defenseless human lives.

If we are to order our lives by the precepts of animal husbandry, then I guess abortion is an acceptable answer. If we human beings are not of a higher order than animals then let us save our pretentious aspirations for a better and more just world and recognize this is an anthill we inhabit and there are no such things as ideals or justice or morality.

Once conception has occurred a new and unique genetic package has been created, not a potential human being, but a human being with potential. For 9 months the mother provides nourishment and shelter, and birth is no substantial change, it is merely a change of address.

We are told that bringing an unwanted child into the world is an obscene act. Unwanted by whom? Is it too subtle a notion to understand it is more important to be a loving person than to be one who is loved. We need more people who are capable of projecting love.

We hear the claim that the poor are denied a right available to other women if we do not use tax money to fund abortions.

Well, make a list of all the things society denies poor women and let them make the choice of what we will give them.

Don't say "poor woman, go destroy your young, and we will pay for it."

An innocent, defenseless human life, in a caring and humane society deserves better than to be flushed down a toilet or burned in an incinerator.

The promise of America is that life is not just for the privileged, the planned, or the perfect.

Mr. MYERS of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from Pennsylvania.

Mr. MYERS of Pennsylvania. Mr. Chairman, I support the gentleman's amendment. I think the basic question is, as the gentleman has put it, if we believe that human lives, in fact, are the objects which are being disposed of in plastic bags in the abortion clinics, then we certainly have a responsibility to protect them from the use of Federal funds to destroy them.

Mr. Chairman, I respect the gentleman for coming to the floor with this issue.

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from Kentucky.

Mr. SNYDER. Mr. Chairman, I want to associate myself with the gentleman in the well and commend the gentleman for his initiative in offering this amendment. I support it.

Mr. FLOOD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would like the attention of the Members on this. I will tell them why. Nobody, but nobody in this room, has a better right to be standing here this minute on this subject, and everybody knows this, than the gentleman from Pennsylvania that is talking to the House now.

Mr. Chairman, everybody knows my position for many years with respect to abortion. I believe it is wrong, with a capital "W". It violates the most basic rights, the right of the unborn child, the right to life.

It is for that reason that I have supported for many, many years constitutional amendments which would address this very serious matter, and the Members know it. So, what am I doing down here now? Well, I will tell you. I oppose this amendment, and I will tell you why. Listen. This is blatantly discriminatory; that is why.

The Members do not like that? Of course they do not. It does not prohibit abortion. No, it does not prohibit abortion. It prohibits abortion for poor people. That is what it does. That is a horse of a different rolling stone. That is what it does. It does not require any change in the practice of the middle-income and the upper-income people. Oh, no. They are able to go to their private practitioners and get the service done for a fee. But, it does take away the option from those of our citizens who must rely on medicaid—and other public programs for medical care.

Now abortion, Mr. Chairman, abortion is not an economic issue; not at all. The morality—all right, the morality of abortion is no different for a poor family—the morality of abortion is no different for a poor family than it is for a rich family. Is that right? Of course: a standard of morality is a standard.

To accept—now, this is coming from me—to accept this amendment, the right of this country to impose on its poor citizens, impose on them a morality which it is not willing to impose on the rich as well, we would not dare do that. That is what this amendment does. To me, the choice is clear. Listen: A vote for this amendment is not a vote against abortion. It is a vote against poor people. That is what it is, as plain as the nose on your face.

This is not the place, on an appropriation bill, to address that kind of issue. This is not. Mr. Chairman, this is an appropriation bill. This is not a constitutional amendment.

I urge my colleagues to reject this amendment.

Mr. GUYER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, this issue has all but become threadbare, largely due to the fact that we cannot get action from the proper committee to really correct the wrong by a constitutional amendment that would solve the problem totally and properly. In the meantime, I think that children should have a bill of rights, which the law has indicated. They have legal rights, they have human rights, they have civil rights, they have property rights and they have divine rights. What a woman does with her body is her own business.

What she does with the body of somebody else is not her business.

I think that we here should go on record as safeguarding that most precious commodity, the gift of little children from God, who have a right to live.

Mr. BAUMAN. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I want to compliment the gentleman from Illinois (Mr. HYDE) for taking the leadership in offering this amendment and I am pleased to have worked with him in its drafting. The gentleman from Illinois serves on the Committee on the Judiciary with great distinction. He, as well as the rest of the Members of this body, know that for the 3 years since the Supreme Court held that constitutional limitations against abortion on demand were wiped out, many of us in the Congress have sought a forum on the floor of both bodies so that the people could express their will on this issue through their representatives; and we have been denied that forum. We have had perfunctory hearings in this body this year, in which not even all Members were permitted to testify. In the other body hearings were held which, finally, again resulted in a refusal to permit a bill to come to the floor.

The gentleman from Pennsylvania objects to using an appropriation bill for the purpose of making public policy, but no question was raised against the form of this amendment, and none could be, because it is a legitimate limit on the expenditure of Federal funds.

The gentleman raises an interesting, but I think answerable, point on the grounds that this would discriminate against poor people. The answer is that we have not been able to pass a constitutional amendment that would permit the right to life, regardless of poverty or wealth. But I do not understand that the child of a poor parent has any less right to live than the child of a rich parent. If we could protect the right to life for all children, we would do it. But the fact of the matter is, under medicaid and other programs that are financed in this bill, the Federal Government has been paying for more than 300,000 abortions annually at a cost of $40 to $50 million.

I think the unborn children whose lives are being snuffed out, even though they may not be adults have a right to live, too, regardless of the mistaken and immoral Supreme Court decision. I do not think the taxpayers of the United States have any obligation to permit their money to be used in this manner for federally financed abortions. That is the only issue here today.

The gentleman from Pennsylvania is mistaken. This is indeed a vote on whether or not we are for the right to life for millions of people who are not being permitted to be born. And they are people. The vote we cast on this will show whether or not we are for the right to live. Let us permit, those who are children of the poor to live, and then let us go on and hold up our action as an example. Let the House act on this fundamental issue, so that perhaps one day soon all unborn people in the United States can be permitted to live.

This is the most fundamental issue that this House will ever address; it involves a precious right once accorded to every Member at some time in the past, the right to live. Let us not deny it to others.

I hope the House will support the amendment offered by the distinguished gentleman from Illinois.

Mr. KINDNESS. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Ohio.

Mr. KINDNESS. I thank the gentleman for yielding.

Mr. Chairman, I would like to associate myself with the remarks of the gentleman from Maryland (Mr. BAUMAN) and the gentleman from Illinois (Mr. HYDE). Serving on the Subcommittee on Civil and Constitutional Rights, I have had the opportunity to sit through the hearings, which have provided, I think, an ample basis for that committee of seven men to decide which way the constitutional amendment issue ought to go, at least as far as the full Committee on the Judiciary is concerned, but no vote or no opportunity for a vote has been forthcoming. Here is the only opportunity that Members of this House will have, apparently, to address the issue of abortion and the question of the offensiveness to the taxpayers of this Nation of the use of their tax dollars in this way.

I would not stand in this House and advocate the proposition that people ought to withhold the payment of part of their taxes, but I would certainly advocate that we should represent that large portion of the American public who find it offensive to have their tax dollars used in this way. This would prohibit the use of tax dollars for the payment for the performance of abortions.

Mr. BAUMAN. Mr. Chairman, I thank the gentleman for his comments. I would hope that at the appropriate time the Members will support a rollcall vote on this issue.

Ms. ABZUG. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the issue confronting this body is whether it will conduct itself with respect for the normal processes in which we engage and for which we were sent here. The issue being discussed here today is irrelevant, nongermane, and inappropriate as it relates to this measure, because the relief that is being sought by those who have a very particular point of view cannot be accomplished by this amendment.

This amendment is a cruel amendment, as was very ably pointed out by the chairman of the subcommittee presenting this appropriations bill. The passage of this amendment will not overcome the fact that every survey and every poll in this country show that a majority of people support the Supreme Court decision.

This is not to say that I and others who support the Supreme Court decision and the right of privacy that is protected therein do not respect the right of others to differ with us. We do respect the right of those who take an opposite point of view to differ with us on this subject. As a matter of fact, people like myself probably have more contact with those who differ on this subject than those who claim to represent them in the House. They understand our differences, and they and we understand that there is a right to differ with a decision. Still, there must be an understanding that those who differ as a matter of conscience or religious belief have no right to impose their views on others who also wish to exercise their rights in their own way.

The implementation of this amendment or an amendment like this, if agreed to in this House, will mean only one thing, and that will be, as was pointed out by the subcommittee chairman, to deny to some people the rights the majority have in this country.

The fact is that most of the women who would be denied medicaid for the purpose of obtaining an abortion would be forced to carry unwanted pregnancies to term.

I have sat here all day and listened to the enormous concern that the Members of this House have expressed about increasing the budget. Well, the cost to the Government for the fiscal year, after implementation of this particular section in the public assistance area, would be between $450 million and $565 million. That is what those who seek to impose this irrelevant legislation upon an appropriation bill will cost this country—$450 million to $565 million. But it will not achieve the objective that they seek, namely, to create a law that says abortions are not permitted, because those same abortions will continue.

These abortions will continue, but under much more difficult conditions. Up to 25,000 cases involving serious medical complications from self-induced abortions would result, and the hospital costs involved would be anywhere from $375 to $2,000 per patient. And some will die—and you can calculate the social cost of that.

Language in the HEW bill restraining abortion will a neutral position. By refusing medicaid reimbursement for abortions performed on poor women, the Government is de facto putting itself in the position of countenancing abortion for those who can pay for it but denying it to others who cannot. That would be clearly a discriminatory action, one which may result in legal action against the Government, if not indeed against this Congress itself.

Mr. Chairman, it seems to me that we have a form of relief. If this Congress wants to change the law of the Supreme Court, then what it should do so by appropriate procedures. There are hearings taking place in the Judiciary Committee. There have been extensive hearings on amendments which seek to reverse the decision of the Supreme Court. That is the proper and the orderly method in which we should proceed, and that is the path that should be taken by those who wish indeed to put an end to the Supreme Court decision. We should not act in this improper, disorderly way of attempting to put legislation in an appropriation bill. This will not solve the problem.

Hearings have taken place in the Judiciary Committee. That is what was wanted. Petitions were circulated in this House demanding that there be hearings.

I see the chairman of the Committee on the Judiciary here. He has indeed held these hearings.

Some say that is not enough and there are individuals who seek only to reflect their own point of view in this lawless and inappropriate way; and not the point of view of the majority who seek to distort the legislative process; and who seek to deprive the poor person, who always carries the burden of discrimination now once again.

Mr. Chairman, I hope the Members of this House will not take this improper action. The committee has to act. It will act. We can then proceed lawfully.

The CHAIRMAN. The time of the gentlewoman from New York (Ms. ABZUG) has expired.

(On request of Mr. BUTLER and by unanimous consent, Ms. ABZUG was allowed to proceed for 1 additional minute.)

Mr. BUTLER. Mr. Chairman, will the gentlewoman yield?

Ms. ABZUG. I yield to the gentleman from Virginia.

Mr. BUTLER. As a member of the subcommittee which has considered these hearings, I would like to deny the suggestions that they are merely perfunctory.

It seems to me that we have to do this in some detail. The reason there has not been an amendment reported out up to this moment is that I do not find a consensus among our witnesses or among the subcommittee which would indicate that any amendment would pass this House or, indeed, pass the Judiciary Subcommittee.

I would like to support those who oppose this amendment. I would like to join with them. I do not think this is an option which should be denied by us while it remains available to the wealthy under the present state of the law.

For that reason, it is my intention to vote against the amendment offered by the gentleman from Illinois.

Mr. Chairman, I thank the gentlewoman from New York (Ms. ABZUG) for yielding.

Mr. KOCH. Mr. Chairman, I am opposed to the Hyde amendment. And I believe even those who are opposed to the Supreme Court decision allowing abortion as a constitutional right are not for this all encompassing amendment. This amendment would deny an abortion even to a woman whose very life would be lost without the abortion. I cannot believe that the Members here would be so heartless. I urge a no vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. HYDE).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. BAUMAN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 207, noes 167, not voting 57, as follows:

[Roll No. 452]

AYES—207

Abdnor
Ambro
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Aspin
Bafalis
Baldus
Bauman
Beard, R.I.
Beard, Tenn.
Bennett
Bevill
Biaggi
Blanchard
Blouin
Boggs
Boland
Bonker
Breaux
Brinkley
Broomfield
Burgener
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Byron
Carney
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Collins, Tex.
Conte
Cornell
Cotter
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
de la Garza
Delaney
Derwinski
Devine
Dickinson
Duncan, Tenn.
Early
Edwards, Ala.
Eilberg
Emery
English
Erlenborn
Evans, Ind.
Fary
Fish
Fithian
Flowers
Flynt
Fountain
Frey
Fuqua
Gaydos
Gibbons
Ginn
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hamilton
Hammerschmidt
Hanley
Harsha
Hechler, W. Va.
Heckler, Mass.
Hefner
Henderson
Hightower
Holt
Howe
Hubbard
Hungate
Hutchinson
Hyde
Ichord
Jarman
Johnson, Pa.
Jones, Okla.
Kasten
Kazen
Kelly
Kemp
Kindness
LaFalce
Lagomarsino
Latta
Lloyd, Tenn.
Long, La.
Lujan
McClory
McCollister
McDade
McEwen
McHugh
McKay
Madden
Madigan
Mahon
Mann
Mathis
Mazzoli
Miller, Ohio
Minish
Mitchell, N.Y.
Moakley
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Nedzi
Nichols
Nix
Nolan
Oberstar
O'Brien
O'Neill
Passman
Patten, N.J.
Paul
Perkins
Pike
Poage
Pressler
Price
Quillen
Railsback
Randall
Regula
Rhodes
Rinaldo
Roberts
Robinson
Rodino
Roe
Rogers
Rooney
Rostenkowski
Roush
Rousselot
Runnels
Ruppe
Russo
St Germain
Santini
Satterfield
Schulze
Sharp
Shipley
Shriver
Shuster
Simon
Skubitz
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Stanton, James V.
Steiger, Wis.
Stratton
Sullivan
Talcott
Taylor, Mo.
Thone
Thornton
Traxler
Treen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Whalen
White
Whitehurst
Whitten
Wilson, Bob
Winn
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, Tex.
Zablocki
Zeferetti

NOES—167

Abzug
Adams
Addabbo
Alexander
Allen
Anderson, Calif.
Anderson, Ill.
Badillo
Baucus
Bedell
Bell
Bergland
Biester
Bingham
Bolling
Bowen
Brademas
Breckinridge
Brooks
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burke, Calif.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Carr
Chisholm
Cohen
Collins, Ill.
Conable
Conyers
Corman
D'Amours
Danielson
Davis
Dellums
Dingell
Dodd
Downey, N.Y.
Drinan

Duncan, Oreg.
du Pont
Eckhardt
Edgar
Edwards, Calif.
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Fenwick
Findley
Fisher
Flood
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fraser
Gilman
Gonzalez
Gude
Hall
Hannaford
Harkin
Harris
Hawkins
Hayes, Ind.
Heinz
Hicks
Hillis
Holland
Holtzman
Horton
Howard
Hughes
Jacobs
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Tenn.
Jordan
Kastenmeier
Ketchum
Keys
Koch
Krebs
Krueger
Leggett
Lehman
Levitas
Lloyd, Calif.
Long, Md.
Lundine
McCloskey
McCormack
McFall
McKinney
Martin
Matsunaga
Meeds
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Mills
Mineta
Mink
Mitchell, Md.
Moffett
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Neal
Nowak
Obey
Ottinger
Pettis
Pickle
Preyer
Pritchard
Rangel
Rees
Reuss
Richmond
Roncalio
Rosenthal
Roybal
Sarasin
Sarbanes
Scheuer
Schneebeli
Schroeder
Seiberling
Slack
Smith, Iowa
Solarz
Spellman
Staggers
Stark
Stephens
Stokes
Studds
Symington
Taylor, N.C.
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Waxman
Weaver
Wiggins
Wilson, C. H.
Wilson, Tex.
Wirth
Wolff
Yates
Young, Ga.

NOT VOTING—57

Ashbrook
Ashley
AuCoin
Brodhead
Clay
Cochran
Conlan
Dent
Derrick
Diggs
Downing, Va.
Esch
Florio
Frenzel
Giaimo
Goldwater
Green
Hansen
Harrington
Hays, Ohio
Hébert
Helstoski
Hinshaw
Jones, Ala.
Karth
Landrum
Lent
Litton
Lott
McDonald
Maguire
Melcher
Metcalfe
Milford
O'Hara
Patterson, Calif.
Pattison, N.Y.
Pepper
Peyser
Quie
Riegle
Risenhoover
Rose
Ryan
Sebelius
Sikes
Sisk
Steed
Steelman
Steiger, Ariz.
Stuckey
Symms
Teague
Thompson
Udall
Wright
Wydler

Messrs. MURPHY of Illinois, ROSTENKOWSKI, and HALEY changed their vote from "no" to "aye".

Mr. JONES of Tennessee changed his vote from "aye" to "no".

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

COMMUNITY SERVICES ADMINISTRATION

COMMUNITY SERVICES PROGRAM

For expenses of the Community Services Administration, $496,000,000.

AMENDMENT OFFERED BY JOHNSON OF COLORADO

Mr. JOHNSON of Colorado. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Johnson of Colorado: On page 36, strike the period at the end of line 19, and insert in lieu thereof: ": *Provided*, That none of the funds appropriated under this paragraph shall be obligated or expended for recruitment of individuals as beneficiaries under the food stamp program.

Mr. JOHNSON of Colorado. Mr. Chairman, I realize that this amendment comes at a very anticlimatic moment, but I do believe it is one that the membership of this body will have an interest in and so I will try to be as brief and as clear as possible.

In our various outreach programs across the country that are designed to encourage people to enroll in various programs, an outreach program is nothing more than a recruiting process. This amendment would cut the outreach program that provides for recruiting by the Community Services Administration for food stamps. I am sure that many of us read the ads that advertise the availability of food stamps. The problem with this particular program is that it is duplicative. The Agriculture Department is the one that is charged with the responsibility of administering the food stamp program. The Agriculture Department spends between $10 million and $15 million a year on outreach.

Now, the Community Services Administration last year spent $8 million for the same purpose. In other words, we have two different agencies that are advertising the same program and the Community Services Administration has no responsibility for the administration of the food stamp program.

Yesterday during the debate with the chairman, the gentleman from Pennsylvania (Mr. Flood) and the gentleman from Illinois (Mr. Michel) it was brought out that nobody knows why we should have this duplication. The Agriculture Department is charged with the responsibility. They have their own outreach program.

When I asked why should we have a second outreach program, nobody could tell me.

Now, I did get a call yesterday from a man in the Community Services Administration and he said the reason they are doing this is that they did not like the way the Agriculture Department program was being administered. I suppose that makes sense to some people, that we should have various and competing agencies sitting in judgment on each other, but it does not make sense today. If the Agriculture Department is not handling the outreach program in the proper fashion, then the Agriculture Department is the one that should be chastised and that should be set on.

As a matter of fact, the Agriculture Department outreach program is very, very vigorous. We have received complaints from States that the Agriculture Department is setting a quota on the number of people who have to be enlisted; so I am just trying to bring to the attention of this body that here we have an example of one administrative agency within the Government sitting in judgment on the actions of another administrative agency and actually spending money for which it has no business spending.

Now, in the Senate version of the bill, $40 million will be set aside for this program. The Chairman, the gentleman from Pennsylvania (Mr. Flood) pointed out yesterday that the program has been cut from $26 million last year to $15 million this year; but all the money should be spent for food stamps, rather than for advertisements in the program. That is the reason I offer the amendment.

Mr. MITCHELL of Maryland. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Colorado. I yield to the gentleman from Maryland.

Mr. MITCHELL of Maryland. Mr. Chairman, I appreciate the gentleman yielding.

I merely want to get absolutely clear in my mind what the problem is. Am I correct in assuming that the gentleman said that the Community Services group spends $8 million just for outreach, just for food stamps?

Mr. JOHNSON of Colorado. That is correct. That is what they did last year under the testimony that was received in the committee.

Mr. MITCHELL of Maryland. My problem is that I know of outreach problems that go on under the CSA services and I know outreach embraces a whole battery of services.

Mr. JOHNSON of Colorado. I understand.

Mr. MITCHELL of Maryland. It would be an unusual situation where they would focus on and spend that amount of money on just one item.

Mr. JOHNSON of Colorado. According to the testimony of Mr. Diego in the committee in response to the question of the gentleman from Illinois (Mr. Michel), $8 million was spent on food stamps only.

All I am saying is let the Agriculture Department administer its own program, their own outreach program, and leave the CSA out of it.

Mr. FLOOD. Mr. Chairman, I rise in opposition to the amendment.

Of course, Mr. Chairman, the amendment is well intentioned—I am very sure about that. None of us want to see duplication or overlapping in Federal programs, especially the Appropriations Committee.

We think there are good reasons why this Community Services Administration should be involved in direct feeding programs.

First of all, let me tell the Members this: Half of this community food and nutrition money is going to a direct feeding program, according to the testimony we received. As I understand it, down at the Department of Agriculture they required each State to conduct its own outreach program.

The Members know that. The Department of Agriculture itself does not conduct any outreach activities directly; none at all. It tells the States that they must do it, and that is the way it should be.

Now, that being the case, in most States we do have this outreach activity. It is turned over to the State welfare department. The departments of welfare of the States do that job. As the Members know—and I know, in Pennsylvania they are spread pretty thin; they are understaffed in those welfare departments. What is the result? Unless a person is on welfare, it is a safe bet that they will not be contacted by any welfare department in any State.

Now, the Members know very well that a lot of people are proud, and in spite of what one hears, in spite of what one hears all the time about people grabbing for this, grabbing for that, we know very well and we are proud that many, many people—and hear this—particularly older people, do not want to go on welfare. Do not the Members know them? They do not want to go on welfare—older people. These people are around, especially, now, the older people. These people—we are proud of them—make every effort to stay off welfare.

What happens? Many times, they have little or nothing to eat because of what they think and what they believe. This program is designed to get at this type and kind of very poor people. These people are isolated, and they are not reached by the welfare departments. These are the people we are trying to help. They are not reached by the welfare departments. And by the way, this program is very effective where? In all the rural areas. In the rural areas, this is an effective program.

Many poor people are in the rural areas, and many are not on welfare. They are cut off. They are isolated from the rest of the world.

This program is not set up to go out and recruit people, to hand out food stamps. That is not part of this program. It is designed for two things: For the very, very poor, and for the isolated areas of this country. Those are the two things that this is intended to do.

How can we possibly object to that being done by this or any other department?

There is no duplication, no tremendous duplication or overlapping here. It is not here.

Mr. THONE. Mr. Chairman, I move to strike the requisite number of words.

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. THONE. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. I thank the gentleman for yielding.

Mr. Chairman, I would like to read to the Members the language of the amendment. I do not want to argue about whether or not we should have an outreach program. I am saying we should have one, and the one program should be administered by the department that is responsible for administering food stamps. Many things that the gentleman from Pennsylvania said is true. There is an outreach program. All that the language of this amendment says is that none of the funds appropriated under this paragraph shall be obligated or expended for recruitment of individuals as beneficiaries under the food stamp program.

That does not stop the outreach program under the Department of Agriculture. It does not stop anything else. It relates to this one area of duplication.

It seems to me that sound management decision would require we just have one agency administering and promoting the program.

Mr. THONE. Mr. Chairman, I yield back the balance of my time.

Mr. GONZALEZ. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, we went through an exercise on food stamps just 2 days ago. I am very surprised that we get into this kind of debate in the most glaring inconsistent way that we can imagine. Just 2 days ago we had an amendment to reduce substantially the regular food stamp program on the basis that there were gross frauds and miscarriages of proper administration in the conduct of the Department of Agriculture food stamp program.

There have not been any, to my knowledge, that have been brought forth on this outreach program under the CSA. I know that in my district, if we approve this amendment and we say we are going to hope to consolidate these agencies, we will clearly deprive those very people that everybody I have heard discuss the subject matter in the House has said he or she is wanting to target in with the food stamp program.

I think that we have—unless we have gone out and visited these outreach programs, particularly for the elderly—no concept of the extent of the actual need that exists in this country, and particularly among this group.

I do not know what is the matter that we constantly get these amendments in the guise of economy. But always aimed at those areas and those people in our society that are the least able to speak out in defense of the programs that the Congress in its wisdom justly and humanely has seen fit to adopt.

I have not heard, and I defy anybody to show, contrary to the Department of Agriculture administration of the food stamp program, where there has been an abuse in this particular type of program that this amendment seeks to cut out.

Once again I want to remind the Members, who are so anxious to prune these programs, of this ditty by Dorothy Parker:

> "Higgledy piggledy my little white hen
> She lays eggs only for gentlemen.
> I can't persuade her with pistol or lariat
> To come across for the proletariat."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado (Mr. JOHNSON).

The question was taken; and on a division (demanded by Mr. JOHNSON of Colorado) there were—ayes 41, noes 69.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

CORPORATION FOR PUBLIC BROADCASTING

PUBLIC BROADCASTING FUND

For payment to the Corporation for Public Broadcasting, as authorized by the Public Broadcasting Financing Act of 1975, an amount which shall be available within limitations specified by said Act and in accordance with the provisions of titles VI and VII of the Civil Rights Act of 1964 (Public Law 88–352) and title IX of the Education Amendments of 1972 (Public Law 92–318), for the fiscal year 1977, $96,750,000; for the fiscal year 1978, $107,150,000; and for the fiscal year 1979, $120,200,000.

POINT OF ORDER

Mr. VAN DEERLIN. Mr. Chairman, I raise a point of order.

The CHAIRMAN. The gentleman from California (Mr. VAN DEERLIN) will state his point of order.

Mr. VAN DEERLIN. Mr. Chairman, my objection is to the language which begins on page 36, line 25, and ends on page 37, line 3. The phrase reads "* * * and in accordance with the provisions of titles VI and VII of the Civil Rights Act of 1964 (Public Law 88–352) and title IX of the Education Amendments of 1972 (Public Law 92–318)."

This language applies to funds appropriated under the bill to the Corporation for Public Broadcasting. The inclusion of this phrase constitutes legislation in an appropriations bill and is in violation of rule XXI(2) of the Rules of the House of Representatives.

The Chair has been supplied with detailed material in support of this point of order. However, I will briefly list the primary grounds for objection to the inclusion of this language.

First. The question of the applicability of these provisions to the Corporation for Public Broadcasting has not been resolved by the Commerce Committee. Hearings have been scheduled for August 9 and 10 to consider the very issue addressed by the language.

Second. The language is ambiguous and has never been the subject of hearings. A similar amendment was dropped from the Public Broadcasting Financing Act of 1975 by the conferees so that the question could be examined in hearings.

Third. The language on its face would force CPB to adopt regulations and insure compliance in the same manner as Federal departments and agencies. This changes the intent of Congress as expressed in the Public Broadcasting Act of 1967 which states that CPB is "not an agency or establishment of the United States Government." If such a change is to be made, it is within the province of the Commerce Committee to decide.

Fourth. Even narrowly construed, the language would change existing law by making the provisions of section 602 of title VI applicable to CPB and by applying title IX directly to CPB.

For these reasons, I ask that the Chair sustain this point of order and rule out the portion of H.R. 14232 in question.

The CHAIRMAN. Does the gentleman from Pennsylvania (Mr. FLOOD) desire to be heard on the point of order?

Mr. FLOOD. I do, Mr. Chairman.

Mr. Chairman, we believe this language is in order and that it is not legislation upon an appropriation bill.

It seems clear to us that the Corporation for Public Broadcasting is already now subject to the provisions of title VI and of title VII of the Civil Rights Act, and of title IX of the Education Amendments of 1972.

We are not writing any new law here under any circumstances, and we certainly are not changing any existing law.

That being the case, Mr. Chairman, we ask that the Chair overrule the point of order.

The CHAIRMAN. Does the gentleman from Ohio (Mr. STOKES) desire to be heard on the point of order?

Mr. STOKES. I do, Mr. Chairman, in opposition to the point of order.

The CHAIRMAN. The Chair will hear the gentleman from Ohio.

Mr. STOKES. Mr. Chairman, I agree with the chairman of our subcommittee that this is a proper limitation on the use of appropriated funds which is consistent with existing law. It does not change existing law. It does not purport to interrupt or interfere with existing law, and thus, it is not legislation on an appropriation bill.

Mr. Chairman, title VI of the Civil Rights Act of 1964 prohibits racial discrimination by any program or activity receiving Federal financial assistance, and CPB distributes appropriate Federal funds to its grantee stations. It necessarily follows that CPB and all of its grantees are subject to title VI of that act.

Mr. Chairman, this matter comes to this body for the reason that in testimony given to our subcommittee at the time that the Corporation for Public Broadcasting appeared before us, they told us, in reply to interrogation with reference to discrimination and their inability to deal with the discrimination that occurs not only with respect to the Corporation for Public Broadcasting but before its grantee stations, that Federal funds, once received by them, would no longer sustain the character of being Federal funds, but generally something other than Federal funds.

Consequently, Mr. Chairman, this past year, when this matter was brought to the attention of this body in the authorizing bill, we did pass what was known as the Stokes amendment, which made them subject to title VI of the Civil Rights Act.

This was subsequently dropped in conference, and all we are trying to do at this time is to once again establish the fact that no institution, whether it be a private institution or not, can receive Federal funds and then permit discrimination to occur with reference to those funds under the theory that they come under the first amendment and that they are to be excluded from the provisions of title VI of the Civil Rights Act of 1964.

Mr. VAN DEERLIN. Mr. Chairman, the question here, of course, is not whether or not we support the principle of nondiscrimination for reasons of race, sex, or for any other reason in public broadcasting.

The question is only—and it is a position supported by the Justice Department—whether the CPB could and should be required to set up still another layer of enforcement procedure.

Mr. Chairman, the Justice Department contends that CPB is currently subject to section 601, but not to section 602 of title VI of the Civil Rights Act.

The appropriations language to which I am taking exception would arguably make CPB subject to section 602 as well, thus forcing the Corporation for Public Broadcasting to promulgate rules and to enter into a new phase of enforcement, which is better left, we think at the moment, to existing enforcement agencies.

However, Mr. Chairman, I assure my friend, the gentleman from Ohio (Mr. STOKES), and I assure the full House that our subcommittee on August 9 and 10 will take this very matter up at public hearings.

Mr. STOKES. Mr. Chairman, if I might just reply to the distinguished gentleman from California's last argument, I hold here, Mr. Chairman, a document that is entitled, "Prohibition Against Discrimination Under Programs Receiving Financial Assistance from the Corporation for Public Broadcasting."

This document, Mr. Chairman, was published by the Corporation for Public Broadcasting. It was signed and put in effect by Frank Pace, Jr., Chairman of the Board of Directors of the Corporation for Public Broadcasting in Washington, D.C., December 1, 1969. The initial paragraphs of it say:

> I. Background
>
> Title VI of the Civil Rights Act of 1964 (Public Law 88–352) provides certain prohibitions against discrimination under programs receiving Federal financial assistance.
>
> The Corporation for Public Broadcasting receives substantial amounts of Federal funds as well as private funds. Even though the Corporation's grants are financed by mingled Federal and private funds, the Corporation administers its programs in accordance with Title VI of the Civil Rights Act.

So, Mr. Chairman, it seems to me that the Corporation for Public Broadcasting acknowledges that they are subject to the provisions of the act.

The CHAIRMAN (Mr. WRIGHT). The Chair is prepared to rule unless other Members desire to be heard.

The gentleman from California (Mr. VAN DEERLIN) makes a point of order against the language beginning in line 25, page 36, and ending with the closing parenthesis on line 3 on page 37, and not against the entire paragraph. The gentleman from California objects to the inclusion of this language in an appropriation bill on the ground that it would change existing law and would constitute legislation in an appropriation bill.

The Chair is aware of the fact that there is a great deal of uncertainty between Members who are knowledgeable in this matter as to the applicability of the Civil Rights Act of 1964 to the Corporation. The question, presumably unresolved, is whether or not all of that act is applicable to the Corporation for Public Broadcasting.

The gentleman from Ohio (Mr. STOKES) and the gentleman from Pennsylvania (Mr. FLOOD) seem to contend that it is applicable on the face of the law itself while the gentleman from California (Mr. VAN DEERLIN), a member of the committee which is deeply involved in that particular legislation involving the Corporation for Public Broadcasting, contends that part of that Act is not now applicable to the Corporation for Public Broadcasting.

It seems to the Chair that if it were indeed true and generally agreed that the Civil Rights Act of 1964 did apply to the Corporation for Public Broadcasting, then there would be no reason whatever for this language to be included in an appropriation bill. On the other hand, if only certain sections of title VI of that Act, for example, section 601, but not section 602, are applicable to the Corporation for Public Broadcasting, then indeed the inclusion of this language in appropriation bill would constitute legislation in an appropriation bill.

It seems to the Chair that the language "in accordance with the applicable provisions of titles VI and VII" would be admissible, but, under the terms of the language appearing in this section, all of the provisions of titles VI and VII of the Civil Rights Act would be made applicable to the Corporation for Public Broadcasting. This would, indeed, constitute legislation in an appropriation bill, to the degree that some of the sections of the law are not applicable.

For those reasons, the Chair is constrained to sustain the point of order.

AMENDMENT OFFERED BY MR. STOKES

Mr. STOKES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. STOKES: On page 37, line 5, add the following sentence: "None of the funds contained in this paragraph shall be available or used to aid or support any program or activity excluding from participation in, denying the benefits of, or discriminating against any person in the United States, on the basis of race, color, national origin, or sex."

Mr. STOKES. Mr. Chairman, I will not really need 5 minutes in support of this amendment. I realize that in the ruling just rendered by the Chair there is a gray area, and there is some question as to the applicability of both section 601 and section 602 of the Civil Rights Act of 1964. Consequently, what this amendment does is merely to utilize language that will make section 601 applicable. We do not by this amendmend make section 602 the enforcement provisions of the act, applicable. I think we are getting at what I am trying to get at, Mr. Chairman, and that is to make both the Corporation and its grantees by the availability and utilization of this money subject to section 601 of the act. For that reason I would submit and urge the adoption of this amendment.

Mr. VAN DEERLIN. Mr. Chairman, will the gentleman yield?

Mr. STOKES. I yield to the gentleman from California.

Mr. VAN DEERLIN. As usual, Mr. Chairman, the gentleman from Ohio has shown himself to be innovative and understanding. He has come up with language that I consider a very reasonable and happy compromise. As everyone knows, or as anyone familiar with this subject knows, these hearings would have been held long ago were it not for the decline and fatal illness of the former chairman of the Subcommittee on Communications, our late beloved colleague, Mr. Torbert Macdonald. I can assure the gentleman from Ohio that the hearings will go forward the second week in August. I can assure him that he will be pleased with the conduct of those hearings.

Mr. STOKES. I thank the gentleman for his remarks. I do look forward to the oversight hearings which the gentleman's committee did promise at the time that the Senate dropped the Stokes amendment in conference. Both the Senate and the House did agree that there was a great deal of discrimination or evidence of discrimination as relates to both minorities and women, and that in consideration of dropping that particular amendment in conference, both sides, that is, the Senate and the House, agreed to conduct these hearings, which I look forward to.

Mr. FLOOD. Mr. Chairman, will the gentleman yield?

Mr. STOKES. I yield to the gentleman from Pennsylvania.

Mr. FLOOD. I thank the gentleman for yielding.

Mr. Chairman, under the circumstances we do accept this amendment.

Ms. ABZUG. Mr. Chairman, I move to strike the requisite number of words.

I was extremely pleased to hear the gentleman from California talk about promising these hearings for August 2. I wish, however, to differ with the gentleman in one sense. I mean there is a lot of ambience here in this discussion, and I enjoy it, but the fact is, and I wish to have the record show, that there were hearings held before that subcommittee, and there was considerable evidence to point out that there was serious consideration in both the participation as well as the employment practices of the Corporation and its subsidiaries toward minorities and women. I must point out that there has been a very recent task force report on women in public broadcasting which, by the way, was approved by the Corporation for Public Broadcasting. It found pervasive underrepresentation of women throughout the public broadcasting industry, both in employment and in program content.

The task force survey found that women were frequently hired at lower levels and often at lower salaries than men of the same age and educational level of secretary, librarian, production and pay raises follow the same pattern. For example, 42 percent of the women with a postgraduate education who were surveyed entered the profession at the level of secretary, librarian, production assistant or at best, production manager, while 42 percent of the men with the same education entered at an executive level.

In public broadcasting nationwide, women outnumber men by more than 3 to 1 in nonprofessional positions. However, when women hold only 9 percent of the seven executive-level positions in public broadcasting stations, one-third of the full-time jobs in programing and virtually no jobs in engineering.

So this is not an esoteric question. It hardly even requires hearings. It requires action to eliminate this discrimination. I would urge the gentleman who is now the chairman of this subcommittee to take very seriously this report of the task force.

When we appropriate funds for the Corporation for Public Broadcasting and its beneficiaries in the face of these findings of discrimination, then we are violating the law. We are aiding and abetting and violating the laws prohibiting discrimination. I would suggest to the gentleman that although I think it is fine to once again hold hearings, his hearings will have to come forward with some considerable report as to what the broadcasting industry has done and will do to eliminate this discrimination.

We have had studies. We know what the findings are. We have had hearings, but there has been no action. Today we have money in this bill to continue to fund the Corporation for Public Broadcasting despite the discrimination in program content and in employment against women and minorities.

I think it ill-behooves this House to continue appropriating such funds without insuring that these funds will only be spent for programs which are free from discrimination.

Mr. Chairman, may we have order.

The CHAIRMAN. The House will be in order.

I would suggest, sir, that much more effective steps are required than just holding hearings. I have been asked to make this statement by women who are on the task force on public broadcasting set up by the Corporation, I hope that we will stop appropriating funds for agencies of the Government such as CPB which continue to discriminate against women and minorities and that this body will adopt the Stokes amendment.

Mr. VAN DEERLIN. Mr. Chairman, will the gentlewoman yield?

Ms. ABZUG. I yield to the gentleman from California.

Mr. VAN DEERLIN. Mr. Chairman, I assure the gentlewoman from New York the matter of holding hearings is not just to determine whether there is discrimination but to determine where the proper enforcement is and who is failing to enforce the law of the land.

Mr. Chairman, to recall the House to the business before the House, I urge the Members to accept the amendment offered by the gentleman from Ohio.

Ms. ABZUG. Mr. Chairman, I think I still have the time.

Mr. STOKES. Mr. Chairman, I ask unanimous consent to modify my amendment to include the word "religion" immediately after the words "national origin" and before the words "or sex."

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The amendment, as modified, is as follows:

Amendment offered by Mr. STOKES, as modified: On page 37, line 5, add the following sentence:

"None of the funds contained in this paragraph shall be available or used to aid or support any program or activity excluding from participation in, denying the benefits of, or discriminating against any person in the United States, on the basis of race, color, national origin, religion or sex.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. STOKES), as modified.

The amendment, as modified, was agreed to.

AMENDMENT OFFERED BY MR. MOORE

Mr. MOORE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MOORE: Page 37, line 5, strike the period immediately following "$120,200,000" and add the following: ": *Provided*, That no funds made available to the Corporation for Public Broadcasting by this Act shall be used to pay for receptions, parties and similar forms of entertainment for government officials or employees."

Mr. MOORE. Mr. Chairman, I do not purport to make a major issue out of this point, but it is something important. In March a year ago, the Corporation for Public Broadcasting had a reception for us here that cost $9,802.75, or $12.25 per guest.

According to the investigation I was able to make some or all of that money was public funds appropriated under an appropriation act just like this one.

In the supplemental appropriation bill that came to the House in April of this year, I attached a similar amendment by a voice vote with no opposition. That amendment was deleted by the conference committee with the thought that the language could be improved upon.

The amendment I offer now uses the exact same language as was used in the conference report. I am simply saying we should not have CPB using taxpayers' money to entertain us in order to get more taxpayers' money. I do not think it is at all necessary. We can see them in our offices and consider their requests.

Mr. Chairman, I urge passage of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Louisiana (Mr. MOORE).

The amendment was agreed to.

Mr. MITCHELL of Maryland. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have an amendment pending at the desk and I take this time to explain what that amendment is about.

Mr. Chairman, it is my understanding that a point of order will be reserved against the amendment which I had planned to offer. The amendment has been printed in the RECORD. Quite frankly, I do not believe I have an adequate defense against the point of order; and therefore, I shall not offer the amendment.

I would like to take this time to explain the motivation behind the amendment which was designed to insure greater minority participation in Government procurement activities.

It is quite clear to me that we shall not resolve many of the major domestic problems we confront until and unless we achieve a degree of economic parity for blacks and other minorities in this Nation.

One tool to be used as we move toward economic parity is the development of a strong minority enterprise system in America. One method of strengthening and helping to develop minority enterprise is to let us participate in the Government procurement business in which, annually we spend billions of dollars.

As I stated during the consideration of the HUD and related agencies appropriation debate, blacks and other minority receive less than one-tenth percent of all the Federal procurement contract dollars. This same pattern, this same low percentage is found as we make an analysis agency by agency.

Insofar as the legislation we are debating today, here are the facts:

LABOR-HEW PROCUREMENT ACTIVITIES

Department of Health, Education and Welfare:

Miscellaneous contract services, fiscal year 1974 $2.2 billion; fiscal year 1975 $2.5 billion.

Supplies and materials, fiscal year 1974 $122 million; fiscal year 1975 $153 million.

Equipment, fiscal year 1974 $70 million; fiscal year 1975 $97 million.

Total, fiscal year 1974 $2.4 billion; fiscal year 1975 $2.7 billion.

Department of Labor:

Procurement, fiscal year 1974 $191.7 million; fiscal yaer 1975 $118.5 million.

Grand total, fiscal year 1974 $2.6 billion; fiscal year 1975 $2.9 billion.

The above figures do not reflect all the contractual moneys of these two agencies. My estimate is that the grand total for each agency will be approximately $3 billion.

Now for the grim, depressing statistic. Minority enterprises receive only a piddling, infinitesimal 1.2 percent of all of the billions of procurement dollars of these two agencies. Why? Not because there are not qualified competent minority entrepreneurs. Not because minority entrepreneurs do not seek to obtain these contracts. No. The reason is that they confront the middle management thicket, the procurement officer level of personnel who, are all too often, not motivated, not sensitized really not concerned about minority enterprise.

It is the duty and the responsibility of the Congress to correct this invidious situation. It should be the desire of every Member of this House to assist minorities toward economic parity.

I bring this matter to your attention knowing full well that we shall not act on it this evening, but also knowing full well that until and unless we do redress this grievous situation, the Nation will continue to pay for a pattern of exclusion against minority business.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 409. None of the funds appropriated by this Act shall be used to pay for any research program or project or any program, project, or course which is of an experimental nature, or any other activity involving human participants, which is determined by the Secretary or a court of competent jurisdiction to present a danger to the physical, mental, or emotional well-being of a participant or subject of such program, project, or course, without the written, informed consen of each participant or subject, or his parents or legal guardian, if such participant or subject is under eighteen years of age. The Secretary shall adopt appropriate regulations respecting this section.

AMENDMENT OFFERED BY MR. MILLER OF OHIO

Mr. MILLER of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MILLER of Ohio: On page 43, after line 11, add the following paragraph:

SEC. 410. Of the total budget authority provided in this Act for payments not required by law, five per centum shall be withheld from obligation and expenditure: *Provided*, that of the amount provided for each appropriation account, activity, and project, for payments not required by law, the amount withheld shall not exceed ten per centum.

Mr. MILLER of Ohio. Mr. Chairman, this is the same amendment that has been offered on every one of the appropriation bills we have had before this body. It provides for a 5-percent reduction. I believe there is some misunderstanding as to exactly how the amendment works, even though it has been explained each time.

Yes; it reduces 5 percent, but not across the board. Any one line item can be reduced 10 percent, a maximum of 10 percent. However, the total would be 5 percent overall. In this particular bill, Labor-HEW appropriation, initial funding was for approximately $56 billion. Out of that $56 billion, $18 billion is nonmandatory and $38 billion is mandatory.

We are not affecting the mandatory spending in any way—not the pensions, nor the compensation. We are affecting that which is not mandatory. The 5 percent of that which is not mandatory would be approximately $900 million.

Yesterday, the HUD bill was before this House. I questioned the chairman at the time as to what was the highest monthly rent subsidy that is paid any one family in the United States. This was at the time that there was suggested a 5-percent reduction on that bill. Neither side of the aisle had the answer. But today, I have the answer from the Department of HUD. We have many people back in my district who would like to have a rent subsidy. But would the Members believe that the answer came back from HUD that they are paying up to and including $873 a month rent subsidy? Today we have a little bit of the same problem. I would like to ask the chairman of the committee a question, if I may, because we have in the bill that is before us today impact aid money.

I understand that the counties around the District of Columbia were to be reduced in the amount of the funds that they were to receive.

Mr. FLOOD. That is correct.

Mr. MILLER of Ohio. Do we also have in the amount that would be received by the various counties a factor that would allow those counties to receive a larger amount of money than what is listed in the bill? As an example, we have listed in the hearings, part 5, page 221, the amounts that Prince Georges County, Montgomery County, Fairfax County, and Arlington County would receive. But there is a hold-harmless agreement. That hold-harmless agreement implies that Prince Georges County, one of the richest counties in the United States, would receive $1,250,000. Is it not true that they will receive approximately $9 million because of the hold-harmless clause?

Mr. FLOOD. That is correct, yes.

Mr. MILLER of Ohio. Montgomery County we see listed in the bill, they would receive just $17,709.

Mr. FLOOD. That is right.

Mr. MILLER of Ohio. Is it true they would receive approximately, out of this bill, $5.5 million?

Mr. FLOOD. About $5.5 million is right.

Mr. MILLER of Ohio. Is it correct that the bill and the report show that Fairfax County would receive $1,600,000, and they would receive approximately $12 million due to hold-harmless provisions?

Mr. FLOOD. Yes.

May I say this: This, of course, represents everything the gentleman is saying. It represents a comparison with the 1977 budget requests. That is totally unrealistic. Totally.

Mr. MILLER of Ohio. It is totally unrealistic that they receive a dollar, just like the rent subsidy of $873 per month that is paid right now.

Mr. Chairman, I urge that the amendment be approved.

AMENDMENT OFFERED BY MR. MICHEL TO THE AMENDMENT OFFERED BY MR. MILLER OF OHIO

Mr. MICHEL. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. MICHEL to the amendment offered by Mr. MILLER of Ohio: In the Miller amendment, strike all after: "SEC. 410." And insert in lieu thereof: "Of the total budget authority provided in this Act for each appropriation account, for payments not required by law, not to exceed five per centum shall be withheld from obligation and expenditure: *Provided*, That withholding under this section shall not reduce the budget authority available for fiscal 1977 for any appropriation account, activity, or project below the level of budget authority available for fiscal 1976, or the level of budget authority available for fiscal 1977, as estimated in the Budget of the United States Government for Fiscal 1977 as amended."

Mr. YOUNG of Florida. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The gentleman from Illinois (Mr. MICHEL) is recognized for 5 minutes in support of his amendment.

Mr. MICHEL. Mr. Chairman, and members of the committee, I want to speak, if I might, to two issues: first, my amendment to the Miller amendment; second, an amendment relative to summer jobs adopted yesterday by a very narrow vote, on which I shall demand a separate rollcall vote when we go into the House.

Mr. Chairman, with regard to my amendment, we wrote extensive minority views in the committee report. We specifically mentioned 15 items, suggesting cuts that could total $877 million.

Mr. Chairman, a number of Members have asked me why we did not offer individual amendments on each of those propositions. This is my 18th year of being associated with this bill, and I very well know what the outcome would be had we done so. Each of these amendments that I would have offered would obviously have reduced the bill, and I know that the result would have been a foregone conclusion in view of the fact that the only amendments that pass around here on a bill like this are those that increase the bill. We have already added $100 million to the bill.

Therefore, Mr. Chairman, I decided to

spare the House the agony of being put through the hoops on each of these items and decided instead to put this House to the test only once in the form of this 5-percent across-the-board reduction, item by item, with the proviso that no item fall below either the 1976 level of funding or the budget level, whichever is higher.

Mr. Chairman, my amendment would have resulted in total savings before we added these items to the bill of $545 million. Now that we have added $100 million to the bill, it would result in a savings of $583,484,050, to the best of our calculations, in dealing with the bill on a program-by-program basis.

Thus, this differs from the across-the-board reduction amendment offered by the gentleman from Ohio (Mr. MILLER) in connection with this and the other appropriation bills. His amendment basically leaves it up to the department heads as to where they would make the reductions. My amendment specifies where the reductions will be made and in what amounts, thus giving us, not the executive branch, control over the funding levels.

Mr. Chairman, this 5 percent reduction excludes the mandatory items such as welfare, medicaid, social security, and unemployment compensation, totaling some $38 billion. Therefore, it really covers only $18 billion of nonmandatory programs.

In brief, as a recapitulation, Mr. Chairman, the bill came to this floor totaling $56,104,000,000, which was $3,567,000,000 over the budget.

The Mitchell amendment of yesterday added $66 million to the bill. The Conte amendment today added another $24 million.

The Randall amendment added another $10 million.

So we now have a bill that is $3,677 million over the budget. I just cannot believe that it is not possible to get at least 150 Members of this House to support this amendment, and possibly a majority. Even the Committee on the Budget, in its projections, the last one they gave to us, before these amendments were added to the bill, showed that in budget authority we are $141 million over the budget authority called for, and $900 million over the budget outlays for this year.

These amendments put us $250 million over the budget authority and $1 billion over the budget resolution in outlays.

When we were discussing this bill during general debate, there were only a handful of the Members on the floor, and I regret to say that not even all the members of the subcommittee were on the floor, and I could not help but observe the looks of disbelief of the people in the galleries of the House when we talked about a bill that totaled $169 billion.

The average citizen simply cannot comprehend these figures we toss around with reckless abandon. I have got to remind myself from time to time what is $1 billion, and I have got to do it this way:

A billion seconds ago the first atomic bomb had not been exploded on Hiroshima.

A billion minutes ago Christ was still on this Earth.

A billion hours ago men were still living in caves.

Yet $1 billion ago, in terms of Government spending, was only yesterday.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. MICHEL was allowed to proceed for 2 additional minutes.)

Mr. MICHEL. Mr. Chairman, let me make one more point, because I know we want to move right along.

Members I am sure know that on individual items, as have been proposed here, such as on the aging, the handicapped, and numerous others, no Member can stand the heat to vote for any amendment that is going to cut anything, or vote against one that will increase the amount.

The committee has made its allocations. We have stated our priorities. My amendment keeps those priorities in place but simply says that each item will be cut by no more than 5 percent, and that in doing so we can then realize some significant savings overall in this bill.

Now, Mr. Chairman, finally, on the question of a separate vote on the amendment offered by the gentleman from Maryland (Mr. MITCHELL) yesterday. Last summer we had 9 percent unemployment and we had 840,000 summer jobs. This summer we have 7 percent or a little bit more of unemployment and we have increased the summer jobs to 880,000. Next summer, the unemployment rate is expected to be even lower, but we retain the high level of summer jobs in this bill.

Now the gentleman from Maryland is asking that next summer we ought to have 1 million summer jobs.

Well, you know, if you folks on the Democrat side of the aisle by chance should win with Jimmy Carter—and I do not think he has much chance—if you are going to need 1 million summer jobs, you certainly do not have much confidence in a Democratic administration stimulating the economy very much.

And to you Members on this side of the aisle, those 17 Members, every one of whom hopes to heaven that the President is going to be the nominee, and not the other candidate—are you going to support your President, whose budget called for this amount for summer jobs?

I submit that when we go into the House and have a rollcall vote again on that amendment that there ought to be a few people who change their minds over here and I submit there could very well be a few on the other side of the aisle that could change their minds.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. FLOOD. Mr. Chairman, I rise in opposition to the amendments.

Mr. MOFFETT. Mr. Chairman, will the gentleman yield?

Mr. FLOOD. I yield to the gentleman from Connecticut.

Mr. MOFFETT. Mr. Chairman, I would like to ask the distinguished chairman, the gentleman from Pennsylvania (Mr. FLOOD) if the unemployment figures cited by the gentleman from Illinois (Mr. MICHEL) included those young people who need these summer jobs?

Mr. FLOOD. I would say no, since they are in school.

Mr. MOFFETT. I thank the gentleman.

Mr. HECHLER of West Virginia. Mr. Chairman, will the gentleman yield?

Mr. FLOOD. I yield to the gentleman from West Virginia.

Mr. HECHLER of West Virginia. I thank the gentleman for yielding.

I would like to ask the chairman what the figure in the Randall amendment was. The gentleman from Illinois said it was $100 million.

Mr. FLOOD. I did not notice that.

Mr. MICHEL. If the gentleman will yield, on whose amendment?

Mr. HECHLER of West Virginia. The gentleman from Missouri.

Mr. MICHEL. If the gentleman will yield, $10 million.

Mr. HECHLER of West Virginia. I think he said $100 million.

Mr. MITCHELL of Maryland. Mr. Chairman, will the gentleman yield?

Mr. FLOOD. I yield to the gentleman from Maryland.

Mr. MITCHELL of Maryland. I thank the gentleman for yielding.

I have two brief questions. The first question is, is it not true that in terms of the summer employment program, the Mitchell amendment did not exceed the target figure suggested by the Budget Committee? Is that not correct?

Mr. FLOOD. That is correct.

Mr. MITCHELL of Maryland. One other question, Mr. Chairman.

Mr. FLOOD. That was a leading question.

Mr. MITCHELL of Maryland. All right, I wanted a good clear answer. One other question, Mr. Chairman: Is it not true that of all the items that we are appropriating for in this piece of legislation, there is no inflationary factor built in? This was built in only in terms of the Department of Defense?

Mr. FLOOD. The Department of Defense.

Mr. MITCHELL of Maryland. Therefore, if we accept the gentleman's amendment to sustain the present levels, in effect we are cutting back programs because we did not build in inflation?

Mr. FLOOD. Yes; you could make that argument.

Mr. MITCHELL of Maryland. I thank the gentleman.

Mr. MICHEL. Mr. Chairman, will the gentleman yield?

Mr. FLOOD. I yield to the gentleman from Illinois.

Mr. MICHEL. I thank the gentleman for yielding.

I do not know that he really means to give the impression that we are cutting back on the number of job slots.

Mr. FLOOD. No.

Mr. MICHEL. We are meeting the new wage requirements.

Mr. FLOOD. Mr. Chairman, this is strictly the classical and traditional meat-ax approach. This would allow some budget examiner downtown, whoever you wish, to take his pen in hand and indiscriminately undo everything that we have done here putting this bill together month after month after month.

Mr. MICHEL. Mr. Chairman, will the gentleman yield?

Mr. FLOOD. I yield to the gentlman from Illinois.

Mr. MICHEL. I thank the gentleman for yielding.

Mr. Chairman, the Chairman knows that is not the case. There is 5 percent on each item. There is no latitude whatsoever downtown in my amendment. That is true of the amendment offered by the gentleman from Ohio (Mr. MILLER) but not mine.

Mr. FLOOD. I was really talking about the Miller amendment at this point.

This bill was reported out of the committee at 6.8 percent—six point eight—over the President's budget. But almost everyone acknowledges—now, I am sure about that—that the budget for HEW was so low, so low that it was completely unrealistic. There is no question about that. I do not think anyone seriously believed the Congress was ever going to accept those drastic reductions that were proposed in that budget. I do not believe it.

Now watch this. This bill—and you well know it; who would know better than you—affects the people back home directly. This is the Labor-HEW appropriations bill. Now hear that. Labor, Health, Education, and Welfare. That touches directly or indirectly every man, woman, and child in every congressional district in this country. Make no mistake about that. Believe me, the people back home are well aware of what is in this bill. Make no mistake about that. Take a look at your mail. Just take a look at your mail and see how much of it is related, directly or indirectly, to the programs in this bill that we are talking about.

There is quite a list here of very popular programs now being cut back in this amendment. Let me mention a few, in case some Members have not heard of some of these. Listen, Let me just recite this litany.

Maternal and child health. Oh.

Community health centers.

Cancer research.

Heart research.

Mental health.

And now, including this, community mental health centers. Speechless.

Schools of nursing—and I learned the hard way: Never turn your back on a nurse. Oh, oh.

And then title I payments to school districts. Have Members got any school districts back home?

Title I, with the disadvantaged kids. Oh.

Here is one the Members never heard about. We are going to cut this? Hold your hat. Impact aid. Oh, oh, oh, oh, oh.

Mr. MICHEL. Mr. Chairman, would my chairman yield?

Mr. FLOOD. Oh yes, I yield to the gentleman from Illinois.

Mr. MICHEL. Mr. Chairman, on that specific issue, it does not cut A category, B category, or C category. It only goes to the hold-harmless provision and cuts it back so it will be $25 million in hold harmless.

Mr. FLOOD. All right. Then it is just a matter of degree.

Mr. MICHEL. It is not that there will not be anything left.

Mr. FLOOD. It is a matter of degree. Now, what else?

Education for the handicapped. Are we going to cut that? Library programs.

Here is one: the Headstart program.

Then, vocational rehabilitation for the handicapped. Imagine that.

Well, I could go on and on like Tennyson's brook, forever, about this thing. But I think the Members see what I mean. I just want to make sure, out of an abundance of caution, that Members realize what this amendment does. Exclamation mark.

But, look, now there is one other point that should be made here. There is one other point. I want to be sure Members are aware of it. This amendment as I read it now would require—require—the President to impound appropriated funds. Well, now, believe me, that certainly is a switch. With everything that has been going on around here and every thing that has been said around here for several years about this matter of appropriated funds being impounded, that is a switch in spades.

All Members know that we passed the Budget and Impoundment Control Act—when? Just a couple of years ago. And part of that Act was to stop this business of the executive branch impounding funds. Remember that. We made a big deal out of this. This certainly flies in the face of that.

Mr. MICHEL. Mr. Chairman, will the gentleman yield?

Mr. FLOOD. This certainly violates the spirit—let me anticipate the gentleman—and even the letter of that law.

Mr. MICHEL. Mr. Chairman, if the gentleman will yield, the very thrust of the amendment is that we make the decision, not the people downtown. If we want to cut it 5 percent, that is our decision. That is not impoundment.

Mr. FLOOD. I understand that, but when we passed the Budget Control Act, one of the things we had in mind directly was this matter of impoundment. No question about that. And both sides were eloquent about that in the well. I know I was eloquent, as usual, and I am sure the gentleman was too.

There is no question about this. This is a meat-ax cut in this bill.

The point I am trying to make—I do not think the Members are clear—the point I am trying to make is that I am against the amendment.

Mr. YOUNG of Florida. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I yield to the gentleman from Ohio (Mr. MILLER).

Mr. MILLER of Ohio. Mr. Chairman, I thank the gentleman from Florida (Mr. YOUNG) for yielding.

Mr. Chairman, I had not intended to take additional time after all this debate, but I have heard many things that should be corrected.

Mr. Chairman, we have a sign that I showed here yesterday. I am not sure whether everyone had an opportunity to see what is printed thereon. The sign says:

> There are 1,000 other programs that could be cut—but don't cut this one.

This is the normal procedure in this Chamber, "Don't cut this one."

As a matter of fact, I have extracted from the RECORD, remarks made by the various chairmen of committees and other Members of Congress. I would like to convey to the Members the remarks that were made when I previously offered this 5-percent reduction. One statement taken right out of the RECORD states:

> I agree with the member of the Committee on Appropriations. Perhaps this 5 percent reduction should have been offered in some of the other bills.

Another:

> I certainly concur that this House, this government of ours, has to cut back its expenditures, but this is not the bill.

I have here recorded at least one-half dozen such remarks indicating that every bill is sacred and cannot be cut.

Mr. Chairman, I am sure that most of us are aware that we are heading now for a $700 billion debt, with a $45 billion interest payment to be made in 1 year. That amounts to $123,300,000 a day—7 days a week—that we are paying as interest on the national debt. Somewhere, somehow, we need to find a way to cut every bill, and we can start right now.

Mr. Chairman, I ask that my amendment be supported. The Michel amendment would cut 5 percent, 5 percent on each item. My amendment would allow the administration to cut up to 10 percent, but no more than 10 percent of any line item. Every item, every account would be kept intact. Programs designated as vital need not cut $1.

Mr. Chairman, I respectfully ask for support of the amendment that I offered.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. MICHEL) to the amendment offered by the gentleman from Ohio (Mr. MILLER).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. MICHEL. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 143, noes 218, answered "present" 1, not voting 69, as follows:

[Roll No. 453]

AYES—143

Abdnor
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Bafalis
Baucus
Bauman
Beard, Tenn.
Bedell
Bell
Bennett
Bevill
Blouin
Breaux
Brinkley
Broomfield
Brown, Ohio
Broyhill
Burgener
Burke, Fla.
Burleson, Tex.
Butler
Byron
Cederberg
Chappell
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Conable
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
Derwinski
Devine
Dickinson
Duncan, Tenn.
Edwards, Ala.
Emery
Erlenborn
Eshleman
Evans, Ind.
Fenwick
Findley
Fish
Fithian
Flowers
Flynt
Forsythe
Fountain
Frey
Fuqua
Gibbons
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hamilton
Harkin
Harsha
Hechler, W. Va.
Hefner
Henderson
Holland
Holt
Hubbard
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Kasten
Kemp
Ketchum
Krueger
Lagomarsino
Latta
Levitas
Lloyd, Tenn.
McCollister
McEwen
Mann
Martin
Mathis
Michel
Miller, Ohio
Montgomery
Moore

Moorhead, Calif.
Myers, Ind.
Myers, Pa.
Neal
Nichols
O'Brien
Passman
Paul
Pettis
Pritchard
Quillen
Railsback
Regula
Robinson
Rousselot
Runnels
Ruppe
Russo
Santini
Satterfield
Schneebeli
Schroeder
Schulze
Sebelius
Sharp
Shuster
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steiger, Wis.
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Traxler
Treen
Vander Jagt
Waggonner
Wampler
Whitehurst
Wiggins
Winn
Wylie
Young, Alaska
Young, Fla.

NOES—218

Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Annunzio
Aspin
Badillo
Baldus
Beard, R.I.
Bergland
Biaggi
Biester
Bingham
Blanchard
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breckinridge
Brooks
Brown, Mich.
Buchanan
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney
Carr
Carter
Chisholm
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cornell
Cotter
D'Amours
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Diggs
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
English
Evans, Colo.
Evins, Tenn.
Fary
Fascell
Fisher
Flood
Foley
Ford, Mich.
Ford, Tenn.
Fraser
Gaydos
Gilman
Ginn
Gonzalez
Gude
Hammerschmidt
Hanley
Hannaford
Harris
Hawkins
Heckler, Mass.
Heinz
Hicks
Hightower
Holtzman
Howard
Howe
Hungate
Jeffords
Jenrette
Johnson, Calif.
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Jordan
Kastenmeier
Kazen
Keys
Koch
Krebs
LaFalce
Lehman
Lloyd, Calif.
Long, La.
Long, Md.
Lundine
McClory
McCloskey
McCormack
McDade
McFall
McHugh
McKay
McKinney
Madden
Madigan
Mahon
Matsunaga
Mazzoli
Meeds
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Nedzi
Nix
Nolan
Nowak
Oberstar
Obey
Ottinger
Patten, N.J.
Patterson, Calif.
Perkins
Pickle
Pike
Poage
Pressler
Preyer
Price
Rangel
Reuss
Richmond
Rinaldo
Roberts
Rodino
Roe
Rogers
Roncalio
Rooney
Rostenkowski
Roush
Roybal
St Germain
Sarasin
Sarbanes
Scheuer
Seiberling
Shipley
Shriver
Sikes
Simon
Skubitz
Slack
Smith, Iowa
Solarz
Spellman
Staggers
Stark
Stokes
Stratton
Studds
Sullivan
Symington
Teague
Thompson
Thornton
Tsongas
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Walsh
Waxman
Weaver
Whalen
White
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wirth
Wolff
Wright
Yates
Yatron
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

ANSWERED "PRESENT"—1

Rosenthal

NOT VOTING—69

Ashbrook
Ashley
AuCoin
Brodhead
Brown, Calif.
Clancy
Clay
Conlan
Dent
Derrick
Dingell
Downing, Va.
du Pont
Esch
Florio
Frenzel
Giaimo
Goldwater
Green
Hall
Hansen
Harrington
Hayes, Ind.
Hays, Ohio
Hébert
Helstoski
Hillis
Hinshaw
Horton
Hughes
Karth
Kelly
Kindness
Landrum
Leggett
Lent
Litton
Lott
Lujan
McDonald
Maguire
Melcher
Metcalfe
Milford
Mills
O'Hara
O'Neill
Pattison, N.Y.
Pepper
Peyser
Quie
Randall
Rees
Rhodes
Riegle
Risenhoover
Rose
Ryan
Sisk
Stanton, James V.
Steed
Steelman
Steiger, Ariz.
Stephens
Stuckey
Symms
Udall
Whitten
Wydler

The Clerk announced the following pairs:

On this vote:

Mr. McDonald for, with Mr. Dent against.

Mr. Maguire for, with Mr. Florio against.

Mr. Ashbrook for, with Mr. O'Neill against.

Mr. Landrum for, with Mr. Giaimo against.

Mr. Stuckey for, with Mr. Hughes against.

Mr. Hébert for, with Mr. O'Hara against.

Mr. Rhodes for, with Mr. Pattison of New York against.

Mr. Conlan for, with Mr. Randall against.

Mr. Goldwater for, with Mr. Rose against.

Mr. Hansen for, with Mr. Clay against.

Mr. Kelly for, with Mr. Dingell against.

Mr. Lott for, with Mr. Harrington against.

Mr. Lujan for, with Mr. Helstoski against.

Mr. Steiger of Arizona for, with Mr. Leggett against.

Mr. Symms for, with Mr. Metcalfe against.

Mr. Clancy for, with Mr. Horton against.

Mr. Kindness for, with Mr. Pepper against.

Mr. CONTE changed his vote from "yea" to "nay."

Mrs. LLOYD of Tennessee and Mr. JARMAN changed their vote from "nay" to "yea."

So the amendment to the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. MILLER).

RECORDED VOTE

Mr. MILLER of Ohio. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 87, noes 271, not voting 73, as follows:

[Roll No. 454]

AYES—87

Andrews, N. Dak.
Archer
Armstrong
Bafalis
Bauman
Beard, Tenn.
Bell
Bennett
Brinkley
Brown, Mich.
Brown, Ohio
Broyhill
Burke, Fla.
Clawson, Del
Collins, Tex.
Conable
Crane
Daniel, Dan
Daniel, R. W.
Devine
Dickinson
Duncan, Tenn.
Edwards, Ala.
Emery
English
Erlenborn
Eshleman
Evans, Ind.
Fish
Flynt
Forsythe
Fuqua
Goldwater
Gradison
Hagedorn
Haley
Hamilton
Hammerschmidt
Harsha
Hechler, W. Va.
Henderson
Hightower
Hutchinson
Ichord
Johnson, Colo.
Jones, Okla.
Kasten
Kemp
Ketchum
Krueger
Latta
Levitas
McCollister
McEwen
Martin
Mathis
Michel
Miller, Ohio
Montgomery
Moore
Moorhead, Calif.
Myers, Pa.
O'Brien
Paul
Pike
Quillen
Robinson
Rousselot
Runnels
Satterfield
Schneebeli
Schulze
Sebelius
Shuster
Skubitz
Smith, Nebr.
Spence
Taylor, Mo.
Taylor, N.C.
Thone
Treen
Vander Jagt
Whitehurst
Wiggins
Winn
Wylie
Young, Fla.

NOES—271

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Annunzio
Aspin
Badillo
Baldus
Baucus
Beard, R.I.
Bedell
Bergland
Bevill
Biaggi
Biester
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brooks
Broomfield
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clausen, Don H.
Cleveland
Cochran
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Derwinski
Diggs
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Evans, Colo.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fisher
Fithian
Flood
Flowers
Foley
Ford, Tenn.
Fountain
Fraser
Frey
Gaydos
Gibbons
Gilman
Ginn
Gonzalez
Goodling
Grassley
Guyer
Hanley
Hannaford
Harkin
Harris
Hawkins
Heckler, Mass.
Hefner
Heinz
Hicks
Holland
Holt
Holtzman
Howard
Howe
Hubbard
Hungate
Hyde
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Jordan
Kastenmeier
Kazen
Keys
Koch
Krebs
LaFalce
Lagomarsino
Leggett
Lehman
Lloyd, Calif.
Lloyd, Tenn.
Long, Md.
Lundine
McClory
McCloskey
McCormack
McDade
McFall
McHugh
McKay
McKinney
Madden
Madigan
Mahon
Mann
Matsunaga
Mazzoli
Meeds
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Perkins
Pettis
Pickle
Poage
Pressler
Preyer
Price
Pritchard
Railsback
Rangel
Regula
Reuss
Rhodes
Richmond
Rinaldo
Roberts
Rodino
Roe
Rogers
Roncalio
Rooney
Rosenthal
Rostenkowski
Roush
Roybal
Ruppe
Russo
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Shipley
Shriver
Sikes
Simon
Slack
Smith, Iowa
Spellman
Staggers
Stanton, J. William
Stark
Steiger, Wis.
Stokes
Stratton
Studds
Sullivan
Symington
Talcott
Teague
Thompson
Thornton
Traxler
Tsongas
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wirth
Wolff
Wright
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—73

Ashbrook
Ashley
AuCoin
Bingham
Brodhead
Brown, Calif.
Clancy
Clay
Conlan
Dent
Derrick
Dingell
Downing, Va.
du Pont
Esch
Florio
Ford, Mich.
Frenzel
Giaimo
Green
Gude
Hall
Hansen
Harrington
Hayes, Ind.
Hays, Ohio
Hébert
Helstoski
Hillis
Hinshaw
Horton
Hughes
Johnson, Pa.
Karth
Kelly
Kindness
Landrum
Lent
Litton
Long, La.
Lott
Lujan

McDonald
Maguire
Melcher
Metcalfe
Milford
Mills
O'Hara
O'Neill
Pattison, N.Y.
Pepper
Peyser
Quie
Randall
Rees
Riegle
Risenhoover
Rose
Ryan
Sisk
Snyder
Solarz
Stanton, James V.
Steed
Steelman
Steiger, Ariz.
Stephens
Stuckey
Symms
Udall
Whitten
Wydler

The Clerk announced the following pairs:

On this vote:

Mr. McDonald for, with Mr. Dent against.
Mr. Maguire for, with Mr. O'Neill against.
Mr. Landrum for, with Mr. Hughes against.
Mr. Stuckey for, with Mr. Florio against.

Mr. NEAL changed his vote from "aye" to "nay.'"

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. ALEXANDER

Mr. ALEXANDER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ALEXANDER: Page 43, immediately after line 11, insert the following new section:

SEC. 410. None of the funds appropriated under this Act may be used to make payments to carry out title XVIII or title XIX (Medicare and Medicaid) of the Social Security Act in metropolitan areas of a State which payments economically discriminate against health service providers and/or recipients in nonmetropolitan areas of that State.

Mr. FLOOD. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. A point of order on the amendment is reserved by the gentleman from Pennsylvania (Mr. FLOOD).

Mr. ALEXANDER. Mr. Chairman, I rise to offer an amendment to this bill which I hope will increase congressional and public awareness of discriminatory Federal health policy that this appropriations bill helps support. The policy of economic discrimination against citizens of the countryside, by paying more for services rendered under medicare and medicaid by health facilities and personnel in the cities than is paid for equal services rendered in countryside areas is fundamentally wrong. This is a policy of economic discrimination against the citizens living in the countryside.

When Congress passed the original medicare law, it mandated that fees for health services were to be paid according to the usual, customary and reasonable fees charged by the provider of the service. Though, when it was later authorized, the medicaid law did not have exactly the same language the Department of Health, Education, and Welfare has employed the payment standards established for medicare as the limiting level for medicaid service payments.

At first, Arkansas Blue Cross-Blue Shield, the fiscal intermediary in our State, considered each county as a separate locality in their estimation of what was usual, customary, and reasonable. This system became unwieldy as it required keeping separate sets of statistics for 75 areas in the State. Blue Cross-Blue Shield, with the approval of the Arkansas Medical Society, convinced HEW that the number of areas should be reduced. The figure was set at five. The areas were grouped according to level of income.

Since the implementation of Medicare in 1965 a great many changes have taken place in Arkansas as well as nationally. HEW has decreed that they will pay "usual and customary and reasonable" only on fees which are not above the 75th percentile of fees for doctors in each area. HEW has also established a set of rules which keep their range of fees several years behind current charges. The paperwork is the same in all five areas of Arkansas. The standards of care required are the same in all five areas. Then the rate of pay should be the same.

For several years, the Arkansas Medical Society, with the backing of our State legislature and Arkansas Blue Cross-Blue Shield, has attempted to have the medical reimbursement scheme revised to reflect changes that have taken place since the 1950's in order that Arkansas be considered as one area and that fees paid should be on the basis of those paid in Little Rock and Fort Smith, the two largest cities in the State and whose doctors received the highest reimbursement fees of any doctors in the State.

This difference in fee reimbursement remains yet another stumbling block to rural areas' recruitment of physicians to establish their practice there.

To shed further light on the extent of the discrimination that has occurred in my district as a result of this national policy, I would like to insert into the RECORD at this point a letter I received from Dr. Sam Spades of Walnut Ridge, Arkansas. Spades practices in Walnut Ridge in reimbursement area designated area V, where reimbursement to medicare patients is the lowest in the entire State. Yet 16 miles from Walnut Ridge, Jonesboro medicare patients are placed in area II, an area where medicare reimbursement is significantly higher:

LAWRENCE COUNTY FAMILY CLINIC,
Walnut Ridge, Ark., November 4, 1975.

Hon. BILL ALEXANDER,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN ALEXANDER: This letter is in response to the letter, dated October 9, 1975, from Thomas M. Tierney, who is director, Bureau of Health Insurance, Department of Health, Education, and Welfare. Again, as is so often the case with those administrative governmental personnel, in Washington, D.C., Mr. Tierney obviously does not understand the implications, and effects of the program that he supports. The "reasonable charge" method is, and has been antiquated. At the time of its origin, many rural, low income states, made themselves available for the application of this method in determining reasonable reimbursement to Medicare patients, for services rendered. The reasonable charge method is based upon two things, according to Mr. Tierney: (1) the physician's "customary" charge for services rendered, and (2) "prevailing" charge in the locality for similar services. Now, I don't think anyone would argue the fact that a Medicare patient should not be charged more for services rendered to him, than the private patient should be charged for the same services. However, the "prevailing" charge argument becomes infinitely absurd. I should think that the charges of the group practice, of which I am a member, are as reasonable as the charges of group practices, in Jonesboro, sixteen miles from Walnut Ridge, where I practice. However, someone sees fit to place Medicare patients in Jonesboro into the Area II, while they place Walnut Ridge in Area V, the Area of the state where reimbursement to Medicare patients is the absolute lowest.

The carrier responsible for processing the claims says that they can not pay the Medicare patient more than HEW allows. Many Medicare patients in Northeast Arkansas receive medical care in Walnut Ridge, and Jonesboro. The charges for medical services from the group practice of which I am a part, are comparable to the charges of the those solo physicians, and those family physicians in group practice, in Jonesboro. However, HEW sees fit to pay the same Medicare patient more for going to Jonesboro, than HEW sees fit to pay the patient, for the same medical services, in Walnut Ridge. If Mr. Tierney, or anyone can justify this, they probably can do many other supernatural things.

The "locality" concept is paper warfare. The different localities are identified by the method which is so concisely, and explicitly presented by Mr. Tierney. This concept does not recognize variations in fees within any given locality, which HEW defines. Why should Medicare reimbursement for physicians' services be related to local patterns of charges, since few other things have restrictions based upon locality? Certainly, expenses for drugs, medical equipment, establishment of group practice versus solo practice, malpractice insurance, etc. do not respect locality. Even Arkansas Blue Cross and Blue Shield has recognized the inequity which the present HEW concept perpetrates. It seems that HEW feels a responsibility for Little Rock and Fort Smith Physicians, and does not feel a responsibility for physicians in other areas of the state. A fear of the distortion of the present Medicare system, as warped as it may be, should not prevent the correction of an unjust system.

The establishment of a single state-wide locality would have little effect concerning payments for a majority of physicians, since a majority of physicians do not accept Medicare consignment. The single state-wide system, however, would affect a great deal in the reimbursement to those Medicare patients who have paid the physician out of their own pocket, and who, in turn, have filed for reimbursement. The present system discriminates against those patients who file for Medicare reimbursement, and against those physicians who accept Medicare consignment, and unfortunately reside in Areas II, III, IV, or V.

I shall continue to object to the present HEW system, as long as the concern for reimbursement to physicians in Fort Smith and Little Rock continues to supersede the concern for the majority of Medicare patients. I shall continue to object to the present HEW system as long as there continues to be a lack of appreciation for the far-reaching effects of the many HEW programs. I shall continue to object to the present HEW system as long as there exists an attitude of indifference, and reluctance to correct unfair, unjust, and inequitable methods in the health care delivery system.

Thank you very much.

Respectfully,

S. A. SPADES, M.D.

Mr. Chairman, in commenting on the most recently denied request of the Arkansas Medical Society for a single statewide medicare reimbursement schedule, AMS's Executive Secretary Paul C. Schaefer wrote me:

> (HEW) does not recognize that the imposition of the Medicare law on the medical profession destroyed many of the traditional medical practice customs. Among those destroyed was the custom of trying to adjust the fees according to the ability to pay (the Federal government has the same ability to

> pay in Jaspar, Arkansas as it has in Little Rock). The imposition of Medicare makes the standards of care and reporting requirements equal and universal. The disparity in fees (due to the doctor's former practice of charging according to the ability to pay) remains under Medicare and is operating against physicians in small towns.

I do not have to remind you, Mr. Chairman, of the problems that nonmetropolitan areas across the country are having in recruiting health personnel sufficient to meet their needs. The problem is not only in the inducement of doctors to practice in countryside areas, but dentists, nurses, administrators and other professional health personnel as well.

According to 1973 American Medical Association statistics contained in HEW's "Health in the United States: A Chartbook", 16 States including Arkansas have less than 100 physicians per 100,000 population.

These same statistics show that the geographic distribution of physicians is weighted heavily toward metropolitan areas. In 1973, there were approximately 196 non-Federal physicians providing patient care for every 100,000 individuals living in the largest metropolitan areas. The comparable ratio for small nonmetropolitan counties was 40 physicians for every 100,000 residents. With respect to medical specialists, the geographic distribution is even more biased toward metropolitan areas.

In its recent study of medicare-medicaid reimbursement policies, submitted to the Congress and the President on March 1, 1976, the Institute of Medicine concludes:

> The current and customary reimbursement mechanism is unlikely to ameliorate the geographic distribution problem. Contrary to conventional economic theory, high Medicare prevailing fees are found in high physician density areas. High fees also tend to occur in areas of metropolitan character, with a relatively high concentration of hospital beds, and where one or more medical schools are located. . . .
>
> After adjustment for cost of living differences, by county, prevailing fees for identical procedures show as much as a tenfold difference between the highest and the lowest. . . .

Mr. Chairman, such a difference in reimbursement payments constitutes outright economic discrimination against the physicians who choose to practice, and the people who choose to live, in the countryside.

To further illustrate this situation, I would like to insert into the RECORD at this point a letter I received from Mr. Harvey Tenner of Horseshoe Bend, Ark., a retirement community in the first district which has particular need for convenient health facilities and adequate health personnel:

> HORSESHOE BEND RESIDENT
> OWNERS ASSN.,
> *Horseshoe Bend, Ark., December 31, 1975.*
>
> Hon. F. DAVIS MATHEWS,
> *Secretary of the Department of Health, Education and Welfare, Washington, D.C.*
>
> DEAR MR. MATHEWS: We recently became aware of certain inequities existing in Arkansas (and perhaps other states too) with reference to medical payments in Medicare cases.
>
> Horseshoe Bend is a retirement community of 1500 residents, located in the foothills of the Ozark mountains. The great majority are on fixed incomes. We are far away from any large city with all its facilities and conveniences. At retirement age, our people have a much greater need for medical services than the norm.
>
> Here we have a retired physician, age 77, who can be called on in an emergency. Another retired physician has opened a limited practice. There are two small hospitals and other doctors that are 15 and 25 miles away. Large city facilities are 100 to 150 miles away.
>
> For this lack of first class medical facility availability we pay as much for Medicare as city people who have it at their doorstep, but the Medicare payments to the rural physician are less than to the large city physician because of the Medicare zone rate system.
>
> Thus, the rural physician is penalized with lower payments for his services. His big city counterpart has large hospital facilities at hand to service his needs without capital investment on his part. The rural physician, to compensate for lack of ready facilities at hand, has to make a considerable capital investment in equipment plus payroll for R.N.'s and technicians. It amounts to his operating a one-man hospital. He has to amortize this investment along with that of his career in the fees he charges. When the Medicare payments, which are many, are at a low zone rate he drifts toward a zero or negative return.
>
> You can understand then why young doctors show a disinclination towards opening a practice in a rural area. The regulations based on zone payments are therefore unfair to the people and doctors in rural areas.
>
> We trust your good office will review this matter and eliminate these inequities so that rural people can look forward to better medical service.
>
> Yours truly,
> HARVEY O. TENNER,
> *President.*

Mr. Chairman, I, along with several of my colleagues, introduced legislation earlier this year to allow a State the option, at the request of the Governor, to establish a single statewide medicare reimbursement schedule to eliminate economic discrimination against people who choose to live in the countryside.

Mr. ROSTENKOWSKI. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Illinois.

Mr. ROSTENKOWSKI. Mr. Chairman, I recognize and fully understand the problems my colleague from Arkansas seeks to remedy in the present medicare methods for reimbursing hospitals and physicians. The disparities in payment among providers in different geographical areas which have developed under the present system, as well as the alarming increases in health care costs, have been the subject of extensive public hearings held by the Subcommittee on Health. These hearings have helped make it clear, for example, that the present medicare method for determining how much medicare will pay for physicians services follows and even reinforces existing variations in fee levels, even where these variations are not easily justified. Unfortunately, lower fees tend to be reimbursed in just those geographic areas where higher fees might help to attract badly needed physician manpower.

As Members know, the subcommittee has devoted a great deal of attention to these problems and is actively working toward the development of legislative remedies—remedies, I feel compelled to say, which must deal comprehensively and technically with the reimbursement system if we are to effectively provide long-range solutions.

Today, the Subcommittee on Health met to plan its legislative activities for the remainder of this year. With the subcommittee's concurrence, I have taken a special order to announce today the subcommittee's plans, which include hearings this summer aimed at obtaining detailed and expert advice that will enable us to formulate basic changes in medicare reimbursement that I believe will be responsive to the concerns which prompted this amendment.

I would hope that this body would see the wisdom of allowing this matter to be considered as it should be—in the Subcommittee on Health as substantive legislation. I can assure my colleague that we will work there to develop legislation which addresses the objectives of his proposed amendment.

Mr. ROGERS. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Florida.

Mr. ROGERS. Mr. Chairman, I would like to say that I am sympathetic to the intent of the amendment Mr. ALEXANDER is offering tonight.

The Subcommittee on Health and the Environment has been concerned with the problem of improving the accessibility to medical services in rural areas. We have passed legislation to bring more physician manpower into underserved areas through the National Health Service Corps program. But we are aware that the reimbursement system of medicare, which is often initiated by States in their medicaid programs, works against increasing the supply of physicians in rural areas. Because it is based on prevailing charges, fees paid by the program in rural areas are often significantly below those paid in urban areas.

But I must object to this amendment and support the point of order against the amendment. It is substantive legislation on an appropriation bill. It attempts to deal with a highly complicated issue with tremendous cost and policy implications.

I join my colleague, Mr. ROSTENKOWSKI, in assuring Mr. ALEXANDER that the reimbursement policies of the medicare and medicaid programs will be carefully reexamined. We want our financing programs to support our general manpower policies. We want to improve access to medical services in rural areas. And as we move into national health insurance, we will pay close attention in the design of that program to problems of economic discrimination against rural areas.

But I must oppose the current amendment.

Mr. ALEXANDER. Mr. Chairman, in view of the statements of the gentlemen from Illinois and Florida, I ask that no further action be taken on the amendment, and I ask unanimous consent that I may be permitted to withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk concluded the reading of the bill.

Ms. ABZUG. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am sorry to take the floor at this late hour. The reason I do so is that there was a vote in the House in the Committee on an amendment by the gentleman from Illinois (Mr. HYDE). A good number of Members who voted on this amendment indicated to us that they had not really understood the depth or the breadth of this amendment. This amendment, in effect, provides that no funds will be permitted in the medicaid program for any abortion whatsoever.

I know that most of the Members of this House recognize the need to preserve life. As a matter of fact, the authors of this amendment allege that they recognize this need. The important thing that was not realized by Members voting on this amendment was that this amendment is a very broad one, one that would prevent a therapeutic abortion and prevent action being taken to save the life of a mother.

Mr. Chairman, I just thought that it was important to bring that to the attention of this body, because when we go into the House there may be a request for a separate vote on this amendment. I know that those who have a sense of humanity and compassion would want to have the opportunity to know what this amendment does, because they may not have realized its scope when they came rushing in to vote on this amendment.

Mr. Chairman, we argued the merits of this amendment. Aside from the fact that it is very broad and that it deprives a person of her life without any due process, it also is a very unfair and cruel amendment in that it is directed only against poor women, women who have to depend upon medicaid for health care.

I know again that there is much too much humanity and compassion in this House not to expect that some would want to reconsider their votes. If you oppose abortion, as you have a right to, there are vehicles with which to express that objection. We have had extensive hearings in the House in the Committee on the Judiciary which has been acknowledged on the floor this day. And a note on the matter before the Judiciary Committee will deal with the substantive issues.

Those Members who oppose abortion must realize that it is terribly discriminatory to say that poor women can lose their lives and cannot have the same rights as women who are not poor. I know that there may be others who would like to speak on this question, and I would be glad to yield to them, but in the meantime I would simply like to suggest that when this matter comes up in the House for a vote, that the Members realize that it is a much broader amendment than we have ever adopted, and through an improper process because it is legislation on an appropriation bill.

Mr. Chairman, I know that I can rely upon the good sense, decency, fairness, and humanity of the Members of this House to reconsider their vote in the light of the information which I now have had the opportunity to put forth.

Mrs. BURKE of California. Mr. Chairman, will the gentlewoman yield?

Ms. ABZUG. I yield to the gentlewoman from California.

Mrs. BURKE of California. Mr. Chairman, is it not possible that a woman might be mentally retarded and might not even be able to comprehend the fact that she was carrying a child, but under this amendment that woman would not be able to get money under medicaid for an abortion? And is it not a fact that in many instances a woman who might have the kind of pregnancy that, within the Catholic Church, would allow an abortion, if that woman was poor and had to look to medicaid and had the kind of pregnancy that would end up in her death, she would not be able to get money for an abortion because this amendment would prevent that woman from getting medical care?

Ms. ABZUG. That is correct.

Mr. BAUMAN. Mr. President, I move to strike the last word.

Mr. Chairman, I do not wish to take the time of the House; I know it is late, but I hope the House will indulge us on the serious subject which was just raised by the gentlewoman from New York.

The amendment that was offered by the gentleman from Illinois (Mr. HYDE), reads simply, "None of the funds appropriated under this act shall be used to pay for abortions or to promote or encourage abortions."

It does not in any way forbid abortions to save the life of a mother. It does not in any way forbid any abortions, or in any way restrict the right to have an abortion. It does say that Federal tax dollars paid by the people in the Members' congressional districts may not be used for abortions. That is the fundamental and only issue here: Should Federal funds be used to deny the right to life?

If the Members voted against this, as 167 Members did a few hours ago, then I suppose they should stay with their decision. But, with the 207 Members who voted for this amendment, believing in the right to life, there is no more reason to change their minds now than there was a few hours ago. The fundamental issue is the same and to change your position now is, and would be, inexplicable to anyone.

I happen to think the gentleman from Illinois (Mr. HYDE) and many others in this House have a concern for poor children, poor children who are not yet born, poor children who are being killed. Yes; there is concern for mothers as well, but the right to life is a right to be accorded not just to mothers but also to those who cannot help themselves. That really is what the issue is here. The House has been denied the chance to vote on this issue for almost 2 years by committees which have refused to report a right-to-life amendment. Tonight, the Members have that chance, and I would suggest that we uphold the action we have already taken.

Mrs. SCHROEDER. Mr. Chairman, I rise in support of funds for family planning services. I am particularly concerned with the need for additional funds for the provision of family planning services to teenagers in order to prevent unwanted, accidental pregnancies in this age group. As chairwoman of the Subcommittee on Census and Population of the Committee on Post Office and Civil Service, I have been holding hearings on current population issues. One of the most significant facts to be presented to my subcommittee by the experts in the field was that we are currently seeing in the United States an epidemic occurrence of teenage pregnancy. In 1973 of 3.1 million births, 20 percent were to teenagers ages 15-19; of 407,000 births out of wedlock, 55 percent were to teenagers; and of 615,000 abortions, 31 percent were to teenagers. The illegitimacy rate for young women under age 20 increased by 4 percent from 1970 to 1974. In fact, in 1974 more than one-third of all births to this age group were classified as illegitimate. To cope with these disturbing trends, it was recommended to me that "birth control information and services be made available to teenagers in appropriate facilities sensitive to their needs and concerns."

Mr. Chairman, currently existing family planning programs have been attempting, within the bounds of their resources, to provide just such services. In fact, nearly 30 percent of all family planning patients in organized programs are under age 20. However, the resources made available through HEW are not sufficient to support existing levels of service much less to expand services so that all teenagers in need of them may obtain these services.

The Appropriations Committee expressed its concern over teenage pregnancy in its report to the House on the family planning program. The report stated:

> The Committee directs the Assistant Secretary for Health to target a portion of the family planning and other health service program funds to address the problem of teenage pregnancy.

Unfortunately, although the committee apparently wanted to draw attention to the need for increased services to prevent unwanted pregnancy among teenagers, it did not approve any additional funds for the achievement of this goal. While I am sure that the committee did not intend to cause services to be extended to teenagers at the expense of elimination of services for current adult patients, that would be the practical result of maintaining the present funding level of $100.6 million for family planning that the committee recommended. The Senate Appropriations Subcommittee on Labor-HEW, on the other hand, approved funding of $122.5 million for the provision of family planning services. This provides an increase which allows for expansion of services to prevent pregnancy among teenagers while continuing the delivery of greatly needed family planning services to its present patients.

Funding for family planning special projects have been frozen at the level of $100.6 million for 4 long years. During that time inflation has caused the purchasing power of this funding to dwindle rapidly. The increase proposed in this amendment, and recommended in the Senate bill, would help alleviate the impact of inflation and would support further strides toward the elimination of the teenage pregnancy epidemic.

Mr. Chairman, I urge my colleagues to support the Scheuer-Heinz amendment to increase family planning appropriations to $122.5 million for title X project grants.

Mr. FLOOD. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WRIGHT, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 14232) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending September 30, 1977, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. Is a separate vote demanded on any amendment?

Ms. ABZUG. Mr. Speaker, I demand a separate vote on the so-called Hyde amendment.

The SPEAKER. Is a separate amendment demanded on any other amendment?

Mr. MICHEL. Mr. Speaker, I demand a separate vote on the so-called Mitchell of Maryland amendment relating to summer employment.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The clerk will report the first amendment, the so-called Mitchell of Maryland amendment, on which a separate vote has been demanded.

The clerk read as follows:

Amendment: On page 2, line 19 under Title I—Department of Labor, Employment, and Training Administration, Employment and Training Assistance, strike out "$3,245,250,000" and insert in lieu of "$3,311,831,000".

The SPEAKER. The question is on the amendment.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. MITCHELL of Maryland. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 183, nays 181, not voting 67, as follows:

[Roll No. 455]

YEAS—183

Abzug
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Andrews, N.C.
Annunzio
Aspin
Badillo
Baldus
Baucus
Beard, R.I.
Bedell
Bergland
Biaggi
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Brademas
Breckinridge
Brooks
Buchanan
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Carney
Carr
Carter
Chisholm
Collins, Ill.
Conte
Conyers
Corman
Cornell
Cotter
Daniels, N.J.
Danielson
Delaney
Dellums
Diggs
Dodd
Downey, N.Y.
Drinan
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Evans, Ind.
Fary
Fascell
Fenwick
Fisher
Fithian
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Gaydos
Gibbons
Gilman
Gonzalez
Gude
Hanley
Hannaford
Harkin
Harris
Hawkins
Hechler, W. Va.
Heckler, Mass.
Heinz
Holtzman
Howard
Jacobs
Jeffords
Jones, Ala.
Jordan
Kastenmeier
Kazen
Keys
Koch
LaFalce
Leggett
Lehman
Lloyd, Calif.
Long, Md.
Lundine
McCloskey
McCormack
McFall
McHugh
McKinney
Madden
Matsunaga
Mazzoli
Meeds
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Neal
Nedzi
Nix
Nolan
Nowak
Oberstar
Ottinger
Patterson, Calif.
Perkins
Pickle
Pressler
Preyer
Price
Rangel
Reuss
Richmond
Rinaldo
Rodino
Roe
Roncalio
Rooney
Rosenthal
Rostenkowski
Roybal
Russo
St Germain
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Simon
Slack
Smith, Iowa
Solarz
Spellman
Staggers
Stark
Stokes
Stratton
Studds
Symington
Thompson
Thornton
Traxler
Tsongas
Van Deerlin
Vander Veen
Vanik
Vigorito
Waxman
Weaver
Whalen
Wilson, C. H.
Wilson, Tex.
Wirth
Wolff
Wright
Yates
Yatron
Young, Ga.
Zablocki
Zeferetti

NAYS—181

Abdnor
Adams
Anderson, Ill.
Andrews, N. Dak.
Archer
Armstrong
Bafalis
Bauman
Beard, Tenn.
Bell
Bennett
Bevill
Biester
Bowen
Breaux
Brinkley
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Cederberg
Chappell
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Davis
de la Garza
Derwinski
Devine
Dickinson
Duncan, Oreg.
Duncan, Tenn.
Early
Edwards, Ala.
Emery
English
Erlenborn
Eshleman
Evans, Colo.
Evins, Tenn.
Findley
Fish
Flood
Flowers
Flynt
Foley
Forsythe
Frey
Fuqua
Ginn
Goldwater
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hamilton
Hammerschmidt
Harsha
Hefner
Henderson
Hicks
Hightower
Hillis
Holland
Holt
Howe
Hubbard
Hungate
Hutchinson
Hyde
Ichord
Jarman
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kasten
Kemp
Ketchum
Kindness
Krebs
Krueger
Lagomarsino
Latta
Levitas
Lloyd, Tenn.
McClory
McCollister
McDade
McEwen
McKay
Madigan
Mahon
Mann
Martin
Mathis
Michel
Miller, Ohio
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Myers, Ind.
Myers, Pa.
Nichols
Obey
O'Brien
Passman
Patten, N.J.
Paul
Pettis
Pike
Poage
Pritchard
Quillen
Railsback
Regula
Rhodes
Roberts
Robinson
Rogers
Roush
Rousselot
Runnels
Ruppe
Santini
Sarasin
Satterfield
Schneebeli
Schulze
Sebelius
Shipley
Shriver
Shuster
Sikes
Skubitz
Smith, Nebr.
Spence
Stanton, J. William
Steiger, Wis.
Sullivan
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Treen
Ullman
Vander Jagt
Waggonner
Walsh
Wampler
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Winn
Wylie
Young, Alaska
Young, Fla.
Young, Tex.

NOT VOTING—67

Ashbrook
Ashley
AuCoin
Brodhead
Brown, Calif.
Clancy
Clay
Conlan
Dent
Derrick
Dingell
Downing, Va.
du Pont
Esch
Florio
Frenzel
Giaimo
Green
Hall
Hansen
Harrington
Hayes, Ind.
Hays, Ohio
Hébert
Helstoski
Hinshaw
Horton
Hughes
Johnson, Pa.
Karth
Kelly
Landrum
Lent
Litton
Long, La.
Lott
Lujan
McDonald
Maguire
Melcher
Metcalfe
Milford
Mills
O'Hara
O'Neill
Pattison, N.Y.
Pepper
Peyser
Quie
Randall
Rees
Riegle
Risenhoover
Rose
Ryan
Sisk
Snyder
Stanton, James V.
Steed
Steelman
Steiger, Ariz.
Stephens
Stuckey
Symms
Teague
Udall
Wydler

The Clerk announced the following pairs.

On this vote:

Mr. Dent for, with Mr. McDonald against.
Mr. O'Neill for, with Mr. Hébert against.
Mr. Florio for, with Mr. Stuckey against.
Mr. Hughes for, with Mr. Landrum against.
Mr. Dingell for, with Mr. Mills against.
Mr. Maguire for, with Mr. AuCoin against.
Mr. Harrington for, with Mr. Symms against.
Mr. du Pont for, with Mr. Johnson of Pennsylvania against.
Mr. Horton for, with Mr. Ashbrook against.
Mr. Peyser for, with Mr. Frenzel against.
Mr. Brown of California for, with Mr. Kelly against.
Mr. Clay for, with Mr. Hansen against.
Mr. Giaimo for, with Mr. Lott against.
Mr. Helstoski for, with Mr. Snyder against.
Mr. Long of Louisiana for, with Mr. Quie against.
Mr. Melcher for, with Mr. Sisk against.
Mr. Metcalfe for, with Mr. Steed against.
Mr. O'Hara for, with Mr. Teague against.
Mr. Riegle for, with Mr. Downing of Virginia against.
Mr. Stephens for, with Mr. Lujan against.
Mr. Ryan for, with Mr. Conlan against.
Mr. Rose for, with Mr. Steiger of Arizona against.
Mr. Risenhoover for, with Mr. Esch against.
Mr. Pepper for, with Mr. Lent against.
Mr. Pattison of New York for, with Mr. Wydler against.
Mr. Ashley for, with Mr. Derrick against.

Until further notice:

Mr. Brodhead with Mr. Green.
Mr. Hall with Mr. Karth.
Mr. Litton with Mr. Milford.
Mr. Randall with Mr. Rees.
Mr. James V. Stanton with Mr. Udall.

Mr. DUNCAN of Tennessee and Mr. RUPPE changed their vote from "yea" to "nay."

Mr. FOUNTAIN and Mr. DODD changed their vote from "nay" to "yea."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the second amendment, the so-called Hyde amendment, on which a separate vote has been demanded.

The Clerk read as follows:

Amendment: On page 36, after line 9, add the following new section;

"Sec. 209. None of the funds appropriated under this Act shall be used to pay for abortions or to promote or encourage abortions."

The SPEAKER. The question is on the amendment.

Mr. HYDE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 199, nays 165, not voting 67, as follows:

[Roll No. 456]

YEAS—199

Abdnor
Ambro
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Aspin
Bafalis
Baldus
Bauman
Beard, R.I.
Beard, Tenn.
Bennett
Bevill
Biaggi
Blanchard
Blouin
Boggs
Boland
Breaux
Brinkley
Broomfield
Burgener
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Byron
Carney
Carter
Cederberg
Chappell
Clausen, Don H.
Clawson, Del
Cochran
Collins, Tex.
Conte
Cornell
Cotter
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
de la Garza
Delaney
Derwinski
Devine
Dickinson
Duncan, Tenn.
Early
Edwards, Ala.
Eilberg
Emery
English
Erlenborn
Evans, Ind.
Fary
Fish
Fithian
Flowers
Flynt
Fountain
Frey
Fuqua
Gaydos
Gibbons
Ginn
Goldwater
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hamilton
Hammerschmidt
Hanley
Harsha
Hechler, W. Va.
Heckler, Mass.
Hefner
Henderson
Hightower
Holt
Howe
Hubbard
Hungate
Hutchinson
Hyde
Ichord
Jarman
Jones, Okla.
Kasten
Kazen
Kemp
Kindness
LaFalce
Lagomarsino
Latta
Lloyd, Tenn.
McClory
McCollister
McDade
McEwen
McHugh
McKay
Madden
Mahon
Mann
Mathis
Mazzoli
Michel
Miller, Ohio
Minish
Mitchell, N.Y.
Moakley
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Nedzi
Nichols
Nolan
Oberstar
O'Brien
Passman
Patten, N.J.
Paul
Perkins
Pike
Poage
Pressler
Price
Quillen
Railsback
Regula
Rhodes
Rinaldo
Roberts
Robinson
Rodino
Roe
Rogers
Rooney
Rostenkowski
Roush
Rousselot
Runnels
Ruppe
Russo
St Germain
Santini
Satterfield
Schulze
Sebelius
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Skubitz
Smith, Nebr.
Spence
Stanton, J. William
Steiger, Wis.
Stratton
Sullivan
Talcott
Taylor, Mo.
Thone
Thornton
Traxler
Treen
Vander Jagt
Vanik
Vigorito
Waggonner
Walsh
Wampler
Whalen
White
Whitehurst
Wilson, Bob
Winn
Wright
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, Tex.
Zablocki
Zeferetti

NAYS—165

Abzug
Adams
Addabbo
Alexander
Allen
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Badillo
Baucus
Bedell
Bell
Bergland
Biester
Bingham
Bolling
Bowen
Brademas
Breckinridge
Brooks
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burke, Calif.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Carr
Chisholm
Cleveland
Cohen
Collins, Ill.
Conable
Conyers
Corman
D'Amours
Danielson
Davis
Dellums
Diggs
Dingell
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
Eckhardt
Edgar
Edwards, Calif.
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Fenwick
Findley
Fisher
Flood
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fraser
Gilman
Gonzalez
Gude
Hannaford
Harkin
Harris
Hawkins
Heinz
Hicks
Hillis
Holland
Holtzman
Howard
Jacobs
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Jordan
Kastenmeier
Ketchum
Keys
Koch
Krebs
Krueger
Leggett
Lehman
Levitas
Lloyd, Calif.
Long, Md.
Lundine
McCloskey
McCormack
McFall
McKinney
Madigan
Martin
Matsunaga
Meeds
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Mink
Mitchell, Md.
Moffett
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Neal
Nix
Nowak
Obey
Ottinger
Patterson, Calif.
Pettis
Pickle
Preyer
Pritchard
Reuss
Richmond
Roncalio
Rosenthal
Roybal
Sarasin
Sarbanes
Scheuer
Schneebeli
Schroeder
Seiberling
Slack
Smith, Iowa
Solarz
Spellman
Staggers
Stark
Stokes
Studds
Symington
Taylor, N.C.
Teague
Thompson
Tsongas
Ullman
Van Deerlin
Vander Veen
Waxman
Weaver
Whitten
Wiggins
Wilson, C. H.
Wilson, Tex.
Wirth
Wolff
Yates
Young, Ga.

NOT VOTING—67

Ashbrook
Ashley
AuCoin
Bonker
Brodhead
Brown, Calif.
Clancy
Clay
Conlan
Dent
Derrick
Downing, Va.
du Pont
Esch
Florio
Frenzel
Giaimo
Green
Hall
Hansen
Harrington
Hayes, Ind.
Hays, Ohio
Hébert
Helstoski
Hinshaw
Horton
Hughes
Johnson, Pa.
Karth
Kelly
Landrum
Lent
Litton
Long, La.
Lott
Lujan
McDonald
Maguire
Melcher
Metcalfe
Milford
Mills
O'Hara
O'Neill
Pattison, N.Y.
Pepper
Peyser
Quie
Randall
Rangel
Rees
Riegle
Risenhoover
Rose
Ryan
Sisk
Snyder
Stanton, James V.
Steed
Steelman
Steiger, Ariz.
Stephens
Stuckey
Symms
Udall
Wydler

The Clerk announced the following pairs:

Mr. Dent with Mr. McDonald.
Mr. O'Neill with Mr. Ashbrook.
Mr. Giaimo with Mr. Quie.
Mr. Udall with Mr. Landrum.
Mr. Brown of California with Mr. Clancy.
Mr. Florio with Mr. Kelly.
Mr. Green with Mr. Horton.
Mr. Hall with Mr. Metcalfe.
Mr. Harrington with Mr. Lent.
Mr. Long of Louisiana with Mr. Conlan.
Mr. Hughes with Mr. Milford.
Mr. Helstoski with Mr. Peyser.
Mr. Pepper with Mr. Randall.
Mr. Rangel with Mr. Rees.
Mr. Riegle with Mr. Lott.
Mr. Sisk with Mr. Mills.
Mr. Karth with Mr. Steelman.
Mr. Rose with Mr. Lujan.
Mr. Maguire with Mr. Snyder.
Mr. Melcher with Mr. James V. Stanton.
Mr. O'Hara with Mr. Steiger of Arizona.
Mr. Hébert with Mr. Steed.
Mr. Pattison of New York with Mr. Wydler.
Mr. Stephens with Mr. Symms.
Mr. Stuckey with Mr. Ryan.
Mr. Ashley with Mr. Derrick.
Mr. Downing of Virginia with Mr. Esch.
Mr. Clay with Mr. Brodhead.
Mr. AuCoin with Mr. Bonker.
Mr. Frenzel with Mr. Hansen.
Mr. Hays of Ohio with Mr. Johnson of Pennsylvania.
Mr. Hayes of Indiana with Mr. du Pont.
Mr. Risenhoover with Mr. Litton.

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. MICHEL

Mr. MICHEL. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. MICHEL. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. MICHEL moves to recommit the bill H.R. 14232 to the Committee on Appropriations.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the pasage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 14239. An act making appropriations for the Department of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending September 30, 1977, and for other purposes, and

H.R. 14261. An act making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 1977, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 14239) entitled "An act making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending September 30, 1977, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. PASTORE, Mr. MCCLELLAN, Mr. MANSFIELD, Mr. HOLLINGS, Mr. MAGNUSON, Mr. EAGLETON, Mr. JOHNSTON, Mr. HUDDLESTON, Mr. HRUSKA, Mr. FONG, Mr. BROOKE, Mr. HATFIELD, Mr. STEVENS, Mr. YOUNG, and Mr. JAVITS to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 14261) entitled "An act making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1977, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MONTOYA, Mr. BAYH, Mr. EAGLETON, Mr. MCCLELLAN, Mr. MCGEE, Mr. BELLMON, Mr. HATFIELD, Mr. YOUNG, and Mr. STEVENS to be the conferees on the part of the Senate.

GENERAL LEAVE

Mr. FLOOD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous matter, on H.R. 14232, the bill just passed, and on the Skubitz amendment to H.R. 14232.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 14261, TREASURY DEPARTMENT, U.S. POSTAL SERVICE, EXECUTIVE OFFICE OF THE PRESIDENT AND INDEPENDENT AGENCIES APPROPRIATIONS, 1977

Mr. MAHON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 14261) making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1977, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Texas? The Chair hears none, and appoints the following conferees: Messrs. STEED, ADDABBO, ROYBAL, SIKES, FLYNT, PATTEN, LONG of Maryland, MAHON, MILLER of Ohio, MCEWEN, ARMSTRONG, and CEDERBERG.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO HAVE UNTIL MIDNIGHT TOMORROW, FRIDAY, JUNE 25, 1976, TO FILE CONFERENCE REPORT ON H.R. 14261

Mr. MAHON. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tomorrow night, Friday, June 25, 1976, to file a conference report on the bill (H.R. 14261) making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1977, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PERMISSION FOR COMMITTEE ON MERCHANT MARINE AND FISHERIES TO FILE CONFERENCE REPORT ON S. 586

Mrs. SULLIVAN. Mr. Speaker, I ask unanimous consent that the Committee on Merchant Marine and Fisheries may have until midnight tonight to file a conference report on S. 586, the Coastal Zone Management Act Amendments of 1976.

The SPEAKER. Is there objection to the request of the gentlewoman from Missouri?

There was no objection.

PERMISSION FOR COMMITTEE ON WAYS AND MEANS TO HAVE UNTIL MIDNIGHT, MONDAY, JUNE 28, 1976, TO FILE A REPORT ON H.R. 14514, ALONG WITH SEPARATE OR MINORITY VIEWS

Mr. CORMAN. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight, Monday, June 28, 1976, to file a report, along with any separate or minority views, on H.R. 14514, a bill to permit a State which no longer qualifies for hold-harmless treatment under the supplemental security income program to elect to remain a food stamp cash-out State upon condition that they pass through a part of the 1976 cost-of-living increase in SSI benefits and all of any subsequent increases in such benefits.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

STATEMENT OF CONGRESSMAN CORMAN WITH RESPECT TO THE RULE TO BE REQUESTED FOR CONSIDERATION OF H.R. 14514

The SPEAKER. The Chair recognizes the gentleman from California (Mr. CORMAN).

Mr. CORMAN. Mr. Speaker, I make the following statement in order to notify my Democratic colleagues of the action of the Committee on Ways and Means with regard to a request for a rule on H.R. 14514. I make this statement in order to comply with the rules of the Democratic Caucus concerning notice relative to closed rules.

I am authorized and directed by the committee to request a hearing before the Committee on Rules for a closed rule on H.R. 14514, providing for 1 hour of general debate, to be equally divided, with the usual one motion to recommit.

STATEMENT ON BEHALF OF CHAIRMAN AL ULLMAN WITH RESPECT TO THE RULE TO BE REQUESTED FOR CONSIDERATION OF H.R. 8125

Further, Mr. Speaker, I wish to make the following statement on behalf of the chairman of the Committee on Ways and Means, Mr. ULLMAN, in order to notify my Democratic colleagues of the action of the Committee on Ways and Means with regard to a request for a rule on H.R. 8125.

Mr. BAUMAN. Mr. Speaker, regular order.

The SPEAKER. The gentleman is making a 1-minute speech.

Mr. BAUMAN. The gentleman asked for no permission. The gentleman from Maryland was not aware that the rules of the Democratic Caucus are now the rules of the House of Representatives. The gentleman asked for no permission to proceed.

The SPEAKER. The Chair understood the gentleman said he wanted to make a statement.

Mr. BAUMAN. The gentleman asked for no permission to proceed.

The SPEAKER. The Chair recognized the gentleman and he proceeded at the sufferance of the Chair and the House. He has almost finished his statement.

PARLIAMENTARY INQUIRY

Mr. BAUMAN. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BAUMAN. Mr. Speaker, are the rules of the Democratic Caucus now the rules of the House?

The SPEAKER. No, they are not. This is not a rule of the Democratic Caucus.

Does the gentleman from California desire to make a statement?

Mr. CORMAN. Yes, sir, I do.

The SPEAKER. The Chair recognizes the gentleman from California (Mr. CORMAN).

Mr. CORMAN. Mr. Speaker, let me begin again. I make the following statement on behalf of the chairman of the Committee on Ways and Means in order to notify my Democratic colleagues of the action of the Committee on Ways and Means with regard to a request for a rule on H.R. 8125. I make this statement in order to comply with the rules of the Democratic Caucus concerning notice relative to closed rules.

I am authorized and directed by the committee to request a hearing before the Committee on Rules for a closed rule on H.R. 8125 providing for 1 hour of general debate, to be equally divided, with the usual motion to recommit.

PERSONAL EXPLANATION

Mr. O'BRIEN. Mr. Speaker, earlier in the day I was absent on rollcall 449, due to an appointment at the Navy Department. Had I been here, I would have voted "aye."

PROVIDING FOR CONSIDERATION OF H.R. 14260, FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATION BILL, 1977.

Mr. MATSUNAGA. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1291 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 1291

Resolved, That during the consideration of the bill (H.R. 14260) making appropriations for Foreign Assistance and related programs for the fiscal year ending September 30, 1977, and for other purposes, all points of order against the following provisions in said bill for failure to comply with the provisions of clause 2, Rule XXI and clause 6, Rule XXI are hereby waived: beginning on page 3, lines 5 through 19; beginning on page 4, lines 9 and 10; beginning on page 4, lines 13 and 14; beginning on page 4, line 25 through page 6, line 13; beginning on page 6, line 18 through page 7, line 6; beginning on page 10, lines 5 through 12; the proviso beginning on page 10, lines 19 through 21; beginning on page 11, line 3 through page 12, line 10.

The SPEAKER. The gentleman from Hawaii (Mr. MATSUNAGA) is recognized for 1 hour.

Mr. MATSUNAGA. Mr. Speaker, I yield 30 minutes to the gentleman from

Illinois (Mr. ANDERSON), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1291 provides that during the consideration of H.R. 14260, the foreign assistance and related programs appropriation bill, fiscal year 1977, all points of order against certain provisions in the bill for failure to comply with the provisions of clauses 2 and 6 of rule XXI are waived. Clause 2, rule XXI prohibits the appropriation of funds which are not authorized by law. All authorizing legislation supporting the appropriations in the bill against which points of order have been waived has passed the House.

Clause 2 of rule XXI also prohibits legislation in a general appropriation bill. The Committee on Appropriations requested and the Committee on Rules has recommended waivers of this rule with respect to 4 sections in the bill, which occur on page 3, lines 5 through 8, page 4, line 25 through page 5, line 22; page 10, lines 19 through 21; and page 11, lines 3 through 8.

In addition, there are provisions in the bill which would reappropriate unexpended balances in violation of clause 6, rule XXI. The Committee on Rules has thus recommended that the provisions of this rule also be waived during the consideration of H.R. 14260.

Mr. Speaker, I urge the adoption of House Resolution 1291 to permit the orderly consideration of H.R. 12460.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1291 would make in order House consideration of the bill H.R. 14260, the foreign assistance appropriations act for fiscal 1977. While appropriations bills ordinarily do not require special rules from the Rules Committee, like many other appropriations bills we have been considering, this rule is necessitated by the fact that not all of the necessary prior authorization legislation has been enacted into law. Thus it is necessary to waive clauses 2 and 6 of rule XXI which prohibit appropriations on unauthorized items and reappropriation of certain unexpended balances, respectively. We have attempted in this rule to designate which portions of the bill require which waivers. Thus you will note that the rule specifies eight distinct parts of the bill which require these waivers:

First, on page 3 of the bill, lines 5 through 19, which includes $300 million for loan allocation, development assistance, and $170 million for international organizations and programs;

Second, on page 4, lines 9 and 10, $5 million for the contingency fund;

Third, page 4, lines 13 and 14, $34 million for international narcotics control;

Fourth, page 4, line 25 through page 6, line 13, which includes the carryover of unobligated balances, $35 million for the Middle East special requirements fund, and $1.66 billion for security supporting assistance;

Fifth, page 6, line 18 through line 6 on page 7, $270 million for military assistance and $25 million for international military education and training;

Sixth, page 10, lines 5 through 12, $840 million for the Foreign Military Sales Act;

Seventh, page 10, lines 19 through 21, the proviso for $10 million in Peace Corps volunteer readjustment allowances; and

Eighth, page 11, line 3, through line 10 on page 12, $50 million for Cambodian, Vietnamese, and Laotian refugee assistance, $10 million under migration and refugee assistance, and $15 million in assistance for refugees from the Soviet Union and other Communist countries.

Mr. Speaker, that completes the listing of those portions of the bill for which these waivers are necessary due to the lack of fiscal 1977 authorization legislation at this time. I urge adoption of this rule so that we may proceed to the consideration of this important foreign assistance appropriations legislation.

However, Mr. Speaker, I would like to take this opportunity, while a great many Members are still on the floor, to inquire of the distinguished gentleman from Hawaii (Mr. MATSUNAGA) if he has been informed by the leadership on his side of the aisle as to what the plan is for the balance of the evening?

Are we really going to adopt the rule, or is further discussion of this bill contemplated?

Mr. MATSUNAGA. Mr. Speaker, if the gentleman will yield, it is my understanding that we will just adopt the rule.

Mr. ANDERSON of Illinois. I thank the gentleman.

Mr. Speaker, I have no further requests for time.

Mr. MATSUNAGA. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. McKINNEY. Mr. Speaker, on that demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 304, nays 45, not voting 82, as follows:

[Roll No. 457]

YEAS—304

Abdnor
Abzug
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Aspin
Badillo
Baldus
Baucus
Beard, R.I.
Bedell
Bell
Bennett
Bergland
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brooks
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clausen, Don H.
Cleveland
Cochran
Cohen
Collins, Ill.
Conte
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
de la Garza
Delaney
Dellums
Devine
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
Early
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
English
Erlenborn
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Flowers
Foley
Ford, Tenn.
Forsythe
Fountain
Fraser
Fuqua
Gaydos
Gilman
Goldwater
Gonzalez
Goodling
Gradison
Gude
Guyer
Hagedorn
Hamilton
Hanley
Harkin
Harris
Harsha
Hawkins
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Henderson
Hightower
Hillis
Holland
Holtzman
Howard
Howe
Hubbard
Hungate
Hutchinson
Hyde
Jacobs
Jarman
Jeffords
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Kasten
Kazen
Kemp
Ketchum
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Latta
Leggett
Lehman
Levitas
Lloyd, Calif.
Long, Md.
Lundine
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKay
McKinney
Madden
Madigan
Mahon
Mann
Mathis
Matsunaga
Mazzoli
Meeds
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nolan
Nowak
Oberstar
Obey
O'Brien
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Perkins
Pettis
Pickle
Pressler
Preyer
Price
Pritchard
Railsback
Rangel
Regula
Reuss
Rhodes
Richmond
Rinaldo
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roybal
Ruppe
Russo
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Simon
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stokes
Stratton
Studds
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson
Thornton
Traxler
Treen
Tsongas
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
Whitehurst
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wylie
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—45

Armstrong
Bafalis
Bauman
Beard, Tenn.
Bevill
Brinkley
Burleson, Tex.
Clawson, Del
Collins, Tex.
Conable
Crane
Davis
Derwinski
Duncan, Tenn.
Edgar
Emery
Flynt
Frey
Gibbons
Ginn
Grassley
Hammerschmidt
Hicks
Holt
Ichord
Jenrette
Johnson, Colo.
Jones, Tenn.
Kastenmeier
Lloyd, Tenn.
Martin
Paul
Poage
Quillen
Roberts
Roush
Rousselot
Runnels
Satterfield
Shuster
Steiger, Wis.
Thone
White
Whitten
Young, Fla.

NOT VOTING—82

Adams
Ashbrook
Ashley
AuCoin
Bolling
Brodhead
Brown, Calif.
Clancy
Clay
Conlan
Conyers
Dent
Derrick
Downing, Va.
du Pont
Esch
Eshleman
Evans, Colo.
Florio
Ford, Mich.
Frenzel
Giaimo
Green
Haley
Hall
Hannaford
Hansen
Harrington
Hayes, Ind.
Hays, Ohio
Hébert
Helstoski
Hinshaw

Horton
Hughes
Johnson, Pa.
Karth
Kelly
Keys
Landrum
Lent
Litton
Long, La.
Lott
Lujan
McDonald
Maguire
Melcher
Metcalfe
Milford
Mills
Mosher
Nix
O'Hara
O'Neill
Pattison, N.Y.
Pepper
Peyser
Pike
Quie
Randall
Rees
Riegle
Risenhoover
Ryan
Schneebeli
Sikes
Sisk
Snyder
Stanton,
James V.
Stark
Steed
Steelman
Steiger, Ariz.
Stephens
Stuckey
Sullivan
Symms
Teague
Udall
Ullman
Wydler

The Clerk announced the following pairs:

On this vote:

Mr. Dent for, with Mr. McDonald against.

Mr. Pattison of New York for, with Mr. Derrick against.

Mr. O'Neill for, with Mr. Melcher against.

Until further notice:

Mr. Giaimo with Mr. Ashbrook.
Mr. Udall with Mr. Quie.
Mr. Brown of California with Mr. Landrum.
Mr. Florio with Mr. Clancy.
Mr. Green with Mr. Kelly.
Mr. Hall with Mr. Horton.
Mr. Harrington with Mr. Metcalfe.
Mr. Long of Louisiana with Mr. Lent.
Mr. Hughes with Mr. Conlan.
Mr. Helstoski with Mr. Milford.
Mr. Pepper with Mr. Peyser.
Mr. Riegle with Mr. Randall.
Mr. Sisk with Mr. Rees.
Mr. Karth with Mr. Lott.
Mr. Adams with Mr. Mills.
Mr. Maguire with Mr. Steelman.
Mr. O'Hara with Mr. Lujan.
Mr. Hébert with Mr. Snyder.
Mr. Stephens with Mr. James V. Stanton.
Mr. Stuckey with Mr. Steiger of Arizona.
Mr. Ashley with Mr. Steed.
Mr. Downing of Virginia with Mr. Wydler.
Mr. Clay with Mr. Symms.
Mr. AuCoin with Mr. Ryan.
Mr. Frenzel with Mr. Esch.
Mr. Teague with Mr. Johnson of Pennsylvania.
Mr. Litton with Mr. Hansen.
Mr. Hays of Ohio with Mr. du Pont.
Mr. Risenhoover with Mr. Hayes of Indiana.
Mr. Conyers with Mr. Stark.
Mr. Nix with Mr. Ullman.
Mrs. Keys with Mr. Pike.
Mr. Brodhead with Mr. Eshleman.
Mr. Evans of Colorado with Mr. Haley.
Mr. Sikes with Mr. Ford of Michigan.
Mr. Hannaford with Mrs. Sullivan.
Mr. Mosher with Mr. Schneebeli.

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

RECOMMITTING CONFERENCE REPORT ON S. 3295, HOUSING AND COMMUNITY DEVELOPMENT AMENDMENTS, TO COMMITTEE OF CONFERENCE

Mr. REUSS. Mr. Speaker, I ask unanimous consent that the conference report to accompany the bill S. 3295, a bill to amend and extend the laws relating to housing and community development, be recommitted to the committee of conference.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, I presume the gentleman can assure us the minority has been consulted and agrees with this action?

Mr. REUSS. Mr. Speaker, the minority has been consulted and agrees.

Mr. ROUSSELOT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 12566, NATIONAL SCIENCE FOUNDATION AUTHORIZATION ACT, 1977

Mr. SYMINGTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 12566) authorizing appropriations to the National Science Foundation for fiscal year 1977, with a Senate amendment thereto, disagree to the Senate amendment, and request a conference with the Senate thereon.

The SPEAKER. Is there objection to the request of the gentleman from Missouri? The Chair hears none, and appoints the following conferees: Messrs. TEAGUE, SYMINGTON, FUQUA, FLOWERS, MCCORMACK, MOSHER, and ESCH.

PROPOSED BUSING LEGISLATION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 94-540)

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on the Judiciary and the Committee on Education and Labor and ordered to be printed:

To the Congress of the United States:

I address this message to the Congress, and through the Congress to all Americans, on an issue of profound importance to our domestic tranquility and the future of American education.

Most Americans know this issue as busing—the use of busing to carry out court-ordered assignment of students to correct illegal segregation in our schools.

In its fullest sense the issue is how we protect the civil rights of all Americans without unduly restricting the individual freedom of any American.

It concerns the responsibility of government to provide quality education, and equality of education, to every American.

It concerns our obligation to eliminate, as swiftly as humanly possible, the occasions of controversy and division from the fulfillment of this responsibility.

At the outset, let me set forth certain principles governing my judgments and my actions.

First, for all of my life I have held strong personal feelings against racial discrimination. I do not believe in a segregated society. We are a people of diverse background, origins and interests; but we are still one people—Americans—and so must we live.

Second, it is the duty of every President to enforce the law of the land. When I became President, I took an oath to preserve, protect and defend the Constitution of the United States. There must be no misunderstanding about this: I will uphold the constitutional rights of every individual in the country. I will carry out the decisions of the Supreme Court. I will not tolerate defiance of the law.

Third, I am totally dedicated to quality education in America—and to the principle that public education is predominantly the concern of the community in which people live. Throughout the history of our Nation, the education of our children, especially at the elementary and secondary levels, has been a community endeavor. The concept of public education is now written into our history as deeply as any tenet of American belief.

In recent years, we have seen many communities in the country lose control of their public schools to the Federal courts because they failed to voluntarily correct the effects of willful and official denial of the rights of some children in their schools.

It is my belief that in their earnest desire to carry out the decisions of the Supreme Court, some judges of lower Federal courts have gone too far. They have:

—resorted too quickly to the remedy of massive busing of public school children;
—extended busing too broadly; and
—maintained control of schools for too long.

It is this overextension of court control that has transformed a simple judicial tool, busing, into a cause of widespread controversy and slowed our progress toward the total elimination of segregation.

As a President is responsible for acting to enforce the Nation's laws, so is he also responsible for acting when society begins to question the end results of those laws.

I therefore ask the Congress, as the elected representatives of the American people, to join with me in establishing guidelines for the lower Federal Courts in the desegregation of public schools throughout the land—acting within the framework of the Constitution and particularly the Fourteenth Amendment to the Constitution.

It is both appropriate and constitutional for the Congress to define by law the remedies the lower Federal Courts may decree.

It is both appropriate and constitutional for the Congress to prescribe standards and procedures for accommodating competing interests and rights.

Both the advocates of more busing and the advocates of less busing feel they hold a strong moral position on this issue.

Too many Americans who have been in the long struggle for civil rights, busing appears to be the only way to provide the equal educational opportunity so long and so tragically denied them.

To many other Americans who have struggled much of their lives and devoted most of their energies to seeking the best for their children, busing appears to be a denial of an individual's freedom to choose the best school for his or her children.

Whether busing helps school children get a better education is not a settled question. The record is mixed. Certainly, busing has assisted in bringing about the desegregation of our schools. But it is a tragic reality that, in some areas, busing under court order has brought fear to both black students and white students—and to their parents.

No child can learn in an atmosphere of fear. Better remedies to right Constitutional wrongs must be found.

It is my responsibility, and the responsibility of the Congress, to address and to seek to resolve this situation.

In the twenty-two years since the Supreme Court ordered an end to school segregation, this country has made great progress. Yet we still have far to go.

To maintain progress toward the orderly elimination of illegal segregation in our public schools, and to preserve—or, where appropriate, restore—community control of schools, I am proposing legislation to:

1. Require that a court in a desegregation case determine the extent to which acts of unlawful discrimination have caused a greater degree of racial concentration in a school or school system than would have existed in the absence of such acts;

2. Require that busing and other remedies in school desegregation cases be limited to eliminating the degree of student racial concentration caused by proven unlawful acts of discrimination;

3. Require that the utilization of court-ordered busing as a remedy be limited to a specific period of time consistent with the legislation's intent that it be an interim and transitional remedy. In general, this period of time will be no longer than five years where there has been compliance with the court order.

4. Create an independent National Community and Education Committee to help any school community requesting citizen assistance in voluntarily resolving its school segregation problem.

Almost without exception, the citizens' groups both for and against busing with which I have consulted told me that the proposed National Community and Education Committee could be a positive addition to the resources currently available to communities which face up to the issue honestly, voluntarily and in the best spirit of American democracy.

This citizens' Committee would be made up primarily of men and women who have had community experience in school desegregation activities.

It would remain distinct and separate from enforcement activities of the Federal Courts, the Justice Department and the Department of Health, Education and Welfare.

It is my hope that the Committee could activate and energize effective local leadership at an early stage:

—To reduce the disruption that would otherwise accompany the desegregation process; and

—To provide additional assistance to communities in anticipating and resolving difficulties prior to and during desegregation.

While I personally believe that every community should effectively desegregate on a voluntary basis, I recognize that some court action is inevitable.

In those cases where Federal court actions are initiated, however, I believe that busing as a remedy ought to be the last resort, and that it ought to be limited in scope to correcting the effects of previous Constitutional violations.

The goal of the judicial remedy in a school desegregation case ought to be to put the school system, and its students, where they would have been if the acts which violate the Constitution had never occurred.

The goal should be to eliminate "root and branch" the Constitutional violations and all of their present effects. This is the Constitutional test which the Supreme Court has mandated—nothing more, nothing less.

Therefore, my bill would establish for Federal courts specific guidelines concerning the use of busing in school desegregation cases. It would require the court to determine the extent to which acts of unlawful discrimination by governmental officials have caused a greater degree of racial concentration in a school or school system than would have existed in the absence of such acts. It would further require the court to limit the relief to that necessary to correct the racial imbalance actually caused by those unlawful acts. This would prohibit a court from ordering busing throughout an entire school system simply for the purpose of achieving racial balance.

In addition, my bill recognizes that the busing remedy is transitional by its very nature and that when a community makes good faith efforts to comply, busing ought to be limited in duration. Therefore, the bill provides that three years after the busing remedy has been imposed a court shall be required to determine whether to continue the remedy. Should the court determine that a continuation is necessary, it could do so only for an additional two years. Thereafter, the court could continue busing only in the most extraordinary circumstances, where there has been a failure or delay of other remedial efforts or where the residual effects of unlawful discrimination are unusually severe.

Great concern has been expressed that submission of this bill at this time would encourage those who are resisting court-ordered desegregation—sometimes to the point of violence.

Let me here state, simply and directly, that this Administration will not tolerate unlawful segregation.

We will act swiftly and effectively against anyone who engages in violence.

I assure the people of this Nation that this Administration will do whatever it must to preserve order and to protect the Constitutional rights of our citizens.

The purpose of submitting this legislation now is to place the debate on this controversial issue in the halls of Congress and in the democratic process—not in the streets of our cities.

The strength of America has always been our ability to deal with our own problems in a responsible and orderly way.

We can do so again if every American will join with me in affirming our historic commitment to a Nation of laws, a people of equality, a society of opportunity.

I call on the Congress to write into law a new perspective which sees court-ordered busing as a tool to be used with the highest selectivity and the utmost precision.

I call on the leaders of all the Nation's school districts which may yet face court orders to move voluntarily, promptly, objectively and compassionately to desegregate their schools.

We must eliminate discrimination in America.

We must summon the best in ourselves to the cause of achieving the highest possible quality of education for each and every American child.

GERALD R. FORD.

THE WHITE HOUSE, *June 24, 1976.*

REQUEST FOR PERMISSION FOR COMMITTEE ON HOUSE ADMINISTRATION TO SIT DURING 5-MINUTE RULE TOMORROW

Mr. TRAXLER. Mr. Chairman, I ask unanimous consent that the Committee on House Administration may be permitted to sit during the 5-minute rule tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. BAUMAN. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

SHORTCHANGING THE NATIONAL PARK SYSTEM

(Mr. RYAN asked and was given permission to address the House for 1 minute, to revise and extends his remarks and include extraneous matter.)

Mr. RYAN. Mr. Speaker, yesterday my friend and colleague GILBERT GUDE inserted into the RECORD the first portion of a report by the National Parks and Conservation Association—NPCA—entitled "Shortchanging the National Park System." This description of funding deficiencies of historic and recreation areas summarizes the results of part of the 1975 NPCA Park Resource Survey.

Today I am providing the Members with the second half of the NPCA report, which discusses the impact of personnel ceilings and budgetary deficiencies on natural areas of the National Park System. The conclusions of this study are consistent with the findings and recommendations contained in a report titled "The Degradation of Our National Parks," which was approved recently by the Conservation, Energy, and Natural Resources Subcommittee, of which I am chairman.

On Friday of this week Mr. GUDE will offer two amendments to the Interior Appropriations bill designed to provide money for desperately needed maintenance and personnel in our National Parks. Long recognized as a leading conservationist with a particular knowledge and expertise on National Park matters, Mr. GUDE's decision to offer this amendment is based on his particpation in the Conservation, Energy, and Natural Resources Subcommittee investigation of deterioration in the national parks.

I urge all Members to support this worthwhile amendment.

I compliment the NPCA on its excellent work, and I recommend that each

Member take the time to read their report which follows:

Shortchanging the National Park System: Natural Areas

For nearly three years NPCA has been protesting the budgetary restrictions and low personnel ceilings that the President's Office of Management and Budget (OMB) imposes on the natural resource agencies. After several meetings with NPCA during this time, OMB invited the Association in August 1975 to provide information on specific units within the National Park System where lack of enough funds or personnel has impinged on visitor enjoyment or resource management.

Consequently, NPCA conducted an extensive field survey of its trustees and correspondents and of national park superintendents and other informed citizens. The summary of the survey findings for natural areas printed here is a representative sample of the replies received and does not attempt to be comprehensive for the entire National Park System. A summary of the findings from historic and recreation areas will follow in the March 1976 issue. This information was presented in December 1975 in somewhat different form with testimony on invitation at a congressional oversight hearing called to investigate OMB's imposition of low personnel ceilings on the National Park Service.

Acadia National Park, Maine. Despite heavy visitation resulting in overcrowding of park areas accessible to the public, NPS has been unable, because of insufficient funds and staff to either disperse visitors over a larger area of the park by opening other backcountry camps and trails, or to fully protect either the park resource or the park visitors. On the Schoodic section, vista clearing operations on turnouts and scenic overlooks has in some cases been neglected for as long as ten years. Despite annual visitation of 300,000 in this section, only one park ranger is available. Nearly 75 percent of park maintenance funds is provided by the state through unemployment funds and a program for college students seeking employment in their field of study. Nevertheless, maintenance standards in the park are well below optimum. The natural history interpretation program is severely curtailed by staff constraints with the result that only one ranger was available part time during the month of September 1975 for more than 30,000 visitors. The park master plan has been slowed for more than two and a half years by lack of sufficient staff.

Arches National Park, Utah. Maintenance and cleanup suffer from lack of staff and funds. There is *no* manpower to carry out backcountry patrols, which should be done three times per week in this park. There are not enough personnel to staff entrance fee collection stations for the full prime visitor season; it can now be done only from May to September rather than from April to October as should be done. Law enforcement staff is minimal even during the busy season. Preparation of the park master plan is far behind schedule due to lack of staff. The park has no full-time interpreter.

Badlands National Monument, S.D. All park buildings are in a poor state of repair. Campgrounds and roads have deteriorated considerably. Staff is generally insufficient to patrol remote areas of the monument.

Big Thicket National Preserve, Tex. The National Park Service's lack of personnel for land acquisition functions has greatly slowed acquisitions for this new area and has forced the Park Service to contract with the Corps of Engineers for the land acquisition function. In the meantime, severe damage is being done to the park resource by continued timber cutting by private landowners and private logging companies. Personnel consists of half a dozen people working out of a trailer trying to manage 85,550 acres of scattered units covering some 3,500 square miles of land. This preserve needs high priority for personnel and budget, or it will die on the spot.

Canyonlands National Park, Utah. Maintenance of buildings, grounds, and visitor facilities suffers from lack of funds and staff. Roads are poorly maintained. The park lacks even temporary personnel for trail maintenance. Protection of public health; campground and backcountry patrols; and park interpretation programs suffer from lack of funds and are not up to standard. After fourteen years two major development areas of the park still have only "temporary" facilities for visitors, due to lack of construction money.

Capitol Reef National Park, Utah. Insufficient budget resourves have restricted interpretation, resource management, maintenance, and administration of the area. Several historical structures are in danger of collapse and decay. Roads are maintained on an emergency basis only. There is only one naturalist on the permanent staff for nearly ¼ million acres. Public health and visitor protection are not being adequately provided for. Park interpretive programs (i.e. movie and publications) are out of date but cannot be updated for lack of funds. Contracts let for master planning and environmental statements produced finished products that were unacceptable and unusable; NPS employees, had they been available, could have done a proper job at less cost to the government.

Carlsbad Caverns National Park, N.M. Insufficient manpower has been responsible for a less than acceptable level of protection of the fragile, irreplaceable cavern resource. Permanent staffing in the Visitors Services and Cavern Protection Division dropped from 23 in 1963 to 11 as of June 1975, but during this same period visitor travel to the park increased from 586,000 to more than 800,000 annually, or a 46 percent increase. Surface nature walks and primitive cave tours have been greatly reduced and may have to be eliminated in 1976 due to lack of personnel. Backcountry trails have deteriorated from lack of maintenance to a point that they are open only to very experienced hikers and horsemen. Serious damage to park structures is likely unless funds are made available for roof repair and replacement.

Cedar Breaks National Monument, Utah. The park interpretation program is being handled by two volunteers from the Student Conservation Association, rather than by seasonal or permanent Park Service interpreters. Restrooms are substandard and do not provide an adequate level of protection for public health.

Channel Islands National Monument, Calif. Personnel restrictions have prevented location of staff on either of the two islands comprising the monument; consequently, the islands have not been adequately managed or protected, and visitors services have been minimal or nonexistent. Lack of building maintenance on the islands has resulted in cracked windows, neglected paint jobs, outdated electrical systems—in general, run-down buildings. Due to lack of personnel maintenance of administrative facilities such as boats can presently be provided only when the equipment becomes dangerous or practically inoperative. The monument's interpretation program is often unable to provide rangers for groups that want talks or tours. The park master plan team organized last year was disbanded for lack of funds.

Colorado National Monument, Colo. Paved roads in this area have deteriorated to a system of patches due to lack of funds, with no alternative in sight other than to apply patch after patch. Personnel have been unavailable for routine trail maintenance for the past several years. Seasonal personnel restrictions mandate a heavy reliance on "devices" rather than personnel presentations in the interpretive program. Costs from vandalism are increasing due to lack of enough law enforcement personnel during spring and fall seasons.

Crater Lake National Park, Oreg. The near catastrophe at Crater Lake during the summer of 1975 resulting from a contaminated water supply was largely the result of budgetary cutbacks that had delayed overhauling of the sewerage and water supply systems, which has been needed for years. Protection of the park resource and of public health has suffered from lack of adequate funding.

Death Valley National Monument, Calif. The serious threat of continued extensive strip mining for talc and borates will continue unimpeded unless funds for purchase of these mineral rights are made available. The Furnance Creek campground area is extremely overcrowded and deteriorating physically, with park personnel, due to inadequate funding, unable to control the deterioration. Periodic washouts of roads take years to repair because of insufficient manpower and inadequate funding. No funds have been available for mass transit facilities for visitors, although greatly needed. The Park Service needs greatly increased funds to adequately cope with the feral burro problem, which causes severe destruction in large areas of the monument. Funds for basic research in this area have been lacking for many years.

Devil's Tower National Monument, Wyo. The visitor center built in 1938 is in urgent need of repair and rehabilitation. The last construction in the monument took place in fiscal year 1961. The master plan for the monument has not been updated since 1958. Maintenance programs generally for buildings, campgrounds, lawns, roads, and trails are operating at about 70 percent of the National Park Service standard.

Everglades National Park, Fla. In midsummer (even though not the best time of year to visit this park) the park's mass transit vehicles are too crowded; more are needed. Due to not enough law enforcement personnel some areas have suffered abuses from illegal off-road vehicle activity. Planned installation of new back-country camping sites has been halted because of lack of funds and insufficient personnel for servicing, maintaining, and patrolling them; this results in overcrowding and destruction on established sites. Interpretive programs have been set back severely. Maintenance of buildings has gone unattended, and these facilities have suffered as a result. Certain free tram rides in the park will be cut back or stopped, as in Shark Valley, due to lack of funds. Only 83 of 104 permanent positions are filled. The park has abolished three permanent positions to provide permanent staffing in other areas of the park system, and has relinquished $22,800 for redirection. In addition, $26,700 has been generated for redirection by curtailing existing seasonal and temporary personnel services, support costs, and travel programs. If the $49,500, three permanent positions, and 2.3 man-years of seasonal employment are actually taken from the park, there is serious question whether the park can operate for the remainder of the fiscal year at even minimum standards.

Glacier National Park, Mont. In 1963 this park provided its scenic wonders to 800,000 visitors with 72 permanent and 291 seasonal employees. By 1975, with visitation at 1.6 million, permanent staff had been cut to 56 and seasonals to 273. The seriousness of these personnel cutbacks is compounded by the addition of many necessary tasks such as fee collection in more than twelve campgrounds, preparation of environmental impact statements with the need for public involvement and thus public meetings, backcountry and wilderness management and new park personnel programs. Park maintenance buildings and living quarters (some constructed twenty to fifty years ago) are not even being maintained at the standards existing at the time of their construction. Historic structures are not being adequately preserved, and roads are deteriorating. Trials also are deteriorating rapidly with about 20 percent of the 1,000 miles of trails existing several years ago no longer receiving any maintenance at all. Manpower available for visitor protection and public health programs and for backcountry and campground patrols has declined as visitation has increased, resulting in inadequate protection of both the visitor and the resource. Lack of sufficient personnel for concession management has resulted in a decline in service but a rise in prices. A park spokesman states, "Morale has been going downhill for three years and getting worse. Manpower and budget restraints have passed the breaking point with no hope of future relief. Other land management agencies, especially BLM, seem to be the new stars."

Grand Canyon National Park, Ariz. Permanent Park Service staff at Grand Canyon National Park is more than one hundred man-years below the level that NPS has determined to be necessary for full and complete administration of this world-acclaimed park. Personnel ceilings have resulted in contracting out as much as 40 percent of building and road maintenance with a resultant increase in expenditures for this purpose. But even with the contracting that is done, only one-half the manpower and money needed to meet park standards for building maintenance is available. Due to a severe lack of funds and other higher priorities, many miles of trails receive no maintenance even when emergency situations exist. Park officials estimate that the catch-up maintenance, especially on roads and trails, which will be necessary in Grand Canyon park could result in a doubling to quadrupling of costs over preventive maintenance programs.

Law enforcement, visitor protection, and public health services only approach adequacy in the developed areas of the park during the period of extremely high summer visitation. These services are poor in areas of low visitor density or in off-peak seasons. The concessions management operation is severely understaffed. Only one full-time concession specialist and one part-time sanitarian are available, whereas a doubling of this staff is essential. Concerning the concessioner, Fred Harvey, Inc., one frequent park visitor remarked, "Grand Canyon suffers from almost complete autonomy of the concessioner. Long waits for dinner may be spent. Complaints about food or service, no matter how courteous, are regarded with aloof unconcern. Writing to the National Park Service about these matters may obtain a reply expressing general or complete satisfaction with the concessioner. Whatever the NPS office may say, they give their concessioners almost complete sway. The souvenir shops are universally shoddy monuments to poor taste and irrelevance."

Great Smoky Mountains National Park, N.C. and Tenn. Perhaps the most heavily used park in the system, the park generally and the backcountry in particular suffer from overuse. This problem is exacerbated by a serious lack of law enforcement and backcountry patrol by park rangers due to lack of personnel. Maintenance of facilities including trails suffers from lack of personnel to perform necessary functions. Poor trail maintenance not only increases difficulties and hazards for the visitor but also results in increased erosion; thus the resource suffers from lack of funds.

Guadalupe Mountains National Park, Tex. As a new park, authorized in 1966 and established in 1972, Guadalupe Mountains has never operated with anything but old, temporary facilities with a skeleton staff of four permanent employees and eight to fifteen temporary employees to manage more than 81,000 acres. All four of the National Register historical structures are suffering from lack of repair and stabilization due to lack of funding. Standardized visitor interpretation is nonexistent. There are no park interpreter, summer assistants, office space, or interpretive equipment budget. Often the park must request staff assistance from Carlsbad Caverns National Park to meet special use of interpretive needs, which in turn results in limitation of Carlsbad Caverns operations.

Katmai National Monument, Alaska. Poaching of the Alaskan brown bear in Katmai is a severe problem that the Park Service is unable to adequately address due to insufficient personnel to adequately cover the 2.7 million acres of the monument. A small wildlife patrol plane is needed, but funds are not available.

Lassen Volcanic National Park, Calif. Discovery of a geological fault in the park which could result in a severe landslide resulted in the closure of the park facilities in the lower, more developed and popular areas of the park. However, it seems that the reason for this closure may be financial as much as concern for the safety and health of the visitors. No attempt has been made to replace closed facilities with anything comparable in what is supposed to be a safe area.

Lava Beds National Monument, Calif. The monument lacks the funds for major maintenance projects such as seal-coat of roads, replacement of pumps, and rehabilitation of radios and power lines.

Lehman Caves National Monument, Nev. Insufficient levels of personnel have resulted in increased vandalism to cave formations and in reduced visitor enjoyment and longer waits between tours. The monument is closed to the public at night, and no visitor fee collection can be conducted in the wintertime due to insufficient personnel.

Mammoth Cave National Park, Ky. Interpretive quality and cave resource protection fall far short of satisfaction due to high visitor-to-interpreter ratio. Year-round wildlife poaching is not controlled. Funds are insufficient to establish an immediate program of road maintenance. Cave tour parties are too large to permit a quality park experience. The law enforcement staff is insufficient to provide the necessary resource and visitor protection. The problem is further complicated by the exstence of a 214-man Job Corps center, a 30-man Youth Conservation Corps camp, a campground, and two major concession operations in the park. The park has experienced major incidences of crime, vandalism, traffic violations, and poaching requiring twenty-four-hour patrols by rangers. The park has no financial program for the preservation of its historical properties. The park lacks a full-time research management ecologist to handle the research program. The available staff man-hours are insufficient for adequate administration of the concession contract.

Mount McKinley National Park, Alaska. After the McKinley lodge partially burned in 1972, railroad cars were moved in to serve as visitor accommodations. Thus, visitors stay in a room the size of a double bed, with two single bunks, nonopening windows, and a very inadequate heating system—renting for $21. Inadequate funding has prevented the park from completing plans for restoration of the McKinley lodge. Insufficient numbers of park personnel for campground patrols have resulted in severe damage to the park resources, particularly at Riley Creek campground at Mt. McKinley's entrance, where the forest is being stripped bare for use as firewood, with green trees being cut in some cases. Inadequate funding and insufficient personnel have prevented necessary road maintenance; bus accidents have occurred as a result.

Mount Rainier National Park, Wash. Personnel limitations and shortage of funds have caused a lack of most maintenance operations including reroofing, painting, table and fireplace replacement in campgrounds, relocation of backcountry campsites, and restoration of damaged sites. The lack of funds has deferred needed repairs to wastewater treatment facilities to meet EPA standards. Current funding for law enforcement does not permit twenty-four-hours-a-day patrol and radio dispatch, which are needed especially during the peak visitor season. Professional expertise is needed in the field of concession management to provide competent review, oversight, and enforcement of concession management policies, a lack of which often results in inadequate visitor services and abuse of the park resource. The park is operating with permanent personnel vacancies, which result in failure to meet the minimum standards for this unit of the park system. Due to restrictions of personnel, entrance fees are collected for shorter hours and fewer weeks during the peak visitor season. Consequently less money is collected.

Rocky Mountain National Park, Colo. Backcountry use more than quadrupled between 1964 and 1974; yet, during this time, two permanent park ranger positions were abolished due to personnel ceilings and lack of adequate funding. As a result, thefts and other violations have increased substantially. The GSA–11 management assistant position was abolished, resulting in inadequate attention to land acquisition, public relations, and concession management. The position of park ranger responsible for the wildlife management program was also abolished, resulting in curtailment of the winter elk trapping and tagging operations for several years. Another park range position was abolished, resulting in curtailment of both winter and summer patrol activity with a consequent increase in vandalism in the campgrounds at the Green River Ranger Station and the West Unit visitor center. During 1974 the Volunteers in Parks program and the student assistant program contributed 3,884 man-hours of voluntary time in manning the information desk 24 hours per week and assisting in the dispatch office 16 hours per week. This assistance augmented the services of paid park employees and significantly helped to make up these vital visitors service functions, which could no longer be provided because of lack of funds. However, because of restrictions on the use of these volunteers, they could not perform at the same standard as employees of the Park Service. In 1971 the park road crew had twelve temporary employees; in 1974, only nine. Lack of funds for road maintenance has resulted in a loss of tremendous investment. No chip and seal on the park roads has been done since 1971. In 1974, lack of sufficient personnel resulted in the inability to open old Fall River road to park visitors by plowing; the road was not open until the snow had melted. The positions of civil engineer and landscape architect have also been abolished, with professional services provided by these positions falling under the responsibilities of the chief of maintenance with an adverse effect on the whole maintenance operation. Garbage cans can now be collected only three times a week rather than seven days a week as was done previously, resulting in overflowing cans and scattering by animals.[14]

Shenandoah National Park, Va. There is a lack of enough personnel and funds to properly manage, operate, and maintain the park in accordance with published National Park Service standards. Resources available in FY 1975 provide for 50 man-years of permanent positions and 89 man-years of other-than-permanent positions with funds totaling $2,493,500, whereas to meet standards 128 man-years of permanent personnel and 132 man-years of other-than-permanent personnel with funds totaling $4,304,690 are needed.

Most buildings are thirty-five years old or older and continue to require an increasing amount of repair which cannot be done with funds available. Rotting timbers and sidings, failing electrical apparatus, and deteriorating roofs continue to be the major building problems. Because of the lack of maintenance in some of the campgrounds the groundcover has almost vanished and now requires major work to reestablish the eroded material, but there are not enough personnel to do this work. Funds normally used for trail maintenance have been diverted to higher priority items with the result that many backcountry trails are now unsafe. The park is unable to meet any of the requirements established by EPA and the Public Health Service for visitor health and safety. Only a few of the water systems employ a disinfection apparatus; more are required to ensure public protection, but the park does not have the money to purchase and operate these units. The sewage systems do not comply with EPA standards because of lack of personnel and funds. Few septic tanks are ever pumped, and some are full of sludge and cannot provide the limited treatment normally expected. Due to personnel limitations, one visitor center, Dickey Ridge, will be closed for the winter season, and evening programs and walks have been placed on a much limited schedule during the spring and fall seasons. Present staffing and funding restrictions limit patrols to areas of heavy use in the summer months and weekends in the off-season. Little-used areas are patrolled infrequently or not at all. Use of backcountry is increasing more rapidly than overall visitation. No hunting patrols to prevent poaching are carried out during the hunting season. Campgrounds are closed for the season early and opened late the next season for lack of staff to operate them. Law enforcement patrol coverage is normally only sixteen hours per day with a resulting increase in vandalism during the other hours. Comprehensive concession management is not possible at present staffing levels.

Timpanogos Cave National Monument, Utah. Maintenance is severely curtailed. Trash pickup schedules have been reduced; lawns are mowed and trimmed less frequently; roadsides are not cleaned, mowed, or stabilized as frequently as needed. Picnic tables are refinished less often; replacement of worn-out fireplaces is not done on a current basis. Foot patrols have been severely cut back, increasing the potential for fire, safety hazards, and vandalism. The number of law enforcement patrols has been reduced in an area subject to vandalism. Funds are not available for badly needed cave research to establish carrying capacities, methods of cleaning information, and environment damage to cave life.

Virgin Islands National Park, V.I. Beach maintenance has been a constant high-priority job for such heavily used areas as Trunk Bay. Daily attention is needed, but only three days a week are available presently due to insufficient manpower. Most park buildings have had little maintenance—even painting—in some cases for as far back as ten years. Funds are not available for stabilization or restoration of historic structures. Visitor protection and public health program positions are filled by seasonal and subject-to-furlough personnel, whereas full-time trained personnel are needed for these vital functions. The interpretation program is heavily oversubscribed, resulting in a very unfavorable interpreter/visitor ratio. Consequently, the park visitor receives an unsatisfactory experience.

Voyageurs National Park, Minn. Although authorized in 1971, Voyageurs has only three to five permanent personnel and has received limited funding for land acquisition. Interpretation programs are virtually nonexistent. Staff for patrols throughout the park are particularly critical because of repeated threats by some local citizens to continue hunting and driving their off-road vehicles throughout the park area.

Yellowstone National Park, Wyo., Mont., and Idaho. Insufficient staff and funding have prevented the establishment of a cyclic rehabilitation program for campgrounds, buildings, historic structures, and roads, resulting in gradual deterioration, which, though not attracting immediate attention, ultimately results in higher replacement costs. Only twelve employees are available to maintain more than 1,000 miles of trails; that number is sufficient only for removing blowdowns blocking trails rather than other essential work such as drainage repair. The park's modern sewage disposal system requires more highly trained personnel for operation than heretofore required. Concession management in the canyon and village area has been reported as extremely poor in 1975. Old Faithful Inn, important both as a historic property and for current visitor accommodations, is in a dire state of disrepair. Campgrounds are often closed in the fall before the visitation drops off, because seasonal employees are released on a predetermined time schedule. Many essential jobs are filled by less than full-time employees.

Yosemite National Park, Calif. Campgrounds are in a major state of disrepair in some areas of the park due to insufficient personnel. The campground at Tuolumne Meadows needs to be completely renovated after years of heavy use. The bridge on the John Muir Trail over the Dana Fork of the Tuolumne River is in an extremely dangerous condition of disrepair. Because it is adjacent to a main road, it gets heavy use including use by children and elderly people. Although its unsafe condition warrants immediate replacement on an emergency basis, inadequate funding is available. Insufficient backcountry patrol staff enables inexperienced backpackers to build campfires in new areas and to put up tents in fragile meadows.

Zion National Park, Utah. Permanent employee positions allocated to this park total twenty-eight. However, additional permanent personnel are needed for interpretation, maintenance, and protection; and additional seasonal personnel are needed for visitor protection, fee collection, and interpretation if programs are to operate at standard. The Kolob Terrace Road requires considerable maintenance at present, but funding is not available. In recent years the trail system has received less and less attention, particularly in the backcountry areas of the park. The water and sewage systems for the most part are between thirty and forty years old and will require considerable upgrading in the near future if they are to meet acceptable public health standards and if a repeat of the public health crisis at Crater Lake during the summer of 1975 is to be avoided in Zion. Backcountry patrol has suffered immensely in recent years, because it is one of the first items cut if personnel are required for other duties. Fee collection stations are not currently operated on a twenty-four-hour basis due to lack of manpower. Around-the-clock station operation not only would provide considerable additional revenue but would improve law enforcement and general park protection because of greater control over visitors entering and leaving the park. In recent years the park has experienced an increase in enforcement actions and investigation of crimes against visitors and park property, which warrants an increase in personnel for visitor protection and campground patrols.

THE NEED FOR A SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. WOLFF) is recognized for 60 minutes.

Mr. WOLFF. Mr. Speaker, I have reserved time this evening so that the Members of the Ad Hoc Committee on International Narcotics Control would have an opportunity to elaborate on the need for the House to swiftly create the Select Committee on Narcotics Abuse and Control. I am joined this evening by my distinguished colleagues Mr. RODINO, Mr. MURPHY of Illinois, Mr. RANGEL, and Mr. GILMAN, each of whom has worked over a period of years to combat the problem of drug abuse. We have convened hearings, traveled to the producing countries, and sponsored legislation in our efforts to investigate the scope of the problem, and then propose a constructive Federal response. We feel that the select committee is essential if the Congress is to be able to have an on-going input into the Federal strategy to combat drug abuse.

Last night I introduced 10 identical resolutions which include the names of more than 220 Members of the House from all parts of the country and both sides of the aisle. The cosponsors include the entire leadership of the Democratic Party and seven chairmen of standing committees. The support of the majority of the Members of the House indicates that the Congress is prepared to respond in a constructive way to the drug epidemic which is sweeping the country.

The Members of the Ad Hoc Committee met with President Ford on December 22, 1975, to urge greater coordination of the administration's narcotics control programs and efforts. This January I went to Mexico with Mr. GILMAN where we met with President Luis Echeverria to negotiate a joint United States-Mexican narcotics monitoring commission. The Secretary of State endorsed the commission proposal and President Ford has directed members of his staff to carry through on the initiative in his message to the Congress on drugs, dated April 27, 1976. It is readily apparent, when one notes that a majority of the House has cosponsored the resolution to create a Select Committee on Narcotics, as well as the House Democratic leadership, that the Congress is prepared to act on President Ford's drug message, and that we will do our part in formulating a comprehensive drug abuse strategy.

I have publicly endorsed the President's pledge to do "whatever is necessary" in the war against narcotics. However, the fact is that today we still have chaos in the Federal handling of narcotics control policy where 17 agencies and departments split jurisdiction. The bottom line is that drug addiction, and the estimated $17 billion annual drug-related crime cost, are at all-time record levels, despite some $750 million in appropriations scattered throughout the Federal bureaucracy for narcotics control and treatment.

The initial purpose of the select committee will be to help coordinate congressional policy on all aspects of drug abuse. It will help the seven standing committees of the House which currently exercise jurisdiction over the many facets of drug abuse legislation to formulate comprehensive plans and responses to the problem. We must strike a balance between what are now independent antidrug abuse approaches. Federal programs which aim at reducing supply must be balanced against those which are geared toward eliminating demand. Programs of enforcement must be coordinated with programs of treatment and prevention.

The select committee will include members from each of the seven standing committees which currently have jurisdiction over any aspect of narcotics control or treatment. The Select Committee will not have legislative jurisdiction, but will serve an investigative and oversight function for the entire House by conducting a continuing comprehensive study and review of the problems of narcotics abuse and control. These efforts would include, but not be limited to, international trafficking, enforcement, prevention, narcotics-related violations of the Internal Revenue Code of 1954, international treaties, organized crime, drug abuse in the Armed Forces of the United States, treatment and rehabilitation, and the approach of the criminal justice system with respect to narcotics law violations and crimes related to drug abuse.

It is clear that we are now at a crisis period in our efforts to combat drug abuse. The number of heroin addicts has soared to more than 500,000 and shows no signs of tapering off. Even more importantly, the impact of drug abuse has now stretched across the country and includes the small towns of this Nation as well as the urban centers. The destructive affect of drug abuse includes not only the deaths of over 5,000 young Americans annually but also staggering amounts of street crime. It is estimated that more than one-half of all robberies, muggings, and burglaries are committed by drug abusers to support their habits.

The select committee will provide the Congress with a forum and the resources to effectively address the long and short term aspects of drug abuse and thus fulfill its responsibility to the citizens of this Nation.

Mr. GILMAN. Mr. Speaker, I thank the gentleman for yielding and I rise in support of this measure, which I am pleased to cosponsor, establishing a Select Committee on Narcotics Abuse and Control.

I call to my colleagues' attention the continuing diligent efforts by the gentleman from New York (Mr. Wolff) on behalf of the youth of America to put an end to narcotic trafficking.

Together with a small ad hoc group of my colleagues, we have been battling the evils and crimes of the organized drug business for some time. Our travels have taken us to Southeast Asia, to Turkey, and last winter, to Mexico and Colombia, the origin of the "Latin Manhattan Connection"—the thousands of acres of poppy fields where the U.S. bound heroin crop is grown and the home of the cocaine products in distant cities of Colombia.

Poppy fields are not a pretty sight and neither are the "drug pits" in Harlem where a great deal of those drugs wind up. As a result of our travels we recognized that for the American people to really defeat this problem, they must first know their enemy and then be given the money, manpower, and equipment needed to fight the battle. It is up to the U.S. Congress to provide that information to make the public aware and to provide the tools to do the job.

That is why this Select Committee on Narcotics Abuse is needed, and needed now. Judging from the recent reports of substantial shipments of heroin that have been seized by our Drug Enforcement Administration agents, it is apparent that the tide is beginning to turn in our favor.

But, in order to properly fulfill our obligation to effectively fight this criminal activism, a congressional investigative unit is urgently needed. Such a commission could conduct a continuing comprehensive study and review of the problems emanating from drug trafficking and drug abuse. The select committee could study the problems of controlling drugs, of eradicating foreign sources, of interdiction of narcotic traffic of coordinating our national effort to stamp out this evil. It is more than a national problem—its scope is international.

The cost to the American taxpayer cannot possibly come close to the yearly sacrifice we pay in lives, suffering and drug-related crimes. Last year 5,000 Americans, mostly youngsters who had not reached their 21st birthday, died from drug overdoses; there are currently 500,000 hardcore drug addicts in the United States; and drug-related crimes cost the American public last year an estimated $17 billion.

Now, more than ever, we need concerted congressional action to lower those sad statistics. This proposal would be a start.

Accordingly, I urge my colleagues to join with us in a creation of this important committee, now, while we have a soluion to the problem in sight.

Mr. RANGEL. Mr. Speaker, on Tuesday Congressman Lester Wolff introduced legislation which would create a Select Committee on Narcotics Abuse and Control. As a vigorous cosponsor of this resolution, I would like to take a few minutes to highlight the need for such a select committee at this time.

Those of us in Congress who have been concerned about the narcotics problem of this Nation are finding that our efforts to reduce the flow of drugs reaching this Nation are indeed hampered by an inability to coordinate our activities in this regard. Our efforts in Turkey to reduce the amount of opium poppy coming from that nation led to an increase in trafficking from other parts of the world. Simply put, we cannot attempt to reduce the amount of drugs in this Nation by attacking individual trouble spots. Our efforts must be directed at all the drug-producing nations.

This approach by my colleague Lester Wolff represents the first significant attempt by Congress to deal with the drug abuse question. By adopting this resolution, we would be allowing those committees of the House that have jurisdiction over the various aspects of the narcotics issue to devise a program for combating this menace. In this way we could deal in a much more rational fashion with programs which are designed to eliminate the drugs while at the same time coordinate our efforts in attempting to treat and rehabilitate those who have become addicted to these drugs.

I am certain that I do not need to point out to my colleagues the need for this important legislation. There is an epidemic which is spreading throughout this land. For a while this epidemic was confined to our central cities. However, now drug use is speading to the small towns in our country. We are spending billions of dollars in attempting to control the drug cancer. Many of the crimes that occur on our streets can be attributed to those people who are looking for funds which will enable them to continue their habit.

In short, the Congress must do something to help to alleviate the drug problem. Although none of us are totally certain of what path will produce the best results, this select committee provides the best vehicle for ideas to be exchanged with the hope that a policy will emerge which will successfully allow us to bring this problem under control. I enthusiastically support this resolution.

Mr. MURPHY of Illinois. Mr. Speaker, it is a distinct privilege for me to join Congressmen Lester Wolff, Peter Rodino, Charles Rangel, and Ben Gilman in a special order to discuss our resolution providing for the establishment of a Select Committee on Narcotics Abuse and Control. I would like to give special mention to my friend and colleague from New York, Lester Wolff. Lester was the motivating force behind this resolution. I commend his legislative initiative and his long-standing commitment to the fight against narcotics.

I would like to discuss the rationale for the select committee. We do not need a new look at drug abuse but we do need a comprehensive look at it. We have to coordinate the education programs with the rehabilitation and treatment. We have to be certain that the law enforcement approach is not in conflict with the courts' handling of convicted pushers and users. We have to provide a check on bureaucratic jealousies that have plagued the narcotics fight since its beginning. We have to be certain that State and local efforts are consistent with the Federal Government's role and vice versa.

Agency heads are now answerable to the House Committees on Armed Services, Government Operations, International Operations, Interstate and Foreign Commerce, Judiciary, Merchant Marine and Fisheries and Ways and Means. They wear different hats before different committees. There is no congressional forum where these agency representatives can go beyond the narrow jurisdictions of the committees and talk about drugs in a broad context. Agencies may be holding some of the answers to our drug problem but they are never asked the right questions or given an opportunity to put it all together.

I have joined in floor debates, ad hoc hearings, and presidential briefings with Congressmen Wolff, Rangel, Rodino, and Gilman. We know that we have served a purpose but we are convinced that such a part-time unofficial arrangement is not enough. It is good to know that individual Congressmen respond to drug crises but we must be in the business of predicting and preventing these crises as well.

We need a Select Committee on Narcotics Abuse and Control to focus on the problem. People typically think that a crisis has been resolved when front-page coverage stops. The fact is that we declared war on narcotics some years back but we have not yet begun to fight.

There have been a few skirmishes but the war lacks coordination and planning. My remarks should not be interpreted as a criticism of the men and women involved in stopping narcotics abuse. I am proud to associate myself with them. The point is that men and women in different agencies often work at cross-purposes because we have failed to make hard decisions about goals, and even when we make decisions we fail to equip these people with the tools and the authority to carry them out.

The national picture is not good. Robert DuPont, Director of the National Institute on Drug Abuse—NIDA—admits that heroin use has increased at a steady albeit slow rate since mid-1973. According to NIDA's 1976 Heroin Indicator Trend Report, the street-level purity of the drug has improved and the price to the user has decreased because of its availability.

I would like to get regional in my comments for a few minutes. The Illinois Legislative Investigating Commission—ILIC—issued a report this month entitled "Mexican Heroin." The ILIC examined drug law arrest data for my city of Chicago and confirmed that the cut-off of the Turkish supply resulted in a decline in the total number of active addicts between 1972 and 1973. Once Mexico could establish itself as the new source of the drug, however, the statistics changed drastically. In 1974, there was a significant increase in the total addict population. The report concludes:

> These addicts appear to have only temporarily dropped out of the addict pool by necessity. During the same period, the number of addicts in suburban Cook County appears to have steadily increased.

Using all the data available, the ILIC estimated that there are 37,500 addicts in Cook County. The ILIC admits that the figure is rough but the Commission needed some estimate to determine the quantity of heroin used and the amount of money addicts in Cook County need to support their habits.

Based on Drug Enforcement Administration estimates that the average addict needs approximately 50 milligrams of pure heroin per day to support his habit, and the average price per milligram of pure heroin is $1, addicts must obtain approximately $50 per day to feed their habit. The ILIC report notes that for all the suspected 37,500 addicts in Cook County, this amounts to a cost of $1,875,000 a day or $684,375,000 annually. I think we can all use our imaginations to translate the Chicago need to a national need. Furthermore, we can figure out the criminal costs necessary to pay for these habits.

In a May 17 column in the Chicago Tribune, Bob Wiedrich talked about the hamstringing of law enforcement people in their attempt to cut off drug profits. He said that the American people cannot relate to the narcotics nightmare and have thus been unable to take any effective steps to correct it.

The point is that you cannot rely on cops and agents and our court system to eliminate the drug problem. It will not begin to go away until we squarely face up to our individual responsibilities. We are parents, aunts, uncles, brothers and sisters. We must take an interest in combatting drugs not only for the generation that is young today but for future generations as well.

Ed Bunker in a May 15 article in the Nation warned that it is not enough to defoliate every opium field in the World. He argued that it is as easy to manufacture synthetic narcotics in the laboratories as it is to convert opium to heroin. And the international traffickers are prepared for any switch away from opium. The obvious conclusion is that we cannot spend all our energies and all our dollars tracking down the drug sources. We have to deal with the reasons why people use drugs. We have to ask why life is of so little value to so many that they would waste it on a needle full of heroin.

We have to find answers to our drug problem soon. And I think we can begin with the creation of the Select Committee on Narcotics Abuse and Control.

Mr. RODINO. Mr. Speaker, yesterday along with several of my colleagues, I sponsored a resolution (H. Res. 1337) to establish a Select Committee on Narcotics Abuse and Control.

It has been apparent over the years that one of the most vexing problems concerning the drug issue is that earlier approaches to the drug problem have been extremely fragmented at all levels and in all branches of Government.

Drug addiction is a multifaceted problem involving a variety of complex social, medical, and legal problems, and it is both national and international in scope.

As a result, a coordinated, governmental approach to the problem of drug abuse has been difficult to achieve. This problem of fragmentation has continuously plagued the executive branch in that the Federal program to control drug abuse currently involves the activities of seven Cabinet departments and 17 different executive agencies. The situation in the executive branch prompted the administration to take a number of executive actions to insure better coordination including: the establishment of the Special Action Office for Drug Abuse Prevention—SAODAP—the creation of the Drug Enforcement Administration—DEA—and more recently the creation of two Cabinet-level committees—one on drug abuse prevention, treatment and rehabilitation and one on drug law enforcement.

We have compounded this problem in the legislative branch by having several different committees exercising jurisdiction over different aspects of the narcotics problem. This overlap in jurisdiction has seriously impeded review and consideration of the drug problem as a whole.

In my judgment it is vitally important that Congress develop an effective and comprehensive program to attack the serious problem of drug abuse, and I believe that the resolution we have introduced represents a major step forward in this effort.

The problem of drug abuse in this country has been estimated to cost the American taxpayer between $10–$17 billion per year, in addition to the human suffering which is caused by the drug menace.

As chairman of a committee which has primary jurisdiction over several aspects of the problem, I welcome an extensive and exhaustive review of this subject by a select committee of the House.

Undoubtedly, there will be many who are concerned that the creation of another House Committee will not help to alleviate the problem, and I would agree with those who feel that the establishment of a select committee is an extraordinary measure which should only be taken when an emergent situation arises.

In my opinion the current drug epidemic is just such a situation and the fact that over 200 members of Congress have already cosponsored this resolution is a clear indication that both the Congress and the American people are demanding effective action to eliminate the scourge of drug addiction.

The current parliamentary situation is extremely confusing as recently evidenced by the fact that the administration's draft bill on drug abuse was referred to four different legislative committees. Certainly, this effectively prevents a meaningful and coordinated legislative response to the drug problem. As a result, at the current time progress is only achieved when Members of Congress interested in the drug problem or members of legislative committees with legislative jurisdiction are able to meet informally for the purpose of developing a unified front on a particular issue or problem that may arise in this area.

This ad hoc informal arrangement is often impractical and unworkable, and I sincerely feel that a select committee to deal with this serious problem is urgently needed.

I want to commend the distinguished gentleman from New York (Mr. WOLFF) and the other cosponsors of House Resolution 1337 for their diligent efforts over the years on the drug problem, and I am hopeful that this resolution will be expeditiously considered by the Rules Committee and by the full House of Representatives.

GENERAL LEAVE

Mr. TRAXLER. Mr. Speaker, I ask unanimous consent that all Members may be permitted to extend their remarks and to include extraneous matter on the subject of the special order today of the gentleman from New York (Mr. WOLFF).

The SPEAKER pro tempore (Mr. McFALL). Is there objection to the request of the gentleman from Michigan?

There was no objection.

DENIAL OF FLOOR PRIVILEGES FOR LOBBYISTS

The SPEAKER pro tempore. Under a previous order of the House, the gentle-

man from Illinois (Mr. ANDERSON) is recognized for 45 minutes.

Mr. ANDERSON of Illinois. Mr. Speaker, today I am joining with the gentleman from California (Mr. JOHN BURTON) in introducing an amendment to House rule XXXII to further clarify and proscribe the floor privileges of ex-Members and former elected officers and minority employees of the House. The effect of our amendment would be to prohibit such floor access when any measure is coming up for consideration in the House in which these persons have a personal or pecuniary interest, and to completely deny these privileges at all times if these persons are employed by organizations for the purpose of influencing legislation pending before the House or any of its committees. The persons covered by this rule would be required to sign a register and make a declaration, on honor, agreeing to these conditions for floor access, and the Doorkeeper would be charged with the enforcement of this rule.

Mr. Speaker, rule XXXII presently states that former Members and elected employees of the House may not be admitted to the Hall of the House or rooms leading thereto if they have an interest "in any claim or directly in any bill pending before Congress." On its face, this rule would seem to deny floor privileges to any former Member or elected officer or minority employee who has a specific interest in any legislation which has been introduced in either body, since once a bill has been introduced, it is "pending before Congress." A broad and liberal construction of the rule would seem to cover not only those who might directly benefit from the passage or defeat of a particular measure, but also those who are engaged in representing the legislative interests of others—so-called lobbyists. Moreover, it would seem to require that such persons completely forfeit their floor privileges for the duration of any Congress in which legislation in which they are so interested is pending. The most recent precedent which I could find that attempts to define and interpret this rule occurred on October 2, 1945, when Speaker Sam Rayburn responded to a parliamentary inquiry on this subject. As summarized in the footnote to rule XXXII—section 920, House Rules and Manual, 94th Congress—the precedent reads as follows:

> Former Members of the House do not have the privilege of the Hall of the House nor rooms leading thereto when they are personally interested in legislation being considered or who are in the employ of an organization that is interested in legislation before the Congress.

In reading Speaker Rayburn's ruling directly from the CONGRESSIONAL RECORD of that date (p. 9251), he first indicated that "rooms leading thereto" would include the cloakroom and Speaker's lobby. He then went on to say:

> The Chair thinks that not even an ex-Member of Congress when he has a bill he is personally interested in that is coming up for consideration in the House nor any other ex-Member of the House who is in the employ of an organization that has legislation before the Congress should be allowed the privilege of the House or the rooms that the Chair has just said constitutes a part of the House of Representatives.

Mr. Speaker, Speaker Rayburn's ruling would seem to imply a separate set of requirements for two distinct situations: first, an ex-Member who has a personal interest in any bill "coming up for consideration in the House" may not have access to the floor or adjoining rooms; and second, an ex-Member representing the legislative interests of any organization should be denied these privileges so long as legislation in which that organization is interested is "before the Congress." Thus, a distinction is made here between legislation in which an ex-Member has some personal stake—just as current Members may refrain from voting under rule VIII if they have "a direct personal or pecuniary interest in the event of such question"; in such cases, the former Member may not have floor privileges when the bill "is coming up for consideration in the House"—which could logically mean from the time it has been placed on the calendar until it has been finally disposed of by the House. The second situation would involve an ex-Member representing the interests of an organization; he would be denied floor privileges so long as any legislation in which the organization is interested is pending before Congress, or, from the time it is introduced in either body until it has finally been disposed of by the Congress.

Despite this reasonable rule of thumb and what I consider to be the logical interpretation of the Rayburn ruling, the practice in this body has been to permit any former Member floor privileges at all times, except when legislation in which he has a personal or professional interest is actually under consideration in the House.

Mr. Speaker, I think the time has come to impose a literal interpretation and strict enforcement of the Rayburn rule: former Members and others entitled to floor privileges should be requested to forfeit those privileges if they are employed by organizations for the purpose of influencing legislation; they should be barred from the floor and adjoining rooms at all times during which the House is in session. The amendment which I am offering today with Mr. BURTON is designed to accomplish that end. It is not offered as an indictment of any former Members; I am not charging that there has been any gross abuse of the present privilege for the purpose of influencing legislation. I think for the most part former Members have operated properly within the bounds of the rule as it is presently interpreted.

But if it is wrong, under present practice, to be on the floor, for whatever reason, when a bill in which a former Member has a personal or professional interest is under consideration, why is it any less wrong for former Members representing the legislative interests of others to be on the floor or rooms adjoining at any other time? Is not the primary concern of this rule the appearance given that they might be using this special privilege to promote their professional interests? And if so, is the appearance of potential abuse of the privilege diminished substantially because a bill they might be interested in is pending before a committee instead of before the House? Do not former Members employed as lobbyists trade on this special access to Members on the floor and in the cloakrooms and Speaker's lobby in order to attract clients? Of course they do, and why should they not, so long as it is permitted under most circumstances.

Mr. Speaker, this question of floor privileges for former Members has been kicking around for nearly 120 years now and has been subject to various conditions, interpretations and procedures. Prior to 1857, former Members had free access to the floor, without condition. In that year, the House moved from the old Hall to the new Hall. Since the new Hall had expanded gallery space, former Members were completely denied floor privileges for a decade.

Then, in 1867, the House adopted a rule which read:

> Ex-Members of Congress who are not interested in any claim pending before Congress, and who shall so register themselves, may also be admitted within the Hall of the House.

Congressman Banks, presenting the proposed rule from the Committee on Rules said:

> I think that every gentleman will concede that we should extend to ex-Members the courtesy of admission to the floor of this House, as they are admitted in the Senate. There has been a difficulty, heretofore, arising from the fact that some ex-Members of Congress have been professionally engaged in prosecuting claims before Congress. By this proposition persons thus interested are to be excluded; and ex-members of Congress desiring entrance upon the floor will be required to register themselves, in such manner as the Speaker may direct, as not being interested in the prosecution of any claim before Congress.—Congressional Globe, March 15, 1867, p. 119.

A suggestion was made during the debate to exclude not only ex-Members advocating claims, but those "who are interested in land grants or in appropriations or in measures of great importance to themselves." Congressman Banks moved the previous question, thus precluding the offering of such an amendment.

Five years later, in 1872, a resolution was introduced and referred to the Committee on Rules which would have barred all former Members from the floor. The Rules Committee reported instead the following amendment to the rule:

> Ex-Members of the House shall be entitled to the privilege of admission to the floor on making declaration, on honor, in a register to be kept for that purpose, that they have no personal or private interest in any legislative measure before the House or any of its committees. . . . and the Doorkeeper shall be held responsible to the House for the execution of this rule.

In presenting the proposed change from the Committee on Rules, Representative Cox explained that the existing rule in effect barred few former Members from the floor since few were prosecuting any private money claims before the Congress. In explaining the proposed change which would replace the word "claim" with "personal or private interest in any legislative measure before the House or any of its committees," Cox said:

> Now, an ex-member of Congress may be an agent or lobbyist here for matters far more important than a mere claim. He may be here for the purpose of forcing a bill through Congress which involves millions and millions of dollars. Our object in reporting this rule was if possible to keep the floor of the House as thoroughly clear of this lobby system as is consistent with our regard for our old members. It is somewhat a delicate matter to report a resolution of this kind. I appreciate as much as perhaps any other member of Congress the amenities and socialities which belong to our old service together here. But I do know this, that some rule is absolutely required by which this House shall protect itself against outsiders, whether they have been members of Congress or whoever they may be.

At a later point, Cox was asked whether he knew of any breach of the privilege by ex-Members, of any wrongdoing. He replied that he did not and had never been tempted by these people. But he went on:

> We know that it is a troublesome thing, an abnormal condition of legislation to have these men on the floor of the House dictating to us, taking our seats, usurping our functions, regulating our legislation. If they want to influence our legislation rightly, let them, as in the English Parliament, go to our committees. In England no man, except a member, not even a minister, is allowed on the floor of the House. Outsiders are kept in the lobbies, and if they have good, honest business before Parliament, they go before committees to present that business.—Record, April 23, 1872, p. 2688.

Representative Garfield of Ohio explained that the only thing the proposed amendment did was to change the word "claim" to the broader word "legislation"—

> . . . so that the rule shall have what it was intended to have, direct application to the legislation of the House to guard the House against the impropriety of having the privileges of the floor used by persons not members to influence directly the legislation in which they are interested. (Record, p. 2688)

Representative Scofield pointed out in debate the anomalous situation which exists between lobbyists who happen to be ex-Members and those who are not. The former are permitted to influence legislation on the floor, the latter must sit in the gallery:

> Now, why should we wish to make such a distinction? Let the people send here anybody they choose to influence legislation; but let all who come be treated alike . . . . I say let all be put upon an equal footing. As one who expects to retire from this body at the end of this Congress, I am perfectly willing if I should ever come back here again, either to take the pledge that I am not coming upon the floor to affect legislation or else to stay out. If I wish to influence legislation, I will go before the committees.—Record, p. 2689.

Following debate, the proposed amendment from the Rules Committee was recommitted to the committee on a teller vote of 32 to 130.

In 1880, the House took up a complete revision of the House rules. The rule respecting the floor privileges of ex-Members was virtually the same as the one adopted in 1880 with the exception that the registration requirement was dropped. Volume VIII of Cannon's Precedents, section 3634, published in 1936, contains the following footnote 2 on the registration requirement:

> Although this provision as to registering disappeared from the rule in the revision of 1880, the secretary of the Speaker still keeps the register, and ex-Members are required to sign it before receiving a card of admission.

During the amendment process on the revised House rules of 1880, Representative Warner offered an amendment to the rule on floor privileges for ex-Members to include the words "or directly any bill." This amendment was accepted by the manager for the Rules Committee without debate or even explanation. Thus, the revised rule read:

> The persons hereinafter named, and none other, shall be admitted to the Hall of the House or rooms leading thereto . . . ex-Members of the House of Representatives who are not interested in any claim or directly in any bill pending before Congress. . . .

This is essentially the language which has survived to date and is now contained in rule XXXII.

Four important precedents should be noted on this rule, the most recent being the 1945 Rayburn ruling which I have already cited. On May 22, 1884, a point of order was made that an ex-Member, the father of a contestant in a disputed election case, had been on the floor soliciting assistance for his son. The Chair did not rule, saying it was a matter for the House to investigate and determine. A select committee was appointed for that purpose and reported back on July 3, 1884. The majority report held that the words "claim" and "bill" in the rule should be construed "liberally," but that the word "interest" has been "uniformly held to cover only a pecuniary interest." Since the ex-Member did not have a pecuniary interest in the outcome of his son's election contest, it was ruled that he was not in violation of the rule or his floor privileges. The majority report also contains the following finding:

> We do report that Jeremiah Wilson, J. H. McGowan, S. S. Burdett, Eppa Hunter, and Green B. Raum were ex-members employed as attorneys for corporations and persons having pecuniary interests in claims or bills pending here during this session of Congress and did come upon the floor of the House. Technically, they had no right to come upon the floor while the House was in session. But your committee reports that nothing in the testimony taken, and which is submitted as part of this report, shows any conduct by them while on the floor calling for animadversion (critical comment).—Precedents, V, 7286, 7287; H. Rept. 48–2136, pp. 1–2.

The minority report was signed by three of the select committee's seven members and concluded that the ex-Member's conduct was improper and a violation of the privileges of the House. The minority report went on:

> One of the most important privileges of the House undoubtedly is the immunity of its Members from all influences that would warp their deliberations. The Members of the House discuss the matters that come before them not only publicly, as in open debate, but also in conversation among themselves. Exemption from external influence is intended to be secured by excluding others than Members from the floor of the House. Is it not clear that the entrance of a stranger, admitted not of right, but by courtesy, who for days and weeks is actively engaged in lobbying, is a clear violation of this privilege? It is also the duty of the House to protect itself from scandal. Its integrity, honor, and good name should be held to be sacred. Can it be so regarded and esteemed when that universal servitor and censor, the press of the country, publishes broadcast the news that lobbying is carried on openly on its floor during its deliberations?—H. Rept. 48–2136, pp. 5–6.

After presentation of the above report to the House, a motion to lay the whole subject on the table was carried by a vote of 137 to 72.

On March 12, 1900, the select committee minority in the 1884 case was vindicated on a direct ruling from the Speaker in another election contest in which an ex-Member who was the brother of one of the contestants was excluded from the floor because he was lobbying. The Speaker held that the words "claim" or "bill" "would apply to a contested election case before Congress. He went on to say:

> The custom has been, the practice has been, to appoint a select committee to investigate such matters and report to the House. But when it appears that an ex-member of Congress is the attorney of record in a case pending before the House, it seems to the Chair that action should be taken at once, especially when the case is pending and up for consideration.—Precedents, V, 7288.

Although the select committee of 1884 was willing to liberally construe the words "claim" and "bill" and even declared that certain ex-Members who were attorneys for corporations were in violation of the rule by being on the floor, another select committee on admissions to the floor reported a more narrow construction on January 27, 1887. It held that the rule only barred ex-Members having direct pecuniary interest in a pending claim or bill, and not those representing the interests of others:

> The committee cannot maintain that an attorney has a direct interest in a claim which he is prosecuting, or in a bill which he is advocating, as attorney for his clients. The proof shows, however, that in some instances the attorneys representing their clients have a contingent interest, that is an interest depending wholly or largely upon the result of their efforts to obtain legislation. In all such cases the committee are of the opinion such an ex-member, who is an attorney, is not entitled to the privileges of the floor under this rule.—H. Rept. 49–3798, p. 2.

The select committee subsequently recommended in its report that the rule be changed to exclude from the floor ex-Members interested as attorneys for persons having claims or bills before Congress. The proposed language read:

> Ex-Members of the House of Representatives who are not interested personally, nor as Attorneys, or agents in any claim or bill pending before Congress.

The committee report went on to indicate that the object of the existing rule was—

> To exclude from the floor all persons who have any personal interest in the measure while the same is under consideration, to the end that the legislator may be perfectly free and unembarrassed in his action. If the real party is to be excluded though he be an ex-Member of the House, the committee can see no good reason why his attorney shall be given the privilege of the floor. (H. Rept. 49–3798, p. 3.)

The House precedents indicate that while the proposed rule change was not carried out in that Congress, the 49th, it was incorporated in the Rules of the 52d and 53d Congresses. But, since the 53d Congress, the old form of the rule was in use again. (Precedents, V. 7289.)

Mr. Speaker, at this point I think it might be useful to summarize what can be discerned from the legislative history behind this rule as to its meaning and intent. First, when ex-Members were readmitted to the floor under the rule of 1867, after having been excluded altogether since 1857, they were readmitted on the condition that they have no claim pending before Congress and that they so register themselves. The explanation of that rule by the member of the Rules Committee presenting it made quite clear that it applied to ex-Members of Congress "professionally engaged in prosecuting claims before Congress." So any subsequent narrow construction that it only applied to ex-Members having personal claims pending before Congress ignores this original intent.

However, there is no comparable legislative history behind the words "or directly in any bill" since it was offered and accepted as a floor amendment in 1880 without explanation or debate. It might be concluded though, from the report of the select committee of 1887 and its proposed amendment to change the wording to read, "not interested personally, nor as attorneys or agents, in any claim or bill pending before Congress," that the word "directly" was properly and literally construed to mean, having a direct personal interest in pending legislation. This is further bolstered by the adoption of the recommended change in the 52d and 53d Congresses, and the reversion to the old language in subsequent Congresses up to this day. In short, the legislative history would seem to indicate that ex-Members are to be barred from the floor if they have either a personal or professional interest in a pending claim, or a personal interest in a pending bill.

Despite this apparent conscious recognition by the House of the import of the word "directly," the rulings of the Speakers in 1900 and 1945 have broadened the scope of the interest of ex-Members to include their professional interests as representatives for other parties.

This still leaves the larger question of what is meant by "pending before Congress." As I have already pointed out, the practice in recent times has been to only deny floor privileges to ex-Members having a personal or professional interest in legislation when it is actually under consideration in the House. The language of the rule, on the other hand, makes reference to an interest in any bill "pending before Congress" which consists of both Houses, and any bill which has been introduced could be considered pending before Congress. During debate on the original adoption of this language in 1867 there was no elaboration on what was meant by "before Congress." Mr. Banks, who presented the rule from the Rules Committee said:

> By this proposition persons thus interested are to be excluded; and ex-members of Congress desiring entrance upon the floor will be required to register themselves, in such manner as the Speaker may direct, as not being interested in the prosecution of any claim before Congress.

When the Rules Committee next attempted, unsuccessfully, to amend this rule in 1872 by barring ex-Members having any personal or private interest "in any legislative measure before the House or any of its committees," it was attempting to clear up the ambiguity in the term "before Congress" by specifying that it applied to any legislation pending in the House or any of its committees. Any ex-Member desiring floor privileges would be required to register and declare that he was not so interested in any pending legislation. That proposed change was recommitted.

The House select committee of 1884 held that certain ex-Members who represented the interests of corporations "technically—had no right to come upon the floor while the House was in session." A select committee on floor privileges in 1887, on the other hand, said, "the object of the rule is to exclude from the floor all persons who have any personal interest in the measure while the same is under consideration." The latter construction is the practice as it is applied today.

In 1900, Speaker Henderson broke with the previous practice of referring an alleged violation of floor privileges to a select committee, and ruled directly to exclude an ex-Member who conceded he was the attorney of record in a pending election case. The Speaker said:

> It seems that action should be taken at once, especially when the case is pending and up for consideration.

This language would seem to imply that the Speaker felt it would also be proper to exclude an ex-Member acting as an advocate for a particular interest, even if the matter were not pending and up for consideration.

By the same token, Speaker Rayburn's ruling of 1945 makes a distinction between those ex-Members having a personal interest in a matter "coming up for consideration in the House" and those having a professional interest in "legislation before the Congress." The former would be denied floor privileges during consideration of the legislation in which they were personally interested, while the latter would be denied floor access whenever the House was in session, if they were representing an organization interested in any legislation which had been introduced in that Congress.

Mr. Speaker, the purpose of this rather lengthy recitation of the legislative history behind rule XXXII has been to demonstrate the confusion and ambivalence which has surrounded the rule since its inception. I think it is safe to conclude that, while the original intent may have been to exclude ex-Members representing the private claims of others or having a direct and personal interest in any legislation, even while those claims and bills were still pending in committee, the practice has been to extend the interest to a professional interest in bills, but to limit the floor exclusion to those times when the bills are actually under consideration.

In short, our practice of twisting this rule in an attempt to maintain comity with our former colleagues while maintaining an appearance of propriety at the most critical point on the floor at which their interests are involved, has produced the worst of both worlds. No one is any longer so naive as to believe that the most critical lobbying on a piece of legislation occurs when it comes up for consideration in the House. The most critical lobbying occurs when the measure is still pending in committee and the opportunity for the greatest influence occurs at that stage in the legislative process. I am inclined to agree with my predecessors of a century ago in debating this rule that those interested in influencing legislation should go to our committees which are the proper forum for their views. We should not permit even the appearance of lobbying to take place in this Chamber or in its adjoining rooms, simply because a measure may still be pending in a committee.

Mr. Speaker, the amended rule whch we are proposing today is really nothing new and startling. It contains the registration and declaration requirements which were in effect back in 1867 and language which is nearly identical to the rule proposed by the Rules Committee in 1872. Moreover, it takes into account a literal interpretation of the Rayburn ruling of 1945 in establishing two sets of conditions on floor privileges, depending on the situation. First, an ex-Member may not have the privileges of the floor if a bill in which he might have a personal interest is coming up for consideration in the House. This would permit those who are not lobbyists yet who may derive some benefit from a pending bill, to have floor privileges up until the time that bill has been placed on the calendar and after the matter has been disposed of by the House.

Second, any ex-Member employed by an organization for the purpose of influencing directly or indirectly any legislation which has been introduced in the House would be denied floor privileges for the duration of that Congress. For the most part, former Members would be the enforcers of this rule since they would be on their honor to agree to these conditions in registering for admission to the floor. The enforcement powers of the Doorkeeper would really be no different than they now are under rules V and XXXII in keeping unauthorized persons off the floor and out of the adjoining rooms. He could not exclude anyone who was properly registered, though any Member would obviously retain the right to raise a point of order if he felt someone had registered under false pretenses.

Mr. Speaker, we have not offered this amendment to embarrass any former Member nor in response to any improper behavior. But we do feel strongly that the appearance of propriety is sometmies just as important as its actual practice. And so long as former Members who are now lobbyists have full and free access to this floor and its adjoining rooms, the perception of the public and press will be that active lobbying is taking place in this Chamber. I do not use the word lobbying in any perjorative sense; it is a very necessary element in our legislative process. But there is a time and place for everything, but this Chamber and its adjoining rooms are not the proper place for non-Members to be advocating the interests of others. We have our office hours, and we have the forum of our committees. There are the appropriate places for advocates, whether former Members or not, to present their cases, and not the House Chamber when this body is deliberating important legislative business.

At this point in the RECORD, Mr. Speaker, I include the text of the amendment to rule XXXII which Mr. JOHN BURTON and I are today introducing:

Resolved, That rule XXXII of the Rules of the House of Representatives is amended in the following way:

Rule XXXII, clause 1, is amended by striking the word "ex-Members" as it first appears, through the word "consideration", and substituting in lieu thereof the following: "the Parliamentarian, elected officers and elected minority employees of the House (other than Members), clerks of committees when business from their committee is under consideration; and ex-Members of the House of Representatives, former Parliamentarians of the House, and former elected officers and former elected minority employees of the House, subject to the provisions of clause 3 of this rule".

Rule XXXII is further amended by adding the following new clause:

"3. Ex-Members of the House of Representatives, former Parliamentarians of the House, and former elected officers and former elected minority employees of the House, shall be entitled to the privilege of admission to the Hall of the House and room leading thereto on making declaration, on honor, in a register to be kept for that purpose, that they do not have any direct personal or pecuniary interest in any legislative measure coming up for consideration in the House, or that they are not in the employ of, or do not represent, any party or organization for the purpose of influencing, directly or indirectly, the passage, defeat, or amendment of any legislative measure before the House or any of its committees. The Doorkeeper shall be held responsible to the House for the execution of this rule.

Mr. JOHN L. BURTON. Mr. Speaker, I am pleased to join with the distinguished gentleman, Congressman JOHN B. ANDERSON, in cosponsoring an amendment to rule XXXII of the Rules of the House which would clarify the present prohibition concerning floor privileges of former Members and former House employees who happen to be lobbyists.

The current rule which pertains to this issue seems to be subject to varying interpretations. It states, in effect, that former Members may have floor privileges at all times except when legislation in which he or she has personal or professional interest is actually under consideration.

The Anderson-Burton amendment to the Rules of the House is designed to clarify the interpretation and enforcement of what is known as the Rayburn Ruling. In 1945 Speaker Sam Rayburn ruled that former Members and others entitled to floor privileges should be required to forego that privilege if they are employed by organizations for the purpose of influencing pending legislation and that they be refused entry to the floor and adjoining rooms at all times when the House is in legislative session.

This amendment defines legislation under consideration to include any legislative measure pending before the House or any of its committees.

The power to enforce the provisions of the proposed amendment would be the responsibility of the Doorkeeper. He now performs a similar task of keeping unauthorized persons off the floor and out of the adjoining rooms. He could not exclude anyone who had legitimate reasons for being on the floor, though any Member would retain the right to raise a point of order if he felt that someone was present under false pretenses.

Mr. Speaker, I am hopeful that the House will give its favorable consideration to this amendment, and adopt this needed clarification in the House rules.

CONSUMER OFFICES IN GOVERNMENT SHOULD EXERCISE THEIR INDEPENDENCE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut (Mr. MCKINNEY) is recognized for 5 minutes.

Mr. McKINNEY. Mr. Speaker, the media have reported regularly during the past several years on the continuing argument over consumer representation. I am glad that there seems to be unanimous recognition that the public deserves a voice: the debate now focuses on how to make this input most effective in contributing to a representative government responsive to the needs of the American people.

I feel that President Ford has proposed the proper course for us to follow: that each agency and department of the Government take what steps are necessary to see that policies and actions properly reflect the public's interest. To conform with this direction, more emphasis has been placed on the people who are serving as consumer affairs advisors in the various Federal agencies. How they perform will determine the success or failure of such a program.

Recently Mrs. Nancy Harvey Steorts, who serves as Special Assistant for Consumer Affairs to Agriculture Secretary Butz, spoke out publicly in opposition to a decision made by Mr. Butz regarding a decision which she felt was not in the best interests of the public. Supporters of an independent consumer agency have argued that consumer offices within the Government cannot be effective because no advisor would be critical of his employer or superiors. I do not believe that objection and Mrs. Steorts has given support to my argument. I hope that all consumer offices in the Government will exercise their independence and speak out for the public interest. In that way they will be meeting their responsibility and best serving the agency or department in which they are located.

For the interest of my colleagues I would like to insert in the RECORD copies of letters which I sent to President Ford and Secretary Butz commending Mrs. Steorts for her action and expressing my hope that it will become commonplace in our Government.

HOUSE OF REPRESENTATIVES,
Washington, D.C., May 20, 1976.

Hon. GERALD R. FORD,
The President, The White House, Washington, D.C.

DEAR MR. PRESIDENT: A recent article in the Washington Post reported that Nancy Harvey Steorts, consumer affairs aide to Secretary of Agriculture Butz, spoke out in opposition to an appointment made by the Secretary to a consumer advisory committee.

Without passing judgment on the qualifications of this appointee, I want to applaud the action of Ms. Steorts in making her position known publicly. As you have stated in the past, the way to make government more responsive to the needs of the people is not to create more government. Consumer protection is a responsibility of each department and agency.

I congratulate you and your administration for your efforts to make this a reality in our government. I hope that Ms. Steorts and her counterparts throughout the government will speak out with the encouragement of their superiors and colleagues. Responsible dissent from within the government should exist. In this fashion we demonstrate that ours is truly a representative government for all the people.

Sincerely,

STEWART B. MCKINNEY.

HOUSE OF REPRESENTATIVES,
Washington, D.C., May 21, 1976.

Hon. EARL BUTZ,
Secretary of Agriculture, Department of Agriculture, Washington, D.C.

DEAR MR. SECRETARY: Enclosed is a letter which I have written to President Ford commending Ms. Nancy Harvey Steorts, your Special Assistant for Consumer Affairs, for recently publicly opposing an appointment made by you.

Certainly no administrator likes to be second-guessed by his subordinates, but the purpose in establishing advisory positions is to encourage a flow of ideas and contrary opinions when warranted. In my opinion, a consumer affairs office has an even greater responsibility to act as the representative of the people in such situations. In the role of ombudsman, this advisor must be confident that his voice will be heard by the policy makers as well as by the public.

I hope that you will continue to encourage members of your department to follow Ms. Steorts' example. Through this policy, you will be taking the lead in implementing the President's consumer program and you will be in the vanguard of those who are making our federal government more responsive and more responsible to the American people.

Sincerely,

STEWART B. MCKINNEY.

KERMIT GORDON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Speaker, Kermit Gordon is dead, and at an early age. The Nation will miss him.

Kermit Gordon was among those bright young people who came to Washington with John Kennedy; they brought with them fresh vision, faith in the future, and determination to help this country do better. Their faith, their brightness, their eagerness brought a special feeling to Washington, a feeling that we have not seen since. They called it "vigah," and when the new frontier's leader was murdered, we called it all a dream, Camelot.

But Kermit Gordon was no dream. He was a solid economist who believed in moving the country forward, and designed programs to accomplish that. Then he served as Director of the Budget Bureau, responsible for reorienting the whole priority system of the Federal Government. It was Gordon who set into motion the programs of the great society and the new frontier.

He was the man at the center of the Federal establishment, who pushed and pulled dreams into working programs.

Others might have been better known than Kermit Gordon; others after all headed the agencies, held the press conferences and guarded the doors and flanks of the Oval Office. Yet none had more power than he did; none had greater influence.

Kermit Gordon was a committed public servant. He could have left Washington, but stayed to head the Brookings Institution. There, he brought that respectable research house toward the center of things; he made it relevant once again, by focusing its efforts on great issues of the day. He guided Brookings researchers into the task of publishing the first truly useful independent studies of Federal budget priorities—works that are even today the most valuable instruments to use in measuring the alternatives that we have in the Federal budget. Even while doing these things, Kermit Gordon served on various Government commissions.

Washington seemed a brighter and better place in the days when Kermit Gordon and his fellow frontiersmen came in with energy and humor to spur forward a tired and flaccid country. Their frontier was boundless; and they had the energy to match their dreams. They changed the Federal Government in a fundamental way—made possible the belief and reality that the Federal Government need not forget those who are old and sick, or cold and tired and hungry, or who need decent schools, or who want the simple essentials of human rights and justice.

Kermit Gordon brought much to us. He is gone too soon, like the President he first served.

"GOVERNMENT IN THE SUNSHINE" AND THE FEDERAL RESERVE SYSTEM

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. ABZUG), is recognized for 15 minutes.

Ms. ABZUG. Mr. Speaker, the House will shortly be considering my bill H.R. 11656, the "Government in the Sunshine" bill, which would open to public observation, for the first time in our history, meetings of Federal agencies such as the SEC, the FCC, the Board of Governors of the Federal Reserve System, and the FPC.

A number of questions have been raised regarding the requirement that a transcript or electronic recording be kept of meetings closed under the bill, particularly as that provision impacts upon the Federal Reserve Board of Governors and the Federal Reserve's Open Market Committee. I wish to take just a few minutes to explain this provision of the bill and the respond to these questions.

The bill contains a number of exemptions to its general requirements that agency meetings be open to public observation. Insofar as the Federal Reserve is concerned, the exemptions permit the closing of any meeting that concerns privileged or confidential financial information, bank condition or examination reports, any information whose premature disclosure would be likely to lead to financial speculation or the destabilizing of any financial institution, and any information the premature disclosure of which would be likely to frustrate implementation of any proposed action by the Federal Reserve System. These broad exemptions are more than sufficient to permit the Federal Reserve to close any meeting that deals with sensitive information.

While the bill requires that a transcript be kept of closed meetings, neither the agency nor a reviewing court may release any information contained in a transcript if it falls within an exemption. On the question of "leaks," Arthur Burns, Chairman of the Board of Governors of the Federal Reserve System, testified before the Government Information and Individual Rights Subcommittee, which I chair, that the Federal Reserve System is "virtually free" from such occurrences, although its files contain sensitive documents.

In a speech delivered in San Francisco the other day, Chairman Burns suggested that if a court finds that a meeting was unlawfully closed, it may order the entire transcript disclosed. I have great respect for Dr. Burns and I am certain that he would not intentionally misrepresent the contents of this bill, but the fact is that the bill expressly limits the jurisdiction of the court to the release of nonexempt—I repeat, nonexempt—portions of a transcript, even if a meeting was unlawfully closed. Thus, if a meeting is closed based upon a claim that confidential financial information is to be discussed, and the court later finds that no such information was involved in the meeting, the court could not release a portion of the transcript which contained a discussion of the personal habits of a bank president, since that falls within the bill's personal privacy exemption.

The claims of the Federal Reserve that this bill would destroy the banking system of this country are familiar and groundless ones. This kind of refrain, I regret to say, is heard from the Fed whenever any suggestion is made that they should allow the public to see just what they do and how they do it. Take, for example, the Freedom of Information Act, or FOIA, which was enacted 10 years ago. The FOIA opens up agency documents to public view, just as the Sunshine bill will open up agency meetings. In its comments on the bill that became the Freedom of Information Act, the Federal Reserve said that it—

> Could leave exposed to indiscriminate public demand certain critical records and materials related to the Board's credit and monetary policy functions as well as other statutory directed functions. Such a result could impair the Board's effectiveness both as an instrument of national economic policy and as a regulatory body.

When Dr. Burns testified before my subcommittee on this bill, Congressman TOBY MOFFETT read the above statement to him and asked whether it has turned out to be true. Dr. Burns replied:

> To the best of my knowledge, it has not been true.

I am sure that the Federal Reserve's similarly dire predictions with regard to the "Government in the Sunshine" bill will turn out to be equally groundless.

The "Government in the Sunshine" bill provides ample protection for any discussions of sensitive material, while permitting the public to observe meetings that do not involve sensitive information. When the Federal Reserve System is not dealing with sensitive information, there is no reason why it should fear having the public see what it is doing and how it reaches its decisions on matters of economic policy that vitally affect every American.

PLANNED ACTIVITIES OF THE WAYS AND MEANS COMMITTEE'S SUBCOMMITTEE ON HEALTH

The SPEAKER pro tempore. Under a previous order of the House, the gentle-

man from Illinois (Mr. ROSTENKOWSKI), is recognized for 20 minutes.

Mr. ROSTENKOWSKI. Mr. Speaker, when the House was debating the conference report on the first concurrent resolution on the budget, I called to the attention of Members the major problem that the targeted reduction of $250 million in medicare spending for fiscal year 1977 poses for the Ways and Means Committee and its Subcommittee on Health. The problem is this: Substantive legislation to achieve these medicare budget cuts—legislation that Members of this body and the Senate will find themselves willing to approve—is quite difficult to devise.

The subcommittee has been grappling with this problem; and while it is still not possible to provide a definitive answer, I believe it is appropriate at this time to inform the House about the progress and status of our deliberations.

In reassessing the options available to the subcommittee in the light of a targeted spending level—which is actually $450 million below the target originally recommended by the subcommittee and the House—we drew several conclusions.

First, it is clear that compliance with the medicare spending target precludes adoption of the comprehensive package of medicare amendments that the subcommittee had earlier been considering and which had served as the basis for the subcommittee's spending recommendations for fiscal year 1977. Those amendments would exceed the budget target by $450 million.

Second, several other options have now been considered and rejected by the subcommittee. These include: First, the development of limited, and necessarily restrictive legislation designed solely to reduce medicare outlays and thus to comply, at least formally, with the budget resolution; and, second, the development of legislation not in conformance with the budget target but reflecting the subcommittee's judgment as to what changes, including benefit improvements, ought to be made in the medicare program.

The proposal to report legislation limited to reducing medicare outlays was rejected as undesirable, because this could only be accomplished by unacceptable means—either cutbacks in medicare benefits, increased out-of-pocket payments by beneficiaries, or reductions in medicare payment levels that would be resisted by providers. We did not see legislation including only such cutbacks as acceptable and likely to be enacted. A similar problem of acceptability would also appear to face a bill incorporating a combination of very modest benefit improvements, the cost of which would, for budget purposes, be more than offset by rather severe reductions in payments to hospitals and, perhaps, also to doctors.

On the other hand, we thought that reporting legislation that significantly exceeds the budget target, however desirable such legislation may appear, would be inconsistent with the subcommittee's responsibility to consider every possible means for achieving the most reasonable degree of compliance with the budget resolution.

Third, because the subcommittee remains vitally concerned about the need to address the problem of rising health costs—a problem which has now become central to the continued stability of the medicare program—we concluded that a major effort should be undertaken to prepare the foundation for an effective long-range solution. No one in this body needs to be reminded of the complexity of this problem or the growing public alarm about the absence of effective measures for restraining rising costs. Thus, the subcommitte has set for itself the task of promptly conducting an intensive analysis of this complex issue.

As part of this undertaking, I am today announcing the subcommittee's intent to hold several brief hearings on specific topics related to medicare reimbursement policy. The first of these hearings will focus on the issues of long-range restraints on rising hospital costs and on ways to reduce the inflationary pressures now widely believed to be inherent in medicare's reimbursement methods. These hearings will be designed to elicit specific and detailed recommendations from individuals and organizations knowledgeable in this field. I am inserting into the RECORD the subcommittee press release announcing the first of the hearings—on the issue of hospital costs and reimbursement.

In addition to these hearings, the subcommittee has directed the staff to conduct an extensive inquiry into the cost effectiveness of several provisions of present medicare law, as well as those proposed legislative changes for which potential cost-savings have been claimed.

It is the subcommittee's intent to embody the results of this examination of medicare issues in a set of detailed recommendations for legislative consideration. How quickly this can be done cannot be projected at this time. However, it is our considered judgment that the public interest will be best served by careful preparation and deliberate action. Moreover, it needs to be clearly understood that the issues we are here discussing in the context of the medicare program are issues that will inevitably arise in the formulation of a national health insurance program. Nothing useful is likely to be gained, therefore, by hasty or inadequately considered responses to the fundamental issues of rising health costs and the financing of health care services.

The Honorable Dan Rostenkowski (D-Ill.) Chairman, Subcommittee on Health of the Committee on Ways and Means Announces a One-Day Hearing on Recommendations Relating to Revisions in the Medicare Hospital Reimbursement System

The Honorable Dan Rostenkowski (D., Ill.), Chairman of the Subcommittee on Health of the Committee on Ways and Means announced today that the Subcommittee will hold a one-day hearing on the issues involved in rising hospital costs and possible revisions in the present retrospective cost reimbursement system used in the medicare program. This hearing will begin at 9:00 a.m. on August 3, 1976, and will be conducted in the Committee's Main Hearing Room, Longworth House Office Building, unless the Committee's schedule at that time necessitates a change of location. A discussion of the specific issues to be considered at this hearing, appears below. The hearing will not cover any other subjects or issues. Witnesses will be required to confine their testimony to a discussion of the issues described below and to a precise, detailed explanation of the specific recommendations they are prepared to make for changes in the present medicare hospital reimbursement system.

BACKGROUND INFORMATION REGARDING THE HEARING TOPIC

The rising cost of hospital care continues to be the major factor driving up medicare expenditures. Yet an underlying premise of most recent discussion about this problem is that much of it is attributable to medicare itself, to the adoption by medicare of retroactive cost-based reimbursement. This view was expounded, for example, by former HEW Secretary Weinberger in his testimony before the Subcommittee on June 12, 1975, during which he said:

"I . . . firmly believe that the faulty design of medicare and medicaid is the principal culprit responsible for . . . inflation in health care costs. [With] The guaranteed government payment of health care costs in virtually any amount submitted by the provider, and with normal market factors absent in the health care area, inflation was bound to happen, and it did."

Proponents of this view hold that the method of retrospective cost reimbursement encourages hospitals to spend freely—since whatever costs are incurred tend to be reimbursed as "reasonable costs"—and leads necessarily to the proliferation and inefficient employment of facilities, over-consumption of services, and a general lack of cost consciousness among consumers and providers.

General dissatisfaction with this situation has given rise to considerable discussion of and experimentation with so-called "prospective reimbursement" approaches under which attempts are made to set rates of payment for a given period into the future. The Congress, in the 1972 amendments to the Social Security Act, reflected the prevailing concern by mandating experimentation with different types of prospective reimbursement. While the basic idea of prospective reimbursement—that incentives for efficiency and the elimination of unnecessary services can be introduced by letting a hospital know its payment rate before it renders its services—has much intuitive appeal and is widely acclaimed, the idea has yet to be translated into a comprehensive and systematic approach to the setting of rates of payment.

SPECIFIC ISSUES TO BE ADDRESSED BY WITNESSES

The Subcommittee desires to receive information and recommendations on a series of specific issues that will need to be addressed in the formulation of a reformed system of hospital reimbursement under medicare. Witnesses are invited to address any or all of the following topics:

1. Factors contributing to the continuing rise in the costs of hospital care.

2. Results of the most recent analyses of experience under alternative prospective reimbursement approaches, including State hospital rate regulation.

3. The role of State rate regulation in a revised medicare hospital reimbursement system.

4. Alternative approaches to setting prospective rates, including recommendations regarding specific issues such as the extent to which retroactive adjustments should be permitted, the unit of payment to be used (e.g., per case, per diem), the need for uni-

form accounting, reporting and cost allocation systems for health care institutions, the financial incentives to providers for achieving costs savings, and the disposition of incentive payments.

5. The feasibility and desirability of providing to hospitals a choice among more than one reimbursement methodology; the conditions under which it might be desirable to recognize and reimburse in accordance with a State rate-setting program that meets specified criteria.

6. Special provisions relating to control of capital expenditures; relationship to the health planning process established by P.L. 93–641.

7. Issues related to the administrative implementation of a prospective reimbursement system; e.g., phasing in various elements of the system; application of the system to different types of providers.

8. Comments on legislation introduced in this Congress (or in a previous Congress) to reform medicare hospital reimbursement, such as S. 3205 (Talmadge) and its House counterpart H.R. 13080 (Duncan of Tennessee).

9. Considerations for and against imposing, prior to the full implementation of a prospective reimbursement system, a ceiling on total hospital cost increases recognized as reasonable by medicare; methods for establishing such a ceiling and for recognizing and allowing exceptions to the ceiling.

10. Other data or recommendations that will assist the Subcommittee in its consideration of revised reimbursement methodology.

ALLOCATION OF TIME TO WITNESSES

In view of the limited time available for this hearing, it will be necessary to allocate the amount of time available to each witness for presentation of his direct oral testimony. The witnesses' full statements, as well as any additional materials they would like to submit, will be included in the record of the hearing.

Cutoff Date for Requests To Be Heard: Requests to be heard must be received by the Committee no later than the close of business Friday, July 23, 1976. Requests should be addressed to John M. Martin, Jr., Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515, telephone (202) 225-3625. Notification of a witness' scheduled appearance will be made as promptly as possible after the cutoff date. If a witness finds that he cannot appear, he may wish to either substitute another spokesman or file a written statement for the record.

Requests To Be Heard Must Contain the Following Information:

1. The name, full address, and capacity in which the witness will appear.

2. A list of persons or organizations the witness represents; and

3. A topical outline or summary of the comments and recommendations which the witness proposes to make, such outline or summary to indicate in sufficient detail the nature of the specific recommendations for medicate reimbursement changes the witness intends to make.

Persons scheduled to appear before the Subcommittee to testify at this hearing must submit 75 copies of their prepared statements to the Committee office no later than 24 hours prior to their scheduled appearance. An additional 50 copies may be furnished for distribution to the press and the interested public on the date of appearance.

CANADIAN BICENTENNIAL GIFT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. MORGAN) is recognized for 5 minutes.

Mr. MORGAN. Mr. Speaker, I would like to introduce into the record today the proceedings of a ceremony held last night at which a group of Canadian Parliamentarians commemorated the U.S. Bicentennial.

Canada commissioned, as a bicentennial gift to the United States, a book of photographs illustrating the friendship between the two nations. This book, "Between Friends/Entri Amis," was presented to the U.S. Congress last night by James A. Jerome, speaker of the Canadian House of Commons. He was accompanied by Renaud Lapointe, speaker of the Senate, and members of the Canadian-United States Interparliamentary Group.

Because Speaker ALBERT was detained by the meeting of the Democratic Caucus, I received the ceremonial presentation on behalf of the House of Representatives. Each Member of Congress will soon be receiving a copy of the book.

Following are the remarks made by Speaker Jerome on presenting the book and the acceptance speech which I delivered on behalf of Speaker ALBERT. The presentation of the book and the remarks fully demonstrate the depth and warmth of Canadian-United States friendship.

REMARKS OF SPEAKER JAMES A. JEROME ON PRESENTATION OF THE COMMEMORATIVE BOOK

It is with great pleasure that we have come here today from the Parliament of Canada to present to you this commemorative book, *Between Friends/Entre Amis*, in honour of your bicentennial. Each member of the United States Congress will receive a copy, and indeed Prime Minister Trudeau came to Washington last week to personally present a copy to President Ford. Through this gift we hope to express to you the warmth and happiness which Canada feels in your celebration and achievement.

The theme of *Between Friends* is the boundary between our two countries. It is a pictorial celebration of the land and the people on both sides of the border. Canada's common frontier with the United States stretches for 5,000 miles along two fronts. For the most part this boundary between us is not a natural one of lakes, rivers or mountains, but an artificial line, drawn arbitrarily across the north-south geographic grain of the continent.

As a result, patterns of similar land, climate and culture cross our border in regional north-south strips defying mere national boundaries. A North Dakota farmer and a Manitoba farmer have more in common with each other than with their fellow-citizens in the neighbouring state or province. And a citizen of Maine leads a pattern of life more like that of a New Brunswicker than of a fellow American from Ohio or Massachusetts. It is perhaps most evident on our West Coast, where a range of mountains interrupts East-West lines and further promotes a North-South affinity. We think this book records these cross-border regional similarities in a striking way.

We share much with you. Drawing our populations as well as the mainsprings of our social and institutional structures from the same sources in the old world, Canada and the United States have evolved in many parallel ways. Both our histories record the westward push of the explorer, the pioneer settler, the prospector, and the railroad. In both nations the rights of the individual are highly prized and jealously guarded. Both countries have developed along fundamentally similar educational and cultural lines, even though Canada is a bilingual country. Our democratic governmental system and structures are both federal. While not alike they have the same origins and are easily understandable to one another.

Notwithstanding these parallel developments and the north-south pulls, the national boundary between us has remained. It has remained in spite of those who, at various times in our histories, have predicted or advocated that it be done away and our two countries joined. It has remainded in spite of those who argue more recently that boundaries are obsolete in the global village. In fact, the border may have remained because it is becoming more rather than less necessary in the contemporary world. Partly it is a matter of the governability of democracies—how large and complex can the state be and still be amenable to the democratic government we cherish? If there is an optimum size for democracies we have both probably surpassed it.

But most important, the border has remained because we are conscious of differences between us which we do not wish to lose. The border symbolizes our distinctiveness one from another and at the same time preserves it. As Mark Twain put it in that we should all think alike, it is the dif- his own colourful way, "It were not best ference of opinion that makes horse races."

The border allows national differences of opinion to be expressed in different approaches to political, economic and social life on this continent. Our parliamentary institutions, our federal systems and our judicial systems are different. This diversity is equally evident in our varied approaches to many of the problems facing modern society, such as urban decay, environmental issues and health care, to name but a few. It is a process of creative experimentation, through which we have been able to learn much from each other.

The larger community of nations has also benefitted from having two democratic North American states bringing their opinions to the council tables. While we have similar backgrounds and are tied together in two formal alliances, our interests and perceptions do not always converge. But this has been a healthy thing, for as the world needs its superpowers, so too it needs those who, unburdened by superpower responsibilities, can try to contribute to international affairs in different ways.

The border portrayed in our gift to you has thus kept us separate and preserved our distinctiveness. But it has also been a witness to a most extraordinary exchange of people, goods and ideas. Cross-border visits now exceed 70 million annually, 38 million of which are from the United States to Canada. A sizeable number of Canadians cross daily to the United States to work and many Americans come daily to work in Canadian jobs. In 1975 the two-way merchandise trade between the two countries reached $42 billion. This is more than between any other two countries in the world. Extensive links between the two countries pervade almost every field of endeavour—investment, business, labour, defence, environment, energy, transportation and culture, to mention a few.

This intense interaction between Canada and the United States has naturally given rise to bilateral irritants. In the fields of automotive, agricultural and other trade, energy, tanker routes, environmental concerns, water boundaries, broadcasting, relations with third countries and innumerable other areas we have had or will have disagreements of varying intensity. Dealing with these irritants is not always easy. It is not that we always hurt the ones we love, but rather that we have to be terribly attentive if we don't want constantly to hurt, or be hurt by, the millions with whom we share a continent and a permanent state of interdependence.

Mr. Speaker in this respect, may I say a word about our exchange of Diplomats, because we feel that the importance attached on both sides to our good relationship is strongly reflected in the appointment by U.S. Ambassador Tom Enders, and by Canada of Ambassador Jake Warren, both senior and very distinguished members of their respective diplomatic corps. I'm sure you and your colleagues join us in paying tribute to the fine job being done by both of these fine Ambassadors and in wishing them the greatest possible success in the future.

Legislators in both our capitals have recently addressed the problem of how best to deal with current issues. In the past, we have been imaginative and creative in finding new ways of negotiating our differences and in establishing new institutions to deal with them. For example, Canada and the United States can feel justly proud of the creation and achievements of the International Joint Commission which since 1912 has been resolving environmental and water disputes along the whole length of the border. As a bilateral problem-solving institution the IJC has been the focus of admiration by many other nations.

Another joint institution which I cannot fail to mention on this occasion is the Canada-United States Interparliamentary Group. Since 1959, 24 representatives from Congress and the Canadian Parliament have been meeting annually to review the relationship. We trust that these meetings will continue to engender the frank exchange of views and the positive and constructive dialogues that we have had.

It is one of my most interesting and pleasant responsibilities to preside over our interparliamentary program, through which we have benefitted greatly by direct contact between elected representatives in all corners of the world. These new and varied contacts are important for us, but let me underline, so there can be no doubt, that in my opinion the Canada-U.S. Interparliamentary Group is the most important aspect of our entire program. I attended last year's meetings in Quebec, and will be at next year's meetings again in Canada, to reemphasize our continuing and unqualified support for these meetings between American Congressmen and Canadian Parliamentarians.

Between us we have found good ways of coping with our problems in the past. There is every reason to be confident that we can continue to do so. But, the range and complexity of the issues between us will demand increasing attentiveness on both sides to prevent disagreements from becoming disputes.

In the final analysis, however, the vast majority of contacts between our two countries require no attention or regulation from us at all. They are the millions of personal contacts that take place unnoticed between individual Canadians and Americans. More than the boundary line or the land, it is they—with their ties of family and friendship across the border—who are the theme of our gift to you. *They* are the roots of our relationship. They are its continuing strength.

As we join in your celebrations this year, we recognize also how much Canada and all other democracies owe to the United States. The bold experiment in democracy which you launched 200 years ago in Philadelphia, its success and continual revitalization—are constant proof to us all of the freedom and nobility which men can achieve in the political realm.

Between good and close friends—our most sincere congratulations and best wishes to the U.S.A. for a happy 200th birthday.

ACCEPTANCE REMARKS OF SPEAKER CARL ALBERT

Speaker Jerome, Speaker Lapointe, Members of the Canadian Parliament, my colleagues in the House and Senate, honored guests and friends:

It is a great honor and a privilege to accept on behalf of the United States Congress this most meaningful Bicentennial gift, *Between Friends/Entre Amis*. The theme of this beautiful commemorative book, with its many photographs illustrating the warm personal relationship between the citizens of our two countries, could not be more appropriate.

Mr. Speaker, as I listened to your moving tribute, stressing the close ties between Canada and the United States, I was reminded of the lines from a famous poem, "Mending Wall," by one of our most beloved poets, Robert Frost. In this poem, as you will recall, he talks about:

"Something there is that doesn't love a wall . . ."

That has been true of the relationship between Canada and the United States throughout most of our history, and especially since Canada became an independent nation in 1867.

Although the poet's neighbor decrees that, "Good fences make good neighbors," Frost believes otherwise.

"Before I built a wall I'd ask to know
What I was walling in or walling out . . ."

With the exception of the major border-crossing points, there are "no fences" marking our frontiers. Our common borders stretch for more than 3,000 miles along our northern—your southern—boundaries and along nearly 2,000 miles which divide our State of Alaska from your Provinces of Yukon and British Columbia.

We live in an era dominated by tension and strife. During my yearly 30 years of public service, we have seen several heretofore unified countries divided into North/South or East and West. Less than two decades have gone by since the creation of the Berlin Wall in 1961. One professed solution of the current Lebanon crisis calls for partitioning of that country.

Against that background, the spirit of reciprocity and friendship characteristic of Canadian-United States relationships on the North American Continent has been truly remarkable.

Since 1959, under Public Law 86-42, up to 24 members of Congress have been meeting annually with representatives of the House of Commons and the Senate of the Canadian Parliament for the full discussion of common problems. These meetings have been extremely useful in promoting harmony between our two countries.

So it is a great pleasure to have our friends from Canada with us, here, this evening. It can be said, truly, this is a meeting *Between Friends/Entre Amis.*

ENERGY CONSERVATION AMENDMENT TO THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. BROWN) is recognized for 5 minutes.

Mr. BROWN of California. Mr. Speaker, when H.R. 14231, the Interior and related agencies appropriations bill is considered Friday, an amendment will be offered by our colleague, MIKE MCCORMACK, to increase the energy conservation appropriations for ERDA to the level approved by the full House during the consideration of the ERDA authorization bill. The difference between the House approved authorization and the Appropriations Committee bill is $67.5 million. This difference is quite significant to ERDA's energy conservation research, development, and demonstration program, and the full authorization deserves your support.

I realize that it is not common to challenge the judgment of the Appropriations Committee on the floor. The decision to do so is not taken lightly, nor is it taken without considerable deliberation and justification. The dispute between the authorization level and the appropriations level is not one over need, because the Appropriations Committee agrees with the need to spend much more in this area. Rather, there appears to be a difference in judgment about who should initiate appropriations. The Appropriations Committee report says that it would entertain a supplemental appropriations request from the administration, but until such a request is made, they would prefer to only appropriate that amount requested by the administration. The Science and Technology Committee met this same obstacle from the administration, which gives lipservice to energy conservation but not money, and as a consequence had to develop its own justification for energy conservation programs.

I must say that I found the final authorization level adopted by the Science and Technology Committee to be quite conservative. In fact, if I believe I could have won a vote on the floor to increase the authorization approved by the committee, I would have attempted to do so. The reason I did not was primarily because I was persuaded that the Appropriations Committee would not go above the figure approved by the Committee on Science and Technology. It is apparent to me that this advice was well founded, but this does not remove the justification for funding levels considerably higher than those in the authorization bill, not to mention the appropriations bill.

The reason that the chairman of the Energy Research, Development, and Demonstration Subcommittee of the Committee on Science and Technology (Mr. MCCORMACK) is offering his amendment to add $67.5 million, and the reason most of the members of the Committee on Science and Technology are supporting him is because we believe this minimal amount of funds is necessary for ERDA to conduct even a modest energy conservation program.

More information on this amendment, and energy conservation in general, can be found on pages 19479 to 19505 of the June 21 CONGRESSIONAL RECORD. I strongly urge my colleagues to exercise their own judgment in this matter, and support the funding levels we have already approved. It would be unwise to wait for the administration to change their opinions on this matter. We know enough to proceed with the programs that we have authorized. Further, we have assurances from the staff who would be responsible for these funds in ERDA that they would be wisely and carefully spent in ways that would increase our energy independence.

I urge every Member interested in doing something about energy conservation to support the McCormack amendment.

TOO MUCH MEDICAL TECHNOLOGY?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut (Mr. COTTER) is recognized for 5 minutes.

Mr. COTTER. Mr. Speaker, I would like to bring to the attention of my colleagues an excellent article by Dr. Howard Hiatt in today's Wall Street Journal. Dr. Hiatt is dean of the Harvard School of Public Health. The article was adapted from a recent speech he delivered at the National Leadership Conference on America's health policy.

The article follows:

[From the Wall Street Journal, June 24, 1976]

TOO MUCH MEDICAL TECHNOLOGY?

(By Howard H. Hiatt, M.D.)

With the United States currently investing 8.3% of its GNP in medical care, the costs of proliferating medical technology are receiving increasing attention. In searching for ways to set limits on these costs, many analysts focus almost automatically on such questions as how much of our resources should be devoted to an artificial heart and how much to kidney dialysis. Although these issues are extremely important, the problem has many other facets.

The question how much medical technology is enough could, more properly, be answered in three different ways: (1) none is enough; (2) some, although less than at present, is enough, and (3) more than at present, but with limitations, is enough. "Technology" in this context is used to describe not only equipment but diagnostic and therapeutic procedures, organizational arrangements and certain other components of medical practice.

1. None is enough.—

Many situations can be described in which technology has proved to be of no benefit or even harmful. A recent, often cited example is "freezing" of the stomach for ulcer disease. First used in 1962, gastric freezing was finally abandoned in 1969. In 1963, at a panel symposium sponsored by the American Gastroenterological Association, it was recommended that adoption of the procedure be delayed to allow time for further testing, but the procedure was widely accepted by the profession. By 1964, doctors were using 1,000 gastric freezing machines to treat 10,000–15,000 patients per year in the U.S. By 1969, 2,500 machines were in use. Between 1964–67, 16 different studies were carried out on the effects of gastric freezing, but they produced conflicting data. Finally, the results of a large-scale, carefully controlled clinical trial, published in 1969, proved definitely that gastric freezing was no more effective than doing nothing. At this point, "no technology" was enough. The procedure was rather quickly discarded.

However, technology is not always abandoned when it is known to be ineffective.

Nor is its inappropriate use limited to surgical and other invasive procedures. Witness, for example, the continued widespread use of antibacterial drugs (such as penicillin) for viral infections, without benefit and at considerable cost. Another example is the use of laboratory tests without medical justification, in some cases to avoid malpractice, in some cases to avoid malpractice suits. In 1971, an estimated 2.9 billion laboratory tests were carried out at a cost of $5.6 billion. Costs had risen to $8.5 billion by 1974, and to an estimated $12 billion in 1975, more than 10% of the national health expenditure. The number of tests is projected to continue to rise at an annual rate of 11%.

SAVING RESOURCES

Even if we leave aside the large fraction of laboratory tests ordered without medical justification, studies show that some physicians fail to follow up abnormal test results with appropriate procedures. If we could halt the use of this technology where none is medically indicated, we could not only save resources but perhaps give increased attention to important abnormal laboratory findings. In part, this requires resolution of the malpractice problem.

A very different situation in which "no technology" is often enough relates to patients with medical problems that can be effectively managed technologically but whose overall condition does not justify intervention. An obvious example is the person with terminal illness whose vital functions, but no more, can be sustained by heroic measures.

2. Some technology—but less than presently in use—is enough—

Here I refer first to technology of as yet unproven effectiveness. Examples include coronary bypass survery and brain scans by computerized axial tomography (the so-called CAT scanner). As of December, 1975, the leading manufacturer had 340 CAT scanners on order, mostly for U.S. clients. The current estimated yearly operating cost is $500,000 per scanner. If 5,000 hospitals were each to purchase one CAT scanner, the total operating expenditure would equal $2.5 billion per year for this single piece of medical equipment. There is no doubt that the scanner sometimes provides additional diagnostic information, and frequently with less discomfort and hazard to the patient. However, it is not clear that the diagnostic information very often leads to a better outcome for the patient. Until this important information is available (from careful studies), would we not be better served by limiting the use of such expensive technology?

Many preventable conditions also fit into the category where less technology could suffice. Greater use of seat belts, to take one frequently cited example, could lead to substitution of much less, and less expensive, technology in place of the complicated and costly technology required to care for accident victims. (The added benefits of lives saved and suffering reduced apply here as in many other examples where preventive measures are well known, but not adequately practiced.)

Another example of potential technology conservation relates to what until recently has been a laissez-faire policy relating to purchase of costly hospital equipment. This policy has resulted in excessive investment in highly skilled personnel and expensive equipment for such specialized activities as radiation therapy, cardiac surgery and neurosurgery. For example, more than 800 of our 6,600 hospitals had facilities for closed heart surgery by the mid-1960s, and over 90% of such units carried out fewer than one procedure per week. Since specialists must be frequently active to maintain their skills, there are compelling medical as well as economic reasons for instituting regional planning to prevent oversupply.

3. More technology than at present, though obviously not unlimited amounts—

This category includes relatively simple technology that might improve presently neglected problems, such as the need for wider *access* to medical care. One example is the use of problem-oriented protocols, simple but detailed guides that have been developed for physicians' assistants. Utilizing protocols, physicians' assistants manage patients with certain common medical problems with a high level of patient and physician acceptance. This is a promising approach both for improving access to medical care and for containing costs.

Another problem area in which increased technology could be beneficial pertains to the quality of medical care. The effectiveness of many medical encounters could be improved if additional relevant information were readily available to the physician in charge. Physicians often make decisions largely or exclusively on the basis of their own (necessarily limited) clinical experience. Individual physicians, lacking the technology for collecting, storing, and utilizing comprehensive data pretaining to any given medical problem, are usually not in a position to compare their own results with those of large numbers of colleagues. Uniform data systems covering large population groups, utilizing progressively less expensive computer services, hold the potential for improving significantly the quality of medical care, without compromising confidentiality.

How do we decide how much technology is enough?

To optimize the use of our resources it makes sense first to reform the first two areas—those where no technology or less technology would be appropriate. Changes there could not only lead to improved quality of medical care, but also make more resources available for presently neglected problems. We must also place greater emphasis on development of cost-reducing technology, a trend followed in virtually all areas other than health care, where new technology is almost invariably cost-inducing. However, even with cost reductions, the need to make choices among many desirable goals will be increasingly before us.

The physician has always been confronted with the need to set priorities in his practice. Indeed, he does so daily in deciding how to divide his time and how to ration scarce medical resources. For example, when the number of patients with heart attacks exceeds the number of beds in a hospital's coronary care unit, the physician in charge must make choices based on such factors as the gravity of each patient's illness, the presence of other medical conditions, and sometimes even the patient's age. Limited resources and increased capabilities will more and more frequently require priority setting. Society must devise mechanisms to deal with such decisions at the level of the needs and demands of population groups.

SOME GUIDELINES

Let us state a few guidelines that I think important in meeting these challenges. First, I believe we should seek to insure that minimal standards of health care are available to all as a prerequisite to the development of further heroic measures for some.

We must devise ways of insuring optimal utilization of available technology, including, where appropriate, organizational changes. We must attempt to make the most of utilization review, Professional Standards Review Organizations (PSRO's), certificate of need programs, and third party reimbursement policies. I suggest that we require a stage of limited introduction of expensive or risky new technology for evaluation purposes before permitting widespread adoption. One way to facilitate this would be to deny third party reimbursement for unproven technology.

Programs in consumer education must be designed to inform the public that new technology almost invariably means higher costs. We must emphasize how preventive measures—seat belts, cigaret smoking reduction, better programs directed at alcoholism and drug addiction—would reduce the need for technology.

Finally, we urgently need changes in our decision-making processes. More sophisticated research in decision theory applied to health is required. For example, "proof" of effectiveness by itself cannot justify the unlimited spread of new technology. Some technologies will be so costly in relation to benefits that society will be forced to renounce or limit them.

The business community has an important stake in such decisions, as reflected in recent concern over increasing payroll costs of medical benefits. How can industry help develop useful medical technologies without promoting the premature spread of a new generation of "gastric-freezers"? Should the government share the financial risks of technology development before effectiveness is tested? What measures should be introduced to protect the public interest?

Priority setting will require the input of many kinds of professionals—statisticians, economists, behavioral scientists, lawyers, political scientists, engineers, business leaders, and others—and the public and their representatives. However, the medical profession must continue to play a central role. It would be unfair to leave matters of *societal* priority in the hands of the individual physician dealing with an individual patient, for the former *must* give first call to the needs of that patient within any limits imposed by society.

On the other hand, the process of priority setting would be sterile and even destructive without physicians playing a central role. I believe the medical profession to be at a crossroad: Will it take the leadership in experimenting with new approaches to such decision making, or will it let the critical responsibility go by default to the government?

TRIBUTE TO THE LATE WES BARTHELMES, JR., WASHINGTON JOURNALIST AND CONGRESSIONAL STAFF AIDE

(Mr. BOLLING asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. BOLLING. Mr. Speaker, A. Wesley Barthelmes, Jr., Washington journalist and a top congressional staff aide for the past 14 years, died Tuesday evening at his home in Bethesda.

A former reporter and editor for the Washington Post and the Worcester, Mass., Telegram-Gazette, Mr. Barthelmes was administrative assistant to Senator JOSEPH R. BIDEN, JR., at the time of his death.

Mr. Barthelmes was born May 10, 1922, in Winchester, Mass. He served for 3 years in the Army during World War II as a paratrooper, and participated in the Normandy invasion on June 6, 1944, parachuting into France behind enemy lines.

Following his discharge from the Army in 1946, he returned to Tufts University, where he received his bachelor's degree in 1947. Mr. Barthelmes then studied for a year at the University of Geneva, Switzerland. In 1949, he was awarded a master's degree from the Columbia University School of Journalism.

Between June of 1950 and July of 1953, Mr. Barthelmes served as a reporter and then as an editor of the Worcester Telegram-Gazette. In 1953, he moved to Washington to take a job with the Washington Post, where he served as a reporter and later as assistant city editor.

In January of 1962, Mr. Barthelmes left the Post to become administrative assistant to Representative EDITH GREEN, where he worked until early 1965, when he joined the staff of the late Senator Robert Kennedy, as press secretary.

In the fall of 1966, Mr. Barthelmes worked in Oregon for Representative ROBERT DUNCAN, during DUNCAN's campaign for the U.S. Senate. Following that campaign, he returned to Washington, where he became administrative assistant to Representative RICHARD BOLLING.

In February of 1970, Mr. Barthelmes joined the staff of Senator FRANK CHURCH as a special assistant, serving until January of 1973, when he joined the staff of Senator BIDEN. A prolific writer, Mr. Barthelmes collaborated with Representative BOLLING on two books, "House Out of Order," published in 1965, and "Power in the House," published in 1968.

Although he had left his full-time career as a journalist when he joined the staff of Representative GREEN, Mr. Barthelmes continued to contribute articles to various publications. For a number of years, he wrote the "Washington Report" column for Commonweal magazine under the pen name Sisyphus. Those columns appeared regularly until a short time before his death.

In 1975, the Catholic Press Association awarded "Sisyphus" its journalism award for the best regular column.

Mr. Barthelmes was a strong supporter of the American Newspaper Guild, and served as president of the Washington unit of the guild in 1956. The same year he was named Guildsman of the Year. He continued to carry his guild card until his death.

Long active in Maryland Democratic politics, Mr. Barthelmes served as a member of the Montgomery County and Maryland State Democratic Central Committees between 1970 and 1974.

Mr. Barthelmes is survived by his wife, Dorothy, of 6006 Welborn Drive, Bethesda; his mother, Mrs. A. Wesley Barthelmes, Sr., of Washington; by two sisters, Mrs. Ann Barthelmes Drew of Malibu, Calif., and Mrs. Jane Traumann of Rolandia, Brazil; and two daughters, a step-daughter, and step-son; Lisa, 26, of Paris, France; Victoria, 21, of London, United Kingdom; Elizabeth, 22, of Cotati, Calif.; and Robert, 20, of Madison, Wis.

Memorial services will be held Sunday at 2 p.m. at the River Road Unitarian Church, Bethesda.

The family requests that in lieu of flowers, contributions be made to the donor's favorite charity.

AMERICAN FOLKLIFE CENTER BOARD OF TRUSTEES CONVENE

(Mr. ALBERT (at the request of Mr. TRAXLER) asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ALBERT. Mr. Speaker, it is with a great deal of personal pleasure that I take this opportunity to note that on June 10, the first meeting of the Board of Trustees of the American Folklife Center was held under the auspices of the Library of Congress. As you will recall, the American Folklife Center was created pursuant to Public Law 94–201.

Under the provisions of Public Law 94–201, I was charged with selecting 4 members of the 16-person board. Thus, my personal interest in the activities of the Center is readily understood.

One of the first orders of business for the directors of the Center was the passage of a resolution honoring and highlighting the career of noted folkloric scholar, Dr. Archie Green, who recently retired from the faculty of the University of Texas, Austin.

I commend the following information provided by the Library of Congress to my colleagues' attention:

AMERICAN FOLKLIFE CENTER BOARD OF TRUSTEES MEETS IN WASHINGTON

The Board of Trustees of the American Folklife Center, established in the Library of Congress by the American Folklife Preservation Act, met for the first time on Thursday, June 10. Public Law 94–201 (89 Stat. 1129) provided for the appointment of 12 members, four by the President of the United States, four by the Speaker of the House of Representatives, and four by the President pro tempore of the U.S. Senate. The act named to the Board, in addition, the Librarian of Congress, the Secretary of the Smithsonian Institution, the Chairman of the National Endowment for the Arts, the Chairman of the National Endowment for the Humanities, and, when appointed by the Librarian of Congress after consultation with the Board, the Director of the Center.

When the Presidential appointments, which made the Board complete, were announced on June 2, the Librarian of Congress was able to call the first meeting. In welcoming the Board members to the Library of Congress, Librarian Daniel J. Boorstin expressed what "folklife" meant to him. "I've spent most of my life trying to discover the meaning of our civilization," he said, "and folklife is it. History always faces the mystery of what happened—but part of the mystery is who made it happen; this is what we seek now, exciting new avenues to discover ourselves." He called upon the members to help the Library of Congress discover, open, and widen its resources and to teach the Library to be useful in the meaning of the American Folklife Preservation Act.

At this first meeting the Board elected as chairman Wayland D. Hand, emeritus professor of German and Folklore at the University of California at Los Angeles. Dr. Hand is the founder and first director (1961–1974) of UCLA's Center for the Study of Comparative Folklore and Mythology. Vice chairman is David K. Voight of the National Federation of Independent Business, Washington, D.C.

These officers and an executive committee from the Board will consult further with the Librarian of Congress on the selection of the Center's Director, which was discussed at the meeting.

The four members of the Board appointed by the President from among officials of Federal departments and agencies concerned with some aspect of American folklife traditions and arts are Mitchell P. Kobelinski, Administrator, Small Business Administration; Morris Thompson, Commissioner of Indian Affairs, Bureau of Indian Affairs, Michael P. Balzano, Jr., Director of ACTION; and Gary T. Everhardt, Director of the National Park Service.

The Speaker of the House of Representatives named Mrs. Raye Virginia Allen of Temple, Texas, co-founder of the Cultural Activities Center of Temple and a former member of the Texas American Revolution Bicentennial Commission; St. John Terrell, actor, producer, and folklorist of Trenton, New Jersey; Edward Bridge Danson, President of the Board of Trustees of the Museum of Northern Arizona, Flagstaff; and Dr. Hand.

Appointed by the President pro tempore of the Senate were Don Yoder, professor of folklife studies at the University of Pennsylvania; David E. Draper, assistant professor of anthropology, California State College at Bakersfield; K. Ross Toole, Hammond professor of western history at the University of Montana; and Mr. Voight.

The American Folklife Center is a part of the Office of The Librarian of Congress. For administrative purposes it is attached to the Office of the Assistant Librarian (American and Library Studies), Mrs. Elizabeth Hamer Kegan.

ARCHIE GREEN, FOLKLORIST, HONORED BY BOARD OF AMERICAN FOLKLIFE CENTER

The Board of Trustees of the American Folklife Center, meeting for the first time on June 10 at the Library of Congress in Washington, D.C., paid tribute to Archie Green, the distinguished folklorist who recently retired from the faculty of the University of Texas at Austin, for his contribution to the passage of the American Folklife Preservation Act.

Dr. Green, a native Californian, holds a library degree from the University of California at Berkeley and a Ph. D. in folklore from the University of Pennsylvania. He has taught labor and industrial relations and most recently he has been assistant professor of folklore at the University of Texas at Austin. Since his recent retirement from the Texas faculty, he has been living in California.

In a resolution introduced by Raye Virginia Allen of Temple, Texas, and passed unanimously, the Board said:

"Whereas, Archie Green . . . Folklorist, Teacher, Author, Labor Lore Scholar, Collector, Folkloric Theorist, Lecturer, Folklife Leader . . . worked persistently without remuneration for ten years for the passage of the American Folklife Preservation Act, P.L. 94–201; and

"Whereas, Professor Green indefatigably conducted informal seminars in American folklife in almost every Congressional office on Capitol Hill; and

"Whereas, Archie Green's vision, singleness of purpose, and powers of persuasion won him the title of "Great American Lobbyist" and affectionate "armtwister supreme"; and

"Whereas, Dr. Green set a valiant example for folklorists both young and old to stand steadfastly for their beliefs in the public and private sectors; and

"Whereas, Dr. Green single-handedly brought contrasting values together and convinced political leaders that attention should be paid to the preservation and presentation of America's rich folk culture at the local, state, regional, and national levels; now

"*Therefore, be it Resolved* in this Bicentennial year which is an appropriate and symbolic time to recognize the beauty and strength of our diverse folk cultures in the United States, that the Board of Trustees of the American Folklife Center in the Library of Congress in the first official meeting, June 10, 1976, do hereby declare our gratitude to Archie Green for his heroic and sacrificial efforts in helping to create a national consciousness honoring our American folk heritage."

BRIEF BIOGRAPHIES OF BOARD MEMBERS

RAYE VIRGINIA ALLEN

Mrs. Allen is a graduate of the University of Texas with a master's degree in American studies and American civilization. She has served a 4-year term on the Texas American Revolution Bicentennial Commission and is co-founder of one of the oldest art councils in Texas, the Cultural Activities Center of Temple. She is a member of the executive board of the University of Texas Ex-Students Association and its Bicentennial Chairman, as well as Vice Chairman and Projects and Goals Committee Chairman of the Temple Bicentennial Commission.

MICHAEL P. BALZANO, JR.

Michael Balzano, Jr., Director of ACTION since 1973, is a native of New Haven, Connecticut. He received his B.A., magna cum laude, from the University of Bridgeport in 1966 ad his Ph.D. from Georgetown University in 1971.

In 1969 he was named Outstanding Young Man of America; in 1969–70 he lectured on political theory at Goucher College; and he was staff assistant to the President from 1971 to 1973.

RONALD S. BERMAN

Ronald S. Berman, Chairman of the National Endowment for the Humanities since 1971, received his B.A. degree from Harvard University in 1952 and his Ph.D. from Yale University in 1959. He was a member of the faculties of Columbia University, 1959–62; Kenyon College, 1962–65; and the University of California, San Diego, 1965–71. He is a trustee of the Woodrow Wilson Center for International Studies and is the author of *A Reader's Guide to Shakespeare's Plays* (1965) and *America in the Sixties* (1968).

DANIEL J. BOORSTIN

Daniel J. Boorstin was sworn in as the 12th Librarian of Congress in the Library's 175-year history on November 12, 1975. Dr. Boorstin, distinguished American historian, educator, and prize-winning author, served as Director of the National Museum of History and Technology, Smithsonian Institution, from 1969 to 1973, and as Senior Historian of the Smithsonian until his nomination by the President to the Librarianship.

A native of Atlanta, Georgia, he received degrees at Harvard and Balliol College, Oxford. He was a member of the faculty of the History Department at the University of Chicago from 1944 to 1969.

EDWARD BRIDGE DANSON

Edward Bridge Danson, a native of Glendale, Ohio, received his B.A. degree from the University of Arizona, and his M.A. and Ph. D. degrees from Harvard University.

He has been an Assistant Professor of Anthropology at the universities of Colorado and Arizona. From 1942–45, he went from Ensign to Lieutenant Commander in the U.S. Naval Reserve. At present, he is President of the Board of Trustees, Northern Arizona Society of Science and Art, Incorporated. He has published numerous short papers, and, in addition, has done "An Archaeological Survey of West Central New Mexico and East Central Arizona."

DAVID ELLIOTT DRAPER

Born in Greenville, Mississippi, Mr. Draper received his degrees from the College-Conservatory of Music of the University of Cincinnati and Tulane University, specializing in music and ethnomusicology. In the course of his studies, he did various field researches, one of them conducted on the Choctaw Indian Reservation, where he studied the cognitive aspects of music, curing practices, and native medicine in 1974.

Included on the list of courses taught by him are Primitive Religion, Folklore and Myth, and Afro-America. At present he is Assistant Professor of Anthropology at California State College, Bakersfield.

GARY E. EVERHARDT

Gary E. Everhardt, Director of the National Park Service, began his Park Service career as an engineer on the Blue Ridge Parkway in North Carolina, Virginia, and Georgia, immediately after graduation from North Carolina State College in 1957. He served for 17 years in engineering positions in the Park Service before he became Assistant Superintendent for Operations at Yellowstone National Park in 1969. He became Superintendent of the Grand Teton National Park in 1972.

Mr. Everhardt is a native of Lenoir, North Carolina. He entered on active duty in the U.S. Army Reserve in 1958 and retired with the rank of Captain in 1966.

WAYLAND D. HAND

Wayland D. Hand, who retired in 1974 as the Emeritus Professor of German and Folklore at UCLA, was also the founder and director of UCLA's Center for the Study of Comparative Folklore and Mythology. His numerous specialties include folk belief, custom, legend, and medicine. Throughout his career he has been editor of the *Journal of American Folklore, Western Folklore,* and *Dictionary of American Popular Beliefs and Superstition.*

MITCHELL KOBELINSKI

Mitchell Kobelinski of Chicago, Illinois, succeeded Thomas S. Kleppe as Administrator, Small Business Administration, in December 1975. He has been a member of the Board of Directors of the Export-Import Bank of the United States since June 1973. Before that appointment, he had been Vice President and Director of the Parkway Bank in Harwood Heights, Illinois, General Counsel and a Director of the First State Bank of Chicago, and a partner in Parkway Developers in Harwood Heights. He holds a Ph.D. and J.D. degrees from Loyola University and its law school.

S. DILLON RIPLEY, JR.

Mr. Ripley, born in New York City, holds B.A. and M.A. degrees from Yale University. From 1946 to 1952, he was a lecturer and Associate Curator and later an Assistant Professor there. He has been on expeditions to the South Pacific, Southeast Asia, India, and Nepal. He was director of the Peabody Museum of Natural History from 1959–64, and since 1968 has been Vice President of the International Council of Museums. In 1964 he was appointed Secretary of the Smithsonian Institution.

ST. JOHN TERRELL

Mr. Terrell, eminent actor, producer, and folklorist, is well known for his portrayal of the title role in the radio serial "Jack Armstrong, All-American Boy." The founder of the music circus theatre in Lambertsville, New Jersey, he developed the concept of theatre-in-the-round and organized theatrical groups to tour in New Jersey and Pennsylvania. He organized and took part in the pageant commemorating Washington's crossing of the Delaware. Since the initiation of this pageant in 1953, it has grown into a major community event.

In the course of his work as a theatrical producer, Mr. Terrell became interested in folksong. He collaborated with Alan Lomax, former Director of the Archive of Folk Song in the Library of Congress, in the collection of folk ballads. He is Chairman of New Jersey's Tercentenary Commission and a former member of New Jersey's Council on the Arts.

MORRIS THOMPSON

Morris Thompson, the Commissioner of Indian Affairs in the Bureau of Indian Affairs, is a native of Alaska. He is a graduate of the University of Alaska.

Mr. Thompson worked as an electronic technician for RCA from 1963–67, Assistant Director and then Deputy Director of the Alaska Rural Development Administration, 1967–68, and Executive Director of the North Commission Office, Alaskan Government, 1968–69. Since coming to the Department of the Interior, he has served as Assistant to the Secretary of the Interior on Indian Affairs (Alaska area), 1969–71; as the Director of the Bureau of Indian Affairs, 1971–73; and, since 1974, as Commissioner of Indian Affairs.

K. ROSS TOOLE

K. Ross Toole, whose field of specialization is American Western history, is a native of Montana. He has received his degrees from the University of Montana and the University of California at L.A. He served as Director of History at the Montana State Historical Society, 1951–57; the Museum of the City of New York, 1958–60; and the Museum of New Mexico 1960–63. Since 1965 he has been Hammond Professor of Western History at the University of Montana.

Dr. Toole has served as editor of the *Montana Magazine of Western History*, 1951–55, and as regional editor, 1955–69. During World War II, he served in the U.S. Navy as Lieutenant. He is co-author of *History of Montana* and *Essays on History of Montana and the Northwest*, and author of *Montana, an Uncommon Land*.

DAVID K. VOIGHT

David K. Voight served as Legislative Assistant to Senator Abourezk of South Dakota before taking his position with the National Federation of Independent Business. Mr. Voight was born in Billings, Montana, in 1941. He received his B.A. degree from the University of Montana.

DON YODER

Don Yoder, Professor of Folklife Studies at the University of Pennsylvania, was born in Altoona, Pennsylvania. He received his degrees from Franklin and Marshall College and the University of Chicago. From 1949–54, he was Assistant Professor of Religion at Franklin and Marshall College, and Assistant Professor of Religious Thought at the University of Pennsylvania from 1956–64. He is currently Associate Professor of Religious Thought at the university.

Dr. Yoder was co-founder and has been Director of the Pennsylvania Folklife Society since 1949. He has served as co-editor of the *Pennsylvania Dutchman*, 1949–58; of *Pennsylvania Folklife*, 1958–62; and of *American Folklife*, 1968–74. Dr. Yoder has served as consultant in folklife studies to the Smithsonian Institution since 1973.

SUNSHINE BILL REVISED TO MEET AGENCY OBJECTIONS

(Mr. FASCELL asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. FASCELL. Mr. Speaker, the House is scheduled to take up the "Government in the Sunshine" bill, H.R. 11656, next week.

In view of the importance of this legislation, I would like to review briefly the steps taken to assure that the bill is workable and fair from the standpoint of the governmental agencies affected by its provisions.

First, it should be pointed out that Congress has considered such legislation for more than 5 years. The first House bill, H.R. 16450, was introduced in 1972. The measure was reintroduced in the 93d Congress with almost 50 sponsors. In the present Congress there are 85 cosponsors.

Hearings have been held in both the House and Senate over a span of the last two Congresses. The bill itself stems from extensive work done by the American Bar Association and the Administrative Conference of the United States. Exhaustive efforts have been made to secure the views and recommendations of some 50 agencies in developing the specific language.

At each stage of congressional consideration of this bill, important revisions have been made in order to accommodate the concerns of the agencies involved. Other changes have been made on the initiative of Members of Congress. Still other amendments were considered and voted on, but not accepted.

As a result of these years of effort, H.R. 11656 meets the legitimate concerns of Federal agencies and carefully balances their administrative needs against the public need for full information. Any further amendments to weaken the bill would distort this balance in favor of the agencies and against the public.

To show the extent to which the agencies have been accommodated, I would like to list some of the major amendments approved as a result of agency requests.

On November 6 and 12, 1975, the Subcommittee on Government Information and Individual Rights of the House Committee on Government Operations held hearings on H.R. 10315 and H.R. 9868, Government in the sunshine legislation. H.R. 9868 is identical to S. 5—as reported in the Senate—which, with two major changes, passed the Senate 94 to 0 on November 6. H.R. 10315 is almost identical to H.R. 9868, but included a number of changes, mostly of a technical and clarifying nature. A number of the changes between H.R. 9868 and H.R. 10315 were made to accommodate agency objections:

First. The exemption regarding premature disclosure of information, as set forth in H.R. 9868, permitted withholding of such material only if its release "would" have certain undesirable effects. In H.R. 10315, the agency may withhold such material if its disclosure "is likely" to have such effects.

Second. Under H.R. 9868, an agency was required to release all of a transcript of a closed meeting if "no significant portion" of the transcript contained exempt material. H.R. 10315 permits the deletion of exempt material from the transcript, no matter how insignificant a portion of the transcript that material represents.

In the light of agency testimony at the subcommittee hearings and written agency comments, H.R. 10315 was revised and introduced as a clean bill, H.R. 11007, on December 4, 1975. Among the many changes made to accommodate the agencies were the following:

Third. The SEC and other agencies had suggested that their right to withhold information if its "premature" disclosure would cause certain adverse effects might be interpreted to permit withholding only before the agency took the agency action to which the information related. They contended that certain information relevant to an agency action should be withheld even after the action had been concluded. Accordingly, the word "premature" was changed to permit withholding where disclosure would be "untimely."

Fourth. H.R. 11007 eliminates the requirement that a change in a previously announced meeting be published in the Federal Register.

Fifth. The judicial review provisions of H.R. 10315 prevent a court from setting aside or invalidating agency action because of a violation of the open meetings requirements of this legislation—when the court is acting solely under this act. At the request of the Department of Justice, the word "enjoin" was added to the list of acts forbidden to a court in such circumstances.

Sixth. At the request of the Administrative Conference of the United States, a provision in the section of the bill relating to ex parte communications was deleted. The conference was of the opinion that a provision of existing law forbidding agency decisionmaking personnel from communicating with their superiors in certain circumstances should not be disturbed, and H.R. 9868 would have removed most of that section.

Markup of H.R. 11007 began on December 15, 1975, continued on the 2 following days, and was concluded on January 20 and 21, 1976. At the request of Mr. McCloskey, a clean bill reflecting the subcommittee amendments was introduced (H.R. 11656) and was reported by the subcommittee on February 10. At the markup stage, too, numerous changes were made at the suggestion of executive agencies:

Seventh. At the request of the FTC and other agencies, the bill's exemption relating trade secrets was amended to track the language of exemption (4) of the Freedom of Information Act.

Eighth. At the request of the FTC and several other agencies, provisions suggesting that Government employees had fewer rights of privacy than the public at large were deleted.

Ninth. At the request of the SEC and OMB, an exemption permitting withholding of material if its disclosure would result in "serious" speculation was changed to apply to any "significant" speculation.

Tenth. A provision prohibiting withholding of information where the agency action to which it relates must be made public prior to the final decision of the agency was made inapplicable to instances involving possible speculation or possible adverse effect upon the stability of a financial institution. This change was at the request of the SEC and the Federal Reserve Board.

Eleventh. The FTC and the SEC contended that the exemption permitting the closing of meetings dealing with adjudicatory proceedings did not cover actions preparatory to such proceedings. Accordingly, the exemption—now numbered exemption 10—was amended to include discussions relating to the agency's issuance of a subpena.

Twelfth. OPIC, the Export-Import Bank, and the Office of Management wanted an exemption for discussions of proceedings in foreign courts and international tribunals, and arbitration proceedings. This change was made and appears in exemption 10.

Thirteenth. The provision in H.R. 11007 dealing with transcripts of closed meetings required that any deletion from a transcript be replaced by the reason and statutory basis for it and a summary or paraphrase of the material deleted. At the request of the Federal Reserve Board, the requirement for a summary or paraphrase was deleted.

Fourteenth. OMB raised the point that the judicial review provisions permitting a court challenge to an agency's regulations under this act had no statute of limitations on its face. Accordingly, the provision was amended to make applicable for such regulations the same statute of limitations applicable to regulations of agencies generally—there are different such statutes of limitations, but each agency has one that covers all of its rulemaking orders.

Fifteenth. OMB and other agencies claimed that the requirement that court actions be answered within 20 days was unduly burdensome, despite the fact that a single transcript is relatively easy to locate and analyze. Nevertheless, the provision was amended to permit the court to allow an additional 20 days in appropriate instances.

Sixteenth. It was argued that the provision permitting a court to release a transcript if it determined that a meeting had been unlawfully closed was not clear as to the release of exempt information contained within such a transcript. The bill was, therefore, amended to state that even if the transcript of an unlawfully closed meeting is to be released, discrete portions within it that are themselves exempt may still be deleted.

Seventeenth. OMB contended that the bill was unclear as to whether the open meetings provisions cover those meetings that may also be covered under the Federal Advisory Committee Act (5 United States Code, Appendix I). Accordingly, a provision was added making this act applicable in cases of dual coverage.

After being reported by the full Committee on Government Operations, H.R. 11656 was sequentially referred to the Committee on the Judiciary. The bill was considered by the Subcommittee on Administrative Law and Governmental Relations during several days of markup and then by the full committee. A number of additional changes to accommodate administration suggestions were included in the bill as reported by the committee:

Eighteenth. The OMB was concerned that the bill did not contain an express standard of compliance with open meeting requirements. A new provision was added, therefore, specifically barring agency business other than in an open meeting as provided in the bill or in a closed portion authorized by the exceptions set forth in the bill.

Nineteenth. Since many statutes allow discretion in the withholding of information, the committee adopted the CIA's request that the words "or permitted" be added to the bill's provision allowing the withholding of information required to be withheld by statute.

Twentieth. A clarification sought by OMB and the Justice Department makes clear that the bill's exceptions to the open meeting requirements with respect to law enforcement information apply to information given orally as well as to written records.

Twenty-first. Another change made at the request of OMB makes it clear that the exception for information whose premature disclosure would lead to significant financial speculation or frustrate the implementation of a proposed agency action does not apply after notice of rulemaking has been given under section 553.

Twenty-second. OMB asked that agency heads not be required to vote on each transcript deletion. The requirement was dropped.

Twenty-third. Many agencies objected to the provision under which individual agency members could face legal action for acts in violation of the openness provisions, and these provisions were stricken. Actions could be brought only against an agency,

Twenty-fourth. Following Justice Department criticism of the bill's venue provisions, the measure was amended to require that challenges be brought in the district in which the agency meeting is held, or in the District of Columbia, or in the judicial district in which the agency has its headquarters. Previously, actions could have been brought in any judicial district.

Twenty-fifth. At the urging of the Justice Department and OMB, language was stricken which might have been construed to permit a court to invalidate an agency action because of a violation of the provisions of the bill, incident to a review of the merits. The Administrative Procedures Act already provides adequate authority for such reviews.

Twenty-sixth. Many agencies requested deletion of a provision permitting the assessment of attorneys' fees and costs against individual agency members in the event of legal actions brought under provisions of the bill, and the provision was dropped.

Twenty-seventh. A number of agencies also objected to the bill's provisions amending the Freedom of Information Act to limit the exception for information covered by statutes to only information covered by statutes which require that information of a particular type be withheld. An amendment was adopted which provides for an exception in the case of statutes which permit the agency to determine whether such information should be released or not.

SPAIN-UNITED STATES AGREEMENT ON TRANSMISSION FACILITIES FOR RADIO LIBERTY

(Mr. FASCELL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. FASCELL. Mr. Speaker, the Senate has not ratified the Treaty of Friendship and Cooperation with Spain, a treaty which involves numerous commitments—including financial commitments—over the next 5 years. We hope this treaty will lead to a broadening of the cooperation between Spain and the United States, even as Spain herself evolves into a more democratic society.

Members of this House have made clear that the obligations set forth in the treaty do not in any way supersede the normal congressional authorization and appropriation processes, and will be reviewed each year in the context of the congressional budget resolution.

I should like to note here that these annual authorizations will have to be viewed in the total context of United States-Spanish relations. This context, insofar as I am concerned, definitely includes the status of the Radio Liberty transmission facilities which have been leased from the Spanish Government since 1957. The lease expired in April, and the Board for International Broadcasting is seeking a long-term renewal; the site is ideal from the technical viewpoint, and relocation to a technically inferior site would cost upwards of $20 million.

In our report on the BIB authorization, the Committee on International Relations has stated our hope that—

> Spain will continue to enable the United States to make use of the RL facilities as part of a common effort of the West to insure that the people of the Soviet Union continue to have access to information denied them by their own government.

The ratification of the Treaty of Friendship and Cooperation in no way diminishes—on the contrary, it intensifies—our interest in seeing a mutually satisfactory long-term agreement concluded for the renewal of the Radio Liberty transmitter lease.

I understand that negotiations on such a renewal will be resumed in Madrid at the end of this month, and I am pleased to learn that the administration fully supports the Board for International Broadcasting in its efforts to secure a long-term agreement. It is my hope that

Spain and the United States will be able to complement the new treaty with a mutually satisfactory agreement to continue use of this facility by Radio Liberty.

RESTORING THE PARTNERSHIP

(Mr. WYLIE asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. WYLIE. Mr. Speaker, recently Dr. Harold L. Enarson, president of the Ohio State University located in that part of Columbus, Ohio, in the 15th Congressional District presented to the Members of the Ohio Congressional Delegation a significant well-thought-out talk on "Restoring the Partnership." His genuine concern about the impact of big Federal Government on our Nation's colleges and universities deserves our attention because of his expertise and his position as the president of our largest university on one campus. I feel President Enarson's ideas deserve public dissemination and with this in mind, I insert President Enarson's remarks in the Congressional Record:

Restoring the Partnership

(Excerpts from remarks by President Harold L. Enarson)

I welcome this opportunity to visit with you for a few minutes. Since there are 49,000 of your constituents getting their education at Ohio State, I think we have a mutual interest in getting better acquainted.

First I want to express my appreciation and that of the University for your continuing support. I know that we won't always agree on every issue. But I also know that the people of Ohio are proud of Ohio State, and I find that same kind of feeling reflected in our contacts with you and your staffs. Ohio State is a fine university. It serves all the state—every county and Congressional district. And we need to work together to keep it strong.

I am here out of a sense of urgency and concern to say a few frank words. If I have any message it is this:

A fundamental change is taking place in the relationship between Washington and the nation's colleges and universities, a change which I find deeply disturbing.

Once we were partners working together to solve national problems. Now we view each other with suspicion, almost as adversaries. We overregulate on one hand and overreact on the other. We have placed the partnership in peril. And if it is to be restored, it urgently needs our attention and understanding.

Neither higher education nor the federal government fully understands what is happening, in all its subtleties and side effects. Certainly we don't.

I had hoped to come before you with statistics honed to a sharp edge. If not that, at least some reasonably accurate picture of the total federal impact on Ohio State.

What folly. I soon discovered that our search for precision was an exercise in frustration. Yet the reality is undeniable: the federal presence is everywhere in the university.

As president of Ohio State, my position may be unique in that I can see on one campus the federal impact on public higher education in all its manifestations. This year one-eighth of our total budget ($43 million) will come from federal sources. And here is what I see which is so disturbing:

I see dollar costs—out-of-pocket expenses on a staggering scale.

I see debilitation—a draining away of time and energy from the primary tasks of teaching and research.

I see bureaucratization—the entanglement by and with government in ways which serve neither of us well.

And I see no end to it all—to the overregulation of the American people.

Consider first the dollar costs. In a recent study, the American Council on Education concluded that it costs colleges and universities between one and four percent of their operating budgets to comply with federally mandated programs, such as social security, affirmative action, occupational safety, and the rest. For schools such as ours which don't come under social security, the range is roughly one-half to two percent.

If we apply this yardstick to Ohio State's budget, it means that this year such programs will cost us several million dollars. And this estimate may well be understated. As ACE points out, its study did not include costs imposed by state government, expenses resulting from less than full recovery of indirect costs on federal contracts, and staff time devoted to implementing federally mandated programs.

When the cold dollars for such programs are laid out on a multi-million dollar scale, our first reaction is utter disbelief. Then the bills start coming in . . .

. . . $50,000 a year in new costs to haul waste to a land-fill, the result of EPA requirements.

. . . An estimated $250,000 in staff time and computer changes to protect the privacy of students under the Family Educational Rights and Privacy Act.

. . . Some $885,000 the last two years, in anticipation of OSHA requirements, and as much as $9.1 million in the years ahead to bring our buildings into compliance.

At this point, so that there is no misunderstanding, let me make it clear: Ohio State University supports the goals of the federally mandated social programs with which we must comply. There is no question or equivocation on that score.

Yet our alarm is nonetheless as real as the mounting costs we face each day. And one is tempted to observe in a moment of black humor that the lamp of learning, with its hazardous open flame and its environmentally polluting smoke, is fast becoming an inappropriate symbol for education in this country.

The burden of intense regulation also forces the university to bear a second kind of cost—debilitation. It results from the maddening business of trying to fill out forms that seem unfair or inappropriate, of trying to understand regulations that are needlessly complex, of rushing to meet deadlines that are unrealistically short.

These exercises in compliance effectively drain morale and frustrate people at every level of the university. They reverberate throughout the organization, consuming our time and energy and diverting us from other tasks.

The third change which troubles me is the bureaucratization of our colleges and universities which is taking place, a kind of mummification under layer upon layer of rules and requirements. At Ohio State, we struggle and survive under the rules of some 275 to 300 agencies, bureaus, departments, and regulatory bodies.

We comply with a dozen or more mandated activities. We submit regularly a series of major compliance reports, plus a growing number of special reports and data profiles required by HEW, EEOC, and others.

But information is not free. In a bureaucracy, paperwork equals people. Someone has to keep the records, fill out the forms, summarize the data, write the reports—only to have to do it again next month for a different agency and invariably in a different format.

We find ourselves caught between software and hard deadlines. And the only real option open to many schools is to add more staff and create new layers of bureaucrats.

Finally, and perhaps most troubling, is the fact that I see no end to the federal tendency to govern by decree rather than consent, as one observer put it. Laws beget regulations and court decisions and new laws and new regulations. And as each new Congress convenes, with its renewed sense of urgency, the cycle begins again.

I will leave it to you, in your quiet moments, to conjure up your own private nightmare of a nation immobilized by government regulation.

Admittedly, a university president's view of the federal impact is only one perspective. We also need to hear from those in the trenches—in student aid, research, the health professions, and many others who daily try to make federal programs work.

As I listen to them describe the problems they face in doing business with Washington, I hear several common themes. For quick reference we might give them these labels:

"Flying Blind"—the bizarre experience of attempting to comply with federal law in the absence of regulations. Or, more commonly, of trying to understand forms or regulations which are simply not clear.

The "Moving Target" problem—particularly familiar to those in research who try to follow shifting federal priorities. Yesterday it was space, today it is energy. What will it be tomorrow?

A third theme of complaint is the "Short Fuse," the "Long Delay" and other timing problems. Too little lead-time—either to apply for programs or to meet compliance deadlines. Delayed release of funds. Long uncertainties about appropriations, an agonizing waiting game for the student in mid-program or the scientist in mid-project.

"Feast or Famine," sometimes known as the "Spigot" problem, caused by lack of commitment and continuity in some federal programs and readily recognized on campus by the frantic annual scramble for funds by those involved.

"The Nose in the Tent" problem—the dangerous business of government attempting to dictate curriculum, organizational structure, or in other ways moving into academic territory where it does not belong.

So much for catchy nomenclature. It is useful only to a point. Let's get down to cases—

Our University radio and TV stations, under recent FCC order, are now required to pursue a new and complex procedure called "ascertainment of community problems." This is an additional FCC effort to insure that broadcasters operate in the public interest. Yet somehow our stations are expected to include this complicated review in their normal operations and absorb the staff costs involved.

Capitation grants. When Washington said there was an urgent national need to train more health professionals, we responded as readily as the next. Now the phase-out has begun. In just two years our support has dropped $1 million, and the deans of the health colleges are filing these bleak reports about what could happen if funds are cut off:

Medicine: Reduce non-tenured faculty and staff; possible cut in first-year admissions; increase teaching load of tenured faculty; less time for research and public service.

Dentistry: One-fourth of the faculty and staff now supported by capitation. Cut-off could jeopardize the integrity of the entire program.

Veterinary Medicine: Capitation now pays 14 percent of the net cost of educating each student. Cut-off would mean reduction in non-tenured faculty; possible enrollment cut.

And so the capitation story goes.

Negotiation of indirect cost recovery now goes on continuously and costs the university an estimated $50,000 a year. Recently the Business Office created a full-time position for this purpose.

Last year it cost our student aid office nearly $55,000 in unreimbursed expenses to administer federal aid programs. This year it will be higher due to the enormous growth in the BEOG program which is much more complex to administer. We have just added a full-time person to keep pace. Yet no administrative allowance is provided for BEOG. Hopefully, new legislation will soon change this situation.

New regulations protecting human subjects in research now cost us an estimated $25,000 out-of-pocket and probably as much again in staff time. No one disagrees with the intent of these rules. But we question whether the new review system imposed will be any better than the system of committees which we had for a long time. And it is certainly not self-evident that non-federal research should be subject to these controls. Nor is it self-evident that we should be threatened with the cutoff of all federal money if we do not comply.

But enough of problems and frustrations. It is not my purpose to bring to you an unrelieved litany of complaint. We also need to keep clearly in mind the good things which federal programs continue to accomplish at Ohio State. The record is impressive. Consider these examples.

A medical center with facilities which are among the finest in the nation, made possible, in part, by $24.5 million in federal funds received during the past 10 years.

A Comprehensive Cancer Research and Demonstration Center, which some of you helped us achieve, providing a growing array of services for Ohio.

Natural disaster preparedness programs, through our Continuing Education Division, helping schools, hospitals, and others learn how to prepare for tornadoes.

A veterans clinic, offering outstanding medical care for 70,000 veterans from 32 counties, and exceptional clinical experience for those preparing for the health professions.

A National Center for Vocational Education, working with state leaders and conducting research into the problems of worker adjustment, the disadvantaged, and careers for women—a total effort serving Ohio and all 50 states.

A Slavic Center, the only major program of its kind in Ohio, a valuable resource in developing international trade.

A modern veterinary teaching hospital, largely federally funded.

An estimated 10,000 students who are getting a chance to go to college thanks to financial aid from one or more federal programs.

Clearly, the ultimate payoff of the federal partnership with higher education is better and more humane lives for people. And these few illustrations from our experience at Ohio State convey some sense of why it is absolutely essential that the partnership not be allowed to fall into disrepair.

Having come this far, I don't intend to leave you with only the problem. After all, the problem is not yours, nor is it mine. It is ours. The real question we face is: How do we go about restoring the partnership?

Briefly, I think there are some things higher education is obliged to do.

First, we have a moral duty to cry with pain and anguish when we are hurt, to complain bitterly and to publicize it. I can't guarantee that in the short run we will get anywhere. But if enough of us are outraged and the cause is just, something will happen. To be numb in the face of gross imposition is terribly wrong.

Second, we in higher education have an obligation—as well as a strategic necessity—to work together to effect change. The bedrock on which we stand is common ground, and there is much about which we can speak with a unified voice.

Third, we have an obligation to work closely with government. Only in this way can we meet the needs of government for accountability and responsiveness, and the needs of the universities for basic autonomy.

I sense a kind of mutual exhaustion in higher education and government, not surprising after a decade of upheaval and rapid change. I think we both could use a breather from several things, including—

New laws passed too quickly, without adequate consultation with those affected.

From excessive regulations, over-long in gestation, tortured in delivery, and malfunctioning from the start.

From new programs created but never funded. Translation: promises made but never kept.

We need to restore our mutual respect by remembering the accomplishments of the past and reminding ourselves that the partnership can work. The GI bill worked, and it changed the lives of millions. The Cooperative Extension Service continues to work, a good example of a program that has not bogged down in regulations.

We in higher education need your renewed understanding of the fundamental fact that a university is not a public utility, nor is it a business selling items off the shelf. Our services do not lend themselves to hardware contracting. Rather, university is a distinctive institution in society—and a fairly fragile one at that—with a distinctive job to do.

Ohio State University is not a supplicant beseeching the powerful government for a handout. We take on major federal responsibilities because there is a *joint* interest involved. When we enter into a partnership to help fulfill a national goal, it does not follow that we should be subject to every regulation or constraint imaginable.

In a partnership, if it is to succeed, one partner does not heavy-hand the other. Their common interest must be their guide.

At the same time, if the partnership between Washington and higher education is to be restored, it must be restored on the basis of reality. To say to a university such as ours—"You want the money, you accept the controls"—is too simplistic. The fact is, we have no choice whether to be involved in major federal programs. There is no way that the president of Ohio State can say that we will not participate in federal student aid, research, or health assistance. Consequently—and this is the point to remember—all laws, rules, and regulations affecting higher education thus have a direct, immediate, and forceful impact on us.

The reality on which we rebuild our partnership must also recognize the fact that Washington's total impact on higher education is fast reaching "critical mass." A recent Library of Congress study identified 439 separate laws on the books affecting postsecondary education. Do we dare add more laws and more controls without first understanding the consequences?

Should we not require Washington to file an educational impact statement each time it proposes to tamper further with the academic landscape? To our credit as a people we have recognized the value and fragility of our natural resources, and we proceed now to alter them only with caution. Too much caution, some say, too little to suit others. But we generally agree that we want to understand consequences of our actions before we take them.

Are the places where we train the minds of our people any less important to our future as a nation than our land, air, and water? I think not. Yet there is presently no one place in the government which has a total view of the federal impact on higher education. Agencies operate in isolation, spinning out regulations to suit their separate needs. At no point is the price tag added up.

Finally, and perhaps most urgent, we need to make the regulatory process more sane and sensible. Higher education must find ways to participate intimately in the drafting of regulations which are of utter and basic concern.

I applaud the efforts of Secretary Mathews in creating an Office of Regulatory Review for the specific purpose of improving the writing of regulations in HEW. I have been in touch with Dr. Mathews, and we are working with his staff to give them reactions and suggestions from Ohio State's vantage point.

I remain hopeful, but I don't expect miraculous change. Regulations are not going to go away. But I do see an encouraging awareness of the problem in Congress and the Administration, and I hope it continues after November.

Meanwhile, higher education must become much more expert and systematic in dealing with regulations and the process by which they are developed. Does this mean adding more staff, technical and legal experts we do not now have? That prospect goes against the grain. Yet most colleges and universities are ill-equipped to deal with the massed forces of the federal bureaucracy. We are on unfamiliar territory and losing ground fast.

There are some in higher education who already feel that their backs are against the wall. Their growing cries of alarm and anger—indeed, my visit with you today—should be a signal to Congress and the Administration that something dangerously wrong is happening, wrong, not for the federal government, nor for higher education. Wrong for the people and the country and whatever hopes we hold for the future.

Will the partnership be restored? I think that remains an open question.

CONFERENCE REPORT ON S. 586

Mrs. SULLIVAN submitted the following conference report and statement on the bill (S. 586), to amend the Coastal Zone Management Act of 1972 to authorize and assist the coastal States to study, plan for, manage, and control the impact of energy facility and resource development which affects the coastal zone, and for other purposes:

Conference Report (H. Rept. No. 94–1298)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 586), to amend the Coastal Zone Management Act of 1972 to authorize and assist the coastal States to study, plan for, manage, and control the impact of energy facility and resource development which affects the coastal zone, and for other purposes, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as the "Coastal Zone Management Act Amendments of 1976".

Sec. 2. Findings.

Section 302 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1451) is amended—

(1) by inserting "ecological," immediately after "recreational," in subsection (b):

(2) by striking out—

(A) the semicolon at the end of subsections (a), (b), (c), (d), (e), and (f), respectively, and

(B) "; and" at the end of subsection (g), and inserting in lieu of such matter at each such place a period; and

(3) by inserting immediately after subsection (h) the following:

"(i) The national objective of attaining a greater degree of energy self-sufficiency would be advanced by providing Federal financial assistance to meet state and local needs resulting from new or expanded energy activity in or affecting the coastal zone.".

SEC. 3. DEFINITIONS.

Section 304 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1453) is amended—

(1) by redesignating paragraph (a) as paragraph (1), and by amending the first sentence of such paragraph (1) (as so redesignated)—

(A) by striking out "Coastal" and inserting in lieu thereof "The term coastal"; and

(B) by inserting immediately after "and includes" the following: "islands.";

(2) by redesignating paragraph (b) as paragraph (2), and by amending such paragraph (2) (as so redesignated)—

(A) by striking out " 'Coastal" and inserting in lieu thereof "The term 'coastal"; and

(B) by striking out "(1)" and "(2)" and inserting in lieu thereof "(A" and "(B)", respectively;

(3) by striking out "(c) 'Coastal" and inserting in lieu thereof "(3) The term 'coastal";

(4) by inserting immediately before paragraph (d) thereof the following:

"(4) The term 'coastal energy activity' means any of the following activities if, and to the extent that (A) the conduct, support, or facilitation of such activity, requires and involves the siting, construction, expansion, or operation of any equipment or facility; and (B) any technical requirement exists which, in the determination of the Secretary, necessitates that the siting, construction, expansion, or operation of such equipment or facility be carried out in, or in close proximity to, the coastal zone of any coastal state:

"(i) Any outer Continental Shelf energy activity.

"(ii) Any transportation, conversion, treatment, transfer, or storage of liquefied natural gas.

"(iii) Any transportation, transfer, or storage of oil, natural gas, or coal (including, but not limited to, by means of any deepwater port, as defined in section 3(10) of the Deepwater Port Act of 1974 (33 U.S.C. 1502(10)).

For purposes of this paragraph, the siting, construction, expansion, or operation of any equipment or facility shall be 'in close proximity to' the coastal zone of any coastal state if such siting, construction, expansion, or operation has, or is likely to have, a significant effect on such coastal zone.

"(5) The term 'energy facilities' means any equipment or facility which is or will be used primarily—

"(A) in the exploration for, or the development, production, conversion, storage, transfer, processing, or transportation of, any energy resource; or

"(B) for the manufacture, production, or assembly of equipment, machinery, products, or devices which are involved in any activity described in subparagraph (A).

The term includes, but is not limited to (i) electric generating plants; (ii) petroleum refineries and associated facilities; (iii) gasification plants; (iv) facilities used for the transportation, conversion, treatment, transfer, or storage of liquefied natural gas; (v) uranium enrichment or nuclear fuel processing facilities; (vi) oil and gas facilities, including platforms, assembly plants, storage depots, tank farms, crew and supply bases, and refining complexes; (vii) facilities, including deepwater ports, for the transfer of petroleum; (viii) pipelines and transmission facilities; and (ix) terminals which are associated with any of the foregoing.";

(5) by striking out "(d) 'estuary' " and inserting in lieu thereof "(6) The term 'estuary' ";

(6) by redesignating paragraph (e) as paragraph (7) and by amending such paragraph (7) (as so redesignated)—

(A) by striking out " 'Estuarine" and inserting in lieu thereof "The term 'estuarine", and

(B) by striking out "estuary, adjoining transitional areas, and adjacent uplands, constituting" and inserting in lieu thereof the following: "estuary and any island, transitional area, and upland in, adjoining, or adjacent to such estuary, and which constitutes";

(7) by striking out paragraph (f) and inserting in lieu thereof the following:

"(8) The term 'Fund' means the Coastal Energy Impact Fund established by section 308(h).

"(9) The term 'land use' means activities which are conducted in, or on the shorelands within, the coastal zone, subject to the requirements outlined in section 307(g).

"(10) The term 'local government' means any political subdivision of, or any special entity created by, any coastal state which (in whole or part) is located in, or has authority over, such state's coastal zone and which (A) has authority to levy taxes, or to establish and collect user fees, or (B) provides any public facility or public service which is financed in whole or part by taxes or user fees. The term includes, but is not limited to, any school district, fire district, transportation authority, and any other special purpose district or authority.";

(8) by striking out "(g) 'Management' and inserting in lieu thereof "(11) The term 'management' ";

(9) by inserting immediately after paragraph (11) (as redesignated by paragraph (8) of this section) the following:

"(12) The term 'outer Continental Shelf energy activity' means any exploration for, or any development or production of, oil or natural gas from the outer Continental Shelf (as defined in section 2(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1331 (a)), or the siting, construction, expansion, or operation of any new or expanded energy facilities directly required by such exploration, development, or production.

"(13) The term 'person' means any individual; any corporation, partnership, association, or other entity organized or existing under the laws of any state; the Federal Government; any state, regional, or local government; or any entity of any such Federal, state, regional, or local government.

"(14) The term 'public facilities and public services' means facilities or services which are financed, in whole or in part, by any state or political subdivision thereof, including, but not limited to, highways and secondary roads, parking, mass transit, docks, navigation aids, fire and police protection, water supply, waste collection and treatment (including drainage), schools and education, and hospitals and health care. Such term may also include any other facility or service so financed which the Secretary finds will support increased population.

"(15 The term 'Secretary' means the Secretary of Commerce.";

(10) by striking out "(h) 'Water" and inserting in lieu thereof

"(16) The term 'water' "; and

(11) by striking out paragraph (i).

SEC. 4. MANAGEMENT PROGRAM DEVELOPMENT GRANTS.

Section 305 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1454) is amended to read as follows:

"MANAGEMENT PROGRAM DEVELOPMENT GRANTS

"SEC. 305. (a) The Secretary may make grants to any coastal state—

"(1) under subsection (c) for the purpose of assisting such state in the development of a management program for the land and water resources of its coastal zone; and

"(2) under subsection (d) for the purpose of assisting such state in the completion of the development, and the initial implementation, of its management program before such state qualifies for administrative grants under section 306.

"(b) The management program for each coastal state shall include each of the following requirements:

"(1) An identification of the boundaries of the coastal zone subject to the management program.

"(2) A definition of what shall constitute permissible land uses and water uses within the coastal zone which have a direct and significant impact on the coastal waters.

"(3) An inventory and designation of areas of particular concern within the coastal zone.

"(4) An identification of the means by which the state proposes to exert control over the land uses and water uses referred to in paragraph (2), including a listing of relevant constitutional provisions, laws, regulations, and judicial decisions.

"(5) Broad guidelines on priorities of uses in particular areas, including specifically those uses of lowest priority.

"(6) A description of the organizational structure proposed to implement such management program, including the responsibilities and interrelationships of local, areawide, state, regional, and interstate agencies in the management process.

"(7) A definition of the term 'beach' and a planning process for the protection of, and access to, public beaches and other public coastal areas of environmental, recreational, historical, esthetic, ecological, or cultural value.

"(8) A planning process for energy facilities likely to be located in, or which may significantly affect, the coastal zone, including, but not limited to, a process for anticipating and managing the impacts from such facilities.

"(9) A planning process for (A) assessing the effects of shoreline erosion (however caused), and (B) studying and evaluating ways to control, or lessen the impact of, such erosion, and to restore areas adversely affected by such erosion.

No management program is required to meet the requirements in paragraphs (7), (8), and (9) before October 1, 1978.

"(c) The Secretary may make a grant annually to any coastal state for the purposes described in subsection (a)(1) if such state reasonably demonstrates to the satisfaction of the Secretary that such grant will be used to develop a management program consistent with the requirements set forth in section 306. The amount of any such grant shall not exceed 80 per centum of such state's costs for such purposes in any one year. No coastal state is eligible to receive more than four grants pursuant to this subsection. After the initial grant is made to any coastal state pursuant to this subsection, no subsequent grant shall be made to such state pursuant to this subsection unless the Secretary finds that such state is satisfactorily developing its management program.

"(d)(1) The Secretary may make a grant annually to any coastal state for the purposes described in subsection (a)(2) if the Secretary finds that such state meets the eligibility requirements set forth in paragraph (2). The amount of any such grant shall not exceed 80 per centum of the costs for such purposes in any one year.

"(2) A coastal state is eligible to receive grants under this subsection if it has—

"(A) developed a management program which—

"(i) is in compliance with the rules and regulations promulgated to carry out subsection (b), but

"(ii) has not yet been approved by the Secretary under section 306;

"(B) specifically identified, after consultation with the Secretary, any deficiency in such program which makes it ineligible for approval by the Secretary pursuant to section 306, and has established a reasonable time schedule during which it can remedy any such deficiency;

"(C) specified the purposes for which any such grant will be used;

"(D) taken or is taking adequate steps to meet any requirement under section 306 or 307 which involves any Federal official or agency; and

"(E) complied with any other requirement which the Secretary, by rules and regulations, prescribes as being necessary and appropriate to carry out the purposes of this subsection.

"(3) No management program for which grants are made under this subsection shall be considered an approved program for purposes of section 307.

"(e) Grants under this section shall be made to, and allocated among, the coastal states pursuant to rules and regulations promulgated by the Secretary; except that—

"(1) no grant shall be made under this section in an amount which is more than 10 per centum of the total amount appropriated to carry out the purposes of this section, but the Secretary may waive this limitation in the case of any coastal state which is eligible for grants under subsection (d); and

"(2) no grant shall be made under this section in an amount which is less than 1 per centum of the total amount appropriated to carry out the purposes of this section, but the Secretary shall waive this limitation in the case of any coastal state which requests such a waiver.

"(f) The amount of any grant (or portion thereof) made under this section which is not obligated by the coastal state concerned during the fiscal year for which it was first authorized to be obligated by such state, or during the fiscal year immediately following, shall revert to the Secretary who shall add such amount to the funds available for grants under this section.

"(g) With the approval of the Secretary, any coastal state may allocate to any local government, to any areawide agency designated under section 204 of the Demonstration Cities and Metropolitan Development Act of 1966, to any regional agency, or to any interstate agency, a portion of any grant received by it under this section for the purpose of carrying out the provisions of this section.

"(h) Any coastal state which has completed the development of its management program shall submit such program to the Secretary for review and approval pursuant to section 306. Whenever the Secretary approves the management program of any coastal state under section 306, such state thereafter—

"(1) shall not be eligible for grants under this section; except that such state may receive grants under subsection (c) in order to comply with the requirements of paragraphs (7), (8), and (9) of subsection (b); and

"(2) shall be eligible for grants under section 306.

"(i) The authority to make grants under this section shall expire on September 30, 1979.".

SEC. 5. ADMINISTRATIVE GRANTS.

Section 306 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1455) is amended—

(1) by amending subsection (a) to read as follows:

"(a) The Secretary may make a grant annually to any coastal state for not more than 80 per centum of the costs of administering such state's management program if the Secretary (1) finds that such program meets the requirements of section 305(b), and (2) approves such program in accordance with subsections (c), (d), and (e).":

(2) by amending subsection(c)(2)(B) by striking out the period at the end thereof and inserting in lieu thereof the following:

"; except that the Secretary shall not find any mechanism to be 'effective' for purposes of this subparagraph unless it includes each of the following requirements:

"(i) Such management agency is required, before implementing any management program decision which would conflict with any local zoning ordinance, decision, or other action, to send a notice of such management program decision to any local government whose zoning authority is affected thereby.

"(ii) Any such notice shall provide that such local government may, within the 30-day period commencing on the date of receipt of such notice, submit to the management agency written comments on such management program decision, and any recommendation for alternatives thereto, if no action is taken during such period which would conflict or interfere with such management program decision, unless such local government waives its right to comment.

"(iii) Such management agency, if any such comments are submitted to it, within such 30-day period, by any local government—

"(I) is required to consider any such comments,

"(II) is authorized, in its discretion, to hold a public hearing on such comments, and

"(III) may not take any action within such 30-day period to implement the management program decision, whether or not modified on the basis of such comments.";

(3) by amending subsection (c)(8) to read as follows—

"(8) The management program provides for adequate consideration of the national interest involved in planning for, and in the siting of, facilities (including energy facilities in, or which significantly affect, such state's coastal zone) which are necessary to meet requirements which are other than local in nature. In the case of such energy facilities, the Secretary shall find that the state has given such consideration to any applicable interstate energy plan or program.";

(4) by amending subsection (g) to read as follows:

"(g) Any coastal state may amend or modify the management program which it has submitted and which has been approved by the Secretary under this section, pursuant to the required procedures described in subsection (c). Except with respect to any such amendment which is made before October 1, 1978, for the purpose of complying with the requirements of paragraphs (7), (8), and (9) of section 305(b), no grant shall be made under this section to any coastal state after the date of such an amendment or modification, until the Secretary approves such amendment or modification.".

SEC. 6. CONSISTENCY AND MEDIATION.

Section 307 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1456) is amended—

(1) by striking out "INTERAGENCY" in the title of such section;

(2) by striking out the last sentence of subsection (b);

(3) by amending subsection (c)(3) by inserting "(A)" immediately after "(3)", and by adding at the end thereof the following:

"(B) After the management program of any coastal state has been approved by the Secretary under section 306, any person who submits to the Secretary of the Interior any plan for the exploration or development of, or production from, any area which has been leased under the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) and regulations under such Act shall, with respect to any exploration, development, or production described in such plan and affecting any land use or water use in the coastal zone of such state, attach to such plan a certification that each activity which is described in detail in such plan complies with such state's approved management program and will be carried out in a manner consistent with such program. No Federal official or agency shall grant such person any license or permit for any activity described in detail in such plan until such state or its designated agency receives a copy of such certification and plan, together with any other necessary data and information, and until—

"(i) such state or its designated agency, in accordance with the procedures required to be established by such state pursuant to subparagraph (A), concurs with such person's certification and notifies the Secretary and the Secretary of the Interior of such concurrence;

"(ii) concurrence by such state with such certification is conclusively presumed, as provided for in subparagraph (A); or

"(iii) the Secretary finds, pursuant to subparagraph (A), that each activity which is described in detail in such plan is consistent with the objectives of this title or is otherwise necessary in the interest of national security.

If a state concurs or is conclusively presumed to concur, or if the Secretary makes such a finding, the provisions of subparagraph (A) are not applicable with respect to such person, such state, and any Federal license or permit which is required to conduct any activity affecting land uses or water uses in the coastal zone of such state which is described in detail in the plan to which such concurrence or finding applies. If such state objects to such certification and if the Secretary fails to make a finding under clause (iii) with respect to such certification, or if such person fails substantially to comply with such plan as submitted, such person shall submit an amendment to such plan, or a new plan, to the Secretary of the Interior. With respect to any amendment or new plan submitted to the Secretary of the Interior pursuant to the preceding sentence, the applicable time period for purposes of concurrence by conclusive presumption under subparagraph (A) is 3 months."; and

(4) by adding at the end thereof the following new subsection:

"(h) In case of serious disagreement between any Federal agency and a coastal state—

"(1) in the development or the initial implementation of a management program under section 305; or

"(2) in the administration of a management program approved under section 306; the Secretary, with the cooperation of the Executive Office of the President, shall seek to mediate the differences involved in such disagreement. The process of such mediation shall, with respect to any disagreement described in paragraph (2), include public hearings which shall be conducted in the local area concerned.".

SEC. 7. COASTAL ENERGY IMPACT PROGRAM.

The Coastal Zone Management Act of 1972 is further amended by redesignating sections 308 through 315 as sections 311 through 318, respectively; and by inserting immediately after section 307 the following:

"COASTAL ENERGY IMPACT PROGRAM

"SEC. 308. (a)(1) The Secretary shall administer and coordinate, as part of the coastal zone management activities of the Federal

Government provided for under this title, a coastal energy impact program. Such program shall consist of the provision of financial assistance to meet the needs of coastal states and local governments in such states resulting from specified activities involving energy development. Such assistance, which includes—

"(A) grants, under subsection (b), to coastal states for the purposes set forth in subsection (b)(4) with respect to consequences resulting from the energy activities specified therein;

"(B) grants, under subsection (c), to coastal states for study of, and planning for, consequences relating to new or expanded energy facilities in, or which significantly affect, the coastal zone.

"(C) loans, under subsection (d)(1), to coastal states and units of general purpose local government to assist such states and units to provide new or improved public facilities or public services which are required as a result of coastal energy activity;

"(D) guarantees, under subsection (d)(2) and subject to the provisions of subsection (f), of bonds or other evidences of indebtedness issued by coastal states and units of general purpose local government for the purpose of providing new or improved public facilities or public services which are required as a result of coastal energy activity;

"(E) grants or other assistance, under subsection (d)(3), to coastal states and units of general purpose local government to enable such states and units to meet obligations under loans or guarantees under subsection (d)(1) or (2) which they are unable to meet as they mature, for reasons specified in subsection (d)(3); and

"(F) grants, under subsection (d)(4), to coastal states which have suffered, are suffering, or will suffer any unavoidable loss of a valuable environmental or recreational resource;

shall be provided, administered; and coordinated by the Secretary in accordance with the provisions of this section and under the rules and regulations required to be promulgated pursuant to paragraph (2). Any such financial assistance shall be subject to audit under section 313.

"(2) The Secretary shall promulgate, in accordance with section 317, such rules and regulations (including, but not limited to, those required under subsection (c)) as may be necessary and appropriate to carry out the provisions of this section.

"(b)(1) The Secretary shall make grants annually to coastal states, in accordance with the provisions of this subsection.

"(2) The amounts granted to coastal states under this subsection shall be, with respect to any such state for any fiscal year, the sum of the amounts calculated, with respect to such state, pursuant to subparagraphs (A), (B), (C), and (D):

"(A) An amount which bears, to one-third of the amount appropriated for the purpose of funding grants under this subsection for such fiscal year, the same ratio that the amount of outer Continental Shelf acreage which is adjacent to such state and which is newly leased by the Federal Government in the immediately preceding fiscal year bears to the total amount of outer Continental Shelf acreage which is newly leased by the Federal Government in such preceding year.

"(B) An amount which bears, to one-sixth of the amount appropriated for such purpose for such fiscal year, the same ratio that the volume of oil and natural gas produced in the immediately preceding fiscal year from the outer Continental Shelf acreage which is adjacent to such state and which is leased by the Federal Government bears to the total volume of oil and natural gas produced in such year from all of the outer Continental Shelf acreage which is leased by the Federal Government.

"(C) An amount which bears, to one-sixth of the amount appropriated for such purpose for such fiscal year, the same ratio that the volume of oil and natural gas produced from outer Continental Shelf acreage leased by the Federal Government which is first landed in such state in the immediately preceding fiscal year bears to the total volume of oil and natural gas produced from all outer Continental Shelf acreage leased by the Federal Government which is first landed in all of the coastal states in such year.

"(D) An amount which bears, to one-third of the amount appropriated for such purpose for such fiscal year, the same ratio that the number of individuals residing in such state in the immediately preceding fiscal year who obtain new employment in such year as a result of new or expanded outer Continental Shelf energy activities bears to the total number of individuals residing in all of the coastal states in such year who obtain new employment in such year as a result of such outer Continental Shelf energy activities.

"(3)(A) The Secretary shall determine annually the amounts of the grants to be provided under this subsection and shall collect and evaluate such information as may be necessary to make such determinations. Each Federal department, agency, and instrumentality shall provide to the Secretary such assistance in collecting and evaluating relevant information as the Secretary may request. The Secretary shall request the assistance of any appropriate state agency in collecting and evaluating such information.

"(B) For purposes of making calculations under paragraph (2), outer Continental Shelf acreage is adjacent to a particular coastal state if such acreage lies on that state's side of the extended lateral seaward boundaries of such state. The extended lateral seaward boundaries of a coastal state shall be determined as follows:

"(i) If lateral seaward boundaries have been clearly defined or fixed by an interstate compact, agreement, or judicial decision (if entered into, agreed to, or issued before the date of the enactment of this paragraph), such boundaries shall be extended on the basis of the principles of delimitation used to so define or fix them in such compact, agreement, or decision.

"(ii) If no lateral seaward boundaries, or any portion thereof, have been clearly defined or fixed by an interstate compact, agreement, or judicial decision, lateral seaward boundaries shall be determined according to the applicable principles of law, including the principles of the Convention on the Territorial Sea and the Contiguous Zone, and extended on the basis of such principles.

"(iii) If, after the date of enactment of this paragraph, two or more coastal states enter into or amend an interstate compact or agreement in order to clearly define or fix lateral seaward boundaries, such boundaries shall thereafter be extended on the basis of the principles of delimitation used to so define or fix them in such compact or agreement.

"(C) For purposes of making calculations under this subsection, the transitional quarter beginning July 1, 1976, and ending September 30, 1976, shall be included within the fiscal year ending June 30, 1976.

"(4) Each coastal state shall use the proceeds of grants received by it under this subsection for the following purposes (except that priority shall be given to the use of such proceeds for the purpose set forth in subparagraph (A)):

"(A) The retirement of state and local bonds, if any, which are guaranteed under subsection (d)(2); except that, if the amount of such grants is insufficient to retire both state and local bonds, priority shall be given to retiring local bonds.

"(B) The study of, planning for, development of, and the carrying out of projects and programs in such state which are—

"(i) necessary, because of the unavailability of adequate financing under any other subsection, to provide new or improved public facilities and public services which are required as a direct result of new or expanded outer Continental Shelf energy activity; and

"(ii) of a type approved by the Secretary as eligible for grants under this paragraph, except that the Secretary may not disapprove any project or program for highways and secondary roads, docks, navigation aids, fire and police protection, water supply, waste collection and treatment (including drainage), schools and education, and hospitals and health care.

"(C) The prevention, reduction, or amelioration of any unavoidable loss in such state's coastal zone of any valuable environmental or recreational resource if such loss results from coastal energy activity.

"5) The Secretary, in a timely manner, shall determine that each coastal state has expended or committed, and may determine that such state will expend or commit, grants which such state has received under this subsection in accordance with the purposes set forth in paragraph (4). The United States shall be entitled to recover from any coastal state an amount equal to any portion of any such grant received by such state under this subsection which—

"(A) is not expended or committed by such state before the close of the fiscal year immediately following the fiscal year in which the grant was disbursed, or

"(B) is expended or committed by such state for any purpose other than a purpose set forth in paragraph (4).

Before disbursing the proceeds of any grant under this subsection to any coastal state, the Secretary shall require such state to provide adequate assurances of being able to return to the United States any amounts to which the preceding sentence may apply.

"(c) The Secretary shall make grants to any coastal state if the Secretary finds that the coastal zone of such state is being, or is likely to be, significantly affected by the siting, construction, expansion, or operation of new or expanded energy facilities. Such grants shall be used for the study of, and planning for (including, but not limited to, the application of the planning process included in a management program pursuant to section 305(b)(8)) any economic, social, or environmental consequence which has occurred, is occuring, or is likely to occur in such state's coastal zone as a result of the siting, construction, expansion, or operation of such new or expanded energy facilities. The amount of any such grant shall not exceed 80 per centum of the cost of such study and planning.

"(d)(1) The Secretary shall make loans to any coastal state and to any unit of general purpose local government to assist such state or unit to provide new or improved public facilities or public services, or both, which are required as a result of coastal energy activity. Such loans shall be made solely pursuant to this title, and no such loan shall require as a condition thereof that any such state or unit pledge its full faith and credit to the repayment thereof. No loan shall be made under this paragraph after September 30, 1986.

"(2) The Secretary shall, subject to the provisions of subsection (f), guarantee, or enter into commitments to guarantee, the payment of interest on, and the principal amount of, any bond or other evidence of indebtedness if it is issued by a coastal state or a unit of general purpose local government for the purpose of providing new or improved public facilities or public services, or both, which are required as a result of a coastal energy activity.

"(3) If the Secretary finds that any coastal state or unit of general purpose local government is unable to meet its obligations pursuant to a loan or guarantee made under paragraph (1) or (2) because the actual increases in employment and related population resulting from coastal energy activity and the facilities associated with such activity do not provide adequate revenues to enable such state or unit to meet such obligations in accordance with the appropriate repayment schedule, the Secretary shall, after review of the information submitted by such state or unit pursuant to subsection (c)(3), take any of the following actions:

"(A) Modify appropriately the terms and conditions of such loan or guarantee.

"(B) Refinance such loan.

"(C) Make a supplemental loan to such state or unit the proceeds of which shall be applied to the payment of principal and interest due under such loan or guarantee.

"(D) Make a grant to such state or unit the proceeds of which shall be applied to the payment of principal and interest due under such loan or guarantee.

Notwithstanding the preceding sentence, if the Secretary—

"(i) has taken action under subparagraph (A), (B), or (C) with respect to any loan or guarantee made under paragraph (1) or (2), and

"(ii) finds that additional action under subparagraph (A), (B), or (C) will not enable such state or unit to meet, within a reasonable time, its obligations under such loan or guarantee and any additional obligations related to such loan or guarantee;

the Secretary shall make a grant or grants under subparagraph (D) to such state or unit in an amount sufficient to enable such state or unit to meet such outstanding obligations.

"(4) The Secretary shall make grants to any coastal state to enable such state to prevent, reduce, or ameliorate any unavoidable loss in such state's coastal zone of any valuable environmental or recreational resource, if such loss results from coastal energy activity, if the Secretary finds that such state has not received amounts under subsection (b) which are sufficient to prevent, reduce, or ameliorate such loss.

"(e) Rules and regulations with respect to the following matters shall be promulgated by the Secretary as soon as practicable, but not later than 270 days after the date of the enactment of this section:

"(1) A formula and procedures for apportioning equitably, among the coastal states, the amounts which are available for the provision of financial assistance under subsection (d). Such formula shall be based on, and limited to, the following factors:

"(A) The number of additional individuals who are expected to become employed in new or expanded coastal energy activity, and the related new population, who reside in the respective coastal states.

"(B) The standardized unit costs (as determined by the Secretary by rule), in the relevant regions of such states, for new or improved public facilities and public services which are required as a result of such expected employment and the related new population.

"(2) Criteria under which the Secretary shall review each coastal state's compliance with the requirements of subsection (g)(2).

"(3) Criteria and procedures for evaluating the extent to which any loan or guarantee under subsection (d)(1) or (2) which is applied for by any coastal state or unit of general purpose local government can be repaid through its ordinary methods and rates for generating tax revenues. Such procedures shall require such state or unit to submit to the Secretary such information which is specified by the Secretary to be necessary for such evaluation, including, but not limited to—

"(A) a statement as to the number of additional individuals who are expected to become employed in the new or expanded coastal energy activity involved, and the related new population, who reside in such state or unit;

"(B) a description, and the estimated costs, of the new or improved public facilities or public services needed or likely to be needed as a result of such expected employment and related new population;

"(C) a projection of such state's or unit's estimated tax receipts during such reasonable time thereafter, not to exceed 30 years, which will be available for the repayment of such loan or guarantee; and

"(D) a proposed repayment schedule.

The procedures required by this paragraph shall also provide for the periodic verification, review, and modification (if necessary) by the Secretary of the information or other material required to be submitted pursuant to this paragraph.

"(4) Requirements, terms, and conditions (which may include the posting of security) which shall be imposed by the Secretary, in connection with loans and guarantees made under subsection (d)(1) and (2), in order to assure repayment within the time fixed, to assure that the proceeds thereof may not be used to provide public services for an unreasonable length of time, and otherwise to protect the financial interests of the United States.

"(5) Criteria under which the Secretary shall establish rates of interest on loans made under subsection (d)(1) and (3). Such rates shall not exceed the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the maturity of such loans.

In developing rules and regulations under this subsection, the Secretary shall, to the extent practicable, request the views of, or consult with, appropriate persons regarding impacts resulting from coastal energy activity.

"(f)(1) Bonds or other evidences of indebtedness guaranteed under subsection (d)(2) shall be guaranteed on such terms and conditions as the Secretary shall prescribe, except that—

"(A) no guarantee shall be made unless the indebtedness involved will be completely amortized within a reasonable period, not to exceed 30 years;

"(B) no guarantee shall be made unless the Secretary determines that such bonds or other evidences of indebtedness will—

"(i) be issued only to investors who meet the requirements prescribed by the Secretary, or, if an offering to the public is contemplated, be underwritten upon terms and conditions approved by the Secretary;

"(ii) bear interest at a rate found not to be excessive by the Secretary; and

"(iii) contain, or be subject to, repayment, maturity, and other provisions which are satisfactory to the Secretary;

"(C) the approval of the Secretary of the Treasury shall be required with respect to any such guarantee, unless the Secretary of the Treasury waives such approval; and

"(D) no guarantee shall be made after September 30, 1986.

"(2) The full faith and credit of the United States is pledged to the payment, under paragraph (5), of any default on any indebtedness guaranteed under subsection (d)(2). Any such guarantee made by the Secretary shall be conclusive evidence of the eligibility of the obligation involved for such guarantee, and the validity of any such guarantee so made shall be incontestable in the hands of a holder of the guaranteed obligation, except for fraud or material misrepresentation on the part of the holder, or known to the holder at the time acquired.

"(3) The Secretary shall prescribe and collect fees in connection with guarantees made under subsection (d)(2). These fees may not exceed the amount which the Secretary estimates to be necessary to cover the administrative costs pertaining to such guarantees.

"(4) The interest paid on any obligation which is guaranteed under subsection (d)(2) and which is received by the purchaser thereof (or the purchaser's successor in interest), shall be included in gross income for the purpose of chapter 1 of the Internal Revenue Code of 1954. The Secretary may pay out of the Fund to the coastal state or the unit of general purpose local government issuing such obligations not more than such portion of the interest on such obligations as exceeds the amount of interest that would be due at a comparable rate determined for loans made under subsection (d)(1).

"(5)(A) Payments required to be made as a result of any guarantee made under subsection (d)(2) shall be made by the Secretary from sums appropriated to the Fund or from moneys obtained from the Secretary of the Treasury pursuant to paragraph (6).

"(B) If there is a default by a coastal state or unit of general purpose local government in any payment of principal or interest due under a bond or other evidence of indebtedness guaranteed by the Secretary under subsection (d)(2), any holder of such bond or other evidence of indebtedness may demand payment by the Secretary of the unpaid interest on and the unpaid principal of such obligation as they become due. The Secretary, after investigating the facts presented by the holder, shall pay to the holder the amount which is due such holder, unless the Secretary finds that there was no default by such state or unit or that such default has been remedied.

"(C) If the Secretary makes a payment to a holder under subparagraph (B), the Secretary shall—

"(i) have all of the rights granted to the Secretary or the United States by law or by agreement with the obligor; and

"(ii) be subrogated to all of the rights which were granted such holder, by law, assignment, or security agreement between such holder and the obligor.

Such rights shall include, but not be limited to, a right of reimbursement to the United States against the coastal state or unit of general purpose local government for which the payment was made for the amount of such payment plus interest at the prevailing current rate as determined by the Secretary. If such coastal state, or the coastal state in which such unit is located, is due to receive any amount under subsection (b), the Secretary shall, in lieu of paying such amount to such state, deposit such amount in the Fund until such right of reimbursement has been satisfied. The Secretary may accept, in complete or partial satisfaction of any such rights, a conveyance of property or interests therein. Any property so obtained by the Secretary may be completed, maintained, operated, held, rented, sold, or otherwise dealt with or disposed of on such terms or conditions as the Secretary prescribes or approves. If, in any case, the sum received through the sale of such property is greater than the amount paid to the holder under subparagraph (B) plus costs, the Secretary shall pay any such excess to the obligor.

"(D) The Attorney General shall, upon the request of the Secretary, take such action as may be appropriate to enforce any right accuring to the Secretary or the United States as a result of the making of any guarantee under subsection (d)(2). Any sums received through any sale under subparagraph (C) or recovered pursuant to this subparagraph shall be paid into the Fund.

"(6) If the moneys available to the Secretary are not sufficient to pay any amount which the Secretary is obligated to pay under paragraph (5), the Secretary shall issue to the Secretary of the Treasury notes or other obligations (only to such extent and in such amounts as may be provided for in appropriation Acts) in such forms and denominations, bearing such maturities, and subject to such terms and conditions as the Secretary of the Treasury prescribes. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury on the basis of the current average market yield on outstanding marketable obligations of the United States on comparable maturities during the month preceding the issuance of such notes or other obligations. Any sums received by the Secretary through such issuance shall be deposited in the Fund. The Secretary of the Treasury shall purchase any notes or other obligations issued under this paragraph, and for this purpose such Secretary may use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force. The purposes for which securities may be issued under that Act are extended to include any purchase of notes or other obligations issued under this paragraph. The Secretary of the Treasury may at any time sell any of the notes or other obligations so acquired under this paragraph. All redemptions, purchases, and sales of such notes or other obligations by the Secretary of the Treasury shall be treated as public debt transactions of the United States.

"(g)(1) No coastal state is eligible to receive any financial assistance under this section unless such state—

"(A) has a management program which has been approved under section 306;

"(B) is receiving a grant under section 305 (c) or (d); or

"(C) is, in the judgment of the Secretary, making satisfactory progress toward the development of a management program which is consistent with the policies set forth in section 303.

"(2) Each coastal state shall, to the maximum extent practicable, provide that financial assistance provided under this section be apportioned, allocated, and granted to units of local government within such state on a basis which is proportional to the extent to which such units need such assistance.

"(h) There is established in the Treasury of the United States the Coastal Energy Impact Fund. The Fund shall be available to the Secretary without fiscal year limitation as a revolving fund for the purposes of carrying out subsections (c) and (d). The Fund shall consist of—

"(1) any sums appropriated to the Fund;

"(2) payments of principal and interest received under any loan made under subsection (d)(1);

"(3) any fees received in connection with any guarantee made under subsection (d)(2); and

"(4) any recoveries and receipts under security, subrogation, and other rights and authorities described in subsection (f).

All payments made by the Secretary to carry out the provisions of subsections (c), (d), and (f) (including reimbursements to other Government accounts) shall be paid from the Fund, only to the extent provided for in appropriation Acts. Sums in the Fund which are not currently needed for the purposes of subsections (c), (d), and (f) shall be kept on deposit or invested in obligations of, or guaranteed by, the United States.

"(i) The Secretary shall not intercede in any land use or water use decision of any coastal state with respect to the siting of any energy facility or public facility by making siting in a particular location a prerequisite to, or a condition of, financial assistance under tihs section.

"(j) The Secretary may evaluate, and report to the Congress, on the efforts of the coastal states and units of local government therein to reduce or ameliorate adverse consequences resulting from coastal energy activity and on the extent to which such efforts involve adequate consideration of alternative sites.

"(k) To the extent that Federal funds are available under, or pursuant to, any other law with respect to—

"(1) study and planning for which financial assistance may be provided under subsection (b)(4)(B) and (c), or

"(2) public facilities and public services for which financial assistance may be provided under subsection (b)(4)(B) and (d), the Secretary shall, to the extent practicable, administer such subsections—

"(A) on the basis that the financial assistance shall be in addition to, and not in lieu of, any Federal funds which any coastal state or unit of general purpose local government may obtain under any other law; and

"(B) to avoid duplication.

"(l) As used in this section—

"(1) The term 'retirement', when used with respect to bonds, means the redemption in full and the withdrawal from circulation of those which cannot be repaid by the issuing jurisdiction in accordance with the appropriate repayment schedule.

"(2) The term 'unavoidable', when used with respect to a loss of any valuable environmental or recreational resource, means a loss, in whole or in part—

"(A) the costs of prevention, reduction, or amelioration of which cannot be directly or indirectly attributed to, or assessed against, any identifiable person; or

"(B) cannot be paid for with funds which are available under, or pursuant to, any provision of Federal law other than this section.

"(3) The term 'unit of general purpose local government' means any political subdivision of any coastal state or any special entity created by such a state or subdivision which (in whole or part) is located in, or has authority over, such state's coastal zone, and which (A) has authority to levy taxes or establish and collect user fees, and (B) provides any public facility or public service which is financed in whole or part by taxes or user fees.".

SEC. 8. INTERSTATE GRANTS.

The Coastal Zone Management Act of 1972 is further amended by adding immediately after section 308 (as added by section 7 of this Act) the following:

"INTERSTATE GRANTS

"SEC. 309. (a) The coastal states are encouraged to give high priority—

"(1) to coordinating state coastal zone planning, policies, and programs with respect to contiguous areas of such states; and

"(2) to studying, planning, and implementing unified coastal zone policies with respect to such areas.

Such coordination, study, planning, and implementation may be conducted pursuant to interstate agreements or compacts. The Secretary may make grants annually, in amounts not to exceed 90 per centum of the cost of such coordination, study, planning, or implementation, if the Secretary finds that the proceeds of such grants will be used for purposes consistent with sections 305 and 306.

"(b) The consent of the Congress is hereby given to two or more coastal states to negotiate, and to enter into, agreements or compacts, which do not conflict with any law or treaty of the United States, for—

"(1) developing and administering coordinated coastal zone planning, policies, and programs pursuant to sections 305 and 306; and

"(2) establishing executive instrumentalities or agencies which such states deem desirable for the effective implementation of such agreements or compacts.

Such agreements or compacts shall be binding and obligatory upon any state or party thereto without further approval by the Congress.

"(c) Each executive instrumentality or agency which is established by an interstate agreement or compact pursuant to this section is encouraged to adopt a Federal-State consultation procedure for the identification, examination, and cooperative resolution of mutual problems with respect to the marine and coastal areas which affect, directly or indirectly, the applicable coastal zone. The Secretary, the Secretary of the Interior, the Chairman of the Council on Environmental Quality, the Administrator of the Environmental Protection Agency, the Secretary of the department in which the Coast Guard is operating, and the Administrator of the Federal Energy Administration, or their designated representatives, shall participate ex officio on behalf of the Federal Government whenever any such Federal-State consultation is requested by such an instrumentality or agency.

"(d) If no applicable interstate agreement or compact exists, the Secretary may coordinate coastal zone activities described in subsection (a) and may make grants to assist any group of two or more coastal states to create and maintain a temporary planning and coordinating entity to—

"(1) coordinate state coastal zone planning, policies, and programs with respect to contiguous areas of the states involved;

"(2) study, plan, and implement unified coastal zone policies with respect to such areas; and

"(3) establish an effective mechanism, and adopt a Federal-State consultation procedure, for the identification, examination, and cooperative resolution of mutual problems with respect to the marine and coastal areas which affect, directly or indirectly, the applicable coastal zone.

The amount of such grants shall not exceed 90 per centum of the cost of creating and maintaining such an entity. The Federal officials specified in subsection (c), or their designated representatives, shall participate on behalf of the Federal Government, upon the request of any such temporary planning and coordinating entity.".

SEC. 9. RESEARCH AND TECHNICAL ASSISTANCE.

The Coastal Management Act of 1972 is further amended by adding immediately after section 309 (as added by section 8 of this Act) the following:

"RESEARCH AND TECHNICAL ASSISTANCE FOR COASTAL ZONE MANAGEMENT

"SEC. 310. (a) The Secretary may conduct a program of research, study, and training to support the development and implementation of management programs. Each department, agency, and instrumentality of the executive branch of the Federal Government may assist the Secretary, on a reimbursable basis or otherwise, in carrying out the purposes of this section, including, but not limited to, the furnishing of information to the extent permitted by law, the transfer of personnel with their consent and without prejudice to their position and rating, and the performance of any research, study, and training which does not interfere with the performance of the primary duties of such department, agency, or instrumentality. The Secretary may enter into contracts or other arrangements with any qualified person for the purposes of carrying out this subsection.

"(b) The Secretary may make grants to coastal states to assist such states in carrying out research, studies, and training required with respect to coastal zone management. The amount of any grant made under this subsection shall not exceed 80 per centum of the cost of such research, studies, and training.

"(c) (1) The Secretary shall provide for the coordination of research, studies, and training activities under this section with any other such activities that are conducted by, or subject to the authority of, the Secretary.

"(2) The Secretary shall make the results of research conducted pursuant to this section available to any interested person.".

SEC 10. REVIEW OF PERFORMANCE.

Section 312(a) of the Coastal Zone Management Act of 1972, as redesignated by section 7 of this Act (16 U.S.C. 1458(a)) is amended to read as follows:

"(a) The Secretary shall conduct a continuing review of—

"(1) the management programs of the coastal states and the performance of such states with respect to coastal zone management; and

"(2) the coastal energy impact program provided for under section 308.".

SEC. 11. AUDIT OF TRANSACTION.

Section 313 of the Coastal Zone Management Act of 1972, as redesignated by section 7 of this Act (16 U.S.C. 1459), is amended—

(1) by inserting "AND AUDIT" after "RECORDS" in the title of such section;

(2) by amending subsection (a)—

(A) by inserting immediately after "grant under this title" the following: "or of financial assistance under section 308", and

(B) by inserting after "received under the grant" the following: "and of the proceeds of such assistance"; and

(3) by amending subsection (b) to read as follows:

"(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall—

"(1) after any grant is made under this title or any financial assistance is provided under section 308(d); and

"(2) until the expiration of 3 years after—

"(A) completion of the project, program, or other undertaking for which such grant was made or used, or

"(B) repayment of the loan or guaranteed indebtedness for which such financial assistance was provided,

have access for purposes of audit and examination to any record, book, document, and paper which belongs to, or is used or controlled by, any recipient of the grant funds or any person who entered into any transaction relating to such financial assistance and which is pertinent for purposes of determining if the grant funds or the proceeds of such financial assistance are being, or were, used in accordance with the provisions of this title.".

SEC. 12. ACQUISITION OF ACCESS TO PUBLIC BEACHES AND OTHER PUBLIC COASTAL AREAS.

Section 315 of the Coastal Zone Management Act of 1972, as redesignated by section 7 of this Act (16 U.S.C. 1461), is amended to read as follows:

"ESTUARINE SANCTUARIES AND BEACH ACCESS

"SEC. 315. The Secretary may, in accordance with this section and in accordance with such rules and regulations as the Secretary shall promulgate, make grants to any coastal state for the purpose of—

"(1) acquiring, developing, or operating estuarine sanctuaries, to serve as natural field laboratories in which to study and gather data on the natural and human processes occurring within the estuaries of the coastal zone; and

"(2) acquiring lands to provide for access to public beaches and other public coastal areas of environmental, recreational, historical, esthetic, ecological, or cultural value, and for the preservation of islands.

The amount of any such grant shall not exceed 50 per centum of the cost of the project involved; except that, in the case of acquisition of any estuarine sanctuary, the Federal share of the cost thereof shall not exceed $2,000,000.".

SEC. 13. ANNUAL REPORT.

The second sentence of section 316(a) of the Coastal Zone Management Act of 1972, as redesignated by section 7 of this Act (16 U.S.C. 1462(a)), is amended by striking out "and (9)" and inserting in lieu thereof "(12)"; and by inserting immediately after clause (8) the following: "(9) a description of the economic, environmental, and social consequences of energy activity affecting the coastal zone and an evaluation of the effectiveness of financial assistance under section 308 in dealing with such consequences; (10) a description and evaluation of applicable interstate and regional planning and coordination mechanisms developed by the coastal states; (11) a summary and evaluation of the research, studies, and training conducted in support of coastal zone management; and".

SEC. 14. AUTHORIZATION OF APPROPRIATIONS.

Section 318 of the Coastal Zone Management Act of 1972, as redesignated by section 7 of this Act (16 U.S.C. 1464), is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 318. (a) There are authorized to be appropriated to the Secretary—

"(1) such sums, not to exceed $20,000,000 for each of the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979, respectively, as may be necessary for grants under section 305, to remain available until expended;

"(2) such sums, not to exceed $50,000,000 for each of the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, and September 30, 1980, respectively, as may be necessary for grants under section 306, to remain available until expended;

"(3) such sums, not to exceed $50,000,000 for each of the 8 fiscal years occurring during the period beginning October 1, 1976, and ending September 30, 1984, as may be necessary for grants under section 308(b);

"(4) such sums, not to exceed $5,000,000 for each of the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, and September 30, 1980, respectively, as may be necessary for grants under section 309, to remain available until expended;

"(5) such sums, not to exceed $10,000,000 for each of the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, and September 30, 1980, respectively, as may be necessary for financial assistance under section 310, of which 50 per centum shall be for financial assistance under section 310(a) and 50 per centum shall be for financial assistance under section 310(b), to remain available until expended;

"(6) such sums, not to exceed $6,000,000 for each of the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, and September 30, 1980, respectively, as may be necessary for grants under section 315(1), to remain available until expended;

"(7) such sums, not to exceed $25,000,000 for each of the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, and September 30, 1980, respectively, as may be necessary for grants under section 315(2), to remain available until expended; and

"(8) such sums, not to exceed $5,000,000 for each of the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, and September 30, 1980, respectively, as may be necessary for administrative expenses incident to the administration of this title.

"(b) There are authorized to be appropriated until October 1, 1986, to the Fund, such sums, not to exceed $800,000,000, for the purposes of carrying out the provisions of section 308 other than subsection (b), of which not to exceed $50,000,000 shall be for purposes of subsections (c) and (d)(4) of such section.

"(c) Federal funds received from other sources shall not be used to pay a coastal state's share of costs under section 305, 306, 309, or 310.".

SEC. 15. ADMINISTRATION.

(a) There shall be in the National Oceanic and Atmospheric Administration an Associate Administrator for Coastal Zone Management, who shall be appointed by the President, by and with the advice and consent of the Senate. Such Associate Administrator shall be an individual who is, by reason of background and experience, especially qualified to direct the implementation and administration of the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.). Such Associate Administrator shall be compensated at the rate now or hereafter provided for level V of the Executive Schedule Pay Rates (5 U.S.C. 5316).

(b) Section 5316 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(140) Associate Administrator for Coastal Zone Management, National Oceanic and Atmospheric Administration.".

(c) The Secretary may, to carry out the provisions of the amendments made by this Act, establish, and fix the compensation for, four new positions without regard to the provision of chapter 51 of title 5, United States Code, at rates not in excess of the maximum rate for GS-18 of the General Schedule under section 5332 of such title. Any such appointment may, at the discretion of the Secretary, be made without regard to the provisions of such title 5 governing appointments in the competitive service.

"SEC. 16. SHELLFISH SANITATION REGULATIONS.

(a) The Secretary of Commerce shall—

(1) undertake a comprehensive review of all aspects of the molluscan shellfish industry, including, but not limited to, the harvesting, processing, and transportation of such shellfish: and

(2) evaluate the impact of Federal law concerning water quality on the molluscan shellfish industry.

The Secretary of Commerce shall, not later than April 30, 1977, submit a report to the Congress of the findings, comments, and recommendations (if any) which result from such review and evaluation.

(b) The Secretary of Health, Education, and Welfare shall not promulgate final regulations concerning the national shellfish safety program before June 30, 1977. At least 60 days prior to the promulgation of any such regulations, the Secretary of Health, Education, and Welfare, in consultation with the Secretary of Commerce, shall publish an analysis (1) of the economic impact of such regulations on the domestic shellfish industry, and (2) the cost of such national shellfish safety program relative to the benefits that it is expected to achieve.

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the Senate bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the amendment of the House to the title of the Senate bill, insert the following: "An Act to improve coastal zone management in the United States, and for other purposes.".

And the House agree to the same.

LEONOR K. SULLIVAN,
PAUL G. ROGERS,
JOHN M. MURPHY,
PIERRE S. DU PONT,
DAVID C. TREEN,
Managers on the Part of the House.
WARREN G. MAGNUSON,
ERNEST F. HOLLINGS,
JOHN V. TUNNEY,
TED STEVENS,
LOWELL P. WEICKER, Jr.,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 586), to amend the Coastal Zone Management Act of 1972 to authorize and assist the coastal states to study, plan for, manage, and control the impact of energy facility and resource development which affects the coastal zone, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendments struck out all of the Senate bill after the enacting clause and inserted a substitute text and provided a new title for the Senate bill, and the Senate disagreed to the House amendments.

The committee of conference recommends that the Senate recede from its disagreement to the amendment of the House to the text of the Senate bill, with an amendment which is a substitute for both the text of the Senate bill and the House amendment to the text of the Senate bill. The committee of conference also recommends that the House recede from its amendment to the title of the Senate bill, with an amendment which is a substitute for both the title of the Senate bill and the House amendment to the title of the Senate bill.

The provisions of the amendment recommended by the committee of conference are set forth below in a manner sufficiently detailed and explicit to inform the House and the Senate as to the effect which the amendment contained in the accompanying conference report will have upon the measure to which it relates.

SUMMARY AND DESCRIPTION

The purpose of the conference substitute is to improve and strengthen coastal zone management in the United States and to coordinate and further the objectives of national energy policy by directing the Secretary of Commerce to administer and coordinate, as part of the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.) (hereinafter referred to as "the 1972 Act"), a coastal energy impact program.

The 1972 Act was enacted before the advent of the current and continuing energy crisis; i.e., before attainment of a greater degree of energy self-sufficiency became a recognized national objective of the highest importance and priority. The conference substitute follows both the Senate bill and the House amendment in amending the 1972 Act to encourage new or expanded oil and natural gas production in an orderly manner from the Nation's outer Continental Shelf (OSC) by providing for financial assistance to meet state and local needs resulting from specified new or expanded energy activity in or affecting the coastal zone.

The conferees believe (1) that there is a real possibility of delay or disruption in Federal plans for needed new and expanded OCS oil and gas production unless coastal states and coastal communities are assured of the means of coping with and ameliorating the impacts from such activities; (2) that the coastal states are concerned about furthering national energy objectives; (3) that a strengthened coastal zone management program, with full participation by the states, is vital to the protection and proper management of irreplaceable coastal resources and is the best means of dealing with impacts from new or expanded coastal energy activity; (4) that the Federal Government, because of the national need to increase domestic energy production to reduce reliance on imports, should provide assurance of timely and practicable financial assistance related and tailored to these needs; (5) that the coastal states and localities, which are closer to and more cognizant of the situation, should make the basic decisions as to the particular needs which result from such new or expanded energy activity; and (6) that the discretion of the Secretary of Commerce and other Federal officials should be correspondingly limited.

The conference substitute, like the House amendment, does not provide for formula grants to coastal states based solely on OCS oil and gas production and first landings of such production, because production-related payments per se might not be distributed in time to meet the total needs of recipients. Instead, the conference substitute would provide formula grants based on a formula which follows criteria set forth in the Senate bill and the House amendment. The conference substitute, like the Senate bill, does not provide for all Federal financial assistance to be in the form of grants or guarantees, because ordinary taxation by the states and localities affected may be adequate to pay for, over a reasonable period of time, the cost of new or improved (expanded or renovated to meet the new requirements) public facilities and public services.

For example, new energy employment and related populations will create a need for such facilities and services, but they will also increase the total amount of tax revenues collected in or from the impacted area, on the basis of which the cost of these facilities and services can be amortized.

The primary impact assistance would be provided through a revolving account in the Treasury of the United States which shall be known as the Coastal Energy Impact Fund. The Fund will be based on annual appropriations (together with miscellaneous receipts in the form of fees, etc.).

Under the conference substitute, the bulk of the Federal energy impact assistance is authorized to be appropriated to the Fund for (1) Federal loans to coastal states, and units of general purpose local government in coastal states; (2) Federal guarantees of bonds and other indebtedness issued or entered into by such states and units; (3) backup or adjustment grants to be awarded when the states and localities cannot meet their obligations under these loans and guarantees with ordinary tax revenues; and (4) special grants for (i) the prevention, reduction or amelioration of unavoidable losses of environmental and recreational resources, and for (ii) the study and planning for the consequences of energy-related activity in the coastal zone. A total of $800 million is authorized to be appropriated to the Fund, for these purposes. These loans and guarantees would be made, pursuant to an allotment for each coastal state, for the purpose of financing new or improved public facilities and public services which are required as a result of new or expanded coastal energy activity.

Formula grants will be made to coastal states on the basis of a statutory formula that relates to state and local needs resulting directly from new or expanded outer Continental Shelf energy activity. The conference substitute follows the House amendment in authorizing a total of $400 million over 8 years for such formula grants. The formula in the conference substitute also contains built-in incentives for coastal states to assist in achieving the underlying national objective of increased domestic oil and gas production. The formula follows the House amendment.

Under it, one-third of each coastal state's formula grant will be based on the amount of new OCS acreage leased adjacent to all of the coastal states in that year; one-sixth will be based on the volume of oil and natural gas produced in such year from such acreage adjacent to such state by comparison with the total such production from such acreage adjacent to all of the coastal states; one-sixth will be based on the volume of such production which is first landed in such state in such year by comparison with the total first landings of such production in such year in all of the coastal states; and one-third will be based on the number of individuals residing in such state in the immediately preceding fiscal year who obtain new employment in such years as a result of new or expanded outer Continental Shelf energy activities by comparison with the total number of individuals residing in all of the coastal states in such year who obtain new employment in such year as a result of such outer Continental Shelf activities. Formula grant payments which are not used for the purposes specified in the conference substitute must be returned to the Secretary.

The formula, as so constructed, provides incentives to coastal states (if they are interested in increasing their share of the funds appropriated for this purpose) to encourage and facilitate the achievement of the basic national objective of increasing domestic energy production. This provision would be in harmony with sound coastal zone management principles because Federal aid would be available only for states acting in accord with such principles. For example, since the grant is based on new leasings, production, first landings, and new employment, it is to the state's interest to apply the "consistency" provisions and related processes to the issuance of oil exploration, development and production plans, licenses, and permits as quickly as possible rather than to postpone decision-making for the statutory 6-month period.

Coastal energy impact assistance would be available under the conference substitute (as under the Senate bill and the House amendment) to any coastal state which (1) has a coastal zone management program which has been approved under section 306 (2) is receiving a grant under section 305(c) or (d) of the basic act; or (3) is, in the judgment of the Secretary, making satisfactory progress toward the development of a management program consistent with the policies set forth in section 303.

Thus, under the conference substitute, all Federal financial assistance for energy impacts is specifically related to needs resulting from specified energy activities. The conferees believe that such a nexus is required in order to maximize, at the lowest reasonable cost to the Federal taxpayer, the attainment of the national objective of energy self-sufficiency, with respect to offshore oil and gas development, and to assure that such development takes place in accordance with sound environmental principles.

New section 308 of the Coastal Zone Management Act of 1972, which includes these provisions and which is entitled "Coastal Energy Impact Program", sets forth and provides for a flexible and coordinated approach to the respective responsibilities of the Federal Government in providing, and the state and local governments in using, Federal financial assistance required to meet state and local needs resulting from new or expanded coastal energy activity, and tailors the form of the assistance to the necessity therefor. The conference substitute would provide for grants to state or local governments to pay off loans or guaranteed indebtedness in those cases where it can be clearly demonstrated to the Secretary that (1) ordinary tax revenues will not meet the cost of providing required new or improved public facilities and public services, (2) the projected revenues based on projected new employment and related populations and facilities fail to materialize in fact, or (3) if the very nature of the state or local need is so diffuse (i.e., planning) or indirectly relatable (i.e., prevention, reduction, or amelioration of unavoidable losses of valuable ecological and recreational resources) to the usual revenue-collection mechanisms as to make repayment difficult or impossible to achieve or assure. Such grant shall be made without any obligation other than that the proceeds in fact be expended for proper purposes.

If costs can be recouped, however, through such ordinary methods, the moneys involved could be used again and again to meet the similar needs of other communities and states.

The provisions of new section 308 are set forth in detail below in the section-by-section discussion of section 7 of the conference substitute.

The conference substitute also follows the Senate bill, the House amendment, or both, in making a number of other changes in or modifications to the 1972 Act. These changes and modifications, which are also discussed in detail below, include—

(1) the establishment of three additional requirements for state coastal zone management programs;

(2) a new program of financial assistance for coastal states which have already developed management programs which are in compliance with the requirements of section 305(b) but which do not yet qualify for approval and administrative grants under section 306;

(3) a new incentive for an expeditious determination of whether particular offshore energy activity is consistent with a coastal state's approved management program, on an overall plan basis rather than on an individual license/permit by license/permit basis;

(4) a new provision under which the Congress grants its assent to the formulation of interstate compacts and to interstate agreements for the development and administration of coordinated coastal zone planning, policies, and programs and for the establishment of implementing instrumentalities or agencies, pursuant to which Federal financial assistance will be provided;

(5) a new provision for research and training to support coastal zone management programs;

(6) an authorization for new matching grants to enable coastal states to acquire access to public beaches and other public coastal areas of value and to preserve islands, to help meet the growing need for more recreational outlets in coastal areas; and

(7) authorization of appropriations for the next 4 years of the Nation's coastal zone management effort.

The bill, in addition—

(1) creates the new Office of Associate Administrator for Coastal Zone Management within the National Oceanic and Atmospheric Administration who shall administer the provisions of the 1972 Act, including amendments of this conference substitute;

(2) authorizes four special positions to the extent necessary for administration of the amendments made by this legislation; and

(3) directs the Secretary of Commerce to review all aspects of the molluscan shellfish industry and to evaluate the impact on that industry of Federal law concerning water quality, and to report thereon to the Congress by April 30, 1977.

SECTION-BY-SECTION DISCUSSION

The first section of the conference substitute follows the Senate bill and the House amendment in providing that the short title of this legislation is the "Coastal Zone Management Act Amendments of 1976."

Section 2. Findings

Section 2 follows the Senate bill and the House amendment in expanding the finding in section 302(b) of the Coastal Zone Management Act of 1972 which declares that the coastal zone is rich in "a variety of natural, commercial, recreational, industrial, and esthetic resources"; the amendment finds that the coastal zone is also rich in ecological resources. The section also makes changes in punctuation between the subsections and adds an additional subsection which conforms section 302's findings to the major new provision added to the existing law by the conference substitute (new section 308 with respect to financial assistance to meet state and local needs resulting from new or expanded energy activity in or affecting the coastal zone).

Section 3. Definitions

Section 3 follows the Senate bill or the House amendment, or both, in modifying certain definitions in section 304 of the Coastal Zone Management Act of 1972 and in adding certain additional definitions thereto. The changes are as follows:

The definition of "coastal zone" is expanded to include "islands."

The definition of "estuarine sanctuary" is amended to include any islands within the area in, adjoining, or adjacent to an estuary.

The section adds a definition of the term "coastal energy activity". The term means (1) any OCS energy activity; (2) any transportation, conversion, treatment, transfer, or storage of liquefied natural gas; and (3) any transportation, transfer, or storage of oil, natural gas, or coal (including, but not limited to, by means of any deepwater port, as defined in the Deepwater Port Act of 1974); the above activities are included in such term if, and to the extent that, such activity requires and involves the siting, construction, expansion or operation of any equipment or facility and if technical requirements necessitate that such siting, construction, expansion or operation be carried out in, or in close proximity to, the coastal zone of any coastal state. This definition follows the House amendment.

The definition of the term "energy facilities" follows that in the Senate bill and the House amendment. The term means equipment and facilities which are or will be used primarily in exploration for or in development, production, conversion, storage, transfer, processing, or transportation of any energy resource; or primarily for the manufacture, production, or assembly of equipment, machinery, products, or devices which are involved in any such activity. The definition includes a list, which is not exclusive, of equipment and facilities which come within this description.

The section follows the House amendment in adding a definition of "local government". A local government means any political subdivision of, or any special entity created by, any coastal state which (in whole or in part) is located in or has authority over such state's coastal zone and which either has authority to levy taxes or to establish and collect user fees or which provides any public facility or public service which is financed by taxes or user fees.

The section also follows the House amendment in adding a definition of "outer Continental Shelf energy activity". The terms means any exploration for, or development or production of, oil or natural gas from the outer Continental Shelf, or the siting, construction, expansion, or operation of any new or expanded energy facilities directly required by such exploration, development, or production. [The term "outer Continental Shelf" has the same meaning as set forth in section 2(a) of the Outer Continental Shelf Lands Act of 1953 (43 U.S.C. 1331(a))].

The section follows the Senate bill in adding a definition of the term "person" for purposes of the Coastal Zone Management Act of 1972. The definition is different from the definition of the term "person" in section 1 of title 1 of the United States Code (which applies to all U.S.C. provisions unless otherwise provided) in that it includes the Federal Government, any state, local, or regional government, or any entity of any such government.

The section follows the Senate bill and the House amendment in adding a definition of the term "public facilities and public services". The term means specified facilities and services which are financed, in whole or in part, by any state or political subdivision thereof. This list of facilities and services are not intended to be exclusive and the Secretary may add to the enumerated list if he determines that other facilities or services so financed will support increased population.

Section 4. Management program development grants

The conference substitute makes a significant number of additions to and changes in section 305 of the Coastal Zone Management Act of 1972. These amendments are combined with the existing and unchanged provisions in the interest of clarity.

The conference substitute follows the Senate bill and the House amendment in adding additional requirements to the listing within section 305(b) of the mandatory provisions to be included in a coastal zone management program: (1) a definition of the term beach and a planning process for the protection of, and access to, public beaches and other public coastal areas of specified value; and (2) a planning process for energy facilities likely to be located in, or which may significantly affect, the coastal zone, including impact management. The conference substitute also follows the House amendment in adding another requirement to the section 305(b) list: a planning process for assessing the effects of shoreline erosion and for evaluating ways to control or lessen the consequences of such erosion or to restore areas adversely affected thereby.

The conference substitute also amends section 305 by inserting as a new subsection (d) (existing subsection (d) is redesignated as subsection (h)) an authorization for the Secretary of Commerce to make grants annually to coastal states (in amounts up to 80 per centum of the costs) for the purpose of assisting such a state to complete and initially implement its coastal zone management program, before it qualifies for administrative grants under section 306.

Paragraph (2) of this new subsection (d) sets forth the eligibility prerequisites for these initial implementation grants. A coastal state is eligible to receive grants under this subsection if (1) it has developed a management program which meets the requirement of section 305(b), but which has not yet been approved under section 306; (2) it has specifically identified, after consultation with the Secretary, any deficiencies in its management program which make it ineligible for such approval and has established a reasonable time schedule for remedying any such deficiencies; (3) it has specified the purposes for which these grants will be used; (4) it is taking or has taken adequate steps to meet requirements involving Federal officials or agencies as set forth in section 306 or 307; and (5) it has complied with any other requirement prescribed by regulations to carry out this subsection.

Subsection (h) (formerly subsection (d)) is modified to permit a coastal state whose management program is approved under section 306 (qualifying it for section 306 administrative grants) to receive grants under section 305(c) for the sole purpose of assisting it in developing planning processes that will satisfy the new subsection (b) requirements indicated above.

Subsection (i) (formerly subsection (h)) is amended to extend the date of expiration of authority to make grants under this section from June 30, 1977 to September 30, 1979.

Section 5. Administrative grants

The conference substitute follows both the Senate bill and the House amendment in amending subsection (a) to raise from 66⅔ per centum to 80 per centum, the Federal share of grants under section 306.

The conference substitute follows the House amendment in specifying what is meant by "effective" in the provision in subsection (c)(2)(B) which requires that the Secretary find, before a state's management program can be approved, that the state has "established an effective mechanism for continuing consultation and coordination" before such state's management program can be approved under section 306.

The state's coastal zone management agency is required, before implementing a management program decision which would conflict with any local zoning ordinance, decision or other related zoning action, to send a notice of such management program decision to any local government whose zoning authority would be affected. The local government would have the right to submit comments to the management agency within a thirty-day period following such government's receipt of the notice of management program decision, and no action can be taken during such period which would interfere or conflict with such program decision. The management agency is required to consider any comments submitted and is authorized to conduct a public hearing thereon. During the thirty-day comment period, the management agency may not take any action to implement the decision, unless any local government affected waives its right to comment.

The conference substitute follows the Senate bill and the House amendment in amending subsection (c)(8) of section 306 to require the Secretary to find, as part of a state's mandatory consideration of the national interest involved in the planning and siting of energy facilities, that such state has given consideration to any applicable interstate energy plan or program promulgated by an interstate entity which is established under the new section 309 added by the conference substitute.

As a conforming change, subsection (g) (on amendments to approved management plan) is amended to permit section 306 administrative grants to be made to states whose plans are approved prior to October 1, 1978, but whose 305(b) (7), (8), and (9) processes are not approved as of this date.

Section 6. Consistency and mediation

The conference substitute follows the Senate bill in amending the Federal consistency requirement to section 307(c)(3) of the Coastal Zone Management Act of 1972. The Senate bill required that each Federal lease (for example, offshore oil and gas leases) had to be submitted to each state with an approved coastal zone management program for a determination by that state as to whether or not the lease was consistent with its program. The conference substitute further elaborates on this provision and specifically applies the consistency requirement to the basic steps in the OCS leasing process—namely, the exploration, development and production plans submitted to the Secretary of the Interior. This provision will satisfy state needs for complete information, on a timely basis, about the details of the oil industry's offshore plans.

Also, under the substitute, any subsequent OCS Federal license or permit required for activities specified in any exploration, development, and production plan are presumed to be consistent once the plan is certified as being so consistent. This important change will significantly expedite OCS oil and gas development. Under present Department of Interior regulations, Federal permits are required for a large number of individual activities, including geophysical exploration, bottom sampling, well drilling for exploration or production, pipeline right-of-way, structure placement, waste discharge, and dredging and filling operations. Thus, separate consistency determinations on each activity, described in detail in an exploration, development or production plan, will not be necessary.

The conference substitute additionally provides that any amendment to an OCS exploration, development or production plan requires a consistency determination within three months (rather than the present requirement of six months) by the coastal states.

The conference substitute also amends section 307 to direct the Secretary to seek, in cooperation with the Executive Order of the President, to mediate any serious disagreement between any Federal agency and a coastal state with respect to the initial implementation of a management program or to the administration of an approved management program.

During their deliberations, the conferees raised a number of questions regarding the advisability and workability of the present Federal consistency provision in the 1972 Act. Particular attention was focused on certain ambiguities in critical procedural determinations and the necessity of the six-month period for conclusive presumption. It was determined that these matters will be the subject of subsequent in-depth oversight hearings on the coastal zone management program in the next Congress.

Section 7. Coastal energy impact program

Section 7 of the conference substitute follows the Senate bill and the House amendment by adding a new section 308 to the Coastal Zone Management Act of 1972. This new section 308, which is entitled "Coastal Energy Impact Program", follows the content of the new section 308 added by the Senate bill and the new section 308 added by the House amendment and also the content of the new section 319 added by the Senate bill and the House amendment.

Subsection (a) of the new section 308 directs the Secretary of Commerce to administer and coordinate, as part of the coastal zone management activities of the Federal Government, the various forms of financial assistance which are authorized to be provided under this section to coastal states or to units of general purpose local government therein, or to both, as a coastal energy impact program.

Subsection (b) of the conference substitute follows new section 308 (k) and (l) of the Senate bill and new section 308(a) of the House amendment in providing for formula grants to coastal states. Paragraph (1) of this subsection requires the Secretary to make grants annually under this subsection.

Paragraph (2) sets forth the rules to be applied in calculating each coastal state's share of the amount appropriated for purposes of grants under this subsection. (The conference substitute follows the House amendment in authorizing the appropriation of a total of $400 million for the purpose of these formula grants.)

The formula follows both the Senate bill and the House amendment in making the state's share dependent upon (1) the volume of oil and natural gas produced from the outer Continental Shelf acreage adjacent to the coastal state involved by comparison with the amount produced from all such acreage, during the immediately preceding fiscal year; and (2) the volume of oil and natural gas produced from outer Continental Shelf acreage leased by the Federal Government which is first landed in the coastal state involved in the immediately preceding fiscal year by comparison with the volume landed in all of the coastal states in such year. (In the computation of such volumes, the conferees, following the Senate bill, intend that 6,000 cubic feet of natural gas be considered the equivalent of one barrel of oil.)

In the Senate bill, the amount of these grants was to be determined exclusively on the basis of these two factors; in the House amendment, the amount was to be determined on the basis of these factors plus four additional measures. The conference substitute follows the House amendment and includes in the formula two additional factors which follow the House measures which most closely approximate the extent to which a coastal state is likely to sustain adverse consequences as a result of new or expanded OCS energy activity. The first of these is the amount of outer Continental Shelf acreage which is adjacent to the coastal state involved and which is newly leased by the Federal Government in the immediately preceding fiscal year by comparison with the total amount of OCS acreage newly leased by the Federal Government in such year.

The second of these is the number of individuals residing in such state in the immediately preceding fiscal year who obtain new employment in such year as a result of new or expanded outer Continental Shelf energy activities by comparison with the total number of such individuals residing in all of the coastal states in such year. This last factor necessarily requires that the year preceding the immediately preceding fiscal year be considered, for purposes of calculating formula grants, the "base year" against which the number of individuals who obtain new employment in the immediately preceding fiscal year as a result of new or expanded OCS energy activities is to be measured. The concept of "new employment" is intended to refer to new workers. For example, a construction worker who changes from a job on the Alaska pipeline to a job on an OCS drilling platform, or a drilling-platform worker who is relocated to a geographically different area to do the same work, in the immediately preceding fiscal year, is an individual who obtains new employment in such year as a result of new or expanded outer Continental Shelf energy activities. By contrast, an individual who is promoted from being a worker on a drilling rig to being the foreman of a rig or from being a rig construction worker to a rig production worker in the same geographical area is not such an individual.

Paragraph (3) of new section 308(b) follows paragraphs (2) and (3) of new section 308(a) in the House amendment in directing the Secretary of Commerce to collect and evaluate the information that is necessary to apply the foregoing formula and in providing statutory guidelines for determining which coastal state is the state which is "adjacent" to a particular outer Continental Shelf acreage for purposes of this subsection.

The conferees expect the Secretary to make the necessary determinations for extending lateral seaward boundaries in a timely manner, and to publish such determinations within 270 days after the date of enactment of this subsection. It is further intended by the conferees that the statutory guidelines set forth in this paragraph be applied solely for the purpose of determining which coastal state is the state which is "adjacent" to particular outer Continental Shelf acreage under this Act, and that such guidelines not be construed to have application to any other law or treaty of the United States, either retrospectively or prospectively.

Paragraph (4) of this subsection follows paragraph (4) of the corresponding House subsection and the opening provisions of the corresponding Senate subsection in setting forth the purposes for which the proceeds of formula grants are to be used (with priority to be given to the use of such proceeds for the retirement of state and local bonds). The purposes are—

(1) the retirement of state and local bonds, if any, which are guaranteed under subsection (d)(2) (and if the amount is insufficient to retire both state and local bonds, priority shall be given to retiring local bonds);

(2) the study of, planning for, development of, and the carrying out of projects and programs in such state which are (A) necessary, because of the unavailability of adequate financing under any other subsection, to provide new or improved public facilities and public services that are required as a direct result of new or expanded outer Continental Shelf energy activity; and (B) of a type approved by the Secretary as eligible for grants under this paragraph, except that the Secretary may not disapprove any project or program for highways and secondary roads, docks, navigation aids, fire and police protection, water supply, waste collection and treatment (including drainage), schools and education, and hospitals and health care; and

(3) the prevention, reduction, or amelioration of any unavoidable loss in such state's coastal zone of any valuable environmental or recreational resource where such loss results from coastal energy activity. Formula grants could indeed be used for "bricks and mortar", for environmental problems, for planning, etc., but in the case of public facilities and public services referred to in paragraph (2), the coastal states would have to turn first to the loan and guarantee provisions under subsection (d); and if such loans and guarantees are not available because apportionments to such states from, or sums in the Fund are insufficient, if the amount of such loans or guarantees, if available, is not adequate, or if such states could not qualify for assistance under subsection (d), then they could tap their allocations for formula grants.

Paragraph (5) follows new section 308(a)(5) of the House amendment and new section 308(e) of the Senate bill by providing that the Secretary, in a timely manner, shall determine that each coastal state has expended or committed, and may determine that such state will expend or commit, grants which such state has received under this subsection in accordance with the purposes set forth in paragraph (4). The United States would be entitled to recover from any coastal state an amount equal to any portion of any such grant received by such state under this subsection which (A) is not expended or committed by such state before the close of the fiscal year immediately following the fiscal year in which the grant was disbursed, or (B) is expended or committed by such state for any purpose other than a purpose set forth in paragraph (4).

The conference substitute further provides that before disbursing the proceeds of any grant under this subsection to any coastal state, the Secretary shall require such state to provide adequate assurances of being able to return to the United States any amounts to which the preceding sentence may apply.

Subsection (c) of the conference substitute follows new section 308(a) of the Senate bill and new section 308(b)(1) of the House amendment in providing for the making of planning grants to the coastal states for use by them (or by localities through required suballocation under subsection (g)(2)) in studying and planning for any economic, social, or environmental consequence which has occurred, is occurring, or is likely to occur in the coastal zone from the siting, construction, expansion, or operation of new or expanded energy facilities. The maximum Federal share of such a grant may not, as under the House amendment, exceed 80 per centum of the cost of such study and planning.

Subsection (d) follows (1) new section 308 (b) and (c)(1) of the Senate bill and new section 308(b)(2) in providing for grants; (2) new section 308 (b) and (c)(2) of the Senate bill in providing for loans; and (3) new section 319 of the Senate bill and new section 319 of the House amendment in providing for guarantees of state and local bonds and other evidences of indebtedness, as part of the coastal energy impact program. Paragraph (1) provides for the making of loans to coastal states and units of general purpose local government to assist such states or units to provide new or improved public facilities or public services, or both, which are required as a result of coastal energy activity. Such loans will be subject to various prerequisites, terms, conditions, and requirements under regulations which are required to be issued under subsection (e) (as to security, repayment schedule and other submissions, maximum interest rate, etc.) and may by subject to regulations issued under section 317 (as redesignated) of the 1972 Act as amended by the conference substitute, except that such loan shall be made solely pursuant to this title, and no such loan shall require, as a condition thereof, that a state or local unit pledge its full faith and credit to repayment.

Paragraph (2) provides for the guaranteeing of bonds or other evidences of indebtedness issued by coastal states or units of general purpose local government for the purpose of providing new or improved public facilities or public services, or both, which are required as a result of coastal energy activity. The prerequisites, terms and conditions, requirements, and procedures with respect to such guaranteed bonds and other evidences of indebtedness and the obligations of the United States in the event of default are set forth in subsection (f) of new section 308.

If the Secretary finds that any coastal state or unit of general purpose local government is unable to meet its obligations pursuant to a loan under a paragraph (1) or a guarantee under paragraph (2), because the actual new increases in employment and related population resulting from coastal energy activity and facilities associated therewith do not provide adequate revenues to enable such state or unit to meet those obligations in accordance with the repayment schedule submitted, reviewed, and approved pursuant to subsection (e)(3), the Secretary is required to provide relief as specified in paragraph (3). The Secretary shall (1) modify appropriately the terms and conditions of the loan or guarantee involved so that such state or unit may meet its obligations as so modified; (2) refinance the loan involved so that the payment obligations can be met; (3) make a supplemental loan whose proceeds are to be applied to the payment of the outstanding obligation; or (4) make a grant whose proceeds are to be applied to the payment of the outstanding obligations. If the Secretary has taken one of the first three courses of action but finds pursuant to the criteria and procedures of subsection (e)(3) that additional action under these three courses will not enable the state or unit involved to met all its outstanding obligations resulting from the loan or guarantee, within a reasonable period of time, then the Secretary shall make a grant to such state or unit in an amount sufficient to enable it to meet such obligations.

Assistance under this paragraph is intended to be granted automatically when these conditions exist, as soon as the inability of the coastal state or local unit to meet its repayment obligations under paragraph (1) loan or under the indebtedness guaranteed under paragraph (2) is apparent.

Paragraph (4) provides for grants to coastal states to enable them to prevent, reduce, or ameliorate any unavoidable loss of a valuable environmental or recreational resource described in subsection (b)(4)(C) if and to the extent that the state involved has not received amounts under subsection (b) which are sufficient to prevent, reduce, or ameliorate such loss. This provision, which follows new section 308(b)(2) and the definition of net adverse impacts in new section 304(n)(2) of the House amendment, is the one situation in which assistance under subsection (b) is primary. The term "valuable", for purposes of this paragraph and of subsection (b)(4)(C), does not refer solely to economic value, but includes value to the eco-system and for recreational purposes, and any other present and future value. If such a loss "results" from coastal energy activity, such funds may be used for the reduction or amelioration of any present consequence of such activity, regardless of the date of such activity or the date on which such consequence was first suffered, as well as for the prevention of similar such losses which may otherwise occur in the future.

Subsection (e) sets a time limitation on the issuance of certain rules and regulations by the Secretary. The rules and regulations described in this subsection must be promulgated within 270 days after the date of enactment of new section 308. This subsection follows new section 308(e) as added by the Senate bill. The rules and regulations required within this time period include (1) a formula and procedures for allocating each coastal state's share of amounts appropriated and available in the fund for such purpose; (2) criteria under which the Secretary shall review each coastal state's compliance with the requirements of subsection (g)(2); (3) criteria and procedures for evaluating the extent to which any subsection (d)(1) or (2) loan or guarantee can be repaid the applicable state's or units ordinary methods and rates for generating tax revenues (which shall include the submission of specified information and materials, including a populations statement, description, tax projection, and a proposed repayment schedule); (4) requirements, terms, and conditions which may be imposed to assure repayment, to limit the duration of public service financing, and to protect the interests of the United States; and (5) criteria under which the Secretary shall establish the rate of interest on loans (not to exceed current average market yield on comparable U.S. obligations). The Secretary is directed to request the views of or consult with appropriate persons in developing these rules and regulations.

Subsection (f) follows subsections (c)

through (k) of new section 319 as added by the House amendment and new section 319 as added by the Senate bill in providing the detailed provisions and requirements applicable to the guarantee of bonds and other evidences of indebtedness.

Paragraph (1) of subsection (g) follows the Senate bill and the House amendment in providing that no coastal state is eligible to receive any financial assistance under this section unless such state (1) has an approved coastal zone management program; (2) is receiving a coastal zone management development or completion and initial implementation grant; or (3) is making satisfactory progress toward the development of a management program consistent with the policies set forth in section 303 of the 1972 Act, as amended. Paragraph (2) requires each coastal state to provide, to the maximum extent practicable, that financial assistance provided under this section be apportioned, allocated, and granted to units of local government of such state on a basis which is proportional to the extent to which such units need such assistance.

Subsection (h) establishes the Coastal Energy Impact Fund in the Treasury of the United States, as a revolving fund based on appropriated funds and miscellaneous receipts related thereto. The Fund shall be available to the Secretary for the purposes of subsections (c) and (d).

Subsection (i) prohibits the Secretary from interceding in any land use or water use decision of any coastal state with respect to the siting of energy facilities or public facilities by making siting in a particular location a prerequisite to financial assistance under this section.

Subsection (j) authorizes the Secretary to evaluate and report to the Congress on the efforts of the coastal states to reduce or ameliorate any adverse consequences resulting from coastal energy activity and the extent to which such efforts involve adequate consideration of alternative sites for such activity.

Subsection (k) provides that to the extent that Federal funds are available under any other law with respect to (1) study and planning for which financial assistance may be provided under subsection (b) (4) (B) and (c), or (2) public facilities and public services for which financial assistance may be provided under subsection (b) (3) (B) and (d), the Secretary shall administer such subsection to the extent practicable (A) on the basis that the financial assistance shall be in addition to, and not in lieu of, any federal funds which any coastal state or unit of general purpose local government may obtain under any other law; and (B) to avoid duplication.

Subsection (l) defines the terms "retirement", "unavoidable", and "unit of general purpose local government" as used in section 308.

Section 8. Interstate Grants

Section 8 of the conference substitute follows the Senate bill and the House amendment in adding a new section 309 to the Coastal Zone Management Act of 1972. This new section 309, which is entitled, "Interstate Grants", follows the content of the new section 309 added by the Senate bill and the new section 309 added by the House amendment.

Subsection (a) encourages the coastal states to coordinate coastal zone planning, policies, and programs with respect to contiguous areas of such states and to study, plan and implement unified coastal zone policies with respect to such areas. Such coordination, study, planning and implementation may be conducted pursuant to interstate agreements or compacts. The Secretary is authorized to assist therein through the making of grants in an amount not to exceed 90 per centum of the cost of such coordination, study, planning, or implementation. Such grants may only be made if the Secretary finds that the proceeds thereof will be used for purposes consistent with sections 305 and 306 of the Coastal Zone Maangement Act of 1972.

In subsection (b), the Congress grants its consent to any two or more coastal states to negotiate and enter into agreements or compacts for coordinated coastal zone activities and the establishment of such executive instrumentalities or agencies as such states deem desirable for implementation of such agreements or compacts; so long as such agreement or compact is not in conflict with any law or treaty of the United States.

Subsection (c) encourages each executive instrumentality or agency which is established by such an interstate agreement or compact to adopt a Federal-State consultation procedure as to mutual problems affecting the coastal zone. Specified Federal officials are authorized and directed to participate in such consultations whenever requested by such an instrumentality or agency.

Subsection (d) provides for coordination by the Secretary of coastal zone activities described in subsection (c) and for the making of grants for temporary planning and coordinating agencies established and maintained by any interstate instrumentality or any group of coastal states, if no applicable interstate agreement or compact exists, to provide, inter alia, an effective mechanism and a Federal-State consultation procedure.

Section 9. Research and technical assistance

Section 9 of the conference substitute follows the Senate bill and the House amendment in adding a new section 310 to the Coastal Zone Management Act of 1972. (The conference substitute renumbers existing sections 308 through 315 of the 1972 Act as sections 311 through 318, respectively.) This new section 310, which is entitled, "Coastal Research and Technical Assistance for Coastal Zone Management", follows the content of the new section 310 added by the Senate bill and subsections (a) and (b) of the new section 310 added by the House amendment.

Subsection (a) authorizes the Secretary to conduct a program of research, study, and training to support the development and implementation of coastal zone management programs. The Secretary is authorized to enter into contracts and other arrangements for these purposes and other Federal agencies are to assist in carrying out these purposes.

Subsection (b) authorizes the Secretary to make grants to any coastal state to assist such state in carrying out research, studies, and training required in support of coastal zone management, in an amount not to exceed 80 per centum of the cost of such research, studies and training.

Subsection (c) requires the Secretary to provide for the coordination of these research and training activities with other such activities conducted by the Secretary. The Secretary shall make the results of any such research available to any interested person.

Section 10. Review of performance

Section 10 of the conference substitute makes a conforming change in section 312 of the 1972 Act (formerly section 309) to apply the performance review requirement of that section to the Coastal Energy Impact Program provided for under section 308.

Section 11. Audit of transactions

Section 11 of the conference substitute follow the House amendment by making a conforming change in section 313 of the 1972 Act (formerly section 310) to provide for recordkeeping and auditing, by the Secretary and the Comptroller General of the United States, with respect to financial assistance and transactions under section 308.

Section 12. Acquisition of access to public beaches and other public coastal areas

Section 12 of the conference substitute follows the House amendment in amending sectin 315 of the Coastal Zone Management Act of 1972 (formerly section 312) to authorize the Secretary to make grants to coastal states for up to 50 per centum of the cost of acquisition of access to public beaches and other public coastal areas of specified value and follows new section 320(6) of the Senate bill in including in such authorization grants for the preservation of islands. The amendment and the existing section are conformed for the sake of greater clarity.

Section 13. Annual report

Section 13 of the conference substitute follows the Senate bill and the House amendment in adding three more mandatory subjects to the required annual report on the administration of the Coastal Zone Management Act of 1972, under section 316(a) of the 1972 Act (formerly section 313). The three new topics follow the three new sections added by the conference substitute.

Section 14. Authorization of appropirations

Section 14 of the conference substitute amends section 318 of the Coastal Zone Management Act of 1972 (formerly section 315) to provide for appropriation authorizations for each of the several programs for which funds may be expended under the 1972 Act and the conference substitute amendments to that Act. In each case, the authorization figure included in the conference substitute is the lower amount authorized as between the amounts authorized for the same purpose in sections 308, 319, and 320 as redesignated and amended by the Senate bill and in sections 308, 319, and 320 as redesignated and amended by the House amendment.

Section 318(c) sets forth existing law and follows the House amendment by providing that Federal funds from other sources shall not be used to pay a coastal state's share of costs under section 305, 306, 309 or 310.

Section 15. Administration

Section 15 of the conference substitute follows section 103 of the Senate bill and section 3 of the House amendment in creating in the National Oceanic and Atmospheric Administration a new officer to be known as the Associate Administrator for Coastal Zone Management. This Associate Administrator shall be an individual who is especially qualified to direct the implementation and administration of the Coastal Zone Management Act of 1972. The section also authorizes the Secretary to create four new management positions to carry out the provisions of the amendments made by this legislation.

Section 16. Shellfish sanitation regulations

Section 16 of the conference substitute follows new section 310(c) and (d) of the House amendment in providing for a special study of shellfish. The Secretary of Commerce is directed to undertake a comprehensive review of all aspects of the molluscan shellfish industry and to evaluate the impact upon such industry of Federal law concerning water quality. By not later than April 30, 1977, the Secretary is required to submit to the Congress a report of the findings, comments, and recommendations (if any) which result from this review and evaluation.

The section further provides that the Secretary of Health, Education and Welfare shall not promulgate final regulations concerning the national shellfish safety program before June 30, 1977 and that such Secretary, in consultation with the Secretary of Commerce, shall publish an analysis of the economic impact of such regulation on the domestic shellfish industry and of the cost of the national shellfish sanitation program relative to the benefits that it is expected to achieve. This analysis shall be published at least 60 days prior to the promulgation of any such final regulations. This analysis, with respect to cost relative to the benefits means the publication in the Federal Register of (1) an estimate, based on the best data available to the Secretary of Health, Education and Welfare, of the probable cost (in terms of annual impact or other appropriate measure) to the shellfish industry, the consuming public, and the Federal Government which is likely as a consequence of the implementation of these final regulations and (2) a description of the probable benefits which might be expected from such implementation in terms, for example, of the prevention of serious illness or death or in the reduction of the risk of illness to consumers of shellfish. Since the conferees are aware that in the area of food safety regulation the quantification of public health benefits is extremely difficult, if not impossible, this provision is not intended to require a formal cost-benefit analysis with respect to quantifiable benefits, but an effort should be made to weigh the costs and benefits as objectively as possible.

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PAUL G. ROGERS,
JOHN M. MURPHY,
PIERRE S. DU PONT,
DAVID C. TREEN,
Managers on the Part of the House.
WARREN G. MAGNUSON,
ERNEST F. HOLLINGS,
JOHN V. TUNNEY,
TED STEVENS,
LOWELL P. WEICKER, Jr.,
Managers on the Part of the Senate.

CONFERENCE REPORT ON H.R. 14236

Mr. EVINS of Tennessee submitted the following conference report and statement on the bill (H.R. 14236) "making appropriations for public works for water and power development and energy research, including the Corps of Engineers—Civil, the Bureau of Reclamation, power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commissions for the fiscal year ending September 30, 1977, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 94–1297)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14236) "making appropriations for public works for water and power development and energy research, including the Corps of Engineers—Civil, the Bureau of Reclamation, power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commissions for the fiscal year ending September 30, 1977, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 2, 6, 8, 10, 11, 13, 14, 15, 18, 20, 24 and 25, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$4,147,563,000"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,572,410,000"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$71,920,000"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,436,745,000"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$348,811,000"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$27,495,000"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$303,000,000"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$125,930,000"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$12,665,000"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$3,000,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 3, 5, 12 and 17.

JOE L. EVINS,
EDWARD P. BOLAND,
JAMIE L. WHITTEN,
JOHN M. SLACK,
OTTO E. PASSMAN,
TOM BEVILL,
GEORGE MAHON,
JOHN T. MYERS,
CLAIR W. BURGENER,
ELFORD A. CEDERBERG,
Managers on the Part of the House.
JOHN C. STENNIS,
JOHN L. MCCLELLAN,
WARREN G. MAGNUSON,
JOHN O. PASTORE,
JOSEPH M. MONTOYA,
J. BENNETT JOHNSTON,
WALTER D. HUDDLESTON,
JENNINGS RANDOLPH,
MARK O. HATFIELD,
MILTON R. YOUNG,
ROMAN L. HRUSKA,
RICHARD S. SCHWEIKER,
HENRY BELLMON,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the Conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14236) making appropriations for public works for water and power development and energy research, including the Corps of Engineers—Civil, the Bureau of Reclamation, power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commissions for the fiscal year ending September 30, 1977, and for other purposes, submit the following Joint Statement of the House and the Senate in explanation of the effects of the action agreed upon by the Managers and recommended in the accompanying conference report.

TITLE I—ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

Operating expenses

Amendment No. 1: Appropriates $4,147,563,000 for Operating expenses instead of $4,172,783,000 as proposed by the House and $4,118,186,000 as proposed by the Senate.

The funds appropriated for Operating expenses are allocated as shown in the following table:

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

FISCAL YEAR 1977 BUDGET, PUBLIC WORKS APPROPRIATION, OPERATING EXPENSES BUDGET AUTHORITY

Item	Fiscal year 1977	
	Budget estimate	Conference allowance
OPERATING EXPENSES BUDGET AUTHORITY		
Solar energy development:		
Direct thermal applications:		
A. Solar heating and cooling of buildings:		
1. Commercial demonstrations	$16,700,000	$33,000,000
2. Residential demonstrations	8,100,000	21,100,000
3. Research and development	10,500,000	13,700,000
Development in support of demonstration	10,000,000	17,000,000
B. Agricultural process heat applications	3,900,000	7,800,000
Technology support and utilization:		
A. Solar energy resource assessment	1,500,000	6,000,000
B. Solar Energy Research Institute	1,500,000	2,500,000
C. Technology utilization and information dissemination	1,000,000	3,000,000
Solar electric applications:		
A. Solar thermal electric conversion	30,900,000	51,300,000
B. Photovoltaic energy conversion	28,200,000	59,400,000
C. Wind energy conversion	16,000,000	20,500,000
D. Ocean thermal energy conversion	9,200,000	13,500,000

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION—Continued

FISCAL YEAR 1977 BUDGET, PUBLIC WORKS APPROPRIATION, OPERATING EXPENSES BUDGET AUTHORITY—Continued

Item	Fiscal year 1977	
	Budget estimate	Conference allowance
Fuels from biomass	$4, 300, 000	$9, 700, 000
Total, solar energy development	141, 800, 000	258, 500, 000
Geothermal energy development:		
Engineering R. & D	11, 500, 000	13, 500, 000
Resource exploration and assessment	10, 000, 000	9, 000, 000
Hydrothermal technology applications	12, 200, 000	14, 000, 000
Advanced technology applications	10, 100, 000	11, 900, 000
Environmental control and institutional studies	4, 800, 000	4, 800, 000
Total, geothermal energy development	48, 600, 000	53, 200, 000
Conservation research and development:		
Electric energy systems	20, 960, 000	23, 000, 000
Energy storage	20, 840, 000	31, 000, 000
Total, conservation research and development	41, 800, 000	54, 000, 000
Fusion power research and development:		
Magnetic fusion	168, 000, 000	195, 000, 000
Laser fusion	71, 400, 000	80, 000, 000
Total, fusion power research and development	239, 400, 000	275, 000, 000
Fuel cycle research and development:		
Uranium resource assessment	31, 335, 000	31, 335, 000
Support of nuclear fuel cycle	56, 700, 000	56, 700, 000
Waste management (commercial)	75, 000, 000	82, 500, 000
Total, fuel cycle research and development	163, 035, 000	170, 535, 000
Fission power reactor development	630, 260, 000	630, 260, 000
Environmental research and safety:		
Biomedical and environmental research	182, 916, 000	197, 316, 000
Operational safety	7, 707, 000	8, 307, 000
Environmental control technology	15, 577, 000	19, 077, 000
Reactor safety facilities	33, 300, 000	28, 300, 000
Total, environmental research and safety	239, 500, 000	253, 000, 000
High energy physics	167, 500, 000	170, 000, 000
Basic energy sciences:		
Nuclear science	81, 200, 000	90, 500, 000
Material sciences	51, 100, 000	56, 400, 000
Molecular, mathematical and geosciences	50, 500, 000	50, 500, 000
Total, basic energy sciences	182, 800, 000	197, 400, 000
Nuclear materials security and safeguards	$25, 740, 000	$27, 420, 000
Naval reactor development	191, 500, 000	191, 500, 000
Space nuclear systems	31, 000, 000	31, 000, 000
Nuclear explosives applications	1, 300, 000	1, 300, 000
Uranium enrichment activities:		
Uranium enrichment	[1] 888, 345, 000	888, 345, 000
Advanced isotope separation technology	36, 830, 000	36, 830, 000
Total, uranium enrichment activities	925, 175, 000	925, 175, 000
National security:		
Weapons activities	1, 012, 005, 000	999, 500, 000
Weapons materials production	354, 635, 000	362, 735, 000
Total, national security	1, 366, 640, 000	1, 362, 235, 000
Program support:		
Program direction	[1] 214, 860, 000	216, 085, 000
Supporting activities:		
Community operations	6, 415, 000	10, 507, 000
Security investigations	10, 050, 000	10, 050, 000
Information services	10, 905, 000	10, 905, 000
General systems studies	11, 000, 000	10, 000, 000
General technology transfer	2, 000, 000	2, 000, 000
Manpower development	700, 000	700, 000
EEO assigned facilities	2, 075, 000	2, 075, 000
Total, supporting activities	43, 145, 000	46, 237, 000
Cost of work for others	20, 100, 000	20, 100, 000
Total, program support	278, 105, 000	282, 422, 000
Change in working capital and inventories	78, 016, 000	78, 016, 000
Subtotal, budget authority	4, 752, 171, 000	4, 960, 963, 000
Revenues applied:		
Enrichment revenues	−539, 100, 000	−661, 900, 000
Miscellaneous revenues	−76, 000, 000	−76, 000, 000
Total, revenues applied	−615, 100, 000	−737, 900, 000
Net budget authority	4, 137, 071, 000	4, 223, 063, 000
Appropriation transfer	500, 000	500, 000
Change in unobligated balances	0	−76, 000, 000
Total, operating budget authority	4, 137, 571, 000	4, 147, 563, 000

[1] Amended budget request.

The Conferees are in agreement with the language in the House Report on the Magnetic Fusion Program and with the language in the Senate Report on the Biomedical and Environmental Research Program.

The Conferees agree that no less than $10,000,000 of the total amount for the laser fusion program is to continue the on-going research and development work at KMS during fiscal year 1977.

The Conferees are agreed that the reduction applied to the weapons program is a general reduction.

Amendment No. 2: Deletes limitation proposed by the House.

Amendment No. 3: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate making the appropriation for Operating expenses available only upon enactment of authorizing legislation.

Plant and capital equipment

Amendment No. 4: Appropriates $1,572,410,000 for Plant and capital equipment instead of $1,525,500,000 as proposed by the House and $1,610,485,000 as proposed by the Senate.

The funds appropriated for Plant and capital equipment are allocated as shown in the following table:

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

PLANT AND CAPITAL EQUIPMENT, FISCAL YEAR 1977

Project No.	Project title	Fiscal year 1977 budget estimate	Conference allowance
	CONSTRUCTION PROJECTS		
	Solar Energy Development		
77–18	Solar energy facilities, various locations		$10, 000, 000
	Fusion Power Research and Development		
77–2–a	Magnetic fusion: Computer building, Lawrence Livermore Laboratory, Livermore, California	$5, 000, 000	5, 000, 000
77–3–a	Laser fusion: Electron beam fusion facilities, Sandia Laboratories, Albuquerque, N. Mex	9, 100, 000	9, 100, 000
	Fission Power Reactor Development		
77–4–a	Modifications to reactors	5, 000, 000	5, 000, 000
77–4–b	Breeding nondestructive assay facility, Idaho National Engineering Laboratory, Idaho	9, 500, 000	9, 500, 000
77–4–c	High performance Fuel Laboratory, Richland, Wash		1, 500, 000
77–4–d	Fuel storage facility, Richland, Wash		1, 500, 000
77–5–a	Computer building acquisition, Idaho National Engineering Laboratory, Idaho Falls, Idaho	950, 000	950, 000
	Environmental Research and Safety		
77–6–a	Modifications and additions to biomedical and environmental research facilities, various locations	4, 200, 000	3, 200, 000
	High-Energy Physics		
77–7–a	Accelerator improvements and modifications, various locations	$3, 600, 000	$3, 600, 000
	Basic Energy Sciences		
77–8–a	Accelerator and reactor improvements and modifications, various locations	1, 300, 000	1, 300, 000
77–8–b	Expanded experimental capabilities, Bates Linear Accelerator, Massachusetts Institute of Technology, Mass	5, 000, 000	5, 000, 000
77–8–c	Increased flux, high flux beam reactor, Brookhaven National Laboratory, N.Y	2, 500, 000	2, 500, 000
77–8–d	Conversion of steam plant facilities, Oak Ridge National Laboratory, Tenn	12, 200, 000	10, 200, 000
	Uranium Enrichment Activities		
77–9–a	Expansion of feed vaporization and sampling facilities, gaseous diffusion plants, multiple sites	9, 000, 000	8, 000, 000
77–9–b	Air and nitrogen system uprating, gaseous diffusion plant, Oak Ridge, Tenn	5, 200, 000	5, 200, 000
77–9–c	Upgrade ventilation systems, technical services building, gaseous diffusion plant, Portsmouth, Ohio	3, 000, 000	3, 000, 000
77–9–d	Centrifuge plant demonstration facility, Oak Ridge, Tenn	30, 000, 000	25, 000, 000

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION—Continued

PLANT AND CAPITAL EQUIPMENT, FISCAL YEAR 1977—Continued

Project No.	Project title	Fiscal year 1977 budget estimate	Conference allowance
77-10-a	Fire protection upgrading, gaseous diffusion plants, multiple sites	$8, 300, 000	$8, 300, 000
77-10-b	Modifications to comply with the Occupational Safety and Health Act, gaseous diffusion plants, and Feed Materials Production Center, Fernald, Ohio	8, 200, 000	8, 200, 000
	National Security		
	Weapons activities:		
77-11-a	Safeguards and research and development laboratory facility, Sandia Laboratories, Albuquerque, N. Mex	3, 000, 000	4, 000, 000
77-11-b	Safeguards and site security improvements, various locations	5, 700, 000	5, 700, 000
77-11-c	8-inch artillery fired atomic projectile production facilities, various locations	12, 000, 000	10, 000, 000
77-11-d	Tritium confinement system, Savannah River, S.C	3, 500, 000	3, 500, 000
77-12-a	Fire and safety project, Lawrence Livermore Laboratory, Calif	2, 300, 000	2, 300, 000
77-12-b	Life safety corridor modifications, Bendix Plant, Kansas City, Mo	3, 100, 000	3, 100, 000
77-12-c	Modifications to comply with the Occupational Safety and Health Act, Y-12 Plant, Oak Ridge, Tenn	6, 400, 000	6, 400, 000
77-12-d	Upgrade reliability of fire protection, Bendix Plant, Kansas City, Mo	7, 800, 000	7, 800, 000
77-12-e	Sludge disposal facility, Y-12 Plant, Oak Ridge, Tenn	3, 000, 000	3, 000, 000
	Weapons Materials Production:		
77-13-a	Fluorinel dissolution process and fuel receiving improvements, Idaho Chemical Processing Plant, Idaho National Engineering Laboratory, Idaho, (A-E and long-lead procurement)	10, 000, 000	10, 000, 000
77-13-b	Improved confinement of radioactive releases, reactor areas, Savannah River, S.C	6, 000, 000	6, 000, 000
77-13-c	Seismic protection, reactor areas, Savannah River, S.C	3, 000, 000	3, 000, 000
77-13-d	High level waste storage and waste management facilities, Savannah River, S.C	25, 000, 000	25, 000, 000
77-13-e	High level waste storage and handling facilities, Richland, Wash	18, 000, 000	18, 000, 000
77-13-f	Waste isolation pilot plant, site undesignated, (A-E, land acquisition, and long-lead procurement)	6, 000, 000	6, 000, 000
77-13-g	Safeguards and security upgrading, production facilities, multiple sites	7, 700, 000	7, 700, 000
77-13-h	Personnel protection and support facility, Idaho Chemical Processing Plant, Idaho National Engineering Laboratory, Idaho	10, 500, 000	10, 500, 000
77-14	General plant projects	74, 610, 000	74, 610, 000
77-15	Construction planning and design	7, 200, 000	7, 200, 000
	INCREASE IN PRIOR YEAR PROJECTS		
	Solar energy development		
76-2-a	5-megawatt solar thermal test facility	10, 000, 000	12, 000, 000
76-2-b	10-megawatt central receiver solar thermal powerplant (A-E and long-lead procurement)	2, 500, 000	2, 500, 000
	Fusion power research and development		
	Magnetic fusion:		
76-5-a	Tokamak fusion test reactor, Princeton Plasma Physics Laboratory, Plainsboro, N.J	80, 000, 000	75, 000, 000
76-5-b	14-Mev intense neutron source facility, Los Alamos Scientific Laboratory, N. Mex	14, 400, 000	14, 400, 000
76-5-c	14-Mev high-intensity neutron facility, Lawrence Livermore Laboratory, California	2, 500, 000	2, 500, 000
75-3-b	Laser fusion: High-energy laser facility, Los Alamos Scientific Laboratory, N. Mex	9, 700, 000	9, 700, 000
	Fission power reactor development		
67-3-a	Fast flux test facility	80, 000, 000	75, 000, 000
	High Energy Physics		
75-6-c	Positron-electron joint project, Lawrence Berkeley Laboratory and Stanford Linear Accelerator Center	25, 000, 000	25, 000, 000
	Uranium enrichment activities		
76-8-e	Conversion of existing steam plants to coal capability, gaseous diffusion plants and Feed Materials Production Center, Fernald, Ohio	$5, 300, 000	$5, 300, 000
76-8-g	Enriched uranium production facilities, Portsmouth, Ohio	170, 000, 000	170, 000, 000
76-14	Safeguards and security upgrading Portsmouth, Ohio	5, 350, 000	5, 350, 000
74-1-g	Cascade uprating program, gaseous diffusion plants	161, 000, 000	161, 000, 000
71-1-f	Process equipment modifications, gaseous diffusion plants	267, 800, 000	267, 800, 000
	National security		
	Weapons activities:		
86-10-c	Phermex enhancement, Los Alamos Scientific Laboratory, N. Mex	4, 150, 000	4, 150, 000
76-14	Safeguards and security upgrading	7, 800, 000	7, 800, 000
71-9(1)	New plutonium recovery facility, Rocky Flats, Colo	25, 300, 000	23, 300, 000
71-9(5)	DP site plutonium processing facility, Los Alamos Scientific Laboratory, N. Mex	13, 400, 000	13, 400, 000
	Weapons materials production:		
76-8-a	Additional facilities, high level waste storage, Savannah River, S.C	26, 000, 000	26, 000, 000
76-8-b	Additional high level waste storage facilities, Richland, Wash	9, 900, 000	9, 900, 000
76-5-1-c	New waste calcining facility, Idaho Chemical Processing Plant, National Reactor Testing Station, Idaho	29, 000, 000	29, 000, 000
	General reduction, anticipated slippage		−11, 675, 000
	Total, fiscal year 1977 construction budget authority	1, 285, 960, 000	1, 267, 285, 000
	CAPITAL EQUIPMENT NOT RELATED TO CONSTRUCTION		
	Capital equipment—Obligations:		
	Solar energy development	5, 700, 000	7, 400, 000
	Geothermal energy development	1, 500, 000	1, 500, 000
	Conservation research and development: electric energy systems and energy storage	5, 000, 000	6, 000, 000
	Fusion power research and development:		
	Magnetic fusion	19, 800, 000	23, 000, 000
	Laser fusion	10, 800, 000	12, 800, 000
	Total fusion power research and development	30, 600, 000	35, 800, 000
	Fuel cycle research and development	15, 600, 000	14, 000, 000
	Fission power reactor development	49, 002, 000	49, 002, 000
	Environmental research and safety:		
	Biomedical and environmental research	10, 418, 000	11, 418, 000
	Operational safety	1, 000, 000	1, 100, 000
	Environmental control technology	560, 000	560, 000
	Total environmental research and safety	11, 978, 000	13, 078, 000
	High energy physics	20, 800, 000	21, 800, 000
	Basic energy sciences	15, 400, 000	16, 400, 000
	Nuclear materials security and safeguards	2, 400, 000	3, 932, 000
	Naval reactor development	6, 000, 000	6, 000, 000
	Space nuclear systems	3, 200, 000	3, 200, 000
	Uranium enrichment activities:		
	Uranium enrichment	17, 243, 000	17, 000, 000
	Advanced isotopes separation technology	7, 000, 000	7, 000, 000
	Total uranium enrichment activities	24, 243, 000	24, 000, 000
	National security:		
	Weapons activities	73, 100, 000	70, 000, 000
	Weapons materials production	23, 691, 000	29, 691, 000
	Total national security	96, 791, 000	99, 691, 000
	Program support:		
	Program direction	4, 325, 000	4, 325, 000
	Supporting activities: Information services	900, 000	900, 000
	Total program support	5, 225, 000	5, 225, 000
	Total program obligations	293, 439, 000	307, 028, 000
	Unobligated balance brought forward		−1, 903, 000
	Total capital equipment budget authority	293, 439, 000	305, 125, 000
	Grand total, plant and capital equipment	1, 579, 399, 000	1, 572, 410, 000

Amendment No. 5: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate making the appropriation for Plant and capital equipment available only upon enactment of authorizing legislation.

Geothermal resources development fund

Amendment No. 6: Adds limitation on the indebtedness of the Geothermal resources development fund as proposed by the Senate.

TITLE II—DEPARTMENT OF DEFENSE—CIVIL

Department of the Army

Corps of Engineers—Civil

General investigations

Amendment No. 7: Appropriates $71,920,000 for General investigations instead of $70,110,000 as proposed by the House and $72,180,000 as proposed by the Senate:

The funds appropriated are to be allocated as shown in the following table:

	General investigations, State and project	Budget estimate, 1977	Conference allowance, 1977
	Alabama:		
(FC)	Brewton and East Brewton		$50,000
(N)	Mobile Harbor	$92,000	92,000
(SPEC)	Tennessee-Tombigbee Waterway urban study		150,000
(FC)	Village Creek	50,000	50,000
(N)	Warrior-Tombigbee Rivers		100,000
	Alaska:		
(N)	Cook Inlet Shoals, Alaska	41,000	41,000
(FC)	Metropolitan Anchorage	349,000	349,000
(FC)	Rivers and harbors in Alaska (Hydro interim)	210,000	210,000
(N)	Seward Harbor		30,000
(FC)	Southcentral Railbelt area	60,000	60,000
	American Samoa:		
(N)	Harbors and rivers in American Samoa	50,000	50,000
	Arizona:		
(FC)	Gila River and tributaries (Gila drain), Ariz. and N. Mex	40,000	40,000
(FC)	Phoenix metropolitan area	465,000	465,000
	Arkansas:		
(FC)	Little Rock metropolitan area	470,000	470,000
(FC)	Ouachita River Basin, Ark	100,000	100,000
(FC)	Pine Bluff metropolitan area	242,000	242,000
(COMP)	Red River below Denison Dam (Auth. report) Ark., La., Okla., Tex	55,000	55,000
(C)	White River Basin, Ark. and Mo. (Auth. Rpt.)	75,000	75,000
(FC)	White River Basin reservoirs	125,000	125,000
	California:		
(FC)	Alameda Creek Upper Basin	160,000	160,000
(FC)	Antelope Valley	40,000	150,000
(N)	Coast of Northern California	30,000	30,000
(FC)	Eel River	50,000	50,000
(FC)	Guadalupe River	80,000	80,000
(N)	Humboldt Harbor and Bay, Calif	60,000	60,000
(FC)	Los Angeles County drainage area review	100,000	100,000
(N)	Los Angeles-Long Beach Harbors (Inc. San Pedro Bay model study)	365,000	725,000
(N)	North Coast of Los Angeles County, Calif	15,000	15,000
(FC)	Northern California streams	220,000	220,000
(N)	Oceanside Harbor	75,000	75,000
(FC)	Sacramento River and tribs-bank protection and erosion control		75,000
(N)	Sacramento River Deepwater Ship Channel	150,000	150,000
(FC)	Sacramento River-San Joaquin Delta	200,000	200,000
(N)	Sacramento Valley nav., Calif	40,000	70,000
(FC)	Salinas River incl. part of Salinas-Monterey metropolitan area	420,000	420,000
(FC)	San Diego County streams flowing into the Pacific Ocean	50,000	200,000
(BE)	San Diego County, vicintty of Oceanside	70,000	125,000
(N)	San Diego Harbor and Sweetwater River, Calif	15,000	15,000
(FC)	San Fran. Bay and Sac.-San Joaquin Delta, water qual. and waste disposal	80,000	100,000
(N)	San Francisco Bay area (in-depth study)	270,000	270,000
(N)	San Francisco Harbor and Bay (Coll. and disp. debris), California	25,000	25,000
(FC)	San Joachin River Basin	200,000	320,000
(FC)	San Luis Obispo County	50,000	50,000
(FC)	Santa Ana River Basin and Orange County	300,000	300,000
(FC)	Santa Clara River	45,000	125,000
(N)	Sunset Harbor	30,000	30,000
(BE)	Ventura County	75,000	75,000
(FC)	Ventura River		50,000
(FC)	Walnut Creek Basin	20,000	20,000
	Colorado:		
(FC)	Metro Denver and South Platte River and tributaries Colorado, Nebraska, and Wyoming	385,000	385,000
	Connecticut:		
(COMP)	Connecticut River Basin Auth. Report Connecticut, Massachusetts, New Hampshire, and Vermont	75,000	175,000
(N)	New Haven Harbor	89,000	89,000
(FC)	Rippowam River, Conn	40,000	100,000
(BE)	Sherwood Island State Park	30,000	30,000
	Delaware:		
(FC)	Christina River Basin	50,000	50,000
(N)	Murderkill and St. Jones River		10,000
	District of Columbia:		
(SPEC)	Metropolitan Washington, D.C., water supply	600,000	600,000
	Florida:		
(N)	Apalachicola River below Jim Woodruff lock and dam	59,000	59,000
(FC)	Four River Basins	377,000	377,000
(N)	Jacksonville Harbor (Mill Cove)	40,000	40,000
(FC)	Jacksonville metropolitan area	390,000	390,000
(N)	Manatee Harbor, Fla	25,000	62,000
(BE)	Martin County		25,000
(BE)	Monroe County	50,000	50,000
(N)	Okeechobee Waterway (St. Lucie Canal)	75,000	75,000
(N)	Pensacola Harbor		50,000
(FC)	Pensacola-Tallahassee metropolitan and other urban areas	235,000	375,000
(BE)	Saint Johns County	88,000	88,000
(BE)	Shores of Northwest Florida	90,000	150,000
(BE)	Volusia County Shores	50,000	100,000
	Georgia:		
(FC)	Metro Savannah Area, Ga	100,000	100,000
(FC)	Metropolitan Atlanta Area	350,000	350,000
(FC)	Satilla River Basin	75,000	75,000
(FC)	Savannah River Basin, Ga., N.C., and S.C	104,000	104,000
	Guam:		
(N)	Harbors and rivers in the Territory of Guam	100,000	230,000
	Hawaii:		
(FC)	Harbors and rivers in Hawaii	$240,000	$240,000
(N)	Kaneohe Bay and part of Metropolitan Honolulu	360,000	360,000
(FC)	Kihei District		75,000
(FC)	Lava flow control, Island of Hawaii		40,000
	Idaho:		
(FC)	Big Wood River and tributaries	142,000	142,000
(FC)	Columbia River and tributaries, Idaho, Montana, Oregon, Washington, and Wyoming	950,000	950,000
(COMP)	Pacific Northwest River Basin, Idaho, Montana, Oregon, and Washington	30,000	30,000
	Illinois:		
(FC)	Chicago-South end of Lake Michigan, Ill. and Ind	280,000	280,000
(FC)	Degognia and Fountain Bluff Drain and Levee Dist. and Grand Tower, Ill	86,000	86,000
(FC)	E. C. Girardeau, Clr. Cr., N. Alex., Preston, and Miller Pond D. & I. District	75,000	75,000
(FC)	Fox River, Ill. and Wis	300,000	300,000
(N)	Mississippi River year round navigation, Illinois, Missouri, Iowa, Wisconsin, Minnesota (funds in R.I.)	40,000	40,000
(FC)	Mississippi River, Cassville, Wis. to mi 300, Ill., Iowa, Mo., and Wis	53,000	53,000
(FC)	Miss. River, Coon Rapids Dam to Ohio River, Ill., Iowa, and Mo	124,000	124,000
(FC)	Quad Cities urban study		75,000
(FC)	Rock River at Rockford	150,000	150,000
(N)	Saline River navigation		30,000
(FC)	Silver Creek, Ill	135,000	135,000
	Indiana:		
(FC)	Columbus	85,000	85,000
(FC)	Fort Wayne, Ind., metropolitan area	80,000	120,000
(BE)	Indiana shoreline erosion, Lake Michigan	50,000	80,000
(COMP)	Wabash River Basin auth. report, Indiana and Illinois	100,000	100,000
(N)	Wabash River navigation, Indiana and Illinois	150,000	150,000
	Iowa:		
(FC)	Des Moines River bank erosion, Iowa	110,000	200,000
(FC)	Iowa and Cedar Rivers, Iowa and Minn	150,000	150,000
(FC)	Lake Manawa		5,000
(FC)	Metro Sioux City and Missouri River, South Dakota, Nebraska, Iowa	100,000	100,000
	Kansas:		
(FC)	Arkansas River, Great Bend, Kans., to John Martin Dam, Colo	170,000	170,000
(FC)	Arkansas River, Great Bend, Kans., to Tulsa, Okla	260,000	330,000
(FC)	Kansas River and tributaries	290,000	290,000
(FC)	Marysville, Kans	40,000	40,000
(FC)	Verdigris River, Kans., and Okla	225,000	225,000
	Kentucky:		
(FC)	Clarks River Basin		30,000
(N)	Green and Barren Rivers, Ky	112,000	112,000
(N)	Louisville Harbor, Ky	30,000	30,000
(N)	Lower Cumberland and Tennessee Rivers below Barkley Canal, Ky., and Tenn	180,000	180,000
(FC)	Metropolitan Lexington region	153,000	153,000
(FC)	Upper Cumberland River Basin	80,000	80,000
	Louisiana:		
(N)	Barataria Bay Waterway (Dupre Cut)	50,000	50,000
(N)	Barataria Bay Waterway, entrance channel	50,000	50,000
(N)	Bayou Manchac and Amite		10,000
(N)	Gulf IWW-Louisiana section, high level highway crossings	65,000	65,000
(N)	Gulf IWW-Texas section, Louisiana and Texas	150,000	150,000
(FC)	Louisiana coastal area	160,000	160,000
(FC)	New Orleans-Baton Rouge metropolitan area	421,000	421,000
(FC)	West Bank Mississippi River in vicinity of New Orleans, La	50,000	50,000
	Maine:		
(N)	Fore River channel, Portland Harbor, Me	76,000	76,000
(SPEC)	Passamaquoddy tidal study	50,000	500,000
(FC)	St. John River	90,000	150,000
	Maryland:		
(FC)	Baltimore metropolitan streams	200,000	200,000
(FC)	Beaver Dam Creek and Cabin Branch		20,000
(SPEC)	Chesapeake Bay study, Maryland and Virginia	1,840,000	1,840,000
(N)	Chesapeake City Bridge		40,000
(FC)	Monongahela-Youghiogheny River Basin, Md., Pa., W. Va	50,000	50,000
(FC)	Smith Island		25,000
	Massachusetts:		
(N)	Boston Harbor (debris)	52,000	102,000
(N)	Boston Harbor (35-ft channel)		50,000
(BE)	Cape Cod Easterly Shores	40,000	80,000
(FC)	Hoosic River, Mass., N.Y., and Vt	40,000	40,000
	Michigan:		
(N)	Grand Haven Harbor	42,000	42,000
(N)	Grand Haven Harbor and River (small boat)	25,000	25,000
(N)	Great Lakes connecting channels and harbors, Michigan	80,000	80,000
(FC)	Great Lakes, Ontario and Erie, (Metro Duluth-Superior), Mich., Minn., N.Y., Ohio, Pa., and Wis	427,000	427,000
(SPEC)	Great Lakes-St. Lawrence Seaway, nav ssn. est., Mich., Ill., Ind., Minn., N.Y., Ohio, Pa., Wis	650,000	760,000
(N)	Little Girl's Point		70,000
(N)	Monroe Harbor, Mich	30,000	100,000
(SPEC)	Water levels of the Great Lakes, Mich., Ill., Ind., Minn., N.Y., Ohio, Pa., and Wis	220,000	880,000
	Minnesota:		
(N)	Reservoirs at the headwaters of the Mississippi River	100,000	150,000
(N)	Upper Mississippi (small craft locks), Minnesota, Iowa, Missouri, and Wisconsin	140,000	140,000
	Mississippi:		
(N)	Pascagoula Harbor	60,000	60,000
(FC)	Pascagoula River Basin	100,000	100,000

Footnote at end of table.

	General investigations, State and project	Budget estimate, 1977	Conference allowance, 1977
(N)	Pearl River	$40,000	$40,000
	Missouri:		
(FC)	Cape Girardeau Jackson metro area	100,000	100,000
(FC)	Metropolitan region of Kansas City, Mo. and Kans	414,000	414,000
(FC)	Mississippi River, Old Channel Mile 111–117		100,000
(FC)	Plattin Creek	50,000	50,000
(FC)	St. Genevieve	50,000	50,000
(N)	St. Louis Harbor, Mo. and Ill	50,000	50,000
(FC)	St. Louis metropolitan area, Missouri and Illinois	165,000	165,000
	Montana:		
(FC)	Flathead and Clark Fork River Basins	75,000	220,000
	Nebraska:		
(FC)	Platte River and tributaries	75,000	75,000
	Nevada:		
(FC)	Truckee Meadows	30,000	30,000
	New Hampshire:		
(FC)	Connecticut River strbk. eros. (Wilder Lake, N.H. and Vt. to Turners Falls Dam, Mass)	80,000	110,000
(BE)	North and Foss Beaches	40,000	40,000
(N)	Portsmouth Harbor		20,000
	New Jersey:		
(FC)	Camden metropolitan area	285,000	285,000
(FC)	Delaware Bay, Shore of New Jersey	40,000	40,000
(FC)	Hackensack River, N.J. and N.Y	115,000	115,000
(N)	Kill Van Kull Channel, Newark Bay Channel, N.J. and N.Y.	35,000	35,000
(FC)	Rahway River	146,000	146,000
(FC)	Raritan River Basin	174,000	174,000
(FC)	Third River		70,000
	New Mexico:		
(FC)	Pecos River and tributaries at Carlsbad	60,000	60,000
(FC)	Puerco River at Gallup	50,000	50,000
(FC)	Rio Grande and tributaries, New Mexico and Colorado	565,000	565,000
	New York:		
(N)	Big Sandy Creek, Mexico Bay	50,000	50,000
(FC)	Delaware River tributaries in New York State	50,000	50,000
(N)	Gowanus Creek Channel, N.Y	40,000	40,000
(N)	Great Lakes to Hudson River Waterway	50,000	50,000
(FC)	Irondequoit Creek, N.Y	40,000	40,000
(FC)	Morrisonville and vicinity, N.Y	30,000	30,000
(N)	Ogdensburg Harbor, N.Y	40,000	40,000
(FC)	Oswego River Basin	464,000	464,000
(N)	St. Lawrence Seaway, additional locks	200,000	250,000
(COMP)	Susquehanna River Basin Auth. Report, New York, Pennsylvania, and Maryland	400,000	400,000
(FC)	Upper Allegheny River Basin, N.Y. and Pa	50,000	50,000
(FC)	Wallkill River, N.Y. and N.J	50,000	50,000
(FC)	Westchester County streams, N.Y. and Byram River, Conn.	160,000	180,000
	North Carolina:		
(BE)	Bogue Banks and Bogue Inlet, N.C	60,000	60,000
(N)	Carolina Beach Inlet	48,000	48,000
(FC)	Lumber River, N.C. and S.C	35,000	35,000
(FC)	Neuse River	75,000	75,000
(FC)	Roanoke River (South Boston and vicinity), North Carolina and Virginia	85,000	85,000
(FC)	Sugar Creek Basin, N.C. and S.C	230,000	230,000
	North Dakota:		
(FC)	Red River of the North, N.D. and Minn	335,000	335,000
	Ohio:		
(FC)	Central Ohio Survey	110,000	110,000
(FC)	Cuyahoga River Basin	130,000	130,000
(SPEC)	Lake Erie-Wastewater management (Sec. 108A, Public Law 92–500), Ohio, Michigan, New York, Pennsylvania	770,000	770,000
(FC)	Miami River, Little Miami River and Mill Creek, Ohio	100,000	100,000
(FC)	Milton Dam and Reservoir		25,000
(FC)	Muskingum River Basin	50,000	50,000
(N)	Ohio Port development, Ohio	50,000	50,000
	Oklahoma:		
(FC)	Canadian River and tributaries, Oklahoma, Texas, New Mexico	100,000	200,000
(FC)	Tenkiller Ferry Lake	45,000	45,000
(FC)	Tulsa urban study	170,000	400,000
	Oregon:		
(N)	Columbia River at the mouth, Oregon and Washington	82,000	82,000
(FC)	Portland-Vancouver metropolitan area	358,000	620,000
(FC)	Silvies River and tributaries	131,000	131,000
(N)	Tillamook Bay and Bar	10,000	80,000
(COMP)	Willamette River Basin Auth Report, Oregon	92,000	92,000
	Pennsylvania:		
(FC)	Beaver River Basin, Pa. and Ohio	250,000	250,000
(FC)	Chester Creek Watershed	70,000	70,000
(FC)	Potomac River, North Branch (mine drainage), Pennsylvania, Maryland, and West Virginia	250,000	250,000
(FC)	Raystown Lake—Hydro study	138,000	138,000
(N)	Schuylkill River review	50,000	50,000
(FC)	Susquehanna River Basin, mine drainage, Pennsylvania, Maryland, and New York	137,000	137,000
	Rhodel sland:		
(FC)	Pawcatuck River and Narragansett Bay drainage basin, Rhode Island, Massachusetts and Connecticut	599,000	800,000
(N)	Providence Harbor (debris)	39,000	39,000
(N)	Sakonnet Harbor		30,000
	South Carolina:		
(BE)	Folly Beach	$25,000	$50,000
(N)	Georgetown Harbor	42,000	42,000
	South Dakota:		
(FC)	Missouri River, S. Dak., Mont., Nebr. and N. Dak	81,000	81,000
(FC)	Upper Big Sioux River and Eastern South Dakota water supply, South Dakota and Iowa	140,000	140,000
	Tennessee:		
(FC)	Metropolitan region of Memphis	196,000	196,000
(FC)	Metropolitan region of Nashville	300,000	300,000
	Texas:		
(FC)	Bear Creek and tributaries		75,000
(FC)	Brazos River and tributaries	236,000	236,000
(FC)	Buffalo Bayou and tributaries	70,000	110,000
(FC)	Colorado River and tributaries	180,000	200,000
(N)	Colorado River channel to Bay City	50,000	100,000
(N)	Corpus Christi ship channel, Harbor Island	150,000	150,000
(N)	Galveston Bay area navigation study	105,000	150,000
(BE)	Galveston County shore erosion	100,000	315,000
(FC)	Johnson Creek	154,000	154,000
(FC)	Linnville Bayou and Caney Creek, Tres Palcaios	65,000	65,000
(FC)	Lower Sabine River, Tex	100,000	250,000
(N)	Matagorda ship channel		40,000
(FC)	Nueces River and tributaries		50,000
(FC)	Palo Blanco Creek and Cibolo Creek in vicintiy of Falfurrias		50,000
(N)	Sarbine-Neches Waterway	95,000	95,000
(FC)	San Diego Creek	45,000	45,000
(FC)	San Jacinto River and tributaries	75,000	100,000
(SPEC)	Texas Coast Hurricane, Texas	310,000	400,000
	Utah:		
(FC)	Colorado river and tributaries above Lee Ferry, Utah, Ariz., Colo., N. Mex. and Wyo	30,000	30,000
(FC)	Jordan River Basin	50,000	50,000
	Virgin Islands:		
(FC)	Virgin Islands (Crown Bay)	60,000	60,000
	Virginia:		
(FC)	Chowan River, Va. and N.C	200,000	200,000
(N)	Hampton Roads drift removal		50,000
(N)	Norfolk Harbor and Channels (anchorages)	50,000	50,000
(BE)	Norfolk vicinity of Willoughby Spit		25,000
(FC)	Roanoke River, Upper Basin	90,000	90,000
	Washington:		
(FC)	Chehalis River and tributaries	100,000	150,000
(FC)	Metropolitan Spokane and Spokane River and tributaries, Washington and Idaho	55,000	55,000
(FC)	Okanogan River and tributaries	80,000	80,000
(COMP)	Puget Sound and adjacent waters Auth Report, Washington.	150,000	200,000
(N)	Seattle Harbor, Elliott Bay, Wash	63,000	63,000
(N)	Snohomish River and tributaries	142,000	142,000
(FC)	Yakima Valley, regional water management	80,000	150,000
	West Virginia:		
(FC)	Gauley River	280,000	280,000
(FC)	Island Creek		50,000
(COMP)	Kanawha River Basin Auth Report, West Virginia, North Carolina, and Virginia	200,000	200,000
(FC)	Metro region of Huntington, W. Va., (Ashland, Ky., Portsmouth, Ohio)	450,000	450,000
(FC)	Metropolitan region of Wheeling, W. Va., and Ohio	220,000	220,000
	Wisconsin:		
(FC)	Chippewa River	100,000	100,000
(N)	Harbors between Kenosha and Kewaunee	120,000	120,000
(FC)	Wisconsin River portage		40,000
	Total, all States	33,625,000	40,420,000
	Coordination studies with other agencies	3,100,000	3,000,000
	Review of authorized projects:		
	Restudies of deferred projects	75,000	[1] 145,000
	Review of completed projects (Sec. 216, Public Law 91–611).	720,000	720,000
	Review for deauthorization (Sec. 12, Public Law 93–251)	375,000	375,000
	Total	1,170,000	1,240,000
	Collection and study of basic data:		
	Stream gaging (U.S. Geological Survey)	465,000	465,000
	Precipitation studies (National Weather Service)	280,000	280,000
	Fish and wildlife studies (USF and WS)	2,000,000	2,000,000
	International water studies	300,000	300,000
	Flood plain management services	10,000,000	10,000,000
	Hydrologic studies	290,000	290,000
	Scientific and technical information centers	125,000	125,000
	Coastal data collection	400,000	300,000
	Total	13,860,000	13,760,000
	Research and Development	12,500,000	13,500,000
	Total, general investigations	64,255,000	71,920,000

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[1] Includes $70,000 for Kaunakakai Deep Draft Harbor, Hawaii.

Amendment No. 8: Provides limitation of $2,000,000 for transfer to the United States Fish and Wildlife Service as proposed by the Senate instead of $1,800,000 as proposed by the House.

Construction, general

Amendment No. 9: Appropriates $1,436,745,000 for Construction, general instead of $1,416,477,000 as proposed by the House and $1,436,759,000 as proposed by the Senate.

The Conferees agree that not to exceed $1,500,000, within available funds, may be used, if needed, for the relocation of Route 209 at the Tocks Island project, Pennsylvania.

The funds appropriated for Construction, general are to be allocated as shown in the following tabulation:

	Construction, general, State and project	Budget estimate fiscal year 1977		Conference allowance fiscal year 1977	
		Construction	Planning	Construction	Planning
	ALABAMA				
(N)	John Hollis Bankhead lock and dam (rehab)	$591, 000		$591, 000	
(MP)	Jones Bluff lock and dam	1, 700, 000		4, 000, 000	
(N)	Tennessee-Tombigbee Waterway, Ala. and Miss	84, 000, 000		104, 000, 000	
	ALASKA				
(FC)	Chena River Lakes, Fairbanks	24, 000, 000		24, 000, 000	
(MP)	Snettisham	4, 500, 000		4, 500, 000	
	ARIZONA				
(FC)	Indian Bend Wash	4, 000, 000		4, 000, 000	
(FC)	Phoenix and vicinity (including new river) stage 1	1, 500, 000		1, 500, 000	
(FC)	Phoenix and vicinity (including new river) stage 2		$394, 000		$394, 000
	ARKANSAS				
(MP)	Degray Lake	2, 000, 000		2, 000, 000	
(FC)	Dequeen Lake	896, 000		896, 000	
(FC)	Gillham Lake	682, 000		682, 000	
(N)	McClellan–Kerr Arkansas River Nav System, locks and dams, Ark. and Okla	2, 247, 000		2, 247, 000	
(MP)	Norfork Lake—Highway bridge		625, 000		625, 000
(MP)	Norfork Lake—Units 3 and 4		470, 000		470, 000
(N)	Ouachita and Black Rivers, Ark. and La	3, 700, 000		7, 000, 000	
(FC)	Pine Mountain Lake		365, 000		365, 000
(FC)	Posten Bayou		75, 000		75, 000
(FC)	Red River levees and bank stab below Denison Dam, Ark., La. and Tex	2, 000, 000		2, 000, 000	
(FC)	Village Creek, Jackson and Lawrence Counties		100, 000		100, 000
	CALIFORNIA				
(N)	Bodega Bay		115, 000		115, 000
(FC)	Buchanan Dam–H.V. Eastman Lake	2, 060, 000		2, 760, 000	
(FC)	Butler Valley Dam-Blue Lake				351, 000
(FC)	Cottonwood Creek				370, 000
(FC)	Cucamonga Creek	5, 100, 000		7, 000, 000	
(FC)	Dry Creek (Warm Springs) Lake and Channel	3, 300, 000		750, 000	
(FC)	Fairfield Vicinity Streams			300, 000	
(FC)	Hidden Dam-Hensley Lake	1, 901, 000		2, 101, 000	
(N)	Humbolt Harbor and Bay			500, 000	
(BE)	Imperial Beach	90, 000		90, 000	
(FC)	Lytle and Warm Creeks	2, 700, 000		2, 700, 000	
(MP)	Marysville Lake		500, 000		500, 000
(FC)	Merced County streams		650, 000		650, 000
(FC)	Napa River Basin	6, 000, 000		6, 000, 000	
(MP)	New Melones Lake	59, 000, 000		64, 000, 000	
(N)	Port San Luis			1, 500, 000	
(FC)	Sacramento River and major and minor tributaries	200, 000		200, 000	
(FC)	Sacramento River bank protection	2, 500, 000		2, 500, 000	
(FC)	Sacramento River, Chico Landing to Red Bluff			1, 500, 000	
(BE)	San Diego (Sunset Cliffs) (seg. A)		75, 000		100, 000
(N)	San Diego Harbor	9, 030, 000		7, 480, 000	
(N)	San Diego River and Mission Bay	90, 000		90, 000	
(FC)	San Diego River (Mission Valley)		240, 000		100, 000
(N)	San Francisco Bay to Stockton (J. F. Baldwin and Stockton Ship chans)	1, 100, 000		1, 100, 000	
(FC)	San Luis Rey River		350, 000		350, 000
(FC)	Santa Paula Creek			400, 000	
(BE)	Surfside-Sunset and Newport Beach	100, 000		100, 000	
(FC)	Sweetwater River	200, 000		300, 000	
(FC)	Walnut Creek	5, 800, 000		5, 800, 000	
(FC)	Wildcat San Pablo Creeks				200, 000
	COLORADO				
(FC)	Arkansas River and tributaries above John Martin Dam (phase I)		350, 000		35 , 000
(FC)	Bear Creek Lake	12, 500, 000		12, 500, 000	
(FC)	Chatfield Lake	5, 500, 000		5, 500, 000	
(FC)	Las Animas	1, 400, 000		1, 400, 000	
(FC)	Trinidad Lake	5, 500, 000		5, 500, 000	
	CONNECTICUT				
(FC)	Danbury	1, 600, 000		1, 600, 000	
(FC)	New London hurricane barrier			200, 000	
(FC)	Park River	9, 000, 000		10, 000, 000	
	DELAWARE				
(FC)	Delaware coast protection			$500, 000	
	DISTRICT OF COLUMBIA				
	Potomac estuary pilot water treatment plant			1, 000, 000	
	FLORIDA				
(FC)	Central and southern Florida	$6, 000, 000		6, 000, 000	
(FC)	Dade County			2, 800, 000	
(BE)	Duval County			3, 900, 000	
(FC)	Four River Basins	5, 000, 000		8, 000, 000	
(N)	Jacksonville Harbor (1965 Act)	7, 868, 000		5, 368, 000	
(BE)	Manatee County				$50, 000
(N)	Panama City Harbor	600, 000		600, 000	
(N)	Port Everglades Harbor		$200, 000		200, 000
(N)	Saint Lucie Inlet		45, 000		45, 000
(N)	Tampa Harbor (main channel)	5, 000, 000		8, 500, 000	
	GEORGIA				
(MP)	Carters Lake	1, 200, 000		1, 200, 000	
(MP)	Hartwell Lake (Fifth Unit) Ga. and S.C		210, 000		210, 000
(MP)	Richard B. Russell Dam and Lake, Ga. and S.C	10, 300, 000		10, 300, 000	
(N)	Savannah Harbor extension				200, 000
(N)	Savannah Harbor (widening and deepening)	1, 986, 000		1, 986, 000	
(MP)	West Point Lake, Ga. and Ala	5, 000, 000		6, 500, 000	
	HAWAII				
(N)	Barbers Point (deep draft) Harbor, Oahu		36, 000		36, 000
(FC)	Jao Stream			1, 000, 000	
(FC)	Kaneohe-Kailua Area	8, 200, 000		8, 200, 000	
(N)	Waianae small boat harbor			1, 000, 000	
	IDAHO				
(MP)	Dworshak Dam and Reservoir	5, 500, 000		5, 500, 000	
(FC)	Ririe Lake	6, 800, 000		6, 800, 000	
	ILLINOIS				
(FC)	Carlyle Lake	1, 020, 000		1, 020, 000	
(FC)	Columbia Drainage and Levee District No. 3	900, 000		900, 000	
(FC)	East Moline			400, 000	
(FC)	Eldred and Spankey Drainage and Levee District				100, 000
(FC)	Freeport	100, 000		100, 000	
(FC)	Fulton			400, 000	
(FC)	Harrisonville and Ivy Landing Drainage and Levee District No. 2	2, 189, 000		2, 189, 000	
(N)	Illinois Waterway, Calumet—SAG modification pt. I, Illinois and Indiana	2, 259, 000		2, 259, 000	
(N)	Illinois Waterway, duplicate docks, Illinois and Indiana		130, 000		
(FC)	Kaskaskia Island Drainage and Levee District		300, 000		300, 000
(N)	Kaskaskia River navigation	5, 000, 000		5, 800, 000	
(FC)	Little Calumet River	100, 000		100, 000	
(N)	Lock and dam 53 (temporary lock), Illinois and Kentucky	8, 800, 000		8, 800, 000	
(FC)	Louisville Lake		150, 000		150, 000
(N)	Mississippi River, Chain of Rocks, Illinois and Missouri			500, 000	
(N)	Mississippi River between the Ohio and Missouri Rivers (regulating works), Illinois and Missouri	3, 500, 000		4, 500, 000	
(FC)	Moline		250, 000		250, 000
(FC)	Rock Island	220, 000		220, 000	
(FC)	Rockford	2, 600, 000		2, 600, 000	
(N)	Smithland Locks and dam, Illinois, Indiana, and Kentucky	34, 000, 000		39, 000, 000	
(FC)	Sny Island Levee and drainage				50, 000
(FC)	South Beloit		100, 000		100, 000
(FC)	Wood River Drainage and levee district		100, 000		100, 000
	INDIANA				
(FC)	Big Blue Lake		300, 000		300, 000
(FC)	Big Walnut Lake (land acquisition)	1, 400, 000		450, 000	
(FC)	Brookville Lake	1, 740, 000		1, 740, 000	

	Construction, general, State and project	Budget estimate fiscal year 1977		Conference allowance fiscal year 1977	
		Construction	Planning	Construction	Planning
	INDIANA—Continued				
(N)	Cannelton locks and dams, Indiana and Kentucky	$300,000		$300,000	
(FC)	Evansville	1,400,000		1,200,000	
(FC)	Lafayette Lake	1,300,000			
(FC)	Levee unit No. 5	750,000		750,000	
(FC)	Marion		$175,000		$175,000
(FC)	Mason J. Niblack Levee (pumping facilities)	103,000		103,000	
(N)	Newburgh locks and dam, Indiana and Kentucky	1,100,000		1,100,000	
(FC)	Patoka Lake	11,300,000		10,000,000	
(N)	Uniontown locks and dam, Indiana and Kentucky	2,200,000		1,700,000	
	IOWA				
(FC)	Big Sioux River at Sioux City, Iowa and S. Dak	1,700,000		1,700,000	
(FC)	Clinton	7,400,000		7,400,000	
(FC)	Davenport		139,000		139,000
(FC)	Marshalltown	1,639,000		1,359,000	
(FC)	Missouri River levee system, Iowa, Kansas, Missouri, and Nebraska	3,200,000		3,200,000	
(N)	Missouri River, Sioux City to mouth, Iowa, Kansas, Missouri, and Nebraska	2,200,000		2,200,000	
(FC)	Ottumwa	101,000		101,000	
(FC)	Saylorville Lake	3,500,000		4,600,000	
(FC)	Waterloo	6,100,000		6,100,000	
	KANSAS				
(FC)	Big Hill Lake	500,000		1,000,000	
(FC)	Clinton Lake	6,550,000		6,550,000	
(FC)	Dodge City	2,380,000		174,000	
(FC)	El Dorado Lake	15,800,000		15,800,000	
(FC)	Great Bend		100,000		100,000
(FC)	Grove Lake			500,000	
(FC)	Hillsdale Lake	8,000,000		9,000,000	
(FC)	Kansas City 1962 modifications	3,800,000		3,800,000	
(N)	Kansas River Navigation		140,000		140,000
(FC)	Lawrence	2,600,000		2,600,000	
(FC)	Marion	1,300,000		2,168,000	
(FC)	Onaga Lake		137,000		137,000
(FC)	Perry Lake Area (road improvements)	700,000		700,000	
(FC)	Towanda Lake				100,000
	KENTUCKY				
(FC)	Big South Fork National River and Recreation Area, Ky. and Tenn		350,000		350,000
(FC)	Boone County			367,000	
(FC)	Cave Run Lake	1,900,000		2,900,000	
(FC)	Dayton Floodwall			150,000	
(FC)	Kehoe Lake	3,000,000		3,375,000	
(MP)	Laurel River Lake	3,200,000		3,200,000	
(FC)	Martins Fork Lake	6,500,000		6,500,000	
(FC)	Paintsville Lake	3,300,000		3,300,000	
(FC)	Southwestern Jefferson County	4,800,000		6,300,000	
(FC)	Taylorsville Lake	5,300,000		5,300,000	
(FC)	Tug Fork Valley (phase I)		150,000		150,000
(MP)	Wolf Creek Dam—Lake Cumberland (Rehab)	22,000,000		26,000,000	
(FC)	Yatesville Lake	3,800,000		3,800,000	
	LOUISIANA				
(N)	Atchafalaya River and Bayous Chene, Boeuf and Black	2,000,000		2,000,000	
(FC)	Bayou Bodcau and tributaries	400,000		1,000,000	
(FC)	Lake Pontchartrain and vicinity	12,000,000		12,000,000	
(FC)	Larose to Golden Meadow	2,600,000		2,600,000	
(N)	Mississippi River outlets, Venice, La	2,810,000		2,810,000	
(N)	Mississippi River, Gulf outlet	100,000		100,000	
(FC)	New Orleans to Venice	5,600,000		5,600,000	
(N)	Overton-Red River Waterway (lower 31 miles only)	1,645,000		1,645,000	
(N)	Red River emergency bank protection, Louisiana, Arkansas, Oklahoma, and Texas	2,326,000		5,000,000	
(N)	Red River Waterway, Mississippi River to Shreveport, La	11,200,000		16,200,000	
(N)	Red River Waterway, Shreveport, La. to Index, Ark				100,000
	MAINE				
(MP)	Dickey-Lincoln School Lakes		500,000		2,000,000
	MARYLAND				
(N)	Baltimore Harbor and Channels.		$280,000		$280,000
(FC)	Bloomington Lake, Md. and W. Va.	$11,800,000		$14,400,000	
	MASSACHUSETTS				
(FC)	Charles River Dam	9,930,000		10,500,000	
(FC)	Charles River National storage areas (LA)			1,000,000	
(FC)	North Nashua River		160,000		160,000
(FC)	Saxonville	2,000,000		2,000,000	
(N)	Weymouth-Fore and town rivers	2,470,000		2,470,000	
	MICHIGAN				
(N)	Great Lakes connecting channels			100,000	
(N)	Lexington Harbor	403,000		403,000	
(N)	Ludington Harbor			800,000	
(N)	Ottawa River Harbor, Michigan and Ohio		100,000		100,000
(FC)	Red Run Drain and Lower Clinton River		650,000		650,000
(FC)	River Rouge 1962 Act	2,959,000		2,959,000	
(FC)	Saginaw River 1958 Act	4,050,000		4,050,000	
(N)	Tawas Bay Harbor	800,000		800,000	
	MINNESOTA				
(FC)	Big Stone Lake—Whetstone River, Minn. and S. Dak	1,900,000		1,900,000	
(FC)	Mankato and North Mankato	7,200,000		7,200,000	
(FC)	Rochester (phase I)		200,000		200,000
(FC)	Roseau River	3,600,000		3,600,000	
(FC)	Twin Valley Lake		400,000		400,000
(FC)	Winona		364,000		364,000
	MISSISSIPPI				
(FC)	Edinburg Lake (phase I)		75,000		75,000
(FC)	Tallahala Creek Lake	3,000,000		3,000,000	
(FC)	Tombigbee River and tributaries, Miss. and Ala	3,000,000		3,000,000	
	MISSOURI				
(FC)	Blue River Channel, Kansas City		500,000		500,000
(MP)	Clarence Cannon Dam nd reservoir	40,000,000		44,000,000	
(MP)	Harry S. Truman Dam and reservoir	73,500,000		79,000,000	
(FC)	Little Blue River Channel	4,000,000		4,000,000	
FC)	Little Blue River Lakes	2,200,000		2,200,000	
(FC)	Long Branch Lake	3,880,000		3,880,000	
(FC)	Meramec Park Lake	4,500,000		9,500,000	
(FC)	Perry County D&DL No. 1, 2 and 3			500,000	
(FC)	Pine Ford Lake		500,000		500,000
(FC)	Prosperity Lake (phase 1)				75,000
(FC)	Smithville Lake	15,700,000		16,700,000	
(MP)	Stockton Lake	800,000		800,000	
(FC)	Union Lake, State Highway 185 advance participation)	700,000		700,000	
	MONTANA				
(MP)	Libby Dam, Lake Koocanusa	6,000,000		8,000,000	
(MP)	Libby reregulating dam power units		260,000		260,000
(MP)	Libby addtl units and rereg dam			2,000,000	
(FC)	Miles City		85,000		85,000
	NEBRASKA				
(FC)	Papillion Creek and tributaries lakes	1,100,000		550,000	
	NEVADA				
(FC)	Gleason Creek Dam (channel alternative)		75,000		75,000
	NEW JERSEY				
(N)	Corson Inlet-Ludlam Beach		197,000		197,000
(FC)	Elizabeth	1,780,000		1,780,000	
(N)	Great Egg Harbor inlet and Peck Beach		142,000		142,000
(N)	Newark Bay, Hackensack, and Passaic Rivers	980,000		980,000	
	NEW MEXICO				
(FC)	Cochiti Lake	3,300,000		3,900,000	
(FC)	Los Esteros Lake	7,800,000		7,800,000	

Construction, general, State and project	Budget estimate fiscal year 1977		Conference allowance fiscal year 1977	
	Construction	Planning	Construction	Planning
NEW YORK				
(FC) Dansville and vicinity		$100, 000		$100, 000
(N) Dunkirk Harbor		180, 000		180, 000
(BE) East Rockaway Inlet to Rockaway Inlet and Jamacia Bay (part I)	$1, 200, 000		$3, 000, 000	
(FC) Ellicott Creek		240, 000		240, 000
(FC) Endicott, Johnson City and Vestal			1, 000, 000	
(BE) Fire Island Inlet to Jones Inlet	1, 780, 000		1, 780, 000	
(N) Irondequoit Bay	100, 000		100, 000	
(FC) Ithaca	105, 000		105, 000	
(N) New York Harbor collection and removal of drift	790, 000		2, 500, 000	
(N) New York Harbor, anchorages	2, 340, 000		2, 340, 000	
(N) Port Ontario Harbor		150, 000		240, 000
(FC) Sawmill at Elmsford and Greenburgh, N.Y				60, 000
(FC) Scajaquada Creek			400, 000	
(FC) Wellsville	420, 000		420, 000	
(FC) Yonkers	1, 300, 000		1, 300, 000	
NORTH CAROLINA				
(FC) B. Everett Jordan Dam and Lake	11, 000, 000		12, 000, 000	
(FC) Falls Lake	6, 800, 000		8, 000, 000	
(FC) Howards Mill Lake		50, 000		25, 000
(N) Masonboro Inlet			250, 000	
(N) Morehead City Harbor (1970 Act)	1, 000, 000		1, 000, 000	
(FC) Randleman Lake		250, 000		100, 000
(FC) Reddies River Lake		125, 000		75, 000
(FC) Roaring River Lake (phase I)		185, 000		185, 000
NORTH DAKOTA				
(FC) Burlington Dam		690, 000		930, 000
(MP) Garrison Dam—Lake Sakakawea	1, 000, 000		1, 000, 000	
(FC) Kindred Lake		200, 000		200, 000
(FC) Minot	6, 082, 000		6, 082, 000	
(FC) Missouri River, Garrison Dam to Lake Oahe	800, 000		800, 000	
OHIO				
(FC) Alum Creek Lake	4, 500, 000		4, 500, 000	
(N) Ashtabula Harbor	1, 900, 000		1, 900, 000	
(FC) Caesar Creek Lake	6, 100, 000		6, 100, 000	
(FC) Chillicothe	700, 000		700, 000	
(FC) Cuyahoga River Basin	250, 000		250, 000	
(FC) East Fork Lake	5, 000, 000		5, 000, 000	
(N) Huron Harbor			2, 000, 000	
(BE) Lakeview Park			1, 260, 000	
(FC) Mill Creek	1, 400, 000		600, 000	
(FC) Muskingum River Lakes (Rehab)	500, 000		500, 000	
(FC) Newark (Log Pond Run)			500, 000	
(FC) Point Place		90, 000		90, 000
(N) West Harbor				65, 000
(N) Willow Island locks and Dam, Ohio and West Virginia	900, 000		900, 000	
OKLAHOMA				
(FC) Arcadia Lake		428, 000		428, 000
(FC) Arkansas-Red River Basins chloride control, Oklahoma, Kansas, and Texas		1, 850, 000		2, 400, 000
(FC) Birch Lake	1, 900, 000		2, 850, 000	
(FC) Candy Lake	1, 000, 000		1, 000, 000	
(FC) Clayton Lake	2, 000, 000		2, 000, 000	
(FC) Copan Lake	7, 000, 000		9, 000, 000	
(MP) Fort Gibson Lake—Units 5 and 6		350, 000		350, 000
(FC) Kaw Lake	4, 600, 000		6, 000, 000	
(FC) Lukfata Lake	500, 000		500, 000	
(FC) Optima Lake	5, 000, 000		5, 000, 000	
(FC) Skiatook Lake	2, 500, 000		5, 500, 000	
(FC) Waurika Lake	21, 000, 000		21, 000, 000	
OREGON				
(FC) Applegate Lake	3, 000, 000		3, 000, 000	
(FC) Beaver Drainage District	1, 399, 000		1, 399, 000	
(MP) Bonneville Second Powerhouse—Oregon and Washington	48, 000, 000		48, 000, 000	
(N) Coos Bay	10, 000, 000		10, 000, 000	
(MP) Cougar Lake	871, 000		871, 000	
(FC) Days Creek Lake (phase I)		100, 000		500, 000
(MP) John Day lock and dam—Lake Umatilla, Oregon and Washington	3, 100, 000		3, 100, 000	
(MP) Lost Creek Lake	7, 500, 000		7, 500, 000	
(FC) Lower Columbia River bank protection, Oregon and Washington	300, 000		300, 000	
(MP) McNary lock and dam, Lake Wallula, Oregon and Washington	700, 000		700, 000	
(FC) Scappoose Drainage District	2, 880, 000		2, 880, 000	
(MP) Strube Lake and Cougar additional unit				$150, 000
(FC) Willamette River Basin bank protection	$450, 000		$1, 000, 000	
PENNSYLVANIA				
(FC) Blue Marsh				
(FC) Chartiers Creek				
(FC) Cowanesque Lake				
(N) Elk Creek Harbor				
(N) Grays Landing lock and dam				
(N) Point Marion lock				
(FC) Pottstown				
(BE) Presque Isle peninsula				
(FC) Raystown Lake				
(FC) Tamaqua				
(FC) Tioga-Hammond Lakes				
(MP) Tocks Island Lake				
(FC) Trexler dam				
(FC) Tyrone				
PUERTO RICO				
(FC) Portugues and Bucana Rivers	6, 250, 000		6, 250, 000	
SOUTH CAROLINA				
(FC) Broadway Lake				90, 000
(N) Cooper River, Charleston Harbor	3, 000, 000		3, 000, 000	
(BE) Hunting Island Beach	1, 194, 000		1, 194, 000	
(N) Little River Inlet, S.C. and N.C		$227, 000		227, 000
(N) Murrells Inlet			800, 000	
TENNESSEE				
(MP) Cordell Hull Dam and Reservoir	1, 761, 000		1, 761, 000	
TEXAS				
(FC) Alpine		200, 000		200, 000
(FC) Aquilla Lake	1, 400, 000		3, 000, 000	
(FC) Arkansas-Red River Basins chloride control, area VIII	3, 000, 000		6, 000, 000	
(FC) Aubrey Lake	1, 000, 000		500, 000	
(FC) Big Pine Lake		250, 000		250, 000
(FC) Big Spring		110, 000		110, 000
(FC) Carl L. Estes Dam and Lake		500, 000		300, 000
(FC) Clear Creek		140, 000		200, 000
(FC) Clopton Crossing Lake (phase I)		250, 000		250, 000
(FC) Cooper Lake and channels	1, 260, 000		1, 260, 000	
(BE) Corpus Christi Beach	700, 000		1, 179, 000	
(N) Corpus Christi Ship Channel (1968 Act)	3, 100, 000		3, 100, 000	
(FC) El Paso	2, 300, 000		2, 300, 000	
(FC) Freeport and vicinity, hurricane flood protection	4, 500, 000		4, 500, 000	
(N) Freeport Harbor		121, 000		121, 000
(N) GIWW-Harbor of refuge at seadrift		38, 000		38, 000
(N) GIWW-Texas Section—Relocation in Matagorda Bay		75, 000		75, 000
(FC) Highland Bayou	1, 300, 000		1, 300, 000	
(FC) Lakeview Lake	1, 000, 000		1, 000, 000	
(FC) Lavon Lake Mod and East Fork channel improvement	1, 900, 000		4, 100, 000	
(FC) Lower Rio Grande Basin (phase I)		250, 000		250, 000
(FC) Millican Lake		435, 000		435, 000
(N) Mouth of Colorado River		60, 000		100, 000
(FC) Plainview		200, 000		200, 000
(FC) Port Arthur and vicinity (hurricane flood protection)	4, 300, 000		4, 300, 000	
(FC) San Antonio channel improvement	3, 500, 000		3, 500, 000	
(FC) San Gabriel River	10, 500, 000		10, 500, 000	
(FC) Taylors Bayou	300, 000		300, 000	
(FC) Tennessee Colony Lake (land acquisition)			1, 000, 000	
(N) Texas City channel industrial canal			200, 000	
(FC) Texas City and vicinity (hurricane flood protection)	600, 000		600, 000	
(FC) Three Rivers		150, 000		150, 000
(FC) Trinity River project		800, 000		800, 000
(FC) Vince and Little Vince Bayous	945, 000		945, 000	
VIRGINIA				
(FC) Buena Vista (phase I)		200, 000		200, 000
(FC) Fourmile Run, City of Alexandria and Arlington County	8, 300, 000		10, 000, 000	
(FC) Gathright Lake	11, 500, 000		11, 500, 000	
(FC) Verona Lake (phase I)		240, 000		240, 000
(BE) Virginia Beach (reimb)	260, 000		260, 000	

Construction, general, State and project	Budget estimate fiscal year 1977		Conference allowance fiscal year 1977	
	Construction	Planning	Construction	Planning
WASHINGTON				
MP) Chief Joseph Dam additional units	$78,000,000		$78,000,000	
(BE) Ediz Hook			2,000,000	
(MP) Ice Harbor additional units	2,100,000		2,100,000	
(MP) Little Goose additional units	24,600,000		25,075,000	
(MP) Lower Granite additional units	21,900,000		21,900,000	
(MP) Lower Granite lock and dam	11,000,000		11,475,000	
(MP) Lower Monumental additional units	19,900,000		19,900,000	
(FC) Skagit River Levee				$100,000
(MP) The Dalles additional units	300,000		600,000	
(FC) Vancouver Lake area				200,000
(FC) Wahkiakum County consolidated Diking District No. 1	600,000		600,000	
WEST VIRGINIA				
(FC) Beech Fork Lake	2,700,000		2,700,000	
(FC) Burnsville Lake	6,000,000		6,000,000	
(FC) East Lynn Lake	1,000,000		1,000,000	
(FC) R. D. Bailey Lake	7,500,000		10,300,000	
(FC) Rowlesburg Lake		$145,000		145,000
WISCONSIN				
(FC) LaFarge Lake and channel improvement	1,000,000		1,000,000	
(N) Northport Harbor		125,000		125,000
(FC) Prarie du Chien		50,000		50,000
(FC) State road and Ebner Coulees		300,000		300,000
MISCELLANEOUS				
(N) Small navigation projects not requiring specific legislation costing up to $1,000,000 (sec. 107)			4,500,000	
(FC) Small projects for flood control and related proposes not requiring specific legislation costing up to $1,000,000 (sec. 205)			$13,000,000	
(BE) Small beach erosion projects not requiring specific legislation costing up to $1,000,000 (sec. 103)			1,000,000	
(FC) Emergency streambank and shoreline protection (sec. 14)			2,000,000	
Recreation facilities at completed projects	$22,000,000		22,000,000	
Small snagging and clearing (sec. 208)			500,000	
Fish and wildlife studies (U.S. Fish and Wildlife Service)	2,000,000		2,000,000	
Mitigation of shore damages attributible to navigation projects (sec. 111)			1,000,000	
Streambank erosion control evaluation and demonstration (sec. 32, 1974 act)			3,000,000	
Shoreline erosion control demonstration (sec. 54, 1974 act)			1,500,000	
Aquatic plant control (1965 act)	1,600,000		2,300,000	
Employees compensation	2,108,000		2,108,000	
Reduction for anticipated savings and slippages	—79,640,000		—80,300,000	
Total	1,244,049,000	$22,283,000	1,409,756,000	$26,989,000
Total, construction, general	(1,266,332,000)		(1,436,745,000)	

Amendment No. 10: Deletes earmarking language proposed by the House which is no longer needed.

Flood control, Mississippi River and tributaries

Amendment No. 11: Appropriates $231,497,000 for Flood control, Mississippi River and tributaries as proposed by the Senate instead of $227,667,000 as proposed by the House.

Revolving fund

Amendment No. 12: Reported in technical disagreement. The Managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which appropriates $6,600,000 for design and construction of hopper dredges.

The Committee of Conference is agreed that provided the dredging industry is capable of performing the service within the procedures prescribed by the Corps of Engineers under the testing of the market program, which gives private industry up to a 25 percent cost differential, private dredging interests will be awarded the work.

The Committee supports a public and private mixture of hopper dredges which should be maintained and the Committee urges the development of private hopper dredges.

Flood control and coastal emergencies

Amendment No. 13: Appropriates $22,140,000 for flood control and coastal emergencies as proposed by the Senate instead of $30,000,000 as proposed by the House.

Administrative provisions

Amendment No. 14: Provides limitation of $291,000,000 on the capital of the revolving fund as proposed by the Senate instead of $285,000,000 as proposed by the House.

TITLE III—DEPARTMENT OF THE INTERIOR

Bureau of Reclamation

General investigations

Amendment No. 15: Appropriates $24,762,000 for General investigations as proposed by the Senate instead of $24,487,000 as proposed by the House.

Construction and rehabilitation

Amendment No. 16: Appropriates $348,811,000 for Construction and rehabilitation instead of $351,386,000 as proposed by the House and $347,811,000 as proposed by the Senate.

The change from the Senate allowance provides a total of $3,500,000 for the Nueces River project, Texas.

Amendment No. 17: Reported in technical disagreement. The Managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides that $300,000 is to be made available to the Secretary for expenses related to investigations of the Teton River Dam structure failure.

Colorado River basin salinity control projects

Amendment No. 18: Appropriates $44,680,000 for the Colorado River basin salinity control projects as proposed by the Senate instead of $44,700,000 as proposed by the House.

Loan Program

Amendment No. 19: Appropriates $27,495,000 for the Loan program instead of $22,209,000 as proposed by the House and $28,495,000 as proposed by the Senate.

The change from the Senate allowance provides a total of $1,000,000 for the Graham-Curtis Canal Companies, Arizona loan.

Emergency Fund

Amendment No. 20: Appropriates $1,000,000 for the Emergency fund as proposed by the Senate instead of $400,000 as proposed by the House.

TITLE IV—INDEPENDENT OFFICES

Funds Appropriated to the President

Appalachian Regional Development Programs

Amendment No. 21: Appropriates $303,000,000 for the Appalachian regional development programs instead of $300,500,000 as proposed by the House and $306,000,000 as proposed by the Senate.

The change from the House bill adds $2,500,000 for Area development.

Tennessee Valley Authority

Payment to Tennessee Valley Authority Fund

Amendment No. 22; Appropriates $125,930,000 for Payment to Tennessee Valley Authority Fund instead of $120,930,000 as proposed by the House and $127,130,000 as proposed by the Senate. The change from the House bill adds $2,500,000 for work on Pickwick Lock, $2,500,000 for strip mine reclamation demonstrations, $1,000,000 for fertilizer research and development and deducts $1,000,000 for savings and slippage.

The Conferees express concern over the recent pattern of continued escalating power rate increases by Tennessee Valley Authority. As the TVA Board announced a further increase effective in July, this represents the fifteenth power rate increase by the Authority in the past nine years.

The Conferees believe that TVA has ample sources of revenue to effectively function without continuing a rate escalation policy.

The Conferees urge the Board of Directors of TVA to reexamine their policy on escalating power rates, to study all possible alternatives and proposals to avoid any further power rate increase and to take all possible steps to restore its position as the low-cost power yardstick agency of the Nation, in the public interest.

Water Resources Council

Water Resources Planning

Amendment No. 23: Appropriates $12,665,000 for Water resources planning instead of $11,965,000 as proposed by the House and $14,665,000 as proposed by the Senate.

Amendment No. 24: Provides limitation for Administration and coordination of $1,648,000 as proposed by the Senate instead of $1,524,000 as proposed by the House. The Conferees have included $75,000 for the special study of the Connecticut River Basin.

Amendment No. 25: Provides limitation of $3,248,000 as proposed by the Senate, instead of $3,172,000 as proposed by the House for preparation of assessment and plans.

Amendment No. 26: Provides limitation of $3,000,000 for grants to states instead of $2,-

500,000 as proposed by the House and $5,000,000 as proposed by the Senate.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1977 recommended by the Committee of Conference, with comparisons to the fiscal year 1976 amount, the 1977 budget estimates, and the House and Senate bills for 1977 follows:

New budget (obligational) authority, fiscal year 1976	$7,514,156,500
Budget estimates of new (obligational) authority, fiscal year 1977	[1] 9,398,895,000
House bill, fiscal year 1977	9,645,609,000
Senate bill, fiscal year 1977	9,718,885,000
Conference agreement	9,703,713,000
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1976	+2,189,556,500
Budget estimates of new (obligational) authority, fiscal year 1977	+304,818,000
House bill, fiscal year 1977	+58,104,000
Senate bill, fiscal year 1977	−15,172,000

[1] Includes $178,800,000 of budget estimates not considered by the House, contained in S. Doc. 94–208. Excludes $200 million contained in this bill submitted as a FY 1976 supplemental in H. Doc. 94–523.

Joe L. Evins,
Edward P. Boland,
Jamie L. Whitten,
John M. Slack,
Otto E. Passman,
Tom Bevill,
George Mahon,
John T. Myers,
Clair W. Burgener,
Elford A. Cederberg,
Managers on the Part of the House.

John C. Stennis,
John L. McClellan,
Warren G. Magnuson,
John O. Pastore,
Joseph M. Montoya,
J. Bennett Johnston,
Walter D. Huddleston,
Jennings Randolph,
Mark O. Hatfield,
Milton R. Young,
Roman L. Hruska,
Richard S. Schweiker,
Henry Bellmon,
Managers on the Part of the Senate.

LEAVE OF ABSENCE

(By unanimous consent, leave of absence was granted to:)

Mr. Kelly (at the request of Mr. Rhodes), from 6:30 p.m. today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Grassley) to revise and extend their remarks and include extraneous matter.)

Mr. Anderson of Illinois, for 45 minutes, today.

Mr. McKinney, for 5 minutes, today.

Mr. Gilman, for 10 minutes, today.

(The following Members (at the request of Mr. Traxler) to revise and extend their remarks and include extraneous material:)

Mr. Gonzalez, for 5 minutes, today.

Mr. Annunzio, for 5 minutes, today.

Ms. Abzug, for 15 minutes, today.

Mr. Rostenkowski, for 20 minutes, today.

Mr. Morgan, for 5 minutes, today.

Mr. Brown of California, for 5 minutes, today.

Mr. Cotter, for 5 minutes, today.

Ms. Abzug, for 15 minutes, June 25, 1976.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Roush to extend his remarks immediately prior to the vote on the Skubitz substitute amendment.

Mr. Skubitz to revise and extend his remarks immediately preceding vote on Randall amendment.

Mr. Koch to revise and extend his remarks immediately preceding passage of Hyde amendment.

Mr. Matsunaga, and to include extraneous matter, during debate on the Randall amendment on H.R. 14232 in the Committee of the Whole.

Mr. Bingham immediately prior to the vote on the Randall amendment to H.R. 14232.

Mr. Matsunaga immediately prior to the vote on the Randall amendment to H.R. 14232.

Mr. Grassley, to revise and extend his remarks during the debate on the Randall amendment on the Labor-HEW bill.

Mr. Albert (at the request of Mr. Traxler), to revise and extend his remarks and to include extraneous material.

(The following Members (at the request of Mr. Grassley) and to include extraneous matter:)

Mr. Wiggins.
Mr. Brown of Ohio.
Mr. Findley.
Mr. Mosher.
Mr. Pressler.
Mr. Carter.
Mr. Skubitz.
Mr. Esch.
Mr. Kasten in three instances.
Mr. Walsh in two instances.
Mr. McKinney.
Mr. Quie.
Mr. Horton.
Mr. Derwinski.
Mr. Harsha.
Mr. Emery.
Mr. Spence.
Mr. Gilman.

(The following Members (at the request of Mr. Traxler) and to include extraneous material:)

Mr. Gonzalez in three instances.

Mr. Anderson of California in three instances.

Mr. Bedell.
Mrs. Schroeder.
Mr. Simon in two instances.
Mr. Fisher.
Mrs. Mink.
Mr. Rangel.
Mr. Danielson.
Mr. Roe.
Mr. Ford of Michigan.
Mr. Badillo.
Mr. Eilberg in two instances.
Mr. Ullman.
Mr. Downey of New York.
Mr. Brinkley.
Mr. Chappell.

ENROLLED BILLS SIGNED

Mr. THOMPSON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 5621. An act to authorize the Secretary of the Interior to establish the Valley Forge National Historical Park in the Commonwealth of Pennsylvania, and for other purposes;

H.R. 5630. An act to amend the Federal Boat Safety Act of 1971 in order to increase and extend the authorization for appropriations for financial assistance for State boating safety programs;

H.R. 11439. An act to amend title 5, United States Code, to restore eligibility for health benefits coverage to certain individuals whose survivor annuities are restored;

H.R. 12188. An act to amend the Community Services Act of 1974 to make certain technical and conforming amendments;

H.R. 12567. An act to authorize appropriations for the Federal Fire Prevention and Control Act of 1974 and the act of March 3, 1901, for fiscal years 1977 and 1978, and for other purposes; and

H.R. 13380. An act to amend the Central, Western, and South Pacific Fisheries Development Act to extend the appropriation authorization through fiscal year 1979, and for other purposes.

SENATE ENROLLED BILL AND JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to an enrolled bill and a joint resolution of the Senate of the following title:

S. 3201. An act to authorize a local public works capital development and investment program, to establish an antirecessionary program, and for other purposes; and

S.J. Res. 49. A joint resolution to amend the joint resolution entitled "Joint resolution to codify and emphasize existing rules and customs pertaining to the display and use of the flag of the United States of America."

ADJOURNMENT

Mr. TRAXLER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 9 o'clock and 48 minutes p.m.), under its previous order, the House adjourned until tomorrow, Friday, June 25, 1976, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3547. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a report on loan, guarantee and insurance transactions supported by Eximbank during April 1976 to Communist countries; to the Committee on Banking, Currency and Housing.

3548. A letter from the Director, National Science Foundation, transmitting notice of two proposed new records systems for Foundation, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

3549. A letter from the Assistant Secretary of State for Congressional Relations, to amend the International Claims Settlement Act of 1949 to provide for the determination of the validity and amounts of claims of nationals of the United States against the German Democratic Republic; to the Committee on International Relations.

3550. A letter from the vice president for Government Affairs, National Railroad Passenger Corporation, transmitting the financial report of the Corporation for March 1976, pursuant to section 308(a)(1) of the Rail Passenger Service Act of 1970, as amended; to the Committee on Interstate and Foreign Commerce.

3551. A letter from the Vice Chairman, U.S. Consumer Product Safety Commission, transmitting a copy of his letter to the Office of Management and Budget in response to a request for the Commission's views on Senate Report No. 94–863, a report to accompany S. 2715, a bill "to amend chapter 5 of title 5, United States Code (commonly known as the Administrative Procedure Act), to permit awards of reasonable attorney's fees and other expenses for public participation in proceedings before Federal agencies, and for other purposes," pursuant to section 27(k)(2) of Public Law 92–573; to the Committee on the Judiciary.

3552. A letter from the executive director, Military Chaplains Association of the U.S.A., transmitting the audit report of the association for calendar year 1975, pursuant to section 3 of Public Law 88–504; to the Committee on the Judiciary.

RECEIVED FROM THE COMPTROLLER GENERAL

3553. A letter from the Comptroller General of the United States, transmitting a list of reports issued or released by the General Accounting Office during May 1976, pursuant to section 234 of Public Law 91–510; to the Committee on Government Operations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. REUSS: Committee on Banking, Currency and Housing. Report on allocation of budget authority and outlays for fiscal year 1977 in accordance with section 302(b)(2) of the Congressional Budget Act of 1974 (Rept. No. 94–1294). Referred to the Committee of the Whole House on the State of the Union.

Mr. STRATTON: Committee on Armed Services. H.R. 13958. A bill to amend titles 10 and 37, United States Code, relating to the appointment, promotion separation, and retirement of members of the armed forces, and for other purpose; with amendment (Rept. No. 94–1295). Referred to the Committee of the Whole House on the State of the Union.

Mr. ULLMAN: Committee on Ways and Means. H.R. 14484. A bill to make permanent the existing temporary authority for reimbursement of States for interim assistance payments under title XVI of the Social Security Act, to extend for 1 year the eligibility of supplemental security income recipients for food stamps, and to extend for 1 year the period during which payments may be made to States for child support collection services under part D of title IV of such act. (Rept. No. 94–1296). Referred to the Committee of the Whole House on the State of the Union.

Mr. EVINS of Tennessee: Committee of conference. Conference report on H.R. 14236 (Rept. No. 94–1297). Ordered to be printed.

Mrs. SULLIVAN: Committee of conference. Conference report on S. 586 (Rept. No. 94–1298). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ASHLEY (for himself and Mr. MCKINNEY):

H.R. 14534. A bill to stimulate the purchase of new existing housing, to assure the steady flow of capital into the mortgage market, and for other purposes; to the Committee on Banking, Currency and Housing.

By Mr. EILBERG (for himself, Mr. RODINO, Mr. SARBANES, Ms. HOLTZMAN, Mr. DODD, Mr. FISH, and Mr. COHEN):

H.R. 14535. A bill to amend the Immigration and Nationality Act, and for other purposes; to the Committee on the Judiciary.

By Mr. EMERY:

H.R. 14536. A bill to amend title V of the Housing Act of 1949 to allow certain property held by the United States under such title to be subject to certain taxation by appropriate State and local entities; to the Committee on Banking, Currency and Housing.

By Mr. MINISH:

H.R. 14537. A bill to reaffirm the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce; to reaffirm the authority of the States to regulate terminal and station equipment used for telephone exchange service; to require the Federal Communications Commission to make certain findings in connection with Commission actions authorizing specialized carriers; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. OBERSTAR:

H.R. 14538. A bill to establish a national system of maternal and child health care; jointly to the Committees on Interstate and Foreign Commerce, and Ways and Means.

By Mr. PEPPER:

H.R. 14539. A bill to provide for a long-range plan for the use and organization of national resources to deal with digestive diseases and to amend the Public Health Service Act to provide for the coordination of Federal activities respecting such diseases; to the Committee on Interstate and Foreign Commerce.

By Mr. ROYBAL:

H.R. 14540. A bill to amend title IV of the Social Security Act to provide that cost-of-living increases in annuity, pension, retirement, disability, or other employment-related benefits being paid to an individual under a public program, occurring after such individual's initial entitlement to such benefits, shall not be included in such individual's income in determining his or her eligibility for supplemental security income benefits; to the Committee on Ways and Means.

By Mr. WOLFF (for himself and Ms. BURKE of California):

H.R. 14541. A bill to provide that elderly persons residing in dwelling units receiving Federal assistance shall be provided with certain rights in the lease agreements between the elderly persons and the owners of the units; to the Committee on Banking, Currency and Housing.

By Mr. YOUNG of Alaska:

H.R. 14542. A bill to provide temporary authority for the Secretary of Agriculture to sell timber from the U.S. Forest Service lands created from the public domain, and lands otherwise acquired by the United States, in Alaska consistent with various acts; jointly to the Committees on Interior and Insular Affairs, and Agriculture.

By Ms. ABZUG:

H.R. 14543. A bill to amend section 311(a) of the Federal Water Pollution Control and for other purposes; to the Committee on Public Works and Transportation.

By Mr. BROWN of California (by request):

H.R. 14544. A bill to extend the appropriations authorization for reporting of weather modification activities; to the Committee on Science and Technology.

By Mr. D'AMOURS (for himself and Mr. CLEVELAND):

H.R. 14545. A bill to designate the Federal office building located in Manchester, N.H., as the Norris Cotton Building, to the Committee on Public Works and Transportation.

By Mr. GIBBONS:

H.R. 14546. A bill to provide that the income tax basis of property owned by a decedent shall the same in the hands of his executor and heirs as it was in the hands of the decedent immediately before his death; to the Committee on Ways and Means.

By Mr. HANSEN (for himself, Mr. RYAN, Mr. GUDE, Mr. SYMMS, and Mr. CRANE):

H.R. 14547. A bill to authorize the Secretary of the Interior to make compensation for damage arising out of the failure of the Teton Dam a feature of the Teton Basin Federal Reclamation Project in Idaho, and for other purposes; to the Committee on the Judiciary.

By Mr. KASTEN:

H.R. 14548. A bill to repeal the recently enacted provisions authorizing increases in the salaries of Senators and Representatives; to the Committee on Post Office and Civil Service.

H.R. 14549. A bill to amend title II of the Social Security Act so as to remove the limitation upon the amount of outside income which an individual may earn while receiving benefits thereunder: to the Committee on Ways and Means.

By Mr. KOCH (for himself, Mr. MEZVINSKY, and Mr. MAGUIRE):

H.R. 14550. A bill to amend the Internal Revenue Code of 1954 to disallow the business expense tax deduction for first class air and rail travel in excess of the coach fare for such travel and for other expenses; to the Committee on Ways and Means.

By Mr. PATTEN:

H.R. 14551. A bill to provide for a long-range plan for the use and organization of national resources to deal with digestive diseases and to amend the Public Health Service Act to provide for the coordination of Federal activities respecting such diseases; to the Committee on Interstate and Foreign Commerce.

By Mr. RANGEL:

H.R. 14552. A bill to amend title II of the Social Security Act so as to liberalize the conditions governing eligibility of blind persons to receive disability insurance benefits thereunder; to the Committee on Ways and Means.

By Mr. RHODES (for himself, Mr. MICHEL, Mr. CONABLE, Mr. DEVINE, Mr. EDWARDS of Alabama, Mr. FREY, Mr. VANDER JAGT, Mr. QUILLEN, Mr. QUIE, and Mr. HUTCHINSON):

H.R. 14553. A bill to establish procedures and standards for the framing of relief in suits to desegregate the Nation's elementary and secondary public schools, to provide for assistance to voluntary desegregation efforts, to establish a National Community and Education Committee to provide assistance to encourage and facilitate constructive and comprehensive community involvement and planning in the desegregation of schools, and for other purposes; jointly to the Committees on the Judiciary, and Education and Labor.

By Mr. SEIBERLING (for himself and Mr. Jacobs):

H.R. 14554. A bill to amend title II of the Social Security Act to require that procedures be established for the expedited replacement of undelivered benefit checks, to require that decisions on benefit claims be made within specified periods and to require that payment of benefits on approved claims begin promptly; to the Committee on Ways and Means.

By Mr. SYMINGTON:

H.R. 14555. A bill to authorize the Comptroller General of the United States to audit financial transactions and accounts of Members and committees of the House, and for other purposes; to the Committee on House Administration.

By Mr. ARCHER:

H.J. Res. 1002. Joint resolution proposing an amendment to the Constitution of the United States relating to the compensation of Senators and Representatives; to the Committee on the Judiciary.

By Mr. BUCHANAN (for himself, Mr. Beard of Rhode Island, Mr. Burke of Florida, Mr. Benitez, Mr. Carter, Mr. Crane, Mr. Robert W. Daniel, Jr., Mr. Derrick, Mrs. Fenwick, Mr. Ginn, Mr. Gilman, Mr. Grassley, Mr. Hicks, Mr. Hinshaw, Mr. Hyde, Mr. LaFalce, Mr. McDade, Mr. McDonald of Georgia, Mr. Pattison of New York, Mr. Regula, Mr. Spence, Mr. Wampler, Mr. Charles Wilson of Texas, Mr. Wirth, and Mr. Won Pat):

H. Con. Res. 661. Concurrent resolution to urge the Soviet Union to release Georgi Vins and permit religious believers within its borders to worship God according to their own conscience; to the Committee on International Relations.

By Mr. ROYBAL:

H. Con. Res. 662. Concurrent resolution requesting the President to negotiate with the Republic of Mexico for the exchange of U.S. citizens incarcerated in Mexico for Mexican citizens incarcerated in the United States; to the Committee on International Relations.

By Mr. WALSH:

H. Con. Res. 663. Concurrent resolution expressing the sense of Congress that the Constitution does not grant immunity from arrest to a Member of Congress, and for other purposes; to the Committee on the Judiciary.

By Mr. DINGELL (for himself, Mr. Staggers, Mr. Moss, Mr. Eckhardt, Mr. Brodhead, and Mr. Moffett):

H. Res. 1362. Resolution to disapprove the proposed exemption of No. 2 heating oil and No. 2-D diesel fuel from the mandatory petroleum allocation and price regulations (Energy Action No. 3); to the Committee on Interstate and Foreign Commerce.

By Mr. DINGELL (for himself, Mr. Staggers, Mr. Moss, Mr. Eckhardt, Mr. Brodhead, and Mr. Moffett):

H. Res. 1363. Resolution to disapprove the proposed exemption of middle distillates from the mandatory petroleum allocation and price regulations (Energy Action No. 4); to the Committee on Interstate and Foreign Commerce.

By Mr. ANDERSON of Illinois (for himself and Mr. John L. Burton):

H. Res. 1364. Resolution to amend rule XXXII of the Rules of the House of Representatives to specify conditions for the admission of ex-Members and certain other persons to the Hall of the House and rooms leading thereto; to the Committee on Rules.

By Mr. MOTTL:

H. Res. 1365. Resolution directing the Committee on Ways and Means to investigate and study the feasibility of increasing the Social Security Trust Fund through the imposition of a severance tax on certain natural resources and, if such tax is found to be feasible, to direct such committee to draft legislation based on the findings of that investigation and study; to the Committee on Rules.

By Mr. PRESSLER:

H. Res. 1366. Resolution to provide that Members of the House of Representatives shall include information relating to the salaries of their employees in newsletters mailed by such Members; to the Committee on House Administration.

By Mr. SYMINGTON:

H. Res. 1367. Resolution to provide that the establishment or adjustment of certain allowances to Members of the House of Representatives shall not take effect until approved by the House, to carry out certain reforms regarding allowances available to such Members, and for other purposes; jointly, to the Committees on House Administration, and Standards of Official Conduct.

MEMORIALS

Under clause 4 of rule XXII,

409. The SPEAKER presented a memorial of the Legislature of the Commonwealth of Pennsylvania, relative to extending emergency unemployment compensation benefits for an additional 13 weeks; to the Committee on Ways and Means.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 10498

By Mr. CHAPPELL:

Section 108 is hereby amended by deleting it in its entirety and substituting in lieu thereof the following:

Sec. 108. The Clean Air Act is amended by inserting a new section 315 and renumbering succeeding sections accordingly:

"NATIONAL COMMISSION ON AIR QUALITY

"Sec. 315(a) There is established a National Commission on Air Quality which shall study and report to the Congress on—

"(1) the effects of the implementation of any proposed or existing requirement on the states or the Federal government under this Act to identify and protect from significant deterioration of air quality, areas which have existing air quality better than that specified under current national primary and secondary standards;

"(2) the economic, technological, and environmental consequences of achieving or not achieving the purposes of this Act and programs authorized by it;

"(3) available alternatives, including enforcement mechanisms to protect and enhance the quality of the Nation's air resources so as to promote the public health and welfare and the productive capacity of its population, and to achieve the other purposes of the Act;

"(4) the technological capability of achieving and the economic, energy, and environmental impacts of achieving or not achieving required emission control levels for mobile sources of oxides of nitrogen (including the research objective of 0.4 gram per vehicle mile) in relation to and independent of regulation of emissions of oxides of nitrogen from stationary sources;

"(5) air pollutants not presently regulated, which pose or may in the future pose a threat to public health or public welfare and options available to regulate emissions of such pollutants;

"(6) the adequacy of research, development, and demonstrations being carried out by Federal, State, local, and nongovernmental entities to protect and enhance air quality;

"(7) the ability of (including financial resources, manpower, and statutory authority) Federal, State, and local institutions to implement the purposes of the Act.

"(b) Studies and investigations conducted pursuant to paragraphs (1) and (2) of subsection (a) shall include—

"(1) the effects of existing or proposed national ambient air quality standards on employment, energy, and the economy (including state and local), their relationship to objective scientific and medical data collected to determine their validity at existing levels, as well as their other social and environmental effects;

"(2) the effects of any existing or proposed policy or prohibiting deterioration of air quality in areas identified as having air quality better than that required under existing or proposed national ambient standards on employment, energy, the economy (including state and local), the relationship of such policy to the protection of the public health and welfare as well as other national priorities such as economic growth and national defense, and its other social and environmental effects.

"(c) The Commission shall, as a part of any study conducted under subsection (a) (1) of this section, specifically identify any loss or irretrievable commitment of resources (taking into account economic feasibility), including mineral, agricultural and water resources, as well as land surface-use resources.

"(d) Such Commission shall be composed of fifteen members, including the chairman and the ranking minority Member of the Senate Committee on Public Works and the House Committee on Interstate and Foreign Commerce, who shall serve on such Commission ex officio and without vote, and eleven members of the public appointed by the President. The Chairman of such Commission shall be elected from among its members.

"(e) The heads of the departments, agencies, and instrumentalities of the executive branch of the Federal Government shall cooperate with the Commission in carrying out the requirements of this section, and shall furnish to the Commission such information as the Commission deems necessary to carry out this section.

"(f) A report, together with any appropriate recommendations, shall be submitted to the Congress on the results of the investigation and study concerning section (a) (4) of this section no later than March 1, 1977, and the results of the investigation and study concerning section (a) (1) of this section no later than two years after the date of enactment of the Clean Air Act Amendments of 1966.

"(g) A report shall be submitted with regard to all other Commission studies and investigations, together with any appropriate recommendations, not later than three years after the date of enactment of this section.

"(h) The members of the Commission who are not officers or employees of the United States, while attending conferences or meetings of the Commission or while otherwise serving at the request of the Chairman shall be entitled to receive compensation at a rate not in excess of the maximum rate of pay for grade GS-18, as provided in the General Schedule under section 5332 of title V of the United States Code, including traveltime and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence as authorized by law (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

"(i) There is authorized to be appropriated, for use in carrying out this section, not to exceed $17,000,000.

"(j) In the conduct of the study, the Commission is authorized to contract with nongovernmental entities that are competent to perform research or investigations in areas within the Commission's mandate, and to hold public hearings, forums, and workshops to enable full public participation."

H.R. 14231

By Ms. ABZUG:

Page 27, lines 11 through 18, strike out all of section 108.

By Mr. DINGELL:

Page 36, line 23, strike out "$145,298,000" and insert in lieu thereof "$166,464,000".

By Mr. HECHLER of West Virginia:

On page 36, line 6, before the words "to remain available" insert the following: "and an additional $10,000,000, all".

By Mr. McCORMACK:

Page 34, line 23, strike out "$488,125,000" and insert in lieu thereof "$544,275,000".

Page 36, line 6, strike out "$57,220,000" and insert in lieu thereof "$68,570,000".

By Mr. TSONGAS:

Page 47, immediately after line 9, insert the following new section:

SEC. 304. Funds appropriated to the Lowell Historic Canal District Commission in the Department of the Interior and Related Agencies Appropriation Act, 1976, including funds appropriated for the period ending September 30, 1976 (P.L. 94-165; 89 Stat. 977), shall remain available until expended.

Renumber the subsequent sections accordingly.

FACTUAL DESCRIPTIONS OF BILLS AND RESOLUTIONS INTRODUCED

Prepared by the Congressional Research Service pursuant to clause 5(d) of House rule X. Previous listing appeared in the CONGRESSIONAL RECORD of June 23, 1976, page 20123:

HOUSE BILLS

H.R. 14101. June 1, 1976. Interstate and Foreign Commerce; Ways and Means. Amends the Social Security Act to prohibit nursing homes and skilled nursing facilities participating in the Medicare or Medicaid program from requiring patients to turn over their social security benefit checks after giving advance notice of their intent to leave such homes.

H.R. 14102. June 1, 1976. Interstate and Foreign Commerce. Amends the Health Revenue Sharing and Health Services Act and the Social Security Act to allow the Secretary of Health, Education, and Welfare to make grants and loans to fund home health services, annual health fairs, community care services, and mobile health facilties for the elderly. Expands the medical coverage of the Social Security Act to include preventive health care, diagnostic services, hearing aids, foot care, dental care, vision aids, and specified care and services for the elderly.

Amends the Public Health Service Act to require that $20,000,000 be obligated for grants and contracts for emergency medical services systems for the elderly.

H.R. 14103. June 1, 1976. Interstate and Foreign Commerce. Amends the Health Revenue Sharing and Health Services Act and the Social Security Act to allow the Secretary of Health, Education, and Welfare to make grants and loans to fund home health services, annual health fairs, community care services, and mobile health facilities for the elderly. Expands the medical coverage of the Social Security Act to include preventive health care, diagnostic services, hearing aids, foot care, dental care, vision aids, and specified care and services for the elderly.

Amends the Public Health Service Act to require that $20,000,000 be obligated for grants and contracts for emergency medical services systems for the elderly.

H.R. 14104. June 1, 1976. Ways and Means; Interstate and Foreign Commerce. Amends the Medicare program of the Social Security Act: (1) to remove all limits on the number of home health visits for which payment will be made under such programs; (2) to provide coverage for specified preventive health care services; (3) to extend coverage to outpatient rehabilitative services and services furnished in elderly day care centers; and (4) to extend the scope of professional standards review organizations to health care facilities in addition to hospitals and to health professionals in addition to physicians.

H.R. 14105. June 1, 1976. Ways and Means; Interstate and Foreign Commerce. Amends the Medicare program of the Social Security Act: (1) to remove all limits on the number of home health visits for which payment will be made under such program; (2) to provide coverage for specified preventive health care services; (3) to extend coverage to outpatient rehabilitative services and services furnished in elderly day care centers; and (4) to extend the scope of professional standards review organizations to health care facilities in addition to hospitals and to health professionals in addition to physicians.

H.R. 14106. June 1, 1976. Interstate and Foreign Commerce; Ways and Means. Establishes a Long-Term Care Services program under the Medicare program of the Social Security Act to provide home health, homemakers, nutrition, long-term institutional care, day care, foster home, and outpatient mental health services. Specifies that these services shall be delivered by community long-term care centers under the direction and control of a State long-term care agency.

H.R. 14107. June 1, 1976. Interstate and Foreign Commerce; Ways and Means. Establishes a Long-Term Care Services program under the Medicare program of the Social Security Act to provide home health, homemakers, nutrition, long-term institutional care, day care, foster home, and outpatient mental health services. Specifies that these services shall be delivered by community long-term care centers under the direction and control of a State long-term care agency.

H.R. 14108. June 1, 1976. Ways and Means. Amends the Social Security Act by including the services of optometrists under the Medicare supplementary medical insurance program.

H.R. 14109. June 1, 1976. Ways and Means. Amends the Tariff Schedules of the United States (1) to reorganize the classification of certain iron or steel pipes and tubes, and blanks therefor, and (2) to revise the customs duties imposed on such products.

H.R. 14110. June 1, 1976. Ways and Means. Amends the Tariff Schedules of the United States to repeal the duty imposed on (1) articles assembled abroad with components produced in the United States, and (2) certain metal articles manufactured in the United States and exported for further processing.

H.R. 14111. June 1, 1976. Education and Labor. Amends the Occupational Safety and Health Act to provide that persons employing fewer than 25 employees in connection with a farming operation, or persons entering into a contract or other arrangement for the furnishing and operation of any machinery used in connection with a farming operation shall not be considered employers for purposes of such Act.

H.R. 14112. June 1, 1976. Ways and Means. Amends the Internal Revenue Code to exempt until January 1, 1977, specified sales, exchanges, or other dispositions of property by a private foundation to a disqualified person from the 5 percent tax on self-dealing.

H.R. 14113. June 1, 1976. Interior and Insular Affairs. Permits any State or local government receiving payments based upon the amount of certain public lands within its jurisdiction to elect to receive in lieu of such payments an amount equal to 75 cents for each acre of land with respect to which such payments are presently being made.

H.R. 14114. June 1, 1976. Ways and Means. Amends the Second Liberty Bond Act to increase the temporary public debt limit.

H.R. 14115. June 1, 1976. Ways and Means. Amends the Internal Revenue Code to provide a single unified rate schedule for estate and gift taxes. Repeals the estate and gift tax exemptions. Substitutes for such exemptions a credit against estate and gift taxes. Provides an additional credit against the estate tax for certain farms and closely held businesses passing to a qualified heir. Increases the estate and gift tax marital deduction. Imposes a tax on the unrealized appreciation of property transferred by a decedent. Allows the executor of an estate which includes real farm property to value the property as a farm, rather than at its fair market value basis on its best use.

H.R. 14116. June 1, 1976. Ways and Means. Amends the Internal Revenue Code to provide a single unified rate schedule for estate and gift taxes. Repeals the estate and gift tax exemptions. Substitutes for such exemptions a credit against estate and gift taxes. Provides an additional credit against the estate tax for certain farms and closely held businesses passing to a qualified heir. Increases the estate and gift tax martial deduction. Imposes a tax on the unrealized appreciation of property transferred by a decedent. Allows the executor of an estate which includes real farm property to value the property as a farm, rather than at its fair market value basis on its best use.

H.R. 14117. June 1, 1976. Interstate and Foreign Commerce. Reaffirms the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce. Grants additional authority to the Federal Communications Commission to authorize mergers of carriers when deemed to be in the public interest. Reaffirms the authority of the States to regulate terminal and station equipment used for telephone exchange service. Requires the Federal Communications Commission to make specified findings in connection with Commission actions authorizing specialized carriers.

H.R. 14118. June 1, 1976. Public Works and Transportation. Amends the Federal Aviation Act of 1958 to require the Civil Aeronautics Board to insure that each community which was receiving scheduled interstate air transportation service on January 1, 1975, by an air carrier holding a certificate of public convenience and necessity, shall receive essential air transportation service until January 1, 1986, in accordance with specified requirements.

H.R. 14119. June 1, 1976. Ways and Means. Amends the Old-Age, Survivors, and Disability Insurance program of the Social Security Act: (1) to permit married couples filing joint tax returns to share their income for OASDI purposes as well; (2) to allow certain recipients of spouses' or survivors' benefits to include such benefits as income in determining their average monthly wage; (3) to lower the age of eligibility for such benefits to 50; (4) to eliminate the special dependency requirements for husband's and widower's benefits; and (5) to authorize children entitled to more than one child's insurance benefit to receive the total amount available.

H.R. 14120. June 1, 1976. Ways and Means. Authorizes any amount received from appropriated funds as a scholarship by a member of a uniformed service who is receiving training under the Armed Forces Health Professions Scholarship Program from an educational institution to be continued to be treated as a scholarship, excludable from gross income under the Internal Revenue Code.

H.R. 14121. June 1, 1976. Interstate and Foreign Commerce; Judiciary; Banking, Currency and Housing; Ways and Means. Amends the Comprehensive Drug Abuse Prevention and Control Act of 1970 to impose minimum penalties for specific opiate-related offenses. Amends the Federal Rules of Criminal Procedure to require a hearing to determine whether a term of imprisonment and parole eligibility is mandatory for an opiate-related offense.

Establishes considerations for judicial officers setting conditions for release of any person charged with an opiate-related offense. Makes proceeds of such offenses subject to forfeiture to the United States.

Requires persons exporting or importing monetary instruments in amounts exceeding $5,000 to file a report of such transport.

H.R. 14122. June 1, 1976. Ways and Means. Amends the Internal Revenue Code to allow a tax deduction in an amount not to exceed $1,000 for amounts paid by the taxpayer to an eligible educational institution for tuition for the attendance of the taxpayer or any eligible dependent.

H.R. 14123. June 1, 1976. Banking, Currency and Housing. Directs the Administrator of the Energy Research and Development Administration to assist communities in developing solar energy community utility programs. Establishes a revolving fund for continued financing of such program.

H.R. 14124. June 1, 1976. Judiciary. Replaces Federal criminal statutory provisions penalizing "rape" and "carnal knowledge of females under 16" with provisions penalizing "sexual assault." Designates guilty of sexual assault any person who knowingly engages in sexual contact or penetration of another person without such person's consent.

H.R. 14125. June 1, 1976. Interstate and Foreign Commerce. Amends the Regional Rail Reorganization Act to require the Consolidated Rail Corporation to maintain and preserve for the period of 1 year after conveyance all rail properties designated in the final system plan for conveyance to a profitable railroad and subsequently conveyed to the Corporation.

Authorizes States to purchase such rail properties during such period.

Authorizes an acquiring railroad to enter into a purchase agreement for rail properties in the absence of an employment offer to the employees of the selling railroad.

H.R. 14126. June 1, 1976. Judiciary. Amends the Bankruptcy Act to permit political subdivisions which are creditors of a railroad to seize real estate of the railroad under specified conditions.

H.R. 14127. June 1, 1976. Judiciary. Grants, under the Immigration and Nationality Act, to Chilean nationals, their parents, spouses, and children, status as permanent residents of the United States if such Chileans are being persecuted or are attempting to avoid persecution in Chile on account of their political opinions.

H.R. 14128. June 1, 1976. Ways and Means. Amends the Internal Revenue Code to establish graduated corporate income tax rates. Increases the estate tax exemption and establishes a new rate schedule for the estate tax. Increases the gift tax exclusion and exemption and establishes a new gift tax rate. Provides special treatment for the sale of stock in a closely held corporation when sold to pay estate taxes. Redefines a subchapter S corporation. Allows tax credits for the hiring of new employees. Redefines section 1244 stock (small business stock, losses on which are treated as ordinary losses).

H.R. 14129. June 1, 1976. Education and Labor. Establishes the George Washington Peace Academy to instruct and train selected individuals in the peaceful resolution of conflicts and international development and cooperation. Authorizes stipends for Academy students.

H.R. 14130. June 1, 1976. Banking, Currency and Housing. Amends the Federal Reserve Act to require that paper money printed after January 1, 1977, be in such form to enable blind persons to clearly identify the denomination of such note.

H.R. 14131. June 2, 1976. Ways and Means. Amends the Old-Age, Survivors, and Disability Insurance program of the Social Security Act: (1) to eliminate the special dependency requirements for entitlement to husband's and widower's insurance benefits; (2) to provide benefits for certain divorced husbands and former husbands; (3) to provide benefits to husbands who have minor children in their care; and (4) to provide benefits for widowed fathers with minor children on the same basis as benefits for wives, widows, and mothers.

H.R. 14132. June 2, 1976. Ways and Means. Amends the Old-Age, Survivors, and Disability Insurance program of the Social Security Act to provide for the payment of full wife's, husband's, widow's, and widower's insurance benefits without regard to age in cases of disability.

Entitles individuals who qualify for such benefits by reason of disability to hospital in surance benefits under the Medicare program.

H.R. 14133. June 2, 1976. Government Operations Rules. Requires the President to report to the Congress yearly to make suggestions for the reform of independent regulatory bodies in order to decrease their inflationary effects and to increase competition.

H.R. 14134. June 2, 1976. Banking, Currency and Housing. Amends the National Housing Act to authorize the Government National Mortgage Association to make monthly housing investment interest differential payments to lenders in order to stimulate housing purchases.

H.R. 14135. June 2, 1976. Ways and Means. Amends the Internal Revenue Code to require the annual Publication of Statistics of Income on Individual Income Tax Returns to set forth certain information with regard to income tax returns which show an economic income in excess of $200,000.

H.R. 14136. June 2, 1976. Ways and Means. Authorizes any amount received from appropriated funds as a scholarship by a member of a uniformed service who is receiving training under the Armed Forces Health Professions Scholarship Program from an educational institution to be treated as a scholarship, excludable from gross income under the Internal Revenue Code.

H.R. 14137. June 2, 1976. Banking, Currency and Housing. Creates the National Consumer Cooperative Bank, the Self-Help Development Fund, and the Cooperative Bank and Assistance Administration to assist the formation and growth of consumer and other types of self-help cooperatives.

H.R. 14138. June 2, 1976. Ways and Means. Amends the Social Security Act to authorize payment under the Medicare program for specified services performed by chiropractors, including x-rays, and physical examination, and related routine laboratory tests.

H.R. 14139. June 2, 1976. Interstate and Foreign Commerce. Sets forth labeling requirements for gold items sold in the United States by requiring that the fineness of such items be within specified tolerances of the fineness indicated by the label.

H.R. 14140. June 2, 1976. Ways and Means. Amends the Tariff Schedules of the United States to suspend until the close of June 30, 1979, the duty on concentrate of poppy straw used in producing codeine or morphine.

H.R. 14141. June 2, 1976. Judiciary; Standards of Official Conduct. Creates a Federal Lobbying Disclosure Commission. Requires lobbyists to (1) register with the Commission; (2) make and retain certain records; and (3) file reports with the Commission regarding their activities.

Repeals the Federal Regulation of Lobbying Act.

H.R. 14142. June 2, 1976. Judiciary. Incorporates the Gold Star Wives of America.

H.R. 14143. June 2, 1976. Veterans' Affairs. Extends the delimiting period in the case of any eligible veteran who is pursuing, during his or her 10th year of eligibility, a program of education.

H.R. 14144. June 2, 1976. Veterans' Affairs. Extends the delimiting period in the case of any eligible veteran who is pursuing, during his or her 10th year of eligibility, a program of education.

H.R. 14145. June 2, 1976. Veterans' Affairs. Extends the delimiting period in the case of any eligible veteran who is pursuing, during his or her 10th year of eligibility, a program of education.

H.R. 14146. June 2, 1976. Judiciary. Requires a hearing at which an individual may be represented by counsel before such individual's refusal to testify when appearing in a grand jury proceeding may result in a finding of contempt. Limits imprisonment for such contempt to a period of 6 months (formerly 18 months).

Prohibits fining or imprisoning a witness for a refusal to testify in a grand jury proceeding if such witness has been fined or imprisoned for a previous refusal to testify on the same transaction or events.

H.R. 14147. June 2, 1976. Ways and Means. Amends the Medicare program of the Social Security Act to authorize payment under the supplementary medical insurance program for specified diagnostic tests and physical examinations given for the detection of breast cancer.

H.R. 14148. June 2, 1976. Ways and Means.

Amends the Internal Revenue Code and the Medicare program of the Social Security Act: (1) to repeal the hospital insurance tax on wages and self-employment income; (2) to increase the rate of the Old-Age, Survivors, and Disability Insurance tax; and (3) to provide that the Hospital Insurance Trust Fund, from which the Medicare program is financed, be funded from general revenues, and not from the hospital insurance tax.

H.R. 14149. June 2, 1976. Ways and Means. Amends the Old-Age, Survivors, and Disability Insurance program of the Social Security Act to entitle widows and widowers who are under a disability to receive unreduced widow's and widower's benefits without regard to age.

H.R. 14150. June 2, 1976. Judiciary. Declares that the claim of a certain individual against the United States, arising from certain injuries, shall be considered a timely claim.

H.R. 14151. June 2, 1976. Judiciary. Declares that certain individuals shall be deemed to have a specified priority date on the fifth preference foreign state limitation for Korea, for purposes of the Immigration and Nationality Act.

H.R. 14152. June 3, 1976. Judiciary. Permits the transportation, mailing, and broadcasting of advertising, information, and materials concerning lotteries conducted by a nonprofit organization and authorized by State law.

H.R. 14153. June 3, 1976. Interstate and Foreign Commerce. Amends the Railroad Retirement Act of 1974 to provide that amounts of excess earnings which result in a reduction of monthly Social Security benefits for a surviving spouse of a railroad employee shall not be used in making deductions from such survivor's benefits under the railroad retirement system.

H.R. 14154. June 3, 1976. Judiciary. Grants under the Immigration and Nationality Act, an immigrant visa to any alien who is a resident of the Friuli region of Italy and whose residence or place of business was destroyed in the earthquake that occurred on May 6, 1976. Grants an immigrant visa to an alien spouse, child, or parent of such Italian national if such relative is not in the United States and resides with such Italian national.

H.R. 14155. June 3, 1976. Interstate and Foreign Commerce. Directs the Secretary of Health, Education, and Welfare to establish a National Diabetes Advisory Board to insure the implementation of a long range plan to combat diabetes. Authorizes the Secretary to make grants to scientists who have shown productivity in diabetes research for the purpose of continuing such research. Authorizes, under the Public Health Service Act, the appropriation of specified sums for the purpose of making grants to centers for research and training in diabetic related disorders.

H.R. 14156. June 3, 1976. Ways and Means. Amends the Internal Revenue Code to make it unlawful to sell reprints of Federal tax publications unless such documents are identified as copies and display the price for which they may be purchased from the Federal Government.

H.R. 14157. June 3, 1976. Ways and Means. Amends the Internal Revenue Code to allow a tax deduction in an amount not to exceed $1,000 for amounts paid by the taxpayer to an eligible educational institution for tuition for the attendance of the taxpayer or any eligible dependent.

H.R. 14158. June 3, 1976. Interstate and Foreign Commerce. Reaffirms the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce. Grants additional authority to the Federal Communications Commission to authorize mergers of carriers when deemed to be in the public interest. Reaffirms the authority of the States to regulate terminal and station equipment used for telephone exchange service. Requires the Federal Communications Commission to make specified findings in connection with Commission actions authorizing specialized carriers.

H.R. 14159. June 3, 1976. Judiciary. Imposes additional reporting requirements on persons transporting cigarettes into States which tax their sale or use. Prohibits the transportation of more than 4,000 cigarettes into a State in violation of State law imposing a tax on the sale or use of cigarettes.

H.R. 14160. June 3, 1976. Judiciary. Amends the Bankruptcy Act to include among debts which have priority specified debts to consumers of deposits of money made in connection with the purchase of goods or services for personal or household uses not delivered on the date of bankruptcy.

H.R. 14161. June 3, 1976. Government Operations. Requires, under the Office of Federal Procurement Policy Act, that Federal agencies pay interest at an annual rate of at least 12 percent on any payment which is overdue by more than two weeks on a contract with a small business concern.

H.R. 14162. June 3, 1976. Education and Labor. Establishes a National Commission on Alternatives to Busing to study various means of achieving desegregation and assuring equal educational opportunity in elementary and secondary school systems. Requires the Commission to convene a National Conference on Alternatives to Busing to solicit and receive the opinions and recommendations of interested persons concerning such means.

H.R. 14163. June 3, 1976. Ways and Means. Amends the Internal Revenue Code to permit an individual to deduct amounts paid by that individual for retirement savings for the benefit of his spouse.

H.R. 14164. June 3, 1976. Merchant Marine and Fisheries; Interior and Insular Affairs. Revises the boundaries of Sequoia National Park, California, to include Mineral King Valley.

H.R. 14165. June 3, 1976. Ways and Means. Amends the Internal Revenue Code of 1954 and the Old-Age, Survivors, and Disability Insurance program of the Social Security Act to authorize individuals who are enrolled in private retirement, disability, and hospital insurance programs, to voluntarily exempt themselves from Federal Insurance Contributions Act taxes and from the Old-Age, Survivors, and Disability Insurance and Medicare programs.

States that any election of such exemption shall be irrevocable.

H.R. 14166. June 3, 1976. Armed Services. Repeals the provision of the Strategic and Critical Materials Stock Piling Act which forbids the President from prohibiting or regulating the importation into the United States of strategic or critical materials from non-Communist countries.

H.R. 14167. June 3, 1976. International Relations. Amends the United Nations Participation Act of 1945 to make the provision of the Strategic and Critical Materials Stock Piling Act which forbids the President from prohibiting or regulating the importation into the United States of strategic or critical materials from non-Communist countries, inapplicable to prohibitions and regulations established under the authority of the United Nations Participation Act, which permit the President to regulate economic relations or other communications with any foreign country at the request of the Security Council of the United Nations.

H.R. 14168. June 3, 1976. Ways and Means. Amends the Medicare and Medicaid programs of the Social Security Act to include rural health facilities of 50 beds or less within the definition of the term "hospital."

H.R. 14169. June 3, 1976. Ways and Means. Amends the Medicare and Medicaid programs of the Social Security Act to include rural health facilities of 50 beds or less within the definition of the term "hospital."

H.R. 14170. June 3, 1976. Veterans' Affairs. Extends the delimiting period in the case of any eligible veteran who is pursuing, during his or her tenth year of eligibility, a program of education.

H.R. 14171. June 3, 1976. Ways and Means. Permits the President to restrict the importation of protected articles of archeological or ethnological interest pursuant to the Convention on the Means of Prohibiting and Preventing the Illicit Import, Export, and Transfer of Ownership of Cultural Property.

Directs the Secretary of the Treasury to promulgate regulations regarding the importation of protected objects.

Requires that such protected objects be accompanied by certification of the country of origin. Prohibits the importation of articles stolen from museums or similar institutions. Sets forth procedures for treatment, seizure, forfeiture, return, and disposal of such articles.

H.R. 14172. June 3, 1976. Interstate and Foreign Commerce. Reaffirms the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce. Grants additional authority to the Federal Communications Commission to authorize mergers of carriers when deemed to be in the public interest. Reaffirms the authority of the States to regulate terminal and station equipment used for telephone exchange service. Requires the Federal Communications Commission to make specified findings in connection with Commission actions authorizing specialized carriers.

H.R. 14173. June 3, 1976. Ways and Means; Interstate and Foreign Commerce. Amends the Professional Standards Review program of the Social Security Act to assure the participation by registered professional nurses in the peer review and related activities authorized under such program.

H.R. 14174. June 3, 1976. Interstate and Foreign Commerce. Requires the President, under the Interstate Commerce Act, to designate two of the Commissioners of the Interstate Commerce Commission to serve as Chairman and Vice Chairman of the Commission for two-year terms beginning January 1, 1977. Stipulates that every two years thereafter the members of the Commission shall elect a Chairman and Vice Chairman from among its members.

H.R. 14175. June 3, 1976. Ways and Means. Amends the Internal Revenue Code to establish graduated corporate income tax rates. Increases the gift tax exclusion and exemption and establishes a new gift tax rate. Provides special treatment for the sale of stock in a closely held corporation when sold to pay estate taxes. Redefines a subchapter S corporation. Redefines section 1244 stock (small business stock, losses on which are treated as ordinary losses).

EXTENSIONS OF REMARKS

THE IMPACT OF FULL EMPLOYMENT ON WOMEN

Hon. Yvonne Brathwaite Burke

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mrs. BURKE of California. Mr. Speaker, a letter by Dr. Carolyn Shaw Bell, professor of economics at Wellesley College, was inserted in the CONGRESSIONAL RECORD recently. This letter contains criticisms of the treatment of women in H.R. 50, the Full Employment and Balanced Growth Act of 1976.

A compelling response to these concerns was written by Mrs. Mary Dublin Keyserling, formerly Director of the Women's Bureau of the Department of Labor, in a letter to be sent to various women's groups on June 7, 1976. Mrs. Keyserling, who addressed the most recent meeting of the American Economic Association on the subject of the economic problems of women, is a recognized leader in matters relating to the economic and social problems of women. I commend Mrs. Keyserling's letter to my colleagues for its clear explanation of the importance of the Full Employment Act for women.

The letter follows:

JUNE 7, 1976.

Dr. CAROLYN SHAW BELL,
Katherine Coman Professor of Economics, Wellesley College, Wellesley, Mass.

DEAR CAROLYN: I write you this letter as one who for more than 40 years has been involved and concerned with economic and social legislation which has proved to be of great benefit to women and to our people at large. As a former Director of the Women's Bureau of the U.S. Department of Labor and in many other capacities I have worked actively for programs and policies which have brought tremendous benefits to women with respect to employment opportunities, wages, training and education, and other needed services. In all these years I have never encountered any single approach which would do more to advance the economic status of women than the Humphrey-Hawkins Bill—S. 50–H.R. 50—the Full Employment and Balanced Growth Act of 1976.

For this reason I was deeply distressed to receive your letter of May 26, 1976, and your attached statement, "Full Employment—For Women?" in which you express the view that the Bill "in its present state offers little promise of improved employment for women."

I have forwarded your letter and the statement attached to the Executive of the Steering Committee for the Conference on "Women and Full Employment," in order that the Committee, as a group, may decide what action, if any, it may wish to take.

I would, however, like to outline some of the reasons why I disagree with you when you say "it is a mistake to support S. 50 . . . in the belief that it will necessarily improve the status of women," and why I believe the Bill would do more to open up job opportunities for women, improve their employment status, and reduce sex discrimination in employment than any legislation ever previously enacted. This is not to say it should not be improved. There are some sections which could be considerably strengthened. I am hopeful they will be and am working toward that end. But I must add that the Bill deserves the strong and active support of women and their organizations whether or not these improvements are accepted by the Congress.

Let me outline some of the major reasons why the Bill should be strongly supported.

The high economic growth policies the Bill mandates, and its specific mandates regarding the reduction of unemployment, would reduce the overall rate of employment to 3 percent by the end of 1980 (assuming enactment by the end of 1976). This would mean a sharp reduction in unemployment among women, and at a much faster rate than among men.

If, by the end of 1980, unemployment is to be reduced to 3 percent, 10 to 12 million additional jobs will have had to be created to absorb those presently unemployed as well as the newcomers into the labor force. That a very high portion of these jobs should be available to women is indicated by the fact that women represented 62 percent of the growth in the labor force between 1947 and 1975. During this period, the number of women in the labor force grew 126 percent, in contrast with a 30 percent growth in the number of men. In addition, the unemployment rate is now very much higher among women than among men. For these reasons, women represent a very large portion of the potential workers on whom a growing economy can draw.

The above facts merely show the availability of women for jobs. The Bill would translate the availability into employment. We have had several periods of high economic growth in recent years which clearly indicate that, during such periods, not only does unemployment fall sharply for both men and women; in addition, the rate of employment increase has been far more rapid for women, and so has the rate of decrease in unemployment.

In 1943–1945, the real annual growth in G.N.P. averaged 5.9 percent. Unemployment in the overall averaged 1.7 percent, and among women 2.2 percent—both exceedingly low rates. Again in the years 1951–1953, real G.N.P. increased at the average annual rate of 5.2 percent, and the overall unemployment rate averaged 3.1 percent, with a 3.8 percent rate among women. This provides no basis for your assumption that the extreme percentage gap between women's and the overall unemployment rate when unemployment is high remains when the overall rate is low.

It is true that in these two periods unemployment, although low for both groups, was higher among women than men. I believe S. 50–H.R. 50 would go far toward reducing this differential. In these two earlier periods we did not have Title VII of the Civil Rights Act nor Executive Orders prohibiting discrimination in employment on the basis of sex. We do now, and these laws and orders can and should be far more rigorously enforced. Also Section 401(a) of S. 50–H.R. 50 calls very clearly, I would emphasize, for nondiscriminatory employment policies. It reads: "No person in the United States shall on the grounds of sex, age, race, color, religion, or national origin be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this Act, including membership in any structure created by this Act."

I should say, in this regard, however, that I believe Section 401 should be strengthened to mandate rather than merely authorize the Secretary to take enforcement action and to set time limits for such action.

You state that Section 206(e) of the Bill would militate against the employment of women, asserting that this Section "sets up a job rationing scheme under which the Secretary of Labor is given authority to regulate access to jobs, giving priority to some and denying access to other people in terms of their need. And 'need' is defined by the number of employed persons in the family, the number of dependents each employed person supports, the total family income, and so on. Such language changes the 'right' to a job into a privilege, subject to ruling by the Secretary of Labor."

This contention as to "privilege" is, I believe, unfounded.

First, the great majority of the jobs which the Bill would bring into being would be in the private sector, to which Section 206(e) would not apply. The Secretary of Labor would have no "rationing" authority whatsoever in this area. Section 206(e) applies solely to jobs in the reservoirs of public employment projects which would be established for last resort jobs to the extent that all other employment expansion provisions in the Bill fall short of achieving the goal. It is likely that these reservoir jobs would represent between 1 and 2 percent of total employment during the period 1977–1980.

Suppose 1 million to 2 million additional public service jobs were to be created. They could not be created instantaneously. Some short range priority criteria would be needed to assure that those most urgently in need of employment would get these jobs first, even though all must be placed in due course.

You are wrong in saying that the Bill defines need in accordance with the number of employed persons in the family. This criterior was regarded as potentially discriminatory, and was eliminated in the Bill as reported by the House Committee. With respect to the remaining criteria, I believe some specific changes should be made and am working toward that objective.

If, as you suggest, the proportion of women receiving public service work were out of line with the ratio of unemployed women to unemployed men, the Department could be charged with discrimination under Section 401(a).

I am no more satisfied than are you with previous experience with public service programs with respect to women, especially in recent years. (In the 1960's the ratio of women trainees and placements was far more equitable than subsequently.) But I believe we can do far more in the future, under the Bill's provisions, than in the past, to assure full equity.

I am surprised that your statement with respect to the Bill neglects many other ways in which it would be highly beneficial to women. For women are not only women, they are also people. They would be benefited by employment not only for themselves but for their unemployed husbands and unemployed secondary members of their families. The large number of women who are heads of families would especially benefit from the much larger opportunities for their employment. Women would be benefited by the much higher gains in real wages, for any members of their families employed, including themselves, which result in a full employment economy as distinguished from a highly unemployed one.

Women would also benefit from the goods and services resulting from the specified priority programs in the Bill, such as energy development, environmental improvement, enlarged food supply, mass transportation, education and day care, health services and housing.

And I would point out that if the Bill is enacted before the end of this year and its economic growth purposes fulfilled, higher levels of production, employment and earnings would result in as much as a $150 billion increase in federal revenues, at present tax rates, over what would be received were current economic policies continued. This revenue increase would make possible immense social gains of particular concern to women including financing an income maintenance program, health insurance and other urgently needed services.

Women would benefit from the liberalization of credit, its allocation in accord with priority needs, and the large reduction in interest rates on all borrowed money, which would result through the altered monetary policies under the Bill.

Women would also benefit, even more than others, from the rapid reduction of poverty and deprivation which occurs during a movement toward and then enjoyment of a fully used economy, since poverty is especially high among families headed by women and among unattached women.

Nothing could do greater injury to women than efforts to obstruct the Bill's passage with unsubstantiated general attacks. I would urge you to come forward with specific language for changes in the interest of women, and men, of course, too, rather than damn the measure in its entirety. During the next few weeks, the Bill will be subject to amendment. I believe that suggestions, to the extent the facts may indicate them to be warranted, will receive every consideration. Constructive criticisms being offered, such as the very thoughtful ones offered by NOW in its testimony on May 19 before the Senate Committee on Labor and Public Welfare, and by other women's groups, will, I am confident lead to important improvements in the Bill.

I greatly hope you will work with the many women who appreciate the vast potential gains the Bill would make possible, help to improve it and to further its early passage.

Sincerely,

MARY DUBLIN KEYSERLING.

THE PROPER LIMITS OF OPENNESS IN GOVERNMENT

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1976

Mr. HORTON. Mr. Speaker, the public's faith in the integrity of Government rests on public understanding of the reasons for governmental decisions. However, the public interest is not necessarily served by complete and unfettered disclosure of all Government decision-making processes.

Chairman Burns of the Board of Governors of the Federal Reserve System addressed this issue before the 1976 International Monetary Conference in San Francisco this past Saturday. I am pleased to bring to the attention of my colleagues the distinguished chairman's address on that occasion and urge careful study of his arguments in anticipation of our consideration of the "Government in the Sunshine" legislation soon to be scheduled for floor action.

Pertinent excerpts of his address follow:

THE PROPER LIMITS OF OPENNESS IN GOVERNMENT

(By Arthur F. Burns)

During the past decade we have witnessed profound changes in the attitudes of Congress, the courts, and the public generally toward "secrecy" in government. Since the passage of the Freedom of Information Act in 1966, the public has had broad access to government documents, and almost daily one reads of new legislative proposals or judicial decisions that would require agencies of government to make public some aspects of their business that previously had been kept confidential. The balance between the needs of government to carry on certain aspects of its business in confidentiality and the right of the public to know what is going on in government is nowadays more frequently being struck on the side of disclosure. At a time when anti-establishment feeling is running high, there seems to be little inclination to consider what limits the national interest should impose upon openness in government.

The acceleration of the trend toward greater disclosure is unquestionably part of our Nation's reaction to Vietnam and Watergate. By 1972, a large section of the American public, including many members of the Congress, already felt that information vital to understanding the Vietnam war and its proper financing had been withheld or distorted by the Executive branch. The shocking revelations that soon followed of the Watergate crimes and other excesses at the highest level of government diminished still more the credibility of government. The very fact that serious misconduct by high government officials had been so recently concealed under spurious claims of national interest has naturally resulted in widespread public skepticism about the need for confidentiality in any phase of government business.

It has now become a popular saying among articulate advocates of disclosure that the government's business is the people's business, and that the people's business should be carried on in public. But this is a slogan, not a reasoned argument. Moreover, it is a dangerous slogan, because it obscures the practical need to conduct some of the work of government in private. The efforts to dispel mistrust in government by exposing more of the process to contemporaneous public view are undoubtedly well-meaning, but they run a serious risk of impairing the ability of government to carry out certain of its necessary activities effectively.

The trend toward increased openness in government should be of special significance to the banking industry. Historically, banking and bank supervision have been subject to a high degree of confidentiality. The process of bank examination, in particular, has been surrounded with elaborate safeguards intended both to protect the privacy of bank customers and to preserve public confidence in individual banks and the banking system as a whole. Yet during the past ten years a number of laws have been enacted—and a mass of regulations promulgated under Congressional mandates—requiring banks to make greater disclosure to their customers and security holders, and in recent months there have been several significant attempts in Congress to breach the confidentiality of the supervisory process. These events mark a serious departure from tradition with respect to banking matters, and both bank regulators and bankers must come to terms with these changing attitudes.

At the Federal Reserve we have been deeply concerned about two disclosure issues that have confronted us recently. One of these involves the disclosure of examination reports in connection with a Congressionally ordered study of the bank supervisory process. The other involves disclosure of certain aspects of our decision-making process—in particular, the application to the Federal Reserve of one or another of the "Government in the Sunshine" bills that may soon become law.

I would like to discuss each of these issues in some detail, because I believe that the positions we have taken indicate areas in which the public interest requires some limits on openness in government.

I would now like to turn to the question of disclosure of the Federal Reserve's internal decision-making process. This question has received considerable public attention recently because of a decision by a Federal district judge in Washington ordering the Federal Open Market Committee to make available to the public, immediately after each meeting of the FOMC, the guidelines agreed upon at that meeting for market operations by our New York bank during the succeeding month. In addition, the Court ordered that segregable factual portions of the minutes of two FOMC meetings be made promptly available to the plaintiff in that judicial proceeding.

We have appealed certain aspects of the Court's order, and I am therefore limited in the extent to which I may comment upon the case. But I can say that even if the district court's interpretation of the Freedom of Information Act is upheld, I believe the public interest would not be served by immediate disclosure of FOMC strategy. Our open market activities are watched closely by some of the sophisticated money market specialists. Based upon their observations they make judgments about the current direction of monetary policy, and they shape their strategies in the securities market on the basis of these judgments. While their guesses are often astute, there is sufficient uncertainty to cause them to temper their aggressiveness.

If FOMC plans were disclosed immediately, however, market professionals would know at once the key determinants of our open market operations over the next four or five weeks. Sophisticated and experienced market participants, equipped with financial resources to act quickly, would be far better situated to interpret and trade on this information than members of the general public. Needless to say, the Federal Reserve has not the slightest interest in assuring profits for speculators in stocks or bonds—the ones who would inevitably be the chief beneficiaries of immediate disclosure. And there is still another difficulty with premature publicity. Not only would the large speculators gain trading advantages, but—being armed with these new insights—they would be apt to engage in more aggressive market behavior. As the response of market rates to Federal Reserve actions was accentuated by such behavior, the result could well be greater short-run volatility in interest rates. Exaggerated shifts in market expectations and interest rates caused by premature disclosure of FOMC strategy may in turn require adjustments of policy simply to maintain orderly conditions in financial markets. Our ability to control bank reserves and to make effective use of open market operations might therefore be weakened.

While the case just discussed raises questions about the timing of the release of FOMC market strategy, I am even more deeply concerned about the prospect that Board deliberations prior to decision may be opened to public scrutiny. One of the principal legacies of Watergate is a deep public cynicism about the process of government decision-making. Many people seem willing to assume that confidentiality in the decision-making process promotes improperly motivated or even corrupt decisions. The response to that attitude has been a drive to force government agencies to conduct their deliberations in public sessions. This movement has rallied under the banner of "Government in the Sunshine."

There are several versions of "Sunshine" bills presently pending in Congress, and I am continually amazed at how little public attention these bills have received. The basic structure of these bills is similar: they would require multi-member Federal agencies to conduct their deliberations concerning agency business in an open forum, accessible to the public. While the bills all recognize certain exemptions from open meetings, they require that if a meeting is to be closed pursuant to an exemption, notice must be given of the subject matter of the meeting and a verbatim transcript must be made and retained. Following each closed meeting, the agency would be required to release to the public those portions of the transcript not covered by an exemption. Any member of the public could bring a court challenge to the validity of the agency's action in closing a meeting, and the court could order the entire transcript to be disclosed. This provision alone offers frightening potential for innumerable lawsuits, each of which would require individual defense.

The obstructionist dangers in this legislation do not stop there: they extend to the greater part of the substantive business of the Federal Reserve. Our deliberations on monetary policy issues involve highly sensitive questions of great national concern. The close scrutiny that is given our statements and actions in this area is itself an indication of the sensitivity of the matters with which we deal. We are keenly aware that financial markets may react dramatically, based solely upon nuances or shades of meaning in our decisions; and our public statements are drafted with great care because of this.

Similar observations apply to our bank supervisory and regulatory functions. We very often have before us detailed information about the financial and managerial condition of bank holding companies or about individual banks and their customers. Sometimes we must deal with crisis situations that may call for emergency action. It is unthinkable to me that the national interest would be served by discussion of these issues in public. Indeed, the Congress has thus far concurred in this judgment by delineating various exemptions from the requirement for open meetings. But it is no answer that certain meetings may be closed, for as long as we must keep a verbatim transcript of such meetings the threat exists that the substance of these meetings may be made public.

The underlying premise of the "Sunshine" legislation is that if the public is permitted to observe the decision-making process in action, the integrity of decision-making will be assured and public confidence in government will be enhanced. This, however, is a vastly oversimplified view of the manner in which the government works, and I believe it is a simplistic view of the way in which government should work. The advocates of this view ignore the fact that debate conducted on a stage is different in tone and quality from debate conducted in private. The simple fact is—and I think that even the supporters of "Sunshine" legislation ought to concede this—that debate carried on before a public audience tends to take on some characteristics of the theater, rather than serve as a search for truth and wisdom, and that the debaters themselves tend to become performers pronouncing predetermined positions, rather than participants in a deliberative process seeking to develop their own ideas and persuade their colleagues.

The advocates of "Sunshine" also overlook the fact that many actions of the Federal Reserve are quasi-judicial in nature. At almost every meeting we are called upon to adjudicate the rights of private parties seeking to engage in certain new activities or to extend the scope of their existing authority. In such matters we conduct ourselves much as judges would. It is a firm rule, for example, that Board members will not discuss the merits of an application with interested parties prior to Board action on the application. Historically, the deliberations of appellate courts on cases coming before them have not been conducted in open session. I see no convincing rationale for treating our adjudicatory deliberations differently. Of course, once decisions on applications before us have been reached, they are promptly announced and reasons for approval or denial are set forth.

There is a serious danger, I believe, that a "Sunshine" law may have the unintended effect of diminishing the quality of decision-making in an agency such as the Federal Reserve Board. The Board has a long tradition of free discussion. We have important decisions to make, and we have been extremely fortunate to have Board members and staff of high intellectual competence. Our deliberations are characterized by deep respect for one another's opinions, and by an atmosphere that welcomes completely free expression by both Board members and staff. A fundamental precondition to the free exchange of ideas is an atmosphere in which new or unpopular ideas—or even wrong ideas—can be put forth for discussion without fear of embarrassment or recrimination.

As we attempt to decide difficult issues, many things are said in our Board meetings that might well not be said if we were in public session or if each word spoken were subject to later public disclosure. This is not to say that "evil" views are being expressed; it simply means that the goal of fully informed decision-making can only be achieved if the participants are free to bring to light all considerations that may bear upon their actions. Were we forced to conduct our deliberations under circumstances where highly sensitive matters could not be discussed in private, the quality of our decision-making would unquestionably deteriorate and the public interest would ultimately be disserved.

Although the Board has at times been accused of being overly secretive in performing its responsibilities, I believe that charge is not based upon fact. We make far more information available to the public about our activities than any other central bank. Very few of the world's central banks regularly inform their national legislature of their plans for the future course of monetary policy, and none does this as often as the Federal Reserve. Not only do we appear frequently before committees of Congress—Board members have testified 25 times already during 1976—but we deal constantly with inquiries from Congress and the public about the substance of our work. In our responses we strive to be as forthcoming and helpful as we can. In the bank regulatory area, unlike many other agencies, we have for many years published written decisions explaining our actions in application proceedings, such as those involving bank holding company and merger actions.

I believe we must face the problem presented by the "Sunshine" legislation realistically. Certain of the "Sunshine bills and associated Congressional reports define the term "meeting" so broadly that a bare quorum of the Board—four members—literally could not converse informally about any aspect of the Board's business without being required first to issue notice to the public and thereafter to conduct a public discussion or hold a closed discussion with the tape recorder running. In certain instances, these requirements would apply even to discussions between only two Board members.

In conclusion, I fail to see how the national interest would be served by circumscribing actions of the Board in an endless array of recording requirements. In such circumstances we could not be expected to maintain the quality of thorough analysis and thoughtful care that has marked our work over the years. If the Board were exempted from the verbatim transcript requirement, our difficulties with the "Sunshine" legislation would be substantially reduced. However, if any of the "Sunshine" bills as now written becomes law, an agency such as ours would be in an almost impossible position. On the one hand, we could operate under the law as enacted with the virtual certainty that some of the destructive consequences I have indicated—and I have not even mentioned international complications—will occur. On the other hand, we could go through the motions of adhering to the law's requirements but, as a practical matter, resort to "underground" procedures that would effectively circumvent the law. That would be a cruel dilemma, but I would have no hesitation about the choice. I must and do reject circumvention as a suitable course for the Federal Reserve. We will have no part in any such dubious exercises.

In sharing with you my views on some of the disclosure issues that have come before the Board recently, it has been my purpose to question the premise that disclosure is a desirable end in and of itself. I particularly question the premise that disclosure is the cure for bad government. To be sure, it is more difficult for corruption and malfeasance to occur when the public has easier access to the inner workings of government. But there are legitimate and important reasons for permitting certain processes of government to operate in reasonable confidentiality. In striving to renew the public's trust in government, we should recognize that such trust ultimately will depend not upon the public's observation of the process of government decision-making, but upon their perception that their government is comprised of men and women of intelligence and integrity making reasonable decisions in the public interest.

TWO HUNDRED YEARS AGO TODAY

HON. CHARLES E. WIGGINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. WIGGINS. Mr. Speaker, 200 years ago today, on June 24, 1776, on the basis of a report from its Committee on Spies, the Continental Congress adopted a resolution stipulating who owed allegiance to the colonies and what type of activity constituted treason. Under the resolution, "all persons abiding within any of the United Colonies, and deriving protection from the laws of the same . . . and all persons passing through, visiting or make (sic) a temporary stay in any of the said colonies, being entitled to the protection of the laws during the time of such passage, visitation or temporary stay * * *" owed allegiance to the colonies. Moreover, "all persons, * * * owing allegiance * * * who shall levy war against any of the said colonies * * * or be adherent to the king of Great Britain, or others the enemies of the said colonies * * * giving to him or them aid and comfort" were guilty of treason.

The colonies were advised to pass laws for punishing persons found guilty of treason.

CIGAR TAX REVISION: A TROJAN HORSE

HON. CHARLES A. MOSHER

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. MOSHER. Mr. Speaker, on Tuesday, June 22, the House refused to suspend the rules and pass H.R. 8125, a bill to revise the Federal tax system as it relates to large cigars. I was one of those who helped block passage of that legislation and I am very glad that our efforts were successful.

Quite frankly, H.R. 8125 represents a very clever attempt to give a tax break worth at least $7.5 million per year to the cigar manufacturing industry. This legislation provides us with a shining example of why we must be alert against the possibility of almost any bill being labeled a "reform" measure and hustled to the floor without full consideration of its implications. In this case, we discovered in time that H.R. 8125 is a Trojan horse.

Mr. Speaker, there was not much public debate on this bill during our deliberations yesterday, and I know that some people still are wondering why we are opposed to the legislation as it is presently constituted. Consequently, for the benefit of my colleagues and those amongst the general public who are interested, I would like now to explain exactly what we found so objectionable in H.R. 8125, the cigar tax bill.

No one disputes the Ways and Means Committee's recommendation that the taxation of large cigars be switched from the present "bracket" tax to an ad valorem tax system. The present bracket tax method is archaic, anarchic, and out of line with the ad valorem tax policies that apply in the case of almost every other Federal excise tax. The proposed remedy, though, appears to be worse than the illness.

According to my staff's analysis, under the present method of taxing large cigars, the average rate works out to approximately 10 percent of the wholesale price. The Ways and Means Committee suggests that when we switch to an ad valorem tax the effective tax rate should be dropped to 8.5 percent of the wholesale price.

This amounts to an immediate 15 percent reduction in the receipt of tax revenue from large cigars. The Treasury Department conservatively estimates that this would amount to about $7.5 million in lost revenue for each of the next 3 years. A committee staff report that appears in the record of last year's hearings on H.R. 8125 cites a higher figure, approximately $11 million, as the likely annual loss in tax revenue.

I believe that we should not ask the American taxpayers to forfeit $7.5 million or $11 million per year in tax revenue so that the folks over at the Treasury Department do not have to mess with an untidy tax structure for large cigars. And that, as I understand it, is the only reason why the Treasury Department agreed to go along with this bill.

Now, I agree that it would be desirable to go to a more logical tax structure for large cigars. But I do not think we should give the cigar manufacturing industry a multimillion-dollar subsidy in the process.

Thus far, no one has given an adequate explanation as to why it is necessary for the Treasury to give up millions of dollars a year in revenue just so that life can be made a little simpler for some tax accountants.

Until such an explanation is presented, or until the proposed new tax rate is revised to reflect a more realistic effective tax rate, then I will continue to oppose this legislation. This is the second time that I can recall the House rejecting an effort to juggle the tax laws relevant to large cigars and I really wish that we would get serious about this and do it right.

STATE DEPARTMENT AUTHORIZATION ACT, FISCAL YEAR 1977

HON. ROBERT (BOB) KRUEGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. KRUEGER. Mr. Chairman, on Friday, June 18, because of commitments in Texas, I was unable to cast my vote concerning the Buchanan substitute to the Snyder amendment to H.R. 13179. Had I been present, I would have voted in favor of the Buchanan substitute.

The present situation in Panama is clearly one which requires constructive action by the United States in concert with the Government of Panama. I do not claim to have the definitive course of action which we should follow, but I feel it imperative that we keep our options open in order to assure that the long-term operation of the Canal be in America's best interest. The Buchanan substitute expressed the sense of the House of Representatives that any agreement must protect the vital rights and interests of the United States, while also providing funds for the executive branch to deal with the Panamanian Government. Any treaty must be approved by the Senate, and because of historical precedents established over the years in relation to the Panama Canal, the House will also be involved in final implementation of any treaty. It is clearly the constitutional right of the executive branch to negotiate with foreign governments, and I feel strongly that the House should not pass legislation which would prevent the executive from carrying out its delegated duties. Therefore, it is my opinion that the most prudent approach is embodied in the Buchanan substitute, and I join the majority of my colleagues in expressing my support for Mr. Buchanan's position.

AMERICA PUNTS IN THE SECURITY COUNCIL

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. RANGEL. Mr. Speaker, the news of yesterday's veto by the United States of Angola's application for entry into the United Nations, though not a surprise, was certainly disturbing and constitutes, I fear, an action which may have repercussions extending far into the future. It is sadly ironic that the vote occurred at a time when we have been led to believe that administration efforts are focused on the development of a more open and forward looking policy toward Africa. Rather than going beyond giving mere lip service to the principle of majority rule, the United States appears, on the contrary, to be reaffirming its commitment to the oppressive forces only recently challenged.

I understand that the problem our Government had with allowing Angola into the United Nations was due to the presence of Cuban soldiers in that country. Clearly, as the editorial below points out, this is a subterfuge for the real issue, namely politics. Our President is engaged in a fierce political battle and does not want to appear as though he is "soft on communism." As a result of this political demagoguery, the United States has missed an excellent opportunity to readjust its policy with respect to Africa.

The following editorial from the New York Times which appeared before the Security Council vote, serves as a logical rebuttal to the official U.S. position made all too clear by our Security Council action. I hope it will receive the consideration of all my colleagues. Until our actions match our rhetoric, we will continue to enjoy the scorn of those nations throughout the world who are attempting to remove the vestiges of colonial exploitation.

The editorial follows:

NO VETO ON ANGOLA

The United States could give African leaders a vivid and much-needed display of good faith in its new-found sympathy for African concerns by withdrawing the longstanding threat to veto Angola's application for membership in the United Nations.

Coming on the eve of Secretary of State Kissinger's meeting with South African Prime Minister Vorster, and in the wake of the Soweto uprising, the Security Council's current consideration of the Angolan request is particularly awkward from the American point of view. Even from Angola's viewpoint there is no diplomatic need to raise the issue now, unless the purpose is to test—or embarrass—the United States. Membership could not become effective until formal General Assembly approval in the autumn.

Officially, American spokesmen explain

their opposition on grounds that Cuban military units have not yet withdrawn from the former Portuguese colony. More worldly diplomats at the United Nations understand the Ford Administration's fear of criticism from partisans of Presidential challenger Reagan, who has already made campaign use of the setbacks, suffered by American-backed forces in the Angolan fighting last year.

Washington's hope had been that the whole question could be laid aside until August, safely after the Republican convention and closer to the opening of the General Assembly in September. One postponement has already been granted, thanks largely to the quiet persuasiveness of the new United States representative, William W. Scranton, who is now on a fence-mending tour through African capitals. A further delaying maneuver earlier this week failed.

Angola, and the abortive American effort last year to prevent the emergence of a left-leaning regime in Luanda, was symbolic of Washington's misguided perspective at that time, in which concerns of great-power rivalry overwhelmed the judgment of experts on individual countries and on specific situations in Africa. Secretary Kissinger made a determined effort to signal a change in this attitude during his tour of the continent two months ago.

Some of the policy changes he outlined then are beyond his own control, involving Congressional action as well as executive branch initiative. But a vote in the United Nations is a simpler matter. Unless the Administration wants to inflate the Angolan membership issue into another confrontation with the African majority, which would be contrary to the whole spirit of Mr. Kissinger's new approach, it would be better off letting the application go through.

A TRIBUTE TO SPRINGFIELD AND CLARK COUNTY

HON. CLARENCE J. BROWN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. BROWN of Ohio. Mr. Speaker, I consider myself very fortunate to represent the Seventh Ohio District. I am especially proud of the district I represent in this Bicentennial Year because of the interest and enthusiasm that the people are displaying.

Springfield and Clark County have a full day of events scheduled for the 3d of July. They have asked me to participate in a countywide parade. Following this will be a dedication to the National Shrine, birthplace of 4–H. This 4–H dedication will be especially significant because of the integral role that agriculture has played in the Seventh District.

There will also be a special flag raising ceremony where the American flag, the Ohio State flag, and the national 4–H flag will be raised. This will take place in a new flag plaza, readied especially for this occasion.

I consider it noteworthy to acknowledge such a fine display of the "American Spirit" by communities in my district. I wanted to bring the efforts of Springfield and Clark County to the attention of my colleagues.

STRONG LEADER IN FIGHT FOR CLEAN WATER

HON. WALTER FLOWERS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. FLOWERS. Mr. Speaker, my good friend and constituent Archie Phillips of Pleasant Grove, Ala., is well known in my State for his tireless efforts aimed at protecting our environment.

Archie, a professional taxidermist, spends a lot of his time writing, lecturing, and hosting television and radio shows—all designed to promote a cleaner and better environment, especially in our region.

He has demonstrated what can be accomplished by a single person dedicated to achieving something worthwhile. We who are privileged to live in the beautiful State of Alabama deeply appreciate what he has done.

Archie was the subject of a recent column by Clettus Atkinson of the Birmingham Post-Herald, and I offer it for inclusion in the Record:

Archie Is a Strong Leader in Fight for Clean Water

(By Clettus Atkinson)

When he was 15, he and a companion paddled a canoe from Birmingham to Mobile, a leisurely trip of 408 miles. And for the first time the youngster saw pollution on a large scale.

That was in 1950, and Archie Phillips has never forgotten. Since, he's been a perpetual motion force behind the efforts of environmentalists to clean up the waters (and the land) in Alabama.

Archie, brown-haired (with no gray) and brown-eyed, is 5–8, a weight-watching 185 pounds, and he's a "doer." His profession is taxidermy and he has the largest fresh water fish business in the country.

He's also a photographer, lecturer, organic gardener, writer, treasure hunter, collector, skin diver, has his own TV and radio shows. He classes himself as a conservationist, more so than a preservationist, and was instrumental in getting the recent strip mining bill into law (and has been asked to serve on the six-person statewide "Strip mining Commission").

Archie does his own thinking, whether it's concerning the environment, forced busing (against), greyhound racing (against), capitalism (for), fluoride in water (against), organization of community leaders (for) or fighting the powers-that-be if necessary (for).

Another of his heartfelt projects is the promotion of Alabama and its outdoor heritage. He gives talks, shows slides, says it would take four lifetimes to search out, see and enjoy the places and things our state has to offer.

A Wylam native, Archie's taxidermy business is within a minnow's swim of where he grew up. Where when he was 11 years old he decided he'd be a taxidermist (a man he trusted told him once to "Get an education, have taxidermy as a hobby. You can't make a living at it. Archie listened, figures it cost him three to five years. Never again has he heeded negative thinking).

It was at Wylam, too, that Archie put his all into Boy Scout work. He was one of the few (maybe the only one) who earned six awards above Eagle Scout.

Not because of the "negative-thought" man's advice, but Archie did get his education. Worked his way through Auburn, starting in the mid-1950s, after he was married and had a child. He took a job at a drugstore, sold minnows, did taxidermy. But the big one was hauling sawdust and manure, selling it for $5 a load to professors, students, anybody who grew flowers, gardens or grass. He hauled it between classes, on Saturdays, sometimes at night.

The child, Melanie, was too young to remember, but Archie got his degree, in business administration and natural science. That was in 1957, Melanie's 19 now, works at Archie's place, as does her brother Bubba, who is 16 and, as Archie says, is already an expert. He has other employes, too and everybody works. With precision and skill.

Ten years ago, Archie's dad bought some land on Lost Creek in Walker County. Heavy rains purged (or washed) some strip pit remains into the creek, killing everything from the fish to tadpoles. Archie grabbed his camera, went to work, even photographing evidence from the air. He showed the slides all over the central part of the state. He was into the environmental movement for good.

He believes the present strip mining law isn't too bad (if enforced), feels it will save Smith Lake. He thinks, though, the bill needs more work on it, and that most miners will cooperate.

You can visit Archie's office in Fairfield, gaze open-mouthed at the wall displays: Civil War bullets, part of an old pirate ship, all kinds of fish, from bass to marlin to devil and shark; crabs, snakeskins and heads, sponge, hornet's nest and many other trophies. All collected in person by him. And reflected in the four sports publications he writes for, and on his TV show (Alabama Hunting and Fishing) on Saturday afternoon, and his radio spots morning and night on WZZK–FM. His programs are down to earth, feature plain folks who hunt and fish. Archie, who has fished about everywhere, including Canada, mostly moderates.

He and his family live in Pleasant Grove, are members of the Baptist Church there. In summer he has an organic garden (on what was formerly an acre of clay) that produces so many vegetables they have to give some away. Sharon put up 105 quarts of beans this past season. Talk to him, he might tell you how he did it, what he used.

Gardening, photography, collecting, moderating, whatever, when Archie Phillips goes into something he goes all the way with all his heart. Alabamians should be thankful he became interested in conservation. He's a good man to have on our side.

QUEMOY AND MATSU

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. DERWINSKI. Mr. Speaker, we do not know as yet just what the possible implications are from the recent story that the United States is pulling its small advisory force off the islands of Quemoy and Matsu. But I certainly hope that we have not taken such action under any form of duress or that it possibly indicates an increase in tensions in the region.

Ever since 1960 we have had relative peace in the area of Quemoy and Matsu. With these two islands as secure outposts near the China mainland, the Republic of China has realized great security and prosperity in the past 16 years. Removing personnel from these islands as well as the scaling down of forces in Taiwan itself must not be indications to the People's Republic of China that the time is becoming ripe for adventuresome activities again.

Even while withdrawing forces the administration must clearly reaffirm our commitment to the Republic of China so that we do not inadvertently precipitate a crisis in a region of the world that has had nearly unparalleled stability in the past 25 years. We can only continue to maintain the peace in the area, and with it the security of Korea and Japan as well as the Republic of China, if we stand by our commitment to our allies in Taiwan.

QUEMOY AND MATSU

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. FINDLEY. Mr. Speaker, I am pleased to see that our Government is continuing the reduction and withdrawal of American military personnel on the islands of Quemoy and Matsu. I applaud this act for two reasons. First, it is a sensible incremental step toward better relations with the People's Republic of China. It removes an anachronistic irritant without undermining the broader foundation of our moral commitment to Taiwan. Second, our action shows that the President of the United States has the courage to conduct the Nation's foreign policy as he sees fit, undeterred by the prospective partisan sniping.

It is clear that further progress in developing better relations with the People's Republic makes very good sense. This is so not only because of the leverage this relationship gives us vis-a-vis the Soviet Union, but also because it represents a return to the situation that has prevailed throughout most of the history of our two countries.

Still, we recognize—along with Professor Fairbank of Harvard's East Asia Research Center—that if our actions are so far-reaching as to precipitate the eventual subjugation of Taiwan to Peking, they would be branded as a major crime indeed. Moreover, the very suggestion of U.S. unreliability as a result of our abandoning one commitment in order to serve our own more expedient considerations, runs grave risks. Careful diplomacy, informed by strong moral sense, is obviously required. This is being consistently shown by President Ford.

ANNOUNCEMENT OF JOINT HEARINGS ON FEDERAL LONG-RANGE PLANNING AND POLICY ASSESSMENT

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. BROWN of California. Mr. Speaker, I am pleased to announce that the Subcommittee on Fisheries and Wildlife Conservation and the Environment of the Committee on Merchant Marine and Fisheries, and the Subcommittee on Environment and the Atmosphere of the Committee on Science and Technology have scheduled joint oversight hearings on Federal long-range planning and policy assessment activities. These hearings are the outgrowth of the concern of the two subcommittees about the apparent failings of the Federal Government in these areas. Each committee has investigated this subject through its own jurisdiction, and the two subcommittees have solicited, and received, reports from the Congressional Research Service and the General Accounting Office on the subject of Federal long-range planning and analysis activities.

The work of the Congressional Research Service is now printed by the Committee on Science and Technology under the heading, "Long Range Planning." This multiphased report was jointly requested by the chairman of the Merchant Marine and Fisheries Committee's subcommittee (Mr. LEGGETT) and myself, as chairman of the Science and Technology Committee's subcommittee. The four-part Library of Congress report includes a survey of significant proposals for the creation of institutions for environmental research and planning: a comparative analysis of historical and proposed institutions for improving the capacity of the Federal Government to conduct long-range comprehensive policy planning and strategic assessment; an analysis of long-range planning in the private sector and the implications of corporate planning to long-range planning in the Federal Government; and a review of the role of forecasting to long-range planning.

In addition to this study, the General Accounting Office is completing a study, also at our joint request, of long-range planning and policy assessment capabilities and performance in five key Federal agencies, including the Departments of Interior, Commerce, and Agriculture, the Environmental Protection Agency, and the Energy Research and Development Administration.

The joint hearings are aimed at obtaining expert judgment on the appropriate place of long-range planning in the Federal Government and on institutional changes that might be made in order to improve the Government's long-range planning capabilities. Our concern is directed primarily toward improving the decisionmaking capabilities of the Federal Government itself, and toward enabling and encouraging Federal decisionmakers to understand more fully the way current policy decisions shape our national future.

We anticipate that these hearings will be of interest and benefit to other committees in the Congress, and to people outside of the Congress.

The witness list is attached:

JOINT HEARINGS ON LONG-RANGE PLANNING AND POLICY ANALYSIS IN THE FEDERAL GOVERNMENT

Monday, June 28, 9:30 a.m., 1334 Longworth: Individual presentation followed by panel discussion:

Otis L. Graham, Jr., Professor of History, University of California, Santa Cruz, and author of Toward a Planned Society; From Roosevelt to Nixon.

Hon. Joseph Fisher, Member of Congress, Former President of Resources for the Future, and served with National Resources Planning Board.

Albert Lepawsky, Professor of Political Science, University of California, Berkeley. Author of "The Planning Apparatus: A Vignette of the New Deal" and Democracy's Arsenal: the New Deal in Peace and War.

Russell E. Train, Administrator, Environmental Protection Agency.

Wednesday, June 30, 9:30 a.m., 2325 Rayburn: Individual presentation followed by panel discussion:

Russell W. Peterson, Chairman of the Council on Environmental Quality.

Paul MacAvoy, Member of the Council of Economic Advisors.

Alice Rivlin, Director, Congressional Budget Office.

Emilio Daddario, Director, Office of Technology Assessment.

Clem Bezold, Center for Governmental Responsibility (study of the Committee's foresight responsibility).

Arnold Saltzman, Chairman, Advisory Committee on National Growth Policy Processes, Overview of the Problem.

Chester Cooper, formerly with the Woodrow Wilson International Center for Scholars, Smithsonian Institution, Proposed Office of Strategic Assessment.

COMMENDS NRC COMMISSIONER GILINSKY

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. SIMON. Mr. Speaker, it is never comfortable nor easy to be a lone dissenter. In the history of the Nuclear Regulatory Commission, there has never been a dissent by a member to any of the Commission decisions—until this week, when Commissioner Victor Gilinsky stood firm for his conviction that we need better safeguard procedures before we send another nuclear reactor to Spain. I commend him for his action, and hope that the attention he has drawn to the subject of nuclear exports will encourage the development of a more rational policy in this vital area.

The following editorial is from the Washington Post of June 24:

THE SPANISH REACTOR CASE

The Spanish reactor case shows how difficult it is even for a well-intentioned government to be sure its exports of peaceful power plants don't encourage other nations to make their own bombs. Three members of the Nuclear Regulatory Commission have just agreed that it is acceptable to sell Spain its ninth American nuclear reactor. But physicist Victor Gilinsky, in the NRC's first individual dissent in its 89-case history, disagreed. His stated reasons for doing so are instructive and worrisome.

No one accuses Spain, which denies any such intention, of wanting its own bomb. New technology, however, has made it relatively easy for a country, if it chooses to take the momentous political decision, to arrange for the reprocessing of spent reactor fuel into weapons-grade plutonium. By agreement with Madrid, Washington has the right to ensure that such military diversion won't take place if U.S. fuel is used. But if *non*-U.S. fuel is used, "safeguards" become the responsibility of the International Atomic Energy Agency; but the IAEA's safeguards are in fact less stringent than those the U.S. can impose. In this case, the NRC majority decided that the IAEA's "total safeguards framework" (the accounting and inspection procedures, plus political assurances) would be adequate. Mr. Gilinsky, focusing on the procedures alone, said they're not yet tight enough.

Now, none of the NRC members can be said to be insensitive to the dangers of nuclear proliferation: the opinion and dissent in this case went through 11 drafts. But they have markedly different approaches. The majority, noting that the loophole Mr. Gilinsky wanted to close for the ninth Spanish reactor remains open for the other eight, took the view that diplomatic and political constraints as well as technical ones press on Spain and that the NRC's reactor-licensing authority is necessarily only one of the United States' anti-proliferation tools. Working within the IAEA, to strengthen it, the majority thought, is desirable in itself. Mr. Gilinsky emphasized the need to close every technical loophole that could be closed. He pointed out that to his suggestion that Spain be asked to limit itself to U.S. fuel for this reactor, the State Department had replied that it hadn't asked Spain because the request would produce "protracted negotiations." The Department didn't want to tax U.S.-Spanish relations with that extra load at this time.

We respect the NRC majority's seriousness. But we entirely support the Gilinsky dissent. His anxieties about nuclear proliferation match our own. Nuclear reactors are being exported, by different suppliers, by the bushel. No opportunity to curb proliferation can be passed by. Merely to find, by the NRC's standard, that a given export decision is not "inimical to the common defense and security" is inadequate. The implications and precedents of the decision must be given greater weight. If the record of old agreements and the rush of new technologies is such that not every loophole can be closed, then that is no reason not to try to close those within reach. The licensing-authority of the NRC is a limited tool; others must be employed. Spain, for instance, must be pressed to sign the nuclear non-proliferation treaty. But each available tool must be used to its maximum potential effect. That is what we take to be the urgent meaning of the Gilinsky dissent.

THE VITAL BALANCE

HON. BERKLEY BEDELL

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. BEDELL. Mr. Speaker, on May 16, Clark Mollenhoff, bureau chief for the Des Moines Register, spoke at commencement exercises at Buena Vista College in Storm Lake, Iowa. I believe Clark's remarks are particularly appropriate this year, and I would like to share them with my colleagues in Congress:

THE VITAL BALANCE

In the last 30 years, this nation has seen an unprecedented pattern of exposure of corruption in our society. This exposure has been accompanied by a disillusionment on the part of many young people, as well as many older people. There have been many times when corruption seemed to permeate every segment of our society, and in some cases to dominate it in a manner that made it difficult for decency and truth to triumph or even to survive.

Those scandals encompassed some of the largest and most powerful trade unions, some of our largest corporations, and governmental structures at city, state, and federal levels. There was even a flurry of investigations a few years ago that revealed a large number of college basketball players were taking bribes to shave points. Many of those players rationalized their illegal, dishonest acts as "not really wrong" as long as their team won the game.

I am sure that is the rationale which most people use who slip into various abuses of position or power—the roots of nearly all corruption. There have been countless incidents of police selling out to the burglars or the purveyors of illicit activity, and it seldom happened in one willful, evil act.

It is highly unlikely that most corrupt cops joined the police force for the purpose of selling out to the bribers or the political power establishment. Yet in the end they did, just as surely as Richard Nixon and his Watergate gang misused and abused the power of the presidency for their own political ends.

In the last few years, we have learned that the long-revered Federal Bureau of Investigation engaged in deliberate violations of the laws it was supposed to enforce.

Even the legendary J. Edgar Hoover used the power of his office in an effort to discredit and destroy the Reverend Dr. Martin Luther King.

We have seen the Central Intelligence Agency—authorized vaguely with unlimited intelligence gathering and operational functions abroad—grasp for legal logic to justify the use of that awesome power on the domestic scene because it happened to be the wish of the president—or someone who purported to speak for the president.

In the aftermath of the Watergate affair, we have learned through Senate and House investigations that Nixon's abuses of the power of the FBI and CIA were only continuations of excesses. Those excesses had been permitted—and in some cases encouraged—in the Roosevelt, Truman, Eisenhower, Kennedy, and Johnson administrations.

For a few months in 1973 and 1974, the public was given the impression that the abuse of power at the CIA, FBI, Internal Revenue Service, and various regulatory agencies was an aberration of the Nixon administration. In balance, we have learned that the abuse of the power of the presidency was not unique in the Nixon administration, and had nothing to do with political labels—Democrat or Republican—and certainly had nothing to do with being a liberal or a conservative.

Although many liberal and conservative ideologues will make the argument that most of the corruption is in the other camp, the balanced judgment must accept the wisdom of Lord Acton, who told us:

"Power corrupts and absolute power corrupts absolutely."

The major dilemma of our American Democracy involves the problem of giving our government and our government officials sufficient power to effectively deal with our society's problems without having that power used to crush and enslave us.

Within that major dilemma are a number of more specific dilemmas that require balanced judgments on the part of our press, our people, and our leaders if the American Democracy is to survive.

How can we empower our Central Intelligence Agency to secretly gather intelligence and use it effectively to counter the Soviet KGB and other international intelligence organizations without risking misuse of that authority to interfere with domestic politics? There is no easy answer in the passage of one law or one package of laws. There is no single constitutional change that will afford a solution in perpetuity.

The problem will change with the personalities of those who dominate the CIA, and those in Congress who must provide effective oversight. We will be fortunate if men with the wisdom to exercise restraint in the use of power direct the activities of the CIA. We will be lucky if men of restraint are on the oversight committees of Congress where there will be constant political temptation to grab for a newspaper headline with little or no regard for the vital, balanced action essential to the survival of our system. Severe confrontations can be harmful to all of the parties as well as to our democratic institutions.

There is no doubt in my mind that a clever, ruthless person can still misuse the power of the CIA for a few months despite congressional and public awareness of the warnings from Watergate; but I have faith—because of Watergate—that such a person would eventually destroy himself.

With regard to our defense posture, the dilemma is equally awkward. How can we permit the necessary secrecy in the building of an effective defense capability without risking gross misuse of billions of dollars on second-rate weapons systems?

When fair contract procedures are discarded or circumvented to award a defense contract to a political favorite or in response to a bribe, it not only corrupts that contract but it undermines the entire system.

When a congressional committee fails in its responsibility to investigate such corruption because of past favors or fear of Executive Branch retaliation, the vital oversight function is severely damaged.

When defense contractors succumb to the temptation to bribe foreign leaders to sell their weapons systems, they are undermining the fabric of another government and are destroying the effect of competition which they have told us is one of the great advantages of the free enterprise system.

It is relatively easy for the more superficial business leaders—who know little about their product, but simply know how to manage—to convince themselves that they are really delivering a superior product and that "bribery is a way of life" in some of the countries they deal with. While the product may be superior and bribery may be a way of life in some countries, in the long run it is destructive of the business that practices it and the officials who receive it.

Corruption in defense contracting also undermines the defense posture which the defense industry and Defense Department officials tell us is essential to survival of our freedoms. Every corrupt act—every misuse of power—in connection with the purchase of weapons of war that goes unpunished becomes an argument against increased appropriations. Every false or misleading statement in the coverup of frauds becomes a reason for disbelieving our military technicians, our Defense Secretary, or our President when pleas are made for more funds.

The balanced answer cannot be found in either savage cuts in the defense budget or in blind acceptance of the declarations of leaders who have demonstrated a capacity for deception. The vital balance can only be found through the reaction of a thoughtful, informed electorate that will be skeptical of emotional leads of either side.

The vital balance cannot be found in following the simplistic leads of the sloganeers, but in thoughtful study of the record on purchase procedures and any related political contributions or pressures.

The same is true relative to a number of other seeming dilemmas of our society.

How can we have a proper regard for the legitimate rights of privacy of every citizen who is in need of public assistance and not lay ourselves open to massive welfare frauds that can destroy the integrity of all of our social service programs?

How can we have proper regard for due process of law for all defendants and still have effective law enforcement against the ruthless organized crime syndicate figures who are a constant threat to the integrity of our prosecution and judicial system?

How can we achieve the full meaning of the First Amendment rights of free press, and still not trample on the rights of privacy or the right to fair play of the individual citizen?

How can we grant our business institutions sufficient freedom to prosper by their ingenuity and work without creating a menace to the free enterprise system in oppressive monopolistic practices?

How can we grant working men the effective right to organize in unions without limiting their right to refuse to join a union and still obtain gainful employment?

How can we give a president the awesome power to handle the problems of a $400-billion-a-year government and still obtain effective accountability on the use, and control over the misuse, of that power?

How do we achieve relatively full employment without feeding fuel to the flames of a thoroughly destructive inflation?

Those are the problems now. Some of those problems have been with us in one form or another since the birth of this Republic 200 years ago. Most of them will be continuing, nagging questions that will arise in one form or another for the next hundred years, or for as long as there is a citizen participation in the selection of our government leaders.

I do not offer an easy answer, for there are no easy answers despite the impressions you may receive from politicians seeking your support. If I did have a definitive, correct answer to any of the general questions I have raised, the circumstances or the people involved might change ever so slightly tomorrow and make my "definitive, correct answer" a wrong answer and perhaps even a ludicrous suggestion.

There are some hard truths I can enumerate that can serve as guideposts, and if followed carefully will probably give you enough right answers for a generally satisfying and successful life in our American Democracy.

* * * * *

With all of its proven and well-documented faults, our form of government has guaranteed us freedom and fair play that is beyond the expectations of the average citizen in any other part of the world.

Certainly, it is far better than the totalitarian rule in the Communist world where dissent is seldom tolerated and where the rule is arbitrary and capricious, with no practical escape from the abuse of power.

Even as we acknowledge the corruption and mismanagement that have been exposed in our system, we can point with some pride to the fact that the abuses of power are exposed from time to time and that no one—not even the President—is above the laws requiring accountability.

And, even as there are sharp differences of opinion as to whether Mr. Nixon paid a proper price for his criminal misuse of power, it is a fact that he was required to make an accounting to the courts and the Congress, was forced to resign, and is recognized by former strong supporters to have been a falsifier who brought disgrace upon himself, his party, and to many of those who trusted him.

In the Nixon-Watergate affair, the system of accountability worked, but this is no assurance that it will work the next time. We must be aware of the weaknesses that Watergate revealed in our system of accountability and avoid the overly simplistic conclusion that because Nixon fell the system works.

The system does not work automatically. The system did not work automaticaly in the Watergate matter. In fact, it came periously close to not working.

Achieving the vital balance in your thinking requires that you know enough of the details of the big problems of government to know that the system of government does not work automatically.

If it is Watergate that you are discussing, you must be able to see through the myth that two young reporters exposed Watergate and forced the resignation. While the contribution of Bob Woodward and Carl Bernstein was significant, it was not all that vital for many other reporters and newspapers were on the trail of the same stories. It was simply a matter of the Washington Post being a bit more agile and aggressive in getting into print ahead of the New York Times, the Washington Star, the Los Angeles Times, Newsday, the Chicago Tribune, the Scripps-Howard papers, and others.

And, it is a bit of a myth to suggest that the free press did it alone, for the free press was dependent upon the integrity of the FBI bureaucracy and the Federal Election Office for the production and preservation of the evidence that made the exposure possible.

Likewise, all of the best work of the press and the government investigators would have meant nothing if it had not been for the courage, abilty, and integrity of Senator Sam Ervin and United States District Judge John J. Sirica.

Remember that it was the persistent search for the truth by Judge Sirica in the trial of the Watergate burglars that frustrated the initial cover-up of the White House role and made it possible for Senator Ervin to demonstrate the need for a Senate inquiry.

Judge Sirica's initially controversial pressure for the truth and the impending Senate probe created the condition for the defections of James McCord, John Dean, and Jeb Magruder.

It is true that the free press aggressively reported these matters and, in this, fulfilled its responsibility to keep the public informed; but there were powerful political forces at work in Congress that were more important than any segment of the press in persuading the House Judiciary Committee to launch the impeachment proceedings.

To achieve the vital balance in your analysis of government operations or your own role, you must avoid the myths and deal with them in the perspective of weaknesses and strengths. Otherwise, you are likely to engage in the same kind of deadly self deception that Nixon, H. R. Haldeman, and John Ehrlichman engaged in, in November 1972, when the first stage of the cover-up had worked. They believed they could engage in even more arrogant wielding of the power of the presidency for four more years.

Nixon, Haldeman, and Ehrlichman engaged in greater and greater abuses of power each year until they believed there were no effective restraints upon that power. They were the law because they interpreted the laws to their liking.

Executive privilege was the ultimate shield, as they viewed it, putting a curtain of secrecy around the White House, making them unaccountable to the Congress, and unaccountable to the courts for the manner in which they were administering and enforcing the nation's laws.

While they were not the first to do this, they were the first to deceive themselves that there would be no accountability. They were surrounded by young men who were eager to serve, reluctant to raise any criticism, and certainly unwilling to challenge a presidential judgment. They made themselves inaccessible to those few who questioned their decisions, and regarded such questioning as a form of disloyalty.

Although Watergate is behind us, the lessons of Watergate should be remembered or we will be destined to make the same mistakes again. The next time we might not be so fortunate as to find the free press so courageous, or to find men of the tough, deep integrity of Senator Sam Ervin, Judge John Sirica, or Special Prosecutor Archie Cox in the right place at the right time.

You can be in the right place at the right time, and with the right background.

It is important to be an honest, thoughtful, conscientious worker who is not afraid of tedious chores, who is consistently reliable, and who has the courage to follow through in the face of major obstacles.

Don't allow your perspective to be distorted by the spectacular success of a few people who may be blessed with qualities of genius plus a good deal of luck or family connections. You are taking poor odds if you sit back and trust to luck, native talent, and a few connections. Conscientious work does count most of the time.

Remember that when the work load becomes heavy the competition thins out considerably, and you will be the beneficiary if you are one who follows through.

Don't be discouraged when the breaks seem to go against you, even on some major endeavor. We often learn more from the experiences of striving than we do from exhilarating, spectacular easy success.

Don't be misled by the momentary success of those who cut corners on integrity and seem to get by with dishonest or fraudulent activities. Except in rare cases, they will pay a price for their dishonesty or superficiality, and you may pay a higher price if you unwisely follow their example.

President Nixon and the Watergate gang are the most recent dramatic example of seeming success by cunning practitioners of fraud and deception. You can find their counterparts in the Senate and House and across the entire sweep of the business world. Lockheed's pattern of international bribery is being unwound despite its tremendous financial and political power on the national and international scene. Despite the massive political and economic power of the Teamsters union, Dave Beck and Jimmy Hoffa were exposed and became symbols of corrupt use of union power.

Despite Lyndon Johnson's vaunted ability to manipulate the Congress and government agencies, the Bobby Baker case was exposed and prosecuted and, even after Watergate, Johnson and Bobby Baker are symbols of dishonest wheeling and dealing in government.

What is the meaning of this for young college people?

There were countless young people in the Nixon White House who thought they had the world by the tail because they were named by Haldeman or Ehrlichman for important political chores. Their careers and lives have been seriously damaged or destroyed because they unthinkingly followed directions in carrying out illegal and unethical acts.

The same thing can be said about a number of young—as well as not-so-young—people who were used by Lyndon Johnson, Bobby Baker, Dave Beck, or Jimmy Hoffa.

This is not said to discourage you from

taking responsible jobs in organizations that deal with the great problems of our day or the great political or social movements. I have great confidence in the ability of young people to do great things within a relatively short period after they emerge from college, but it must be done with a considerable degree of caution and restraint.

The greater the power placed in your hands, the more cautious and restrained you should be in its use. Egil (Bud) Krogh, a 34-year-old lawyer assistant to John Ehrlichman, said he didn't realize the power of his inquiries and telephone calls to government agencies until Watergate started to come apart and he recognized his abuses of power.

As you take your places in business or in government, think of Bud Krogh, Dwight Chapin, Jeb Magruder, and John Dean and the price they paid for abuse of power. But also think of Thomas Jefferson and Alexander Hamilton who were young men when they were key figures in the establishment of our system of government.

There are young men in politics today—men like California Governor Jerry Brown—who have many of the marks of leadership, and whose views and activities demonstrate an understanding of the vital balance on what government can do and what it cannot do.

Governor Brown has been in office too short a time for us to form a definitive conclusion as to his record and his potential. But, he is a serious young man with a well-disciplined mind and a political philosophy that makes common sense to a nation angered and frustrated by big political promises and poor performance.

When he speaks of the importance of not making promises that can't be fulfilled, Governor Brown is talking to audiences with sharp memories of the extravagant rhetoric of the Kennedy and Johnson years as well as of the Nixon-Ford era.

He is speaking against the background of congressional investigations that have demonstrated that all of those administrations botched some important parts of the job because they failed to achieve honesty and efficiency in the administration and enforcement of the laws.

Performance is what counts, and I mean true performance rather than oversimplified, self-serving claims of accomplishment that may be totally misleading.

The Kennedy administration's claim of saving billions in the award of the TFX warplane contract to General Dynamics was exposed as false and misleading as the cost of individual planes climbed from $2.8 million estimates to more than $16 million.

President Johnson's self-serving claims for the success of his poverty program collapsed in the face of national scandals exposed by newspapers, congressional investigations, and General Accounting Office reports.

Richard Nixon's claim of smooth-functioning, business-like efficiency in the White House dissolved in the spotlight of Watergate as the biggest fraud of all. In fact, he and his top aides simply didn't know how to make a government function properly, and hid the flaw behind a curtain of secrecy and clever, misleading rhetoric. His much-heralded foreign affairs "triumphs" unravels with the years.

President Ford, the self-styled man of openness and candor, has done an effective job of destroying his own credibility with nearly every segment of the electorate. This is true whether you are viewing him from the right, the left, or straight down the middle. A major part of the convincing facade came tumbling down with the Nixon pardon, and he has been adding to his own problems month by month.

Where there are failures of the old guard, there are opportunities for young men and women. And you are never too young to start seriously thinking and planning what you are going to do with your lives.

The whole plan will probably not fall into place for several years. But, in the interim, regardless of the general career area you choose you will have a better chance of a measure of satisfying success—

If you try to find pleasure in your work;

If you are not superficial or dishonest in seeking your goals; and

If you constantly strive for the vital balance on what government can and cannot do for you or for our society.

* * * * *

Baron Rothchild's quote:

"To me there are no good times or bad times. Every time is a time of opportunity."

My version: Life is divided into successes and interesting experiences (when I didn't quite get it altogether).

ECONOMIC REPORT

HON. JOSEPH L. FISHER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. FISHER. Mr. Speaker, I am inserting into the Congressional Record the eighth economic report to the Office of the President from Matthew J. Kerbec, president of Output Systems Corp.

Mr. Kerbec's report does not necessarily reflect my own point of view; however, I did want to share his opinions with my colleagues:

Output Systems Corp.,
Arlington, Va., June 21, 1976.

The President,
The White House,
Washington, D.C.

Dear Mr. President: This is my eighth economic report to the Office of the President, since 1973, predicting the economic damage that would inevitably result from sudden massive price increases for energy and other basic energy intensive products. Many of today's economic ills could have been avoided if recommended actions had been implemented in 1974.

The overall economic relationships between, inflation, unemployment and government deficit spending has shown little real improvement in the first four months of 1976. It is informative to work backward. That is, from effects to causes. One of the scariest items in the U.S. Government's financial reports is the unprecedented and accelerating growth rate of the National Debt. From July 1, 1976 to the end of FY 1977 the Treasury Department estimates the National Debt will increase by $85.6 billion.[1]

For the three years FY 1975 through 1977 the total Debt will navc increased by an estimated $233.3 billion. It has taken 198 years (until FY 1974) to accumulate a National Debt of $486.2 billion. It only required a little more than three years to add another 47% ($233.3 billion).[2] As there is no logical reason for us to believe that we will pay any of the principal back in the foreseeable future, interest costs will amount to another $13.9 billion a year (assume 6 percent interest rate) after FY 1977. We will be paying interest on interest at a faster rate than ever before in the Nation's history.

To bring this down to the consumer level, let us suppose, that a family head had a disposable income of $15,000.00 in 1974. For that year the average rate of inflation was about 10 percent. This meant that, if there were no wage increases, this family lost $1,500.00 in purchasing power. Let us further suppose that the head of the family decided he could not get along with this reduction and borrowed $1,500.00 for one year at 8 percent interest. At the end of the year he would owe $1,620.00 and to his friends and neighbors the family would have maintained an image of financial stability. In 1975, the average rate of inflation was approximately 9 percent. If the families income was again $15,000.00 its purchasing power would be reduced by $1,350.00. To retain the same living standard the family head would have to make two loans: (1) renew his old loan which has now grown to $1,620.00 (roll over his debt as the Treasury does) at another 8 percent interest charge; and (2) borrow another $1,350.00 at 8 percent for the year. At the start of the third year he would owe $3,207.60. For these two years the family would have presented a picture of a family with no financial problems—yet could be on the verge of bankruptcy. This is part of the story behind New York City's financial problems.

This is basically what is now happening in the United States. On the one hand, higher prices are draining money out of the economy into those businesses that can make prices stick and maintain sales volumes. On the other hand, the Federal Government is printing unprecedented amounts of money (securities) to obtain money to pay its bills and return to consumers part of their lost purchasing power in the form of tax reductions, rebates, subsidies and other programs that will counteract the inflation effects.

Many analysts believe that businesses, who are getting the high prices are recycling this money back into the economy. This is only partly true. Obviously, if the money was going back into consumer pocketbooks we would not have the massive unemployment (over 11 million people who are on full or part time unemployment status) or the huge increases in the National Debt. There is one inalterable conclusion. The huge unemployment problem indicates that higher prices are siphoning purchasing power out of the economy faster than the Federal Government is pumping it back into the economy.

One indication of our economic situation was the First Quarter Gross National Product (GNP). In current dollars, the GNP went up by $46.3 billion. This increase was made up of two major components: (1) Personal Consumption Expenditures amounting to $28 billion; and (2) an increase in inventory investment of $15.5 billion. The fact that sales increased by $28 billion is a good sign. However, it is important to analyze why the people increased their spending during this period. The biggest reason was government spending. Expenditures exceeded receipts by $18.5 billion in the First Quarter of fiscal year 1976, by $26.5 billion in the Second Quarter and by $22.6 billion in the Third Quarter (January, February and March 1976).

During this period there was some improvement in wages and salaries, but no where near enough to compensate for inflation. The monthly changes in Personal Income are multiplied by twelve to put them on an annual basis which makes them look bigger than they really are. On a monthly basis, total wage increases only amounted to $0.76 billion in January 1976, $0.46 billion in February and $0.43 in March.[3] Thus, in the critical manufacturing, service and distributing industries, the total gross increase in income was only $1.65 billion for the three month period. When taxes and an adjustment for inflation are taken out, the real increase is practically nonexistent. As there was little change in savings, the only conclusion that can be reached is that most of the increase in Personal Consumption Expenditures came from Government deficit spending (reduced taxes, tax rebates, subsidies, unemployment payments, welfare, etc.) rather than improved business conditions.

Footnotes at end of article.

The increase in inventories of $15.5 billion was a major cause for the increase in GNP, but in an economy with massive unemployment this is extremely bad news. In 1975, the liquidation or sell off of inventories was loudly acclaimed as a good sign that would put people back to work. In April 1976, total inventories (manufacturing, wholesale and retail) stood at $273.1 billion. March 1975, at the bottom of the recession, inventories were at $270.3 billion. As inflation is lower in 1976 than in 1975, we now have more units in inventory than at the depth of the recession. Does this mean more layoffs if production is running ahead of sales? To answer this question let us examine the key retail level, where Government spending was supposed to do the most good. Retail inventories were at an all time high in April 1976 at $76.9 billion compared to $72.4 billion in 1975.[4] As far as sales trends are concerned, retail sales decreased by $44 million from March to April 1976. If inventories continue to climb and sales remain the same or decline the job market cannot improve.

In the important economic area of capital spending there is nothing to be optimistic about. The most recent report, from the Department of Commerce, shows very little increase in spending for capital projects is planned for 1976.[5]

The First Quarter GNP is like a balloon full of hot air, it has form and buoyancy—but little substance. The really disturbing question is—What would the economy be like in terms of inflation, recession, unemployment, plant utilization, crime and social unrest if the Federal Government had not gone to massive deficit spending? The next big question is—How did we get into this fix? It is now generally agreed that the inflation/recession was primarily caused by the tremendous Cost-Push pressures generated by the sudden monumental price increases for energy and basic products which I discussed in my October 1974 report to the Office of the President.[6]

To briefly review, the average price for the most basic products increased over 60 percent in 1974. In keeping with the Oil Price Syndrome (produce less and charge more) production decreased in 1975 while prices continued their upward climb. As all industries must use some combination of products produced in the basic industries (steel, transportation, agricultural chemicals, plastic resins, electronic power, etc.) higher prices in these industries automatically mean higher prices in all sectors of the economy.

Specifically, we use about 17 million barrels (42 gallons per barrel) of refined petroleum products per day for 365 days a year. This makes a total of 260 billion gallons of oil products per year (jet fuel, gasoline, diesel oil, residual oil, etc.). Prices started to climb in 1973 and were well on their way in January 1974. As strange as it seems, there are no Government estimates of how much our total energy bill is for a year, at the customer level. There is a great deal of information about well head prices but this does not help when the problem is to measure overall economic impact. My estimate is that prices for all oil products increased about 20 cents a gallon in 1974 which added $52 billion to inflation. Increased costs for natural gas and coal added another $10 billion making the total energy dollar drain a whopping $62 billion a year. Assuming the same usage rate and no price changes (the most conservative estimate) higher energy prices alone will cause a loss of purchasing power of $186 billion from 1974 through 1976. When economic ripple effects are added the total dollar figure could approach $370 billion for the three year period.

Unfortunately, there is little improvement in sight. There are more energy price increases scheduled. Under the Energy Policy and Conservation Act domestic crude oil prices can increase 10 percent per year with all controls lifted in 1979. The foreign oil monopoly (OPEC) has a price increase scheduled for later this year which will force up all uncontrolled energy prices in the U.S. The Federal Energy Administration is now proposing that price controls be lifted on diesel oil and home heating oil effective July 31, 1976. Steel and chemical producers have already announced price increases of from 6 to 8 percent. Unions are asking for substantial wage increases and "cost of living clauses" in their wage contracts.

In 1976, if inflation averages 6 percent, based on an estimated $1.6 trillion GNP, there will be another $96 billion drain in purchasing power due to higher prices. Whether Government spending and wage increases will overcome this drain is debatable. In any event we cannot continue to keep printing money at a 50 to 60 billion dollar annual rate to shore up the economy.

I am in the process of writing an economic account of the key decisions and leader attitudes for the 1973–76 years. I respectfully solicit your answers to the following questions:

1. Although we only import about 18 percent of our total energy needs (40 percent of our oil) all energy prices in the U.S. are rising to OPEC levels.

Question: Do you feel that all energy prices (via the BTU equivalent concept) in the U.S. should match OPEC price increases?

2. In 1974, prices for energy and basic products such as steel, plastic resins and agricutlural chemicals increased, on the average, over 60 percent. These prices continued to rise in 1975 and in 1976 even though demand has decreased.

Question: Is your position still, no price or wage controls (selective or otherwise)?

Question: Do your advisers believe, that when basic product prices keep increasing in the face of falling demand, that this is the way a free enterprise system should operate?

3. In FY 1975 and 1976 the National Debt increased by $147 billion. The greatest part of this was to restore consumer purchasing power (tax rebates, tax reductions, mortgage subsidies, unemployment benefits, etc.).

Question: Can you provide estimates that show what the state of the economy would be in terms of inflation, unemployment, plant capacity utilization and crimes against property if we had insisted on operating with a balanced budget for those years?

4. The Energy Policy and Conservation Act has a provision (Technical Purchase Authority) which gives the President the exclusive right to purchase all oil imports and resell these products in the U.S. Canada has taken this way to isolate its economy from unpredictable price actions by OPEC. History has shown us that OPEC price actions can disrupt our entire economy and drastically affect our national security.

Question: A. Are you in favor of stabilizing the U.S. economy by having the U.S. Government buy all foreign oil and sell it to our refineries at some fixed price?

B. In October 1974, Saudi Arabia's Petroleum Minister ordered American oil companies to stop shipping Arabian oil to U.S. Armed Forces worldwide. The companies stopped shipments. Do you think the U.S. should tolerate a situation in which a foreign power can order American companies to withhold vital supplies from our military services? What is your fix for this type of situation until we can at least reach energy independence?

I am deeply concerned about the present state of the economy and our accelerating National Debt. Without selective price actions the Oil Price Syndrome (produce less and charge more) will become a destructive business policy on all levels of the economy, particularly with respect to those businesses that can make high prices stick. I would appreciate any actions you might take to expedite answers to the above questions.

Sincerely,

MATTHEW J. KERBEC, *President*.

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UNEMPLOYMENT COMPENSATION AMENDMENTS

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. EILBERG. Mr. Speaker, the continuing general high level of unemployment in the country including the Commonwealth of Pennsylvania has wreaked havoc on both the individual worker and State governments. At this time, 22 States have depleted their unemployment compensation funds and borrowed more than $3 billion in Federal moneys. The Federal trust fund, in turn, has had to borrow this money from the general revenues of the country.

Shortly, the House is scheduled to consider a bill to expand coverage under the unemployment compensation system and to improve its financing. Specifically, H.R. 10210 would eliminate the need for the temporary special unemployment assistance program by providing coverage for most of the country's wage and salary earners. Additionally, the bill would restore solvency to the unemployment compensation program at the State and Federal levels by increasing the employer-paid taxes.

Recently, the general assembly of Pennsylvania unanimously adopted concurrent resolution No. 233, which urges that the Congress of the United States amend the Emergency Compensation and Special Employment Assistance Extension Act of 1975 to extend compensation for an additional 13-week period. At this time I enter into the RECORD a copy of the resolution:

RESOLUTION

Whereas, The "Emergency Unemployment Compensation Act of 1974" Pub. L. 93–572, created a new temporary unemployment compensation financed from Federal general revenues; and it furnished up to 13 additional weeks of Federal Supplemental Benefits (FSB) beyond the 39 weeks of regular and extended benefits provided by the Pennsylvania unemployment compensation law. The 1975 "Emergency Compensation and Special Unemployment Assistance Extension Act" extended the FSB program an additional 13 weeks, making a total of 65 weeks of full benefits.

Whereas, By the end of 1975, unemployment compensation will have been paid to about 800,000 claimants in Pennsylvania who will have received about 16,000,000 benefit payments amounting to 1.2 billion dollars, 1 billion dollars from State funds contributed by employers or borrowed from the Federal government, and 200 million dollars from Federal benefit programs; and

Whereas, Pennsylvania's State fund financed by employers for compensation payments is depleted and by the end of December 1975, Pennsylvania will have borrowed 173.8 million dollars to pay such benefits, an additional loan of 60.4 million dollars being requested for January 1976; and

Whereas, The seasonally adjusted rate of unemployment in Pennsylvania in November 1975 was 9.3% (November 1974, 5.9%). In the Nation, the seasonally adjusted rate of unemployment in November 1975 was 8.3% (November 1974, 6.5%); and

Whereas, By the end of December 1975, about 22,000 claimants will have exhausted the existing 65 weeks entitlement under the combined Federal-State program; now therefore be it

Resolved, (the House of Representatives concurring), That the General Assembly of the Commonwealth of Pennsylvania memorialize the Congress of the United States to amend the "Emergency Compensation and Special Unemployment Assistance Extension Act of 1975" Pub. L. 94-45, to extend compensation for an additional 13-week period beyond the present 65-week limit; and be it further

Resolved, That copies of this resolution be transmitted to the presiding officer of each House of the Congress of the United States and to each Senator and Representative from Pennsylvania in the Congress of the United States.

HUMPHREY-HAWKINS BILL POLITICAL PLOY

HON. MARVIN L. ESCH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. ESCH. Mr. Speaker, a month ago the San Diego Union published an excellent commentary on H.R. 50, the Humphrey-Hawkins bill. The editors emphasized two important points regarding the bill: First, that it is largely a political ploy in an effort to get votes in the fall elections, and second, that it is an unjustified "plunge into warmed-over New Deal economies plus a new role for the Government as 'employer of last resort'." The paper notes an important fact, that is, that the economy created 710,000 new jobs in April, more than the payroll of the postal service. Put in other terms, this means that the Government would have to create a new postal service monthly, as the authors point out, to generate as much employment as the private sector can generate in a period of growth. The Union gives some good advice which is applicable to all of us in Congress, to "concentrate on proposing some sound tax and budget policies that would keep inflation at bay and encourage the momentum for economic growth that is creating jobs right now."

The article is inserted for the benefit of all Members:

H-H BILL POLITICAL PLOY

With the fervor usually reserved for coming out against sin, candidates this year are of a single voice in calling for "full employment"—or as some like to put it, "a job for every American who wants to work." No one can quarrel with that as a goal of national policy, but Democrats in Congress appear unwilling to let the 1946 Employment Act—which established such a goal—remain without some kind of a program to back it up.

Program is too mild a word to describe the mechanism of the Humphrey-Hawkins bill, which is emerging as the big Democratic play for the economic issue in 1976. This massive commitment to government jobmaking has reached the floor of the House, and with the push given it in the Senate this week by its authors, Sens. Hubert Humphrey and Rep. Augustus F. Hawkins, it may fare as well in the upper house.

If the Democrats want to build their economic plank on the Humphrey-Hawkins concept, the choice is their. But we wonder if they're reading either the economic news or the primary election returns.

True enough, the unemployment rate has refused to drop below an uncomfortable 7.5 per cent, but no one can really say where it would stand if every American who needs a job should find one. Certainly the Humphrey-Hawkins goal of a three per cent rate as "full employment" is arguable if not utopian. Does that goal justify a hughly expensive plunge into warmed-over New Deal economics plus a new role for government as "employer of last resort?" And isn't the message from the primaries that Americans are turned off by the let-Washington-do-it answer to every problem?

Our free economy, perking along through a strong recovery, created 710,000 new jobs in April. That's more than the entire payroll of the U.S. Postal Service. Or to put it another way, the government would have to create a new postal service every month to generate as much new employment as the production of goods and services can generate in a period of economic growth.

Sen. Humphrey is not impressed. The fiscal and monetary policies which the Administration has been pursuing, he says , are "the economic witchcraft of the past," and our capitalist system needs to be led out of its "confusion" by the government direction he and Rep. Hawkins prescribe.

A rush to pass the Humphrey-Hawkins bill before November might satisfy the Democratic need to practice one-upmanship on the economic issue. But it cannot do much else. President Ford has correctly described the bill as a "boondoggle" and would certainly veto it. There probably are not enough unreformed Humphrey liberals in Congress for an override.

Our advice to the Democratic platform-writers would be to give their rhetorical nod to "full empolyment," and concentrate on proposing some sound tax and budget policies that would keep inflation at bay and encourage the momentum for economic growth that is creating jobs right now.

RURAL POSTAL PATRONS SHOULD NOT BE FORGOTTEN

HON. LARRY PRESSLER

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. PRESSLER. Mr. Speaker, in discussing legislation on the House of the floor today, I realized just how forgotten rural postal patrons are when the Postal Service comes to making cutbacks in their mail delivery service. For people in the rural areas, Saturday is not a vacation day that can be considered a rest day, but one in which life continues on with the same routine. For this reason, I support the resolution before us today, H.R. 1216.

This resolution, H.R. 1216, provides that the U.S. Postal Service shall not close or otherwise suspend the operation of any small post office unless there is a clear and compelling need to do so, or implement any major reductions in service during the 1-year period following the adoption of the resolution.

Rural residents continue to be a forgotten people. This is just one more way that the country as a whole refuses to remember this segment of our population.

As you and other fellow Members know who have a proportion of rural communities in your congressional districts, one of our constituents' prime concerns of late has been the possibility that their local post office will be closed. Such a closing does not just mean patrons will have to travel extra miles to buy stamps or pick up their mail; but for many smaller communities which have suffered a population migration since the Second World War, the loss of the post office means more—their post office is the last real symbol of the town's identity.

We all remember last August the influx of mail we received after the publication of the GAO study entitled, "$100 Million Could Be Saved Annually in Postal Operations in Rural America Without Affecting the Quality of Service." Speaking for myself, I know I was relieved to learn that the Senior Assistant Postmaster General for Operations, when testifying before two subcommittees of the House Post Office and Civil Service Committee in the fall, stated that no post office would be closed solely for economic reasons.

Then in November the "ax" fell—we were notified by the Postal Service of its new, relaxed criteria for closure—criteria so vague and ambiguous that it could apply to almost any post office the Postal Service wanted to close. At that time I wrote to the Postmaster General asking for clarification of the Service's policy in this regard; his reply was a defense of the vague criteria. Thanks to the court decision, the Service now must restrain itself—at least give affected postal patrons 90 days notice after approval here in Washington of a closure that their post office will be closed. Still, that does not address itself to the real dilemma; in its quest to be cost efficient has the Postal Service forgotten its true function—to provide mail "service" to the American public—be they living in an urban or rural environment?

All postal patrons would be affected by the Postmaster General's latest proposal—reduction of mail service to 5 days. For rural patrons, this would be most unfortunate, for they would not have the benefit of their mail-delivered newspaper on Saturday. Many rural residents plan their markets for the next week with the Saturday paper.

We all know the Postal Service is in fiscal hot water; it must cut costs, but not to the detriment of those it was created to service.

HOBART COLLEGE STATESMEN: NCAA COLLEGE DIVISION LACROSS CHAMPIONS

HON. WILLIAM F. WALSH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. WALSH. Mr. Speaker, 2 years ago, the Hobart College lacrosse team of Geneva, N.Y., in the 33d Congressional District, came knocking at the door, only to lose by one goal to Towson State College of Maryland in the NCAA College Division Lacrosse Championship.

Last year, Hobart was able to get a foot in the door, only to lose by one goal in overtime to State University of New York, College at Corland in the Super Bowl of college division lacrosse.

This year, the Hobart stickmen received the red carpet treatment. On May 22, at Catonsville, Md., Hobart defeated Adelphi University of Long Island 19–8, and became the 1976 NCAA College Division Lacrosse Champions.

Why have the Hobart Statesman excelled in the sport of lacrosse? The three ingredients that are parts of any successful team—the fans, the coaches, and the players—have been blended to perfection.

Though Hobart is a college of less than 2,000 students, a delegation of approximately 600 students traveled from upstate New York to Maryland to emphatically cheer their team on to the championship. The student body backed the lacrosse team all year and contributed to the Statesmen's top-notch final record of 13 wins and 3 losses.

Despite the fine high school credentials of many of the Hobart College lacrosse players, all of the players received their baptism in the rigors of collegiate lacrosse from the members of the Hobart athletic department. Athletic director William Stiles and head coach Jerry Schmidt have been busy recruiting talent, repeating fundamentals, and reviewing strategy. They now can rest, momentarily, as champions.

Among the many college division lacrosse teams in the United States, none had individuals as talented as those at Hobart. Goalie Rick Blick and midfielder David McNaney were named to first team, All-America, and defenseman Tom Schardt and leading scorer Terry Corcoran were named to second team, All-America. The Statesmen had great individual talent playing at all positions.

But it was as a team that Hobart was unsurpassable. The Hobart lacrosse team worked as a primed and polished unit in 1974, 1975, and, particularly, in this championship year of 1976.

It is my honor and privilege to now represent three national champions in the Finger Lakes district of New York: the best high school field band in the Nation, the West Genesee Senior High School Marching Band; the winner of the 1976 National Spelling Bee, Timothy Kneale; and the best college division lacrosse team in the Nation, the winner of the 1976 NCAA College Division Lacrosse Championship, the Hobart Statesmen.

I admire and respect the intense dedication of the Hobart College lacrosse team. I know that the esteemed qualities all participants in the Hobart lacrosse program have exhibited in winning the championship will be displayed in attaining worthwhile future goals.

A SALUTE TO LITHUANIA

HON. THOMAS E. MORGAN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. MORGAN. Mr. Speaker, as America celebrates her 200th anniversary, we cannot forget those in other lands whose yearning for freedom is as strong as ours but who are denied the national independence that is their right.

Thirty-six years ago, the sovereignty of Lithuania was forcibly violated by the Soviet Union and this courageous country remains under Moscow's annexation to this day. Not only are Lithuania's people denied national determination, but also they are deprived of basic human rights such as freedom of political choice, of assembly, and of worship.

Despite Kremlin efforts to subdue Lithuania under the oppressive regime of communism, Lithuania's brave people continue to nourish their spirit of liberty and their culture and to oppose the suppression of human freedoms.

We in the United States should maintain our policy of refusing to recognize the forcible annexation of Lithuania. And the Congress is to be commended for its passage of legislation which will establish a commission to monitor compliance with the Helsinki accords.

LITHUANIAN-AMERICAN COMMUNITY OF THE U.S.A., INC.,
NATIONAL EXECUTIVE COMMITTEE,
Philadelphia, Pa., June 3, 1976.

Hon. THOMAS E. MORGAN,
House Office Building,
Washington, D.C.

DEAR MR. MORGAN: On June 15, Lithuanian-Americans will join with Lithuanians throughout the free-world in commemoration of the forcible occupation and incorporation of Lithuania into the Soviet Union in 1940 and the subsequent deportation of hundreds of thousands of Lithuanians to Siberian concentration camps. We are seeking your assistance, together with your fellow members of Congress, in the observance of June 15th and respectfully request that you schedule your remarks in support of this commemoration on the floor of the House as close to June 15th as possible.

You have recently received a copy of "The Violations of Human Rights in Soviet Occupied Lithuania—A Report for 1975," which documents present-day Communist religious and political persecutions within Lithuania. The Soviet Union goes to great lengths to prevent any such information from reaching the free world because world public opinion is still a viable force against the oppressions by the Soviet Union. Let us not leave the people of Lithuania forsaken, forgotten and alone in their struggle against Soviet oppression, their rights to independence, freedom of thought, conscience and religion terminated by the Soviet Union, a signatore of the Universal Declaration of Human Rights.

Legislation such as Senate Bill 2679 and House Bill 9466, which propose that a commission be established to monitor international compliance with the Final Act of Helsinki, is an effective method to focus world attention on the repressions of basic human rights being carried out within Lithuania by the Soviet Union.

We urge your continued support for this legislation, and we would appreciate receiving a copy of *The Congressional Record* containing your remarks on the June 15th observance.

Sincerely,

JOSEPH GAILA,
President.

LOWER TAXES ARE BEST

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. COLLINS of Texas. Mr. Speaker, today the average American citizen is asking the question of do you get what you pay for when you pay taxes. I just saw an interesting and indepth survey on taxes. It compares the situation of New Hampshire and Vermont for the past 34 years. These States are side by side, have similar people, terrain, and economic conditions.

Vermont is the third highest taxed State in the United States. New Hampshire is down 47th out of the 50 which means New Hampshire is one of the lowest taxed States in the country. The average New Hampshire taxpayer paid $1,340 out of each $10,000 of personal income in State and local taxes. The Vermonters paid $1,990 which is 48 percent higher.

This report entitled, "A Comparative Study of the Fiscal Systems of New Hampshire and Vermont, 1940–74" was prepared by the Wheelabrator Foundation of Hampton, N.H. The study was made by Dr. Colin D. Campbell and his wife, Dr. Campbell is a professor of economics at Dartmouth College. The foundation published the full report with surveys and tables and here are the facts.

New Hampshire's total State and local taxes cost 13.4 percent of personal income and Vermont cost 19.9 prcent. New Hampshire expenditure on education costs 6.6 percent of personal income and Vermont 9.6 percent. Yet it is interesting to note that New Hampshire had higher high school test grades than Vermont on the latest scholastic aptitude tests.

New Hampshire expenditures on highways cost 2.9 percent of personal income and Vermont costs 4 percent. New Hampshire public welfare costs was 2 percent of personal income to Vermont's 3.1 percent. One table showed that from 1957 to 1974 that New Hampshire State and local debt as a percentage of personal income rose little from 11.3 to 12.9 percent. But during this same period Vermont, which had been lower, raised from 9.2 to 27.4 percent.

This intensive, factual survey should tell something to everyone. What it says is that the more you tax the more you spend. The more you tax, the more your debts also go up. The more you tax the less future you offer to the people of your State.

A SALUTE TO THE ARMENIAN GENERAL BENEVOLENT UNION

HON. GEORGE E. DANIELSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. DANIELSON. Mr. Speaker, during our Bicentennial Year, the Armenian General Benevolent Union will be observing its 70th anniversary, celebrating the birthday of both America and the AGBU during its annual national convention, to be held this year on July 1 through 4 in Los Angeles.

Founded in 1906 by Boghos Nubar Pasha in Cairo, Egypt, the Armenian General Benevolent Union has done much over the years to aid the Armenian people both materially and educationally.

In the beginning, when the Armenian people were in a desperate situation, the AGBU channeled its resources into orphanages, homes, medical dispensaries, food and clothing. As the lot of the Armenians improved, the AGBU was able to devote an increasingly larger share of its resources to its educational program.

Today, with 19,000 members throughout the world—7,000 of whom are in North America—the AGBU has attained an impressive record in its educational program. There exists today a network of 21 schools, among which are the famous Melkonian Institute in Cyprus and four schools in North America: the Alex Manoogian School in Southfield, Mich., grades kindergarten through 10; the Armenian Elementary School in Boston, Mass., grades nursery through four; the Saint Peter's Armenian Day School in Van Nuys, Calif., grades kindergarten through one; and, the AGBU School in Montreal, Canada, grades kindergarten through four. An additional grade is added yearly to the schools when possible until a full curriculum of grades kindergarten through 12 is offered. Assistance is also provided Armenian national and denominational schools in Europe and the Middle East, while every year numerous scholarship grants are made to students attending colleges and universities all over the world.

In the Armenian communities of the United States the AGBU has been successful in advancing education, publications, camps, youth activities, scholarships and loans, and song and dance ensembles.

The AGBU plans to establish cultural and youth centers in Los Angeles, Montreal, and Toronto. There are plans to build two more schools in Los Angeles and one in Fresno.

It is with great pride that I bring the attention of my colleagues to the works of the Armenian General Benevolent Union. To its international president, Mr. Alex Manoogian, its U.S. president, Mr. Edward Mardigian, and to all AGBU members I would like to wish a joyous Bicentennial and a meaningful 70th anniversary.

ELIMINATE THE OUTSIDE EARNINGS LIMITATION ON SOCIAL SECURITY BENEFITS

HON. ROBERT W. KASTEN, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. KASTEN. Mr. Speaker, I am introducing legislation today to correct one of the major inequities in the present social security program—the outside earnings limitation placed on social security recipients.

The importance of the social security system to our elderly citizens is demonstrated by the fact that in fiscal year 1976, over 29 million people who were 65 years and older have collected $62.9 billion in social security benefits. Over 90 percent of the total population over 65 years of age receives social security—and most of our senior citizens rely on social security benefits for at least one-third of their total income.

The social security system was not designed to provide the total income of a retired person—it is supposed to be supplemented by other resources, such as pension plans and savings. Unfortunately, the present social security law unfairly discriminates against social security recipients who must continue working beyond age 65 in order to make ends meet.

The "catch 22" of the social security system is simple to explain—a person cannot live on his social security checks, but, if he finds a part-time job which pays him more than $2,520 annually, his social security checks begin to grow smaller. The only way to beat the "catch 22" is to reach age 72.

The outside earnings limitation is an affront to millions of American citizens between the ages of 65 and 72 who have paid into the social security system for 20, 30, and even 40 years with the expectation of drawing their full benefits at age 65. The restriction is discriminatory against individuals who must continue to work and even those who merely want to.

Recently, the Social Security Advisory Council recommended a liberalization of the outside earnings limitation—to lessen the penalty for income earned over $2,520.

Although the Advisory Council is to be commended for recognizing the financial plight of many of our senior citizens, I cannot accept their solution.

I am introducing legislation to eliminate the outside earnings limitation.

My legislation is a necessity for many senior citizens, and for many others, it is a restoration of a basic right to earn as much income as an individual desires, limited only by his or her initiative and ability.

Our senior citizens are one of our Nation's greatest resources. They possess a wealth of experience, talent, and productive capability that we should not inhibit. Nor should we be discouraging them from leading active, constructive, and independent lives.

Mr. Speaker, I urge the House Ways and Means Committee to consider this important legislation at an early date.

BREAKTHROUGHS IN REENTRY MATERIALS

HON. DAVID F. EMERY

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. EMERY. Mr. Speaker, I have recently been made aware of breakthroughs in reentry materials development for missiles, specifically strategic missile nose tips. This new class of material, called reinforced carbon-carbon, has successfully flown on several ICBM flights without any failures and with significantly improved performance and accuracy. These confirming flight tests have demonstrated the superiority of materials developed by the BMD materials program. These unique advances, being incorporated in strategic missile systems, reflect the materials technology leadership of the Army's BMD materials development program. This leadership and its potential for additional future contributions to strategic missile systems and to the more difficult flight environment of defensive missiles, make it prudent to insure continuation of this program at a level of at least $5 million for fiscal year 1977.

In general, I believe that greater emphasis on strategic missile materials and structures research and development is necessary. The DOD concept of a tri-service exploratory development program directed at developing ballistic missile defense interceptors and reentry and launch vehicle materials and structures technologies appears to be the most effective mechanism for the utilization of the best technical talents in the United States while allowing satisfaction of individual service mission requirements. However, the DOD technology base in these areas is in serious need of considerably more emphasis than it is new receiving. The downward funding trends must be reversed. In particular, the Army should reestablish its ballistic missile defense interceptor and tactical missile materials and structures exploratory development projects, and Navy should strengthen their reentry and launch vehicle materials and structures technology base programs.

THE SYN-FUELS BILL IS DEAD

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mrs. SCHROEDER. Mr. Speaker, the Federal Energy Administration has published in today's Federal Register a ruling that synthetic fuels, such as oil from oil shale and coal, do not fall under the price regulations which apply to regular domestic oil production. This, of course, means that all oil produced from these sources may be sold at OPEC-level prices.

The prime reason the synthetic fuels industry has been advocating H.R.12112, the synthetic fuels subsidy bill, is that it has claimed that regulated oil prices are not high enough to attract the capital the industry needs to set up production and get the oil from oil shale and coal. Now that this stumbling block has been removed, and their fuels can be sold at the highest prices available in the world, there is no more need for any of us in Congress to waste time in this busy year debating H.R. 12112. Obviously, investors will be swarming to the aid of the industry.

Mr. Speaker, I am somewhat concerned that Administrator Zarb has been advocating the enactment of H.R. 12112 while, at the same time, his minions have been hard at work eliminating the need for this legislation. But knowing the "A" in the FEA stands for Administration in name only, I am willing to excuse this error for the untold billions of dollars which the FEA is now saving the taxpayers of this Nation.

The complete text of the FEA statement follows:

TITLE 10—ENERGY. CHAPTER II—FEDERAL ENERGY ADMINISTRATION

[Ruling 1976-4]

SYNTHETIC FUELS PROCESSED FROM OIL SHALE, TAR SANDS, AND COAL

Inapplicability of mandatory petroleum allocation and price regulations

I. Issue

The Federal Energy Administration ("FEA") has recently received several inquiries with respect to the applicability of the Mandatory Petroleum Allocation and Price Regulations to the so-called synthetic fuels (or crude oil substitutes) processed from oil shale, tar sands, coal, and other natural deposits that must be mined before the crude oil substitute can be extracted. The purpose of this Ruling is to set forth the FEA's determination that such crude oil substitutes do not fall within the purview of FEA's authority to establish mandatory petroleum allocation and price regulations, which is derived from the Emergency Petroleum Allocation Act of 1973, as amended ("EPAA").

For purposes of this Ruling, oil shale is defined as:

"A fine-grained sedimentary rock containing insoluble organic matter that yields substantial amounts of oil by destructive distillation."

Tar sands are defined as:

"The several rock types that contain an extremely viscous hydrocarbon which is not recoverable in its natural state by conventional oil well production methods including currently used enhanced recovery techniques. The hydrocarbon-bearing rocks are variously known as bitumen-rocks, oil impregnated rocks, oil sands, and rock asphalt."

Coal is presently defined in 10 CFR Part 305.

II. Ruling

The EPAA directs the President to promulgate regulations providing for the allocation and pricing of "crude oil, residual fuel oil, and refined petroleum products." The term "crude oil," however, is not defined and Congress did not specify in the Act or its legislative history whether it intended the term "crude * * * production of such crude oil substitutes derived from oil shale, coal, tar sands or other natural deposits that must be mined before the hydrocarbons can be extracted. Accordingly, FEA has reviewed the purposes of the EPAA and the circumstances underlying its adoption to determine whether Congress intended the production of such crude oil substitutes to be subject to the specific temporary authority which Congress delegated to the President under the EPAA. Based on this review, the FEA has concluded that the Congress did not intend these products to be regulated under the EPAA.

In enacting the EPAA in December, 1973, Congress was concerned with providing temporary authority for the allocation and pricing of only those petroleum resources that were then actually or threatening to be in short supply. Thus, the purpose of the EPAA was stated in section 2(b) to be "* * * to grant to the President of the United States and direct him to exercise specific temporary authority to deal with shortages of crude oil, residual fuel oil, and refined petroleum products or dislocations in their national distribution system." The temporary nature of the regulatory program envisioned by Congress under the EPAA was underscored by section 4(g)(1), which initially provided that the regulation required to be promulgated under section 4(a) would remain in effect only until midnight February 28, 1975.[1]

At the time of enactment of the EPAA, domestic production of crude oil substitutes derived from oil shale, coal and tar sands was, as it is now, undertaken only for experimental purposes, and the synthetic products obtained thereby were not commercially available for use as refinery or petrochemical feedstocks and were not expected to become commercially available for several years. From these facts, the FEA has concluded that the Congress clearly did not intend these products to be subject to the temporary regulation required under section 4(a) of the EPAA when it enacted the EPAA to deal with the supply shortages and dislocations in the petroleum industry that occurred late in 1973 or threatened to occur before the end of February 1975.

The FEA recognizes that the initial price regulations of FEA (then known as the Federal Energy Office) defining the substances subject to price controls under the EPAA carrier forward, as the Congress contemplated would be the case, regulations having similar coverage that had previously been adopted by the Cost of Living Council ("CLC"). The CLC first provided for the regulation of petroleum prices on August 17, 1973, when it adopted Subpart L of CFR Part 150 under Phase IV of the Economic Stabilization Program. CLC was acting pursuant to the authority conferred by the Economic Stabilization Act of 1970 ("Stabilization Act"), the broad purpose of which was to stabilize the economy, improve the Nation's competitive position in world trade, and protect the purchasing power of the dollar. The scope of regulatory authority exercised by CLC under the Stabilization Act was equally broad, extending generally to prices, rents, wages, salaries, dividends, and interest.

The Subpart L regulations of CLC were applicable to "sales of products described in the 1972 Standard Industrial Classification Manual, Industry Code 1311, 1321, or 2911 (except natural gas * * *) * * *." The applicability of the CLC Subpart L regulations to the production segment of the petroleum industry was described by Standard Industrial Classification 1311 (except natural gas), which provides, in part, as follows:

"Establishments primarily engaged in operating oil and gas field properties. Such activities include exploration for crude petroleum and natural gas; drilling, completing, and equipping wells; operation of separators, emulsion breakers, desilting equipment; and all other activities in the preparation of oil and gas up to the point of shipment from the producing property. This industry also includes the production of oil through the mining and extraction of oil from oil shale and oil sands. * * *

"Crude oil production.

"Crude petroleum production.

"Natural gas production.

"Oil sand mining.

"Oil shale mining."

(Standard Industrial Classification 1321 and 2911 relate to Natural Gas Liquids and Petroleum Refining, respectively.)

In passing the EPAA, Congress expressly recognized that the CLC petroleum price regulations in Subpart L could form the basis for the price regulations to be adopted under the EPAA, unless and until such time as the purposes of the EPAA required a modification:

It is expressly contemplated * * * that the price controls established by Phase IV under authority of the Economic Stabilization Act would continue in effect unless and until required to be modified by the price regulation required to carry out the purposes of this Act. * * *" (H.R. Rep. No. 628, 93rd Cong., at 26 (1973).)

Congress contemplation that CLC price controls "would continue in effect unless and until required to be modified" under the EPAA indicates that Congress expected the mandatory authority under the EPAA to be generally coextensive with the scope of the authority exercised by CLC under the Stabilization Act. But it also indicates that the agency assigned responsibility for implementing the EPAA would be under an obligation to take a closer look at the CLC's regulations in order to conform their scope to the specific temporary regulatory purposes of the EPAA.

Accordingly, FEO on April 3, 1974, determined that certain products refined from crude oil, which were specifically included under the Standard Industrial Classification 2911 and thus were price controlled by the CLC under the Stabilization Act, were not within the intended scope of the EPAA (39 FR 12353, April 4, 1974). No action was taken at that time with respect to the crude oil substitutes which are the subject of this ruling inasmuch as they were not being commercially produced and were thought therefore not to warrant specific mention. However, now that the matter has been appropriately brought to the FEA's attention and the agency has had an opportunity to consider whether Congress intended these products to be subject to regulation under the EPAA, the FEA for the reasons outlined above, has concluded that Congress did not so intend.

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[1] The mandatory regulatory authority contained in section 4(a) has subsequently been extended on several occasions. *See* P.L. 93-511 (December 5, 1974), P.L. 94-99 (September 29, 1975), P.L. 94-133 (November 14, 1975), and P.L. 94-163 (December 22, 1975). The fact that this authority has been extended beyond the initial February 28, 1975 expiration date, however, is not relevant to the intent of Congress with respect to the meaning of the term "crudeoil" at the time the EPAA was passed.

Michael F. Butler,
General Counsel,
Federal Energy Administration.

June 17, 1976.

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AUTHOR POINTS TO DANGERS OF SEA LIMIT

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. SIMON. Mr. Speaker, I have called attention to some problems, some dangers, which I think exist with the new claim of 200 miles into the ocean as U.S. territory. My strong belief remains that it was an imprudent action on our part that could lead to international conflict. I inserted into the Congressional Record of June 7, 1976, my exchange of letters with the commandant of the Coast Guard.

My attention has been drawn to an article which appeared in the "Journal of Maritime Law and Commerce" of January 1976 written by Mr. Eugene R. Fidell.

In his article he points out some dangers that are present in the newly claimed jurisdiction. In the article he warns against the use of naval strength to enforce fishery laws. In the article he warns that "use of naval craft tends to put a nation's honor on the line over issues that may not objectively merit such prominence."

While the article is written for a journal which is designed for specialists in maritime law, I hope that some of my colleagues in the House and Senate will take the time to read it and reflect.

The article, "Fisheries Legislation: Naval Enforcement" follows:

Fisheries Legislation: Naval Enforcement

(By Eugene R. Fidell)

I. INTRODUCTION

In the current debate regarding the limits of national jurisdiction over the living resources of the sea, it is surprising how little attention has been paid to the practical aspects of law enforcement in an expanded fisheries zone. Such an expanded zone might come about by unilateral United States action or by successful negotiations incident to the Third United Nations Law of the Sea Conference. Although it has been suggested that the former possibility need not call for a substantial increase in federal at-sea patrol efforts, since only known fishing grounds would have to be monitored, the reality seems to be otherwise. For example, foreign fishermen have been aggressive in developing entirely new fisheries in previously ignored areas. Thus, a limitation of surveillance to known areas might not sufficiently protect national interests or international conservation efforts. For this reason, while the Coast Guard has gone on record as favoring an approach concentrating on "coverage of known active fishing areas," it has also recognized the need for "some coverage to the full range of our jurisdiction . . . to determine if changes in present patterns of fishery activity are occuring, to make our presence known throughout the area, and to facilitate apprehension." Moreover, surveillance of many offshore areas has to date been a matter of simple reconnaissance, whereas an extension of federal jurisdiction would necessitate the availability of surface forces to effect maritime seizures. Another development that could increase pressure on available United States fishery enforcement resources is the recently-announced federal policy permitting boarding anywhere on the Continental Shelf of vessels observed using bottom tending gear or gear designed to catch Continental Shelf fishery resources.

The natural place to look for equipment to augment the current program of at-sea fisheries law enforcement (which relies essentially on joint efforts of the Coast Guard and the National Marine Fisheries Service) is the Defense Establishment. Alternatively, use of Department of Defense surface forces in law enforcement could be limited to the situation where foreign warships accompany a foreign fishery fleet. This article will highlight some of the domestic and international law aspects of the search for additional strength in the fisheries context. As will be seen below, there are no categorical domestic or international legal impediments to reliance on naval and other military force in the fisheries enforcement area, but considerations of policy on both fronts, as well as practicality, militate against a hasty invocation of such resources.

II. OBJECTIVES OF HIGH SEAS FISHERY LAW ENFORCEMENT

For any program of high seas fisheries law enforcement to be effective, it must meet several criteria. The activities must comply in all respects with the requirements of domestic and international law, in order that a prosecution (if the judicial power of some state is to be invoked) may be successfully concluded. Despite expectations to the contrary, it does occasionally happen that coastal state's courts will release a foreign vessel for reasons related solely to domestic legal requirements.

Even more basic objectives are to detect offenders, and to seize their vessels when seizure is authorized by law. It is to achieve these goals that a nation might turn to its naval forces to implements its fishery regulations, since its naval forces will generally be more likely to possess the combination of speed, sea-keeping ability, size, communications and navigational gear, and armament to deal effectively with large, fast modern distant-water fishing fleets than will such government agencies as the customs, search and rescue or conservation branches. While there are times when a small enforcement craft will have the advantage of being able to surprise a poaching vessel, its lack of distinct characteristics could, in some situations, be held to be a defense in later judicial proceedings. Sometimes a large vessel capable of towing, or of launching and recovering aircraft may be essential to successful enforcement. The ability to launch smallboats for a boarding party should be mentioned, and a certain minimal crew size may be needed to make up boarding parties in multiple-ship seizures. And finally, a nation may turn to its naval fleet for reasons wholly impractical in nature: to display its might, either for foreign or local consumption.

All of the foregoing reasons can be adduced in abstracto in support of using naval forces to apply coastal state fishery laws. For virtually each reason, however, another opposing reason emerges. Aside from the purely tactical ones suggested above, it must be remembered that use of naval craft tends to put a nation's honor "on the line" over issues that may not objectively merit such prominence. It may be deemed a hostile act abroad, and can foster confrontations as readily as it leads to voluntary compliance. Significantly, such use of naval craft represents a diversion of resources from more pressing national defense problems. The Navy has already correctly objected to similar diversions of personnel.

To these countervailing factors must be added an evaluation of available non-naval forces. This is not the place to reproduce *Jane's Fighting Ships*, but it is an appropriate point at which to suggest that—aside from sheer numbers of hulls—every advantage achievable from use of naval craft is achievable from other available Federal resources, with none of the adverse side effects. From a practical point of view, then, the scales do not now tip clearly in favor of naval augmentation of fishery patrol efforts.

III. FOREIGN LAW PERSPECTIVES ON THE CHOICE OF ENFORCEMENT AGENCY

Foreign legislation and practice in fisheries law enforcement certainly shows little reluctance on the part of other countries to rely on naval personnel, vessels and aircraft. France, for example, listed the Minister of the Armed Forces as one of the officials concerned with enforcement of the Exclusive Fishing Zone decree of June 7, 1967, although the Merchant Marine Department also maintains patrol craft. The common law countries have come to depend on regular naval units, at least in part in their fisheries programs. Under the British Sea Fisheries Act 1968, in addition to certain personnel of the sea-fishery inspectorates, fishery protection service, Customs and Excise, Coastguard, and specifically appointed officials, "commissioned officers of any of Her Majesty's ships and persons in command or charge of any aircraft or hovercraft of the Royal Navy, the Army or the Royal Air Force" are authorized sea-fishery officers. Under this mandate, the Royal Navy has organized a special Fishery Protection Squadron which has "brought a steady stream of poachers before the Coastal magistrates' courts." From the enactment of the Fishery Limits Act of 1964 to late August 1968, the Squadron had arrested 50 foreign vessels. Its other duties include investigation of incidents between fishermen and rendering aid to fishermen. The Royal Navy places principal reliance on the use of coastal mine-sweepers, but has experimented with hovercraft, and several fisheries arrests have involved larger naval floating units. Specially-designed fast patrol boats have also been purchased for the Squadron.

In Eire, where fishery protection is considered a normal duty of the Naval Service, fisheries legislation empowers several categories of government officials to perform fisheries enforcement functions, but the Republic is more liberal than the United Kingdom in its reliance on military personnel, since it extends sea fisheries protection officer status to "every member of the Defence Forces (not below the rank of sergeant or the rating of petty officers) for the time being serving on board any ship or vessel belonging to or employed in the service of the State." In its inclusion of petty officers this legislation is similar to United States law conferring at-sea enforcement powers on Coast Guard commissioned, warrant and petty officers.

In the South Pacific, both Australia and New Zealand have looked to their Armed Forces for fisheries enforcement. New Zealand, in the Fisheries Amendment Act 1967, has designated as fishery officers (among others) "[e]very naval officer for the time being in command of a ship of the New Zealand Naval Forces." The limitation to commanding officers is not applied, however, in Australia, where fisheries officers include specially designated personnel, members of the Commonwealth, State or Territory police forces, and "member[s] of the Defence Force." Although it has been stated that "surveillance of the fishing limits is not fundamentally a designated naval function," the Australian Navy has been vigorous in conducting patrols and apprehending foreign fishing vessels, and has had small patrol craft built, among other things, for fisheries patrol duty. Both New Zealand and Australia have used air force aircraft for high seas fisheries reconnaissance.

Finally, the Canadian Coastal Fisheries Protection Act creates three classes of protection officers: fishery officers under the Fisheries Act, Royal Canadian Mounted Police officers, and other persons designated by the Governor in Council. Under the authority thus granted, commissioned officers of the Canadian Armed Forces have been designated to enforce not only the Coastal Fisheries Protection Act, but also the North Pacific Fisheries Convention Act, Northern Pacific Halibut Fishery Convention Act, and Northwest Atlantic Fisheries Convention Act. The authorization is not limited to commanding officers or personnel assigned to naval functions. In the past, the principal use of the Canadian Forces in fisheries law enforcement has been in conducting airborne surveillance, but on at least one occasion a foreign fishing vessel has been seized following hot pursuit by a naval vessel. Due to considerable pressure applied in Parliament, the Government has recently agreed to deploy naval surface craft for fisheries duty on a regular basis, and twelve Canadian Forces ships have already been designated as ICNAF inspection vessels.

From a review of these foreign developments, one may wonder what basis might exist for a more cautious approach by the United States to the matter of fisheries enforcement. In succeeding sections of this article the international and domestic legal considerations that argue in favor of such caution will be reviewed.

IV. INTERNATIONAL LEGAL CONSIDERATIONS

From an international law standpoint, there can be little doubt as to the general propriety of using naval force to apply coastal state fisheries laws. The preceding discussion of foreign practice is in accord with this. If anything, international law favors the use of naval craft because of their distinctive character, rendering confusion unlikely among fishermen. Thus, the right of hot pursuit may be exercised, under the 1958 Convention on the High Seas "only by warships or military aircraft, or other ships or aircraft on government service specially authorized to that effect," By clear implication, no special authorization is needed for exercise of the right by warships under the quoted language, although, as Professor Poulantzas correctly observes, the competence of the warship may involve domestic legal questions under the law of the coastal state.

The question of using naval as opposed to coastguard, customs, or fishery service craft to enforce fisheries regulations becomes somewhat more complex when reference is made to the many treaties and executive agreements dealing with high seas fisheries conservation. Historically, use of warships for such purposes was the rule. But, as Professor Koers notes:

"In modern treaty practice fishery inspectors do not necessarily belong to the navy of the appointing State. The . . . North Seas Fisheries Convention of 1882 took a different position. Article XXVI provided that the superintendence of fisheries should be exercised by vessels belonging to the national navies of the parties. An exception was made in Belgium, which had at that time no fleet. The modern approach is illustrated by an amendment to this provision, which was made in 1955. Under this additional agreement, naval vessels used for exercising supervision of the fisheries under the 1882 convention might be replaced by other state-owned vessels, commanded by a specially appointed officer, if the necessity to do so should arise.

It appears, then, that although non-naval craft have joined the warship in fisheries enforcement, they have not supplanted it. In some cases, however, the language and negotiating history of a particular international agreement may be thought to limit a state's reliance on warships in fisheries regulation.

One example of this kind of limitation may arguably be found in the 1973 bilateral agreement between the United States and Poland concerning the mid-Atlantic fisheries. Article 9 of the agreement creates a Scheme of Joint Enforcement, and Annex II mandates that "[t]he ships used to carry inspection officers may be either special inspection vessels or fishing vessels." Since at the time the agreement was negotiated, United States naval craft were not in use for fisheries law enforcement, the argument runs, the expectation of the parties would be that "special inspection vessels" meant vessels of the Coast Guard or perhaps vessels under charter to the National Marine Fisheries Service. The argument is not compelling legally, given the history of use of naval craft in marine law enforcement. An estoppel against the use of naval units cannot be indulged in the absence of clearer terminology and negotiating history.

Another illustration is the Scheme of Joint Enforcement under the International Convention for the Northwest Atlantic Fisheries, on which the Polish bilateral is modeled. That Scheme may be enforced from designated fishing vessels or "special inspection vessels," a term interpreted by some participants at least include warships. Implementation of the ICNAF Scheme has been a time-consuming process, with several states carving out reservations to the scope of the inspections. Where such is the case, it might be expected that objection would be made to the use of naval craft for inspections, particularly where the use of such craft was not asserted at the outset.

Any such objection would rest more on a political than a legal bottom, however, absent an unambiguous limitation to non-naval craft in the governing document. Where relations are strained between the coastal state and the state whose vessels are being regulated, a shift to naval and away from other government craft could lead to further reservations to inspection programs, precipitate a repudiation of the underlying agreement, and result in the loss of any voluntary restriction on fishing by the distant-water fishing state and its vessels.

The only other arguable international law impediment to the use of naval units by the United States other than the precise terms of bilateral and multilateral agreements is the Rush-Bagot Agreement which limits armaments on the Great Lakes. In view of Canada's designation of military personnel as competent to enforce the Coastal Fisheries Protection Act, there can be no question that fisheries enforcement would be a "normal activity" for authorized naval forces within the meaning of the Agreement. Nevertheless, despite occasional frustrations, enforcement on the Lakes is not so serious a problem as to require naval augmentation of state and Coast Guard efforts.

In summary, while there are no straightforward general international law objections to the use of naval craft, use of such craft to apply bilateral or other international agreements would have to be undertaken with some caution, to avoid offending either the letter or the spirit of the agreement, or generating needless international hostility.

V. DOMESTIC LEGAL CONSIDERATIONS

If, as has been concluded above, there are no general insurmountable international law obstacles to the use of naval vessels in fisheries law enforcement, are there any serious problems arising under domestic law in the United States? Here again, the conclusion is reached that there are no overriding black-letter obstacles. Objections based on fundamental federal policies may be voiced, however.

At the outset, it is appropriate to observe that the Navy has had a minimal historical role in United States fisheries work. With respect to law enforcement, there is evidence of the use of naval units for such miscellaneous purposes as monitoring the activities of Cuban fishermen on the Florida coast early in the last century, and in ensuring the integrity of the Trust Territory of the Pacific Islands in the years following World War II. Further, legislation passed in 1906 to prohibit foreign fishing off Alaska empowered the Secretary of the Interior to employ naval vessels and personnel as well as the Revenue Cutter Service of the Treasury (forerunner of the Coast Guard) for enforcement. The power to use the Navy was exercised.

The Navy also for some years provided direct aid to United States fisheries research efforts by manning the Fish Commission steamer *Fish Hawk*. Finally, foreign fishermen have come into contact with the Navy under the Submarine Cable Act (under which high seas boarding rights are conferred upon commanders of "ships of war" and other ships "specially commissioned") and incident to efforts to warn foreign vessels of hazards due to weapons testing.

Modern federal fisheries legislation does not provide a simple answer to the question of using naval units in enforcement. The specialized statutes implementing various fisheries conventions confer enforcement power on the Coast Guard, rather than the Navy. Under the Bartlett Act, however, which prohibits foreign fishing and support activities within 12 miles of the United States, or the taking of United States Continental Shelf fishing resources, although the Navy is not a named enforcement agency, it could be called upon to assist pursuant to the clause allowing the Departments of Commerce, Treasury and Transportation to "utilize the equipment (including aircraft and vessels)" of any Federal department or agency. To date, little use has been made of this power in actual enforcement cases, but it has been given an expansive reading to allow the use of naval personnel as well as equipment, and, significantly, the interim 200-mile legislation that passed the Senate in 1974 expressly included a provision for the use of "personnel, services, and facilities" of any Federal agency on request of the Departments of Commerce or Transportation, the designated enforcement agencies. This language may not go far enough to enable an enforcement officer of the Coast Guard or National Marine Fisheries Service to "deputize" naval personnel to make arrests or seizures in the absence of a statutory enforcement official, but it could be viewed as support for increased use of the Naval Establishment in fisheries enforcement.

If the power to use the Navy in some fashion exists under present law or would exist in clearer form were S. 1988 to be enacted, should it be used? It is submitted that such reliance on the military for peacetime law enforcement would run counter to basic notions of the proper function of the Armed Forces, and should be avoided if possible. The fountainhead for this policy is a piece of Reconstruction Era legislation known as the Posse Comitatus Act, making it a crime to use the Army and Air Force to enforce the laws except as provided by Act of Congress. Despite its vintage, "[t]he statute is not an anachronistic relic of an historical period, the experience of which is irrelevant to the present." The Act has been said to impose "no restrictions on the Navy, the Marine Corps or the Coast Guard." and while it is true that an early version of the bill that led to the Act extended to the Navy, it appears to have been dropped because the Posse Comitatus Act was itself a rider to an Army appropriation measure. One commentator has concluded that—

"No policy reasons can be advanced for exempting these forces [the Navy and Marine Corps] from the coverage of the Act. The present gap in coverage reflects the legislative tactics used in passage of the Act in 1878, rather than any decided congressional policy to exempt those services."

The one reported case on point declined to extend the Posse Comitatus Act beyond the Army and Air Force. In *United States* v. *Walden*, the Fourth Circuit was faced with an allegation that certain evidence obtained by members of the Marine Corps at the instigation of Treasury agents should have been suppressed in a trial for sale of firearms to minors and non-residents. The court did not have to reach the Posse Comitatus Act issue, holding rather that the involvement of the Marines in the case was in violation of a Secretary of the Navy Instruction, and refusing suppression on the ground that no pattern of Government activity was in issue. As a result, any legal argument on Posse Comitatus Act grounds that the Navy ought not to become a major enforcement agency for legislation on foreign fishing must rest on the penumbra of the Act or on the internal regulations of the Navy. In Mr. Justice Douglas' view, dissenting in *Laird* v. *Tatum*, "the Armed Services . . . are not regulatory agencies or bureaus that may be created as Congress desires and granted such powers as seem necessary and proper." "The military, though important to us, is subservient and restricted purely to military missions." The constitutional issue would then be whether fisheries law enforcement with respect to foreign vessels is a "military mission." Whatever may be the experience abroad, practice in the United States in this century suggests a negative answer.

From the point of view of statutory construction, of course, there is no basis for holding that the Posse Comitatus Act would be violated by regular use of naval forces in the fisheries area. First, as indicated, the Act on its face does not apply to the Navy. Second, the Act contemplates that there may be statutory exceptions to the prohibition, and the Bartlett Act or legislation such as S. 1988 would be such an exception. Nevertheless, use of naval force on a regular basis to implement the Bartlett Act would be the first significant use of the fleet as a "domestic police force," and a departure from customary notions of the proper role of the military in the United States.

Moreover, because the management plan to be developed under S. 1988 and similar legislative proposals would presumably call for enforcement of the same rules against United States and foreign flag vessels, it could involve the use of naval vessels in enforcement measures against domestic fishermen. Such a development would, in all likelihood, be deeply resented by United States fishermen, but might be necessary where domestic and foreign fleets were working the same fishing grounds. Any other result would require that two separate maritime police forces be maintained: a naval force limited to enforcement against foreign fishing vessels, and the Coast Guard, competent as to both foreign and United States vessels. The confusion and resentment that might attend such a development suggest the need for caution in invoking naval surface support for fisheries patrolling.

IV. CONCLUSION

There is an undeniable frustration in drawing conclusions from the foregoing. For one thing, events are moving—by international law standards—at breakneck speed. In addition to the novel pressures indicated at the beginning of this article, fisheries enforcement within the present 12-mile limit and on the Continental Shelf has accelerated. Since the beginning of 1974, there has been an unusually high number of seizures by federal authorities under the Bartlett Act. Still other foreign vessels have been arrested by state agents. Possibly the demands for wider United States assertions of power will be overtaken by the coming session of the Third Law of the Sea Conference. It seems likely that either unilaterally or pursuant to a new treaty, increased at-sea surveillance and enforcement measures will be necessitated. Although, as has been shown, neither domestic law nor international practice stand as impediments to federal reliance on defense forces for these purposes, a compelling case can be made that such reliance would be of little practical benefit, would constitute an unwise diversion of resources from traditional national defense functions, and would impede the cause of cooperative international fisheries conservation measures. For these reasons, a move in the direction of greater use of military and naval equipment and personnel should not be undertaken without a much stronger showing of necessity than can presently be made.

TIM LEE CARTER, M.D.—'NO SOFTY' AS LEGISLATOR

HON. JOE SKUBITZ

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. SKUBITZ. Mr. Speaker, we in this body are fortunate to have as colleagues Representatives from diverse professions upon whom we can rely for wise and expert advice when technical legislation comes before us.

We are especially fortunate that we have several physician Members to guide those of us who are less acquainted with medical matters. However, Congressman TIM LEE CARTER, a physician for many years in a rural area of Kentucky, has provided particularly invaluable assistance to this body during the past 12 years as a member of the health subcommittee.

The current American Medical News carries an article entitled, "Tim Carter, MD—'No Softy' as Legislator." I would like to include this article in the RECORD so that all the Members might have the benefit of reading it:

TIM LEE CARTER, M.D.—'NO SOFTY' AS LEGISLATOR

Tom Lee Carter, MD, is a courtly 65-year-old Kentucky physician who has not allowed his 12 years in the U.S. House of Representatives to corrode an optimistic view of mankind and politics in the nation's capital.

He is a gentle, soft-spoken man who prefaces his questions of witnesses at congressional hearings with a smile. Sometimes witnesses and fellow congressmen make the mistake of believing they are dealing with a softy. Dr. Carter is no softy. Beneath the placid surface, the Republican lawmaker is a shrewd politician and a determined battler for the public health and physicians.

As ranking Republican member of the House Commerce subcommittee on health, Dr. Carter wields more influence on health legislation than any physician who has ever served in Congress. There are three other physicians in Congress now. Rep. Thomas Morgan (D, Pa.) has more seniority, but he has devoted his legislative career to foreign affairs. Rep. Larry McDonald (D, Ga.) is serving his first term. Rep. Ron Paul (R, Tex.) won a special election several months ago.

When Dr. Carter heard recently that President Ford was in trouble in the Kentucky primary race against challenger Ronald Reagan, the congressman "felt so strongly about it that I went back and campaigned for him in Kentucky. Kentucky was supposed to be a Reagan state, but President Ford carried the state. He won my district by more than 8,000 votes, a larger majority than in any other district in the state. I hope I was helpful."

"Mr. Reagan is a good man," says Dr. Carter, "but the President is an old friend of mine. I never thought we would have a president I was accustomed to calling by his first name for many years. Now instead of 'Jerry,' it's 'Mr. President.' He took office when the nation was in a quandary, worried and discouraged. He gave us a sense of confidence and stability. We know he is going to try to do what's right because he is a fine man."

Dr. Carter is regarded generally as a conservative legislator, especially by his peers on the Democratic side. He appears somewhat bemused by the fact that Reps. McDonald and Paul are more conservative than he is. "I'm conservative too, but the world goes on and we've got to go with it. . . . I think that we are here in Congress to help solve some of the nation's problems."

The four physicians seldom get together, formally, or informally, socially or on business. Drs. Carter and Morgan, despite party and philosophical differences, "are old friends" and Dr. Carter hastens to add that Reps. McDonald and Paul are "very fine men."

Almost every weekend, Dr. Carter returns to his hometown of Tompkinsville in the south central part of the state near the Tennessee line. For relaxation he works on his farm which raises cattle, corn, soybeans, and tobacco.

"When I go home, some of my old patients will come by to see me. Occasionally, I'll suture a laceration to see if my hands are still as steady as they were when I came to Congress. I can't see a lot of difference so far."

How has he liked the life of a congressman?

"I've enjoyed it very much. I concentrate on legislation that will be helpful to people."

He likes to talk about medical research legislation such as recent bills dealing with arthritis, diabetes, and cancer. "This legislation helps physicians to help their patients."

Dr. Carter has enjoyed a cordial working relationship with Rep. Paul Rogers (D., Fla.) chairman of the House health subcommittee. The two don't always see eye to eye, and Dr. Carter believes that Rep. Rogers sometimes takes too liberal a stance.

One of Dr. Carter's prime goals is to establish a separate Dept. of Health in government. "The Health, Education, and Welfare Dept. is huge. It is top heavy in administration and low on services. We could save billions of dollars in administrative costs alone." Dr. Carter has introduced legislation, backed by the American Medical Association, to create the separate department devoted to health.

The only type of national health insurance that stands a chance of approval in Congress in the near future is a catastrophic program to protect people "who are in danger of losing everything they have because of illness or injury," the physician told AMN. Anything else would be too expensive, he adds.

"I really am optimistic about the future of medicine," Dr. Carter said, noting that almost every group that testified on NHI in this session of Congress has supported retention of the fee-for-service system for physicians.

A word of warning to physicians contemplating a political career: "The first thing is to have enough income so they can afford it. Salaries don't begin to pay your way here. I paid as much in income tax when I first came to Congress as I received in salary. I came because I thought that a physician could develop better health legislation."

THE CHALLENGE OF REGAINING THE CONFIDENCE OF THE AMERICAN PEOPLE

HON. ROBERT W. KASTEN, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. KASTEN. Mr. Speaker, at a time when the public's opinion of Congress is at an alltime low, the unfolding scandals in Washington have further eroded the confidence of the American people in their elected representatives.

The overriding question facing the House of Representatives is: How can Congress restore its integrity and regain the confidence of the American people?

The House of Representatives can and must deal with the blatant disregard of tax dollars, and even more importantly, with the abuse of power and the public trust.

THE NEED FOR A GENUINE CHANGE

The American people want—and deserve—a genuine change. The American people do not want Congress to go through an elaborate charade, only to find that we have not instituted any real changes, much less changed our attitude.

Genuine change can come only by a thorough investigation of allegations of misconduct and abuse of tax dollars; a serious, deliberate effort to adopt a strict code of ethics governing personnel practices, and an effective way of enforcing those standards to guard against future abuse of the public trust—particularly the misuse of tax dollars.

A BIPARTISAN INVESTIGATION

I have cosponsored legislation (H. Res. 1327) to create a special bipartisan committee to investigate allegations of misconduct by Members of Congress.

Under my bill, a full investigation and audit of all House committees would be conducted by a panel of five Democrats and five Republicans.

Efforts of the Democratic caucus to establish a partisan committee, with more Democrats than Republicans, should be set aside in favor of a truly bipartisan effort. Allowing the House majority to investigate itself will only serve to reinforce the public's cynicism and mistrust about the integrity of Congress.

A BROAD PACKAGE FOR REFORM

During the past 2 years, I have proposed a broad package of laws designed to infuse integrity, openness and accountability into the congressional process.

These proposals include reform of loosely regulated personnel practices which are behind the payroll scandal, the unchecked system of reimbursing House Members for travel expenses, the secrecy of committee records, and the "back-door" manner of increasing allowances and salaries for Members of Congress.

Mr. Speaker, although many of these proposals have been endorsed by more than 100 Members of the House, they have languished before committees for as long as 18 months—without so much as even 1 day of hearings.

CONGRESSIONAL SALARIES AND ALLOWANCES

I have also cosponsored legislation to strip the House Administration Committee, until recently chaired by Representatives HAYS, of the power Congress gave it in 1971 to adjust allowances for House Members—including staffing funds, postage, telephones, and stationery.

The representatives of the people should not hide behind the cloak of a committee. If Members want to increase the funds for running their offices, they should go on record as voting to approve the increase, and be held accountable by their constituents for their vote.

I have also introduced legislation to eliminate the annual, automatic cost-of-living pay increases for Congressmen and Senators. When the House passed the legislation last July to provide for automatic increases, I voted against it. The overwhelmingly negative reaction of the American people requires that we repeal this law—at least as far as it applies to Members of Congress.

If Representatives feel that they need or deserve a raise in salary, they should be willing to stand up and vote for it.

THE PROSPECTS FOR CHANGE

Some people question whether Congress is capable of cleansing itself from corruption and abuse of power.

I would hope it is.

If the reforms I have outlined are adopted, we would be well on the way toward putting the House of Representatives in order—and hopefully regaining the confidence and trust of the American people.

WOULD HAVE VOTED TO DELAY PRODUCTION OF B-1 BOMBER

HON. AL ULLMAN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. ULLMAN. Mr. Speaker, I was necessarily absent for part of the day Thursday, June 17, but had I been present I would have voted in favor of Mr. ADDABBO's amendment to delay production of the B-1 bomber.

This Congress is faced with some tough decisions regarding the budget and the choices we make today will not only affect today's policies, but will greatly influence budgets in the years to come. I am deeply concerned that our haste in funding the B-1 will commit this Nation to an extremely expensive and unproductive weapons program. This decision should be more carefully weighed, and I believe that next year is an appropriate time to make it.

REVEREND MOON: A NEW PROPHET?

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. BIAGGI. Mr. Speaker, the history of the Jewish people has been a long and tragic one, colored by innumerable examples of anguish and persecution. Although these persecutions can be traced farther back, it is with the death of Christ that they become most pernicious. Jesus, who preached not of oppression but of love, became the justification for many of the anti-Semitic actions that have marred Judeo-Christian relations. While the bitter irony of this situation cannot be ignored, the fact remains that for countless centuries, the death of Jesus was blamed unfairly upon the Jewish people.

For much of the Middle Ages, the Jew, perceived in these terms only, was given such malevolent titles as devil incarnate and Christ-killer. There was even a time during the Crusades when the killing of a Jew was believed to bring to the executioner a remission for all sins. Fortunately, this view atrophied as society grew progressively secular, but apparently not enough; the Jews, stigmatized in this way, continued to be treated as a people apart, not to be accepted and just barely tolerated.

We do not have to delve deep into the history books to see that this is true. In just the last century, numerous accounts of Jewish persecutions can be cited. In the mid-1890's in France there was the infamous Dreyfus Affair in which Capt. Alfred Dreyfus, a Jew, was unjustly tried and convicted of being a traitor by a French tribunal.

After serving an extended period on Devil's Island, Captain Dreyfus was found innocent, and eventually became a member of the French Legion of Honor. In our own country, the terrorist tactics employed by the Klu Klux Klan were aimed at not only the blacks but the Jews and Catholics as well. And of course the most contemptible and horrifying example of Jewish persecution was the indiscriminate, nearly mechanical extermination of the Jews in Europe by the Nazis. Hitler found it necessary to cloak his barbarism in the deceiving garb of historicism, justifying the wholesale murder of millions of Jews as a necessary stage in the development of a master Aryan race. Hitler labeled the Jew a diabolical, and more importantly, an international enemy whose eradication would benefit the entire world. It is my hope, Mr. Speaker, that the ensuing three decades have, if not erased, at least reduced most of the bitterness and misunderstanding that has stained Judeo-Christian relations for so very long.

Yet touring our country today is a man who, under the guise of unifying all of Christianity, is apparently seeking to reopen those wounds that have only recently begun to mend. I speak of Rev. Sun Myung Moon, leader of the Unification Church. I am deeply troubled by the numerous anti-Semitic statements, at times subtle, at other times glaringly conspicuous, found scattered throughout Reverend Moon's writings and speeches. Specifically, I find his laying of the responsibility of Jesus' death on the shoulders of the Jewish people particularly unpalatible. To quote the Reverend Moon:

> We must know the hidden truth behind the Bible. Jesus was crucified, not by his own will, but by the will of others. The faithlessness of the chosen people of Israel killed Jesus Christ . . . Jesus Christ was murdered, and his own people killed him . . . Judaism and the chosen people were caught up thinking about the glory that the Messiah might bring to them by conquering the world . . . Consequently, Israel people who failed to respond to God's will lost their nation and have faced a tragic destiny.

It seems the raison d'etre of this distorted and potentially harmful misinterpretation of Biblical history is the desire to drive once again a wedge between Christianity and Judaism. The history of the Jewish people has not been colored by a thirst for power as Reverend Moon implies, but by a struggle to survive. To place the blame for their own persecution upon the Jewish people is not only ludicrous, but malicious as well. I do not feel the Jewish people, the bearers of countless hardships and persecutions, both past and present, need to be lectured by Reverend Moon on Biblical history.

In addition, his blaming of the Jews for the death of Jesus, aside from being malicious, is in direct opposition to the teachings of Vatican II, which recognizes the futility of determining a guilty party in the death of Jesus. Reverend Moon's citing of Scripture as a justification for his anti-Semitic views has its antithesis in the "Documents of Vatican II" where it states unequivocably that the death of Jesus cannot be blamed upon the Jews as a people. The Church warns against citing Biblical passages out of context to be used as a justification for the persecution of any people, which of course the church repudiates. It concludes,

> . . . mindful of her common patrimony with the Jews, and motivated by the Gospel's spiritual love and by no political considerations, she deplores the hatred, persecutions and displays of anti-Semitism directed against the Jews at any time and from any source.

Mr. Speaker, let us hope that the insidious rhetoric of the erstwhile prophet Reverend Moon does not harm in any way the ecumenical spirit between Christians and Jews that has only recently come to full blossm.

Let us further join together whether Christians or Jews or those of another faith and protest against those who preach ill-will against their fellow man.

NATIONAL COMMISSION ON AIR QUALITY

HON. BILL CHAPPELL, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. CHAPPELL. Mr. Speaker, the House will shortly consider H.R. 10498, the Clean Air Act Amendments of 1976. This bill, a product of a year of oversight hearings and markup sessions by the House Interstate and Foreign Commerce Committee and its Subcommittee on Health and the Environment, is certainly one of the most important bills which will be considered during this session.

This bill was originally conceived as a "mid-course correction" regarding the implementation of the Clean Air Act of 1970. However, H.R. 10498 contains a number of provisions which are more controversial and far-reaching than the provisions of the original Clean Air Act. Among the most far-reaching and of deepest concern to me is section 108 which provides for the prevention of significant deterioration of air quality in areas of the country with air quality better than required under existing national ambient primary and secondary standards. These standards are set by EPA, under authority of section 109 of the act, to protect health and welfare—such as crop damage—allowing an adequate margin of safety. After careful study of section 108 of H.R. 10498, it is apparent to me that it requires a more detailed scientific examination before becoming Federal law. In other words, we should attempt to determine the effect of nondeterioration before we establish arbitrary standards, not after the fact as is presently proposed. Therefore, I have prepared an amendment which would delete section 108 and replace it with a scientific examination of the nondeterioration issue to be completed within 2 years and conducted by a National Commission on Air Quality also established by my amendment.

Under section 108, as presently proposed, nondeterioration would be implemented by identifying areas of the Nation with air quality better than required under the national ambient standards and classifying them as class I, an area in which virtually no deterioration of air quality would be permitted, class II, in which only slight degradation would be permitted, or class III, in which slightly more deterioration of existing air quality would be permitted than class II. Even in class III areas, air quality would have to be maintained better than required under the national health and welfare standards.

Prior to the development of any major industrial source, a permit would have to be obtained from the State and a showing made that pollution for the potential source will have no impact—not only on the area in which it is proposed to be located, but any adjacent area of a different classification. A major industrial source is defined as any stationary source which emits 100 or more tons of any pollutant for which a national ambient air quality standard has been promulgated. This is a significant restriction. For example, a good sized high school boiler can emit more than 100 tons of sulfur dioxide and particulates in a year. Conceivably, under the provisions of H.R. 10498, a source of pollution proposed for location miles from a class I area might be prohibited because its emissions might exceed the approved class I increment.

As I mentioned, the permit to build a major industrial source in a classified area—class I, II, or III—is issued by the individual State. However, if a State fails to submit a plan or the Administrator disapproves a State submitted plan, the Administrator may promulgate such regulations as he deems appropriate, only after notice and opportunity for public hearing, but not later than 90 days after the proposal. Under these procedures, not even so much as a formal adjudicatory hearing is required on a matter of such critical importance to the individual States. Clearly, a State should be afforded an opportunity at a formal adjudicatory hearing to present its views on Federal regulations which could determine the economic and social future of its citizens for decades.

Many agencies of the Government, industries, citizens and Members of the Congress are justifiably concerned that this policy, if enacted, may have a devastating effect on economic growth, job creation, energy independence and social mobility. Many question its usefulness, necessity, and even its constitutionality. I share their concerns and will provide some background explaining my reasons for proposing this amendment to the bill.

As drafted, the practical effect of section 108 is to "legitimatize" what, in my view, is a spurious interpretation of section 101(b)(1) of the Clean Air Act. This section outlines the purpose of title I of the act as being "to protect and enhance the quality of the Nation's air resources so as to promote the public health and welfare and the productive capacity of its population." This provision has been interpreted by a U.S. district court to mean that areas of the country with air quality surpassing the national ambient standards must be protected from any deterioration.

This interpretation came about as a result of a suit filed in 1973 to require EPA to promulgate regulations under which States would be required to take steps to protect clean air areas. Many of us who served in Congress at the time of the enactment of the 1970 act were surprised to learn that a U.S. district court had used the findings and purposes section of the act to impose such a far-reaching policy on the Nation, particularly since nondeterioration is mentioned nowhere in the act. As a result of this litigation, EPA promulgated regulations in December 1974, implementing a nondeterioration scheme which requires States to adopt it as part of their implementation plans. These regulations, which are much less restrictive than section 108 of H.R. 10498, are currently being challenged in the Federal courts, since the original suit did not dispose of all questions relating to this issue.

It is my belief that when we considered the Clean Air Act of 1970, our purpose was to determine that level of air quality which adequately protects human health and welfare, including damage to crops, soil, vegetation, as well as other considerations, plus an adequate margin of safety, set standards adequate to protect these values, and provide a system under which the States may assume responsibility for achieving such standards.

This brings up another question regarding section 108. According to the committee's report on H.R. 10498, one of the primary justifications for enactment of a policy of nondeterioration is the possible adverse health effects at levels of pollution below the national ambient standards. However, as I stated, section 109 of the existing act requires EPA to determine at what level health and welfare are protected and to set the ambient standards at such levels, plus an adequate margin of safety. Therefore, if there are adverse health effects at pollution levels below the standards currently in effect, it would appear that EPA is required to demonstrate such adverse effects and adjust the standards accordingly.

In other words, the Congress dealt with the national health and welfare standards issue in 1970, only to find now that there is a proposal to set different, and totally arbitrary, health and welfare standards for each area of the country having air quality better than the national ambient standards. Certainly, if those standards set in 1970 are no longer valid and EPA does not carry out its mandate under section 109 to determine proper standards, then Congress should take appropriate legislative action to insure that the public's health and welfare is adequately protected. However, we should not arbitrarily legislate standards without a sound, scientific recommendation.

My concern centers on the fact that enactment of this policy could stifle industrial development, impede job creation, impose further Federal control on the States, and interfere with local decisionmaking on what is or what is not desirable from a community standpoint. In effect, section 108 would impose Federal zoning, or land use planning as it is popularly termed, based on one consideration—an arbitrarily determined level of air quality.

An equally serious question is whether Congress should enact such far-reaching policy without a complete understanding of its potentially adverse effects. I am convinced that, notwithstanding the assertions of its proponents, the effects of nondeterioration have not adequately been studied on a national basis.

Once again, I want to state my belief that this is not a health or welfare issue. As best I can determine, EPA has not proposed to "tighten" the national ambient standards based on the considerations cited in the committee report. Further, it should be made clear that the only way to lower levels of ambient air pollution is by enactment of policies that in some way control the number and location of industrial enterprises and by requiring them to control emissions of pollutants to the maximum extent achievable, consistent with technological, economic, and other practical considerations. Unfortunately, under existing technology, there is no practical way to totally avoid manmade pollution, even though we have come a very long way toward reducing industrial pollution through installation of pollution abatement required under the 1970 Clean Air Act.

It is the contention of the proponents of nondeterioration that virtually everything we need to know about implementation of this policy has already been determined. The evidence does not support this contention. Although there have been a number of studies conducted specifically to determine the effects of this proposed nondeterioration policy on various industries, the results of these studies have been inconclusive and conflicting. Every Government agency expressing an opinion on this subject, except EPA, has opposed enactment of this policy as substantive Federal law until a complete and objective study of its potential effects on the economy has been completed. President Ford has likewise stated that not enough is known about nondeterioration to enact it into Federal law.

What is needed is a totally comprehensive study of this issue performed by an objective outside body.

Aside from the general lack of hard data and the substantial legal questions posed by this issue, there are many practical questions which each of us must address before casting our votes. Many of us represent States and districts that have severe unemployment problems. There is no question that enactment of any policy restricting industrial development is going to have an adverse impact on job creation. Our responsibilities to our constituents must extend to all aspects of this very complex problem. Certainly, this must include protection of their means of livelihood. It is apparent that this was recognized in enactment of the 1970 Clean Air Act, since attainment of the national ambient health and welfare standards is stated as a goal to be reached over a period of time and not an instantaneous condition enacted by Federal law.

Administrator Train has stated that enactment of nondeterioration would allow all the development needed in the United States for the next decade. The next decade! We should be developing national policy which will set the stage for economic growth 30 to 40 years hence, not 10 years. Undoubtedly, the energy situation we find ourselves in today is a result of such shortsighted planning.

It seems strange at a time when there is so much rhetoric in Washington regarding overregulation of our citizens and the private sector that a highly controversial proposal like this, which would certainly serve to complicate not only regulatory matters, but Federal-State relationships as well, can be seriously considered in the absence of evidence of a compelling necessity and hard facts.

Mr. Speaker, I do not know what nondeterioration would do to my district and its citizens, but it is my intention to find out through the conduct of the study which would be performed under the amendment I will offer to replace existing section 108 of H.R. 10498. I firmly believe that it would benefit each of my colleagues if such a study were conducted and completed prior to the House enacting nondeterioration standards as substantive Federal law. My amendment would accomplish that and allow us to make our decision on nondeterioration based on scientific inquiry rather than emotional rhetoric.

My amendment follows:

AMENDMENT TO H.R. 10498 TO ESTABLISH A NATIONAL COMMISSION ON AIR QUALITY

Section 108 is hereby amended by deleting it in its entirety and substituting in lieu thereof the following:

SEC. 108. The Clean Air Act is amended by inserting a new section 315 and renumbering succeeding sections accordingly:

"NATIONAL COMMISSION ON AIR QUALITY

"SEC. 315. (a) There is established a National Commission on Air Quality which shall study and report to the Congress on—

"(1) the effects of the implementation of any proposed or existing requirement on the States or the Federal Government under this Act to identify and protect from significant deterioration of air quality, areas which have existing air quality better than that specified under current national primary and secondary standards;

"(2) the economic, technological, and environmental consequences of achieving or not achieving the purposes of this Act and programs authorized by it;

"(3) available alternatives, including enforcement mechanisms to protect and enhance the quality of the Nation's air resources so as to promote the public health and welfare and the productive capacity of its population, and to achieve the other purposes of the Act;

"(4) the technological capability of achieving and the economic, energy, and environmental impacts of achieving or not achieving required emission control levels for mobile sources of oxides of nitrogen (including the research objective of 0.4 gram per vehicle mile) in relation to and independent of regulation of emissions of oxides of nitrogen from stationary sources;

"(5) air pollutants not presently regulated, which pose or may in the future pose a threat to public health or public welfare and options available to regulate emissions of such pollutants;

"(6) the adequacy of research, development, and demonstrations being carried out by Federal, State, local, and nongovernmental entities to protect and enhance air quality;

"(7) the ability of (including financial resources, manpower, and statutory authority) Federal, State, and local institutions to implement the purposes of the Act.

"(b) Studies and investigations conducted purusant to paragraphs (1) and (2) of subsection (a) shall include—

"(1) the effects of existing or proposed national ambient air quality standards on employment, energy, and the economy (including State and local), their relationship to objective scientific and medical data collected to determine their validity at existing levels, as well as their other social and environmental effects;

"(2) the effects of any exisiting or proposed policy of prohibiting deterioration of air quality in areas identified as having air quality better than that required under existing or proposed national ambient standards on employment, energy, the economy (including State and local), the relationship of such policy to the protection of the public health and welfare as well as other national priorities such as economic growth and national defense, and its other social and environmental effects.

"(c) The Commission shall, as a part of any study conducted under subsection (a) (1) of this section, specifically identify any loss or irretrievable commitment of resources (taking into account economic feasibility), including mineral, agricultural and water resources, as well as land surface-use resources.

"(d) Such Commission shall be composed of fifteen members, including the chairman and the ranking minority member of the Senate Committee on Public Works and the House Committee on Interstate and Foreign Commerce, who shall serve on such Commission ex officio and without vote, and eleven members of the public appointed by the President. The Chairman of such Commission shall be elected from among its members.

"(e) The heads of the departments, agencies, and instrumentalities of the executive branch of the Federal Government shall cooperate with the Commission in carrying out the requirements of this section, and shall furnish to the Commission such information as the Commission deems necessary to carry out this section.

"(f) A report, together with any appropriate recommendations, shall be submitted to the Congress on the results of the investigation and study concerning section (a) (4) of this section no later than March 1, 1977, and the results of the investigation and study concerning section (a) (1) of this section no later than two years after the date of enactment of the Clean Air Act Amendments of 1976.

"(g) A report shall be submitted with regard to all other Commission studies and investigations, together with any appropriate recommendations, not later than three years after the date of enactment of this section.

"(h) The members of the Commission who are not officers or employees of the United States, while attending conferences or meetings of the Commission or while otherwise serving at the request of the Chairman shall be entitled to receive compensation at a rate not in excess of the maximum rate of pay for grade GS-18, as provided in the General Schedule under section 5332 of title V of the United States Code, including traveltime and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence as authorized by law (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

"(i) There is authorized to be appropriated, for use in carrying out this section, not to exceed $17,000,000.

"(j) In the conduct of the study, the Commission is authorized to contract with nongovernmental entities that are competent to perform research or investigations in areas within the Commission's mandate, and to hold public hearings, forums, and workshops to enable full public participation."

CENSUS TRYOUT IN TEXAS

HON. HERMAN BADILLO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. BADILLO. Mr. Speaker, as you know, I have often, and quite vocally, taken the Census Bureau to task for its gross failure to provide accurate census data for the Hispanic community. Because of previous severe undercounting of American Hispanics, we have lost millions of dollars in Federal funds, and are underrepresented in legislatures across the country.

Therefore, it gives me particular pleasure to extend my thanks and gratitude to the Bureau for their innovative efforts in beginning to correct the inequities of the 1970 census. The article below, from the New York Times, outlines the beginning of an experimental program, that if successful, will produce an accurate statistical picture of the Texas area that is being surveyed by the Bureau. This experiment can provide the basis for new data collection methods that will insure a realistic census of our Hispanic citizens in 1980. I commend the Census Bureau for beginning early enough so that their efforts can be effective:

[From the New York Times, June 18, 1976]

BELEAGUERED CENSUS BUREAU COUNTS ON TEXAS EXPERIMENT

(By Robert Reinhold)

AUSTIN, TEX.—Mike Kramer, who ought to know something about counting heads as a father of 15, nudged his battered old Dodge into a driveway in the dusty Texas hill country just west of Austin. No census form had been returned from the neat, white house.

"Hello, I'm with the Census Bureau," he began cheerily to the old woman at the door, who welcomed the unexpected company. Ten minutes later he emerged with what he had gone for, a completed census form for the household, along with a big earful of gossip about the woman's divorce.

The 1980 census is still nearly four years off, but 1980 has already arrived for the residents of Travis County in central Texas. They are guinea pigs in an elaborate head-counting experiment to test new methods for the next decennial census.

Stung by complaints that it overlooked millions of Americans in 1970—particularly blacks and other minorities—the Census Bureau is trying almost everything to improve its "coverage."

Census teams have scoured the creek beds around Austin for hippies, peeped under the bridges for hoboes and even ventured into brothels to catch those on the fringes of society who often slip through the fine census net. The census taker hears no evil, sees no evil; just as long as the count is right.

AN INFLUENTIAL ACTIVITY

What will emerge, presumably, will be a richly detailed statistical portrait of the massive social and political changes that have altered the face of the American continent during a tumultuous decade.

The count will determine how potent a political voice Americans will have in Congress and in state houses. It will control the allocation of revenue-sharing dollars, as well as funds for housing, transportation, jobs and countless other social programs based on population and income figures.

In some countries, a curfew is imposed on census day to keep everybody in place long enough to be enumerated. This would be impossible in this vast, diverse and highly mobile country, where privacy is a highly valued commodity and hostility toward Government is widespread.

The major innovation of 1980 will be that the census will be taken almost entirely by mail, as is being done here.

Travis County, which surrounds and includes the Texas capital of Austin, was chosen in large part because it embodies much of the demographic diversity of America; rolling hills and ranches to the west, farms to the east, manicured suburbs, student dormitories, black and Mexican slums downtown. At last count the population was 295,516 with 11 percent black and 15 percent Spanish origin.

By its own estimate, the census missed one of every 13 blacks in 1970, as opposed to only one in 40 whites. Many blacks and Spanish-speaking persons live in "x areas," the census euphemism for "hard-to-enumerate" slums. Another experimental head count will be held on Sept. 14 in Camden, N.J., which is one big x area.

COMBATING THE UNDERCOUNT

The census is experimenting here with several means of combating the chief sources of undercount: the omission of addresses, the false listing of dwellings as vacant and the traditional shyness of slum residents who have come to fear welfare investigators and other Government agents.

Earlier this year exhaustive address lists were compiled from census, postal and commercial sources. They were then given to local county and city officials for review and cross-checked in other ways.

Before the actual census day, April 20, a public relations effort was mounted to persuade residents that "everyone counts" and that the personal census information required by law cannot legally be divulged to any other agency for any purpose.

Black and Spanish-speaking census officials worked with minority leaders. Spanish language questionnaires were available for the first time. And two big Winnebago trailers plied the streets, conducting "casual count" right on the street for those missed at home.

The most painful experience involved the special efforts made to reach the many illegal aliens, mostly Mexican, in the Austin area. Census takers cautiously worked the bars and dance halls frequented by aliens, trying to persuade them that the information would be held confidential.

"We count everybody—we don't ask if they're legal," said Lincoln H. Steigerwalt, director of the Travis census. "It took weeks to make inroads." Then, just after large numbers were finally listed, the Immigration and Naturalization Service conducted a major raid arresting scores. Mr. Steigerwalt insists that his office divulged no information but credibility was destroyed.

NAMES CAN BE SKIPPED

The census form requires the name, race, income and other personal characteristics of every person in a household, as well as details about the size, plumbing, value or rental price of the dwelling. As a last resort, census will accept a form with no names, as some illegal aliens insist.

When all was done, 62 percent of the replies were returned by mail, somewhat fewer than hoped for. Altogether a disappointingly high 60,000 personal "callbacks" were needed.

The callbacks are the really hard work, and it is still going on. Given several days training and issued chemical spray cans to ward off dogs, Mr. Kramer and about 50 other special enumerators are scouring the county for the recalcitrant, the lazy or forgetful.

Most people are cooperative, Mr. Kramer says, but he has had many complaints that some of the questions about the value of homes, plumbing facilities and personal income are "pretty personal."

David L. Kaplan, an assistant director of the Census Bureau, and the man who will direct the 1980 census, says that it will require much evaluation of the Travis and other experimental censuses before final plans for 1980 are made.

But it is already apparent that one of the problems will be a heightened American concern about privacy and Government intrusion. There was much public resentment here over the letter accompanying the census form, which declared that those "who refuse or willfully neglect to answer this inquiry may be subject to a fine of not more than

$100 or imprisonment of not more than 60 days, or both."

Others were so intimidated by the letter that they drove in 30 miles to hand-deliver their replies, even though no one is ever actually prosecuted under the law. The taking of the census is mandated by the Constitution.

Not everybody is so concerned about privacy. Just recently, Mike Kramer knocked on a door and a female voice called out, "Come in Harry." A woman emerged, completely nude. "May I help you"? She inquired, much less flustered than Mr. Kramer, the enumerator. The Census Bureau says it really doesn't need to know all that much about citizens.

CONGRESSIONAL BICENTENNIAL SALUTE OF EXCELLENCE TO THE ODDO FAMILY, EXEMPLARY CITIZENS, COMMUNITY LEADERS, AND OUTSTANDING NEWS PUBLISHERS UPON THE CELEBRATION OF THE TENTH ANNIVERSARY EDITION OF THE WEST MILFORD INDEPENDENT

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. ROE. Mr. Speaker, as we celebrate our Nation's Bicentennial Year and reflect upon the history of our country and the good deeds of our people that have placed our representative democracy, second to none, among all nations throughout the world, I commend to you the outstanding professional expertise of J. Joseph and Mary Irene Oddo, whose standards of excellence in the newsgathering and publishing profession have provided one of the most prestigious weekly newspapers in New Jersey—the West Milford Township Independent.

On July 2, 1976, the Independent will begin the 10th year of its founding as a free investigative press which has opened the doors to enlightenment in its public information endeavors bringing the news of our Nation to our people that has truly enriched the educational, cultural, historic, and judicial endeavors of our community.

Mr. Speaker, the news media, universally known as the fourth estate of our people, perform a most vital function in our Nation involving the very texture and fiber of the kind of society to which we aspire. My good friends Irene and Joe Oddo and all of their family members who work and serve the public through their prestigious newspaper always weigh the respective rights of all concerned in their newsgathering and reporting, preserving and respecting, through the Independent, a special quality of individual conscienceness and the broader substance of liberty.

The Independent was founded on the fundamental principles of God, country, family, and the community of West Milford and with your permission I would like to insert at this point in our historical journal of Congress the story of the West Milford Township Independent newspaper and the dedication of its publisher-president and editor-vice president, Joe and Irene Oddo, who have gathered, written, edited, and disseminated the news with the highest ideals of principle and service to mankind so that the public can be fully informed. This great American story of service to people is, as follows:

THE SIGNIFICANCE OF THE MASTHEAD

God, Country, Family and the Community of West Milford were all incorporated into the newspaper known as the West Milford Township Independent newspaper as it went to press for the first time in 1967. The masthead which reflects all four with the J.M.J. on the upper left hand corner seeking the aid of higher powers (Jesus, Mary and Joseph taken from the Christian religion) had a double meaning for the Oddos when first conceived. J. Joseph is the publisher's first name, although rarely used; his wife's first name is Mary Irene; and with daughter Jo-Ann they all had a hand in those first issues.

The eagle, the symbol of the United States, is spread across the top with outspread wings which engulf the ribbon that bears the name of the West Milford Township and the paper which is dedicated to the community and known for its service to the people in the 80.2 square miles of township.

The four stars are the Oddos' four children: Vincent, Joseph Jr., Jo-Ann, and John Knauer.

Independent? Well it has been known that this newspaper has a mind of its own and its editorial policy is very "independent." Originally, the name was chosen for Mr. & Mrs. Oddo's hometown newspapers which were a part of the family as the children themselves. For Mr. Oddo it was the Lodi (New Jersey) Independent and for Mrs. Oddo it was the Wilkes-Barre (Pennsylvania) Independent.

The 2nd Class newspaper which will begin its 10th year with the July 2 (1976) edition, is a tab-offset, weekly newspaper which is published each Friday and mailed from the West Milford Post Office. The business office is located at 1485 Union Valley Road, West Milford, New Jersey. The newspaper is circulated throughout the township and to its neighbors in Ringwood and Jefferson, New Jersey and into Greenwood Lake, New York. Subscriptions do however go out to many of the north Jersey areas and one of the largest is to the subscribers in Florida. Servicemen received the newspaper "free" until the U.S. Postal Service put a stop to this type of "give-away" despite the West Milford Independent's request to allow the boys away from home to have some communication from their hometown. One subscriber, despite the cost, had his copy of the West Milford Township Independent airmailed to him each week in the Bahamas.

Although Mr. Oddo was not trained for the journalistic world, at age 50 with his desire to try another field of work, his love of people and knowledge of photography (his hobby) he opened the door on a new career which has led to friendships, honors, and entrance into areas off limits to others. The most recent honor was being on the guest list at the home of Paterson Mayor Lawrence Kramer when President Gerald Ford visited Paterson, New Jersey. Mr. Oddo was in the clothing industry most of his life.

Mrs. Irene Oddo began her career in journalism by writing a column for two New York newspapers, the Greenwood Lake News in Greenwood Lake, New York and the Advertiser in Warwick, New York. Here again the individual was not formally trained in journalism but cognizant of the need to secure some newspaper for West Milford that would print the township's happenings. Mrs. Oddo began in a small way, receiving in some instances $1.75 per week for submitted copy. It was a matter of getting the foot in the door. Despite her pleadings the New York newspapers could not see the opportunity that was knocking, and refused to enter the circulation into town, concentrating on a few stores thereby limiting news coverage. Covering a town hall meeting in that 1966–67 period and being somewhat outspoken even then, her position with the Greenwood Lake News was severed by the influence of a local politician.

Having survived two libel suits, one case dismissed and the other settled out of court for a minimal sum, along with the knocks and bumps of business over the years, the Oddos feel that it has been well worth the effort. It has enabled the township to present both sides of any question, publicized elections and events, kept track of municipal and educational meetings, been first on the scene in many instances and has gone to the aid of the public to an extent where legal advertising had been withheld due to news stories where the taxpayer received the most benefit from issues under attack. They openly sought aid for an accident victim setting up a Trust Fund in the local bank and securing aid from local merchants for the family. The list grows each day with the dawn of a new day bringing renewed hope with more problems and, most of all, less time than available to accomplish all that has to be done.

The ever-growing community is making more and more demands and with the onset of new ordinances in town and the proposed expansion, there is only one way to go, and that is up.

The Oddos have watched this community grow from a 4,200 population to the present which swells to around 30,000 in the summer months and levels off to 25,000 the balance of the year.

Unnoticed West Milford has literally "sprung up" over the past years.

J. Joseph Oddo, Publisher-President.

Irene E. Oddo, Editor-Vice President.

West Milford Township Independent newspaper 2nd Class Permit-legal/adjudicated paper.

Mr. Speaker, as the West Milford Independent enters into its 10th year of "reporting the news," I know that you and our colleagues here in the Congress will want to join with me in extending our warmest greetings and felicitations to the Oddo family and join with the residents of West Milford Township in my congressional district in saluting the Independent and the Oddo family behind the news for the contribution they have made to the quality of life in our community. The richness of their wisdom in reporting the news as they see it with distinction and dedication deserves our highest commendation. Heartiest congratulations with this Bicentennial congressional salute to the Oddos as they commemorate the 10th anniversary edition of the Independent.

RESTORING THE PARTNERSHIP

HON. ALBERT H. QUIE

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. QUIE. Mr. Speaker, I wish to bring to the attention of my colleagues some very cogent remarks by Harold L. Enarson, president of Ohio State University, on the relationship between higher education and the Federal Government. Dr. Enarson presented this statement to the Ohio congressional delegation. In it, he details some of the many problems involved in complying with Federal regulations and the increased cost such regulations impose on a university. Dr. Enarson also lists some of the accomplishments achieved under some Federal programs and concludes with some recommendations restoring the genuine partnership between higher education and the Federal Government. The following remarks should be considered by each one of us in the Congress before we take up any legislation affecting higher education:

RESTORING THE PARTNERSHIP

(By Harold L. Enarson)

I welcome this opportunity to visit with you for a few minutes. Since there are 49,000 of your constituents getting their education at Ohio State, I think we have a mutual interest in getting better acquainted.

First I want to express my appreciation and that of the University for your continuing support. I know that we won't always agree on every issue. But I also know that the people of Ohio are proud of Ohio State, and I find that same kind of feeling reflected in our contacts with you and your staffs. Ohio State is a fine university. It serves all the state—every county and Congressional district. And we need to work together to keep it strong.

I am here out of a sense of urgency and concern to say a few frank words. If I have any message it is this:

A fundamental change is taking place in the relationship between Washington and the nation's colleges and universities, a change which I find deeply disturbing.

Once we were partners working together to solve national problems. Now we view each other with suspicion, almost as adversaries. We overregulate on one hand and overreact on the other. We have placed the partnership in peril. And if it is to be restored, it urgently needs our attention and understanding.

Neither higher education nor the federal government fully understands what is happening, in all its subtleties and side effects. Certainly we don't.

I had hoped to come before you with statistics honed to a sharp edge. If not that, at least some reasonably accurate picture of the total federal impact on Ohio State.

What folly. I soon discovered that our search for precision was an exercise in frustration. Yet the reality is undeniable: the federal presence is everywhere in the university.

As president of Ohio State, my position may be unique in that I can see on one campus the federal impact on public higher education in all its manifestations. This year one-eighth of our total budget ($43 million dollars) will come from federal sources. And here is what I see which is so disturbing:

I see dollar costs—out-of-pocket expenses on a staggering scale.

I see debilitation—a draining away of time and energy from the primary tasks of teaching and research.

I see bureaucratization—the entanglement by and with government in ways which serve neither of us well.

And I see no end to it all—to the overregulation of the American people.

Consider first the dollar costs. In a recent study, the American Council on Education concluded that it costs colleges and universities between one and four percent of their operating budgets to comply with federally mandated programs, such as social security, affirmative action, occupational safety, and the rest. For schools such as ours which don't come under social security, the range is roughly one-half to two percent.

If we apply this yardstick to Ohio State's budget, it means that this year such programs will cost us several million dollars. And this estimate may well be understated. As ACE points out, its study did not include costs imposed by state government, expenses resulting from less than full recovery of indirect costs on federal contracts, and staff time devoted to implementing federally mandated programs.

When the cold dollars for such programs are laid out on a multi-million dollar scale, our first reaction is utter disbelief. Then the bills start coming in—

$50,000 a year in new costs to haul waste to a land-fill, the result of EPA requirements.

An estimated $250,000 in staff time and computer changes to protect the privacy of students under the Family Educational Rights and Privacy Act.

Some $885,000 the last two years, in anticipation of OSHA requirements, and as much as $9.1 million in the years ahead to bring our buildings into compliance.

At this point, so that there is no misunderstanding, let me make it clear: Ohio State University supports the goals of the federally mandated social programs with which we must comply. There is no question or equivocation on that score.

Yet our alarm is nonetheless as real as the mounting costs we face each day. And one is tempted to observe in a moment of black humor that the lamp of learning, with its hazardous open flame and its environmentally polluting smoke, is fast becoming an inappropriate symbol for education in this country.

The burden of intense regulation also forces the university to bear a second kind of cost—debilitation. It results from the maddening business of trying to fill out forms that seem unfair or inappropriate, of trying to understand regulations that are needlessly complex, of rushing to meet deadlines that are unrealistically short.

These exercises in compliance effectively drain morale and frustrate people at every level of the university. They reverberate throughout the organization, consuming our time and energy and diverting us from other tasks.

The third change which troubles me is the bureaucratization of our colleges and universities which is taking place, a kind of mummification under layer upon layer of rules and requirements. At Ohio State, we struggle and survive under the rules of some 275 to 300 agencies, bureaus, departments, and regulatory bodies.

We comply with a dozen or more mandated activities. We submit regularly a series of major compliance reports, plus a growing number of special reports and data profiles required by HEW, EEOC, and others.

But information is not free. In a bureaucracy, paperwork equals people. Someone has to keep the records, fill out the forms, summarize the data, write the reports—only to have to do it again next month for a different agency and invariably in a different format.

We find ourselves caught between software and hard deadlines. And the only real option open to many schools is to add more staff and create new layers of bureaucrats.

Finally, and perhaps most troubling, is the fact that I see no end to the federal tendency to govern by decree rather than consent, as one observer put it. Laws beget regulations and court decisions and new laws and new regulations. And as each new Congress convenes, with its renewed sense of urgency, the cycle begins again.

I will leave it to you, in your quiet moments, to conjure up your own private nightmare of a nation immobilized by government regulation.

Admittedly, a university president's view of the federal impact is only one perspective. We also need to hear from those in the trenches—in student aid, research, the health professions, and many others who daily try to make federal programs work.

As I listen to them describe the problem they face in doing business with Washington, I hear several common themes. For quick reference we might give them these labels:

"Flying Blind"—the bizarre experience of attempting to comply with Federal law in the absence of regulations. Or, more commonly, of trying to understand forms or regulations which are simply not clear.

The "Moving Target" problem—particularly familiar to those in research who try to follow shifting Federal priorities. Yesterday it was space, today it is energy. What will it be tomorrow?

A third theme of complaint is the "Short Fuse," the "Long Delay" and other timing problems. Too little lead-time—either to apply for programs or to meet compliance deadlines. Delayed release of funds. Long uncertainties about appropriations, an agonizing waiting game for the student in mid-program or the scientist in mid-project.

"Feast or Famine," sometimes known as the "Spigot" problem, caused by lack of commitment and continuity in some Federal programs and readily recognized on campus by the frantic annual scramble for funds by those involved.

"The Nose in the Tent" problem—the dangerous business of government attempting to dictate curriculum, organizational structure, or in other ways moving into academic territory where it does not belong.

So much for catchy nomenclature. It is useful only to a point. Let's get down to cases—

Our university radio and TV stations, under recent FCC order, are now required to pursue a new and complex procedure called "ascertainment of community problems." This is an additional FCC effort to insure that broadcasters operate in the public interest. Yet somehow our stations are expected to include this complicated review in their normal operations and absorb the staff costs involved.

Capitation grants. When Washington said there was an urgent national need to train more health professionals, we responded as readily as the next. Now the phaseout has begun. In just two years our support has dropped $1 million, and the deans of the health colleges are filing these bleak reports about what could happen if funds are cut off:

Medicine: Reduce non-tenured faculty and staff; possible cut in first-year admissions; increase teaching load of tenured faculty; less time for research and public service.

Dentistry: One-fourth of the faculty and staff now supported by capitation. Cut-off could jeopardize the integrity of the entire program.

Veterinary Medicine: Capitation now pays 14 percent of the net cost of educating each student. Cut-off would mean reduction in non-tenured faculty; possible enrollment cut.

And so the capitation story goes.

Negotiation of indirect cost recovery now goes on continuously and costs the university an estimated $50,000 a year. Recently the business office created a full-time position for this purpose.

Last year it cost our student aid office nearly $55,000 in unreimbursed expenses to administer federal aid programs. This year it will be higher due to the enormous growth in the BEOG program which is much more complex to administer. We have just added a full-time person to keep pace. Yet no administrative allowance is provided for BEOG. Hopefully, new legislation will soon change this situation.

New regulations protecting human subjects in research now cost us an estimated $25,000 out-of-pocket and probably as much again in staff time. No one disagrees with the intent of these rules. But we question whether the new review system imposed will be any better than the system of committees which we had for a long time. And it is certainly not self-evident that non-federal research should be subject to these controls. Nor is it self-evident that we should be threatened with the cutoff of all federal money if we do not comply.

But enough of problems and frustrations. It is not my purpose to bring to you an unrelieved litany of complaint. We also need to keep clearly in mind the good things which federal programs continue to accomplish at Ohio State. The record is impressive. Consider these examples:

A medical center with facilities which are among the finest in the nation, made possible, in part, by $24.5 million in federal funds received during the past 10 years.

A Comprehensive Cancer Research and Demonstration Center, which some of you helped us achieve, providing a growing array of services for Ohio.

Natural disaster preparedness programs, through our Continuing Education Division, helping schools, hospitals, and others learn how to prepare for tornadoes.

A veterans clinic, offering outstanding medical care for 70,000 veterans from 32 counties, and exceptional clinical experience for those preparing for the health professions.

A National Center for Vocational Education, working with state leaders and conducting research into the problems of worker adjustment, the disadvantaged, and careers for women—a total effort serving Ohio and all 50 states.

A Slavic Center, the only major program of its kind in Ohio, a valuable resource in developing international trade.

A modern veterinary teaching hospital, largely federally funded.

An estimated 10,000 students who are getting a chance to go to college thanks to financial aid from one or more federal programs.

Clearly, the ultimate payoff of the federal partnership with higher education is better and more humane lives for people. And these few illustrations from our experience at Ohio State convey some sense of why it is absolutely essential that the partnership not be allowed to fall into disrepair.

Having come this far, I don't intend to leave you with only the problem. After all, the problem is not yours, nor is it mine. It is ours. The real question we face is: How do we go about restoring the partnership?

Briefly, I think there are some things higher education is obliged to do.

First, we have a moral duty to cry with pain and anguish when we are hurt, to complain bitterly and to publicize it. I can't guarantee that in the short run we will get anywhere. But if enough of us are outraged and the cause is just, something will happen. To be numb in the face of gross imposition is terribly wrong.

Second, we in higher education have an obligation—as well as a strategic necessity—to work together to effect change. The bedrock on which we stand is common ground, and there is much about which we can speak with a unified voice.

Third, we have an obligation to work closely with government. Only in this way can we meet the needs of government for accountability and responsiveness, and the needs of the universities for basic autonomy.

I sense a kind of mutual exhaustion in higher education and government, not surprising after a decade of upheaval and rapid change. I think we both could use a breather from several things, including:

New laws passed too quickly, without adequate consultation with those affected.

From excessive regulations, over-long in gestation, tortured in delivery, and malfunctioning from the start.

From new programs created but never funded. Translation: promises made but never kept.

We need to restore our mutual respect by remembering the accomplishments of the past and reminding ourselves that the partnership can work. The GI Bill worked, and it changed the lives of millions. The Cooperative Extension Service continues to work, a good example of a program that has not bogged down in regulations.

We in higher education need your renewed understanding of the fundamental fact that a university is not a public utility, nor is it a business selling items off the shelf. Our services do not lend themselves to hardware contracting. Rather, a university is a distinctive institution in society—and a fairly fragile one at that—with a distinctive job to do.

Ohio State University is not a supplicant beseeching the powerful government for a handout. We take on major federal responsibilities because there is a joint interest involved. When we enter into a partnership to help fulfill a national goal, it does not follow that we should be subject to every regulation or constraint imaginable. In a partnership, if it is to succeed, one partner does not heavy-hand the other. Their common interest must be their guide.

At the same time, if the partnership between Washington and higher education is to be restored, it must be restored on the basis of reality. To say to a university such as ours—"You want the money, you accept the controls"—is too simplistic. The fact is, we have no choice whether to be involved in major federal programs. There is no way that the president of Ohio State can say that we will not participate in federal student aid, research, or health assistance. Consequently—and this is the point to remember—all laws, rules, and regulations affecting higher education thus have a direct, immediate, and forceful impact on us.

The reality on which we rebuild our partnership must also recognize the fact that Washington's total impact on higher education is fast reaching "critical mass." A recent Library of Congress study identified 439 separate laws on the books affecting postsecondary education. Do we dare add more laws and more controls without first understanding the consequences?

Should we not require Washington to file an educational impact statement each time it proposes to tamper further with the academic landscape? To our credit as a people we have recognized the value and fragility of our natural resources, and we proceed now to alter them only with caution. Too much caution, some say, too little to suit others. But we generally agree that we want to understand the consequences of our actions before we take them.

Are the places where we train the minds of our people any less important to our future as a nation than our land, air, and water? I think not. Yet there is presently no one place in the government which has a total view of the federal impact on higher education. Agencies operate in isolation, spinning out regulations to suit their separate needs. At no point is the price tag added up.

Finally, and perhaps most urgent, we need to make the regulatory process more sane and sensible. Higher education must find ways to participate intimately in the drafting of regulations which are of utter and basic concern.

I applaud the efforts of Secretary Mathews in creating an Office of Regulatory Review for the specific purpose of improving the writing of regulations in HEW. I have been in touch with Dr. Mathews, and we are working with his staff to give them reactions and suggestions from Ohio State's vantage point.

I remain hopeful, but I don't expect miraculous change. Regulations are not going to go away. But I do see an encouraging awareness of the problem in Congress and the Administration, and I hope it continues after November.

Meanwhile, higher education must become much more expert and systematic in dealing with regulations and the process by which they are developed. Does this mean adding more staff, technical and legal experts we do not now have? That prospect goes against the grain. Yet most colleges and universities are ill-equipped to deal with the massed forces of the federal bureaucracy. We are on unfamiliar territory and losing ground fast.

There are some in higher education who already feel that their backs are against the wall. Their growing cries of alarm and anger—indeed, my visit with you today—should be a signal to Congress and the Administration that something dangerously wrong is happening. Wrong, not for the federal government, nor for higher education. Wrong for the people and the country and whatever hopes we hold for the future.

Will the partnership be restored? I think that remains an open question.

COLLEGES UNDER THE FEDERAL GUN

HON. TIM LEE CARTER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. CARTER. Mr. Speaker, on Monday, June 21, I included in the Record a detailed memorandum I had received from the president of a private college in my district, Berea College. In his memorandum, Dr. Willis D. Weatherford detailed serious objections to proposed Department of Health, Education, and Welfare regulations for carrying out equal-employment opportunity laws.

A summary of Dr. Weatherford's statement might be these lines:

> The Congress is doing this largely from the very best of motives. . . . The basic objective has been equality of treatment of individual citizens, be they of racial minorities, of sex minorities, or of the handicapped and disabled. [But] the righteousness of the goal has obscured the insidious character of the means chosen to attain the goal.

An article which appeared in the May edition of Reader's Digest, entitled "Colleges Under the Federal Gun," corroborates Dr. Weatherford's statement. I would like to include this article by Ralph Kinney Bennett in the Record so that the Members of this august body can appreciate the severity and the widespread nature of this problem facing our educational institutions because of HEW interpretation of equal-employment opportunity laws.

The article follows:

COLLEGES UNDER THE FEDERAL GUN

(By Ralph Kinney Bennett)

In the name of enforcing equal employment opportunities, HEW has, in fact, trod on some of academia's most cherished freedoms.

When Reed College, in Portland, Oreg., sought to hire some new faculty members not long ago, it was told by the U.S. government's Department of Health, Education, and Welfare (HEW) to advertise nationally instead of going through normal academic channels. As a result, the small private college—which usually receives about 500 faculty applications a year—was flooded with some 6,000. And HEW demanded that Reed keep records on all the thousands of applicants not hired and make detailed reports on prime candidates who reached the finals, including their race, sex, job qualifications, prior experience and why Reed did not hire them. The mandate is costing Reed a budget-straining $40,000 a year—with no provable benefit for the college.

HEW bureaucrats ordered Columbia University to prepare a detailed report on the race, sex, and ethnic background of its faculty and administration. Inquiries into race, religion and ethnicity had in the past constituted violations of New York State law, but HEW's position was that this information could be gained by what it calls a "visual survey." Therefore, rather than be cut off from federal funds, which then composed half its $175-million annual budget, Columbia, in the early 1970's, resorted to a ludicrous, time-consuming exercise in snooping. "Census reporters" were told to uncover the required personal information by noting "physical characteristics and analyzing last names.

The result was a 3½-pound document of bewildering complexity in which Columbia—though its record as a non-discriminatory employer was outstanding—vowed to exercise "affirmative action" in accordance with HEW's wishes. That is, Columbia will hire faculty and staff not just on the basis of academic achievement or qualification but also upon whether applicants are female, have dark skin or Spanish surnames. "No one likes to be in the position of negotiating with Uncle Sam for his survival," says Columbia president William McGill. "Our instincts were to promise almost anything to get the government off Columbia's back."

"GOALS" OR "QUOTAS"?

These and scores of other assaults on the very foundations of academic freedom have been made by HEW in the name of "affirmative action," the controversial program which sprang from the U.S. Department of Labor's "Revised Order No. 4" of 1971. To make up for alleged past discriminatory hiring practices, this order forced businesses and organizations holding federal contracts to set up hiring "goals" which often had the effect of parceling out jobs on the basis of sex or race. Affirmative action in the field of education was delegated to HEW. Since then, department bureaucrats have used this authority to influence admissions, hiring, administration of scholarships, the most vital affairs of colleges and universities. Now, says Russell Kirk, editor of *The University Bookman*, "Washington is using the force of law to compel colleges to hire underqualified and unqualified persons as professors merely because they are members of one 'minority' or another."

HEW insists that it is doing no more than giving women and minorities an "equal chance" at academic jobs. But, by not clearly defining "acceptable compliance" with its mandates, and by threatening to withhold federal funds, HEW has forced college after college into such bizarre actions as that of Columbia, in order to be sure of avoiding costly and lengthy litigation.

More than 70 leading educators, including three Nobel laureates, have joined to protest "the relentless continuation of unjust and discriminatory quota programs which are imposed on every college in America having federal contracts. That these programs have been established in the name of 'affirmative action' in no way mitigates the evil they accomplish." Key members of Congress are sharply critical, too. "HEW has gone far beyond its constitutional responsibility and rewritten the law," charges Sen. John Tower (R., Texas). "The fight against job discrimination," affirms Sen. James L. Buckley (C.-R., N.Y.), "has itself become racist and discriminatory."

HOOKED ON DOLLARS

The University of California at Berkeley was threatened repeatedly with a cutoff of vital federal funds, before the administration served notice that its hiring for years to come will be within certain "affirmative" guidelines. Under HEW pressure, Berkeley came up with a ridiculous "census" which shows that, to bring it into line with "availability pools," the university needs .19 woman in its civil-engineering department, 1.38 blacks in the social-welfare department, and 14.56 more women professors in the English department. The paperwork and bureaucratic detailing to comply with all this have cost the university an estimated $400,000 in the first academic year alone.

Notes President John A. Howard of Rockford College in Illinois, "Government has imposed a policy which says that academic competence shall no longer be the supreme determining factor in faculty appointments. Academic freedom is now a thing of the past, and federal subsidy has been the bludgeon employed to demolish it."

Why the almost abject acquiescence? The academic community has become so hooked on the federal dollar (from $10,000 annual grants to small colleges, to $245.8 million in federal contract and grant funds to the University of California) that it cannot afford to stand and fight. For 2500 of the nation's 3000 colleges, federal money is simply built into their budgets. Thus, Brooklyn College sought to meet HEW requirements by circulating a detailed questionnaire to its faculty seeking racial and ethnic information. Urging faculty members to disregard their personal feelings, the college's president reminded them that "considerable sums which the university receives from the federal government are in jeopardy" and "we have no choice but to perform this task as quickly as possible."

And highly qualified professors seeking new positions have been receiving communications such as these:

"Your dossier is impressive, and I wish I could invite you for an interview. At present, however, the department is interested in the appointment of a woman" (Connecticut College).

"All unfilled positions in the university must be filled by blacks and females. It will be possible to consider you for a position only in the event that you are black" (Florida State University, Tallahassee).

"We desire to appoint a black or Chicano, preferably female" (Claremont Men's College, California).

When Brown University administrators explained to an HEW representative that there were no minority graduate students in its religious-studies program because none who applied had met the requirement for ancient languages, the bureaucrat replied, "Then end these old-fashioned programs that require irrelevant languages." (The university later received an apology from HEW for the representative's remark.)

FIGHTING BACK

Until recently, a relative handful of private, independent colleges were unaffected by federal edicts simply because they did not accept government money. One such was Hillsdale College in Hillsdale, Mich. (enrollment 1000), which as a matter of policy declined Washington handouts. A pioneer in independent education since its founding in 1844, Hillsdale routinely admitted blacks before the Civil War and was among the first to award bachelor's degrees to women. "We've been dedicated to equal opportunity throughout our existence," says its president, George Roche. "And we've sought to measure faculty and students by one yardstick—individual ability and performance."

Ironically, it is at little Hillsdale that the lines have been drawn in perhaps the climatic battle for academic freedom against HEW's social engineers. Last June 4, 17 pages of "sex discrimination" regulations appeared in the Federal Register. Citing as its mandate Title IX of the Higher Education Act of 1972, HEW proclaimed control over virtually every aspect of college life, from admissions policy and physical-education classes to off-campus housing.

As Roche pored through the bureaucratic verbiage, Section 86.2 caught his eye. HEW had quietly decreed that if a college had even one student receiving some kind of federal financial assistance—a federally insured student loan, for example—then that school was as much a "recipient institution" as a university receiving millions of dollars in federal grants. Since ten percent of Hillsdale's students get federally guaranteed loans, veterans' benefits or other individual federal benefits, the little college was suddenly subject to the full weight of HEW's "reforms." It was, says Roche, "as if the government were to nationalize a supermarket because someone had bought groceries there with a Social Security check."

HEW would now be able to tell Hillsdale—and almost any other college—in effect how many students of each sex it could admit. Campus matters as mundane as dress codes, dormitory hours, student-teacher programs would now be under federal authority. Precious funds would have to be transferred from education to administrative record-keeping for Washington's convenience. "This means that Hillsdale can no longer function as a private college determining its own affairs," Roche explained to his board of trustees.

The trustees, as angry as they were unanimous, resolved not to comply. "Hillsdale College will hold to its traditional philosophy of equal opportunity without discrimination by reason of race, religion or sex, but such nondiscrimination will be voluntary, thus preserving equality with dignity."

The college is prepared to fight the HEW rules in the courts. Distinguished law firms have volunteered to provide legal assistance. "And if the federal government seeks to smash us by cutting off funds to those students who choose to go here," says Roche, "we'll try to raise the money to finance the students ourselves."

LARGER STAKE

Applauding Hillsdale's stand, The Wall Street Journal said, "The major disappointment is that few of the larger prestigious private universities have joined in condemnation of the bureaucratic power play." However, Hillsdale has found a ready ally in Brigham Young University. Unalterably opposed to the new HEW regulations because they so pointedly contravene the university's standards and the Mormon code, Brigham Young is also particularly disturbed at Section 86.12 of the Title IX regulations. This authorizes exceptions on "religious grounds," but designates the Secretary of HEW as the final judge of the sincerity of the religious beliefs by which an institution is guided. The American Association of Presidents of Independent Colleges and Universities has joined in the fight. It notes of this particular rule that "a more outrageous violation of academic and religious freedom can scarcely be imagined."

Clearly, HEW has gone far beyond its legal bounds in promulgation of Title IX. Former Congresswoman Edith Green (D., Ore.), the author of Title IX, has said: "If I or others in the House had argued that this legislation was designed to do some of the things which HEW now says it was designed to do, I believe the legislation would have been defeated. I myself would not have voted for it, even though I feel very strongly about ending discrimination on the basis of sex." Another supporter of the 1972 legislation, Sen. James McClure (R., Idaho), has joined with Sen. Jesse Helms (R., N.C.) in introducing legislation sharply limiting HEW's authority to issue sweeping Title IX regulations that go beyond the intent of Congress.

But behind the controversy over Title IX lies a much more important issue, one for which Hillsdale College is prepared to risk everything. "The issue at stake is not equal treatment for minority groups or women," says President Roche. "Academia was far ahead of HEW in that area. The issue is whether academic freedom and independent education are to endure in America."

HAWAII'S BICENTENNIAL ESSAY WINNERS

HON. PATSY T. MINK

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mrs. MINK. Mr. Speaker, I would like to share with my colleagues the prize-winning essays of three young students of Hawaii on the subject of "What the Bicentennial Means to Me." These essays were selected from many entered in the Hawaii Lions Clubs' Bicentennial essay competition.

Dean Miyashiro's essay takes the form of a letter to America. Dean is a fourth grade student but his letter reflects an understanding of the complexities, the diversity and the promise of American life far beyond his years.

The intermediate school prize has been awarded to Jason Yaris for his interpretation of our flag's red, white, and blue and their significance in the Nation's past and present.

Hawaii's outstanding high school essay was the work of Benjamin Balanay. Benjamin's essay reflects great awareness of America's freedom and likewise realizes America's tremendous responsibilities in the world.

In reading these essays I am struck by the sensitivity and maturity of vision expressed in each one. These young students are genuinely aware of America's triumphs and troubles and are already involved in this Nation's future.

I congratulate them for their outstanding essays. I know their families and all Hawaii are very proud of them.

The essays follow:

WHAT THE BICENTENNIAL MEANS TO ME

LIHOLIHO SCHOOL,
Honolulu, Hawaii, April 7, 1976.

DEAR AMERICA: I am happy to be celebrating your two hundredth birthday. I want to thank you for making the American dream, "America is a land of promises," true for many people and for many things you have given me.

Thank you for making it possible for my grandparents to live in America. Although they had to work hard when they first came here and thought often about leaving for their home country, they began to like it in America and stayed here. That is why my parents were born here and I am glad I was born in America.

Thank you for making it possible for me to play at school and to live with my mother, father, sister, and my friends. The rights in the Constitution of the United States begin with, "We hold these Truths to be Self-evident that all men are created equal that they are endowed by their Creator with certain unalienable Rights . . ." Because of these rights my father works and brings home money to his family and I have enough clothes, food, and a house to live in.

Thank you for making this a land of many kinds of people, from different countries. I get to eat manapua, Chinese food, kim chee, Korean food, lau lau, Hawaiian food, suchi, Japanese food, pizza, Italian food, tacos, Mexican food, and all the different countries.

Thank you for keeping us out of any war this year because even at home my sister and I are always fighting so I can just think how tough it must be to remain friends with other countries especially when they are far away.

Dear America, Thank you indeed for the life in America and may you have a long life! This is how I feel during the Bicentennial year and how much this Bicentennial year means to me.

A little American,
DEAN MIYASHIRO

WHAT BICENTENNIAL MEANS TO ME

(By Jason Yaris, Waimea High and Intermediate School)

You ask a lot of people to define "Bicentennial." They'll answer "America's 200th birthday." That's what it means, but to me Bicentennial also points to the colors red, white, and blue.

The Bicentennial red is for the courage of the men who fought for our freedom. We saw this red when Paul Revere warned the minute men that the British were coming so they would be ready to fight in the Revolutionary War. In the Civil War, brave men from the North fought for equal rights for all men against the South. Red is found in the courage of the men who fought for our country in the Second World War where thousands of men joined forces to fight the Japanese when they bombed Pearl Harbor on December 7, 1941. There are thousands of other courageous men who fought for and in our country between 1776 and 1976. To me, the red stripes on our flag represent them.

The Bicentennial white is for the memories of the people who invented and discovered things in America to provide us with a luxurious life. We saw this white in Benjamin Franklin's discovery of electricity, an important resource in our country and the world. Another bright development that shines in our eyes is the Wright Brothers' invention of the first successful flying airplane. Now we can fly from place to place and enjoy pleasant and safe trips to different parts of the world. Another white invention is Eli Whitney's cotton gin. It has provided us with more efficient ways of getting the seeds out of the cotton. Another invention that shines white in our eyes is Alexander Graham Bell's telephone. It is a fast source of communication in our country and the world. There are many other important inventions and discoveries that changed and improved our country. These take place as the white stripes on our flag.

The Bicentennial blue background for the stars representing the fifty states, to me, highlights the beauty of these states. From east to west, from north to south, there is a kind of beauty which testifies that America is a wounderful country to belong to. Look at Hawaii's warm climate and beautiful scenery, the multicolored Grand Canyon, the change of seasons in Vermont, the snow covered Colorado mountains, the Monument Valley in Arizona, Alaska's northern lights, the pine forests and ice cold streams of Oregon. I could go on and on and never come to an end to the beauty of America. To me, the blue on the flag represents that.

I repeat, if anyone were to ask me what the Bicentennial means, I would say, "Look at the flag. Put all these colors together and you've got the Bicentennial."

WHAT THE BICENTENNIAL MEANS TO ME

(By Benjamin Balanay, Konawaena High School)

When I was very young and attending elementary school, our teacher said to us, "Stand still children for the flag is being raised. Notice its color, how beautiful it is." At that time I couldn't comprehend the full meaning of what she was trying to say. For then my American education had only just begun.

As the years passed and I advanced from one grade level to another, I became exposed to the U.S. history and culture. But what good will it do me if I have nothing to compare it to?

I got my first taste of an answer to that question when I took three trips to the Philippines. The people there look up to you as if you were a god from another world. But so—what is it about America that arouses such passions? After all, we're only five percent of the world's population. Why does the rest of the world react so? My answer to this explains What the Bicentennial Means to Me.

The Bicentennial means the years of fighting—fighting for the Declaration of Independence. The blood, sweat, and tears working for progress by the laws set forth by the constitution, that it is possible I'm blessed with freedom of speech, freedom of the press, freedom to move about whenever and wherever I wish. It means I'm blessed with public schools, the freedom to worship, to assemble with, marry, associate with whomever I wish. You may say, "So what?" Well, three-fifths of the world cannot.

Being American means more is expected of me when I'm abroad. I'm supposed to know more, spend more, help more, share more. Again, "So what?" Well, I believe too many of us have an "I've got mine, you get yours" attitude. Half of the world's population is malnourished.

America means Care packages, the eradication of smallpox, the World Bank, emergency food relief for Bangladesh, giving military support, walking on the moon. We can justly be proud of this. I certainly am.

The U.S.A. means the King of the Mountain. We're envied, and we're resented. Envied because we're first most of the time. Resented because we're supposed to care more and being the best, sometimes we do, sometimes we don't. Nations copy us; our mode, look forward to our help, yet we get resented. What have other countries given in return? Much less. So you might say, "Then we should ignore them." you can't. If you do, then you'll only be destroying what Americans have fought for; the two hundred years of blood, sweat, and tears that have made the red, white, and blue stand bright and proud. The belief in Democracy to better your nation and others as well. The rest of the world often sees our diversity. Only we Americans understand the mystery of our invisible Union. And the bond serves us in peace as well as in war.

The belief in God and Man made America, but America has also made us what we are. Unlike most nations in history, we are a mixture of a multitude of races, religions, and cultures. Who can identify us as Americans simply by how we look, how we act, or by our names. Yet we know who we are, and we have been saying so since the birth of this nation, "Thank God I'm American."

Of course, we have so much to be thankful for! We have fuller freedom for self government and greater opportunity for self-fulfillment than ever existed before anywhere else in this world. Because of the way our founding fathers have shaped this nation—winning the independence, taming the wilderness, advocating the belief of manifest destiny, we have the opportunity of being called American.

The American society is still not perfect, but it is still the best. If we continue to move on the course set forth by our constitution to secure the blessings of today so that we may prosper tomorrow, we will still find ways to better ourselves to bond us into a better and perfect nation.

In '76 and the future years, the most important is the commitment for leadership by all Americans regardless of race, color, or creed.

SIMPLIFICATION OF THE AGRICULTURE CENSUS

HON. ROBERT W. KASTEN, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. KASTEN. Mr. Speaker, I would like to commend the House Subcommittee on Population and Census for moving forward on efforts to simplify and consolidate the agriculture census. Many of us with an interest in problems of the agricultural community have long been aware of the rapidly increasing level of Government demands on farmers for reports, surveys, and compliance with mushrooming regulations. The agriculture census has come to exemplify the worst of the paperwork requirements as it has grown in length and complexity.

I have cosponsored the legislation directing the Census Bureau to utilize statistical sampling methods wherever possible in taking the agriculture census, and I want to encourage other actions that can be taken without congressional mandate to simplify the census. I have submitted testimony to the subcommittee for inclusion in their hearings this week on the agriculture census and I include my remarks at this point in the RECORD:

TESTIMONY BY ROBERT W. KASTEN, JR.: SIMPLIFYING THE AGRICULTURE CENSUS

(Presented to the Subcommittee on Population and Census of the House Committee on Post Office and Civil Service, June 22, 1976)

Mr. Chairman, I commend you and the other Members of the Subcommittee for holding these hearings on the Census of Agriculture.

We are all aware of the many complaints that have arisen out of the most recent census, which was taken during 1975. Challenges to the completeness and accuracy of the data and the long time-lag between collection of the data and its availability to the public reflect important problems in maintaining the value of the Census of Agriculture to the Nation. Reliable and complete statistical information on agriculture is important to both farmers and businessmen as well as the many other public and private users of agricultural statistics.

The benefits of this information must, however, be weighed against the cost of obtaining it. It is my belief that the burden placed upon the Nation's farmers by the 1974 Census of Agriculture represents a cost that is both excessive and unnecessary.

FREQUENT REPORTS

I recognize, as I am sure you do, Mr. Chairman, that the Cenus of Agriculture is not the farmers' only complaint concerning government information surveys. They are called upon frequently by several agencies of the U.S. Department of Agriculture, particularly the Statistical Reporting Service and the Agricultural Stabilization and Conservation Service, to supply information on their operations. As with everyone else, farmers must also file their tax statements annually. Social Security requirements, health and safety reporting, and many other Federal and State programs and regulations place information demands on the farmer.

Each of these information requests and requirements consume the farmers' time. When such requests are interspersed throughout the year they require much duplication of effort on the part of the farmer. When they occur at peak seasons in the farmers' workload the cost and inconvenience are multiplied several fold.

One constituent simply forwarded his uncompleted census form and asked me what would happen if he didn't file it. "I'm trying to get my corn planted," he wrote in April, "and I can't afford $25 an hour to hire a bookkeeper to compute the answers they want."

Recent experience indicates that the Bureau of Census has failed to account sufficiently for these costs to the farmer in conducting the Census of Agriculture.

LACK OF CONSISTENCY

Another aspect is the lack of consistency between the information required by the various requests. Each survey asks for substantially the same information in slightly different form. This requires that the farmer recompute the information each time. A lack of consistency between requested information and the farmer's own records aggrevates the problem, increasing the amount of work the farmer must put into answering these surveys and reducing the accuracy of the information.

The actual impact of these problems on a farming operation was pointed out very clearly in a letter from Mrs. Laura Beane of Fort Atkinson, Wisconsin, which I inserted in the *Congressional Record* on March 18, 1976.

Mrs. Beane listed a series of forms required for their farming operation—beginning in late December, and progressing through four separate complex surveys or reports over the next few months. The information required was overlapping, but in varying formats so separate tabulations were required each time.

Mrs. Beane suggests: "Since I took Ag Census myself some years ago, I know the reasons for it and the vital information it collects. However, couldn't all these various types of census be done at approximately the same time when records of farmers were available—such as about tax time—February 28, rather than scattered throughout 3-4 months, requiring searching of records, etc., for much miscellaneous, extraneous information."

MINIMIZE THE BURDEN

Certainly, statistical information must be tailored to its specific application. No scheme or set of categories will correspond to the records and categories used by all farmers. However, a concerted effort should be made by the Bureau of Census, as well as other agricultural data gathering agencies, to minimize the burden placed on the farmer by these requests.

In a recent report to me, the Commission on Federal Paperwork noted that the Census Bureau is already working on redesigning the Agriculture Census forms, to use shortened, simplified forms, targeted for specific kinds of farming operations, rather than one complex form which may not apply across the board.

The 1974 Census of Agriculture consisted of a nineteen page self-administered survey which the farmer was required by law to complete.

The size of this most recent census was partially due to the proliferation of requests for specialized information by the many users of agricultural statistics. Consequently the Bureau of Census cannot be held wholly responsible for the content of the survey. Nor can full responsibility for streamlining and simplifying agricultural data collection in this country be placed on the Bureau of Census.

The Department of Commerce, the Department of Agriculture, the President, and Congress are all responsible for insuring that the Census of Agriculture as well as other agricultural data collection are conducted in an efficient and effective manner. In achieving this we must insure that the information requested is, in fact, important and not simply aimed at satisfying the curiosity of a small set of social scientists, administrators or even Congressmen.

The farmer has long recognized the value of accurate and timely agricultural statistics. He has cooperated admirably with public officials in attempting to provide information on his operation. He has fulfilled his obligation to the broader interests on the nation. It is now time to take steps to insure that his trust in us is not violated. We must insure that those who assembled and make use of the information provided by the farmer ask only for what is needed and do so in a manner that does not extract a price that is either unreasonable or unnecessary.

SIMPLIFYING CENSUS

It is toward the end of achieving equity as well as accuracy in our agricultural data collection that I have cosponsored H.R.. 11271. This bill requires the use of scientific sampling, where possible, in conducting the Census of Agriculture in an effort to minimize the information demands on farmers in general. It also includes provisions which require that the demands on the individual farmers responding to the census questions be held at a minimum.

I believe that this bill represents a basic step toward simplifying the Census of Agriculture and toward healing the rift that has emerged between government and the people it is designed to serve.

While the problems and inequities of governmental information gathering extend far beyond the Census of Agriculture, the response of this Committee to the particular questions you face today could play a major role in shaping Federal information systems and policy in the future.

I once again commend the Committee for its close attention to this matter which, either directly or indirectly, affects the lives and futures of all Americans.

PERSONAL EXPLANATION

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. DOWNEY of New York. Mr. Speaker, Tuesday afternoon I was unavoidably absent from the House floor for part of the session and missed several rollcall votes. I would like the RECORD to show that had I been present, I would have voted as follows:

"Nay" on rollcall No. 428 on H.R. 14394, Federal Energy Administration Act Extension;

"Nay" on rollcall No. 434, on a motion to recommit the Housing and Urban Development—Independent Agencies Appropriations;

"Yea" on rollcall No. 435, final passage of the HUD—Independent Agencies Appropriation;

"Yea" on rollcall No. 436, a motion for the House to meet at 12 noon, June 23, 1976.

GALLAUDET COLLEGE

HON. JOHN BRADEMAS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. BRADEMAS. Mr. Speaker, the challenge of educating America's handicapped children has been advanced significantly by the enactment of the Education for All Handicapped Children Act. This education measure, which became law during the 94th Congress, can mean new hope for millions of physically or mentally disabled youngsters and an enrichment of our entire society.

Over 100 years ago, Congress chartered Gallaudet College as an institution of higher learning for disabled persons handicapped by deafness. Since then, the success of this liberal arts college has proven to many what can be achieved in education for the handicapped.

An article on the activities and accomplishments of Gallaudet College recently appeared in The Wall Street Journal and I insert the text of this article at this point in the RECORD:

[From the Wall Street Journal, May 13, 1976]

SILENT LEARNING: AT INNOVATING COLLEGE, DEAF STUDENTS RECEIVE A FULL CAMPUS LIFE—GALLAUDET EVEN OFFERS THEM ORATORY, SPOKEN FRENCH; STAGING MUSICAL COMEDY; WHY DOORS ARE KICKED A LOT

(By Roger Ricklefs)

WASHINGTON.—Scores of spectators at the Gallaudet College theater chattered amiably in sign language. As the house lights dimmed and the college production of "The Fantasticks" began, they grasped rubber balloons between their finger tips. Feeling sound vibrate on the balloons, these deaf men and women followed the rhythm of the popular musical.

In the orchestra pit, singers and musicians who can hear provided the sound while on stage deaf students actors and actresses played their roles in sign language. All the songs were translated into signs and rearranged where necessary so that the hand movements kept time with the music. The show played to a sell-out audience of hearing as well as deaf spectators last year and became a hit of the sign-language theater.

Success in unlikely projects such as musical theater for people who don't hear is nothing new for Gallaudet, the world's only liberal-arts college for the deaf. Over the years, Gallaudet (pronounced Gall-o-det and named after Thomas Gallaudet, a pioneer in education of the deaf) has dramatically helped expand society's idea of what the deaf can do and has found ways to offer its 1,000 students a remarkably complete college experience.

The college offers courses in conversational French and public speaking. It sponsors an annual "Miss Gallaudet" contest whose winner later competes nationally for the title of "Miss Deaf America." Its football games come complete with cheerleaders who urge the "Bisons" to victory in sign language.

EXPANDED OPPORTUNITIES

"Gallaudet gives me a chance to do things I could never do in a hearing college," says Barbara Goettseh, a junior from Iowa who has been vice president of her class and Queen of the Gallaudet Homecoming.

Gallaudet even holds dances. Students keep time to the vibrations of hired rock bands that play as loudly as possible. A group of students actually started their own rock band last fall. "It was a wild idea, but we wanted to prove that deaf people can do more things," says Steven Longo, leader of the new band. Mr. Longo, who is himself extremely hard of hearing rather than deaf, learns a new song by playing a record on a highly amplified phonograph time after time and then, trying the song on his guitar. "I try to play the bass note first to get the rhythm. It may take a week to learn one song," he says.

"We try to find songs with a simple beat so that people can follow the vibrations easily," Mr. Longo adds. As the band plays extremely loudly, some students also catch part of the music through their residual hearing. (Most deaf people—some say all—can hear some noises, even if they can't differentiate them well. A deaf person is simply one who can't hear and understand speech.)

LINCOLN'S LEGISLATION

A rock band at a college for the deaf clearly represents a startling change. When President Lincoln signed the 1864 legislation that chartered the federally supported Gallaudet College, it was widely assumed that the deaf couldn't benefit from college. This notion still prevails in much of the world.

But in the U.S. today, education for the deaf and other handicapped is booming, and Gallaudet is a leader in developing new techniques. This role is important because 1.8 million Americans are deaf and another 12 million having hearing impairments.

Given its leadership role, Gallaudet is inevitably caught up in passionate battles in the deaf world over teaching methods and competing sign language systems. Yet the pleasantly landscaped campus of low, red brick buildings certainly doesn't look like any hotbed of controversy or scene of innovation. Students dressed in blue jeans stroll leisurely across the spacious lawns exchanging sign language chitchat in eerie silence.

Extracurricular activities are popular, and Gallaudet has long supported a full athletic program. Indeed, the college says that in the late 19th Century, it invented the modern football huddle as a way to prevent opposing teams from reading its sign language instruction. The athletic program often requires greater than normal amounts of practice to compensate for advantages a hearing person takes for granted. For instance, deaf outfielders don't hear a baseball bat hit the ball and therefore tend to get a late jump on fly balls, say Martin Minter, Gallaudet's baseball coach.

"SILENT SPORTS

But Gallaudet piles up respectable records against hearing colleges. Students who do well in Gallaudet athletics often go on to compete in the "Deaf Olympics," the International Games for the Deaf organized by the 42-nation International Committee of Silent Sports. Some alumni have also been elected to the Hall of Fame of the American Athletic Association of the Deaf, one of numerous groups of all sorts in the increasingly organized deaf community.

The instructional program relies heavily on visual aids. About 25% of the professors themselves are deaf, and the others must pass a test in sign language, which takes roughly as long to learn as a foreign language.

Obviously, students in the conversational French course that started last fall can't hear how to pronounce "bouillabaisse" and "Clemenceau." But Catherine Ingold, the instructor, finds she can spell out the words in the same phonetic alphabet the students use in learning to pronounce English words. Gallaudet also offers a regular speech therapy program. Students use techniques like feeling the throat of the therapist and observing their mouths in mirrors to improve the speech they never hear.

Outside of college work, students tend to be avid fans of foreign movies with written subtitles. They patronize a popular cellar beer hall operated by the Student Union. Some also play a sign-language version of "Scrabble" called "Keep Quiet," which is sold in the Student Union book store. The store also sells such items as a T-shirt inscribed "Let's Talk," that portrays all the letters of the American Sign Language alphabet.

Students live in dormitory rooms that appear decorated mainly with the standard props of U.S. college rooms, such as Indian print bedspreads and Spanish travel posters portraying flamenco dancers. Among the few unusual features are heavy wood doors with large metal plates at the bottom. As a discreet knock will obvious prove futile, a visitor is supposed to announce his arrival by kicking the door to create a vibration—a standard procedure in the deaf world. Fire alarms on campus all use flashing lights instead of bells.

Most Gallaudet students say they chose the college because the special facilities and the association with other deaf people allow them to have a full college experience with easy communication. "I didn't go anywhere else because I was worried about how I would get along; I felt I would always be writing notes," says Carolyn McCaskill, a junior. While most Gallaudet students were born deaf or became deaf in infancy, Miss McCaskill says she gradually lost her hearing as a child. Like 63% of all Gallaudet students, she attended a residential high-school for the deaf.

At Gallaudet, she became a cheerleader. And last March, presenting a skit based on interpreting a Diana Ross song, she won the Miss Gallaudet talent contest. She says she plans to become a teacher or social worker for the deaf.

Indeed, about half of Gallaudet's graduates take jobs in education of the deaf. The others enter many professions such as computer programming, accounting and library work. Nearly 50 private companies now recruit on campus. Practically all the graduates get jobs, but many still find advancement in their jobs blocked at an early stage, says Marilyn Galloway, the placement officer.

EVENING COURSES

Besides educating college-age students and placing them in jobs, Gallaudet offers sign-language evening courses to 300 hearing adults. It helps community colleges across the nation establish adult education classes with sign-language instructors and special materials. It even helps train deaf leaders in how to lobby for deaf rights.

Gallaudet also operates model secondary and elementary schools that develop and test special teaching materials and techniques. A simple example is a book on textures that includes swatches of terry cloth, aluminum foil and other materials. These allow the child to feel what words like "rough," "smooth" and "silky" mean. Aids to vocabularly building are often essential because the deaf child never hears words that most children hear time and time again from infancy. This is why deaf children average lower on reading achievement tests than other youngsters even though they are equally bright.

Techniques Gallaudet develops are used in programs at all levels across the country. In the last six years alone, scores of local school districts and at least 26 colleges have established special programs for deaf students. The National Technical Institute for the Deaf at the Rochester (N.Y.) Institute of Technology, founded eight years ago, enrolls over 600. Gallaudet's example has helped show many of these institutions what could be accomplished. "Largely because of Gallaudet, the United States is the undisputed leader in the higher education of the deaf," says Jerome D. Schein, director of New York University's Deafness Research and Training Center.

But Gallaudet College and its model schools have their critics, especially among advocates of the growing "mainstreaming" trend in education of the handicapped. These advocates contend that special institutions isolate the handicapped and encourage dependency. They favor use of regular schools with special classes and tutors as needed.

SELECTIVE MAINSTREAMING

Edward C. Merrill Jr., Gallaudet's president, contends that the mainstreaming concept is fine for some students and ineffective for others. He also contends that many mainstream programs don't provide the services needed. "My fear is that parents may take pride in saying. 'My daughter is going to the neighborhood school,' when in fact she isn't learning a darn thing," he says.

There are other battles too. Gallaudet stresses use of "total communications," a combination of spoken language and signs, each meant to reinforce the other. Some educators shun signs and stress a strict "oral" approach. They contend that this forces students to develop their lipreading ability and residual hearing and thus adapt best to life in a hearing world.

Total-communications fans argue that many deaf people find lipreading strenuous, if not impossible. Only about 30% to 40% of English words can be "read" on the lips, and the rest must be guessed, they observe.

But even within the total communications camp, battles range over sign-language systems. In one corner is American Sign Language, (Ameslan), an independent language quite different from English in both grammar and "wording." In the other corner is Signed English, a direct translation of English into manual signs. To top it off, there are several regional dialects of Ameslan. Ameslan slang and various competing systems of Signed English.

Gallaudet uses Signed English in formal classroom work, but many students use Ameslan among each other. Ameslan is much simpler and faster than Signed English—and faster than spoken English, for that matter. Signed English fans say Ameslan isolates the deaf from the rest of America because it isn't directly based on the English language. Ameslan fans say Signed English enthusiasts are literary snobs.

The controversy is so intense that it has become the subject of a satirical sign-language play, which has been performed at Gallaudet. A kind of "Pygmalion" of the deaf world, "Sign Me Alice" involves an innocent, unpretentious girl named Alice who normally uses Ameslan. She falls under the influence of an intellectual mentor who tries to teach her the more socially prestigious Signed English. Eventually disillusioned with her mentor, Alice meets a humble, sincere young man who also has his doubts about Signed English. The young couple go off and sign unpretentious Ameslan to each other happily ever after.

THE SPIRIT OF ORANGETOWN

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. GILMAN. Mr. Speaker, I represent one of the most historically significant regions in this entire Nation—the 26th Congressional District of the State of New York.

Today, I would like to bring to your attention one of our communities which played a significant role in the birth of this land, the town of Orangetown in Rockland County.

At 2 p.m. on Sunday, June 27, the Orangetown Bicentennial Parade Committee will enjoy the display of more than 22 floats—the community's labor of love for their town and country. The line of march will include, 26 bands, 40 organizations, and approximately 3,200 marchers. The spirit of the summer of '76 is everywhere in my district, but it is particularly evident in Orangetown this week.

The community of Orangetown is now 291 years old, and was in existence long before our neighbors to the North stood up to the British at Concord and Lexington in 1775.

The people of the Hudson Valley have long been known to be progressive and have the courage to stand up for what is right. It is true today and it was true back in our revolutionary days. Two years before the signing of the Declaration of Independence, on July 4, 1774, the good people of Orangetown gathered together at a farmhouse and signed what have become known in our Nation's history as the Orangetown resolutions.

The resolutions they adopted constituted their courageous protest, stating in part that—

> We cannot see the late Acts of Parliament imposing duties upon us, and the Act for shutting up the Port of Boston, without declaring our abhorrence of measures so unconstitutional and big with destruction.

And adding that—

> We are in duty bound to use every just and lawful measure to obtain a repeal of Acts, not only destructive of us, but which of course must distress thousands in the mother country.

The Orangetown resolutions called for action, concluding:

> That it is our unanimous opinion that the stopping all exportation and importation, to and from Great Britain and the West Indies, would be the most effectual method to obtain a speedy repeal.

In addition, resolutions established a "Committee of Correspondence" consisting of five prominent residents of Orange County, "to correspond with the city of New York; and to conclude and agree upon such measures as they shall judge necessary, in order to obtain a repeal of said acts."

This is the spirit that the Orangetown Parade Committee headed by Raymond Sheridan tried to rekindle—they have done a fine job of recapturing the spirit of independence of that era 200 years ago when our Nation began. I know my colleagues share the pride of the people of Orangetown as they prepare for this special day.

ECONOMIC APPEASEMENT

HON. FLOYD SPENCE

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. SPENCE. Mr. Speaker, I wish to call to the attention of our colleagues a recent article by Anthony Harrigan, the executive vice-president of the U.S. Industrial Council, which appeared in the May 16, 1976, issue of the Spartanburg, S.C., Herald. The column deals with the recent United Nations Conference on Trade and Development—UNCTAD, held in Nairobi, and the issue of economic appeasement of third world nations. The article states that these countries, and Secretary Kissinger, favor setting up a "resource bank" to "share the wealth" of America with the third world nations. This bank would finance production of raw materials but would also lead to price controls and eventually the establishment of a cartel like that of the oil nations.

Mr. Harrigan points out that Dr. Kissinger's support of such a program to transfer capital to the third world is contrary to the interests of the American taxpayers and consumers as well as American industry and American workers.

Harrigan notes that valuable background on this important issue is presented in a new study, Congress and the New International Order, by Edwin J. Feulner, Jr. In his monograph, Feulner explains how the proposals of the U.N. economic assemblies would damage the U.S. economy. By pointing out the difference between Secretary Simon's "free market capitalism" and Secretary Kissinger's "appeasement" of those countries who wish to enrich themselves through political blackmail rather than through hard work and self-reliance, the study illustrates the lack of a unified policy on the part of our officials.

In fact, the Nairobi conference simply represented another bid by the third world nations for control over the economies of Western industrialized nations. By giving his support to this conference, Kissinger shows a lack of firmness and insight toward an issue which will have an effect on Americans living today and in the future. The United States ought not to continue to aid countries, such as Mozambique, which are openly hostile to American policies and objectives and yet gladly accept our aid and technology while nationalizing our investments.

I agree with Mr. Harrigan that Congress ought to indicate to the Secretary of State that such compromises are wholly unacceptable and are not in the best interests of the United States.

I should like to insert this article in the RECORD at this time.

ECONOMIC APPEASEMENT

(By Anthony Harrigan)

Secretary of State Henry Kissinger's proposal at Nairobi, Kenya, for a multi-billion dollar "resources bank" is almost as shocking as his recent speech at Ludaka, Zambia, in which he urged aid for revolutionary countries in Africa.

Addressing the fourth United Nations Conference on Trade and Development, Dr. Kissinger engaged in profoundly disturbing appeasement of the Third World countries which want to share America's wealth.

The resources bank, which would finance production of raw materials in Third World countries, would depend on U.S. financial contributions. Moreover, it would lead directly to international price fixing for commodities. It would result in the creation of raw material cartels similar to the international oil cartel which has imposed such terrible strains on the American economy.

Dr. Kissinger has lent his influence to those who insist on capital transfers to Third World countries and who call for international price-fixing of commodities. This Kissinger effort is contrary to the interests of American taxpayers and consumers. It is in the interest of the United States that the marketplace govern prices.

Furthermore, U.S. officials should urge Third World countries to rely on private investment and other operations of the capitalist system, not on foreign aid and nationalization of properties owned by transnational corporations. The only way the Third World countries can solve their problems is by applying free market methods.

Valuable background on the issue in the Nairobi conference appears in a new study "Congress and The New International Order" by Edwin J. Feulner Jr. (Heritage Foundation, 513 C St., NE, Washington, D.C. $3).

Mr. Feulner, a former Fellow of the Hoover Institution, explains how the proposals of the U.N. economic assemblies would damage the U.S. economy. He points out, for example, that U.S. policymakers "are quick to compromise in the international bargaining process, saying that Secretary of the Treasury Simon's vigorous defense of free market capitalism "is directly contradicted by many of the concessions made by Secretary Kissinger."

The truth about the Nairobi meeting is that it represents another attempt by Third World countries to redistribute wealth internationally. They want to institutionalize commodity cartels that would cost the American people dearly. At the same time, they call for increased U.S. foreign aid, and project plans for seizure of the property of foreign investors. Dr. Kissinger apparently gives his blessing to such a change in the world order. He would extend foreign aid to hostile countries such as the Peoples Republic of Mozambique, and give away American technology to Third World nations—even as they hiked prices and nationalized properties owned by Americans. As Mr. Feulner says in his study, the call of the Third World countries for "self-determination" is "actually a disguised claim not for control over one's own resourecs and wealth, but for control and possession of the wealth of other nations and their citizens."

Clearly, it is very important that Congress indicate that the Kissinger compromises to Third World countries are wholly unacceptable and don't reflect the views of the United States. American consumers want relief from high commodity costs, not institutionalization of new international cartels.

The economic appeasement conceived by Dr. Kissinger is as harmful as the political and military appeasement he favors on other fronts.

PANAMA CANAL

HON. WILLIAM H. HARSHA

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. HARSHA. Mr. Speaker, the future of the Panama Canal is a matter of nationwide concern. Despite the legitimate claim of the United States to the canal, current negotiations threaten our continued ownership of this vital waterway.

American Legion National Commander Harry G. Wiles expressed some interesting thoughts on the Panama Canal matter in the June 1976 issue of the American Legion Magazine. As he points out, the American Legion has steadfastly resisted all attacks on U.S. sovereignty over the canal.

The followng is the text of his message, entitled "The Panama Canal Is Not Negotiable!", which I believe my colleagues will find both timely and enlightening:

THE PANAMA CANAL IS NOT NEGOTIABLE!

Vigorous opposition in Congress and the tides of an election year have slowed the State Department campaign to give away the Panama Canal; but it has not been stopped.

It must not succeed!

Surrender of U.S. sovereignty over the Panama Canal Zone and loss of American control over the Atlantic-Pacific waterway could have devastating results. If the United States were relegated to the status of a concessionaire, operating the Canal at the sufferance of others, the Navy—no longer a two-ocean force—would have to reevaluate its ability to marshal forces in world trouble spots; access to Asian markets for major American farm products would be in question; the U.S. Merchant Marine and coastal shipping fleets could face major economic and traffic problems; Communist Cuba and other Latin opportunists would be encouraged to work their mischief against U.S. interests throughout the hemisphere; Puerto Rico would face massive pressures; doubts—dangerous doubts—would mushroom as friends and foes around the world reassessed the American will to resist totalitarian hypocrisy and blackmail and the people of Panama would suffer a staggering blow.

None of this has to happen.

American ownership of the Panama Canal Zone rests on legal bedrock. We purchased the land. It was ceded by the legitimate government of Panama in full accord with international law and the approval of the Panamanian parliament. We paid for it. We dug the canal and we have maintained it for almost three-quarters of a century. We have met every obligation to the government and the people of Panama. On countless occasions we have exceeded those obligations to help Panama survive crises.

Yet today the United States finds itself depicted as a heartless tyrant because it owns and operates the canal. A campaign that was launched after Castro's victory in Cuba has now reached its peak under Panama's Marxist General Omar Torrijos, the country's 61st President in 72 years.

The American Legion has steadfastly resisted all attacks on U.S. sovereignty over the Panama Canal. Earlier this year, I toured the Canal Zone to underscore our interest. On my return I informed the President of the United States that "I see no alternative to facing the proposition that the Canal Zone is part and parcel of U.S. territory and cannot be given away, unless and until the people of the United States, and their respresentatives in Congress, feel it is in their interest to do so . . ."

The State Department has proposed a new treaty with Panama that would end U.S. sovereignty over the Canal Zone in three years and subsequently surrender the canal itself. A treaty would require ratification by two-thirds of the Senate. Thirty-eight of the 100 Senators are now on record against any treaty revision. But even the Senate does not have the power to cede away sovereign property. Such an action must be joined by the House of Representatives where 246 of the 435 members are on record as opposed.

Chairman Leonor K. Sullivan of the House Committee on Merchant Marine and Fisheries puts it this way:

"The current situation is the culmination of a sustained campaign by the State Department since 1964 to erode United States sovereign rights, power and authority over the Canal Zone and the canal through the salami process. . . . Under the Constitution, only the Congress, which includes the House of Representatives, is vested with the power to dispose of territory and other property of the United States and as regards the Canal Zone it has not authorized the making of any treaty to dispose of that territory or any property in it."

Why then does the State Department persist?

We are told that if we do not surrender the canal to General Torrijos we risk unrest throughout Panama and the Caribbean, including riots or guerilla-style terror attacks in the Canal Zone.

In short, we are confronted with blackmail and we have every right to suspect that it is Communist-inspired blackmail.

In my letter to the President I urged reestablishment of the Navy's special service squadron which was based in the Canal Zone for two decades prior to World War II. A small force today would symbolize continuing U.S. interest, reassure Americans living and working in the Canal Zone and help stabilize the area.

I also urged the President to proceed with a proposed major modernization of the canal which would give employment, improved earnings and living standards to the entire area and improve relations between Panama and the United States. Such modernization is authorized under existing treaties.

The Panama Canal is an issue of the gravest importance to the United States. It is property of the United States. In this election year the people have a right to expect clear-cut views on its future from both major political parties and from their candidates for the White House and Congress.

ACCESS FOR THE HANDICAPPED

HON. JOHN BRADEMAS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1976

Mr. BRADEMAS. Mr. Speaker, 3 years ago, handicapped people gathered at the Lincoln Memorial in the Nation's Capital to call attention to the architectural barriers that had closed to them this important shrine of freedom. Today, the Lincoln Memorial is at last open to all Americans. Ramps and a new elevator have been installed that allow people in wheelchairs to enter the memorial easily.

Ten percent of all Americans have some sort of temporary or permanent disability which results in limited mobility. For these people, barriers obstruct their ease of travel, their chances for employment, their opportunities in school and even their right to vote at the polls. It should be the responsibility of this country to guarantee that these individuals have the fullest opportunity to actively and productively participate in the life of their communities and the Nation.

Toward this objective, the Rehabilitation Act of 1973 established the Architectural and Transportation Barriers Compliance Board to promote, as a national effort, the removal of environmental barriers to the handicapped. The Education for All Handicapped Children Act, which was enacted in November 1975 to help meet the challenge of educating America's handicapped children, also authorizes funds to be allotted to State education agencies and local school districts for the removal of barriers in schools that hinder the participation of handicapped children in classrooms and extracurricular programs.

I am placing at this point in the RECORD an article from the June 21, 1976, issue of Time magazine which describes many of these advances and the challenges in opening buildings and transportation systems to the handicapped:

FREEDOM IN A WHEELCHAIR

The brooding figure of the Great Emancipator in Washington's Lincoln Memorial has become a symbol for a new kind of freedom for those who are confined to wheelchairs. After a long, hard-fought campaign by a number of groups dedicated to easing the lot of the handicapped, ramps have been built that allow the wheelchair-bound to roll themselves into the base of the memorial, where they can enter the wide doorway of a newly installed elevator, ride up to the rotunda and get a closeup view of Lincoln's statue. That enables the handicapped to surmount what had been for them a barrier to the rotunda, the great apron of stairs that lead to the memorial.

For the million Americans in wheelchairs, the gleaming white marble monument has finally become, as they call it, accessible. The symbol[*] designating that accessibility, a white stick figure on a blue background representing a man in a wheelchair, is posted on the memorial and has been appearing on a growing number of buildings around the U.S. Wherever it appears, the symbol means that the structure has been built or remodeled so that ramps (with a maximum grade of 8.3%) are in place at stairs or curbs, doors are wide enough (at least 32 in.), knobs, buttons or drinking fountains are within reach of the wheelchair-bound, and toilets and urinals are at convenient heights.

Elsewhere in the capital, similar ramps and facilities are being opened at the Jefferson Memorial and curbs are being cut and ramped along the mall, site of many of next month's Bicentennial festivities. A 131-page booklet called "Access Washington" is available to all paraplegic visitors; it lists all of the hotels, Government buildings, stores and other institutions that have facilities for the handicapped.

In San Francisco, the Bay Area's new rapid transit system, BART, has equipped all stations with elevators to carry wheelchair users to both the ticket-buying and train levels; train doors are wide enough for two wheelchairs to enter abreast. Washington's new subway system has followed suit. In Atlanta, Milwaukee and Sacramento, public buses are being fitted out with special lifts to hoist wheelchairs up from the sidewalk. (Champaign, Ill., buses have been so equipped for two decades.) In Sacramento and Palo Alto, ramps have been built into curbs at virtually all commercial intersections. Hilton and Sheraton hotel chains are setting aside special rooms in their new buildings for the disabled; Holiday Inns has been doing so since 1969, allotting one room in every 100 to wheelchair users. These rooms have wide doors, bathrooms with railings, trapeze arrangements to help paraplegics get in and out of bed and, at bedside, light, TV and door-opening controls.

All-Night Vigil. Paraplegics have mostly themselves to thank for these improvements. As a result of their agitation, including such demonstrations as an all-night vigil at the Lincoln Memorial in 1973, Congress has enacted legislation to eliminate barriers that impede the mobility, employment, education and recreation of the handicapped. On the basis of these laws and the 14th Amendment (equal protection), dozens of suits have been filed in state and federal courts seeking access for the handicapped to buildings, trains, buses and airplanes. In Los Angeles, for example, a paraplegic woman, Jacqueline Selph, sued the city council because she was unable to enter a polling place without assistance and was offered only an absentee ballot as an alternative. A veteran is suing a Los Angeles movie theater that would not allow him to enter in his wheelchair. In New York an attorney brought legal action because he could not get his wheelchair into the municipal court so that he could protest a parking ticket.

The pressure has been paying off in new freedom and opportunity for those in wheelchairs. Says Jack Smith, 36, a polio victim who is director of the White House Conference on Handicapped Individuals: "You can't believe how meaningful it is to go and participate and enjoy the same things as everyone else."

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[*] Adopted in 1969 as the International Symbol of Access by the Eleventh World Congress on the Rehabilitation of the Disabled.